

Business

Ailing Doosan Heavy Wins Gov't Bailout

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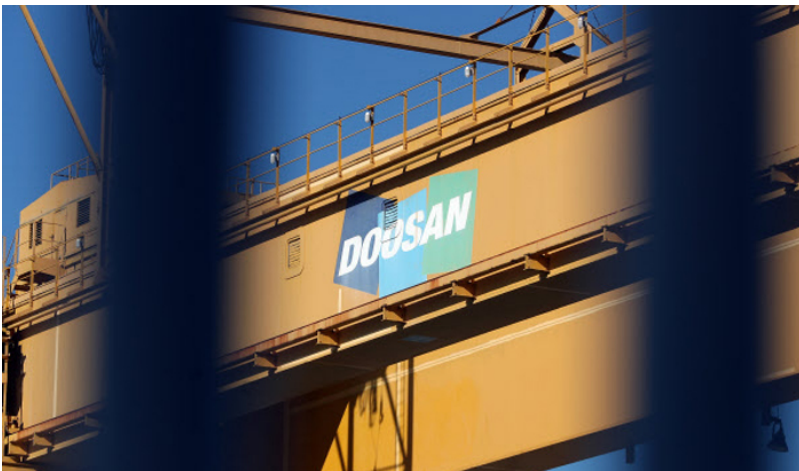
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Doosan Heavy Industries and Construction, which suffers from an acute cash shortage, will be thrown a lifeline with W1 trillion in emergency funding from state-run Development Bank and the Export-Import Bank of Korea (US1\$=W1,229).

Doosan Heavy said Thursday that the two public lenders agreed to extend the emergency funding. The money will be offered in the form of W1 trillion soft loan to D Doosan Corporation, the parent company of Doosan Heavy, will offer stocks and real estate as collateral.

That allows Doosan Heavy to avert a default on its debt.

A senior industry source said, "This is a farce where the government destroyed a healthy company and then uses public funds to put it on life support."



/Yonhap

Even until 2016, Doosan Heavy generated sales of W4.7 trillion and an operating profit of W280 billion. But after its bread-and-butter nuclear power plant business was punched by the Moon Jae-in administration's nuclear phaseout, it suffered a net loss of W495.2 billion last year.

Deteriorating earnings at affiliate Doosan Engineering and Construction, which received W1.7 trillion in aid from Doosan Heavy over the past decade, compounded the problem.

Doosan Heavy attempted to rescue itself by downsizing, rotational leave of staff and voluntary retirement of workers over 45, but that was not enough to redeem the company.

As of the end of 2019, Doosan Heavy owed W4.9 trillion, rising to W5.9 trillion if money borrowed by affiliates is counted. Doosan needs to repay W1.2 trillion this year and W600 billion in corporate bonds next month and deal with another W500 billion in bonds with warrants in May.

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