Driving Tomorrow

2014 4Q Result

28 January 2015

Business Management Team

NEXEN TIRE

This presentation is consolidated financial result in compliance with K-IFRS with unaudited 4th quarter of 2014 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

Contents

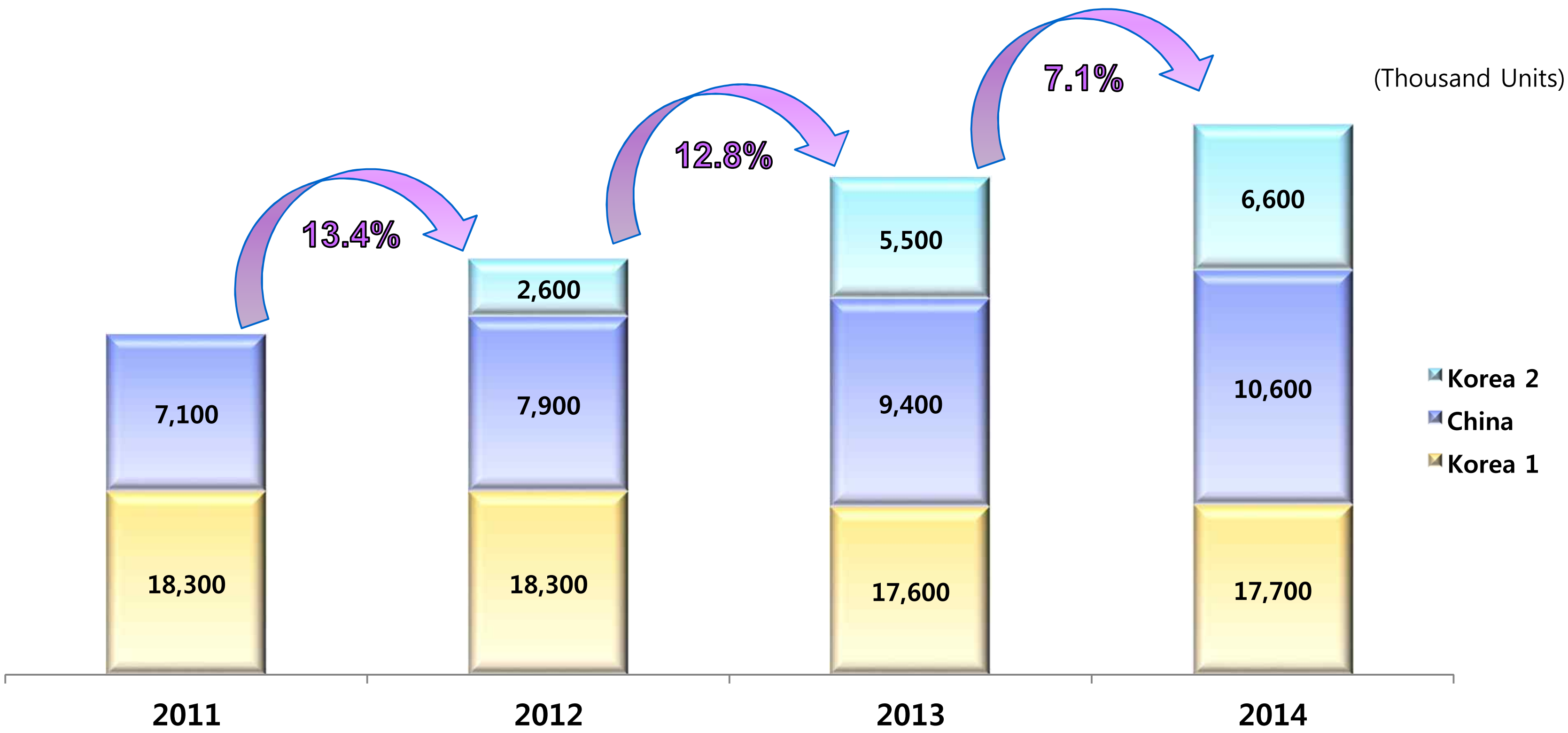
Global Annual Production

NEXEN TIRE

◎ Korea 1: Production utilization rate declined due to reduced sales in the US market.
Limited growth for the US, Europe and other developed countries tire markets is anticipated, however recovery in utilization is expected from Chinese anti-dumping duty effect.

◎ China: Production utilization rate in accordance with increased domestic RE/OE sales.

◎ Korea 2: Production increased from 2nd phase expansion (5 million unit) ramp up quantity.
OE sales increased for domestic and overseas. Preparing RE/OE demand in Europe by promoting a local plant in Czech (First production in 2018).



Consolidated Annual Profit

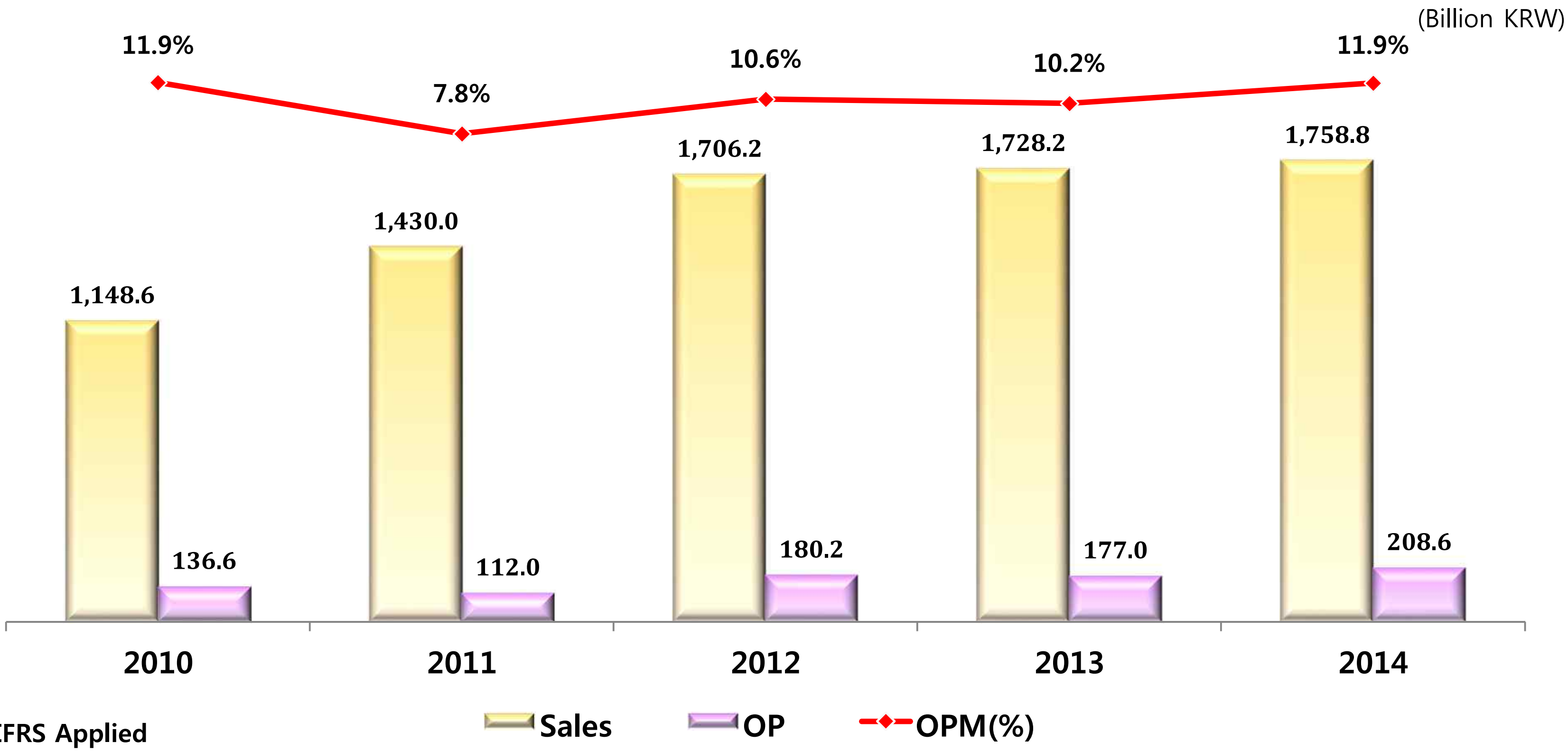
NEXEN TIRE

◎ Sales growth slowed due to ASP decline and RE sales decrease in the US/Europe.

◎ Operating profit improved due to raw material price decline.

-Stable raw material price in 2015 based on oil price forecast.

◎ RE revenue decline offset by OE sales / Long-term global premium OE growth and sales expansion in China to secure global competitiveness.



※ K-IFRS Applied

Consolidated Income Statement

NEXEN TIRE

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Net Sales	437.0	435.9	405.7	0.3%	7.7%
Gross Profit	148.7	137.3	118.8	8.3%	25.2%
Margin(%)	*34.0%*	*31.5%*	*29.3%*	*2.5%P*	*4.8%P*
Operating Profit	56.4	49.6	37.2	13.8%	51.7%
Margin(%)	*12.9%*	*11.4%*	*9.2%*	*1.5%P*	*3.7%P*
Ordinary Profit	38.7	33.0	30.1	17.3%	28.7%
Margin(%)	*8.9%*	*7.6%*	*7.4%*	*1.3%P*	*1.4%P*
Depreciation	23.7	29.2	27.2	-18.9%	-12.7%
EBITDA	80.1	78.8	64.3	1.7%	24.5%
Margin(%)	*18.3%*	*18.1%*	*15.9%*	*0.3%P*	*2.5%P*

Consolidated Balance Sheet

NEXEN TIRE

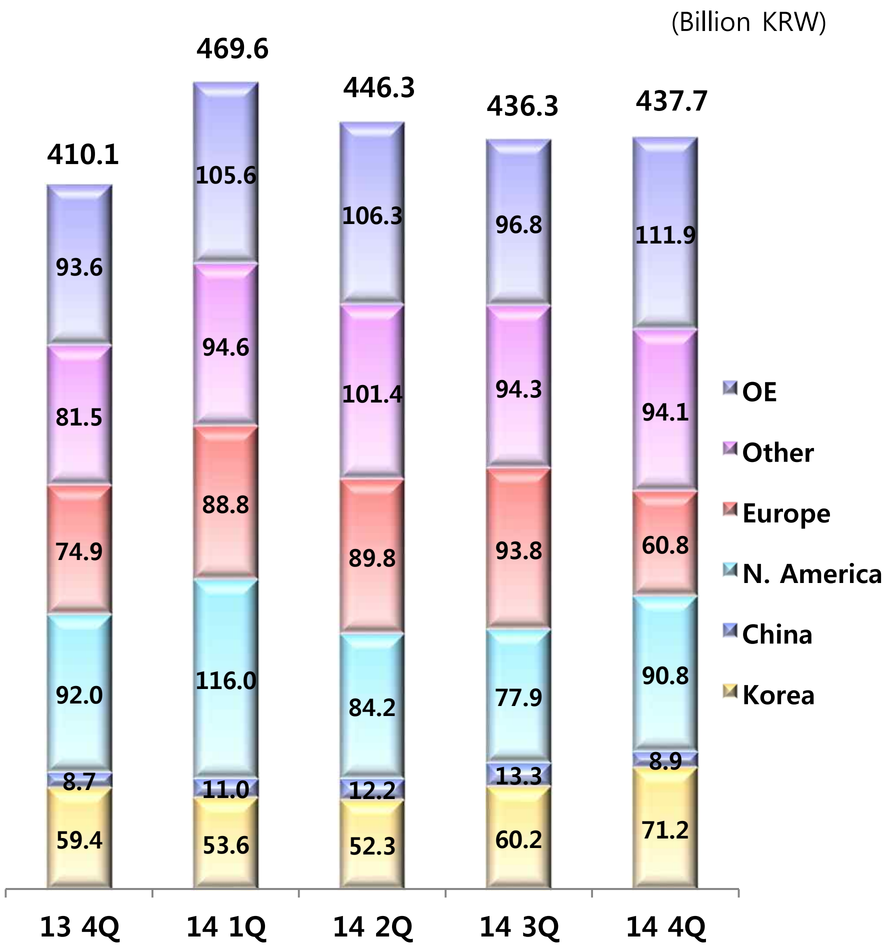
(Billion KRW)

	2014 4Q (A)	2013 (B)	(A)-(B)
Assets	2,527.3	2,299.8	227.5
Current Assets	730.0	735.0	-4.9
Quick Assets	478.5	471.6	6.9
Inventories	251.5	263.4	-11.9
(Cash and Cash Equivalents)	*193.4*	*191.0*	*2.4*
Non-Current Assets	1,797.3	1,564.8	232.5
Liabilities	1,594.0	1,502.7	91.3
Current Liabilities	579.6	695.0	-115.4
Non-Current Liabilities	1,014.3	807.7	206.7
(Debt)	*1,064.3*	*966.6*	*97.6*
Shareholders' Equity	933.4	797.0	136.4

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 4Q	870.9	93.3%	170.8%	125.9%	36.9%
2013	775.6	97.3%	188.5%	105.8%	34.7%

Consolidated Sales by Region

NEXEN TIRE



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

Korea - Revenue growth from active marketing.
- Profit increase from product mix improvement.

China - Sales declined due to the high value-add product volume decrease. / China domestic market growth prospect exceeds the global average, but limited from anti-dumping duty effect.

N. America - Slight improvement by countervailing duty decision. / Slow growth due to pre-purchasing of Chinese tires prior to anti-dumping duty decision.
- Volume growth is expected after clearance of Chinese tire inventory.

Europe - Reduced sales from slow European economy recovery.
- Winter tire stock sale decline due to a warm climate.

Other - Russia (CIS) revenue decreased, but retained earnings as sales recovered in emerging markets.

OE - Steady growth in domestic sales and volume.
- Expected profit growth through improved product mix and increase in new overseas OE.
- Plan to expand up to 30% of total sales.

Consolidated UHPT Sales

NEXEN TIRE

◎ Decreased sales and ratio from European market slump.

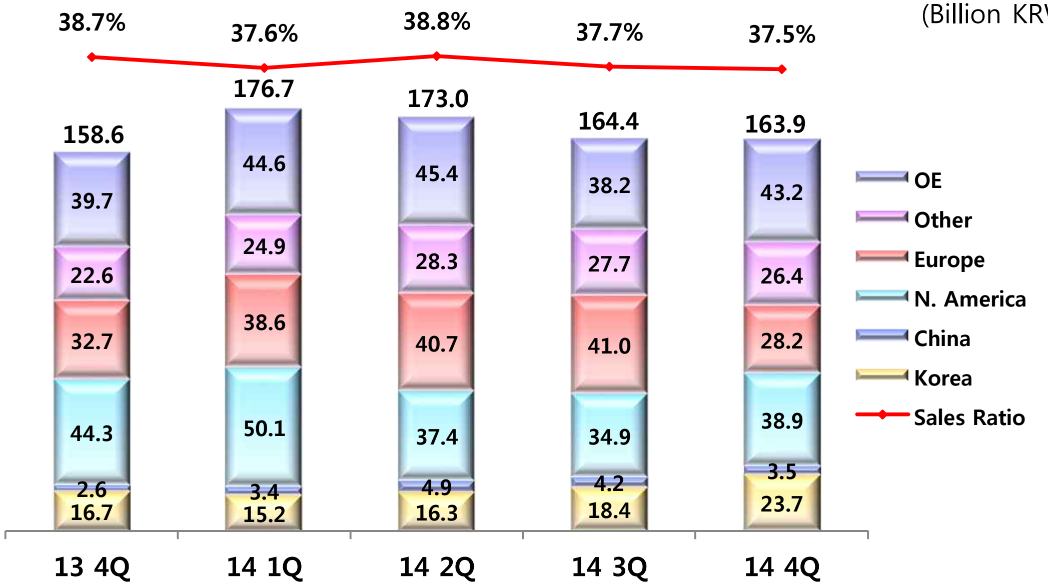
◎ Overall market demand for UHPT is increasing, but growth is slowing down in the rise of temporarily reduced demand in developed countries.

(Billion KRW)

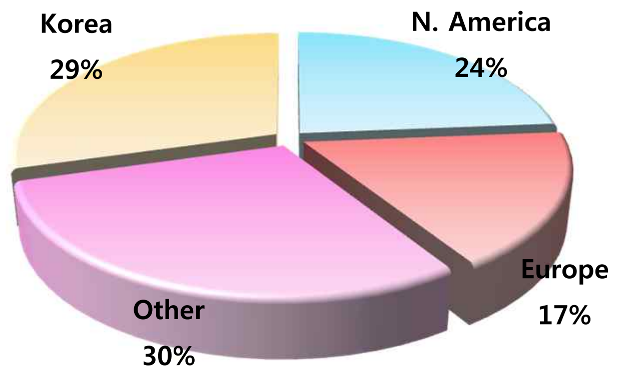
	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
UHPT Sales	163.9	164.4	158.6	-0.3%	3.4%
% / Net Sales	37.5%	37.7%	38.7%	-0.2%P	-1.2%P
% / Total Volume	33.4%	32.9%	33.0%	0.5%P	0.4%P

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

(Billion KRW)



<UHPT Sales by Region>



2014 4Q KRW-based

Consolidated Operating Expenses

NEXEN TIRE

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Freight & Logistic Expense	23.1	22.1	20.3	4.5%	13.7%
SG&A Expenses	69.2	65.6	61.3	5.5%	12.9%
- Salaries	17.4	18.1	14.9	-3.5%	17.1%
- R&D	16.0	15.8	15.7	1.8%	1.9%
- Advertising	11.6	7.4	6.1	58.2%	90.7%
- Others	24.1	24.4	24.5	-1.3%	-1.9%
Other Income & Expenses	-0.7	-2.5	-2.3	71.3%	68.9%

Consolidated Financial Income & Expenses

NEXEN TIRE

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Financial Income & Expenses	-17.0	-14.1	-4.8	-20.5%	-252.5%
- Interest	-6.9	-5.4	-7.5	-27.1%	7.8%
- Foreign Currency Transaction	-4.1	9.5	4.2	-143.6%	-198.3%
- Foreign Currency Translation	-4.5	-17.7	-1.5	74.5%	-204.1%
- Others	-1.4	-0.4	-0.06	-273.1%	-2,350.0%

Raw Material Input Price

NEXEN TIRE

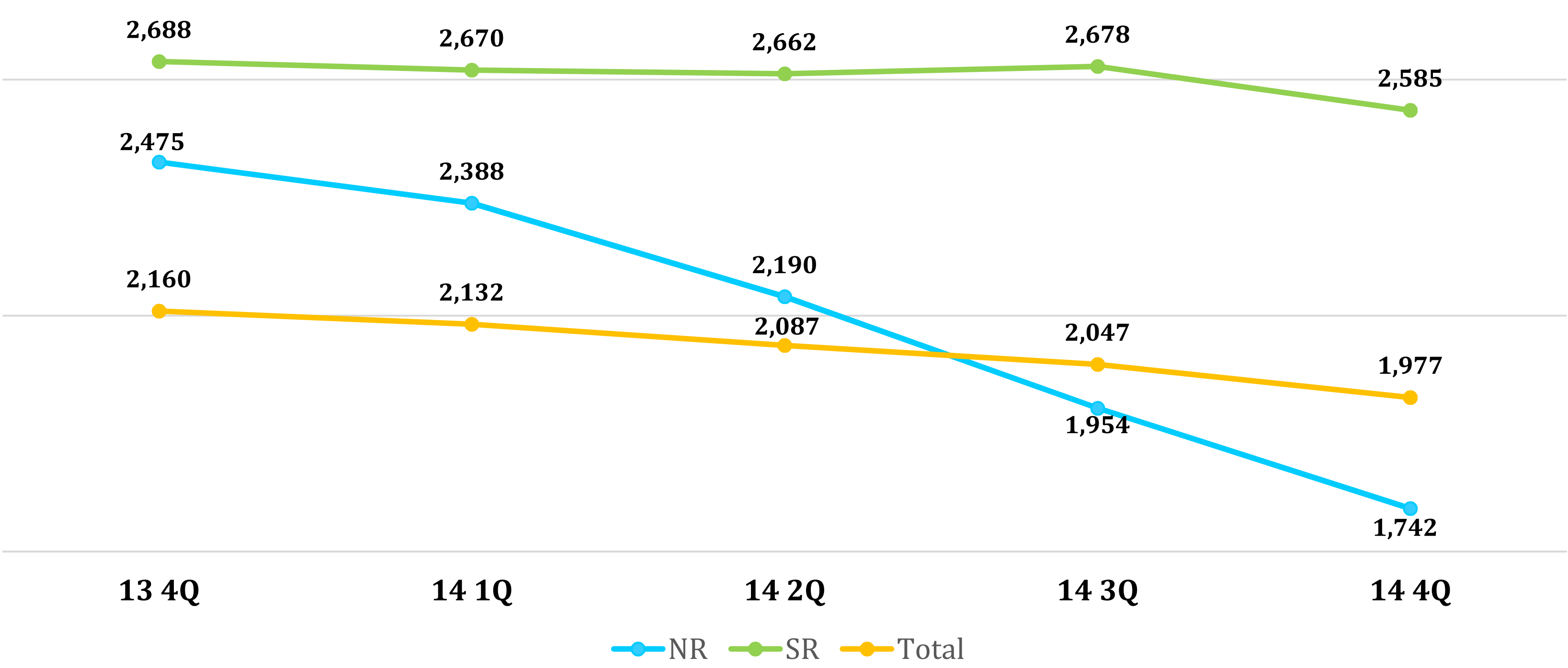
NR : -Price decrease from weak demand, strong dollar, Thai government's increased inventory and production increase. / Presence of price rebound by cartel formation in production countries to regulate supply.

SR : -BD price decline from oversupply and oil price drop.
-Stable price outlook for petrochemical products in 2015.

QoQ: -3.4%

YoY: -8.5%

(USD/ton)



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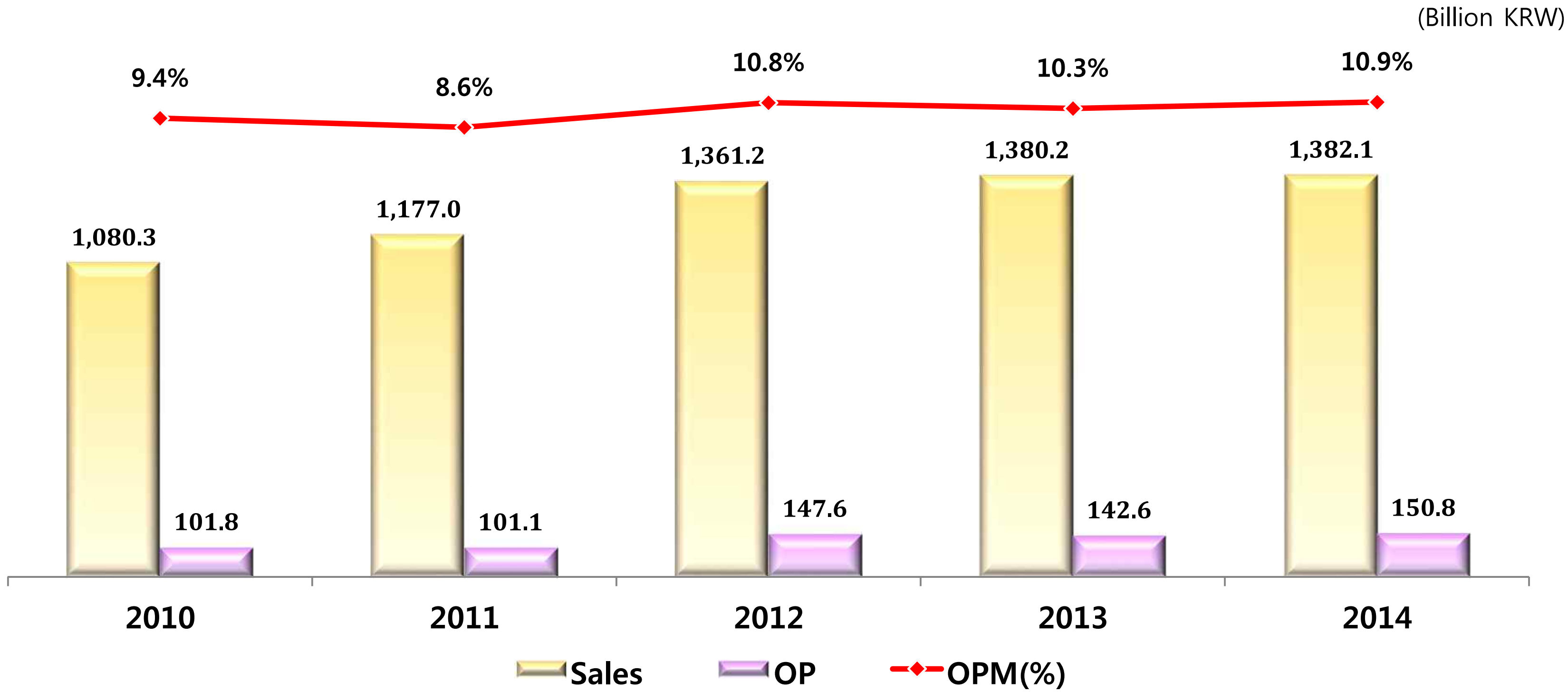
Korea Annual Profit

NEXEN TIRE

◎ Limited growth for sales and margin due to SG&A expenses (advertising, R&D) increase. / Continued investment to improve brand awareness, quality, and develop new products.

◎ Ensure a stable sale by expanding revenue in N. America and secure new global OE in 2015. / Sales recovery from global volume increase and operating profit growth from product mix improvement.



※ K-IFRS Applied

Korea Income Statement

NEXEN TIRE

◎ Securing market competitiveness through the development of new models and capacity expansion. / Short-term normalization of the new plant by increasing sales through the development of new OE.

◎ Earnings recovery due to product mix improvement.

-Sales volume increased for sizes above 16 inch.

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Net Sales	369.2	345.6	336.1	6.8%	9.9%
Gross Profit	123.2	105.2	96.6	17.1%	27.6%
Margin(%)	*33.4%*	*30.5%*	*28.7%*	*2.9%P*	*4.6%P*
Operating Profit	48.4	35.6	34.9	36.2%	38.7%
Margin(%)	*13.1%*	*10.3%*	*10.4%*	*2.8%P*	*2.7%P*
Ordinary Profit	37.4	28.1	33.4	33.1%	12.1%
Margin(%)	*10.1%*	*8.1%*	*9.9%*	*2.0%P*	*0.2%P*
Depreciation	21.5	20.2	18.3	6.1%	17.4%
EBITDA	69.9	55.8	53.2	25.3%	31.4%
Margin(%)	*18.9%*	*16.1%*	*15.8%*	*2.8%P*	*3.1%P*

Korea Balance Sheet

NEXEN TIRE

(Billion KRW)

	2014 4Q (A)	2013 (B)	(A)-(B)
Assets	2,136.3	1,905.3	231.0
Current Assets	593.8	598.1	-4.3
Quick Assets	461.5	443.4	18.1
Inventories	132.3	154.7	-22.4
(Cash and Cash Equivalents)	*161.6*	*171.5*	*-10.0*
Non-Current Assets	1,542.4	1,307.2	235.3
Liabilities	1,240.0	1,127.2	112.8
Current Liabilities	397.2	484.9	-87.7
Non-Current Liabilities	842.8	642.4	200.4
(Debt)	*776.4*	*677.3*	*99.2*
Shareholders' Equity	896.3	778.1	118.2

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 4Q	614.8	68.6%	138.4%	149.5%	42.0%
2013	505.7	65.0%	144.9%	123.4%	40.8%

Korea Operating Expense

NEXEN TIRE

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Freight & Logistic Expense	18.9	17.9	16.1	5.8%	17.2%
SG&A Expenses	55.9	51.8	45.5	7.9%	22.8%
- Salaries	13.1	13.9	11.3	-6.2%	16.1%
- R&D	15.2	14.8	15.0	2.6%	1.5%
- Advertising	8.8	6.1	3.8	44.7%	134.9%
- Others	18.7	16.9	15.5	10.8%	21.0%
Other Income & Expenses	3.4	1.5	3.3	119.3%	0.6%

Korea Financial Income & Expenses

NEXEN TIRE

(Billion KRW)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Financial Income & Expenses	-14.4	-9.0	-4.9	-60.2%	-194.8%
- Interest	-4.7	-3.3	-4.9	-44.8%	4.4%
- Foreign Currency Transaction	-2.5	4.3	0.6	-159.0%	-492.4%
- Foreign Currency Translation	-5.7	-9.3	-0.7	38.5%	-703.9%
- Others	-1.4	-0.7	0.1	-97.6%	-1,155.8%

China Annual Profit

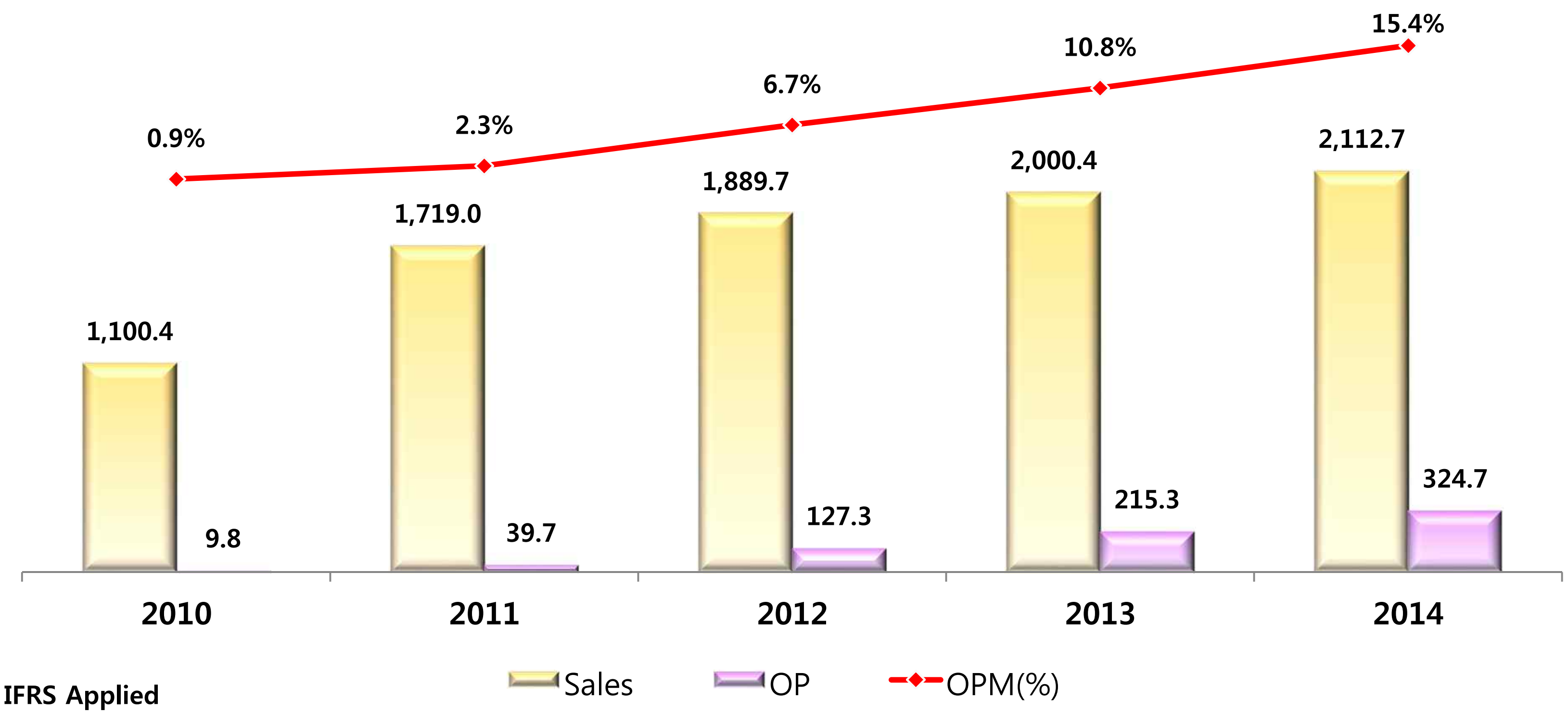
NEXEN TIRE

◎ Achieving the highest level of margin in China.

-Economies of scale achieved by maintaining high utilization. / Minimize inventory cost.

◎ Steady revenue and profit growth through domestic RE/OE sales increase.

(Million RMB)



※ IFRS Applied

China Income Statement

NEXEN TIRE

◎ Weak euro and sales decrease in European market caused revenue decline regardless of low raw material cost.

◎ High-value products such as UHP and SUV tires growth are expected in China domestic market, however the concern of oversupply due to anti-dumping issue exists. Plan to breakthrough by promoting new OE sales.

(Million RMB)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Net Sales	487	534	523	-8.8%	-6.9%
Gross Profit	136	156	136	-13.2%	-0.1%
Margin(%)	*27.9%*	*29.3%*	*26.0%*	*-1.4%P*	*1.9%P*
Operating Profit	69	84	63	-18.6%	9.3%
Margin(%)	*14.1%*	*15.8%*	*12.0%*	*-1.7%P*	*2.1%P*
Ordinary Profit	55	51	58	7.0%	-4.3%
Margin(%)	*11.3%*	*9.6%*	*11.0%*	*1.7%P*	*0.3%P*
Depreciation	33	32	29	2.8%	12.8%
EBITDA	101	116	92	-12.7%	10.4%
Margin(%)	*20.8%*	*21.8%*	*17.6%*	*-0.9%P*	*3.3%P*

※ IFRS standard format

China Income Statement

NEXEN TIRE

(Million RMB)

	2014 4Q	2014 3Q	2013 4Q	QoQ	YoY
Net Sales	487	534	523	-8.8%	-6.9%
Gross Profit	136	156	136	-13.2%	-0.1%
Margin(%)	*27.9%*	*29.3%*	*26.0%*	*-1.4%P*	*1.9%P*
Operating Profit	54	51	58	5.5%	-6.9%
Margin(%)	*11.1%*	*9.6%*	*11.1%*	*1.5%P*	*0.0%P*
Ordinary Profit	55	51	58	7.0%	-4.3%
Margin(%)	*11.3%*	*9.6%*	*11.0%*	*1.7%P*	*0.3%P*
Depreciation	33	32	29	2.8%	12.8%
EBITDA	87	83	87	4.5%	-0.3%
Margin(%)	*17.9%*	*15.6%*	*16.7%*	*2.3%P*	*1.2%P*

※ China-GAAP

China Balance Sheet

NEXEN TIRE

(Million RMB)

	2014 4Q (A)	2013 (B)	(A)-(B)
Assets	3,049	2,976	73
Current Assets	938	882	56
Quick Assets	781	730	51
Inventories	157	152	5
(Cash and Cash Equivalents)	*177*	*112*	*65*
Non-Current Assets	2,111	2,094	17
Liabilities	1,925	2,010	-86
Current Liabilities	1,029	1,145	-116
Non-Current Liabilities	896	865	31
(Debt)	*1,628*	*1,680*	-52
Shareholders' Equity	1,124	965	*159*

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 4Q	1,450	129.0%	171.2%	91.1%	36.9%
2013	1,567	162.4%	208.3%	77.0%	32.4%

Consolidated Income Statement

NEXEN TIRE

(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

NEXEN TIRE

(Billion KRW)

	2009	2010	2011	2012	2013	2014
Asset	1,020.2	1,258.9	1,902.2	2,052.1	2,299.8	2,527.3
Current Assets	380.3	491.3	731.4	686.0	735.0	730.0
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
Non-Current Assets	639.9	767.6	1,170.8	1,366.1	1,564.8	1,797.3
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
Liabilities	633.2	775.5	1,337.2	1,371.5	1,502.7	1,594.0
Current Liabilities	323.8	472.8	754.3	641.8	695.0	579.6
Non-Current Liabilities	309.4	302.7	582.9	729.8	807.7	1,014.3
Capital	386.9	483.3	565.0	680.6	797.0	933.4

※ K-IFRS applied from 2010

Thank You