

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



www.lgencir.com



LG Engineering & Construction Corp.

April, 2004

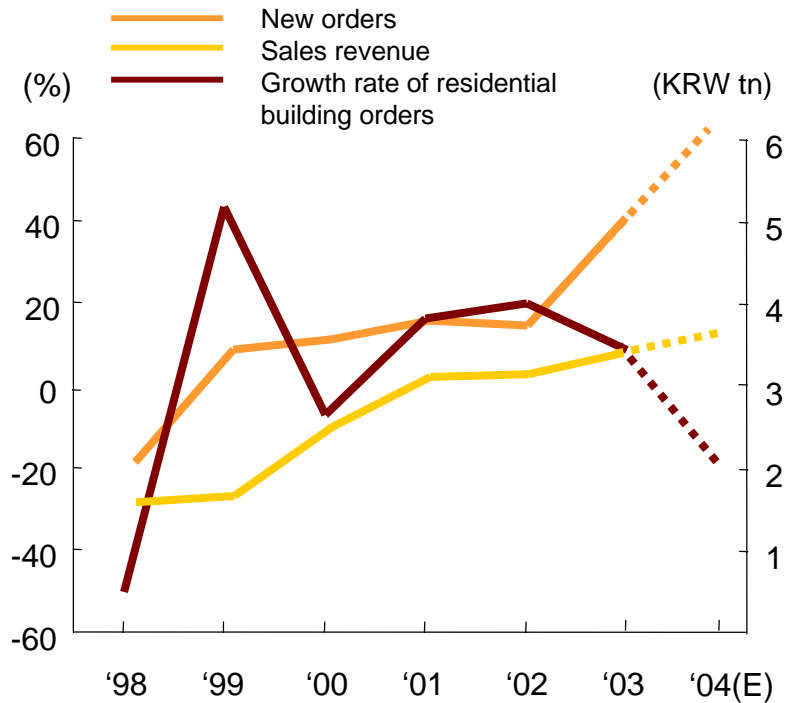
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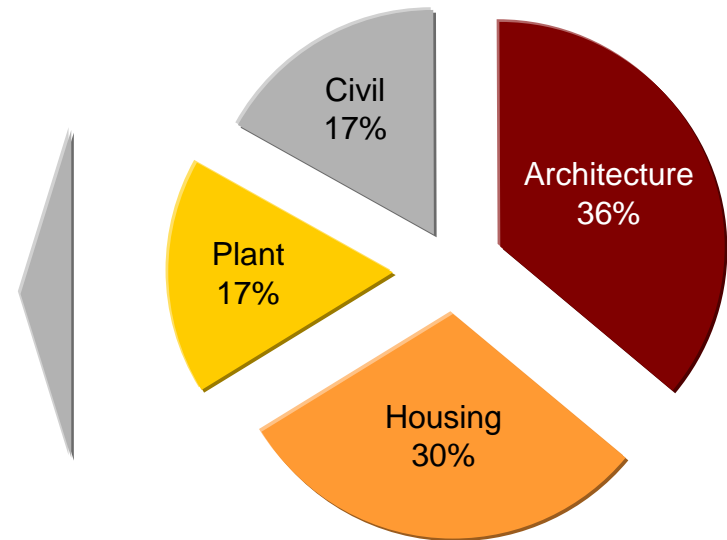
This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside LG E&C, which are subject to uncertainties. Due to the volatility of these factors, actual results may differ from those set forth in the presented statements.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

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 has showed consistent growth.

Consistent Performance

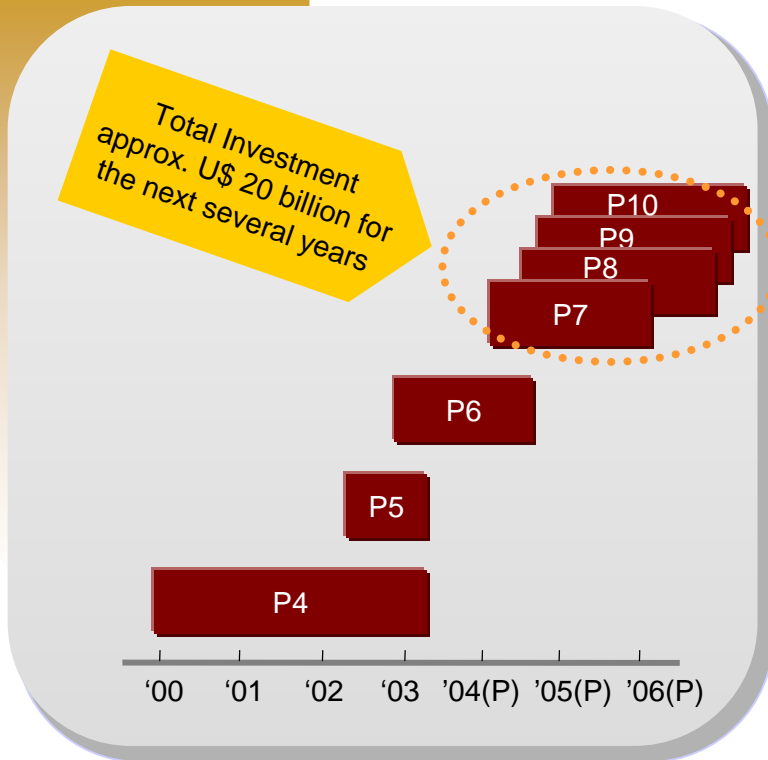


Sales Composition (2003)

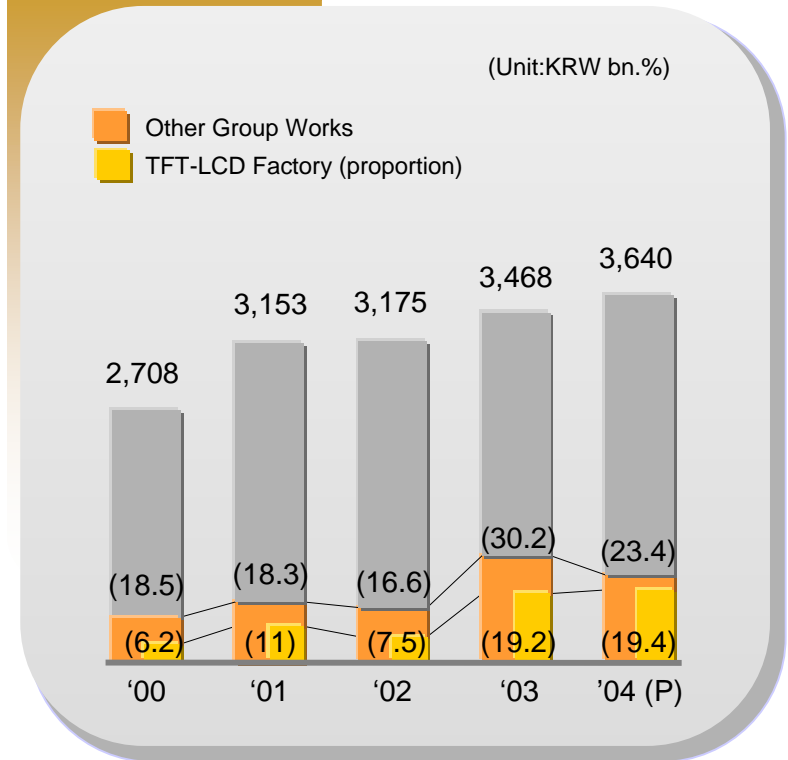


TFT-LCD factory construction order from LG Philips LCD will be the continuous growth driver of LG E&C for the next several years.

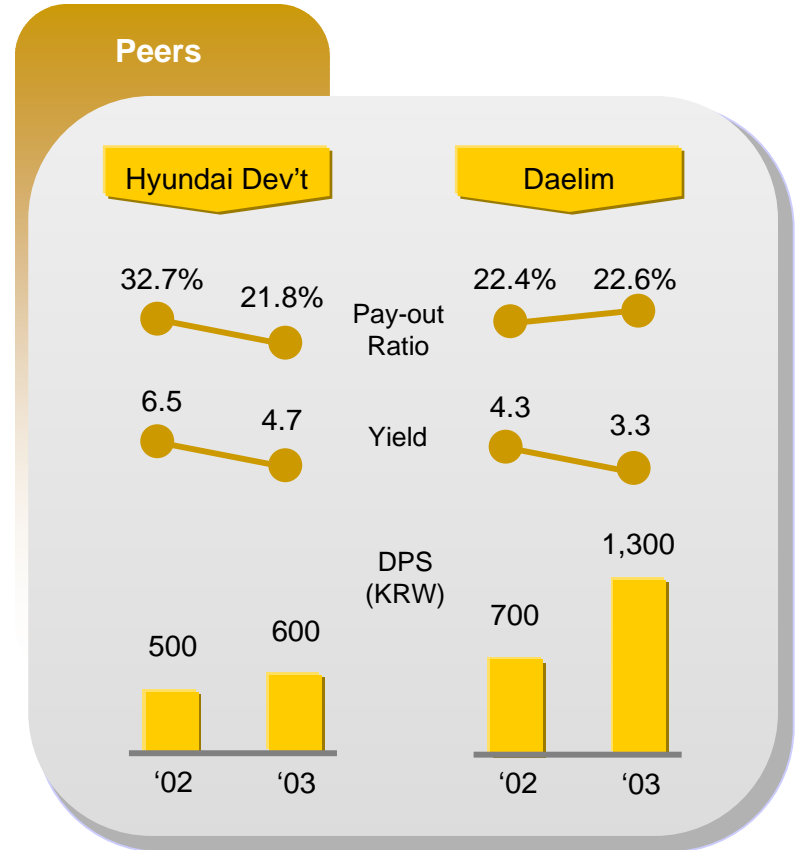
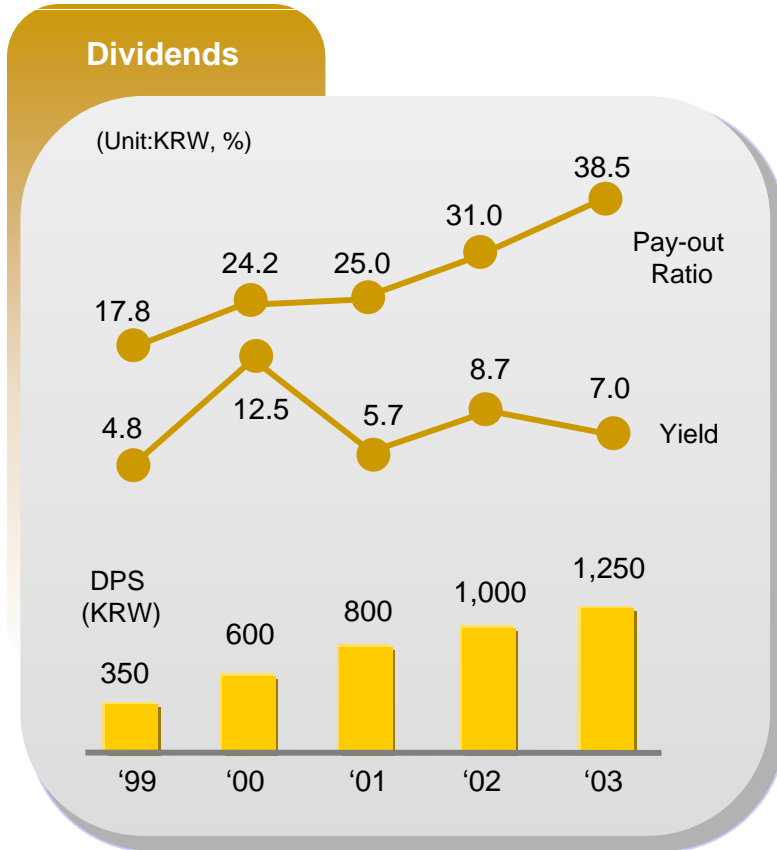
History of TFT-LCD Factory



Sales from LG Affiliates



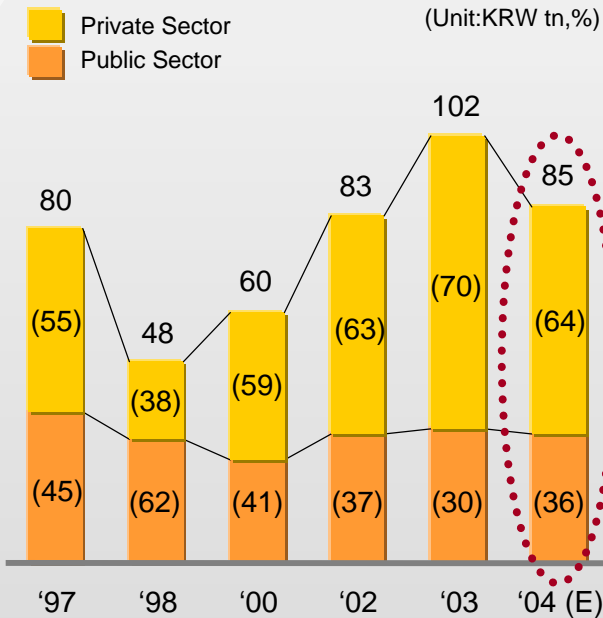
As showed below, our pay-out ratio has been increased for the past 5 years, also the dividend yield shows more attractive than peers.



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 slowdown in private sector.

Contract Amounts Trends



Source : Construction Association of Korea (2004)

Civil	31.5
Residential	32.5
Non-residential	21.0

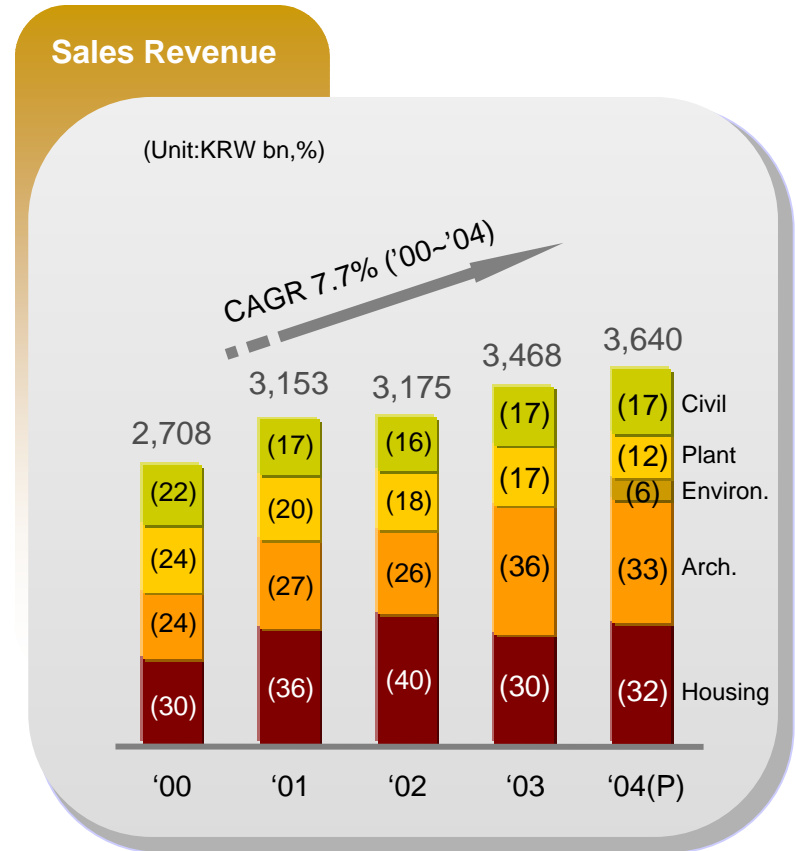
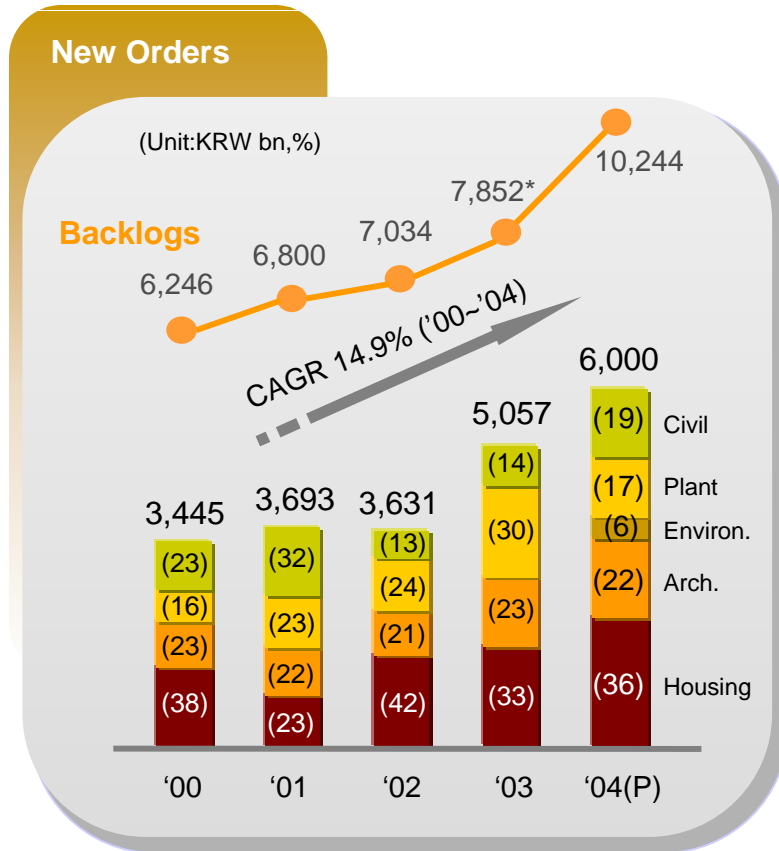
Opportunity

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

Threat

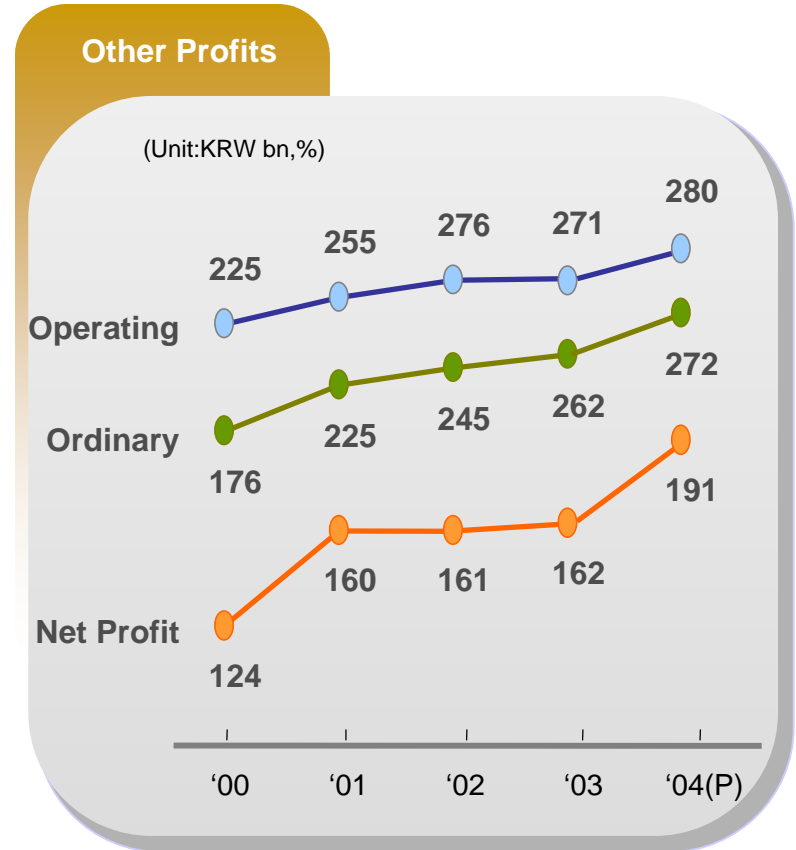
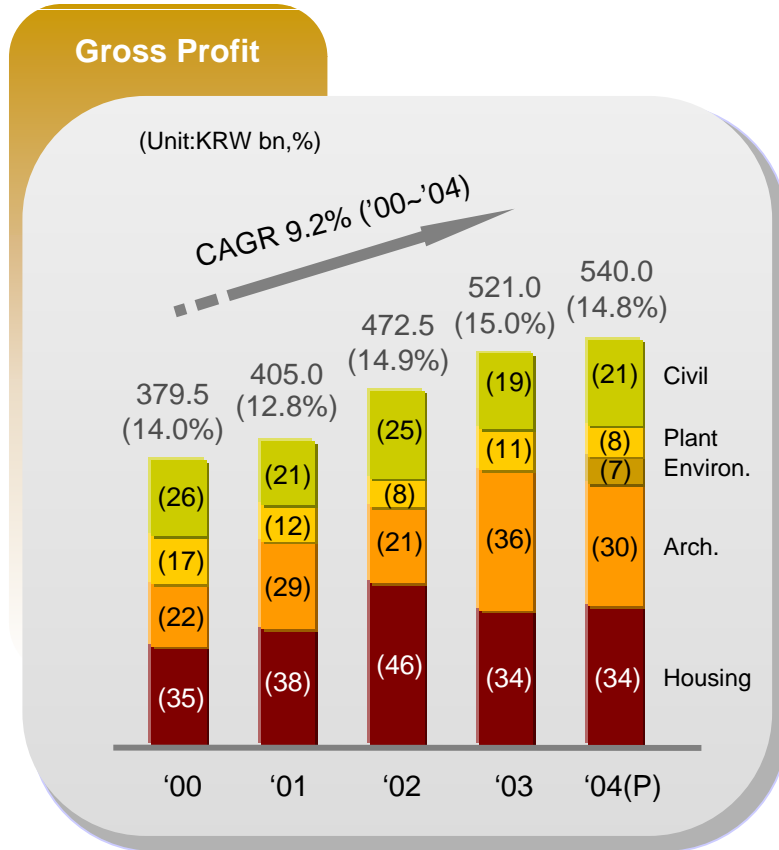
- Stabilization policy in housing market
- Possible increase of interest rates
- Increase of credit defaulters
- Delay of domestic economy recovery
- Continuous increase of raw material price

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

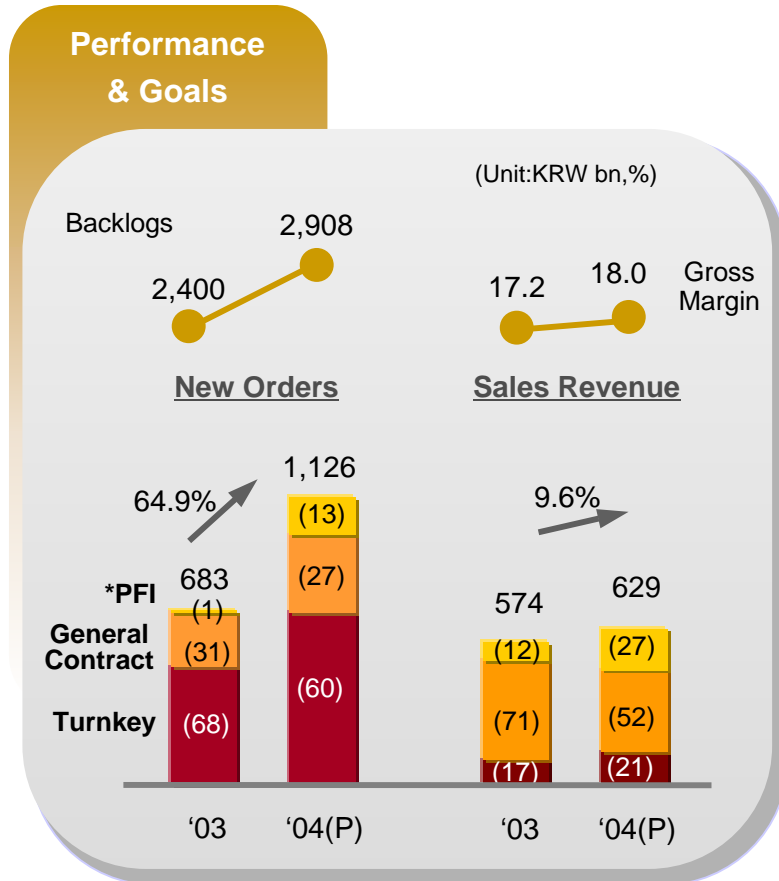


* Excluding W 8.7 trillion worth of provisional orders in housing division.

LG E&C has demonstrated its best profitability regardless of market conditions, and will seek a continuous long term profitable growth.



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.



*PFI : Privately Funded Infrastructure

2004 Focus

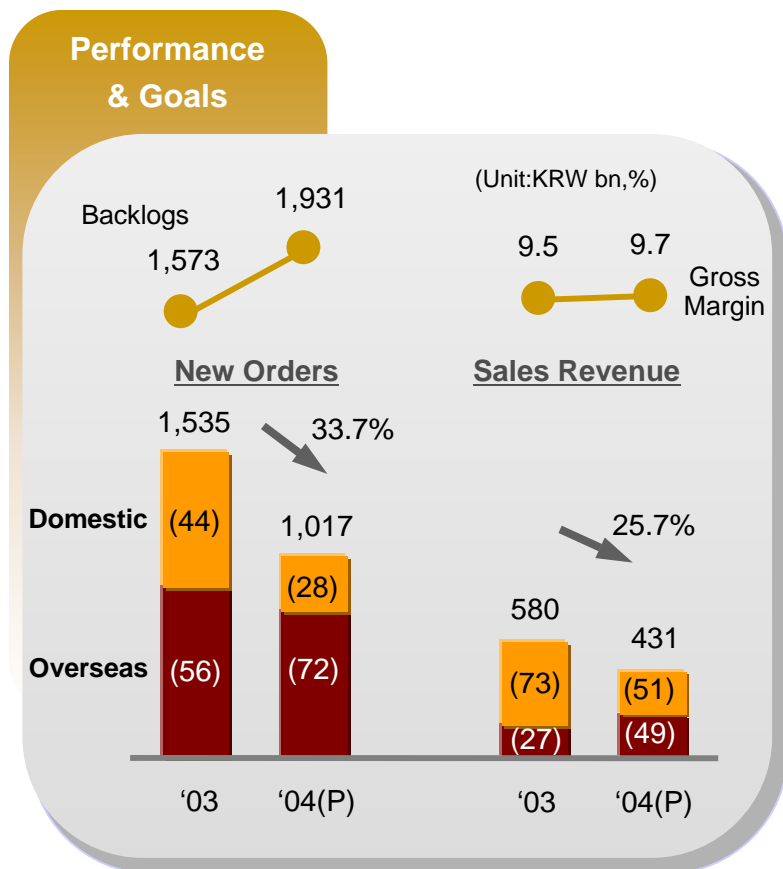
PFI Projects

- Contracted to sell our stakes of SPC to KRIF for Cheonan Nonsan Highway Project
- Pursuing 6 new projects
- Investment plan for 2004 : KRW 52 billion

Turnkey Projects

- Increasing success rate in bidding (winning in 7 projects out of 12 biddings in 2003)
- Planning to participate in 14 biddings in 2004
- Reinforcing marketing capabilities & design management capabilities

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.



2004 Focus

Accelerating Overseas Operation

- Robust facility investment in Middle East countries with high oil price
- Diversifying regions (Russia, CIS, China)

Focusing on public sector in Korea

- Trying to grab more opportunities particularly in Energy & Power projects

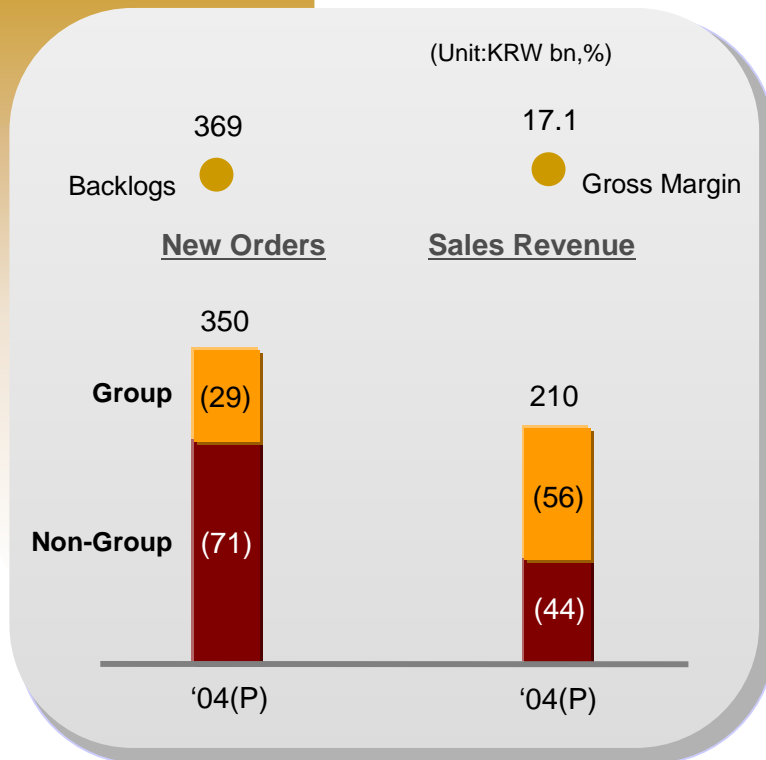
South Pars 9&10 Project in Iran (US\$ 655 Mil.)

- Strengthening risk management

* 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.

Performance & Goals



2004 Focus

Turnkey Projects

- Planning to participate in 14 biddings in 2004 (winning 1 project out of 3 biddings in 2003)
- Cooperating with major competitors (consortium)
- Securing the top tier design companies

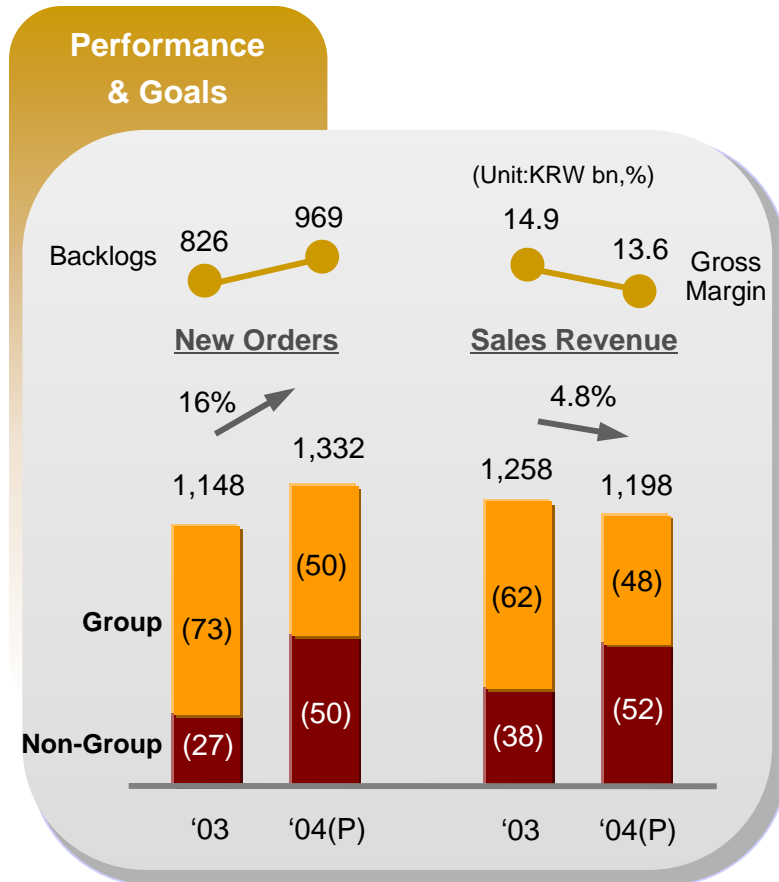
Environmental Facility in TFT-LCD Factory

- Finalizing P6 factory in Gumi and starting P7 in Paju

PFI Projects

- Pursuing some PFI projects related to water resources

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.



2004 Focus

TFT-LCD Factory

- Planning to complete P6 in Gumi
- Using Fast Track contract to shorten the construction period
- Commencing P7 in Paju
 - .Contract period : Mar. 2004 ~ Dec. 2005
 - .Estimated contract amount : KRW 1.5 trillion

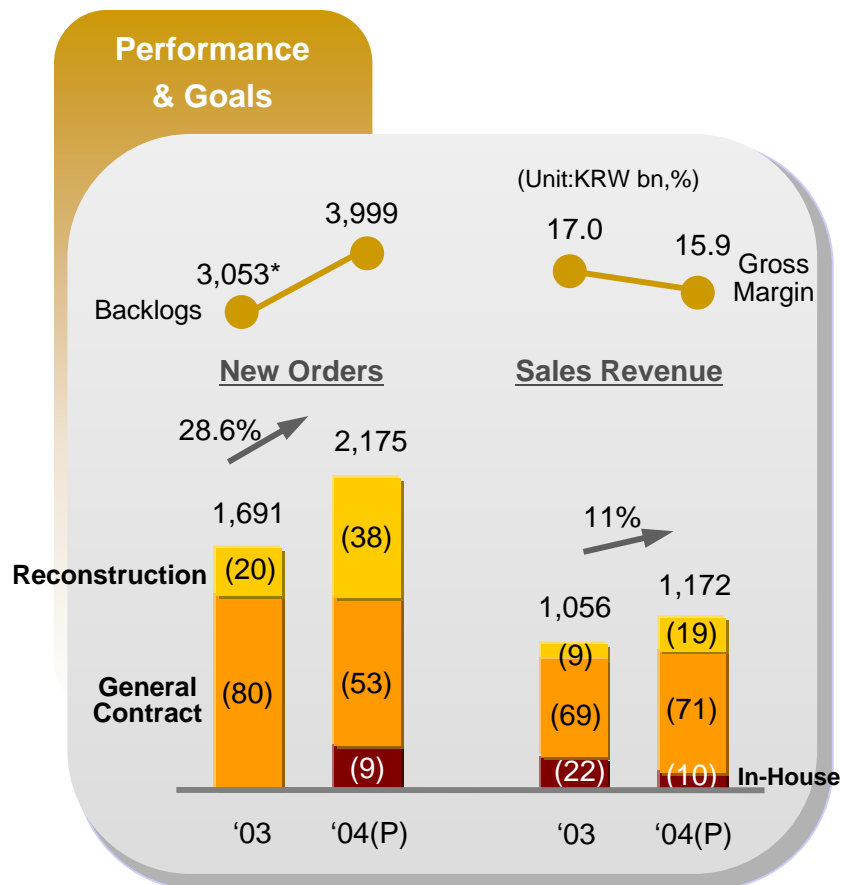
Turnkey Projects

- Planning to participate in 7 biddings in 2004 (Winning 3 projects out of 3 biddings in 2003)

Starting New Business

- Entering into the pre-sale building development market

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 slowdown in the housing market.



2004 Focus

Enhancing "Xi" Brand Power

- Quality products with high-tech such as home network system
- Reinforcing CRM system

In-house / Reconstruction Projects

- Trying to secure land for in-house business where feasible
- In-house project in Busan
- Expecting to get permit for some reconstruction projects (Banpo #3, estimated contract KRW 670 billion)

More Opportunities in Provincial Cities

- Launching the high speed train
- Relocation of new administrative capital

Increasing Housing Supply

- 8,014 units ('03) approx. 19,000 units ('04)

* Approximately 8.7 trillions of provisional order backlogs not included.

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

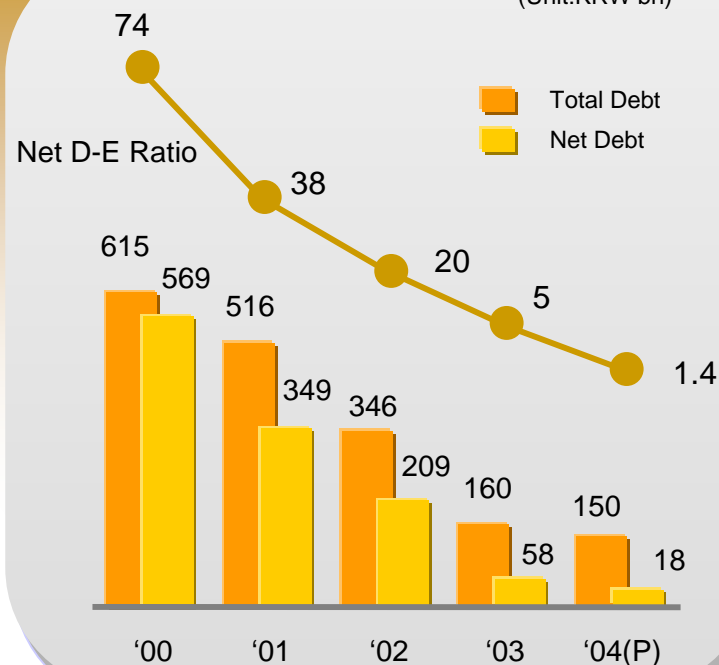
Financial Structure

(Unit:KRW bn)

	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

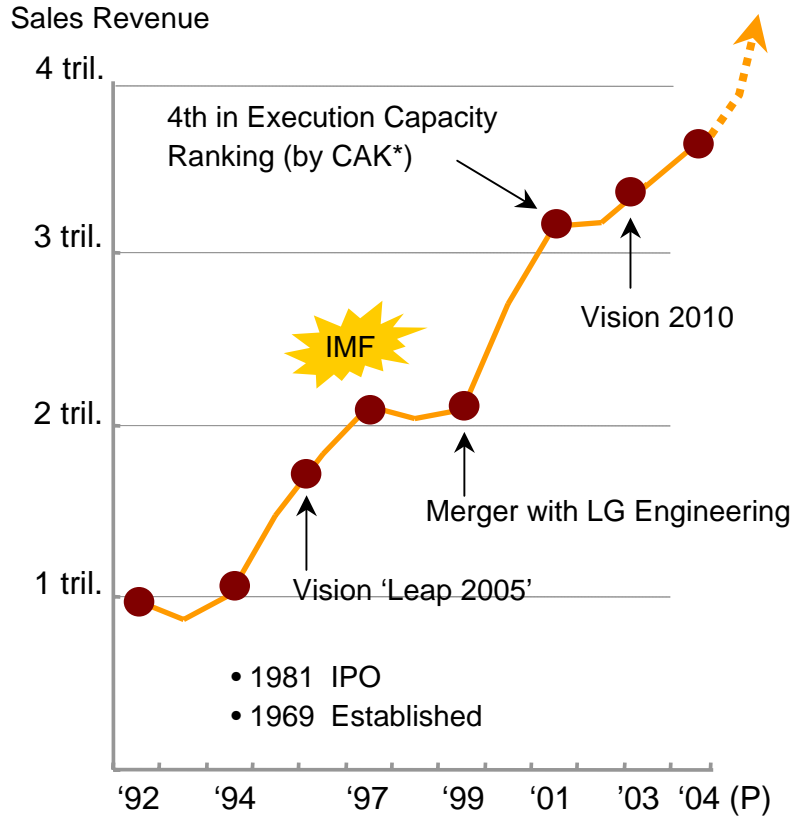
(Unit:KRW bn)



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Company History



* CAK : Construction Association of Korea



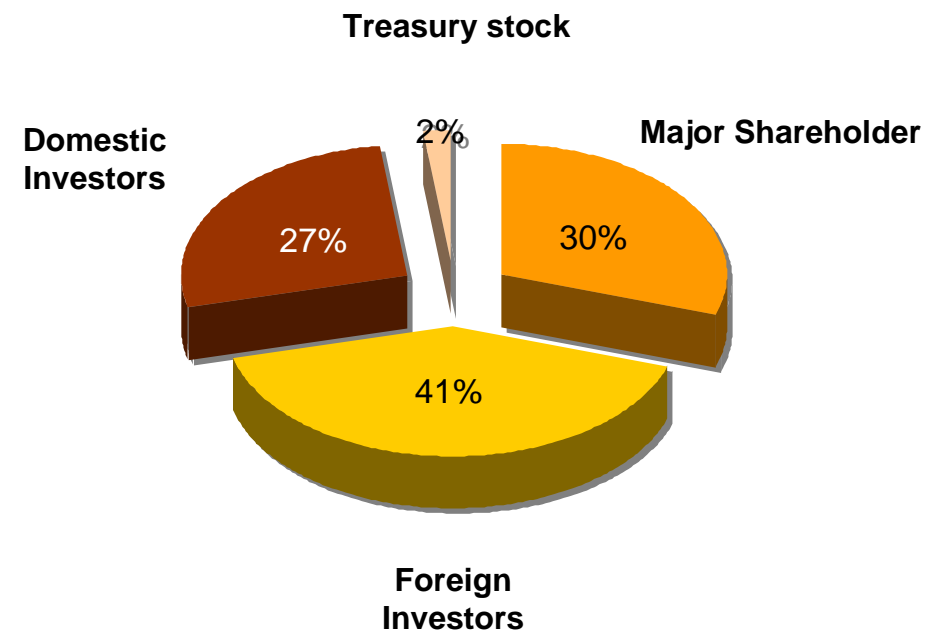
Corporate Governance

(As of Dec. 31. 2003)



Ownership Structure

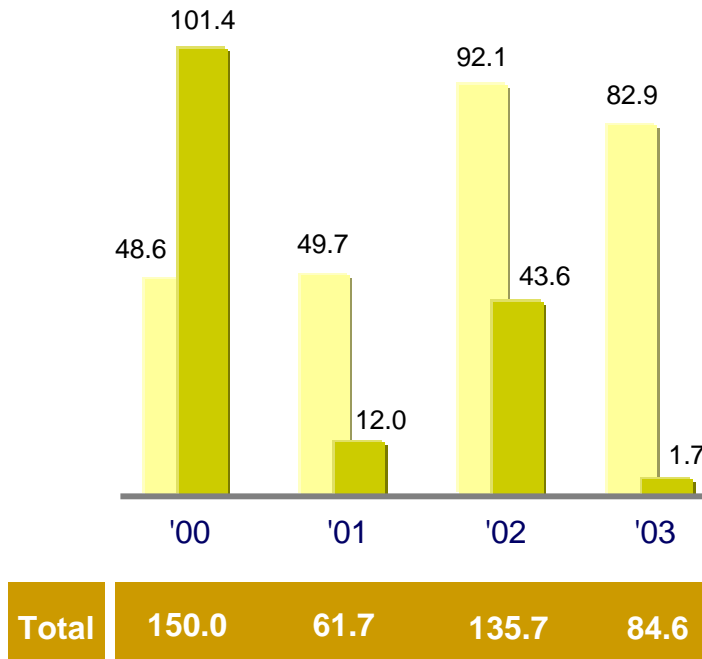
(As of Dec. 31. 2003)



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

Investment Trends

■ CAPEX
■ Investment Securities
 (Unit :KRW bn)



* All figures are net amounts

Investment Plan

(Unit :KRW bn)

Description	2004(P)
PFI	52
Land	40
Resort	72
IT & R&D etc.	19
Total	183

As of Dec., 2003

(Unit:KRW bn)

Status	Name of Project	LG Shares (%)	Invested Amount	Contract Amount	Remarks
Investment Completed	New Airport Highway	5%	21.7	190.8	22.8 (KTCU, Dec. 2003)-sold
	Cheonan-Nonsan Highway*	25%	112.5	336.0	112.5 (KRIF)
	Daegu East Beltway	14.6%	8.7	30.4	-
	Daegu West-North Road**	15.1%	3.3	16.4	3.7 (Municipality of Daegu)
	Cholmasan Tunnel	23.5%	1.0	20.0	1.0 (KTCU, Nov. 2001)-sold
	Manwolsan Tunnel	15%	5.0	14.5	-
	Sub-Total			152.2	608.1

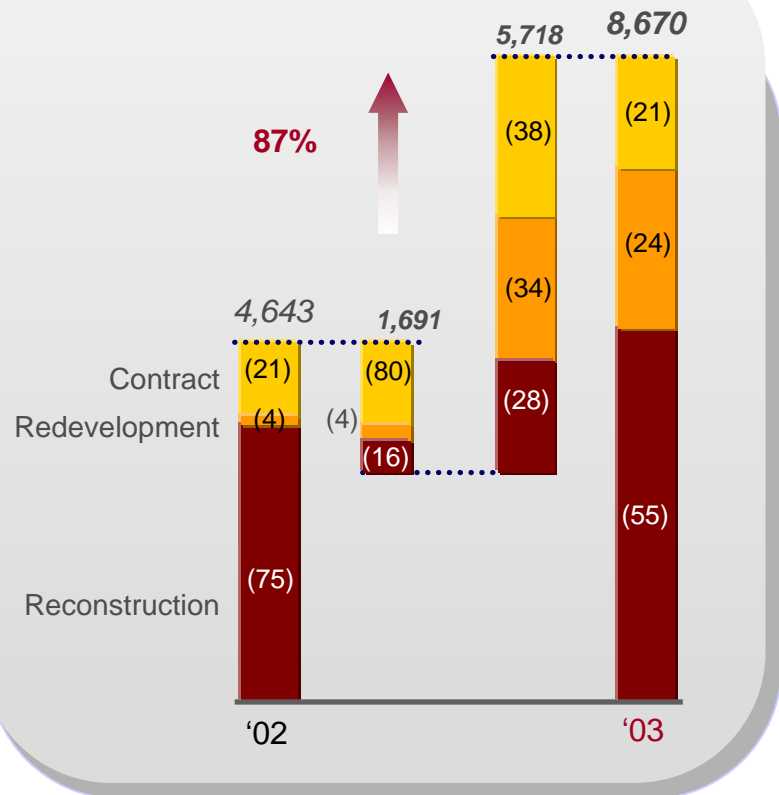
* Contracted to sell in Feb., 2004, ** Contracted to sell in Nov., 2003

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

(Unit:KRW bn, %)



* () 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

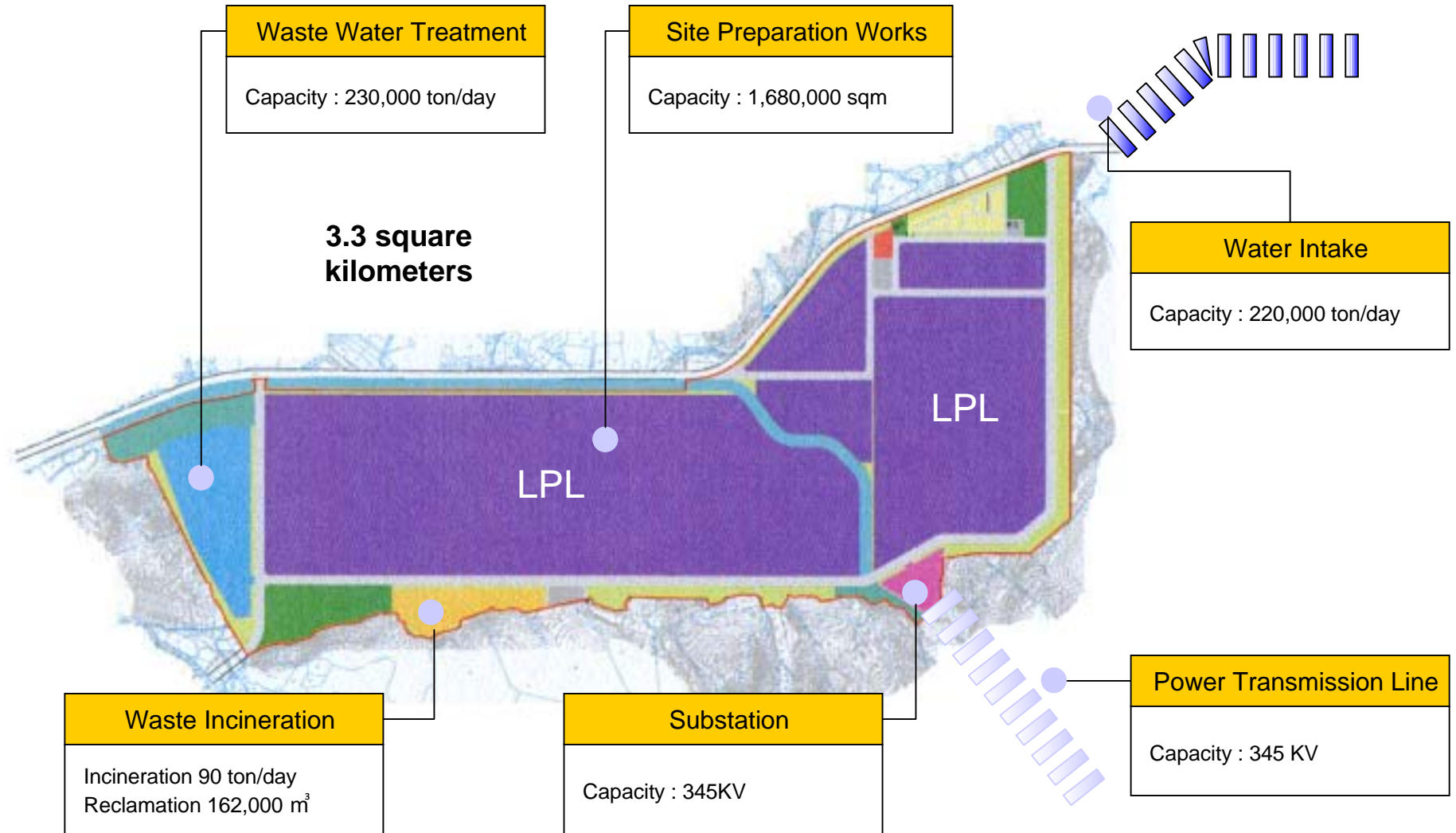
(Unit:KRW bn)

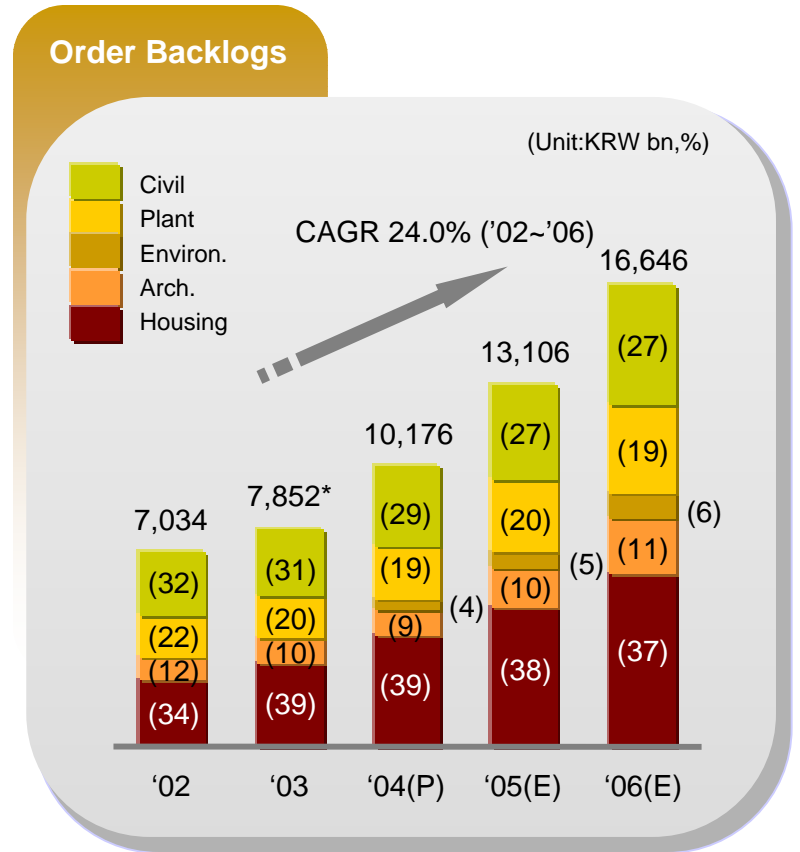
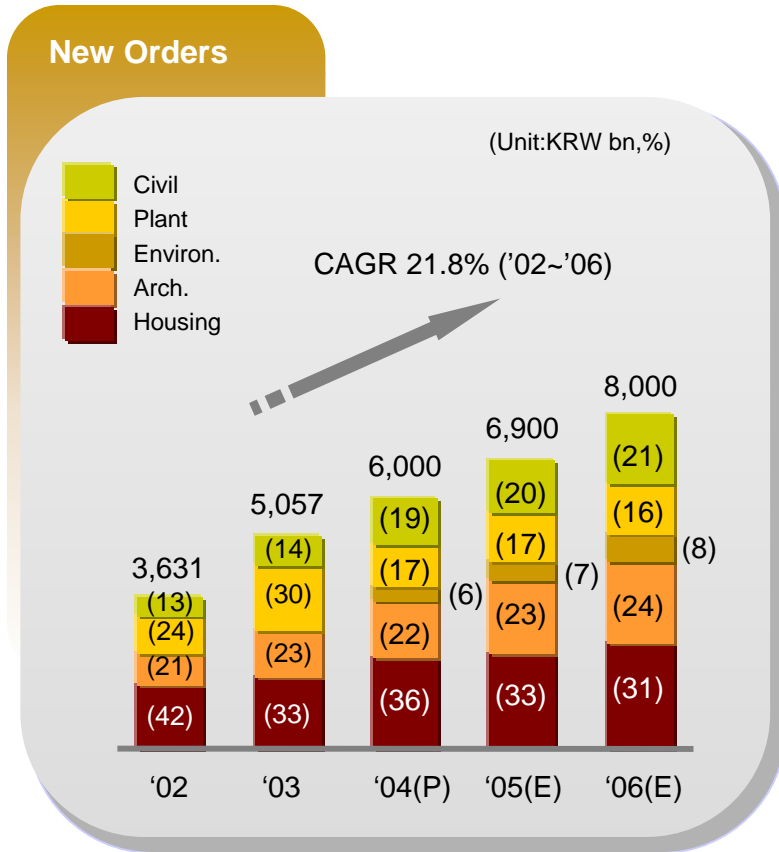
	Project	Amount
Reconstruction	KC Joogong #2	244
	SB Hansin #4	186
	Others	1,143
	Total (12 projects)	1,573
Redevelopment	Y Union Houses	299
	W New Town	254
	Others	1,376
	Total (19 projects)	1,929

Summary

Name of Project	TFT-LCD Industrial Complex in Paju (P7 ~ P10)
Project Site	Approx. 1.7 million sqm (north of Seoul)
Project Owner	LG Philips LCD Co., Ltd.
Project Period	P7 : Mar. 04 ~ Dec 05 (P8, P9, P10 until 2013)
Project Cost (estimated)	KRW 25 trillion (equivalent to U\$ 20 billion)
Contractor	LG E&C Corp.

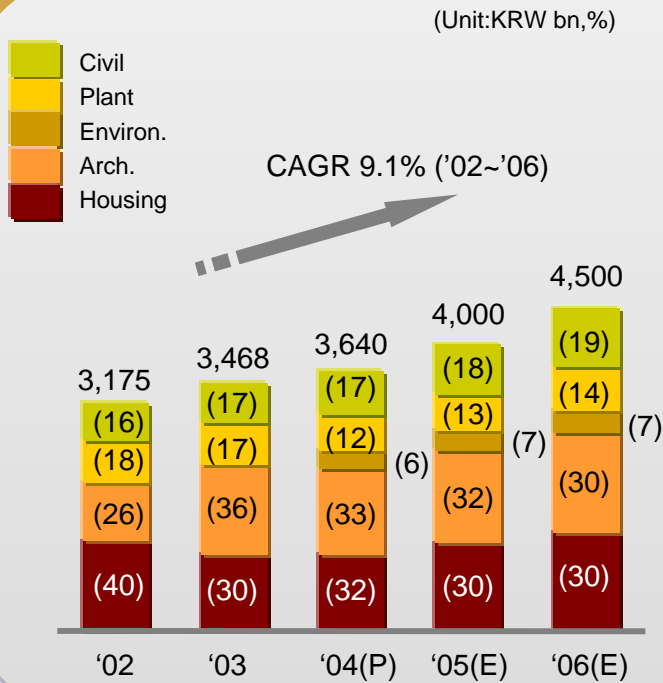




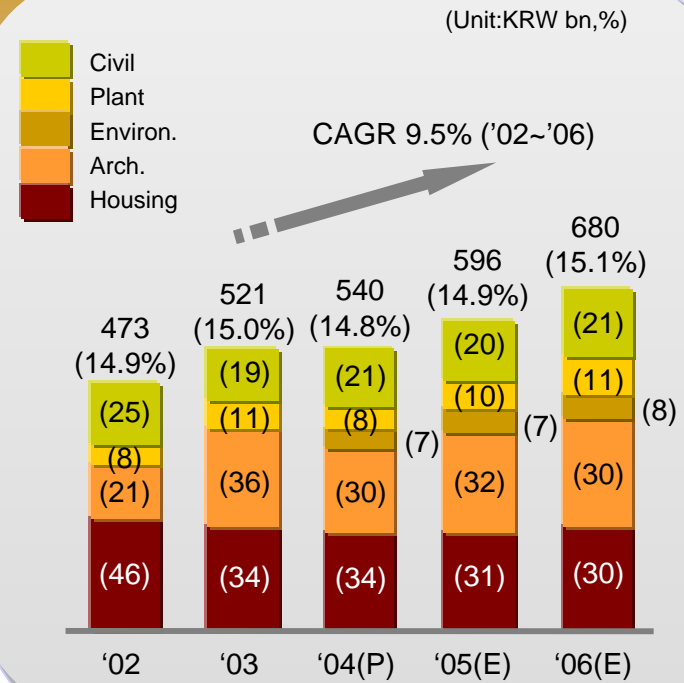


* Approximately 8.7 trillions of housing provisional order backlogs not included.

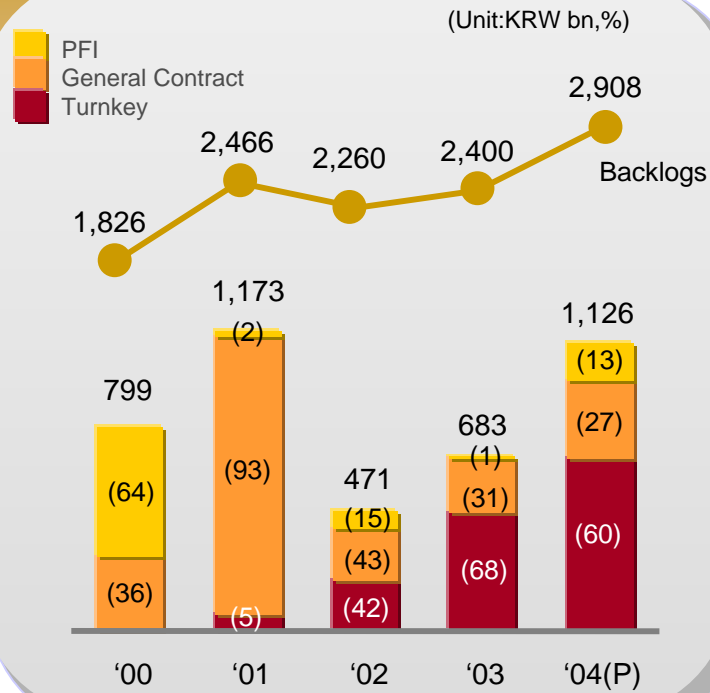
Sales Revenue



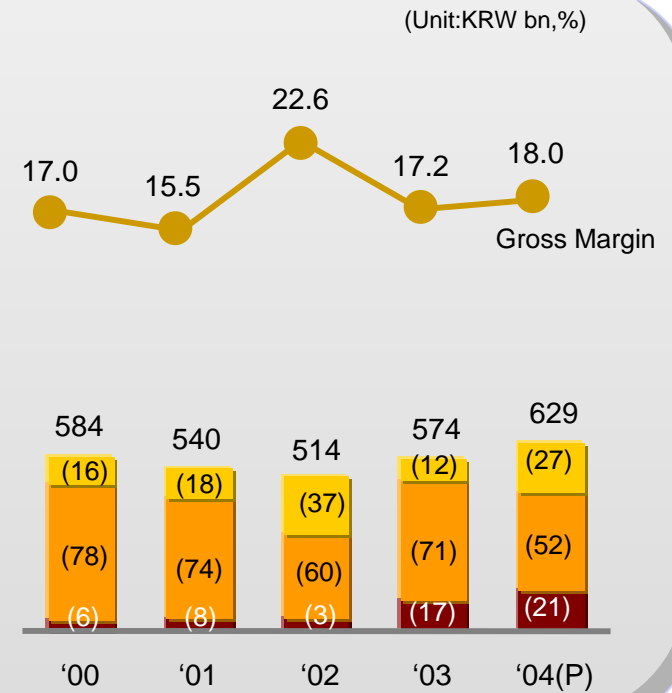
Gross Profit



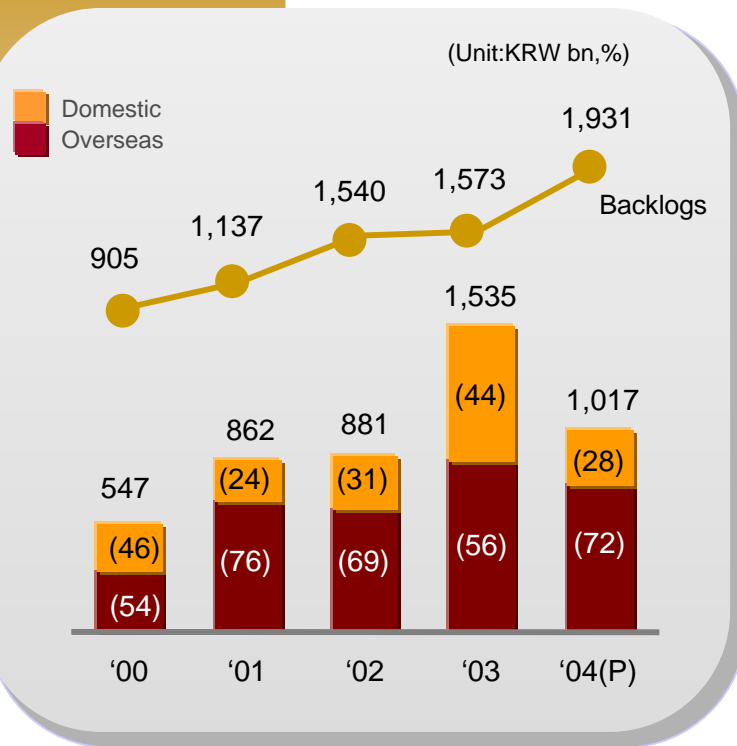
New Orders & Order Backlogs



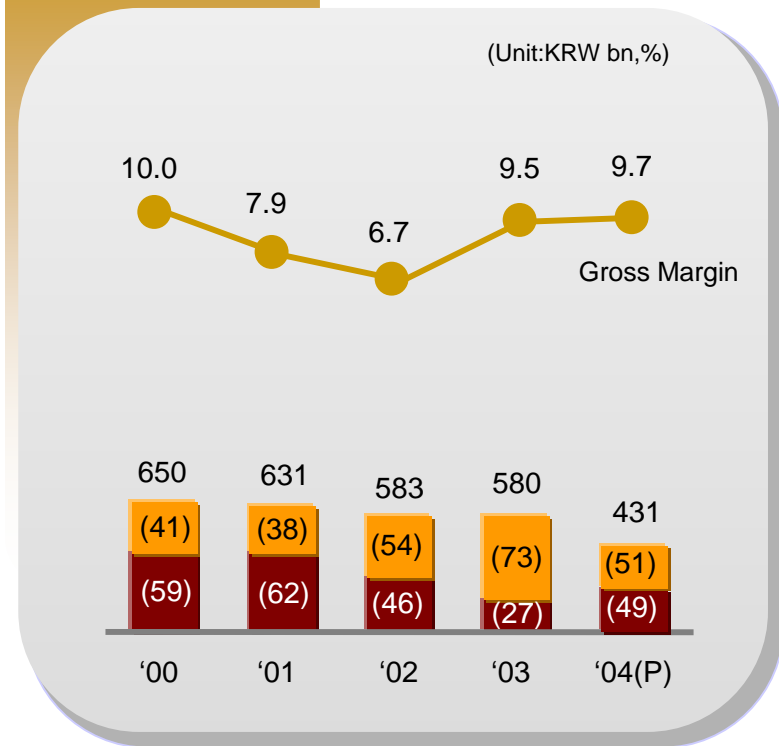
Sales Revenue & Gross Margin



New Orders & Order Backlogs



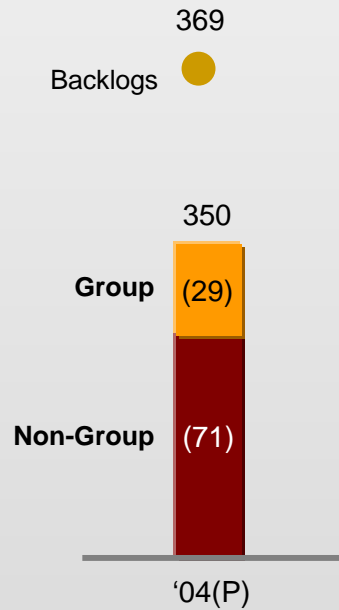
Sales Revenue & Gross Margin



* From 2004, the Environment business division is separated from the Plant division

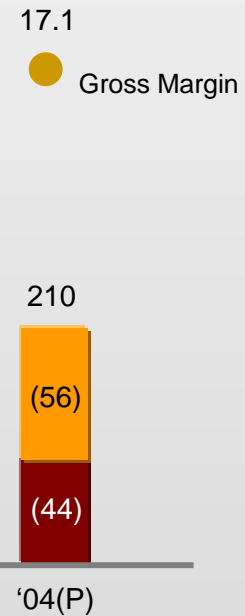
New Orders & Order Backlogs

(Unit:KRW bn,%)



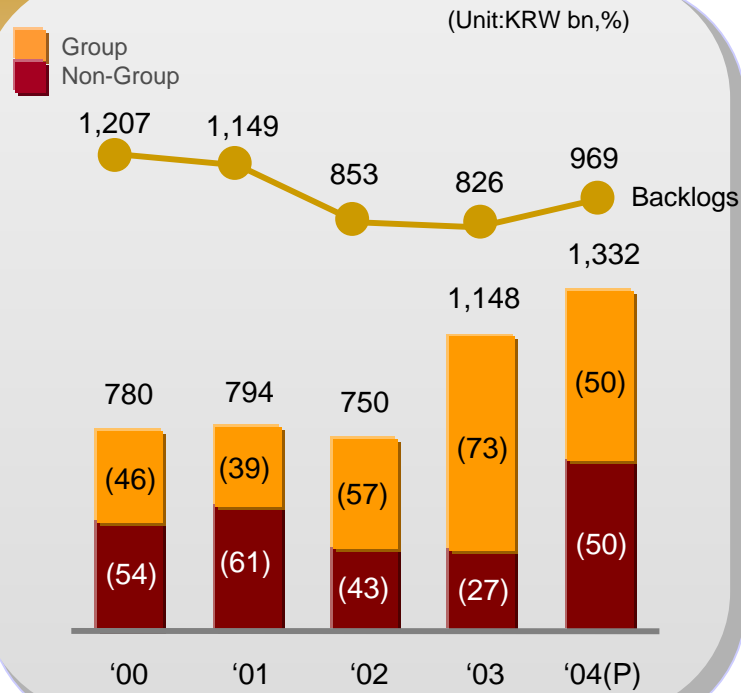
Sales Revenue & Gross Margin

(Unit:KRW bn,%)

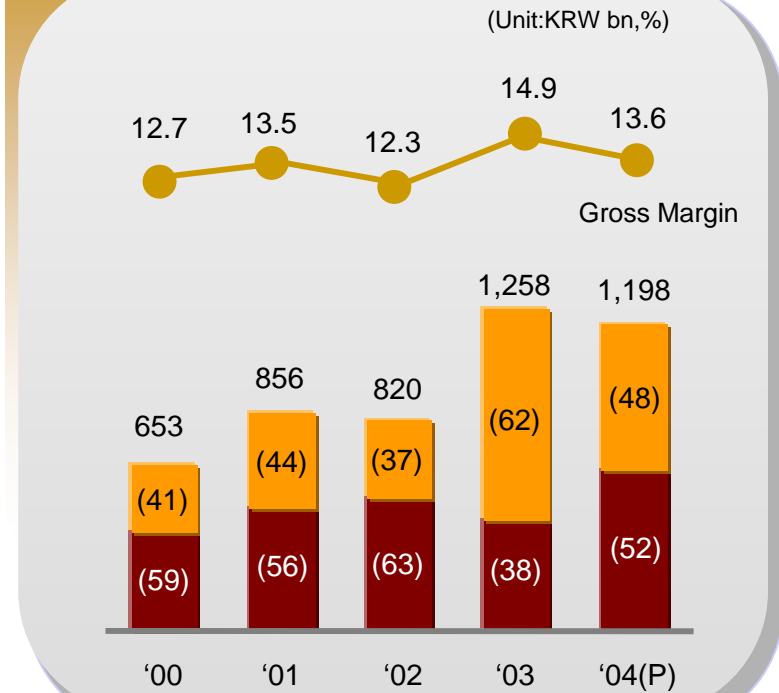


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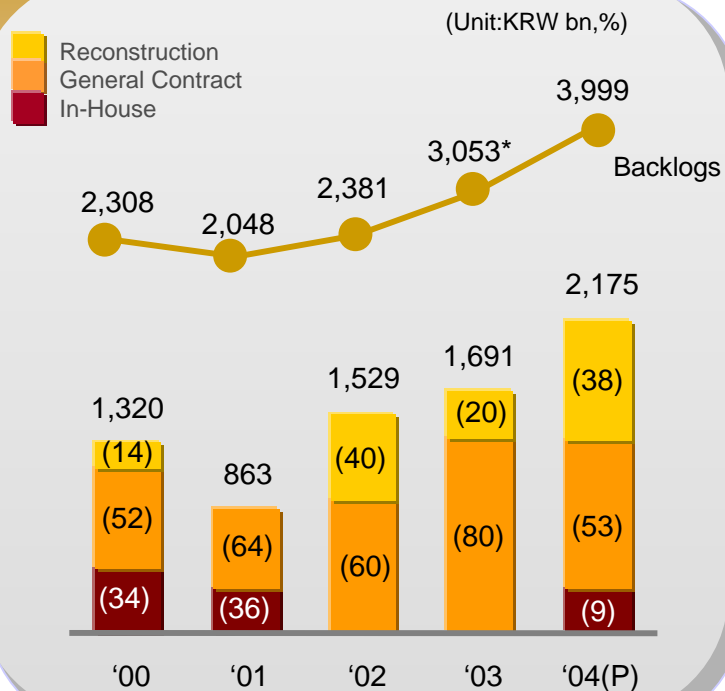
New Orders & Order Backlogs



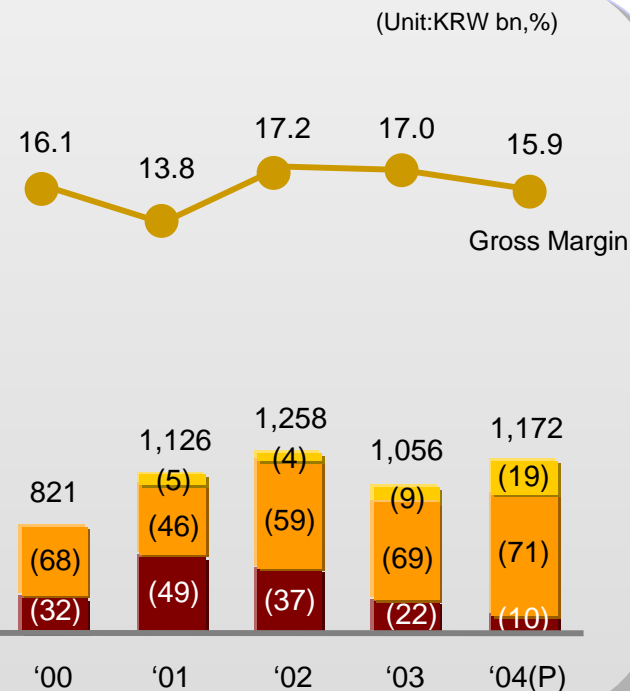
Sales Revenue & Gross Margin



New Orders & Order Backlogs



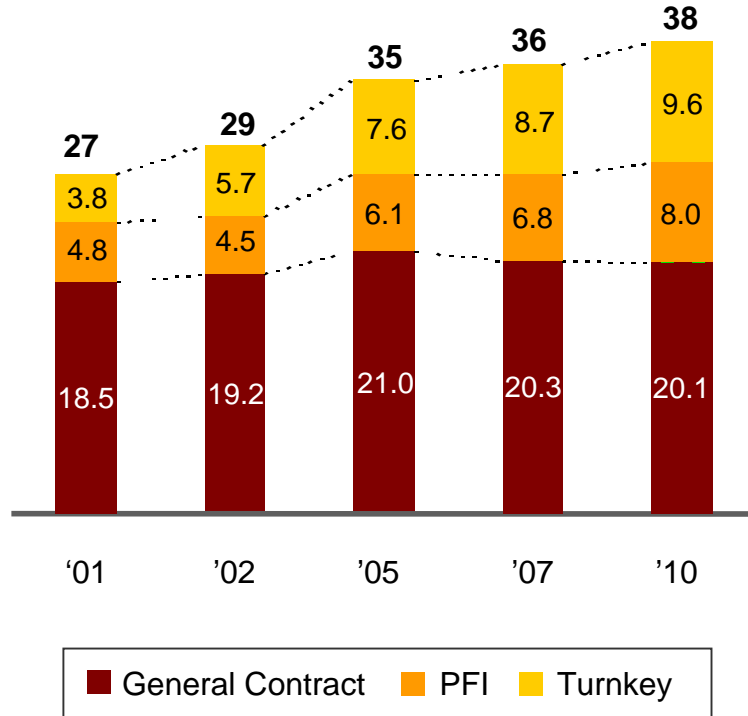
Sales Revenue & Gross Margin



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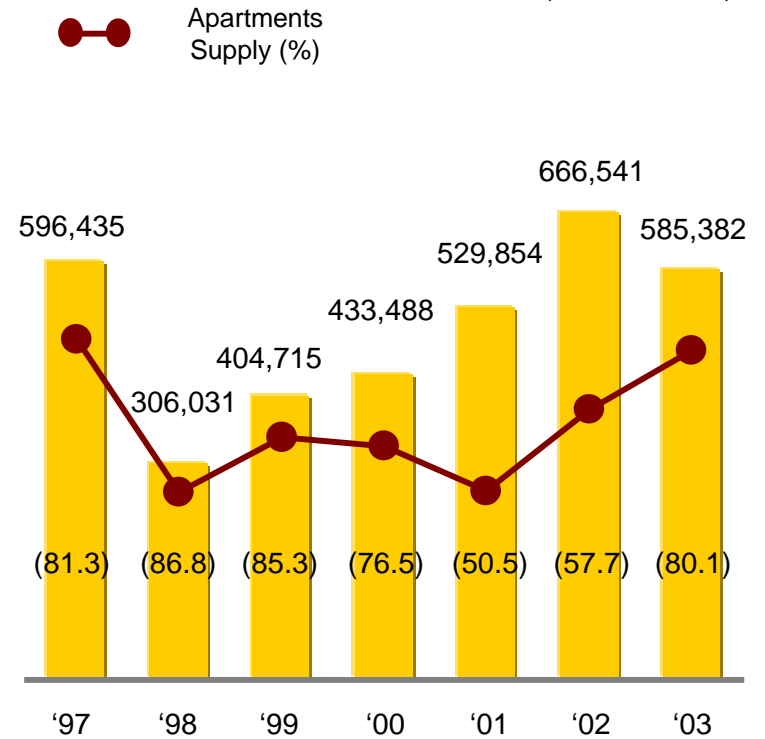
Budget for Infrastructure

(Unit:KRW tn.)



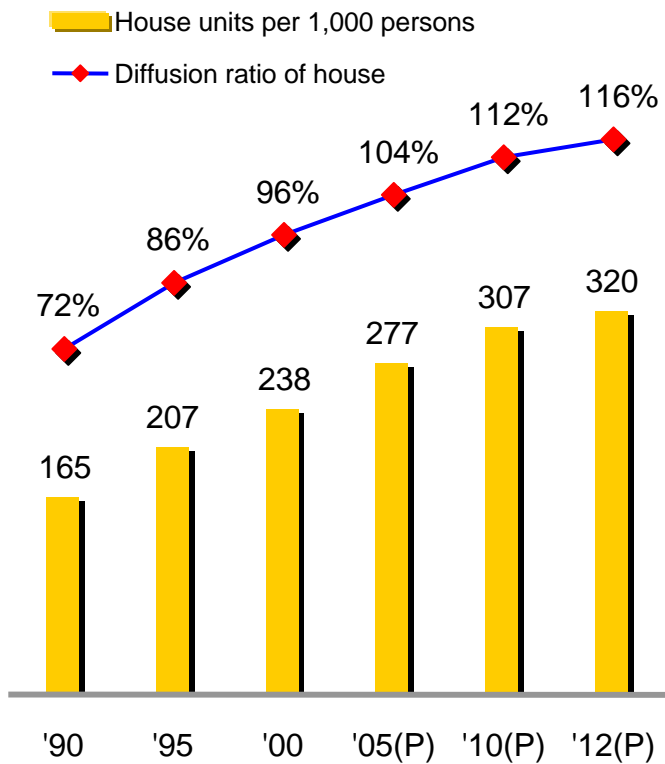
Total Housing Supply Nationwide

(Unit : units,%)

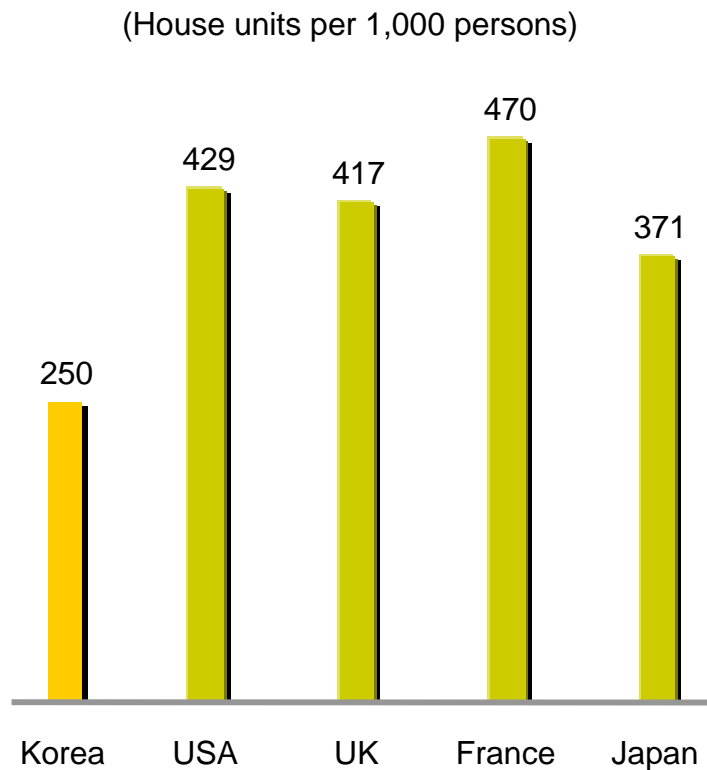


Source : CERIK , Ministry of Construction and Transportation

House Units per 1,000 Persons

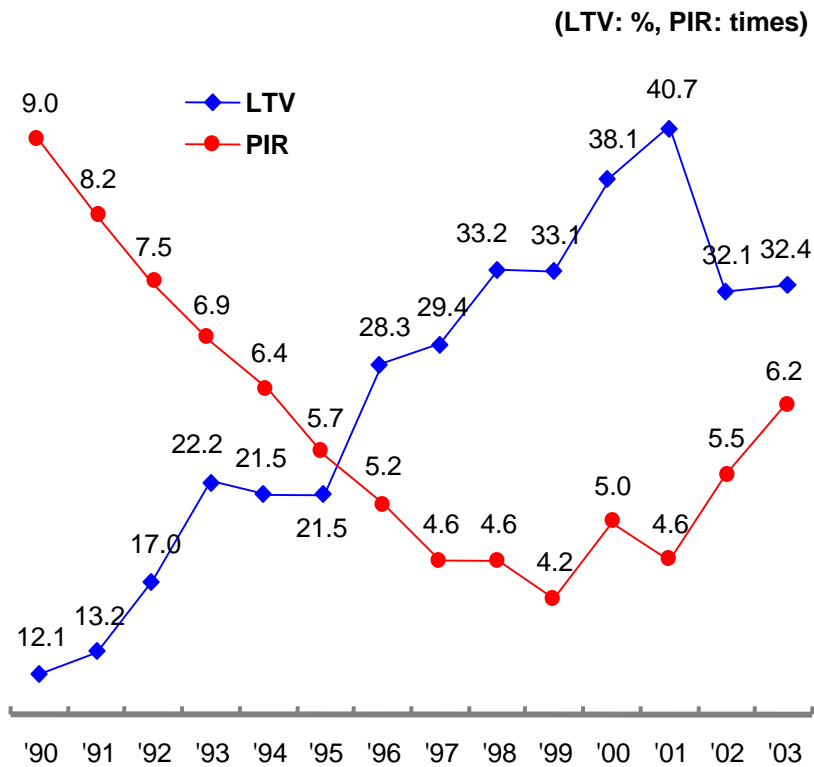


Comparison with Developed Countries (2002)



* Source: "Comprehensive Housing Plan(2003 - 2012)"
Korea Research Institute for Human Settlements

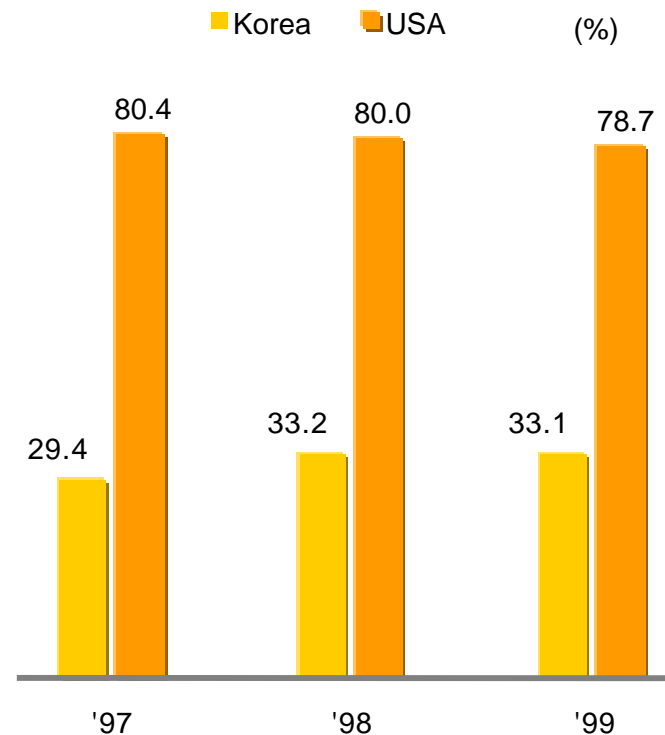
LTV & PIR Trends



* LTV: Loan to Value Ratio
 * PIR: Price to Income Ratio

Source : Construction Vision Forum (2004)

LTV Comparison





LG Engineering & Construction Corp.

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