

INVESTOR RELATIONS

2008 Investor Presentation

1H Roadshow

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 **GS Engineering & Construction**

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Disclaimer

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.



Civil Engineering
Plant
Environment
Architecture
Housing
Technology Research Center



I. Business Overview

01_ Company Overall

02_ Overview by Division

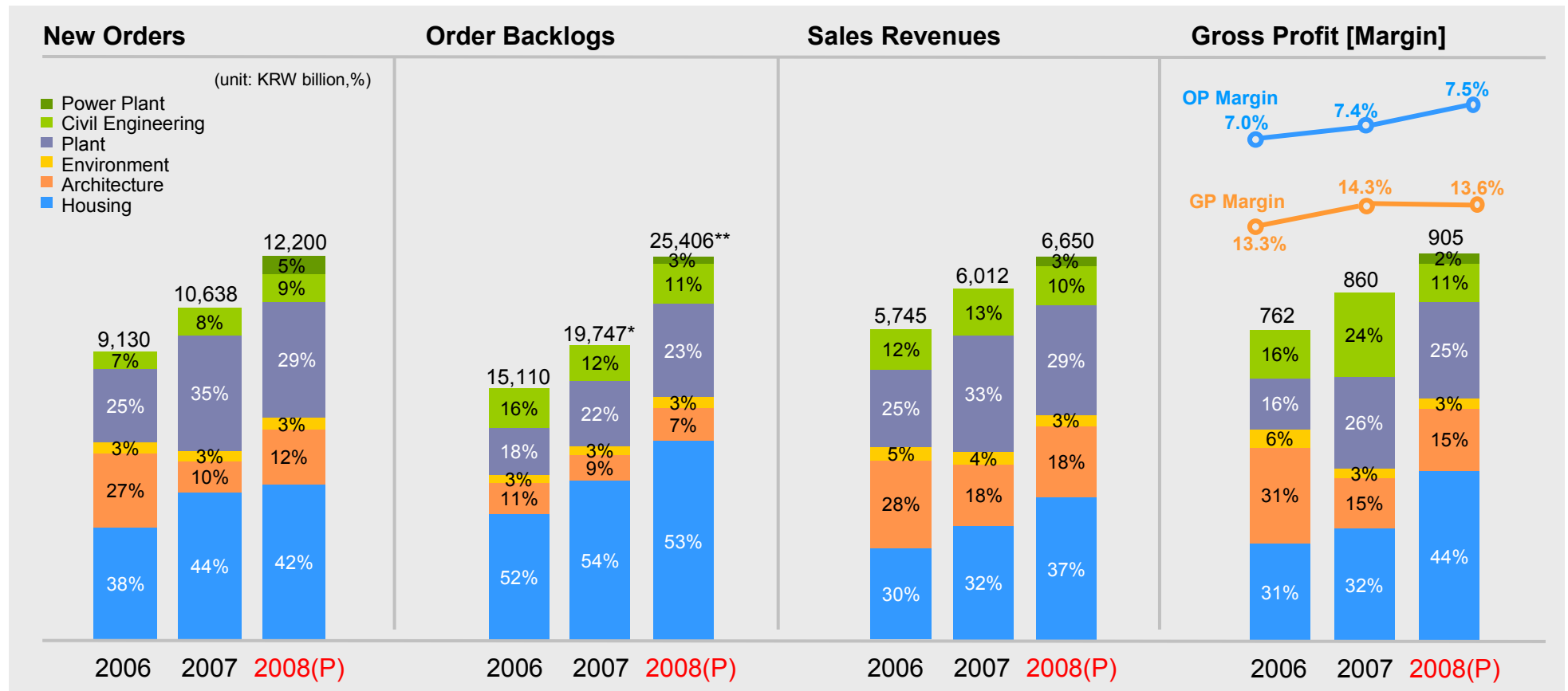
- Plant
- Housing
- Civil Engineering
- Architecture
- Environment
- Power Plant
- Development



Business Overview - Company Overall

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New orders and sales revenues will continuously go up, and profits will increase.



*Not included Provisional Order Backlogs in Housing 17.5 KRW trillion

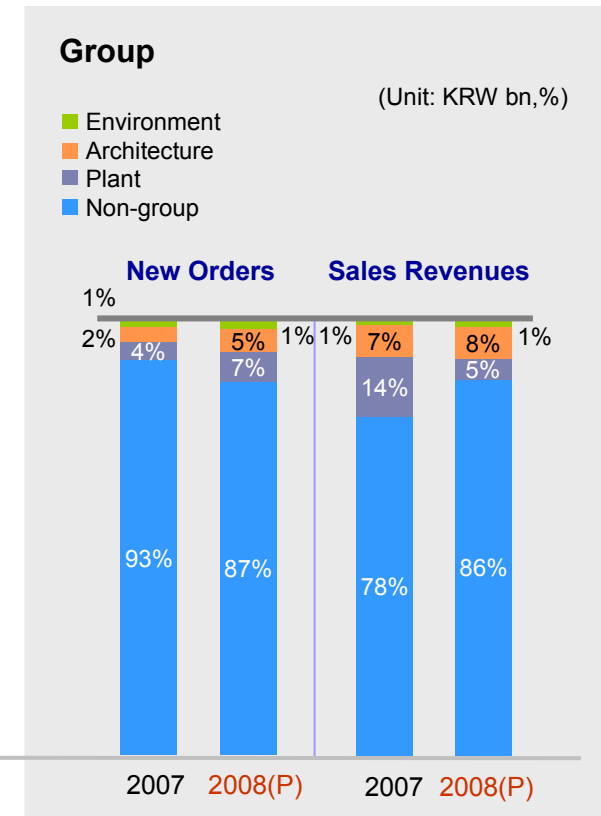
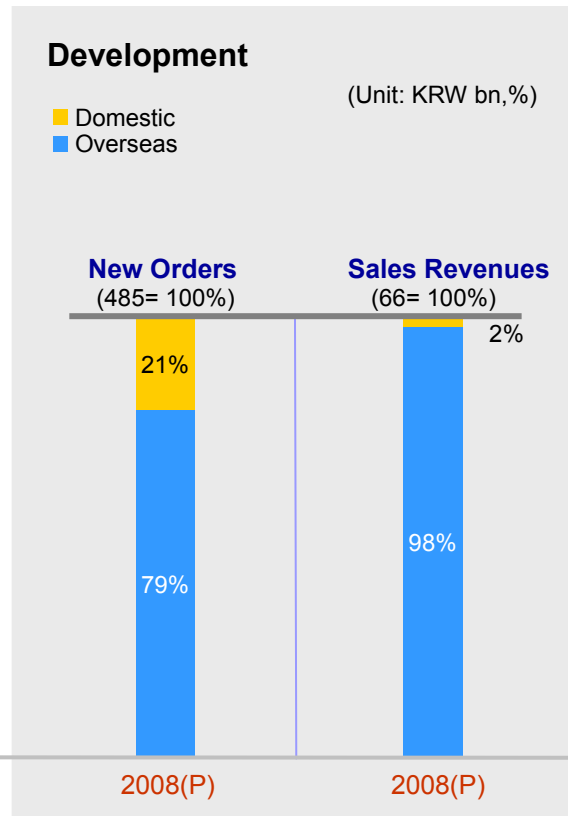
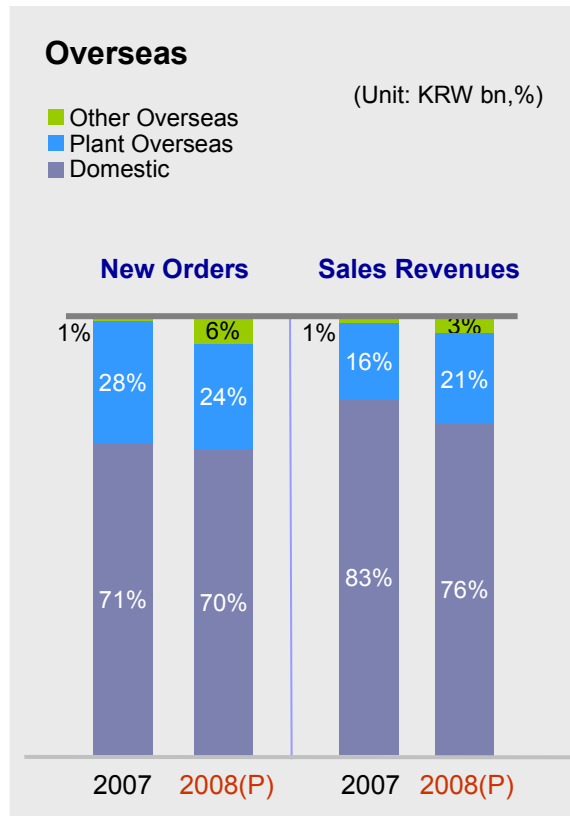
**Not included Provisional Order Backlogs in Housing 16.1 KRW trillion



Business Overview - Company Overall

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Overseas new orders and sales revenues will increase, and new order of group works will rise due to group investment increase.





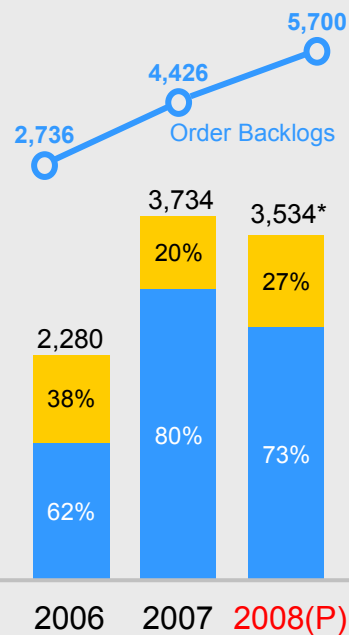
Business Overview - Plant

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New orders and sales revenue will be similar compared to the last year due to increased overseas orders and competitive power.

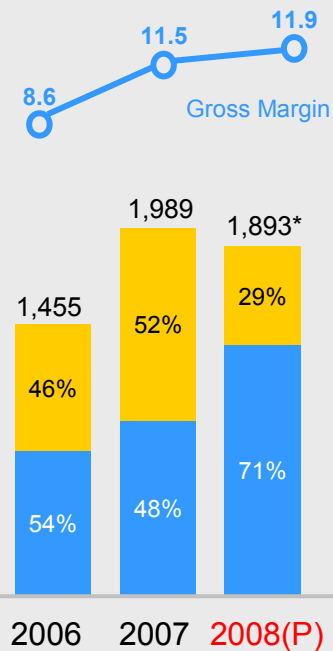
New Orders & Backlogs

■ Domestic
■ Overseas



Sales Revenues & GP Margin

(unit: KRW billion, %)



2008

Market

Expectations

- Refinery: Bigger investment from Middle East
- Petrochem: Abundant orders in short-term
- Gas: Increase in natural gas business and gas based chemical

GS E&C Strategy

- Selectively bid on large project with high margin
- Diversifying portfolio (Gas business)
- Entering new developing market overseas (Saudi, CIS, etc.)

*Not include power plant plan



Business Overview - Housing

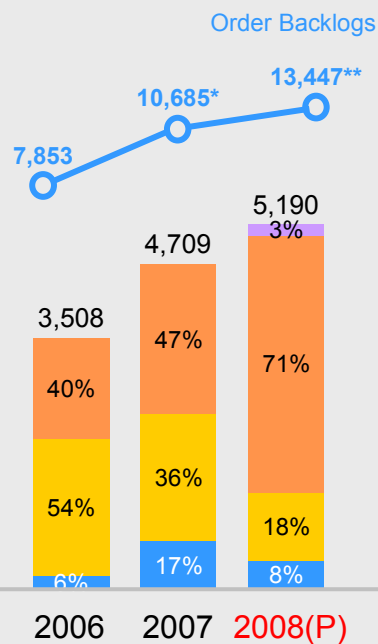
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Sales revenues and gross margin will increase with redevelopment, reconstruction and general contracts.

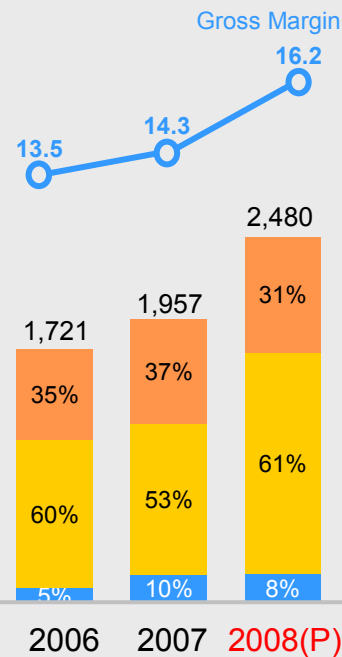
New Orders & Backlogs

- Development
- Reconstruction & Redevelopment
- General Contract
- In-house



Sales Revenues & GP Margin

(unit: KRW billion, %)



2008

Market

Expectations :

- Newly elected administration ease real estate restriction
- Decrease in housing supply
- Increase in redevelopment & reconstruction

GS E&C Strategy

- Housing supply : 11,500 units (Plan)
- Increase in orders from redevelopment
- Continuous cost cutting
- Involvement overseas to sustain growth

*Not included Provisional Order Backlogs in Housing 17.5 KRW trillion

**Not included Provisional Order Backlogs in Housing 16.1 KRW trillion



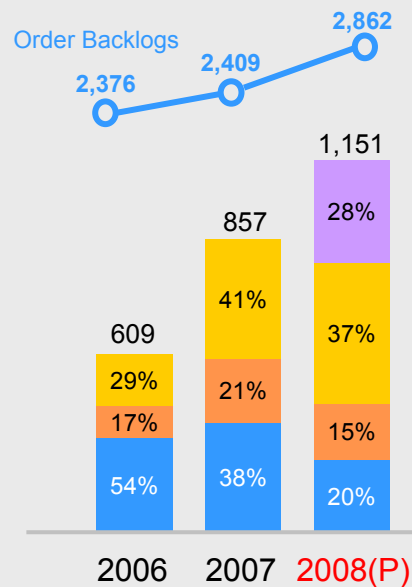
Business Overview - Civil Engineering

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New orders will be highly increased due to development projects. However, end of high profit projects will cause sales revenue and gross profit decrease.

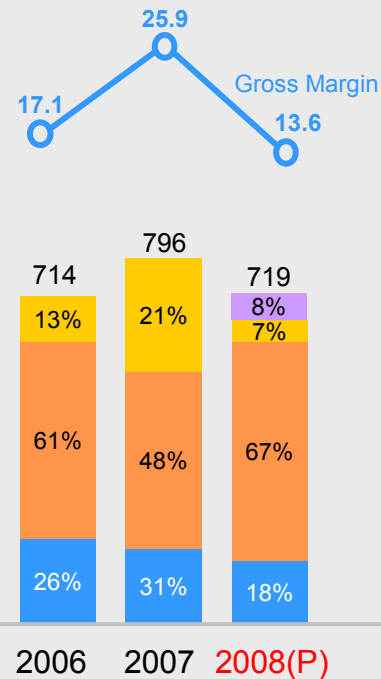
New Orders & Backlogs

- Development
- PFI (Privately Funded Infrastructure)
- General Contract
- TurnKey



Sales Revenues & GP Margin

(unit: KRW billion, %)



2008

Market

Expectations :

- Launching Balanced National Development
- Second round of "New Town"
- Increase in investment for PFI (e.g. Grand Canal)

GS E&C Strategy

- Diversifying business area
- Pursue the most lucrative infrastructure
- Expanding involvement in overseas



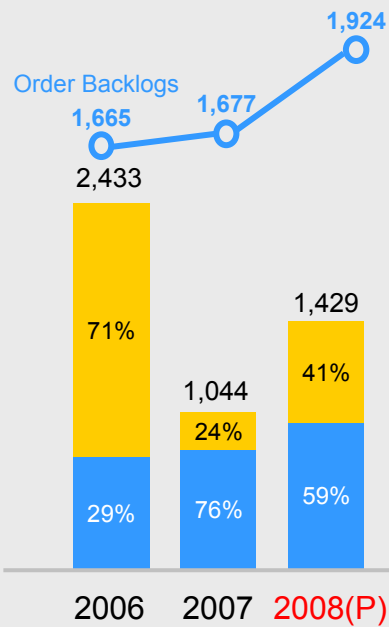
Business Overview - Architecture

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New orders and sales revenues will increase with diversified business portfolio.

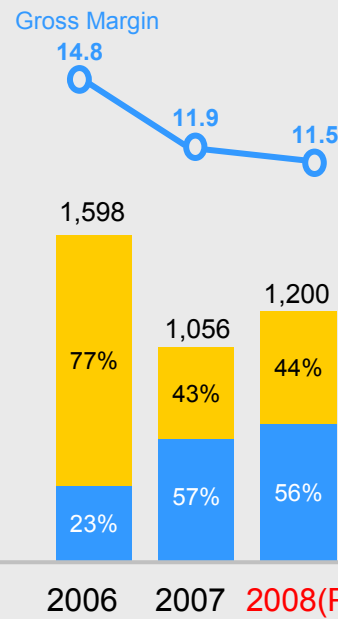
New Orders & Backlogs

■ Group
■ Non-group



Sales Revenues & GP Margin

(unit: KRW billion, %)



2008

Market

Expectations :

- Development boom in Middle East
- Increase in overseas contracting project
- Increase in domestic private sector

GS E&C Strategy

- Rebound in group works
- Develop new business model (Skyscrapers)
- Increase competency in overseas market



Business Overview - Environment

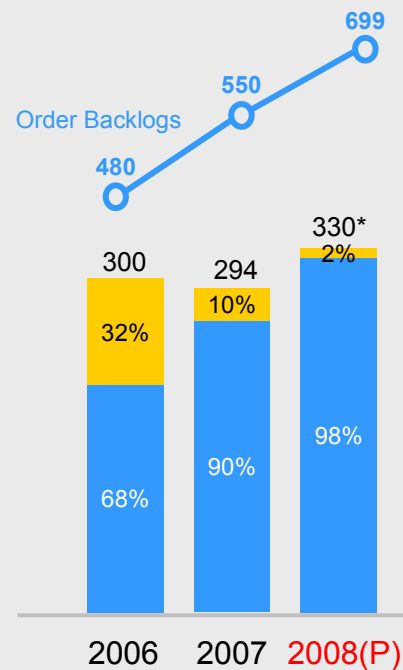
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New orders will be increased in non-group area, but sales revenue will be down because of adjustment of business portfolio.

New Orders & Backlogs

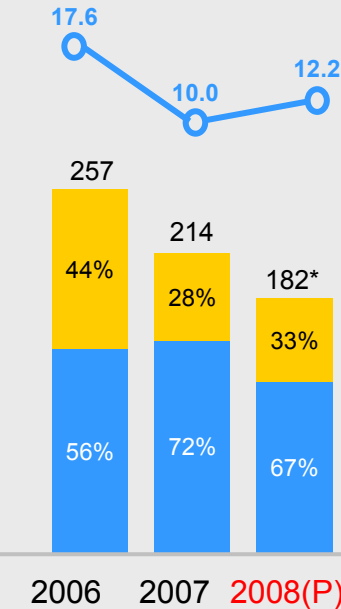
■ Group
■ Non-group



Sales Revenues & GP Margin

(unit: KRW billion, %)

Gross Margin



* Not included sewer pipe business plan

2008

Market

Expectations :

- Rising demand for water treatment facilities
- Increased demand in Middle East & Southeast Asia

GS E&C Strategy

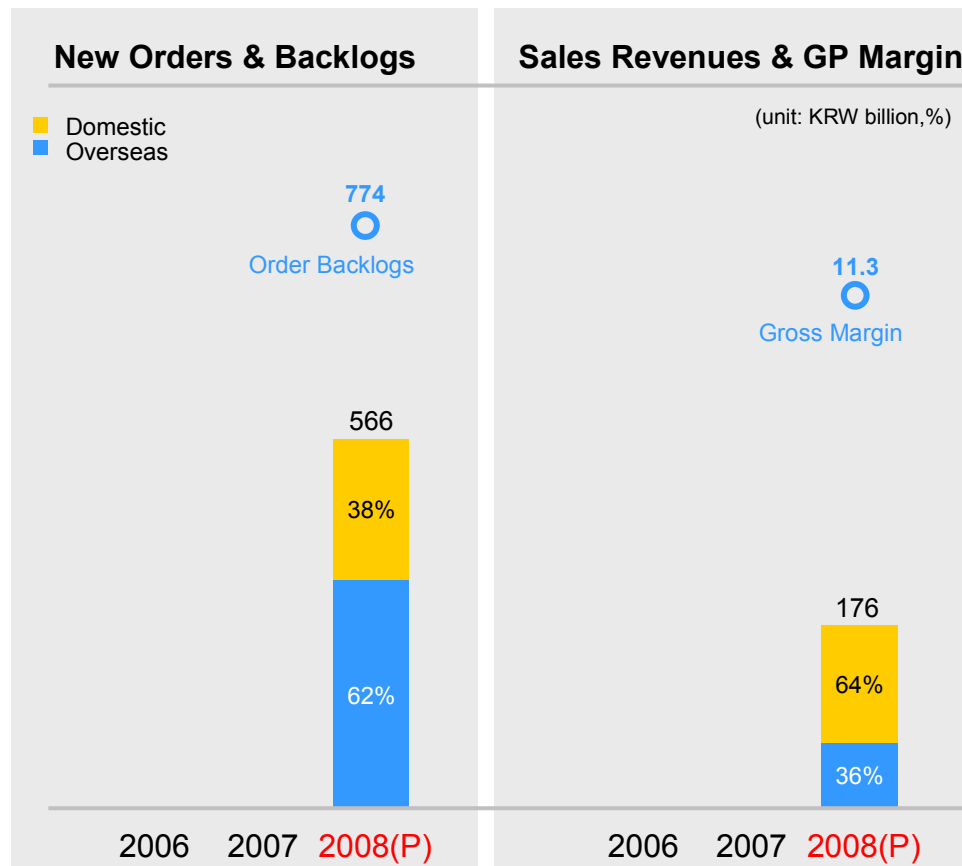
- Focusing on water business
- Advancing into the facility operation business.
- Increase competency in overseas market through technology alliance



Business Overview - Power Plant

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Power Plant Division was separated from the Plant Division in 2008 because of the increased demand in developing countries.



2008

Market

Expectations :

- Domestic: Slowdown vs. Overseas: Increase
- Increase in India, Africa, and China

GS E&C Strategy

- Establishing marketing network
- Main field : Combined cycle power plant
- Focus on overseas



Business Overview - Development (Overseas)

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Overseas development projects in Vietnam and Cambodia are strongly profitable and they are promising projects to secure sustainable growth going forward.

Vietnam (Ho Chi Minh)



BT (SPC1)

- SPC Sales : 1.6 tn won
- Period : 10 Years

- Road Construction (14km) & Transfer
- Develop 5 pieces of land in downtown (1.02 million m²)

- Ground Breaking - Road, Riverview (2Q, 2008)
- Grand Court (Sep.)
- Presale - Riverview (Oct.) : 258 Units

Nha Be New Town (SPC2)

- SPC Sales : 4 tn won
- Period : 12 Years

- Lease land (3.5 million m²)
- Apartments (17,000 units), hospital, school, park, etc.

- HCMC : Compensation
- GS E&C : Under master plan

Cu Chi Resort (SPC3)

- SPC Sales : 1.9 tn won
- Period : 50 Years

- Lease land (2 million m²)
- Golf resort, 36 holes, villa and condominium

- Ground Breaking - Golf course (April)

Cambodia (Phnom Penh)



IFC (6.8 ha) (SPC1)

- 2km from CBD
- IFC (International Finance Center)
- Residential & Commercial
- Period : 45 months

- Completed land purchase (Dec., 2007)
- Preparing for CDC* permit
- Ground Breaking : IFC (June, 2008)


* Council for the Development of Cambodia



Business Overview - Development (Domestic)

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Domestic development project is GS E&C's future growth driver.

Projects		Region	Business / Process
	Ansan Sadong	Gyeonggi	<ul style="list-style-type: none"> - Preferred bidder - Ground breaking in 1Q. 2009
	Woonbuk Leisure Complex	Incheon	<ul style="list-style-type: none"> - Preferred bidder - Ground breaking in 2Q. 2008
	Kwang-myung PF Project	Gyeonggi	<ul style="list-style-type: none"> - Preferred bidder - Ground breaking in 3Q. 2008
	Incheon Dowha	Incheon	<ul style="list-style-type: none"> - Preferred bidder - Relocation of Incheon University (Under construction) - Development in Dowha (Ground breaking in 2009)
	Sungnam Pankyo	Gyeonggi	<ul style="list-style-type: none"> - Preferred bidder - Ground breaking in 2009
	Hapjung-Dong Complex	Seoul	<ul style="list-style-type: none"> - Recognized as a new order - Housing presale in 2Q. 2008
	Yongsan Int'l Complex	Seoul	<ul style="list-style-type: none"> - Preferred bidder - Ground breaking in 2012
	Youngdengpo Correctional Institution	Seoul	<ul style="list-style-type: none"> - Preferred bidder - Reconstruction of correctional institution in 2008



Civil Engineering
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Technology Research Center



II. Vision 2015

01_Background

02_Overview

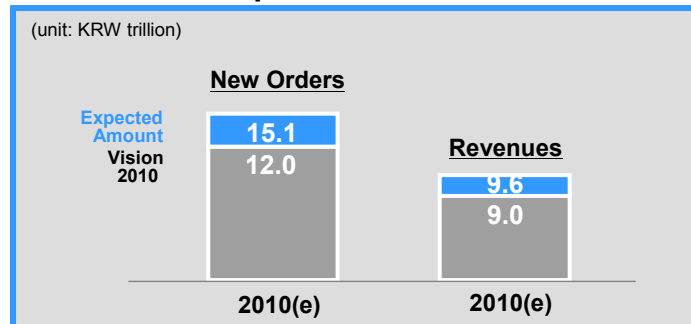


Vision 2015 - Background

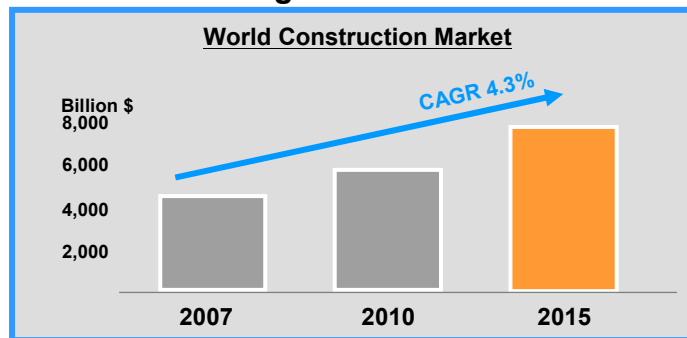
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As we are expected to exceed the target for “Vision 2010,” GS E&C established “Vision 2015” to become a global company, expanding our business areas in rapidly changing business environment and growing overseas market.

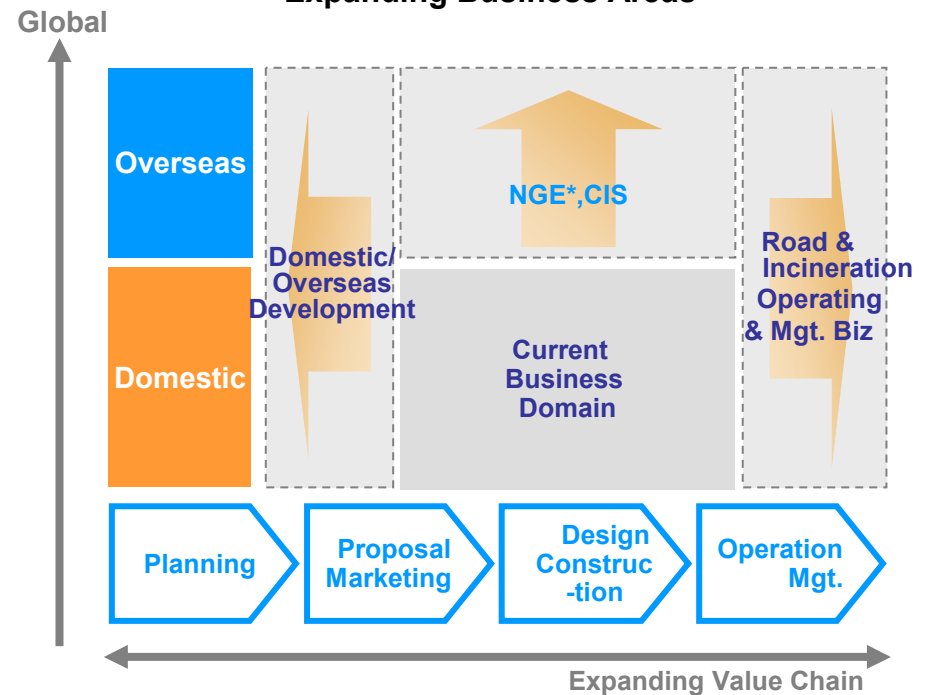
Surpass Vision 2010



Growing Overseas Market



Expanding Business Areas



*NGE: New Growth Engine



Vision 2015 - Overview

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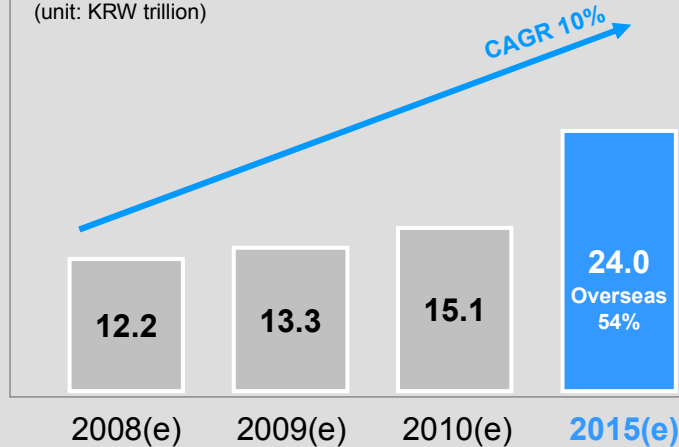
GS E&C established “Vision 2015” in order to become a Global Top 10 Company.

Slogan :
Global Best & First

Vision : “Building World Values with Creative Passion
Reliable Best Partner & First Company.”

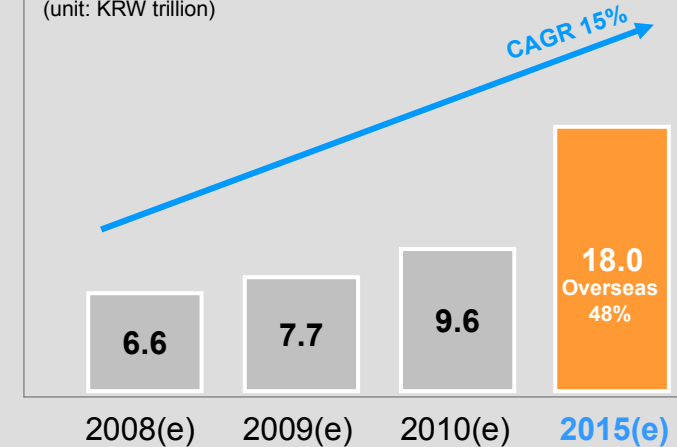
New Orders

(unit: KRW trillion)



Sales Revenues

(unit: KRW trillion)





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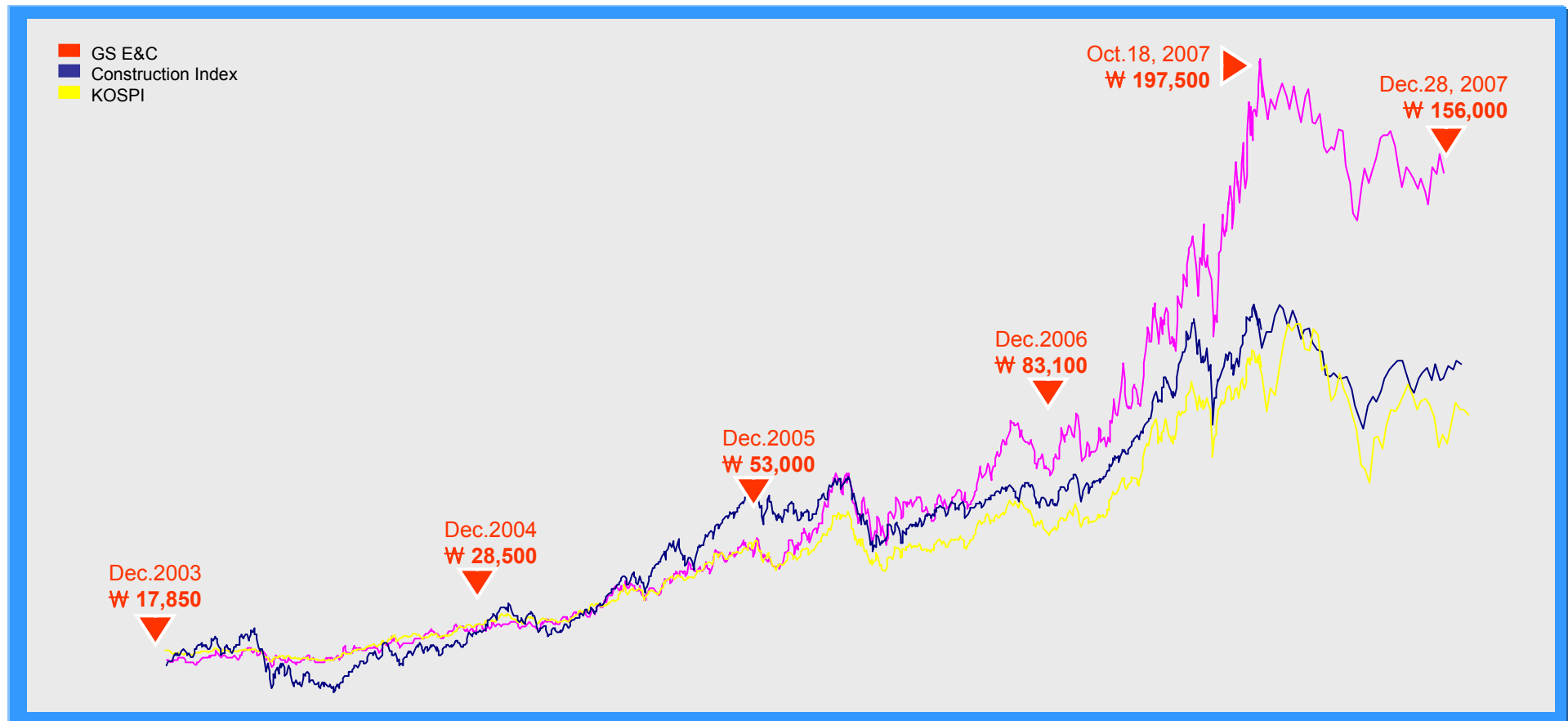
III. Appendix

- The Stock Market
- Ownership Structure
- Borrowings & Investment Plan
 - Dividends
 - PFI Projects
 - Overseas
- Provisional Order Backlogs in Housing Div.
 - Major Material Prices
- TPMS (Total Project Management System)
 - Balance Sheet (Summary)
 - Income Statement (Summary)



Appendix - The Stock Market

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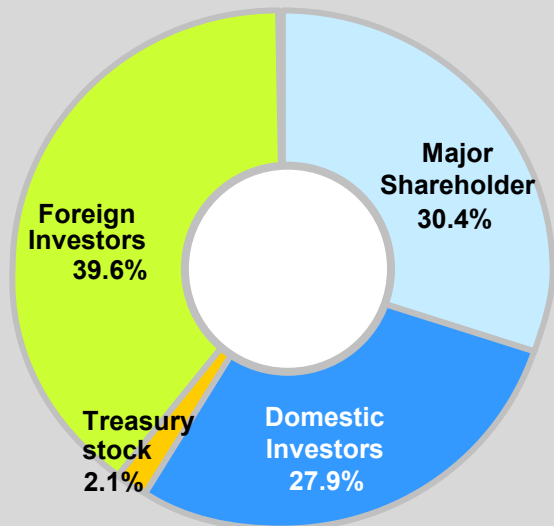
Appendix - Ownership Structure

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GS E&C

(End of 2007)

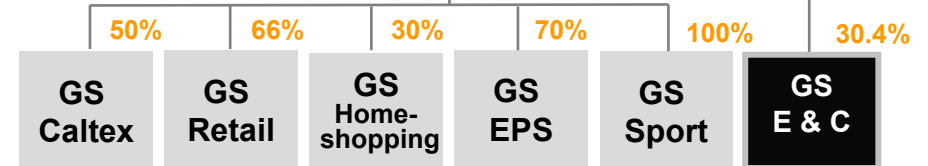


Huh Family

(As of 2007)

46%
GS Holdings

Subsidiary



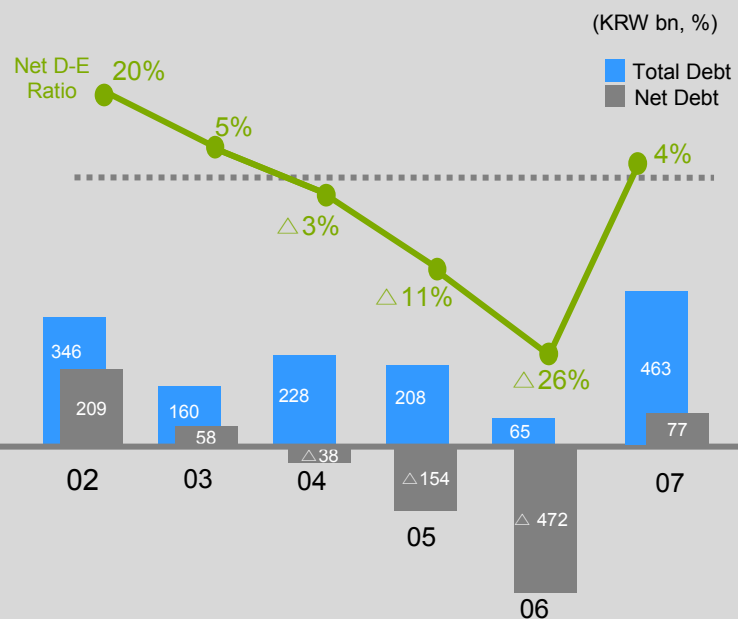


Appendix - Borrowings & Investment Plan

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Borrowings



Investment Plan

(KRW bn)

Description	07	08 (P)
Land & Facility	248	269
Development (Domestic & Overseas)	261	124
Domestic PFI	9	54
Ordinary Resort & etc.	22	23
Total	540	470

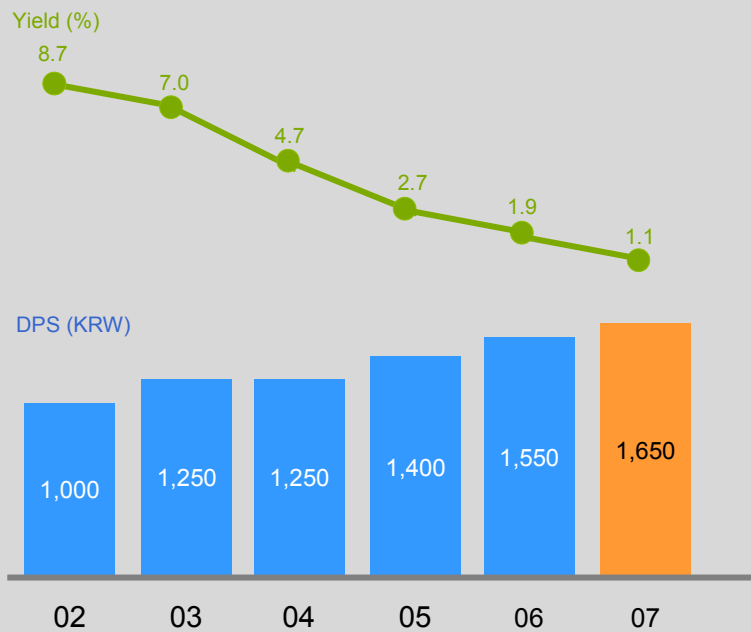


Appendix - Dividends

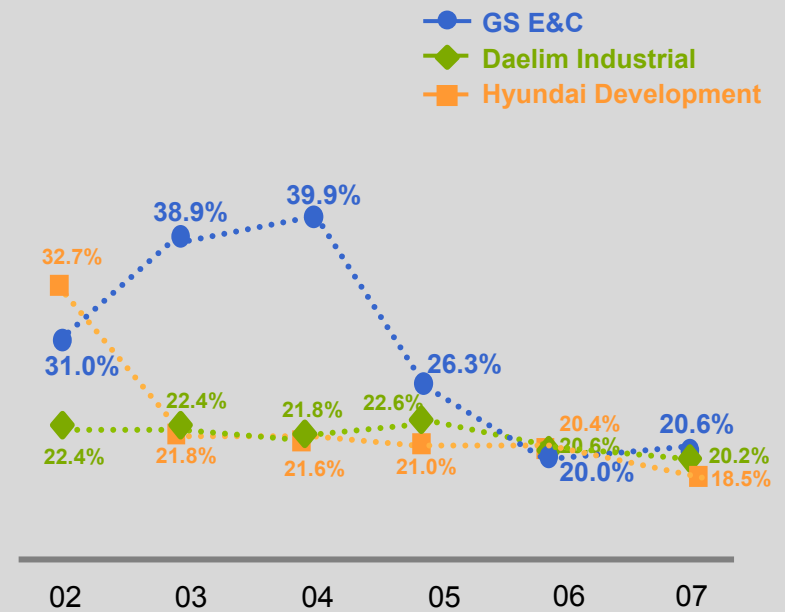
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Yield & DPS



Payout Ratio





Appendix - PFI Projects

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(As of 2007)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Investment Amount	GS Shares	Remarks
Proposed	Seoul-Munsan Highway*	Undecided	Undecided	Undecided	Undecided	
	New Bundang Extension Road					
	Busan New Port #2-4*					
	Oksan-Ochang Highway					
	Suwon Light Rail Transit					
	Koyang Light Rail Transit					
	Choeup Light Rail Transit*					
Approved	Incheon International Pier *					
	Youngdong Highway #2	758	121 (16%)	4	1.6%	To be completed in 2012
	Seoul-Pocheon Highway	964	136 (14%)	4.4	1.4%	To be completed in 2013
Under Construction	Sangju-Youngchun Highway	1,286	129 (10%)	3.3	1.0%	To be completed in 2012
	Pyeongtaek Port #11	52	42 (89%)	6.7	10.0%	To be completed in 2008
	Pyeongtaek Port #12	54	26 (46%)	11.4	16.5%	To be completed in 2010
	Uijeongbu Light Rail Transit	256	155 (61%)	27.3	29.9%	To be completed in 2011
	Kyongsang-Cheonla Rail Way BTL	331	76 (23%)	1.5	2.3%	To be completed in 2012
	Kangnam Beltway	798	92 (11.5%)	8	11.5%	To be completed in 2013

*Preferred Bidder



Appendix - PFI Projects

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(As of 2007)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Shares	Remarks
Investment Completed	New Airport Highway	3,820	191 (5%)	21.7	5%	22.8 (KTCU, Dec. 2003)-sold
	Cheonan-Nonsan Highway	1,344	336 (25%)	112.5	25%	113.1 (KRIF, Feb. 2004)-sold
	Daegu East Beltway	120	30 (25%)	8.7	15%	9.1(MEDIC, May. 2003)-sold
	Daegu West-North Road	64	16 (25%)	3.3	15%	3.7(Municipality of Daegu, Jun.2004)-sold
	Cholmasan Tunnel	75	18 (24%)	1.0	24%	1.0 (KTCU, Nov. 2001)-sold
	Manwolsan Tunnel	68	17 (25%)	5.0	15%	Completed (July,2005) / Holding
	Seoul Beltway	1,392	376 (27%)	124.2	27%	Completed (Dec.,2007) / Holding

KTCU : Korea Teachers' Credit Union

KRIF : Korea Road Infrastructure Fund

MEDIC : Macquarie East Daegu Investment Company

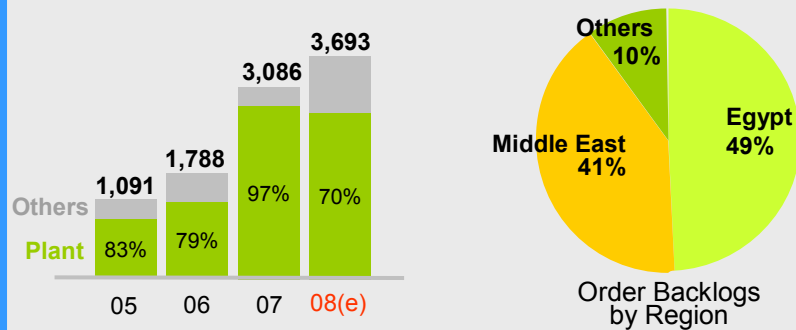


Appendix - Overseas

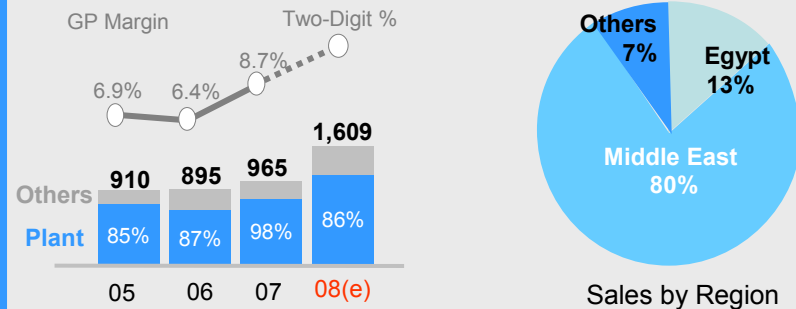
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Overseas New Orders



Overseas Sales Revenue



Overseas Plant Business

Category	Market Size	Major Countries
Oil & Gas / Refinery	In 2010 - USD 140 bn	<ul style="list-style-type: none"> Middle East : Oman, Kuwait, UAE
Power	In 2010 - USD 160 bn	<ul style="list-style-type: none"> CIS : Armenia South East Asia : Thailand
Environment	In 2010 - USD 100 bn	<ul style="list-style-type: none"> Africa : Egypt

Overseas Development Business

Countries	Business	Sales Amount
Vietnam	<ul style="list-style-type: none"> Road Construction New Town Resort 	7.5 trillion won
Cambodia	<ul style="list-style-type: none"> IFC & Residence New Town R&D Center 	Under the plan



Appendix - Provisional Order Backlogs in Housing Div.

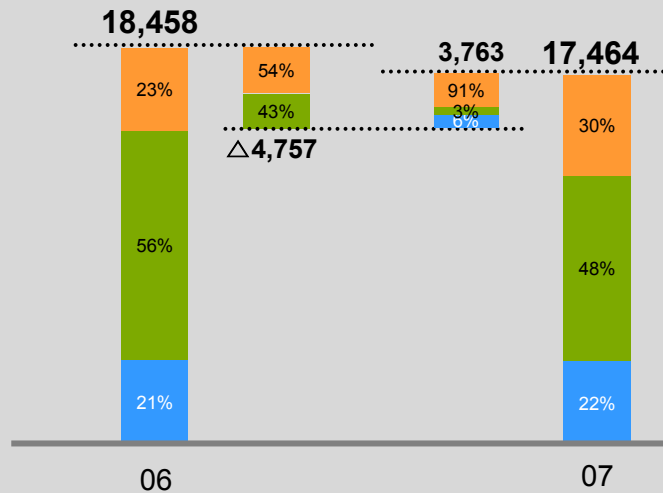
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Provisional Order Backlogs

Contract
Redevelopment
Reconstruction

(KRW bn, %)



By Sectors

(KRW bn)

Description	06	New Order Recognition (07)	New Provisional (07)	07
Contract / In-house	4,343	2,572	3,395	5,166
Redevelopment	10,313	2,023	124	8,414
Reconstruction	3,802	162	244	3,884
Total	18,458	4,757	3,763	17,464

New Major Provisional Order

(KRW bn)

Description	Major Projects	Amount
Contract	Nokchon Namyangju	238
	Hapjung Complex	222
Reconstruction	Chimsandong, Daegu	101

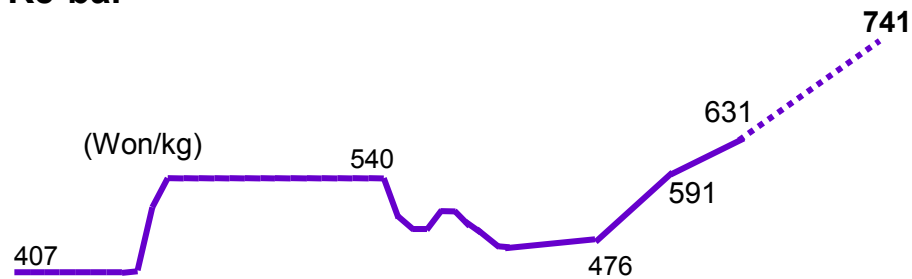


Appendix - Major Material Prices

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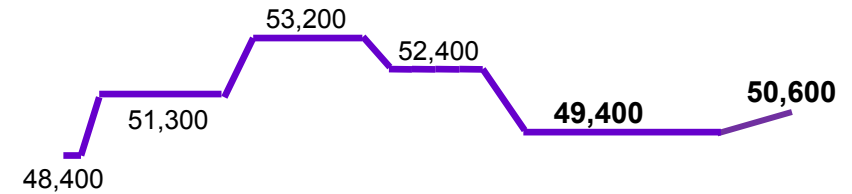


Re-bar*

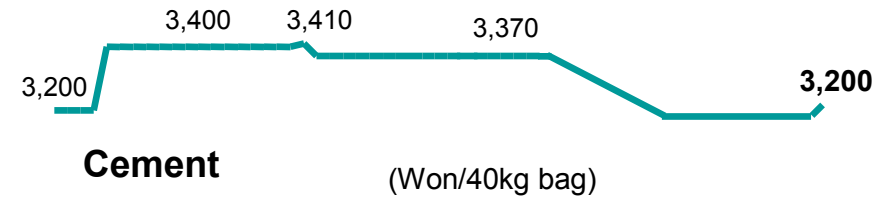
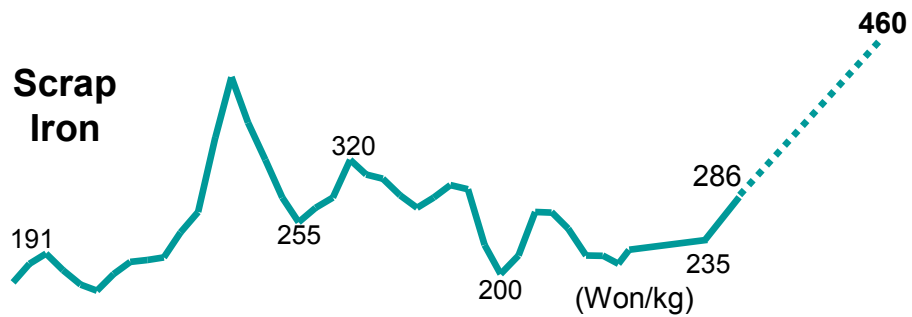


Remicon**

(Won/cubic meter)



Scrap Iron



2003 2004 2005 2006 2007 Mar. 2008

2003 2004 2005 2006 2007 Mar. 2008

*Re-bar: Reinforced-bar

**Remicon: Ready-mixed concrete

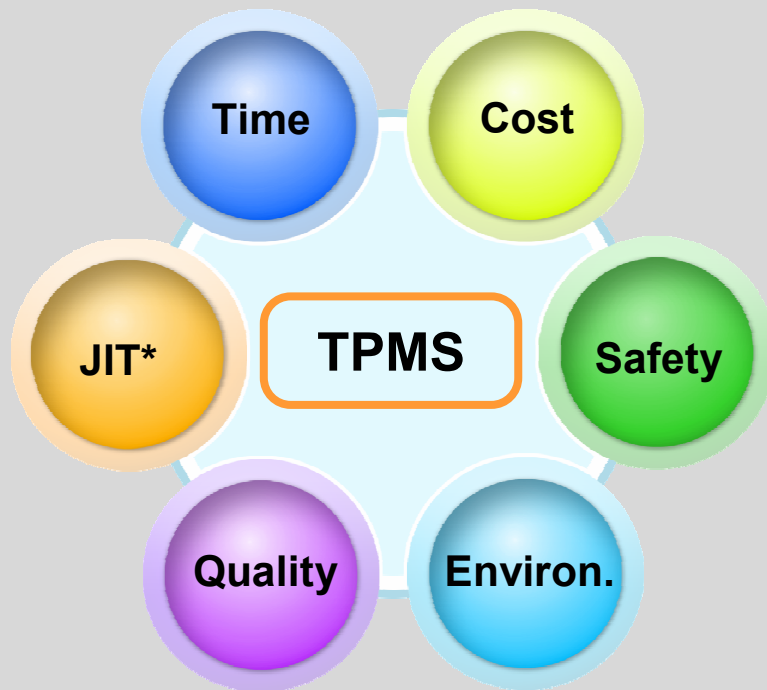


Appendix - TPMS (Total Project Management System)

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TPMS System



- System integrated time & cost management
- Procurement, SEQ** and technology linked with schedule
- On-line real time controlling system

- Increases productivity & decrease duration
- Minimizes errors & reworks

Cost Innovation

RFID

Radio Frequency Identification



PDA

Personal Digital Assistant



*JIT : Just-In-Time

**SEQ : Safety, Environment, Quality



Appendix - Balance Sheet (Summary)

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(Unit: Billion KRW, %)

Account	03	04	05	06	07
Total Asset	2,690	3,303	3,826	4,751	5,725
Cash & Deposit	102	266	361	537	386
Trade Receivables	875	1,095	1,412	1,738	2,120
Inventories	121	159	197	195	424
Investment & Etc.	676	679	494	691	874
Tangible Assets	709	844	905	1,038	1,089
Total Liabilities	1,535	2,006	2,375	2,967	3,593
Total Payables	621	794	890	1,260	1,357
Borrowings	160	228	208	65	463
Total Shareholders' Equity	1,155	1,297	1,451	1,784	2,132
Capital Stock	255	255	255	255	255
D/E Ratio	132.8	154.7	163.7	166.3	168.5



Appendix - Income Statement (Summary)

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(Unit: Billion KRW, %)

Account		03	04	05	06	07
Sales Revenues	Civil Engineering	574	574	730	714	796
	Plant	580	499	1,037	1,455	1,989
	Environment	-	276	312	257	214
	Architecture	1,258	1,615	2,203	1,598	1,056
	Housing	1,056	1,085	1,349	1,721	1,957
Total		3,468	4,049	5,631	5,745	6,012
Gross Profit		521	492	680	762	860
Selling and Administrative Expenses		250	263	344	359	418
Operating Profit		271	229	336	403	442
Ordinary Profit		262	242	367	543	568
Net Profit		162	156	265	387	400



<http://www.gsconstir.co.kr>

