

*Driving Tomorrow*

# 2015 2Q Result

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5 August 2015

Business Management Team

 **NEXEN TIRE**

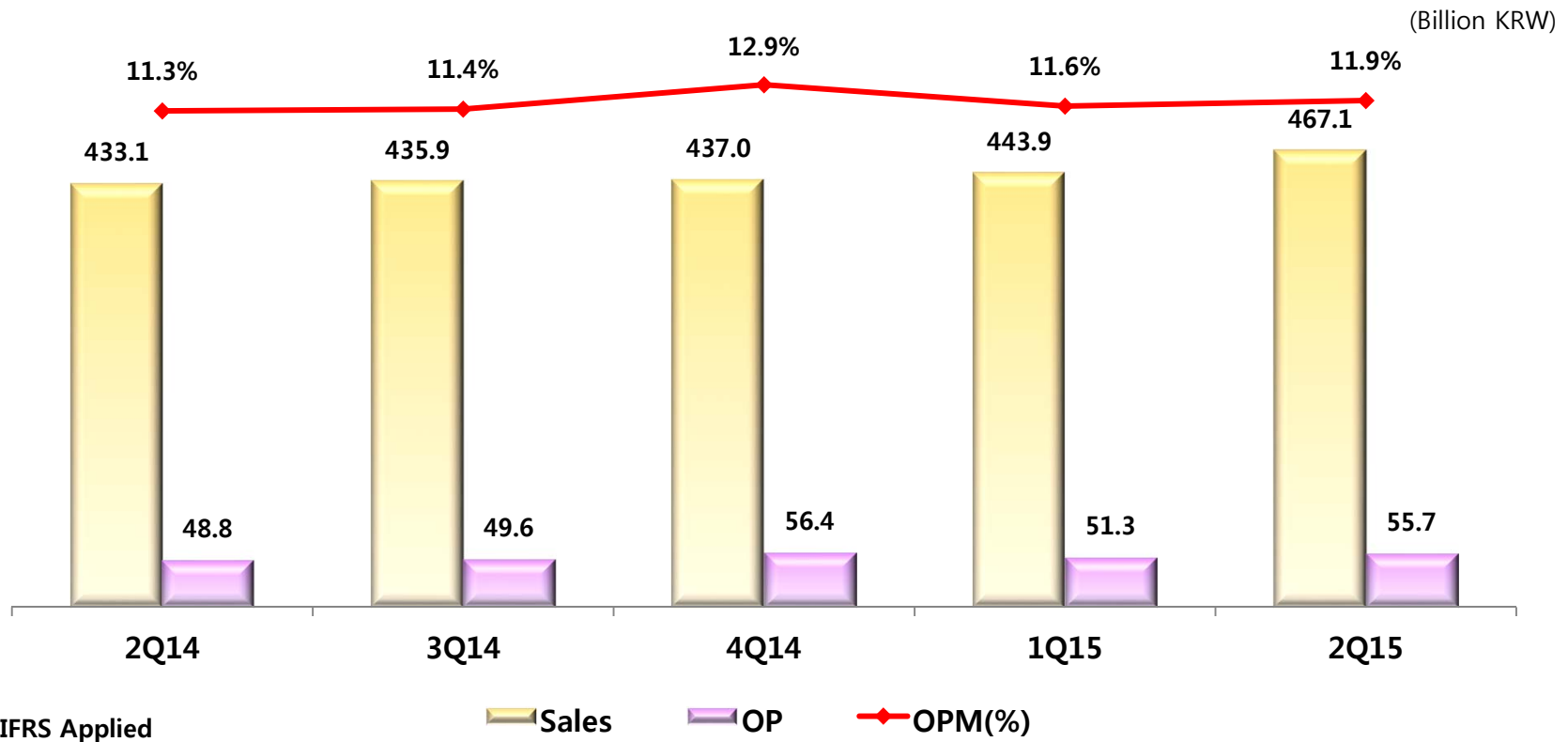


This presentation is consolidated financial result in compliance with K-IFRS with unaudited 2<sup>nd</sup> quarter of 2015 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

# Consolidated Quarterly Result



- ◎ Sales and volume recovery in the US market / Profit improved due to falling raw material.
- ◎ Limited growth in Europe due to prolonged weak Euro / Emerging market continued weak sales.
- ◎ Overseas OE sales growth slowed due to weakening global demand for new vehicles.



# Consolidated Income Statement



(Billion KRW)

	2015 2Q	2015 1Q	2014 2Q	QoQ	YoY
Net Sales	467.1	443.9	433.1	5.2%	7.9%
Gross Profit	156.9	149.0	134.4	5.3%	16.7%
<i>Margin(%)</i>	<i>33.6%</i>	<i>33.6%</i>	<i>31.0%</i>	<i>0.0%P</i>	<i>2.5%P</i>
Operating Profit	55.7	51.3	48.8	8.5%	14.1%
<i>Margin(%)</i>	<i>11.9%</i>	<i>11.6%</i>	<i>11.3%</i>	<i>0.4%P</i>	<i>0.7%P</i>
Ordinary Profit	55.1	33.1	48.8	66.4%	12.8%
<i>Margin(%)</i>	<i>11.8%</i>	<i>7.5%</i>	<i>11.3%</i>	<i>4.3%P</i>	<i>0.5%P</i>
Depreciation	35.4	35.0	27.3	1.2%	29.9%
EBITDA	91.1	86.3	76.0	5.5%	19.8%
<i>Margin(%)</i>	<i>19.5%</i>	<i>19.4%</i>	<i>17.6%</i>	<i>0.1%P</i>	<i>1.9%P</i>

# Consolidated Balance Sheet

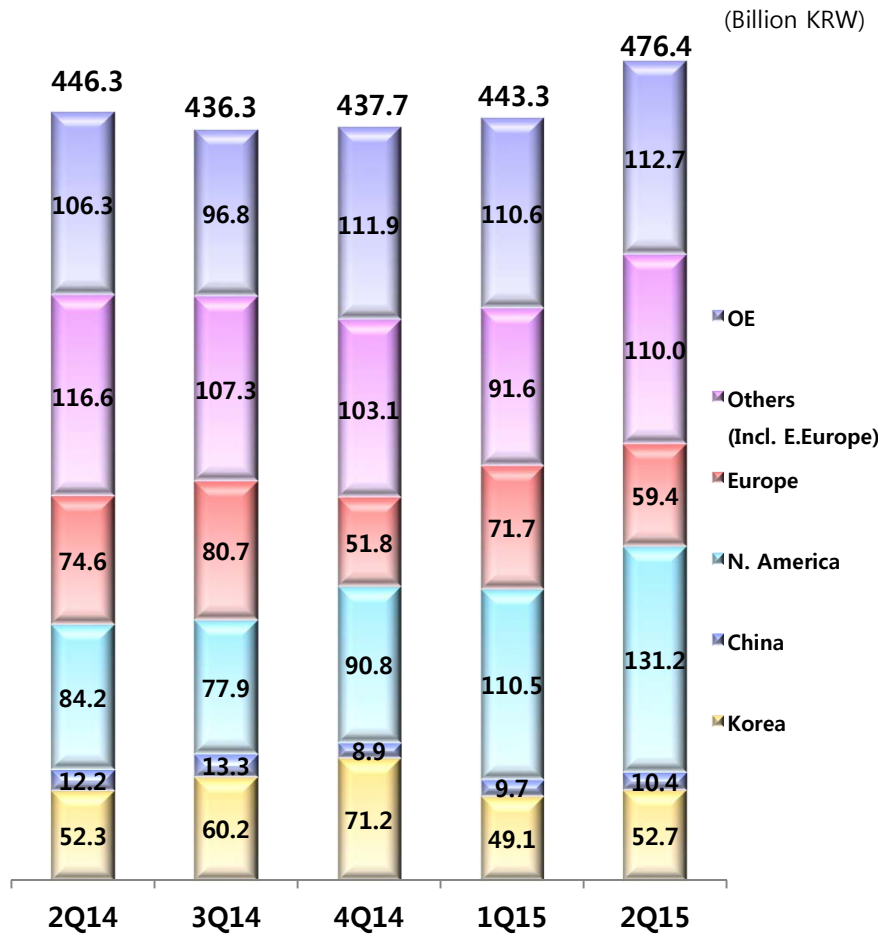


(Billion KRW)

	2015 2Q (A)	2014 (B)	(A)-(B)
<b>Assets</b>	<b>2,601.0</b>	<b>2,527.3</b>	<b>73.7</b>
<b>Current Assets</b>	<b>804.1</b>	<b>730.0</b>	<b>74.1</b>
<b>Quick Assets</b>	<b>553.3</b>	<b>478.5</b>	<b>74.8</b>
<b>Inventories</b>	<b>250.8</b>	<b>251.5</b>	<b>-0.7</b>
<i>(Cash and Cash Equivalents)</i>	<i>221.1</i>	<i>193.4</i>	<i>9.6</i>
<b>Non-Current Assets</b>	<b>1,796.9</b>	<b>1,797.3</b>	<b>-0.4</b>
<b>Liabilities</b>	<b>1,607.9</b>	<b>1,594.0</b>	<b>14.0</b>
<b>Current Liabilities</b>	<b>620.5</b>	<b>579.6</b>	<b>40.9</b>
<b>Non-Current Liabilities</b>	<b>987.4</b>	<b>1,014.3</b>	<b>-26.9</b>
<i>(Debt)</i>	<i>1,070.5</i>	<i>1,064.3</i>	<i>-9.9</i>
<b>Shareholders' Equity</b>	<b>993.1</b>	<b>933.4</b>	<b>59.8</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
<b>2015 2Q</b>	<b>849.3</b>	<b>85.5%</b>	<b>161.9%</b>	<b>129.6%</b>	<b>38.2%</b>
<b>2014</b>	<b>868.8</b>	<b>93.1%</b>	<b>170.8%</b>	<b>125.9%</b>	<b>36.9%</b>

# Consolidated Sales by Region



※ Sum of each plant shipment, exclusive of the internal transaction

- OE** -Limited growth due to global economic slowdown.  
-Sales ratio of OE decreased from slow global car sales.
- Others** -Emerging market sales were restricted by shortage of foreign currency and import control.  
-Aggressive price competition is expected from China.
- Europe** -Sales volume decreased from demand slump and increased competition.  
-Sales decreased due to prolonged weak euro.  
-Aggressive price competition is expected from China.
- N. America** -Sales in US market increase in accordance with the anti-dumping duty.  
-Limited growth due to reduced demand.
- China** -Sales increased, but sales growth slowed due to the intensifying domestic competition.
- Korea** -Earnings recovery due to enhanced supply chain and B2B expansion.  
-Increased RE demand in domestic market.

# Consolidated UHPT Sales

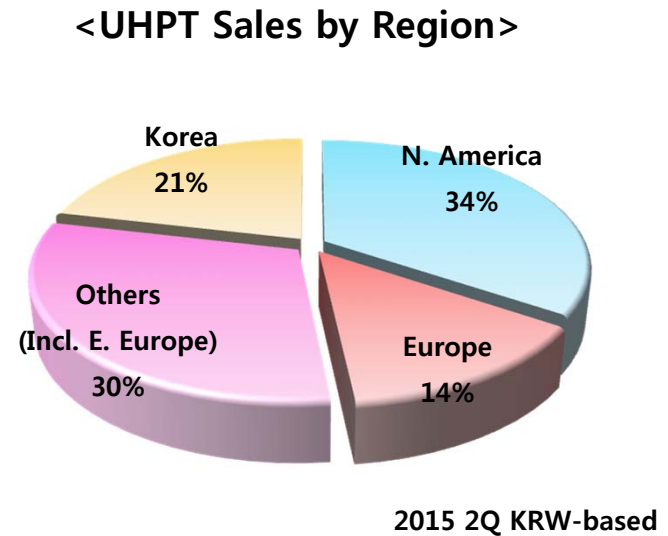
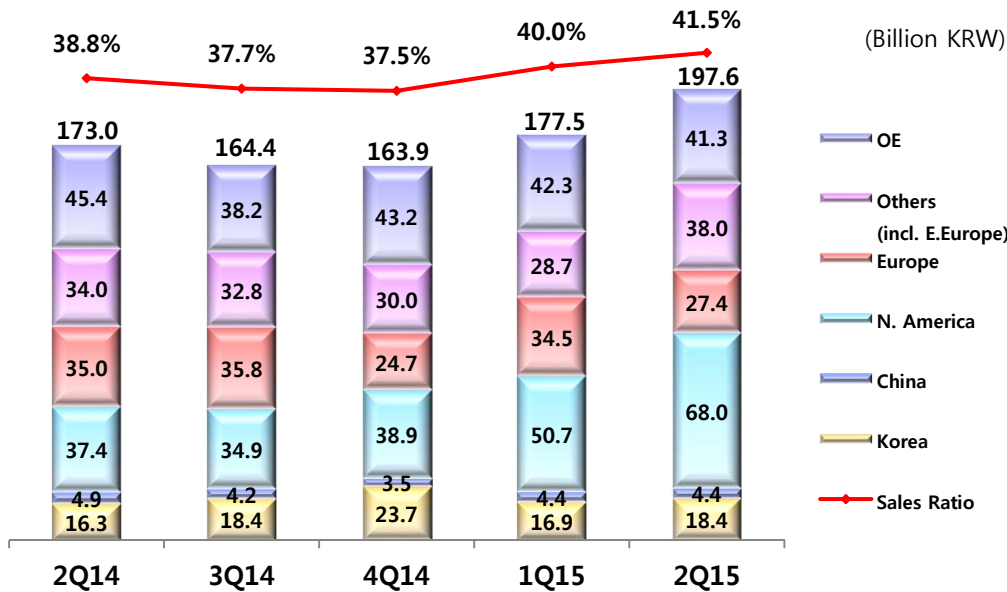


◎ Increased US sales due to anti-dumping duty effect led to UHP sales increase.  
 ◎ Weak global auto demand caused sluggish OE growth.

(Billion KRW)

	2015 2Q	2015 1Q	2014 2Q	QoQ	YoY
UHPT Sales	197.6	177.5	173.0	11.4%	14.2%
% / Net Sales	41.5%	40.0%	38.8%	1.4%P	2.7%P
% / Total Volume	36.0%	35.0%	34.1%	1.0%P	1.9%P

※ Sum of each plant shipment, exclusive of the internal transaction



# Consolidated Operating Expenses



(Billion KRW)

	2015 2Q	2015 1Q	2014 2Q	QoQ	YoY
Freight & Logistic Expense	25.2	24.2	20.2	4.2%	24.3%
SG&A Expenses	76.1	73.5	65.4	3.5%	16.3%
- Salaries	19.8	18.8	18.0	5.5%	10.3%
- R&D	16.2	16.0	16.0	1.4%	0.8%
- Advertising	12.0	10.3	7.2	16.8%	67.1%
- Others	26.4	28.5	24.2	-7.2%	9.2%
Other Income & Expenses	1.8	0.7	0.1	178.0%	1,499.5%



# Consolidated Financial Income & Expenses



(Billion KRW)

	2015 2Q	2015 1Q	2014 2Q	QoQ	YoY
<b>Financial Income &amp; Expenses</b>	<b>-2.4</b>	<b>-18.9</b>	<b>-0.1</b>	<b>87.4%</b>	<b>-4,249.2%</b>
- Interest	-7.6	-6.3	-6.7	-20.1%	-12.8%
- Foreign Currency Transaction	-1.0	-0.7	4.3	-33.2%	-122.9%
- Foreign Currency Translation	6.1	-10.1	2.6	160.4%	139.2%
- Others	0.1	-1.7	-0.2	106.0%	146.4%

# Raw Material Input Price

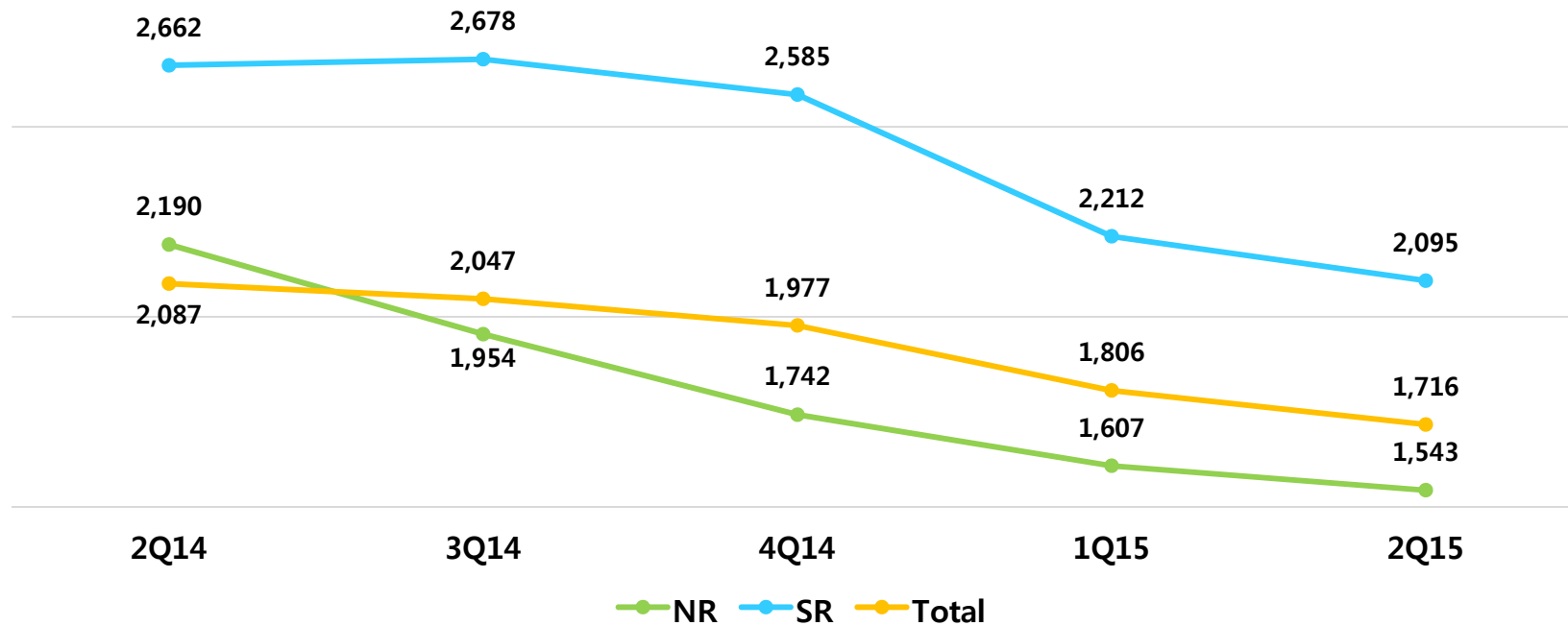


**NR** : -Weak price due to the economic downturn and weak demand in China.  
 -Variables of price upturn exist from weather effect, however we expect price stability from trade decline.

**SR** : -Price fell due to the global demand slowdown and low oil price.  
 -Facility maintenance of BD suppliers will lead to price increase, but limited due to low demand.

QoQ: -5.0%  
 YoY: -17.8%

(USD/ton)



# Consolidated Income Statement



(Billion KRW)

	2009	(%)	2010	(%)	2011	(%)	2012	(%)	2013	(%)	2014	(%)
Net Sales	1,009.9	100.0	1,148.6	100.0	1,430.0	100.0	1,706.2	100.0	1,728.2	100	1,758.8	100.0%
Cost of Goods Sold	669.0	66.2	801.2	69.8	1,085.7	75.9	1,249.4	73.2	1,239.2	71.7	1,197.8	68.1%
Gross Profit	340.9	33.8	347.4	30.2	344.3	24.1	456.8	26.8	489.0	28.3	561.0	31.9%
SG&A	175.8	17.4	210.8	18.3	232.3	16.2	276.6	16.2	312.2	18.1	352.5	20.0%
Operation Profit	165.1	16.4	136.6	11.9	120.0	7.8	180.2	10.6	176.8	10.2	208.6	11.9%
Non-Operating Income	45.2	4.5	36.4	3.2	67.8	4.7	62.6	3.7	60.7	3.5	61.0	3.5%
Non-Operating Expenses	70.0	6.9	46.4	4.0	69.0	4.8	84.0	4.9	82.4	4.8	101.7	5.8%
Ordinary Profit	140.3	13.9	130.9	11.4	113.1	7.9	158.1	9.3	161.4	9.3	164.1	9.3%
Income Taxes	26.9	2.7	23.7	2.1	25.4	1.8	23.8	1.4	37.5	2.2	34.2	1.9%
Net Income	113.3	11.2	107.2	9.3	87.8	6.1	134.3	7.9	124.0	7.2	129.8	7.4%

※ K-IFRS applied from 2010

# Consolidated Balance Sheet



(Billion KRW)

	2009	2010	2011	2012	2013	2014
<b>Asset</b>	<b>1,020.2</b>	<b>1,258.9</b>	<b>1,902.2</b>	<b>2,052.1</b>	<b>2,299.8</b>	<b>2,527.3</b>
<b>Current Assets</b>	<b>380.3</b>	<b>491.3</b>	<b>731.4</b>	<b>686.0</b>	<b>735.0</b>	<b>730.0</b>
Quick Assets	244.9	306.5	455.4	420.7	471.6	478.5
Inventories	135.4	184.8	276.0	265.2	263.4	251.5
<b>Non-Current Assets</b>	<b>639.9</b>	<b>767.6</b>	<b>1,170.8</b>	<b>1,366.1</b>	<b>1,564.8</b>	<b>1,797.3</b>
Investment Assets	39.0	82.4	81.0	68.6	48.9	46.6
Property & Equipment	595.8	678.8	1,083.7	1,278.9	1,482.2	1,702.4
Intangible Assets	5.0	6.4	6.1	5.5	7.9	13.1
<b>Liabilities</b>	<b>633.2</b>	<b>775.5</b>	<b>1,337.2</b>	<b>1,371.5</b>	<b>1,502.7</b>	<b>1,594.0</b>
<b>Current Liabilities</b>	<b>323.8</b>	<b>472.8</b>	<b>754.3</b>	<b>641.8</b>	<b>695.0</b>	<b>579.6</b>
<b>Non-Current Liabilities</b>	<b>309.4</b>	<b>302.7</b>	<b>582.9</b>	<b>729.8</b>	<b>807.7</b>	<b>1,014.3</b>
<b>Capital</b>	<b>386.9</b>	<b>483.3</b>	<b>565.0</b>	<b>680.6</b>	<b>797.0</b>	<b>933.4</b>

※ K-IFRS applied from 2010

# Thank You