

IR PRESENTATION

Q4 2024 Earnings Release

February 7th, 2025

NEXEN **NEXEN TIRE**
we got you



Disclaimer

The financial and business information in this document is consolidated earnings results based on K-IFRS.

Please note that some of the contents provided in this document are for the convenience of investors only before the external review on our financial results is completed. Some of the information presented in this document may be subject to change during the external review process.

This document is based on the facts as of the date of its preparation and should not be used as legal evidence for the investment outcomes under any circumstances.

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FY2024 Highlights

Global Market Status

New Car Sales
+2%
(YoY)

Growth slows
amid weak sales
in China

OE
-1.5%
(YoY)

EV market chasm
& global economy
downturn

RE
+3%
(YoY)

Demand expands
centered on Europe

Financial Results

Revenue
2.85tn
(KRW)

External growth for
4 straight years

OP
172bn
(KRW)

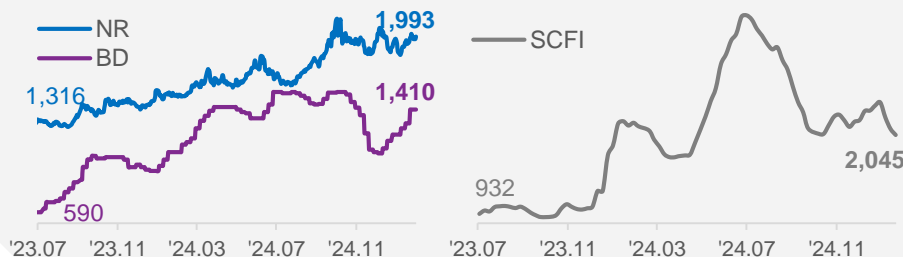
Increase in
SG&A

≥18"
35.1%

YoY increase
across all regions

Raw materials - Maritime logistics

- Abnormal weather impacts rubber prices to soar
- SCFI under upward pressure due to continuous geopolitical risks and trade friction



Key Updates



Operation of 2nd
phase in Europe



Extends
marketing reach



Supply to
global EVs

2. Financial Results

FY2024 Financial Results

- Revenue of 2.8tn KRW, marking a record-high driven by gradual increase in ASP and sales volume
 - Solid sales performance in Europe and Korea, while weak sales in North America limited profitability improvements
- Operating profit of 172bn KRW, reflecting downstream distribution costs including logistics and warehousing

(Unit: bn KRW)	2022	2023	2024	YoY
Revenue	2,597.4	2,701.7	2,847.9	5.4%
COGS	2,165.9	1,962.4	2,055.0	4.7%
(%)	83.4%	72.6%	72.2%	-0.5%p
Operating Profit	(54.3)	187.0	172.1	-7.9%
(%)	-	6.9%	6.0%	-0.9%p
Income Taxes	(12.8)	46.6	43.1	-7.5%
Net Profit	(27.5)	103.1	126.7	22.9%
(%)	-	3.8%	4.4%	0.6%p
EBITDA	135.1	383.4	407.4	6.3%
(%)	5.2%	14.2%	14.3%	0.1%p

Sales by Region



16%



40%



24%

Others

20%

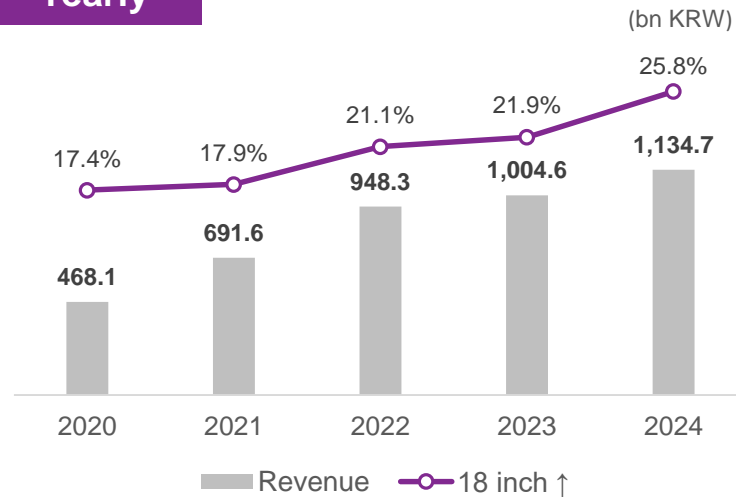
Q4 2024 Financial Results

- Stable revenue based on sales of both OE and RE in the European markets despite weak sales in North America
- Distribution channels reorganization in North America has reduced company's overall ASP and the proportion of 18inch(or larger) tires, and an early response to EUDR has led to higher raw material input costs

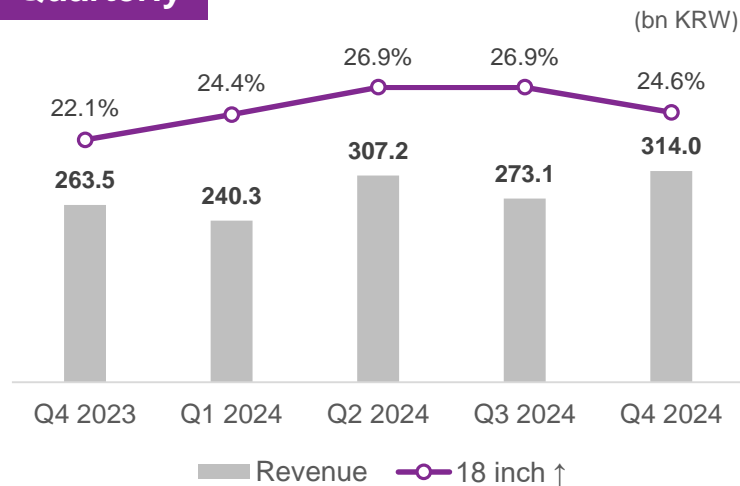
(Unit: bn KRW)	Q4 2023	Q3 2024	Q4 2024	QoQ	YoY
Revenue	678.1	708.5	697.6	-1.5%	2.9%
COGS	460.1	497.6	516.9	3.9%	12.3%
(%)	67.8%	70.2%	74.1%	3.9%p	6.2%p
Operating Profit	64.1	52.3	15.5	-70.4%	-75.8%
(%)	9.5%	7.4%	2.2%	-5.2%p	-7.2%p
Income Taxes	24.8	4.1	8.8	112.9%	-64.4%
Net Profit	10.6	(6.4)	47.8	Return to profitability	352.1%
(%)	1.6%	-	6.8%	-	5.2%p
EBITDA	111.8	111.0	78.1	-29.6%	-30.2%
(%)	16.5%	15.7%	11.2%	-4.5%p	-5.3%p

Sales by Region (1) Europe

Yearly



Quarterly



Market Status

- OE market impacted by global new vehicle sales slack by major OEMs
- Prolonged detour via the Cape of Good Hope
- Response to EUDR⁽¹⁾ and its implementation delays

FY2024

- (OE) Achieved revenue growth by securing stable supply volumes and optimizing portfolio, despite slowing market demand
- (RE) Sales expansion of 18 inch(or larger) and premium products
→ Changing market demand and new growth engines

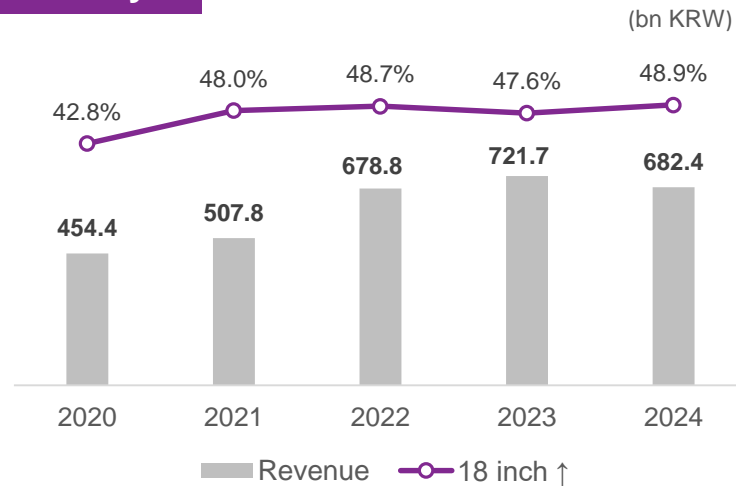
Q4 2024

- (OE) Supply expansion focused on premium vehicle models, despite automotive market downturn
- (RE) High growth driven by increased winter & all-weather tire sales offset sluggish sales elsewhere
- Expectations for scale growth and improved profitability with ramp-up of the 2nd phase in Czech plant by the end of 2025

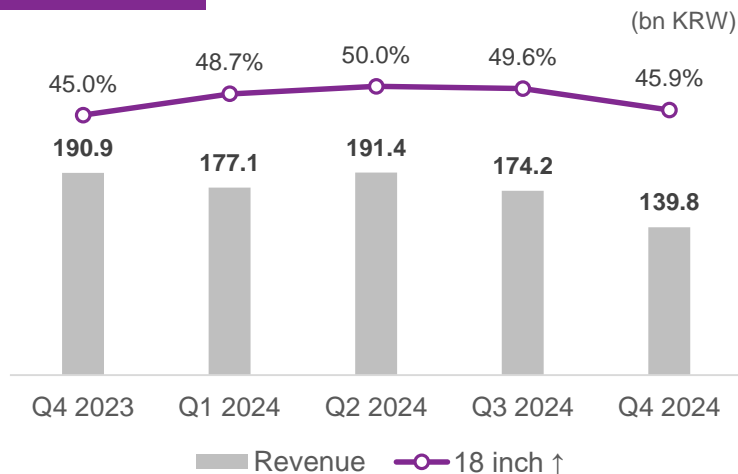
⁽¹⁾ EU Deforestation Regulation

Sales by Region (2) North America

Yearly



Quarterly



Market Status

- Increased imports from low-cost countries such as Southeast Asia and Mexico → Price competition intensifies
- Slowing inventory declines in major players and market growth driven mainly by low-tier companies
- Volatility under Trump administration's tariff and EV plans

FY2024

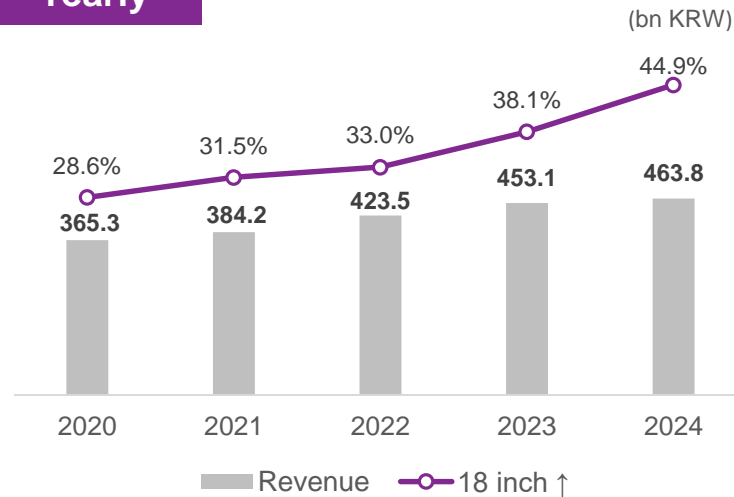
- (OE) Despite deferred new car demand related to the presidential election, the company's strong sales partially offset its decline in RE sales
- (RE) Revenue drop in 2H due to financial strain of one of the major customers

Q4 2024

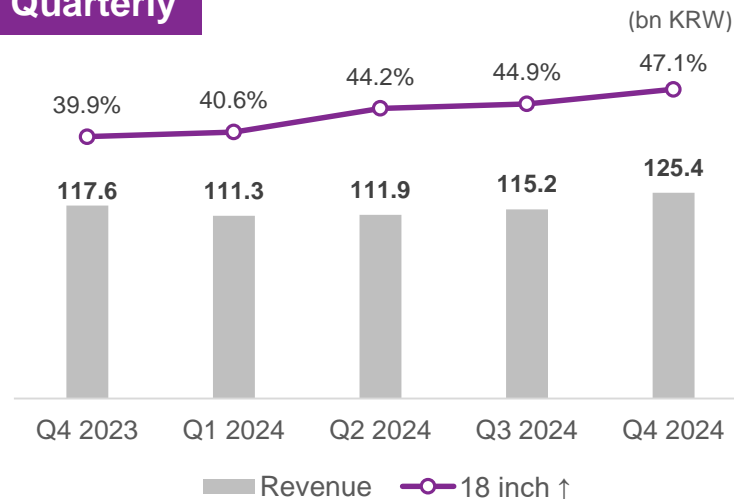
- (OE) Reflecting the slump in new car sales of major OEMs
- (RE) Sales setback during restructuring of distribution network
- In spite of slow market demand and the influx of budget brands, seeking to recover sales through diversified distributors

Sales by Region (3) Korea

Yearly



Quarterly



Market Status

- Competition intensified with increased tire sales, including imported brands
- The increase in sales of premium tires as the market is polarized
- Diversification of distribution channels including hypermarkets, online platforms, and rental car services

FY2024

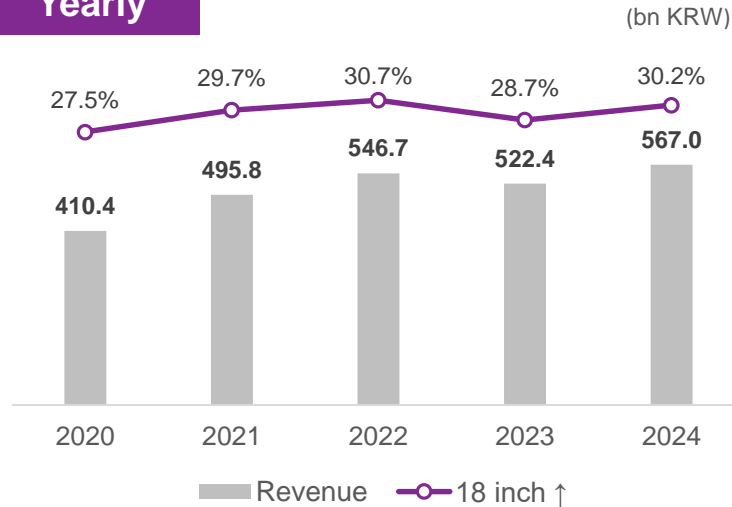
- (OE) Supply to the largest number of EV models in the domestic market
- (RE) Strengthen competency through sales channel diversification, including rental services and retail stores

Q4 2024

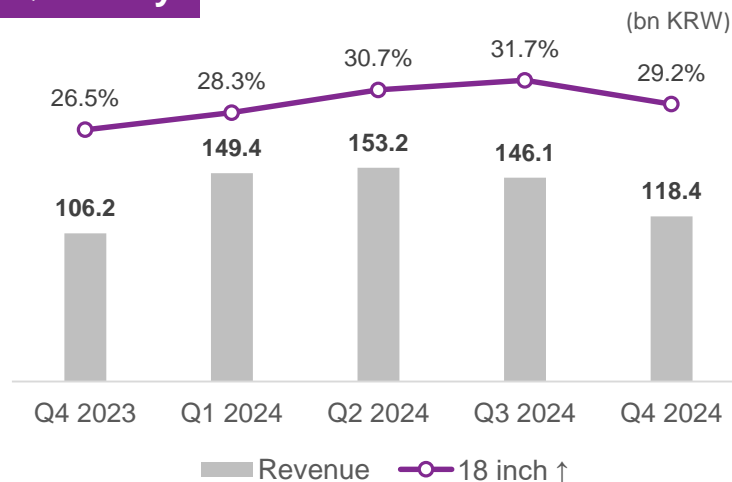
- (OE) Despite negative growth in EV sales(YoY) and car production disruptions due to labor negotiations, the company's supply has increased around export vehicle models
- (RE) Increased sales of premium and winter tires have continued to improve the sales mix, with proportion of 18 inch(or larger) products at record highs
- Synergy between distribution channels and related sales based on 'NEXT LEVEL'(NEXEN's rental service)

Sales by Region (4) Others

Yearly



Quarterly



Market Status

- Attention to budget brands by inflation and weak consumer purchasing power
- Major Chinese tire companies set up plants in Latin America, targeting local market
- Business reorganization: Goodyear's withdrawal from the Australian market, Michelin's restructuring of its Indian business, and more

FY2024

- (OE) Increased supplies to Latin America drives strong sales performance
- (RE) Allocation of supplies based on profitability in response to shipping container shortage

Q4 2024

- (OE) Stable sales to major OEM plants in regions such as China and Mexico
- (RE) Intense price competition in Latin America / Shipping disruptions due to prolonged geopolitical risks
- Expand sales of premium products and strengthen position of NEXEN's 2nd brand

3. Business Issues

FY2025 Guidance

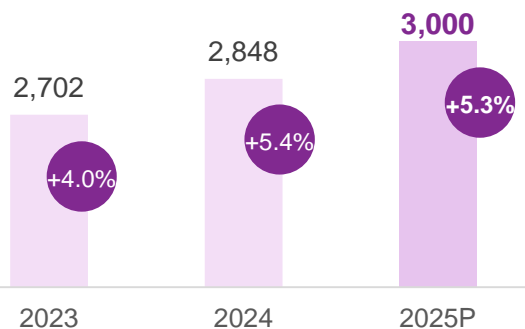
- Unfavorable business conditions are expected to continue in 2025, including U.S. monetary policy uncertainty and global trade tensions
→ Achieve both revenue and profitability growth by focusing on securing competitive business resources

Revenue

3 trillion KRW

- Maintain mid-single-digit sales growth
- Volume expansion from 2nd plant (Czech) and ASP increase

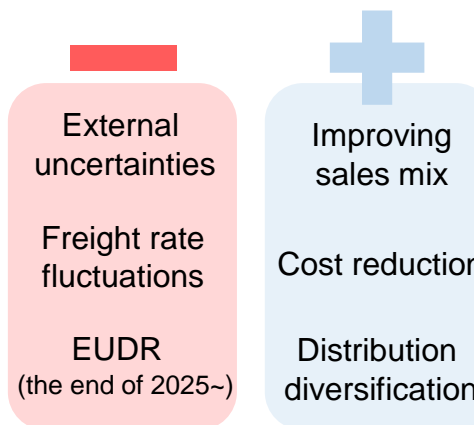
(bn KRW)



OPM

High Single

- Profits from sales targeting high ASP regions
- Full operation of Czech plant by the end of 2025

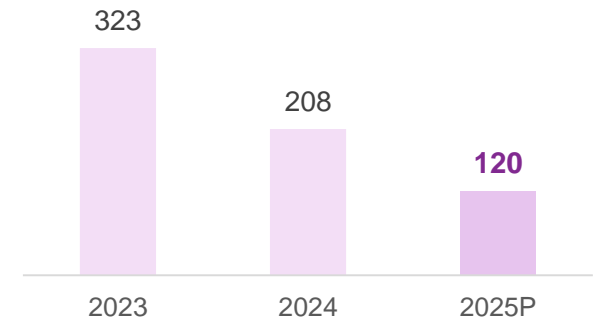


CAPEX

120 billion KRW

- Decline since the completion of European expansion investments in 2023

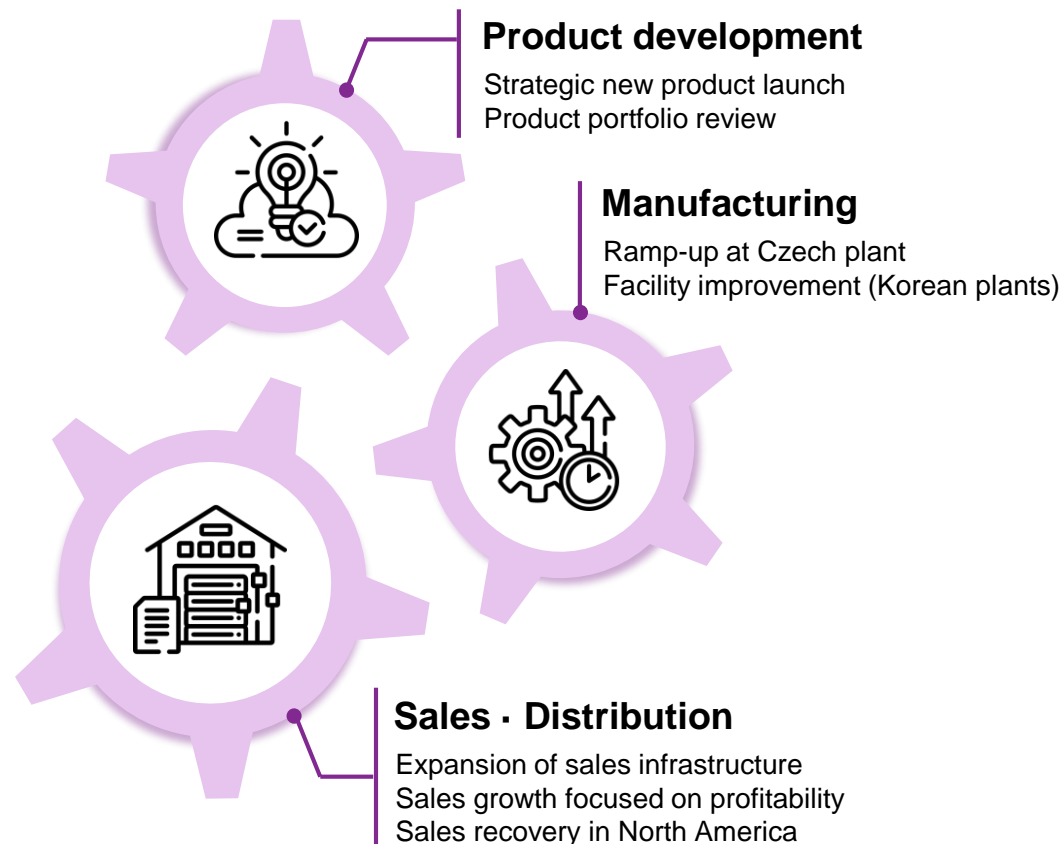
(bn KRW)



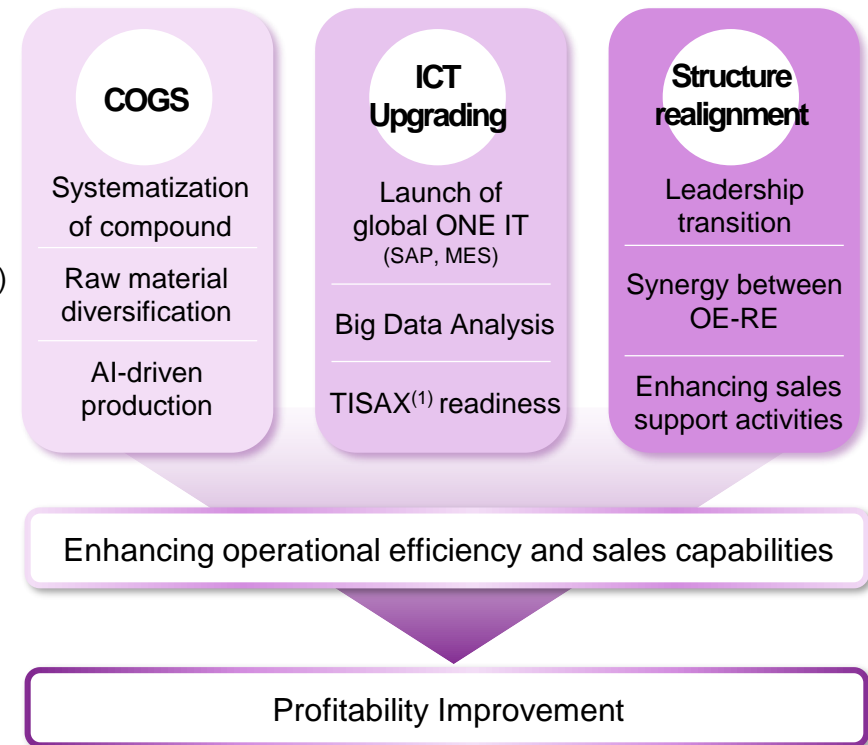
Key Business Strategies

- Quantitative growth by strengthening core competencies spanning 'Product development-Manufacturing-Sales'
- Qualitative growth through an enhanced cost management system and profit-focused management

Core Competencies



Advancement in Management






⁽¹⁾ Trusted Information Security Assessment eXchange

Brand Value

- Strategic sports marketing to enhance global recognition
 - Expansion of the marketing area beyond Europe and the U.S. through the first partnership agreement in Australia

New OE Supply (Q4 2024)

DODGE	CHARGER	
	CHALLENGER	
HYUNDAI	PALISADE	

New Partnership

FC Bayern München



- The club with the most Bundesliga titles
- Brand exposure on LED boards at the stadium
- Sales and marketing synergy in Europe

Sydney FC



- A flagship club of the A-League in Australia
- Maximizing marketing impact through sponsorship of both men's and women's teams
- A strategic market
 - Elevation of the Australian branch office to subsidiary
 - Enhancement of RDC⁽¹⁾ operations

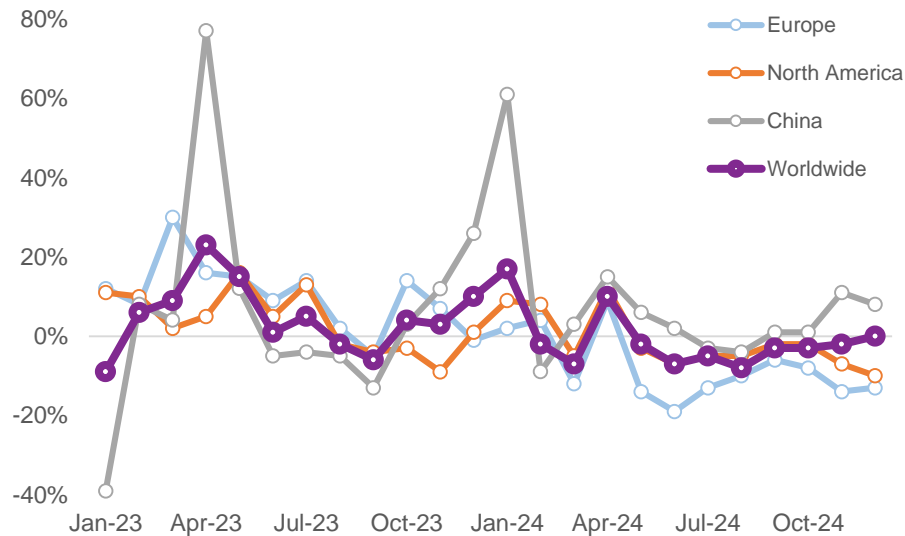
⁽¹⁾ Regional Distribution Center

4. Market Status

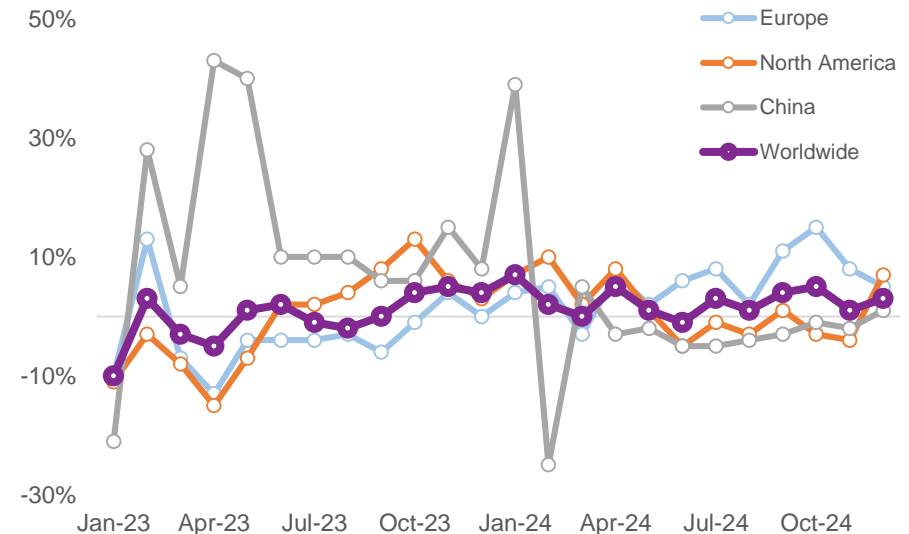
Global Tire Market

- Y2024 marks modest YoY growth (+2%)
(OE -1.5% YoY) Lower car sales in 2H, mainly in Europe, led to slower tire demand
(RE 3% YoY) Demand expansion driven by increased sales of winter and all-weather tires in Europe
- A similar growth rate is expected in 2025, amid slowing global consumer spending and widespread protectionism
(OE) Major global OEMs expand HEV lineup in preparation for slump in new vehicle sales
(RE) Amid ongoing global trend toward high-rim tires, the market is simultaneously shifting demand to lower-tier brands

Growth Rate - OE (YoY, based on quantity)



Growth Rate - RE (YoY, based on quantity)



Raw Materials

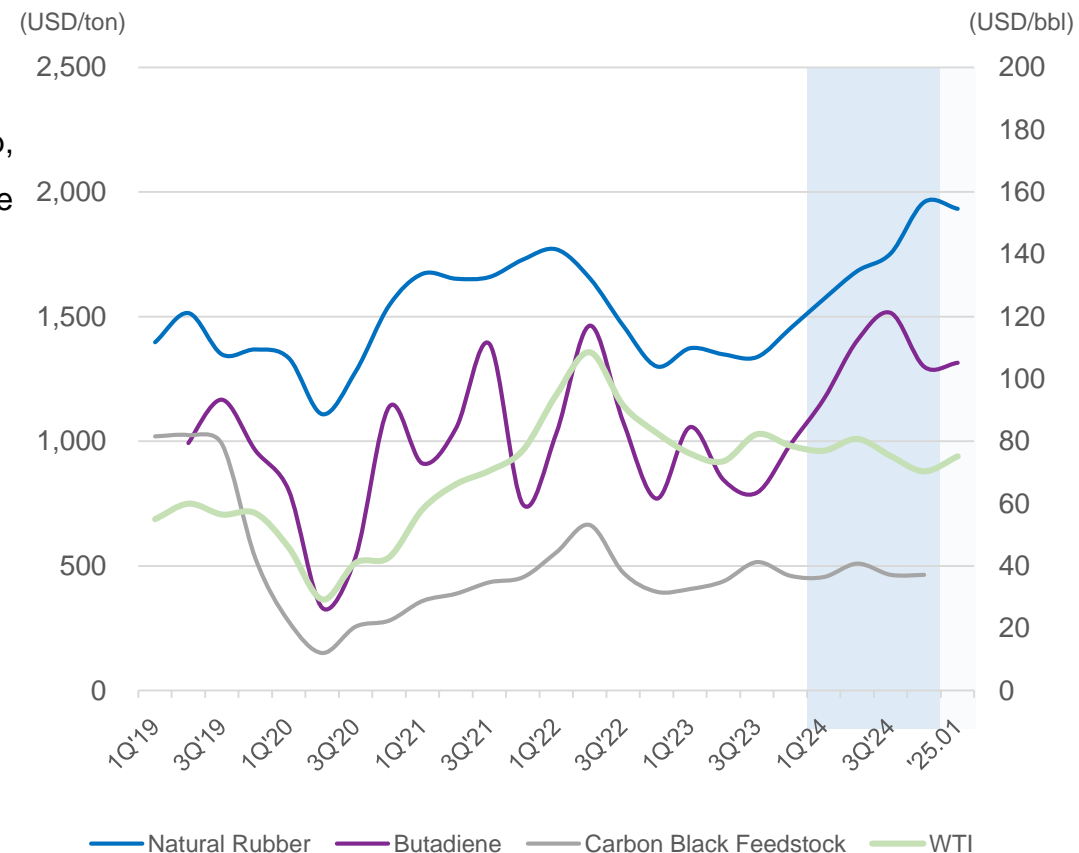
- Raw material costs rose YoY in 2024, mainly due to a sharp rise in rubber prices
- Possible import restrictions on Chinese vehicles in the U.S. or Europe may dampen growth in China's tire industry, reducing demand for raw materials, which could offset supply-side price increases

Natural Rubber

- The delay in EUDR⁽¹⁾ implementation caused a price dip, but average price in Q4 2024 has risen for 5 consecutive quarters
- Abnormal weather in South East Asia reduced global production and depleted inventories, thereby supporting prices

Synthetic Rubber

- Despite butadiene price drops in Q4 2024, synthetic rubber prices stayed strong on natural rubber prices and robust downstream industry



(1) EU Deforestation Regulation

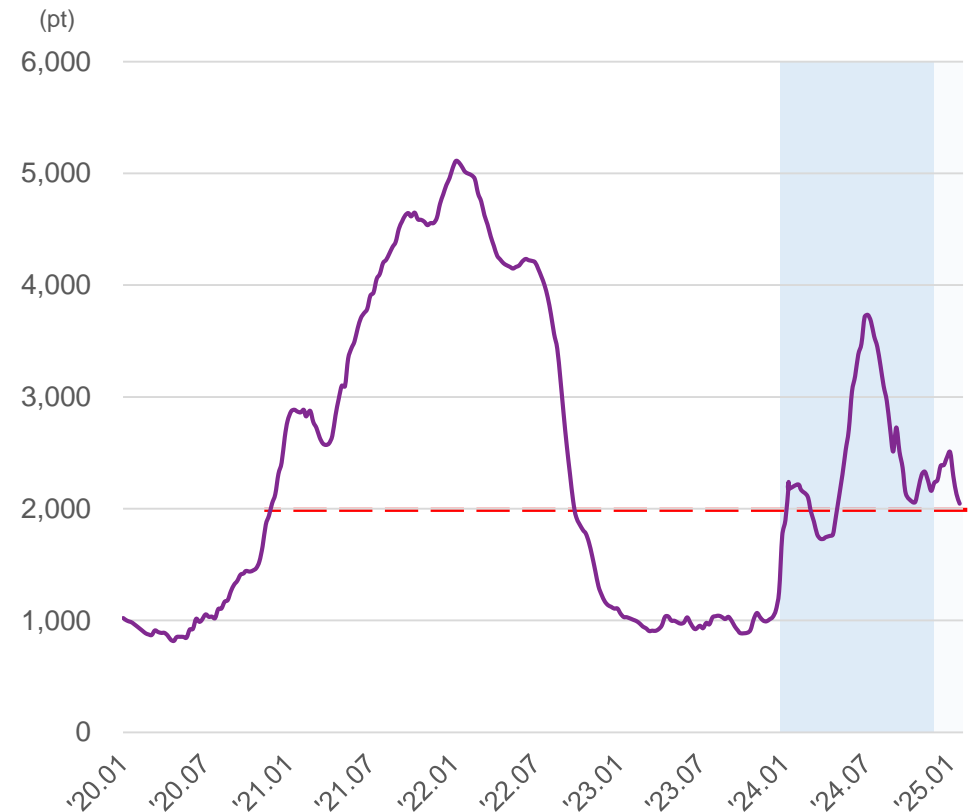
* Sources: Natural Rubber(TSR20, SICOM), Butadiene(FOB Korea), Carbon Black Feedstock(Means of Platts Singapore)

Maritime Logistics

- Following the sharp rise in early 2024 due to geopolitical risks, volatility factors, such as U.S. tariff hikes on China, are being reflected in the index
- Expected to stabilize in 2025 with new ship deliveries, while U.S.-China trade tensions and detours via the Cape of Good Hope continue

Shanghai Containerized Freight Index

- After turning downward in Q3 2024, it rebounded at the end of 2024 on concerns about strikes by ILA⁽¹⁾
→ Uncertainty resolved by the agreement signed in January, 2025
- Global cargo volumes may decline gradually due to slow economic growth in key regions and U.S. tariff policies
- The potential resumption of Red Sea–Suez Canal operations, but it would take time to normalize



* Sources: Korea Customs Logistics Association

⁽¹⁾ The International Longshoremen's Association, North America

5. Appendix

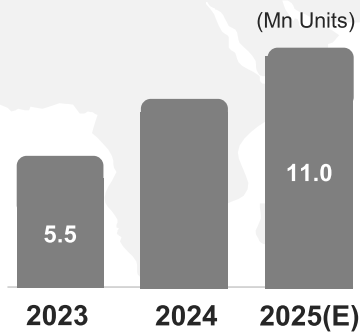
Global Production Capacity

- Production capacity of 50mn+ units by 2025, through the 2nd phase expansion of Europe plant and productivity improvement
- As a global tire manufacturer specializing in Passenger Car and Light Truck, NEXEN is prepared to secure volume & profit

Europe 11M



2nd phase Ramp-up



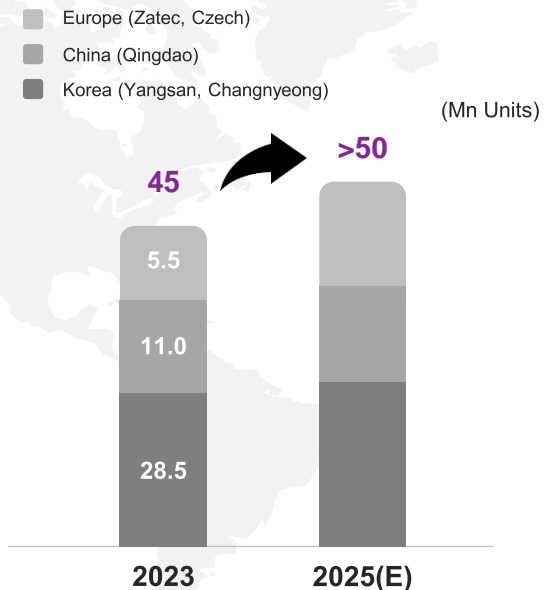
Korea 30M



China 11M



Total Production Capacity











ESG

- In 2024, gold medal rating from 'EcoVadis', the ESG evaluation agency, with the top 3% score among 130K companies in 180 countries
- Practicing ESG management through various initiatives and the improvement of evaluation metrics

Major Performances

Environment	<ul style="list-style-type: none"> • 'Green Tire' seal by AutoBild, a German magazine • Research of sustainable raw materials <ul style="list-style-type: none"> - Securing new tech to apply 70% of sustainable raw materials by utilizing bio-oil and recycled PET code, etc.
Social	<ul style="list-style-type: none"> • No.1 tire manufacturer by the 'Global Customer Satisfaction Index⁽¹⁾' for 15 years in-a-row • Winning the grand prize of 'National Service Awards⁽²⁾' for 5 consecutive years • Rewarded with the Excellence Award at the '2024 Safety Culture Innovation Awards' • Selected for '2024 CSR⁽³⁾ in the Community' • Selected as an excellent workplace for win-win cooperation project & health and safety⁽⁴⁾
Governance	<ul style="list-style-type: none"> • Established a dedicated department for ethical management under the CEO • Operating ESG Committee under the BOD

Initiatives and Awards

 Gold Top 3% (2024)	 Low Risk, 12.9 (2024)
 B (2024)	 BB (2023)
 UN affiliated initiative UNGC⁽⁵⁾ (2023)	 AutoBild Magazine Test The Green Tire (2023)
 Global Platform for Sustainable Natural Rubber GPSNR⁽⁶⁾ (2020)	 Information Security Certification TISAX ⁽⁷⁾

⁽¹⁾ Hosted by 'Global Management Association'(Research and evaluation agency under 'Ministry of Trade, Industry and Energy') / ⁽²⁾ Hosted by 'The Institute for Industrial Policy Studies'

⁽³⁾ Corporate Social Responsibility / ⁽⁴⁾ Organized by 'Ministry of Employment and Labor' and 'Korea Occupational Safety and Health Agency' / ⁽⁵⁾ UN Global Compact

⁽⁶⁾ Global Platform for Sustainable Natural Rubber / ⁽⁷⁾ Trusted Information Security Assessment eXchange

Consolidated Income Statement

(bn KRW)	2020	2021	2022	2023	2024
Revenue	1,698.1	2,079.4	2,597.4	2,701.7	2,847.9
COGS	1,259.8	1,639.8	2,165.9	1,962.4	2,055.0
(%)	74.2%	78.9%	83.4%	72.6%	72.2%
Gross Profit	438.3	439.6	431.5	739.3	792.9
(%)	25.8%	21.1%	16.6%	27.4%	27.8%
SG&A	398.9	435.2	485.8	552.3	620.8
(%)	23.5%	20.9%	18.7%	20.4%	21.8%
Operating Profit	39.4	4.4	(54.3)	187.0	172.1
(%)	2.3%	0.2%	-	6.9%	6.0%
Non-operating Profit	(52.1)	12.1	13.9	(37.3)	(2.3)
Income Taxes	3.9	11.8	(12.8)	46.6	43.1
Net Income	(16.6)	4.6	(27.5)	103.1	126.7
(%)	-	0.2%	-	3.8%	4.4%
EBITDA	226.1	188.5	135.1	383.4	407.4
(%)	13.3%	9.1%	5.2%	14.2%	14.3%

Consolidated Balance Sheet

(bn KRW)	2020	2021	2022	2023	2024
Assets	3,541.1	3,823.4	3,944.3	4,232.7	4,574.5
Cash Equivalents ⁽¹⁾	571.5	610.0	452.4	455.4	347.9
Account Receivable	345.6	397.5	382.2	430.1	513.7
Inventories	346.5	497.1	649.2	640.8	894.0
Tangible Assets	2,096.7	2,068.8	2,135.0	2,325.1	2,414.1
Liabilities	1,994.1	2,223.5	2,348.1	2,527.8	2,702.9
Debt	1,376.8	1,355.8	1,639.6	1,749.5	1,658.8
Account Payable	88.4	158.7	166.5	102.2	164.3
Equity	1,547.0	1,599.9	1,596.2	1,704.9	1,871.6
Net Debt	805.3	745.8	1,187.2	1,294.2	1,310.9

⁽¹⁾ Cash Equivalents = Cash Equivalents, Financial Assets Measured at Fair Value Through Other Comprehensive Income, Other Financial Assets