



2022 2Q Financial Results

Aug 2nd, 2022

Hankook Tire & Technology

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I. 2022 1H Financial Results



2022 1H Financial Results

[100 Million KRW, %]

	2021 1H	2022 1H	YoY
Sales	34,232	38,307	11.9%
COGS	24,374 <i>(71.2%)</i>	28,761 <i>(75.1%)</i>	18.0%
Operating Profit	3,731 <i>(10.9%)</i>	3,013 <i>(7.9%)</i>	-19.2%
Ordinary Profit	4,069 <i>(11.9%)</i>	4,895 <i>(12.8%)</i>	20.3%
EBITDA	6,683 <i>(19.5%)</i>	5,702 <i>(14.9%)</i>	-14.7%

II. 2022 2nd Quarter Financial Results



2022 2nd Quarter Financial Results

[100 Million KRW, %]	2021 2Q	2022 1Q	2022 2Q	QoQ	YoY
Sales	18,064	17,907	20,400	13.9%	12.9%
COGS	13,055 <i>(72.3%)</i>	13,622 <i>(76.1%)</i>	15,139 <i>(74.2%)</i>	11.1%	16.0%
Operating Profit	1,870 <i>(10.4%)</i>	1,261 <i>(7.0%)</i>	1,753 <i>(8.6%)</i>	39.0%	-6.3%
Ordinary Profit	1,825 <i>(10.1%)</i>	1,163 <i>(6.5%)</i>	3,732 <i>(18.3%)</i>	221.0%	104.6%
EBITDA	3,346 <i>(18.5%)</i>	2,605 <i>(14.6%)</i>	3,097 <i>(15.2%)</i>	18.8%	-7.5%

II. Business Highlights



Market Environment

- 2022 2Q tire demands were impacted by the lockdown in China, Russia-Ukraine war, and high inflation slowing consumer spending
- Tire industry continued price hikes due to rise of raw materials cost, logistics cost and inflations

Sales Performance

- Decline in RE sales with the high-base in last year, geopolitical issues in Europe and China, and inflation weakening consumer spending
- Lockdown in China and Russia-Ukraine war restricted automaker output, but the semiconductor shortage eased compared to 1Q
- Despite multitude of disruptions, achieved double-digit sales growth with price increases, improved product mix and FX
 - ⇒ Sales ratio ≥18 inch within PCLT increased to 39.1% up 1.1%p YoY
 - ⇒ Price increases conducted in Europe and North America in 2Q

Business Highlights

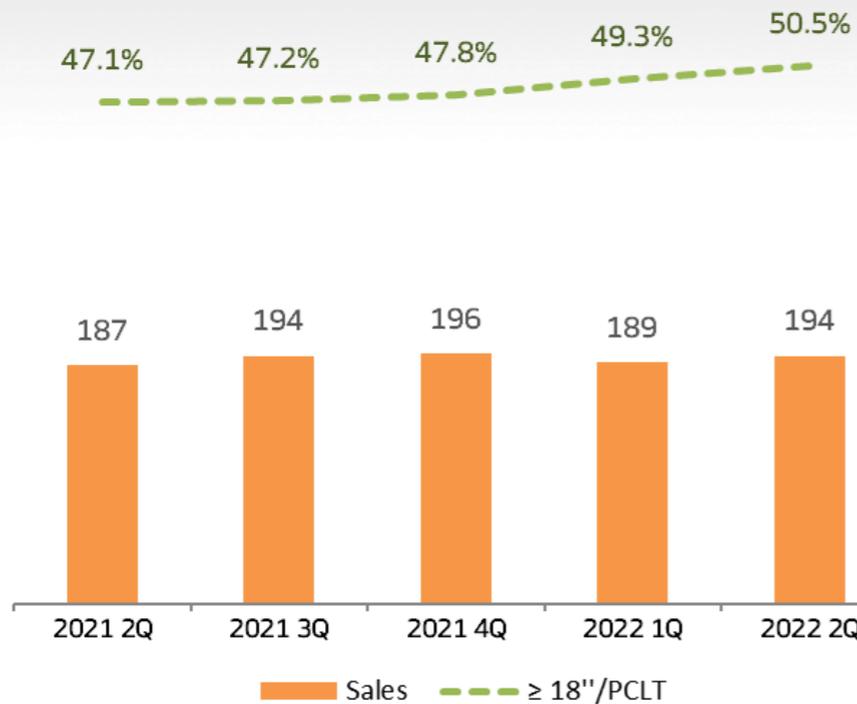
- **Grand opening of 'Hankook Technoring', the largest proving ground in Asia**
 - ⇒ As large as 125 football fields(1.26 million square meters) combined and equipped with 13 testing tracks
 - ⇒ Designed to accommodate all types of vehicles from supercars to trucks and buses, and testing capabilities include high-speed driving test at up to 250km/h
- **Expansion of Global OE Partnerships**
 - ⇒ 'Q4 e-tron' and 'Q4 Sportback e-tron', the latest Audi electric SUVs, equipped with 'Ventus S1 evo3 ev'
 - ⇒ Strengthening EV partnership after supplying Audi's first EV sports car 'e-tron GT' in June last year
- **Hankook 'iON', first family of tires specially designed for electric vehicles presented at the The Tire Cologne 2022**
 - ⇒ Summer and Winter products introduced in Europe in May, and All-Season products will be launched globally from September.

II. 2022 2nd Quarter Results - Regional Performance (1/2)



KOREA

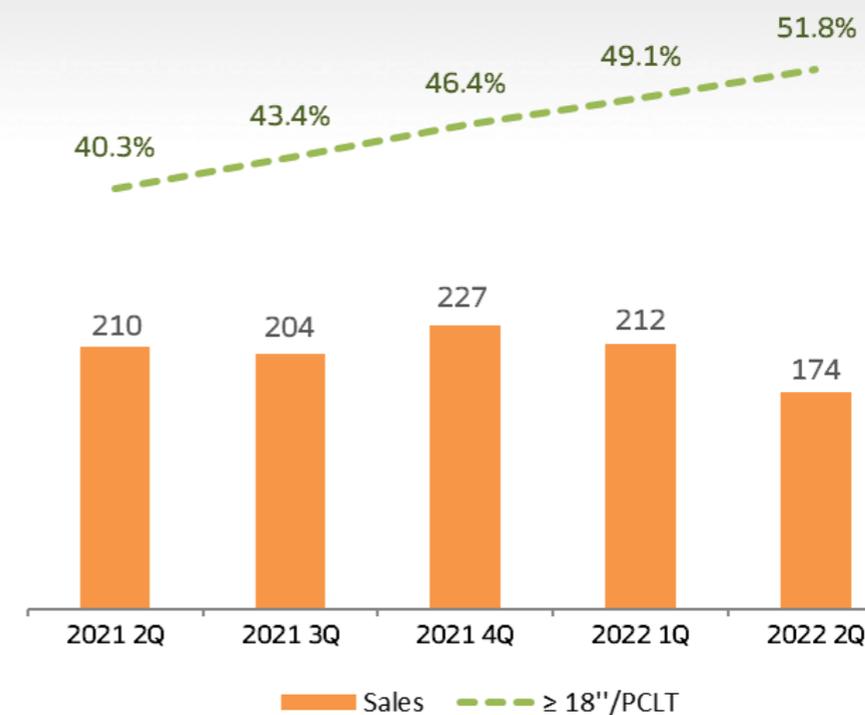
[Unit: Billion KRW, %]



- Weak consumer sentiment due to high inflation lowered RE volumes, but RE sales grew upon inch-mix and price increases
- OE sales decreased YoY due to global supply chain issues, but OE sales improved QoQ with stabilized semiconductor availability

CHINA

[Unit: Billion KRW, %]



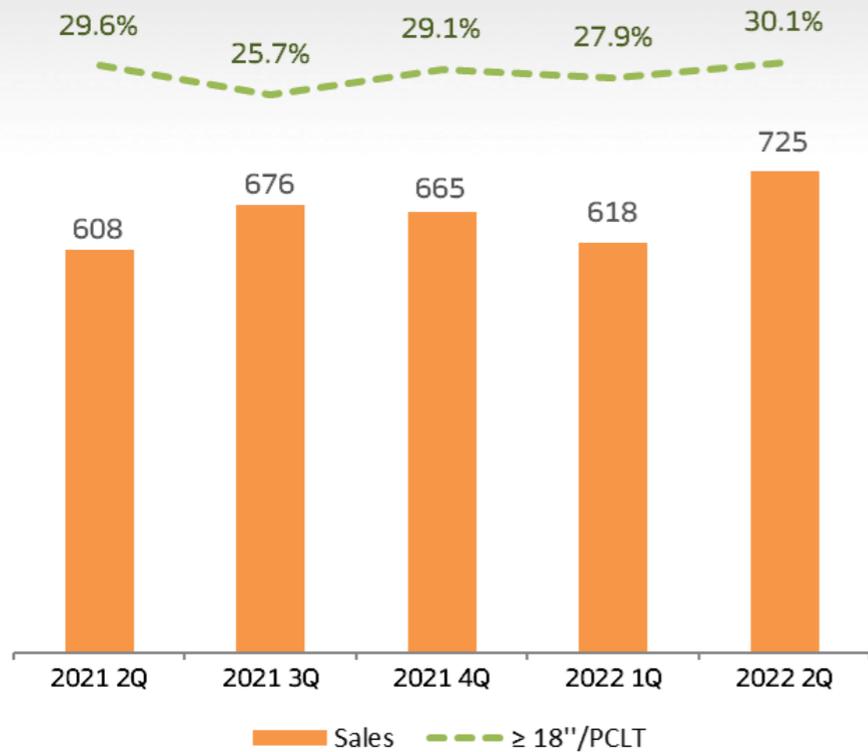
- Weak economy due to COVID-19 lockdowns lowered RE sales, but inch-mix continued impressive growth
- OE sales declined, as carmaker production was impacted by COVID-19 lockdowns

II. 2022 2nd Quarter Results - Regional Performance(2/2)



EUROPE

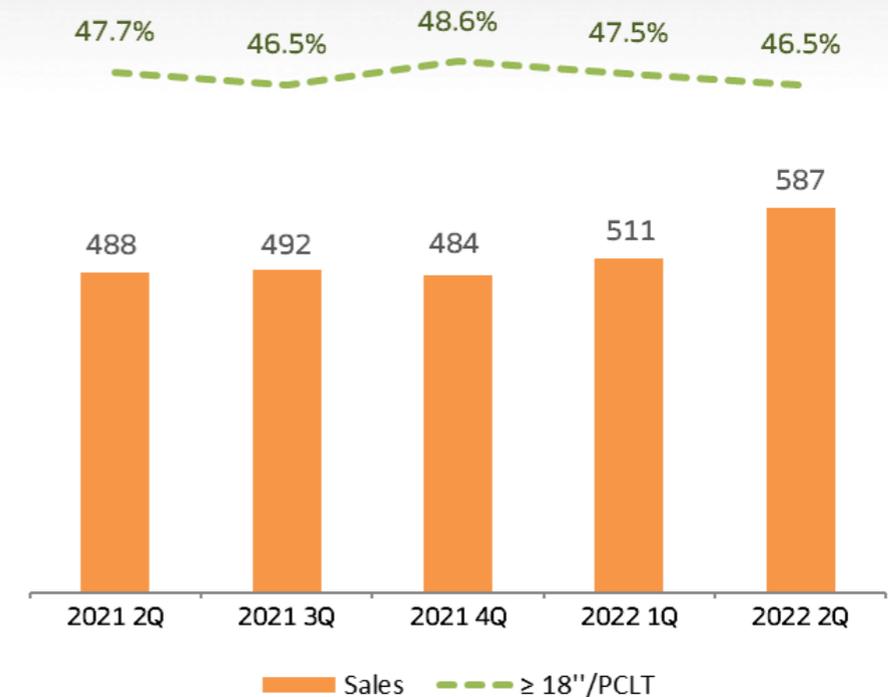
[Unit: Billion KRW, %]



- Increased RE sales, with M/S gain in Western Europe, especially strong sales of All-Season tires, and favorable price-mix
- OE sales decreased YoY due to Russia-Ukraine war, but OE sales improved QoQ due to stabilization of semiconductor supply

N.AMERICA

[Unit: Billion KRW, %]



- RE sales rose with positive price-mix effect, despite volume decline YoY due to last year's high-base and inflation
- OE sales increased due to stabilization of semiconductor issues

- **Targeting double-digit growth in sales YoY for 2022**

- ▷ 1H volumes were weak due to the low consumer sentiment and semiconductor shortage, but double sales growth was achieved by positive price-mix effect
- ▷ Expectations of semiconductor availability, raw materials and logistics cost stabilization in 2H
- ▷ However, continuous monitoring is required due to concerns about uncertainty such as stagflation and geopolitical issues

- **Further increase of High Inch (≥ 18 inch) sales ratio within PCLT**

- ▷ 2019 32% → 2020 35% → 2021 38% → 2022 **Target 42%**

- **Target to increase Future Growth Segment* sales ratio within PCLT (2021 36%)**

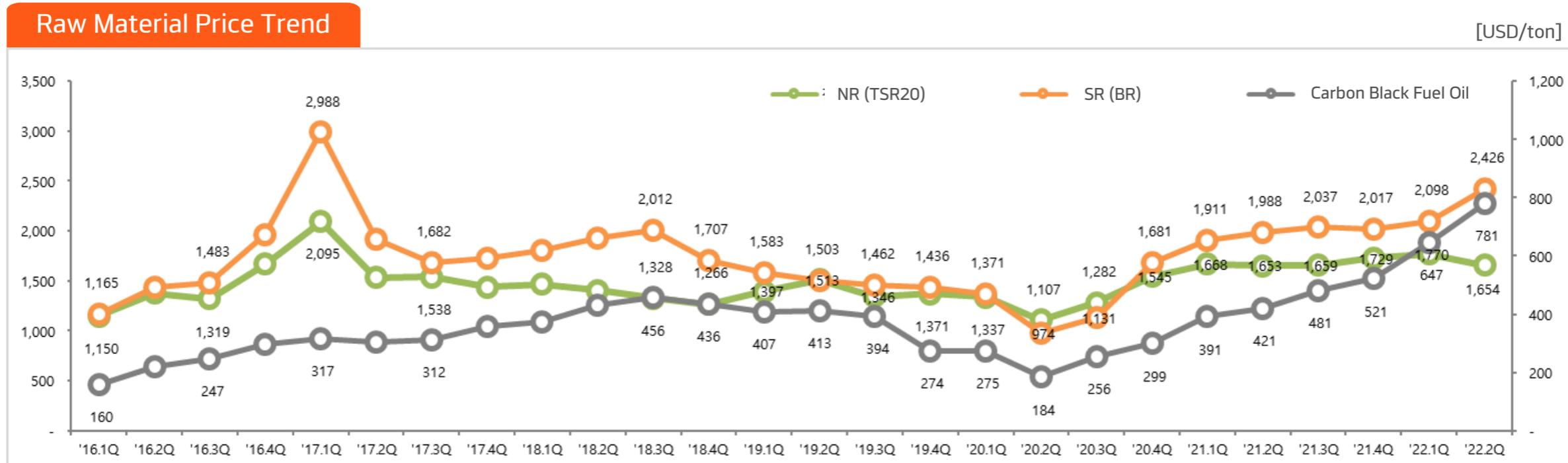
* Future growth Segment : EV& I-Seg(BEV, Runflat, Sealant, Foam tech), SUV, PUP



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IV. Appendix - Raw Material Trend

- N/R** : SICOM TSR20 prices fell -6.6% in 2022 2Q from the previous quarter due to the U.S. Fed's interest rate hike caused by inflation in the raw material market
 No clear signs of recovery in demand in 2022 Q3, but price fluctuations are forecast due to unstable commodity markets
- S/R** : Rising oil prices & energy costs, and the Russia-Ukraine war have pushed up Europe BD prices.
 Asian BD prices fluctuated due to Europe BD prices and decrease in demand from China, but Asia BD is expected to remain flat in the 2022 3Q
 However there is room for price surge with increased demand for energy as winter begins
- C/B** : Carbon black prices remain on the rise due to high oil prices, reduced crude oil supply, and increased demand for fuel oil
 CBO Index rose 24.2% in 2022 1Q, and oil prices continued to rise in 2022 2Q due to the war in Ukraine, raising the CBO Index 20.7% QoQ
 Oil prices are expected to fall due to concerns over a global economic slowdown in 2022 3Q, but fluctuations are possible due to the unstable Marco environment



Note 1) TSR20 : SICOM Price (Natural Rubber)

Note2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia Average Price

Note 3) Carbon Black Fuel Oil: Index price of refined oil

IV. Appendix - Consolidated B/S



[100 Million KRW]

	2021		2022 2Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	117,039	100.0%	124,496	100.0%	7,457	6.4%
Current Assets	55,092	47.1%	62,669	50.3%	7,577	13.8%
Cash and cash equivalents	10,620	9.1%	8,750	7.0%	-1,870	-17.6%
Short-term financial assets	4,800	4.1%	7,716	6.2%	2,916	60.7%
Trade and other receivables	15,073	12.9%	17,039	13.7%	1,966	13.0%
Inventories	18,966	16.2%	23,728	19.1%	4,762	25.1%
Other current assets	5,633	4.8%	5,436	4.4%	-197	-3.5%
Non-current Assets	61,947	52.9%	61,827	49.7%	-120	-0.2%
Tangible, Intangible assets and Investment properties	42,178	36.0%	41,438	33.3%	-740	-1.8%
Investments in associates	11,866	10.1%	11,968	9.6%	102	0.9%
Other non-current assets	7,903	6.8%	8,421	6.8%	518	6.6%
Liabilities	34,988	29.9%	37,930	30.5%	2,942	8.4%
Current Liabilities	18,692	16.0%	29,537	23.7%	10,845	58.0%
Non-Current Liabilities	16,296	13.9%	8,393	6.7%	-7,903	-48.5%
Shareholder's Equity	82,051	70.1%	86,566	69.5%	4,515	5.5%
Debt	18,204		19,444			
Net Debt	-4,849		-2,920			
Liability Ratio		42.6%		43.8%		
Net Worth to Assets		70.1%		69.5%		
Net Debt Ratio			Net Cash		Net Cash	

IV. Appendix - Consolidated I/S



[100 Million KRW]

	2021 2Q		2022 1Q		2022 2Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	18,064	100.0%	17,907	100.0%	20,400	100.0%	12.9%	13.9%
COGS	13,055	72.3%	13,622	76.1%	15,139	74.2%	16.0%	11.1%
Gross Profit	5,009	27.7%	4,285	23.9%	5,261	25.8%	5.0%	22.8%
SG&A	3,138	17.4%	3,024	16.9%	3,508	17.2%	11.8%	16.0%
Operating Profit	1,870	10.4%	1,261	7.0%	1,753	8.6%	-6.3%	39.0%
Other non-operating income/expense	-37	-0.2%	-161	-0.9%	1,943	9.5%		
Financial income/cost	-182	-1.0%	65	0.4%	36	0.2%		-44.1%
Equity-method gain(loss)	174	1.0%	-2	0.0%				
Income before income tax	1,825	10.1%	1,163	6.5%	3,732	18.3%	104.6%	221.0%
EBITDA	3,346	18.5%	2,605	14.6%	3,097	15.2%	-7.5%	18.8%
Depreciation	1,476	8.2%	1,345	7.5%	1,344	6.6%	-8.9%	-0.1%