

The New Leader of Korean Construction Industry



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May 2003



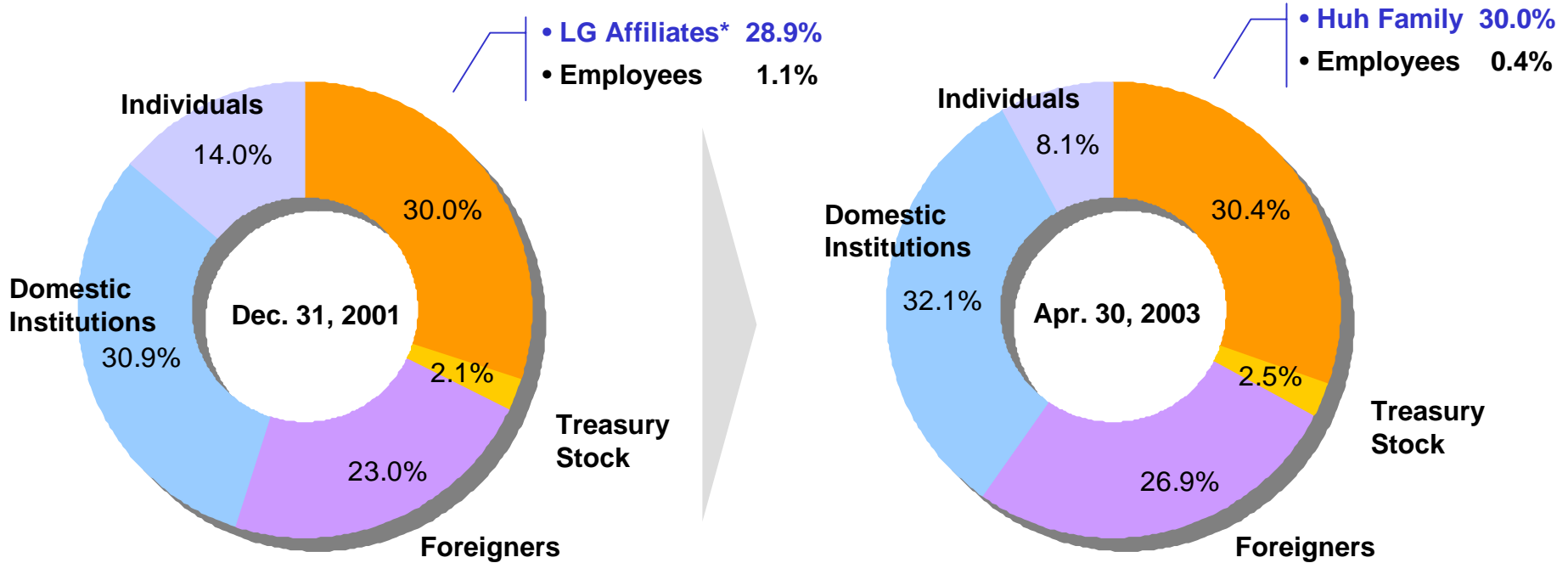
LG Engineering & Construction Corp.

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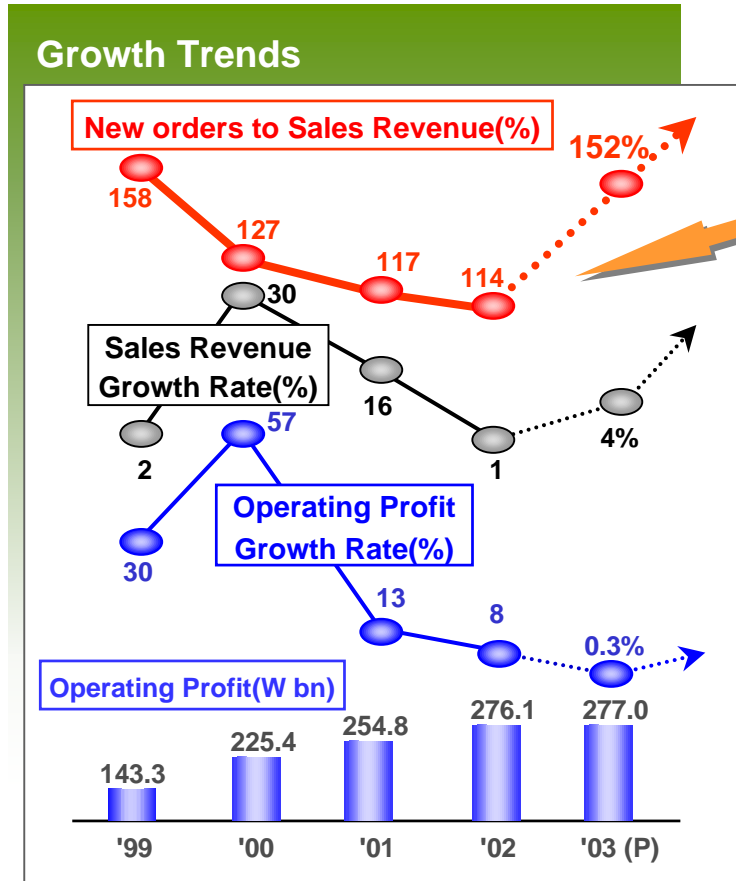
This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside LG E&C, which are subject to uncertainties. Due to the volatility of these factors, actual results may differ from those set forth in the presented statements.

Uncertainty of LGE&C's ownership has been cleared off completely.



*. LG Affiliates : LG CI(10.7%), LG EI(8.6%), LG Cable(4.8%), LG IS(4.8%)

New foundation for growth can be established with substantial increase of new orders planned for this year.



**New Orders
W 5 trillion**

Big jump in new orders of public sector

- W 1.5 trillion (2003) W 536 billion (2002)
- Expanding turnkey base orders

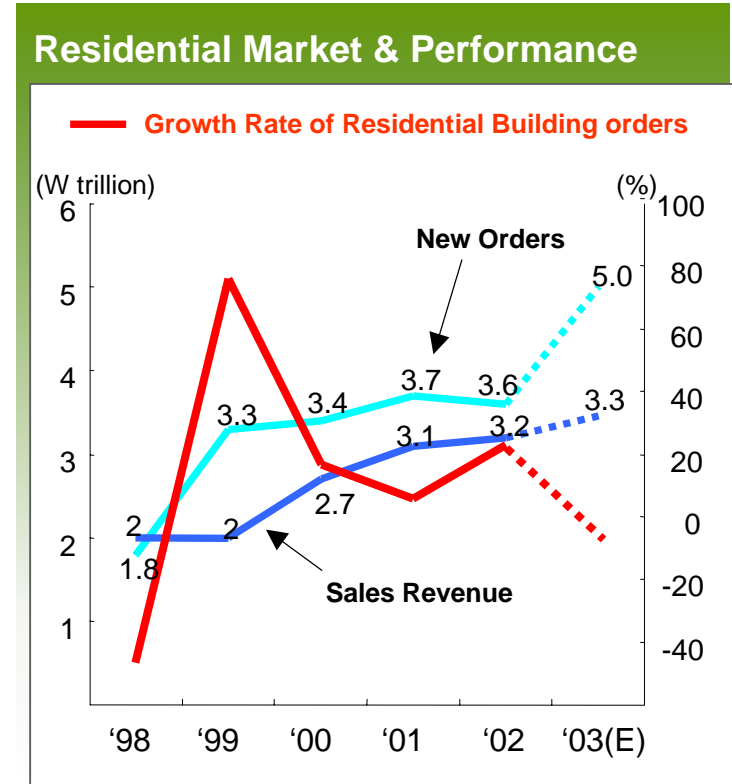
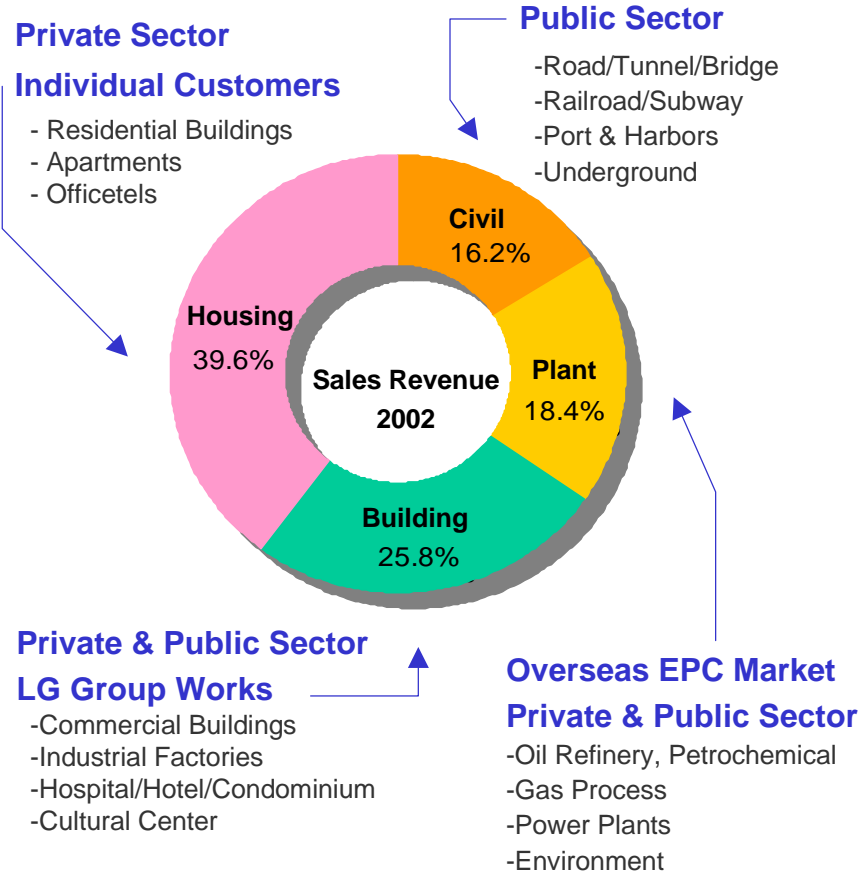
Mega projects in our hands

- Iran South Pars gas plant (US\$ 655 million)
- TFT-LCD plant series : P6(W 1.2 trillion)
- Provisional housing orders (W 4.8 trillion; Mar. '03)

Entering into new area

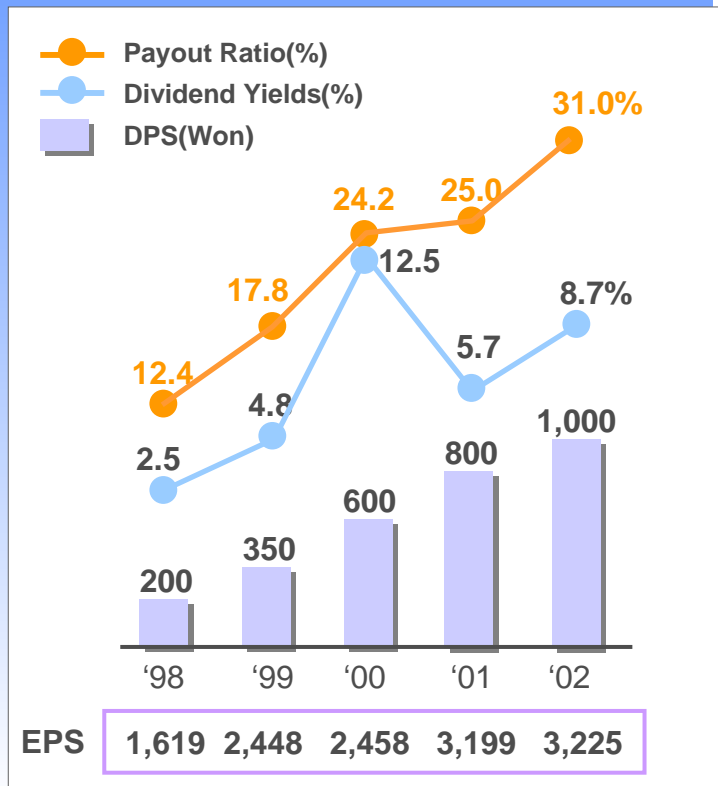
- (Plant) Nuclear power plant
- (Housing) Northern Seoul redevelopment projects
- (Civil) Port & harbor project

Robust performance despite market downturns due to LG E&C's balanced business portfolio.

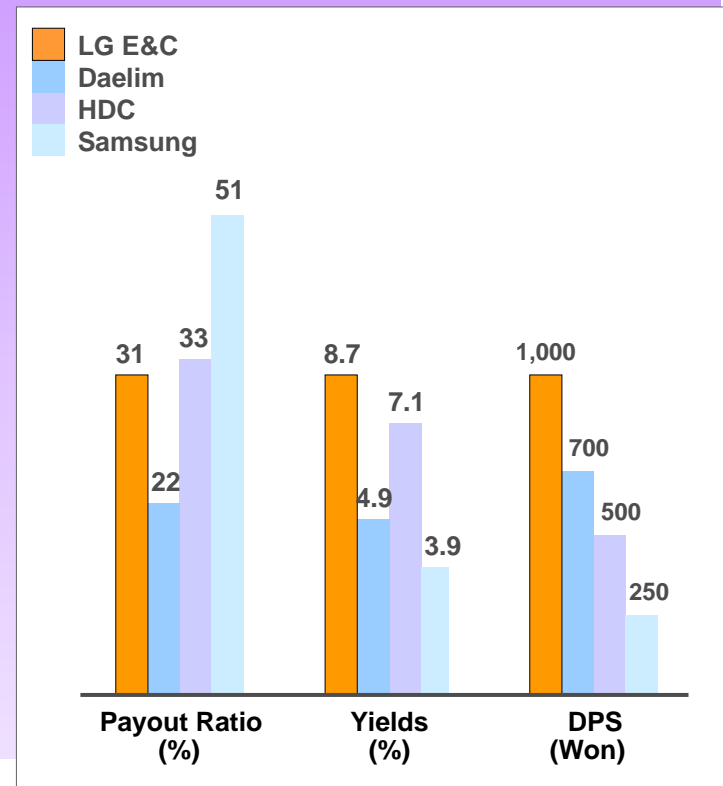


Improving shareholders' value through industry leading dividend policy.

Dividends Trends



Dividends in Peers (FY2002)



Despite increase of civil orders, it is forecasted that overall construction economy will show slight downturn due to the substantial shrink of non-apartment residential units.

Forecasting

Residential market slowdown

- Sharp fall in non-apartment residential units
- Steady in APT

Steady upward in public sector

- Budget for infrastructure : 4.5% up YoY
- Expanding turnkey base orders

Fiscal policy to deteriorating economy

- Expected pump priming policy
- Infrastructure rather than residential market

New Government's Policy

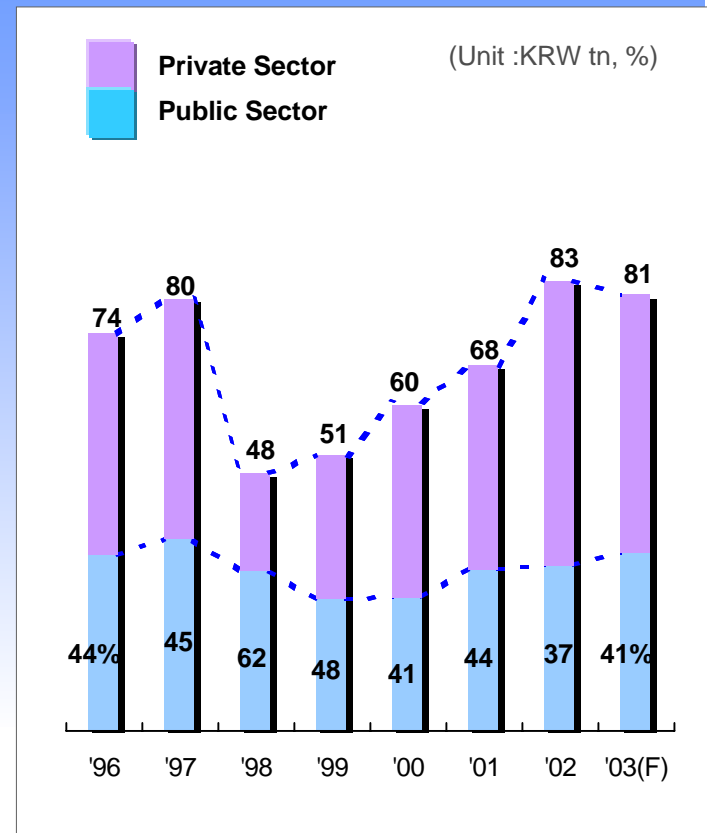
Residential market

- Expansion of supply & stabilization of price
- Development of new satellite cities

Infrastructure in public sector

- Transfer of the administrative capital
- Balanced development of the country
- Infrastructure development for business & logistics center of Northeast Asia

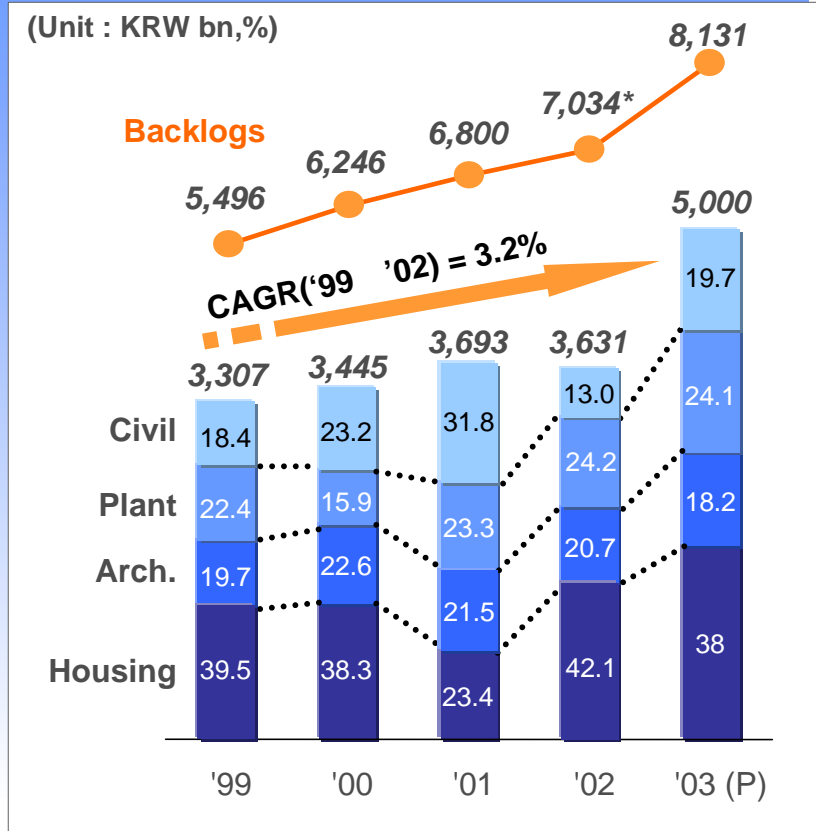
*Domestic Construction Contract Amount



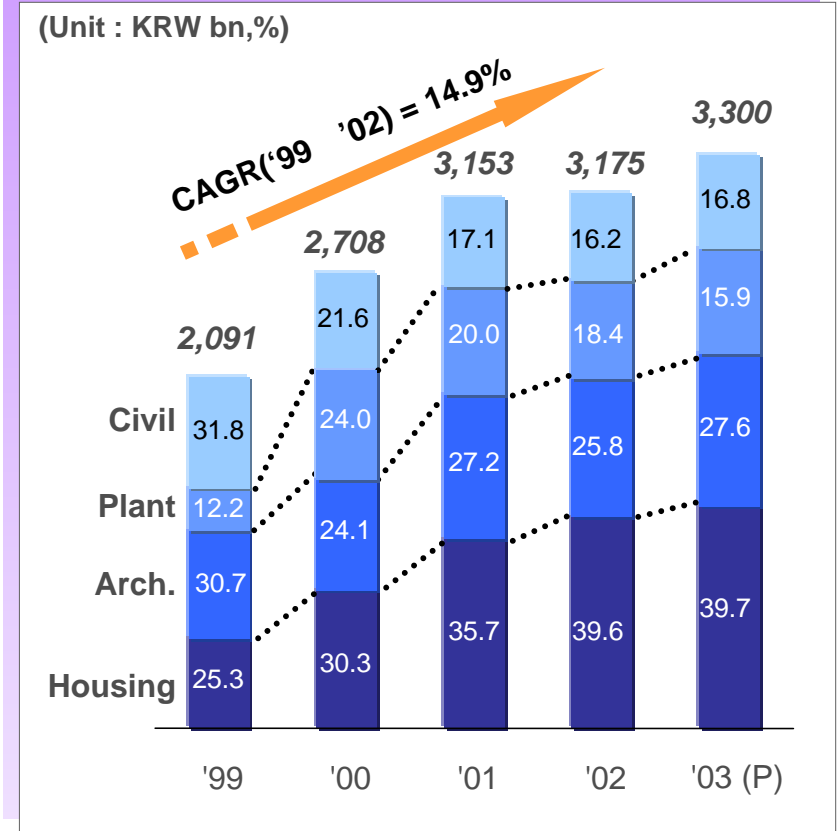
* Construction & Economy Research Institute of Korea

Management's 2003 targets are to achieve 38% YoY growth of new orders, with 4% YoY increase in sales revenue.

New Orders



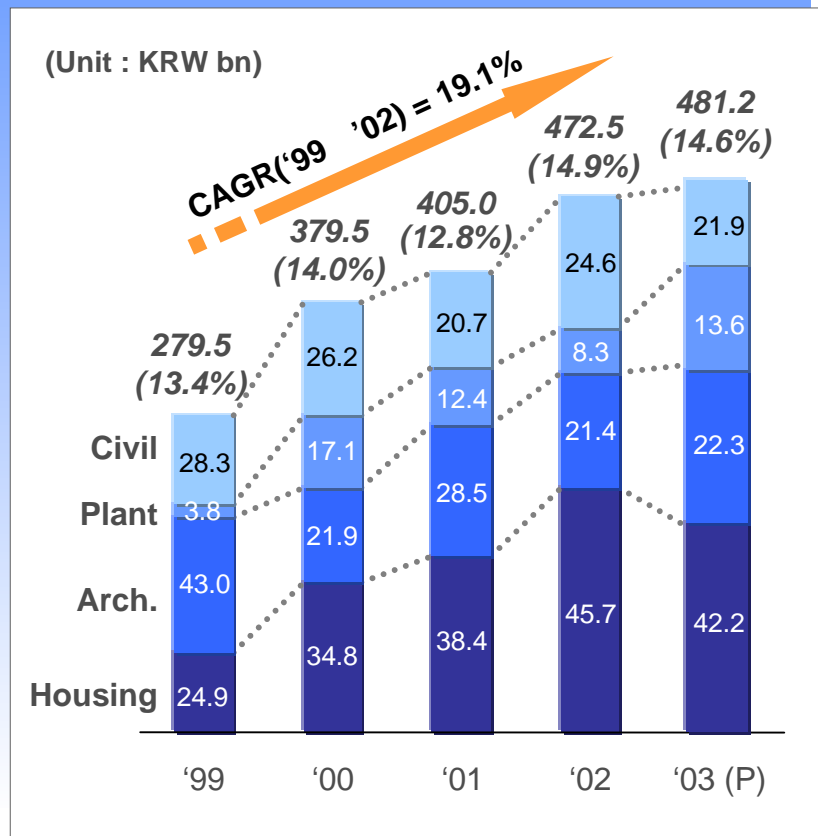
Sales Revenues



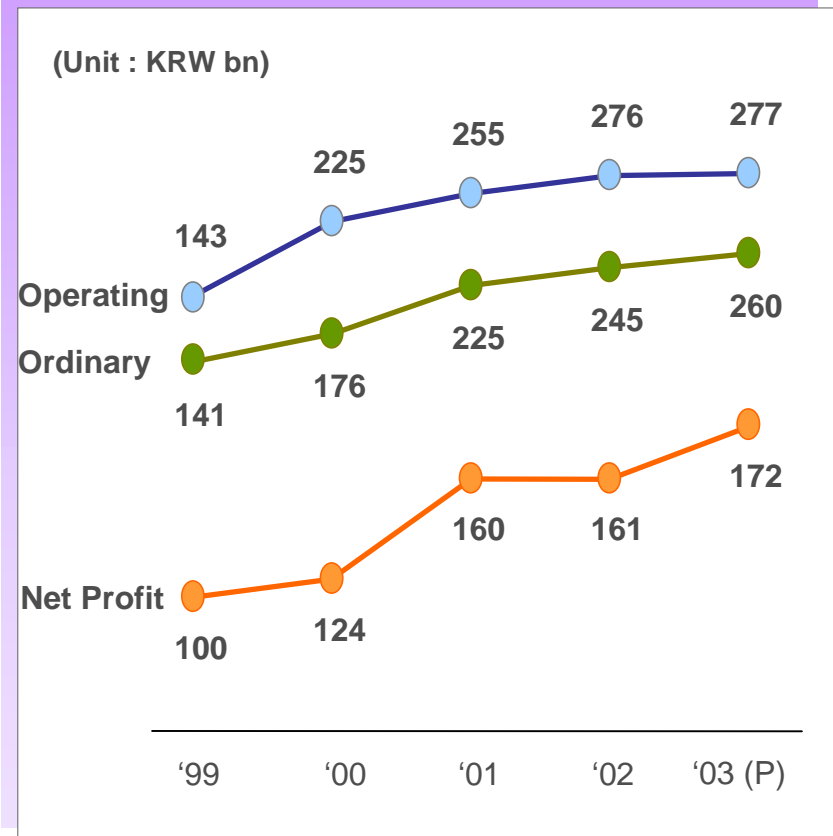
* excluding W 4.8 trillion(as of Mar. 31, '03) worth of provisional orders in housing division.

LG E&C has demonstrated its best profitability and will seek a continuous long term profitable growth.

Gross Profits



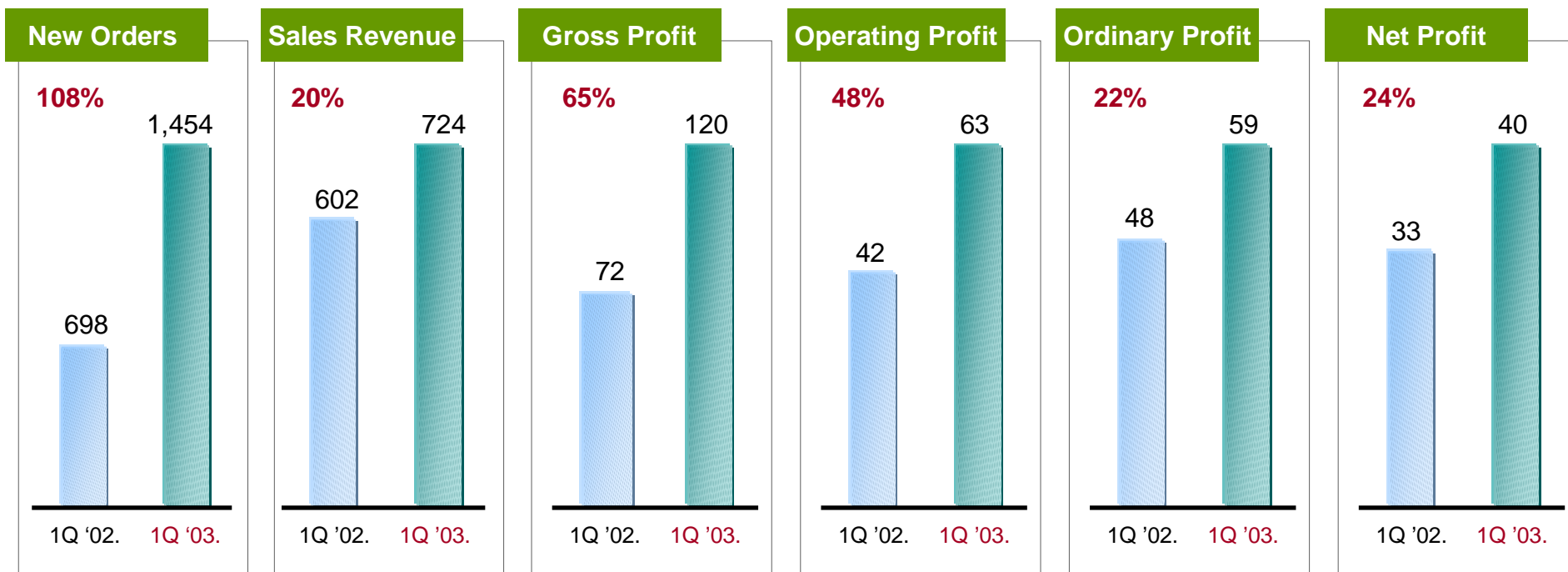
Other Profits



Significant improvements of 1Q '03 earnings (YoY) in terms of new orders, sales revenues and profits.

1Q '03 Business Results (YoY)

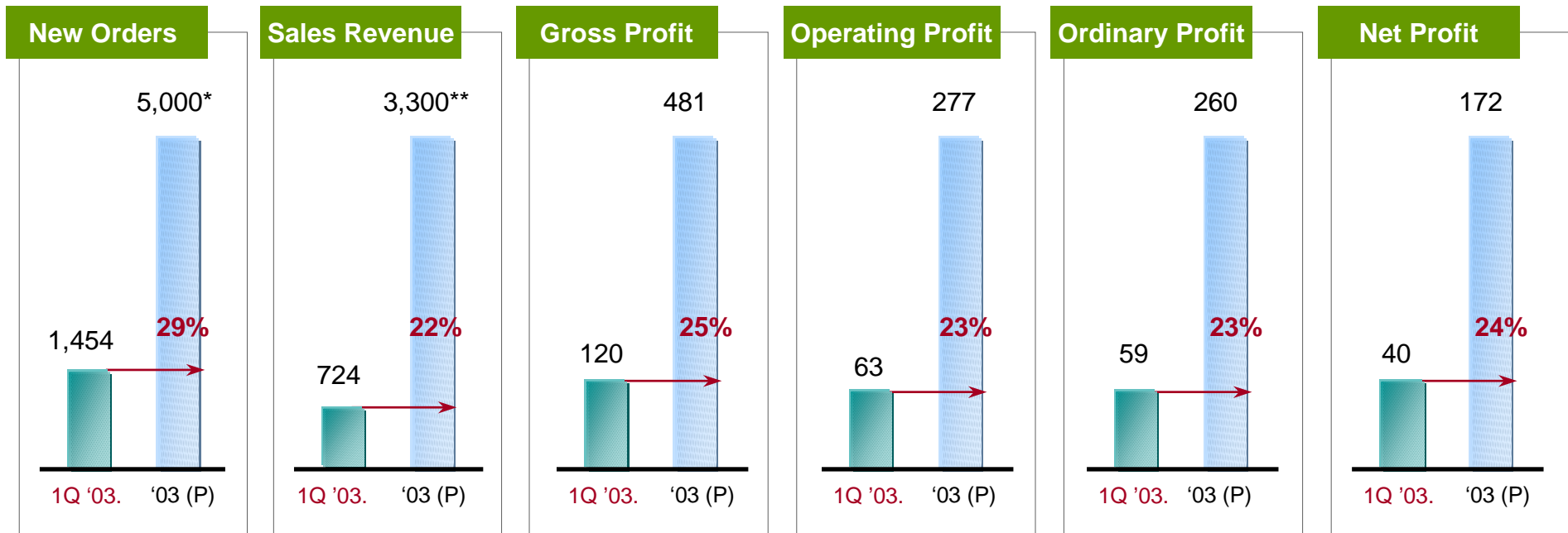
(Unit : W bn, %)



Despite seasonal nature of construction industry with poor performance in 1Q, the 1Q '03 results show positive signs of achieving the annual targets.

Annual Target Achievement

(Unit : W bn, %)



*. Excluding W 519 billion of provisional housing orders during 1Q '03.

** The annual sales target has been adjusted to 3.3 trillion from 3.4 trillion due to termination of big overseas plant projects.

Concentrating on turnkey projects and privately funded infrastructure projects in order to increase orders in public sector.

2003 Focus

Turnkey base orders in public sector

- Task force for each turnkey bidding
- Securing the top tier design companies
- Cooperating with competitors(consortium)
- Increasing participation in bidding
 - 4 projects('02) 17 projects('03)

Privately funded infrastructure projects

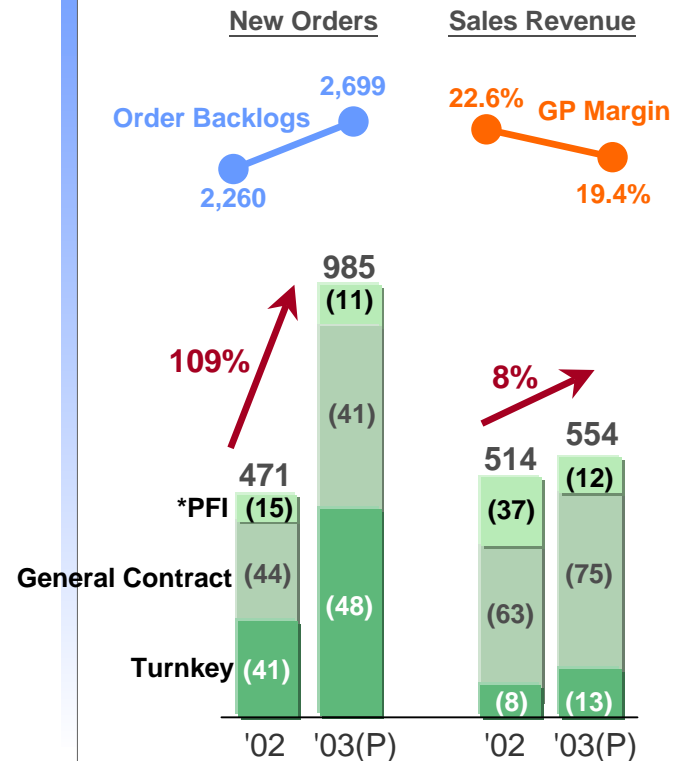
- Diversifying from road to railway, port, etc.
- Investing continuously : W 80 billion(2003)
- Undertaking new projects

Enter into port & harbor construction

- Initiating for Gwangyang port project

Performance & Goal

(Unit : KRW bn,%)



* Privately Funded Infrastructure projects



Target petrochemical, refinery and gas processing projects for overseas EPC markets, and nuclear power plant and environmental facility projects for domestic markets.

2003 Focus

Overseas gas plant market

- Iran South Pars Gas Project #9&10
 - Total contract amount : US\$ 1.6 billion
 - LG E&C's portion : US\$ 655 million(41%)

(Nuclear) power plant market

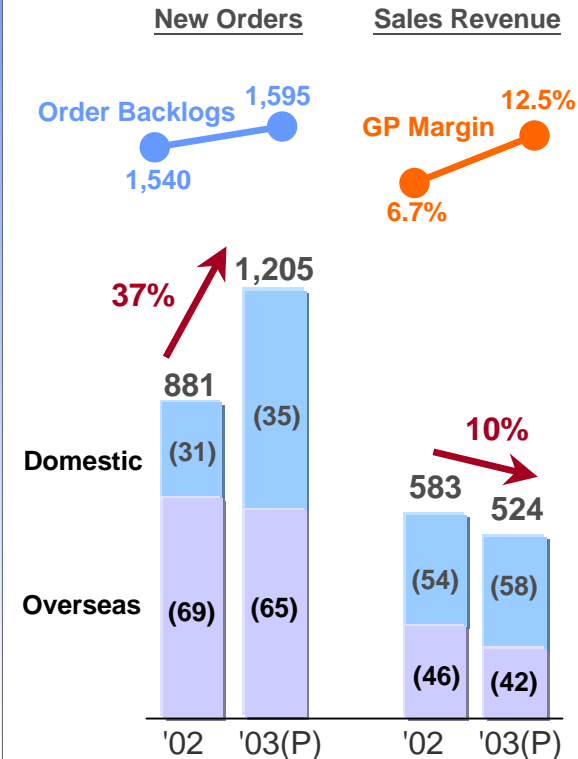
- Entering into nuclear power plant market
 - Singori #1&2 / Sinwolsung #1&2
- Expansion of power plant
 - Incheon combined power plant project

Environmental facility plant market

- Environmental facility of P6 TFT-LCD plant
- Expanding turnkey & PFI project

Performance & Goal

(Unit : KRW bn,%)



Focus on public sector, especially turnkey projects, and establish a strong position for TFT-LCD plant and clean room projects.

2003 Focus

Turnkey base orders in public sector

- Task force for each turnkey bidding
- Increasing participation in bidding
 - Zero('01 '02) 15 projects('03)

TFT-LCD plant(LG-Philips LCD) project

- Unchallenged position in LCD fabrication and clean room area
- P6 project
 - Total contract amount : W 1.2 trillion
 - Project period : Nov. 2002 1H '05
- Paju project
 - Expected to follow P6 project(from 2H '05)
 - Total expected investment : US\$ 10 billion

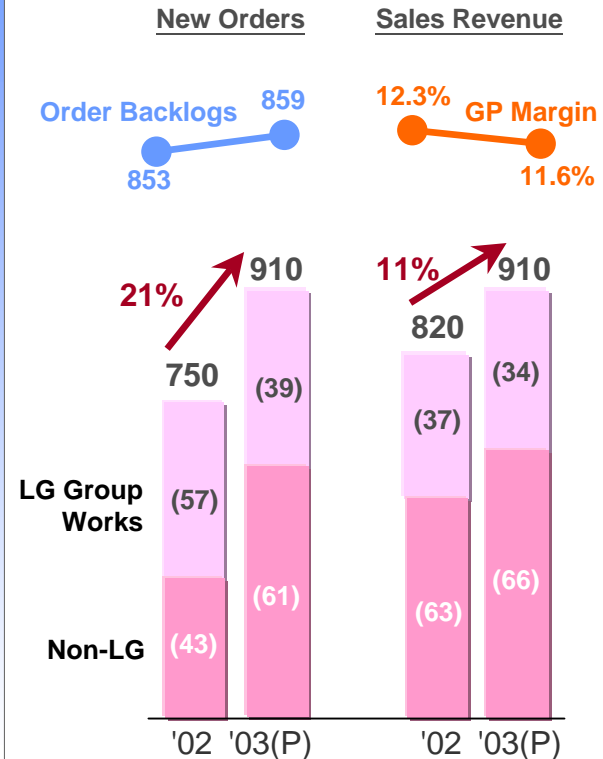
Entering into Chinese market

- TFT-LCD plant project in Nanjing('02)
- LG Beijing Tower project('02)

Market leader in remodeling projects

Performance & Goal

(Unit : KRW bn,%)



Diversifying business from Seoul and its vicinities to provincial area, and taking redevelopment projects more aggressively while enhancing “Xi” brand image.

2003 Focus

Redevelopment

- Redevelopment projects in northern Seoul
- Kumho district #13, Kumho district #17

Diversifying business

- New opportunities in provincial cities
- Developing products with high value-added
- Securing land for in-house projects

Differentiating ‘Xi’ brand power

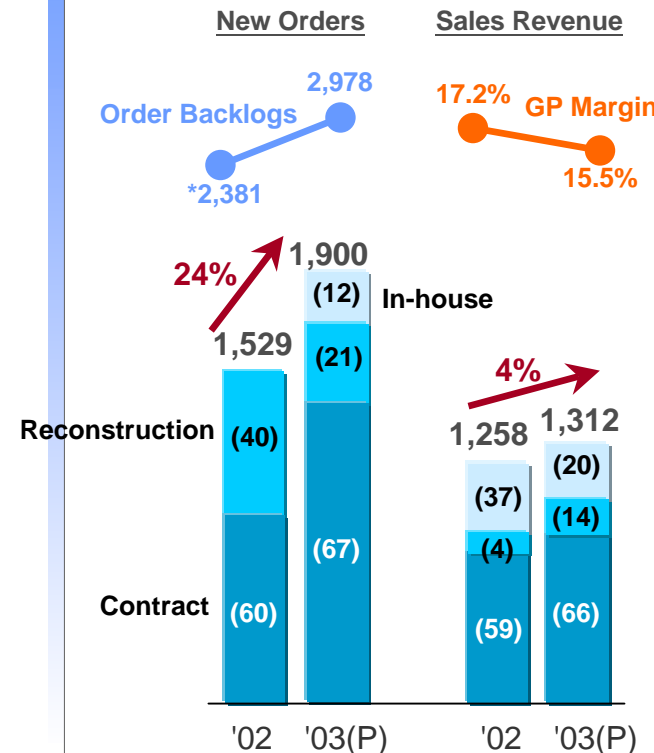
- Continuous advertising
- Securing best quality and service

Increasing supply of housing units

- 6,000 units('02) 13,000 units('03)

Performance & Goal

(Unit : KRW bn,%)



* Provisional orders W4.8 trillion(Mar. 31, '03) are not included.

Steady increase of the total shareholders' equity with increasing retained earnings and the rapid reduction of net debt with our excellent cash flows.

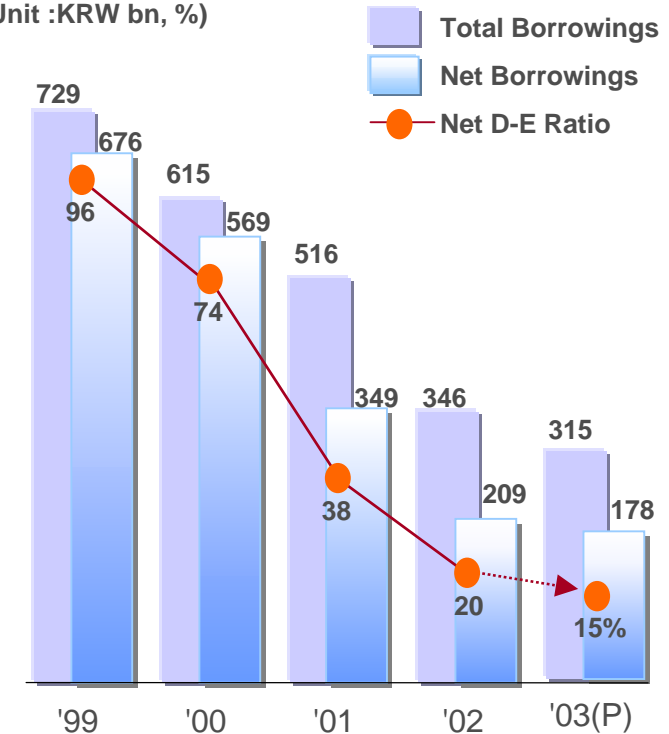
Financial Structure

(Unit:KRW bn)

	2001	2002	2003(P)
Total Assets	2,645	2,662	2,596
Total Liabilities	1,713	1,613	1,443
Total Equities	932	1,049	1,153
Capital	255	255	255
Retaining	345	453	554
L.-E Ratio(%)	184	154	125
Asset Turnover Ratio (Times)	1.26	1.20	1.29

Borrowings

(Unit :KRW bn, %)





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