



KUMHO TIRE
Better, All-Ways

3Q18 IR Report

Kumho Tire

Contents



1. 3Q18 Earnings Result
2. 3Q18 Financial Status

- 3Q recorded Consolidated Sales of ₩634.7bn, Operating Profit of -₩38.0bn

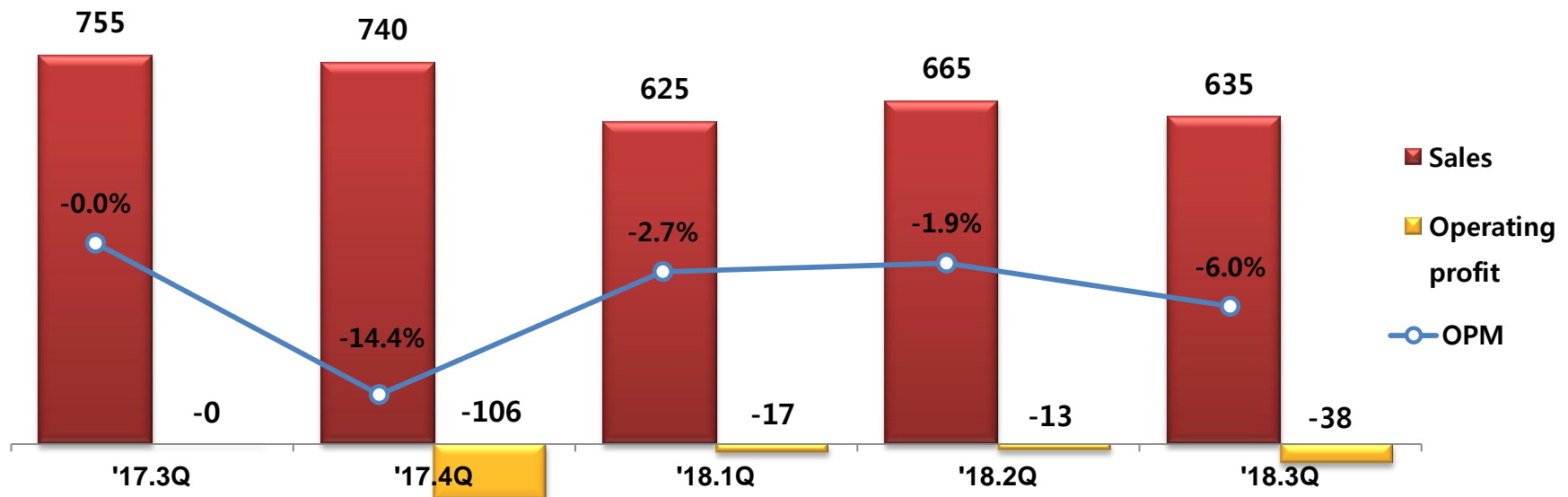
	[100Mil KRW]				
	'17.3Q	'18.2Q	'18.3Q	QoQ	YoY
Sales	7,551	6,647	6,347	-4.5%	-16.0%
COGS	6,035 (79.9%)	5,568 (83.8%)	5,424 (85.5%)	-2.6%	-10.1%
Operating Profit	-2 (0.0%)	-127 (-1.9%)	-380 (-6.0%)	-200.0%	-16159.1%
Ordinary Profit	590 (7.8%)	-754 (-11.3%)	-676 (-10.7%)	10.4%	Turn to Loss
Depreciation	569	573	555	-3.3%	-2.5%
EBITDA	566 (7.5%)	447 (6.7%)	174 (2.7%)	-61.0%	-69.3%

Performance Result

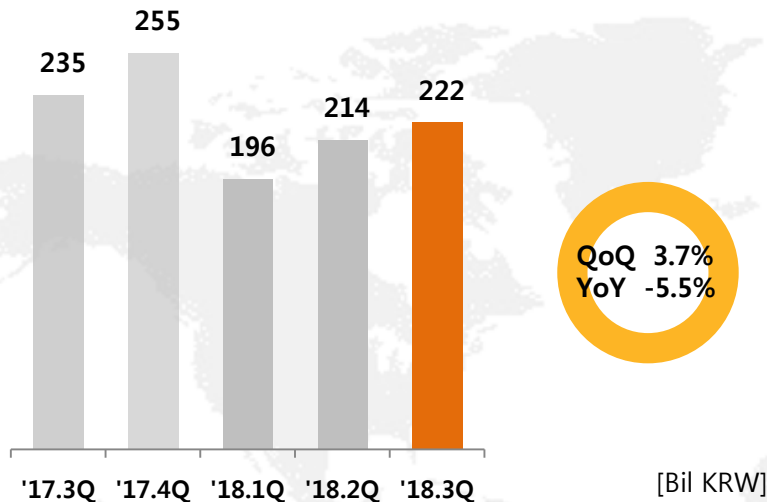
- Reduced sales due to decreased demand in Domestic/North America RE markets and diminished production of major car makers.
- Poor performance in foreign operations due to Iran's economic sanction and weak currency in the Middle East, Latin America and Asia.
- Reduced operating profit owing to increased input material, despite decrease in expenses for sales administration compared to the previous year.

Global

[Bil KRW]

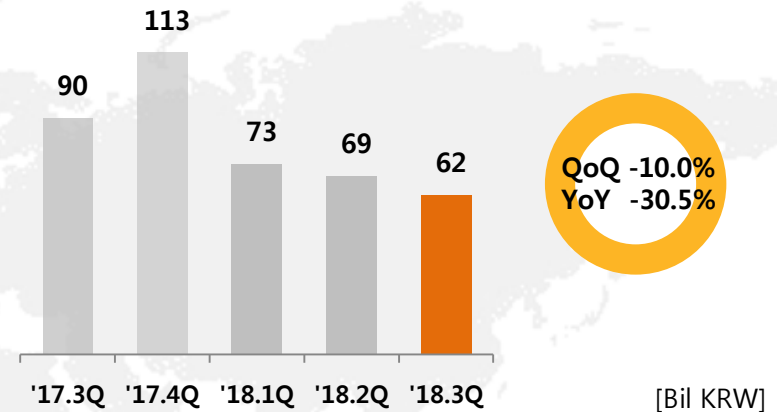


Korea



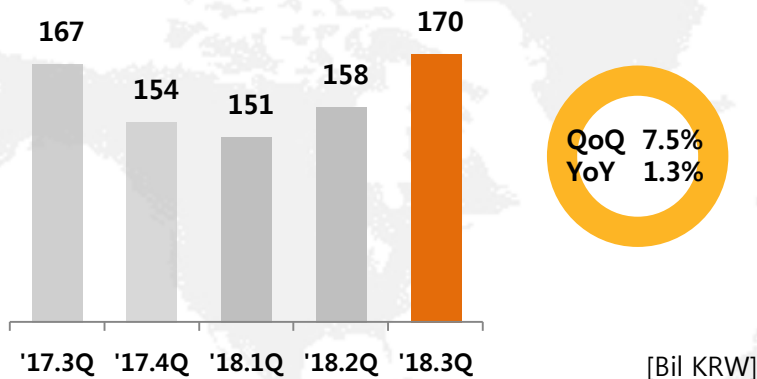
- RE sales improved thanks to operation of support program to enhance distribution network sales and release of new products compared to last year, but OE sales decreased owing to reduction of car makers supply due to increased portion of imported tires.

China



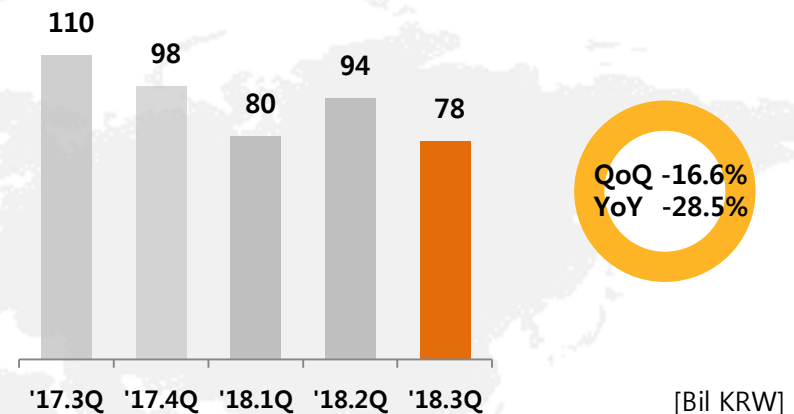
- RE sales showed poor performance compared to last year owing to decreased sales of winter products caused by restructuring commercial, OE sales showed recovery by increasing supply of major car makers.

North America



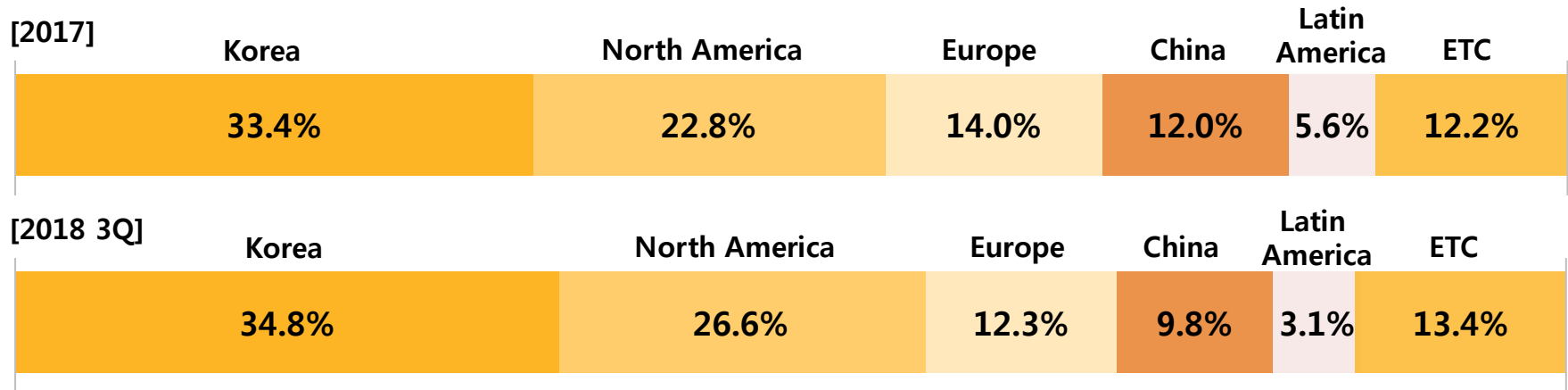
- RE sales dropped owing to decreased market demand and increased competition in prices between suppliers year on year, but OE sales achieved over 4% performance compared to plan due to increase of North America auto sales.

Europe

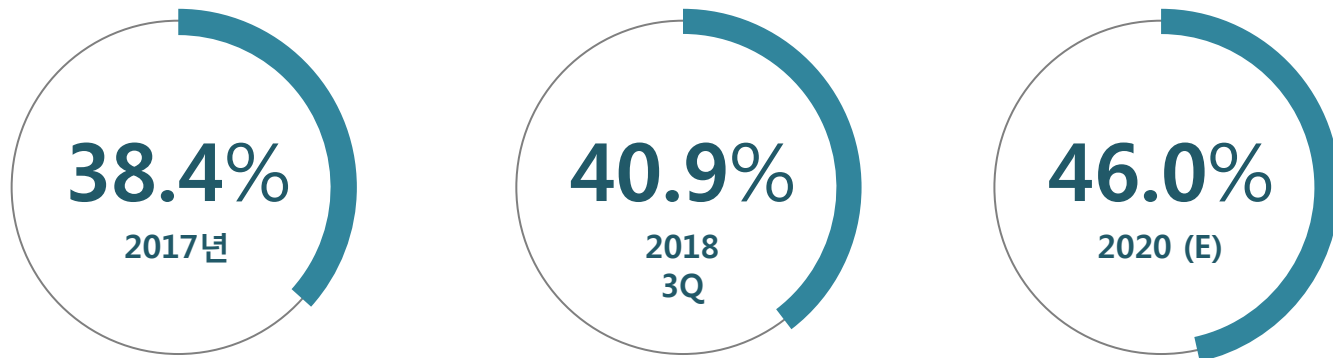


- RE sales diminished compared to the same period last year due to temporary reduction of major market demand caused by raising the selling price, OE sales showed poor performance owing to delay in development of European main car makers and financial issues.

<Regional Sales Breakdown>

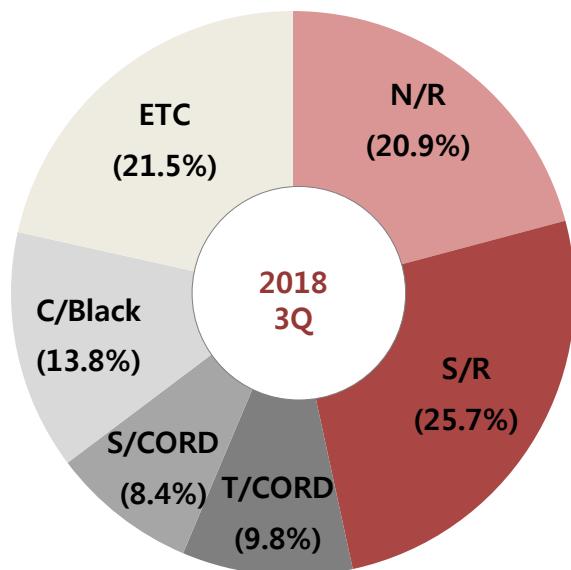


<Global Sales Trend of High-inch Tires>



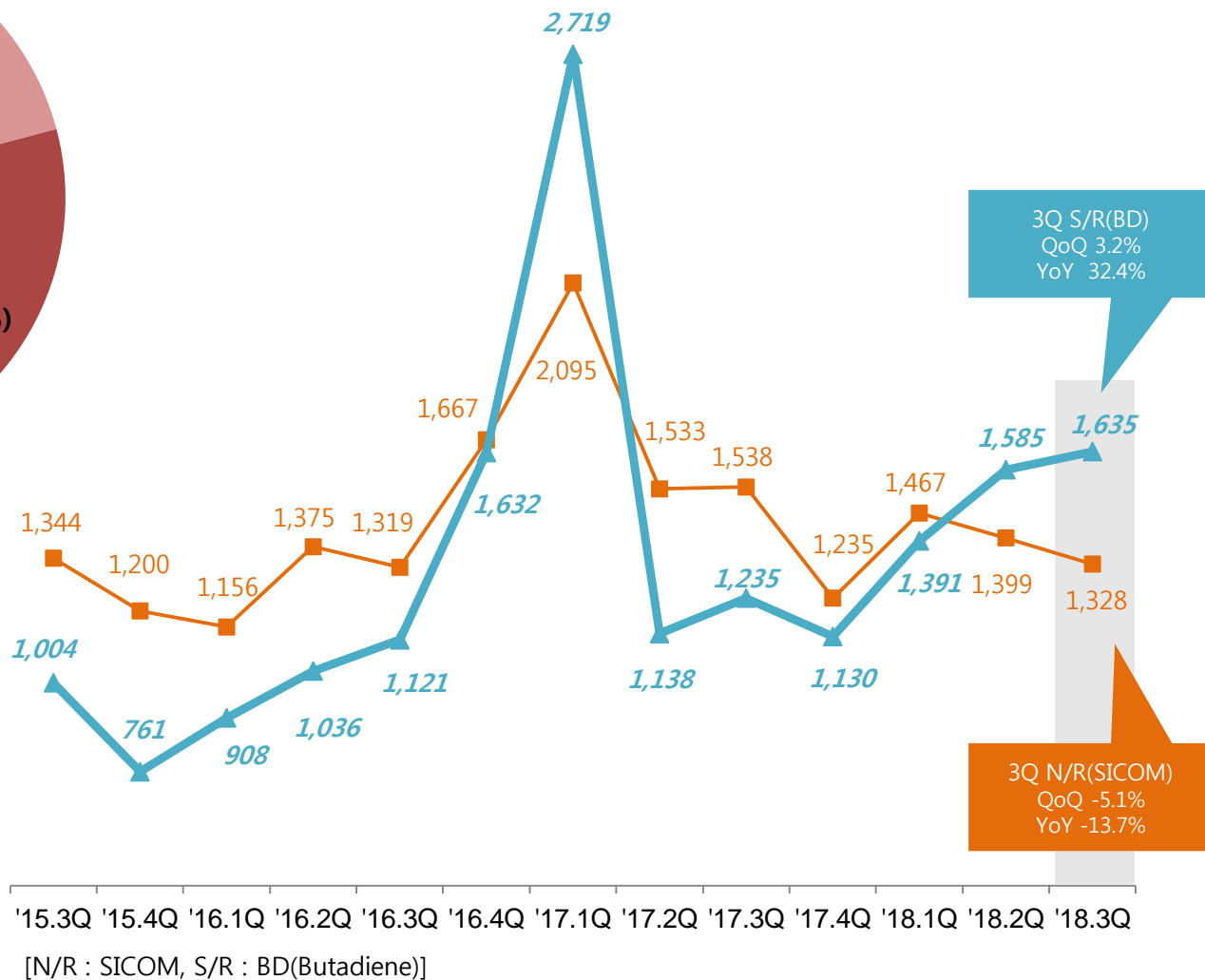
(Note : Units of tires above 17 inches, based on PC/LT tires sales)

<Input Raw Material Breakdown>

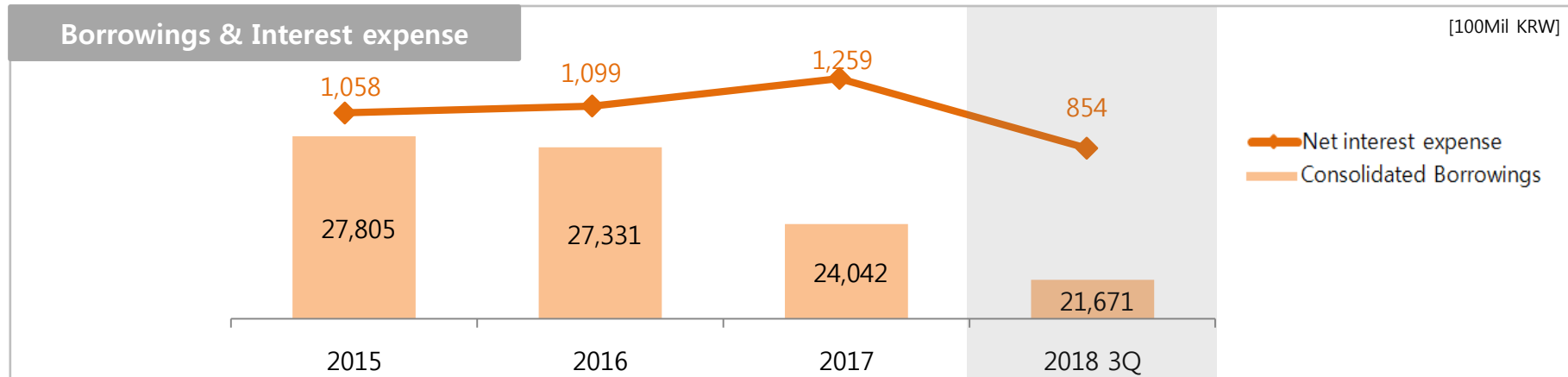
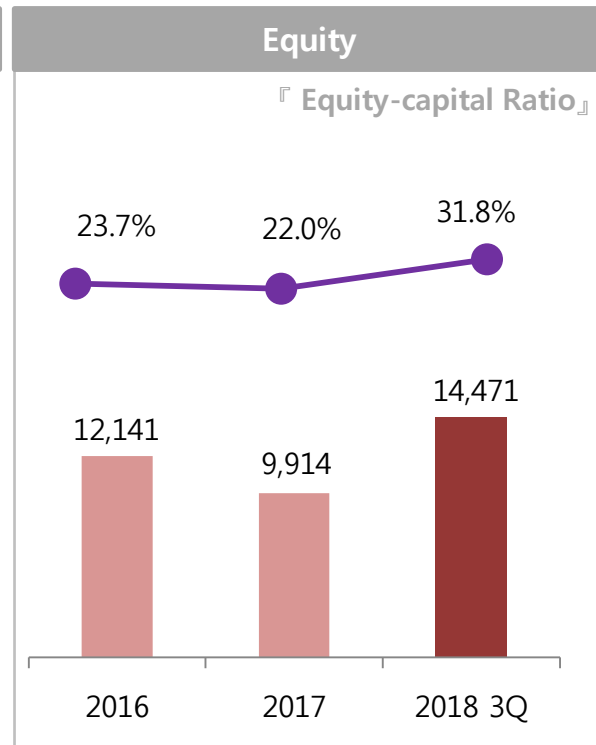
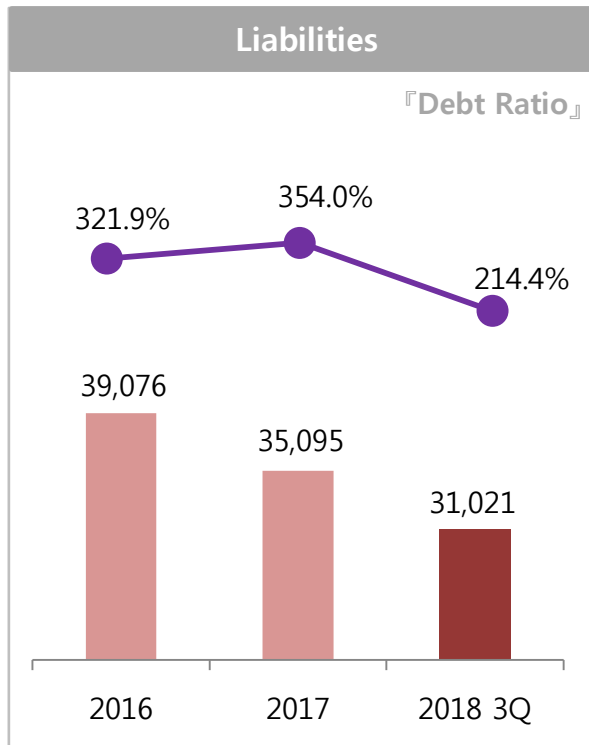
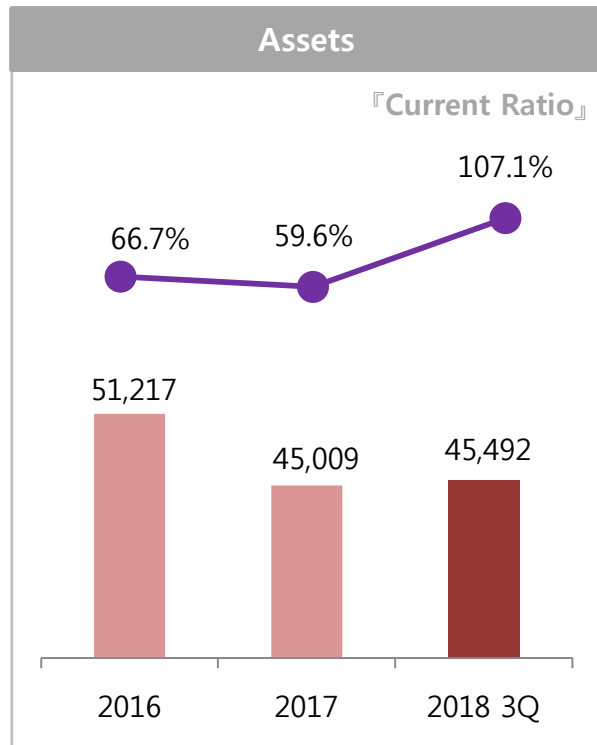


<Raw Material Trend>

[USD/ton]



[100Mil KRW]



1) Income Statement - Consolidated

(100Mil KRW)

	2018 3Q	2018 2Q	QoQ		2017 3Q	YoY	
Sales	6,347	6,647	-301	-4.5%	7,551	-1,204	-16.0%
COGS	5,424	5,568	-143	-2.6%	6,035	-611	-10.1%
Gross Profit	922	1,080	-157	-14.6%	1,516	-593	-39.2%
<i>Gross Ratio</i>	<i>14.5%</i>	<i>16.2%</i>		<i>-1.7%p</i>	<i>20.1%</i>		<i>-5.5%p</i>
SG&A	1,303	1,206	96	8.0%	1,518	-215	-14.2%
Operating Profit	-380	-127	-254	-200.0%	-2	-378	-16159.1%
<i>OPM</i>	<i>-6.0%</i>	<i>-1.9%</i>		<i>-4.1%p</i>	<i>0.0%</i>		<i>-6.0%p</i>
Net Profit	-695	-783	87	11.2%	482	-1,177	Turn to Loss
<i>NPM</i>	<i>-11.0%</i>	<i>-11.8%</i>		<i>0.8%p</i>	<i>6.4%</i>		<i>-17.3%p</i>
Depreciation	555	573	-19	-3.3%	569	-14	-2.5%
EBITDA	174	447	-273	-61.0%	566	-392	-69.3%

2) Balance Sheet - Consolidated

(100Mil KRW)

	2018 3Q(A)	2017(B)	(A-B)		2016(C)	(A-C)	
Assets	45,492	45,009	483	1.1%	51,217	-5,725	-11.2%
Current Assets	15,943	13,897	2,046	14.7%	15,576	367	2.4%
- Cash & Cash equivalents	6,003	1,896	4,107	216.6%	3,012	2,991	99.3%
- Trade Accounts & Notes Receivable	4,803	5,412	-609	-11.3%	6,249	-1,446	-23.1%
- Inventories	5,138	5,470	-332	-6.1%	5,491	-353	-6.4%
Non Current Assets	29,549	31,112	-1,563	-5.0%	35,640	-6,092	-17.1%
Liabilities	31,021	35,095	-4,074	-11.6%	39,076	-8,055	-20.6%
- Current Liabilities	14,886	23,299	-8,413	-36.1%	23,346	-8,460	-36.2%
- Fixed Liabilities	16,135	11,796	4,339	36.8%	15,730	405	2.6%
Equity	14,471	9,914	4,557	46.0%	12,141	2,330	19.2%
Borrowings	21,671	24,042	-2,371	-9.9%	27,331	-5,660	-20.7%
- Short-term	8,588	15,518	-6,930	-44.7%	15,864	-7,276	-45.9%
- Long-term	13,083	8,524	4,559	53.5%	11,468	1,615	14.1%
Net Debt	15,668	22,146	-6,478	-29.3%	24,320	-8,651	-35.6%
Debt-Equity Ratio	214.4%	354.0%		-139.6%p	321.9%		-107.5%p
Current Ratio	107.1%	59.6%		47.5%p	66.7%		40.4%p

* Net Debt : Borrowings - Cash&Cash equivalents

3) Income Statement - Korea

(100Mil KRW)

	2018 3Q	2018 2Q	QoQ		2017 3Q	YoY	
Sales	4,457	5,108	-651	-12.7%	5,644	-1,188	-21.0%
COGS	4,001	4,484	-483	-10.8%	4,858	-857	-17.6%
Gross Profit	456	624	-168	-26.9%	787	-330	-42.0%
<i>Gross Ratio</i>	<i>10.2%</i>	<i>12.2%</i>		<i>-2.0%p</i>	<i>13.9%</i>		<i>-3.7%p</i>
SG&A	712	597	116	19.4%	847	-134	-15.9%
Operating Profit	-256	27	-283	Turn to Loss	-60	-196	-326.3%
<i>OPM</i>	<i>-5.7%</i>	<i>0.5%</i>		<i>-6.3%p</i>	<i>-1.1%</i>		<i>-4.7%p</i>
Net Profit	-26	-58	32	55.1%	590	-616	Turn to Loss
<i>NPM</i>	<i>-0.6%</i>	<i>-1.1%</i>		<i>0.6%p</i>	<i>10.5%</i>		<i>-11.0%p</i>
Depreciation	262	270	-8	-3.0%	269	-7	-2.7%
EBITDA	6	297	-291	-98.1%	209	-203	-97.3%

4) Balance Sheet - Korea

(100Mil KRW)

	2018 3Q(A)	2016(B)	(A-B)		2015(C)	(A-C)	
Assets	35,869	32,167	3,702	11.5%	33,796	2,073	6.1%
Current Assets	13,273	10,900	2,373	21.8%	10,565	2,709	25.6%
- Cash & Cash equivalents	5,991	1,035	4,956	478.8%	1,397	4,593	328.8%
- Trade Accounts & Notes Receivable	5,436	6,328	-892	-14.1%	6,687	-1,251	-18.7%
- Inventories	1,846	1,790	56	3.1%	1,703	143	8.4%
Non Current Assets	22,596	21,267	1,329	6.2%	23,232	-636	-2.7%
Liabilities	17,888	20,748	-2,860	-13.8%	19,959	-2,072	-10.4%
- Current Liabilities	8,300	15,666	-7,366	-47.0%	13,551	-5,251	-38.7%
- Fixed Liabilities	9,587	5,081	4,506	88.7%	6,408	3,179	49.6%
Equity	17,981	11,419	6,562	57.5%	13,837	4,144	30.0%
Borrowings	11,377	12,911	-1,534	-11.9%	12,810	-1,433	-11.2%
- Short-term	4,876	11,157	-6,281	-56.3%	9,538	-4,662	-48.9%
- Long-term	6,502	1,754	4,748	270.7%	3,272	3,230	98.7%
Net Debt	5,387	11,876	-6,489	-54.6%	11,413	-6,026	-52.8%
Debt-Equity Ratio	99.5%	181.7%		-82.2%p	144.2%		-44.8%p
Current Ratio	159.9%	69.6%		90.3%p	78.0%		81.9%p

* Net Debt : Borrowings - Cash&Cash equivalents

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