



2Q 2012 Corporate Performance

July 2012



Disclaimer

Financial results for 2Q '12 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 refining 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 2012 Performance

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Financial Status

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2Q 2012 Financial Result

Revenue

Decreased 2.6% QoQ due to drop of ASP despite increased sales volume

- ASP: 4.9% ↓ / Sales volume: 2.4% ↑, QoQ

Operating Income

Recorded loss due to steep fall of crude oil and products price and weakened refining margin along with global economic turmoil

- Dubai crude oil price: Mar. \$122.5/bbl → Jun. \$94.4/bbl, \$28.1/bbl ↓
- Singapore complex margin: 1Q '12 \$2.5/bbl → 2Q '12 \$2.2/bbl, \$0.3/bbl ↓

Income before Tax

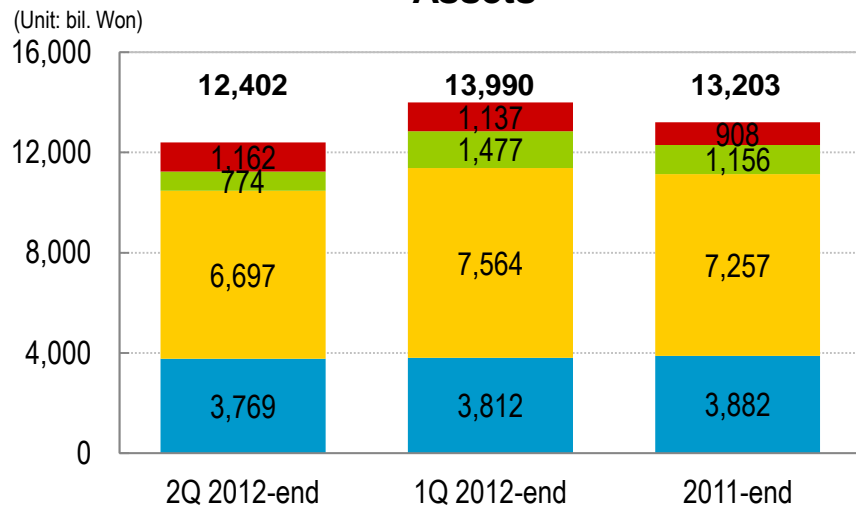
F/X related loss on Won depreciation

- ₩/\$ rate: 1Q '12-end 1,137.8 → 2Q '12-end 1,153.8, 16.0 ↑

(Unit: bil. Won)	2Q '12	QoQ	1Q '12	2Q '11	1H '12
▪ Revenue	8,797.8	2.6% ↓	9,036.0	8,025.9	17,833.8
▪ Operating Income	-161.2	-	383.9	241.6	222.7
(Margin)	(-1.8%)	-	(4.2%)	(3.0%)	(1.2%)
▪ Net Finance Gain	-50.0	-	30.8	79.8	-19.2
– Net Interest Gain	-14.5	-	-8.2	-4.9	-22.7
– Net F/X Gain	-35.5	-	39.0	84.7	3.5
▪ Equity Method Gain	-2.5	-	1.1	1.2	-1.4
▪ Income before Tax	-213.7	-	415.8	322.6	202.1

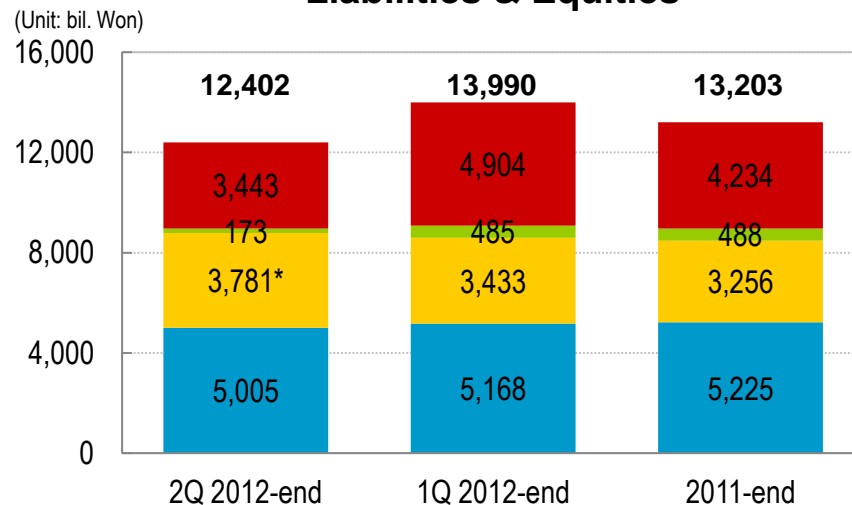
Financial Status

Assets



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

Liabilities & Equities



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

*S-T borrowing includes current portion of L-T borrowing.

(2Q12-end: 517 bil. Won, 1Q12-end & 2011-end: 200 bil. Won)

Financial Ratios

(Unit: %)	2Q '12	1H '12	FY '11
Return on Equity	-12.7	6.0	24.5
ROCE	-7.8	4.4	17.9
Net debt to equity	63.5	63.5	49.5
Net debt (bil. Won)	3,180.2	3,180.2	2,587.2

Capital Expenditure for 2Q 2012

CAPEX

(Unit: bil. Won)	2Q '12	1H '12	FY '12 (Budget)	FY '11 (Actual)
1. Major projects	5.8	10.4	45.3	172.0
New SPM Construction	5.8	10.4	37.8	-
2. Upgrade & Maintenance	13.6	22.7	125.4	107.3
3. Marketing Investment	9.6	14.4	58.7	47.7
4. Others	5.0	5.9	28.8	400.3
Total	34.0	53.4	258.2	727.3

Depreciation

(Unit: bil. Won)	FY '10	FY '11	FY '12 (E)
Depreciation*	276.1	375.8	390.3

* Including catalyst amortization cost

Major Business Index

Utilization Rate

(Unit: k bpd, %)	Capacity	2Q '12	1Q '12
CDU	669.0	94.3	97.5
HYC FH	76.5	97.5	100.1
RFCC	73.0	100.7	100.4
Lube Plants	38.0	102.6	102.6
PX Center	34.7	104.3	105.5

※ 2Q CDU utilization rate(E): Asia 81% / China 78% / Japan 70% / US 88%
(Source: FACTS, EIA)

Turnaround

	Unit	Period
1Q	-	
2Q	#2 RHDS	Jun. 5 ~ Jun. 29 (Actual)
3Q	#1 RHDS	26 days in Sep. (Plan)
4Q	-	

Sales Breakdown

Expanded export by increasing sales into countries with relatively decent economic growth such as Australia and Indonesia

(Unit: bpd)	2Q '12	1Q '12	2Q '11
Sales Total	658,163	643,023	612,692
Domestic	246,171	255,967	228,777
Export (% in total)	411,992 (62.6%)	387,056 (60.2%)	383,914 (62.7%)

Major export countries (% in export)

China	18.7%	24.2%	22.3%
Japan	17.3%	24.1%	22.2%
Australia	12.9%	10.2%	7.3%
Indonesia	9.4%	9.0%	9.3%
USA	7.0%	4.6%	4.9%
Singapore	6.2%	8.1%	12.5%
Europe	4.6%	0.8%	3.0%

Performance by Business Segment

Financial Result by Business Segment

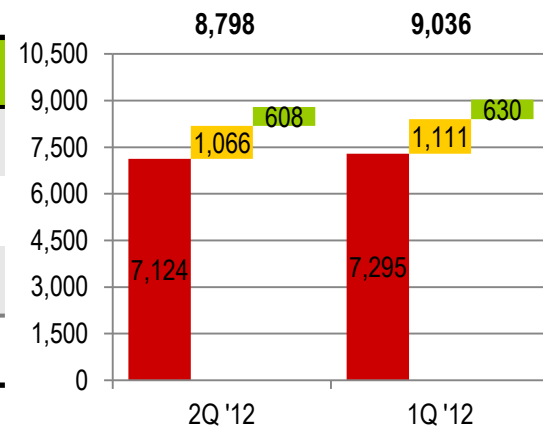
Refining Business

Petrochemical & Lube Business

Financial Result by Business Segment

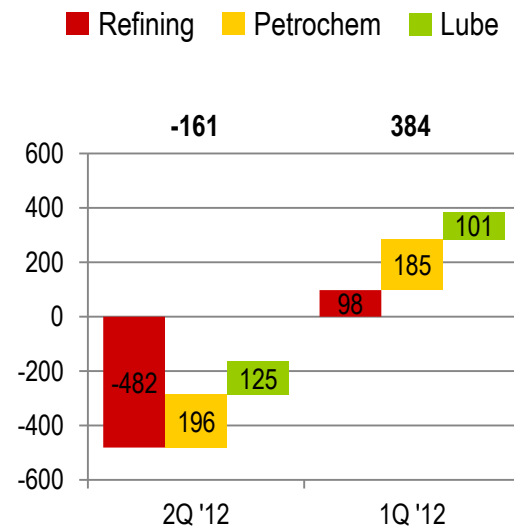
Revenue

(Unit: bil. Won)	2Q '12	QoQ	1Q '12	2Q '11	1H '12
Refining	7,124.3	2.3% ↓	7,294.5	6,513.7	14,418.8
Petrochem	1,065.6	4.1% ↓	1,111.4	915.6	2,177.0
Lube	607.9	3.5% ↓	630.1	596.6	1,238.0
Total	8,797.8	2.6% ↓	9,036.0	8,025.9	17,833.8



Operating Income

(Unit: bil. Won)	2Q '12	QoQ	1Q '12	2Q '11	1H '12
Refining	-481.7	-	98.1	-14.1	-383.6
(Margin)	(-6.8%)		(1.3%)	(-0.2%)	(-2.7%)
Petrochem	195.8	5.7% ↑	185.3	77.2	381.1
(Margin)	(18.4%)		(16.7%)	(8.4%)	(17.5%)
Lube	124.6	23.9% ↑	100.6	178.5	225.2
(Margin)	(20.5%)		(16.0%)	(29.9%)	(18.2%)
Total	-161.2	-	383.9	241.6	222.7
(Margin)	(-1.8%)		(4.2%)	(3.0%)	(1.2%)

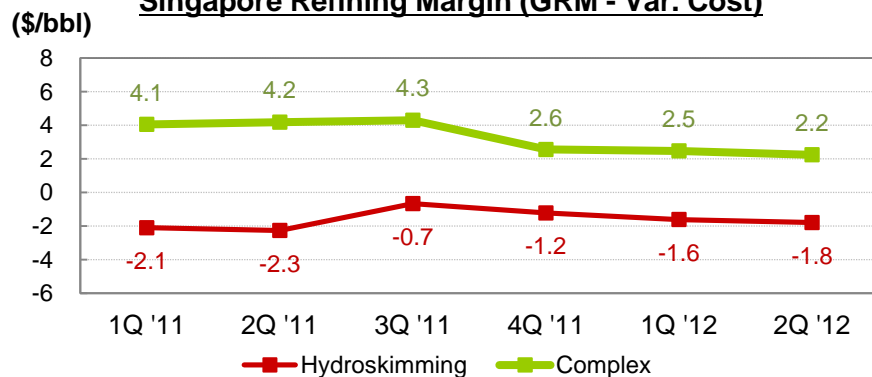


Refining Business

Market

Refining margin slightly declined mainly due to further weakened naphtha spread from low demand in petrochemical sector

Singapore Refining Margin (GRM - Var. Cost)



Product/Dubai Spread

(Unit: \$/bbl)	2Q '12	1Q '12	2Q '11
Dubai crude	106.2	116.5	110.6
Gasoline	10.5	11.8	11.7
Jet/Kero	16.0	15.6	20.4
Diesel	15.4	16.2	19.4
Naphtha	-8.5	-4.2	-1.9
HSFO 380	-4.6	-4.3	-9.5

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

Company

Increased sales through active marketing in overseas market despite challenging environment after replenishment of inventory in 1Q

Sales Volume

(Unit: bpd)	2Q '12	1Q '12	QoQ
Gasoline	75,511	69,212	9.1% ↑
Jet/Kero	147,668	157,983	6.5% ↓
Diesel	190,954	170,537	12.0% ↑
Naphtha	59,489	52,798	12.7% ↑
Fuel Oil	58,546	64,697	9.5% ↓
Others	36,729	38,039	3.4% ↓
Total	568,897	553,266	2.8% ↑

Expanded diesel sales into South East Asia to capture growing demand

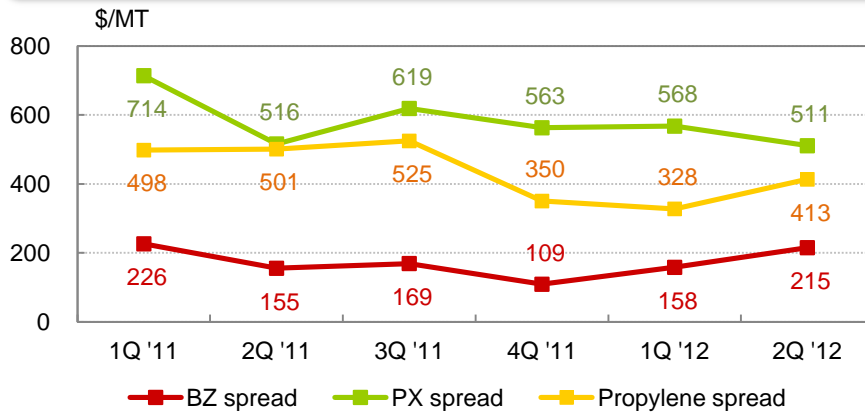
(Unit: bpd)	2Q '12	1Q '12	QoQ
Indonesia	20,777	16,419	26.5% ↑
Vietnam	3,284	0	-

Petrochemical & Lube Business

Market

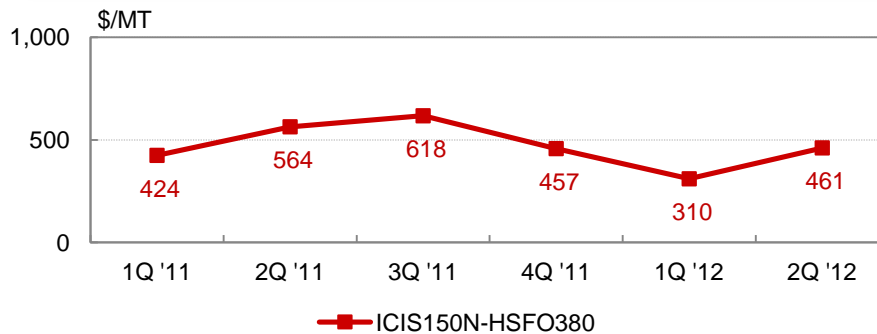
Petrochemical

PX spread declined but remained lucrative while benzene spread improved further on short supply



Lube

Spread bottomed out on consistent demand growth and limited supply increase



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

Company

Maximized production and sales to benefit from healthy margins

Sales volume

(Unit: bpd)	2Q '12	1Q '12	QoQ
P-X	36,859	36,504	1.0% ↑
Benzene	12,153	11,648	4.3% ↑
Propylene	6,918	6,734	2.7% ↑
Total	55,930	54,886	1.9% ↑

Focused on overseas market to offset the decrease of domestic demand from 1Q stockpiling

Sales volume

(Unit: bpd)	2Q '12	1Q '12	QoQ
Domestic	6,991	8,601	18.7% ↓
Export	26,344	26,269	0.3% ↑
Total	33,335	34,870	4.4% ↓

2H 2012 Industry Outlook

**2H 2012 Industry Outlook
– Refining**

**2H 2012 Industry Outlook
– Petrochemical & Lube**

2H 2012 Outlook – Refining

Margin to rebound in 4Q thanks to strong seasonality after 3Q remaining at 2Q level

(Unit: k bpd)

Demand Change (QoQ)

- **3Q: (+) 150 / 0.5% ↑ (YoY 2.6% ↑)**
 - Stronger gasoline and naphtha demand due to pick-up of driving consumption and end of turnaround of NCC, offsetting weakened diesel demand mainly from the end of agricultural season
- **4Q: (+) 1,400 / 5.0% ↑ (YoY 2.0% ↑)**
 - Meaningful demand increase mainly driven by middle distillates due to seasonality

Asia Demand Change

(Unit: k bpd)	2Q '12	QoQ	3Q '12	QoQ	4Q '12
Gasoline	5,013	153	5,166	34	5,200
Jet/Kero	2,033	2	2,035	334	2,369
Diesel	8,346	-278	8,068	346	8,414
Naphtha	3,716	72	3,788	105	3,893
Fuel Oil	3,698	12	3,710	29	3,739
Others	5,184	189	5,373	552	5,925
Total	27,990	150	28,140	1,400	29,540

Supply Change (QoQ)

- **3Q: (+) 253**
 - Capacity Add 365 & Closure 30: (+) 253
 - No operation rate change
- **4Q: (+) 574**
 - Capacity Add 915 & Closure 150: (+) 550
 - Higher operation rate: (+) 24

Asia Capacity Addition/Closure

(Unit: k bpd)	3Q '12		4Q '12	
	Addition	Closure	Addition	Closure
China	300	30	640	150
Others	65	-	275	-
Total	365	30	915	150

Source: IEA, ESAI, FACTS, The Company

2H 2012 Industry Outlook – Petrochemical & Lube

Petrochemical

PX			Benzene		
3Q '12 (vs. 2Q)			3Q '12 (vs. 2Q)		
Demand	394 k ton ↑	Capacity expansion and utilization rate increase of PTA	Demand	227 k ton ↑	Re-start of SM plants after 2Q turnaround
Supply	226 k ton ↑	PX capacity expansion in China	Supply	384 k ton ↑	Utilization rate increase from the end of 2Q major turnaround
Outlook	↗		Outlook	↘	
4Q '12 (vs. 3Q)			4Q '12 (vs. 3Q)		
Demand	923 k ton ↑	Massive PTA capacity addition in 4Q: 4.2 mil. tpa in China	Demand	148 k ton ↑	Recovery of demand for plastic petrochemicals
Supply	594 k ton ↑	PX capacity expansion in China	Supply	224 k ton ↑	Capacity expansion and utilization rate increase of ethylene cracker
Outlook	↗		Outlook	→	

Lube

- 3Q: Downward correction due to supply increase from ramp-up of newly added capacity
- 4Q: Expected to rebound as sustainable demand growth will start to absorb impact of sizable new capacity

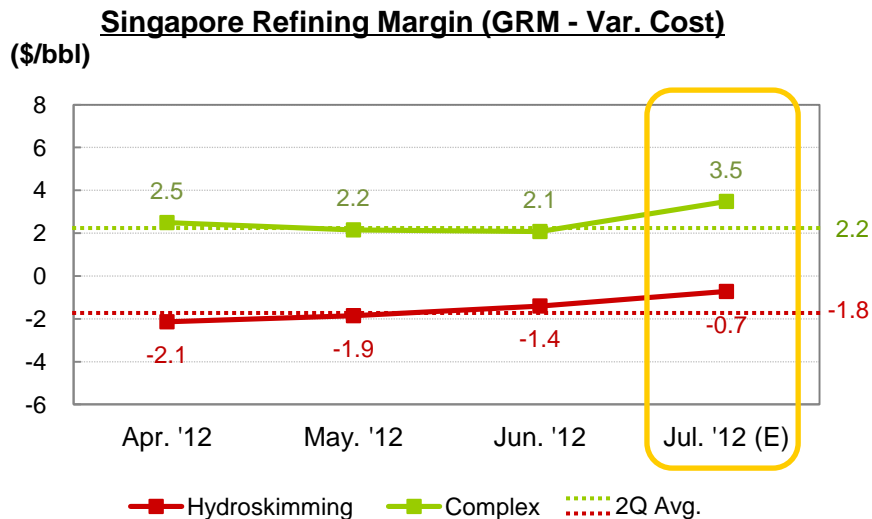
Attachment

Recent Market Snapshot



Recent Market Snapshot – 2H starts with strong rebound

Refining



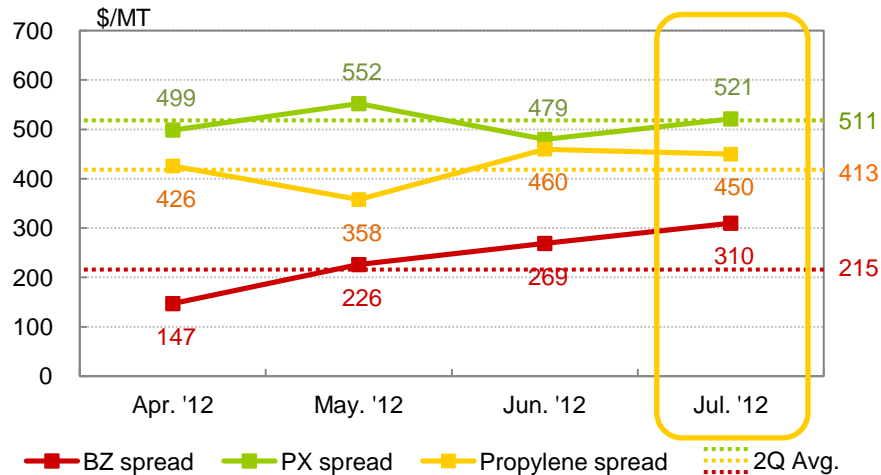
Product/Dubai Spread

(Unit: \$/bbl)	2Q '12	Apr.	May.	Jun.	Jul.
Dubai crude	106.2	117.3	107.3	94.4	97.8
Gasoline	10.5	14.0	10.9	6.7	10.5
Jet/Kero	16.0	16.0	16.1	15.9	17.9
Diesel	15.4	15.6	15.3	15.2	17.4
Naphtha	-8.5	-3.8	-8.9	-12.6	-7.3
HSFO 380	-4.6	-5.5	-4.5	-3.7	-4.8

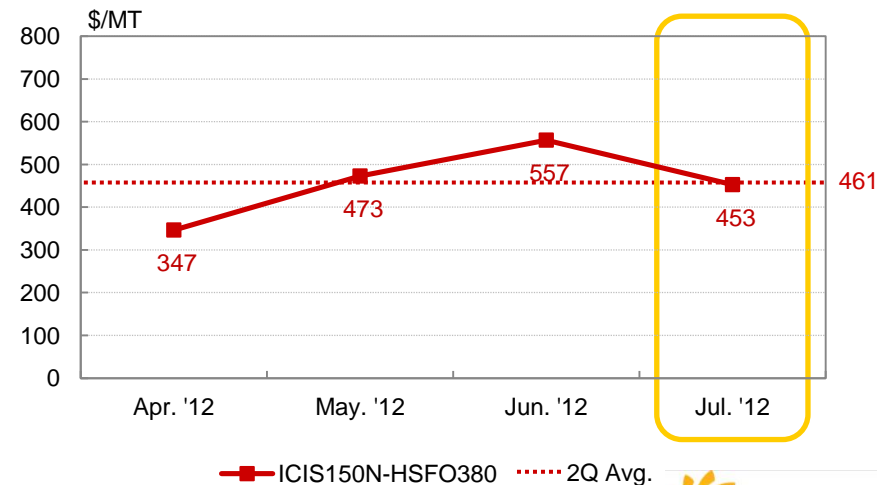
※ Jul. '12: MTD as of Jul. 25th

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

Petrochemical



Lube



Thank You!

