4Q 2024 Earnings Release

February 13, 2025

Ⅰ. 4Q 2024 Financial Results

4Q 2024: Key Financials

a Hankook Company

Unit: KRW in billions	4Q 2024	3Q 2024	QoQ Variance	4Q 2023[1]	YoY Variance
Revenue	**2,550**	**2,500**	**2.0%**	**2,456**	**3.8%**
COGS	**2,415**	**2,249**	**7.3%**	**2,232**	**8.2%**
% of Sales	94.7%	90.0%	4.7%pt	90.9%	3.8%pt
SG&A (Incl. R&D)	**234**	**157**	**49.3%**	**166**	**40.8%**
% of Sales	9.2%	6.3%	2.9%pt	6.8%	2.4%pt
EBITDA	**71**	**254**	**(72.0%)**	**216**	**(67.1%)**
Margin (%)	2.8%	10.2%	(7.4%pt)	8.8%	(6.0%pt)
Operating Income	**(99)**	**94**	**-**	**58**	**-**
Margin (%)	(3.9%)	3.7%	(7.6%pt)	2.4%	(6.3%pt)
Net Income [2, 3]	**(294)**	**(19)**	**-**	**(55)**	**-**
Margin (%)	(11.5%)	(0.8%)	(10.7%pt)	(2.2%)	(9.3%pt)

Operating Loss on Low Volume, Limited Recovery and Recognition of One-off Expenses

1. Provided for comparison reflecting discontinued operations
2. 4Q24 Below OI Items: Net interest expense -61B / Net FX Impact +39B / Impairment Loss -130B
3. Includes 4Q24 Net Income from discontinued operations 0.3B

FY 2024: Key Financials

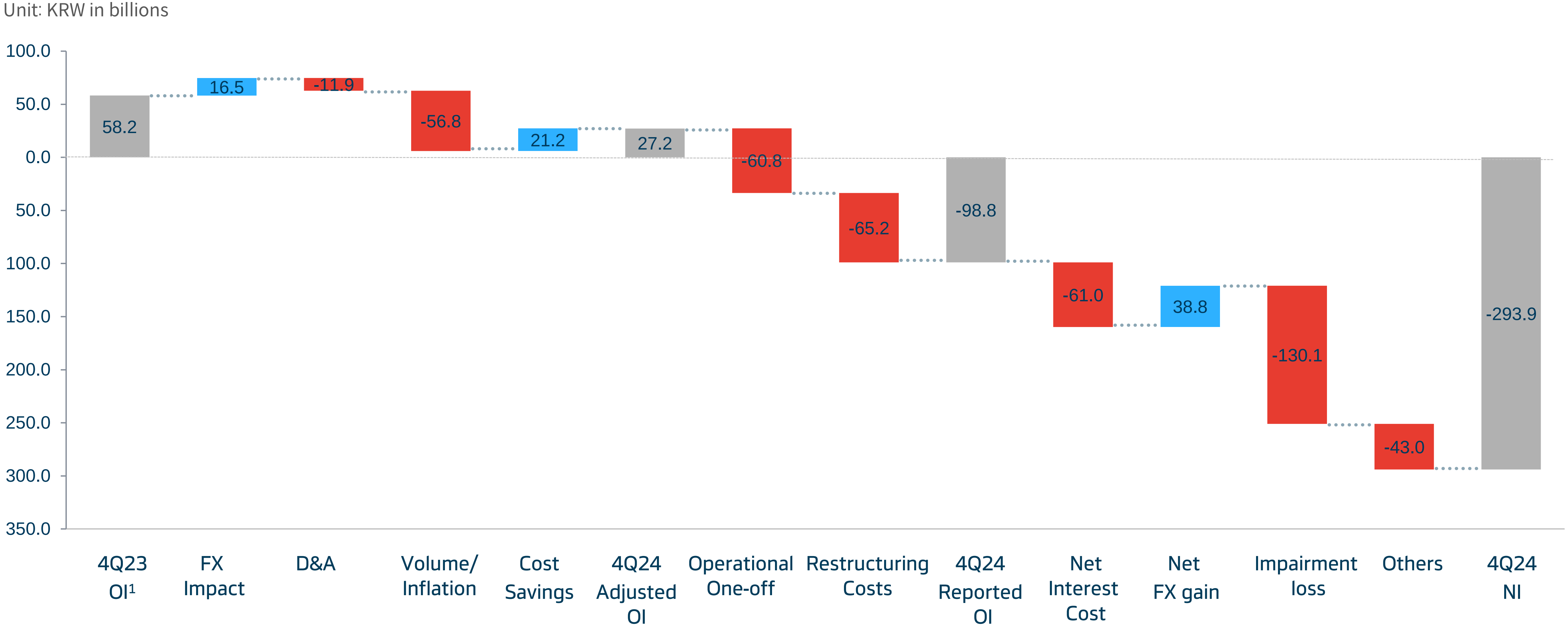
Unit: KRW in billions

	FY 2024	FY 2023[1]	YoY Variance	
Revenue	**10,013**	**9,522**	**491**	**5.2%**
COGS	**9,173**	**8,612**	**561**	**6.5%**
% of Sales	91.6%	90.4%	1.2%pt	
SG&A (Incl. R&D)	**705**	**626**	**79**	**12.7%**
% of Sales	7.0%	6.6%	0.4%pt	
EBITDA	**782**	**878**	**(95)**	**(10.8%)**
Margin (%)	7.8%	9.2%	(1.4%pt)	
Operating Income	**134**	**284**	**(149)**	**(52.6%)**
Margin (%)	1.3%	3.0%	(1.7%pt)	
Net Income [2, 3]	**(334)**	**59**	**(393)**	**-**
Margin (%)	(3.3%)	0.6%	(4.0%pt)	

Adjusted OPM at 2.6% in 2024 due to the Volume Deficit of EVs

1. Provided for comparison reflecting discontinued operations
2. 2024 Below OI Items: Net interest expense -231B / Net FX Impact -26B / Impairment Loss -133B
3. Includes 2024 Net Income from discontinued operations -9.3B

4Q 2024 Operating Income and Net Income Walk

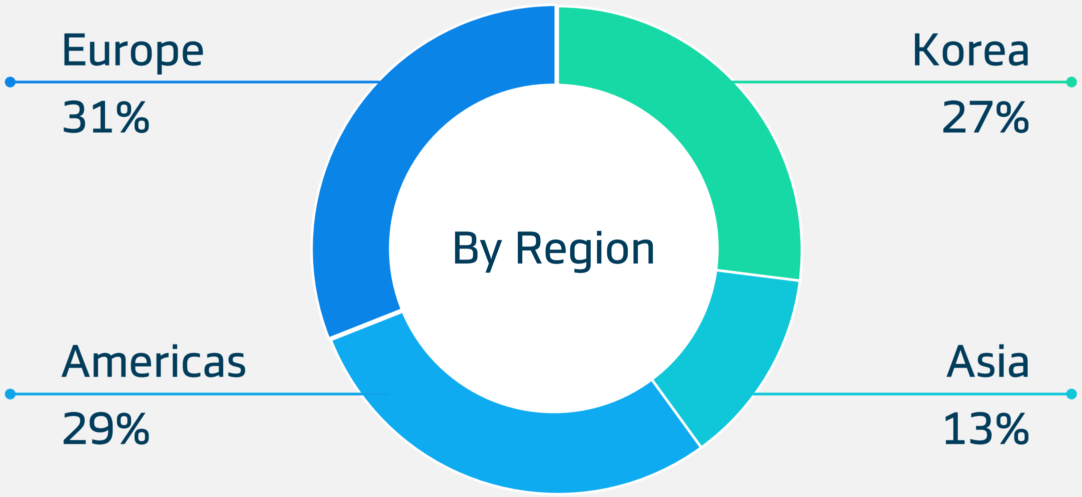


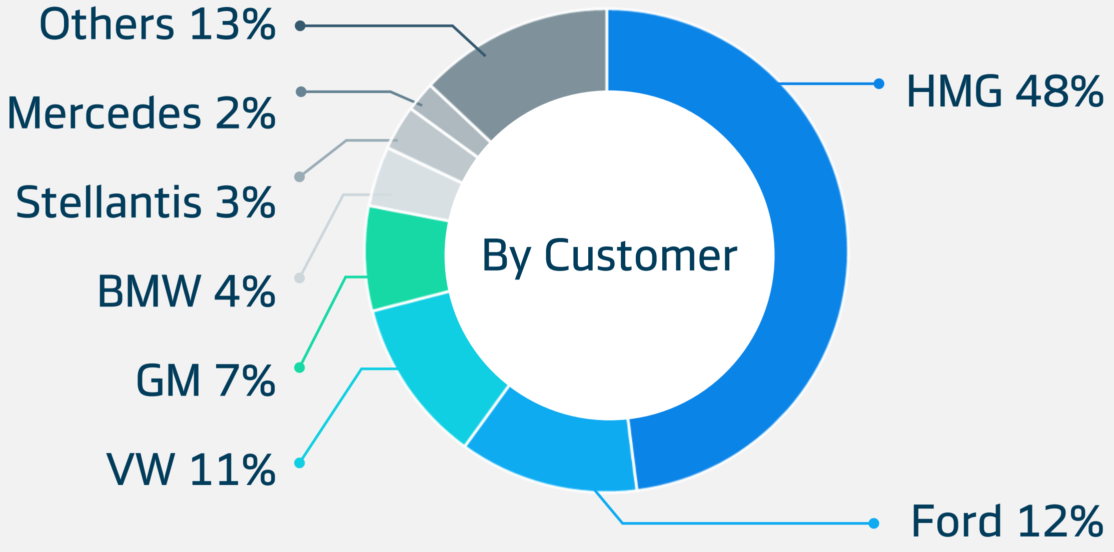
Net Loss in 4Q 2024 Driven by One-off Expenses and Restructuring Costs

1. Reflected the change of consolidated entities in 2024

FY 2024 Highlights

Sales Breakdown (FY 2024)



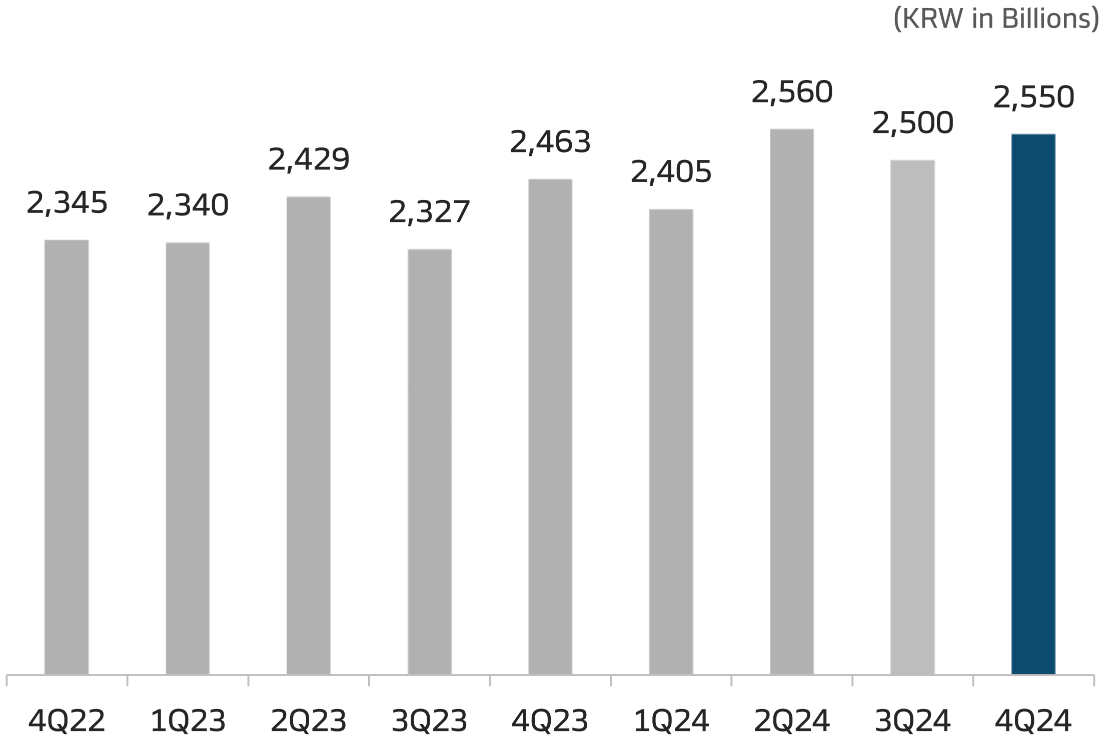


4Q24 Highlights

- Recorded net loss due to lower sales volume, one-off costs and restructuring/impairment costs
- Quarterly adj.OPM deteriorated to 1.1% due to inflation, volume shortfall and D&A increase, despite of profit improvement actions
- 4Q xEV revenue ratio 28%, a quarterly record, yet annual xEV revenue ratio remained 25% of total revenue in 2024

Quarterly Sales

Consolidated Sales



Comments

- 4Q24: Increase in Americas (+19% YoY), Korea (+6%) and Europe (+5%); Decrease in China (-26%)
- 2024: Increase in Americas (+16% YoY), Korea (+6%) and Europe (+1%); Decrease in China (-13%)

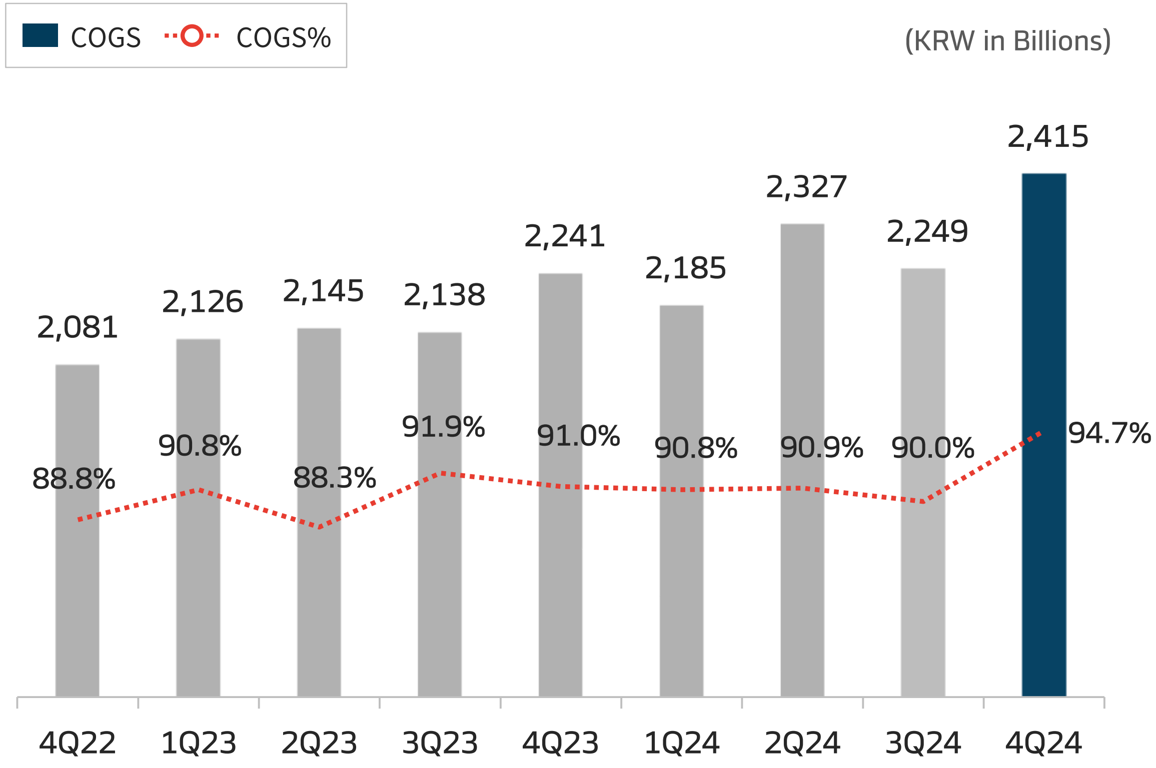
- 4Q24: Increase in Ford (+18% YoY), VW (+10%), GM (+8%) and HMG (+2%); decrease in Stellantis (-24%), BMW (-21%), Mercedes (-9%)
- 2024: Increase in Ford (+10% YoY), VW (+9%), GM (+7%), BMW (+7%) and HMG (+6%); decrease in Stellantis (-21%), Mercedes (-13%)

Increase in Revenue due to FX Impact; 4Q24 Actual Production Volume Decreased 7% YoY

Quarterly COGS

Hanon SYSTEMS
a Hankook Company

Quarterly Cost of Goods Sold



Comments

Positive Factors

- On-going profitability improvement actions, including restructuring, expected to yield positive impacts
- New EV launches in Europe to increase sales in 2025

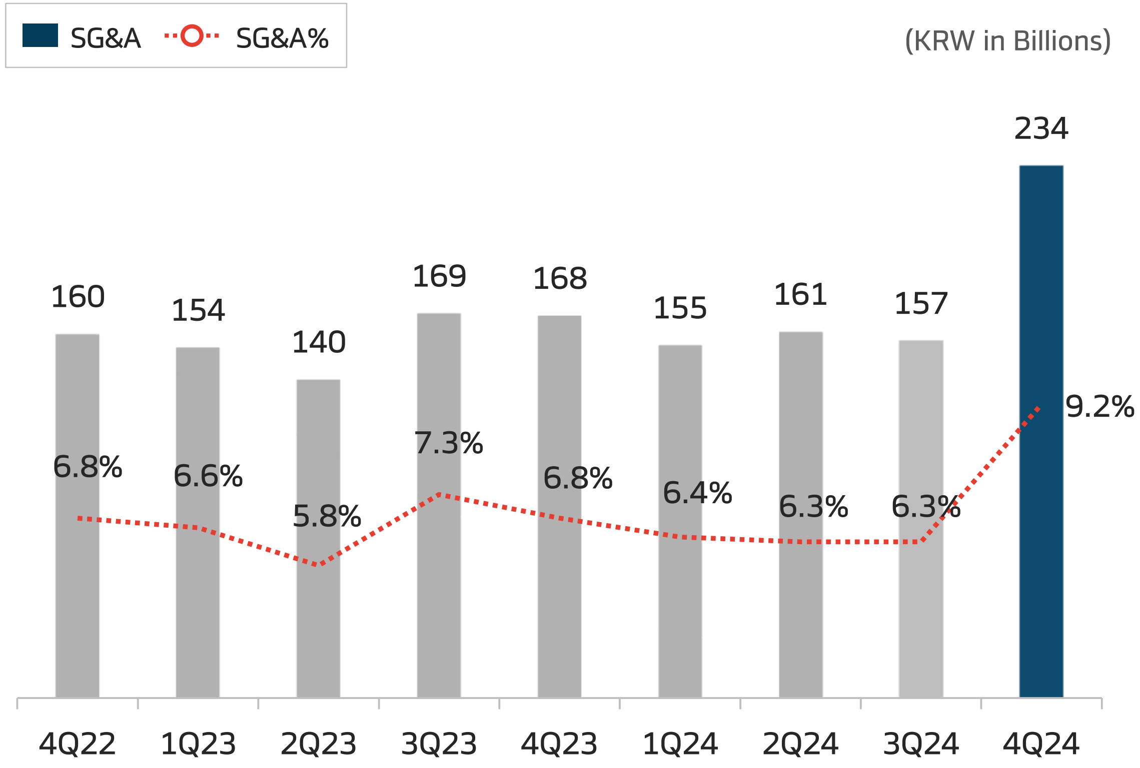
Negative Factors

- Lower-than-expected volume due to EV slowdown and weak consumer demands
- Continuing cost pressures on the supply chain

4Q 2024 COGS Ratio Surged on One-off Expenses; 2024 Normalized COGS 91.2%

Quarterly SG&A

Quarterly SG&A



Comments

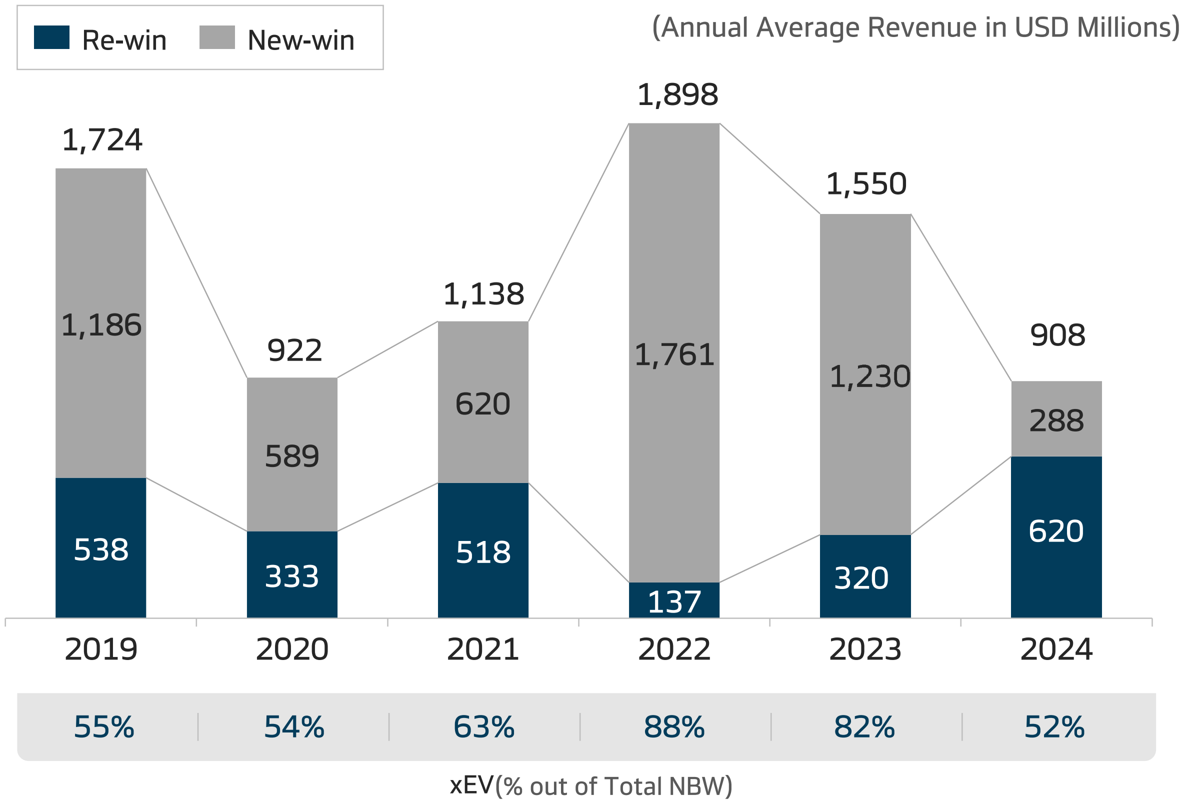
- 4Q24 SG&A expense
  : 9.2% of total revenue (YoY increase of 2.4%pt)
- 2024 SG&A expense
  : 7.0% of total revenue (YoY increase of 0.4%pt)

- 4Q24 R&D spending (incl. R&D capitalization)
  : 6.0% of total revenue (YoY increase of 1.1%pt)
- 2024 R&D spending (incl. R&D capitalization)
  : 4.9% of total revenue (YoY increase of 0.3%pt)

4Q 2024 SG&A Ratio Surged on One-off and Restructuring Costs; 2024 Normalized SG&A 6.5%

New Business Wins Update

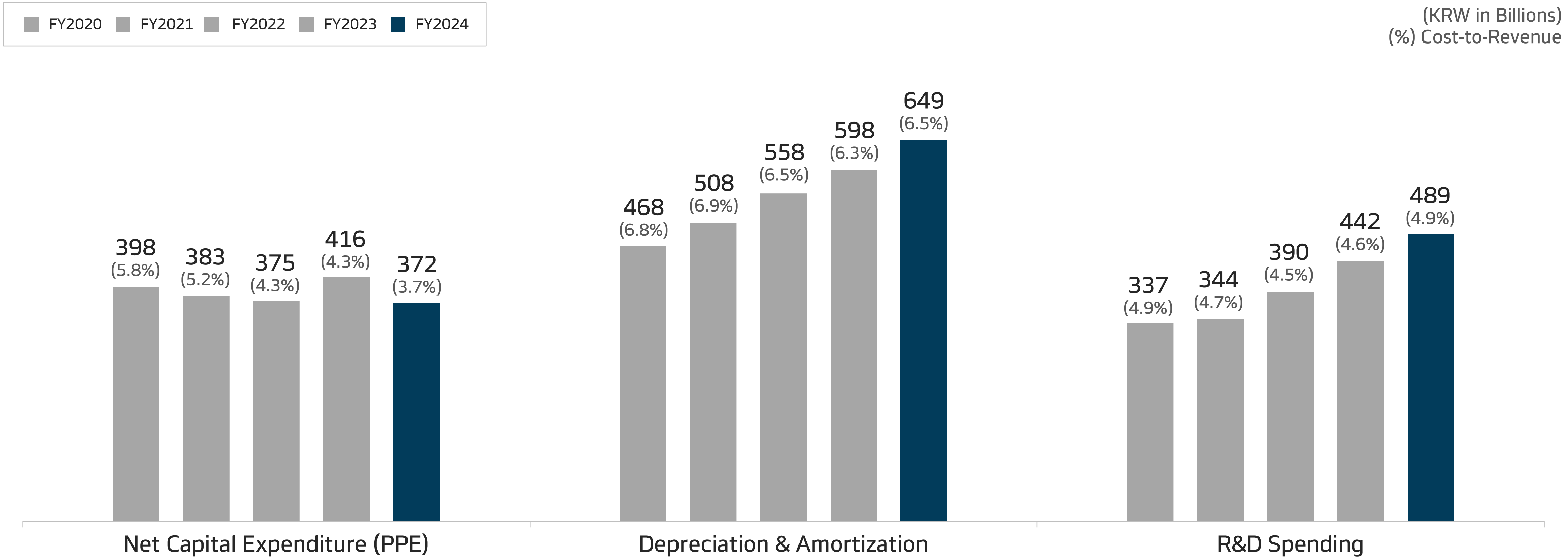
FY 2024 New Business Wins



- New Business Wins target was not achieved; key programs sourcing in NA delayed to 2025, awaiting regulatory clarity
- Maintains technology leadership with a robust portfolio adaptable to all types of powertrains, including ICE, BEV, HEV, PHEV and EREV
- Expects improved profitability through successful re-win orders with increased operational efficiency, less CapEx requirements and repricing

NBW Target Impacted By Customer Rescheduling; xEV to Drive NBW Growth in 2025

Trend of CapEx, D&A and R&D Spending



Efforts Ongoing to Optimize CapEx and R&D Spending

FY 2024 Balance Sheet

Hanon Systems
a Hankook Company

Balance Sheet

(K-IFRS / KRW in Billions, x times)	Dec 2024	Dec 2023	Dec 2022
Cash and cash equivalent	1,347	779	1,436
Account receivable	1,410	1,344	1,285
Inventories	1,243	1,140	972
Property and equipment	2,864	2,716	2,371
Intangible assets	2,351	2,126	1,923
Lease assets	478	295	249
Other assets	948	844	863
Total assets	10,641	9,244	9,099
Account payable	2,149	1,867	1,824
Debt	4,558	4,146	4,280
Other liabilities	906	722	625
Shareholder's equity	2,883	2,372	2,236
Non-controlling	145	137	134
Total liabilities & shareholders' equity	10,641	9,244	9,099

Cash and Debt

Cash Balance	Dec 2024	Dec 2023	Dec 2022
Net Debt	3,211	3,368	2,844
Net Debt Ratio	1.06	1.34	1.20
Debt to Equity	1.50	1.65	1.81

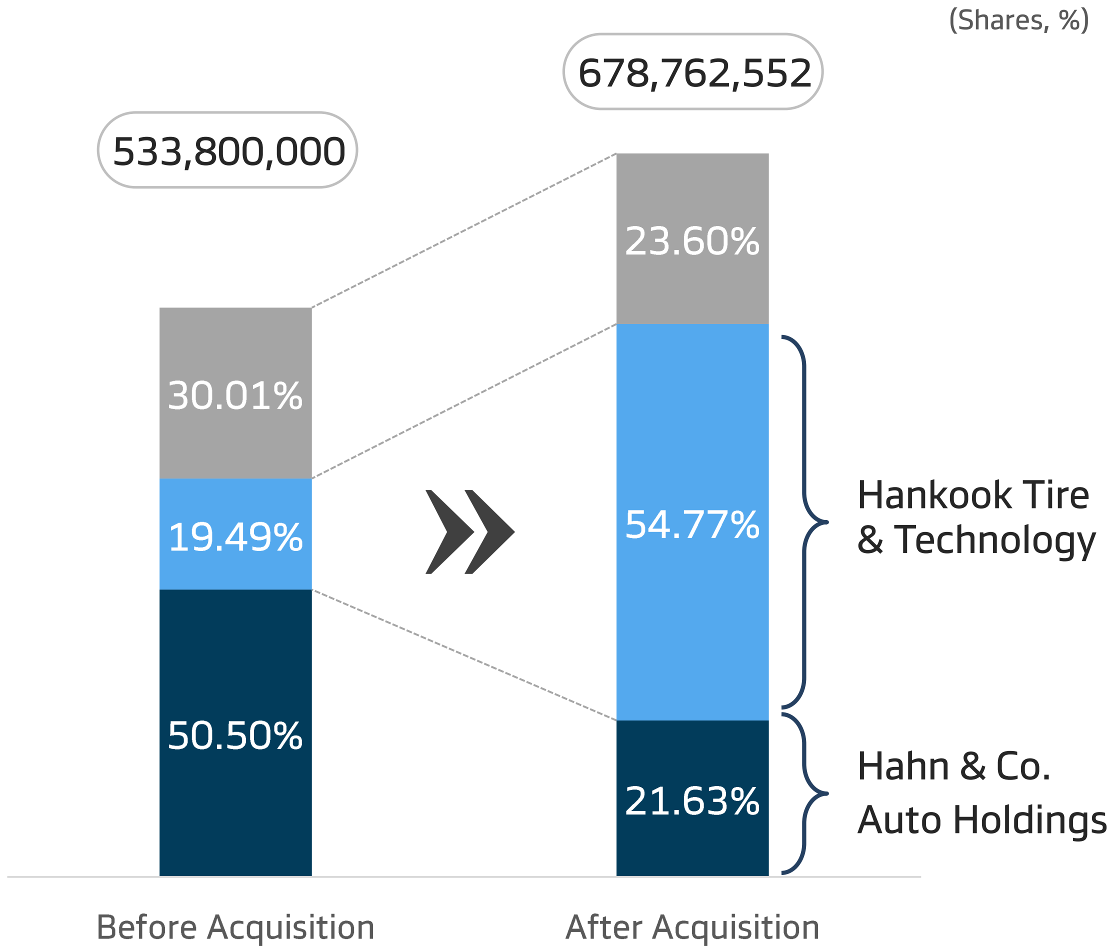
Leverage	2024 / adj.	2023	2022
EBITDA	782 / 908	876	814
Debt / EBITDA	5.83 / 5.02	4.74	5.26
Net Debt / EBITDA	4.11 / 3.54	3.85	3.49
EBITDA / Net Interest Expenses	3.39 / 3.93	5.59	8.78

Management Considers Further Actions to Improve Balance Sheet

Ⅱ. Business Update

Hankook Tire Became the Largest Shareholder

Changes in Shareholding Structure



Change of the Largest Shareholder (Jan. 3rd)

- Hankook Tire & Technology became the largest shareholder with 54.77% of ownership on January 3, 2025
- The share transaction between Hahn & Co. Auto Holdings and Hankook Tire & Technology completed on January 3, 2025
  - Number of shares: 122,774,000 common shares
  - Price: 9,904 KRW/share
- Hankook Tire & Technology acquired 144,962,552 of new shares at 4,139 KRW/share via third-party allotment to improve balance sheet and ensure financial stability for future growth
- The new shares has been listed on January 9, 2025

Focus Areas

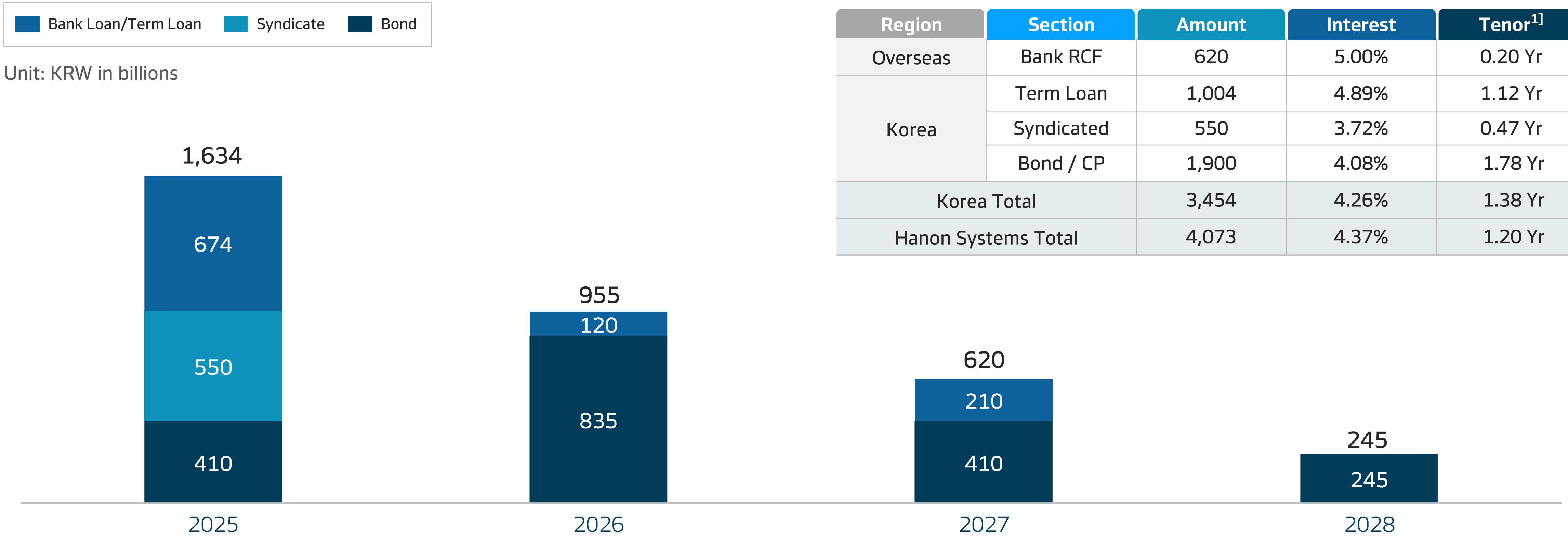
Business & Operation	
Clear Objectives	Profitability & Cashflow
Clear Responsibility	Strengthening Regional Operations
Clear Priority	Successful Integration for Cost Efficiency

Financial Objectives	
Profit	Strong Commitment on Profit Improvement
Balance Sheet	Management Considers Further Actions to Improve Balance Sheet
Shareholder Return	Plans to Restart Dividends in 2025

New Management Drives Strong Initiatives to Bounce Back in the Next Three Years

Debt Maturities

Major Debt Maturities



Region	Section	Amount	Interest	Tenor[1]
Overseas	Bank RCF	620	5.00%	0.20 Yr
Korea	Term Loan	1,004	4.89%	1.12 Yr
	Syndicated	550	3.72%	0.47 Yr
	Bond / CP	1,900	4.08%	1.78 Yr
Korea Total		3,454	4.26%	1.38 Yr
Hanon Systems Total		4,073	4.37%	1.20 Yr

2025 Net Interest Expense is Expected to Be Around 200 Billion Won

1. The base date is end of Dec 2024