



Hankook Technodome

2018 HANKOOK TIRE  
**1<sup>st</sup> Quarter Result**



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.

# 2018 1<sup>st</sup> Quarter Results

## Global Performance (Consolidated)

[100 Million KRW, %]

	2017 1Q	2017 4Q	2018 1Q	QoQ	YoY
Sales	16,392	16,823	16,114	-4.2%	-1.7%
COGS	10,649 (65.0%)	11,363 (67.5%)	11,123 (69.0%)	-2.1%	4.5%
Operating Profit	2,322 (14.2%)	1,394 (8.3%)	1,844 (11.4%)	32.3%	-20.6%
Ordinary Profit	2,068 (12.6%)	989 (5.9%)	1,830 (11.4%)	85.0%	-11.5%
EBITDA	3,640 (22.2%)	2,751 (16.4%)	3,284 (20.4%)	19.4%	-9.8%

# 2018 1<sup>st</sup> Quarter Highlights

- Re sales growth in Europe continued exceeding market demand and gaining market share
  - Other major areas showed slight decline YoY in volume due to base effect
- Weak OE market lead to lower sales YoY with the exception of North America which continued to show strong growth
- Sales ratio of  $\geq 17$ inch within PC/LT was 50.6%, which is up 3.2%p YoY
  - In line with 2018 target to exceed 50%
- Hankook Tire becomes ‘Official Tire of Major League Baseball’
- Positive magazine test results - ‘Ventus Prime 3’ recognized with top quality



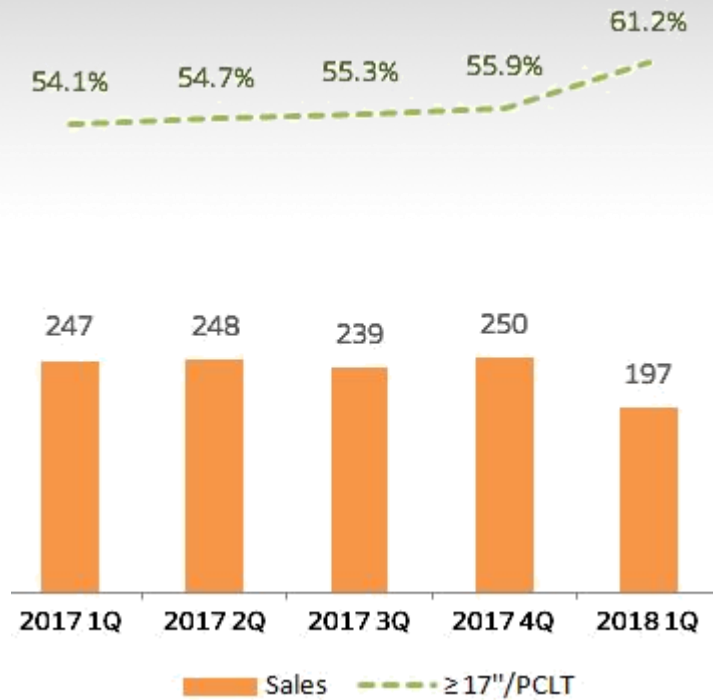
OFFICIAL TIRE OF MAJOR LEAGUE BASEBALL



# Regional Performance

## Korea

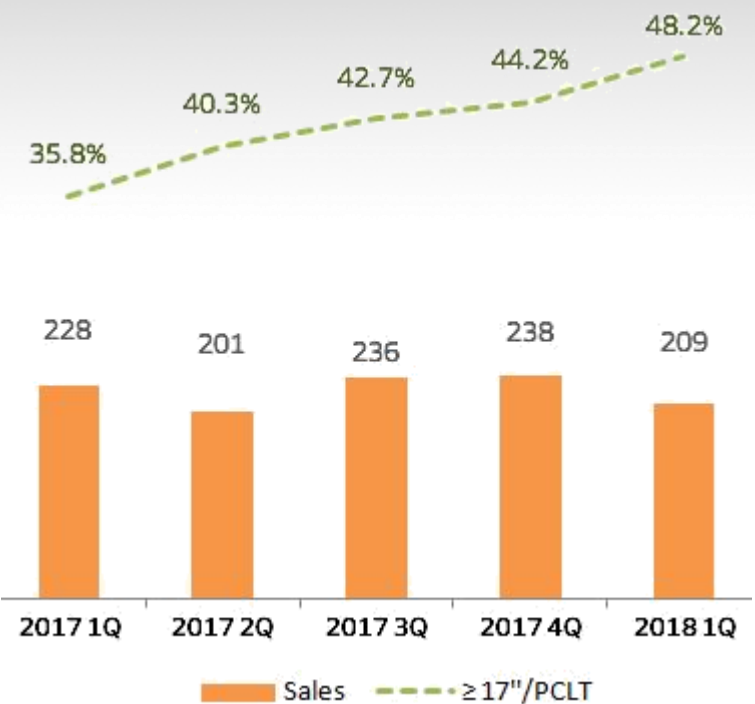
[Unit: Billion KRW, %]



- Increased competition coupled with weak market conditions lead to weak RE sales
- OE sales impacted by auto maker's partial labor strike

## China

[Unit: Billion KRW, %]



- Stable RE sales, but lower volume YoY due to base effect
- Sluggish auto market lead to weak OE sales

# Regional Performance

## Europe

[Unit: Billion KRW, %]



- Stable RE sales growth in major European countries
- OE sales weak due to slow vehicle sales

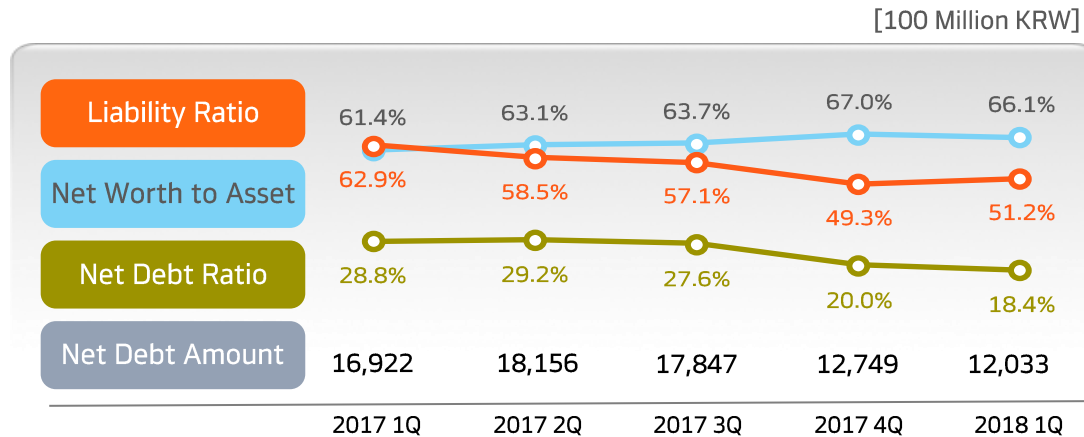
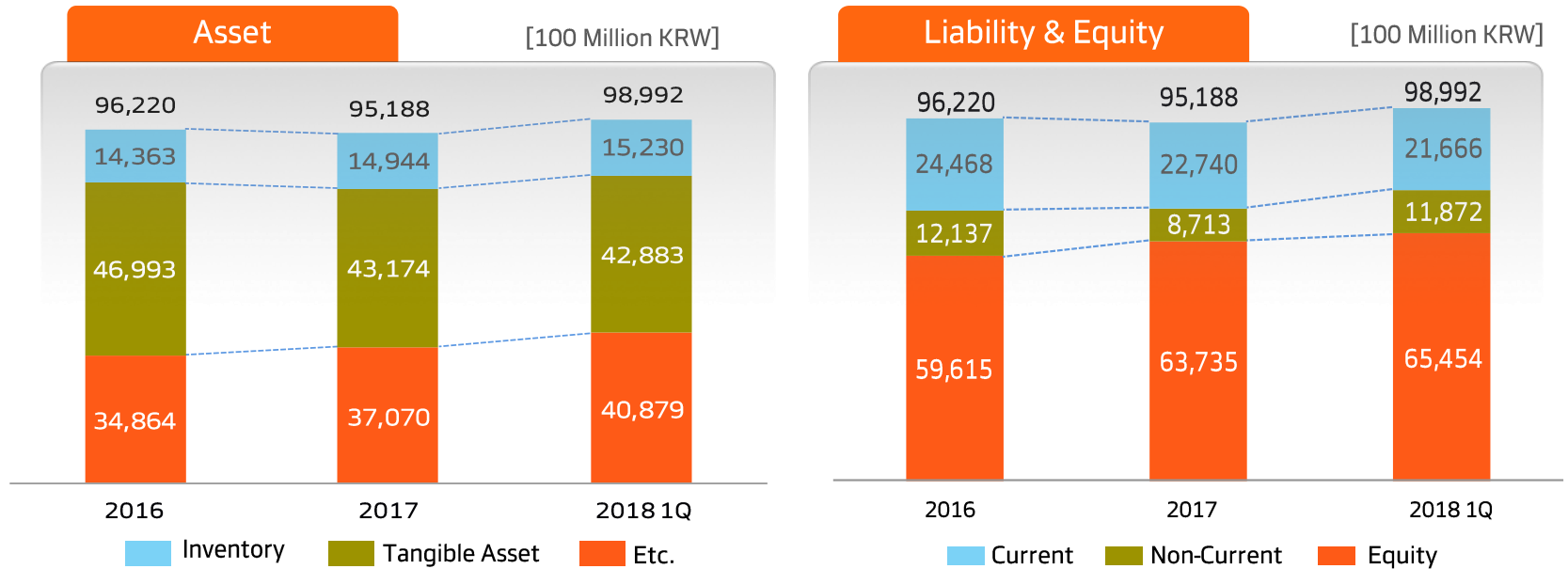
## North America

[Unit: Billion KRW, %]



- Lower RE sales due to weak market demand
- Strong OE sales with increased sales to major OE partners

# Stability - Balance Sheet (Consolidated)



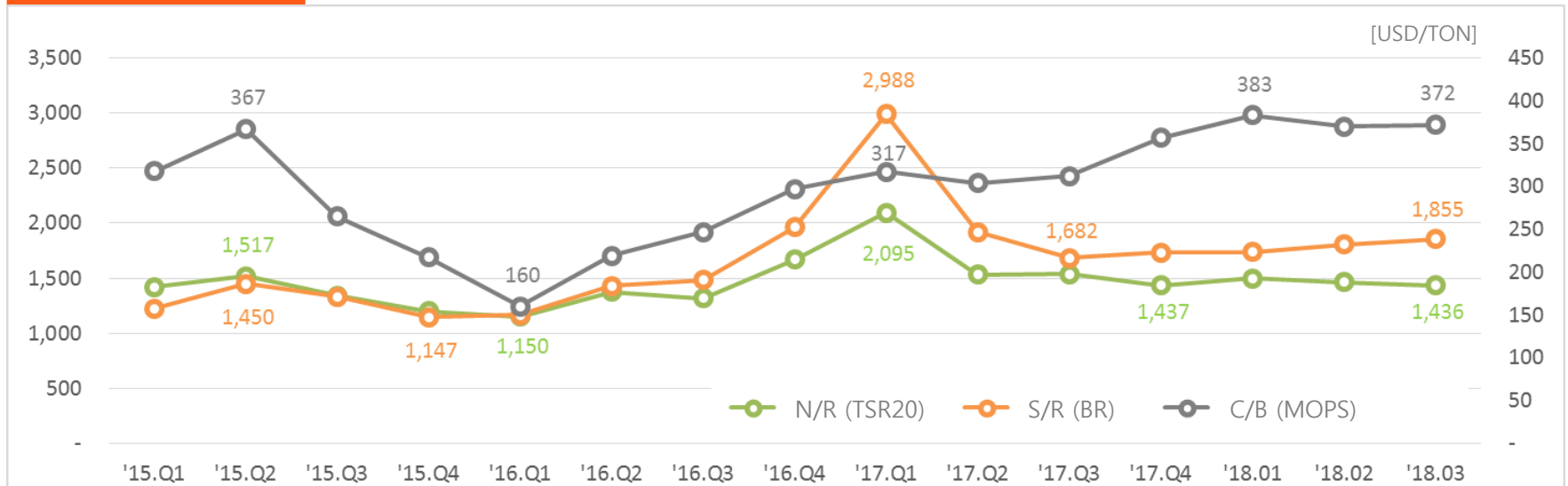
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# Appendix. Raw Material Trend

- N/R : Stable price trend since 2Q 2017. 2018 1Q TSR20 price down 30% YoY
- S/R : ① BD : After spiking in 1Q 2017, prices declined moving within 1,000~1,500 U\$/ton range since 2Q 2017. Prices expected to sway at the higher range in 2H with strong oil prices.  
② BR : 2018 1Q prices down 40% YoY, 2H 2018 prices to be effected by BD price market price
- C/B : ① MOPS : Rising oil price caused price spike and thus 2018 1Q prices up 18% YoY  
② C/B : Shortage in supply of carbon black with weak China steel industry caused sharp rise in FCC premium which raised 2018 1Q prices by 38% YoY. 2H is expected to remain in similar price range.

## Rubber price trend



Note1) TSR20 : SICOM Price (Natural Rubber)

Note2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia average price

Note3) MOPS(Mean of Platt's Singapore) : FCC Price (index price of refined oil)

# Appendix. F/S - Consolidated B/S

[100 Million KRW, %]

	2017		2018 1Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	95,188	100.0%	98,992	100.0%	3,804	4.0%
Current Assets	35,344	37.1%	39,110	39.5%	3,766	10.7%
Cashable Assets	6,942	7.3%	7,605	7.7%	663	9.6%
Accounts Receivable	12,540	13.2%	13,968	14.1%	1,428	11.4%
Inventories	14,944	15.7%	15,230	15.4%	286	1.9%
Non-current Assets	59,843	62.9%	59,882	60.5%	39	0.1%
Tangible Assets	43,174	45.4%	42,883	43.3%	-291	-0.7%
Liabilities	31,453	33.0%	33,538	33.9%	2,085	6.6%
Current Liabilities	22,740	23.9%	21,666	21.9%	-1,074	-4.7%
Non-Current Liabilities	8,713	9.2%	11,872	12.0%	3,159	36.3%
Shareholder's Equity	63,735	67.0%	65,454	66.1%	1,719	2.7%
Debt	19,735		20,825			
Net Debt	12,749		12,033			
Liability Ratio		49.3%		51.2%		
Net Worth to Assets		67.0%		66.1%		
Net Debt Ratio		20.0%		18.4%		

# Appendix. F/S - Consolidated I/S

[100 Million KRW, %]

	2017 1Q		2017 4Q		2018 1Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	16,392	100.0%	16,823	100.0%	16,114	100.0%	-1.7%	-4.2%
COGS	10,649	65.0%	11,363	67.5%	11,126	69.0%	4.5%	-2.1%
Gross Profit	5,743	35.0%	5,460	32.5%	4,988	31.0%	-13.1%	-8.6%
SG&A	3,421	20.9%	4,066	24.2%	3,144	19.5%	-8.1%	-22.7%
Operating Profit	2,322	14.2%	1,394	8.3%	1,844	11.4%	-20.6%	32.3%
Other Revenue	350	2.1%	43	0.3%	548	3.4%	56.6%	-
Other Expense	792	4.8%	825	4.9%	333	2.1%	-58.0%	-59.6%
Financial Revenue	566	3.5%	342	2.0%	313	1.9%	-44.7%	-8.5%
Financial Expense	437	2.7%	74	0.4%	542	3.4%	24.0%	-
Equity-method gain(loss)	59	0.4%	109	0.6%				
Income before income tax	2,068	12.6%	989	5.9%	1,830	11.4%	-11.5%	85.0%
E B I T D A	3,640	22.2%	2,750	16.3%	3,284	20.4%	-9.8%	19.4%
Depreciation	1,318	8.0%	1,356	8.1%	1,440	8.9%	9.3%	6.2%