

2011 Hankook Tire 3rd Quarter Result

2011.10.18 (Eng)



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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2011 3Q Business Result

1. Consolidated Result

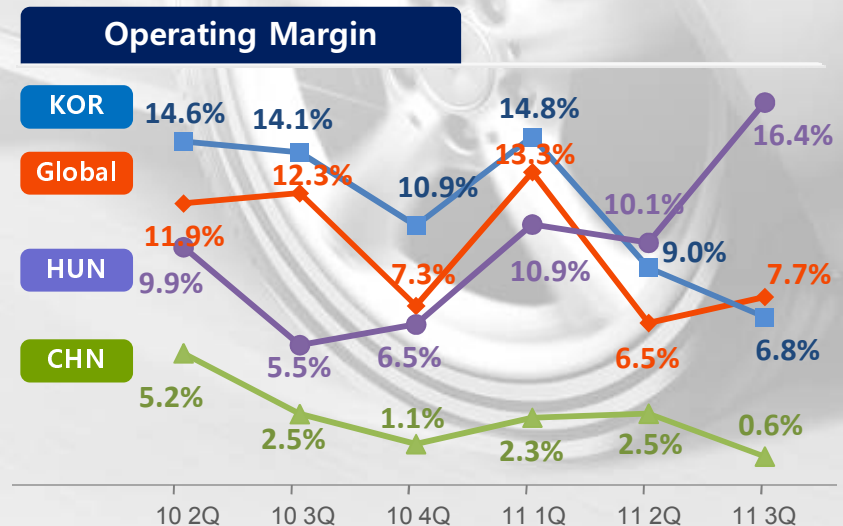
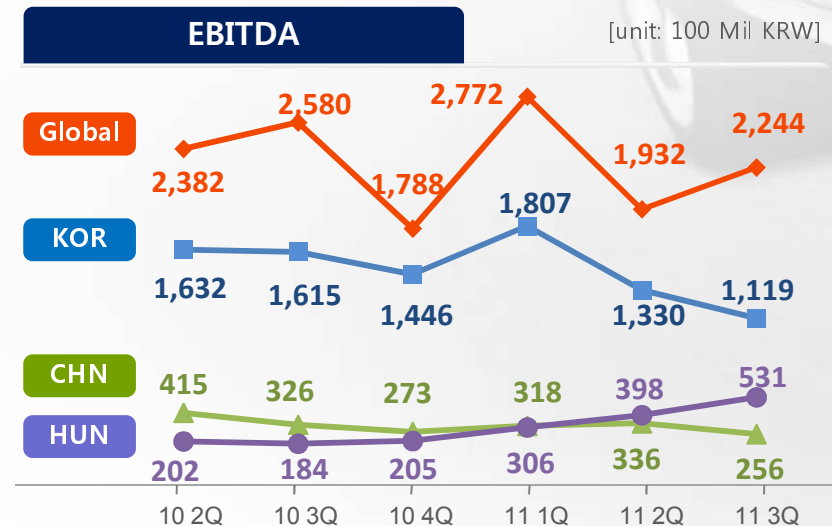
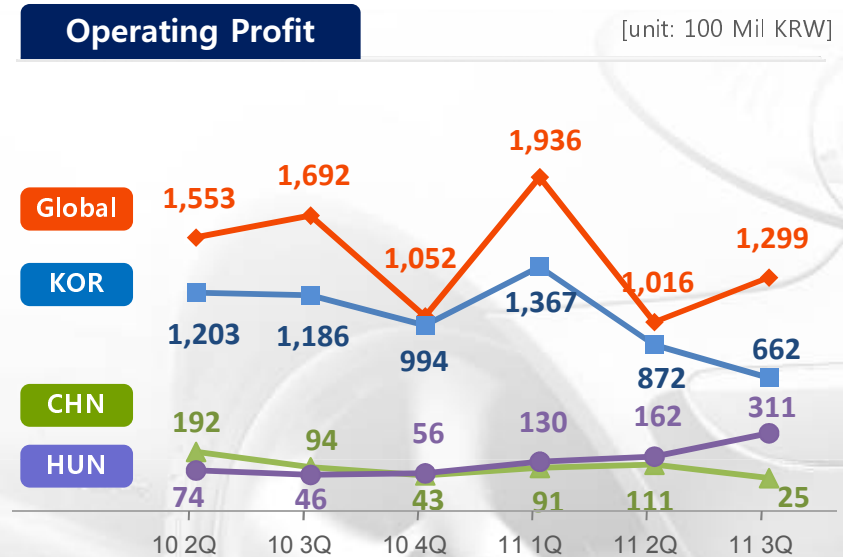
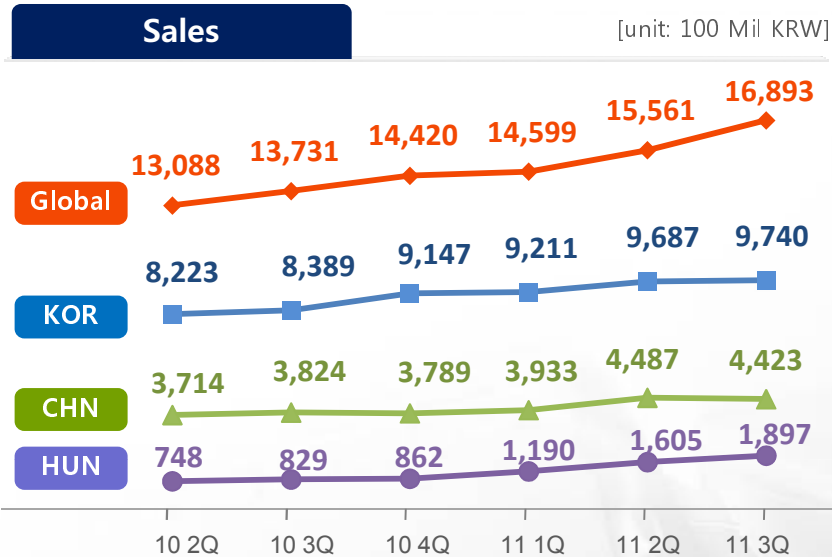
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1. Consolidated Result



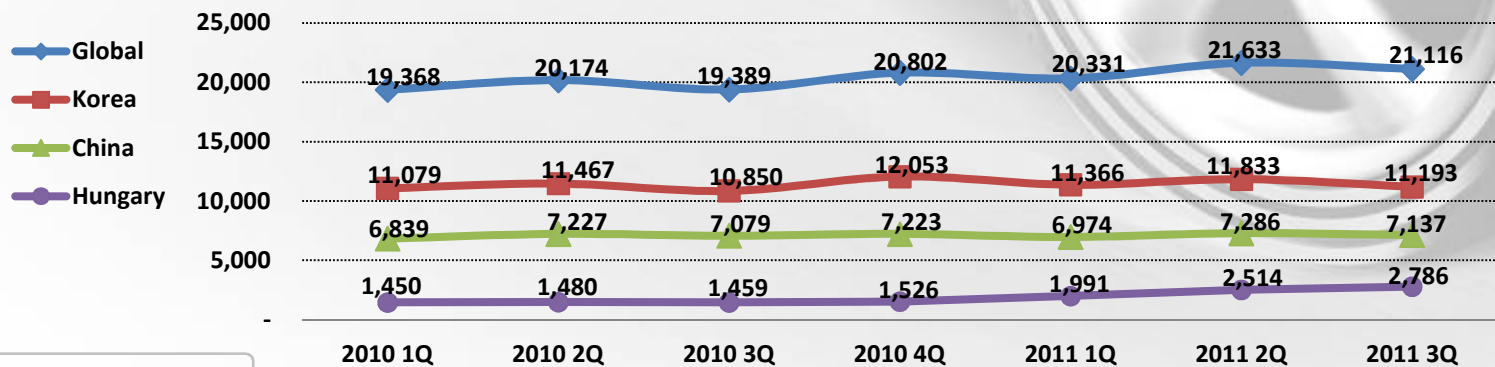
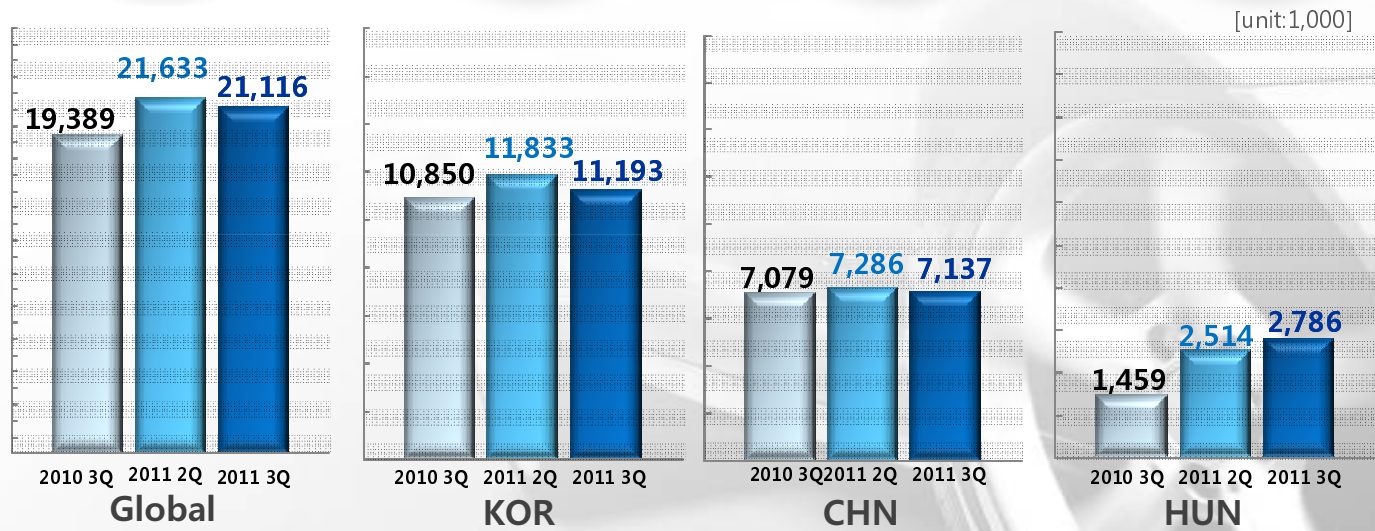
(1) Consolidated Sales and Operating Profit Trend (Global/Korea : K-IFRS, CHN/Hungary : Local GAAP)



1. Consolidated Result

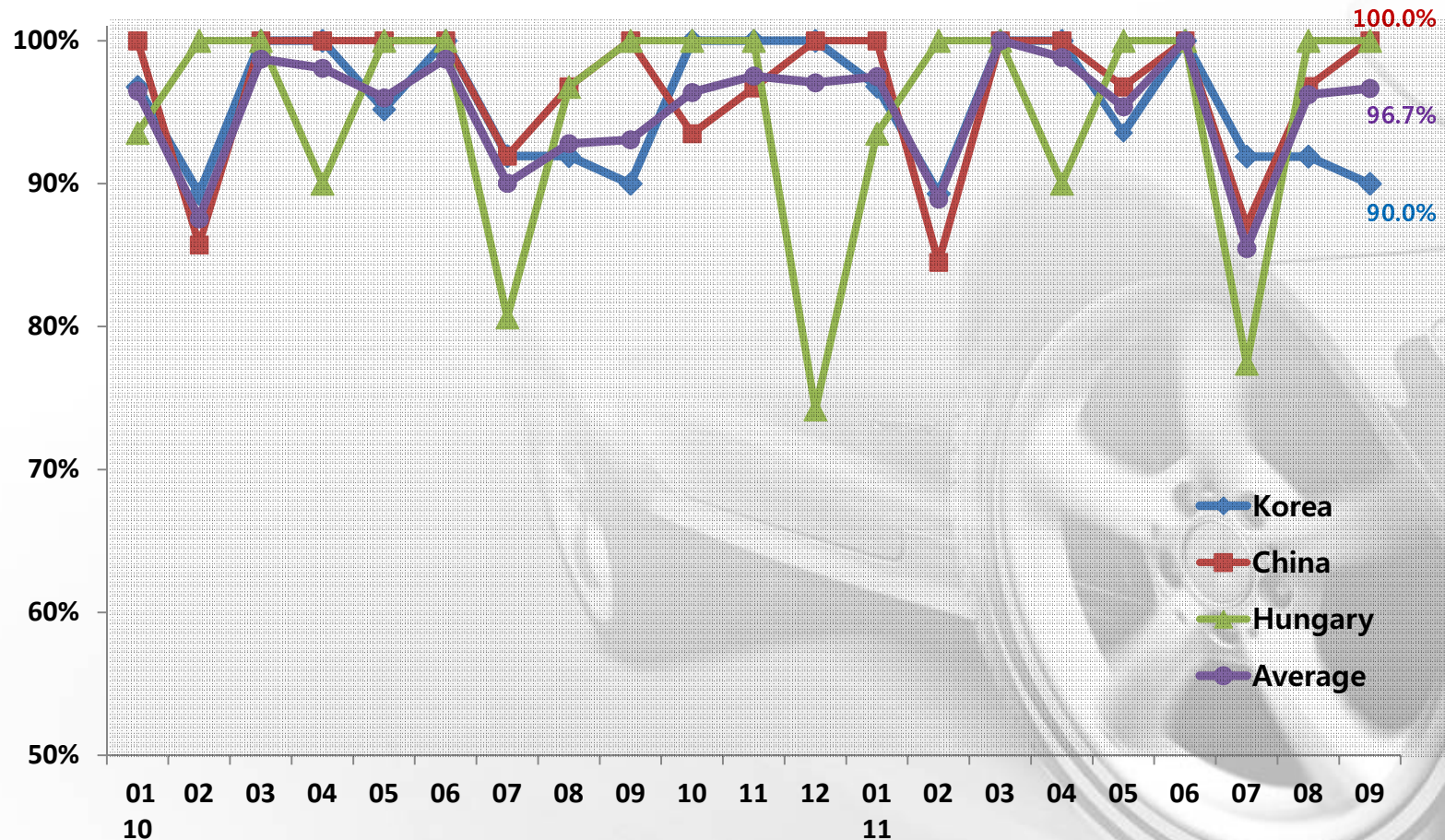


(2) Global Production



1. Consolidated Result

(3) Global Capacity Utilization Rate



Utilization Rate : Operation date / Calendar date

KOR,CHN Plant : Luna new year's day (Jan. or Feb.), Foundation day, Labor day (May), Summer holiday (Jul. or Aug.), Thanksgiving day (CHN :National day) (Sept. or Oct.)

Hungary Plant : Easter (Apr.), Summer holiday (Jul. or Aug.), Christmas (Dec.)

1. Consolidated Result



(4) Global Sales Breakdown / UHPT Sales

1) Sales Breakdown by Region

[unit :100 Mil KRW]

	2010 3Q		2011 2Q		2011 3Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	%	%
KOR	2,730	21.0%	2,690	17.0%	3,217	20.0%	17.8%	19.6%
CHN	2,534	19.5%	3,113	19.7%	3,030	18.9%	19.6%	-2.7%
America	3,033	23.3%	3,669	23.3%	3,625	22.6%	19.5%	-1.2%
Europe	3,005	23.1%	3,782	24.0%	4,003	24.9%	33.2%	5.8%
Others	1,719	13.2%	2,523	16.0%	2,185	13.6%	27.1%	-13.4%
Total	13,021	100.0%	15,778	100.0%	16,060	100.0%	23.3%	1.8%

2) UHPT Sales

[unit : 100 Mil KRW, 1,000]

	2010 3Q		2011 2Q		2011 3Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	%	%
Sales	13,021	100.0%	15,778	100.0%	16,060	100.0%	23.3%	1.8%
UHPT Sales	2,530	19.4%	3,640	23.1%	3,368	21.0%	33.1%	-7.5%
KOR	321	12.7%	434	11.9%	517	15.3%	61.1%	19.1%
CHN	446	17.6%	529	14.5%	484	14.4%	8.6%	-8.4%
America	718	28.4%	959	26.3%	885	26.3%	23.3%	-7.7%
Europe	780	30.8%	1,244	34.2%	1,100	32.7%	41.0%	-11.6%
Others	266	10.5%	475	13.0%	382	11.4%	43.8%	-19.4%
UHPT Sales Unit	3,847		5,067		4,524		17.6%	-10.7%

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

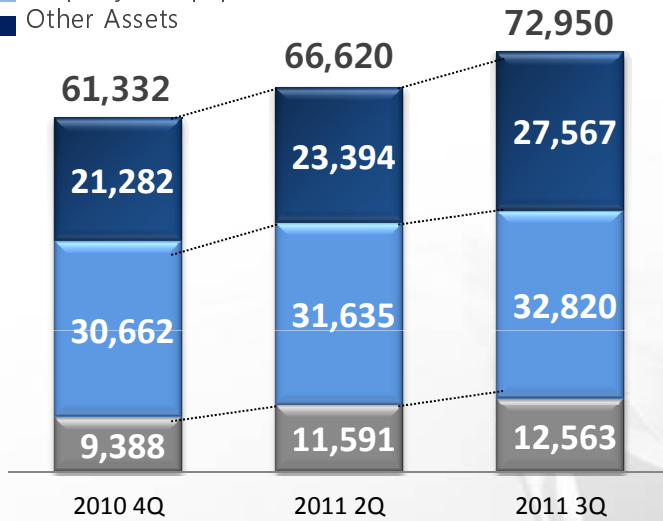
1. Consolidated Result



(5) Consolidated B/S

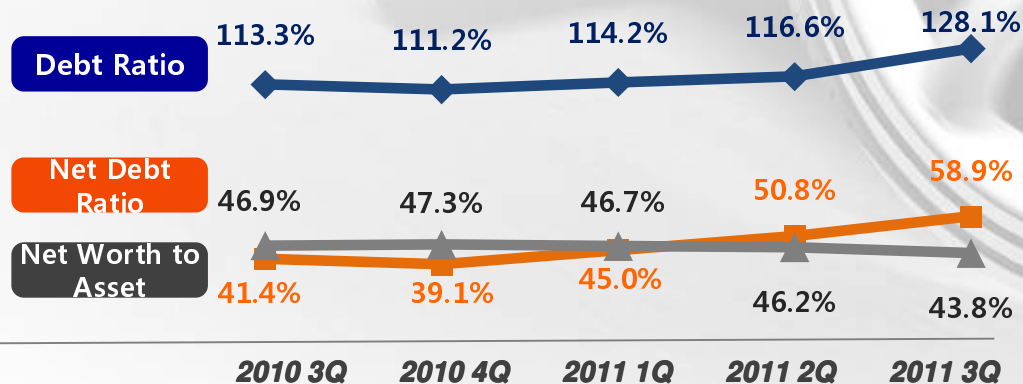
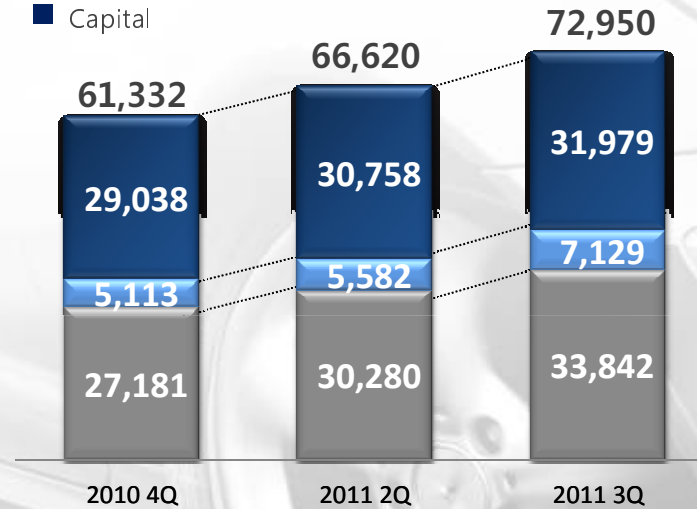
Asset [Unit : 100 Mil KRW]

- Inventories
- Property & Equipment
- Other Assets



Liabilities and Capital [Unit : 100 Mil KRW]

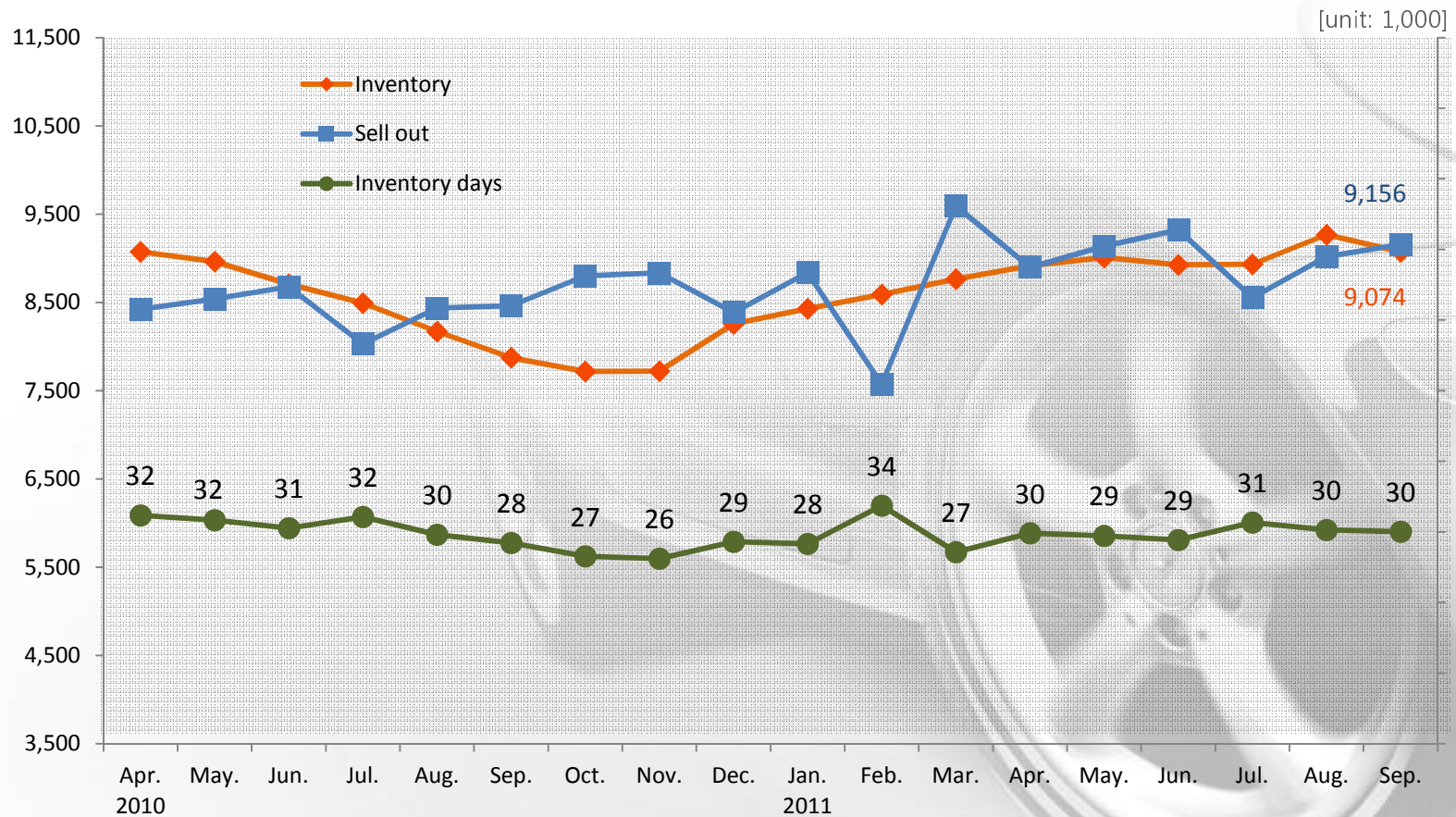
- Current Liab.
- Non-Current Liab.
- Capital



1. Consolidated Result



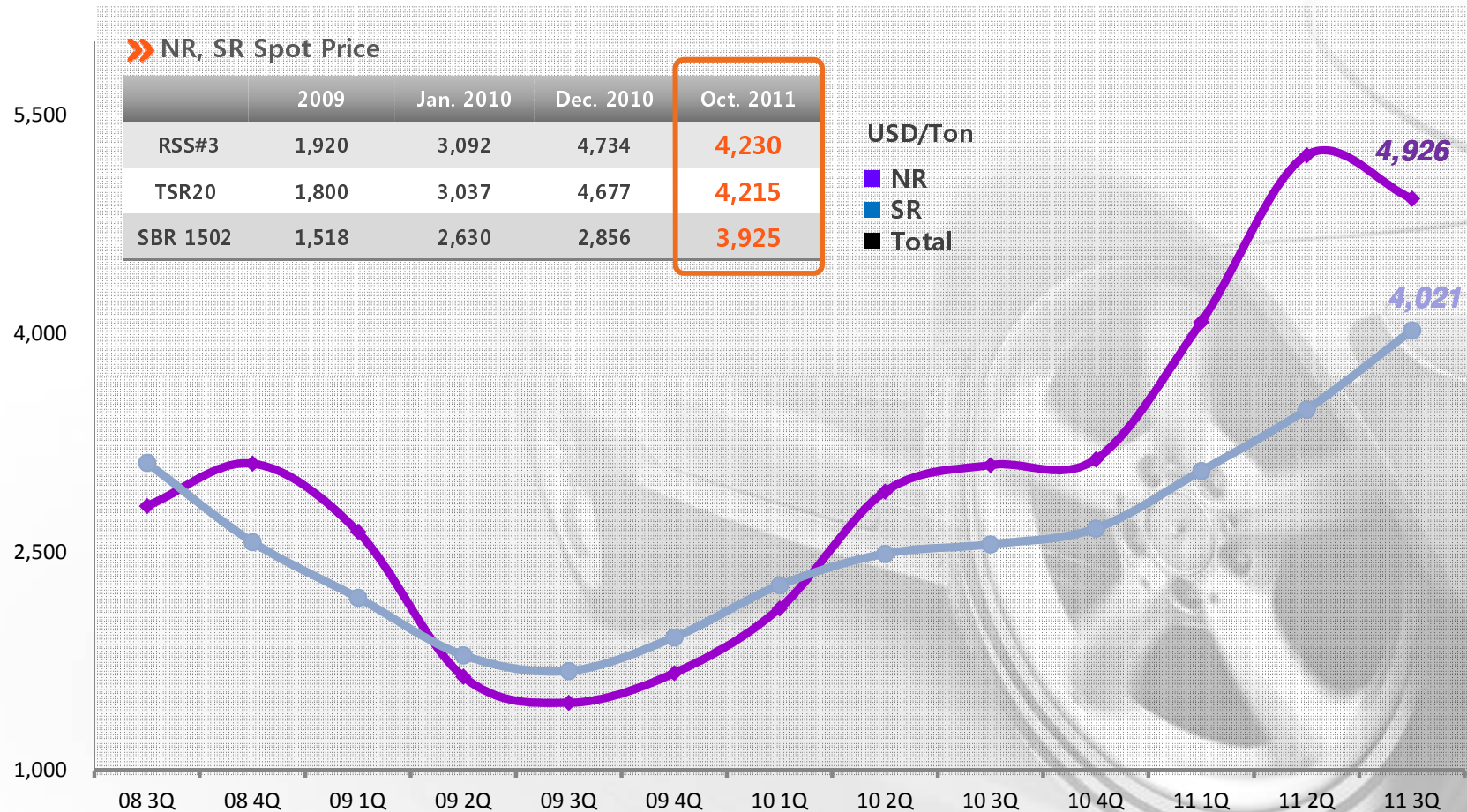
(6) Global Inventory Index



1. Consolidated Result



(7) Raw Material Cost



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(1) Increasing of foreign exchange rate fluctuation

-The movement in investment due to the unstable EU's economic situation caused by fluctuation in the exchange rate.

- The Reason of fluctuation in the exchange rate USD/KRW

1) Withdrawals of capital of Euro-zone have continued after Financial Crisis.

2) The market have shown excessive reaction from Lehman Brother's learning effect.

3) Korean market's structure that shows relatively fluent liquidity and less regulation makes fluctuation in exchange rate increasing.

-> Recently F/X rates stood firm , but It's still too soon to relax.

We may take conservative respond stance.

(2) Trend of Raw Material Price

- N/R Spot Price is around USD 4,200/Ton. (TSR20)

- S/R Prices are showing USD 4,000/Ton. (SBR 1502)

-> Although oil price is going down and the Butadiene plant utilization is stabilized, we need to watch global tire production trend and the stability in production of S/R continuously.

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Appendix. F/S – Consolidated I/S



[unit : 100 Mil KRW]

	2010 3Q		2011 2Q		2011 3Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	13,731	100.0%	15,561	100.0%	16,893	100.0%	23.0	8.6
COGS	9,567	69.7%	11,720	75.3%	12,732	75.4%	33.1	8.6
Gross Profit	4,165	30.3%	3,841	24.7%	4,160	24.6%	-0.1	8.3
SG&A	2,473	18.0%	2,825	18.2%	2,861	16.9%	15.7	1.3
O.P Margin	1,692	12.3%	1,016	6.5%	1,299	7.7%	-23.2	27.9
Non Operating	67	0.5%	122	0.8%	-662	-3.9%	-	-
Ordinary Profit	1,759	12.8%	1,138	7.3%	637	3.8%	-63.8	-44.0
E B I T D A	2,580	18.8%	1,932	12.4%	2,244	13.3%	-13.0	16.1
Dpreciation	888	6.5%	916	5.9%	945	5.6%	6.5	3.2

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

[Unit:100 Mil KRW]

	2010 3Q (a)	2011 2Q	2011 3Q (b)	Diff. (b-a)
S G & A	2,473	2,825	2,861	388
Salaries	337	362	389	52
Depreciation	85	89	73	-12
Domestic Trans. Cost	344	311	349	5
Ocean Freight	477	485	371	-106
Advertising Expenses	348	351	389	41
Others	650	725	768	118
Working R&D exp. cost	253	287	299	46
Others Oper. Gain	-520	-351	-1,080	-560
Others Oper. Loss	499	566	1,303	804
N/O Gain &Loss	67	122	-662	-729
Interest gain (expense)	-105	-131	-130	-25
Foreign Currency Trans.	-107	71	47	154
Foreign Exchange Trans.	420	139	-543	-963
Share of profit(loss) for usi	46	34	38	-8
Others	-187	9	-74	113

Appendix. F/S – Korea I/S (IFRS)



[unit : 100 Mil KRW]

	2010 3Q		2011 2Q		2011 3Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	8,389	100.0%	9,687	100.0%	9,740	100.0%	16.1	0.5
COGS	6,020	71.8%	7,640	78.9%	7,600	78.0%	26.2	-0.5
Gross Profit	2,368	28.2%	2,047	21.1%	2,140	22.0%	-9.6	4.5
SG&A	1,182	14.1%	1,175	12.1%	1,478	15.2%	25.0	25.8
O.P Margin	1,186	14.1%	872	9.0%	662	6.8%	-44.2	-24.1
Non Operating	-42.4	-0.5%	-0.4	0.0%	-138	-1.4%	-	-
Ordinary Profit	1,144	13.6%	872	9.0%	524	5.4%	-54.2	-39.9
E B I T D A	1,615	19.3%	1,330	13.7%	1,119	11.5%	-30.7	-15.9
Dpreciation	429	5.1%	458	4.7%	456	4.7%	6.3	-0.4

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

[Unit:100 Mil KRW]

	2010 3Q (a)	2011 2Q	2011 3Q (b)	Diff. (b-a)
S G & A	1,182	1,175	1,478	295
Salaries	346	343	363	17
Ocean Freight	345	307	265	-79
Product Warranty Exp.	13	28	40	27
Employee Benefits	47	45	48	1
Export Sales Expenses	22	24	23	1
Depreciation	73	84	85	11
Advertising Expenses	248	311	334	86
Others	89	32	319	231
N/O Gain &Loss	-42	0	-138	-96
Interest gain (expense)	-1	-10	12	13
Foreign Currency Trans.	-13	-15	35	48
Foreign Exchange Trans.	0	7	-93	-94
Others	-29	18	-91	-62

Appendix. F/S – China I/S



[unit : 100 Mil RMB]

	2010 3Q		2011 2Q		2011 3Q		YoY (%)	QoQ (%)
	Amt.	%	Amt.	%	Amt.	%		
Sales	21.82	100.0%	26.91	100.0%	26.22	100.0%	20.2	-2.6
COGS	17.84	81.8%	22.62	84.1%	22.26	84.9%	24.8	-1.6
Gross Profit	3.98	18.2%	4.29	15.9%	3.96	15.1%	-0.5	-7.7
SG&A	3.44	15.8%	3.62	13.5%	3.81	14.5%	10.7	5.2
O.P Margin	0.54	2.5%	0.67	2.5%	0.15	0.6%	-72.1	-77.5
Non Operating	-0.14	-0.7%	-0.33	-1.2%	-0.32	-1.2%	-	-
Ordinary Profit	0.39	1.8%	0.34	1.3%	-0.17	-0.7%	-	-
E B I T D A	1.86	8.5%	2.02	7.5%	1.52	5.8%	-18.6	-24.9
Dpreciation	1.32	6.1%	1.35	5.0%	1.37	5.2%	3.1	1.0

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



[Unit: Mil RMB]

	2010 3Q (a)	2011 2Q	2011 3Q (b)	Diff. (b-a)
SG & A	344	362	381	37
Salaries	32	37	41	9
Royalty Expense	82	106	103	20
Consulting	16	20	19	3
Export Commission	6	6	16	10
Depreciation	14	14	14	0
Domestic Trans. Cost	49	53	54	5
Advertising Expenses	33	8	21	-12
Others	112	119	114	1
N/O Gain & Loss	-14	-33	-32	-18
Foreign Currency Trans.	49	46	57	8
Interest expense	-42	-47	-56	-14
others	-21	-31	-33	-12

Appendix. F/S – Hungary I/S



[unit : 100 Mil HUF]

	2010 3Q		2011 2Q		2011 3Q		YoY	QoQ
	Amt.	%	Amt.	%	Amt.	%	(%)	(%)
Sales	149.99	100.0%	274.34	100.0%	339.04	100.0%	126.0	23.6
COGS	123.03	82.0%	216.01	78.7%	249.07	73.5%	102.4	15.3
Gross Profit	26.95	18.0%	58.33	21.3%	89.98	26.5%	233.8	54.3
SG&A	18.64	12.4%	30.59	11.2%	34.45	10.2%	84.8	12.6
O.P Margin	8.31	5.5%	27.74	10.1%	55.52	16.4%	568.0	100.2
Non Operating	15.81	10.5%	-7.22	-2.6%	-88.28	-26.0%	-	-
Ordinary Profit	24.12	16.1%	20.51	7.5%	-32.75	-9.7%	-	-
E B I T D A	33.35	22.2%	67.97	24.8%	94.80	28.0%	184.3	39.5
Dpreciation	25.04	16.7%	40.23	14.7%	39.28	11.6%	56.9	-2.4

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



[Unit: Mil HUF]

	2010 3Q (a)	2011 2Q	2011 3Q (b)	Diff. (b-a)
S G & A	1,864	3,059	3,445	1,581
Salaries	43	68	76	33
Royalty Expense	751	1,372	1,495	744
Consulting	300	296	348	48
Export Commission	58	89	129	70
Depreciation	167	230	233	65
Domestic Trans. Cost	394	801	795	401
Advertising Expenses	0	1	1	1
Others	152	203	369	217
N/O Gain &Loss	1,581	-722	-8,828	-10,409
Foreign Currency Trans.	1,064	-1,031	-7,863	-8,926
Interest expense	-319	-496	-680	-360
others	837	804	-286	-1,123

Appendix. F/S – IFRS B/S



[unit: 100 Mil KRW]

	2010		2011 2Q		2011 3Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Assets	61,332	100.0%	66,620	100.0%	72,950	100.0%	11,618	18.9
Current Assets	28,422	46.3%	32,552	48.9%	37,810	51.8%	9,388	33.0
Quick Assets	19,034	31.0%	20,961	31.5%	25,247	34.6%	6,213	32.6
Inventories	9,388	15.3%	11,591	17.4%	12,563	17.2%	3,175	33.8
Non-current Assets	32,910	53.7%	34,068	51.1%	35,140	48.2%	2,230	6.8
Investment Assets	1,868	3.0%	2,073	3.1%	1,935	2.7%	67	3.6
Property&Equipment	30,662	50.0%	31,635	47.5%	32,820	45.0%	2,158	7.0
Intangible Assets	380	0.6%	360	0.5%	385	0.5%	5	1.3
Liabilities	32,294	52.7%	35,862	53.8%	40,971	56.2%	8,677	26.9
Current Liabilities	27,181	44.3%	30,280	45.5%	33,842	46.4%	6,661	24.5
Non-Current Liabilities	5,113	8.3%	5,582	8.4%	7,129	9.8%	2,016	39.4
Capital	29,038	47.3%	30,758	46.2%	31,979	43.8%	2,941	10.1
Net debt	11,363		15,638		18,843		7,480	37.6
Net debt Ratio		39.1%		50.8%		58.9%		
Debt Ratio		111.2%		116.6%		128.1%		
Net Worth to Assets		47.3%		46.2%		43.8%		

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



[unit: 100 Mil KRW]

	2010		2011 2Q		2011 3Q		Diff.	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Assets	40,527	100.0%	42,191	100.0%	45,063	100.0%	4,536	11.2
Current Assets	19,725	48.7%	20,806	49.3%	23,086	51.2%	3,361	17.0
Quick Assets	15,750	38.9%	15,886	37.7%	18,203	40.4%	2,453	15.6
Inventories	3,975	9.8%	4,920	11.7%	4,883	10.8%	908	22.8
Non-current Assets	20,802	51.3%	21,386	50.7%	21,976	48.8%	1,174	5.6
Investment Assets	6,513	16.1%	7,128	16.9%	7,717	17.1%	1,204	18.5
Property&Equipment	14,139	34.9%	14,113	33.5%	14,113	31.3%	-26	-0.2
Intangible Assets	150	0.4%	145	0.3%	146	0.3%	-4	-2.8
Liabilities	14,736	36.4%	15,191	36.0%	17,602	39.1%	2,866	19.4
Current Liabilities	12,170	30.0%	14,035	33.3%	16,413	36.4%	4,243	34.9
Non-Current Liabilities	2,566	6.3%	1,157	2.7%	1,189	2.6%	-1,377	-53.7
Capital	25,791	63.6%	27,000	64.0%	27,461	60.9%	1,670	6.5
Net debt	1,386		3,490		4,021		2,104	151.8
Net debt Ratio		5.4%		12.9%		14.6%		
Debt Ratio		57.1%		56.3%		64.1%		
Net Worth to Assets		63.6%		64.0%		60.9%		

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