



# Investors Presentation

1H 2011



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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.

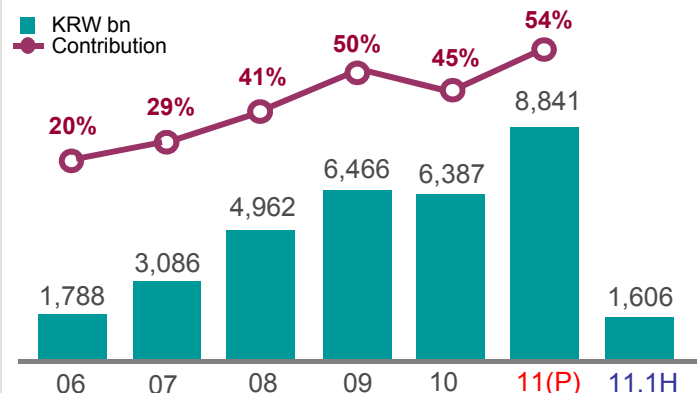


# Investment Highlight – Global Player

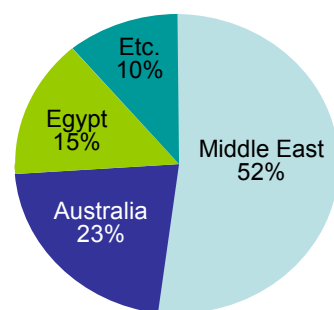


Overseas contributions on overall new orders and sales revenues are expected to be 54%, 46% respectively.

Overseas New Orders

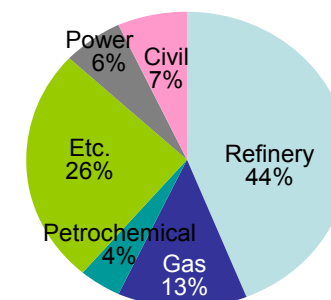


Order Backlogs by Region  
(KRW 14,146bn)



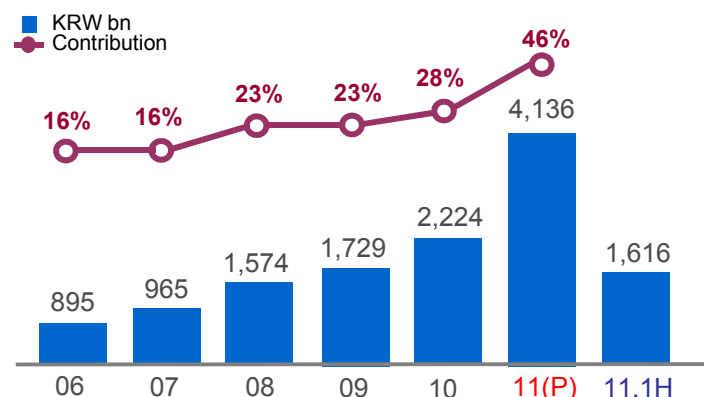
(as of 1H 2011)

Order Backlogs by Portfolio  
(KRW 14,146bn)

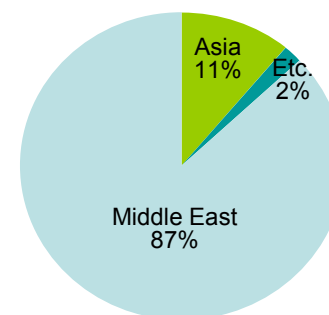


(as of 1H 2011)

Overseas Sale Revenues

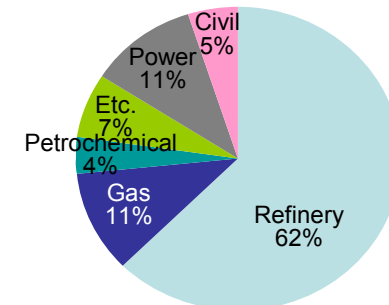


Sales Revenues by Region  
(KRW 1,616bn)



(as of 1H 2011)

Sales Revenues by Portfolio  
(KRW 1,616bn)



(as of 1H 2011)

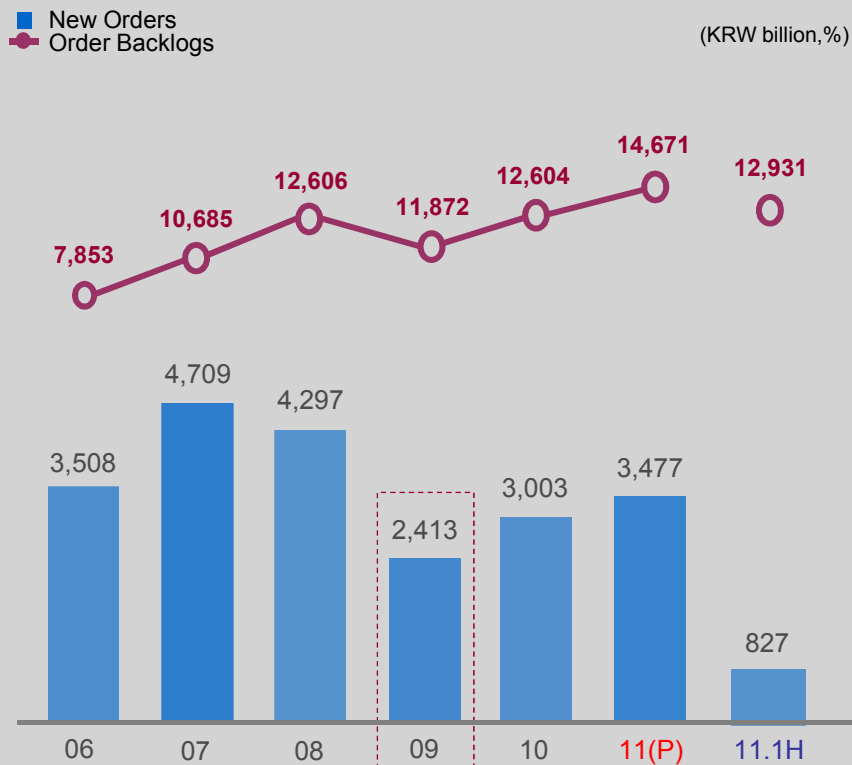


# Investment Highlight – Turn Around

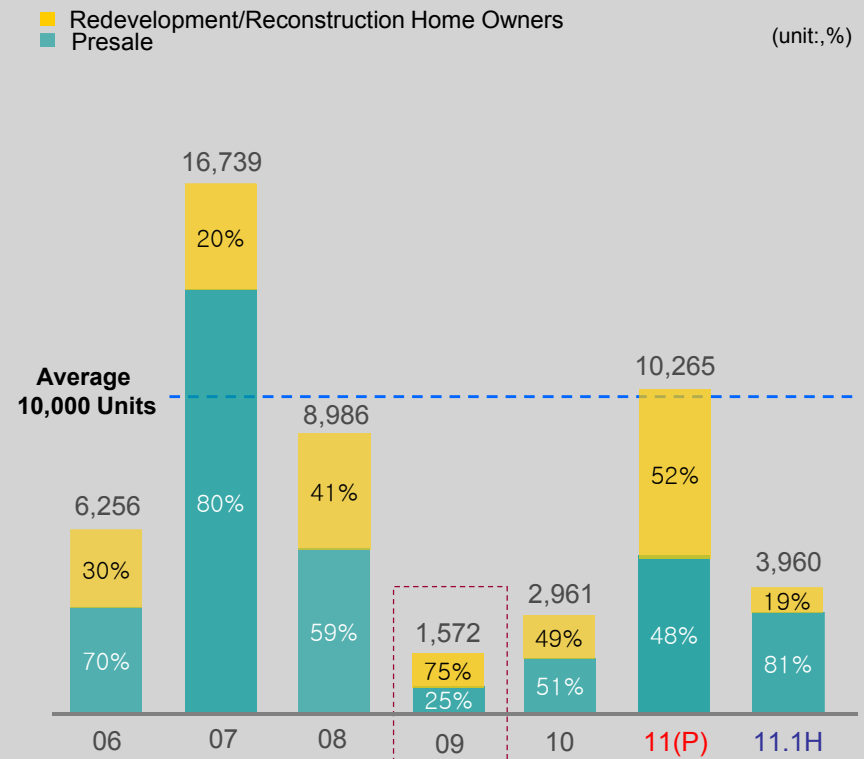


New orders in housing sector and housing supply will recover to the average level in 2011.

## Housing Division



## Supply of Housing Units





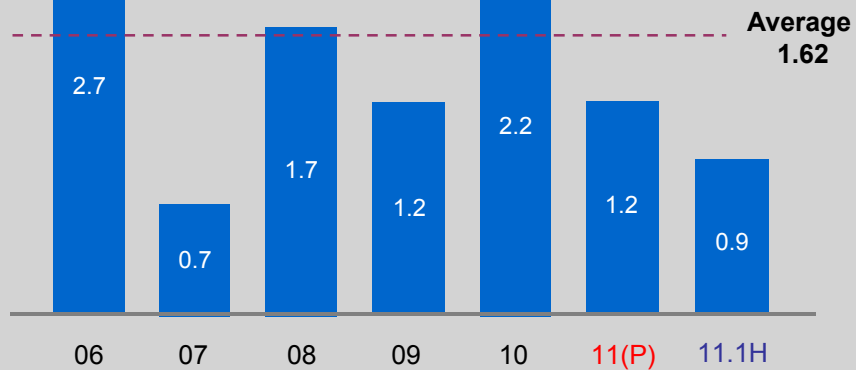
## Investment Highlight – Stable group Work



GS E&C keeps up with stable revenues and margins through a large and steady flow of group works.

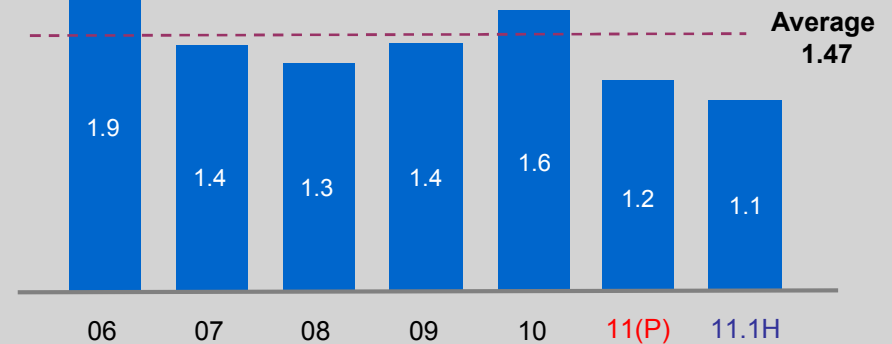
New Orders

(KRW trn)



Sales Revenues

(KRW trn)

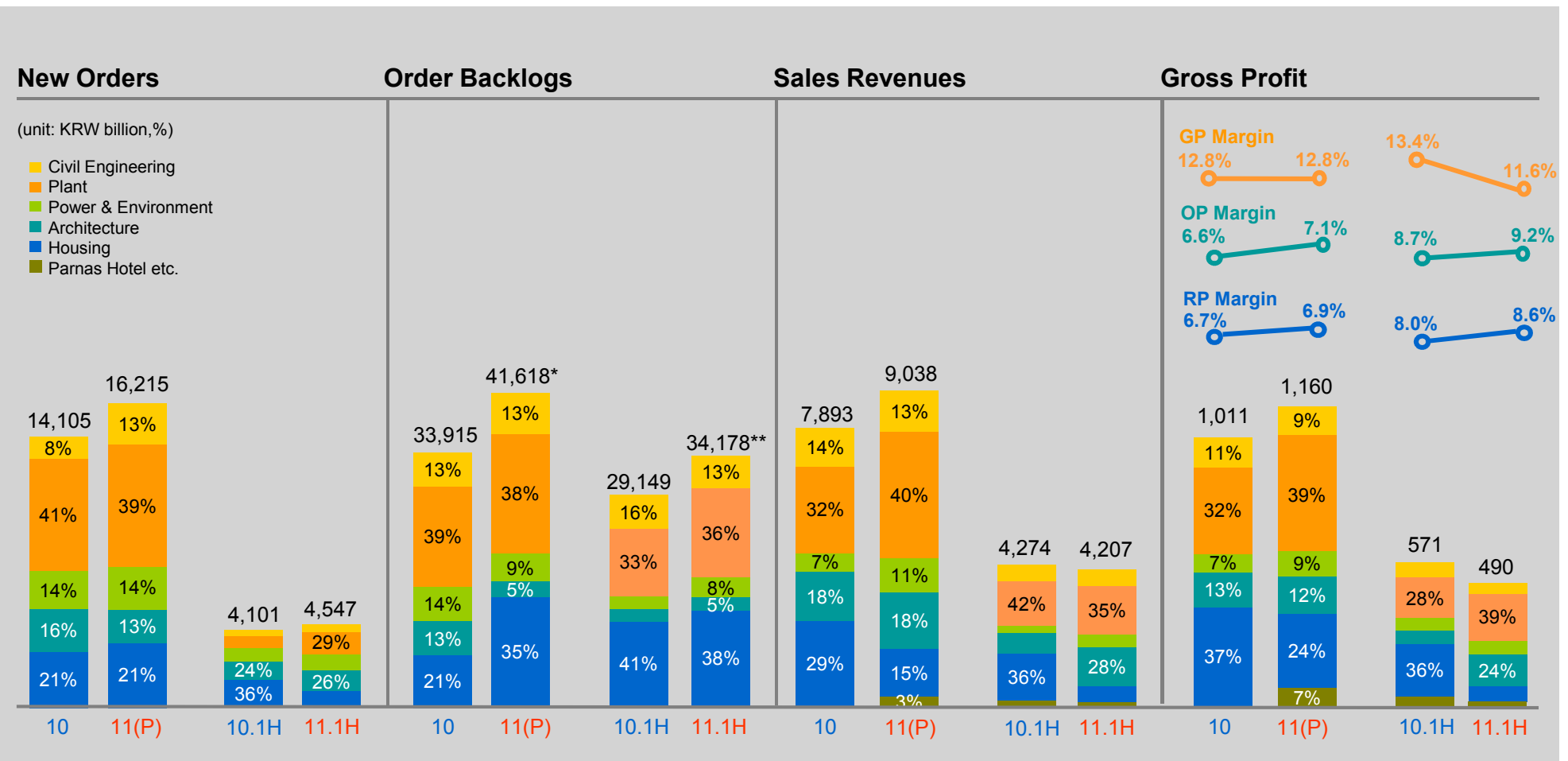




# Overview by Division - Company Overall



New orders, sales revenues and operating profit are expected to go up Year on Year.



\*Does Not include Provisional Order Backlogs in Housing KRW 9.5 trillion

\*\*Does Not include Provisional Order Backlogs in Housing KRW 11.1 trillion

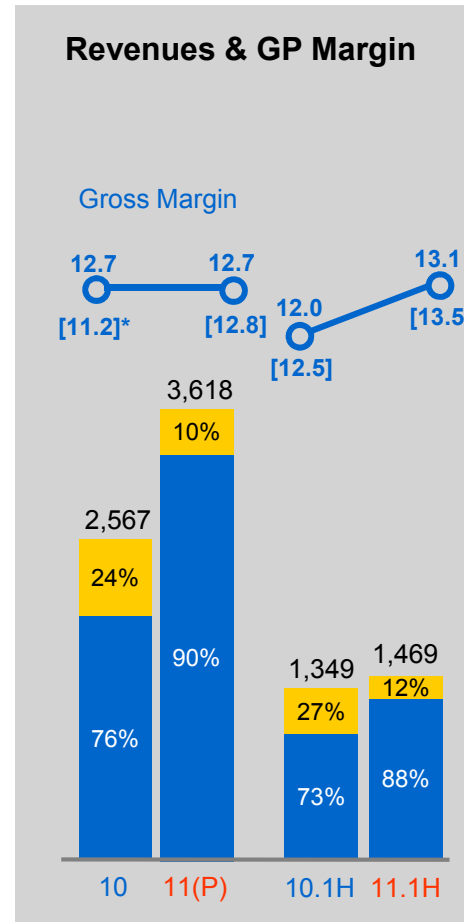
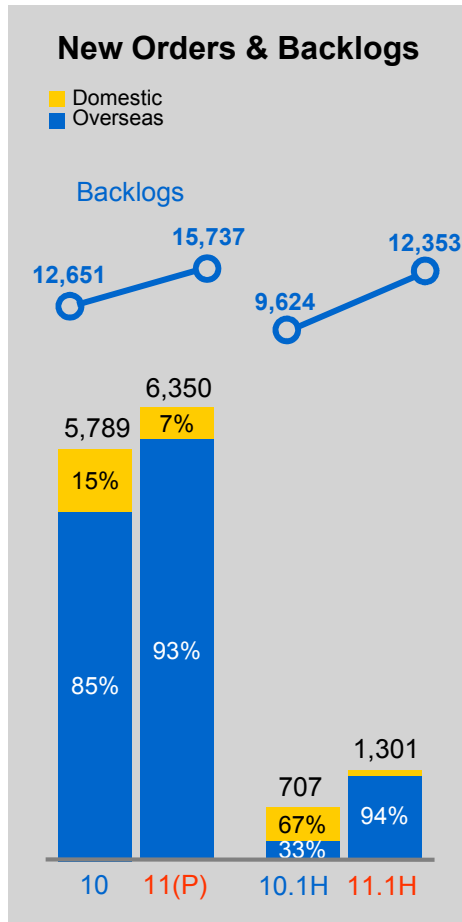


# Overview by Division - Plant



New orders increased due to slight increase in overseas new orders and sales revenues.

(unit: KRW billion, %)



\*[ ] : Overseas Gross Margin

## 2011 Keyword

### Market

- Oil-price expectation  
2011 : USD100 ~ 115  
~2015 : USD 110 in average
- Oil refinery market  
~2015 : CAGR 4% (Mainly from Middle East and Africa)
- Petrochemical market  
Expects recovery from next year  
~2015 : CAGR 8%

### GS E&C Strategy

- Enter new market (Central/South America, CIS, Africa, etc.)
- Develop new business areas (Gasification, LNG, Offshore plant)
- Strengthen global network & Diversify outsourcing channels
- Secure profitability through project financing business and cost innovation

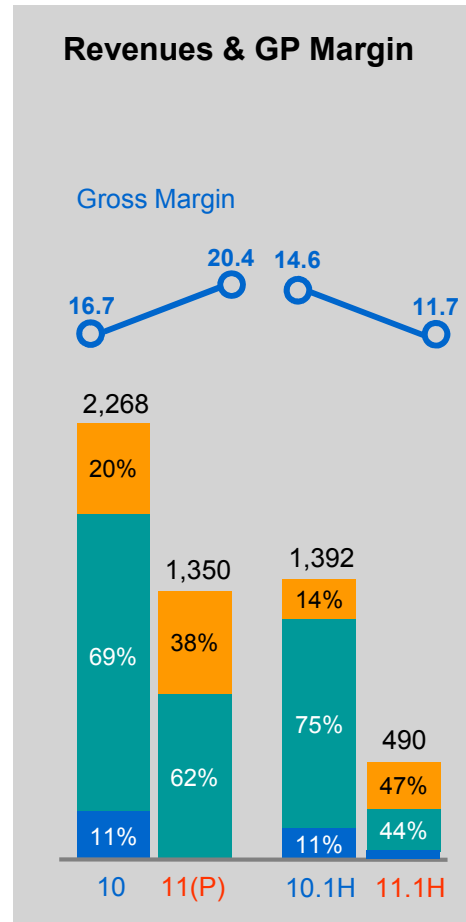
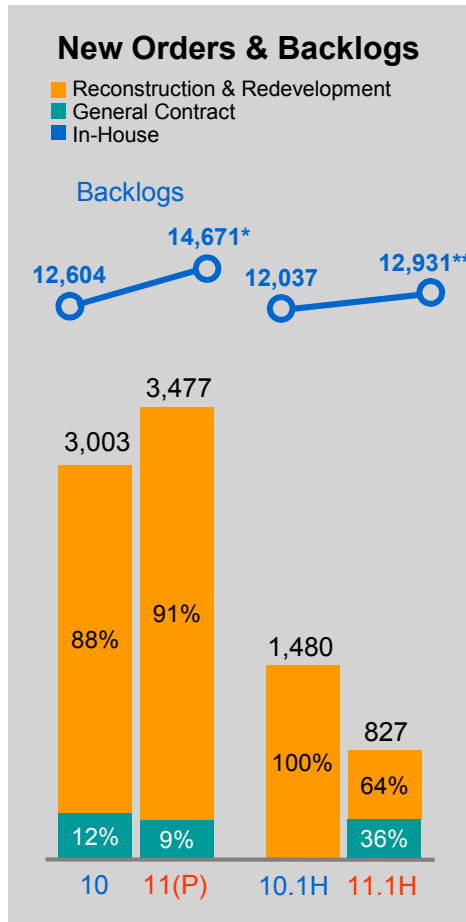


# Overview by Division – Housing



**New orders reduced due to the decrease of reconstruction and redevelopment projects. Sales revenues sharply dropped due to the project closing.**

(unit: KRW billion, %)



## 2011 Keyword

### Market

- Continue deregulation
  - a. May 1<sup>st</sup>, 2011: Tax benefits
  - b. Expected: Removing Price cap, DTI
- Demand polarization in housing market
  - a. Small/medium-sized housing market rebounded with shortage of supply
  - b. Presale performance and housing price rebounded in provincial area
- Redevelopment/Reconstruction market improves

### GS E&C Strategy

- Back to the average level of new supply  
→ over 10,000 (Public presale 50%)
- Provide mainly small-medium size housing for actual demanders with market price
- Lower PF loan guarantee  
: 2.51tn [2010] → 1.5tn [2011(P)]
- Focus on redevelopment & reconstruction

\*Not included Provisional Order Backlogs in Housing 9.5 KRW trillion

\*\*Not included Provisional Order Backlogs in Housing 11.1 KRW trillion

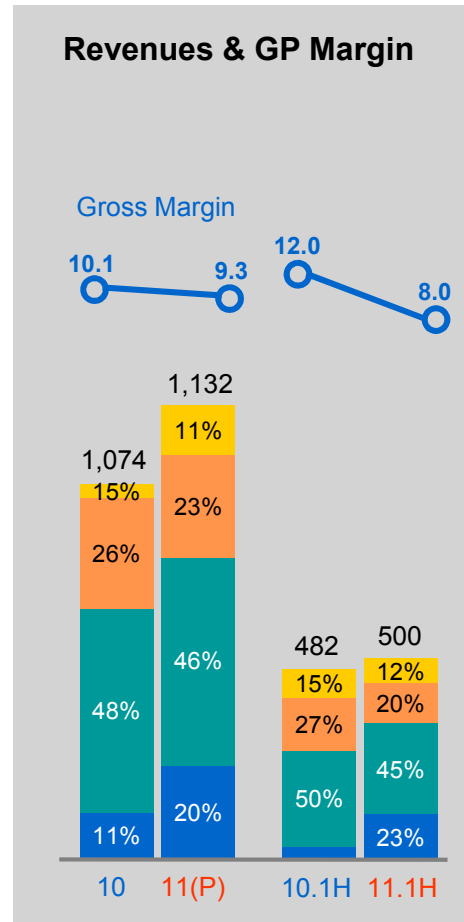
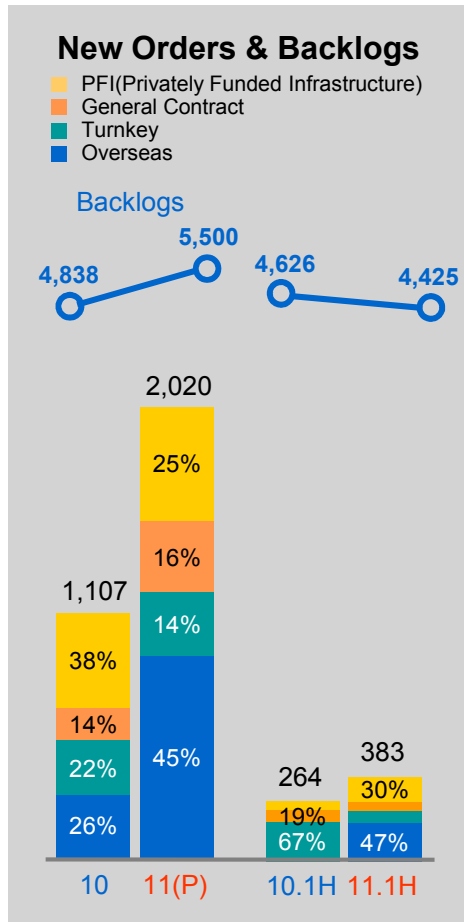


# Overview by Division – Civil Engineering



**New orders shrunk due to the decrease of new orders for public projects, but sales revenues slightly increased thanks to backlog effect.**

(unit: KRW billion, %)



## 2011 Keyword

### Market

- Decrease in budget for SOC project (2010: 25tn → 2011: 24tn : focusing on four river improvement projects)
- Continue "Green Business" : High speed railway, Light railway
- Overseas government increase budget for public infrastructure in order to boost economy (Asia, Africa and Middle East)

### GS E&C Strategy

- Domestic**
- Make chance to develop green business like tidal power generation and railway
- Overseas**
- Continued orders from Singapore, Vietnam and Middle East



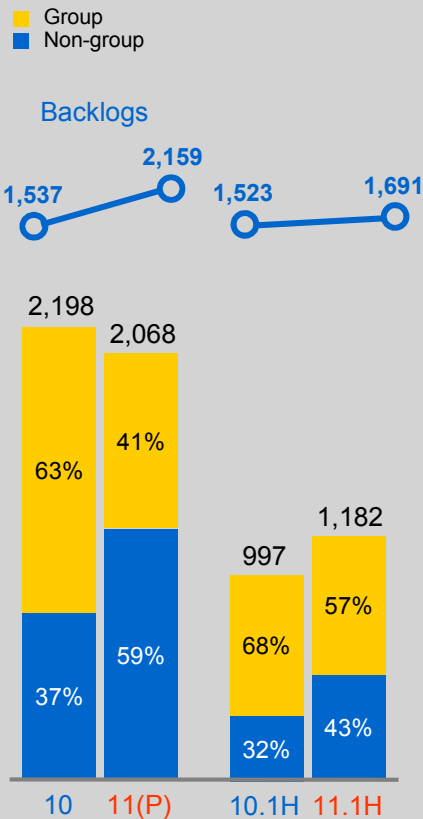
# Overview by Division - Architecture



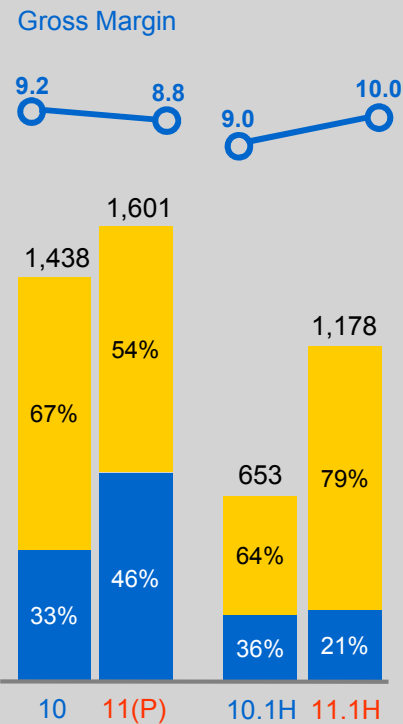
Sales revenues increased due to group works.

(unit: KRW billion, %)

## New Orders & Backlogs



## Revenues & GP Margin



## 2011 Keyword

### Market

- Domestic
  - Increase in public market with relocation of government office buildings
  - Private market still sluggish due to the domestic demand

- Overseas
  - Increase in overseas public order (Asia and Middle East)
    - a. Post-Riot in the Middle East
    - b. 2022 Qatar World Cup

### GS E&C Strategy

- Maintain domestic market volume focusing on domestic public sector
- Diversify business area : M&E Work (Mechanical and Electrical work)
- Increase in non-group new order from overseas order flow
- Still reliant on group work

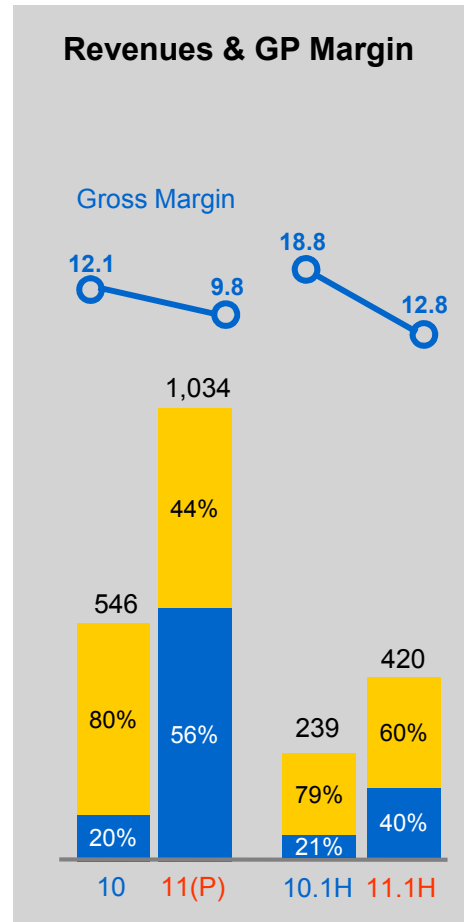
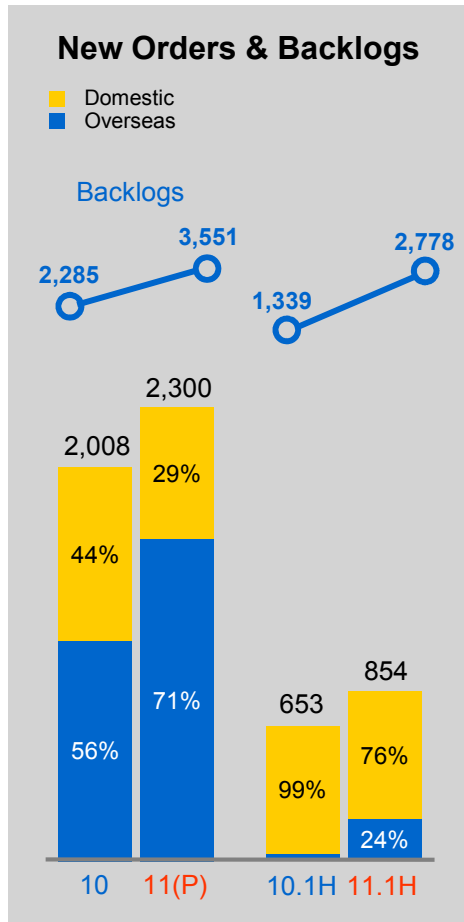


# Overview by Division – Power Plant & Environment



Sales revenues increased due to backlog effect.

(unit: KRW billion, %)



## 2011 Keyword

### Market

- Power**
- Increase in new renewable energy and nuclear power plant
  - Continuous new orders from combine cycle power plant

- Environment**
- Increase in water related business
  - Increase in overseas market (Middle East and Asia)

### GS E&C Strategy

- Participate in combined cycle power plant
- Diversifying marketing countries : East Asia , Middle east, Africa
- Continue to participate in various green business - energy generation, waste disposal, waste water treatment, incineration, and desalination





## Appendix

- 01\_Key Corporate Milestones
- 02\_Ownership Structure
- 03\_Dividends
- 04\_PF Guarantee
- 05\_Major Material Prices
- 06\_Major Overseas Projects
- 07\_Vietnam Project
- 08\_Balance Sheet (Summary)
- 09\_Income Statement (Summary)

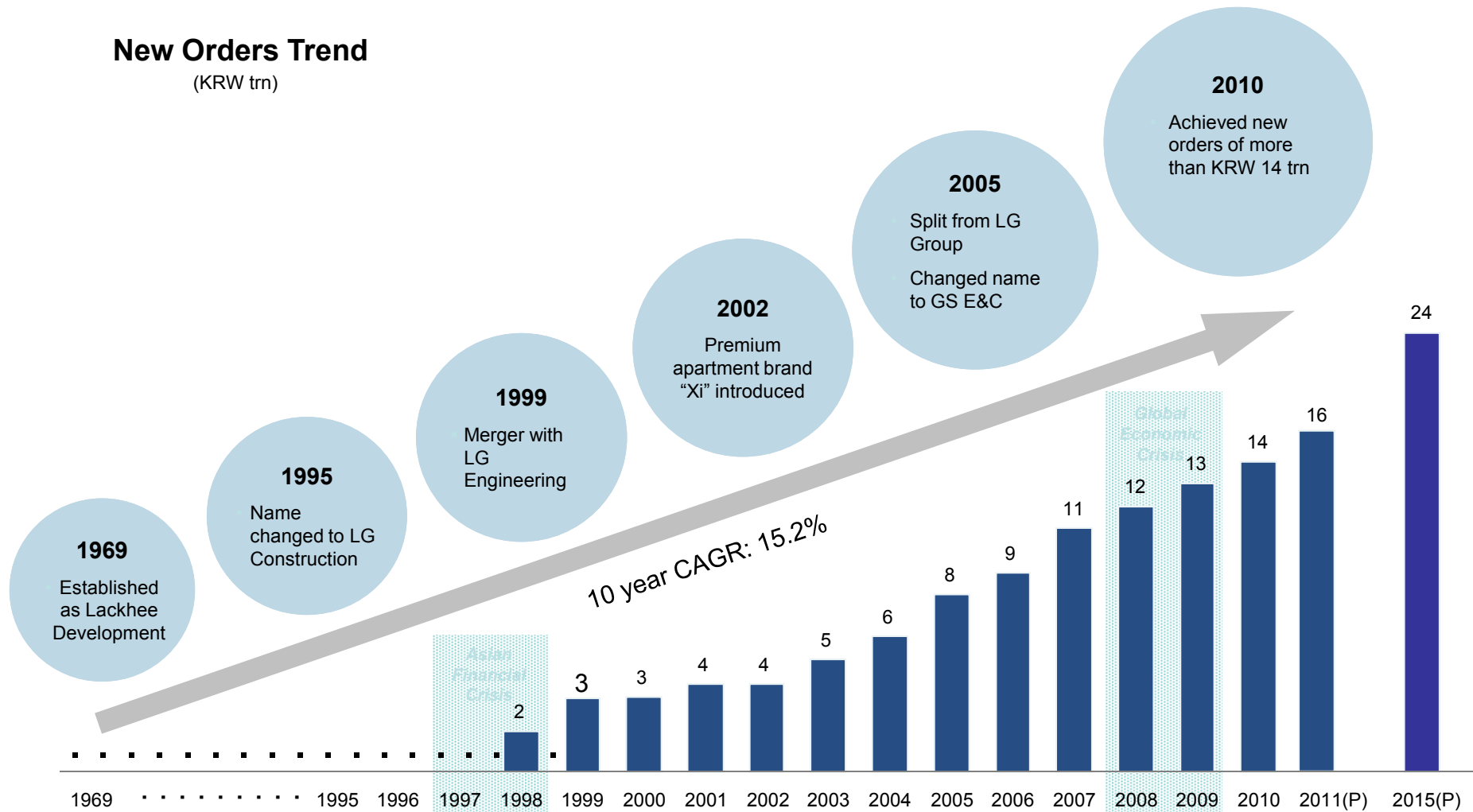


# Appendix – Key Corporate Milestones



## New Orders Trend

(KRW trn)



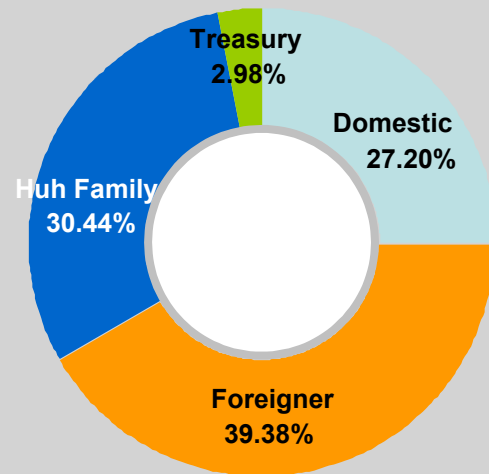


## Appendix - Ownership Structure



### GS E&C

(As of 2011 1H)

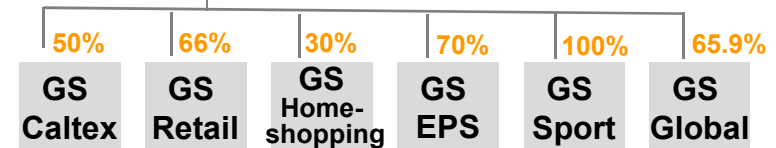


### Huh Family

(As of 2011 1H)



### Subsidiary





# Appendix - Dividends



Great Challenge  
최고

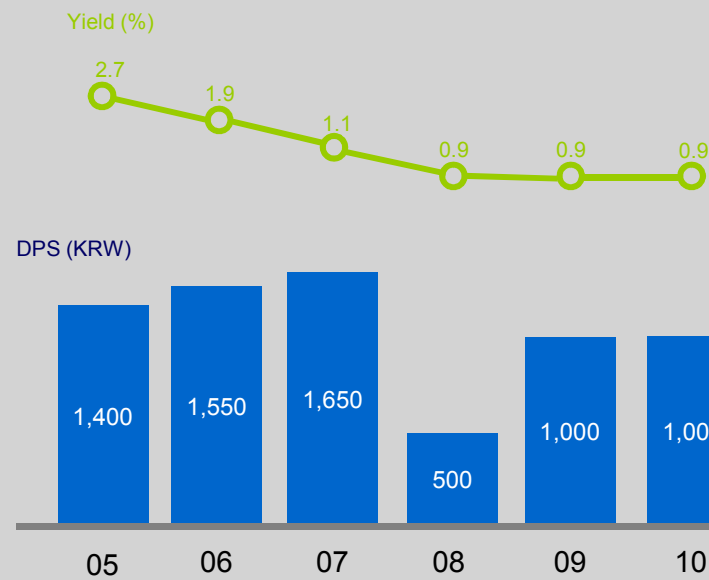


Great Innovation  
변화

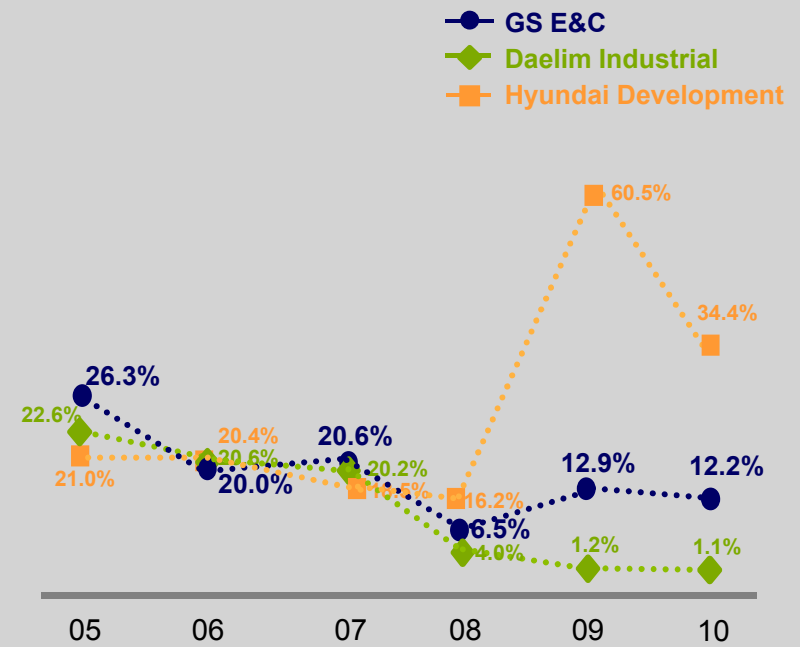


Great Partnership  
신탁

## Yield & DPS



## Payout Ratio



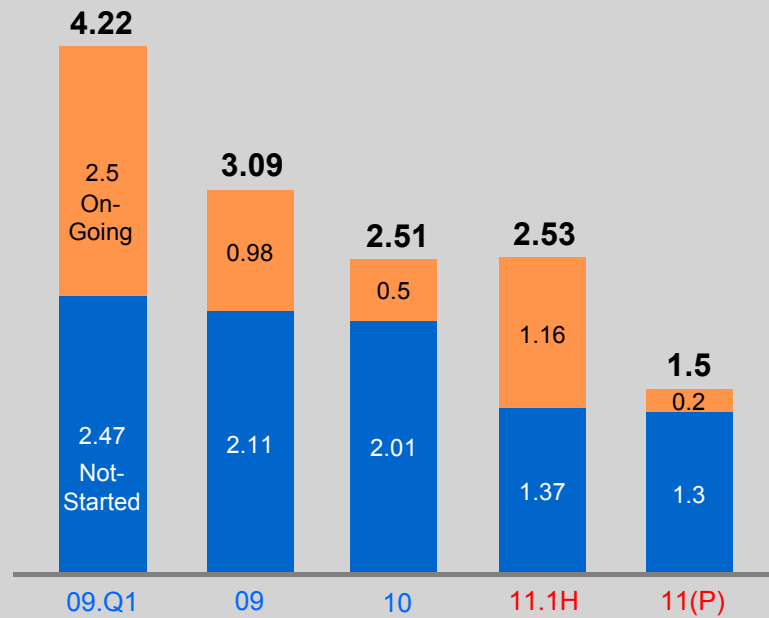


# Appendix – PF Guarantee



## PF Guarantee Reduction Plan

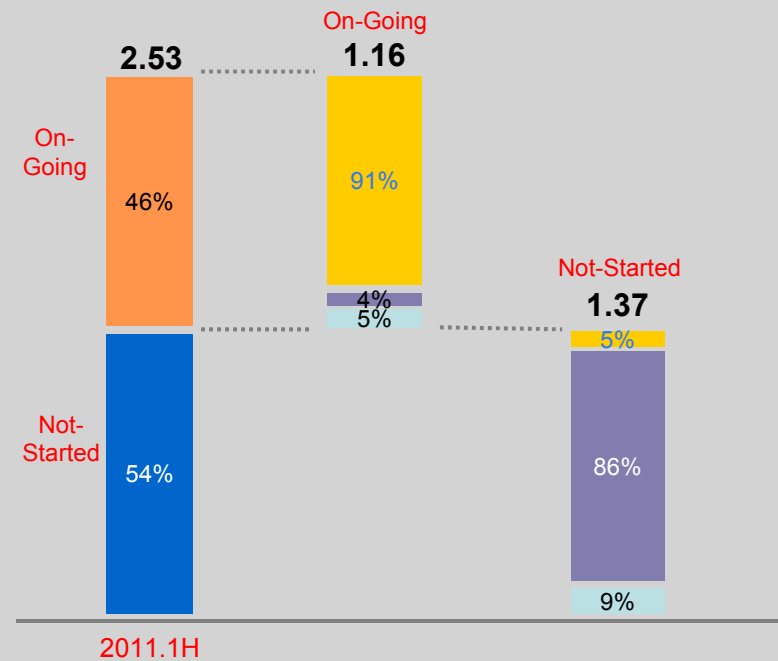
(Trillion Won , %)



## Composition of PF Guarantee

(trillion won, %)

Seoul  
The Greater Seoul  
Provincial





## Appendix – Major Material Prices



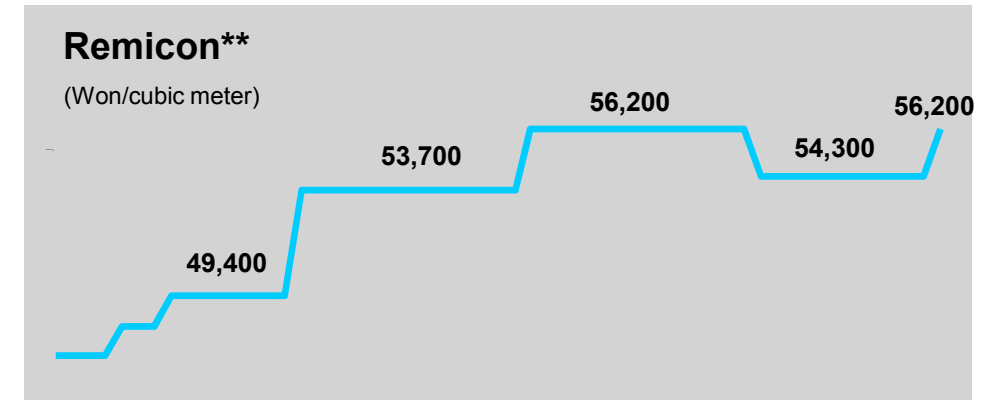
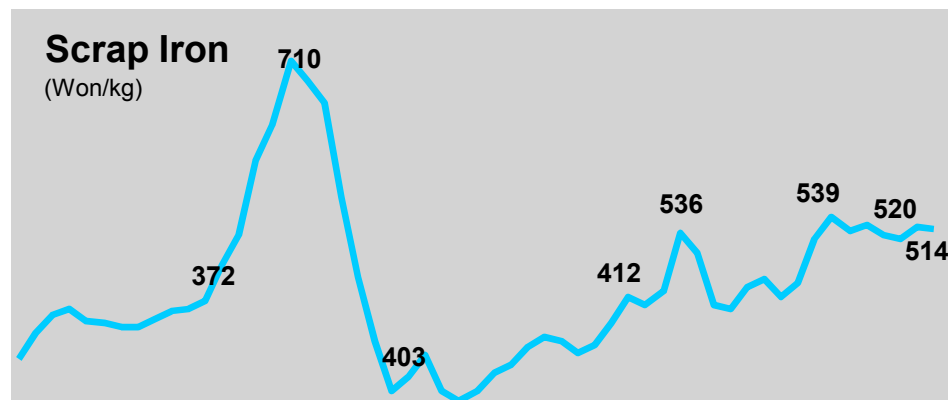
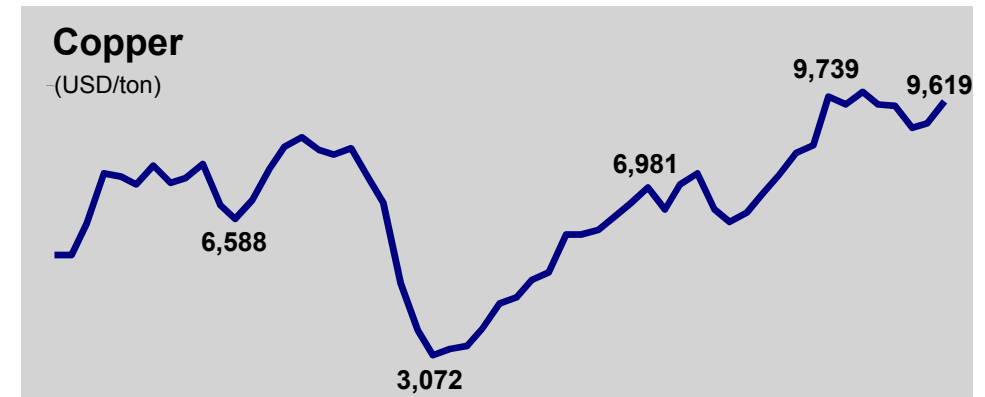
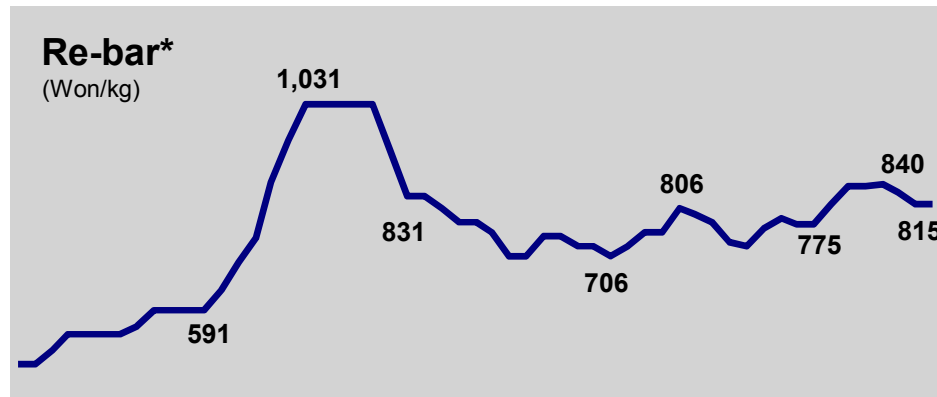
Great Challenge  
최고



Great Innovation  
변화



Great Partnership  
신평



2007      2008      2009      2010      July. 2011

\*Re-bar: Reinforced-bar

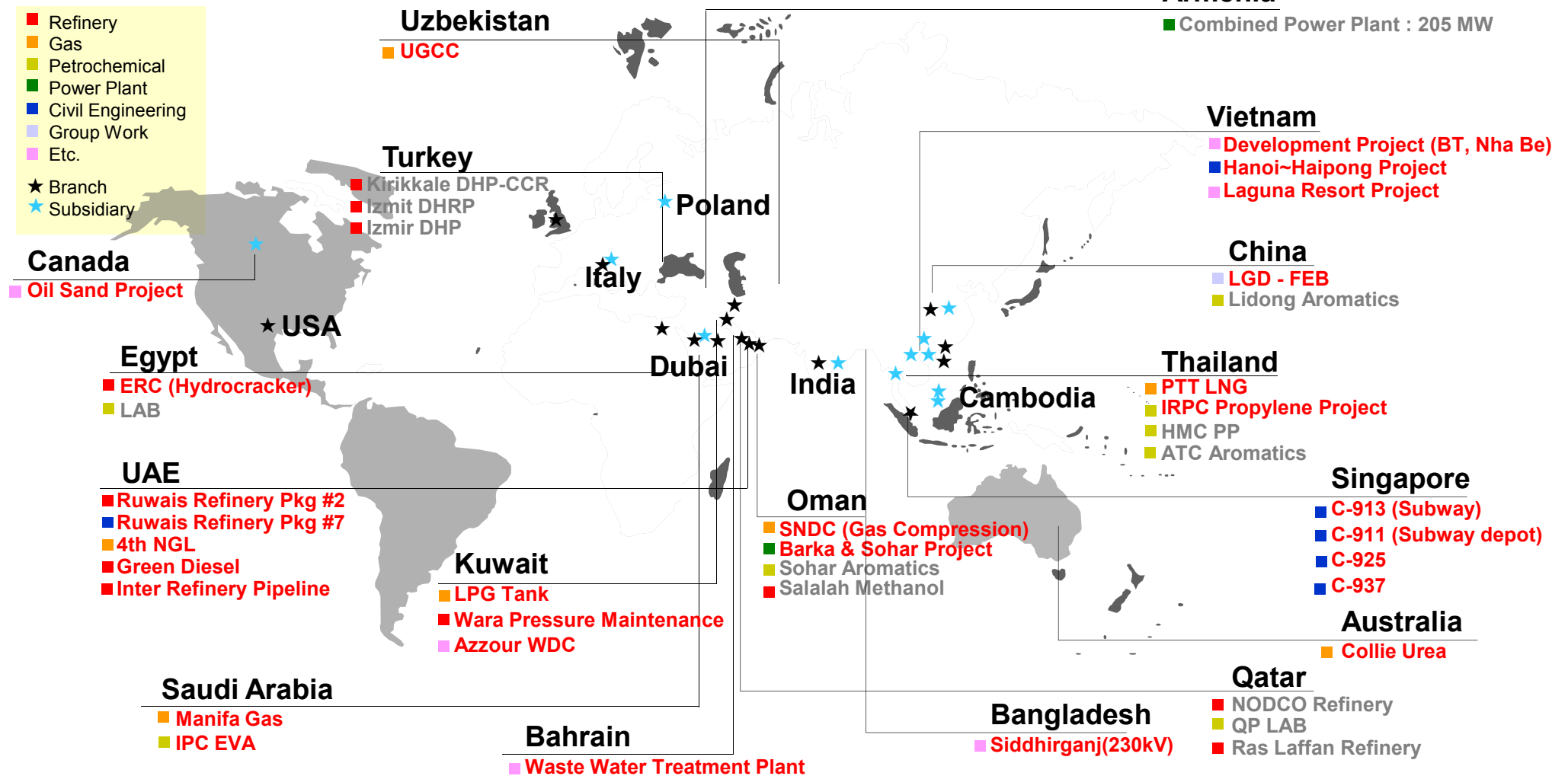
\*\*Remicon: Ready-mixed concrete



# Appendix - Major Overseas Projects



Red : On-going / Gray: Completed

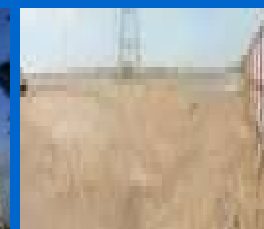




## Appendix - Vietnam Project



### Vietnam Project



Project	Original Plan	Current Status
<b>BT (SPC1)</b>	<ul style="list-style-type: none"> <li>• Road (14km) construction &amp; transfer</li> <li>• Develop 4 pieces of land in Downtown (1 million m<sup>2</sup>)                             <ul style="list-style-type: none"> <li>- Riverview (D2)</li> <li>- Riverside (D2)</li> <li>- Thu Thiem (D2)</li> <li>- Mini New Town (D9)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Road : Binh Loi Bridge</li> <li>• Plan to develop 4 pieces of land                             <ul style="list-style-type: none"> <li>- Riverview(D2) : Presale : May 29<sup>th</sup>, 2010(90 Units) Presale : Aug 2010(90 Units)</li> <li>- Riverside(D2) : Xi sample house &amp; Office (P: 2012)</li> <li>- Thu Thiem (D2) : Prepare development plan (P: 2012)</li> <li>- Mini New Town (D9) : Wait for city planning permit</li> </ul> </li> </ul>
<b>Nha Be New Town (SPC2)</b>	<ul style="list-style-type: none"> <li>• Lease land (3.5 million m<sup>2</sup>)</li> <li>• 10km from the city center</li> <li>• Build 17,000 residential units, hospital, schools, parks, etc. (Four phases)</li> </ul>	<ul style="list-style-type: none"> <li>• Phase #1 - Received Land Use Right (LUR)                             <ul style="list-style-type: none"> <li>- Expect LUR of #2 ~ #4</li> </ul> </li> <li>• Major development from 2011                             <ul style="list-style-type: none"> <li>- Foundation work &amp; Infrastructure</li> </ul> </li> </ul>
<b>Cu Chi Resort (SPC3)</b>	<ul style="list-style-type: none"> <li>• Lease land (2 million m<sup>2</sup>)</li> <li>• 24 km from the city center</li> <li>• Develop golf resort, 36 holes, villa and condominium</li> </ul>	<ul style="list-style-type: none"> <li>• LUR for two parts of land out of total three in 2009</li> <li>• Foundation work</li> </ul>



## Appendix - Statements of Financial Position (Summary)



(Unit: KRW bn,%)

Account	07	08	09	10*	11.1H*
<b>Total Asset</b>	<b>5,739</b>	<b>8,182</b>	<b>8,946</b>	<b>11,047</b>	<b>11,396</b>
Cash & Deposits	386	809	1,467	1,494	1,640
Trade Receivable	2,120	2,242	2,429	3,667	4,056
Inventories	424	457	429	419	405
Investments	888	1,839	1,628	995	1,001
Tangible Assets	1,089	1,412	1,422	2,347	2,230
<b>Total Liabilities</b>	<b>3,593</b>	<b>5,147</b>	<b>5,647</b>	<b>7,265</b>	<b>7,532</b>
Trade Payables	1,357	1,483	1,366	1,680	1,670
Borrowings	463	772	972	1,323	1,795
<b>Total Shareholder's Equity</b>	<b>2,146</b>	<b>3,035</b>	<b>3,299</b>	<b>3,782</b>	<b>3,864</b>
Capital Stock	255	255	255	255	255
D/E Ratio	167.5	169.6	171.2	192.1	194.9

\*10 & 11.1H : K-IFRS Consolidated



## Appendix - Income Statements (Summary)



(Unit: KRW bn,%)

Account		07	08	09	10*	11.1H*
Sales Revenues	Civil Eng.	796	657	833	1,048	500
	Plant	1,989	2,099	2,341	2,671	1,469
	Power/Environ.	214	393	495	542	420
	Architecture	1,056	1,275	1,180	1,497	1,178
	Housing	1,957	2,442	2,528	2,354	490
	Parnas Etc	-	-	-	308	150
Total		6,012	6,866	7,377	8,420	4,207
Growth Profit		860	913	955	1,129	490
Selling & Admin Expenses		418	435	387	537	282
Operating Profit		442	478	568	629	385
Ordinary Profit		567	549	508	578	362
Net Profit		399	382	383	429	264

\*10 & 11.1H : K-IFRS Consolidated





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