

INVESTOR RELATIONS

# GS E&C Presentation

March 2007

# Contents

---

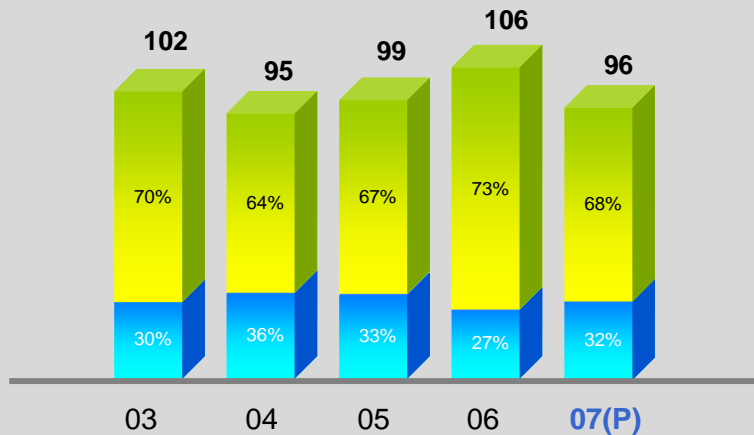
- \_ Market Overview
- \_ Business Performance & Plan
- \_ Business Outlook
- \_ Investment Highlight
- >>> Appendix

This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside GS 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. Information found here should not be solely relied upon for making any investment decision, this material is provided as a reference purpose only for the investors. GS E&C shall not be responsible for any trading or investment decisions made based on this information.

Domestic contracts rose YoY in 2006, but this year's domestic new orders are expected to decrease due to the weak market condition. We expect overseas market to remain strong given high oil price.

## Domestic Contract Value

■ Private Sector  
■ Public Sector  
 (KRW tn)

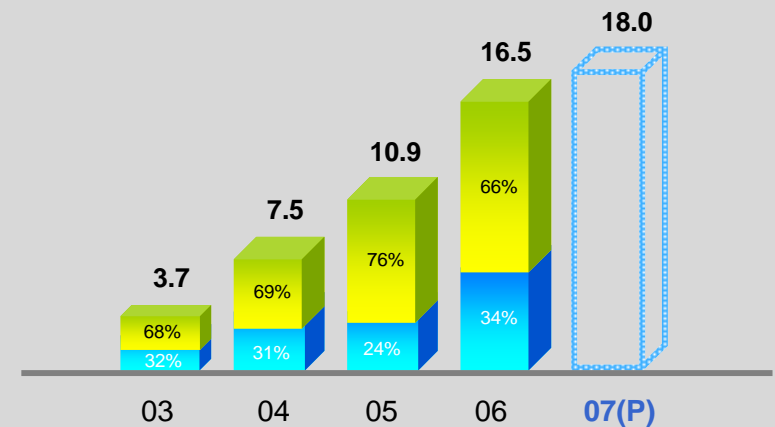


Source : Construction Association of Korea  
Construction & Economy Research Institute of Korea

## Overseas Contract Value

\*Orders won by Korean Builders

■ Plant  
■ Others  
 (KRW tn)  
 \$1 = KRW 1,000

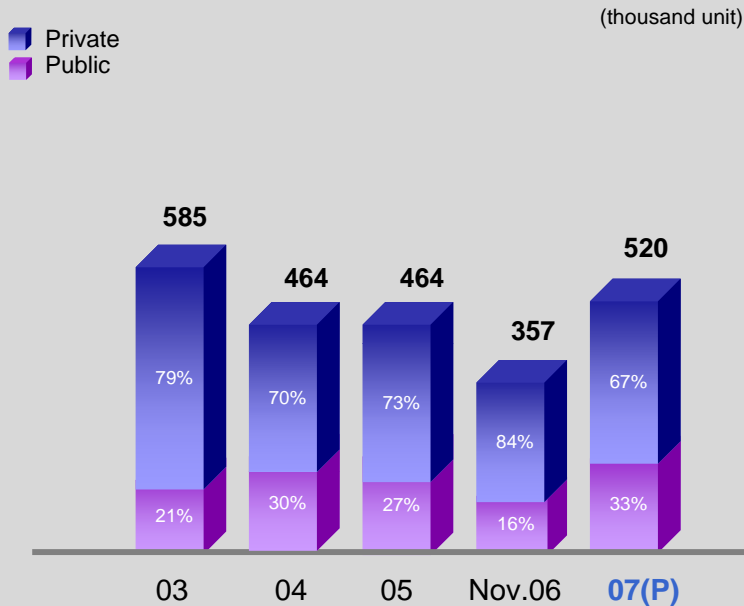


Source : International Contractors Association of Korea

# Market Overview

Housing starts remain below the government's original plan of 520,000 vs. 357,458 (as of Nov.) in 2006. Diffusion ratio is also lower than 116% targeted by the government. The low housing starts could push up pricing.

## Housing Supply



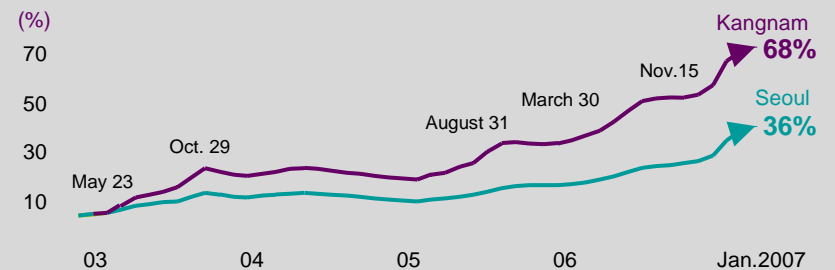
Source : Construction Association of Korea

## Diffusion Ratio



Source : Ministry of Construction and Transportation

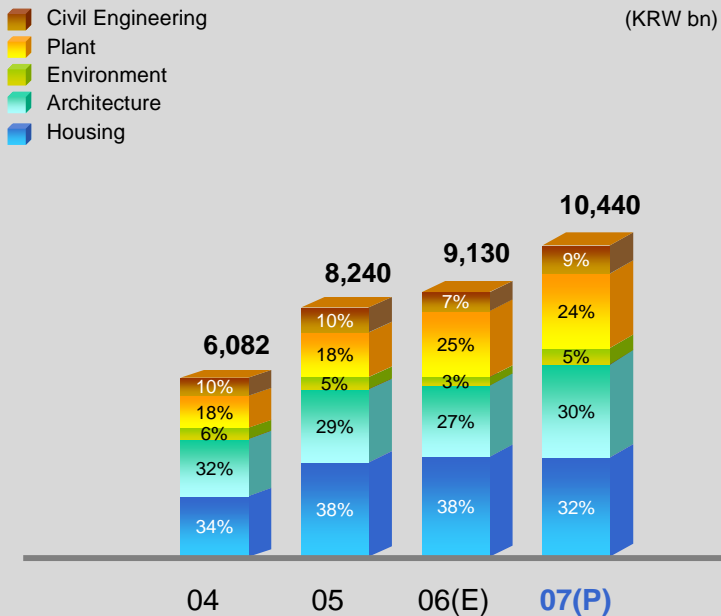
## Apartment Price During "Roh" Regime



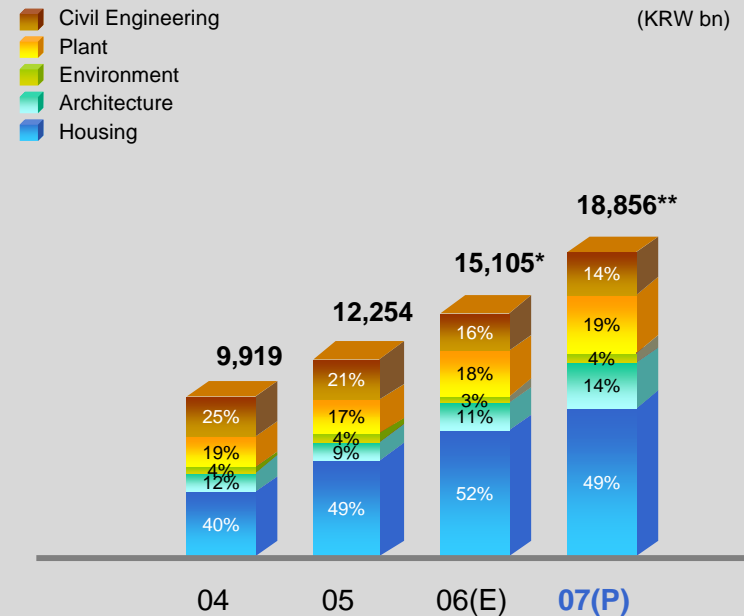
Source : Kookmin Bank

With a balanced business portfolio, both new orders and order backlogs will continue to rise.

## New Orders



## Order Backlogs

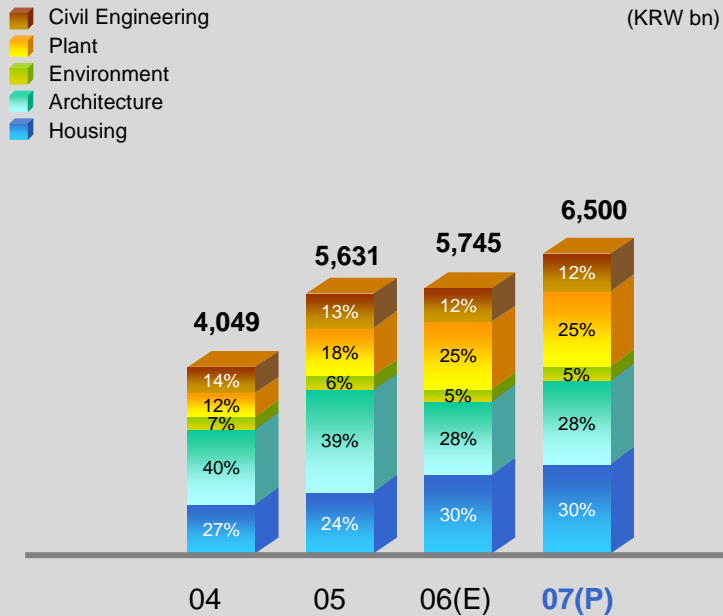


\*Approximately W18.5 trillion of provisional order backlogs in the Housing division not included.

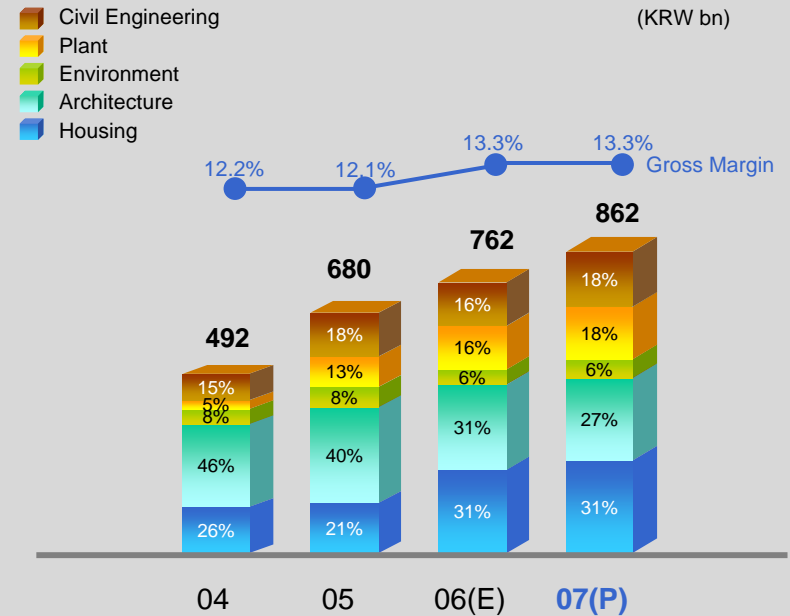
\*\*Approximately W20.5trillion of provisional order backlogs the Housing division not included.

Sales revenues will increase with stable growth in each division, and gross profit will grow substantially.

## Sales Revenues



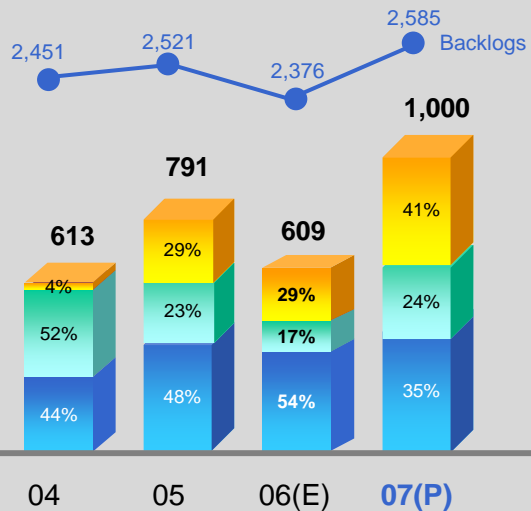
## Gross Profit



New orders will rise significantly with PFI projects, while the gross margin show a big improvement compared to 2006.

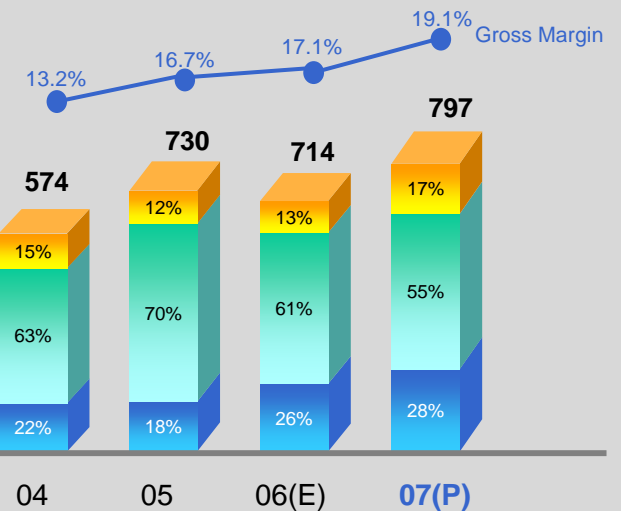
## New Orders & Order Backlogs

■ PFI (Privately Funded Infrastructure )  
■ General Contract  
■ Turnkey  
 (KRW bn)



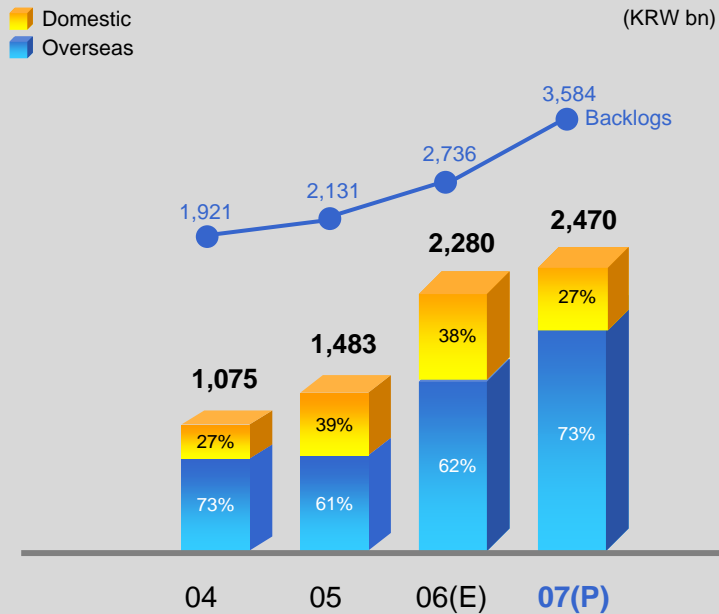
## Sales Revenues & Gross Margin

■ PFI (Privately Funded Infrastructure )  
■ General Contract  
■ Turnkey  
 (KRW bn)

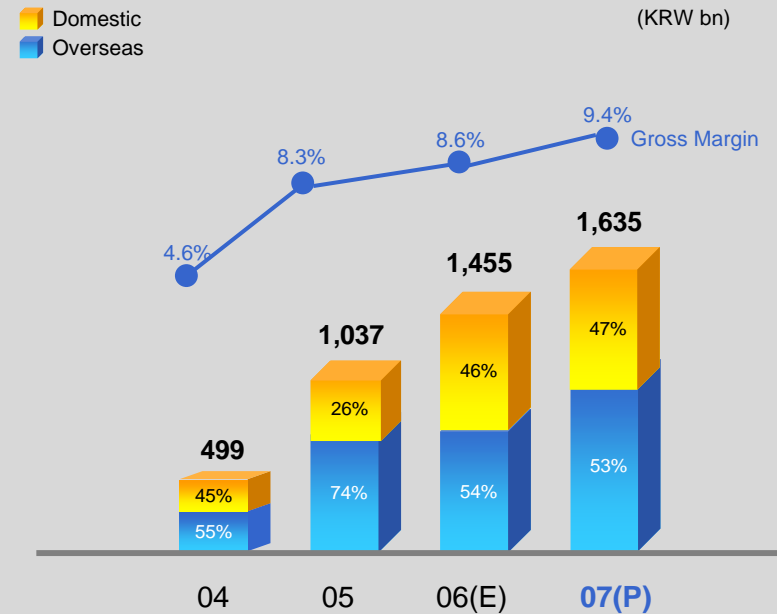


With the increasing number of overseas orders and our reinforced competitiveness, the division shows a continuous growth in new orders and sales revenues.

## New Orders & Order Backlogs

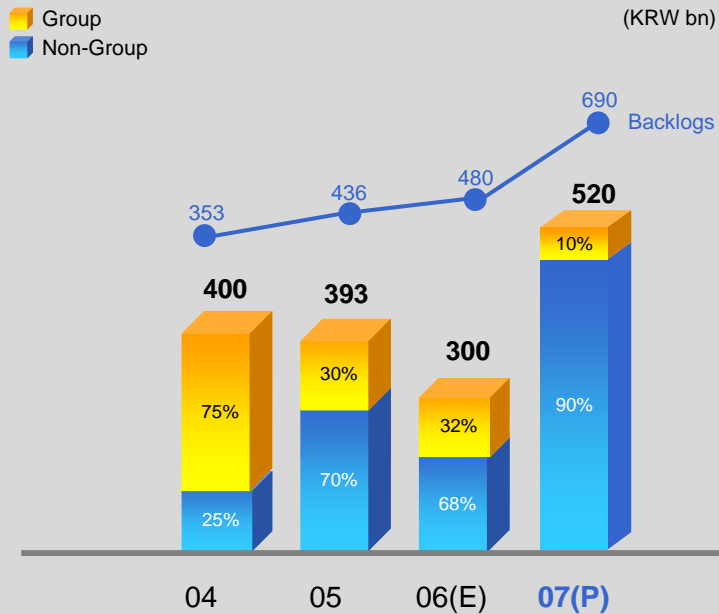


## Sales Revenues & Gross Margin

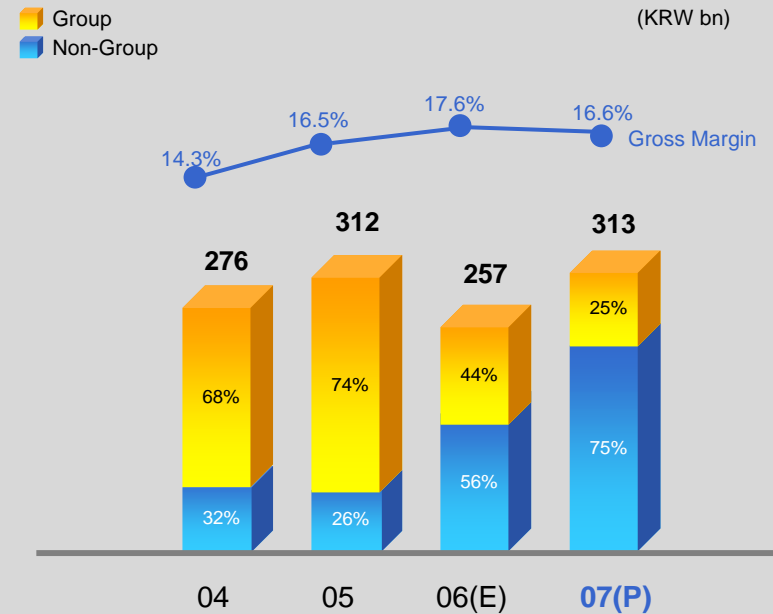


Focused on public turn-key and BTL projects, new orders and sales revenues will increase substantially.

## New Orders & Order Backlogs

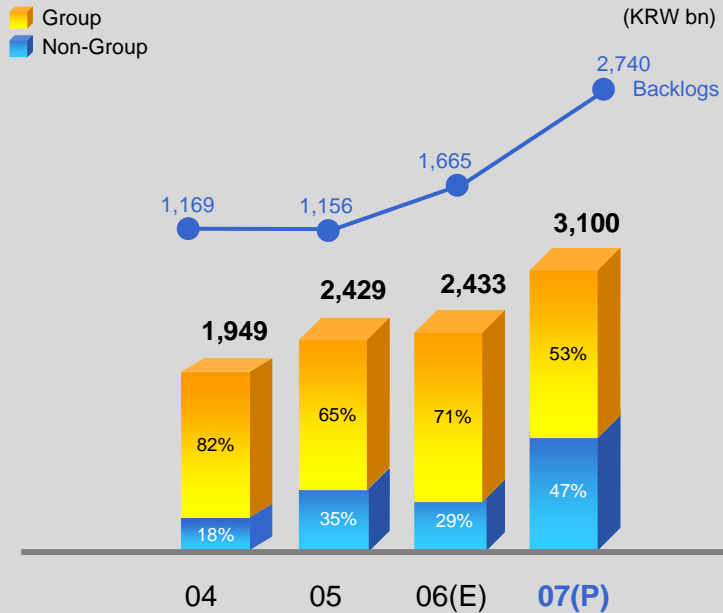


## Sales Revenues & Gross Margin

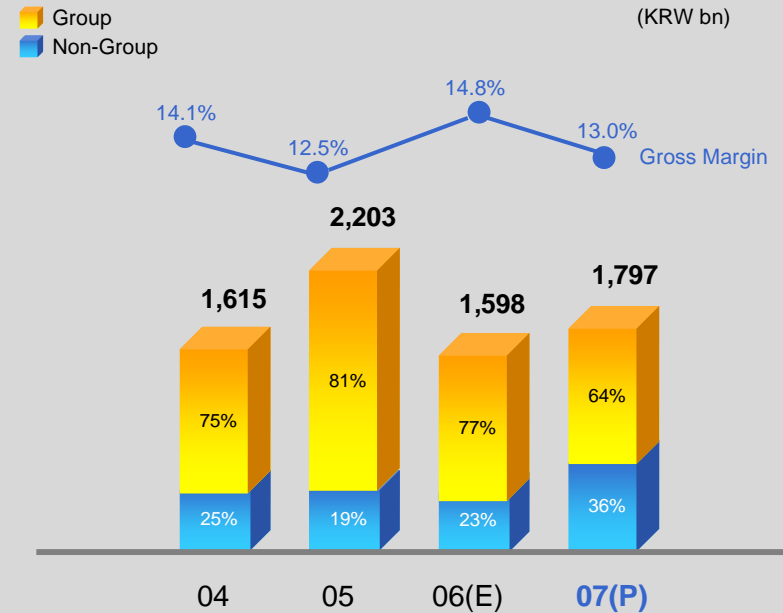


New orders and sales revenues will increase with non-group and public work.

## New Orders & Order Backlogs

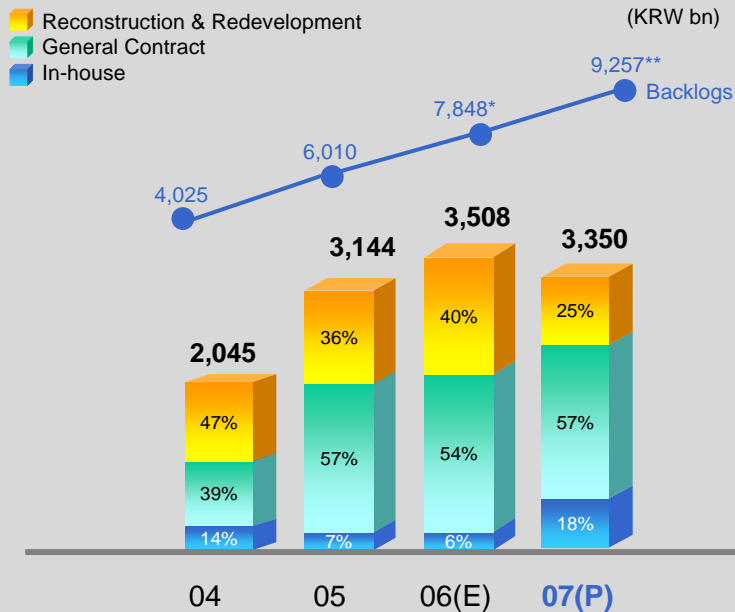


## Sales Revenues & Gross Margin



New orders will decline slightly, while the reconstructions/redevelopment and the general contracts will influence the sales revenues to increase.

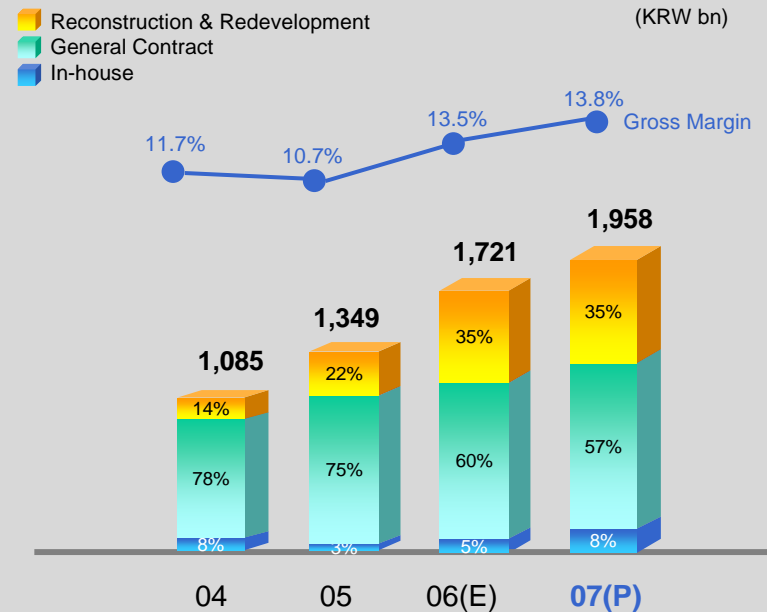
## New Orders & Order Backlogs



\*Approximately W18.5 trillion of provisional order backlogs not included.

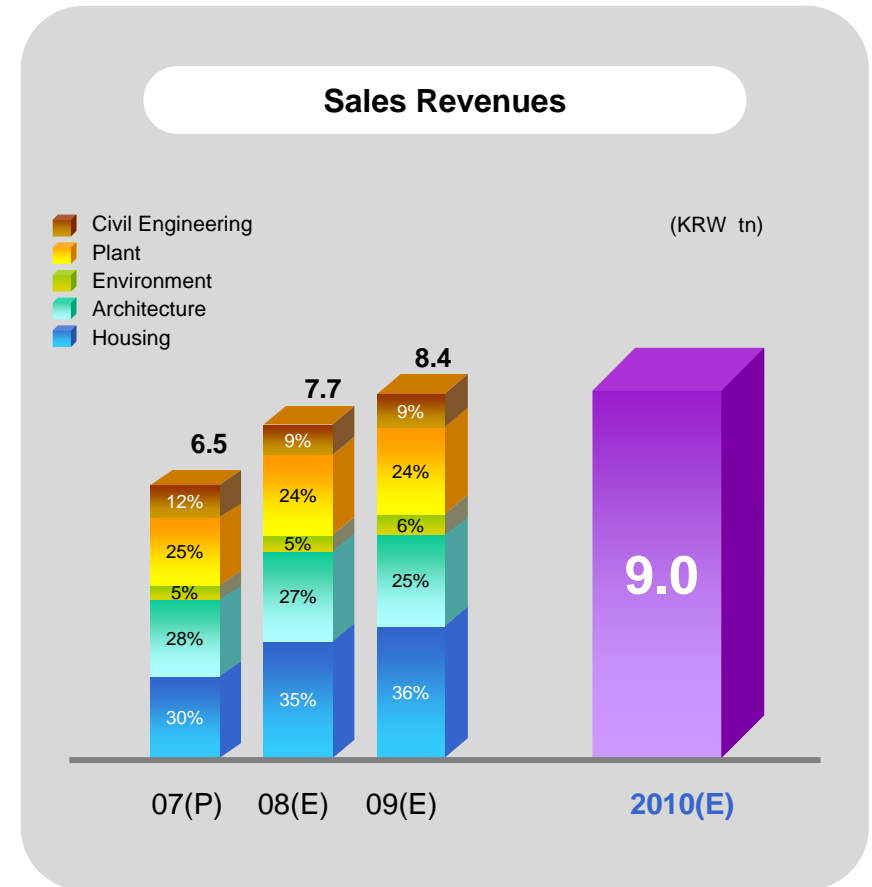
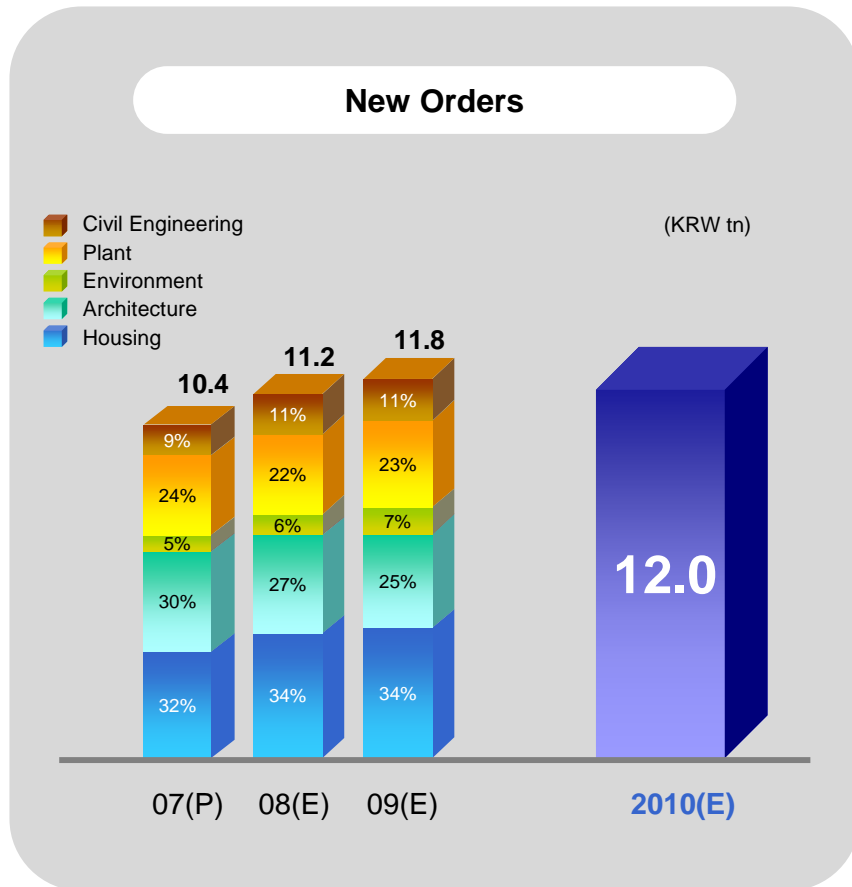
\*\*Approximately W20.5trillion of provisional order backlogs not included.

## Sales Revenues & Gross Margin



# Business Outlook— New Orders & Sales Revenues

We will achieve KRW 12 trillion of new orders and KRW 9 trillion of sales revenues in 2010 based on balanced growth in each division.



# Investment Highlight - Solid Earnings from Group Works

Our major group works are a TFT-LCD factory project and a GS Caltex HOU project.

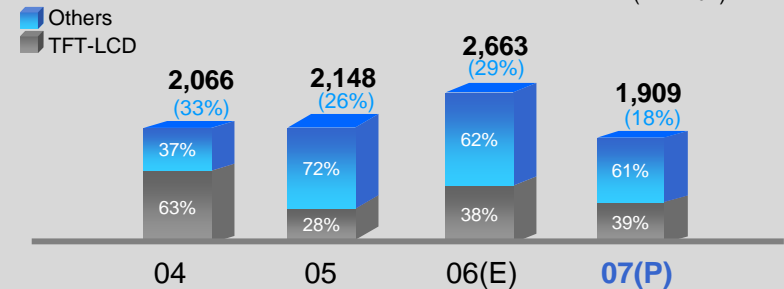
## Major Group Works

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	1.3 tn

## Group Works

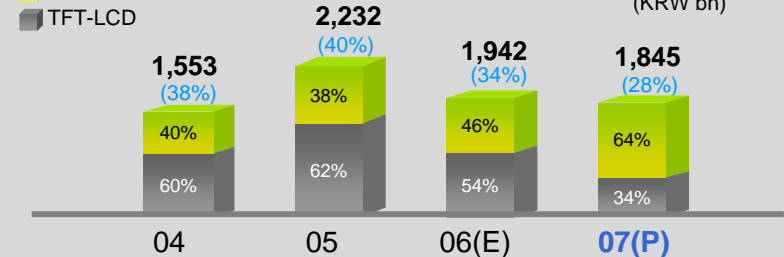
New Orders ( ) % of total new orders

(KRW bn)



Sales Revenues ( ) % of total sales revenues

(KRW bn)



# Investment Highlight – System Based Management

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



# Appendix

---

**A1\_ Ownership Structure**

**A2\_ Borrowings & Investment Plan**

**A3\_ Dividends**

**A4\_A5 PFI Projects**

**A6\_ Provisional Order Backlogs in Housing Div**

**A7\_ TPMS (Total Project Management System)**

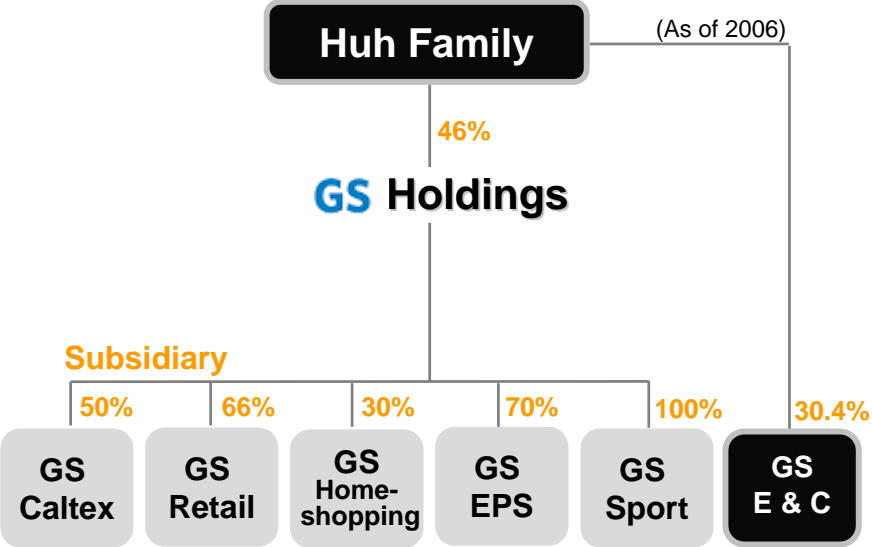
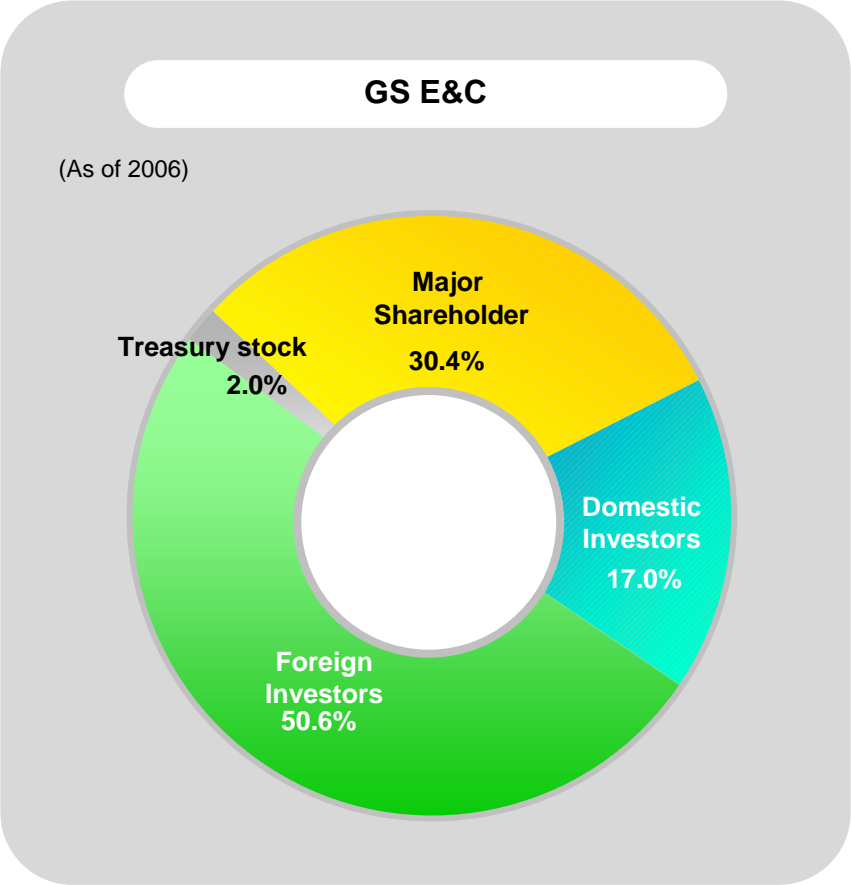
**A8\_ Major Material Prices**

**A9\_ Overseas Business**

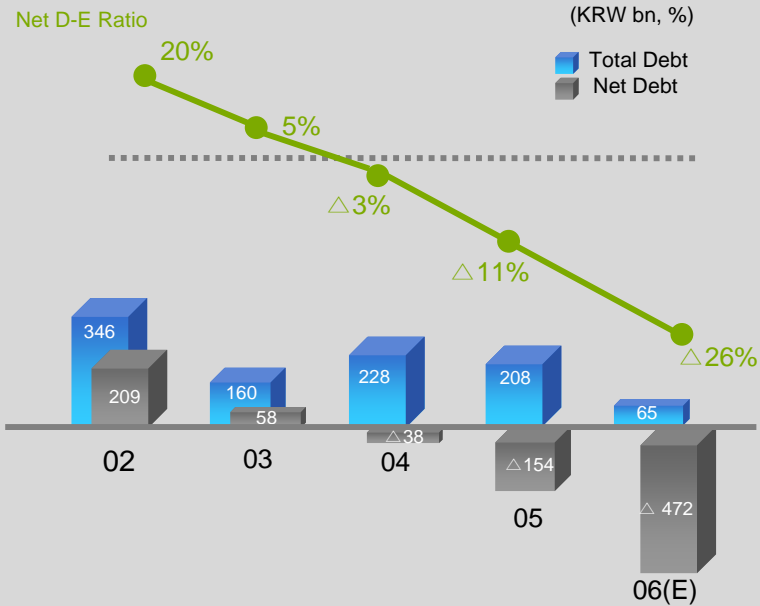
**A10\_ Balance Sheet (Summary)**

**A11\_ Income Statement (Summary)**

# Appendix – Ownership Structure



## Borrowings



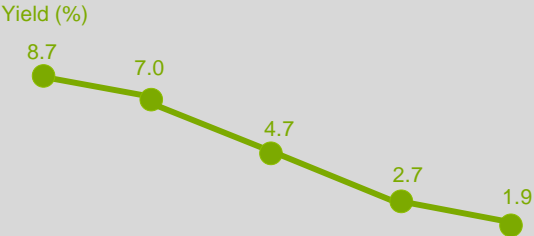
## Investment Plan

(KRW bn)

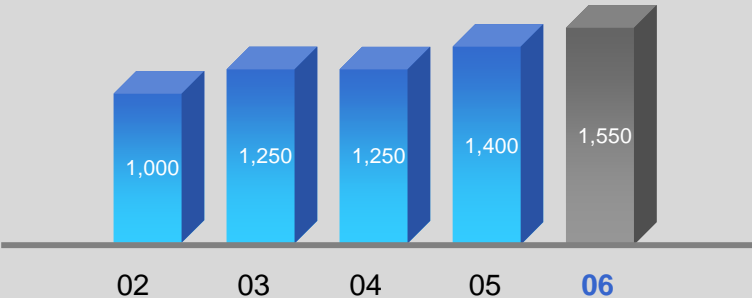
Description	05	06	07 (P)
PFI	1	14	23
Land	81	154	170
Resort & etc.	26	17	27
IT & R&D etc.	41	62	94
<b>Total</b>	<b>149</b>	<b>247</b>	<b>314</b>

# Appendix – Dividends

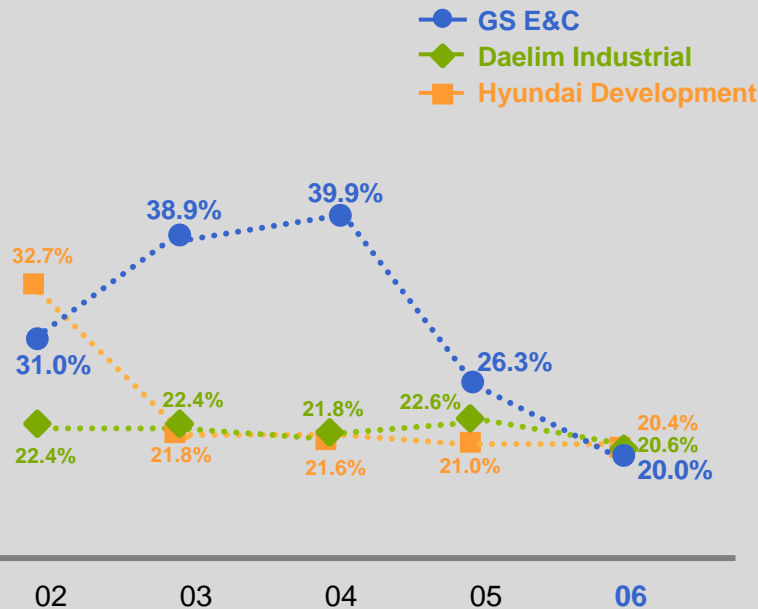
### Yield & DPS



DPS (KRW)



### Payout Ratio



# Appendix – PFI Projects

(As of 2006)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Shares	Remarks
<b>Proposed</b>	Youngdong Highway #2	Undecided	Undecided	Undecided	Undecided	Undecided
	Seoul-Dongduchun Highway					
	Seoul-Munsan Highway					
	New Bundang Extension Road					
	Busan New Port #2-4					
	Oksan–Ochang Highway					
	Suwon Light Rail Transit					
<b>Approved</b>	Koyang Light Rail Transit	655	75 (11.5%)	8	11.5%	To be completed in 2013
	Choeup Light Rail Transit					
	Uijeongbu Light Rail Transit					
	Pyeongtaek Port #12					
<b>Under Construction</b>	Sangju-Youngchun Highway	250	158 (63%)	27.3	29.9%	To be completed in 2011
	Seoul Beltway					
	Pyeongtaek Port #11					
<b>Under Construction</b>	Seoul Beltway	1,392	376 (27%)	124.2	27.0%	To be completed in 2008
	Pyeongtaek Port #11					
<b>Under Construction</b>	Seoul Beltway	47	42 (89%)	7.8	10.0%	To be completed in 2008
	Pyeongtaek Port #11					

# Appendix – PFI Projects

(As of 2006)

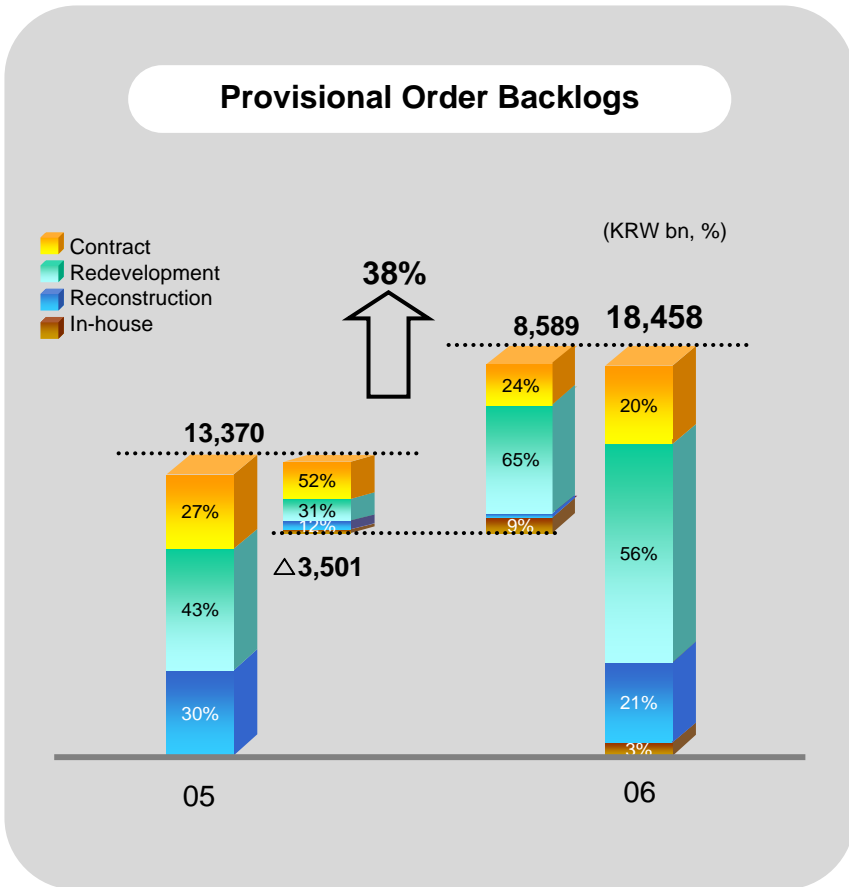
(KRW bn)

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 (25%)	8.7	15%	9.1(MEDIC, May. 2003)-sold
	Daegu West-North Road	64	16 (25%)	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 (25%)	5.0	15%	Completed (July,2005) / Holding

KTCU : Korea Teachers' Credit Union

KRIF : Korea Road Infrastructure Fund

MEDIC : Macquarie East Daegu Investment Company



### By Sectors

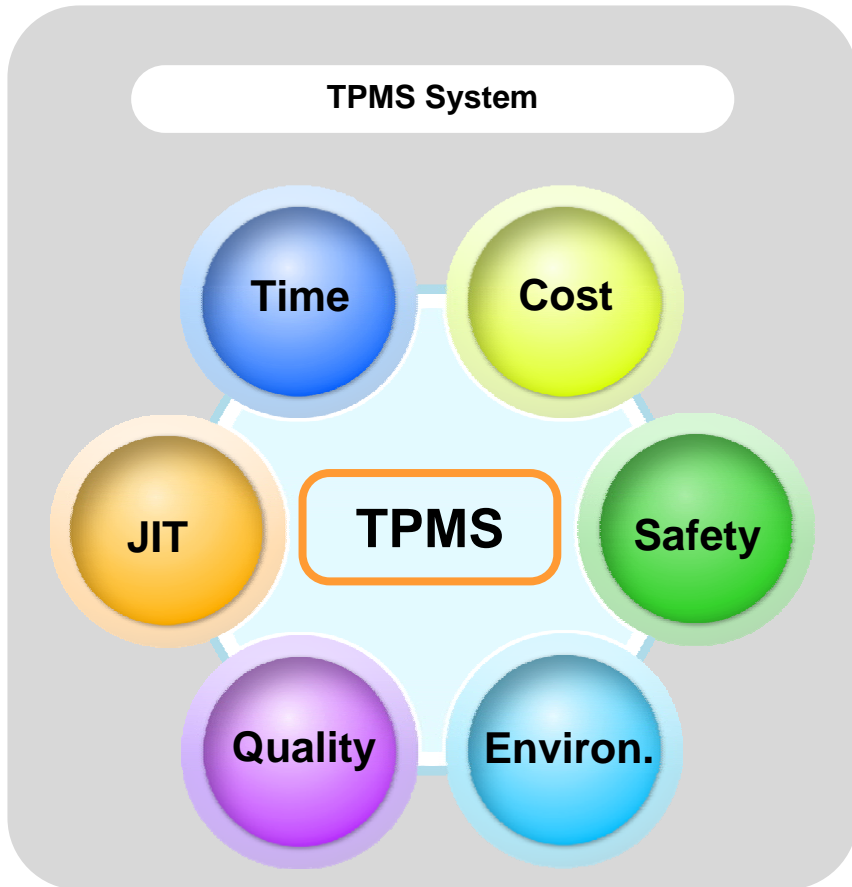
(KRW bn)

Description	05	New Order Recognition (06)	New Provisional (06)	06
Contract	3,532	$\Delta 1,812$	2,062	3,782
Redevelopment	5,788	$\Delta 1,087$	5,548	10,249
Reconstruction	4,050	$\Delta 428$	200	3,822
In-House	-	$\Delta 174$	779	605
<b>Total</b>	<b>13,370</b>	<b><math>\Delta 3,501</math></b>	<b>8,589</b>	<b>18,458</b>

### New Major Provisional Order

(KRW bn)

Description	Major Projects	Amount
Contract	Hwasung Bongdam	387
	Kayang	169
Redevelopment	Kajwoa New Town	255
	Kyonam #1	320
Reconstruction	Kyowon, Masan	101
	Poil Jukong (Increased)	60
In-House	Incheon Cheongla	491



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

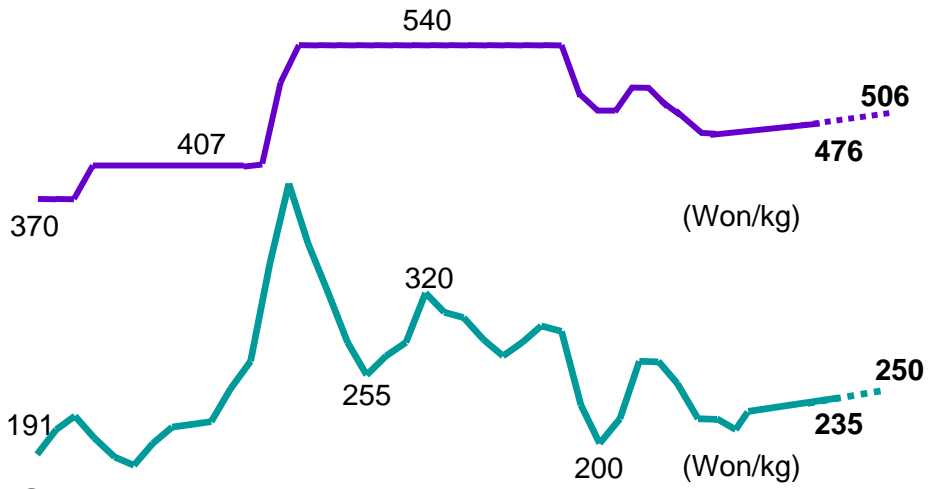
- Increases productivity & decrease duration
- Minimizes errors & reworks

**Cost Innovation**

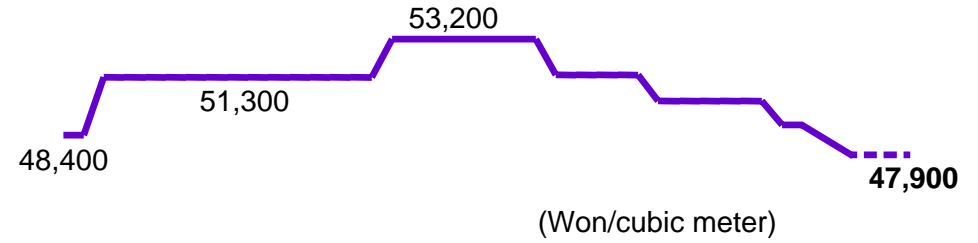
• JIT : Just-In-Time  
• SEQ : Safety, Environment, Quality

# Appendix – Major Material Prices

**Re-bar\***



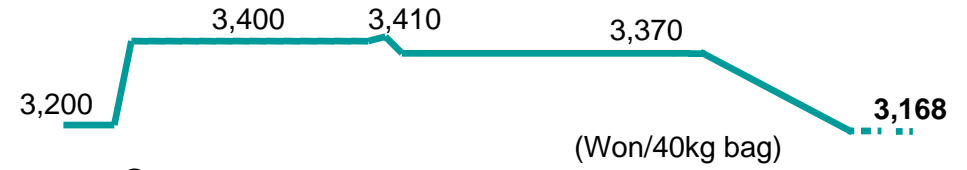
**Remicon\*\***



**Scrap Iron**



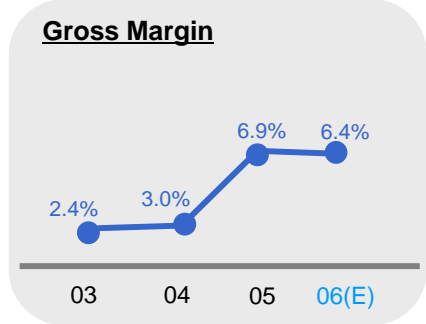
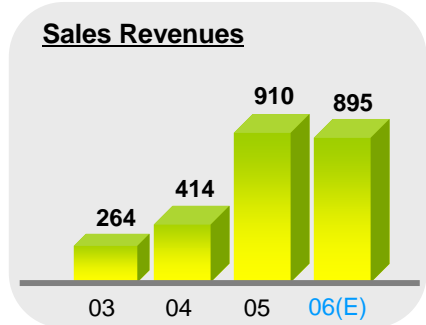
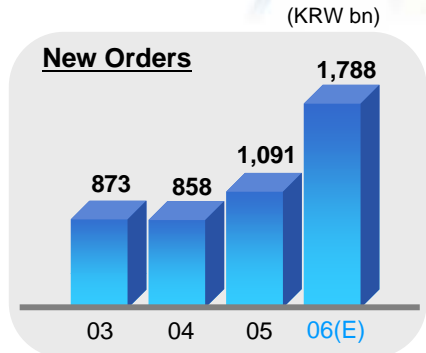
**Cement**



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

# Appendix – Overseas Business

- Under construction
- F/S & Negotiation



# Appendix – Balance Sheet (Summary)

(KRW bn,%)

Account	02	03	04	05	06 (E)	07(P)
<b>Total Asset</b>	<b>2,662</b>	<b>2,690</b>	<b>3,303</b>	<b>3,826</b>	<b>4,744</b>	<b>5,015</b>
Cash & Deposits	136	102	266	361	537	299
Trade Receivables	836	875	1,095	1,412	1,739	1,733
Inventories	175	121	159	197	195	279
Investments	700	676	679	494	680	861
Tangible Assets	652	709	844	905	1,037	1,004
<b>Total Liabilities</b>	<b>1,613</b>	<b>1,535</b>	<b>2,006</b>	<b>2,375</b>	<b>2,960</b>	<b>2,969</b>
Trade Payables	511	621	794	890	1,260	1,117
Borrowings	346	160	228	208	65	104
<b>Total Shareholders' Equity</b>	<b>1,049</b>	<b>1,155</b>	<b>1,297</b>	<b>1,451</b>	<b>1,784</b>	<b>2,046</b>
Capital Stock	255	255	255	255	255	255
D/E Ratio	153.8	132.8	154.7	163.7	165.9	145.1

# Appendix – Income Statement (Summary)

(KRW bn)

Account		02	03	04	05	06(E)	07(P)
Sales Revenues	Civil	514	574	574	730	714	797
	Plant	583	580	499	1,037	1,455	1,635
	Environment	-	-	276	312	257	313
	Architecture	820	1,258	1,615	2,203	1,598	1,797
	Housing	1,258	1,056	1,085	1,349	1,721	1,958
<b>Total</b>		<b>3,175</b>	<b>3,468</b>	<b>4,049</b>	<b>5,631</b>	<b>5,745</b>	<b>6,500</b>
Gross Profit		473	521	492	680	762	862
Selling and Administrative Expenses		197	250	263	344	359	393
Operating Profit		276	271	229	336	403	469
Ordinary Profit		245	262	242	367	544	480
<b>Net Profit</b>		<b>161</b>	<b>162</b>	<b>156</b>	<b>265</b>	<b>-</b>	<b>-</b>



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

