

2013 Hankook Tire

4th Quarter Result

2014.01.28

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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.

Financial Highlights

- 1. Hankook Tire 2013 4Q/2012 Results Review**
 - 1) Performance : Sales Breakdown, Production**
 - 2) Competitiveness : Production and Strategy**
 - 3) Stability : F/X, Raw Material Cost, Balance Sheet**
 - 2. Hankook Tire Outlook**
 - 3. Hankook Tire Worldwide 2013 4Q Review**
- Appendix.**

2013 4Q Global Business Results

[unit : 100 Mil KRW, %]

	<u>2012 4Q (A)</u>	<u>2013 3Q (B)</u>	<u>2013 4Q (C)</u>	<u>C/B</u>	<u>C/A</u>
Sales	17,007	18,014	17,086	94.8%	100.5%
COGS	11,413 <i>(67.1%)</i>	12,146 <i>(67.4%)</i>	11,011 <i>(64.4%)</i>	90.7%	96.5%
Operating Profit	2,224 <i>(13.1%)</i>	2,429 <i>(13.5%)</i>	2,548 <i>(14.9%)</i>	104.9%	114.6%
Ordinary Profit	2,058 <i>(12.1%)</i>	2,467 <i>(13.7%)</i>	2,370 <i>(13.9%)</i>	96.1%	115.1%
EBITDA	3,270 <i>(19.2%)</i>	3,614 <i>(20.1%)</i>	3,703 <i>(21.7%)</i>	102.5%	113.3%

※ IFRS, Consolidated Total

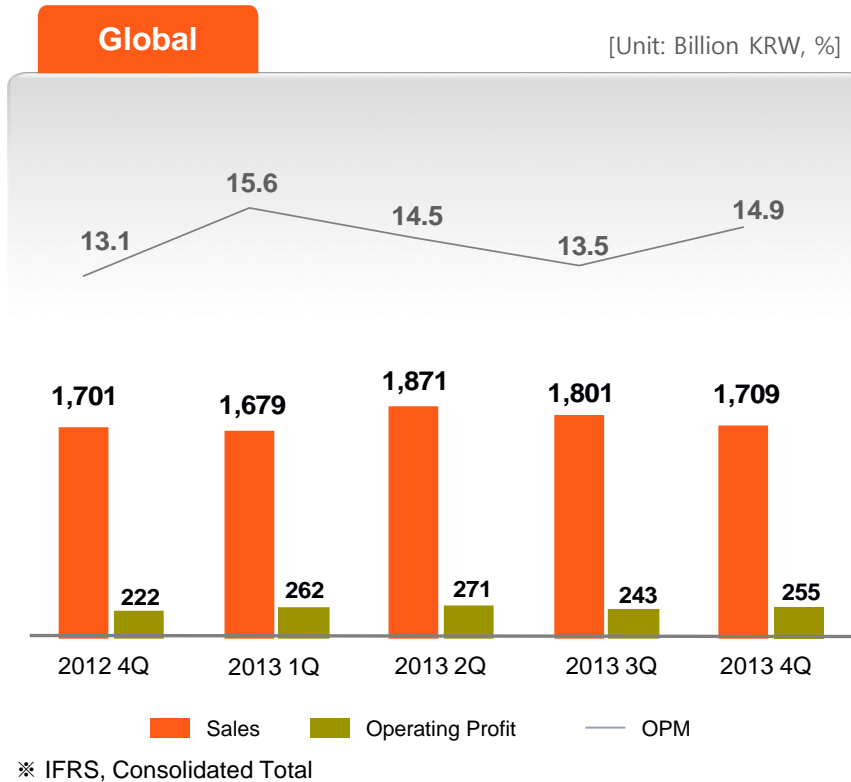
2013 Global Business Results

[unit : 100 Mil KRW, %]

	<u>2012 (A)</u>	<u>2013 (B)</u>	<u>B/A</u>
Sales	70,401	70,600	100.3%
COGS	48,905 <i>(69.5%)</i>	47,055 <i>(66.7%)</i>	96.2%
Operating Profit	9,188 <i>(13.1%)</i>	10,310 <i>(14.6%)</i>	112.2%
Ordinary Profit	8,890 <i>(12.6%)</i>	9,970 <i>(14.1%)</i>	112.1%
EBITDA	13,137 <i>(18.7%)</i>	14,804 <i>(21.0%)</i>	112.7%

※ ~Aug. 2012 : HKT before spin-off / Sep.2012 ~ Dec. 2012 HKT after spin-off, HKTWW not included
2012, 2013 IFRS, Consolidated Total

- Tire demand seems to recover in major markets, but QoQ revenue declined due to lower ASP and appreciation of KRW.



2013 4Q Review

New Car sales lead OE volume to increase, but QoQ sales decreased by intensified competition and stronger Won.

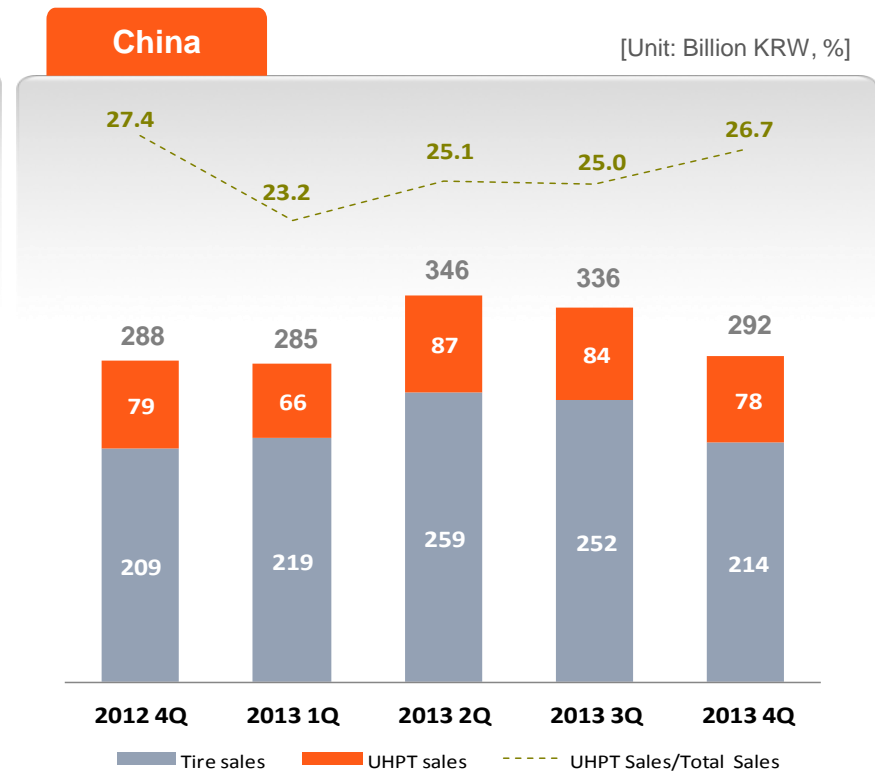
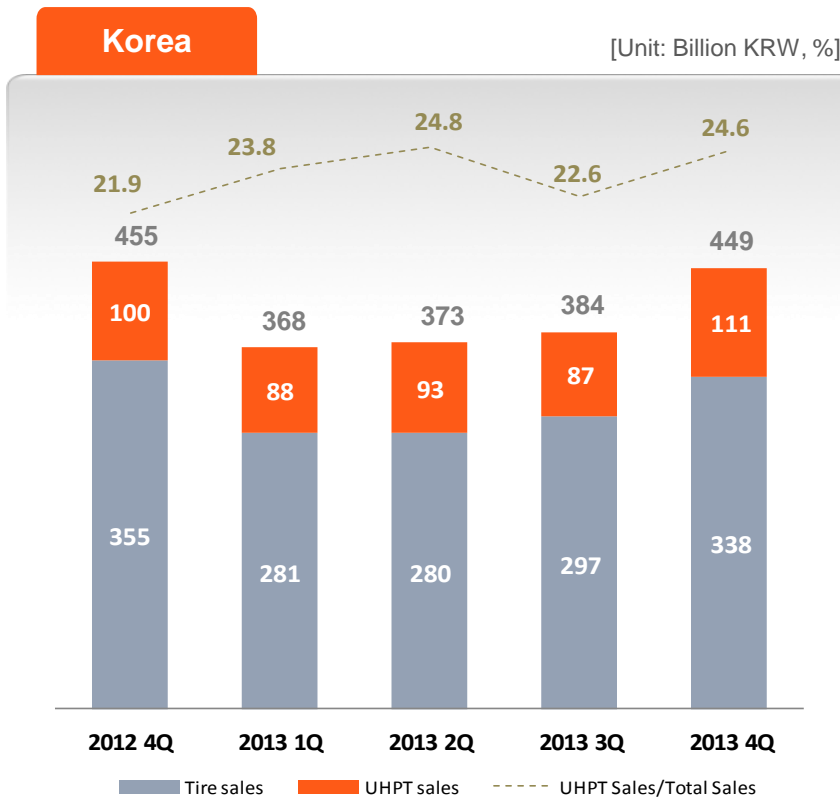
Raw material price was favorable to OP and OPM.

Volume increased YoY, but the stagnant total sales was caused by ASP cut due to lower raw material cost.

1. Hankooktire 2013 4Q Review

(1) Performance – Korea, China Sales Review

- Strong marketing performance and increase of winter tire demand boosted Korea's QoQ sales.
- Despite of OE sales increase, deepen competition in RE market dragged China sales down.



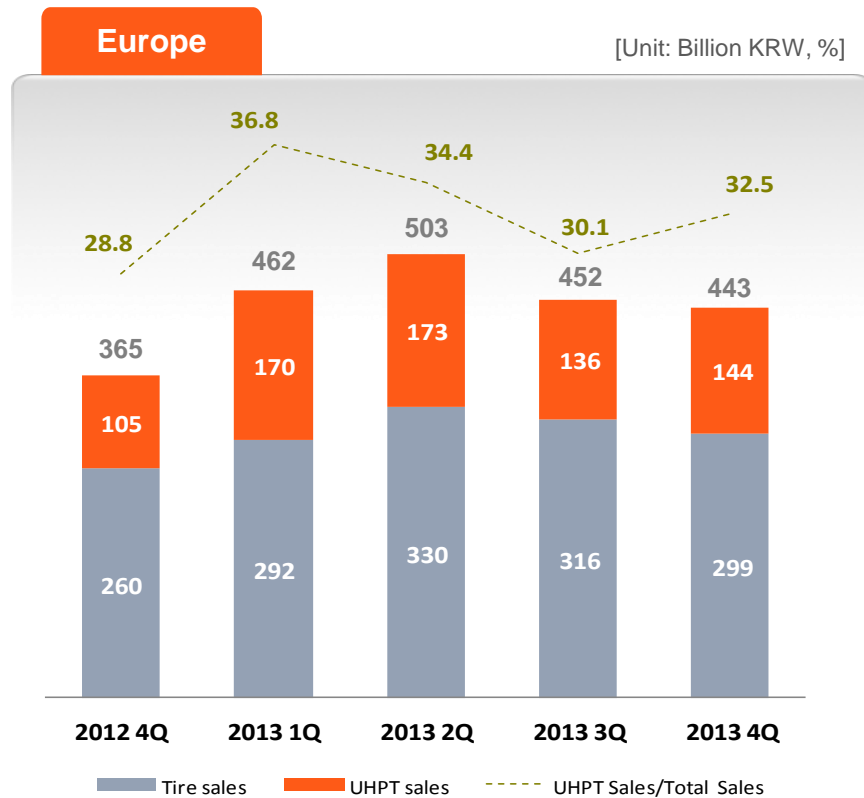
※ The sales and units were calculated by aggregating units sold by each production facility
EXP OE Sales included

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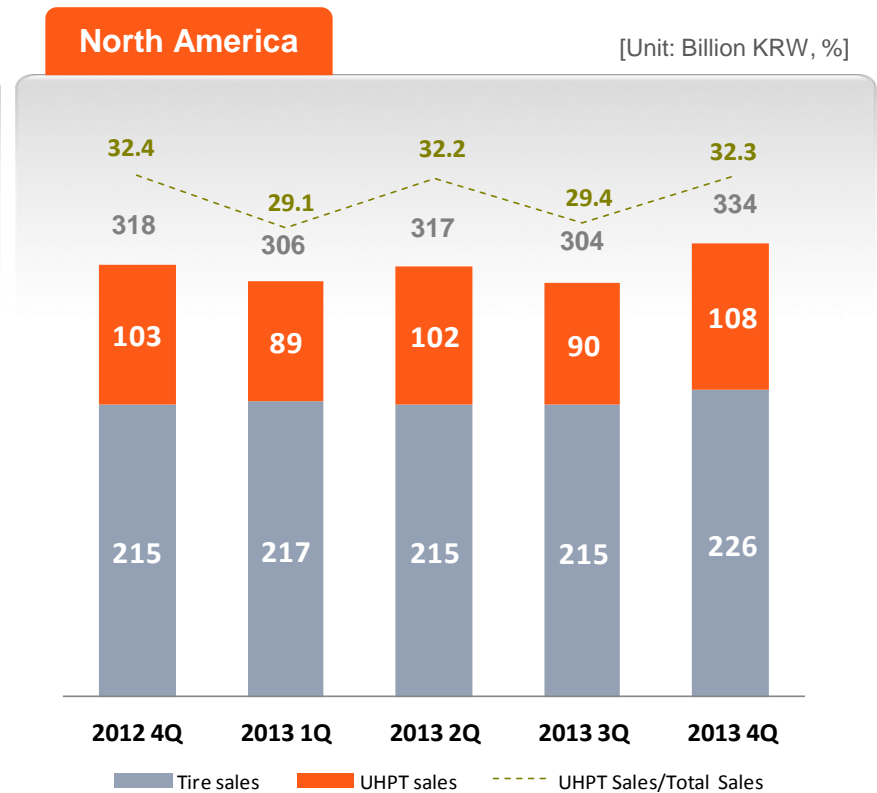
1. Hankook Tire 2013 4Q Review

(1) Performance – Europe, N.America Sales Review

- OE sales increased in QoQ and also YoY in Europe, on the other hand, RE demand is stagnant.
- Demand in N. America market seems to recover, HKT's QoQ, YoY sales also picked up with improvement in product mix.



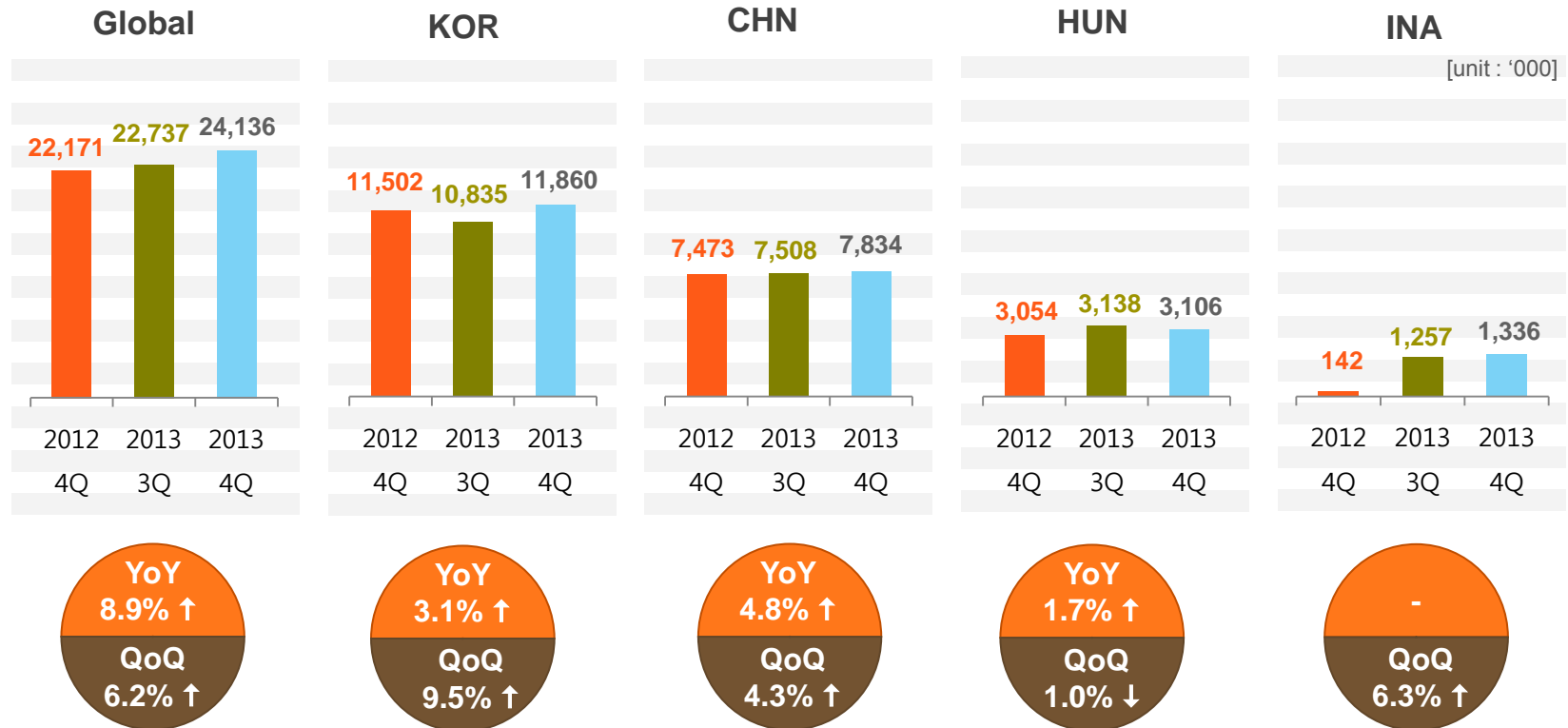
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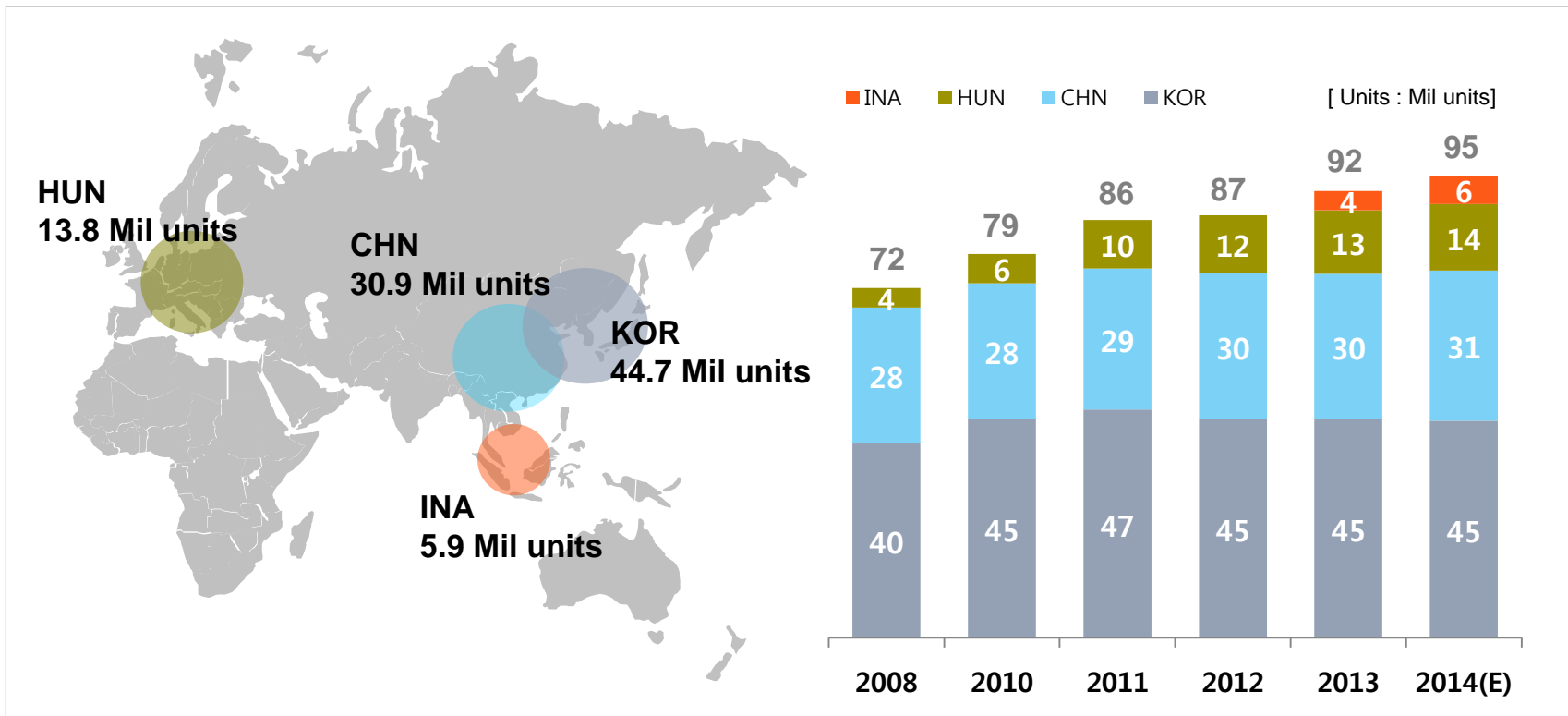
(2) Competitiveness - Production

- Capacity expansion from new plants and normalized working day in Korea and China increased global production on QoQ and YoY basis.



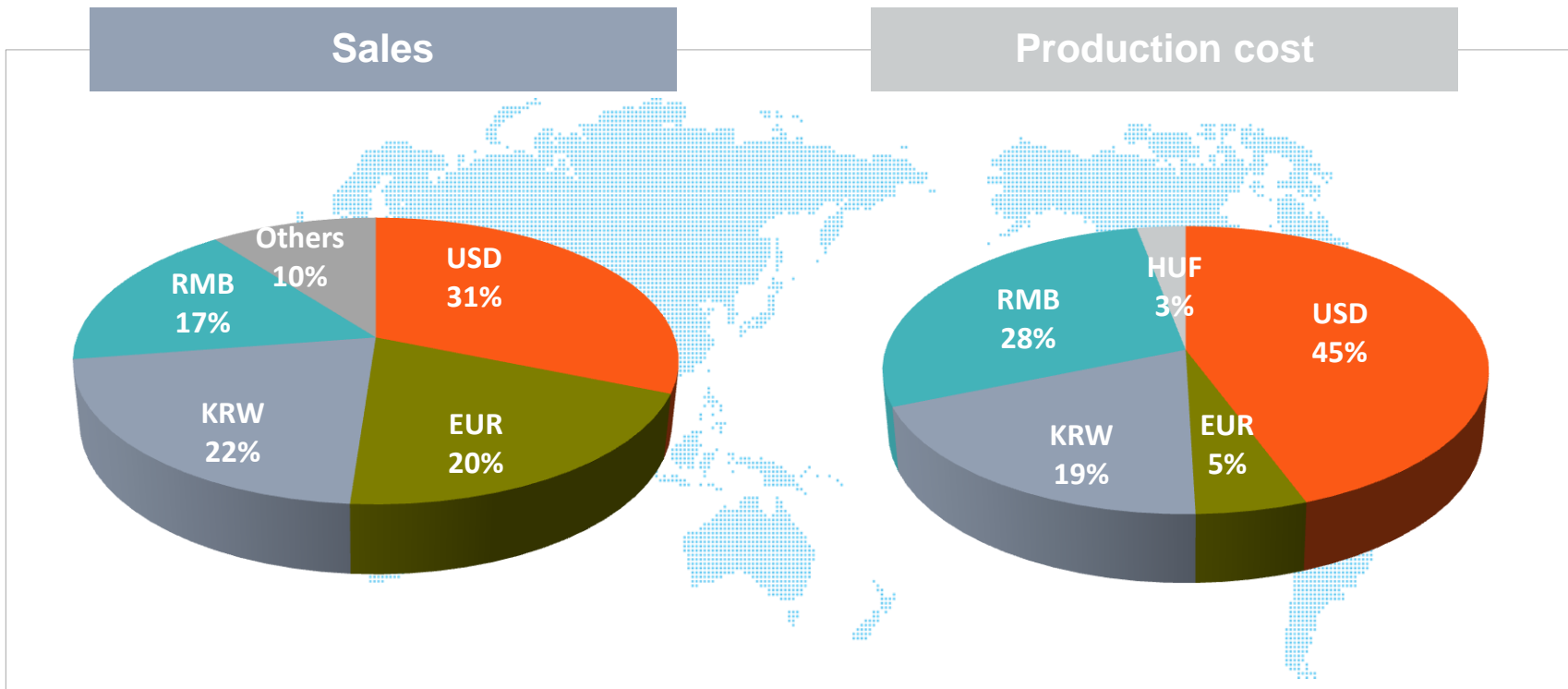
(2) Competitiveness

- Global production capacity for 2014 will reach to 95 mil.(E) units, with well balanced global production footprint.



(3) Stability - Sustainable Profitability notwithstanding F/X volatility

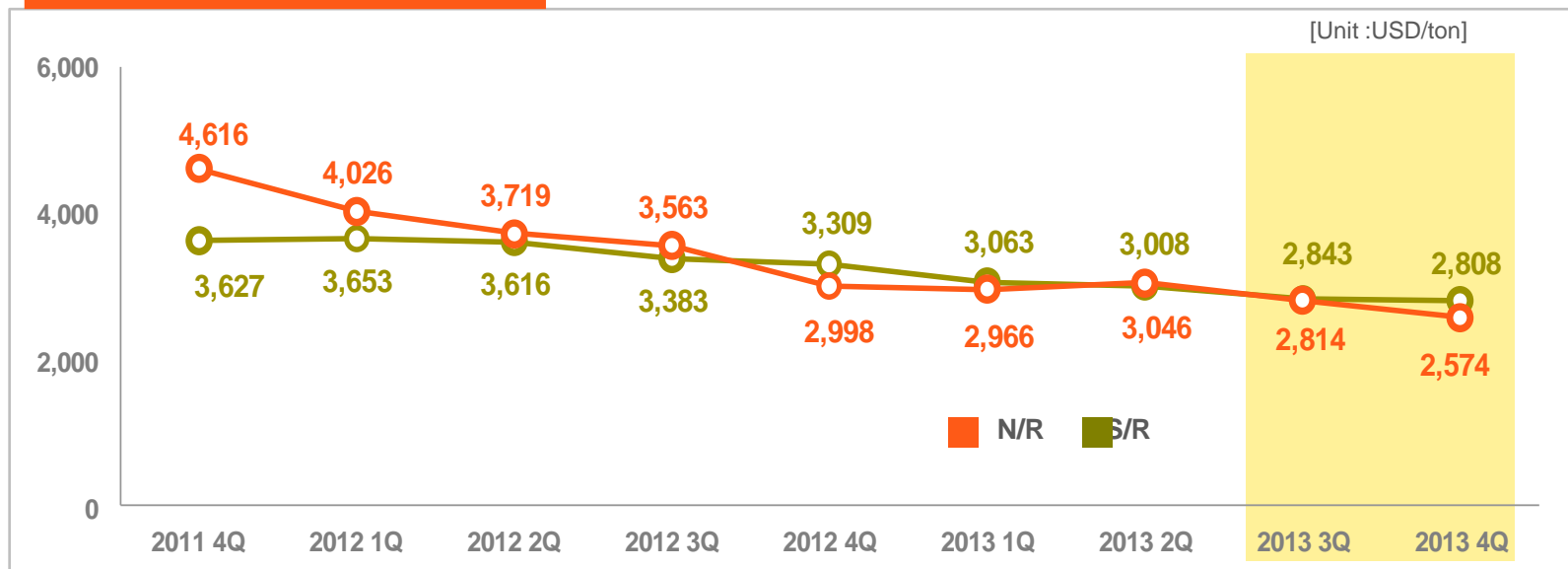
- Well-balanced currency portfolio makes our operating profit margin more stable and sustainable.



(3) Stability - Raw Material Cost

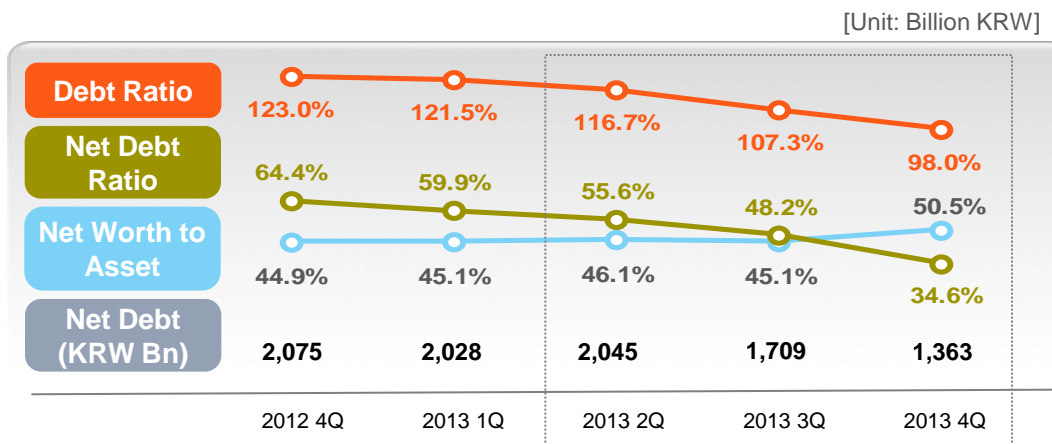
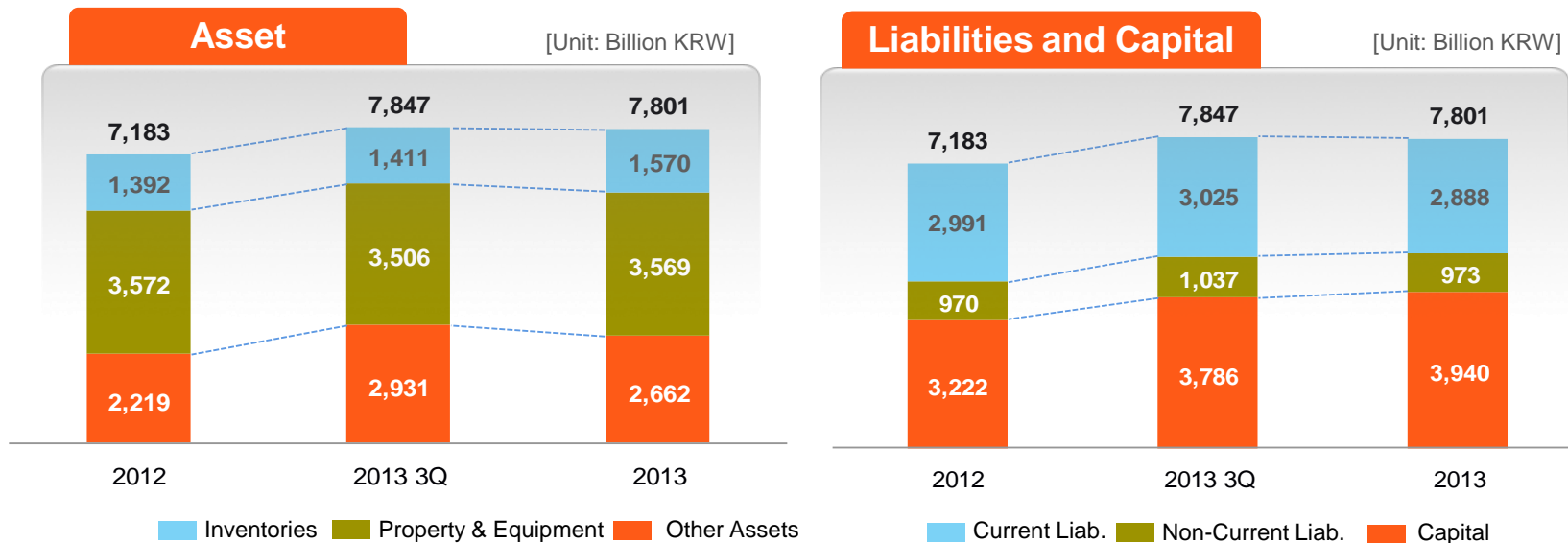
- **NR** : Increasing rubber demand accompanied by the economic recovery is likely to lead NR price to rebound during the year of 2014.
- **SR** : Price hike of BD will lift SR Price, and declining production of petrochemical companies will affect SR price movements.

Raw Material Cost Trend



* Average price, Korea only

(3) Stability - Consolidated Balance Sheet



(1) 2014 Guidance

Building Up a Balanced Global Footprint and Maintaining Steady Growth

- Stabilize newly-open plants and expand global production capacities simultaneously without any delays
- Optimize Multi Plant Global Supply Chain Management

Transforming to a Premium Brand

- Maximize our Brand Value by extension of premium OE partnership

Expanding our Sales Network

- Optimize and downstream our overseas retail channels
- Intensify our Sales Network in North America

2. Hankook Tire Outlook



(1) 2014 Guidance

[unit: 100 Mil KRW,%]

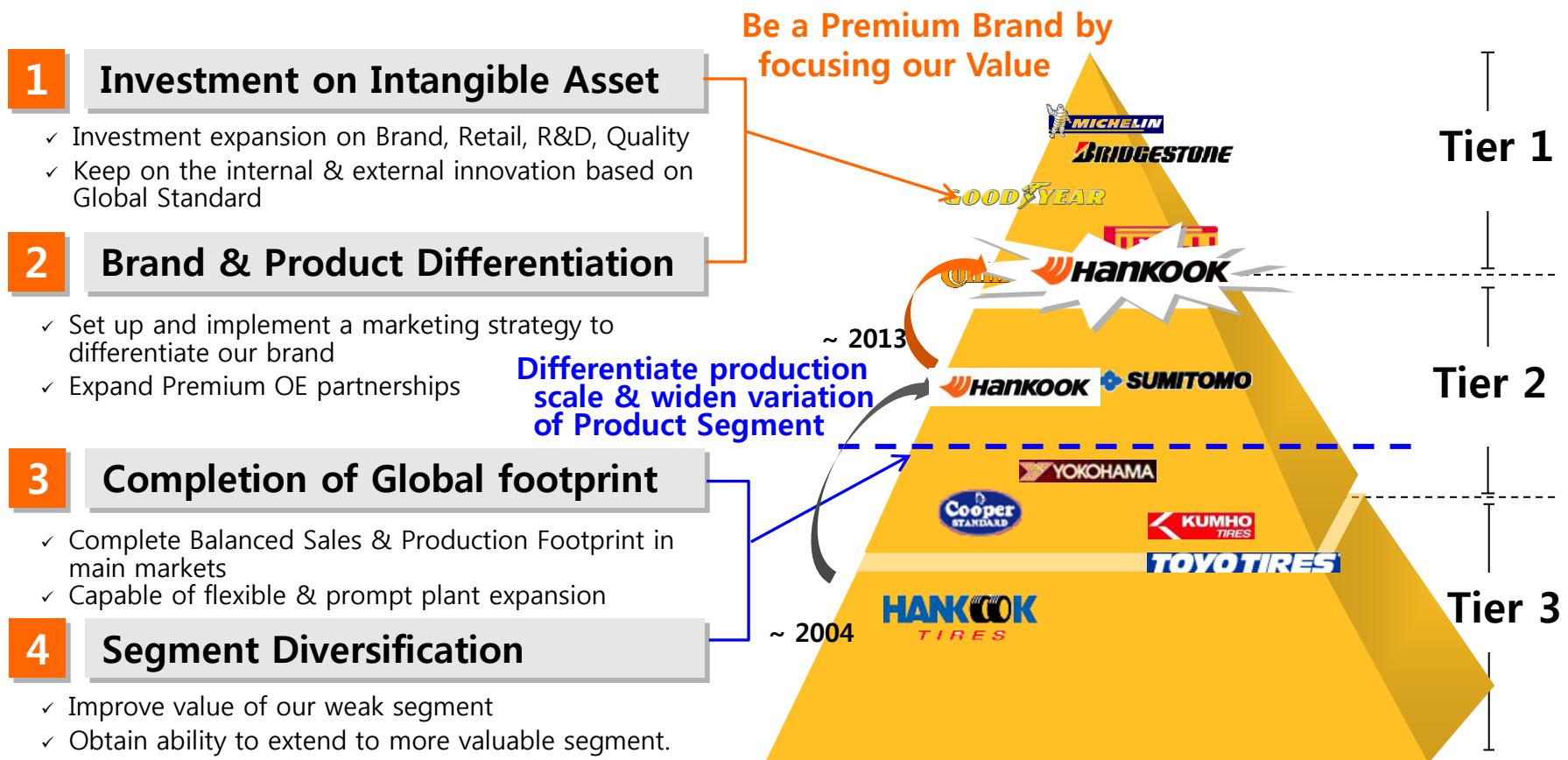
Global	2013 (A)	2014 Target (B)	B/A
Sales	70,600	77,415	109.7%
COGS	47,055	50,917	108.2%
COGS(%)	66.7%	65.8%	
Gross Profit	23,545	26,498	112.5%
SG&A	13,235	15,698	118.6%
Operating Profit	10,310	10,800	104.8%
OP(%)	14.6%	14.0%	

※ Consolidated Total

2. Hankook Tire Outlook

(2) Medium and Long-Term Targets

- Select four strategic pillars to be Global Top-Tier Company.
- Nurture our strengths and make up for the weaknesses in the industry.

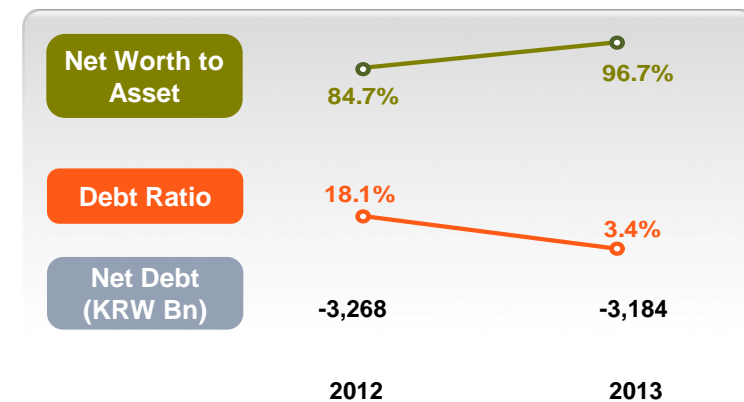


3. Hankook Tire Worldwide 2013 4Q Review



Balance Sheet		KRW 100 mil.	
	2012	2013	
Current Assets	5,220	4,350	
Cash / Cash equivalents	854	709	
Account Receivables	2,155	2,260	
Non-current Assets	4,523	19,255	
Intangibles	315	312	
Investments in Associates	2,900	182	
Property, plant and equipment	974	17,869	
Total Assets	9,743	23,605	
Current Liabilities	844	115	
Non-current Liabilities	646	671	
Total Liabilities	1,490	786	
Total Shareholders' equity	8,253	22,819	

Income Statement			KRW 100 mil.	
	2013 3Q	2013 4Q		
Operating Revenue	605	581		
Brand Royalty	107	109		
Equity Method Income	445	403		
Other Income	53	70		
Operating Expenses	80	107		
Operating Profit	525	474		
Income Before Income Tax	935	522		



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Appendix. F/S – Consolidated B/S

[unit: 100 Mil KRW]

	2012		2013		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	71,824	100.0%	78,009	100.0%	6,185	8.6%
Current Assets	33,369	46.5%	39,214	50.3%	5,845	17.5%
cashable assets	6,207	8.6%	11,678	15.0%	5,471	88.1%
Accounts receivable	11,844	16.5%	9,926	12.7%	-1,918	-16.2%
Inventories	13,917	19.4%	15,700	20.1%	1,783	12.8%
Non-current Assets	38,456	53.5%	38,795	49.7%	339	0.9%
Tangible assets	35,716	49.7%	35,692	45.8%	-24	-0.1%
Liabilities	39,610	55.1%	38,615	49.5%	-995	-2.5%
Current Liabilities	29,911	41.6%	28,881	37.0%	-1,030	-3.4%
Non-Current Liabilities	9,699	13.5%	9,733	12.5%	34	0.4%
Shareholders' Equity	32,215	44.9%	39,394	50.5%	7,180	22.3%
Debt	26,955		25,322			
Net debt	20,748		13,643			
Debt Ratio		123.0%		98.0%		
Net Worth to Assets		44.9%		50.5%		

[unit: 100 Mil KRW]

	2012		2013		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	43,755	100.0%	46,467	100.0%	2,718	6.2%
Current Assets	19,942	45.6%	22,788	49.0%	2,852	14.3%
cashable assets	3,004	6.9%	8,004	17.2%	3,300	70.2%
Account receivable	10,576	24.2%	9,950	21.4%	-713	-6.7%
Inventories	4,430	10.1%	4,552	9.8%	122	2.7%
Non-current Assets	23,813	54.4%	23,679	51.0%	-134	-0.6%
Tangible assets	14,731	33.7%	14,852	32.0%	-265	-1.8%
Liabilities	16,983	38.8%	15,533	33.4%	-1,730	-10.0%
Current Liabilities	14,192	32.4%	12,618	27.2%	-1,815	-12.6%
Non-Current Liabilities	2,791	6.4%	2,914	6.3%	85	3.0%
Shareholders' Equity	26,772	61.2%	30,934	66.6%	4,447	16.8%
Debt	9,304		8,404			
Net debt	4,612		84			
Debt Ratio		65.2%		50.2%		
Net Worth to Assets		60.5%		66.6%		

[unit : 100 Mil RMB]

	2012		2013		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	16,230	100.0%	17,743	100.0%	1,513	9.3%
Current Assets	6,604	40.7%	7,860	44.3%	1,256	19.0%
Account receivable	4,334	26.7%	5,234	29.5%	900	20.8%
Inventories	1,649	10.2%	1,539	8.7%	-111	-6.7%
Non-current Assets	9,625	59.3%	9,883	55.7%	257	2.7%
Tangible assets	7,834	48.3%	7,648	43.1%	-186	-2.4%
Liabilities	10,024	61.8%	10,259	57.8%	235	2.3%
Current Liabilities	8,783	54.1%	8,688	49.0%	-95	-1.1%
Non-Current Liabilities	1,241	7.6%	1,571	8.9%	330	26.6%
Shareholders' Equity	6,206	38.2%	7,484	42.2%	1,278	20.6%

[unit : 100 Mil HUF]

	2012		2013		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	242,813	100.0%	262,384	100.0%	19,572	8.1%
Current Assets	145,593	60.0%	164,526	62.7%	18,933	13.0%
Account receivable	60,590	25.0%	58,792	22.4%	-1,798	-3.0%
Inventories	34,185	14.1%	25,580	9.7%	-8,605	-25.2%
Non-current Assets	97,219	40.0%	97,858	37.3%	639	0.7%
Tangible assets	97,179	40.0%	97,814	37.3%	635	0.7%
Liabilities	173,692	71.5%	162,797	62.0%	-10,895	-6.3%
Current Liabilities	126,357	52.0%	130,441	49.7%	4,084	3.2%
Non-Current Liabilities	47,335	19.5%	32,356	12.3%	-14,979	-31.6%
Shareholders' Equity	69,121	28.5%	99,587	38.0%	30,467	44.1%

[unit : K USD]

	2012		2013		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	369,160	100.0%	401,842	559.5%	32,682	8.9%
Current Assets	71,989	19.5%	86,723	120.7%	14,734	20.5%
Cashable assets	24,268	6.6%	3,444	4.8%	-20,823	-85.8%
Account receivable	2,285	0.6%	14,477	20.2%	12,192	533.6%
Inventories	16,347	4.4%	41,281	57.5%	24,933	152.5%
Non-current Assets	297,171	80.5%	315,119	438.7%	17,948	6.0%
Tangible assets	294,591	79.8%	309,145	430.4%	14,554	4.9%
Liabilities	254,786	69.0%	285,205	397.1%	30,419	11.9%
Current Liabilities	34,629	9.4%	64,229	89.4%	29,600	85.5%
Non-Current Liabilities	220,157	59.6%	220,976	307.7%	819	0.4%
Shareholders' Equity	114,374	31.0%	116,637	162.4%	2,263	2.0%

Appendix. F/S – Consolidated I/S (IFRS)

[unit: 100 Mil KRW]

	2012 4Q		2013 3Q		2013 4Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	17,007	100.0%	18,014	100.0%	17,086	100.0%	0.5%	-5.2%
COGS	11,413	67.1%	12,146	67.4%	11,011	64.4%	-3.5%	-9.3%
Gross Profit	5,595	32.9%	5,868	32.6%	6,075	35.6%	8.6%	3.5%
SG&A	3,371	19.8%	3,439	19.1%	3,527	20.6%	4.6%	2.5%
Operating Profit	2,224	13.1%	2,429	13.5%	2,548	14.9%	14.6%	4.9%
Other Revenue	737	4.3%	715	4.0%	360	2.1%	-51.2%	-49.7%
Other Expense	614	3.6%	484	2.7%	425	2.5%	-30.8%	-12.3%
Financial Revenue	77	0.5%	76	0.4%	128	0.7%	65.6%	68.6%
Financial Expense	365	2.1%	269	1.5%	241	1.4%	-33.9%	-10.4%
Income Before Income Tax	2,058	12.1%	2,467	13.7%	2,370	13.9%	15.1%	-3.9%
E B I T D A	3,270	19.2%	3,614	20.1%	3,703	21.7%	13.3%	2.5%
Depreciation	1,046	6.1%	1,185	6.6%	1,155	6.8%	10.4%	-2.6%

Appendix. F/S – Korea I/S (IFRS)

[unit: 100 Mil KRW]

	2012 4Q		2013 3Q		2013 4Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	10,263	100.0%	9,078	100.0%	10,093	100.0%	-1.7%	11.2%
COGS	7,176	69.9%	6,399	70.5%	6,850	67.9%	-4.5%	7.0%
Gross Profit	3,087	30.1%	2,679	29.5%	3,243	32.1%	5.1%	21.1%
SG&A	2,071	20.2%	1,938	21.3%	2,088	20.7%	0.8%	7.7%
Operating Profit	1,016	9.9%	741	8.2%	1,155	11.4%	13.7%	55.9%
Other Revenue	921	9.0%	822	9.0%	772	7.7%	-16.2%	-6.0%
Other Expense	417	4.1%	341	3.8%	276	2.7%	-33.8%	-19.0%
Financial Revenue	69	0.7%	119	1.3%	33	0.3%	-52.7%	-72.4%
Financial Expense	181	1.8%	178	2.0%	101	1.0%	-44.2%	-43.0%
Income Before Income Tax	1,409	13.7%	1,163	12.8%	1,583	15.7%	12.4%	36.1%
E B I T D A	1,504	14.7%	1,295	14.3%	1,679	16.6%	11.6%	29.7%
Depreciation	488	4.8%	554	6.1%	524	5.2%	7.4%	-5.4%

Appendix. F/S – China I/S (IFRS)

[unit : 100 Mil RMB]

	2012 4Q		2013 3Q		2013 4Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	25.94	100.0%	28.58	100.0%	27.59	100.0%	6.4%	-3.5%
COGS	19.24	74.2%	20.89	73.1%	19.39	70.3%	0.8%	-7.2%
Gross Profit	6.70	25.8%	7.69	26.9%	8.20	29.7%	22.5%	6.6%
SG&A	3.87	14.9%	4.90	17.1%	4.88	17.7%	26.1%	-0.4%
Operating Profit	2.83	10.9%	2.80	9.8%	3.32	12.0%	17.5%	18.8%
Other Revenue	0.43	1.7%	1.39	4.9%	0.69	2.5%	60.5%	-50.4%
Other Expense	0.44	1.7%	0.65	2.3%	0.57	2.1%	29.5%	-12.3%
Financial Revenue	0.82	3.2%	0.70	2.4%	0.89	3.2%	8.5%	27.1%
Financial Expense	1.11	4.3%	1.10	3.8%	1.06	3.8%	-4.5%	-3.6%
Income Before Income Tax	2.53	9.8%	3.14	11.0%	3.27	11.9%	29.5%	4.3%
E B I T D A	4.59	17.7%	4.62	16.2%	5.18	18.8%	14.5%	12.0%
Depreciation	1.76	6.8%	1.82	6.4%	1.85	6.7%	9.4%	1.6%

Appendix. F/S – Hungary I/S (IFRS)

[unit : 100 Mil HUF]

	2012 4Q		2013 3Q		2013 4Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	356.83	100.0%	414.84	100.0%	392.05	100.0%	9.9%	-5.5%
COGS	251.00	70.3%	294.34	71.0%	281.04	71.7%	12.0%	-4.5%
Gross Profit	105.84	29.7%	120.50	29.0%	111.01	28.3%	4.9%	-7.9%
SG&A	44.16	12.4%	44.83	10.8%	42.57	10.9%	-3.6%	-5.0%
Operating Profit	61.68	17.3%	75.67	18.2%	68.44	17.5%	11.0%	-9.6%
Other Revenue	22.67	6.4%	10.34	2.5%	4.30	1.1%	-81.3%	-58.4%
Other Expense	9.83	2.8%	1.21	0.3%	5.70	1.5%	-44.1%	372.0%
Financial Revenue	-17.01	-4.8%	1.29	0.3%	4.33	1.1%	-137.2%	236.7%
Financial Expense	13.27	3.7%	13.59	3.3%	5.70	1.5%	-69.4%	-58.1%
Income Before Income Tax	44.24	12.4%	72.50	17.5%	65.67	16.8%	48.5%	-9.4%
EBITDA	107.53	30.1%	122.43	29.5%	115.19	29.4%	7.6%	-5.9%
Depreciation	45.85	12.8%	46.76	11.3%	46.74	11.9%	3.0%	0.0%

Appendix. F/S – Indonesia I/S (IFRS)

[unit : K USD]

	2012 4Q		2013 3Q		2013 4Q		QoQ (%)
	금액	%	Amt.	%	Amt.	%	
Sales	5,321	100.0%	64,649	100.0%	62,097	100.0%	-3.9%
COGS	9,339	175.5%	48,214	74.6%	41,756	67.2%	-13.4%
Gross Profit	-4,018	-75.5%	16,435	25.4%	20,341	32.8%	23.8%
SG&A	2,569	48.3%	11,797	18.2%	11,014	17.7%	-6.6%
Operating Profit	-6,586	-123.8%	4,639	7.2%	9,326	15.0%	101.1%
Other Revenue	164	3.1%	1,132	1.8%	446	0.7%	-60.6%
Other Expense	479	9.0%	3,578	5.5%	1,298	2.1%	-63.7%
Financial Revenue	-248	-4.7%	-825	-1.3%	106	0.2%	-112.9%
Financial Expense	-3,288	-61.8%	364	0.6%	1,772	2.9%	386.4%
Income Before Income Tax	-3,862	-72.6%	1,004	1.6%	6,809	11.0%	578.1%
E B I T D A	-4,860	-91.3%	10,504	16.2%	14,492	23.3%	38.0%
Depreciation	1,727	32.5%	5,865	9.1%	5,166	8.3%	-11.9%