

HANKOOK TIRE
ANNUAL REPORT
2015

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HANKOOK
TIRE

BUSINESS HIGHLIGHTS

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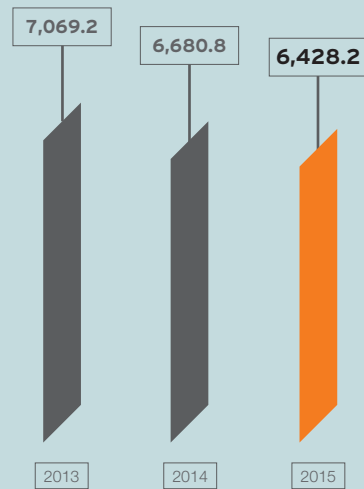
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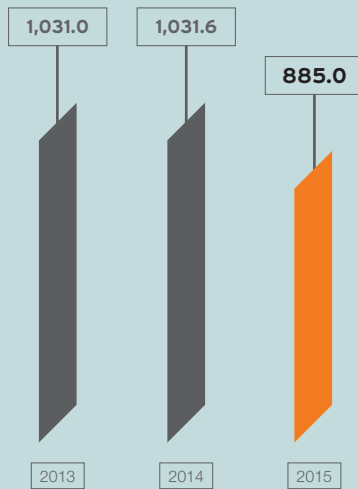
FINANCIAL HIGHLIGHTS

Unit: KRW in Billions
K-IFRS, Total on Consolidated Basis

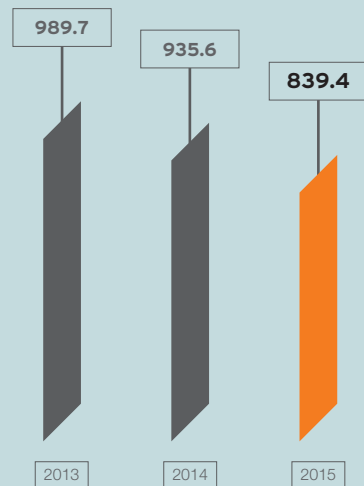
Sales



Operating Income

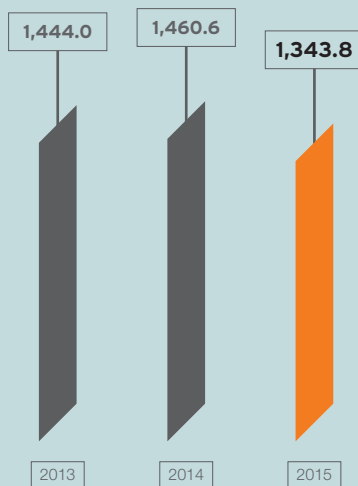


Ordinary Income



EBITDA

(Earnings Before Interest, Taxes, Depreciation and Amortization)



Stock Market Data

	2015	2014	2013	2012	2011
Year High (Unit: KRW)	54,000	65,100	66,000	50,400	50,000
Year Low (Unit: KRW)	35,650	48,350	43,200	40,100	27,650
High / Low	1.51	1.35	1.53	1.26	1.81
Fiscal Year-end Final Offering (Unit: KRW)	47,050	52,700	60,700	47,000	45,250
Total Number of Shares (Unit: Share)	123,875,069	123,875,069	123,875,069	123,875,069	152,189,929
Market Capitalization (Unit: KRW in Trillions)	5.83	6.53	7.52	5.82	6.89
Average Daily Trading Volume (Unit: Share)	369,933	332,962	371,923	607,600	1,002,988
Dividend per Share (Unit: KRW)	400	400	400	400	400

2011: Hankook Tire before spin-off | Listed on the Korea Exchange (KRX) | Par Value: KRW500 | ISIN Code: KR7000240002 | Total number of voting shares: 145,189,929

2012-2015: Hankook Tire after spin-off | Listed on the Korea Exchange (KRX) | Par Value: KRW500 | ISIN Code: KR7161390000 | Total number of voting shares: 123,852,681

Data per Share

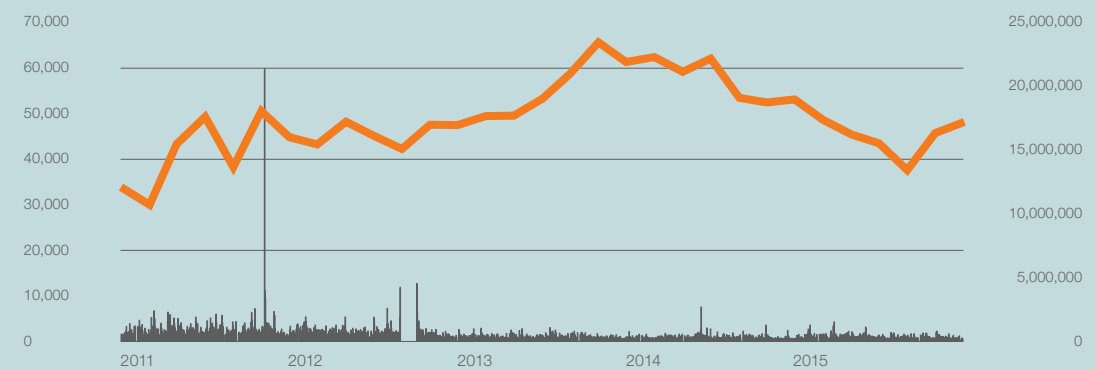
Based on Separate Financial Statement

	2015	2014	2013	2012	2011
Net Income (Unit: KRW in Millions)	352,195	396,428	456,866	148,845	267,189
Earnings per Share (Unit: KRW)	2,844	3,201	3,689	1,202	1,840
Cash Dividend Rate (Unit: %)	14.07	12.50	10.84	33.28	21.74
Cash Dividend Yield (Unit: %)	0.85	0.76	0.66	0.85	0.88

2011: Hankook Tire before spin-off | 2012-2015: Hankook Tire after spin-off

Stock Price Trends (Past 5 Years)

Stock Price (Unit: KRW) — Trading Volume (Unit: Share) —



Before August 29, 2012: Hankook Tire before spin-off
August 30-October 2, 2012: Trading suspension due to spin-off
After October 4, 2012: Hankook Tire after spin-off

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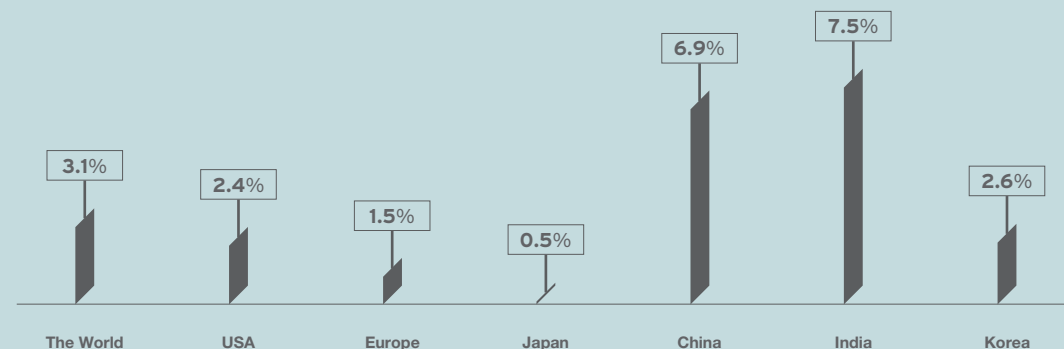
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MARKET ANALYSIS

Global Economic Growth Rate in 2015

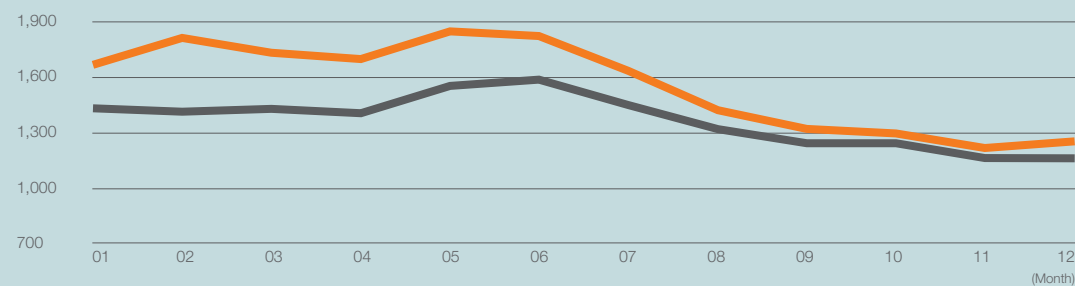
Source: IMF, based on the statement of each country



Raw Material Prices in 2015

Natural Rubber

SICOM Monthly Price (Unit: USD/Ton)

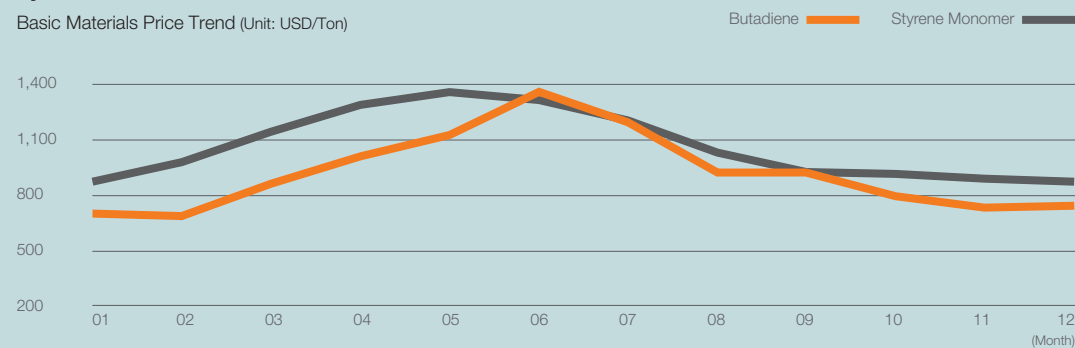


Note: Average price based on shipments in the next month (FOB, USD/MT)

Synthetic Rubber

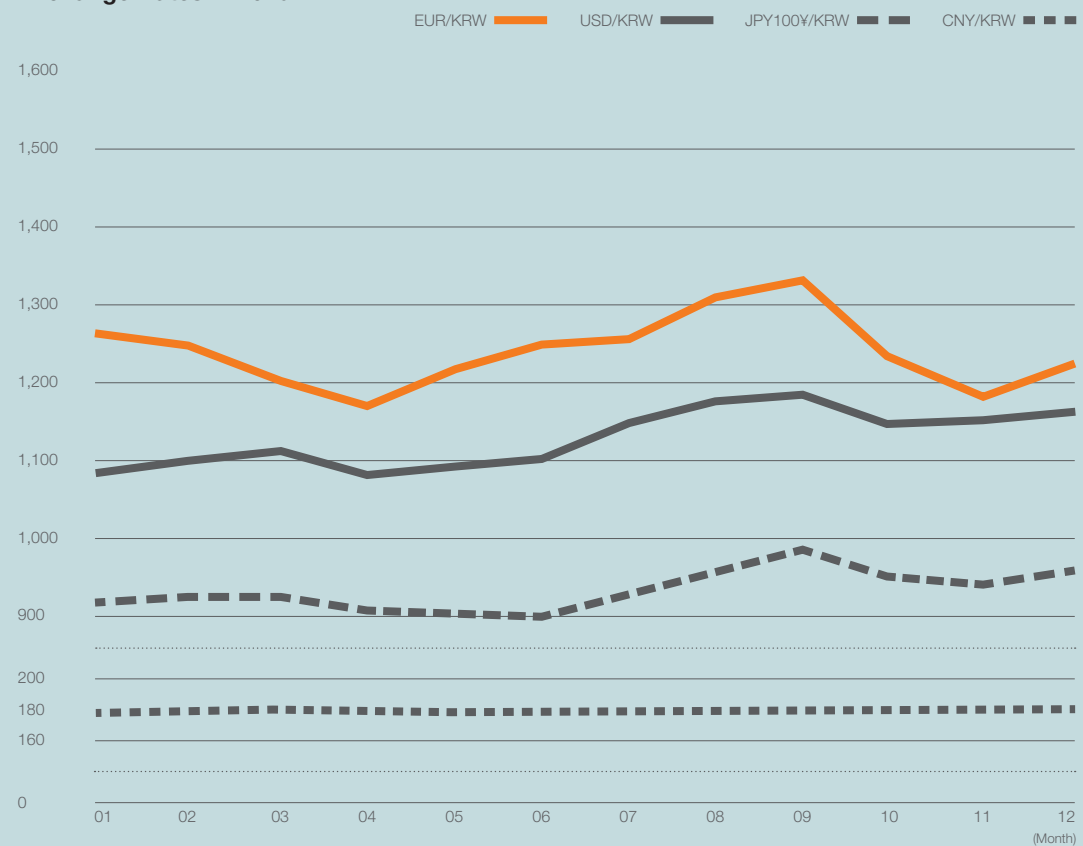
Basic Materials Price Trend (Unit: USD/Ton)

Source: BD-Platts (CFR Taiwan Weekly Spot Price), SM-Platts (FOB Korea)



Exchange Rates in 2015

Unit: KRW | Source: OANDA



Oil Prices in 2015

Unit: USD/bbl | Source: BRENT - ICE Futures Europe, WTI - New York Mercantile Exchange (NYMEX)



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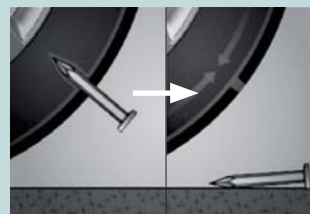
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2015 NEWS HIGHLIGHTS

Proved Global Top-tier Technology with Supply of SEALGUARD Tires for Volkswagen Touran

Hankook Tire succeeded in supplying its Ventus Prime 2 SEALGUARD, which was produced with the application of sealant, as Original Equipment (OE) tires for the first time in Korea. Ventus Prime 2 SEALGUARDs were supplied as OE tires for the Touran, Volkswagen's bestselling MPV (Multi-Purpose Vehicle), after having been recognized for their cutting-edge technology that ensures excellent driving performance and comfort, thereby proving the global top-tier technology of Hankook Tire. The SEALGUARD tire prevents leaking of compressed air in the event of a puncture by suturing the crack with sealant, a special material with sticky properties that is laminated on the inner surface of the tire. As the sealant can suture cracks measuring up to 5mm in diameter, the SEALGUARD tire allows the driver to drive on uninterrupted, even in the event of a puncture.



Succeeded in High-speed Cruising with Futuristic, Non-pneumatic Tire

Hankook iFlex, a non-pneumatic tire (NPT) developed successfully with environment-friendly materials, passed its production car driving test with flying colors. With this, Hankook Tire has advanced one step closer to the realization of the future driving experience. In the in-house driving test, Hankook iFlex tires installed on an electric car successfully passed endurance and stiffness safety tests and slalom tests (zigzag driving) as well as high-speed driving tests of up to 130km per hour. Also notable is that the Hankook iFlex was made with UNI-Material, an environment-friendly material. The UNI-Material has been highlighted as one of the leading environment-friendly technologies of the future as it lowers the consumption of energy and reduces hazardous materials in the design and manufacturing stages, and can be recycled tires.



Won the Red Dot: Luminary Award, 2015; First for Korean Company

Hankook Tire emerged as the award winner of the Red Dot: Luminary in the Red Dot Award: Design Concept 2015 event held in Singapore on September 25, 2015. "Boostrac," the winning product, was designed as a future concept tire in Design Innovation 2014, a collaborative effort with students from Pforzheim University, Germany. The aim was to explore the concept of innovative tire designs appropriate for the driving environment of the future. To ensure maximum performance in sandy terrain such as desert, which is feared to expand in size due to global warming, the Boosttrac was designed to have variable tread blocks so that the tire delivers top-traction performance and three-dimensional grip force on the road. This offered a glimpse of a future tire equipped with matching performance and capability.



Supplied OE Tires for High-end Brands such as Porsche's Macan and BMW's Flagship New 7 Series Sedan

Hankook Tire has successfully supplied OE tires to a series of high-end models: the Ventus S1 evo2 SUV for the Porsche Macan and the Ventus S1 evo2 Run-flat and Winter i*cept evo Run-flat for BMW's flagship new 7 Series sedan. The company proved its global top-tier technology and brand value by providing OE tires to the flagship models of these premium automotive brands.



Enhanced Technology Leadership for Future Driving and Innovative Brand Image with 'The Next Driving Lab' Campaign

Hankook Tire unveiled its "Ball Pin Tire" theme as the third installment of its "The Next Driving Lab" campaign, embodying entirely new, innovative future driving that no driver has ever experienced before. In the campaign, symbolizing the technology leadership and innovative brand value of Hankook Tire, the self-driving ball-shape tire performs unlikely maneuvers impossible for conventional tires, such as 360-degree rotations and 90-degree turns and zigzags.



Included in the Dow Jones Sustainability Asia Pacific Indices for 3 Years in a Row; Proven Leadership Position in Global Sustainable Management

Hankook Tire was included in the Dow Jones Sustainability Asia Pacific Indices (DJSI Asia Pacific) for the third year in a row in 2015, solidifying its global leadership in sustainable management. The company was voted one of the top companies in the "auto components" category for three straight years among 600 companies that were surveyed for the Dow Jones Sustainability Asia Pacific Indices. This proves the company's excellent capability in sustainable management in terms of economy, environment and society. In particular, the company earned significantly high scores in the "climate strategy" and "human capital development" categories, solidifying its leadership position in sustainable management.



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CEO Message



Dear Shareholders,

I would like to thank you all for the unwavering support you have provided to ensure the continued growth of the company.

The global tire industry struggled through a very difficult year in 2015 as the industry recorded minus growth amid the increasingly fierce competition caused by persistent low growth, low inflation rates and China risk.

Hankook Tire persevered in this challenging time and recorded an impressive performance last year, earning KRW6.4282 trillion in revenue and KRW885 billion in operating profit by actively pushing its premium brand strategy firmly based on technology leadership.

The company succeeded in raising the status of Hankook Tire as a premium global brand by supplying OE tires for high-end models including the Porsche Macan and BMW's flagship new 7 Series sedan.

And the company strengthened its production base for sustainable growth by successfully expanding manufacturing capacity in its Hungarian, Indonesian and Chongqing, China plants.

Meanwhile Hankook Tire did its best to perform business in a socially responsible manner, notably by running standard production plants in the form of subsidiaries that offer jobs for the disabled. As a result of these continued efforts, the company has been included in the Dow Jones Sustainability Asia Pacific Indices for three years in a row since 2013.

I would like to remind you, however, that the economic environment surrounding the company is not that favorable this year.

Amid a rapidly changing business environment characterized by persistently low growth rates, the company is required to prepare for sudden shifts.

In the tire industry, global top-tier companies are intensifying pressure on Hankook Tire, based on the strength of their powerful brands. Meanwhile, in the bottom tier, Chinese companies are overwhelming us with their low-price strategy.

Each and every member of Hankook Tire will respond proactively to the fierce competition in the global market and the paradigm shifts in the industry by raising quality competitiveness and brand value through bold innovations across our entire business landscape.

The company will further expand its OE tire business for premium global automotive brands on the strength of its world-class quality and premium branding, while also deepening the downstream strategy across its global distribution network.

On one hand, the company will build up its market competitiveness in major advanced markets. On the other, it will respond proactively to emerging markets to open new doors in the future.

The company will also push for a multi-brand strategy and concentrate its efforts on stably selling its growing production volume. This will solidify its premium brand strategy and meet the diverse needs of global customers.

In addition, the company will do everything to complete HANKOOK TECHNODOME, which will soon rise as a Mecca of innovative original and future technologies on the basis of its advanced technological leadership. And it will stabilize the Tennessee Plant, which will emerge as the center for North American market penetration, as early as possible.

We at Hankook Tire are united in innovating our corporate culture as well as our quality, brand and cost competitiveness. The company will therefore rise as one of the global top-tier brands on the foundation of its powerful global competitiveness.

We hope for your continued and unwavering support in the implementation of the aforementioned goals. We sincerely wish you health and happiness.

Thank you.

Seung Hwa Suh

Hankook Tire
Vice Chairman & CEO

Top Management

Hankook Tire is establishing a strategic management structure based on top management's professionalism and wide experience.



Yang Rai Cho
Hankook Tire Worldwide
Chairman



Seung Hwa Suh
Hankook Tire
Vice Chairman & CEO



Hyun Shick Cho
Hankook Tire Worldwide
President and CEO /
Hankook Tire
CMO



Hyun Bum Cho
Hankook Tire Worldwide
President and CSFO (Chief Corporate
Strategy & Finance Officer) /
Hankook Tire
CCMO (Chief Corporate Management Officer)



Ho Youl Pae
Hankook Tire
Europe Headquarters
Executive Vice President and COO



Soo Il Lee
Hankook Tire
China Headquarters
Executive Vice President and COO



Hyung Nam Kim
Hankook Tire
Research & Development Staff Office /
Purchasing Division
Executive Vice President and CTO



Ho Sung Seo
Hankook Tire Worldwide
Corporate Strategy Planning Division
Senior Vice President



Dong Hwan Moon
Hankook Tire
Korea Headquarters
Senior Vice President and COO



Hee Se Ahn
Hankook Tire
America Headquarters
Senior Vice President and COO



Byung Il Woo
Hankook Tire
Global OE Division
Senior Vice President



Han Jun Kim
Hankook Tire
Corporate Management Staff Office
Corporate Management Division
Senior Vice President



Seung Ho Won
Hankook Tire
Korea Headquarters
Marketing and Sales Division
Senior Vice President



Yong Hee Kim
Hankook Tire
Production & Engineering Division
Senior Vice President and CPO



Soon Gi Yoon
Hankook Tire Worldwide
Business Infra Division
Vice President



Young Seol Byun
Hankook Tire
Marketing Staff Office
Global Sales Division
Asia Pacific, Middle East &
Africa Department
Vice President



Seung Bin Lim
Hankook Tire
Marketing Staff Office
Global Marketing Strategy Division
Vice President



Bon Hee Ku
Hankook Tire
Quality Division
Vice President

Board of Directors

Transparent and advanced business management is essential for any global company. Most global corporations today use their boards of directors and other designated bodies, including audit committees, to protect shareholder interests and elevate the levels of transparency and professionalism within their organizations.

The board has three main functions: (1) to monitor top executives on behalf of the shareholders; (2) to offer advice on management issues to top executives; and (3) to grant top management access to the resources necessary for corporate success. Advanced global corporations have developed their business environments so that their boards can perform their proper roles of exercising control, providing service and accessing external resources.

Hankook Tire was one of Korea's first companies to adopt an exemplary governance system that clearly separates the activities of management from the vested interests of the business owners. Under this professional management system, performance is the top priority. At the same time, the board controls top management so that sound corporate governance and reasonable and transparent management are maintained. Furthermore, in 2016, Hankook Tire transformed its Management Committee into a Sustainability Management Committee to prevent risks through overall management and to strengthen the company's overall sustainability.

To enhance corporate transparency and reliability, the Hankook Tire board consists of two executive directors and three non-executive directors (NEDs). To ensure that the board's decision-making remains effective and responsible, the company has established the "Hankook Tire Board of Directors Administration Regulation."

The NEDs at Hankook Tire have extensive experience in either government service or the private corporate sector. They are upstanding citizens who have contributed exceptionally to society. The non-executive directors are selected in a transparent and fair process by the NED Nomination Committee. Selecting experienced NEDs on the board increases internal control and monitoring functions, and they provide top management with valuable advice in support of decision-making.

Non-executive Directors (NEDs) of Hankook Tire As of March 25, 2016

Kun Ho Cho: BA in Law from Seoul National University /
Head of Prime Minister's Secretariat / Vice Minister of Science and Technology /
Advisor to the Federation of Korean Industries

Choong Hwan Cho: BA in Law from Seoul National University /
Executive Director of Samsung C&T / Vice Chairman of Hankook Tire

Seong Phil Hong: Master's and PhD in Law from Seoul National University /
Master's and PhD in Law from Yale Law School /
Presently Professor of Law at Yonsei University Law School

Non-executive Directors (NEDs) of Hankook Tire Worldwide As of March 25, 2016

Hae Yung Min: BA in Economics from Seoul National University /
Formerly Chairman of the Credit Finance Association

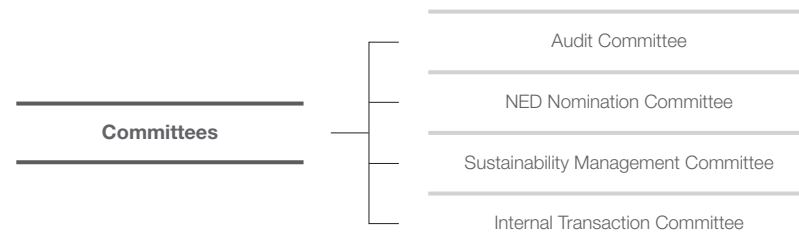
Yong Sung Lee: BA in Economics from Seoul National University /
Formerly Head of the Planning and Administration Office under the Ministry of Finance /
Formerly Non-executive Director of Hynix Semiconductor Co., Ltd.

Soon Gi Kim: BA in Business Administration from Sogang University /
Presently Professor of Business Administration at Sogang Business School

* Conflict of interest with the largest shareholders: N/A

Roles and Composition of Committees

Hankook Tire has a variety of stringent internal regulatory systems in place to ensure transparent and reliable management performance. Towards this end, Hankook Tire has established committees under the board of directors to maximize the efficiency and professionalism of board operations. Part of the board's authority is delegated to these committees, made up of specialists who systematically examine and settle issues within their respective areas of expertise. Currently under the board are the Audit, NED Nomination, Sustainability Management and Internal Transaction Committees, which are tasked with realizing transparent business performance.



Audit Committee

The Audit Committee was established by and operates under the board. Membership consists of three non-executive directors for maximum independence, and they have the right to veto the selection of the head of the internal auditing department of the company. Committee members also assist in company audits, serving as overseers and regulators of top management. Hankook Tire's regulations regarding the Audit Committee allow the committee to request reports from executive directors or to examine the company's financial standing at any time, helping to ensure transparency in business activities. Hankook Tire has operational rules for the Audit Committee, which allow the committee access to all business information necessary for its auditory activities. The committee meets regularly each quarter, and additional meetings may be called whenever necessary.

NED Nomination Committee

The NED Nomination Committee was established as a committee under the board to maximize the fairness and independence of the process of recommending candidates for non-executive director positions. The committee consists of five members; NEDs outnumber internal directors. This is yet another way in which Hankook Tire enhances transparency and fairness in the nomination process. The committee abides by the stipulations on the establishment of the committee and related regulations in the Hankook Tire Articles of Incorporation. The NED nominations are confirmed by vote at the general shareholders' meeting.

Sustainability Management Committee

In the ever-more competitive global business environment of today, fast and effective decision-making is essential. The Sustainability Management Committee was established under the board in order to reduce the number of board meetings and to streamline business management processes. This has helped to raise corporate professionalism and efficiency by accelerating the decision-making process.

The Sustainability Management Committee deliberates and decides on not only general management and financial affairs, which are the most frequent activities of business management, but also risk management and issues to check and prevent, in advance, any risks that may affect the company's sustainability. With the committee playing this role, regular board meetings are freed for the discussion of the most important issues. This systematic support for board activities promotes managerial accountability at the same time.

Internal Transaction Committee

Being a listed company regulated by the ban on mutual investment, Hankook Tire runs an Internal Transaction Committee to monitor and supervise related transactions among affiliated parties. The committee conducts preliminary reviews and votes on internal transactions among affiliated parties as stipulated by the Monopoly Regulation and Fair Trade Act.

Building on the Articles of Incorporation, the company made stipulations on the establishment of the committee and related regulations about the Internal Transaction Committee. The committee can request the company provide related documents on the key contents of internal transactions, contract methods and rules on selecting trading partners and details of transaction conditions if it is necessary for the review and approval of each agenda.

Performance Assessment System

Diagnosis of Global Performance Balance

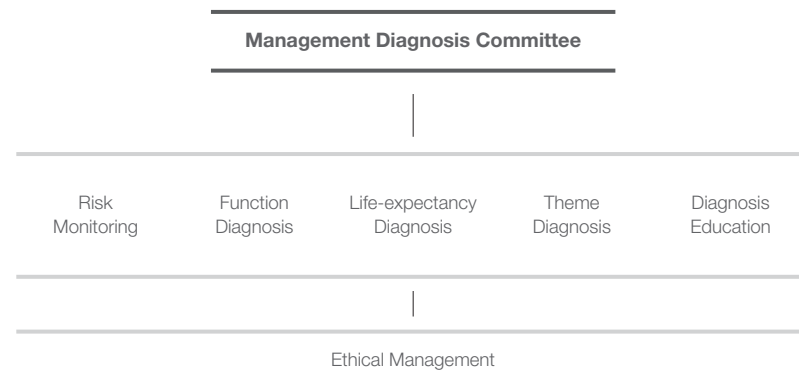
Hankook Tire has adopted a company-wide risk management system and is strengthening its preventive function by performing a balanced performance diagnosis on each job function to avoid unnecessary emphasis on a certain region.



Hankook Tire Performance Assessment System

Organizations tasked with conducting primary inspections on the plant floor are engaged in strengthening assessment activities by job function whereas the audit team performs company-wide and balanced theme-by-theme diagnoses as well as life-expectancy diagnoses. In addition, continuous risk monitoring is being implemented, supported by the Hankook Tire Risk Monitoring System, while identical risk management criteria are being disseminated and shared across the company to strengthen risk-management capabilities on the floor.

The Management Diagnosis Committee, a top decision-making body that has integrated all essential monitoring and assessment processes into a corporate-level system, checks the diagnosis results and follow-up measures in order to prevent recurrence of risk and to contribute to the achievement of company-wide strategic goals.



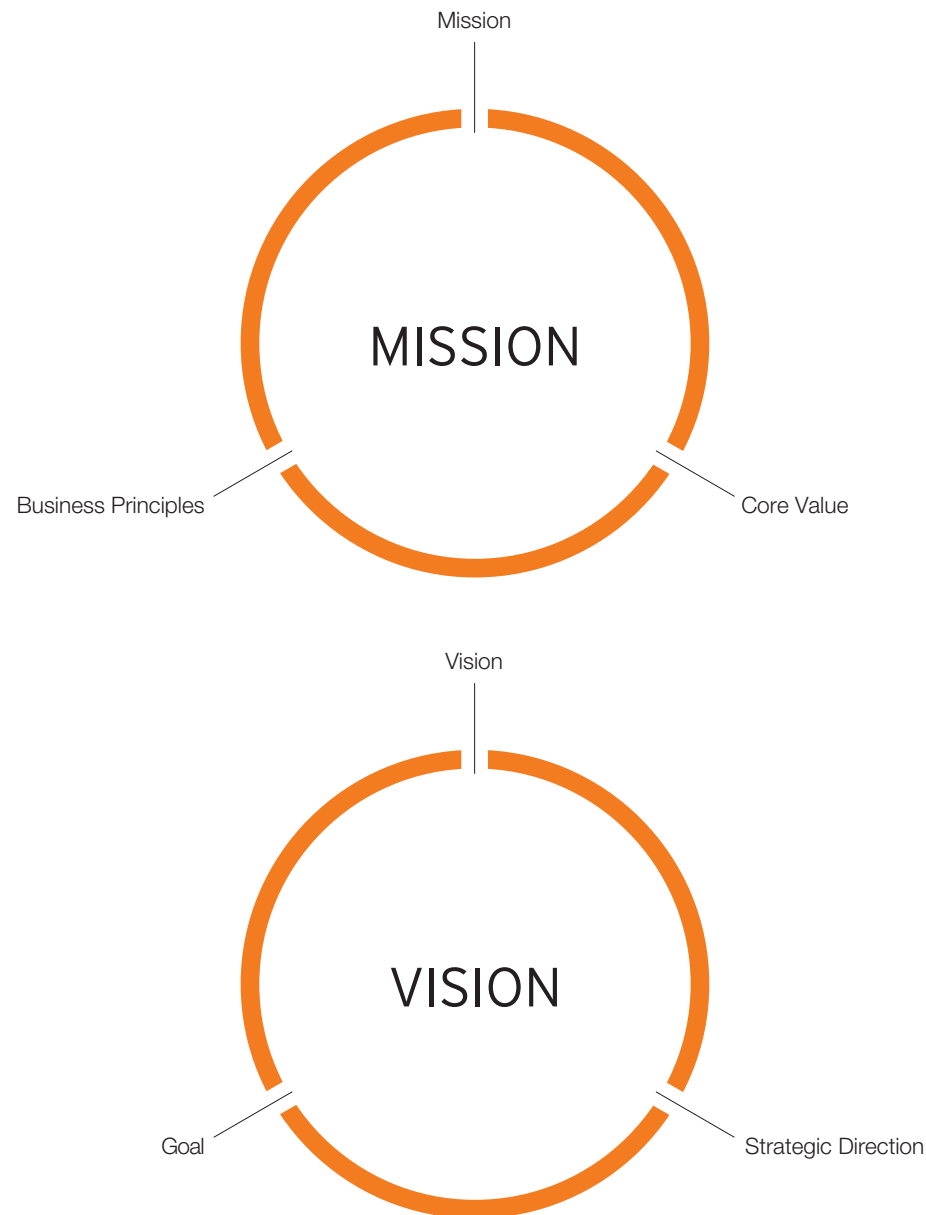
Organizational Structure

Hankook Tire has designed and is running an optimal organizational structure in order to achieve mid- and long-term strategic goals. The unique structure of Hankook Tire, boasting balanced organic links among different organizations, is what permits us to cope with ever-changing market structures.



Mission & Vision

We have established a framework for our mission and vision, redefining our core values and corporate direction. The mission framework is divided into three parts: the Mission, which defines Hankook Tire's company value; the Business Principle, which describes what Hankook Tire has to do; and the Core Value, which summarizes how our employees are to act. The vision framework consists of: Vision, Mid-term Goals, and Strategic Direction which defines what steps we must take to attain these goals.



Mission Framework

Mission

Contribute to Advancement in Driving

Our mission is to inspire drivers to take on challenges and to create new possibilities. We strive to help drivers enjoy their time on the road and exercise confidence in the choices they make. To achieve this, we aim to keep introducing up-to-date technologies and solutions that meet tomorrow's criteria for safety, performance, excellence in quality, and other factors contributing to advancements in driving. Our priority as a business entity is to sustain profitable growth. We are committed to enhancing value for our business partners and shareholders as well as to expanding opportunities for the growth and development of both our employees and the communities in which we operate.

Business Principles

In developing solutions that continue to generate healthy, sustainable growth, we abide by a set of principles. These serve as a reminder to honor our responsibilities to our customers, our partners, our communities and other stakeholders.

Placing customers first

Recognizing talent and potential

Promoting innovation at work

Respecting our environment

Creating lasting value and profitability for our shareholders

Safeguarding ethics and compliance with regulatory matters is paramount. By conducting our business ethically and striving to do the right thing, we generate trust in our brand and are able to meet the recommendations of our shareholders and business partners. We will continue to uphold these principles with absolute integrity and do our best in all we can.

Core Value

At Hankook Tire, we are bound together by **proactive leadership**, a standard which we all share and which provides a crucial blueprint for fulfilling our mission and vision. Proactive leadership is identified by four essential characteristics: passion, innovation, trust and globalization. Each characteristic motivates us to self-evolve and take ownership of our tasks, fulfilling the roles we are given to the best of our abilities.

Proactive leadership has four features, as below:

We are passionate. We have a goal.

We are innovative. We create possibilities.

We are collaborative. We build trust.

We are global. We share an open mind.

Vision Framework

Vision

“A Leading Global Tire Company that Provides Customers with Value and Pleasure.”

Our vision conveys the future image of Hankook Tire. “A Leading Global Tire Company” complies with global standards, satisfies customers all over the world, leads industrial trends and technologies, and has immense influence over the market. All members of Hankook Tire strive for excellent job competence to develop and build the business capabilities which are essential to achieve our vision.

Mid-term Goals

Hankook Tire's mid-term goal, **“Moving Forward 2020,”** reflects our aim to become one of the leading brands by 2020. We seek value-driven growth by gaining top-level competency in the areas of quality, production and brand management. “1st in Performance & Quality” implies our determination to demonstrate product leadership by assured quality and top-notch R&D. “1st in Productivity” will be achieved by building our competitive edge in tire manufacturing, continuously improving productivity and profitability via innovative management. “Hankook,” our corporate name and main brand, will become a premium tire with the best performance and quality through persistent effort by all members of the company. By 2020, Hankook Tire's global market share will reach five percent and EBITDA will be at least USD2 billion, based on these qualitative improvements.

Moving Forward 2020

1st in Performance & Quality

1st in Productivity

1st Tier Premium Brand

Global Sales Market Share: 5%

EBITDA: At Least USD2 Billion

Strategic Direction

The four strategic directions to help achieve the mid-term goals that are set to actualize our ultimate vision are as follows:

1. Premium Brand Elevation

The company will concentrate its marketing capability and resources on elevating Hankook Tire to a premium brand, thereby expanding its market share and increasing profitability on the strength of improved brand power. And the company will create a steady stream of profit by providing differentiated values to customers on the basis of its world-class mix of large-diameter tires as well as its premium and diversified product portfolio of OE tires. The company launched Laufenn in 2014 as part of this effort, while accelerating the elevation of the existing Hankook Tire brand to a premium brand via dual management of its product portfolio.

2. Market-winning Products

With ever-rising expectations for product quality among customers and ever-more stringent performance assessment criteria being used by automotive companies, Hankook Tire is ensuring its sustainable growth on the firm basis of its product quality. In an effort to develop products that satisfy the demands of customers, the company is strengthening its market-sensing function as well as analyzing regional environments and customer bases. The company aims to continually unveil series of market-leading products faster than any competitor through an efficient product-development process and through R&D into new technologies required for innovative future products. On top of its quality-first management, Hankook Tire is also pushing for cost reductions in an effort to provide quality products at affordable prices.

3. Growth Acceleration

Economy of scale is critical for the survival of any tire manufacturer. The company is striving to maximize profitability by optimizing production capacity and improving the operational efficiency of its global network of manufacturing plants. By region, the company is planning to turn North America into another “home market” for the company with the completion of its Tennessee Plant, which will establish a strategic base in one of the world's key growth regions. Faced with increasingly fierce competition, the industry is pushing for a series of new investments and mergers and acquisitions in an attempt to ensure continued growth. Hankook Tire has invested consistently in expanding its global production capacity while keeping its eyes open to opportunities for M&As and strategic alliances. The company will strive to satisfy the different needs of varying customers through upgrading its Truck & Bus Radial (TBR) tire business, a core pillar of its business growth, and accelerating its downstream distribution channels.

4. Innovation DNA

Hankook Tire is injecting a new DNA of innovation deep into its corporate culture. The company is not resting on its laurels by sticking to the successful formulas and core competencies that led to the triumphs of Hankook Tire in the past. Instead, it is pushing ahead with diverse innovations so that the company will continue to grow despite rapid changes in the business environment. While focusing on efficient use of management resources and rationalization of business processes, costs and investments on the one hand, the company will, on the other hand, keep searching for new sources of growth through the adoption of an internal process through which it discovers and responds preemptively to any possible risk.

Global Presence

Hankook Tire offers value and pleasure to our customers with a business portfolio that provides satisfaction at every touch point.

Hankook Tire has divided the global market into five regions. Building on a region-specific strategy, the company is generating balanced growth in both advanced and emerging markets. Its sales network currently spans Korea, where the global headquarters is located, China, Europe, the Americas and the Middle East, Africa and Asia-Pacific. This network allows us to offer various products that meet the preferences of customers in different regions. In addition, Hankook Tire has established dedicated communication channels for the OE tire business (OE offices) in Korea, China, Germany, the US, Japan and Indonesia, thereby forming a close cooperative relationship with the leading global auto brands. The company established its Czech subsidiary in January 2015, further expanding its global footprint.

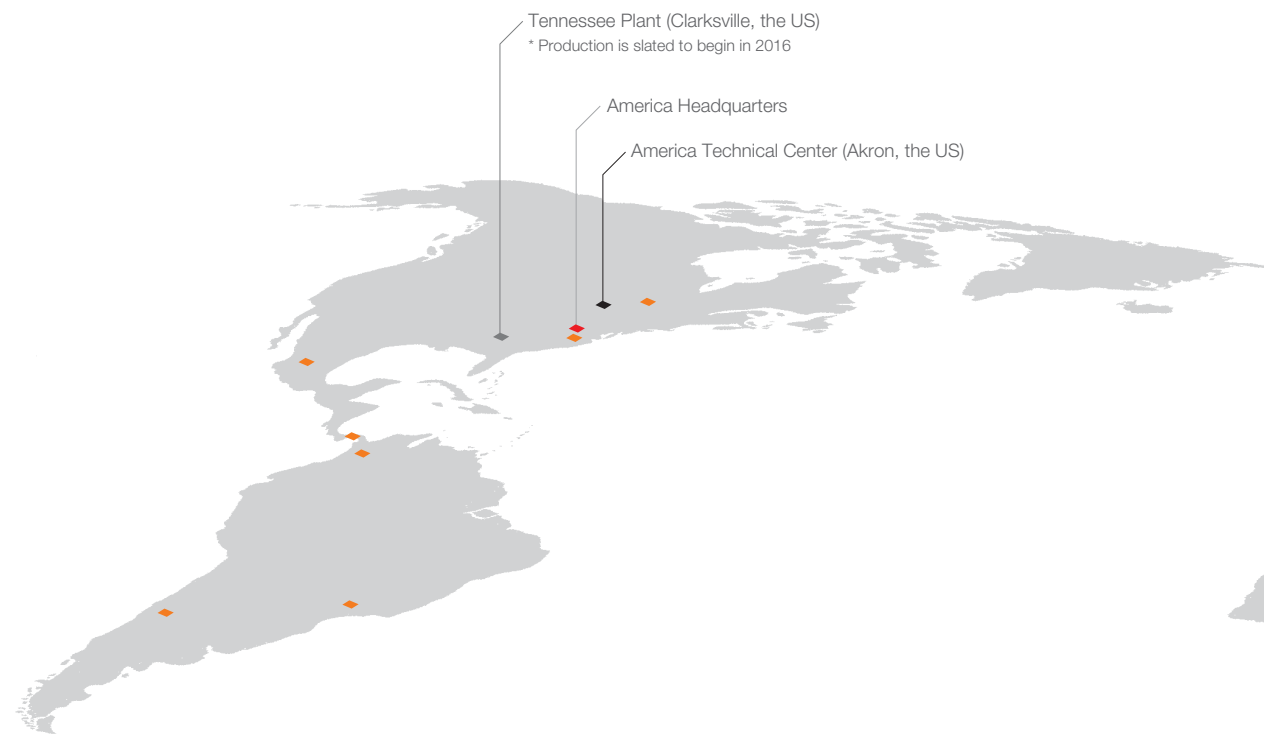
Korea: 1 Global Headquarters, 2 Plants, 21 Sales Offices, Main R&D Center, Academy House

China: 1 Headquarters, 3 Plants, 12 Sales Offices, China Technical Center (CTC)

Europe: 1 Headquarters, 1 Plant, 12 Sales Subsidiaries, Europe Technical Center (ETC)

America: 1 Headquarters, 3 Sales Subsidiaries, 3 Sales Offices, 7 Regional Offices in the US, America Technical Center (ATC)

Middle East, Africa and Asia-Pacific: 1 Plant, 5 Sales Subsidiaries, 4 Sales Offices, Japan Technical Office (JTO)



- **Regional Headquarters:** Korea, China, Europe, America
- **Sales Subsidiaries & Sales Offices:** Operating in 30 countries (Excluding sales offices in Korea, China and the US)
- **Technical Centers:** Main R&D Center (Daedeok Innopolis, Korea), China Technical Center (Jiaxing, China), Europe Technical Center (Hannover, Germany), America Technical Center (Akron, the US), Japan Technical Office (Osaka, Japan)
- **Plants:** Korea (Daejeon, Geumsan), China (Jiaxing, Jiangsu, Chongqing), Hungary (Rácalmás), Indonesia (Bekasi)

* As of January 1, 2016

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Business Portfolio

Brand Portfolio

Hankook Tire has successfully built a brand strategy and distribution network that encompasses the entire world, enabling us to meet the unique needs of customers that vary by region. The company is rising fast as one of the global top-tier brands that propagates new value in driving to customers worldwide.

Hankook Tire operates four tire brands, catering to the diverse needs of global customers. The flagship, Hankook, is promoted as our premium brand globally, including in Korea. The Laufenn brand targets global customers who seek their own lifestyle and smart consumption. In addition, the company operates the regional specialized brands, Aurora and Kingstar.



Hankook

The global flagship brand, Hankook, has several sub-brands that cover diverse segments in terms of applications and compatible vehicle types. These are: Ventus (product group for UHP and racing); Optimo (product group for premium sedans); Kinergy (global eco-friendly product line); enfren (Korea's first eco-friendly product line); Dynapro (product group for SUVs); Smart (economy product group sold inside Korea); and Vantra (product group for vans). In addition, winter tire lines are classified as Winter i*pike (studded tires sold globally) and Winter i*cept (studless tires sold globally). These segmented product brands serve the needs of a wide range of customers around the world.



Laufenn

Launched in 2014, Laufenn, the company's new global brand, was inspired by the German word "laufen" which means "to run." The brand aims to serve smart, sensible consumers with a well-rounded range of quality products, which fit a variety of lifestyle needs through timely tire performance upgrades and enhancements. Laufenn was first sold in the US and China in 2015, and will expand sales to Europe, the Middle East and Asia in 2016. Specifically designed for global consumers, the overall Laufenn brand offers diverse product lines including S Fit (high-performance products for high-performance sport driving), G Fit (general-purpose products for passenger cars), X Fit (products for LT and SUVs) and I Fit (winter products).



Aurora

Aurora, a brand for customers outside Korea, has a product brand named Route Master, or "tires that are masters of the road."



Kingstar

Kingstar is another brand exclusively sold outside Korea. This brand runs the Road Fit product brand, which stands for tires that deliver optimal on-road performance.



Distribution Channel Portfolio

Hankook Tire has completed the construction of an integrated auto-care service system centered on tires in a bid to serve its global customers better in a warm and friendly setting. By establishing over 4,000 distribution channels around the world, Hankook Tire provides quality products and services to customers, thereby expanding global sales service networks.



T'Station – Korea's Top Premium Tire Shops

The T'Station network is the company's premium distribution channel designed to offer top quality services for exceptional customer satisfaction. Leveraging "SMART CARE," T'Stations' service mindset, the network informs customers of the importance of tire management – the key to safe driving – while delivering differentiated value as a tire-specialized channel that customers can fully trust. The network has continued to expand since the first T'Station shop opened in January 2005, and a total of 570 shops were in operation as of the end of 2015. In 2017, Hankook Tire expects the 600th shop to be operated. To provide premium total service, T'Station shops are equipped with state-of-the-art systems, such as Road Force Measurement (RFM) equipment, 3D wheel alignment gear and Ultra-High-Performance (UHP) tire changers.



The Tire Shop – Discount Store for Hankook Tire

The Tire Shop is Hankook Tire's discount store chain, created to respond to increasing demands for low- and medium-priced products. The shops offer a full line of services including tire-installation, tire-change and wheel-alignment services. As of the end of 2015, 290 locations were in operation in Korea.



Hankook Masters – Global Retail Network

To build an integrated global retail network, Hankook Tire expanded the Hankook Masters Membership, originally set up for European dealers, to include the Middle East and Asia-Pacific regions in 2011. Hankook Masters Membership network now encompasses more than 2,500 retail shops in 10 European countries as well as in China, Saudi Arabia, Australia, Indonesia and other markets. In North America, Hankook Masters is actively communicating with large discount stores and auto dealers while deploying specialized marketing activities for core regional distribution networks, thereby expanding contact points with customers.



TBX · Hankook Truck Masters – Distribution Network for TBR Tires

TBX is Hankook Tire's distribution network that specializes in the sale and retreading of TBR tires. As of the end of 2015, 530 locations offering up-to-date equipment and dedicated professionals were providing services in Korea and China. In addition, Hankook Tire is running the Hankook Truck Masters network, which provides services exclusively for TBR in major European countries.

Affiliates

Hankook Tire has consistently added promising businesses armed with world-class technology to the family of its affiliated companies through prescient investment decisions. The company is now being recognized as a global top-tier tire brand on the quantitative and qualitative strengths of the assets it has acquired.



ATLASBX Co., Ltd.

Since its founding in 1944, ATLASBX has grown as an industry leader in Korea specializing in the manufacturing of batteries through creative innovation and relentlessly challenging the future. Ever since the development of the country's first MF battery in 1982, the company has been investing in R&D to strengthen its competitiveness and keep its innovative spirit alive. In 2013, the company unveiled an ultra-high performance battery (UHPB) and an AGM battery equipped with idle stop and go functions, and has since been developing a series of premium products with matching performance and quality that maximize customer satisfaction and maintain its competitive edge.

The company expanded production capacity at its Jeonju Plant in 2014 which pushed up its status as a global battery manufacturer with an annual production capacity of up to 13 million. Each and every member of the company is implementing its corporate culture, firmly rooted in proactive leadership, in an effort to create value for customers. With the goal of becoming "A Leading Global Energy Company Growing Together with Our Customers," ATLASBX is opening a new future by committing itself to the principles: "Technology innovation for the best battery; compassion and consideration for customers and society;" and "Opening a better future." The company will remain committed to realizing a sustainable future by creating environment-friendly energy solutions based on its improved quality and services.

Sales Unit: KRW in Millions

* K-IFRS, Consolidated Total

2014 — 480,474 2015 — 542,420



Daehwa Engineering & Machinery

Daehwa Engineering & Machinery was established in 1992 as a builder of essential machines used in tire manufacturing. The company's own research center developed in-house technologies including tire-building machines, curing presses, uniformity testers for mid-sized and large TBR tires, high-speed driving performance testers for UHP tires, and one-operator TBR tire-building machines that are now in operation at the Geumsan Plant.

Following the establishment of the China subsidiary as a platform to make inroads into global markets in 2004, the company expanded into bead-related work on behalf of Hankook Tire in 2007. A world-class quality management system has also been put in place, as evidenced by the ISO 9001 certification received in 2009. The company demonstrated its technological excellence again with a series of innovations in the production of tire-manufacturing equipment. These include the development of RMP electric curing presses, high-speed friction testers and rheometers in 2013; the development of a proprietary model for curing presses and UnD testing facilities in 2014; and the development of unmanned tire-building machines in 2015.

Sales Unit: KRW in Millions

2014 — 169,570 2015 — 116,072



emFrontier Inc.

The Data Systems Division at the Hankook Tire Corporate Headquarters was spun off to create emFrontier in 2000. This integrated IT and automatic engineering expert company, an affiliate of Hankook Tire Group, has grown as a reliable partner of its customers as the company continues to develop innovative solutions that meet market demands.

The company has acquired IT solutions and experiences optimized for SCM and MES through the research and development of diverse solutions. The company's SCM solution, in particular, won a series of prominent awards including the 13th Korea Software Enterprise Competitiveness Awards, the Korea Logistics Grand Awards (Korea Logistics Society), the High-Tech Awards and Best Solution Awards (HITECH), solidifying its unrivaled leadership in the SCM field in Korea.

Such proven excellence and experience in the solution business helped the company expand its operations to include the smart logistic business through which it provides top-class solutions by fusing IT and engineering expertise with omni-channel logistics. Based on its advanced business system and global competency, the company is helping customers both in Korea and overseas to innovate their business process and create value.

Sales Unit: KRW in Millions

2014 — 99,116 2015 — 129,272



MK Technology Co., Ltd.

MK Technology, established in 1973, has led Korea's tire mold-manufacturing industry. The product portfolio covers tire molds, containers for tire-curing press machines, and precision parts for various areas. With its proprietary casting technologies and five-axis precision milling technologies, the company created an original technology roadmap. Thanks to its technology, MK Technology has grown by supplying molds to Hankook Tire and global tire companies over a long period. The company was incorporated as Hankook Tire's affiliate in 2011.

In 2015, the company applied future technologies for developing tire molds and components by adopting a metal 3D printer, which will lead to further tire mold-technology advancements.

Sales Unit: KRW in Millions

2014 — 85,253 2015 — 90,093

Hankook Tire has strengthened its global competency by implementing a premium strategy based on unrivaled technology leadership.

The company was able to raise its status as a global top-tier company by expanding the supply of OE tires for premium automotive brands thanks to its cutting-edge technology.

Hankook Tire also succeeded in laying the groundwork for balanced growth in terms of both quality and quantity by expanding production capacity and distribution channels in key global markets.

Looking forward, the company will continue to raise the value of the Hankook Tire brand through continuous innovation, while opening a sustainable future by performing business in a socially responsible manner.

MOVING INNOVATION FORWARD

Hankook Tire is rising as a global top-tier company on the strength of its technology leadership. Hankook Tire is sharpening its competence as a premium global brand through R&D investments and is opening the door to a sustainable future through relentless innovation.

MOVING TECHNOLOGY FORWARD

Hankook Tire excels in each and every quality criteria that is required to ensure top-notch experiences for any driver, in any vehicle, on any road. The company is developing advanced high technologies that grant Hankook Tires users the freedom to enjoy any road, and the confidence to brave any driving environment.



WINNER OF 'RED DOT: LUMINARY' IN 'RED DOT AWARD: DESIGN CONCEPT 2015'

Hankook Tire was the first Korean company to win the Red Dot: Luminary in the Red Dot Award: Design Concept 2015, which is given to only one successful candidate out of 4,680 applicants. The winning design was Boostrac, a futuristic concept tire which was praised by the judges for its hints at the unlimited potential and capability of tires in future driving environments.



1 of 4,680



37

NUMBER OF MOTORSPORT EVENTS AND SPONSORED TEAMS HANKOOK TIRE SUPPLIES TIRES TO

Since 1992, Hankook Tire has been recognized for the excellence of its quality and the performance of its technology at world-class motorsport events and racing teams. The company has extended support to these teams and events amid fierce competition with other global competitors. As a sponsor of world-class motorsport events, Hankook Tire is opening new chapters in driving culture by delivering unparalleled driving experiences in the most challenging driving conditions.

92,800,000

NUMBER OF TIRES SOLD IN 2015

The company is actively responding to the varying needs of global customers scattered across over 180 countries by maximizing the productivity and efficiency of its production line, while continuing to expand its market base on the basis of its balanced global portfolio. The company is growing steadily as a premium brand, recognized for the value delivered by its sound financial structure as well as for the scale it has accrued through active development of new markets.



37

NUMBER OF OE TIRE CUSTOMERS AS OF THE END OF 2015

Hankook Tire is concentrating all efforts on the development of innovative technology while expanding production capacity and strengthening marketing communications with potential customers. The company has successfully supplied OE tires to premium global automotive companies – raising its image and upgrading its competence in the process.



MOVING THE BRAND FORWARD

Hankook Tire has grown into the prestigious brand that it is today by building and maintaining solid partnerships with top global automotive companies. The company has grown on the strength of its balanced business portfolio but Hankook Tire has now outgrown the confinements of the automotive industry to become a top-tier brand leading automotive culture.



MOVING SUSTAINABILITY FORWARD

Hankook Tire strives to realize the value of shared prosperity, so contributing to the creation of a happy society that is pleasant to live in. The company is prioritizing shared growth with our stakeholders, based on honest communication and trust, while opening the door to a sustainable future by carrying out its required roles and social responsibility. The foundation for this is an organizational culture that firmly integrates social contribution activities.



DJSI

INCLUDED IN DJSI ASIA PACIFIC THREE YEARS IN A ROW

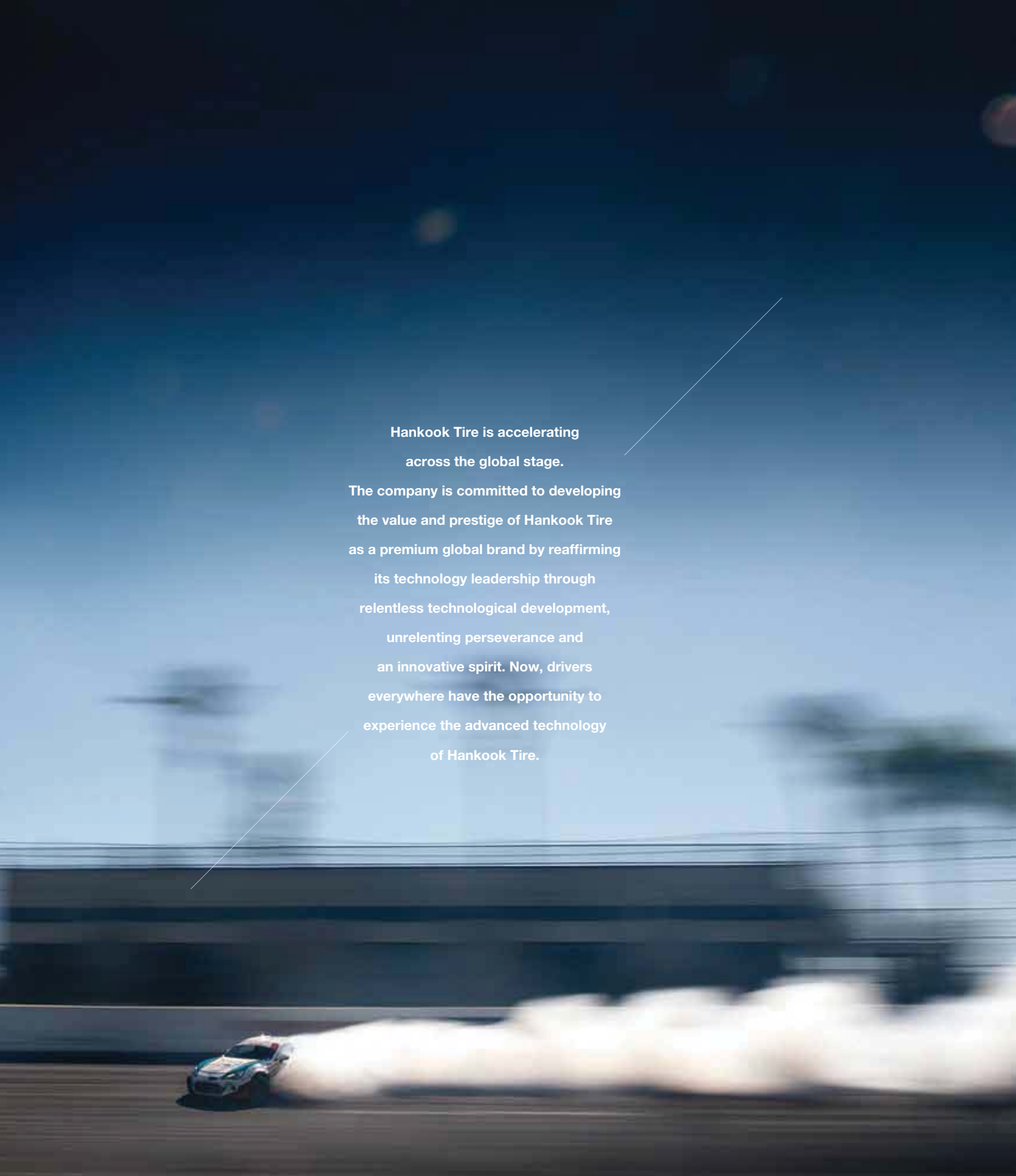
Hankook Tire established an integrated Corporate Social Responsibility (CSR) management system in 2010. This was done to bolster the link between the daily business and CSR activities of employees, while strengthening the company's crisis management capability and implementing management practices firmly based on humane conditions and rights. The company's efforts were rewarded in 2015 when it was included in the Dow Jones Sustainability Indices Asia Pacific for three years in a row. This honour reaffirms Hankook Tire's status as a global leader in sustainable management.



6,028

NUMBER OF ACTIVE 'DONGGEURAMI VOLUNTEERS' IN 2015

Hankook Tire launched its "Donggeurami Volunteers" movement – composed of company staffers who undertake good deeds – in 2013 and has since actively participated in numerous volunteer activities in the local community. Now, even family members of the volunteers are joining campaigns, lending their hands for the advancement of the country and local communities through spontaneous social contribution activities.



Hankook Tire is accelerating
across the global stage.

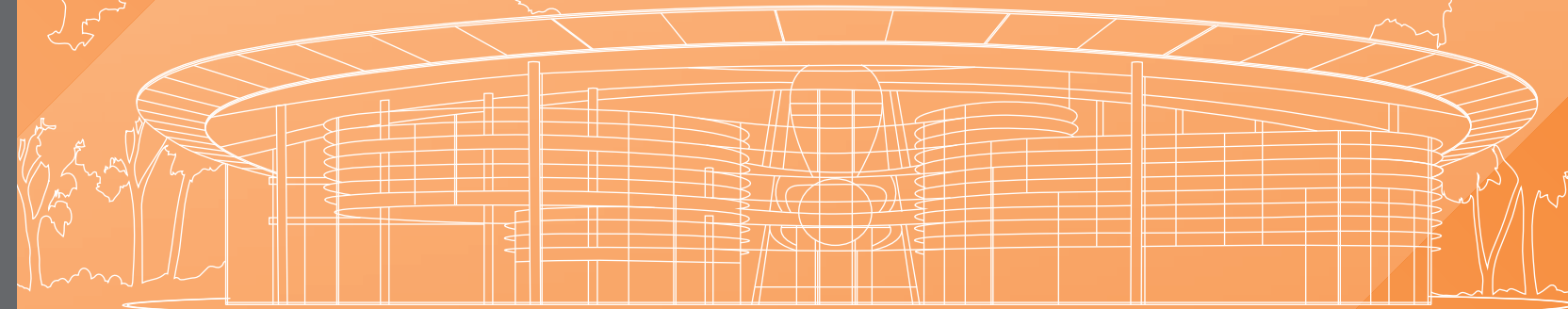
The company is committed to developing
the value and prestige of Hankook Tire
as a premium global brand by reaffirming
its technology leadership through
relentless technological development,
unrelenting perseverance and
an innovative spirit. Now, drivers
everywhere have the opportunity to
experience the advanced technology
of Hankook Tire.

SECTION 1

MOVING TECHNOLOGY FORWARD

266.6 Billion

Invested KRW266.6 billion in the environment-friendly high-tech research institute, HANKOOK TECHNODOME.



Over 1000 R&D staff scattered around the world – meaning about 5 percent of the company's entire employees are committed to technology development.

1,000

New and Innovative Products

Hankook Tire is future-proofing itself through a relentless commitment to technological innovation. The company has recruited top research professionals and continues to invest in the R&D infrastructure required to develop high technologies. The company is launching a series of new products customized for different markets by capitalizing on its global R&D network spanning five key regions, thereby providing ever greater value and satisfaction to customers. The company is raising the bar for drivers through continuous development of eco-friendly products with maximized energy efficiency.

Passenger Car Radial (PCR) · Light Truck Radial (LTR) Tires

With safety being of central importance in tire technologies, Hankook Tire is concentrating its resources on the development of new technologies that meet the most demanding expectations.

The company developed a third-generation run-flat tire by strengthening its core technological competences which include new materials and manufacturing methods. This integration of our cutting-edge technologies will ensure the safety of our customers. And in an attempt to reduce cabin noise, the company is also developing a sound-absorbing tire which reduces tire cavity noise*.

* Tire cavity noise:

The noise which is generated when the air inside the tire vibrates due to the shock from road surfaces during driving.

VENTUS S1 evo2



Ventus S1 evo2

The latest evolution of run-flat technology, the Ventus S1 evo2 is a third-generation run-flat tire. The tire delivers ride comfort comparable to that of standard tires through stable handling and excellent braking performance, and by minimizing rolling-resistance (fuel efficiency) and noise. Run-flat tires permit driving at up to 80km/h – even when the tire has no air pressure. This guarantees the safest possible driving, even in emergency situations. And as run-flat tires eliminate the need for spare tires and tire-changing tools, they help automotive designers expand loading space and reduce car weight. These factors reduce overall fuel consumption, thereby making run-flat tires a popular choice on premium cars.

VENTUS S1 noble2



Ventus S1 noble2

The first sound-absorbing tire developed internally by Hankook Tire in 2014, the Ventus S1 noble2 was supplied as an OE tire for the first time in Korea. Hankook Sound Absorber, the company's proprietary sound absorption technology, reduces driving noise through the absorption of sympathetic sound emitted from tires. This is achieved by pasting a polyurethane sound-absorbing pad inside the tire. In a test performed by specialists, the tire reduced perceived noise in the cabin by about 10 percent without sacrificing driving performance, so delivering a more comfortable driving experience.

VENTUS V12 evo2



Ventus V12 evo2

Targeted mainly at young drivers who like to express their own personality and style, the Ventus V12 evo2 satisfies customers' desire for sleek design and performance while at the same time dramatically improving high-speed cruising performance with excellent handling stability and braking performance. The Ventus V12 evo2 proved its world-class design and cutting-edge technologies by being voted a winner in the product design category of the Red Dot Design Awards. The tire's speedy edge line and detailed block design deliver both sportiness and safety, while its Aqua Jet System, its 3D stealth technology and its aero side wall design minimize noise and vibrations in wet conditions.

Truck & Bus Radial (TBR) Tires

In 2015, Hankook Tire nimbly responded to the ever-diversifying TBR tire market by diversifying its product lineup. Our e-cube Blue product, offering enhanced fuel efficiency, is the result of the company's bold investment in R&D. It is aiming to gain an unrivaled status in the market on the strength of improved product competitiveness, which will be realized with a consolidated lineup spanning tires optimized for steering, driving and trailer towing. The company in particular aims to optimize this product lineup for the European market where the importance of eco-friendly products is rising as the most pertinent issue in all sectors. Hankook Tire has bolstered the competitiveness of its TBR tires in Europe and the Americas by strengthening its Smart Flex product lineup, which boasts improved rolling resistance and traction performance. And the launching of the Smart Control DW07, which boasts a tread-compound technology optimized for winter, is expected to further raise the brand reputation of Hankook Tire. In Korea, the company launched the Smart Flex lineup (AH31, DH31) that was originally designed for the European market to better serve the increasing number of imported tractors in the local premium cargo and tractor markets.

SMART FLEX AH 35



Smart Flex AH35, DH35

With the growing demand for multi-purpose tires applicable to varying driving conditions, Hankook Tire is planning a global launch of its AH35 and DH35 tires (17.5" & 19.5") for small- and medium-sized trucks. This move follows the launch of the Smart Flex AH31, DH31 and DL12, all designed for medium- and long-distance driving as well as for urban driving. Developed with the adoption of 3D sipe and innovative rib-type tread pattern design, the company's core technology, Smart Flex tires offer impressive improvements in rolling resistance and traction performance as compared to existing products.

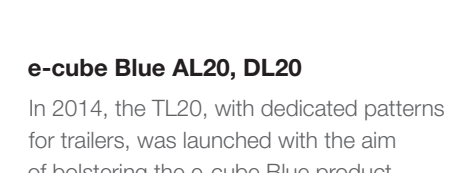
SMART CONTROL DW07



Smart Control DW07

The Smart Control DW07 is a winter tire for rear-driving cars. It was developed with the application of Multi-3D Kerf technology for enhanced grip and traction performance. The tire was certified for the 3PMSF mark, a regulation governing snow tires, with the application of tread compound technology for winter tires. The Smart Control DW07 is expected to familiarize customers in the Nordic region – Sweden, Denmark, Norway and Finland – with the excellent performance of the company's winter tires for trucks and buses.

e-cube Blue AL20



e-cube Blue AL20, DL20

In 2014, the TL20, with dedicated patterns for trailers, was launched with the aim of bolstering the e-cube Blue product lineup, which is optimized for eco-friendly performance. As a follow-up move, the company embarked on the development of the AL20 and DL20, tires for steering and driving, respectively. With ever-more stringent environmental regulations coming online across Europe*, the tire-label rating for TBR tires is becoming increasingly critical. To cope with this changing environment, the company developed its e-Cube Blue AL20, DL20 and TL20 tires. These were certified as Grade A products in the fuel-efficiency criteria in the European tire labeling system, as they minimize rolling resistance through renewed application of tread compound technology.

* Europe TPIA 2030

The company aims to meet the CO₂ reduction goal set for Heavy Duty Vehicles (HDV) in Europe by 2030.

1) Scope - Long haul and regional delivery.

2) EU target

- 40 percent reductions in CO₂ emissions as compared to the target of 1990, and 30 percent reductions compared to the target of 2005.

- CO₂ emission reduction targets set for HDVs in 2030 should be about 10–11 percent of the goal set for 2015.

(The contribution of tires is forecast to account for 3–5 percent of the overall emission reduction target, per vehicle.)

Design Innovation

First and foremost, Hankook Tire is implementing design practices that prioritize customer safety. But the company is also focused on aesthetics. “Refined and Dynamic Style” embodies Hankook Tire’s unique design aesthetic: It can be summed up as refined beauty, delicate tension and future-oriented dynamics. Hankook Tire has been fine-tuning its design language to answer the demands of contemporary markets via on-going communication with our customers. This means the company is developing creative designs in close collaboration with the top brands in each sector, offering customers both safety and beautiful designs in the same tire package.

Designs Based on the Philosophy of Liveliness and Communication

The safety of drivers holds paramount importance. Sophisticated technology that does not allow even a 0.001 percent margin of error is required in the design of tires – something that sets tire design apart from that of other products. Hankook Tire has perfected its design identity, arming its tires with futuristic, dynamic shapes, sophistication and refinement. But Hankook Tire is not standing still. It is continuously innovating designs, offering drivers the most enjoyable possible driving experiences – experiences that open up new roads of possibility.

Innovative Italian Shoe Maker Vibram Joins Forces with Hankook Tire

Italy-based Vibram, famed for its innovative footwear, is now blending its technologies with those of Hankook Tire: These two top names in tires and shoes have joined forces to reimagine the vision for their respective brands. Hankook Tire developed its off-road tires, the Dyna MIX and Dyna SYNC, after being inspired by Vibram’s outsole for mountain hiking shoes. Meanwhile, Vibram has developed five concept shoes that apply the advanced tire technology of Hankook Tire, including the Dyna TREK, Dyna STRYKE BKL and Omnifuse, a futuristic concept design.

The products created via this collaboration between Hankook Tire and Vibram are just the first in a series of innovative integrations between high technology and fashion that the two companies will continue to explore in the future.

Hankook Tire Design Innovation

Hankook Tire Design Innovation, a bi-annual design collaboration program held in partnership with the world’s leading design schools, is aimed at fusing the creative ideas of students with Hankook Tire’s technological solutions. A changing natural environment, the evolution of automotive technologies and shifting driving trends are examined in the program; the aim is to come up with a tire system that can lead the future. The resultant future-oriented tire designs bridge the gap between present products and future concepts so that Hankook Tire can set the paradigm for next-generation tires. The company aims to maintain its leadership in the tire market and the global automotive industry of the future.

- A** The world’s top four design awards have been won by Hankook Tire: The Red Dot Design Award, the iF Design Award, the IDEA Design Award and the Good Design Award.
- B** An off-road concept tire inspired by Vibram’s outsole tread for mountain hiking shoes. Hankook Tire contributed ideas from its tread block, delivering flexible movements and various styles.
- C** Concept shoes resulting from Vibram and Hankook Tire’s collaboration.
- D** A joint project with the School of Design at Pforzheim University, Germany: Hankooktire Design Innovation 2014.
- E** A joint project with the School of Design at the University of Cincinnati, the US: Hankooktire Design Innovation 2012.

A



B

Dyna MIX

Dyna SYNC



Dyna STRYKE BKL

Dyna TREK

omni-FUSE



C

D



E



Motorsports

Hankook Tire maintains its position on the leading edge of technology by sponsoring world-class motorsport events where racers compete with no limits. The company proved its unrivaled technology and quality performance by sponsoring varying motorsport events and racing teams including the Audi Sport TT Cup and the 24 Hours Series. The company has also successfully extended its exclusive contract, ahead of schedule, to supply official tires to Deutsche Tourenwagen-Meisterschaft (DTM), the world's top touring car championship, participated in by the top three premium automotive brands. On the strength of its innovative technologies, Hankook Tire brings the emotion of high-performance driving to global motorsports fans as a trusted partner in world-class events.

High Technology and Top-class Quality – Proven on the Race Track

It is in motorsport competitions – where limits are overcome and potential is exceeded – that the company's technological know-how is fully demonstrated. Hankook Tire sponsors competitions and racing teams, so encouraging all drivers around the world to pursue their passion. As part of its sponsorship program, the company is unveiling a host of brand-new tires that were developed based on cutting-edge technologies that help drivers break records on the track.

Since 1992, the company has been competing with the top global leaders in the tire industry by participating in world-renowned motorsports competitions, starting with Super Grand Touring, the 24 Hours of Nürburgring Endurance Race and the 24 Hours of Le Mans. The decades of sweat the company shed on the race track paid off in 2011 when Hankook Tire was selected as the official tire supplier of the DTM. The DTM is the one of the world's top three grand touring races using commercial cars; in this format, the three premium German auto brands, Audi, BMW and Mercedes-Benz, compete against each other. Having gained recognition for product quality and technology from this competition, Hankook Tire officially supplies tires for the Audi Sport TT Cup, a supporting program at DTM run by Audi Motorsport.

The company's technology and quality was proved again in 2013 when it was selected as an exclusive tire supplier for the Junior World Rally Championship, which is considered the gateway to the World Rally Championship (WRC). Since 2014, the company has provided tires to the WRC (2 Class) and has won the race twice. The company is demonstrating its technology and enhancing its brand by sponsoring the FIA F3 European Championship, a key proving ground for young and capable professional racers; Formula Drift, the sole pro-drift championship in North America; and the 24 Hours of Nürburgring Endurance Race, a 24-hour race around a circuit called Green Hell, whose participants include the world's premier super car brands.

In 2015, racers sponsored by Hankook Tire seized 1st, 2nd and 3rd places in Formula Drift and were announced as the winners of the competition for two consecutive years. Furthermore, the company has strengthened its brand image by taking a role as not only the exclusive tire supplier, but also the title sponsor of the 24 Hours Series, the world's largest endurance race.

In response to the enthusiasm and expectations of global motorsports fans, Hankook Tire will continue to sponsor premier world motorsports competitions in 2016 and beyond. These competitions upgrade brand visibility and product recognition, extending Hankook Tire's outreach to racing fans and customers in global markets.



FIA F3 European Championship

Formula Drift



Audi Sport TT Cup



Steady Investment in R&D

Hankook Tire is steadily expanding its pool of global research professionals, assembling an unrivalled portfolio of cutting-edge technologies, and consistently investing in the infrastructure essential for high technology development. With HANKOOK TECHNODOME poised for completion in 2016, the company will secure innovative technologies that will lead the future of the tire sector and strengthen the company's long-term competitiveness.

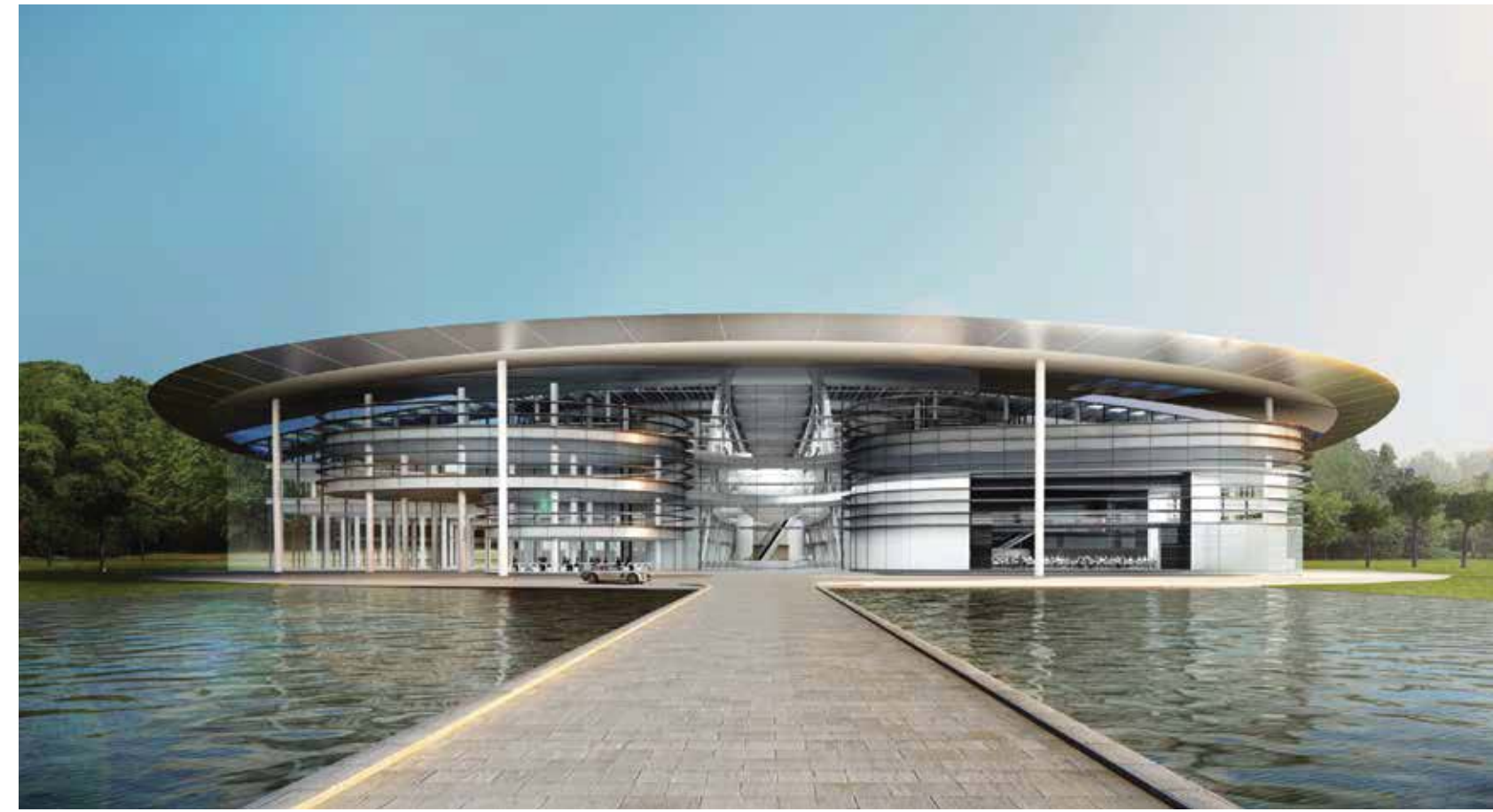
HANKOOK TECHNODOME: An Unwavering Commitment to R&D

Hankook Tire is presently building HANKOOK TECHNODOME, the company's new central research center. This will provide an eco-friendly, high-tech R&D facility offering an unsurpassed environment for our research professionals. The facility lays the foundation for the company's future technological development and reinforces its status as a global top-tier brand.

A KRW266.6 billion project, HANKOOK TECHNODOME is a massive, seven-story R&D facility. It encompasses two basement floors and five above-ground floors, totaling 96,328m² in gross floor area and 70,387m² in plottage. Design was undertaken by Foster + Partners, the British architectural firm founded by the renowned architect Norman Foster and known worldwide for its high-tech, modern and iconic designs.

Harmoniously blending high technologies with the environment – the signature design language of Foster + Partners – HANKOOK TECHNODOME will host a differentiated research culture and will establish itself as the symbol of the company's cutting-edge technology.

Equipped with over 90 state-of-the-art research labs and a smart-work system, HANKOOK TECHNODOME will markedly improve the company's R&D efficiency and productivity thanks to a design that ensures organic circulation of foot traffic, optimized for the tire development process. It will feature diverse supporting facilities including a training room, a rest area and a healthcare center staffed with hybrid medical staff including professionals in Oriental medicine – all emplaced to help research professionals enjoy rest, meet up with other employees and engage in sport and cultural activities. The aim of the overall facility design is to balance work and life, granting staff a creative workspace and focusing optimal concentration on their research tasks.



3D simulated front view of HANKOOK TECHNODOME

A bird's-eye view of HANKOOK TECHNODOME



Research room



Classroom



Hankook Tire R&D Puts Humans First

Despite the prolonged economic gloom that cooled the global job market in 2015, Hankook Tire still expanded its investment in R&D by hiring an accumulated total of 1,000 researchers, accounting for about 5 percent of the company's total employees, to achieve its R&D vision. Some of the planned activities in the pipeline aimed at advancing the company's technological competence to the global top-tier level include: publicizing the company's technological excellence, as exemplified by HANKOOK TECHNODOME; and enhancing academic-industrial collaboration. HANKOOK TECHNODOME will be a smart work place, animated by a spirit of "change and innovation," of "fusion and creation." It will be Hankook Tire's leading R&D base, advancing the future of tire technology.

Hankook Tire has been consistently recruiting global research professionals. Those recruited via the global R&D network program are given consultation on their career vision and even the opportunity to plan an alternative career in a "dual-track" program.

The company is expanding opportunities for its researchers to receive education in top schools around the world, and has

even installed a Department of Engineering Technology after signing an exclusive agreement with Chungnam University in Daejeon. This step enables the company's research professionals to pursue both career and academic ambitions at the same time in a full scholarship program that offers hybrid courses combining both theories and practical knowledge of tire technology.

The R&D center is the epicenter of the company's drive for workplace innovation. Hankook Tire is engaging in diverse activity at the organizational level to promote a creative and autonomous research culture so that R&D staff can concentrate fully on their mission.

Exclusive Patents Certify Continued Leadership in Next-generation Tire Technology

Hankook Tire is strengthening its R&D competitiveness by patenting its achievements, while maintaining its global leadership with the number of new patents under its belt in the process. The company has 1,452 patents registered in Korea and 426 patents in other countries. Recently, the company has been investing proactively, registering patents in the United States, Europe and China to sustain technological competency in global markets.

The development of IP-R&D dissemination infrastructure that began in earnest last year helped the company register diverse patents developed with the application of advanced tire technology. These patents include those associated with the enhancement of rolling-resistance performance, wet road-surface performance and wear-and-tear performance, in addition to technologies in design and new manufacturing processes, such as new tire structures, patterns and compounds. These patents are contributing greatly to the development of world-class products including premium OE tires, UHP tires, winter tires and TBR tires.

More recently, Hankook Tire has been laying the foundation for a sustainable future by concentrating its efforts on patenting technologies with growth potential – such as run-flat tires, silent tires and SEALGUARD tires. The company is also acquiring and patenting futuristic original technologies such as non-pneumatic tires and intelligent tires. Hankook Tire will continue to focus on elevating its core technology leadership by patenting the core tire technologies required for future products.



Kontrol Technology

Hankook Tire is opening the door to a new future through the relentless pursuit of innovative technology. The company is developing high-performance tires based on Kontrol Technology, the company's core technology philosophy. These tires perform as intended in any road conditions, delivering pure driving joy of driving and winning the trust of global customers.

Original Technology Philosophy

Kontrol Technology is not just technical: It is a philosophy and a set of principles – applied throughout research, development and production – developed by Hankook Tire to ensure controlled driving experiences. The "K" denotes "kinetic." This reflects the company's philosophy that the tire in motion can control the interaction between the driver and the automobile, between the automobile and the road, and between the road and the driver for the best possible performance. In other words, tires must be able to control the movement of a car under any conditions – be it the world's most demanding racing competitions or driving children to school

on a rainy day. The company provides the ultimate driving experience by optimizing tires' key criteria – performance, safety, ride comfort and eco-friendliness. Banking on technological innovations to lead tire trends, Hankook Tire is committed to developing high-quality tires which will attract customers worldwide.

Kontrol

TECHNOLOGY

Performance

The performance of tires is maximized by enhancement of their handling performance, driving stability and durability.

Comfort

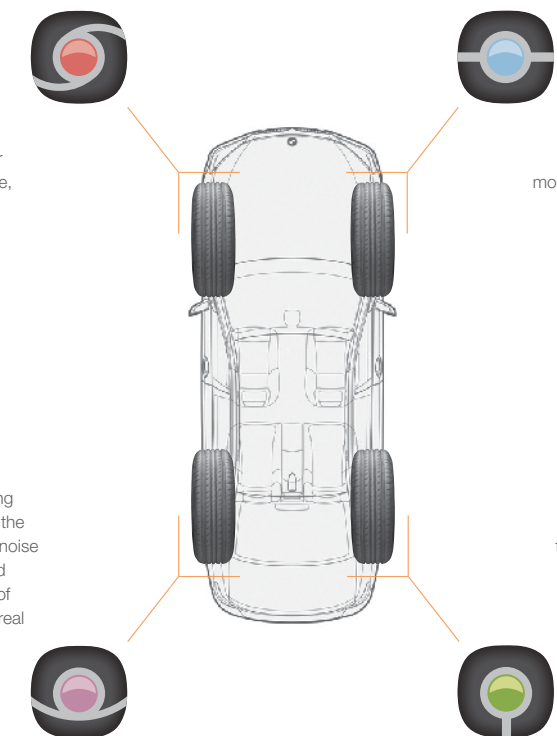
The pleasure of driving is optimized through the reduction of impact, noise and vibration – based on precise analyses of how tires perform in real situations.

Safety

The integrity, design and material composition of tires is maintained at the most dangerous and critical moments, so protecting drivers and vehicles.

Environment

The expenditures of customers are reduced thanks to enhancements in the durability and lifetime of tires – which also minimize their environmental impact.



Ensuring Global Quality Competence

Hankook Tire will begin mass production of tires at its Tennessee Plant in the United States in late 2016. This new manufacturing plant is the cornerstone of the company's North American strategy as it will allow the company to provide top products to its customers in the region and compete head on with global top-tier brands. Additionally, the plant is bolstering the value of the Hankook Tire brand by enabling the company to accomplish innovations in the development process and maintain uniform quality in mass-produced products.

Expansion of Global Production Capacity

Hankook Tire is building its own system across the entire value chain – from a market-driven sales strategy to distribution and product delivery that is commensurate with its ever-expanding production capacity.

With the completion of Phase 2 of the Tennessee Plant – a facility which will become the company's first production base in the world's largest tire market – Hankook Tire's global annual production volume will increase to approximately 120 million tires. This will provide the company with the best possible base from which to proudly compete with global top-tier competitors.

Furthermore, to overcome price competition, Hankook Tire will secure production cost competitiveness through development process innovation, and will lead brand competitiveness based on excellence in quality.

The company plans to upgrade the reliability of its tire-manufacturing capability by securing production bases that are evenly distributed throughout the world. By consistently expanding Hankook Tire's global production capacity, the company will secure its leadership and competence as a top-tier player in the global automotive market.

World-class Quality Management

Hankook Tire is focused on customer-centric management. The centerpiece of this management philosophy has always been quality. With the strengthening of existing quality management practices and implementation of thorough quality assurance programs, the company is concentrating its resources on realizing premium quality that will not only satisfy, but also wow customers. Thanks to these efforts, the company has realized diverse achievements both in Korea and in the global market, including the improvement of brand image, the realization of company-wide quality uniformity and the attainment of customer-centric quality competitiveness. The key performances the company has achieved in quality management are both significant and varied.

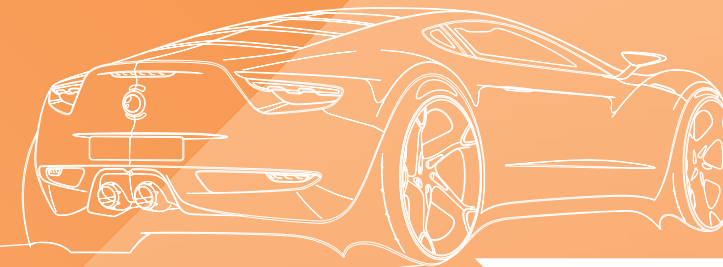
First, we have expanded the scope of management to ensure quality uniformity along the entire production flow, from half-finished products to finished products. We have also continuously reinforced quality warranties through completing an innovative quality warranty infrastructure. The company has reorganized diverse quality criteria into a uniform system to realize "One Quality" throughout our production bases scattered around the world. We are steadily preparing the environment to apply these criteria. By securing this systematic infrastructure, the company is upgrading its overall quality level. The company's efforts have been recognized by winning the top place in the annual Korea Standard Quality Excellence Index for seven years in a row; we were also selected as the best company for six straight years in rankings of Quality Competitiveness Assessment System by the National Quality Management Convention.

Second, we bolstered our warranty systems, making them robust enough to satisfy the most stringent quality standards demanded by premium automotive brands. The company has consistently strengthened the competence of our customer-centric service quality assurance program by expanding new technology tire production. Hankook Tire has been able to expand the supply of OE tires and improve its brand image through these continuous efforts.

The company, which aims to achieve competitive quality competence befitting its reputation as one of the global top-tier tire brands, introduced a new manufacturing quality assurance program in 2013. Beginning in 2014, Hankook Tire focused on improving the quality uniformity of half-finished and finished products in an effort to shift to qualitative growth. And from now on, the company will secure global product quality uniformity through a strong, company-wide quality guarantee system. In addition, the company will push for innovation in the employee mindset to imprint the "Quality First" culture throughout the company.

SECTION 2

MOVING THE BRAND FORWARD

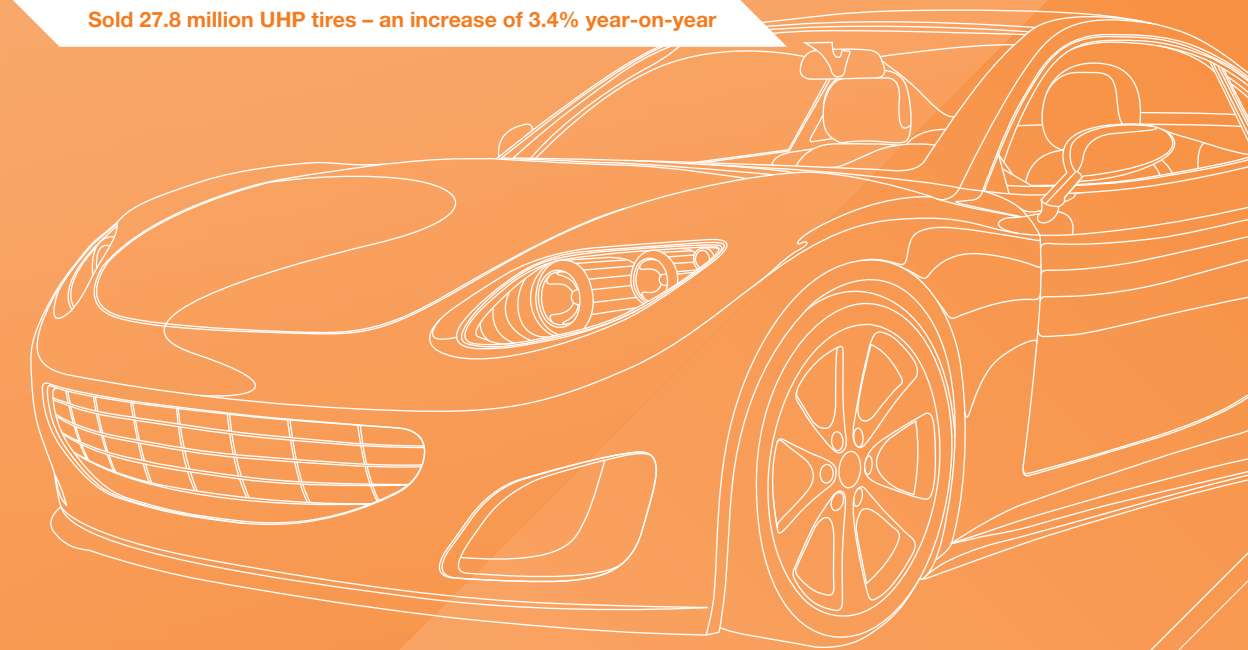


83 Million

Sold over 83 million PCR tires – an increase of 190,000 over last year

27.8 Million

Sold 27.8 million UHP tires – an increase of 3.4% year-on-year



Marketing Communications

Hankook Tire implemented diverse market outreach programs in 2015 to bolster communications, familiarize global customers with the brand, and give them opportunities to experience the products firsthand. Based on marketing communication strategies that consider the characteristics of individual market and customer groups, the company has been actively promoting the "Hankook" brand through various activities such as campaigns, exhibitions and sport sponsorships.

Global Brand Communications

"Be One with It," the company's global campaign, has been implemented in key markets including Europe and the Middle East. The effort has contributed greatly to the enhancement of brand value. In 2012, the company signed a three-year deal to sponsor the the UEFA Europa League as an official partner, earning plaudits for having conducted a marketing campaign tailored to the different tastes of each local customer group. In 2015, Hankook Tire extended its sponsorship of the Europa League for an additional three years through 2018, a move that will solidify the premium status of Hankook Tire brand in global markets, in particular, Europe.

In the United States, the company's key strategic market, Hankook Tire launched the "Never Halfway" advertising campaign in October 2015 in an attempt to imprint its brand image on target customers by reflecting their emotions. An American interpretation of the "Driving Emotion" concept, the Never Halfway campaign seized the attention of American audiences by casting key celebrities representing various areas of interest for Americans.

The first installment, "Racing Daylight," featured Chris Burkard, a photographer specializing in adventure shots and highlighted the relentless passion and challenging spirit of Hankook Tire. "Vanishing Act," the second installment, featuring Rhys Millen, a professional car racer, was launched in April 2016 to convey the brand message of Hankook Tire.

In China, the "Globally Proven" campaign, which aims to bolster the premium image of the company, is in its second phase. The campaign strengthened IMC (Integrated Marketing Communications) to convey consistent messages at the point of contact with customers, while also engaging in marketing activities that showcase the premium status of the Hankook Tire brand.

In Korea, the company promoted a young and exciting image of Hankook Tire by launching "The Next Driving Lab" campaign featuring the highly innovative "Ball Pin Tire" demonstrating Hankook Tire's leadership in future driving culture. And a campaign for the T'Station distribution channel promoted "SMART CARE" service, the core value that differentiates the company from competitors, thereby conveying the image of Hankook Tire as a premium brand customers can rely on.

Furthermore, the company is actively promoting Hankook Tire's outstanding products and technologies at renowned exhibitions including the International Automobile Ausstellung (IAA) and the Shanghai/Beijing International Automobile Exhibition, a.k.a. Auto China.



'Racing Daylight' episode of the 'Never Halfway' campaign



Official Partner of UEFA Europa League from 2015 to 2018



'Ball Pin Tire' episode of 'The Next Driving Lab' campaign
International Automobile Ausstellung (IAA)



Performance Analysis of OE Tire Market and Future Strategy

In 2015, Hankook Tire increased its supply of OE tires to premium brands including Porsche, Audi, BMW and Mercedes-Benz by about 17 percent over the previous year. In the same period, the company started to supply OE tires to premium SUVs such as the Porsche Macan and the Lincoln MKX. Also in 2015, Hankook Tire's technological excellence was further reaffirmed with the successful supply of SEALGUARD tires for the Volkswagen Touran and the Passat. And expanded TBR tire supplies to premium brands helped the company compete in the elite league, crowded with top global brands.

2015 Performance Analysis

The expansion of global OE tire supply is a remarkable achievement that proves the excellence of Hankook Tire's products and technology. In 2015, Hankook Tire laid the groundwork for raising brand value by beginning the supply of OE tires to global automotive brands' premium vehicles.

The remarkable growth of global OE tire supply in North America and Europe that the company achieved in 2014 continued well into 2015. Whereas the North American automotive market grew by 6 percent, year-on-year, the company recorded 17 percent growth in the supply of OE tires in the market.

Meanwhile, the European automotive market remained sluggish throughout the year, dogged by falling sales and Volkswagen's emissions scandal. Even so, Hankook Tire persevered amidst the turmoil and even recorded 5 percent growth in sales, thanks to its supply of OE tires to premium brands such as Porsche, Audi, BMW and Mercedes-Benz, as well as to its expansion of supply volume to existing customers including Volkswagen and Hyundai-Kia Motors.

In China, many global automotive brands including Volkswagen, GM and Hyundai-Kia Motors suffered an unprecedented contraction of sales due to the economic slump and price dumping by local companies. The company's sales in China also slowed down, influenced by the worsening situation facing Volkswagen and Hyundai-Kia Motors. Amid this challenging environment, however, the company still succeeded in expanding its supply volume to BYD-Daimler, Daimler's joint venture for electric cars, as well as to Toyota.

Given the ongoing economic uncertainty and associated risks, numerous forecasting agencies and governments around the world are unanimous in announcing gloomy predictions for the global economy in 2016. Still, Hankook Tire plans to minimize risks by region while expanding sales in emerging and advanced markets by further diversifying its global businesses, introducing cost innovations and innovating the systemization of its business portfolio.

2016 Business Strategy

In response to the changing market situation and in a bid to continue growth, Hankook Tire has come up with the following business strategies for OE tires for new cars, based on the achievements realized in 2015.

First, the company plans to expand its business with key automotive companies and increase supply of OE tires by adopting localized approaches tailored to the changing global environment. The company's OE tire supply to major global automotive companies including Hyundai-Kia Motors, Volkswagen, Ford and GM; to premium brands such as BMW, Mercedes-Benz and Audi; and to Japanese automotive brands including Toyota, Honda and Nissan; is being steadily expanded. In China, where market fluctuations are severe, the company plans to minimize local risks by expanding its supply to local automotive companies and steadily increase its OE tire supply to automotive companies in ASEAN nations and India. Hankook Tire will continue to expand its partnerships with global automotive companies by expanding its OE tire supply to more popular car models.

Second, the company plans to increase its OE tire supply to premium automotive brands. In addition to PCR tires currently being supplied to BMW, Mercedes-Benz and Audi, the company will expand the supply of TBR tires to these premium brands. As part of this plan, the company will continue to expand its supply of TBR tires to leading truck brands in Europe

including the small- and large-size trucks of Mercedes-Benz (which began in 2014), as well as the MAN trucks of Volkswagen Group. In 2016, the company will push for a full-scale expansion of OE tire supply to premium automotive brands in its key strategic markets including North America and Europe.

Third, the company will concentrate its R&D resources on developing new technologies to meet the demands of global markets and consumers. While expanding the supply of OE tires for new cars, such as run-flat and SEALGUARD tires that focus more heavily on safety, the company will continue to develop tires for electric vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and fuel-cell electric vehicles.

Fourth, the company will bolster its relationships with various automotive brands based on diverse communications. These activities will include expanding relationships with industry partners through regular meetings while raising the awareness of and understanding of the company's OE tires for new cars at major auto shows. Hankook Tire will also publicize its business for OE tires by partnering with key retail networks. In addition, it will strive to foster cooperative relationships for shared growth by strengthening joint research, concept tire development and technology exchanges with leading automotive brands.

OE Tires Partners



Business Strategies for OE Tires in 2016

Broaden Partnerships with Premium Auto Brands

Expand TBR Tire Supply

Enhance Capabilities to Develop New Technologies that Satisfy Customer Demand

Foster Collaborative Relationships with Automotive Brands through Diverse Communication Activities

Global Automotive Partnerships

Hankook Tire is earning the trust of premium global automotive brands thanks to its brand value, bolstered by its investments in innovative technology and proactive marketing communications. The company is expanding contracts to supply OE tires for premium new cars by concentrating on the development of new technology that answers the demands of global markets and customers, while solidifying its partnership with the automotive industry, based on the reputation it has built in the global market.

Leading the Future of the Automotive Industry

The last and most critical element of an automobile – the key decider of its final driving performance – is its tires. Tires, ideally, guarantee a safe experience that stimulates emotion – i.e. the enjoyment of driving. The importance of tires is growing in the face of the increasingly competitive global race to design new cars which require ever-higher levels of quality, and which reflect consumer tastes. Hankook Tire is responding to the demands of the OE tire market around the world by developing tires optimized to the features of individual automobiles. These tires leverage the R&D efforts being made in technology centers in Korea, China, Germany, the US and Japan.

Hankook Tire realizes the best possible partnerships with world-leading automotive brands by securing core capabilities for future car technology, building on its far-reaching global network and continued R&D investment. In addition, it is concentrating on corporate communications to strengthen affiliations and collaborations with global automotive brands. It is also pushing ahead with diverse strategic marketing communication activities, including participation in world-renowned exhibitions, motorsport competitions and technology exchange sessions to enhance partnerships with premium automotive brands and to promote the technological excellence of Hankook Tire.

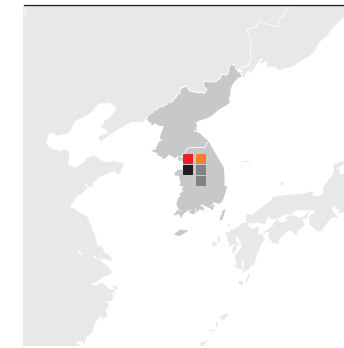


In 2015, the company succeeded in supplying OE tires to the Porsche Macan, following an earlier contract to supply OE tires to the Lincoln MKX, thereby further raising its brand value in the global market. The company expanded its supply portfolio further by supplying OE tires for Mercedes-Benz's truck (the Actros), Ford's trucks (F-650/F-750) and Toyota's pickup truck (the Tacoma). The company's top-tier technology has been proven again with the supply of SEALGUARD tires to the Volkswagen Touran and Passat. The SEALGUARD tire is considered the pinnacle of tire technology.

The company's effort to build a solid partnership with premium automotive brands on the strength of its advanced technology came to fruition in 2016 when it finally succeeded in supplying OE run-flat winter tires for the BMW 7 Series, the flagship model of the German automotive brand.

The company has expanded its business turf, partnering with diverse global brands in North America, Europe, China and Japan, and now boasts 30 or more global partnerships. It will continue joining hands with major automotive makers all over the world courtesy of its top quality and advanced technology. These ongoing efforts will advance the future of the automotive industry.

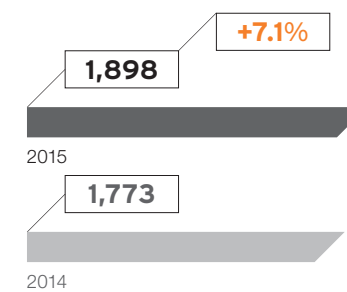
Analysis by Region and Future Strategy



- Regional Headquarters
- Sales Subsidiaries & Sales Offices
- Technical Center
- Plants

Sales Growth of UHP Tires

Unit: Thousands



Korea

The Korea Headquarters enhanced brand value and strengthened our current dominance over the domestic market through implementation of strategies including distribution specialization, service standardization and development of diverse product lines.

The country's economic growth rate fell by 0.8 percent to 2.6 percent in 2015, a spurred by the financial crisis that started in China and by the general slump in the global economy. In 2015, the sales of new cars in Korea grew by 8.6 percent, fueled by governmental stimulus packages including slashing consumption taxes, and robust sales of imported brands, boosting the number of newly registered cars by 4.3 percent. Despite these positive factors, the domestic tire market shrank by 3.0 percent year-on-year. In the midst of this challenging market environment, Hankook Tire was able to guard its No. 1 market position successfully. For the fiscal year 2015, the company selected a "differentiation strategy in brand, product and distribution to ensure volume and value up" as its core operational strategy, and consolidated diverse differentiation strategies that are centered on the enhancement of brand value, strengthening of product competitiveness, retail-focused distribution expertise and service differentiation.

The key performances of the Korea Headquarters have been significant, as follows:

First, to strengthen our brand image as the unmatched leader in the industry, we continued to implement the T'Station "SMART CARE" service advertisement and provided a total service, upon which customers can place their trust, backed by differentiated, professional service and value. Furthermore, through "The Next Driving Lab" campaign the company launched the "Ball Pin Tire" ad to convey a futuristic driving experience and deliver a dynamic brand image.

Second, the company bolstered its product competitiveness and led the market by launching a series of new products throughout the year, including: the Ventus S1 noble2 plus UHP tire for imported cars and large-sized sedans; the KINERGY EX tire, which is a total-balance product tailored for Korean road conditions; and the SMART Plus 2, an affordable model for value-seeking customers.

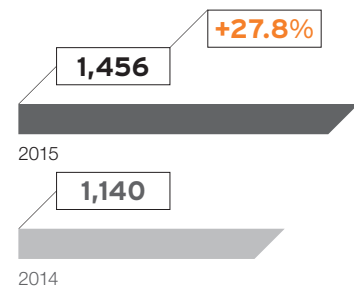
Third, the company offered differentiated services to customers on the basis of specialized distribution strengths, centered on its retail network. The company has been implementing the "SMART CARE" campaign – the standardized service offer of T'Station – year round in a move to grow as a specialized tire franchise. The company also expanded peace-of-mind insurance service for customers to resolve concerns over potential breakdowns of new tires and offered winter tire sales by subscription, as well as a storage service to relieve customers of the burden of tire storage.

There are fears that the local tire industry will suffocate under growing competitive pressures driven by falling demand and excessive supply. The Korea Headquarters will cope with the shifting market environment via a series of innovative marketing strategies. The company will upgrade its marketing, targeting imported brands, by unveiling premium UHP tires, and will ensure continued sales growth by launching new products for SUVs. And the "SMART CARE" campaign by T'Station will be firmly integrated in the routine of each sales outlet thereby providing standardized services. Finally, the company will sharpen its image as a trusted and safe brand by launching new advertising campaigns for its distribution network and brand.



Sales Growth of UHP Tires

Unit: Thousands



China

The China Headquarters has successfully enhanced the company's image as a premium brand while also strengthening competitiveness through expanding the supply of OE tires, upgrading distribution channels, extending production capacity and strengthening marketing campaigns.

The total sales of the automotive industry in China increased by 1.4 percent year-on-year in 2015 to 23.4 million cars (Source; IHS). The growth momentum of the overall economy and the automotive industry is slowing down in China, but still remains largely vibrant. Amid this environment, the China Headquarters pushed forward with an efficient and systematic marketing strategy in 2015. As a result, the total sales of Replacement Equipment (RE) tires in 2015 grew 101 percent compared to the previous year in China. Among sales of UHP tires, the share of RE tires recorded 28 percent growth year-on-year, helping the company accomplish both quantitative growth and qualitative improvements in sales.

Key achievements of the China Headquarters include:

First, the headquarters expanded the supply of OE tires. The China Headquarters is supplying OE tires to premium global auto brands including Audi and Mercedes-Benz and will consistently expand supply to others. Moreover, through a diverse strategy that expands supply to Chinese auto brands, the company has achieved recognition for its outstanding technology and is steadily growing in the Chinese market.

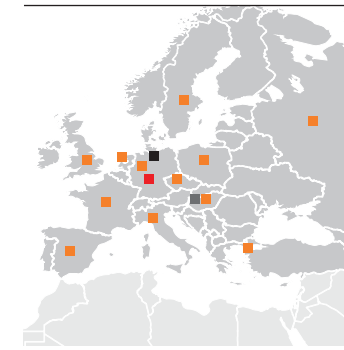
Second, we expanded our retail network in the country. The headquarters expanded its investment consistently in Hankook Masters, a PCR tire distribution channel, and Hankook Truck Masters, a TBR tire distribution channel, extending our overall retail network while also strengthening competitiveness via expanded control of market distribution.

Third, the China Headquarters launched the Laufenn brand in the local market. Coupled with the existing Hankook Tire brand, the new brand is satisfying the diversifying needs of the Chinese market. The company plans to raise Laufenn as one of the key brands in China through a differentiated distribution strategy.

Fourth, the headquarters expanded its production capability. Opened in 2012 as a dedicated manufacturing plant for TBR tires, the Chongqing Plant has since expanded its capacity to include PCR tires. Together with the Jiaxing Plant and Jiangsu Plant, the three production plants currently in operation in China are the cornerstone of the company's grand vision to grow as a top-tier tire brand in China.

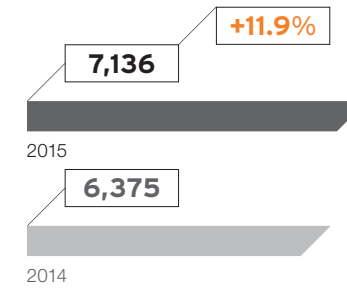
Lastly, the headquarters bolstered its premium image and technological prowess through the implementation of effective marketing communications. The TV advertising campaign, the second phase of "Globally Proven," has been aired in major cities via CCTV and the company participated in Auto China, China's biggest auto component exhibition.

In 2016, the China Headquarters will enhance its competitiveness, securing the momentum for sustainable growth and bolstering the premium image of the Hankook Tire brand. First, we will respond to distribution channel diversification by launching various products that reflect the unique demands of the Chinese market. Second, we will expand our premium retail network and upgrade our service level to improve the competitiveness of RE tires. Third, we plan to improve our product portfolio through the expansion of OE tire supply to premium auto brands. Finally, we plan to expand the China market share by the implementation of aggressive marketing, so strengthening the premium image of Hankook Tire.



Sales Growth of UHP Tires

Unit: Thousands



Europe

The Europe Headquarters continued to expand its market share in 2015 through building a premium brand image, improving productivity, developing competitive products and proactive marketing communications. The unwavering growth that the company has demonstrated is boosting Hankook Tire's prospects of rising to a top-tier regional brand.

The European economy recorded a 1.5 percent growth rate in 2015 – a 0.6 percent increase over the previous year, thanks in part to the proactive quantitative easing of the European Central Bank which was undertaken to quell worsening economic woes spurred by growing pressure for price cuts and the financial meltdown in Greece. The European Regional Headquarters recorded 110 percent growth in sales, exceeding the average annual growth rate of 104 percent in the European tire market, expanding its market share fast. The company's regional market share increased across all product groups including UHP tires, contributing greatly to the enhanced profitability and quantitative growth of its regional operation.

Key achievements of the Europe Headquarters include:

First, Hankook Tire strengthened the dominance of the Europe Headquarters over distribution channels through continuous investments in the channel as well as the formation of strategic partnerships with key distribution channels. The number of countries the company maintains in-house storage facilities in increased from 10 to 12 across Europe, helping the company to expand its regional distribution and sales domain. It also pushed for the expansion of sales volume and market share through continuous communication with key national retailers, by country.

Second, we are implementing a variety of proactive marketing communications activities employing diverse media outlets. The Europe Headquarters is currently running TV commercials in 11 countries in a bid to enhance brand image.

We successfully bolstered our brand image in Poland, the key strategic market in East Europe, by running a series of TV commercials. The headquarters also promoted the excellent quality of its products through tests hosted by leading auto magazines in Europe, including Germany, Britain, Russia and Sweden.

Third, we are promoting the Hankook Tire brand by sponsoring diverse sports events. As the official tire supplier of DTM, three premium racing team's cars – those of Audi, BMW and Mercedes-Benz – are racing on the company's tires. Hankook Tire has been sponsoring the UEFA Europa League since 2012 in a three-year deal, and has extended the contract for an additional three years – a highly effective way to expose the brand and strengthen relationships with soccer fans.

Fourth, the company is promoting cutting-edge technology and quality competency by hosting diverse marketing events. A series of new products was unveiled in an effort to meet the demands of customers during the winter, and a "Winter Driving Event" was held in Finland, inviting representatives of key European automotive journals and other media. And the company participated in the International Automobile Ausstellung (IAA), one of the top-five global motor shows, in an effort to offer potential customers the hands-on opportunity to experience the Hankook Tire brand.

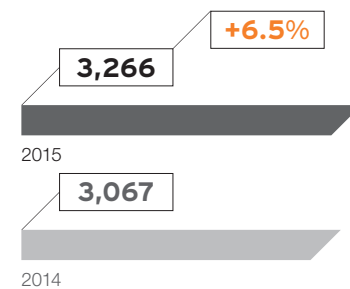
Fifth, the company launched 12 new websites for Hankook Tire and six websites for Laufenn in a proactive response to the changing media environment. Those sites were revamped to offer more user-friendly experiences to potential customers, while in Germany and Britain, the company opened its own Facebook page to enable interactive communication with customers on a daily basis.

In 2016, the Europe Headquarters will play a leading role in bolstering the brand value of Hankook Tire in Europe across the entire value chain including product, service and marketing, and lay the groundwork for the company to join the global top-tier brand club.



Sales Growth of UHP Tires

Unit: Thousands



The Americas

The America Headquarters is expanding regional market share via diversification of distribution channels in North America, via new market development in the Central and Latin American markets and via proactive investments in marketing. Through the impressive growth it realized in the region, the headquarters is laying the foundation for Hankook Tire to join the global top-tier brand club.

The US economy continued to record steady growth, as it did in the previous year. The job market started to show signs of a turnaround with unemployment dropping to its lowest level since 2008. In addition, the number of new car sales in America grew by 3.8 percent year-on-year to 17 million cars thanks to the replacement of aging vehicles and the expansion of high fuel-economy cars. The strong dollar is feared to slow down exports, however, and the interest rate raise is expected to limit the speed of economic recovery. Meanwhile, in Central and Latin America, trade barriers continued to hinder cross-border trade as various import-restriction policies such as sharp rises in exchange rates, anti-dumping duties and import-approval systems persisted.

In the midst of this tumultuous environment, the America Headquarters realized a number of achievements in 2015:

First, the company realized remarkable sales growth in North America and Central America. It recorded a 19 percent growth rate in the United States by expanding its market share through cooperating with regional dealers and expanding sales via national retailers. In Canada, the company recorded about 10 percent growth in sales, bolstered largely by the expansion of the national distribution network. In Mexico, development of new dealers along with the sales growth of UHP tires – a value-added market segment – helped the company record 21 percent growth, year-on-year.

This impressive performance is the result of expanded retail sales via warehouses, optimization of distribution channel portfolios and concentration on sustainable growth potential, thereby signaling the prospect of further growth in the mid- and long-terms.

Second, sales in the Americas jumped significantly thanks to the growing sales of PCR tires and tires for light trucks. Sales grew by 23 percent year-on-year in the United States thanks in large part to new programs at existing wholesale stores and development of new accounts and sales expansion by regional dealers.

Third, the headquarters engaged in diverse activities in 2015 to raise the value of the Hankook Tire brand in the market. In Formula Drift, one of the most popular motorsport events among the young audience in the United States, racing teams sponsored by Hankook Tire swept the 1st, 2nd and 3rd prizes as well as the Tire Cup Championships, demonstrating the excellent driving performance of the company's UHP tires. The company expanded the exposure of the Hankook Tire brand during prime-time shows by installing billboards on the slots behind the home plate and the outfield areas of 26 Major League Baseball ball parks. And the newly launched "Never Halfway" campaign contributed to winning American consumers over to the Hankook Tire brand.

In 2016, the US economy is forecast to continue steady growth following 2015, while the sale of new cars is expected to grow continuously in the mid- and long-terms. In Central and Latin America, however, falling currencies are forecast to emerge as a key factor in terms of mid- and long-term sales prospects, while various import restrictions and anti-dumping duties are expected to remain in place as well. The tire market in the Americas is expected to see general growth in demand.

The America Headquarters will come up with a more intricate and measured approach than at any time previously to ensure continuous growth in the face of two negative factors: Continued low-priced imports from China and currency depreciations across Central and Latin American nations.

Accordingly, the America Headquarters will strive to pursue qualitative and quantitative growth simultaneously by pushing forward with key strategies.

First, the headquarters will optimize its operation of distribution channels. In the United States, the company will push for quantitative growth by expanding new large-scale accounts based on stable demand and by launching new product line-ups. In Central and Latin America, we will lay the groundwork for the future growth of the America Headquarters by developing new accounts and innovating distribution channels. We will steadily expand Hankook Masters, our global distribution brand, to lay a foundation for future growth. In Canada, we will focus on increasing sales via warehouses to develop the retail network while boosting sales at mid- and large-size stores in the east on the basis of the national distribution network, which has impressive sales revenues.

Second, we will establish a stable base for sales growth through our new Tennessee Plant.

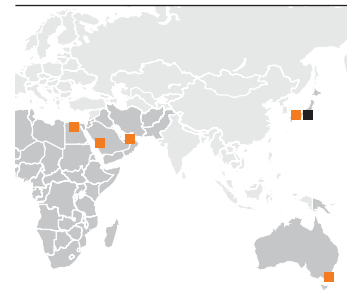
Third, we plan to implement differentiated promotional programs and campaigns designed to boost the sales of high-value added tires, so raising the overall price point of key products. Furthermore, we will begin to sell our new product, the Laufenn, in earnest.

Fourth, we will enhance the value of the Hankook brand through implementation of diverse marketing campaigns. The America Headquarters will implement various activities aimed at increasing brand awareness and supporting sales. In the second half of this year, we will continue to sponsor various sport events that are popular in each market, such as Major League Baseball and hockey in Canada. We will also launch an advertising campaign in the United States. And we will expand our sponsorship to motorsports events and exhibitions.

Based on our key strategies, we will do our best to realize the vision "Everywhere Hankook" in the Americas.

Brand campaign in the US market

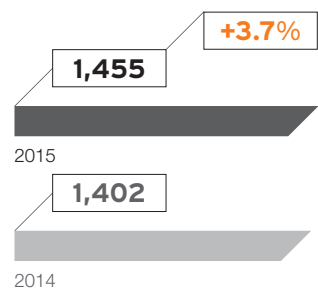




■ Sales Subsidiaries & Sales Offices
■ Technical Center

Sales Growth of UHP Tires

Unit: Thousands



The Middle East, Africa and Asia-Pacific

In the Middle East, Africa and Asia-Pacific regions, the company realized sales growth through an expansion of sales infrastructure via downstream distribution.

In 2015, the Middle East saw a market contraction owing to falling oil prices and an unstable political situation. In Africa, trade within the continent was not active due to the lack of foreign currency and continued civil wars. And the Australian tire market continued its low-growth trend with a 1 percent growth rate while competitors went on the offensive against Hankook Tire. Meanwhile in Japan, demand growth for tires was hoped for in the wake of the stimulus package unveiled as part of the Abenomics initiative, but in fact, demand only continued to drop.

Despite this challenging market situation, Hankook Tire responded proactively to the changes in the Middle East, Africa and Asia-Pacific regions, laying the groundwork for sustainable growth.

In particular, we strengthened the base for quantitative expansion by accelerating the distribution downstream by region.

Product ad in the Middle Eastern market

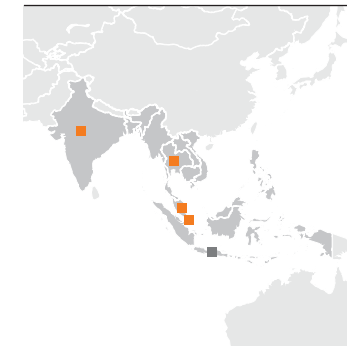


First, we opened 10 new Hankook Masters stores, our own distribution channel, in the Middle East, Africa and Asia-Pacific regions. The number of annual sales via the national sales network, including Hankook Masters currently in operation in Saudi Arabia, exceeded the 3 million-mark in the same period. Meanwhile in Australia, we recorded impressive sales growth amounting to 117 percent year-on-year by expanding and stabilizing warehouse operations.

In 2016, Hankook Tire plans to implement the following strategies in an attempt to overcome the challenging market environment and to realize a quantitative expansion and robust profitability at the same time.

First, we will keep advancing the level of distribution channels, laying the groundwork for quantitative growth and a stable sales stream. Towards this end, we will explore new markets and distribution channels while expanding and strengthening our sales infrastructure by effectively spreading the Hankook Masters network. In addition, we will maximize our return on investment by optimizing our distribution strategy in close collaboration with key accounts, by region.

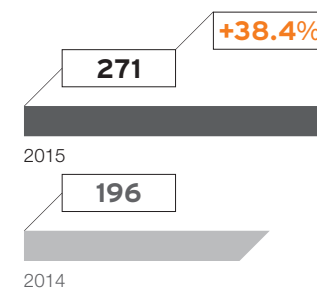
Second, we will expand sales in emerging markets and renovate our management system. We will increase sales bases in undeveloped or underdeveloped markets while implementing a hands-on management style at the same time, thereby promoting sales in these regions. Through these concerted efforts, we plan to develop the Middle East, Africa and Asia-Pacific regions as key sales bases of Hankook Tire.



■ Sales Subsidiaries & Sales Offices
■ Plants

Sales Growth of UHP Tires

Unit: Thousands



ASEAN and India

In ASEAN and India, the company accomplished quantitative and qualitative growth through expansion of sales infrastructure via distribution downstream and increased sales of UHP tires.

In 2015, the Indian economy recorded 7.5 percent growth thanks to the business-friendly and deregulatory policy of the Indian government. But in other regions, the local economies contracted owing to a series of bombings by terrorists, the slowing Chinese economy and falling commodity prices and market demand.

Amid this challenging environment, Hankook Tire accomplished a remarkable feat by recording quantitative growth and establishing a sales platform for sustainable growth in the future by proactively responding to the changing market situation.

The company's key performances in the ASEAN and Indian regions in 2015 are shown below:

Product ad in the Indonesian market



First, we pushed for the acceleration of distribution downstream by region to ensure establishment of a quantitative and qualitative base for expansion. The headquarters maintained a total of 110 stores in an effort to expand Hankook Masters, our own retail network, mainly in Indonesia and Malaysia. We also strove to secure and expand additional retail networks, in addition to Hankook Masters.

Second, the sales of UHP tires jumped by 38.4 percent year-on-year thanks to concentrated efforts to optimize merchandizing.

Third, sales in ASEAN and India increased, bolstered by the development and management of KINERGY EX (H308), a product lineup tailored for the two regions.

In 2016, Hankook Tire intends to accomplish quantitative and qualitative expansions, while identifying new growth engines by concentrating on the implementation of the following strategies:

First, we will push for the expansion of quantitative bases via advancing our distribution channels and upgrading our brand value. Towards this end, the Hankook Masters network will be further expanded, raising the public awareness of the Hankook Tire brand. In addition, we will enhance our growth potential in ASEAN and India by actively developing market opportunities in the newly emerging Indian market.

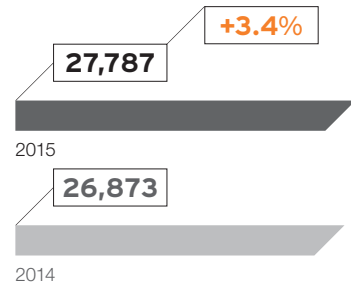
Second, we will concentrate on expanding market share throughout 2016 under the guiding strategy of turning ASEAN into one of our "home" markets on the strength of more market-friendly Indonesian products.

Performance Analysis in Tire Market by Product Group

In 2015, Hankook Tire sold over 92.8 million tires globally. Among them, the shares of RE and OE tires made up 63 percent and 37 percent, respectively. The sales of UHP tires, a high-value product, grew by 3.4 percent compared to the previous year.

Sales Growth of UHP Tires

Unit: Thousands



2015 Performance Analysis

Geographically, the company sold 30.4 percent of its tires in Europe followed by 22.6 percent in the Americas, 19.2 percent in China, 17.4 percent in Korea and 10.4 percent in the Middle East, Africa and Asia-Pacific and ASEAN and India regions, achieving a balanced sales portfolio all over the world. By product lineup, the company sold over 83 million PCR tires, a 190,000 tire increase, year-on-year. The shares of RE and OE tires among PCR tires were 62 percent and 38 percent, respectively.

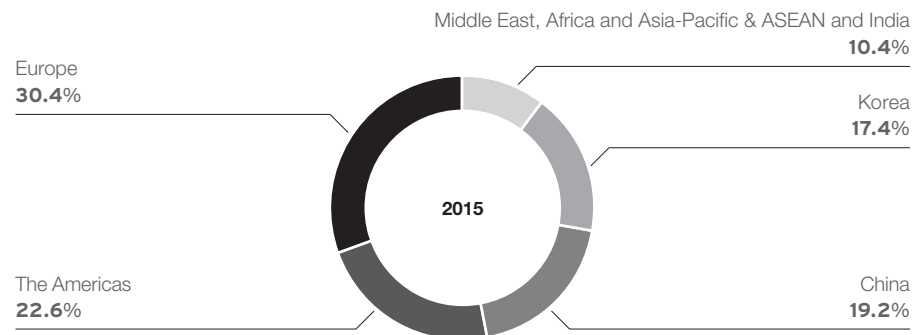
The share of UHP tires among PCR tires has consistently grown by 3.4 percent year-on-year to 27.8 million. The share of UHP tires among PCR tires has grown by 1.1 percent; from 32.3 percent in 2014 to 33.4 percent in 2015.

Among UHP tire sales, the breakdown was 56 percent for RE tires and 44 percent OE tires. Given that the sales of OE tires for new cars are closely linked with the sales of RE tires, the share of UHP tires among the RE tire segment is forecast to grow steadily in the future.

By region, the company sold 46 percent of UHP tires among RE tires in Europe, 19 percent in North America, 12 percent in Korea, 11 percent in the Middle East, Africa and Asia-Pacific and ASEAN and India, 10 percent in China and 2 percent in Latin America. The combined share of advanced markets, including Europe and North America, was higher. The sales of UHP tires will expand to emerging markets.

The geographical breakdown of sales of TBR tires among RE tires was: 29 percent in Europe, 21 percent in Korea, 17 percent in North America, 12 percent in both China and the Middle East, Africa and Asia-Pacific, 7 percent in Latin America and 2 percent in ASEAN and India. Most notably, sales grew by 2 percent and 12 percent in North America and Europe, respectively.

Share of Tire Sales by Region



* Based on global sell-in amount

SECTION 3

MOVING SUSTAINABILITY FORWARD



108 Million

The Europe Headquarters supported
CSR activities worth KRW107,610,250

The America Headquarters supported
CSR activities worth KRW85,450,125

85 Million

343 Million

The China Headquarters supported
CSR activities worth KRW343,002,044

The Indonesia Plant supported
CSR activities worth KRW52,063,906

52 Million

Proactive Culture

Hankook Tire has grown on the spirit of its "Proactive Culture," a culture unique to Hankook Tire. Through this, the company is strengthening the competence of each employee by making a proactive mindset part of the core DNA of the company to achieve goals. As a result, proactive leaders who are not afraid to rise to new challenges have grown as passionate and innovative minds, opening up a bigger and brighter future for the company.

Proactive Culture

The company's remarkable accomplishments are owed to the unwavering enthusiasm and dedication of its employees. Hankook Tire's growth since 1941 follows in the footsteps left by each and every employee who embraced the company's founding spirit and lent their hands to pioneer new paths. The company was able to inject this Proactive Culture deep into its corporate veins thanks to the efforts of leaders who created innovative synergies by sharing thoughts with one another. Hankook Tire believes that only through the individual growth and development of every employee can the company open a sustainable future on the global stage. Leveraging a spirit that allows employees to work actively and innovatively with a competitiveness based on professionalism, the company will keep writing business success stories in the future.

Proactive Workplace

Hankook Tire is pursuing a workplace environment where creative minds can independently sharpen their job expertise. It has eliminated unnecessary meetings and reporting requirements so that employees can concentrate on their work more effectively, promoting a proactive workplace that boosts the creative spirit of employees.

'Proactive Friday'

Once a month, employees are freed from their regular duties and spend the day on self-regulated activities that foster their own initiative. Freed from the pressure of a performance-driven work environment, employees can relax while nurturing their inner selves and enhancing communication with their peers.

'Proactive 1 Grand Prix'

The Proactive 1 Grand Prix is an intranet system via which employees can submit innovative ideas to advance the company and its business, regardless of their given task. Awards are given for the best ideas.

'Proactive Awards'

The annual Proactive Awards were established to reward persons and teams that put proactive leadership into action and deliver best performances.

Proactive Communication

At Hankook Tire, corporate heads and employees join hands to shape the company's future together. It has built a proactive culture across the company that promotes transparent sharing of management information and strategies with employees and reflects employee feedback.

'Hankook Tire Agora (HANA)'

On HANA, the company's intranet blog, everyone is welcome to freely express his or her ideas and opinions on any matter, as a proud member of Hankook Tire.

'Proactive Concert'

The company holds a quarterly management debriefing session, Proactive Concert, where details of current business performance are opened to investors as well as to all members of Hankook Tire. The head of each division holds a debriefing session every quarter, while answering questions from employees.

Work & Life Balance

The company pays careful attention to its employees to provide diverse benefits in a healthy and safe work environment. It provides various forms of support so that employees can pursue happiness by balancing work and life.

Donggeurami Daycare Center for Work & Life Balance

Hankook Tire is running the Donggeurami Daycare Center to help employees concentrate on their work, freed from the worries of childbirth and childcare.

Community of Practices (CoP) for Personal Development

The company is promoting internal communication among employees by proactively supporting independent hobby clubs and societies to help staff exploit their untapped potential and develop their professional competitive edges.

Employee Health Promotion Program to Upgrade Vitality

Hankook Tire is running an in-house medical clinic inside the headquarters along with medical and Oriental medical clinics in regional workplaces to provide health check-up services for employees on a regular basis. The company also offers personalized exercise prescriptions and training for employees in the health promotion center.



Proactive 1 Grand Prix



Community of Practices

Proactive Awards



Corporate Social Responsibility Activities

Hankook Tire is developing Corporate Social Responsibility (CSR) as a firmly ingrained element of corporate culture, making a new set of values in which employees grow together with society in their everyday work. The company established an integrated CSR management system that authorizes related departments to take direct control and responsibility over CSR activities, enabling them to set detailed goals to satisfy diverse stakeholders. In addition, the company has improved its company-wide crisis management system and established new standards for human rights and the environment. These moves have laid a solid foundation for sustainable management. Hankook Tire will continue to raise the value of the company by working for the happiness of humanity and protecting the environment while carrying out its mission and undertaking its responsibility as a global company.

Declaration

Hankook Tire aims to develop CSR as a firmly ingrained element of corporate culture, making it part of the everyday work of its employees. In the coming years, we will provide maximum value to stakeholders through the company-wide integrated management of CSR activities, while at the same time striving for the sustainable development of the automotive industry.

CSR Achievements

Hankook Tire has been managing CSR programs since 2010 based on its "Integrated CSR Management System." The company installed sub-committees for eight management criteria – product environment, business site EHS (Environment, Health & Safety), energy-carbon, employees, ethical management, risk, CSR and partners. The sub-committees, as well as their related departments, were given CSR roles and responsibilities to seamlessly integrate everyday work with the CSR activity of employees.

As a result of these continuous efforts, Hankook Tire has been included in the Dow Jones Sustainability Asia Pacific Indices for three years in a row. The company proved its firm leadership in sustainable management by being voted one of the best companies in the automotive parts industry sector among 600 companies assessed. In 2015, the company scored particularly well in the area of climate strategy and human capital development.

And in a first for a Korean tire manufacturer, the company was selected again as one of the Carbon Management Sector Winners, Selective Consumer Discretionary Sector, in the 2015 CDP Korea (the former Carbon Disclosure Project), for two straight years. This solidified our position as a leader in climate-change initiatives.

Social Contribution Activities

Hankook Tire is contributing to the development of countries and local communities, directly and indirectly, through the implementation of diverse CSR activities. These programs and projects fulfill our role and responsibility as a corporate citizen that actively contributes to society.

Operation of Employee Voluntary Service System 'Donggeurami Volunteering Teams'

After launching a company-wide employee volunteer service team in 2013, Hankook Tire has participated in diverse volunteer activities including neighborhood cleanup campaigns, visits to low-income households and social welfare facilities. Recently, family members of Hankook Tire employees have also been participating in these efforts.

Total charitable activities in 2015: 6,028 persons / 356 projects / 25,312 hours / 33.4% participation rate / KRW88,281,664

Joint Operation of Online Donation Site 'Dream Full'

Hankook Tire jointly operates a website called Dream Full (www.dreamfull.or.kr) in collaboration with a local NGO (Leftovers Love Sharing Community), enabling its employees and other interested people to make charitable donations online. The proceeds are used to provide needy children with opportunities to develop spiritually and mentally.

Total donations in 2015: 39,245 donations / KRW679,164,773



Allkidstra



Wall painting volunteer activity

Dream With

Sharing of vehicles



Social Contribution Activities via Charitable Donation to Community Chest of Korea

Hankook Tire is implementing diverse CSR activities through charitable donations to the Community Chest of Korea.

Total donations in 2015: KRW1.1 billion (KRW820 million in cash, KRW289 million in value-in-kind)

1) Supported Children's Traffic Safety Map Project

The company has partnered with SAFIA to jointly publish the "Children's Traffic Safety Map" to improve the spontaneous responses of children exposed to the danger of traffic accidents and so make a safer community.

Total participants in 2105: A total of 3000 elementary school students (20 classes from Seoul, Gyeonggi, Incheon, Daejeon and Chungnam) participated in the program

2) Driving Education Program for Needy Women

True to its business identity of "mobility," and in response to the growing number of women drivers, Hankook Tire has been offering driving education beginning in 2014 to help needy women pass their driving tests.

Total participants in 2015: 80 women from five provinces (Seoul-Gyeonggi, Jeolla, Chungcheong, Gyeongsang and Gangwon)

"Allkidstra" Orchestra Composed of Culturally Needy Children

Hankook Tire is sponsoring Allkidstra Geumsan-Chubu Brass Band, a community brass band whose membership is open to children living near the company's Geumsan Plant. Organized in 2014, the brass band is managed by "Children That Walk Together," a social welfare institution which hosts an annual concert for the band.

Total activities in 2015: 45 active band members / Financial support KRW117 million

CSR Programs Implemented by Hankook Tire Welfare Foundation

1) Operation of Mobility CSR Programs

• Sharing of Vehicles: The company has been implementing Mobility CSR Programs since 2008 under which small cars are operated for, and/or donated to, needy institutions to provide mobility convenience.

Total charitable activities in 2015: 40 vehicles donated to social welfare institutions (Accumulated total: 307 vehicles from 2008 to 2015)

• Sharing of Tires: The company has been supporting social welfare institutions by replacing worn tires installed on their passenger vans and small cars. The tires are donated by Hankook Tire, which also provides wheel-alignment services.

Total charitable activities in 2015: 2,280 tires supplied to social welfare institutions (Accumulated total: 11,745 tires for 2,939 vehicles from 2010 to 2015)

• Tuieum Bus Program: The company has been providing free bus transportation to social welfare institutions which have difficulties with mobility since 2013 to help them engage in diverse experiences in culture, history, tradition, ecology and learning.

Total charitable activities in 2015: 461 buses operated (Accumulated total of 1,289 buses operated from 2012 to 2015)

2) Operation of Community Engagement Programs

Hankook Tire is actively engaging in local communities to help them overcome difficulties and change for the better.

• Support for Charitable Hospitals: For 24 years since 1991, the company has been supporting charitable hospitals which rely solely on charitable support – i.e. without receiving any financial support from the national medical insurance system. In 2015, the company supported five charitable hospitals in the spirit of "respect for life," thereby helping those suffering from illness.

• Support for Social Welfare Institutions: Ever since the foundation of the Hankook Tire Welfare Foundation, the company has been striving to improve the living environment and quality of life of those in needy conditions, including the disabled, the aged and children, by supporting social welfare institutions. In 2015, the company supported a family camp for families which include children suffering from leukemia. It also provided aid to institutions that provide care to runaway teenagers, and to teenagers of North Korean defectors.

3) Children and Teenager Support Programs

Hankook Tire is supporting children and teenagers by participating in diverse support programs designed to help them continue to study and realize their dreams for the future.

• Dream With: The "Dream With" project is the company's CSR program designed to help university students plan, execute and manage various charitable programs for socially disadvantaged children and teens. In 2015, a total of 350 children were matched with 347 volunteers from 21 local child centers and university volunteer groups to participate in diverse experiences spanning multiple subjects including science, movies, marathons, humanities and musicals.

• Support for Teenagers in Crisis: The company looks for and protects those teenagers in crisis and provides them with shelter and job-training courses so that they grow as healthy members of society. Hankook Tire Welfare Foundation has been running a series of pilot programs for the protection, self-reliance and education of teenagers since 2015.

• Support for Needy Children and Teenagers: The company supports daily living and mentoring of children and teenagers struggling in their academic and occupational career paths due to economic problems. In 2015, the company provided monthly living stipends to 30 children and teenagers living in needy conditions.

CSR Activities in Overseas Operations

Hankook Tire has been implementing CSR activities optimized for local conditions in its overseas plants and regional headquarters.

1) The China Headquarters

• Library in Small City Support Programs: Supported construction of town libraries in villages neighboring its Jiangsu Plant.

• Scholarship Program for Needy University Students: Supported tuition for needy students studying in universities near its Jiaxing Plant.

Total CSR budget in 2015: KRW343,002,044

2) The Europe Headquarters

• UK Subsidiary: Sponsored campaign for traffic condition improvement in Africa (Road Safety).

• German Subsidiary: Donated proceeds from the sales of tires to a childhood cancer society to support medical expenses, a Christmas party and other activities.

Total CSR budget in 2015: KRW108,610,250

3) Hungary Plant

• Tire Donation Program: Donated tires to fire stations, government agencies and social welfare institutions that are required to mobilize in emergencies.

• Employee Volunteer Group: Supported environmental improvements of community daycare centers, gyms and playgrounds for local children and teenagers.

Total CSR budget in 2015: KRW223,153,975

4) Indonesia Plant

• Cultural Activities: Supported breakfasts for needy children, key necessities for low-income homes and other value-in-kind projects tailored for Islamic religious events.

• Health Guardian: Supported free medical examinations and potable water.

• Sharing Love: Remodeling of school toilets, book sharing and tire sharing.

• Tender Environment: River cleaning and environment protection campaign.

Total CSR budget in 2015: KRW 52,063,906

5) The Americas Headquarter

• Tire Donation: Supported and donated tires for business vehicles of Disabled American Veteran Charity (DAV).

Total CSR budget in 2015: KRW85,450,125

Kindergarten improvement volunteer work by Hungary Plant



Donggeurami Volunteering Team

Risk Management and Emergency Response

Hankook Tire prioritizes the monitoring of diverse risks. We provide effective responses to identified risks to overcome them and implement enterprise-wide risk management. This includes guidelines on preliminary risk management and post-event responses.

Risk Management

Hankook Tire has established company-wide risk-management guidelines that empower the entire workforce to perform rigorous pre- and post-event risk management by identifying, assessing and monitoring risks that could potentially undermine business operations. The 90 potential risks Hankook Tire identified were narrowed down to four key risk groups depending on the risk manager and risk characteristic. The guidelines for risk management were determined and communicated company-wide, in the workplace.

Financial Risk

In 2015, global low-growth trends continued to deepen, triggering the collapse of oil prices and worsening instability in global financial markets. In China, the financial industry continued to experience changes in the market environment amid unfavorable factors such as the slowdown in China's economic growth and a capital drain from emerging markets in the wake of the interest rate raise by the US Federal Reserve Board. This economic environment is forcing companies to walk a treacherous path, bristling with risks and management challenges. Mindful of this challenging reality, Hankook Tire is focused on sustaining stable growth by continually investing in overseas expansion to create future momentum while maintaining a conservative approach to risk management. In order to minimize its exposure to financial

risks, it is stepping up the monitoring and management of financial costs and positioning in foreign exchange markets. In addition, it is upgrading its system of reports on financial environment trends to detect volatility in financial markets early on, thus improving top management's decision-making efficiency. It also shares market information with internal and external stakeholders and partners through consistent communications.

Currency Risk

Hankook Tire carries out transactions in 28 currencies, including the US dollar and euro. To mitigate risks associated with currency exchange, it makes it a rule to conduct every transaction in local currencies, including export and import payments, operating transactions, bank deposits and loans. It also hedges risks against each currency on the principle that the incoming and outgoing currency should be identical, while suppressing occurrence of exchange positions. Exchange positions exceeding present limits are managed according to the company's exchange-risk management regulations, which contain stipulations on the definition of exchange risks, governing bodies, management processes and hedge ratios. As the top decision-making body regarding currency risk, the Financial Risk Management Committee, presided over by the Hankook Tire CEO, is convened quarterly to build strategies for currency risk per region and per currency. While the currency risk management strategy of Hankook Tire focuses on natural hedging through assets-liabilities matching, it does

Risk Management Guideline

Groups	Major Risks	Management Guideline
Group 1 (19)	Fires, serious disasters, typhoons/heavy rains, earthquakes, heavy snows, accidents during overseas business trips, terrorism, IT system failures, blackouts, infectious diseases/food poisoning and others	Emergency response per operation site
Group 2 (8)	Antidumping, product liability, customer information protection, intellectual property right/trademark disputes, fair trade, labor-management culture, sexual harassment, affiliate risk management	Managing risk subcommittee
Group 3 (31)	Quality issues, information leakages, customer complaints, shortfall in greenhouse gas emissions allowances, currency risks, strikes, inappropriate waste disposal, elapse of raw materials' expiration dates and others	Report through committee or conference
Group 4 (41)	Occurrences of raw material inconsistencies, losses of real estate assessments, import clearance errors, illegal transactions, serious breakdowns in manufacturing equipment, human rights violations, negative media reports and others	Daily management of management department

not exclude artificial hedging using financial products within the limit of approval, if necessary.

Liquidity Risk

Hankook Tire continuously monitors the borrowing, liquidity levels, and short- and long-term cash flows of its headquarters and overseas affiliates. The company periodically predicts future cash flow to manage liquidity risks in advance. It also concentrates on conservative liquidity management during periods of intensified volatility in financial markets to maintain operational stability. It completed liquidity management processes for overseas operations by adopting consolidated financial systems such as cash pooling. This helps minimize liquidity risks, mitigates the burden of fund management and reduces financial expenses through sharing of funds between those affiliates with limited funds and those affiliates with surplus funds. Expanding on this scheme, the company is building a Global Cash Management System that manages company-wide cash flows, including those of regional head offices and worldwide subsidiaries, in an integrated manner.

Legal Risk

Hankook Tire manages legal risks by seeking legal advice on the drafting and reviewing of contracts, M&As and other legally sensitive issues related to diverse projects, as well as to the day-to-day business of operational divisions. It also provides full support for the resolution of legal disputes such as litigations, arbitrations and more, both at home and abroad. In preparation for the impending commercial operation of the Tennessee Plant, Hankook Tire is perfecting compliance guidelines specified in US labor laws. We are also implementing additional measures aimed at ensuring enhanced management of potential legal risks associated with US product liability. And in an attempt to enhance our compliance management, the company is implementing the following measures:

(1) Diagnosing and improving the practices of collecting and utilizing customers' personal information in the wake of the legislation of the Personal Information Protection Act; (2) Carrying out sexual harassment prevention training in Korean and overseas business operations; and (3) Diagnosing and improving its compliance with the Monopoly Regulation and Fair Trade Act in businesses with affiliated companies and contracts with suppliers. Hankook Tire will continue to strengthen its legal risk management via compliance management both in Korea and overseas operations.

Emergency Response

Hankook Tire identified 13 key accidents in manufacturing plants and six in offices that needed emergency responses, and refurbished emergency response processes by accident type. As a result of this effort, the plants established their own emergency response scenarios based on standardized formats. For offices, Office Safety Guidelines containing emergency response scenarios were prepared. The plants have performed fire drills based on established emergency response scenarios and adjusted them based on the assessment results. The company will continue to add new emergency response scenarios which will enable us to respond promptly to unexpected accidents and events.

Fire Risk

Following the fire that broke out in the logistics center at the Daejeon Plant in 2014, Hankook Tire in-house teams joined forces with external professionals specialized in

fire preparedness diagnosis to assess the fire risk and to strengthen our response capability for any fire risks. Based on the assessment results, the company will invest over KRW30 billion from 2015 to 2017 on related facilities to enhance fire-fighting preparedness. And the company upgraded the Disaster Prevention Centers in each plant to Integrated Control Centers by expanding fire prevention infrastructure and staffing, including assigning additional fire safety managers and installing monitoring systems for emergency response.

Hankook Tire has been bolstering and operating systems to strengthen fire prevention in the vulnerable areas of each operations site. Our capability to respond to fire and explosion-related emergencies is improving with the assignment of a fire prevention officer to each zone, including vulnerable areas, via who continuous prevention activities are performed. And the fire prevention officer in each vulnerable area was reinforced with a fire safety assistant capable of supporting safety management tasks. This motivates them to function with a strong sense of responsibility.

The company has also expanded virtual fire-fighting training and evacuation drills. And in an effort to establish a close collaborative system with public agencies, the company performed evacuation and fire-fighting drills jointly with public agencies on October 14, 2015 in its Daejeon Plant. In recognition of these concerted efforts across its production plants, Hankook Tire's Geumsan Plant won the Grand Prize in the 2015 Korea Safety Award.

Emergency Response Required Accidents in Operation Site

Plant	Fires, serious disasters, harmful chemical leakages, dangerous article leakages, outflow of waste water to rivers, oil leakages, boiler room explosions, earthquakes, typhoons/heavy rains, heavy snows, nitrogen gas leakages, infectious diseases/food poisoning, blackouts
Office	Fires, earthquakes, typhoons/heavy rains, infectious diseases/food poisoning, medical emergencies, terrorism, demonstrations

**Hankook Tire has grown on
the foundation of unrelenting passion
and a challenging spirit.**

**We blaze through new markets armed
with insights and innovations,
and will maintain our status as a reliable
partner, trusted by all stakeholders,
through transparent and healthy
management practices.**

**We offer pure driving joy to our global
customers by creating premium
brand values built on the basis of
our unrivaled technology leadership.**

**And by expanding our businesses worldwide, we
are growing as a global
leader and innovator of driving culture.**

FINANCIAL REPORT

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I Company Overview

1. Purpose

1. Manufacture, recycling, processing and sale of automotive tires, tubes and parts;
2. Manufacture and sale of rubber products and special chemical products;
3. Technology services related to the manufacture of a variety of tires and other rubber products;
4. Manufacture and sale of storage batteries;
5. Manufacture and sale of automotive parts;
6. Maintenance and repair of automobiles;
7. Manufacture, assembly, lease and sale of machinery, industrial equipment and components;
8. Housing business as well as the sale and rental of residential buildings;
9. Development, sale, purchase and rental of real estate;
10. Transportation, transportation-related services, storage and warehousing;
11. Import and export business as well as wholesale and retail;
12. Manufacture and sale of new materials and non-metal products;
13. Manufacture, assembly and sale of transportation equipment and parts;
14. Collection and disposal of wastes;
15. Gas stations;
16. Educational services;
17. Internet business as well as information and communications business;
18. Sports facilities, golf facilities and comprehensive leisure business;
19. Sale of intangible assets including knowledge and information held by the company as well as services related to the business;
20. Electronic commerce and related services;
21. Development, manufacture and sale of fuel cell separator plates as well as related research services;
22. And any and all other businesses incidental to any of the foregoing.

2. Primary Business

Manufacture, recycling, processing and sale of automotive tires, tubes and parts

3. Business Sites and Plants

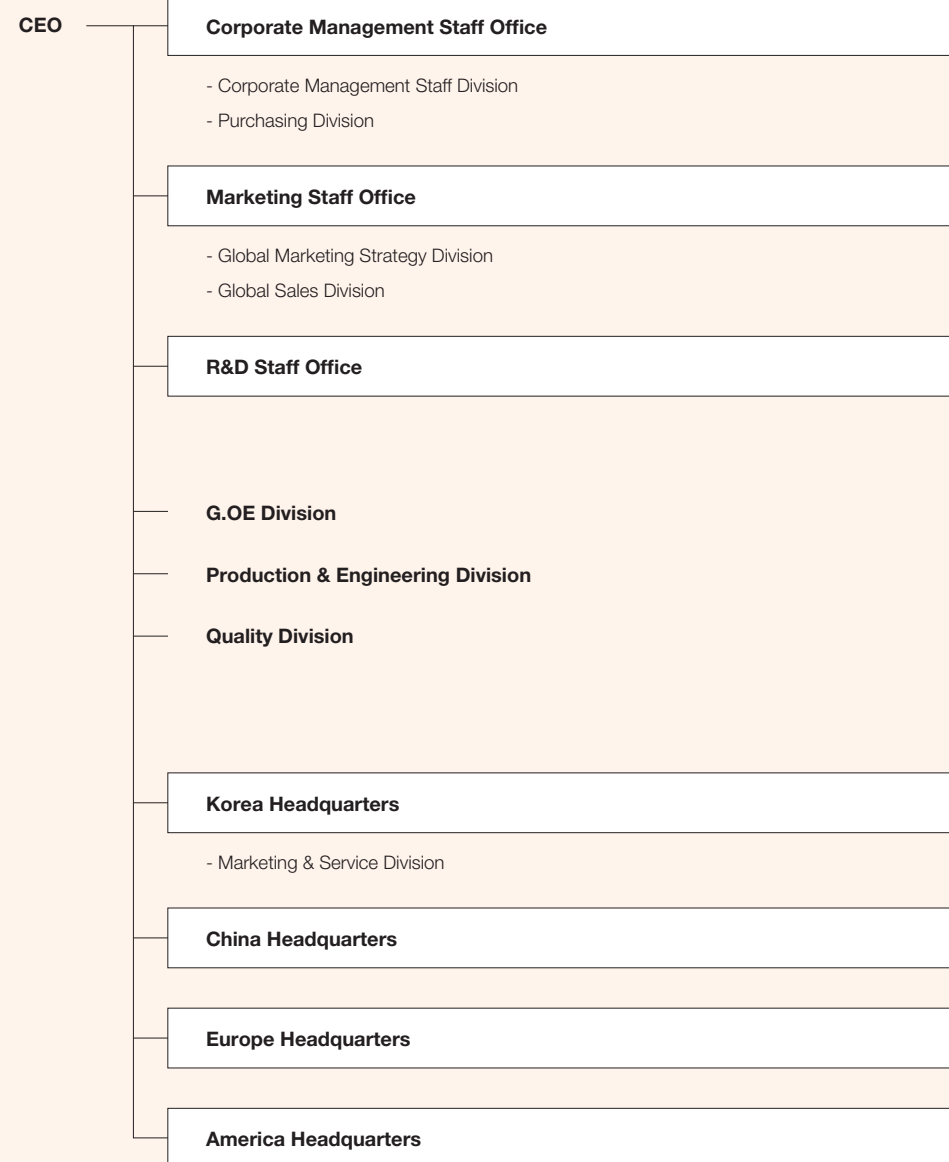
Name of Business Site / Plant	Main Business Activity or Product	Location
Headquarters	Sales and administration	133 Teheran-ro (Yeoksam 1-dong), Gangnam-gu, Seoul, Korea
Daejeon Plant	Tire manufacturing	40, Daedeok-daero 1447beon-gil, Daedeok-gu, Daejeon, Korea
Geumsan Plant	Tire manufacturing	1, Geumgang-ro, Jewon-myeon, Geumsan-gun, Chungcheongnam-do, Korea
Main R&D Center	Technology research	112, Gajeongbuk-ro (23-1 Jang-dong), Yuseong-gu, Daejeon, Korea
33 sales offices and distribution centers in Korea including the Gangnam Office	Tire sales	456, Dogok-ro, Songpa-gu, Seoul, Korea and other locations
27 overseas subsidiaries and sales offices including the Jeddah Office	Tire sales	P.O. Box 5922, Jeddah 21432, Kingdom of Saudi Arabia and other locations
Overseas technology centers and technology offices (4 including ATC)	Technology research	3535 Forest Lake Drive Uniontown, Ohio 44685 and other locations

* Based on Separate Financial Statement (Korea)

4. Employees

Number of employees			
Directors	Office Staff	Operators	Total
37	2,188	4,794	7,019

5. Organizational Structure



6. Stock Information

① Type and Number of Shares Issued

Korean won in thousands, except number of shares

Type of Stock	Number of Shares	Amount	Ratio (%)	Remarks
Common stock	123,875,069	61,937,535	100	
Total	123,875,069	61,937,535	100	

② Changes in Capital Stock

Korean won in thousands, except number of shares

Date	Type of Stock	Number of Shares	Capital Increase (Decrease) Amount	Capital Stock after Capital Increase (Decrease)	Description
2012.09.01	Common stock	123,875,069	61,937,535	61,937,535	Newly established through spin-off

③ Stock Administration

Closing Date	December 31		
Book Closure Period	January 1 to January 31	Record Date	December 31
Announcement	www.hankooktire.com / Seoul Economic Daily		
Type of Stock	Registered common stock		
Stock Administration Agency	Name of Agent	Korea Securities Depository	
	Administrative Office	40, Munhyeongeumyung-ro (Munhyeon-dong, Busan International Finance Center), Nam-gu, Busan, Korea	

7. Debenture Information

Korean won in thousands

Type	Issue Date	Issue Amount	Annual Interest Rate	Balance	Maturity Date	Guarantor
Non-guaranteed debenture No. 81-2	February 21, 2012	70,000,000	4.06%	70,000,000	February 21, 2017	
Non-guaranteed debenture No. 82 (foreign currency)	September 1, 2014	58,600,000	LIBOR+0.83%	58,600,000	September 1, 2017	
Non-guaranteed debenture No. 83-1	March 12, 2015	250,000,000	2.05%	250,000,000	March 12, 2018	
Non-guaranteed debenture No. 83-2	March 12, 2015	250,000,000	2.23%	250,000,000	March 12, 2020	
Total		628,600,000		628,600,000		

II Progress and Results of Operations

1. Business Overview

See the CEO Message.

2. Production Status by Main Business Units or Products

Korean won in thousands, except quantity data

Business Unit / Product	Production Status	Actual Production (2015)		Actual Production (2014)	
		Quantity	Value	Quantity	Value
Tires		41,652,119	2,044,031,088	44,397,871	2,282,677,500
Total		41,652,119	2,044,031,088	44,397,871	2,282,677,500

3. Sales Performance

Korean won in thousands

Type of Sales	Sales Status	Year 2015		Year 2014	
Finished Goods	Tires	Domestic sales	1,101,721,752	1,235,181,584	
		Exports	2,029,470,962	2,183,949,858	
		Subtotal	3,131,192,714	3,419,131,442	
Trading Goods	Tires, tubes, batteries, etc.	Domestic sales	155,860,436	163,987,781	
		Exports	68,245,945	81,116,244	
		Subtotal	224,106,381	245,104,025	
Other Sales	Services, engineering services, leases, etc.	Domestic sales	3,117,872	3,229,685	
		Exports	-	-	
		Subtotal	3,117,872	3,229,685	
Total		Domestic sales	1,260,700,060	1,402,399,050	
		Exports	2,097,716,907	2,265,066,102	
		Subtotal	3,358,416,967	3,667,465,152	

4. Major Facility Constructions, Expansions and Financing

① Expansions

Korean won in thousands

Site	Investment Purpose	Investment Duration	Investment Size
Hankook Tire	Ability improvement	2015.01.01-2015.12.31	31,655,361
	Price improvement	2015.01.01-2015.12.31	2,725,930
	Supplementation investment	2015.01.01-2015.12.31	49,855,320
	R&D	2015.01.01-2015.12.31	35,539,817
	IT investment	2015.01.01-2015.12.31	5,672,875
	Facility expansion investment	2015.01.01-2015.12.31	27,421,423
	Quality improvement	2015.01.01-2015.12.31	6,262,805
	Others	2015.01.01-2015.12.31	159,905,201
Total			319,038,733

② Funds Required and Financing Details

Korean won in thousands

Classification	Funding Source	Amount	Remarks
Domestic Funds	Facility funds	-	
	Corporate bonds	-	
	Internal funds	319,038,733	
	Total domestic funds	319,038,733	
Overseas Funds	Loans in foreign currencies	-	
	Internal funds	-	
	Total overseas funds	-	
Investment Total	Total funds raised	319,038,733	

III Information on Parent Company, Subsidiaries and Business Combination

1. Status of the Parent Company Not Applicable.

2. Status of the Subsidiaries

Subsidiary			Relationship with the Company			
Company Name	Location	Capital Stock	Primary Business	Shareholding (Shares)	Ownership (%)	Business Relationship
Hankook Tire America Corp.	1450 VALLEY ROAD, WAYNE, NEW JERSEY 07470, USA	USD 148,000,000.00	Tire sales	29,600	100.00	Tire sales
Hankook Tire Canada Corp.	30 RESOLUTION DRIVE, BRAMPTON, ON, L6W 0A3, CANADA	CAD 50,000.00	Tire sales	50,000	100.00	Tire sales
Hankook Tire DE Mexico, S.A. DE C.V.	PASEO DE LAS PALMAS 735 PISO 7, Col. LOMAS DE CHAPULTEPEC, C.P. 11000, MEXICO, D.F	MXN 3,600,000.00	Tire sales	9,999	99.99	Tire sales
Hankook Tire de Colombia Ltda.	Av. 19 # 97 - 05, Oficina 701, Bogota, Colombia	COP 203,500,000.00	Tire sales	999	99.99	Tire sales
Hankook Tire Europe Holdings B.V.	BEECH AVENUE 102, 1119 PP SCHIPHOL-RIJK, THE NETHERLANDS	EUR 39,025,300.00	Holding company	390,253	100.00	Others
Hankook Tire Netherlands B.V.	Koerilenstraat 2-6, 3199 LR Maasvlakte Rotterdam, Havennummer 8625, The Netherlands	EUR 1,593,676.12	Tire sales	(*)	100.00	Tire sales
Hankook Tyre U.K. Ltd.	Fawsley Drive, Heartlands Business Park, Daventry, Northamptonshire, NN11 8UG, U.K	GBP 25,000.00	Tire sales	25,000	100.00	Tire sales
Hankook Reifen Deutschland GmbH	Siemensstrasse 5a, 63263 Neu-Isenburg, Germany	EUR 127,822.97	Tire sales	(*)	100.00	Tire sales
Hankook Tire France S.A.R.L.	Immeuble le Patio, 35-37 Rue Louis Guérin 69100 VILLEURBANNE, FRANCE	EUR 1,190,561.27	Tire sales	(*)	100.00	Tire sales
Hankook España S. A.	Avda. De La Industrias, No 4 Edificio 3, 2-D Parque Empresarial Natea, 28108, Alcobendas, Spain	EUR 60,101.21	Tire sales	(*)	100.00	Tire sales
Hankook Tire Japan Corp.	9F Naniwasuji Honmachi MID bldg. 2-3-2, Utsubo-honmachi, Nishi-ku, Osaka 550-0004 Japan	JPY 100,000,000.00	Tire sales	2,000	100.00	Tire sales
Hankook Tyre Australia Pty., Ltd.	Building A, Level 3, 11 Talavera Road, Macquarie Park, NSW 2113, Australia	AUD 1,575,000.00	Tire sales	(*)	100.00	Tire sales

Subsidiary			Relationship with the Company			
Company Name	Location	Capital Stock	Primary Business	Shareholding (Shares)	Ownership (%)	Business Relationship
PT. HANKOOKTIRE INDONESIA	Jl. Kenari Raya Blok G3-01 Delta Silicon 5 Industrial Park, Desa Cicau-Kec. Cikarang Pusat, Bekasi 17550, Jawa Barat, Indonesia	USD 271,000,000.00	Tire manufacturing	270,999	99.99	Tire sales
Hankook Tire Thailand Co., Ltd.	11th Floor, Two Pacific Place BLD, 142 Sukhumvit Rd., Klongtoey, Bangkok 10110 Thailand	THB 103,000,000.00	Tire sales	1,029,998	99.99	Tire sales
Hankook Tire Malaysia Sdn. Bhd.	22-8, Menara 1MK, Kompleks 1 Mont' Kiara, No.1 Jalan Kiara, Mont' Kiara, 50480, Kuala Lumpur, Malaysia	MYR 1,218,440.00	Tire sales	1,000,000	100.00	Tire sales
Hankook Tire Singapore PTE., Ltd.	24 Raffles Place #11-05 Clifford Centre, Singapore 048621	USD 1,000,000.00	Tire sales	(*)	100.00	Tire sales
Hankook Tire China Co., Ltd.	Dong Fang Road, 314003 Jiaxing Edg, Jiaxing Zhejiang, China	CNY 1,608,696,155.83	Tire manufacturing	(*)	96.37	Tire sales
Jiangsu Hankook Tire Co., Ltd.	No.1 South Hantai Road, Huaian Economic Development Zone, Jiangsu, China	CNY 1,575,973,631.23	Tire manufacturing	(*)	34.67	Tire sales
Chongqing Hankooktire Co., Ltd.	NO.149 Dongfeng Road, Jiangbei Zone, Chongqing, China 401133	CNY 1,346,432,000.20	Tire manufacturing	(*)	100.00	Tire sales
MK Technology Co., Ltd.	45, Munpyeongseo-ro, Daedeok-gu, Daejeon, Korea	KRW 7,006,800,000	Mold manufacturing	3,507,000	50.10	Mold sales
Daehwa Engineering & Machinery Co., Ltd.	30, Daehwa-ro 52beon-gil, Daedeok-gu, Daejeon, Korea	KRW 2,000,000,000	Machinery manufacturing	380,000	95.00	Equipment sales
Hankook Donggeurami Partners Co., Ltd.	40, Daedeok-daero 1447beon-gil, Daedeok-gu, Daejeon, Korea	KRW 900,000,000	Retailing	1,800,000	100.00	Others

3. Interlocking Directors between Parent and Subsidiary Companies

As of December 31, 2015

Director Holding Multiple Positions		Interlocked Company		
Name	Position	Company Name	Position	Remarks
Kwon Ho Song	Vice President	Daehwa Engineering & Machinery	CEO	
Young Song	Senior Vice President	Daehwa Engineering & Machinery	Director	Non-executive Director
Han Jun Kim	Senior Vice President	Daehwa Engineering & Machinery	Auditor	
Sun Ki Yoon	Senior Vice President	MK Technology	Director	Non-executive Director
Han Jun Kim	Senior Vice President	MK Technology	Auditor	
Han Jun Kim	Senior Vice President	Hankook Donggeurami Partners	Auditor	

IV Future Challenges

See the CEO Message.

V Directors and Auditors

Executive / Non-executive	Name	Position	Key Responsibility	Transactions with the Company	Remarks
Executive	Seung Hwa Suh	Representative Director, Vice Chairman (Inside director)	Chief Executive Officer	-	
Executive	Hyun Bum Cho	President (Inside director)	Chief Executive Officer	-	
Non-executive	Kun Ho Cho	Audit Committee Chairman (Outside director)	Auditor	-	
Non-executive	Chung Hwan Cho	Audit Committee Member (Outside director)	Auditor	-	
Non-executive	Seong Phil Hong	Audit Committee Member (Outside director)	Auditor	-	

VI Major Shareholders

As of December 31, 2015

Shareholder Name	Shareholding (Shares)	Ownership (%)	Transactions with the Company	Remarks
Hankook Tire Worldwide Co., Ltd. and others	52,713,842	42.55	-	
National Pension Service	7,383,848	5.96	-	
THE GOVERNMENT OF SINGAPORE	2,925,312	2.36	-	
THE SANDERSON INTERNATIONAL VALUE FUND	1,626,190	1.31	-	
GOLDMAN SACHS INTERNATIONAL	1,511,530	1.22	-	

VII Investments in Other Companies

Other Companies (Investee)	Investor	Investment in Other Companies		Investment by Other Companies in the Company	
		Shareholding (Shares)	Ownership (%)	Shareholding (Shares)	Ownership (%)
Hankook Tire America Corp.	Hankook Tire Co., Ltd.	29,600	100.00	-	-
Hankook Tire Canada Corp.	Hankook Tire Co., Ltd.	50,000	100.00	-	-
Hankook Tire DE Mexico, S.A. DE C.V.	Hankook Tire Co., Ltd.	9,999	99.99	-	-
	Hankook Tire America Corp.	1	0.01	-	-
Hankook Tire de Colombia Ltda.	Hankook Tire Co., Ltd.	999	99.90	-	-
	Hankook Tire America Corp.	1	0.10	-	-
Hankook Tire Manufacturing Tennessee LP	Hankook Tire America Holdings I, LLC	280	1.00	-	-
	Hankook Tire America Holdings II, LLC	27,720	99.00	-	-
Hankook Tire America Holdings I, LLC	Hankook Tire America Corp.	282	100.00	-	-
Hankook Tire America Holdings II, LLC	Hankook Tire America Corp.	27,722	100.00	-	-
Hankook Tire Europe Holdings B.V.	Hankook Tire Co., Ltd.	390,253	100.00	-	-
Hankook Tire Netherlands B.V.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Hankook Tyre U.K. Ltd.	Hankook Tire Co., Ltd.	25,000	100.00	-	-
Hankook Reifen Deutschland GmbH	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Hankook Tire France S.A.R.L.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Hankook Tire Italia S.R.L.	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook España S. A.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Hankook Tire Europe GmbH	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Hungary Ltd.	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Budapest Kereskedelmi Kft.	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Rus LLC	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Sweden AB	Hankook Tire Europe Holdings B.V.	500	100.00	-	-
Hankook Lastikleri A.S.	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Polska Sp. z o.o.	Hankook Tire Europe Holdings B.V.	100	100.00	-	-
Hankook Tire Česká republika s.r.o.	Hankook Tire Europe Holdings B.V.	(*)	100.00	-	-
Hankook Tire Japan Corp.	Hankook Tire Co., Ltd.	2,000	100.00	-	-
Hankook Tyre Australia Pty., Ltd.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
PT. HANKOOKTIRE INDONESIA	Hankook Tire Co., Ltd.	270,999	99.99	-	-
	Hankook Tire Co., Ltd.	1,029,998	99.99	-	-
Hankook Tire Thailand Co., Ltd.	Hankook Tire Singapore PTE., Ltd.	1	0.01	-	-
Hankook Tire Malaysia Sdn. Bhd.	Hankook Tire Co., Ltd.	1,000,000	100.00	-	-
Hankook Tire Singapore PTE., Ltd.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Hankook Tire China Co., Ltd.	Hankook Tire Co., Ltd.	(*)	96.37	-	-
	Hankook Tire America Corp.	(*)	3.63	-	-
Jiangsu Hankook Tire Co., Ltd.	Hankook Tire Co., Ltd.	(*)	34.67	-	-
	Hankook Tire China Co., Ltd.	(*)	64.86	-	-
	Hankook Tire America Corp.	(*)	0.47	-	-

Note: (*) indicates that share certificates were not issued.

Other Companies (Investee)	Investor	Investment in Other Companies		Investment by Other Companies in the Company	
		Shareholding (Shares)	Ownership (%)	Shareholding (Shares)	Ownership (%)
Shanghai Hankook Tire Sales Co., Ltd.	Hankook Tire China Co., Ltd.	(*)	66.00	-	-
	Jiangsu Hankook Tire Co., Ltd.	(*)	34.00	-	-
Chongqing Hankooktire Co., Ltd.	Hankook Tire Co., Ltd.	(*)	100.00	-	-
Beijing Jielun Trading Company Co., Ltd.	Shanghai Hankook Tire Sales Co., Ltd.	(*)	100.00	-	-
MK Technology Co., Ltd.	Hankook Tire Co., Ltd.	3,507,000	50.10	-	-
MK Mold (Jiaxing) Co., Ltd.	MK Technology Co., Ltd.	(*)	100.00	-	-
MK Technology (CHONGQING) Mould Co., Ltd.	MK Technology Co., Ltd.	(*)	100.00	-	-
Daehwa Engineering & Machinery Co., Ltd.	Hankook Tire Co., Ltd.	380,000	95.00	-	-
Hankook Donggeurami Partners Co., Ltd.	Hankook Tire Co., Ltd.	1,800,000	100.00	-	-
Daehwa Eng & Machinery Jiaxing Co., Ltd.	Daehwa Engineering & Machinery Co., Ltd.	(*)	15.00	-	-
Hanon Systems	Hankook Tire Co., Ltd.	20,806,200	19.49	-	-

Note: (*) indicates that share certificates were not issued.

VIII Major Creditors

Not Applicable.

IX Subsequent Events

Not Applicable.

X Other Important Events

Not Applicable.

XI Audit Committee's Report

The Audit Committee has completed an audit of the Company's accounting records and business operations for its third fiscal year that started on January 1, 2015 and ended on December 31, 2015 and the results are as follows:

1. Audit Methodology Overview

Accounting ledgers, related documents, financial statements and supplementary schedules were closely reviewed for the purpose of the accounting audit. The Committee made comparisons, performed due diligence, called on relevant personnel, raised inquiries and took other appropriate audit procedures, if deemed necessary. To audit business operations, the Committee Members attended Board of Directors' meetings and other important meetings; asked directors for operational reports if found necessary; read and closely reviewed documents related to key business processes and took other appropriate measures.

2. Statement of Financial Position, Income Statement and Cash Flow Statement

Hankook Tire's property, profits and losses as well as cash flows are accurately presented in its statement of financial position, income statement and cash flow statement according to relevant laws and regulations as well as its Articles of Incorporation.

3. Statement of Appropriations of Retained Earnings

The Statement of Appropriations of Retained Earnings is in line with relevant laws and regulations as well as the Company's Articles of Incorporation. It also presents the Company's financial status and other conditions appropriately.

4. Operating Reports

Operating reports accurately capture the Company's circumstances according to relevant laws and regulations as well as its Articles of Incorporation.

March 2, 2016
Kun Ho Cho
Hankook Tire
Chairman
Audit Committee



XII Independent External Auditor's Report

1. Separate Financial Statement

To the Shareholders and the Board of Directors of Hankook Tire Co., Ltd.:

Report on the Separate Financial Statements

We have audited the accompanying separate financial statement of Hankook Tire Co., Ltd. (the "Company"). The separate financial statements consist of the separate statement of financial position as of December 31, 2015 and 2014, and the related separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows, all expressed in Korean won, for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and its financial performance and its cash flows for the year then ended in accordance with K-IFRS.

March 17, 2016

Jong Ho Ham

CEO

Deloitte Anjin LLC

10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea

This report is effective as of March 17, 2016, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying separate financial statements and may result in modifications to the auditors' report.

2. Consolidated Financial Statement

To the Shareholders and the Board of Directors of Hankook Tire Co., Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statement of Hankook Tire Co., Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as of December 31, 2015 and 2014, and the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows, all expressed in Korean won, for the year ended December 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Korean Auditing Standards ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2015 and 2014, and its financial performance and its cash flows for the year ended December 31, 2015 and 2014, in accordance with K-IFRS.

March 17, 2016

Jong Ho Ham

CEO

Deloitte Anjin LLC

10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea

This report is effective as of March 17, 2016, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditor's report.

XIII Financial Statements

1. Separate Statement of Financial Position

Hankook Tire Co., Ltd.

Korean won in thousands

	December 31, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	216,889,941	269,511,210
Short-term financial assets	30,066,914	286,660,544
Financial assets at fair value through profit or loss ("FVTPL")	40,000,000	55,000,000
Trade and other accounts receivable	938,585,627	1,027,147,225
Inventories	378,272,465	401,086,550
Other financial assets	97,938,137	418,071,628
Other current assets	9,278,917	8,643,555
Total Current Assets	1,711,032,001	2,466,120,712
Non-current Assets		
Long-term financial assets	12,000	13,000
AFS financial assets	389,865	395,280
Investments in subsidiaries	1,231,803,436	1,115,493,243
Investments in associates	1,061,740,386	-
Property, plant and equipment	1,500,907,051	1,392,190,722
Investment property	107,190,417	108,147,080
Intangible assets	26,063,026	15,199,171
Other financial assets	230,061,693	14,191,917
Other non-current assets	40,155,756	150,267
Total Non-current Assets	4,198,323,630	2,645,780,680
Total Assets	5,909,355,631	5,111,901,392
Liabilities and Shareholders' Equity		
Current Liabilities		
Trade and other accounts payable	609,887,179	563,311,293
Short-term borrowings and current portions of long-term financial liabilities	733,551,730	761,568,738
Current tax liabilities	55,917,272	73,744,368
Other provisions	42,489,127	-
Other financial liabilities	7,697,024	57,900
Other current liabilities	36,193,375	47,331,417
Total Current Liabilities	1,485,735,707	1,446,013,716
Non-current Liabilities		
Long-term borrowings and debentures	663,081,621	158,466,362
Retirement benefit obligation	25,513,263	44,346,889
Deferred tax liabilities	11,921,619	28,144,623
Other provisions	35,555,753	35,001,612
Other financial liabilities	5,241,039	4,743,505
Total Non-current Liabilities	741,313,295	270,702,991
Total Liabilities	2,227,049,002	1,716,716,707
Shareholders' Equity		
Capital stock	61,937,535	61,937,535
Other paid-up capital	2,457,107,991	2,457,974,724
Retained earnings	1,163,261,103	875,272,426
Total Shareholders' Equity	3,682,306,629	3,395,184,685
Total Liabilities and Shareholders' Equity	5,909,355,631	5,111,901,392

2015: For the year ended December 31, 2015 | 2014: For the year ended December 31, 2014
Korean won in thousands, except for income per share data

2. Separate Statement of Comprehensive Income

Hankook Tire Co., Ltd.

	2015	2014
Sales	3,358,416,967	3,667,465,152
Cost of Sales	(2,229,179,664)	(2,463,249,810)
Gross Profit	1,129,237,303	1,204,215,342
Selling expenses	(434,620,799)	(382,174,441)
Administrative expenses	(248,848,112)	(239,220,879)
Research and development expenses	(134,309,770)	(139,239,687)
Operating Income	311,458,622	443,580,335
Financial income	98,196,811	87,461,779
Financial expense	(104,414,885)	(80,911,447)
Other non-operating income	266,777,329	256,874,048
Other non-operating expense	(103,755,755)	(145,154,324)
Income before Income Tax Expense	468,262,122	561,850,391
Income Tax Expense	(116,067,389)	(165,422,257)
Net Income	352,194,733	396,428,134
Other Comprehensive (Loss) Income	(14,664,984)	(16,967,702)
Items not to be reclassified subsequently to profit or loss		
Remeasurements of the retirement benefit plan	(19,346,945)	(22,384,831)
Tax effects on the other comprehensive income	4,681,961	5,417,129
	(14,664,984)	(16,967,702)
Items to be reclassified subsequently to profit or loss		
Loss on valuation of foreign exchange forward contract	-	-
Tax effects on the other comprehensive income (loss)	-	-
Comprehensive Income	337,529,749	379,460,432
Net Income per Share (Korean won)		
Basic and diluted income per share	2,844	3,201

3. Separate Statement of Changes in Shareholders' Equity

Hankook Tire Co., Ltd.

Korean won in thousands

	Capital Stock	Other Paid-up Capital			Retained Earnings	Other Equity	Total
		Additional Paid-up Capital	Other Capital Surplus	Treasury Stocks			
As of January 1, 2014	61,937,535	2,459,062,742	-	(1,088,018)	545,353,066	-	3,065,265,325
Annual dividends	-	-	-	-	(49,541,072)	-	(49,541,072)
Comprehensive income	-	-	-	-	379,460,432	-	379,460,432
Net income	-	-	-	-	396,428,134	-	396,428,134
Remeasurements of retirement benefit plan	-	-	-	-	(16,967,702)	-	(16,967,702)
As of December 31, 2014	61,937,535	2,459,062,742	-	(1,088,018)	875,272,426	-	3,395,184,685
As of January 1, 2015	61,937,535	2,459,062,742	-	(1,088,018)	875,272,426	-	3,395,184,685
Annual dividends	-	-	-	-	(49,541,072)	-	(49,541,072)
Changes in business combination	-	-	(866,733)	-	-	-	(866,733)
Comprehensive income	-	-	-	-	337,529,749	-	337,529,749
Net income	-	-	-	-	352,194,733	-	352,194,733
Remeasurements of retirement benefit plan	-	-	-	-	(14,664,984)	-	(14,664,984)
As of December 31, 2015	61,937,535	2,459,062,742	(866,733)	(1,088,018)	1,163,261,103	-	3,682,306,629

4. Separate Statement of Cash Flows

Hankook Tire Co., Ltd.

	2015	2014
Cash Flows from Operating Activities		
Cash generated from operating activities	752,233,982	832,613,124
Net income	352,194,733	396,428,134
Adjustments		
Income tax expense	116,067,389	165,422,257
Interest income	(14,908,133)	(21,161,696)
Interest expense	15,745,857	12,440,728
Gains on foreign currency translation	(32,111,004)	(29,620,957)
Losses on foreign currency translation	27,075,329	50,288,869
Losses on disposal of trade receivables	59,073	-
Losses on disposal of AFS securities	8,539	14,995
Gains on disposal of AFS securities	(1,380)	(703)
Gains on foreign exchange forward transaction	(9,173,322)	-
Losses on foreign exchange forward transaction	2,314,100	-
Losses on valuation of foreign exchange forward contracts	18,935	57,900
Gains on valuation of foreign exchange forward contracts	-	(5,769,178)
Gains on disposal of property, plant and equipment	(1,963,134)	(2,021,221)
Losses on disposal of property, plant and equipment	2,751,912	5,363,063
Casualty loss	-	12,455,157
Losses on disposition of investment in real estate	-	507,932
Gains on disposal of intangible assets	(2,073)	(1,555)
Gains (losses) on valuation of inventories	844,595	(3,423,293)
Losses on abandonment of inventories	2,312,774	1,450,942
Losses on inventory obsolescence	1,636	1,141
Reversal of allowance for doubtful accounts	(194,638)	(5,468,857)
Depreciation of property, plant and equipment	197,961,623	206,653,324
Depreciation of investment in properties	956,663	975,615
Amortization of intangible assets	5,605,641	2,210,368
Sales damage expense	53,340,532	5,966,989
Employee benefits	1,714,424	2,639,317
Provision for severance benefits	50,626,127	43,545,629
Provision for other allowance	-	-
Reversal of other allowance	121,963	(172,589)
Impairment loss on investments in subsidiaries	4,613,775	-
	423,787,203	442,354,177
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	83,791,165	(58,746,235)
Decrease (increase) in other accounts receivable	(126,800,364)	5,877,599
Decrease in accrued income	131,223,117	6,627,094
Increase in advance payments	(40,363,833)	(1,267,886)
Decrease in prepaid expenses	(2,387,367)	(2,276,573)
Increase in long-term prepaid expenses	(5,488)	-
Decrease (increase) in deposits of acceptances and guarantees	(1,763)	262,861
Decrease in inventories	19,811,661	46,786,089

	2015	2014
Decrease (increase) in leasehold deposits provided	(59,158)	1,046,546
Increase (decrease) in trade payables	(67,224,071)	382,943
Decrease in other accounts payable	91,219,697	29,287,738
Increase (decrease) in accrued expenses	(4,701,435)	4,850,162
Increase (decrease) in advances from customers	8,398,263	(15,192,932)
Increase (decrease) in deposits provided	(19,415,726)	21,094,998
Increase (decrease) in unearned revenue	(126,004)	117,431
Payment of severance indemnities	(20,973,742)	(15,269,056)
Increase in plan assets	(63,477,608)	(20,689,628)
Increase (decrease) in rental deposits	(48,450)	96,867
Decrease in long-term debts for employees	(1,276,277)	(1,013,283)
Compensation for sales damages	(11,330,571)	(8,143,922)
	(23,747,954)	(6,169,187)
Interest revenue received	11,612,747	20,418,966
Interest expense paid	(15,761,739)	(12,167,914)
Income tax paid	(145,435,528)	(203,680,611)
Net Cash Provided by Operating Activities	602,649,462	637,183,565
Cash Flows from Investing Activities		
Net change in short-term financial assets	258,515,426	164,225,546
Acquisition of financial assets at FVTPL	15,000,000	(55,000,000)
Acquisition of available-for-sale ("AFS") securities	(1,415,380)	(20,297,903)
Disposal of AFS securities	1,413,635	20,276,331
Acquisition of investments in associates	(1,061,740,386)	-
Acquisition of investments in subsidiaries	(121,073,968)	(311,160,887)
Acquisition of property, plant and equipment	(302,426,546)	(217,572,002)
Disposal of property, plant and equipment	3,806,078	5,073,057
Acquisition of intangible assets	(808,752)	(4,943,880)
Disposal of intangible assets	35,474	1,555
Acquisition of other financial assets	(82,279,632)	(348,486,001)
Disposal of other financial assets	203,637,162	847,529
Disposal of long-term financial assets	1,000	-
Settlement of derivatives	12,570,500	-
Changes in business combination	44,300	-
Net Cash Used in Investing Activities	(1,074,721,089)	(767,036,655)
Cash Flows from Financing Activities		
Repayment of short-term borrowings	(30,028,293)	(16,946,862)
Increase in long-term borrowings	-	32,603,000
Issue of bond	498,530,000	50,595,181
Dividends payment	(49,538,641)	(49,532,672)
Net Cash Provided by Financing Activities	418,963,066	16,718,647
Net Decrease in Cash and Cash Equivalents	(53,108,561)	(113,134,443)
Cash and Cash Equivalents at the Beginning of Year	269,511,210	382,412,045
Changes in Cash and Cash Equivalents due to Foreign Currency Translation	487,292	233,608
Cash and Cash Equivalents at the End of Year	216,889,941	269,511,210

2015: For the year ended December 31 | Scheduled date of appropriation: March 27, 2016 | Korean won in thousands
 2014: For the year ended December 31 | Scheduled date of appropriation: March 28, 2015 | Korean won in thousands

5. Separate Statement of Appropriation of Retained Earnings

Hankook Tire Co., Ltd.

	2015	2014
1. Retained Earnings before Appropriation	1,085,398,781,320	823,364,211,767
Earned surplus reserve	747,869,032,127	443,903,779,944
Net income	352,194,733,603	396,428,133,830
Remeasurements of defined benefit plans	(14,664,984,410)	(16,967,702,007)
2. Appropriation	75,495,179,640	75,495,179,640
Dividend equalization reserve	10,000,000,000	10,000,000,000
Director's retirement bonus reserve	1,000,000,000	1,000,000,000
Voluntary reserves	10,000,000,000	10,000,000,000
Legal reserves	4,954,107,240	4,954,107,240
Cash dividends (*)	49,541,072,400	49,541,072,400
3. Unappropriated Retained Earnings to be Carried Forward to Subsequent Year	1,009,903,601,680	747,869,032,127

(*) Dividends per share (Dividends' rate): KRW400 (80%) for 2015, KRW400 (80%) for 2014

6. Consolidated Statement of Financial Position

Hankook Tire Co., Ltd. and its Subsidiaries

	Korean won in thousands	
	December 31, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	637,357,951	725,184,392
Short-term financial assets	118,040,408	446,827,604
Trade and other accounts receivable	1,130,711,982	1,206,949,830
Inventories	1,430,323,118	1,446,023,588
Other financial assets	3,944,355	9,066,672
Other current assets	68,403,240	45,733,337
Total Current Assets	3,388,781,054	3,879,785,423
Non-current Assets		
Long-term financial assets	61,230	64,114
AFS financial assets	3,605,155	3,490,327
Investments in associates	1,076,965,174	-
Property, plant and equipment	4,493,966,945	4,020,353,224
Investment property	107,619,249	108,575,912
Intangible assets	142,806,825	132,089,861
Other financial assets	17,313,308	16,627,700
Other non-current assets	119,823,672	60,987,478
Deferred tax assets	145,195,520	98,108,130
Total Non-current Assets	6,107,357,078	4,440,296,746
Total Assets	9,496,138,132	8,320,082,169
Liabilities and Shareholders' Equity		
Current Liabilities		
Trade and other accounts payable	1,059,042,177	990,792,850
Short-term borrowings and current portions of long-term financial liabilities	1,631,119,200	1,844,116,273
Current tax liabilities	65,210,421	102,685,164
Other provisions	42,489,127	-
Other financial liabilities	3,763,492	60,954
Other current liabilities	105,256,587	131,689,041
Total Current Liabilities	2,906,881,004	3,069,344,282
Non-current Liabilities		
Long-term borrowings and debentures	1,264,550,630	579,491,514
Retirement benefit obligation	30,106,135	47,455,105
Other provisions	58,219,627	63,258,140
Other financial liabilities	950,498	4,773,505
Other non-current liabilities	80,121,776	39,286,445
Deferred tax liabilities	14,520,259	-
Total Non-current Liabilities	1,448,468,925	734,264,709
Total Liabilities	4,355,349,929	3,803,608,991
Shareholders' Equity		
Capital stock	61,937,535	61,937,535
Other paid-up capital	2,992,377,720	2,992,377,720
Retained earnings	2,134,050,379	1,542,406,544
Other equity	(54,012,127)	(85,732,057)
Non-controlling interest	6,434,696	5,483,436
Total Shareholders' Equity	5,140,788,203	4,516,473,178
Total Liabilities and Shareholders' Equity	9,496,138,132	8,320,082,169

2015: For the year ended December 31, 2015 | 2014: For the year ended December 31, 2014
Korean won in thousands, except for income per share data

7. Consolidated Statement of Comprehensive Income

Hankook Tire Co., Ltd. and its Subsidiaries

	2015	2014
Sales	6,428,172,502	6,680,847,701
Cost of Sales	(4,084,045,633)	(4,280,800,825)
Gross Profit	2,344,126,869	2,400,046,876
Selling expenses	(722,151,451)	(648,791,256)
Administrative expenses	(587,980,330)	(564,324,786)
Research and development expenses	(149,005,001)	(155,294,271)
Operating Income	884,990,087	1,031,636,563
Financial income	162,619,881	120,324,778
Financial expense	(223,774,569)	(166,165,849)
Other operating income	170,038,467	160,896,622
Other operating expense	(168,218,720)	(211,057,622)
Gain on investments in associates, net	13,718,757	-
Income before Income Tax Expense	839,373,904	935,634,493
Income Tax Expense	(182,869,663)	(236,339,304)
Net Income	656,504,241	699,295,189
Other Comprehensive Income (Loss)	17,351,856	(57,416,749)
Items not to be reclassified subsequently to profit or loss		
Remeasurements on retirement benefit obligation	(20,785,734)	(23,475,482)
Changes in retained earnings of equity-accounted investees, net	1,476,130	-
Tax effects on other comprehensive income (loss)	4,816,511	5,657,072
	(14,493,094)	(17,818,410)
Items to be reclassified subsequently to profit or loss		
Gains on valuation of AFS financial assets	(19,377)	164,483
Changes in share of earnings of equity-accounted investees, net	29,901	-
Exchange differences on translating foreign operations	30,121,127	(42,346,903)
Tax effects on other comprehensive income (loss)	1,713,299	2,584,081
	31,844,950	(39,598,339)
Comprehensive Income	673,856,097	641,878,440
Net Income Attributable to		
Owners of the Company	655,427,623	700,360,439
Non-controlling interests	1,076,618	(1,065,250)
Comprehensive Income Attributable to		
Owners of the Company	672,904,837	642,993,876
Non-controlling interests	951,260	(1,115,436)
Net Income per Share (Korean won)		
Basic and diluted income per share	5,292	5,655

8. Consolidated Statement of Changes in Shareholders' Equity

Hankook Tire Co., Ltd. and its Subsidiaries

Korean won in thousands

	Capital Stock	Other Paid-up Capital		Retained Earnings	Other Equity	Controlling Equity	Non-controlling Interests	Total
		Additional Paid-up Capital	Treasury Stocks					
As of January 1, 2014	61,937,535	2,993,465,738	(1,088,018)	909,195,718	(45,974,035)	3,917,536,938	6,598,872	3,924,135,810
Annual dividends	-	-	-	(49,541,072)	-	(49,541,072)	-	(49,541,072)
Comprehensive income	-	-	-	682,751,898	(39,758,022)	642,993,876	(1,115,436)	641,878,440
Net income	-	-	-	700,360,439	-	700,360,439	(1,065,250)	699,295,189
Gain on valuation of AFS financial assets, net	-	-	-	-	161,170	161,170	521	161,691
Exchange differences on translating foreign operations	-	-	-	-	(39,919,192)	(39,919,192)	159,162	(39,760,030)
Remeasurements of retirement benefit plan	-	-	-	(17,608,541)	-	(17,608,541)	(209,869)	(17,818,410)
As of December 31, 2014	61,937,535	2,993,465,738	(1,088,018)	1,542,406,544	(85,732,057)	4,510,989,742	5,483,436	4,516,473,178
As of January 1, 2015	61,937,535	2,993,465,738	(1,088,018)	1,542,406,544	(85,732,057)	4,510,989,742	5,483,436	4,516,473,178
Annual dividends	-	-	-	(49,541,072)	-	(49,541,072)	-	(49,541,072)
Comprehensive income	-	-	-	641,184,907	31,719,930	672,904,837	951,260	673,856,097
Net income	-	-	-	655,427,623	-	655,427,623	1,076,618	656,504,241
Changes in retained earnings of equity-accounted investees, net	-	-	-	1,226,073	-	1,226,073	-	1,226,073
Gain on valuation of AFS financial assets, net	-	-	-	-	(14,518)	(14,518)	(764)	(15,282)
Changes in share of earnings of equity-accounted investees, net	-	-	-	-	24,836	24,836	-	24,836
Exchange differences on translating foreign operations	-	-	-	-	31,709,612	31,709,612	125,784	31,835,396
Remeasurements of retirement benefit plan	-	-	-	(15,468,789)	-	(15,468,789)	(250,379)	(15,719,168)
As of December 31, 2015	61,937,535	2,993,465,738	(1,088,018)	2,134,050,379	(54,012,127)	5,134,353,507	6,434,696	5,140,788,203

9. Consolidated Statement of Cash Flows

Hankook Tire Co., Ltd. and its Subsidiaries

	2015	2014
Cash Flows from Operating Activities		
Cash generated from operating activities	1,382,990,736	1,451,710,631
Net income	656,504,241	699,295,189
Adjustments		
Income tax expense	182,869,663	236,339,304
Gain on investments in associates	(13,718,757)	-
Interest income	(19,032,190)	(21,321,386)
Interest expense	43,822,267	49,886,950
Dividend income	(49,400)	(55,410)
Gains on foreign currency translation	(92,978,749)	(71,092,974)
Losses on foreign currency translation	130,442,130	109,709,447
Gains on disposal of AFS securities	(1,380)	(703)
Losses on disposal of AFS securities	8,539	14,995
Losses on valuation of inventories	2,918,071	(2,186,981)
Losses on abandonment of inventories	3,094,172	2,389,127
Losses on disposal of trade receivable	77,380	699,375
Provision (reversal of allowance) for doubtful accounts	77,571	(3,898,895)
Other provision for doubtful accounts	-	590,694
Gains on disposal of property, plant and equipment	(2,624,599)	(2,329,879)
Gains on disposal of intangible assets	(2,073)	(1,555)
Losses on disposal of property, plant and equipment	5,132,171	8,293,686
Losses on property abandoned	23,979	1,515
Losses on impairment of property, plant and equipment	-	2,977,847
Losses on disposition of investment real estate	-	507,932
Losses on disposal of intangible assets	193	471
Casualty loss	-	12,455,157
Depreciation of property, plant and equipment	445,508,673	416,866,761
Depreciation of investment property	956,663	975,615
Amortization of intangible assets	12,353,135	11,151,183
Provision for other allowance	121,963	(172,589)
Sales damage expense	60,414,364	19,204,682
Employee benefits	1,714,424	2,639,317
Provision for severance benefits	54,307,419	47,148,544
Gains on valuation of derivatives	-	(6,131,606)
Gains on transaction of derivatives	(10,827,504)	-
Losses on valuation of derivatives	38,427	60,846
Losses on transaction of derivatives	2,430,620	-
	807,077,172	814,721,470
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	66,432,426	(84,648,733)
Decrease (increase) in other accounts receivables	23,453,399	12,610,909
Decrease (increase) in accrued income	5,106,935	(13,445,236)
Increase in advance payments	(43,140,986)	27,526,976
Increase in prepaid expenses	(19,466,547)	(18,171,928)
Increase in deposits of acceptances and guarantees	(988,588)	(599,476)
Increase in inventories	(4,618,448)	4,539,228
Increase in leasehold deposits provided	(289,060)	495,422
Increase in other current assets	(1,341,389)	(2,825,813)

	2015	2014
Decrease (increase) in other non-current assets	3,722,396	(717,092)
Decrease in trade payables	(63,764,611)	47,818,072
Increase in other accounts payable	24,330,174	6,675,953
Increase (decrease) in accrued expenses	55,072,376	(12,641,366)
Increase (decrease) in advances receipts	4,396,073	(14,212,468)
Decrease in deposits provided	(12,950,289)	22,373,950
Increase in unearned revenue	6,831,062	14,451,360
Decrease in other current liabilities	(9,378,934)	12,069,166
Decrease in long-term debts for employees	(1,064,517)	(1,081,182)
Payment of severance indemnities	(21,838,172)	(16,546,223)
Increase in plan assets	(66,351,494)	(23,402,287)
Decrease in rental deposits	(48,450)	96,867
Compensation for sales damages	(24,738,473)	(22,973,655)
Increase in other non-current liabilities	44,440	301,528
	(80,590,677)	(62,306,028)
Interest revenue received	23,255,352	26,578,524
Interest expense paid	(51,388,728)	(34,520,354)
Dividend income received	2,672	55,410
Income tax paid	(241,164,679)	(296,779,540)
Net Cash Provided by Operating Activities	1,113,695,353	1,147,044,671
Cash Flows from Investing Activities		
Net change in short-term financial assets	331,542,388	37,231,911
Acquisition of AFS securities	(1,415,379)	(20,297,903)
Disposal of AFS securities	1,413,635	20,276,331
Acquisition of investments in associates	(1,061,740,386)	-
Acquisition of property, plant and equipment	(863,028,979)	(936,641,393)
Disposal of property, plant and equipment	14,024,368	10,693,379
Acquisition of intangible assets	(3,992,937)	(14,505,626)
Disposal of intangible assets	35,474	1,555
Settlement of derivatives	14,412,021	-
Net disposal of other financial assets	(534,937,679)	(1,543,342)
Net Cash Used in Investing Activities	(2,103,687,474)	(904,785,088)
Cash Flows from Financing Activities		
Proceeds from short-term borrowings	2,520,543,746	129,697,516
Proceeds from long-term borrowings	318,941,376	194,526,129
Issuance of debentures	666,449,705	81,504,058
Repayment of short-term borrowings	(2,202,992,084)	(382,996,872)
Repayment of current portion of long-term borrowings	(157,936,199)	(94,575,134)
Repayment of long-term borrowings	(206,768,565)	(74,483,601)
Dividends payment	(49,538,642)	(49,532,672)
Net Cash Provided by Financing Activities	888,699,337	(195,860,576)
Net Increase (Decrease) in Cash and Cash Equivalents	(101,292,784)	46,399,007
Cash and Cash Equivalents at the Beginning of the Year	725,184,392	682,413,905
Changes in Cash and Cash Equivalents due to Foreign Currency Translation	13,466,343	(3,628,520)
Cash and Cash Equivalents at the End of the Year	637,357,951	725,184,392

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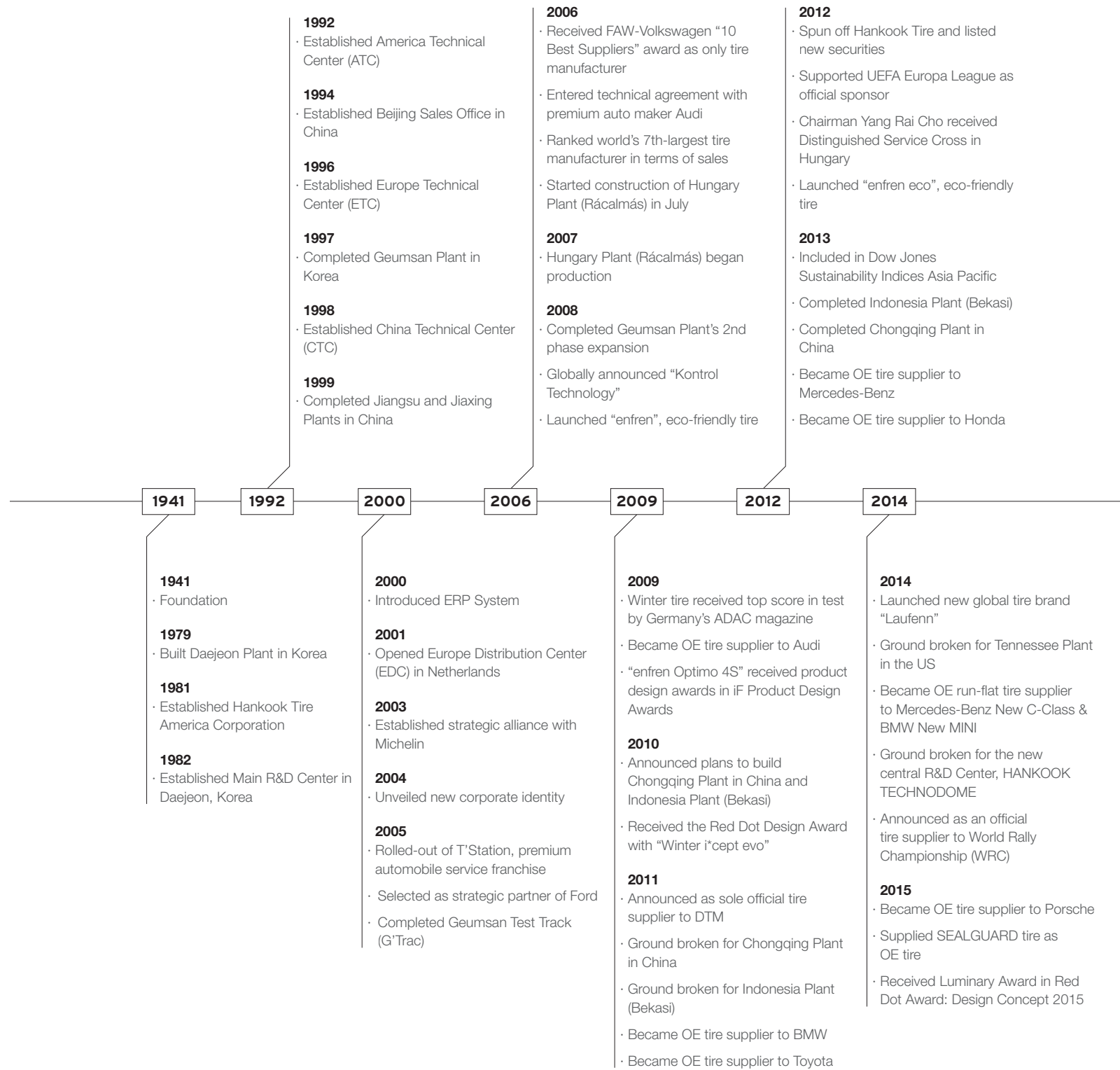
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* Investor Reports and Public Disclosures are available at the IR Center of our web site.

2016 IR Schedule

January | Announcement of 4Q 2015 earnings results and 2016 earnings target

February | Attendance at JP Morgan Conference (Seoul)

March | 4th General Shareholders' meeting

Attendance at CITI Conference (Seoul)

April | Announcement of 1Q 2016 earnings results

July | Announcement of 2Q 2016 earnings results

October | Announcement of 3Q 2016 earnings results

* The company plans to attend global conferences and NDR.

* IR schedule may change according to circumstances of the corporation.

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At Hankook Tire, we strive to protect the environment in every way we can, no matter how small.
This Annual Report uses eco-friendly paper from responsible sources printed in soybean oil ink.

