

2021 3Q Results

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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.

- I. Financial Results
- II. Business Highlights
- III. 2021 Outlook
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I. Financial Results - 2021 3rd Quarter Results



- 3Q Sales and operating profit declined YoY, with worsening auto semiconductor shortage, extensive impact of global supply chain disruption and higher material costs
 - Despite growth in RE sales, a steep downturn in OE sales resulted to an overall decline in 3Q YoY
- Continue to pursue value growth in all regions by increasing high profit segment sales and implementing timely pricing strategies
 - 2021 3Q Sales ratio of ≥18inch within PCLT at 36.4% up 2.4%p YoY
 - 3Q price increases conducted in North America, Europe and Korea, and additional price adjustments scheduled from Oct. 1st, on select products in high demand markets

[100 Million KRW, %]	2020 3Q	2021 2Q	2021 3Q	QoQ	YoY
Sales	18,861	18,064	18,294	1.3%	-3.0%
COGS	13,339 <i>(70.7%)</i>	13,055 <i>(72.3%)</i>	13,178 <i>(72.0%)</i>	0.9%	-1.2%
Operating Profit	2,247 <i>(11.9%)</i>	1,870 <i>(10.4%)</i>	1,808 <i>(9.9%)</i>	-3.3%	-19.5%
Ordinary Profit	1,914 <i>(10.1%)</i>	1,825 <i>(10.1%)</i>	2,272 <i>(12.4%)</i>	24.5%	18.7%
EBITDA	3,802 <i>(20.2%)</i>	3,345 <i>(18.5%)</i>	3,277 <i>(17.9%)</i>	-2.1%	-13.8%

I. Financial Results - Regional Performance



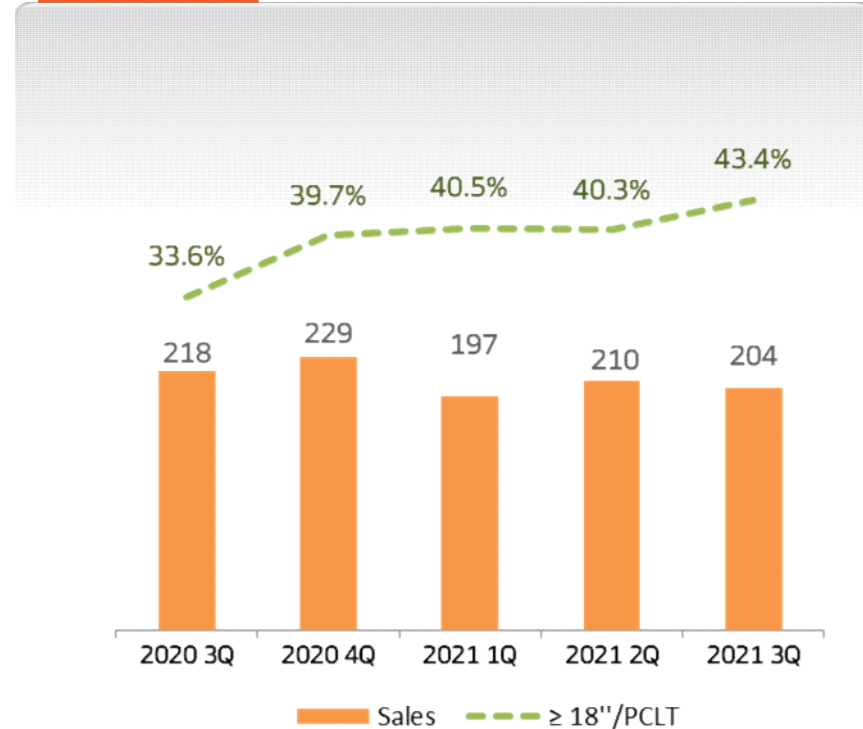
KOREA

[Unit: Billion KRW, %]



CHINA

[Unit: Billion KRW, %]



- Slight increase in RE sales YoY with better pricing, but lower volumes with declining market trends and competition
- Worsening auto semiconductor shortage resulted to lower OE sales

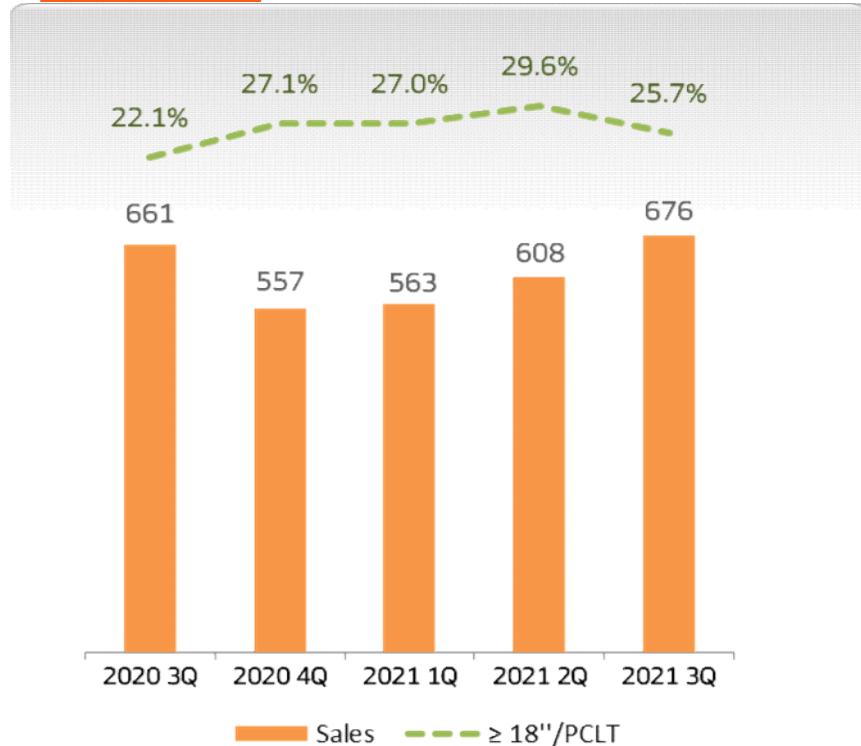
- With slower economic growth and weaker consumer sentiment RE sales declined, but inch-mix continued to improve
- Worsening auto component shortage and electricity cuts caused lower auto production resulting to weak OE sales

I. Financial Results - Regional Performance



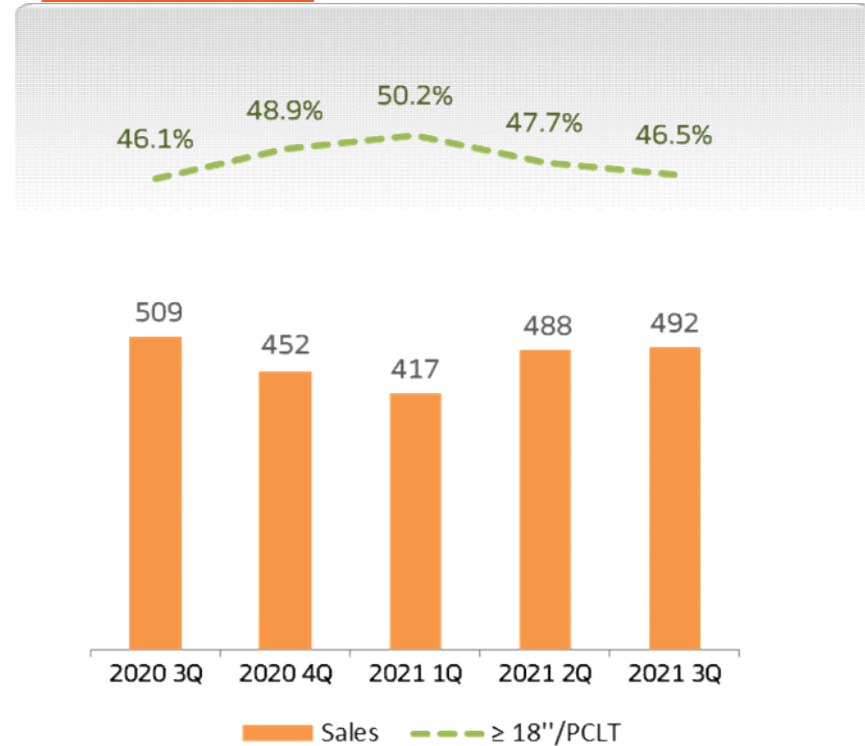
EUROPE

[Unit: Billion KRW, %]



N.AMERICA

[Unit: Billion KRW, %]



- Easing market demand and supply chain bottlenecks caused constraints in some regions leading to slight volume decline, but RE sales showed growth with improved pricing & p-mix
- Auto semiconductor shortage resulted to lower OE sales

- RE sales and volume both showed growth YoY, but escalated supply chain disruptions limited growth
- Worsening auto component shortage causing auto plant shutdowns resulted to sluggish OE sales

II. Business Highlights



Quality and performance gains recognition by Europe's renowned car magazines

- ❖ UK's Auto Express 2021 Summer Tire Test Winner - Ventus S1 evo3
- ❖ Auto Bild Allrad, SUV/4x4 publication, 2021 All-Season Tire Test Winner - Kinergy 4S 2 X
- ❖ Auto Bild Sportscars 2021 Winter Tire Test Winner - Winter i*cept evo3
- ❖ Auto Bild 2021 Manufacturer of the Year - All-Season No. 1 & Winter No. 3



Continued effort and improvement in sustainability management capability

- ❖ EcoVadis awards highest CSR ratings for three consecutive years
 - 2021 platinum medal, awarded to only top 1% in each industry (81/100 up 8 points from 2020)
- ❖ Strengthens policy to foster a sustainable value chain for natural rubber
 - Upgrades sustainable natural rubber policy established in 2018, in compliance with the Global Platform for Sustainable Natural Rubber (GSPNR).



Increase of Global OE Partnerships

- ❖ The new Porsche Panamera equipped with Hankook's Ventus S1 evo Z
- ❖ 2022 Frontier to be equipped with Hankook Dynapro HT and Dynapro AT2
 - The two fitments will be produced from the Tennessee Plant and are fit for versatile on-and-off road performance

III. 2021 Outlook



- 2021 sales target of above 7 trillion KRW - **Confirmed**
 - ▷ 2021 9M Sales 5,252.6 billion, reaching 75% of annual target
- Anticipation of global recovery with increasing rate of vaccination, but there are still concerns of COVID-19 resurgence
- Increasing uncertainties with continued shortage of semiconductor components, escalating global supply chain bottlenecks and potential energy crisis
- Additional price increases are planned for 4Q, but surging raw material, logistics and energy costs are expected to continue to burden profits in 4Q



V. Appendix - 2021 9M Financial Results



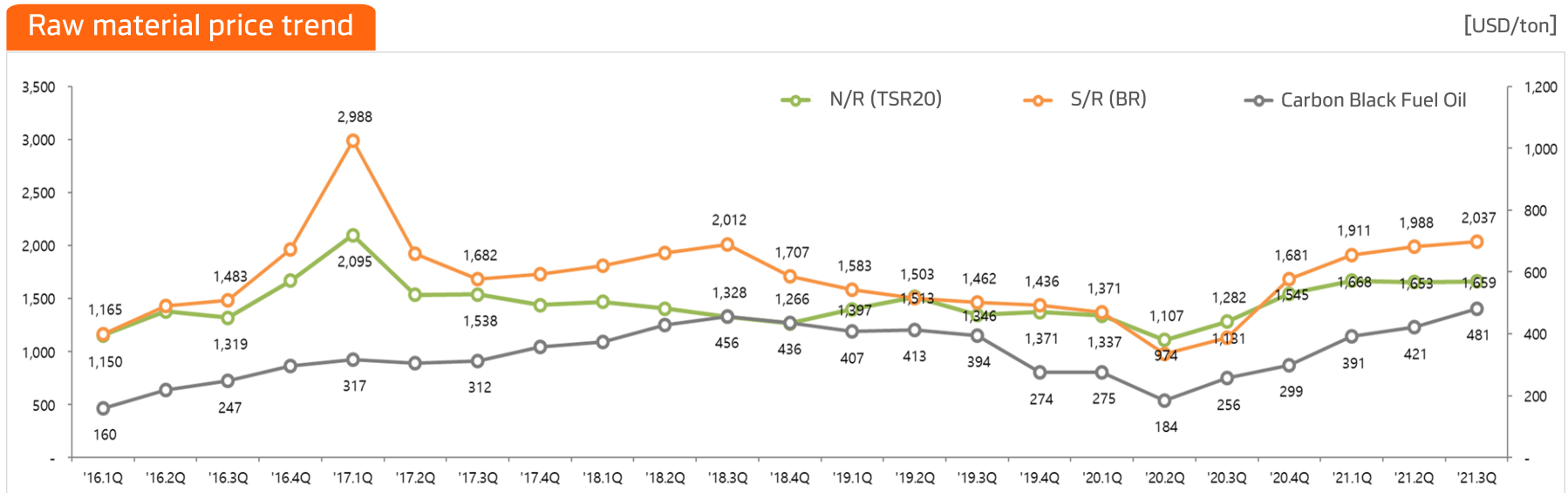
2021 9M Global Performance (Consolidated)

	[100 Million KRW, %]		
	2020 9M	2021 9M	YoY
Sales	46,863	52,526	+12.1%
COGS	33,632 <i>(71.8%)</i>	37,552 <i>(71.5%)</i>	+11.7%
Operating Profit	4,008 <i>(8.6%)</i>	5,539 <i>(10.5%)</i>	+38.2%
Ordinary Profit	3,954 <i>(8.4%)</i>	6,341 <i>(12.1%)</i>	+60.4%
EBITDA	8,809 <i>(18.8%)</i>	9,960 <i>(19.0%)</i>	+13.1%

V. Appendix - Raw Material Trend



- N/R : Despite low demand from China, less supply from Indonesia due to heavy rain caused TSR prices to go up 0.4% QoQ in 2021 3Q. In 4Q, although demand remains weak, slight uptrend is expected with a synchronized raw material inflation trend
- S/R : BD demand increase continue in ABS resin and Nitrile Butadiene Latex and the prolonged winter storm impact on Texas BD production earlier in the year caused 2021 3Q BR spot prices to go up 2.5% QoQ, but 4Q prices are expect to go down QoQ, as BD demand is expected to decrease
- C/B : Rising oil prices and increased marine fuel oil demand pushed up FCC oil prices increasing CBO prices In 2021 3Q, CBO Index was up 14.4% QoQ, and this uptrend is expected to continue into 4Q Higher HSFO & LSFO demand and global climate regulations may also cause further price drive up



Note1) TSR20 : SICOM Price (Natural Rubber)
 Note2) BR(Butadiene Rubber) : ICIS CFR NE/SE Asia average price

Note3) Carbon Black Fuel Oil : Index price of refined oil

V. Appendix - Consolidated B/S



[100 Million KRW]

	2020		2021 3Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	106,585	100.0%	116,155	100.0%	9,570	9.0%
Current Assets	46,882	44.0%	55,748	48.0%	8,866	18.9%
Cash and cash equivalents	10,609	10.0%	9,654	8.3%	-955	-9.0%
Short-term financial assets	2,398	2.2%	4,935	4.2%	2,537	105.8%
Trade and other receivables	13,144	12.3%	15,466	13.3%	2,322	17.7%
Inventories	15,628	14.7%	19,333	16.6%	3,705	23.7%
Other current assets	5,103	4.8%	6,360	5.5%	1,257	24.6%
Non-current Assets	59,703	56.0%	60,407	52.0%	704	1.2%
Tangible, Intangible assets and Investment properties	42,867	40.2%	42,409	36.5%	-458	-1.1%
Investments in associates	10,708	10.0%	11,846	10.2%	1,138	10.6%
Other non-current assets	6,128	5.7%	6,152	5.3%	24	0.4%
Liabilities	32,464	30.5%	34,364	29.6%	1,900	5.9%
Current Liabilities	17,810	16.7%	17,926	15.4%	116	0.7%
Non-Current Liabilities	14,654	13.7%	16,438	14.2%	1,784	12.2%
Shareholder's Equity	74,121	69.5%	81,790	70.4%	7,669	10.3%
Debt	17,190		16,802			
Net Debt	-1,224		-2,623			
Liability Ratio		43.8%		42.0%		
Net Worth to Assets		69.5%		70.4%		
Net Debt Ratio		Net Cash		Net Cash		

V. Appendix - Consolidated I/S



[100 Million KRW]

	2020 3Q		2021 2Q		2021 3Q		YoY	QoQ
	Amt	%	Amt	%	Amt	%	(%)	(%)
Sales	18,861	100.0%	18,064	100.0%	18,294	100.0%	-3.0%	1.3%
COGS	13,339	70.7%	13,055	72.3%	13,178	72.0%	-1.2%	0.9%
Gross Profit	5,522	29.3%	5,009	27.7%	5,117	28.0%	-7.3%	2.2%
SG&A	3,275	17.4%	3,138	17.4%	3,308	18.1%	1.0%	5.4%
Operating Profit	2,247	11.9%	1,870	10.4%	1,808	9.9%	-19.5%	-3.3%
Other non-operating income/expense	-310	-1.6%	-37	-0.2%	452	2.5%		
Financial income/cost	-78	-0.4%	-182	-1.0%	12	0.1%		
Equity-method gain(loss)	55	0.3%	174					
Income before income tax	1,914	10.1%	1,825	10.1%	2,272	12.4%	18.7%	24.5%
EBITDA	3,802	20.2%	3,346	18.5%	3,277	17.9%	-13.8%	-2.1%
Depreciation	1,555	8.2%	1,476	8.2%	1,468	8.0%	-5.6%	-0.5%

* '21. 3Q Investments in associates is currently included in Other non-operating income/expense and will be re-classified after the audit