

Driving Tomorrow

2015 4Q Result

02 Feb 2016

Business Management Team

 **NEXEN TIRE**



This presentation is consolidated financial result in compliance with K-IFRS with unaudited 4th quarter of 2015 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

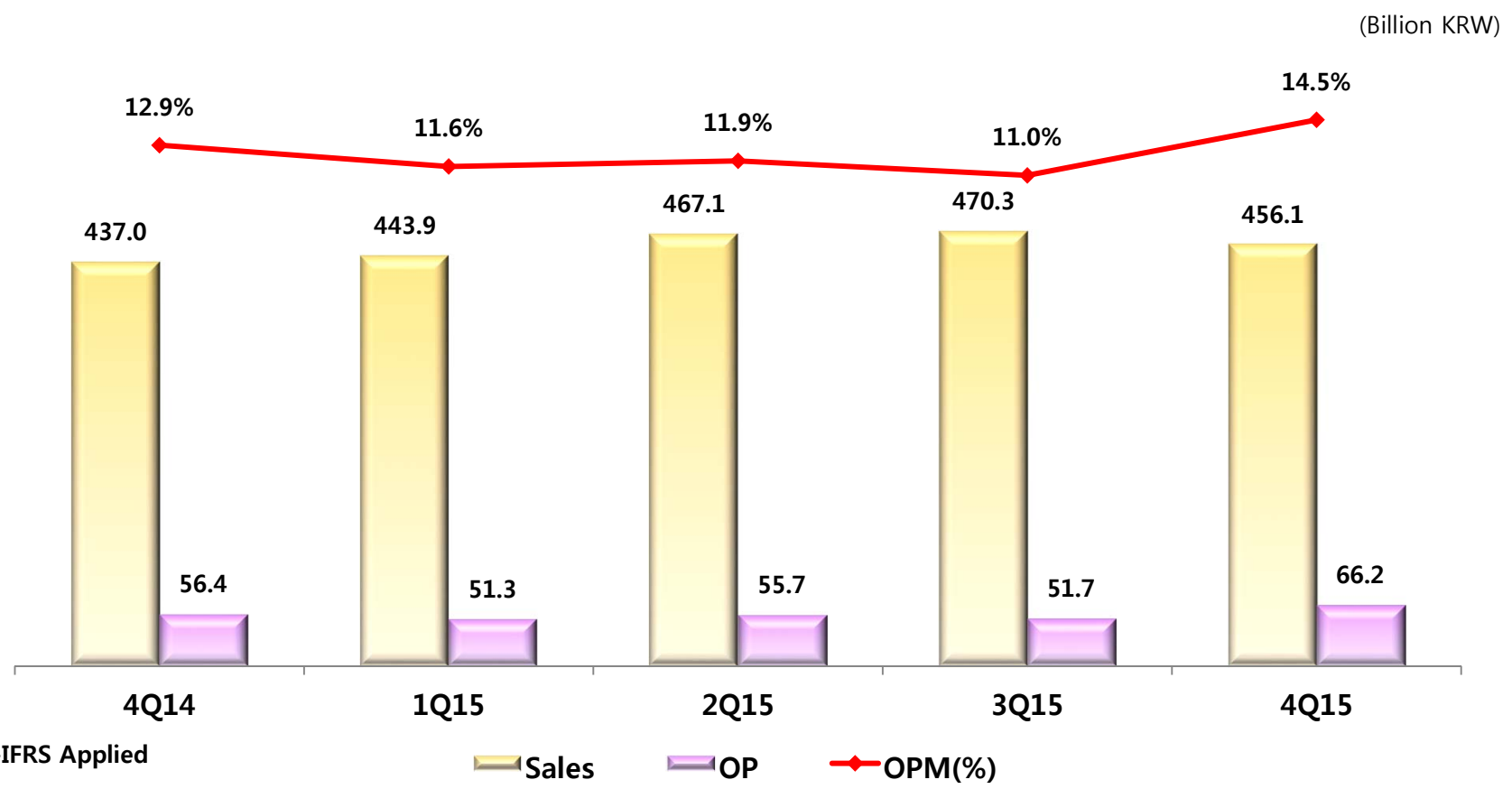
Contents

- I. Consolidated Result
- II. Result by Plant

Consolidated Quarterly Result



- ◎ Sales declined from the previous quarter due to the falling FX rate and seasonality.
- ◎ Operating profit was improved from the reduction in raw material price and operating cost.
- ◎ Continued growth of the auto market is expected to lead the growth of the tire market.



Consolidated Income Statement



(Billion KRW)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
Net Sales	456.1	470.3	437.0	-3.0%	4.4%
Gross Profit	158.7	154.5	148.7	2.7%	6.7%
<i>Margin(%)</i>	<i>34.8%</i>	<i>32.8%</i>	<i>34.0%</i>	<i>1.9%P</i>	<i>0.8%P</i>
Operating Profit	66.2	51.7	56.4	28.0%	17.3%
<i>Margin(%)</i>	<i>14.5%</i>	<i>11.0%</i>	<i>12.9%</i>	<i>3.5%P</i>	<i>1.6%P</i>
Ordinary Profit	50.1	26.5	38.7	89.1%	29.3%
<i>Margin(%)</i>	<i>11.0%</i>	<i>5.6%</i>	<i>8.9%</i>	<i>5.4%P</i>	<i>2.1%P</i>
Depreciation	35.6	36.6	23.7	-2.7%	50.3%
EBITDA	101.8	88.3	80.1	15.2%	27.1%
<i>Margin(%)</i>	<i>22.3%</i>	<i>18.8%</i>	<i>18.3%</i>	<i>3.5%P</i>	<i>4.0%P</i>



Consolidated Balance Sheet



(Billion KRW)

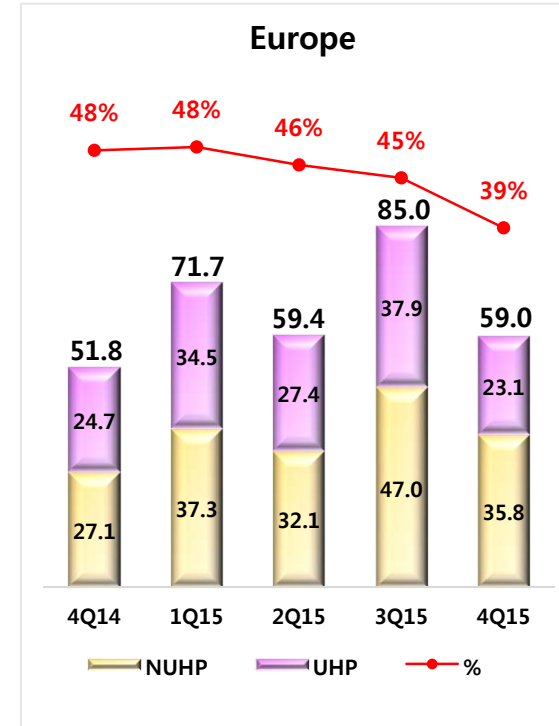
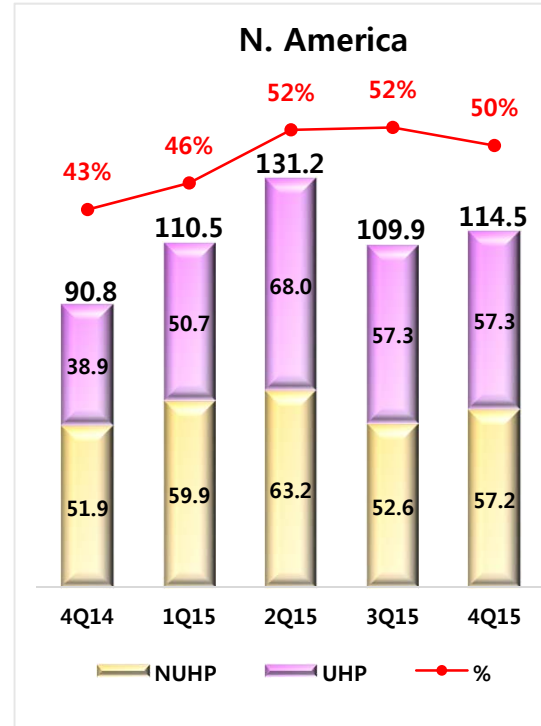
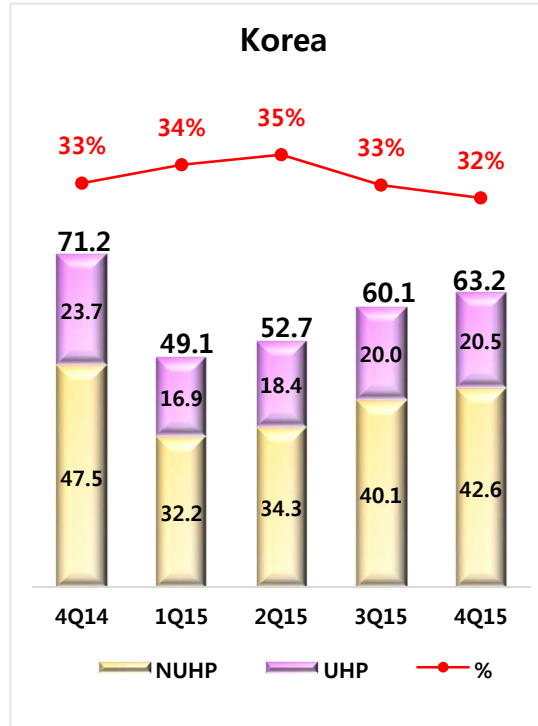
	2015 4Q (A)	2014 (B)	(A)-(B)
Assets	2,580.9	2,527.3	53.5
Current Assets	800.7	730.0	70.7
Quick Assets	549.1	478.5	70.6
Inventories	251.6	251.5	0.1
<i>(Cash and Cash Equivalents)</i>	<i>252.2</i>	<i>193.4</i>	<i>40.7</i>
Non-Current Assets	1,780.1	1,797.3	-17.2
Liabilities	1,546.8	1,594.0	-47.1
Current Liabilities	580.5	579.6	0.9
Non-Current Liabilities	966.3	1,014.3	-48.0
<i>(Debt)</i>	<i>1,005.5</i>	<i>1,064.3</i>	<i>-74.9</i>
Shareholders' Equity	1,034.0	933.4	100.7

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2015 4Q	753.3	72.9%	149.6%	137.9%	40.1%
2014	868.8	93.1%	170.8%	125.9%	36.9%

Consolidated Sales by Region



(Billion KRW)



◎ Tire import increased along with the high-performance vehicle demand increase and UHPT competition was intensified.

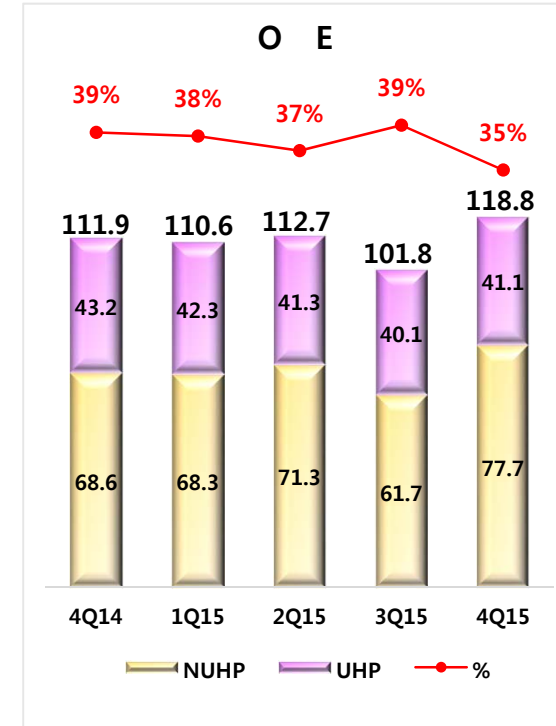
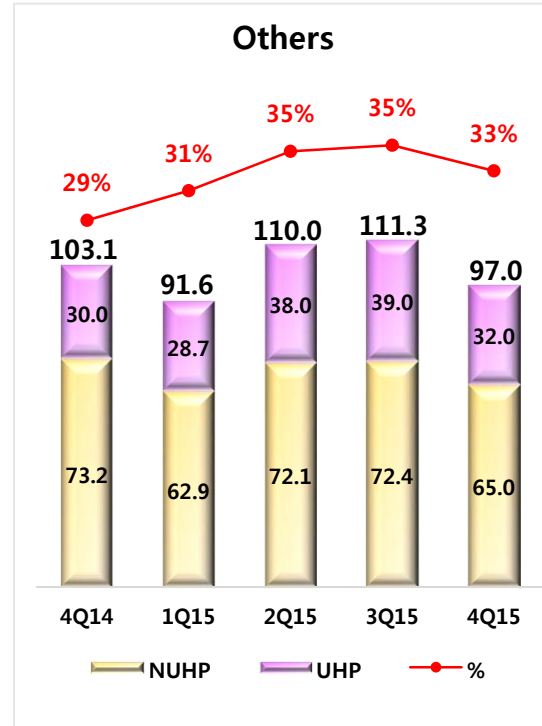
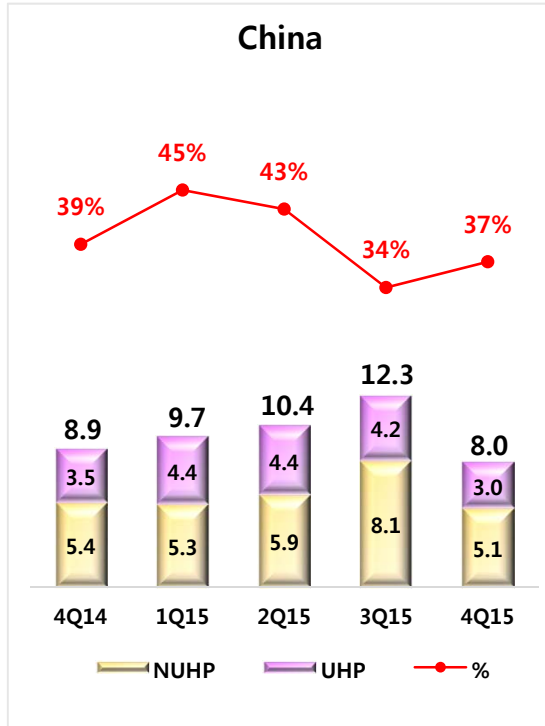
◎ The economic recovery and the increasing consumer income led to the tire demand recovery.
 ◎ The tire import regulations had an impact on the market stabilization.

◎ Sales decreased due to the termination of the winter season.
 ◎ The market competition was intensified due to the competitors' online market and low-end market expansion.

Consolidated Sales by Region



(Billion KRW)



- ◎ Sales declined from the slowdown in the domestic market economic growth.
- ◎ Domestic sales decreased due to intensified market competition in China.

- ◎ Sales reduced due to the continued emerging economic slowdown and the local currency depreciation.

- ◎ Sales increased in accordance with the domestic/export car sales recovery.
- ◎ The recent auto market slowdown was recovered in accordance with the SUV/MPV sales increase.

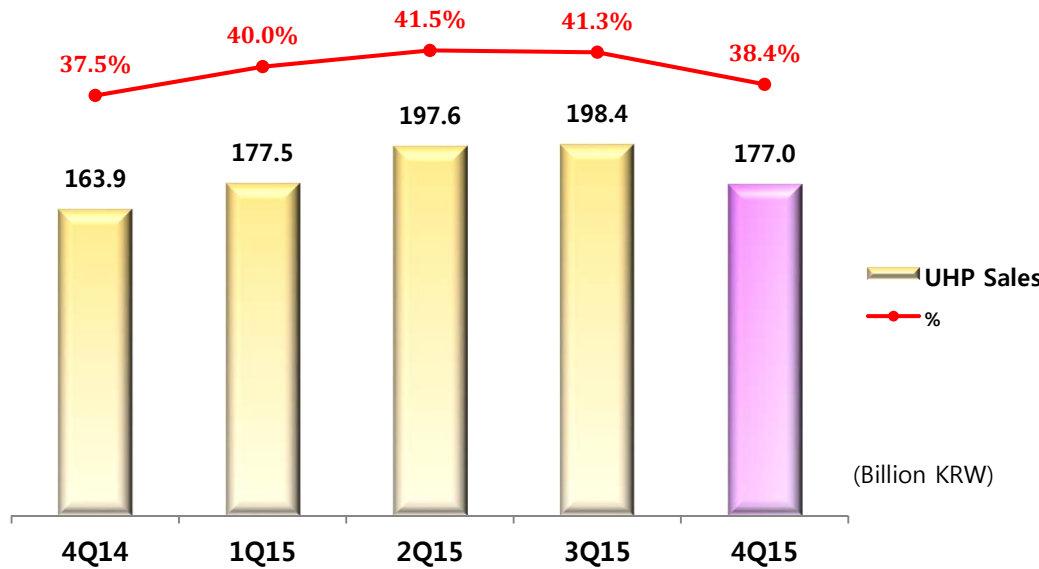
Consolidated UHPT Sales



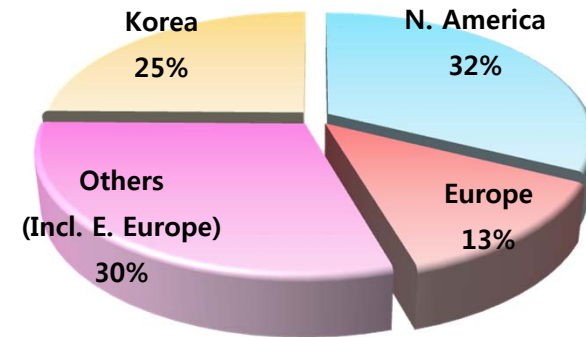
(Billion KRW)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
UHPT Sales	177.0	198.4	163.9	-10.8%	8.0%
% / Net Sales	38.4%	41.3%	37.5%	-2.9%P	1.0%P
% / Total Volume	32.4%	35.1%	33.4%	-2.7%P	-1.0%P

※ Sum of each corporation's shipment



<UHPT Sales by Region>



2015 4Q KRW-based

Consolidated Operating Expenses



(Billion KRW)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
Freight & Logistic Expense	22.4	24.0	23.1	-6.9%	-3.3%
SG&A Expenses	70.1	78.7	69.2	-10.9%	1.4%
- Salaries	20.3	20.3	17.4	0.0%	16.2%
- R&D	16.8	16.2	16.0	3.9%	4.7%
- Advertising	8.6	12.4	11.6	-30.2%	-25.9%
- Others	24.4	29.9	24.1	-18.3%	1.5%
Other Income & Expenses	-4.1	-0.9	-0.7	-379.0%	-478.5%

Consolidated Financial Income & Expenses



(Billion KRW)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
Financial Income & Expenses	-12.0	-24.4	-17.0	50.8%	29.2%
- Interest	-6.0	-7.0	-6.9	13.8%	12.5%
- Foreign Currency Transaction	2.2	2.9	-4.1	-23.2%	153.4%
- Foreign Currency Translation	-9.0	-17.0	-4.5	47.5%	-98.0%
- Others	0.8	-3.2	-1.4	123.8%	153.9%

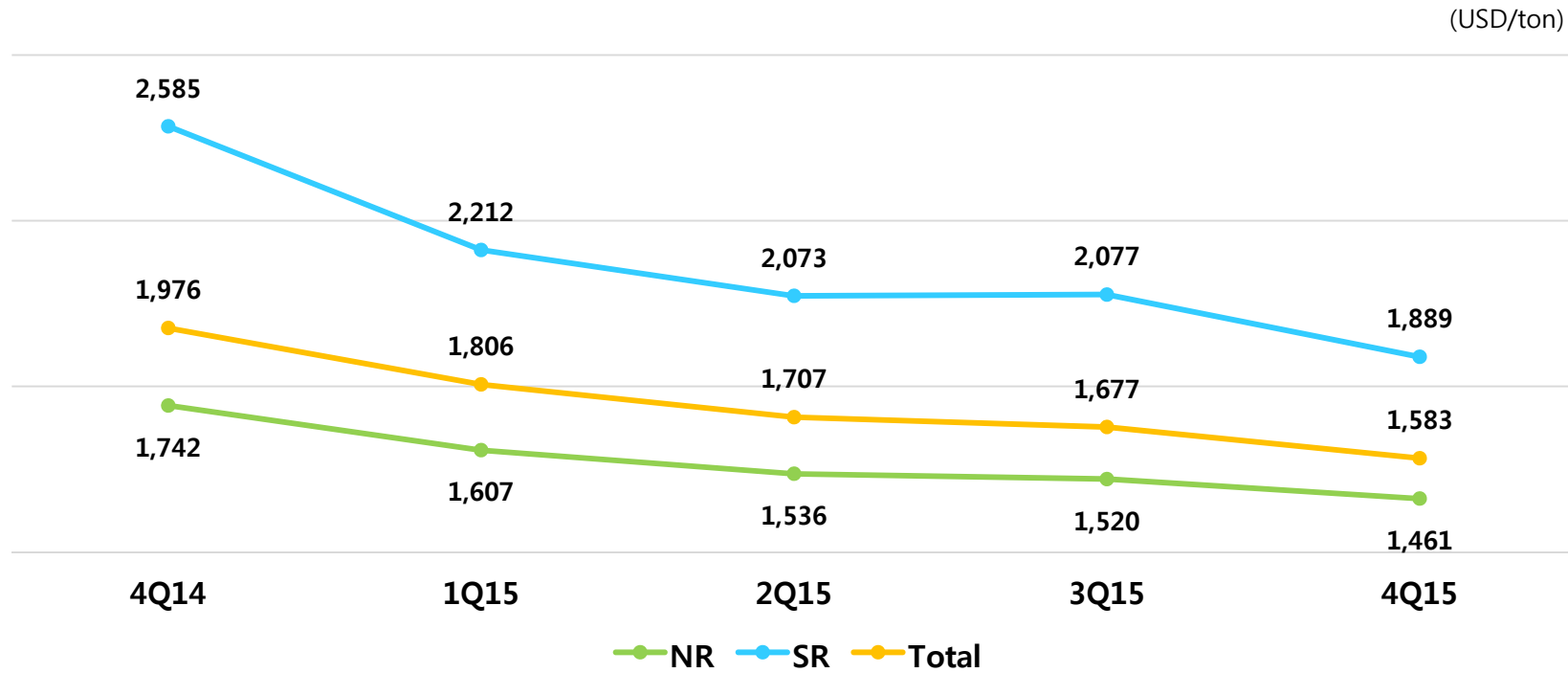
Raw Material Input Price



NR : - Price fell in accordance with synchronization phenomenon of falling global equity markets. / Low price continued due to the consumption growth slowdown in China (40% of the global consumption) and the US.

SR : -As a decline in oil price is expected until the first half of 2016, SR price will show stable downtrend.

QoQ: -5.6%
YoY: -19.9%



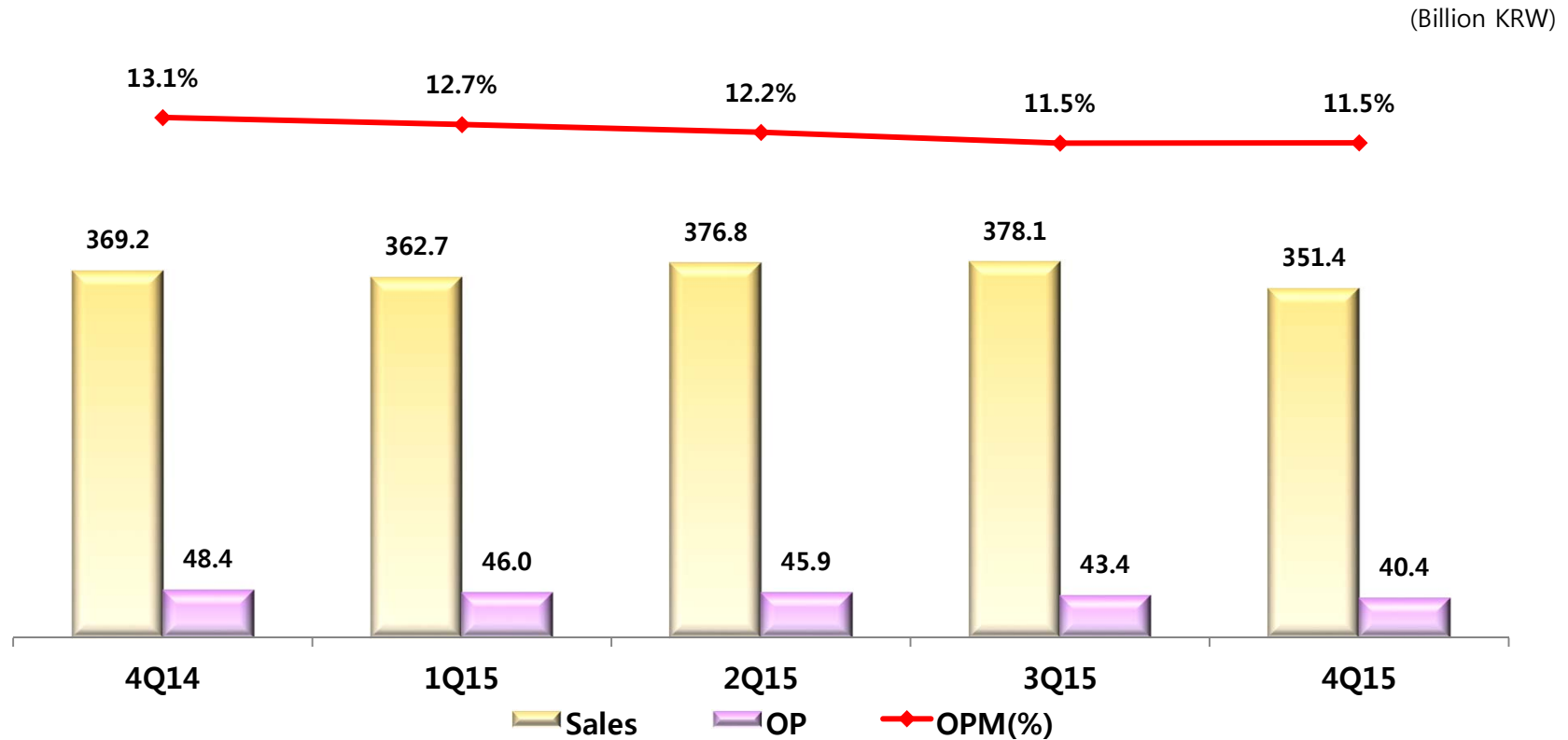
Contents

- I. Consolidated Result
- II. Result by Plant

Korea Quarterly Result



- ◎ Sales and operating profit decreased due to the impact of the exchange rate and low season.
- ◎ Demand declined in the overseas market except North America led to low sales.



※ K-IFRS Applied

Business Management Team

Korea Income Statement



(Billion KRW)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
Net Sales	351.4	378.1	369.2	-7.1%	-4.8%
Gross Profit	113.3	124.4	123.2	-8.9%	-8.0%
<i>Margin(%)</i>	<i>32.3%</i>	<i>32.9%</i>	<i>33.4%</i>	<i>-0.6%P</i>	<i>-1.1%P</i>
Operating Profit	40.4	43.4	48.4	-6.9%	-16.5%
<i>Margin(%)</i>	<i>11.5%</i>	<i>11.5%</i>	<i>13.1%</i>	<i>0.0%P</i>	<i>-1.6%P</i>
Ordinary Profit	34.6	33.3	37.4	4.0%	-7.4%
<i>Margin(%)</i>	<i>9.9%</i>	<i>8.8%</i>	<i>10.1%</i>	<i>1.1%P</i>	<i>-0.3%P</i>
Depreciation	26.6	26.3	21.5	0.9%	23.4%
EBITDA	67.0	69.8	70.0	-4.0%	-4.2%
<i>Margin(%)</i>	<i>19.1%</i>	<i>18.5%</i>	<i>19.0%</i>	<i>0.6%P</i>	<i>0.1%P</i>

Korea Balance Sheet



(Billion KRW)

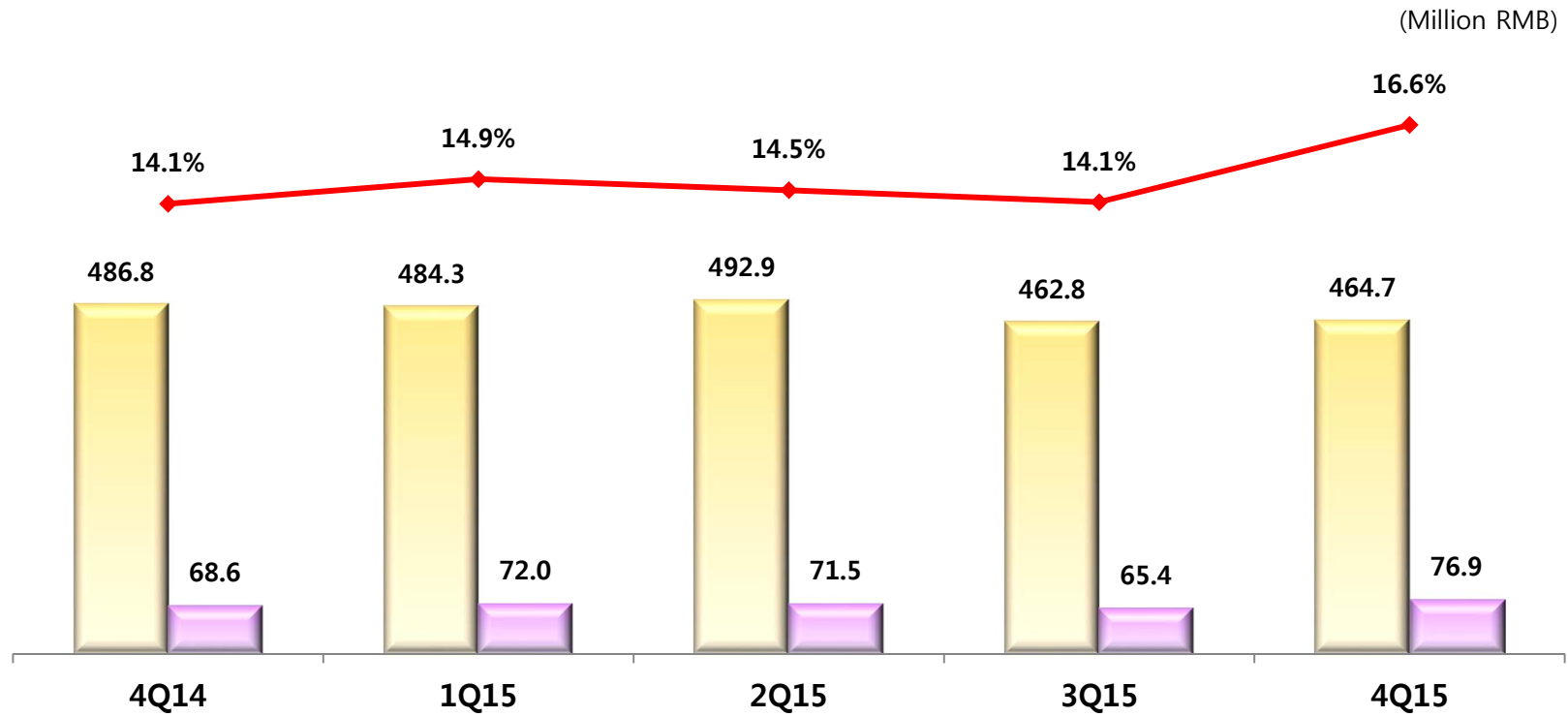
	2015 4Q (A)	2014 (B)	(A)-(B)
Assets	2,189.8	2,136.3	53.5
Current Assets	659.9	593.8	66.1
Quick Assets	538.1	461.5	76.6
Inventories	121.9	132.3	-10.5
<i>(Cash and Cash Equivalents)</i>	<i>189.8</i>	<i>161.6</i>	<i>28.2</i>
Non-Current Assets	1,529.8	1,542.4	-12.6
Liabilities	1,200.7	1,240.0	-39.3
Current Liabilities	382.0	397.2	-15.2
Non-Current Liabilities	818.7	842.8	-24.0
<i>(Debt)</i>	<i>710.3</i>	<i>776.4</i>	<i>-66.2</i>
Shareholders' Equity	989.1	896.3	92.8

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2015 4Q	520.5	52.6%	121.4%	172.8%	45.2%
2014	614.8	68.6%	138.4%	149.5%	42.0%

China Quarterly Result



- ◎ Operating profit increased due to SG&A expenses reduction.
- ◎ Domestic OE recovery offset seasonality effect and led to sales increase.



※ IFRS Applied

■ Sales
 ■ OP
 ◆ OPM(%)

China Income Statement



(Million RMB)

	2015 4Q	2015 3Q	2014 4Q	QoQ	YoY
Net Sales	465	463	487	0.4%	-4.5%
Gross Profit	122	132	136	-4.4%	-9.9%
<i>Margin(%)</i>	<i>26.3%</i>	<i>28.5%</i>	<i>27.9%</i>	<i>-1.3%P</i>	<i>-1.6%P</i>
Operating Profit	77	65	69	17.6%	12.2%
<i>Margin(%)</i>	<i>16.6%</i>	<i>14.1%</i>	<i>14.1%</i>	<i>2.4%P</i>	<i>2.5%P</i>
Ordinary Profit	25	3	55	876.0%	-55.0%
<i>Margin(%)</i>	<i>5.3%</i>	<i>0.5%</i>	<i>11.3%</i>	<i>4.8%P</i>	<i>-6.0%P</i>
Depreciation	35	34	33	2.7%	6.5%
EBITDA	112	100	101	12.5%	10.3%
<i>Margin(%)</i>	<i>24.1%</i>	<i>21.5%</i>	<i>20.8%</i>	<i>2.6%P</i>	<i>3.2%P</i>

※ IFRS standard format

China Balance Sheet



(Million RMB)

	2015 4Q (A)	2014 (B)	(A)-(B)
Assets	3,055	3,049	6
Current Assets	957	938	19
Quick Assets	814	781	33
Inventories	143	157	-15
<i>(Cash and Cash Equivalents)</i>	<i>218</i>	<i>177</i>	<i>40</i>
Non-Current Assets	2,098	2,111	-12
Liabilities	1,824	1,925	-101
Current Liabilities	1,047	1,029	18
Non-Current Liabilities	777	896	-119
<i>(Debt)</i>	<i>1,560</i>	<i>1,628</i>	<i>-68</i>
Shareholders' Equity	1,231	1,124	107

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2015 4Q	1,342	109.1%	148.2%	91.3%	40.3%
2014	1,450	129.0%	171.2%	91.1%	36.9%

Consolidated Income Statement



(Billion KRW)

	2010	(%)	2011	(%)	2012	(%)	2013	(%)	2014	(%)	2015	(%)
Net Sales	1,148.6	100.0	1,430.0	100.0	1,706.2	100.0	1,728.2	100	1,758.8	100.0	1,837.5	100.0
Cost of Goods Sold	801.2	69.8	1,085.7	75.9	1,249.4	73.2	1,239.2	71.7	1,197.8	68.1	1,218.5	66.3
Gross Profit	347.4	30.2	344.3	24.1	456.8	26.8	489.0	28.3	561.0	31.9	619.0	33.7
SG&A	210.8	18.3	232.3	16.2	276.6	16.2	312.2	18.1	352.5	20.0	394.1	21.4
Operation Profit	136.6	11.9	120.0	7.8	180.2	10.6	176.8	10.2	208.6	11.9	224.9	12.2
Non-Operating Income	36.4	3.2	67.8	4.7	62.6	3.7	60.7	3.5	61.0	3.5	57.5	3.1
Non-Operating Expenses	46.4	4.0	69.0	4.8	84.0	4.9	82.4	4.8	101.7	5.8	115.1	6.3
Ordinary Profit	130.9	11.4	113.1	7.9	158.1	9.3	161.4	9.3	164.1	9.3	164.8	9.0
Income Taxes	23.7	2.1	25.4	1.8	23.8	1.4	37.5	2.2	34.2	1.9	37.7	2.1
Net Income	107.2	9.3	87.8	6.1	134.3	7.9	124.0	7.2	129.8	7.4	127.1	6.9

※ K-IFRS Applied

Consolidated Balance Sheet



(Billion KRW)

	2010	2011	2012	2013	2014	2015
Asset	1,258.9	1,902.2	2,052.1	2,299.8	2,527.3	2,580.9
Current Assets	491.3	731.4	686.0	735.0	730.0	800.7
Quick Assets	306.5	455.4	420.7	471.6	478.5	549.1
Inventories	184.8	276.0	265.2	263.4	251.5	251.6
Non-Current Assets	767.6	1,170.8	1,366.1	1,564.8	1,797.3	1,781.3
Investment Assets	82.4	81.0	68.6	48.9	46.6	283
Property & Equipment	678.8	1,083.7	1,278.9	1,482.2	1,702.4	1,692.0
Intangible Assets	6.4	6.1	5.5	7.9	13.1	140
Liabilities	775.5	1,337.2	1,371.5	1,502.7	1,594.0	1,546.8
Current Liabilities	472.8	754.3	641.8	695.0	579.6	580.5
Non-Current Liabilities	302.7	582.9	729.8	807.7	1,014.3	966.3
Capital	386.9	483.3	565.0	680.6	797.0	1,034.0

Thank You