



2023 2Q Financial Results

July 28th, 2023

Hankook Tire & Technology

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I. 2023 1H Results - Financial Results



2023 1st Half Results (Consolidated)

[100 Million KRW, %]	2022 1H	2023 1H	YoY
Sales	38,307	43,675	+14.0%
COGS	28,761 <i>(75.1%)</i>	31,707 <i>(72.6%)</i>	+10.2%
Operating Profit	3,013 <i>(7.9%)</i>	4,392 <i>(10.1%)</i>	+45.7%
Ordinary Profit	5,021 <i>(13.1%)</i>	3,673 <i>(8.4%)</i>	-26.8%
EBITDA	5,702 <i>(14.9%)</i>	6,933 <i>(15.9%)</i>	+21.6%

II. 2023 2nd Quarter Results - Financial Results



2023 2nd Quarter Results (Consolidated)

[100 Million KRW, %]	2022 2Q	2023 1Q	2023 2Q	YoY	QoQ
Sales	20,400	21,041	22,635	+11.0%	+7.6%
COGS	15,139 <i>(74.2%)</i>	15,533 <i>(73.8%)</i>	16,174 <i>(71.5%)</i>	+6.8%	+4.1%
Operating Profit	1,753 <i>(8.6%)</i>	1,909 <i>(9.1%)</i>	2,482 <i>(11.0%)</i>	+41.6%	+30.0%
Ordinary Profit	3,732 <i>(18.3%)</i>	1,248 <i>(5.9%)</i>	2,425 <i>(10.7%)</i>	-35.0%	+94.4%
EBITDA	3,097 <i>(15.2%)</i>	3,180 <i>(15.1%)</i>	3,753 <i>(16.6%)</i>	+21.2%	+18.0%

II. 2023 2nd Quarter Results - Business Highlights



Market Environment

- The OE market continued to recover with alleviated semiconductor chip shortage increasing auto production
- The RE market sees some slowdown in demand due to dealer inventory levels, but still a gradual recovery in monthly basis

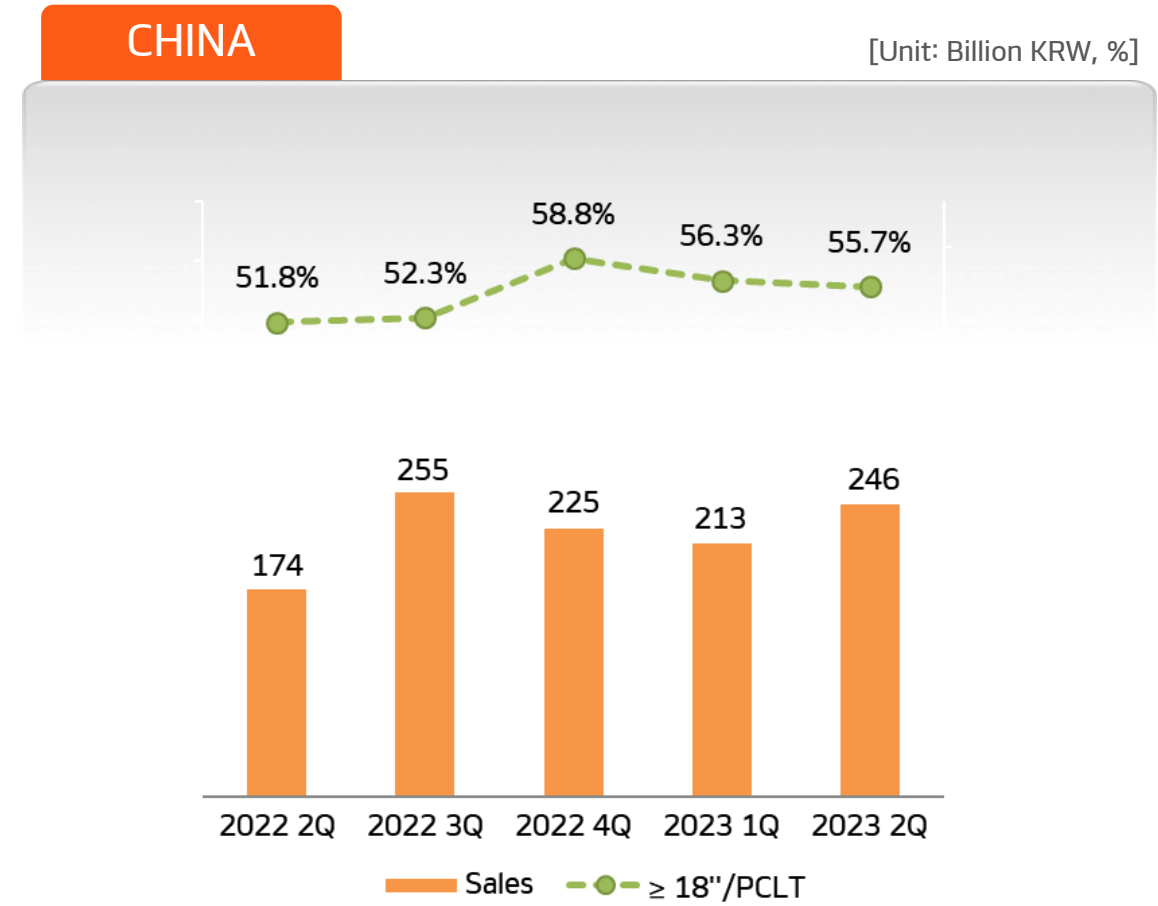
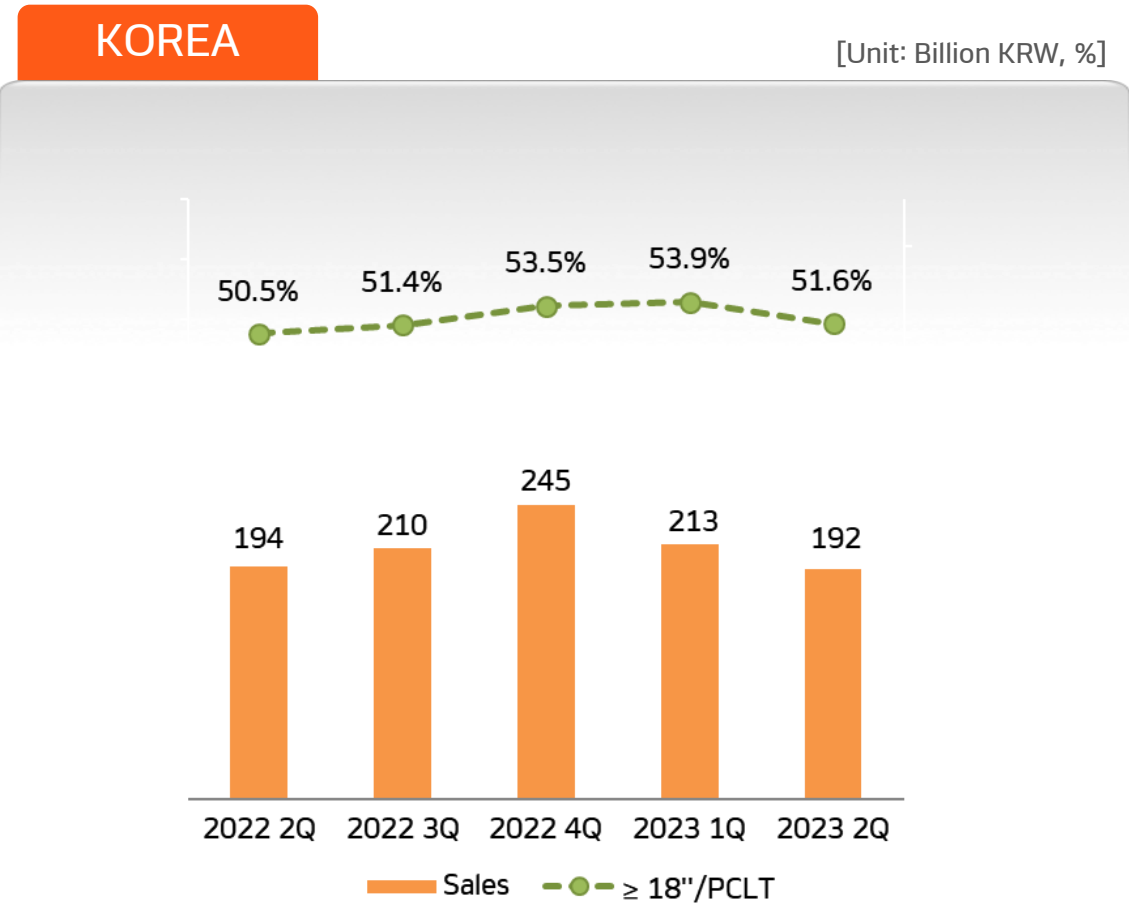
Sales Performance

- 2023 2Q Sales grew +11.0% compared to 2022 2Q, with higher volumes and favorable inch mix
- Alleviation of semiconductor supply issues increased vehicle production leading to continued OE sales recovery
- Despite slower market demand with increased distribution inventory levels in major regions, RE volumes increased both YoY, QoQ
- Operating margins improved on lower freight costs and the stabilizing raw material

Business Highlights

- Sales ratio of ≥ 18 inches within PCLT increased to 43.6% up 4.5%p YoY
- 'Kinergy 4S2' is, once again, the winner of the All-Season Product of the Year Award at Auto Express
 - ⇒ Awarded the All-Season Product of the Year for its outstanding performance in various weather and temperature conditions
- Global expansion of 'iON', designed for EVs
 - ⇒ After first introduction in 2022, officially launched in Europe, Korea and North America
 - ⇒ Expanded sales territories and product lineup this year, including China, the world's largest EV market.

II. 2023 2nd Quarter Results - Regional Performance (1/2)



- Lower market demand caused by economic woes led to decreased RE sales
- OE sales continued recovery with the stabilization of vehicle semiconductor supply

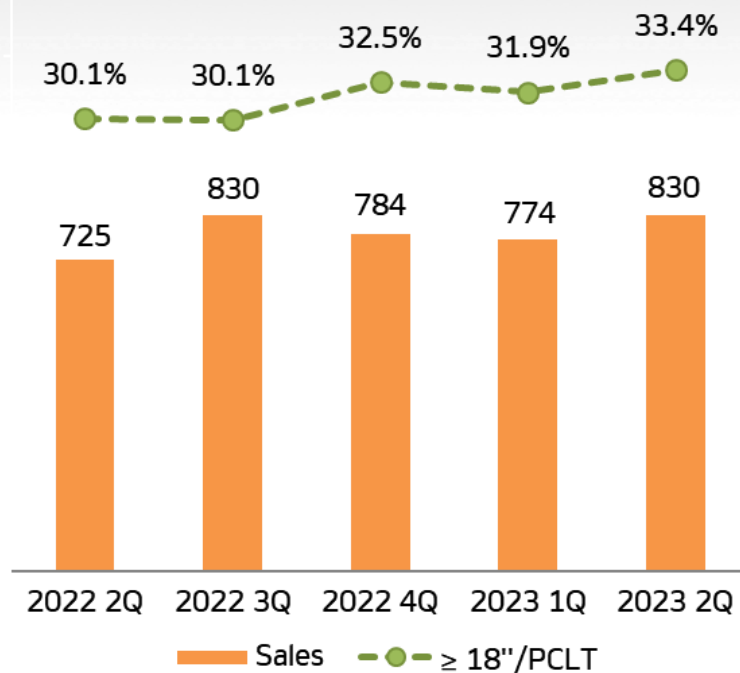
- Strong RE sales growth with China's reopening, coupled with continued inch-mix improvement
- OE sales increased with rise of car production

II. 2023 2nd Quarter Results - Regional Performance (2/2)



EUROPE

[Unit: Billion KRW, %]

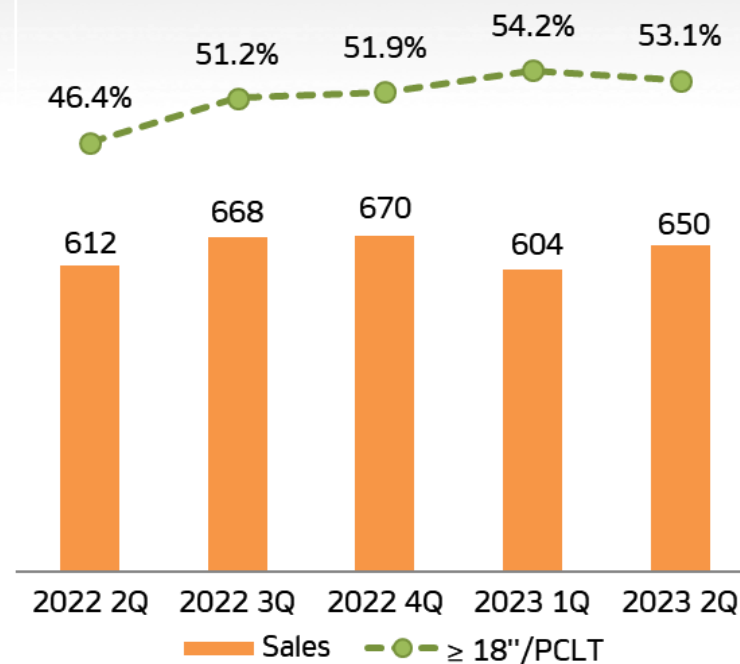


- RE sales outperformed market demand with strong sales of All-Weather tires
- OE sales increased with the low base effect and the stabilization of vehicle semiconductor supply

N.AMERICA

[Unit: Billion KRW, %]

(* Including Mexico OE)



- Soft market demand impacted RE sales, but product-mix continued improvement
- OE sales continued recovery with the ease of semiconductor chip shortage issues

Sales Growth

- 2023 Sales growth of over 5% YoY
 - ▷ Targeting volume growth despite internal & external business challenges in order to exceed market demand

Product Mix

- Targets to increase High Inch sales ratio
 - ▷ ≥ 18 inch sales ratio within PCLT Target
2021 38% → 2022 41% → 2023 Target 45%

2023
Target

EV Tires

- Expanding supplement to EV vehicles
 - ▷ Sales ratio of EV within PCLT OE target
2021 5% → 2022 11% → 2023 Target 20%

Financial Structure

- Financial Soundness
 - ▷ Continued stable cash generation capability ensuring financial stability



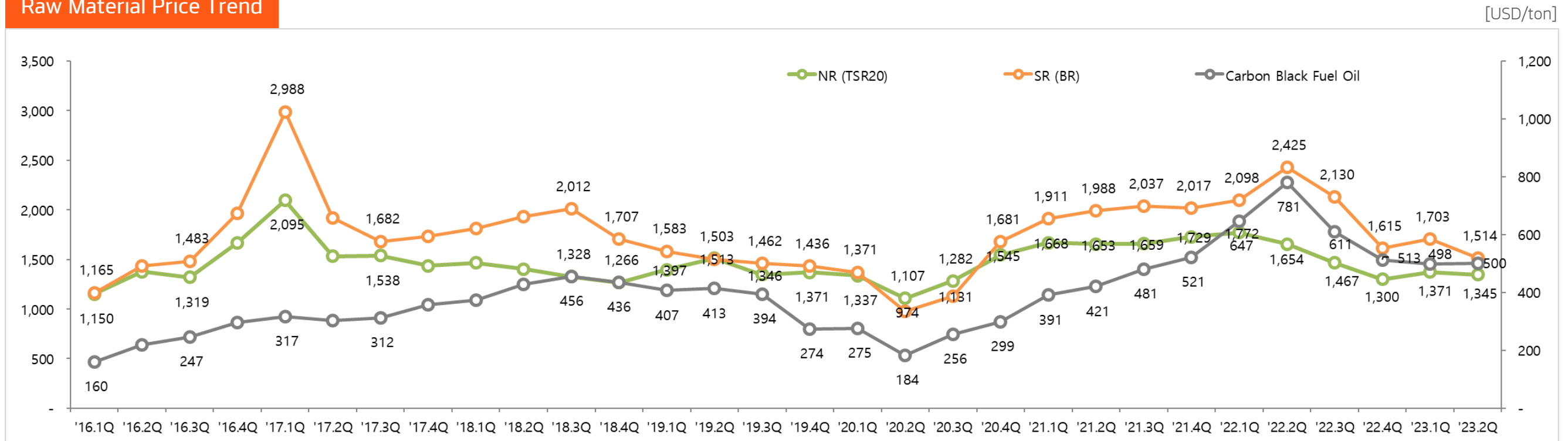
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IV. Appendix - Raw Material Trend



- N/R : After hitting a low point in '22 4Q, the SICOM TSR20 prices have been trading range, influenced by the economic slowdown, and delayed recovery in demand from China. Uncertainties in the mid-long term remain with Indonesia's decreasing rubber production, but N/R prices are expected to remain stable until '23 3Q.
- S/R : Due to the weak global demand, the S/R market has been experiencing a declining trend since '22 2Q. Despite a temporary rise in '23 1Q driven by expectations of increased demand from Chinese, prices have softened in '23 2Q. A modest price rebound is expected in '23 3Q leading to a stable price range.
- C/B : After peaking at '22 2Q, The CBO Index declined until '23 1Q due to softer FCC Oil demand from China and concerns of global economic slow down. '23 2Q prices showed slight rebound with OPEC+ production cuts, but '23 3Q prices are expected to stabilize with China's slower than expected economic recovery.

Raw Material Price Trend



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]

	2022		2023 2Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	125,814	100.0%	124,310	100.0%	-1,503	-1.2%
Current Assets	64,363	51.2%	62,616	50.4%	-1,747	-2.7%
Cash and cash equivalents	11,394	9.1%	13,754	11.1%	2,360	20.7%
Short-term financial assets	5,948	4.7%	3,862	3.1%	-2,086	-35.1%
Trade and other receivables	17,101	13.6%	18,742	15.1%	1,641	9.6%
Inventories	24,496	19.5%	22,800	18.3%	-1,696	-6.9%
Other current assets	5,424	4.3%	3,458	2.8%	-1,966	-36.3%
Non-current Assets	61,451	48.8%	61,695	49.6%	244	0.4%
Tangible, Intangible assets and Investment properties	40,554	32.2%	40,315	32.4%	-238	-0.6%
Investments in associates	11,771	9.4%	12,255	9.9%	483	4.1%
Other non-current assets	9,126	7.3%	9,125	7.3%	-1	0.0%
Liabilities	37,057	29.5%	31,656	25.5%	-5,400	-14.6%
Current Liabilities	28,871	22.9%	23,365	18.8%	-5,505	-19.1%
Non-Current Liabilities	8,186	6.5%	8,291	6.7%	105	1.3%
Shareholder's Equity	88,757	70.5%	92,654	74.5%	3,897	4.4%
Debt	19,365		13,148			
Net Debt	-3,170		-7,835			
Liability Ratio		41.8%		34.2%		
Net Worth to Assets		70.5%		74.5%		
Net Debt Ratio			Net Cash		Net Cash	

IV. Appendix - Consolidated I/S



[100 Million KRW]

	2022 2Q		2023 1Q		2023 2Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	20,400	100.0%	21,041	100.0%	22,635	100.0%	11.0%	7.6%
COGS	15,139	74.2%	15,533	73.8%	16,174	71.5%	6.8%	4.1%
Gross Profit	5,261	25.8%	5,508	26.2%	6,461	28.5%	22.8%	17.3%
SG&A	3,508	17.2%	3,599	17.1%	3,978	17.6%	13.4%	10.5%
Operating Profit	1,753	8.6%	1,909	9.1%	2,482	11.0%	41.6%	30.0%
Other non-operating income/expense	1,950	9.6%	-262	-1.2%	94	0.4%		
Financial income/cost	35	0.2%	-421	-2.0%	-151	-0.7%		
Equity-method gain(loss)	-6	0.0%	22	0.1%				
Income before income tax	3,732	18.3%	1,248	5.9%	2,425	10.7%	-35.0%	94.4%
EBITDA	3,097	15.2%	3,180	15.1%	3,753	16.6%	21.2%	18.0%
Depreciation	1,344	6.6%	1,271	6.0%	1,271	5.6%	-5.5%	0.0%

* '23 2Q Investments in associates are currently included in Other non-operating income/expense and will be re-classified after the audit