

INVESTOR RELATIONS

GS E&C Presentation

November 2012

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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.



- Established in 1969 as Lackhee Development, merged with LG Engineering and name changed to LG E&C in 1999, GS Group split from LG Group and LG E&C changed its name to GS E&C in 2005.
- The consolidated entity is running Architecture, Civil, Housing, Power & Environment, Hotel and other business through the holding company, Parnas Hotel, Inima and etc.
- Ownership structure (as of 28 Sept. 2012)
 - Huh family: 30.4%, Treasury stock: 2.8%, Domestic Investor: 33.2% and Foreign Investor: 33.6%.
- Financial Information

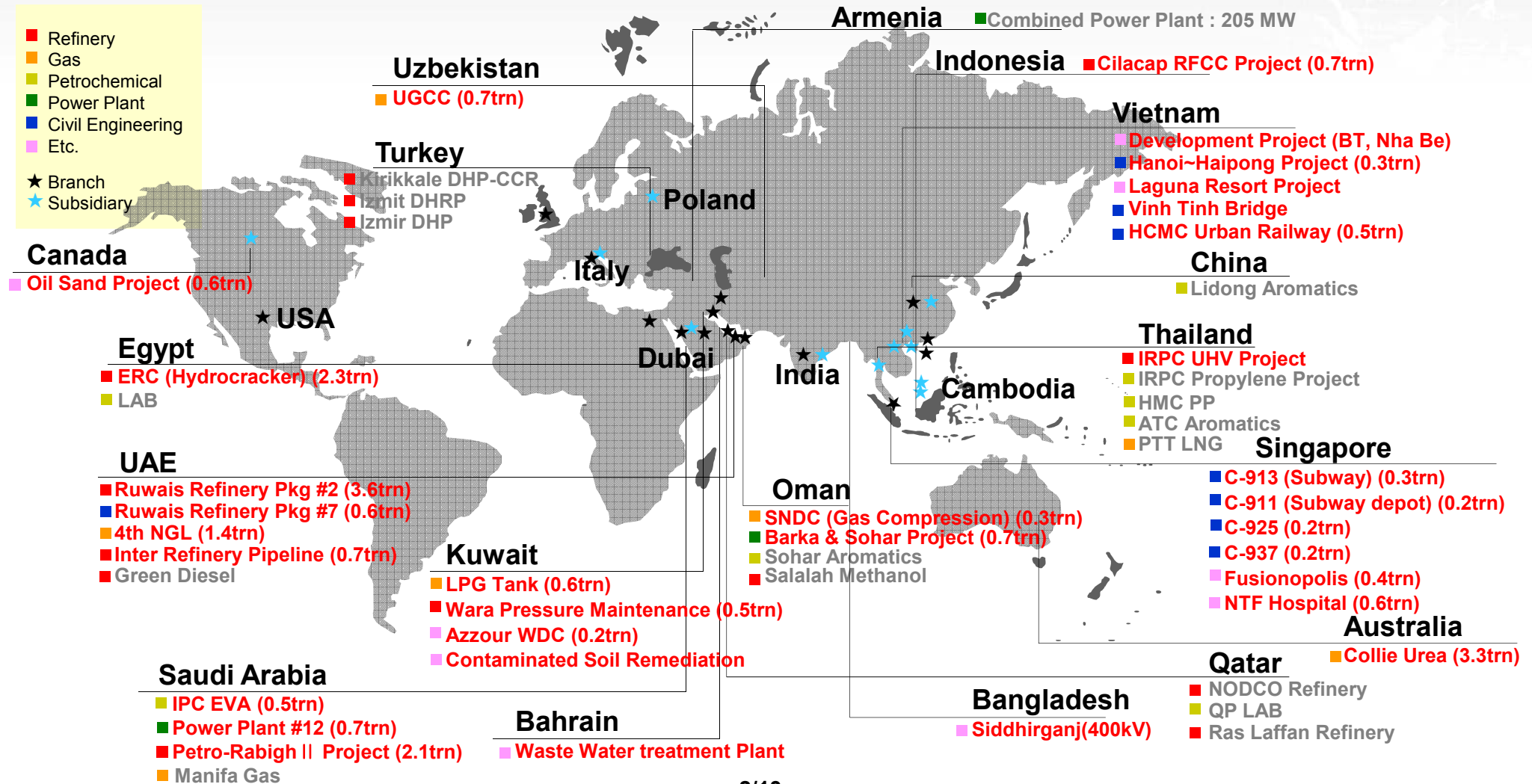
(KRW bn)

Division	2011			3Q/2012(E)		
	Sales	GP	Asset	Sales	GP	Asset
Architecture	2,226	234	1,358	1,221	116	1,217
Civil	1,097	47	1,088	908	18	1,314
Housing	1,076	141	3,869	823	89	3,342
Plant (Oil & Gas, Petrochemical)	3,434	422	2,067	2,892	319	2,496
Power & Environment	921	132	346	816	75	925
Hotel biz.	224	73	1,078	156	48	1,116
Etc.	74	-20	1,457	49	-15	1,483
Total	9,052	1,029	11,263	6,865	650	11,893

Company Overview – Global Networks & Major Projects



GS E&C currently operates more than 50 on-going projects, 27 branches & local entities in overseas.



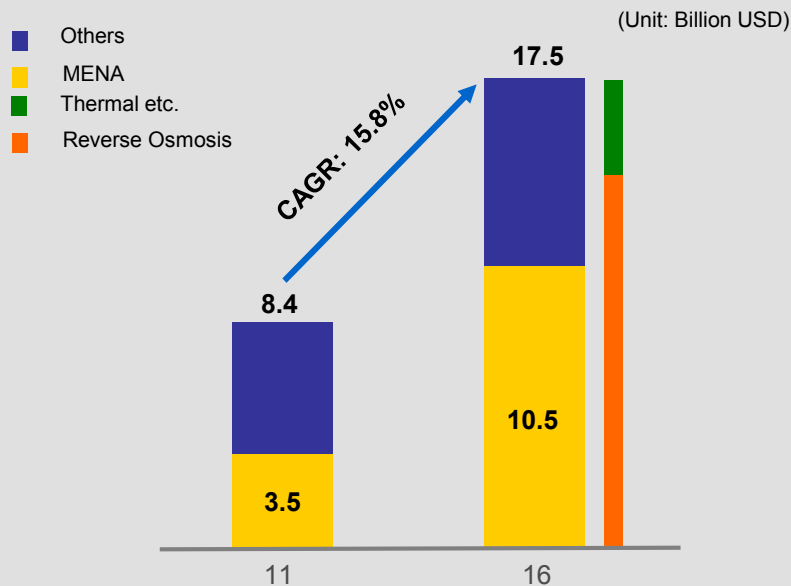


GS E&C finalized the M&A deal of Inima in May, 2012 and expect the synergy in water business in Middle East, South America and Africa.

Inima

- Headquarter in Madrid, Spain since 1957
- Biz areas: EPC, concession, O&M in the field of wastewater, drinking water, Industrial water, sea water, etc.
 - EPC : Concession = 60% : 40%
- Global presences: Spain, Algeria, Brazil, Colombia, Chile, USA, Mexico, Peru, Portugal
 - Experience: over 200 EPC projects and 120 O&M projects
 - Currently operating more than 12 concession assets and O&M projects globally with 16 local subsidiaries
- 325 employees, KRW190bn of sales revenue in 2011
- Vision & Strategies
 - Maximizing the synergy between GS E&C and Inima
 - Expanding concession assets in MENA and South America through localization
 - Revenue in 2020(E): KRW 1.0tr

Desalination Market



❖ Opportunities in the R/O market
 : No dominant leader, but to be positioned in a few years
 → R/O* market size: 17% growth every year until 2016,
 worth USD 14 billion

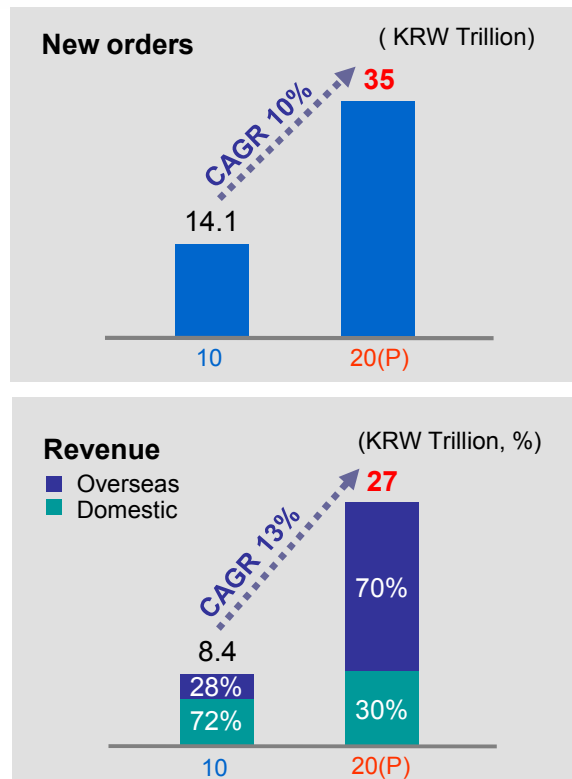
* R/O: Reverse Osmosis

INVESTOR RELATIONS

Vision 2020 & Strategies



Vision Goal



Strategies

Sustainable

- Pursue sustainable growth with profitability
 - New orders KRW 35 trn
 - Revenues KRW 27 trn
 - Operating Profits KRW 1.7 trn in 2020

Global

- Leap to global company beyond Korea
 - Global : Domestic = 70%:30% (in Sales)
 - Reinforce a Global Operation System
 - In-organic growth

3 Core Growth Pillars

- LNG Liquefaction, Desalination and Power Plant (Coal, CC, Nuclear)
- Development business in Property & Infrastructure (PPP, IPP, etc)
- Offshore business (FPSO, FLNG)

CC(Combined Cycle), PPP(Public Private Partnership), IPP(Independent Power Plant), FPSO(Floating Production Storage and Offloading), FLNG(Floating Liquefied Natural Gas)

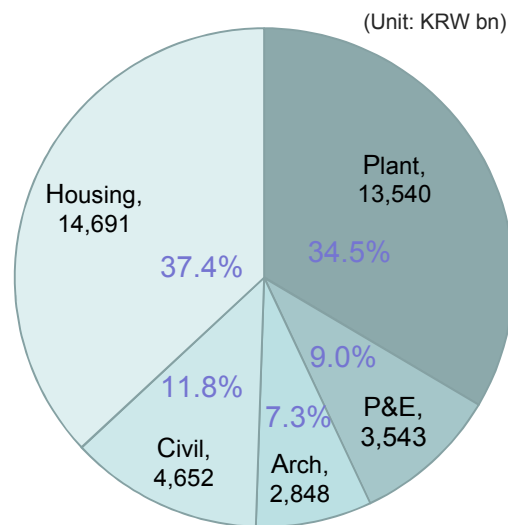
Business Overview – Order Backlogs & New Orders



New Orders in 3Q/2012 declined 7% yoy, accounting for 45% of annual New Order target.

Order Backlogs in 3Q/2012

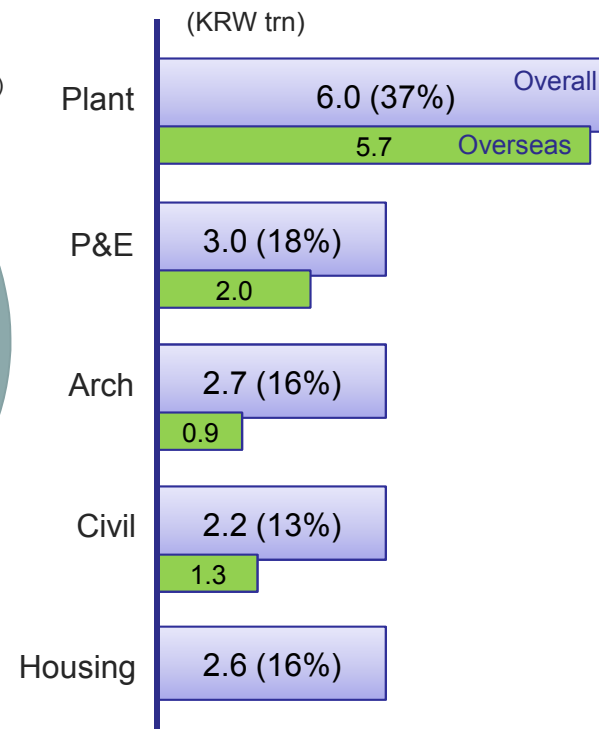
- KRW 39.2 trn (E)
(Domestic 21.5 / Overseas 17.7)



*Y2011: KRW 38.7trn

New Order Target in 2012

- KRW 16.5 trn
(Domestic 6.6 / Overseas 9.9)



• Overseas 60% / Domestic 40%

New Orders in 3Q/2012

- KRW 7.4 trn (Domestic 2.9 / Overseas 4.5)

(KRW bn)

Division	3Q/2011	3Q/2012	Major Orders
Plant	2,746	3,141 (42%)	<ul style="list-style-type: none"> Saudi Rabigh II (2,074) Canada Black Gold Proj c/o (240) Thailand IRPC UHV(690)
P&E	1,128	1,076 (15%)	<ul style="list-style-type: none"> Saudi PP12 (727)
Arch	2,011	1,744 (24%)	<ul style="list-style-type: none"> Singapore NgTeng Fong Hospital (593) Pankyo PF (113), NH IT Center(117)
Civil	681	232 (3%)	<ul style="list-style-type: none"> Wonjoo-Kangleng Railway #7 (66)
Housing	1,366	1,161 (16%)	<ul style="list-style-type: none"> Kwangmyung #1R redevelopment (182) KwangKyo Officetel (142) Kwachen #6 reconstruction (380) Dongtan Central XI(180)
Total	7,932	7,354	

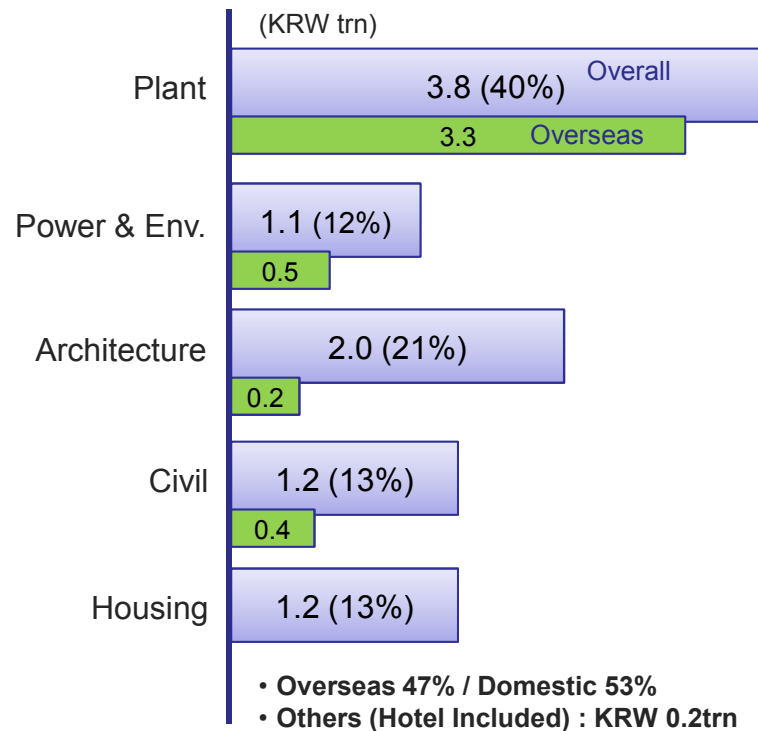
Business Overview – Sales Revenues



Sales Revenues in 3Q/2012 increased 8% yoy, accounting for 72% of annual target.

Sales Revenues Target in 2012

- KRW 9.5 trn
(Domestic 5.1 / Overseas 4.4)



Sales Revenues in 3Q/2012 [Accumulated]

- KRW 6.8trn (E)
(Domestic 3.4 / Overseas 3.4)

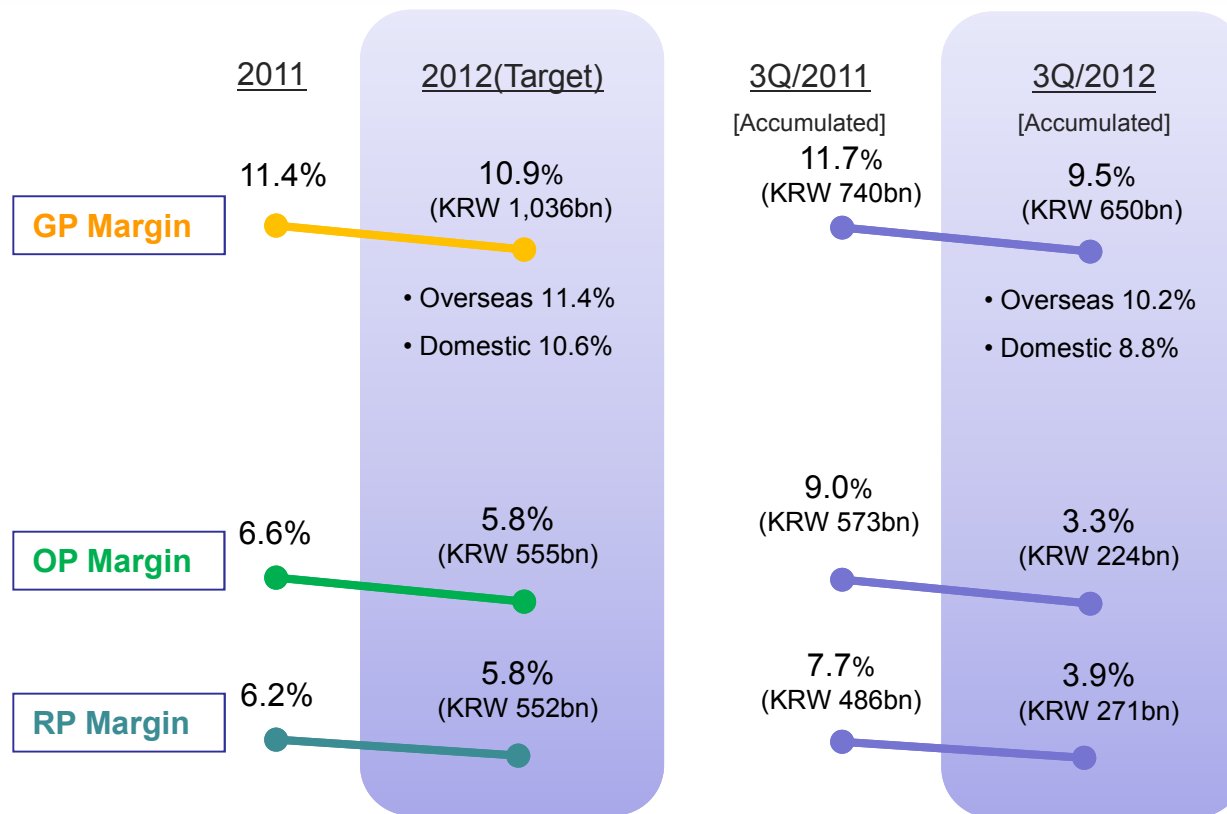
(Unit: KRW bn)

Division	3Q/2011	3Q/2012	Overseas
Plant	2,278	2,892 (42%)	87%
P&E	636	816 (12%)	40%
Arch	1,707	1,221 (18%)	14%
Civil	772	908 (13%)	39%
Housing	735	823 (12%)	7%
Hotel	160	155 (2%)	
Others	56	49	
Total	6,344	6,864	50%

Business Overview – Profits



Accumulated Gross Profit in 3Q/2012 was down 12% yoy and OP decreased 61% yoy due to the low base effect from one-off equity disposal gain(KRW219bn) in 2011 and downturn in GPM for 3Q/2012.



GPM in 3Q/2012

Division	3Q only	3Q acc.
Plant	9.1%	11.1%
P&E	6.3%	9.2%
Arch	9.6%	9.5%
Civil	-4.6%	2.0%
Housing	14.3%	10.9%

Region	3Q only	3Q acc.
Domestic	6.9%	8.8%
Overseas	8.1%	10.2%

Business Overview– Global Player



Overseas new orders and sales revenues are expected to be 60%, 47% respectively.

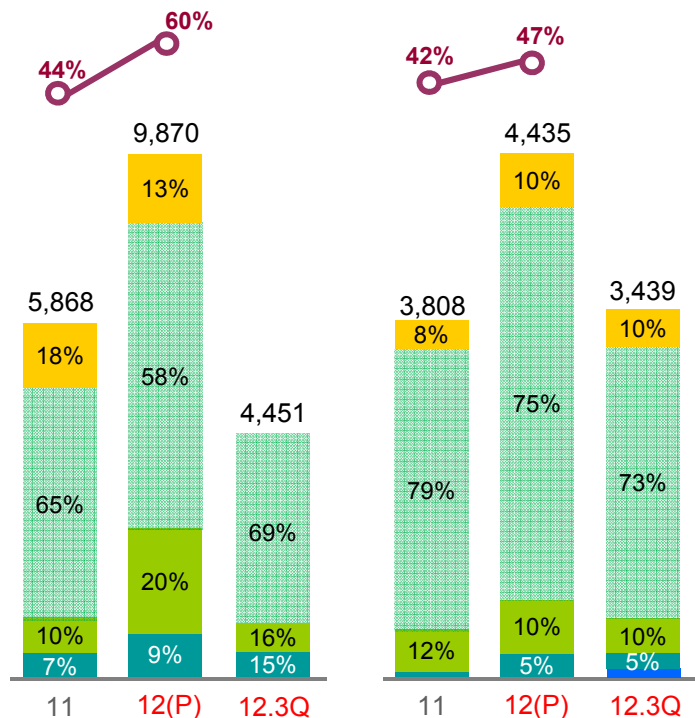
Overseas

■ Contribution to New Orders/ Revenues (KRW billion, %)

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

New Orders

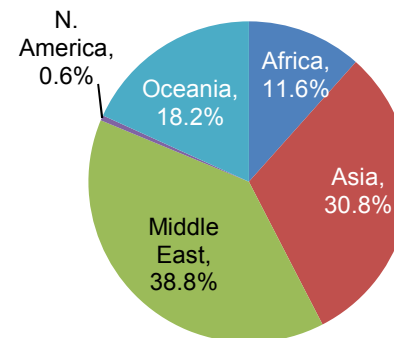
Revenues



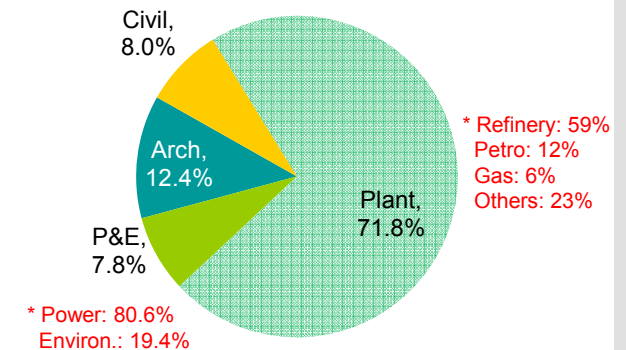
Overseas Order Backlogs (KRW 17,858bn)

(as of 2012.3Q)

By Region



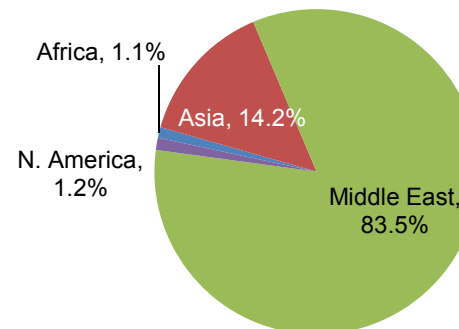
By Portfolio



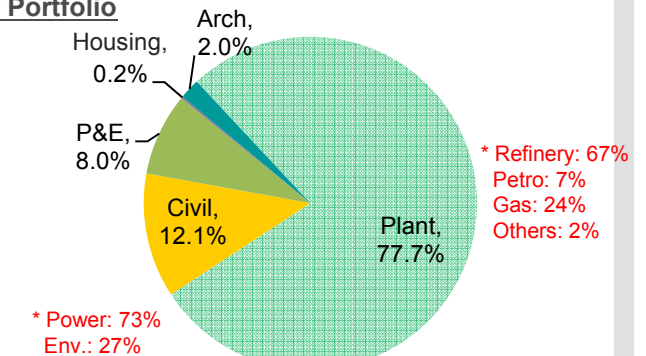
Overseas Revenues (KRW 3,439bn)

(as of 2012.3Q)

By Region



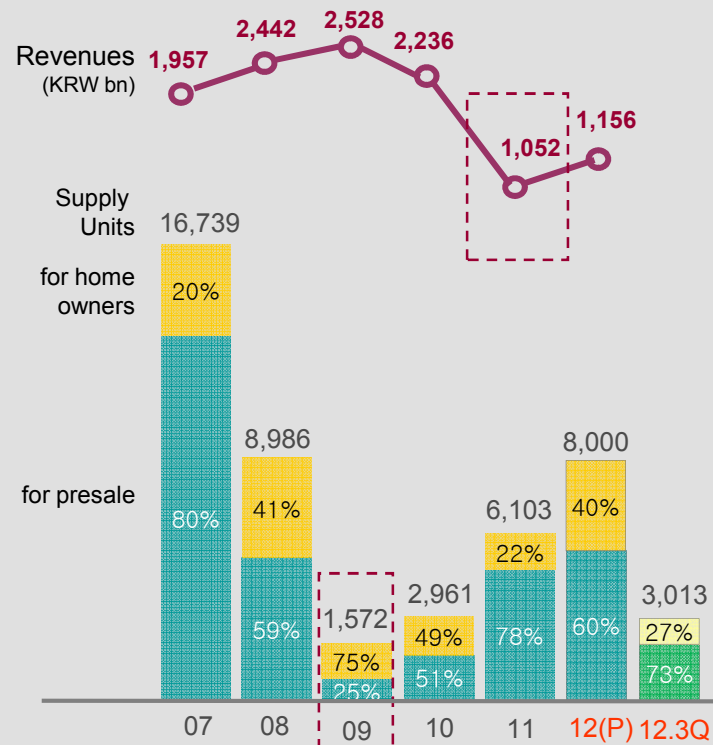
By Portfolio



Business Overview– Domestic Housing

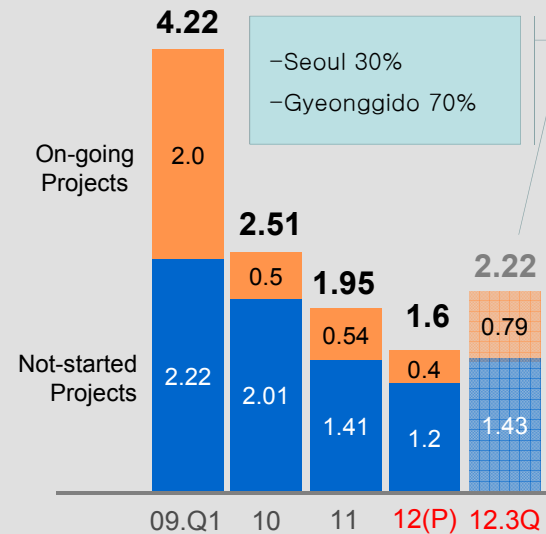


Revenues & Supply Units



PF Guarantee

(KRW trn)



Market

- Shortage of supply for the last few years
- Burden of Tenants increase
 - Jeonse price up sharply
 - Monthly rent grows
- Housing Price stabilized
- Continue to deregulate
 - DTI, Trading tax, interest rate etc.

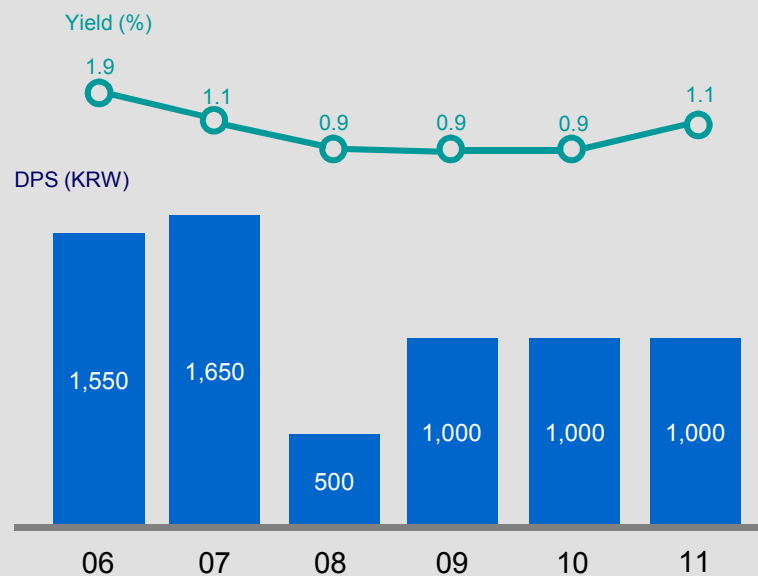
GS E&C Strategy

- Maintain sound portfolio
 - Focus on refurbishment projects (mainly in Seoul & Metropolitan area)
- Stabilizing PF Guarantee amount
- Back to the average level of new supply
 - Mainly small/medium size housing
- Resume PF projects selectively

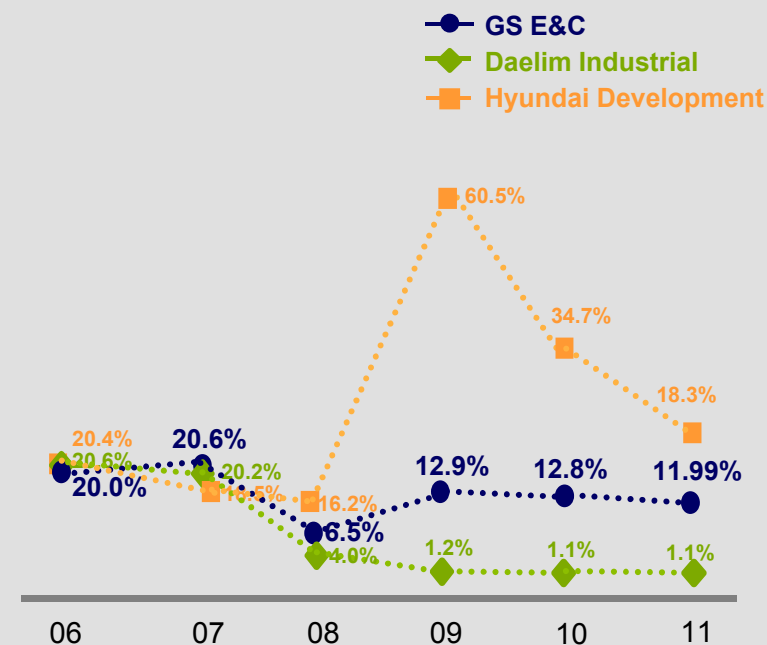
Appendix - Dividends



Yield & DPS



Payout Ratio

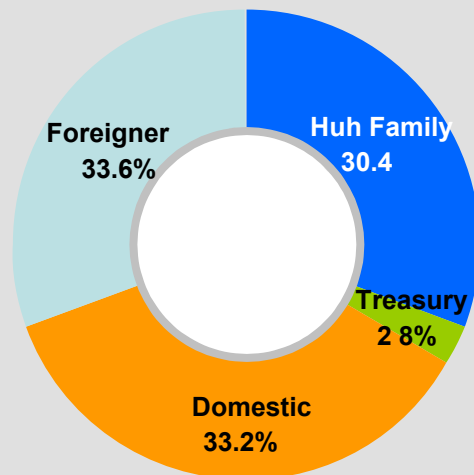


Appendix – Ownership Structure



GS E&C

(As of 2012.3Q)



Huh Family

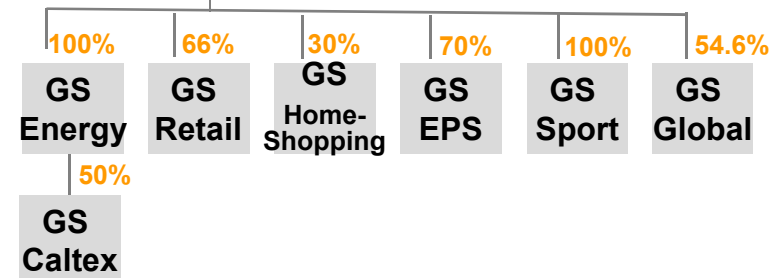
(As of 2012.3Q)

GS Holdings



30.4%

Subsidiary



Appendix – Statements of Financial Position



(K-IFRS Consolidated)

(KRW billion,%)

Account	08*	09*	10	11	12.3Q(E)
Total Asset	8,182	8,946	11,046	11,264	11,893
Cash & Deposits	809	1,467	1,494	1,488	1,262
trade Receivables	2,242	2,429	4,415	4,627	4,904
Inventories	457	429	419	495	547
Investment & etc	1,839	1,628	1,316	1,173	1,201
Tangible Assets	1,412	1,422	2,348	2,195	2,282
Total Liabilities	5,147	5,647	7,275	7,306	7,835
Total Payables	1,483	1,366	1,680	1,734	1,478
Borrowing	772	972	1,323	1,776	2,425
Total Shareholders' Equity	3,035	3,299	3,771	3,958	4,058
Capital Stock	255	255	255	255	255
L/E Ratio	169.6	171.2	192.9	184.6	193.1

* K-GAAP parent company base

Appendix – Income Statements



(K-IFRS Consolidated)

(KRW billion,%)

Account		08*	09*	10	11	12.3Q(E)
Sales Revenue	Civil Engineering	657	833	1,048	1,097	908
	Plant	2,099	2,341	2,671	3,434	2,892
	Power Plant & Environment	393	495	542	921	816
	Architecture	1,275	1,180	1,497	2,226	1,221
	Housing	2,442	2,528	2,354	1,076	823
	Parnas etc.	-	-	308	298	205
Total		6,866	7,377	8,420	9,052	6,865
Gross Profit		913	955	1,130	1,029	650
Selling and Administrative Expenses		435	387	536	634	437
Operating Profit		478	568	633	598	224
Ordinary Profit		549	508	556	564	271
Net Profit		382	383	406	427	188

* K-GAAP parent company base



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