



IR Presentation Material



Performance in 2009 & Key Goals for 2010

February, 2010

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Performance in 2009

1. New orders
2. Order backlogs
3. Sales revenue
4. COGS-to-sales ratio
5. Profit
6. Borrowings & Unsold housing unit

(Unit : KRW 0.1bn, %)

division	2008	2009	gain/loss	Com. ratio
Civil	4,214	8,850	+4,636	26.6%
Environment	3,672	5,058	+1,386	15.2%
Housing	2,285	11,188	+8,903	33.7%
Architecture	3,969	7,283	+3,314	21.9%
Plant	1,109	863	△246	2.6%
(oversea)	(1,537)	(3,052)	+1,515	9.2%
Total	15,249	33,242	+17,993	100.0%

*D/B : Design Build project (turn-key project)

■ New orders increase 115.6%p YoY

✓ Due to increase of public projects

■ Visualization of overseas environmental facilities project at Libya and Jordan

■ Drive redevelopment and reconstruction projects in metropolitan regions

✓ Seoul, Incheon, and etc.

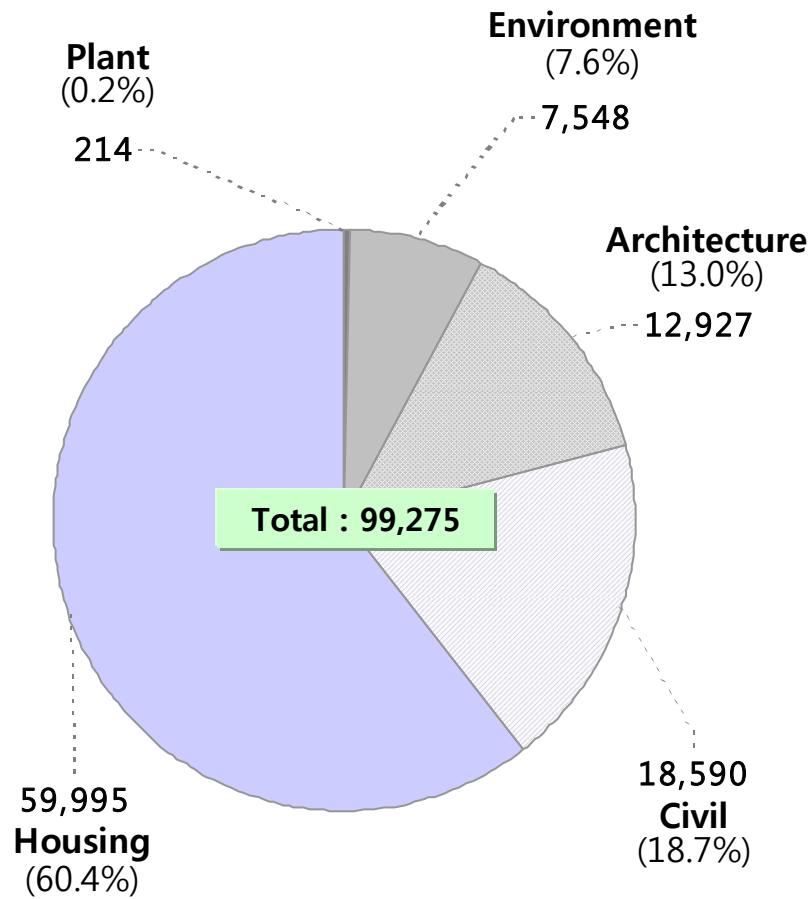
■ Growth of new orders from architecture

✓ Growth of public project (especially *D/B) and private contract (Asset development)

■ Maintaining new orders from mother company, KOLON Group (Plant Project)



(Unit : KRW 0.1bn, %)



■ Breakdown of order backlogs

division	2008	2009	gain/loss	Com. ratio
Civil	13,367	18,590	+5,223	18.7%
Environment	4,946	7,548	+2,602	7.6%
Housing	51,322	59,995	+8,673	60.4%
Architecture	9,597	12,927	+3,330	13.0%
Plant	511	214	△297	0.2%
Total	79,743	99,275	+19,532	100%



■ Revenue by division

(Unit : KRW 0.1bn, %)

division	2008	2009	gain/loss	Com. ratio
Civil	3,911	4,624	+713	34.2%
Environment	1,418	2,322	+904	17.2%
Housing	6,550	3,103	△3,447	22.9%
Architecture	1,428	2,288	+860	16.9%
Plant	959	1,182	+223	8.7%
Total	14,266	13,519	△748	100.0%

■ Sales revenue decrease 5.2%p YoY

■ Housing division sales decrease 52.6%p YoY

- ✓ Completion of large-sized projects in 1Q.'09
- ✓ Construction progress delayed
(Housing projects in Incheon and Songdo)
- ✓ Depression of domestic housing market place
- ✓ New apartment projects delayed
→ Apartment projects in Pyeongtack and Daegu

■ Public sectors (Civil, Environment, Architecture)

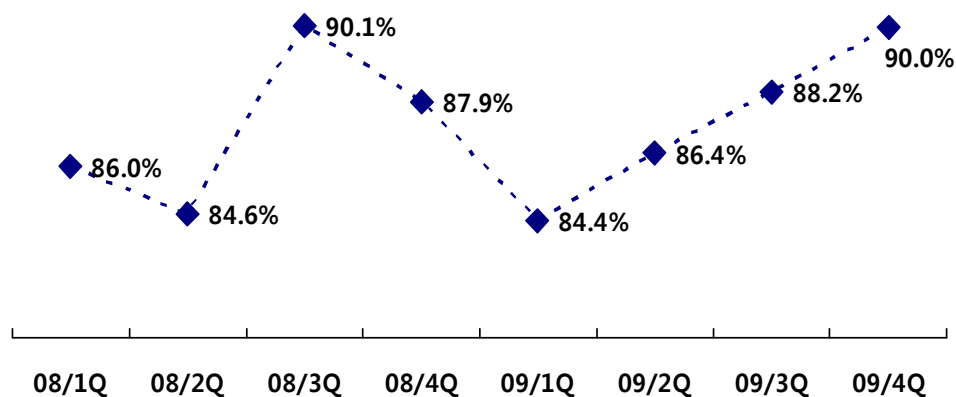
- ✓ Increase of new orders and progress construction takes a favorable turn due to increase of government budget

■ Stable growth of sales in plant projects



■ COGS to sales by division (Unit : KRW 0.1bn, %)

division	2008	2009	gain/loss
Civil	86.3%	89.4%	+3.1%
Environments	88.9%	89.3%	+0.4%
Housing	85.3%	80.4%	△4.9%
Architecture	95.3%	88.7%	△6.6%
Plant	89.9%	91.1%	+1.2%
Total	87.2%	87.4%	+0.2%
GP margin	1,819	1,709	△110



■ COGS-to-sales ratio increase 0.2%p YoY

■ Public sectors (Civil & Environment)

- ✓ Decline of profitability due to deepen competition with other companies
- ✓ Cost increase due to launching new project sites

■ Architecture division

- ✓ Base effect occurrence in major architectural projects due to completion of construction process (Song-do, Ul-san and etc.)

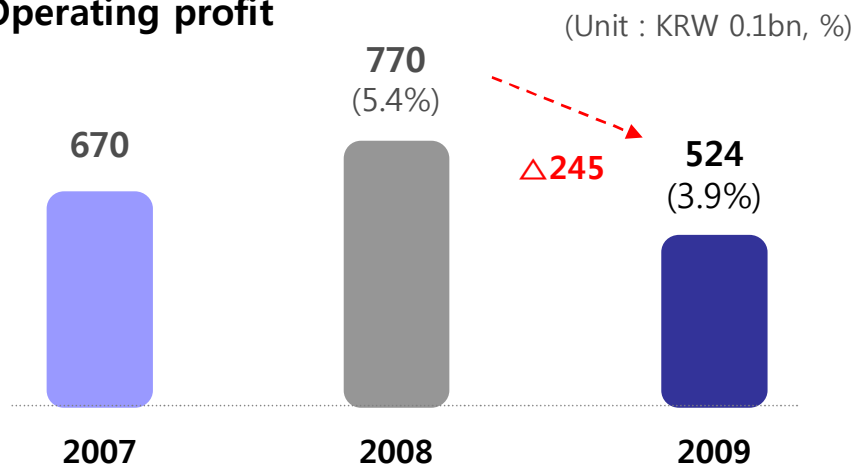
■ Housing business collapse

- ✓ Absence of new construction project

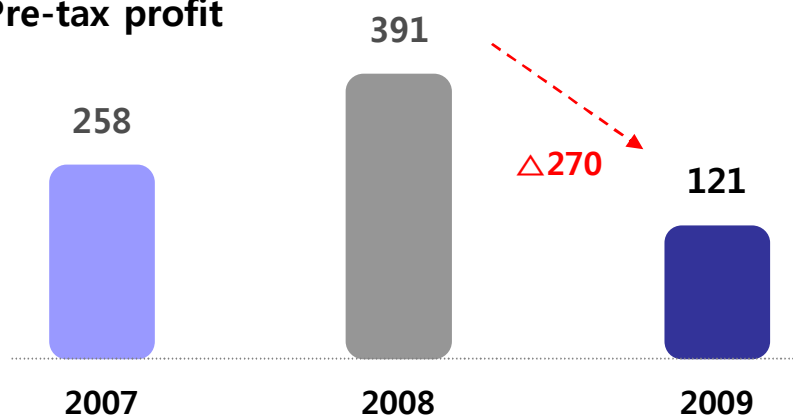
■ Income differences occur in plant division

- ✓ Settlement of Group ordered projects (cost & fee based)

Operating profit



Pre-tax profit



OP margin decrease W24.5bn YoY

✓ Reduction of sales and increase of cost

Strengthen efforts to enlarge new orders

✓ Spend more costs for design & promotion

→ '08. W5.6bn → '09. W13.2bn (+W7.6bn)

SG&A expenses ratio increased YoY

✓ '08 7.4% → '09 8.8% (+1.4%p)

✓ Increase of bad debt expenses

→ The long-term accounts receivable from sales sluggish projects reflected to the loss.

('08. W23.4bn → '09. W61.8bn)

Financial costs increase due to raising of interest rates



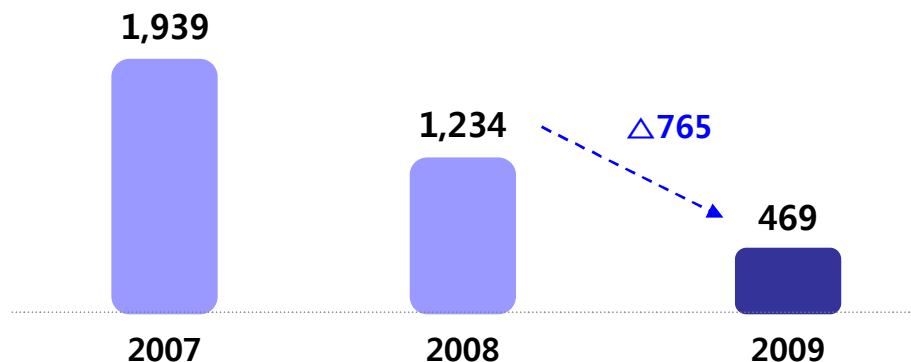
▪ Borrowings

(Unit : KRW 0.1bn)

classification	4Q.08	4Q.09	Gain/loss
Short-term	4,092	4,115	+23
Long-term	2,235	1,627	△608
Total	6,327	5,742	△585
Cash	1,075	363	△713
Net-borrowing	5,252	5,378	+127

▪ Unsold housing units

(Unit : number of apartment)



■ '09.4Q Total borrowings w574.2bn

- ✓ Total borrowings is down w58.5bn YoY
→ net-borrowing +W12.7bn
- ✓ Increase of credit sales bond due to adjustment in completion after-sales apartment projects at Incheon, Gwangmyung.

■ Unsold housing units 469 (▲765 YoY)

- ✓ No current ongoing sites at housing division

Regions	4Q.'08	4Q.'09	Gain/loss
Daegu	155	3	△152
Gwangju	204	4	△200
Gumi	327	254	△73
*etc.	548	208	△340
Total	1,234	469	△765

Key Goals for 2010

1. Business policy
2. Goals of new orders
3. Goals of sales revenue
4. Business strategies by division

2010's Business Slogan

Great Company를 향한
2010 飛上!

- Fly high toward Great Company -

1. Diversify business area

- Value-added & non-performed business areas
- Actively involve in planning-proposal type development business
- Expand business area for overseas business
- Strengthen capability of new orders in public sector

2. Pioneer the “One & Only” Business

- Commercialization of environmental technologies (geothermal, water treatment, and etc.)
- Discover differentiated products and business

3. Drive innovation in management

- Innovating the cost, productivity, & process

4. Enforcement Business ethics

- Transparency of service, numerical value and trade
- Settlement of “Open it” campaign
- Thorough business risk management

■ Goals of new order by division

(Unit : KRW 0.1bn, %)

division	2009	2010	gain/loss	Com. ratio
Civil	8,850	15,080	+6,230	33.1%
Environment	5,058	6,500	+1,442	14.3%
Housing	11,188	12,843	+1,655	28.2%
Architecture	7,283	8,857	+1,574	19.4%
Plant	863	2,310	+1,447	5.1%
(overseas)	(3,052)	(5,480)	(+2,428)	(12.0%)
Total	33,242	45,590	+12,348	100.0%

■ Public sector

- ✓ Drive value-added & non-performed business area
→ Power plants, dredging, port and NPP, etc.
- ✓ Impel private environmental area and renewable energy projects
- ✓ Enlarge opportunities of public architectural works → Military facilities, and etc.

■ Housing division

- ✓ Continue strengthening to redevelopment housing projects in metropolitan areas

■ Drive specialized products and business

- ✓ Geothermal heating and cooling, Water treatment, apartment-type factory, and etc.

■ Secure new deployment to Africa

■ Goals of sales by division

(Unit : KRW 0.1bn, %)

division	2009	2010	gain/loss	Com. ratio
Civil	4,624	5,200	+576	37.2%
Environment	2,322	2,600	+278	18.6%
Housing	3,102	946	△2,156	6.8%
Architecture	2,288	4,115	+1,827	29.5%
Plant	1,182	1,100	△82	7.9%
Total	13,518	13,961	+443	100.0%

■ Sales revenue are expected to increase by 3.3%p YoY

■ Public sector

✓ Sales are towed by increasing of new orders in 2009 (Especially, civil division)

■ Housing division

✓ Sales plummeted due to reduction of new housing projects (Plan to sales 247 units only in 2010)

■ Architecture division

✓ Expand sales in earnest apartment-type factory ordered in 2009

■ Stable sales in plant division

✓ Proceeding cogeneration project in Kimcheon and, etc.

▪ Civil (Public works)

[New orders] (Unit : KRW 0.1bn)

classification	2008	2009	2010
Turn-key Based	515	4,621	4,300
*PFI project	2,153	980	4,000
Eligible & lowest price bid	1,529	3,164	4,700
Overseas	17	85	2,080
Total	4,214	8,850	15,080

*Private Finance Initiative (including BTO, BTL, BOO, BOT, and etc.)

*D/B : Design Build project (turn-key project)

Business strategies

- 1 Strengthen activities for *D/B projects**

 - ✓ Leading large scale *D/B Projects
 - ✓ consolidation of *D/B marketing network
- 2 Secure competitiveness in public sector**

 - ✓ Formulate strategies in design distinction
 - ✓ Enhancing the cost competitiveness for eligible & lowest price bid
- 3 Seeking new business area**

 - ✓ Study domestic & foreign *PFI (private SOC) development projects
 - ✓ Enhancing business partnership with recognized companies for subject fields

Environment

[New orders] (Unit : KRW 0.1bn)

classification	2008	2009	2010
Turn-key Based	1,091	1,244	1,520
*PFI project	865	445	1,715
Eligible & lowest price bid	197	401	765
Overseas	1,519	2,967	2,500
Total	3,672	5,057	6,500

*Private Finance Initiative (including BTO, BTL, BOO, BOT, and etc.)

Business strategies

- 1 Finding new business ITEM actively**

 - ✓ Soil conditioning, marine pollution purification, sewage sludge fueling business, and etc.
- 2 Enhance efforts for commercialization of environmental friendly business**

 - ✓ Re-use of wasted energy business
 - ✓ Renewable energy business
- 3 Expand water treatment business**

 - ✓ Recycling wasted-water business
 - ✓ Market preemption (MOU signing, advanced proposal to the local government)
 - ✓ Strengthen overseas water treatment business

▪ Housing

[New orders] (Unit : KRW 0.1bn)

classification	2008	2009	2010
Reconstruction/ Redevelopment	2,257	10,151	12,070
Private Contracts	-	986	-
Civil Contracts	28	51	-
Overseas	-	-	-
Total	2,285	11,188	12,070

Business strategies

- 1** Enter leading group of reconstruction & redevelopment market

 - ✓ Aim Top 5th ranking (ranked in 8th, 2009)
- 2** Stabilize the existing project

 - ✓ Screening & distinguish projects in existing housing order backlogs
- 3** Strengthen Product Competitiveness

 - ✓ Develop new product reflected consumer's needs and demands
- 4** Enforcement of risk management

Architecture & Plant

[New orders] (Unit : KRW 0.1bn)

classification	2008	2009	2010
Turn-key Based	832	1,712	1,811
*PFI project	3,243	3,798	7,660
Eligible & lowest price bid	33	1,935	1,120
Group	1,095	701	450
oversea	-	-	900
Total	5,202	8,146	11,941

*Private Finance Initiative (including BTO, BTL, BOO, BOT, and etc.)

Business strategy

- 1 Secure position in architecture T/K Project market**

 - ✓ Pursue actively ROK military-ordered projects
 - ✓ Explore new business areas
→ Hospital, school, exhibition facilities, & etc
- 2 Realization of "One & Only" business**

 - ✓ Leading commercialization of environmental friendly technology & Secure No.1 market position in apartment type factory
- 3 Advance to power plant business area**

 - ✓ Drive small & medium size power plant
 - ✓ Acquire foundation for promoting nuclear power project (Certification of KEPIC & etc.)
 - ✓ Target a overseas niche plant market

Overseas Business

(Unit : KRW 0.1bn)

division	2008	2009	2010
Civil	17	85	2,080
Environment	1,519	2,967	2,500
Housing	-	-	-
Architecture	-	-	400
Plant	-	-	500
Total	1,536	3,052	5,480

Business strategy

- 1 Concentrate on pre-penetrated countries**

 - ✓ Dominate the market in advance at Libya, Jordan and SriLanka
 - ✓ Renewal of marketing network in Vietnam
- 2 Build up environmental projects**
- 3 Diversification of work types**

 - ✓ Drive technical superiority work types
→ bridge, road, expressway and etc.
 - ✓ Expand new technology area
→ Small and medium-sized power plant
→ Desalination plant, and etc.
- 4 Upgrade overseas business capability**

Appendix

1. Balance sheet
2. Income statement
3. Shareholder

(Unit : W0.1bn)

	2005	2006	2007	2008	2009
Current assets	4,874	6,569	7,688	10,503	10,984
Quick assets	4,540	6,011	7,040	9,646	10,929
Inventories assets	333	558	648	857	5,507
Fixed assets	2,382	2,877	4,243	4,414	4,810
Investment assets	2,109	2,074	3,432	4,150	3,794
Tangible assets	262	258	245	270	518
Intangible assets	11	△6	△5	△6	△75
Total assets	7,256	9,445	11,932	14,917	15,795
Current liabilities	3,753	4,179	5,405	9,190	10,371
Long-term liabilities	1,066	2,254	3,423	2,631	2,044
<i>(Total borrowings)</i>	<i>(1,408)</i>	<i>(2,779)</i>	<i>(4,344)</i>	<i>(6,327)</i>	<i>(5,737)</i>
Total liabilities	4,819	6,433	8,828	11,820	12,416
Capital stock	1,209	1,210	1,210	1,210	1,210
Capital surplus, etc.	1,228	1,802	1,894	1,887	2,169
Total equity	2,437	3,012	3,104	3,097	3,379

(Unit : W0.1bn)

	2005	2006	2007	2008	2009
Operating Revenue	10,590	11,552	11,491	14,266	13,519
Cost of goods sold	8,606	9,491	9,832	12,447	11,812
<i>(COGS to sales ratio)</i>	<i>(81.3%)</i>	<i>(82.8%)</i>	<i>(85.6%)</i>	<i>(87.2%)</i>	<i>(87.4%)</i>
Gross Profit	1,984	2,061	1,659	1,819	1,708
SG&A Expenses	824	944	979	1,050	1,184
Operating Margin	1,160	1,117	679	770	524
Non-operating profit	161	163	194	546	745
Non-operating expenses	308	306	615	926	1,148
<i>(Interest expenses)</i>	<i>(128)</i>	<i>(167)</i>	<i>(295)</i>	<i>(427)</i>	<i>(511)</i>
Recurring profit	1,013	974	258	389	121
Net profit	727	698	150	195	58

Shareholder

(Estimates as of December 2009)



(unit : shares, %)

▪ Divide by Ownership

divide	Shares	%
Personal	15,007,019	62.10%
Corporation	6,278,268	25.98%
Investment trust company	991,069	4.10%
Foreigner	958,744	3.97%
Financial institution	731,691	3.03%
Financial supermarket	199,012	0.82%
Etc.	17,345	0.07%
total	24,183,148	100.00%

▪ Major Shareholder (more than 1%)

divide	Shares	%
*KOLON corporation	4,800,920	19.85%
*Ohwoon cultural fund	651,025	2.69%
Hanmac engineering	476,410	1.97%
Hangaram fund (no.1)	470,000	1.94%
Prudential fund (no.2)	430,077	1.78%
Kim HwuiChang	326,500	1.35%
*Honorary president	300,747	1.24%
Kim-Uk	263,000	1.09%
*amicability shares	5,752,692	23.79%



THANK YOU

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