

# 2012 Hankook Tire

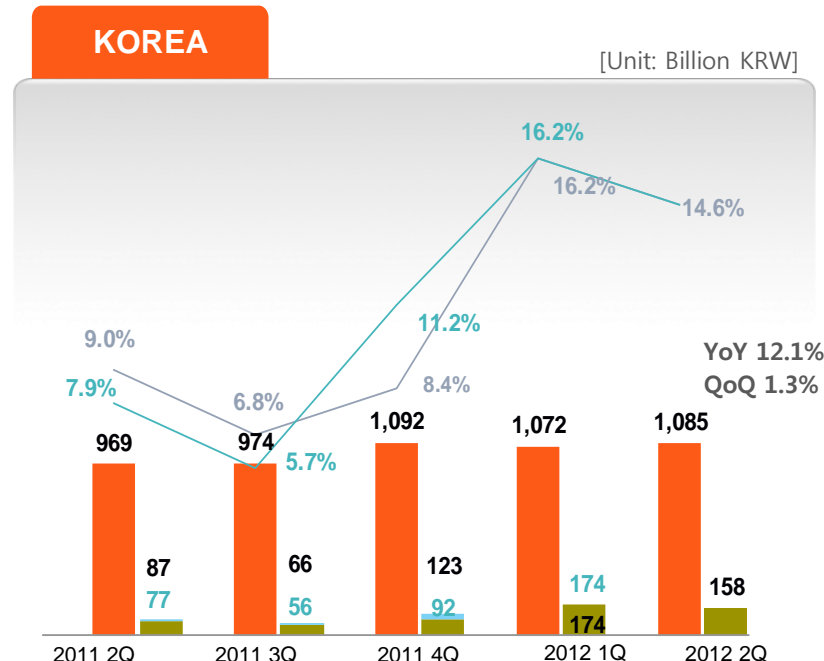
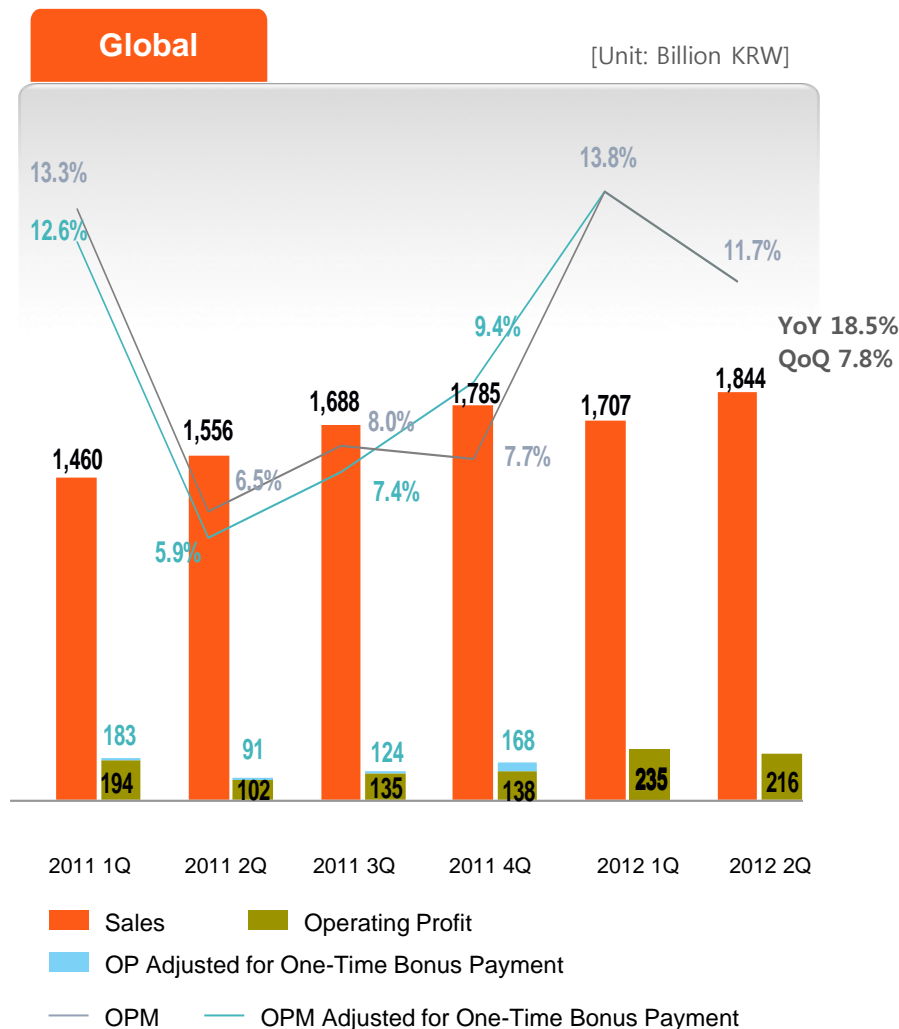
## 2nd Quarter Result

2012.07.31

**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.**

## (1) Sales and Operating Profit



- Despite the economy slowdown, 2Q Sales increased in Korea
- Product mix improvement
- UHPT sales increased 23%↑(YoY), 2.8↑(QoQ)

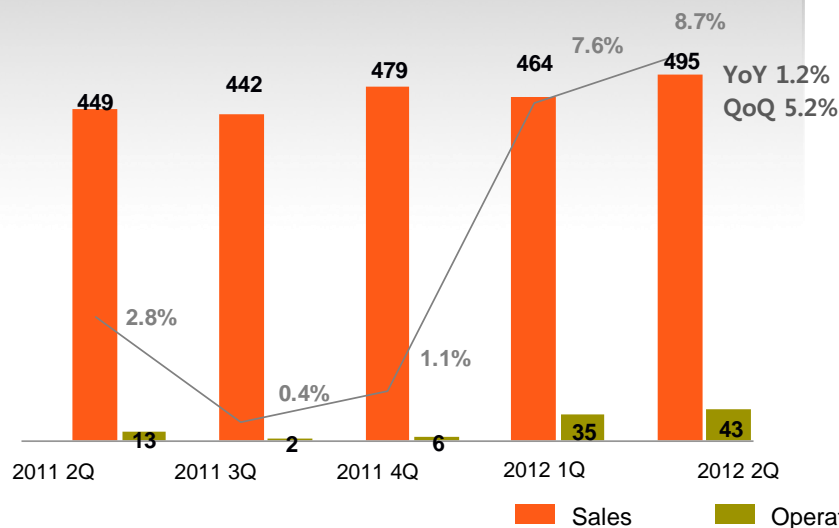
### Quarterly Average FX Rate

	11 1Q	11 2Q	11 3Q	11 4Q	12 1Q	12 2Q
USD/KRW	1,121	1,084	1,082	1,145	1,131	1,152
EUR/KRW	1,532	1,559	1,532	1,543	1,484	1,479

## (1) Sales and Operating Profit

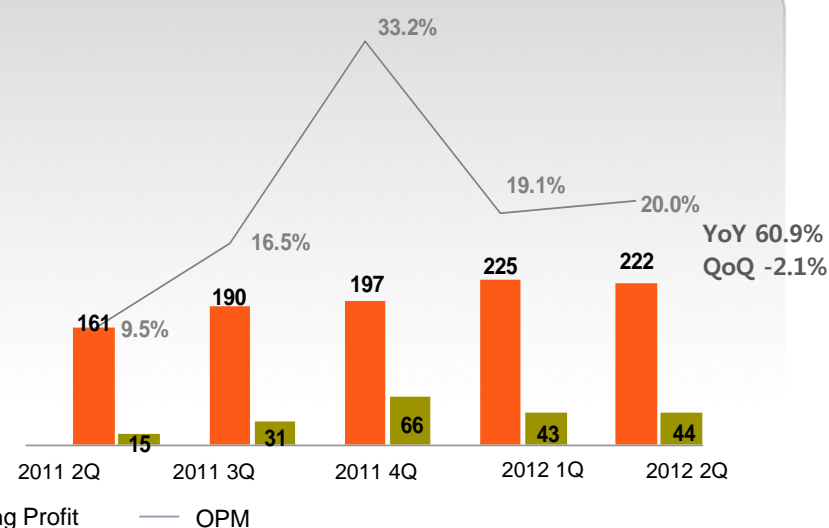
### CHINA

[Unit: Billion KRW]



### HUNGARY

[Unit: Billion KRW]



- OE Sales increased due to car sales increase.
- Operating margin increased
  - Lower raw materials costs and ASP hikes

#### Quarterly Average FX Rate

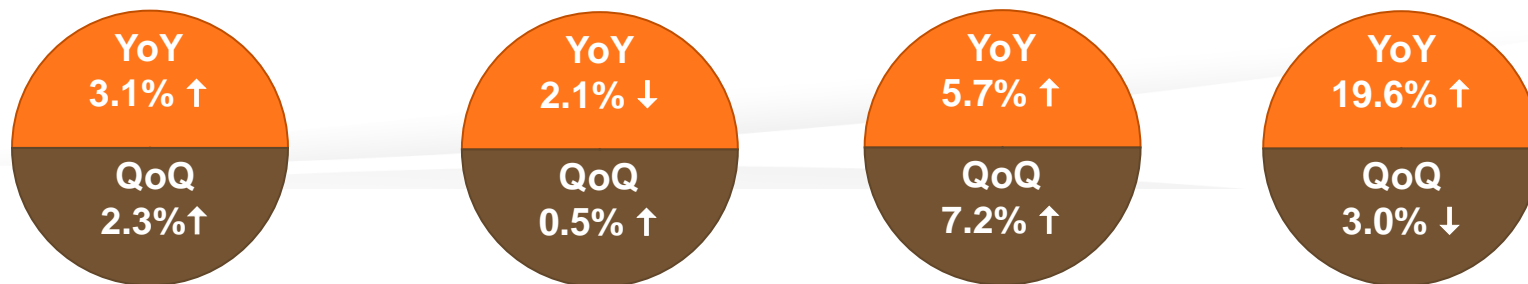
	11 1Q	11 2Q	11 3Q	11 4Q	12 1Q	12 2Q
CNY/KRW	170	167	169	180	179	182
USD/CNY	6.579	6.502	6.410	6.369	6.310	6.331

- Despite the weak demand in the European tire market, 2Q Sales continued to increase in EU Zone
  - Quality goods at a competitive price
  - OE Sales in Eastern Europe increased
- Product mix improvement (focus on premium products)

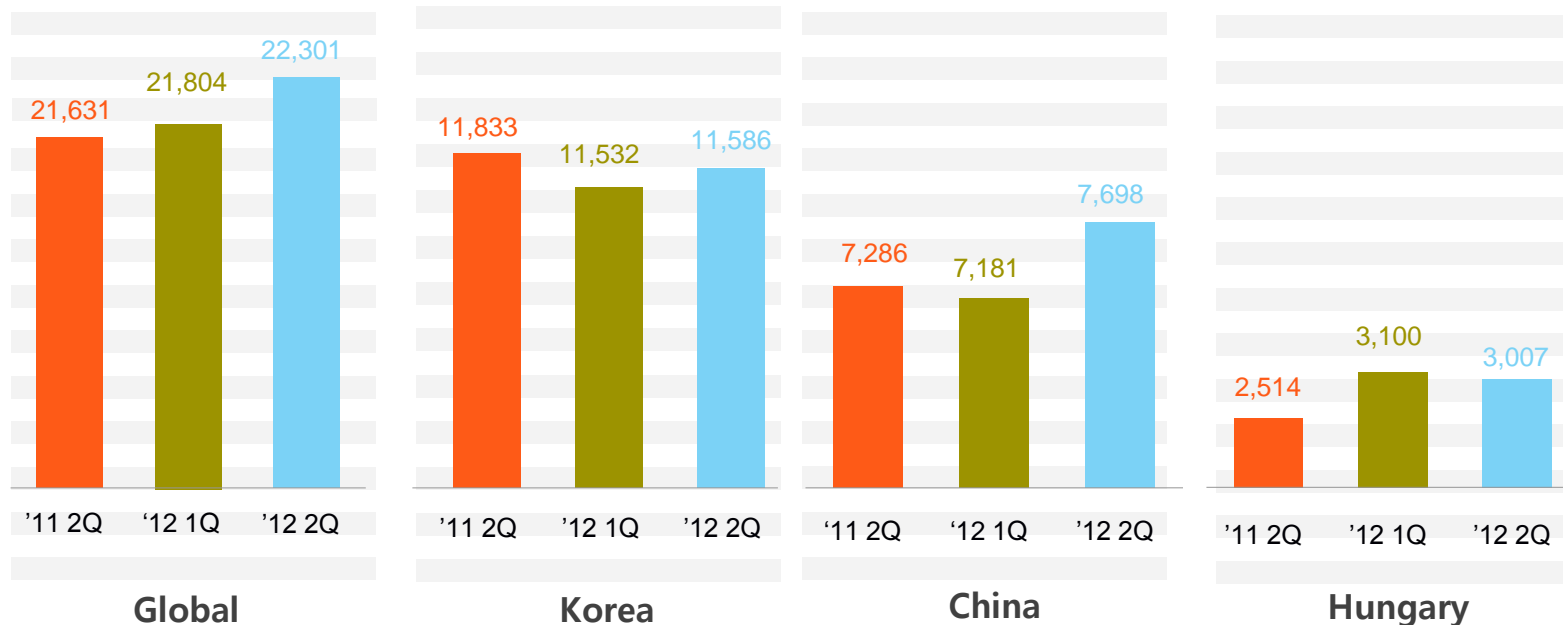
#### Quarterly Average FX Rate

	11 1Q	11 2Q	11 3Q	11 4Q	12 1Q	12 2Q
EUR/HUF	273	266	274	304	297	294
HUF/KRW	5.62	5.85	5.60	5.08	5.00	5.03

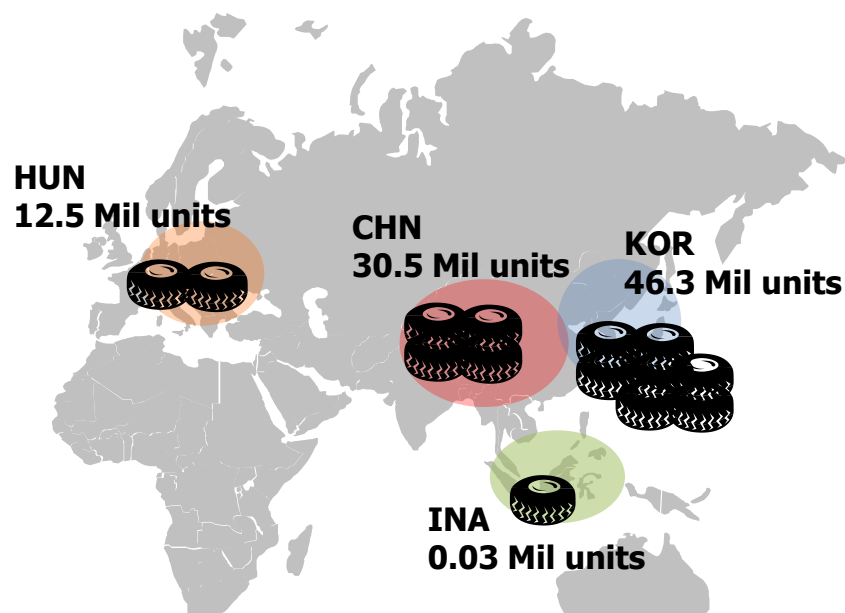
## (2) Global Production



[Unit : '000]



## Global Production



[ 단위 : Mil units]

	'10 Act	'11Act	'12 Plan
KOR	45.45	46.70	46.28
CHN	28.34	28.98	30.51
HUN	5.91	10.09	12.51
Indonesia			0.03
TOT	79.70	85.77	89.33

## Production Facilities Under Construction

### Chongqing Production Facility

- Daily production capacity of 2,400 TBRs
- Scheduled completion: Jun. 2013
- Scheduled initial production: Aug. 2012



### Indonesia Production Facility

- Daily production capacity of 15,000 PCR's
- Scheduled completion: Jul. 2013
- Scheduled initial production: Sep. 2012

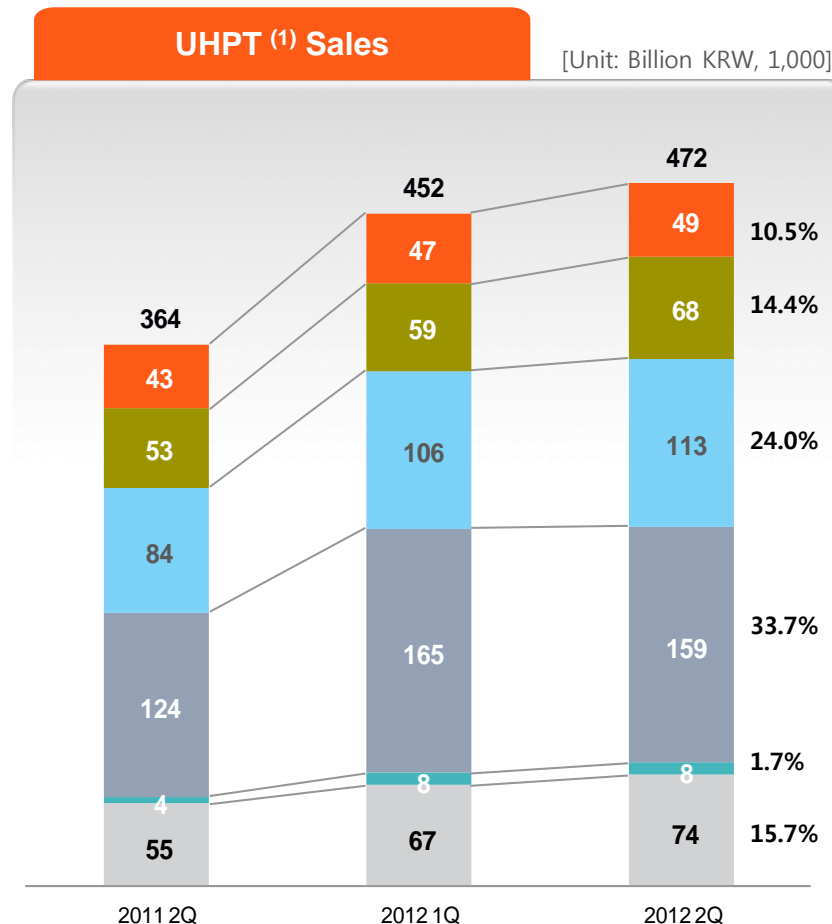
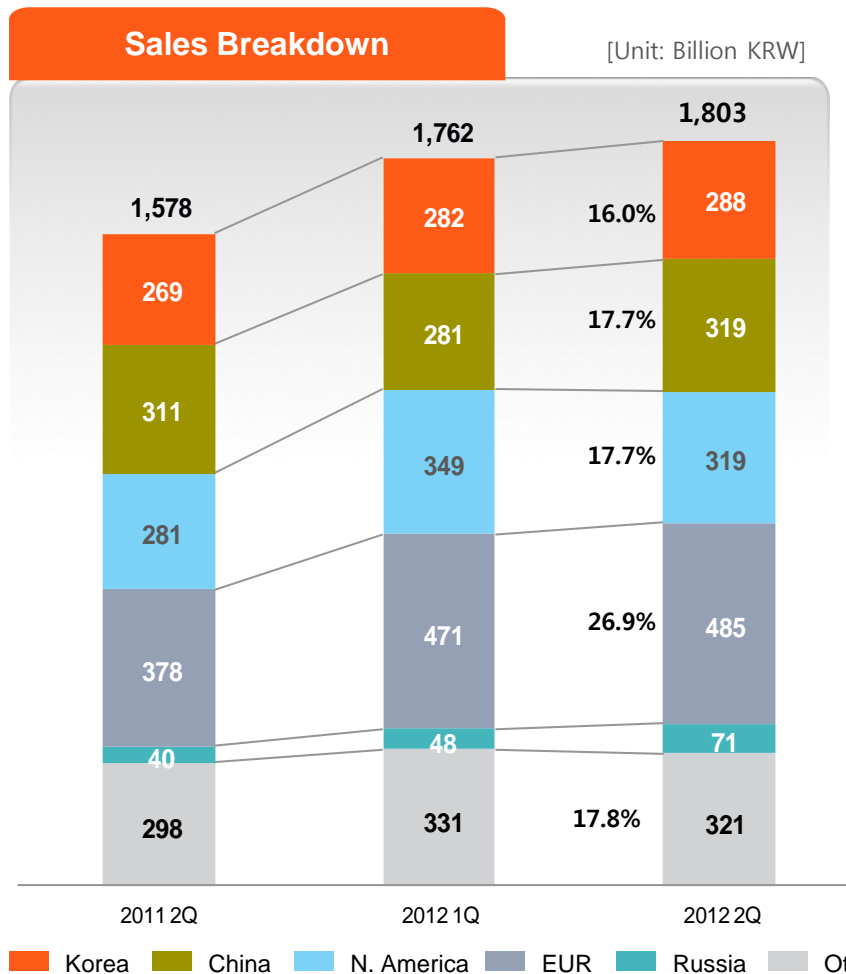


## ■ OE (Original Equipment) Business Outlook

- Expanded the client portfolio of global automobile manufacturers, on the back of the technological excellence proven through Hyundai / Kia Motors
- Promoted sales in the RE (Replacement Equipment) business and increased brand value by expanding the client portfolio to premium automobile manufacturers



## (3) Global Sales Breakdown / UHPT <sup>(1)</sup> Sales



The sales and units were calculated by aggregating units sold by each production facility

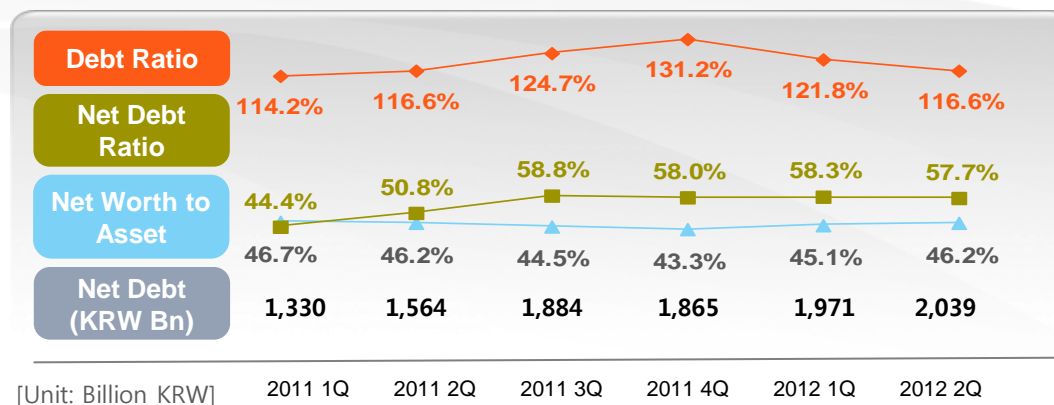
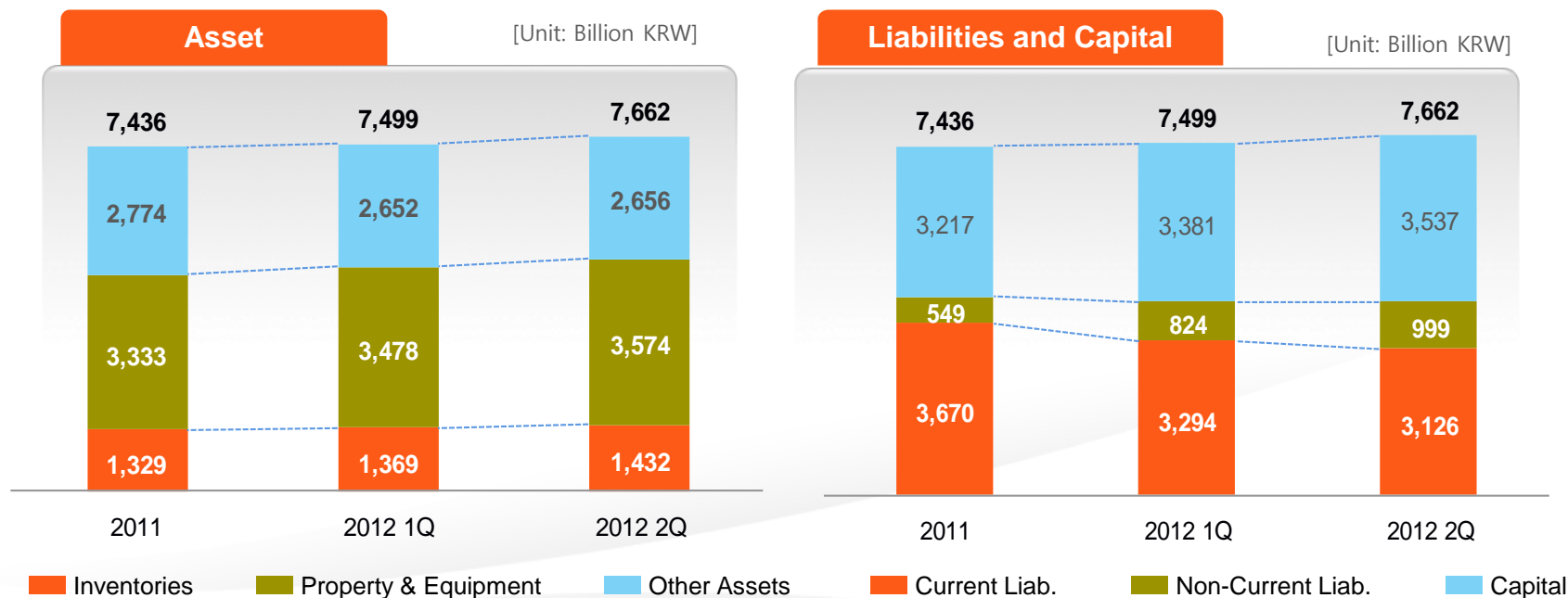
### Notes

1. Ultra High Performance Tire

UHPT Sales/ Total Sales	23.1%	25.6%	26.2%
UHPT (‘000 units)	5,067	5,647	5,881



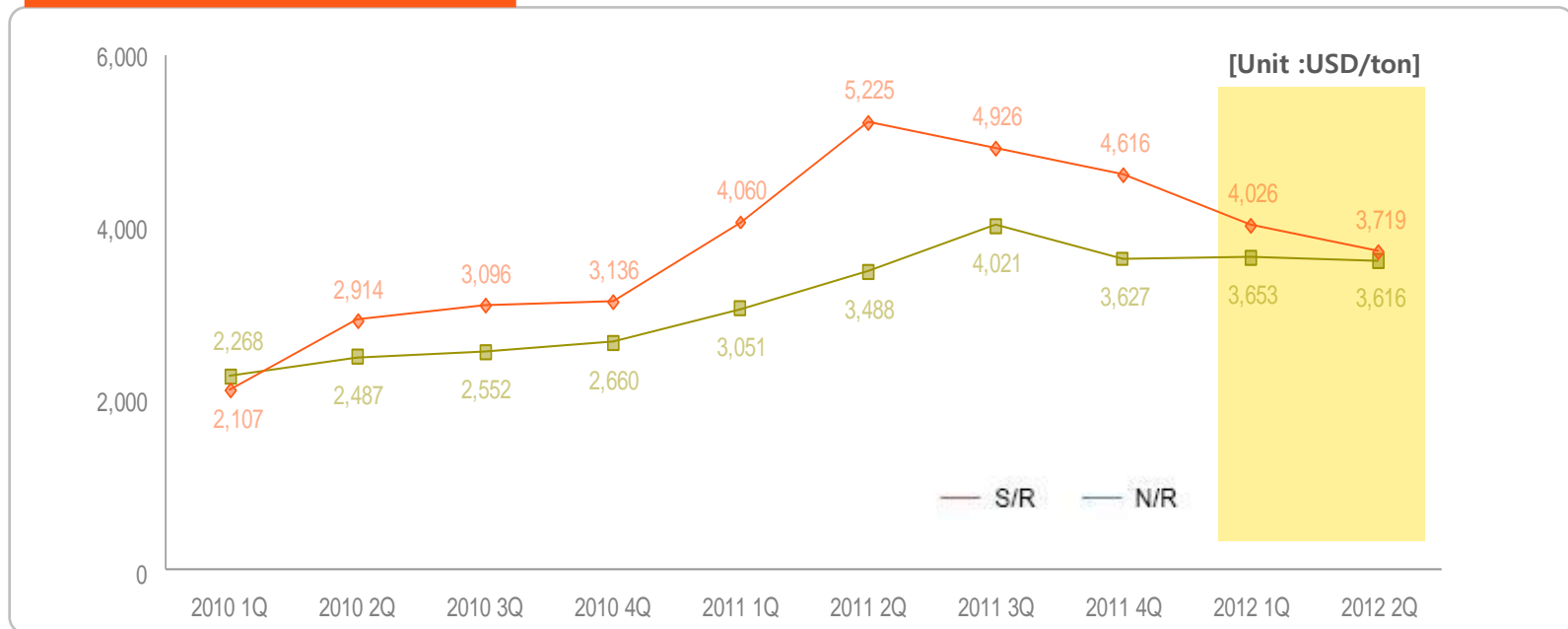
## (4) Consolidated Balance Sheet



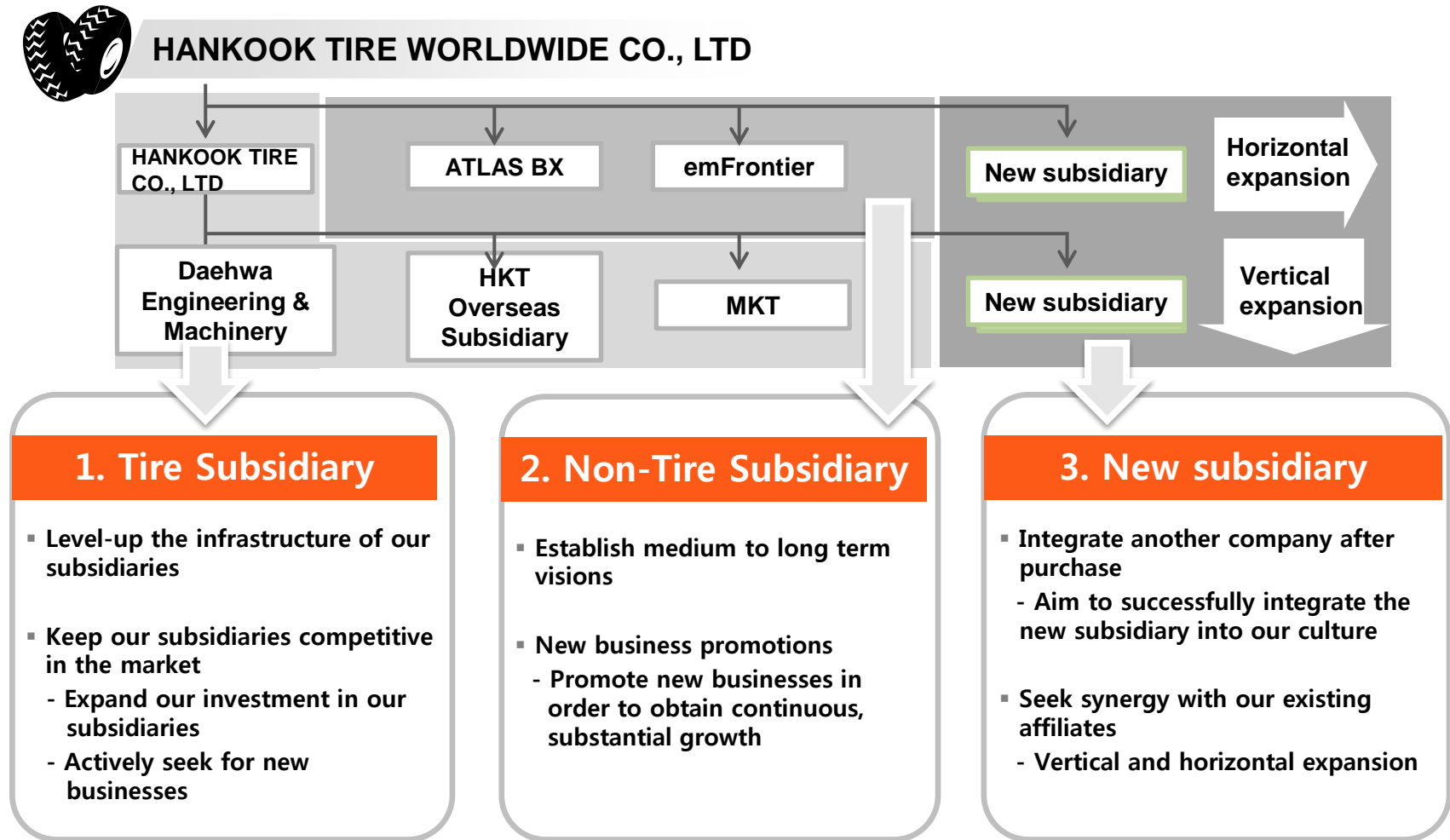
## (5) Raw Material Cost

- N/R spot prices have been stabilized and are expected to fall due to weak demand in China and India
- S/R prices are expected to increase due to shortfall of recent Butadiene supply

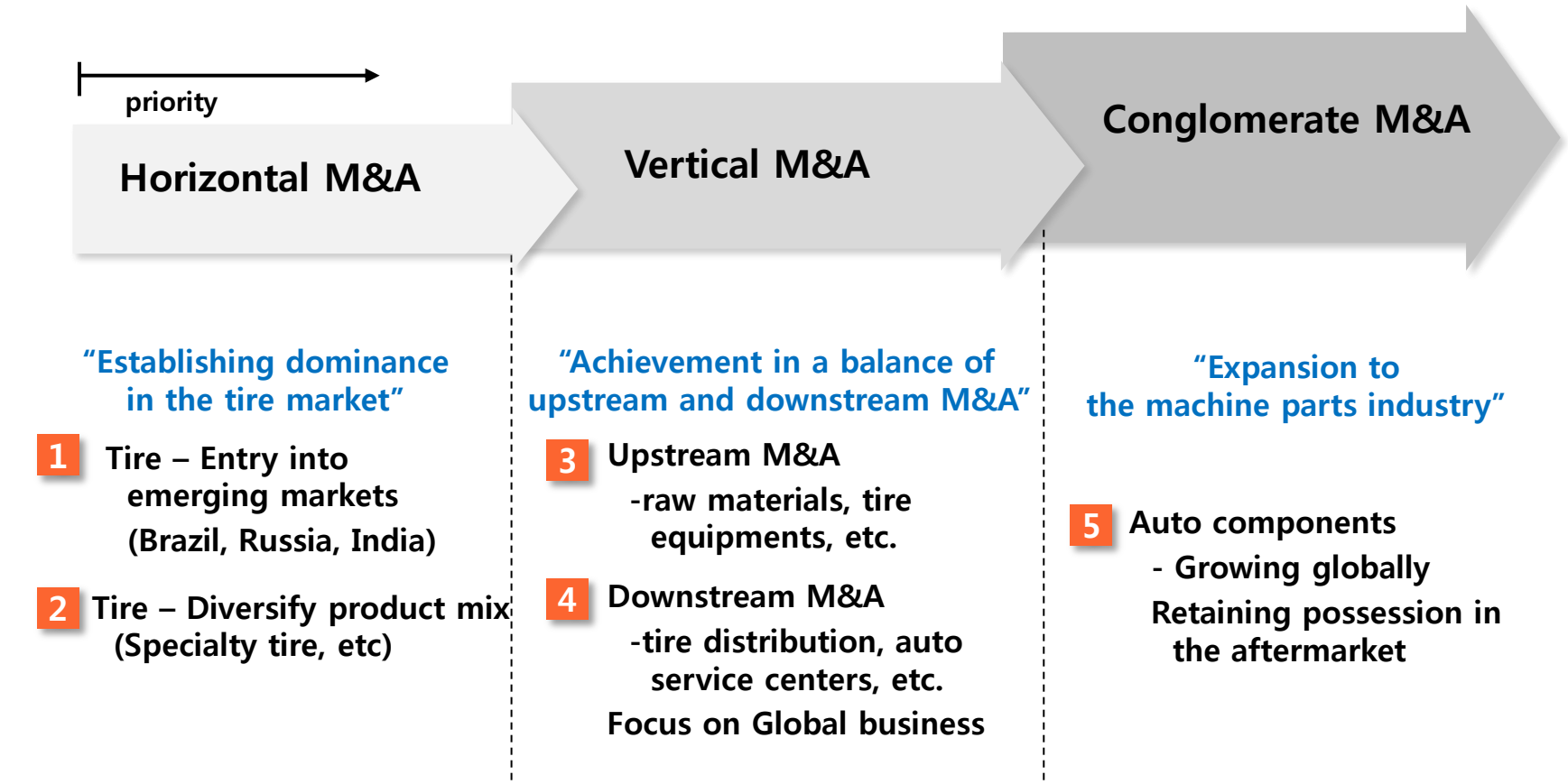
Raw Material Cost Trend



## ■ Subsidiaries level-up strategy



## ■ Holding Company's M&A Strategy



## ■ Spin-off Milestones



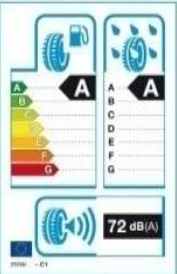
## ❖ Spin-off Details

Details	Date
Announcement date of closure of shareholders register	25 April 2012
Closing period of shareholders register	1 June 2012 ~ 11 June 2012
Notice for convocation of a general meeting	12 July 2012
Announcement date of tenders for existing shares	30 July 2012
Period for tendering existing shares	31 July 2012 ~ 31 August 2012
Period of trading suspension	30 August 2012 ~ 3 October 2012
Scheduled date of change listing	4 October 2012
Scheduled date of resume listing	4 October 2012

- The organization meeting and the shareholders meeting following the spin-off will be replaced by the resolution and announcement by the BoD

## ■ Labeling System

- Since the introduction of labeling system, a differentiated product lineup with high quality is to be a critical factor in marketing strategy
  - ➔ Increase brand value and maximize profitability by enhancing the product quality

	Tire Labeling Regulation	Hankook Tire's Current Status
<b>Europe</b> 	<ul style="list-style-type: none"> <li>■ To be applied from 1 Nov, 2012 (only for tires produced after 1 Jul, 2012)</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhanced the level of <b>brand value</b> based on competitive ratings in comparison with other major players in the industry</li> <li>■ Secured technical competitive strength in comparison with other low price tire producers</li> <li>■ Certified by the EU Tire Label Tests</li> <li>■ Develop highly competitive products to be recognized by EU Tire Labeling Regulation</li> </ul>
	<ul style="list-style-type: none"> <li>■ Required Items: RR / Wet Grip / Noise</li> <li>■ Class: A ~ G for each category</li> </ul>	

※ The labeling classification and application date vary for each country and tire group

**End of The Document**

# Appendix. F/S – Consolidated B/S

[unit : 100 Mil KRW]

	TOTAL		B-A	
	2011(A)	2012 2Q(B)		
<b>Current Assets</b>	<b>37,766</b>	<b>37,117</b>	<b>-649</b>	-1.7%
Cash and Cash Equivalents	9,326	8,672	-654	-7.0%
<b>Non-Current Assets</b>	<b>36,597</b>	<b>39,500</b>	<b>2,903</b>	7.9%
Tangible Assets	33,332	35,737	2,405	7.2%
<b>Assets</b>	<b>74,364</b>	<b>76,617</b>	<b>2,253</b>	3.0%
<b>Current Liabilities</b>	<b>36,703</b>	<b>31,260</b>	<b>-5,443</b>	-14.8%
Short-term borrowings	23,448	19,479	-3,969	-16.9%
<b>Non-current Liabilities</b>	<b>5,493</b>	<b>9,993</b>	<b>4,500</b>	81.9%
Long-term borrowings	4,527	8,861	4,334	95.7%
<b>Liabilities</b>	<b>42,197</b>	<b>41,252</b>	<b>-945</b>	-2.2%
<b>Shareholder's Equity</b>	<b>32,167</b>	<b>35,365</b>	<b>3,198</b>	9.9%
<b>1. Borrowings</b>	<b>27,975</b>	<b>28,340</b>	<b>365</b>	1.3%
<b>2. Net Debt</b>	<b>18,649</b>	<b>20,393</b>	<b>1,744</b>	9.4%
<b>3. Debt Ratio</b>	<b>131.18%</b>	<b>116.65%</b>	<b>-14.53%</b>	-11.1%
<b>4. Net worth to assets</b>	<b>43.26%</b>	<b>46.16%</b>	<b>2.90%</b>	6.7%



[unit : 100 Mil KRW]

	2011(A)	2012 2Q(B)	<b>B-A</b>	
<b>Current Assets</b>	<b>22,875</b>	<b>25,640</b>	<b>2,765</b>	12.1%
Cash and Cash Equivalents	5,508	5,193	-315	-5.7%
Accounts Receivable	9,506	11,981	2,475	26.0%
Other Receivable	533	430	-103	-19.3%
Inventories	5,068	4,433	-635	-12.5%
<b>Non-Current Assets</b>	<b>22,674</b>	<b>22,981</b>	<b>307</b>	1.4%
Tangible Assets	14,307	14,264	-43	-0.3%
<b>Assets</b>	<b>45,549</b>	<b>48,621</b>	<b>3,072</b>	6.7%
<b>Current Liabilities</b>	<b>17,162</b>	<b>16,140</b>	<b>-1,022</b>	-6.0%
Accounts Payable	3,175	2,903	-272	-8.6%
Non-trade Payables	2,102	1,923	-179	-8.5%
Short-term borrowings	10,212	8,724	-1,488	-14.6%
<b>Non-Current Liabilities</b>	<b>712</b>	<b>2,483</b>	<b>1,771</b>	248.7%
Bonds Payable	0	1,494	1,494	
Long-term borrowings	8	8	0	0.0%
projected Benefit obligation	79	250	171	216.5%
<b>Liabilities</b>	<b>17,874</b>	<b>18,622</b>	<b>748</b>	4.2%
<b>Shareholder's Equity</b>	<b>27,675</b>	<b>29,998</b>	<b>2,323</b>	8.4%
<b>1. Borrowings</b>	<b>10,220</b>	<b>10,226</b>	<b>6</b>	0.1%
<b>2. Net Debt</b>	<b>4,712</b>	<b>5,033</b>	<b>321</b>	6.8%
<b>3. Debt Ratio</b>	<b>64.59%</b>	<b>62.08%</b>	<b>-2.51%</b>	-3.9%
<b>4. Net worth to assets</b>	<b>60.76%</b>	<b>61.70%</b>	<b>0.94%</b>	1.5%

[unit : Mil RMB]

	2011(A)	2012 2Q(B)	B-A	
<b>Current Assets</b>	<b>6,788</b>	<b>7,763</b>	<b>975</b>	14.4%
Cash and Cash Equivalents	797	740	-58	-7.2%
Accounts Receivable	4,381	4,959	577	13.2%
Other Receivable	172	161	-11	-6.5%
Inventories	1,377	1,629	252	18.3%
<b>Non-Current Assets</b>	<b>8,452</b>	<b>8,880</b>	<b>428</b>	5.1%
Tangible Assets	6,814	7,205	392	5.7%
<b>Assets</b>	<b>15,240</b>	<b>16,643</b>	<b>1,403</b>	9.2%
<b>Current Liabilities</b>	<b>8,530</b>	<b>9,722</b>	<b>1,192</b>	14.0%
Accounts Payable	3,202	3,860	658	20.6%
Non-trade Payables	667	146	-521	-78.2%
Short-term borrowings	4,512	5,158	645	14.3%
<b>Non-Current Liabilities</b>	<b>1,175</b>	<b>1,163</b>	<b>-12</b>	-1.0%
Long-term borrowings	1,175	1,163	-12	-1.0%
<b>Liabilities</b>	<b>9,705</b>	<b>10,885</b>	<b>1,180</b>	12.2%
<b>Shareholder's Equity</b>	<b>5,535</b>	<b>5,758</b>	<b>223</b>	4.0%
<b>1. Borrowings</b>	<b>5,688</b>	<b>6,321</b>	<b>633</b>	11.1%
<b>2. Net Debt</b>	<b>4,891</b>	<b>5,581</b>	<b>691</b>	14.1%
<b>3. Debt Ratio</b>	<b>175.33%</b>	<b>189.03%</b>	<b>13.70%</b>	7.8%
<b>4. Net worth to assets</b>	<b>36.32%</b>	<b>34.60%</b>	<b>-1.72%</b>	-4.7%

[unit : Mil HUF]

	2011(A)	2012 2Q(B)	<b>B-A</b>	
<b>Current Assets</b>	<b>114,529</b>	<b>136,388</b>	<b>21,860</b>	19.1%
Cash and Cash Equivalents	523	375	-148	-28.3%
Accounts Receivable	48,636	63,712	15,076	31.0%
Other Receivable	90	102	13	14.1%
Inventories	28,359	29,895	1,536	5.4%
<b>Non-Current Assets</b>	<b>109,962</b>	<b>104,625</b>	<b>-5,338</b>	-4.9%
Tangible Assets	109,923	104,578	-5,346	-4.9%
<b>Assets</b>	<b>224,491</b>	<b>241,013</b>	<b>16,522</b>	7.4%
<b>Current Liabilities</b>	<b>145,900</b>	<b>118,473</b>	<b>-27,427</b>	-18.8%
Accounts Payable	12,416	7,069	-5,347	-43.1%
Non-trade Payables	3,451	3,387	-65	-1.9%
Short-term borrowings	85,943	51,408	-34,535	-40.2%
<b>Non-Current Liabilities</b>	<b>47,707</b>	<b>66,291</b>	<b>18,584</b>	39.0%
Long-term borrowings	47,707	66,291	18,584	39.0%
<b>Liabilities</b>	<b>193,607</b>	<b>184,764</b>	<b>-8,843</b>	-4.6%
<b>Shareholder's Equity</b>	<b>30,884</b>	<b>56,249</b>	<b>25,365</b>	82.1%
<b>1. Borrowings</b>	<b>12,416</b>	<b>7,069</b>	<b>-5,347</b>	-43.1%
<b>2. Net Debt</b>	<b>11,893</b>	<b>6,693</b>	<b>-5,199</b>	-43.7%
<b>3. Debt Ratio</b>	<b>626.87%</b>	<b>328.47%</b>	<b>-298.40%</b>	-47.6%
<b>4. Net worth to assets</b>	<b>13.76%</b>	<b>23.34%</b>	<b>9.58%</b>	69.6%

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

[unit : 100 Mil KRW]

	2011 2Q		2012 1Q		2012 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	15,561	100.0%	17,097	100.0%	18,436	100.0%	18.5%	7.8%
COGS	11,720	75.3%	12,004	70.2%	12,917	70.1%	10.2%	7.6%
Gross Profit	3,841	24.7%	5,094	29.8%	5,519	29.9%	43.7%	8.3%
SG&A	2,825	18.2%	2,741	16.0%	3,364	18.2%	19.1%	22.7%
O.P Margin	1,016	6.5%	2,353	13.8%	2,155	11.7%	-	-8.4%
Non Operating	122	0.8%	206	1.2%	-50	-0.3%	-	-
Income Before Income Tax	1,138	7.3%	2,559	15.0%	2,105	11.4%	85.0%	-17.7%
E B I T D A	1,932	12.4%	3,319	19.4%	3,111	16.9%	61.0%	-6.3%
Depreciation	916	5.9%	966	5.7%	956	5.2%	4.4%	-1.0%

# Appendix. F/S – Korea I/S (IFRS)

[unit : 100 Mil KRW]

	2011 2Q		2012 1Q		2012 2Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	9,687	100.0%	10,721	100.0%	10,857	100.0%	12.1%	1.3%
COGS	7,640	78.9%	7,914	73.8%	7,741	71.3%	1.3%	-2.2%
Gross Profit	2,047	21.1%	2,807	26.2%	3,116	28.7%	52.2%	11.0%
SG&A	1,175	12.1%	1,066	9.9%	1,538	14.2%	30.9%	44.3%
O.P Margin	872	9.0%	1,742	16.2%	1,578	14.5%	81.0%	-9.4%
Non Operating	0	0.0%	0	0.0%	-33	-0.3%	-	-
Income Before Income Tax	872	9.0%	1,741	16.2%	1,545	14.2%	77.3%	-11.3%
E B I T D A	1,330	13.7%	2,217	20.7%	2,049	18.9%	54.1%	-7.6%
Depreciation	458	4.7%	475	4.4%	471	4.3%	2.8%	-0.8%

# Appendix. F/S – China I/S (IFRS)

[unit : 100 Mil RMB]

	2011 2Q		2012 1Q		2012 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	26.91	100.0%	25.90	100.0%	27.23	100.0%	1.2%	5.2%
COGS	22.62	84.1%	20.00	77.2%	20.49	75.2%	-9.4%	2.4%
Gross Profit	4.29	15.9%	5.90	22.8%	6.75	24.8%	57.3%	14.3%
SG&A	3.62	13.5%	3.94	15.2%	4.02	14.8%	10.9%	2.1%
Other Income	0.97	3.6%	1.12	4.3%	1.24	4.6%	-	10.5%
Other Expense	0.88	3.3%	1.17	4.5%	1.59	5.8%	81.7%	36.4%
O.P Margin	0.76	2.8%	1.92	7.4%	2.38	8.7%	-	23.7%
Non Operating	-0.42	-1.6%	-0.68	-2.6%	-0.72	2.6%	-	-
Income Before Income Tax	0.34	1.3%	1.25	4.8%	1.66	6.1%	-	33.5%
E B I T D A	2.11	7.9%	3.32	12.8%	3.79	13.9%	79.5%	14.2%
Depreciation	1.35	5.0%	1.40	5.4%	1.42	5.2%	4.7%	1.2%

# Appendix. F/S – China I/S (Local GAAP)

[unit : 100 Mil RMB]

	2011 2Q		2012 1Q		2012 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	26.91	100.0%	25.90	100.0%	27.23	100.0%	1.2%	5.2%
COGS	22.62	84.1%	20.00	77.2%	20.49	75.2%	-9.4%	2.4%
Gross Profit	4.29	15.9%	5.90	22.8%	6.75	24.8%	57.3%	14.3%
SG&A	3.62	13.5%	3.94	15.2%	4.02	14.8%	10.9%	2.1%
O.P Margin	0.67	2.5%	1.97	7.6%	2.73	10.0%	-	38.8%
Non Operating	-0.33	-1.2%	-0.72	-2.8%	-1.07	-3.9%	-	47.8%
Income Before Income Tax	0.34	1.3%	1.25	4.8%	1.66	6.1%	-	33.5%
E B I T D A	2.02	7.5%	3.36	13.0%	4.14	15.2%	105.2%	23.2%
Depreciation	1.35	5.0%	1.40	5.4%	1.42	5.2%	4.7%	1.2%

# Appendix. F/S – Hungary I/S (IFRS)

[unit : 100 Mil HUF]

	2011 2Q		2012 1Q		2012 2Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	274.34	100.0%	450.67	100.0%	441.33	100.0%	60.9%	-2.1%
COGS	216.01	78.7%	307.21	68.2%	299.30	67.8%	38.6%	-2.6%
Gross Profit	58.33	21.3%	143.46	31.8%	142.03	32.2%	-	-1.0%
SG&A	30.59	11.2%	42.21	9.4%	49.14	11.1%	60.6%	16.4%
Other Income	6.99	2.5%	19.96	4.4%	22.30	5.1%	-	11.7%
Other Expense	8.58	3.1%	35.00	7.8%	26.96	6.1%	-	-23.0%
O.P Margin	26.15	9.5%	86.22	19.1%	88.23	20.0%	-	2.3%
Finance Income	8.94	3.3%	85.17	18.9%	42.61	9.7%	-	-50.0%
Finance Costs	5.52	2.0%	28.21	6.3%	20.34	4.6%	-	-27.9%
Income Before Income Tax	29.56	10.8%	143.17	31.8%	110.50	25.0%	-	-22.8%
E B I T D A	66.38	24.2%	129.90	28.8%	133.20	30.2%	100.7%	2.5%
Depreciation	40.23	14.7%	43.69	9.7%	44.97	10.2%	11.8%	2.9%



# Appendix. F/S – Hungary I/S (Local GAAP)

[unit : 100 Mil HUF]

	2011 2Q		2012 1Q		2012 2Q		YoY (%)	QoQ (%)
	Amt	%	Amt	%	Amt	%		
Sales	274.34	100.0%	450.67	100.0%	441.33	100.0%	60.9%	-2.1%
COGS	216.01	78.7%	307.20	68.2%	299.30	67.8%	38.6%	-2.6%
Gross Profit	58.33	21.3%	143.47	31.8%	142.03	32.2%	-	-1.0%
SG&A	30.59	11.2%	42.21	9.4%	45.79	10.4%	49.7%	8.5%
O.P Margin	27.74	10.1%	101.26	22.5%	96.24	21.8%	-	-5.0%
Non Operating	-7.22	-2.6%	36.48	8.1%	8.20	1.9%	-	-
Income Before Income Tax	20.51	7.5%	137.74	30.6%	104.44	23.7%	-	-
E B I T D A	67.97	24.8%	144.94	32.2%	141.21	32.0%	-	-2.6%
Depreciation	40.23	14.7%	43.68	9.7%	44.97	10.2%	11.8%	3.0%