

# 2024 2Q Financial Results



Aug 8th, 2024

**Hankook Tire & Technology**

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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# I. 2024 2nd Quarter Results - Financial Results



## Market Environment

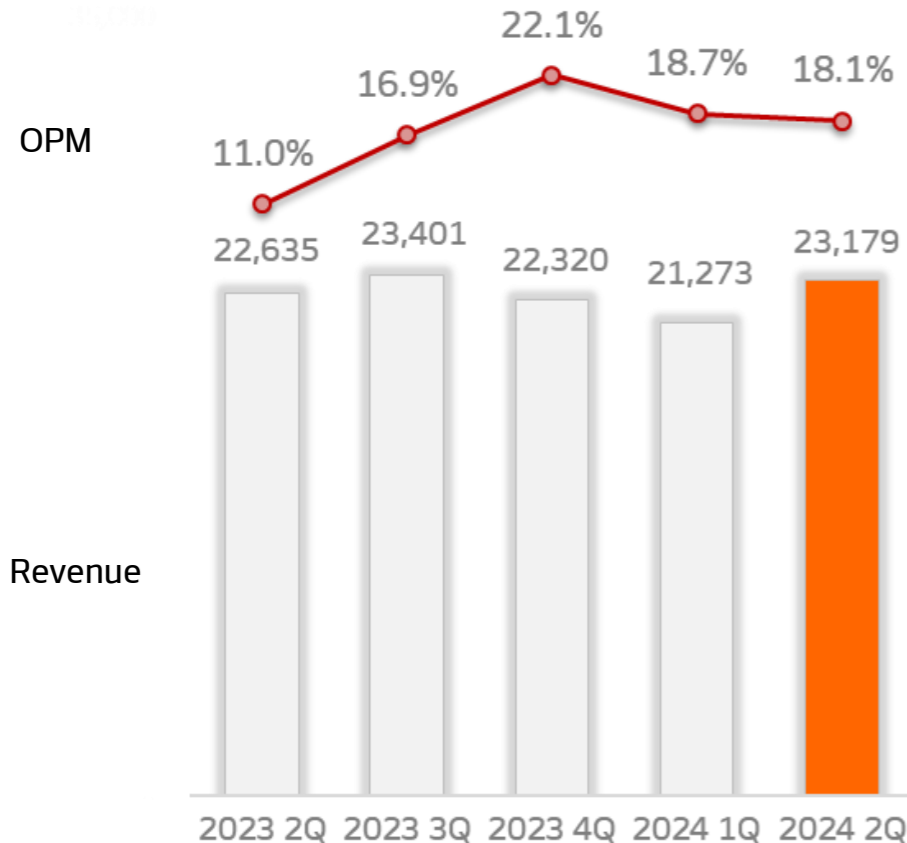
- The global PCLT OE market experienced a decline in demand due to reduced vehicle production, whereas the RE market maintained stable demand.
- The global TB market saw an increase in distribution inventories, driven by the economic slowdown and intensified competition.

## Sales Performance

- Revenue KRW 2 trillion 318 billion, Operating profit 420 billion, OPM 18.1%
- RE sales grew YoY due to strong performance in Korea, Europe, and other regions, but OE sales fell YoY due to lower vehicle production
- Sales ratio of  $\geq 18$  inch within PCLT increased to 46.3% up 2.8%p YoY
- High profitability was achieved through improved product mix, stable pricing, reduced freight cost and lower raw material prices

[Unit: 100 Million KRW]

	2023 2Q	2024 1Q	2024 2Q	YoY	QoQ
<b>Sales</b>	22,634	21,273	23,179	+2.4%	+9.0%
<b>COGS</b>	16,174 (71.5%)	13,452 (63.2%)	14,833 (64.0%)	-8.3%	+10.3%
<b>Operating Profit</b>	2,482 (11.0%)	3,987 (18.7%)	4,200 (18.1%)	+69.2%	+5.3%
<b>Ordinary Profit</b>	2,425 (10.7%)	4,685 (22.0%)	4,404 (19.0%)	+81.6%	-6.0%
<b>EBITDA</b>	3,753 (16.6%)	5,216 (24.5%)	5,484 (23.7%)	+46.1%	+5.1%



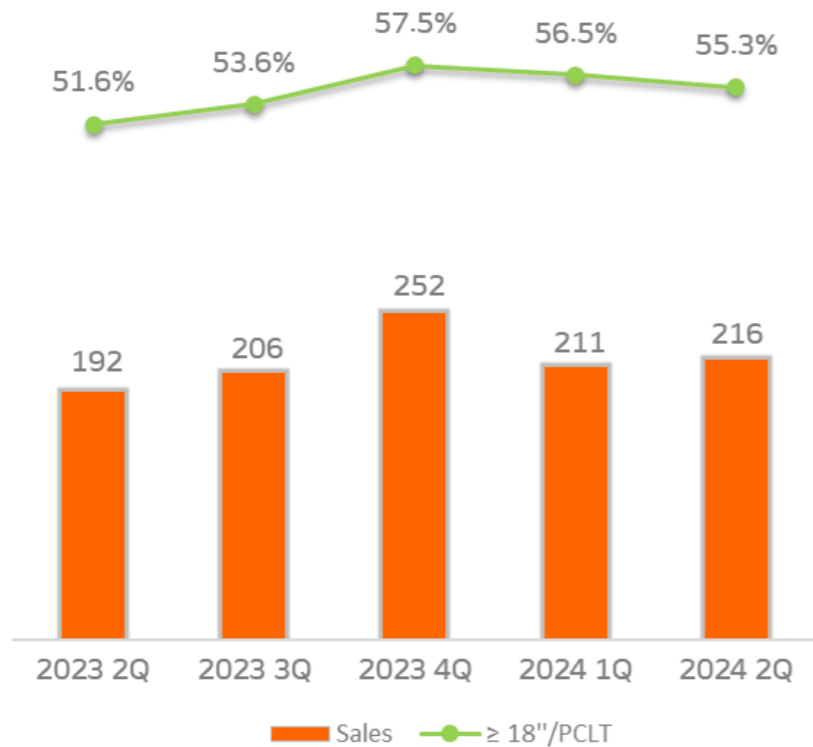


# I. 2024 2nd Quarter Results - Regional Performance (Korea)



## KOREA

[Unit: Billion KRW, %]



### Market Environment

- RE : Stable demand in the PCLT market and increased TB demand driven by higher freight volumes
- OE : Car production decreased due to a high base effect and a decline in new vehicle sales

### Sales Performance

- RE : Sales improved with higher volumes exceeding market demand and an increase in sales of high-value products
- OE : Sales decreased due to lower vehicle production

### Business Plan

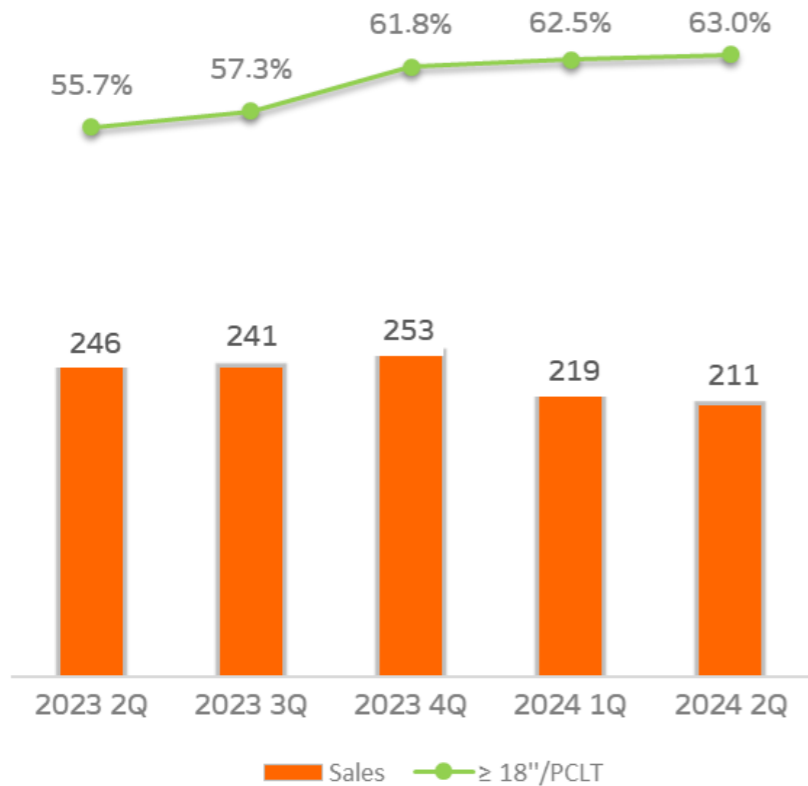
- Will enhance market competitiveness by launching new products such as premium comfort tires (Ventus air S) and tires for EV light trucks (e-Vantra)

# I. 2024 2nd Quarter Results - Regional Performance (China)



## CHINA

[Unit: Billion KRW, %]



### Market Environment

- RE : Slow demand recovery due to weak consumption
- OE : Car production decreased due to dampened consumer sentiment

### Sales Performance

- RE : Despite an improved product mix, sales declined due to a high base effect and weak consumer sentiment
- OE : Sales declined due to decreased car production resulting from low consumer sentiment

### Business Plan

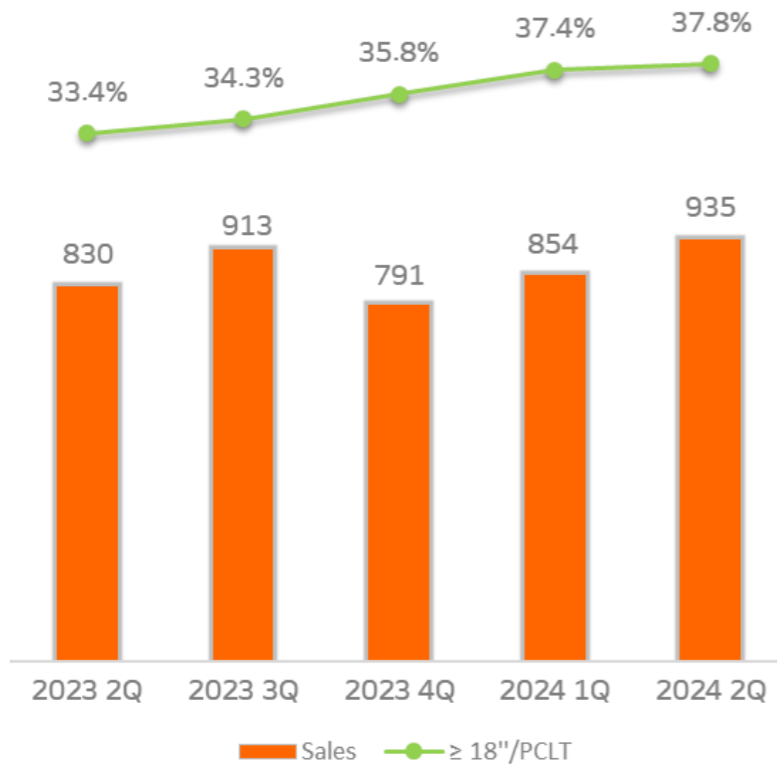
- Weakened demand is expected to persist, as the recovery of consumer sentiment is anticipated to be delayed until after the 3Q
- The company will continue focus on value growth

# I. 2024 2nd Quarter Results - Regional Performance (Europe)



## EUROPE

[Unit: Billion KRW, %]



### Market Environment

- RE : Demand for PCLT remains steady, but demand for TB has contracted due to concerns of a potential economic downturn
- OE : Car production increased YoY

### Sales Performance

- RE : Despite the sluggish demand in the TB market, overall sales increased due to strong all-weather tire sales and higher PCLT volumes that exceeded market demand
- OE : Sales increased due to higher vehicle production

### Business Plan

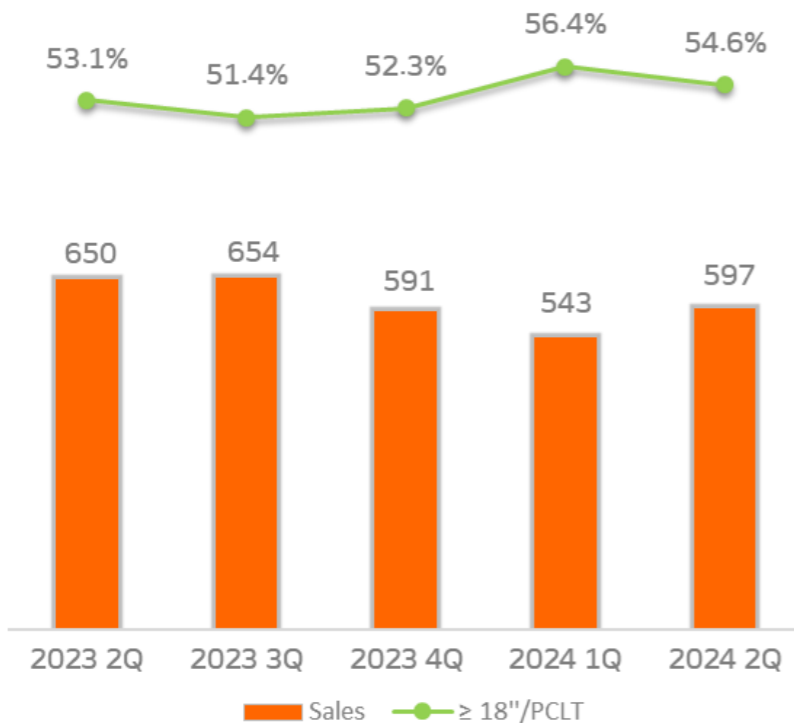
- Further growth expected for all-weather tires in 3Q
- With positive indications of winter tire demand in 3Q, the company plans to focus on timely market supply

# I. 2024 2nd Quarter Results - Regional Performance (North America)



## NORTH AMERICA

[Unit: Billion KRW, %]



### Market Environment

- RE : Heightened competition due to the increase of cost-competitive import products
- OE : Car production increased YoY

### Sales Performance

- RE : Despite an improved product mix, sales declined due to increased competition
- OE : Sales declined due to lower OE supplement

### Business Plan

- The company will focus on high-inch and high-value products such as SUVs and EVs
- Further marketing activities planned for the 'Dynapro' products and the EV exclusive tire 'iON'.



*Pursuit of continued growth to achieve competitiveness in the mobility industry*



Sustainable Growth  
& Solid Profitability

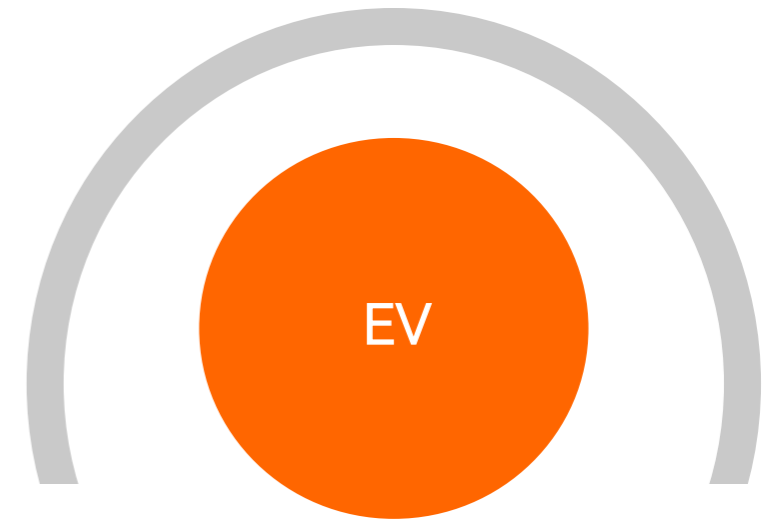
**Growth in revenue & Maintaining  
double-digit OPM**

2024 1H  
Revenue YoY +1.8% / OPM 18.4%



Further increase of High Inch sales ratio  
driving Value Growth

Sales ratio of  $\geq 18$  inch within PCLT  
2023 44% →  
2024 1H 46.6% →  
**2024 Target 49%**



Expanding OE supplement  
to EV vehicles

Sales ratio of EV tires within PCLT OE  
2023 15% →  
2024 1H 17.0% →  
**2024 Target 25%**

### III. Business Highlights - Global Automaker Collaboration



#### Expanding OE portfolio



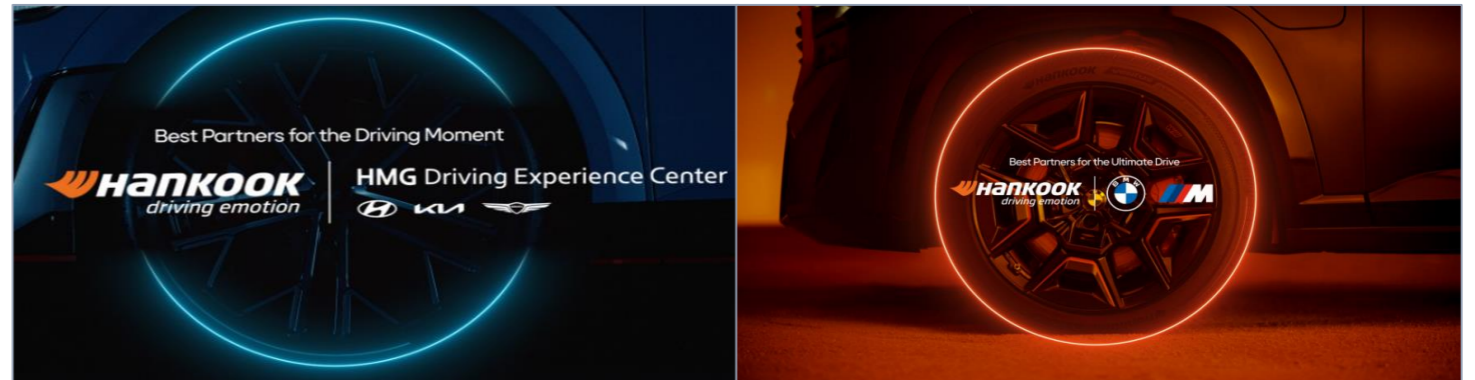
- Mercedes-AMG GT Coupe is equipped with 'Ventus S1 evo Z', developed for the high-performance coupe
- Mitsubishi's compact SUV 'Xforce' is equipped with 'Ventus Prime 4'
- Mitsubishi's MPV 'Xpander' is equipped with 'Ventus Prime 3'
- Hino's medium-duty truck 'L Series' is equipped with 'AH37' and 'DL11'

#### 10 years as an exclusive supplier to the BMW Driving Center



- Hankook exclusively supplies high-performance tires to the BMW Driving Center in Incheon for 10 consecutive years

#### Brand Collaboration

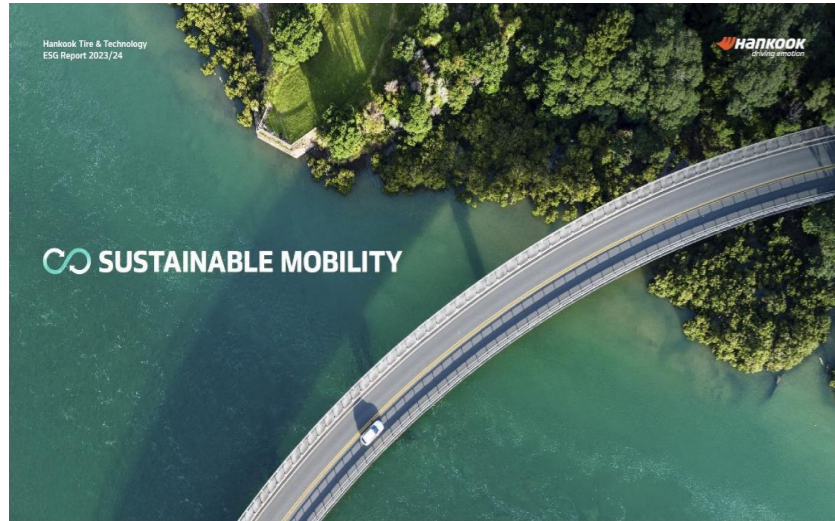


- Advertising campaigns with HMG Driving Experience Center and BMW Korea
- Brand collaborations have strengthened the ongoing partnerships

# III. Business Highlights - ESG Achievements



## 2023/24 ESG Report



### 1. Highlights

- ① With the ultimate goal of achieving Net Zero by 2050, the company recorded a 12% reduction in greenhouse gas emissions from manufacturing (Scope 1 and 2) and a 5% reduction in value chain emissions (Scope 3) in 2023 compared to 2019
- ② Through its waste tire recycling project, "re:move", Hankook Tire recycles production waste and upcycles it into new products such as shoes, longboards, and camping gear
- ③ Through employee volunteer activities like mural painting and participation in the 'Our Forest' project, volunteer hours exceeded 10,000 in 2023

### 2. Priority Areas

- ① Eco Value Chain : 1) Mitigating GHG Emissions 2) Production with Minimal Environmental Impact
- ② Sustainable Product : 1) Use of Sustainable Materials 2) Development of Sustainable Technology
- ③ Responsible Engagement : 1) Valuable Supply Chain 2) Human Rights and Diversity Management  
3) Employee Care 4) Community Engagement

## Recognition by global media outlets



- Hankook was named one of the "World's Most Sustainable Companies of 2024" by the U.S. bi-weekly magazine "TIME" and global data and business intelligence platform "Statista"
- Hankook was named "Asia-Pacific Climate Leaders 2024" selected by the London-based international daily newspaper "The Financial Times" and Statista.
- Received positive evaluations in key criteria, highlighting its leading global ESG competitiveness



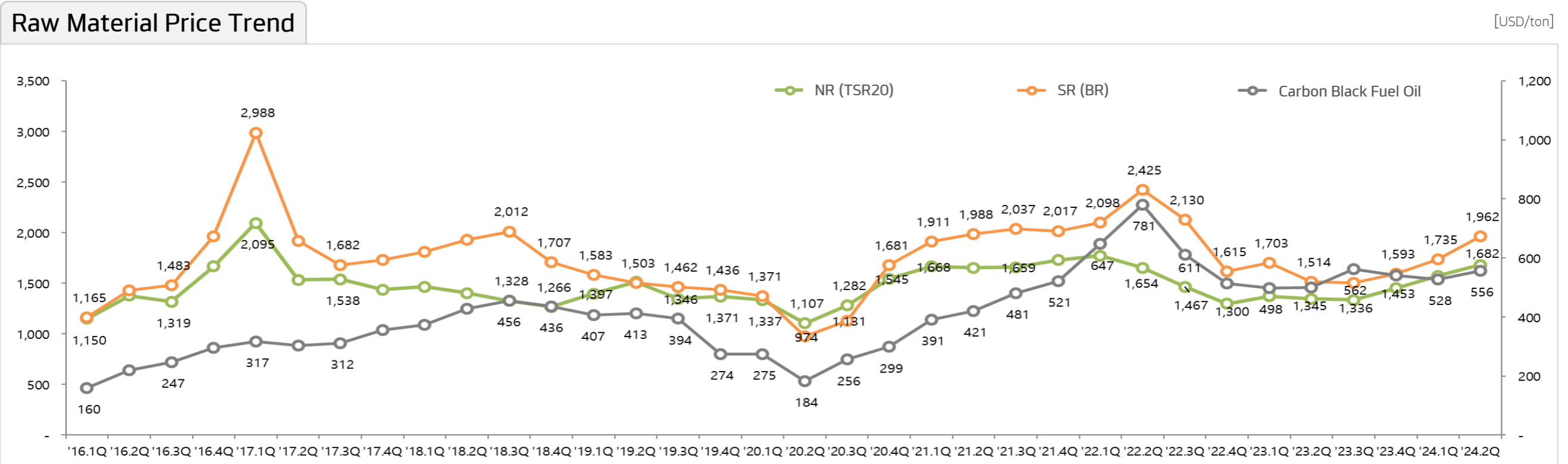
Hankook Tire & Technology



# IV. Appendix - Raw Material Trend



- N/R : After a low in 3Q 2023, SICOM TSR20 prices continued to rise until 2Q 2024, due to increased supply shortages from severe weather in Thailand and price hikes driven by the EU's Deforestation Regulation (EUDR). However, as supply issues ease and more companies prepare for EUDR, prices are expected to stabilize or may even show a slight decline in 2H 2024.
- S/R : Reduced supply from certain plant shutdowns in China has pushed up butadiene prices in Asia. In contrast, butadiene prices in America and Europe remained relatively flat due to sluggish market demand. However, supply cuts from certain producers may lead to a structural reduction in the global butadiene supply.
- C/B : Crude oil and FCC oil prices, which rose in '23 3Q, began to decline through Q1 2024 influenced by China's slow economic recovery and increased crude oil output from the US. However, in 2Q 2024, tensions in the Middle East and OPEC+ decisions to maintain production cuts pushed up oil prices higher. In 3Q 2024, prices are expected either remain flat or rise slightly due to reduced crude oil inventory in the US.



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 2Q		Diff.	
	Amt	%	Amt	%	금액	%
<b>Assets</b>	<b>127,633</b>	<b>100.0%</b>	<b>137,787</b>	<b>100.0%</b>	<b>10,154</b>	<b>8.0%</b>
<b>Current Assets</b>	<b>67,681</b>	<b>53.0%</b>	<b>72,863</b>	<b>52.9%</b>	<b>5,182</b>	<b>7.7%</b>
Cash and cash equivalents	22,439	17.6%	23,204	16.8%	765	3.4%
Short term financial assets	4,180	3.3%	5,262	3.8%	1,082	25.9%
Trade and other receivables	18,736	14.7%	19,350	14.0%	614	3.3%
Inventories	20,226	15.8%	22,093	16.0%	1,866	9.2%
Other current assets	2,100	1.6%	2,954	2.1%	855	40.7%
<b>Non-current Assets</b>	<b>59,952</b>	<b>47.0%</b>	<b>64,924</b>	<b>47.1%</b>	<b>4,972</b>	<b>8.3%</b>
Tangible, Intangible assets and Investment properties	40,818	32.0%	45,291	32.9%	4,472	11.0%
Investments in associates	11,170	8.8%	11,251	8.2%	81	0.7%
Other non-current assets	7,964	6.2%	8,382	6.1%	418	5.3%
<b>Liabilities</b>	<b>31,338</b>	<b>24.6%</b>	<b>33,254</b>	<b>24.1%</b>	<b>1,917</b>	<b>6.1%</b>
<b>Current Liabilities</b>	<b>22,844</b>	<b>17.9%</b>	<b>25,208</b>	<b>18.3%</b>	<b>2,364</b>	<b>10.3%</b>
<b>Non-Current Liabilities</b>	<b>8,494</b>	<b>6.7%</b>	<b>8,046</b>	<b>5.8%</b>	<b>-448</b>	<b>-5.3%</b>
<b>Shareholder's Equity</b>	<b>96,296</b>	<b>75.4%</b>	<b>104,533</b>	<b>75.9%</b>	<b>8,237</b>	<b>8.6%</b>

Debt	11,668	11,956
Net Debt	-17,955	-19,780

Liability Ratio	32.5%	31.8%
Net Worth to Assets	75.4%	75.9%
Net debt Ratio	Net Cash	Net Cash



## IV. Appendix - Consolidated I/S (2nd Quarter Results)



[100 Million KRW]

	2023 2Q		2024 1Q		2024 2Q		YoY	QoQ
	Amt	%	Amt	%	Amt	%	(%)	(%)
Sales	22,634	100.0%	21,273	100.0%	23,179	100.0%	2.4%	9.0%
COGS	16,174	71.5%	13,452	63.2%	14,833	64.0%	-8.3%	10.3%
Gross Profit	6,460	28.5%	7,821	36.8%	8,346	36.0%	29.2%	6.7%
SG&A	3,978	17.6%	3,833	18.0%	4,145	17.9%	4.2%	8.1%
<b>Operating Profit</b>	<b>2,482</b>	<b>11.0%</b>	<b>3,987</b>	<b>18.7%</b>	<b>4,200</b>	<b>18.1%</b>	<b>69.2%</b>	<b>5.3%</b>
Other non-operating income/expense	-75	-0.3%	597	2.8%	13	0.1%		
Financial income/cost	-151	-0.7%	157	0.7%	191	0.8%		
Equity-method gain(loss)	169	0.7%	-57	-0.3%				
Income before income tax	2,425	10.7%	4,685	22.0%	4,404	19.0%	81.6%	-6.0%
EBITDA	3,753	16.6%	5,216	24.5%	5,484	23.7%	46.1%	5.1%
Depreciation	1,271	5.6%	1,229	5.8%	1,283	5.5%	1.0%	4.5%

\* '24 2Q Investments in associates are currently included in Other non-operating income/expense and will be re-classified after the audit

## IV. Appendix - Consolidated I/S (1st Half Results)



[100 Million KRW]

	2023 1H		2024 1H		YoY (%)
	Amt	%	Amt	%	
Sales	43,675	100.0%	44,452	100.0%	1.8%
COGS	31,707	72.6%	28,285	63.6%	-10.8%
Gross Profit	11,969	27.4%	16,167	36.4%	35.1%
SG&A	7,577	17.3%	7,979	17.9%	5.3%
<b>Operating Profit</b>	<b>4,392</b>	<b>10.1%</b>	<b>8,188</b>	<b>18.4%</b>	<b>86.4%</b>
Other non-operating income/expense	-338	-0.8%	553	1.2%	
Financial income/cost	-572	-1.3%	348	0.8%	
Equity-method gain(loss)	191	0.4%			
Income before income tax	3,673	8.4%	9,089	20.4%	147.4%
EBITDA	6,933	15.9%	10,700	24.1%	54.3%
Depreciation	2,541	5.8%	2,512	5.7%	-1.2%

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