



Hankook Technodome

2019 HANKOOK TIRE 1st Quarter Results



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

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2019 1st Quarter Results

2019 1Q Global Performance (Consolidated)

[100 Million KRW, %]

	2018 1Q	2018 4Q	2019 1Q	QoQ	YoY
Sales	16,091	17,252	16,425	-4.8%	2.1%
COGS	11,118 (69.1%)	12,026 (69.7%)	11,633 (70.8%)	-3.3%	4.6%
Operating Profit	1,848 (11.5%)	1,450 (8.4%)	1,401 (8.5%)	-3.3%	-24.1%
Ordinary Profit	1,853 (11.5%)	1,241 (7.2%)	1,587 (9.7%)	27.9%	-14.4%
EBITDA	3,217 (20.0%)	2,989 (17.3%)	2,938 (17.9%)	-1.7%	-8.7%

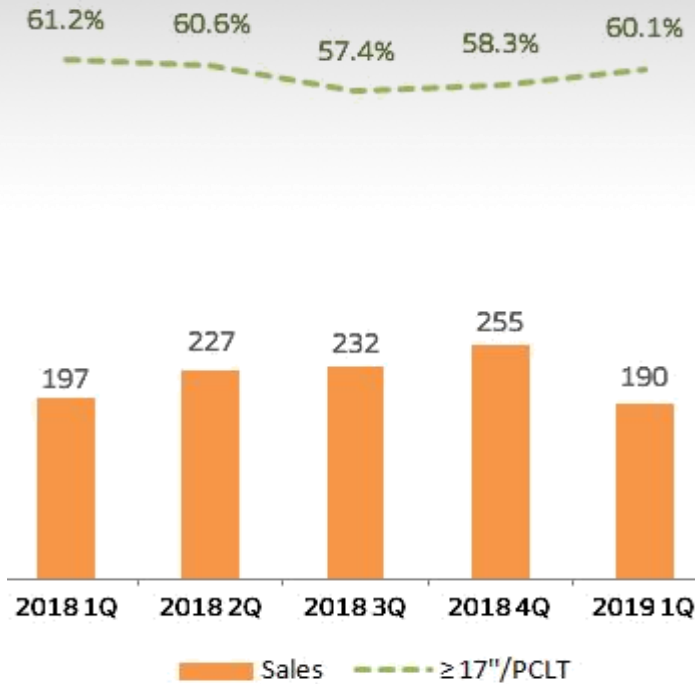
2019 1st Quarter Overview

- Stable RE volume growth of most regions were offset by weak European sales based on softening economic situations, resulting to Global RE volume decline
- Strong OE sales growth from North America and ASEAN-India were also offset by sluggish OE sales from China and Europe due to weak auto demand
- Continue to enhance product mix by promoting high inch segments growth
 - Sales ratio of ≥ 17 inch within PC/LT increased to 53.9% which is up 3.3%p YoY
 - Looking into increasing high inch capability with increasing market demand
- Tennessee Plant expected to meet annual production target
 - With increased production stability, March reached monthly BEP in operating level
 - Will continue to decrease volatility and maximize utilization rate

Regional Performance

Korea

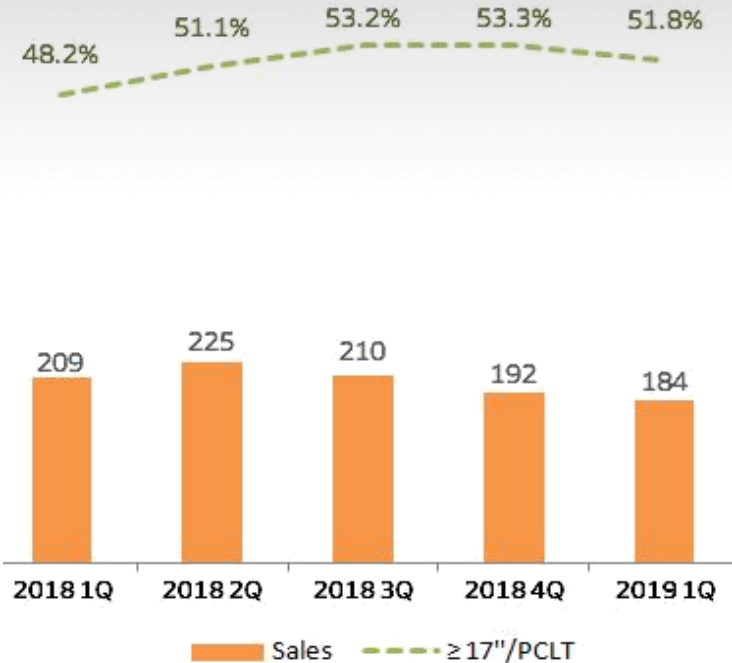
[Unit: Billion KRW, %]



- RE sales growth with strong ≥ 17 " sales and increase of sales from O2O marketing promotions
- Slight decline in OE sales YoY

China

[Unit: Billion KRW, %]

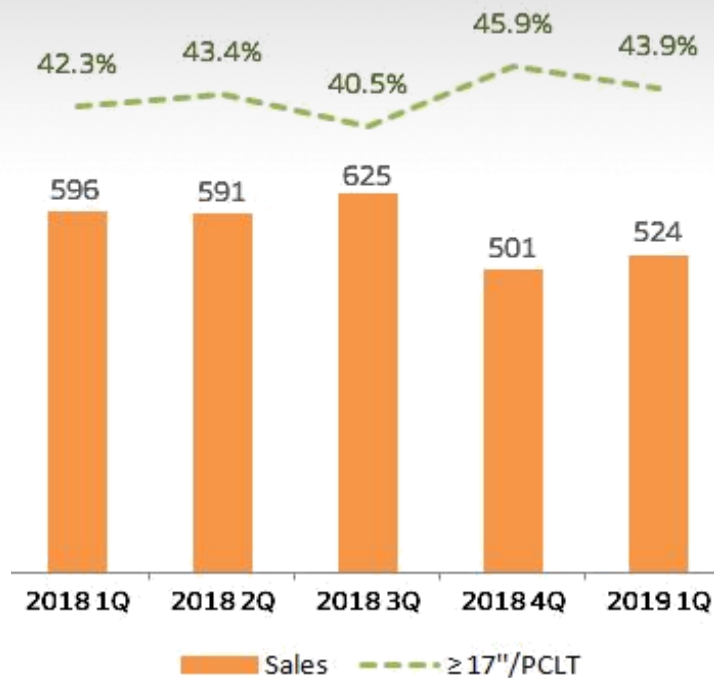


- Continued growth of ≥ 17 " sales and sales growth above market demand
- Car sales continued to fall which resulted to sharp sales decline for automakers, leading to weak OE sales

Regional Performance

Europe

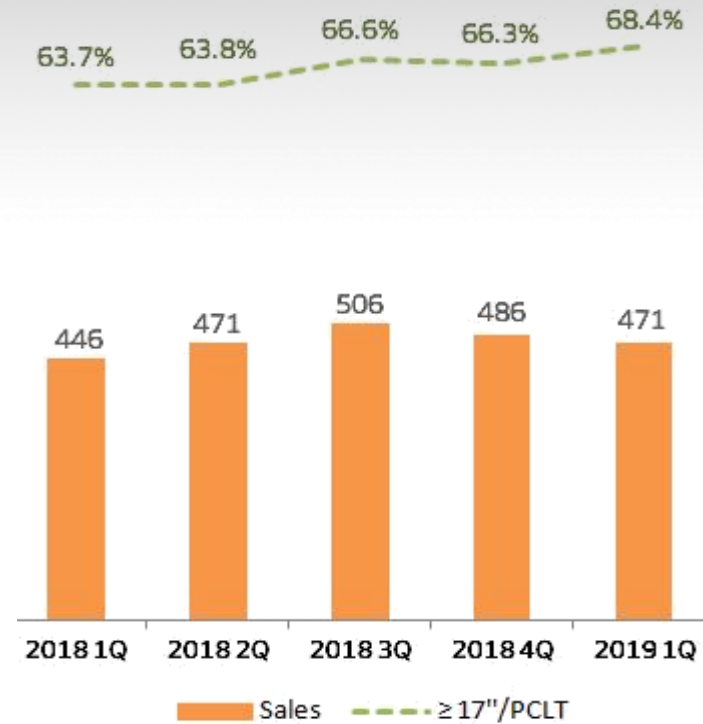
[Unit: Billion KRW, %]



- RE sales decline YoY with weak demand due to slowdown of the Europe Economy
- OE sales decline continued with sliding auto sales resulting to lower production

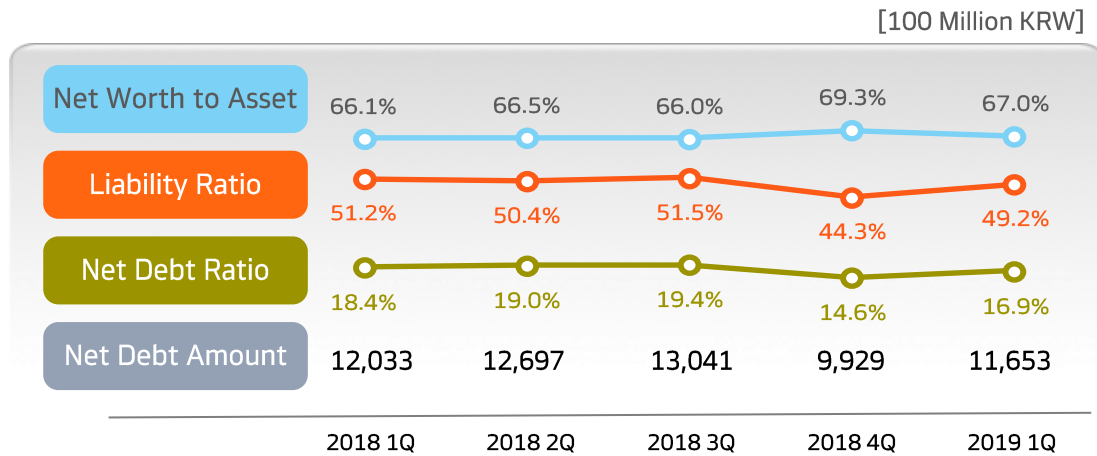
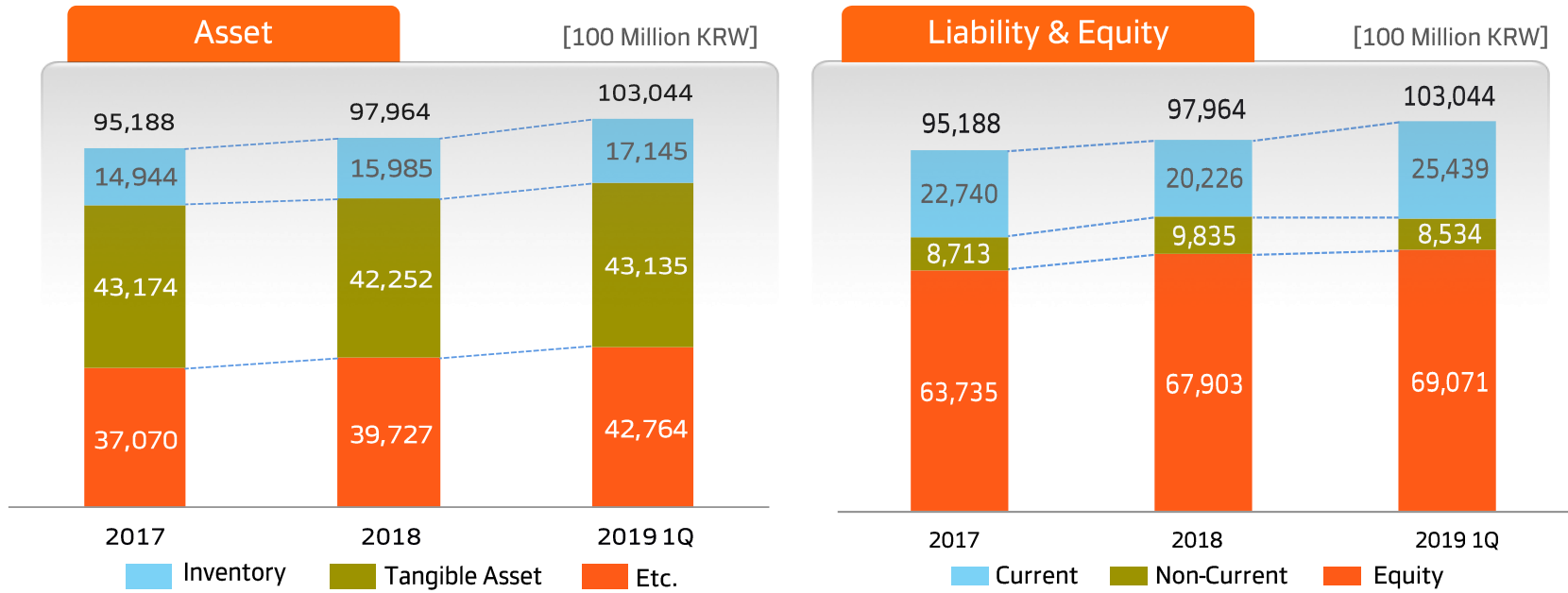
North America

[Unit: Billion KRW, %]



- RE sales recovery with increased demand from market, business with new dealerships and strong ≥17" sales
- Despite weak demand, OE sales continued to grow with increased supply to Pick up trucks and SUV vehicles

Stability - Balance Sheet (Consolidated)

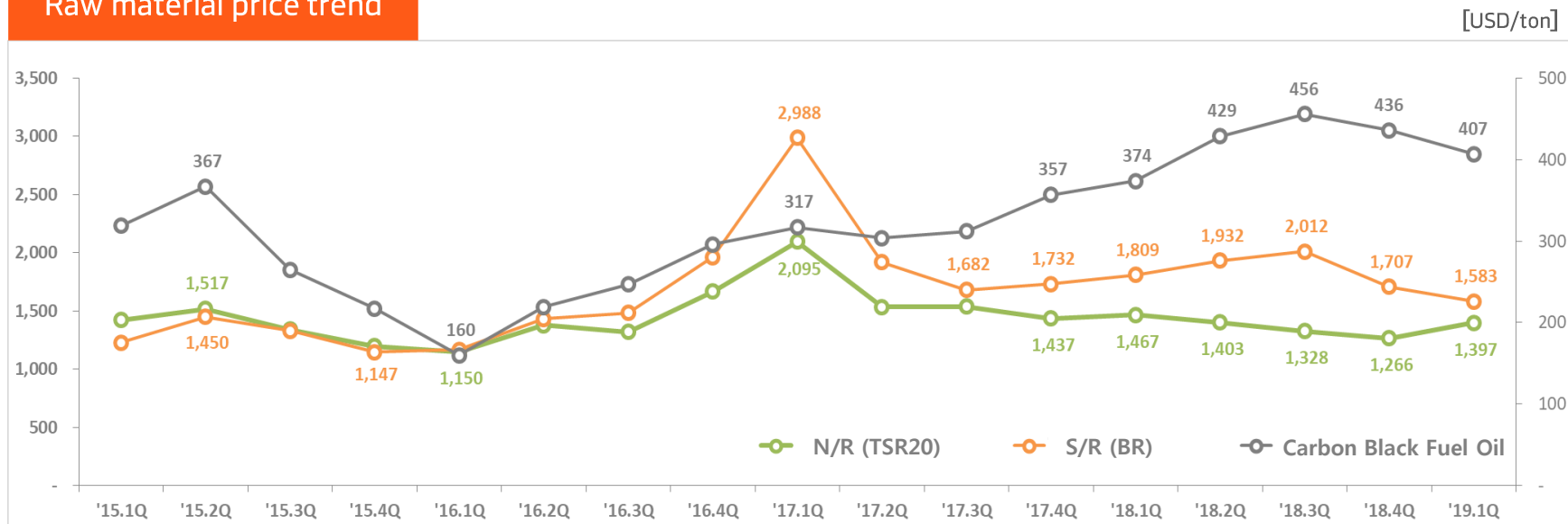


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Appendix. Raw Material Trend

- N/R : Weak pricing prolonged due to the US-China Trade issues and weak demand from China
However with lower NR production due to the start of wintering season and expectations for price revival with elections in Thailand and Indonesia are triggering price rebound
2019 1Q TSR20 price down 5% YoY, up 10% QoQ
- S/R : Global automotive market slowdown, especially from China is lengthening BD price weakness, also the flow of European and South American BD products into Asia is causing oversupply issues
2019 1Q BD prices down 14.0% YoY, down 7.9% QoQ
- C/B : Fuel oil prices decline due to falling oil prices, which is expected to continue into 2019 2Q
2019 1Q Carbon black fuel oil prices up 8.8% YoY, down 6.7% QoQ

Raw material price trend



Note1) TSR20 : SICOM Price (Natural Rubber)

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

Note3) Carbon Black Fuel Oil : Index price of refined oil

Appendix. F/S - Consolidated B/S

[100 Million KRW, %]

	2018		2019 1Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	97,964	100.0%	103,044	100.0%	5,080	5.2%
Current Assets	36,532	37.3%	40,859	39.7%	4,327	11.8%
Cashable Assets	6,396	6.5%	8,164	7.9%	1,768	27.6%
Accounts Receivable	13,327	13.6%	14,297	13.9%	970	7.3%
Inventories	15,985	16.3%	17,145	16.6%	1,160	7.3%
Non-current Assets	61,433	62.7%	62,185	60.3%	752	1.2%
Tangible Assets	42,252	43.1%	43,135	41.9%	883	2.1%
Liabilities	30,061	30.7%	33,973	33.0%	3,912	13.0%
Current Liabilities	20,226	20.6%	25,439	24.7%	5,213	25.8%
Non-Current Liabilities	9,835	10.0%	8,534	8.3%	-1,301	-13.2%
Shareholder's Equity	67,903	69.3%	69,071	67.0%	1,168	1.7%
Debt	16,324		19,817			
Net Debt	9,929		11,653			
Liability Ratio		44.3%		49.2%		
Net Worth to Assets		69.3%		67.0%		
Net Debt Ratio		14.6%		16.9%		

Appendix. F/S - Consolidated I/S

[100 Million KRW, %]

	2018 1Q		2018 4Q		2019 1Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	16,091	100.0%	17,252	100.0%	16,425	100.0%	2.1%	-4.8%
COGS	11,118	69.1%	12,026	69.7%	11,633	70.8%	4.6%	-3.3%
Gross Profit	4,973	30.9%	5,226	30.3%	4,792	29.2%	-3.6%	-8.3%
SG&A	3,125	19.4%	3,776	21.9%	3,390	20.6%	8.5%	-10.2%
Operating Profit	1,848	11.5%	1,450	8.4%	1,402	8.5%	-24.1%	-3.3%
Other Revenue	484	3.0%	164	1.0%	758	4.6%	56.6%	-
Other Expense	334	2.1%	407	2.4%	294	1.8%	-12.0%	-27.8%
Financial Revenue	313	1.9%	176	1.0%	186	1.1%	-40.6%	5.7%
Financial Expense	541	3.4%	279	1.6%	465	2.8%	-14.0%	66.7%
Equity-method gain(loss)	83	0.5%	137	0.8%	-	-	-	-
Income before income tax	1,853	11.5%	1,241	7.2%	1,587	9.7%	-14.4%	27.9%
EBITDA	3,217	20.0%	2,989	17.3%	2,938	17.9%	-8.7%	-1.7%
Depreciation	1,369	8.5%	1,539	8.9%	1,536	9.4%	12.2%	-0.2%

* '19. 1Q Investments in associates is currently included in Other Revenue and will be re-classified after the audit