



Nexen Tire 2013 4Q Result

2014. 02. 05.
Business Management



This presentation is consolidated financial result in compliance with K-IFRS with unaudited 4th quarter of 2013 for investors' convenience. Therefore, some parts may change upon the review of independent auditors.

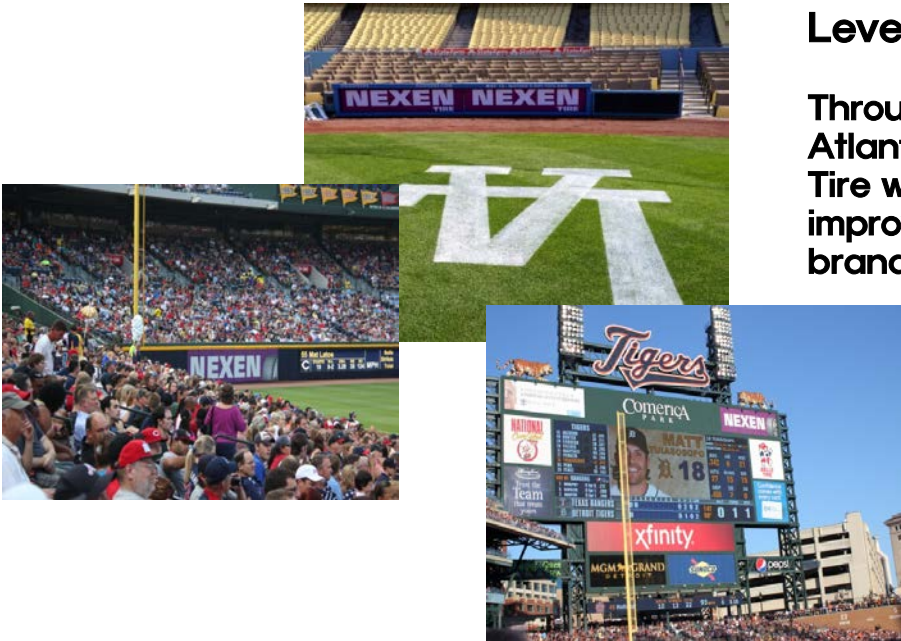


2013 Highlights



Leveraging Partnership with MLB

Through the partnership with LA Dodgers, Atlanta Braves and Detroit Tigers, Nexen Tire will experience a good chance to improve brand image and enhance the brand status in the US market



Las Vegas SEMA Show, Frankfurt Motor Show

Participating in the motor shows will help buyers to find more about Nexen Tire's RE and OE products



2013 Highlights



OE Tires to Volkswagen, Germany

N' Blue HD had been selected as the official OE tires for the Volkswagen Group, Germany, one of the largest carmaker in Europe. Nexen Tire is to supply tires for Polo, VW' s best selling model

Nexen Tire has also won OE tire supply contracts with other global car makers, including Mitsubishi (Japan), Fiat (Italy) ,Chrysler (US) and Skoda (Czech)



Nexen Heroes Sponsorship Agreement

By securing the main sponsor, the team was granted an opportunity to operate stably and Nexen Tire has a chance to contribute to the development of the Korean Professional Baseball and return the support and love received from the customers

VfL Wolfsburg Sponsorship

Nexen Tire signed a sponsorship contract with top level, professional German football club VfL Wolfsburg

This sponsorship will enhance Nexen Tire' s brand image and help with growth strategy in German market



2013 Highlights



Winning Various Design Awards

Winning Korea Good Design Award and the first Korean tire maker to win German Design Award, Japanese G-Mark Award

Chang-Nyeong Factory 2nd Stage Expansion

5mn unit (KRW 330bn) expansion (Feb. 2013~)
Production will start in 2014 Jun., Expansion will be completed in 2014 Oct.
Total Capacity 6mn/yr → 11mn/yr (2015)





I. Consolidated Result

II. Result by Plant

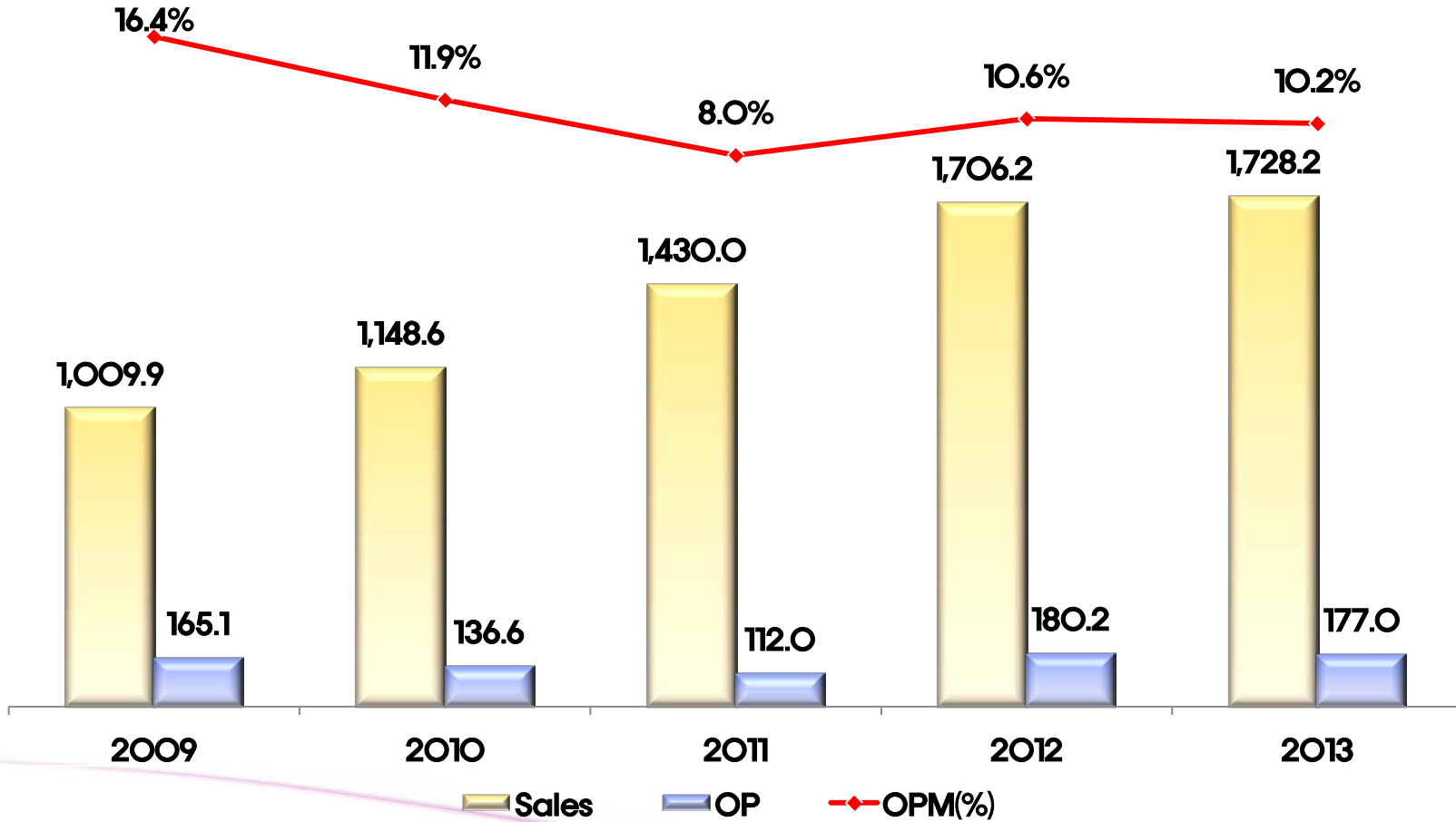


Consolidated Result



Annual Profit

(In KRW Billion)



※ K-IFRS applied from 2010



Income Statement

(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Net Sales	405.7	438.5	411.3	-7.5%	-1.4%
Gross Profit	118.8	124.7	105.1	-4.7%	13.0%
<i>Margin(%)</i>	<i>29.3%</i>	<i>28.4%</i>	<i>25.6%</i>	<i>0.8%P</i>	<i>3.7%P</i>
Operating Profit	37.2	46.3	24.3	-19.7%	52.9%
<i>Margin(%)</i>	<i>9.2%</i>	<i>10.6%</i>	<i>5.9%</i>	<i>-1.4%P</i>	<i>3.3%P</i>
Ordinary Profit	30.1	52.6	13.0	-42.8%	130.8%
<i>Margin(%)</i>	<i>7.4%</i>	<i>12.0%</i>	<i>3.2%</i>	<i>-4.6%P</i>	<i>4.2%P</i>
Depreciation	27.2	25.6	23.5	6.2%	15.7%
EBITDA	64.3	71.9	47.8	-10.5%	34.6%
<i>Margin(%)</i>	<i>15.9%</i>	<i>16.4%</i>	<i>11.6%</i>	<i>-0.5%P</i>	<i>4.2%P</i>



Balance Sheet

(in KRW billion)

	2013 4Q (A)	2012 (B)	(A)-(B)
Assets	2,299.8	2,052.1	247.7
Current Assets	735.0	686.0	49.0
Quick Assets	471.6	420.7	50.9
Inventories	263.4	265.2	-1.9
<i>(Cash and Cash Equivalents)</i>	<i>191.1</i>	<i>133.6</i>	<i>57.5</i>
Non-Current Assets	1,564.8	1,366.1	198.7
Liabilities	1,502.7	1,371.5	131.1
Current Liabilities	695.0	641.8	53.2
Non-Current Liabilities	807.7	729.8	77.9
<i>(Debt)</i>	<i>969.7</i>	<i>833.2</i>	<i>136.5</i>
Shareholders' Equity	797.0	680.6	116.4

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2013 4Q	778.6	97.7%	188.5%	105.8%	34.7%
2012	699.6	102.8%	201.5%	106.9%	33.2%

Consolidated UHPT Sales

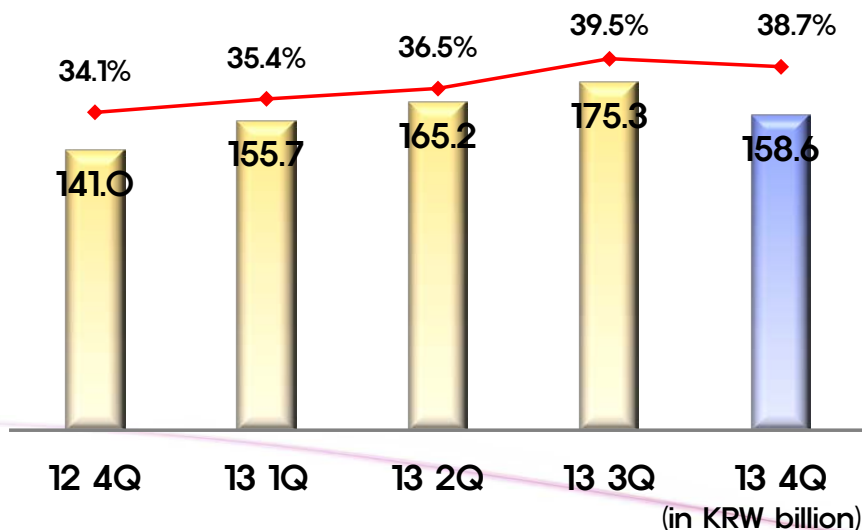


UHPT Sales

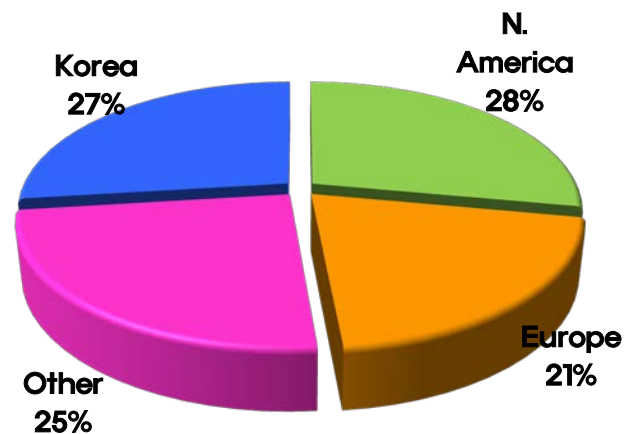
(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
UHPT Sales	158.6	175.3	141.0	-9.5%	12.5%
% / Net Sales	38.7%	39.5%	34.1%	-0.8%P	4.6%P
% / Total Volume	33.0%	34.3%	30.0%	-1.3%P	3.0%P

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



〈UHPT Sales by Region〉



2013 4Q KRW-based

Consolidated Result



Operating Expenses

(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Freight & Logistic Expense	20.3	22.5	20.9	-9.7%	-2.5%
SG&A Expenses	61.3	55.9	60.0	9.7%	2.2%
- Salaries	14.9	16.0	20.7	-6.7%	-28.2%
- R&D	15.7	14.4	13.0	9.6%	21.4%
- Advertising	6.1	4.5	4.9	36.2%	25.6%
- Others	24.5	21.1	21.4	16.5%	14.7%
Other Income & Expenses	-2.3	7.7	-2.3	-129.4%	2.3%



Financial Income & Expenses

(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Financial Income & Expenses	-4.8	-1.5	-8.9	-230.9%	46.2%
- Interest	-7.5	-7.6	-7.5	2.0%	0.2%
- Foreign Currency Transaction	4.2	3.0	2.9	41.6%	43.3%
- Foreign Currency Translation	-1.5	3.2	-4.4	-146.2%	66.2%
- Others	-0.06	-0.02	0	-134.6%	-149.1%



I. Consolidated Result

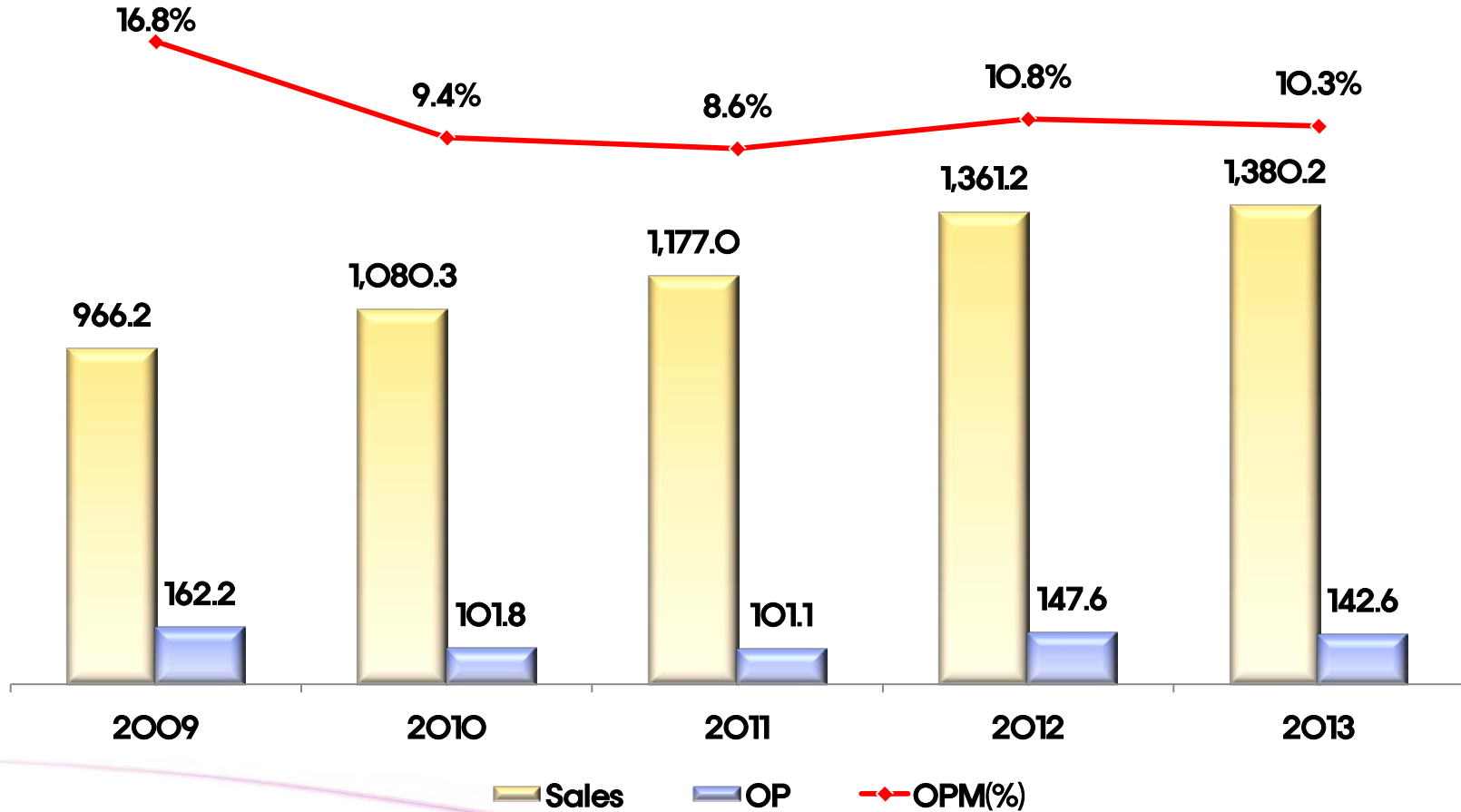
II. Result by Plant





Annual Profit

(In KRW Billion)



※ K-IFRS applied from 2010



Income Statement

(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Net Sales	336.1	334.8	341.6	0.4%	-1.6%
Gross Profit	96.6	90.9	85.9	6.3%	12.4%
<i>Margin(%)</i>	<i>28.7%</i>	<i>27.1%</i>	<i>25.1%</i>	<i>1.6%P</i>	<i>3.6%P</i>
Operating Profit	34.9	29.6	21.9	18.0%	59.3%
<i>Margin(%)</i>	<i>10.4%</i>	<i>8.8%</i>	<i>6.4%</i>	<i>1.6%P</i>	<i>4.0%P</i>
Ordinary Profit	33.4	37.9	15.2	-11.8%	120.1%
<i>Margin(%)</i>	<i>9.9%</i>	<i>11.3%</i>	<i>4.4%</i>	<i>-1.4%P</i>	<i>5.5%P</i>
Depreciation	18.3	17.8	17.6	2.4%	4.1%
EBITDA	53.2	47.4	39.5	12.1%	34.7%
<i>Margin(%)</i>	<i>15.8%</i>	<i>14.2%</i>	<i>11.6%</i>	<i>1.7%P</i>	<i>4.3%P</i>



Balance Sheet

(in KRW billion)

	2013 4Q (A)	2012 (B)	(A)-(B)
Assets	1,905.3	1,691.2	214.1
Current Assets	598.1	552.3	45.8
Quick Assets	443.4	372.7	70.8
Inventories	154.7	179.6	-24.9
<i>(Cash and Cash Equivalents)</i>	<i>171.5</i>	<i>113.4</i>	<i>58.2</i>
Non-Current Assets	1,307.2	1,138.9	168.3
Liabilities	1,127.2	1,016.3	110.9
Current Liabilities	484.9	434.9	50.0
Non-Current Liabilities	642.4	581.5	60.9
<i>(Debt)</i>	<i>677.3</i>	<i>562.9</i>	<i>114.4</i>
Shareholders' Equity	778.1	674.9	103.2

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2013 4Q	505.7	65.0%	144.9%	123.4%	40.8%
2012	449.5	66.6%	150.6%	127.0%	39.9%



Operating Expenses

(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Freight & Logistic Expense	16.1	17.5	16.5	-7.8%	-2.1%
SG&A Expenses	45.5	43.8	47.5	4.0%	-4.1%
- Salaries	11.3	12.4	16.9	-9.4%	-33.2%
- R&D	15.0	13.5	12.5	11.3%	19.9%
- Advertising	3.8	3.3	3.6	13.3%	3.8%
- Others	15.5	14.5	14.5	6.5%	6.8%
Other Income & Expenses	3.3	10.6	0.8	-68.7%	342.7%



Financial Income & Expenses

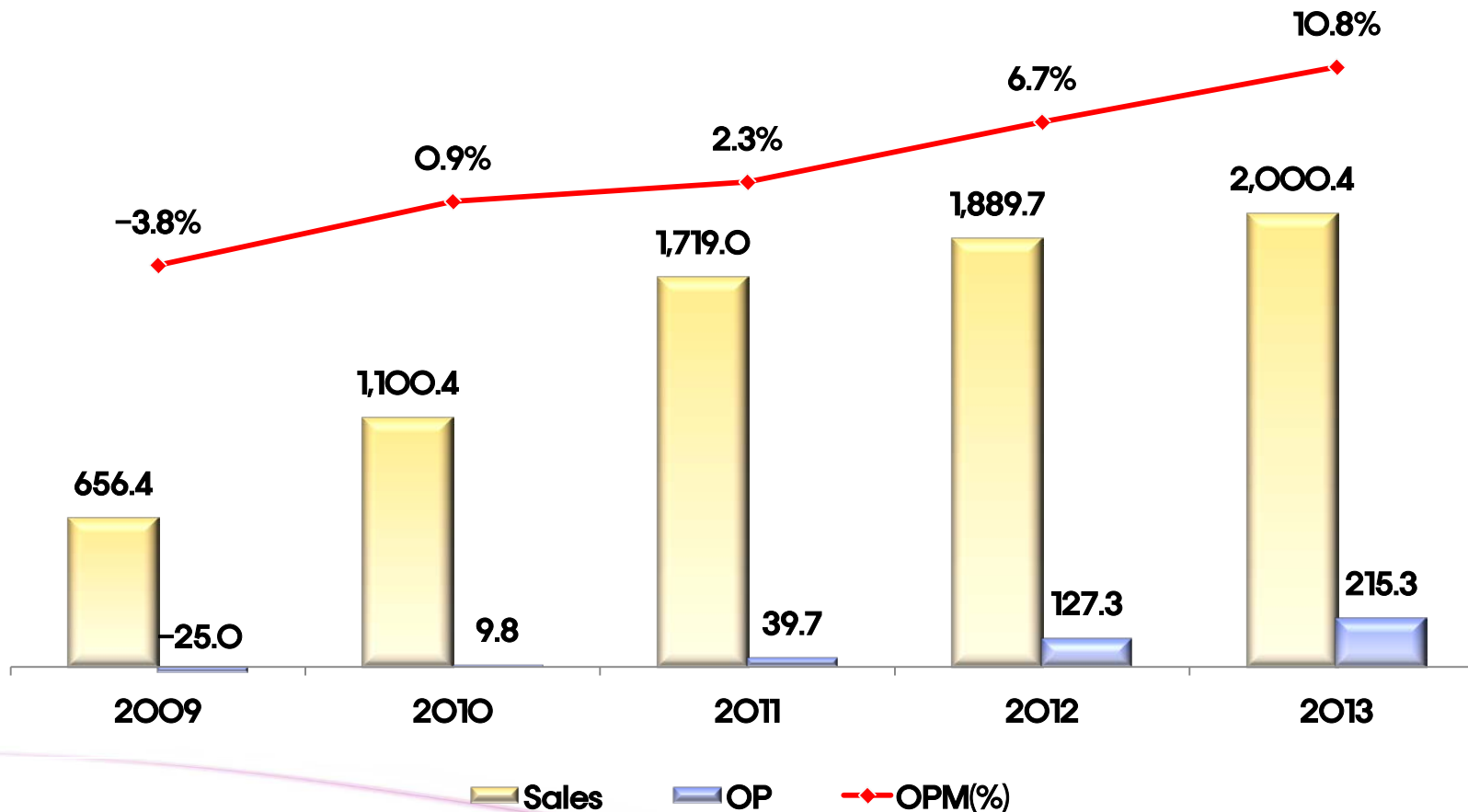
(in KRW billion)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Financial Income & Expenses	-4.9	-2.4	-7.5	-105.1%	35.1%
- Interest	-4.9	-5.1	-4.9	2.8%	-0.7%
- Foreign Currency Transaction	0.6	1.2	1.4	-44.1%	-53.0%
- Foreign Currency Translation	-0.7	2.0	-4.4	-134.7%	83.7%
- Others	0.13	-0.5	0.4	126.7%	-64.5%



Annual Profit

(in RMB million)



※ K-IFRS standard format



Income Statement

(in RMB million)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Net Sales	523	512	457	2.2%	14.5%
Gross Profit	136	132	104	2.6%	30.2%
<i>Margin(%)</i>	<i>26.0%</i>	<i>25.9%</i>	<i>22.8%</i>	<i>0.1%P</i>	<i>3.1%P</i>
Operating Profit	63	61	32	2.6%	96.5%
<i>Margin(%)</i>	<i>12.0%</i>	<i>12.0%</i>	<i>7.0%</i>	<i>0.0%P</i>	<i>5.0%P</i>
Ordinary Profit	58	64	30	-10.7%	88.9%
<i>Margin(%)</i>	<i>11.0%</i>	<i>12.6%</i>	<i>6.7%</i>	<i>-1.6%P</i>	<i>4.3%P</i>
Depreciation	29	28	22	5.7%	34.5%
EBITDA	92	89	54	3.6%	71.5%
<i>Margin(%)</i>	<i>17.6%</i>	<i>17.3%</i>	<i>11.7%</i>	<i>0.2%P</i>	<i>5.8%P</i>

※ K-IFRS standard format



Income Statement

(in RMB million)

	2013 4Q	2013 3Q	2012 4Q	QoQ	YoY
Net Sales	523	512	457	2.2%	14.5%
Gross Profit	136	132	104	2.6%	30.2%
<i>Margin(%)</i>	<i>26.0%</i>	<i>25.9%</i>	<i>22.8%</i>	<i>0.1%P</i>	<i>3.1%P</i>
Operating Profit	58	65	30	-10.7%	91.1%
<i>Margin(%)</i>	<i>11.1%</i>	<i>12.7%</i>	<i>6.7%</i>	<i>-1.6%P</i>	<i>4.5%P</i>
Ordinary Profit	58	64	30	-10.7%	88.9%
<i>Margin(%)</i>	<i>11.0%</i>	<i>12.6%</i>	<i>6.7%</i>	<i>-1.6%P</i>	<i>4.3%P</i>
Depreciation	29	28	22	5.7%	34.5%
EBITDA	87	93	52	-5.8%	67.5%
<i>Margin(%)</i>	<i>16.7%</i>	<i>18.1%</i>	<i>11.4%</i>	<i>-1.4%P</i>	<i>5.3%P</i>

※ China-GAAP



Balance Sheet

(in RMB million)

	2013 4Q (A)	2012 (B)	(A)-(B)
Assets	2,976	2,744	231.7
Current Assets	882	847	34.5
Quick Assets	730	639	90.3
Inventories	152	208	-55.9
<i>(Cash and Cash Equivalents)</i>	<i>112</i>	<i>118</i>	<i>-5.4</i>
Non-Current Assets	2,094	1,897	197.2
Liabilities	2,010	1,927	83.6
Current Liabilities	1,145	1,167	-21.5
Non-Current Liabilities	865	760	105.1
<i>(Debt)</i>	<i>1,680</i>	<i>1,573</i>	<i>107.0</i>
Shareholders' Equity	965	817	148.1

	Net Debt	Net Debt %	Liabilities %	Current Ratio	Equity Ratio
2013 4Q	1,567	162.4%	208.3%	77.0%	32.4%
2012	1,455	178.1%	235.8%	72.6%	29.8%

Consolidated Income Statement



(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
Asset	998.7	1,020.2	1,258.9	1,902.2	2,052.1	2,299.8
Current Assets	338.7	380.3	491.3	731.4	686.0	735.0
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
Non-Current Assets	660.1	639.9	767.6	1,170.8	1,366.1	1,564.8
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
Liabilities	720.7	633.2	775.5	1,337.2	1,371.5	1,502.7
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
Capital	278.0	386.9	483.3	565.0	680.6	797.0

* K-IFRS applied from 2010



Thank You