



1Q 2011 Corporate Performance

April 2011

Disclaimer

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.

Contents

1Q 2011 Performance

Performance by Business Segment

2Q & 2H '11 Industry Outlook

Appendix

1Q 2011 Performance

1Q 2011 Financial Result (K-IFRS)

Revenue

Increased driven by rising ASP despite sales volume decline

- ASP: 18.9% ↑ / Sales volume: 5.7% ↓, QoQ

Profits

Sequentially enlarged due to margin improvement and hike of crude & product prices

- Singapore complex margin : \$2.1/bbl 4Q '10 → **\$3.4/bbl 1Q '11** (Crack spread: \$22.2 → **\$28.1/bbl**)
- PX spread : \$369.9/ton 4Q '10 → **\$634.7/ton 1Q '11**
- Lube spread : \$402.0/ton 4Q '10 → **\$424.4/ton 1Q '11**
- Dubai : \$84.4/bbl 4Q '10 → **\$100.9/bbl 1Q '11**

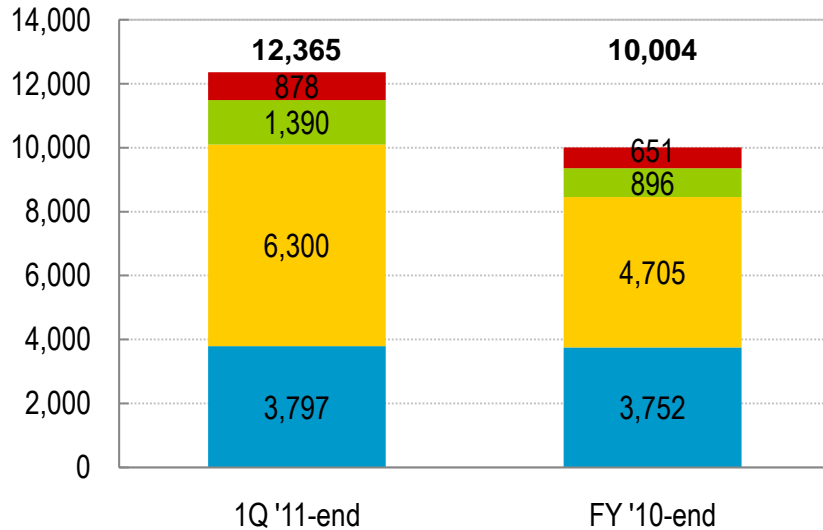
(Unit: bil. Won)

	1Q '11	QoQ	4Q '10	1Q '10	YoY
▪ Revenue	6,818.8	12.1% ↑	6,082.0	4,353.8	56.6% ↑
▪ Operating Income	646.7	66.6% ↑	388.3	57.9	1,017.9% ↑
(Margin)	(9.5%)	-	(6.4%)	(1.3%)	-
▪ Net Finance Gain	71.2	-	-2.0	69.4	2.5% ↑
- Net Interest Gain	4.1	-	-3.3	-0.2	-
- Net F/X Gain	67.1	-	1.3	69.6	-
▪ Equity Method Gain	1.4	10.3% ↓	1.6	2.0	29.2% ↓
▪ Income before Tax	719.3	85.5% ↑	387.9	129.3	456.4% ↑

Financial Status (K-IFRS)

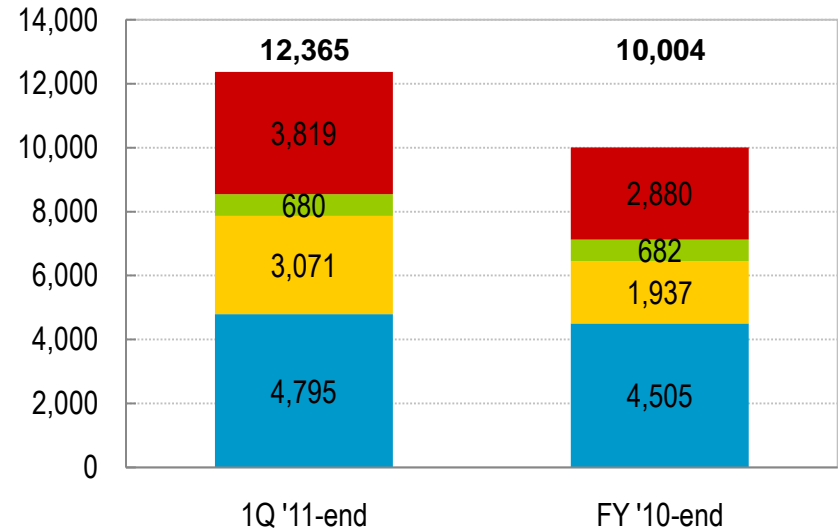
Assets

(Unit: bil. Won)



Liabilities & Equities

(Unit: bil. Won)



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

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

Financial Ratios

(Unit: %)

	1Q '11	FY '10
Return of Equity	47.0	15.8
ROCE	38.3	13.4
Net debt to equity	49.3	38.3
Net debt (bil. Won)	2,361.4	1,723.1

Capital Expenditure for 1Q '11

Continued investment for sustainable growth

53.1 billion Won

- Onsan refinery expansion
 - Project scope: 1.4 tril. Won / CDU (50K+ bpd), PX (900K tpa), Benzene (280K tpa)
 - Current Progress: Construction and test-run are successfully completed.

Upgrade & Maintenance

23.5 billion Won

Marketing investment

4.4 billion Won

(Unit: bil. Won)

	1Q '11	FY '11 (Budget)	FY '10
1. Major projects	53.1	148.8	714.2
Onsan Refinery Expansion	53.1	137.9	702.9
Improvement of Refinery Electric System	-	3.0	11.3
New SPM Construction	-	7.9	-
2. Upgrade & Maintenance	23.5	146.1	128.1
3. Marketing Investment	4.4	63.2	42.0
4. Others (Including construction of HQs building)	22.5	148.2	89.7
Total	103.5	506.3	974.0

* Depreciation: 241.2 bil. Won(E) (FY '11) vs. 188.7 bil. Won (FY '10)

Major Business Index

Utilization Rate

(Unit: bpd, %)

	Capacity	1Q '11	4Q '10	1Q '10
CDU	565,000	98.3	97.1	86.2
HYC FH	76,500	100.3	100.5	65.9
RFCC	73,000	100.6	100.8	93.0
Lube Plants	36,500	106.3	106.7	67.6
Xylene Center	15,194	102.5	100.4	101.1

* Utilization rate (%) : US 83.1 / Europe 82.4 / Asia 87.1 / Korea 92.5

Source: OPEC, FACTS

Turnaround

Time	Units
1Q	#1 RHDS
2Q	Lube Plants (1 st & 2 nd HDT)
3Q	#2 CDU, #2 RHDS, Aromizer, Xylene Center
4Q	-

Sales Breakdown

Expanded export portion to capture strong demand from Asia

(Unit: bpd, %)

	1Q '11	4Q '10	1Q '10
Sales Total	567,804	589,191	469,692
Domestic	249,302	260,950	237,273
Export	318,502 (56.1%)	328,241 (55.7%)	232,419 (49.5%)
Japan	23.1	17.8	21.7
China	22.8	25.0	18.2
Singapore	11.2	8.6	9.5
Australia	7.2	8.5	11.9
USA	5.9	7.8	7.8
Europe	1.6	13.8	1.3

Performance by Business Segment

PERFORMANCE BY BUSINESS SEGMENT

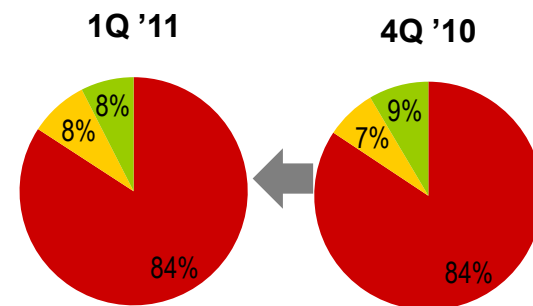


Financial Result by Business Segment (K-IFRS)

Revenue

(Unit: bil. Won)

	1Q '11	QoQ	4Q '10	1Q '10	YoY
Refining	5,739.8	11.9% ↑	5,128.8	3,667.4	56.5% ↑
Petrochem	566.7	30.0% ↑	436.0	388.9	45.7% ↑
Lube	512.3	0.9% ↓	517.2	297.5	72.2% ↑
Total	6,818.8	12.1% ↑	6,082.0	4,353.8	56.6% ↑

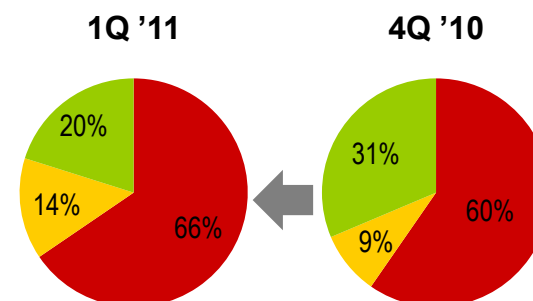


Operating Income

(Unit: bil. Won)

	1Q '11	QoQ	4Q '10	1Q '10	YoY
Refining	422.9	82.4% ↑	231.9	-2.0	-
(Margin)	(7.4%)		(4.5%)	(-0.1%)	
Petrochem	93.4	169.1% ↑	34.7	23.8	292.5% ↑
(Margin)	(16.5%)		(8.0%)	(6.1%)	
Lube	130.4	7.1% ↑	121.7	36.1	261.5% ↑
(Margin)	(25.5%)		(23.5%)	(12.1%)	
Total	646.7	66.6% ↑	388.3	57.9	1,017.9% ↑
(Margin)	(9.5%)		(6.4%)	(1.3%)	

■ Refining ■ Petrochem ■ Lube

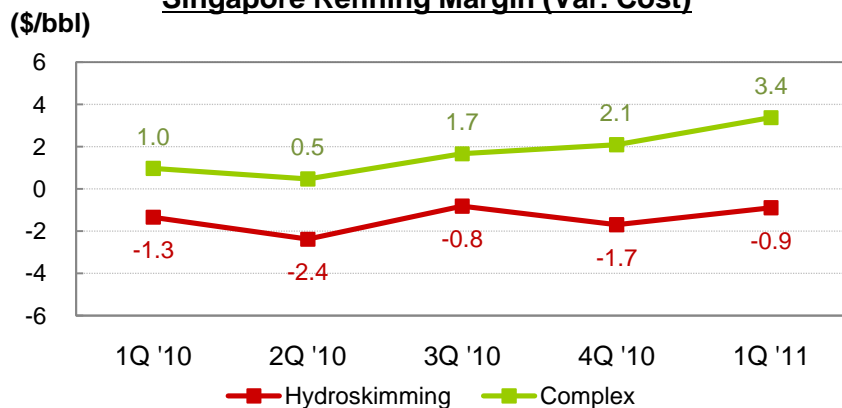


Refining Business

Market

Complex margin further improved mainly due to additional spread increase of middle distillates

Singapore Refining Margin (Var. Cost)



Product/Dubai Spread (Unit: \$/bbl)

	1Q '11	4Q '10	1Q '10
Dubai crude	100.9	84.4	76.0
Gasoline	10.5	8.7	9.9
Jet/Kero	20.3	14.3	9.4
Diesel	18.4	13.0	9.0
Naphtha	0.0	3.8	2.8
HSFO 380	-9.7	-9.1	-3.8

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

Company

Continued to produce at maximum level but sales slightly declined mainly due to delay of some cargo shipment and increase of volume in transit

Sales Volume

(Unit: bpd)	1Q '11	4Q '10	QoQ
Gasoline	68,624	60,609	13.2% ↑
Jet/Kero	137,319	133,813	2.6% ↑
Diesel	129,455	154,834	16.4% ↓
Naphtha	55,453	59,246	6.4% ↓
Fuel Oil	80,546	77,250	4.3% ↑
Others	30,183	33,936	11.1% ↓
Total	501,580	519,688	3.5% ↓

Replenished diesel inventory for smooth operation

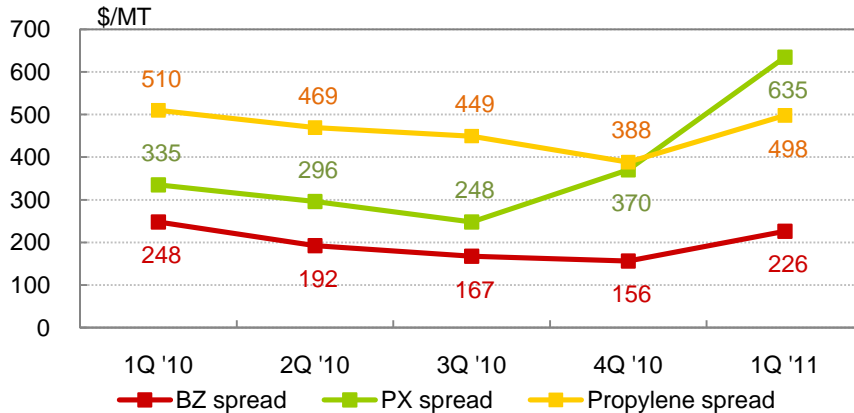
(Unit: k bbls)	1Q '11	4Q '10	QoQ
Diesel inventory	2,907	2,122	785 ↑

Petrochemical & Lube Business

Market

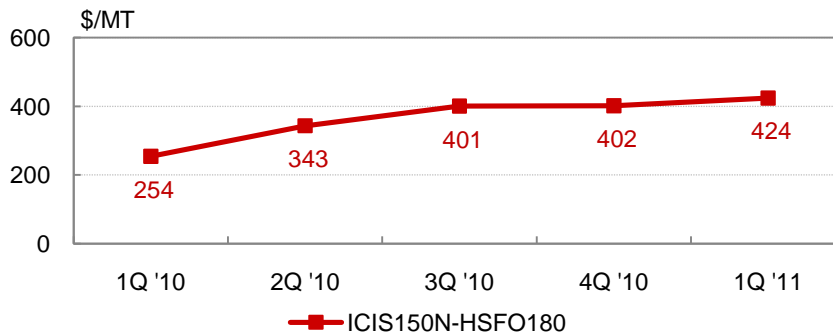
Petrochemical

Spread improved greatly driven by supply short and continuous demand surge



Lube

Spread increased due to continuous tight supply and strong demand



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

Company

Increased PX sales to capture soaring spread

Sales volume

(Unit: bpd)	1Q '11	4Q '10	QoQ
P-X	18,391	16,251	13.2% ↑
Benzene	5,395	5,336	1.1% ↑
Propylene	6,337	7,507	15.6% ↓
Total	30,123	29,094	3.5% ↑

Maintained maximum production level, but sales declined due to increase of volume in transit with some cargoes delayed to April

Sales volume & Inventory

(Unit: bpd)	1Q '11	4Q '10	QoQ
Sales Volume	36,101	40,409	10.7% ↓
Inventory (k bbls)	1,220	1,041	17.2% ↑



2Q & 2H '11 Industry Outlook

2Q & 2H '11 Outlook - Refining

2Q '11 Outlook

(Unit: mil. bpd)

Asia demand (5 major products) is expected to show QoQ decline due to soft seasonality, however YoY increase along with recovery of regional economy

- QoQ demand: 23.0 (1Q '10) → **22.0 (2Q '11) / 4.3% ↓**
 - Weak kero and naphtha demand due to the end of cold weather and huge cracker maintenance in Japan & Korea, respectively
 - **Kero/Jet** 2.6 (1Q '11) → **2.0 (2Q '11) / 20.9% ↓** (Japan **51.7% ↓**, S. Korea **40.6% ↓**)
 - **Naphtha** 3.9 (1Q '11) → **3.6 (2Q '11) / 7.7% ↓** (Japan **10.7% ↓**, S. Korea **17.3% ↓**)
- YoY demand: 21.3 (2Q '10) → **22.0 (2Q '11) / 3.2% ↑**
 - Strong diesel and gasoline demand driven by continued growing economy
 - **Diesel** 7.6 (2Q '10) → **8.0 (2Q '11) / 5.3% ↑** (China **7.9% ↑**, S. Korea **5.3% ↑**)
 - **Gasoline** 4.6 (2Q '10) → **4.7 (2Q '11) / 3.0% ↑** (China **3.4% ↑**, S. Korea **23.5% ↑**)

2H '11 Outlook

Asia demand (5 major products) is expected to be maintained at strong 1H '11 level

- HoH demand: 22.5 (1H '11) → **22.5 (2H '11) / 0.2% ↓**
 - Slight correction of diesel demand from strong 1H '11 offset by further increase of gasoline and naphtha demand
 - **Diesel** 8.0 (1H '11) → **7.9 (2H '11) / 1.8% ↓** (China **0.5% ↓**, India **5.7% ↓**)
 - **Gasoline** 4.8 (1H '11) → **4.9 (2H '11) / 3.3% ↑** (China **4.6% ↑**, Japan **5.5% ↑**)
- YoY demand: 21.9 (2H '10) → **22.5 (2H '11) / 2.5% ↑**
 - Recovery of diesel and naphtha demand driven by lively industrial activity and rebound of petrochemical industry
 - **Diesel** 7.6 (2H '10) → **7.9 (2H '11) / 2.9% ↑** (China **3.2% ↑**, India **5.4% ↑**)
 - **Naphtha** 3.7 (2H '10) → **3.8 (2H '11) / 3.1% ↑** (China **5.6% ↑**, S. Korea **2.5% ↑**)

* 5 major products: Naphtha, Gasoline, Jet/Kero, Diesel, Fuel Oil



2Q & 2H '11 Outlook – Petrochemical & Lube

Petrochemical

Regional PX market is expected to remain favorable due to strong demand offsetting sizable capacity additions

- 2Q: Demand increase is likely to outpace supply increase from substantial new capacities despite concern on China's tightening policy
 - Excess Demand: 361 k ton (1Q '11) → **398 k ton (2Q '11)** / 37 k ton ↑, QoQ
 - ※ Additional capacities Start-up in 2Q - The Company : 0.9 mil t/a, Urumqi : 1.0 mil t/a
- 2H: Demand increase mainly from China is expected to maintain the market further tight
 - Excess Demand: 759 k ton (1H '11) → **966 k ton (2H '11)** / 207 k ton ↑, HoH

Regional Benzene market is expected to improve in 2H due to demand recovery of SM & phenol following challenging period in 2Q

- 2Q: Excess supply is likely to slightly expand due to some new capacities and sluggish SM demand
 - Excess Supply: 200k ton (1Q '11) → **278 k ton (2Q '11)** / 78 k ton ↑, QoQ
- 2H: Excess supply is expected to be alleviated due to demand recovery of SM and phenol mainly from China
 - Excess Supply: 478 k ton (1H '11) → **186 k ton (2H '11)** / 292 k ton ↓, HoH

Lube

Strong market is expected to continue due to healthy demand from Asia along with tight supply and gradual improvement of US demand

- Asia (China, India, S.East Asia): Healthy demand for industrial use and transportation driven by sustained economic growth and supply contraction from considerable T/A, alleviating concerns on sizable new capacity in 4Q
- US: Gradual demand recovery mainly for Group III with rebound of industrial activities

Appendix

Appendix

Quarterly Performance Trend (in K-IFRS)

(Unit: bil. Won)	1Q '11	4Q '10	3Q '10	2Q '10	1Q '10	FY '10
Revenue	6,818.8	6,082.0	5,163.6	4,911.7	4,353.8	20,511.1
Operating Income	646.7	388.3	199.8	213.4	57.9	859.4
(Margin)	(9.5%)	(6.4%)	(3.9%)	(4.3%)	(1.3%)	(4.2%)
Net Finance Gain	71.2	-2.0	110.0	-166.1	69.4	11.3
Equity Method Gain	1.4	1.6	1.4	0.8	2.0	5.8
Income before Tax	719.3	387.9	311.1	48.3	129.3	876.6



Thank You!