

2010 Hankook Tire 2nd Quarter Result

IR
2010.07.20
English Ver.



 **Hankook**
driving emotion

The information in this presentation is based upon management forecasts and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources of which was provided by us or which was reviewed by us.

The information in this presentation does not take into account the effects of a possible transaction or transactions involving an actual or potential change of control, which may have significant valuation and other effects.

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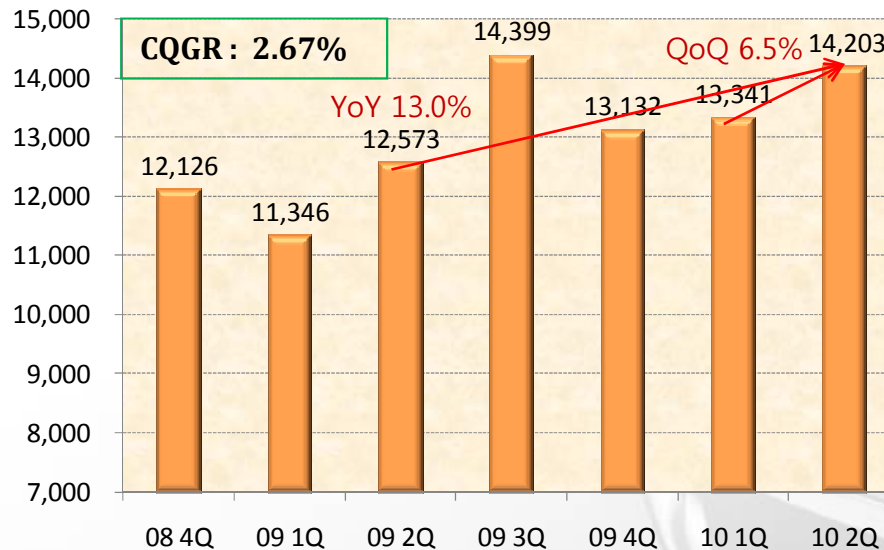
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1. Consolidated Result

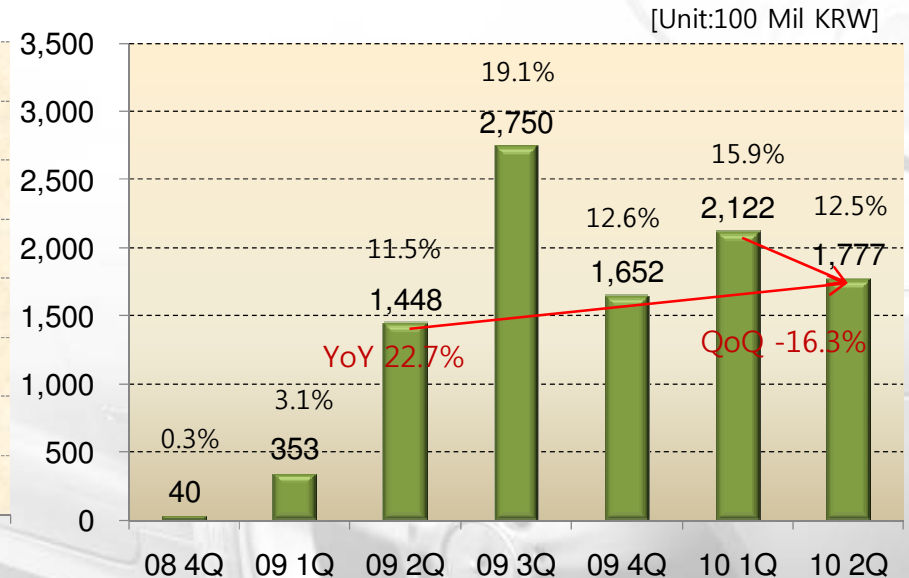


(1) Consolidated Sales and Operating Profit Trend

1) Sales



2) Operating Profit



Consolidated Sales : ① Global Sales Volume increased:

YoY- Volume 18.6% ↑, USD/KRW 9.2% ↓

QoQ- Volume 5.7% ↑, USD/KRW 2.4% ↑

② ASP hike: Domestic Korea RE 3.7% ↑ QoQ, Domestic China RE 4.8% ↑ QoQ,

European Product ASP 5.5% ↑ QoQ (Local currency based ASP)

③ CQGR (of last 7 quarters) 2.67%

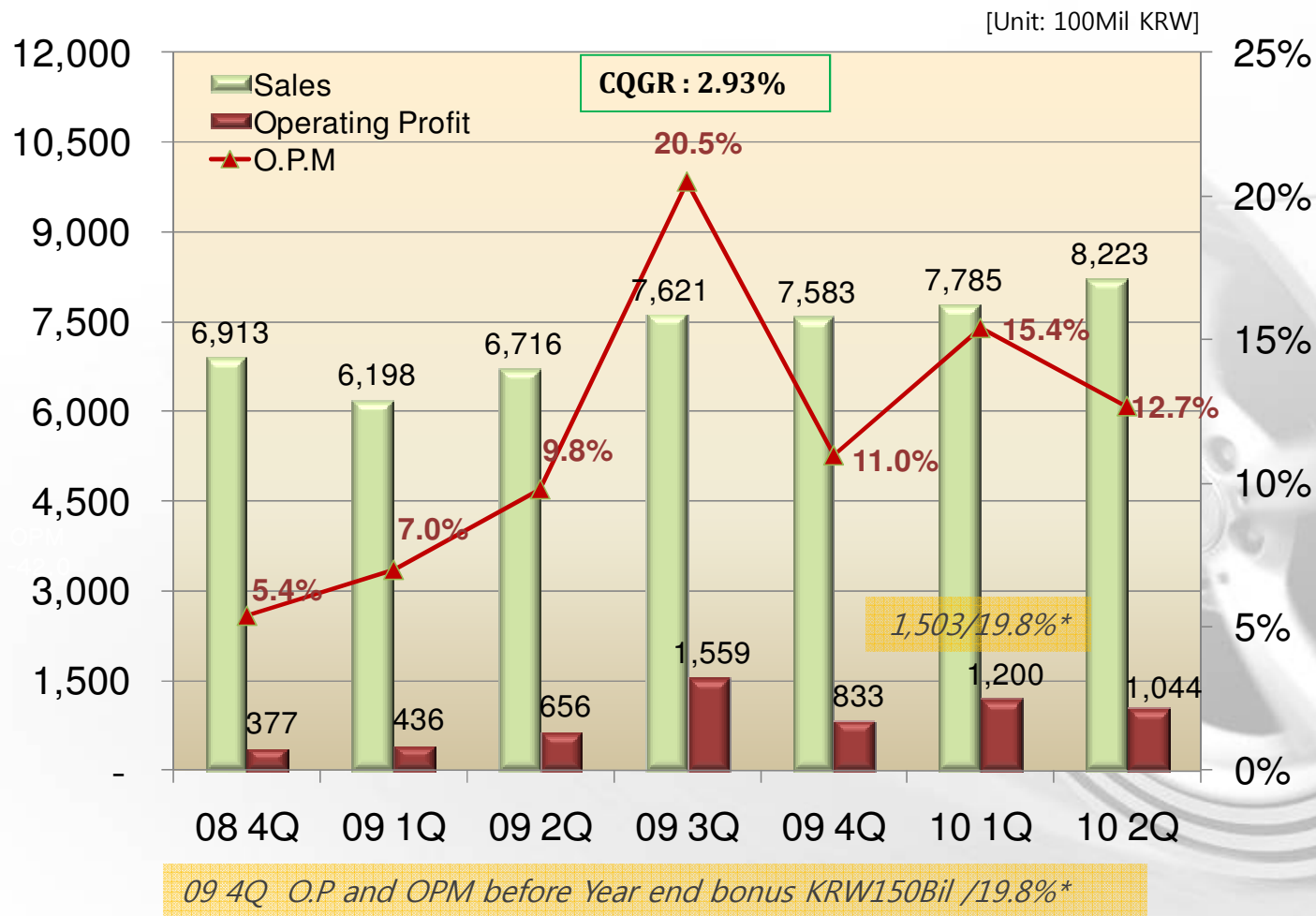
Consolidated Operating Profit: O.P has been decreased 16.3% due to Raw Material Input price hike

1. Consolidated Result



(2) Korea, China & Hungary Production Subs. Sales and OP Trend

1) Korea

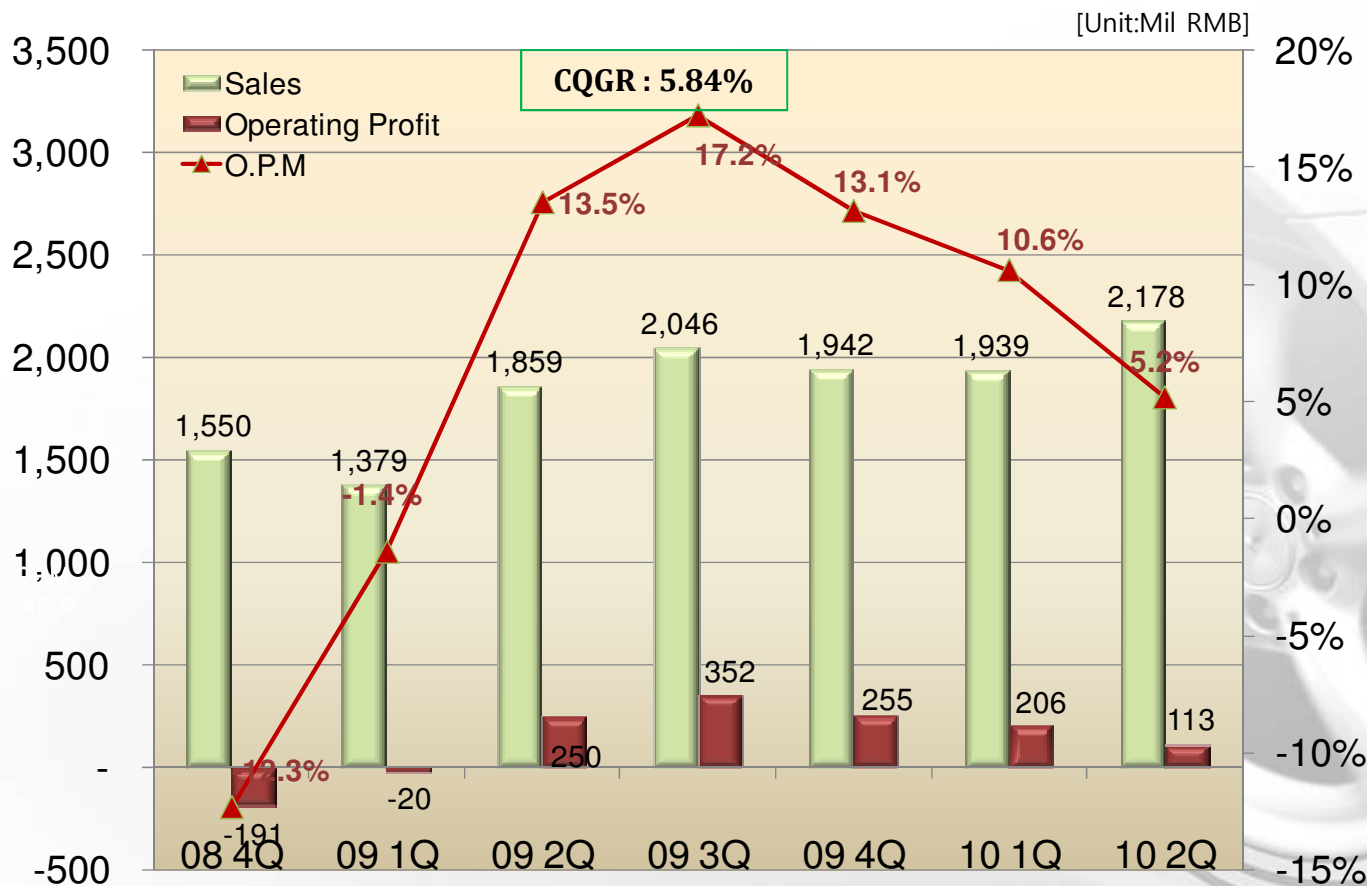


1. Consolidated Result



(2) Korea, China & Hungary Production Subs. Sales and OP Trend

2) China

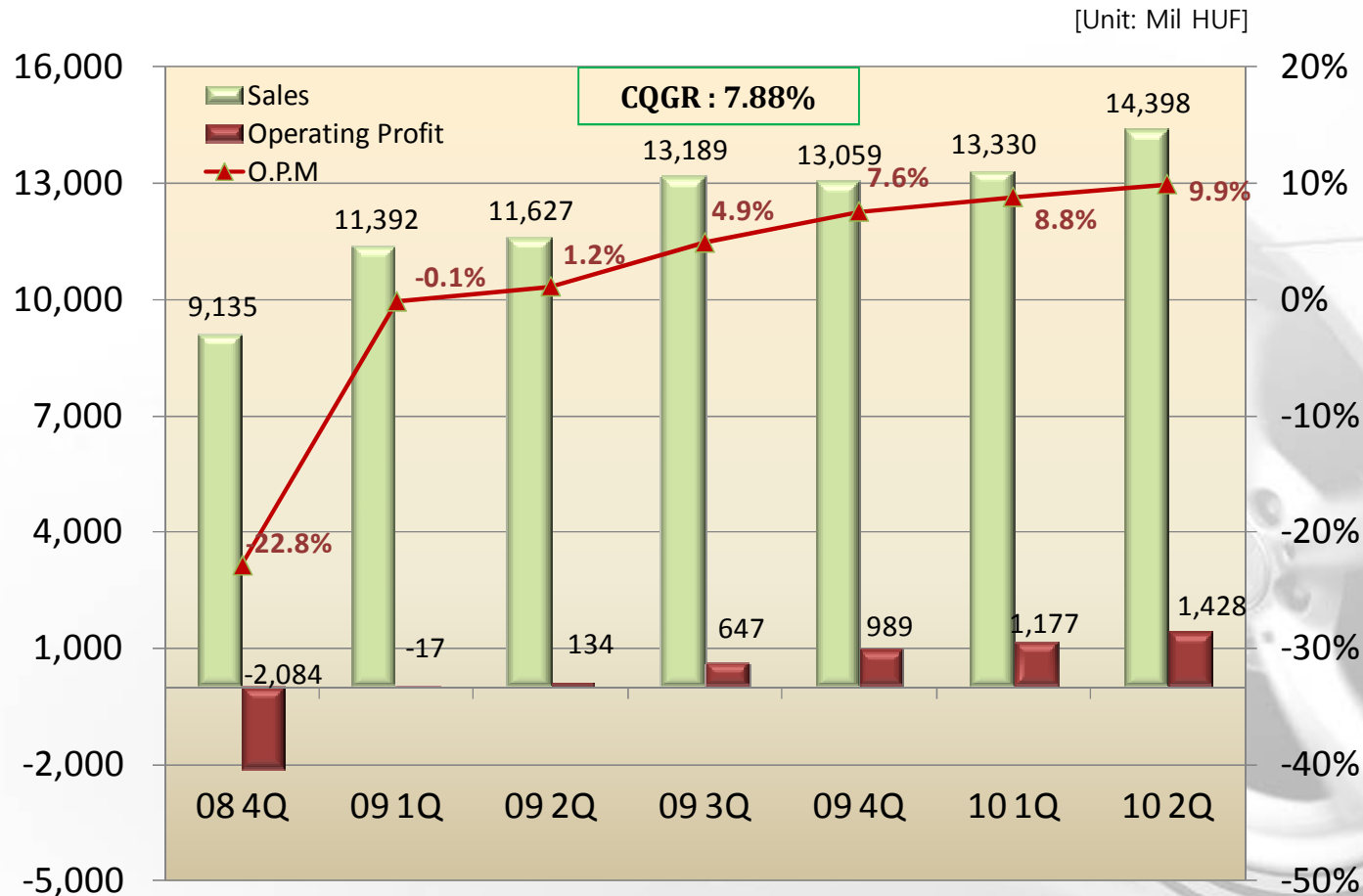


1. Consolidated Result



(2) Korea, China & Hungary Production Subs. Sales and OP Trend

3) Hungary

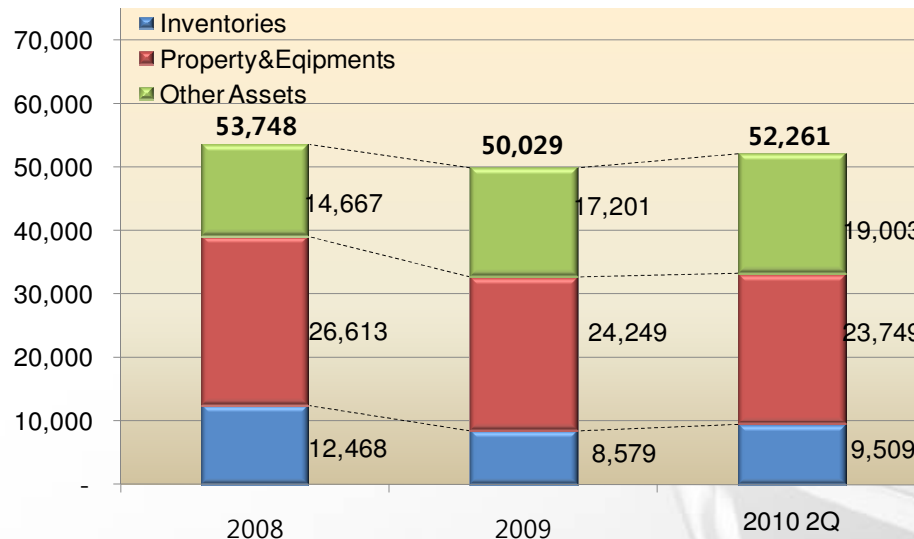


1. Consolidated Result



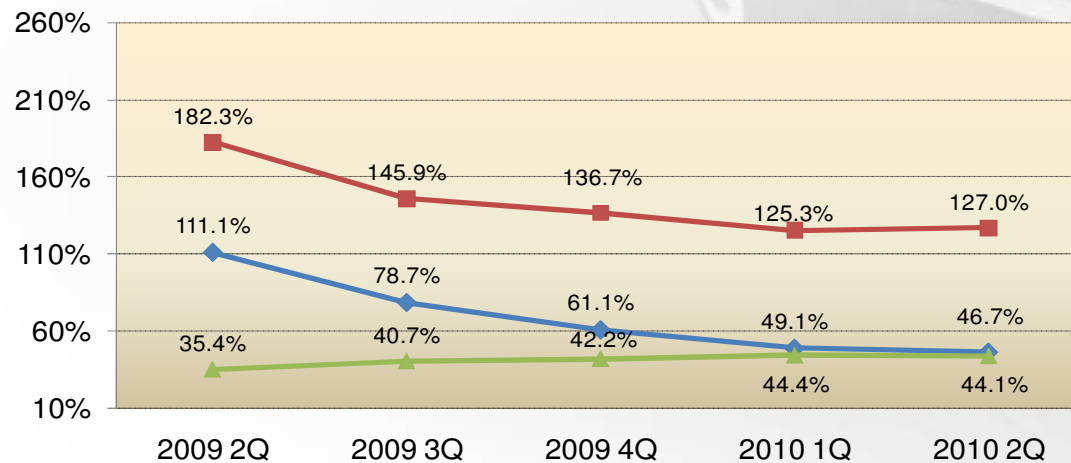
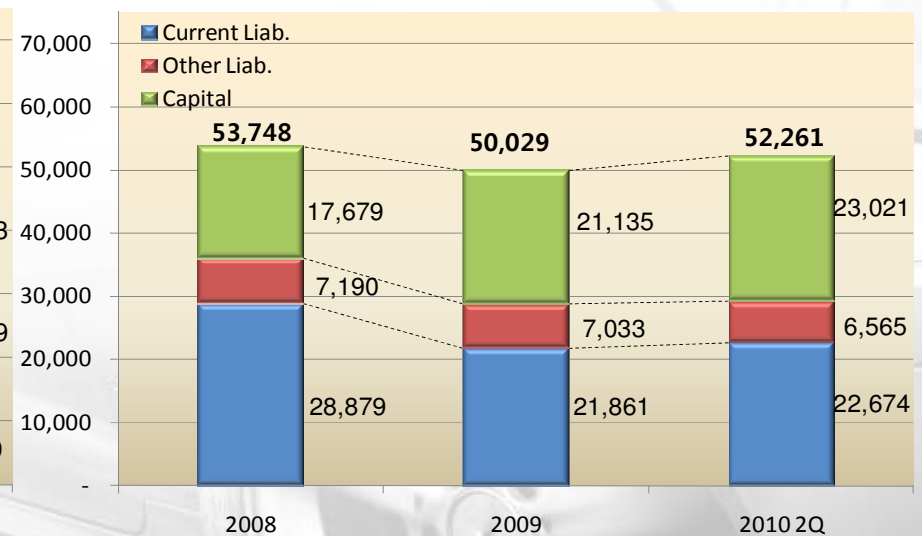
(3) Consolidated B/S

1) Asset



2) Liabilities and Capital

[Unit:100Mil KRW]



Debt Ratio

Net Debt Ratio

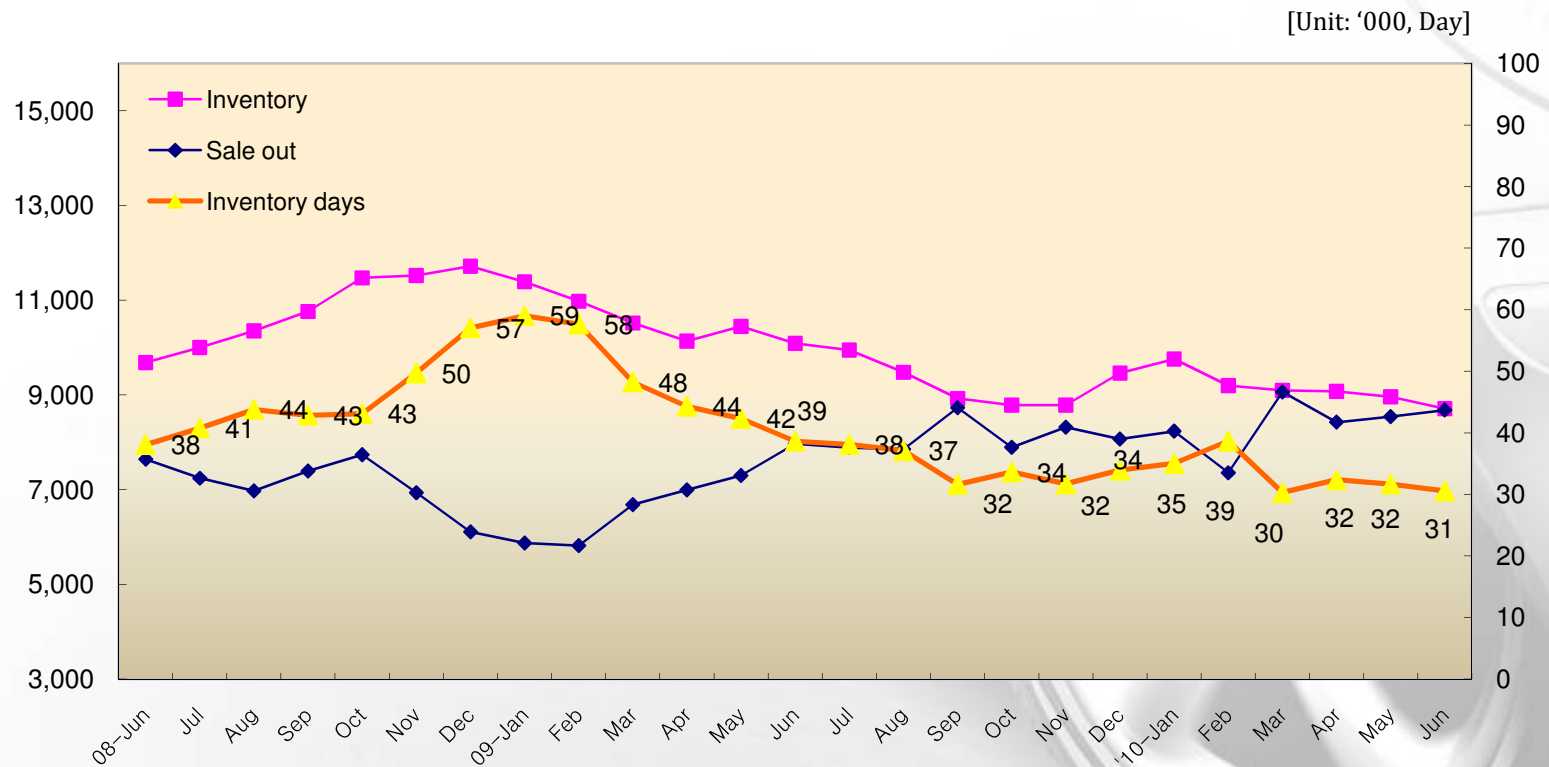
Net Worth to Asset

1. Consolidated Result



(4) Global Product Inventories and Capa. Utilization Rate

1) Global Inventory Index

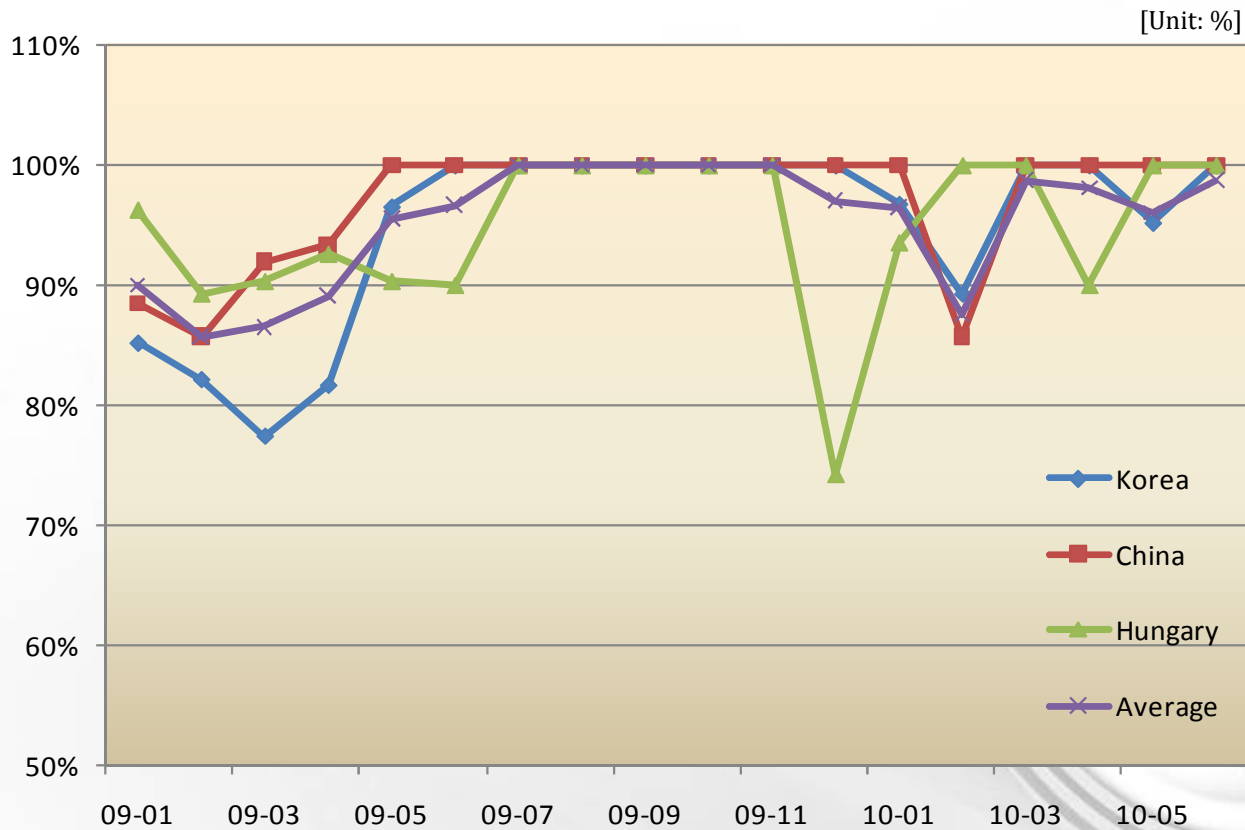


1. Consolidated Result



(4) Global Product Inventories and Capa. Utilization Rate

2) Global Capacity Utilization Rate



2010 May: Korea and China Plant had 1 day holiday for May day.

2010 April : Hungary Plant had 3day-Maintenance Holiday.

1. Consolidated Result



(5) F/X Position

[Unit: Mil USD, Mil EUR]

Annual F/X Position	Korea			China			Hungary		Total		
Currency	USD	EUR	Other Currency	USD	EUR	Other Currency	USD	EUR	USD	EUR	Other Currency
Net Cash Flow F/X Position	-308	304	139	-131	83	23	-26	-187	-465	200	161
B/S F/X Position	-85	-61	36	-419	9	2	0	-181	-504	-233	38
Total Exposures	-394	243	174	-551	91	25	-25	-368	-969	-33	199

	09 2Q	09 3Q	09 4Q	10 1Q	10 2Q
USD/KRW	1,289	1,236	1,172	1,143	1,170
EUR/KRW	1,766	1,769	1,721	1,572	1,481
USD/RMB	6.830	6.831	6.828	6.827	6.824
EUR/HUF	285.25	271.15	271.88	265.22	285.26
HUF/KRW	6.191	6.524	6.331	5.927	5.192

※ Notice: This page doesn't show full y consolidated company result.
The chart shows cash flows from Korea, China and Hungary production bases excluding non-tire segment and overseas sales subsidiaries.

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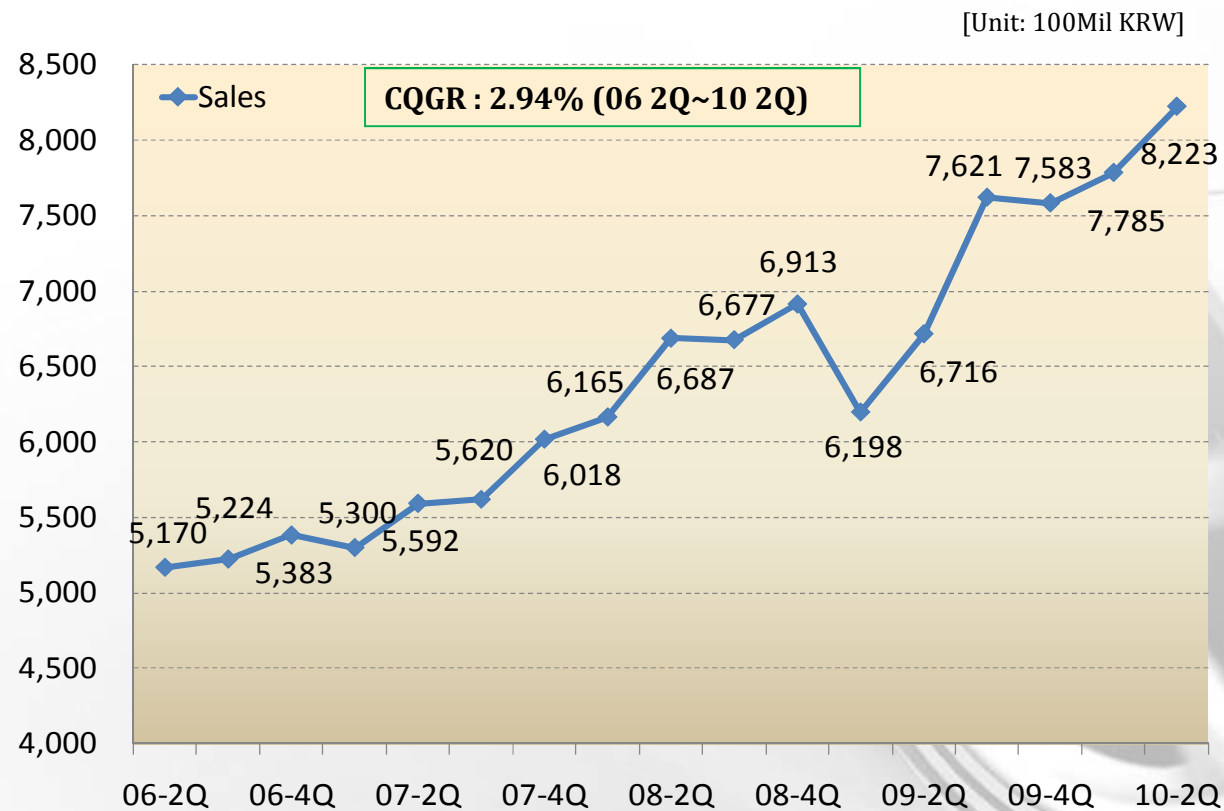
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2. Parent Result



(1) Sales and Operating Profit Trend _ 5years

1) Sales Trend

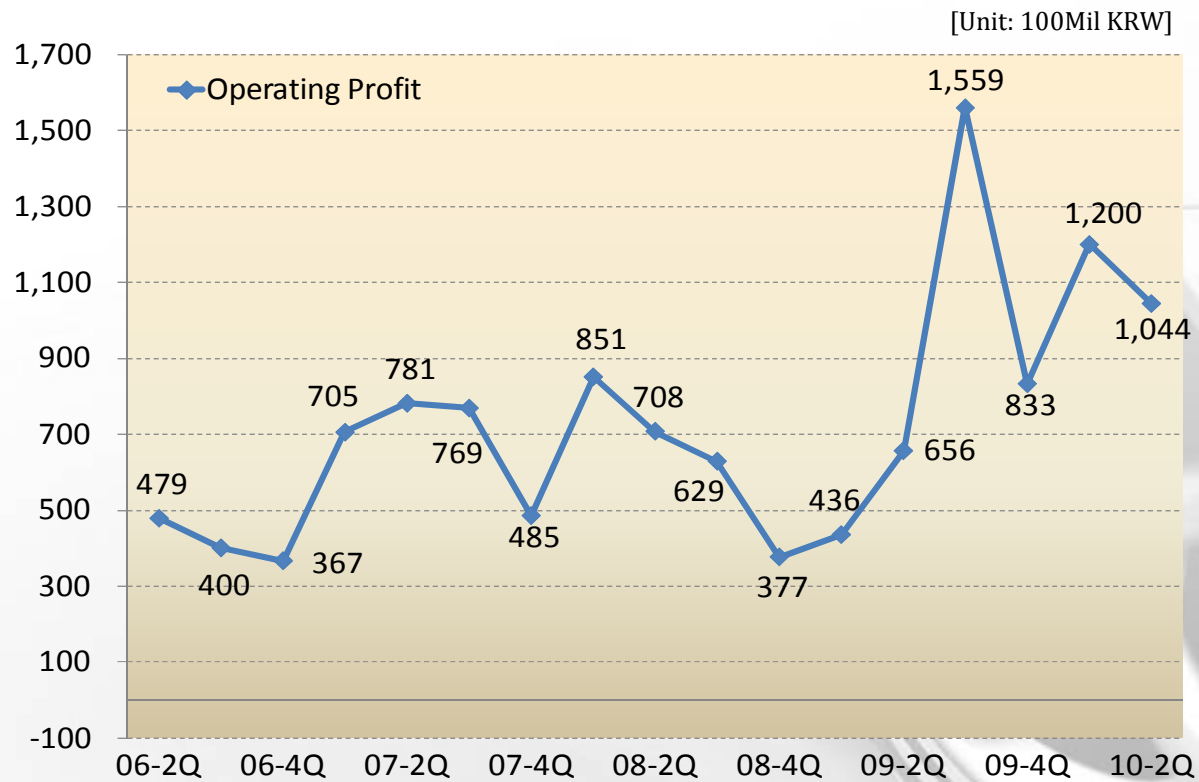


2. Parent Result



(1) Sales and Operating Profit Trend _ 5years

2) Operating Profit Trend



2. Parent Result



(2) Sales Breakdown

1) Sales Breakdown by Region

[Unit:100Mil KRW]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Export	4,681	69.7	5,351	68.7	5,863	71.3	25.2	9.6
N. America	1,407	20.9	1,890	24.3	2,158	26.2	53.4	14.2
Europe	1,253	18.7	1,395	17.9	1,325	16.1	5.7	-5.0
Others	1,609	24.0	1,576	20.2	1,769	21.5	10.0	12.3
OE Local	413	6.2	490	6.3	611	7.4	47.8	24.5
Domestic	2,035	30.3	2,434	31.3	2,360	28.7	16.0	-3.0
Total	6,716	100	7,785	100	8,223	100	22.4	5.6

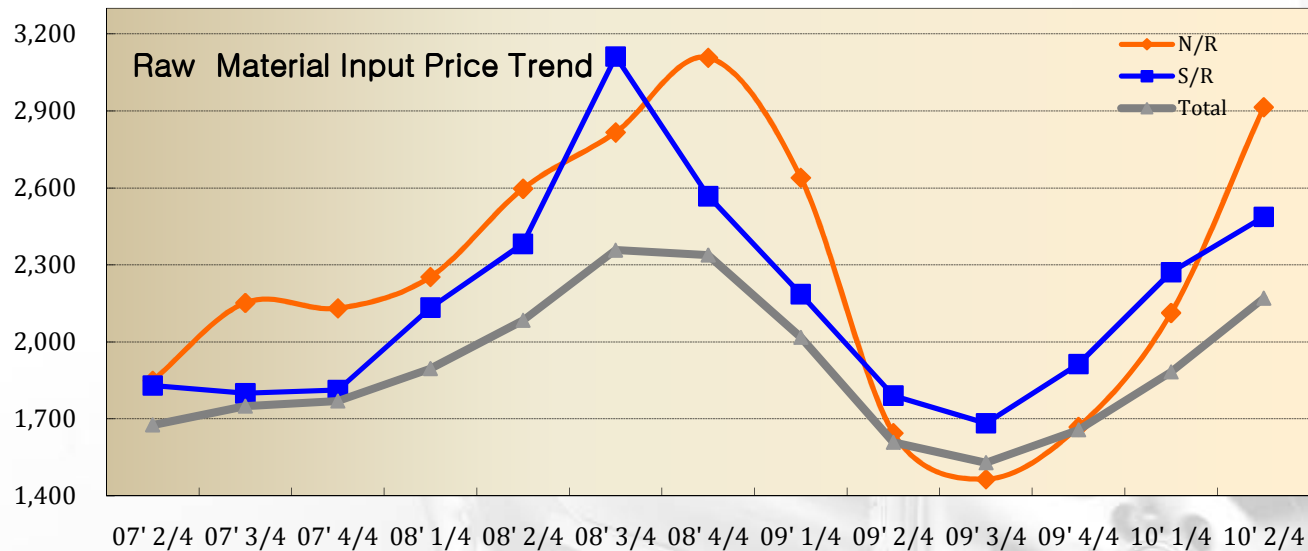
2) UHPT Sales

[Unit:100 Mil KRW, '000unit]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	AMT.	%	AMT.	%	AMT.	%		
Sales	6,716	100.0	7,785	100.0	8,223	100.0	22.4	5.6
UHPT Sales	1,131	16.8	1,467	18.8	1,545	18.8	36.6	5.3
Domestic	213	18.9	280	19.1	314	20.3	47.4	12.2
N.America	384	33.9	502	34.2	587	38.0	52.9	16.9
Europe	316	27.9	471	32.1	376	24.3	19.1	-20.2
Others	218	19.3	214	14.6	268	17.3	22.8	25.1
UHPT Sales Unit	1,600		2,076		2,191		37.0	5.6

2. Parent Result

(3) Raw Material Trend



[Unit:USD/ton]

	2009 2Q	2010 1Q	2010 2Q	YoY (%)	QoQ (%)
N/R	1,644	2,113	2,914	77.2	37.9
S/R	1,791	2,272	2,487	38.9	9.5
C/B	868	1,043	1,113	28.2	6.7
T/C	4,414	4,383	4,366	-1.1	-0.4
S/C	2,016	1,921	2,035	0.9	5.9
Etc.	1,644	1,720	1,761	7.1	2.4
W-Average	1,608	1,883	2,170	35.0	15.3

2. Parent Result



(4) Major Equity Method Gain and Loss

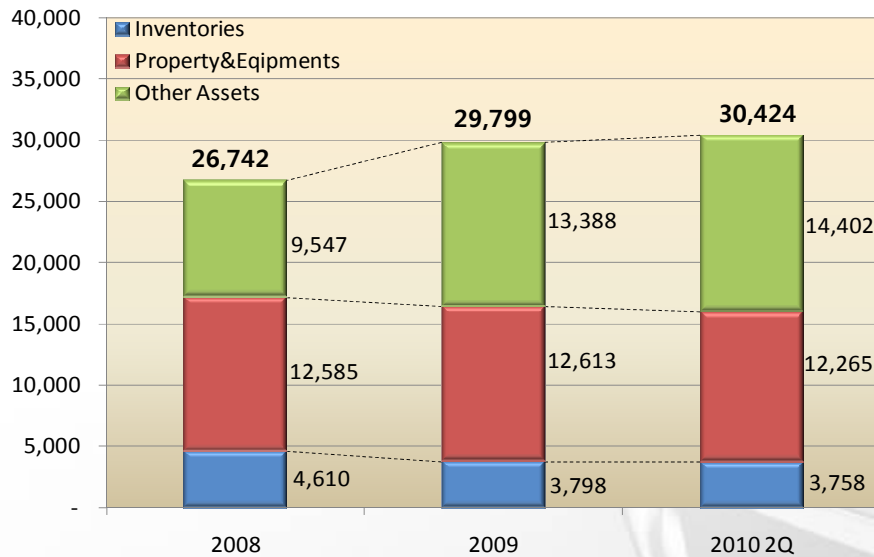
[Unit: 100 mil KRW]

	08 2Q	08 3Q	08 4Q	09 1Q	09 2Q	09 3Q	09 4Q	10 1Q	10 2Q
Tire	-64	-673	-1,102	-506	-33	462	46	378	-22
China	-58	-282	-698	-374	76	378	41	198	15
Euro Holdings(Hungary)	1	-381	-314	0	-214	-17	-5	89	-82
Sales Subsidiaries	-8	-9	-90	-132	106	101	10	91	45
Non-Tire	53	23	90	57	34	32	68	43	46
Total	-12	-650	-1,012	-449	1	494	114	421	24

2. Parent Result

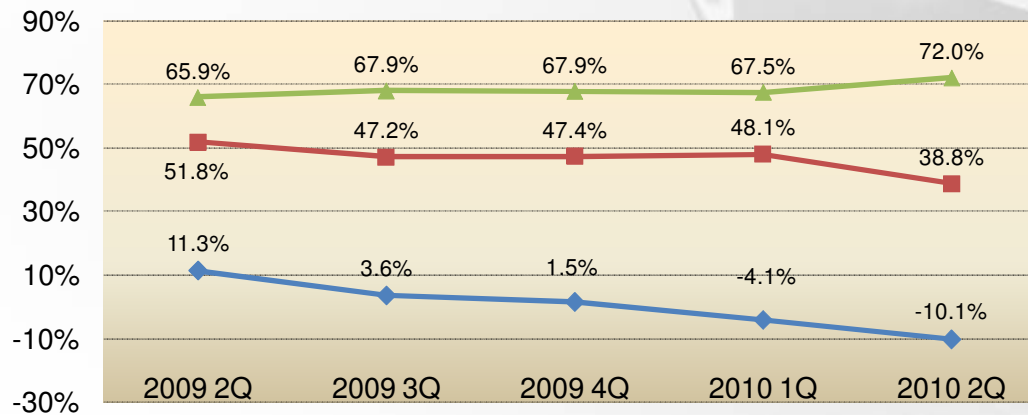
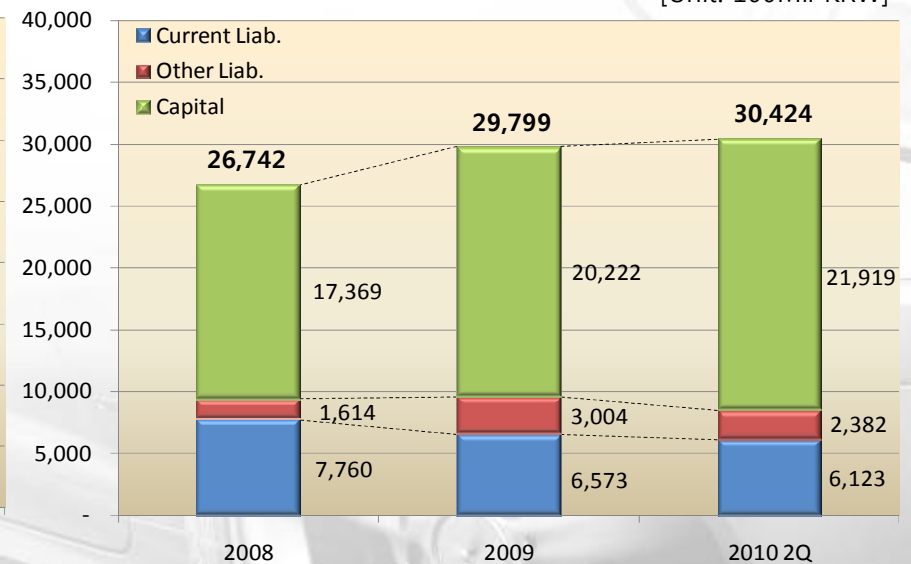
(5) Parent B/S

1) Asset



2) Liabilities and Capital

[Unit: 100Mil KRW]



Net Worth to Asset

Debt Ratio

Net Debt Ratio

Net Cash KRW 212 bil

Appendix F/S Parent. B/S

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(1) New Production Capacity Expansion

In order to expand production capacity over 110Mil unit from current 80Mil by 2014, company is considering third Chinese plant and Global 6th Plant in one of the SE Asian countries in various way.

When if we finalized the new Chinese green field factory plan, the new capacity would reach over 10Mil Unit per year. With the new capacity support, company may keep 20% Market Share in Chinese PCR Market until 2014.

New SE Asian plant may produce 10 ~ 12Mil Unit per year to cover exploding demand from all emerging markets.

Hungary plant (current capa. is 5.5Mil unit) is now under construction for additional 5Mil unit by November this year.

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1. Korea I/S

[Unit: 100 Mil KRW]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	6,716	100.0	7,785	100.0	8,223	100.0	22.4	5.6
COGS	4,858	72.3	5,292	68.0	5,785	70.3	19.1	9.3
Gross Profit	1,858	27.7	2,493	32.0	2,438	29.7	31.3	-2.2
SG&A	1,201	17.9	1,293	16.6	1,394	17.0	16.1	7.8
O.P margin	656	9.8	1,200	15.4	1,044	12.7	59.0	-13.0
Non-operating	277	4.1	684	8.8	199	2.4	-28.0	-70.9
Ordinary Profit	933	13.9	1,884	24.2	1,243	15.1	33.2	-34.0
EBITDA	1,055	15.7	1,602	20.6	1,467	17.8	39.1	-8.4
Depreciation	398	5.9	403	5.2	423	5.1	6.3	5.1

2. Korea SG&A, Non Operating Gain and Loss Detail

[Unit:100 Mil KRW]

	2009 2Q (a)	2010 1Q .	2010 2Q (b)	Diff. (b-a)
SG&A				
Salaries	276	313	306	30
Ocean Freight	186	267	316	130
Product Warranty Expense	38	13	15	-24
Employee Benefits	29	42	43	14
Export Sales Expenses	18	22	22	4
Depreciation	83	70	76	-7
Advertising Expenses	174	158	209	35
Others	397	408	408	11
Total	1,201	1,293	1,395	193
Non-Operating				
Equity Method gain/loss	1	421	24	23
Foreign Currency Transac	119	-60	43	-76
Foreign Exchange Transac	-26	61	-87	-61
Import Royalty	204	163	212	8
Others	-21	99	6	27
Total	277	684	199	-78

3. China I/S

[Unit: Mil RMB]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	1,859	100.0	1,939	100.0	2,178	100.0	17.2	12.3
COGS	1,318	70.9	1,446	74.6	1,717	78.8	30.3	18.8
Gross Profit	541	29.1	493	25.4	461	21.2	-14.8	-6.5
SG&A	289	15.6	287	14.8	348	16.0	20.4	21.1
O.P margin	250	13.4	206	10.6	113	5.2	-54.9	-45.2
Non-operating	-115	-6.2	-61	-3.1	-82	-3.8	-	-
Ordinary Profit	137	7.4	145	7.5	30	1.4	-77.9	-79.0
EBITDA	382	20.5	336	17.3	243	11.2	-36.3	-27.5
Depreciation	130	7.0	130	6.7	131	6.0	0.4	0.5

4. China SG&A, Non Operating Gain and Loss Detail

[Unit: Mil RMB]

	2009 2Q (a)	2010 1Q	2010 2Q (b)	Diff. (b-a)
SG&A	289	287	348	59
Salaries	18	28	30	12
Sales Promotion	0	0	0	0
Royalty Expense	71	69	82	11
Consulting	14	12	15	1
Export Commission	20	23	24	4
Depreciation	14	14	14	0
Domestic Transportator	40	44	49	10
Advertising Expenses	27	16	41	14
Others	85	82	92	7
Non-Operating Gain & Loss	-115	-61	-82	33
Non-operating income	41	73	82	41
Foreign currency transla	23	36	62	39
Others	18	37	20	2
Non-operating expenses	156	134	164	8
Interest expense	70	39	41	-29
others	86	94	123	37

5. Hungary I/S

[Unit: Mil HUF]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	11,627	100.0	13,330	100.0	14,398	100.0	23.8	8.0
COGS	9,771	84.0	10,407	78.1	11,101	77.1	13.6	6.7
Gross Profit	1,857	16.0	2,923	21.9	3,297	22.9	77.6	12.8
SG&A	1,723	14.8	1,746	13.1	1,870	13.0	8.5	7.1
O.P margin	134	1.2	1,177	8.8	1,428	9.9	963.9	21.4
Non-operating	8,208	70.6	588	4.4	-3,360	-23.3	-	-
Ordinary Profit	8,342	71.7	1,765	13.2	-1,932	-13.4	-	-
EBITDA	2,517	21.6	3,581	26.9	3,884	27.0	54.3	8.4
Depreciation	2,383	20.5	2,405	18.0	2,456	17.1	3.1	2.1

6. Consolidated I/S

[Unit: 100 Mil KRW]

	2009 2Q		2010 1Q		2010 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	12,573	100.0	13,341	100.0	14,203	100.0	13.0	6.5
COGS	8,837	70.3	8,965	67.2	9,929	69.9	12.4	10.8
Gross Profit	3,736	29.7	4,376	32.8	4,274	30.1	14.4	-2.3
SG&A	2,288	18.2	2,254	16.9	2,497	17.6	9.1	10.8
O.P margin	1,448	11.5	2,122	15.9	1,777	12.5	22.7	-16.3
Non-operating	402	3.2	69	0.5	-324	-2.3	-	-
Ordinary Profit	1,850	14.7	2,191	16.4	1,453	10.2	-21.5	-33.7
EBITDA	2,363	18.8	2,944	22.1	2,621	18.5	10.9	-11.0
Depreciation	915	7.3	823	6.2	844	5.9	-7.8	2.6

7. Parent B/S

[Unit:100 Mil KRW]

	End of 2009		2010 2Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	29,799	100.0	30,424	100.0	626	2.1
Current Assets	12,533	42.1	12,865	42.3	332	2.6
Quick Assets	8,736	29.3	9,107	29.9	372	4.3
Inventories	3,798	12.7	3,758	12.4	-40	-1.1
Non-current Asset	17,265	57.9	17,559	57.7	294	1.7
Investment Assets	4,669	15.7	5,195	17.1	527	11.3
Property&Equipment	12,586	42.2	12,265	40.3	-322	-2.6
Intangible Assets	11	0.0	99	0.3	89	841.1
Liabilities	9,577	32.1	8,505	28.0	-1,071	-11.2
Current Liabilities	6,573	22.1	6,123	20.1	-450	-6.8
Non-current Liabilities	3,004	10.1	2,382	7.8	-621	-20.7
Capital	20,222	67.9	21,919	72.0	1,697	8.4
Net Cash(Debt)	(307)		2,219		2,526	-823.4
Net Debt ratio		-1.5%		10.1%		
Debt Ratio		47.4%		38.8%		
Net worth to Assets		67.9%		72.0%		

8. Consolidated B/S

[Unit:100 Mil KRW]

	End of 2009		2010 2Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%
Assets	50,029	100.0	52,261	100.0	2,231	4.5
Current Assets	23,682	47.3	26,501	50.7	2,819	11.9
Quick Assets	15,102	30.2	16,992	32.5	1,890	12.5
Inventories	8,579	17.1	9,509	18.2	929	10.8
Non-current Asset	26,348	52.7	25,760	49.3	-588	-2.2
Investment Assets	1,857	3.7	1,761	3.4	-97	-5.2
Property&Equipment	24,249	48.5	23,749	45.4	-500	-2.1
Intangible Assets	241	0.5	250	0.5	9	3.8
Liabilities	28,894	57.8	29,239	55.9	345	1.2
Current Liabilities	21,861	43.7	22,674	43.4	813	3.7
Non-current Liabilities	7,033	14.1	6,565	12.6	-468	-6.7
Capital	21,135	42.2	23,021	44.1	1,886	8.9
Net Cash(Debt)	(12,906)		(10,745)		2,161	-16.7
Net Debt ratio		-61.1%		-46.7%		
Debt Ratio		136.7%		127.0%		
Net worth to Assets		42.2%		44.1%		

A large, faded, grayscale image of a car's front wheel and lower body panel serves as the background for the central text. The wheel is a multi-spoke alloy design, and the car's body is visible to its right.

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