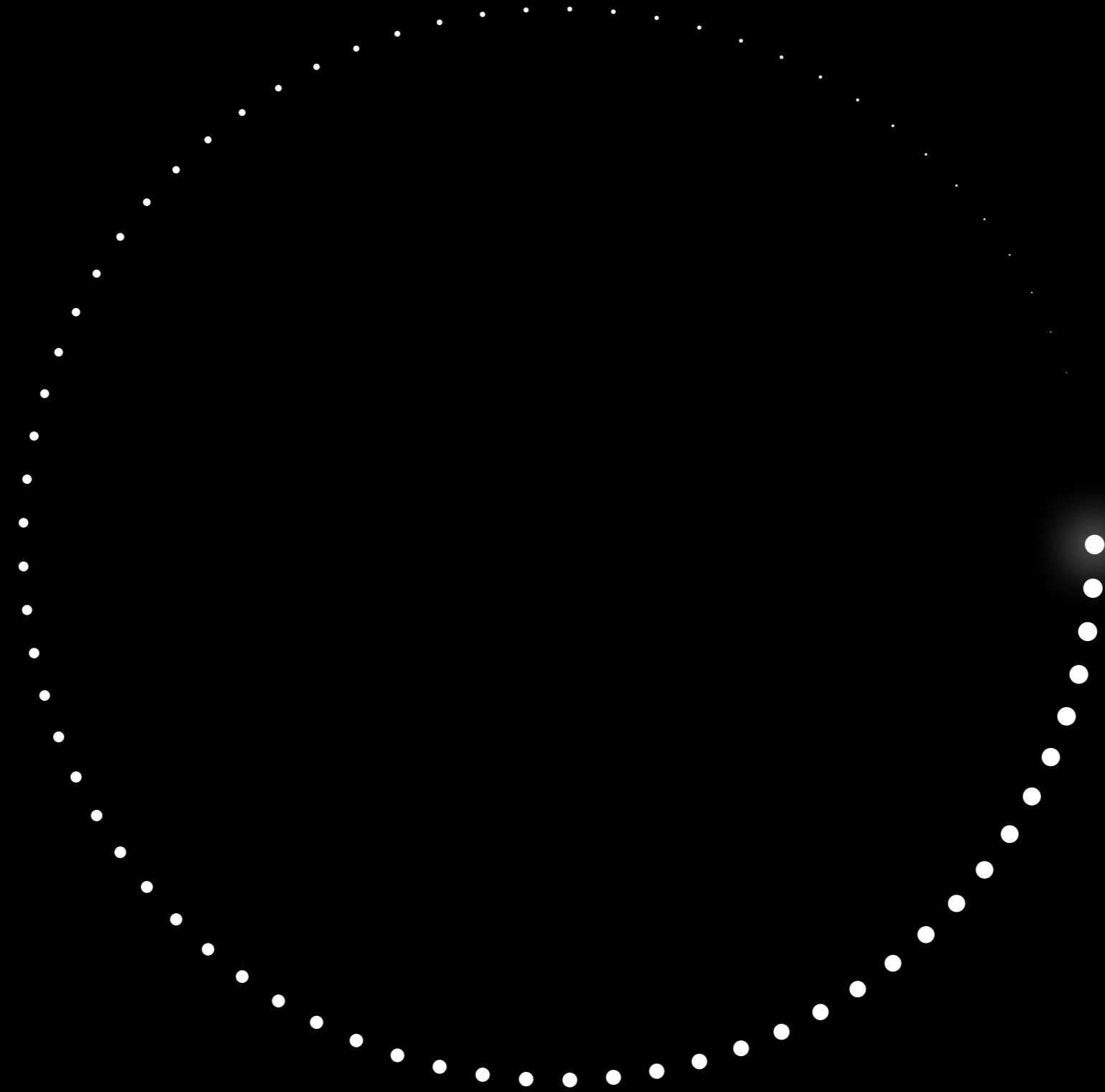


# Hankook Technology Group

Annual Report 2019



# CONTENTS

03

## TECHNOLOGY IN MOTION

08

## FUTURE INNOVATED

40

## INNOVATION REALIZED

69

## FINANCIAL REPORT

09 2019 Highlights

22 Company Profile

37 Financial Highlights

38 Market Analysis

42 Technology Innovation Realized

51 Brand Innovation Realized

61 Sustainable Innovation Realized

70 Financial Report

84 Global Network

86 Milestones

87 Corporate Information

### Interactive User Guide

Hankook Technology Group Annual Report 2019 is published in interactive PDF format to enable readers interested in specific topics to toggle quickly between pages and click on hyperlinks to navigate their search.



# INNOVATION

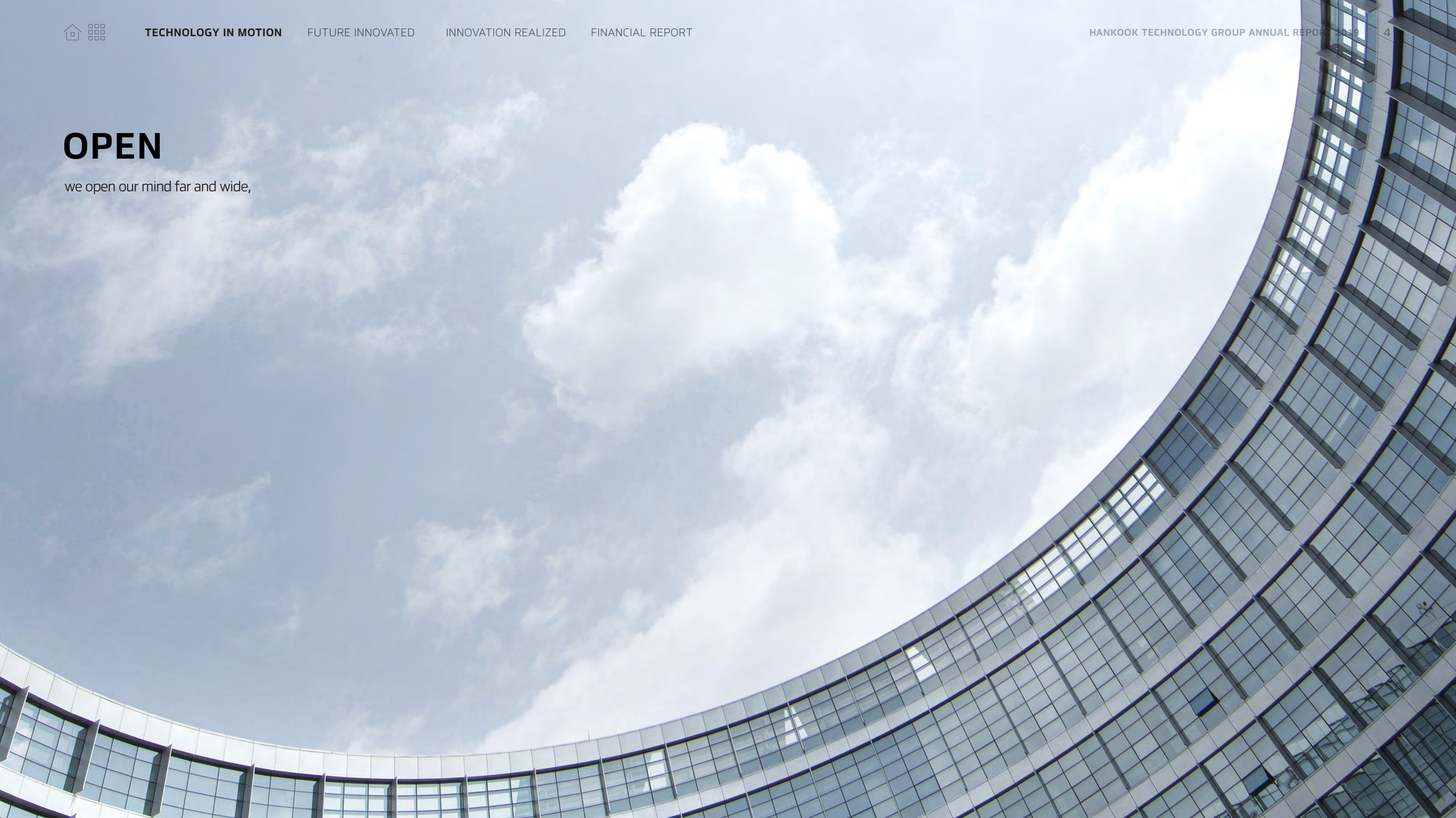
In pursuit of true innovation,





# OPEN

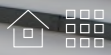
we open our mind far and wide,





# COLLABORATION

we seek the convergence of creative ideas,



# TECHNOLOGY

we leverage the latest cutting-edge technology

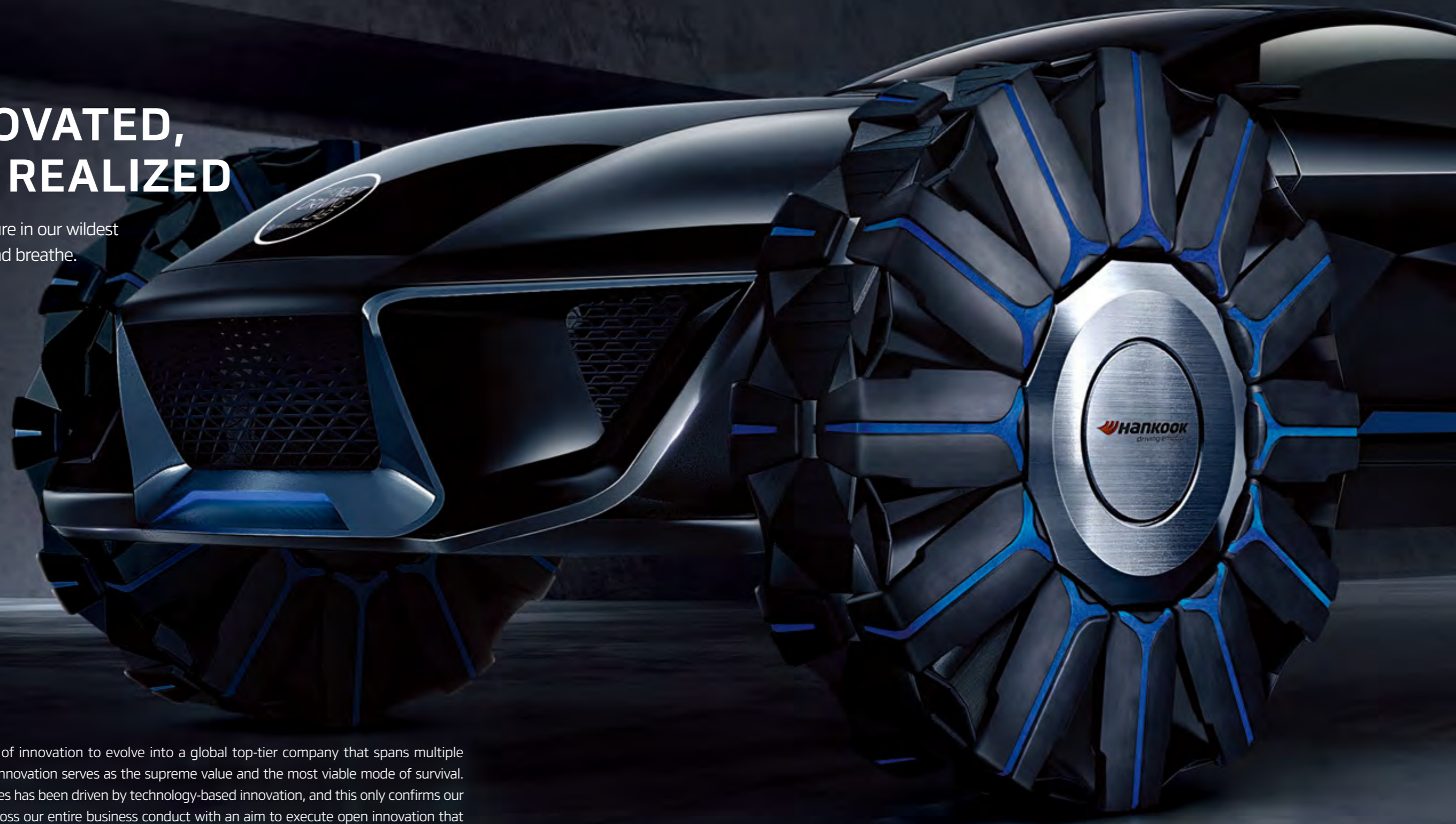




# FUTURE INNOVATED, INNOVATION REALIZED

with an ultimate aim of making the future in our wildest imagination into a reality that we live and breathe.

Hankook Technology Group initiates a journey of innovation to evolve into a global top-tier company that spans multiple business domains with a focus on tires. For us, innovation serves as the supreme value and the most viable mode of survival. Our sustained growth over the past seven decades has been driven by technology-based innovation, and this only confirms our full commitment to the pursuit of innovation across our entire business conduct with an aim to execute open innovation that transcends any and all boundaries and limitations, connects people with technology, and takes a customer-centric perspective. Our affiliates will all join this journey to leverage cutting-edge technology for innovation to build a sustainable competitive edge so that we surely usher in the innovative future we all imagine and expect into its fullest fruition.





# FUTURE INNOVATED





# Hankook Technology Group

**We realize the single most important value that we uphold in order to present our vision for a more flourishing life.**

We ask questions from fresh new perspectives to challenge the established status quo. We make use of our cutting-edge technology to answer these questions and make future forecasts.

We work proactively, think creatively, and relentlessly test our limits in pursuit of more valuable technology.

Our journey for 'innovation' never ends: this undoubtedly will drive the evolution of our technology and mode of operations to deliver true value to our customers.





Hankook Tire & Technology

## OE SUPPLY INCREASED FOR GLOBAL PREMIUM BRANDS

### Increasing tire supplies to global premium brands

Hankook Tire & Technology increased Original Equipment (OE) tire supplies to Porsche, Audi and other premium car OEMs in 2019 to yet again demonstrate its world-renowned technology and luxury top-tier brand value. Our 'Ventus S1 evo3 SUV' tires will now equip the third-generation 'Cayenne', a super-premium SUV model from Porsche known for its ultimate performance SUVs that even surpass sports cars. Furthermore, our 'Ventus S1 evo3 SUV' and 'Winter i\*cept evo2 SUV' tires gained OE fitments on Audi's high-performance SUV model 'New Audi SQ8 TDI'. Signing new OE tire supply contracts on the 'New Audi Q8' and then its high-performance version 'New Audi SQ8 TDI' has taken our partnership with Audi to a whole new level.



Hankook Tire & Technology

## OPTIMAL COMPOUND DEVELOPED THROUGH AI TECHNOLOGY

### Developing optimal compounds through the use of AI technology

Hankook Tire & Technology succeeded in developing the 'Virtual Compound Design (VCD)' system that uses artificial intelligence to predict tire compound properties. VCD technology eliminates the need for physical testing in the tire compound development process: accumulated data is fed into the AI analytics system to predict compound properties and to create optimal compound combinations. While compound development normally takes at least six months and up to three years, this technology will reduce the time by almost half. VCD technology was initiated through our independent research at Hankook Tire & Technology and then became a joint research project through the research agreement signed with the Korea Advanced Institute of Science and Technology (KAIST) in 2019. Our close cooperation with KAIST, Korea's top-notch research institute, dramatically improved the accuracy of data analytics, and our VCD system is currently posting 95% or even higher in reliability.



Hankook Tire & Technology

## TOP-NOTCH ULTRA-HIGH-PERFORMANCE TIRE LAUNCHED IN KOREA

### Launching a top-notch UHP tire model in Korea

Hankook Tire & Technology unveiled a new Ultra-High-Performance (UHP) tire 'Ventus S1 evo3' in 2019. This is a latest addition to our 'Ventus S1 evo' family which has equipped major models of the three German premium OEM brands - Mercedes-Benz, Audi, and BMW - as OE tires with proven top-notch technology. Ventus S1 evo3 was created based on our brand-new engineering technology already recognized through the Deutsche Tourenwagen Masters (DTM) and other global motorsports competitions to deliver wide-ranging qualities, from stable grip force and agile handling to outstanding sound minimization, ride comfort, and wet grip. Notably, it was named 'Winner' at the Red Dot Award: Product Design 2019 in Germany, which officially appreciated the excellence of its newly-adopted design and solidified its status as one of the world's top-tier UHP tires.



Hankook Tire & Technology

## **OUTSTANDING CAPABILITIES RECOGNIZED FOR SUSTAINABILITY MANAGEMENT**

Recognized for outstanding sustainability management for four consecutive years

In 2019, Hankook Tire & Technology has been listed in the 'Dow Jones Sustainability Index World' for four consecutive years to demonstrate its capability as a leading global business in sustainability management. This was even more significant as we joined the global league of top performers in the Automobiles & Components industry group and became the only company included in the index out of the entire auto component businesses in Asia. We particularly gained high scores this year in the areas of corporate philanthropy and supply chain management, which is attributable to our continued commitment to operate seven CSR committees in specific areas to elevate our company-wide CSR performance. Furthermore, our efforts and achievements in reducing GHG emissions earned us the title of 'best practice business under the Korea-EU emissions trading scheme cooperation project'.



Hankook Tire & Technology

## ADVANCED TECHNOLOGY SHOWCASED THROUGH MOTOR SPORTS COMPETITIONS

### Victories in motor sports competitions to demonstrate advanced technology

The racing team 'AtlasBX Motorsports' sponsored by Hankook Tire & Technology and its race car driver Jong Kyum Kim, ranked first in Team Championship and Driver Championship respectively at the '2019 CJ Logistics SUPERRACE Championship ASA 6000 Class'. Winning both of these championships for three consecutive years since 2017, has served as a case in point to our unrivaled technological edge. On the global stage, we showcase our world-class technology as a global top-tier business, serving as either a racing tire supplier or racing team sponsor at prestigious global motorsports competitions, including Deutsche Tourenwagen Masters (DTM), F3 Americas Championship, and Formula Renault Eurocup. In Korea, we became the first in the automobile industry to manufacture specially-designed motorsports trailers to be used by racing teams to hold strategy meetings or for break times, pioneering the development of motorsports culture.





Hankook AtlasBX

## **GROWTH MOMENTUM SECURED THROUGH AN INNOVATIVE BUSINESS MODEL**

### **Securing growth momentum through an innovative business model**

Hankook AtlasBX is moving beyond the existing export-driven business to strengthen its competitive edge in the global market through a proactive localization strategy. Starting with the opening of the Dubai Office in UAE in 2015, the company established the American Headquarters in the U.S. in 2017 and then the European Office in Germany in 2019 to broaden its sales network across these key markets. Its first overseas manufacturing site is under construction in Clarksville, Tennessee in the U.S.: upon its completion in 2020, it will be capable of producing more than 16 million units per annum. This dual-track strategy to pursue both export and localization will enable Hankook AtlasBX to diversify the customer base and form solid partnerships to further solidify its status as a global battery producer.



Hankook Precision Works

## **NEW GROWTH OPPORTUNITY EXPLORED THROUGH TECHNOLOGY-DRIVEN INNOVATION**

Exploring new growth opportunity through technology-driven innovation

Hankook Precision Works has paved the way for future growth through new technology development and process innovation in 2019. The company developed diversified 3D printing manufacturing technology to significantly reduce processes and costs against those of existing manufacturing and to deliver even finer patterns while embracing new low-pressure casting equipment and analytics software to establish precision casting and mass production technology, standardize processes, and improve the shop floor environment. Furthermore, its manufacturing competitiveness was enhanced on multiple fronts to improve productivity and diversify the supply chain through the development of alternative materials based on localization, process automation, and the application and registration of numerous independent patents. Hankook Precision Works will constantly pursue technology-driven innovation to secure future growth drivers and evolve into an innovative precision technology provider as a leading affiliate of Hankook Technology Group.





Hankook Engineering Works

## **PRODUCTIVITY IMPROVED THROUGH INNOVATIVE TIRE MANUFACTURING TECHNOLOGY**

### **Improving productivity through innovative tire manufacturing technology**

Hankook Engineering Works achieved significant productivity gains in 2019 by developing TS-201 TBM and securing smart factory technology for its bead plant. This certainly will contribute to increasing its sales in the years ahead as well as to enhancing tire quality and productivity. In line with the 4<sup>th</sup> Industrial Revolution, the company is relentlessly seeking transformation and innovation to build expertise in technology-based high-end machines and automation/unnamed/smart systems. Notably, Hankook Engineering Works is fully committed to identifying sustainable growth drivers and new business opportunities through the convergence of wide-ranging technologies - AI, vision, sensing and robotics - with varying industries.



## Hankook Networks

# LOGISTICS SOLUTION MADE MORE COMPETITIVE THROUGH INNOVATIVE AUTOMATION

Strengthening the IT solution and logistics automation business for an improved competitive edge in manufacturing and logistics

In 2019, Hankook Networks reaped success in its ambitious plan to reinforce competitiveness by developing an integrated logistics solution dubbed 'Suite (air-SCM)'. As the rapid growth of the online sector highlighted the importance of logistics processing to address B2C orders, the company modularized each of its systems - Master Data Management (MDM), Order Management System (OMS), Bin Loading System (BLM), Billing Management System (BMS), Visibility Management System (VMS), Supplier Portal (CP), and Warehouse Optimization System (WOS) in addition to Warehouse Management System (WMS) and Transportation Management System (TMS)- while aligning and integrating respective solution modules for efficient and optimized logistics operations. In addition, logistics operational process consulting/design related to integrated logistics systems as well as logistics equipment/robot technology were developed to further accelerate the innovation of distribution logistics through automation, unnamed operation, and intelligence.



Hankook Car & Life

## PIONEER FOR THE FUTURE OF THE MOBILITY LIFE

### Pioneering a new mobility lifestyle

Hankook Car & Life explores and invests in varied business opportunities in the agile mobility arena. While its existing business has mainly focused on import car maintenance, components, tuning, and accident repair services through Sonic and JAX Motors, it broadened its sales network and established a service network with its official Peugeot-Citroën dealership business in 2019, paving the way to tap uncharted territories. Furthermore, the company invested in Wavers, an operator of the online car purchase platform CARBY, to identify new business areas in the ever-shifting mode of vehicle purchase and ownership and lay the basis to align such emerging businesses with established offline channels. Going forward, Hankook Car & Life will build a robust business model and create new opportunities to respond to the future mobility market.



카라멜마키아도	3,000
샷후키	500

BEVERAGES	
레몬차, 유자차	2,500
생강차, 자몽차	2,500
스팀밀크	2,000
아이스티(복숭아,레몬)	2,500

ADE	
레몬에이드	3,000
자몽에이드	3,000

페리에	2,500
골드애플	3,500



Hankook Doggeurami Partners

## SHARED VALUE CREATED THROUGH INCREASED EMPLOYMENT OF PEOPLE WITH DISABILITIES

Realizing the true meaning of companion by increasing the employment of people with disabilities

Since its inception in 2016 as a standard site that hires mentally/physically challenged people, Hankook Donggeurami Partners has taken several approaches to provide people with severe disabilities who are often at a disadvantage in the job market with professional and stable employment. Its employees are assigned to laundering company uniforms, operating bakeries and cafeterias, supporting in administrative work, and engaged in new business development, which in turn, provides them with hope for becoming truly self-reliant. The subsidiary established regulations for fair treatment and consideration of each employee's disability in performing their duties and operates programs to promote mental security in order to maintain a stable work environment. Its endeavors and accomplishments were widely recognized as the subsidiary was honored with the Prime Minister's Citation for its contribution to facilitating the employment of people with disabilities and was chosen as a best practice business in employing people with disabilities at the Inclusive Employment Competition 2019.



## Model Solution

# SUSTAINABLE GROWTH ENABLED BY CUTTING-EDGE TECHNOLOGY

### Laying the basis for sustainable growth through one-stop solution technology

Leveraging its cutting-edge technology, Model Solution has served nearly 500 top-tier customers from Apple, Amazon and Google to Samsung and Tesla with high-quality prompt delivery and solution services. Through proactive endeavors to increase exports, the company won USD 10 million Export Tower in 2011 and USD 20 million Export Tower in 2016, and then moved on to receive USD 30 million Export Tower by the government to gain world-wide recognition for its value as a global brand and its growth potential. While maintaining the high quality of its existing IT product line-ups, the company also diversified business items into super precision processing services for medical devices and robotic components, and even into automobile and other large-size mockups, to broaden its customer service capabilities and its elevate brand value.

## CEO'S MESSAGE



### Dear Shareholders,

Let me extend my heartfelt gratitude for your everlasting and unsparing support for the growth of Hankook Technology Group.

As you are well aware, the core technologies of the 4<sup>th</sup> Industrial Revolution have increasingly become a part of our daily life and reality. In contrast, the business landscape in Korea and abroad has witnessed an ongoing siege with the spread of COVID-19, trade conflicts, and intensifying competition, just to name a few.

At Hankook Technology Group, we clearly recognize that our tire business has recently been on the decline, impacting the group-wide business as a whole, and this naturally leads to growing concerns among our shareholders.

We at Hankook Technology Group, each and every one of us including myself, vow to take heed to the voice of the market to wholeheartedly focus on the 'essence' of our business and to proactively implement our strategy and policy to serve the interests of our customers and shareholders.

First, each of our group affiliates will receive our full support to realize innovation in their main business areas. To this end, Hankook Technology Group will realign our innovation organization to accelerate big data analytics, smart factories, and other digital innovation initiatives as well as the establishment of an open innovation culture driven by communication and collaboration (e.g. industry-academia collaboration and in-house ventures) so that we can analyze market data and fully embrace innovative technology.

Furthermore, the Regulatory Compliance Committee will be created with the renewed awareness of regulatory compliance to ensure that executives step up to the plate and set an example through strengthened training and capacity-building. A detailed and action-focused code of conduct will be developed to this end and our best efforts will be put into recovering trust from the market. In addition, our supplier win-win management system will further extend its scope to suppliers and group affiliates so that a regulatory compliance culture is swiftly woven into the fabric of our group-wide organizational culture.

### Dear Shareholders,

Hankook Technology Group will be fully committed to maximizing our corporate and shareholder value by assisting Hankook Tire Technology and other key group affiliates in securing the competitive edge of their existing business while relentlessly executing our innovation-driven growth strategy.

Leveraging 'Regulatory Compliance' management as the foundation for our next steps forward, we will promptly regain credibility from the market and make Hankook Technology Group a business truly respected by customers and internal/external stakeholders.

We look forward to your continued interest in and encouragement for Hankook Technology Group.

Once again, let me send my sincere thanks to our shareholders. I wish all of you and your loved ones health and happiness.

Thank you.



**Hyun Shick Cho**

Vice Chairman & CEO, Hankook Technology Group

## CEO'S MESSAGE



### Dear Respected Shareholders,

Let me first express my deep-hearted gratitude for your unwavering support for the continued growth of Hankook Tire & Technology.

As you are well aware, the core technologies of the 4<sup>th</sup> Industrial Revolution are with us in a very real and tangible way. By contrast, the business landscape in Korea and abroad has been bombarded with the spread of COVID-19, trade conflicts, and intensifying competition, just to name a few.

The sluggish automobile industry under these circumstances certainly had an impact on the tire industry as well, and although our sales last year inched up to reach approximately KRW 6.8833 trillion, our operating profit declined from the previous year.

All of us here at Hankook Tire & Technology, do recognize that the continued downturn in our performance lately is not solely attributable to challenging business conditions, and we will double down on our efforts to place an even stronger focus on our core business. We will watch the market more intently, and we will proactively execute our strategy and policy to serve the interests of our customers and shareholders.

We will take a second look at the areas where our innovation performance could improve - across our entire business conduct, from product development to SCM and marketing, to bring innovative process improvements to our essential tire business.

First, complete reviews will be performed on our product portfolio and pricing policy in major regions. Specifically, in the areas of product, distribution, and sales that serve as the underlying foundation of our business, we will pursue innovation from the customer perspective and do our utmost to recover our market share in respective markets.

In addition to increasing the sales of high-inch tires, we will provide customers with reasonable opportunities to choose from through our multi-brand Laufenn, thereby actively tapping into new consumers.

We will also realign our innovation organization to strengthen the competitive edge of our main business while reinforcing our internal capabilities for open innovation driven by communication and collaboration. Digital transformation will become an integral part of our corporate DNA and internal/external innovation will be constantly pursued by analyzing market data and embracing innovative technology.

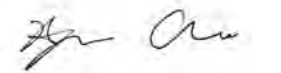
### Dear Shareholders,

We will be fully committed, regardless of circumstances, to comply with basics and principles and have 'Regulatory Compliance' management in mind to faithfully fulfill our role in our entire business conduct. To this end, the Regulatory Compliance Committee will be created to set forth a detailed and action-based code of conduct and we will do our utmost to regain trust from internal/external stakeholders.

All our capabilities will be focused to ensure that our 'future value' as a company will continually manifest itself in the business outcomes that we produce and that we make Hankook Tire & Technology a company truly respected by customers and other internal/external stakeholders.

We sincerely look forward to your unwavering encouragement and support, and wish you and your loved ones health and happiness.

Thank you.



**Hyun Bum Cho**

President & CEO, Hankook Tire & Technology

## TOP MANAGEMENT

Hankook Technology Group has established a globally-recognized corporate governance structure and ensures transparency and accountability in business conduct with the Board of Directors (BOD) playing a pivotal role. Under the BOD are the Audit Committee and other expert committees to assist our senior management with business management and to protect the interests and rights of shareholders and elevate our corporate value.



**Yang Rae Cho**

Hankook Tire Worldwide & Hankook Tire Chairman



**Hyun Shick Cho**

Hankook Technology Group Vice Chairman & CEO



**Hyun Bum Cho**

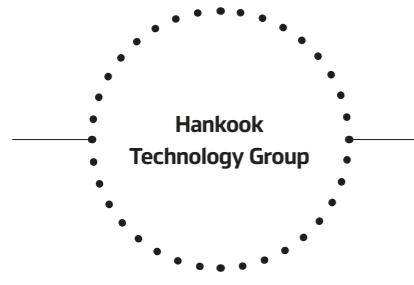
Hankook Tire & Technology President & CEO  
Hankook Technology Group President & COO



**Soo Il Lee**

Hankook Tire & Technology President & COO





**Se Yul Ryu**  
Hankook Technology Group  
Senior Vice President  
Head of Digital Strategy Department



**Jong Ho Park**  
Hankook Tire & Technology  
Executive Vice President  
Chief Administrative Officer



**Suk Joon Won**  
Hankook Tire & Technology  
Executive Vice President  
Head of Car Life  
Business Headquarters



**Dong Hoan Moon**  
Hankook Tire & Technology  
Executive Vice President  
Head of Production & Engineering  
Staff Office



**Ho Sung Suh**  
Hankook Tire & Technology  
Senior Vice President  
Chief Strategy & Marketing Officer



**Shin Hong Kim**  
Hankook Tire & Technology  
Senior Vice President  
Head of SCM Division



**Yong Hak Kim**  
Hankook Tire & Technology  
Senior Vice President  
Chief Innovation Officer



**Bon Hee Ku**  
Hankook Tire & Technology  
Senior Vice President  
Chief Technology Officer  
(& Head of R&D Staff Office)



**Sang Hoon Lee**  
Hankook Tire & Technology  
Senior Vice President  
Head of Europe Headquarters



**Hyun Jun Cho**  
Hankook Tire & Technology  
Senior Vice President  
Head of Original Equipment Division



**Hak Joo Kim**  
Hankook Tire & Technology  
Senior Vice President  
Head of Quality Division



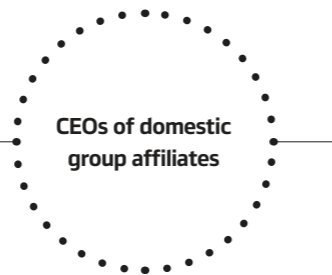
**Hyun Cheol Kim**  
Hankook Tire & Technology  
Senior Vice President  
Head of China Headquarters



**Jeong Soo Kang**  
Hankook Tire & Technology  
Vice President  
Head of Asia-Pacific,  
Africa & Middle East Division



**Jong Yune Kim**  
Hankook Tire & Technology  
Vice President  
Head of HR Division



**Seok Mo Choi**  
Hankook AtlasBX  
Vice President & CEO



**Byeong Woo Jeon**  
Hankook Precision Works  
Senior Vice President & CEO



**Young Seol Byun**  
Hankook Engineering Works  
Senior Vice President & CEO



**Sang Mong Lee**  
Hankook Networks  
Senior Vice President & CEO

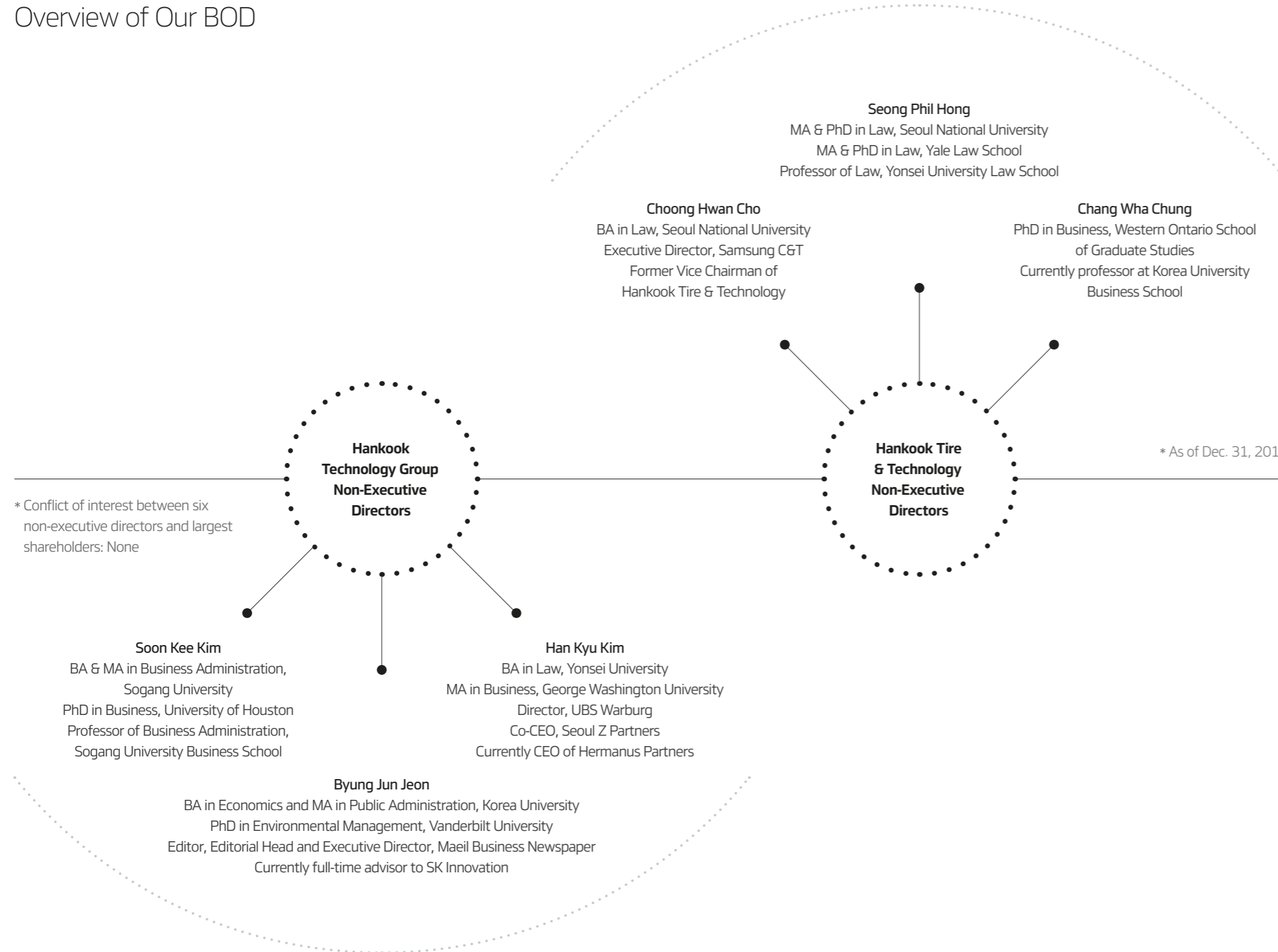


**Byung Il Woo**  
Model Solution  
Executive Vice President & CEO

\* As of Jan. 1, 2020

\* Criteria of inclusion: Those in Division Head or higher positions at HTG & HKT (in 'general management, head of regional headquarters or head of division' positions) and CEOs of domestic group affiliates

## Overview of Our BOD



It is essential for any global business to conduct business in a transparent and advanced manner. Numerous global corporate leaders have established such institutional systems as boards of directors and audit committees to protect the rights and interests of shareholders and improve the transparency and expertise of their business operations.

A board of directors (BOD) performs the three primary functions of monitoring top management on behalf of shareholders, offering management advice, and assisting senior management in successfully conducting business. Leading global companies have endeavored to set the stage for their BOD to smoothly fulfill their intended responsibilities of Control, Service, and Resource Dependence.

We promote sound governance as well as reasonable and transparent business conduct by advancing performance-driven management and holding top management in check with the help of our BOD. To prevent risks across the general business operation and reinforce our sustainability as a company, we reorganized the Management Committee to the Sustainability Management Committee in 2016. Our BOD consists of two executive directors and three non-executive directors, and its efficient and responsible operation is supported through the 'Board of Directors Administration Regulation'.

Hankook Technology Group's non-executive directors are appointed for their long-term careers either in academia or private sector companies and for their significant contributions to society. Their appointment follows transparent and fair procedures through the Non Executive Director Nomination Committee operated under the BOD, and is based on the extensive experience that these non-executive directors bring to our company to ensure that top management benefits from appropriate checks and restraints as well as from their accurate and objective advice and recommendations.

## BOD Committee: Role and Composition



Hankook Technology Group operates a range of robust internal control systems to ensure transparency in generating business outcomes. Notably, expert committees are established under the BOD and are delegated by the BOD to review and process agenda items in their respective fields in a systemic and organized manner. Currently, there are four such committees - Audit Committee, Non Executive Director Nomination Committee, Sustainability Management Committee, and Internal Transactions Committee - and they contribute to enhancing transparency in our business conduct.

### Audit Committee

At Hankook Technology Group and Hankook Tire & Technology, the Audit Committee is up and running under the BOD and all three members are non-executive directors so as to maintain its independence. Audit Committee members are specifically authorized to grant their consent on the appointment of the head of the internal auditing department to proactively conduct business audits, and thus are allowed to perform check and monitoring on top management on behalf of shareholders. In accordance with the Audit Committee Operational Rules, the committee may request BOD members to report on business operations or investigate the status of company assets whenever such needs arise in order to improve the transparency of our business conduct. These rules also enable committee members to easily access any business information required to perform audits. The committee regularly meets every quarter, and ad-hoc meetings are convened when deemed necessary.

### Non Executive Director Nomination Committee

Hankook Technology Group and Hankook Tire & Technology operate the Non Executive Director Nomination Committee to maximize fairness and independence in nominating non-executive director candidates. The committee consists of five directors in total, and non-executive directors account for the majority to ensure transparency and impartiality in the nomination process. The committee complies with the basis for establishment and relevant regulations stipulated in the Articles of Incorporation. Out of the pool of candidates nominated by the committee, non-executive directors are finalized through a vote at the general shareholder meeting.

### Sustainability Management Committee

The Sustainability Management Committee aims to improve the expertise and efficiency of our business operations by reducing the frequency of and procedures at BOD meetings and by facilitating expedient decision-making. The committee is mandated to deliberate and decide on general management and financial issues that most frequently

arise in business conduct as well as risk management issues to identify and prevent risks that may affect our sustainability as a company. The committee, in so doing, enables BOD meetings to fully focus on key agenda items and complements BOD activities to further strengthen our managerial accountability.

### Internal Transactions Committee

Hankook Technology Group and Hankook Tire & Technology operates the Internal Transactions Committee mandated to closely supervise and monitor internal transactions made with related parties. The committee performs preliminary reviews and decides on whether to approve transactions conducted with affiliated parties as stipulated in Korea's Fair Trade Act. The basis for establishment and relevant regulations for this committee are set forth in conformity with the Articles of Incorporation. When deemed necessary to deliberate on and approve agenda items, the committee may request the Company to submit and report related documents concerning the key details of internal transactions, contract methods, criteria for selecting contract parties, and detailed contract terms and conditions.

## Performance Assessment System

### Global Assessment and Management

Hankook Technology Group manages business risks at the company-wide level, and performs periodic audits mainly on key processes of respective job functions to facilitate risk prevention.

### Hankook Technology Group Performance Assessment System

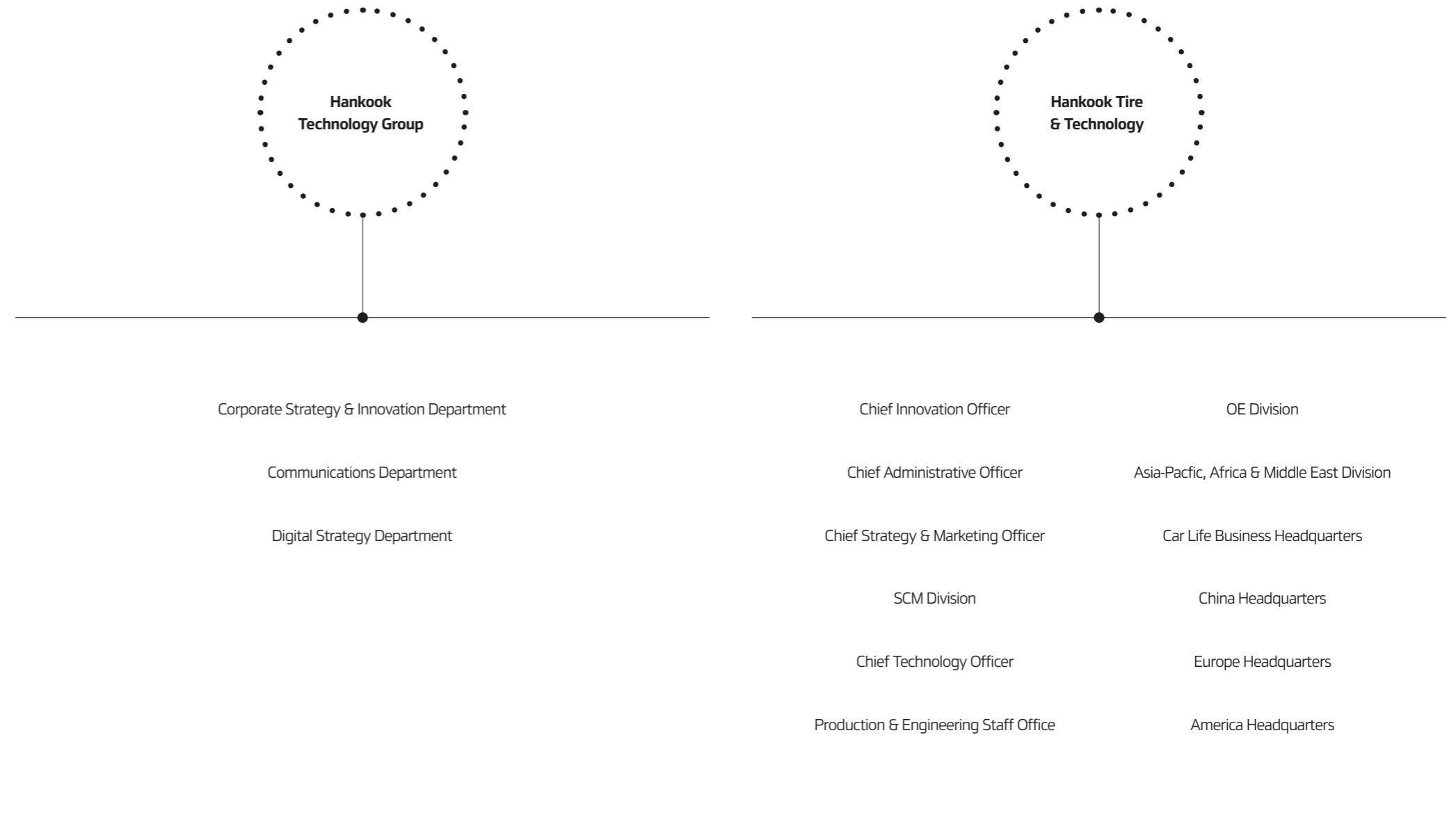
Performance assessments are categorized into thematic assessments conducted from the viewpoint of process improvement and management support, periodic assessments, life-expectancy assessments directed by senior management, and report assessments made from the internal and external reports submitted. Business management teams at the headquarters and overseas worksites perform preemptive monitoring on sector-specific risks - local cost, investment, and general management - and they are delegated to conduct assessments based on these monitoring outcomes.

The Management Diagnosis Committee serves as the top decision-making body in conducting company-wide performance assessments. The committee is mandated to plan and manage assessment operations by setting the overall direction in making performance assessments, preventing the recurrence of identical risks through reviews and feedback on assessment results, and contributing to attaining a company-wide strategy.



# ORGANIZATIONAL STRUCTURE

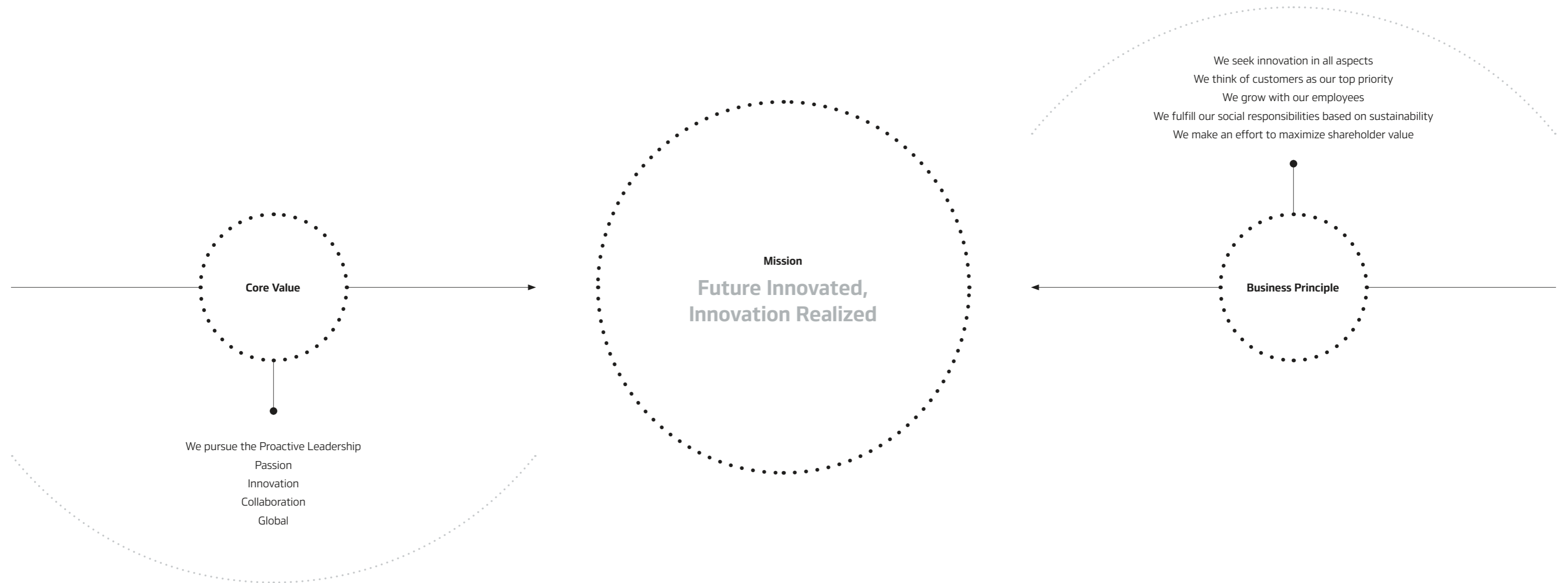
Hankook Technology Group and Hankook Tire & Technology operate an optimized organizational structure to effectively implement strategy in alignment with the mid/long-term vision. Respective business units are organically harmonized while regional headquarters maintain their independence. This balanced structure enables us to proactively respond to the shifting market landscape and build a stronger global competitive edge.



\* As of Jan. 1, 2020

## GROUP MISSION

Hankook Technology Group's mission framework consists of 'Mission' which defines the corporate value that we pursue as a company, 'Business Principles' which describe the principles that we should abide by, and 'Core Values' that outline behavioral guidelines for our employees. This mission framework guides our endeavors to achieve the set mission.



## AFFILIATES

Hankook Technology Group has made strategic investments to create a league of subsidiaries recognized for world-class technology in their business areas, ranging from battery and IT service to manufacturing equipment and mold & parts. We will join hands with our top-performing subsidiaries to improve capability and strengthen cooperation to evolve into a global top-tier business.

### Hankook Technology Group



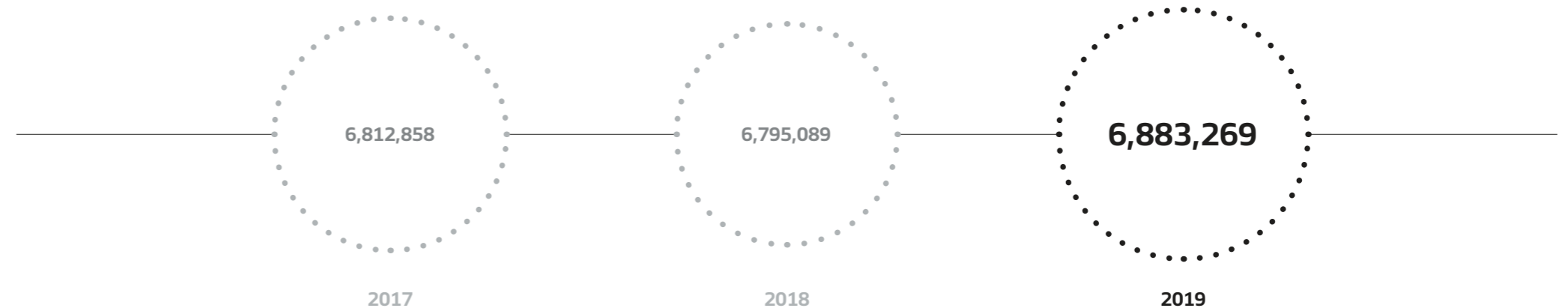
#### The Future Driving Innovator

Initiated as Korea's first-ever tire maker back in 1941, Hankook Tire & Technology has made quantum leaps along the way, through its commitment to developing technology, expanding its production and sales network, forming partnerships with global car OEMs, launching effective brand marketing campaigns, and delivering differentiated customer services. Presently, we manufacture 102 million high-quality tires per year across eight production sites in Korea, China, the U.S., Hungary and Indonesia, serving more than 180 countries as a global tire business. Our goal is to emerge as a global top-tier company who leads the future automotive industry by rendering our core business more competitive based on our world-class technology leadership and by continuously pursuing technology-driven innovation and improving our premium brand value.

#### 2019 Sales of Hankook Tire & Technology

(unit: KRW million)

\* Including overseas operations



### Hankook Tire & Technology Brand Portfolio

Hankook Tire & Technology strategically operates four global tires brands: 'Hankook' represents our premium brand in Korea and abroad; 'Laufenn' targets global customers who pursue smart consumption and distinctive style; 'Aurora' and 'Kingstar' were designed to meet specific local needs.



As Hankook Tire & Technology's global flagship brand, Hankook has a range of sub-brands that cater to diverse vehicle and product types, including Ventus (Ultra-High-Performance and racing line-up), Optimo (premium sedans), Kinergy (global eco-friendly line-up), Dynapro (SUVs), Smart (economy line-up for the Korean market), and Vantra (vans) as well as winter tire line-ups including Winter i\*pike (studded tire) and Winter i\*cept (studless tire). These segmented brands serve the needs of diverse global customers.

#### Main product lines

**VENTUS** **KINERGY** **OPTIMO** **DYNAPRO** **SMART** **VANTRA**  
**Winter i\*cept** **Winter i\*Pike**



Launched in 2014, the brand name Laufenn originates from the German word 'Laufen' which means 'to run', and targets drivers who seek a simple yet sophisticated lifestyle to provide them with a reasonable and cost-effective driving experience. Starting from the Americas and China in 2015, Laufenn has broadened its sales network into Europe, the Middle East, and Asia, and is now available in 89 countries (as of 2019). Fine tuned to the diverse needs of global customers, Laufenn operates diverse brands: S Fit (high-performance and sport line-up), G Fit (general purpose passenger car), X Fit (LT & SUV), and I Fit (winter line-up).

#### Main product lines

**S FIT** **G FIT** **X FIT** **I FIT**



As a brand recognized even more widely among global customers, Aurora is referred to as the product brand 'Route Master' which is defined as 'tires that are masters of the road'.

#### Main product lines

**RouteMaster**



Kingstar is referred to as 'Road Fit' which means it comes with 'tires that deliver optimal on-road performance'.

#### Main product lines

**ROAD FIT**



### Hankook Tire & Technology Distribution Channel Portfolio

Hankook Tire & Technology delivers cutting-edge end-to-end automobile services with a strong focus on tires through its distribution network that consists of more than 5,100 locations across the globe, with T'Station, The Tire Shop, Hankook Masters, TBX, and Hankook Truck Masters serving as main distribution channels. Following our acquisition of the Australian tire distributor 'JAX TYRES' in 2017 and the German premium tire retailer 'Reifen-Müller' in 2018, we have consistently widened our global sales and service network to reinforce our competitive edge in distribution. In response to the continuously growing O2O market, we are also building a sales platform in Korea and China to tap into this emerging market.



T'Station delivers unrivaled top-quality customer satisfaction on the basis of proven expertise. Since the first T'Station opened in January 2005, its network has constantly expanded to include nearly 450 locations in Korea as of 2019. T'Station's professional end-to-end services are made available through its high-tech equipment from the Road Force Measurement (RFM) system and 3D wheel alignment gear to Ultra-High-Performance tire changers. The multi-brand strategy was adopted to cater to wide-ranging customer needs, and its 'Smart Care Service' ensures the delivery of differentiated customer value.



The Tire Shop specializes in offering Hankook Tire & Technology products to serve the diverse needs of customers. As of 2019, nearly 200 shop locations are under operation in Korea, providing tire change and wheel alignment services.



Expanding the Hankook Masters membership program from Europe to the Middle East, Asia, and Asia Pacific since 2011, Hankook Tire & Technology established an integrated global retail network. As of 2019, Hankook Masters spans nearly 3,500 members in 12 major European countries, China, Saudi Arabia, Australia, and Malaysia.



TBX serves as Hankook Tire & Technology's dedicated truck and bus tire distribution channel to sell Truck and Bus Radial (TBR) tires and offer retreading services. As of 2019, we operate nearly 220 TBX locations in Korea, equipped with cutting-edge equipment and professionals to effectively sell and service large-sized tires. In addition, Hankook Truck Masters is available globally as an exclusive TBR tire service network.



## Hankook AtlasBX



### Smart Energy Solution Provider

Since its inception in 1944, Hankook AtlasBX has continued to progress through creative innovation and the spirit of challenge over the past seven decades to rise to become Korea's leading battery maker. The company became the first in Korea to unveil a maintenance-free (MF) battery in 1982, and has since strengthened its technology and quality competitiveness through sustained R&D endeavors. Its exceptional technology led to the successful development of an ultra-high-performance battery (UHPB) and AGM battery with Idle Stop & Go functionality in 2013. Building on these accomplishments, the company has launched premium products with proven performance and quality to increase customer satisfaction as well as to gain a competitive advantage. Hankook AtlasBX is also broadening its domestic/overseas production and sales network to accelerate its growth in the global market. The company expanded the Jeonju Plant in 2014, and will secure more than 16 million units in annual production capacity with the completion of a new plant in Clarksville, Tennessee, the U.S. in 2020. Following the creation of the Dubai Office and the American Corporation, the company opened the Europe Office in 2019 to build sales competitiveness in the global market. Hankook AtlasBX aims to execute a proactive growth strategy to emerge as a global battery producer equipped with technology and quality leadership and a 'Smart Energy Solution Provider' who pioneers the future energy era.

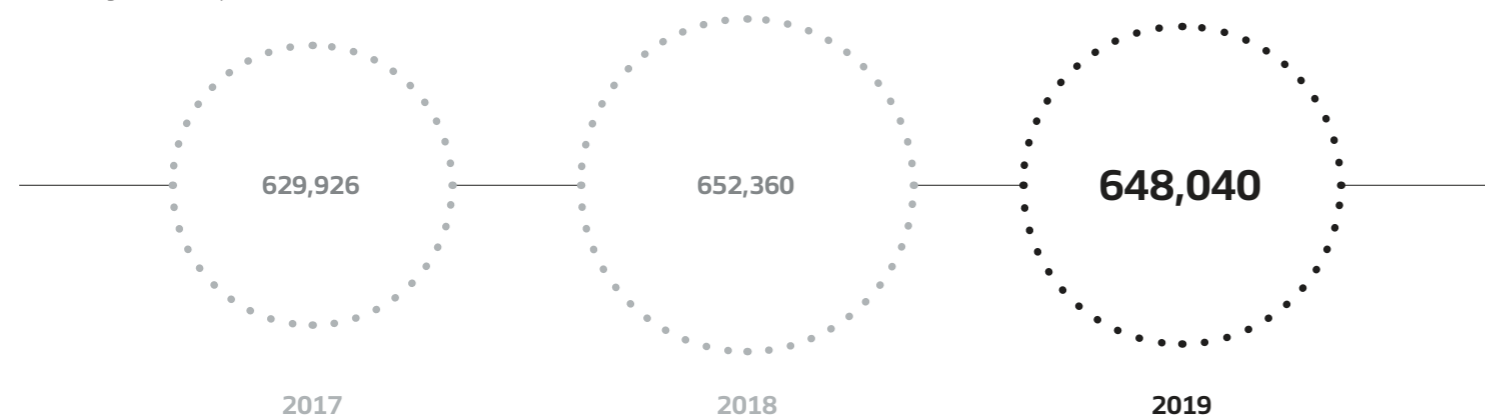
### Brand Portfolio

Hankook AtlasBX is offering a wide array of brands to suit specific local conditions with a focus on our flagship brand Hankook. The company is strengthening the market leadership of our Hankook brand by increasing investments in marketing communication while developing innovative technology and improving product competitiveness. It also plans to take a multi-pronged strategy to elevate our brand value in the mid/long term.

### 2019 Sales of Hankook AtlasBX

(unit: KRW million)

\* Including overseas operations



## Hankook Precision Works



### Precision, We make design real

Since its establishment in 1973, Hankook Precision Works has been a leader in the tire molding, tire curing container, and precision parts business, and completed its own technology roadmap on the basis of its proprietary casting and five-axis precision milling technology. Leveraging such technological competency, the company supplied tire molds to global tire makers as well as Hankook Tire & Technology over the years and then joined Hankook Technology Group in 2011. Following the adoption of metal 3D printers in 2015, the company succeeded in mass-producing tire molds and precision parts through continued R&D endeavors. In 2016, it also embraced laser processing technology to develop textures that were difficult to obtain through CNC processing as well as fine serrations and other highly sophisticated design patterns for mass production. Its ceaseless commitment to new technology R&D enabled the company to develop split molds, compact molds, ventless puzzle molds, polishing techniques, and split pattern molds one after another while establishing a polishing mass-production system and developing mass-producible process automation equipment to secure independent tire exterior improvement technology and pursue manufacturing innovation, pioneering tire mold technology in so doing. Hankook Precision Works will evolve into a global player specialized in molding and precision parts through relentless technology innovation.

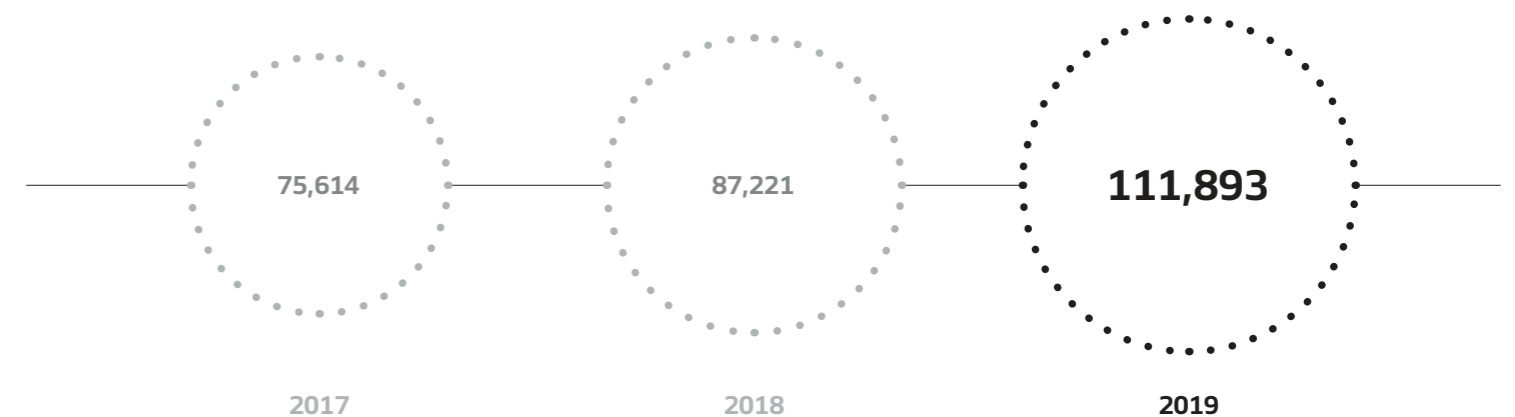
### Business Portfolio

Hankook Precision Works has set the trend in the market with its high-quality tire mold, mold container, and precision parts manufacturing technology. The company was the industry's first to adopt metal 3D printers to create innovative manufacturing processes, and is taking the lead in developing eco-friendly technology - tire molds for electric vehicles - that is desired by the market. Going forward, Hankook Precision Works will continue to develop convergence-driven technology and seek digitally-based innovation to become an innovative precision technology provider as a leading Hankook brand.

### 2019 Sales of Hankook Precision Works

(unit: KRW million)

\* Based in Korea



## Hankook Engineering Works



### The engineering provider with innovative technology

Created in 1992, Hankook Engineering Works has built expertise on technology-based high-end manufacturing equipment and automation/unmanned/smart systems. Over the years, the company has manufactured a range of tire making equipment in the fields of bead, cutting, forming, curing, inspection, and testing while constantly endeavoring to develop high-end equipment based on latest technology as well as high-quality, high-productivity equipment through its in-house research institute. Laying the basis for global advancement in 2004 by establishing a Chinese subsidiary in 2004, the company took over the bead business of Hankook Tire & Technology in 2007, followed by its expansion and stable operation. Presently, Hankook Engineering Works is committed to continued transformation and innovation to become a global engineering leader not only in the tire business but also in joint industry-academia-research institute R&D, engineering service across multiple industries, and even smart technology.

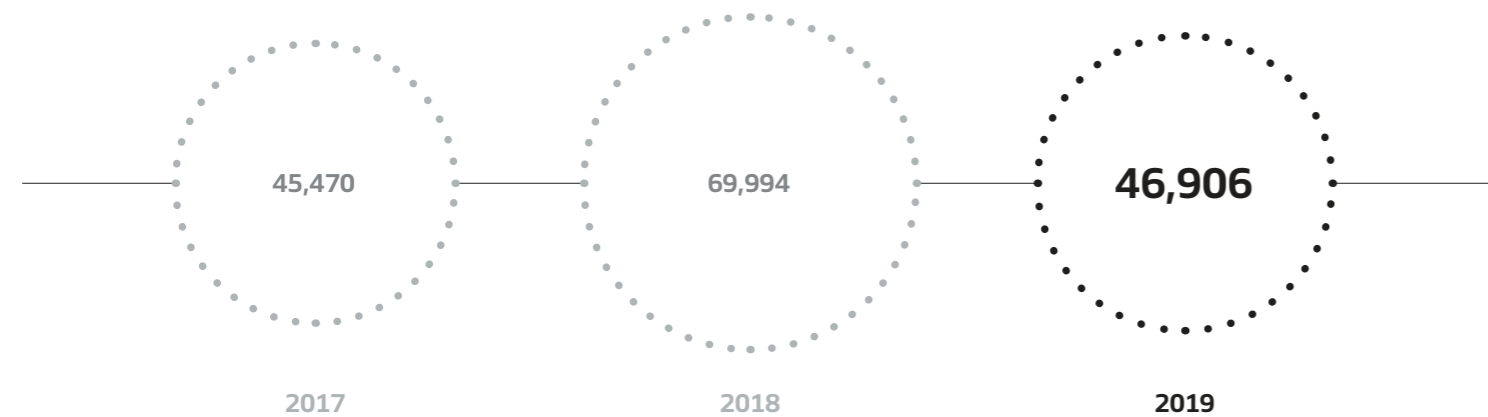
#### Business Portfolio

Hankook Engineering Works provides end-to-end engineering services, from design and processing to assembly and commissioning, based on its 30-year experience in machine manufacturing. The company also produces and sells high-tech tire making equipment. Its continued R&D efforts are expanding to smart machines, smart systems, and ROSI total solutions enabled by smart technology that leads the 4th Industrial Revolution.

2019 Sales of Hankook Engineering Works

(unit: KRW million)

\* Based in Korea



## Hankook Networks



### Create your future with the best digital technology

Hankook Networks was created as an IT service and logistics engineering business when the information system operation of Hankook Tire & Technology was spun off in 2000. The company provides professional ITSM services to Hankook Technology Group affiliates while evolving into a top-notch partner trusted by customers for its IT solutions that meet market needs and its continued development of innovative solutions. Furthermore, its R&D on wide-ranging IT solutions enabled the company to accumulate logistics IT solutions and deployment experiences optimized for Supply Chain Management (SCM), Manufacturing Execution System (MES) and Law & Patent (L&P). Notably in the SCM solution sector, the company was recognized as Korea's top-ranking SCM solution provider, winning the 'Korea SW Business Competitiveness Grand Prize', 'Logistics Solution Grand Prize' and 'Best Solution Grand Prize'. Leveraging outstanding IT solutions and accumulated experiences as well as innovation in logistics engineering, the company has extended the scope of its business into smart logistics, smart factory, and distribution logistics automation in preparation for the 4th Industrial Revolution. Hankook Networks is also building global competitiveness by advancing its businesses to assist overseas as well as domestic customers in pursuing innovation and value improvement.

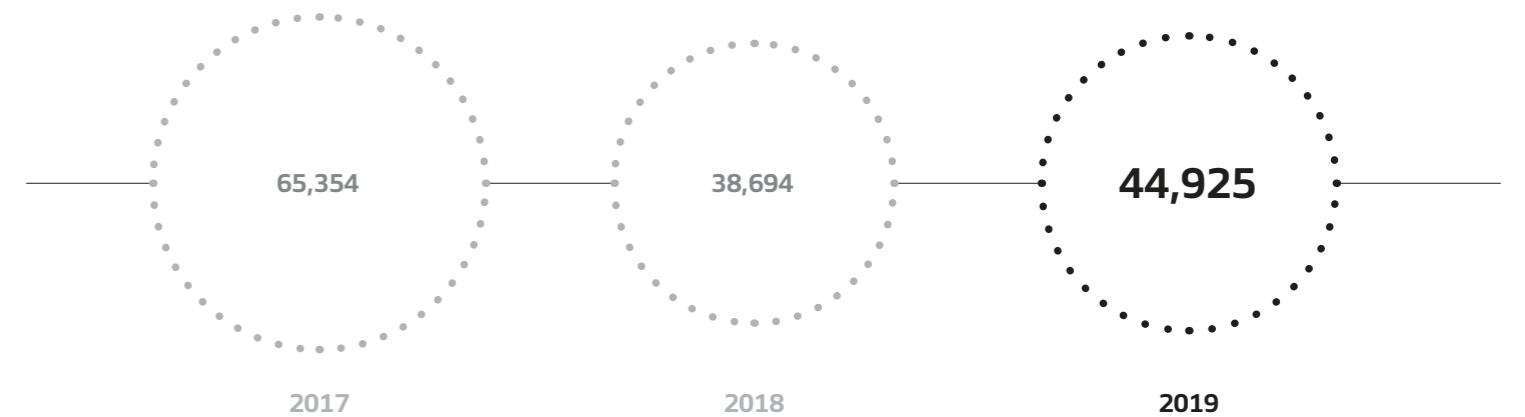
#### Brand Portfolio

Hankook Networks is developing and deploying solution brands across diverse industries with its flagship IT brand 'air' playing a central role. Notably, air-SCM (intelligent integrated logistics management solution), air-MES (smart production management system for the pharmaceutical/cosmetics/food industries), and air-ELMS (legal affairs/knowledge management system) are leading the domestic market with their unrivaled technology competitiveness. Hankook Networks' 'air' solution brand caters to the specific features of respective industries to deliver differentiated value to global customers through information technology and digital innovation.

2019 Sales of Hankook Networks

(unit: KRW million)

\* Including overseas operations



## Hankook Car & Life



### The future of mobility life, we make it happen

Hankook Car & Life was established in 2016 to explore and invest in new business opportunities in the rapidly-shifting imported car market in Korea. Hankook Car & life and businesses operated under its leadership provide imported car sales, maintenance, parts, tuning and accident repair services. Its recent acquisition of CARBY, an online car purchase platform, is part of its efforts to build an on/off-line platform to offer total services in a more expedient and convenient manner in relation to vehicle purchase, use, maintenance and repair in the ever-changing automobile market. Going forward, Hankook Car & Life will develop a robust business model to respond to the future mobility market and continuously create new opportunities.

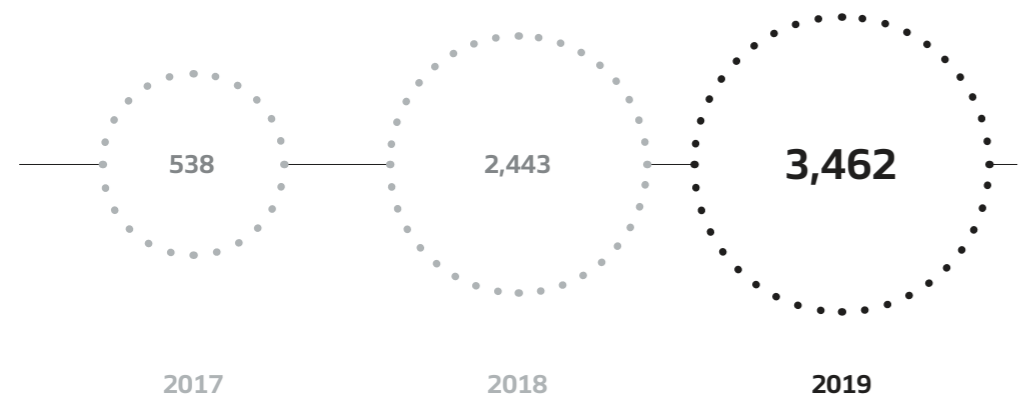
#### Business Portfolio

Hankook Car & Life's business conducted through its subsidiaries includes Sonic which provides super car/hyper car drivers with sales, maintenance, and repair services, JAX Motors which offers maintenance and repair services on a range of import car brands, Han Automobile which operates Peugeot-Citroën dealerships, and CARBY recognized as Korea's No. 1 online initial vehicle trading platform.

2019 Sales of Hankook Car & Life

(unit: KRW million)

\* Based in Korea



## Hankook Donggeurami Partners



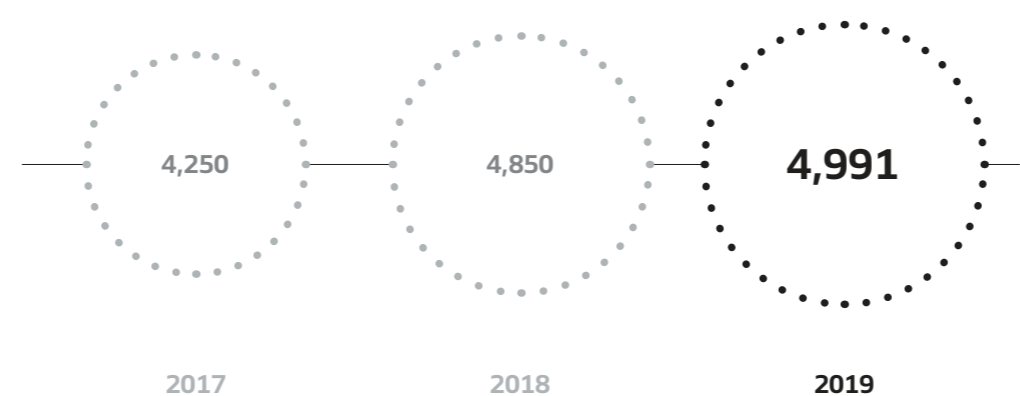
### For the better world, we will continue to promote social contribution as proactive service company

Hankook Donggeurami Partners was established back in 2006 by Hankook Tire & Technology as a standard site that hires mentally/physically-challenged people, who are often at a disadvantage in the job market, to provide them with professional and stable employment. Its employees are mainly responsible for laundering company uniforms and operating bakeries for workers at our Geumsan/Daejeon Plants and for operating cafeterias and supporting office administration at our Korean Headquarters and three other worksites. The number of employees has almost doubled, from 70 at the time of inception to nearly 130 as of the end of 2019. In addition to creating jobs continuously, we are also constantly improving the environment for their healthy and safe employment and this earned us a title of best practice business in inclusive employment in 2019. Hankook Donggeurami Partners not only provides jobs for the underprivileged in our society but also creates a healthy corporate culture that promotes prosperous co-existence between people with disabilities and those without, contributing to the growth and development of society at large.

2019 Sales of Hankook Donggeurami Partners

(unit: KRW million)

\* Based in Korea



## Model Solution



### Innovation, We Realize Ideation

Incorporated as a subsidiary of Hankook Tire & Technology in 2018, Model Solution leverages its state-of-the-art technology to offer a wide array of prototype solutions, from mockups and precision processing to quick delivery molding/injection, in such diverse industries as IT, medical device, aviation, and robotics. Since 1993, the company has served more than 500 global customers, including Google, Amazon, Samsung, Abbott, Novartis, and MTM mainly in Korea, the U.S., Europe and Japan. Model Solution also expanded its business areas into total solution platforms that span from design to manufacturing through continued technology investment and competitiveness improvement as demonstrated by its design R&D, small quantity batch production system, and high-quality production management process.

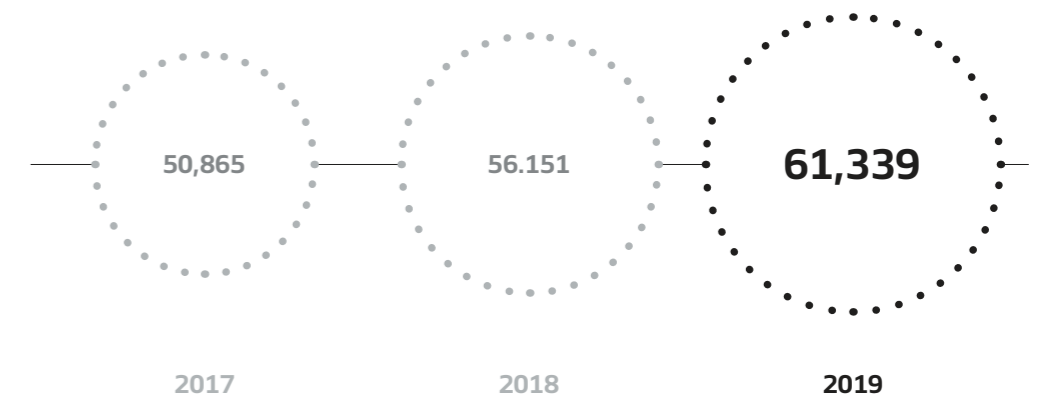
#### Business Portfolio

Model Solution delivers global top-tier performance in precision processing used to manufacture high-quality design mockups prior to launching new products as well as advanced ultra-high precision processing products and in Quick Delivery Mold (QDM) service to provide a wide variety of products in small quantities within a short time period. Model Solution is now expanding its business into mass-producible injection molding that guarantees high-quality, as well as into product design, and contract manufacturing to provide EMS, OEM, and ODM services.

2019 Sales of Model Solution

(unit: KRW million)

\* Including overseas operations

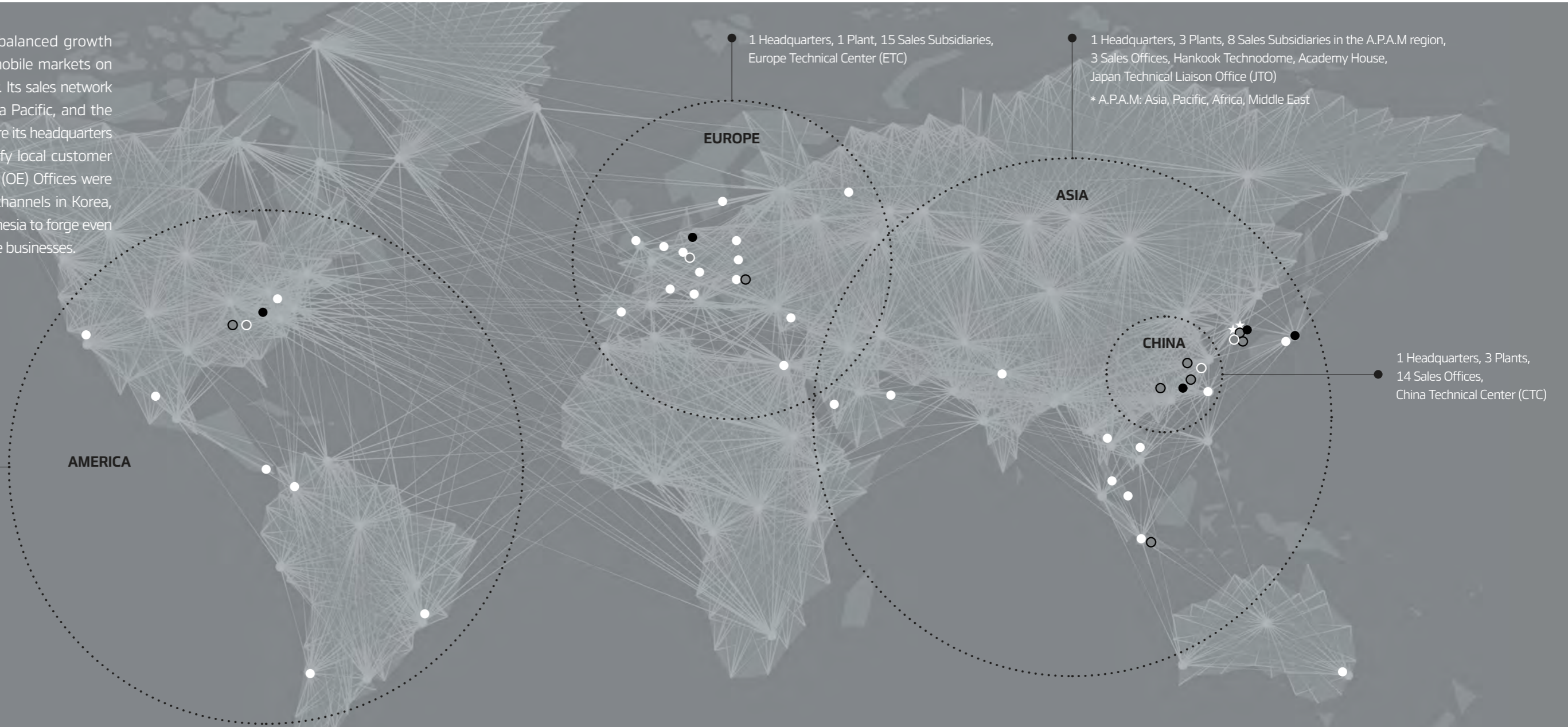


# GLOBAL PRESENCE

Hankook Technology Group offers only the best products and services that cater to specific local needs throughout its global network of manufacturing, R&D, sales, and marketing & communication. Hankook Technology Group will ceaselessly push the boundary of its capabilities to reach out to the wider world and to bring the greatest possible satisfaction right to the point of customer interaction.

Hankook Technology Group pursues balanced growth both in advanced and emerging automobile markets on the basis of its locally-optimized strategy. Its sales network spans China, Europe, the Americas, Asia Pacific, and the Middle East & Africa as well as Korea where its headquarters is located to deliver products that satisfy local customer needs. Furthermore, Original Equipment (OE) Offices were established as OE tire communication channels in Korea, China, Germany, the U.S., Japan and Indonesia to forge even closer partnerships with global automobile businesses.

- ★ Headquarters
- Regional Headquarters
- Sales Subsidiary & Sales Office
- Technical Center
- Manufacturing Plant

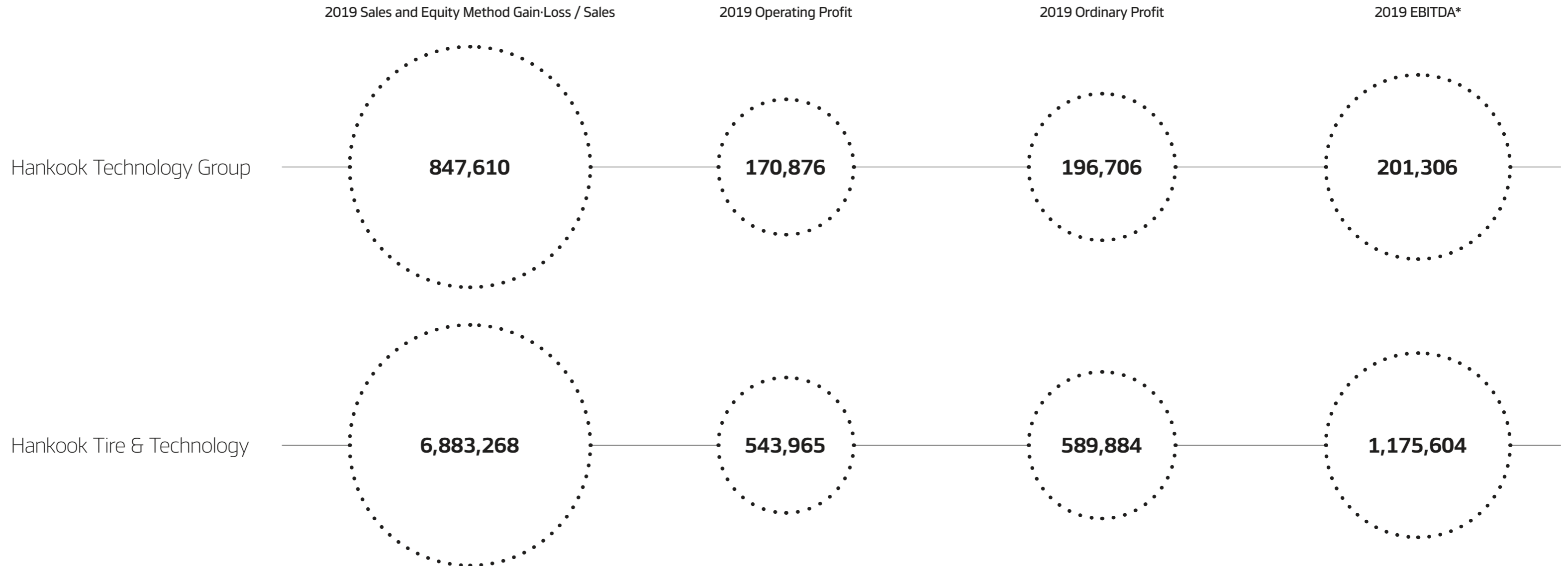


\* As of Jan. 1, 2020



# FINANCIAL HIGHLIGHTS

(unit: KRW million, on a K-IFRS, consolidated basis)



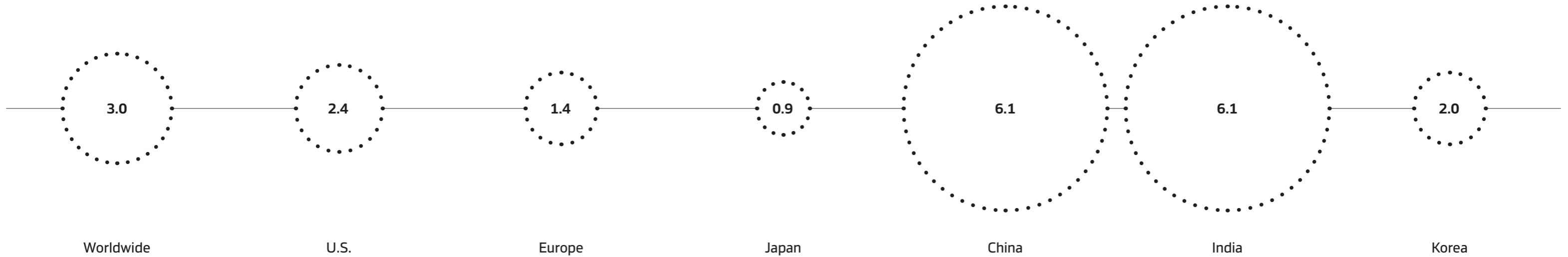
\* Earnings Before Interest, Taxes, Depreciation and Amortization



# MARKET ANALYSIS

(Source: IMF / unit: %)

## 2019 Global Economic Growth



\* Source: World Economic Outlook\_October 2019, IMF

\* Real GDP growth, based on Oct. 2019 forecasts

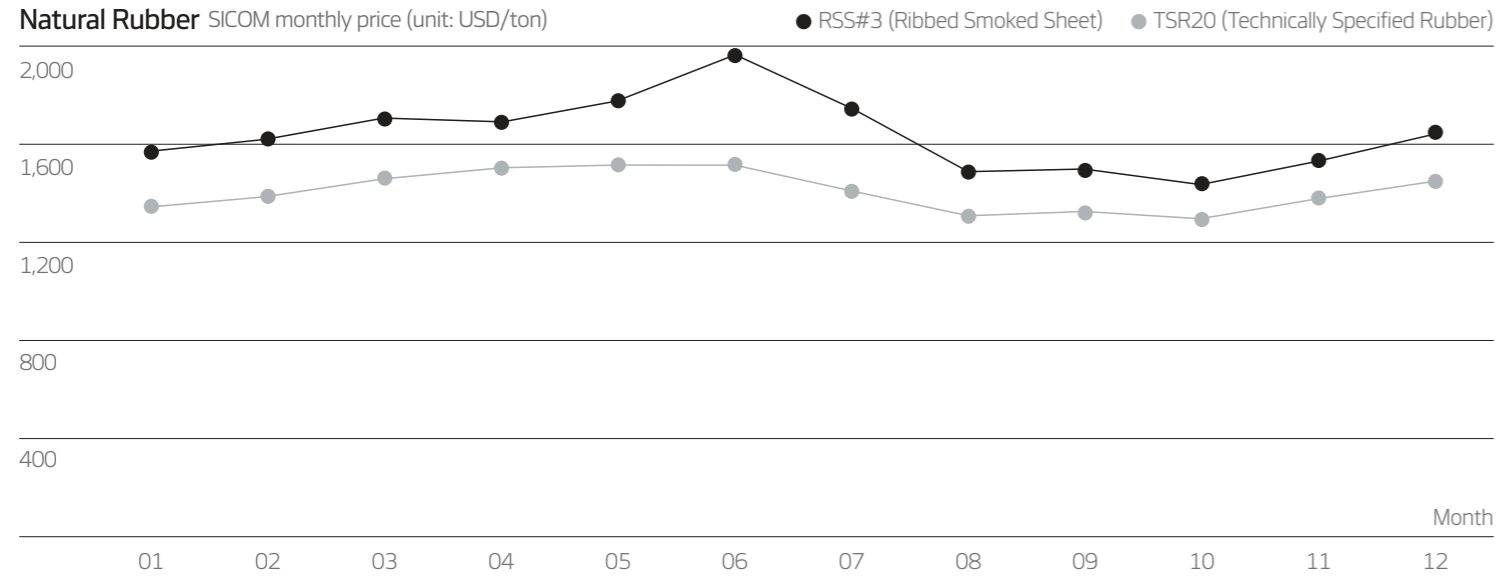
\* Europe includes the following 37 countries

- Germany, France, Italy, Spain, the Netherlands, Belgium, Austria, Ireland, Portugal, Greece, Finland, Slovakia, Lithuania, Slovenia, Luxembourg, Latvia, Estonia, Cyprus, Malta, the U.K., Switzerland, Sweden, Czech, Norway, Denmark, Iceland, San Marino, Russia, Turkey, Poland, Rumania, Ukraine, Hungary, Belarus, Bulgaria, Serbia, Croatia

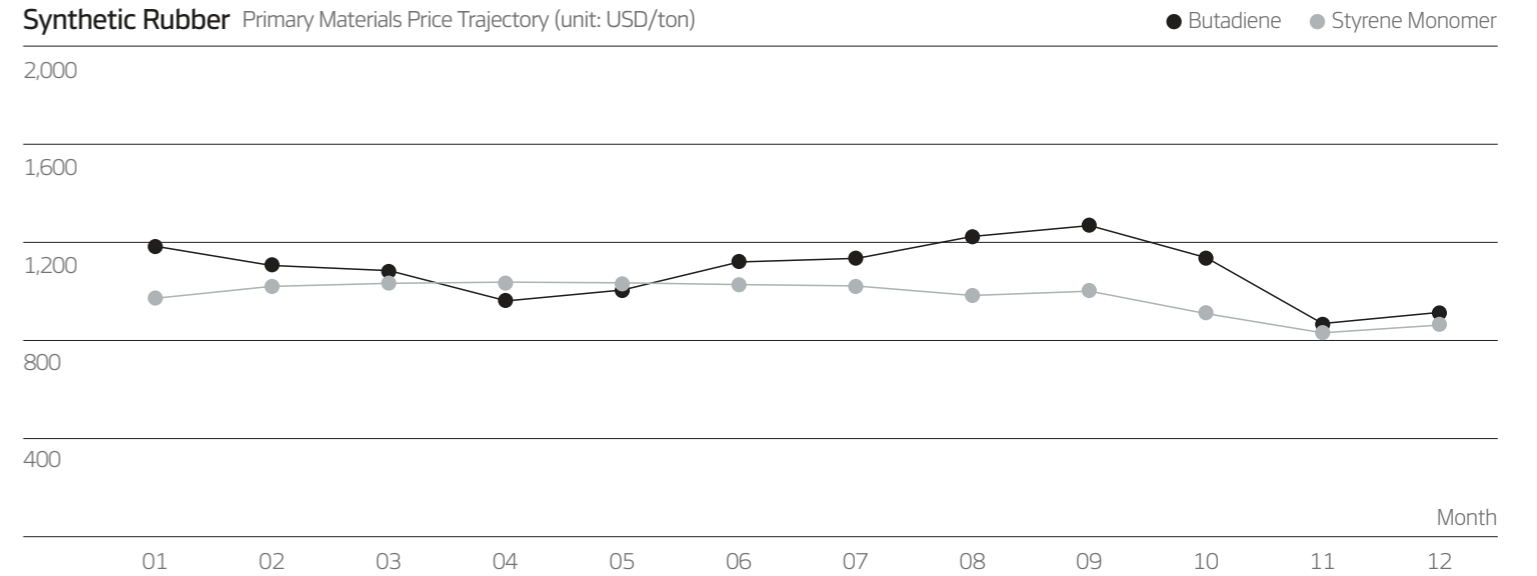


### 2019 Raw Materials Price Trajectory

(unit: Average price based on cargo for the following month (FOB, USD/MT) / source: SCIM (<http://www.sgx.com>))

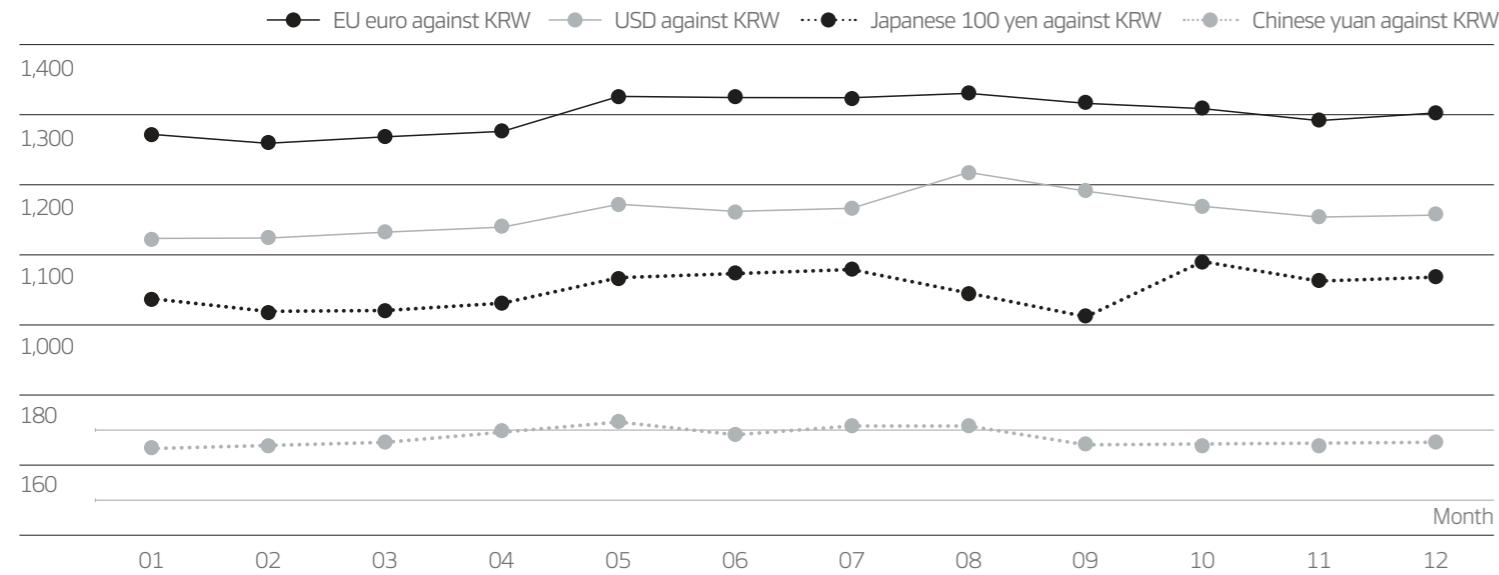


(Source: BD - Platts (CFR Taiwan), SM - Platts (FOB Korea))



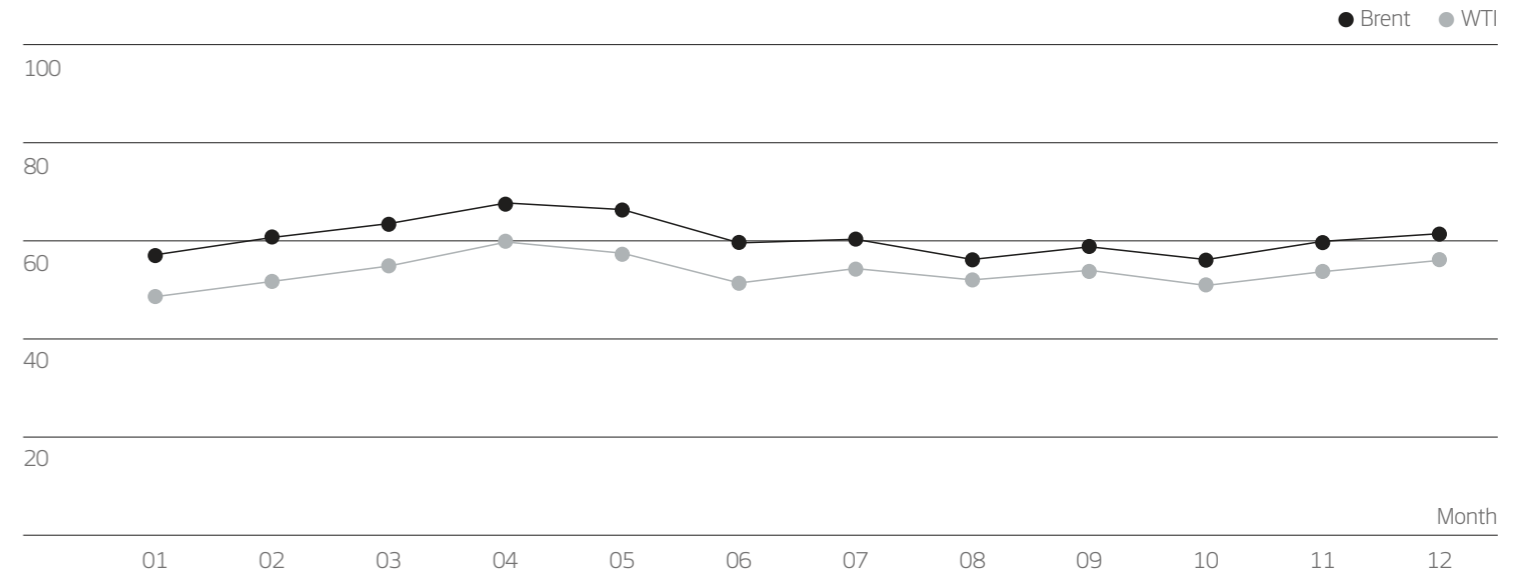
### 2019 Currency Rate Trajectory

(unit: KRW, source: KEB Hana Bank)



### 2019 Oil Price Trajectory

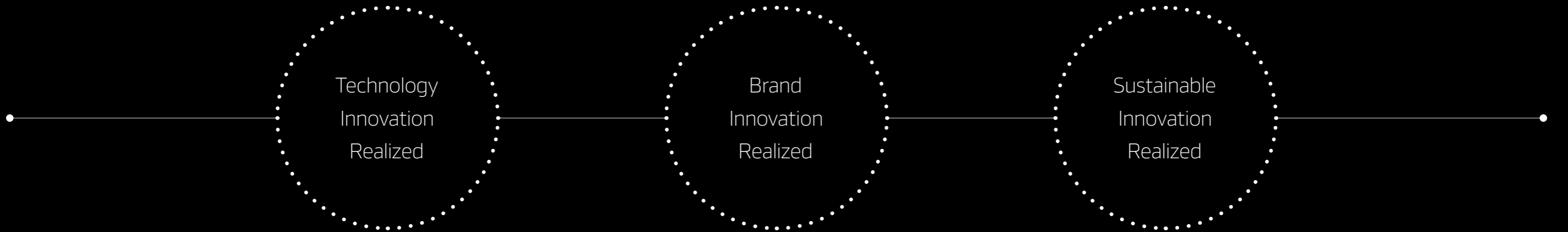
(unit: USD/bbl. / source: Brent crude - London-based ICE Futures Exchange, WTI-New York Mercantile Exchange (NYMEX))





# INNOVATION REALIZED







Exterior of Hankook Technodome



Panoramic view of Model Solution's CMF LAB

# STEADY INVESTMENT IN R&D

Hankook Technology Group is consistently expanding its pool of professional researchers and increasing its investments in high-tech infrastructure to establish leadership across tire, battery and all business areas. With Hankook Technodome playing a central role as a green high-tech research institute, we will build innovative technology that will lead the automotive industry and strengthen our high-tech competitive edge in so doing.

## Hankook Tire & Technology

### Hankook Technodome

With an aim to build global technology leadership and reinforce future competitiveness, Hankook Tire & Technology completed Hankook Technodome as its central research facility in 2016. With 96,328m<sup>2</sup> in total floor space, Technodome consists of a research building (4 floors above ground and 2 floors below ground) and a residential building (7 floors above ground and 1 floor below ground) and houses a driving simulator where virtual tests are performed under real-life racing conditions, a world-class anechoic chamber to conduct tire noise tests, and other advanced research and testing equipment. The facility also provides innovative research and work spaces such as 'Tire Workshop' and 'Focus Box' to create an optimized work environment for the tire R&D process. With its top-tier equipment and work conditions, Hankook Technodome continues its endeavors to develop innovative future tire technology and build an unrivaled technological competitive edge.

### Exceptional R&D Workforce: Recruitment and Strategic Nurturing

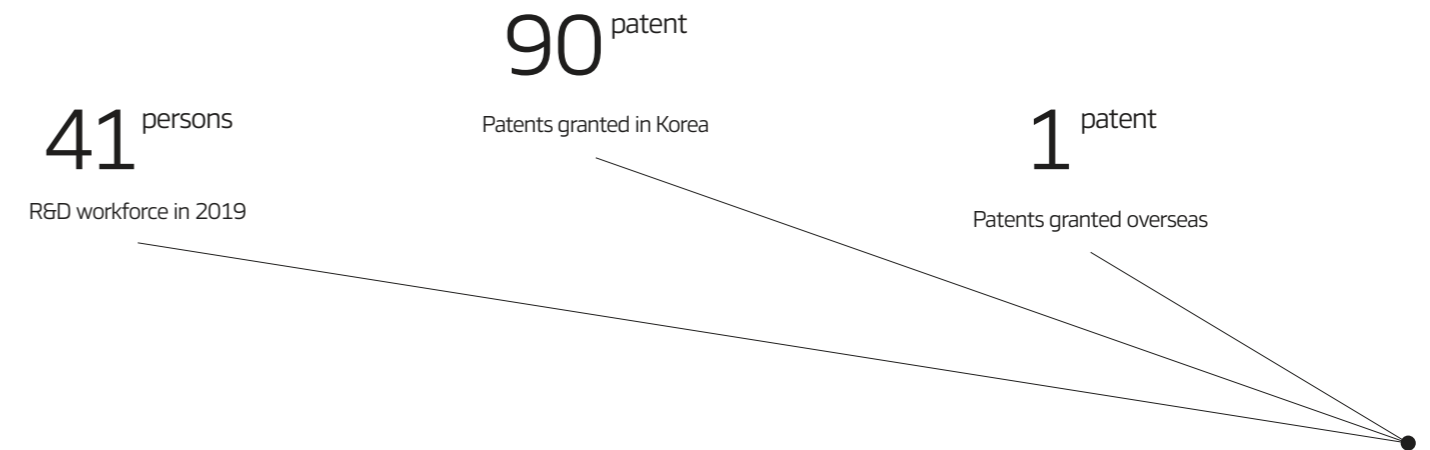
Hankook Tire & Technology continues to make discerning investments in recruiting outstanding talent. We launch impactful technology promotion events and wide-ranging industry-academia programs in alignment with Hankook Technodome while presenting the training roadmap for respective R&D positions and offering systemic technical training through the 'Engineering University' to strategically nurture our R&D workforce. In addition, we operate training programs with overseas prestigious universities and played a role in establishing the Department of Tire Technology at the Chungnam National University, a graduate school for technology specialists, to assist our researchers with capacity building. A wide array of initiatives are also underway to promote a culture of creativity and autonomy to help our R&D workforce fully engage in their work.

### Leading Future Tire Technology through Patent Development

Hankook Tire & Technology translates its R&D outcomes into proprietary patents to further reinforce its R&D competitiveness. As of the end of 2019, our patent portfolio included 813 patents granted in Korea and 221 patents granted overseas. Recently, we are actively investing in securing patents in the U.S., Europe, Japan, and China to gain a competitive edge across the global technology landscape. We plan to develop original technology on Non-Pneumatic Tire (NPT), intelligent tire, and next-generation tire materials to obtain patents in key tire technology areas.



'The POD', Hankook Technodome's meeting space

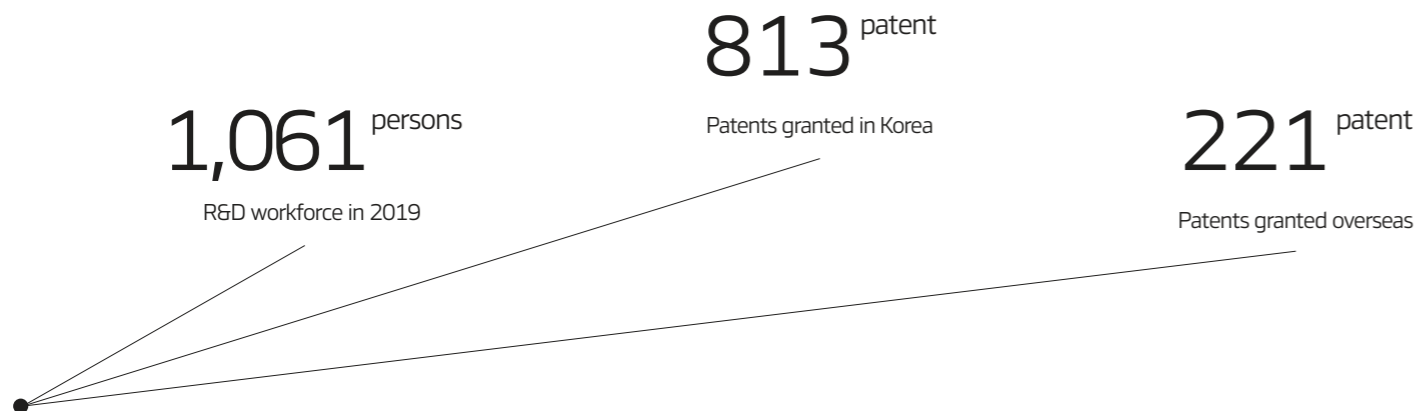


## Hankook AtlasBX

### Developing Cutting-edge Technology to Maximize Battery Performance

Hankook AtlasBX develops cutting-edge technology - AGM\*, EFB\*, and MF\* technology - through sustained R&D efforts to maximize battery performance and applies such technology to product development. Batteries powered by special AGM technology, when adopted for vehicles with the start-stop feature, deliver a service life three times longer, fast charging, vibration resistance, and complete leak guard protection. EFB batteries with further upgraded liquid battery technology allow for deep discharging and fast charging for entry-level vehicles with or without the start-stop function to help them improve fuel efficiency. MF batteries leverage a whole new level of standard battery technology to provide stable capacity, recovering charging, vibration resistance, and strong start-up performance to assist dynamic driving experience under any climate conditions throughout all four seasons.

\* AGM technology: Absorbent Glass Mat Battery technology  
 \* EFB technology: Enhanced Flooded Battery technology  
 \* MF technology: Advanced Maintenance Free technology





Hankook Networks

## Hankook Networks

### Developing Innovative Technology for Intelligent Predictive Maintenance and Logistics Automation

Hankook Networks joined the intelligent predictive maintenance system project undertaken by Hankook Tire & Technology and the Korea Advanced Institute of Science and Technology. Enabled by big data-based Artificial Intelligence (AI) technology, this system consists of the three steps of 1)collecting and analyzing vibration data from major tire manufacturing equipment through intelligent sensors, 2)developing gateways to gather and analyze the sensor information of manufacturing equipment, and 3)developing a server system to analyze abnormalities based on the interconnection of such equipment, and aims to bring innovation to smart manufacturing equipment. Hankook Networks's extensive experience in building logistics systems and its R&D efforts on latest technology led to the completion of such logistics solutions as air-NAVI\*, air-PICK\*, air-SCAN\* to spearhead the development of smart logistics automation in Korea and abroad.

- \* air-NAVI, through the use of logistics center navigation, optimizes moving paths and work flows to improve productivity by 20% against the conventional manual or PDA-assisted work methods, and allows anyone to easily handle the logistics process without changing the process or infrastructure.
- \* air-PICK combines IoT-based wireless communication and automation equipment to deliver a nearly 30% productivity increase in picking and sorting work against the established picking equipment (DP, SDAS), and its wireless communication function supports easy installment and maintenance.
- \* air-SCAN leverages sensor and video technology to identify diverse logistics data across the all six faces of the item, including volume, barcode, and product form, and helps reduce investment costs by nearly 40% when compared to the adoption of imported equipment.

## Model Solution

### Autonomous Mobility Prototype Manufacturing Project

Model Solution participated in the manufacturing of a mobility prototype with Level 5 future-oriented autonomous driving designs in cooperation with young and creative student designers who will lead the industry of the future. New design features were considered in line with the expected reduction or change in driver assistance systems that traditionally served drivers in controlling the vehicle: windshields and side mirrors were completely excluded while headlamps and fog lamps were redesigned to focus more on their lighting performance. Model Solution will continue to join projects on the latest technology - AR, VR, and personal mobility - that will be realized in our daily life in the near future.



Model Solution

**PERFORMANCE**

Maximize tire performance by improving handling, driving stability and durability

**SAFETY**

Maintain the integrity of tires - their original form, design and material composition - during the most dangerous and urgent moments of driving to protect the safety of the driver and the vehicle

**COMFORT**

Perform accurate analyses on how tires perform and function under real-road conditions to reduce impact, noise and vibration and to eliminate driving-related stress

**ENVIRONMENT**

Minimize the impact of tires on the environment and extend their durability and service life to support cost-efficient driving

**Hankook Tire & Technology's Unique Technology Philosophy**

Kontrol Technology represents Hankook Tire & Technology's technology philosophy and principles that underlie the entire process ranging from product research to development and production. 'K' of Kontrol means kinetics or 'movement' and reflects our philosophy that a tire in motion can effectively control interactions among the driver, the vehicle, and the road. This unique technology philosophy forms the cornerstone of our commitment to delivering products optimized in all the key aspects of performance, safety, comfort and eco-friendliness to ultimately bring the greatest-possible customer satisfaction.

# KONTROL TECHNOLOGY

Relentless and daring technology innovation has always been the very driving force behind the continued growth of Hankook Tire & Technology. On the basis of our unique technology development philosophy 'Kontrol Technology', we constantly pursue technology innovation and develop best-in-class products. Leveraging Kontrol Technology to push the boundary of technology innovation, we will deliver never-before-possible driving experiences to customers across the globe.

Passenger Car-SUV  
(PCR-LTR) Tire



**ventus S1evo<sup>3</sup>**

Ultra-High-Performance tire that unleashes the power of DTM technology on public roads



**KINERGY 4s<sup>2</sup>**

All-weather tire that guarantees safe handling throughout the year, both in snow and rain



**Dynampro MT2**

MT tire exclusively created for off-road driving and adaptable to even the most extreme unpaved road conditions



**Dynampro AT2**

Premium SUV/LT tire that delivers exceptional balanced performance under any topographical conditions

Truck-Bus  
Radial (TBR) Tire



**SMART FLEX DL15**

Multi-purpose rear-wheel drive tire with improved traction performance and fuel efficiency through 3D Kerf technology



**SMART WORK AM11**

All-position tire that provides Mild On&Off fuel efficiency and improved mileage performance



**SMART WORK DM11**

Rear-wheel drive tire with improved Mild On&Off traction and mileage performance



**SMART City AU06**

First-ever electric bus-only tire unveiled by Hankook Tire & Technology

# NEW & INNOVATIVE PRODUCTS

Hankook Tire & Technology sets the trend in the global tire industry by swiftly launching new products that cater to market and customer needs through relentless technology innovation. We develop safer, quieter and better passenger car radial (PCR) and light truck radial (LTR) tires while unveiling high-performing truck and bus radial (TBR) tires with improved eco-friendliness and fuel efficiency as well as electric vehicle (EV) tires equipped with cutting-edge technology, bringing our product competitiveness to a higher level.

### Passenger Car-SUV (PCR-LTR) Tires

In line with the increasing importance of Safety Tire Technology, Hankook Tire & Technology is focused on investing in new technology that caters to such customer needs. Our 3rd-generation run-flat tire, developed with key technology on new materials and manufacturing techniques, is the result of combining all our unique cutting-edge technology and will undoubtedly deliver even greater safety to customers. Furthermore, our sound-absorbing tire shuts out tire cavity noise and thus reduces road noise during driving in order to provide a more comfortable and quiet ride.

\* Tire cavity noise: Noise generated when the air inside the tire vibrates due to the shock from the road surface while driving



Kinergy 4S<sup>2</sup>



Smart City AU06

### Truck and Bus Radial (TBR) Tires

To keep pace with the increasing demand for eco-friendliness and high fuel efficiency in the global TBR tire market, Hankook Tire & Technology further segmented its new product offerings to satisfy customer requirements and respond to such emerging market trends. We added Mild On&Off (Regional+On&Off) line-ups to our Smart Work product category, and Multi-purpose (Long-haul+Regional) line-ups to our Smart Flex product category for refined product segmentation to strengthen the competitiveness of our Truck and Bus Radial (TBR) tires. In addition, Smart City AU06, our new product optimized for eco-friendly electric buses, will help us raise our share in the global electric bus market.



Industry-academia design project undertaken with the Royal College of Arts in the U.K. in 2018

### Design Innovation for Customer Safety

Since user safety should always come first in designing tires, the tire design process, unlike the design of general products, demands the level of technology that creates perfect forms without tolerating even a 0.001% error. Hankook Tire & Technology defined its design identity as 'Refined and Dynamic Style' to highlight the future-oriented dynamism and sophistication of our tires, and embraces design concepts optimized for each product. Since 2012, we have launched biennial 'Design Innovation' projects joined by students from the world's top-tier design universities: their creative ideas and our technical solutions are combined through joint research to present vision for future driving as well as next-generation tire systems to translate this vision into a reality. Hankook Tire & Technology will constantly pursue design innovation to enable all its customers to enjoy safe and dynamic driving experiences and explore new possibilities.

### Award



Hankook Tire & Technology's Design Innovation represents its R&D projects undertaken with some of the world's most prestigious design universities to present our vision for and solution to future driving through the lens of tires. In 2019, we chose the topic of 'Urban Reshaping' to propose the evolutionary pathway of mobility in the new life spaces created by humans within the future urban environment characterized by the prevalence of cutting-edge technology - green technology, autonomous driving, and artificial intelligence - and automation infrastructure. The project outcomes that will embody the synergy generated by Hankook Tire & Technology and its partners will be unveiled in 2020.

# DESIGN INNOVATION



### Customer-centric Innovation for Strengthened Quality Competitiveness

Hankook Tire & Technology ranks among the top in the auto component industry in terms of the number of its customers, and this inevitably adds to the number of requirements the company needs to satisfy. With an aim to deliver the greatest possible customer satisfaction, we strictly abide by quality management principles across the board on the basis of our customer-driven quality management philosophy. Notably, we are advancing our unique Hankook Quality System to constantly improve management quality.

Products and services provided by Hankook Tire & Technology are designed and manufactured to meet any and all applicable customer requirements & expectations, intended use conditions, and laws and regulations. Furthermore, process-specific assurance as well as pre/post sales service systems are provided to this end. Our quality management organization is responsible for all these operations and is structured in a way to guarantee its independence to effectively hold in check and support other corporate functions.

Such endeavors were widely recognized as we ranked first in the Korean Standard-Quality Excellence Index for 11 consecutive years and were named Outstanding Quality Competitiveness Enterprise for ten consecutive years in 2019. In addition, we were chosen as a tire supplier for such flagship SUV models of premium car OEMs as the Porsche Cayenne and the Audi Q8.

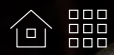
At Hankook Tire & Technology, quality serves as the supreme value in reaching out to customers as well as a cradle of innovation. Hankook Tire & Technology will embed innovation into employees' quality awareness to deliver the highest possible quality and will endeavor to create a deep-rooted corporate culture that values quality above all else.



Ventus S1 evo3 SUV

# FIRST TIER QUALITY COMPETITIVENESS

Hankook Tire & Technology considers quality as its top priority and thus seeks relentless innovation to build the world's first-tier quality competitiveness. By engaging each and every employee in advancing customer-centric quality management, we will deliver customer satisfaction and solidify our reputation as a premium brand.



2019 Super GT X DTM Dream Race

# MOTORSPORTS

Hankook Tire & Technology has demonstrated its exceptional technology and quality through its sponsorship for diverse motorsport competitions and contending teams, ranging from the Deutsche Tourenwagen Masters (DTM), the world's most prestigious touring car championship attended by three major premium car OEM brands, to the Formula Renault Eurocup and the Supercar Challenge. As a strong supporter for world's premier motorsports, we will contribute to developing a driving culture, joining hands with motorsports fans across the globe.

### Technology and Quality Recognized through Motorsports

Since 1992, Hankook Tire & Technology has participated in globally-recognized motorsport competitions, from the 'Super GT' and the 'Nürburgring 24h' to the '24 hours of Le Mans'. After years of competing against global leading tire makers, we have been proudly chosen as an official tire supplier to the Deutsche Tourenwagen Masters (DTM) since 2011 and to the FIA F3 European Championship since 2012. As one of the world's top three touring championships, the DTM serves as a venue for German premium automakers - Audi, BMW, and Mercedes-Benz - to showcase their technological prowess. Our products gained recognition for their exceptional quality and technology through this competition to enable us to become an official tire supplier to the 'Audi Sport TT Cup', a support racing event for the DTM directly hosted by Audi Motorsport.

Our unrivaled technology and quality was proved yet again in 2014 when we attended the 'Nürburgring 24h', a 24-hour circuit race also known as 'Green-hell' that challenges drivers to push their limits. We have continuously participated in the 'Formula Drift', the sole professional drift championship held in North America since 2006, and have served as a title sponsor and the exclusive tire supplier since 2015 to the '24H Series Powered by Hankook Tire', one of the world's largest endurance races, to solidify our brand image.

Since 2016, we have supplied tires to the 'ADAC TCR Germany' a one-make touring car race initiated in Germany, as well as to the 'TCR Nürburgring' and 'TCR Spain'. Currently, we are also serving as a tire supplier to the 'British F4' hosted by Ford, the 'Australian F4 Championship', the 'SMP NEZ Championship', the 'F4 Spanish Championship', and the 'F4 UAE Championship'. In 2017, Rhys Millen, sporting Hankook Tire & Technology tires, landed first place in the 'Time Attack' class at the 'Pikes Peak International Hill Climb', the world's top mountain motorsport competition. In addition, we became a sole tire supplier and a title sponsor for the 'Supercar Challenge' in the Netherlands, and in 2018, we signed an exclusive tire supply and sponsorship contract with Radical. In 2019, the 'Formula Renault Euro Cup' and the 'W Series' were newly added to the portfolio of our exclusive tire supply and sponsorship contracts.

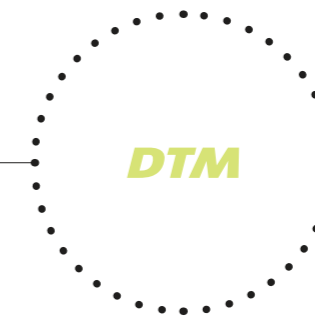
As we move into 2020, Hankook Tire & Technology vows to reciprocate motorsports fans across the globe for their enthusiasm and expectation as a brand that honors world premier motorsport competitions. We will continue to attend global motorsport events to strengthen our brand power and product awareness and become a brand beloved by even more customers in the global market.



AMG GT4 of AtlasBX Motorsport



Pikes Peak International Hill Climb  
First place awarded to the driver sponsored by Hankook Tire & Technology



DTM  
Official exclusive tire supplier



Supercar Challenge  
Chosen as the exclusive tire supplier and a title sponsor to the Supercar Challenge in the Netherlands



1

1. The Next Driving Lab campaign
2. Real Madrid Sponsorship



2

# MARKETING COMMUNICATIONS

In 2019, wide-ranging marketing communication programs were launched to raise awareness of and trust in the brand of Hankook Technology Group. Hankook Tire & Technology, Hankook AtlasBX, and Model Solution follow a systemic strategy in consideration of the characteristics of their markets and customers to further elevate their brand power through sports sponsorships, campaigns, and exhibitions.

## Hankook Tire & Technology

### Globally Recognized Premium Brand

Hankook Tire & Technology has maintained the marketing partnership agreement with 'Real Madrid', one of the world's top-tier football clubs, from the 2016-27 season to reinforce its premium brand image among global customers. Our 'Be One with It' campaign, launched in major global markets except for the U.S. in 2016, has driven our effort to disseminate the value of innovation shared by both Real Madrid and Hankook Tire & Technology.

In the European market, we are proactively launching brand marketing programs that tap into the areas of interest among local consumers as an official partner for the UEFA Europa League since 2012. This close partnership was renewed for another three years from the 2018-19 season.

In the strategic U.S. market, the 'Never Halfway' campaign that reflected the unique sentiment of Americans has enabled us to reach out to the heart of local customers. After signing an official sponsorship contract with the Major League Baseball (MLB) which represents the American sports scene in 2018, we have since capitalized on MLB property across our marketing programs to further elevate our brand reputation in the U.S. market.

In China, we took note of its shifting market and consumer trends and have launched the 'Be One with It' campaign since 2016 to disseminate Hankook Tire & Technology's 'innovation' message. Furthermore, we are increasing consumer engagement through Integrated Marketing Communication (IMC) and launching continued activities to improve our brand premium and consumer preference.

In Korea, 'The Next Driving Lab' campaign is underway to highlight our young and innovative brand image. Our distribution channel T'Station also continues with its 'Smart Care' campaign to deliver unique and differentiated services to customers to solidify our premium brand reputation.



MLB Sponsorship



Medical Design &amp; Manufacturing exhibition in the U.S.

## Hankook AtlasBX

### Attending Major Exhibitions in Germany, the U.S. and across the World

Hankook AtlasBX makes use of overseas exhibitions to create new business opportunities and elevate its corporate brand value. Since 2008, the company has attended Automechanika held in Germany, one of the largest European trade fairs for the automotive parts and service industry, every two years to tap into new European customers and promote its house brand. It also has been a regular participant in the Automotive Aftermarket Products Expo (AAPEX) of the U.S., the largest of its kind hosted in North America, since 2016. In the 2019 AAPEX event, Hankook AtlasBX focused on the promotion of its new corporate identity and a new plant to be completed in the U.S. to draw tremendous attention from visitors.

## Model Solution

### Elevating Brand Reputation through Attendance in the MD&M

Model Solution has been a regular participant in the Medical Design & Manufacturing (MD&M) held in the U.S. Attended by global medical industry players, the MD&M is known as the largest medtech event in North America and serves to offer an at-a-glance view of the latest technological trends and solutions in the areas of R&D and manufacturing as well as new materials and new products. Model Solution has continued to participate in medical equipment exhibitions across the world since 2016 to introduce its recently developed and manufactured medical devices, which allowed the company to raise its brand awareness and find new business partners. Going forward, Model Solution will continue with its technology innovation and publicity activities to maintain its global No.1 brand position.





Porsche



Ventus Prime3

# GLOBAL AUTOMOTIVE PARTNERSHIPS

In line with the rapidly shifting future automotive landscape, Hankook Tire & Technology remains steadfast in investing in R&D and building competitive cutting-edge technology to increase OE tire fitment gains. We also strengthen trust-based partnerships with global automakers through close communication and cooperation.



Winter icept evo3 X

### Increasing Our OE Tire Supply to Automakers

We maintain close partnerships with global top-tier car OEMs to increase our Original Equipment (OE) tire supply for major brand models. In 2019, the Audi Q8 and the GM Trailblazer were newly added to our OE supply portfolio. Furthermore, we continue to supply Volkswagen, BMW, and Mercedes-Benz with 'Ventus Prime2 Seal Guard', a self-sealing tire made of sealant materials, and 'Ventus S1 evo2', a run-flat tire capable of running for 80km at the speed of 80km/h even when the tire air pressure is reduced to zero.

### Close Partnership with Global Car OEMs

With our Hankook Technodome playing a pivotal role, we operate local research centers in major regions of the world to satisfy the performance requirements of future-oriented vehicles as desired by global automakers and to develop tires optimized for respective local markets. We also build cooperative partnerships for shared growth with major car OEMs through joint research, concept tire development, and technology exchange. In addition to regular business meetings, we make use of global auto shows and exhibitions to promote the OE tire business of Hankook Tire & Technology. These multi-pronged communication programs enable us to forge stronger trust-based relationships with global car OEM brands.

### Hankook Tire & Technology's OE tire partners





1, 2. Ventus S1 evo3 SUV equipped on the New Audi SQ8 TDI  
3. Ventus S1 noble2 and Ventus S1 evo3 equipped on the 2020 Mercedes-Benz S-Class



# OE TIRE MARKET PERFORMANCE & FUTURE STRATEGY

In 2019, Hankook Tire & Technology posted a more than 13% y-o-y growth in OE tire supply to Audi, Mercedes-Benz, Porsche, and other premium brands in Europe and the Americas. Our supply of sealant tires and run-flat tires for premium models also increased, and the development of future automobile tires was accelerated to set us apart from the competition, elevating our status as a global tire maker recognized for unrivaled world-class technology.



**2019 Performance Analysis**

Even in the face of the sustained global economic downturn, Hankook Tire & Technology consistently expanded its OE tire supply in 2019. In the North American automobile market, vehicle sales have been on the continuous decline due to protracted economic uncertainties. Still yet, our sales stayed unchanged from the previous year as we increased our supply to premium brands while maintaining a stable supply system with Japanese car OEMs and other existing customers.

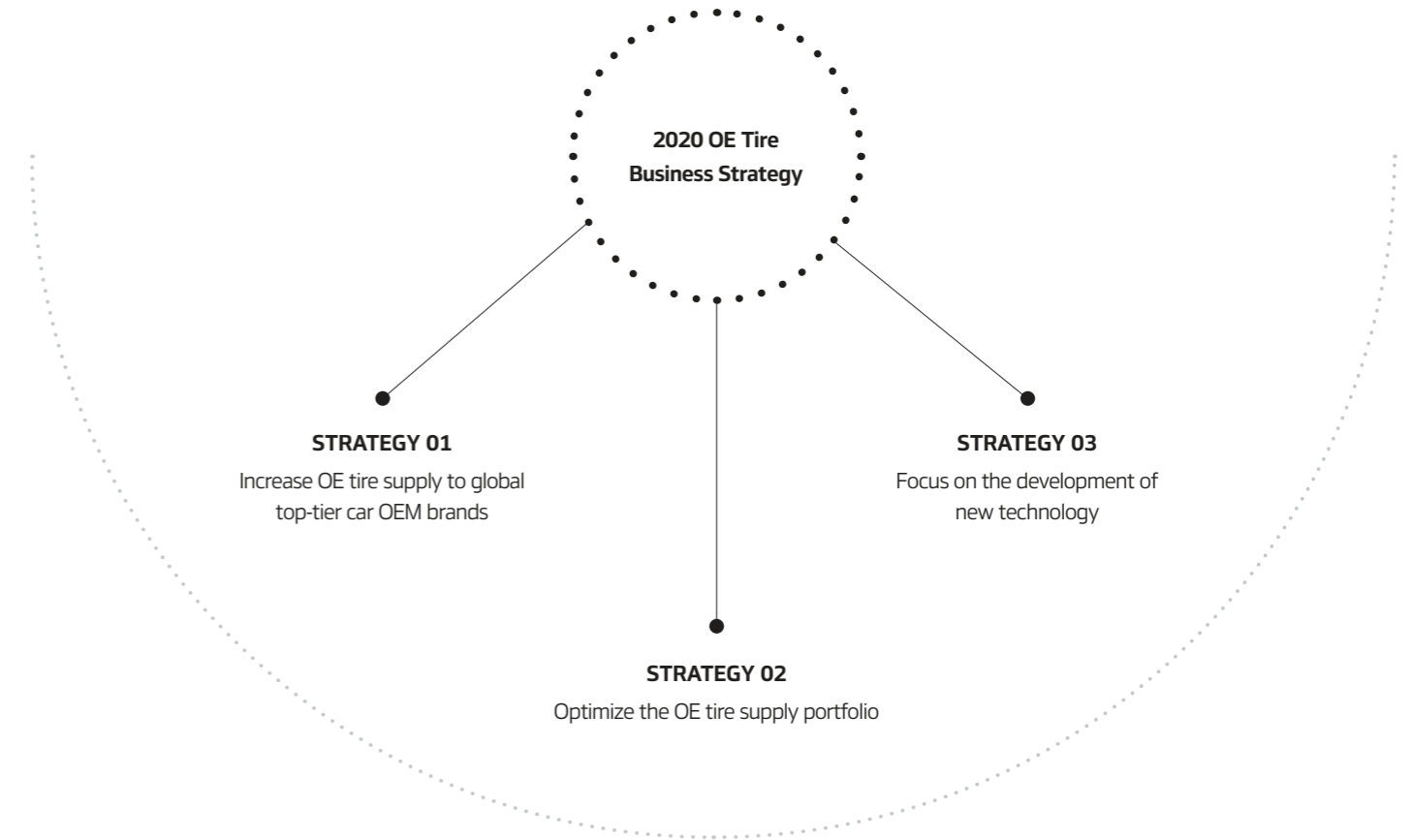
The European automobile market remains sluggish due to shrinking demand and economic downturn. We maintained a stable supply to existing customers under such challenging conditions to increase our supply by 30% to Honda, Nissan, and other Japanese OEM brands. While we faced difficulties in the Chinese market due to the prolonged U.S.-China trade conflicts and the government's subsidy cuts in new energy vehicles, our full-fledge endeavors allowed us to increase supply to local Chinese and Japanese car OEM brands.

**15%**

2019 OE tire sales growth for premium brands in Europe and the Americas



Dynapro HP2 equipped on the 2020 Infiniti QX60

**2020 Business Strategy**

We will establish an optimal business strategy for 2020 to pursue stable growth and further increase our OE tire supply for global top-tier automakers. In addition to our existing OE tire customers - Hyundai Kia Motors, Volkswagen, Ford, GM, Toyota, Honda and Nissan, we plan to continuously expand our OE tire supply to BMW, Mercedes-Benz, Audi, Porsche, and other premium brands. We will also expand our business with local Chinese car OEMs and Japanese car OEMs operating in India and ASEAN. Specifically, we aim to target popular models of these car OEMs to form even closer partnerships with them.

We will raise the share of high-inch tires and develop new technology that caters to both global automobile market changes and customer needs in order to further upgrade our OE tire supply portfolio. We plan to actively expand the supply of run-flat tires, sealant tires, silent tires and other special tires while focusing our capabilities on the development of advanced tires for EVs, hybrid vehicles, plug-in hybrid vehicles, and other next-generation vehicles in line with the accelerating global trend of reducing carbon emissions.



- Korea

In Korea, we launched a range of marketing programs, from new product development and distribution structure innovation to retail service improvement. Such proactive endeavors enabled us to further solidify our dominance in the domestic market and to elevate customer satisfaction and our brand value.

In 2019, we stepped up our marketing operations to maintain our performance through the 'The Next Driving Lab' campaign and diverse sponsorship marketing programs to increase the exposure of our 'Hankook' brand and further elevate its brand image. We also expanded our OE tire supply to German premium carmakers as a way to consistently strengthen our marketing endeavors with these global top-tier brands. Serving as a trendsetter in the market by launching an array of products, from 'Ventus S1 evo3', performance-focused tires for high-powered imported cars, and 'Ventus V2 AS', premium tires for luxury sedans, to 'Winter i\*cept X', winter tires for large-size SUVs, we are also increasing our sales of run-flat tires and other products that target the imported car segment.

Our T'Station business has pursued innovation in its distribution and digital operations in line with the shifting domestic market, and this has resulted in the introduction of diverse global brands and the completion of a digital infrastructure to respond to the emerging digital environment. First of all, its website (T'S.com) was reorganized on an O2O platform that allows consumers to purchase tires in an easy and convenient manner through seamless on/off-line service alignment. In addition, Smart System, Smart Guide, and Smart Sales were launched to improve the operational efficiency of T'Station locations and strengthen communication at the field level, further upgrading our retail competitiveness.

The year 2020 is forecast to experience a slight drop in domestic tire demand in line with declining private sector consumption and the widening wealth gap in household economies. Our plan in the Korean market is to develop new products, introduce the Laufenn brand, improve our channel competitiveness, and strengthen online-focused direct consumer marketing, broadening our sales operations across all products, channels, and consumer marketing domains. We will strengthen new marketing and B2B business initiatives to respond to the fast-growing high-inch segment while expanding T'Station's multi-brand strategy and adopting this multi-brand strategy for our truck and bus radial tire channel TBX to improve the value of our retail channels on the basis of these total tire solution locations. We also plan to make use of our product and brand advertisement to reinforce the brand image of Hankook Tire & Technology.

Hankook Tire & Technology

# REGIONAL ANALYSIS & FUTURE STRATEGY

## China

In China, we swiftly responded to the fast-changing market landscape while increasing our sales with a focus on high-inch products, improving the distribution structure, and highlighting our premium image in alignment with Real Madrid. The sum of these endeavors allowed us to expand our OE tire supply for premium car brands and to post a 28% increase in 17-inch or larger high-inch tire sales in order to pursue continued qualitative growth.



The Chinese tire market is rapidly shifting to 17-inch and larger high-inch tires in line with the growing local automobile market. This prompted us to focus on launching new high-inch products and strengthening the competitiveness of our passenger car and SUV tires, which resulted in a more than 28% y-o-y increase in high-inch tire sales.

We improved the structure of our tire distribution operation in China to respond to the rapidly-changing local market and strengthen the basis for sustainable growth. In addition to reinforcing our capability in conventional tire distribution, we initiated the operation of our O2O flagship store on T-mall, China's largest e-commerce platform, and diversified our distribution network by increasing Key Account (KA) sales. Qualitative improvement was also made as we increased tire supply to distributors specializing in BMW, Mercedes-Benz and other premium automobile brands. Furthermore, our global strategic brand Laufenn became available across more than 400 stores in China to broaden its distribution throughout the country and lay the basis for further growth.

Another noteworthy achievement was to consistently increase our OE tire fitments on locally-produced major models of the three German premium brands - Audi, BMW, and Mercedes-Benz. Our partnership with Real Madrid, a world-renowned football club, helped us facilitate sports marketing in China and this served to strengthen our premium brand image and consumer preference for our brand.

In 2020, our strategy in China will be focused on agility in responding to the fast-changing Chinese market and the pursuit of stable and sustainable growth. We aim to develop new trend-setting technology and launch new high-inch products, expand OE tire fitments on premium car brands, and make investments and structural improvements in distribution in order to continuously seek growth in the Chinese market while undertaking localized marketing communication programs to establish our status as a premium brand.

In 2019, the European market encountered extremely challenging conditions due to the sluggish global economic growth and the emergence of global trade protectionism spurred by the U.S. anti-dumping tariffs on made-in-China products. To ensure sustainable growth rather than maintaining the status quo, we were fully committed to executing the three strategic priorities of seeking continued growth as a premium brand, increasing profit-driven sales, and establishing a market-focused Market Intelligence (MI) system, to raise our market share.

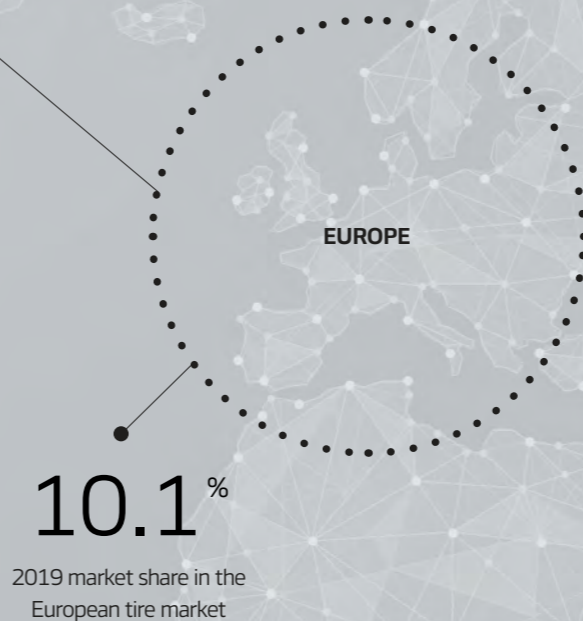
Our marketing partnership with Real Madrid is contributing to strengthen our premium brand awareness across Europe, and as an official partner for UEFA's Europe League, we are tapping into areas of interest among local consumers for our brand marketing. To further improve our brand awareness, our sponsorship programs are designed to suit country-specific public sentiments as demonstrated in our exclusive tire supply to the Deutsche Tourenwagen Masters and our official partner sponsorship for the Kontinental Hockey League of Russia.

As uncertainties continue in the global economy, we set a goal of pursuing profit-driven sales growth and optimized our business strategy for high-margin products by improving our sales mix with a focus on high-inch products, developing high-inch tire specifications that satisfy top-tier standards, and reestablishing our brand portfolio. We also strive to advance into the Fleet Management Service (FMS) market as a future sustainable growth driver, and are building an operational system to shift the focus of our sales structure and respond to changing market trends. In Europe, we are improving the way we access, analyze and address market data through strengthened market sensing capabilities to operate a market-focused Market Intelligence system and advance the Work Smart initiative. Digital tools are used to upgrade our sales and marketing infrastructure while steady investments are made in new distribution channels. By creating a digital package of the value tool box (Valobox) for dealers and consumers, we are fully able to respond to the voice of the sales field operations.

In 2020, we will pursue qualitative growth to successfully compete against top-tier players, as well as quantitative growth, to advance sustainable innovation. We will also develop strategy, process, and growth momentum to swiftly respond to changing market conditions and become a trend setter, paving the way for sustainable growth.

## Europe

In Europe, we continue to raise our market share by improving productivity and product competitiveness, executing segmented distribution strategy, and launching proactive marketing programs. Our partnership with Real Madrid and motorsport sponsorships also enable us to build our premium brand image across Europe.



While we faced difficulties due to changing market conditions and increasing exogenous factors in 2019, we posted meaningful growth in our sales of Ultra-High-Performance (UHP) and other high-inch tires. Our sales of high-inch tires recorded a 6.3% y-o-y growth, and we laid the basis for mid/long-term quantitative growth by developing new business accounts and diversifying our distribution channels in the U.S. and across the entire Americas region. Notably in Central and Latin America, our business grew in Columbia and new accounts were developed in Central America and Brazil in the face of exogenous factors affecting this region.

Our official sponsorship contract that was signed in 2018 with Major League Baseball (MLB) enabled us to further solidify our premium brand image and to duly exercise our rights as an official MLB sponsor in undertaking wide-ranging marketing programs to elevate our brand value in the entire Americas region as well as in North America.

As a preemptive countermeasure to the shifting market landscape in the Americas, our 2020 strategic priorities will be to expand the distribution channels, improve the quality of logistics services through efficient warehouse operation in the Colon Free Zone in Panama, make use of the Laufenn brand to pursue stronger growth, increase the sales of high value-added products in alignment with our supply to car OEMs, launch new products optimized for the local market based on the Tennessee Plant and continuously increase our market share in the Replacement Equipment (RE) tire segment in so doing. Furthermore, a wide array of sports marketing campaigns will be fully launched to elevate our status as a top-tier premium brand.

**Americas**

**In the Americas, we will take a multi-faceted approach along the entire business areas, from production and logistics to sales and marketing, to secure mid/long-term growth drivers. Notably, highly-profitable 18-inch and larger Passenger Car & Light Truck (PCLT) tires posted a double-digit growth in sales and their share within the PCLT category increased by more than 5%. We are also facilitating marketing operations through our official Major League Baseball sponsorship.**

**43.3%**

2019 ratio of 17-inch and larger high-inch tires in total sales in the Americas (based on net AMT)

**Asia Pacific & Middle East-Africa**

**In Asia Pacific, we have innovated our distribution channel and increased our sales mainly in the high-inch tire segment. In the Middle East and Africa, we focused on making continued investments and establishing a sound distribution system while building logistics infrastructure in key local areas to lay the basis for future sales growth.**

**43%**

2019 ratio of 17-inch and larger high-inch tires in total sales in Asia Pacific & the Middle East-Africa (based on net AMT in the PCLT category)

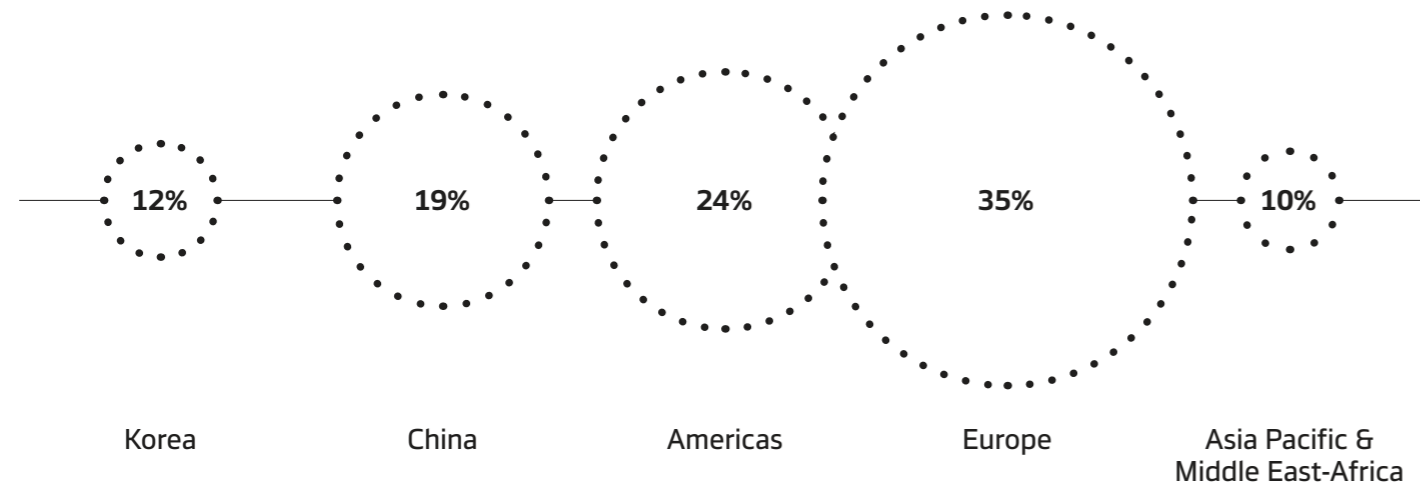
In 2019, we developed a growth model to improve profitability while maintaining the set strategy in order to shift the focus of our sales mix towards high-inch tires and strengthen competitiveness in operating optimized product, distribution and pricing structures in respective markets.

In Asia Pacific, our priorities were placed on growing our retail business based on the retail platform and on expanding new business operations and tapping into new markets through the establishment of the Vietnamese subsidiary, UAE subsidiary, Indonesian subsidiary, and Taipei office. In the Middle East-Africa region, we improved our distribution infrastructure via new logistics hub locations and launched aggressive sales activities in a bid to further advance into the African market and increase the sales of UHP tires (14% y-o-y growth).

To promote the balanced growth of both profitability and business volume in 2020, we will pursue qualitative/quantitative growth, channel diversification, and sales innovation while shifting our strategic focus to high-inch tires and advancing capabilities on these profitable products, increasing the sales of Laufenn to maximize our total sales, and expanding our TBR tire sales. A differentiated locally-based channel strategy will be also implemented to upgrade our sales competitiveness. In Asia Pacific, we will open new Hankook Masters locations to expand our network base in order to promote our retail business and stable sales growth. In the Middle East-Africa region, our warehouse infrastructure will be expanded to diversify our distribution operations and to further tap into the African market as a way to secure mid/long-term growth engines.

## 2019 regional breakdown of tire sales

(based on global sell-in volume)



Hankook Tire &amp; Technology

# TIRE MARKET PERFORMANCE BY PRODUCT GROUP

## 2019 Business Results and Performance Analysis

Hankook Tire & Technology's global tire sales by region is as follows: 12% in Korea, 19% in China, 24% in the Americas, 35% in Europe, and 10% in Asia Pacific and the Middle East-Africa. This demonstrates that we have a balanced sales portfolio that spans not only such advanced markets as the Americas and Europe but across the globe.

Notably, our sales of highly-profitable 17-inch and larger high-inch tires in the PCR/LTR category recorded a 12% y-o-y growth. By tire type, OE tires and RE tires grew by 7% and 17% respectively from the previous year. Turning to the growth of RE tire sales, China and the Americas rose by 39% and 19% respectively to further reinforce our presence in these key markets. The ratio of high-inch tires in the RE tire segment is forecast to rise continuously in the mid/long-term, and we will proactively respond to such changing market trends.

The regional sales breakdown of TBR RE tires is as follows: 16% in Korea, 10% in China, 29% in the Americas, 34% in Europe, and 11% in Asia Pacific and the Middle East & Africa. Specifically, the Middle East & Africa showed significant sales growth.

12%  
2019 sales growth of 17-inch and larger high-inch tires in the PCLT category

In 2019, Hankook Tire & Technology's top priority was to expand the sales of high-margin products across the globe. As such, noteworthy growth was witnessed in our 17-inch and larger high-inch tires that are manufactured with cutting-edge technology and valued for their potential to generate high profitability. Our sales of these high-inch tires in the Passenger Car & Light Truck category posted a 12% y-o-y growth, which further strengthened our position in key markets of the world.



Proactive Lab that puts creative ideas into action

# PROACTIVE CULTURE

Hankook Technology Group's unique 'Proactive Culture' serves as the fundamental driving force to build employee capacity and strengthen corporate competitiveness. It is through this free and creative Proactive Culture that our talented employees, with their Proactive Leadership, grow into agents of innovation and attain our corporate vision and individual goals.

### 'Proactive Culture' That Defines Our Unique Corporate DNA

Hankook Tire & Technology has made steady progress on the global stage on the strength of its unique corporate culture dubbed 'Proactive Culture'. 'Proactive' is the combination of 'professional' and 'active', and defines our distinctive corporate culture where employees, through their professional competitiveness, take ownership and become the agent of innovation themselves. At Hankook Tire & Technology, Proactive Culture is woven into all systems and institutions across the board to assist each and every one of us in taking the lead to bring innovation to our work practices. Being proactive as such defines 'Proactive Leader', the ideal Hankook Tire & Technology employee we aim to nurture. Proactive Leaders think and act with 'Proactive Leadership' that encompasses our core values of 'Passion, Innovation, Collaboration, and Global', and pursue both corporate and individual growth.

### 'Proactive Friday' to Offer a Creative Work Environment

Hankook Tire & Technology makes Friday special with 'Proactive Friday' every month to provide an environment that nourishes creative minds. On Proactive Friday, all executives and team leaders do not come to work while employees voluntarily plan and undertake a range of activities outside their typical work scope, free from any predefined rules or formats. This provides them with an invaluable opportunity to engage in a variety of activities that are normally difficult to do either with colleagues or on their own, from benchmarking other companies to participating in driving experiences and attending exhibitions. Our CoPs (Community of Practice) are also allowed to benefit from inspirational activities both outside and within the work scope, including experiencing new cultures and volunteering for worthy causes. Meanwhile, executives and team leaders come to work the following Sunday for their 'Strategic Sunday' activities: they hold townhall meetings to discuss diverse issues and strategic directions in order to strengthen their leadership capabilities.

### 'Proactive Studio' as a Creative Idea Suggestion Platform and 'Proactive Lab' as an In-house Venture Incubator

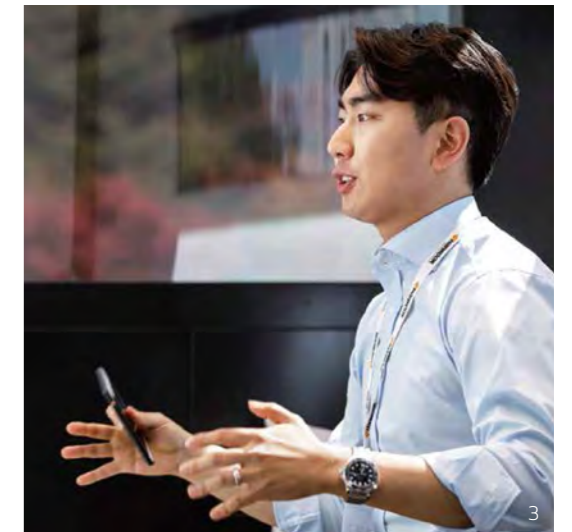
Hankook Tire & Technology operates 'Proactive Studio' as an in-house idea suggestion platform designed to create an engaging culture that encourages employees to propose their ideas and put their brilliant ideas into action. Anyone, regardless of their job position, can join this program to suggest any ideas within the boundary of their work scope and corporate life, and even new business ideas completely unrelated with their work are entertained. Since 2018, 'Proactive Lab' has been under operation for employees who proposed exceptional ideas to directly establish and run an execution unit to translate their innovative ideas into reality. A total of 11 Proactive Lab projects have been undertaken to execute on outstanding employee ideas, and R&D projects were chosen to develop new technology as well as new businesses. Proactive Lab is also aligned with our in-house ventures to help strengthen our competitive edge both on individual and corporate levels.

### 'Proactive Concert' to Promote Free and Equal Communication

Hankook Tire & Technology hosts 'Proactive Concerts' every quarter to gather employees together by department. Following the format of an in-house IR event held to share quarterly business outcomes, Proactive Concerts are autonomously organized by respective departments whenever issues arise that require employee communication. The agenda items are set by identifying the issues that interest employees the most and are addressed through an 'open approach' to promote interactive communication and answer questions on the spot. As seats are not arranged by job position, employees can freely mingle together in this casual atmosphere, and sensitive questions can be handled through anonymous text messaging. If there are any questions left unaddressed due to time constraints, they are surely answered at a later time through our corporate intranet. Proactive Concerts are also hosted at our overseas worksites to disseminate the culture of equal communication across the board.



1. Proactive Leader
2. Proactive Concert
3. Proactive Lab presentation



### Declaration

Hankook Tire & Technology ensures that CSR management becomes a part of each employee's daily routine and an integral part of its corporate culture. Through our company-wide integrated CSR management, we deliver the greatest-possible value to diverse stakeholders and lead the sustainable development and growth of the mobility industry.

### CSR Achievements

Hankook Tire & Technology has consistently endeavored to fulfill its social responsibility as a corporate citizen since the establishment of an integrated CSR management system in 2010. Committees are operated in each of the seven areas of product environment, EHS, climate change, employees, ethics management, corporate philanthropy, and suppliers, and respective committees are engaged in wide-ranging CSR programs to attain our mid/long-term CSR goals. In 2019, we have been listed on the Dow Jones Sustainability Index World (DJSI World) for four consecutive years to further solidify our status as a global top-tier performer in sustainability management. Our endeavors to operate a decision-making unit dedicated to climate change response and to use internal carbon prices to practice low-carbon management were recognized widely as we were awarded the status of being an exemplary company at the ending ceremony of the EU-Korea Emissions Trading Scheme Project.



2019 DJSI Awards



Car donation

# CORPORATE SOCIAL RESPONSIBILITY

To fulfill our social responsibility as a global corporate citizen, Hankook Technology Group established an integrated CSR management system to undertake systemic programs in the areas of product environment, EHS (Environment, Health & Safety), climate change, employees, ethics management, corporate philanthropy, and suppliers. Furthermore, we implement wide-ranging social-giving programs both at home and abroad to help resolve local community issues and pursue sustainable growth.



## Hankook Tire & Technology

### Corporate Philanthropic Activity

To fulfill our role and responsibility as a global corporate citizen, Hankook Tire & Technology undertakes a range of corporate philanthropic activities both in Korea and abroad to pursue mutually-beneficial partnerships with local communities.

#### Korea

We operate an in-house employee volunteer team and make donations, and also cooperate with the Hankook Tire Welfare Foundation to actively execute corporate philanthropic programs that promote win-win partnerships with local communities.

#### Donggeurami Employee Volunteer Team

While some of our plants have indigenously operated volunteer groups, we went a step further to launch a company-wide employee volunteer team named 'Donggeurami Volunteer Team' in 2013. These volunteers are engaged in a wide array of activities, from donating their time to worthy causes and making eco-friendly soaps to improving the environment of local communities and visiting social welfare centers.

#### Donggeurami Eoulim Concert

Every year, we invite workers and residents from social welfare centers in Daejeon where our plant is based to the Donggeurami Eoulim Concert. In 2019, the concert was hosted at the Geum River LOHAS Park and was attended by an audience of nearly 5,000 who spent a pleasant and memorable time together.



Endangered species released back into the wild in Daejeon



Employee's making voice donations

KRW **4.9** billion

2019 CSR expenditure

**50** vehicles

No. of vehicles donated to social welfare centers in 2019 (497 vehicles in total donated between 2008 and 2019)

### Saving Endangered Species Project in Daejeon

In 2018, we signed a memorandum of understanding with the Geum River Basin Environmental Office, Daejeon Metropolitan City, Soonchunhyang University, Chollipo Arboretum, Citizen's Group for Daejeon South Chungcheong Ecological Conservation, and the Korean Federation for Environmental Movement in Daejeon in order to undertake a three-year at-risk species conservation project in Daejeon. In 2019, the first year of the project, 1,500 black shiners were released into the water and 2,000 white forsythia trees were planted.

### Hankook Tire Welfare Foundation

Hankook Tire & Technology established the Hankook Tire Welfare Foundation as a non-profit foundation back in 1990 and has taken a more professional and consistent approach to undertaking wide-ranging CSR programs, including Three Major Mobility Projects and community engagement programs to support children, teens and social welfare housing.

### Three Major Mobility Projects

**Car Donation** | Our car donation project started in 2008 to help social welfare centers, and we donated 50 vehicles in 2019. In addition to vehicle support, this program also provides follow-up management, including driver safety training and incentives for top-performing centers on a regional basis.

**Tire Donation** | Our tire donation project was initiated in 2010, and we donated a total of 2,412 tires in the first and second half of 2019. We also provide wheel alignment and minor maintenance services to improve the satisfaction of social welfare centers who are the beneficiary of this program.

**Tuieum Bus** | Started back in 2013, our Tuieum Bus project was designed to offer large-size buses to social welfare centers to help overcome their limitations in physical mobility and access experience-based activities in the areas of culture, history, tradition, ecology and education. In 2019, a total of 560 buses were provided, and our plan for 2020 is to focus on the theme of fair travel in developing and operating programs with the help of professional tour guides.

### Community Engagement

To help resolve the current issues of local communities and bring positive change, the Hankook Tire Welfare Foundation supports charitable hospitals and social welfare centers, among other wide-ranging programs.

Support for Charitable Hospitals | Since 1991, we have assisted four charitable hospitals in Korea in paying their operational expenses as a way to provide health care service to low-income individuals. In 2019, we donated KRW 80 million to these four hospitals to help financially-challenged individuals live a healthy life and regain their faith in humanity.

Dream With | Under our Dream With program, a profit-sharing business model was adopted in 2019 to help local communities address their own issues through local businesses. Diverse private-public partnerships are pursued and multi-faceted promotional activities are undertaken to identify business opportunities, and a total of 14 local organizations were given assistance in 2019.

#### Children and Teen Support Programs

The Hankook Tire Welfare Foundation helps children and teens, the future leaders of our nation, become responsible members of society.

Support for At-risk Teenagers | We help at-risk teens - those who have run away from home, discontinued their education or faced the risk of living a life of crime or being neglected by their family or school - become able members of society by providing them with a social family where they can learn how to stand on their own as well as an opportunity to run a café business to increase their financial independence.

Support for Children and Teens from Low-income Families | We provide monthly tuition support to children and teens facing financial difficulties in continuing their education or developing career paths to support their healthy growth. In 2019, nine children and teens from vulnerable families benefited from this program.

#### Social Housing Program

The Hankook Tire Welfare Foundation initiated the Social Housing Program in 2016 to help vulnerable individuals resolve their residential disparities by constructing new homes or remodeling existing ones and then offering them below market prices (40%~80% of market prices). In 2019, a total of 13 social houses were provided to 197 households, and we have provided 29 houses to 416 households for youth beneficiaries on a cumulative basis over the years. Our goal in 2020 is to provide a total of 25 social houses to 300 households by helping individuals suffering residential instability pay their deposits and monthly rent for these houses.

#### 'Hankook Doggeurami Partners', a Standard Site to Hire People with Disabilities

Hankook Tire & Technology established a subsidiary as a standard site that hires mentally/physically challenged people, who are often at a disadvantage in the job market, in order to provide them with professional and stable employment. The subsidiary, dubbed Hankook Donggeurami Partners, officially opened in June 2016, and its employees are responsible for supporting Hankook Tire & Technology's administrative work and for operating in-house cafeterias, cleaning centers (laundering company uniforms), and bakeries (supplying bread as employee snacks). In alignment with our employee volunteer programs, these employees also volunteer to collect, clean, and deliver the blankets used at nearby social welfare centers.



2,412<sup>tires</sup>

No. of tires donated in 2019

560<sup>buses</sup>

No. of Tuieum Buses provided in 2019

#### Overseas

Hankook Tire & Technology undertakes a wide array of locally-based corporate philanthropic activities in the countries where its plants and regional headquarters operate in order to contribute to the development of these communities and forge closer ties with local residents. Our Chinese Headquarters provides medical expense support for children with disabilities and scholarship support for underprivileged students. At the European Headquarters, our Czech Republic sales subsidiary supports injured veterans and makes tire donations, and our Italy sales subsidiary makes donations to build hospitals. Our German sales subsidiary makes donations in alignment with our promotional programs, and our Hungary Plant operates its own employee volunteer team and makes tire donations. Our America Headquarters supports the Salvation Army and the Disabled American Veterans charity (DAV), and our Indonesian Plant in Asia Pacific is steadily engaged in local community development, from medical support and safety training to domestic water supply and school hygiene improvement, in addition to tire donations.

## Model Solution

#### **Support for Industry-Academia Joint Product Design Projects**

Model Solution initiated the Model One Award (MOA) program in 2016 to support students at prestigious industrial design universities in the U.S. In 2019, the company started an industry-academia collaboration project with four universities, including the Industrial Design Department of Hongik University as its first-ever Korean partner for this joint project, Arizona State University and Illinois State University in the U.S. In this process, Model Solution fully assists students in translating their creative design ideas into high-fidelity prototype products. In 2019, the MOA finalists presented such diverse ideas as future-oriented cabin mobility that supports autonomous driving, personal mobility that features a fun-to-play AR console functionality, an air purifier that adopted an efficient and eco-friendly air circulation technique, and a retro design record player made from natural materials. Model Solution is planning and preparing a variety of programs to identify and support next-generation designers who will lead innovative product designs, and will leverage the MOA program to sponsor global design projects in the years ahead.



## Risk Management

### Financial Risk

In 2019, the global economy continued to suffer aggravating fluctuations due to the U.S.-China trade dispute. Specifically, downward pressure persisted in Europe, China and emerging economies while the sluggish domestic economic growth resulted in shrinking private sector investment and employment. Still yet, Hankook Tire & Technology is focused on further stabilizing its business through sustained risk management. We use the cash flow generated from our world-wide operations to repay unnecessary borrowings and to reduce our leverage ratio in so doing while monitoring and constantly managing our financial expenses and F/X positions to minimize our risk exposure in the financial environment. Furthermore, we instantly share market data through internal/external communication to swiftly identify fluctuations in the financial market and assist top management in efficiently making decisions.

### Currency Risk

In line with the broadening global sales operations, Hankook Tire & Technology is now dealing in 31 foreign currencies, including the USD and the Euro. To minimize relevant risks, we use local currencies in conducting current transactions on imports and exports that occur as part of our sales operations and in making financing transactions on deposits and borrowings. In accordance with the principle of matching currency denominations of collections and payments, we also diversify currency risks and minimize our F/X positions. If our F/X positions exceed the set limit in spite of such best efforts, they are managed in conformity with our currency risk management guidelines that stipulate the definition of currency risks, responsible employees, management procedures, and hedge ratios. The Financial Risk Management Committee meets periodically on a quarterly basis to develop region/currency-specific F/X risk countermeasure strategies. While natural hedging that matches foreign currency assets with foreign currency liabilities is adopted as the fundamental currency management principle, we also employ currency hedging to use financial instruments within the approved limits to address the currency exposure that has already occurred.

### Liquidity Risk

Hankook Tire & Technology takes a global perspective in managing the borrowing, liquidity, and short/long-term cash flow of its global headquarters and overseas subsidiaries. We periodically forecast our future cash flow to preemptively manage global liquidity, and take a more conservative stance in liquidity management when faced with turbulent and fast-changing financial market conditions in order to strengthen the stability of our financial structure. In addition, we adopt integrated liquidity management systems, such as cash pooling, to control liquidity among different geographic regions. Cash pooling allows for the real-time sharing of funds between companies facing fund shortages and those with fund surpluses, and helps minimize liquidity risks and reduce the burden of fund operations and financial costs. Hankook Tire & Technology is taking a step further to fully operate a Global Cash Management System to promote integrated fund management across all our regional headquarters and local subsidiaries, and has secured credit lines at financial institutions in alignment with cash pooling to meet the potential need to supply additional liquidity.

### Legal Risk

Hankook Tire & Technology thoroughly manages legal risks in reviewing the contracts of its domestic and overseas business, in reviewing legal issues in relation to M&A and other project undertakings, in offering legal advice on business conduct to working-level departments, and in resolving disputes that include domestic and overseas litigations and arbitrations. To further advance compliance management, we also ensure legal risk prevention in evaluating and improving our collection and use of customers' personal information in conformity with the Personal Information Protection Act, in offering sexual harassment prevention training at our domestic and overseas worksites, and in assessing and improving our compliance with the Fair Trade Act in conducting business with affiliates and subcontractors.

# RISK MANAGEMENT & EMERGENCY RESPONSE

In line with increasing uncertainties in the business landscape, Hankook Tire & Technology is tightening its risk management and emergency response. We perform systemic monitoring and prevention on wide-ranging potential financial/non-financial risks, develop a business continuity management system and an emergency response system.



## Emerging Risk

### Sustainable Natural Rubber

The sustainable sourcing of natural rubber implies that this widely-used commodity should be harvested in a way that helps the economic and social development of the growing region and without reckless deforestation so that the entire supply chain can be managed in a transparent and traceable manner to improve the sustainability of the natural rubber value chain. Approximately 70% of the natural rubber produced is used for tire manufacturing, and nearly 85% of it comes from smallholder farms, which highlights the need to establish sustainability across the natural rubber supply chain. As several car OEMs have already declared their commitment to purchase tires exclusively made from sustainable natural rubber, any failure to source sustainable natural rubber will serve as a supply barrier and prevent Hankook Tire from gaining OE tire fitments in the upcoming years. In 2018, we announced our 'Sustainable Natural Rubber Policy' and will perform reviews and provide assistance in accordance with this policy to ensure that stakeholders along the natural rubber value chain, from growers and dealers to processors and manufacturers, fulfill their social responsibility. As a member of the Tire Industry Project (TIP) that consists of 11 tire makers, we also joined the Global Platform for Sustainable Natural Rubber (GPSNR) that engages with wide-ranging stakeholders across the natural rubber supply chain, the automobile industry, and NGOs as well as the tire industry. Furthermore, we continue to conduct sustainability assessments on our internal supply chain to prevent relevant risks from occurring and to make necessary improvements.

### Tire Wear Particles and Microplastics

Microplastics which refer to synthetic polymer that is less than 5mm in length, are becoming a global problem as they make their way into marine environments. As small aquatic organisms ingest these microplastics, the toxins bind to their digestive organs, which pose a threat to the health of people who are at the end of the food chain. When tires perform their main function of driving and braking on road surfaces, this inevitably creates friction between the tires and the road and tire abrasion as well. Some research institutes published study outcomes that were based on the assumption that tire wear particles (TWP) significantly contributed to marine pollution from microplastics, and this placed the tire industry at odds. The continued dissemination of such inaccurate information on TWP may lead to further regulations on tire products that eventually weaken our global edge in the industry, tarnish our corporate reputation and deal a direct blow to our sales. Since 2006, the Tire Industry Project (TIP) has conducted scientific studies to develop methodology to collect and identify tire and road wear particles (TRWP) and analyzed the impact of TWPs on the atmospheric concentration of particulate matter (PM). In 2019, an agreement was made to perform additional research on TWPs that reached the marine environment, and these results will allow us to directly confirm the impact of TWPs on microplastics in the ocean. These particles are the physical debris produced as a result of tires performing their basic functions, and if the friction does not occur directly between tires and the road, this could impact the safety of both drivers and passengers. Hankook Tire & Technology makes sustained R&D investments to minimize tire abrasion to improve tire durability without compromising other essential tire functions.

## Emergency Response

### Business Continuity Management System (BCMS)

Hankook Tire & Technology's Daejeon, Geumsan, and Hungary Plants remain certified in accordance with the ISO 22301 Business Continuity Management System standards. This certification ensures that companies are able to maintain their business continuity by swiftly normalizing their core functions when facing the risk of business discontinuation due to accidents, disasters, and other unexpected events. We identified all business activities that directly or indirectly support our production, from the purchase of raw/subsidiary materials to manufacturing and delivery, and developed our own business continuity plans to respond to any risks that may affect our business operations. Furthermore, an emergency response task force was set up to create manuals in order to follow predefined processes and systematically and promptly respond to accidents and disasters while annual mock drills are performed to improve our skills in responding to such emergency situations. Hankook Tire & Technology will extend the scope of necessary certifications to keep its employees safe and normalize its business within the shortest possible timeframe in the event of an emergency so as to minimize any impact on its customers and stakeholders.

### Safety

To make sure that our work environment is free from any accidents or injuries, Hankook Tire & Technology increased EHS investments and is building a safety-driven culture while providing musculoskeletal disease prevention and psychological counseling programs. In addition, action-based innovation initiatives and preemptive response measures are being taken to swiftly respond to EHS issues and fundamentally reduce relevant risks so as to maintain a healthy and safe work environment. In addition, manager-led activities were implemented to bring innovative change to safety awareness and elevate the level of a safety-driven culture, which in turn allowed us to strengthen the safety management system with a focus on shop floor operations and self-directed actions. In so doing, we were able to improve our execution of improvement measures and build consensus and understanding among labor, management and government in our safety management. In 2019, we worked on the transfer into the ISO45001 certification and took wide-ranging actions to establish and upgrade our safety culture, paving the way to become a global leader in health & safety management.

### Fire

Hankook Tire & Technology has obtained and maintained multiple certifications, including the Process Safety Management (PSM) certification, through annual assessments with an aim to advance sustainability management even in the event of such possible emergencies as fires, explosions, earthquakes, and blizzards. We have also received biannual legally-mandatory fire inspections performed by professionals as well as inspections conducted by the Korean Fire Protection Association and the Korea Occupational Safety and Health Agency in order to make necessary improvements and investments. Our Integrated Control Center employs dedicated EHS staff to ensure prompt response to emergencies, and we do our utmost in protecting the safety of our employees and company assets in so doing. To help the EHS staff improve their capacity, we provide them with training through external professional organizations to minimize fire risks by reinforcing our internal maintenance and repair capacity to address the failure of fire extinguishing equipment. Joint fire drills are conducted at least once a year and a range of in-house fire response exercises are performed to build thorough preparedness against potential fire risk factors.



# FINANCIAL REPORT



# Hankook Technology Group Financial Statements

## Consolidated Financial Statements

End of the 66<sup>th</sup> Period: as of Dec. 31, 2019End of the 65<sup>th</sup> Period: as of Dec. 31, 2018

Hankook Technology Group Co., Ltd. and Subsidiaries

(unit: KRW)

Item	End of the (Current) 66 <sup>th</sup> Period	End of the (Preceding) 65 <sup>th</sup> Period
<b>Assets</b>		
Current assets	524,366,995,138	590,386,118,610
Cash and cash equivalents	103,029,504,448	198,335,207,666
Short-term financial instruments	120,000,000,000	85,000,000,000
Financial assets at fair value through profit or loss	57,361,188,500	60,502,478,128
Derivative financial assets	892,588,196	-
Trade receivables	129,032,085,115	151,658,775,066
Other receivables	7,632,885,999	4,115,942,607
Other current assets	8,043,754,926	5,927,922,402
Inventories	98,267,143,813	84,842,609,230
Current income tax assets	107,844,141	3,183,511
<b>Non-current assets</b>	<b>3,082,719,242,417</b>	<b>2,908,204,489,214</b>
Long-term financial instruments	17,897,698	10,013,392,238
Financial assets at fair value through profit or loss	6,405,141,600	15,180,870,374
Financial assets at fair value through other comprehensive income	12,294,944,904	11,405,283,829
Other non-current receivables	5,266,773,226	7,827,773,391
Property, plant and equipment	252,469,653,840	158,359,982,811
Investment properties	28,878,861,969	29,842,656,878
Intangible assets	18,866,493,838	24,456,851,180
Investment in associates	2,757,262,468,751	2,649,766,278,140
Net defined benefit assets	606,988,591	701,382,373
Other non-current assets	650,018,000	650,018,000
<b>Total assets</b>	<b>3,607,086,237,555</b>	<b>3,498,590,607,824</b>

(unit: KRW)

Item	End of the (Current) 66 <sup>th</sup> Period	End of the (Preceding) 65 <sup>th</sup> Period
<b>Liabilities</b>		
Current liabilities	135,124,744,911	196,883,224,571
Trade payables	12,330,055,658	44,974,243,285
Other payables	39,522,056,827	42,394,929,260
Current tax liabilities	13,686,094,139	18,003,556,482
Provisions	563,429,534	-
Other current liabilities	6,120,181,963	5,153,834,315
Borrowings	62,902,926,790	86,356,661,229
<b>Non-current liabilities</b>	<b>93,389,351,590</b>	<b>65,835,057,237</b>
Other non-current liabilities	5,000,000	276,679,000
Net defined benefit liabilities	4,944,920,521	3,211,718,585
Long-term borrowings	12,976,186,611	-
Deferred tax liabilities	67,429,894,165	58,537,964,674
Other non-current liabilities	7,070,287,756	3,082,751,895
Other provisions	963,062,537	725,943,083
<b>Total liabilities</b>	<b>228,514,096,501</b>	<b>262,718,281,808</b>
<b>Equity</b>		
Controlling interests	3,280,749,810,142	3,149,346,752,220
Capital stock	46,510,086,500	46,510,086,500
Other paid-in capital	1,281,041,833,498	1,281,093,682,112
Retained earnings	2,008,629,108,901	1,884,292,021,642
Other components of equity	(55,431,218,757)	(62,549,038,034)
Non-controlling interests	97,822,330,912	86,525,573,796
<b>Total equity</b>	<b>3,378,572,141,054</b>	<b>3,235,872,326,016</b>
<b>Total liabilities and equity</b>	<b>3,607,086,237,555</b>	<b>3,498,590,607,824</b>



## Consolidated Statements of Comprehensive Income

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 201965<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Technology Group Co., Ltd. and Subsidiaries

(unit: KRW)

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
Sales and profit/loss under the equity method	847,609,750,228	847,957,280,682
Cost of sales	588,370,003,873	563,849,070,337
Gross profit	259,239,746,355	284,108,210,345
Selling and administrative expenses	88,363,764,581	72,646,920,832
Operating income	170,875,981,774	211,461,289,513
Financial profit	14,321,851,880	12,066,044,331
Financial cost	8,821,657,489	6,265,266,783
Other non-operating profit	33,726,140,715	16,613,628,076
Other non-operating expenses	13,396,295,293	12,226,652,046
Net income before income taxes	196,706,021,587	221,649,043,091
Income tax expenses	33,414,985,234	3,293,438,893
Net income	163,291,036,353	218,355,604,198
Other comprehensive income for the year, net of tax	8,054,268,266	(9,584,766,312)
1. Items that will not be reclassified to profit or loss	1,735,215,037	2,381,167,637
Remeasurements of net defined benefit liabilities	1,355,217,151	824,048,508
Remeasurements of net defined benefit liabilities of associates	(303,082,208)	910,093,997
Loss on valuation of equity instruments at fair value through other comprehensive income	683,080,094	647,025,132
2. Items that may be subsequently reclassified to profit or loss	6,319,053,229	(11,965,933,949)
Loss on valuation of debt instruments at fair value through other comprehensive income	-	(745,480,294)
Exchange differences on translating foreign operations	(411,348,224)	91,433,185
Changes in capital under the equity method	6,730,401,453	(11,311,886,840)
Total comprehensive income for the period	171,345,304,619	208,770,837,886
Profit for the period attributable to		
Owners of the Parent Company	151,337,458,154	207,068,039,256
Non-controlling interests	11,953,578,199	11,287,564,942
Total comprehensive income for the period attributable to		
Owners of the Parent Company	158,963,431,436	196,912,867,639
Non-controlling interests	12,381,873,183	11,857,970,247
Earnings per share		
Basic and diluted earnings per share	1,650	2,258



### Consolidated Statements of Changes in Equity

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
65<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Technology Group Co., Ltd. and Subsidiaries

(unit: KRW)

Item	Other Paid-in Capital				Retained Earnings	Other Components of Equity			Controlling Interests	Non-Controlling Interests	Total
	Capital Stock	Share Premium	Treasury Shares	Others		Changes in the Fair Value of Available-for-Sale Financial Assets	Exchange Differences on Translating Foreign Operations	Share of Associates' Other Changes in Net Assets			
Jan. 1, 2018 (beginning of the preceding period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(5,770,226,344)	1,702,637,351,179	403,931,753	(107,866,793)	(50,594,775,270)	2,984,614,191,650	75,049,686,749	3,059,663,878,399
Effects of changes in accounting policies					896,658,033	(896,658,033)					
Adjusted amount	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(5,770,226,344)	1,703,534,009,212	(492,726,280)	(107,866,793)	(50,594,775,270)	2,984,614,191,650	75,049,686,749	3,059,663,878,399
Annual dividends	-	-	-	-	(27,508,524,900)	-	-	-	(27,508,524,900)	(382,083,200)	(27,890,608,100)
Other changes in the capital of associates	-	-	-	(4,671,782,169)	-	-	-	-	(4,671,782,169)	-	(4,671,782,169)
Total comprehensive income	-	-	-	-	208,266,537,330	(110,255,950)	68,473,099	(11,311,886,840)	196,912,867,639	11,857,970,247	208,770,837,886
Net income	-	-	-	-	207,068,039,256	-	-	-	207,068,039,256	11,287,564,942	218,355,604,198
Remeasurements of net defined benefit liabilities	-	-	-	-	288,404,077	-	-	-	288,404,077	535,644,431	824,048,508
Remeasurements of net defined benefit liabilities of associates	-	-	-	-	910,093,997	-	-	-	910,093,997	-	910,093,997
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	-	-	635,224,344	-	-	635,224,344	11,800,788	647,025,132
Loss on valuation of debt instruments at fair value through other comprehensive income	-	-	-	-	-	(745,480,294)	-	-	(745,480,294)	-	(745,480,294)
Exchange differences on translating foreign operations	-	-	-	-	-	-	68,473,099	-	68,473,099	22,960,086	91,433,185
Share of other comprehensive income	-	-	-	-	-	-	-	(11,311,886,840)	(11,311,886,840)	-	(11,311,886,840)
Dec. 31, 2018 (end of the preceding period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(10,442,008,513)	1,884,292,021,642	(602,982,230)	(39,393,694)	(61,906,662,110)	3,149,346,752,220	86,525,573,796	3,235,872,326,016
Jan. 1, 2019 (beginning of the current period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(10,442,008,513)	1,884,292,021,642	(602,982,230)	(39,393,694)	(61,906,662,110)	3,149,346,752,220	86,525,573,796	3,235,872,326,016
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Adjusted amount	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(10,442,008,513)	1,884,292,021,642	(602,982,230)	(39,393,694)	(61,906,662,110)	3,149,346,752,220	86,525,573,796	3,235,872,326,016
Annual dividends	-	-	-	-	(27,508,524,900)	-	-	-	(27,508,524,900)	(382,083,200)	(27,890,608,100)
Business combination	-	-	-	-	-	-	-	-	-	(703,032,867)	(703,032,867)
Other changes in the capital of associates	-	-	-	(51,848,614)	-	-	-	-	(51,848,614)	-	(51,848,614)
Total comprehensive income	-	-	-	-	151,845,612,159	695,471,051	(308,053,227)	6,730,401,453	158,963,431,436	12,381,873,183	171,345,304,619
Net income	-	-	-	-	151,337,458,154	-	-	-	151,337,458,154	11,953,578,199	163,291,036,353
Remeasurements of net defined benefit liabilities	-	-	-	-	811,236,213	-	-	-	811,236,213	543,980,938	1,355,217,151
Remeasurements of net defined benefit liabilities of associates	-	-	-	-	(303,082,208)	-	-	-	(303,082,208)	-	(303,082,208)
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	-	-	695,471,051	-	-	695,471,051	(12,390,957)	683,080,094
Loss on valuation of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	-	(308,053,227)	-	(308,053,227)	(103,294,997)	(411,348,224)
Share of other comprehensive income	-	-	-	-	-	-	-	6,730,401,453	6,730,401,453	-	6,730,401,453
Dec. 31, 2019 (end of the current period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	(10,493,857,127)	2,008,629,108,901	92,488,821	(347,446,921)	(55,176,260,657)	3,280,749,810,142	97,822,330,912	3,378,572,141,054





## Consolidated Statements of Cash Flow

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 201965<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

## Hankook Technology Group Co., Ltd. and Subsidiaries

(unit: KRW)

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
I. Cash flow from business operation	94,827,144,342	60,870,666,503
1. Cash generated from business operation	106,313,355,526	70,232,279,545
(1) Net income	163,291,036,353	218,355,604,198
(2) Adjustments of profits and expenses	(29,022,259,947)	(87,411,133,543)
(3) Net change in assets and liabilities	(27,955,420,880)	(60,712,191,110)
2. Interest received	6,141,097,543	6,371,166,235
3. Interest paid	(3,220,917,640)	(1,887,557,798)
4. Dividends received	17,259,781,557	15,138,127,626
5. Income taxes paid	(31,666,172,644)	(28,983,349,105)
II. Cash flow from investment	(133,974,319,821)	(1,673,563,042)
Payments for short-term financial instruments	(170,000,000,000)	(131,501,015,020)
Proceeds from disposal of short-term financial instruments	135,000,000,000	84,191,316,390
Payments for long-term financial instruments	(4,505,460)	(10,003,932,424)
Proceeds from disposal of long-term financial instruments	10,000,000,000	-
Increase in short-term loans	(114,830,424)	-
Recovery of short-term loans	(75,209,710)	7,644,395
Increase in long-term loans	(1,300,000,000)	(4,000,000,000)
Proceeds from disposal of available-for-sale financial assets	-	9,712,547,732
Payments for debt instruments at fair value through profit or loss	(35,616,609,527)	(110,000,000,000)
Proceeds from disposal of debt instruments at fair value through profit or loss	49,914,274,799	183,185,170,297
Proceeds from disposal of debt instruments at fair value through other comprehensive income	-	18,363,164,383
Payments for equity instruments at fair value through profit or loss	-	(4,993,539,360)
Payments for property, plant and equipment	(99,375,547,439)	(21,317,791,862)
Proceeds from disposal of property, plant and equipment	6,584,659	172,727,272
Payments for intangible assets	(2,717,386,224)	(2,275,278,194)
Proceeds from disposal of intangible assets	-	203,000,000
Payments for investments in affiliates	(17,838,353,530)	(9,845,698,440)
Increase in cash due to changes in the scope of consolidation	248,031,035	-
Cash outflow from business combination	(2,100,768,000)	(3,571,878,211)

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
III. Cash flow from financial operation	(55,972,718,675)	9,617,133,920
Proceeds from short-term borrowings	44,269,346,090	37,507,742,020
Repayments of short-term borrowings	(70,322,510,966)	-
Repayments of lease liabilities	(2,027,819,699)	-
Dividends paid to shareholders	(27,508,524,900)	(27,508,524,900)
Dividends paid to non-controlling interests	(382,083,200)	(382,083,200)
Stock issuance expenses	(1,126,000)	-
IV. Net change in cash and cash equivalents	(95,119,894,154)	68,814,237,381
V. Cash and cash equivalents at the beginning of the financial year	198,335,207,666	129,484,159,522
VI. Effects of exchange rate changes on cash and cash equivalents	(185,809,064)	36,810,763
VII. Cash and cash equivalents at the end of the current period	103,029,504,448	198,335,207,666

(unit: KRW)



## Non-Consolidated Financial Statements

End of the 66<sup>th</sup> Period: as of Dec. 31, 2019End of the 65<sup>th</sup> Period: as of Dec. 31, 2018

## Hankook Technology Group Co., Ltd.

(unit: KRW)

Item	End of the (Current) 66 <sup>th</sup> Period	End of the (Preceding) 65 <sup>th</sup> Period
<b>Assets</b>		
<b>Current assets</b>	<b>217,280,496,058</b>	<b>212,340,695,210</b>
Cash and cash equivalents	37,634,921,503	60,612,932,169
Short-term financial instruments	95,000,000,000	70,000,000,000
Financial assets at fair value through profit or loss	57,361,188,500	60,037,511,664
Trade receivables	16,973,994,510	19,027,301,123
Other receivables	10,300,079,930	2,368,300,833
Other current assets	10,311,615	294,649,421
<b>Non-current assets</b>	<b>2,116,443,352,727</b>	<b>2,095,651,141,252</b>
Long-term financial instruments	-	10,000,000,000
Financial assets at fair value through profit or loss	6,393,641,600	15,180,870,374
Financial assets at fair value through other comprehensive income	12,010,947,724	11,044,688,899
Other non-current receivables	-	4,000,000,000
Property, plant and equipment	22,333,484,309	22,875,366,251
Investment properties	26,927,071,385	27,889,140,641
Intangible assets	9,567,855,800	9,389,076,708
Investment in subsidiaries	56,329,978,531	30,229,978,531
Investment in associates	1,982,230,355,378	1,964,392,001,848
Other non-current assets	650,018,000	650,018,000
<b>Total assets</b>	<b>2,333,723,848,785</b>	<b>2,307,991,836,462</b>

(unit: KRW)

Item	End of the (Current) 66 <sup>th</sup> Period	End of the (Preceding) 65 <sup>th</sup> Period
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>19,584,589,004</b>	<b>21,245,455,071</b>
Other payables	13,707,481,533	14,155,114,164
Current tax liabilities	5,457,032,481	6,825,382,681
Other current liabilities	420,074,990	264,958,226
<b>Non-current liabilities</b>	<b>61,846,310,040</b>	<b>60,164,956,966</b>
Net defined benefit liabilities	3,863,643,170	2,702,534,522
Other non-current liabilities	-	20,000,000
Deferred tax liabilities	57,909,545,694	57,400,449,288
Other non-current liabilities	73,121,176	41,973,156
<b>Total liabilities</b>	<b>81,430,899,044</b>	<b>81,410,412,037</b>
<b>Equity</b>		
Capital stock	46,510,086,500	46,510,086,500
Other paid-in capital	1,291,535,690,625	1,291,535,690,625
Retained earnings	913,288,693,255	888,309,592,128
Other components of equity	958,479,361	226,055,172
<b>Total equity</b>	<b>2,252,292,949,741</b>	<b>2,226,581,424,425</b>
<b>Total liabilities and equity</b>	<b>2,333,723,848,785</b>	<b>2,307,991,836,462</b>



## Non-Consolidated Statements of Comprehensive Income

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
65<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Technology Group Co., Ltd.

(unit: KRW)

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
Operating profit	82,651,352,225	74,873,650,036
Operating expenses	24,327,428,425	20,590,615,029
Operating income	58,323,923,800	54,283,035,007
Financial profit	6,858,315,997	5,721,599,011
Financial cost	4,211,712	354,330,016
Other non-operating profit	2,891,200,746	2,912,733,450
Other non-operating expenses	3,200,129,312	2,195,165,540
Net income before income taxes	64,869,099,519	60,367,871,912
Income tax expenses	11,673,162,260	11,180,222,561
Net income	53,195,937,259	49,187,649,351
Other comprehensive income	24,112,957	(1,353,087,267)
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liabilities	(708,311,232)	(1,207,638,219)
Loss on valuation of equity instruments at fair value through other comprehensive income	732,424,189	600,031,246
Items that may be subsequently reclassified to profit or loss		
Loss on valuation of debt instruments at fair value through other comprehensive income	-	(745,480,294)
Total comprehensive income for the period	53,220,050,216	47,834,562,084
Earnings per share		
Basic and diluted earnings per share	580	536

## Non-Consolidated Statements of Changes in Equity

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
65<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Technology Group Co., Ltd.

(unit: KRW)

Item	Capital Stock	Other Paid-in Capital		Retained earnings	Accumulated Loss on Valuation of Financial Instruments at Fair Value through Other Comprehensive Income	Total
		Share Premium	Treasury Shares			
Jan. 1, 2018 (beginning of the preceding period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	867,838,105,896	371,504,220	2,206,255,387,241
Total comprehensive income						
Net income	-	-	-	49,187,649,351	-	49,187,649,351
Remeasurements of net defined benefit liabilities	-	-	-	(1,207,638,219)	-	(1,207,638,219)
Loss on valuation of equity instruments at fair value through other comprehensive income					600,031,246	600,031,246
Loss on valuation of debt instruments at fair value through other comprehensive income	-	-	-	-	(745,480,294)	(745,480,294)
Transactions with owners						-
Annual dividends	-	-	-	(27,508,524,900)	-	(27,508,524,900)
Balance as at Dec. 31, 2018	46,510,086,500	1,302,628,299,800	(11,092,609,175)	888,309,592,128	226,055,172	2,226,581,424,425
Balance as at Jan. 1, 2019	46,510,086,500	1,302,628,299,800	(11,092,609,175)	888,309,592,128	226,055,172	2,226,581,424,425
Effects of accounting policy changes	-	-	-	-	-	-
Adjusted amount	46,510,086,500	1,302,628,299,800	(11,092,609,175)	888,309,592,128	226,055,172	2,226,581,424,425
Total comprehensive income						
Net income	-	-	-	53,195,937,259	-	53,195,937,259
Remeasurements of net defined benefit liabilities	-	-	-	(708,311,232)	-	(708,311,232)
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	-	732,424,189	732,424,189
Loss on valuation of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-
Transactions with owners						
Annual dividends	-	-	-	(27,508,524,900)	-	(27,508,524,900)
Dec. 31, 2019 (end of the current period)	46,510,086,500	1,302,628,299,800	(11,092,609,175)	913,288,693,255	958,479,361	2,252,292,949,741



## Notes to the Non-Consolidated Statements of Retained Earnings

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
Expected date of appropriation: Mar. 27, 2020

65<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018  
Mar. 28, 2019

(unit: KRW)

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
1. Unappropriated retained earnings	181,319,737,864	159,091,489,257
Unappropriated retained earnings carried over from the preceding period	128,832,111,837	111,111,478,125
Remeasurements of net defined benefit liabilities	(708,311,232)	(1,207,638,219)
Net income	53,195,937,259	49,187,649,351
2. Transfer from voluntary reserves	-	-
3. Appropriation of retained earnings	32,093,279,050	30,259,377,420
Legal reserve	-	2,750,852,520
Cash dividends (dividends per share (%): KRW 350 for the current period (70%) KRW 300 for the preceding period (60%))	32,093,279,050	27,508,524,900
4. Unappropriated retained earnings to be carried forward to the subsequent period	149,226,458,814	128,832,111,837

## Non-Consolidated Statements of Cash Flow

66<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
65<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

(unit: KRW)

Hankook Technology Group Co., Ltd.

Item	The (Current) 66 <sup>th</sup> Period	The (Preceding) 65 <sup>th</sup> Period
<b>I. Cash flow from business operation</b>	<b>54,995,910,762</b>	<b>55,320,330,080</b>
1. Cash generated from business operation	45,027,187,674	46,113,951,071
(1) Net income	53,195,937,259	49,187,649,351
(2) Adjustments of profits and expenses	(10,699,983,870)	(7,507,966,893)
(3) Net change in assets and liabilities	2,531,234,285	4,434,268,613
2. Interest received	4,117,476,317	4,622,179,481
3. Dividends received	18,391,361,157	16,269,707,226
4. Income taxes paid	(12,540,114,386)	(11,685,507,698)
<b>II. Cash flow from investment</b>	<b>(50,465,396,528)</b>	<b>27,842,393,872</b>
Payments for short-term financial instruments	(160,000,000,000)	(116,501,015,020)
Proceeds from disposal of short-term financial instruments	135,000,000,000	84,191,316,390
Payments for long-term financial instruments	-	(10,000,000,000)
Proceeds from disposal of long-term financial instruments	10,000,000,000	-
Proceeds from disposal of financial instruments at fair value through profit or loss	33,732,523,411	180,526,227,126
Increase in short-term loans	(4,200,000,000)	-
Increase in long-term loans	-	(4,000,000,000)
Payments for equity instruments at fair value through profit or loss	-	(4,993,539,360)
Payments for debt instruments at fair value through profit or loss	(20,000,000,000)	(110,000,000,000)
Proceeds from disposal of debt instruments at fair value through other comprehensive income	-	18,363,164,383
Proceeds from disposal of available-for-sale financial assets	-	9,712,547,732
Payments for property, plant and equipment	(34,200,000)	(358,785,240)
Proceeds from disposal of property, plant and equipment	-	90,909,091
Payments for intangible assets	(1,025,366,409)	(1,545,732,790)
Proceeds from disposal of intangible assets	-	203,000,000
Payments for investment in subsidiaries	(26,100,000,000)	(8,000,000,000)
Payments for investment in associates	(17,838,353,530)	(9,845,698,440)
<b>III. Cash flow from financial operation</b>	<b>(27,508,524,900)</b>	<b>(27,508,524,900)</b>
Dividends paid to shareholders	(27,508,524,900)	(27,508,524,900)
<b>IV. Net change in cash and cash equivalents</b>	<b>(22,978,010,666)</b>	<b>55,654,199,052</b>
<b>V. Cash and cash equivalents at the beginning of the financial year</b>	<b>60,612,932,169</b>	<b>4,958,874,963</b>
<b>VI. Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>(141,846)</b>
<b>VII. Cash and cash equivalents at the end of the current period</b>	<b>37,634,921,503</b>	<b>60,612,932,169</b>



# Hankook Tire & Technology Financial Statements

## Consolidated Financial Statements

End of the 8<sup>th</sup> Period: as of Dec. 31, 2019End of the 7<sup>th</sup> Period: as of Dec. 31, 2018

### Hankook Tire & Technology Co., Ltd. and Subsidiaries

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>Assets</b>		
Current assets	4,113,714,818,383	3,663,818,458,978
Cash and cash equivalents	877,600,275,927	611,977,138,677
Short-term financial instruments	33,134,195,465	27,568,026,718
Trade receivables and Other receivables	1,376,866,041,544	1,332,681,424,135
Inventories	1,725,393,474,983	1,598,471,564,390
Other financial assets	27,136,911,006	28,742,241,203
Other current assets	73,583,919,458	64,378,063,855
Non-current assets	6,050,893,084,687	6,132,623,788,041
Long-term financial instruments	17,000,000	59,288,197
Trade and other receivables	18,954,626,635	1,086,846,238
Financial assets at fair value through other comprehensive income	40,314,271,467	46,083,105,880
Financial assets at fair value through profit or loss	8,140,000,000	1,500,000,000
Investment in associates	1,106,250,140,779	1,085,601,269,039
Property, plant and equipment	4,105,500,675,025	4,225,226,631,989
Investment properties	99,021,025,277	107,340,268,147
Intangible assets	340,516,293,068	355,386,437,120
Other financial assets	77,380,198,566	28,076,264,456
Other non-current assets	71,249,798,730	83,060,506,715
Deferred tax assets	183,549,055,140	199,203,170,260
<b>Total assets</b>	<b>10,164,607,903,070</b>	<b>9,796,442,247,019</b>
Other non-current assets	650,018,000	650,018,000
<b>Total assets</b>	<b>3,607,086,237,555</b>	<b>3,498,590,607,824</b>

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>Liabilities</b>		
Current liabilities	2,131,084,242,262	2,022,633,978,826
Trade and other payables	883,812,359,741	931,208,621,843
Borrowings	1,062,142,319,136	843,802,335,618
Current tax liabilities	65,650,814,112	113,084,279,069
Provisions	45,974,307,370	45,338,531,405
Other financial liabilities	3,743,853,177	11,230,587,563
Other current liabilities	69,760,588,726	77,969,623,328
Non-current liabilities	846,306,547,238	983,495,300,368
Borrowings	656,849,030,175	788,579,777,225
Net defined benefit liabilities	12,507,985,041	11,907,587,329
Provisions	24,090,108,684	27,829,813,106
Other financial liabilities	26,126,462,943	26,551,059,943
Other non-current liabilities	90,709,651,274	89,047,736,880
Deferred tax liabilities	36,023,309,121	39,579,325,885
<b>Total liabilities</b>	<b>2,977,390,789,500</b>	<b>3,006,129,279,194</b>
<b>Equity</b>		
Equity attributable to the owners of the Parent Company	7,156,765,953,980	6,765,543,098,968
Capital stock	61,937,534,500	61,937,534,500
Other paid-in capital	2,971,745,780,697	2,971,745,780,697
Other components of equity	(220,620,981,074)	(264,043,085,611)
Retained earnings	4,343,703,619,857	3,995,902,869,382
Non-controlling interests	30,451,159,590	24,769,868,857
<b>Total equity</b>	<b>7,187,217,113,570</b>	<b>6,790,312,967,825</b>
<b>Total liabilities and equity</b>	<b>10,164,607,903,070</b>	<b>9,796,442,247,019</b>



## Consolidated Statements of Comprehensive Income

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 20197<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

## Hankook Tire &amp; Technology Co., Ltd. and Subsidiaries

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
Sales	6,883,268,577,435	6,795,088,815,835
Cost of sales	(4,961,117,130,614)	(4,691,443,619,488)
Gross profit	1,922,151,446,821	2,103,645,196,347
Selling and administrative expenses	(1,183,210,434,541)	(1,209,646,385,119)
R&D expenses	(194,976,180,659)	(191,348,211,238)
Operating income	543,964,831,621	702,650,599,990
Financial income	81,413,986,627	82,358,444,742
Financial cost	(170,121,274,708)	(139,228,507,047)
Other non-operating profit	214,011,365,020	159,477,563,731
Other non-operating expenses	(125,358,049,045)	(145,560,211,357)
Gain on investment in associates	45,972,849,973	38,002,359,420
Net income before income taxes	589,883,709,488	697,700,249,479
Income tax expenses	(160,269,175,234)	(167,319,565,591)
Net income	429,614,534,254	530,380,683,888
Other comprehensive income for the year, net of tax	27,620,740,506	(45,450,893,404)
Items that will not be reclassified to profit or loss	(21,946,505,059)	(4,907,665,985)
Financial assets at fair value through other comprehensive income	(5,967,847,270)	(8,964,268,532)
Remeasurements of net defined benefit liabilities	(14,519,223,681)	4,209,587,444
Remeasurements of net defined benefit liabilities of associates	(1,459,434,108)	(152,984,897)
Items that may be subsequently reclassified to profit or loss	49,567,245,565	(40,543,227,419)
Cash flow hedges	6,246,556,111	(5,432,247,782)
Share of other comprehensive income of associates	6,124,555,554	(7,050,524,469)
Exchange differences on translating foreign operations	37,196,133,900	(28,060,455,168)
Total comprehensive income for the period	457,235,274,760	484,929,790,485

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
Profit attributable to		
Owners of the Parent Company	419,513,114,714	522,214,845,405
Non-controlling interests	10,101,419,540	8,165,838,483
Total comprehensive income for the period attributable to		
Owners of the Parent Company	446,956,561,462	477,044,922,961
Non-controlling interests	10,278,713,298	7,884,867,524
Earnings per share		
Basic and diluted earnings per share	3,387	4,216



### Consolidated Statements of Changes in Equity

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019

7<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

#### Hankook Tire & Technology Co., Ltd. and Subsidiaries

(unit: KRW)

Item	Other Paid-in Capital				Retained Earnings	Other Components of Equity				Attributable to the Owners of the Controlling Company	Non-Controlling Interests	Total
	Capital Stock	Share Premium	Other Capital Surplus	Treasury Shares		Accumulated other comprehensive income - fair value	Cash Flow Hedges	Exchange Differences on Translating Foreign Operations	Share of Other Comprehensive Income			
Jan. 1, 2018 (beginning of the current period)	61,937,534,500	2,993,465,737,894	-	(1,088,017,805)	3,518,984,933,501	1,823,901,985	-	(216,095,632,948)	(357,269,328)	6,358,671,187,799	14,835,057,411	6,373,506,245,210
Annual dividends	-	-	-	-	(49,541,072,400)	-	-	-	-	(49,541,072,400)	(6,686,600,000)	(56,227,672,400)
Repurchase obligation of treasury shares	-	-	(20,631,939,392)	-	-	-	-	-	-	(20,631,939,392)	-	(20,631,939,392)
Business combination	-	-	-	-	-	-	-	-	-	-	8,736,543,922	8,736,543,922
Total comprehensive income	-	-	-	-	526,459,008,281	(8,966,803,928)	(5,432,247,782)	(27,964,509,141)	(7,050,524,469)	477,044,922,961	7,884,867,524	484,929,790,485
Net income	-	-	-	-	522,214,845,405	-	-	-	-	522,214,845,405	8,165,838,483	530,380,683,888
Remeasurements of net defined benefit liabilities	-	-	-	-	4,397,147,773	-	-	-	-	4,397,147,773	(187,560,329)	4,209,587,444
Remeasurements of net defined benefit liabilities of associates	-	-	-	-	(152,984,897)	-	-	-	-	(152,984,897)	-	(152,984,897)
Cash flow hedges	-	-	-	-	-	-	(5,432,247,782)	-	-	(5,432,247,782)	-	(5,432,247,782)
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(8,966,803,928)	-	-	-	(8,966,803,928)	2,535,396	(8,964,268,532)
Share of other comprehensive income	-	-	-	-	-	-	-	-	(7,050,524,469)	(7,050,524,469)	-	(7,050,524,469)
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	(27,964,509,141)	-	(27,964,509,141)	(95,946,026)	(28,060,455,167)
Dec. 31, 2018 (end of the current period)	61,937,534,500	2,993,465,737,894	(20,631,939,392)	(1,088,017,805)	3,995,902,869,382	(7,142,901,943)	(5,432,247,782)	(244,060,142,089)	(7,407,793,797)	6,765,543,098,968	24,769,868,857	6,790,312,967,825
Jan. 1, 2019 (beginning of the current period)	61,937,534,500	2,993,465,737,894	(20,631,939,392)	(1,088,017,805)	3,995,902,869,382	(7,142,901,943)	(5,432,247,782)	(244,060,142,089)	(7,407,793,797)	6,765,543,098,968	24,769,868,857	6,790,312,967,825
Annual dividends	-	-	-	-	(55,733,706,450)	-	-	-	-	(55,733,706,450)	(4,597,422,565)	(60,331,129,015)
Total comprehensive income	-	-	-	-	403,534,456,925	(5,965,450,800)	6,246,556,111	37,016,443,672	6,124,555,554	446,956,561,462	10,278,713,298	457,235,274,760
Net income	-	-	-	-	419,513,114,714	-	-	-	-	419,513,114,714	10,101,419,540	429,614,534,254
Remeasurements of net defined benefit liabilities of associates	-	-	-	-	(1,459,434,108)	-	-	-	-	(1,459,434,108)	-	(1,459,434,108)
Cash flow hedges	-	-	-	-	-	-	6,246,556,111	-	-	6,246,556,111	-	6,246,556,111
Loss on valuation of equity instruments at fair value through other comprehensive income	-	-	-	-	-	(5,965,450,800)	-	-	-	(5,965,450,800)	(2,396,470)	(5,967,847,270)
Share of other comprehensive income	-	-	-	-	-	-	-	-	6,124,555,554	6,124,555,554	-	6,124,555,554
Exchange differences on translating foreign operations	-	-	-	-	-	-	-	37,016,443,672	-	37,016,443,672	179,690,228	37,196,133,900
Remeasurements of net defined benefit liabilities	-	-	-	-	(14,519,223,681)	-	-	-	-	(14,519,223,681)	-	(14,519,223,681)
Dec. 31, 2019 (end of the current period)	61,937,534,500	2,993,465,737,894	(20,631,939,392)	(1,088,017,805)	4,343,703,619,857	(13,108,352,743)	814,308,329	(207,043,698,417)	(1,283,238,243)	7,156,765,953,980	30,451,159,590	7,187,217,113,570



## Consolidated Statements of Cash Flow

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 20197<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

## Hankook Tire &amp; Technology Co., Ltd. and Subsidiaries

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>I. Cash flow from business operation</b>	<b>760,347,394,662</b>	<b>1,123,539,949,009</b>
1. Cash generated from business operation	988,226,266,700	1,277,942,218,571
(1) Net income	429,614,534,254	530,380,683,888
(2) Adjustments of profits and expenses	893,585,517,283	843,913,868,866
(3) Net change in assets and liabilities from business operation	(334,973,784,837)	(96,352,334,183)
2. Interest received	16,480,771,119	12,321,532,004
3. Interest expenses paid	(57,061,362,280)	(54,136,553,493)
4. Dividends received	34,618,354,110	33,416,876,112
5. Income taxes paid	(221,916,634,987)	(146,004,124,185)
<b>II. Cash flow from investment</b>	<b>(241,307,453,658)</b>	<b>(594,820,650,141)</b>
Net change in short-term financial instruments	(5,044,465,376)	(23,048,764,623)
Net change in long-term financial instruments	44,085,474	3,552,717
Payments financial assets at fair value through profit or loss	(6,640,000,000)	(61,500,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	60,223,201,896
Payments for equity instruments at fair value through other comprehensive income	-	(52,724,874,780)
Proceeds from disposal of equity instruments at fair value through other comprehensive income	1,884,236	-
Payments for debt instruments at fair value through other comprehensive income	-	(458,810,000)
Proceeds from disposal of debt instruments at fair value through other comprehensive income	4,916,450	439,192,276
Payments for tangible assets	(272,210,898,453)	(323,635,830,928)
Proceeds from disposal of tangible assets	47,804,081,237	18,852,878,936
Payments for intangible assets	(7,389,732,260)	(5,327,535,761)
Proceeds from disposal of intangible assets	1,035,208,068	1,150,856,025
Payments for investment properties	(63,452,510)	-
Proceeds from disposal of investment properties	39,064,712,318	651,468,465

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
Settlement of derivatives	(46,243,941,588)	(10,065,391,842)
Net change in other financial assets	9,996,290,586	(548,904,496)
Proceeds from disposal of other investment assets	-	464,539,965
Payments for investment in subsidiaries	-	(199,296,227,991)
Payments for investment in associates	(1,666,141,840)	-
<b>III. Cash flow from financial operation</b>	<b>(244,803,188,464)</b>	<b>(582,770,973,720)</b>
Net change in short-term borrowings	(106,334,090,647)	(81,597,132,360)
Repayments of long-term borrowings	-	(110,011,000,000)
Issuance of debentures	-	316,598,145,400
Repayments of debentures	-	(536,028,600,000)
Repayments of lease liabilities	(54,425,568,802)	-
Repayments of current long-term liabilities	(23,712,400,000)	(120,254,714,360)
Dividends paid to owners of the Parent Company	(55,733,706,450)	(49,541,072,400)
Increase in financial liabilities to non-controlling interests	-	4,750,000,000
Dividends paid to non-controlling interests	(4,597,422,565)	(6,686,600,000)
<b>IV. Net change in cash and cash equivalents</b>	<b>274,236,752,540</b>	<b>(54,051,674,852)</b>
<b>V. Cash and cash equivalents at the beginning of the financial year</b>	<b>611,977,138,677</b>	<b>694,151,215,540</b>
<b>VI. Effects of exchange rate changes on cash and cash equivalents</b>	<b>(8,613,615,290)</b>	<b>(28,122,402,011)</b>
<b>VII. Cash and cash equivalents at the end of the current period</b>	<b>877,600,275,927</b>	<b>611,977,138,677</b>





## Non-Consolidated Financial Statements

End of the 8<sup>th</sup> Period: as of Dec. 31, 2019End of the 7<sup>th</sup> Period: as of Dec. 31, 2018

## Hankook Tire &amp; Technology Co., Ltd.

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>Assets</b>		
<b>Current assets</b>	<b>1,796,683,985,637</b>	<b>2,029,213,970,981</b>
Cash and cash equivalents	238,421,583,837	144,575,886,793
Short-term financial instruments	10,000,000,000	-
Trade receivables and other receivables	913,262,366,523	1,075,534,874,419
Inventories	358,162,545,076	339,777,939,326
Other financial assets	263,156,881,087	454,423,262,117
Other current assets	13,680,609,114	14,902,008,326
<b>Non-current assets</b>	<b>4,272,934,549,458</b>	<b>4,255,293,388,422</b>
Long-term financial instruments	12,000,000	12,000,000
Financial assets at fair value through other comprehensive income	11,984,032,000	20,219,105,000
Financial assets at fair value through profit or loss	8,140,000,000	1,500,000,000
Investment in associates	1,062,259,528,000	1,061,740,386,000
Investment in subsidiaries	1,420,073,735,540	1,418,204,396,744
Property, plant and equipment	1,489,437,802,142	1,504,947,782,547
Investment properties	98,485,229,955	106,800,883,990
Intangible assets	31,399,976,225	35,468,767,433
Other financial assets	37,744,881,247	19,866,330,715
Other non-current assets	65,053,674,940	52,586,639,539
Net defined benefit assets	49,363,536	-
Deferred tax assets	48,294,325,873	33,947,096,454
<b>Total assets</b>	<b>6,069,618,535,095</b>	<b>6,284,507,359,403</b>

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>999,164,648,142</b>	<b>1,160,191,240,766</b>
Trade and other payables	365,043,148,399	451,424,872,165
Borrowings	517,496,815,227	543,863,284,186
Current tax liabilities	43,042,494,215	82,901,022,686
Provisions	45,952,988,156	45,318,677,429
Other financial liabilities	4,514,399,571	5,605,246,001
Other current liabilities	23,114,802,574	31,078,138,299
<b>Non-current liabilities</b>	<b>402,385,536,607</b>	<b>629,744,043,576</b>
Borrowings	366,265,579,022	582,893,732,917
Net defined benefit liabilities	-	3,585,792,696
Provisions	16,689,379,539	24,161,981,775
Other financial liabilities	1,161,437,852	2,394,856,883
Other non-current liabilities	18,269,140,194	16,707,679,305
<b>Total liabilities</b>	<b>1,401,550,184,749</b>	<b>1,789,935,284,342</b>
<b>Equity</b>		
Capital stock	61,937,534,500	61,937,534,500
Other paid-in capital	2,457,107,991,472	2,457,107,991,472
Other components of equity	(12,013,963,674)	(12,295,068,985)
Retained earnings	2,161,036,788,048	1,987,821,618,074
<b>Total equity</b>	<b>4,668,068,350,346</b>	<b>4,494,572,075,061</b>
<b>Total liabilities and equity</b>	<b>6,069,618,535,095</b>	<b>6,284,507,359,403</b>



## Non-Consolidated Statements of Comprehensive Income

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
7<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Tire &amp; Technology Co., Ltd.

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
I. Sales	3,173,056,805,801	3,193,229,259,746
II. Cost of sales	(2,360,726,491,994)	(2,295,365,670,551)
III. Gross profit	812,330,313,807	897,863,589,195
Selling and administrative expenses	(536,240,966,737)	(567,078,571,856)
R&D expenses	(178,699,807,945)	(174,940,327,953)
IV. Operating profit	97,389,539,125	155,844,689,386
Financial income	61,167,840,839	72,404,434,510
Financial cost	(119,700,050,513)	(96,922,712,279)
Other non-operating income	337,298,346,785	278,107,897,290
Other non-operating expenses	(59,119,880,706)	(59,844,998,319)
V. Net income before income taxes	317,035,795,530	349,589,310,588
VI. Income tax expenses	(75,817,830,920)	(105,653,554,778)
VII. Net income	241,217,964,610	243,935,755,810
VIII. Other comprehensive income for the year, net of tax	(11,987,982,875)	(7,426,425,883)
Items that may be subsequently reclassified to profit or loss	6,246,556,111	(5,432,247,782)
Cash flow hedges	6,246,556,111	(5,432,247,782)
Items that will not be reclassified to profit or loss	(18,234,538,986)	(1,994,178,101)
Remeasurements of net defined benefit liabilities	(12,269,088,186)	4,868,643,102
Financial assets at fair value through other comprehensive income	(5,965,450,800)	(6,862,821,203)
IX. Total comprehensive income for the period	229,229,981,735	236,509,329,927
X. Earnings per share		
Basic and diluted earnings per share	1,948	1,970

## Non-Consolidated Statements of Changes in Equity

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
7<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Tire &amp; Technology Co., Ltd.

(unit: KRW)

Item	Other Paid-in Capital				Other Components of Equity	Retained Earnings	Total
	Capital Stock	Share Premium	Other Capital Surplus	Treasury Shares			
I. Jan. 1, 2018 (beginning of the preceding period)	61,937,534,500	2,459,062,741,931	(866,732,654)	(1,088,017,805)		1,788,558,291,562	4,307,603,817,534
Total comprehensive income							
Net income						243,935,755,810	243,935,755,810
Cash flow hedges					(5,432,247,782)		(5,432,247,782)
Financial assets at fair value through other comprehensive income					(6,862,821,203)		(6,862,821,203)
Remeasurements of net defined benefit liabilities						4,868,643,102	4,868,643,102
Transactions with owners							
Cash dividends						(49,541,072,400)	(49,541,072,400)
II. Dec. 31, 2018 (end of the preceding period)	61,937,534,500	2,459,062,741,931	(866,732,654)	(1,088,017,805)	(12,295,068,985)	1,987,821,618,074	4,494,572,075,061
III. Jan. 1, 2019 (beginning of the current period)	61,937,534,500	2,459,062,741,931	(866,732,654)	(1,088,017,805)	(12,295,068,985)	1,987,821,618,074	4,494,572,075,061
Total comprehensive income							
Net income						241,217,964,610	241,217,964,610
Cash flow hedges					6,246,556,111		6,246,556,111
Financial assets at fair value through other comprehensive income					(5,965,450,800)		(5,965,450,800)
Remeasurements of net defined benefit liabilities						(12,269,088,186)	(12,269,088,186)
Transactions with owners							
Cash dividends						(55,733,706,450)	(55,733,706,450)
IV. Dec. 31, 2019 (end of the current period)	61,937,534,500	2,459,062,741,931	(866,732,654)	(1,088,017,805)	(12,013,963,674)	2,161,036,788,048	4,668,068,350,346



## Non-Consolidated Statements of Cash Flow

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
7<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018

Hankook Tire &amp; Technology Co., Ltd.

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>I. Cash flow from business operation</b>	<b>374,302,117,117</b>	<b>505,125,867,527</b>
1. Cash generated from business operation	486,743,005,686	551,162,161,424
(1) Net income	241,217,964,610	243,935,755,810
(2) Adjustments of profits and expenses	293,388,527,491	376,199,782,012
(3) Change in assets and liabilities from business operation	(47,863,486,415)	(68,973,376,398)
2. Interest received	20,437,015,056	16,119,579,956
3. Interest paid	(31,475,849,088)	(28,323,730,082)
4. Dividends received	39,663,698,918	40,054,414,602
5. Income taxes paid	(141,065,753,455)	(73,886,558,373)
<b>II. Cash flow from investment</b>	<b>61,286,776,913</b>	<b>(406,085,630,861)</b>
Net change in short-term financial instruments	(10,000,000,000)	-
Payments for financial assets at fair value through profit or loss	(6,640,000,000)	(61,500,000,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	60,223,201,896
Payments for equity instruments at fair value through other comprehensive income	-	(29,295,200,280)
Payments for debt instruments at fair value through other comprehensive income	-	(458,810,000)
Proceeds from disposal of debt instruments at fair value through other comprehensive income	4,916,450	439,192,276
Payments for investment in subsidiaries	(1,869,338,796)	(87,915,663,470)
Payments for investment in associates	(519,142,000)	-
Payments for investment properties	(63,452,510)	-
Proceeds from disposal of investment properties	39,064,712,318	651,468,465
Payments for tangible assets	(170,051,478,691)	(184,868,201,736)
Proceeds from disposal of tangible assets	38,412,779,231	10,327,937,943
Payments for intangible assets	(6,104,218,194)	(4,136,039,624)
Proceeds from disposal of intangible assets	-	201,028,810
Settlement of derivatives	(21,041,047,473)	(9,414,797,855)
Payments for other financial assets	(1,119,664,099)	(260,111,320,139)
Proceeds from disposal of other financial assets	201,212,710,677	159,771,572,853
<b>III. Cash flow from financial operation</b>	<b>(340,888,751,676)</b>	<b>(84,578,765,004)</b>
Net change in short-term borrowings	(278,347,577,450)	(101,635,838,004)
Issuance of debentures	-	319,440,000,000
Refund of debenture issuance expenses	-	(2,841,854,600)
Repayments of debentures	-	(250,000,000,000)
Repayments of financial lease liabilities	(6,810,073,766)	-
Dividends paid to shareholders	(55,731,100,460)	(49,541,072,400)
<b>IV. Net change in cash and cash equivalents</b>	<b>94,700,142,354</b>	<b>14,461,471,662</b>
<b>V. Cash and cash equivalents at the beginning of the financial year</b>	<b>144,575,886,793</b>	<b>130,080,012,134</b>
<b>VI. Effects of exchange rate changes on cash and cash equivalents</b>	<b>(854,445,310)</b>	<b>34,402,997</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>238,421,583,837</b>	<b>144,575,886,793</b>

## Notes to the Non-Consolidated Statements of Retained Earnings

8<sup>th</sup> Period: Jan. 1, 2019 - Dec. 31, 2019  
Expected date of appropriation: Mar. 27, 20207<sup>th</sup> Period: Jan. 1, 2018 - Dec. 31, 2018  
Confirmed date of appropriation: Mar. 28, 2019

(unit: KRW)

Item	8 <sup>th</sup> (Current) Period	7 <sup>th</sup> (Preceding) Period
<b>1. Unappropriated retained earnings</b>	<b>1,978,738,773,963</b>	<b>1,832,096,974,634</b>
Unappropriated retained earnings carried over from the preceding period	1,749,789,897,539	1,583,292,575,722
Net income	241,217,964,610	243,935,755,810
Remeasurements of net defined benefit liabilities	(12,269,088,186)	4,868,643,102
<b>2. Appropriation of retained earnings</b>	<b>89,118,974,550</b>	<b>82,307,077,095</b>
Dividend equalization reserve	10,000,000,000	10,000,000,000
Voluntary reserve	11,000,000,000	11,000,000,000
Legal reserve	-	5,573,370,645
Cash dividends (dividends per share (%): KRW 550 for the current period (110%) KRW 450 for the preceding period (90%))	68,118,974,550	55,733,706,450
<b>3. Unappropriated retained earnings to be carried forward to the subsequent period</b>	<b>1,889,619,799,413</b>	<b>1,749,789,897,539</b>



# GLOBAL NETWORK

## Hankook Technology Group

### Global Headquarters

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## Hankook Tire & Technology

### Global Headquarters

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### Hankook Tire China Headquarters

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### Hankook Tire America Headquarters

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## Plant

### Daejeon Plant

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### Geumsan Plant

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### Jiangsu Plant

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### Indonesia Plant

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### Jiaxing Plant

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### Chongqing Plant

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### Hungary Plant

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### Tennessee Plant

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## Subsidiaries

### Hankook Reifen Deutschland GmbH

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# MILESTONES

## Hankook Tire & Technology

1941

2019

**1941**

- Founded the Company

**1979**

- Completed the Daejeon Plant in Korea

**1981**

- Established the Hankook Tire America Corporation

**1982**

- Established the Main R&D Center in Korea

**1992**

- Established the America Technical Center (ATC) in the U.S.

**1994**

- Established the Beijing Sales Office in China

**1996**

- Established the Europe Technical Center (ETC)

**1997**

- Completed the Keumsan Plant in Korea

**1998**

- Established the China Technical Center (CTC) in China

**1999**

- Completed the Jiangsu and Jiaxing Plants in China

**2000**

- Introduced the ERP system

**2001**

- Completed the Europe Distribution Center (EDC) in the Netherlands

**2004**

- Unveiled a new corporate identity

**2005**

- Launched T'Station as a premium automobile service franchise
- Selected as a strategic partner by Ford
- Completed the Geumsan Test Track (G'Trac)

**2006**

- Became the sole tire maker to receive the FAWVolkswagen '10 Best Suppliers' Award
- Signed a technical agreement with Audi
- Ranked 7<sup>th</sup> in the global tire industry based on sales volume
- Started the construction of the Hungary Plant

**2007**

- Completed the Hungary Plant
- Opened T'Station in China as a total automobile service franchise

**2008**

- Expanded the Keumsan Plant in Korea
- Launched Kontrol Technology
- Launched 'enfren' as a eco-friendly tire line-up

**2009**

- Received a top score in the winter tire test performed by the prestigious German automobile trade magazine <ADAC>
- Selected as the official OE tire supplier to Audi
- Received the Product Design Award for the 'enfren Optimo 4S' at the iF Design Award

**2010**

- Awarded at the Red Dot Design Award for the 'Winter i\*cept evo'

**2011**

- Selected as the official tire supplier to the Deutsche Tourenwagen Masters (DTM)
- Started the construction of the Chongqing Plant in China and the Indonesia Plant
- Selected as the official OE tire supplier to BMW
- Selected as the official OE tire supplier to Toyota
- Produced the 100 millionth tire in China

**2012**

- Performed a spin-off and newly listed on the stock market
- Became the official sponsor for the 'UEFA Europa League'
- Chairman Yang Rai Cho received the Distinguished Service Cross in Hungary
- Launched the 'enfren eco' as an eco-friendly tire line-up

**2013**

- Listed on the Dow Jones Sustainability Index Asia Pacific
- Completed the Chongqing Plant in China and the Indonesia Plant
- Gained OE fitments on the New S-Class and E-Class of Mercedes-Benz
- Gained OE fitments on the 5 Series and X5 of BMW
- Selected as the official OE tire supplier to Honda

**2014**

- Launched the 'Laufenn' as a global strategic brand
- Started the construction of the Tennessee Plant in the U.S.
- Gained OE run-flat fitments on the New C-Class of Mercedes-Benz and the New Mini of BMW
- Started the construction of 'Hankook Technodome' as a new main R&D center
- Selected as the official tire supplier to the World Rally Championship (WRC), one of the top three motorsports competitions

**2015**

- Gained OE fitments on the Macan of Porsche
- Supplied self-sealing tires as OE fitments on the Touran of Volkswagen
- Received the Red Dot Design Award for Design Concept

**2016**

- Gained OE run-flat fitments on the New 7 Series of BMW
- Completed Hankook Technodome
- Established Hankook Donggeurami Partners as a standard site subsidiary that hires mentally/physically-challenged individuals
- Signed the marketing partnership agreement with Real Madrid
- Listed on the Dow Jones Sustainability Index World

**2017**

- Completed the European winter tire test center 'Technotrac'
- Expanded OE fitments with Japanese automakers
- Completed the Tennessee Plant in the U.S.
- Acquired JAX TYRES
- Listed on the Dow Jones Sustainability Index World for two consecutive years
- Opened the digital workplace 'Arena'

**2018**

- Acquired 'Model Solution Ltd.', a high-tech digital prototype solution provider
- Acquired 'Reifen-Müller', a leading German premium tire retailer
- Launched 'Kinergy AS ev', a 2<sup>nd</sup>-generation electric vehicle tire
- Listed on the Dow Jones Sustainability Index World (DJSI World) for three consecutive years

**2019**

- Gained OE fitments on the Porsche 'Cayenne' and the Audi 'SQ8'
- Launched the ultra-high-performance tire 'Ventus S1 evo3' in Korea
- Included in the Dow Jones Sustainability Index World (DJSI World) for four consecutive years



# CORPORATE INFORMATION

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\* Investor Relations information and public disclosures are available in the financial information section of the Hankook Technology Group and Hankook Tire & Technology websites.

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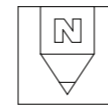
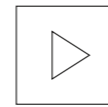
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The Moments

## Communication Channel



## Social Media



## Hankook Technology Group website



**Hankook  
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Group**