

September, 2006

GS E&C

Investor Relations



CLSA Investors' Forum 2006

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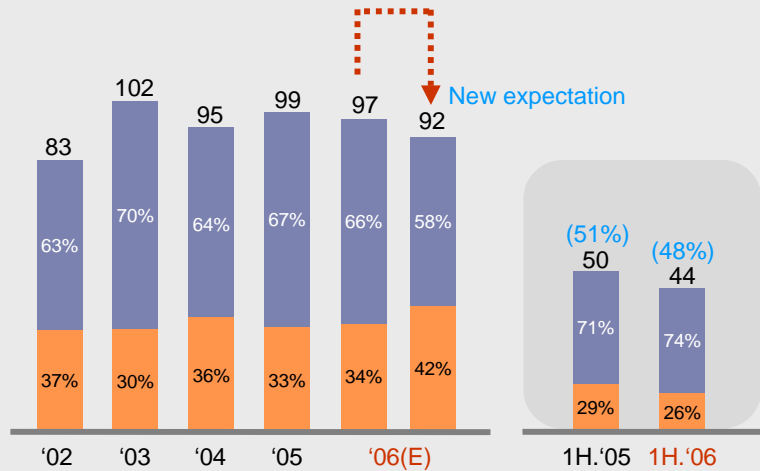
Certain sections of this document contain forward-looking statements that are based on the expectations, estimates and assumptions of GS E&C and outside organizations. Due to its volatility, actual results may differ from those set forth in the current statement. This document is provided to serve as a reference to the investors, and no data on this document should be solely relied upon to make any investment decisions. GS E&C does not undertake any obligation to investments or trades based on this document.

# Market Overview

While domestic contracts are expected to be down year on year, overseas contracts are predicted to increase substantially.

## Domestic Contract Value

(%) Annual Target Achievement (KRW trillion,%)  
 ■ Private Sector  
 ■ Public Sector

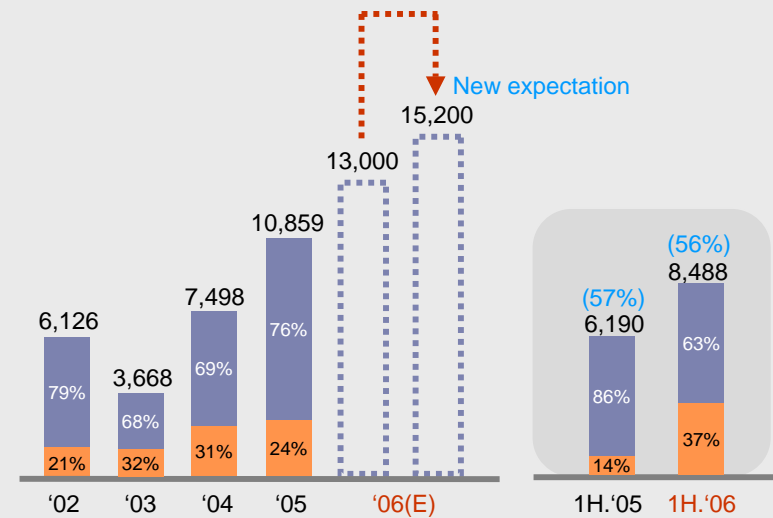


Source : Construction Association of Korea (2006)

## Overseas Contract Value

\*Orders won by Korean Builders

(%) Annual Target Achievement (USD million,%)  
 ■ Plant  
 ■ Others

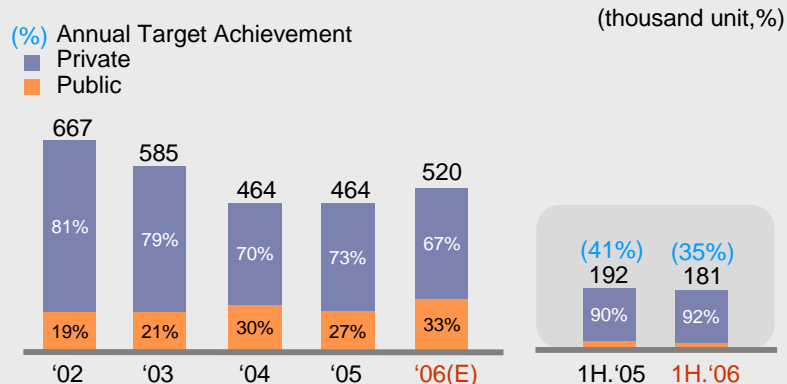


Source : Ministry of Construction & Transportation (2006)

# Market Overview

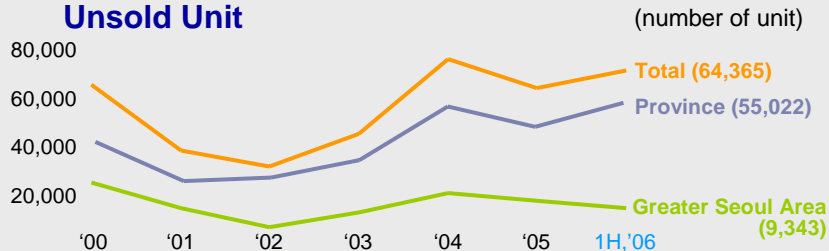
Even if the housing market worsens beyond our expectation, we believe a long-term outlook is bright according to some indicators of construction activity.

## Housing Supply



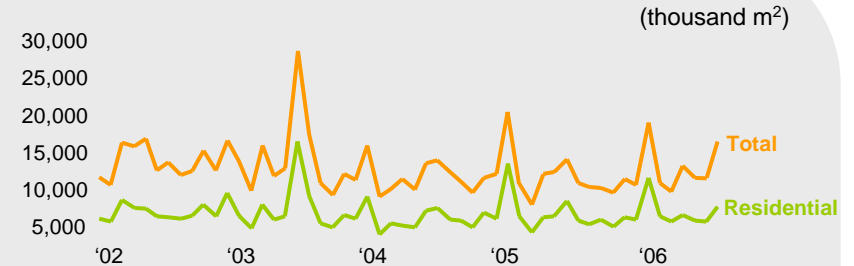
Source : Ministry of Construction & Transportation (2006)

## Unsold Unit



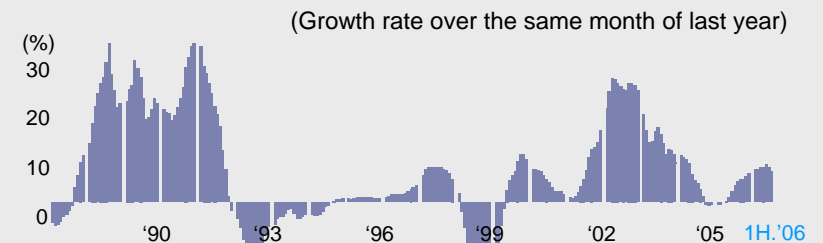
Source : Ministry of Construction & Transportation (2006)

## Construction Permits



Source : Korea National Statistical Office (2006)

## Apartment Sale Price



Source : Kookmin Bank (2006)

# Business Performance & Plan – New Orders & Order Backlogs

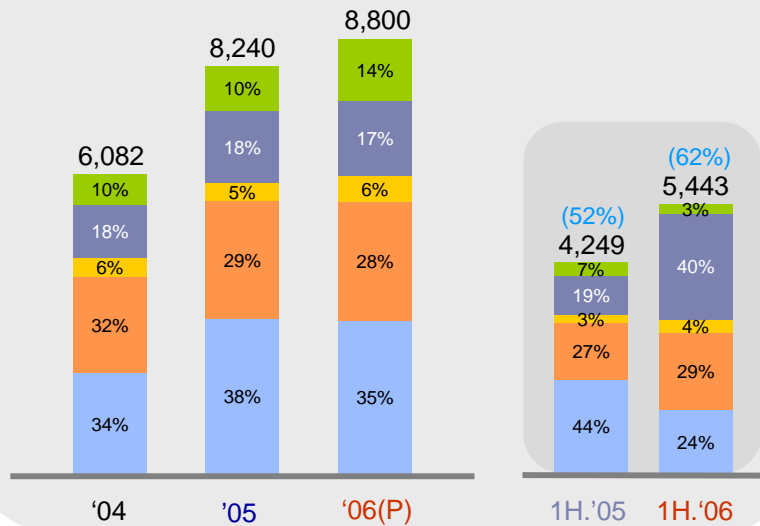
New orders and order backlogs are expected to surpass our full-year target with plant projects and captive orders from group companies.

## New Orders

(%) Annual Target Achievement

(KRW billion,%)

- Civil
- Plant
- Environment
- Architecture
- Housing

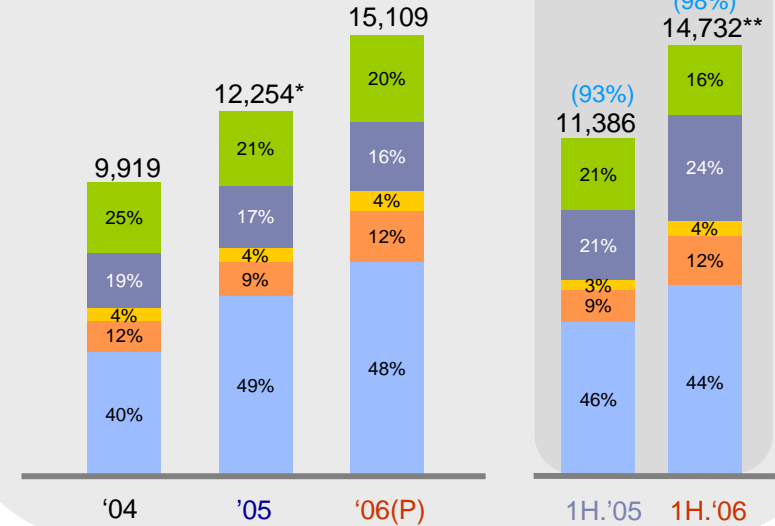


## Order Backlogs

(%) Annual Target Achievement

(KRW billion,%)

- Civil
- Plant
- Environment
- Architecture
- Housing



\*Approx. W13.4 tr. of provisional order backlogs not included in the housing div.  
 \*\*Approx. W16.1 tr. of provisional order backlogs not included in the housing div.

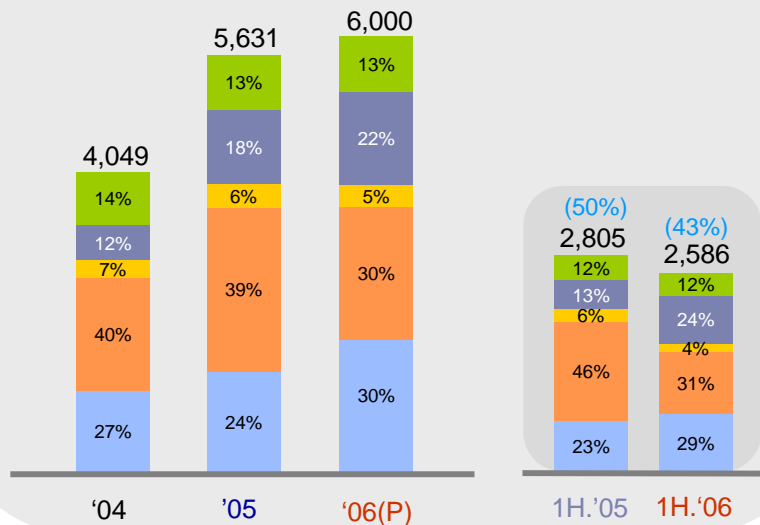
# Business Performance & Plan - Sales Revenues & Gross Profit

Revenue achievement in 1H was below our target. However, we expect to see some pick-up in 2H with continued strength in plant and architecture projects.

## Sales Revenues

(%) Annual Target Achievement (KRW billion,%)

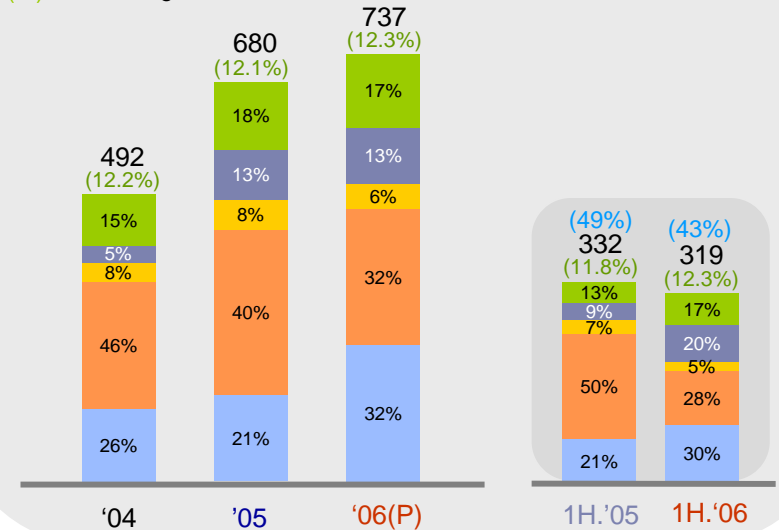
- Civil
- Plant
- Environment
- Architecture
- Housing



## Gross Profit

(%) Annual Target Achievement (KRW billion,%)

- Civil
  - Plant
  - Environment
  - Architecture
  - Housing
- (%) Gross Margin

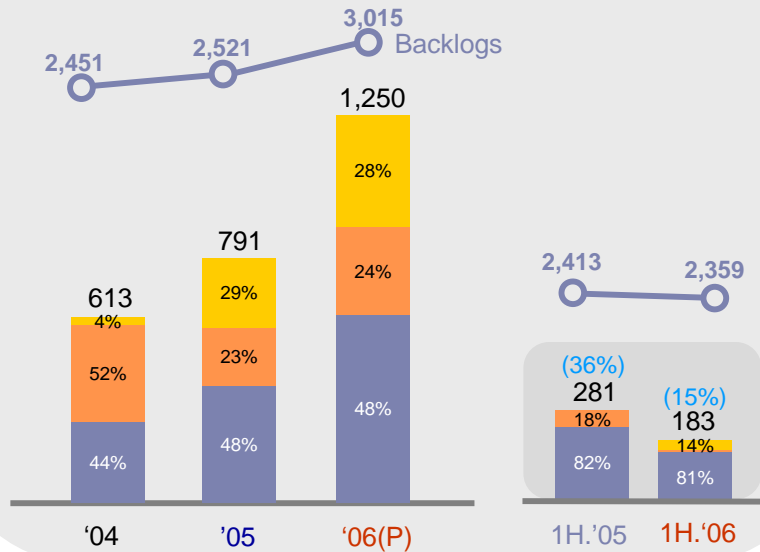


# Business Performance & Plan - Civil Engineering

New orders fell short of our expectation due to the delays in public project tenders in 1H, and revenue recognition was also behind our original schedule.

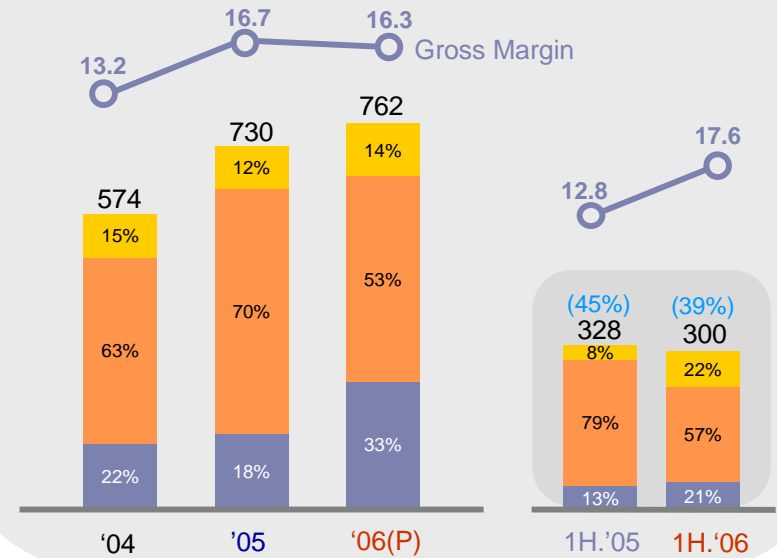
## New Orders & Order Backlogs

(%) Annual Target Achievement (KRW billion,%)  
 ■ PFI (Privately Funded Infrastructure)  
 ■ General Contract  
 ■ Turnkey



## Sales Revenues & Gross Margin

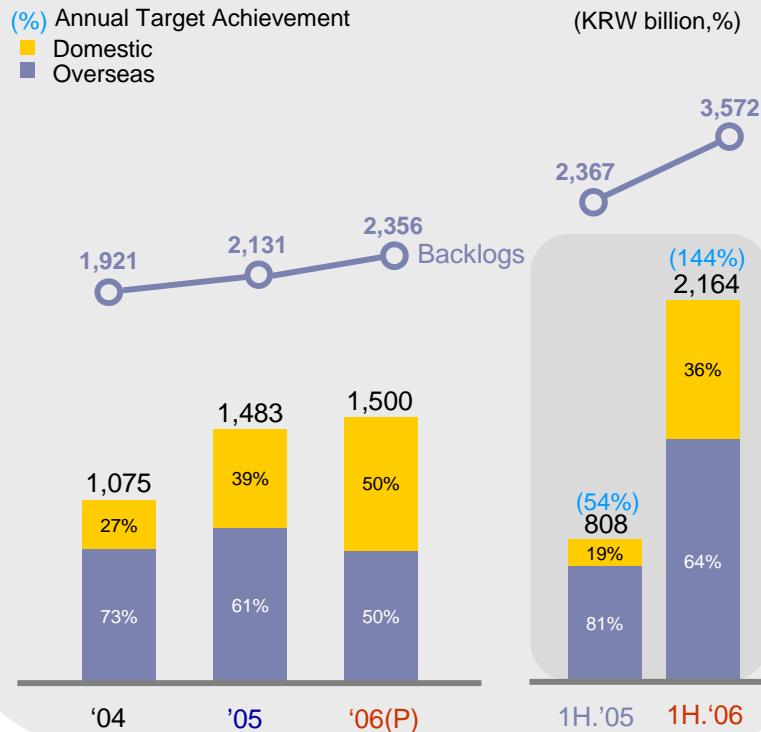
(KRW billion,%)



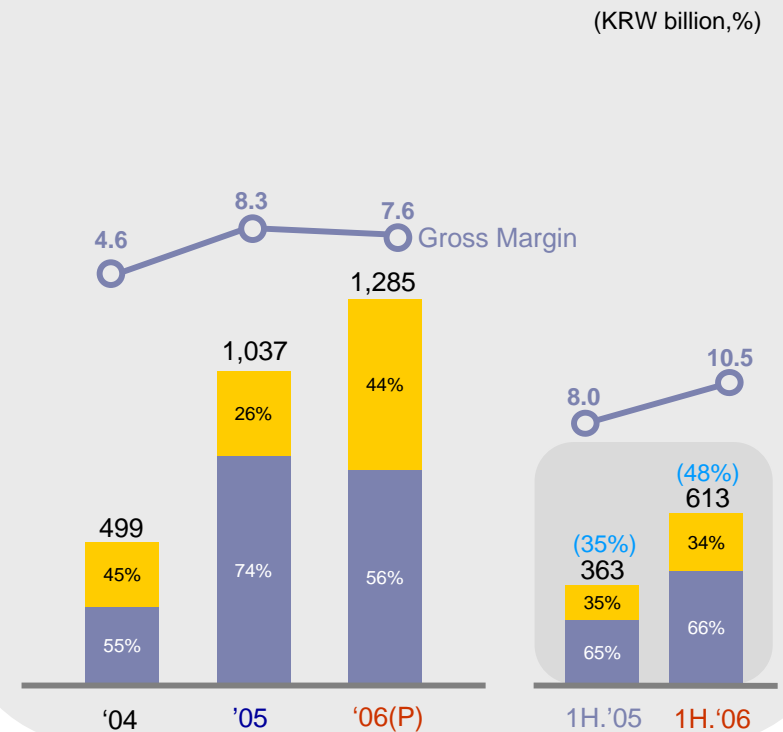
## Business Performance & Plan - Plant

Thanks to strong overseas works and large orders from GS Caltex, we already surpassed our annual target in 1H, and the gross margin was much higher than our full-year target.

### New Orders & Order Backlogs



### Sales Revenues & Gross Margin



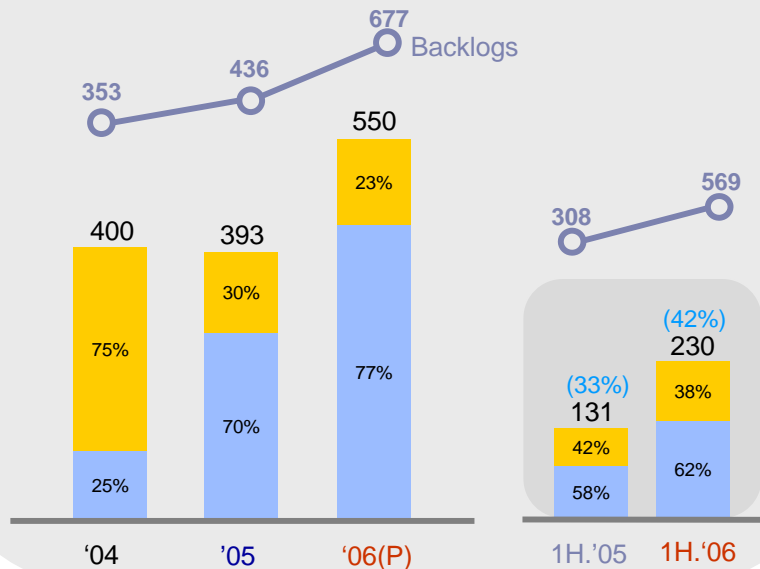
\*The Environment business division was separated from the Plant division since 2004

# Business Performance & Plan - Environment

Due to the solid earnings from government projects and group works, we are on track to achieve full-year target for new orders, while revenue recognition is below our expectation.

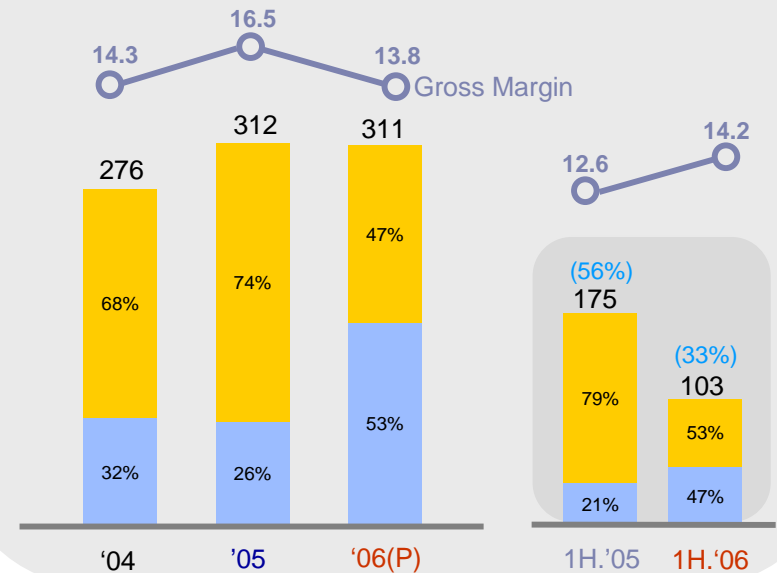
## New Orders & Order Backlogs

(%) Annual Target Achievement (KRW billion, %)  
 ■ Group  
 ■ Non-group



## Sales Revenues & Gross Margin

(KRW billion, %)

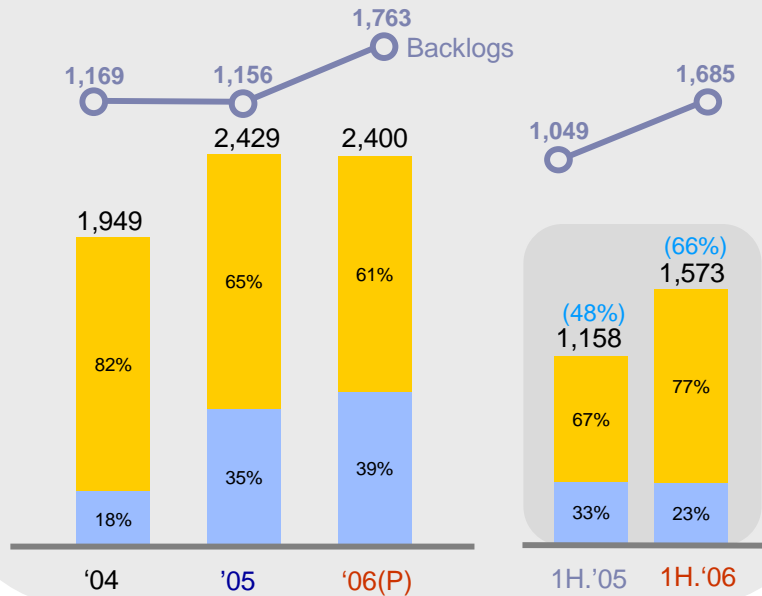


# Business Performance & Plan - Architecture

We have already achieved 66% of full-year target for new orders in 1H with a stable order flow from group works. Meanwhile, we project sales revenue to meet this year's target.

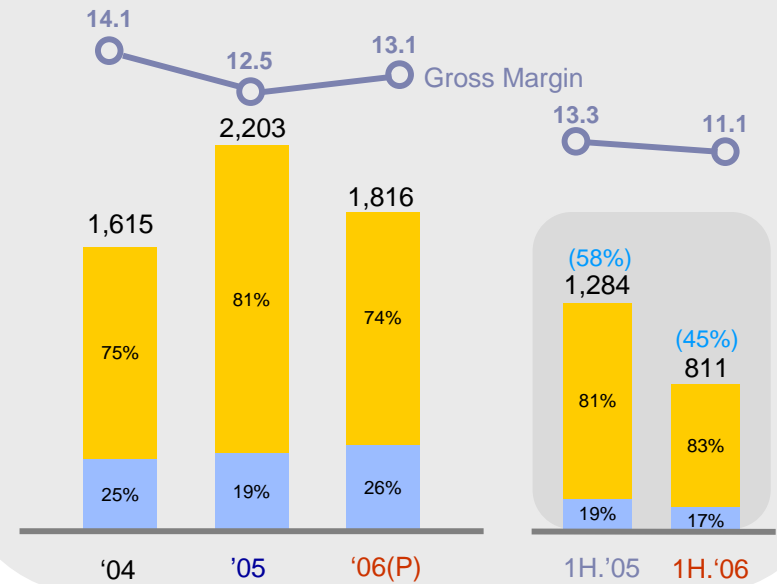
## New Orders & Order Backlogs

(%) Annual Target Achievement (KRW billion, %)  
 ■ Group  
 ■ Non-group



## Sales Revenues & Gross Margin

(KRW billion, %)

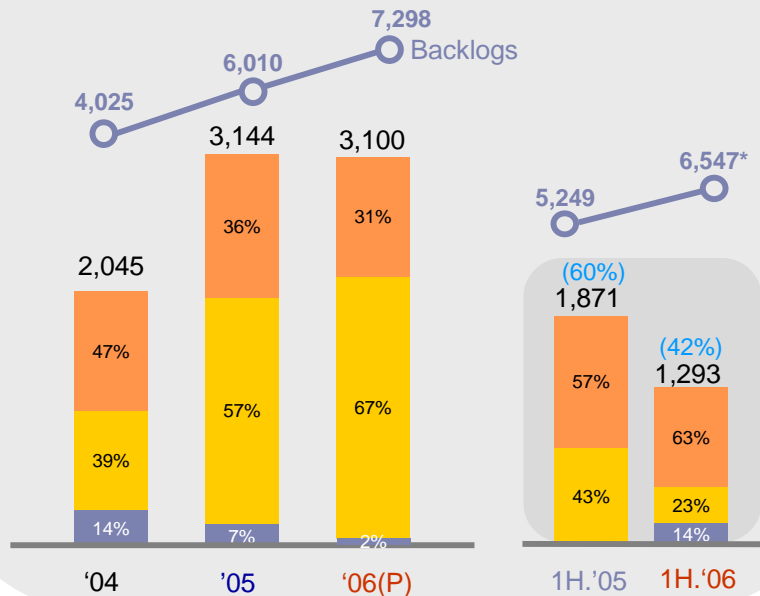


# Business Performance & Plan - Housing

Despite weak housing market, we achieved 42% of both annual new order and revenue target. In addition, gross margin rose from 10.5% last year to 12.8% in 1H.

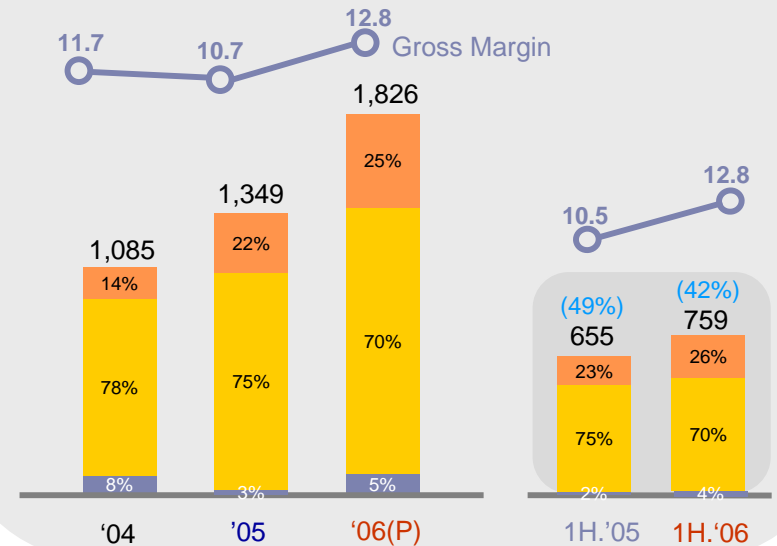
## New Orders & Order Backlogs

(%) Annual Target Achievement (KRW billion, %)  
 ■ Reconstruction & Redevelopment  
 ■ General Contract  
 ■ In-house



## Sales Revenues & Gross Margin

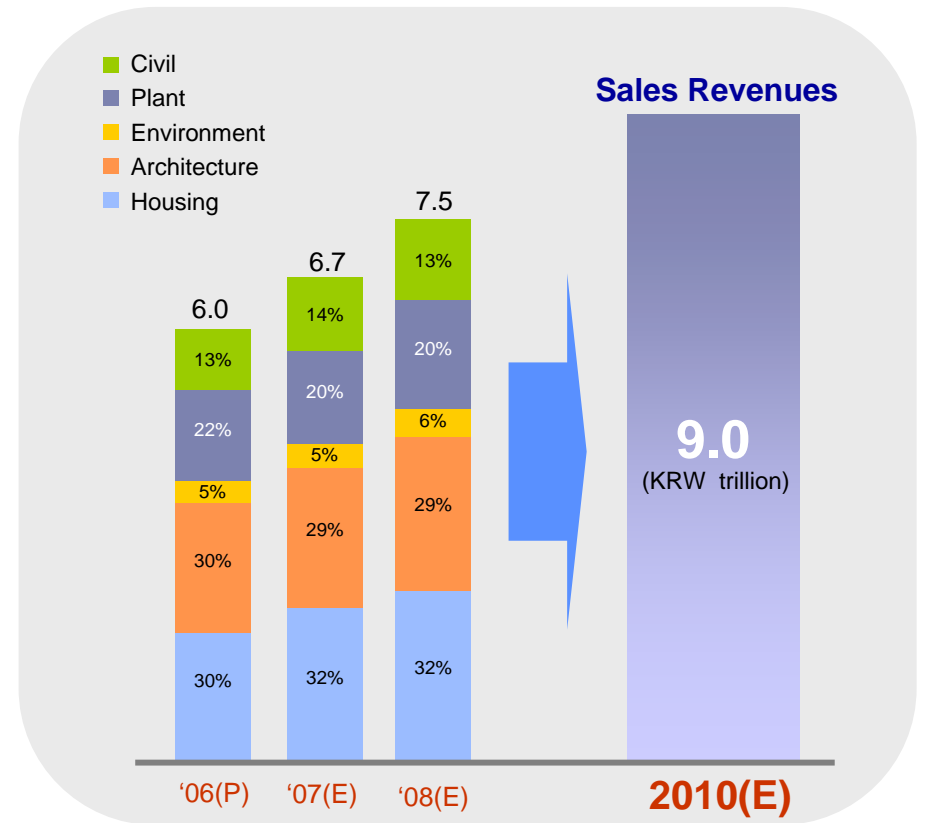
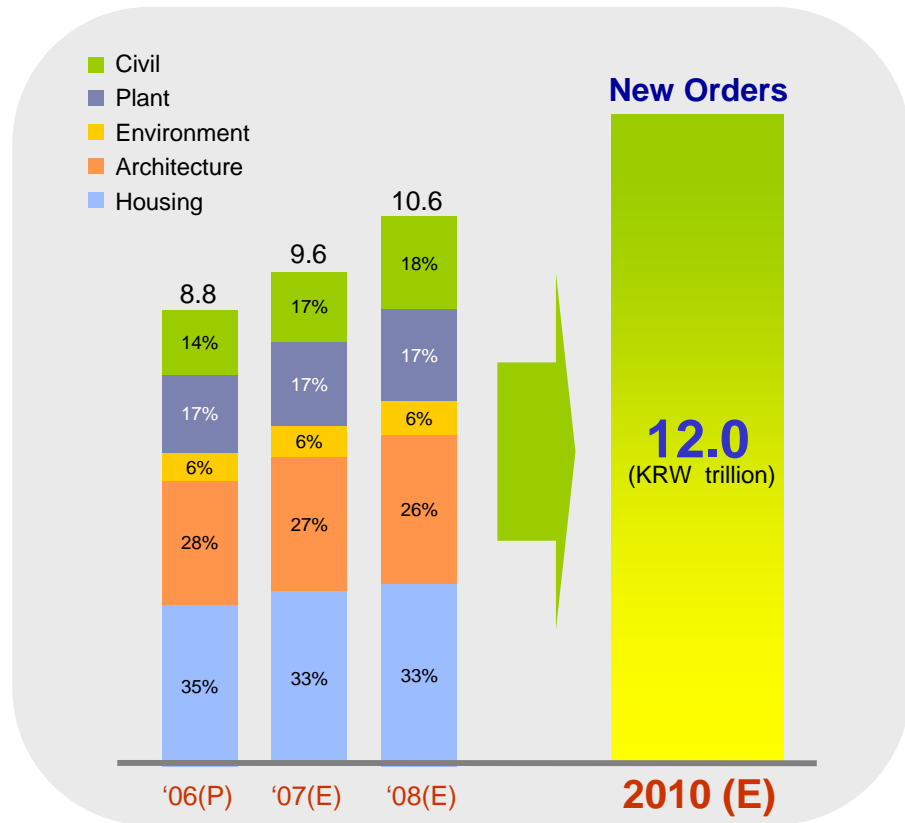
(KRW billion, %)



\*Approximately W16.1 trillions of provisional order backlogs not included.

# Business Outlook – New Orders & Sales Revenues

Our vision is to be a top builder in every aspect by 2010.



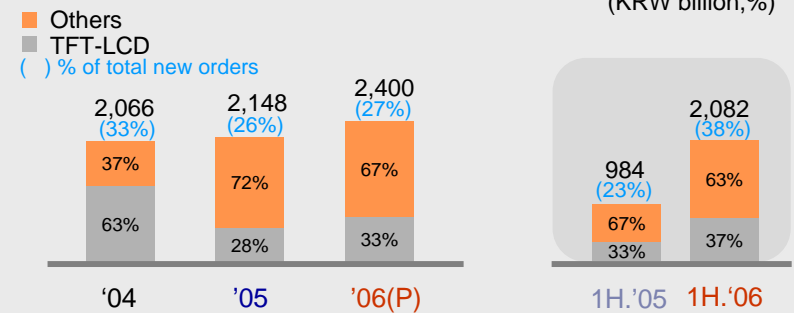
# Investment Highlights - Solid Earnings from Group Works

Our major group works are a TFT-LCD factory project and a GS Caltex HOU project. Considering the current market situation, group works will be a significant earnings contributor.

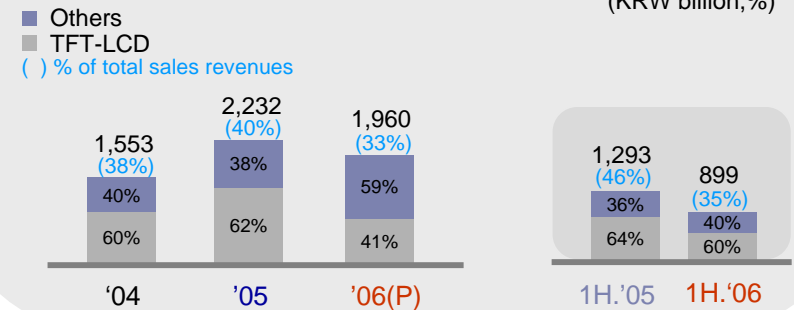
## Major Group Works

LG Phillips	Completion	Generation	Location
P 8~10	by 2013	8th or above	Paju
P 7	Q2 2006	7th	Paju
P 1 ~ 6	Q4 2004	1 <sup>st</sup> ~ 6 <sup>th</sup>	Gumi
GS Caltex	Completion	Location	Amount (Investment)
HOU	by 2008	Yeosu	approx. KRW1.3tn.

## New Orders from Group Works



## Revenues from Group Works



\*Group order backlog portion is 7% among 12.3 tril. in 2005.

\*GS Caltex portion in 2006 : New Orders 25% / Sales revenues 7%

# Investment Highlights – Attractive Dividends

With a payout ratio of 26.3% and a positive position toward investors, GS E&C offers the best investment value for shareholders.

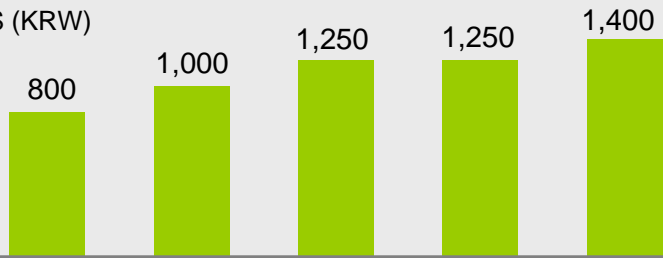
## Yield & DPS

(Unit :KRW)

Yield (%)



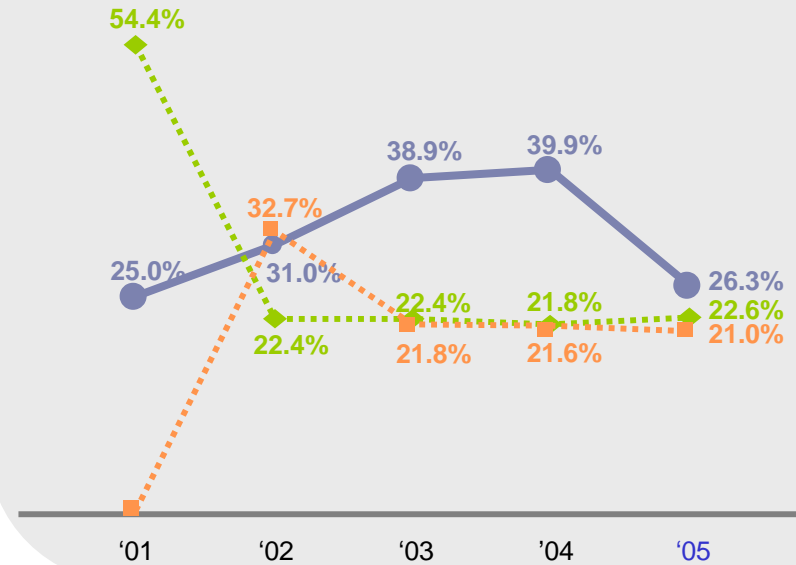
DPS (KRW)



'01 '02 '03 '04 '05

## Payout Ratio

- GS E&C
- ◆ Daelim Industrial
- Hyundai Development



# Investment Highlights – System-Based Management

To enhance business competitiveness, GS E&C has developed integrated system. It will give us best solution to accomplish Vision 2010.



\* BPM(Business Process Management)

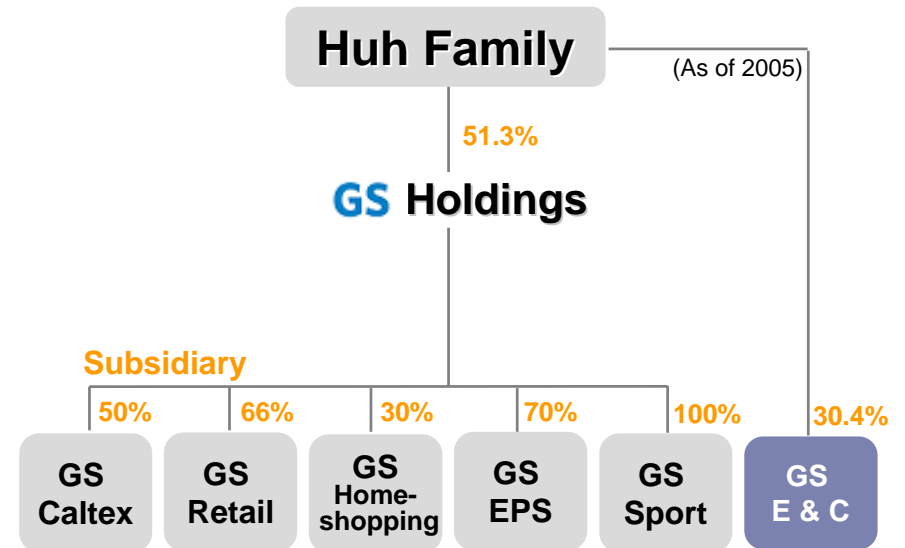
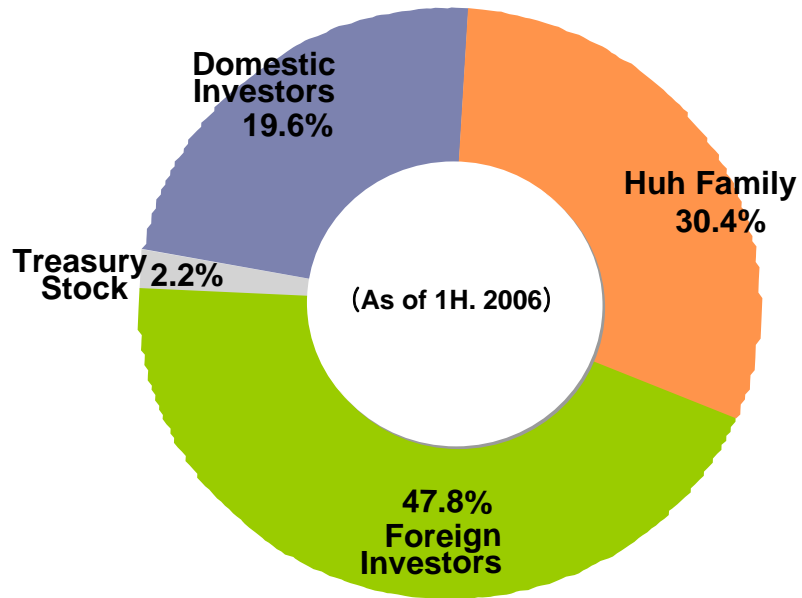
# Appendix

- ✓ **Ownership Structure**
- ✓ **Borrowings & Investment Plan**
- ✓ **PFI Projects**
- ✓ **Provisional Order Backlogs in Housing Division**
- ✓ **TPMS (Total Project Management System)**
- ✓ **Major Material Prices**
- ✓ **Overseas Business**
- ✓ **Balance Sheet (Summary)**
- ✓ **Income Statement (Summary)**

# Ownership Structure

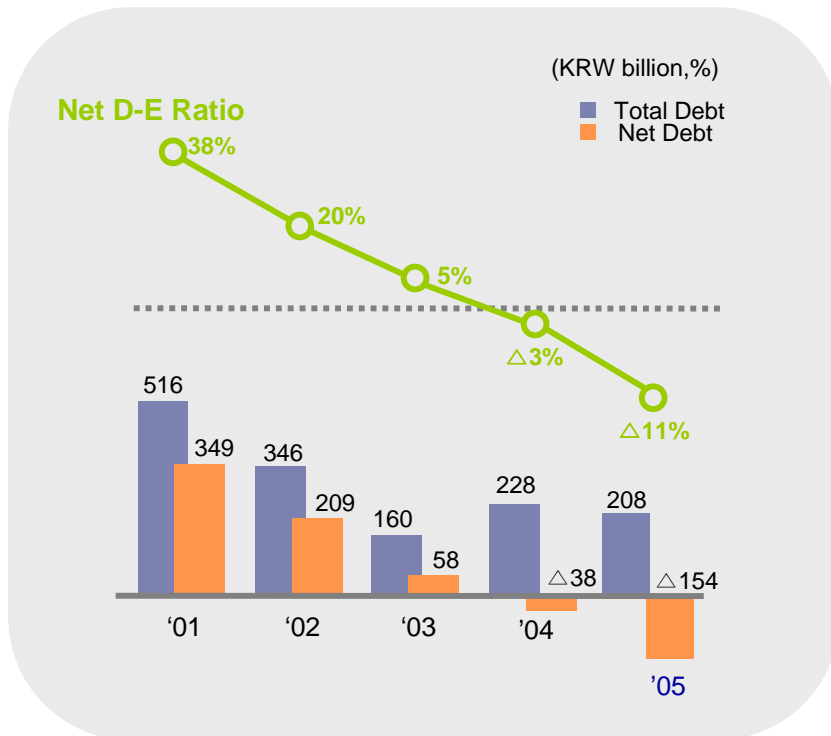
GS E & C

GS Group



# Borrowings & Investment Plan

## Borrowings



## Investment Plan

(KRW billion)

Description	'04	'05	'06 (P)
PFI	36	1	101
Land	117	81	100
Resort & etc.	115	26	10
IT & R&D etc.	19	41	44
<b>Total</b>	<b>287</b>	<b>149</b>	<b>255</b>

## PFI Projects (Progressing)

www.gsconstit.co.kr/english

(As of 1H. 2006)

(KRW billion)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Shares	Remarks
<b>Proposed</b>	Seoul-Munsan Highway	554	255 (46%)	Undecided	Undecided	
	Suwon Light Rail Transit	483	242 (50%)			
	Sangju-Youngchun Highway	831	125 (15%)			
	Youngdong Highway #2	642	107 (17%)			
	Choeup Light Rail Transit	209	104 (50%)			
	Seoul-Dongduchun Highway	639	102 (16%)			
	Changwon-Busan way	229	46 (20%)			
Incheon International Passenger Pier	335	45 (13%)				
<b>Approved</b>	Kangnam Beltway	655	75 (11%)	27	11.5%	To be completed in 2012
	Uijeongbu Light Rail Transit	250	158 (63%)	24.6	27.2%	To be completed in 2010
	Pyeongtaek Port #12	47	26 (55%)	11.1	16.5%	To be completed in 2009
<b>Under Construction</b>	Seoul Beltway	1,392	415 (30%)	124.2	27%	To be completed in 2008
	Pyeongtaek Port #11	47	42 (89%)	6.7	10%	To be completed in 2008
<b>Total</b>		<b>6,313</b>	<b>1,742</b>			

## PFI Projects (Experiences)

www.gsconstit.co.kr/english

(As of 1H. 2006)

(KRW billion)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Shares	Remarks
<b>Investment Completed</b>	New Airport Highway	3,820	191 (5%)	21.7	5%	22.8 (KTCU, Dec. 2003)-sold
	Cheonan-Nonsan Highway	1,344	336 (25%)	112.5	25%	113.1 (KRIF, Feb. 2004)-sold
	Daegu East Beltway	120	30 (15%)	8.7	15%	9.1(MEDIC, May. 2003)-sold
	Daegu West-North Road	64	16 (15%)	3.3	15%	3.7(Municipality of Daegu, Jun.2004)-sold
	Cholmasan Tunnel	75	18 (24%)	1.0	24%	1.0 (KTCU, Nov. 2001)-sold
	Manwolsan Tunnel	68	17 (15%)	5.0	15%	Completed (July,2005) / Holding
<b>Total</b>		<b>5,491</b>	<b>608</b>			

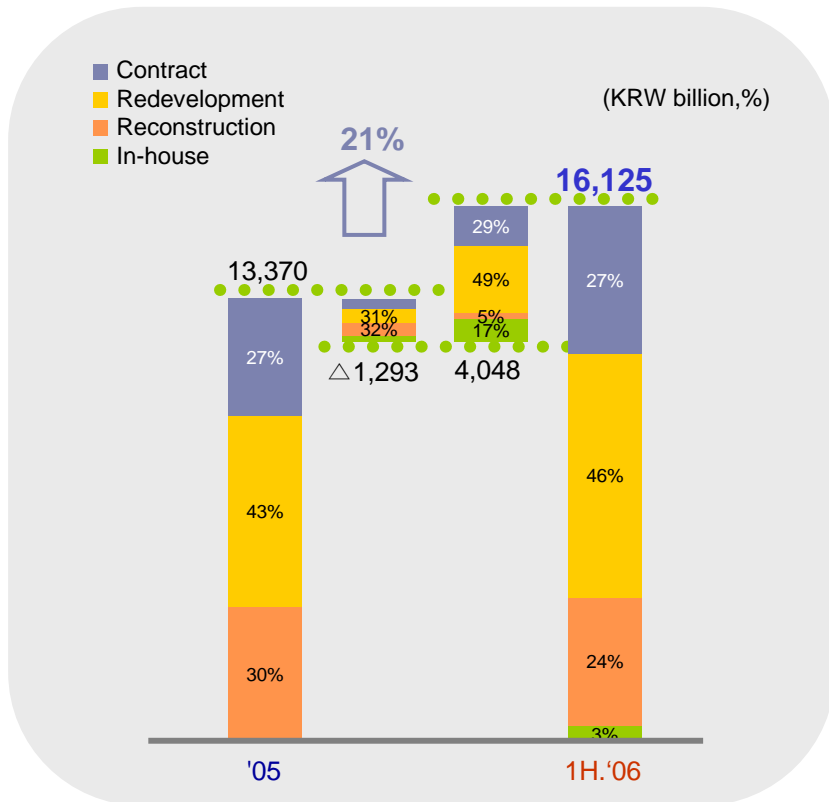
KTCU : Korea Teachers' Credit Union

KRIF : Korea Road Infrastructure Fund

MEDIC : Macquarie East Daegu Investment Company

# Provisional Order Backlogs in Housing Division

## Provisional Order Backlogs



## By Sectors

(KRW billion)

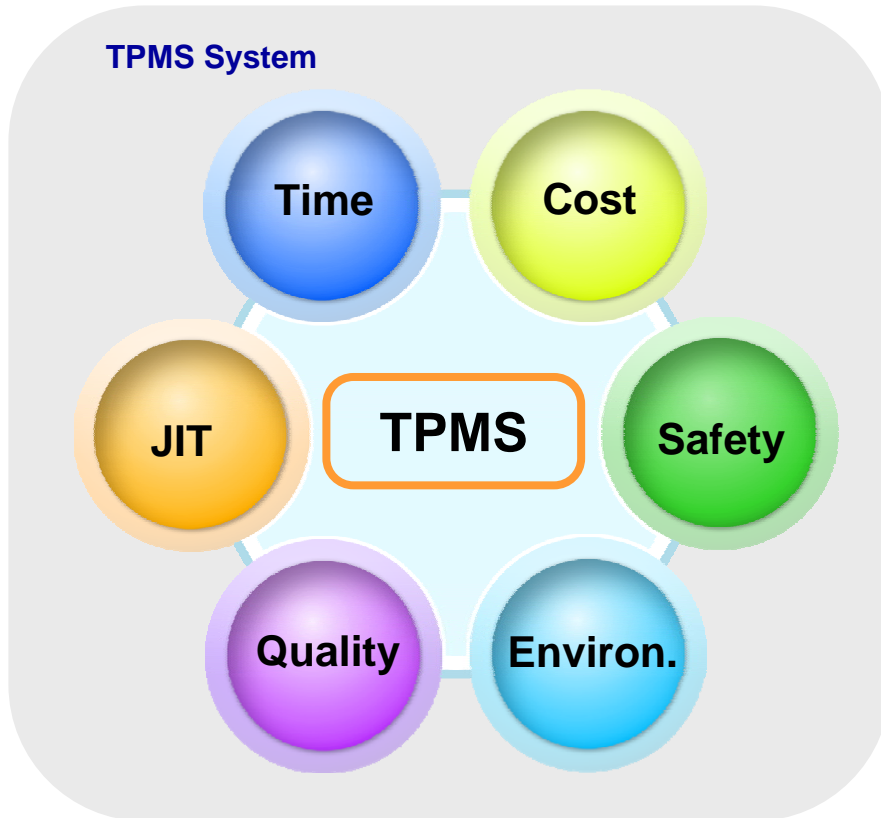
Description	'05	New Order Recognition (1H.'06)	New Provisional (1H.'06)	1H.'06
<b>Contract</b>	3,532	$\Delta 293$	1,192	4,431
<b>Redevelopment</b>	5,788	$\Delta 405$	1,983	7,366
<b>Reconstruction</b>	4,050	$\Delta 413$	200	3,837
<b>In-House</b>	-	$\Delta 182$	673	491
<b>Total</b>	<b>13,370</b>	$\Delta 1,293$	<b>4,048</b>	<b>16,125</b>

## New Major Provisional Order

(KRW billion)

Description	Major Projects	Amount
<b>Contract</b>	Hwasung Bongdam	387
	Kayang	169
<b>Redevelopment</b>	Kajwoa New Town	255
	Sincheon, Incheon	201
<b>Reconstruction</b>	Kyowon, Masan	101
	Poil Jugong (Increased)	60
<b>In-House</b>	Incheon Cheongla	491

# TPMS (Total Project Management System)



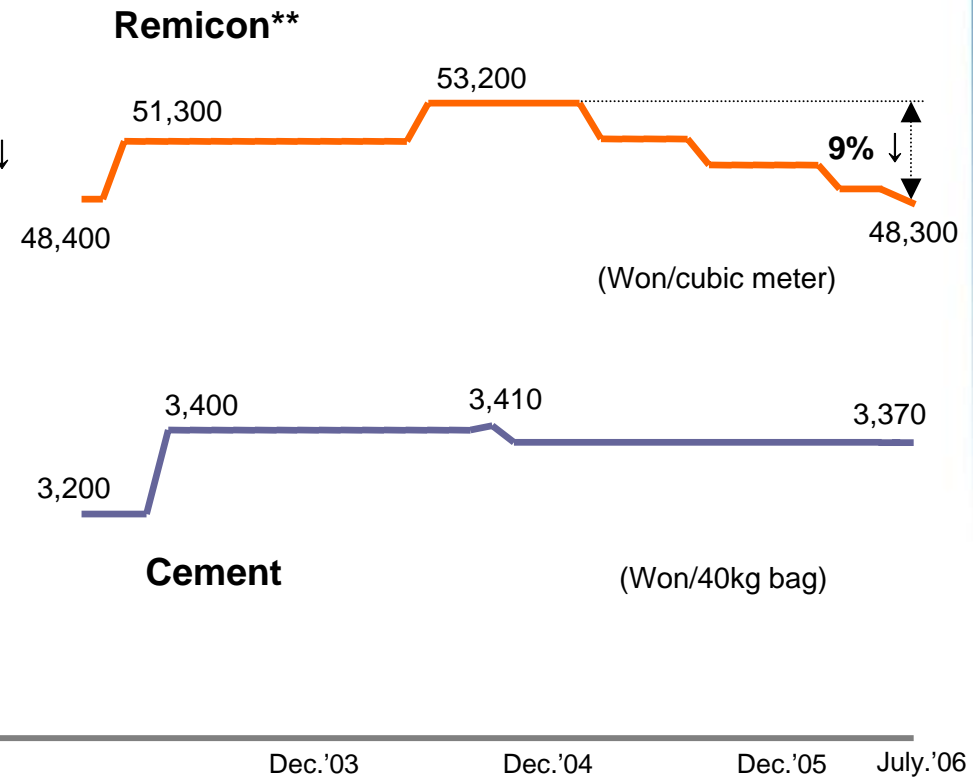
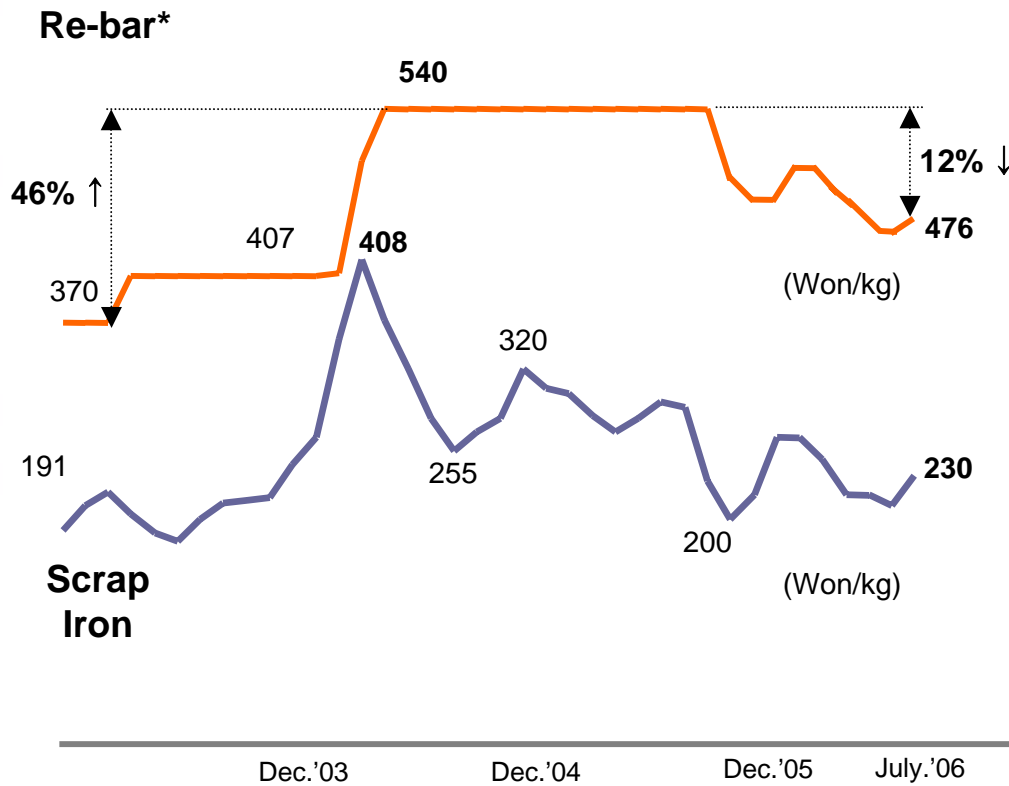
- JIT : Just-In-Time
- SEQ : Safety, Environment, Quality

- System integrated time & cost management
- Procurement, SEQ and technology linked with schedule
- On-line real time controlling system

- Increases productivity & decrease duration
- Minimizes errors & reworks

**Cost Innovation**

# Major Material Prices



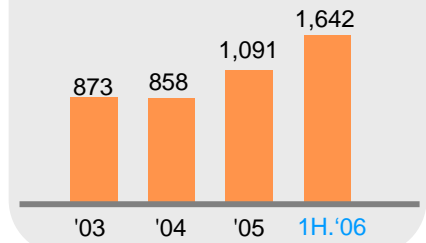
\*Re-bar: Reinforced-bar  
 \*\*Remicon: Ready-mixed concrete

# Overseas Business

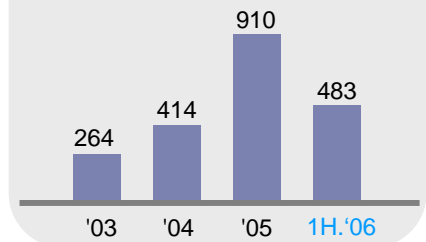


(KRW billion, %)

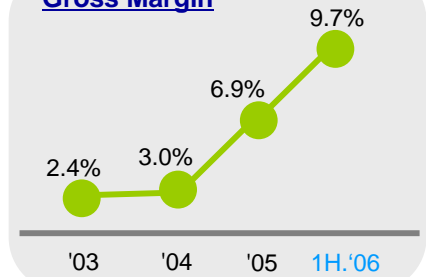
## New Orders



## Sales Revenues



## Gross Margin



## Balance Sheet (Summary)

www.gsconstit.co.kr/english

Account	(KRW billion,%)					
	'02	'03	'04	'05	'06 (P)	'06.1H
<b>Total Asset</b>	<b>2,662</b>	<b>2,690</b>	<b>3,303</b>	<b>3,826</b>	<b>4,278</b>	<b>4,088</b>
Cash & Deposits	136	102	266	358	311	313
Trade Receivables	836	875	1,095	1,412	1,512	1,461
Inventories	175	121	159	197	282	223
Investments	700	676	679	494	594	528
Tangible Assets	652	709	844	905	935	923
<b>Total Liabilities</b>	<b>1,613</b>	<b>1,535</b>	<b>2,006</b>	<b>2,375</b>	<b>2,613</b>	<b>2,514</b>
Trade Payables	511	621	794	890	975	984
Borrowings	346	160	228	208	205	87
<b>Total Shareholders' Equity</b>	<b>1,049</b>	<b>1,155</b>	<b>1,297</b>	<b>1,451</b>	<b>1,665</b>	<b>1,574</b>
Capital Stock	255	255	255	255	255	255
D/E Ratio	153.8	132.8	154.7	163.7	156.9	159.7

## Income Statement (Summary)

www.gsconstit.co.kr/english

Account		(KRW billion)					
		'02	'03	'04	'05	'06(P)	'06.1H
Sales Revenues	Civil	514	574	574	730	762	300
	Plant	583	580	499	1,037	1,285	613
	Environment	-	-	276	312	311	103
	Architecture	820	1,258	1,615	2,203	1,816	811
	Housing	1,258	1,056	1,085	1,349	1,826	759
<b>Total</b>		<b>3,175</b>	<b>3,468</b>	<b>4,049</b>	<b>5,631</b>	<b>6,000</b>	<b>2,586</b>
Gross Profit		473	521	492	680	737	319
Selling and Administrative Expenses		197	250	263	344	357	144
Operating Profit		276	271	229	336	380	175
Ordinary Profit		245	262	242	367	380	262
<b>Net Profit</b>		<b>161</b>	<b>162</b>	<b>156</b>	<b>265</b>	<b>-</b>	<b>188</b>



<http://www.gsconstir.co.kr/english>

