



2Q 2011 Corporate Performance

July 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.

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2Q 2011 Performance

2Q 2011 Financial Result

Revenue

Increased 18% QoQ driven by increase of ASP and sales volume, recording historic-high

- ASP: 7.9% ↑ / Sales volume: 9.1% ↑, QoQ

Operating Income

Decreased 63% QoQ due to retail price cut, falling F/X rate, disappearance of inventory related gain and FTC's penalty, but increased 13% YoY

- Retail price cut : ₩ 100/ℓ ↓ of Gasoline & Diesel (Apr.7 ~ Jul.6)
- F/X rate trend (average) : 1Q ₩ 1,121.0/\$ → 2Q ₩ 1,083.7/\$
- FTC's Penalty (E) : 45 bil. Won

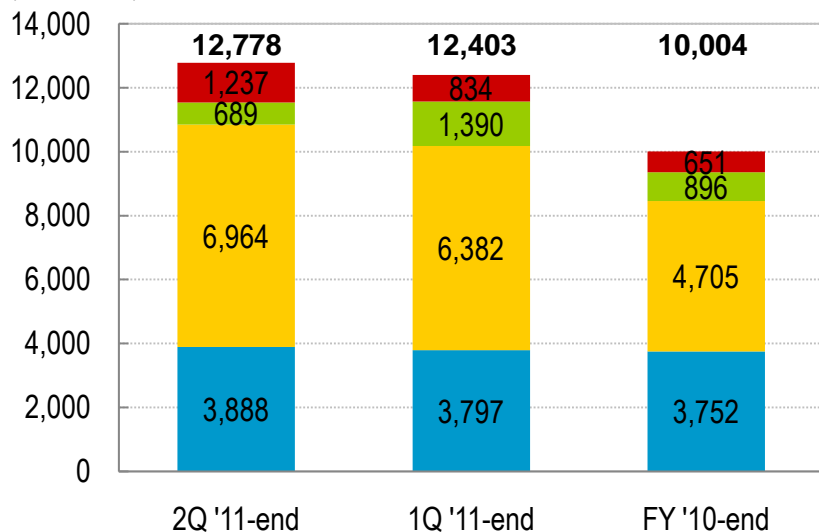
(Unit: bil. Won)

	2Q '11	QoQ	1Q '11	2Q '10	YoY
▪ Revenue	8,025.8	17.7% ↑	6,817.3	4,911.7	63.4% ↑
▪ Operating Income	241.8	62.7% ↓	647.5	213.5	13.2% ↑
(Margin)	(3.0%)	-	(9.5%)	(4.3%)	-
▪ Net Finance Gain	79.7	12.1% ↑	71.3	-166.0	-
– Net Interest Gain	-5.0	-	4.2	0.5	-
– Net F/X Gain	84.7	26.2% ↑	67.1	-166.5	-
▪ Equity Method Gain	1.2	15.0% ↓	1.4	0.8	49.0% ↑
▪ Income before Tax	322.7	55.2% ↓	720.2	48.3	568.9% ↑

Financial Status

Assets

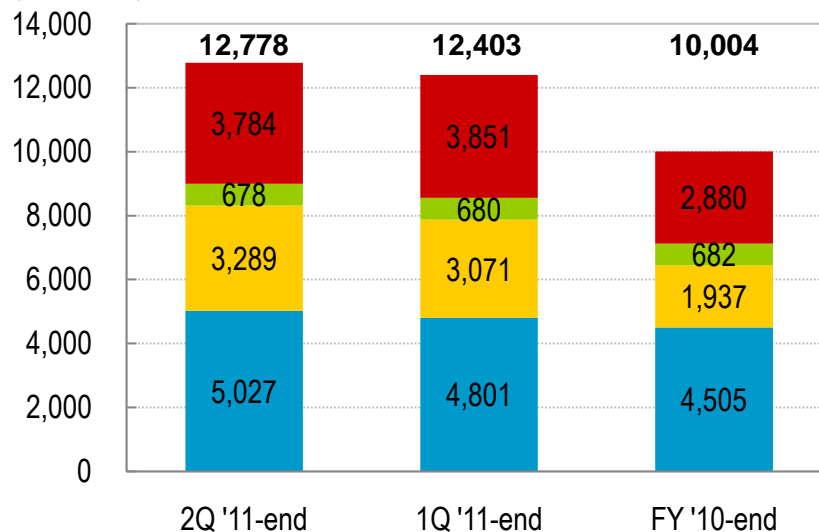
(Unit: bil. Won)



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

Liabilities & Equities

(Unit: bil. Won)



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

Financial Ratios

(Unit: %)

	2Q '11	1Q '11	FY '10
Return of Equity	20.1	47.5	16.8
ROCE	13.6	38.3	13.4
Net debt to equity	65.2	49.2	38.2
Net debt (bil. Won)	3,277.2	2,361.4	1,723.1

Capital Expenditure for 2Q '11

Major projects

45.2 billion Won

- Onsan refinery expansion

44.5 billion Won

Upgrade & Maintenance

18.9 billion Won

Marketing investment

8.0 billion Won

Acquisition of HanKook Silicon Equity (Appendix)

265.0 billion Won

(Unit: bil. Won)

	2Q '11	1Q '11	FY '11 (Budget)
1. Major projects	45.2	53.0	149.8
Onsan Refinery Expansion	44.5	53.0	137.9
New SPM Construction, and etc.	0.8	-	11.9
2. Upgrade & Maintenance	18.9	23.5	146.1
3. Marketing Investment	8.0	4.4	63.2
4. Acquisition of HK Silicon Equity	265.0	-	265.0
5. Others (Including construction of HQs building)	84.2	22.5	148.2
Total	421.3	103.4	772.3

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

Major Business Index

Utilization Rate

(Unit: k bpd, %)

	Capacity	2Q '11	1Q '11	2Q '10
CDU	669.0	*98.1	98.3	85.5
HYC FH	76.5	100.5	100.3	83.3
RFCC	73.0	100.5	100.6	65.6
Lube Plants	38.0	94.8	106.3	90.1
PX Center	34.7	*93.8	102.5	102.4

* Weighted average reflecting commercial operation of new plants from mid-April

Turnaround

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

Sales Breakdown

Successfully sold additional products from new facilities in export market

(Unit: bpd, %)

	2Q '11	1Q '11	2Q '10
Sales Total	612,692	567,693	504,395
Domestic	228,777	249,309	236,188
Export	383,915 (62.7%)	318,384 (56.1%)	268,207 (53.2%)
China	22.3	22.8	18.0
Japan	22.2	23.1	14.7
Singapore	12.5	11.2	14.1
Indonesia	9.3	5.9	1.3
Australia	7.3	7.2	9.3
USA	4.9	5.9	10.7
Europe	3.0	1.6	4.1

Performance by Business Segment

PERFORMANCE BY BUSINESS SEGMENT

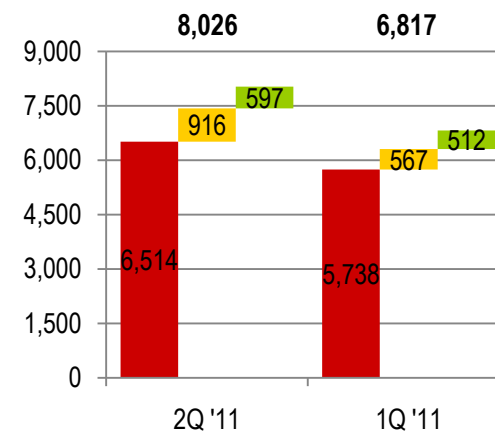


Financial Result by Business Segment

Revenue

(Unit: bil. Won)

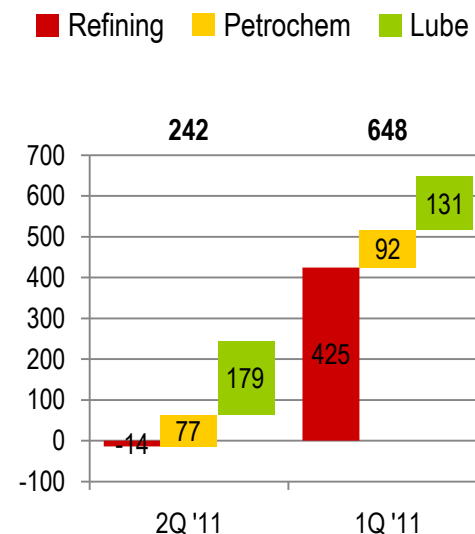
	2Q '11	QoQ	1Q '11	2Q '10	YoY
Refining	6,513.6	13.5% ↑	5,738.3	4,211.3	54.7% ↑
Petrochem	915.6	61.6% ↑	566.7	357.2	156.3% ↑
Lube	596.6	16.5% ↑	512.3	343.2	73.8% ↑
Total	8,025.8	17.7% ↑	6,817.3	4,911.7	63.4% ↑



Operating Income

(Unit: bil. Won)

	2Q '11	QoQ	1Q '11	2Q '10	YoY
Refining	-14.0	-	424.7	123.2	-
(Margin)	(-0.2%)		(7.4%)	(2.9%)	
Petrochem	77.2	16.3% ↓	92.3	8.1	852.1% ↑
(Margin)	(8.4%)		(16.3%)	(2.3%)	
Lube	178.6	36.8% ↑	130.5	82.2	117.2% ↑
(Margin)	(29.9%)		(25.5%)	(23.9%)	
Total	241.8	62.7% ↓	647.5	213.5	13.2% ↑
(Margin)	(3.0%)		(9.5%)	(4.3%)	

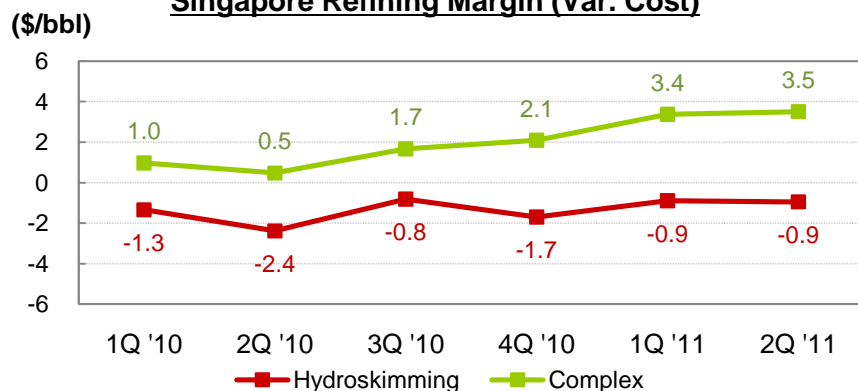


Refining Business

Market

Complex margin slightly rose due to improved spreads of gasoline and middle distillate in spite of weak seasonality

Singapore Refining Margin (Var. Cost)



Product/Dubai Spread

(Unit: \$/bbl)

	2Q '11	1Q '11	2Q '10
Dubai crude	110.6	100.9	78.1
Gasoline	11.7	10.5	7.4
Jet/Kero	20.4	20.3	11.8
Diesel	19.4	18.4	11.3
Naphtha	-1.9	0.0	-0.3
HSFO 380	-9.5	-9.7	-7.0

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

Company

Focused on sales of increased light products from new CFU(Condensate Fractionation Unit) to capture improved spread

Sales Volume

(Unit: bpd)	2Q '11	1Q '11	QoQ
Gasoline	74,106	68,488	8.2% ↑
Jet/Kero	147,198	137,319	7.2% ↑
Diesel	157,383	129,473	21.6% ↑
Naphtha	59,653	55,453	7.6% ↑
Fuel Oil	60,308	80,546	25.1% ↓
Others	30,398	30,190	0.7% ↑
Total	529,046	501,469	5.5% ↑

Increase of jet sales volume offsetting seasonal demand slow-down of kerosene

▪ Sales volume

(Unit: bpd)	2Q '11	1Q '11	QoQ
Jet fuel	101,986	66,668	53.0% ↑
Kerosene	45,212	70,651	36.0% ↓

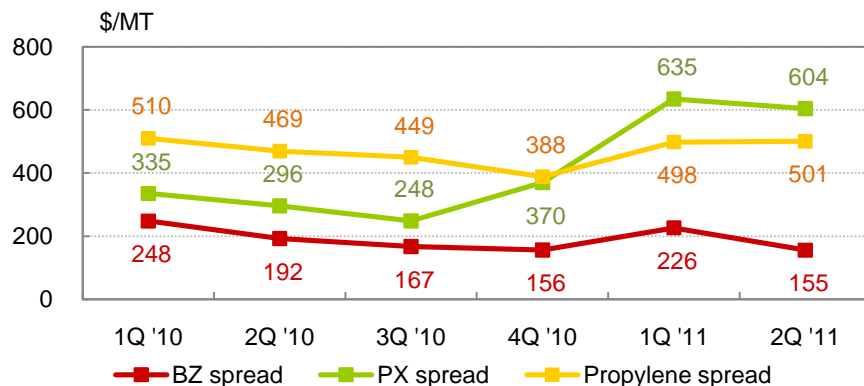


Petrochemical & Lube Business

Market

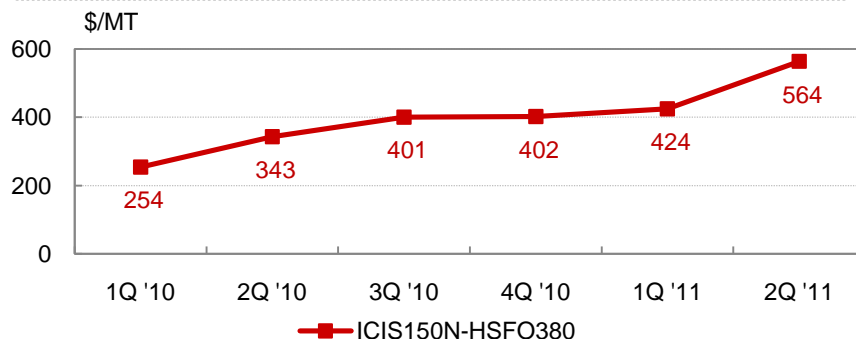
Petrochemical

Spread contracted due to eased supply shortage along with weakened demand



Lube

Spread surged thanks to strong demand from developed countries and declined supply by maintenance



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

Company

Succeeded full operation of new PX plant within shortened ramp-up period

Sales volume

(Unit: bpd)	2Q '11	1Q '11	QoQ
P-X	32,706	18,391	77.8% ↑
Benzene	7,991	5,395	48.1% ↑
Propylene	7,171	6,337	13.2% ↑
Total	47,868	30,123	58.9% ↑

Maximized sales volume to capture strong margin despite regular maintenance of Group II facilities

Sales volume

(Unit: bpd)	2Q '11	1Q '11	QoQ
Group II	7,781	9,444	17.6% ↓
Group III	23,333	21,765	7.2% ↑
Total	35,778	36,101	0.9% ↓

※ Lube sales volume includes by-products.



2H '11 Industry Outlook

2H '11 Outlook – Refining*

Slight HoH correction from strong 1H, but sustainable YoY improvement

(Unit: k bpd)

HoH: Tiny decline of demand vs. a bit increase of supply

Demand change: (-) 45 (Diesel & Fuel oil ↓, Gasoline & Naphtha ↑)

- Diesel: (-) 89 (India 83 ↓, ASEAN 91 ↓) & Fuel oil: (-) 108 (China 36 ↓, S.Korea 27 ↓)
 - Weakened diesel demand from end of agricultural season & decline of bunker consumption due to slower economic growth
- Gasoline: (+) 156 (China 90 ↑, Japan 33 ↑) & Naphtha: (+) 58 (Japan 55 ↑, China 25 ↑)
 - Gasoline demand pick-up during driving season & consumption rebounded from sharp decline in 1H by earthquake in Japan

Supply change: (+) 180 (Capacity Add: 800, Closure: 210)

YoY: Sustainable demand growth vs. limited supply increase

Demand change: (+) 559 (5 major products ↑)

- Diesel: (+) 276 (China 230 ↑, India 69 ↑) & Fuel oil: (+) 137 (China 79 ↑, Japan 37 ↑)
 - Continued growing regional demand along with still-healthy economic growth compared to last year
- Naphtha : (+) 62 / Gasoline: (+) 75 / Jet & Kero: (+) 9

Supply change: (+) 260 (Capacity Add: 1,215, Closure: 470)

* Demand forecast is based on 5 major products (Naphtha, Gasoline, Jet/Kero, Diesel, Fuel Oil)

Source: ESAI, The Company

2H '11 Outlook – Petrochemical & Lube

Petrochemical

PX : Tighter market due to sizable increase of new PTA plants with no addition of PX plant

- Demand : Further increase from sizable PTA capacity addition
 - HoH Incremental demand : 460 k ton ↑ (1H) → 593 k ton ↑ (2H), 133 k ton ↑
 - PTA capacity increase : 1,890 k tpa ↑ (1H) → 4,445 k tpa ↑ (2H)
- Supply : Limited increase due to no addition of new PX plant
 - HoH Incremental supply : 618 k ton ↑ (1H) → 517 k ton ↑ (2H), 101 k ton ↓
 - PX capacity increase : 1,380 k tpa ↑ (1H) → 0 k tpa ↑ (2H)

Benzene : Continuously challenging market

- Increase of supply due to completion of sizable plant maintenance amid limited demand growth
 - Restart-up of off-line plants for maintenance (GS Caltex, Mitsubishi Chem., etc.)
 - Sluggish demand from SM & phenol

Lube

Tightness of Group III is expected to be somewhat eased due to sizable supply increase

- Group III: Considerable supply increase from new capacities in Asia amid healthy demand in US and Europe
- Group II: Sustainable demand growth in Asia offsetting some capacity additions

Source: CMAI, PCI

Superiority Sincerity Sharing Satisfaction SmartPeople Superiority Sincerity Sharing Satisfaction SmartPeople

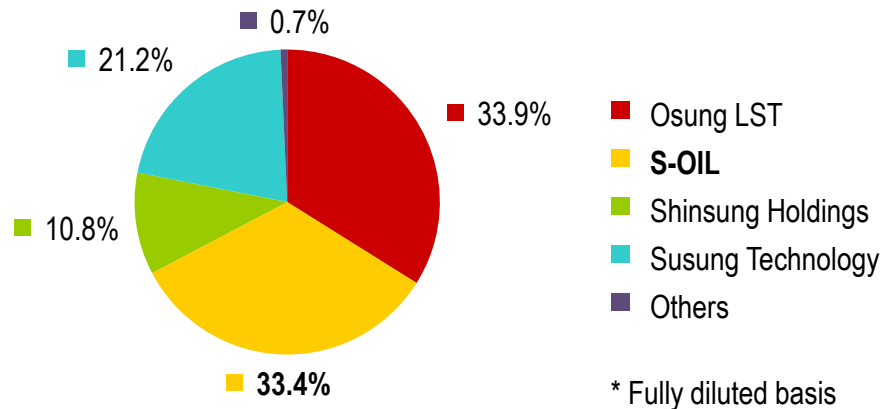
Appendix

Appendix

Investment on HanKook Silicon

Size of investment: ₩ 265.0 bil.

Acquisition of 33.4% stake



Management participation



Why poly-silicon?

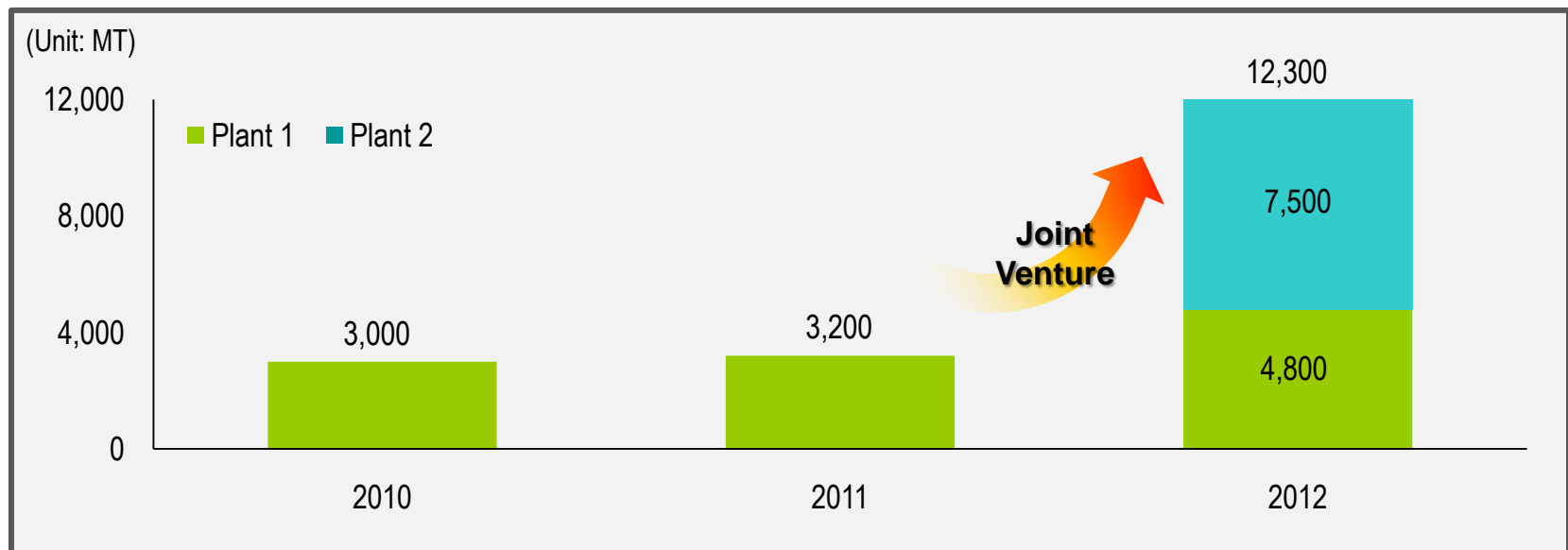
- Fast growing market with high profitability
 - Global poly-silicon market is expected to grow at 23% p.a. for the next 5 years: 106 k ton (2010) → 292 k ton (2015)
 - Global leading poly-silicon producers have enjoyed high operating margin of average 29% in the past three years
- Korean companies' strong competitiveness for poly-silicon business
 - Secured operational efficiency and technological competitiveness
 - Close to major consumers such as China and Japan
- Similarity in manufacturing process between poly-silicon and refining/petrochemical

Investment on HanKook Silicon

Why HanKook Silicon?

- Proved its technology and capacity by succeeding in commercial production of high purity poly-silicon in 6 months, and currently produces 100% of high purity poly-silicon (8N and 9N)
- One of 8 global players which currently produce high purity poly-silicon
- Secured the core technologies of poly-silicon from its affiliates' strong support
- Will secure economies of scale from 1Q 2012

On-going Capacity Expansion



* Revamping of Plant 1 and construction of Plant 2 are under way as one project, which will lead to improvement of cost structure and competitiveness.

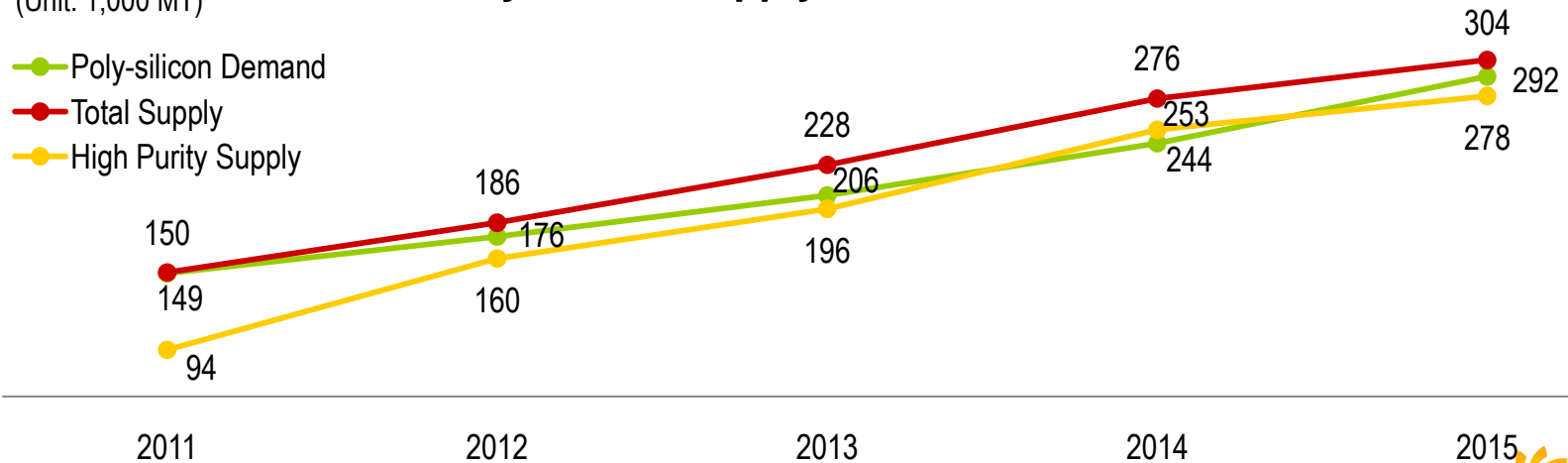
Investment on HanKook Silicon

Poly-silicon business outlook

- Poly-silicon market will grow robustly in line with expansion of solar PV industry driven by the following growth forces:
 - Continued growth of current major markets such as Germany despite subsidy cut
 - Demand diversification resulting from growth of such new markets as US and China
 - Upcoming grid parity with continuous decrease of module price & improvement of module efficiency
 - Increased concern on nuclear safety after earthquake in Japan
- Despite heavy investment on global production capacity, total supply of high purity poly-silicon is still expected to be short of demand thanks to growing demand of higher efficiency PV

Poly-silicon supply & demand forecast

(Unit: 1,000 MT)



(Source: Accenture Analysis)



Thank You!