

KUMHO TIRE

4Q 2024 Earnings Release



Disclaimer

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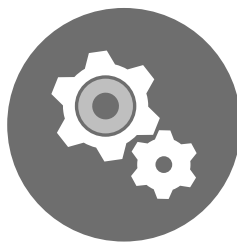


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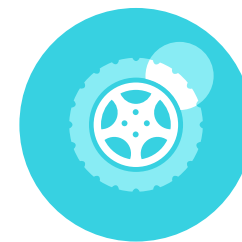
Annual Sales of KRW 4.5 tn, Operating Profit of KRW 590.6 bn

- **Above 18" product sales: 42%**
 - EnnoV and the new premium line has fortified the product portfolio.
- **EV Tire supply: 16.3%**
 - EV supply is expanding for global PCR/LTR OE demand.
- **YoY growth in global OE and RE sales**



Global Production Capacity Reached 62.5 mn tires

- **The completion of the 2nd expansion of the Vietnam plant has increased production capacity.**
- **Full operation of global production lines in 2024 (+4.5% YoY)**



OE Product Supply Expansion

- **19 new models with 37 new specs added (13 carmakers)**
 - Korea: HD *Santafe*, *Kona*, *Kia K5*
 - North America: Nissan *Altima*
 - Europe: Mercedes-Benz *Sprinter*
 - China: BYD, Chery, etc.

2024.4Q Financial Results

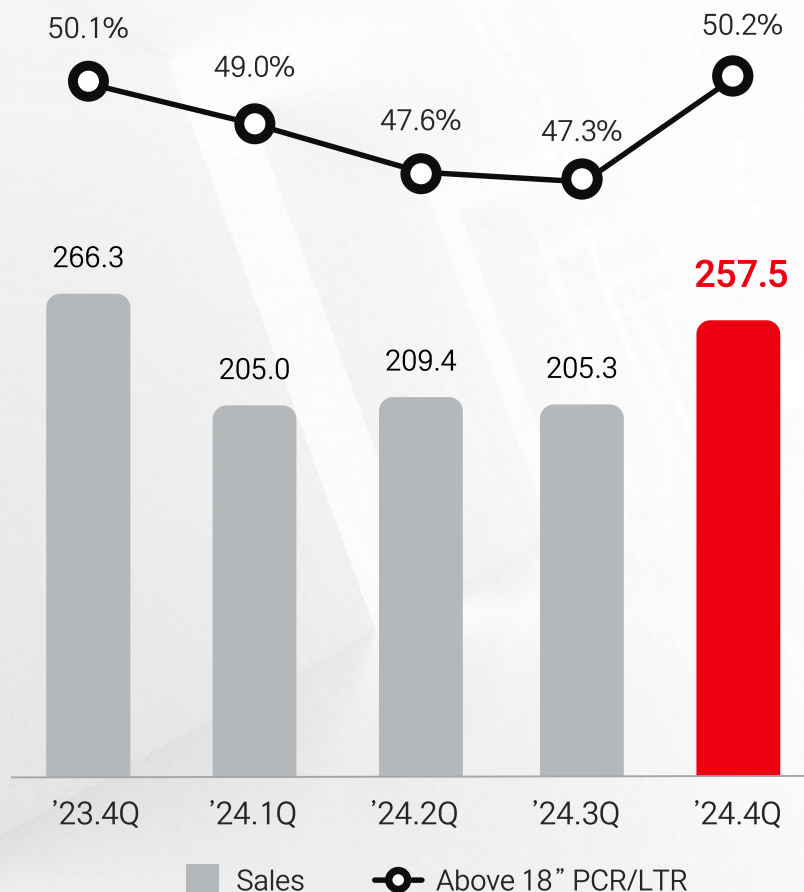
- ✓ 2024 Sales reached KRW 4.5 tn (+ 12.3% YoY), driven by growth in advanced markets like the U.S. and Europe
- ✓ Operating profit recorded KRW 590.6 bn (+43.7% YoY, OPM: 13%) with a focus on high-margin products
- ✓ Continued sales growth in both OE (+ 19.5% YoY) and RE (+9.4% YoY) segments

Sales & Earnings (KRW bn)

	2023					2024					4Q YoY	2024 YoY
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total		
Sales	998.9	1,004.1	977.5	1,060.9	4,041.4	1,044.5	1,131.9	1,115.0	1,246.6	4,538.1	17.5%	12.3%
COGS	773.7	752.1	700.7	704.9	2,931.3	726.0	785.9	789.0	854.9	3,155.8	21.3%	7.7%
OP	54.5	88.1	96.2	172.1	411.0	145.6	151.5	140.2	153.2	590.6	-11.0%	43.7%
Margin (%)	5.5%	8.8%	9.8%	16.2%	10.2%	13.9%	13.4%	12.6%	12.3%	13.0%		
Income BT	24.2	40.9	437	118.4	227.1	105.6	119.2	108.5	100.5	433.9	-15.1%	91.0%
Margin (%)	2.4%	4.1%	4.5%	11.2%	5.6%	10.1%	10.5%	9.7%	8.1%	9.6%		
EBITDA	119.7	157.2	165.2	242.9	684.9	209.1	216.1	205.4	220.4	851.1	-9.2%	24.3%
Margin (%)	12.0%	15.7%	16.9%	22.9%	16.9%	20.0	19.1%	18.4%	17.7%	18.8%		

2 Financial Results | Sales by Region

Korea (KRW bn)



Market

- Concerns over economic slowdown and high interest rates drove down the new car sales.
- 2024 Domestic Market Overview: PCR +2%, LTR -5%, TBR +8%
- 2024 New Car Sales Results: 1.62 mn units (-6.5% YoY from 1.74 mn units in 2023)

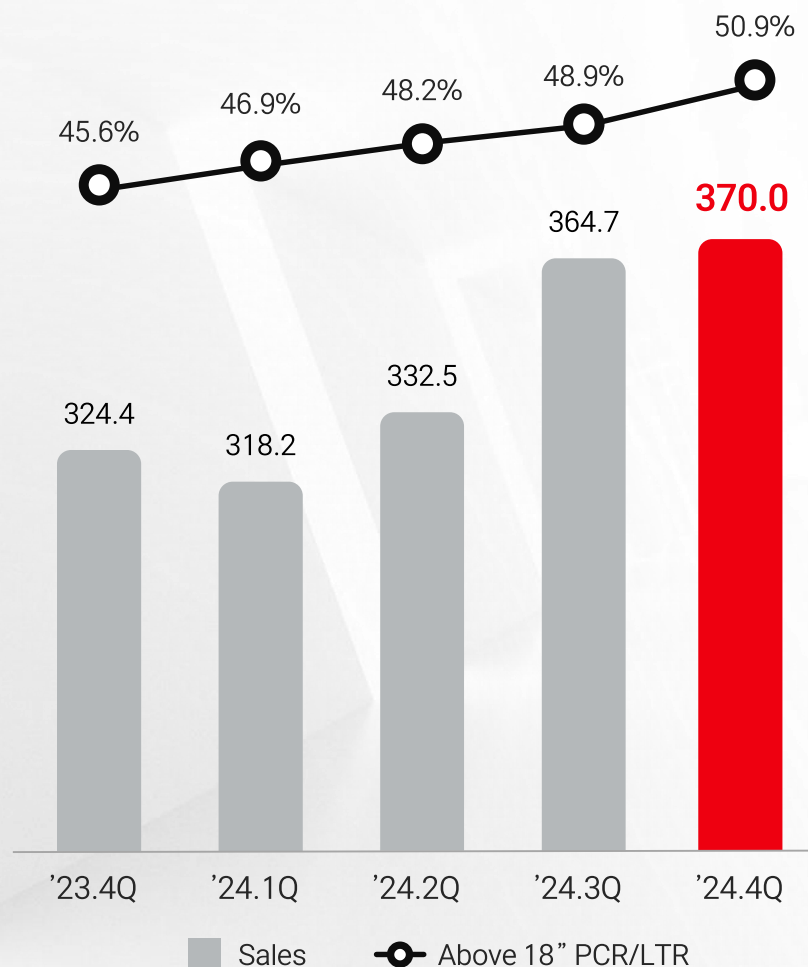
OE

- Kumho Tire's supply for ICE and HEV models has increased, despite the overall decline in market demand, leading to a QoQ sales growth.
- High-value product (HVP) sales have significantly grown, along with the expansion of truck & bus radial (TBR) sales

RE

- QoQ sales growth driven by strategic enhancement of channel competitiveness
- Expanded share of high-margin products through new product and strengthened retail competitiveness, B2B supply management strengthened to boost sales of premium, high-priced products

North America (KRW bn)



Market

- ☐ The OE market slightly declined due to the depletion of new car inventory
- 2024 Tire Market Outlook: OE -2%, RE +2%
- 2024 New Car Sales Forecast: 15.91 mn units (+2.3% YoY from 15.55 mn units in 2023)

OE

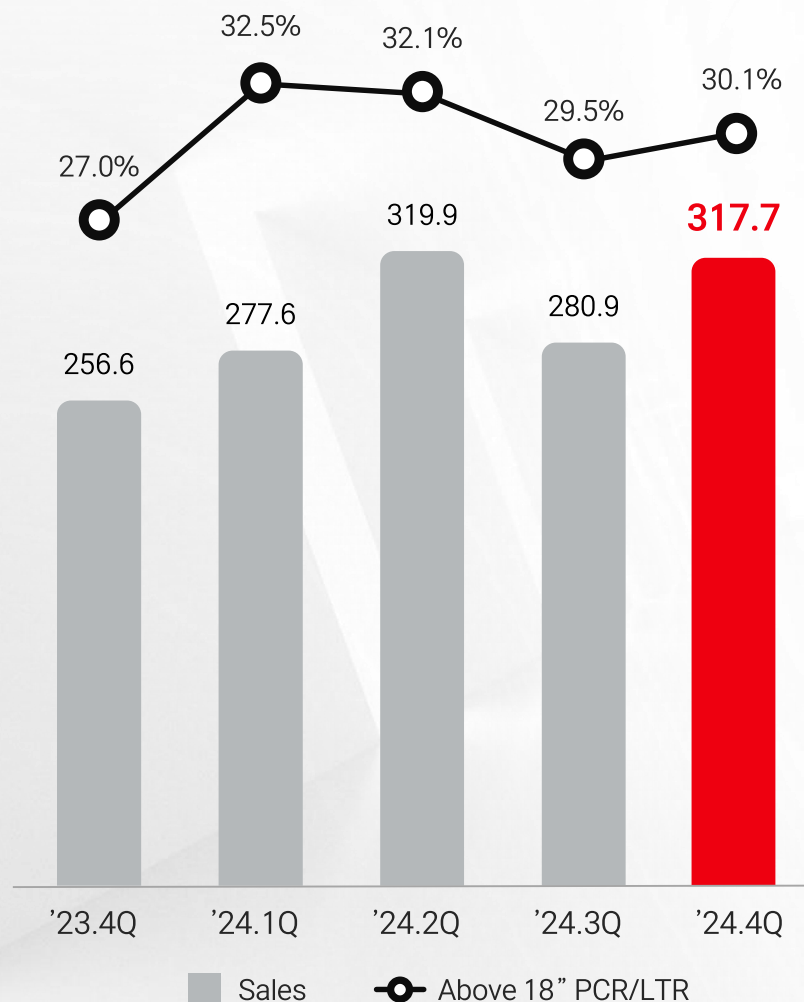
- YoY sales growth driven by growth in high-volume vehicle models and new car sales (HD/Kia, Nissan)
- HVP sales continued to expand, supported by ongoing efforts to penetrate into NA's big 3 automakers

RE

- YoY sales growth attributable to the increasing number of national retail partners adopting Kumho Tire products
- Continuous revenue improvements through pursuit of new demand via new business opportunities and new clients and the promotion of HVP sales

2 Financial Results | Sales by Region

Europe (KRW bn)



Market

- RE-driven growth, backed by seasonal product demand
 - 2024 Tire Market Overview: OE -7%, RE +9%
 - 2024 New Car Sales Outlook: 9.3 mn units (YoY +0.5% from 9.26 mn units in 2023)
 - The OE market has contracted due to the slowdown in new car sales growth and weak EV sales.

OE

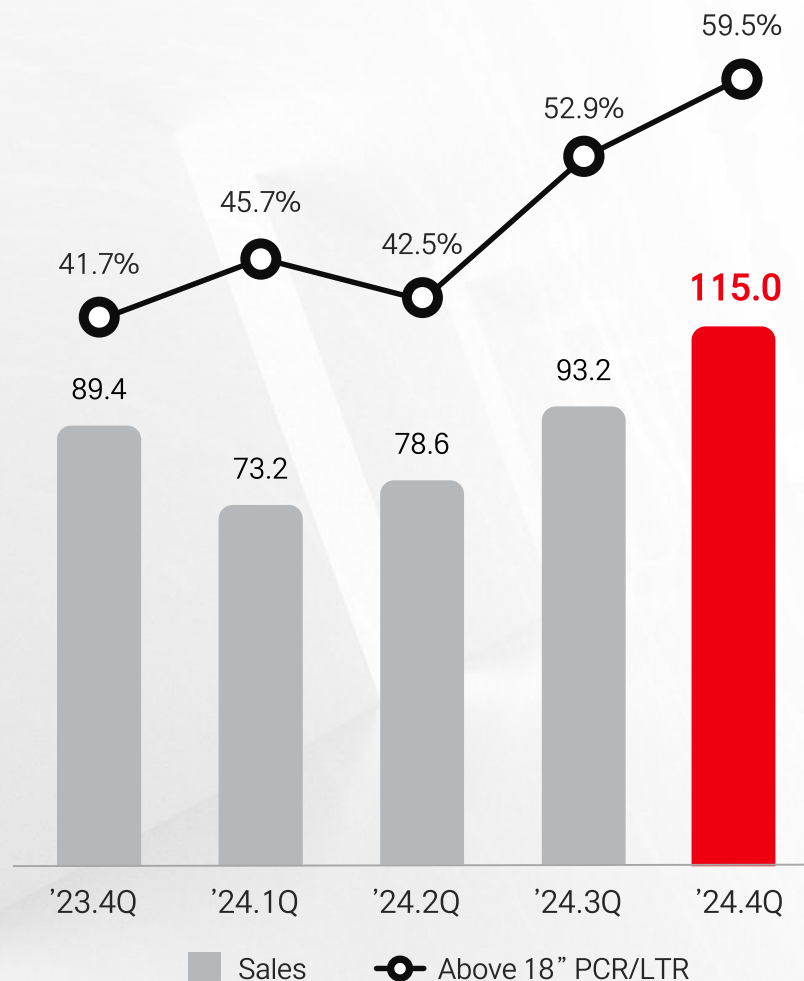
- Kumho Tire's supply has increased QoQ and YoY, despite the declined demand for some automakers in Europe
- In 2025, profitability is expected to improve through the timely launch of new car models and an expanded supply of high-priced models, including Mercedes-Benz *Sprinter*

RE

- Sales have increased QoQ and YoY, supported by the development of new clients through diversified distribution channels and the expansion of warehouse sales via pan-European chains and retail partnerships.
- Notably, strong growth was realized in high-margin, HVP sales

2 Financial Results | Sales by Region

China (KRW bn)



Market

☐ The OE market maintained growth, driven by the increasing EV demand.

- 2024 Tire market Overview: OE +3%, RE -1%
- 2024 New Car Sales Outlook: 26.01 mn units (YoY +3.1% from 25.24 mn units in 2023)

OE

- Sales continued growth QoQ and YoY, supported by the expansion of supply to major local carmakers (BYD, Chery, and GAC Group)
- Notably, the increased supply of HVPs led to a gradual rise in its share in earnings.

RE

- Due to the sluggish recovery of domestic consumption, sales have slightly declined QoQ and YoY.
- Moving forward, our goal is to improve sales through the development of untapped markets and the expansion of promotional campaigns.

✓ Sales Target: KRW 5 tn

- 2024 Sales: KRW 4.5 tn → 2025 Sales Target: KRW 5 tn
- The goal is to maintain sales growth by increasing regional sales in Europe and the U.S., while continuously reviewing production CAPA expansion to support sustainable growth.

✓ Target Sales Ratio of 18" and Above Products in PCR/LTR Sales: 46%

- 2023: 38.1% → 2024: 41.8% → 2025 Target: 46%
- Aiming to expand its share in overall sales by 4.2%p from 41.8% in 2024
- Strengthening the premium large-diameter product portfolio, including the EV brand, *EnnoV*

✓ EV Tire Supply Target Ratio : 26%

- EV share in PCR/LTR OE supply: 9.8% in 2023 → 16.3% in 2024 → 2025 Target: 26%
- Strategically expanding supply to new OE C/M and new vehicle models and increasing volume for existing OE partnerships.

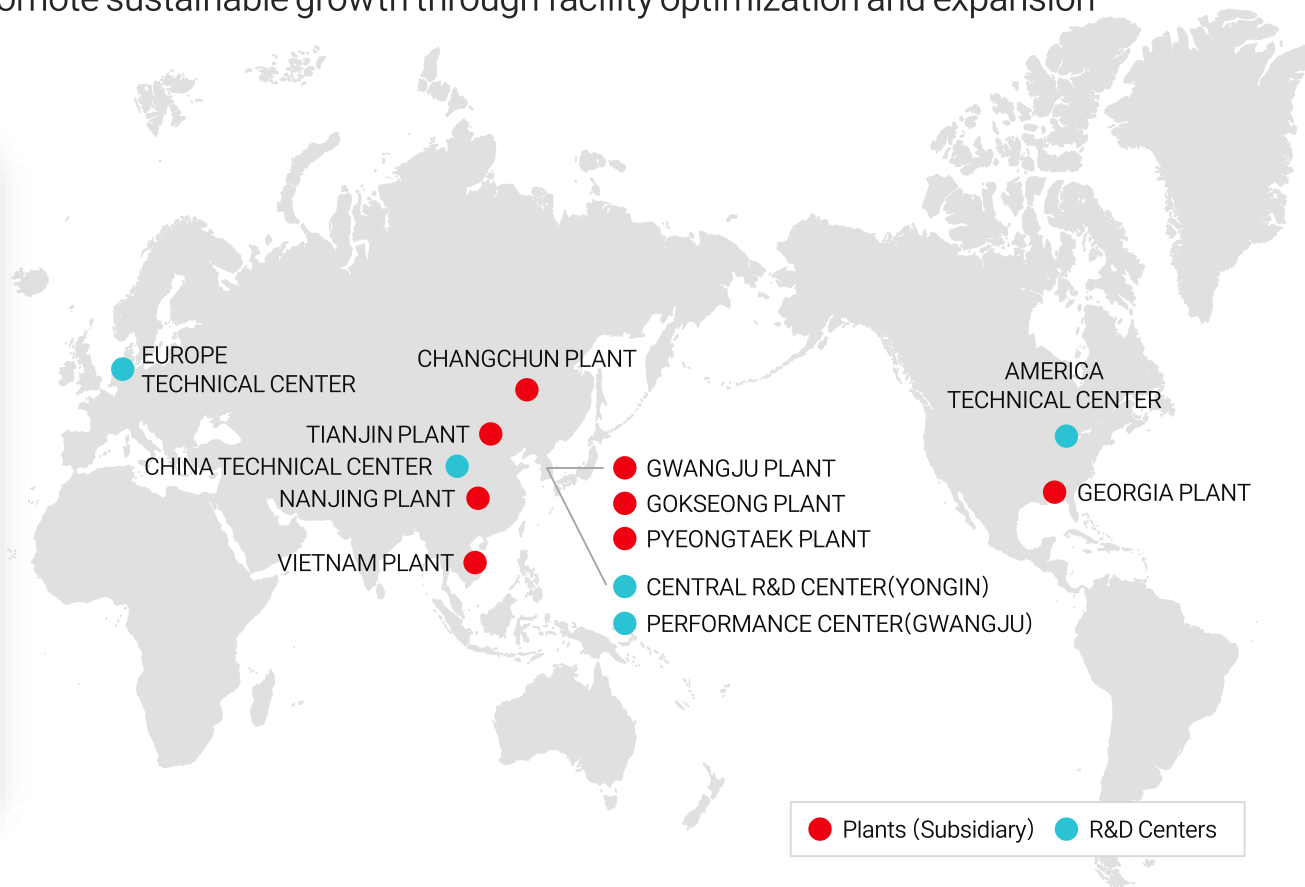
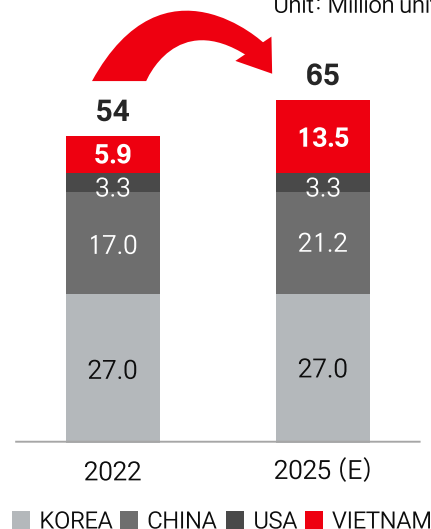
4 Global Production Capacity

Plan to secure a total production capacity of 65 mn tires across 8 plants with competitive quality and cost controls

※ Maximizing capacity to promote sustainable growth through facility optimization and expansion

Global CAPA Growth

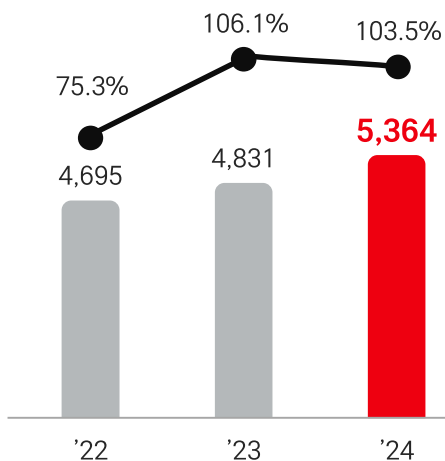
Unit: Million units



KUMHO
TIRE

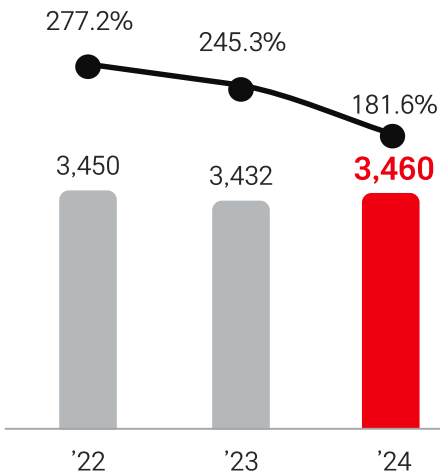
Assets (KRW bn)

Current ratio



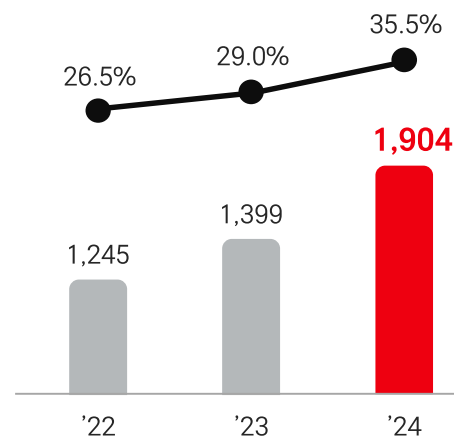
Liabilities (KRW bn)

Debt ratio

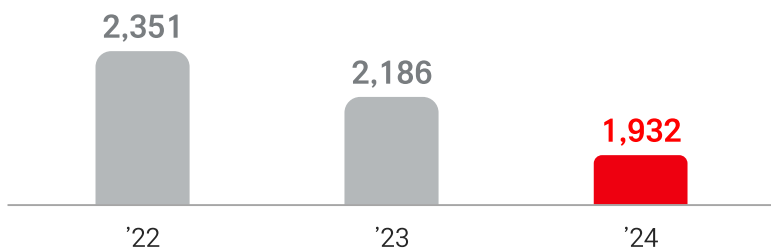


Equity (KRW bn)

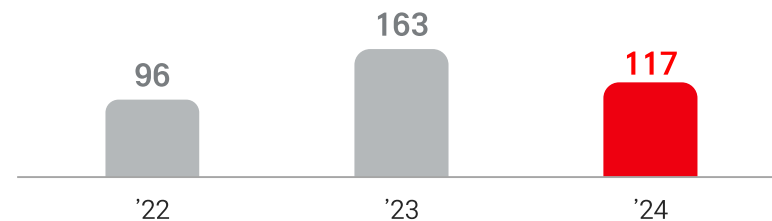
Equity ratio



Interest-Bearing Debt (KRW bn)



Net interest expenses (KRW bn)



Raw Material Trends

Natural Rubber

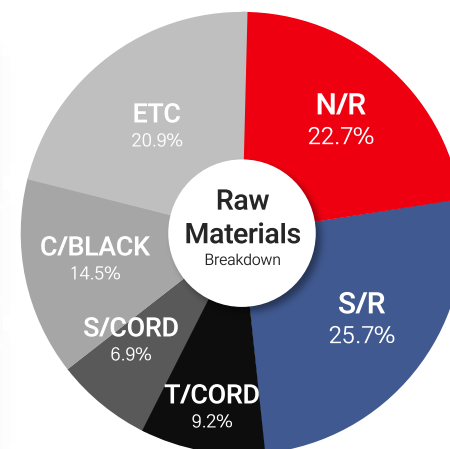
SICOM prices initially fell due to the EUDR postponement but rebounded to \$1,960/ton in Q4 2024, driven by expectations of China's economic stimulus measures.

Synthetic Rubber

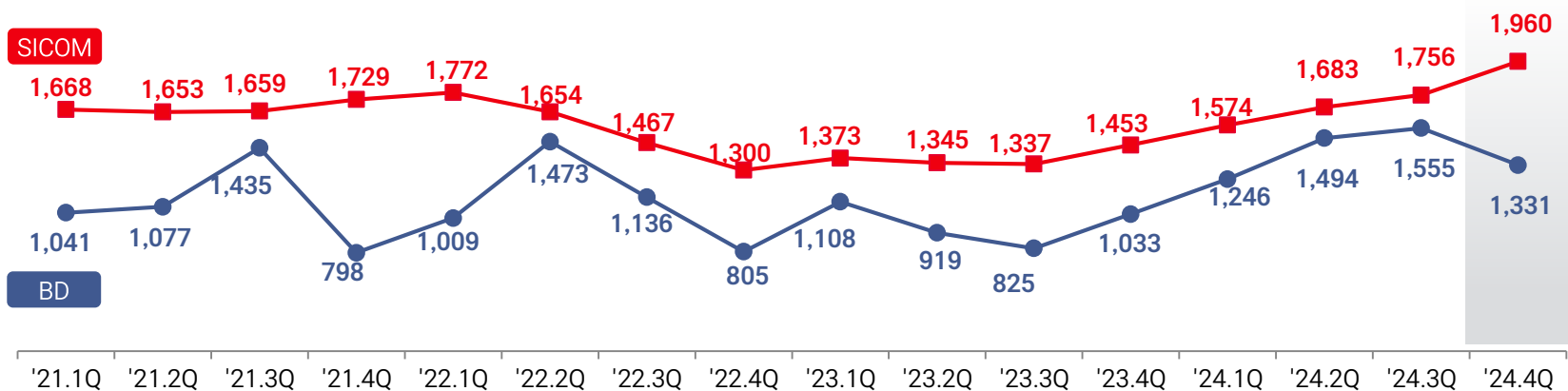
Butadiene (BD) prices dropped due to offshore supply influx but are unlikely to decline further, expected to stabilize at \$1,331/ton in Q4 2024.

Carbon Black

Crude oil prices fell due to eased M/E tensions and higher U.S. oil inventories, lowering carbon black feedstock prices. However, oil prices are expected to stay firm amid OPEC+ delays and rising U.S. production.



Raw Materials Price Trends (Unit: USD/ton)



※ Natural rubber is based on SICOM, while synthetic rubber is based on BD (Butadiene)

Global SCM Logistics and Business Freight Costs

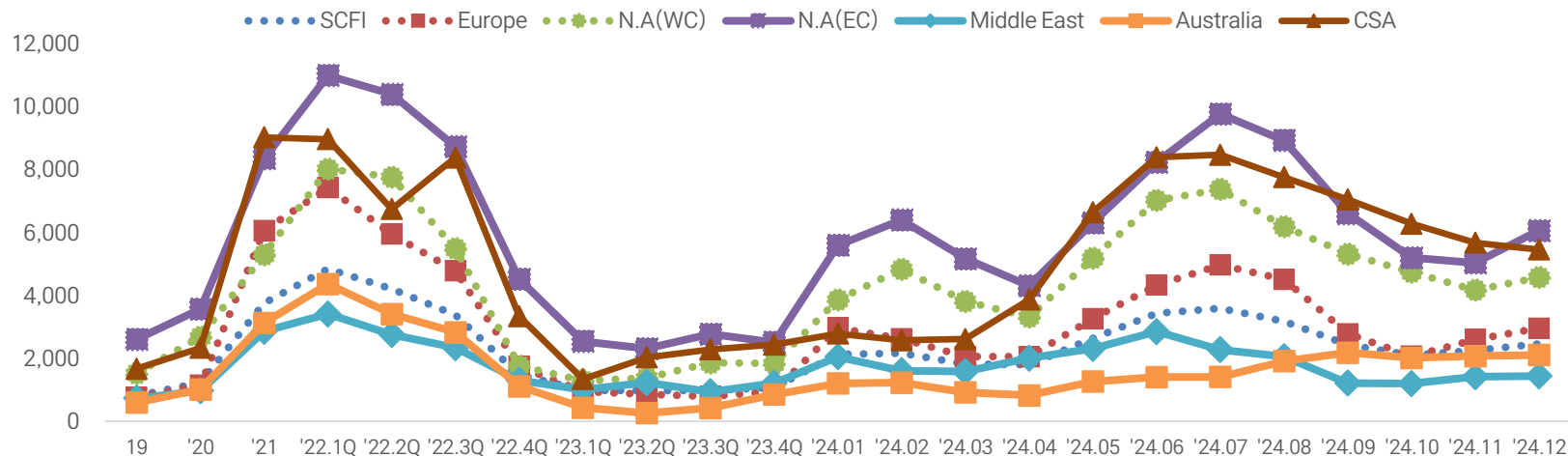
Global/Domestic Logistics Market

Freight rates surged in early 2024 due to increased Chinese volumes and potential U.S. East Coast port strikes but declined later in the year. Despite geopolitical uncertainties such as the ongoing Red Sea crisis and the inauguration of the second Trump administration, freight costs are expected to stabilize due to supply-demand imbalances.

Business Freight Costs in 4Q 2024

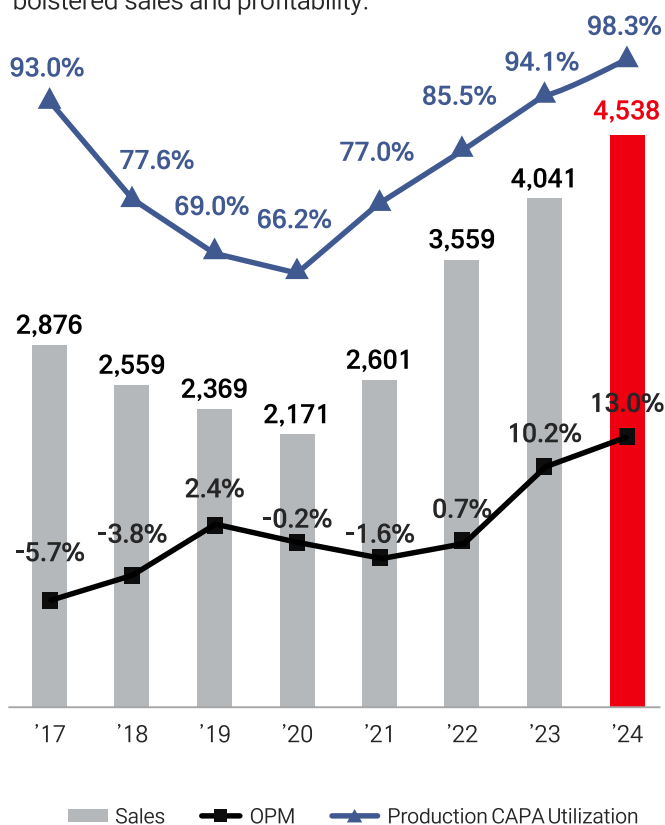
Due to the prolonged Red Sea crisis, high freight rates persisted throughout 2024, with Q4 freight costs increasing YoY. However, continuous negotiations with shipping companies and efforts to reduce freight costs have led to a decrease in freight costs compared to Q3.

SCFI (Shanghai Containerized Freight Index) (Unit: \$)



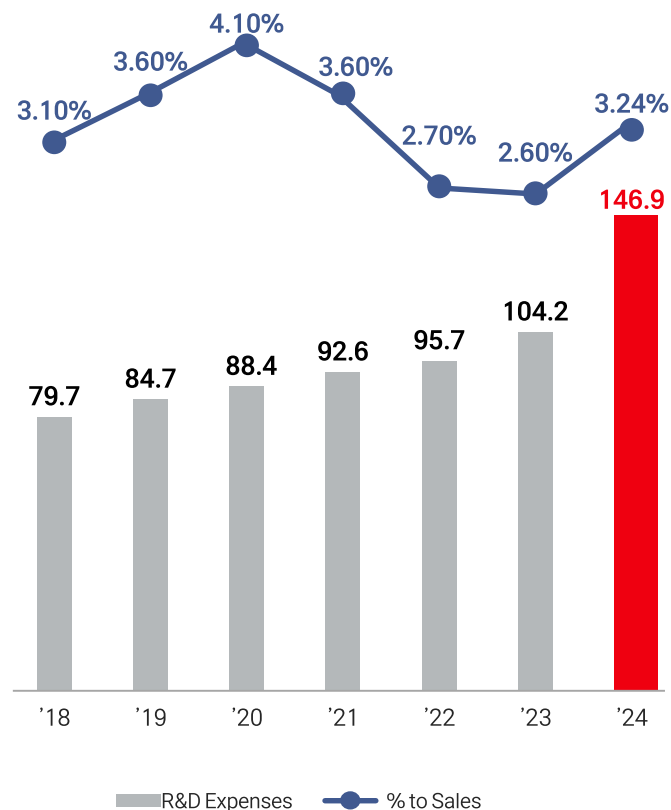
CAPA Expansion & Growing Global Sales (KRW bn)

- ✓ Plant expansions have increased CAPA and utilization rates.
- ✓ Continuous growth in global sales volume, led by the U.S. and European markets.
- ✓ Improved productivity and cost competitiveness have bolstered sales and profitability.



Continued Growth in R&D Investments (KRW bn)

- ✓ Steady growth in R&D investment over the past 5 years
- ✓ Enhanced brand image through advancements in technology and quality



ESG Management Highlights



EcoVadis
Awarded the Gold Medal



Solar power generators added to 7 global plants, achieving 10% RE (Renewable Electricity) Usage



TISAX Information Security Certification



Introduction of e-Voting System



Solar power generators installed at the Vietnam Plant (Jan. 2023)

ESG Scores & Recognitions



MSCI
AA Grade




ecovadis
Business Sustainability Ratings
Gold



Korea Institute of Corporate Governance and Sustainability
(Environment: A, Social: B+, Governance: B+)
B+




CDP
DISCLOSURE INSIGHT ACTION
Management
B




제 31회 기업혁신 대상 국무총리상 수상
Prime Minister's Award at the 31st Business Innovation Awards by KCCI & MOTIE



2024 대한민국 지속가능성대회
KOREAN SUSTAINABILITY CONFERENCE 2024
1st Place in Tire Sector of the Sustainability Index by the Korea Standards Association, along with the Sustainability Report Award



2024 글로벌탑 우수 환경기술대상 시상식
Grand Prize at the Global Top Environmental Technology Awards by the Ministry of Environment



Recognized as an Outstanding Sustainability Partner by Nissan North America

(KRW bn)

	2022	2023	2024
Current assets	1,765	2,002	2,336
Non-current assets	2,917	2,829	3,028
Assets	4,695	4,831	5,364
Current liabilities	23,43	1,886	2,256
Non-Current liabilities	11,08	1,546	1,203
Liabilities	3,450	3,432	3,460
Capital stock	1,436	1,436	1,436
Capital surplus	225	225	225
Other components of equity	-19	-19	-19
Accumulated other comprehensive income	99	99	266
Accumulated deficits	-614	-476	-187
Non-controlling interest	118	135	184
Equity	1,245	1,399	1,904
Total Liabilities and equity	4,695	4,831	5,364

※ Figures may be subject to change based on the results of the external audit.

(KRW bn)

	2022	2023	2024
Sales	3,559	4,041	4,538
COGS	2,955	2,931	3,156
Gross Profit	604	1,110	1,382
SG&A	581	699	792
Operating Profit	23	411	591
Net non-operating expenses	107	184	157
Pre-tax profit	-84	227	434
Corporate tax expense	-6	55	82
Net profit	-77	172	352

※ Figures may be subject to change based on the results of the external audit.