

# IR PRESENTATION

Q1 2025 Earnings Release

(Reflected the results of external review)



May 15<sup>th</sup>, 2025

**NEXEN** NEXEN TIRE  
we got you

# Disclaimer

The financial and business information in this document is consolidated earnings results based on K-IFRS.

Please note that some of the contents provided in this document are for the convenience of investors only before the external audit on our financial results is completed. Some of the information presented in this document may be subject to change during the external audit process.

This document is based on the facts as of the date of its preparation and should not be used as legal evidence for the investment outcomes under any circumstances.

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# Q1 2025 Highlights

## Global Market Status

**New Car Sales**  
**+5%**  
(YoY)

Strong growth in China driven by 'national old-for-new initiative'

**OE**  
**-1%**  
(YTD)

Weak demand continued except in China

**RE**  
**+4%**  
(YTD)

Solid demand led by Europe

## Financial Results

**Revenue**  
**771bn KRW**  
(YoY +14%)

Record-high quarterly revenue

**OP**  
**41bn KRW**  
(OPM 5.3%)

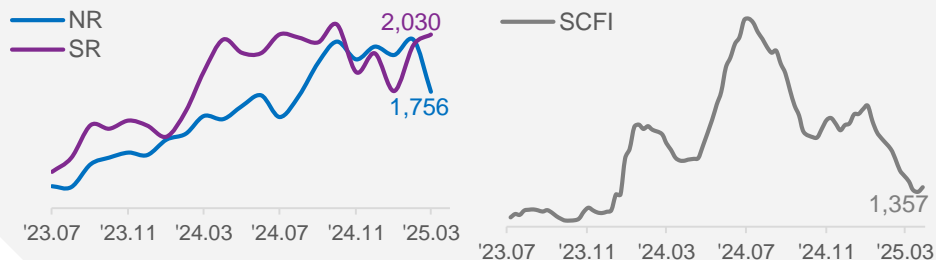
Gradual improvement in regional mix

**≥18"**  
**37.0%**

Steady growth in sales of premium products

## Raw materials - Maritime logistics

- Ongoing strength and rising volatility in raw materials market
- Decline in trade volume caused by tariff uncertainty



## Key Updates



Acceleration of regional competitiveness



Products suitable for both EVs and ICEs



Proving product excellence

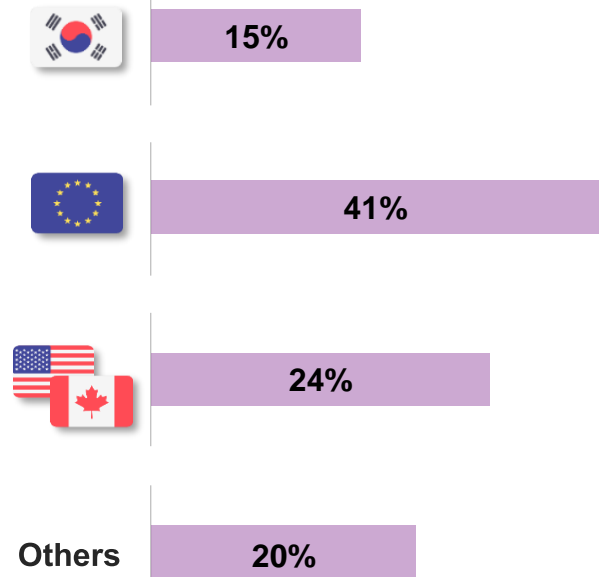
## 2. Financial Results

# Q1 2025 Financial Results

- Achieved revenue growth YoY and QoQ driven by increased sales volume, including a higher portion of 18inch(or larger), and FX effects
- The ratio of transportation costs, including ocean freight, to sales is back to last year's level

(bn KRW)	Q1 2024	Q4 2024	Q1 2025	QoQ	YoY
<b>Revenue</b>	<b>678.1</b>	<b>697.6</b>	<b>771.2</b>	<b>10.6%</b>	<b>13.7%</b>
<b>COGS</b>	<b>500.6</b>	<b>516.9</b>	<b>569.6</b>	<b>10.2%</b>	<b>13.8%</b>
(%)	73.8%	74.1%	73.9%	-0.2%p	0.1%p
<b>Operating Profit</b>	<b>41.6</b>	<b>15.5</b>	<b>40.7</b>	<b>163.3%</b>	<b>-2.0%</b>
(%)	6.1%	2.2%	5.3%	3.1%p	-0.8%p
<b>Income Taxes</b>	<b>8.0</b>	<b>8.8</b>	<b>7.6</b>	<b>-13.8%</b>	<b>-4.7%</b>
<b>Net Profit</b>	<b>41.0</b>	<b>47.8</b>	<b>39.9</b>	<b>-16.5%</b>	<b>-2.6%</b>
(%)	6.0%	6.8%	5.2%	-1.7%p	-0.9%p
<b>EBITDA</b>	<b>98.0</b>	<b>78.1</b>	<b>99.5</b>	<b>27.4%</b>	<b>1.5%</b>
(%)	14.5%	11.2%	12.9%	1.7%p	-1.6%p

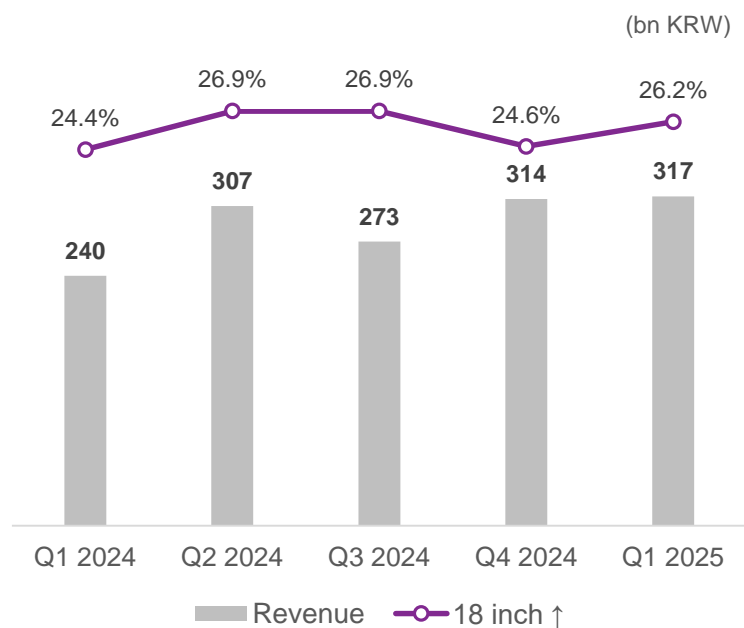
## Sales by Region



## Sales by Region (1/2)

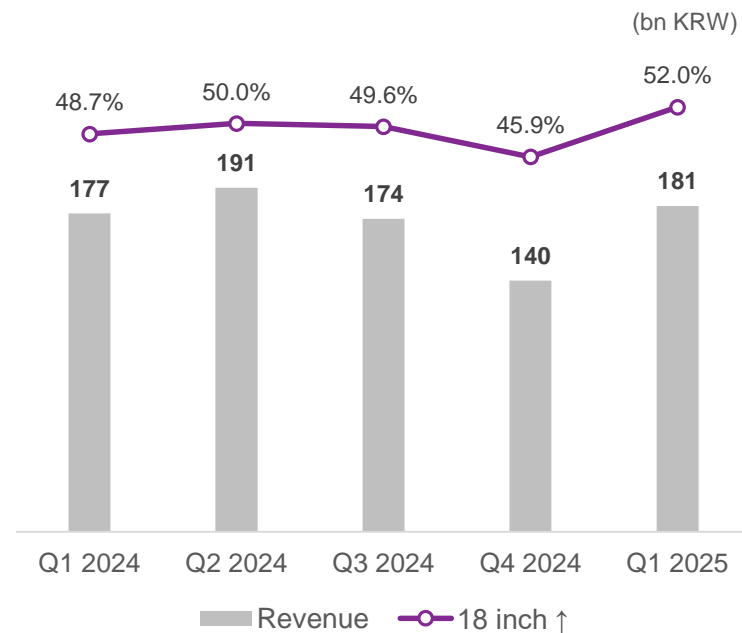
### Europe

- (OE) Despite soft market demand, the Company's sales remained stable, especially expanding supply focused on premium high-price products
- (RE) Solid sales driven by the core product line-up including N'FERA Sport, N'BLUE 4Season2, and others
- Increased sales led by production volume from Plant 2 in Czech, expecting profit boosts from improved utilization rates



### North America

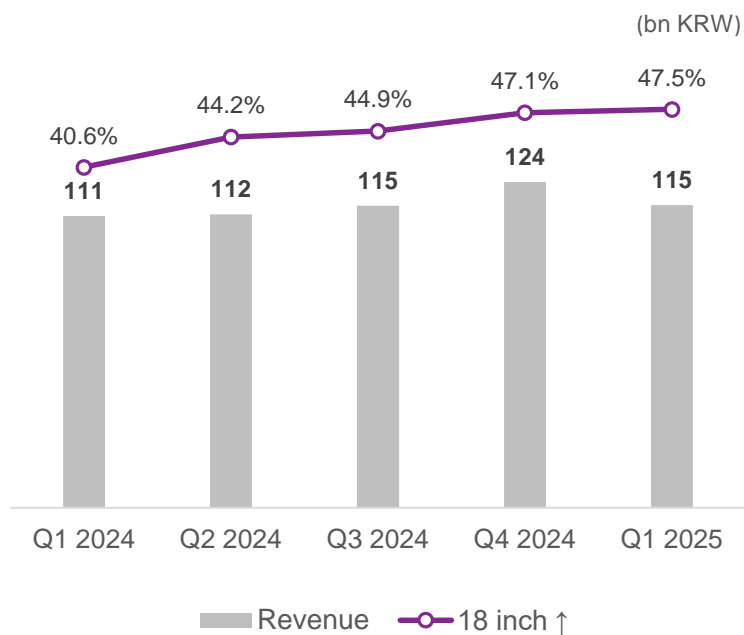
- (OE) Profitability improved with a higher share of large-rim tire sales, despite sluggish sales of major brands like Jeep and RAM
- (RE) Amid tariff confusion, revenue benefited from distribution network recovery and diversified customers
- Dampened consumers' sentiment by Trump's policies  
→ exploring new growth opportunities during market reshaping



## Sales by Region (2/2)

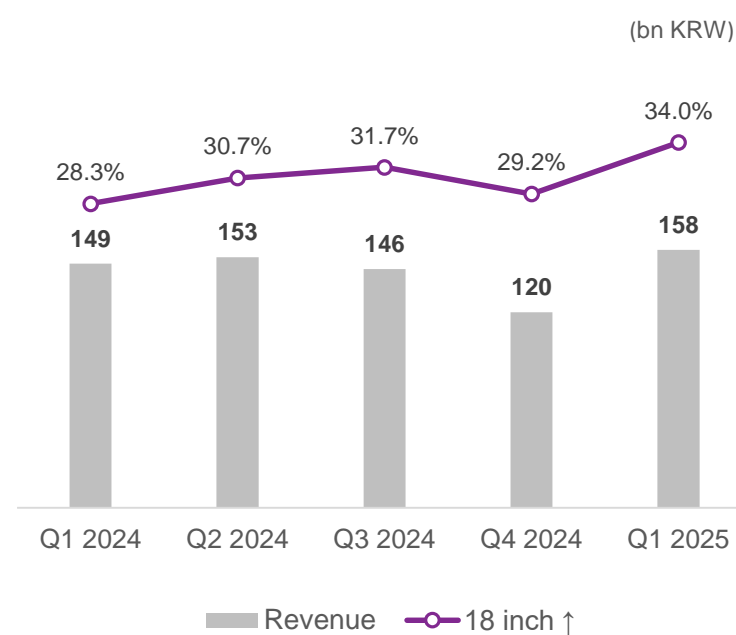
### Korea

- (OE) EV sales surge in Jan. on renewed subsidy / Commenced supply for KIA's 'EV4'
- (RE) Rental sales surpass 2mn units, expanding core customer base through diversifying distribution and premium product offerings
- Expansion of both top-tier and budget products → focusing on value growth through premium sales over price competition



### Others

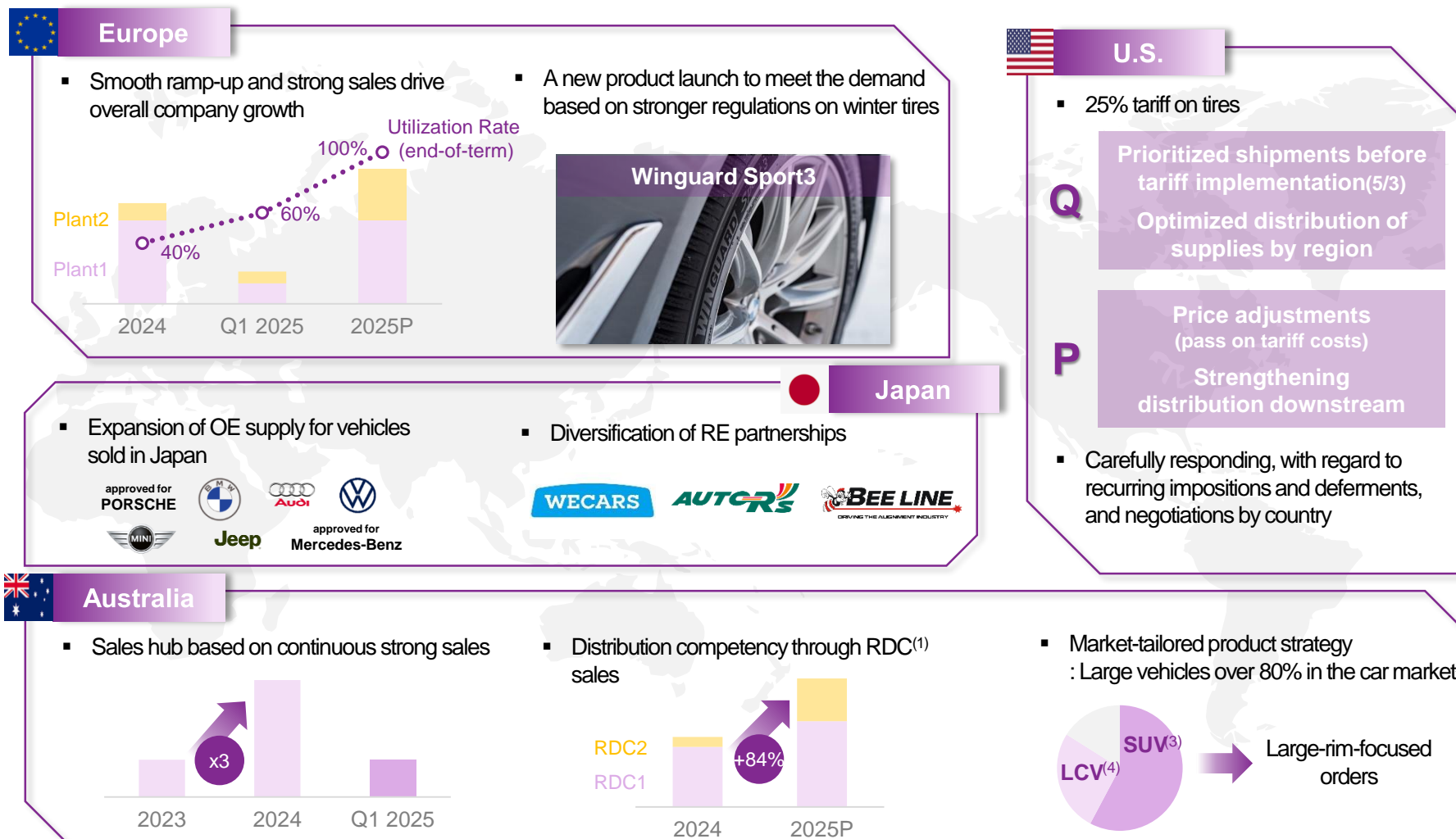
- (OE) Robust sales in Japan and Mexico, including Mitsubishi's 'Outlander', led to a YoY revenue increase
- (RE) Record-high Q1 revenue driven by seasonal peak in the Middle East and large-rim sales growth across all regions
- Under review of volume redistribution following U.S. tariff implementation in May



## **3. Business Issues**

# Status of major regions

- Enhancing competitiveness and expanding presence with customized strategies tailored to regional market conditions
- Strengthening core competencies throughout the business cycle; new product development, production, and downstream distribution

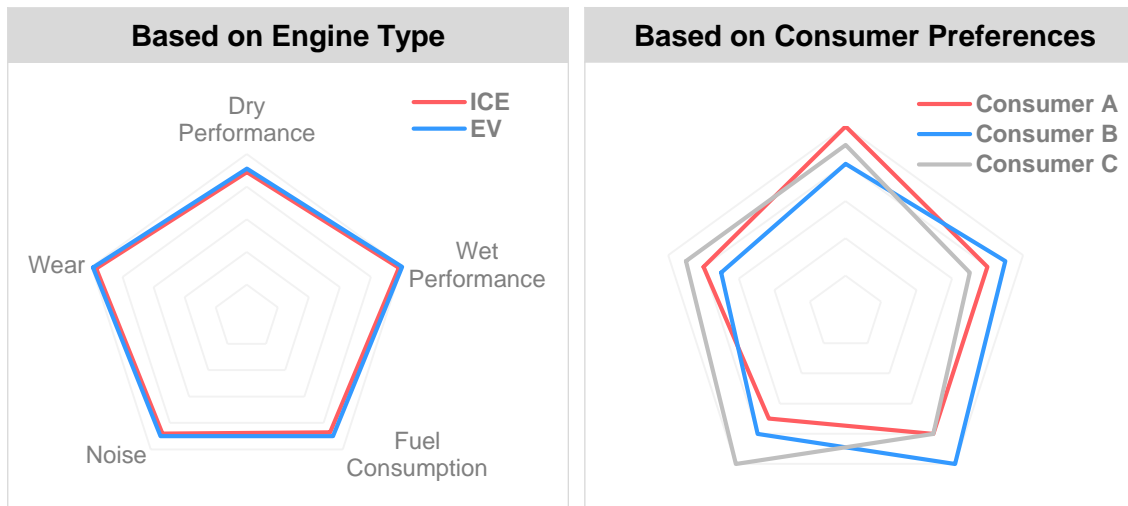


(1) Regional Distribution Center / (2) Global Data / (3) Sports Utility Vehicle / (4) Light Commercial Vehicle(Pickup Truck, Van 등)

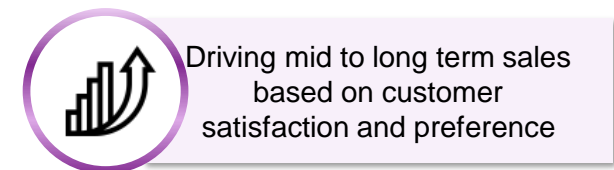
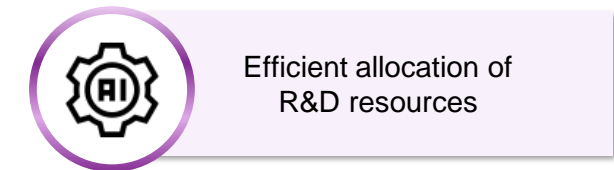
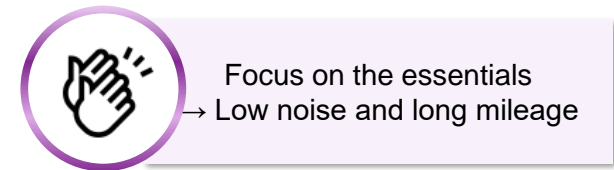
# Product Strategy

- By providing performance suitable for both EVs and ICEs with the same product, we aim to elevate the entire product lineup
- Focusing on tire selection based on key performance strengthens our customer-centric brand and ensures repeat purchases

## Tire Selection Criteria



## Major Objectives



## Product Selection based on Personal Needs

Conventional



- Satisfied with the performance of products being used
- Replace with the same product as OE

EV Marking



with VIRTUAL BRAIN LOOP

- Products with enhanced specific performance
- EV drivers skeptical of dedicated products

# R&D

- Improving product development efficiency with dedicated testing centers for validating and testing winter tire performance
- Enhancing responsiveness to stricter regulations and strengthening snow performance to gain differentiated competitiveness

## Dedicated Testing Center at UTAC

### Overview of UTAC<sup>(1)</sup>



- Europe's largest automotive testing facility
- 300km from the Arctic Circle, tire testing possible under extreme conditions
- Handles the majority of our winter tier testing



## Expected Benefits

### Product performance & Development efficiency



Exclusive research center and test track (Snow Flat & Handling)

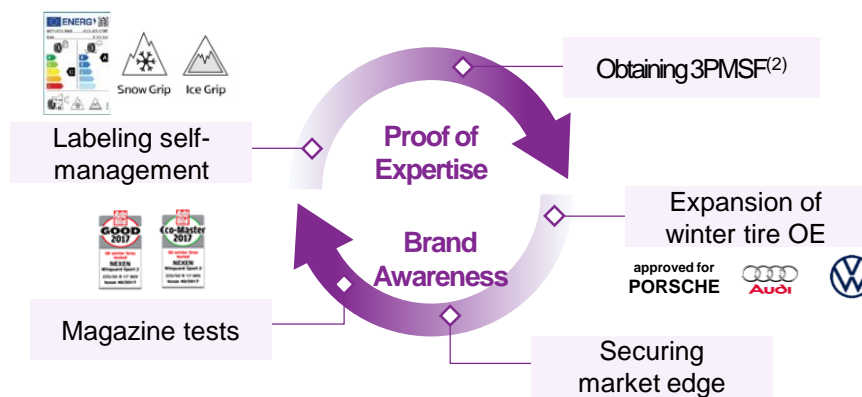


Extended testing period (1months→4months)



Improved testing stability and reliability

### Brand Value




<sup>(1)</sup> Union Technique de l'Automobile, du moto cycle et du Cycle / <sup>(2)</sup> 3 Peak Mountain Snow Flake

# Award Achievements

- Proven excellence not only in driving performance but also in environmental capabilities and design innovation
- Contributing to brand position through enhanced technological capabilities and a commitment to sustainable future mobility

## Magazine Tests (2025 Summer Tire)

### ADAC (Germany)

Grade	Brand & Model
Good	 <b>NEXEN N'Fera Sport</b>
	Continental SportContact 7
	Goodyear Eagle F1 Asymmetric 6
	Michelin Pilot Sport 5
	Bridgestone Potenza Sport
	Vredestein Ultrac Pro

※ Test dimension: 225/40 R18

Grade distribution: 11 'Good', 4 'Satisfactory', 2 'Adequate'

### ÖAMTC (Austria)



NEXEN N'FERA Sport

### TCS (Switzerland)



## Green Good Design Award<sup>(1)</sup> 2025



- Grip strength with 'Step Groove'
- 'Replacement Point Indicator' to show when to replace tires
- 30% improvement in wear for greater sustainability
- Enhanced snow braking performance via 'Serrated Block Design'

## NMR The 22<sup>nd</sup> Edition of the Tire of the Year Awards<sup>(2)</sup>



Performing well in a variety of climates



Build durability to match van's characteristics



Improving wear and fuel efficiency



Best Light Commercial Tire

NEXEN N'BLUE 4Season Van

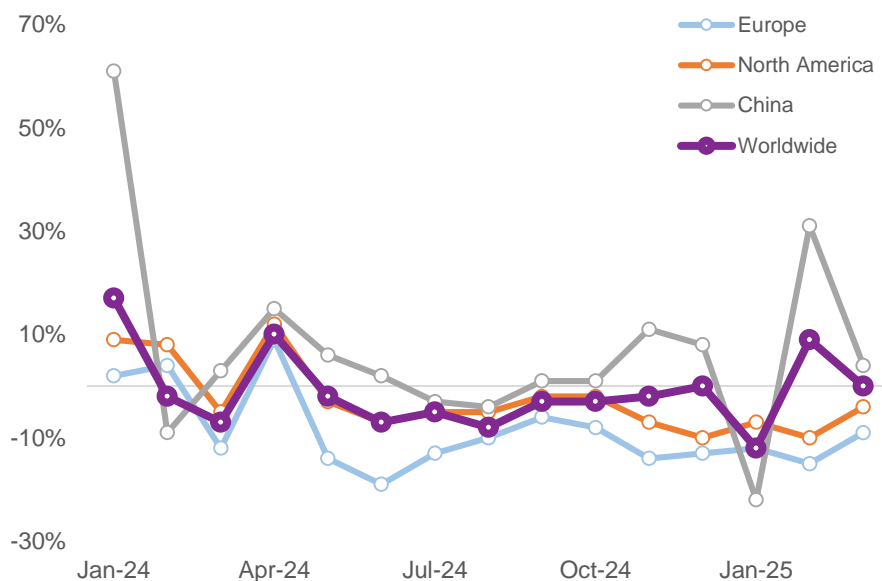
<sup>(1)</sup> Organized by The Chicago Athenaeum and The European Centre for Architecture, Art, Design and Urban Studies / <sup>(2)</sup> Hosted by Neumáticos & Mecánica Rápida

## 4. Market Status

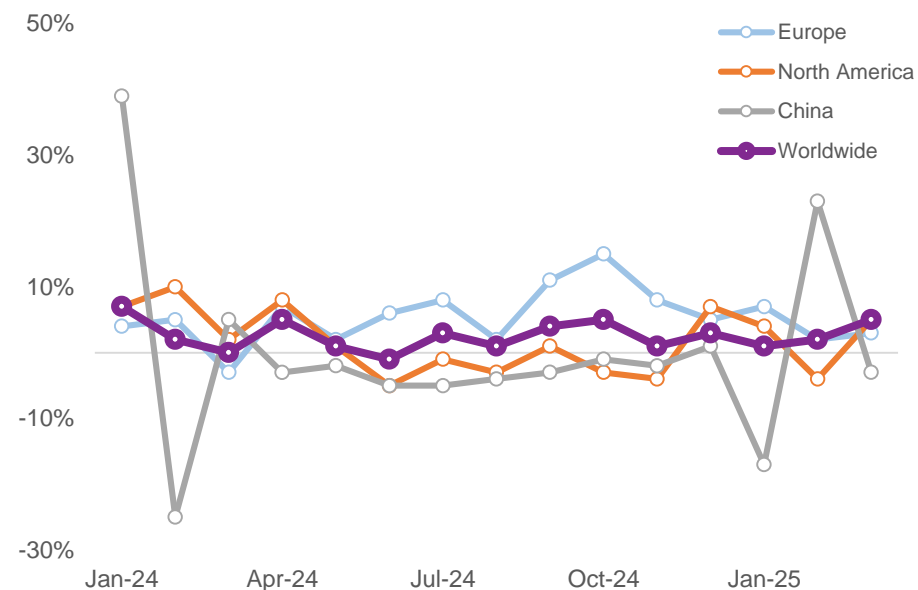
# Global Tire Market

- (OE) Increased new car sales from China's Old-for-New Policy; conversely, continued declines elsewhere due to Europe's EV subsidy cuts and U.S. consumer spending slowdown
- (RE) Europe drives global demand, with seasonal products such as all-weather and winter tires leading the way
- Trump administration's tariffs have slowed U.S. economy and fueled inflation concerns, heightening sensitivity to future policy changes

## Growth Rate - OE (YoY, based on quantity)



## Growth Rate - RE (YoY, based on quantity)



# Raw Materials

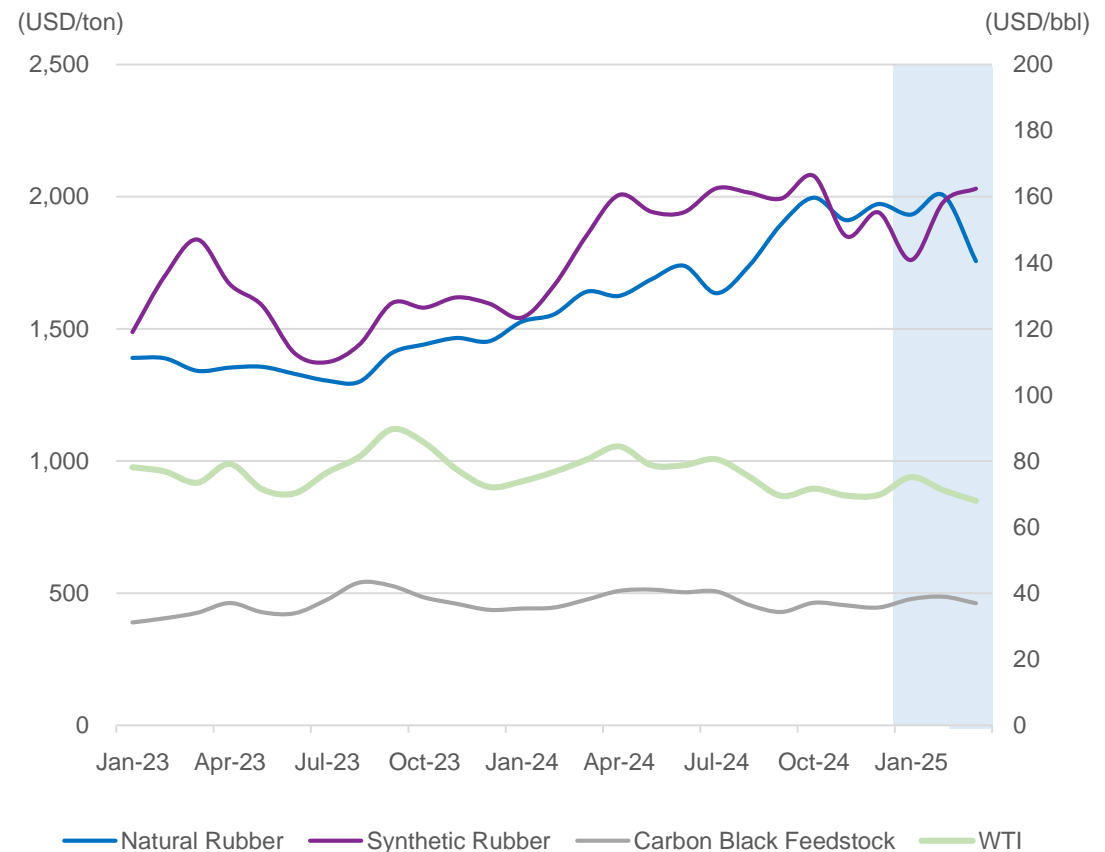
- Prolonged supply shortage of natural rubber due to declining arable land and abnormal weather conditions
- Policy uncertainty, including tariffs, could slow global raw material demand, particularly in China, going forward

## Natural Rubber

- South East Asia enters wintering period (from February), triggering short-term price spikes
- Market prices supported by robust demand from tires and other industries, but volatility picked up in March as prices fall

## Synthetic Rubber

- Following lower demand and weaker prices during the Chinese Lunar New Year holiday, prices continue to rise as demand from low-cost exporters such as China and Brazil picks up



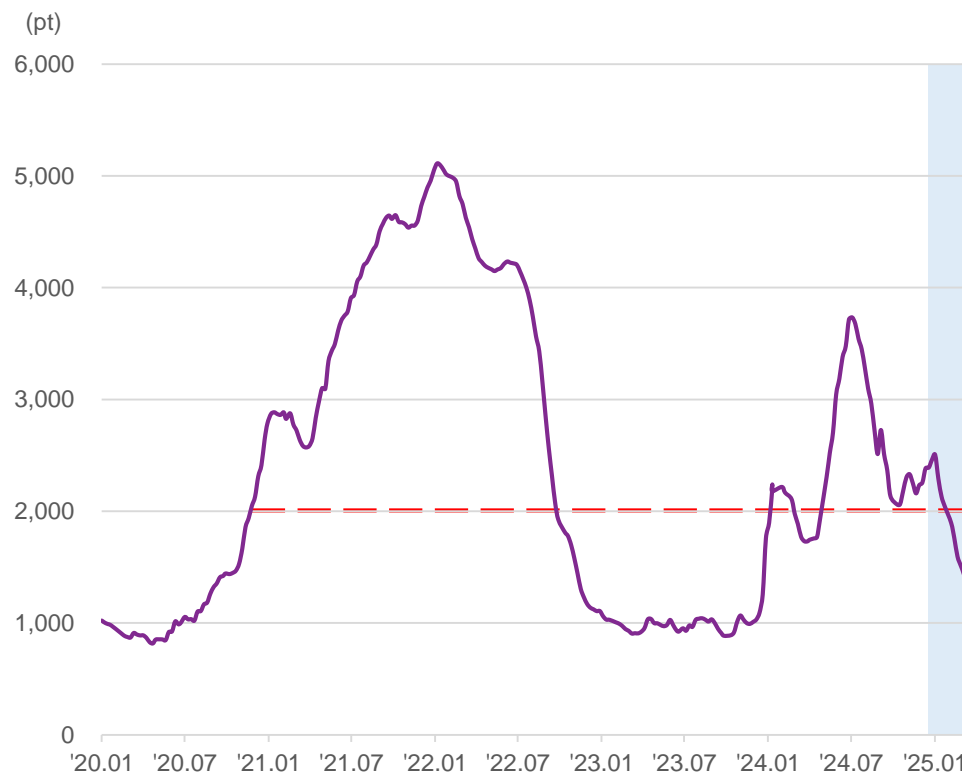
\* Sources: Natural Rubber(TSR20, SICOM), Synthetic rubber(ICIS Butadiene Rubber CFR SEA & NEA average), Carbon Black Feedstock(Means of Platts Singapore)

# Maritime Logistics

- A slowdown in global shipping and falling freight rates due to U.S. tariff policy uncertainty
- Market to be stabilized amid economic slowdown and intensified competition among alliances

## SCFI (Shanghai Containerized Freight Index)

- The freight index continued to fall throughout Q1 by uncertainty over tariff policies and a contraction in the global transportation market
- In Q2, SCFI flat as shippers defend rates through supply controls



\* Sources: Korea Customs Logistics Association

## 5. Appendix

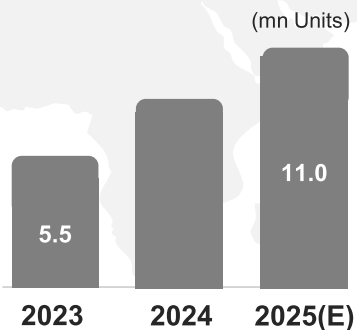
# Global Production Capacity

- Production capacity of 50mn+ units by 2025, through the 2<sup>nd</sup> phase expansion of European plant and productivity improvement
- As a global tire manufacturer specializing in Passenger Car and Light Truck, NEXEN is prepared to secure volume & profit

## Europe 11M



### 2<sup>nd</sup> phase Ramp-up



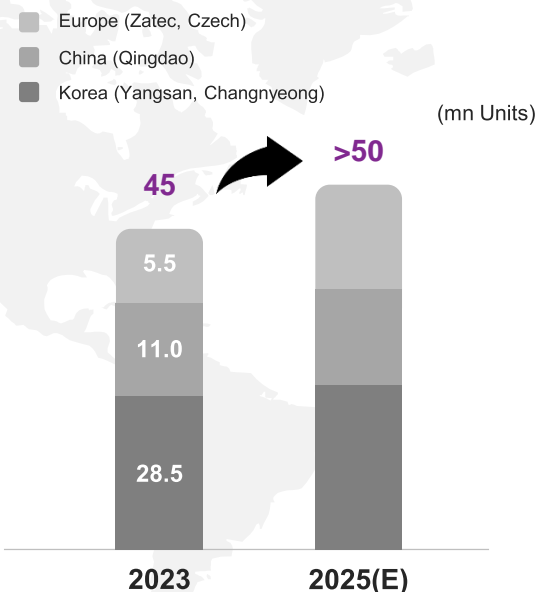
## Korea 30M



## China 11M



## Total Production Capacity











# ESG

- In 2024, gold medal rating from 'EcoVadis', the ESG evaluation agency, with the top 3% score among 130K companies in 180 countries
- Practicing ESG management through various initiatives and the improvement of evaluation metrics

## Major Performances

<b>Environment</b>	<ul style="list-style-type: none"> <li>• <b>'Green Tire' seal by AutoBild, a German magazine</b></li> <li>• <b>Sustainable raw materials</b> <ul style="list-style-type: none"> <li>- Securing new tech to apply up to 70% of sustainable raw materials by utilizing bio-oil and recycled PET code, etc.</li> </ul> </li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• Ranked No.1 tire manufacturer in the 'Global Customer Satisfaction Index<sup>(1)</sup>' for 15 consecutive years</li> <li>• The grand prize at the 'National Service Awards<sup>(2)</sup>' for 5 consecutive years</li> <li>• The Excellence Award at the '2024 Safety Culture Innovation Awards'</li> <li>• Selected for '2024 CSR<sup>(3)</sup> in the Community'</li> <li>• Selected as an excellent workplace for win-win cooperation project &amp; health and safety<sup>(4)</sup></li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Changing base date for dividend for better predictability</li> <li>• Introduction of electronic voting system</li> <li>• Appointment of female outside director</li> </ul>

## Initiatives and Awards

	<b>Gold</b> Top 3% (2024)		<b>Low Risk, 12.9</b> (2024)
	<b>B</b> (2024)		<b>BB</b> (2024)
	UN affiliated initiative <b>UNGC<sup>(5)</sup></b> (2023)		Climate Change <b>B</b> Water Security <b>B</b> (2024)
	Global Platform for Sustainable Natural Rubber <b>GPSNR<sup>(6)</sup></b> (2020)		<b>Information Security Certification</b>

<sup>(1)</sup> Hosted by 'Global Management Association'(Research and evaluation agency under 'Ministry of Trade, Industry and Energy') / <sup>(2)</sup> Hosted by 'The Institute for Industrial Policy Studies' / <sup>(3)</sup> Corporate Social Responsibility / <sup>(4)</sup> Organized by 'Ministry of Employment and Labor' and 'Korea Occupational Safety and Health Agency' / <sup>(5)</sup> UN Global Compact / <sup>(6)</sup> Global Platform for Sustainable Natural Rubber / <sup>(7)</sup> Carbon Disclosure Project / <sup>(8)</sup> Trusted Information Security Assessment eXchange

# Consolidated Income Statement

(bn KRW)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
<b>Revenue</b>	<b>678.1</b>	<b>763.8</b>	<b>708.5</b>	<b>697.6</b>	<b>771.2</b>
<b>COGS</b>	<b>500.6</b>	<b>539.8</b>	<b>497.6</b>	<b>516.9</b>	<b>569.6</b>
(%)	73.8%	70.7%	70.2%	74.1%	73.9%
<b>Gross Profit</b>	<b>177.4</b>	<b>223.9</b>	<b>210.9</b>	<b>180.7</b>	<b>201.6</b>
(%)	26.2%	29.3%	29.8%	25.9%	26.1%
<b>SG&amp;A</b>	<b>135.9</b>	<b>161.1</b>	<b>158.6</b>	<b>165.2</b>	<b>160.9</b>
(%)	20.0%	21.1%	22.4%	23.7%	20.9%
<b>Operating Profit</b>	<b>41.6</b>	<b>62.9</b>	<b>52.3</b>	<b>15.5</b>	<b>40.7</b>
(%)	6.1%	8.2%	7.4%	2.2%	5.3%
<b>Non-operating Profit</b>	<b>7.4</b>	<b>3.7</b>	<b>(54.6)</b>	<b>41.1</b>	<b>6.8</b>
<b>Income Taxes</b>	<b>8.0</b>	<b>22.2</b>	<b>4.1</b>	<b>8.8</b>	<b>7.6</b>
<b>Net Income</b>	<b>41.0</b>	<b>44.4</b>	<b>(6.4)</b>	<b>47.8</b>	<b>39.9</b>
(%)	6.0%	5.8%	-	6.8%	5.2%
<b>EBITDA</b>	<b>98.0</b>	<b>120.3</b>	<b>111.0</b>	<b>78.1</b>	<b>99.5</b>
(%)	14.5%	15.8%	15.7%	11.2%	12.9%

# Consolidated Balance Sheet

(bn KRW)	2022	2023	2024	Q1 2025
<b>Assets</b>	<b>3,944.3</b>	<b>4,232.7</b>	<b>4,574.5</b>	<b>4,760.8</b>
Cash Equivalents <sup>(1)</sup>	452.4	455.4	347.9	360.5
Account Receivable	382.2	430.1	513.7	652.6
Inventories	649.2	640.8	894.0	870.9
Tangible Assets	2,135.0	2,325.1	2,423.1	2,459.8
<b>Liabilities</b>	<b>2,348.1</b>	<b>2,527.8</b>	<b>2,702.9</b>	<b>2,846.0</b>
Debt	1,639.6	1,749.5	1,658.8	1,889.0
Account Payable	166.5	102.2	164.3	129.2
<b>Equity</b>	<b>1,596.2</b>	<b>1,704.9</b>	<b>1,871.6</b>	<b>1,914.8</b>
Net Debt	1,187.2	1,294.2	1,310.9	1,528.5

<sup>(1)</sup> Cash Equivalents = Cash Equivalents, Financial Assets Measured at Fair Value Through Other Comprehensive Income, Other Financial Assets