

2016 Hankook Tire

1st Quarter Result

2016. 4. 29

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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.

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2016 1Q Financial Highlights & Review

Financial Highlights

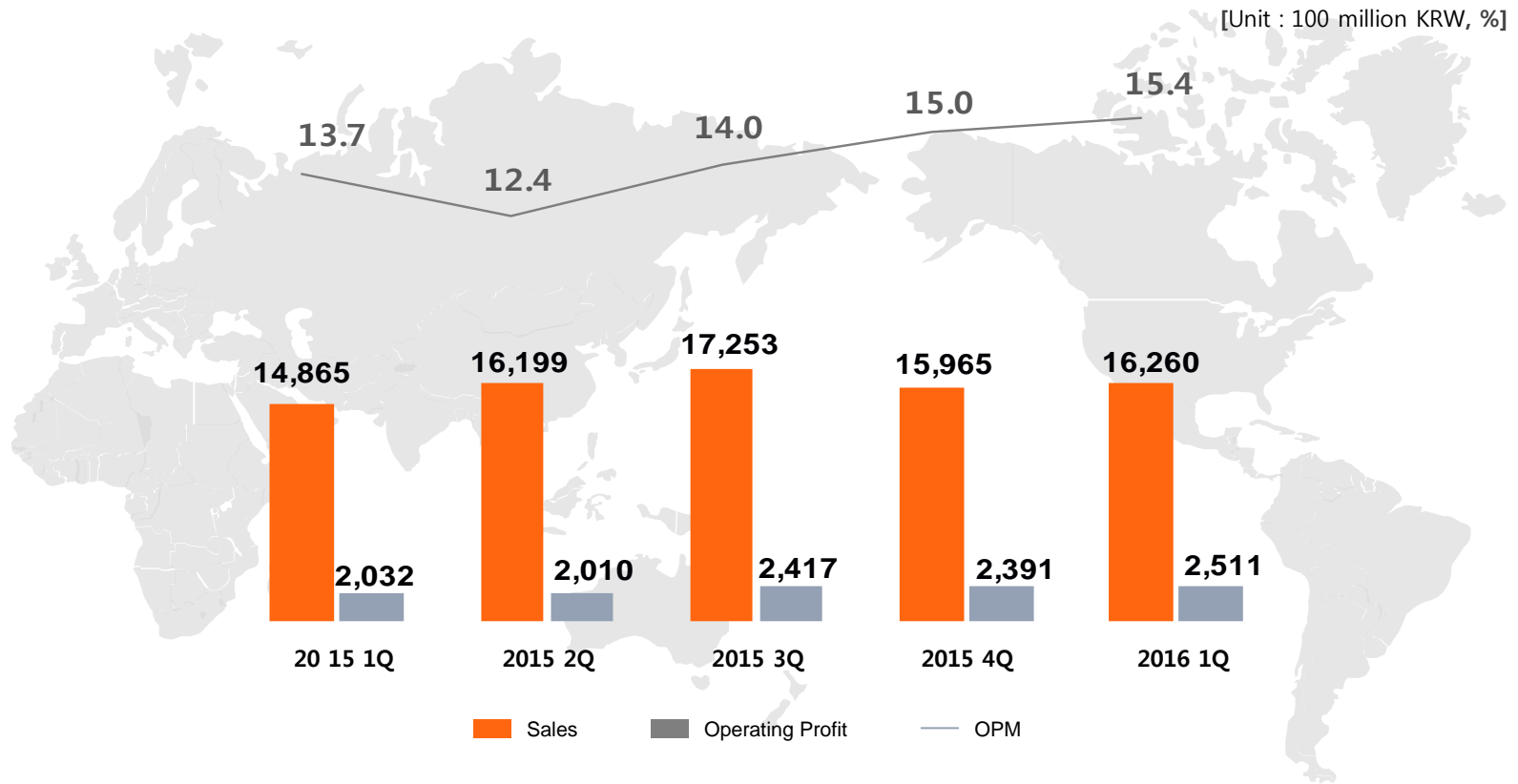
2016 1Q Global Performance

[Unit : 100 million KRW, %]

	2015 1Q	2015 4Q	2016 1Q	QoQ	YoY
Sales	14,865	15,965	16,260	1.8%	9.4%
COGS	9,651 <i>(64.9%)</i>	9,753 <i>(61.1%)</i>	10,322 <i>(63.5%)</i>	5.8%	6.9%
Operating Profit	2,032 <i>(13.7%)</i>	2,391 <i>(15.0%)</i>	2,511 <i>(15.4%)</i>	4.8%	23.6%
Ordinary Profit	1,964 <i>(13.2%)</i>	2,309 <i>(14.5%)</i>	2,505 <i>(15.4%)</i>	8.3%	27.5%
EBITDA	3,086 <i>(20.8%)</i>	3,552 <i>(22.2%)</i>	3,909 <i>(24.0%)</i>	10.1%	26.7%

1) Performance – Global

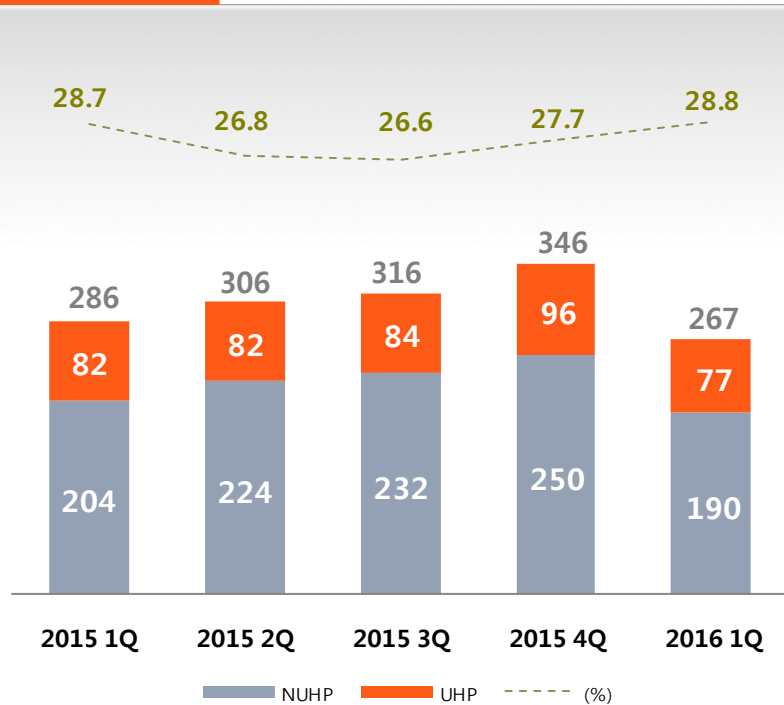
- Despite weak OE sales in Korea and China, RE sales increased and product mix in EU and US market improved
- Change in pricing strategy expected due to recent rebound in raw material costs



1) Performance - Regional

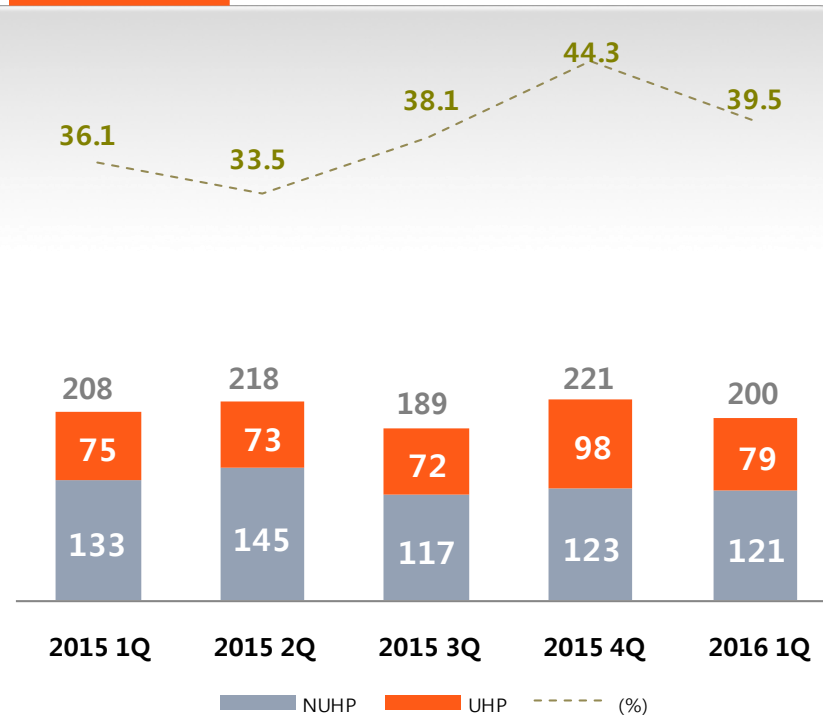
Korea

[Unit: Billion KRW, %]



China

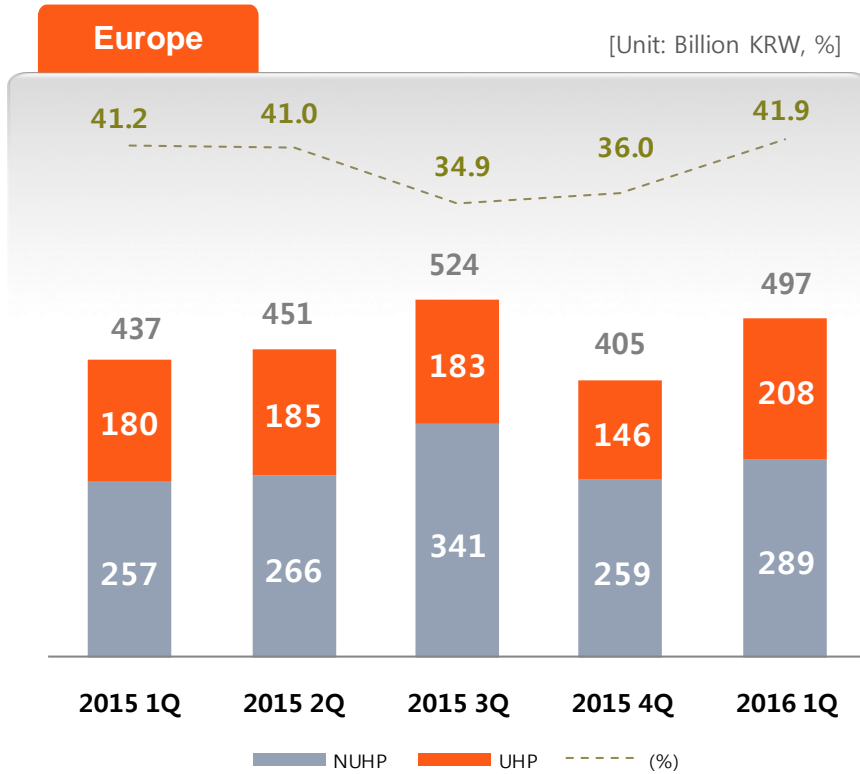
[Unit: Billion KRW, %]



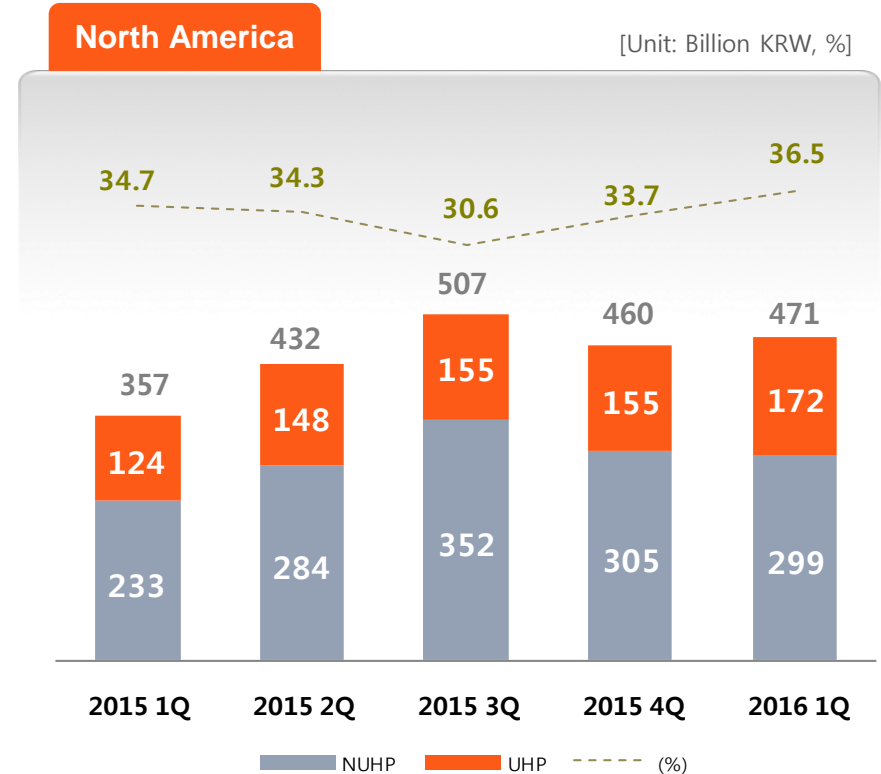
- Retaining RE sales volume and secured market share
- Due to reduced utilization rate of Auto makers, OE sales volume decreased YoY

- Improvement in sales volume and mix benefited RE sales, but slow OE sales slightly dropped YoY

1) Performance - Regional

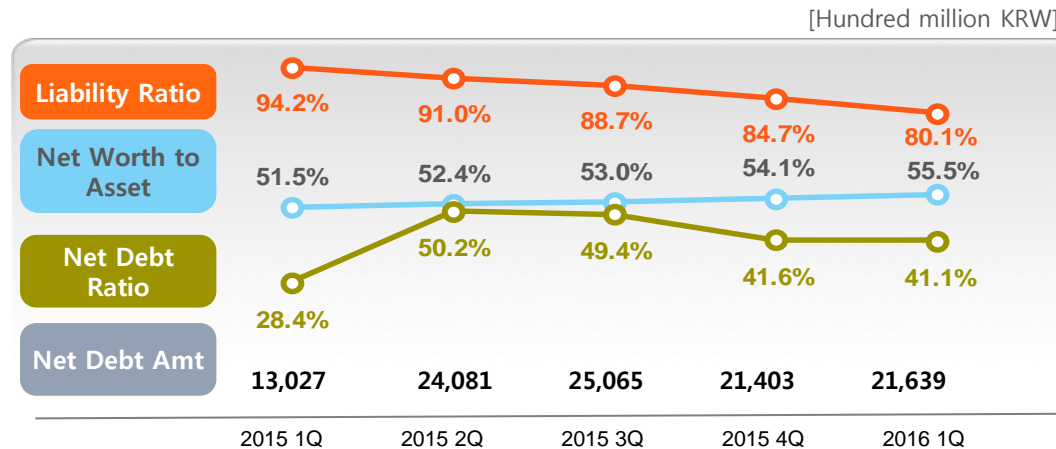
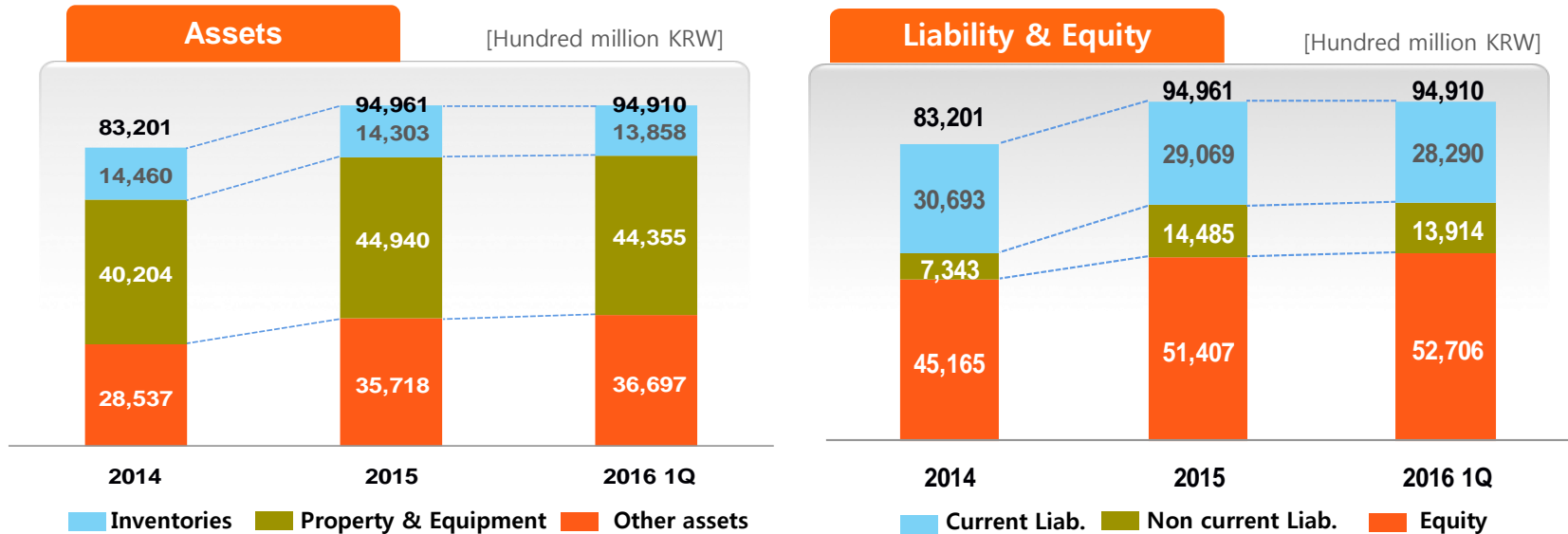


- Both RE and OE sales volume slightly increased YoY
- Reinforced retail and marketing activities, enabled stable growth rate against market



- Improved product mix, especially in the SUV/LTR segment, and boosted volume growth YoY
- Change in sales competition expected due to Chinese TBR AD/CVD

2) Stability : Balance Sheet



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Appendix. F/S – Consolidated B/S

[Hundred million KRW]

	2015		2016 1Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	94,961	100.0%	94,910	100.0%	-51	-0.1%
Current Assets	33,887	35.7%	33,952	35.8%	65	0.2%
Cashable assets	7,553	8.0%	6,914	7.3%	-639	-8.5%
Accounts receivable	11,307	11.9%	12,307	13.0%	1,000	8.8%
Inventories	14,303	15.1%	13,858	14.6%	-445	-3.1%
Non-current Assets	61,074	64.3%	60,958	64.2%	-116	-0.2%
Tangible assets	44,940	47.3%	44,355	46.7%	-585	-1.3%
Liabilities	43,554	45.9%	42,204	44.5%	-1,350	-3.1%
Current Liabilities	29,069	30.6%	28,290	29.8%	-779	-2.7%
Non-Current Liabilities	14,485	15.3%	13,914	14.7%	-571	-3.9%
Shareholders' Equity	51,407	54.1%	52,706	55.5%	1,299	2.5%
Debt	28,957		28,553			
Net debt	21,403		21,639			
Liability Ratio		84.7%		80.1%		
Net Worth to Assets		54.1%		55.5%		
Net Debt Ratio		41.6%		41.1%		

Appendix. F/S – Consolidated I/S

[Hundred million KRW]

	2015 1Q		2015 4Q		2016 1Q		YoY (%)	QoQ (%)
	금액	%	금액	%	금액	%		
Sales	14,865	100.0%	15,965	100.0%	16,260	100.0%	9.4%	1.8%
COGS	9,651	64.9%	9,753	61.1%	10,322	63.5%	7.0%	5.8%
Gross Profit	5,214	35.1%	6,212	38.9%	5,938	36.5%	13.9%	-4.4%
SG&A	3,182	21.4%	3,821	23.9%	3,427	21.1%	7.7%	-10.3%
Operating Profit	2,032	13.7%	2,391	15.0%	2,511	15.4%	23.6%	5.0%
Other Revenue	816	5.5%	-169	-1.1%	678	4.2%	-	-
Other Expense	824	5.5%	-106	-0.7%	500	3.1%	-	-
Financial Revenue	273	1.8%	611	3.8%	432	2.7%	58.2%	-29.3%
Financial Expense	333	2.2%	686	4.3%	617	3.8%	85.3%	-10.1%
Equity-method gains (losses)			55	0.3%				
Income Before Income Tax	1,964	13.2%	2,308	14.5%	2,504	15.4%	27.5%	8.5%
E B I T D A	3,086	20.8%	3,552	22.2%	3,909	24.0%	26.7%	10.1%
Depreciation	1,054	7.1%	1,161	7.3%	1,398	8.6%	32.6%	20.4%