



1Q 2016 Earnings Release

April 2016

DISCLAIMER

Financial results for 1Q 2016 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 refinery 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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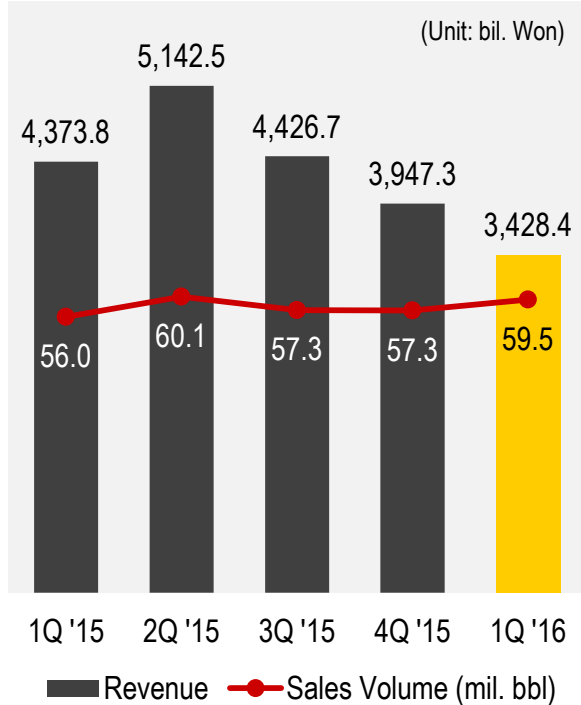
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1Q 2016 Financial Result



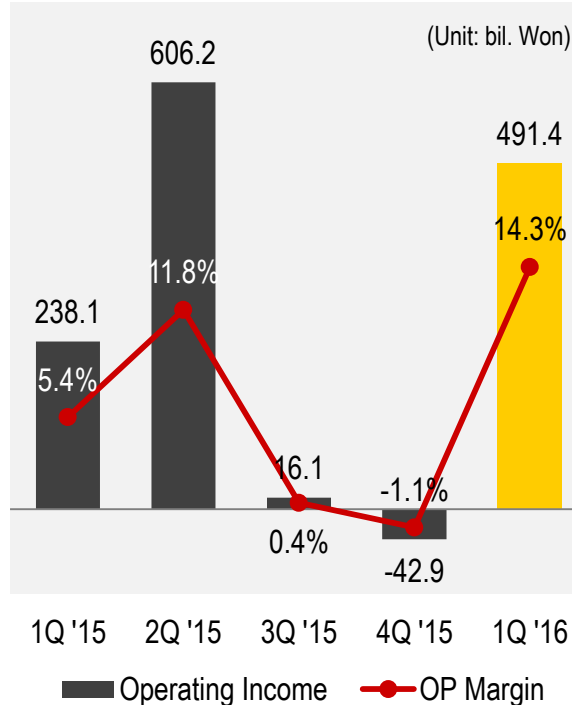
Revenue



Declined due to continued drop of oil prices despite increased sales volume

- Quarterly average selling price: 16.5% ↓, QoQ
- Sales volume: 4.0% ↑, QoQ

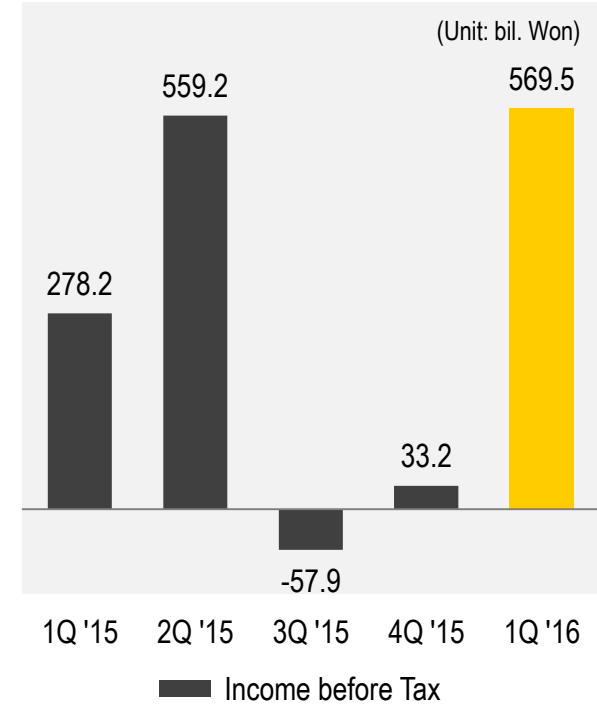
Operating Income



Jumped with strong margins and maximized production

- Full operation after 2015 maintenance: HYC 40%p ↑, Lube 35%p ↑, QoQ
- Inventory related loss(E): 45 bil. Won (185 bil. Won ↓, QoQ)

Income before Tax

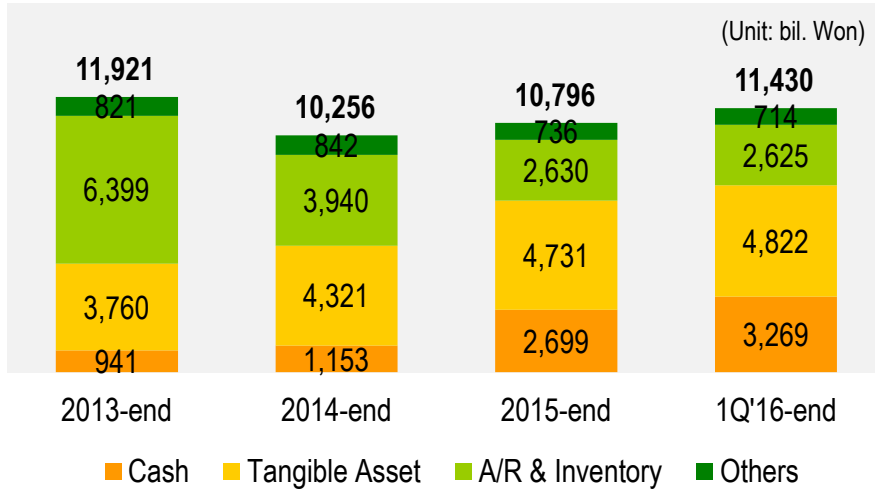


Increased by support of F/X gain

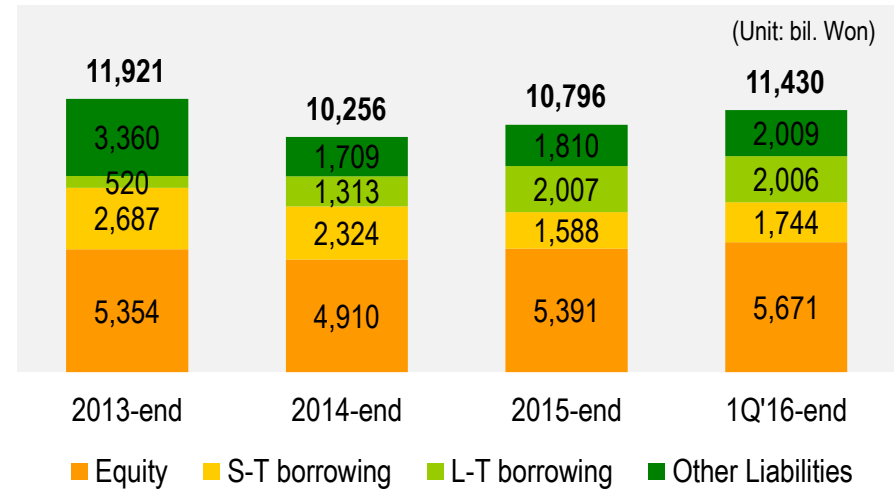
- F/X gain: 61.5 bil. Won
- ₩/\$ rate: 1Q-end 1,153.5 (18.5 ↓, QoQ)

Financial Status

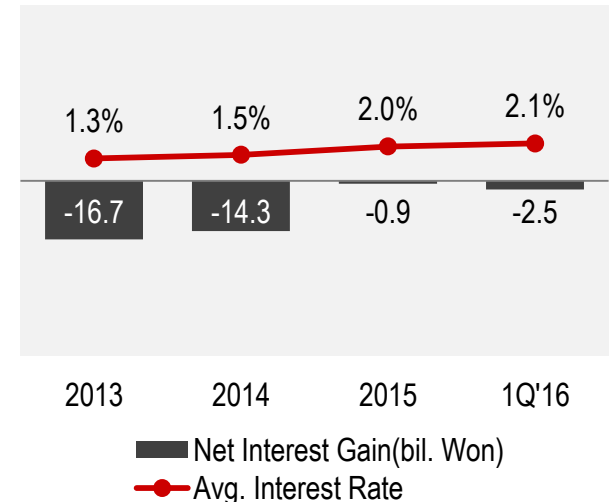
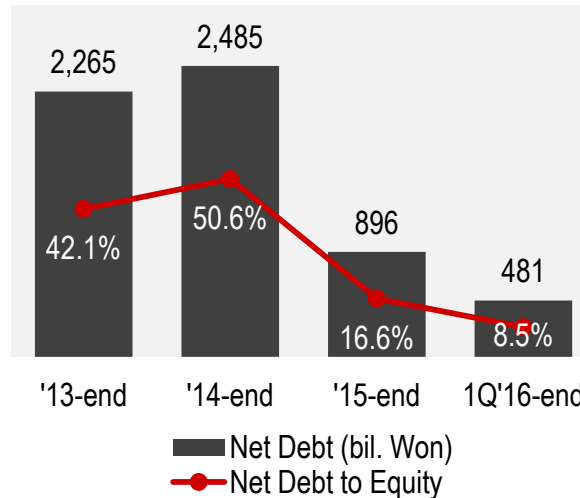
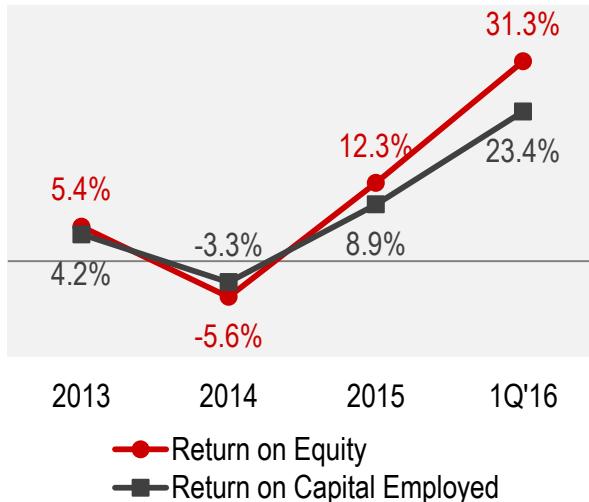
Assets



Liabilities & Equities



Financial Ratios



Capital Expenditure



CAPEX

(Unit: bil. Won)	FY '13	FY '14	FY '15	FY '16 Plan	1Q '16
Major Projects	79.1	675.2	465.1	1,203.4	110.0
- RUC/ODC Project ¹⁾	-	97.0	290.4	978.6	64.9
- KNOC land acquisition ²⁾	-	519.0	-	-	-
- SUPER Project ³⁾ and Profit Improvement Program	-	8.5	141.7	221.3	42.4
Upgrade & Maintenance	253.6	62.0	169.2	209.2	5.5
Marketing related expenditure	36.9	37.5	48.4	41.2	2.9
Others	22.6	108.8	43.3	118.1	13.1
Total	392.1	883.5	726.0	1,571.9	131.4

¹⁾ Residue Upgrading Complex and Olefin Downstream Complex project

²⁾ Excluding incidental costs

³⁾ Project to maximize the profitability through upgrading and revamping of existing facilities

Depreciation

(Unit: bil. Won)	FY '13	FY '14	FY '15	FY '16 Plan	1Q '16
Depreciation (Including catalyst amortization cost)	368.2	339.7	273.2	311.4	67.8

Utilization Rate

(Unit: k bpd, %)	Capacity	2014	2015	4Q '15	1Q '16
CDU	669.0	93.6%	90.7%	83.4%	96.3%
HYC FH	76.5	98.0%	89.7%	63.6%	103.1%
RFCC	73.0	96.5%	97.3%	100.5%	100.6%
PX Plants*	34.7	93.4%	84.5%	110.1%	110.2%
Lube Plants	42.7	93.4%	85.4%	66.1%	101.4%

* PX utilization rate has been increased above 100% through upgrading and revamping of existing facilities in 3Q15.

Maintenances

	2014	2015	1H '16	2H '16*
CDU	-	CFU, #2&3 CDU	-	#1 CDU
Refining	-	HYC FH	-	RFCC
Petrochemical	-	#1&2 PX	-	-
Lube Base Oil	-	#1&2 HDT, HYC SH	-	#1&2 HDT

* 2016 maintenance is mainly scheduled in 2H with far less maintenance shutdowns compared to 2015.

Financial Result by Business Segment



Refining

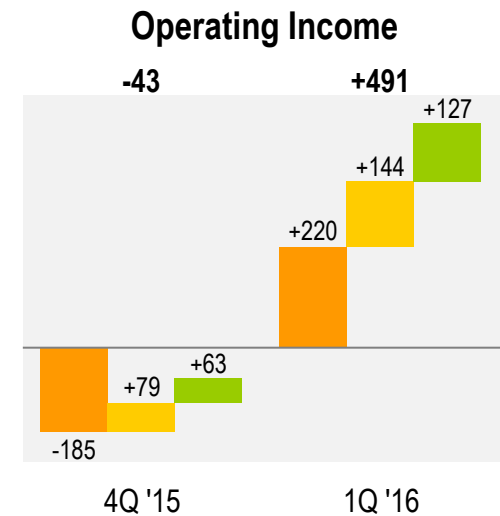
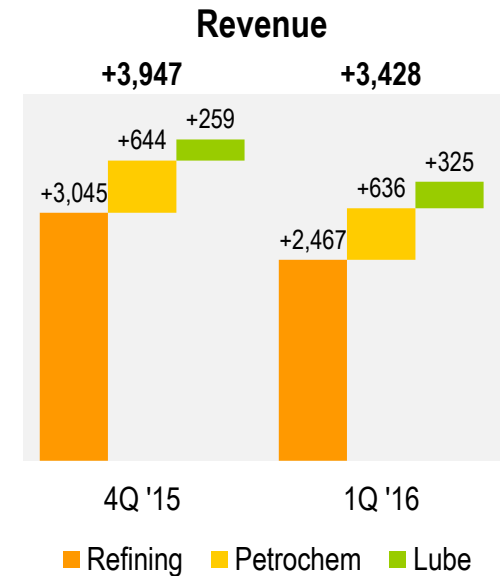
(Unit: bil. Won)	1Q '15	YoY	4Q '15	QoQ	1Q '16
Revenue	3,464.1	28.8% ↓	3,044.7	19.0% ↓	2,467.0
Operating Income	119.0	84.7% ↑	-184.6	-	219.8
(Margin)	(3.4%)	-	(-6.1%)	-	(8.9%)

Petrochemical

(Unit: bil. Won)	1Q '15	YoY	4Q '15	QoQ	1Q '16
Revenue	531.6	19.6% ↑	643.8	1.2% ↓	636.0
Operating Income	46.1	212.3% ↑	78.7	83.1% ↑	144.1
(Margin)	(8.7%)	-	(12.2%)	-	(22.7%)

Lube Base Oil

(Unit: bil. Won)	1Q '15	YoY	4Q '15	QoQ	1Q '16
Revenue	378.1	13.9% ↓	258.8	25.7% ↑	325.4
Operating Income	73.0	74.7% ↑	63.0	102.2% ↑	127.5
(Margin)	(19.3%)	-	(24.4%)	-	(39.2%)



Market Environment in 1Q 2016



Refining

Singapore Margin
[GRM – Variable Cost]

(Unit: \$/bbl)



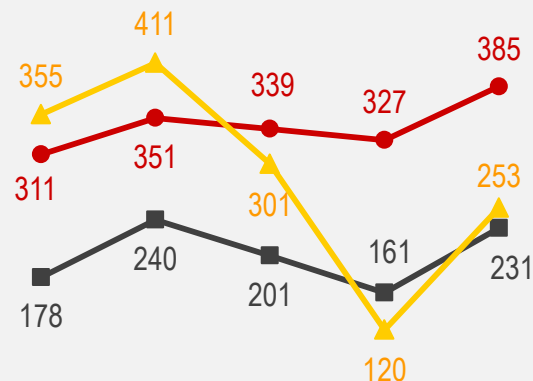
1Q '15 2Q '15 3Q '15 4Q '15 1Q '16
● Singapore Complex Refining Margin

Refining margins moderated mainly due to weak seasonal demand for middle distillate affected by mild weather amid high operation rates.

Petrochemical

Product Spread

(Unit: \$/ton)



1Q '15 2Q '15 3Q '15 4Q '15 1Q '16
● P-Xylene ■ Benzene ▲ Propylene

PX spread was widened on the back of prolonged troubles of PX production facilities in China coupled with improved Chinese PTA plants' operation rate.

Lube Base Oil

Product Spread

(Unit: \$/ton)



1Q '15 2Q '15 3Q '15 4Q '15 1Q '16
● ICIS150N-HSFO380

LBO margin softened as product prices reflected crude oil price drop in previous quarter with time lag.

2Q 2016 Outlook – Refining



Continuous demand growth on low oil prices and lower utilization rates of refineries from maintenance will give support to the margin at a solid level despite seasonally weak demand in Asia.

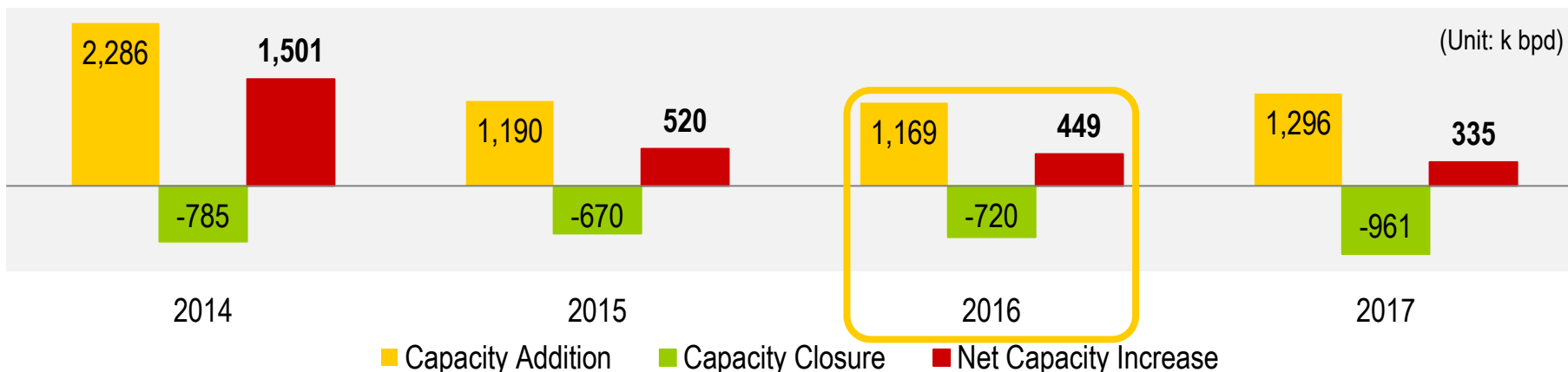
Regional demand is likely to contract as heating demand in Asia will disappear, but low oil prices will hold the demand at a firm level.

2Q '16 Asia demand growth

(Unit: mil. bpd)	IEA	OPEC	EIA
QoQ	-0.68	-0.10	-0.11
YoY	+0.67	+0.54	+0.81

Maintenance shutdown in Asia is expected to increase by 0.31 mil. bpd in 2Q compared to that of the previous quarter. Subdued regional supply due to lower operation rates will keep balanced supply-demand amid slowing capacity expansions.

Global Capacity Addition/Closure



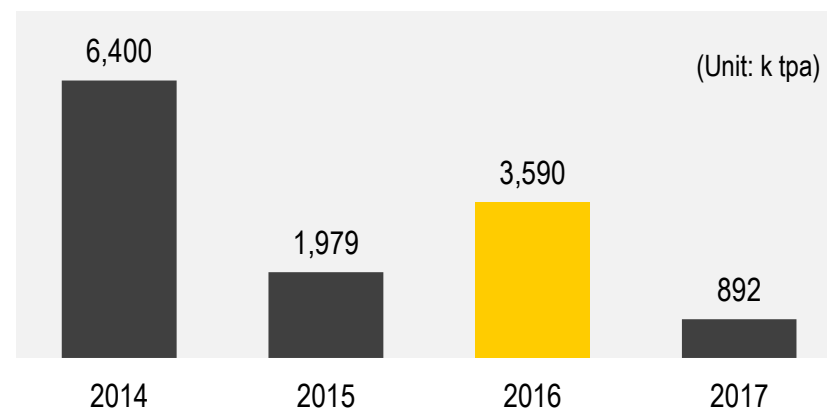
Source: IEA, OPEC, EIA, FACTS Global Energy, The Company

Petrochemical

Para-xylene : decent spread to be supported

The spread is expected to be supported at \$350~\$400/ton by start-up of new PTA facilities completed in 1Q16 and increase of polyester production ahead of peak season in spite of PX capacity addition in 2Q.

PX capacity expansion (Asia & ME)



Benzene : spread to be sustained around 1Q level

The spread will be sustained around 1Q level by shutdown capacity of benzene from maintenance and demand growth from SM & Phenol downstream sectors.

Lube Base Oil

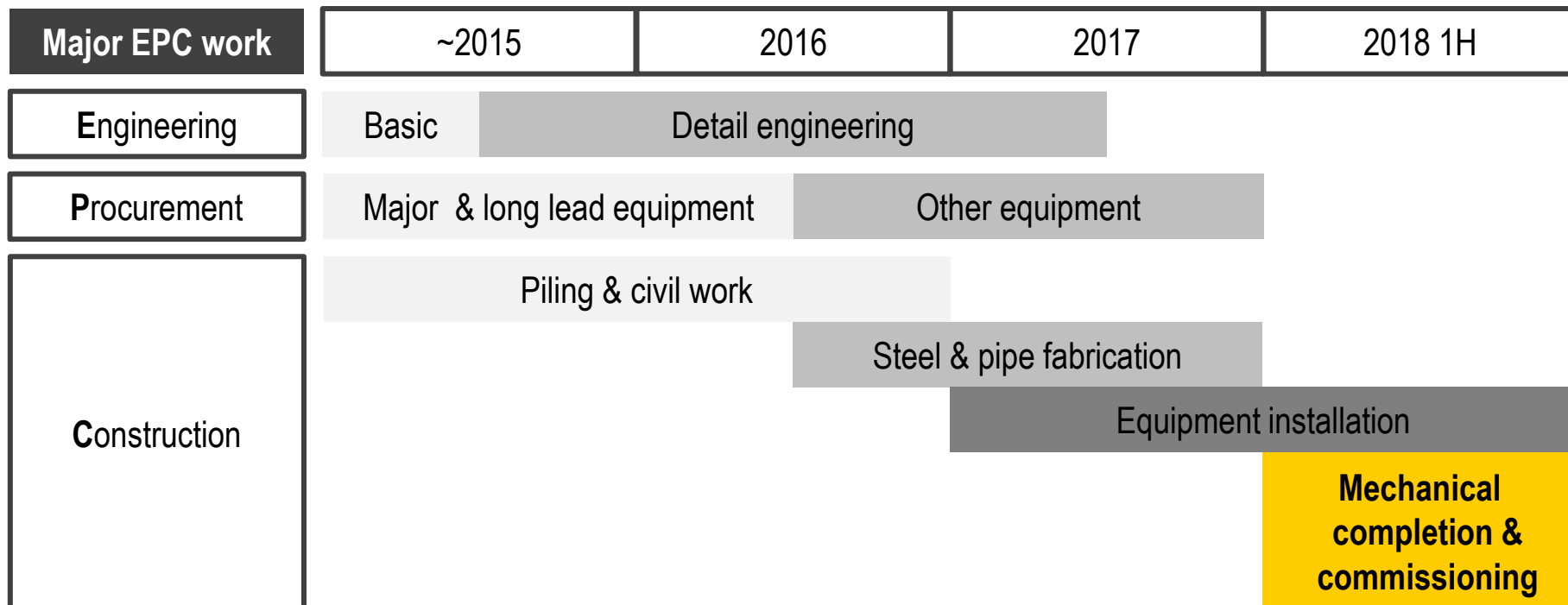
Healthy spread to be continued

The healthy margin is likely to be maintained based on stable demand for high-quality products in the U.S. and Europe despite new capacity addition from the Middle East in 2Q.

Progress of RUC/ODC Project



Milestone



Up to today

EPC	The Company almost completed order for major equipment at prices lower than planned. Piling/civil work is under way.
Financing	The Company issued corporate bond (350 billion Won) in April, 2016 on top of already issued corporate bond (400 billion Won). In addition, sufficient financing commitment from banks has been secured (2.7 trillion Won).

Summarized Income Statement

(Unit: bil. Won)	1Q '15	YoY	4Q '15	QoQ	1Q '16
Revenue	4,373.8	21.6% ↓	3,947.3	13.1% ↓	3,428.4
Operating Income	238.1	106.3% ↑	-42.9	-	491.4
(Margin)	(5.4%)	-	(-1.1%)	-	(14.3%)
Finance & Other Income	37.3	104.1% ↑	73.9	2.9% ↑	76.1
- Net Interest Gain	-0.1	-	0.7	-	-2.5
- Net F/X Gain*	-13.9	-	28.7	114.3% ↑	61.5
- Others	51.3	66.7% ↓	44.5	61.6% ↓	17.1
Equity Method Gain	2.8	29.1% ↓	2.2	7.1% ↓	2.0
Income before Tax	278.2	104.7% ↑	33.2	1,614.8% ↑	569.5
Net Income	211.3	104.8% ↑	35.3	1,126.1% ↑	432.6

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

Appendix 2

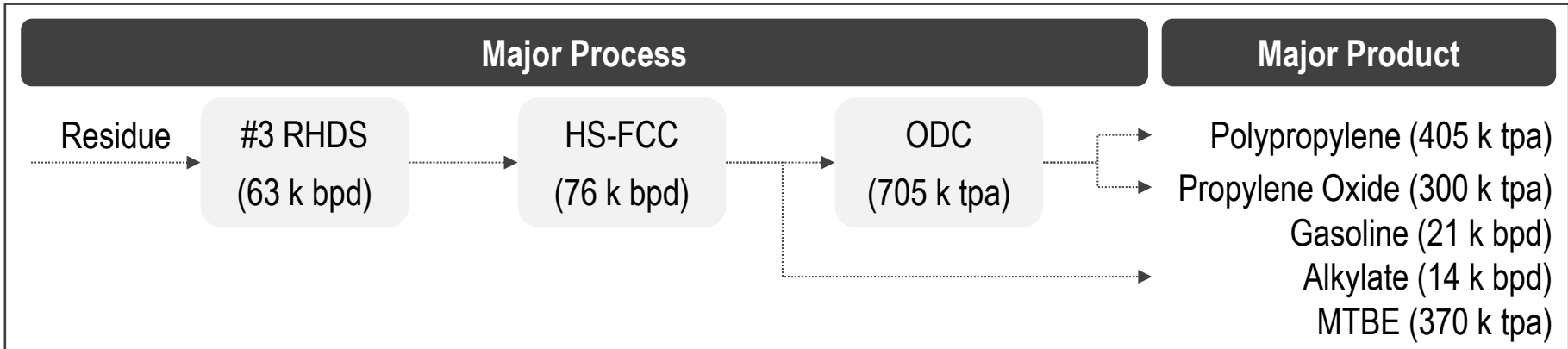


Sales Breakdown

(Unit: k bpd, %)	1Q '15	2Q '15	3Q '15	4Q '15	1Q '16
Sales Total	622	660	623	622	654
Domestic	290	285	282	287	315
Export	332	375	341	335	339
(% in Total)	(53.4)	(56.8)	(54.7)	(53.9)	(51.9)
China	21.5	16.1	16.4	16.0	19.4
Japan	19.5	20.4	17.0	25.5	12.9
Australia	12.8	13.7	13.6	13.8	10.8
USA	16.6	11.4	14.0	11.3	10.0
Europe	0.7	5.0	5.3	0.6	7.4
Singapore	7.0	6.6	6.0	6.8	6.6
South East Asia	3.6	5.2	7.2	6.2	4.4

RUC/ODC Project Overview

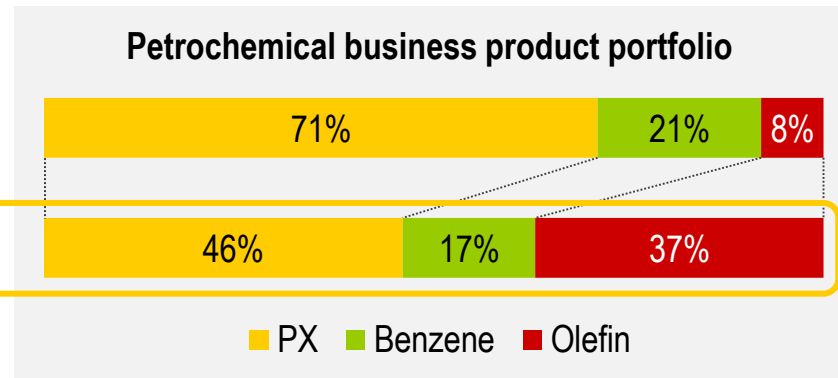
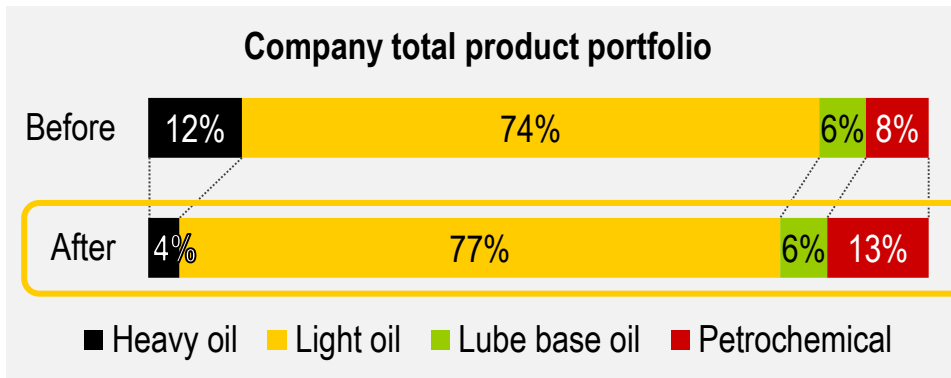
(Residue Upgrading Complex & Olefin Downstream Complex)



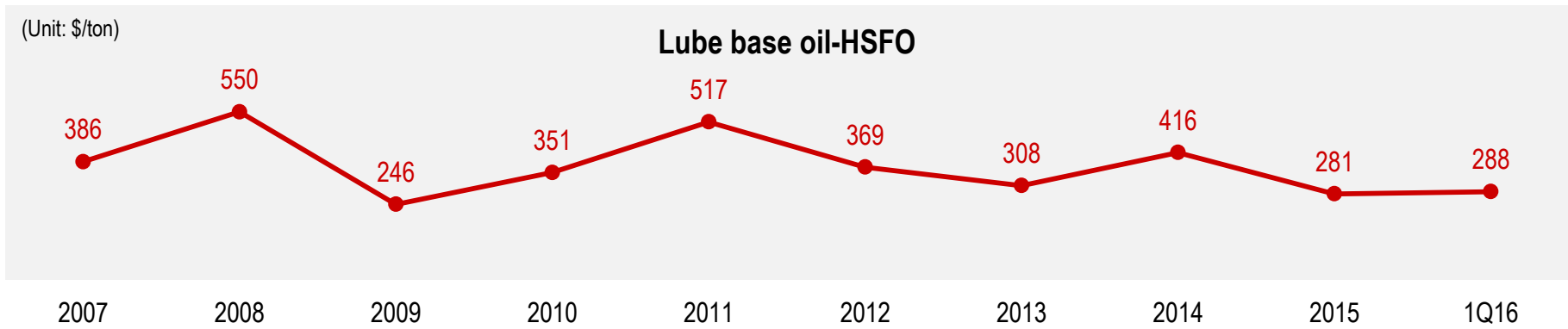
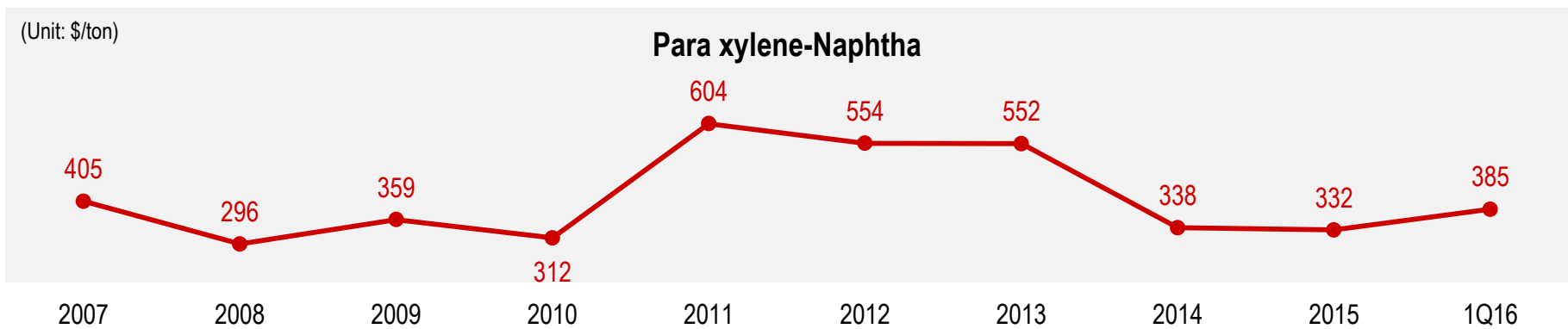
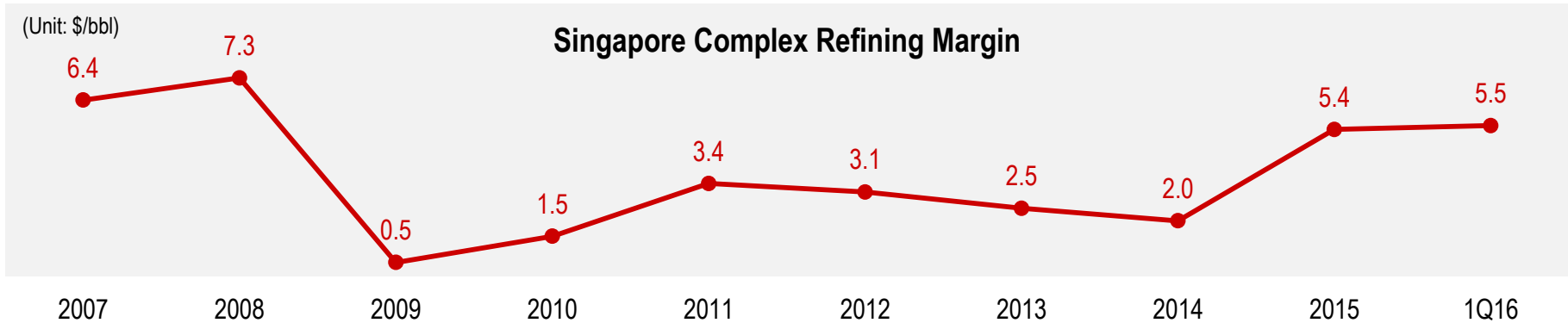
Completion (E) Mechanical completion & commissioning in 1H 2018

Profitability (E) IRR:18.3%, Payback period: 6 years

CAPEX (E)	Total	~2015	2016	2017	2018
	4.8 tri. Won	0.4 tri. Won	1.0 tri. Won	2.6 tri. Won	0.8 tri. Won



Long-term Margin Trend



Thank You

S-OIL IR Team

