



2017 HANKOOK TIRE
1st Quarter Result

 **Hankook**
driving emotion

The information in this presentation is based upon management forecasts and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this presentation, we have relied upon and assumed, without independent verification, accuracy and completeness of all information available from public sources of which was provided by us or which was reviewed by us.

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.

1Q Financial Highlights

2017 1Q Global Performance (Consolidated)

[100 Million KRW, %]

	2016 1Q	2016 4Q	2017 1Q	QoQ	YoY
Sales	16,260	16,106	16,392	1.8%	0.8%
COGS	10,322 (63.5%)	9,747 (60.5%)	10,659 (65.0%)	9.4%	3.3%
Operating Profit	2,511 (15.4%)	2,392 (14.9%)	2,310 (14.1%)	-3.4%	-8.0%
Ordinary Profit	2,472 (15.2%)	2,639 (16.4%)	2,095 (12.8%)	-20.6%	-15.2%
EBITDA	3,885 (23.9%)	3,608 (22.4%)	3,669 (22.4%)	1.7%	-5.6%

2017 1st Quarter Highlights

Financial Results

- Despite higher raw material costs and negative FX, strong volume growth from most regions led to sustained revenue growth and margins

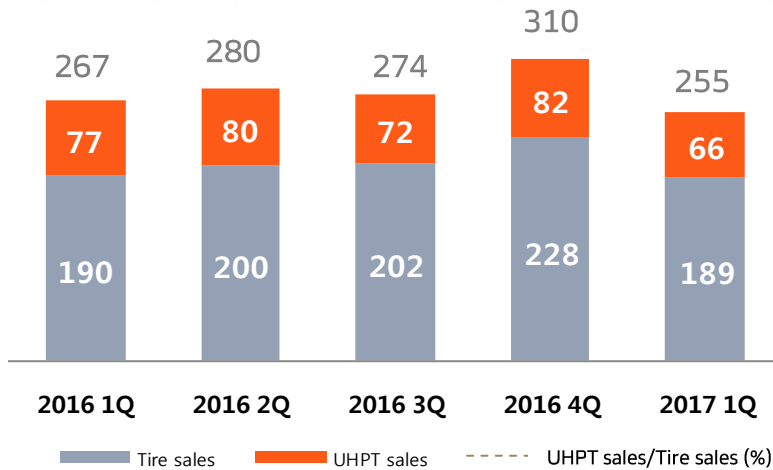
Business Highlights

- Markets growth above expectations and sales volumes exceeding market growth led to market share expansions in key markets
- Diversified portfolio and stable growth in OE sales
- UHPT sales ratio up 1.4%p YoY to 36.7% and speculations for further growth in premium segments

1Q Performance - Regional

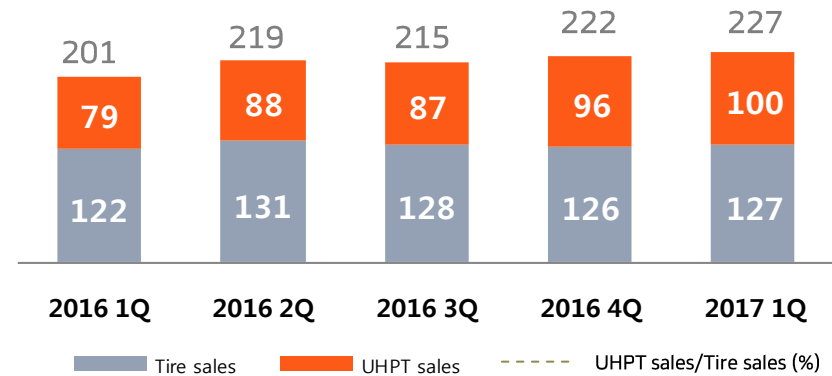
Korea

[Unit: Billion KRW, %]



China

[Unit: Billion KRW, %]



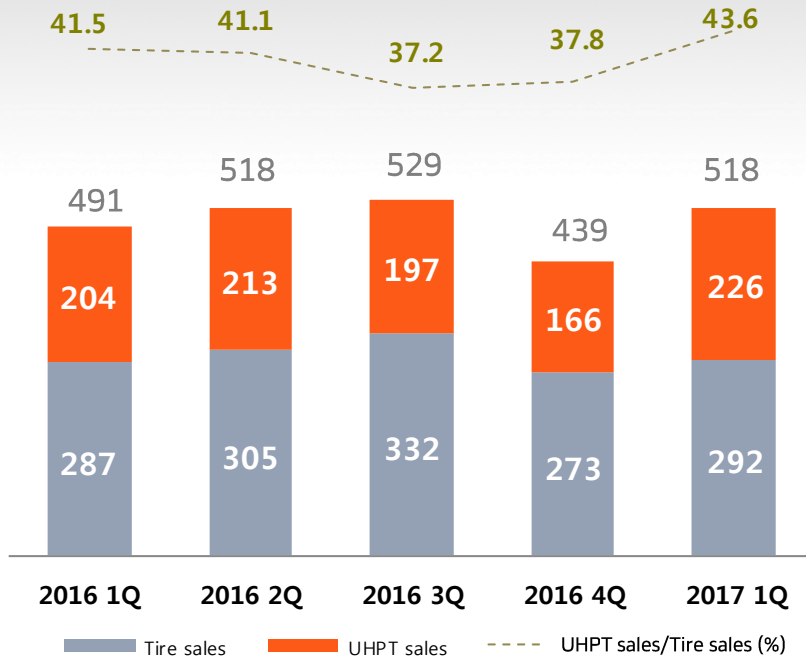
- Sluggish economy situations prolonged slow market and increased competition
- RE sales sustained with reinforcement in retail, but slow automotive market led to decrease in OE sales

- Growth in China market continues in both RE and OE despite decrease in sales tax benefit lowering OE growth
- Hankook exceeded market growth in both RE and OE gaining market share, and increased premium OE sales

1Q Performance - Regional

Europe

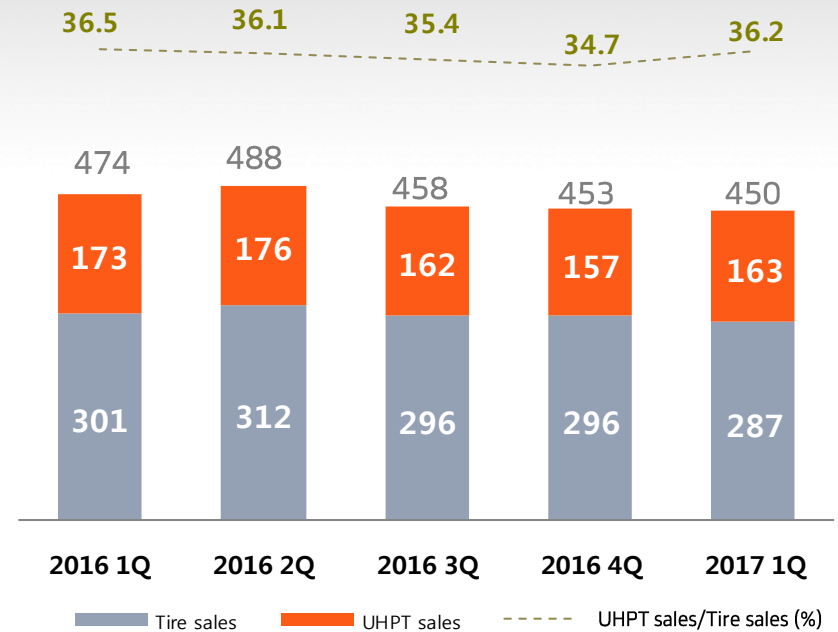
[Unit: Billion KRW, %]



- Overall strong market demand in Europe, with robust auto sales especially in Eastern Europe
- Hankook showed sharp volume growth outperforming the market, gaining share in both OE and RE market

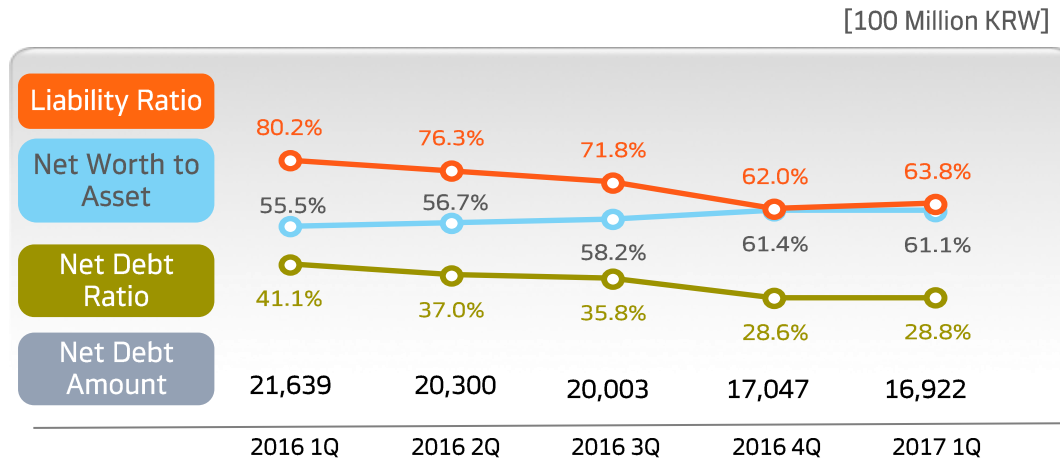
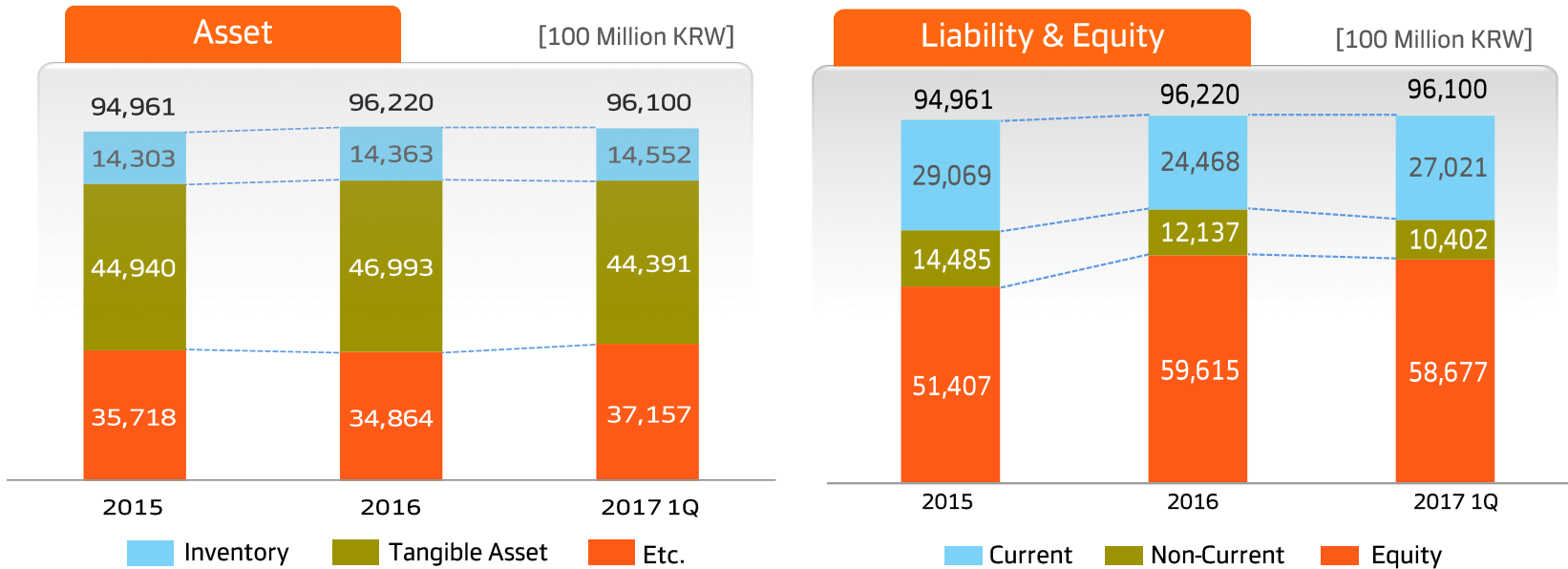
North America

[Unit: Billion KRW, %]



- RE market stable but OE market slowing
- Regardless of severe competition, results were sustained by aggressive marketing and healthy OE spread

Stability - Balance Sheet (Consolidated)

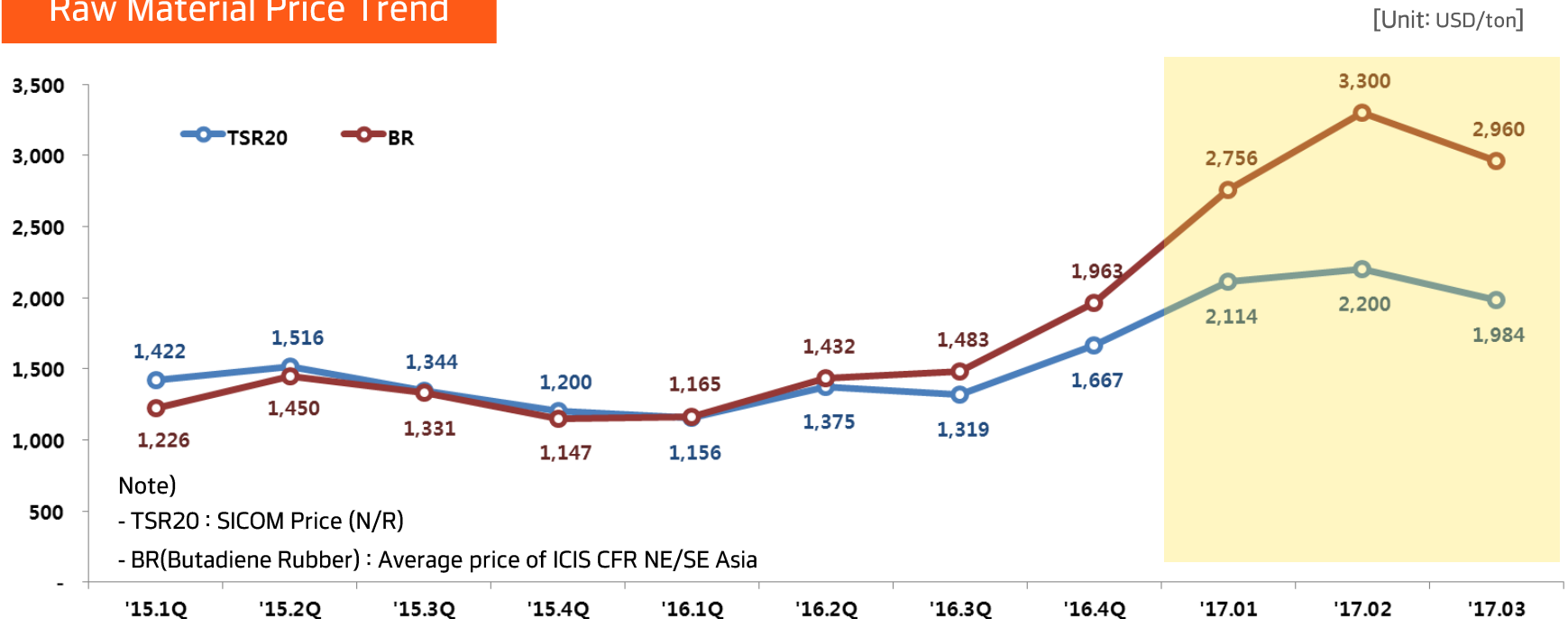


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Appendix. Raw Material

- N/R : Commodity prices were driven up by speculations and tight rubber supply from Thailand's prolonged rainy season. However, the commodity market and N/R prices have been stabilizing since March .
- S/R : BD plant suspension in 2H 2016 tightened S/R supply and prices were further driven up during the Chinese Spring Festival with manufacturers piling stocks. However, the overly heated market has cooled down since March 2017, with manufactures postponing purchases.

Raw Material Price Trend



Appendix. F/S - Consolidated B/S

[100 Million KRW]

	2016		2017 1Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	96,220	100.0%	96,100	100.0%	-120	-0.1%
Current Assets	32,931	34.2%	34,728	36.1%	1,797	5.5%
Cashable Assets	6,226	6.5%	7,131	7.4%	905	14.5%
Accounts Receivable	11,844	12.3%	12,210	12.7%	366	3.1%
Inventories	14,363	14.9%	14,552	15.1%	189	1.3%
Non-current Assets	63,289	65.8%	61,372	63.9%	-1,917	-3.0%
Tangible Assets	46,993	48.8%	44,391	46.2%	-2,602	-5.5%
Liabilities	36,605	38.0%	37,423	38.9%	818	2.2%
Current Liabilities	24,468	25.4%	27,021	28.1%	2,553	10.4%
Non-Current Liabilities	12,137	12.6%	10,402	10.8%	-1,735	-14.3%
Shareholder's Equity	59,615	62.0%	58,677	61.1%	-938	-1.6%
Debt	23,273		24,053			
Net Debt	17,047		16,922			
Liability Ratio		61.4%		63.8%		
Net Worth to Assets		62.0%		61.1%		
Net Debt Ratio		28.6%		28.8%		

Appendix. F/S - Consolidated I/S

[100 Million KRW]

	2016 1Q		2016 4Q		2017 1Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	16,260	100.0%	16,106	100.0%	16,392	100.0%	0.8%	1.8%
COGS	10,322	63.5%	9,747	60.5%	10,659	65.0%	3.3%	9.4%
Gross Profit	5,938	36.5%	6,359	39.5%	5,733	35.0%	-3.5%	-9.8%
SG&A	3,427	21.1%	3,967	24.6%	3,423	20.9%	-0.1%	-13.7%
Operating Profit	2,511	15.4%	2,392	14.9%	2,310	14.1%	-8.0%	-3.4%
Other Revenue	552	3.4%	821	5.1%	413	2.5%	-25.2%	-49.7%
Other Expense	500	3.1%	224	1.4%	758	4.6%	51.6%	-
Financial Revenue	424	2.6%	82	0.5%	567	3.5%	33.7%	-
Financial Expense	608	3.7%	616	3.8%	437	2.7%	-28.1%	-29.1%
Equity-method gain(loss)	93	0.6%	184	1.1%	-		-	-
Income before income tax	2,472	15.2%	2,639	16.4%	2,095	12.8%	-15.2%	-20.6%
						0.0%		
E B I T D A	3,885	23.9%	3,608	22.4%	3,669	22.4%	-5.6%	1.7%
Depreciation	1,374	8.5%	1,216	7.5%	1,359	8.3%	-1.1%	11.8%