

June, 2006

GS E&C

Investor Relations



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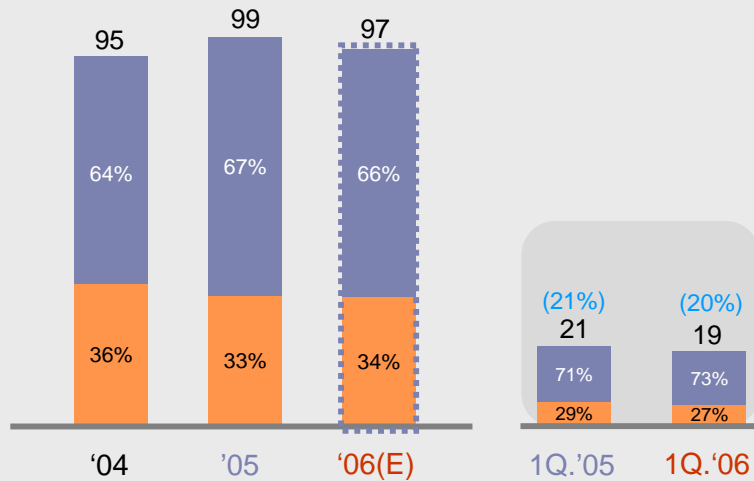
Certain sections of this document contain forward-looking statements that are based on the expectations, estimates and assumptions of GS E&C and outside organizations. Due to its volatility, actual results may differ from those set forth in the current statement. This document is provided to serve as 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 flat year on year, overseas contracts are predicted to increase substantially.

## Domestic Contract Value

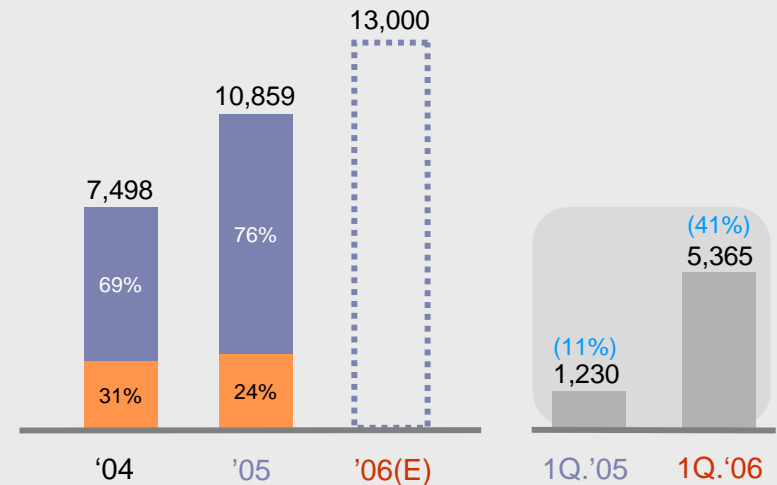
(KRW trillion)  
 (%) Annual Target Achievement  
 ■ Private Sector  
 ■ Public Sector



Source : Construction Association of Korea (2005)

## Overseas Contract Value

(USD million)  
 \* Orders won by Korean builders  
 (%) Annual Target Achievement  
 ■ Plant Contract Value  
 ■ Others

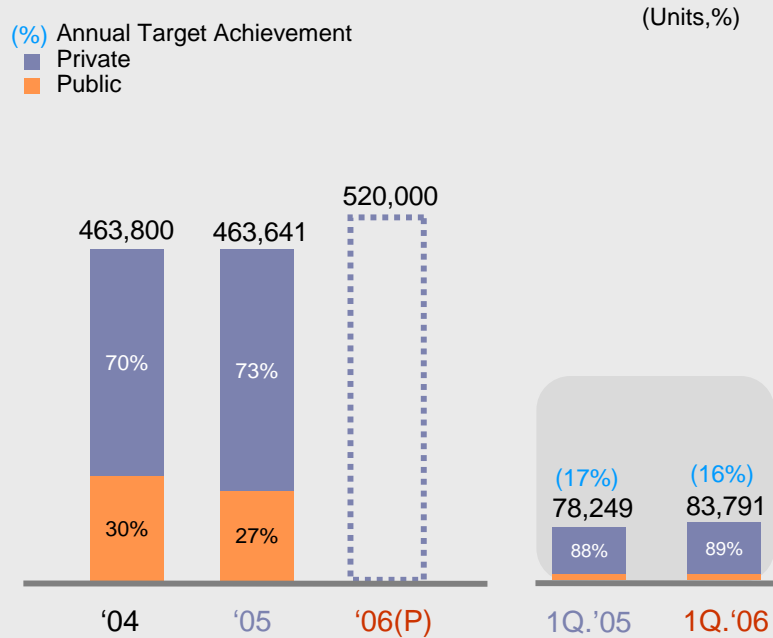


Source : Ministry of Construction & Transportation (2005)

# Market Overview

Government target for housing supply is 520,000 units. Housing price is on the steady rise in spite of government property measures focused on anti-speculation.

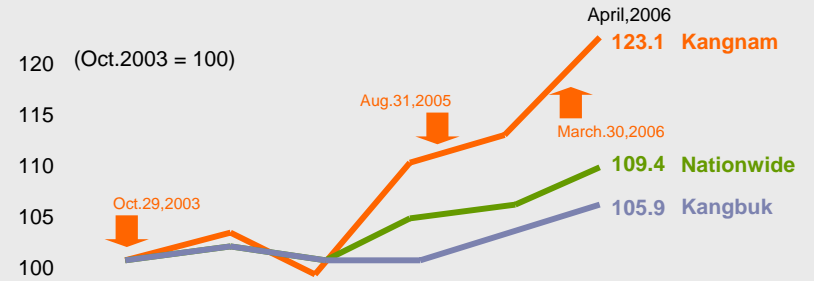
## Housing Supply



Source : Construction Association of Korea (2005)

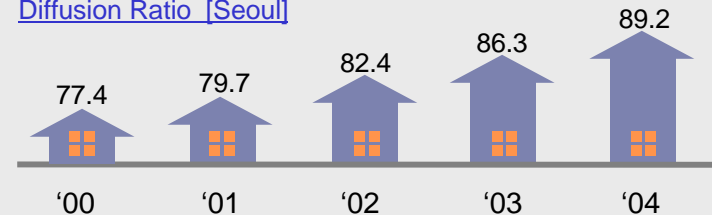
## Condition

Housing Purchase Price Composite Indices Against Government Property Measures Announcement



Source: Kookmin Bank (2006)

Diffusion Ratio [Seoul]



Source : Construction Association of Korea (2005)

# Business Performance & Plan – New Orders & Order Backlogs

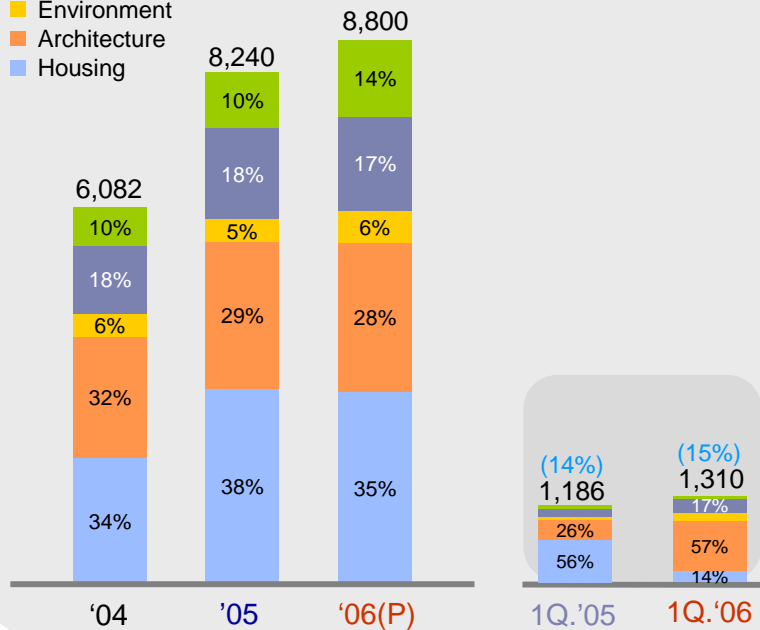
New orders and order backlogs are expected to rise continuously based on a balanced portfolio and group works.

## New Orders

(%) Annual Target Achievement

(KRW billion,%)

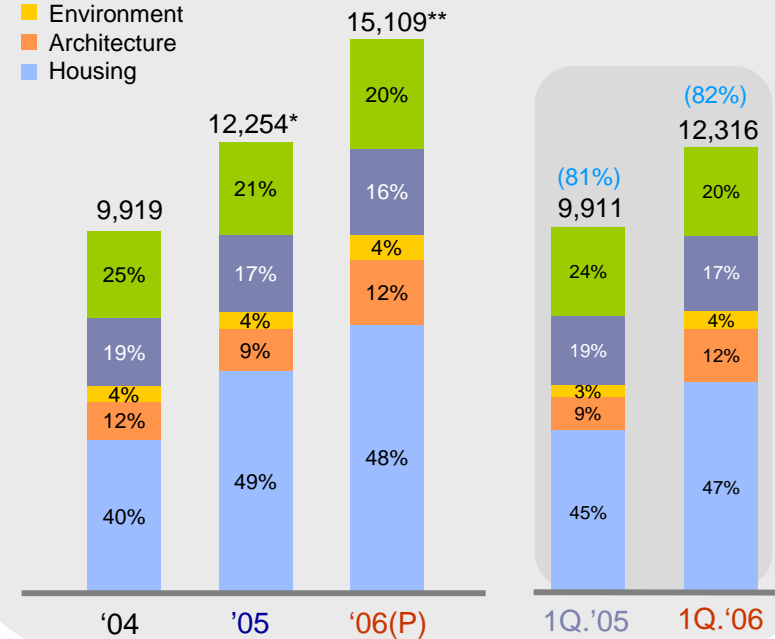
- Civil
- Plant
- Environment
- Architecture
- Housing



## Order Backlogs

(KRW billion,%)

- Civil
- Plant
- Environment
- Architecture
- Housing



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

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

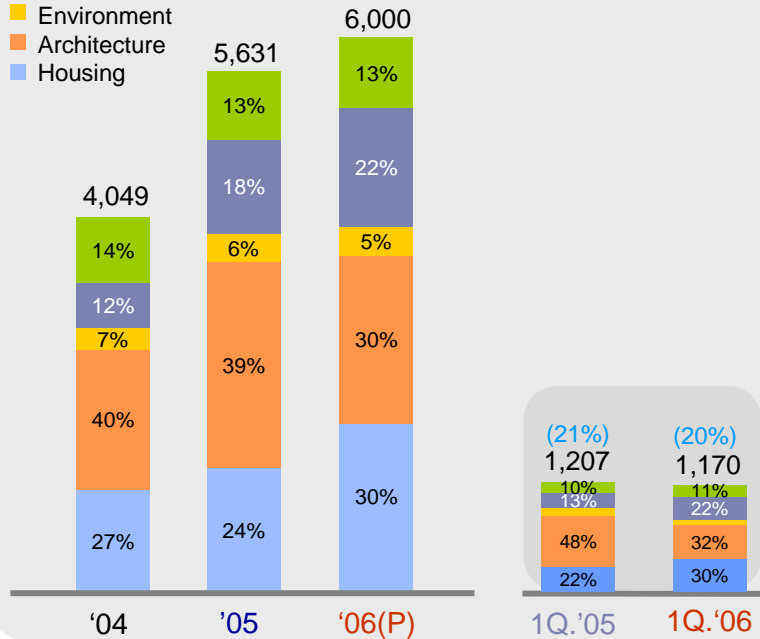
# Business Performance & Plan - Sales Revenues & Gross Profit

Sales revenues and gross profit will grow with the increased number of projects in Plant and Housing division. Gross margin will rise as well.

## Sales Revenues

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

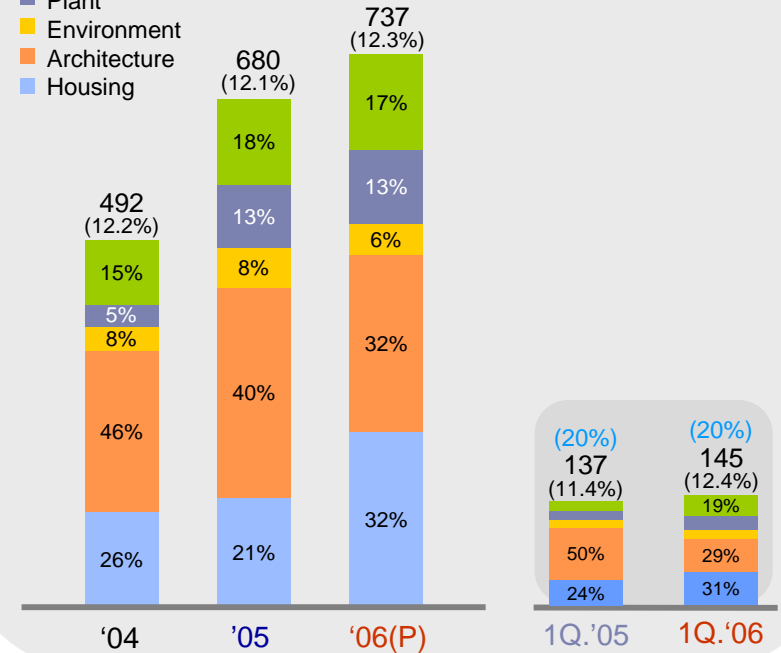
- Civil
- Plant
- Environment
- Architecture
- Housing



## Gross Profit

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

- Civil
- Plant
- Environment
- Architecture
- Housing

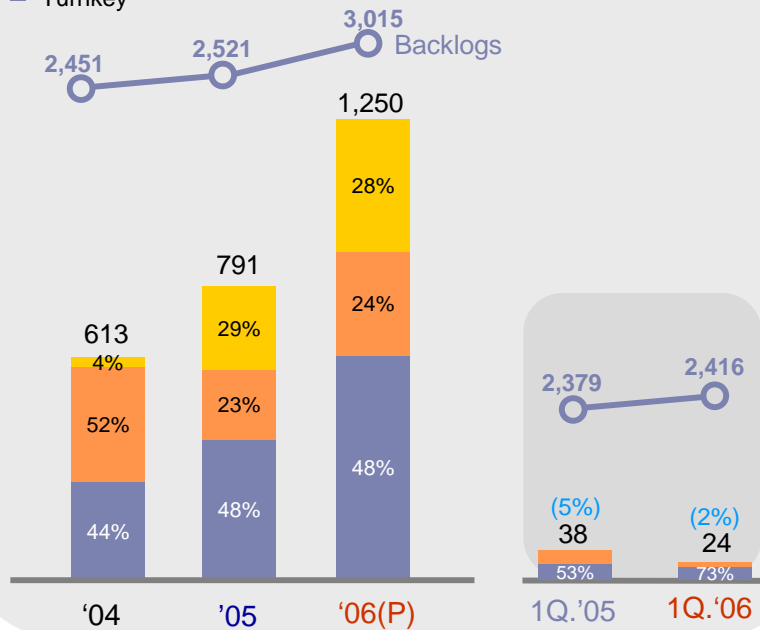


# Business Performance & Plan - Civil Engineering

Due to the turnkey and PFI projects, orders are expected to rise significantly, while the sales revenues show a small increase compared to 2005.

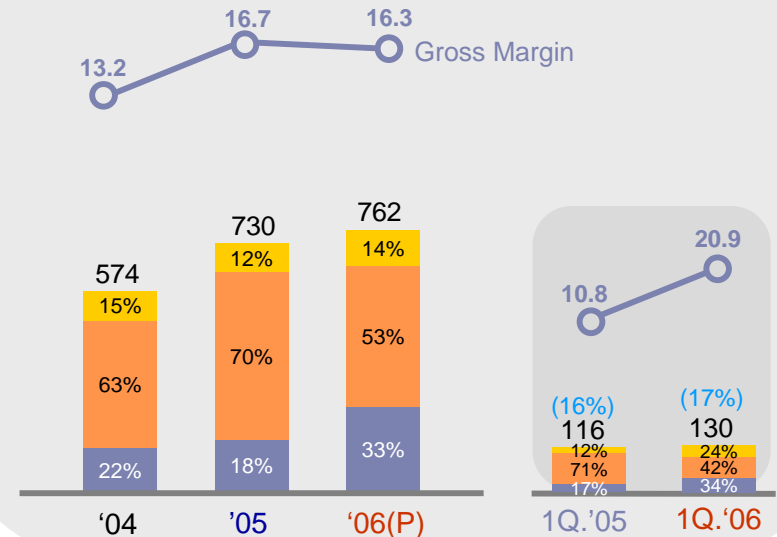
## New Orders & Order Backlogs

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



## Sales Revenues & Gross Margin

(KRW billion,%)

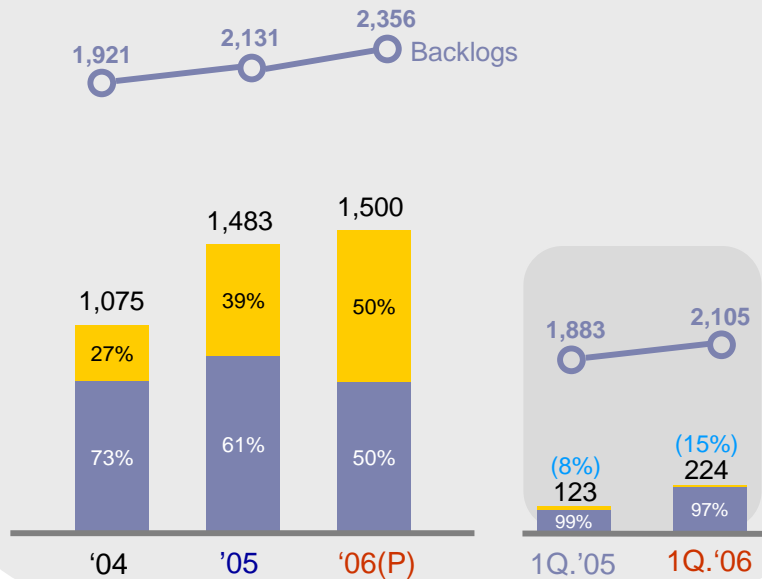


# Business Performance & Plan - Plant

With the increased number of overseas orders and reinforced competitiveness of GS E&C, the division shows continuous growth in new orders and sales revenues.

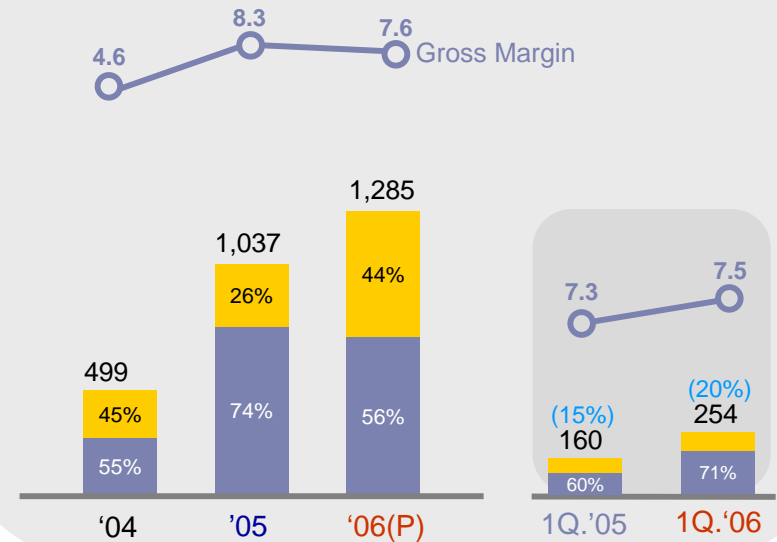
## New Orders & Order Backlogs

(%) Annual Target Achievement (KRW billion,%)  
 ■ Domestic ■ Overseas



## Sales Revenues & Gross Margin

(KRW billion,%)



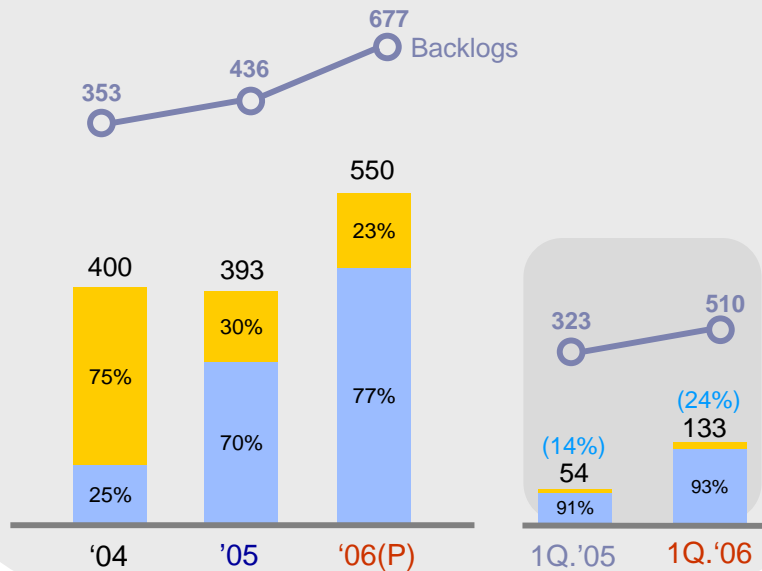
\*The Environment business division was separated from the Plant division since 2004

# Business Performance & Plan - Environment

Focused on public turnkey and BTL projects, new orders are expected to increase substantially in 2006. Sales revenues will remain the same.

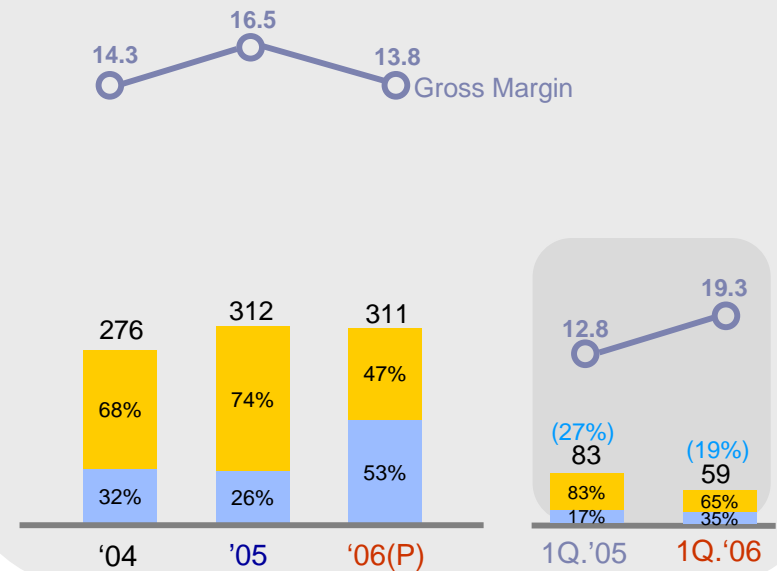
## New Orders & Order Backlogs

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



## Sales Revenues & Gross Margin

(KRW billion, %)

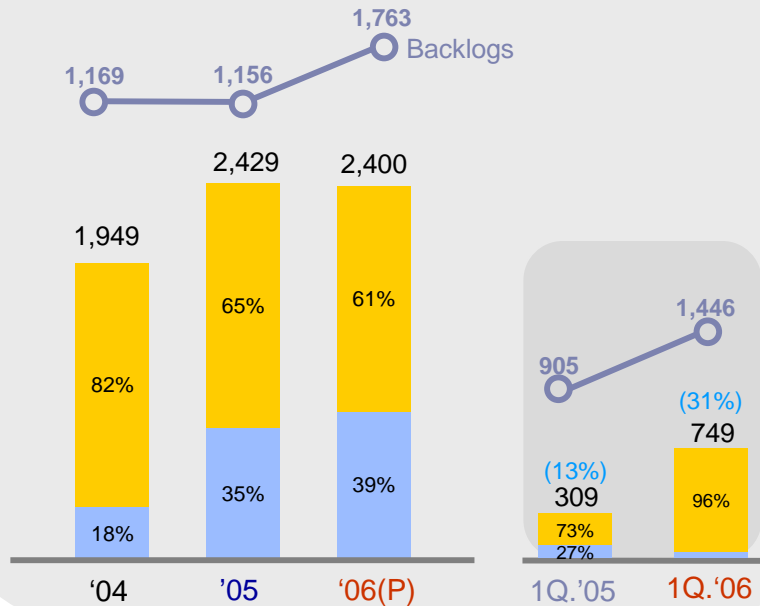


# Business Performance & Plan - Architecture

While new orders maintain the similar level, sales revenues will decline due to the completion of a large project. Meanwhile, the profit margin is expected to surpass that of 2005.

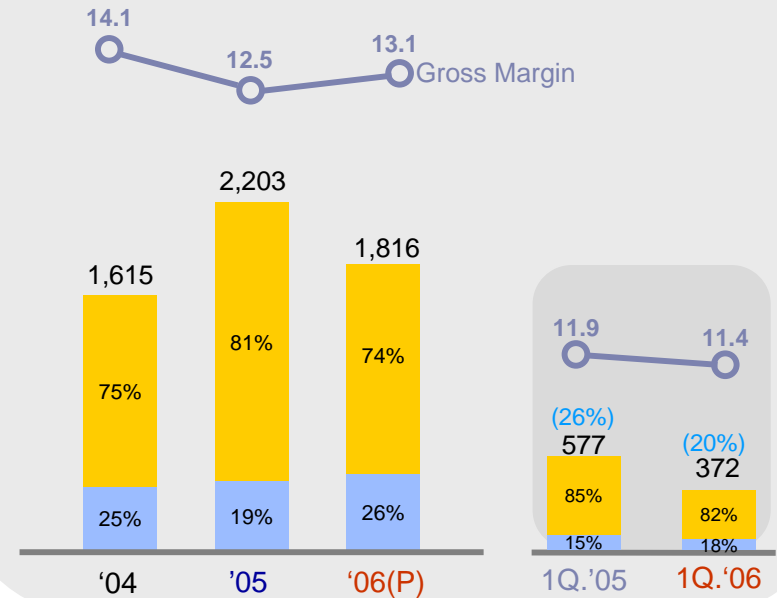
## New Orders & Order Backlogs

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



## Sales Revenues & Gross Margin

(KRW billion, %)

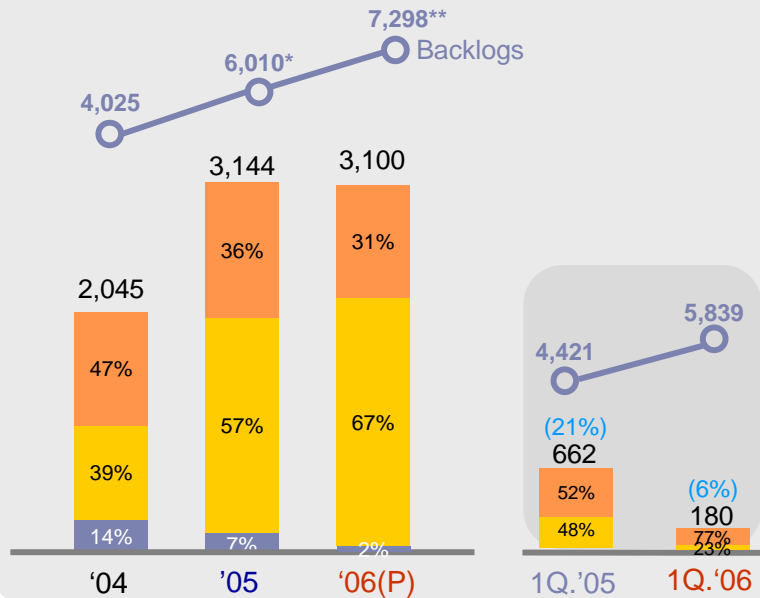


# Business Performance & Plan - Housing

Orders are expected to remain the same level, while the reconstructions and the general contracts influence the sales revenues to increase. Gross margin is expected to surpass that of 2005 with efforts to reduce the cost.

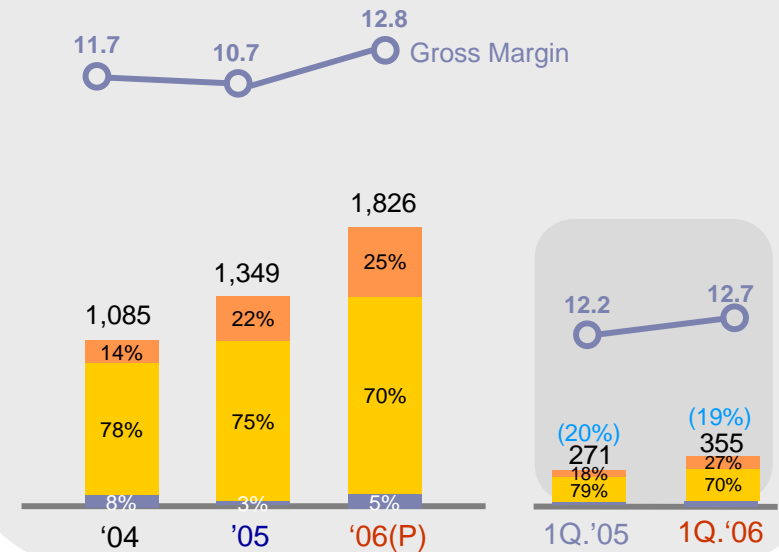
## New Orders & Order Backlogs

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



## Sales Revenues & Gross Margin

(KRW billion, %)

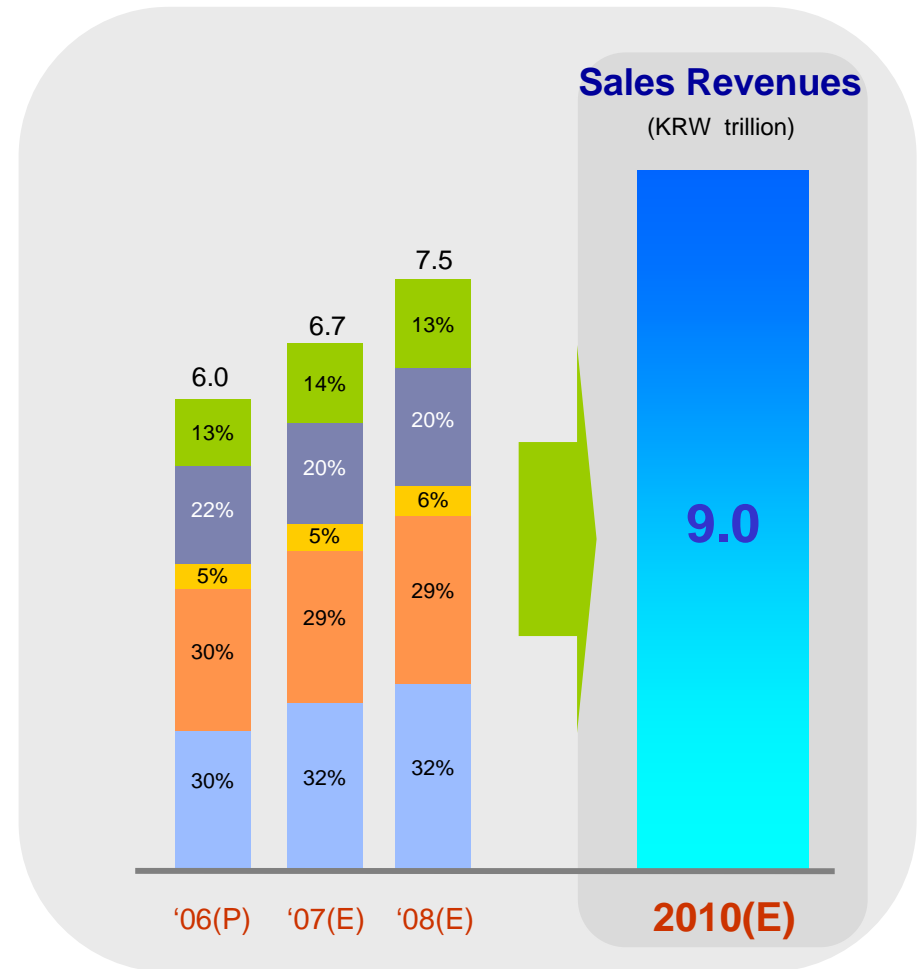
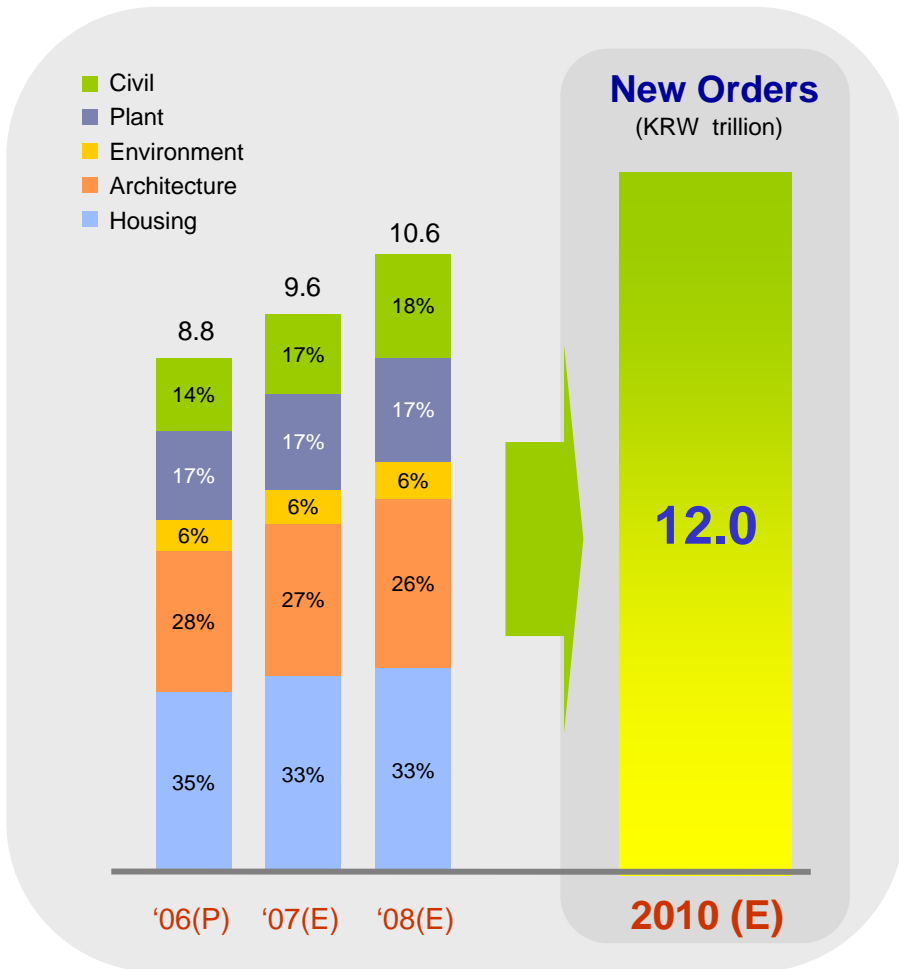


\*Approximately W13.4 trillions of provisional order backlogs not included.

\*\*Approximately W16 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

www.gsconstir.co.kr/english

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

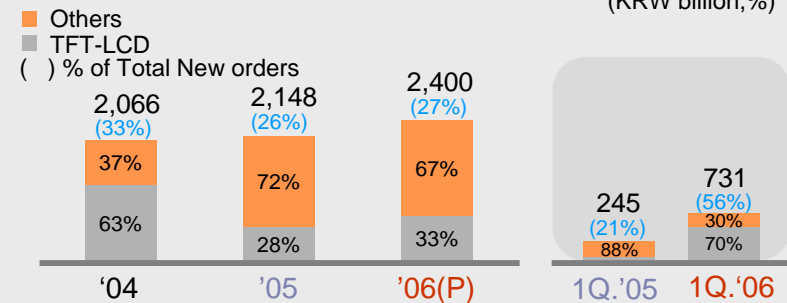
LG Phillips	Completion	Generation	Location
P 8~10	by 2013	8th or above	Paju
P 7	Q2 2006	7th	Paju
P 1 ~ 6	Q4 2004	1st ~ 6 <sup>th</sup>	Gumi

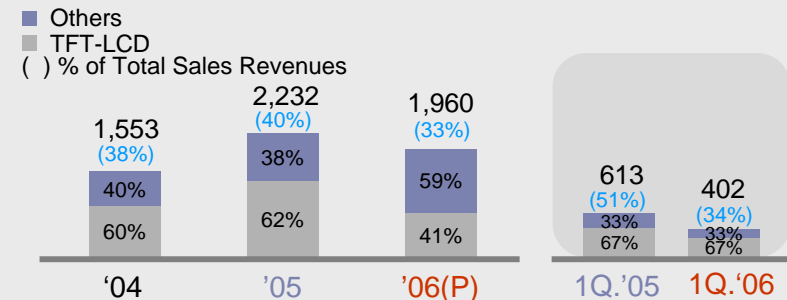
GS Caltex	Completion	Location	Amount
HOU	by 2008	Yeosu	approx. KRW 1.3tn.

### New Orders from Group Works

(KRW billion,%)



### Revenues from Group Works



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

\*GS Caltex portion in 2006 : New Orders 23% / Sales revenues 7%

## Investment Highlights – Attractive Dividends

[www.gsconstit.co.kr/english](http://www.gsconstit.co.kr/english)

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

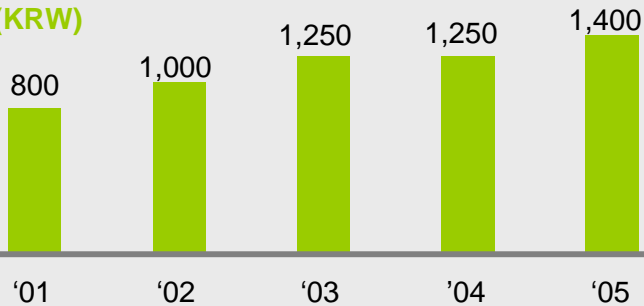
### DPS & Yield

(Unit :KRW)

Yield (%)

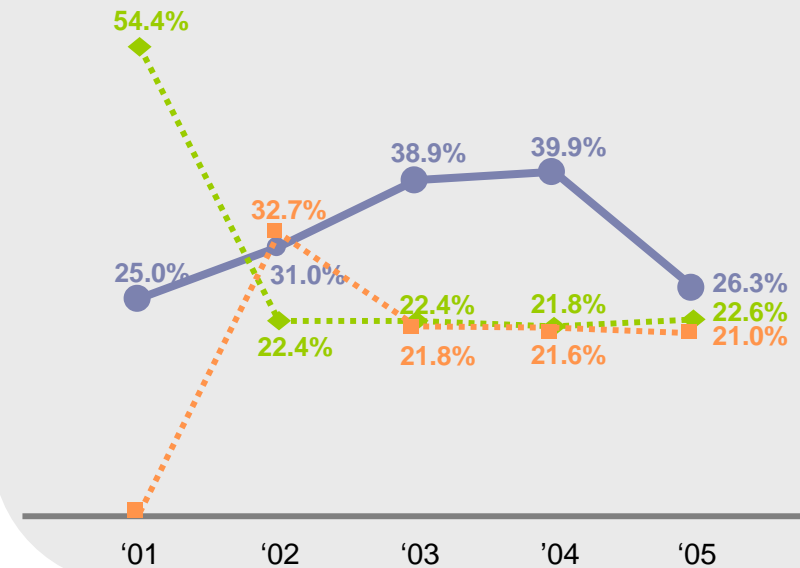


DPS (KRW)



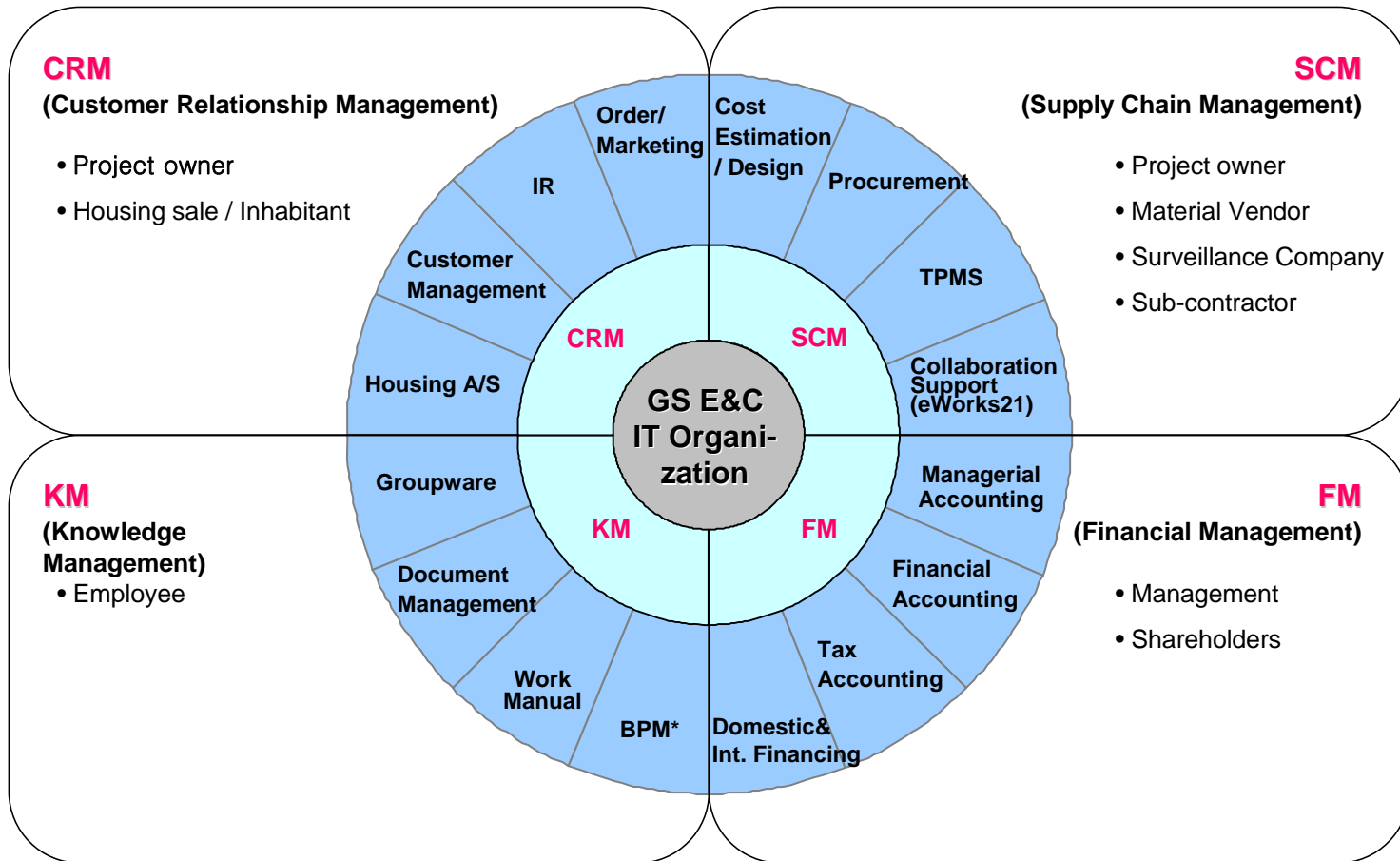
### Payout Ratio

● 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.



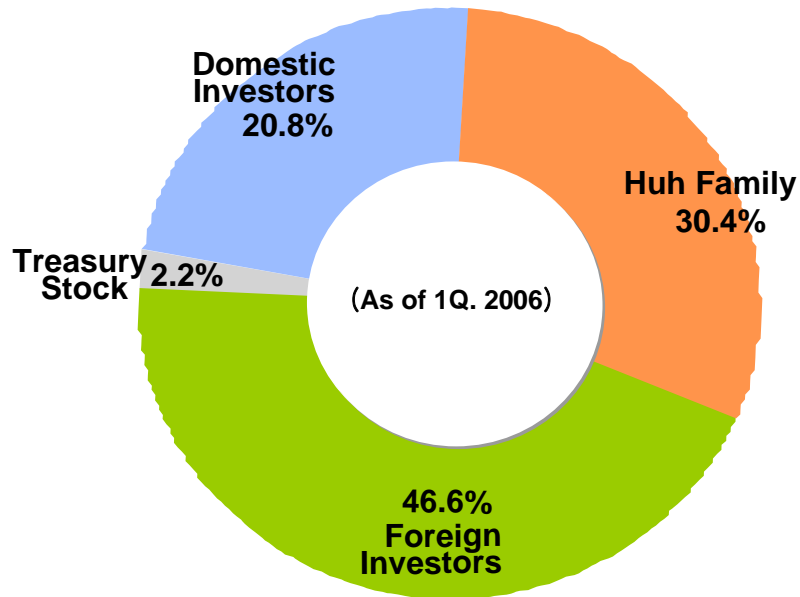
\* BPM(Business Process Management)

# Appendix

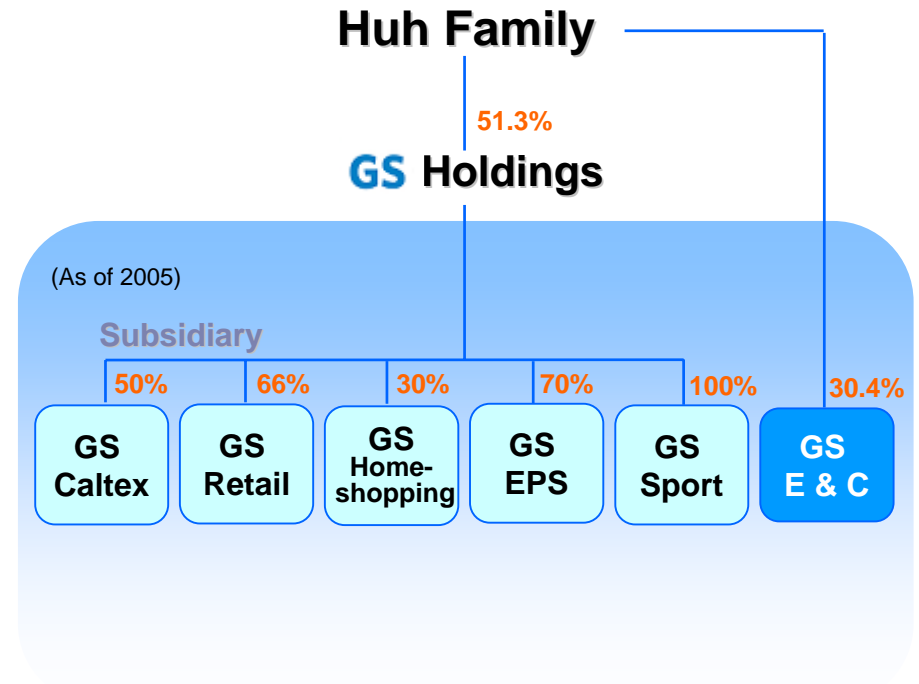
- ✓ **Ownership Structure**
- ✓ **Borrowings & Investment Plan**
- ✓ **PFI Projects**
- ✓ **Provisional Order Backlogs in Housing Division**
- ✓ **TPMS (Total Project Management System)**
- ✓ **Major Material Prices**
- ✓ **Overseas Business**
- ✓ **Balance Sheet (Summary)**
- ✓ **Income Statement (Summary)**

# Ownership Structure

GS E & C

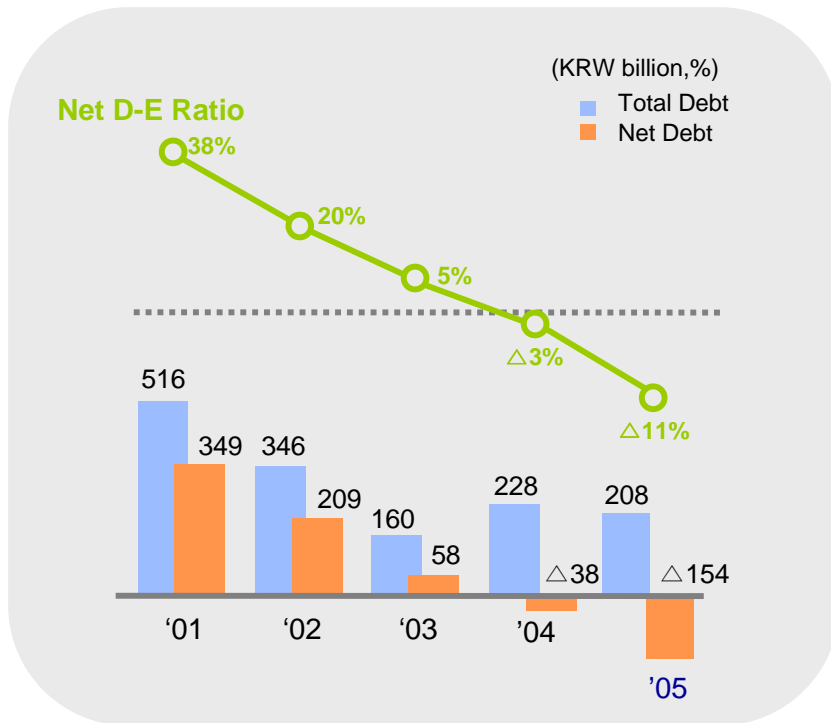


GS Group



# 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 2005)

(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%)	Not Available		Not Available
	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>	Uijeongbu Light Rail Transit	250	158 (63%)	24.6	27.2%	To be completed in 2010
	Pyeongtaek Port #11	47	42 (89%)	6.3	10%	To be completed in 2008
<b>Under Construction</b>	Seoul Beltway	1,392	415 (30%)	124.2	27%	To be completed in 2008
	Kangnam Beltway	655	75 (11%)	27	11.5%	To be completed in 2010
<b>Total</b>		<b>6,266</b>	<b>1,677</b>			

## PFI Projects (Experiences)

www.gsconstit.co.kr/english

(As of 2005)

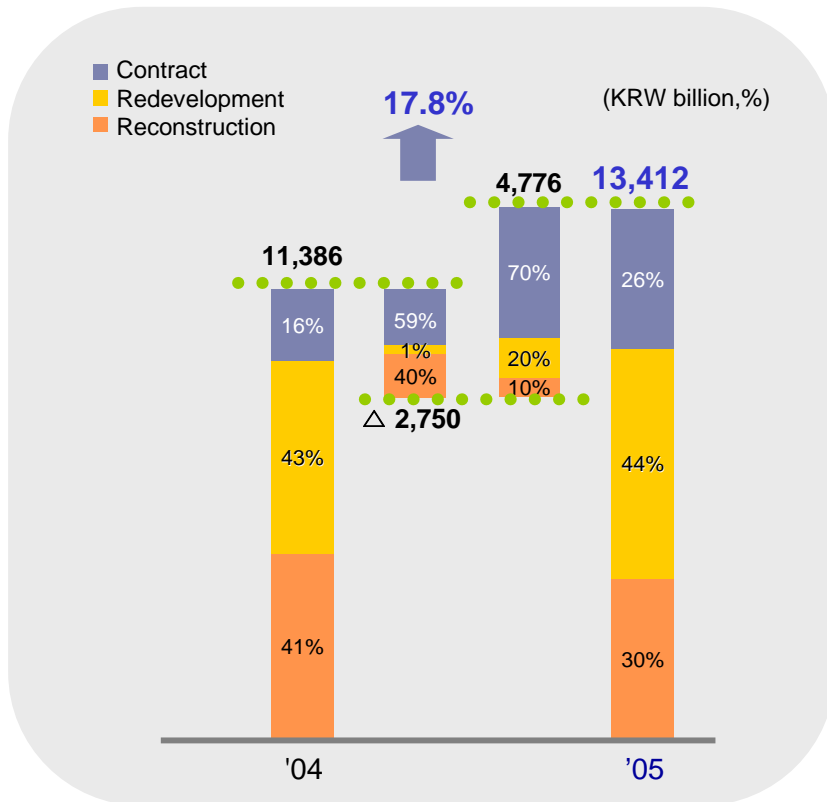
(KRW billion)

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

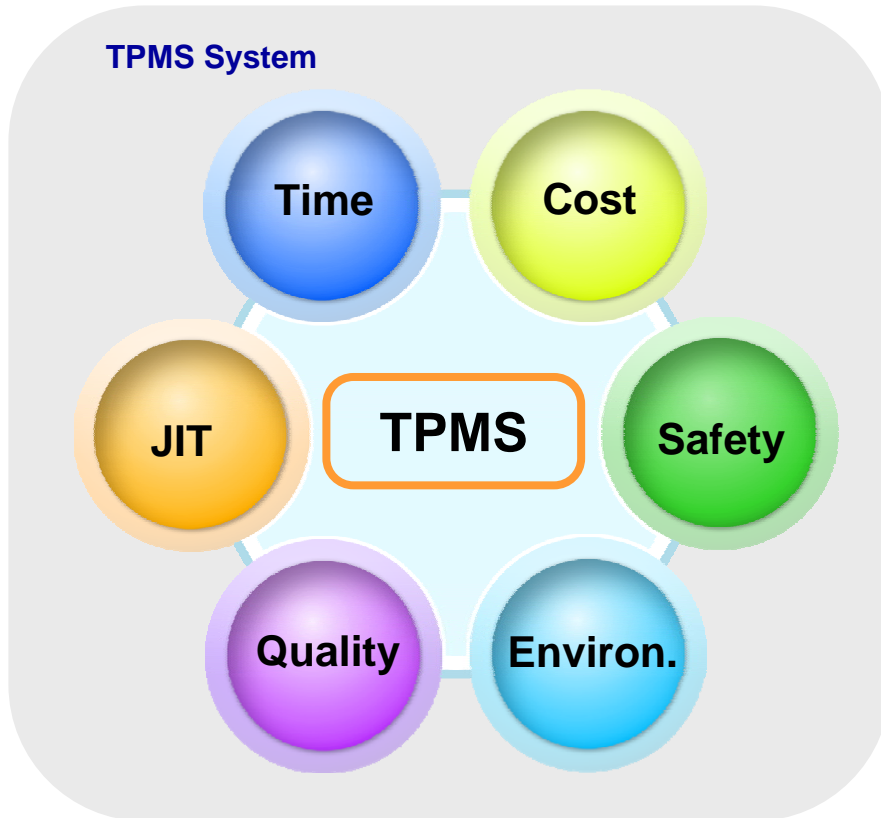
(KRW billion)

Description	'04	New Order Recognition ('05)	New Provisional ('05)	'05
<b>Contract</b>	1,864	$\Delta 1,611$	3,321	3,532
<b>Redevelopment</b>	4,879	$\Delta 27$	962	5,831
<b>Reconstruction</b>	4,643	$\Delta 1,112$	493	4,049
<b>Total</b>	<b>11,386</b>	<b><math>\Delta 2,750</math></b>	<b>4,776</b>	<b>13,412</b>

## New Provisional Order

Description	Major Projects	Amount
<b>Contract</b>	Yangju Baekseok	1,006
	Kimpo Gamjung	305
	Youngjong Unnam	224
	<b>Total</b>	<b>3,321</b>
<b>Redevelopment</b>	Daejeon Eunhaeng	531
	<b>Total</b>	<b>962</b>
<b>Reconstruction</b>	Daegu Daeshin	144
	Others(Increased)	349
	<b>Total</b>	<b>493</b>

# TPMS (Total Project Management System)



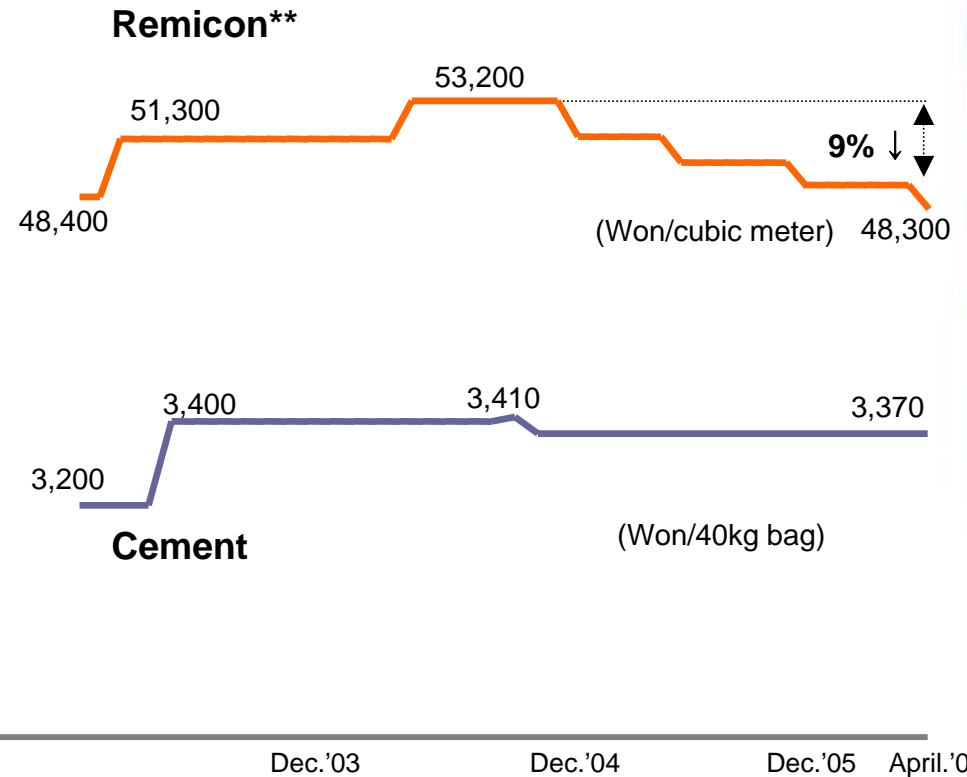
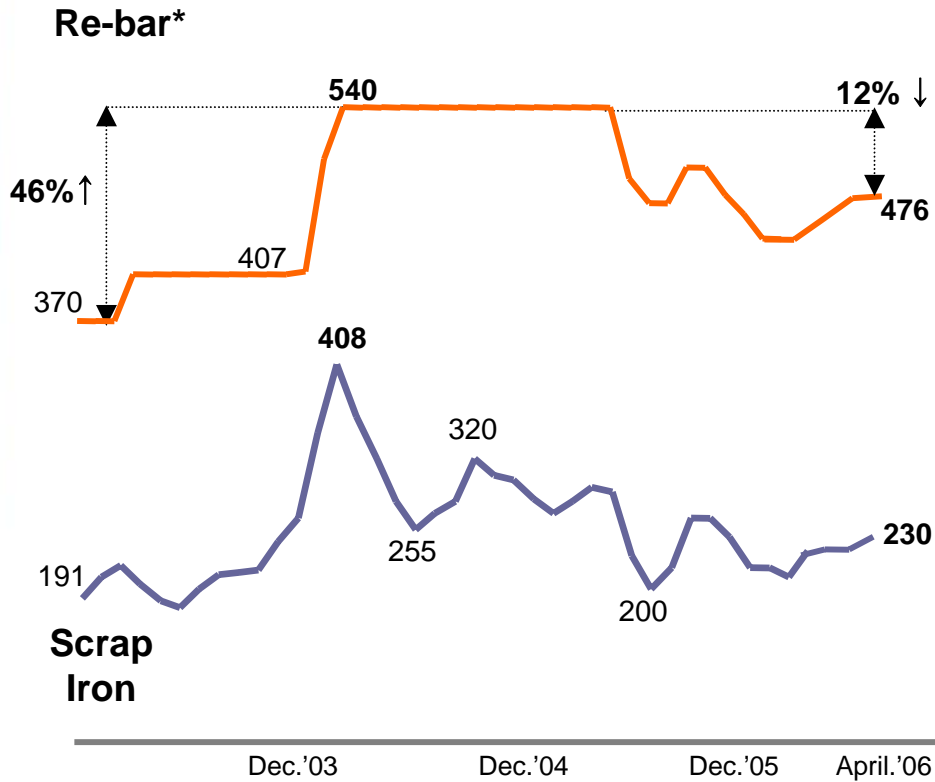
- JIT : Just-In-Time
- SEQ : Safety, Environment, Quality

- 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**

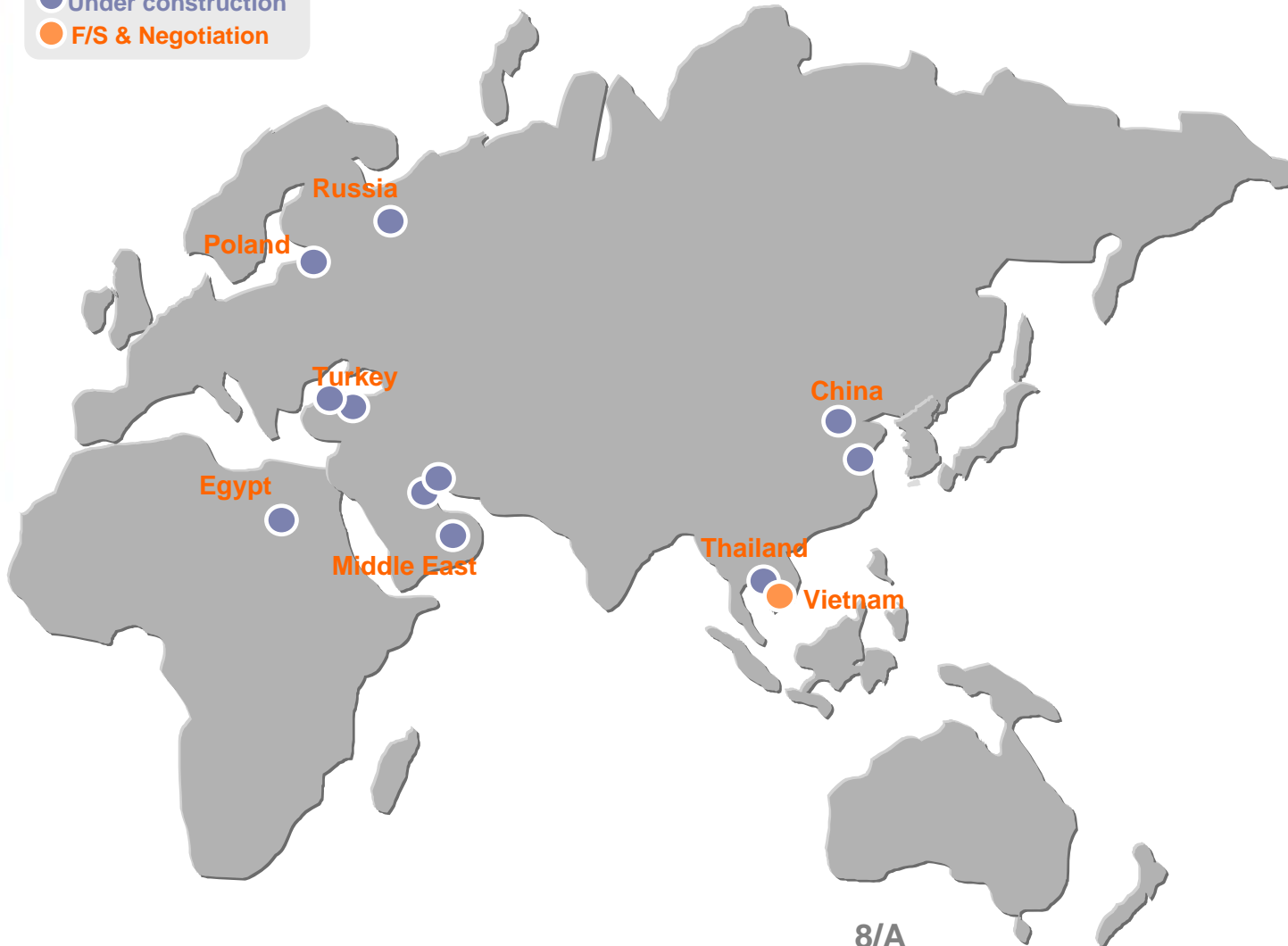
# Major Material Prices



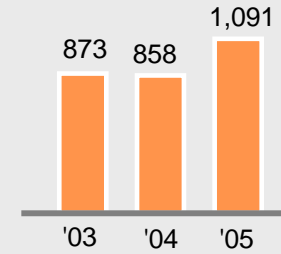
\*Re-bar: Reinforced-bar  
\*\*Remicon: Ready-mixed concrete

# Overseas Business

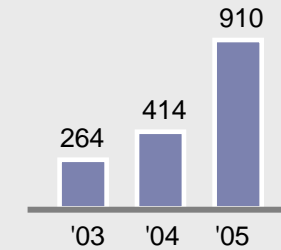
- Under construction
- F/S & Negotiation



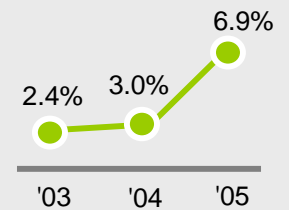
**New Orders** (KRW billion,%)



**Sales Revenues**



**Gross Profit**



## Balance Sheet (Summary)

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Account	(KRW billion,%)					
	'02	'03	'04	'05	'06 (P)	'06.1Q
<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>3,890</b>
Cash & Deposits	136	102	266	358	311	461
Trade Receivables	836	875	1,095	1,412	1,512	1,277
Inventories	175	121	159	197	282	217
Investments	700	676	679	494	594	494
Tangible Assets	652	709	844	905	935	910
<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>2,412</b>
Trade Payables	511	621	794	890	975	933
Borrowings	346	160	228	208	205	165
<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>1,478</b>
Capital Stock	255	255	255	255	255	255
D/E Ratio	153.8	132.8	154.7	163.7	156.9	163.1

## Income Statement (Summary)

www.gsconstit.co.kr/english

Account		(KRW billion)					
		'02	'03	'04	'05	'06(P)	'06.1Q
Sales Revenues	Civil	514	574	574	730	762	130
	Plant	583	580	499	1,037	1,285	254
	Environment	-	-	276	312	311	59
	Architecture	820	1,258	1,615	2,203	1,816	372
	Housing	1,258	1,056	1,085	1,349	1,826	355
<b>Total</b>		<b>3,175</b>	<b>3,468</b>	<b>4,049</b>	<b>5,631</b>	<b>6,000</b>	<b>1,170</b>
Gross Profit		473	521	492	680	737	145
Selling and Administrative Expenses		197	250	263	344	357	74
Operating Profit		276	271	229	336	380	71
Ordinary Profit		245	262	242	367	380	120
<b>Net Profit</b>		<b>161</b>	<b>162</b>	<b>156</b>	<b>265</b>	<b>-</b>	<b>87</b>



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

