



Hankook Technodome

HANKOOK TIRE  
***2017 Result & 2018 Business Target***

 **Hankook**  
driving emotion

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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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## 2017 RESULTS

# 2017 Annual Results

## 2017 Global Performance (Consolidated)

[100 Million KRW, %]

	2016	2017	YoY
Sales	66,218	68,134	2.9%
COGS	40,450 <i>(61.1%)</i>	44,881 <i>(65.9%)</i>	11.0%
Operating Profit	11,032 <i>(16.7%)</i>	7,938 <i>(11.7%)</i>	-28.0%
Ordinary Profit	10,924 <i>(16.5%)</i>	7,554 <i>(11.1%)</i>	-30.8%
EBITDA	16,061 <i>(24.3%)</i>	13,769 <i>(20.2%)</i>	-14.3%

# 4Q Financial Highlights

## 2017 4Q Global Performance (Consolidated)

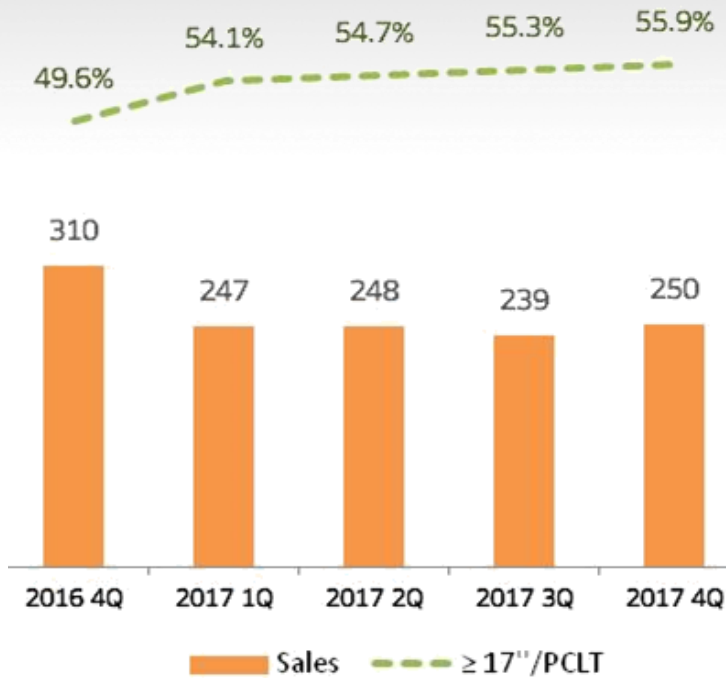
[100 Million KRW, %]

	2016 4Q	2017 3Q	2017 4Q	QoQ	YoY
Sales	16,106	18,245	16,828	-7.8%	4.5%
COGS	9,747 (60.5%)	12,068 (66.1%)	11,320 (67.3%)	-6.2%	16.1%
Operating Profit	2,392 (14.9%)	2,171 (11.9%)	1,398 (8.3%)	-35.6%	-41.6%
Ordinary Profit	2,639 (16.4%)	2,246 (12.3%)	1,113 (6.6%)	-50.4%	-57.8%
EBITDA	3,608 (22.4%)	3,613 (19.8%)	3,094 (18.4%)	-14.4%	-14.2%

# Performance

## Korea

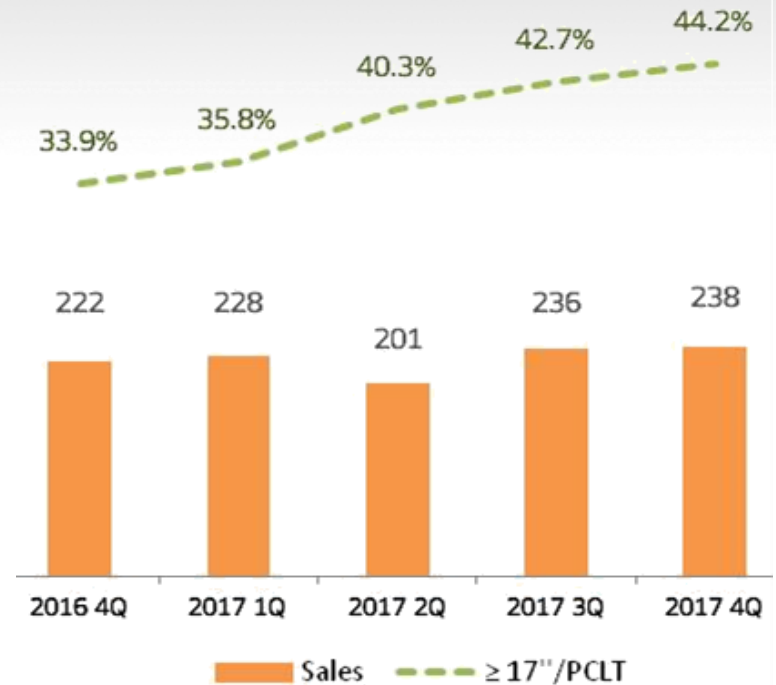
[Unit: Billion KRW, %]



- RE sales improved QoQ, but sluggish market conditions and intensive competition resulted to lower sales YoY
- Weak OE sales due to Auto maker's labor strike

## China

[Unit: Billion KRW, %]

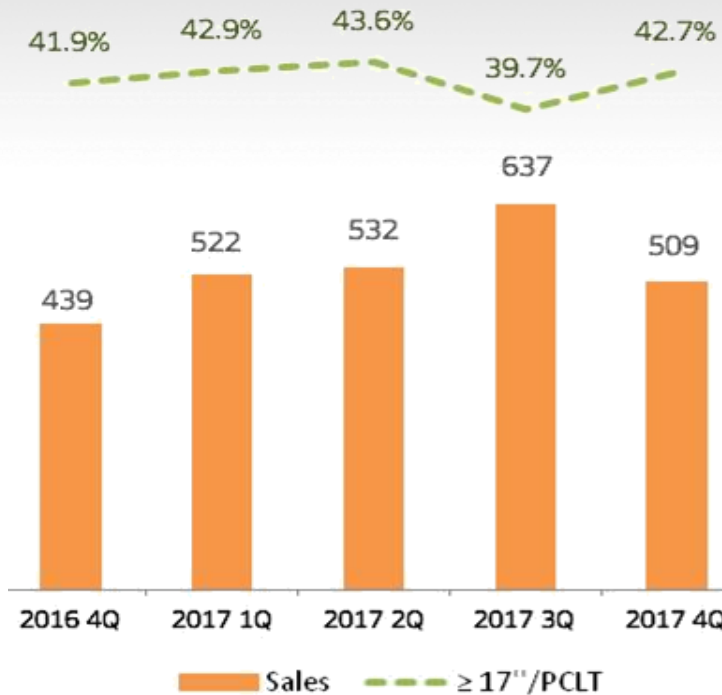


- RE sales exceeding market growth combined with continued product mix improvements
- Increased OE business with premium OE partners

# Performance

## Europe

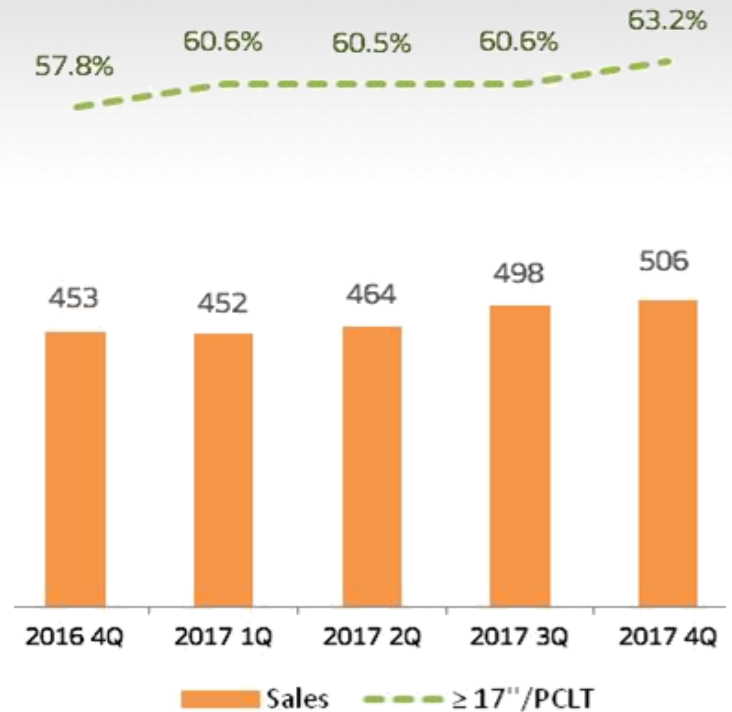
[Unit: Billion KRW, %]



- Stable RE sales outperforming market growth and increased supply to OE manufactures

## North America

[Unit: Billion KRW, %]



- Increase of sales in both RE and OE, coupled with high inch product mix improvements

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# 2018 GUIDANCE



# 2018 Guidance

[100 Million KRW, %]

Global	2017 Results	2018 Target	YoY(%)
Sales	68,134	74,000	8.6%
Operating Profit	7,938	10,200	28.5%
OPM	11.7%	13.8%	2.1%p

※ 2017 Consolidated Results / 2018 Tire Business Target

## 1 Value based Growth

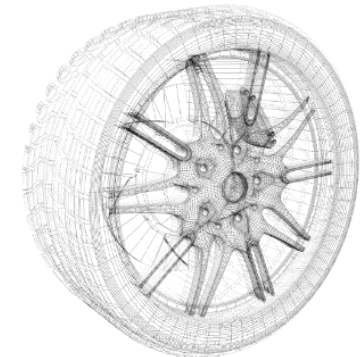
- HIGH VALUE FOCUS
- FLEXIBLE GROWTH

## 2 Sustainable Growth

- CORPORATE SOCIAL RESPONSIBILITY
- TECHNOLOGY INNOVATION

## 3 Stable Growth

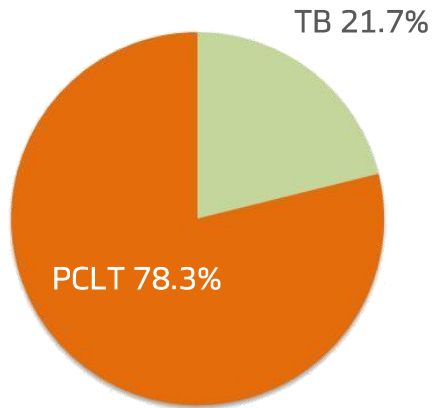
- STRONG CASH FLOW GENERATION



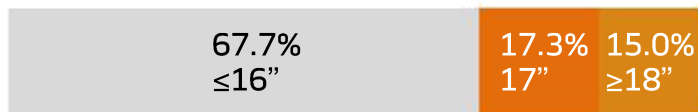
# 2018 Guidance

## PILLAR 1: High value focus

2012

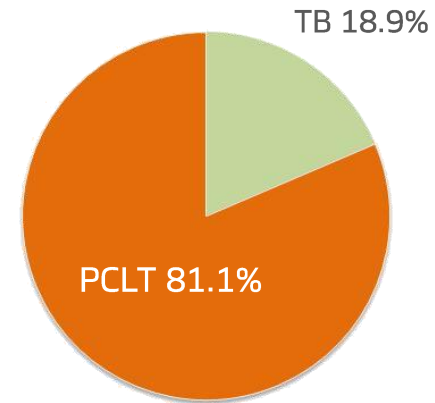


Sales (PCLT)



**32.3% ≥17"/PCLT**

2017



Sales (PCLT)

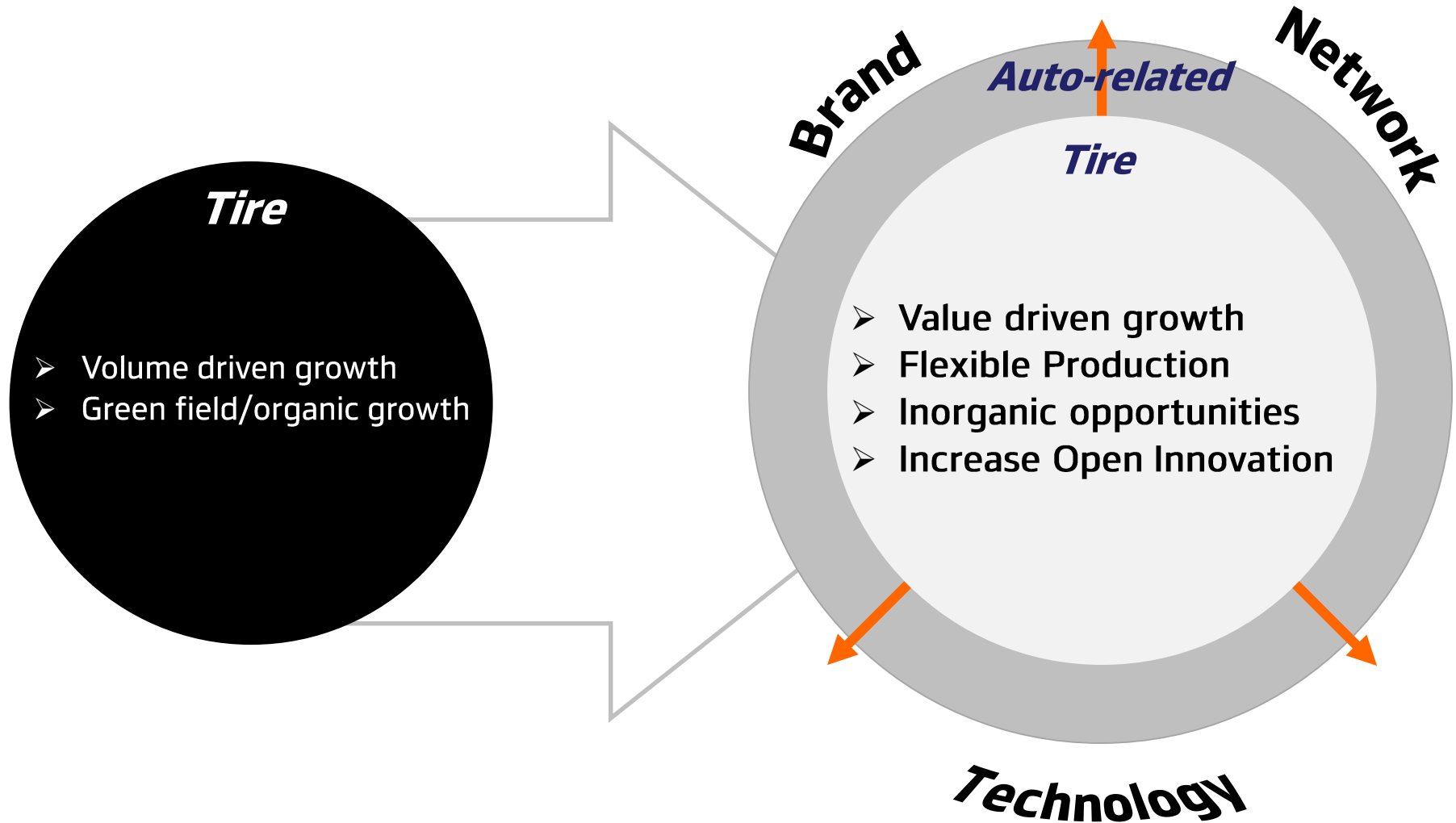


**48.4% ≥17"/PCLT**

- 2018 Target for high inch (≥17") ratio is to exceed 50% of PCLT sales

# 2018 Guidance

## PILLAR 2 : Next Growth Formula



# 2018 Guidance

## PILLAR 3 : Promoting a healthy and sustainable global community

MEMBER OF

**Dow Jones  
Sustainability Indices**

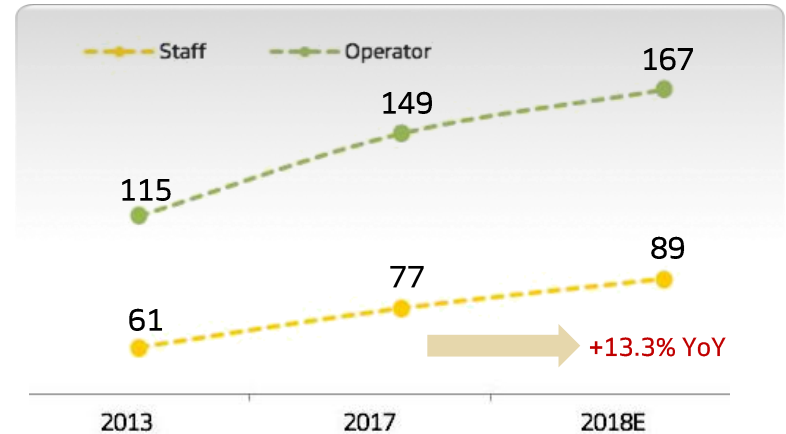
In Collaboration with RobecoSAM

- 2016, 2017 World Class

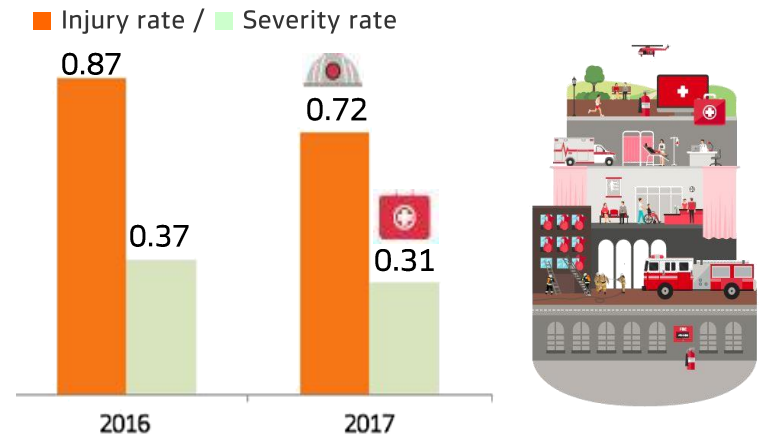


- 2017 CDP (Consumer Discretionary Sector) HONORS AWARD (A- grade)

G.EHS Employee Trend ※ US Plant excluded



Safety Index ※ Based on Korea Plants



# 2018 Guidance

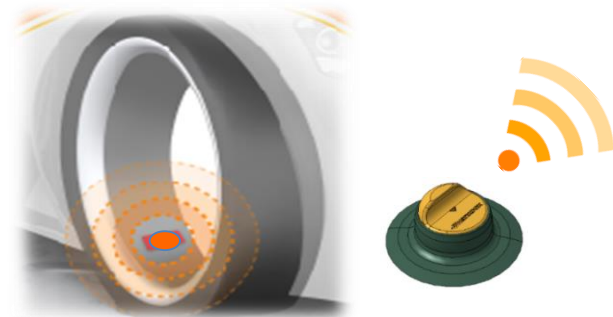
## PILLAR 4 : New Segment Product

### EV Car Tire

- Low RR
- High Load Durability
- Wear
- Low Noise

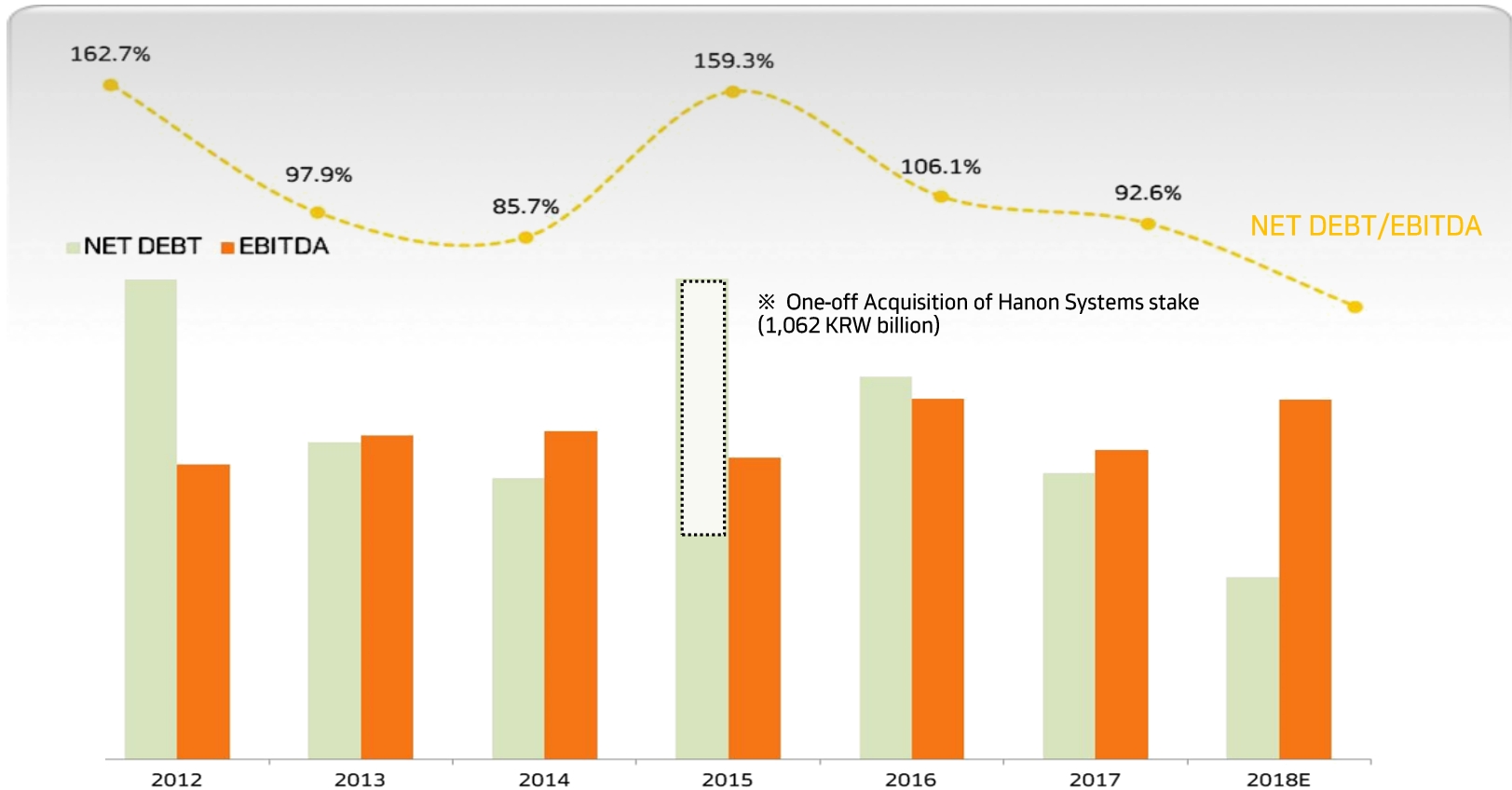


### Intelligent Tire



# 2018 Guidance

## PILLAR 5 : Prudent Financial Policy - Healthy Cash Flow Generation



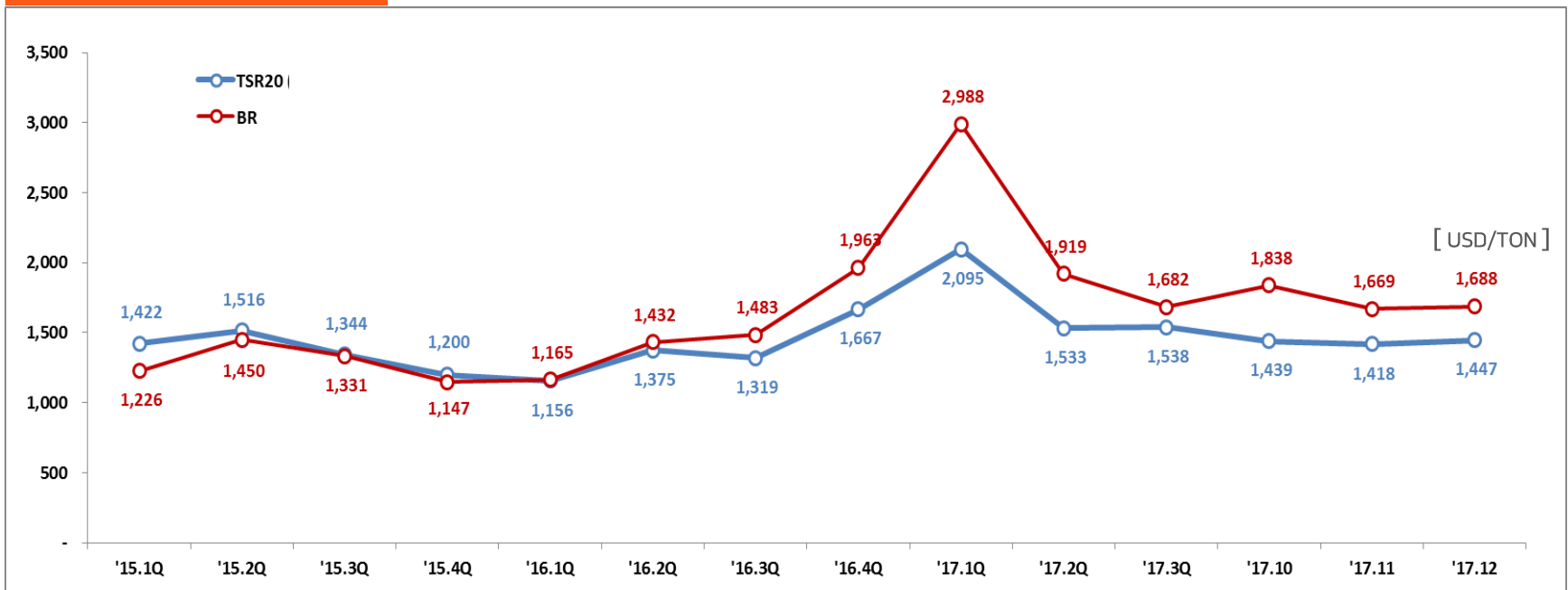
Billion KRW	2012	2013	2014	2015	2016	2017
NET DEBT	2,137	1,414	1,252	2,140	1,705	1,275
CAPEX	885	443	968	987	702	464

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# Appendix. Raw Material Trend

- S/R : BR Price Trend : 2017 average(\$ 2,072/ton) vs. 2016 average(\$ 1,507/ton)  
2017 Jan average(\$ 2,756/ton) vs. Dec average(\$ 1,688/ton)
- N/R : TSR20 Price Trend : 2017 average price(\$ 1,648/ton) vs. 2016 average price(\$ 1,381/ton)  
2017 Jan average (\$2,114/ton) vs. Dec average(\$ 1,452/ton)

## Rubber price trend



Note) TSR20 : SICOM Price (Natural Rubber)  
BR(Butadiene Rubber) : ICIS CFR NE/SE Asia average price



# Appendix. F/S - Consolidated B/S

[100 Million KRW]

	2016		2017		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	96,220	100.0%	95,238	100.0%	-982	-1.0%
Current Assets	32,931	34.2%	35,399	37.2%	2,468	7.5%
Cashable Assets	6,226	6.5%	6,985	7.3%	759	12.2%
Accounts Receivable	11,844	12.3%	12,496	13.1%	652	5.5%
Inventories	14,363	14.9%	14,945	15.7%	582	4.1%
Non-current Assets	63,289	65.8%	59,840	62.8%	-3,449	-5.4%
Tangible Assets	46,993	48.8%	43,204	45.4%	-3,789	-8.1%
Liabilities	36,605	38.0%	31,328	32.9%	-5,277	-14.4%
Current Liabilities	24,468	25.4%	22,806	23.9%	-1,662	-6.8%
Non-Current Liabilities	12,137	12.6%	8,522	8.9%	-3,615	-29.8%
Shareholder's Equity	59,615	62.0%	63,910	67.1%	4,295	7.2%
Debt	23,273		19,735			
Net Debt	17,047		12,749			
Liability Ratio		61.4%		49.0%		
Net Worth to Assets		62.0%		67.1%		
Net Debt Ratio		28.6%		19.9%		

# Appendix. F/S - Consolidated I/S

[100 Million KRW]

	2016 4Q		2017 3Q		2017 4Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	16,106	100.0%	18,245	100.0%	16,828	100.0%	4.5%	-7.8%
COGS	9,747	60.5%	12,068	66.1%	11,320	67.3%	16.1%	-6.2%
Gross Profit	6,359	39.5%	6,177	33.9%	5,508	32.7%	-13.4%	-10.8%
SG&A	3,967	24.6%	4,006	22.0%	4,110	24.4%	3.6%	2.6%
Operating Profit	2,392	14.9%	2,171	11.9%	1,398	8.3%	-41.6%	-35.6%
Other Revenue	821	5.1%	460	2.5%	200	1.2%	-75.6%	-56.5%
Other Expense	224	1.4%	229	1.3%	779	4.6%	-	-
Financial Revenue	82	0.5%	373	2.0%	341	2.0%	-	-8.6%
Financial Expense	616	3.8%	632	3.5%	47	0.3%	-	-
Equity-method gain(loss)	184	1.1%	103	0.6%				
Income before income tax	2,639	16.4%	2,246	12.3%	1,113	6.6%	-57.8%	-50.4%
E B I T D A	3,608	22.4%	3,613	19.8%	3,094	18.4%	-14.2%	-14.4%
Depreciation	1,216	7.5%	1,442	7.9%	1,697	10.1%	39.6%	17.7%