



2022 4Q Financial Results

Feb 2nd, 2023

Hankook Tire & Technology

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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. 2022 Annual Highlights
- II. 2022 4th Quarter Results
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Market Environment

- Tire market showed mixed trends with improved OE market with alleviated semiconductor chip shortage, while weak consumer sentiment and geopolitical issues caused RE market to decline
- Tire industry conducted price hikes with rise of raw materials cost and logistics cost in 2022 1H
- Downward stability of prices started to show in 2022 2H, but concerns surrounding possibility of a global economic downturn remains

Sales Performance

- Sales of 8 trillion 394 billion KRW up 17.5% YoY
- Weak consumer sentiment and geopolitical issues led to volume decline YoY, but sales increased due to improved price, product mix and positive FX
- Operating profit of 705.8 billion KRW, OPM of 8.4%, slightly affected by rising raw material, logistics, and energy costs

Business Highlights

- Sales ratio of ≥ 18 inch within PCLT increased to 40.8% up 3.1%p
- Expansion of Global OE EV Partnerships
⇒ BMW 'i4', Audi 'Q4 e-tron', Hyundai 'IONIQ 6', Toyota 'bZ4X', Skoda 'Enyaq iV'
- Launch of EV specialized tire brand 'iON'
- Official technical partner and tire supplier of the ABB FIA Formula E World Championship
- Recognition by renowned European car magazine tires tests
⇒ 'Auto Bild Allrad' tire test winner & exemplary, 'Auto Express' All Season tire test winner for the second year running
- Dow Jones Sustainability™ World Index (DJSI World) for 7 consecutive years

2022 Global Performance (Consolidated)

[100 Million KRW, %]	2021	2022	YoY
Sales	71,411	83,942	17.5%
COGS	51,938 <i>(72.7%)</i>	62,917 <i>(75.0%)</i>	21.1%
Operating Profit	6,422 <i>(9.0%)</i>	7,058 <i>(8.4%)</i>	9.9%
Ordinary Profit	7,255 <i>(10.2%)</i>	8,430 <i>(10.0%)</i>	16.2%
EBITDA	12,344 <i>(17.3%)</i>	12,417 <i>(14.8%)</i>	0.6%

II. 2022 4th Quarter Results

- OE market showed improvement from alleviated semiconductor chip shortage, but weak consumer sentiment and warm winter weather led to RE market decline
- Despite strong OE, N. America and Korea volumes, slow China and European market resulted in flat global sales volumes
- 2022 4Q profit improved with lowered raw material and logistics cost and stronger product mix
⇒ Sales ratio of ≥ 18 inch within PCLT increased to 43.9% up 5.0%p YoY

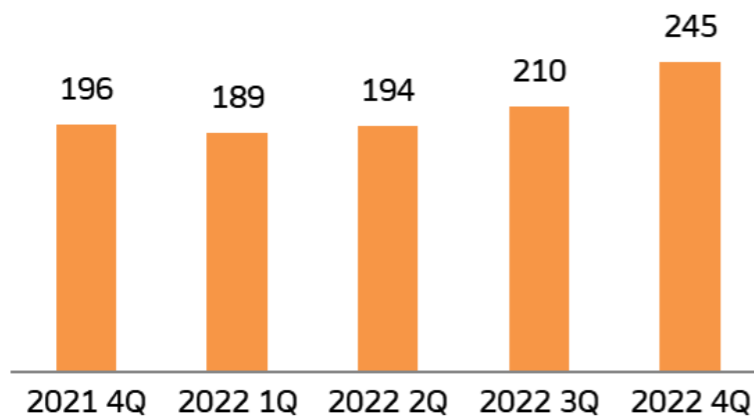
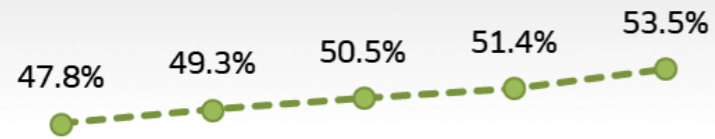
[100 Million KRW, %]	2021 4Q	2022 3Q	2022 4Q	QoQ	YoY
Sales	18,885	22,997	22,638	-1.6%	19.9%
COGS	14,386 (76.2%)	17,492 (76.1%)	16,664 (73.6%)	-4.7%	15.8%
Operating Profit	883 (4.7%)	1,924 (8.4%)	2,120 (9.4%)	10.2%	140.1%
Ordinary Profit	914 (4.8%)	3,023 (13.1%)	512 (2.3%)	-83.1%	-43.9%
EBITDA	2,375 (12.6%)	3,251 (14.1%)	3,464 (15.3%)	6.6%	45.8%

II. 2022 4th Quarter Results - Regional Performance (1/2)



KOREA

[Unit: Billion KRW, %]

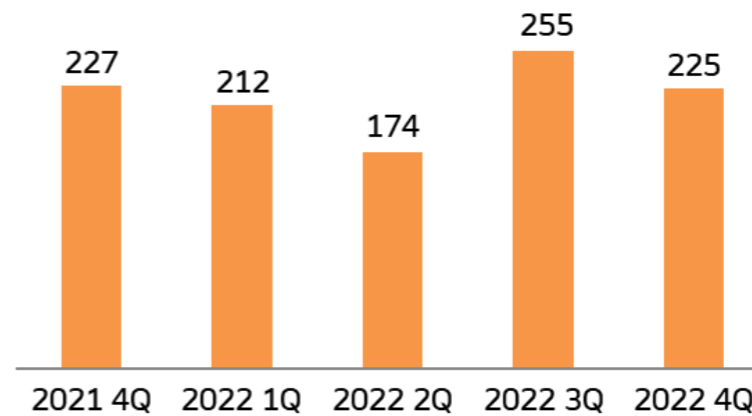
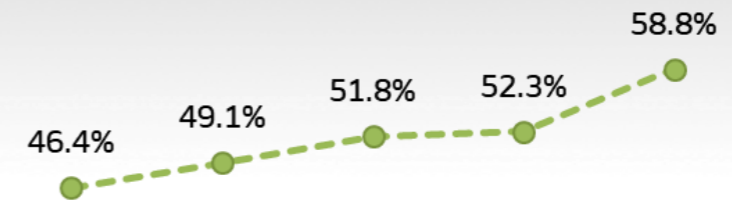


— Sales —●— ≥ 18"/PCLT

- Despite slow market demand, RE sales grew with stronger volumes and inch-mix
- OE sales increased with the ease of semiconductor chip shortage issues

CHINA

[Unit: Billion KRW, %]



— Sales —●— ≥ 18"/PCLT

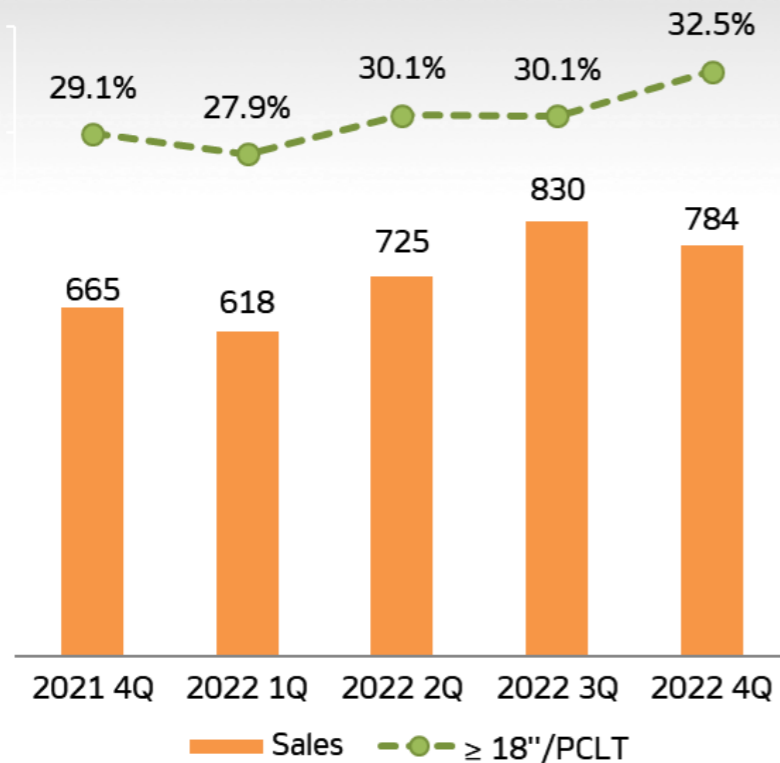
- RE sales decreased due to weak consumer sentiment, but inch-mix continued impressive growth
- OE volumes increased YoY and QoQ due to the ease of semiconductor shortage issues

II. 2022 4th Quarter Results - Regional Performance (2/2)



EUROPE

[Unit: Billion KRW, %]

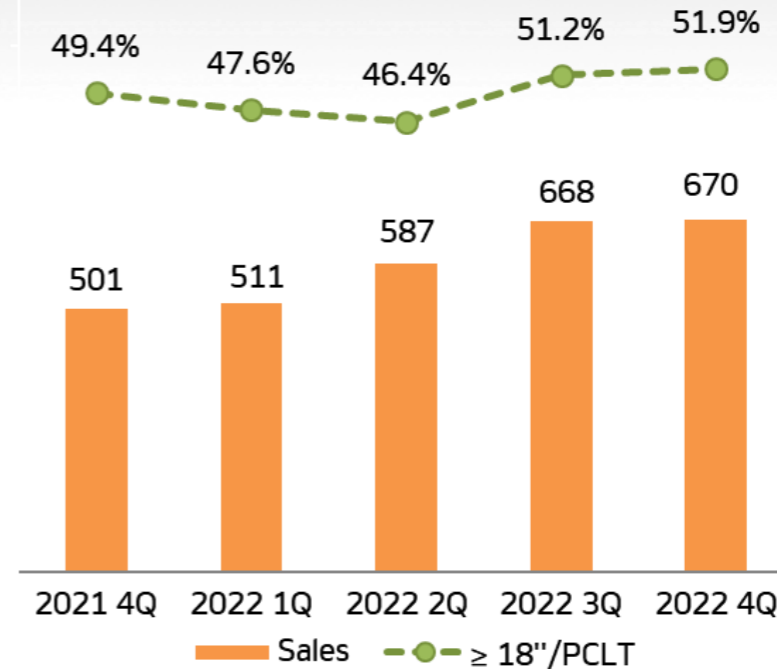


- RE sales were impacted by weak consumer sentiment and decreased winter tire demand, but strong sales of All-Weather tires continued
- OE sales increased with the ease of semiconductor chip shortage issues and the Russian-Ukraine war

N.AMERICA

[Unit: Billion KRW, %]

(* Including Mexico OE)



- Despite contraction of the market, RE grew with the ease of global supply chain bottlenecks
- OE sales grew YoY with alleviated semiconductor chip shortage, but slowed QoQ due to winter storms which cut auto production

Sales Growth

- 2023 Sales growth of over 5% YoY
 - ▷ Targeting volume growth despite global economic conditions in order to exceed market demand

Product Mix

- Further increase of High Inch sales ratio
 - ▷ ≥18 inch sales ratio within PCLT Target
2021 38% → 2022 41% → 2023 Target 45%

2023
Target

CAPEX

- Anticipated CAPEX around 1 trillion KRW
 - ▷ Including Tennessee plant expansion costs, maintenance and modernization costs

EV Tires

- Expanding supplement to EV vehicles
 - ▷ Sales ratio of EV within PCLT OE target
2021 5% → 2022 11% → 2023 Target 20%

IV. 2022 ESG Highlights

ESG Implementation

- Establishment of the Corporate Governance Charter
- First Korean tire company to join *SBTi
 - * SBTi (Science Based Targets Initiative)
- The '2050 Carbon Neutral' Roadmap Established
- Development of Sustainable Raw Material Application Technology

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Sustainability Award
Gold Class 2022
S&P Global



ESG Recognition

- Dow Jones Sustainability World Index(DJSI World) for 7 consecutive years
- 'Gold class' in S&P Global Sustainability Ratings
 - ⇒ Gold Class is given to the top 1% of the companies assessed
 - ⇒ Hankook was recognized as the top performer in the Auto Components sector
- First Korean tire company to obtain certification for 'Best Family Friendly Management'
 - ⇒ Operation of life-cycle support systems related to raising children, parental leave, shorter working hours, and family care systems.

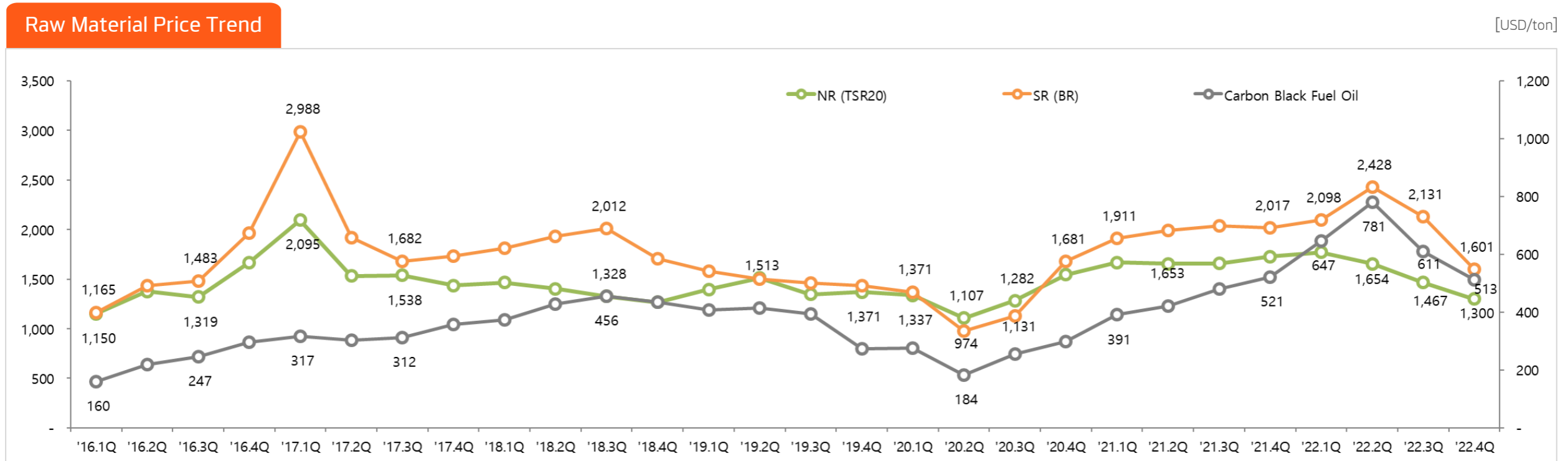


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V. Appendix - Raw Material Trend



- N/R** : SICOM TSR20 prices fell -11.4% QoQ due to concerns over a global economic recession and COVID-19 in China. Expectations for economic stimulus in China and concerns over a global recession are mixed, so 2023 1Q is expected to remain flat
- S/R** : Weak global demand and Butadiene's new supplier growth continue to drive prices down into 22 4Q. In Europe, butadiene prices fell gradually due to the warmer winter climate than expected. Global demand recovery and energy costs will affect the prices
- C/B** : CBO Index fell -16.0% in 2022 4Q due to the global economic downturn. Carbon black prices remain on the rise until the second quarter of '22 due to a continuous rise in international oil prices, falling crude oil supply, and rising demand for ship oil. However, carbon black prices were turned down due to the lockdown in China and the dollar's strength. Expectations for economic stimulus in China and concerns over a global recession are mixed, so 2023 1Q is expected to remain flat



Note 1) TSR20 : SICOM Price (Natural Rubber)

Note 2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia Average Price

Note 3) Carbon Black Fuel Oil: Index Price of refined Oil

V. Appendix - Consolidated B/S



[100 Million KRW]

	2021		2022		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	117,039	100.0%	125,751	100.0%	8,712	7.4%
Current Assets	55,092	47.1%	64,182	51.0%	9,089	16.5%
Cash and cash equivalents	10,620	9.1%	11,394	9.1%	774	7.3%
Short-term financial assets	4,800	4.1%	5,948	4.7%	1,148	23.9%
Trade and other receivables	15,073	12.9%	17,030	13.5%	1,957	13.0%
Inventories	18,966	16.2%	24,495	19.5%	5,529	29.2%
Other current assets	5,633	4.8%	5,315	4.2%	-318	-5.6%
Non-current Assets	61,947	52.9%	61,569	49.0%	-378	-0.6%
Tangible, Intangible assets and Investment properties	42,178	36.0%	40,553	32.2%	-1,625	-3.9%
Investments in associates	11,866	10.1%	11,784	9.4%	-82	-0.7%
Other non-current assets	7,903	6.8%	9,232	7.3%	1,329	16.8%
Liabilities	34,988	29.9%	36,973	29.4%	1,985	5.7%
Current Liabilities	18,692	16.0%	28,788	22.9%	10,096	54.0%
Non-Current Liabilities	16,296	13.9%	8,185	6.5%	-8,111	-49.8%
Shareholder's Equity	82,051	70.1%	88,778	70.6%	6,726	8.2%
Debt	18,204		19,372			
Net Debt	-4,849		-3,170			
Liability Ratio		42.6%		41.6%		
Net Worth to Assets		70.1%		70.6%		
Net Debt Ratio			Net Cash		Net Cash	

V. Appendix - Consolidated I/S



[100 Million KRW]

	2021 4Q		2022 3Q		2022 4Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	18,885	100.0%	22,997	100.0%	22,638	100.0%	19.9%	-1.6%
COGS	14,386	76.2%	17,492	76.1%	16,664	73.6%	15.8%	-4.7%
Gross Profit	4,499	23.8%	5,506	23.9%	5,974	26.4%	32.8%	8.5%
SG&A	3,615	19.1%	3,581	15.6%	3,854	17.0%	6.6%	7.6%
Operating Profit	883	4.7%	1,924	8.4%	2,120	9.4%	140.1%	10.2%
Other non-operating income/expense	-176	-0.9%	878	3.8%	-1,240	-5.5%	604.2%	-241.2%
Financial income/cost	47	0.2%	237	1.0%	-368	-1.6%	-880.8%	-254.8%
Equity-method gain(loss)	160	0.8%	-17	-0.1%				
Income before income tax	914	4.8%	3,023	13.1%	512	2.3%	-43.9%	-83.1%
EBITDA	2,375	12.6%	3,251	14.1%	3,464	15.3%	45.8%	6.6%
Depreciation	1,492	7.9%	1,326	5.8%	1,344	5.9%	-9.9%	1.3%

* '22 4Q Investments in associates is currently included in Other non-operating income/expense and will be re-classified after the audit