

2021 1Q Results

May 3, 2021

Hankook Tire & Technology

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

The information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

- I. 2021 1st Quarter Results
- II. 2021 Guidance
- III. Appendix

I. 2021 1st Quarter Results - Financial Results



2021 1Q Global Performance (Consolidated)

[100 Million KRW, %]	2020 1Q	2020 4Q	2021 1Q	QoQ	YoY
Sales	14,358	17,668	16,168	-8.5%	12.6%
COGS	10,333 <i>(72.0%)</i>	11,869 <i>(67.2%)</i>	11,319 <i>(70.0%)</i>	-4.6%	9.5%
Operating Profit	1,060 <i>(7.4%)</i>	2,274 <i>(12.9%)</i>	1,860 <i>(11.5%)</i>	-18.2%	75.5%
Ordinary Profit	1,812 <i>(12.6%)</i>	1,828 <i>(10.3%)</i>	1,875 <i>(11.6%)</i>	2.6%	3.5%
EBITDA	2,681 <i>(18.7%)</i>	3,748 <i>(21.2%)</i>	3,337 <i>(20.6%)</i>	-11.0%	24.5%

Market Environment

- Upswing in demand with low base effect and consumer sentiment recovery
- Tire industry announcing price hikes due to rising raw material prices

Sales Performance

- Strong RE sales and sharp rebound from Chinese auto industry led to sales YoY growth
- Overall 2021 1Q sales still lower than 2019 1Q levels, mainly due to slow recovery from OE sales. Yet, RE sales in major regions are near pre-COVID-19 levels with some regions already surpassing 2019 1Q RE sales
 - ▶ Sales ratio of ≥ 18 inch within PCLT increased to 37.7% up 4.0%p YoY
 - ▶ Price increase expected between March and May on PCLT tire by 3% to 5% globally, additional price adjustments may be considered based on market conditions

Business Highlights

- Expanding OE partnership with global EV and high performance car fitments
 - ▶ Chinese EV manufacturer NIO's flagship ES6 SUV and EC6 SUV Coupe will equip Ventus S1 evo2 SUV
 - ▶ Porsche 718 Boxster and Cayman will be fitted with Ventus S1 evo 3 from Spring 2021
- Cooperation with Hyundai Motor and Kia to develop mobility solutions using data-based services
 - ▶ Commit to building a system exchanging data and technologies that will help develop a mobility solution which gives customized notifications and provides information for safe driving

I. 2021 1st Quarter Results - Regional Performance (1/2)



KOREA

[Unit: Billion KRW, %]



- RE sales in line with market demand with improved ≥18 inch sales ratio
- OE sales decline due to less production of vehicles fitted with Hankook

CHINA

[Unit: Billion KRW, %]



- Stable increase RE sales including ≥18 inch products
- China auto market recovery and low base effect allows OE sales surge YoY

I. 2021 1st Quarter Results - Regional Performance (2/2)



EUROPE

[Unit: Billion KRW, %]



- RE sales growth YoY in line with market trend
- Increased fitments led to OE sales growth YoY

N.AMERICA

[Unit: Billion KRW, %]



- Continuing RE sales growth with market recovery
- Sluggish OE sales with auto production shutdowns due to auto semiconductor shortage

- **2021 sales target of above 7 trillion KRW**
 - ▷ Sales growth of over 10% YoY

- **Increased sales ratio target of High Inch (≥ 18 inch) sales within PCLT**
 - ▷ 2019 32% → 2020 35% → **2021 Target 38%**

- **EV portion target within Global OE to reach over 6% (vs. 2020 approx. 3%)**

- **2021 CAPEX expected to be 600 billion KRW**
 - ▷ Investments of 300 billion KRW for expansion, including 100 billion KRW for the 2nd phase of Tennessee plant, and 300 billion KRW for maintenance

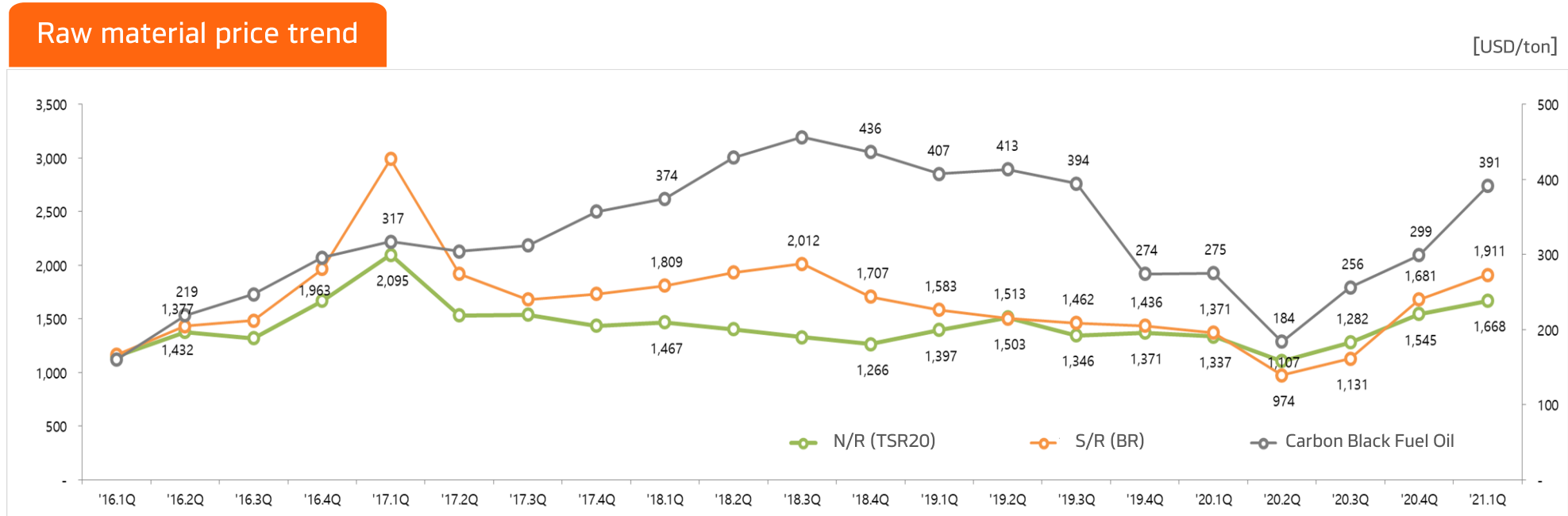
- **2021 FCF expected to be over 300 billion KRW**
 - ▷ Maintaining strong financial position



Hankook Tire & Technology

III. Appendix - Raw Material Trend

- N/R : N/R prices rising with global supply running short due to China’s stockpiling
TSR20 prices up 24.8% YoY, up 8.0% QoQ
- S/R : Texas butadiene production shut down due to winter storm in Feb, 2021 in Texas, shooting up
BR product spot prices in 2021 1Q
- C/B : Crude oil price rise and increased marine fuel oil demand raising carbon black fuel. Uptrend is expected to continue for the following quarters.



Note1) TSR20 : SICOM Price (Natural Rubber)
 Note2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia average price

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

III. Appendix - Consolidated B/S

[100 Million KRW]

	2020		2021 1Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	106,585	100.0%	110,748	100.0%	4,163	3.9%
Current Assets	46,882	44.0%	52,150	47.1%	5,268	11.2%
Cash and cash equivalents	10,609	10.0%	10,747	9.7%	138	1.3%
Short-term financial assets	2,398	2.2%	3,169	2.9%	771	32.2%
Trade and other receivables	13,144	12.3%	14,014	12.7%	870	6.6%
Inventories	15,628	14.7%	17,566	15.9%	1,938	12.4%
Other current assets	5,103	4.8%	6,654	6.0%	1,551	30.4%
Non-current Assets	59,703	56.0%	58,957	53.2%	-746	-1.2%
Tangible, Intangible assets and Investment properties	42,867	40.2%	42,768	38.6%	-99	-0.2%
Investments in associates	10,708	10.0%	10,716	9.7%	8	0.1%
Other non-current assets	6,128	5.7%	5,113	4.6%	-1,015	-16.6%
Liabilities	32,464	30.5%	34,916	31.5%	2,452	7.6%
Current Liabilities	17,810	16.7%	19,693	17.8%	1,883	10.6%
Non-Current Liabilities	14,654	13.7%	15,223	13.7%	569	3.9%
Shareholder's Equity	74,121	69.5%	75,832	68.5%	1,711	2.3%
Debt	17,190		18,142			
Net Debt	-1,224		-983			
Liability Ratio		43.8%		46.0%		
Net Worth to Assets		69.5%		68.5%		
Net Debt Ratio		Net Cash		Net Cash		

III. Appendix - Consolidated I/S

[100 Million KRW]

	2020 1Q		2020 4Q		2021 1Q		YoY	QoQ
	Amt	%	Amt	%	Amt	%	(%)	(%)
Sales	14,358	100.0%	17,668	100.0%	16,168	100.0%	12.6%	-8.5%
COGS	10,333	72.0%	11,869	67.2%	11,319	70.0%	9.5%	-4.6%
Gross Profit	4,025	28.0%	5,798	32.8%	4,849	30.0%	20.5%	-16.4%
SG&A	2,965	20.7%	3,524	19.9%	2,989	18.5%	0.8%	-15.2%
Operating Profit	1,060	7.4%	2,274	12.9%	1,860	11.5%	75.5%	-18.2%
Other non-operating income/expense	415	2.9%	-192	-1.1%	58	0.4%	-86.0%	-
Financial income/cost	311	2.2%	-379	-2.1%	-43	-0.3%	-	-
Equity-method gain(loss)	26	0.2%	125	0.7%				
Income before income tax	1,812	12.6%	1,828	10.3%	1,875	11.6%	3.5%	2.6%
E B I T D A	2,681	18.7%	3,748	21.2%	3,337	20.6%	24.5%	-11.0%
Depreciation	1,621	11.3%	1,474	8.3%	1,477	9.1%	-8.9%	0.2%

* '21. 1Q Investments in associates is currently included in Other non-operating income/expense and will be re-classified after the audit