

Exclusive Tire for Electric Vehicles *ION*



2023 3Q Financial Results

Nov 1, 2023

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.

- I. Financial Results
- II. Business Highlights
- III. 2023 3rd Quarter Results
- IV. 2023 Outlook - Updated
- V. Appendix

2023 3rd Quarter Results (Consolidated)

[100 Million KRW, %]	2022 3Q	2023 2Q	2023 3Q	YoY	QoQ
Sales	22,997	22,635	23,401	+1.8%	+3.4%
COGS	17,492 <i>(76.1%)</i>	16,174 <i>(71.5%)</i>	15,596 <i>(66.6%)</i>	-10.8%	-3.6%
Operating Profit	1,924 <i>(8.4%)</i>	2,482 <i>(11.0%)</i>	3,964 <i>(16.9%)</i>	+106.0%	+59.7%
Ordinary Profit	3,023 <i>(13.1%)</i>	2,425 <i>(10.7%)</i>	3,999 <i>(17.1%)</i>	+32.3%	+64.9%
EBITDA	3,251 <i>(14.1%)</i>	3,753 <i>(16.6%)</i>	5,227 <i>(22.3%)</i>	+60.8%	+39.3%

II. Business Highlights



Market Environment

- The PCLT tire market showed steady demand, despite the slight decrease in car production affecting the OE market, the RE market showed improvement in demand excluding winter tires in Europe
- The TB tire market faced more challenges with high inventory levels in distribution and soft demand

Sales Performance

- 2023 3Q revenue grew +1.8% YoY, driven by higher volumes and favorable product mix
- Global OE sales increased due to strong sales in major markets such as Europe and North America despite slower sales in China and Korea
- Global RE sales increased due to stabilizing inventory levels and strong sales of All-Weather tires in Europe
- Operating margins showed strong rebound on lower freight costs and raw material price

Business Highlights

- Sales ratio of ≥ 18 inches within PCLT increased 43.4% up 2.3%p YoY
- Introduction of New technology system for EV-exclusive tire brand 'iON'
 - ⇒ 'iON Innovative Technology consists of four core technologies with 58 commercialized patent technologies of iON
- Received SBTi approval for Green house gas reduction target
 - ⇒ Approval for near-term 2030 greenhouse gas reduction goals and net-zero target by 2050, accelerating the road to '2050 Carbon Neutrality Roadmap'

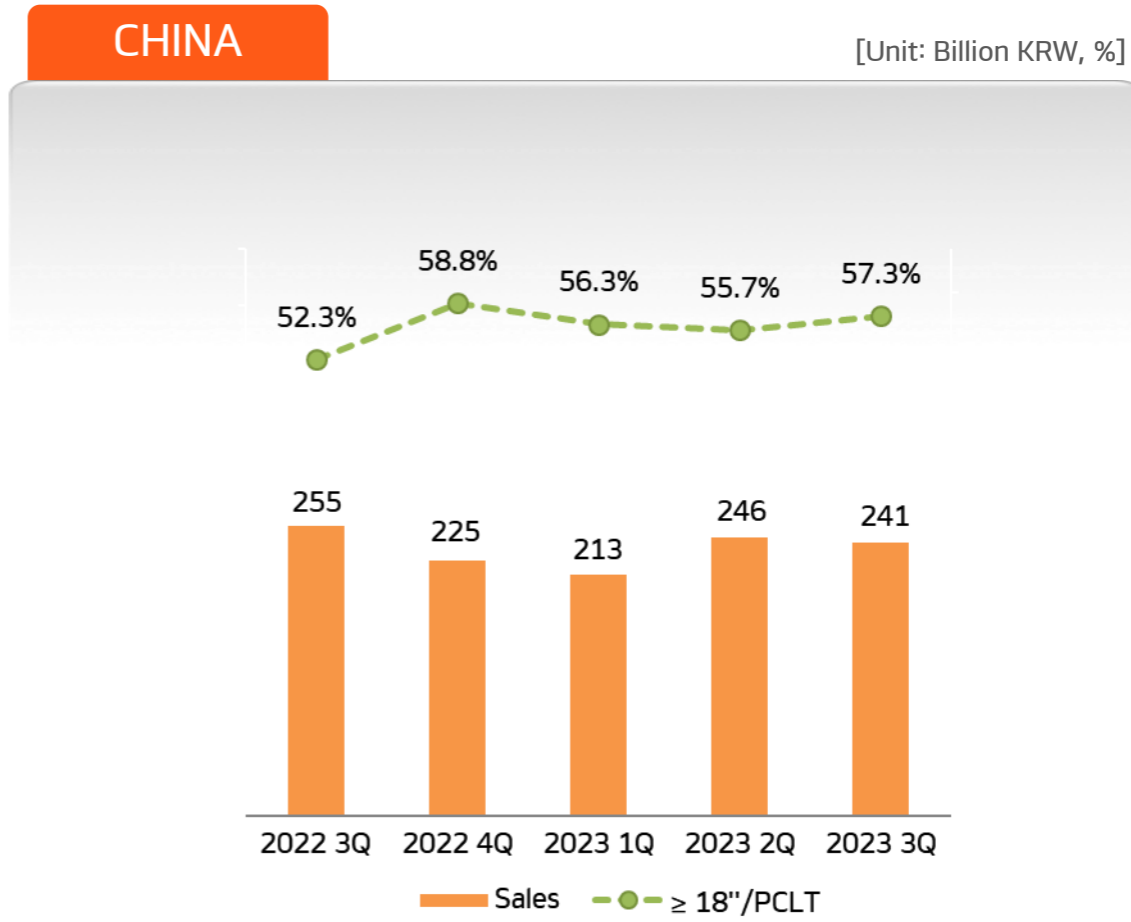
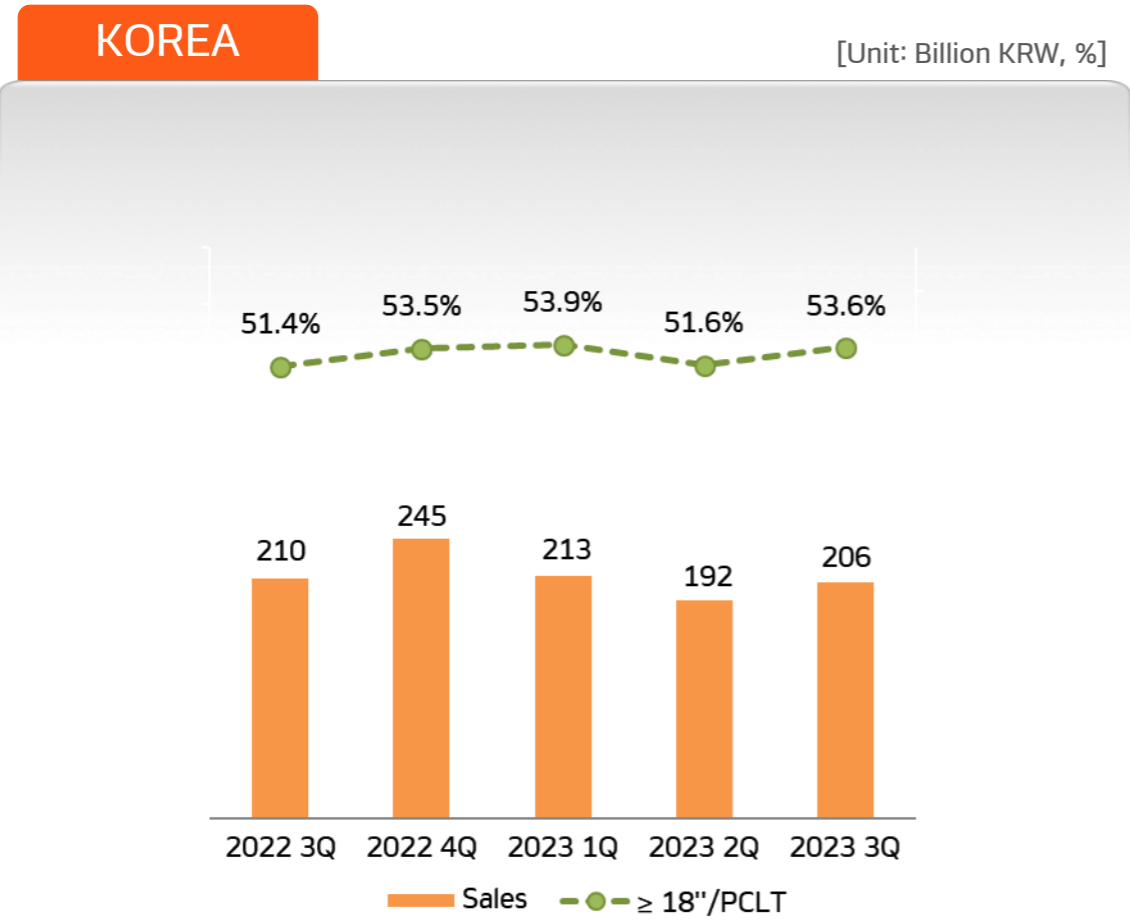
II. Business Highlights

Tennessee Plant Expansion Update

<p>Expansion Plans</p>	<ul style="list-style-type: none"> Estimated Investment Amount : USD 1,575 Mil. Scale of Expansion : PCLT approx. 16,000 units per day, TBR approx. 3,000 units per day Full-scale operation by 2026 	<p>Capital Increase</p>	<ul style="list-style-type: none"> Approval of capital increase of USD 150 million, with issuance of new shares for Hankook Tire America Corp. in order to finance the Tennessee Plant expansion Main CAPEX will start Nov. 2023 Priority use of internal funding due to current interest market conditions
------------------------	---	-------------------------	--

<p>Rationale</p>	<p>Market Demand</p>	<p>Risk Management</p>	<p>Opportunity</p>
	<ul style="list-style-type: none"> Increasing production capacity to improve market position and actively respond to global tire market growth Capture advantages of economies of scale 	<ul style="list-style-type: none"> Operating a balanced production portfolio with increased local supply Hedging risk regarding increasing trade barriers 	<ul style="list-style-type: none"> Improving brand equity in the US Increasing OE business opportunities by securing a stable supply chain for the North American market

III. 2023 3rd Quarter Results - Regional Performance (1/2)



- Increased sales of premium products and better market conditions led to improved RE sales
- OE sales declined with lower car production and termination of consumption tax cut on passenger cars

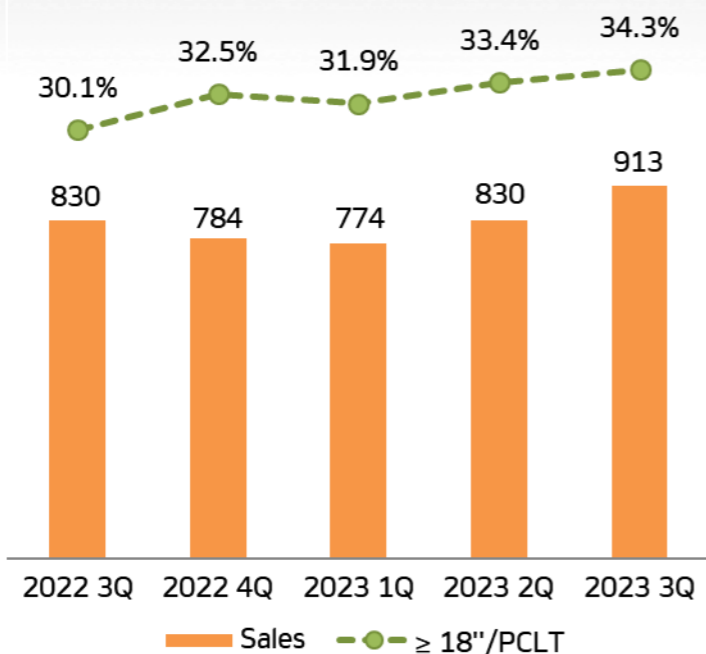
- While PCLT RE sales increased, the decrease in TB RE sales led to an overall decline in RE revenue
- Reduced car production and discontinuation of EV subsidies impacted OE sales

III. 2023 3rd Quarter Results - Regional Performance (2/2)



EUROPE

[Unit: Billion KRW, %]

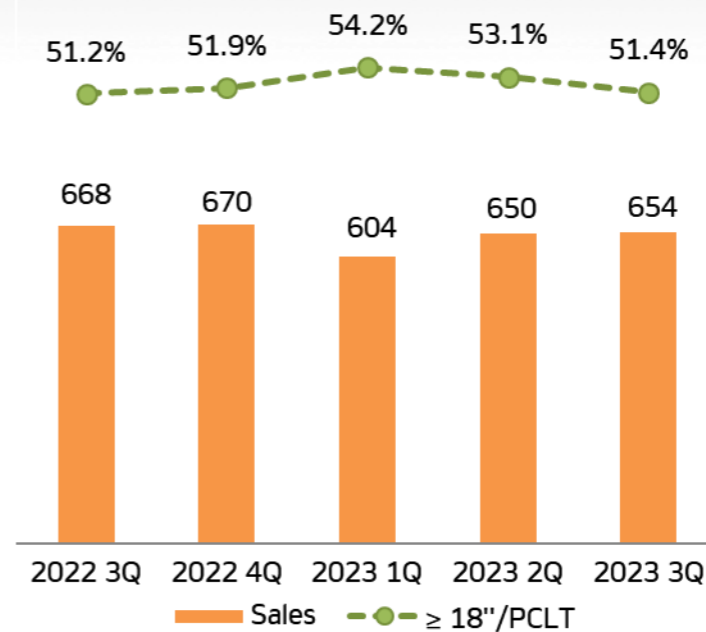


- RE sales outperformed the market demand with strong sales of All-Weather tires
- OE sales increased with higher car production

N.AMERICA

[Unit: Billion KRW, %]

(* Including Mexico OE)



- While PCLT RE sales increased with favorable economic conditions, TB RE sales decreased due to high inventory level in distribution
- OE sales continued recovery with increase of new vehicle purchase

Sales Growth (Maintain)

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

Product Mix (Maintain)

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

2023
Target

EV Tires (Updated)

- Sales ratio of EV tires within PCLT OE
2023 target over 15%
 - ▷ Former 2023 Target of 20% lowered due to EV production adjustments

CAPEX (Updated)

- Anticipated CAPEX approximately
500 billion KRW
 - ▷ Former target around 1 trillion lowered due to less modernization costs of Daejeon plant and deferral of Tennessee plant expansion costs



Hankook Tire & Technology

2023 9M Results (Consolidated)

[100 Million KRW, %]	2022 9M	2023 9M	YoY
Sales	61,304	67,076	+9.4%
COGS	46,253 <i>(75.4%)</i>	47,302 <i>(70.5%)</i>	+2.3%
Operating Profit	4,938 <i>(8.1%)</i>	8,355 <i>(12.5%)</i>	+69.2%
Ordinary Profit	8,044 <i>(13.1%)</i>	7,672 <i>(11.4%)</i>	-4.6%
EBITDA	8,953 <i>(14.6%)</i>	12,160 <i>(18.1%)</i>	+35.8%

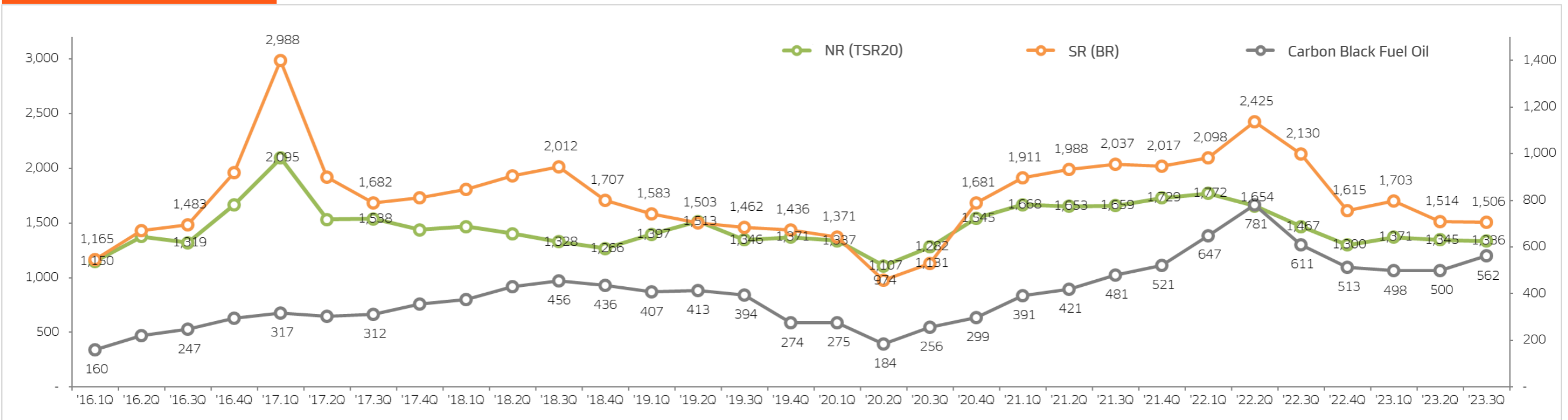
V. Appendix - Raw Material Trend



- N/R : SICOM TSR20 prices have been trading range in 1H 2023, with normalized freight costs and slow demand from major regions
 Due to speculations, concerns of decreasing rubber production and oil price rise amid Middle East tensions prices have soared in late August and early October, but as there are faint signs of actual increase in demand, N/R prices are expected to show temporary fluctuation and then move sideways
- S/R : Due to the weak global demand, the S/R market has been experiencing a declining trend since '22 2Q. Unlike US and Europe which shown continuous downtrend, Asia prices have been showing large fluctuations. After a slight rise in '23 1Q, BD prices bottomed in June and showed a strong rebound in '23 3Q.
 In '23 4Q prices are expected to show a more gradually increasing trend.
- 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.
 With OPEC+ production cuts prices showed slight rebound in '23 2Q, FCC oil prices soared over 12%, with skyrocketing oil prices.

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

V. Appendix - Consolidated B/S



[100 Million KRW]

	2022		2023 3Q		Diff.	
	Amt	%	Amt	%	Amt	%
Assets	125,814	100.0%	128,333	100.0%	2,519	2.0%
Current Assets	64,363	51.2%	66,709	52.0%	2,346	3.6%
Cash and cash equivalents	11,394	9.1%	18,385	14.3%	6,991	61.3%
Short-term financial assets	5,948	4.7%	3,619	2.8%	-2,329	-39.2%
Trade and other receivables	17,101	13.6%	20,323	15.8%	3,222	18.8%
Inventories	24,496	19.5%	21,246	16.6%	-3,250	-13.3%
Other current assets	5,424	4.3%	3,136	2.4%	-2,288	-42.2%
Non-current Assets	61,451	48.8%	61,624	48.0%	173	0.3%
Tangible, Intangible assets and Investment properties	40,554	32.2%	40,357	31.4%	-197	-0.5%
Investments in associates	11,771	9.4%	12,123	9.4%	352	3.0%
Other non-current assets	9,126	7.3%	9,144	7.1%	18	0.2%
Liabilities	37,057	29.5%	32,645	25.4%	-4,412	-11.9%
Current Liabilities	28,871	22.9%	23,230	18.1%	-5,641	-19.5%
Non-Current Liabilities	8,186	6.5%	9,415	7.3%	1,229	15.0%
Shareholder's Equity	88,757	70.5%	95,688	74.6%	6,931	7.8%
Debt	19,365		13,315			
Net Debt	-3,170		-11,943			
Liability Ratio		41.8%		34.1%		
Net Worth to Assets		70.5%		74.6%		
Net Debt Ratio			Net Cash		Net Cash	

V. Appendix - Consolidated I/S



[100 Million KRW]

	2022 3Q		2023 2Q		2023 3Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	22,997	100.0%	22,635	100.0%	23,401	100.0%	1.8%	3.4%
COGS	17,492	76.1%	16,174	71.5%	15,596	66.6%	-10.8%	-3.6%
Gross Profit	5,506	23.9%	6,460	28.5%	7,805	33.4%	41.8%	20.8%
SG&A	3,581	15.6%	3,978	17.6%	3,841	16.4%	7.3%	-3.4%
Operating Profit	1,924	8.4%	2,482	11.0%	3,964	16.9%	106.0%	59.7%
Other non-operating income/expense	878	3.8%	-75	-0.3%	-100	-0.4%		
Financial income/cost	237	1.0%	-151	-0.7%	135	0.6%		
Equity-method gain(loss)	-17	-0.1%	169	0.7%				
Income before income tax	3,023	13.1%	2,425	10.7%	3,999	17.1%	32.3%	64.9%
E B I T D A	3,251	14.1%	3,753	16.6%	5,227	22.3%	60.8%	39.3%
Depreciation	1,326	5.8%	1,271	5.6%	1,263	5.4%	-4.8%	-0.6%

* '23 3Q Investments in associates are currently included in Other non-operating income/expense and will be re-classified after the audit

V. Appendix - EV exclusive tire technology system

- Actively responding to changes in the automobile market, which is being reorganized toward EV, with top-tier EV tire technology
- 'iON Innovative Technology' consists of four core technologies with 58 commercialized patent
- Introduced EV-exclusive tire technology system to further enhance customer awareness and understanding of the R&D significance

