

*Driving Tomorrow*

# 2016 4Q Result

February 2, 2017

Business Management Team

 **NEXEN TIRE**

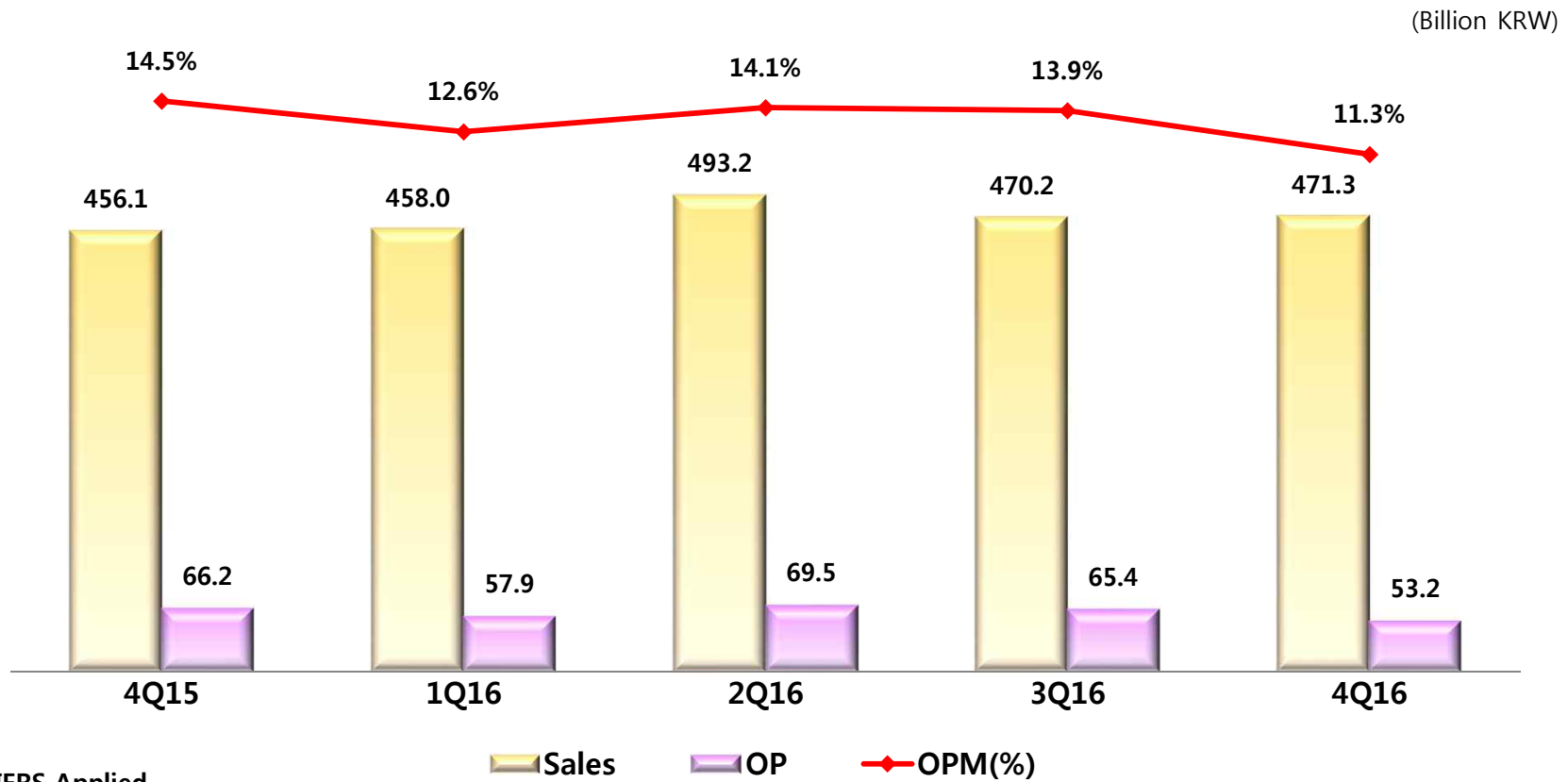


This presentation is consolidated financial result in compliance with K-IFRS with unaudited 4<sup>th</sup> quarter of 2016 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

# Consolidated Quarterly Result



- ◎ Sales growth led by sales volume increase due to global economic recovery and favorable FX.
- ◎ Operating profit declined from higher transportation cost due to raising oil price and other SG&A expenses increase.



※ K-IFRS Applied

# Consolidated Income Statement



(Billion KRW)

	2016 4Q	2016 3Q	2015 4Q	QoQ	YoY
Net Sales	471.3	470.2	456.1	0.2%	3.3%
Gross Profit	168.8	176.9	158.7	-4.6%	6.3%
<i>Margin(%)</i>	<i>35.8%</i>	<i>37.6%</i>	<i>34.8%</i>	<i>-1.8%P</i>	<i>1.0%P</i>
Operating Profit	53.2	65.4	66.2	-18.8%	-19.7%
<i>Margin(%)</i>	<i>11.3%</i>	<i>13.9%</i>	<i>14.5%</i>	<i>-2.6%P</i>	<i>-3.2%P</i>
Ordinary Profit	50.8	53.6	50.1	-5.2%	1.4%
<i>Margin(%)</i>	<i>10.8%</i>	<i>11.4%</i>	<i>11.0%</i>	<i>-0.6%P</i>	<i>-0.2%P</i>
Depreciation	37.0	36.7	35.6	0.9%	3.8%
EBITDA	90.1	102.1	101.8	-11.7%	-11.5%
<i>Margin(%)</i>	<i>19.1%</i>	<i>21.7%</i>	<i>22.3%</i>	<i>-2.6%P</i>	<i>-3.2%P</i>

# Consolidated Balance Sheet



(Billion KRW)

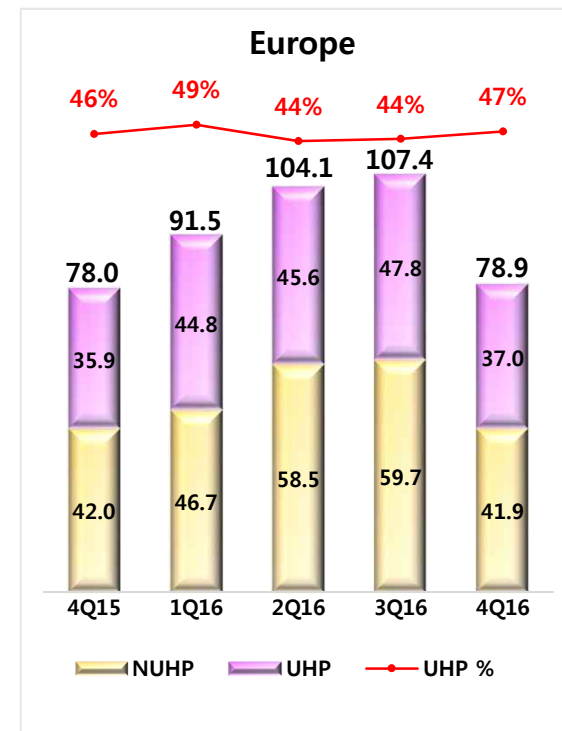
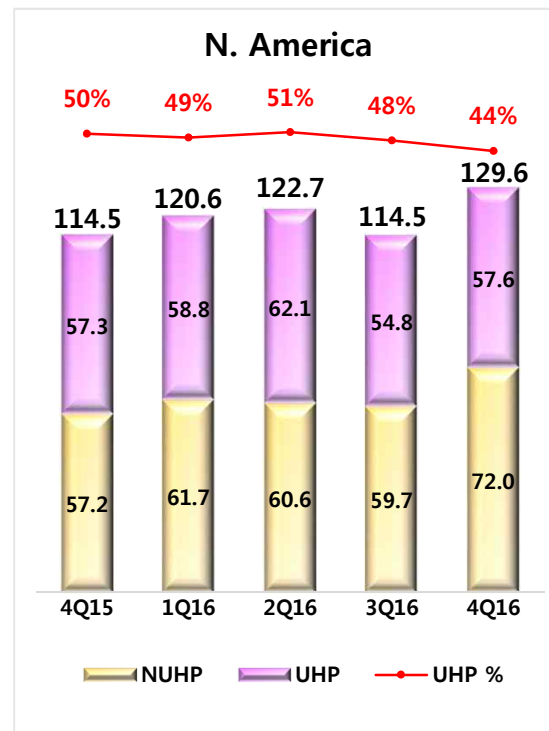
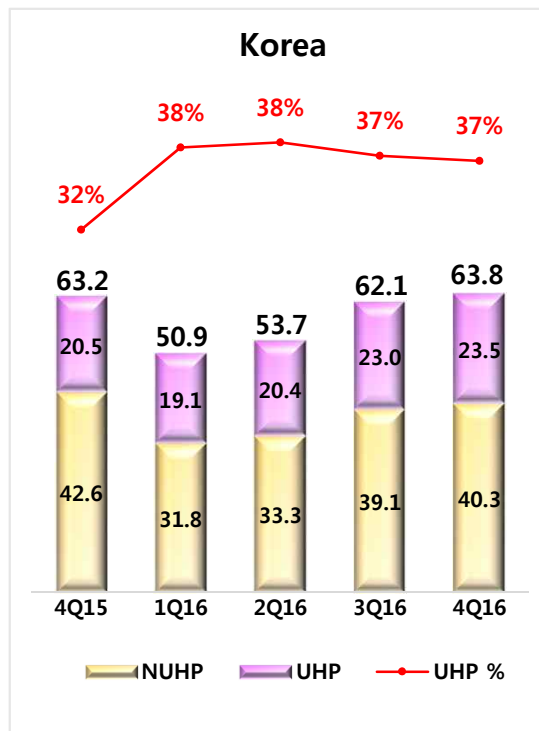
	2016 4Q (A)	2015 (B)	(A)-(B)
<b>Assets</b>	<b>2,634.5</b>	<b>2,580.9</b>	<b>53.6</b>
<b>Current Assets</b>	<b>850.3</b>	<b>800.7</b>	<b>49.5</b>
Quick Assets	598.9	549.1	49.8
Inventories	251.4	251.6	-0.3
<i>(Cash and Cash Equivalents)</i>	<i>281.5</i>	<i>252.2</i>	<i>29.3</i>
<b>Non-Current Assets</b>	<b>1,784.2</b>	<b>1,780.1</b>	<b>4.1</b>
<b>Liabilities</b>	<b>1,431.8</b>	<b>1,546.8</b>	<b>-115.1</b>
<b>Current Liabilities</b>	<b>576.6</b>	<b>580.5</b>	<b>-3.9</b>
<b>Non-Current Liabilities</b>	<b>855.2</b>	<b>966.3</b>	<b>-111.1</b>
<i>(Debt)</i>	<i>854.2</i>	<i>1,005.5</i>	<i>-151.3</i>
<b>Shareholders' Equity</b>	<b>1,202.7</b>	<b>1,034.0</b>	<b>168.7</b>

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
<b>2016 4Q</b>	<b>572.7</b>	<b>47.6%</b>	<b>119.0%</b>	<b>147.5%</b>	<b>45.7%</b>
<b>2015</b>	<b>753.3</b>	<b>72.9%</b>	<b>149.6%</b>	<b>137.9%</b>	<b>40.1%</b>

# Consolidated Sales by Region



(Billion KRW)



◎ Earnings improvement due to steady sales growth in premium and SUV/LTR products.

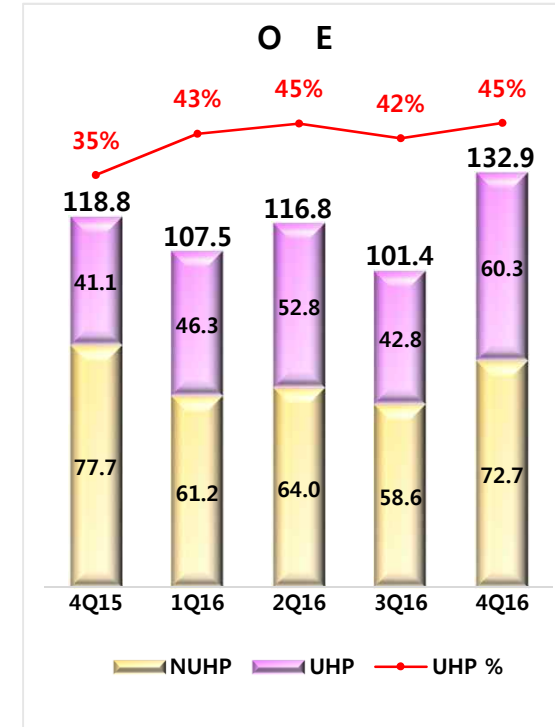
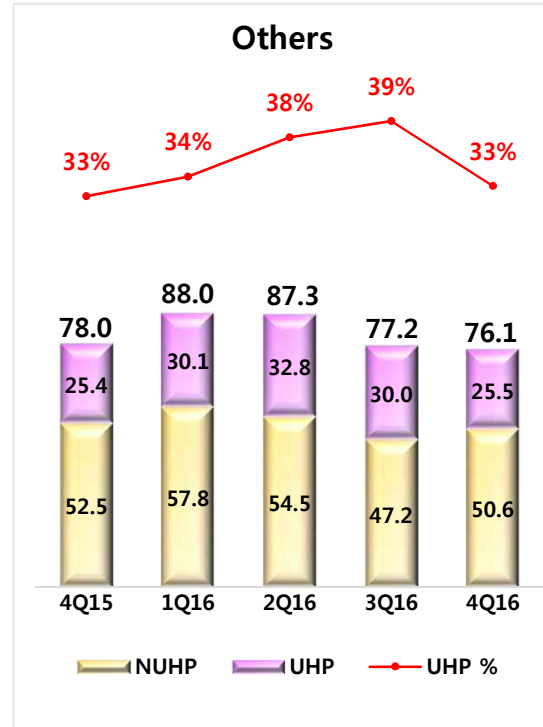
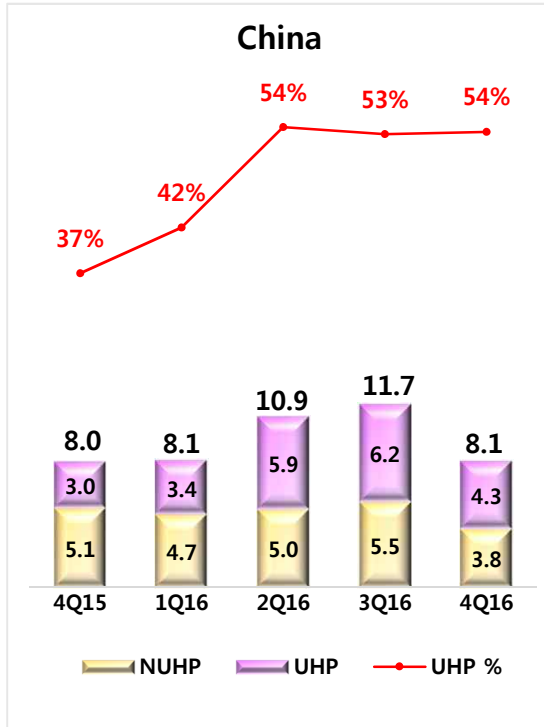
◎ Sales growth due to economic recovery and marketing activities.  
 ◎ PCR sales declined slightly but earnings improved from sales growth of SUV/LTR products.

◎ QoQ sales declined due to economic slowdown and seasonality.  
 ◎ Decrease in sales due to depreciation of euro and GBP.

# Consolidated Sales by Region



(Billion KRW)



- ◎ Prolonged competition in the domestic market slowed sales growth.
- ◎ Average selling price increased due to UHP demand growth.

- ◎ Sales decline due to depreciation of local currencies in major Asia-Pacific countries.
- ◎ Planning to increase sales with strategic business alliances and establishment of regional corporations.

- ◎ Low base effect of domestic OE in the previous quarter led to sales increase.
- ◎ Domestic market is expected to slow down due to the end of tax incentives and economic downturn.

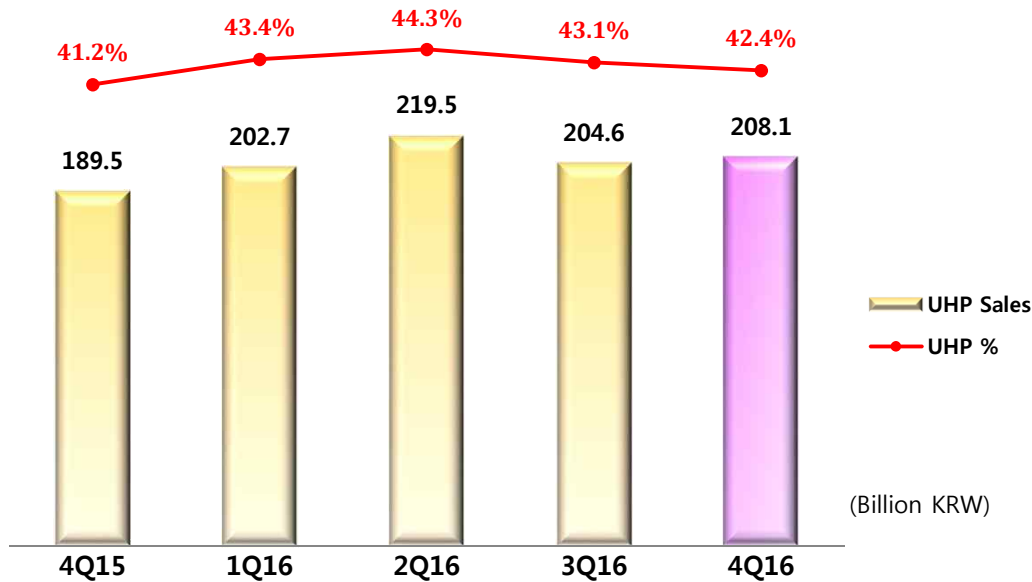
# Consolidated UHPT Sales



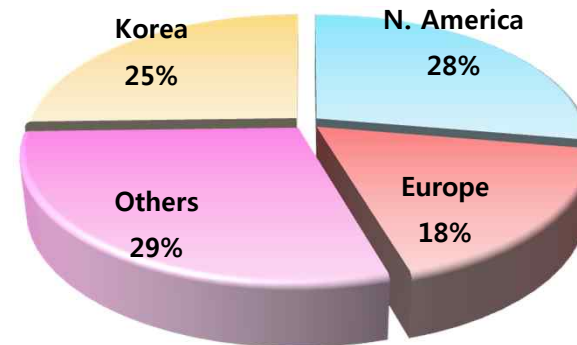
(Billion KRW)

	2016 4Q	2016 3Q	2015 4Q	QoQ	YoY
UHPT Sales	208.1	204.6	189.5	1.7%	9.8%
% / Net Sales	42.4%	43.1%	41.2%	-0.7%P	1.3%P
% / Total Volume	38.4%	38.5%	35.4%	-0.1%P	3.0%P

※ Sum of each corporations' shipment



<UHPT Sales by Region>



2016 4Q KRW-based



# Consolidated Operating Expenses



(Billion KRW)

	2016 4Q	2016 3Q	2015 4Q	QoQ	YoY
<b>Freight &amp; Logistic Expense</b>	<b>28.8</b>	<b>23.5</b>	<b>22.4</b>	<b>22.5%</b>	<b>28.7%</b>
<b>SG&amp;A Expenses</b>	<b>86.8</b>	<b>87.9</b>	<b>70.1</b>	<b>-1.3%</b>	<b>23.8%</b>
- Salaries	21.7	22.5	20.3	-3.9%	6.9%
- R&D	14.9	14.7	16.8	1.2%	-11.3%
- Advertising	13.4	15.7	8.6	-14.7%	55.0%
- Others	36.9	35.0	24.4	5.3%	50.9%
<b>Other Income &amp; Expenses</b>	<b>-1.6</b>	<b>0.9</b>	<b>-4.1</b>	<b>-287.6%</b>	<b>60.6%</b>

# Consolidated Financial Income & Expenses



(Billion KRW)

	2016 4Q	2016 3Q	2015 4Q	QoQ	YoY
<b>Financial Income &amp; Expenses</b>	<b>-0.7</b>	<b>-12.7</b>	<b>-12.0</b>	<b>94.1%</b>	<b>93.7%</b>
- Interest	-3.9	-3.8	-6.0	-1.5%	35.2%
- Foreign Currency Transaction	-4.3	-5.0	2.2	13.0%	-296.1%
- Foreign Currency Translation	7.2	-5.4	-9.0	232.9%	180.6%
- Others	0.2	1.5	0.8	-83.8%	-67.8%

# Consolidated Income Statement



(Billion KRW)

	2011	(%)	2012	(%)	2013	(%)	2014	(%)	2015	(%)	2016	(%)
Net Sales	1,430.0	100.0	1,706.2	100.0	1,728.2	100	1,758.8	100.0	1,837.5	100.0	1,892.7	100.0
Cost of Goods Sold	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	1,207.9	63.8
Gross Profit	344.3	24.1	456.8	26.8	489.0	28.3	561.0	31.9	619.0	33.7	684.7	36.2
SG&A	232.3	16.2	276.6	16.2	312.2	18.1	352.5	20.0	394.1	21.4	438.7	23.2
Operation Profit	120.0	7.8	180.2	10.6	176.8	10.2	208.6	11.9	224.9	12.2	246.0	13.0
Non-Operating Income	67.8	4.7	62.6	3.7	60.7	3.5	61.0	3.5	57.5	3.1	64.9	3.4
Non-Operating Expenses	69.0	4.8	84.0	4.9	82.4	4.8	101.7	5.8	115.1	6.3	94.5	5.0
Ordinary Profit	113.1	7.9	158.1	9.3	161.4	9.3	164.1	9.3	164.8	9.0	216.6	11.4
Income Taxes	25.4	1.8	23.8	1.4	37.5	2.2	34.2	1.9	37.7	2.1	40.6	2.1
Net Income	87.8	6.1	134.3	7.9	124.0	7.2	129.8	7.4	127.1	6.9	176.0	9.3

※ K-IFRS Applied

# Consolidated Balance Sheet



(Billion KRW)

	2011	2012	2013	2014	2015	2016
<b>Asset</b>	<b>1,902.2</b>	<b>2,052.1</b>	<b>2,299.8</b>	<b>2,527.3</b>	<b>2,580.9</b>	<b>2,634.5</b>
<b>Current Assets</b>	<b>731.4</b>	<b>686.0</b>	<b>735.0</b>	<b>730.0</b>	<b>800.7</b>	<b>850.3</b>
Quick Assets	455.4	420.7	471.6	478.5	549.1	598.9
Inventories	276.0	265.2	263.4	251.5	251.6	251.4
<b>Non-Current Assets</b>	<b>1,170.8</b>	<b>1,366.1</b>	<b>1,564.8</b>	<b>1,797.3</b>	<b>1,781.3</b>	<b>1,784.2</b>
Investment Assets	81.0	68.6	48.9	46.6	28.3	53.3
Property & Equipment	1,083.7	1,278.9	1,482.2	1,702.4	1,692.0	1,647.2
Intangible Assets	6.1	5.5	7.9	13.1	14.0	15.2
<b>Liabilities</b>	<b>1,337.2</b>	<b>1,371.5</b>	<b>1,502.7</b>	<b>1,594.0</b>	<b>1,546.8</b>	<b>1,431.8</b>
<b>Current Liabilities</b>	<b>754.3</b>	<b>641.8</b>	<b>695.0</b>	<b>579.6</b>	<b>580.5</b>	<b>576.6</b>
<b>Non-Current Liabilities</b>	<b>582.9</b>	<b>729.8</b>	<b>807.7</b>	<b>1,014.3</b>	<b>966.3</b>	<b>855.2</b>
<b>Capital</b>	<b>483.3</b>	<b>565.0</b>	<b>680.6</b>	<b>797.0</b>	<b>1,034.0</b>	<b>1,202.7</b>

# Thank You