

GS E&C Investor Presentation

2H 2009

Best Partner &
First Company

GS Engineering & Construction



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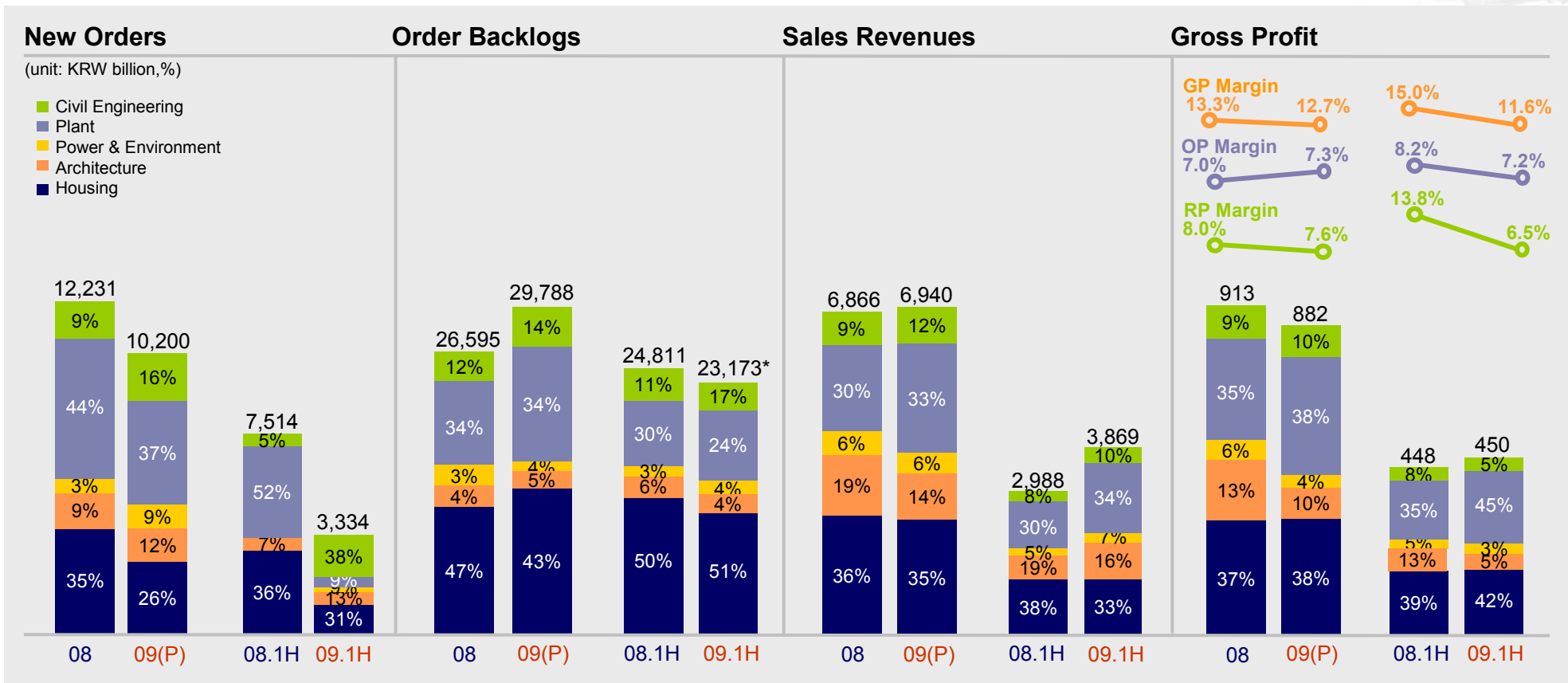


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Business Overview - Company Overall

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



*Not included Provisional Order Backlogs in Housing KRW 13.7 trillion

Business Overview - Overseas

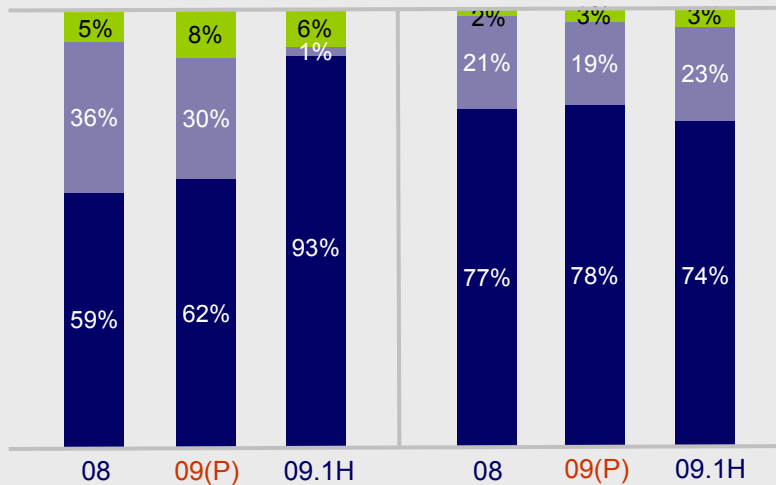
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Overseas new orders contribution will decrease due to decline in plant business, but new orders from power & civil engineering business will increase.

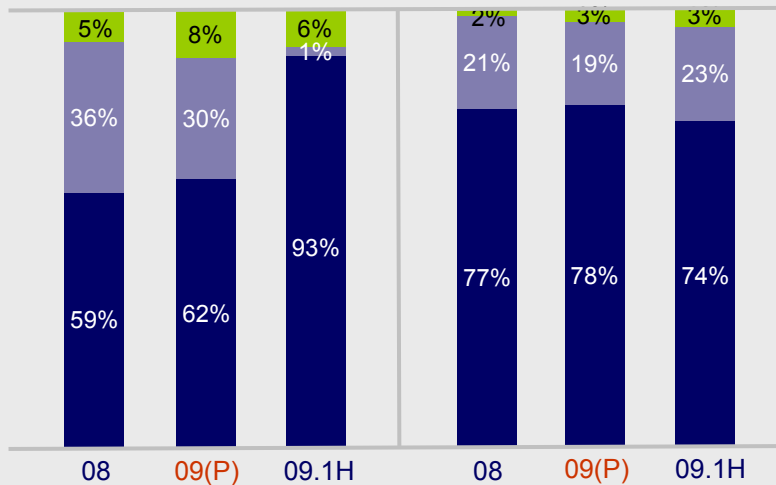
Total Overseas

- Other Overseas
- Plant Overseas
- Domestic

New Orders

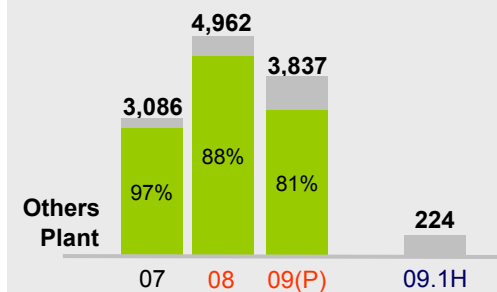


Sales Revenues

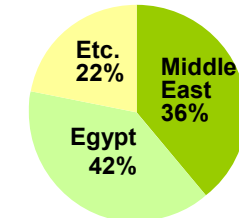


Overseas New Orders

(unit: KRW billion, %)

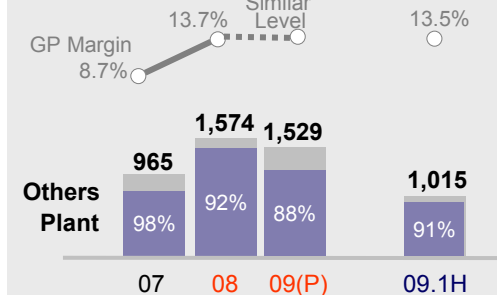


Order Backlogs by Region (KRW 5,854 bn)

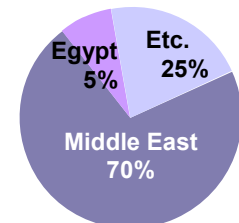


Overseas Sales Revenues

(unit: KRW billion, %)



Sales by Region (KRW 1,015bn)



Business Overview - Overview by Division [Plant]

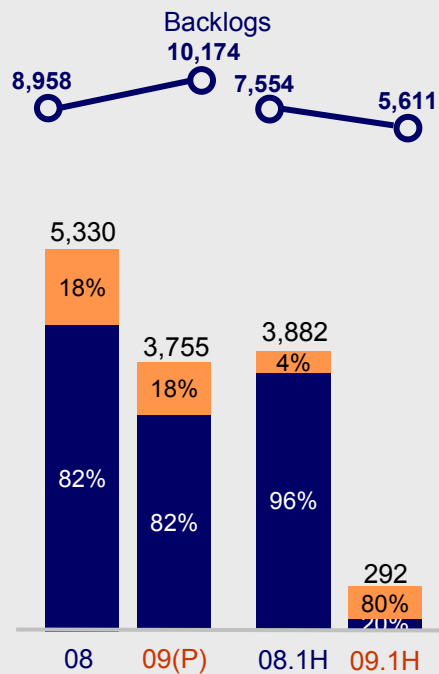
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New orders will rebound from 2H, and sales revenue will continuously go up.

(unit: KRW billion, %)

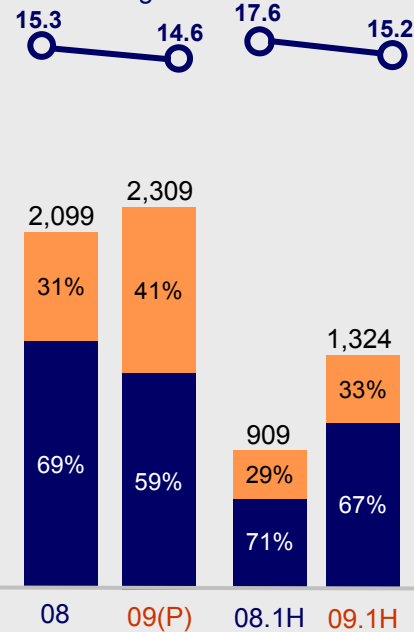
New Orders & Backlogs

Domestic
Overseas



Revenues & GP Margin

Gross Margin



2009 Keyword

Market

- Oil-price rebound
→ Restart investment
- Excess refinery & petrochem supply (HOU still in demand)
- Increase in new gas projects due to increase in demand of environment-friendly fuel (LNG)
- Commodity price up

GS E&C Strategy

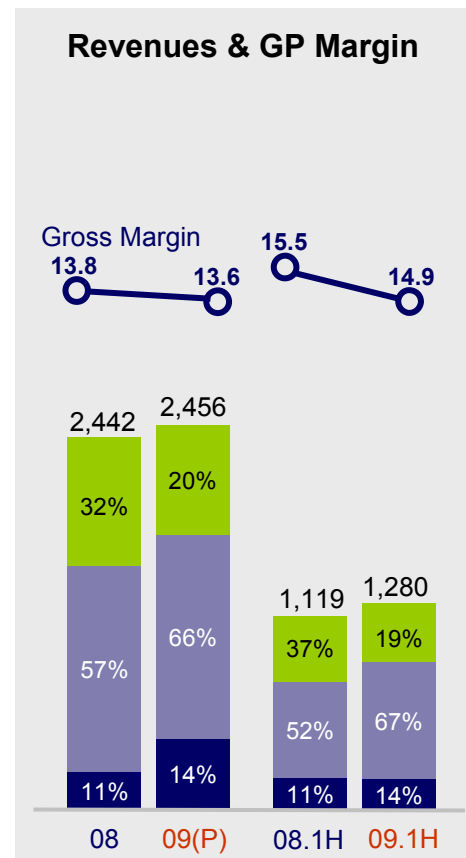
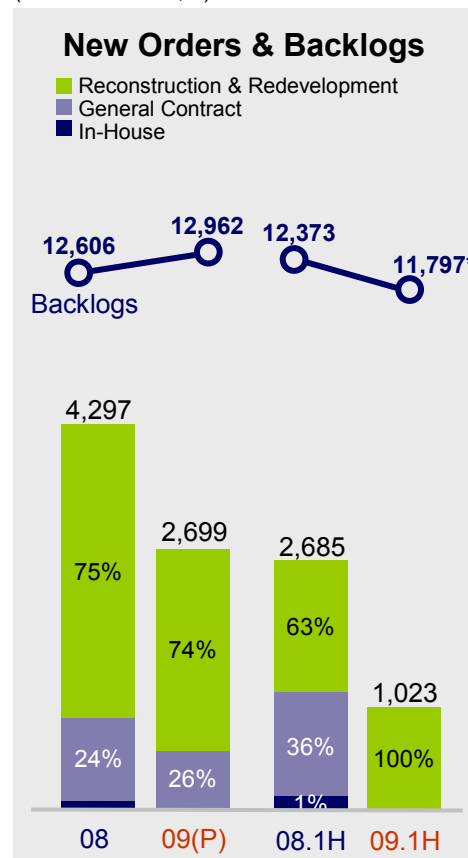
- Diversifying marketing countries (Latin America, Africa, etc.)
- Diversifying portfolio (Gas, LNG business)
- Successful execution of mega size ongoing project

Business Overview - Overview by Division [Housing I]

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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
- Recovery sign of housing market (Stable housing price)

GS E&C Strategy

- Try to digest unsold-unit : 7,969 → 4,000~5,000
- Lower PF loan guarantee 4.9tn → 3.2tn
- Minimize new supply : 2,678 (Public 845)
- Focusing on redevelopment & reconstruction and in-house business

(See next page for detailed information)

*Not included Provisional Order Backlogs in Housing 13.7 KRW trillion

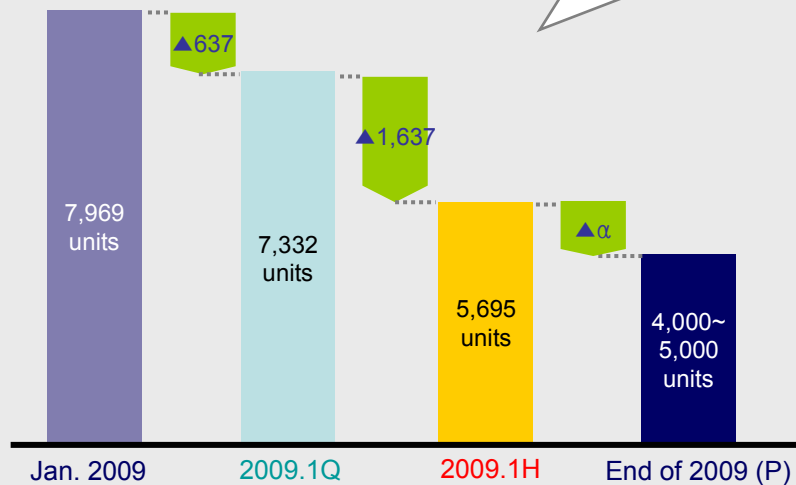
Business Overview - Overview by Division [Housing II]

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GS E&C will try to digest unsold units through various promotion plan. Nearly half of unsold units are located in Seoul and The Greater Seoul area.

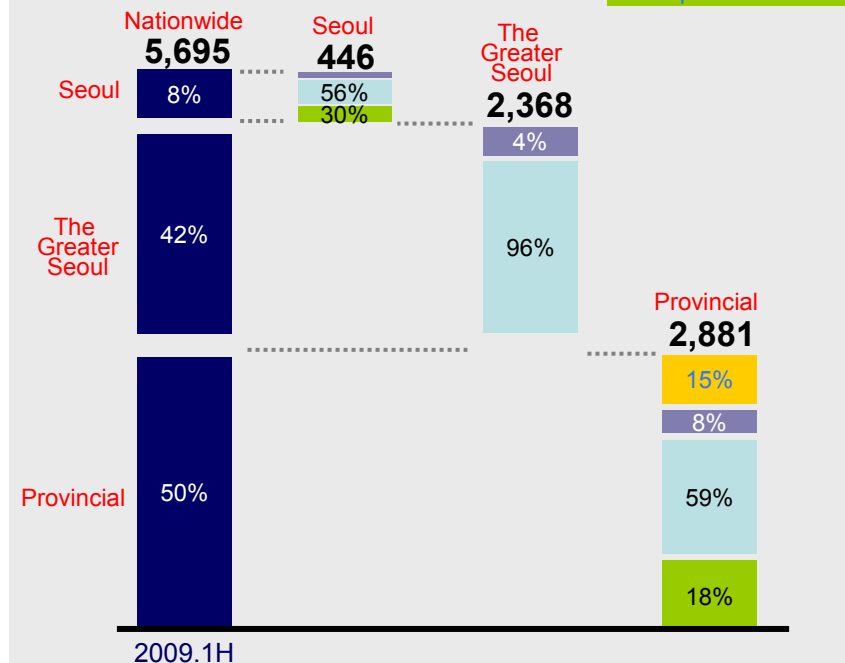
Unsold Unit Reduction Plan

- 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

(Units,%)



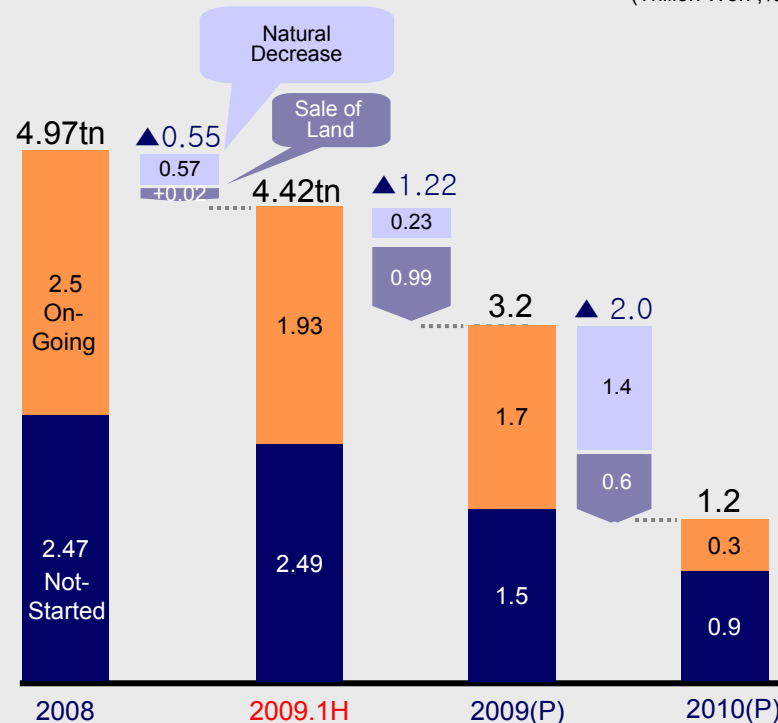
Business Overview - Overview by Division [Housing II]

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PF guarantee has decreased from KRW 4,969 bn in early 2009 to KRW 4,415 bn as of 1H. Annual target for reduction is 1.8 trillion won, and 31% of target was achieved. On-going project occupies 44% and majority is located in Seoul and The Greater Seoul area.

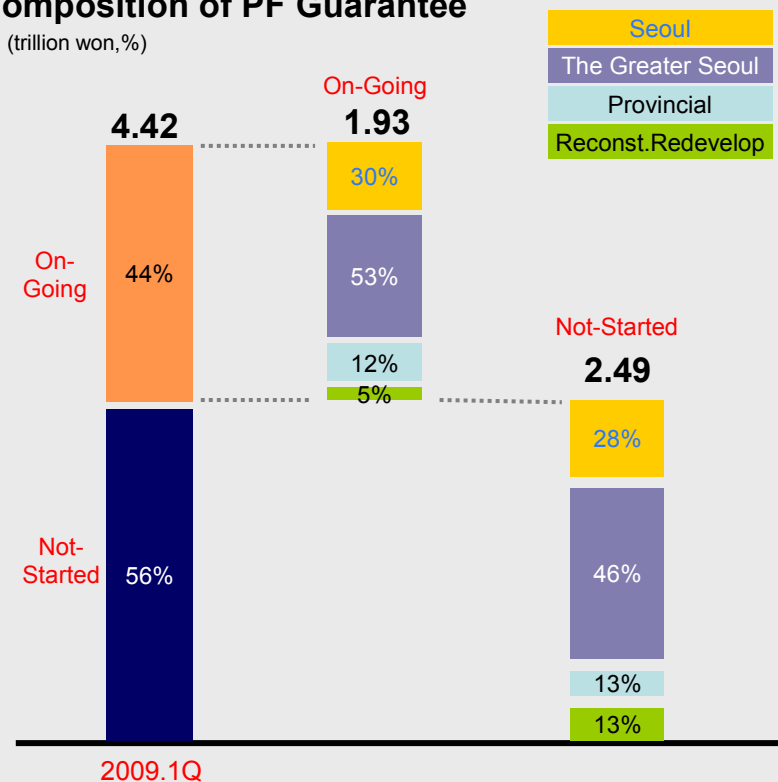
PF Guarantee Reduction Plan

(Trillion Won, %)



Composition of PF Guarantee

(trillion won, %)



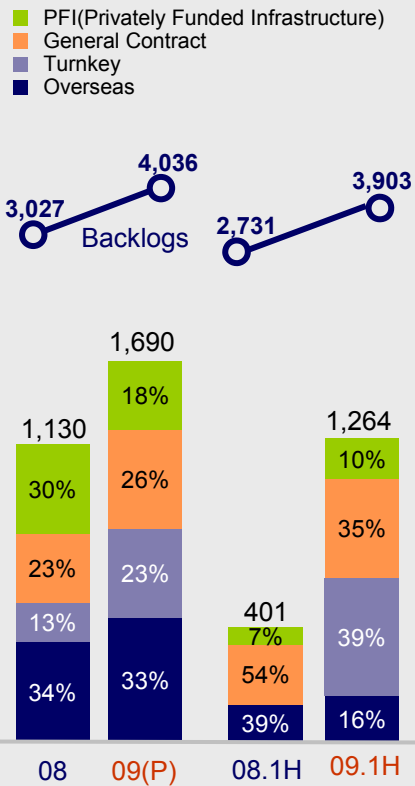
Business Overview - Overview by Division [Civil Engineering]

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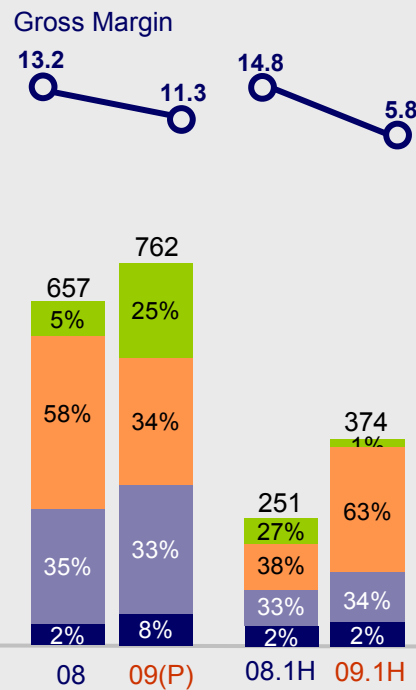
New orders and sales revenues will be highly increased due to public projects, while growth profit decreases.

(unit: KRW billion, %)

New Orders & Backlogs



Revenues & GP Margin



2009 Keyword

Market

- Increase in budget for public project (2008: 63tn ~ 2009: 74tn)
- “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]

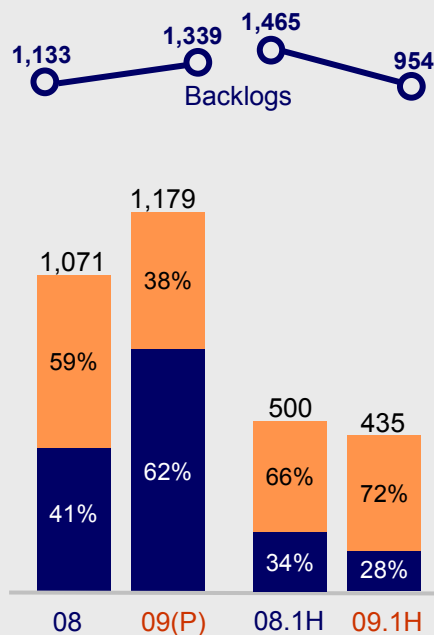
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New orders will increase due to non-group work, but sales revenues will decrease.

(unit: KRW billion, %)

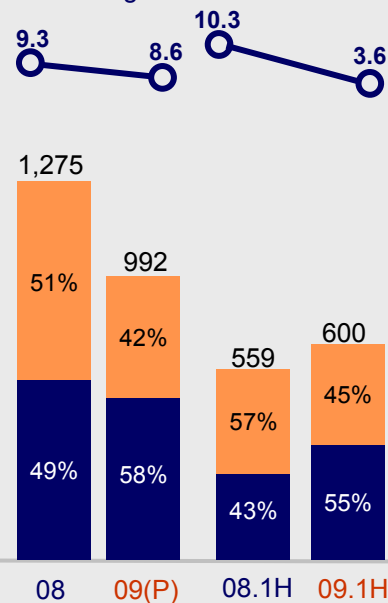
New Orders & Backlogs

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.)
- New order from group capex

GS E&C Strategy

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

Business Overview - Overview by Division [Power & Environment]

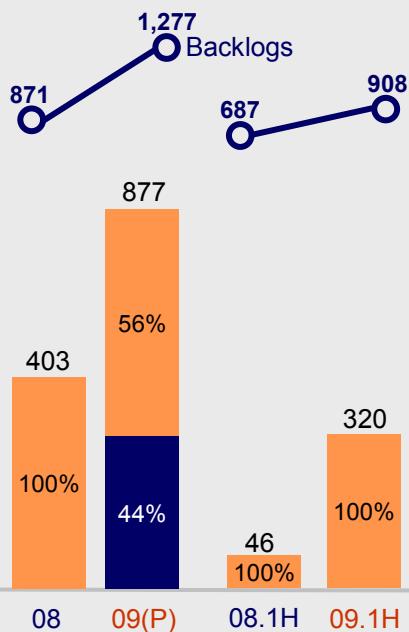
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Overseas new orders will increase substantially. However, profitability will go down.

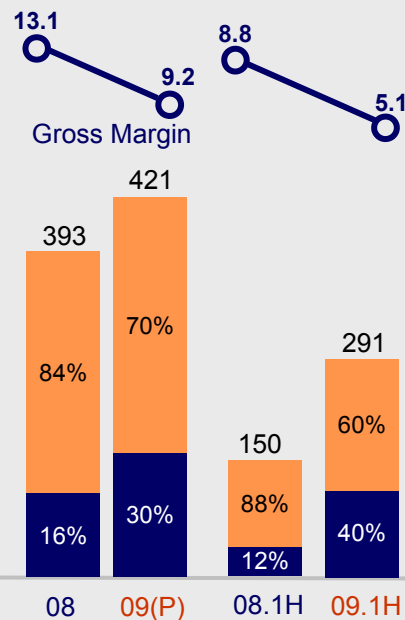
(unit: KRW billion, %)

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



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Appendix

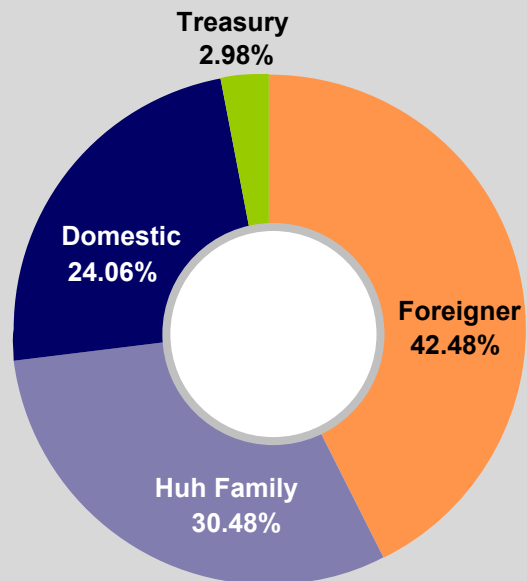
- 01_Ownership Structure
- 02_Borrowings & Investment Plan
- 03_Dividends
- 04_PFI Projects
- 05_Major Material Prices
- 06_Balance Sheet (Summary)
- 07_Income Statement (Summary)
- 08_Major New Project List

Appendix - Ownership Structure

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GS E&C

(1H of 2009)



Huh Family

(As of 2008)

46%
GS Holdings

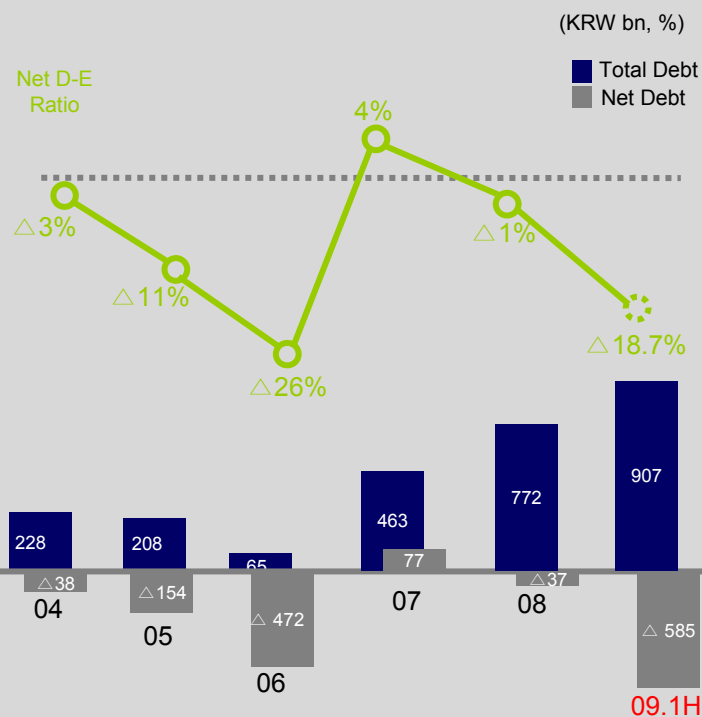
Subsidiary



Appendix - Borrowing & Investment Plan

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Borrowings



Investment Plan

(KRW bn)

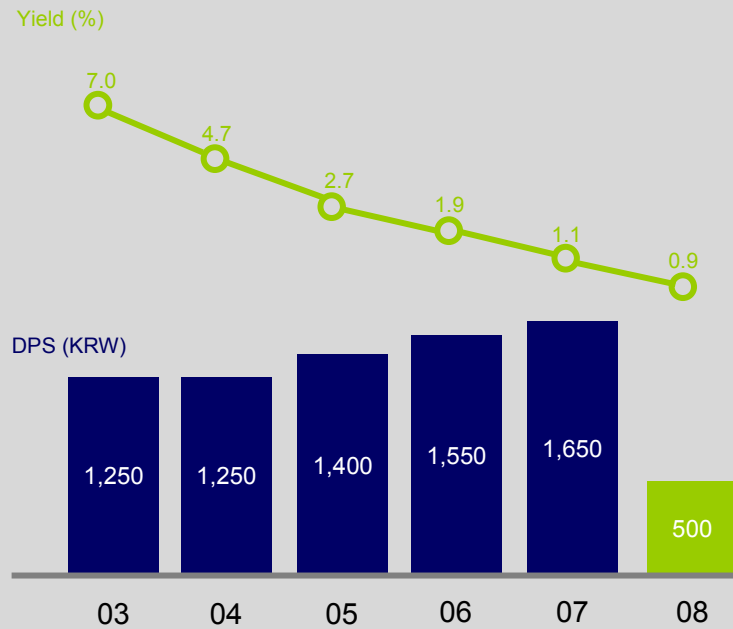
Description	07	08	09 (P)
Land & Facility	248	57	-
Development (Domestic & Overseas)	261	118	57
PFI	9	9	45
Ordinary Resort & etc.	17	14	55
Total	535	198	157

* As of July KRW 54 bn invested

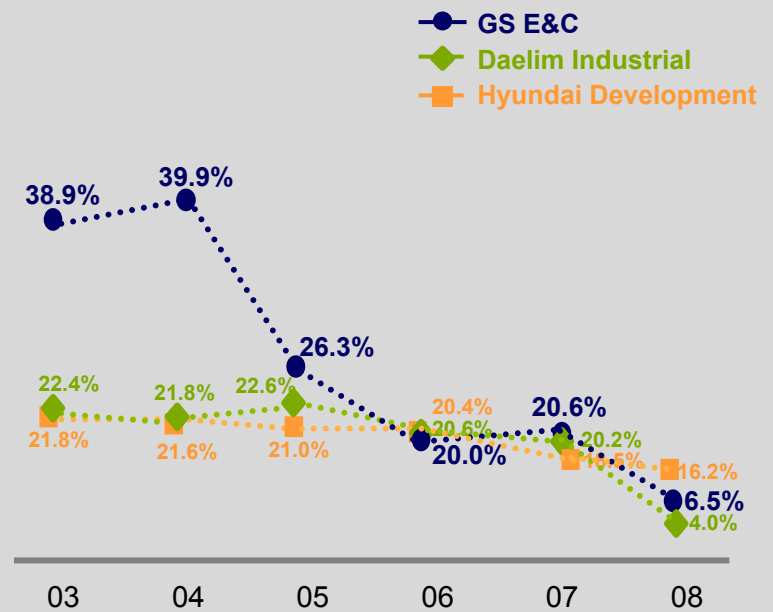
Appendix - Dividends

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Yield & DPS



Payout Ratio



Appendix - PFI Projects

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(1H of 2009)

(KRW bn)

Status	Name of Project	Contract Amount	GS Contract Portion	Invested Amount	GS Share	Remarks
Preferred Bidder	New Bundang Extension Railway					
	Choeup Light Rail Transit					Undecided
	Incheon International Pier					
Approved	Oksan-Ochang Highway	192	96 (50.0%)	2.4	5.0%	To be completed in 2014
	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) - sold
	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

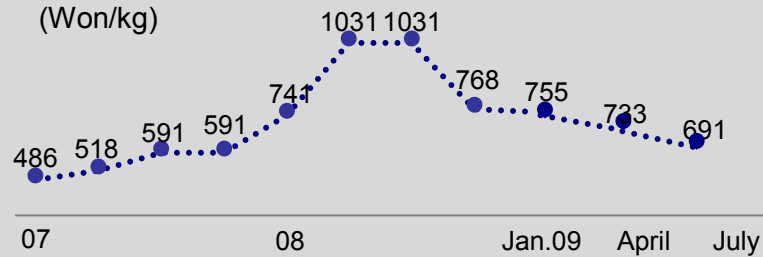
MEDIC : Macquarie East Daegu Investment Company

Appendix - Major Material Prices

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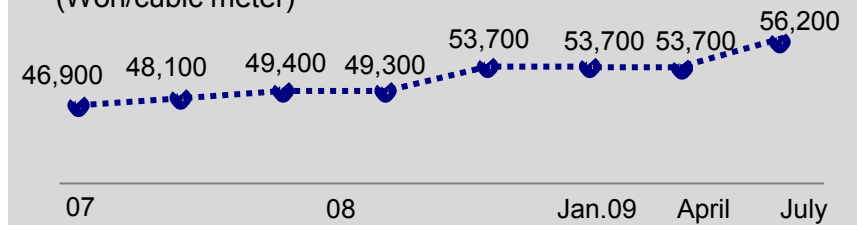
Re-bar*

(Won/kg)



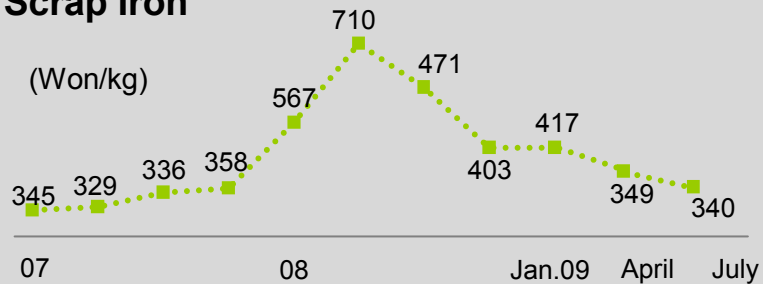
Remicon**

(Won/cubic meter)



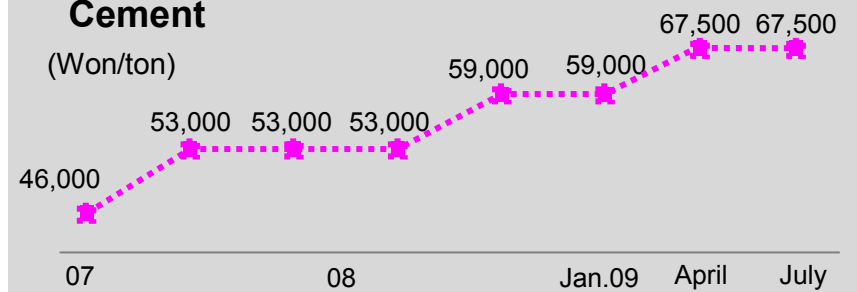
Scrap Iron

(Won/kg)



Cement

(Won/ton)



*Re-bar: Reinforced-bar

**Remicon: Ready-mixed concrete

Appendix - Balance Sheet [Summary]

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(Unit: KRW bn,%)

Account	05	06	07	08	09. 1H
Total Asset	3,826	4,751	5,739	8,182	8,740
Cash & Deposits	361	537	386	809	1,492
Trade Receivable	1,412	1,738	2,120	2,242	2,100
Inventories	197	195	424	457	345
Investments	494	691	888	1,839	1,827
Tangible Assets	905	1,038	1,089	1,412	1,404
Total Liabilities	2,375	2,967	3,593	5,147	5,611
Trade Payables	890	1,260	1,357	1,483	1,659
Borrowings	208	65	463	772	907
Total Shareholder's Equity	1,451	1,784	2,146	3,035	3,129
Capital Stock	255	255	255	255	255
D/E Ratio	163.7	166.3	167.5	169.6	179.3

Appendix - Income Statement [Summary]

Best Partner & First Company
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(Unit: KRW bn,%)

Account		05	06	07	08	09. 1H
Sales Revenues	Civil Eng.	730	714	796	657	374
	Plant	1,037	1,455	1,989	2,099	1,324
	Power/Environ.	312	257	214	393	291
	Architecture	2,203	1,598	1,056	1,275	600
	Housing	1,349	1,721	1,957	2,442	1,280
Total		5,631	5,745	6,012	6,866	3,869
Growth Profit		680	762	860	913	450
Selling & Admin Expenses		344	359	418	435	173
Operating Profit		336	403	442	478	277
Ordinary Profit		367	543	567	549	250
Net Profit		265	387	399	382	198

Appendix - Income Statement [Summary]

Best Partner & First Company
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(Unit: KRW bn)

Division	Project	Contract Date	Contract Amount	Description
Civil Eng.	Singapore Depot C911	March	202	Overseas Singapore
	Kohyun~Hadong IC2 Road	June	114	T/K Busan city
	Jeong-An IC	June	106	Lowest The Office of Supply
Plant	No.3 HOU Project(Increased)	March	149	Private Affiliate
	Honam petroleum B project	April	34	Private Honam
Power / Environment	Keo-Je Waste treatment	February	271	Public T/K
	Song San water restoration facility	May	230	Public T/K
Architecture	AP2 LCD&OLED	March	24	Private Affiliate
	GS Square Anyang	April	338	Private Affiliate
Housing	Kumho 13 district(Increased)	January	741	Private Redevelopment
	Susak 6 th district	May	167	Private Redevelopment



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