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2Q 2021 Earnings Release

August 10, 2021

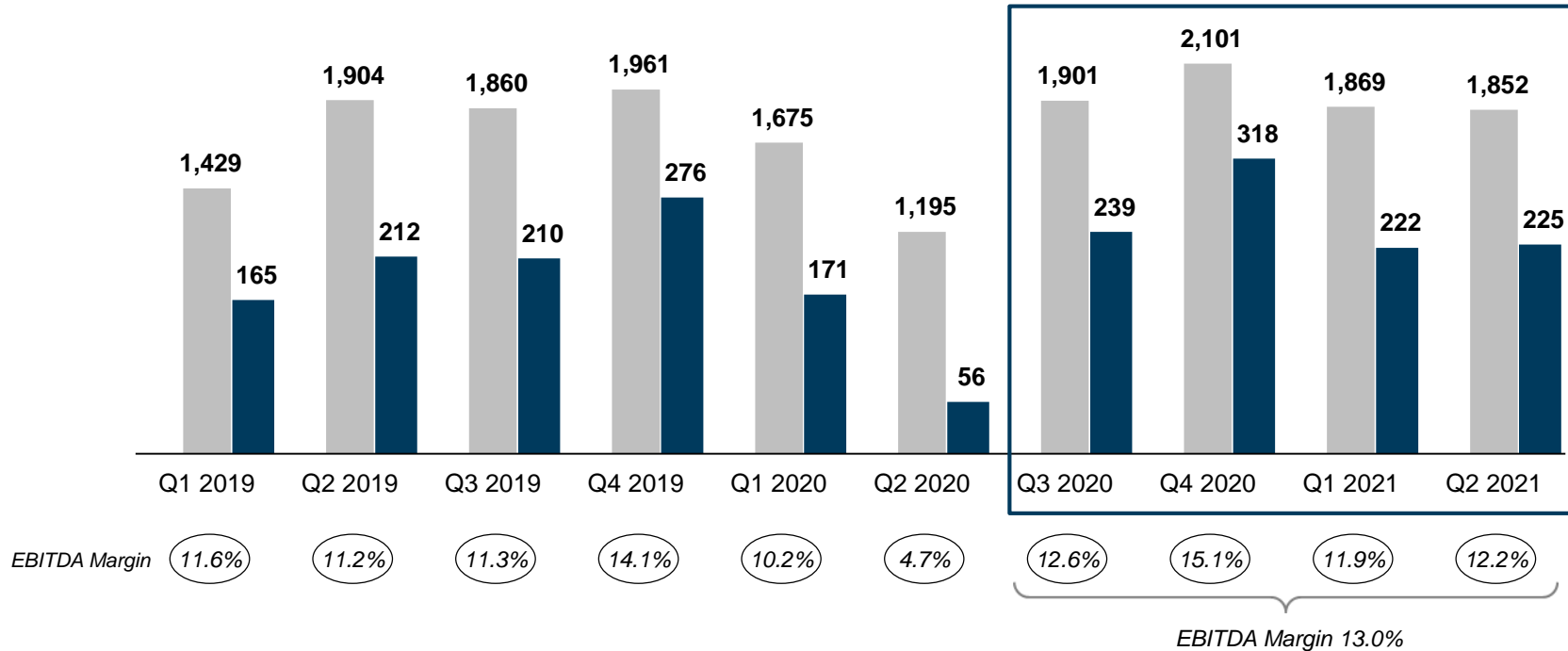
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Revenue and EBITDA Trend

Revenue (KRW in Billions)
 EBITDA (KRW in Billions)

1 Trillion EBITDA in Last Twelve Months



- **Trailing four quarters EBITDA exceeds KRW 1 trillion for the first time in the company's history**
- **Electrified Vehicles are expected to reach 22~23% in 2021 based on HMG and VW volume increase**
- **Volume rebound and favorable product mix will accelerate profitability improvement in 2H21**

2Q 2021: Key Financial Metrics

(KRW in Billions)

	2Q21	2Q20	YoY %	1Q21	QoQ %
Revenue	1,852	1,195	54.9%	1,869	-0.9%
COGS	1,627	1,121	45.2%	1,647	-1.2%
% of Sales	87.9%	93.7%		88.1%	
SG&A (Incl. R&D)	124	133	-6.2%	128	-2.7%
% of Sales	6.7%	11.1%		6.8%	
EBITDA	225	56	304.6%	222	1.5%
Margin (%)	12.2%	4.7%		11.9%	
Operating Profit	100	-58	Turn a Profit	94	6.8%
Margin (%)	5.4%	-4.8%		5.0%	
Net Income	100	-60	Turn a Profit	60	65.9%
Margin (%)	5.4%	-5.1%		3.2%	

2Q Revenue and OP Recovery from 2020; Softer Volume and Increase in Logistics Costs due to Industry-wide Supply Chain Issues

1H 2021: Key Financial Metrics

(KRW in Billions)

	1H 2021	1H 2020	YoY Variance	
Revenue	3,721	2,870	851	29.6%
COGS	3,274	2,597	677	26.1%
% of Sales	88.0%	90.5%		
SG&A (Incl. R&D)	252	271	-19	-6.9%
% of Sales	6.8%	9.4%		
EBITDA	447	227	220	96.9%
Margin (%)	12.0%	7.9%		
Operating Profit	194	2	192	N/A
Margin (%)	5.2%	0.1%		
Net Income	160	-27	187	Turn a Profit
Margin (%)	4.3%	-0.9%		

**1H21 Revenue Recovery from Low Base due to COVID-19;
Expect Profitability to Further Improve in 2H21**

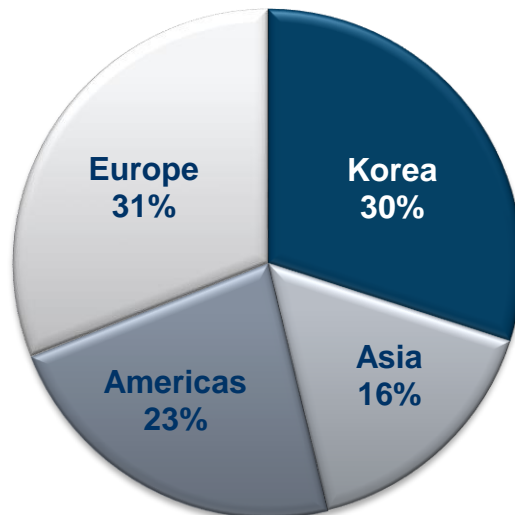
2Q 2021 Highlights

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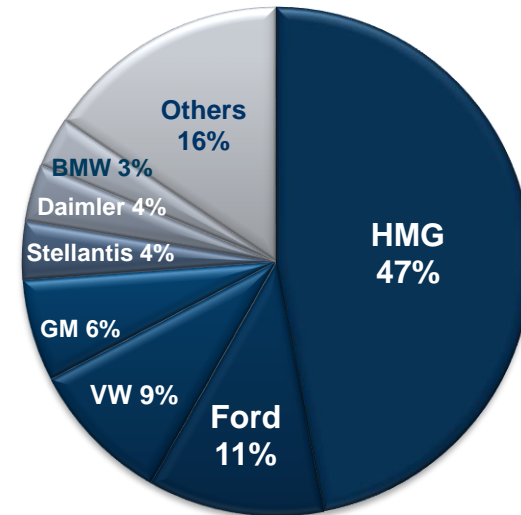
- Reached KRW 1.0 trillion in EBITDA target for the last four quarters (13.0% EBITDA margin)
- Global No.2 in automotive thermal systems with 21% of eco-friendly revenue in 1H21
- New Business Wins guidance increased by 10% from the previous guidance

Sales Breakdown (1H21)

By Region



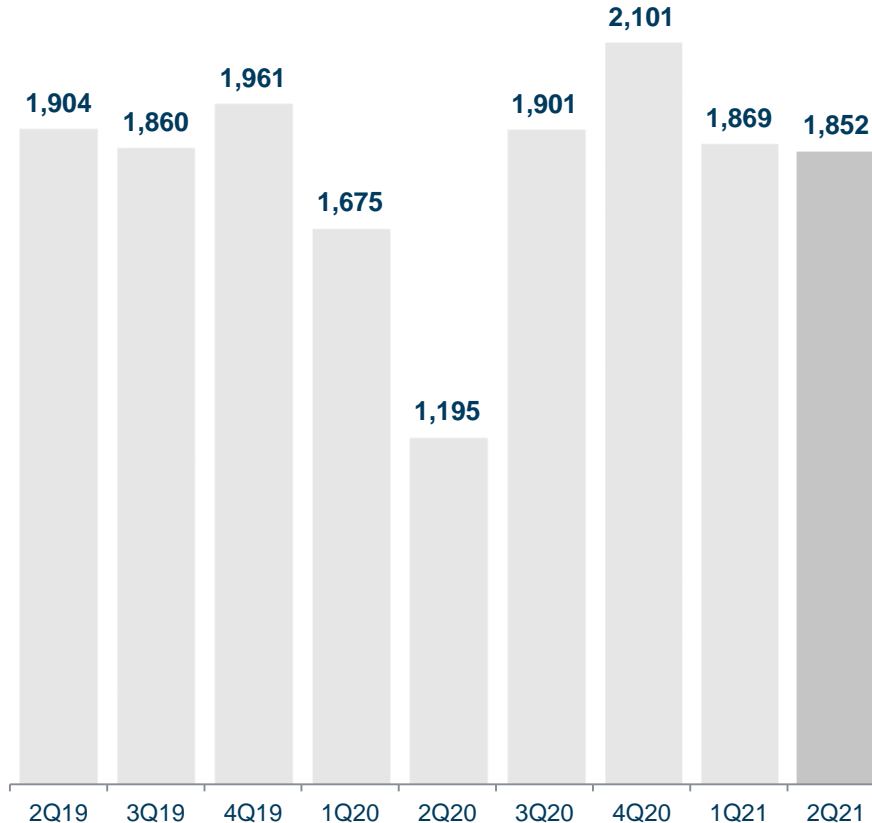
By Customer



Quarterly Sales

Consolidated Sales

(KRW in Billions)



Comments

- Americas, Europe and Korea YoY revenue up by 125%, 43% and 42% respectively; China revenue flat.
- Increase in Stellantis (+199%), VW (+148%), BMW (+72%), GM (+69%), Ford (+45%), HMG (+45%) and Daimler (+16%) YoY revenue
- Ford revenue down 32% QoQ due to the chip shortage
- Increase in VW (+12%) and HMG (+8%) QoQ revenue driven by the growth of EV sales

**55% YoY Revenue Increase in 2Q21
on Volume Growth and Favorable Product Mix**

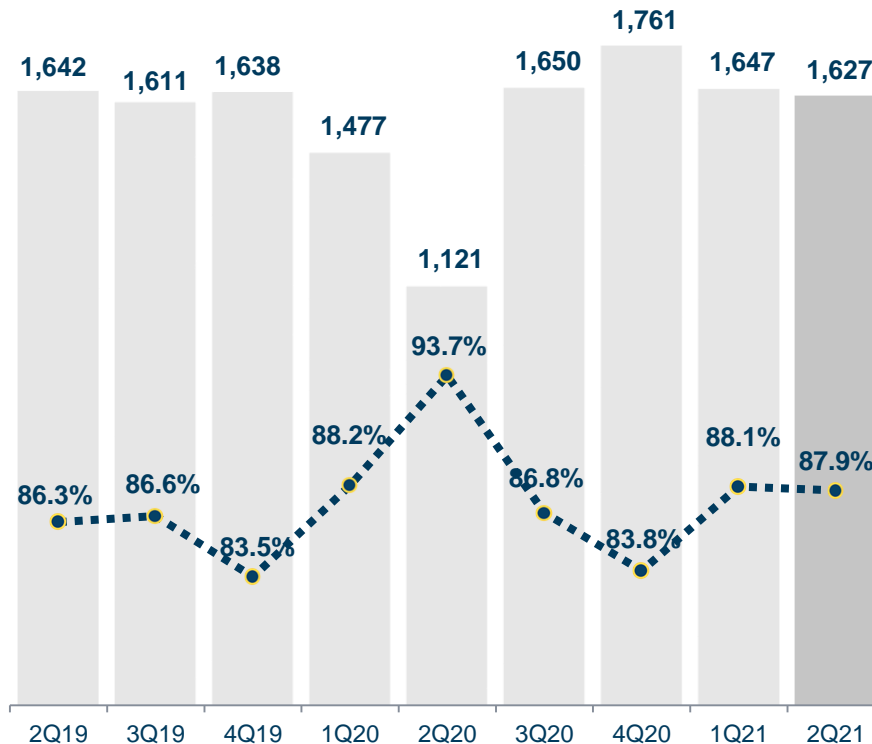
Quarterly COGS

Quarterly Cost of Goods Sold

Comments

(KRW in Billions)

COGS COGS%



- Positive factors:
 - Benefits from cost improvement actions
 - Volume recovery of YoY in Europe, Americas and Korea
- Negative factors:
 - Some OEM plant shutdowns due to chip shortage
 - Increase in raw material costs and shipping costs

Gross Margin Improvement due to Volume Recovery and Ongoing Cost Management

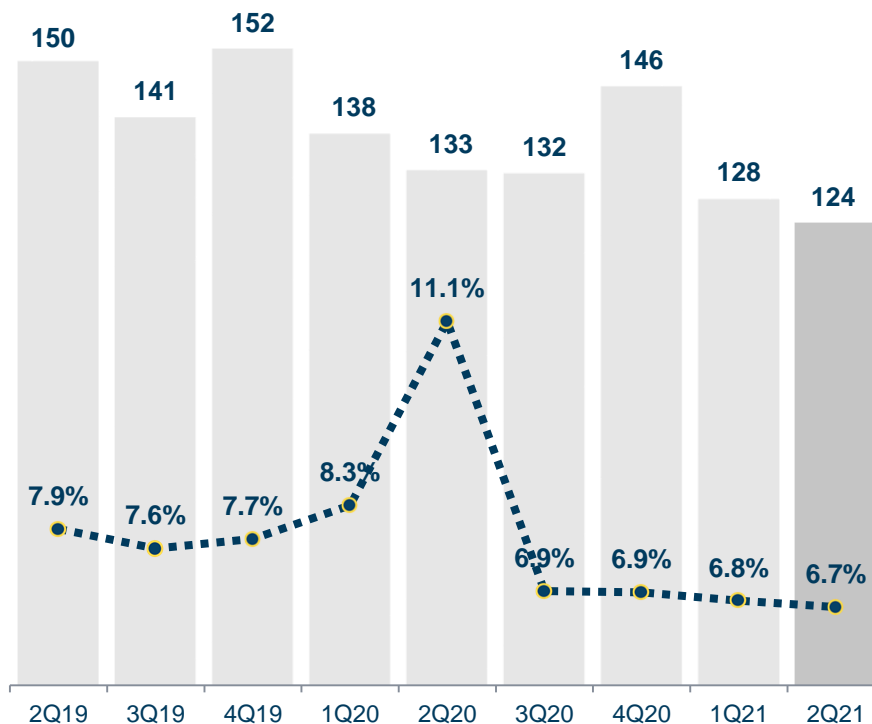
Quarterly SG&A

Quarterly SG&A Status

Comments

(KRW in Billions)

■ SG&A ●●● SG&A%



- 2Q21 SG&A expense: 6.7% of total revenue (-4.4%p YoY)
- 2Q21 R&D spend (incl. R&D capitalization): 4.5% of total revenue

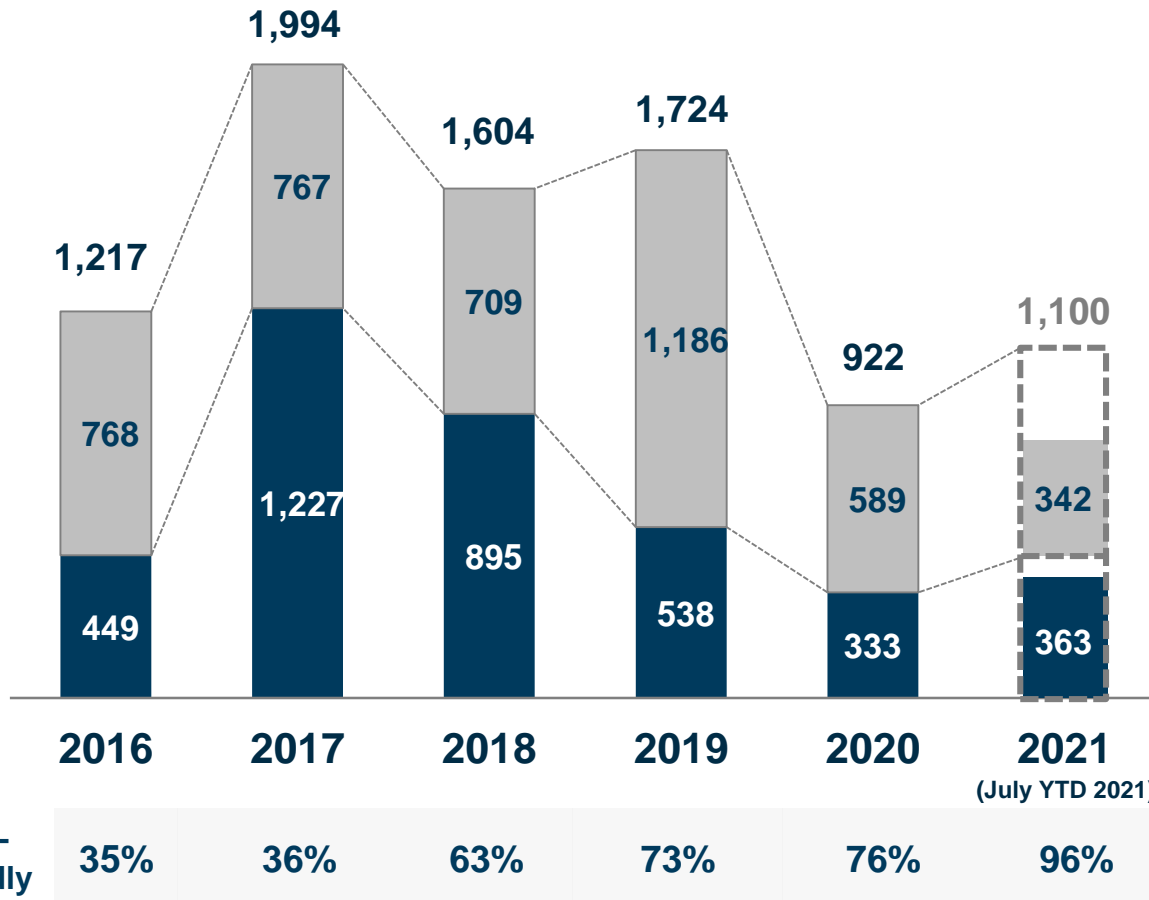
Cost Improvement Actions Continue to Yield Benefits Since 3Q20

New Business Wins Update

1H21 New Business Wins

■ Re-win ■ New-win

(Annual Average Revenue in USD Millions)

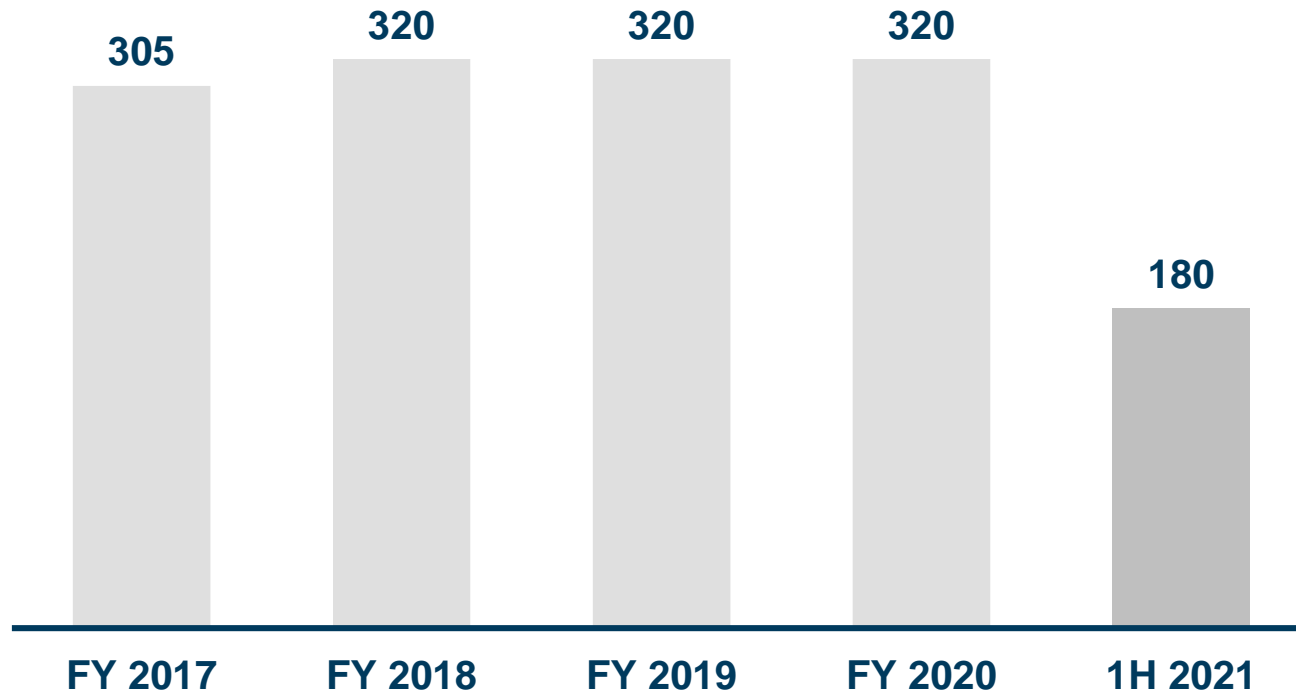


- Increase guidance to USD 1.1 billion (+10%) with additional opportunities
- 2021 New-win target is 60% and Re-win target is 40% for the consolidated entity
- 64% of new guidance secured by the end of July
- Orders from diverse customers account for 91% of New-wins

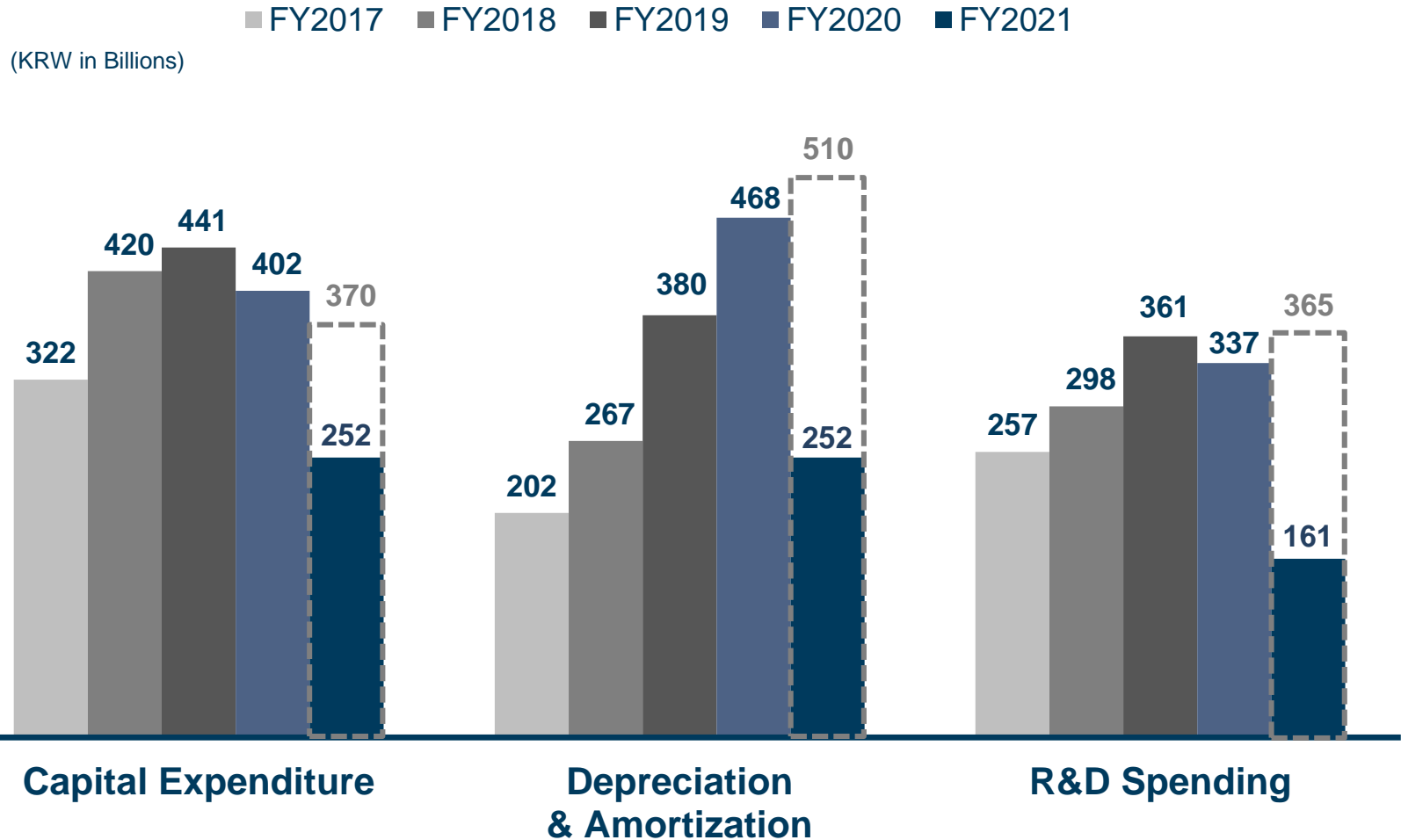
Eco-friendly
(% out of New win)

2Q21 Quarterly Dividend: 90 KRW per Share

Dividend per Share



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



**R&D Spending and CapEx to Balance in 2021
Supporting Business Continuity and Future Growth**

2Q 2021 Balance Sheet

(K-IFRS / KRW in Billions, x times)

Balance Sheet

	Jun 2021	Dec 2020	Dec 2019
Cash and cash equivalent	831	1,325	687
Account receivable	1,068	1,202	1,254
Inventories	880	630	613
Property and equipment	2,278	2,224	2,130
Intangible assets	1,707	1,622	1,593
Lease assets	255	211	205
Other assets	657	593	601
Total assets	7,676	7,807	7,082
Account payable	1,414	1,581	1,459
Debt	3,274	3,430	2,734
Other liabilities	638	557	552
Shareholder's equity	2,221	2,117	2,217
Non-controlling	129	122	121
Total liabilities & shareholders' equity	7,676	7,807	7,082

Cash and Debt

Cash Balance	Jun 2021	Dec 2020	Dec 2019
Net Debt	2,444	2,104	2,047
Net Debt Ratio	1.0	0.9	0.9
Debt to Equity	1.4	1.5	1.2
Leverage	2021E	2020	2019
EBITDA	1,020*	784	864
Debt / EBITDA	3.2	4.4	3.2
Net Debt / EBITDA	2.4	2.7	2.4
EBITDA / Net Interest Expenses	13.8	9.2	13.8

* 2021 EBITDA Guidance

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Thank You

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