



3Q 2012 Corporate Performance

October 2012



Disclaimer

Financial results for 3Q '12 are provisional and accordingly subject to change according to the outside independent auditors' review.

This presentation contains forward-looking statements that are based on our current expectation, assumptions, estimates and projections about S-OIL and the refining industry. We caution you not to place undue reliance on any forward-looking statement which may involve various risks and uncertainties.

Please also note that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Except as required by law, we do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.



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3Q 2012 Performance

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Financial Status

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3Q 2012 Financial Result

Revenue

Slightly decreased due to decline of ASP on lowered F/X rate

- ASP: 2.4% ↓, QoQ

Operating Income

Recorded remarkable QoQ growth by 668 bil. Won, driven by risen crude price and improvement of refining margin

- Dubai crude oil price: Jun. \$94.4/bbl → Sep. \$111.2/bbl, \$16.8/bbl ↑
- Singapore complex margin: 2Q '12 \$2.4/bbl → 3Q '12 \$4.6/bbl, \$2.2/bbl ↑

Income before Tax

F/X related gain owing to Won appreciation on global easing policy

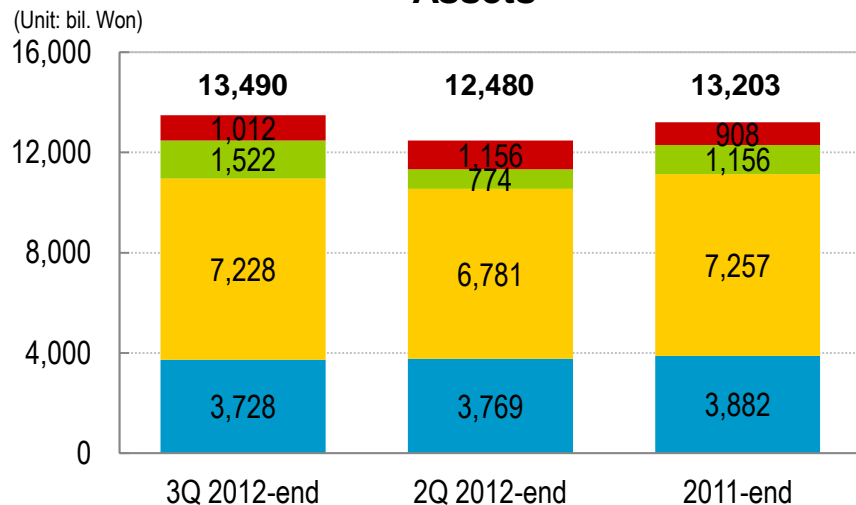
- ₩/\$ rate: 2Q '12-end 1,153.8 → 3Q '12-end 1,118.6, 35.2 ↓

(Unit: bil. Won)	3Q '12	QoQ	2Q '12	3Q '11	YoY	1~3Q '12
▪ Revenue	8,502.1	3.4% ↓	8,797.8	7,806.6	8.9% ↑	26,335.9
▪ Operating Income	518.4	-	-150.0	415.2	24.8% ↑	745.3
(Margin)	(6.1%)	-	(-1.7%)	(5.3%)	-	(2.8%)
▪ Finance & Other Income	86.7	-	-59.4	-331.8	-	65.0
– Net Interest Gain	-11.4	-	-14.4	-7.9	-	-34.1
– Net F/X Gain*	100.4	-	-52.0	-344.2	-	88.5
– Others	-2.3	-	7.0	20.3	-	10.6
▪ Equity Method Gain	-3.5	-	-8.0	-0.5	-	-10.4
▪ Income before Tax	601.5	-	-217.4	82.9	625.3% ↑	799.9

* Including gain/loss from F/X derivatives for hedging

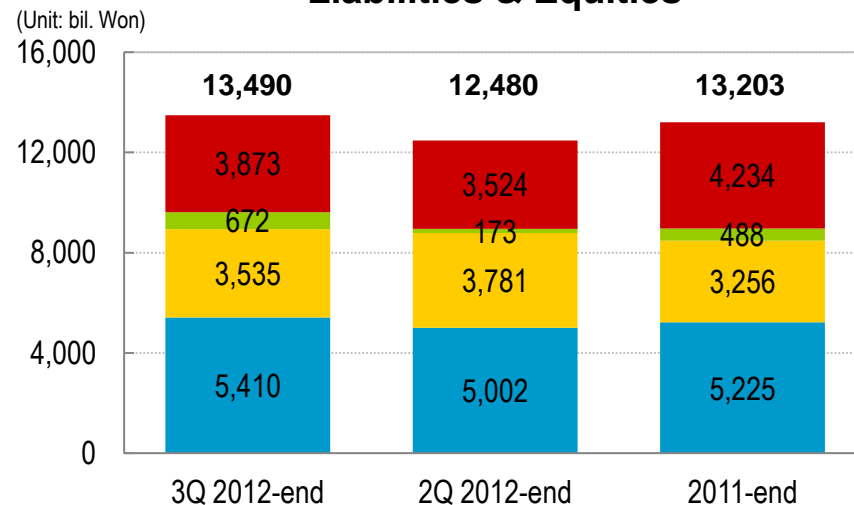
Financial Status

Assets



■ Tangible Asset ■ A/R & Inventory ■ Cash ■ Others

Liabilities & Equities



■ Equity ■ S-T borrowing ■ L-T borrowing ■ Other Liabilities

Financial Ratios

(Unit: %)	3Q '12	1~3Q '12	FY '11
Return on Equity	34.3	15.2	24.5
ROCE	21.5	9.9	17.9
Net debt to equity	49.6	49.6	49.5
Net debt (bil. Won)	2,685.7	2,685.7	2,587.2

Capital Expenditure for 3Q 2012

CAPEX

(Unit: bil. Won)	3Q '12	1~3Q '12	FY '12 (Budget)	FY '11 (Actual)
1. Major projects	4.5	14.9	45.3	172.0
New SPM Construction	4.5	14.9	37.8	-
2. Upgrade & Maintenance	10.3	33.0	125.4	107.3
3. Marketing Investment	12.2	26.5	58.7	47.7
4. Others	4.3	10.5	28.8	400.3
Total	31.3	84.9	258.2	727.3

Depreciation

(Unit: bil. Won)	FY '12 (E)	FY '11	FY '10
Depreciation*	390.8	375.8	276.1

* Including catalyst amortization cost

Major Business Index

Utilization Rate

(Unit: k bpd, %)	Capacity	3Q '12	1~3Q '12
CDU	669.0	95.0	95.6
HYC FH	76.5	100.1	99.3
RFCC	73.0	100.5	100.5
Lube Plants	38.0	102.1	102.5
PX Center	34.7	104.6	104.8

※ 3Q CDU utilization rate(E): Asia 80% / China 76% / Japan 75% / US 90%
(Source: FACTS, EIA)

Turnaround

	Unit	Period
1Q	-	-
2Q	#2 RHDS	Jun. (25 days)
3Q	#1 RHDS	Sep. (25 days)
4Q	-	-

Sales Breakdown

Maintained existing major markets through solid global sales network

(Unit: bpd)	3Q '12	2Q '12	3Q '11
Sales Total	644,307	658,160	598,408
Domestic	245,741	246,170	239,067
Export (% in total)	398,566 (61.9%)	411,990 (62.6%)	359,341 (60.0%)

Major export countries (% in export)

Japan	19.5%	17.3%	17.4%
China	19.3%	18.7%	26.8%
Australia	11.3%	12.9%	1.5%
Hong Kong	8.3%	7.5%	3.3%
Europe	8.0%	4.6%	15.1%
USA	7.9%	7.0%	7.9%
Singapore	7.8%	6.5%	1.5%
Indonesia	2.0%	9.4%	8.7%

Performance by Business Segment

Financial Result by Business Segment

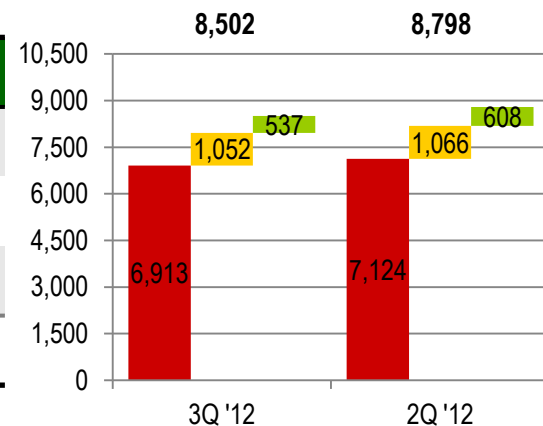
Refining Business

Petrochemical & Lube Business

Financial Result by Business Segment

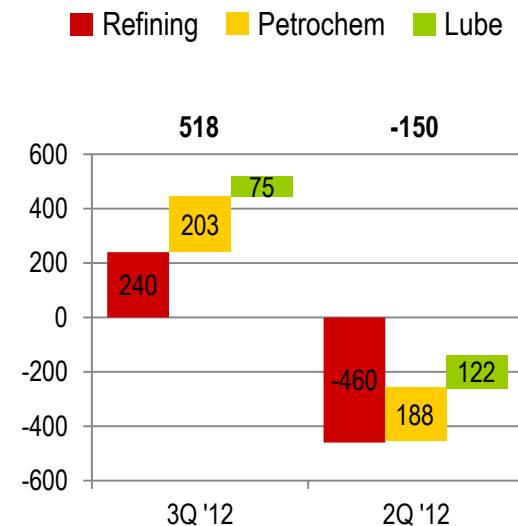
Revenue

(Unit: bil. Won)	3Q '12	QoQ	2Q '12	3Q '11	YoY
Refining	6,912.5	3.0% ↓	7,124.3	6,188.6	11.7% ↑
Petrochem	1,052.2	1.3% ↓	1,065.6	923.3	14.0% ↑
Lube	537.4	11.6% ↓	607.9	694.7	22.6% ↓
Total	8,502.1	3.4% ↓	8,797.8	7,806.6	8.9% ↑



Operating Income

(Unit: bil. Won)	3Q '12	QoQ	2Q '12	3Q '11	YoY
Refining	239.8	-	-459.9	67.8	253.7% ↑
(Margin)	(3.5%)		(-6.5%)	(1.1%)	
Petrochem	203.4	8.1% ↑	188.2	130.5	55.8% ↑
(Margin)	(19.3%)		(17.7%)	(14.1%)	
Lube	75.2	38.2% ↓	121.7	216.9	65.3% ↓
(Margin)	(14.0%)		(20.0%)	(31.2%)	
Total	518.4	-	-150.0	415.2	24.8% ↑
(Margin)	(6.1%)		(-1.7%)	(5.3%)	

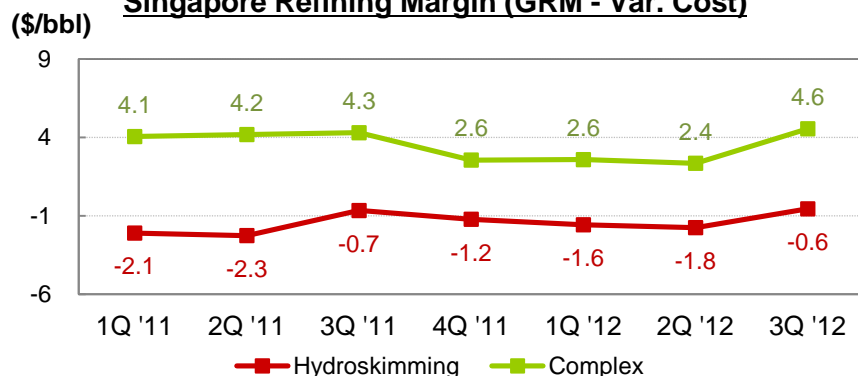


Refining Business

Market

Refining margin picked up on the back of tightened supply from unexpected shutdown of regional refineries

Singapore Refining Margin (GRM - Var. Cost)



Product/Dubai Spread

(Unit: \$/bbl)	3Q '12	2Q '12	3Q '11
Dubai crude	106.1	106.2	107.1
Gasoline	12.4	10.5	14.6
Jet/Kero	20.2	16.0	18.7
Diesel	19.2	15.4	17.6
Naphtha	-6.1	-8.5	-2.3
HSFO 380	-6.0	-4.6	-5.9

Source: Platt's, IHS, The Company

Company

Sustained sales with maximized production of major units despite #1 RHDS maintenance

Sales Volume

(Unit: bpd)	3Q '12	2Q '12	QoQ
Gasoline	65,514	75,511	13.2% ↓
Jet/Kero	150,947	147,666	2.2% ↑
Diesel	170,597	190,954	10.7% ↓
Naphtha	57,893	59,489	2.7% ↓
Fuel Oil	69,109	58,546	18.0% ↑
Others	40,825	36,729	11.2% ↑
Total	554,885	568,895	2.5% ↓

Expanded export of jet fuel to capture decent spread upon travel demand pick-up

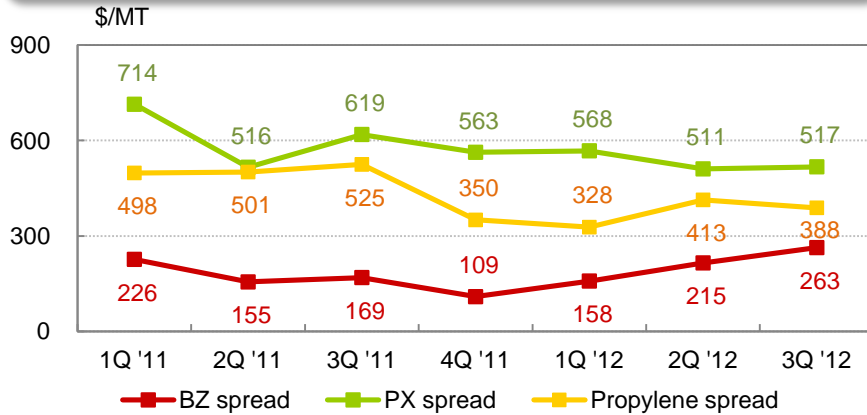
(Unit: bpd)	3Q '12	2Q '12	QoQ
Jet Fuel	89,374	82,932	7.8% ↑

Petrochemical & Lube Business

Market

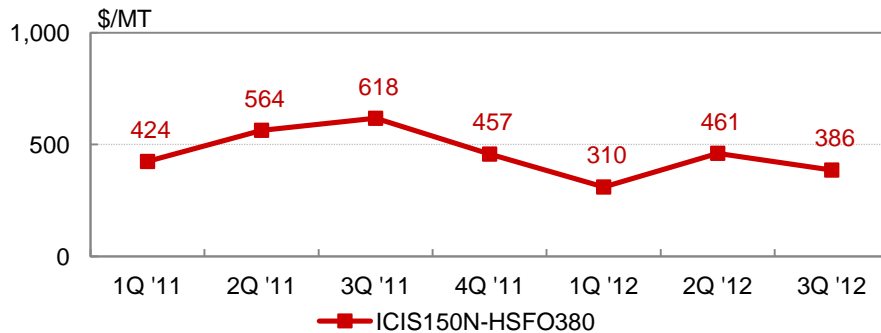
Petrochemical

PX spread remained flat on tight demand-supply balance despite bleak downstream business' sentiment



Lube

Spread declined due to increase of supply amid slowdown in demand growth



Source: Platt's, ICIS, CMAI, The Company

Company

Maintained maximum level of production and sales to capitalize healthy margin

Sales volume

(Unit: bpd)	3Q '12	2Q '12	QoQ
P-X	38,406	36,859	4.2% ↑
Benzene	11,642	12,153	4.2% ↓
Propylene	6,981	6,918	0.9% ↑
Total	57,029	55,930	2.0% ↑

Strengthened domestic sales to cope with lowered demand growth in overseas market

Sales volume

(Unit: bpd)	3Q '12	2Q '12	QoQ
Domestic	7,127	6,991	1.9% ↑
Export	25,266	26,344	4.1% ↓
Total	32,393	33,335	2.8% ↓

4Q 2012 Industry Outlook

**4Q 2012 Industry Outlook
– Refining**

**4Q 2012 Industry Outlook
– Petrochemical & Lube**



4Q 2012 Outlook – Refining

Healthy margin to continue in 4Q thanks to seasonal demand pick-up and improved market fundamentals

Demand Change (QoQ)

- 4Q: (+) 1,210 / 4.3% ↑ (YoY 1.5% ↑)
 - Substantial improvement in the regional demand driven by middle distillates due to seasonality after the previous quarter's sluggish demand

Asia Demand Change

(Unit: k bpd)	4Q '12	QoQ	YoY
Gasoline	5,315	27	228
Jet/Kero	2,334	319	-1
Diesel	8,519	355	288
Naphtha	3,894	126	87
Fuel Oil	3,599	96	-29
Others	5,999	286	-142
Total	29,660	1,210	430

Supply Change (QoQ) (Unit: k bpd)

- 4Q: (+) 618
 - Capacity Add 515 & Closure 80 : (+) 237
 - Higher operation rate(3Q 79.9% → 4Q 81.1%): (+) 381

Asia Capacity Addition/Closure

(Unit: k bpd)	4Q		3Q	
	Addition	Closure	Addition	Closure
China	320	80	-	30
India	75	-	145	-
Pakistan	120	-	-	-
Australia	-	-	-	76
Total	515	80	145	106

Source: IEA, ESAI, FACTS, The Company

4Q 2012 Industry Outlook – Petrochemical & Lube

Petrochemical

PX

4Q '12 vs. 3Q '12 regional outlook

Demand	478 k ton ↑	Continuous capacity addition and start-up of new facilities from PTA industry – Capacity expansion in 2H: 6.2 mil. tpa (China 5.7 mil. tpa and etc.)
Supply	490 k ton ↑	Capacity expansion and restart-up from maintenances – Capacity expansion in 2H: 2.3 mil. tpa (China 2.2 mil. tpa and etc.) – Capacity loss from maintenance: 3Q 605 k ton / 4Q 312 k ton
Outlook	→	

Benzene

4Q '12 vs. 3Q '12 regional outlook

Demand	88 k ton ↑	Sluggish demand growth amid continuously weak global economy
Supply	257 k ton ↑	Restart-up after major maintenance season – Capacity loss from maintenance: 3Q 670 k ton / 4Q 247 k ton
Outlook	↘	

Lube

Margin to move around the current level due to sluggish demand growth despite no additional capacity expansion

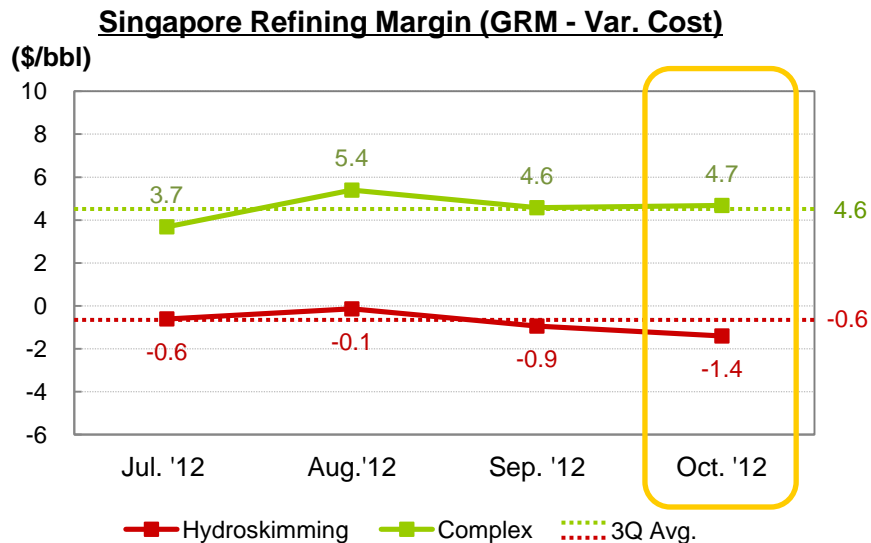
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Recent Market Snapshot



Recent Market Snapshot - Continual margin improvement

Refining



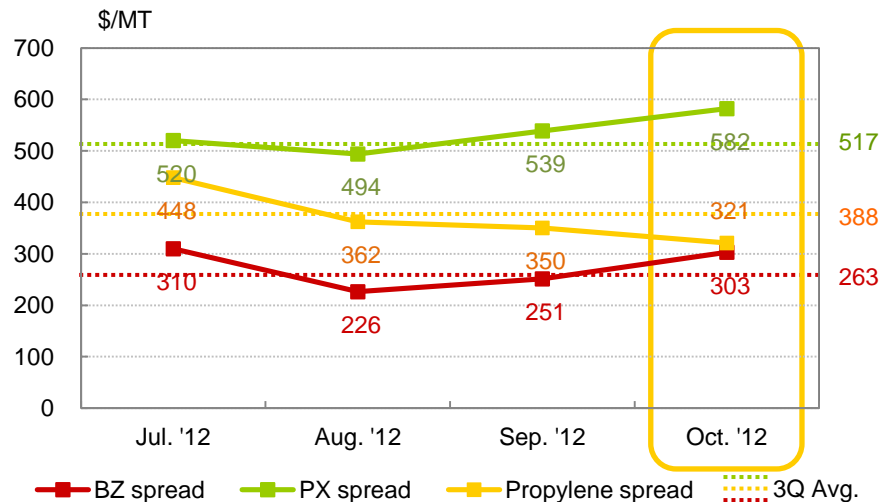
Product/Dubai Spread

(Unit: \$/bb)	3Q '12	Jul.	Aug.	Sep.	Oct.
Dubai crude	106.1	99.2	108.6	111.2	108.8
Gasoline	12.4	11.0	15.2	11.0	11.6
Jet/Kero	20.2	18.4	20.9	21.4	21.3
Diesel	19.2	17.8	20.7	19.3	18.8
Naphtha	-6.1	-7.7	-5.5	-4.8	-4.2
HSFO 380	-6.0	-4.6	-6.3	-7.3	-9.6

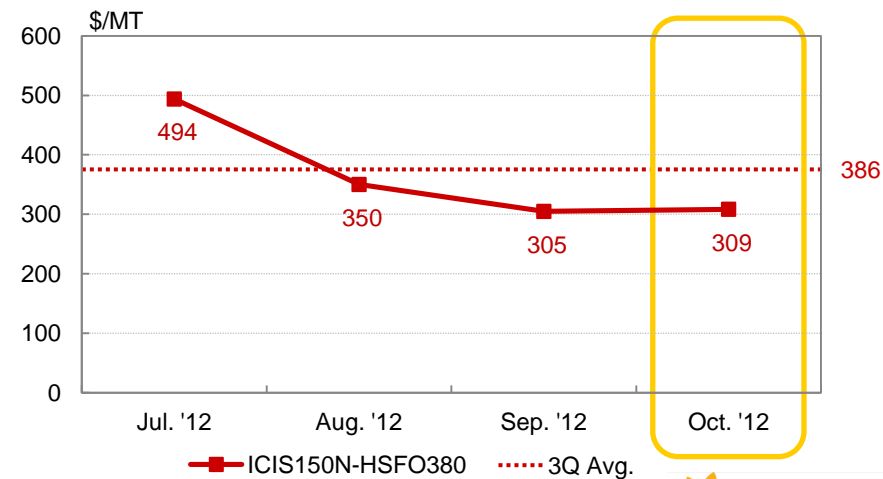
※ Oct. '12: MTD as of Oct. 29th

Source: Platt's, P&G, ICIS, The Company

Petrochemical



Lube



Thank You!

