

INVESTOR RELATIONS

GS E&C Presentation

Sept. 2012

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This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside GS 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. GS E&C shall not be responsible for any trading or investment decisions made based on this information.

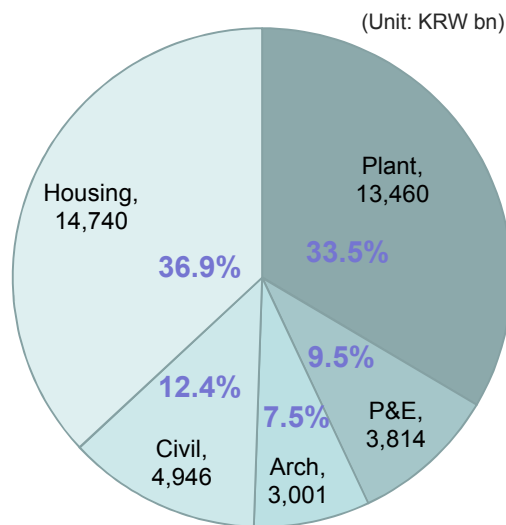
Business Overview – Order Backlogs & New Orders



New orders in 1H/2012 increased 32% YoY, accounting for 36% of annual new order target.

Order backlogs in 1H/2012

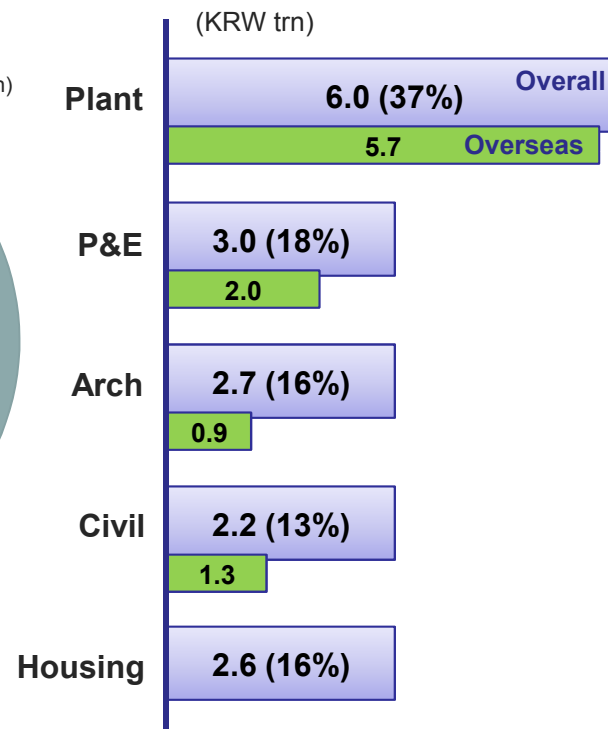
- KRW 40.0 trn
(Domestic 22.1 / Overseas 17.9)



*Y2011: KRW 38.7trn

New order Target in 2012

- KRW 16.5 trn
(Domestic 6.6 / Overseas 9.9)



• Overseas 60% / Domestic 40%

New orders in 1H/2012

- KRW 6.0 trn (Domestic 2.3 / Overseas 3.7)

(KRW bn)

Division	1H/ 2011	1H/ 2012	Major orders
Plant	1,301	2,417 (40%)	<ul style="list-style-type: none"> • Saudi Rabigh II (2,074) • Canada Black Gold Proj c/o (240)
P&E	854	989 (16%)	<ul style="list-style-type: none"> • Saudi PP12 (727)
Arch	1,182	1,484 (25%)	<ul style="list-style-type: none"> • Singapore NgTeng Fong Hospital (593) • Pankyo PF (113), NH IT Center(117) • Group works(370)
Civil	383	176 (3%)	<ul style="list-style-type: none"> • Wonjoo-Kangleng Railway #7 (66)
Housing	827	949 (16%)	<ul style="list-style-type: none"> • Kwangmyung #1R redevelopment (182) • KwangKyo Officetel (142) • Kwachen #6 reconstruction (380)
Total	4,547	6,015	

Business Overview – Sales Revenues

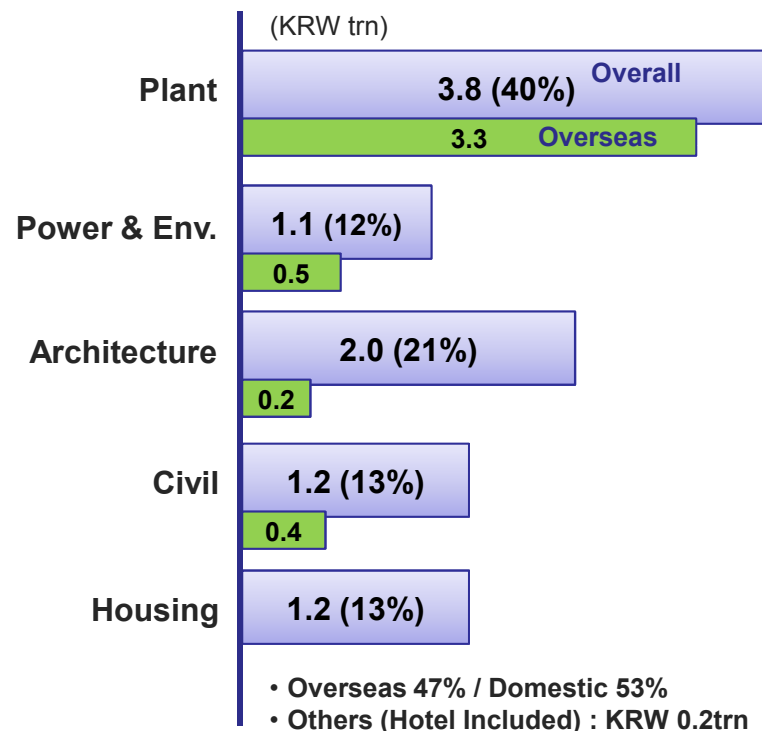


Sales Revenues in 1H/2012 increased 6% YoY, accounting for 47% of annual target.

Sales Revenues Target in 2012

▪ KRW 9.5 trn

(Domestic 5.1 / Overseas 4.4)



Sales Revenues in 1H/2012

▪ KRW 4.5 trn

(Domestic 2.3 / Overseas 2.2)

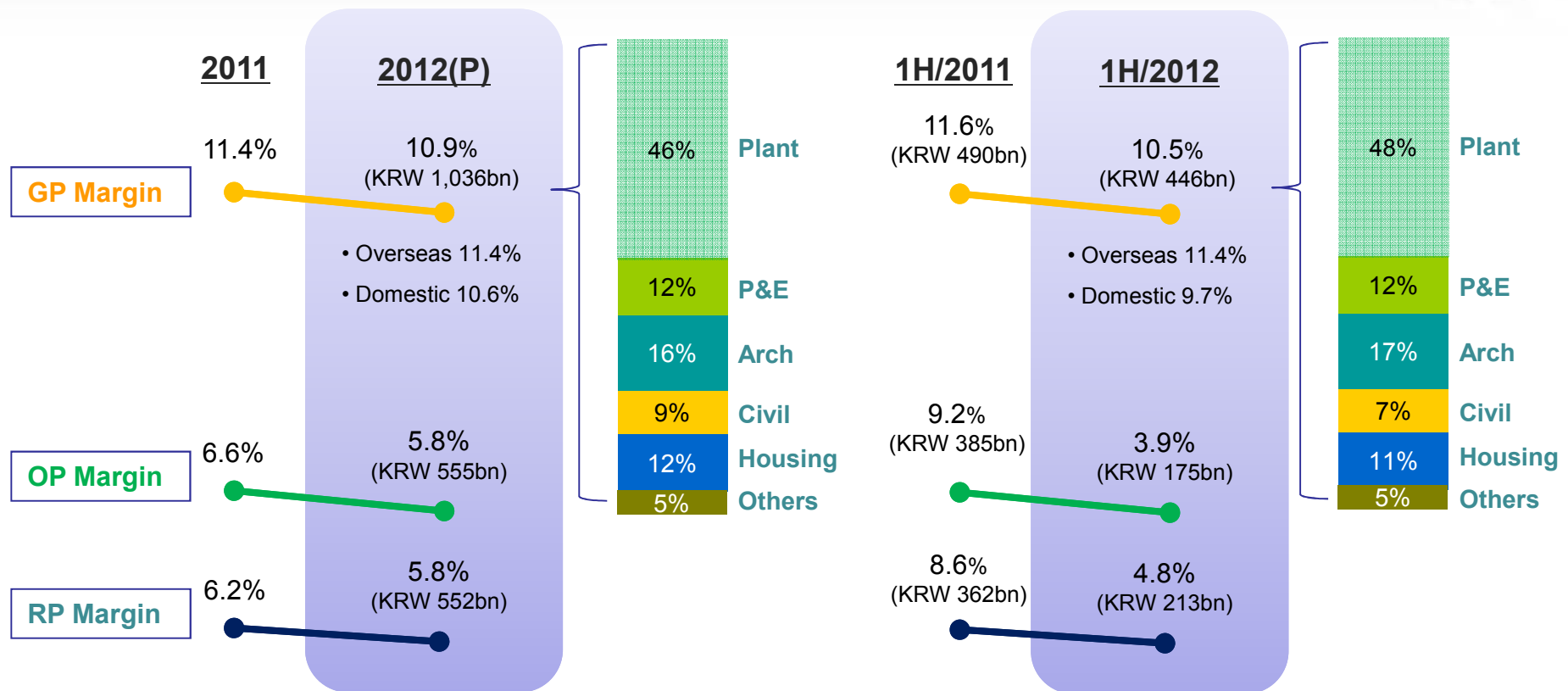
(Unit: KRW bn)

Division	1H/2011	1H/2012	Sales Ratio	Domestic: Overseas
Plant	1,470	1,836	41%	14 : 86
P&E	420	493	11%	58 : 42
Arch	1,178	831	19%	87 : 13
Civil	499	590	13%	75: 35
Housing	490	571	13%	92 : 8
Hotel	111	108	3%	
Others	39	34		
Total	4,207	4,463		52 : 48

Business Overview – Profit



Gross Profit in 1H/2012 was steady YoY and OP decreased 55% YoY due to the low base effect from the asset sales one-off profit(KRW219bn) reflected in 2Q/2011.



Investment Highlight – Global Player



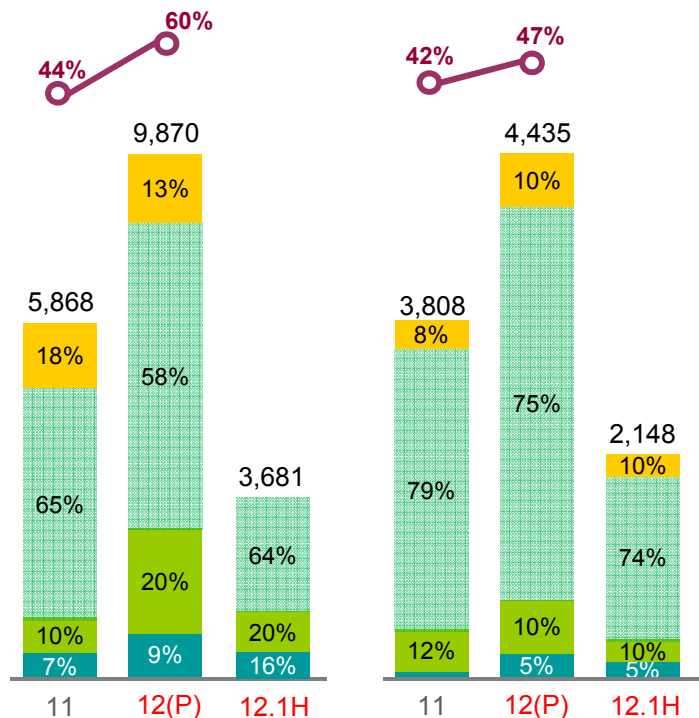
Overseas new orders and sales revenues are expected to be 60%, 47% respectively.

Overseas

- Contribution to New Orders/ Revenues (KRW billion, %)
- Civil Engineering
- Plant
- Power & Environment
- Architecture
- Housing

New Orders

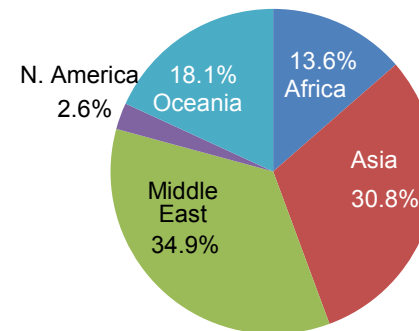
Revenues



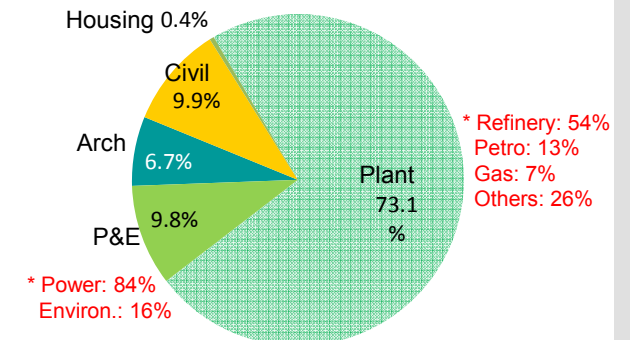
Overseas Order Backlogs (KRW 17,918bn)

(as of 2012.1H)

By Region



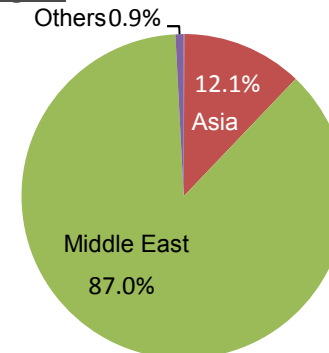
By Portfolio



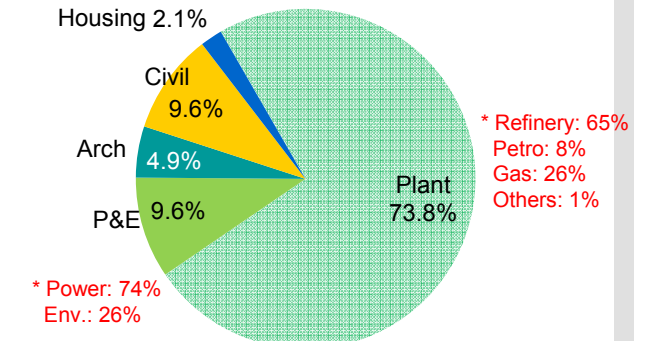
Overseas Revenues (KRW 2,148bn)

(as of 2012.1H)

By Region



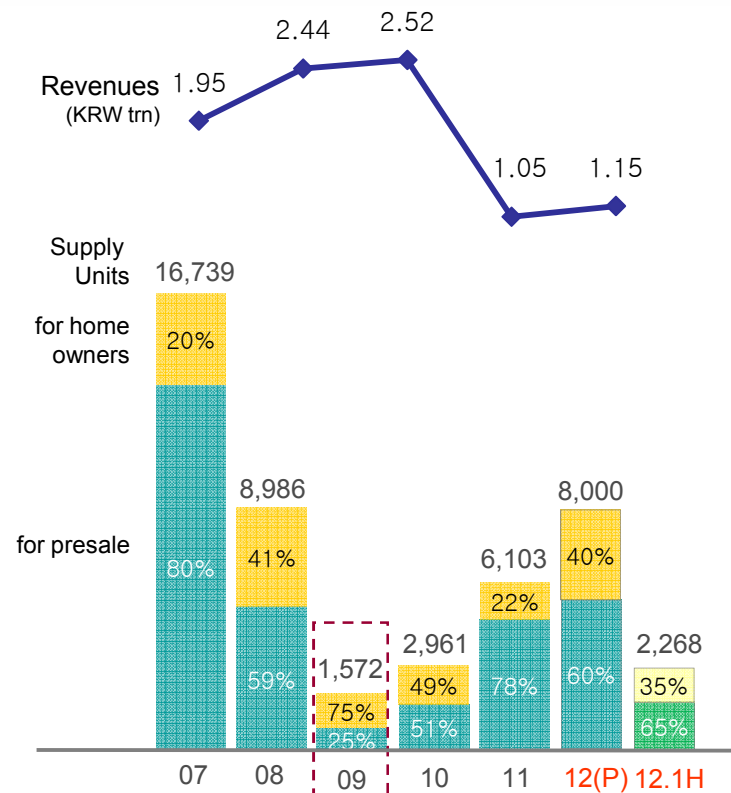
By Portfolio



Investment Highlight – Domestic Housing



The original expectation was to recover early this year, however housing market is still frozen. GS E&C have enough order backlogs in refurbishment projects and try to increase supply gradually.



Market

- Trend in housing price and transaction
 - Decreasing in metropolitan area while increasing in provincial area
- Tenant's burden getting bigger due to high Jeonse price
- Concern for household debt and weak sentiment in purchasing
- Government's efforts to boost the housing market is expected
- Company's earning deterioration trend due to weak housing market

Govt Policy

- To normalize transaction
 - Deregulations to stimulate buying power
- To stabilize rent system (Jeonse and monthly rent)
- To provide groundwork for supply
 - Supporting measures for normalizing PF projects, etc.

Strategy

- Maintain sound portfolio
 - Focus on refurbishment projects (mainly in Seoul & metropolitan area)
- Stabilizing PF Guarantee amounts
- Back to the average level of new unit supply
 - over 10,000 units with small/medium size housing
- Resume PF projects selectively

Investment Highlight – Water Business



In water business, localization based on concession is becoming the main trend these days specially in MENA and South America.

Market trend

- **EPC Turnkey → BOT/BOO/O&M**
(More than 60% in MENA & South America in 2016)
- **Geographical expansion through localization**
 - Acquisition of concession assets
(ex, Hyflux asset acquisition worth USD 2bn in China)
 - M&A of local entities
(ex, Veolia US, Veolia Saudi, Veolia China...)
- **Desalination Market**
 - USD 17.5bn expected in 2016
(Reverse Osmosis 80%, regionally 60% in MENA)
 - CAGR 15.8% (USD 8.4bn in 2011)

GS Inima Environment

- **Headquarter in Madrid, Spain since 1957**
(Merged with GS E&C in May 2012)
- **Biz areas: wastewater, drinking water, Industrial water, sea water, concession, operation & maintenance, etc.**
- **Global presences: Spain, Algeria, Brazil, Colombia, Chile, America, Mexico, Peru, Portugal**
- **Employees: 325 (Y2011)**
- **Revenue: KRW 190bn (Y2011)**
- **Oder backlog(incl. EPC, Concession, O&M, etc): KRW 3.3trn**
- **Experience: over 200 EPC projects and 120 O&M projects, currently running over 12 concession plants globally**
- **Strategies**
 - Expanding concession assets in MENA and South America
 - Reinforcing localization
 - Maximizing the synergy between GS E&C and Inima
 - Revenue in 2020 (E): KRW 1.0trn

* Revenue / Net Profit in 2011:

- Hyflux(USD 393 mil / USD 45 mil) Veolia(€12.6bn / € 490 mil)

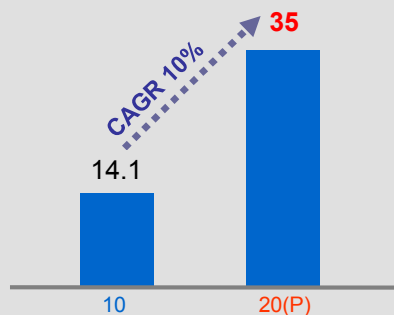
Investment Highlight – Vision 2020



Vision 2020 Goal

New orders

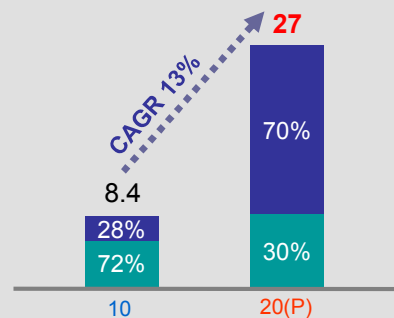
(KRW trillion)



Revenue

(KRW trillion, %)

■ Overseas
■ Domestic



Sustainable Global Company

Sustainable

Global

3 Core
Growth Pillars

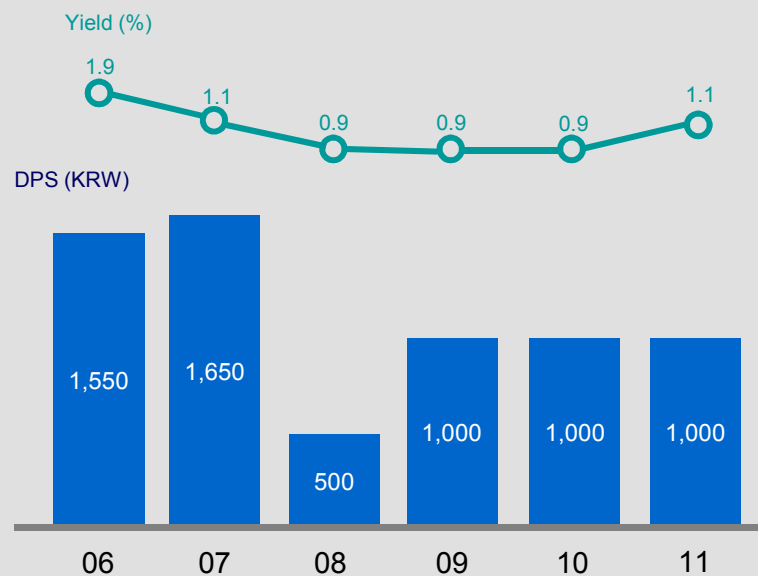
- Pursue sustainable growth with profitability
 - New orders KRW 35 trn
 - Revenues KRW 27 trn
 - Operating Profits KRW 1.7 trn in 2020
- Leap to global company beyond Korea
 - Global : Domestic = 70%:30% (in Sales)
 - Reinforce a Global Operation System
 - In-organic growth
- LNG Liquefaction, Desalination and Power Plant (Coal, CC, Nuclear)
- Development business in Property & Infrastructure (PPP, IPP, etc)
- Offshore business (FPSO, FLNG)

CC(Combined Cycle), PPP(Public Private Partnership), IPP(Independent Power Plant), FPSO(Floating Production Storage and Offloading), FLNG(Floating Liquefied Natural Gas)

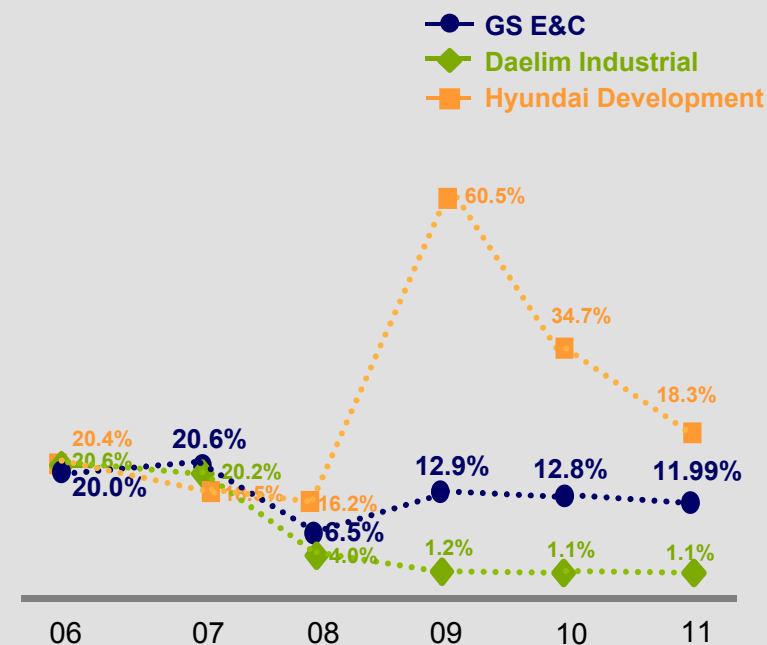
Appendix - Dividends



Yield & DPS



Payout Ratio

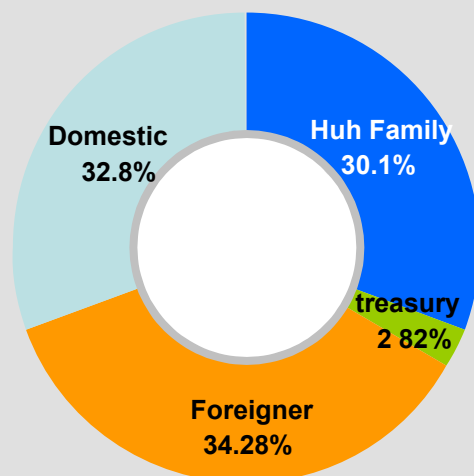


Appendix – Ownership Structure



GS E&C

(As of 2012.1H)



Huh Family

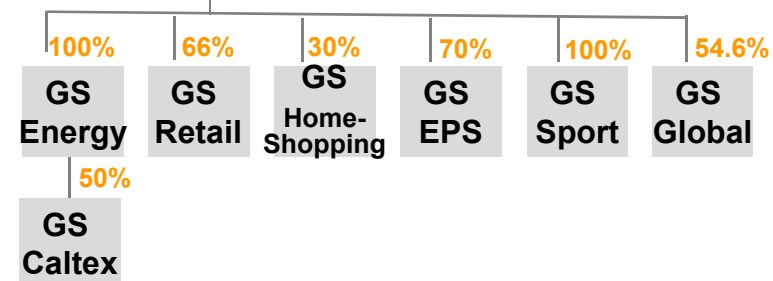
(As of 2012)

GS Holdings

30.4%



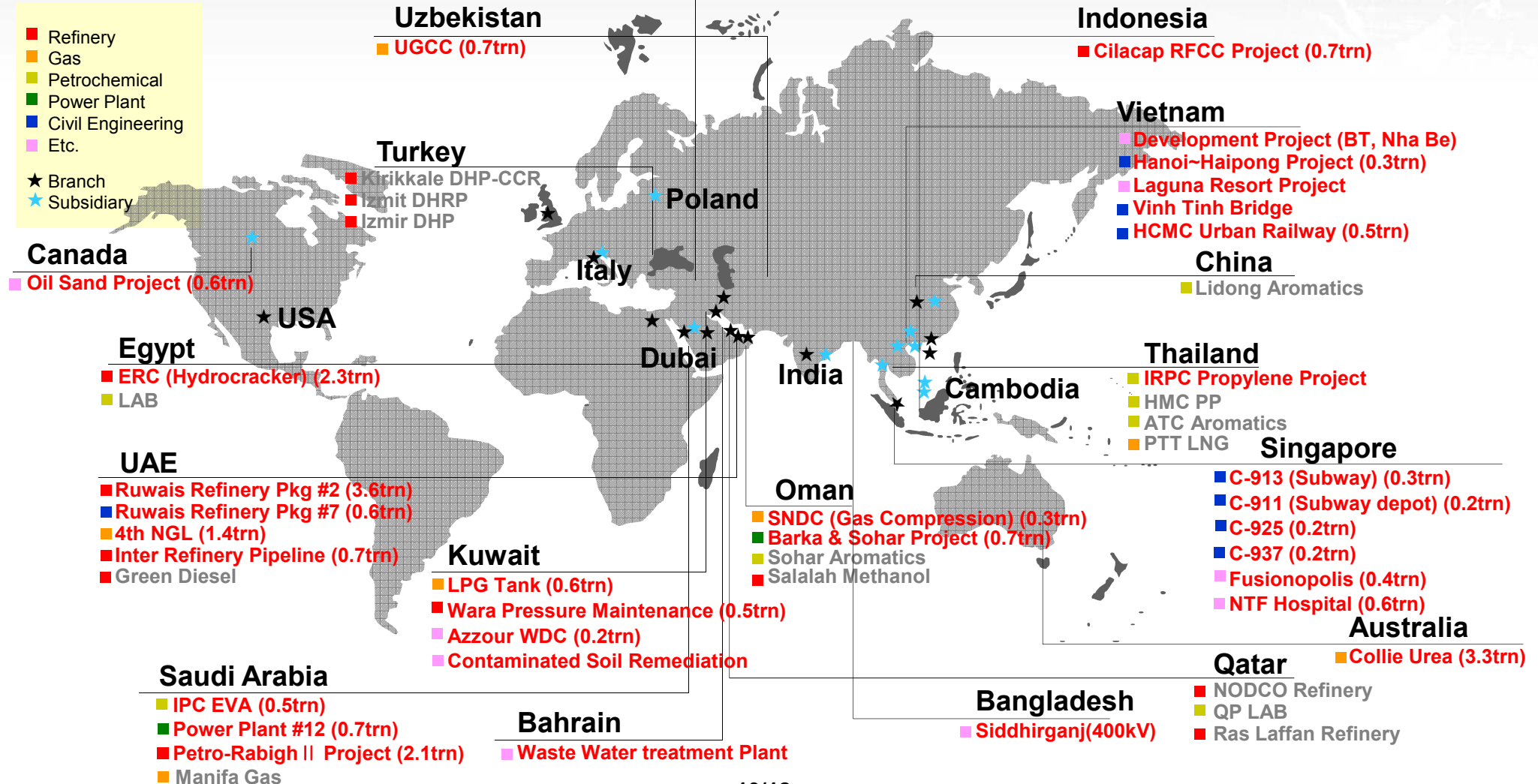
Subsidiary



Appendix – Major Overseas Projects



Red : On-going / Gray: Completed
(KRW trillion)



Appendix – Statements of Financial Position



(K-IFRS Consolidated)

(KRW billion,%)

Account	08*	09*	10	11	12.1H
Total Asset	8,182	8,946	11,046	11,264	11,678
Cash & Deposits	809	1,467	1,494	1,488	1,457
trade Receivables	2,242	2,429	4,415	4,627	4,403
Inventories	457	429	419	495	543
Investment & etc	1,839	1,628	1,316	1,173	1,301
Tangible Assets	1,412	1,422	2,348	2,195	2,286
Total Liabilities	5,147	5,647	7,275	7,306	7,663
Total Payables	1,483	1,366	1,680	1,734	1,588
Borrowing	772	972	1,323	1,776	2,346
Total Shareholders' Equity	3,035	3,299	3,771	3,958	4,015
Capital Stock	255	255	255	255	255
L/E Ratio	169.6	171.2	192.9	184.6	190.9

* K-GAAP parent company base

Appendix – Income Statements



(K-IFRS Consolidated)

(KRW billion,%)

Account		08*	09*	10	11	12.1H
Sales Revenue	Civil Engineering	657	833	1,048	1,097	590
	Plant	2,099	2,341	2,671	3,434	1,836
	Power Plant & Environment	393	495	542	921	493
	Architecture	1,275	1,180	1,497	2,226	830
	Housing	2,442	2,528	2,354	1,076	571
	Parnas etc.	-	-	308	298	143
Total		6,866	7,377	8,420	9,052	4,463
Gross Profit		913	955	1,130	1,029	470
Selling and Administrative Expenses		435	387	536	634	306
Operating Profit		478	568	633	598	175
Ordinary Profit		549	508	556	564	213
Net Profit		382	383	406	427	150

* K-GAAP parent company base



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