

The New Leader of Korean Construction Industry

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November 2003



LG Engineering & Construction Corp.

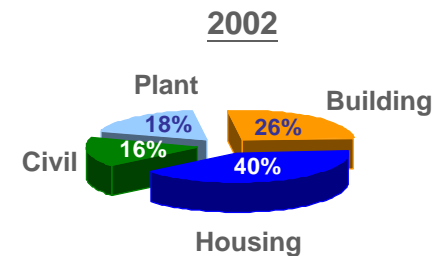
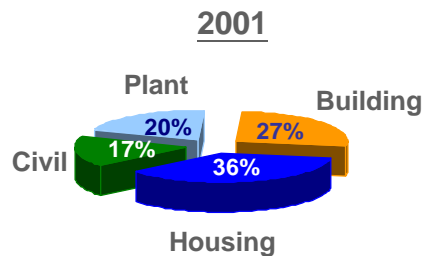
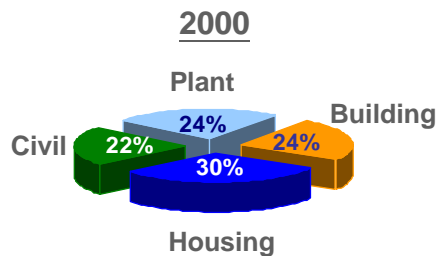
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This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside LG E&C, which are subject to uncertainties. Due to the volatility of these factors, actual results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

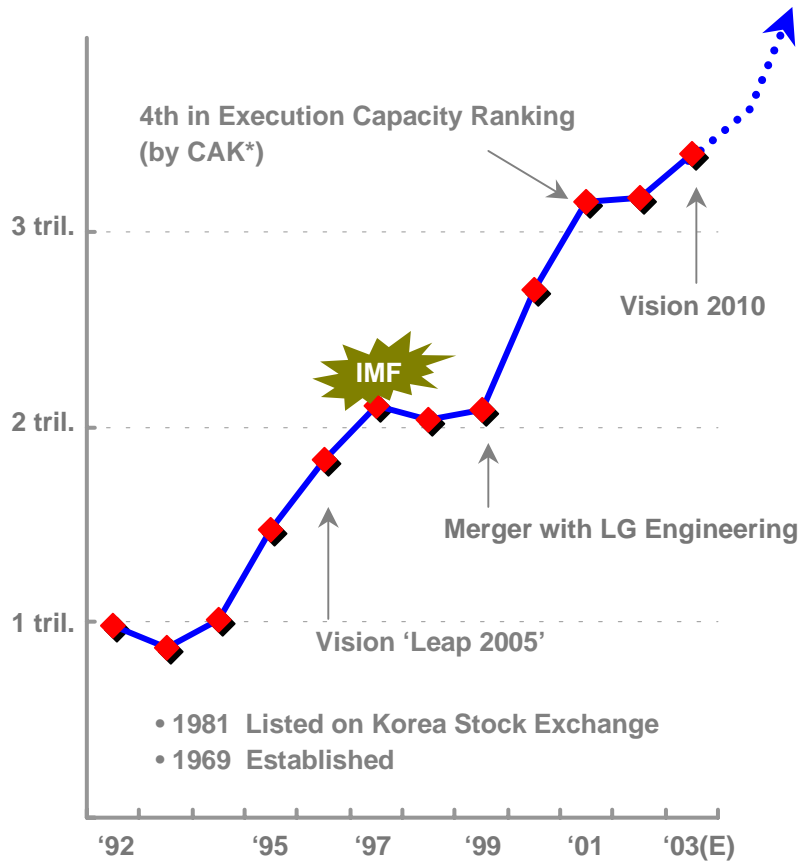
Business Portfolio

(% of sales revenue in 2003(E))



Establishing the solid foundation for long-term profitable growth through surge in orders.

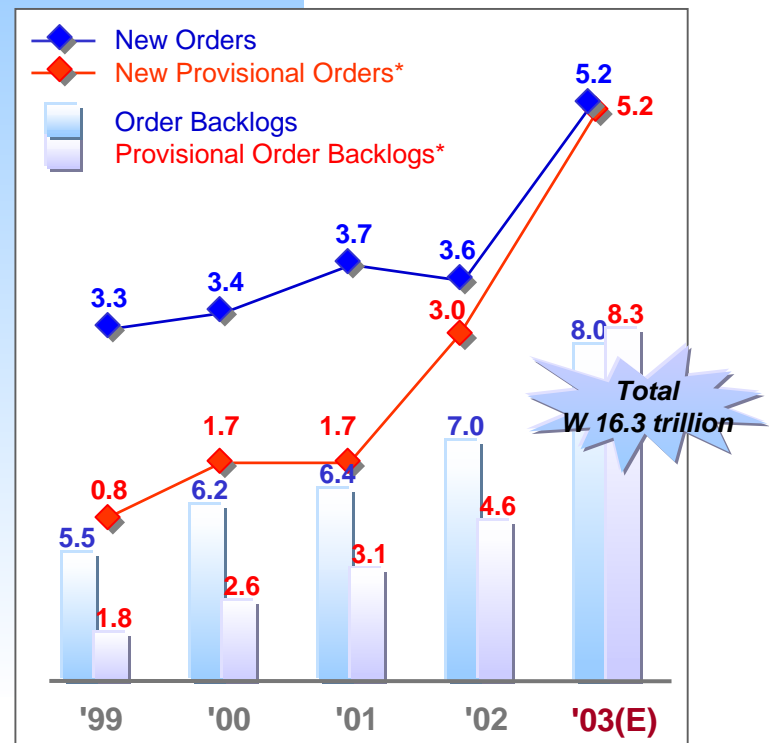
Sales Revenue Trends



* CAK : Construction Association of Korea

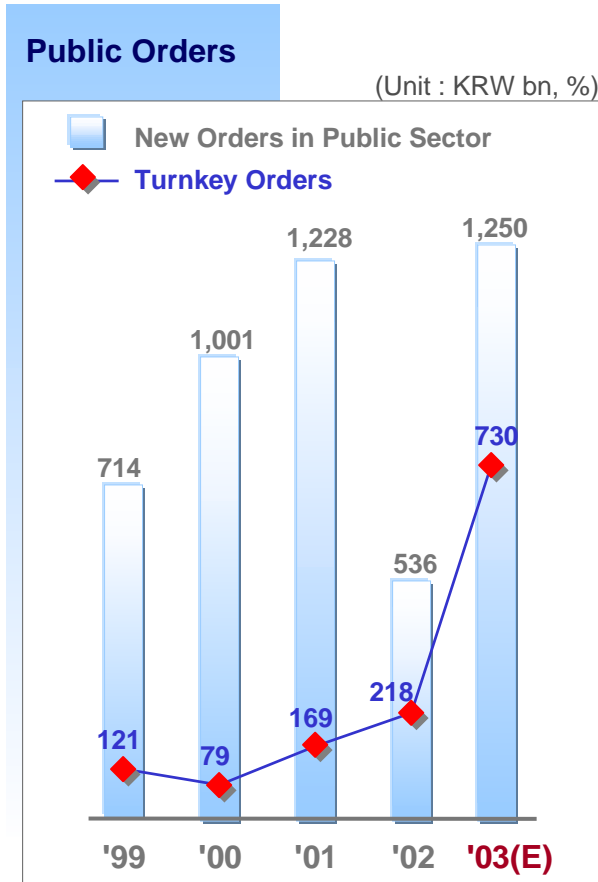
Orders Trends

(Unit : KRW tn)



* In housing division.

More diversified and balanced business portfolio with rapid increase of turnkey orders and penetration into new business areas.



Expanding Business Area

Civil

- (New Area) Harbor Construction
- Gwangyang Port #3-2
- (New Area) Cable-Stayed Bridge
- Goha-Jukgyo Road(Bridge)

Plant

- (New Area) Overseas Gas Plant
- South Pars #9,10 in Iran
- (New Area) Nuclear Power Plant
- Sinwolsung Nuclear Power Plant #1, 2

Building

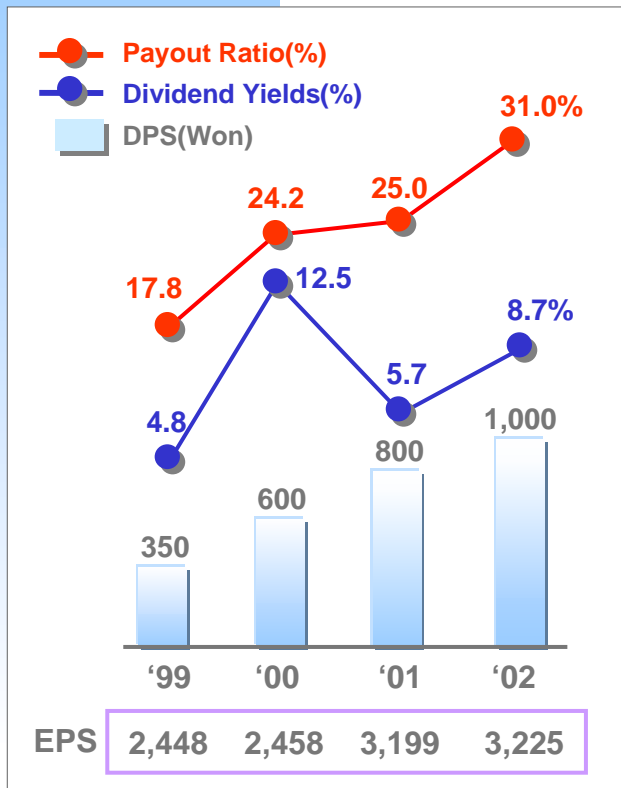
- Clean Room, TFT-LCD Factory
- LG Philips LCD P6 Project, Paju Project

Housing

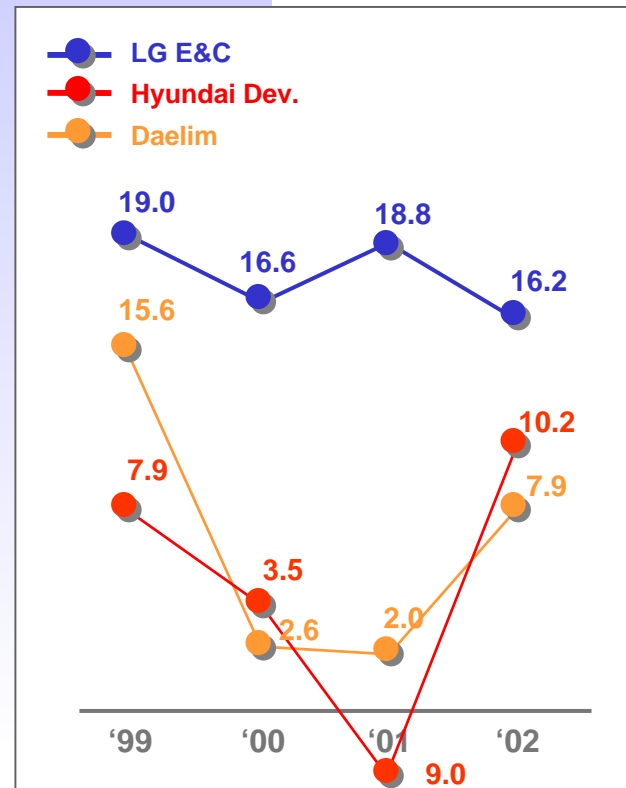
- Residential Redevelopment Business
- W1.9 trillion of Provisional Orders

Maximizing the shareholder's value through the steady increase of dividends and stable ROE trend.

Dividends



ROE Trends (%)



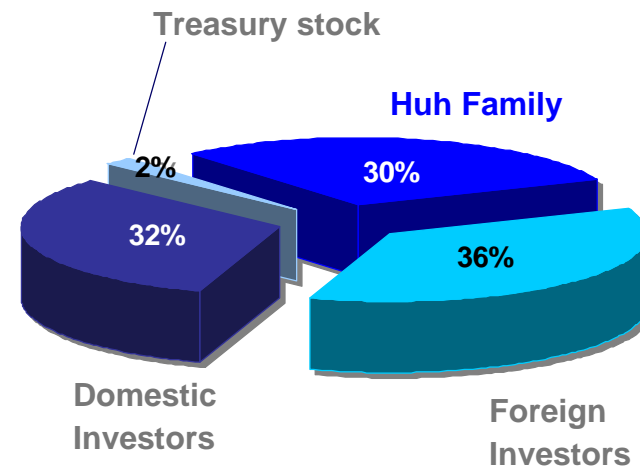
The transparent corporate governance and simple ownership structure lead to the shareholder-oriented management.

Corporate Governance



Ownership Structure

(as of Oct. 31, '03)

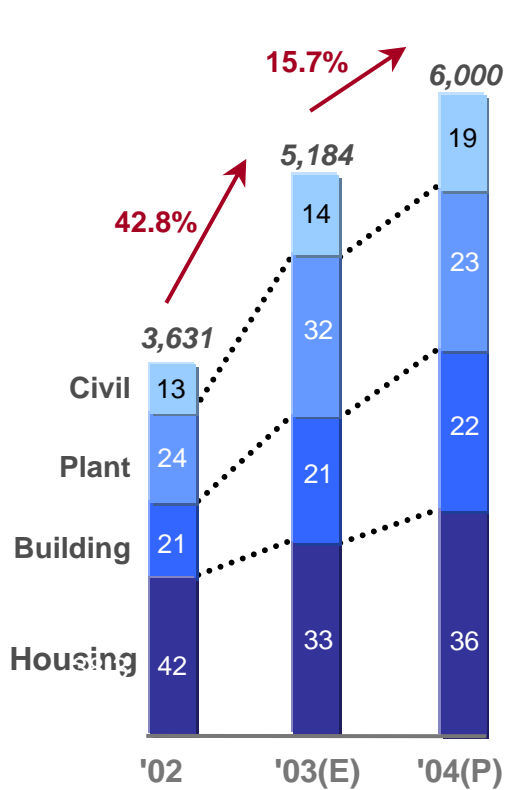


* Executive's performance bonus based on EVA & TSR(Total Shareholder's Return)

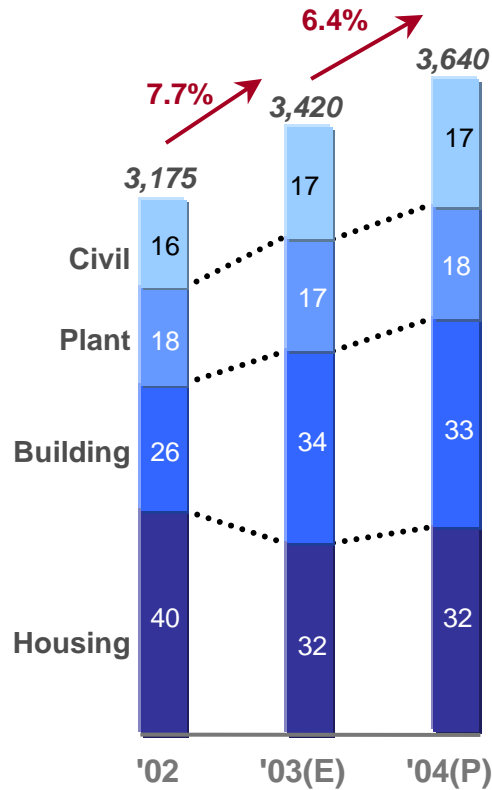
Accelerating the long-term profitable growth through the remarkable increase of new orders and balanced business portfolio.

New Orders

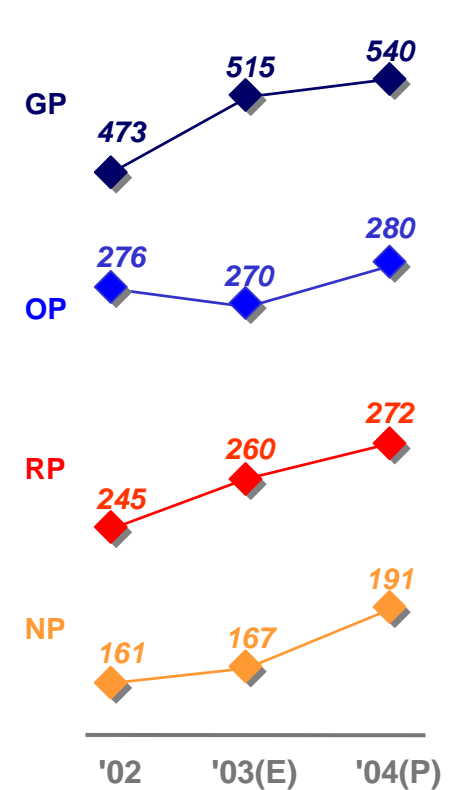
(Unit : KRW bn,%)



Sales Revenue



Profit



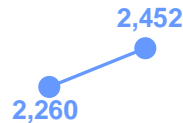
* The figures in the graphs are the proportion(%) of each division.

Taking a strong position in turnkey business and entered into harbor construction market.

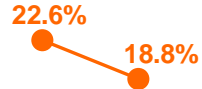
Performance(E)

(Unit : KRW bn,%)

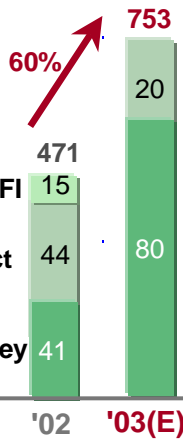
Order Backlogs



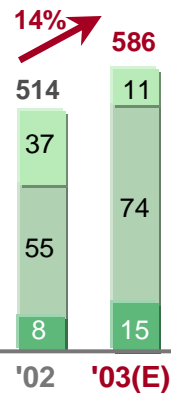
GP Margin



New Orders



Sales Revenue



General Contract

Turnkey

*PFI

'02 '03(E)

'02 '03(E)

* Privately Funded Infrastructure projects

Review

Turnkey base orders in public sector

- Increase of T/K orders

'03(as of 31 Oct)	'02
W 369 billion	W 198 billion
5 proj. out of 7 bids	3 proj. out of 4 bids

Privately funded infrastructure projects

- Investment

'03(as of 31 Oct)	'02
W 36 billion	W 48 billion

- Total Investment: W 241 billion
- Initiating liquidation of investment securities
- Submitting 6 new proposals

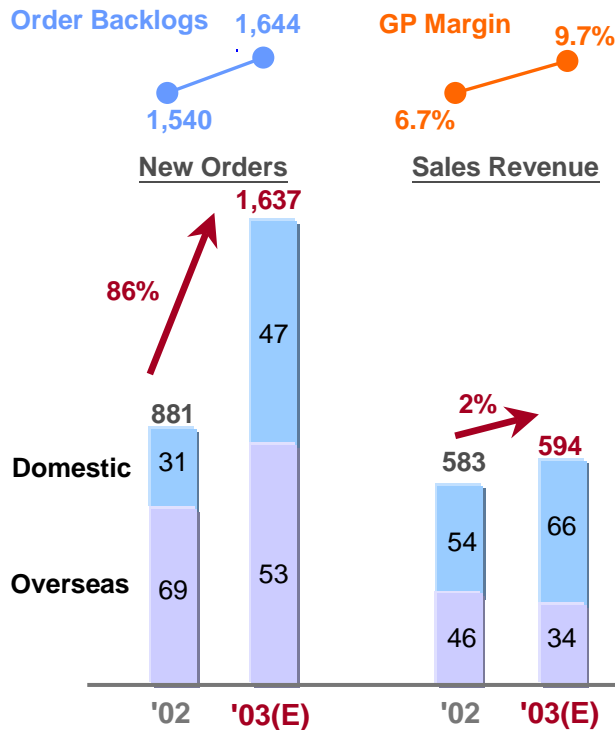
Entered into New Business Areas

- Harbor Construction
 - Gwangyang port project
 - Contract Amount: W 51 billion
- Cable-Stayed Bridge
 - Goha-Jukgyo Road(Bridge)
 - Contract Amount: W 99 billion

Entered into overseas gas plant and nuclear power plant market, while expanding the environmental business.

Performance(E)

(Unit : KRW bn,%)



Review

Entered into overseas gas plant market

- Iran South Pars gas plant project #9&10
 - Total contract amount : US\$ 1.6 billion
 - LG E&C's portion : US\$ 655 million(41%)
 - Project period : Mar., '03 Jun., '07

Entered into nuclear power plant market

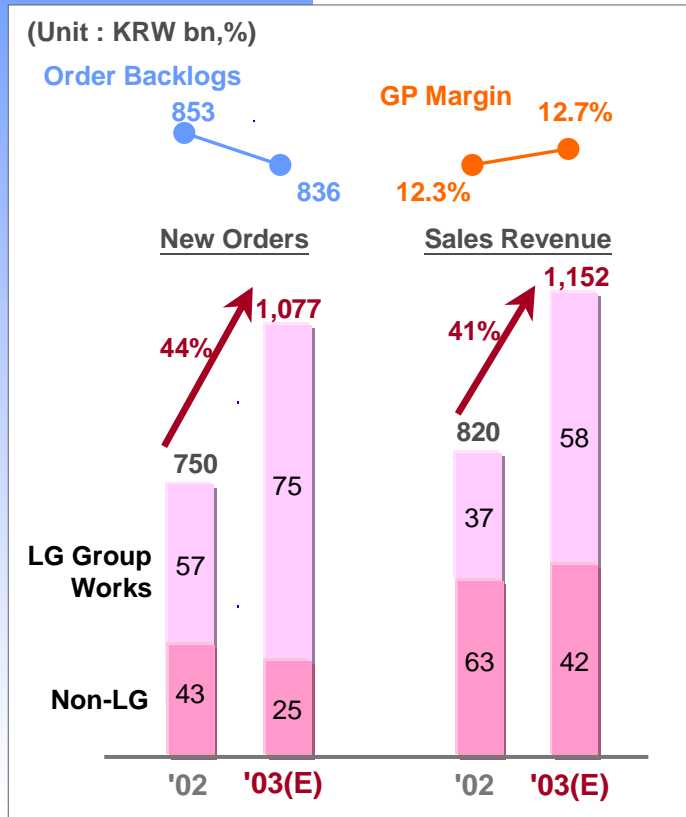
- Sinwolsung nuclear power plant project
 - Total contract amount : W 764 billion
 - LG E&C's portion : W 103 billion(13.5%)
 - Project period : Aug., '03 Sep., '10
- Expansion of power plant
 - Incheon combined cycle power plant project

Expanding environmental business

- Environmental facility of TFT-LCD plant
- Initiating turnkey & PFI project
 - Incineration system, sewerage works, etc.

Significant contribution of TFT-LCD factory project and enhanced competitiveness in turnkey business.

Performance(E)



Review

Turnkey base orders in public sector

- Increase of T/K orders
 - W 82 billion (as of 31 Oct.)
 - 3 projects awarded out of 3 bids

TFT-LCD factory(LG-Philips LCD) project

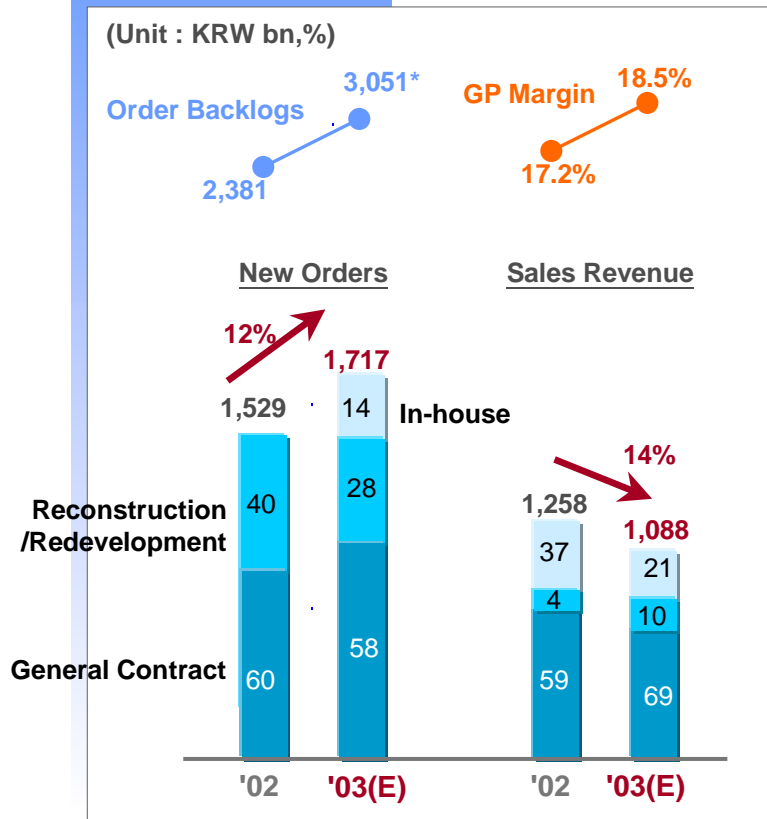
- Unchallenged position in TFT-LCD factory and clean room construction
- P6 project
 - Total contract amount : approx. W 1 trillion
 - Project period : Nov., '02 Dec., '04
- Paju project
 - Early start expected(from the mid '04)
 - Total expected investment(LG Philips LCD) : approx. US\$ 10 billion(7 10 years)

Expanding China business

- Projects in Nanjing
 - '03: PDP factory, Polarizer factory
 - '02: TFT-LCD factory
- LG Beijing Tower project('02)

Securing huge amount of provisional order backlogs, while diversifying business portfolio with redevelopment projects in northern Seoul and businesses in major provincial cities.

Performance(E)



* W 8.3 trillion of provisional orders is not included.

Review

Cool down measures of government

- To prevent overheating in residential market
- Focus on demand control
 - Intensifying regulation on reconstruction
 - Tightening taxation system
 - Keeping out speculative trading

Diversifying business portfolio

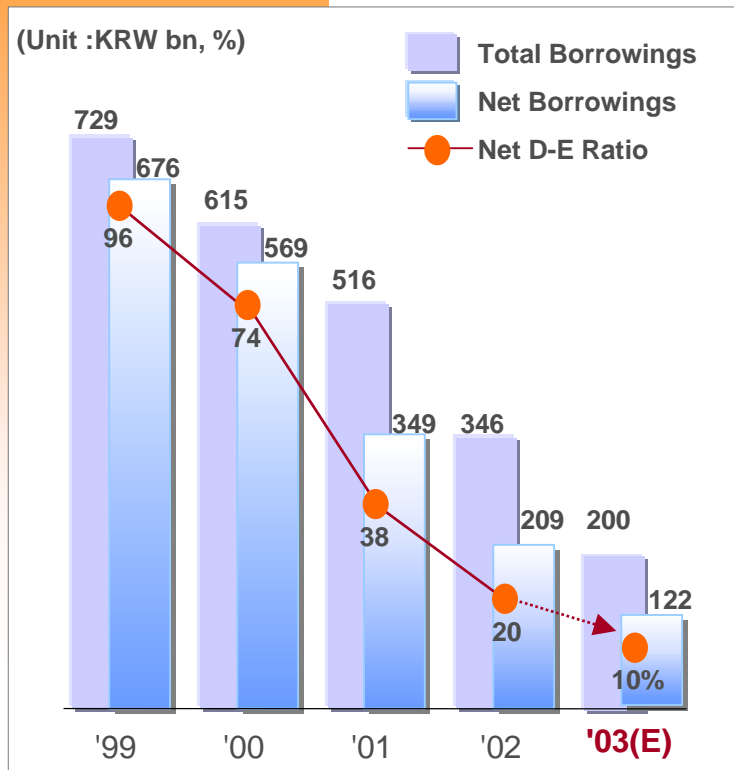
- Securing largest amount of provisional orders
 - Reconst. : W 1.6 trillion ('02: W 1.3 trillion)
 - Redevel. : W 1.9 trillion ('02: W 0.2 trillion)
 - Contract : W 1.7 trillion ('02: W 1.5 trillion)
- Opening marketing branch office to focus on redevelopment projects in Busan
 - Provisional orders : W 309 billion(3 proj.)
- Increasing supply of housing units
 - '03(E): 12,000 units '02: 6,000 units

Differentiating APT brand 'Xi'

- Major competitiveness in marketing
- Top tier position among APT brands

Continuous improvement of financial structure with steady reduction of debt.

Borrowings



Financial Structure

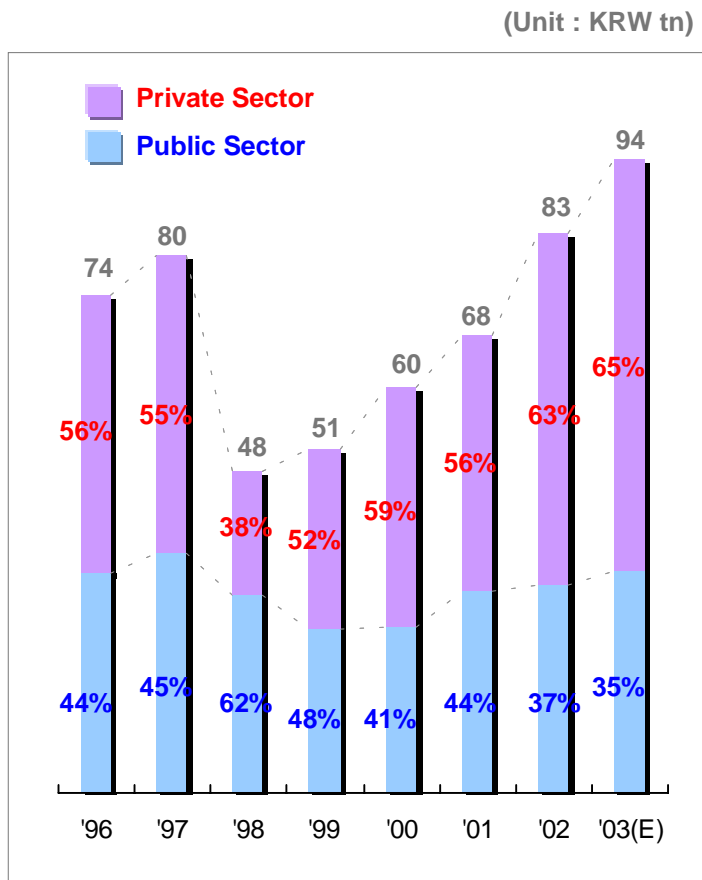
(Unit:KRW bn)

	2001	2002	2003(E)
Total Assets	2,645	2,662	2,642
Total Liabilities	1,713	1,613	1,466
Total Equities	932	1,049	1,176
Capital	255	255	255
Retaining	505	656	773
L.-E Ratio(%)	184	154	125
Asset Turnover Ratio (Times)	1.26	1.20	1.29

Appendix

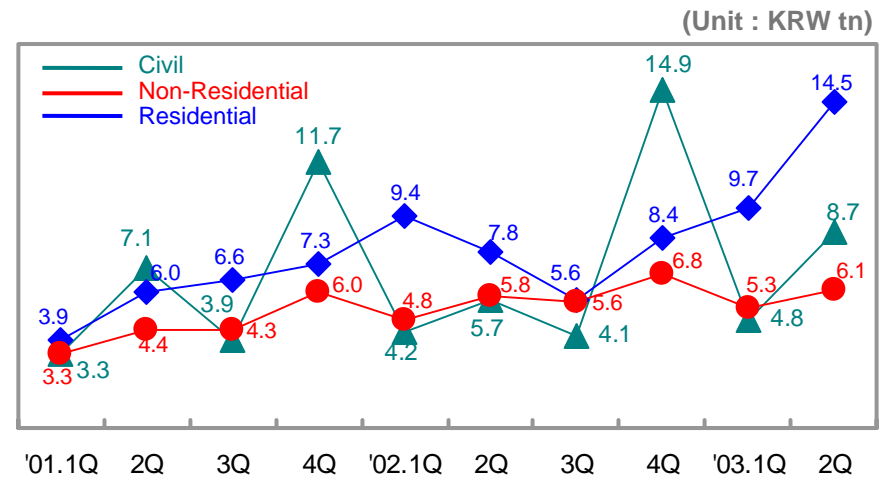
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Construction Contract Amount(Yearly)

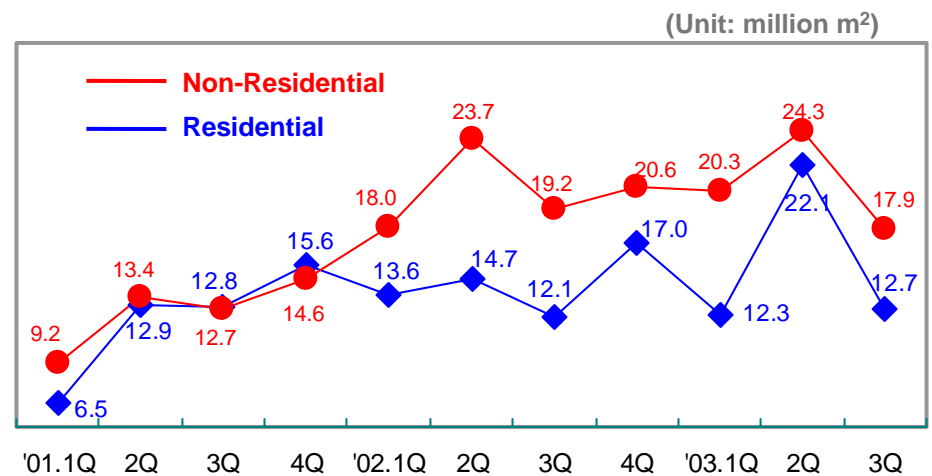


*. Source: Construction Industry Strategy Research
Construction Association of Korea
Ministry of Construction and Transportation

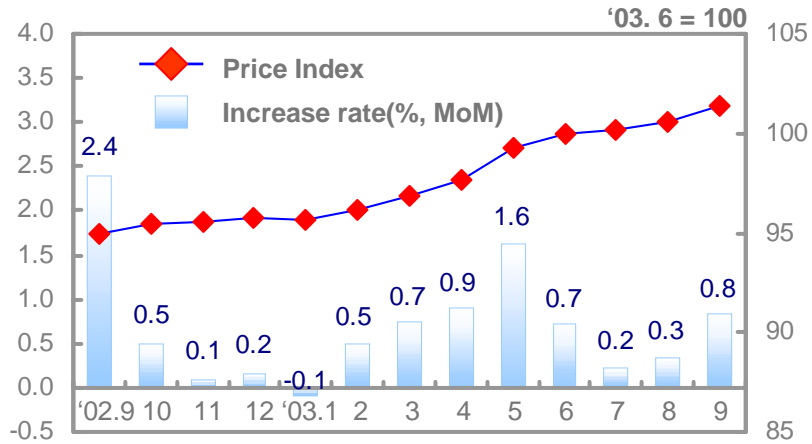
Construction Contract Amount(Quarterly)



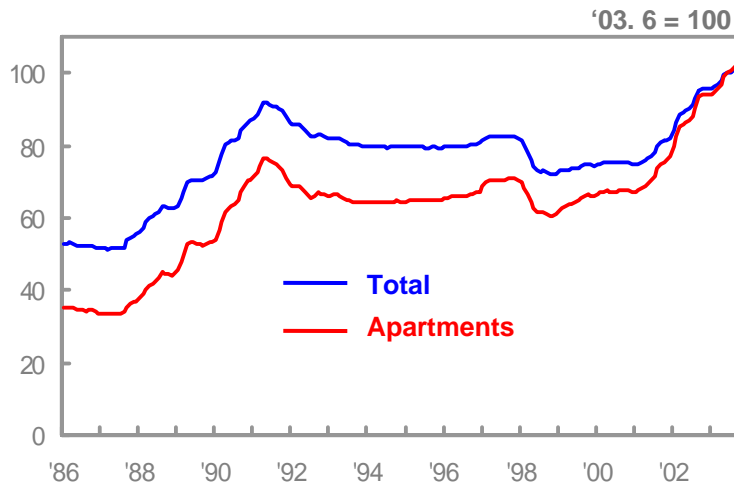
Building Permit Area(Quarterly)



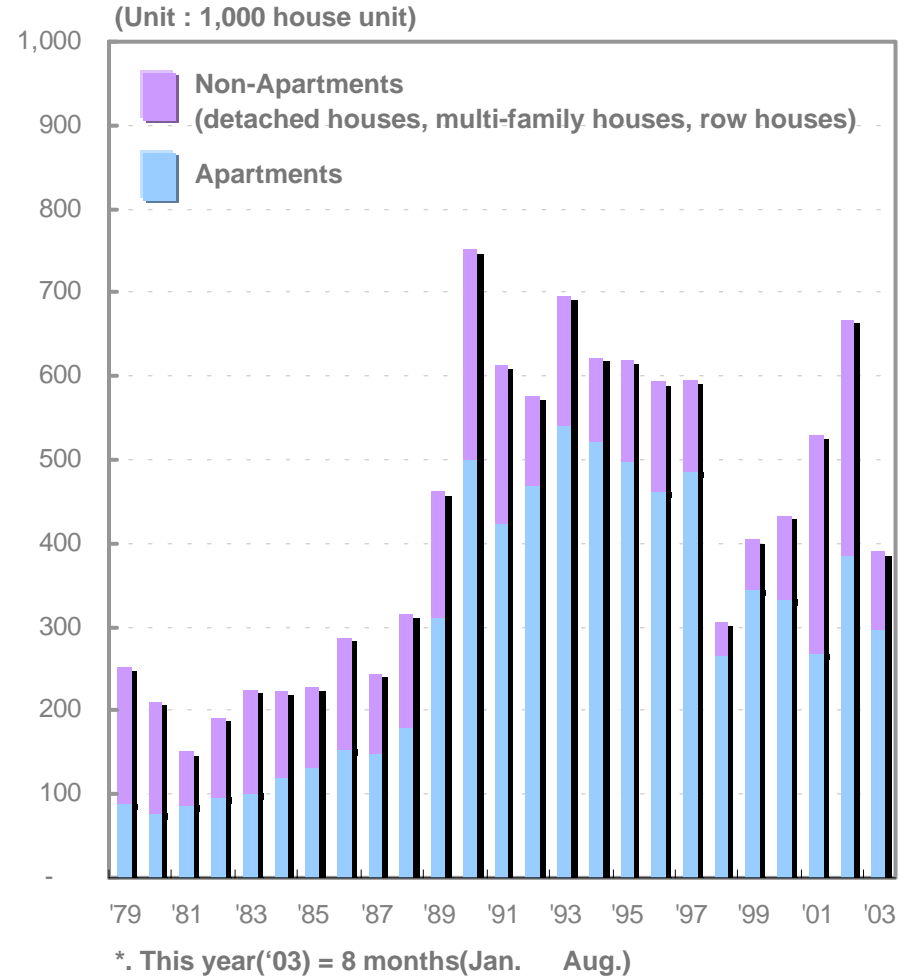
House Price Index(Monthly)



House Price Index(Yearly)

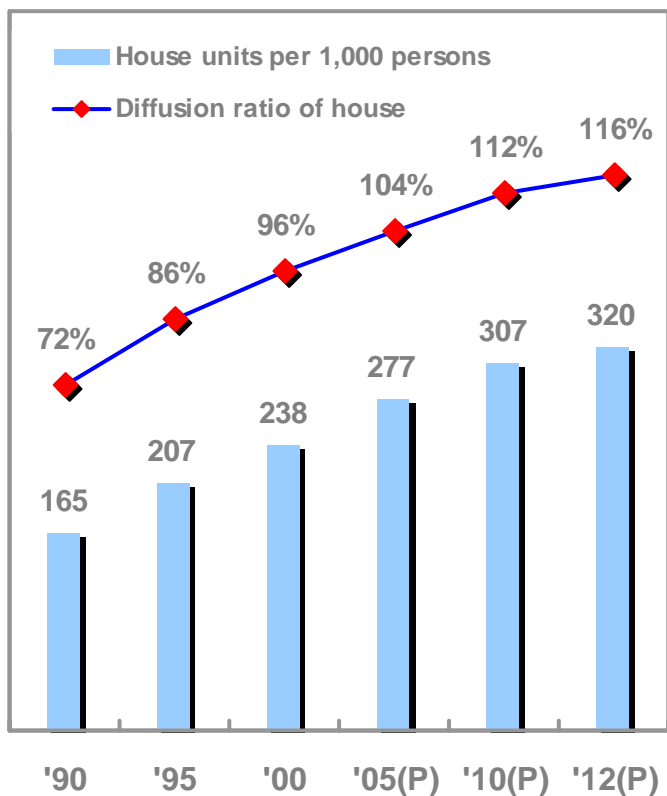


Housing Construction

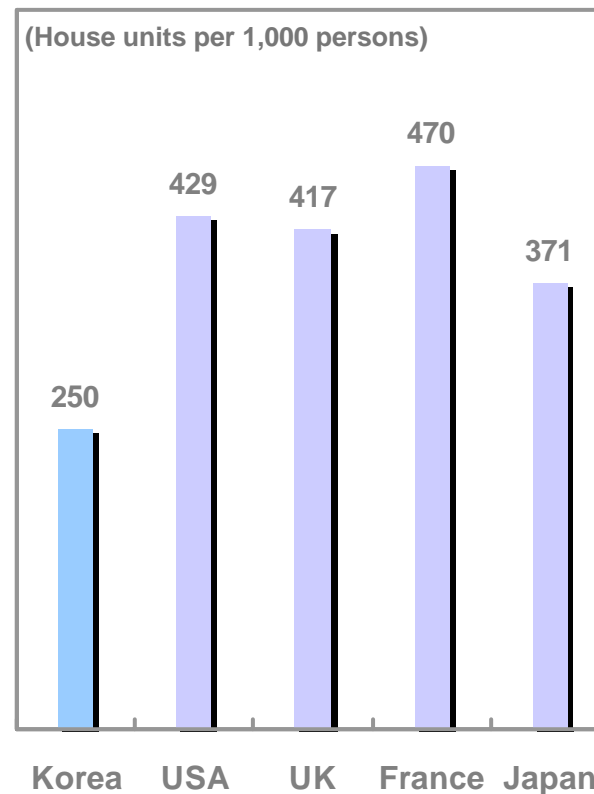


*. Source: Kookmin Bank, Ministry of Construction and Transportation

House units per 1,000 persons



Comparison with developed countries
(2001)



*. Source: "Comprehensive Housing Plan(2003 - 2012)" Korea Research Institute for Human Settlements
(Based on the government plan of 500,000 house unit supply per year until 2012)

Account	'99	'00	'01	'02	(KRW bn, times, %)		
					1Q. '03	2Q	3Q
Total Asset	2,421.6	2,378.4	2,644.6	2,661.9	2,726.9	2,570.1	2,562.0
Cash & Deposits	52.6	46.4	166.7	136.3	179.1	131.0	110.2
Trade Receivables ¹⁾	621.1	462.8	656.0	836.1	853.1	764.3	754.4
Inventories	517.4	533.8	405.7	174.5	149.9	130.2	122.3
Investments	475.6	542.3	647.3	699.6	680	695.9	684.7
Tangible Assets	362.0	597.0	592.2	651.6	663	668.6	684.3
Total Liabilities	1,715.0	1,610.2	1,712.6	1,613.2	1,704.5	1,494.7	1,461.1
Trade Payables	491.2	466.5	406.7	510.5	507.5	487.4	486.5
Borrowings ²⁾	728.9	615.0	516.1	345.6	382.2	248.8	225.7
Total Shareholders' Equity	706.6	768.2	932.0	1,048.7	1,022.4	1,075.5	1,100.9
Capital Stock	255.0	255.0	255.0	255.0	255	255.0	255.0
Asset Turnover Ratio (times)	0.93	1.13	1.26	1.20	1.07	1.29	1.27
Liabilities/Equity Ratio	238.3	209.6	183.8	153.8	166.7	139.0	132.7
Net D/E Ratio ³⁾	94.0	74.0	37.5	20.0	19.9	11.0	10.1
ROE	19.0	16.6	18.8	16.2	15.6	14.1	15.0

1) Trade Receivables = Trade accounts and notes receivables, net

2) Borrowings = Short-term borrowings + Current long-term debts + Debentures + Long-term borrowings

3) Net Debt = Borrowings - Cash & Deposits

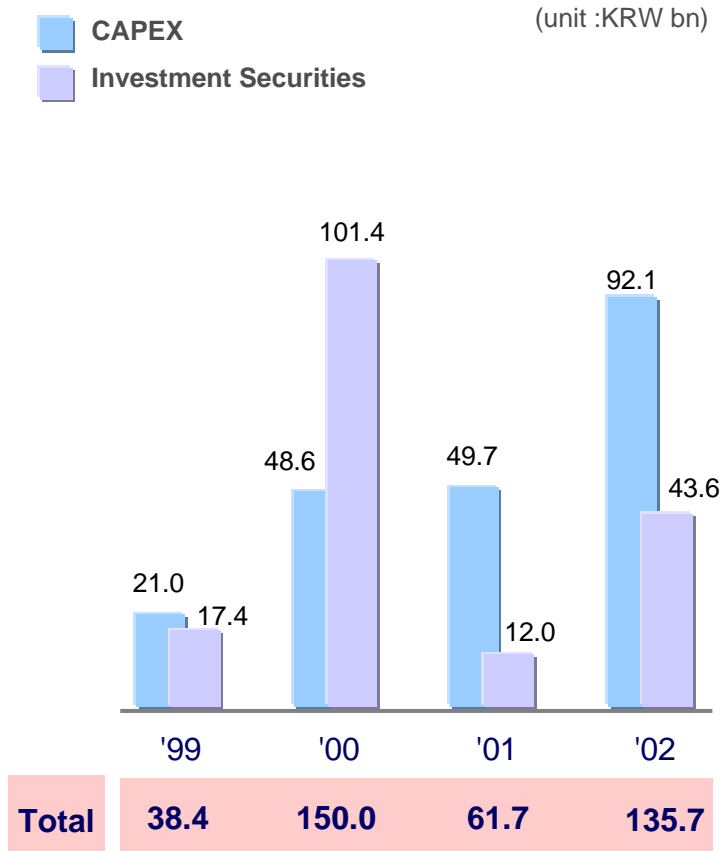
(KRW bn, %, times)

Account		'99	'00	'01	'02	3Q.'02	4Q	1Q. '03	2Q	3Q
Sales Revenue	Civil	664.2	584.1	540.1	514.4	105.2	175.5	104.9	150.1	127.1
	Plant	257.4	649.5	631.1	582.9	159.7	199.1	114.1	134.4	125.7
	Housing	528.1	821.2	1,125.7	1,257.5	262.4	369.0	290.1	269.0	232.8
	Building	640.9	653.1	856.2	819.7	208.4	262.6	214.6	301.2	328.2
	Total	2,090.6	2,707.9	3,153.1	3,174.5	735.7	1,006.2	723.7	854.7	813.8
Gross Profit		279.5	379.5	404.9	472.5	89.2	167.5	119.6	124.7	108.8
Operating Income		143.3	225.4	254.8	276.1	46.3	95.7	62.7	56.3	55.0
Ordinary Income		140.8	176.2	224.8	245.1	49.6	84.9	58.6	53.7	59.3
Net Income		99.8	123.7	159.6	160.7	40.1	45.8	40.4	37.2	40.9
Sales Growth Rate ¹⁾		2.4	29.5	16.4	0.7	-11.4	36.8	-28.1	18.1	- 5
Operating Income Growth Rate ¹⁾		29.7	57.3	13.0	8.4	-49.5	106.7	-34.6	-10.2	- 2
Operating Margin		6.9	8.3	8.1	8.7	6.3	9.5	8.7	6.6	6.8
Interest Coverage		1.7	4.2	8.5	18.8	14.5	22.3	11.8	11.8	17.7
ROA		4.5	5.2	6.4	6.1	6.3	7.0	6.0	5.6	6.4
EPS(₩)		2,448	2,458	3,199	3,225	3,141	3,595	3,165	2,908	3,208

Note 1) Quarterly Growth Rate is compared with previous quarter

Account	(KRW bn)				
	1999	2000	2001	2002	2003 (9 months)
Net Income	99.8	123.7	159.6	160.7	118.3
Non-cash expenses	74.5	82.2	67.3	103.4	63.7
Non-cash income	75.0	17.5	7.3	2.4	8.3
Decrease(Increase) in working capital	116.0	109.5	86.8	63.2	39.2
Net Cash Provided by Operating Activities	215.4	297.9	306.4	324.9	212.9
Acquisition of investment securities for PFI projects	36.8	80.0	15.7	48.1	29.4
CAPEX	21.0	48.6	49.7	92.1	50.7
Others	147.2	21.5	35.7	10.8	11.8
Net Cash Used in Investing Activities	89.4	107.1	29.7	129.4	68.3
Free Cash Flows	304.8	190.8	276.7	195.5	144.6
Debt payment	254.9	113.8	98.9	170.5	115.7
Dividends payout	3.7	17.7	30.0	39.9	49.8
Net Cash Used in Financing Activities	302.7	204.1	137.6	216.0	167.3
Cash & cash equivalents at the end of the year	24.4	11.0	153.2	132.8	110.1

Investment Trend



* All figures are net amounts

'03 Performance & '04 Plan

(unit :KRW bn)

Description	2003(E)	2004(P)
PFI	58	52
Land	27	10
Resort	65	72
IT & R&D etc.	30	19
Total	180	153

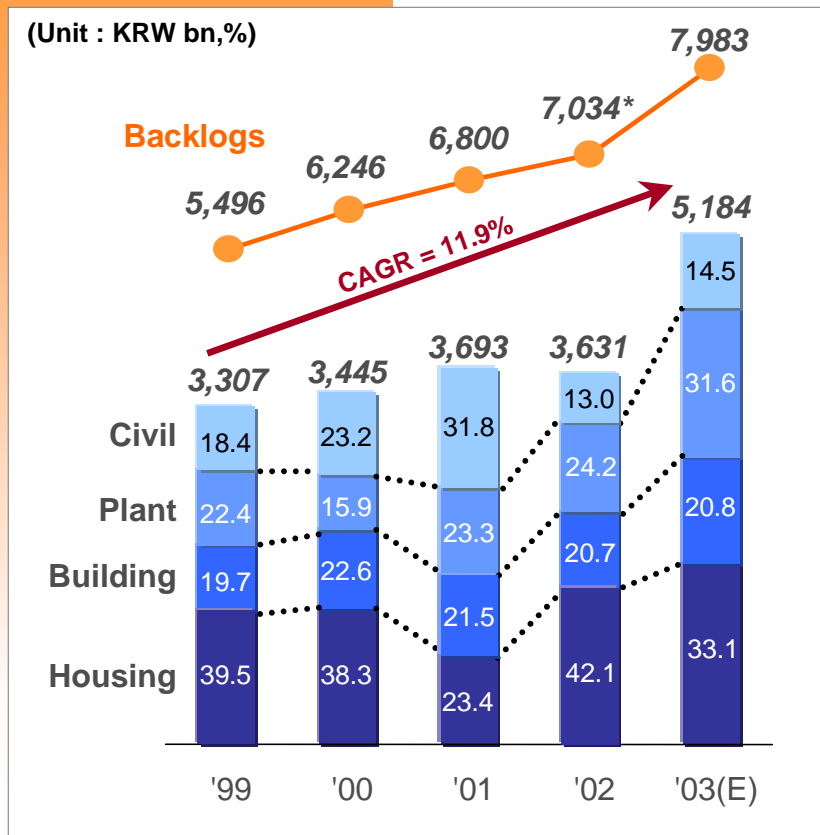
As of Nov. 5, 2003

(KRW bn)

Status	Name of Project	Consortium Leader	LG Shares (%)	Investment Plan	Invested Amount	Contract Amount
Investment Completed *. Construction completed	* New Airport Highway	Samsung	5%	21.7	21.7	190.8
	* Chonan-Nonsan Highway	LG	25%	112.5	112.5	336.0
	* Daegu East Beltway	Kolon	14.6%	8.7	8.7	30.4
	* Daegu West-North Road	Kolon	15.1%	3.3	3.3	16.4
	Cholmasan Tunnel	-	Sold (Nov.,02)	-	-	20.0
	Manwolsan Tunnel	Daelim	15%	5.0	5.0	14.5
	Sub-Total				151.2	151.2
Under Investment	Seoul Beltway	LG	27%	124.2	88.4	365.7
	Kangnam Beltway	Doosan	11.5%	27.0	1.1	75.3
	Sub-Total				151.2	89.5
Total				302.4	240.7	1,049.1

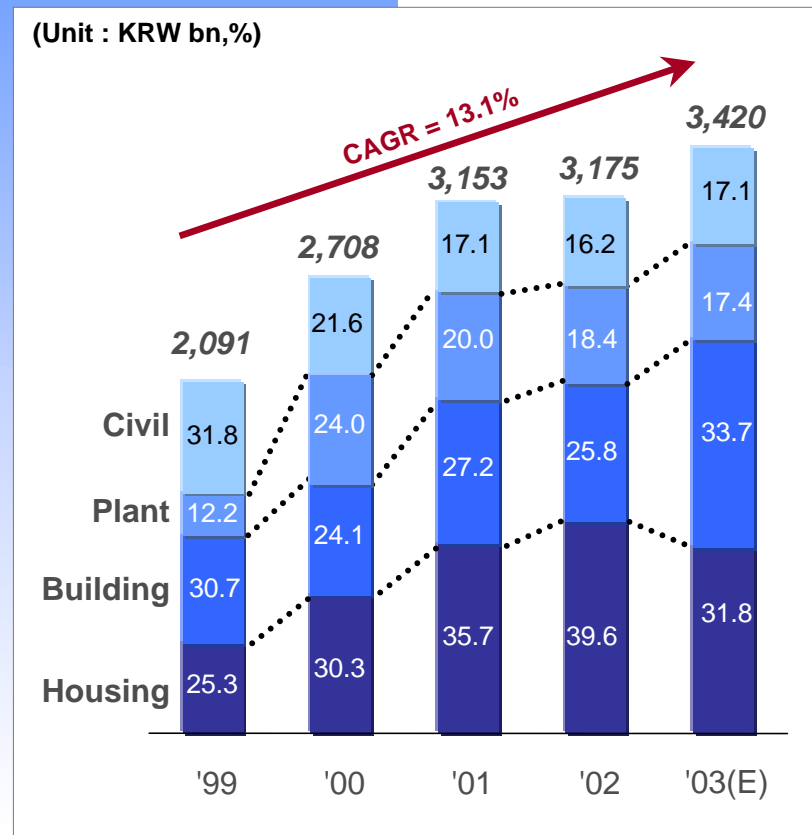
8 projects are being planned in addition to above projects.

New Orders

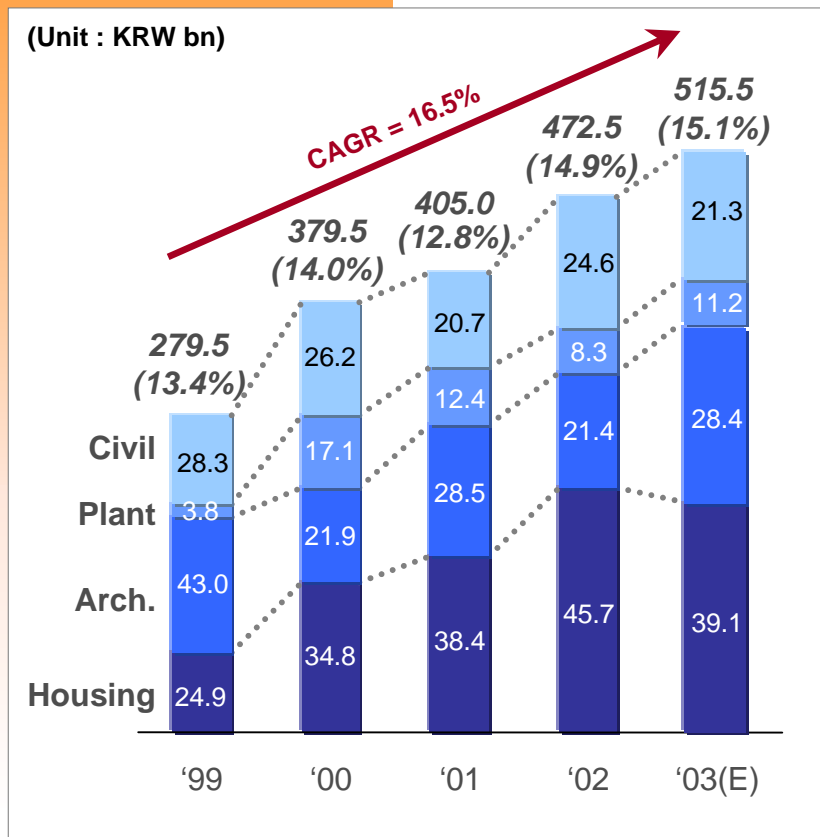


* Excluding provisional orders in housing division.

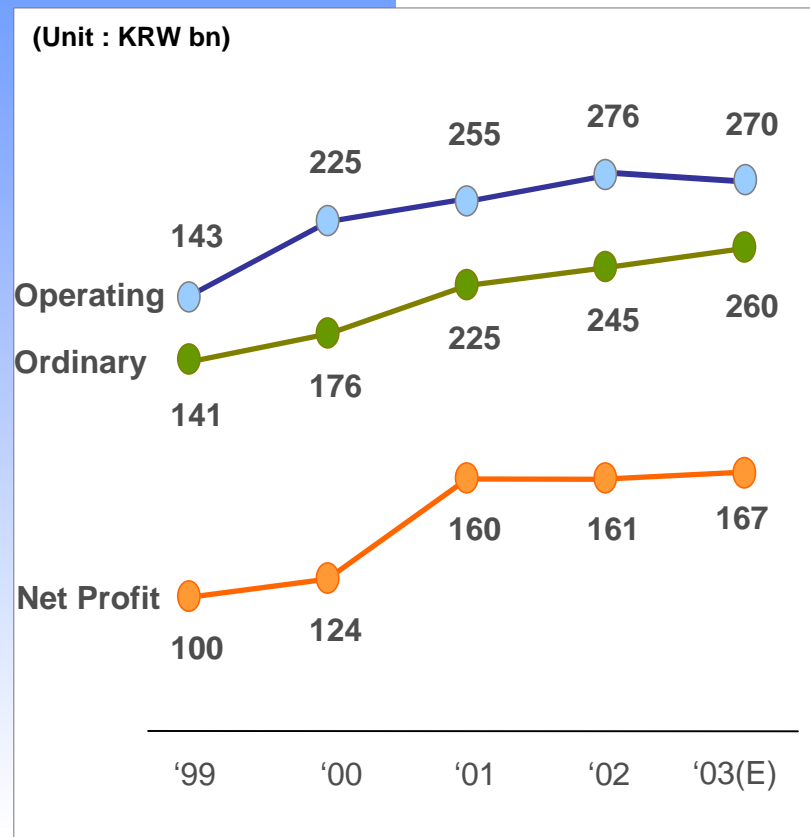
Sales Revenues



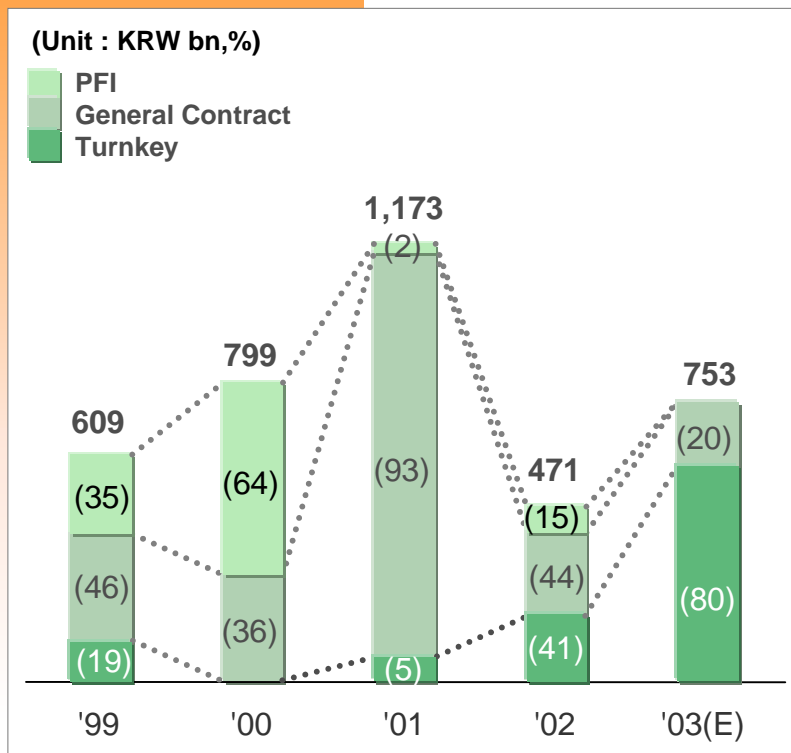
Gross Profits



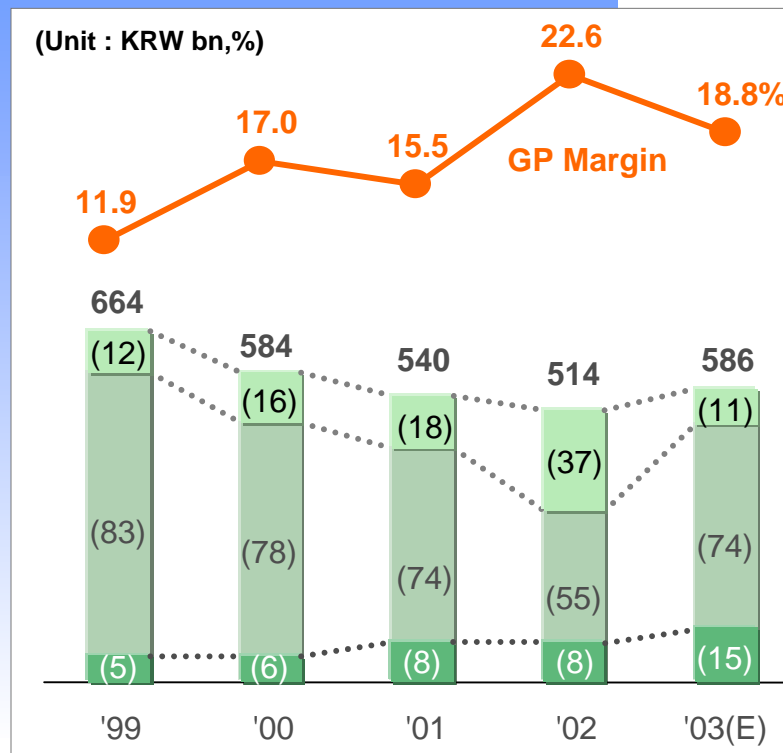
Other Profits



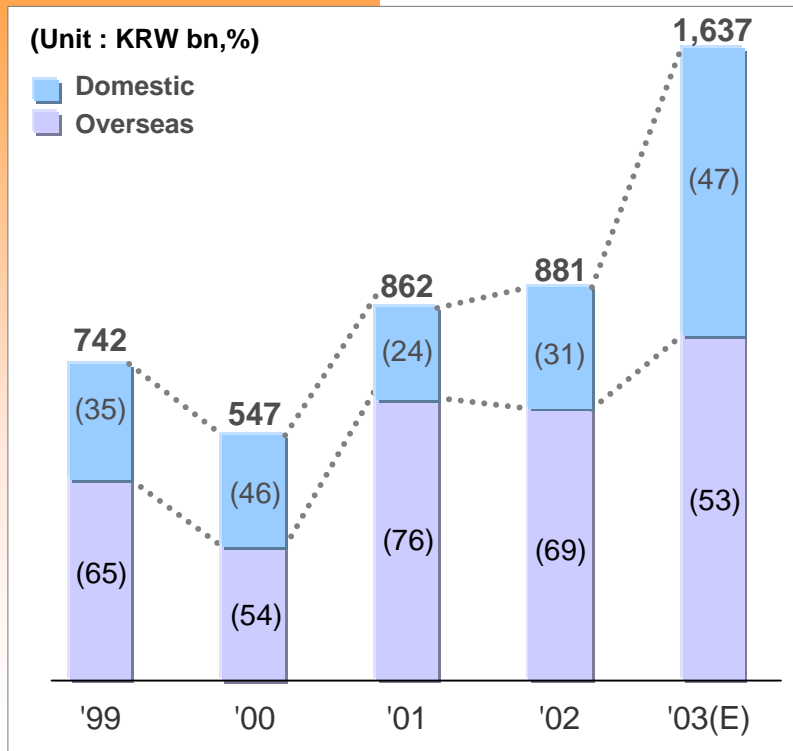
New Orders



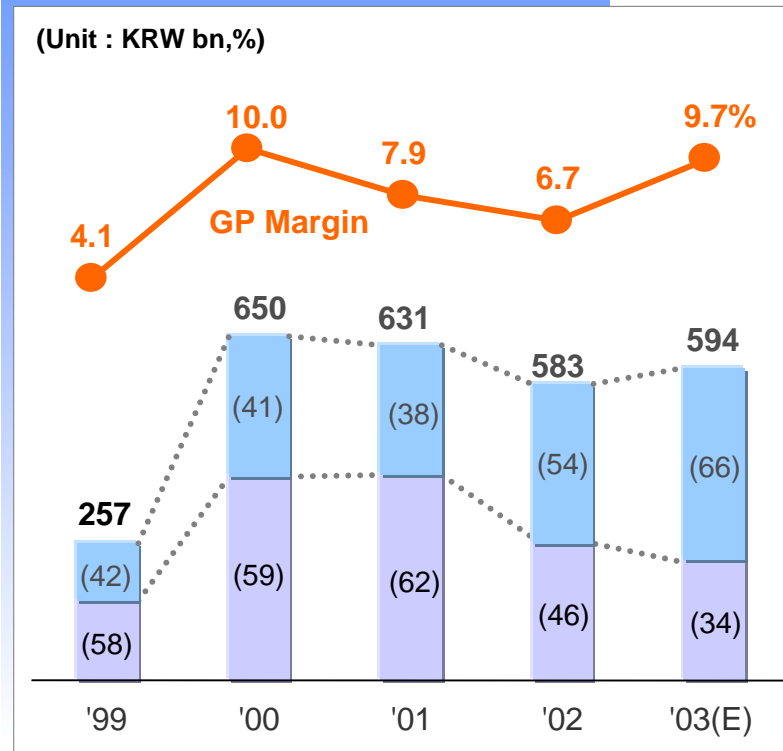
Sales Revenues & Gross Margin



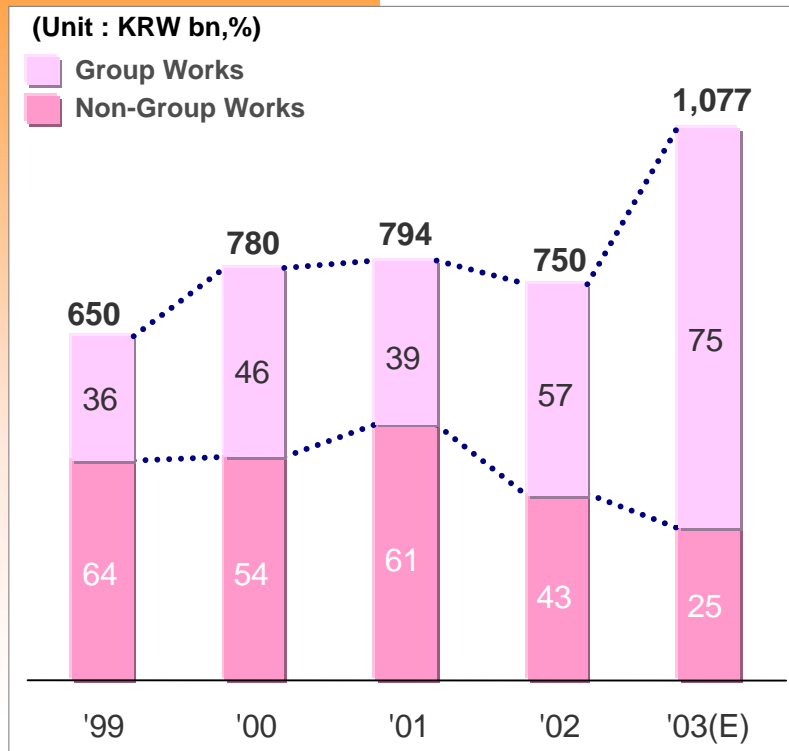
New Orders



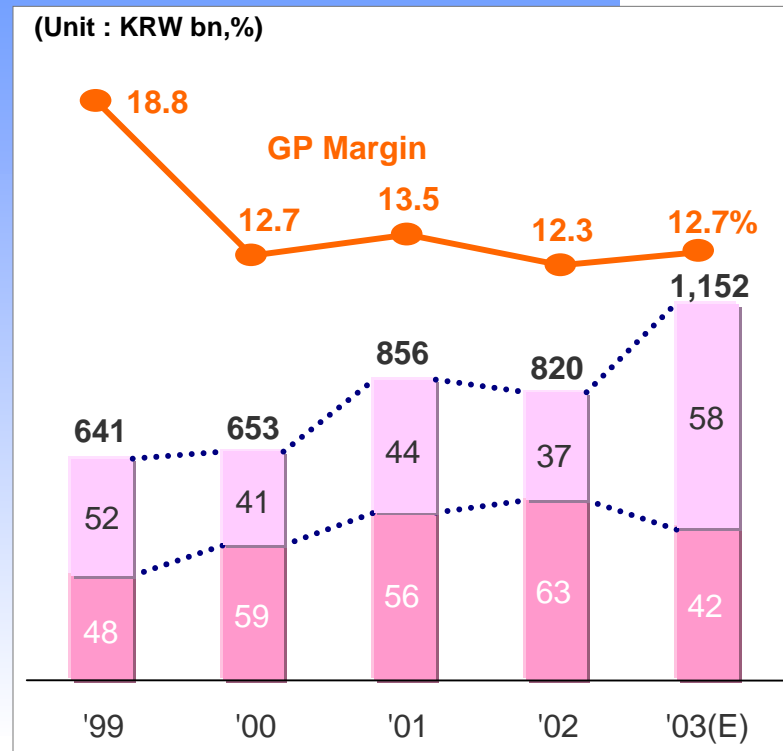
Sales Revenues & Gross Margin



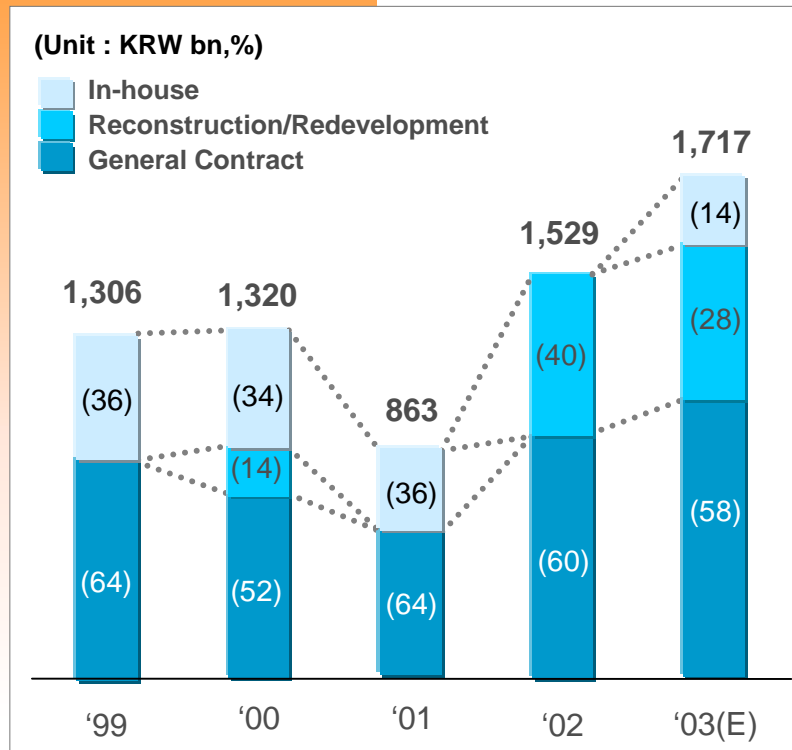
New Orders



Sales Revenues & Gross Margin

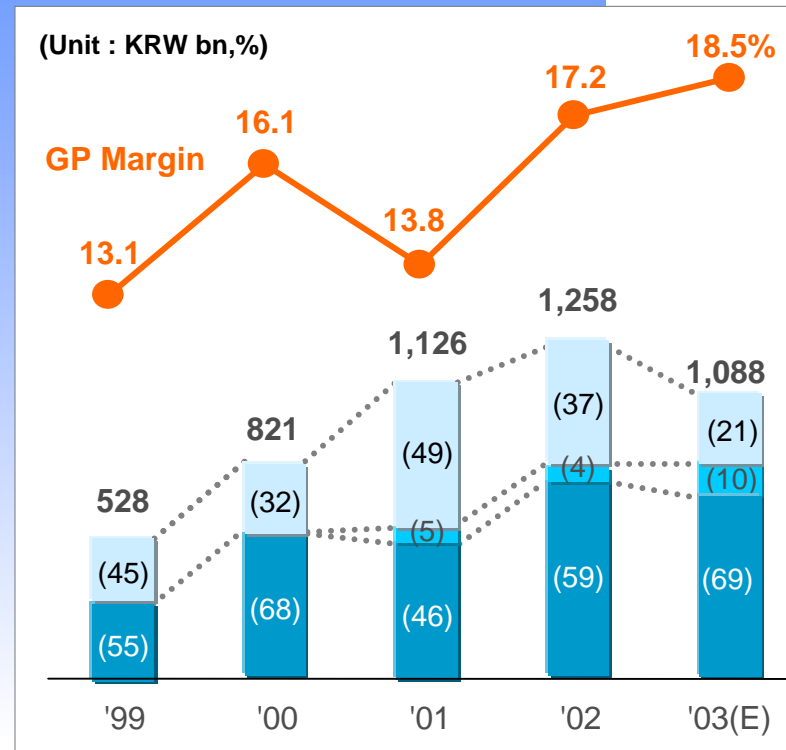


New Orders

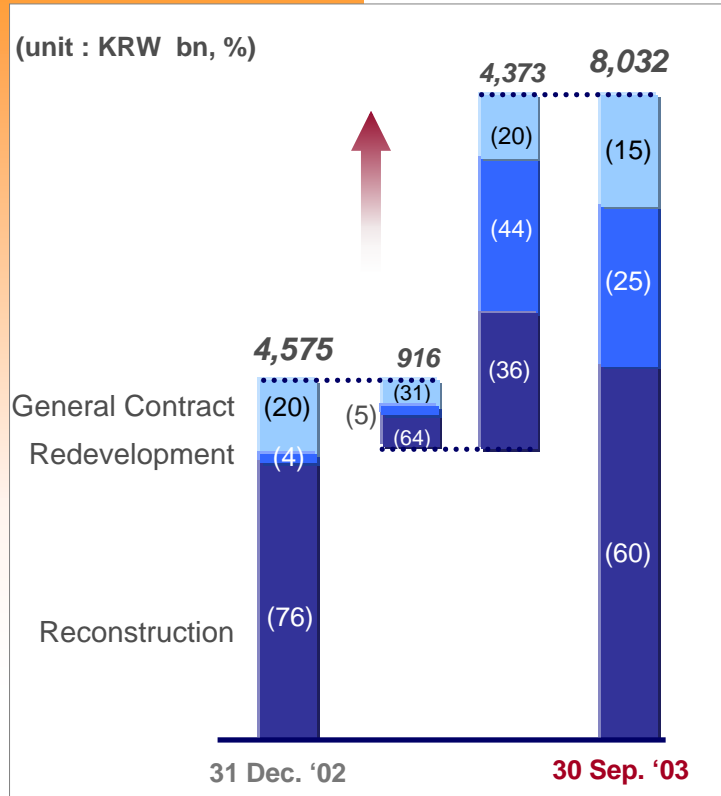


* provisional orders are not included.

Sales Revenues & Gross Margin



Provisional Orders



* () proportion of each sector
 * Figures are the cumulated total until 3Q 2003

2003 House Supply

(Unit : House unit, KRW bn)

Project	Unit	Amount	Presale Schedule
Dogok #1 Reconstruction	1,000	144.3	Jan.
Yangju Xi #1	2,864	222.6	May
Hangnag Eclat	278	36.9	Jun.
Cheongam Xi	170	60.7	Jun.
Hanam Xi	875	101.5	Jul.
Yangju Xi #2	742	95.1	Oct.
Daejeon Hanbat Xi	1,063	117.4	Oct.
Suji Xi	680	104.6	Nov.(P)
Mapyong, Yongin	504	48.9	Nov.(P)
Bangbae Reconstruction	67	22.0	Nov.(P)
Yipbuk, Suwon	974	100.6	Nov.(P)
Wolsung, Daegu	480	65.3	Dec.(P)
Busan Metrocity #6	2,262	244.7	Dec.(P)
Total	11,959	1,364.6	-

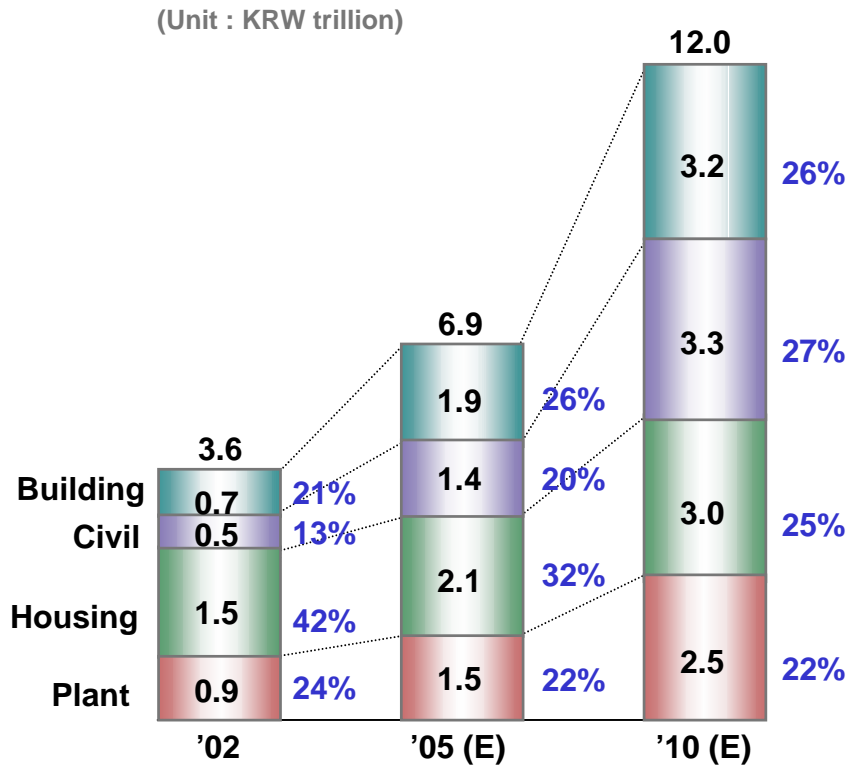
(As of Oct. 31, 2003)

(Unit : KRW bn)

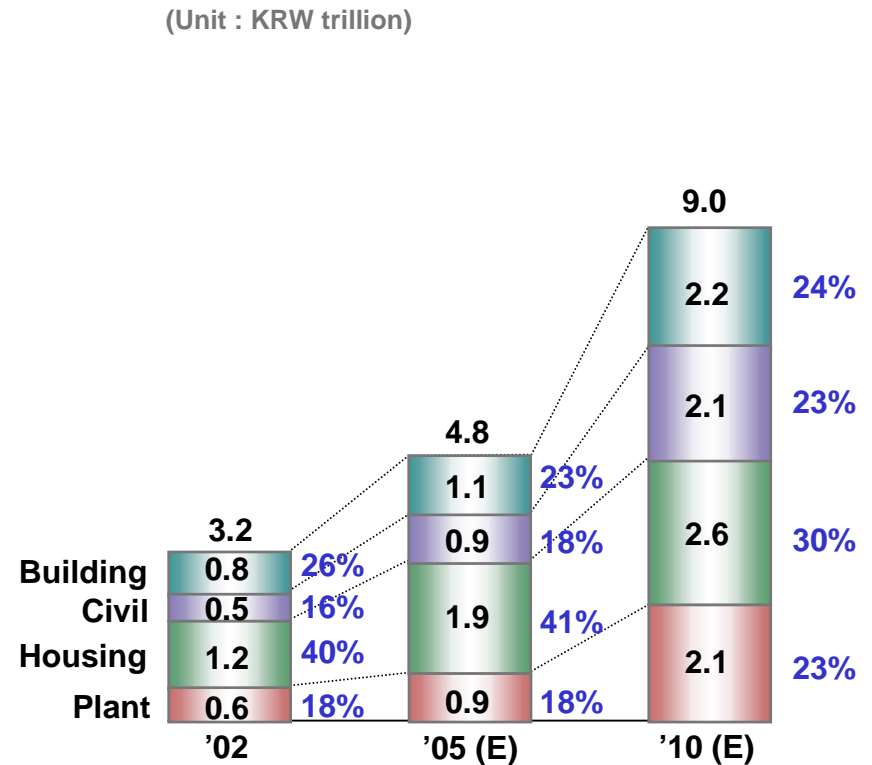
Business Division			Project	Date	Amount
Civil	Public	Turnkey	Bosung-Imsungri Railway #7	May	62.7
			Cheonggyecheon Restoration #3-2	June	67.8
			Gwangyang Port #3-2	June	51.4
			Jecheon-Ssangyong Railway	September	76.3
			Goha-Jukgyo Road(Bridge)	September	98.8
		Eligibility	Gachang-Gaknam Road	February	41.1
Plant	Public	Lowest	Sinwolsung Nuclear Power Plant #1, 2	June	103.2
		Eligibility	Incheon Combined Cycle Power Plant	January	50.0
	Private	LG	Environmental Facilities of P6 TFT-LCD Factory	March	198.9
			LG Petrochemical BPA	July	73.0
	Overseas	Iran	South Pars Gas Plant #9, 10	March	745.5
		Turkey	Izmit DHRP	June	96.0
Building	Public	Turnkey	Central Post Office Building	May	39.1
			Sacheon City Hall	August	19.9
			Banknote Minting Facility of KOMSEP	October	23.0
	Private	LG	P6 TFT-LCD Factory	March	404.7
	Overseas	China	Nanjing PDP Factory	June	12.0
Housing	Private	Reconst.	Hansung APT Complex Reconstruction	January	180.4
			Sungwon OPC APT Complex Reconstruction	June	106.0
		Redevelop.	Busan Yunji District #1 Redevelopment	July	46.7
		Contract	LG Hanam Xi	June	101.5
			Daejeon LG Hanbat Xi	September	119.2

The target amounts for new orders and sales revenues in 2010 are KRW 12 trillion and 9 trillion respectively. The Civil sector will be expanded sharply.

New Orders



Sales Revenues





LG Engineering & Construction Corp.

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