



2023 1Q Financial Results

May 12th, 2023

Hankook Tire & Technology



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2023 1st Quarter Results (Consolidated)

[100 Million KRW, %]	2022 1Q	2022 4Q	2023 1Q	YoY	QoQ
Sales	17,907	22,638	21,041	+17.5%	-7.1%
COGS	13,622 <i>(76.1%)</i>	16,664 <i>(73.6%)</i>	15,533 <i>(73.8%)</i>	+14.0%	-6.8%
Operating Profit	1,261 <i>(7.0%)</i>	2,120 <i>(9.4%)</i>	1,909 <i>(9.1%)</i>	+51.5%	-10.0%
Ordinary Profit	1,289 <i>(7.2%)</i>	666 <i>(2.9%)</i>	1,248 <i>(5.9%)</i>	-3.2%	+87.4%
EBITDA	2,605 <i>(14.6%)</i>	3,464 <i>(15.3%)</i>	3,180 <i>(15.1%)</i>	+22.1%	-8.2%

I. 2023 1st Quarter Business Highlights



Market Environment

- The OE continued to recover with alleviated semiconductor chip shortage with an exception of china showing weak auto production
- The RE market declined due to an unfavorable comparison basis and softer market demand

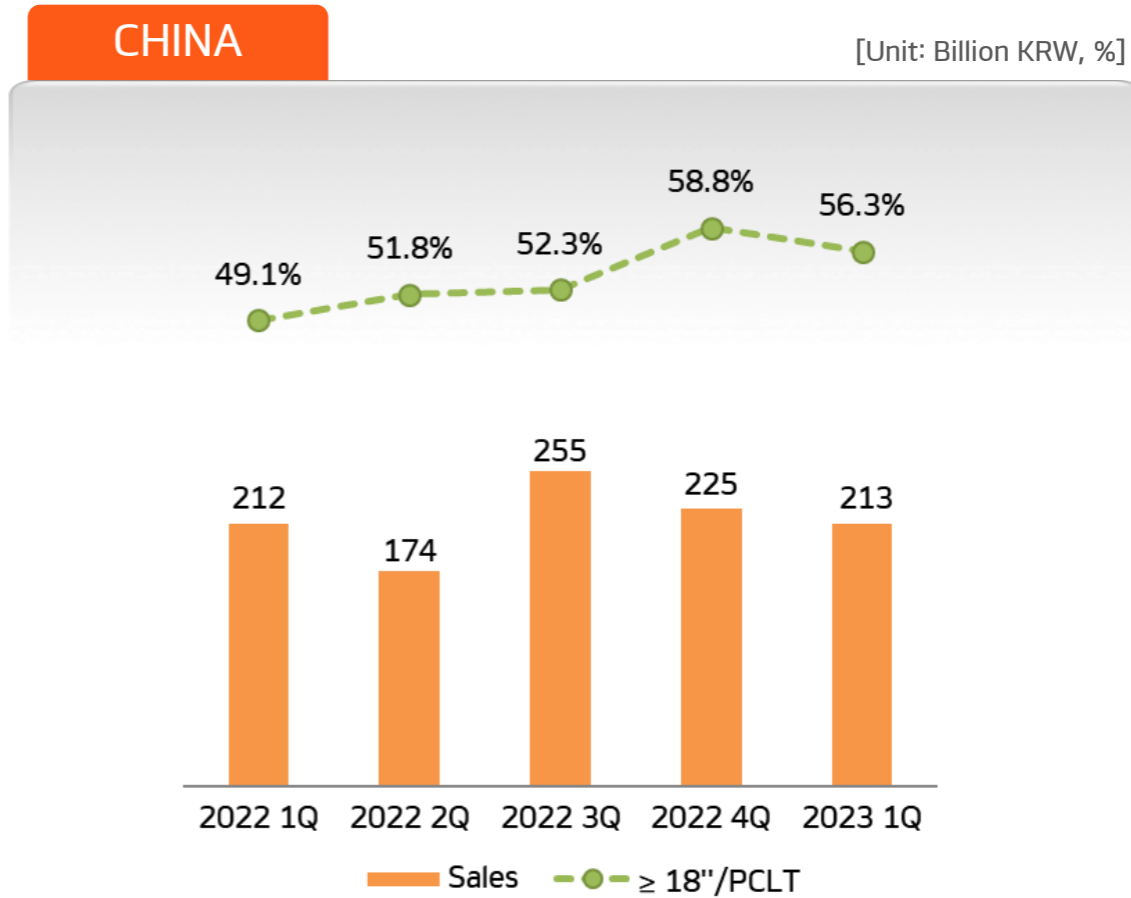
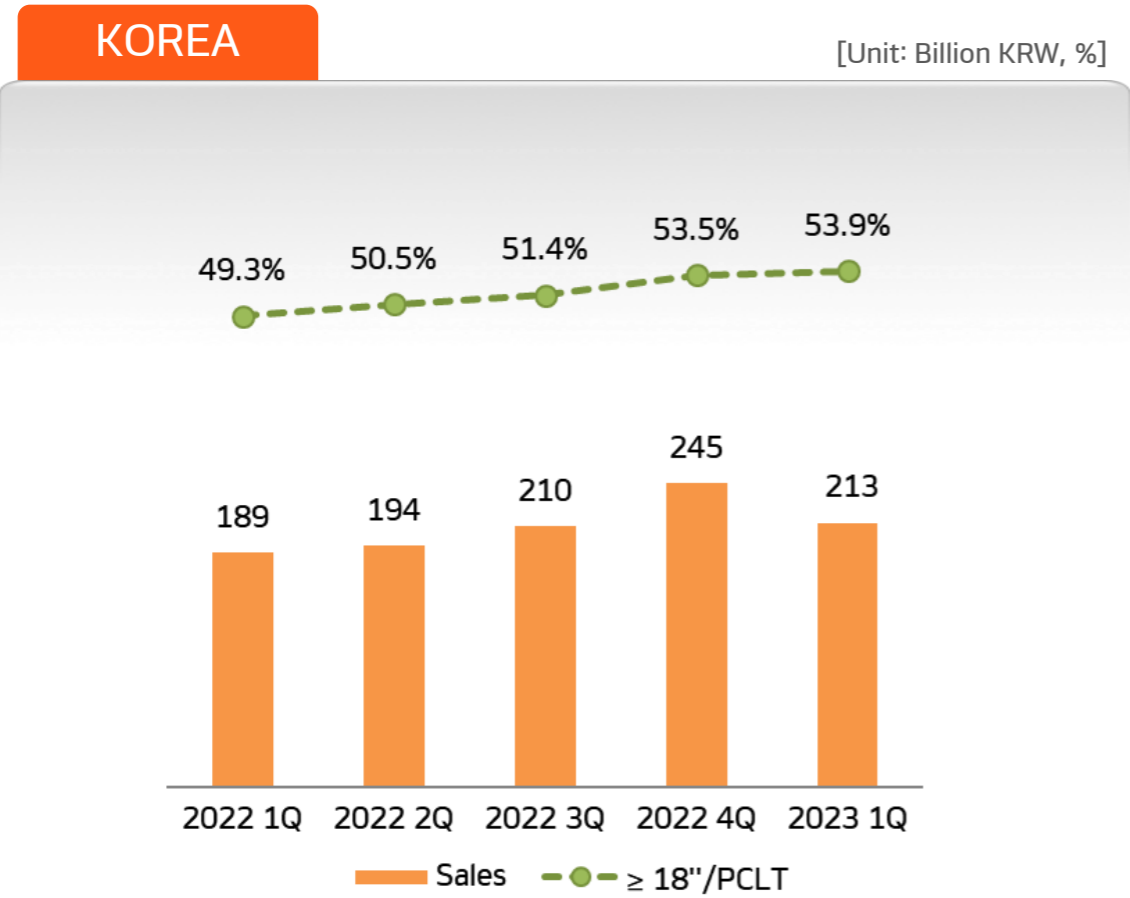
Sales Performance

- 2023 1Q sales grew 17.5% compared to 2022 1Q, due to higher volumes, improved pricing, favorable inch mix, and positive FX.
- As vehicle production increased due to the alleviation of semiconductor supply issues, OE sales significantly improved, excluding China.
- RE sales also increased YoY, driven by growth in Europe and other regions.
- With the stabilization of supply chains, operating margins improved YoY with lower freight costs and adjustments in selling prices due to inflation

Business Highlights

- Sales ratio of ≥18 inches within PCLT increased to 43.5% up 4.5%p YoY
- Expansion of Global OE EV Partnerships
 - ⇒ Volkswagen's electric minivan 'ID. Buzz', 'ID. Buzz Cargo' and the Chinese EV manufacturer Leapmotor's electric SUV 'C11'
- 'iON evo', designed for EV, secured the test victory in the 'Auto Bild' tire test
 - ⇒ The test results for EV tires, including 'iON evo,' received a 'Very Good' rating and achieved the top position.
 - ⇒ 'iON evo' took the top spot on the podium for braking tests on dry and wet roads, wet surface handling, rolling resistance.
- The Electric racing tire 'iON' successfully made its debut in Formula E, proving its technological prowess
 - ⇒ Starting with the opening race in Mexico City E-PRIX, a total of 16 rounds will be held in major cities across 11 countries worldwide over 7 months.
 - ⇒ The Hankook iON Race impresses racers with satisfactory performance in diverse weather conditions and challenging road surfaces.

I. 2023 1st Quarter Results - Regional Performance (1/2)



- Despite slow market demand, RE sales grew with increased sales of high-inch and premium products
- OE sales continued recovery with the stabilization of vehicle semiconductor supply

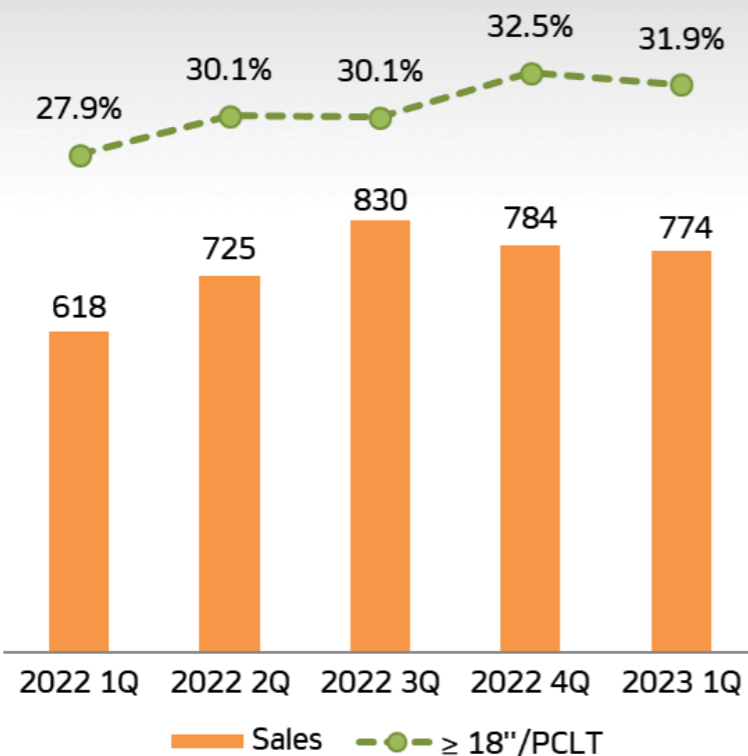
- RE sales decreased due to softer market demand, but product-mix continued improvement
- OE sales declined with lower car production

I. 2023 1st Quarter Results - Regional Performance (2/2)



EUROPE

[Unit: Billion KRW, %]

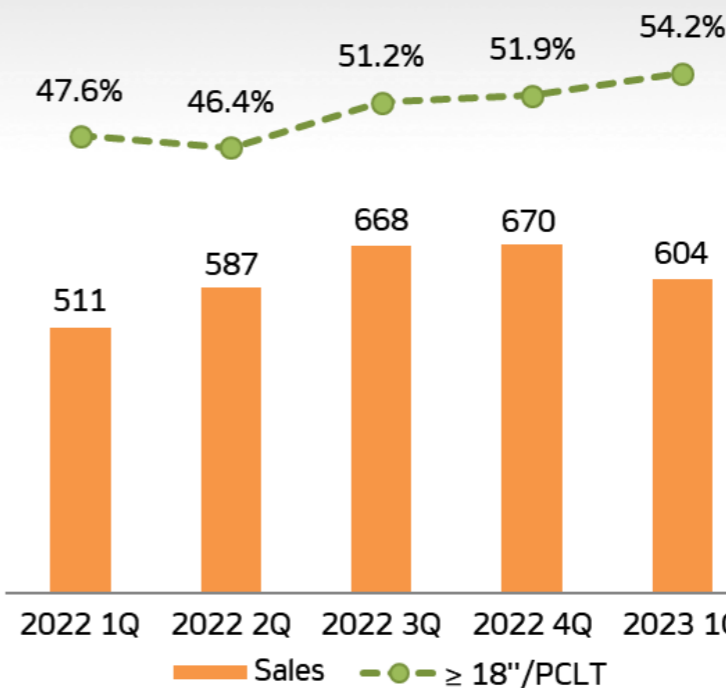


- RE sales outperformed market demand with strong sales of All-Weather tires
- OE sales continued recovery with the ease of semiconductor chip shortage issues

N.AMERICA

[Unit: Billion KRW, %]

(* Including Mexico OE)



- Softer RE demand impacted sales volumes, but RE revenue increased with improved price and product-mix.
- OE sales continued recovery with the ease of semiconductor chip shortage issues

Sales Growth

- 2023 Sales growth of over 5% YoY
 - ▷ Targeting volume growth despite internal & external business challenges 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%



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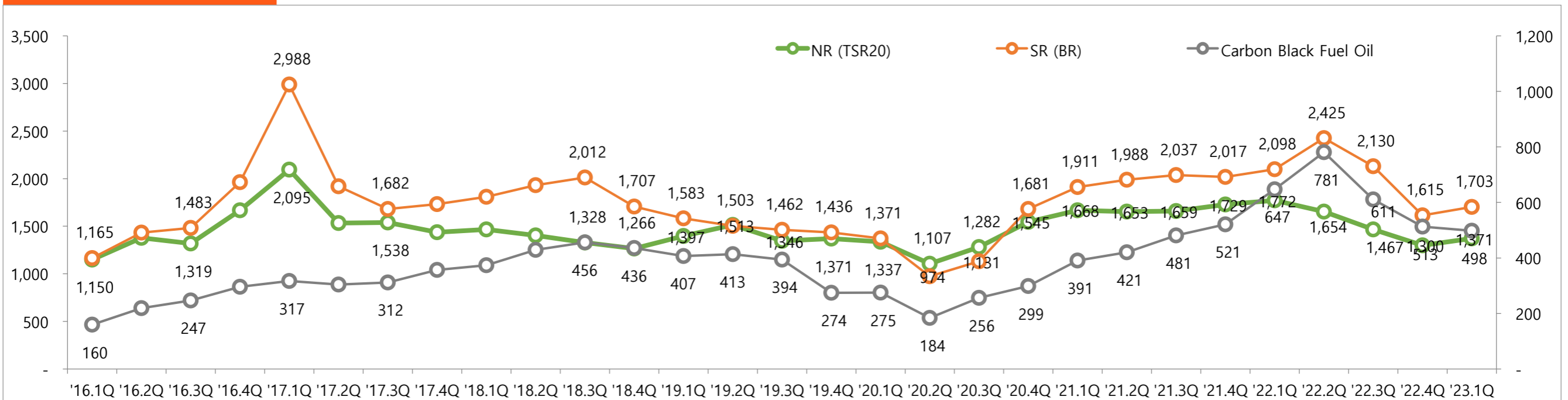
III. Appendix - Raw Material Trend



- N/R : SICOM TSR20 prices remain flat due to a combination of factors, including the reopening in China, global economic slowdown, tightening monetary policies and concerns over the prolonged Russia-Ukraine war.
Natural rubber prices are expected to remain stable and will be influenced by macroeconomic indicators until '23 2Q.
- S/R : S/R prices remain flat due to weak global demand and expectations of recovery in China.
In Asia, Butadiene prices experienced a downward trend until '22 4Q due to an increase in new supply providers. However, product prices rose due to lowered utilization in '23 1Q. Prices are projected to stay around the current level until '23 2Q. European Butadiene prices have declined until '23 1Q, impacted by the unseasonably warm winter weather. In '23 2Q, prices are expected to remain flat due to weak demand.
- C/B : After peaking at '22 2Q, The CBO Index declined until '23 1Q due to softer FCC Oil demand from China due to COVID-19 lockdowns and lower oil prices impacted by strong US dollar resulting from aggressive interest rate hikes and concerns regarding global economic slow down.
However, carbon black fuel oil prices are expected to rise due to OPEC+ production cuts and China's economic recovery.

Raw Material Price Trend

[USD/ton]



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

III. Appendix - Consolidated B/S



[100 Million KRW]

	2022		2023 1Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	125,814	100.0%	127,122	100.0%	1,308	1.0%
Current Assets	64,363	51.2%	64,299	50.6%	-64	-0.1%
Cash and cash equivalents	11,394	9.1%	13,576	10.7%	2,182	19.1%
Short-term financial assets	5,948	4.7%	4,522	3.6%	-1,426	-24.0%
Trade and other receivables	17,101	13.6%	18,609	14.6%	1,508	8.8%
Inventories	24,496	19.5%	24,668	19.4%	172	0.7%
Other current assets	5,424	4.3%	2,924	2.3%	-2,500	-46.1%
Non-current Assets	61,451	48.8%	62,823	49.4%	1,372	2.2%
Tangible, Intangible assets and Investment properties	40,554	32.2%	41,176	32.4%	622	1.5%
Investments in associates	11,771	9.4%	11,933	9.4%	162	1.4%
Other non-current assets	9,126	7.3%	9,714	7.6%	588	6.4%
Liabilities	37,057	29.5%	35,254	27.7%	-1,803	-4.9%
Current Liabilities	28,871	22.9%	26,253	20.7%	-2,618	-9.1%
Non-Current Liabilities	8,186	6.5%	9,001	7.1%	815	10.0%
Shareholder's Equity	88,757	70.5%	91,869	72.3%	3,112	3.5%
Debt	19,365		16,234			
Net Debt	-3,170		-5,058			
Liability Ratio		41.8%		38.4%		
Net Worth to Assets		70.5%		72.3%		
Net Debt Ratio			Net Cash		Net Cash	

III. Appendix - Consolidated I/S



[100 Million KRW]

	2022 1Q		2022 4Q		2023 1Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	17,907	100.0%	22,638	100.0%	21,041	100.0%	17.5%	-7.1%
COGS	13,622	76.1%	16,664	73.6%	15,533	73.8%	14.0%	-6.8%
Gross Profit	4,285	23.9%	5,974	26.4%	5,508	26.2%	28.6%	-7.8%
SG&A	3,024	16.9%	3,854	17.0%	3,599	17.1%	19.0%	-6.6%
Operating Profit	1,261	7.0%	2,120	9.4%	1,909	9.1%	51.5%	-10.0%
Other non-operating income/expense	-35	-0.2%	-1,009	-4.5%	-240	-1.1%		
Financial income/cost	65	0.4%	-355	-1.6%	-421	-2.0%		
Equity-method gain(loss)	-2	0.0%	-91	-0.4%				
Income before income tax	1,289	7.2%	666	2.9%	1,248	5.9%	-3.2%	87.4%
E B I T D A	2,605	14.6%	3,464	15.3%	3,180	15.1%	22.1%	-8.2%
Depreciation	1,345	7.5%	1,344	5.9%	1,271	6.0%	-5.5%	-5.4%

* '23 1Q Investments in associates are currently included in Other non-operating income/expense and will be re-classified after the audit