



S-OIL

Discovering the infinite possibility of oil



4Q 2020 Earnings Release

January 2021

DISCLAIMER

Financial results for 4Q and full year of 2020 are provisional and 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.



4Q 2020 Performance

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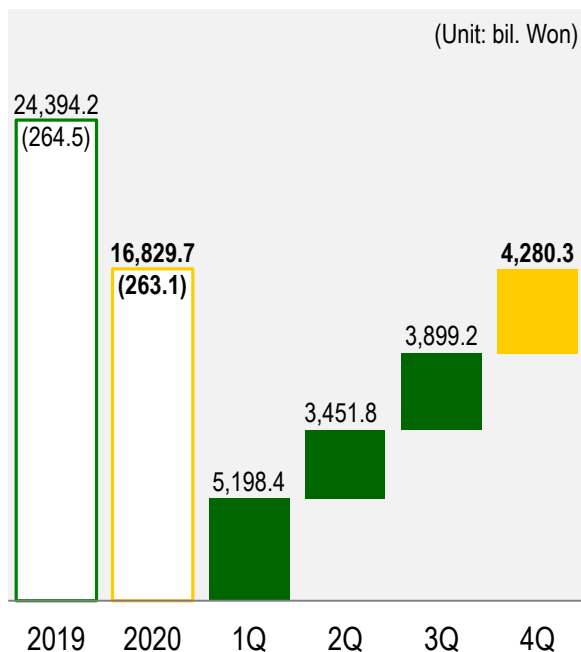
Market Environment & Outlook

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Revenue

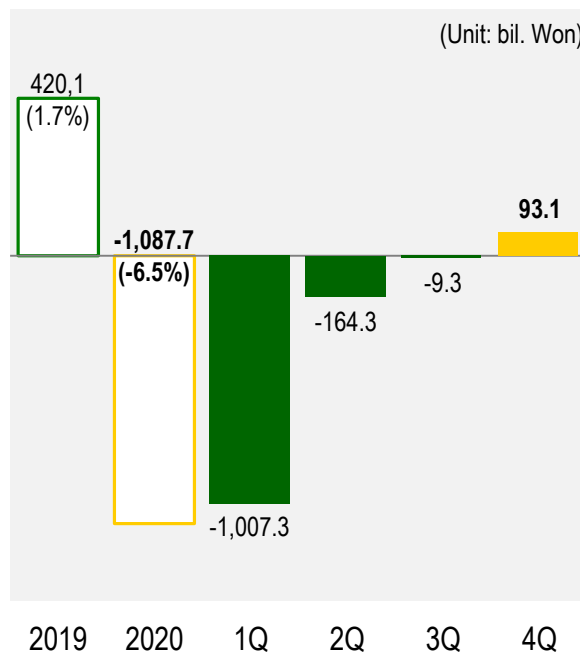


() : Sales volume in million bbl

**Increased 9.8% QoQ
mainly on rise in sales volume**

- Quarterly average selling price: 3.4% ↑ , QoQ
- Sales volume: 6.4% ↑ , QoQ

Operating Income

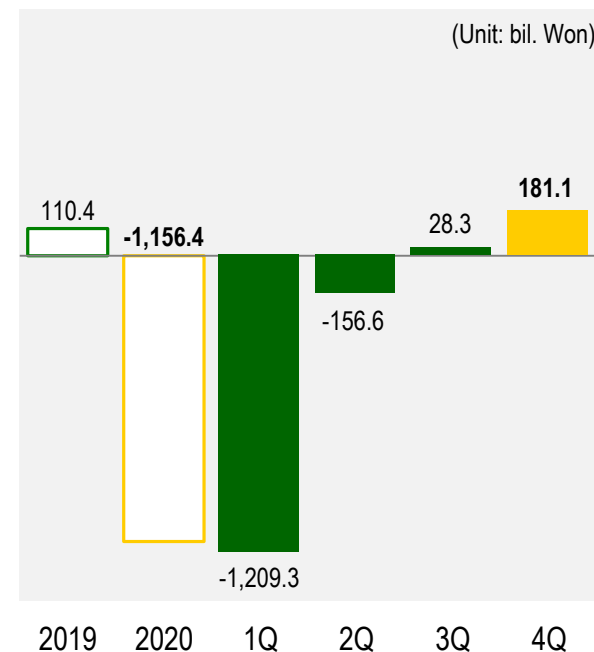


() : Operating income margin

**Improved 102.4 bil. Won QoQ
and turned into profit thanks to
continuous demand recovery**

- Inventory-related gain: 67 bil. Won (Inventory-related gain in 3Q '20: 133 bil. Won)
- Singapore complex margin(\$/bbl): 4Q -1.7 (0.4 ↑ , QoQ)

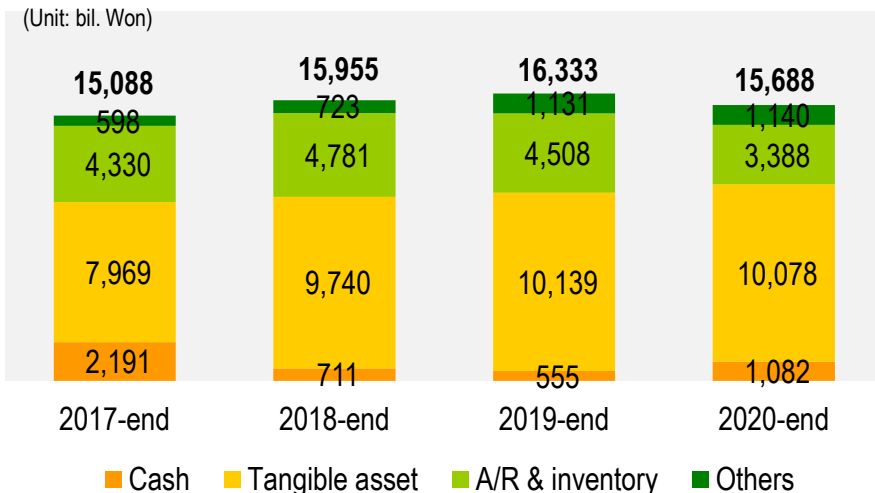
Income before Tax



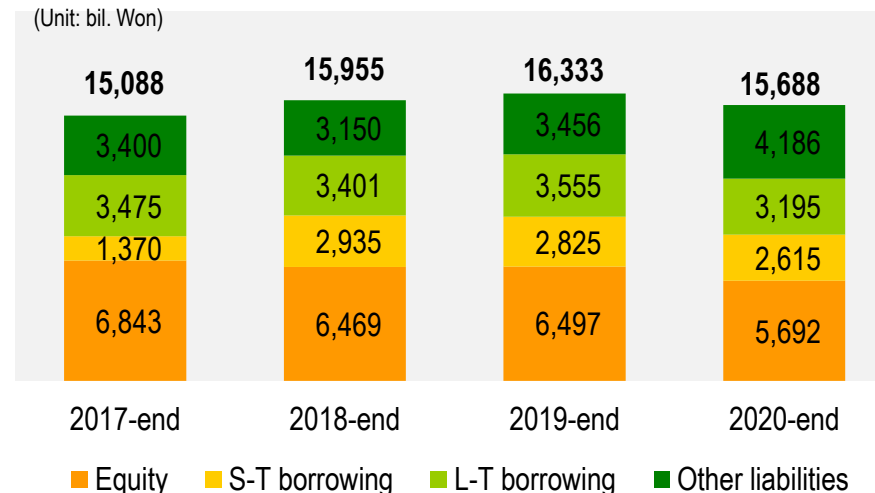
**Extended 152.8 bil. Won
with increase in operating
income and F/X gain**

- F/X gain: 133.9 bil. Won (3Q '20 F/X gain: 34.5 bil. Won)
- ₩/\$ rate: 4Q-end 1,088.0 (85.5 ↓ , QoQ)

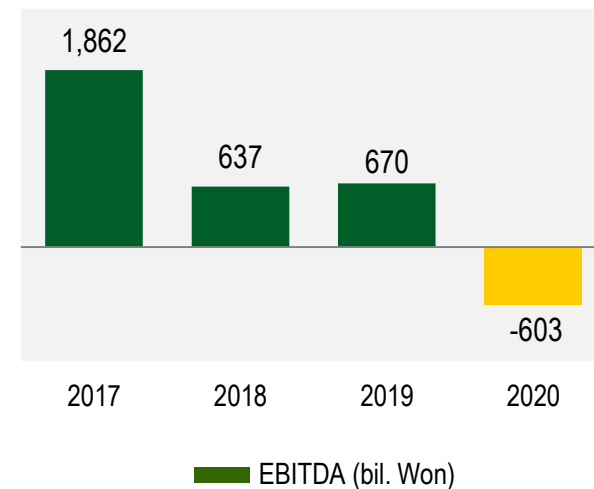
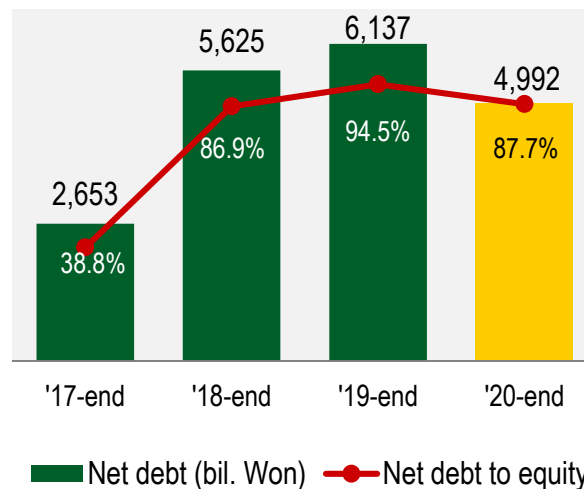
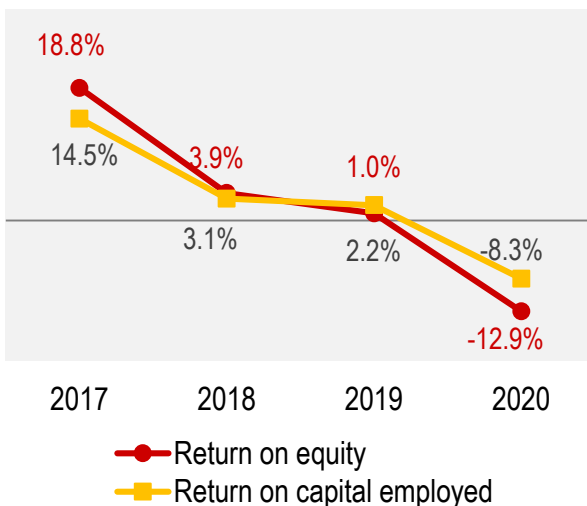
Assets



Liabilities & Equities



Financial Highlights



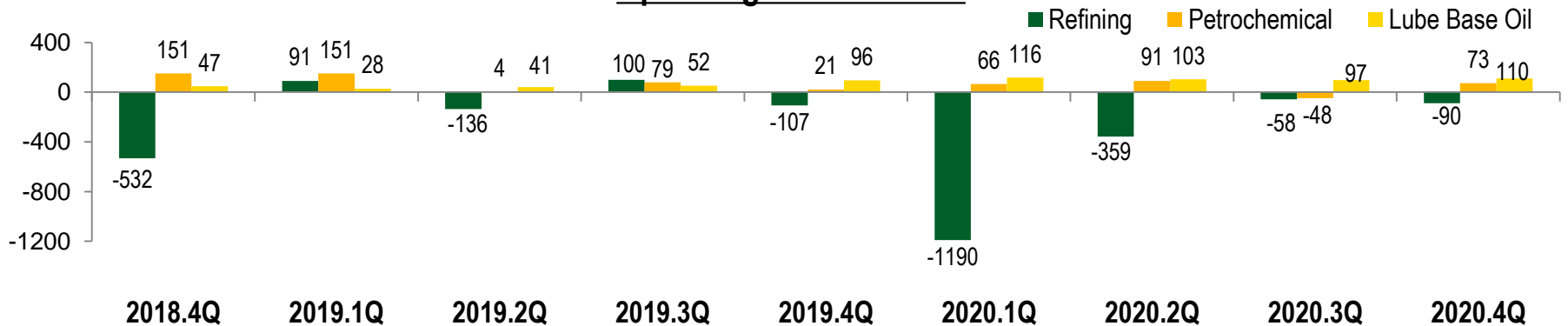
• Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

* EBITDA: Income before tax + Net interest expense + Depreciation(Excluding catalyst amortization cost)

Performance by Business Segment

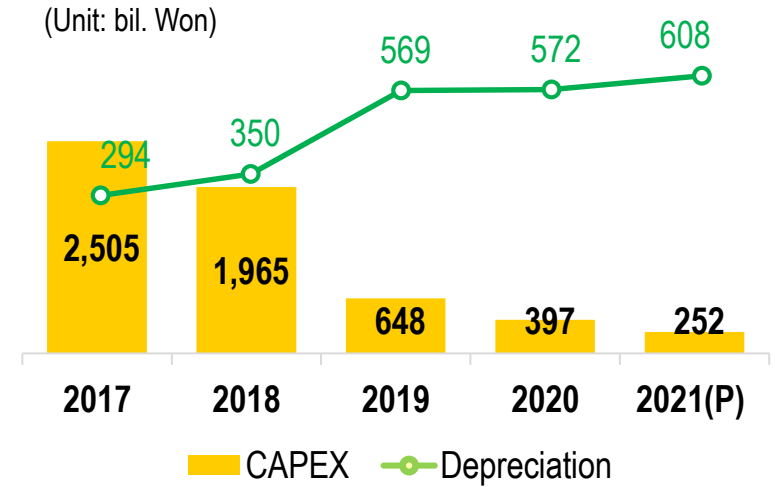
| Segment | (Unit: bil. Won) | 4Q '20 | 3Q '20 | QoQ | 2020 | 2019 | YoY |
|---------------|------------------|---------|---------|---------|----------|----------|---------|
| Refining | Revenue | 3,096.2 | 2,991.0 | 3.5% ↑ | 12,635.0 | 19,002.9 | 33.5% ↓ |
| | Operating Income | -89.7 | -57.6 | | -1,696.0 | -52.3 | |
| | (Margin) | (-2.9%) | (-1.9%) | | (-13.4%) | (-0.3%) | |
| Petrochemical | Revenue | 822.4 | 642.5 | 28.0% ↑ | 2,862.2 | 3,875.2 | 26.1% ↓ |
| | Operating Income | 72.7 | -48.3 | | 182.0 | 255.5 | 28.1% ↓ |
| | (Margin) | (8.8%) | (-7.5%) | | (6.4%) | (6.6%) | |
| Lube Base Oil | Revenue | 361.7 | 265.6 | 36.2% ↑ | 1,332.5 | 1,516.1 | 12.1% ↓ |
| | Operating Income | 110.1 | 96.6 | 14.0% ↑ | 426.3 | 216.9 | 96.5% ↑ |
| | (Margin) | (30.4%) | (36.4%) | | (32.0%) | (14.3%) | |
| Total | Revenue | 4,280.3 | 3,899.1 | 9.8% ↑ | 16,829.7 | 24,394.2 | 31.0% ↓ |
| | Operating Income | 93.1 | -9.3 | | -1,087.7 | 420.1 | |
| | (Margin) | (2.2%) | (-0.2%) | | (-6.5%) | (1.7%) | |

Operating Income Trend



CAPEX & Depreciation

| (Unit: bil. Won) | 2020 | 2021 Plan |
|-----------------------|--------------|--------------|
| Upgrade & Maintenance | 361.2 | 172.0 |
| Others | 36.0 | 80.3 |
| Total CAPEX | 397.2 | 252.3 |
| Depreciation | 571.5 | 607.7 |



Maintenances

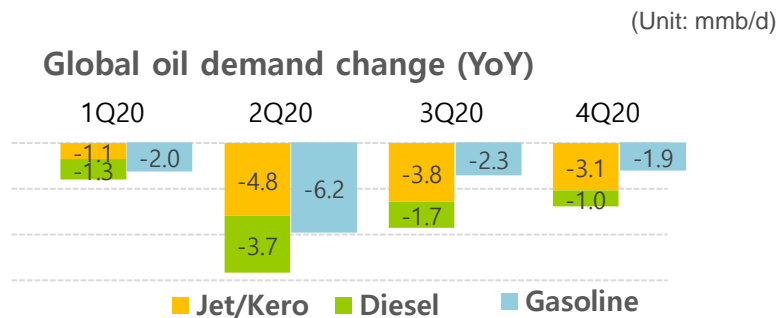
| | 2018 | 2019 | 2020 | '21 Plan |
|---------------|--------|-------------------|---------|----------|
| Refining | #2 CDU | #3 CDU CFU | #1 CDU | - |
| | HYC FH | #1,2RFCC HYCFH | #2 RFCC | - |
| Petrochemical | #1 PX | #2 PX | PP/PO | - |
| Lube Base Oil | - | HYC SH | #1 HDT | - |

Utilization Rate

| | 2018 | 2019 | 2020 | 4Q'20 |
|--------------|-------|-------|-------|--------|
| CDU | 99.1% | 95.4% | 96.1% | 100.8% |
| RFCC/HYC | 94.2% | 86.8% | 91.9% | 98.7% |
| PX Plants | 81.2% | 75.6% | 88.0% | 81.6% |
| PP/PO Plants | 65.6% | 75.4% | 78.0% | 94.7% |
| Lube Plants | 92.3% | 88.7% | 88.4% | 98.4% |

4Q '20 Market Environment

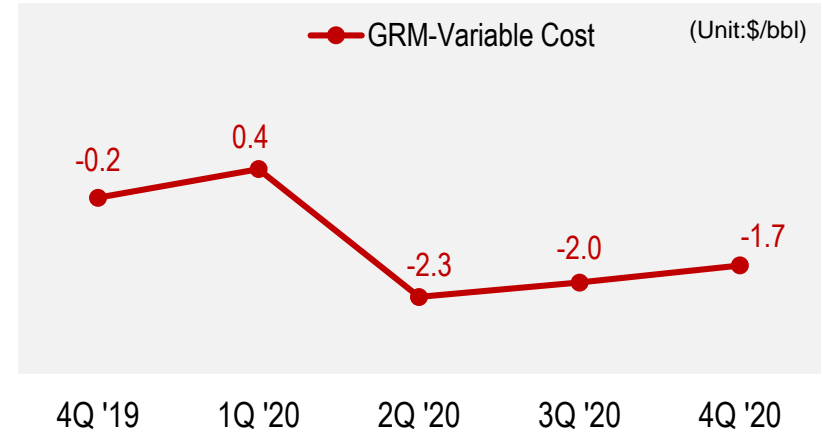
- Refining margins remained depressed due to slow demand recovery from resurgence of COVID-19.



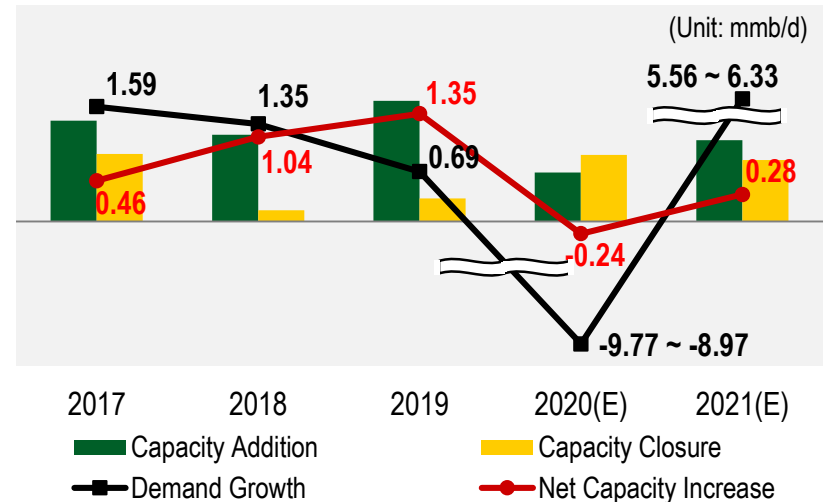
2021 Outlook

- Refining margins are expected to improve gradually due to continuous demand recovery driven by the global rollout of COVID-19 vaccine amid limited capacity additions.

Singapore Margin



Global Net Capacity Increase vs. Demand Growth



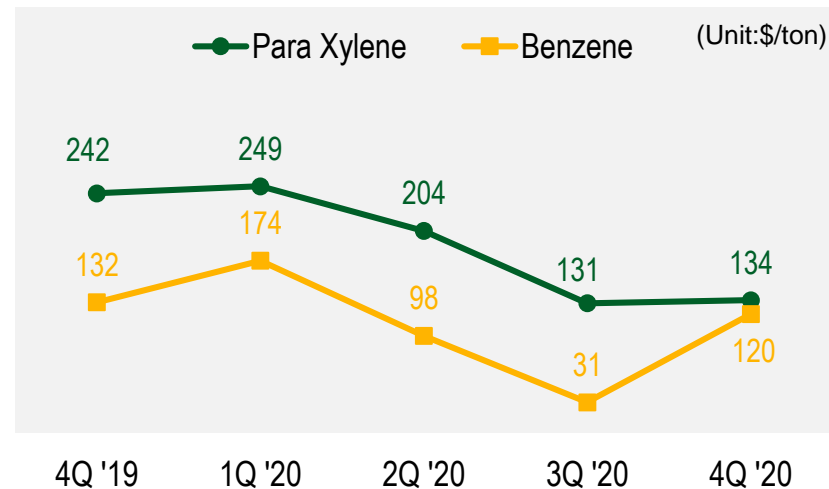
4Q '20 Market Environment

- **Para Xylene spread** remained weak in 4Q due to continued poor demand of downstream products despite operating rates reduction in the region.
- **Benzene spread** rebounded sharply as revived industrial activities in the region boosted benzene derivatives demand amid reduced PX operation rates.

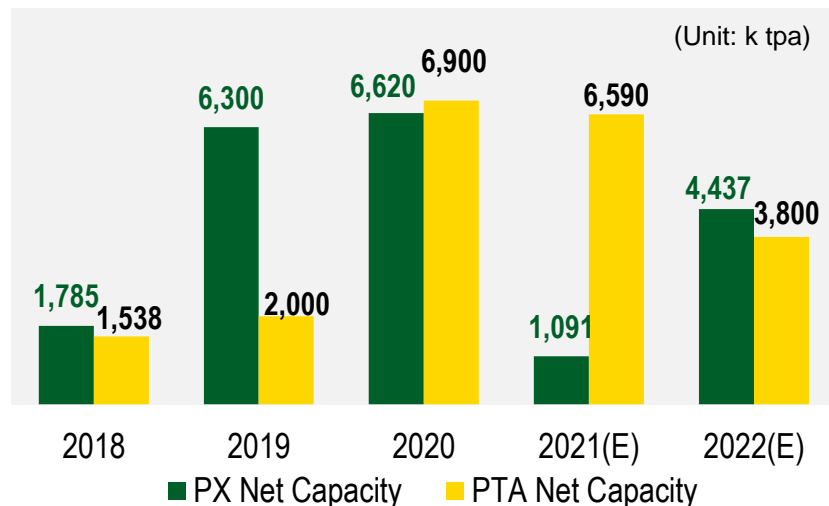
2021 Outlook

- **Para Xylene spread** would be widened gradually as new PTA plants are expected to start up and PTA demand may recover. However, over-supply caused by recent PX capacity addition will limit strong margin improvement.
- **Benzene spread** would move sideways because the improvement in demand for downstream would be offset by the increase in supply from new NCC facilities

Product Spread (Vs. Naptha)



PX & PTA Net Capacity Expansion



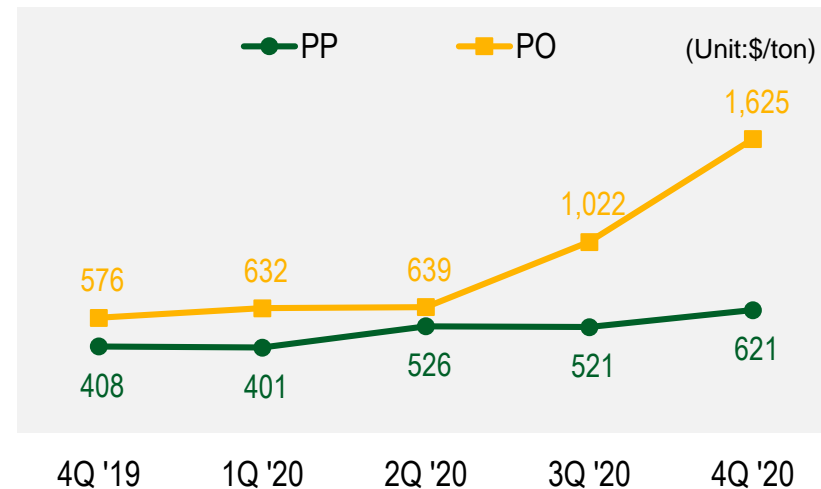
4Q '20 Market Environment

- **Polypropylene(PP) spread** increased on tight supply by unplanned shutdown of PP plant amid healthy demand from automotive, electronics and packaging sectors.
- **Propylene Oxide(PO) spread** soared on strong Chinese polyol demand from automotive and home appliances industry amid supply tightness by maintenances.

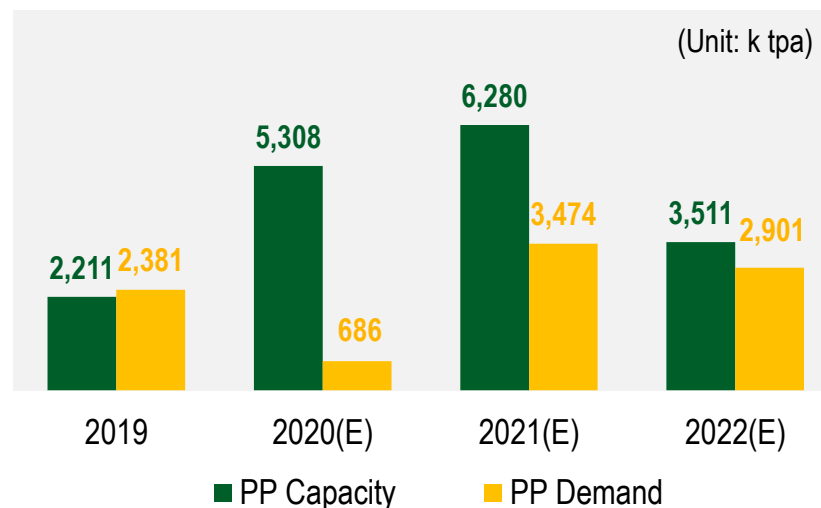
2021 Outlook

- **PP spread** is expected to be under pressure from large-scale capacity expansion, despite the recent increase in demand from healthcare, containers and fiber sectors.
- **PO spread** is expected to be robust on solid polyol demand thanks to global economic recovery.

Product Spread (Vs. Naptha)



Increase of PP Capacity and Demand (Asia & ME)



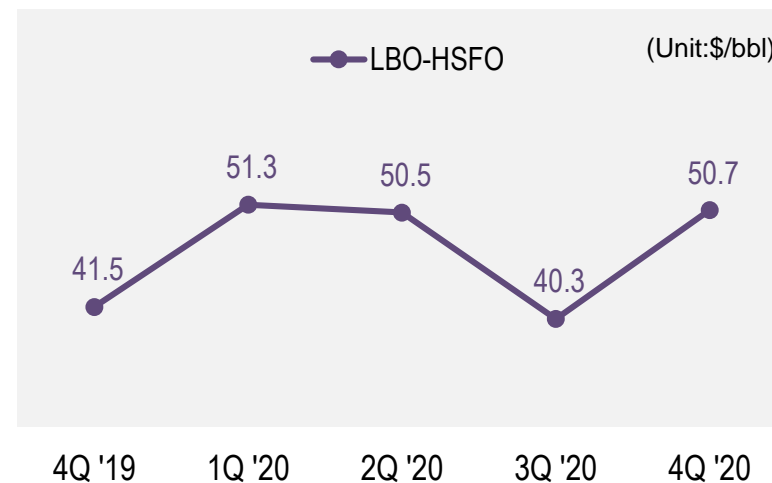
4Q '20 Market Environment

- With the demand recovery and refiners' low run rates continuing, LBO spread was re-widened thanks to tighter supply from maintenance of major plants.

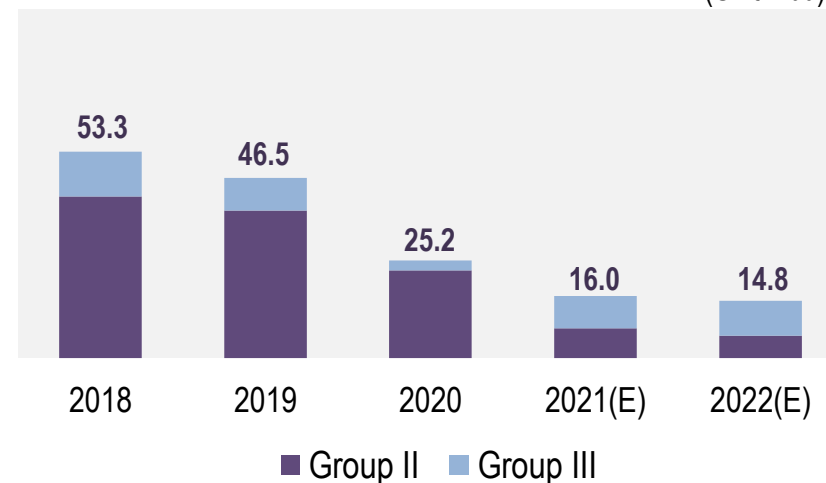
2021 Outlook

- LBO spread is expected to continue to be healthy driven by the consistently growing demand for high-quality products, although tight supply would be eased as refiners increase utilization rates.

Product Spread (Asia)



LBO Capacity Addition










Source: ICIS, Kline, The Company

Summarized Income Statement

| (Unit: bil. Won) | 4Q '20 | 3Q '20 | QoQ | 2020 | 2019 |
|-------------------------------------|-----------------------|------------------------|-----------------|----------------------------|------------------------|
| Revenue | 4,280.3 | 3,899.2 | 9.8% ↑ | 16,829.7 | 24,394.2 |
| Operating Income (Margin) | 93.1 (2.2%) | -9.3 (-0.2%) | - | -1,087.7 (-6.5%) | 420.1 (1.7%) |
| Finance & Other Income | 86.3 | 36.4 | 137.1% ↑ | -72.4 | -312.3 |
| - Net Interest Gain | -30.3 | -34.9 | - | -145.7 | -168.9 |
| - Net F/X Gain* | 133.9 | 34.5 | 288.1% ↑ | 61.5 | -120.5 |
| - Others | -17.3 | 36.8 | - | 11.8 | -22.9 |
| Equity Method Gain | 1.7 | 1.2 | 41.7% ↑ | 3.7 | 2.6 |
| Income before Tax | 181.1 | 28.3 | 539.9% ↑ | -1,156.4 | 110.4 |
| Net Income | 129.7 | 30.3 | 328.1% ↑ | -787.5 | 65.4 |

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

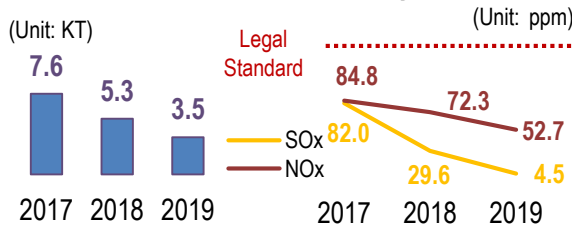
Quarterly Trend of Sales by Region

| (Unit: k bpd, %) | | 4Q '19 | 1Q '20 | 2Q '20 | 3Q '20 | 4Q '20 |
|---|-----------------|--------|--------|--------|--------|--------|
| Sales Total | | 762 | 714 | 760 | 679 | 723 |
| - Domestic | | 371 | 340 | 358 | 325 | 364 |
| - Export | | 391 | 374 | 401 | 354 | 359 |
| (% in export) | | | | | | |
|  | China | 16.9% | 15.3% | 31.5% | 25.0% | 26.8% |
|  | Japan | 17.2% | 22.9% | 16.0% | 18.3% | 17.3% |
|  | Australia | 8.2% | 8.8% | 14.1% | 15.0% | 13.2% |
|  | USA | 7.8% | 10.8% | 2.1% | 6.6% | 11.0% |
|  | South East Asia | 19.1% | 10.5% | 9.9% | 12.2% | 10.9% |
|  | Singapore | 2.9% | 14.5% | 6.1% | 5.2% | 2.6% |
|  | Taiwan | 8.0% | 0.6% | 4.8% | 2.1% | 1.4% |

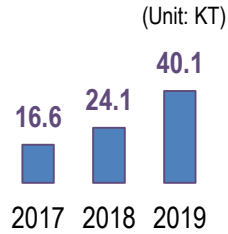
Efforts & Activities in ESG

Environment Management

Air Pollutant Emissions Volume & Intensity



Waste Recycling



Certification ISO 14001 - Environmental management system



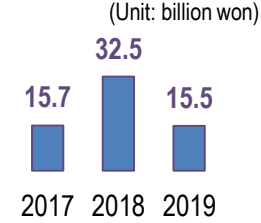
Operating ISO 14301 - Environmental performance evaluation system

Social Contribution

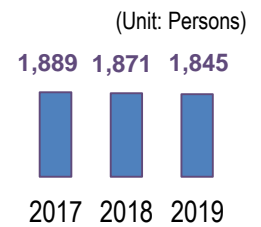
Performance in Social Activities



Green Purchasing



Participants in Sharing Campaign



The social contribution activity called 'Sunshine Sharing' to create a bright and warm society with topics including hero, isolated neighbor, environment, and Local community

Governance

- Establish transparent and sound corporate governance through organizing BOD and sub-committees with Diversity, Independence, and rich Expertise and ensuring Checks and Cooperation
- Well organized Compliance system & Ethics management



Acquired A + grade of governance for 5 consecutive years since 2016



The first local manufacturing Company to acquire ISO 19600 - Compliance management system

Assessment by external bodies in 2020

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



Listed in Dow Jones Sustainability Indices (DJSI) World for 11 consecutive years

2020 Good ESG Company Award from KCGS








Grand Prize in Brand Management of The Management Grand Awards from KMAC

Investment for New Business Opportunities

To seed future growth engines in new business areas, the Company has conducted cautious but continuous investments since 2018:

(1) Directly in Startup Companies

| | IPITECH | OnePredict | LiBEST | Glory & Tech | Beomjun E&C |
|-------------|---|--|---|---|---|
| Sector | Chemical | Smart Plant, AI | Energy, Battery | Energy, Carbon Emission | Chemical |
| Business |  Polyimide Film & Varnish |  AI-based PHM ¹⁾ solution |  Flexible Li-ion battery |  CERS ²⁾ provider via CDM ²⁾ business |  Sulfur Modifier for concrete & asphalt |
| Recognition | Top 100 Material /Parts/Equipment Startup by MSS ³⁾ | Baby Unicorn by MSS ³⁾ | 2020 CES Innovation Award | Calls on CDM projects from Major Korean companies | Producing HSM ⁴⁾ with Multiple Intellectual Properties |

1) Prognostics and Health Management

3) Ministry of Startup and SME

2) Certified Emission Reductions / Clean Development Mechanism

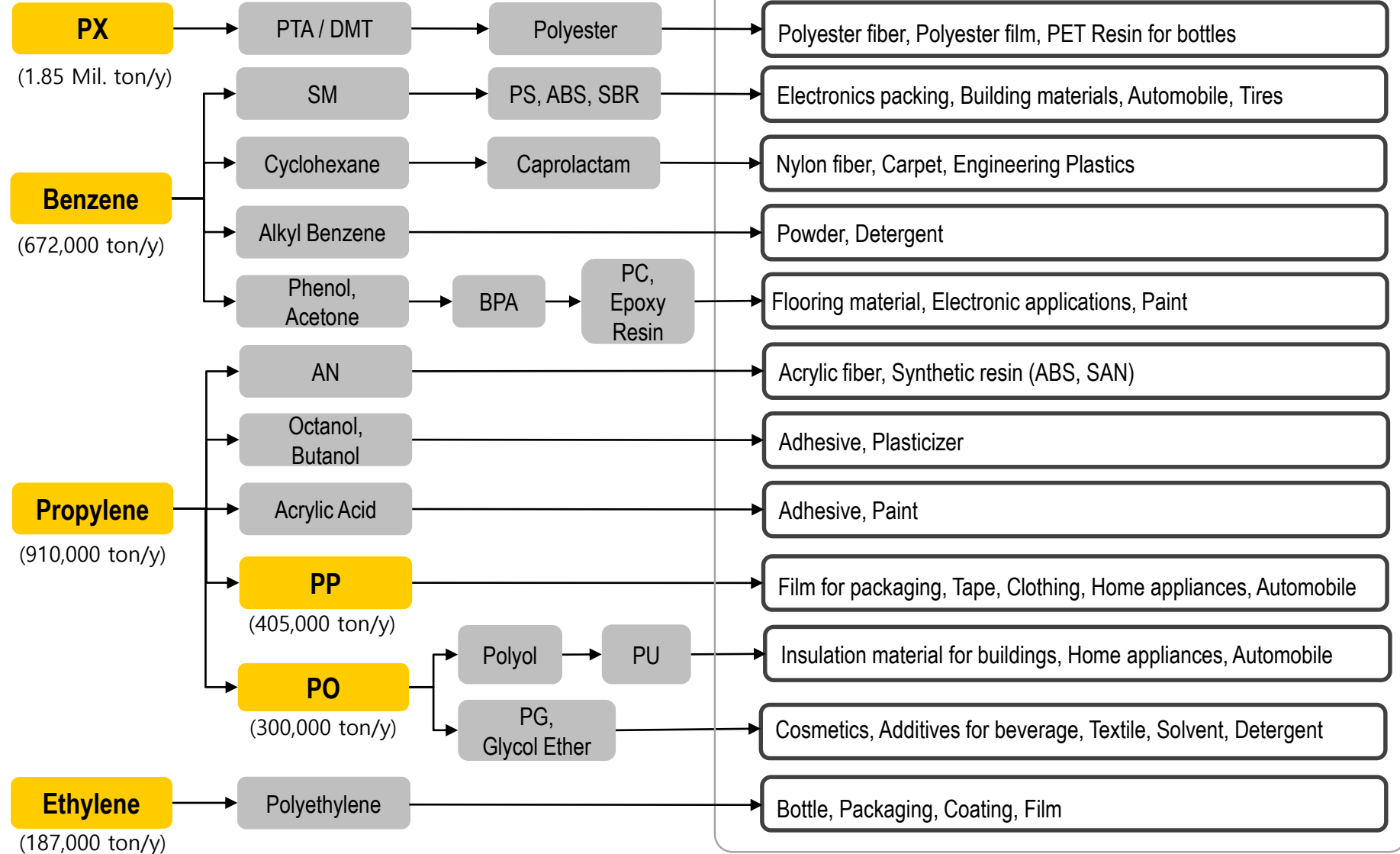
4) Hydraulic/High-Performance Sulfur Modifier

(2) Indirectly in Venture Capital Funds such as Smilegate Pathfinder, Murex Purple

In addition, the Company will pursue green business opportunities in the areas with high growth potential such as hydrogen, fuel cell, recycling or carbon-related business.

S-OIL's Petrochemical Product & Value Chain

The Company's end product



Long-term Margin Trend

Refining

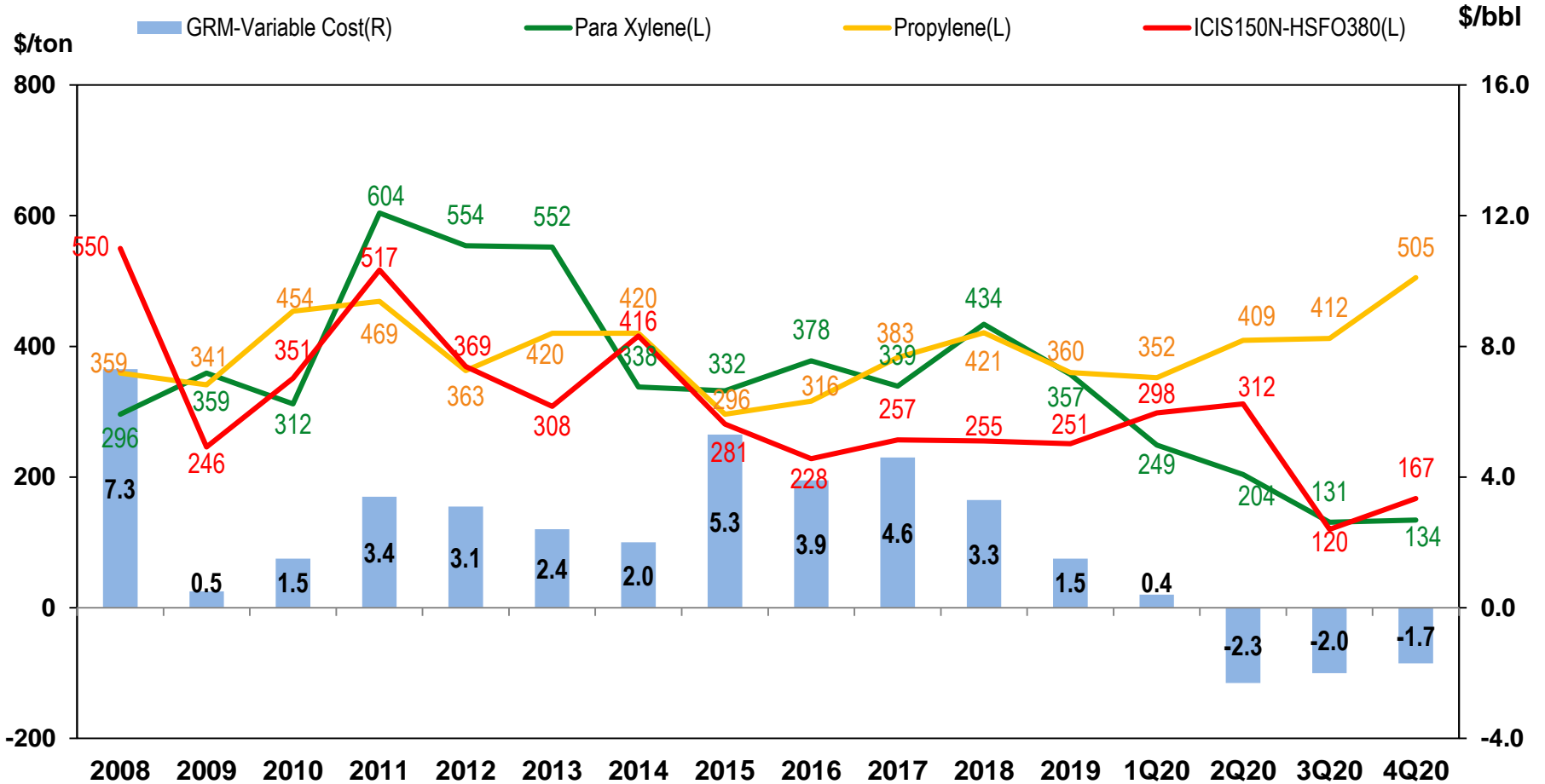
Singapore Complex Margin

Petrochemical

Product spread (Vs. Naphtha)

Lube base Oil

Product spread



Thank You

S-OIL IR Team

Contact : IRteam@s-oil.com



**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 



S-OIL, the only company named to DJSI World for the 11th consecutive year among Asia Pacific refiners and won 2020 Good ESG Company award from KCGS.

