

MESSAGE
FROM THE CEO

OVERVIEW
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In the coming year, we will further our standing in the domestic and overseas markets by proceeding with ever-greater insight and prudence.

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To Our Shareholders:

In 2009, we successfully overcame a market environment that became increasingly difficult as the year progressed. Our operation control system was upgraded and our priorities were adjusted to ensure unshakable soundness no matter how severe the crisis.

These efforts paid off with a record-breaking performance: new orders valued at over ₩12.86 trillion, sales surpassing ₩7.38 trillion, and operating profit of ₩568 billion. I believe these noteworthy results were made possible because of not only our own hard work but also your support for GS E&C.

We expect the business environment to continue to be difficult in 2010. Intense competition is seen both overseas and in the Korean market for government contracts, while recovery in the private construction sector is likely to be delayed. However, we believe we can maintain our robust growth momentum through our own concerted effort and your ongoing support.

Therefore, we expect to achieve ₩14.12 trillion in new orders, ₩595 billion in operating profit on ₩7.58 trillion in sales in 2010. We have decided on "value growth based on financial soundness" as our management directive for this year. Detailed action plans are being implemented according to this directive so that our performance targets can be attained.

Let me briefly describe for you, our customers and shareholders, the resolve we all share at GS E&C to realize our performance goals:

First, we are focused on internalizing the "value management" concept. By this we mean, internalizing the methods for managing cash flow, risk, cost and safety—the fundamentals that affect corporate performance profoundly. In the process, the company is strengthened overall.

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On the one hand, we will bolster financial soundness by monitoring cash flow tightly and striving for constant improvement of cash flow. On the other hand, we will enhance our system for predictable operation by managing risk preemptively and managing performance targets under specific scenarios.

Securing cost competitiveness is another important consideration if we are to retain absolute superiority amid intensifying competition. Each business division has established quantitative targets, is increasing task execution capabilities, and continues to lower costs.

Building a platform for long-term growth is another key matter on our agenda. We will never allow ourselves to become complacently satisfied with our present stature. Instead, we are working to realize a dynamic vision for the future so that we can continue to satisfy your expectations of us.

To begin we will pursue balanced growth among our business divisions to ensure a stable portfolio. We will also devote our strengths to elevating our abilities to perform ultra-large-scale projects overseas.

Technology R&D at GS E&C is not simply research for research's sake. Rather we are working toward world-class technologies that can themselves be products. Our goal, therefore, is to increase the effectiveness of our search for future growth engines by building a system of close collaboration between our technologies and our business areas.

NEW ORDERS | Unit : Trillions of Won |**SALES REVENUE** | Unit : Trillions of Won |

Meanwhile, the platform for long-term growth will be strengthened as we accelerate our technology commercialization. At the same time we are honing our ability to execute new growth projects that are being pursued as part of a master plan for future growth engines. “Green” projects represent an important market trend and are counted among the future growth areas. Therefore, we are expanding our involvement in such areas as nuclear power plants, tidal power plants, green buildings and green transportation networks.

Last but not least, our organizational culture continues to evolve. We never cease in our efforts to foster an organization culture that is both flexible and creative so that we can best adapt to a fast-changing business environment. Over the mid-/long term, a management philosophy of “empowerment and responsibility” will become deeply embedded in our organizational culture. Our people will be able to carry out their duties in a style unique to GS E&C, building the foundation for sustainable corporate growth.

In the coming year, we will further our standing in the domestic and overseas markets by proceeding with ever-greater insight and prudence. I can assure you that we are firmly committed to repaying your loyalty and trust by making shareholder and corporate value our top priority.

President & CEO
Myung-Soo Huh