

INVESTOR RELATIONS

2008 Investor Presentation

UBS Korea Conference

www.gsconstir.co.kr



 **GS Engineering & Construction**

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Disclaimer

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Civil Engineering
Plant
Environment
Architecture
Housing
Technology Research Center



I. Business Overview

01_ Company Overall

02_ Overview by Division

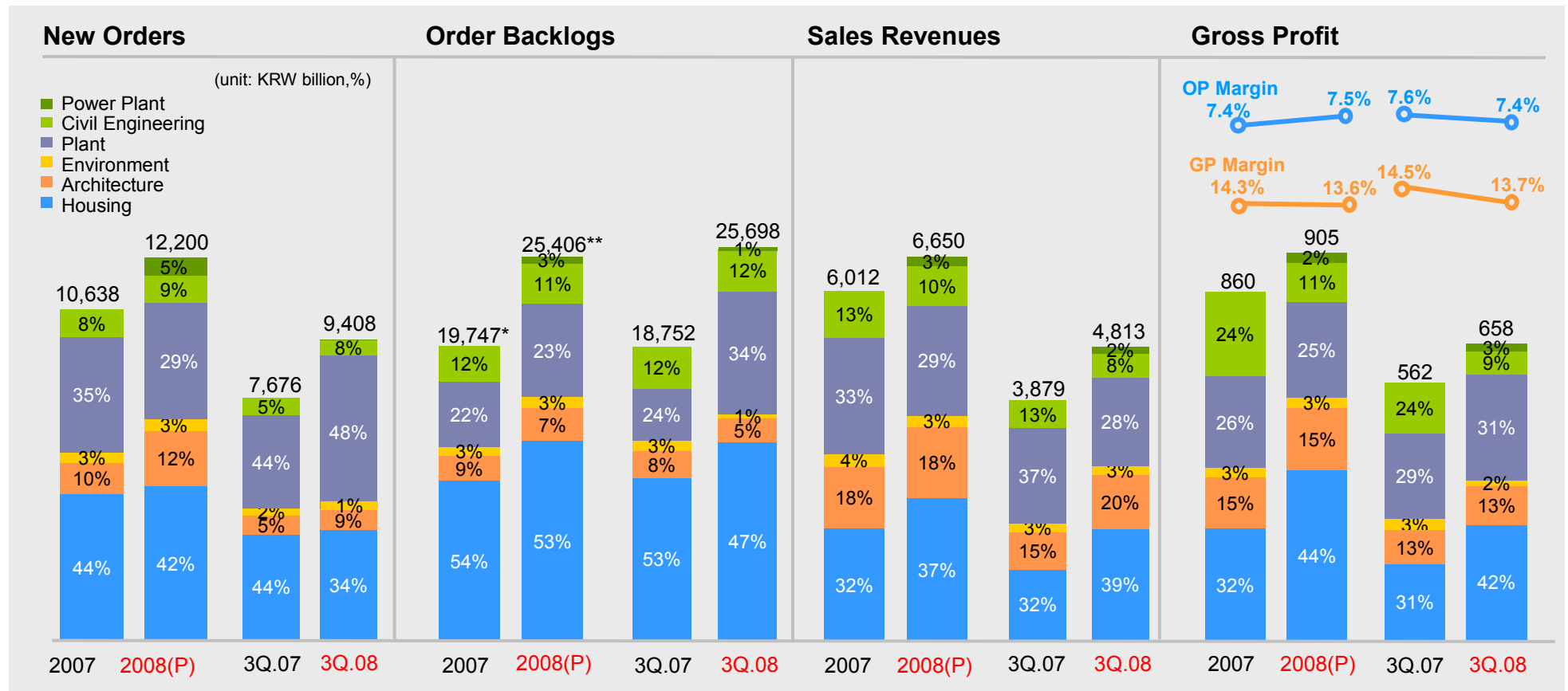
- Plant
- Housing
- Civil Engineering
- Architecture
- Environment
- Power Plant
- Development



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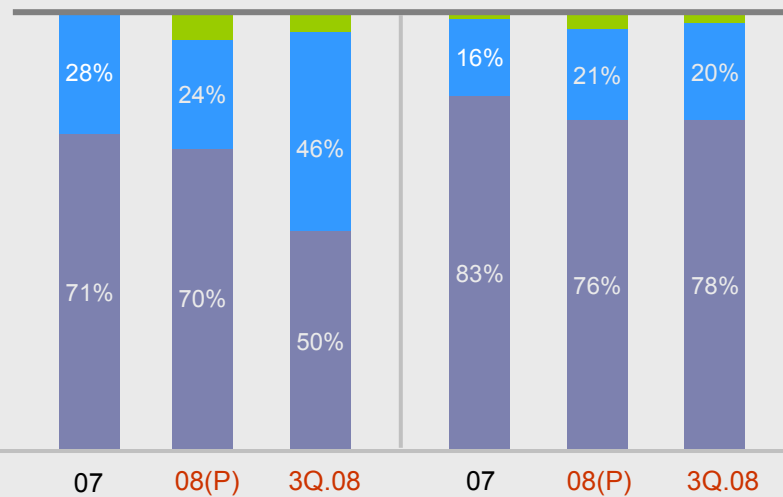
Overseas new orders and sales revenues will increase, and new orders of group works will rise due to group investment increase.

Overseas

- Other Overseas
- Plant Overseas
- Domestic

New Orders

Sales Revenues

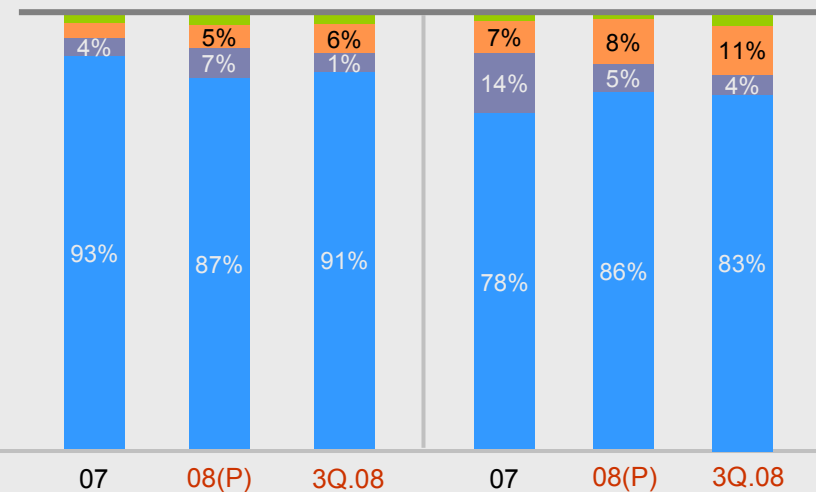


Group

- Environment
- Architecture
- Plant
- Non-group

New Orders

Sales Revenues





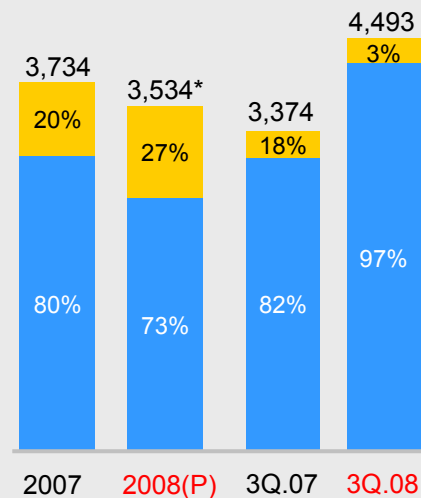
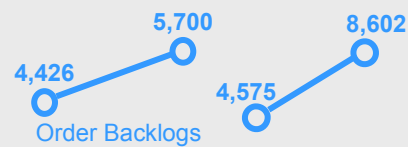
Business Overview - Plant

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New orders and sales revenue will be increased due to increased overseas orders and competitive power.

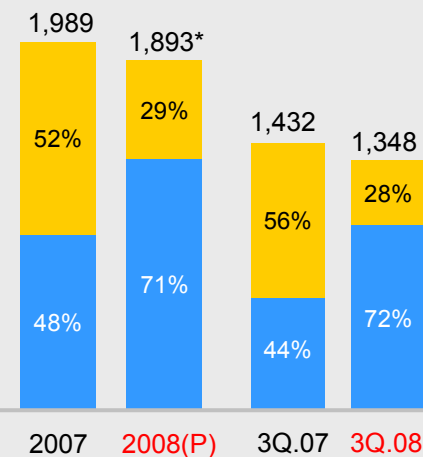
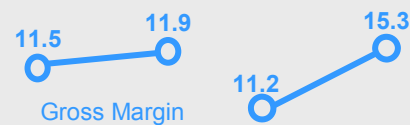
New Orders & Backlogs

■ 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.)

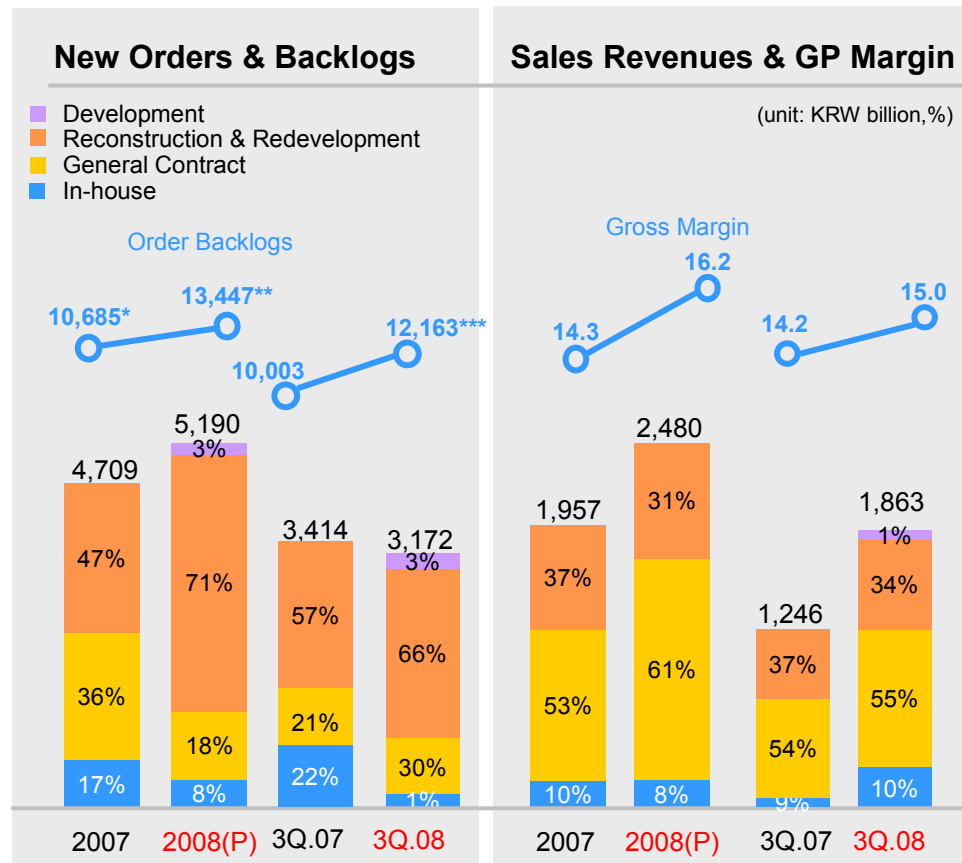
*Not include power plant plan



Business Overview - Housing

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



*Not included Provisional Order Backlogs in Housing 17.5 KRW trillion

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

*** Not included Provisional Order Backlogs in Housing 16.6 KRW trillion

2008

Market

Expectations :

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

GS E&C Strategy

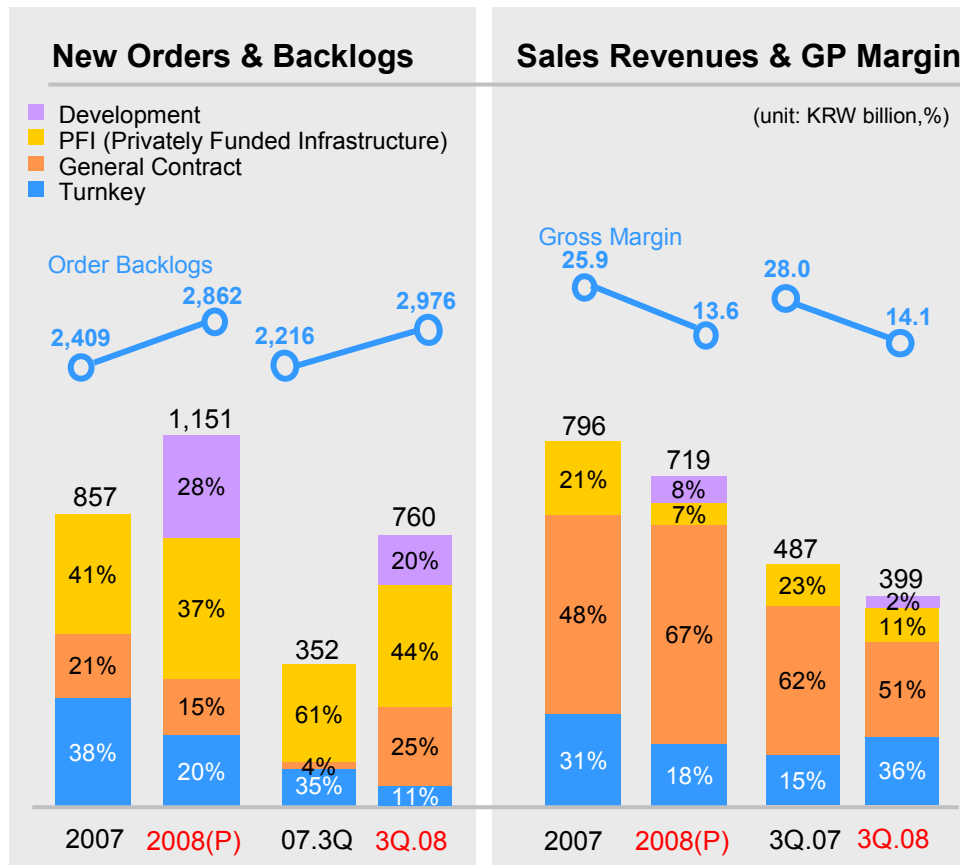
- Housing supply : 11,849 units
- Increase in orders from redevelopment
- Continuous cost cutting
- Involvement overseas to sustain growth



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.



2008

Market

Expectations :

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

GS E&C Strategy

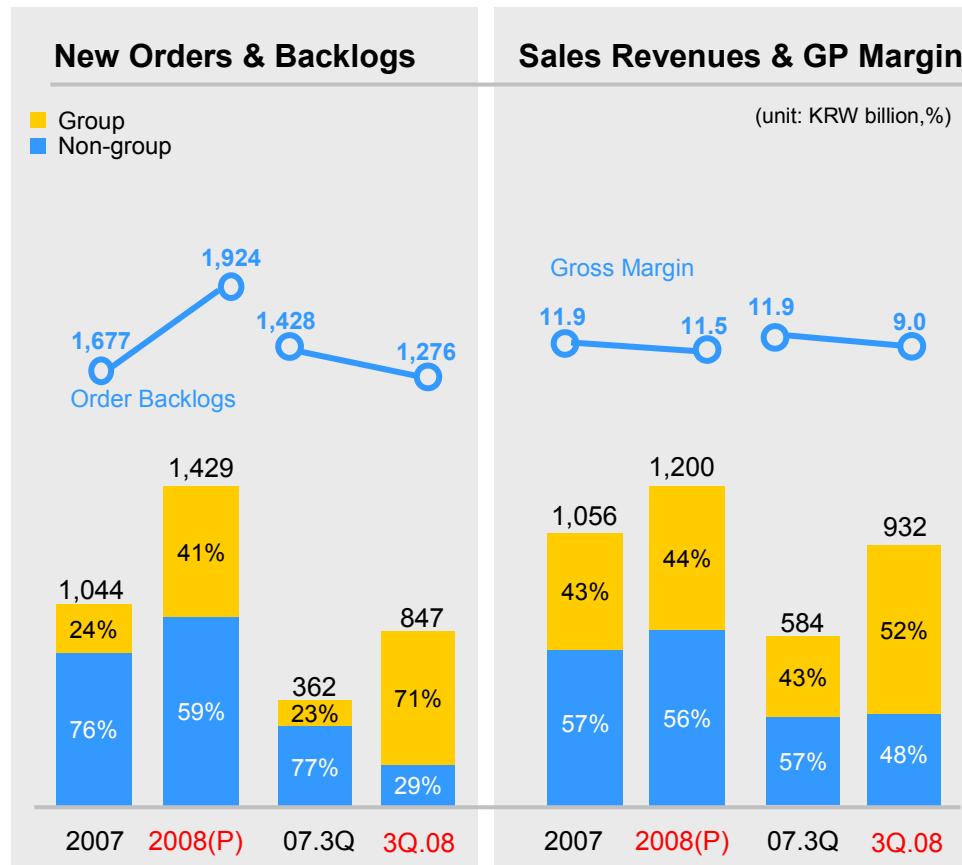
- Diversifying business area
- Pursue the most lucrative infrastructure
- Expanding involvement in overseas



Business Overview - Architecture

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New orders and sales revenues will increase with increase in group-works.



2008

Market

Expectations :

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

GS E&C Strategy

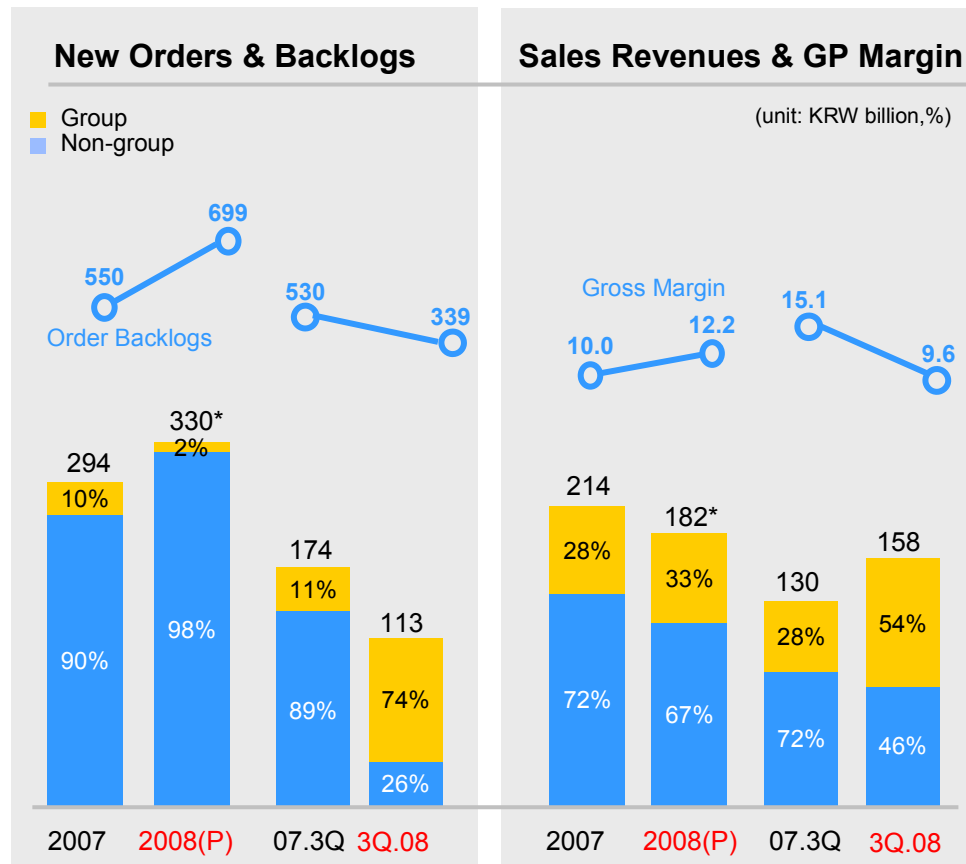
- Rebound in group works
- Develop new business model (Skyscrapers)
- Increase competency in overseas market



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.



* 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

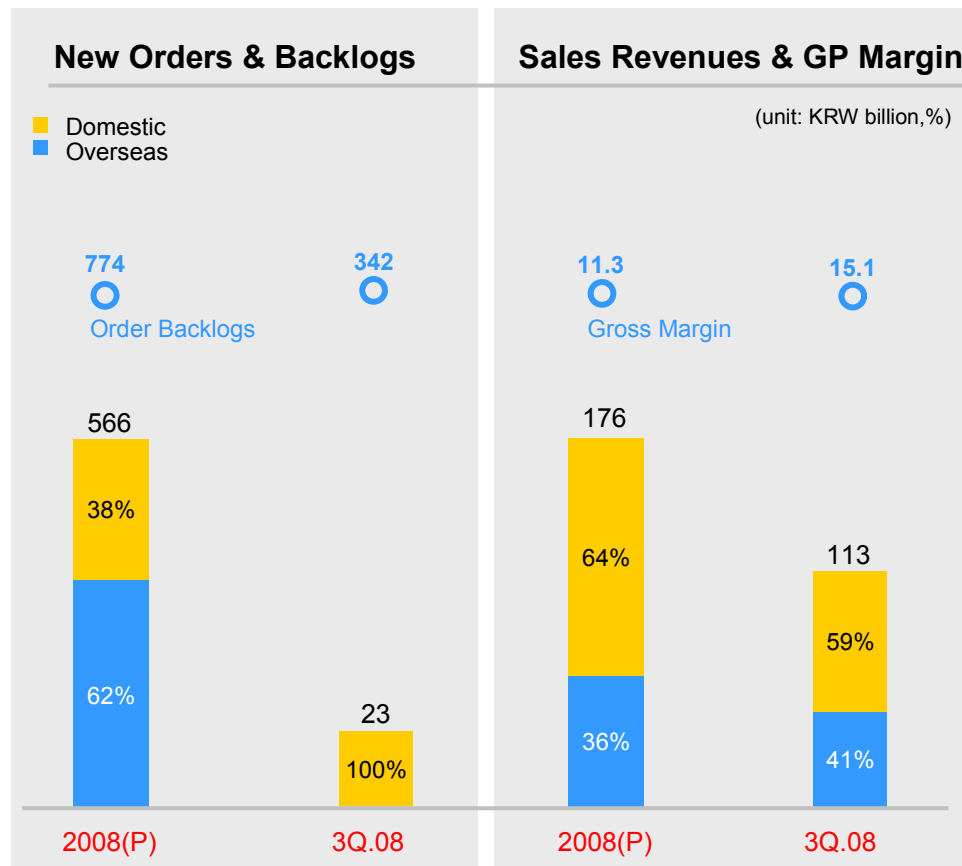
- Focusing on water business
- Advancing into the facility operation business.
- Increase competency in overseas market through technology alliance



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.



* 2006:8.8bn
* 2007:281bn

*2006:60bn
*2007:89bn

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)
- Presale - Riverview (Dec.) : 100/258 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.

- Approved development 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)
- Ground Breaking : IFC (June, 2008)

* 1 pyeong = 3.3 m² = 35.6 ft²



Civil Engineering
Plant
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Technology Research Center



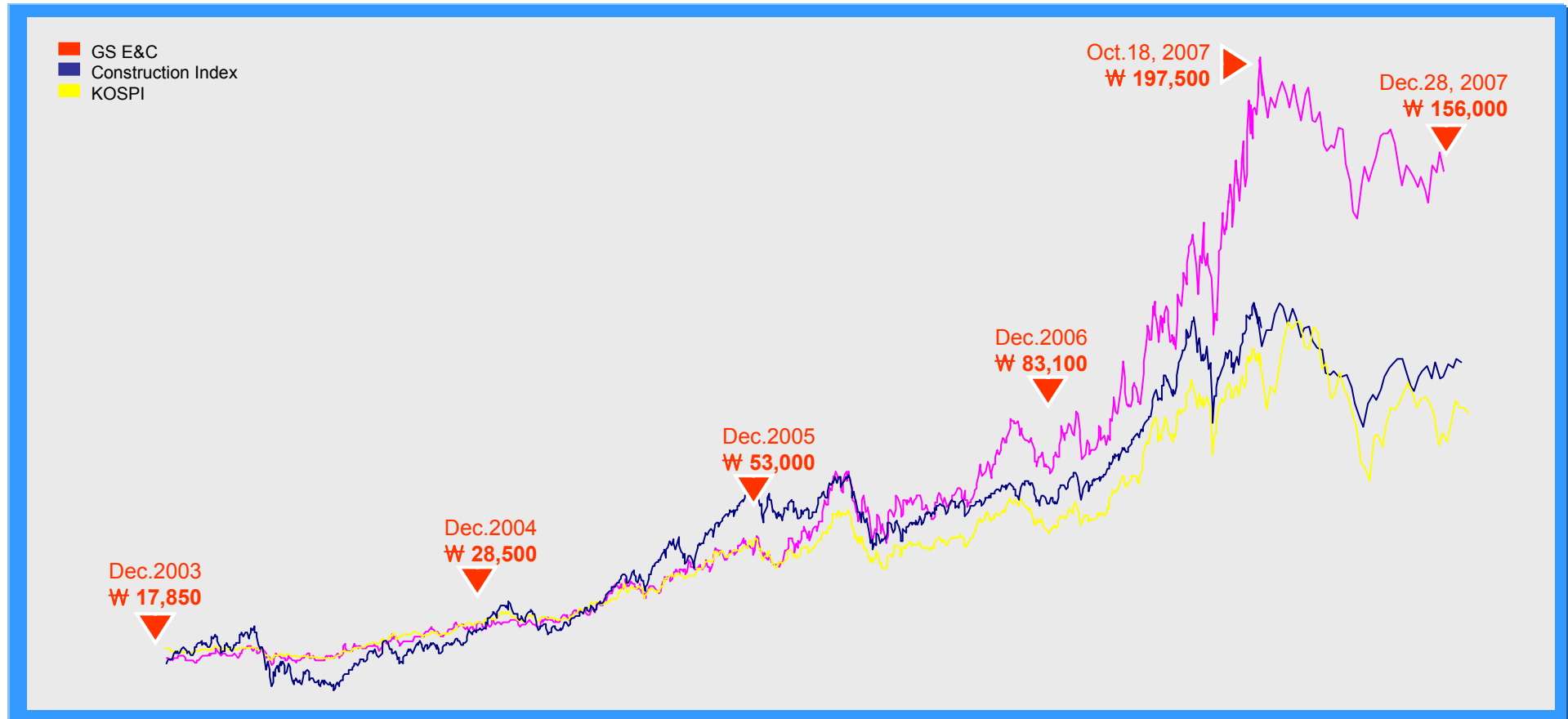
II. Appendix

- The Stock Market
- Ownership Structure
- Borrowings & Investment Plan
 - Dividends
 - Ratings
 - 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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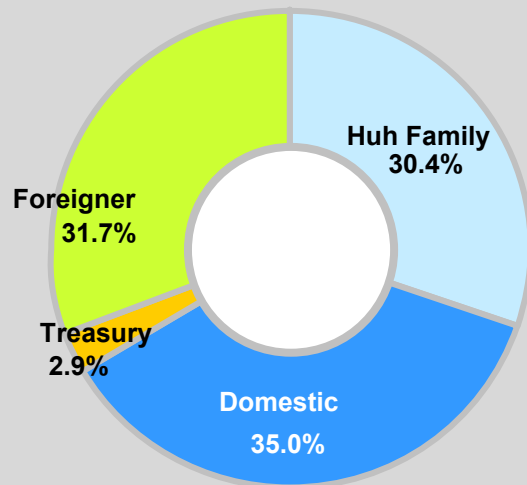
Appendix - Ownership Structure

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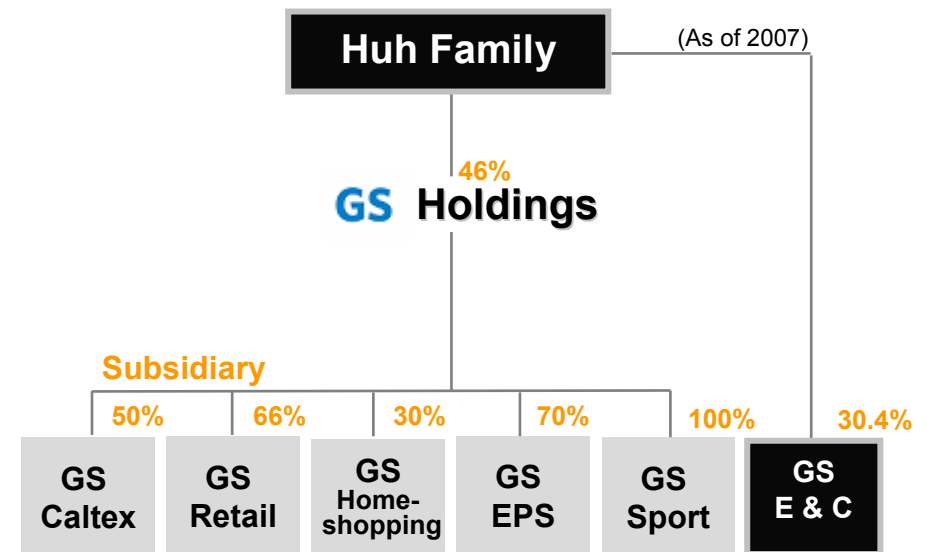


GS E&C

(2008.3Q)



GS Group



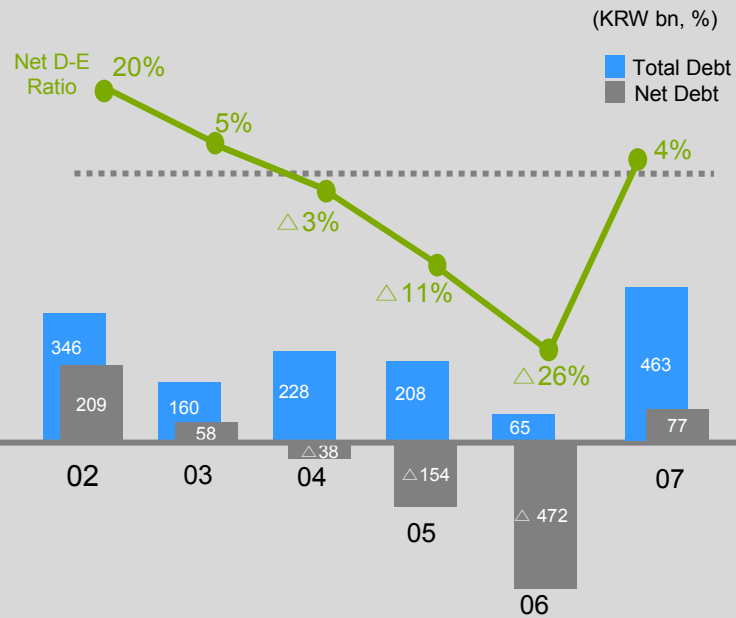


Appendix - Borrowings & Investment Plan

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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

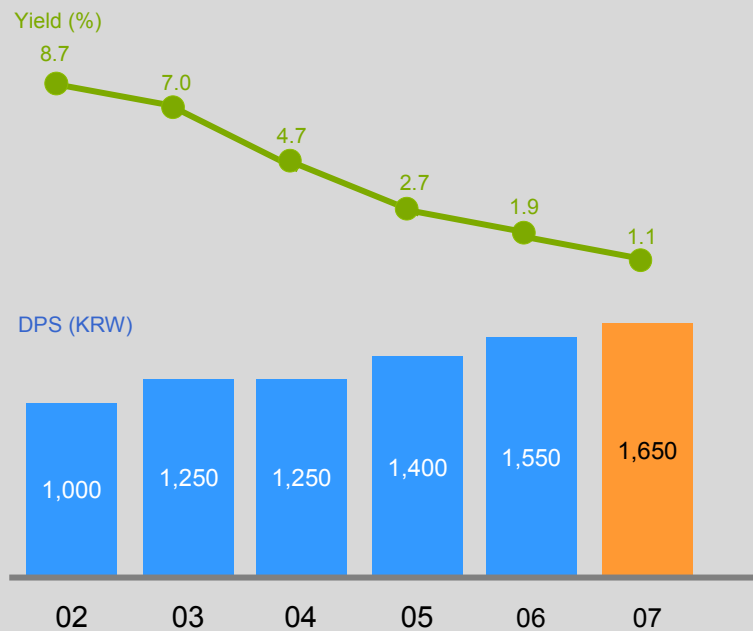
As of 3Q = 355 bn



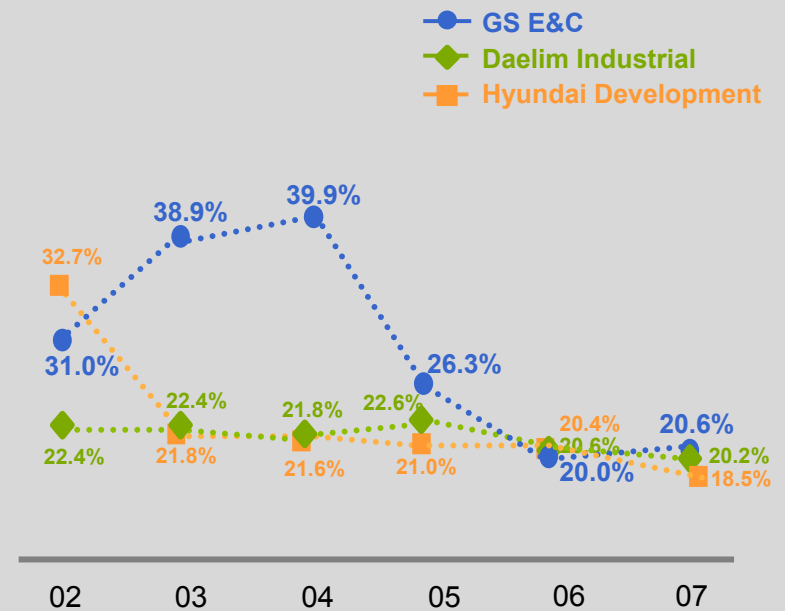
Appendix - Dividends

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Yield & DPS



Payout Ratio





Appendix - Ratings

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(As of July)

International Credit Rating of Global Constructors

Region	Company	S&P	Moody's
Asia	JGC	BBB+	N.R.
	GS E&C	BBB	Baa1
	Leighton Holdings	BBB	Baa1
	Obayashi	BBB-	N.R.
	Taisei	BBB-	Baa2
	Kajima	BBB-	Baa1
	Nishimatsu Construction	BB+	N.R.
U.S.	Fluor Corp.	A-	A3
	Foster Wheeler	BB	Ba2
	Shaw Group	BB	Ba2
	URS	BB	N.R.
Europe & Middle East	Strabag SE	BBB-	N.R.
	Bauer AG	BB+	N.R.
	CJSC SSMO LenSpec SMU	B	N.R.
	Obrascon Huarte Lain	N.R.	Baa3

Korean Credit Rating of Korean Constructors

Company	Rating
GS E&C, Daelim	AA-
Hyundai, Samsung Engineering	A+
Daewoo, Taeyoung, Sinsegye	A
Doosan, Samhwan, Gyeryong,	A-
Hanra, Sambu, Hanil	BBB+

* Corporate Bonds / Korea Ratings, Korea Investors' Service

International Credit Rating of Korean Companies

Issuer Name	S&P	Moody's
POSCO	A	A1
SK Telecom Co. Ltd.	A	A2
Samsung Electronics Co. Ltd.	A	A1
KT Corp.	A-	A3
Shinsegae Co. Ltd.	A-	A3
GS Caltex Corp.	BBB+	Baa1
POSCO E&C	BBB+	Baa1
GS E&C	BBB	Baa1
Hyundai Capital Services Inc.	BBB	Baa2
Hyundai Motor Co.	BBB-	Baa3



Appendix - PFI Projects

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(As of 3Q. 2008)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Investment Amount	GS Shares	Remarks
Proposed	New Bundang Extension Road	Undecided	Undecided	Undecided	Undecided	
	Busan New Port #2-4*					
	Oksan-Ochang Highway					
	Suwon Light Rail Transit					
	Koyang Light Rail Transit					
	Choeup Light Rail Transit*					
Approved	Incheon International Pier *					
	Seoul-Munsan Highway	668	304 (45.5%)	9.7	4.5%	To be completed in 2014
	Youngdong Highway #2	758	121 (16%)	4	1.6%	To be completed in 2013
	Seoul-Pocheon Highway	964	136 (14%)	4.4	1.4%	To be completed in 2014
Under Construction	Sangju-Youngchun Highway	1,286	129 (10%)	3.3	1.0%	To be completed in 2013
	Pyeongtaek Port #11	52	46 (90%)	6.7	10.0%	To be completed in 2008
	Pyeongtaek Port #12	54	25 (46%)	11.4	16.5%	To be completed in 2010
	Uijeongbu Light Rail Transit	279	155 (56%)	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%)	28.2	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	1,612	435 (27%)	124.2	27%	Completed (Dec.,2007) / Holding

KTCU : Korea Teachers' Credit Union

KRIF : Korea Road Infrastructure Fund

MEDIC : Macquarie East Daegu Investment Company



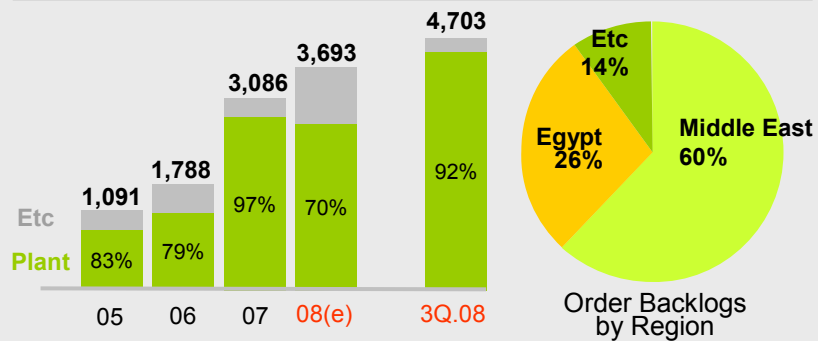
Appendix - Overseas

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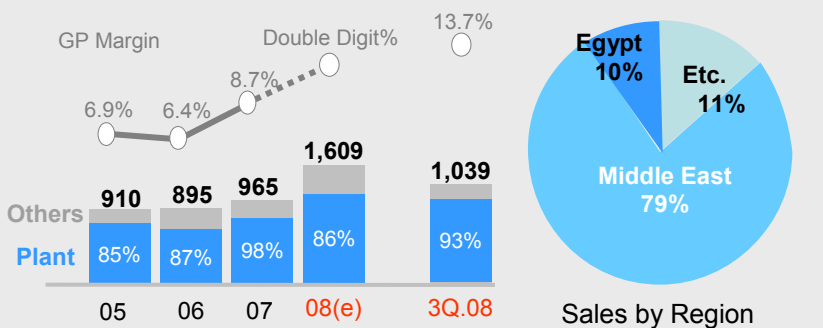
Overseas New Orders

(unit: KRW billion, %)



Overseas Sales Revenue

(unit: KRW billion, %)



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 	Under the plan



Appendix - Provisional Order Backlogs in Housing Div.

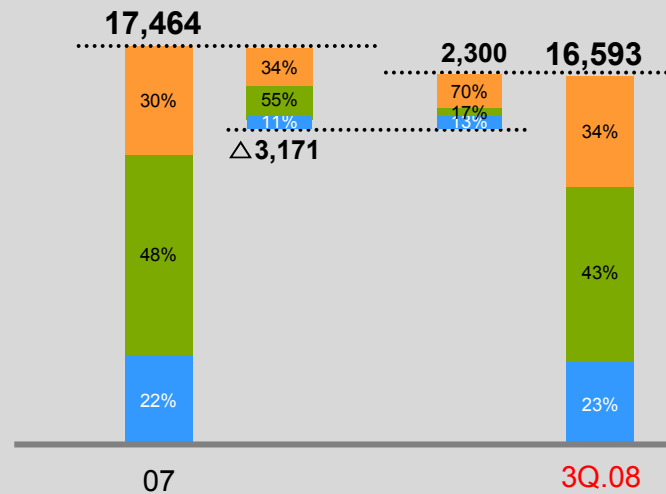
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Provisional Order Backlogs

- General Contract/In-house
- Redevelopment
- Reconstruction

(Unit: KRW bn, %)



Division

(Unit: KRW BN)

Division	07	New Orders (08.3Q)	New Provisional (08.3Q)	08.3Q
General/In-house	5,166	$\Delta 1,082$	1,601	5,685
Redevelopment	8,413	$\Delta 1,750$	395	7,058
Reconstruction	3,885	$\Delta 339$	304	3,850
Total	17,464	$\Delta 3,171$	2,300	16,593

New Provisional Orders

(Unit: KRW BN)

Division	Projects	Amount
General Contract	Yangju Backseo	1,016
	Dongback Silvertown	213
Reconstruction	Poongnap Keukdong Remodeling	61

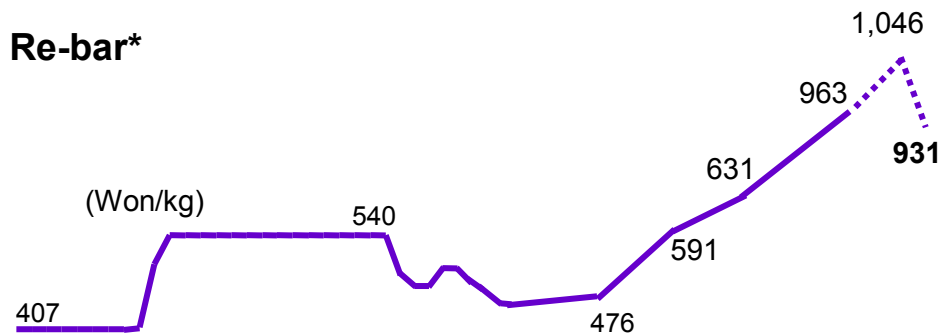


Appendix - Major Material Prices

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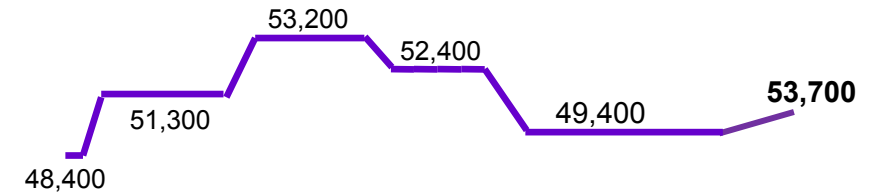


Re-bar*

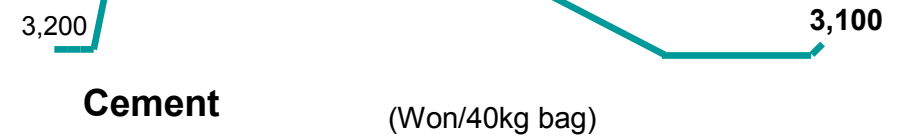
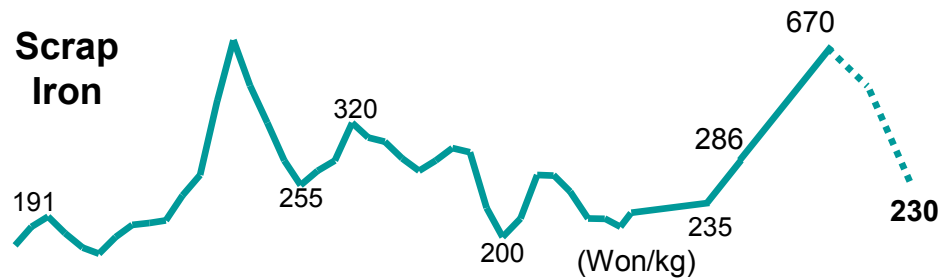


Remicon**

(Won/cubic meter)



Scrap Iron



2003

2004

2005

2006

2007

Nov. 2008

2003

2004

2005

2006

2007

Nov. 2008

*Re-bar: Reinforced-bar

**Remicon: Ready-mixed concrete

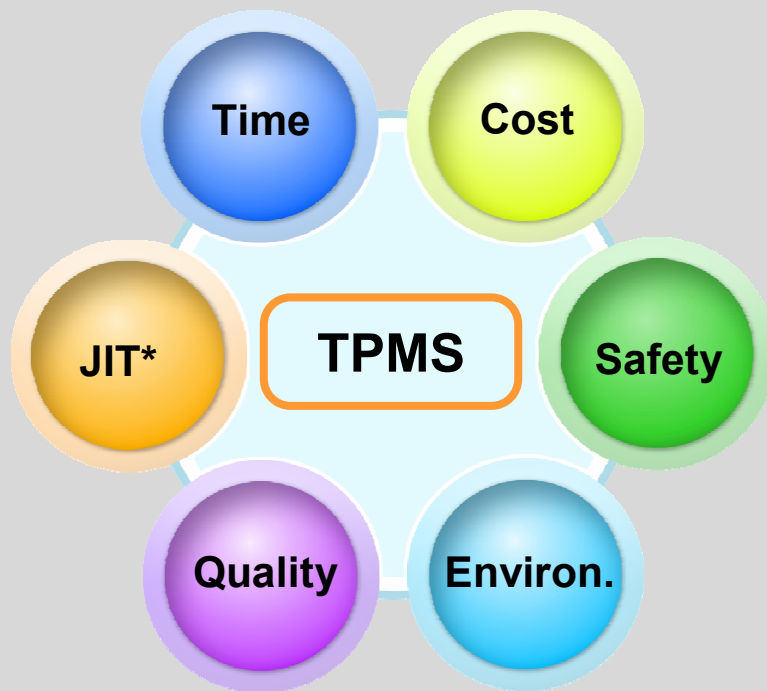


Appendix - TPMS (Total Project Management System)

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TPMS System



*JIT : Just-In-Time

**SEQ : Safety, Environment, Quality

- 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





Appendix - Balance Sheet (Summary)

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(Unit: KRW bn,%)

Account	02	03	04	05	06	07	08.3Q
Total Asset	2,662	2,690	3,303	3,826	4,751	5,738	6,534
Cash & Deposits	136	102	266	361	537	386	326
Trade Receivables	836	875	1,095	1,412	1,738	2,120	2,234
Inventories	175	121	159	197	195	424	506
Investments	700	676	679	494	691	887	1,313
Tangible Assets	652	709	844	905	1,038	1,089	1,133
Total Liabilities	1,613	1,535	2,006	2,375	2,967	3,593	4,296
Trade Payables	511	621	794	890	1,260	1,357	1,336
Borrowings	346	160	228	208	65	463	654
Total Shareholder's Equity	1,049	1,155	1,297	1,451	1,784	2,145	2,238
Capital Stock	255	255	255	255	255	255	255
D/E Ratio	153.8	132.8	154.7	163.7	166.3	167.5	192.0



Appendix - Income Statement (Summary)

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(Unit: KRW bn)

Account		02	03	04	05	06	07	08.3Q
Sales Revenues	Power Plant							113
	Civil Eng.	514	574	574	730	714	796	399
	Plant	583	580	499	1,037	1,455	1,989	1,348
	Environment	-	-	276	312	257	214	158
	Architecture	820	1,258	1,615	2,203	1,598	1,056	932
	Housing	1,258	1,056	1,085	1,349	1,721	1,957	1,863
Total		3,175	3,468	4,049	5,631	5,745	6,012	4,813
Gross Profit		473	521	492	680	762	860	658
Selling & Administrative Expenses		197	250	263	344	359	418	301
Operating Profit		276	271	229	336	403	442	357
Ordinary Profit		245	262	242	367	544	567	566
Net Profit		161	162	156	265	387	399	403



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