



# *Nexen Tire 2014 1Q Result*

2014. 04. 28.  
Business Management



**This presentation is consolidated financial result in compliance with K-IFRS with unaudited 1<sup>st</sup> quarter of 2014 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.**



# 1st Quarter Highlights



## Supply OE Tires for 2015 Chrysler <200>

Starting to supply original equipment(OE) tires for all new Chrysler <200>.

The new <200> is produced in Starling Heights plant and will be fitted with 17~19 inch CP671.



All New Chrysler 200



## Launching New TV Commercial in Korea

With new OE fitments for global car makers and capacity expansion in Chang-Nyeong plant, it will deliver Nexen's technology by showing its best performance under wet condition.



**N'blue eco**   **N9000**   **N'Priz SH9J**



## Nexen Tire wins US Good Design Awards

N'blue eco, N9000, and N'Priz SH9J had won the award in the transportation design category at the renowned Good Design Awards. This achievement follows the award it won for its winter tire, Winguard Sport, in 2012 and once again attests Nexen's global competitiveness.

## N'Fera SU1 UHP tire has become a winner at the 2014 German iF Design Awards

N'Fera SU1, which features superior drainage performance on wet roads to suit the European climate, is a European-style asymmetric pattern tire that delivers excellent cornering and stability at high-speed driving.



product  
design award

2014



**N'FERA SU1**





## I. Consolidated Result

## II. Result by Plant





## Income Statement

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Net Sales	452.9	405.7	432.9	11.6%	4.6%
Gross Profit	140.6	118.8	120.4	18.4%	16.8%
<i>Margin(%)</i>	<i>31.1%</i>	<i>29.3%</i>	<i>27.8%</i>	<i>1.8%P</i>	<i>3.2%P</i>
Operating Profit	53.8	37.2	47.7	44.8%	12.8%
<i>Margin(%)</i>	<i>11.9%</i>	<i>9.2%</i>	<i>11.0%</i>	<i>2.7%P</i>	<i>0.9%P</i>
Ordinary Profit	43.5	30.1	42.4	44.5%	2.4%
<i>Margin(%)</i>	<i>9.6%</i>	<i>7.4%</i>	<i>9.8%</i>	<i>2.2%P</i>	<i>-0.2%P</i>
Depreciation	27.0	27.2	24.0	-0.7%	12.6%
EBITDA	80.8	64.3	71.7	25.6%	12.7%
<i>Margin(%)</i>	<i>17.8%</i>	<i>15.9%</i>	<i>16.6%</i>	<i>2.0%P</i>	<i>1.3%P</i>



## Balance Sheet

(in KRW billion)

	2014 1Q (A)	2013 (B)	(A)-(B)
<b>Assets</b>	<b>2,423.3</b>	<b>2,299.8</b>	<b>123.5</b>
<b>Current Assets</b>	<b>785.5</b>	<b>735.0</b>	<b>50.6</b>
<b>Quick Assets</b>	<b>544.0</b>	<b>471.6</b>	<b>72.4</b>
<b>Inventories</b>	<b>241.5</b>	<b>263.4</b>	<b>-21.9</b>
<i>(Cash and Cash Equivalents)</i>	<i>182.1</i>	<i>191.0</i>	<i>-8.9</i>
<b>Non-Current Assets</b>	<b>1,637.8</b>	<b>1,564.8</b>	<b>72.9</b>
<b>Liabilities</b>	<b>1,608.1</b>	<b>1,502.7</b>	<b>105.4</b>
<b>Current Liabilities</b>	<b>864.8</b>	<b>695.0</b>	<b>169.8</b>
<b>Non-Current Liabilities</b>	<b>743.3</b>	<b>807.7</b>	<b>-64.4</b>
<i>(Debt)</i>	<i>1,027.0</i>	<i>966.6</i>	<i>60.4</i>
<b>Shareholders' Equity</b>	<b>815.2</b>	<b>797.0</b>	<b>18.2</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 1Q	844.9	103.6%	197.3%	90.8%	33.6%
2013	775.6	97.3%	188.5%	105.8%	34.7%



# Consolidated UHPT Sales

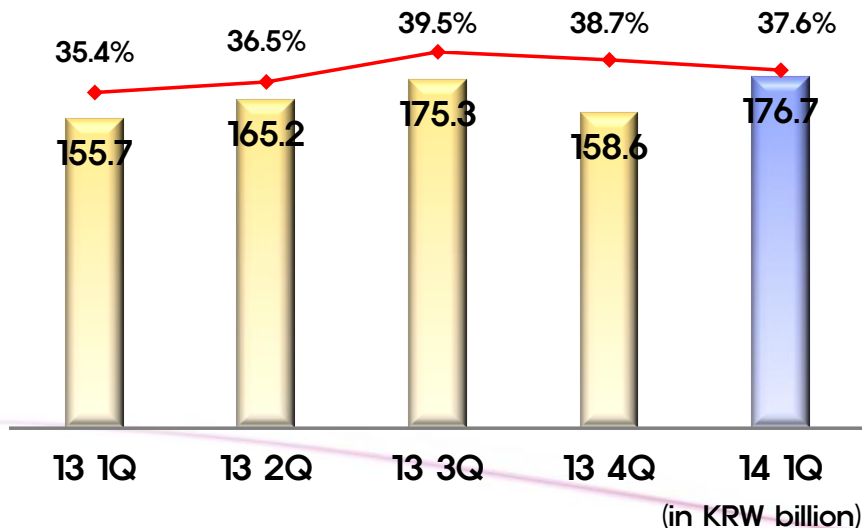


## UHPT Sales

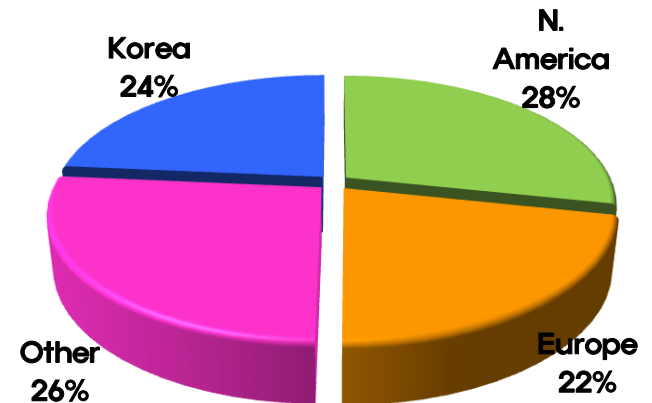
(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
UHPT Sales	176.7	158.6	155.7	11.4%	13.5%
% / Net Sales	37.6%	38.7%	35.4%	-1.0%P	2.2%P
% / Total Volume	32.9%	33.0%	30.5%	-0.1%P	2.3%P

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



## 〈UHPT Sales by Region〉



2014 1Q KRW-based



# Consolidated Result



## Operating Expenses

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Freight & Logistic Expense	21.5	20.3	19.7	5.8%	9.2%
SG&A Expenses	65.3	61.3	53.0	6.6%	23.1%
- Salaries	17.6	14.9	16.0	17.9%	9.8%
- R&D	14.6	15.7	12.4	-7.5%	17.8%
- Advertising	5.7	6.1	3.3	-6.4%	73.9%
- Others	27.4	24.5	21.4	11.8%	28.5%
Other Income & Expenses	-0.8	-2.3	0.5	65.6%	-242.8%



## Financial Income & Expenses

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Financial Income & Expenses	-9.6	-4.8	-5.8	-98.8%	-64.6%
- Interest	-6.9	-7.5	-7.1	7.8%	2.9%
- Foreign Currency Transaction	0.5	4.2	1.4	-89.2%	-68.3%
- Foreign Currency Translation	-3.1	-1.5	-0.1	-106.0%	-2,185.4%
- Others	-0.07	-0.06	-0.02	-25.9%	-357.9%



## I. Consolidated Result

## II. Result by Plant





## Income Statement

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Net Sales	336.5	336.1	345.9	0.1%	-2.7%
Gross Profit	105.4	96.6	95.0	9.1%	10.9%
<i>Margin(%)</i>	<i>31.3%</i>	<i>28.7%</i>	<i>27.5%</i>	<i>2.6%P</i>	<i>3.9%P</i>
Operating Profit	40.1	34.9	36.9	14.8%	8.8%
<i>Margin(%)</i>	<i>11.9%</i>	<i>10.4%</i>	<i>10.7%</i>	<i>1.5%P</i>	<i>1.3%P</i>
Ordinary Profit	39.0	33.4	38.6	16.9%	1.0%
<i>Margin(%)</i>	<i>11.6%</i>	<i>9.9%</i>	<i>11.2%</i>	<i>1.7%P</i>	<i>0.4%P</i>
Depreciation	18.8	18.3	17.2	2.6%	9.2%
EBITDA	58.8	53.2	54.0	10.6%	8.9%
<i>Margin(%)</i>	<i>17.5%</i>	<i>15.8%</i>	<i>15.6%</i>	<i>1.7%P</i>	<i>1.9%P</i>



## Balance Sheet

(in KRW billion)

	2014 1Q (A)	2013 (B)	(A)-(B)
<b>Assets</b>	<b>2,019.7</b>	<b>1,905.3</b>	<b>114.4</b>
Current Assets	628.8	598.1	30.7
Quick Assets	483.8	443.4	40.4
Inventories	145.1	154.7	-9.7
<i>(Cash and Cash Equivalents)</i>	<i>160.8</i>	<i>171.5</i>	<i>-10.8</i>
Non-Current Assets	1,390.8	1,307.2	83.7
<b>Liabilities</b>	<b>1,217.2</b>	<b>1,127.2</b>	<b>89.9</b>
Current Liabilities	638.2	484.9	153.3
Non-Current Liabilities	579.0	642.4	-63.4
<i>(Debt)</i>	<i>725.1</i>	<i>677.3</i>	<i>47.8</i>
<b>Shareholders' Equity</b>	<b>802.5</b>	<b>778.1</b>	<b>24.5</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 1Q	564.3	70.3%	151.7%	98.5%	39.7%
2013	505.7	65.0%	144.9%	123.4%	40.8%



## Operating Expenses

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Freight & Logistic Expense	17.3	16.1	15.6	7.4%	11.0%
SG&A Expenses	48.0	45.5	42.5	5.4%	12.8%
– Salaries	13.6	11.3	12.8	20.5%	5.8%
– R&D	13.9	15.0	11.4	-7.2%	21.6%
– Advertising	4.7	3.8	2.9	25.6%	60.8%
– Others	15.7	15.5	15.3	1.6%	2.9%
Other Income & Expenses	3.3	3.3	4.0	-0.2%	-16.3%



## Financial Income & Expenses

(in KRW billion)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Financial Income & Expenses	-4.4	-4.9	-2.2	9.9%	-99.8%
- Interest	-4.5	-4.9	-4.9	9.2%	8.0%
- Foreign Currency Transaction	-0.6	0.6	1.0	-187.4%	-155.1%
- Foreign Currency Translation	0.5	-0.7	1.6	171.3%	-68.0%
- Others	0.1	0.1	0.1	14.0%	109.4%





## Income Statement

(in RMB million)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Net Sales	523	523	485	0.0%	7.8%
Gross Profit	147	136	117	8.2%	25.4%
<i>Margin(%)</i>	<i>28.1%</i>	<i>26.0%</i>	<i>24.2%</i>	<i>2.1%P</i>	<i>3.9%P</i>
Operating Profit	74	63	51	18.4%	44.4%
<i>Margin(%)</i>	<i>14.2%</i>	<i>12.0%</i>	<i>10.6%</i>	<i>2.2%P</i>	<i>3.6%P</i>
Ordinary Profit	45	58	33	-21.4%	35.3%
<i>Margin(%)</i>	<i>8.7%</i>	<i>11.0%</i>	<i>6.9%</i>	<i>-2.4%P</i>	<i>1.8%P</i>
Depreciation	30	29	25	3.7%	21.9%
EBITDA	104	92	76	13.7%	37.0%
<i>Margin(%)</i>	<i>20.0%</i>	<i>17.6%</i>	<i>15.7%</i>	<i>2.4%P</i>	<i>4.3%P</i>

※ K-IFRS standard format



## Income Statement

(in RMB million)

	2014 1Q	2013 4Q	2013 1Q	QoQ	YoY
Net Sales	523	523	485	0.0%	7.8%
Gross Profit	147	136	117	8.2%	25.4%
<i>Margin(%)</i>	<i>28.1%</i>	<i>26.0%</i>	<i>24.2%</i>	<i>2.1%P</i>	<i>3.9%P</i>
Operating Profit	46	58	33	-21.4%	36.3%
<i>Margin(%)</i>	<i>8.7%</i>	<i>11.1%</i>	<i>6.9%</i>	<i>-2.4%P</i>	<i>1.8%P</i>
Ordinary Profit	45	58	33	-21.4%	35.3%
<i>Margin(%)</i>	<i>8.7%</i>	<i>11.0%</i>	<i>6.9%</i>	<i>-2.4%P</i>	<i>1.8%P</i>
Depreciation	30	29	25	3.7%	21.9%
EBITDA	76	87	58	-13.0%	30.2%
<i>Margin(%)</i>	<i>14.5%</i>	<i>16.7%</i>	<i>12.0%</i>	<i>-2.2%P</i>	<i>2.5%P</i>

※ China-GAAP



## Balance Sheet

(in RMB million)

	2014 1Q (A)	2013 (B)	(A)-(B)
<b>Assets</b>	<b>3,011</b>	<b>2,976</b>	<b>35.7</b>
Current Assets	924	882	41.9
Quick Assets	751	730	21.2
Inventories	173	152	20.7
<i>(Cash and Cash Equivalents)</i>	<i>123</i>	<i>112</i>	<i>10.8</i>
Non-Current Assets	2,088	2,094	-6.2
<b>Liabilities</b>	<b>2,026</b>	<b>2,010</b>	<b>15.6</b>
Current Liabilities	1,165	1,145	20.0
Non-Current Liabilities	861	865	-4.4
<i>(Debt)</i>	<i>1,753</i>	<i>1,680</i>	<i>72.8</i>
<b>Shareholders' Equity</b>	<b>985</b>	<b>965</b>	<b>20.1</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2014 1Q	1,629	165.4%	205.6%	79.3%	32.7%
2013	1,567	162.4%	208.3%	77.0%	32.4%

# Consolidated Income Statement



Driving Tomorrow  
**NEXEN TIRE**



(in KRW Billion)

	2008	(%)	2009	(%)	2010	(%)	2011	(%)	2012	(%)	2013	(%)
Net Sales	784.1	100.0	1,009.9	100.0	1,148.6	100.0	1,430.0	100.0	1,706.2	100.0	1,728.2	100%
Cost of Goods Sold	590.8	75.3	669.0	66.2	801.2	69.8	1,085.7	75.9	1,249.4	73.2	1,239.2	71.7%
Gross Profit	193.4	24.7	340.9	33.8	347.4	30.2	344.3	24.1	456.8	26.8	489.0	28.3%
SG&A	153.9	19.6	175.8	17.4	210.8	18.3	232.3	16.2	276.6	16.2	312.2	18.1%
Operation Profit	39.5	5.0	165.1	16.4	136.6	11.9	120.0	7.8	180.2	10.6	176.8	10.2%
Non-Operating Income	78.7	10.0	45.2	4.5	36.4	3.2	67.8	4.7	62.6	3.7	60.7	3.5%
Non-Operating Expenses	127.3	16.2	70.0	6.9	46.4	4.0	69.0	4.8	84.0	4.9	82.4	4.8%
Ordinary Profit	-9.1	-1.2	140.3	13.9	130.9	11.4	113.1	7.9	158.1	9.3	161.4	9.3%
Income Taxes	3.0	0.4	26.9	2.7	23.7	2.1	25.4	1.8	23.8	1.4	37.5	2.2%
Net Income	-12.1	-1.5	113.3	11.2	107.2	9.3	87.8	6.1	134.3	7.9	124.0	7.2%

※ K-IFRS applied from 2010

# Consolidated Balance Sheet



(in KRW Billion)

	2008	2009	2010	2011	2012	2013
<b>Asset</b>	<b>998.7</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>Current Assets</b>	<b>338.7</b>	<b>380.3</b>	<b>491.3</b>	<b>731.4</b>	<b>686.0</b>	<b>735.0</b>
Quick Assets	212.2	244.9	306.5	455.4	420.7	471.6
Inventories	126.5	135.4	184.8	276.0	265.2	263.4
<b>Non-Current Assets</b>	<b>660.1</b>	<b>639.9</b>	<b>767.6</b>	<b>1,170.8</b>	<b>1,366.1</b>	<b>1,564.8</b>
Investment Assets	54.6	39.0	82.4	81.0	68.6	48.9
Property & Equipment	600.6	595.8	678.8	1,083.7	1,278.9	1,482.2
Intangible Assets	4.8	5.0	6.4	6.1	5.5	7.9
<b>Liabilities</b>	<b>720.7</b>	<b>633.2</b>	<b>775.5</b>	<b>1,337.2</b>	<b>1,371.5</b>	<b>1,502.7</b>
Current Liabilities	370.2	323.8	472.8	754.3	641.8	695.0
Non-Current Liabilities	350.5	309.4	302.7	582.9	729.8	807.7
<b>Capital</b>	<b>278.0</b>	<b>386.9</b>	<b>483.3</b>	<b>565.0</b>	<b>680.6</b>	<b>797.0</b>

\* K-IFRS applied from 2010



Thank You