

2011 Hankook Tire 2nd Quarter Result

Finance Team-IR
2011.07.26



H•LOHAS
a Hankook Tire Commitment

Beyond Business & Growth ; **Sustainability & Culture**

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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1. Consolidated Result

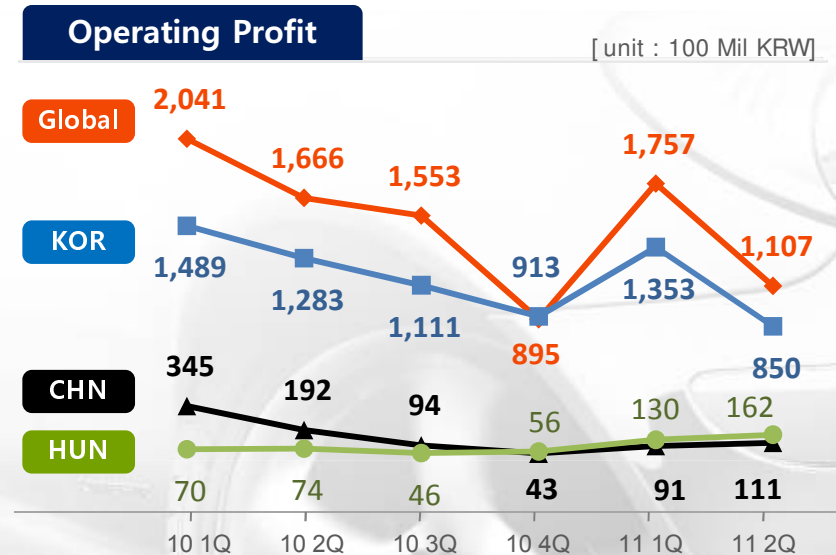
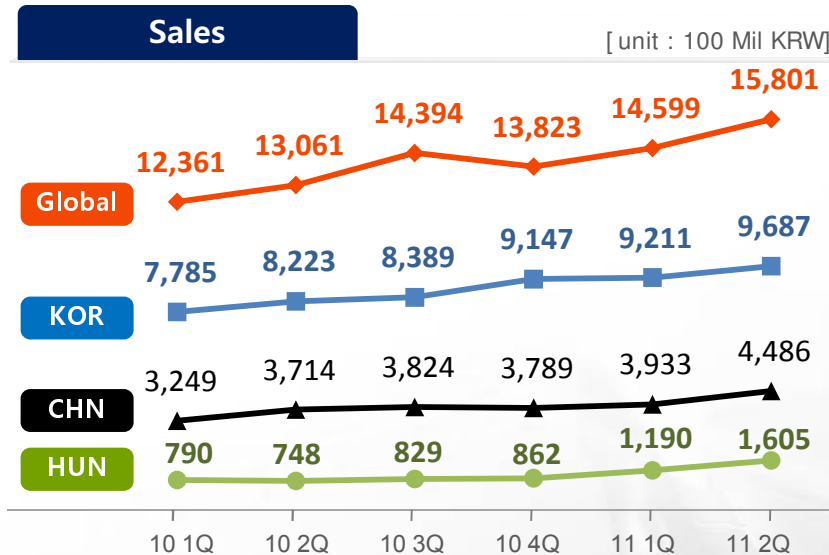
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1. Consolidated Result



(1) Consolidated Sales and Operating Profit Trend (Global/Korea : K-IFRS, CHN/Hungary : Local GAAP)

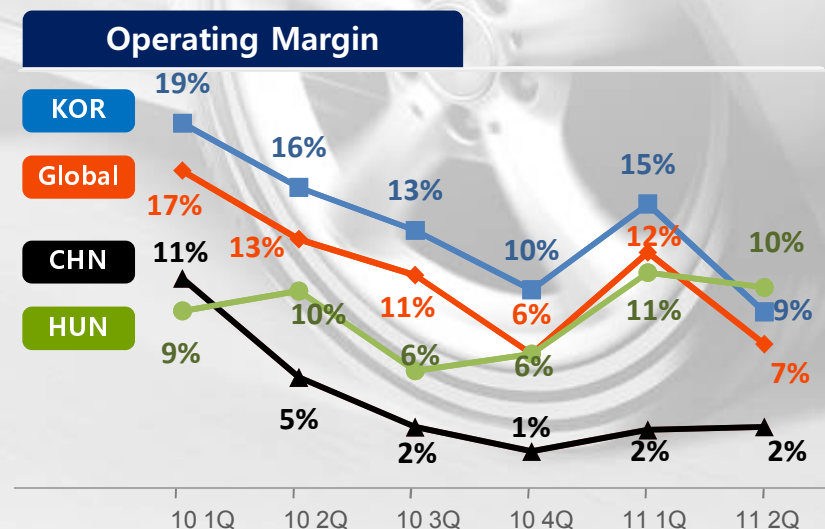


-Consolidated Sales : YoY 21% ↑, QoQ 8.2% ↑

Sales increased about 18%(KOR), 21%(CHN), HUN(115%) over the same period in the previous year.

-Operating Profit : YoY 33.5% ↓, QoQ 37.0% ↓

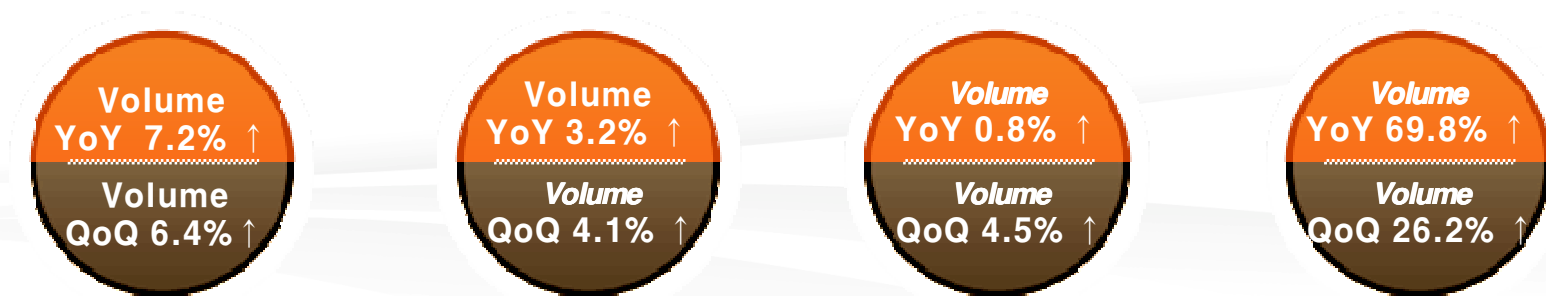
Operating Profit decreased 33.7%(KOR), 42%(CHN), whereas Hungary's OP increased about 119% over the same period in the previous year.



1. Consolidated Result



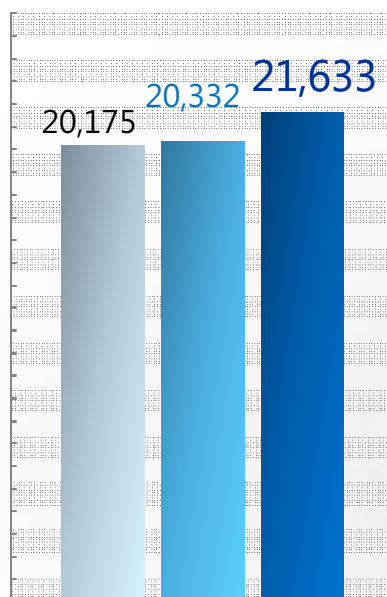
(2) Global Production



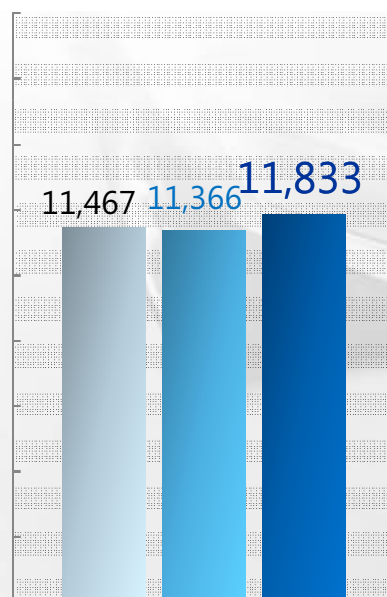
Volume

[unit : 1,000]

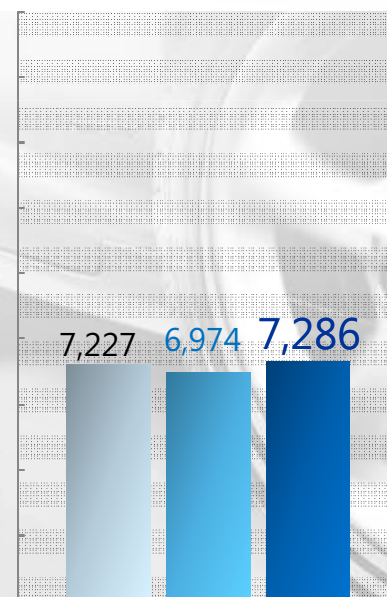
■ 2Q 2010
■ 1Q 2011
■ 2Q 2011



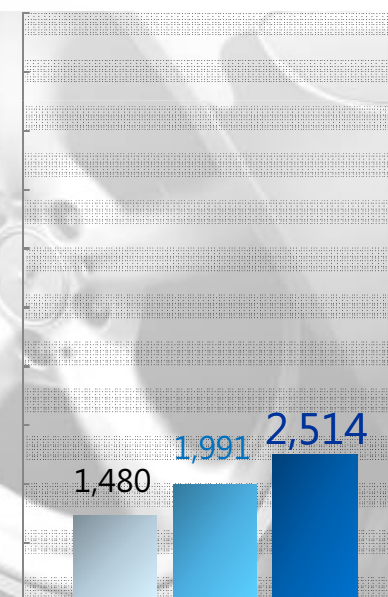
Global



KOR



CHN

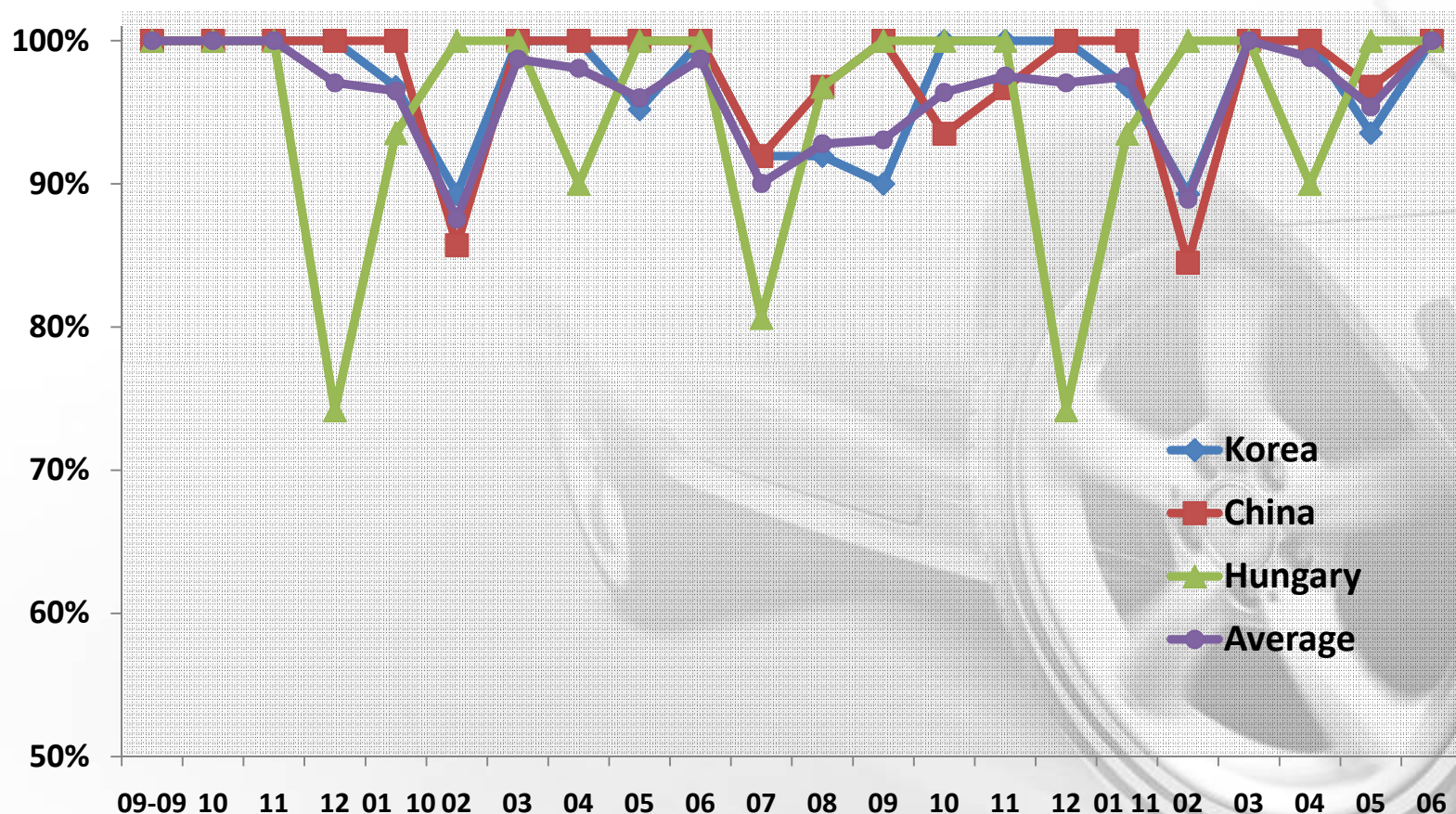


HUN

1. Consolidated Result



(3) Global Capacity Utilization Rate



1. Consolidated Result



(4) Global Sales Breakdown / UHPT Sales

1) Sales Breakdown by Region

[unit : 100 Mil KRW]

	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	%	%
KOR	2,457	19.3%	2,856	19.9%	2,690	17.0%	9.5%	-5.8%
CHN	2,397	18.8%	2,637	18.4%	3,113	19.7%	29.9%	18.1%
N.America	2,218	17.4%	2,552	17.8%	2,807	17.8%	26.5%	10.0%
Europe	2,887	22.7%	3,435	24.0%	3,782	24.0%	31.0%	10.1%
Others	2,758	21.7%	2,854	19.9%	3,386	21.5%	22.8%	18.6%
Total	12,716	100.0%	14,334	100.0%	15,778	100.0%	24.1%	10.1%

2) UHPT Sales

[unit : 100 Mil KRW, '000 unit]

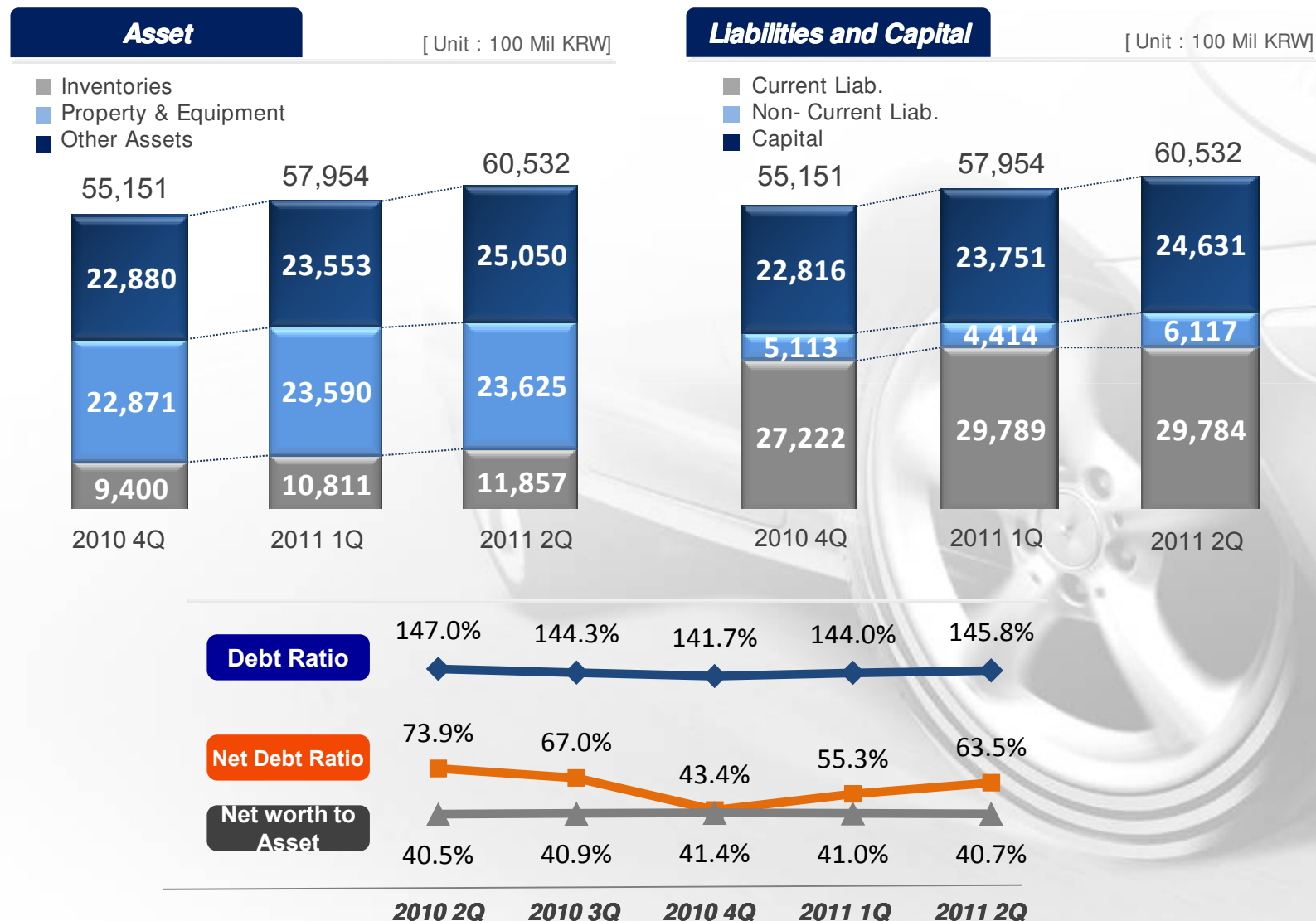
	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	%	%
Sales	12,716	100.0%	14,334	100.0%	15,778	100.0%	24.1%	10.1%
UHPT Sales	2,351	18.5%	3,153	22.0%	3,640	23.1%	54.9%	15.5%
KOR	314	13.4%	421	13.3%	434	11.9%	38.0%	3.2%
CHN	411	17.5%	468	14.8%	529	14.5%	28.8%	13.1%
N.America	582	24.8%	724	22.9%	840	23.1%	44.2%	16.0%
Europe	699	29.7%	1,157	36.7%	1,244	34.2%	78.1%	7.5%
Others	345	14.7%	384	12.2%	594	16.3%	72.2%	54.6%
UHPT Sales Unit	3,736		4,413		5,067		35.6%	14.8%

The sales and units were totaled up by production region standard.

1. Consolidated Result



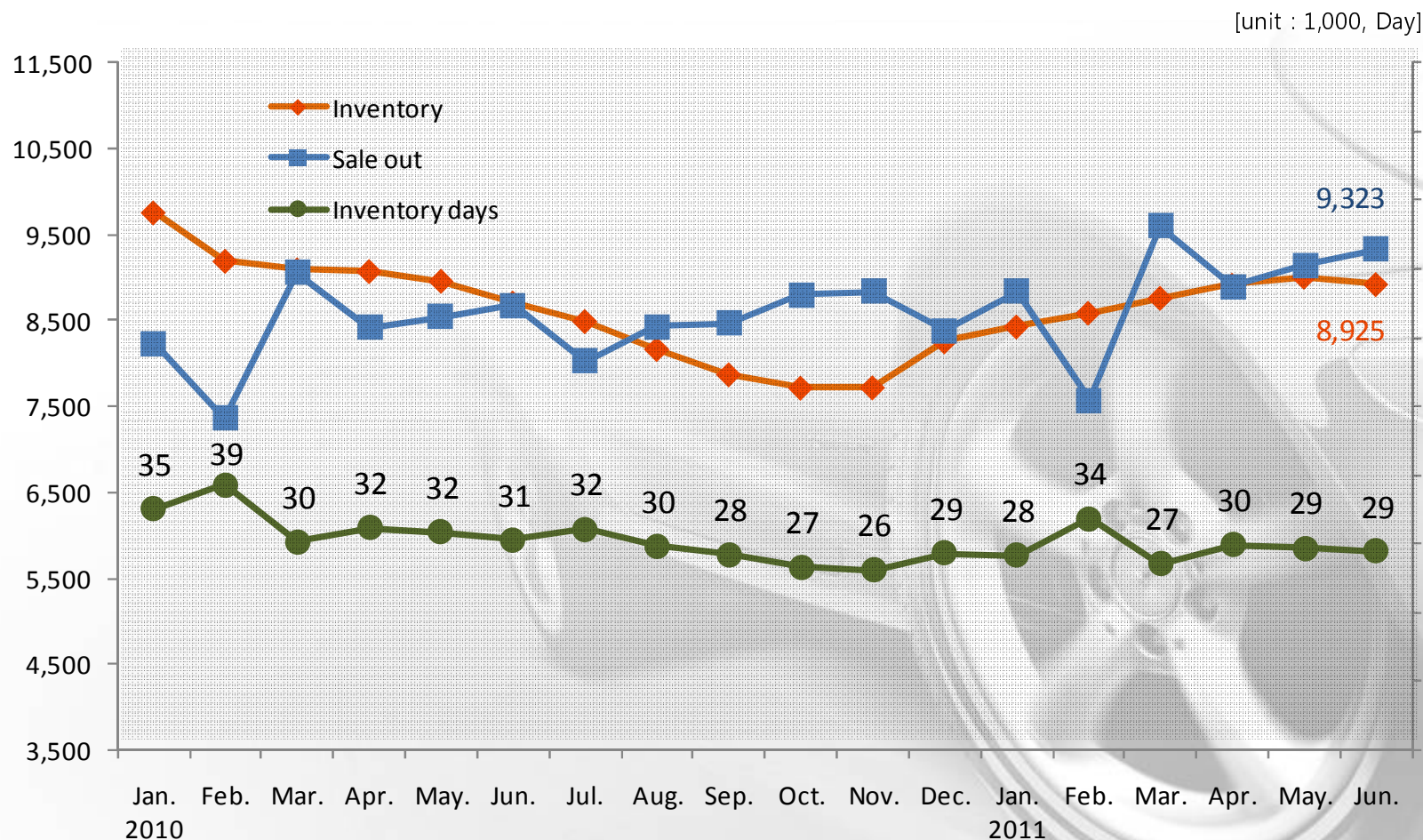
(5) Consolidated B/S



1. Consolidated Result



(6) Global Inventory Index

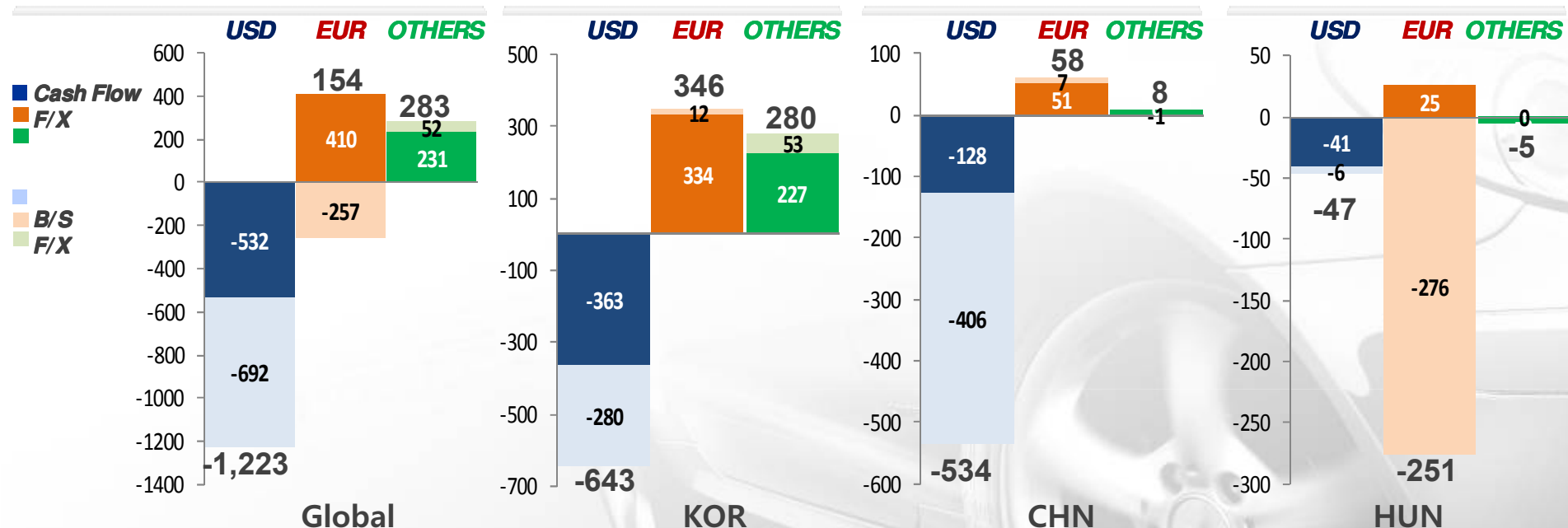


1. Consolidated Result



(7) F/X Position

[unit : Mil USD, Mil EUR]



Summing up Hankook Global F/X Position, HK benefiting WEAK USD and STRONG Cross Currency vs KRW.
Company may keep current F/X Position structure.

	10 1Q	10 2Q	10 3Q	10 4Q	11 1Q	11 2Q
USD/KRW	1,143	1,170	1,179	1,133	1,121	1,084
EUR/KRW	1,572	1,481	1,528	1,540	1,532	1,559
CNY/KRW	168	170	175	170	170	167
USD/CNY	6.827	6.824	6.771	6.662	6.579	6.502
EUR/HUF	265	285	276	279	273	266
HUF/KRW	5.93	5.19	5.53	5.51	5.62	5.85

※ 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.

1. Consolidated Result



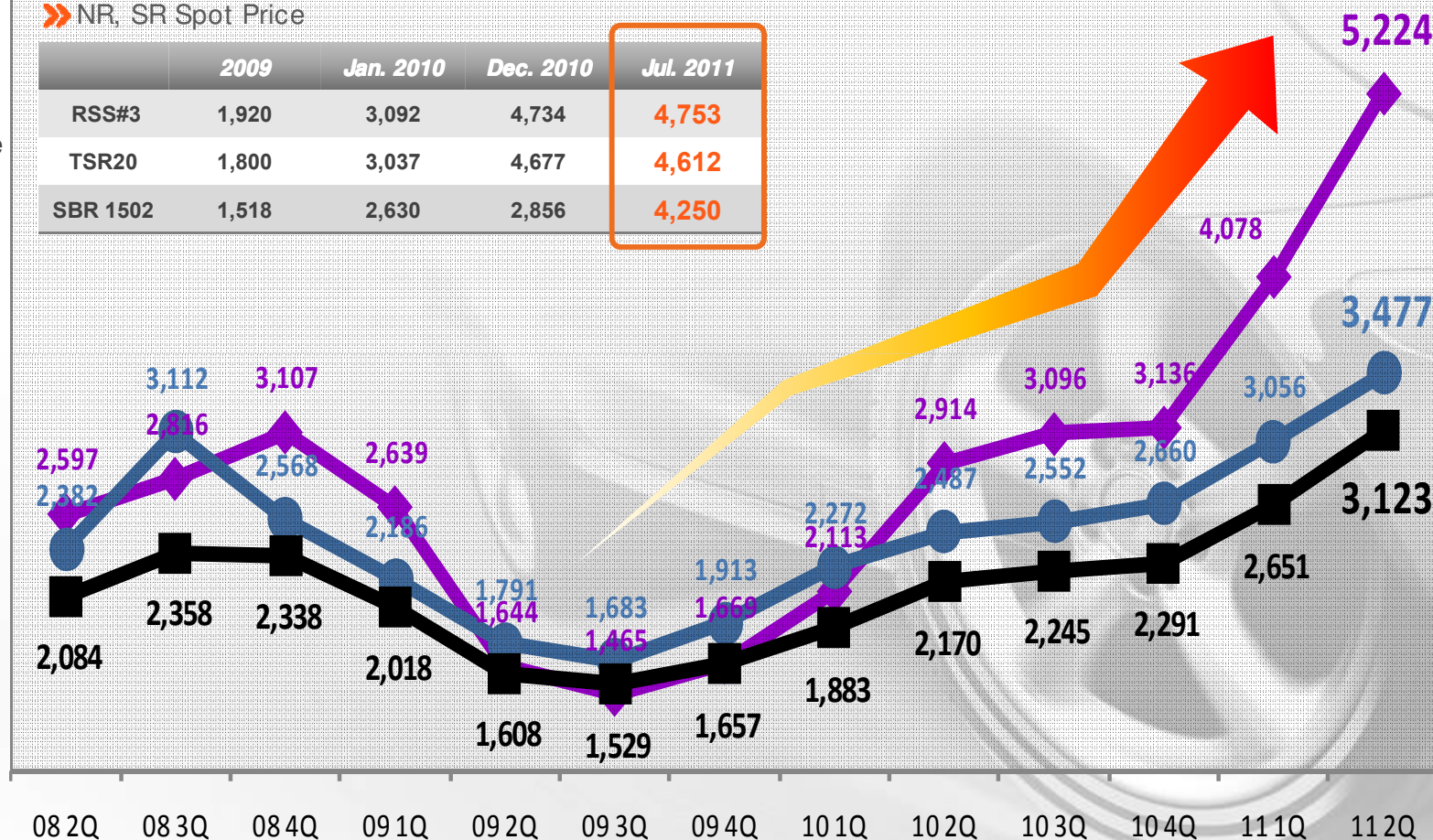
(8) Raw Material Cost

USD/Ton

- N/R
- S/R
- W- Average

» NR, SR Spot Price

	2009	Jan. 2010	Dec. 2010	Jul. 2011
RSS#3	1,920	3,092	4,734	4,753
TSR20	1,800	3,037	4,677	4,612
SBR 1502	1,518	2,630	2,856	4,250



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(1) Raw Material Spot Price Surge

- The cost of SBR has steadily increased and SBR 1502 spot price is USD 4,250/Ton.
- Reasons of current strong S/R price :
 - 1) The short supply of Butadiene : The petrol company announced its plan to go off stream.
(Goodyear, Kumho Petrol etc.)
 - 2) The demand for tire products continues to grow.
- According to SICOM, Natural Rubber(TSR20) spot price is about USD 4,600 /ton.

(2) Product Price Hike

- To pass on the high input costs, we continuously raised product price.
- An additional price increasing and the percentage of price hike will be different by region.

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Appendix. F/S – Consolidated I/S



[unit : 100 Mil KRW]

	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	13,061	100.0%	14,599	100.0%	15,801	100.0%	21.0	8.2
COGS	8,891	68.1%	10,437	71.5%	12,059	76.3%	35.6	15.5
Gross Profit	4,170	31.9%	4,162	28.5%	3,743	23.7%	-10.2	-10.1
SG&A	2,505	19.2%	2,405	16.5%	2,636	16.7%	5.2	9.6
O.P Margin	1,666	12.8%	1,757	12.0%	1,107	7.0%	-33.6	-37.0
Non Operating	-265	-2.0%	202	1.4%	11	0.1%	-	-94.6
Ordinary Profit	1,401	10.7%	1,959	13.4%	1,118	7.1%	-20.2	-42.9
E B I T D A	2,486	19.0%	2,562	17.5%	2,060	13.0%	-17.1	-19.6
Depreciation	820	6.3%	817	5.6%	954	6.0%	16.3	16.8

Appendix. F/S – Consolidated SG&A, Non-OP Gain and Loss Detail

[Unit: 100 Mil KRW]

	2010 2Q (a)	2011 1Q	2011 2Q (b)	Diff. (b-a)
S G & A	2,505	2,405	2,636	147
Salaries	347	469	429	82
Depreciation	133	82	139	6
Domestic Trans. Cost	304	364	314	10
Ocean Freight	518	353	485	-33
Advertising Expenses	326	242	351	25
Others	572	669	682	110
Working R&D exp. cost	223	235	251	28
Others Oper. Gain	-48	-144	-129	-81
Others Oper. Loss	129	135	114	-15
N/O Gain & Loss	-265	202	11	276
Interest gain (expense)	-123	-89	-130	-7
Foreign Currency Trans.	32	-2	98	66
Foreign Exchange Trans.	-253	251	11	264
Share of profit(loss) for using equity method	56	38	35	-21
Others	23	4	-3	-26

Appendix. F/S – Korea I/S (IFRS)



[unit : 100 Mil KRW]

	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	8,223	100.0%	9,211	100.0%	9,687	100.0%	17.8	5.2
COGS	5,788	70.4%	6,786	73.7%	7,616	78.6%	31.6	12.2
Gross Profit	2,436	29.6%	2,425	26.3%	2,071	21.4%	-15.0	-14.6
SG&A	1,153	14.0%	1,072	11.6%	1,221	12.6%	5.9	13.9
O.P Margin	1,283	15.6%	1,353	14.7%	850	8.8%	-33.7	-37.2
Non Operating	-75	-0.9%	45	0.5%	51	0.5%	-	14.3
Ordinary Profit	1,207	14.7%	1,398	15.2%	901	9.3%	-25.3	-35.5
E B I T D A	1,706	20.7%	1,725	18.7%	1,287	13.3%	-24.6	-25.4
Depreciation	423	5.1%	372	4.0%	437	4.5%	3.3	17.5

Appendix. F/S – Korea(IFRS) SG&A, Non-OP Gain and Loss Detail

[Unit: 100 Mil KRW]

	2010 2Q (a)	2011 1Q	2011 2Q (b)	Diff. (b-a)
S G & A	1,153	1,072	1,221	68
Salaries	299	325	343	44
Ocean Freight	316	310	307	-9
Product Warranty Exp.	15	18	28	14
Employee Benefits	44	37	45	1
Export Sales Expenses	22	24	24	2
Depreciation	76	68	79	3
Advertising Expenses	209	145	311	102
Others	172	145	84	-89
N/O Gain & Loss	-75	45	51	127
Interest gain (expense)	4	25	-10	-14
Foreign Currency Trans.	32	-6	42	10
Foreign Exchange Trans.	-78	35	-4	74
Dividend Received	0	18	6	5
Others	-34	-26	17	51

Appendix. F/S – China I/S



[unit : 100 Mil RMB]

	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	21.78	100.0%	23.10	100.0%	26.91	100.0%	23.5	16.5
COGS	17.17	78.8%	19.23	83.3%	22.62	84.1%	31.7	17.6
Gross Profit	4.61	21.2%	3.87	16.7%	4.29	15.9%	-7.0	10.8
SG&A	3.48	16.0%	3.34	14.4%	3.62	13.5%	4.0	8.6
O.P Margin	1.13	5.2%	0.53	2.3%	0.67	2.5%	-41.0	25.1
Non Operating	-0.82	-3.8%	-0.01	0.0%	-0.33	-1.2%	-	-
Ordinary Profit	0.31	1.4%	0.52	2.3%	0.34	1.3%	10.3	-35.1
E B I T D A	2.43	11.2%	1.87	8.1%	2.02	7.5%	-17.1	8.2
Depreciation	1.31	6.0%	1.33	5.8%	1.35	5.0%	3.5	1.4

Appendix. F/S – China SG&A, Non-OP Gain and Loss Detail



[Unit: Mil RMB]

	2010 2Q (a)	2011 1Q	2011 2Q (b)	Diff. (b-a)
S G & A	348	334	362	14
Salaries	30	37	37	7
Royalty Expense	82	86	106	24
Cunsulting	15	16	20	4
Export Commission	6	6	6	
Depreciation	14	14	14	0
Domestic Trans. Cost	48	48	53	5
Advertising Expenses	42	22	8	-34
Others	111	106	119	8
N/O Gain &Loss	-82	-1	-33	49
Foreign Currency Trans.	8	31	46	38
Interest expense	-41	-42	-47	-6
others	-49	10	-31	18

Appendix. F/S – Hungary I/S



[unit : 100 Mil HUF]

	2010 2Q		2011 1Q		2011 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	143.98	100.0%	211.83	100.0%	274.34	100.0%	90.5	29.5
COGS	111.01	77.1%	162.86	76.9%	216.01	78.7%	94.6	32.6
Gross Profit	32.97	22.9%	48.97	23.1%	58.33	21.3%	76.9	19.1
SG&A	18.70	13.0%	25.83	12.2%	30.59	11.2%	63.6	18.4
O.P Margin	14.28	9.9%	23.15	10.9%	27.74	10.1%	94.3	19.8
Non Operating	-33.60	-23.3%	25.12	11.9%	-7.22	-2.6%	-	-
Ordinary Profit	-19.32	-13.4%	48.26	22.8%	20.51	7.5%	-	-
E B I T D A	38.84	27.0%	54.46	25.7%	67.97	24.8%	75.0	24.8
Depreciation	24.56	17.1%	31.32	14.8%	40.23	14.7%	63.8	28.5

Appendix. F/S – Hungary SG&A, Non-OP Gain and Loss Detail



[Unit: Mil HUF]

	2010 2Q (a)	2011 1Q	2011 2Q (b)	Diff. (b-a)
S G & A	1,870	2,583	3,059	1,189
Salaries	48	62	68	20
Royalty Expense	716	1,059	1,372	656
Cunsulting	292	350	296	4
Export Commission	65	94	89	24
Depreciation	165	204	230	64
Domestic Trans. Cost	421	616	801	380
Advertising Expenses	0	0	1	1
Others	162	198	203	41
N/O Gain & Loss	-3,360	2,512	-722	2,638
Foreign Currency Trans.	-3,263	2,934	-1,031	2,233
Interest expense	-271	-402	-496	-225
others	174	-21	804	630

Appendix. F/S – IFRS B/S



[unit : 100 Mil KRW]

	2010		2011 1Q		2011 2Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Assets	55,151	100.0%	57,954	100.0%	60,532	100.0%	5,381	9.8
Current Assets	28,475	51.6%	30,487	52.6%	33,029	54.6%	4,554	16.0
Quick Assets	19,075	34.6%	19,676	34.0%	21,172	35.0%	2,097	11.0
Inventories	9,400	17.0%	10,811	18.7%	11,857	19.6%	2,457	26.1
Non-current Assets	26,676	48.4%	27,467	47.4%	27,503	45.4%	827	3.1
Investment Assets	3,425	6.2%	3,512	6.1%	3,518	5.8%	93	2.7
Property&Equipment	22,871	41.5%	23,590	40.7%	23,625	39.0%	754	3.3
Intangible Assets	380	0.7%	365	0.6%	360	0.6%	-20	-5.3
Liabilities	32,335	58.6%	34,203	59.0%	35,901	59.3%	3,566	11.0
Current Liabilities	27,222	49.4%	29,789	51.4%	29,784	49.2%	2,562	9.4
Non-current Liabilities	5,113	9.3%	4,414	7.6%	6,117	10.1%	1,004	19.6
Capital	22,816	41.4%	23,751	41.0%	24,631	40.7%	1,815	8.0
Net Debt(Cash)	9,907		13,136		15,635		5,728	57.8
Net Debt Ratio		43.4%		55.3%		63.5%		
Debt Ratio		141.7%		144.0%		145.8%		
Net worth to Assets		41.4%		41.0%		40.7%		

Appendix. F/S – Korea IFRS B/S (Parent)



[unit : 100 Mil KRW]

	2010		2011 1Q		2011 2Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Assets	38,519	100.0%	39,487	100.0%	40,286	100.0%	1,767	4.6
Current Assets	19,738	51.2%	20,139	51.0%	20,800	51.6%	1,062	5.4
Quick Assets	15,751	40.9%	15,488	39.2%	15,894	39.5%	143	0.9
Inventories	3,987	10.4%	4,651	11.8%	4,906	12.2%	919	23.0
Non-current Assets	18,781	48.8%	19,348	49.0%	19,486	48.4%	705	3.8
Investment Assets	6,332	16.4%	6,831	17.3%	7,218	17.9%	886	14.0
Property&Equipment	12,299	31.9%	12,373	31.3%	12,123	30.1%	-176	-1.4
Intangible Assets	150	0.4%	144	0.4%	145	0.4%	-5	-3.3
Liabilities	14,420	37.4%	14,840	37.6%	14,715	36.5%	295	2.0
Current Liabilities	12,170	31.6%	14,043	35.6%	13,852	34.4%	1,682	13.8
Non-current Liabilities	2,250	5.8%	797	2.0%	863	2.1%	-1,387	-61.6
Capital	24,099	62.6%	24,647	62.4%	25,571	63.5%	1,472	6.1
Net Debt(Cash)	1,386		1,531		3,490		2,104	151.8
Net Debt Ratio		5.8%		6.2%		13.6%		
Debt Ratio		59.8%		60.2%		57.5%		
Net worth to Assets		62.6%		62.4%		63.5%		

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