

Investor Relations 2020

Doosan Solus

2Q, 2020 Earnings Report

2020. 7



Disclaimer

The information herein is provided for your information purposes only and contains preliminary figures which may be materially different from the final figures.

Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables. We make no guarantees and assume no responsibility for the use of information provided. We trust your decisions will be based on your own independent judgment.

Financial data in this presentation is based on an IFRS-basis consolidated financial statements.

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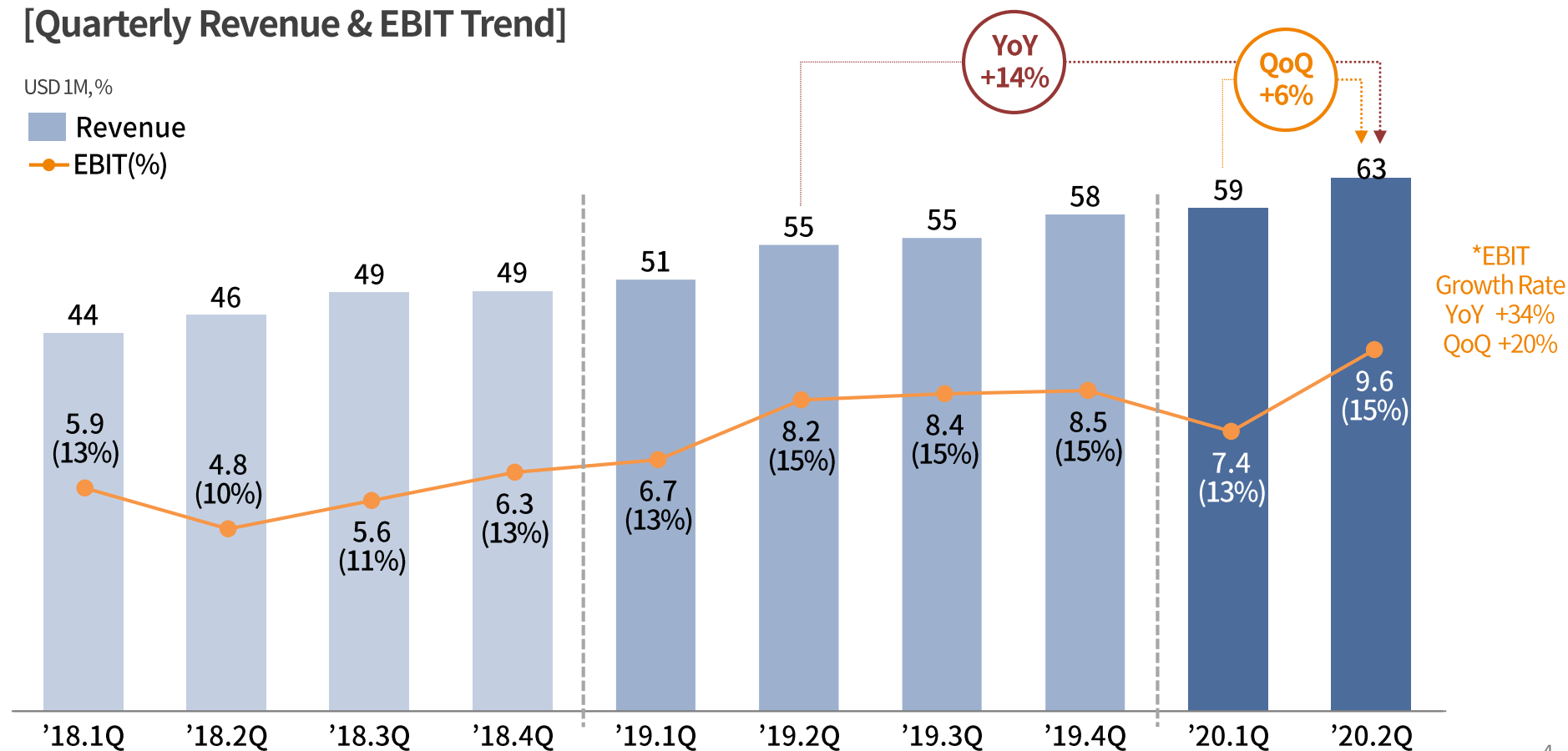
2Q20 Earnings

- Revenue : Quarterly revenue increased by 14%(YoY) and 6%(QoQ) due to increased sales of high-end copper foils for 5G , OLED materials, and entry of new customers for Bio-materials
- EBIT : Quarterly EBIT increased by 16%(YoY) and 29%(QoQ) due to increased sales of high profit product and decrease of fixed cost. Quarterly EBIT, excluding battery copper foils preparation costs, increased by 34%(YoY) and 20% (QoQ)

[Quarterly Revenue & EBIT Trend]

USD 1M,%

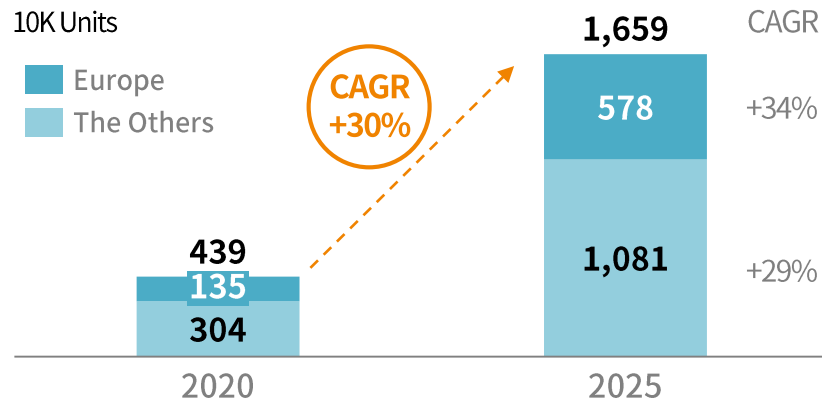
■ Revenue
● EBIT(%)



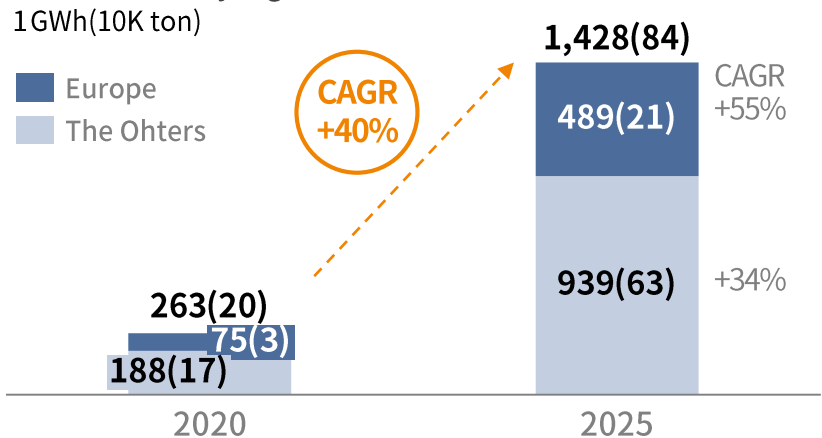
• FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 June 2020(KRW 1,203.00/USD)

Battery Copper Foils_2Q20 Achievements & 3Q20 Plan

EV Sales Projections by Region



Battery(battery copper foils) Market Forecast by Region



[2Q20 Achievements]

- Hungary Plant is ready to operate
 - Hungarian gov't authorized construction completion and operations permit
 - Production line set-up in progress (Total 8 lines for 10K ton production capacity)
 - Completed to set up 2 lines and test production in progress
 - Quality authorization in 3Q & mass-production in 4Q

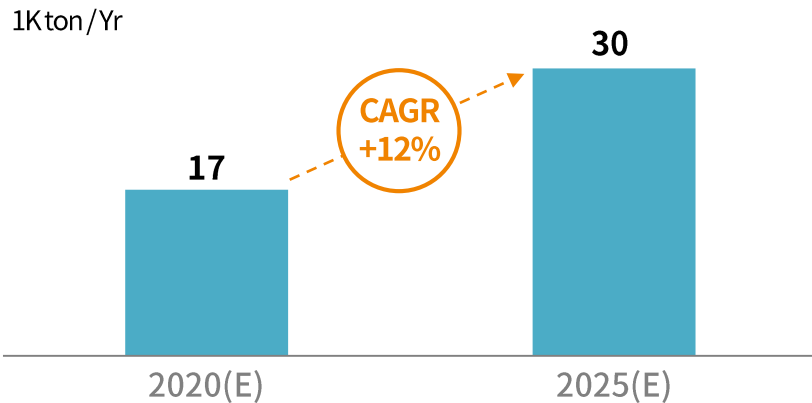
[3Q20 Plan]

- Line Set-up completion and preparation for mass-production
 - Major clients will conduct Line Audit
 - Quick quality approval process from major clients is in progress
 - Additional supply contracts in discussion
 - To supply for major battery providers' European plants
- Phase 2 production capa. expansion (Additional 15K ton)
 - Construction design in progress, groundbreaking in 4Q
 - Construction completion in 21 and mass-production in 2H22

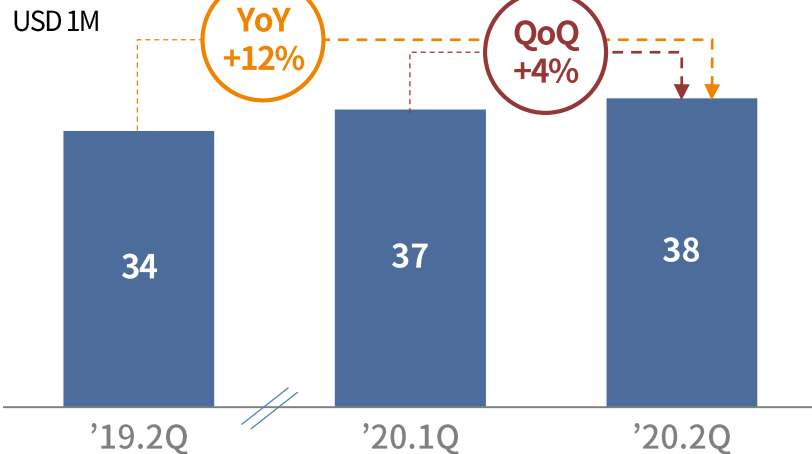
- Source: SNE Research, Regional data is based on battery plants location
- Battery copper foils(kg) loaded in each EV: 28~36kg/EV in 2020, 32~40kg/EV in 2025

Copper Foils_2Q20 Achievements and 3Q20 Plan

Market Prospects of Specialized Copper-foils for 5G and Semiconductors



Sales



• FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 June 2020(KRW 1,203.00/USD)

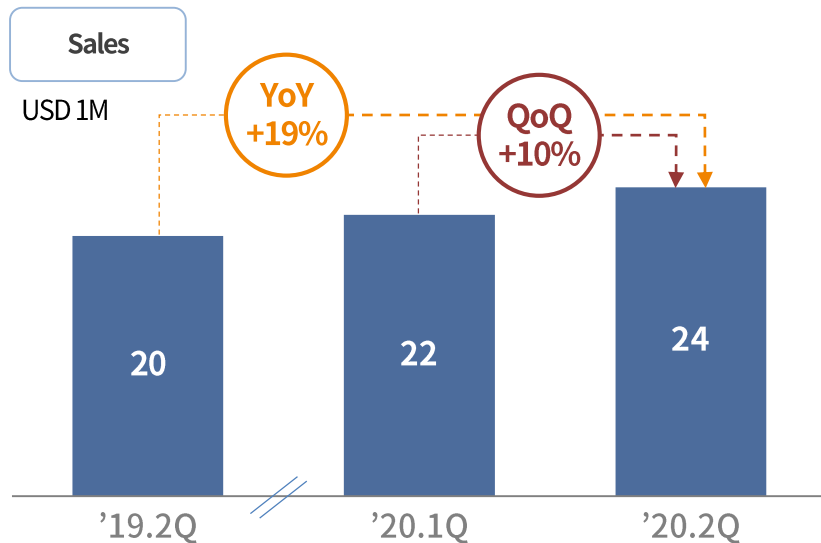
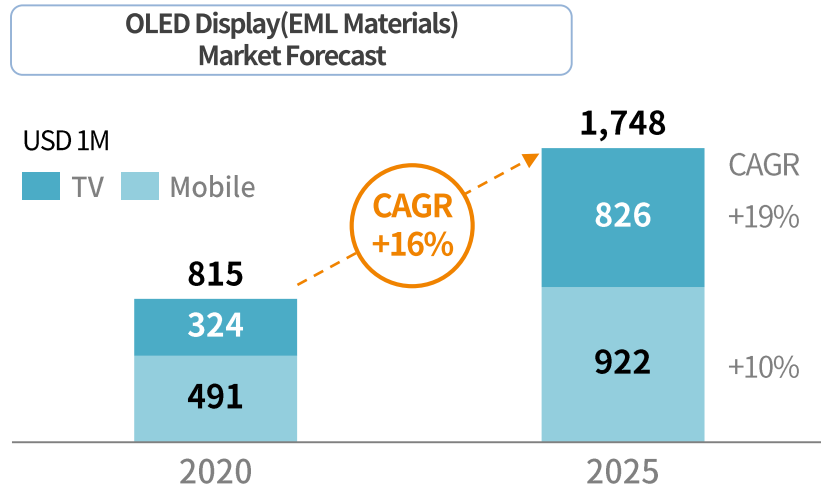
[2Q20 Achievements]

- Sales increased due to 5G market growth and recovery from COVID-19 impact
 - Increased sales for 5G base station/data centers
 - Continuous sales increase of 5G-related High-end products (Low Loss, High Frequency)
 - China and Asia partially recovers from COVID-19 impact, aggressive investments in 5G drive sales increase of High-end products
- Production capa. expansion to capture rising demands of High-end copper foils
 - Luxembourg Plant will increase additional 2.2K ton (Based on Net Capacity, current capacity: 10K ton)
 - Completed construction design and ready to construction (Estimated to finish construction in the end of 21)

[3Q20 Plan]

- Improve sales of High-end copper-foils
 - Effective response to China's massive 5G infrastructure investment projects
 - Major client is in process to authorize ultra-thin copper-foils for semiconductors
 - Completed IP license contracts with Japanese company
 - Client's authorization process will be quickly completed as client want to secure more suppliers

Advanced Materials(OLED, Bio)_2Q20 Achievements & 3Q20 Plan



[2Q20 Achievements]

- **19% Revenue growth (YoY)**
 - OLED : Application expansion of mobile devices and development of TV-oriented products
 - Mobile: SAMSUNG Galaxy A series newly adopted OLED display
 - TVs: Client evaluation process in progress and continuous sales increase of sample products
 - Bio: New supply for global major clients for sustainable growth
 - Supply for global No.1 Ceramide provider as strategic partner and gained global reference as high quality Ceramide supplier
 - Supply for Spanish immunity products provider and in further discussion about business expansion

[3Q20 Plan]

- **Secure Growth Engine for 2H20 & Upcoming Years**
 - OLED: Mass production of new materials for mobile devices and gain client's approval for TV-oriented products
 - Increasing revenue and profitability by M11-oriented new IP materials production
 - Client authorization of TV-oriented new materials
 - Bio: Starting Health & Beauty business
 - Launching ceramide-base cosmetics products
 - New materials development for natural cosmetics & Preparation for formula products line

- FX Rate(Projection): Internal materials (2020(P), 2025(P)) :KRW 1,150.00/USD
- FX Rate(Sales): Based on finally notified basic exchange rate of Hana Bank on 30 June 2020(KRW 1,203.00/USD)

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Summary Financial Statements

[Summary : Balance Sheet]

Items	USD 1M		
	'19.4Q	'20.1Q	'20.1H
Current Asset	191.7	163.3	149.9
Non-current Asset	219.1	269.0	292.5
Total Asset	410.8	432.3	442.4
Current Liabilities	153.0	139.9	136.0
Non-current Liabilities	141.0	165.1	176.9
Total Liabilities	293.9	305.0	312.9
Capital Stock	3.3	3.3	3.3
Total Equity	116.9	127.3	129.5
Debt-to-Equity Ratio	251%	240%	242%
[Loan Payable]			
Loans Payable	152.7	176.1	205.0
Cash	78.6	45.6	55.2
Net Debt	74.1	130.5	149.8

[Summary : Comprehensive Income Statement]

Items	USD 1M			
	'19.4Q	'20.1Q	'20.2Q	'20.1H
Revenue	58.2	58.9	62.5	121.4
COGS	38.6	39.2	40.1	79.4
Gross Profit	19.6	19.7	22.4	42.1
SG&A	11.1	12.3	12.8	25.1
EBIT	8.5	7.4	9.6	17.0
EBIT Margin(%)	15%	13%	15%	14%
Interest Expense	0.7	0.7	0.8	1.6
Earnings before Taxes	5.7	7.1	6.3	13.4
Net Income	3.7	4.5	5.1	9.6

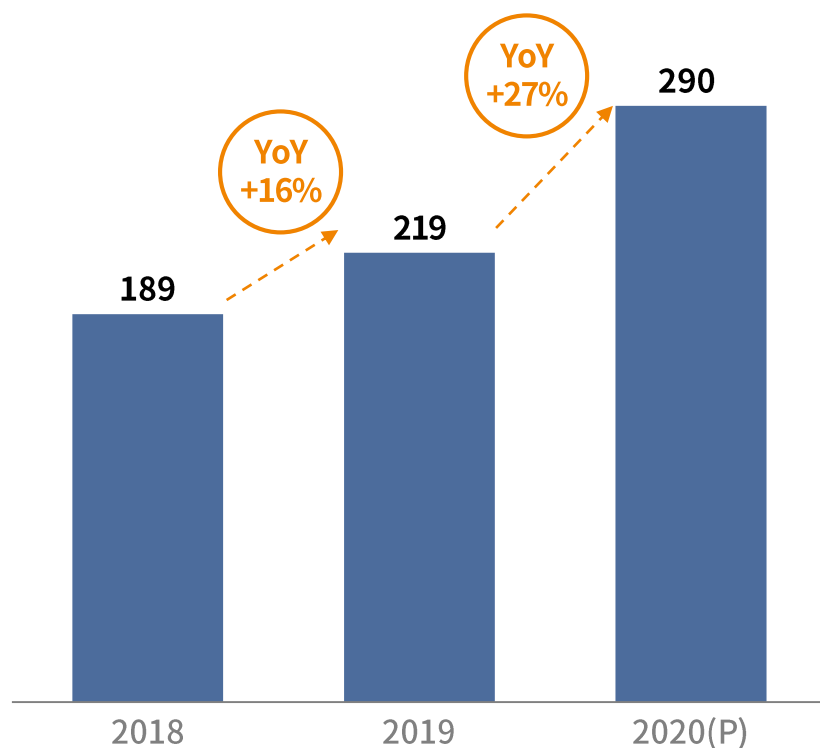
- Based on Unaudited financial statements
- FX Rate: Based on finally notified basic exchange rate of Hana Bank on 30 June 2020 (KRW 1,203.00/USD)

Appendix : 2019 Annual Performance & 2020 Business Plan

- 2019 Results: Sales and EBIT have increased by 16% (YoY) and 40%(YoY) respectively with the growth of copper-foils, OLED materials, and Bio materials businesses evenly
- 2020 Plan: Projected revenue is expected to increase more than 25%(YoY) by increasing revenue from OLED materials, improving revenue portion due to High-end copper foils, and initiating battery copper foils production. EBIT margin of existing businesses is expected to increase, however, the companywide EBIT margin is expected to be decreased by rising costs due to preparation for the initiation of battery copper foil business

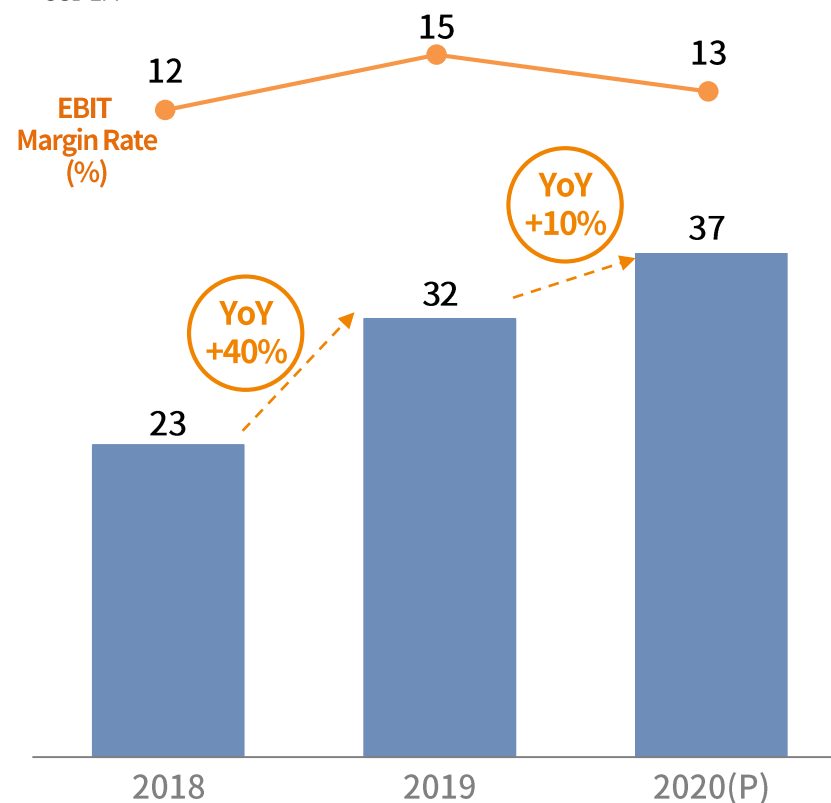
[Annual Sales Trend]

USD 1M



[Annual EBIT Trend]

USD 1M



- FX Rate(2018, 2019): Based on finally notified basic exchange rate of Hana Bank on 30 June 2020(KRW 1203.00/USD)
- FX Rate(Projection): Internal materials (2020(P)) :KRW 1,150.00/USD

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Company Profile & Business Introduction

[Company Profile]

<u>Name</u>	Doosan Solus
<u>C.E.O.</u>	Lee, Yun-Seok
<u>Establishment</u>	1 Oct. 2019
<u>Listing Date</u>	18 Oct. 2019(KSOPI)
<u>Asset Size</u>	USD 442M (As of June. 20)
<u>Employees</u>	760(As of June. 20)
<u>Location (HQ)</u>	Jeollabuk-do Iksan
- <u>BatteryCopperFoil</u>	Hungary ¹⁾
- <u>Copper Foil</u>	Luxembourg ¹⁾
- <u>OLED, Bio</u>	Yoing-in ²⁾ , Iksan ³⁾

- 1) Development/Production/Sales
- 2) Development
- 3) Production

[Business Introduction]

 Battery Copper Foil Division	Battery Copper Foil	Copper foil for EV batteries	
	Copper Foil	Copper foil for electronic devices (PCB)	
 Advanced Materials Division	OLED	OLED and display materials for smartphone, TV, laptop, etc.	
	Bio	Natural-based materials for cosmeceutical, pharmaceutical and nutraceutical	

Location of Major Sites

