

2015 Hankook Tire

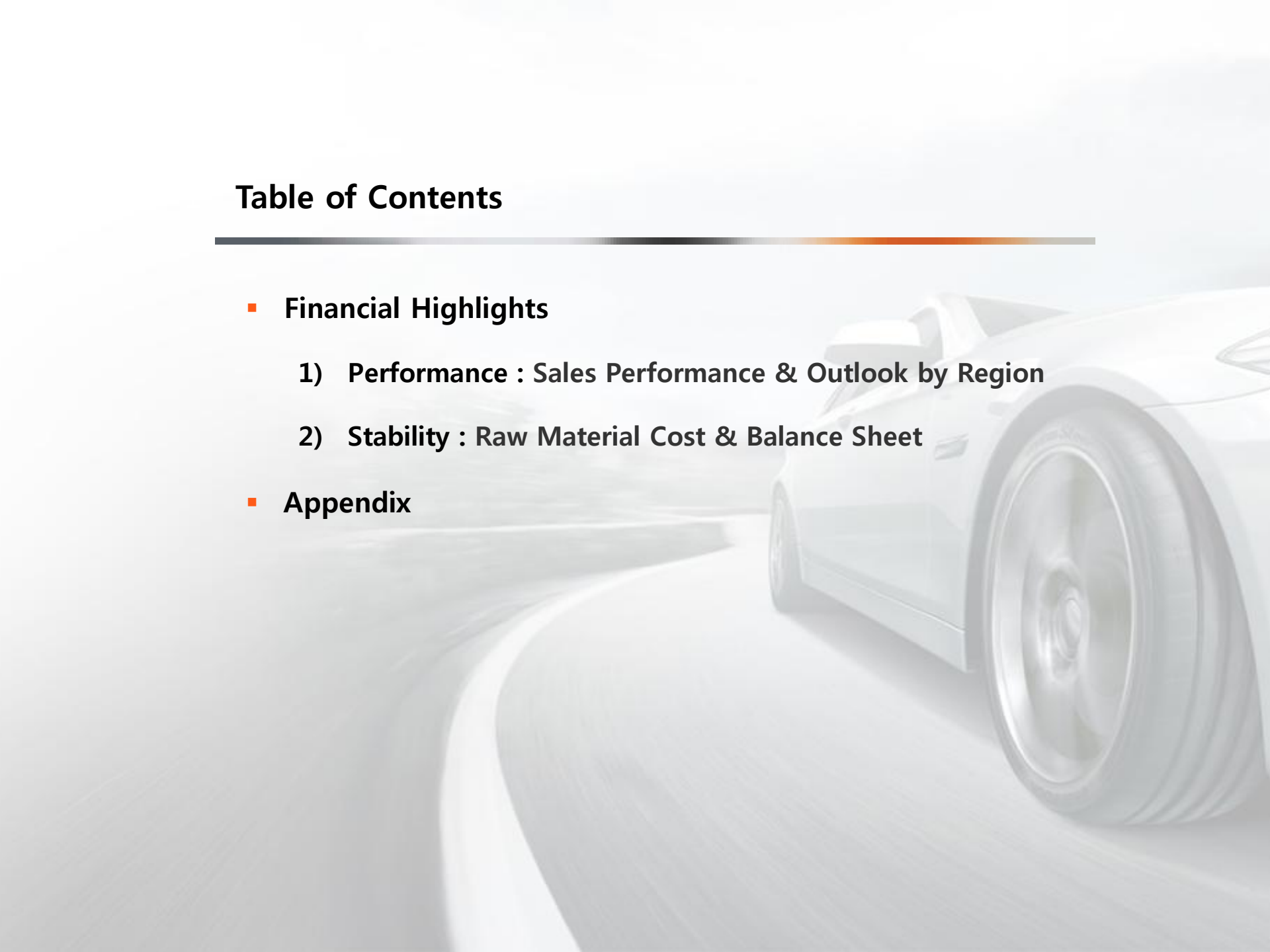
1th Quarter Result

2015. 04. 30

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The information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

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- 
- A white sports car is shown from a rear three-quarter view, driving on a road that curves into the distance. The background is heavily blurred, suggesting high speed. The car's wheels are also blurred, and the overall scene is in grayscale with a light, ethereal atmosphere.

Financial Highlights

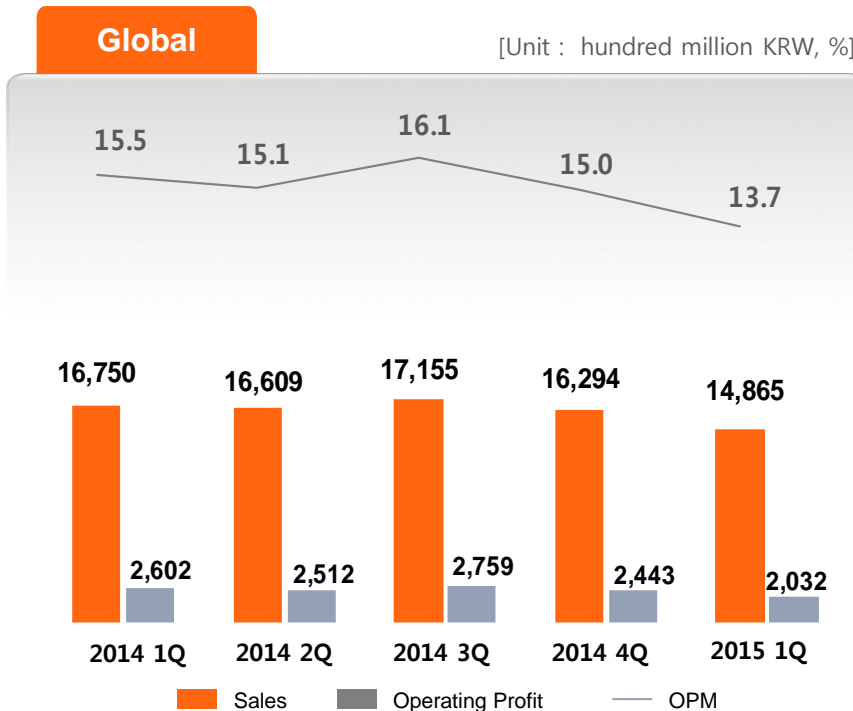
'15. 1Q Global Performance (Consolidated)

[unit : hundred million KRW, %]

	2014 1Q	2014 4Q	2015 1Q	QoQ	YoY
Sales	16,750	16,294	14,865	-8.8%	-11.3%
COGS	11,003 <i>(65.7%)</i>	10,127 <i>(62.2%)</i>	9,651 <i>(65.0%)</i>	-4.7%	-12.3%
Operating Profit	2,602 <i>(15.5%)</i>	2,443 <i>(15.0%)</i>	2,032 <i>(13.7%)</i>	-16.8%	-21.9%
Ordinary Profit	2,450 <i>(14.6%)</i>	2,054 <i>(12.6%)</i>	1,964 <i>(13.2%)</i>	-4.4%	-19.8%
EBITDA	3,651 <i>(21.8%)</i>	3,616 <i>(22.2%)</i>	3,150 <i>(21.2%)</i>	-12.9%	-13.7%

1) Performance – Global

- **MKT** : Down trend of raw material cost continued & price competition was intensified due to weakened EUR and JPY
- **HKT** : Despite of slight sales volume increase YoY, revenue decreased due to unfavorable F/X movement & price competition



1Q Review

❖ 1Q '15

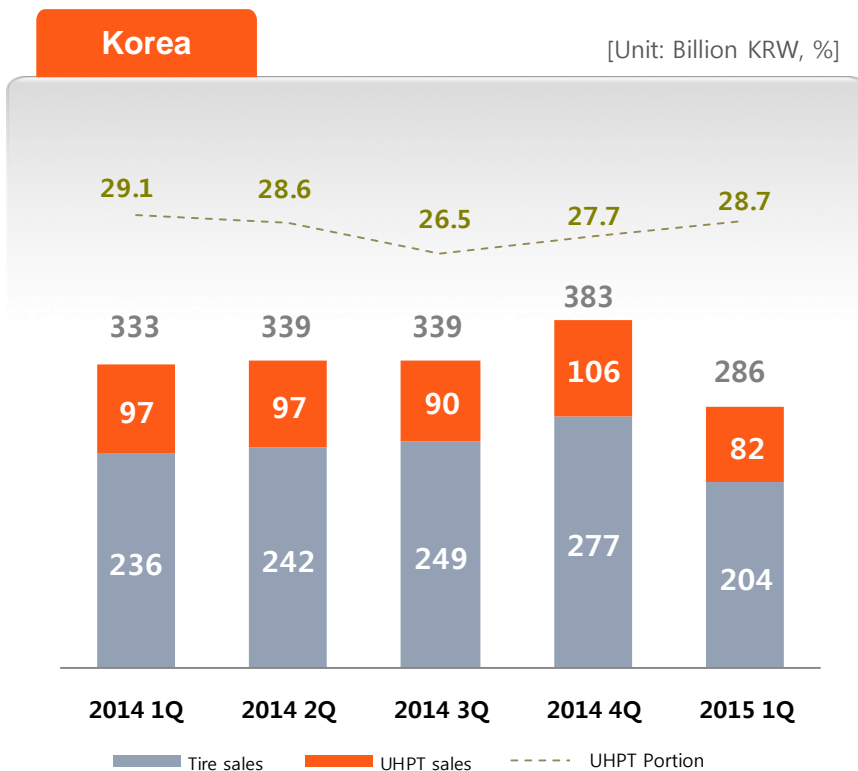
- ✓ **RE** : Volume increased YoY & QoQ thanks to high sales in Europe & US
- ✓ **OE** : Volume decreased due to sales decrease of OE makers mainly in Korea & China

❖ 2Q Outlook

- ✓ **MKT** : Expect continuous price competition, weakening of raw material cost drop and gradual demand recovery around US market
- ✓ **HKT** : Expect revenue growth thanks to expansion in OE LTR/TBR, premium mix improvement and securing sales momentum in US

1) Performance – Korea

- **MKT : Domestic competition intensified due to slow market demand**
- **HKT : PCR M/S maintained with help of dominant market control in premium segment**



※ based on Sell-in revenue,
UHPT : Ultra high performance tire

1Q Review

❖ 1Q '15

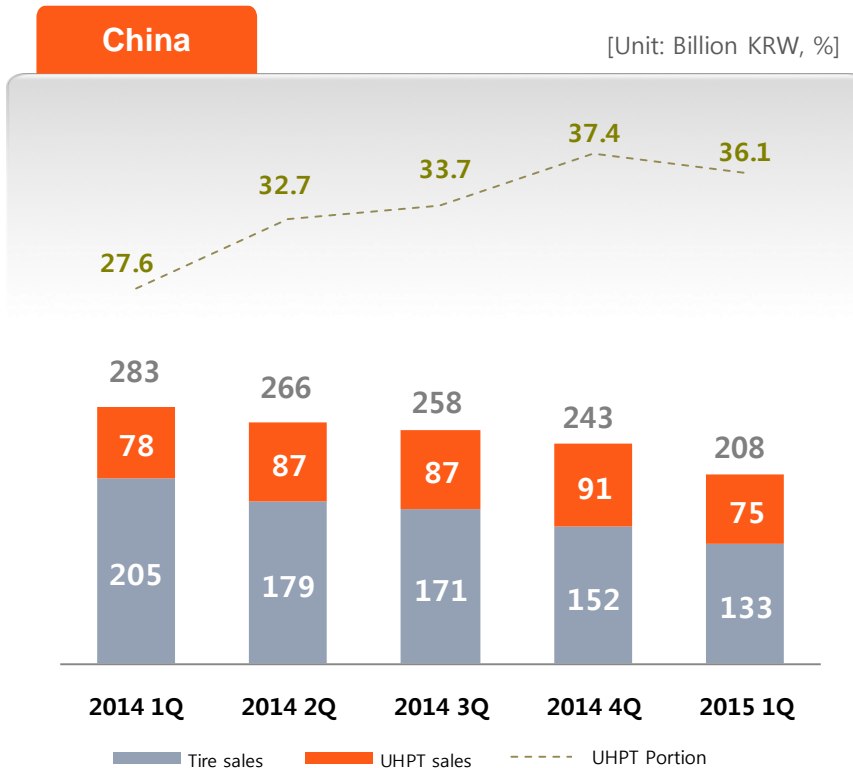
- ✓ RE : QoQ sales decreased as winter season ended. Sales mix improved with new products, which enhanced product competitiveness
- ✓ OE : Sales volume reduced due to intensified price competition caused by decreased sales of OE makers

❖ 2Q Outlook

- ✓ MKT : Expect continuous price competition as recovery of domestic demand delays
- ✓ HKT : Plan to respond to market competition with specified strategic product. Expect improved OE sales through enhanced partnership with OE makers

1) Performance – China

- **MKT** : Overall ASP dropped QoQ due to intensified price competition caused by reduced sales
- **HKT** : Executed structural change focusing on high inch sales amongst price competition



※ based on Sell-in revenue,
 UHPT : Ultra high performance tire

1Q Review

❖ 1Q '15

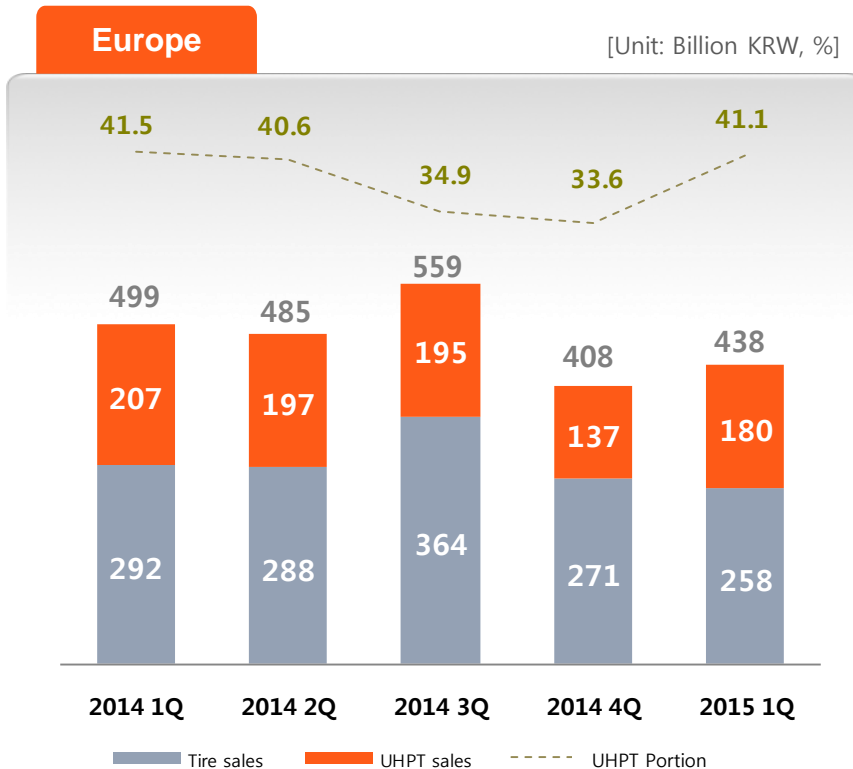
- ✓ **RE** : Increased price competition & promotion resulted in sales decrease in PCR. Lack of demand & overcapacity in TBR led to low sales
- ✓ **OE** : Slow down in demand growth & reduced sales by OE makers ended up with sales decrease

❖ 2Q Outlook

- ✓ **MKT** : Expect continuous ASP competition due to increased domestic supply
- ✓ **HKT** : Plan to respond to low end market with Laufenn & strengthen retail network by expanding strategic sales points

1) Performance – Europe

- **MKT** : While demands are in the process of recovery, price competition continued
- **HKT** : Sales volume increased YoY & QoQ thanks to recovery from All-season RE & increased new OE orders



※ based on Sell-in revenue,
UHPT : Ultra high performance tire

1Q Review

❖ 1Q '15

- ✓ **RE** : Number of sales increased YoY & QoQ despite of slow market demand
- ✓ **OE** : Expanded new orders helped volume increase YoY & QoQ

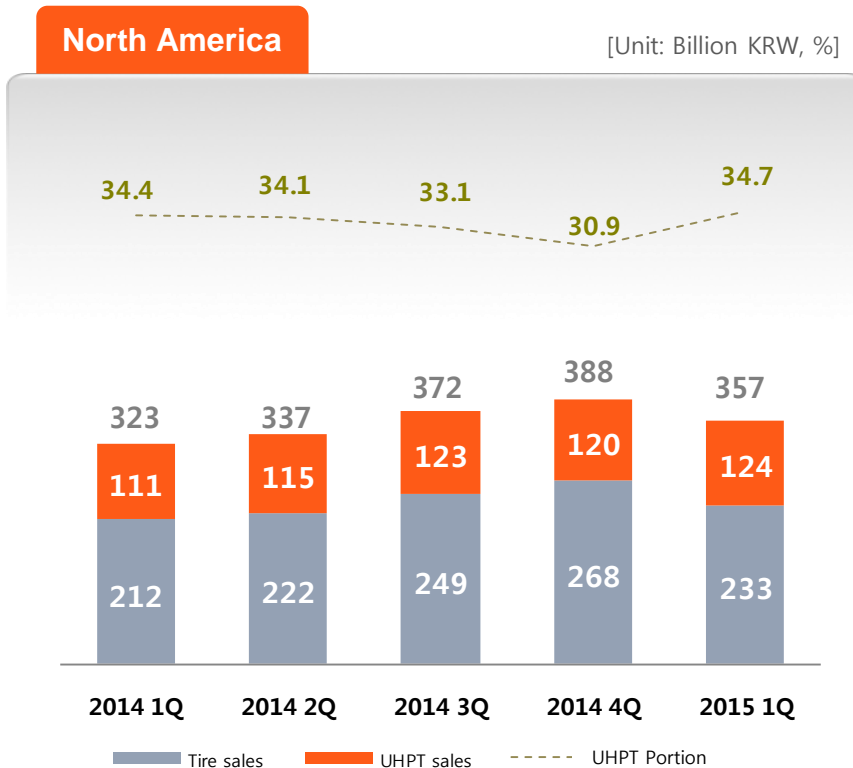
❖ 2Q Outlook

- ✓ **MKT** : Expect continuous price competition boosted by M/S competition among makers & favorable F/X rate for competitors
- ✓ **HKT** : Plan to overcome price competition through improved mix and continuing efforts to enhance brand image

1) Performance – North America

- **MKT** : Unlike demand decrease forecast, dealer demand slightly increased
- **HKT** : M/S kept recovered & brand awareness enhanced by expanding business presence in OE LTR/TBR

1Q Review



※ based on Sell-in revenue,
UHPT : Ultra high performance tire

❖ 1Q '15

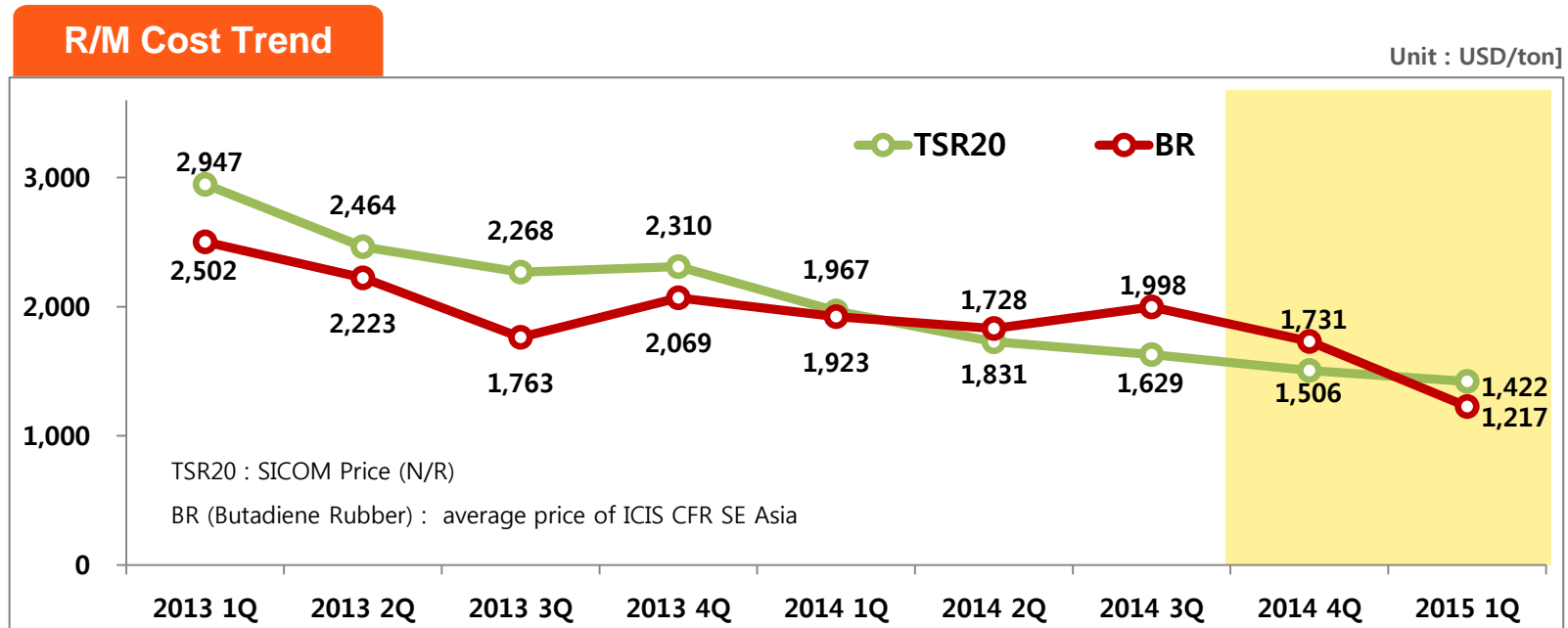
- ✓ **RE** : Volume increased YoY thanks to high growth in premium segment while QoQ sales decreased as winter season was over
- ✓ **OE** : Volume increased YoY and QoQ due to expanded sales in LTR & TBR and demand increase in N. America

❖ 2Q Outlook

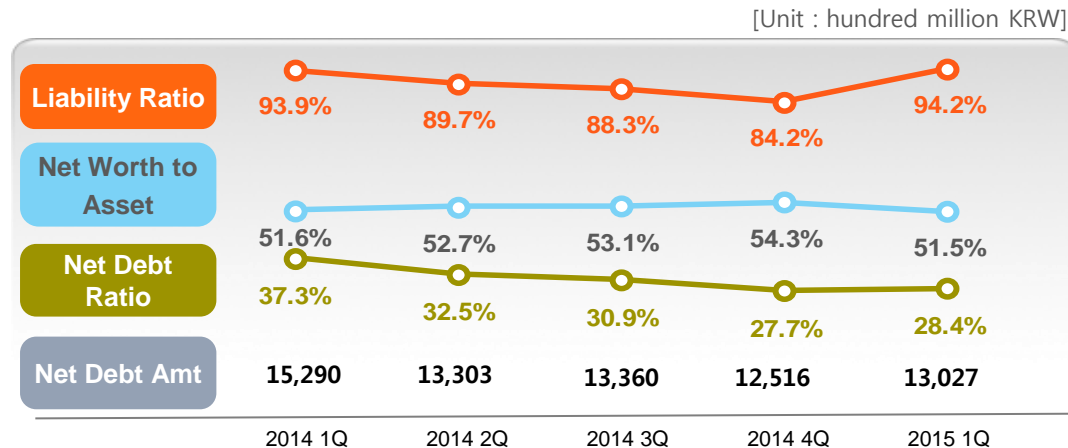
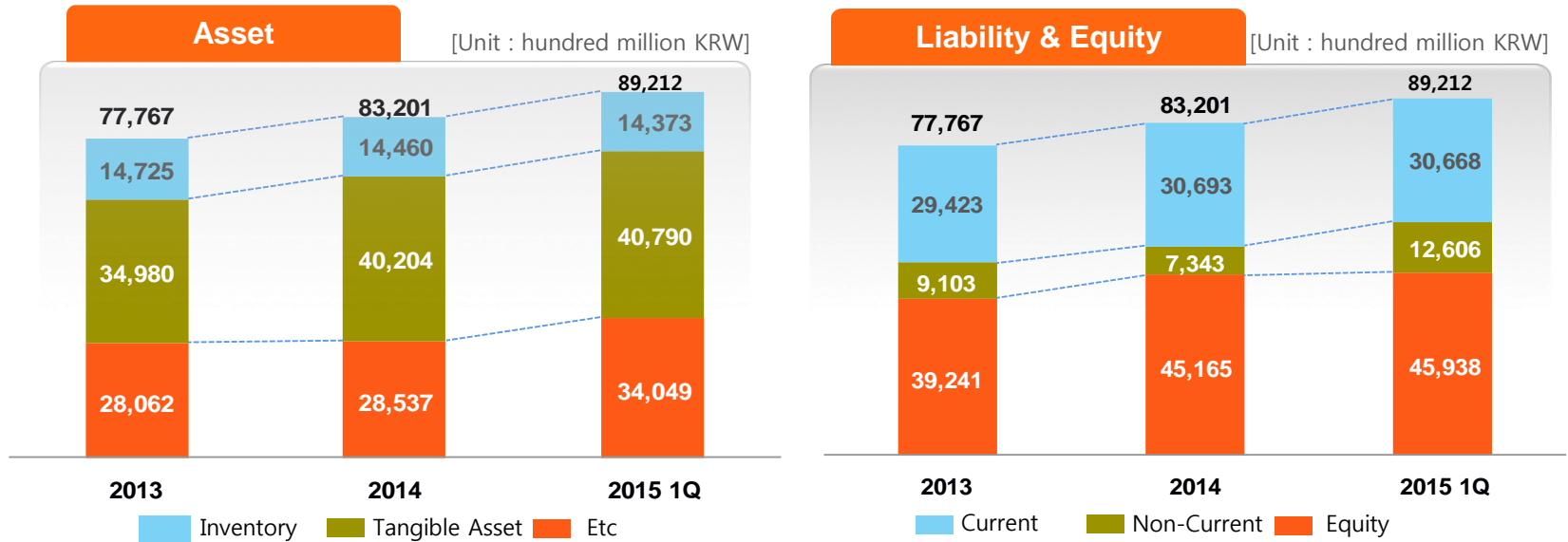
- ✓ **MKT** : Imports tires from SE Asia & Europe are expected to increase due to reduced imports from China
- ✓ **HKT** : Expect sales increase helped with expanded business with large distributors & Lanfenn launching
Also, expect benefit from A/D & CVD imposition

2) Stability : Raw Material Cost

- N/R
 - NR price kept falling due to weak demand in China and over supply from South East Asia
 - Expect slight price recovery from 2H of '15 thanks to economy recovery in US and demand increase in China
- S/R
 - S/R price in Asia dropped in large scale since 4Q '14 due to lack of demand & over supply
 - Price expected to remain same or slight lower level due to delay of global economy recovery, however, gradual price recovery is expected from 2H as over supply issues get resolved



2) Stability : Balance Sheet (Consolidated)



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Appendix. F/S – Consolidated B/S

[hundred million KRW]

	2014		2015 1Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	83,201	100.0%	89,212	100.0%	6,011	7.2%
Current Assets	38,798	46.6%	43,986	49.3%	5,188	13.4%
cashable assets	11,720	14.1%	16,520	18.5%	4,800	41.0%
Accounts receivable	12,069	14.5%	12,400	13.9%	331	2.7%
Inventories	14,460	17.4%	14,373	16.1%	-87	-0.6%
Non-current Assets	44,403	53.4%	45,226	50.7%	823	1.9%
Tangible assets	40,204	48.3%	40,790	45.7%	586	1.5%
Liabilities	38,036	45.7%	43,273	48.5%	5,237	13.8%
Current Liabilities	30,693	36.9%	30,668	34.4%	-25	-0.1%
Non-Current Liabilities	7,343	8.8%	12,605	14.1%	5,262	71.7%
Shareholders' Equity	45,165	54.3%	45,938	51.5%	773	1.7%
Debt	24,236		29,547			
Net debt	12,516		13,027			
Liability Ratio		84.2%		94.2%		
Net Worth to Assets		54.3%		51.5%		
Net Debt Ratio		27.7%		28.4%		

Appendix. F/S – Consolidated I/S

(hundred million KRW)

	2014 1Q		2014 4Q		2015 1Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	16,750	100.0%	16,294	100.0%	14,865	100.0%	-11.3%	-8.8%
COGS	11,003	65.7%	10,127	62.1%	9,651	64.9%	-12.3%	-4.7%
Gross Profit	5,747	34.3%	6,167	37.9%	5,214	35.1%	-9.3%	-15.5%
SG&A	3,145	18.8%	3,724	22.9%	3,182	21.4%	1.2%	-14.6%
Operating Profit	2,602	15.5%	2,443	15.0%	2,032	13.7%	-21.9%	-16.8%
Other Revenue	539	3.2%	276	1.7%	814	5.5%	51.0%	195.0%
Other Expense	439	2.6%	748	4.6%	823	5.5%	87.5%	10.0%
Financial Revenue	108	0.6%	406	2.5%	273	1.8%	152.8%	-32.8%
Financial Expense	361	2.2%	322	2.0%	331	2.2%	-8.3%	2.8%
Income Before Income Tax	2,449	14.6%	2,055	12.6%	1,965	13.2%	-19.8%	-4.4%
E B I T D A	3,651	21.8%	3,617	22.2%	3,150	21.2%	-13.7%	-12.9%
Depreciation	1,049	6.3%	1,174	7.2%	1,118	7.5%	6.6%	-4.8%