

2018 2Q Result



This presentation is consolidated financial result in compliance with K-IFRS with unaudited 2nd quarter of 2018 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

Market Trend

- Tire makers are diversifying production plants in accordance with nations' protective trade policies.
 - Production in the US and Europe is increasing due to the reduction of labor costs through automation.
- Replacement demand from China and other emerging countries to improve global tire demand.
 - Rapid growing demand for SUV, LT and UHPT driven by emerging market motorization.
- Increased preference for environment-friendly cars (EV, FCV, HV/PHV) and increased development of high-emission tires due to environmental regulations.
- Performance discrimination according to facility capabilities is expected by increasing demand for premium and high performance tires.

Nexen Strategy

- Expansion of facilities to meet UHPT demand.
 - Majority of the company's production facilities have been expanded after 2008 to meet the market demand for high-performance products.
 - Planning to respond growing UHPT market demand with operation of the Czech Plant.
- Increase global market share by strengthening brand awareness.
 - Increase market awareness by expanding advertisements and sports sponsorship.
 - Increase brand awareness and secure potential aftermarket customers through OE sales expansion.

Czech Plant

- Building future growth engines by establishing a global production system. (Test run in Sept. 2018)
- The Czech Plant will serve as a stepping stone for expansion of OE and aftermarket business in Europe.

Overseas TC

- Building R&D capabilities by expanding US and Europe Technical Centers. (2H 2018)
- Expand its business portfolio by developing new tires and strategic products in the overseas market.





< Official Sponsorship of the ICC USA >

Strengthen brand awareness by sponsoring the world's largest pre-season football competition



< 2018 Nexen Tire Speed Racing Held at KIC >

Held various events including Avante Sport one-make series



< New York Times Square Publicity Film Screening >

Promoting brand awareness to global customers



reddot award 2018 winner



N'FERA AU7



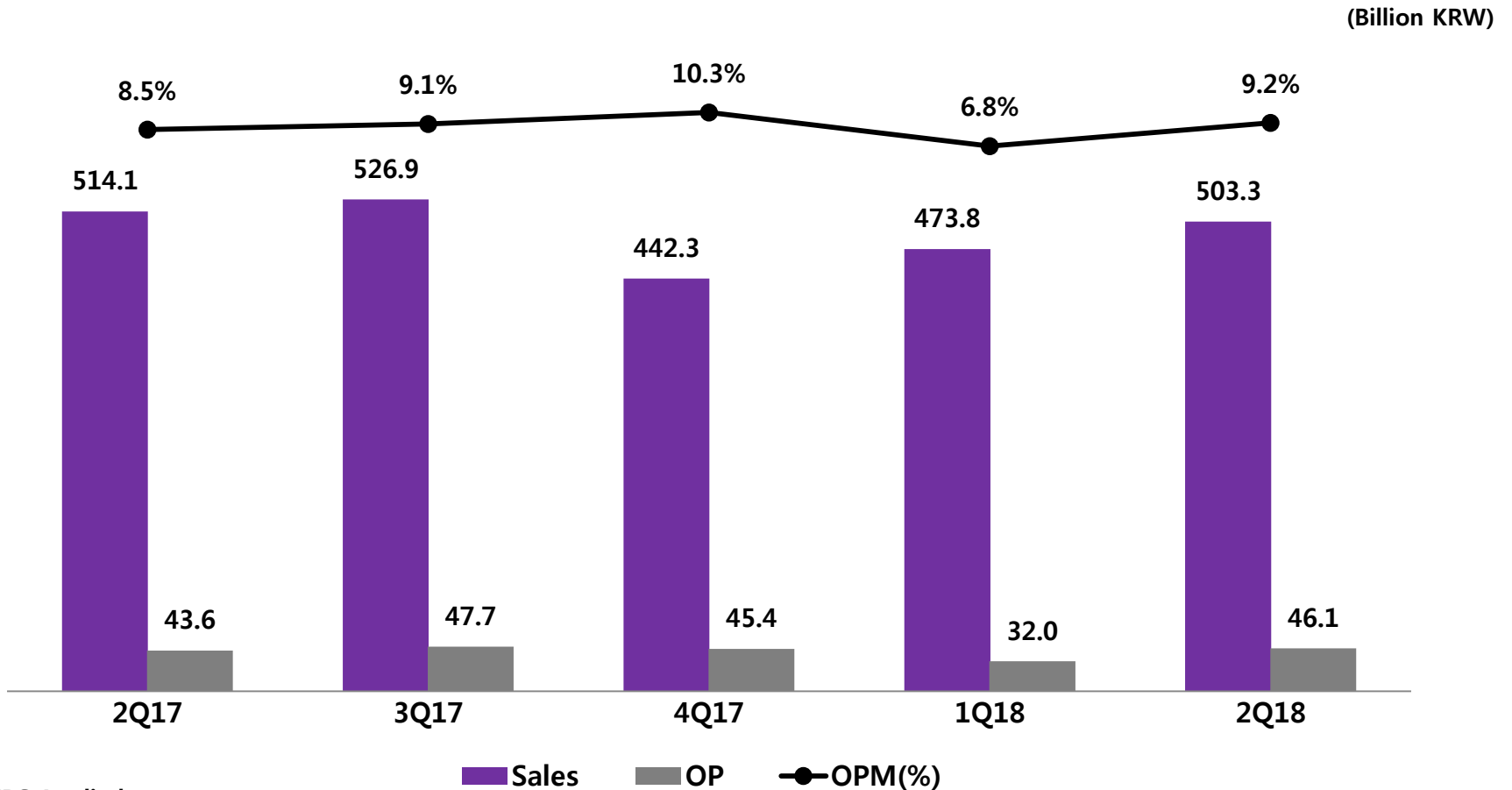
BREATHRE

< Winning Global Design Awards >

N'FERA AU7 wins 'Red Dot Design Award'

Concept tire 'BREATHRE' wins 'Green Good Design Award'

- Global economic recovery led to overall export performance in North America, Europe, etc.
- Overall revenue recovery from product mix improvements in preference for SUV products.
- Future outlook is uncertain due to rising US interest rates and intensified global protectionism.



※ K-IFRS Applied

Consolidated Income Statement

(Billion KRW)

	2017 2Q	2018 1Q	2018 2Q	QoQ	YoY
Net Sales	514.1	473.8	503.3	6.2%	-2.1%
Gross Profit	153.3	126.6	148.4	17.3%	-3.2%
<i>(%)</i>	<i>29.8%</i>	<i>26.7%</i>	<i>29.5%</i>	<i>2.8%P</i>	<i>-0.3%P</i>
Operating Profit	43.6	32.0	46.1	44.0%	5.9%
<i>(%)</i>	<i>8.5%</i>	<i>6.8%</i>	<i>9.2%</i>	<i>2.4%P</i>	<i>0.7%P</i>
Ordinary Profit	39.9	34.9	30.2	-13.6%	-24.3%
<i>(%)</i>	<i>7.8%</i>	<i>7.4%</i>	<i>6.0%</i>	<i>-1.4%P</i>	<i>-1.8%P</i>
Depreciation	38.7	38.2	37.8	-1.2%	-2.5%
EBITDA	82.3	70.2	83.9	19.4%	1.9%
<i>(%)</i>	<i>16.0%</i>	<i>14.8%</i>	<i>16.7%</i>	<i>1.8%P</i>	<i>0.7%P</i>

Consolidated Balance Sheet

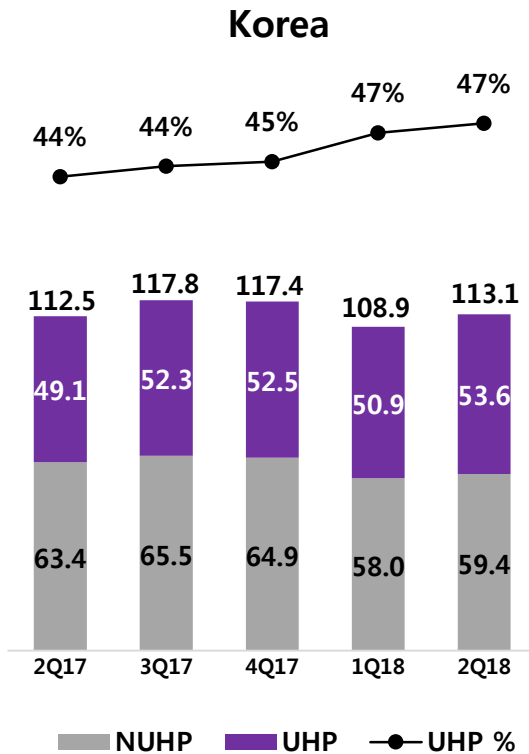
(Billion KRW)

	2017 (B)	2018 2Q (A)	(A)-(B)
Assets	2,794.0	2,999.7	205.7
Current Assets	913.5	921.8	8.3
Quick Assets	642.7	637.6	-5.0
Inventories	270.8	284.2	13.4
(Cash and Cash Equivalents)	253.6	199.2	-54.3
Non-Current Assets	1,880.5	2,077.9	197.3
Liabilities	1,455.1	1,614.5	159.5
Current Liabilities	648.2	675.1	26.9
Non-Current Liabilities	806.9	939.5	132.6
(Debt)	863.3	998.8	135.5
Shareholders' Equity	1,338.9	1,385.1	46.2

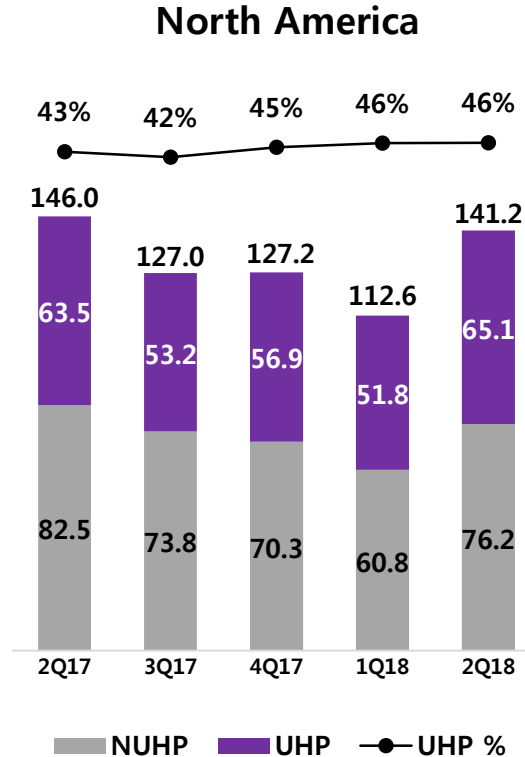
	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2018 2Q	799.6	57.7%	116.6%	136.6%	46.2%
2017	609.7	45.5%	108.7%	140.9%	47.9%

Consolidated Sales by Region

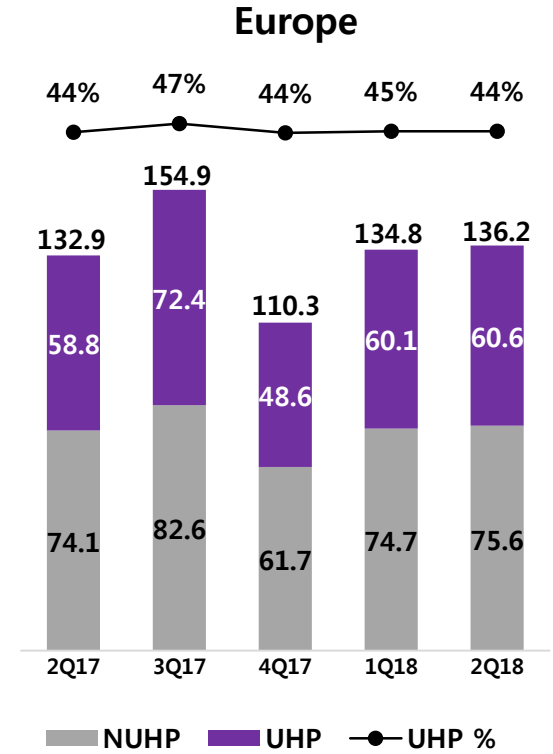
(Billion KRW)



- Growth has been stagnant due to weak demand in the domestic auto and auto parts markets.
- Competition is increasing from imported tires as well as its market share.



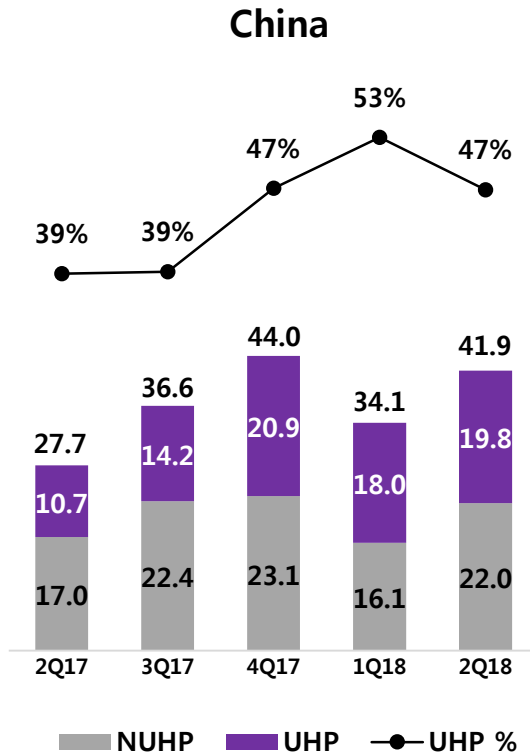
- Sales increased from economic recovery and seasonality.
- US tire production to increase and Chinese makers advance into Southeast Asia will intensify US market competition.



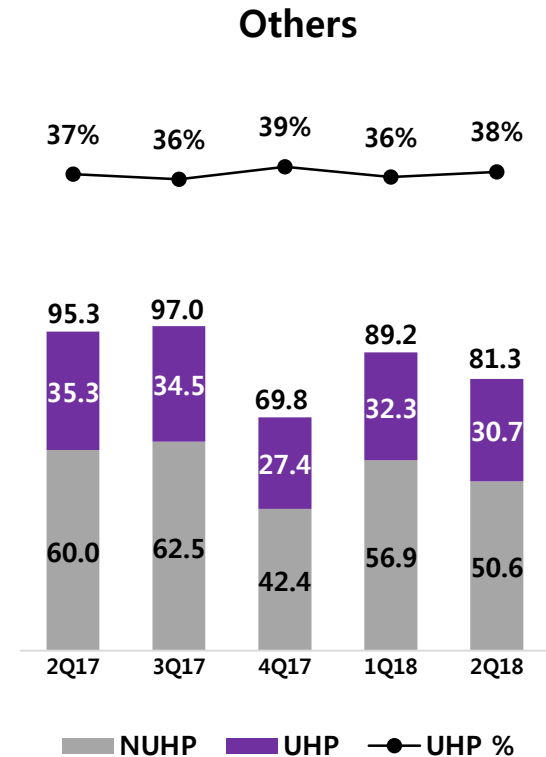
- Economic recovery of major European countries contributes to tire export expansion.
- Future market is uncertain due to political issues and market contraction from diesel car sanction.

Consolidated Sales by Region

(Billion KRW)



- Improved demand and reduced tire production in China due to environmental regulation eased competition and led to sales increase.



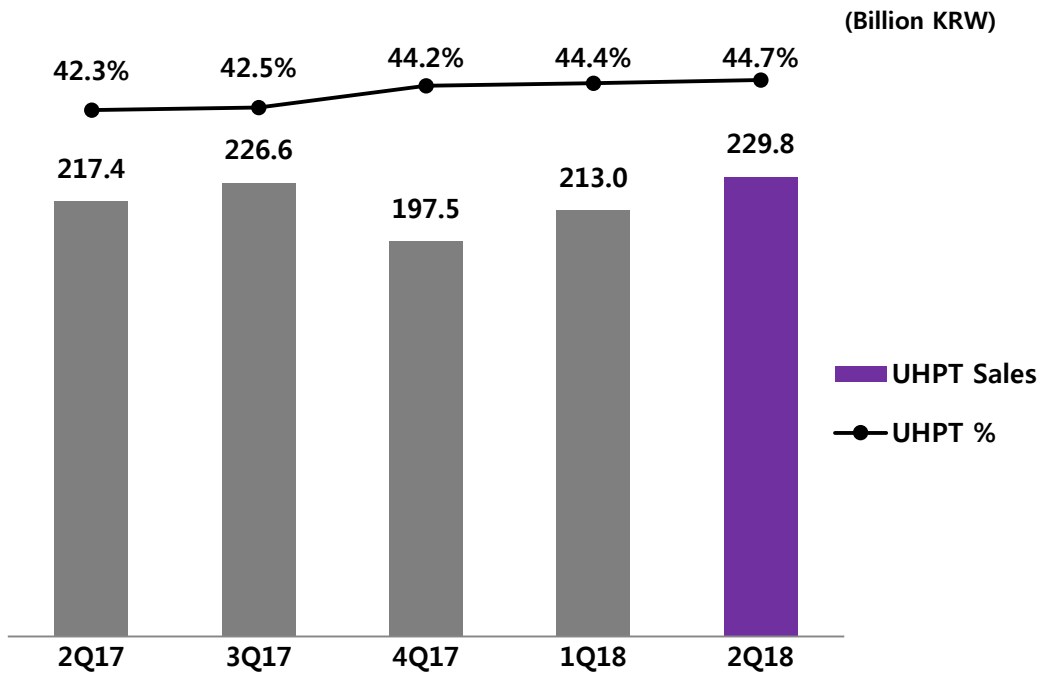
- Despite the robust economic recovery in most emerging markets, the volatility of exports has increased due to the economic instability in Latin American countries.

Consolidated UHPT Sales

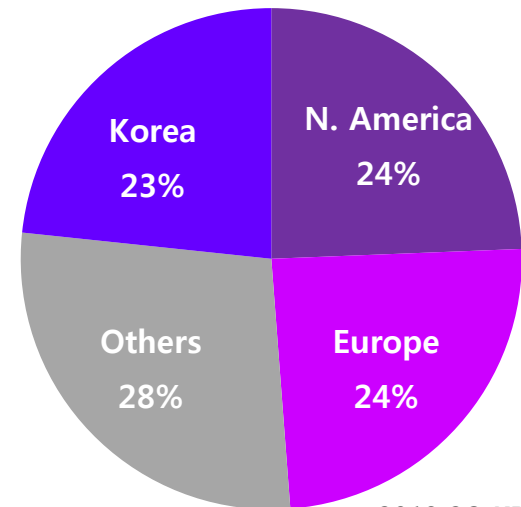
(Billion KRW)

	2017 2Q	2018 1Q	2018 2Q	QoQ	YoY
UHPT Sales	217.4	213.0	229.8	7.9%	5.7%
% / Net Sales	42.3%	44.4%	44.7%	0.3%P	2.4%P
% / Total Volume	38.1%	39.0%	39.9%	0.9%P	1.8%P

※ Sum of each corporations' shipment



UHPT Sales by Region



2018 2Q KRW-based

Consolidated Operating Expenses

(Billion KRW)

	2017 2Q	2018 1Q	2018 2Q	QoQ	YoY
Freight & Logistic Expense	27.5	9.8	12.4	26.5%	-54.7%
SG&A Expenses	82.2	84.7	89.9	6.1%	9.3%
- Salaries	24.4	25.4	27.2	6.9%	11.3%
- R&D	15.0	16.6	16.7	0.6%	11.5%
- Advertising	7.2	10.1	12.7	25.5%	75.2%
- Others	35.6	32.6	33.3	2.2%	-6.5%
Other Income & Expenses	-1.7	0.1	-0.1	-221.2%	92.8%

Consolidated Financial Income & Expenses

(Billion KRW)

	2017 2Q	2018 1Q	2018 2Q	QoQ	YoY
Financial Income & Expenses	-9.4	2.8	-15.8	-659.2%	-68.5%
- Interest	-3.3	-2.8	-3.6	-27.8%	-7.3%
- Foreign Currency Transaction	-5.4	-0.1	0.4	556.7%	107.3%
- Foreign Currency Translation	-2.0	6.3	-8.8	-240.6%	-332.7%
- Others	1.3	-0.6	-3.8	-594.6%	-385.2%

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