

IR Presentation Material



2009 Business Plan

May, 2009

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■ Goals of new order by division

(Unit : KRW 0.1bn, %)

division	2008	2009	Gain/loss	Com. ratio
Civil	4,214	7,190	+2,976	22.0%
Environment	3,672	6,872	+3,200	21.1%
Housing	2,285	9,018	+6,733	27.6%
Architecture	3,969	8,588	+4,619	26.3%
Plant	1,109	980	△129	3.0%
(oversea)	(1,537)	(5,340)	(+3,803)	(16.4%)
Total	15,249	32,648	+17,399	-

■ Strengthen activities for turn-key project

- ✓ Increase goal for new order of turn-key project
284.3% up YoY

(Unit : KRW 0.1bn)

Civil	Environment	Architecture
309	172.8	211.3

■ Derive the counter plan to dominate government "green growth policy"

- ✓ Carry out role of early mover for Green growth.
- ✓ enlarge environment business
 - Goal for New order of Environment in 2009 is W687.2bn (Include oversea project W365bn)
 - Propel Oversea environment project

■ Concentrate redevelopment housing project in metropolitan area (Seoul, Incheon, etc)

■ Goals of sales by division

(Unit : KRW 0.1bn, %)

division	2008	2009	Gain/loss	Com. ratio
Civil	3,911	3,220	△691	27.9%
Environments	1,418	1,886	+468	16.3%
Housing	6,550	3,314	△3,236	28.7%
Architecture	1,428	2,060	+632	17.8%
Plant	959	1,069	+110	9.3%
Total	14,266	11,549	△2,717	-

■ Sales revenue is down by 19.1%p YoY

- ✓ Housing division revenue decrease due to stagnancy in domestic construction sector

■ Civil & Environment

- ✓ progress of construction take a favorable turn due to increase of government budget
→ YoY Civil +W69.1bn, Environment +W48.6bn

■ Architecture : up by W63.2bn YoY

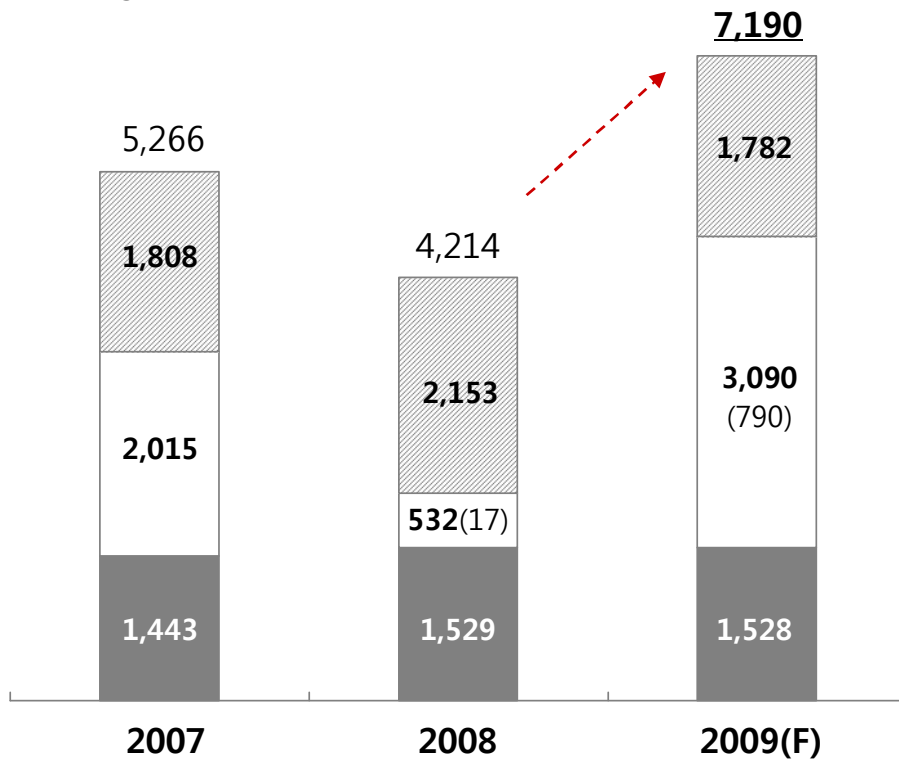
- ✓ Expand sales in earnest apartment shape factory started in 4Q.08
→ Seoul-forest digital tower I, II, III

■ Plant division is up due to the additional group works

▪ Civil

- ▨ SOC/Private
- T/K (include oversea)
- Eligible/Lowest Price From

(Unit : KRW 0.1bn)



Business strategy

- 1 Strengthen competitiveness**
 - ✓ Leading large-scale turnkey project
 - ✓ Strengthen the probability for new order to handle several projects

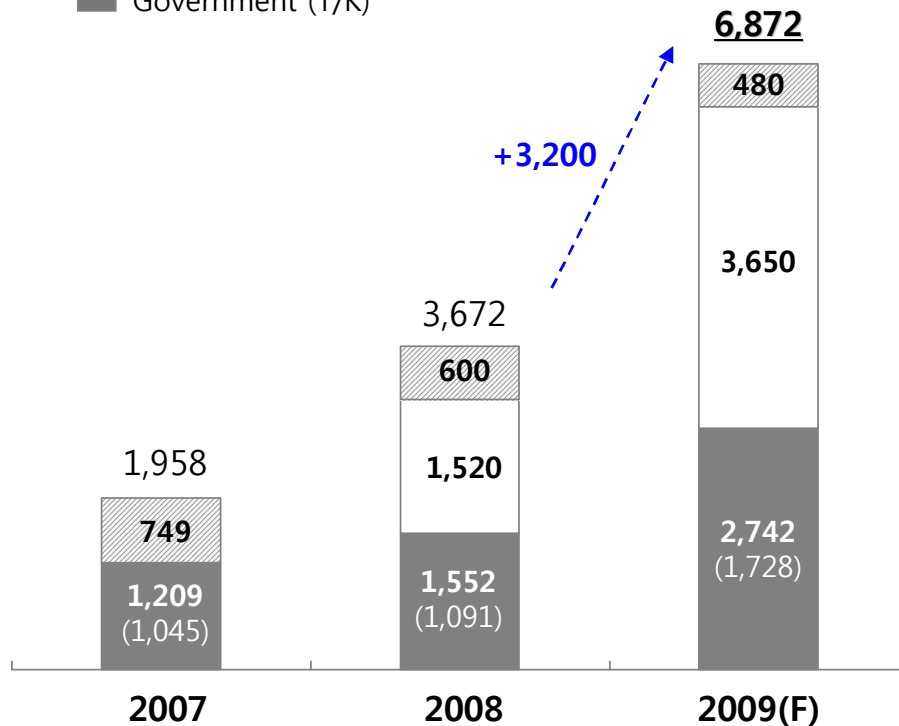
- 2 Participate in large-scale national Projects**
 - ✓ Kyung-in A-Ra ship way (canal) project
 - ✓ The four major rivers restoration project
 - ✓ Saemangeum reclamation project

- 3 Enhance the Cost competitiveness for eligible & lowest price bid**

Environment

- Private
- Oversea
- Government (T/K)

(Unit : KRW 0.1bn)



*STP : Sewage Treatment Plant
 *WTP : Water Treatment Plant
 *O&M : Operation & Management

Business strategy

1 Keep domestic ranking within 5

- Domestic environment turnkey project contract ranking in 2008

rank	Company	rank	Company
1	GS	6	Deawoo
2	Hanla Indus.	7	SK
3	KOLON	8	Hyundai
4	Taeyung	9	Hanhwa
5	Donga	10	Samsung

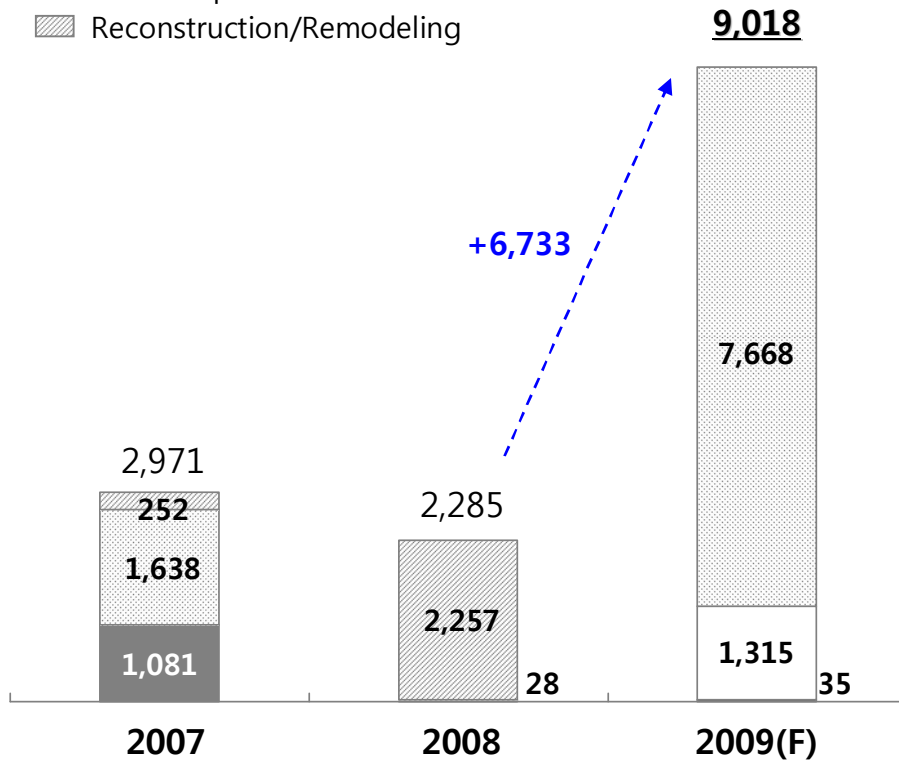
2 Expanding business

- Expand overseas business area (middle-east)
- Commercialize local *STP/WTP & O&M project
- renewable energy business (solar, recycling waste, etc.)

▪ Housing

- Government
- Private
- ▨ Redevelopment
- ▩ Reconstruction/Remodeling

(Unit : KRW 0.1bn)



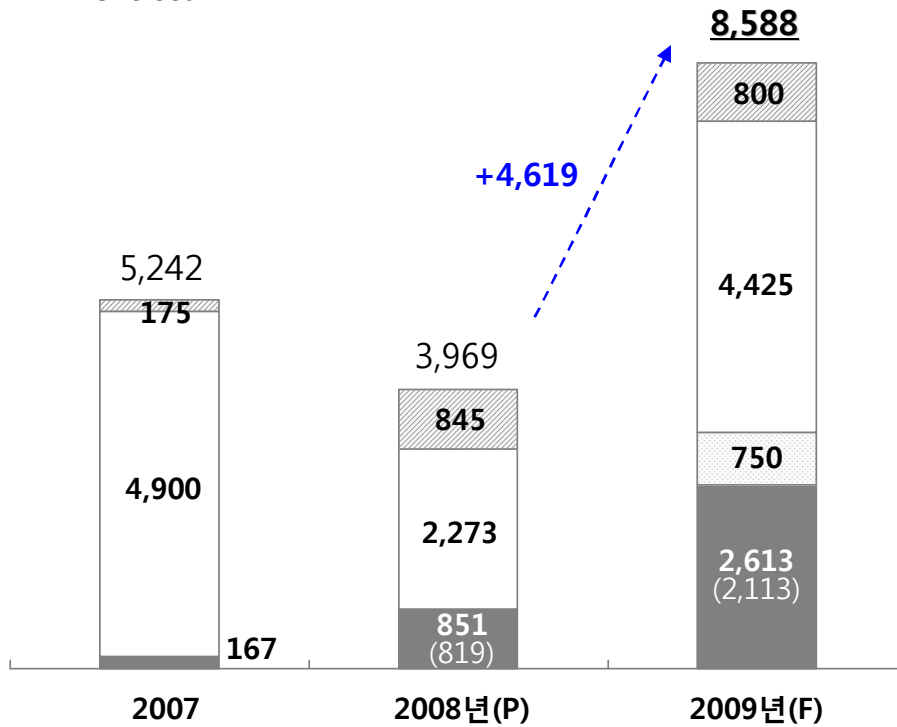
Business strategy

- 1 **Promote metropolitan project**
 - ✓ Concentrate reconstruction, redevelopment, remodeling projects in metropolitan area
 - Avoid the local housing projects
- 2 **Coordinate projects schedule**
 - ✓ Consider characteristics and feasibility of each housing projects in order backlog
 - ✓ Strengthen risk management of contract
 - ✓ Market trends monitoring
- 3 **Clear up unsold houses**

Architecture

- Private
- PFI
- Government (T/K)
- Oversea

(Unit : KRW 0.1bn)



Business strategy

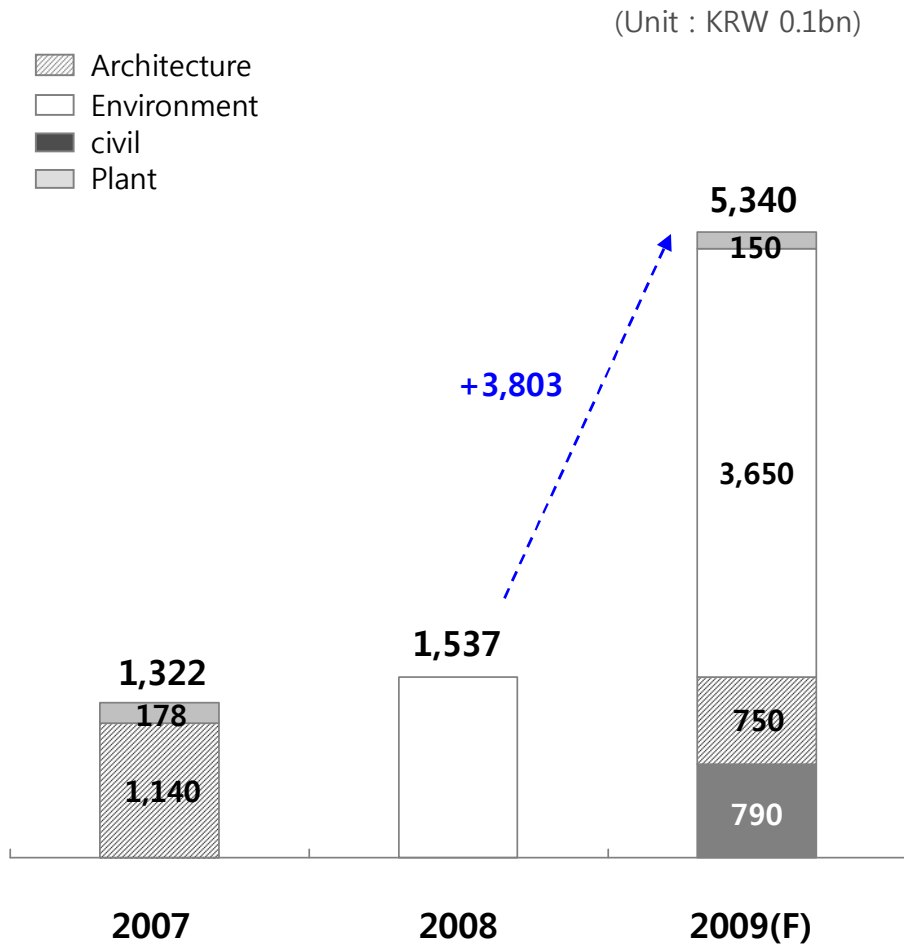
- 1 Maximize competency for turnkey**

 - ✓ Strengthen the probability for new order
 - ✓ Strengthen competitiveness and goal of government project in 2009
- 2 Excavation new PFI project**

 - ✓ Review and screen the possibility and profitability of project continued in metropolitan area
- 3 Capture niche markets**

 - ✓ Apartment shape factory in city core
 - ✓ Small overseas development project
 - ✓ FED & USFK business

Overseas Business



Business strategy

- 1 Scale-up the strategic area**

 - ✓ Concentrate on the pre-penetrated area
→ Libya, Jordan, Srilanka and etc
 - ✓ Secure base of new strategic area
→ Saudi Arabia, Bangladesh, CIS countries
- 2 Concentrate environment project**

 - ✓ WTP, STP and O&M project
 - ✓ Discover other environment project
- 3 Diversification and new businesses**

 - ✓ Bio-ethanol, Power development project
 - ✓ Development EDCF loan project
 - ✓ Seeking to acquire new water treatment technologies such as desalination, etc

Appendix

1. Balance sheet
2. Income statement
3. Shareholder

(Unit : W0.1bn)

	2004	2005	2006	2007	2008	2009.1Q
Current assets	3,919	4,874	6,569	7,688	10,503	11,567
Quick assets	3,530	4,540	6,011	7,040	9,646	10,721
Inventories assets	389	333	558	648	857	846
Fixed assets	2,725	2,382	2,877	4,243	4,414	4,660
Investment assets	2,384	2,109	2,074	3,432	4,150	3,666
Tangible assets	363	262	258	245	270	524
Intangible assets	△21	11	△6	△5	△6	△6
Total assets	6,644	7,256	9,445	11,932	14,917	16,227
Current liabilities	3,189	3,753	4,179	5,405	9,190	10,796
Long-term liabilities	1,785	1,066	2,254	3,423	2,631	2,212
<i>(Total borrowings)</i>	<i>(2,009)</i>	<i>(1,408)</i>	<i>(2,779)</i>	<i>(4,344)</i>	<i>(6,327)</i>	<i>(6,165)</i>
Total liabilities	4,974	4,819	6,433	8,828	11,820	13,008
Capital stock	1,205	1,209	1,210	1,210	1,210	1,210
Capital surplus, etc.	465	1,228	1,802	1,894	1,887	2,009
Total equity	1,670	2,437	3,012	3,104	3,097	3,219

Income Statement



(Unit : W0.1bn)

	2004	2005	2006	2007	2008	1Q.08	1Q.09
Operating Revenue	8,649	10,590	11,552	11,491	14,266	2,525	3,007
Cost of goods sold	7,574	8,606	9,491	9,832	12,447	2,170	2,538
<i>(COGS to sales ratio)</i>	<i>(87.6%)</i>	<i>(81.3%)</i>	<i>(82.8%)</i>	<i>(85.6%)</i>	<i>(87.2%)</i>	<i>(85.9%)</i>	<i>(84.4%)</i>
Gross Profit	1,075	1,984	2,061	1,659	1,819	354	469
SG&A Expenses	738	824	944	979	1,050	217	265
Operating Margin	337	1,160	1,117	679	770	137	204
Non-operating profit	230	161	163	194	546	66	40
Non-operating expenses	1,195	308	306	615	926	116	222
<i>(Interest expenses)</i>	<i>(154)</i>	<i>(128)</i>	<i>(167)</i>	<i>(295)</i>	<i>(427)</i>	<i>(94)</i>	<i>(123)</i>
Recurring profit	△628	1,013	974	258	389	84	23
Net profit	△476	727	698	150	195	59	11

Shareholder
(estimates as of December 2008)



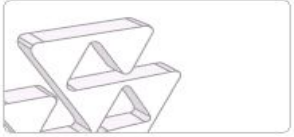
(단위 : 주, %)

▪ Divide by Ownership

divide	Shares	%
Personal	14,329,682	57.0%
corporation	6,410,005	27.9%
foreigner	3,064,331	13.5%
Investment Bank	231,500	1.0%
Finance Organization	122,570	0.5%
Securities Company	14,767	0.1%
Etc.	9,990	0.5%
total	24,182,845	100.00%

▪ Major Shareholder (more than 1%)

divide	Shares	%
*KOLON Industries	3,598,568	15.5%
*FnC KOLON	1,202,352	5.3%
*Ohwoon Cultural Fund	651,025	2.9%
Hanmack Technology	476,410	2.1%
Kim Hwuychang	321,000	1.4%
*Lee dongchan	300,747	1.3%
	6,550,102	28.5%
*amicability shares	5,752,692	25.0%



THANK YOU

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