

1Q18 IR Report

Kumho Tire

Contents



1. 1Q18 Earnings Result
2. 1Q18 Financial Status

- 1Q recorded Consolidated Sales of ₩625.0bn, Operating Profit of -₩17.1bn

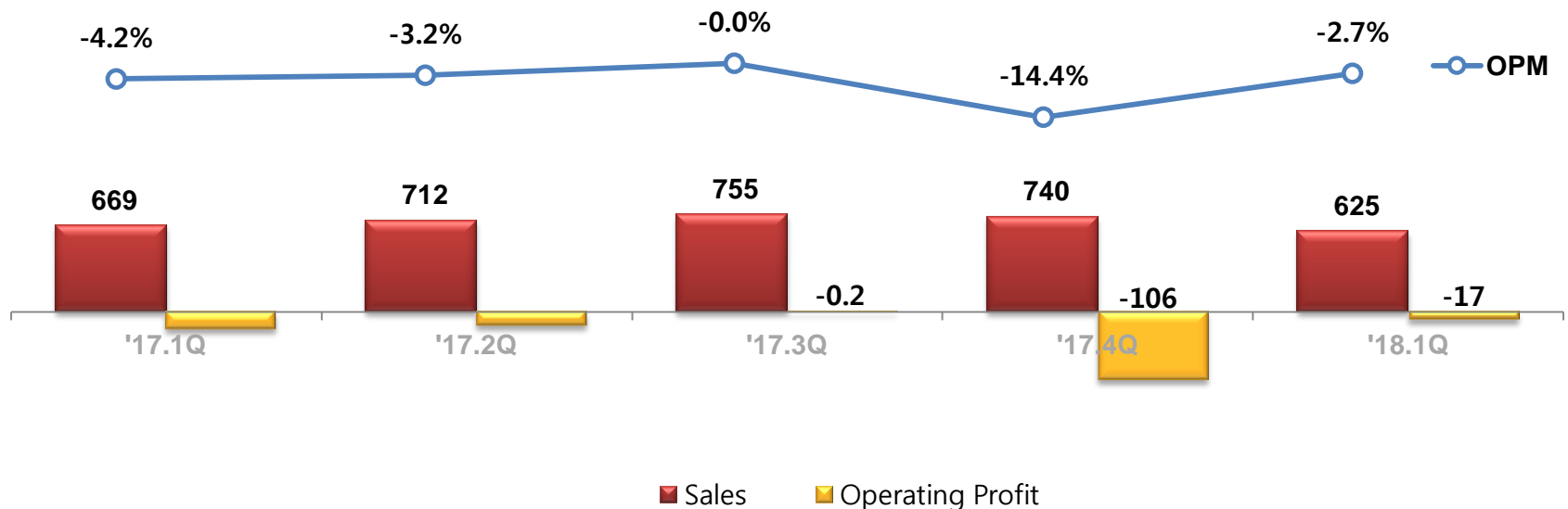
	[100Mil KRW]				
	'17.1Q	'17.4Q	'18.1Q	QoQ	YoY
Sales	6,693	7,399	6,250	-15.5%	-6.6%
COGS	5,441 (81.3%)	6,891 (93.1%)	5,295 (84.7%)	-23.2%	-2.7%
Operating Profit	-282 (-4.2%)	-1,062 (-14.4%)	-171 (-2.7%)	83.9%	39.4%
Ordinary Profit	-691 (-10.3%)	-681 (-9.2%)	-161 (-2.6%)	76.4%	76.7%
Depreciation	541	570	559	-1.9%	3.3%
EBITDA	259 (3.9%)	-492 (-6.6%)	388 (6.2%)	Turn to Profit	49.8%

Performance Result

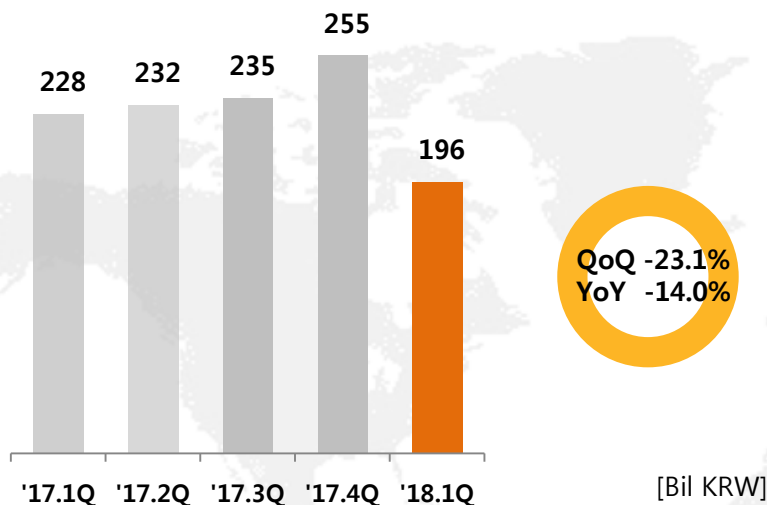
- Unfavorable FX and negative headwinds from sales of creditor's stake affected global operation
- Global OE slowdown and weak demand in Korea domestic market led to sluggish sales
- China OE operation continued to enhance largely driven by increased supply to OE partners
- Despite higher raw materials costs burden, decline in labor cost and marketing expenses increased operating profit

Global

[Bil KRW]

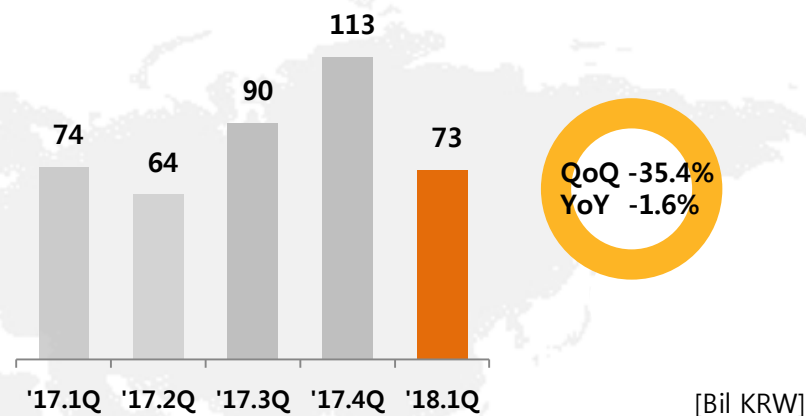


Korea



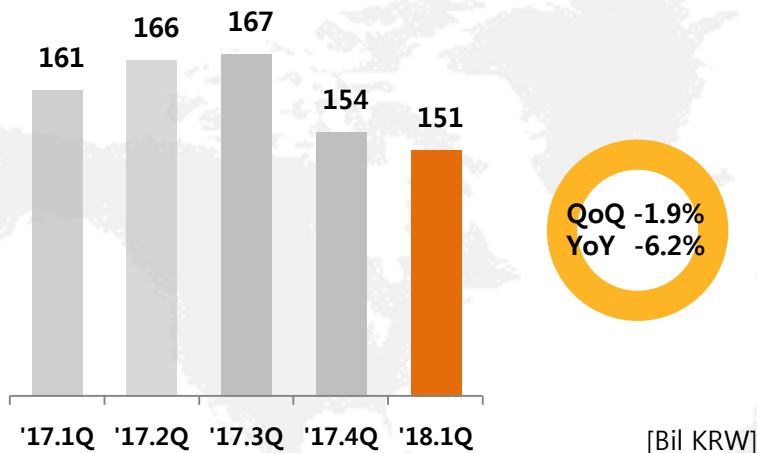
- RE sales decreased due to uncertainty of sales of creditor's stake, poor market demand, fast-growing cheap chinese tires, and OE sales showed weak performance owing to car maker's policy to adopt upper-tier foreign brands

China



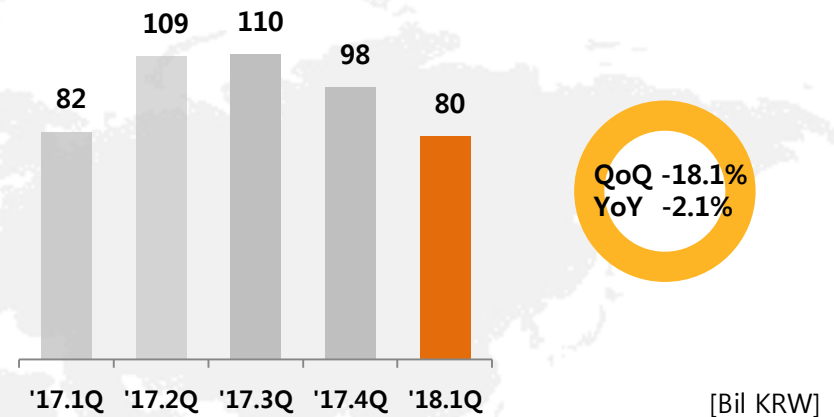
- RE business remained lackluster reflecting tough competition, expansion of e-commerce, but OE sales continued to recover from increased demand from major OE partners

North America



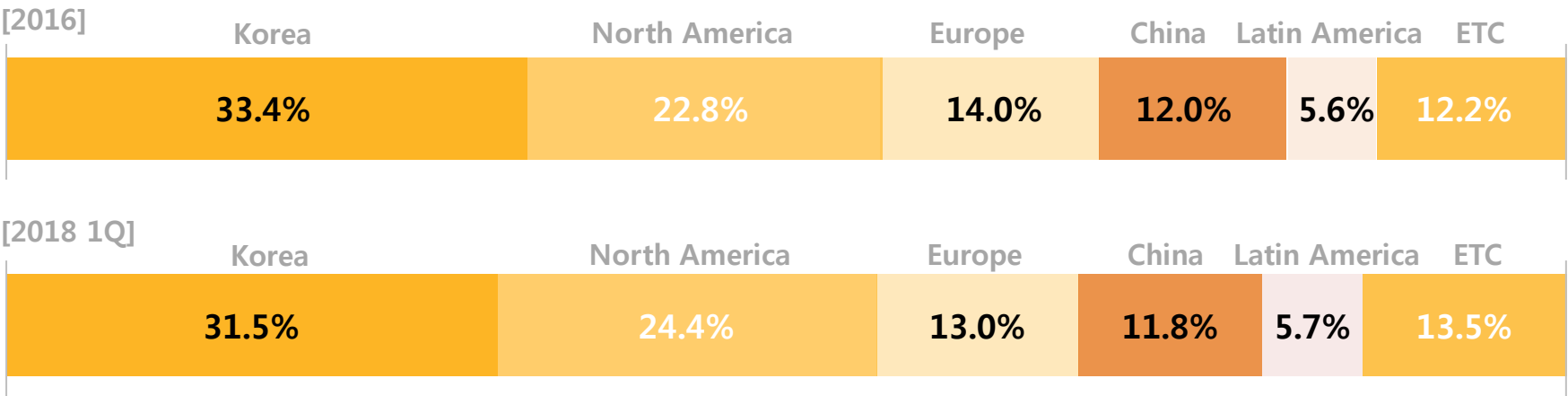
- RE sales showed growth thanks to increased demand coming from national dealers, but OE sales remained weak due to production cuts from major car makers

Europe

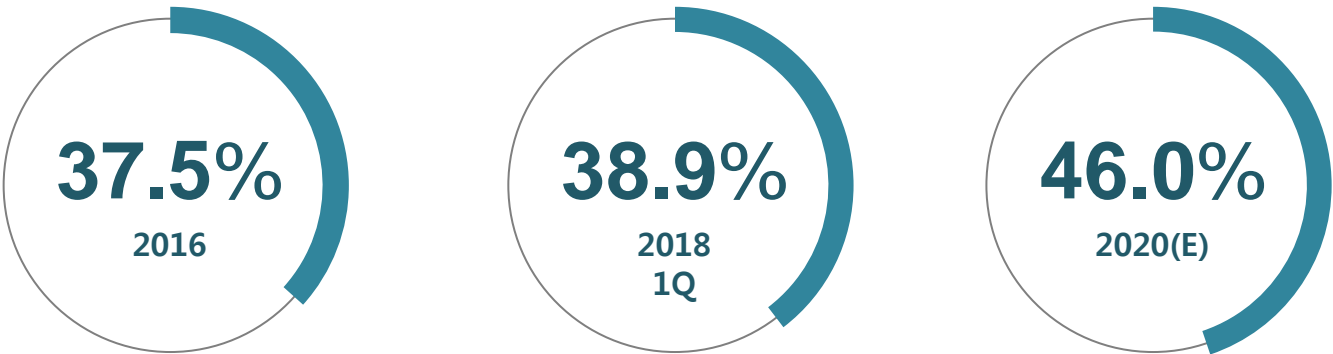


- Weak industry demand brought RE sales decrease in major European markets, but OE sales grew from recovered new contracts and increased production from previous car models

<Regional Sales Breakdown>

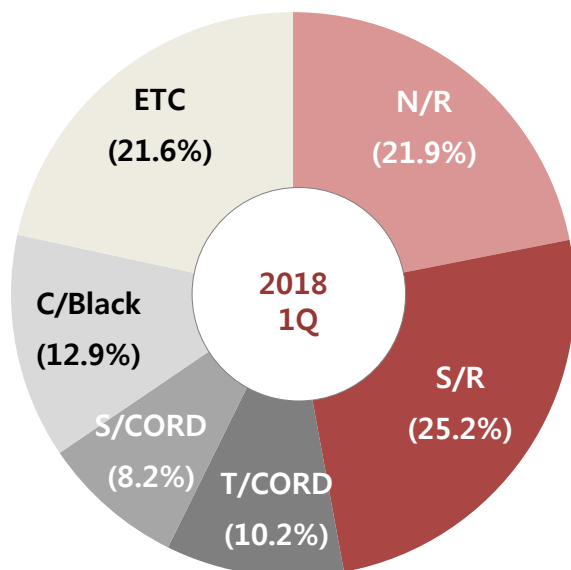


<Global Sales Trend of High-inch Tires>



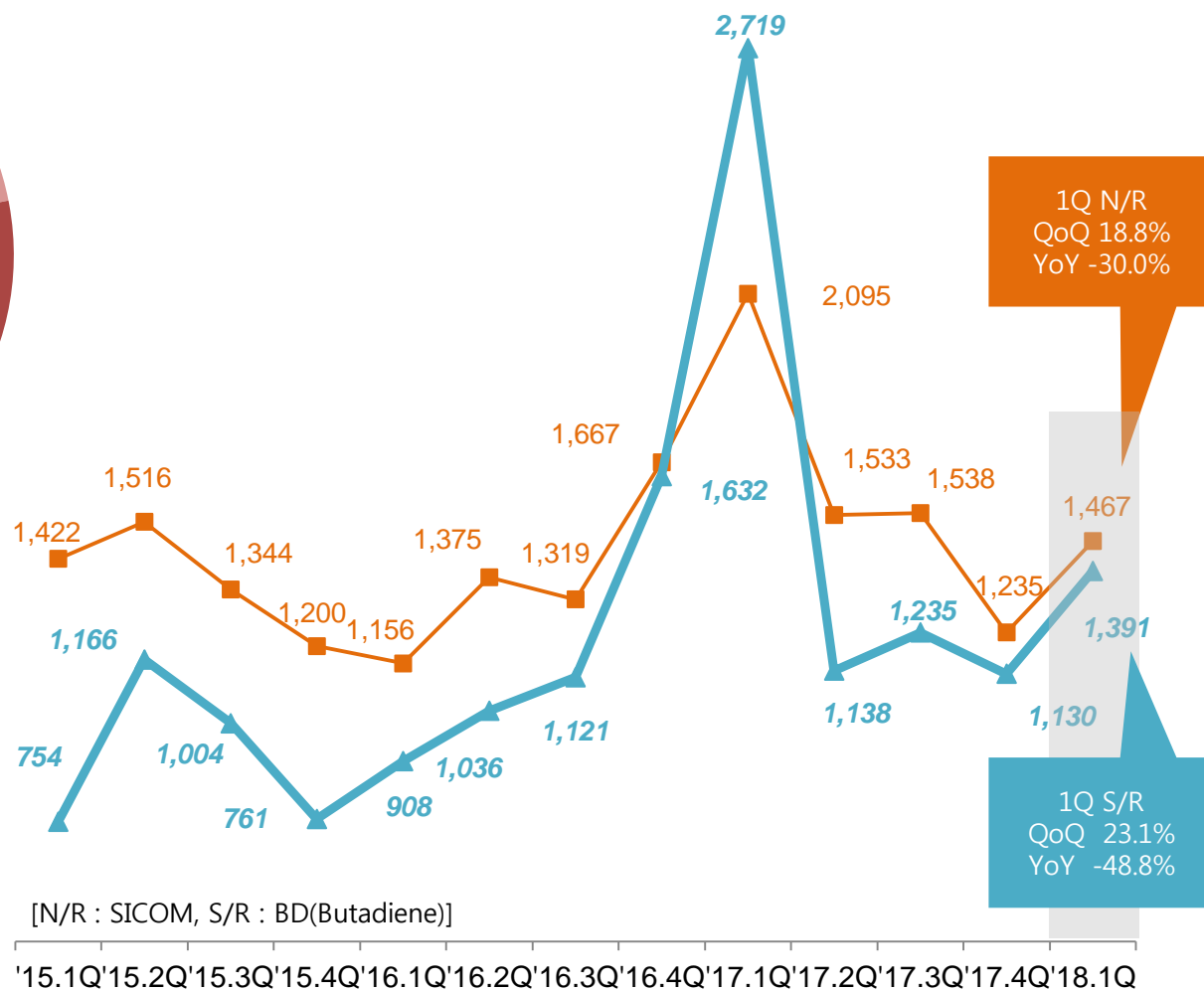
(Note : Units of tires above 17 inches, based on PC/LT tires sales)

<Input Raw Material Breakdown>

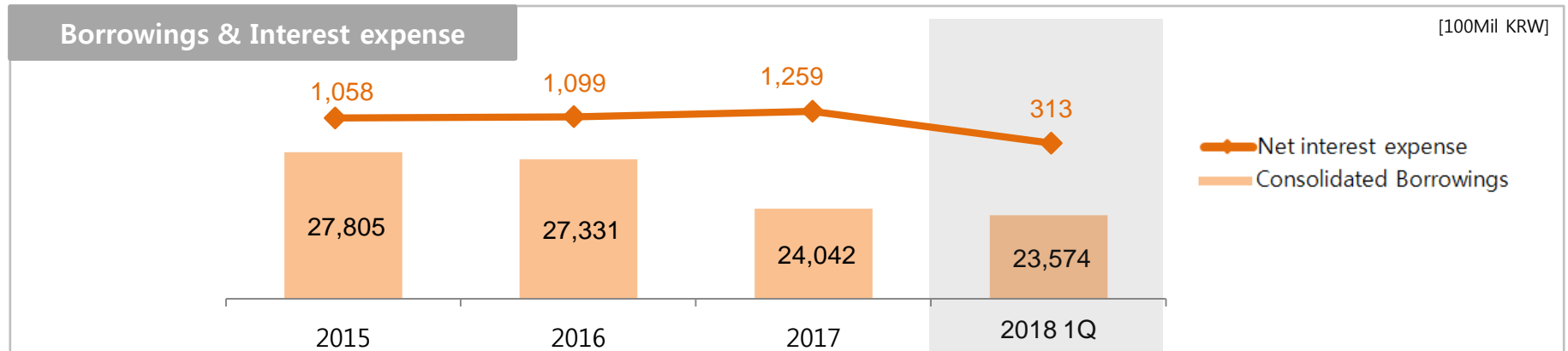
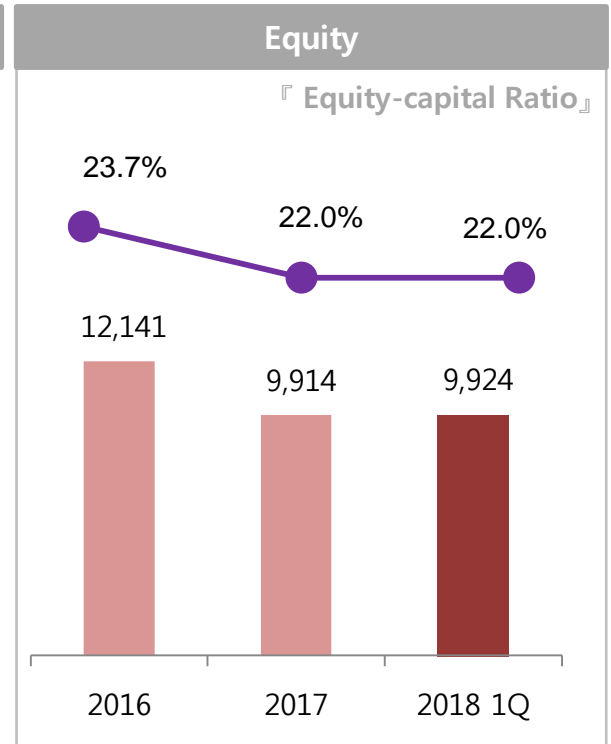
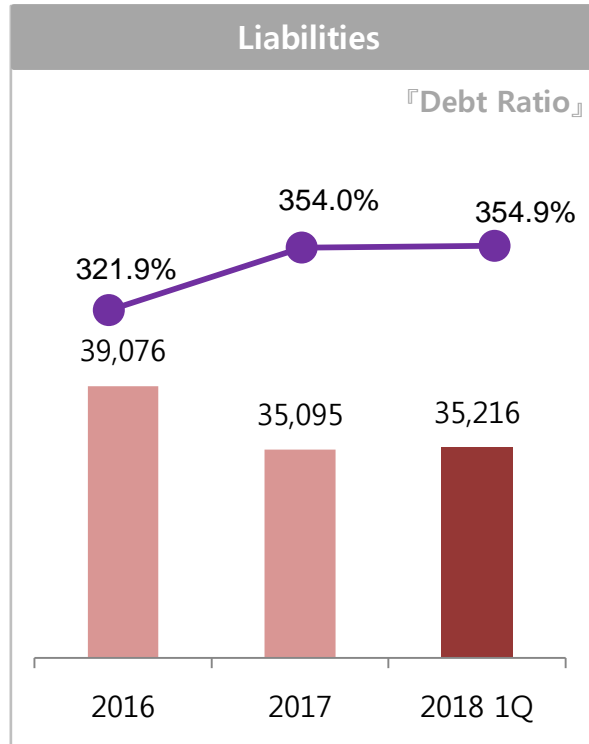
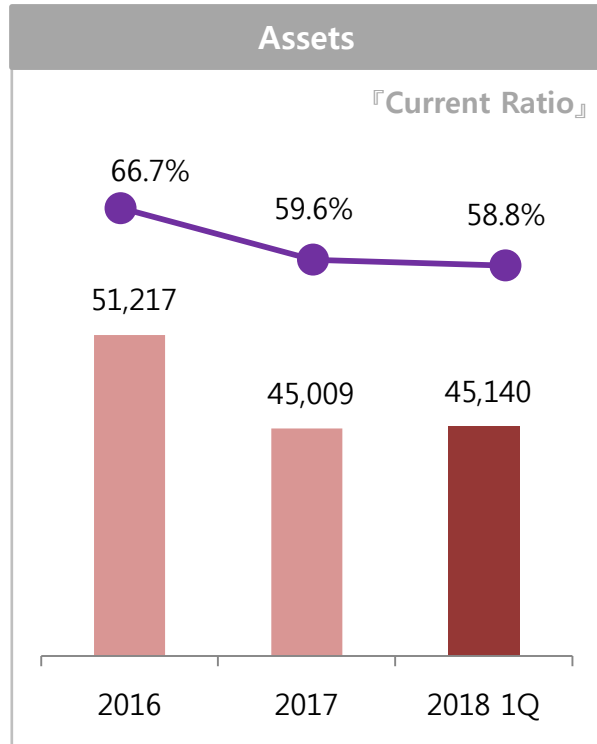


<Raw Material Trend>

[USD/ton]



[100Mil KRW]



1) Income Statement - Consolidated

(100Mil KRW)

	2018 1Q	2017 4Q	QoQ		2017 1Q	YoY	
Sales	6,250	7,399	(1,149)	-15.5%	6,693	(443)	-6.6%
COGS	5,295	6,891	(1,596)	-23.2%	5,441	(146)	-2.7%
Gross Profit	955	508	447	88.0%	1,252	(297)	-23.7%
<i>Gross Ratio</i>	15.3%	6.9%		8.4%p	18.7%		-3.4%p
SG&A	1,126	1,062	64	6.0%	1,534	(408)	-26.6%
Operating Profit	(171)	(1,062)	891	83.9%	(282)	111	39.4%
<i>OPM</i>	-2.7%	-14.4%		11.6%p	-4.2%		1.5%p
Net Profit	(114)	(519)	405	78.0%	(606)	492	81.2%
<i>NPM</i>	-1.8%	-7.0%		5.2%p	-9.1%		7.2%p
Depreciation	559	570	(11)	-1.9%	541	18	3.3%
EBITDA	388	(492)	880	Turn to Profit	259	129	49.8%

2) Balance Sheet - Consolidated

(100Mil KRW)

	2018 1Q(A)	2017(B)	(A-B)		2016(C)	(A-C)	
Assets	45,140	45,009	131	0.3%	51,217	(6,077)	-11.9%
Current Assets	13,699	13,897	(198)	-1.4%	15,576	(1,877)	-12.1%
- Cash & Cash equivalents	1,953	1,896	57	3.0%	3,012	(1,059)	-35.2%
- Trade Accounts & Notes Receivable	4,945	5,412	(467)	-8.6%	6,249	(1,304)	-20.9%
- Inventories	5,632	5,470	162	3.0%	5,491	141	2.6%
Non Current Assets	31,441	31,112	329	1.1%	35,640	(4,199)	-11.8%
Liabilities	35,216	35,095	121	0.3%	39,076	(3,860)	-9.9%
- Current Liabilities	23,295	23,299	(4)	0.0%	23,346	(51)	-0.2%
- Fixed Liabilities	11,921	11,796	125	1.1%	15,730	(3,809)	-24.2%
Equity	9,924	9,914	10	0.1%	12,141	(2,217)	-18.3%
Borrowings	23,574	24,042	(468)	-1.9%	27,331	(3,757)	-13.7%
- Short-term	14,910	15,518	(608)	-3.9%	15,864	(954)	-6.0%
- Long-term	8,864	8,524	340	4.0%	11,468	(2,604)	-22.7%
Net Debt	21,621	22,146	(525)	-2.4%	24,320	(2,699)	-11.1%
Debt-Equity Ratio	354.9%	321.9%		33.0%	314.0%		40.8%
Current Ratio	58.8%	66.7%		-7.9%	72.1%		-13.3%

* Net Debt : Borrowings - Cash&Cash equivalents

3) Income Statement - Korea

(100Mil KRW)

	2018 1Q	2017 4Q	QoQ		2017 1Q	YoY	
Sales	4,574	5,342	(768)	-14.4%	5,136	(562)	-10.9%
COGS	4,064	5,452	(1,388)	-25.5%	4,370	(306)	-7.0%
Gross Profit	510	(110)	620	Turn to Profit	766	(256)	-33.4%
<i>Gross Ratio</i>	11.1%	-2.1%		13.2%p	14.9%		-3.8%p
SG&A	537	940	(403)	-42.9%	(840)	1,377	-163.9%
Operating Profit	(27)	(1,050)	1,023	97.4%	(74)	47	63.5%
<i>OPM</i>	-0.6%	-19.7%		19.1%p	-1.4%		0.9%p
Net Profit	(11)	(2,460)	2,449	99.6%	(265)	254	95.8%
<i>NPM</i>	-0.2%	-46.1%		45.8%p	-5.2%		4.9%p
Depreciation	268	270	(2)	-0.7%	275	(7)	-2.5%
EBITDA	241	(780)	1,021	Turn to Profit	201	40	19.9%

4) Balance Sheet - Korea

(100Mil KRW)

	2017(A)	2016(B)	(A-B)		2015(C)	(A-C)	
Assets	32,456	32,167	289	0.9%	33,796	(1,340)	-4.0%
Current Assets	11,263	10,900	363	3.3%	10,565	698	6.6%
- Cash & Cash equivalents	920	1,035	(115)	-11.1%	1,397	(477)	-34.1%
- Trade Accounts & Notes Receivable	6,080	6,328	(248)	-3.9%	6,687	(607)	-9.1%
- Inventories	1,911	1,790	121	6.8%	1,703	208	12.2%
Non Current Assets	21,193	21,267	(74)	-0.3%	23,232	(2,039)	-8.8%
Liabilities	20,968	20,748	220	1.1%	19,959	1,009	5.1%
- Current Liabilities	16,015	15,666	349	2.2%	13,551	2,464	18.2%
- Fixed Liabilities	4,953	5,081	(128)	-2.5%	6,408	(1,455)	-22.7%
Equity	11,489	11,419	70	0.6%	13,837	(2,348)	-17.0%
Borrowings	12,494	12,911	(417)	-3.2%	12,810	(316)	-2.5%
- Short-term	10,842	11,157	(315)	-2.8%	9,538	1,304	13.7%
- Long-term	1,652	1,754	(102)	-5.8%	3,272	(1,620)	-49.5%
Net Debt	11,574	11,876	(302)	-2.5%	11,413	161	1.4%
Debt-Equity Ratio	182.5%	181.7%		0.8%	144.2%		38.3%
Current Ratio	70.3%	69.6%		0.8%	78.0%		-7.6%

* Net Debt : Borrowings - Cash&Cash equivalents

