

Driving Tomorrow

2017 4Q Result

Feb. 19, 2018

Business Management Team

 **NEXEN TIRE**

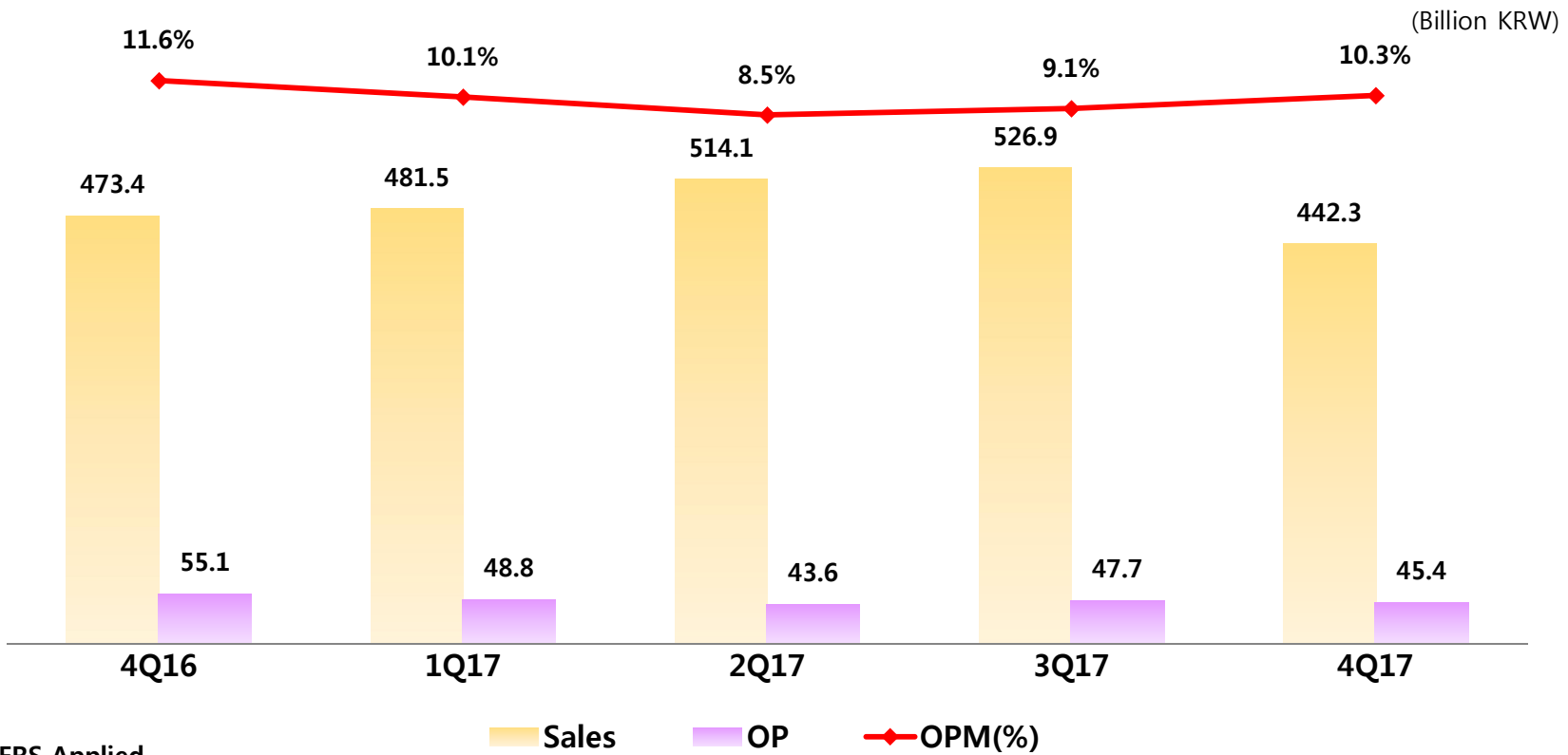


This presentation is consolidated financial result in compliance with K-IFRS with unaudited 4th quarter of 2017 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

Consolidated Quarterly Result



- ◎ Delay in demand recovery, low season impact in major advanced markets, and intensified competition due to increased supply in the market led to sales decrease.
- ◎ Operating profit increased from raw material input price fall and product mix improvement.



※ K-IFRS Applied

Business Management Team



Consolidated Income Statement



(Billion KRW)

	2017 4Q	2017 3Q	2016 4Q	QoQ	YoY
Net Sales	442.3	526.9	473.4	-16.1%	-6.6%
Gross Profit	158.0	169.0	170.8	-6.5%	-7.5%
<i>Margin(%)</i>	<i>35.7%</i>	<i>32.1%</i>	<i>36.1%</i>	<i>3.7%P</i>	<i>-0.4%P</i>
Operating Profit	45.4	47.7	55.1	-4.9%	-17.7%
<i>Margin(%)</i>	<i>10.3%</i>	<i>9.1%</i>	<i>11.6%</i>	<i>1.2%P</i>	<i>-1.4%P</i>
Ordinary Profit	35.0	51.4	50.7	-31.9%	-30.9%
<i>Margin(%)</i>	<i>7.9%</i>	<i>9.8%</i>	<i>10.7%</i>	<i>-1.8%P</i>	<i>-2.8%P</i>
Depreciation	42.9	36.1	37.0	19.1%	16.1%
EBITDA	88.3	83.8	92.1	5.4%	-4.1%
<i>Margin(%)</i>	<i>20.0%</i>	<i>15.9%</i>	<i>19.5%</i>	<i>4.1%P</i>	<i>0.5%P</i>

Consolidated Balance Sheet



(Billion KRW)

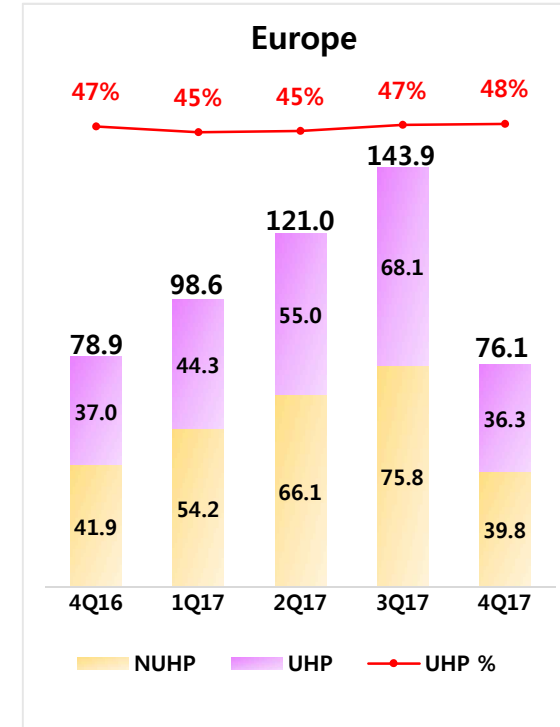
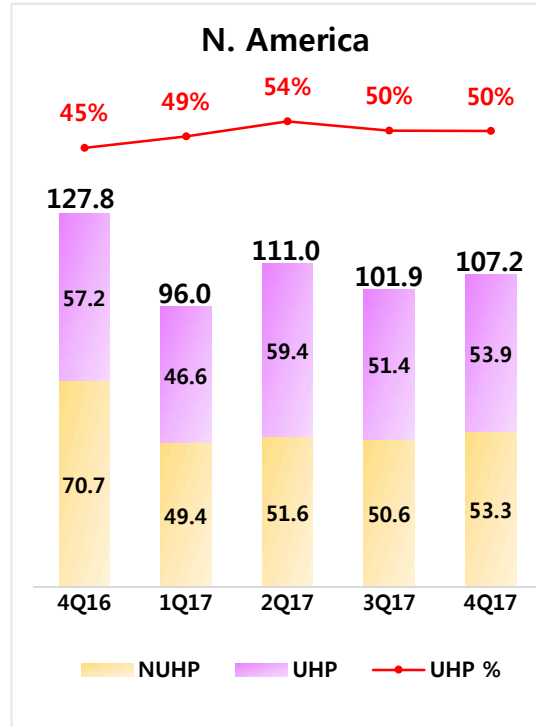
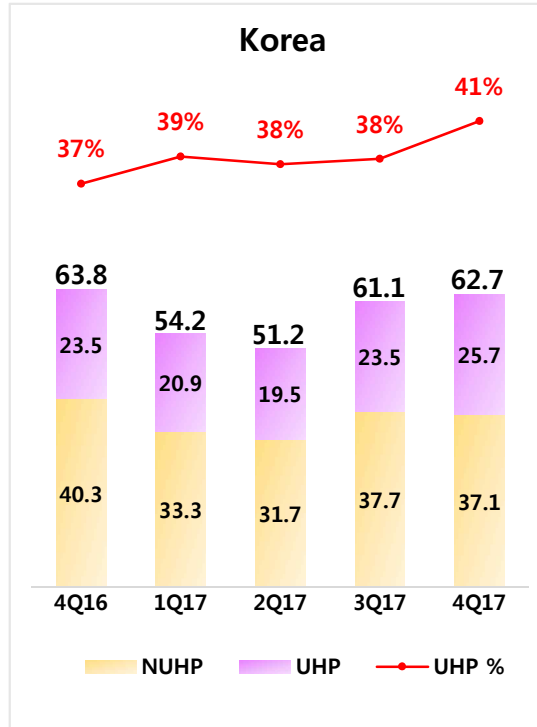
	2017 4Q (A)	2016 (B)	(A)-(B)
Assets	2,794.0	2,617.9	188.3
Current Assets	913.5	833.7	91.6
Quick Assets	642.7	582.3	72.1
Inventories	270.8	251.4	19.5
<i>(Cash and Cash Equivalents)</i>	<i>253.6</i>	<i>254.0</i>	<i>-0.4</i>
Non-Current Assets	1,880.5	1,784.2	96.7
Liabilities	1,455.1	1,415.2	49.4
Current Liabilities	648.2	560.0	97.7
Non-Current Liabilities	806.9	855.2	-48.3
<i>(Debt)</i>	<i>863.3</i>	<i>837.9</i>	<i>25.4</i>
Shareholders' Equity	1,338.9	1,202.7	138.9

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2017 4Q	609.7	45.5%	108.7%	140.9%	47.9%
2016	583.9	48.5%	117.7%	148.9%	45.9%

Consolidated Sales by Region



(Billion KRW)



© Growth of domestic sales slowed due to domestic consumer sentiment slowdown.

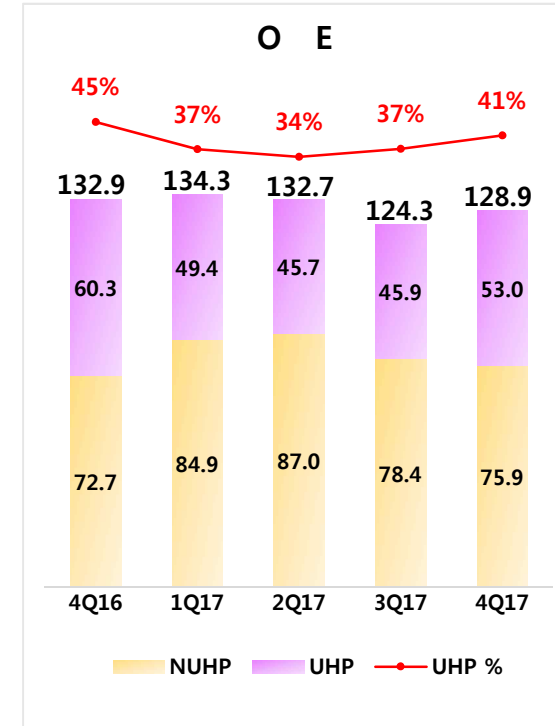
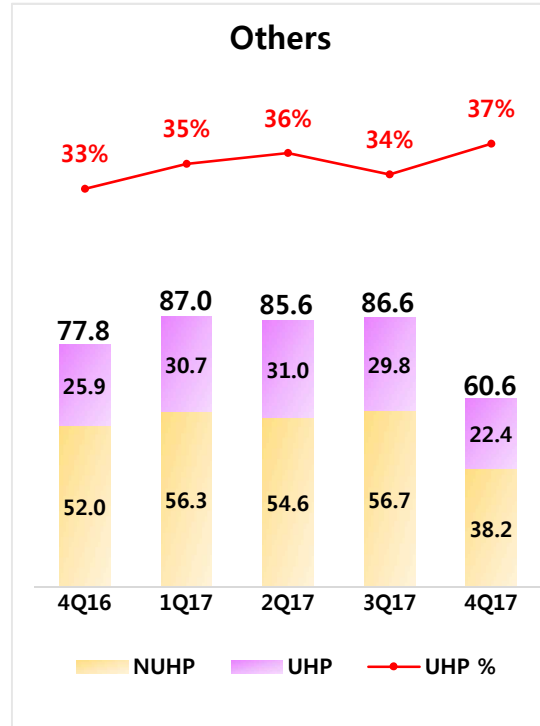
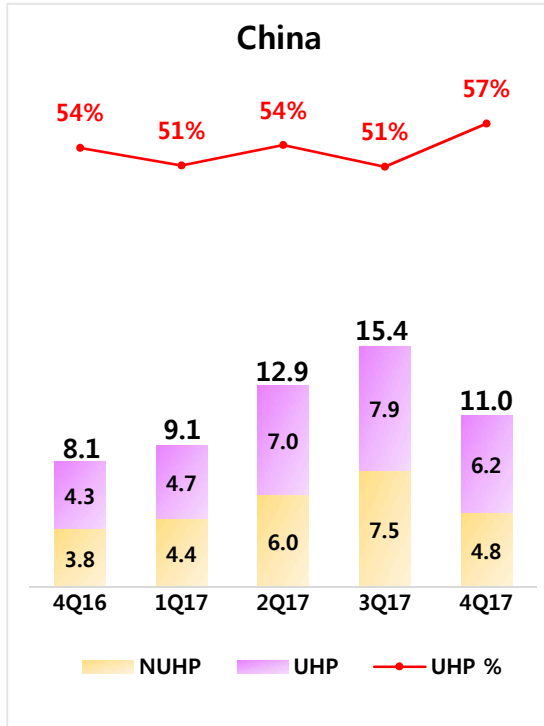
© US auto market continued slow growth and expected interest rate hike led to weak consumer purchasing power.
© Weak sales due to strong KRW.

© Decrease in sales due to weak winter tire sales and seasonality.
© Uncertainties such as Brexit exist, but economic recovery is expected from improved consumer sentiment.

Consolidated Sales by Region



(Billion KRW)



◎ The number of competitors is declining but the competition is intensified due to the increase in production of existing companies.

◎ Sales declined in most of the EMs except Brazil.
 ◎ Other markets, including the Middle East, are expecting economic recovery due to rising oil prices.

◎ Chinese OE sales are recovering but domestic shipments decline led to delay in overall OE sales recovery.

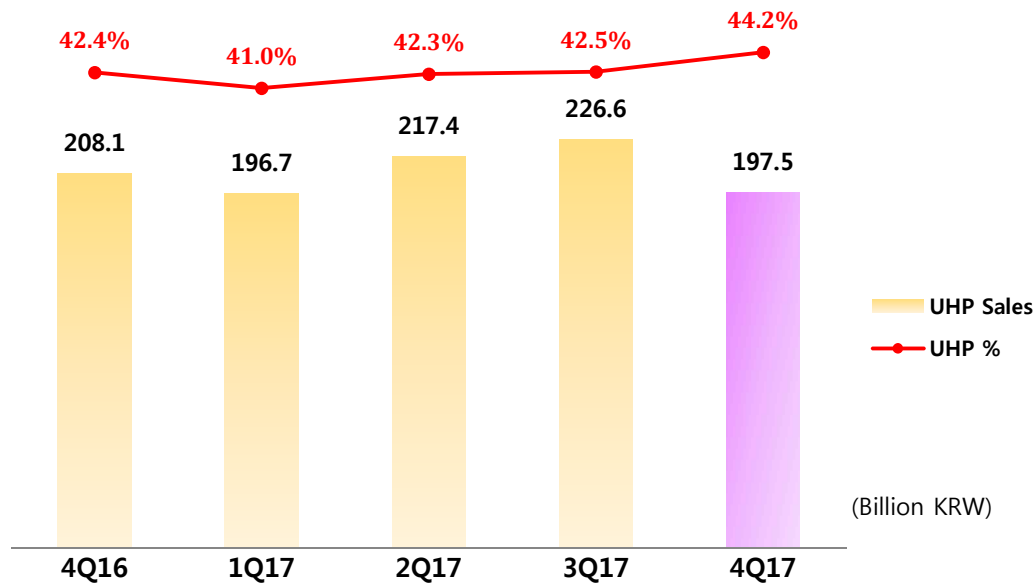
Consolidated UHPT Sales



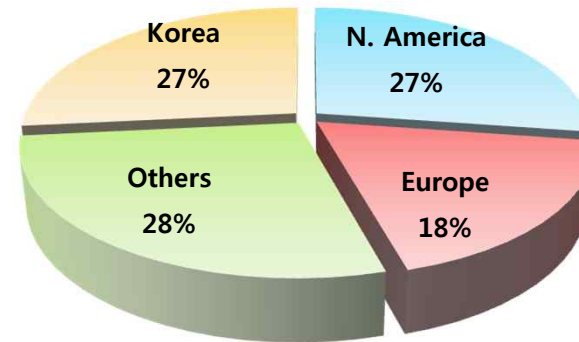
(Billion KRW)

	2017 4Q	2017 3Q	2016 4Q	QoQ	YoY
UHPT Sales	197.5	226.6	208.1	-12.8%	-5.1%
% / Net Sales	44.2%	42.5%	42.4%	1.7%P	1.8%P
% / Total Volume	40.1%	37.4%	38.4%	2.7%P	1.7%P

※ Sum of each corporations' shipment



<UHPT Sales by Region>



2017 4Q KRW-based

Consolidated Operating Expenses



(Billion KRW)

	2017 4Q	2017 3Q	2016 4Q	QoQ	YoY
Freight & Logistic Expense	27.3	28.9	28.8	-5.3%	-5.1%
SG&A Expenses	85.3	92.4	86.8	-7.7%	-1.8%
- Salaries	21.0	24.9	21.7	-15.8%	-3.1%
- R&D	16.8	15.5	14.9	8.1%	12.6%
- Advertising	13.5	11.8	13.4	14.3%	1.2%
- Others	34.0	40.1	36.9	-15.2%	-7.8%
Other Income & Expenses	1.8	1.4	-3.6	24.9%	148.2%

Consolidated Financial Income & Expenses



(Billion KRW)

	2017 4Q	2017 3Q	2016 4Q	QoQ	YoY
Financial Income & Expenses	-12.1	2.3	-0.7	-624.0%	-1,515.4%
- Interest	-3.2	-3.6	-3.9	11.0%	17.9%
- Foreign Currency Transaction	0.2	6.5	-4.3	-97.5%	103.8%
- Foreign Currency Translation	-8.4	-0.6	7.2	-1,197.9%	-216.0%
- Others	-0.7	0.1	0.2	-866.3%	-383.1%

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
Asset	2,052.1	2,299.8	2,527.3	2,580.9	2,617.9	2,794.0
Current Assets	686.0	735.0	730.0	800.7	833.7	913.5
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
Non-Current Assets	1,366.1	1,564.8	1,797.3	1,781.3	1,784.2	1,880.5
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
Liabilities	1,371.5	1,502.7	1,594.0	1,546.8	1,415.1	1,455.1
Current Liabilities	641.8	695.0	579.6	580.5	559.9	648.2
Non-Current Liabilities	729.8	807.7	1,014.3	966.3	855.2	806.9
Capital	565.0	680.6	797.0	1,034.0	1,202.7	1,338.9

Thank You