

IR Presentation

e n g i n e e r i n g & c o n s t r u c t i o n



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LG Engineering & Construction Corp.

March 2004

Table of Contents

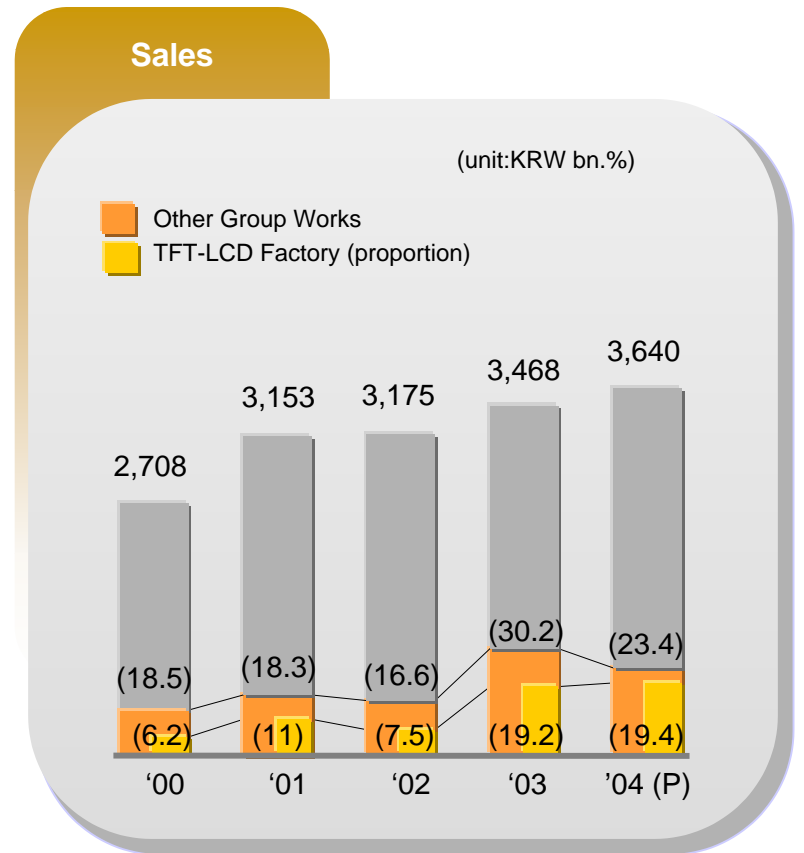
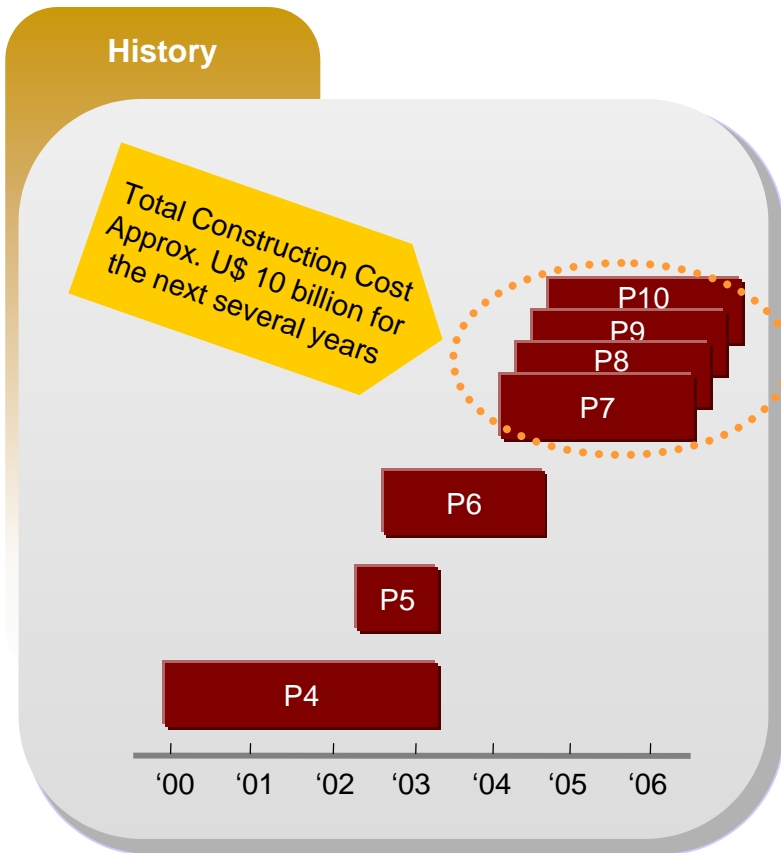
- Investment Highlights
- Market Overview
- Business Plan for 2004
- Forecast for the next 3 years
- Financial Structure
- * Appendix

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. 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. LG E&C shall not be responsible for any trading or investment decisions made based on this information.

1. Investment Highlights

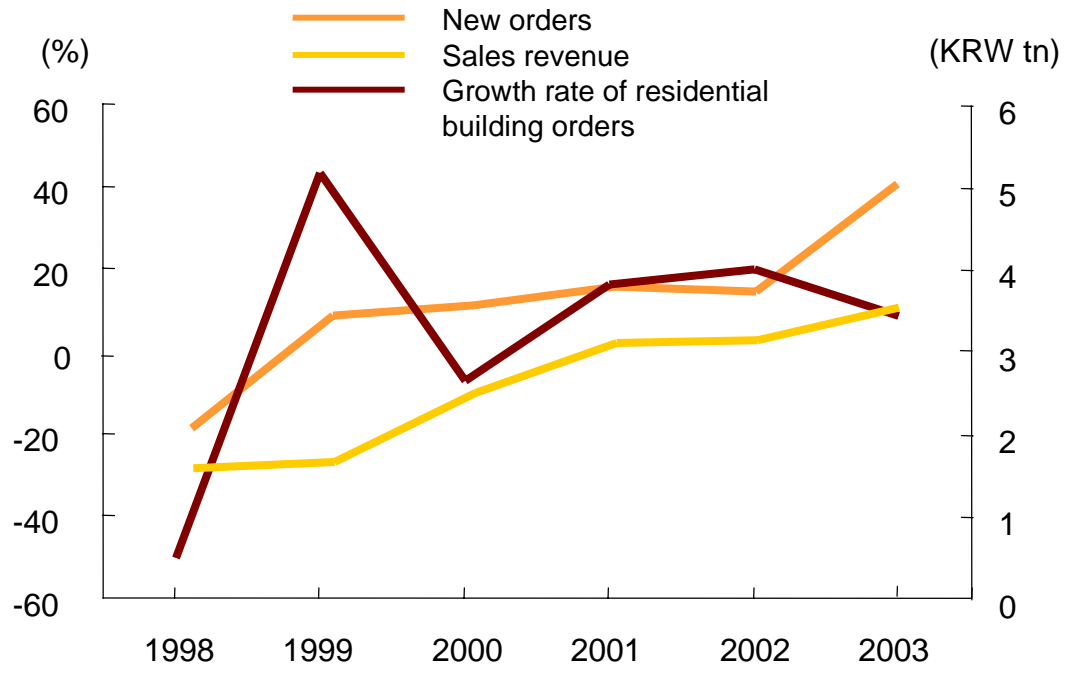
Major Growth Driver-TFT-LCD Factory

TFT-LCD factory construction order from LG Philips LCD will be the continuous growth driver of LG E&C for the next several years.

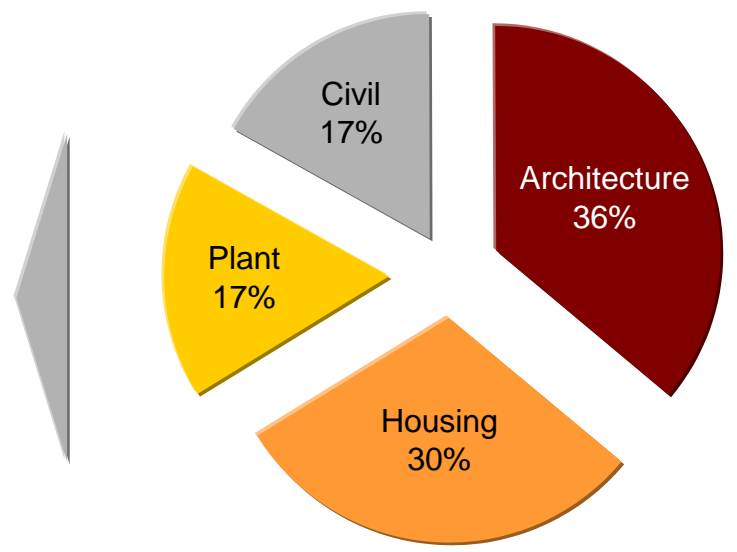


The leading indicator of construction industry, growth rate of residential building orders, has showed big changes in every year, but mainly due to the balanced business portfolio, our performance have shown consistent growth.

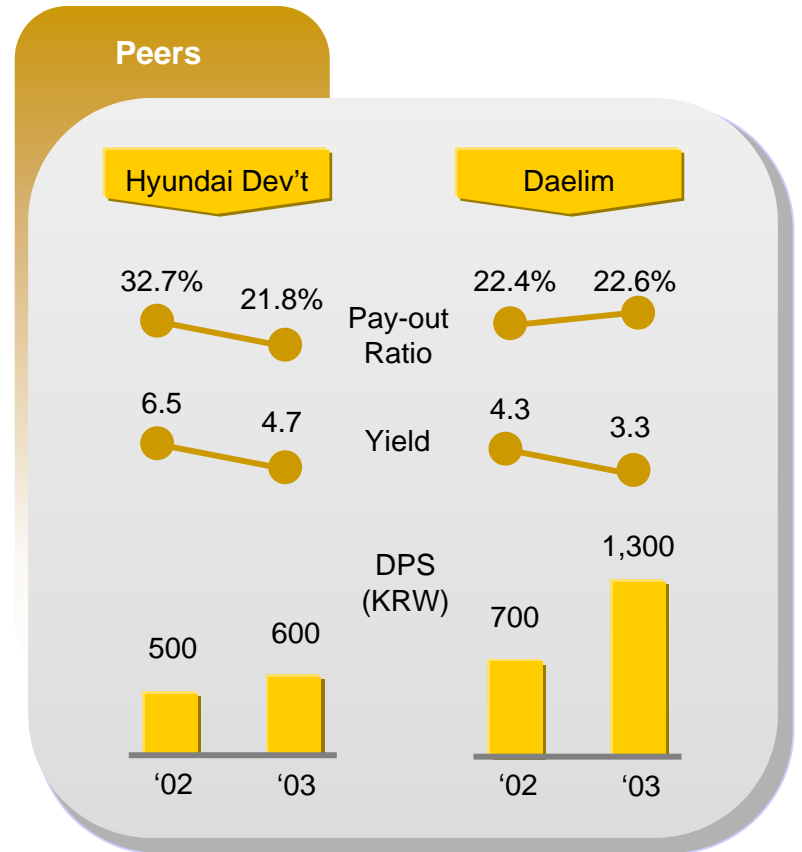
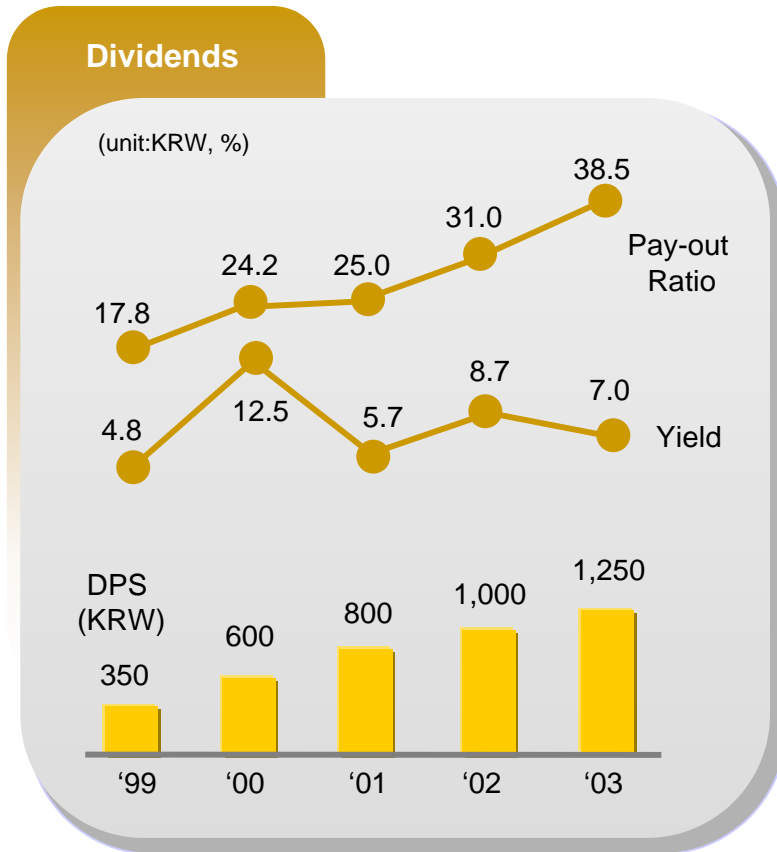
Consistent Performance



Sales Composition (2003)



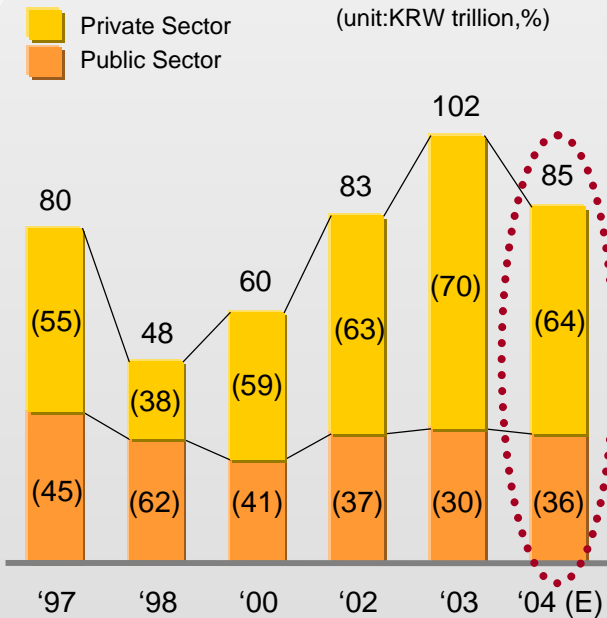
As showed below, our pay-out ration has been increased for the past 5 years, also the dividend yield shows more attractive than peers.



2. Market Overview

The contract amounts for 2003 was jumped 23% YoY, mainly due to the sharp increase in housing market. However, it is estimated to decrease approximately 85 trillion in 2004 mainly due to the slow down in private sector.

Contract Amounts Trends



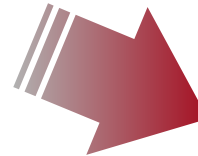
Source : Construction Association of Korea (2004)

Opportunity

- High speed train launching
- Construction of new administrative capital
- Introduction of Mortgage Loan
- Increase of government spending
- 50 New Town development by 2012
- Bright overseas market due to the high oil price

Threat

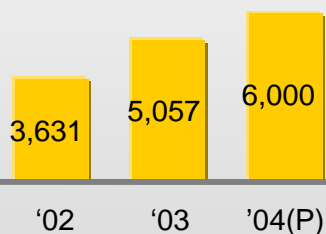
- Stabilization policy in housing market
- Possible increase of interest rates
- Increase of credit defaulter
- Delay of domestic economy recovery
- Continuous increase of raw material price



Keeping 5 business divisions, Civil, Plant, Environment, Architecture and Housing, LG E&C aims to maintain a continuous profitable growth through “Select & Focus” strategy for each of the segmented categories of each divisions.

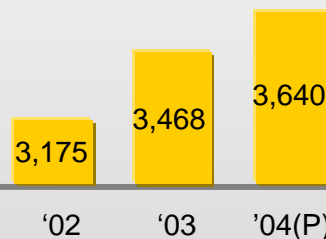
New Orders

(unit:KRW billion)



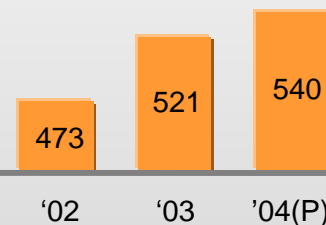
Sales Revenue

(unit:KRW billion)



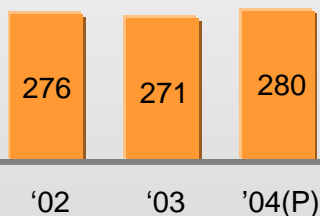
Gross Profit

(unit:KRW billion)



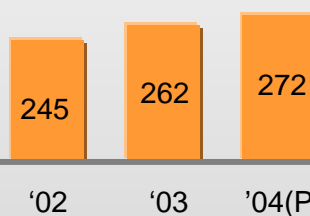
Operating Profit

(unit:KRW billion)



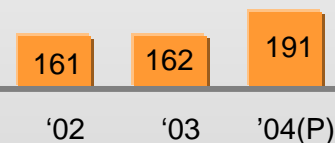
Recurring Profit

(unit:KRW billion)



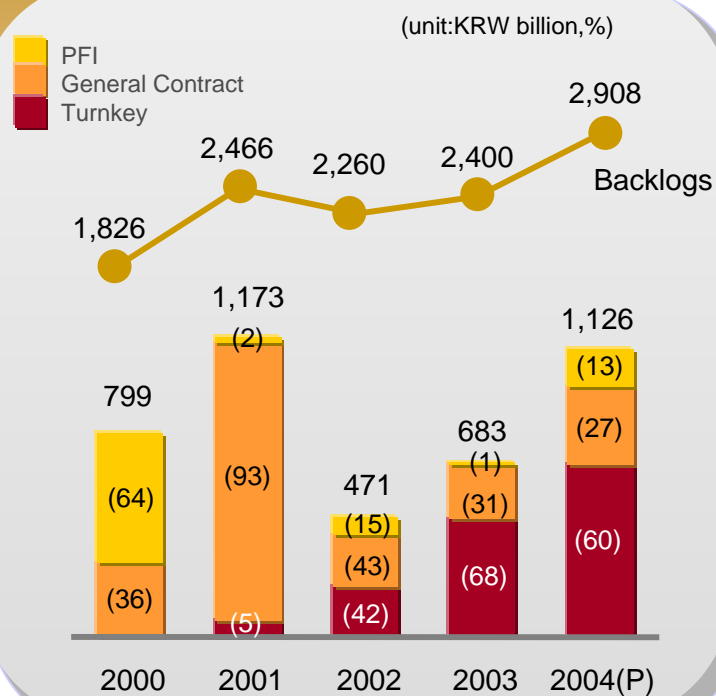
Net Profit

(unit:KRW billion)

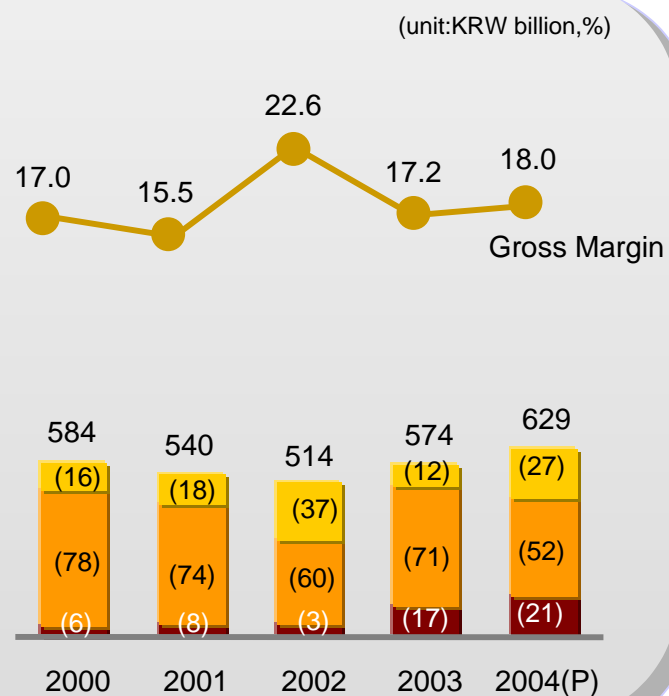


Focusing on a significant increase in new orders with active participation in public turnkey and privately funded infrastructure (PFI) projects, while trying to secure stable investment sources for the new PFI projects by disposal of our stakes for the completed PFI projects.

New Orders & Order Backlogs

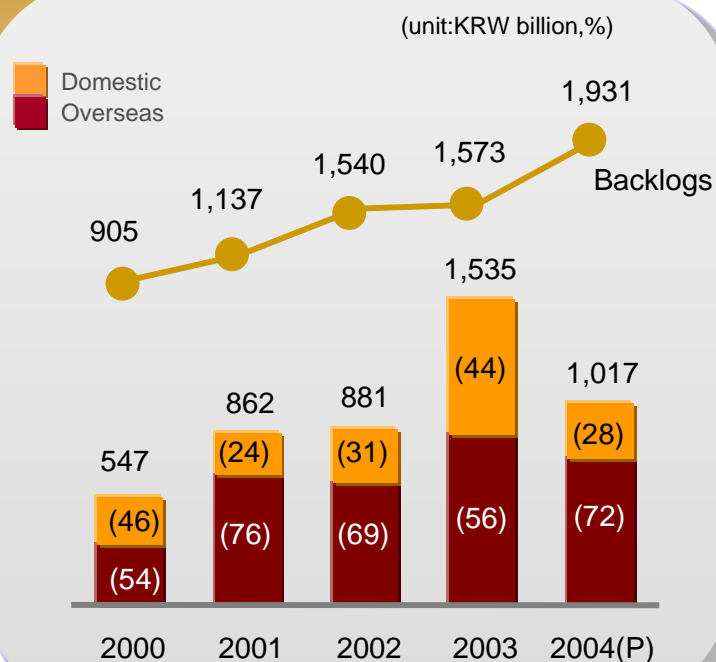


Sales Revenue & Gross Margin

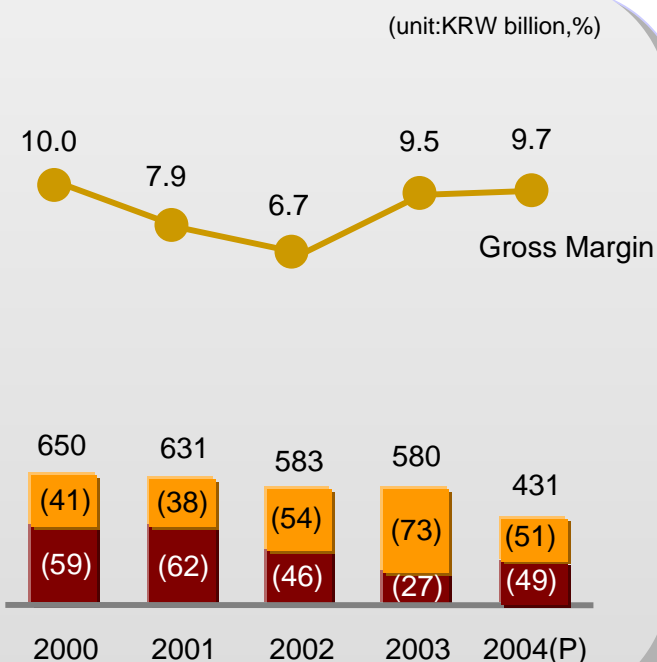


Focusing on overseas oil refinery, petrochemical and gas plant projects, while diversifying the business regions from Middle East to China and Russia, also strengthening the risk management of South Pars 9 & 10 project for its successful implementation.

New Orders & Order Backlogs



Sales Revenue & Gross Margin



* From 2004, the Environment business division to be separated from the Plant division

Building a reputation as a market leader in the environmental sector with active participation in public sector particularly on turnkey and PFI projects, and group related projects including TFT-LCD environmental facilities.

New Orders & Order Backlogs

(unit:KRW billion,%)

Group
Non-Group

369



Backlogs

350



From 2004, the Environment business division to be separated from the Plant division

2000 2001 2002 2003 2004(P)

Sales Revenue & Gross Margin

(unit:KRW billion,%)

17.1



Gross Margin

210

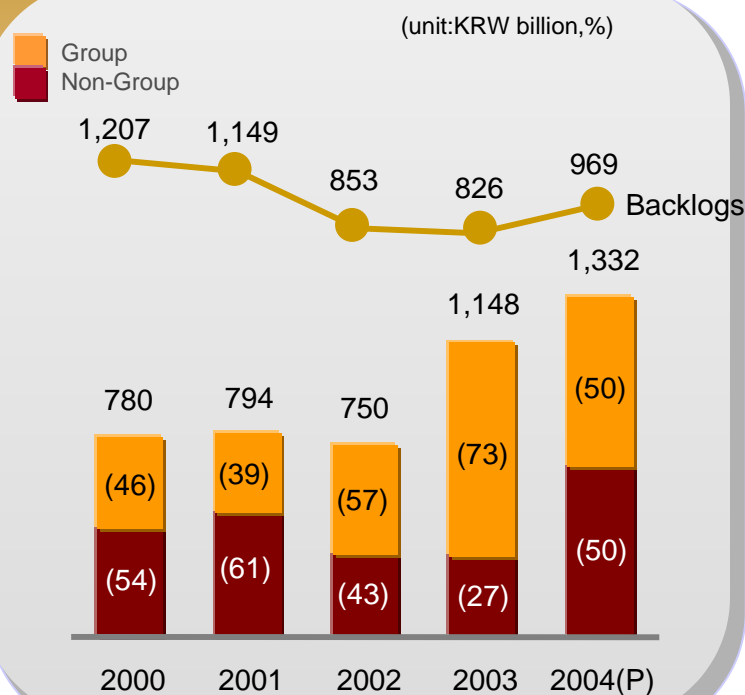


From 2004, the Environment business division to be separated from the Plant division

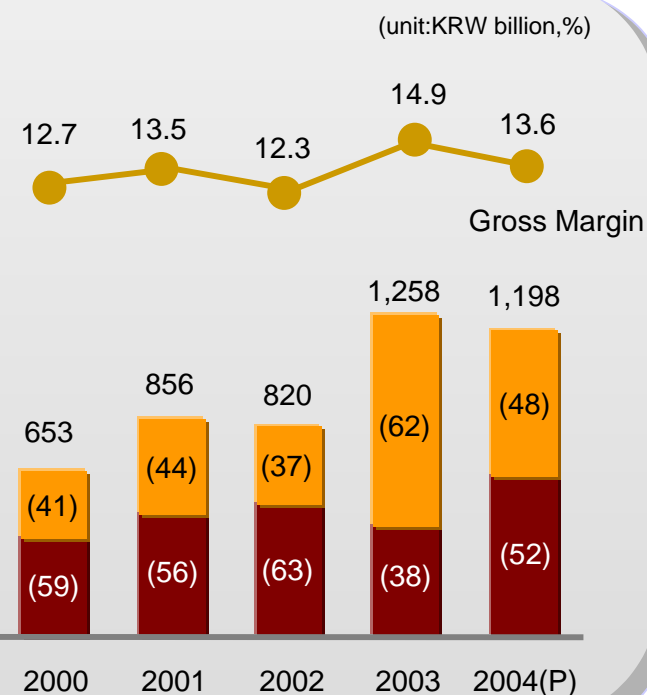
2000 2001 2002 2003 2004(P)

With the special emphasis on the TFT-LCD factory construction, which will be the major growth driver for the next several years, focusing on group-related, public turnkey and development projects.

New Orders & Order Backlogs

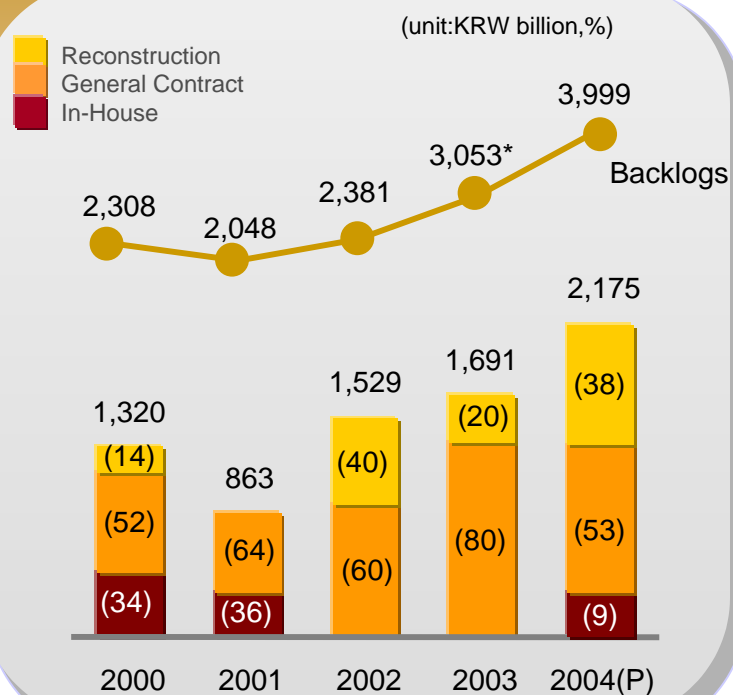


Sales Revenue & Gross Margin

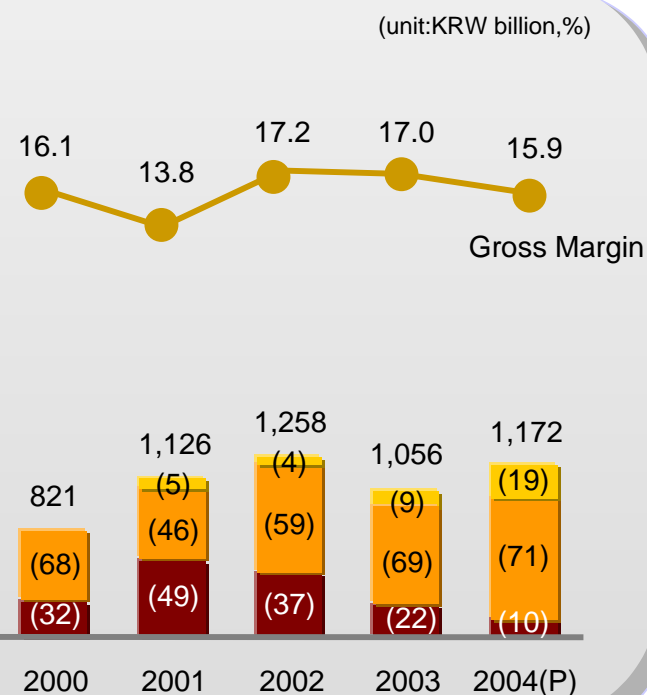


Strengthening the Customer Relationship Management (CRM) system and emphasizing on the profitability with selective new orders and increase of the pre-sale rate considering possible slow down in the housing market.

New Orders & Order Backlogs



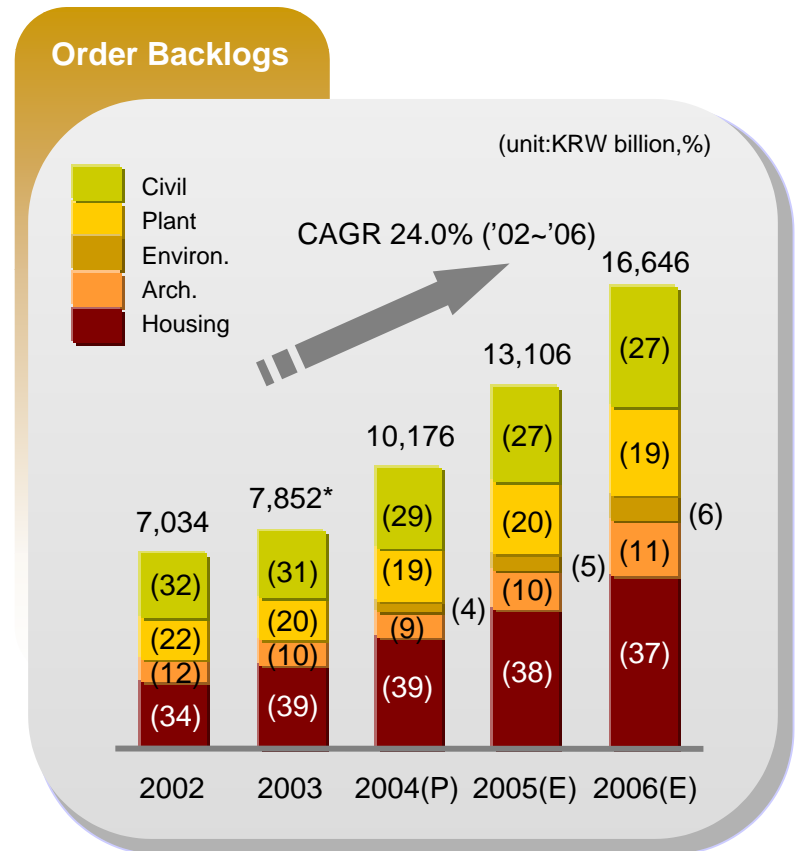
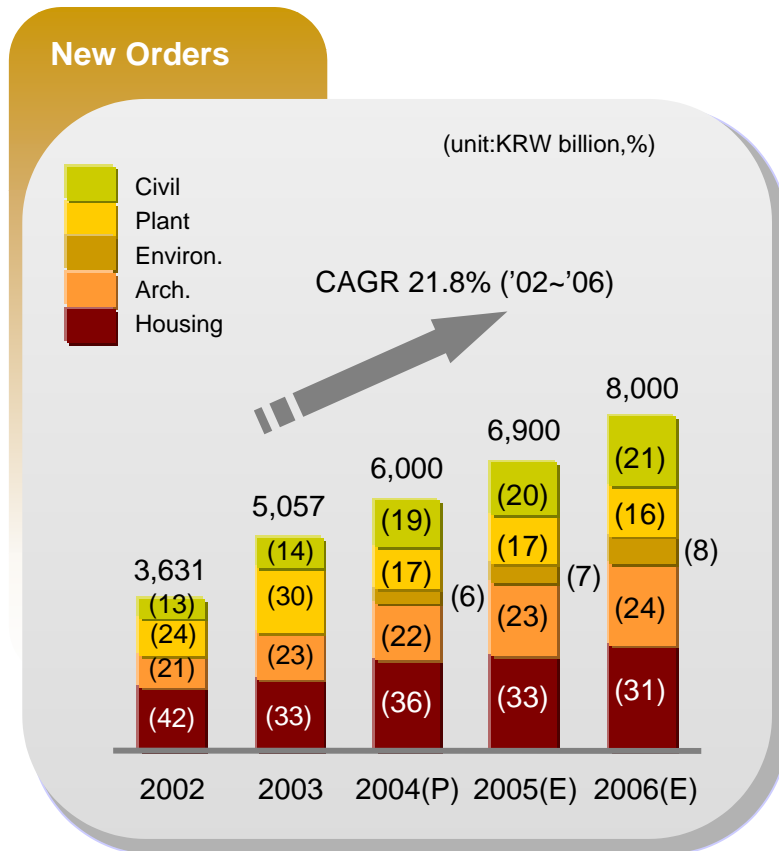
Sales Revenue & Gross Margin



* Approximately 8.7 trillions of provisional order backlogs not included.

4. Forecast for the next 3 years

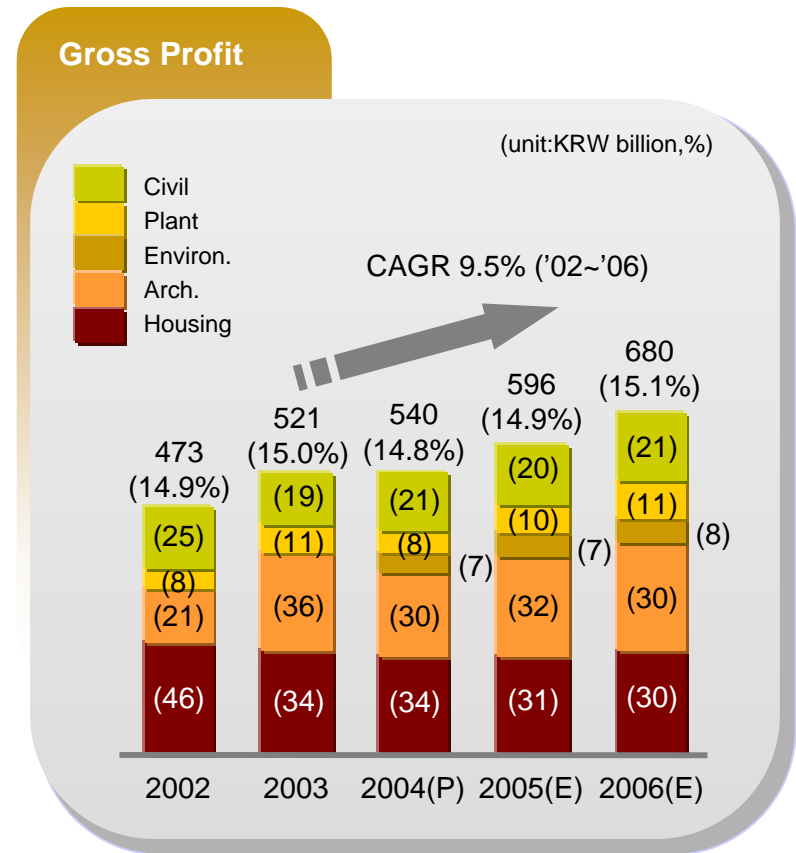
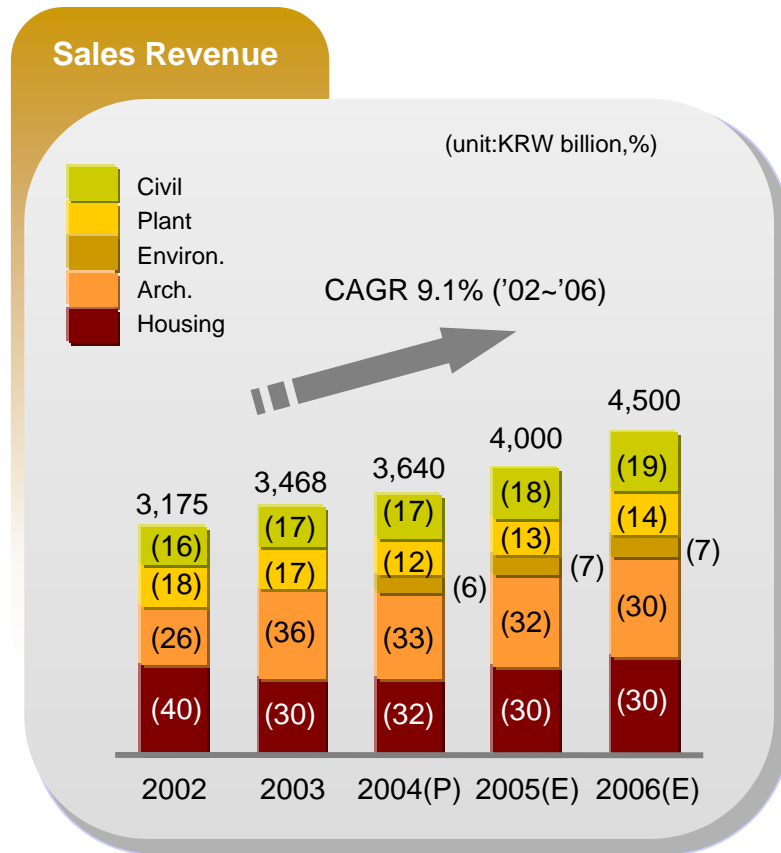
Aiming a continuous growth based on the strong sales force and marketing channel established in 2003, and massive work volume from TFT-LCD factory construction, reconstruction/redevelopment projects as well as oil refinery/petrochemical plants-centered overseas plant projects.



* Approximately 8.7 trillions of housing provisional order backlogs not included.

4. Forecast for the next 3 years

Based on a well balanced and diversified business portfolios of five divisions, expecting the very steady growth of sales revenue and gross profit due to the continuous increase of new orders.



While minimizing the financial risks with the rapid reduction in borrowings, the asset efficiency ranks top level among listed companies in Korea.

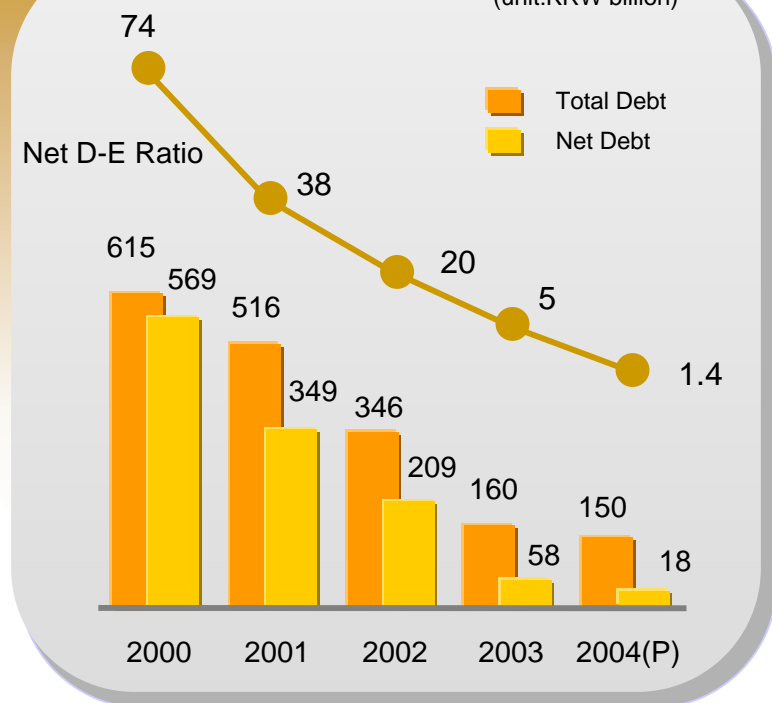
Financial Structure

(Unit:KRW billion)

	2002	2003	2004 (P)
Total Assets	2,662	2,690	2,762
Total Liabilities	1,613	1,535	1,446
Total Equities	1,049	1,156	1,316
Capital	255	255	255
Retaining	656	765	914
L.-E Ratio(%)	154	133	110
Asset Turnover Ratio (Times)	1.20	1.29	1.34

Borrowings

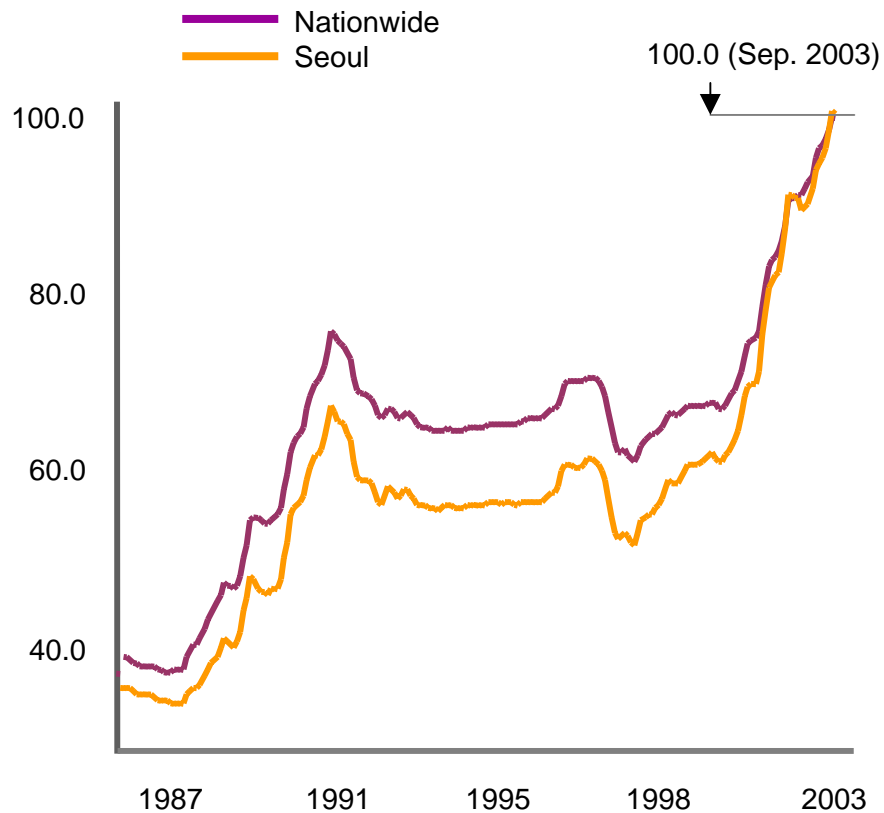
(unit:KRW billion)



Appendix

- ✓ Housing Market Index
- ✓ Investments
- ✓ PFI Projects
- ✓ Provisional Order Backlogs in Housing Div.
- ✓ Summarized Balance Sheet
- ✓ Summarized Income Statement

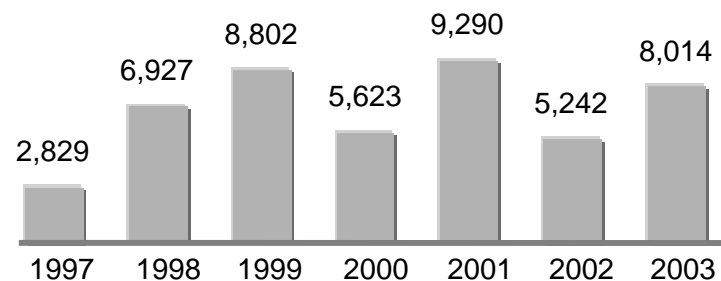
Apartment Price Changes



Housing Supply

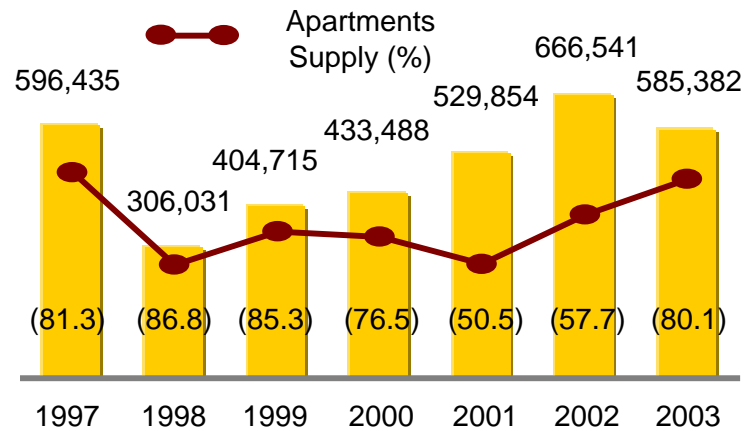
Total Housing Supply By LG E&C

(unit : units)

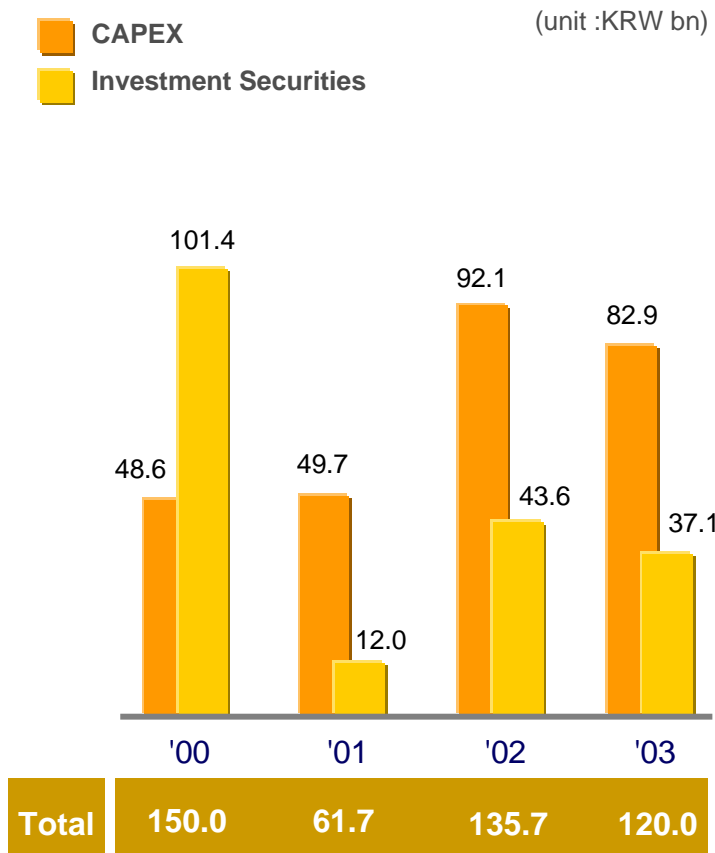


Total Housing Supply Nationwide

(unit : units,%)



Investment Trend



* All figures are net amounts

'03 Performance & '04 Plan

(unit :KRW bn)

Description	2003	2004(P)
PFI	37	52
Land	-	40
Resort	67	72
IT & R&D etc.	16	19
Total	120	183

As of Dec., 2003

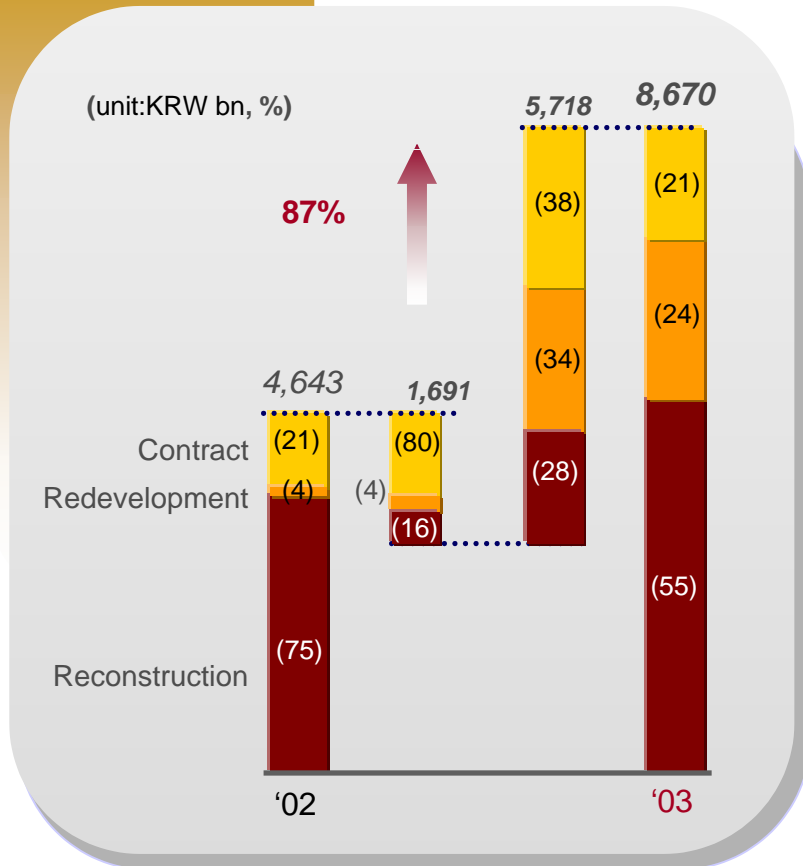
(unit:KRW bn)

Status	Name of Project	LG Shares (%)	Invested Amount	Sold	Contract Amount
Investment Completed	* New Airport Highway	5%	21.7	22.8 (KTCU, Dec. 2003)	190.8
	* Chonan-Nonsan Highway	25%	112.5	112.5 (KRIF, Feb. 2004)	336.0
	Daegu East Beltway	14.6%	8.7	-	30.4
	* Daegu West-North Road	15.1%	3.3	3.7 (Municipality of Daegu, Nov. 2003)	16.4
	* Cholmasan Tunnel	23.5%	1.0	1.0 (KTCU, Nov. 2001)	20.0
	Manwolsan Tunnel	15%	5.0	-	14.5
	Sub-Total			152.2	140.0

KTCU : Korea Teachers' Credit Union, KRIF : Korea Road Infrastructure Fund

Status	Name of Project	Consortium Leader	LG Shares (%)	Investment Plan	Invested Amount	Contract Amount
Under Investment	Seoul Beltway	LG	27%	124.2	88.4	376.4
	Kangnam Beltway	Doosan	11.5%	27.0	1.1	97.1
	Sub-Total				151.2	89.5

Sales Revenue



* () proportion of each sector

By Sectors

(unit:KRW bn)

	'02	New Order Recognition ('03)	New Provi.Order ('03)	'03
Reconstruction	3,490	275	1,573	4,788
Redevelopment	168	56	1,929	2,041
Contract	985	1,360	2,216	1,841
Total	4,643	1,691	5,718	8,670

By Sectors

(unit:KRW bn)

	Project	Amount
Reconstruction	KC Joogong #2	244
	SB Hansin #4	186
	Others	1,143
	Total (12 projects)	1,573
Redevelopment	Y Union Houses	299
	W New Town	254
	Others	1,376
	Total (19 projects)	1,929

* Refer to the appendix for the major new provisional order project list

(unit:KRW billion)

Account	'02	'03	'04(P)	'05(E)	'06(E)
Total Assets	2,662	2,690	2,762	2,923	3,100
Current Assets	1,301	1,298	1,321	1,371	1,502
Receivables	836	875	768	820	887
Inventories	175	121	150	180	230
Fixed Assets	1,361	1,393	1,441	1,552	1,598
Total Liabilities	1,613	1,535	1,446	1,456	1,472
Current Liabilities	1,126	1,185	862	950	976
Long Term Liabilities	487	350	584	506	496
Borrowings	346	160	150	100	80
Total Shareholders' Equity	1,049	1,156	1,316	1,467	1,628
Capital Stock	255	255	255	255	255
Capital Surplus & Retained Earnings	656	765	914	1,065	1,226
Liability to Equity Ratio (%)	153.8	132.8	109.9	99.3	90.4

(unit:KRW billion)

Account		'02	'03	'04(P)	'05(E)	'06(E)
Sales Revenue	Civil	514	574	629	711	856
	Plant	583	580	431	500	600
	Environment*	-	-	210	280	330
	Architecture	820	1,258	1,198	1,289	1,352
	Housing	1,258	1,056	1,172	1,220	1,362
Total		3,175	3,468	3,640	4,000	4,500
Gross Profit		473	521	540	596	680
S & A Expense		197	250	260	285	320
Operating Income		276	271	280	311	360
Ordinary Income		245	262	272	300	340
Net Profit		161	162	191	217	247

* From 2004, the Environment business division to be separated from the Plant division.