



HANKOOK TIRE  
**2020 3Q Results**



**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. Financial Results**

**II. Business Highlights**

**III. 2020 Guidance Review**

**IV. Appendix**

# I. Financial Results - Global

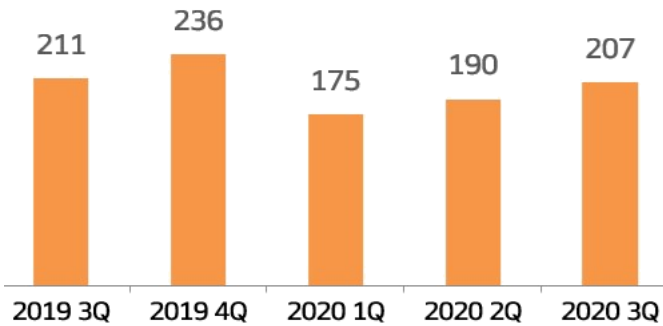
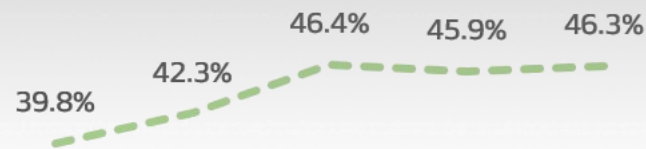
- Tire demand showed recovery in 3Q with economic activity pick up
- Strong RE sales in the 3Q, partially recovering from the 1H loss
- RE sales exceeding market demand resulted a market share gain in major markets

[100 Million KRW, %]	2019 3Q	2020 2Q	2020 3Q	QoQ	YoY
Sales	18,353	13,644	18,866	38.3%	2.8%
COGS	13,436 (73.2%)	9,959 (73.0%)	13,339 (70.7%)	33.9%	-0.7%
Operating Profit	1,804 (9.8%)	701 (5.1%)	2,247 (11.9%)	220.5%	24.6%
Ordinary Profit	2,198 (12.0%)	228 (1.7%)	1,915 (10.2%)	740.0%	-12.9%
EBITDA	3,415 (18.6%)	2,331 (17.1%)	3,755 (19.9%)	61.1%	10.0%

# I. Financial Results - Regional Performance

## KOREA

[Unit: Billion KRW, %]

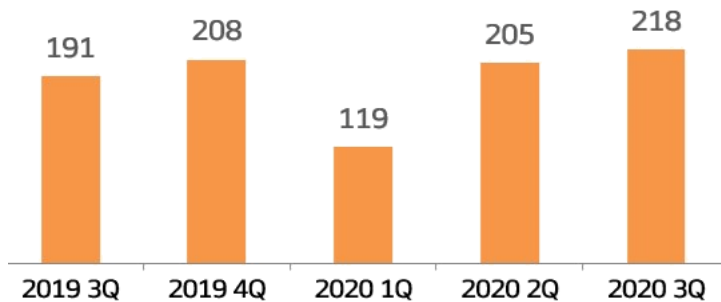
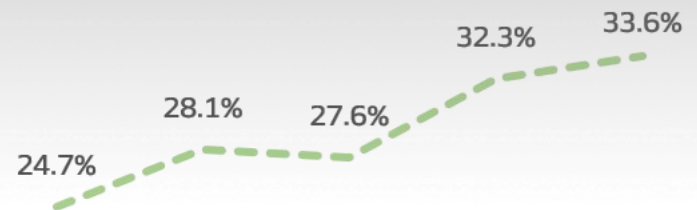


■ Sales    - - - ≥ 18"/PCLT

- Improved product competitiveness especially in ≥18 inch products resulted to stable RE growth
- OE sales were at a similar level to the previous year with auto sales recovery

## CHINA

[Unit: Billion KRW, %]



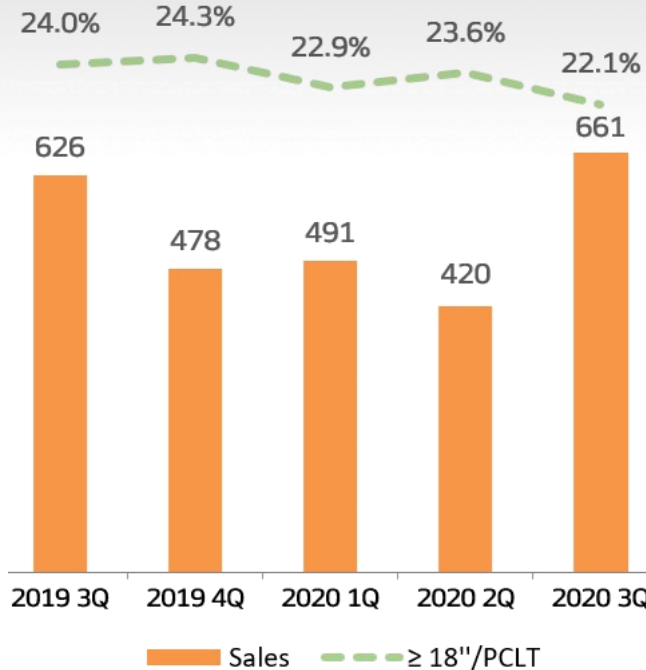
■ Sales    - - - ≥ 18"/PCLT

- Successful COVID-19 control enhanced consumer spending, resulting to an increase of high inch RE sales YoY
- OE sales growth YoY with recovery of auto production

# I. Financial Results - Regional Performance

## EUROPE

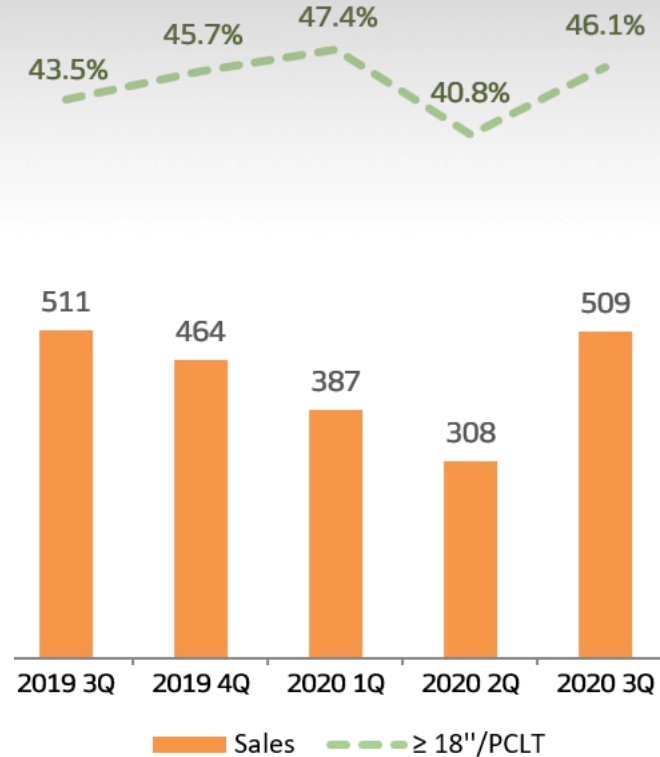
[Unit: Billion KRW, %]



- Despite sluggish market conditions, stronger RE sales resulted to slight gain of M/S
- Delay of auto demand led to continued lower OE sales YoY

## N.AMERICA

[Unit: Billion KRW, %]



- With market demand recovery, RE sales showed growth YoY
- Despite signs of auto production recovery, slower recovery trends continued lower OE sales YoY



## II. Business Highlights

- Hankook's All-Weather tire Kinergy 4S<sup>2</sup>, received Highly Recommended in the '2020 All Season Test' by British Tyre Reviews, a leading source of independent tire information
  - Increasing market demand for All Seasons and top test results prospects to propel sales in major regions
- Hankook's Winter i\*cept evo3 awarded the highest rating "Exemplary" from Europe's leading automobile magazine Auto Bild



## II. Business Highlights

- 'Laufenn', Hankook's strategic global brand, set a monthly sales record in Sept. 2020 despite difficult market situations
- After its first launch in 2015, the brand has grown to become a global brand with presence in over 80 countries providing good quality products at reasonable price
- Laufenn's 2020 9M sales in Europe posted 13% YoY and 57% YoY in North America
- The newly launched All-weather(G FIT 4S) tire was a key factor of growth in Europe
- Laufenn targets 5.8 millions tires (YoY +30%) in 2020, and 10 million by 2023

The screenshot shows the Laufenn website with a dark background and a soccer match image. At the top left is the Laufenn logo with the tagline 'Journey in Style'. Navigation links include 'Passenger Car/SUV', 'Van', 'Truck/Bus', 'Find a Dealer', 'About Laufenn', and 'Laufenn Universe'. The main content area features the text 'SPONSORSHIP Official Partner of the UEFA Europa League' and a small logo for 'Laufenn Official Partner'. Below this, it says 'Laufenn is supporting the UEFA Europa League together with soccer fans all over the world.' At the bottom, a purple banner reads 'A Brand by Hankook Tyre'.

**NEW**  
**G FIT 4S**



**LH71**

**All Season Multi  
Performance**

· **Dry & Wet & Snow  
All Weather  
Performance**



### III. 2020 Guidance Review

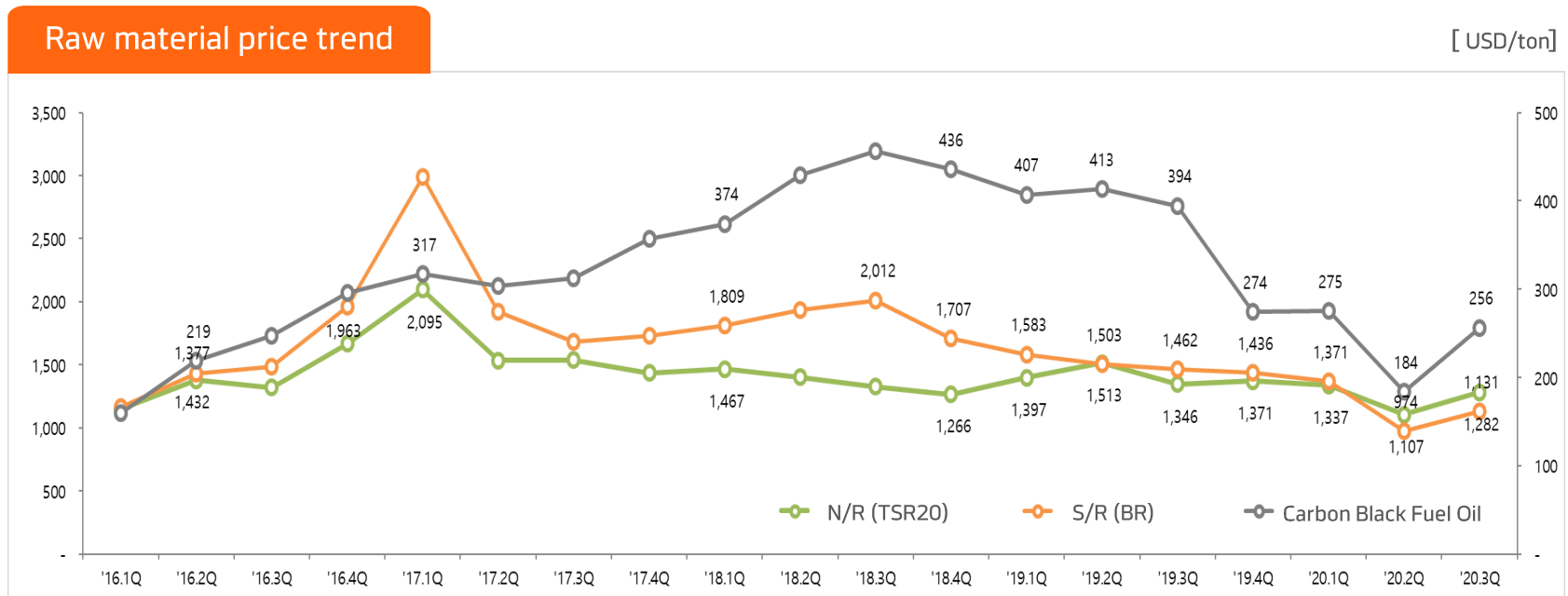
- 2020 9M Sales of 4,686.8 billion KRW (-10.2% YoY), operating profit of 400.7 billion KRW (-6.1% YoY) and OPM 8.5%
- Due to COVID-19 impacts, the company is unlikely to meet the 2020 sales target of 7.2 trillion KRW in sales
- While OE sales are still showing slow recovery, RE sales have been showing stronger than expected rebounds since June in major markets. Company targets annual sales volumes of 90% YoY.
- However, as possibilities of 2<sup>nd</sup> wave of COVID-19 still remain a threat, the company will maintain flexibility in production to control inventory



Hankook Tire & Technology

# IV. Appendix - Raw Material Trend

- N/R : With the reviving economy tire manufactures restarted tire production in 3Q, N/R prices showed rebound with increase business of both long term and SPOT trade
- S/R : Butadiene 3Q prices rallied with increased utilization from tire manufactures and escalated demand from the latex market. Upward trends projected to continue into 4Q
- C/B : Due to the rise of oil prices, carbon black fuel oil rose 39.1% QoQ, and average prices of carbon black rose 28.1%. With stabilization of oil prices 4Q prices are expected to stabilize



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

## IV. Appendix - Consolidated B/S

[100 Million KRW]

	2019		2020 9M		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	101,646	100.0%	108,401	100.0%	6,755	6.6%
Current Assets	41,137	40.5%	47,990	44.3%	6,853	16.7%
Cashable Assets	9,107	9.0%	13,945	12.9%	4,838	53.1%
Accounts Receivable	13,769	13.5%	16,546	15.3%	2,777	20.2%
Inventories	17,254	17.0%	15,719	14.5%	-1,535	-8.9%
Non-current Assets	60,509	59.5%	60,411	55.7%	-98	-0.2%
Tangible Assets	41,055	40.4%	41,075	37.9%	20	0.0%
Liabilities	29,774	29.3%	34,510	31.8%	4,736	15.9%
Current Liabilities	21,311	21.0%	19,319	17.8%	-1,992	-9.3%
Non-Current Liabilities	8,463	8.3%	15,191	14.0%	6,728	79.5%
Shareholder's Equity	71,872	70.7%	73,891	68.2%	2,019	2.8%
Debt	17,189		20,034			
Net Debt*	8,082		5,539			

\* Net Debt = Debt - Cashable Assets - Short Term Financial Instruments

<b>Liability Ratio</b>	41.4%	46.7%
<b>Net Worth to Assets</b>	70.7%	68.2%
<b>Net Debt Ratio</b>	11.2%	7.5%

## IV. Appendix - Consolidated I/S

[100 Million KRW]

	2019 3Q		2020 2Q		2020 3Q		YoY	QoQ
	Amt	%	Amt	%	Amt	%	(%)	(%)
Sales	18,353	100.0%	13,644	100.0%	18,866	100.0%	2.8%	38.3%
COGS	13,436	73.2%	9,959	73.0%	13,339	70.7%	-0.7%	33.9%
Gross Profit	4,917	26.8%	3,685	27.0%	5,527	29.3%	12.4%	50.0%
SG&A	3,113	17.0%	2,984	21.9%	3,280	17.4%	5.4%	9.9%
Operating Profit	1,804	9.8%	701	5.1%	2,247	11.9%	24.6%	220.5%
Other non-operating income/expense	326	1.8%	-97	-0.7%	-253	-1.3%	-177.6%	160.8%
Financial income/cost	-27	-0.1%	-221	-1.6%	-79	-0.4%	192.6%	-64.3%
Equity-method gain(loss)	95	0.5%	-155	-1.1%	*	-	-	-
Income before income tax	2,198	12.0%	228	1.7%	1,915	10.2%	-12.9%	740.0%
EBITDA	3,415	18.6%	2,331	17.1%	3,755	19.9%	10.0%	61.1%
Depreciation	1,611	8.8%	1,630	11.9%	1,508	8.0%	-6.4%	-7.5%

\* '20. 3Q Investments in associates is currently included in Other non-operating income/expense and will be re-classified after the audit