## 2013 Hankook Tire

## 3rd Quarter Result

2013.10.28

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, the 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.

2013 3Q Key Messages
Financial Highlights

1. Performance : Tire demand and sales by region
2. Competitiveness \& Stability
: Production, Raw Material Cost, Balance Sheet
Appendix.

Decrease of sales and operating margin due to less working days

> Build our first U.S. Plant in Clarksville, Tennessee

Expanding Premium OE business with Mercedes Benz and BMW

Upgrading R\&D capacity with
new Tire Proving Grounds and Engineering Center in S.Korea

Hankook Tire 2013 3Q Global Business Results


[^0]- Sales decreased due to summer vacation and holidays in Korea and China plant

- 2013 3Q Review

Demand is recovering, but less working days caused sales volume decreased on Q3.

Raw material price was favorable, but decrease of export volume from Korea/China plant and increase of depreciation cost deteriorated our operating margin.

- Despite of volume increase, total sales remained flat. Due to decreased ASP which is derived from weak raw material.

- RE sales was strong, while Korean car maker's strike resulted slow OE sales in Korea. Low raw material cost and competition unfavorably effected our product price in China.

※ The sales and units were calculated by aggregating units sold by each production facility EXP OE Sales included

- Signs of slight demand recovery in both Europe and N.America, but shipping delays from Korea, China plant resulted Europe sales down. Also import tires from Chinese makers caused strong competition environment in U.S.


- Volume decreased due to less working days
- Summer vacation, holidays in Korea and China caused QoQ volume decrease

- Stable raw material price is still favorable to our operating profit

※ Average price, Korea only





## End of The Document

|  |  |  |  |  | [unit: 100 Mil KRW] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2012 |  | 2013 3Q |  | Diff. |  |
|  | Amt. | \% | Amt. | \% | Amt. | \% |
| Assets | 71,824 | 100.0\% | 78,618 | 100.0\% | 6,794 | 9.5\% |
| Current Assets | 33,369 | 46.5\% | 40,326 | 51.3\% | 6,957 | 20.8\% |
| cashable assets | 6,207 | 8.6\% | 9,979 | 12.7\% | 3,772 | 60.8\% |
| Accounts receivable | 11,844 | 16.5\% | 12,969 | 16.5\% | 1,125 | 9.5\% |
| Inventories | 13,917 | 19.4\% | 14,952 | 19.0\% | 1,035 | 7.4\% |
| Non-current Assets | 38,456 | 53.5\% | 38,293 | 48.7\% | -163 | -0.4\% |
| Tangible assets | 35,716 | 49.7\% | 35,819 | 45.6\% | 103 | 0.3\% |
| Liabilities | 39,610 | 55.1\% | 41,270 | 52.5\% | 1,660 | 4.2\% |
| Current Liabilities | 29,911 | 41.6\% | 29,685 | 37.8\% | -226 | -0.8\% |
| Non-Current Liabilities | 9,699 | 13.5\% | 11,585 | 14.7\% | 1,886 | 19.4\% |
| Shareholders' Equity | 32,215 | 44.9\% | 37,348 | 47.5\% | 5,134 | 15.9\% |
| Debt | 26,955 |  | 27,069 |  |  |  |
| Net debt | 20,748 |  | 17,089 |  |  |  |
| Debt Ratio |  | 123.0\% |  | 47.5\% |  |  |
| Net Worth to Assets |  | 44.9\% |  | 45.8\% |  |  |


|  |  |  |  |  | [unit: 100 Mil KRW] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2012 |  | 2013 3Q |  | Diff. |  |
|  | Amt. | \% | Amt. | \% | Amt. | \% |
| Assets | 43,755 | 100.0\% | 45,970 | 100.0\% | 2,221 | 5.1\% |
| Current Assets | 19,942 | 45.6\% | 22,349 | 48.6\% | 2,413 | 12.1\% |
| cashable assets | 3,004 | 6.9\% | 7,101 | 15.4\% | 2,397 | 51.0\% |
| Account receivable | 10,576 | 24.2\% | 9,792 | 21.3\% | -871 | -8.2\% |
| Inventories | 4,430 | 10.1\% | 5,073 | 11.0\% | 643 | 14.5\% |
| Non-current Assets | 23,813 | 54.4\% | 23,621 | 51.4\% | -192 | -0.8\% |
| Tangible assets | 14,731 | 33.7\% | 14,846 | 32.3\% | -271 | -1.8\% |
| Liabilities | 16,983 | 38.8\% | 16,134 | 35.1\% | -1,129 | -6.5\% |
| Current Liabilities | 14,192 | 32.4\% | 13,017 | 28.3\% | -1,416 | -9.8\% |
| Non-Current Liabilities | 2,791 | 6.4\% | 3,117 | 6.8\% | 288 | 10.2\% |
| Shareholders' Equity | 26,772 | 61.2\% | 29,836 | 64.9\% | 3,349 | 12.6\% |
| Debt | 9,304 |  | 8,495 |  |  |  |
| Net debt | 4,612 |  | 1,394 |  |  |  |
| Debt Ratio |  | 65.2\% |  | 54.1\% |  |  |
| Net Worth to Assets |  | 60.5\% |  | 64.9\% |  |  |

[unit : 100 Mil RMB]

|  | 2012 |  | 2013 3Q |  | Diff. |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amt. | \% | Amt. | \% | Amt. | \% |
| Assets | 16,230 | 100.0\% | 17,415 | 100.0\% | 1,185 | 7.3\% |
| Current Assets | 6,604 | 40.7\% | 7,847 | 45.1\% | 1,242 | 18.8\% |
| Account receivable | 4,334 | 26.7\% | 5,341 | 30.7\% | 1,007 | 23.2\% |
| Inventories | 1,649 | 10.2\% | 1,476 | 8.5\% | -174 | -10.5\% |
| Non-current Assets | 9,625 | 59.3\% | 9,568 | 54.9\% | -57 | -0.6\% |
| Tangible assets | 7,834 | 48.3\% | 7,678 | 44.1\% | -156 | -2.0\% |
| Liabilities | 10,024 | 61.8\% | 10,498 | 60.3\% | 474 | 4.7\% |
| Current Liabilities | 8,783 | 54.1\% | 8,576 | 49.2\% | -207 | -2.4\% |
| Non-Current Liabilities | 1,241 | 7.6\% | 1,921 | 11.0\% | 681 | 54.9\% |
| Shareholders' Equity | 6,206 | 38.2\% | 6,917 | 39.7\% | 711 | 11.5\% |

[unit : 100 Mil HUF]

|  | 2012 |  | 2013 3Q |  | Diff. |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Ant. | \% | Amt. | \% | Amt. | \% |
| Assets | 242,813 | 100.0\% | 252,202 | 100.0\% | 9,389 | 3.9\% |
| Current Assets | 145,593 | 60.0\% | 157,908 | 62.6\% | 12,314 | 8.5\% |
| Account receivable | 60,590 | 25.0\% | 64,053 | 25.4\% | 3,464 | 5.7\% |
| Inventories | 34,185 | 14.1\% | 24,972 | 9.9\% | -9,213 | -27.0\% |
| Non-current Assets | 97,219 | 40.0\% | 94,294 | 37.4\% | -2,925 | -3.0\% |
| Tangible assets | 97,179 | 40.0\% | 94,245 | 37.4\% | -2,934 | -3.0\% |
| Liabilities | 173,692 | 71.5\% | 159,761 | 63.3\% | -13,931 | -8.0\% |
| Current Liabilities | 126,357 | 52.0\% | 106,762 | 42.3\% | -19,596 | -15.5\% |
| Non-Current Liabilities | 47,335 | 19.5\% | 52,999 | 21.0\% | 5,665 | 12.0\% |
| Shareholders' Equity | 69,121 | 28.5\% | 92,441 | 36.7\% | 23,320 | 33.7\% |

[unit: K USD]

|  | 2012 |  | 2013 3Q |  | Diff. |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amt. | \% | Amt. | \% | Amt. | \% |
| Assets | 369,160 | 100.0\% | 402,189 | 100.0\% | 33,029 | 8.9\% |
| Current Assets | 71,989 | 19.5\% | 88,383 | 22.0\% | 16,394 | 22.8\% |
| Cashable assets | 24,268 | 6.6\% | 5,283 | 1.3\% | -18,985 | -78.2\% |
| Account receivable | 2,285 | 0.6\% | 16,366 | 4.1\% | 14,081 | 616.3\% |
| Inventories | 16,347 | 4.4\% | 39,920 | 9.9\% | 23,572 | 144.2\% |
| Non-current Assets | 297,171 | 80.5\% | 313,806 | 78.0\% | 16,635 | 5.6\% |
| Tangible assets | 294,591 | 79.8\% | 311,573 | 77.5\% | 16,982 | 5.8\% |
| Liabilities | 254,786 | 69.0\% | 292,361 | 72.7\% | 37,575 | 14.7\% |
| Current Liabilities | 34,629 | 9.4\% | 71,755 | 17.8\% | 37,126 | 107.2\% |
| Non-Current Liabilities | 220,157 | 59.6\% | 220,606 | 54.9\% | 449 | 0.2\% |
| Shareholders' Equity | 114,374 | 31.0\% | 109,829 | 27.3\% | -4,546 | -4.0\% |

[unit: 100 Mil KRW]

|  | 2012 3Q |  | 2013 2Q |  | 2013 3Q |  | Yoy <br> (\%) | QoQ <br> (\%) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amt. | \% | Amt. | \% | Amt. | \% |  |  |
| Sales | 17,876 | 100.0\% | 18,706 | 100.0\% | 18,014 | 100.0\% | 0.8\% | -3.7\% |
| COGS | 12,457 | 69.7\% | 12,564 | 67.2\% | 12,151 | 67.5\% | -2.5\% | -3.3\% |
| Gross Profit | 5,419 | 30.3\% | 6,142 | 32.8\% | 5,863 | 32.5\% | 8.2\% | -4.5\% |
| SG\&A | 3,198 | 17.9\% | 3,429 | 18.3\% | 3,421 | 19.0\% | 7.0\% | -0.2\% |
| Operating Profit | 2,221 | 12.4\% | 2,713 | 14.5\% | 2,442 | 13.6\% | 9.9\% | -10.0\% |
| Other Revenue | 763 | 4.3\% | 406 | 2.2\% | 707 | 3.9\% | -7.4\% | 74.2\% |
| Other Expense | 547 | 3.1\% | 495 | 2.6\% | 490 | 2.7\% | -10.4\% | -1.1\% |
| Financial Revenue | 240 | 1.3\% | 256 | 1.4\% | 61 | 0.3\% | -74.6\% | -76.2\% |
| Financial Expense | 412 | 2.3\% | 124 | 0.7\% | 252 | 1.4\% | -38.9\% | 102.3\% |
| Income Before Income Tax | 2,266 | 12.7\% | 2,755 | 14.7\% | 2,468 | 13.7\% | 8.9\% | -10.4\% |
| EBITDA | 3,213 | 18.0\% | 3,819 | 20.4\% | 3,627 | 20.1\% | 12.9\% | -5.0\% |
| Depreciation | 992 | 5.5\% | 1,106 | 5.9\% | 1,185 | 6.6\% | 19.5\% | 7.2\% |


|  |  |  |  |  |  |  | [unit: 100 Mil KRW] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2012 3Q |  | 2013 2Q |  | 2013 3Q |  | YoY | QoQ |
|  | Amt. | \% | Amt. | \% | Amt. | \% | (\%) | (\%) |
| Sales | 10,360 | 100.0\% | 10,143 | 100.0\% | 9,078 | 100.0\% | -12.4\% | -10.5\% |
| COGS | 7,393 | 71.4\% | 6,801 | 67.1\% | 6,399 | 70.5\% | -13.4\% | -5.9\% |
| Gross Profit | 2,967 | 28.6\% | 3,342 | 32.9\% | 2,679 | 29.5\% | -9.7\% | -19.8\% |
| SG\&A | 1,865 | 18.0\% | 2,046 | 20.2\% | 1,938 | 21.3\% | 3.9\% | -5.3\% |
| Operating Profit | 1,102 | 10.6\% | 1,296 | 12.8\% | 741 | 8.2\% | -32.8\% | -42.8\% |
| Other Revenue | 859 | 8.3\% | 745 | 7.3\% | 818 | 9.0\% | -4.8\% | 9.8\% |
| Other Expense | 336 | 3.2\% | 347 | 3.4\% | 338 | 3.7\% | 0.5\% | -2.7\% |
| Financial Revenue | 75 | 0.7\% | 132 | 1.3\% | 12 | 0.1\% | -83.3\% | -90.6\% |
| Financial Expense | 175 | 1.7\% | 98 | 1.0\% | 71 | 0.8\% | -59.3\% | -27.6\% |
| Income Before Income Tax | 1,525 | 14.7\% | 1,728 | 17.0\% | 1,163 | 12.8\% | -23.8\% | -32.7\% |
| EBITDA | 1,592 | 15.4\% | 1,789 | 17.6\% | 1,295 | 14.3\% | -18.7\% | -27.7\% |
| Depreciation | 490 | 4.7\% | 493 | 4.9\% | 554 | 6.1\% | 13.0\% | 12.2\% |

[unit : 100 Mil RMB]

|  | 2012 3Q |  | 2013 2Q |  | 2013 3Q |  | YoY <br> (\%) | QoQ <br> (\%) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amt. | \% | Amt. | \% | Amt. | \% |  |  |
| Sales | 26.43 | 100.0\% | 29.04 | 100.0\% | 28.58 | 100.0\% | 8.1\% | -1.6\% |
| COGS | 19.93 | 75.4\% | 21.32 | 73.4\% | 20.89 | 73.1\% | 4.8\% | -2.0\% |
| Gross Profit | 6.50 | 24.6\% | 7.72 | 26.6\% | 7.69 | 26.9\% | 18.4\% | -0.3\% |
| SG\&A | 3.97 | 15.0\% | 4.20 | 14.4\% | 4.90 | 17.1\% | 23.3\% | 16.7\% |
| Operating Profit | 2.53 | 9.6\% | 3.52 | 12.1\% | 2.80 | 9.8\% | 10.6\% | -20.5\% |
| Other Revenue | 0.48 | 1.8\% | 0.25 | 0.9\% | 1.39 | 4.9\% | 189.6\% | 456.0\% |
| Other Expense | 0.64 | 2.4\% | 0.30 | 1.0\% | 0.65 | 2.3\% | 1.6\% | 116.7\% |
| Financial Revenue | 0.67 | 2.5\% | 1.06 | 3.6\% | 0.70 | 2.4\% | 4.5\% | -34.0\% |
| Financial Expense | 1.43 | 5.4\% | 0.94 | 3.2\% | 1.10 | 3.8\% | -23.1\% | 17.0\% |
| Income Before Income Tax | 1.61 | 6.1\% | 3.59 | 12.4\% | 3.14 | 11.0\% | 94.9\% | -12.6\% |
| EBITDA | 3.97 | 15.0\% | 5.29 | 18.2\% | 4.62 | 16.2\% | 9.5\% | -12.7\% |
| Depreciation | 1.44 | 5.4\% | 1.77 | 6.1\% | 1.82 | 6.4\% | 8.0\% | 2.8\% |


|  |  |  |  |  |  |  | [unit : 100 Mil HUF] |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2012 3Q |  | 2013 2Q |  | 2013 3Q |  |  | QoQ |
|  | Amt. | \% | Amt. | \% | Amt. | \% | (\%) | (\%) |
| Sales | 408.91 | 100.0\% | 446.62 | 100.0\% | 414.84 | 100.0\% | 1.5\% | -7.1\% |
| COGS | 289.69 | 70.8\% | 317.65 | 71.1\% | 294.34 | 71.0\% | 1.6\% | -7.3\% |
| Gross Profit | 119.22 | 29.2\% | 128.97 | 28.9\% | 120.50 | 29.0\% | 1.1\% | -6.6\% |
| SG\&A | 44.11 | 10.8\% | 48.24 | 10.8\% | 44.83 | 10.8\% | 1.6\% | -7.1\% |
| Operating Profit | 75.11 | 18.4\% | 80.73 | 18.1\% | 75.67 | 18.2\% | 0.7\% | -6.3\% |
| Other Revenue | 5.45 | 1.3\% | -9.47 | -2.1\% | 10.34 | 2.5\% | 89.7\% | -209.1\% |
| Other Expense | 10.92 | 2.7\% | 8.38 | 1.9\% | 1.21 | 0.3\% | -88.9\% | -85.6\% |
| Financial Revenue | 25.36 | 6.2\% | 2.44 | 0.5\% | 1.29 | 0.3\% | -94.9\% | -47.3\% |
| Financial Expense | 12.38 | 3.0\% | -20.34 | -4.6\% | 13.59 | 3.3\% | 9.7\% | -166.8\% |
| Income Before Income Tax | 82.62 | 20.2\% | 85.65 | 19.2\% | 72.50 | 17.5\% | -12.2\% | -15.4\% |
| EBITDA | 121.19 | 29.6\% | 127.10 | 28.5\% | 122.93 | 29.6\% | 1.4\% | -3.3\% |
| Depreciation | 46.08 | 11.3\% | 46.38 | 10.4\% | 47.25 | 11.4\% | 2.5\% | 1.9\% |



|  | 2013 1Q |  | 2013 2Q |  | 2013 3Q |  | QoQ <br> (\%) |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Amt. | \% | Amt. | \% | Amt. | \% |  |
| Sales | 104.9 | 100.0\% | 242.2 | 100.0\% | 264.5 | 100.0\% | 9.2\% |
| COGS | 117.7 | 112.2\% | 225.1 | 92.9\% | 241.4 | 91.3\% | 7.2\% |
| Gross Profit | -12.8 | -12.2\% | 17.1 | 7.1\% | 23.1 | 8.7\% | 35.0\% |
| SG\&A | 25.6 | 24.4\% | 40.3 | 16.6\% | 42.2 | 16.0\% | 4.8\% |
| Operating Profit | -38.4 | -36.6\% | -23.2 | -9.6\% | -19.2 | -7.2\% | -17.4\% |
| Other Revenue | 0.7 | 0.7\% | 1.3 | 0.5\% | 73.4 | 27.8\% | 5612.6\% |
| Other Expense | 0.1 | 0.1\% | 0.9 | 0.4\% | 3.5 | 1.3\% | 275.5\% |
| Financial Revenue | 2.5 | 2.3\% | 10.8 | 4.5\% | 3.9 | 1.5\% | -64.0\% |
| Financial Expense | 12.2 | 11.6\% | 12.8 | 5.3\% | 13.8 | 5.2\% | 8.0\% |
| Income Before Income Tax | -47.5 | -45.3\% | -24.8 | -10.2\% | 40.9 | 15.5\% | -264.9\% |


[^0]:    ※ 2012 1Q : Before spin-off, IFRS, Consolidated Total

