

# 2018 3Q Result



**This presentation is consolidated financial result in compliance with K-IFRS with unaudited 3<sup>rd</sup> quarter of 2018 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.**

## Seoul R&D Center\_Opening in Mar. 2019

- Develop eco-friendly, fuel efficiency products and conduct research on advanced technology.
- The new R&D Center serves as a hub for integrating and managing four domestic and overseas technical centers.

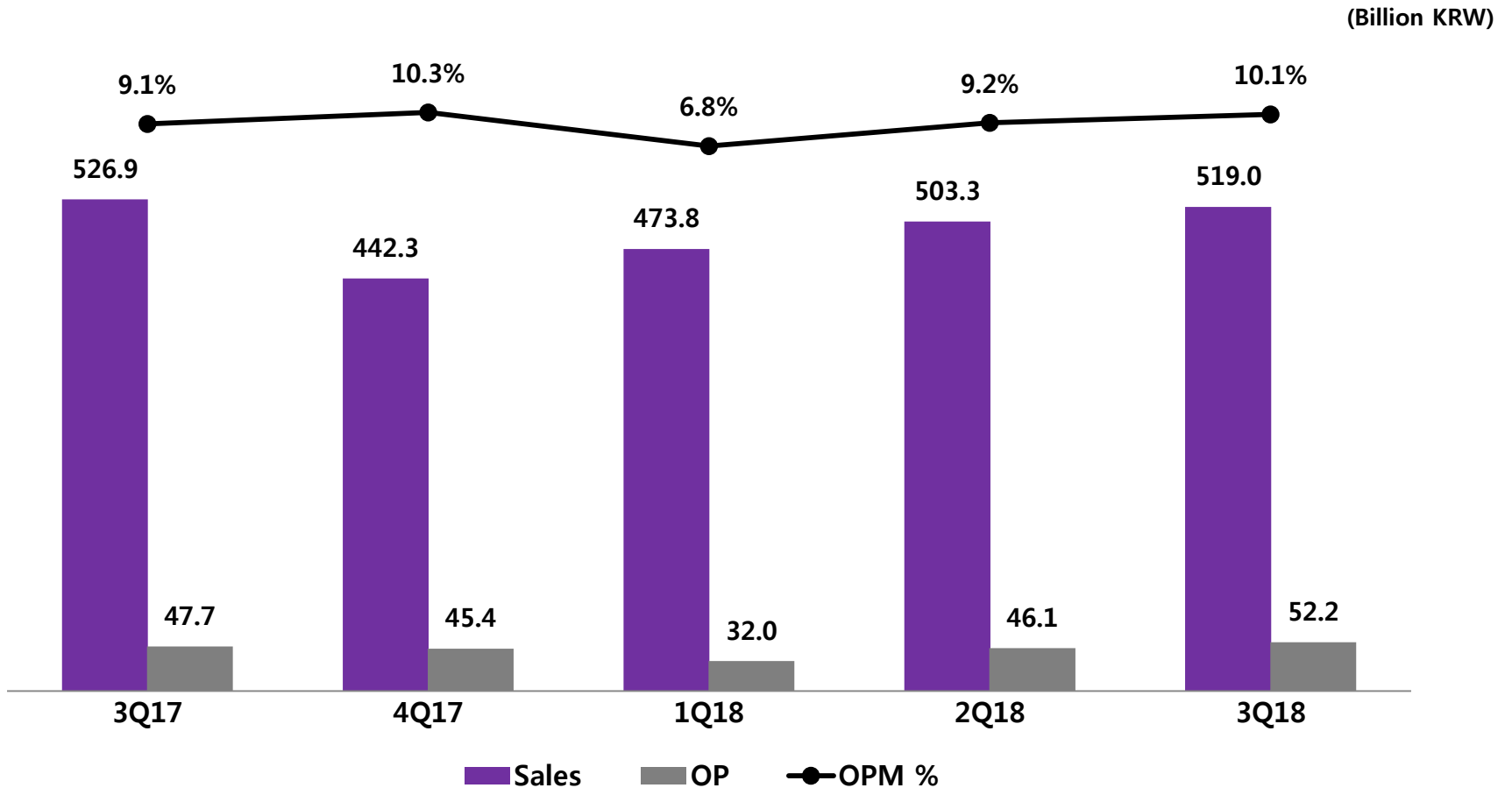


R&D Center  
Construction Site



R&D Center  
Airview Image

- Sales and profit increased with improved high-inch product demand and brisk exports to N. America and Europe.
- Earnings recovery to slow due to rising raw material prices and stagnant demand for high-performance products.



※ K-IFRS Applied

# Consolidated Income Statement

(Billion KRW)

	2017 3Q	2018 2Q	2018 3Q	QoQ	YoY
<b>Net Sales</b>	<b>526.9</b>	<b>503.3</b>	<b>519.0</b>	<b>3.1%</b>	<b>-1.5%</b>
<b>Gross Profit</b>	<b>169.0</b>	<b>147.8</b>	<b>160.3</b>	<b>8.5%</b>	<b>-5.1%</b>
<i>(%)</i>	<i>32.1%</i>	<i>29.4%</i>	<i>30.9%</i>	<i>1.5%P</i>	<i>-1.2%P</i>
<b>Operating Profit</b>	<b>47.7</b>	<b>46.1</b>	<b>52.2</b>	<b>13.2%</b>	<b>9.4%</b>
<i>(%)</i>	<i>9.1%</i>	<i>9.2%</i>	<i>10.1%</i>	<i>0.9%P</i>	<i>1.0%P</i>
<b>Ordinary Profit</b>	<b>51.4</b>	<b>30.2</b>	<b>39.8</b>	<b>31.9%</b>	<b>-22.6%</b>
<i>(%)</i>	<i>9.8%</i>	<i>6.0%</i>	<i>7.7%</i>	<i>1.7%P</i>	<i>-2.1%P</i>
<b>Depreciation</b>	<b>36.1</b>	<b>37.8</b>	<b>38.6</b>	<b>2.2%</b>	<b>6.9%</b>
<b>EBITDA</b>	<b>83.8</b>	<b>83.9</b>	<b>90.8</b>	<b>8.2%</b>	<b>8.3%</b>
<i>(%)</i>	<i>15.9%</i>	<i>16.7%</i>	<i>17.5%</i>	<i>0.8%P</i>	<i>1.6%P</i>

# Consolidated Balance Sheet

(Billion KRW)

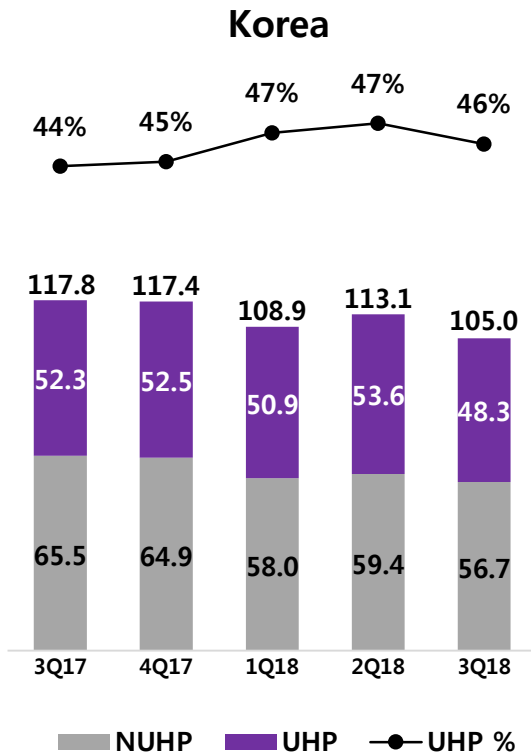
	2017 (B)	2018 3Q (A)	(A)-(B)
<b>Assets</b>	<b>2,794.0</b>	<b>3,174.3</b>	<b>380.3</b>
<b>Current Assets</b>	<b>913.5</b>	<b>988.3</b>	<b>74.8</b>
<b>Quick Assets</b>	<b>642.7</b>	<b>694.4</b>	<b>51.7</b>
<b>Inventories</b>	<b>270.8</b>	<b>293.9</b>	<b>23.1</b>
<b>(Cash and Cash     Equivalents)</b>	<b>253.6</b>	<b>249.1</b>	<b>-4.5</b>
<b>Non-Current Assets</b>	<b>1,880.5</b>	<b>2,186.0</b>	<b>305.5</b>
<b>Liabilities</b>	<b>1,455.1</b>	<b>1,768.7</b>	<b>313.6</b>
<b>Current Liabilities</b>	<b>648.2</b>	<b>809.7</b>	<b>161.5</b>
<b>Non-Current Liabilities</b>	<b>806.9</b>	<b>959.0</b>	<b>152.1</b>
<b>(Debt)</b>	<b>863.3</b>	<b>1,104.5</b>	<b>241.2</b>
<b>Shareholders' Equity</b>	<b>1,338.9</b>	<b>1,405.6</b>	<b>66.7</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2018 3Q	855.4	60.9%	125.8%	122.1%	44.3%
2017	609.7	45.5%	108.7%	140.9%	47.9%

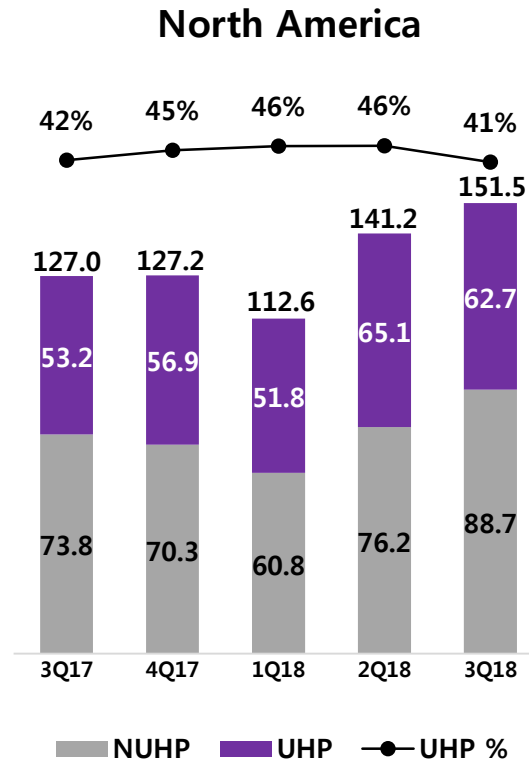


# Consolidated Sales by Region

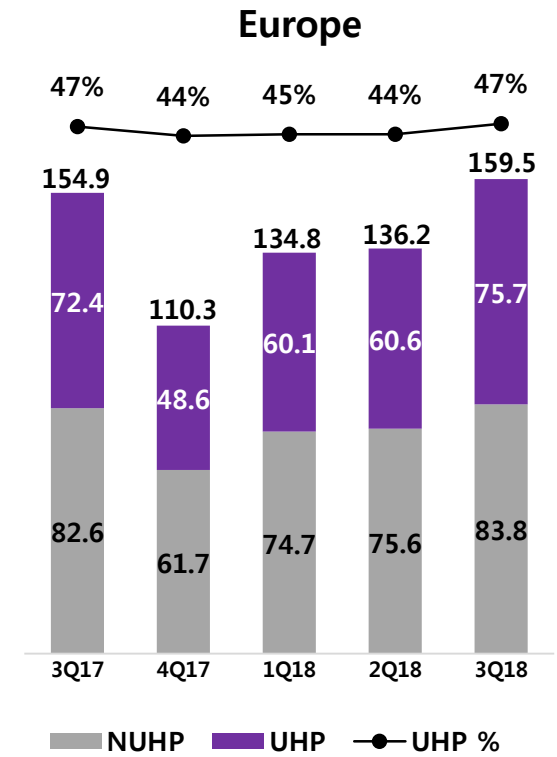
(Billion KRW)



- Reduced sales due to intensified competition and shrinking shipments from declined auto production.
- Imports continue to increase, intensifying competition in the premium market.



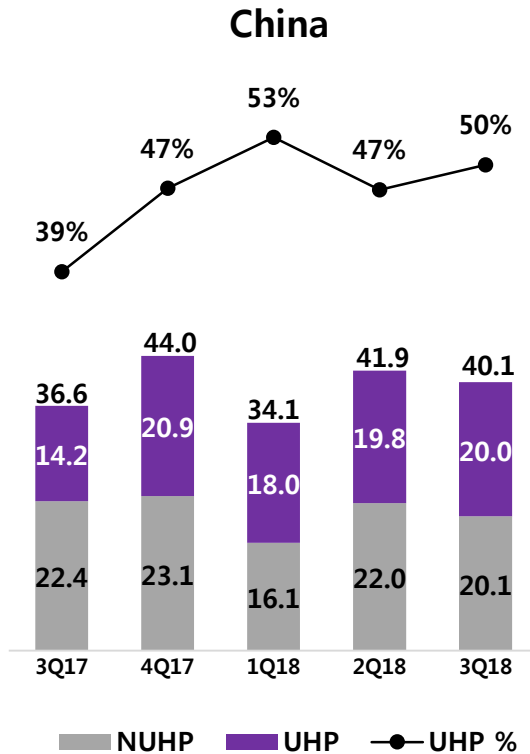
- Sales increased from RE market demand recovery.
- Market will be stabilized as a result of the USMCA settlement.



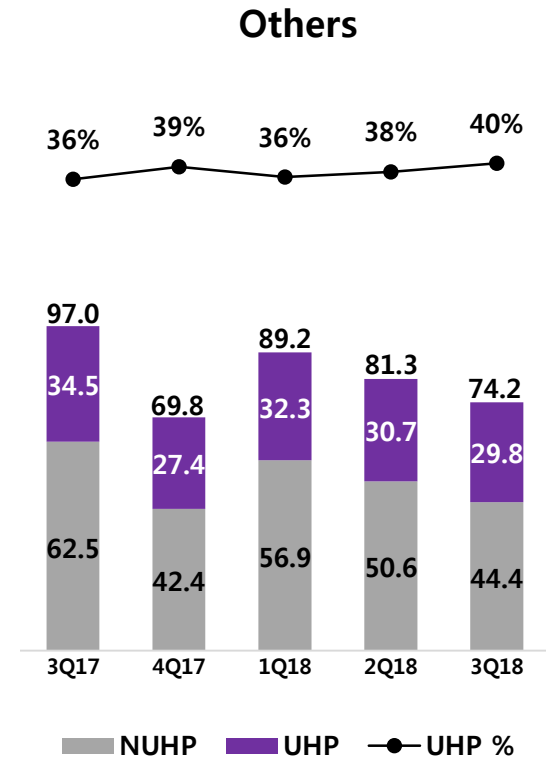
- Sales recovered as winter and OE products sales increased.
- Increase market share with premium products and responding to various market demands.

# Consolidated Sales by Region

(Billion KRW)



- Weak demand due to contraction in consumer sentiment caused by trade conflict and economic slowdown.
- Market instability will continue with unstable raw material prices and local tire utilization rate from environmental regulations.



- Lower sales due to economic sanctions on Iran and weak demand from economic instability in Latin America.

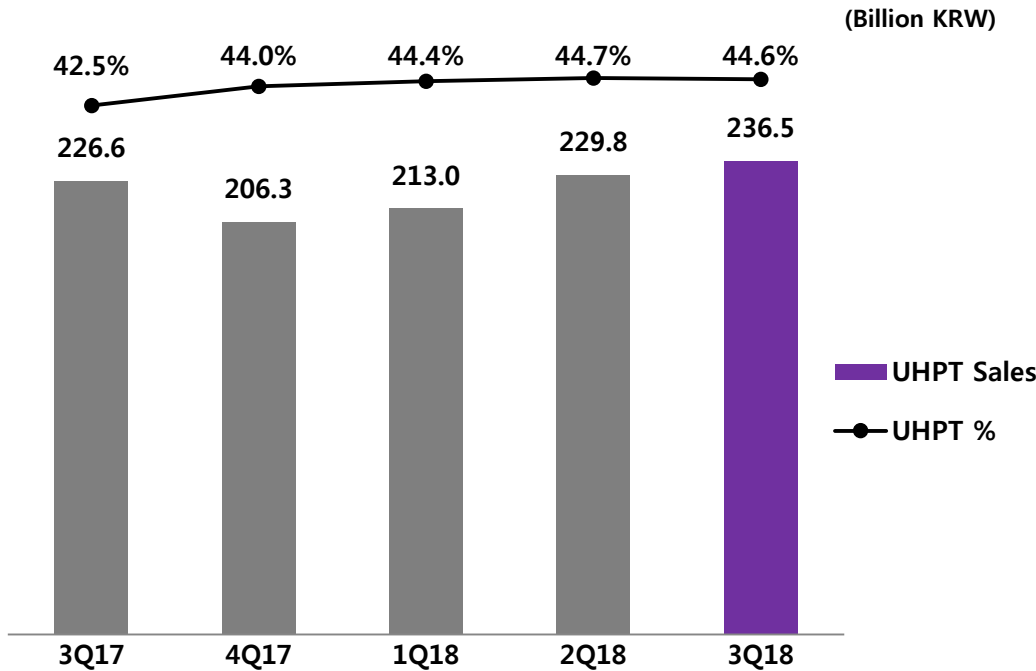


# Consolidated UHPT Sales

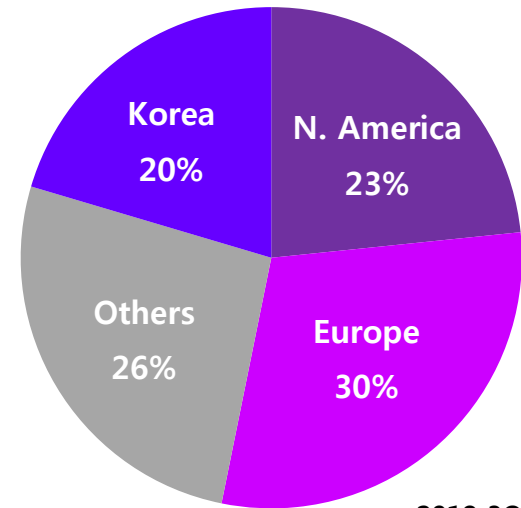
(Billion KRW)

	2017 3Q	2018 2Q	2018 3Q	QoQ	YoY
UHPT Sales	226.6	229.8	236.5	2.9%	4.4%
% / Net Sales	42.5%	44.7%	44.6%	-0.1%P	2.1%P
% / Total Volume	37.4%	39.5%	39.8%	0.3%P	2.4%P

※ Sum of each corporations' shipment



## UHPT Sales by Region



2018 3Q KRW-based

# Consolidated Operating Expenses

(Billion KRW)

	2017 3Q	2018 2Q	2018 3Q	QoQ	YoY
<b>Freight &amp; Logistic Expense</b>	28.9	11.8	12.3	4.2%	-57.4%
<b>SG&amp;A Expenses</b>	92.4	89.9	95.8	6.6%	3.7%
- Salaries	24.9	27.2	28.5	4.7%	14.1%
- R&D	15.5	16.7	17.1	2.7%	10.3%
- Advertising	11.8	12.7	13.2	4.4%	11.9%
- Others	40.1	33.3	37.0	10.9%	-7.7%
<b>Other Income &amp; Expenses</b>	1.4	-0.1	-4.4	3,489.0%	-410.4%

# Consolidated Financial Income & Expenses

(Billion KRW)

	2017 3Q	2018 2Q	2018 3Q	QoQ	YoY
<b>Financial Income &amp; Expenses</b>	2.3	-15.8	-8.0	49.3%	-446.3%
- Interest	-3.6	-3.6	-3.2	10.7%	11.3%
- Foreign Currency Transaction	6.5	0.4	1.6	316.4%	-74.7%
- Foreign Currency Translation	-0.6	-8.8	-7.3	16.5%	-1,037.6%
- Others	0.1	-3.8	0.9	123.2%	866.8%

# Consolidated Income Statement

(Billion KRW)

	2012	(%)	2013	(%)	2014	(%)	2015	(%)	2016	(%)	2017	(%)
Net Sales	1,706.2	100.0	1,728.2	100	1,758.8	100.0	1,837.5	100.0	1,894.7	100.0	1,964.8	100.0
Cost of Goods Sold	1,249.4	73.2	1,239.2	71.7	1,197.8	68.1	1,218.5	66.3	1,207.9	63.8	1,327.6	67.6
Gross Profit	456.8	26.8	489.0	28.3	561.0	31.9	619.0	33.7	686.8	36.2	637.2	32.4
SG&A	276.6	16.2	312.2	18.1	352.5	20.0	394.1	21.4	438.8	23.2	451.8	23.0
Operation Profit	180.2	10.6	176.8	10.2	208.6	11.9	224.9	12.2	248.0	13.1	185.4	9.4
Non-Operating Income	62.6	3.7	60.7	3.5	61.0	3.5	57.5	3.1	64.9	3.4	64.5	3.3
Non-Operating Expenses	84.0	4.9	82.4	4.8	101.7	5.8	115.1	6.3	94.5	5.0	85.7	4.4
Ordinary Profit	158.1	9.3	161.4	9.3	164.1	9.3	164.8	9.0	216.5	11.4	166.7	8.5
Income Taxes	23.8	1.4	37.5	2.2	34.2	1.9	37.7	2.1	40.6	2.1	38.6	2.0
Net Income	134.3	7.9	124.0	7.2	129.8	7.4	127.1	6.9	176.0	9.3	128.1	6.5

※ K-IFRS Applied

# Consolidated Balance Sheet

(Billion KRW)

	2012	2013	2014	2015	2016	2017
<b>Asset</b>	<b>2,052.1</b>	<b>2,299.8</b>	<b>2,527.3</b>	<b>2,580.9</b>	<b>2,617.9</b>	<b>2,794.0</b>
<b>Current Assets</b>	<b>686.0</b>	<b>735.0</b>	<b>730.0</b>	<b>800.7</b>	<b>833.7</b>	<b>913.5</b>
Quick Assets	420.7	471.6	478.5	549.1	582.3	642.7
Inventories	265.2	263.4	251.5	251.6	251.4	270.8
<b>Non-Current Assets</b>	<b>1,366.1</b>	<b>1,564.8</b>	<b>1,797.3</b>	<b>1,781.3</b>	<b>1,784.2</b>	<b>1,880.5</b>
Investment Assets	68.6	48.9	46.6	28.3	53.3	37.3
Property & Equipment	1,278.9	1,482.2	1,702.4	1,692.0	1,647.2	1,765.7
Intangible Assets	5.5	7.9	13.1	14.0	15.2	19.1
<b>Liabilities</b>	<b>1,371.5</b>	<b>1,502.7</b>	<b>1,594.0</b>	<b>1,546.8</b>	<b>1,415.1</b>	<b>1,455.1</b>
<b>Current Liabilities</b>	<b>641.8</b>	<b>695.0</b>	<b>579.6</b>	<b>580.5</b>	<b>559.9</b>	<b>648.2</b>
<b>Non-Current Liabilities</b>	<b>729.8</b>	<b>807.7</b>	<b>1,014.3</b>	<b>966.3</b>	<b>855.2</b>	<b>806.9</b>
<b>Capital</b>	<b>565.0</b>	<b>680.6</b>	<b>797.0</b>	<b>1,034.0</b>	<b>1,202.7</b>	<b>1,338.9</b>

**Thank You**