

GS E&C Investor Presentation

2Q 2009

Best Partner &
First Company

GS Engineering & Construction



CONTENTS

I _ Business Overview

01_ Company Overall Overseas

02_ Overview by Division

- Plant
- Housing I & II
- Civil Engineering
- Architecture
- Power & Environment

Appendix

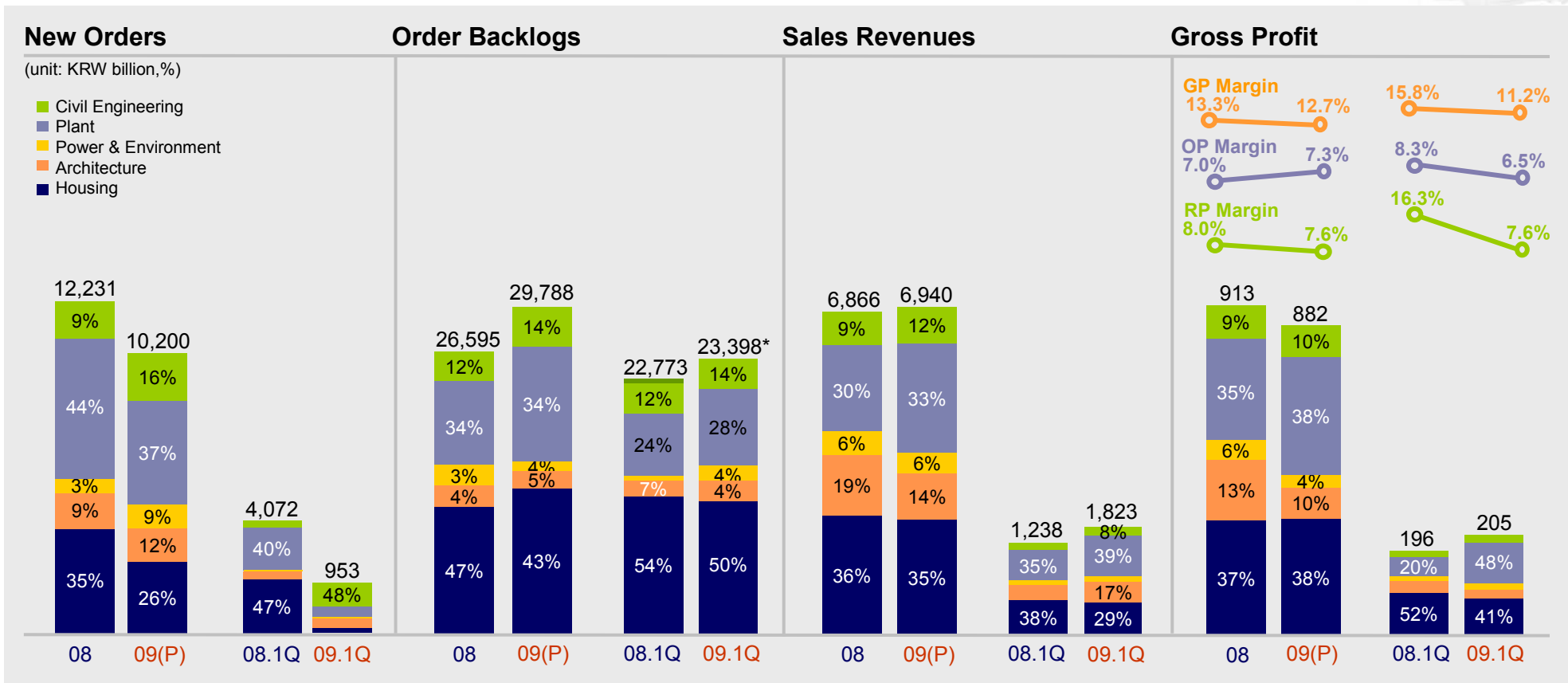


This material contains forward-looking statements that include our current beliefs and expectations on market factors and information obtained outside GS E&C, which are subject to uncertainties. Due to the volatility of these factors, actual results may differ from those set forth in the presented statements. 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 - Company Overall

Best Partner & First Company
GS Engineering & Construction

New orders will go down, but sales revenue will continuously go up.



*Not included Provisional Order Backlogs in Housing 14.4 KRW trillion

Business Overview - Overseas

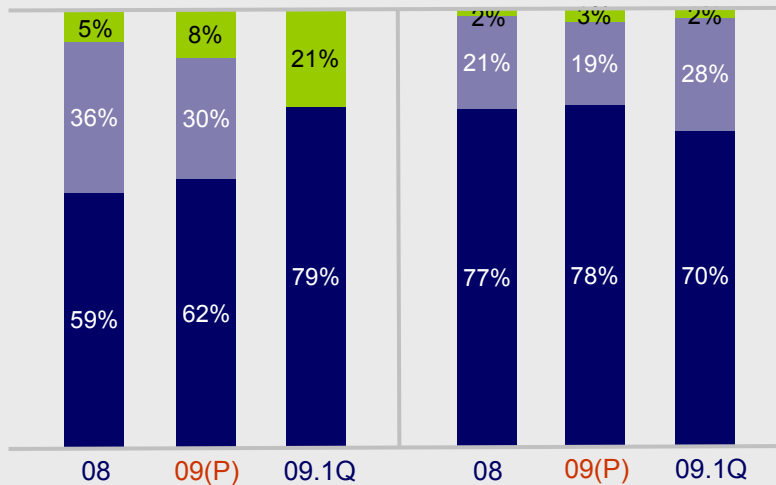
Best Partner & First Company
GS Engineering & Construction

Overseas new orders contribution will decrease due to decline in plant business, but new orders from power & civil engineering business will increase.

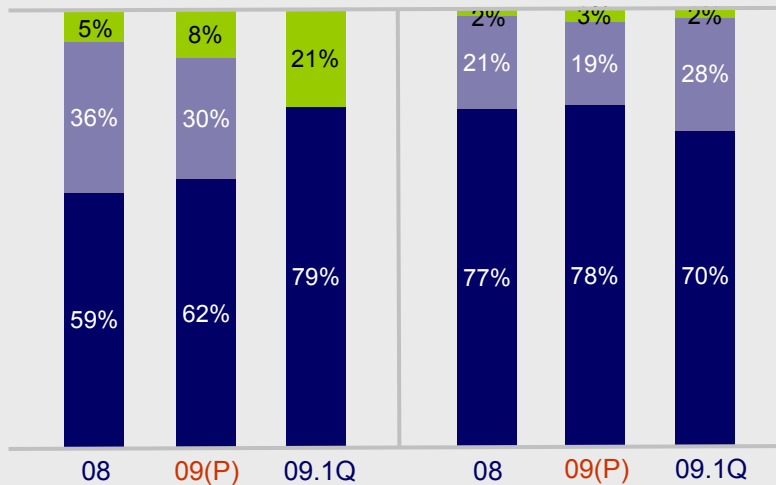
Total Overseas

- Other Overseas
- Plant Overseas
- Domestic

New Orders

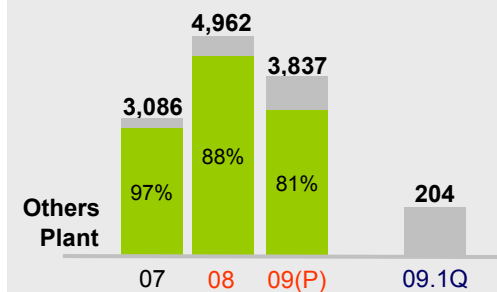


Sales Revenues

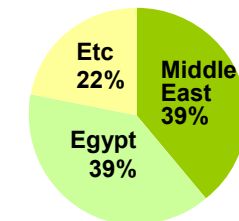


Overseas New Orders

(unit: KRW billion, %)

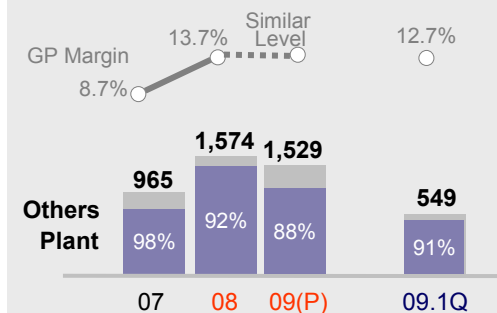


Order Backlogs by Region (KRW 6,726 bn)

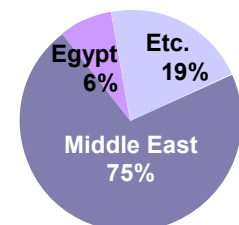


Overseas Sales Revenues

(unit: KRW billion, %)



Sales by Region (KRW 549 bn)



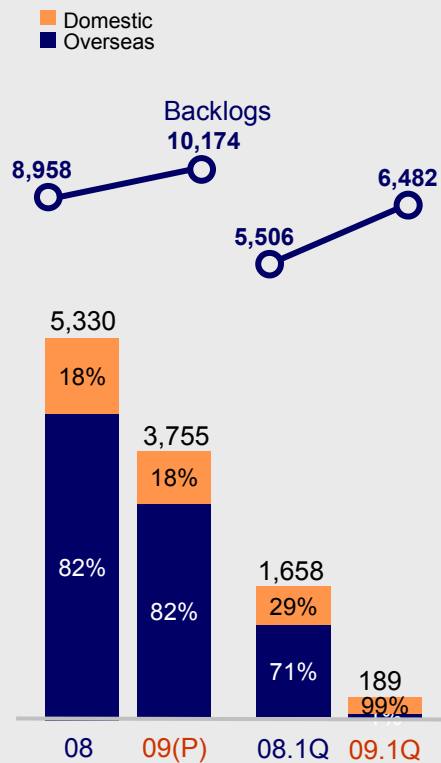
Business Overview - Overview by Division [Plant]

Best Partner & First Company
GS Engineering & Construction

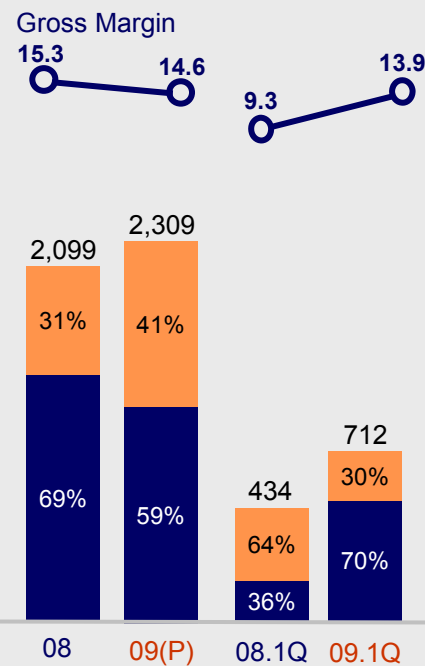
New orders will substantially decline due to weak demand of oil consumption, but sales revenue will continuously go up.

(unit: KRW billion, %)

New Orders & Backlogs



Revenues & GP Margin



2009 Keyword

Market

- Oil-price drop
→ Decreased investment & delayed bidding
- Excess refinery & petrochem supply (HOU still in demand)
- Increase in new gas projects due to increase in demand of environment-friendly fuel (LNG)

GS E&C Strategy

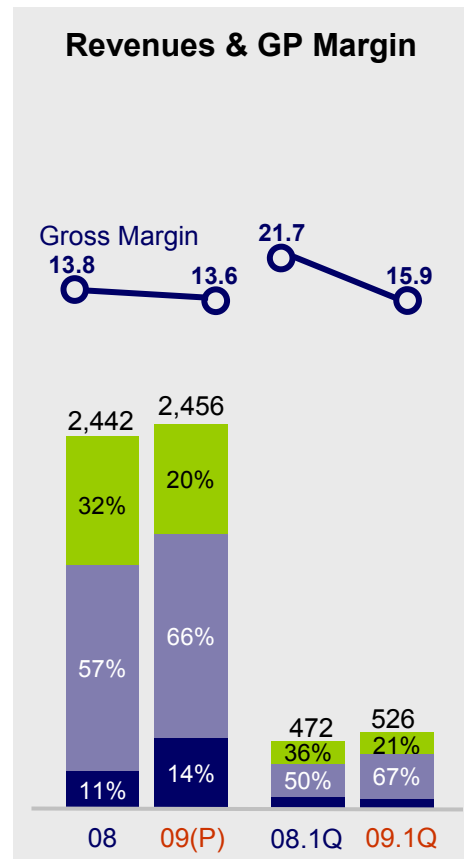
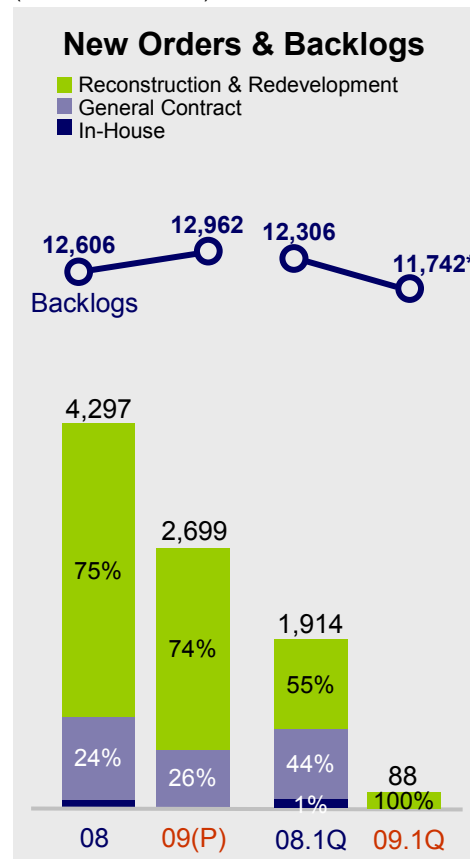
- Diversifying marketing countries (Latin America, Africa, etc.)
- Diversifying portfolio (Gas, LNG business)
- Successful execution of mega size ongoing project

Business Overview - Overview by Division [Housing I]

Best Partner & First Company
GS Engineering & Construction

New orders will decrease due to housing market instability. On the other hand, sales revenue will continuously increase. However, profitability will slightly go down due to increased marketing cost.

(unit: KRW billion, %)



2009 Keyword

Market

- Easing government property measure (Taxation, regulation)
- Low mortgage interest (5%~6%)
- Decrease in new supply
- Weaken demand / low transaction
lower apartment price / sluggish economy

GS E&C Strategy

- Try to digest unsold-unit : 7,969 → 6,000
- Lower PF loan guarantee 4.9tn → 3.2tn
- Minimize new supply : 2,833 (Public 254)
- Focusing on redevelopment & reconstruction and in-house business

(See next page for detailed information)

*Not included Provisional Order Backlogs in Housing 14.4 KRW trillion

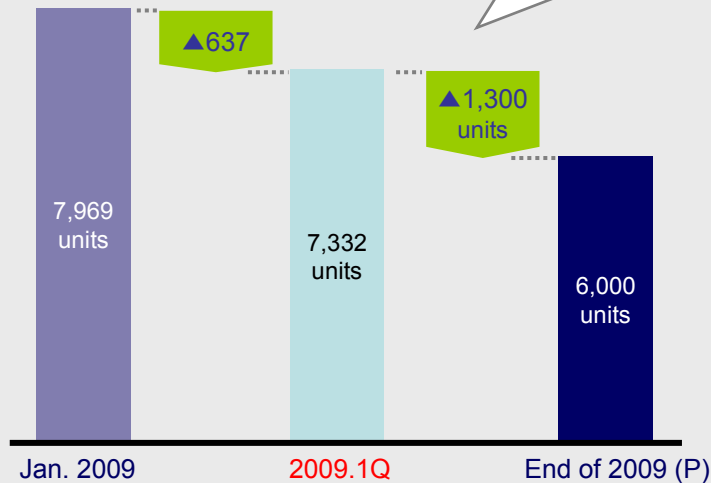
Business Overview - Overview by Division [Housing II]

Best Partner & First Company
GS Engineering & Construction

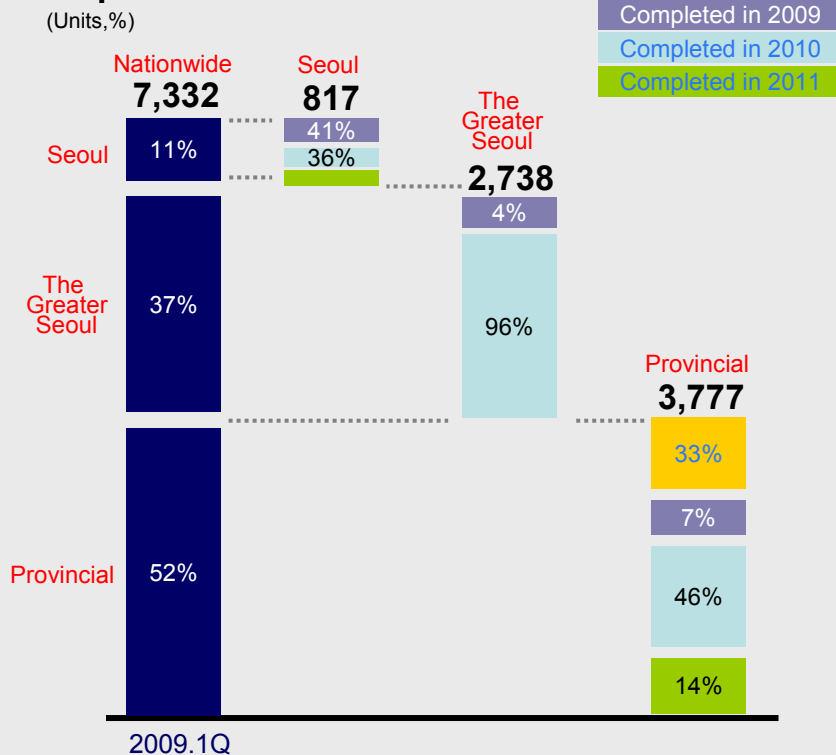
GS E&C will try to digest unsold units and contingent liabilities through various promotion plan and the sale of its sites, while we keep the construction right.

Unsold Unit Reduction Plan

- 1) Special Promotion Program
 - Adjusted Payment Schedule
 - Smaller Initial Payment, Free Option (kitchen)
- 2) Internal Promotion
 - Relative Company Promotion (GS, LG, LS)
- 3) Government Support Program
- 4) Overseas Promotion



Composition of Unsold Units



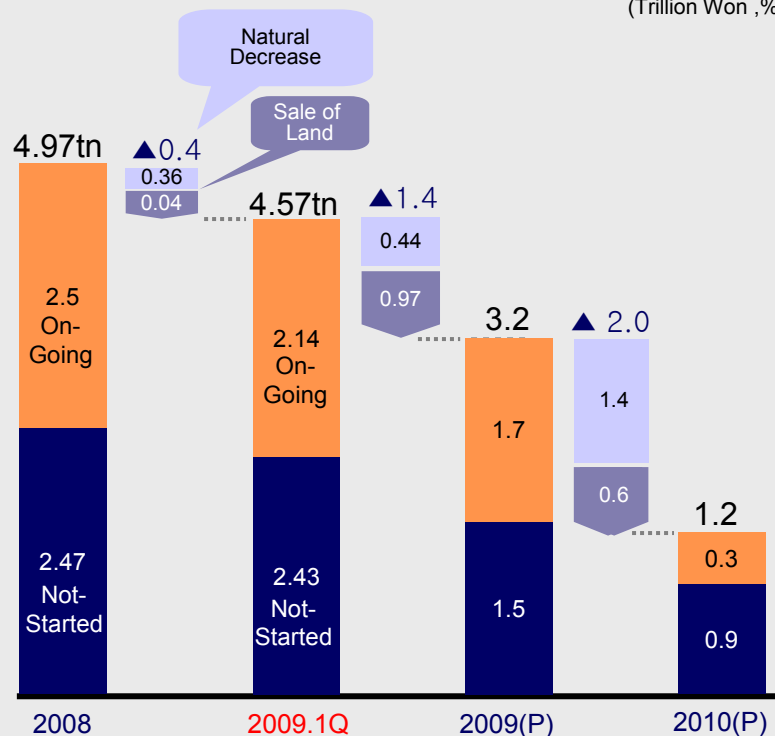
Business Overview - Overview by Division [Housing II]

Best Partner & First Company
GS Engineering & Construction

PF guarantee has decreased from KRW 4,969 bn in early 2009 to KRW 4,569 bn as of 1Q. Annual target for reduction is 1.8 trillion won, and 22 % of target was achieved. On-going project occupies 47% and majority is located in Seoul and The Greater Seoul area.

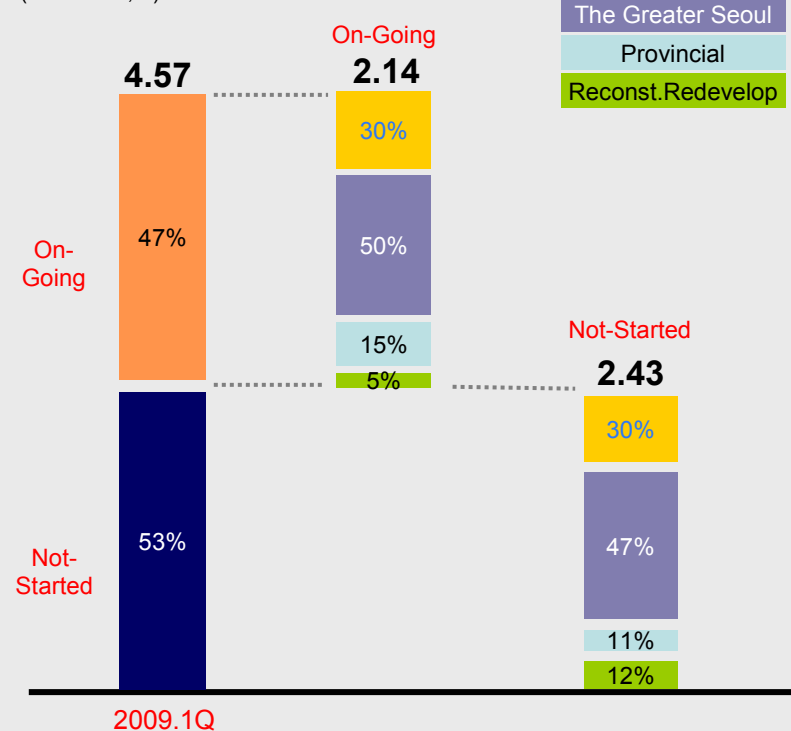
PF Guarantee Reduction Plan

(Trillion Won, %)



Composition of PF Guarantee

(trillion won, %)



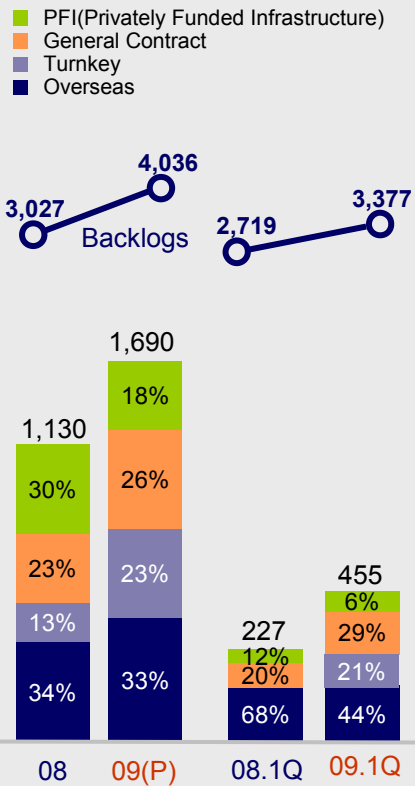
Business Overview - Overview by Division [Civil Engineering]

Best Partner & First Company
GS Engineering & Construction

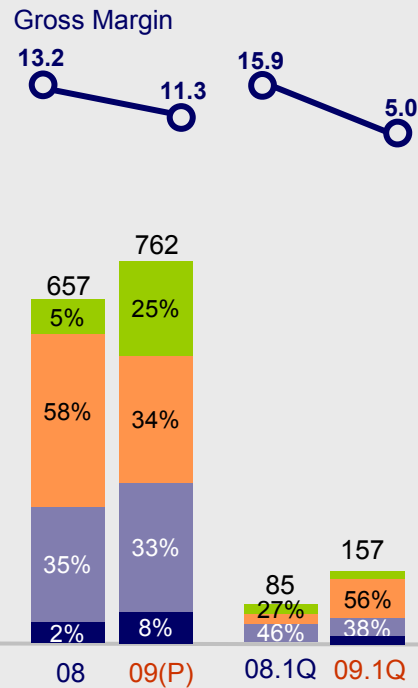
New orders and sales revenues will be highly increased due to public projects, while growth profit decreases.

(unit: KRW billion, %)

New Orders & Backlogs



Revenues & GP Margin



2009 Keyword

Market

- Increase in budget for public infrastructure (CGAR 7.3% by 2012 / 2009: 21.1tn)
- “Green Business”
: Water-related Project :Four river improvement
: Light railway, etc.
- Overseas government increase budget for public infrastructure to boost economy

GS E&C Strategy

- Domestic
- Aggressively participate in public project
→ Improve cash flow with higher advance payment
- Overseas
- Enter Singapore, Vietnam and other Asian countries
 - Participate in government project with financially strong local EPC partner

Business Overview - Overview by Division [Architecture]

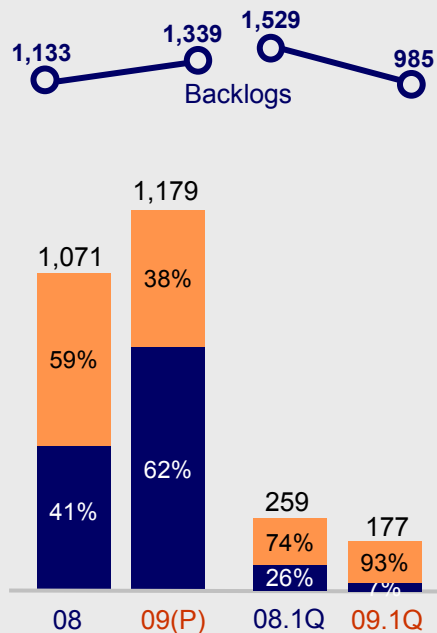
Best Partner & First Company
GS Engineering & Construction

New orders will increase due to non-group work, but sales revenues will decrease.

(unit: KRW billion, %)

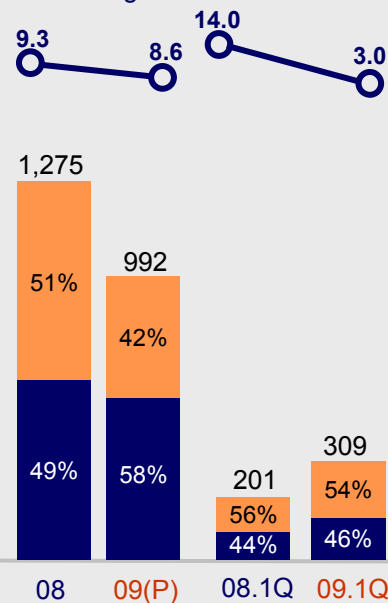
New Orders & Backlogs

Group
Non-group



Revenues & GP Margin

Gross Margin



2009 Keyword

Market

- Decreased number of project due to global economy slowdown
- Increase in overseas public order (School, hospital, electric generation, etc.)
- Slowdown in capex of group company

GS E&C Strategy

- Enthusiastically enter domestic & overseas public market
- Diversifying business area (electric generation)

Business Overview - Overview by Division [Power & Environment]

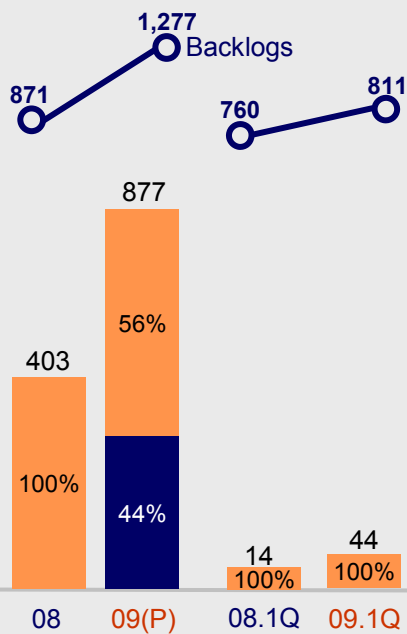
Best Partner & First Company
GS Engineering & Construction

Overseas new orders will increase substantially. However, profitability will go down.

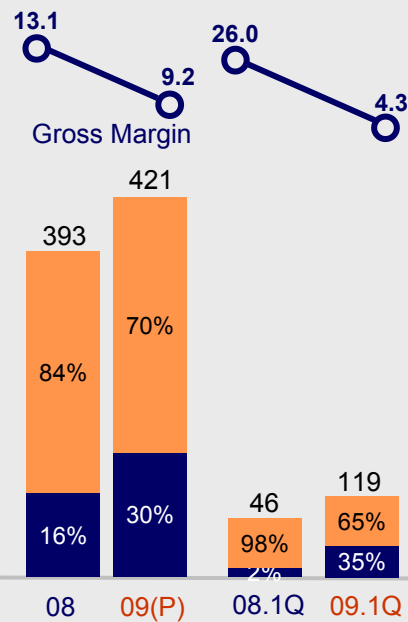
(unit: KRW billion, %)

New Orders & Backlogs

Domestic
Overseas



Revenues & GP Margin



2009 Keyword

Market

- Power
 - Increase in public projects
 - Continuous order from overseas market
- Water Business
 - Demand for desalination plant increase

GS E&C Strategy

- Diversifying marketing countries
 - : East Asia , Middle east, Africa
- Co-work with developed business partner
- Improve overseas EPC skill



Best Partner & First Company

GS Engineering & Construction



Appendix

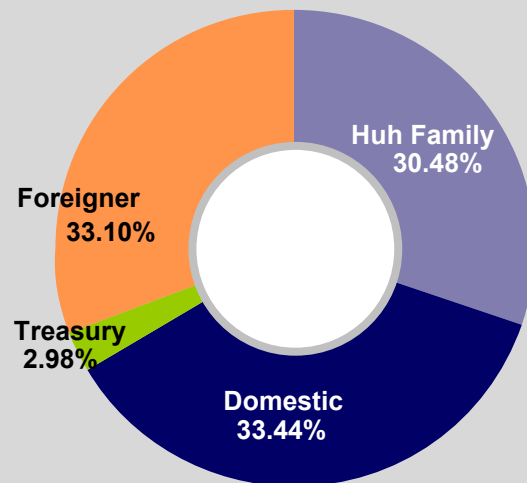
- 01_Ownership Structure
- 02_Borrowings & Investment Plan
- 03_Dividends
- 04_PFI Projects
- 05_Major Material Prices
- 06_Balance Sheet (Summary)
- 07_Income Statement (Summary)
- 08_Major New Project List

Appendix - Ownership Structure

Best Partner & First Company
GS Engineering & Construction

GS E&C

(End of 2008)



Huh Family

(As of 2008)

46%
GS Holdings

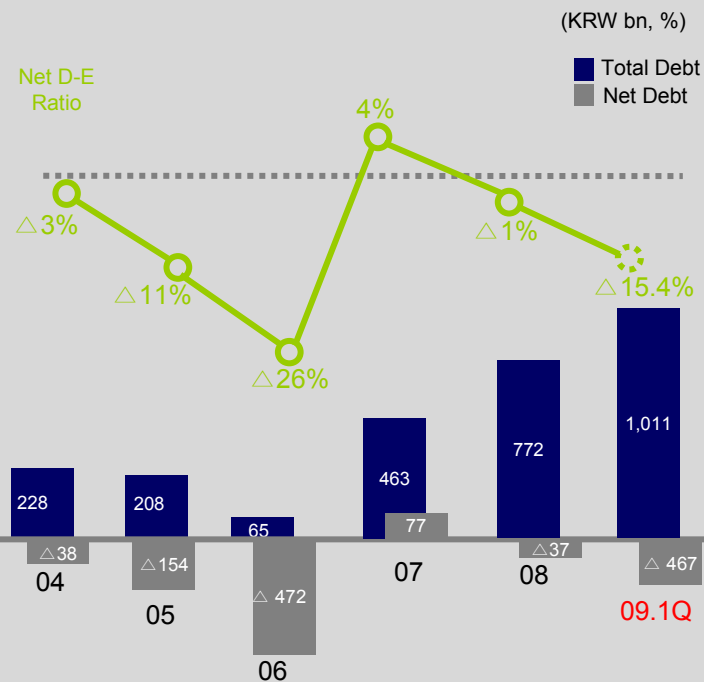
Subsidiary



Appendix - Borrowing & Investment Plan

Best Partner & First Company
GS Engineering & Construction

Borrowings



Investment Plan

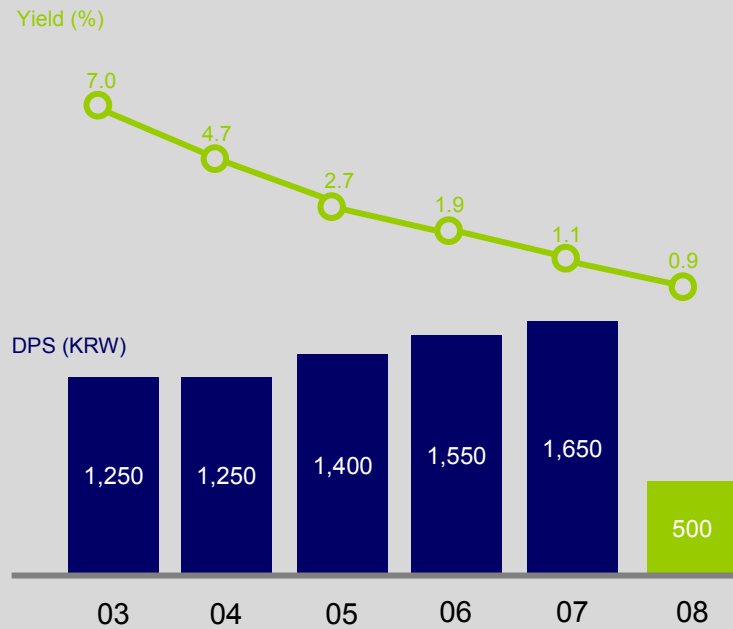
(KRW bn)

Description	07	08	09 (P)
Land & Facility	248	57	-
Development (Domestic & Overseas)	261	118	57
PFI	9	9	45
Ordinary Resort & etc.	17	14	55
Total	535	198	157

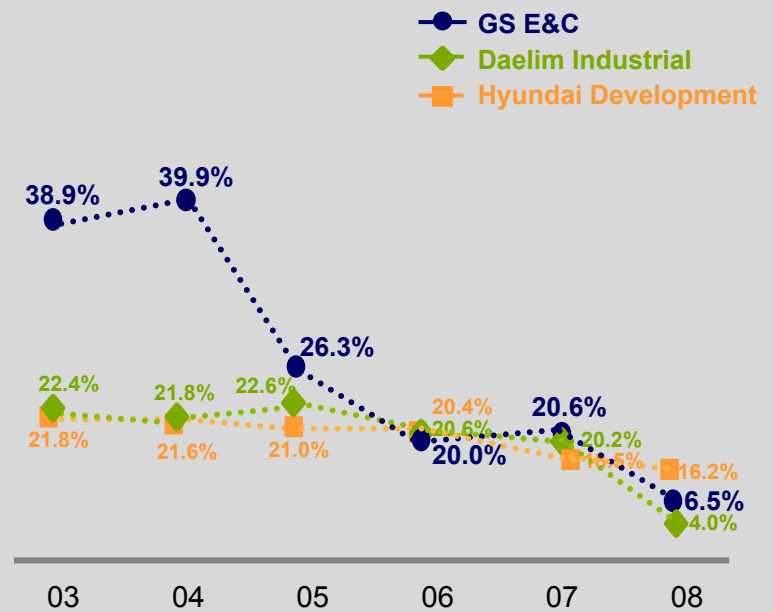
Appendix - Dividends

Best Partner & First Company
GS Engineering & Construction

Yield & DPS



Payout Ratio



Appendix - PFI Projects

Best Partner & First Company
GS Engineering & Construction

(End of 2008)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Share	Remarks
Preferred Bidder	Osan-Okchang Highway					
	New Bundang Extension Railway					
	Choeup Light Rail Transit					
	Incheon International Pier					
Approved	Seoul-Munsan Highway	668	304 (45.5%)	9.7	4.5%	To be completed in 2014
	Sangju-Youngchun Highway	1,286	129 (10%)	3.3	1.0%	To be completed in 2013
	Seoul-Pocheon Highway	964	136 (14%)	4.4	1.4%	To be completed in 2014
	Youngdong Highway #2	758	121 (16%)	4	1.6%	To be completed in 2013
Under Construction	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
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	12%	9.1(MEDIC, May. 2003)-sold
	Daegu West-North Road	64	16 (25%)	3.3	15%	3.7(Municipality of Daegu, June.2004)-sold
	Cholmasan Tunnel	75	18 (25%)	1.0	24%	1.0 (KTCU, Nov. 2001)-sold
	Manwolsan Tunnel	68	17 (25%)	5.0	15%	Completed (July,2005) / Holding / Plan to sell in 09
	Seoul Beltway	1,612	435 (27%)	124.2	27%	Completed (Dec.,2007) / Holding / Plan to sell in 09

KTCU : Korea Teachers' Credit Union

KRIF : Korea Road Infrastructure Fund

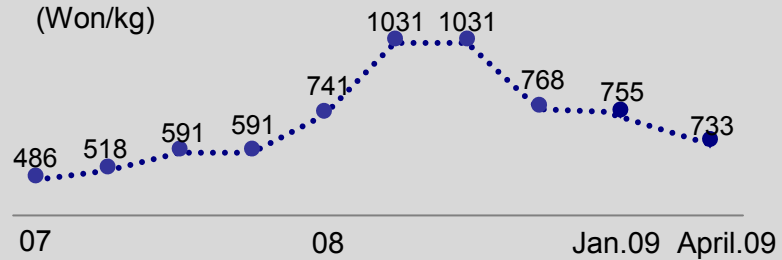
MEDIC : Macquarie East Daegu Investment Company

Appendix - Major Material Prices

Best Partner & First Company
GS Engineering & Construction

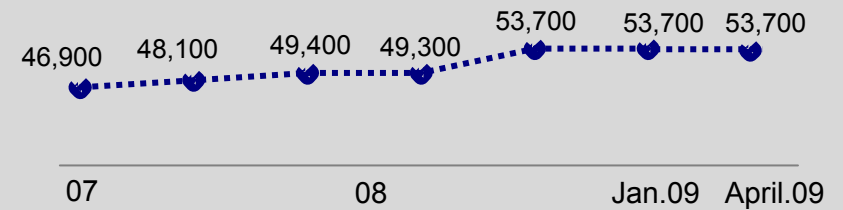
Re-bar*

(Won/kg)



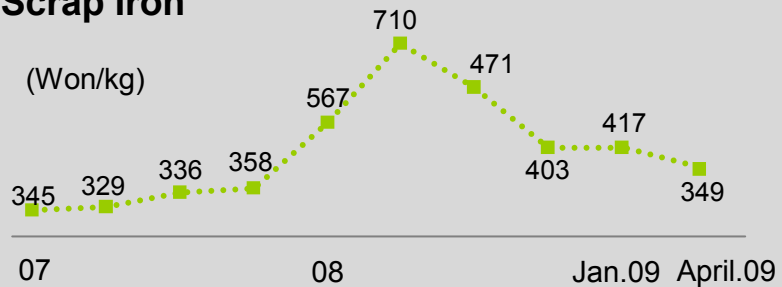
Remicon**

(Won/cubic meter)



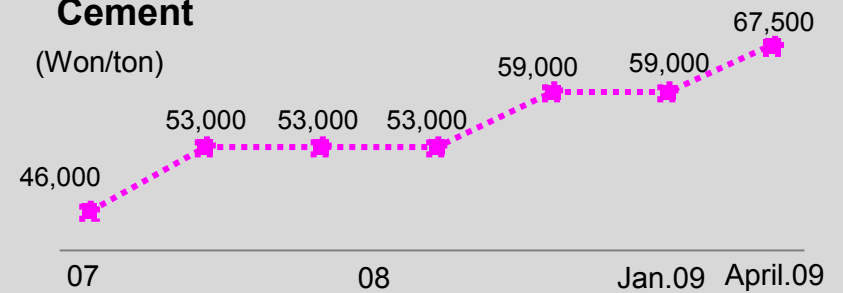
Scrap Iron

(Won/kg)



Cement

(Won/ton)



*Re-bar: Reinforced-bar

**Remicon: Ready-mixed concrete

Appendix - Balance Sheet [Summary]

Best Partner & First Company
GS Engineering & Construction

(KRW billion,%)

Account	05	06	07	08	09.1Q
Total Asset	3,826	4,751	5,739	8,182	9,009
Cash & Deposits	361	537	386	809	1,478
Trade Receivables	1,412	1,738	2,120	2,242	2,136
Inventories	197	195	424	457	370
Investment & etc	494	691	888	1,839	1,850
Tangible Assets	905	1,038	1,089	1,412	1,411
Total Liabilities	2,375	2,967	3,593	5,147	5,978
Trade Payables	890	1,260	1,357	1,483	1,650
Borrowing	208	65	463	772	1,011
Total Shareholders' Equity	1,451	1,784	2,146	3,035	3,031
Capital Stock	255	255	255	255	255
D/E Ratio	163.7	166.3	167.5	169.6	197.2

Appendix - Income Statement [Summary]

Best Partner & First Company
GS Engineering & Construction

(KRW billion, %)

Account		05	06	07	08	09.1Q
Sales Revenue	Civil Engineering	730	714	796	657	157
	Plant	1,037	1,455	1,989	2,099	712
	Power & Environment	312	257	214	393	119
	Architecture	2,203	1,598	1,056	1,275	309
	Housing	1,349	1,721	1,957	2,442	526
Total		5,631	5,745	6,012	6,866	1,823
Gross Profit		680	762	860	913	205
Selling and Administrative Expenses		344	359	418	435	86
Operating Profit		336	403	442	478	119
Ordinary Profit		367	543	567	549	139
Net Profit		265	387	399	382	111

Appendix - Major New Project List

Best Partner & First Company
GS Engineering & Construction

(Unit: KRW bn)

Division	Project	Contract Date	Contract Amount	Description
Civil Eng.	Singapore Depot C911	March	202	Overseas Singapore
	Samchuk~Donghae 3	March	92	Public Korea Expressway
	Parcel-2B 2	March	42	T/K National Housing corporation
Plant	No.3 HOU Project(Increased)	March	149	Private Affiliate
	No.4 Diesel HDS Project(Increased)	March	15	Private Affiliate
Power / Environment	P6E(Increased)	January	82	Private Affiliate
	Keo-Je Waste treatment	February	271	Public T/K
Architecture	AP2 LCD&OLED	March	24	Private Affiliate
	Dubai JAFZA	March	15	Overseas Affiliate
Housing	Kumho 13 District (Increased)	January	741	Private Redevelopment
	Chungdam Xi (Increased)	February	117	Private Reconstruction



www.gsconstir.co.kr

