



2017 HANKOOK TIRE  
**2<sup>nd</sup> Quarter Result**

 **Hankook**  
driving emotion

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.

# 1H Financial Highlights

## 2017 1H Global Performance (Consolidated)

[100 Million KRW, %]

	2016 1H	2017 1H	YoY
Sales	33,535	33,060	-1.4%
COGS	20,701 (61.7%)	21,534 (65.1%)	4.0%
Operating Profit	5,614 (16.7%)	4,360 (13.2%)	-22.3%
Ordinary Profit	5,580 (16.6%)	4,299 (13.0%)	-23.0%
EBITDA	8,217 (24.5%)	7,167 (21.7%)	-12.8%
UHPT Sales Ratio	35.3%	36.8%	+1.5%p

# 2Q Financial Highlights

## 2017 2Q Global Performance (Consolidated)

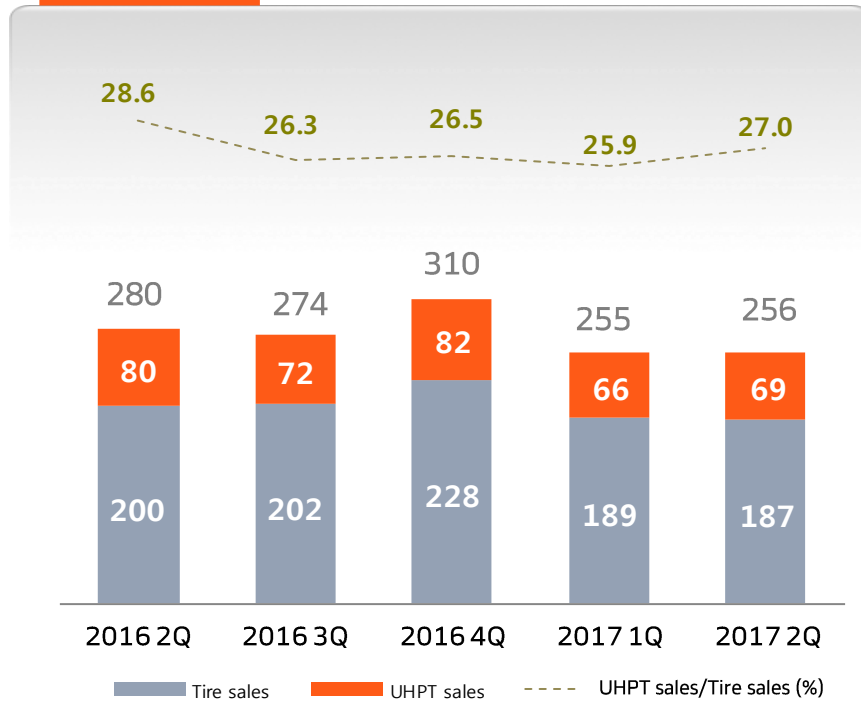
[100 Million KRW, %]

	<u>2016 2Q</u>	<u>2017 1Q</u>	<u>2017 2Q</u>	<u>QoQ</u>	<u>YoY</u>
Sales	17,274	16,392	16,668	1.7%	-3.5%
COGS	10,379 (60.1%)	10,649 (65.0%)	10,885 (65.3%)	2.2%	4.9%
Operating Profit	3,103 (18.0%)	2,322 (14.2%)	2,037 (12.2%)	-12.3%	-34.4%
Ordinary Profit	3,107 (18.0%)	2,068 (12.6%)	2,231 (13.4%)	7.9%	-28.2%
EBITDA	4,332 (25.1%)	3,640 (22.2%)	3,527 (21.2%)	-3.1%	-18.6%
UHPT Sales Ratio	35.2%	36.7%	36.9%	0.2%p	1.7%p

# 2Q Performance

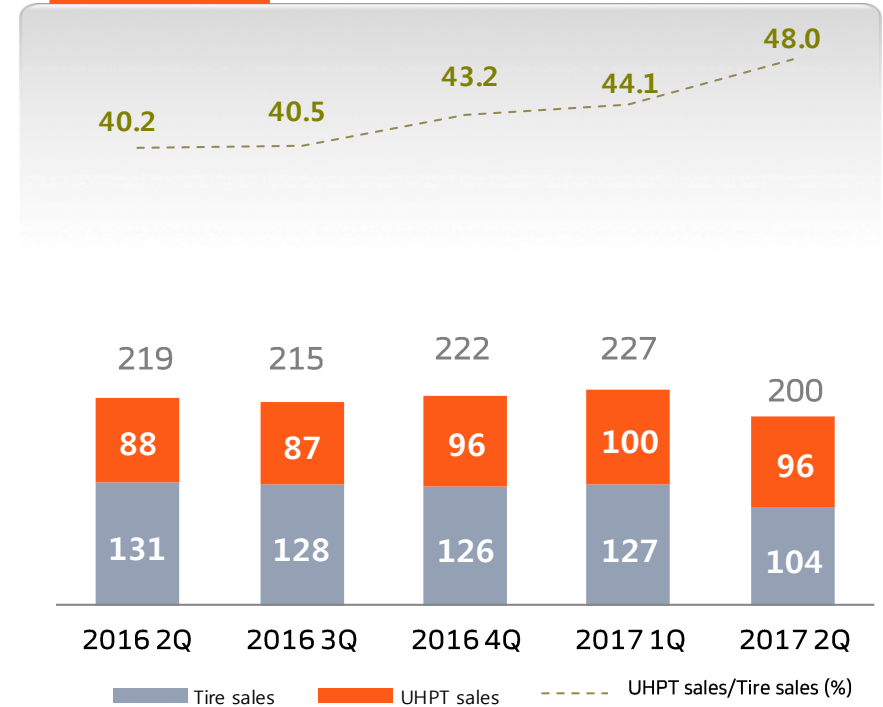
## Korea

[Unit: Billion KRW, %]



## China

[Unit: Billion KRW, %]



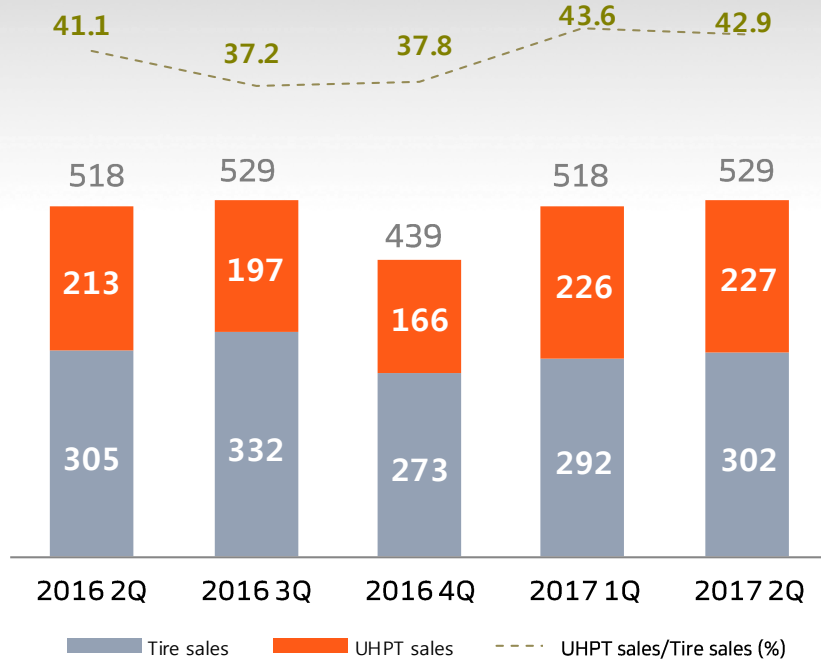
- Lower sales from both OE and RE due to sluggish market situations. RE sales expected to recover in 2H with reinforced wholesale network

- 2Q RE sales showed continuous growth, regardless lower growth rate QoQ. Mixed results from OE partners caused OE sales decline

# 2Q Performance

## Europe

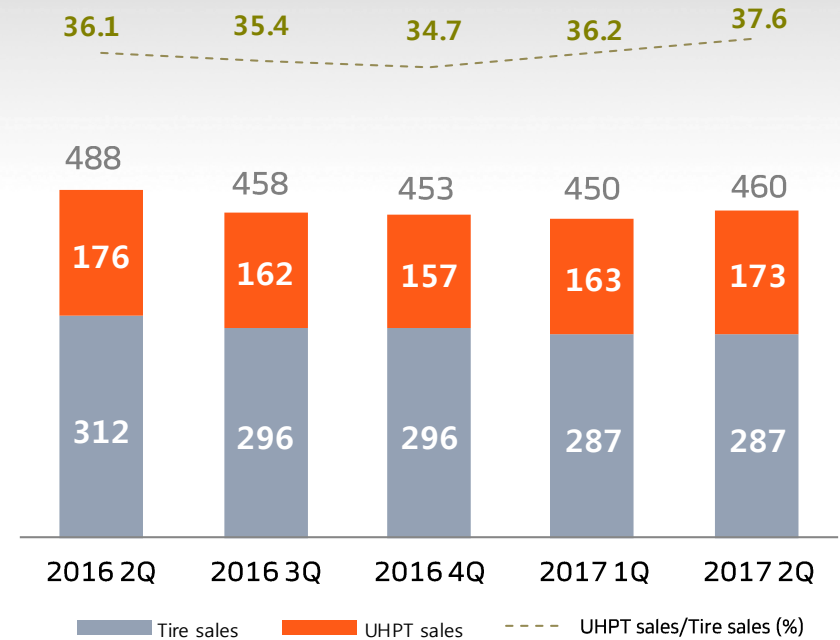
[Unit: Billion KRW, %]



- Continued to outperform market growth in the European market, with stable OE volume and robust RE growth

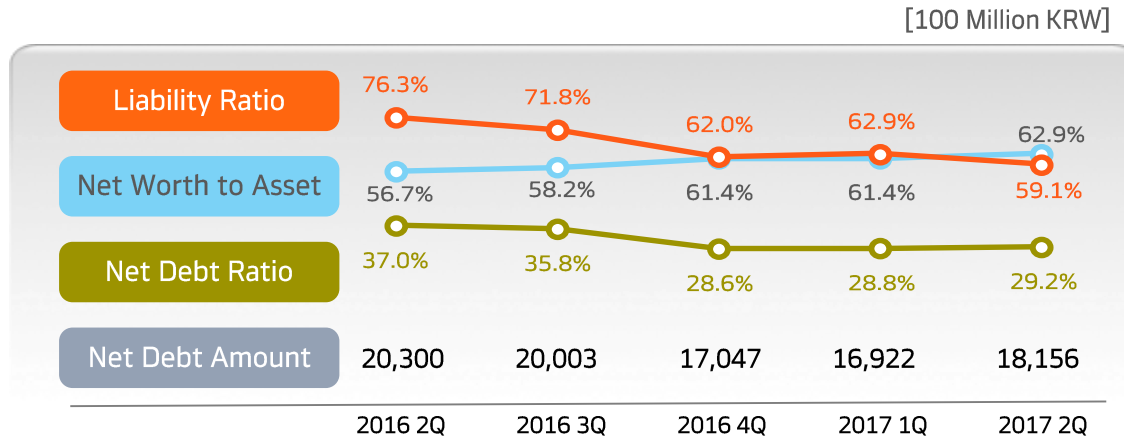
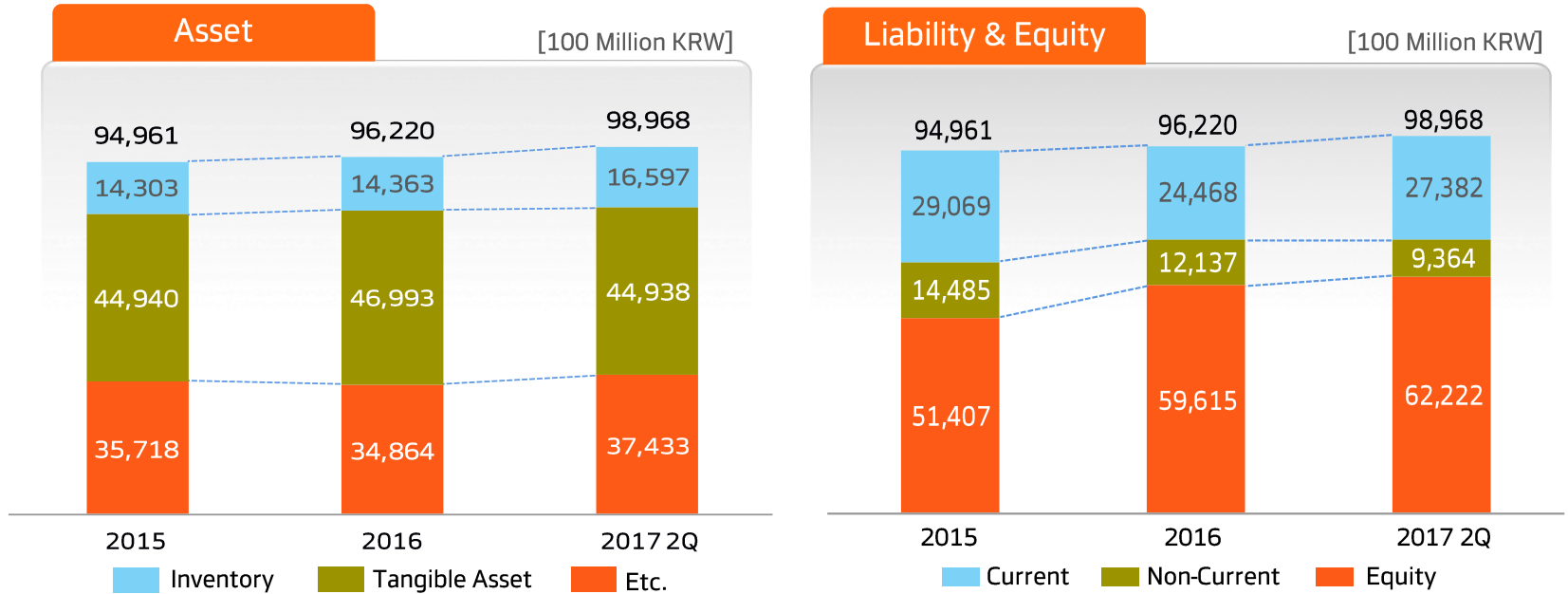
## North America

[Unit: Billion KRW, %]



- Volatile market situations resulted to slow RE sales YoY, but OE sales were sustained with increased supply to SUV vehicles

# Stability - Balance Sheet (Consolidated)



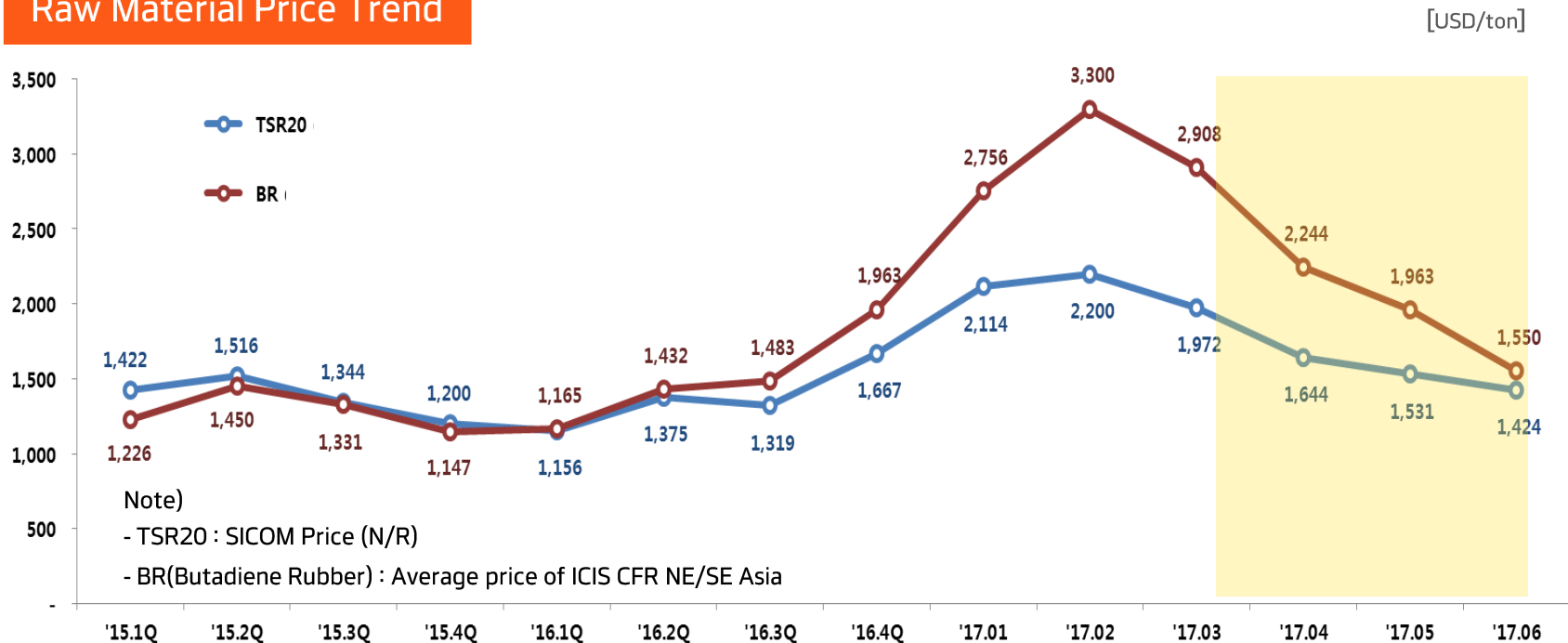
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# Appendix. Raw Material

- N/R**  
 : NR prices expected to slowly rise in 3Q with other raw materials. Prices were driven down in 2Q mainly due to increased supply from Thailand and less speculation.
- S/R**  
 : BD started to show decline since February 2017 after steep hike in 2H 2016, with weaker S/R demand from wait-and-see purchase and Chinese auto market slow down.

Raw Material Price Trend



# Appendix. F/S - Consolidated B/S

[100 Million KRW]

	2016		2017 2Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	96,220	100.0%	98,968	100.0%	2,748	2.9%
Current Assets	32,931	34.2%	36,994	37.4%	4,063	12.3%
Cashable Assets	6,226	6.5%	6,007	6.1%	-219	-3.5%
Accounts Receivable	11,844	12.3%	13,752	13.9%	1,908	16.1%
Inventories	14,363	14.9%	16,597	16.8%	2,234	15.6%
Non-current Assets	63,289	65.8%	61,974	62.6%	-1,315	-2.1%
Tangible Assets	46,993	48.8%	44,938	45.4%	-2,055	-4.4%
Liabilities	36,605	38.0%	36,746	37.1%	141	0.4%
Current Liabilities	24,468	25.4%	27,382	27.7%	2,914	11.9%
Non-Current Liabilities	12,137	12.6%	9,364	9.5%	-2,773	-22.8%
Shareholder's Equity	59,615	62.0%	62,222	62.9%	2,607	4.4%
Debt	23,273		24,163			
Net Debt	17,047		18,156			
Liability Ratio		61.4%		59.1%		
Net Worth to Assets		62.0%		62.9%		
Net Debt Ratio		28.6%		29.2%		

# Appendix. F/S - Consolidated I/S

[100 Million KRW]

	2016 2Q		2017 1Q		2017 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	17,274	100.0%	16,392	100.0%	16,668	100.0%	-3.5%	1.7%
COGS	10,379	60.1%	10,649	65.0%	10,885	65.3%	4.9%	2.2%
Gross Profit	6,895	39.9%	5,743	35.0%	5,783	34.7%	-16.1%	0.7%
SG&A	3,792	22.0%	3,421	20.9%	3,746	22.5%	-1.2%	9.5%
Operating Profit	3,103	18.0%	2,322	14.2%	2,037	12.2%	-34.4%	-12.3%
Other Revenue	390	2.3%	350	2.1%	561	3.4%	43.8%	60.3%
Other Expense	251	1.5%	792	4.8%	110	0.7%	-56.2%	-86.1%
Financial Revenue	207	1.2%	566	3.5%	18	0.1%	-91.3%	-96.8%
Financial Expense	419	2.4%	437	2.7%	276	1.7%	-34.1%	-36.8%
Equity-method gain(loss)	77	0.4%	59	0.4%	-	-	-	-
Income before income tax	3,107	18.0%	2,068	12.6%	2,231	13.4%	-28.2%	7.9%
E B I T D A	4,332	25.1%	3,640	22.2%	3,527	21.2%	-18.6%	-3.1%
Depreciation	1,230	7.1%	1,318	8.0%	1,490	8.9%	21.1%	13.1%