

The New Leader of Korean Construction Industry



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February 2003



LG Engineering & Construction Corp.

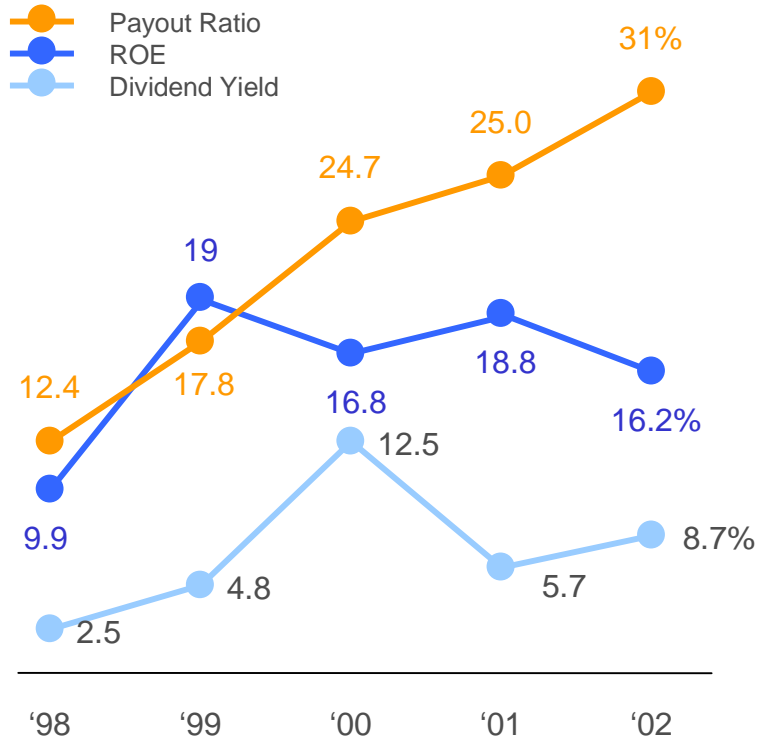
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This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside LG E&C, which are subject to uncertainties. Due to the volatility of these factors, actual results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

LG E&C has a strong upside potential on the back of its solid fundamentals and is consistently focusing on maximizing shareholder value.

Historical ROE and Dividends

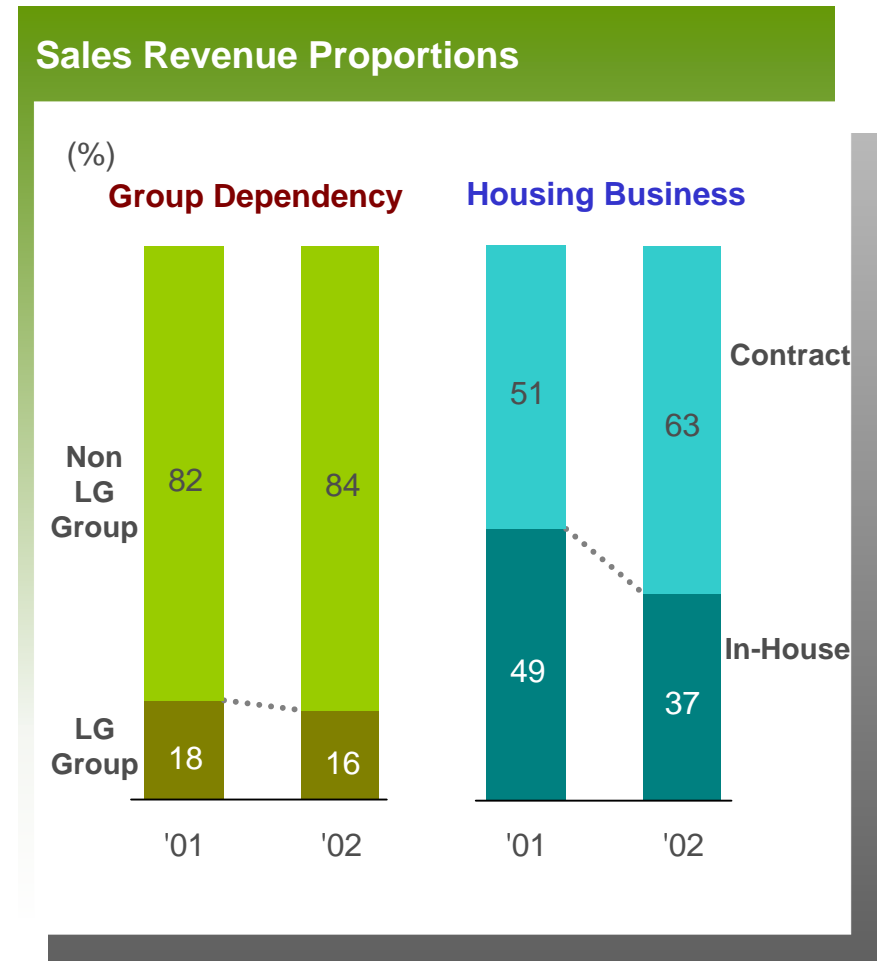
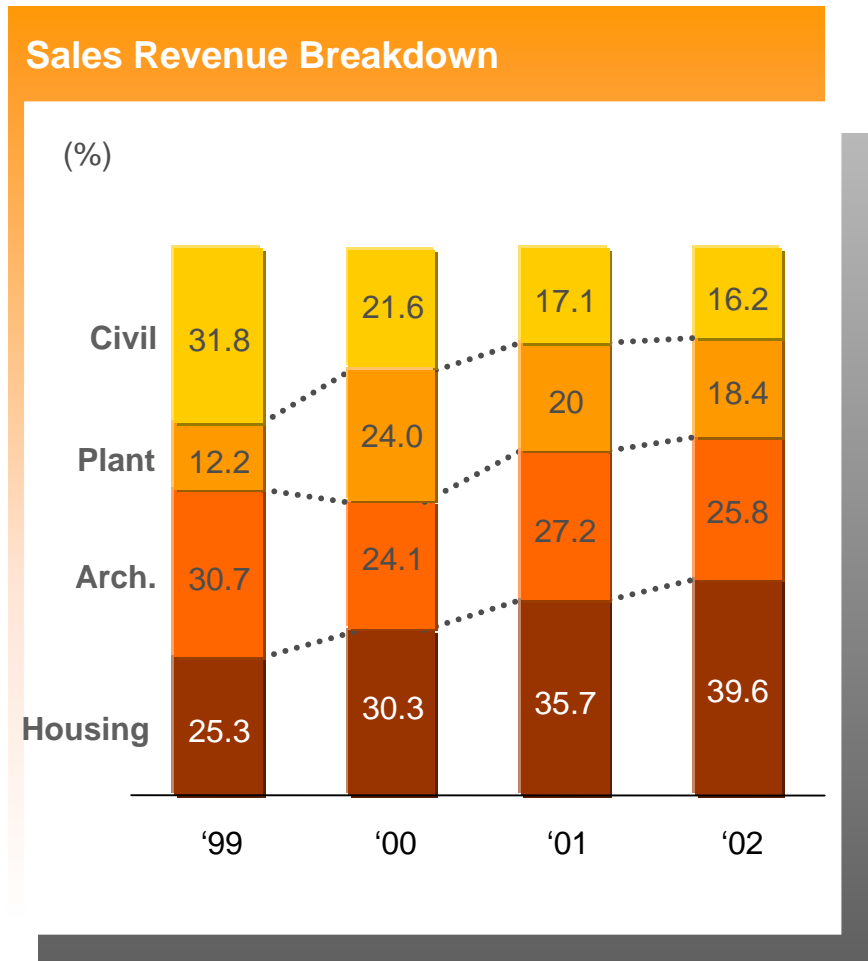


Key Financial Figures

(KRW bn)

	'01	'02	YoY
Sales	3,153.1	3,174.5	0.7%
Gross Profit	404.9	472.5	16.7%
Operating Income	254.8	276.1	8.4%
Net Income	159.6	160.7	0.7%
EPS (KRW)	3,199.0	3,225.0	0.8%
Operating Margin	8.1%	8.7%	0.6%P
ROE	18.8%	16.2%	-2.9%P
Asset Turnover Ratio	125.5%	119.6%	-5.9%P
Net D/E Ratio	39%	20.0%	-19%P
Interest Expense Ratio	1.0%	0.5%	-0.5%P

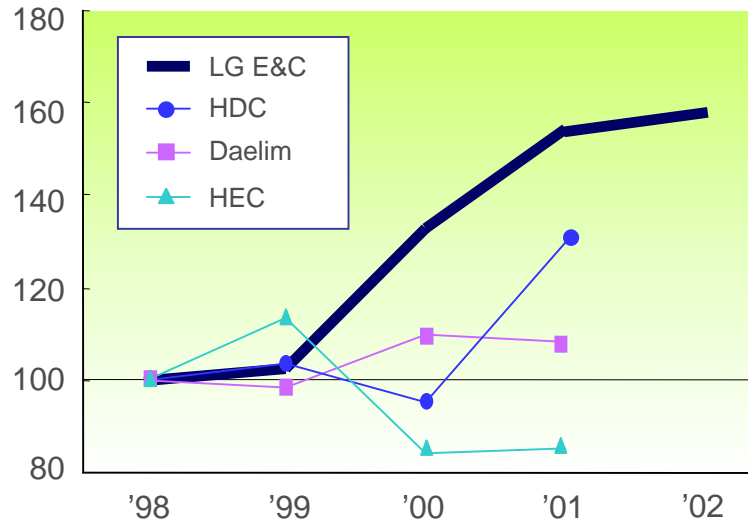
A well-diversified and balanced business portfolio enabled LG E&C to maintain its market leadership.



LG E&C showed the solid growth during the past 5 years, even with the fluctuating economic conditions.

Comparison of Revenue Index*

(Unit:PT)

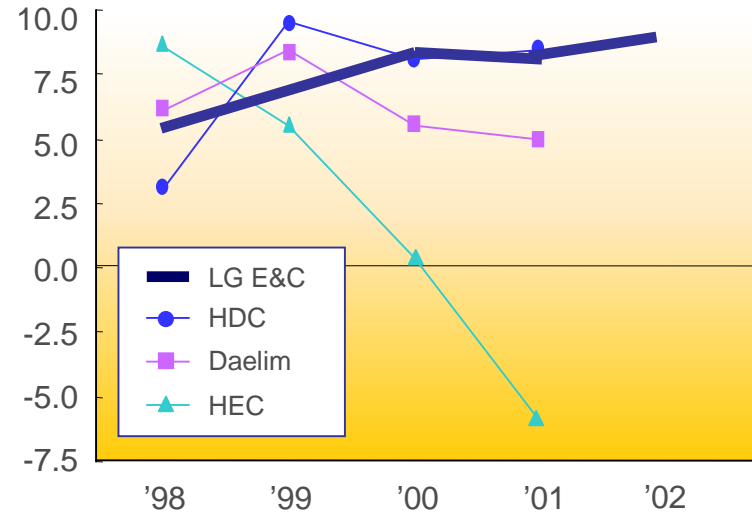


Construction Investment (KRW tn)	'98	'99	'00	'01	'02
	80.30	72.06	69.14	73.12	77.74

Note * [(Annual Revenue / Revenue in 1998)] X 100
Source : CERIK, Annual Reports of Each Company

Comparison of OP Margin

(Unit:%)

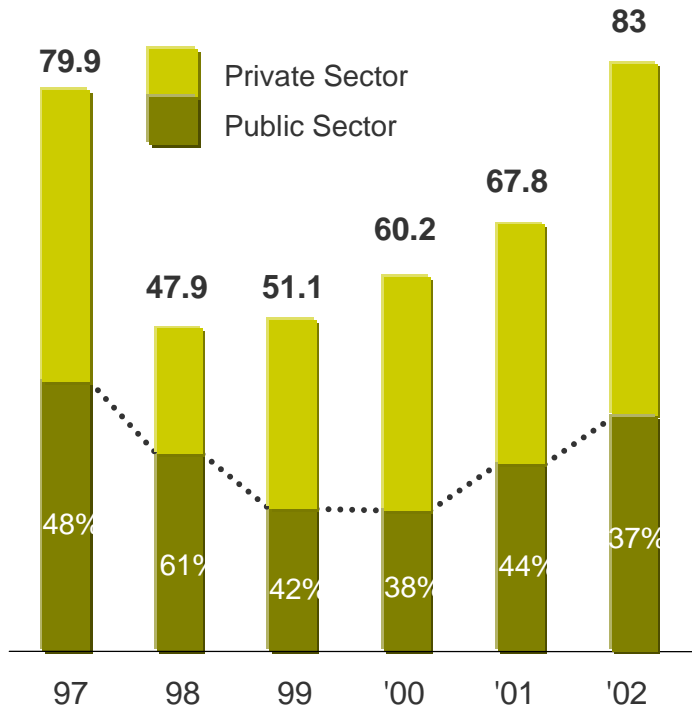


Civil Investment	'98	'99	'00	'01	'02
	37.65	41.04	37.57	38.47	36.91
Building Investment (KRW tn)	'98	'99	'00	'01	'02
	42.65	31.02	31.57	34.65	40.83

Key indicators show still positive trend, and additional cool-down measures are not likely to be announced in the near future. There are still huge demand and purchasing potentials in housing sector.

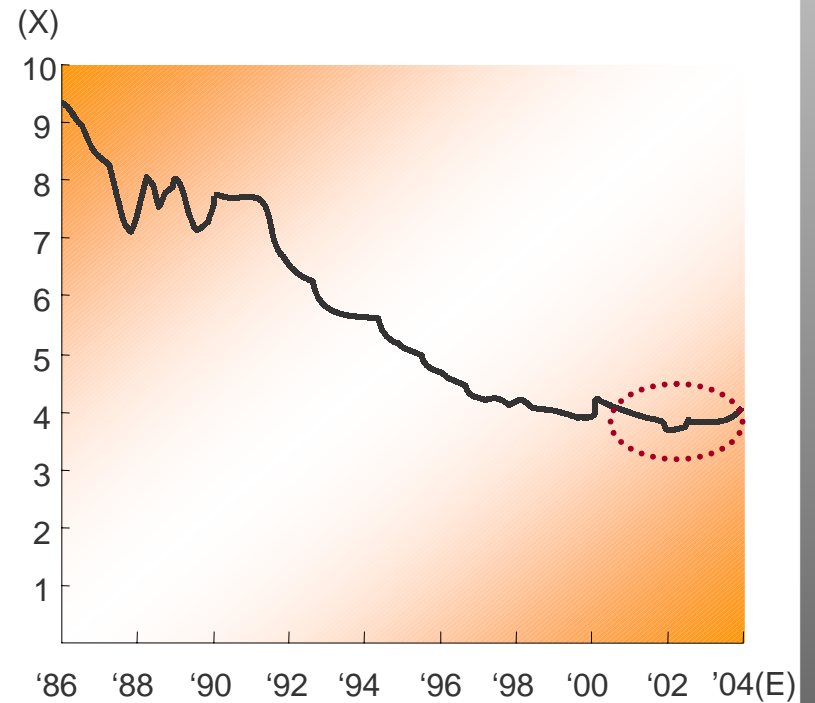
Domestic Contract Amount

(Unit : KRW trillion)



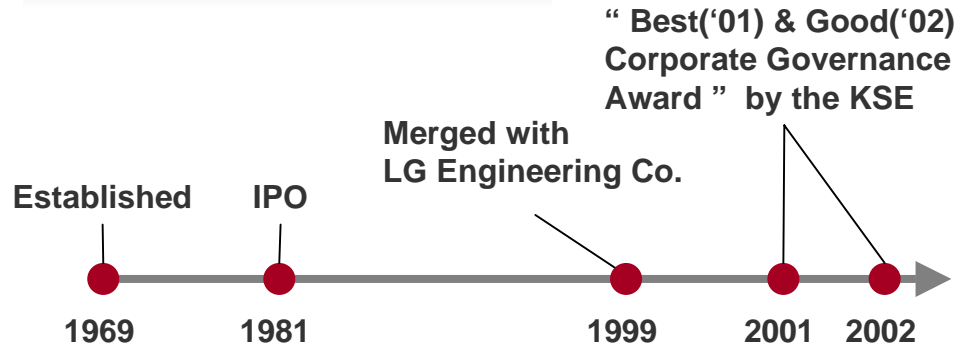
Source : Korean Construction Association (Feb. 02)

Apartment Price / Disposal Income



Source : Bank of Korea, Kookmin Bank

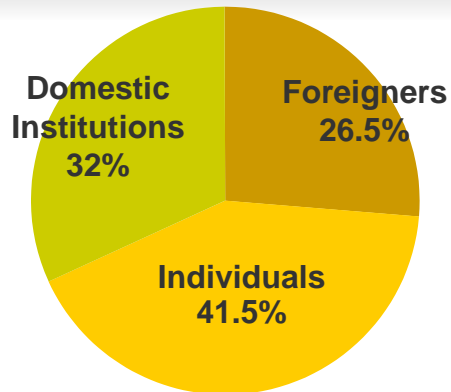
History



Business Area



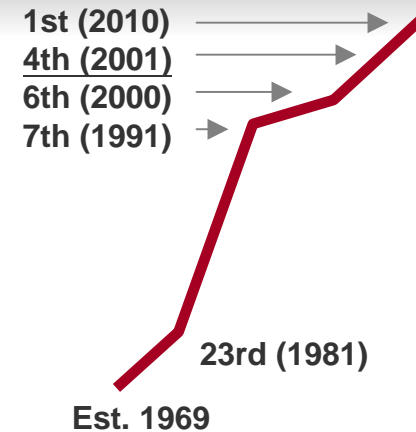
Ownership (as of Feb.14,03)



Capital Stock
KRW 255 bn

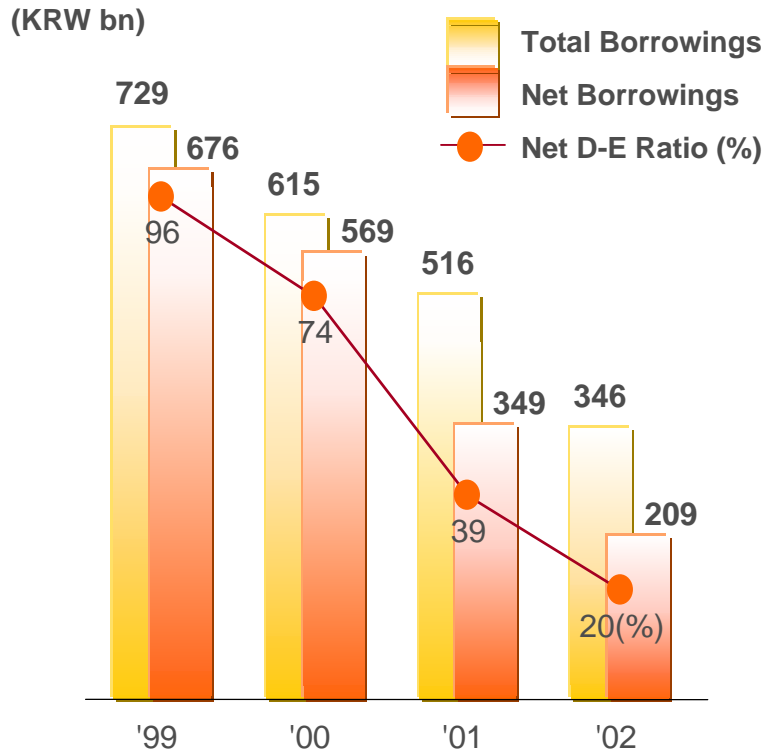
Market Capitalization
KRW 673.2 bn

Our Ranking

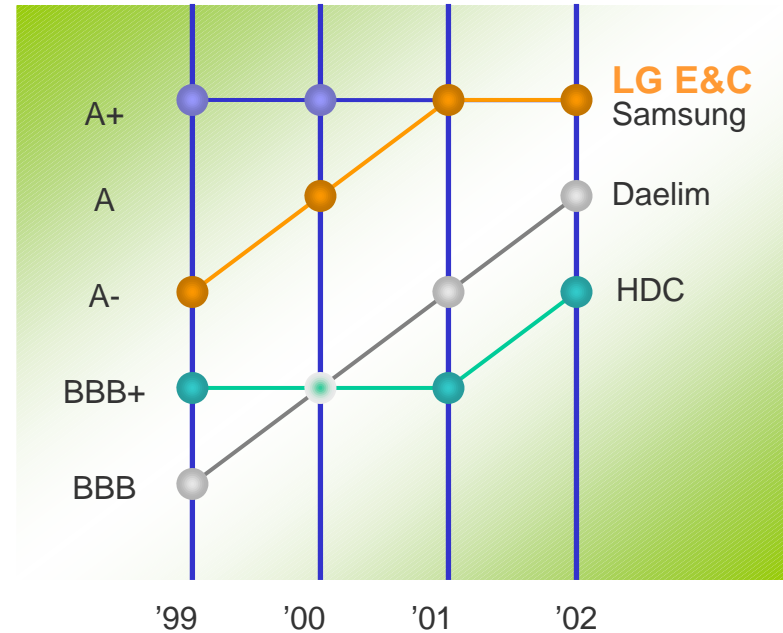


A rapid debt reduction has been shown during the past 4 years. LG E&C maintains the best ratings among peers.

Borrowings



Credit Ratings

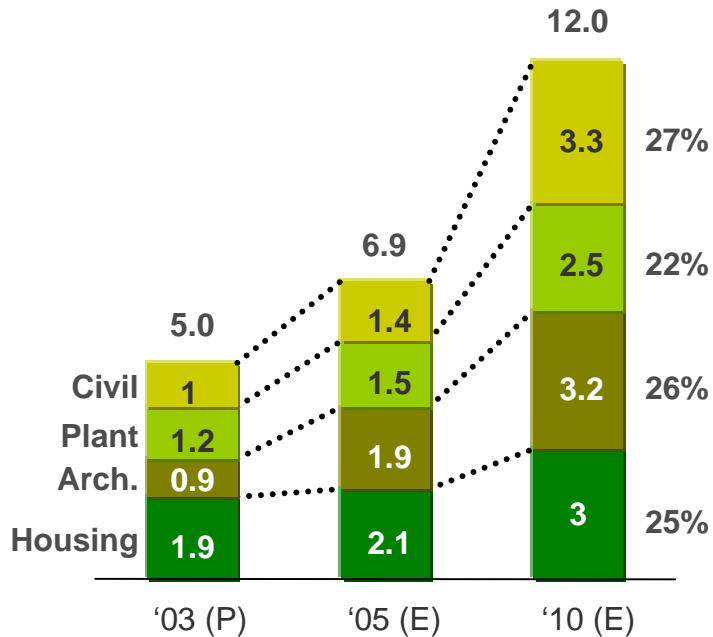


Note : Ratings of 3 year corporate bond by NICE, KIS, KMCC

The target amounts for new orders and sales revenues in 2010 will be KRW 12 trillion and 9 trillion, respectively. The Civil sector will be main driving forces.

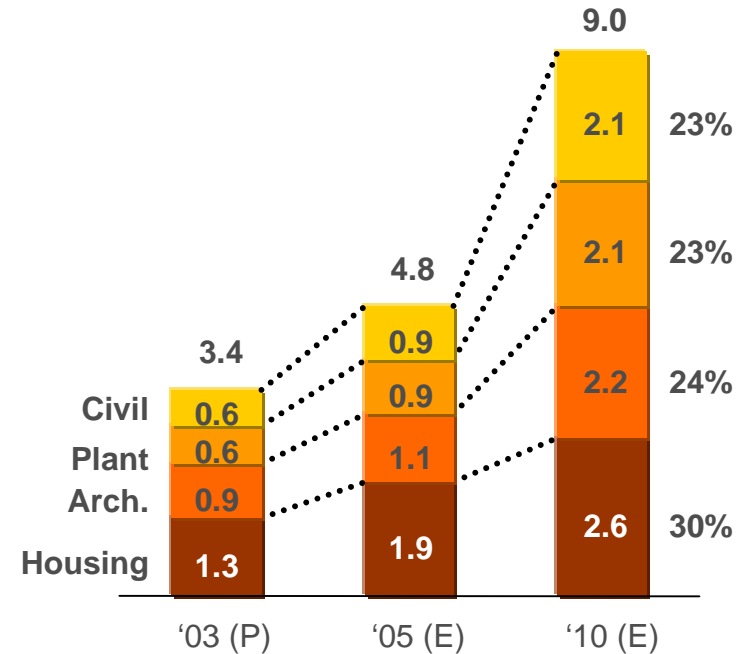
New Order Plan

(Unit : KRW trillion)



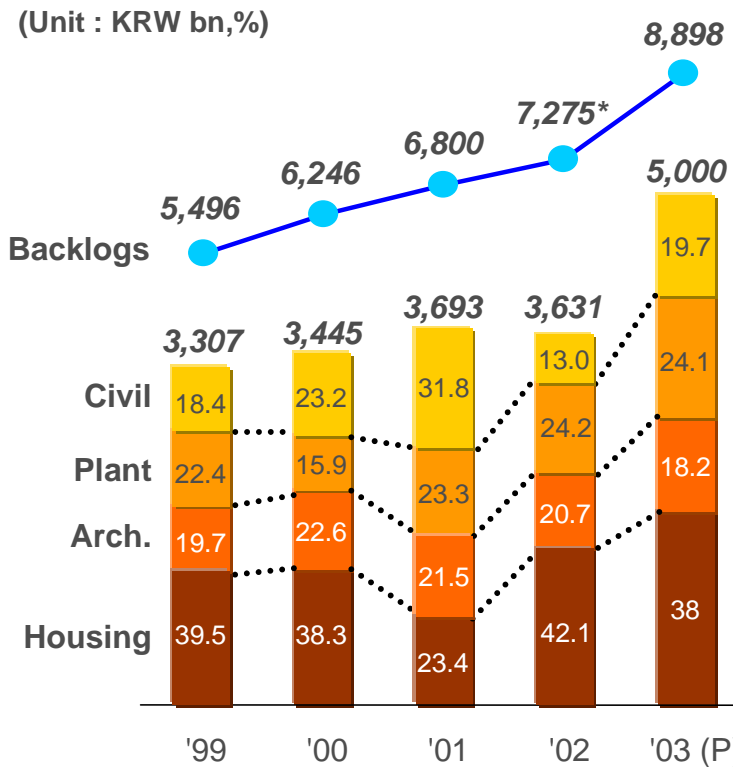
Sales Revenue Plan

(Unit : KRW trillion)

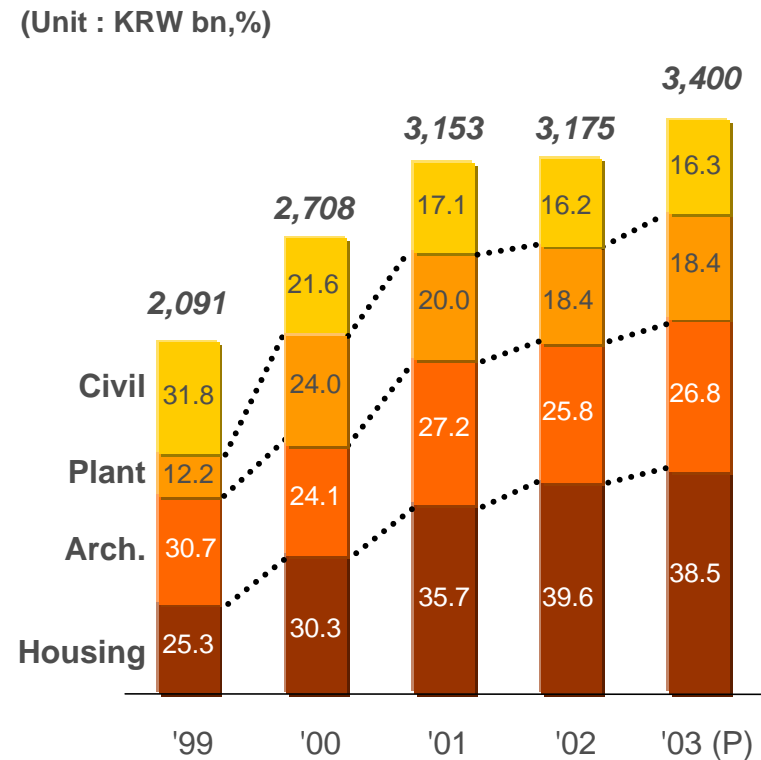


Sales volume of LG E&C will show steady growth on the heels of a higher new orders.

New Orders



Sales Revenues

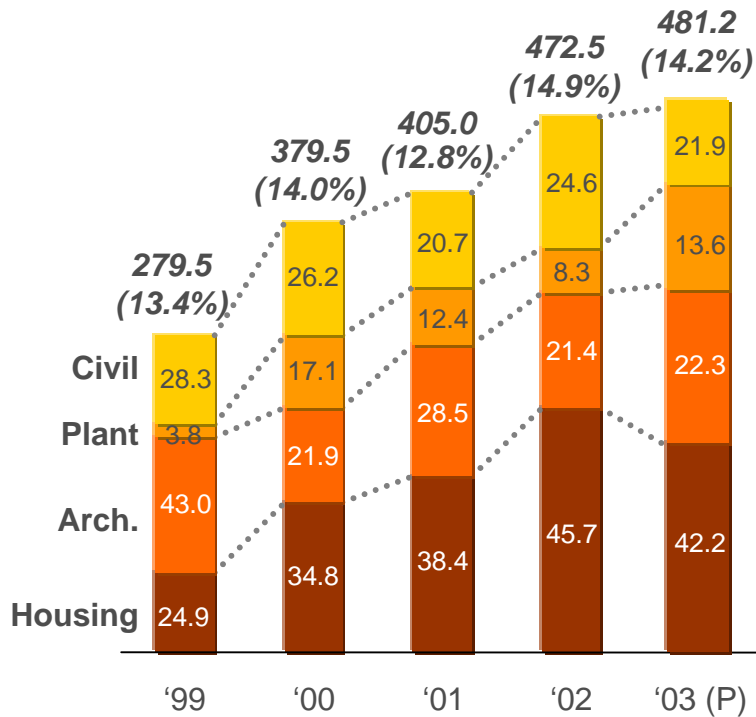


* excluding KRW 4.6 trillion worth of potential backlogs in Housing Division.

LG E&C has demonstrated its best profitability and will seek a continuous long term profitable growth.

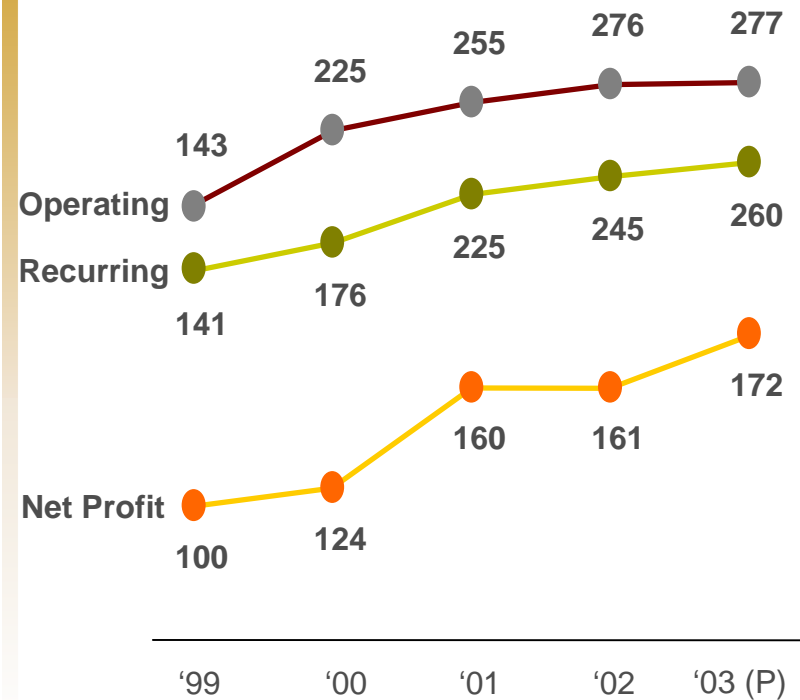
Gross Profits

(Unit : KRW bn)



Other Profits

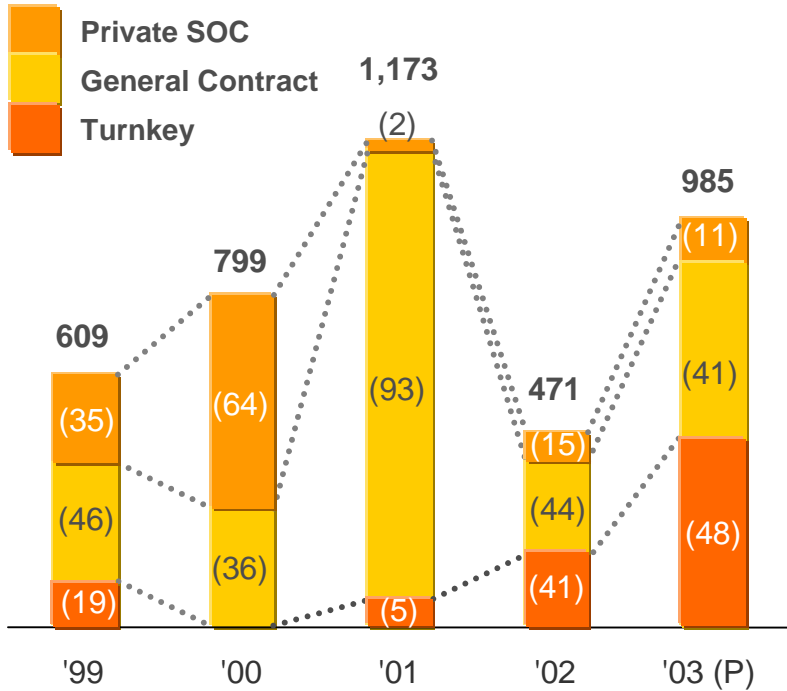
(Unit : KRW bn)



Concentrating on turnkey projects and private SOC projects in order to increase orders from the public sectors.

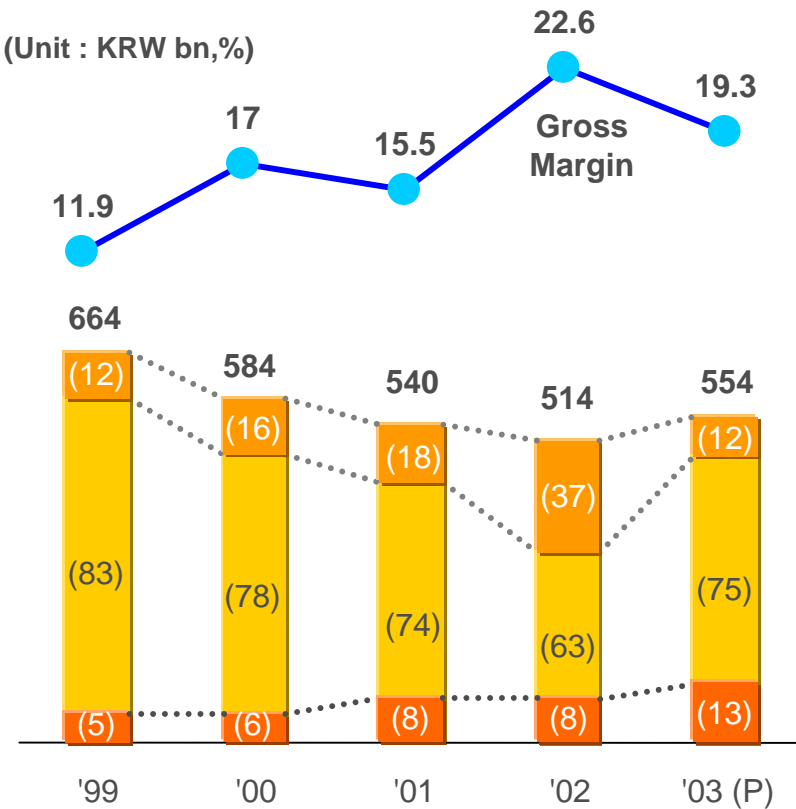
New Orders

(Unit : KRW bn,%)



Sales Revenues & Gross Margin

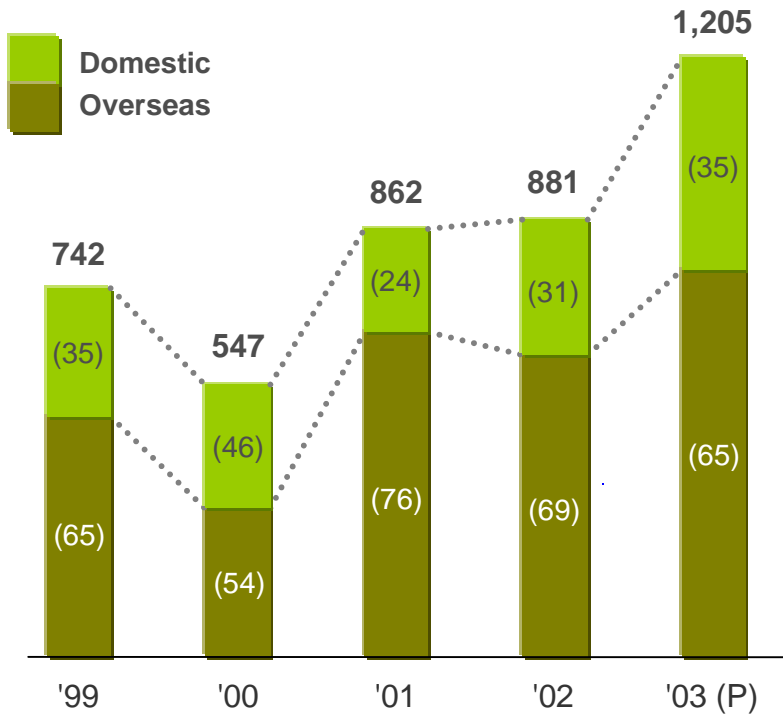
(Unit : KRW bn,%)



Concentrating on the petrochemical, refinery and gas projects from overseas markets and the nuclear power and environmental projects from domestic markets.

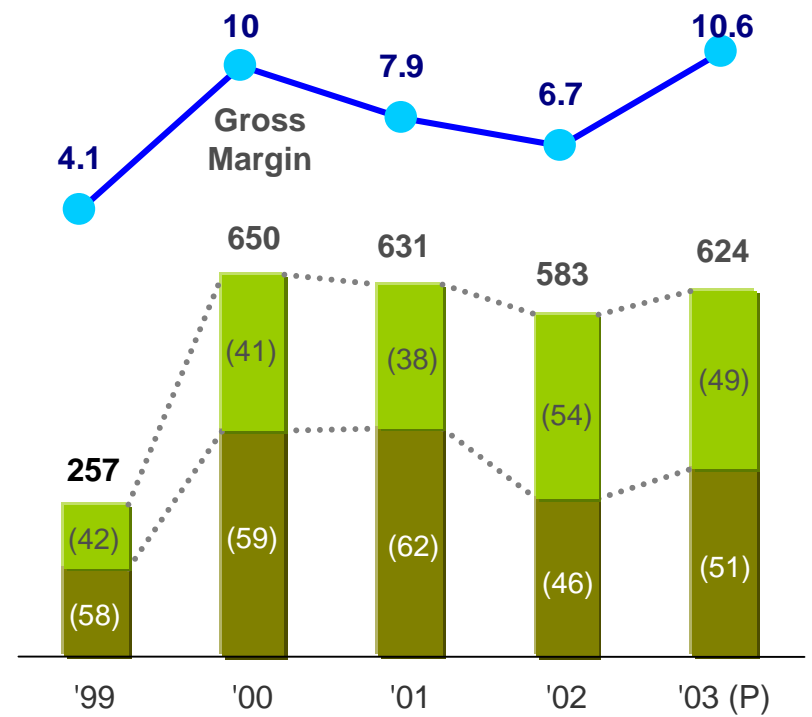
New Orders

(Unit : KRW bn,%)



Sales Revenues & Gross Margin

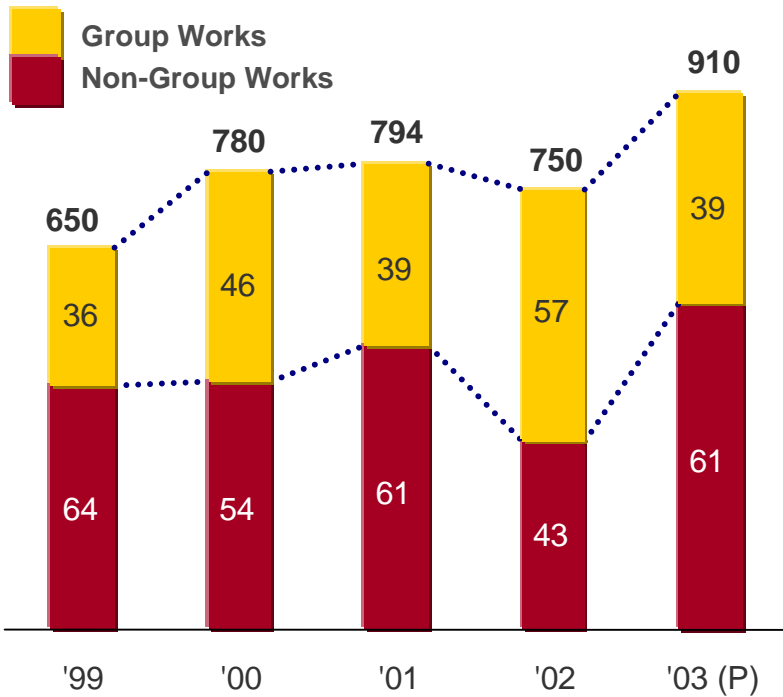
(Unit : KRW bn,%)



Participating eagerly in public sector, especially for turnkey projects, and establishing a strong position for TFT-LCD plant and clean room projects.

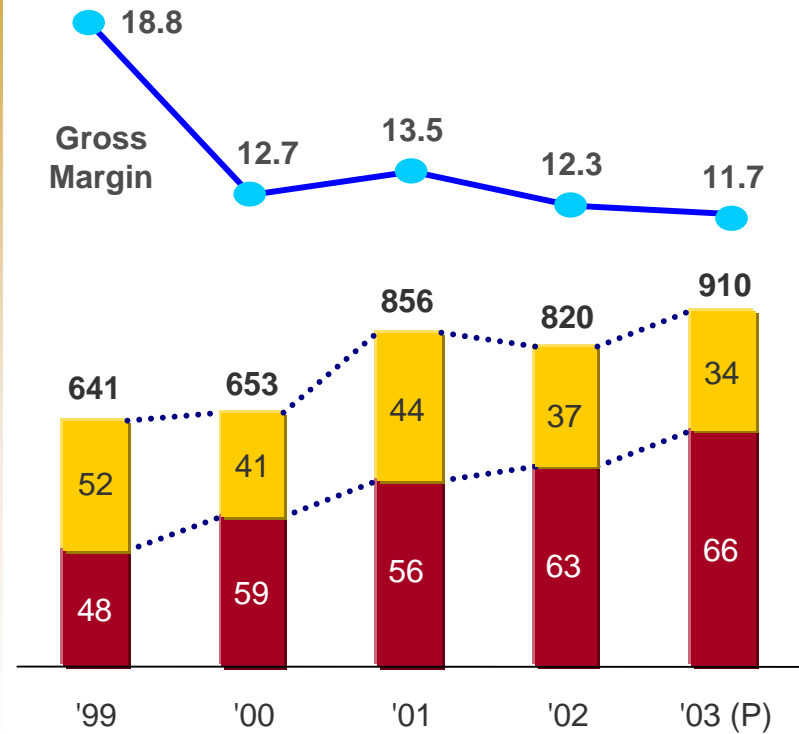
New Orders

(Unit : KRW bn,%)



Sales Revenues & Gross Margin

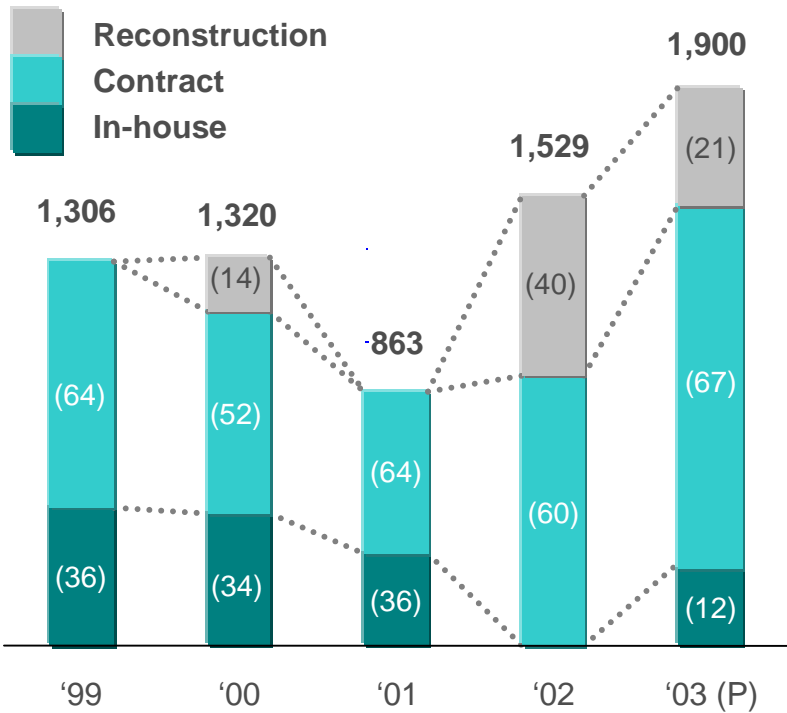
(Unit : KRW bn,%)



Diversifying business from Seoul and its vicinities to provincial area, enhancing brand image “Xi”, and taking redevelopment projects more aggressively.

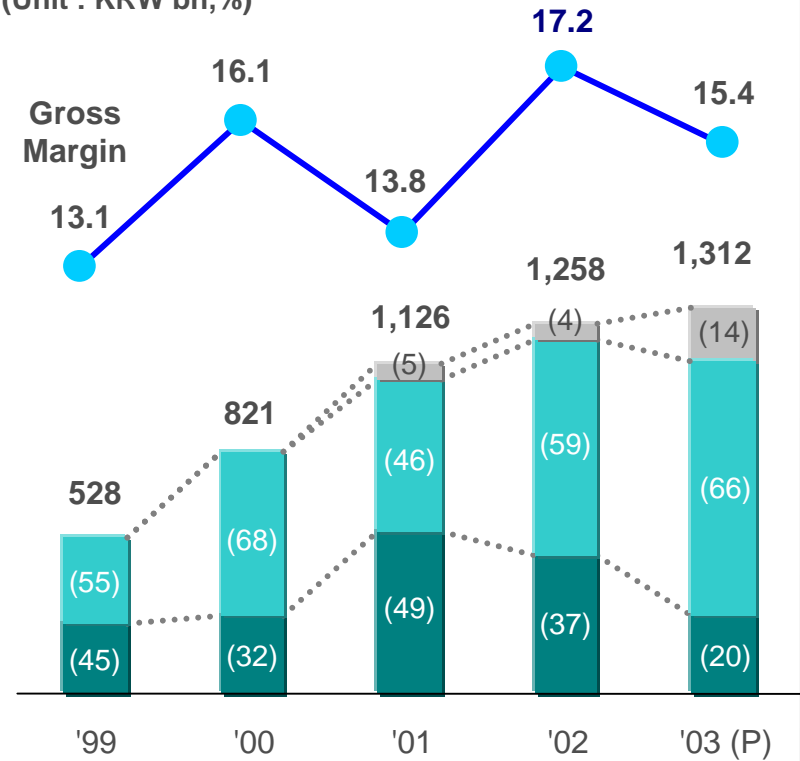
New Orders

(Unit : KRW bn,%)



Sales Revenues & Gross Margin

(Unit : KRW bn,%)



(KRW bn, %)

Account	'99	'00	4Q.'01	1Q.'02	2Q	3Q	4Q
Total Asset	2,421.6	2,378.4	2,644.6	2,802.6	2,531.1	2,535.6	2,661.9
Cash / Deposits	52.6	46.4	166.6	319.4	110.9	89.2	136.3
Trade Receivables ¹⁾	621.1	462.8	655.9	640.4	698.0	752.5	836.1
Inventories	517.4	533.8	405.7	350.4	262.9	232.8	174.5
Investments	475.6	542.3	589.8	558.4	586.2	612.6	699.6
Tangible Assets	362.0	597.0	592.2	612.5	640.6	639.0	651.6
Total Liabilities	1,715.0	1,640.2	1,712.6	1,848.0	1,584.1	1,544.8	1,613.2
Trade Payables	491.2	466.5	406.7	425.2	447.4	416.8	510.5
Borrowings ²⁾	728.9	615.0	516.1	500.4	453.3	361.2	345.6
Total Shareholders' Equity	706.6	738.2	932.0	954.6	947.0	990.8	1,048.7
Capital Stock	255.0	255.0	255.0	255.0	255.0	255.0	255.0
Asset Turnover Ratio	93.4	112.8	128.2	88.5	124.6	116.2	154.9
D/E Ratio	242.7	209.6	183.8	193.6	167.3	155.9	153.8
Net D/E Ratio ³⁾	95.7	74.0	37.5	19.0	36.2	27.4	20.0
ROE	19.0	16.8	23.7	14.2	17.7	16.5	18.0

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

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

3) Net Debt = (Borrowings - Cash / Deposits) / Total Shareholders Equity

(KRW bn, %, x, ₩)

Account		'99	'00	'01	'02
Sales Revenue	Civil	664.2	584.1	540.1	514.4
	Plant	257.4	649.5	631.1	582.9
	Housing	528.1	821.2	1,125.7	1,257.5
	Arch.	640.9	653.1	856.2	819.7
	Total	2,090.6	2,707.9	3,153.1	3,174.5
Gross Profit		279.5	379.5	404.9	472.5
Operating Income		143.3	225.4	254.8	276.1
Ordinary Income		140.7	172.4	224.8	245.1
Net Income		99.8	121.1	159.6	160.7
Sales Growth Rate ¹⁾		2.4	29.5	16.4	1.0
Operating Income Growth Rate ¹⁾		29.7	57.3	13.0	8.4
Operating Margin		6.9	8.3	8.1	8.7
Interest Coverage		1.7	4.2	8.5	18.8
Interest Expense Ratio		4.1	2.0	1.0	0.5
EPS(₩)		2,447	2,406	3,199	3,225

4Q.'01	1Q.'02	2Q	3Q	4Q
166.6	87.6	146.1	105.2	175.5
129.5	114.2	109.9	159.7	199.1
333.1	266.1	360.0	262.4	369.0
205.8	134.1	214.6	208.4	262.6
835.0	602.0	830.6	735.7	1006.8
109.2	72.4	143.4	89.2	167.5
65.7	42.4	91.6	46.3	95.7
70.2	48.0	62.6	49.6	84.9
52.6	32.7	42.1	40.1	45.8
8.7	-27.9	38.0	-11.4	36.8
15.9	-35.5	116.0	-49.5	106.7
7.9	7.0	11.0	6.3	9.5
13.1	10.9	28.2	14.5	22.3
0.6	0.6	0.4	0.4	0.4
4,125	2,565	3,304	3,141	3,595

Note 1) Quarterly Variation Rate is compared with previous quarter

(KRW bn)

Account	1999	2000	2001	2002
Net Income	99.8	121.0	159.6	160.7
Adjustments of expenses without cash-out	74.5	84.9	67.3	103.4
Adjustments of profits without cash-in	(75.0)	(17.5)	(7.3)	(2.4)
Changes in asset/liabilities from operating activities	116.0	109.5	86.8	63.2
Cash flows from operating activities	215.4	297.9	306.4	324.9
Cash-inflow from investing activities	2,194.5	1,812	44.2	26.9
Cash-outflow from investing activities	(2,105.1)	(1,919.1)	(73.9)	(156.3)
Cash flows from investing activities	89.4	(107.1)	(29.7)	(129.4)
Cash-inflow from financing activities	418.5	265.1	128.1	2.4
Cash-outflow from financing activities	(721.2)	(469.2)	(265.7)	(218.4)
Cash flows from financing activities	(302.7)	(204.1)	(137.6)	(216.0)
Cash and cash equivalents at the end of the year	24.4	11.0	153.2	132.8

(Unit : KRW Bil.)

Business Division		1999		2000		2001		2002		2003 (P)	
		Amount	Portion	Amount	Portion	Amount	Portion	Amount	Portion	Amount	Portion
Arch.	Domestic	982.7	17.9%	1,122.4	18.0%	781	12.2%	742	11.4%	777	9.6%
	Overseas	93.1	1.7%	84.8	1.4%	96	1.5%	111	1.7%	82	1.0%
	Sub Total	1,075.8	19.6%	1,207.2	19.3%	877	13.7%	853	13.1%	859	10.6%
Civil	Domestic	1,584.0	28.8%	1,760.5	28.2%	2,306	36.0%	2,305	33.1%	2,645	32.5%
	Overseas	18.7	0.3%	65.2	1.0%	149	2.3%	124	1.7%	54	0.7%
	Sub Total	1,602.7	29.2%	1,825.7	29.2%	2,455	38.3%	2,429	34.7%	2,699	33.2%
Plant	Domestic	182.5	3.3%	166.1	2.7%	151	2.4%	289	4.4%	409	5.0%
	Overseas	825.8	15.0%	739.2	11.8%	932	14.5%	725	11.1%	1,186	14.6%
	Sub Total	1,008.3	18.3%	905.3	14.5%	1,083	16.9%	1,014	15.6%	1,595	19.6%
Housing	In-house	696.2	12.7%	879.3	14.1%	665	10.4%	254	3.9%	450	5.5%
	Contract	1,112.9	20.2%	1,428.6	22.9%	1,327	20.7%	2,127	32.7%	2,528	31.1%
	Sub Total	1,809.1	32.9%	2,307.9	36.9%	1,992	31.1%	2,381	36.6%	2,978	36.6%
Total	Domestic	4,558.3	82.9%	5,356.9	85.8%	5,230	81.6%	5,564	85.5%	6,810	83.7%
	Overseas	937.6	17.1%	889.2	14.2%	1,176	18.4%	944	14.5%	1,321	16.3%
	Total	5,495.9	100%	6,246.1	100%	6,406	100%	6,508	100%	8,131	100%

As of Dec.31, 02

(KRW 100 mn)

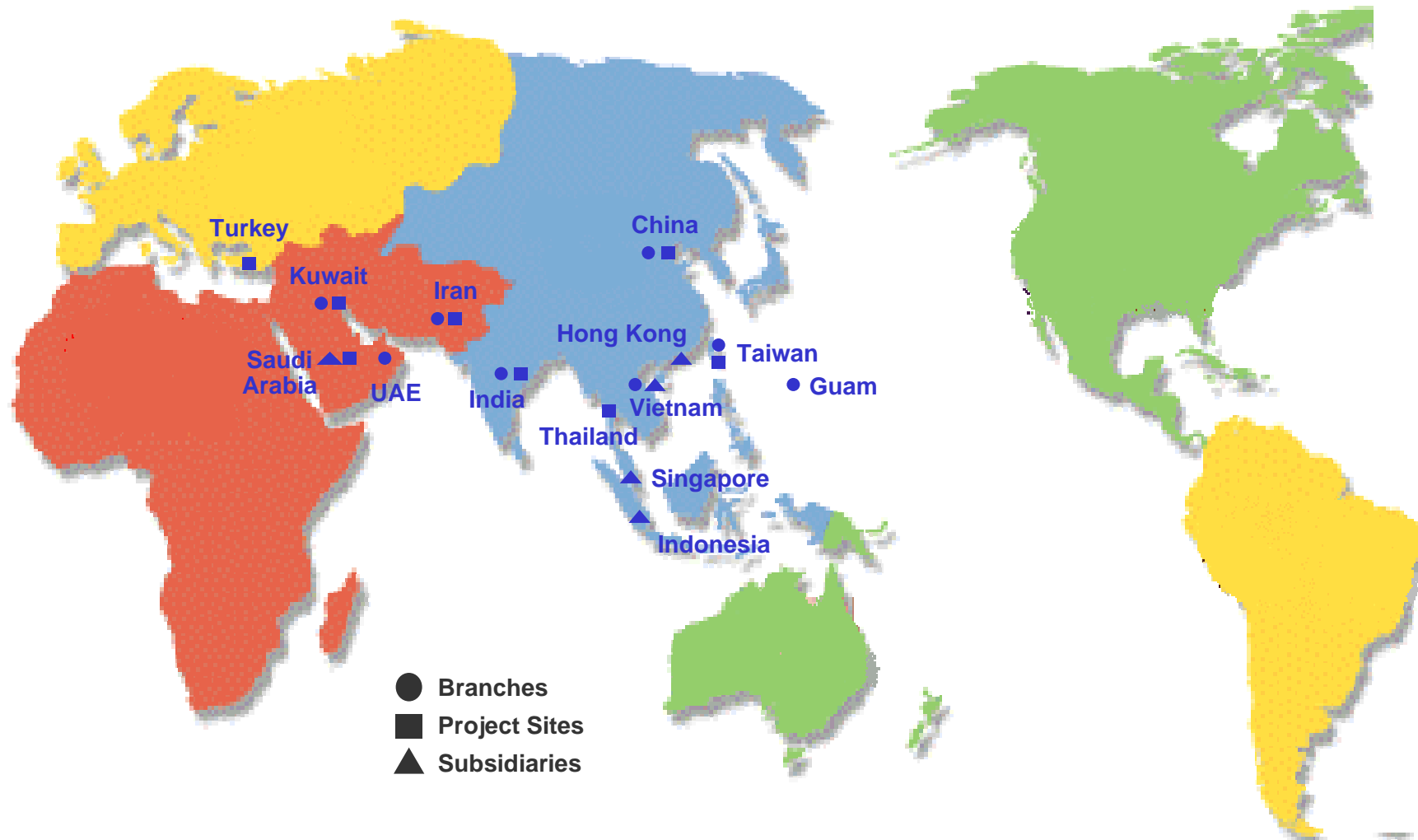
Name of Project	Consortium Leader	LG Shares (%)	Investment	Invested	Contract Amount
New Airport Highway	Samsung	5	217	217	1,177
Chonan-Nonsan Highway	LG	25	1,125	1,125	3,320
Daegu East Beltway	Kolon	14.5	87	87	301
Daegu West-North Road	Kolon	15.1	33	33	71
Cholmasan Tunnel	-	Sold (Nov.,02)	-	117.0	184
		Sub-Total	1,462	1,462	5,053
Seoul Outer Beltway	LG	27	1,242	527	3,692
Manwolsan Tunnel	Daelim	15	50	44	145
Kangnam Beltway	Doosan	11.5	267	23	753
		Sub-Total	1,559	594	4,590

- Investment completed
- Under Investment

(Unit : KRW Bil., unit)

Appointed Date as a Contractor	Region	Contract Type	Expected Sales Revenue	APT Units	Remarks
Jul. 1997	Dogok, Seoul	Consortium(LG, HEC, SY)	150.0	981	Approved in 1H '02
Jun. 1999	Jamsil #3, Seoul	Consortium(LG, HEC, HDC)	170.0	1,287	Approved in 2H '02
Sep. 1999	Jamsil #4, Seoul	Consortium(LG, Samsung)	200.0	1,310	Approved in 1H '02
Feb. 2000	Gaepo #4, Seoul	Single	467.0	2,969	
Jun. 2000	Mapo, Seoul	Single	117.0	569	
Aug. 2000	Jamsil #5, Seoul	Consortium(LG, Samsung, HDC)	367.0	1,658	
Nov. 2000	Banpo, Seoul	Single	117.0	442	
Dec. 2000	Seocho, Seoul	Single	41.0	184	Approved in 1H '02
Dec. 2000	Youido, Seoul	Single	200.0	564	Approved in 1H '03
Mar. 2001	Gwangmyung, Gyeonggi	Consortium(LG, Samsung)	170.0	1,950	
Mar. 2001	Cheongdam, Seoul	Single	96.0	672	
Jul. 2001	Bangbae, Seoul	Single	24.0	72	Approved in 2H '02
Nov. 2001	Banpo #3, Seoul	Single	670.0	3,411	
Mar. 2002	Godeok #2, Seoul	Consortium(LG, Samsung)	368.0	1,999	
Apr. 2002	Noryangjin, Seoul	Single	30.0	188	Redevelopment
Apr. 2002	Singil #5, Seoul	Single	50.0	384	Redevelopment
Apr. 2002	AID, Busan	Consortium(4 Companies)	110.0	900	
Jul. 2002	Poil, Gyeonggi	Single	350.0	2,700	
Jul. 2002	Eunma, Seoul	Consortium(LG, Samsung)	364.0	2,212	
Sep. 2002	Singil #9, Seoul	Single	58.0	420	Redevelopment
Oct. 2002	Yeonji, Busan	Single	45.0	506	Redevelopment
Dec. 2002	Gansuk, Incheon	Single	140.0	2,600	
Jan. 2003	Kumho #13, Seoul	Consortium(LG, Samsung)	99.0	1,042	Redevelopment
Total (excluding approved projects in 2002 & 2003)			3,618*	24,622	

*the approved volume are not included as potential backlogs



Thank You !