

# 2016 Hankook Tire

## 1st Quarter Result

2016. 4. 29

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.

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## 2016 1Q Financial Highlights & Review

# Financial Highlights

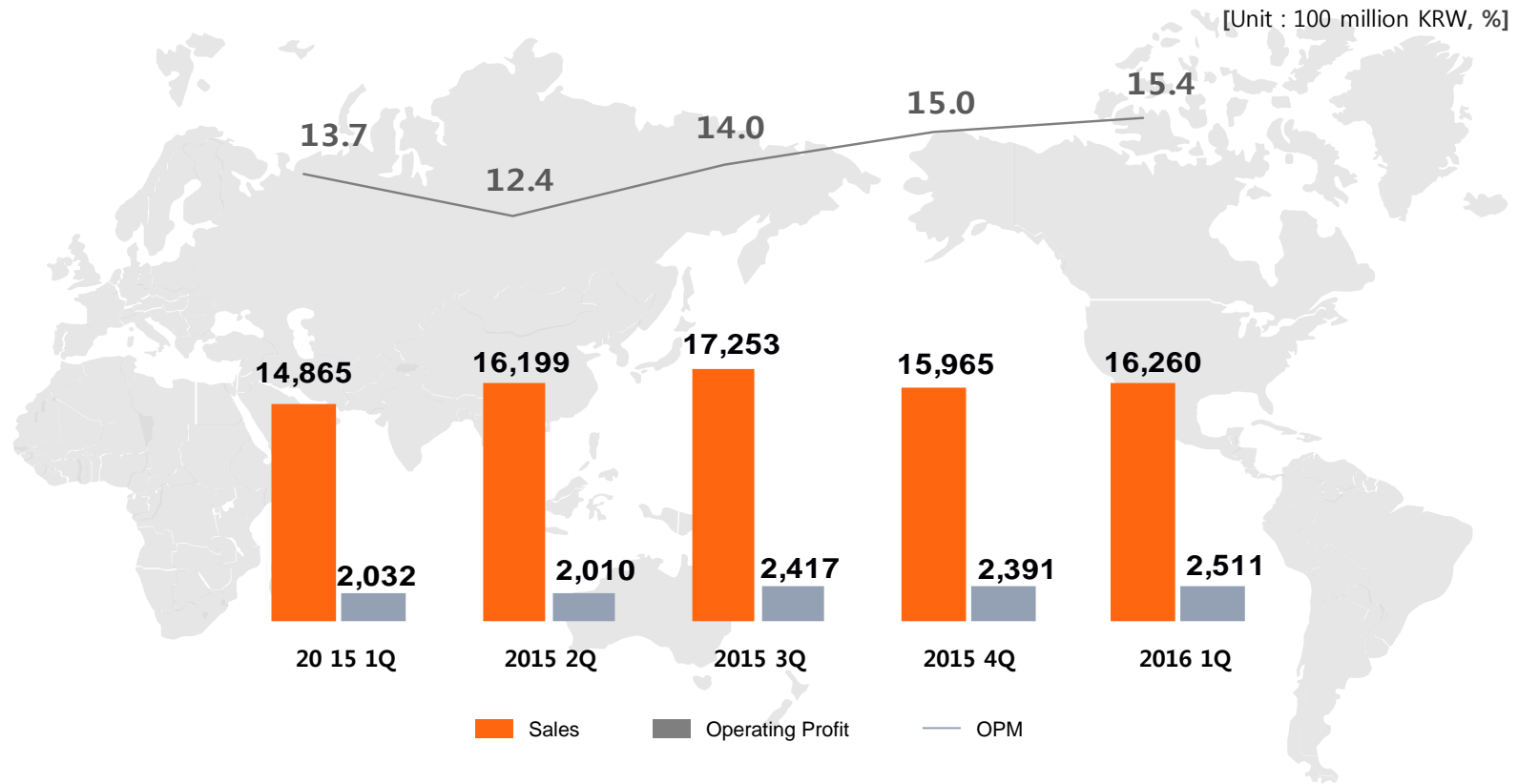
## 2016 1Q Global Performance

[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 (64.9%)	9,753 (61.1%)	10,322 (63.5%)	5.8%	6.9%
Operating Profit	2,032 (13.7%)	2,391 (15.0%)	2,511 (15.4%)	4.8%	23.6%
Ordinary Profit	1,964 (13.2%)	2,309 (14.5%)	2,505 (15.4%)	8.3%	27.5%
EBITDA	3,086 (20.8%)	3,552 (22.2%)	3,909 (24.0%)	10.1%	26.7%

# 1) Performance – Global

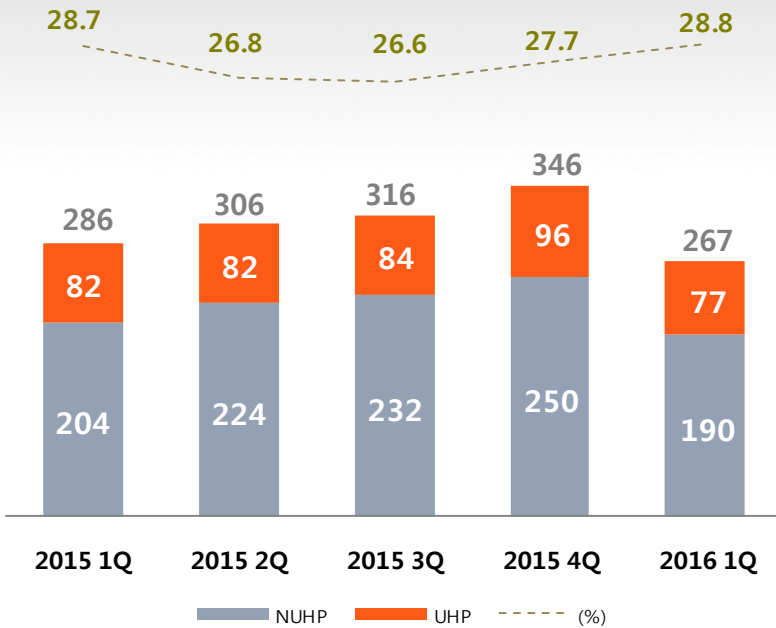
- Despite weak OE sales in Korea and China, RE sales increased and product mix in EU and US market improved
- Change in pricing strategy expected due to recent rebound in raw material costs



# 1) Performance - Regional

## Korea

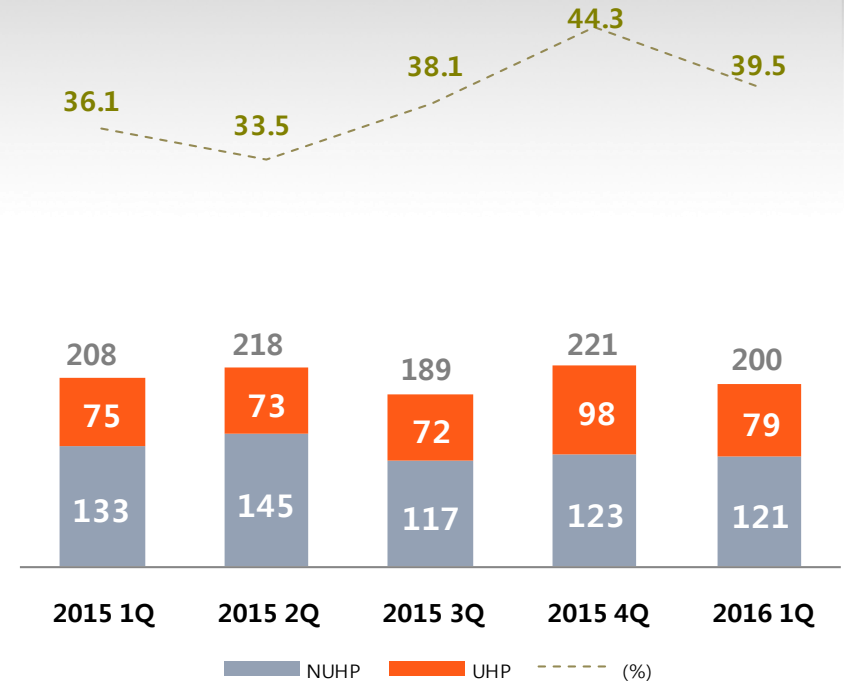
[Unit: Billion KRW, %]



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

## China

[Unit: Billion KRW, %]

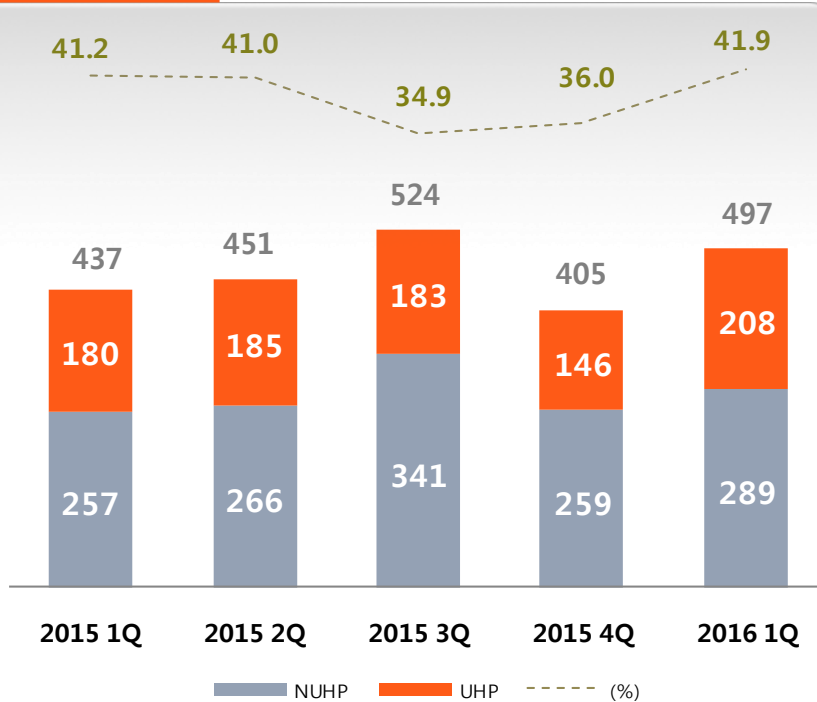


- Improvement in sales volume and mix benefited RE sales, but slow OE sales slightly dropped YoY

# 1) Performance - Regional

## Europe

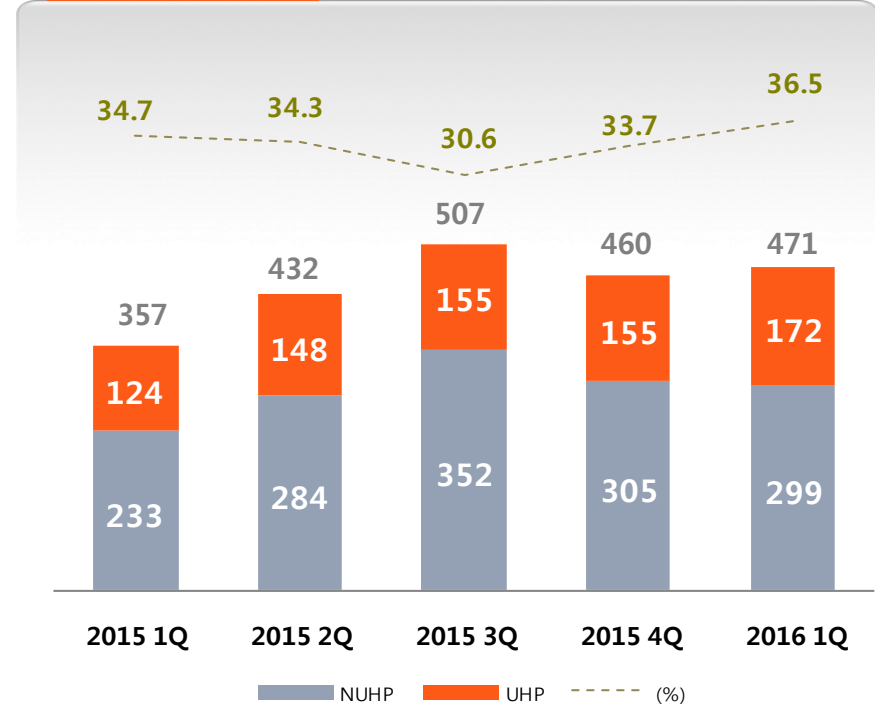
[Unit: Billion KRW, %]



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

## North America

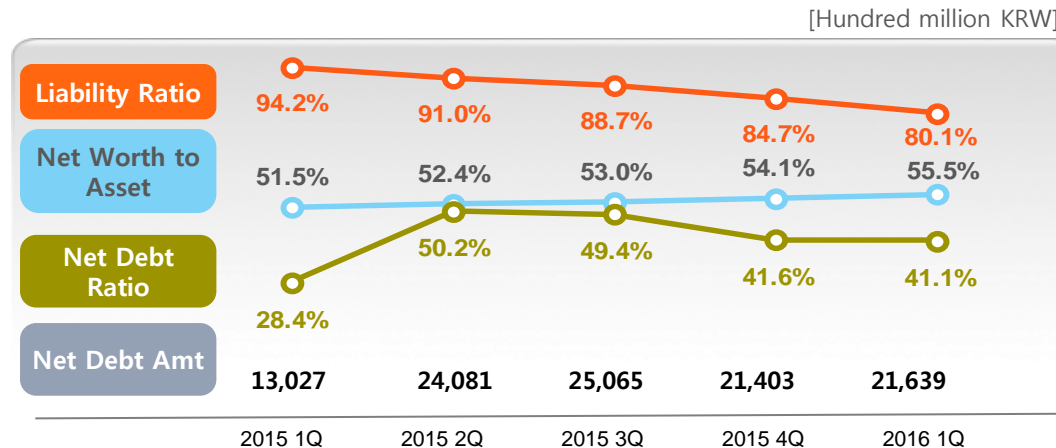
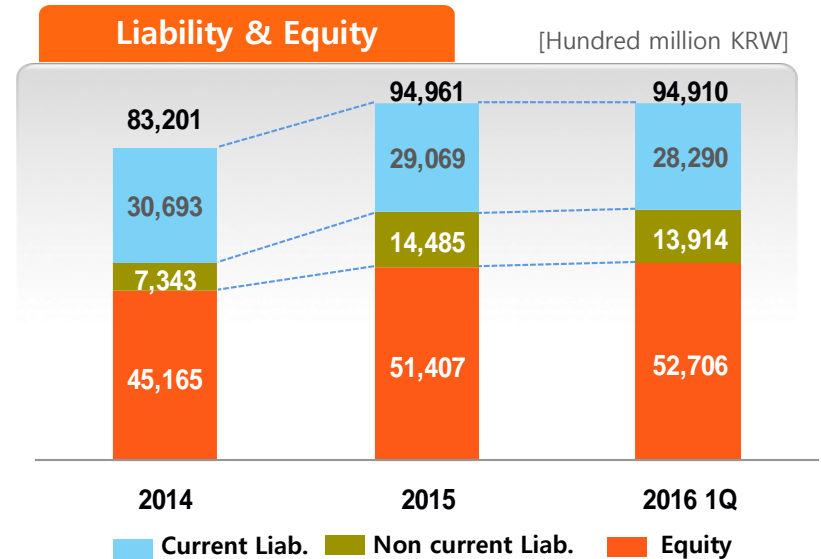
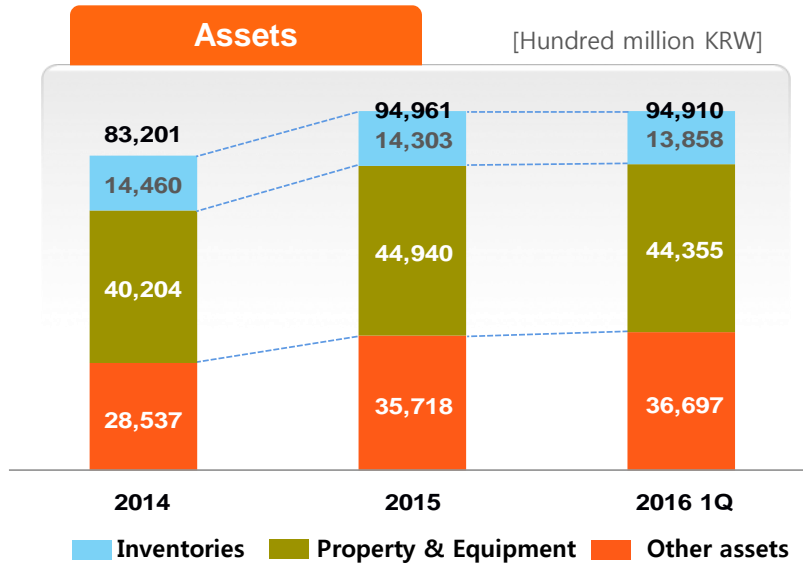
[Unit: Billion KRW, %]



- 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.	%
<b>Assets</b>	<b>94,961</b>	<b>100.0%</b>	<b>94,910</b>	<b>100.0%</b>	<b>-51</b>	<b>-0.1%</b>
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%
<b>Liabilities</b>	<b>43,554</b>	<b>45.9%</b>	<b>42,204</b>	<b>44.5%</b>	<b>-1,350</b>	<b>-3.1%</b>
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%
<b>Shareholders' Equity</b>	<b>51,407</b>	<b>54.1%</b>	<b>52,706</b>	<b>55.5%</b>	<b>1,299</b>	<b>2.5%</b>
Debt	28,957		28,553			
Net debt	21,403		21,639			
<b>Liability Ratio</b>		<b>84.7%</b>		<b>80.1%</b>		
<b>Net Worth to Assets</b>		<b>54.1%</b>		<b>55.5%</b>		
<b>Net Debt Ratio</b>		<b>41.6%</b>		<b>41.1%</b>		

# Appendix. F/S – Consolidated I/S

[Hundred million KRW]

	2015 1Q		2015 4Q		2016 1Q		YoY	QoQ
	금액	%	금액	%	금액	%	(%)	(%)
<b>Sales</b>	<b>14,865</b>	<b>100.0%</b>	<b>15,965</b>	<b>100.0%</b>	<b>16,260</b>	<b>100.0%</b>	<b>9.4%</b>	<b>1.8%</b>
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%
<b>Operating Profit</b>	<b>2,032</b>	<b>13.7%</b>	<b>2,391</b>	<b>15.0%</b>	<b>2,511</b>	<b>15.4%</b>	<b>23.6%</b>	<b>5.0%</b>
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%