



Hankook Technodome

HANKOOK TIRE
2017 Result & 2018 Business Target

 **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.

2017 RESULTS

2017 Annual Results

2017 Global Performance (Consolidated)

[100 Million KRW, %]

	2016	2017	YoY
Sales	66,218	68,134	2.9%
COGS	40,450 <i>(61.1%)</i>	44,881 <i>(65.9%)</i>	11.0%
Operating Profit	11,032 <i>(16.7%)</i>	7,938 <i>(11.7%)</i>	-28.0%
Ordinary Profit	10,924 <i>(16.5%)</i>	7,554 <i>(11.1%)</i>	-30.8%
EBITDA	16,061 <i>(24.3%)</i>	13,769 <i>(20.2%)</i>	-14.3%

4Q Financial Highlights

2017 4Q Global Performance (Consolidated)

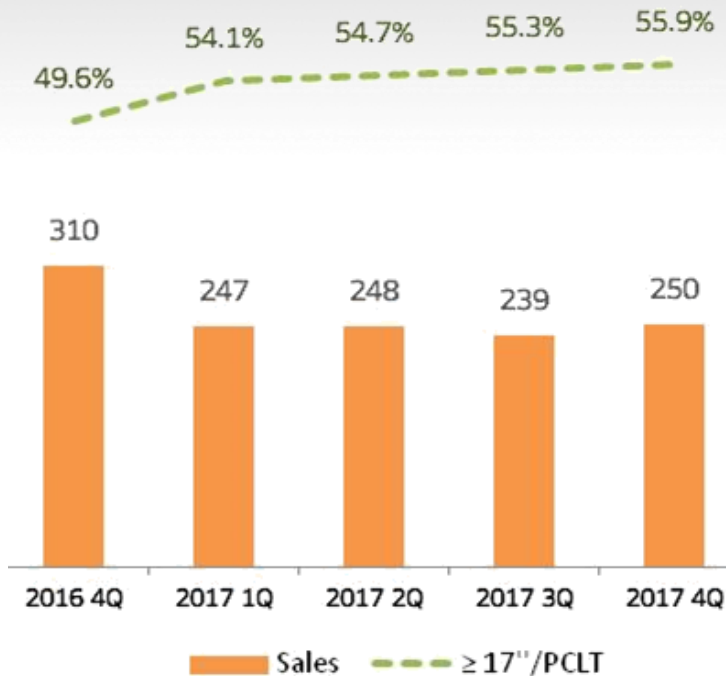
[100 Million KRW, %]

	2016 4Q	2017 3Q	2017 4Q	QoQ	YoY
Sales	16,106	18,245	16,828	-7.8%	4.5%
COGS	9,747 (60.5%)	12,068 (66.1%)	11,320 (67.3%)	-6.2%	16.1%
Operating Profit	2,392 (14.9%)	2,171 (11.9%)	1,398 (8.3%)	-35.6%	-41.6%
Ordinary Profit	2,639 (16.4%)	2,246 (12.3%)	1,113 (6.6%)	-50.4%	-57.8%
EBITDA	3,608 (22.4%)	3,613 (19.8%)	3,094 (18.4%)	-14.4%	-14.2%

Performance

Korea

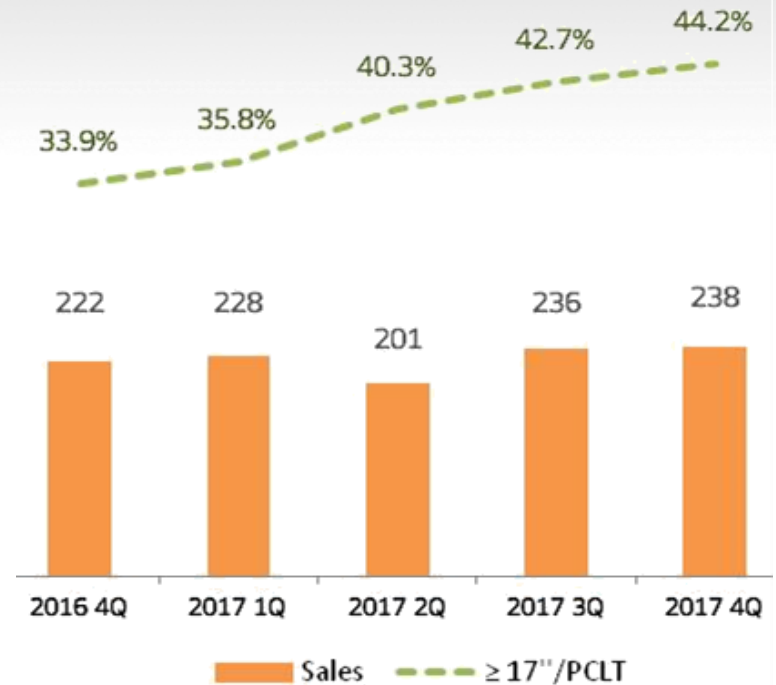
[Unit: Billion KRW, %]



- RE sales improved QoQ, but sluggish market conditions and intensive competition resulted to lower sales YoY
- Weak OE sales due to Auto maker's labor strike

China

[Unit: Billion KRW, %]



- RE sales exceeding market growth combined with continued product mix improvements
- Increased OE business with premium OE partners

Performance

Europe

[Unit: Billion KRW, %]



- Stable RE sales outperforming market growth and increased supply to OE manufactures

North America

[Unit: Billion KRW, %]



- Increase of sales in both RE and OE, coupled with high inch product mix improvements

2018 GUIDANCE

2018 Guidance

[100 Million KRW, %]

Global	2017 Results	2018 Target	YoY(%)
Sales	68,134	74,000	8.6%
Operating Profit	7,938	10,200	28.5%
OPM	11.7%	13.8%	2.1%p

※ 2017 Consolidated Results / 2018 Tire Business Target

1 Value based Growth

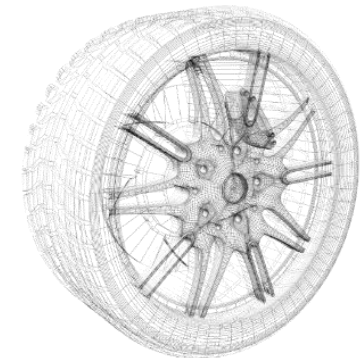
- HIGH VALUE FOCUS
- FLEXIBLE GROWTH

2 Sustainable Growth

- CORPORATE SOCIAL RESPONSIBILITY
- TECHNOLOGY INNOVATION

3 Stable Growth

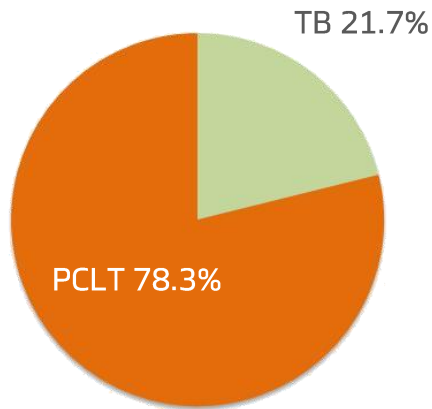
- STRONG CASH FLOW GENERATION



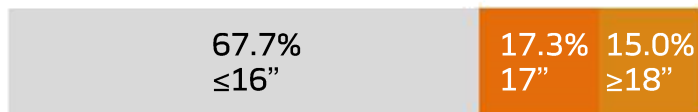
2018 Guidance

PILLAR 1: High value focus

2012

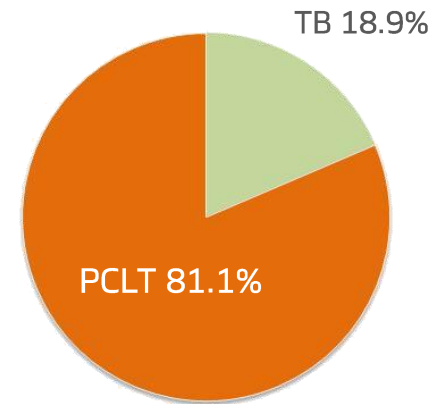


Sales (PCLT)



32.3% ≥17"/PCLT

2017



Sales (PCLT)

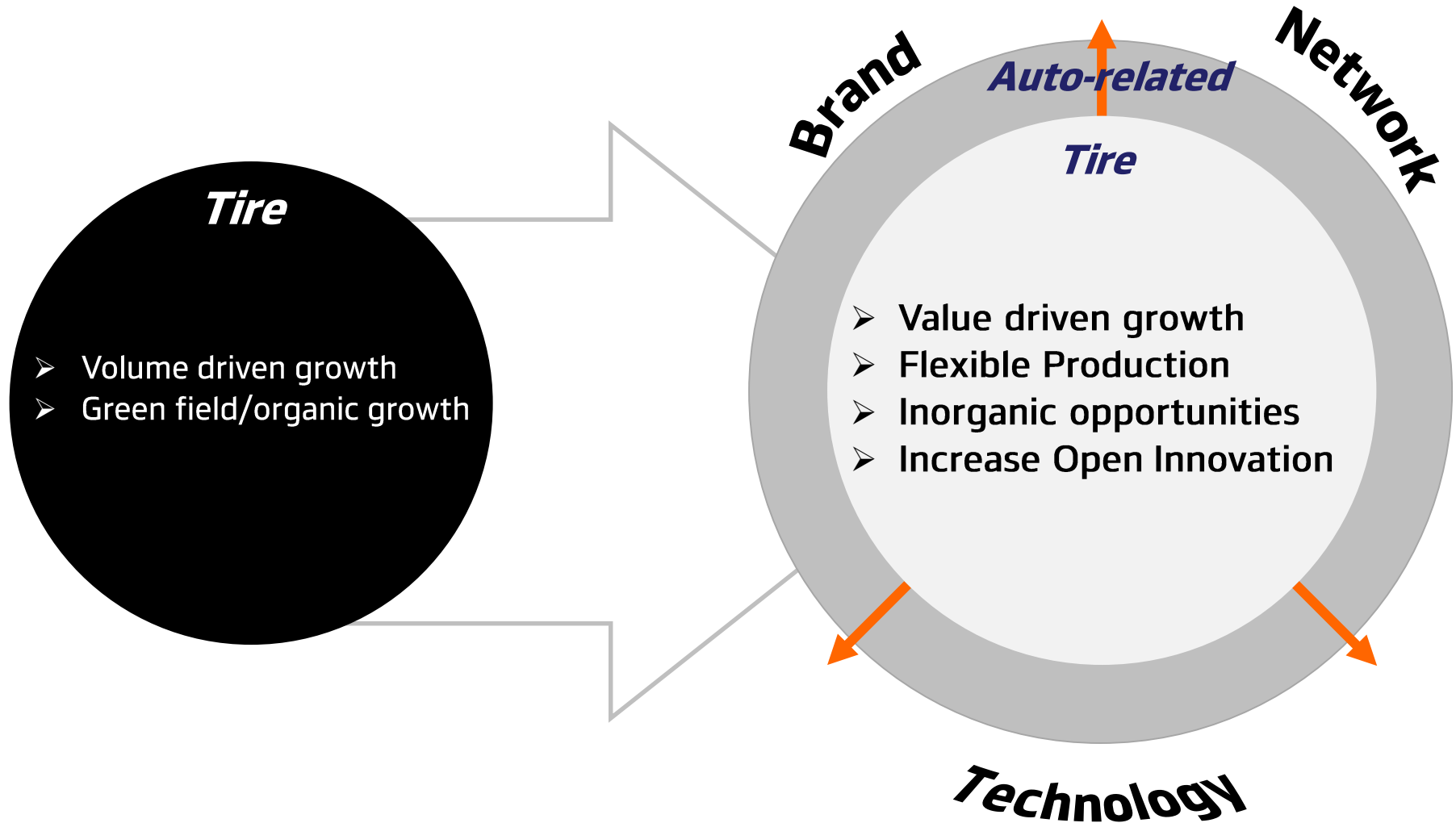


48.4% ≥17"/PCLT

- 2018 Target for high inch (≥17") ratio is to exceed 50% of PCLT sales

2018 Guidance

PILLAR 2 : Next Growth Formula



2018 Guidance

PILLAR 3 : Promoting a healthy and sustainable global community

MEMBER OF

**Dow Jones
Sustainability Indices**

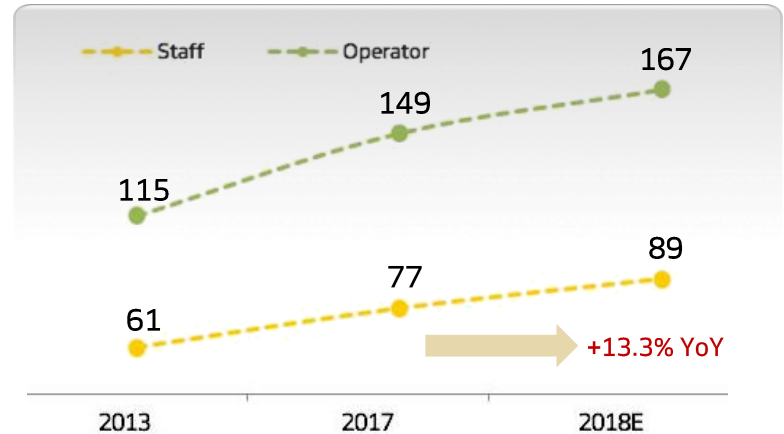
In Collaboration with RobecoSAM

- 2016, 2017 World Class

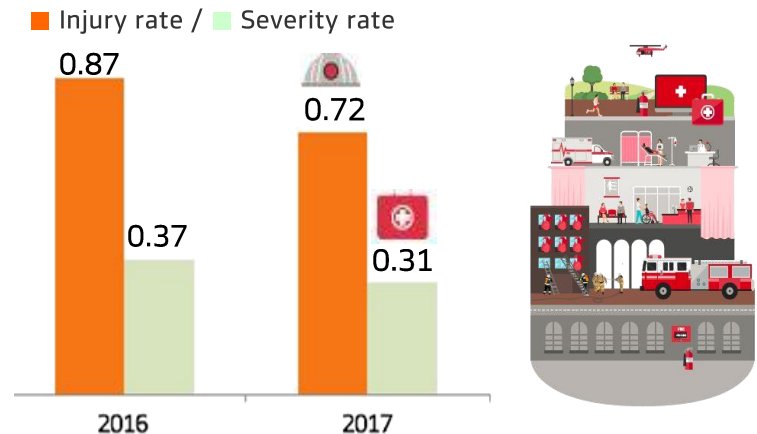


- 2017 CDP (Consumer Discretionary Sector) HONORS AWARD (A- grade)

G.EHS Employee Trend ※ US Plant excluded



Safety Index ※ Based on Korea Plants



※ Injury rate : rate of injured employees per 100 employees

Severity rate : Lost working days caused by injuries per 1,000 work hours

2018 Guidance

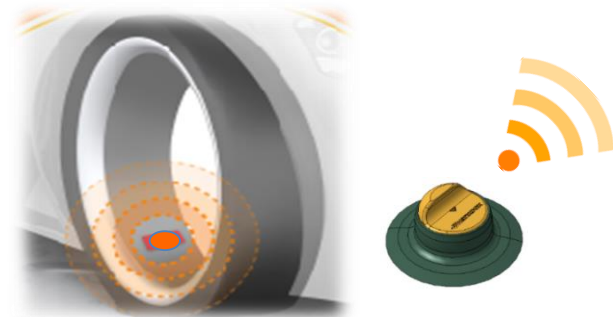
PILLAR 4 : New Segment Product

EV Car Tire

- Low RR
- High Load Durability
- Wear
- Low Noise

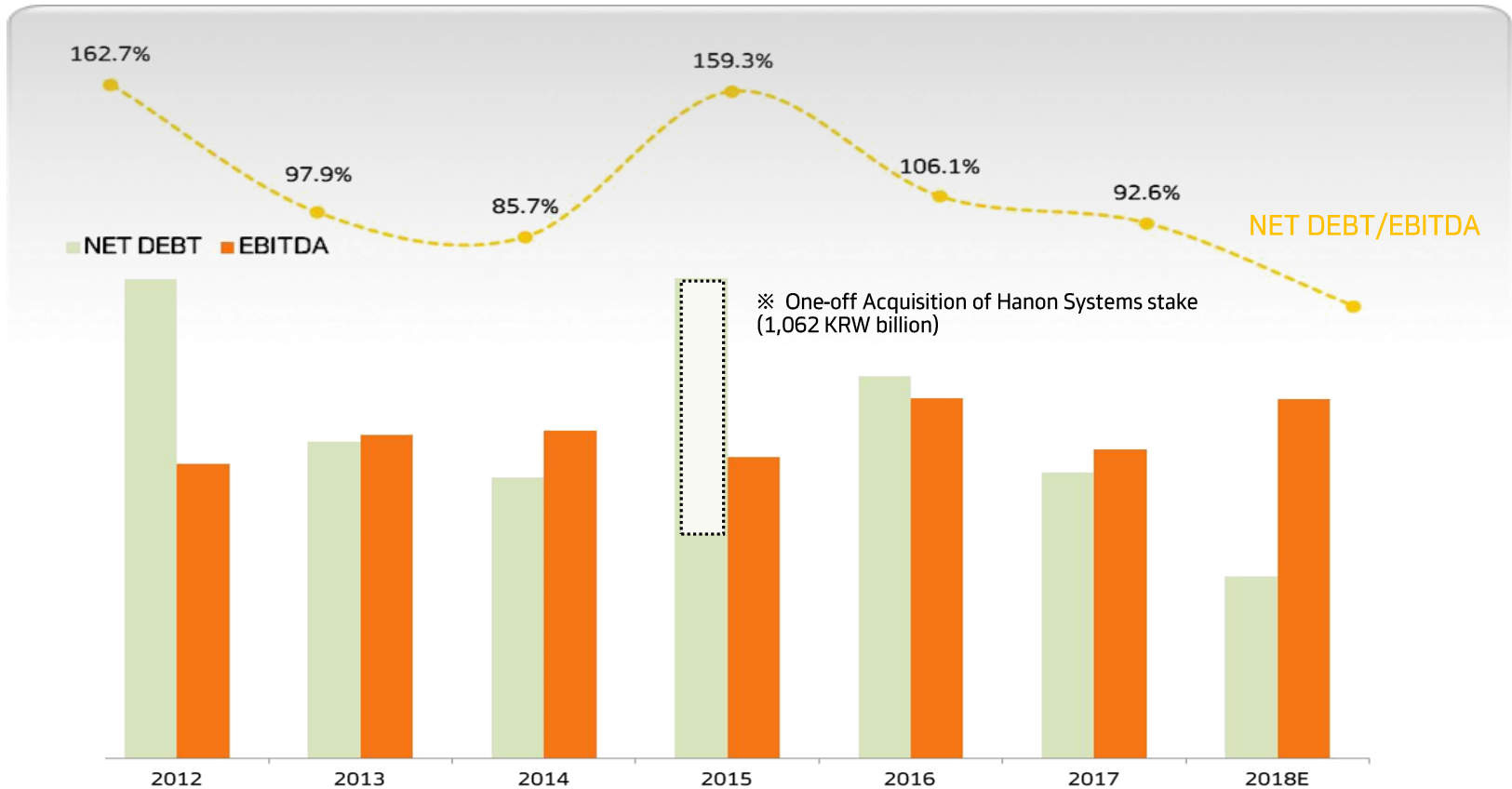


Intelligent Tire



2018 Guidance

PILLAR 5 : Prudent Financial Policy - Healthy Cash Flow Generation



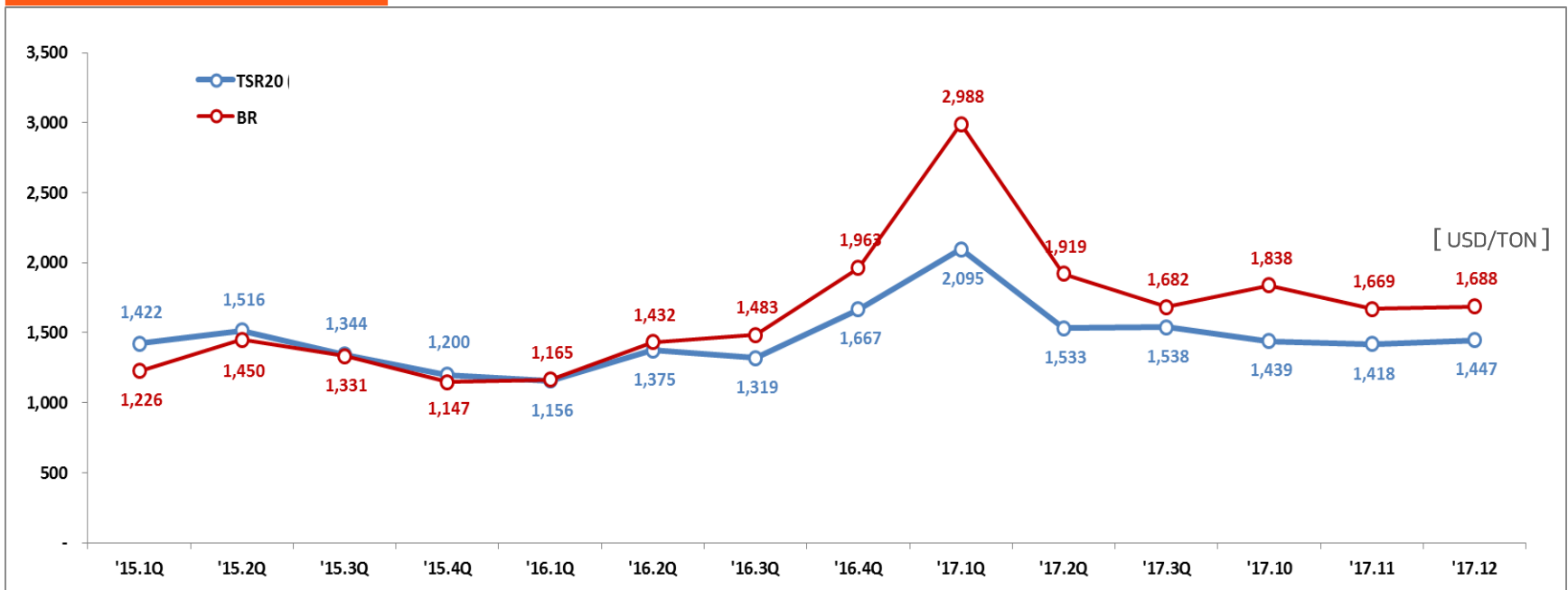
Billion KRW	2012	2013	2014	2015	2016	2017
NET DEBT	2,137	1,414	1,252	2,140	1,705	1,275
CAPEX	885	443	968	987	702	464

End of The Document

Appendix. Raw Material Trend

- S/R : BR Price Trend : 2017 average(\$ 2,072/ton) vs. 2016 average(\$ 1,507/ton)
2017 Jan average(\$ 2,756/ton) vs. Dec average(\$ 1,688/ton)
- N/R : TSR20 Price Trend : 2017 average price(\$ 1,648/ton) vs. 2016 average price(\$ 1,381/ton)
2017 Jan average (\$2,114/ton) vs. Dec average(\$ 1,452/ton)

Rubber price trend



Note) TSR20 : SICOM Price (Natural Rubber)
BR(Butadiene Rubber) : ICIS CFR NE/SE Asia average price

Appendix. F/S - Consolidated B/S

[100 Million KRW]

	2016		2017		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	96,220	100.0%	95,238	100.0%	-982	-1.0%
Current Assets	32,931	34.2%	35,399	37.2%	2,468	7.5%
Cashable Assets	6,226	6.5%	6,985	7.3%	759	12.2%
Accounts Receivable	11,844	12.3%	12,496	13.1%	652	5.5%
Inventories	14,363	14.9%	14,945	15.7%	582	4.1%
Non-current Assets	63,289	65.8%	59,840	62.8%	-3,449	-5.4%
Tangible Assets	46,993	48.8%	43,204	45.4%	-3,789	-8.1%
Liabilities	36,605	38.0%	31,328	32.9%	-5,277	-14.4%
Current Liabilities	24,468	25.4%	22,806	23.9%	-1,662	-6.8%
Non-Current Liabilities	12,137	12.6%	8,522	8.9%	-3,615	-29.8%
Shareholder's Equity	59,615	62.0%	63,910	67.1%	4,295	7.2%
Debt	23,273		19,735			
Net Debt	17,047		12,749			
Liability Ratio		61.4%		49.0%		
Net Worth to Assets		62.0%		67.1%		
Net Debt Ratio		28.6%		19.9%		

Appendix. F/S - Consolidated I/S

[100 Million KRW]

	2016 4Q		2017 3Q		2017 4Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	16,106	100.0%	18,245	100.0%	16,828	100.0%	4.5%	-7.8%
COGS	9,747	60.5%	12,068	66.1%	11,320	67.3%	16.1%	-6.2%
Gross Profit	6,359	39.5%	6,177	33.9%	5,508	32.7%	-13.4%	-10.8%
SG&A	3,967	24.6%	4,006	22.0%	4,110	24.4%	3.6%	2.6%
Operating Profit	2,392	14.9%	2,171	11.9%	1,398	8.3%	-41.6%	-35.6%
Other Revenue	821	5.1%	460	2.5%	200	1.2%	-75.6%	-56.5%
Other Expense	224	1.4%	229	1.3%	779	4.6%	-	-
Financial Revenue	82	0.5%	373	2.0%	341	2.0%	-	-8.6%
Financial Expense	616	3.8%	632	3.5%	47	0.3%	-	-
Equity-method gain(loss)	184	1.1%	103	0.6%				
Income before income tax	2,639	16.4%	2,246	12.3%	1,113	6.6%	-57.8%	-50.4%
E B I T D A	3,608	22.4%	3,613	19.8%	3,094	18.4%	-14.2%	-14.4%
Depreciation	1,216	7.5%	1,442	7.9%	1,697	10.1%	39.6%	17.7%