

Leading Developer
For The Future



2002 3rd Quarter Earning Release

2002. 11. 01



LG Engineering & Construction

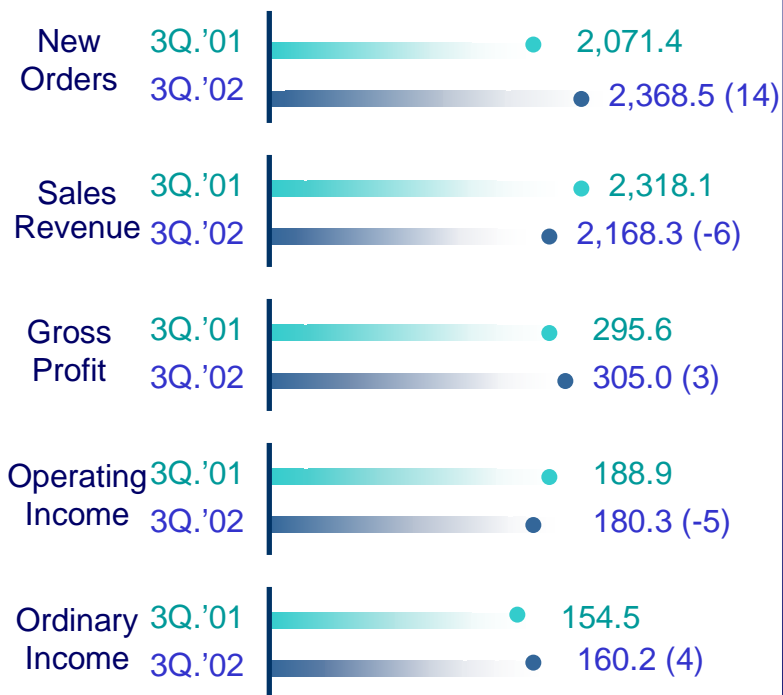
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Against the 3Q of 2001, the accumulated new orders and the ordinary income increased while the revenues and the operating income slightly decreased.

3Q.'02 Business Performance

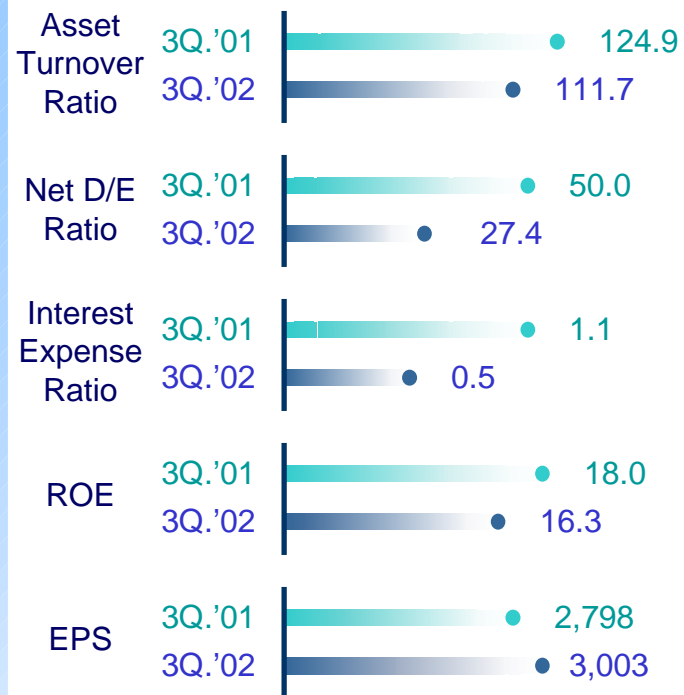
(₩ billion, %)



Note : () Variation Rate

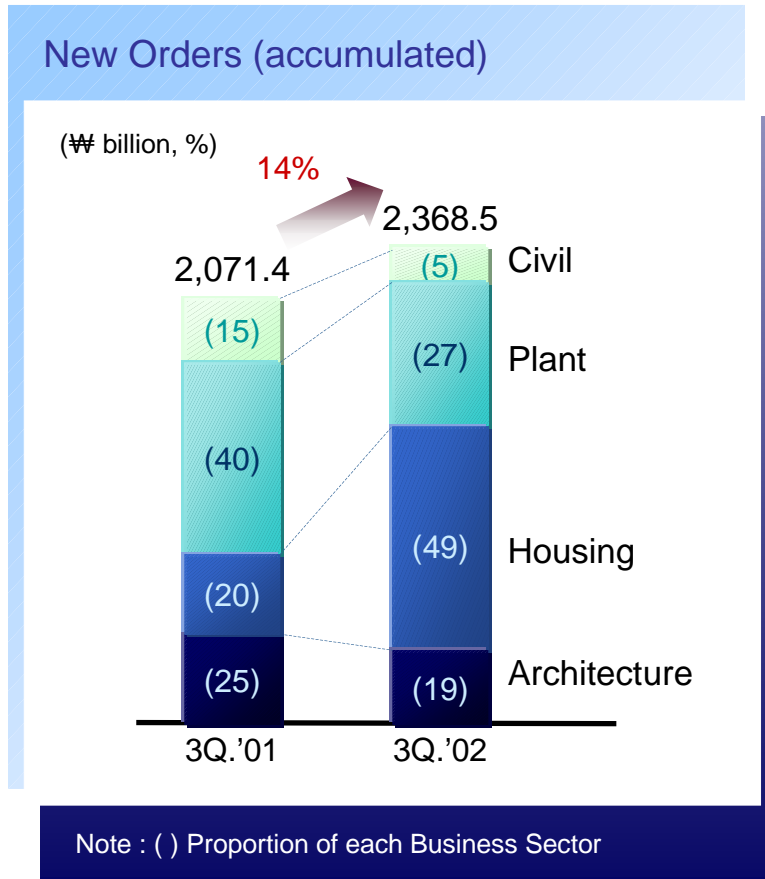
Financial Indices*

(%, ₩)



*. Based on the accumulated records

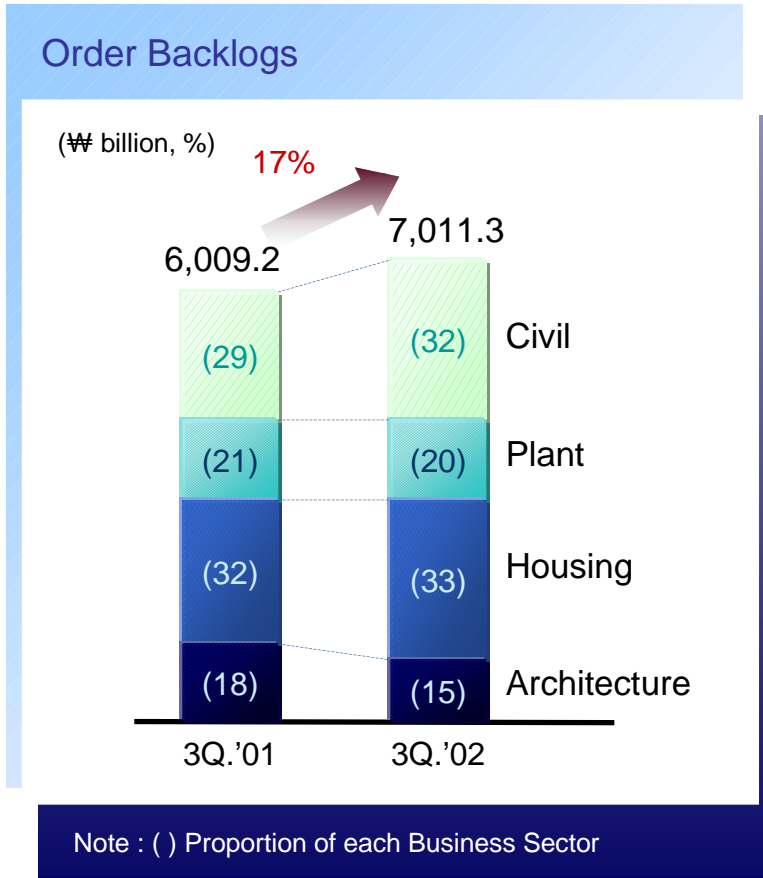
The accumulated new orders in the 3Q of 2002 increased 14% (YoY) to KRW 2.37 trillion, which is mainly due to the positive increase in Housing Division.



Comments

- Sharp increase in housing division with the approvals of the delayed reconstruction projects in Kangnam from the government, and the APT & Officetel Complex Project in Seoul (Yongsan Eclat Project) and others.
- Decrease in civil and architecture division due to the order delay from the client.
- The orders from the South Pars project (U\$ 655 mil) which has been signed a contract in September 2002, will be recognized once the advanced payments has been received. Thus the plant division's new orders turned out decreased.

Due to the increase of new orders, the order backlogs in the 3Q of 2002 increased 17% (YoY) to KRW 7.11 trillion* which is equivalent to 2.2 year work volume based on the annual sales revenue target for 2002.

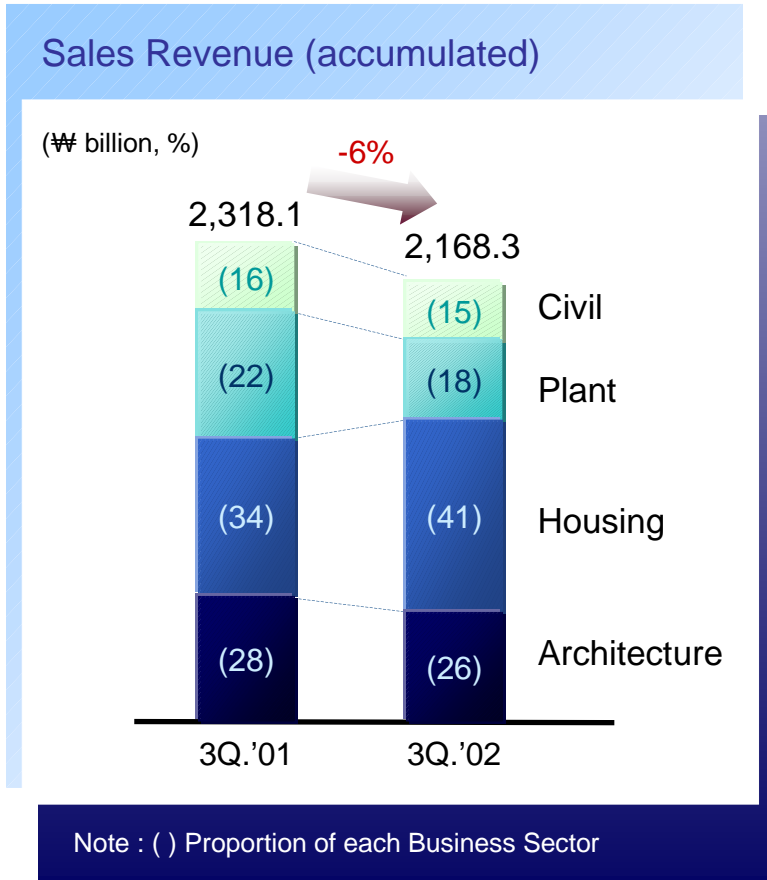


Comments

- Substantial increase in the civil division due to the sharp increase of the new orders in the 4th Quarter of last year.
- Increase in the housing division with the continuous new orders since the 4th Quarter of 2001, in spite of generating the sustainable sales revenues.
- Increase in the plant division with the reasonable new orders while the sales revenues from the overseas market is low.
- Slight decrease in the architecture division due to the decreased new orders.

*. Excluding potential backlog (Approx. KRW 3.7 trillion) of reconstruction project.

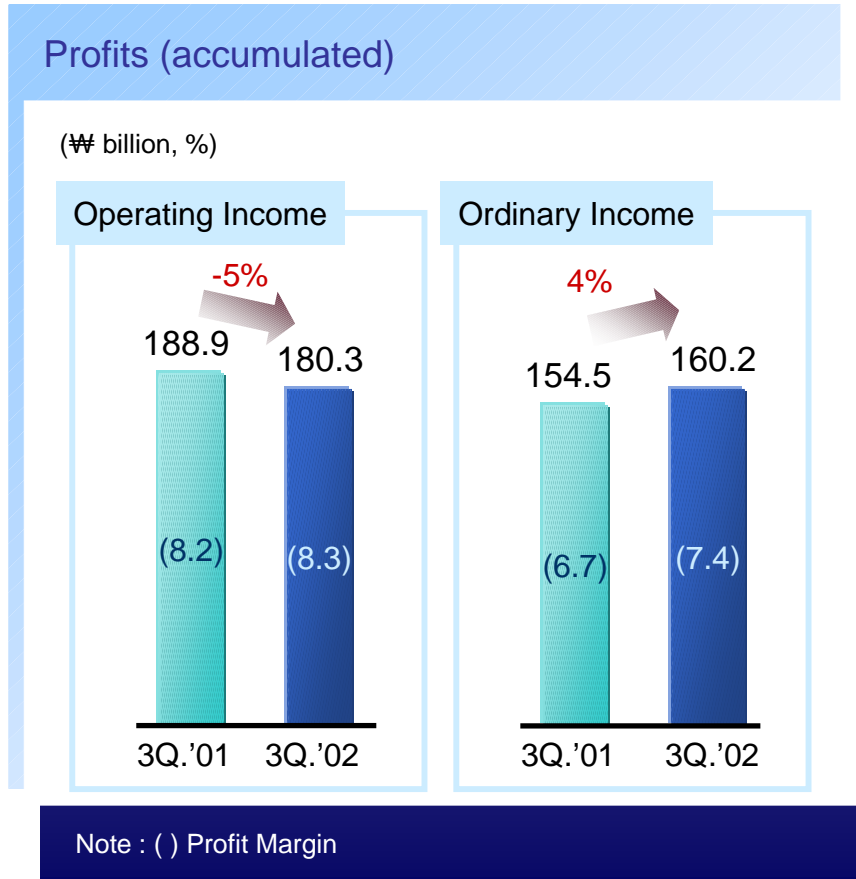
Even with the continuous sales growth in the housing division, because of the sales decline of other divisions, the accumulated sales revenue went down 6% to KRW 2.17 trillion in the 3Q of 2002.



Comments

- Continuous increase in the housing division due to the active construction works with plenty of the order backlogs .
- Due to the completion of NODCO project in Qatar and the delay of the domestic facility investments, the sales revenues in the plant and architecture divisions have decreased.
- Slight decrease in the civil division due to the delay of progress in Seoul Outer Ring Road Project (Private SOC Project).

The ordinary income increased slightly while the operating income decreased a little (YoY).



Comments

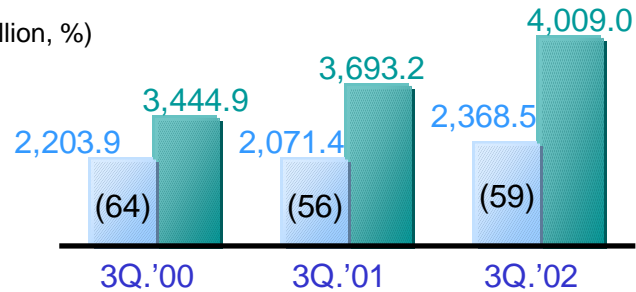
- The gross profit increased 3.2% (YoY), but the operating income decreased slightly due to the 16.8% increase (YoY) of the selling and administrative expenses.
- The ordinary income increased even though the operating income has decreased due to the improvement of the non-operating activities such as saving KRW 17.7 billion of the net interest payments (YoY) with the continuous increase of the interest income and decrease of the interest expenses.

Achieved 59% of the new orders target, 68% of the sales revenue target and 70% of the operating & the ordinary income target.

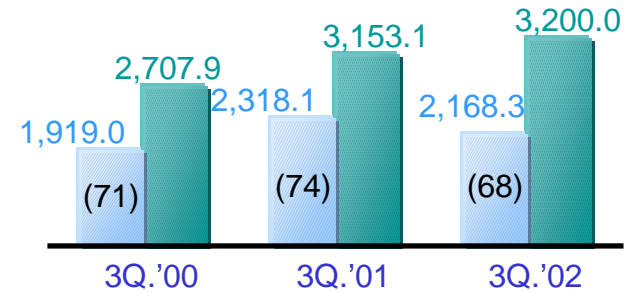
Annual Target Achievement

New Orders Quarterly Performance (Accumulated)
 Annual Performance (Target)

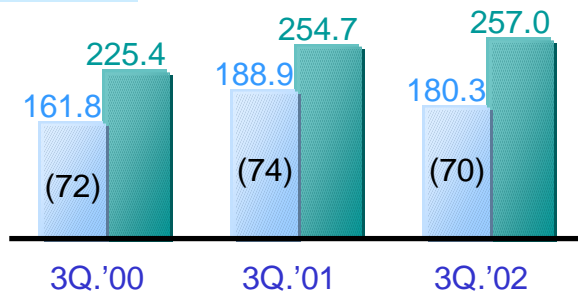
(₩ billion, %)



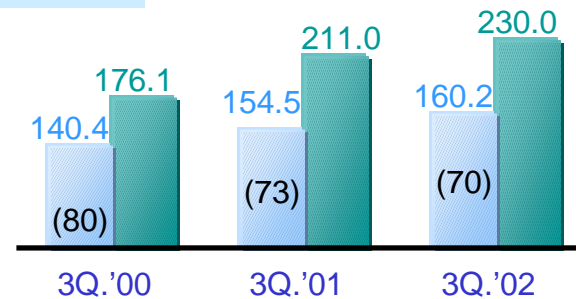
Sales Revenue



Operating Income

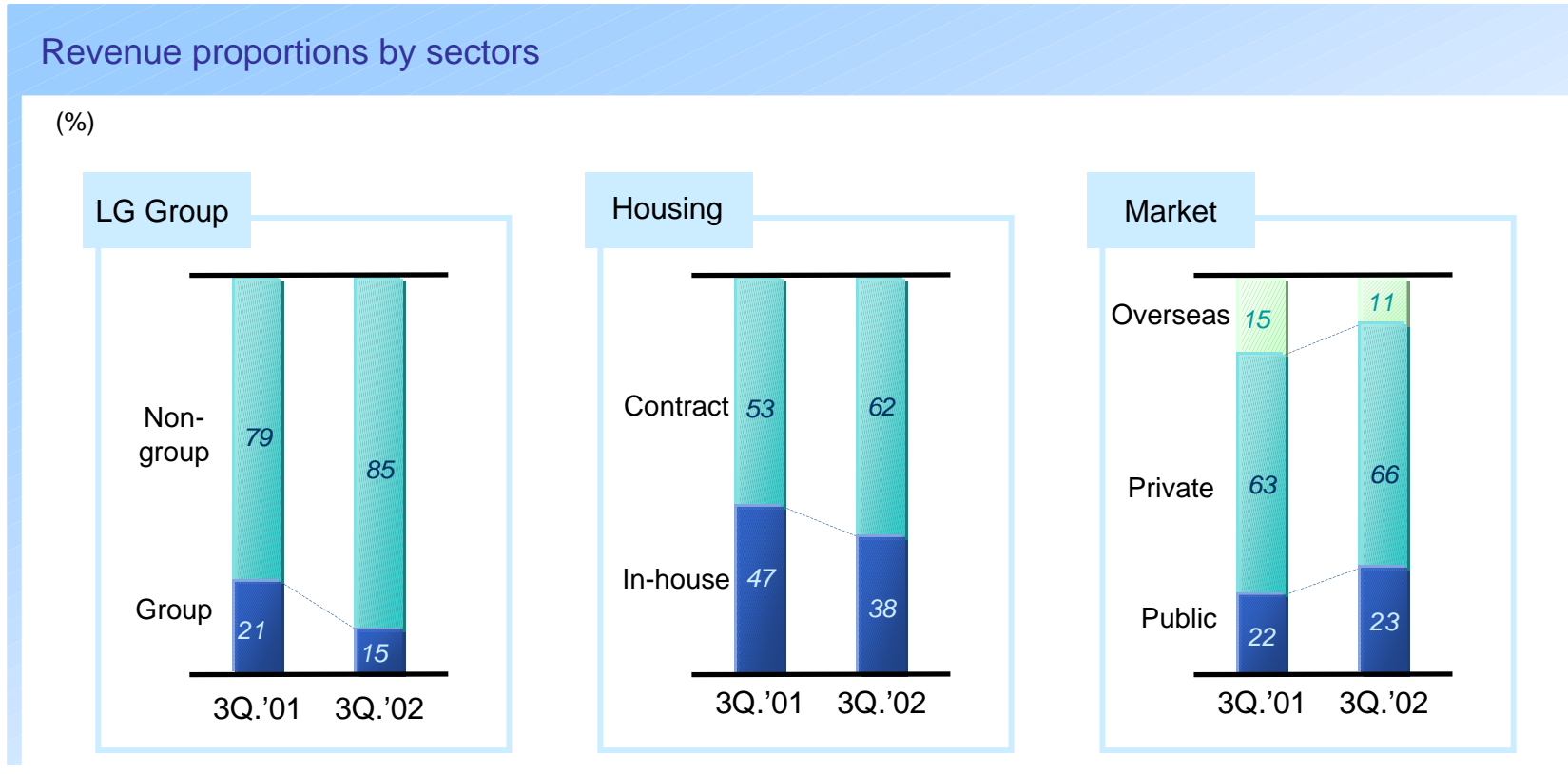


Ordinary Income



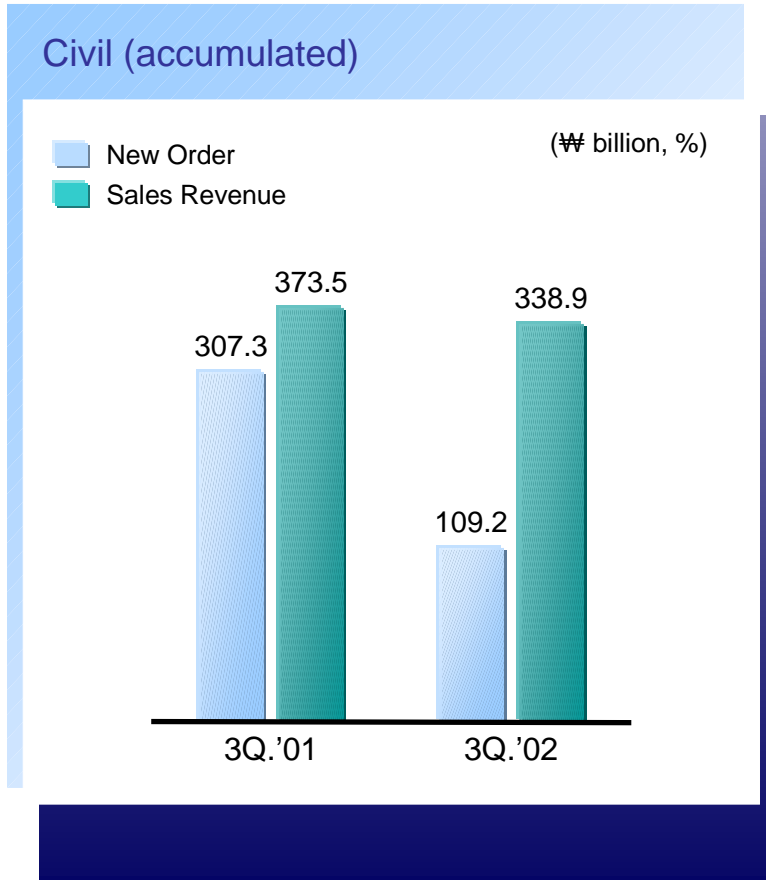
Note : () Achievement Rate

Strengthen the stable business structure and self competence by reducing on LG Group related works and increasing the public works and the contract based project portion in housing sector.



Note : *Italic - Proportion of each sector*

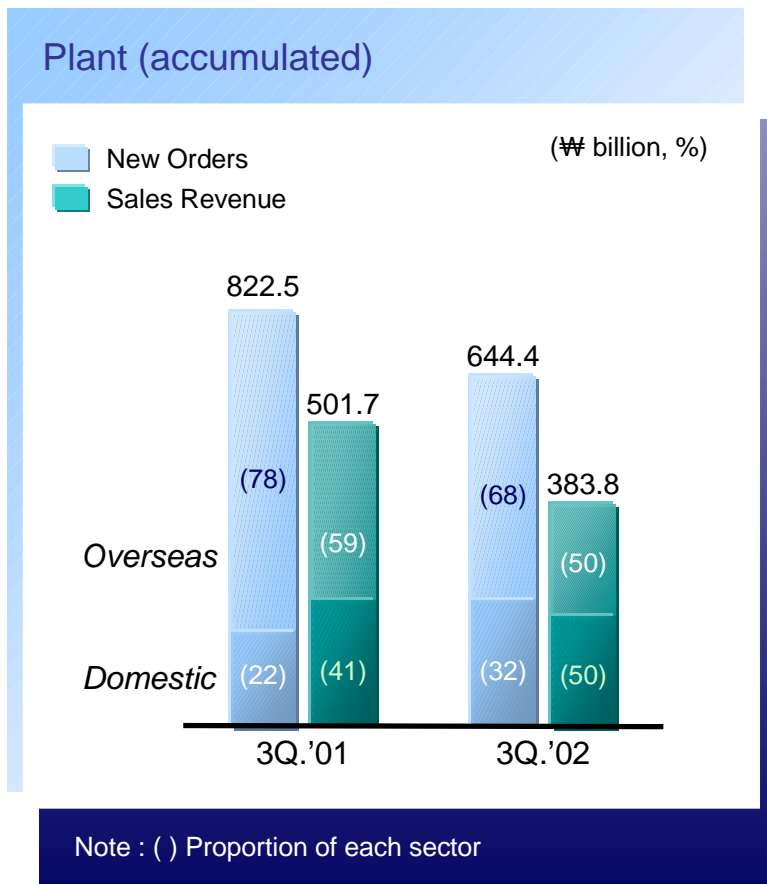
The new orders decreased substantially (YoY), and the sales revenues also declined slightly.



Comments

- The accumulated new orders of the 3Q is very low due to the order delays but the large number of public sector orders are expected to be placed in the 4th Quarter.
- Slight decrease of the sales revenue due to the delay of progress in Seoul Outer Ring Road Project (Private SOC Project).

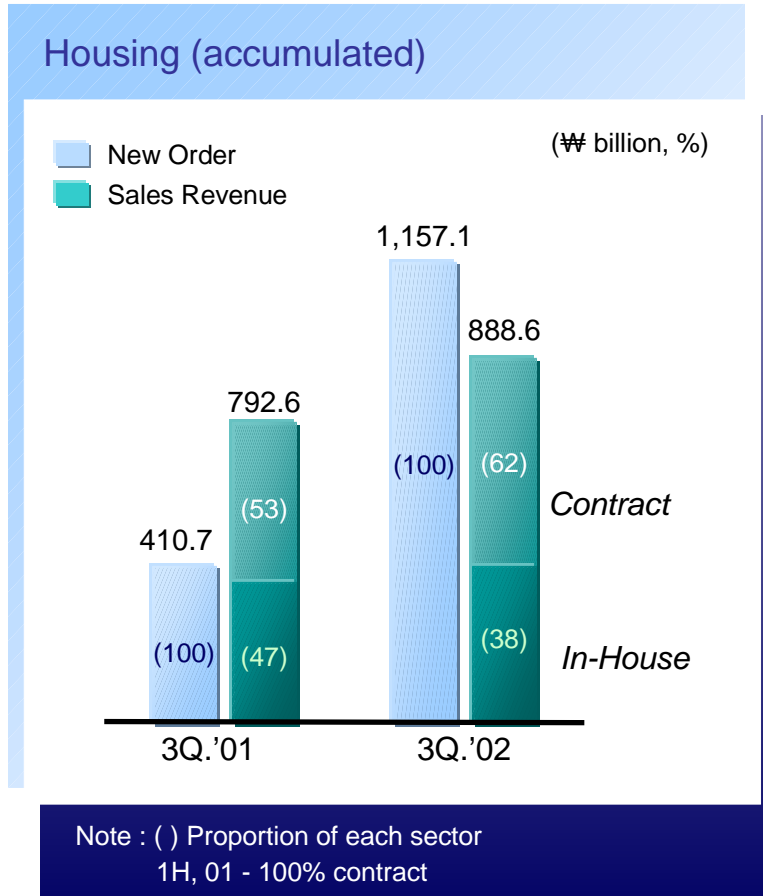
The favorable progress in new orders is foreseen even though the amount decreased compared to the previous year. The sales revenue also decreased due to the completion of the large projects early in this year.



Comments

- Maintaining the good streams of new orders without including South Pars project (US\$ 655mil.) which was signed a contract in this September.
- The sales revenue decreased (YoY) because there were several large projects completed in 1H this year such as NODCO, but from the 3rd Quarter, it is starting to recover.

The new orders increased substantially and the sales revenue keeps growing with the active construction works in progress.

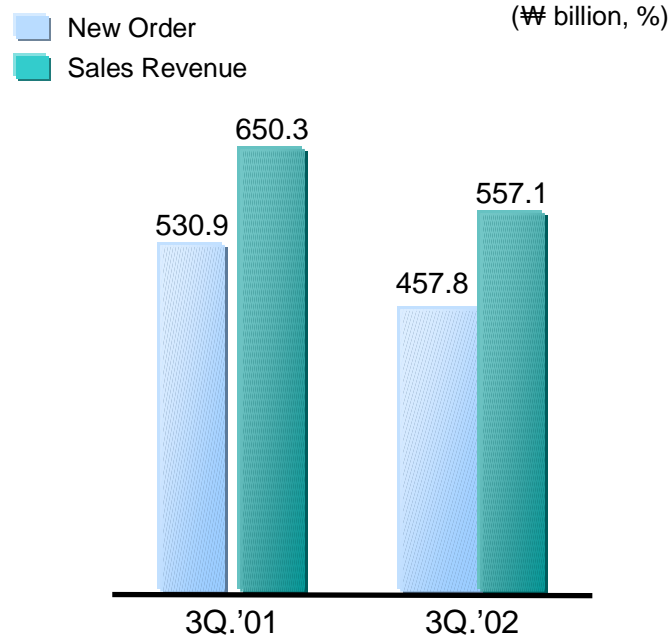


Comments

- Sharp increase of the new orders due to the Government's approval of the reconstruction projects and the continuous attainment of the contract projects in Seoul and satellites with the renowned brand power.
- Continuous increase of the sales revenue with the active construction works in progress based on the plenty of order backlogs while the trend of the in-house projects is declining.

Both the new orders and the sales revenues decreased (YoY), since the demand for the buildings has not been recovered yet,

Architecture (accumulated)

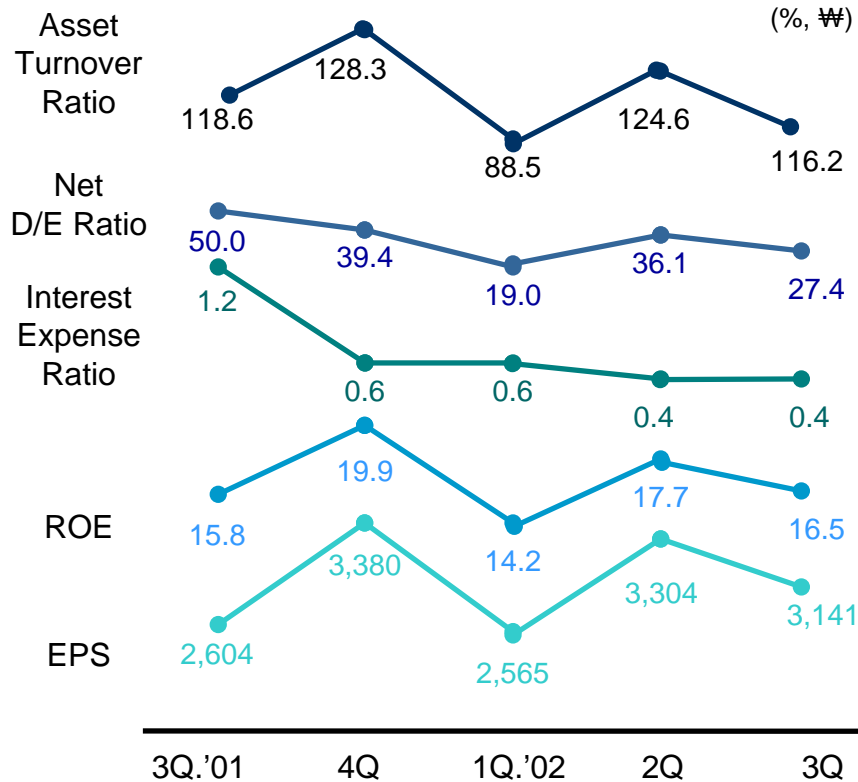


Comments

- Decrease of the new orders due to the reduction on the LG group related works and the continuous depression of the demand for the new buildings.
- Slight decrease of the sales revenues with the reduced volumes of construction works.

Against 2Q, the interest expense ratio and the net debt-to-equity ratio maintained the positive records while the asset turnover ratio, ROE & EPS have declined slightly.

Financial Indices



Comments

- Decline of the asset turnover ratio and the profit indices such as ROE & EPS due to the decreased sales revenues and profits in the 3Q compared to those of the 2Q.
- The improving trend continues for the net D/E ratio due to the continuous reduction of the debts with the positive cash flow.
- Maintaining the lowest level of the interest expense ratio due to the reduced debts and the low interest benefits, in spite of the sales revenue decrease.

B / S

(# billion, %)

Account	'99	'00	2Q.'01	3Q	4Q	1Q.'02	2Q	3Q
Total Asset	2,421.6	2,382.5	2,613.7	2,565.4	2,639.8	2,802.6	2,531.1	2,535.6
Cash / Deposits	52.6	46.4	63.3	175.8	166.6	319.4	110.9	89.2
Trade Receivables ¹⁾	621.1	462.8	690.2	574.1	695.1	640.4	698.0	752.5
Inventories	517.4	533.8	485.2	486.4	405.6	350.4	262.9	232.8
Investments	475.6	500.4	509.8	494.5	516.1	558.4	586.2	612.6
Tangible Assets	362.0	597.0	610.4	576.8	592.2	612.5	640.6	639.0
Total Liabilities	1,715.0	1,640.1	1,782.4	1,720.1	1,752.4	1,848.0	1,584.1	1,544.8
Trade Payables	491.2	466.5	456.5	407.4	406.7	425.2	447.4	416.8
Borrowings ²⁾	728.9	615.0	677.3	598.1	516.1	500.4	453.3	361.2
Total Shareholders' Equity	706.6	742.4	831.3	845.3	887.4	954.6	947.0	990.8
Paid in Capital	255.0	255.0	255.0	255.0	255.0	255.0	225.0	255.0
Asset Turnover Ratio	93.4	112.7	128.9	118.6	128.3	88.5	124.6	116.2
D/E Ratio	242.7	220.9	214.4	203.5	197.5	193.6	167.3	155.9
Net D/E Ratio ³⁾	95.7	76.6	73.9	50.0	39.4	19.0	36.2	27.4
ROE	19.0	17.1	20.7	15.8	19.9	14.2	17.7	16.5

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) / Paid in Capital

P / L

(₩ billion, %, x, ₩)

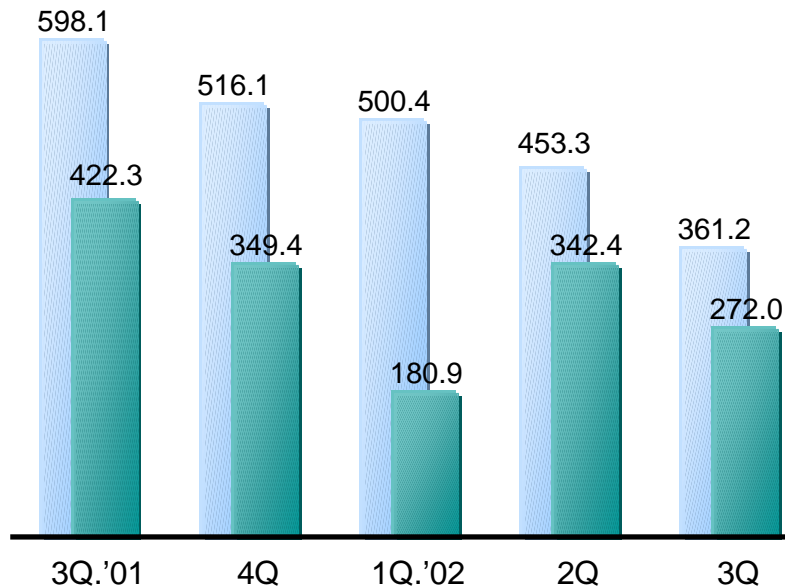
Account		'99	'00	'01	3Q.'01	4Q	1Q.'02	2Q	3Q
Sales Revenue	Civil	664.2	584.1	540.1	130.5	166.6	87.6	146.1	105.2
	Plant	257.4	649.5	631.1	133.3	129.5	114.2	109.9	159.7
	Housing	528.1	821.2	1,125.7	282.2	333.1	266.1	360.0	262.4
	Arch.	640.9	653.1	856.2	222.0	205.8	134.1	214.6	208.4
	Total	2,090.6	2,707.9	3,153.1	768.0	835.0	602.0	830.6	735.7
Gross Profit		279.5	379.5	404.9	97.5	109.2	72.4	143.4	89.2
Operating Income		143.3	225.4	254.8	56.7	65.7	42.4	91.6	46.3
Ordinary Income		140.7	176.1	211.1	48.7	56.5	48.0	62.6	49.6
Net Income		99.8	123.6	150.1	33.2	43.1	32.7	42.1	40.1
Sales Variation Rate ¹⁾		2.4	29.5	16.4	-7.9	8.7	-27.9	38.0	-11.4
Operating Income Variation Rate ¹⁾		29.7	57.3	13.0	-24.9	15.9	-35.5	116.0	-49.5
Operating Margin		6.9	8.3	8.1	7.4	7.9	7.0	11.0	6.3
Interest Coverage		1.65	4.15	8.49	6.16	13.14	10.87	28.17	14.47
Interest Expense Ratio		4.1	2.0	1.0	1.2	0.6	0.6	0.4	0.4
EPS(₩)		2,447	2,457	3,009	2,604	3,380	2,565	3,304	3,141

Note 1) Quarterly Variation Rate is compared with previous quarter

Debt

(₩ billion, %)

- Total Debt
- Net Debt



Debt / Cash

(₩ billion)

Account	'01	2Q.'02	3Q.'02
Short-term Loan	203.6	187.7	166.8
Short-term Borrowings	89.0	117.7	47.5
Current long-term debt	114.6	70.0	119.3
Long-term Loan	312.5	312.9	194.4
Long-term Borrowing	15.9	15.9	15.9
Debentures	296.6	297.0	178.5
Total Debt	516.1	453.3	361.2
Cash / Cash Equivalents	153.2	102.2	73.8
Short-term financial instrument	13.5	8.7	15.4
Cash / Bank Deposit	166.7	110.9	89.2

New Projects

(₩ billion)

Name of Projects	Business Division	Contract Amount	Contract Date	Note
Additional Work on LCD P4 Plant	Architecture	82.6	1.'02	-
Sungmo Hospital Emergency Center	Architecture	22.3	6.'02	-
Head office of the EXIM Bank of Korea	Architecture	14.5	2.'02	Remodeling
1st waste disposal site stabilization in Satellite area	Civil	15.6	4.'02	-
4th Jamsil APT Complex	Housing	200.0	3.'02	Reconstruction
Junae APT Complex	Housing	288.9	9.'02	-
APT & Officetel Complex (Yongsan Eclat)	Housing	160.3	9.'02	
Azzawiya Refinery	Plant	345.4	5.'02	Overseas (Libya)
Tupras Izmir DHP	Plant	81.3	1.'02	Overseas (Turkey)
Capro Corporation 3rd Factory Expansion	Plant	62.5	6.'02	-