



2024 1Q Financial Results

Apr 30th, 2024

Hankook Tire & Technology

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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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I. 2024 1st Quarter Results - Financial Results

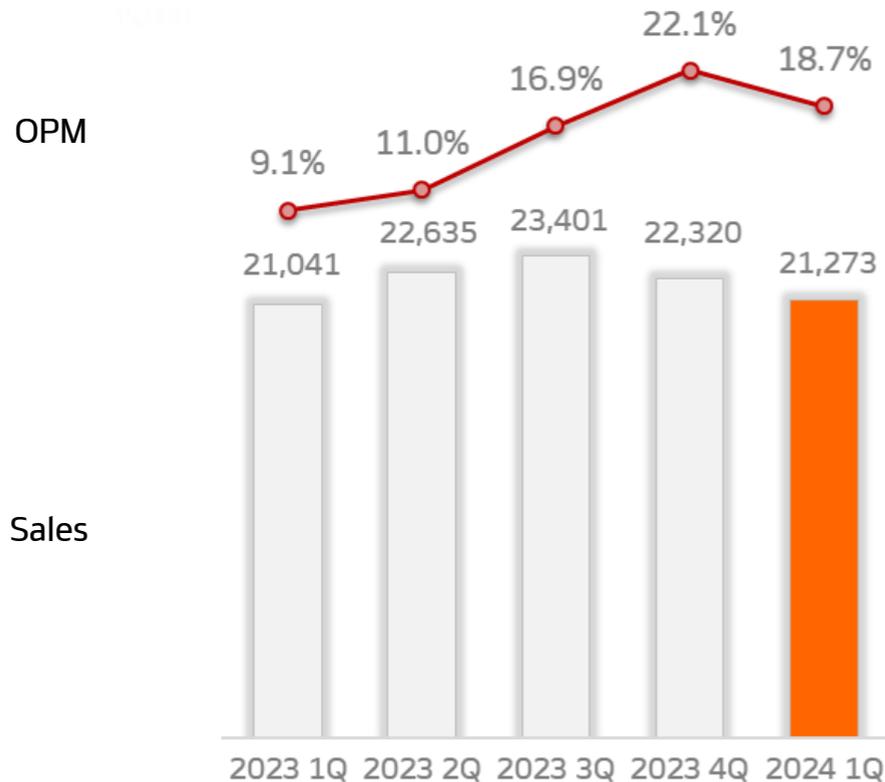


Market Environment

- The global PCLT RE market recorded stable demand, with improved inventory levels in distribution.
- The global TB market showed a rise in distribution inventories due to the economic slowdown and heightened competition

Sales Performance

- Revenue KRW 2 trillion 127 billion, Operating profit KRW 398 billion, OPM 18.7%
- Both OE and RE volumes increased YoY
- Sales ratio of ≥ 18 inch within PCLT increased to 46.8% up 3.3%p
- Strong operating margins reflecting stable pricing despite lower freight cost and lower raw material prices, along with improved product mix



[Unit: 100 Million KRW]

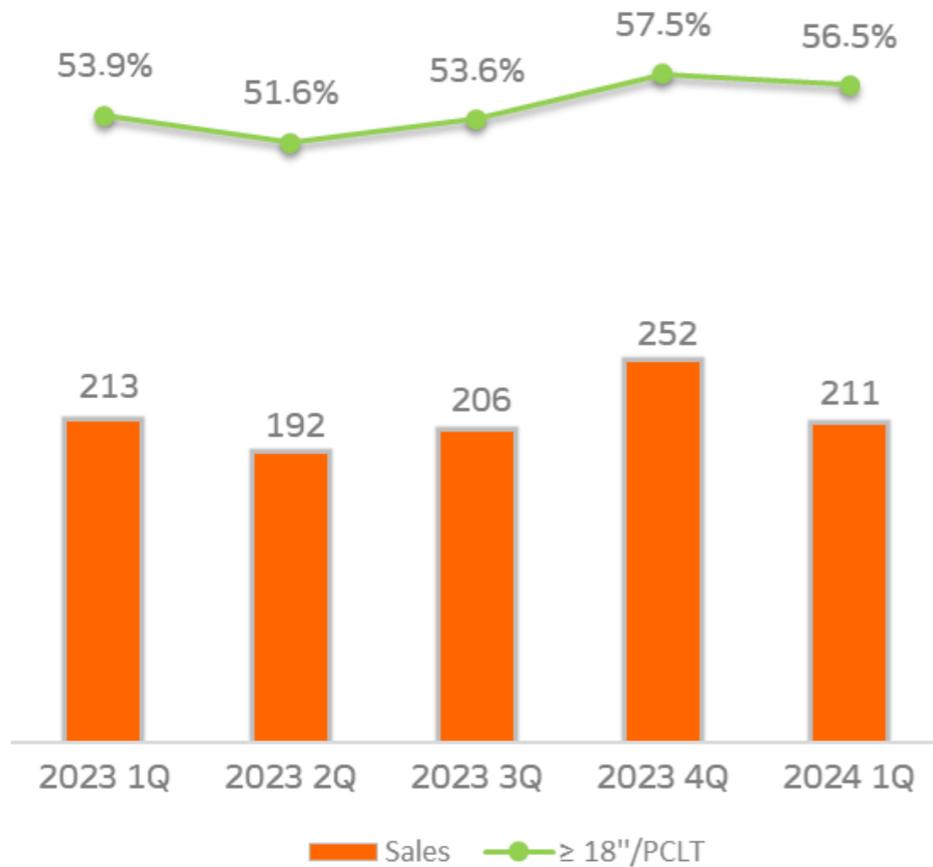
| | 2023 1Q | 2023 4Q | 2024 1Q | YoY | QoQ |
|-------------------------|-------------------|-------------------|-------------------|---------|--------|
| Sales | 21,041 | 22,320 | 21,273 | +1.1% | -4.7% |
| COGS | 15,533 (73.8%) | 13,134 (58.8%) | 13,452 (63.2%) | -13.4% | +2.4% |
| Operating Profit | 1,909 (9.1%) | 4,924 (22.1%) | 3,987 (18.7%) | +108.8% | -19.0% |
| Ordinary Profit | 1,248 (5.9%) | 4,041 (18.1%) | 4,685 (22.0%) | +275.5% | +15.9% |
| EBITDA | 3,180 (15.1%) | 6,177 (27.7%) | 5,216 (24.5%) | +64.0% | -15.6% |

I. 2024 1st Quarter Results - Regional Performance (Korea)



KOREA

[Unit: Billion KRW, %]



Market Environment

- The high interest rates and inflation affected the tire market
- Car production decreased due to a high base effect

Sales Performance

- RE : Sales improved with increased sales of high-value products
- OE : Sales decreased with a high base effect and lower car production

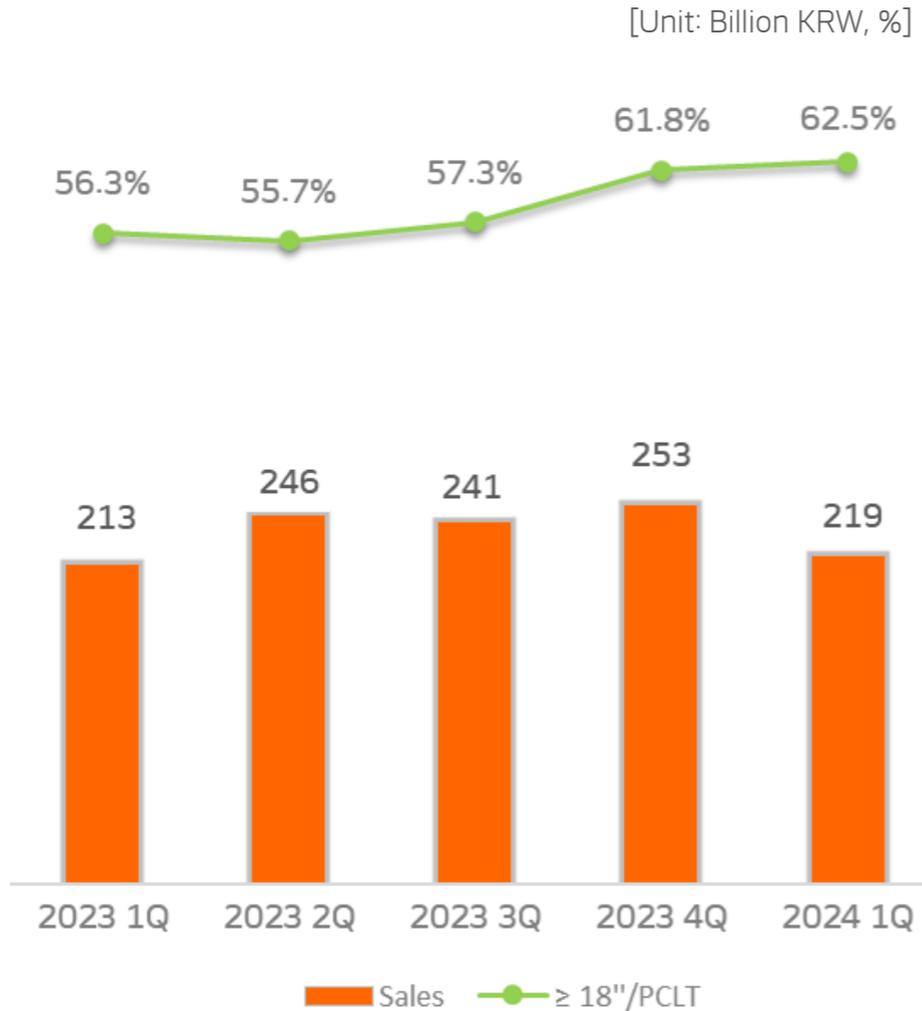
Business Plan

- Responding to the EV tire market by increasing the iON brand line up
- Strengthening price competitiveness through the Laufenn brand

I. 2024 1st Quarter Results - Regional Performance (China)



CHINA



Market Environment

- The recovery of RE demand is slow due to the dampened consumer sentiment
- Although car production increased YoY, overall car sales remain sluggish due to the slower than expected economic recovery

Sales Performance

- RE : Sales increased with higher volumes and increased sales of high-inch and premium products
- OE : Sales increased along with increased car production

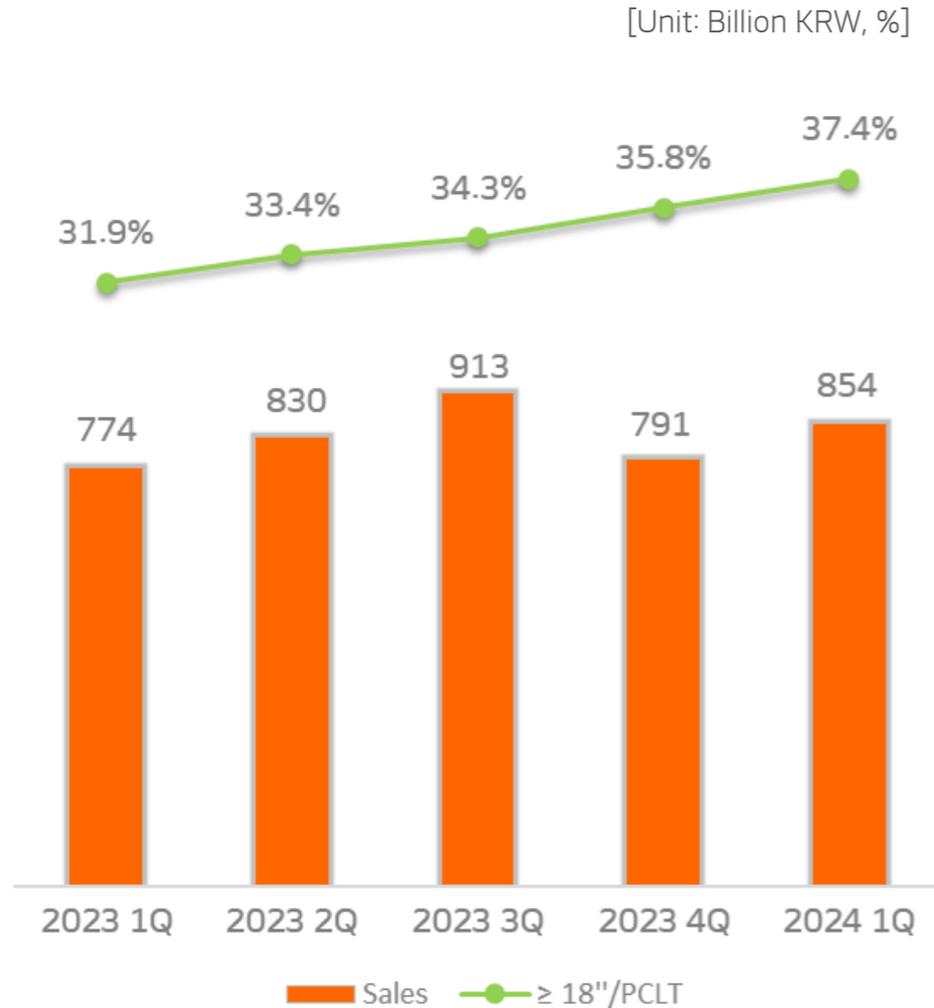
Business Plan

- Consumer sentiment recovery is expected to be delayed until 2Q
- Continue focus on high-value products

I. 2024 1st Quarter Results - Regional Performance (Europe)



EUROPE



Market Environment

- The demand for PCLT remains stable, but the demand for TB has contracted due to the economic downturn
- Car production increased YoY

Sales Performance

- RE : Despite the sluggish demand in the TB market, sales increased due to strong PCLT sales and expanded sales of high-value products
- OE : Sales increased with higher car production

Business Plan

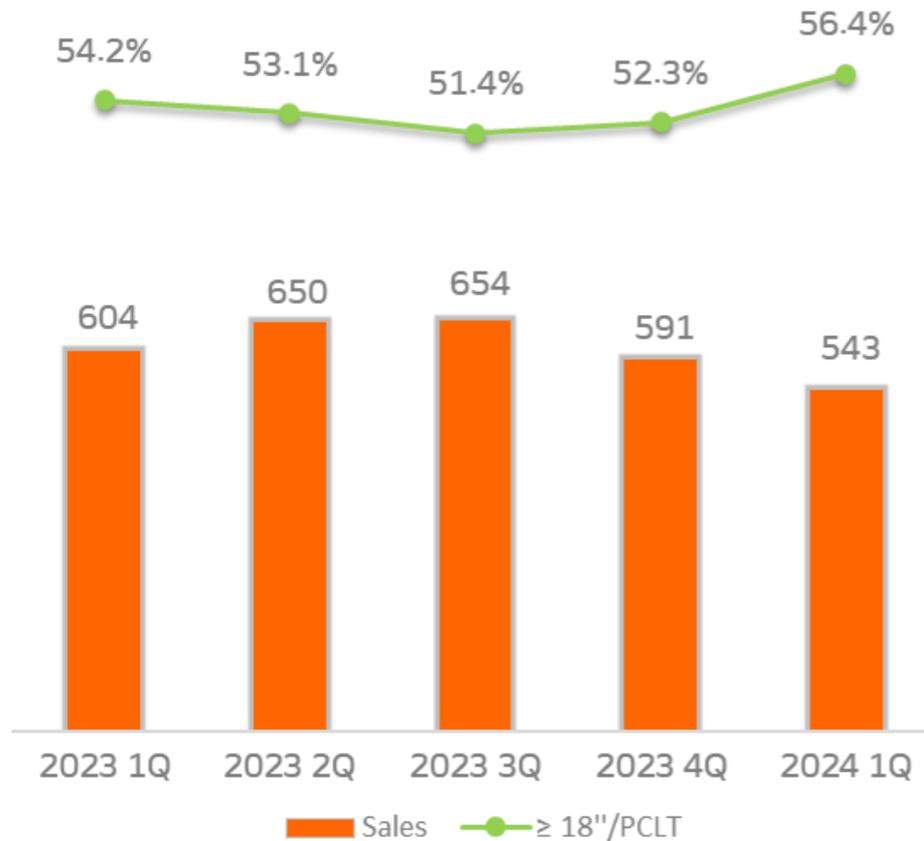
- Strong All-Weather segment demand is expected to continue into 2Q
- Strengthening price competitiveness via the Laufenn brand

I. 2024 1st Quarter Results - Regional Performance (North America)



NORTH AMERICA

[Unit: Billion KRW, %]



Market Environment

- Heightened competition in RE market
- Car production increased YoY

Sales Performance

- RE : Despite improvement of product mix, sales declined due to intensified competition in PCLT market and weakened demand for TB
- OE : Sales decreased with lower OE supplement

Business Plan

- With continued competition, stable market demand expected upon resilient economic conditions
- Focus on high inch and high value products such as SUVs, EVs

Pursuit of continued growth to achieve competitiveness in the mobility industry



Sustainable Growth & Solid Profitability

Growth in revenue & Maintaining double-digit OPM



Further increase of High Inch sales ratio driving Value Growth

Sales ratio of ≥ 18 inch within PCLT
2023 44% →
2024 1Q 46.8% →
2024 Target 49%



Expanding OE supplement to EV vehicles

Sales ratio of EV tires within PCLT OE
2023 15% →
2024 1Q 17.2% →
2024 Target 25%

III. Business Highlights - EV Exclusive Tire Technology

As the exclusive tire supplier and official partner of the FIA Formula E World Championship providing quality EV tires, Hankook Tire further proves its EV exclusive tire iON's excellent performance via tire tests.

iON



Auto Bild Tire Test



- Receives the highest rating, 'Exemplary' in an electric vehicle (EV) tire test conducted by Germany's top automobile magazine
- Top performer in dry braking and pass-by-noise categories, both pivotal for ensuring EV driving performance and safety
- Company once again garnered recognition for its state-of-the-art technology as the forefront leader in the electric vehicle tire market

TÜV SÜD Tire Test



- Hankook Tire's EV exclusive tire 'iON' proves excellent performance via tire comparison test held by global test and certification agency TÜV SÜD which specializes product testing and assessing compliance with European and American regulations
- All iON products that have undergone comparative tests have been recognized for their outstanding performance in the evaluation results

III. Business Highlights - ESG Achievements

SBTi



- Hankook Tire receives Korean tire industry’s first SBTi approval for its GHG emission reduction target
- By 2030, target to reduce the total amount of direct and indirect GHG emissions (Scope 1 and 2) generated in its production stage by 46.2% compared to 2019
- With approval from SBTi for its near-term 2030 greenhouse gas (GHG) reduction goals and net-zero target by 2050, company is one step closer to the realization of its ‘2050 Carbon Neutrality Roadmap

ISCC Plus



- The International Sustainability and Carbon Certification (ISCC PLUS) is an international sustainability certification program for bio-based and recycled raw materials under the European Renewable Energy Directives (EU RED)
- In 2021, Hankook Tire’s Geumsan plant in Korea became the first in the tire industry to obtain the ISCC PLUS certification, followed by the company’s Hungary plant which got certified in 2023

CDP



- Hankook Tire awarded 2023 CDP Carbon Management Sector Honors
- Awarded in the Consumer Discretionary category at the Korea Climate Change Awards, hosted by the CDP Korea Committee
- Recognition of achievements including continuous efforts to reduce greenhouse gas emissions and the implementation of eco-friendly research, development, and policies



Hankook Tire & Technology

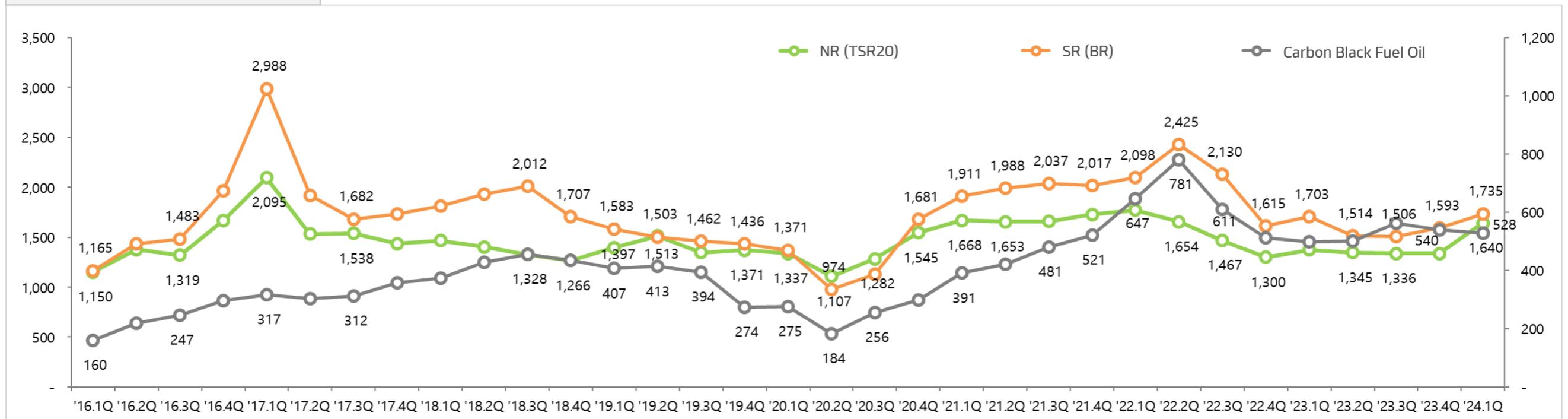
IV. Appendix - Raw Material Trend



- N/R : SICOM TSR20 prices have been on an upward trend since Dec. 2023 due to concerns of decrease in supply caused by severe weather events in southern Thailand and low production due to wintering season. Such upward trend is expected to continue due to price premium caused by the EU Deforestation Regulation (EUDR).
- S/R : With BD shortage caused by lower Asia butadiene production, Asia BD prices have been on the rise. In '24 2Q such upward trend is expected to continue and with increased demand for US/Europe BD, prices of global butadiene price is also expected to increase.
- C/B : Crude oil and FCC oil prices continued to decline from peak in '22 2Q until the 23 1Q. However OPEC+ decisions to cut production reduced oil inventories, increasing prices between '23 2Q and 3Q. Yet with China's slow economic recovery and increased crude oil output from US, once again lowered oil prices. Yet with increased tensions in the Middle-East and OPEC+ decisions to maintain production cuts are expected to lift oil prices in '24 2Q.

Raw Material Price Trend

[USD/ton]



Note 1) TSR20 : SICOM Price (Natural Rubber)

Note 2) 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]

| | 2023 | | 2024 1Q | | Diff. | |
|---|----------------|---------------|----------------|---------------|---------------|---------------|
| | Amt | % | Amt | % | Amt | % |
| Assets | 127,633 | 100.0% | 133,458 | 100.0% | 5,825 | 4.6% |
| Current Assets | 67,681 | 53.0% | 71,279 | 53.4% | 3,598 | 5.3% |
| Cash and cash equivalents | 22,439 | 17.6% | 23,821 | 17.8% | 1,382 | 6.2% |
| Short term financial assets | 4,180 | 3.3% | 4,280 | 3.2% | 100 | 2.4% |
| Trade and other receivables | 18,736 | 14.7% | 19,826 | 14.9% | 1,089 | 5.8% |
| Inventories | 20,226 | 15.8% | 21,091 | 15.8% | 865 | 4.3% |
| Other current assets | 2,100 | 1.6% | 2,261 | 1.7% | 161 | 7.7% |
| Non-current Assets | 59,952 | 47.0% | 62,179 | 46.6% | 2,227 | 3.7% |
| Tangible, Intangible assets and Investment properties | 40,818 | 32.0% | 42,890 | 32.1% | 2,071 | 5.1% |
| Investments in associates | 11,170 | 8.8% | 11,184 | 8.4% | 14 | 0.1% |
| Other non-current assets | 7,964 | 6.2% | 8,105 | 6.1% | 141 | 1.8% |
| Liabilities | 31,338 | 24.6% | 33,758 | 25.3% | 2,421 | 7.7% |
| Current Liabilities | 22,844 | 17.9% | 26,272 | 19.7% | 3,428 | 15.0% |
| Non-Current Liabilities | 8,494 | 6.7% | 7,486 | 5.6% | -1,008 | -11.9% |
| Shareholder's Equity | 96,296 | 75.4% | 99,700 | 74.7% | 3,404 | 3.5% |
| Debt | 11,668 | | 12,432 | | | |
| Net Debt | -17,955 | | -18,642 | | | |
| Liability Ratio | | 32.5% | | 33.9% | | |
| Net Worth to Assets | | 75.4% | | 74.7% | | |
| Net debt Ratio | | | Net Cash | | Net Cash | |

IV. Appendix - Consolidated I/S



[100 Million KRW]

| | 2023 1Q | | 2023 4Q | | 2024 1Q | | YoY | QoQ |
|------------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | Amt | % | Amt | % | Amt | % | (%) | (%) |
| Sales | 21,041 | 100.0% | 22,320 | 100.0% | 21,273 | 100.0% | 1.1% | -4.7% |
| COGS | 15,533 | 73.8% | 13,134 | 58.8% | 13,452 | 63.2% | -13.4% | 2.4% |
| Gross Profit | 5,508 | 26.2% | 9,186 | 41.2% | 7,821 | 36.8% | 42.0% | -14.9% |
| SG&A | 3,599 | 17.1% | 4,262 | 19.1% | 3,833 | 18.0% | 6.5% | -10.1% |
| Operating Profit | 1,909 | 9.1% | 4,924 | 22.1% | 3,987 | 18.7% | 108.8% | -19.0% |
| Other non-operating income/expense | -262 | -1.2% | -693 | -3.1% | 540 | 2.5% | | |
| Financial income/cost | -421 | -2.0% | -21 | -0.1% | 157 | 0.7% | | |
| Equity-method gain(loss) | 22 | 0.1% | -169 | -0.8% | | | | |
| Income before income tax | 1,248 | 5.9% | 4,040 | 18.1% | 4,685 | 22.0% | 275.5% | 15.9% |
| E B I T D A | 3,180 | 15.1% | 6,177 | 27.7% | 5,216 | 24.5% | 64.0% | -15.6% |
| Depreciation | 1,271 | 6.0% | 1,253 | 5.6% | 1,229 | 5.8% | -3.3% | -2.0% |

* '24 1Q Investments in associates are currently included in Other non-operating income/expense and will be re-classified after the audit