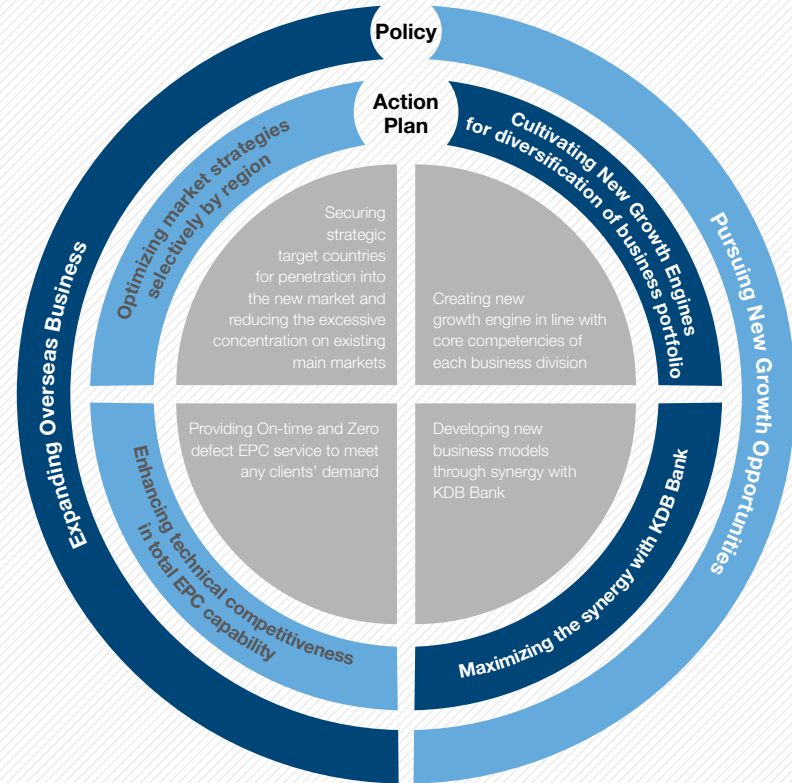


## 02 - 3. Securing Room for Growth

Amid the global economic crisis and the downturn in domestic construction market, Daewoo E&C strives for continuous growth through expanding overseas business and developing new growth opportunities.

### Strategic Directions for New Growth



### Expansion of Overseas Business

In 2012, Daewoo E&C plans to reinforce market dominance in key markets; at the same time, the company will pursue a differentiation strategy by region to increase orders in new markets. Moreover, as the global markets increasingly demand that EPC (Engineering, Procurement, Construction) contractors should perform reliable engineering, procurement and construction as well, we will make our best efforts in enhancing capabilities to provide integrated total EPC services.

### Global Business Organization



Overseas Business Division

#### Overseas Business Strategic Planning Team

Establish management strategy and action plan, Manage overseas branches

#### Overseas Business Development Team 1

Order procurement activities in Asia and Africa

#### Overseas Business Development Team 2

Order procurement activities in the Middle East and Europe

#### Overseas Business Development Team 3

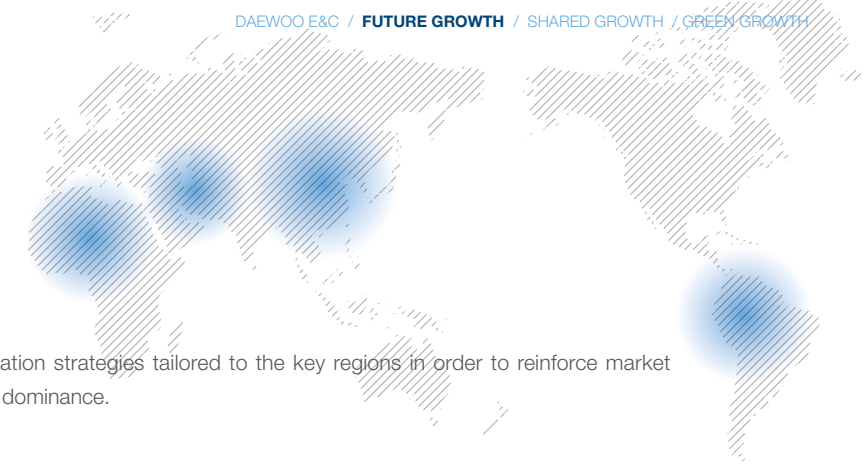
Order procurement activities in America, Oceania and CIS



Overseas Business Teams by business

#### Overseas Civil Project Teams, Overseas Building Project Team, Plant Business Team, Power Plant Business Team, etc.

Bidding and order procurement activities by technological fields



### Differentiation Strategies by Region

Daewoo E&C is pursuing differentiation strategies tailored to the key regions in order to reinforce market diversification and overseas market dominance.



**Africa** We were able to diversify our markets into 3 key countries in North Africa and Nigeria through continuously winning contracts in Algeria and Morocco in 2012. In early 2012, Daewoo E&C established a strategy to open a new branch in Johannesburg, Republic of South Africa on localization purpose, and actively respond to the needs of emerging Oil&Gas producing countries such as Mozambique, Tanzania, and Angola where expansion of Infrastructure was active. Through these efforts, we were able to win a contract for Morocco Jorf Lasfar Fertilizer worth USD 330 million, which is the only case among Korean EPC contractors.



**Middle East** While we are executing major clients' most valuable projects in UAE and Saudi Arabia, we are also seeking to enter new markets such as Oman, Qatar, Kuwait, and Iraq. In particular, we are actively trying to enter markets based on global competitiveness and project reference in the oil production business and through opening a new branch in Iraq. In 2012, we won a contract for engineering, procurement and construction of the Saudi Hout Onshore Gas Facilities worth USD 130 million.



**South America** In the year of 2012, made our best endeavors to enter the South American market based on our capabilities in Oil & Gas and Power Plant business. In 2012, we have established our first South American branch in Bogota, Columbia as a foothold for entering the market. In May 2013, we have also established a branch in Caracas, Venezuela in order to pursue diversification in the South American market.



**Asia** We aim for intensifying our market penetration into the South Asian market such as Singapore where growth potential is high in the Plant, Civil Works, and Housing market. In particular, we have succeeded in re-entering the Singapore market by winning 3 large scale construction contracts including a USD 40 million Singapore Bendemeer Condo project after 11 years of winning the Kallang-Paya Lebar Expressway project in 2001. In this sense, we were successfully able to establish an 'Asian Belt' connecting countries such as Malaysia, Indonesia and Vietnam.

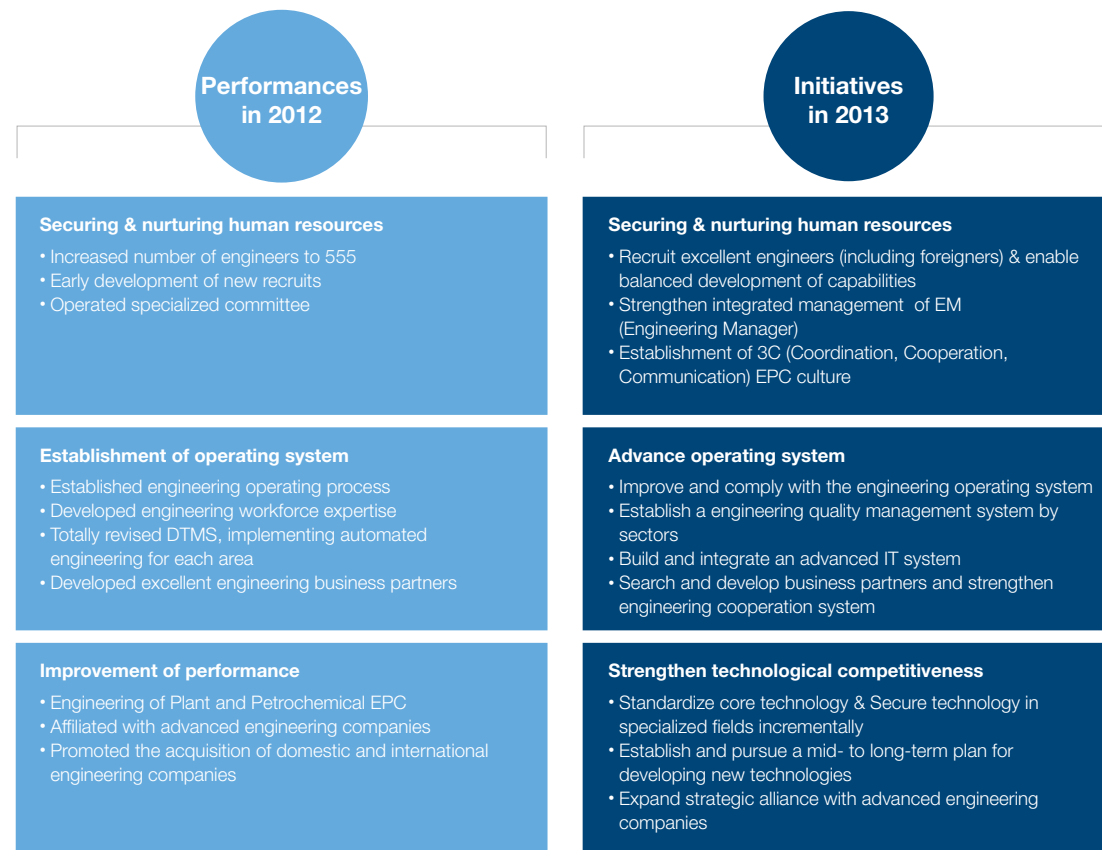
### 2012 Major New Orders

Africa	Middle East	Asia
<b>Name of Project:</b> Morocco Jorf Lasfar Fertilizer	<b>Name of Project:</b> Saudi Hout Onshore Gas Facilities	<b>Name of Project:</b> Singapore Bendemeer Condo
<b>Ordering organization:</b> OCP (Office Chérifien des Phosphates)	<b>Ordering organization:</b> Khafji Joint Operation	<b>Ordering organization:</b> UE Development (Bendemeer) Pte., Ltd.
<b>Details:</b> Construct phosphate rock processing plants and composite fertilizer manufacturing plants in Jorf Lasfar	<b>Details:</b> Construct associated gas facility in Hout oil field (Gas compressor, dehydration, attached equipment, etc.)	<b>Details:</b> Construct condominium with 843 households and houses with terrace (Architectural area: 71,680m <sup>2</sup> , Plottage: 18,618m <sup>2</sup> )
<b>Cost of construction:</b> Approximately USD 330 million	<b>Cost of construction:</b> Approximately USD 130 million	<b>Cost of construction:</b> Approximately USD 168 million
<b>Participation:</b> Independent	<b>Participation:</b> Independent	<b>Cost of construction:</b> Approximately USD 168 million
<b>Location:</b> Jorf Lasfar, south-westwards 180 km away from capital Rabat	<b>Location:</b> Ras Al Kafji, North-Eastwards 600 km away from capital Liyad	<b>Location:</b> Whampoa East in front of Kallang River

## Enhancing EPC Competitiveness

The Plant Division is growing rapidly in the global market, and the Engineering Division is making continuous effort to enhance and stabilize its EPC competitiveness in order to improve capabilities in winning deals. To this end, based on our division's vision of 'Providing engineering service tailored to the particular site on time with errors minimized', we have laid a strong foundation for recruiting and developing talents with expertise, establishing advanced working system, and enhancing our technological competitiveness. In 2013, we are striving to accomplish a number of detailed strategic tasks set forth below.

### Detailed Strategic Tasks to Enhance EPC Competitiveness



## New Growth Engine

The number of E&C companies expanding their businesses overseas is increasing to overcome the sluggish domestic construction market, and in this time, preoccupying global markets and technological competitiveness is critical. To this end, each business division at Daewoo E&C is developing new growth opportunities and proactively expanding its businesses. Furthermore, we are creating value through developing new products and markets that combine construction and finance through the synergy with KDB Bank.

**Independent Power Plant (IPP)**\_ Daewoo E&C is carrying out independent power projects in and out of Korea as one of its new growth engines. Domestically, we have proposed to build the Pocheon Combined Cycle Power Plant last year under the 6th Basic Plan of Long Term Electricity Supply & Demand, which is a 940MW combined cycle power plant located in the city of Pocheon and is currently undergoing process to achieve construction permit.

We plan to continuously expand independent power projects through active project financing in conjunction with KDB Bank as a core new growth engine in the Power Plant Division. Furthermore, we aim to contribute through vitalizing local communities by recruiting personnel from surrounding local communities and minimizing environmental impact through constructing environmentally friendly power plants.

## Synergy with KDB Bank

**Nuclear Power**\_ As a leader in nuclear power projects, Daewoo E&C is seeking new opportunities for growth in this area based on the company's technological strengths and experience in successful completion of Wolsong Nuclear Power Plant Unit 3 & 4 and Shin-Wolsong Nuclear Power Plant Unit 1 & 2. We also plan to lead the research reactor market based on our experience in currently undergoing the Jordan Research and Training Reactor (JRTR) project and the Kijang Research Reactor (KJRR) to be constructed in Busan city. Furthermore, we won new contracts for the Architect Engineering service for nuclear power plants (NPP) in operation and acquired the KEPIC MN (Mechanical Nuclear) and KEPIC SN (Structure Nuclear) certificates for designing nuclear facilities. We will make our best efforts to expand our business activities with a diversified business portfolio inclusive of D&D (Decontamination & Decommissioning), enhance our EPC capabilities for NPP projects and win new NPP projects at home and abroad.

**Environment**\_ In order to lead in the environmental industry, which is considered a rising opportunity, Daewoo E&C is carrying out projects in areas of wastewater treatment, bio-energy, and integrated waste processing town. Especially, we have the best record in Korea when it comes to waste water treatment; through continuous R&D and investment, we are recognized for our competitiveness both in and outside of Korea. Furthermore, We are developing environmentally friendly alternative energy projects such as tidal power projects at Garolim Bay, Ganghwa and Asan Bay and we have established short-, mid-, and long-term objectives and are actively carrying out environmental business in relation to civil engineering.

**Building Works**\_ Daewoo E&C is developing new areas such as technology for high-rise construction of multiplex building and Smart Structure, BIM (Building Information Modeling) system. In order to diversify business in the area, we aim to enter new markets linked with assess management and we are developing new business models in cooperation with KDB Bank and incrementally pursuing pilot projects. We aim to apply projects linking construction and finance not only in the domestic market but also throughout the global market in order to reinforce winning orders in the Middle East and Africa and enable new market entries and expansion in markets such as Singapore and Algeria.

Following the incorporation into KDB Bank, Daewoo E&C was able to gain synergy when executing domestic/overseas project development and increased corporate financing from KDB Bank. We expect to enhance competitiveness for winning deals through continuous cooperation and become a global leading E&C company.

### Achievements and Objectives

