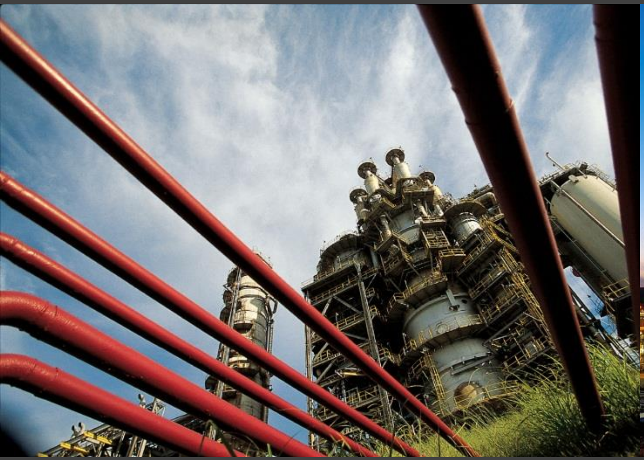

2Q 2017 Earnings Release

July 2017

DISCLAIMER

Financial results for 2Q 2017 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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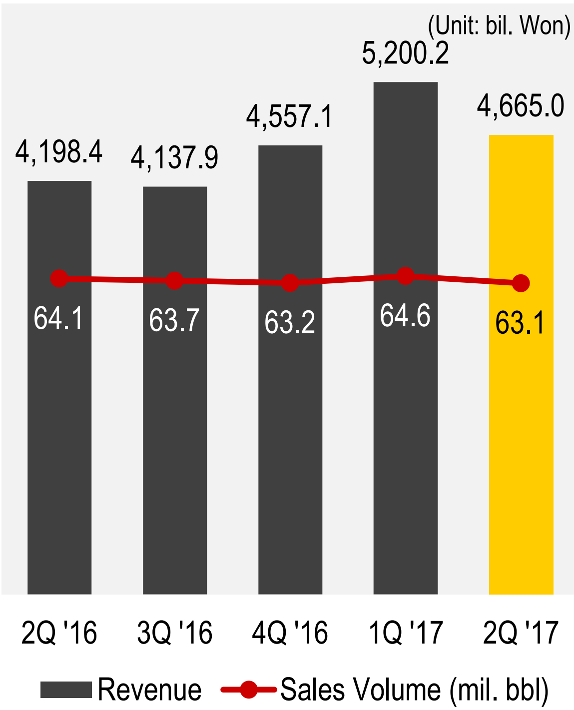
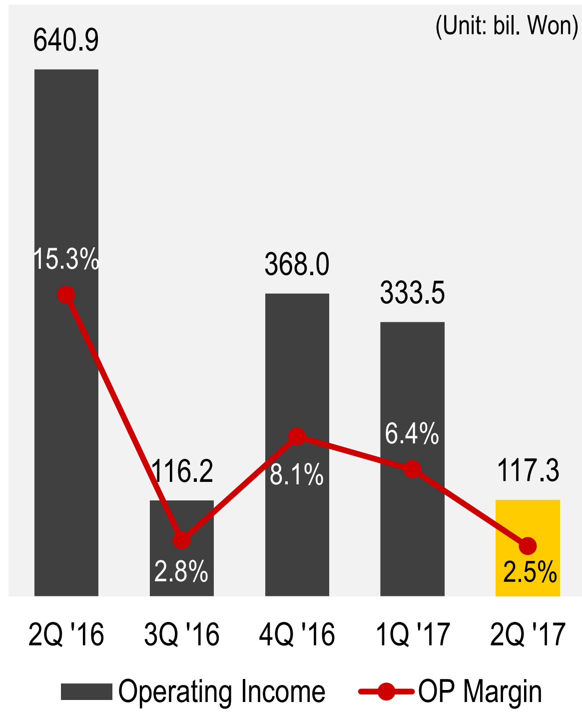
2Q 2017 Financial Result

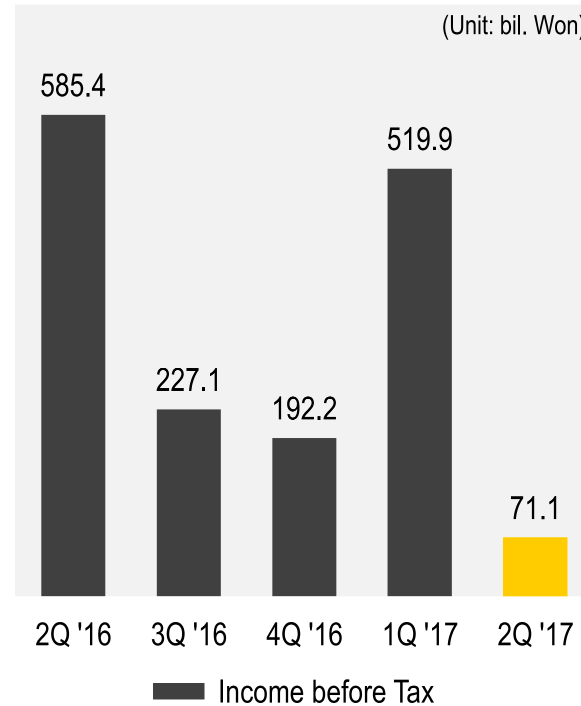
Revenue



Operating Income



Income before Tax



Declined 10% QoQ mainly due to drop of crude price

- Quarterly average selling price: 8.2%↓, QoQ
- Sales volume: 2.3%↓, QoQ

Contracted due to one-off negative impact from oil price decline and refinery maintenance

- Inventory related loss (E): 50 bil. won
- Singapore complex margin ($/bbl): 2Q 3.8 (0.4↓, QoQ)

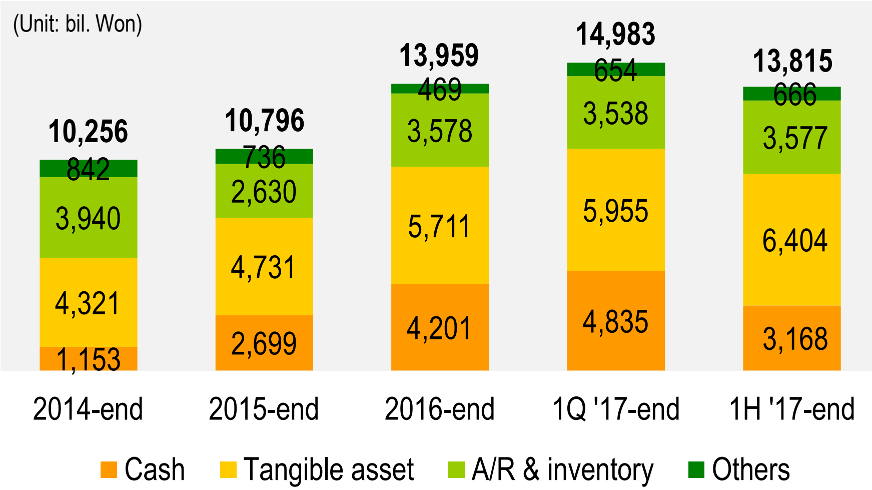
Decreased QoQ with FX loss on top of operating income contraction

- F/X loss: 48.2 bil. Won (1Q F/X gain: 180.5 bil. Won)
- ₩/$ rate: 2Q-end 1,139.6 (23.5↑, QoQ)

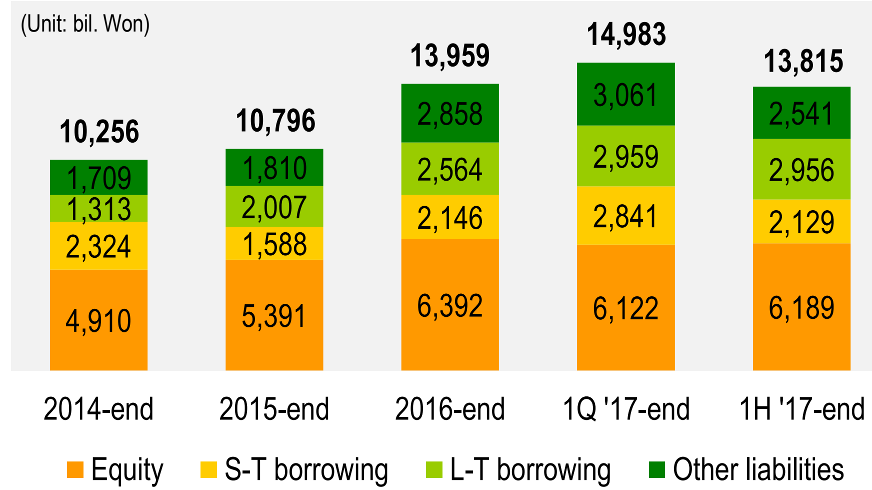
Financial Status

Financial Status

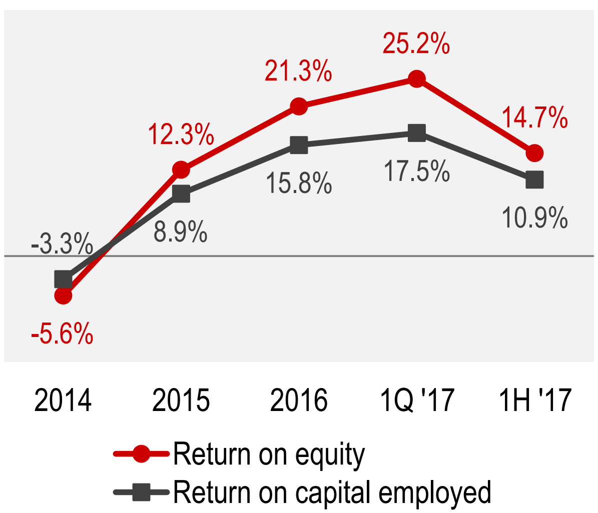
Assets

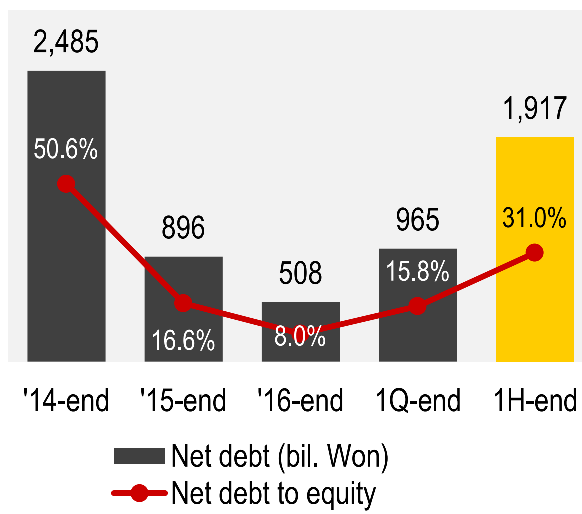


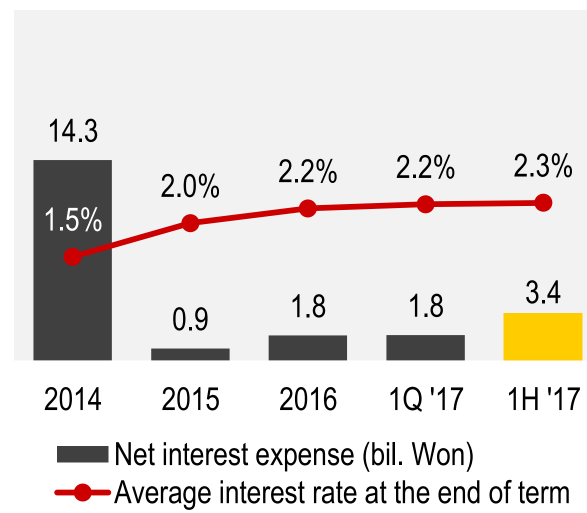
Liabilities & Equities



Financial Ratios







Capital Expenditure

CAPEX

(Unit: bil. Won)	FY ’14	FY ’15	FY ’16	FY ’17 Plan	1H ’17
Major Projects	**675.2**	**465.1**	**863.2**	**2,841.5**	**728.8**
- RUC/ODC Project[1]	97.0	290.4	682.2	2,629.0	695.5
- KNOC land acquisition[2]	519.0	-	-	-	-
- SUPER Project[3] and Profit Improvement Program	8.5	141.7	177.4	81.1	30.8
Upgrade & Maintenance	**62.0**	**169.2**	**147.0**	**232.5**	**51.0**
Marketing related expenditure	**37.5**	**48.4**	**8.0**	**62.5**	**8.0**
Others	**108.8**	**43.3**	**61.2**	**53.6**	**9.4**
Total	**883.5**	**726.0**	**1,079.4**	**3,190.0**	**797.2**

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 ’14	FY ’15	FY ’16	FY ’17 Plan	1H ’17
Depreciation (Including catalyst amortization cost)	**339.7**	**273.2**	**286.7**	**330.5**	**147.6**

Operation

Utilization Rate

(Unit: k bpd, %)	Capacity	2015	2016	1Q '17	2Q '17
CDU	**669.0**	90.7%	95.0%	99.9%	96.5%
B-C Cracking	**149.5**	93.4%	91.2%	97.8%	93.0%
PX Plants	**37.5**	84.5%	100.9%	100.8%	75.3%
Lube Plants	***44.0**	85.4%	94.6%	98.4%	100.7%

* Changed retroactively to 2016(42.7→44.0), with adjustment of utilization rate, to reflect stable operation at the extended capacity since SUPER Project in 4Q 2015.

In 2Q, operation rate of PX plant recorded 75% due to the planned maintenance of #2 PX plant.

Maintenances

	2015	2016	1H '17	2H '17
CDU	CFU, #2&3 CDU	#1 CDU	CFU	-
Refining	HYC FH	RFCC	-	-
Petrochemical	#1&2 PX	-	#2 PX	-
Lube Base Oil	#1&2 HDT, HYC SH	#1&2 HDT	-	-

Refinery will be operated at optimal level throughout the 2nd half of 2017

Financial Result by Business Segment

Refining

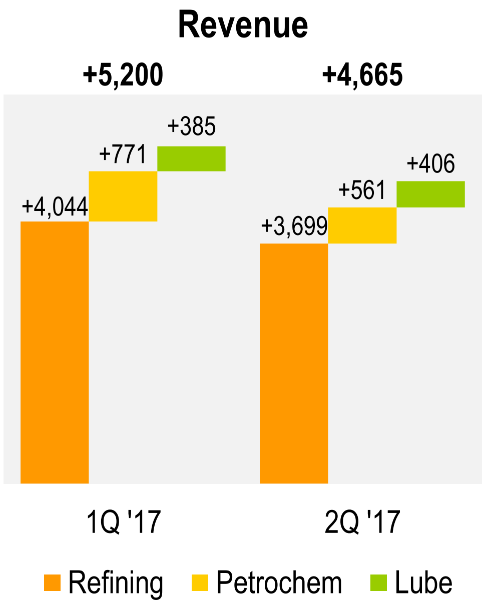
(Unit: bil. Won)	2Q '16	YoY	1Q '17	QoQ	2Q '17
Revenue	**3,215.3**	**15.0%↑**	**4,044.0**	**8.5%↓**	**3,698.6**
Operating Income	**372.9**	-	**109.7**	-	**-84.9**
(Margin)	(11.6%)	-	(2.7%)	-	(-2.3%)

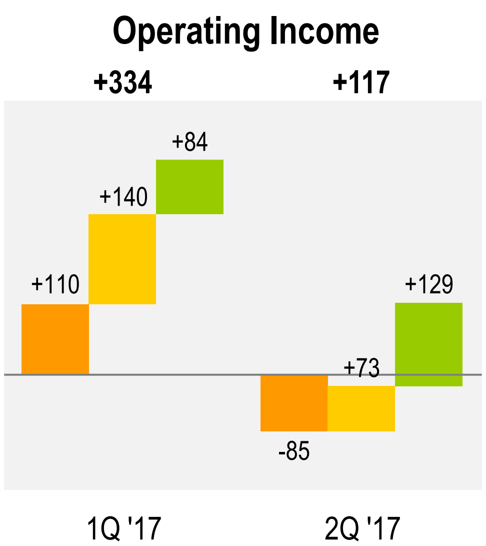
Petrochemical

(Unit: bil. Won)	2Q '16	YoY	1Q '17	QoQ	2Q '17
Revenue	**637.3**	**12.0%↓**	**771.4**	**27.3%↓**	**560.6**
Operating Income	**139.9**	**48.0%↓**	**139.6**	**47.9%↓**	**72.8**
(Margin)	(22.0%)	-	(18.1%)	-	(13.0%)

Lube Base Oil

(Unit: bil. Won)	2Q '16	YoY	1Q '17	QoQ	2Q '17
Revenue	**345.8**	**17.3%↑**	**384.8**	**5.4%↑**	**405.8**
Operating Income	**128.1**	**1.0%↑**	**84.2**	**53.7%↑**	**129.4**
(Margin)	(37.0%)	-	(21.9%)	-	(31.9%)





Market Environment in 2Q 2017

Refining

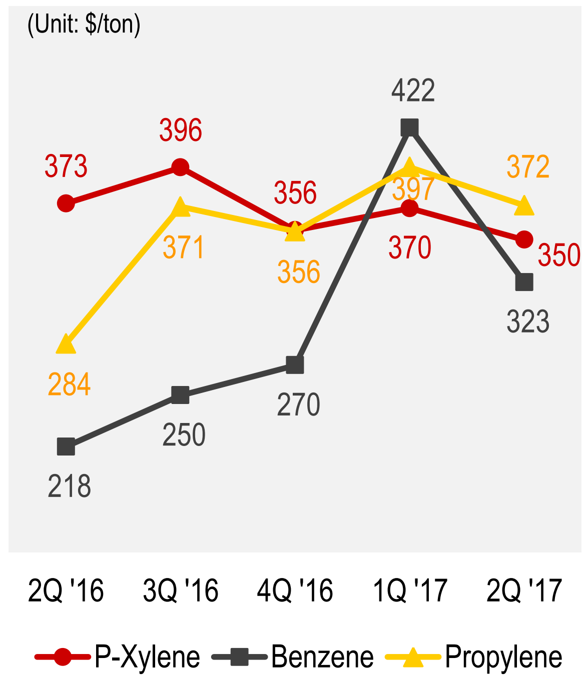
Singapore Margin

[GRM – Variable Cost]

Decent margins continued on the back of firm demand despite weak seasonality.

Petrochemical

Product Spread



Healthy PX spread was supported by robust demand in downstream sector and some plants' maintenance despite start-up of new PX facilities.

Lube Base Oil

Product Spread

LBO spread improved due to limited supply by maintenance of major suppliers and seasonal demand growth.

Source: IHS, ICIS, the Company

2H 2017 Outlook – Refining

Refining margins will remain well-supported by continuously robust demand growth in Asia Pacific. China and India will drive the regional demand growth on the back of healthy industrial activities and robust vehicle sales.

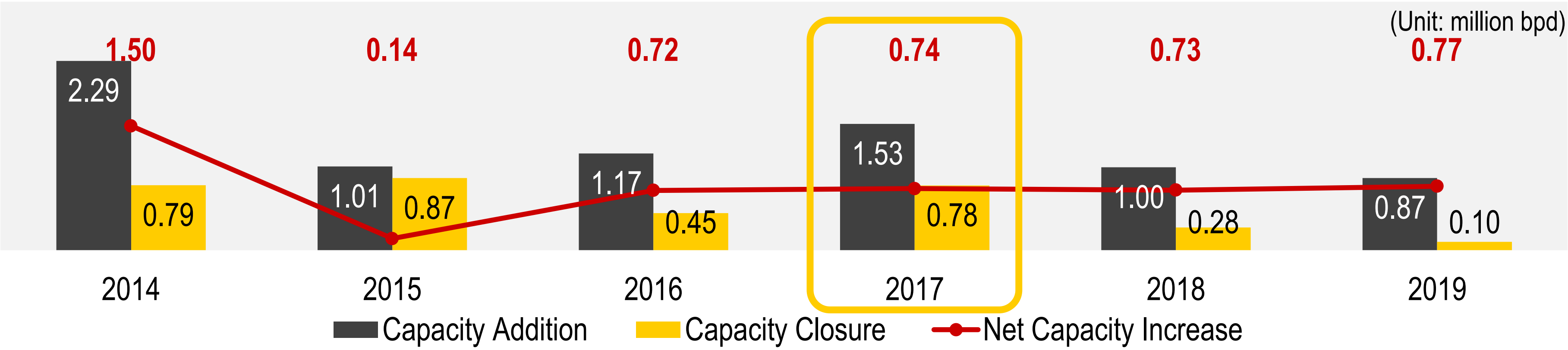
Besides, crude oil prices are likely to stay range-bound at current level, giving a support to the demand.

2H '17 demand growth forecast

(Unit: mil. bpd)	Asia Pacific			Global		
	IEA	OPEC	EIA	IEA	OPEC	EIA
HoH	+0.39	+0.29	-0.02	+2.15	+1.99	+1.86
YoY	+1.08	+0.67	+0.75	+1.54	+1.35	+1.54

Start-up of new capacities will put some burden on regional market, but the impact will be mitigated as some Indian refiners will shutdown and upgrade their facilities to meet the strengthened environmental regulation.

Global Capacity Addition/Closure



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

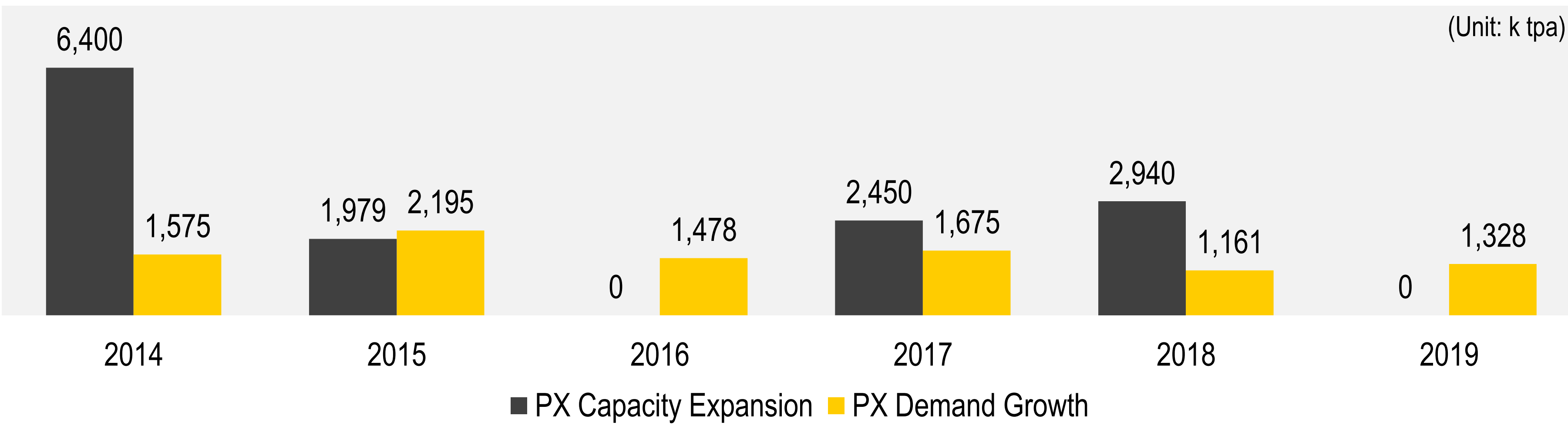
2H 2017 Outlook – Petrochemical & Lube Base Oil

Petrochemical

Para-xylene : spread to be maintained

PX spread is expected to move in a decent solid range by start-up/restart of Asian PTA plants and seasonal demand, although there would be a downward pressure on the spread due to concerns over the supply increase from new PX facilities in the region.

PX capacity expansion and demand growth (Asia & ME)



Lube Base Oil

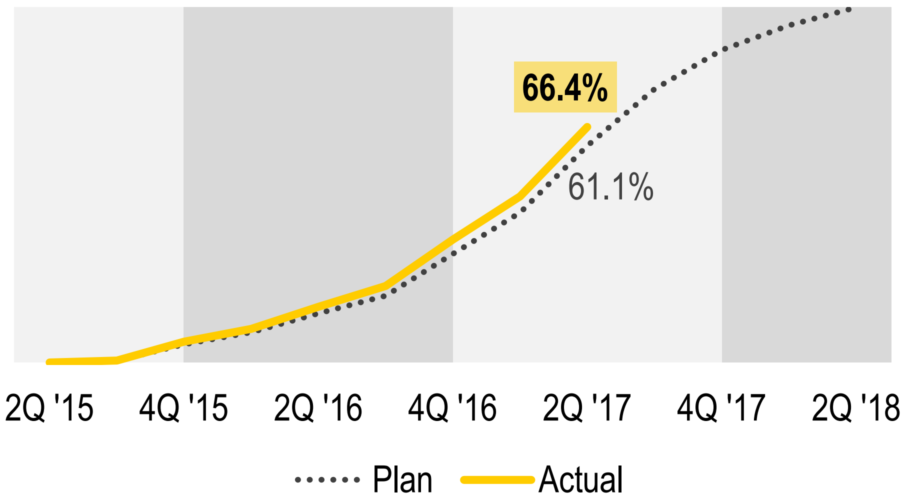
Solid level of spread to be sustained

The improved LBO margin in 2Q is likely to be sustained thanks to limited capacity addition in 2017 and the demand growth for high-quality products in the U.S. & Europe.

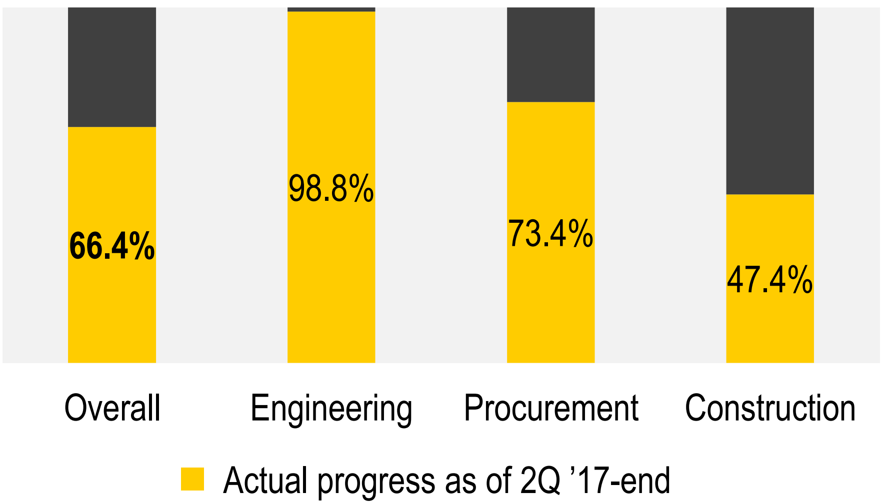
Source: PCI, IHS, Argus, The Company

Progress of RUC/ODC Project

Overall Progress S-Curve



EPC Progress



66.4% of project progress as of 2Q '17-end

(5.3%p ahead of the plan)

Project Financing

(Unit: bil. Won)	2015	2016	2017 YTQ	Total (average interest rate)
Corporate bond	400	700	400	1,500 (2.1%)
Bank loan*	300	220	-	520 (2.9%)
Sum	700	920	400	2,020 (2.3%)

* Facility loan commitment: 1,500 bil. Won
Stand-by credit line: 500 bil. Won

Appendix 1

Summarized Income Statement

(Unit: bil. Won)	2Q '16	YoY	1Q '17	QoQ	2Q '17
Revenue	**4,198.4**	**11.1%↑**	**5,200.2**	**10.3%↓**	**4,665.0**
Operating Income	**640.9**	**81.7%↓**	**333.5**	**64.8%↓**	**117.3**
(Margin)	(15.3%)	-	(6.4%)	-	(2.5%)
Finance & Other Income	**-56.8**	-	**184.8**	-	**-47.3**
- Net Interest Gain	*0.9*	-	*-1.8*	-	*-1.5*
*- Net F/X Gain**	*-27.2*	-	*180.5*	-	*-48.2*
- Others	*-30.5*	-	*6.1*	-	*2.4*
Equity Method Gain	**1.3**	**11.0%↓**	**1.6**	**29.4%↓**	**1.2**
Income before Tax	**585.4**	**87.9%↓**	**519.9**	**86.3%↓**	**71.1**
Net Income	**443.6**	**84.9%↓**	**393.9**	**83.0%↓**	**66.9**

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

Appendix 2

Sales Breakdown

(Unit: k bpd, %)	2Q '16	3Q '16	4Q '16	1Q '17	2Q '17
Sales Total	704	692	685	700	694
Domestic	316	323	330	334	320
Export	388	369	355	366	374
(% in Total)	(55.1%)	(53.3%)	(51.8%)	(52.3%)	(53.9%)
China	25.2%	18.8%	20.7%	18.5%	21.9%
Japan	13.3%	13.7%	19.6%	16.2%	14.8%
South East Asia	5.1%	6.2%	6.7%	14.9%	13.6%
Australia	11.7%	7.9%	11.3%	16.6%	12.7%
USA	15.3%	12.7%	9.4%	9.0%	10.6%
Singapore	6.6%	14.7%	9.2%	8.2%	6.5%
Europe	5.0%	3.1%	0.9%	3.1%	5.4%

Appendix 3

RUC/ODC Project Overview

(Residue Upgrading Complex & Olefin Downstream Complex)

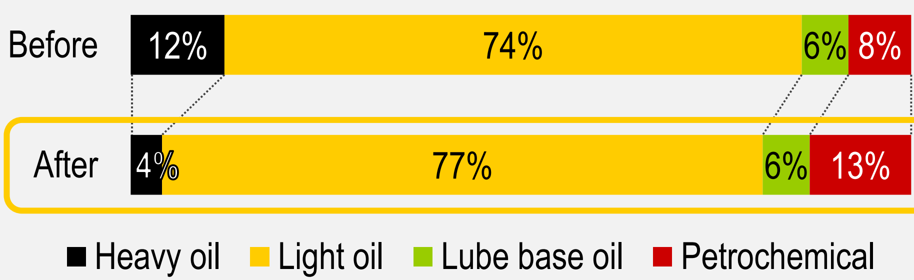
Major Process	Major Product
Residue → #3 RHDS (63 k bpd) → HS-FCC (76 k bpd) → ODC (705 k tpa)	Polypropylene (405 k tpa) Propylene Oxide (300 k tpa)
HS-FCC (76 k bpd) →	Gasoline (21 k bpd) Alkylate (14 k bpd) MTBE (370 k tpa)

Completion (E)	Mechanical completion & commissioning in 1H 2018
Profitability (E)	IRR:18.3%, Payback period: 6 years (Estimated in 2H 2015)

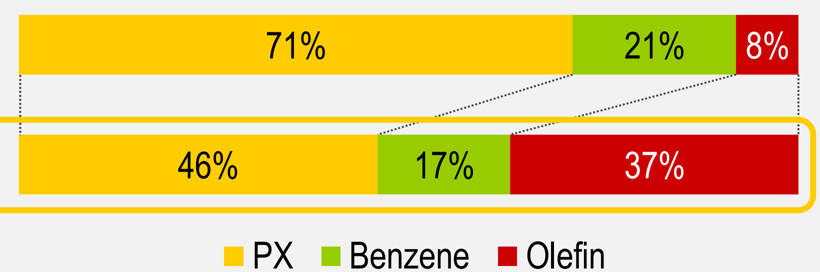
CAPEX (E)

Total	~2015	2016	2017	2018
4.8 tri. Won	0.4 tri. Won	0.7 tri. Won	2.6 tri. Won	1.1 tri. Won

Company total product portfolio



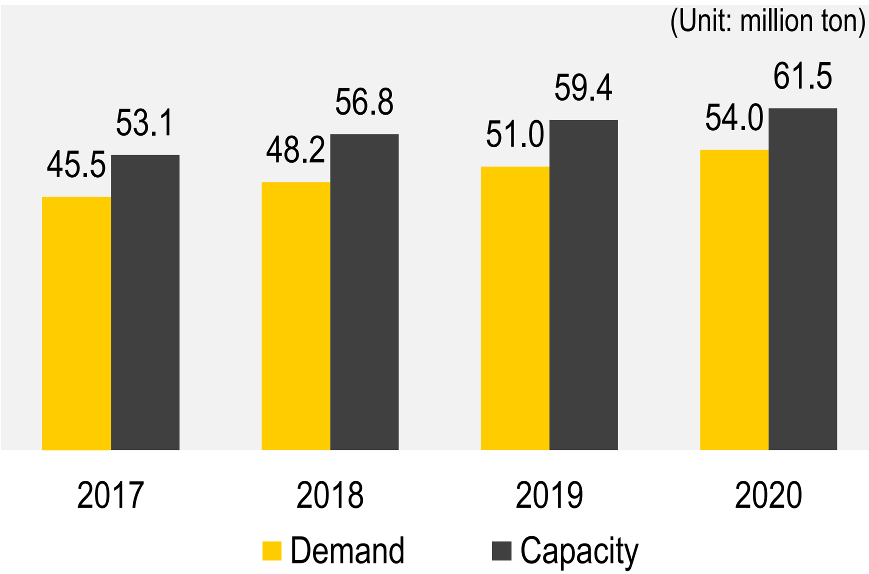
Petrochemical business product portfolio



Appendix 4

PP(Poly Propylene) / PO (Propylene Oxide) Demand & Capacity Outlook

Asia & ME PP outlook

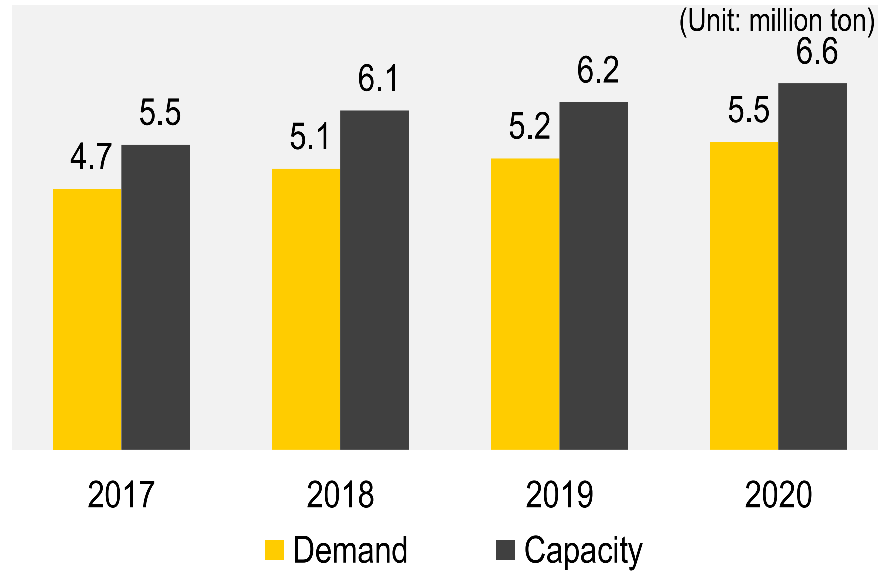


- 2018~2020 demand CAGR*: 5.8%
- 2018~2020 capacity CAGR: 4.0%

Regional PP market would likely be tighter for the next 3 years as demand growth will outpace capacity growth.

In particular, demand growth will be mainly driven by China, India, and South East Asia.

Asia & ME PO outlook



- 2018~2020 demand CAGR: 4.7%
- 2018~2020 capacity CAGR: 3.9%

Tightness of regional PO market is expected to be maintained for the next 3 years as capacity growth is expected to be slower than demand growth.

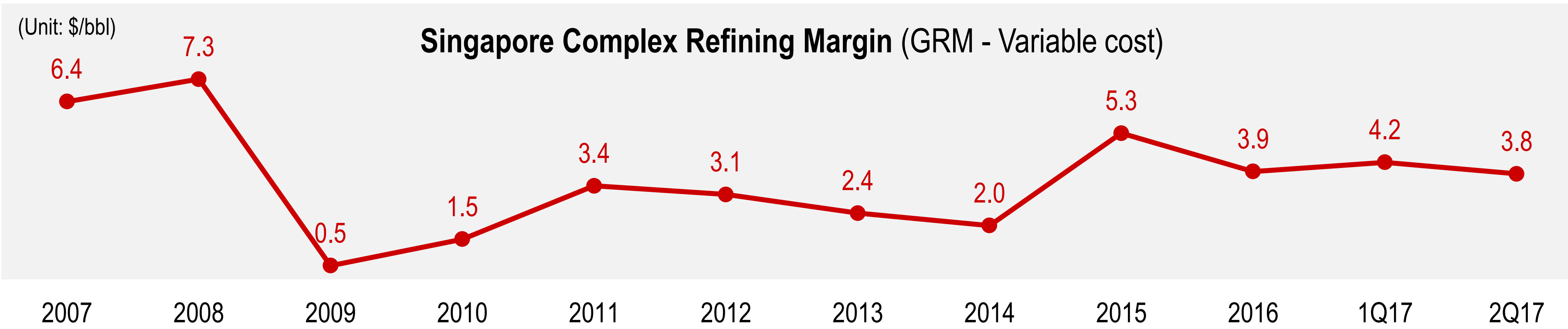
Domestic market will remain in short supply after the Company's PO plant operation.

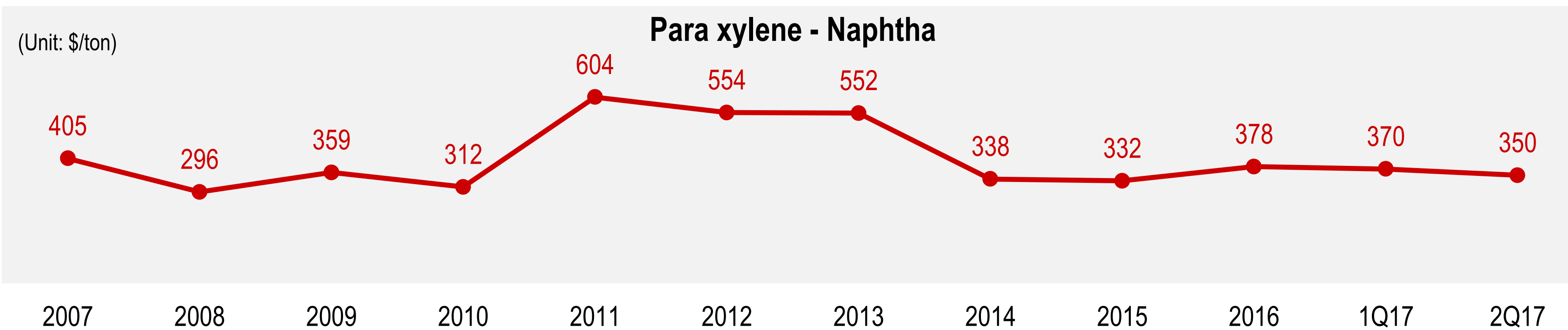
* CAGR: Compound Annual Growth Rate

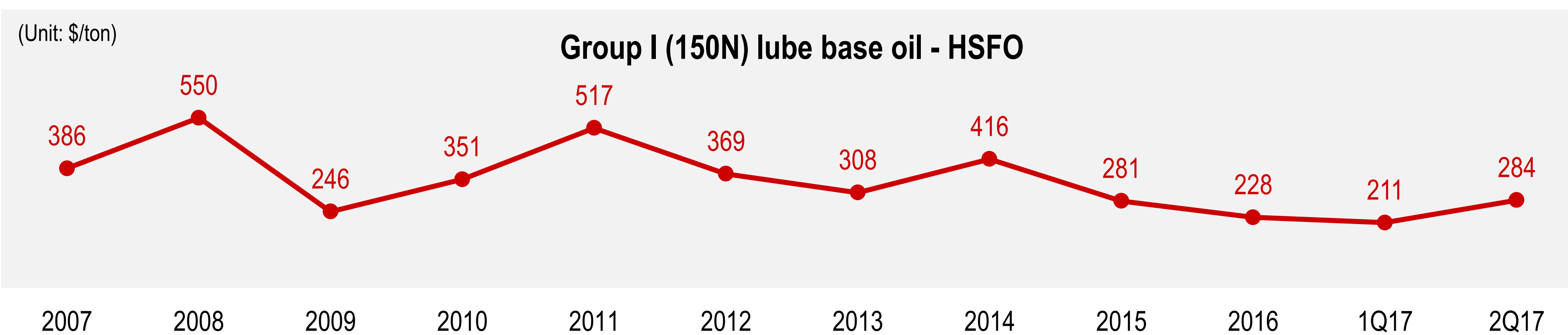
Source: IHS, The Company

Appendix 5

Long-term Margin Trend







Thank You

S-OIL IR Team

Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

S-OIL, the only company named to DJSI World for the 7th consecutive year among Asia Pacific refiners