



1Q 2015 Earnings Release

April 2015

DISCLAIMER

Financial results for 1Q 2015 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.

1Q 2015 Performance

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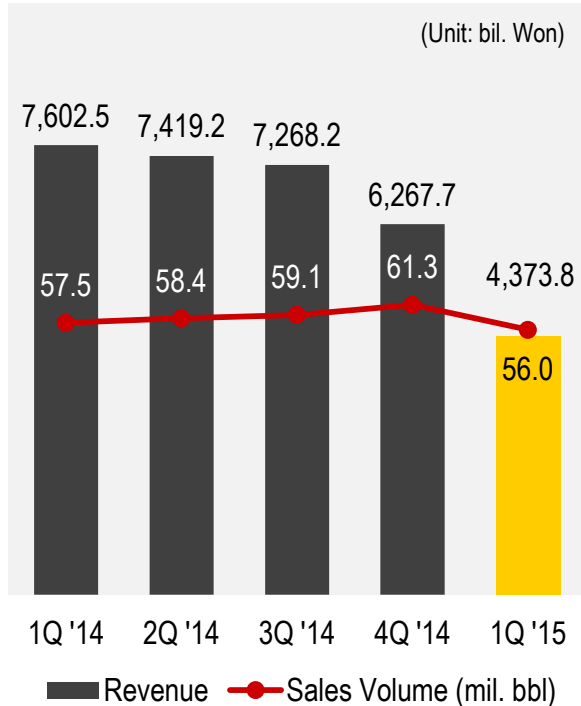
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1Q 2015 Financial Result



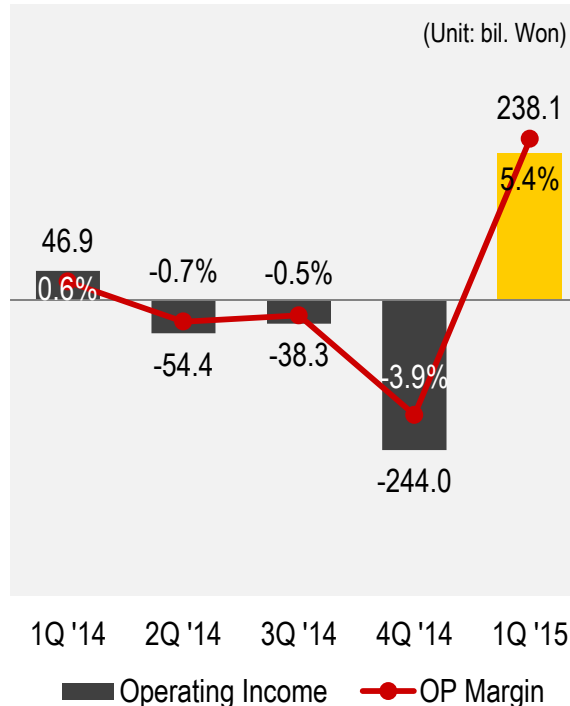
Revenue



Dropped 30.2% QoQ due to plunge in oil prices coupled with sales volume decline

- Quarterly average oil price: 23.7% ↓, QoQ
- Sales volume: 8.6% ↓, QoQ

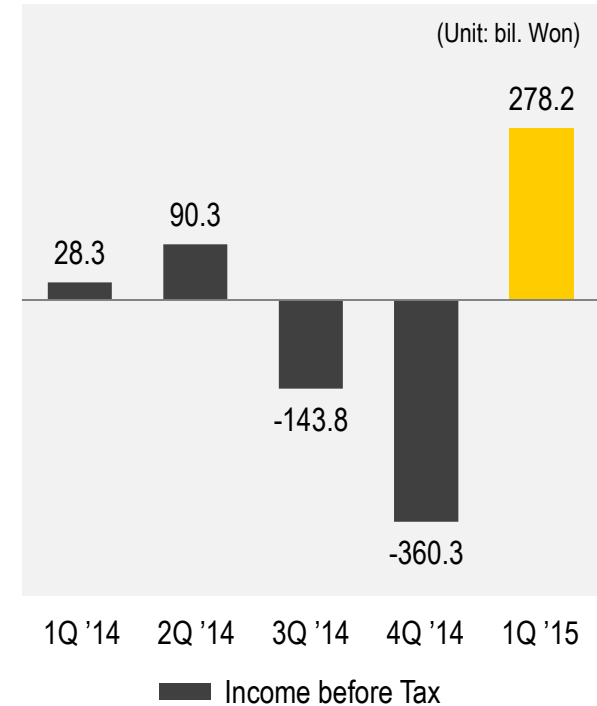
Operating Income



Increased 482.1 bil. Won QoQ on robust refining margins despite inventory related loss

- Inventory related loss: 160 bil. Won
- Singapore complex margin (\$/bbl): 1Q 6.6 (2.6 ↑, QoQ)

Income before Tax

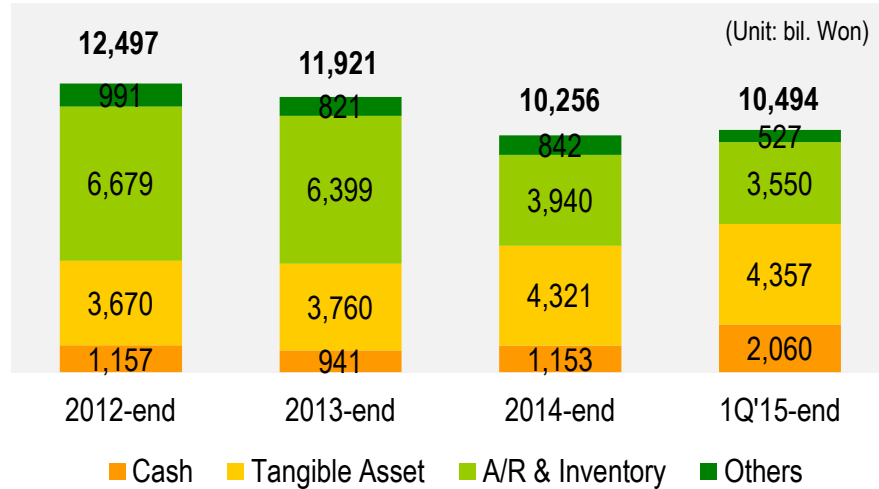


Rose 638.5 bil. Won QoQ thanks to diminished F/X loss

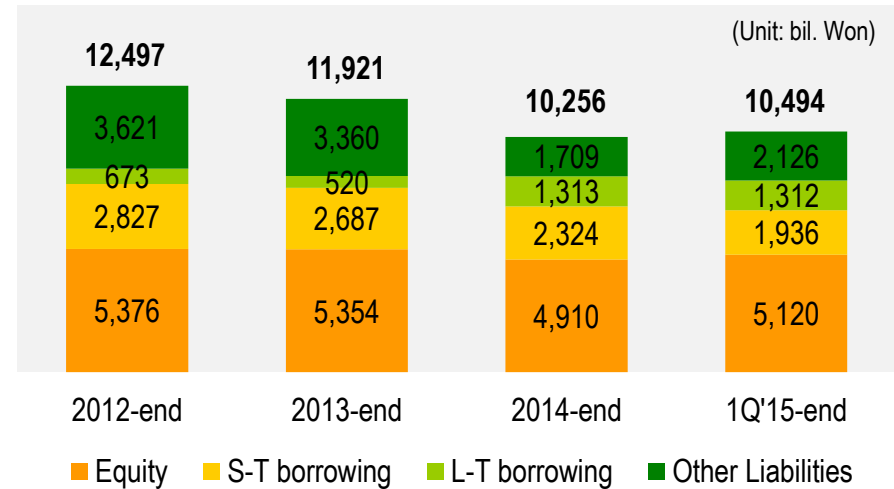
- F/X loss (bil. Won): 1Q 13.9 (99.3 ↓, QoQ)
- W/\$ rate: 1Q-end 1,105.0 (5.8 ↑, QoQ)

Financial Status

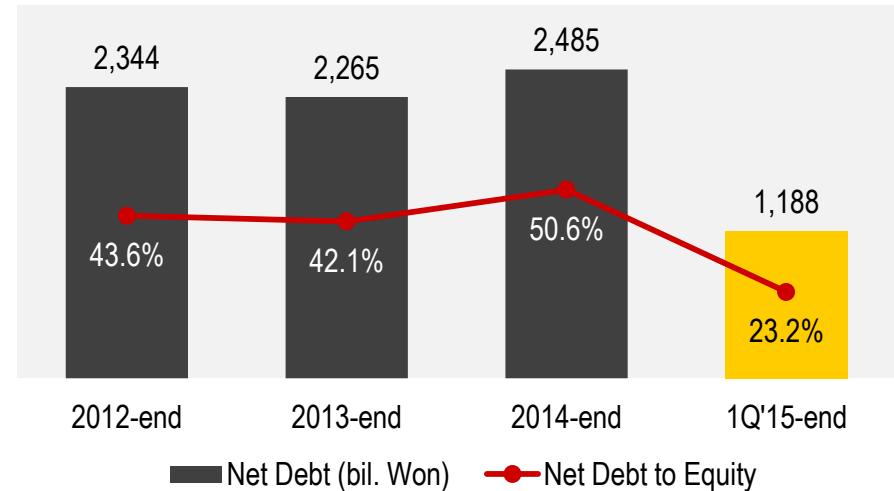
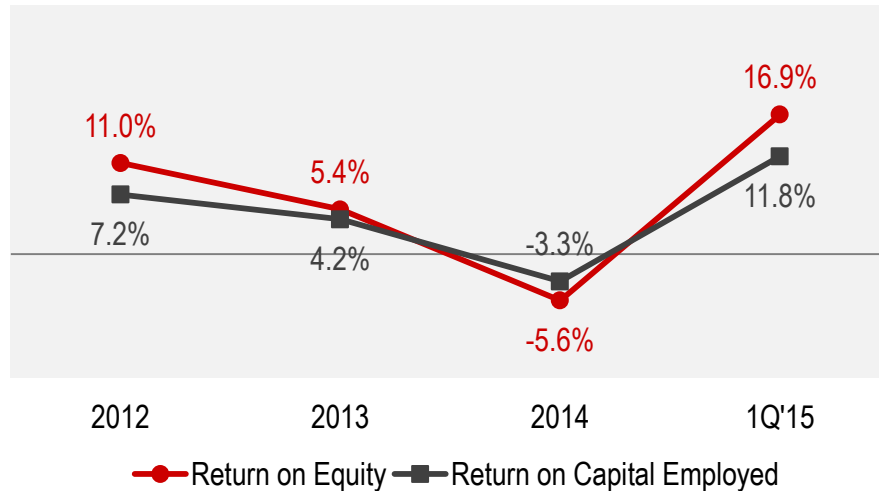
Assets



Liabilities & Equities



Financial Ratios



Capital Expenditure



CAPEX

(Unit: bil. Won)	FY '12	FY '13	FY '14	FY '15 (Plan)	1Q '15
Major Projects	23.8	79.1	668.3	261.0	24.4
- Engineering works ¹⁾ for new project ²⁾	-	-	68.7	134.1	2.7
- KNOC land acquisition ³⁾	-	-	519.0	-	-
- SUPER Project ⁴⁾	-	-	1.6	90.9	20.3
Upgrade & Maintenance	50.9	253.6	68.9	224.0	10.2
Marketing related expenditure	34.9	36.9	37.5	66.8	5.7
Others	16.0	22.6	108.8	72.2	9.8
- Land acquisition for TS&D Center ⁵⁾	-	-	94.4	5.5	-
Total	125.7	392.1	883.5	624.0	50.1

¹⁾ Proceeding process for a final decision-making, which include basic design, detail engineering, etc.

²⁾ Residue Upgrading Complex and Olefin Downstream Complex project

³⁾ Excluding incidental costs

⁴⁾ Project to maximize the profitability through upgrading and revamping of existing facilities

⁵⁾ Technical Service & Development Center

Depreciation

(Unit: bil. Won)	FY '12	FY '13	FY '14	FY '15(Plan)	1Q '15
Depreciation (Including catalyst amortization cost)	391.2	367.8	339.7	304.2	62.6

Major Business Index



Utilization Rate

(Unit: k bpd, %)	Capacity	4Q '14	1Q '15
CDU	669.0	92.8%	94.9%
HYC FH	76.5	95.7%	99.7%
RFCC	73.0	95.8%	95.1%
Lube Plants	42.7	86.6%	94.8%
PX Center	34.7	86.6%	72.0%

2015 T/A Schedule

	1H '15	2H '15
CDU	CFU(March)	#2 & 3 CDU
Refining	#1 RHDS(April)	#2 RHDS, HYC FH
Petrochemical	#2 PX(March~May)	#1 PX
Lube Base Oil		#1 & 2 HDT, HYC SH

Sales Breakdown

(Unit: k bpd, %)	1Q '14	4Q '14	1Q '15
Sales Total	639	666	622
Domestic	262	287	290
Export	377	379	332
(% in Total)	(59.0)	(56.9)	(53.4)

(% in Export)	1Q '14	4Q '14	1Q '15
China	24.5	22.5	21.5
Japan	21.0	21.8	19.5
Australia	8.3	16.1	12.8
USA	6.3	9.9	16.6
Singapore	2.5	2.0	7.0
South East Asia	8.7	6.6	3.6
Taiwan	6.3	3.2	3.4

Financial Result by Business Segment



Refining

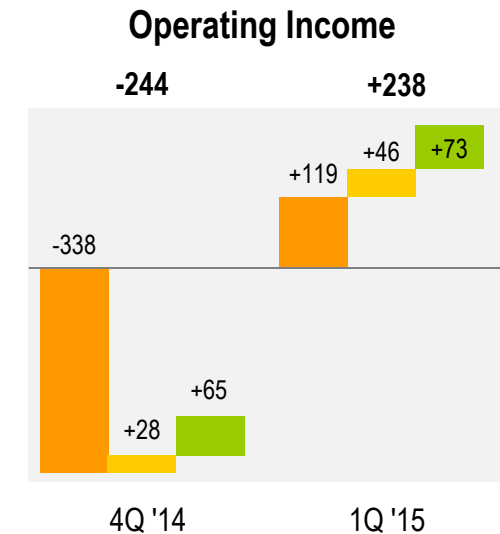
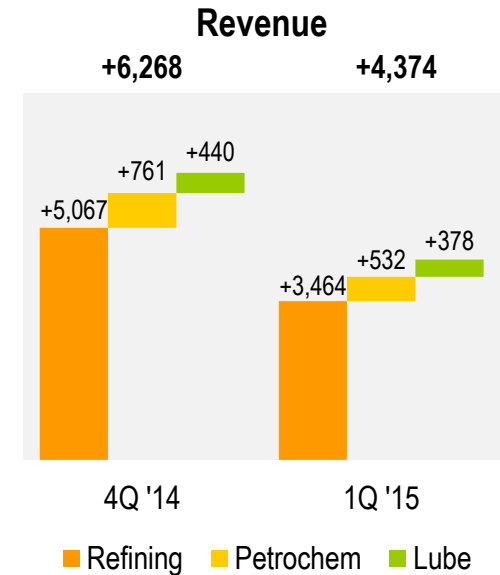
(Unit: bil. Won)	1Q '14	YoY	4Q '14	QoQ	1Q '15
Revenue	6,178.8	43.9% ↓	5,067.0	31.6% ↓	3,464.1
Operating Income	-52.5	-	-337.6	-	119.0
(Margin)	(-0.8%)	-	(-6.7%)	-	(3.4%)

Petrochemical

(Unit: bil. Won)	1Q '14	YoY	4Q '14	QoQ	1Q '15
Revenue	895.0	40.6% ↓	760.5	30.1% ↓	531.6
Operating Income	46.8	1.4% ↓	28.3	62.8% ↑	46.1
(Margin)	(5.2%)	-	(3.7%)	-	(8.7%)

Lube Base Oil

(Unit: bil. Won)	1Q '14	YoY	4Q '14	QoQ	1Q '15
Revenue	528.7	28.5% ↓	440.3	14.1% ↓	378.1
Operating Income	52.6	38.6% ↑	65.2	11.8% ↑	73.0
(Margin)	(10.0%)	-	(14.8%)	-	(19.3%)



Market Environment in 1Q 2015

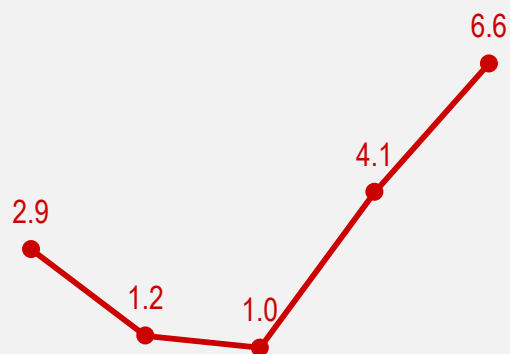


Refining

Singapore Margin

[GRM – Variable Cost]

(Unit: \$/bbl)



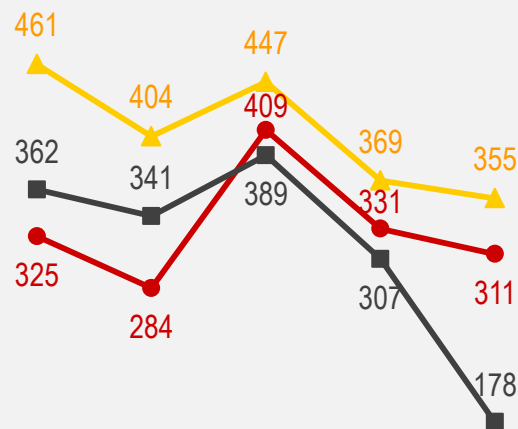
1Q '14 2Q '14 3Q '14 4Q '14 1Q '15
 ● Singapore Complex Refining Margin

- Refining margin spiked to a 6-year high as low oil prices boosted demand growth despite increased supply on seasonally higher operation rates of regional refineries.

Petrochemical

Product Spread

(Unit: \$/ton)



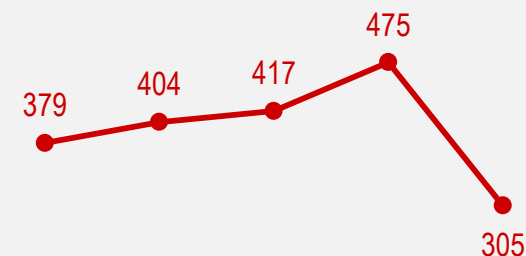
1Q '14 2Q '14 3Q '14 4Q '14 1Q '15
 ● P-Xylene ■ Benzene ▲ Propylene

- Aromatic spread narrowed due to weak downstream demand amid ample supply.
- In addition, concentrated T/A in SM industry pulled down Benzene spread further.

Lube Base Oil

Product Spread

(Unit: \$/ton)



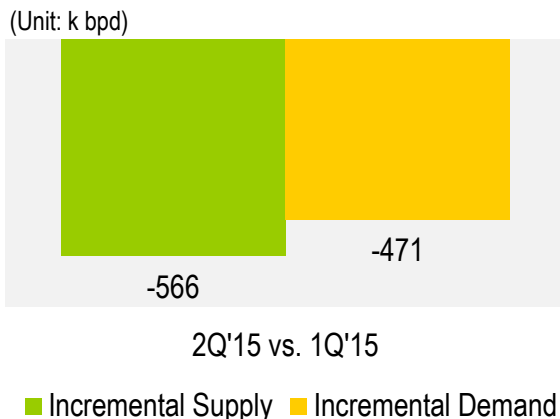
1Q '14 2Q '14 3Q '14 4Q '14 1Q '15
 ● ICIS150N-HSFO380

- LBO margin sharply dropped as product prices reflected crude oil price drop with time lag.

2Q 2015 Outlook – Refining



Regional supply contraction from heavy maintenance shutdowns (1.6 million bpd) and capacity closures will outweigh seasonal demand decline, supporting Asia refining margin at a healthy level.



2Q '15 Outlook: Favorable supply/demand to continue

Asia refining margins will remain decent as sizable maintenance shutdowns will keep the regional supply and demand in balance.

Regional demand will contract as demand for heating oil in Asia will disappear along with the end of winter.

Meanwhile, regional supply will decline upon capacity closures and sizable maintenance shutdowns despite continuous ramp-up of new refineries in Middle East.

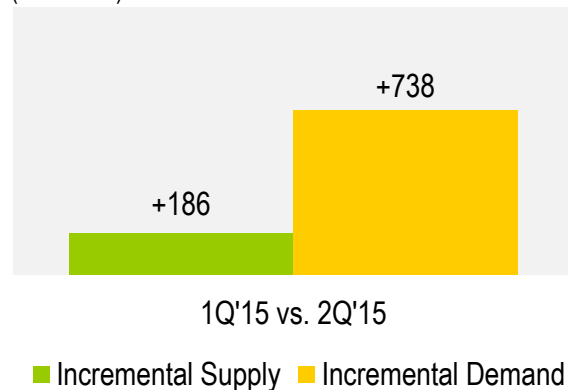
- Asia maintenance (k bpd): 875 ↑, QoQ (1Q 713 → 2Q 1,588)

2Q '15 QoQ Regional Supply-Demand Balance Outlook

(Unit: k bpd)	Demand Growth (A)	Supply Increase (B)	(A)-(B)	Capacity Additions	Closures
Asia Pacific	-955	-823	-132	24	219
Middle East	484	257	227	9	0
Regional total	-471	-566	95	33	219

Petrochemical

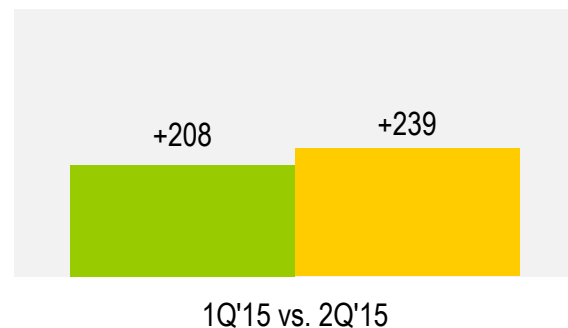
(Unit: k ton)



Para-xylene 2Q '15 Asia Outlook: New PTA start-up to improve margin

The spread is expected to improve due to ramp-up of new PTA facilities completed in 1Q15 and increase of polyester production in peak season amid limited PX capacity additions since 4Q14. Recent trouble in PX production in China will be an additional catalyst.

- 2Q '15 PX capacity addition: 0.5 mil. tpa (vs nil. in 1Q'15)
- 2Q '15 PTA capacity addition: nil. tpa (vs. 4.9 mil. in 1Q'15)



Benzene 2Q '15 Asia Outlook: Slight improvement

Considering demand growth from new downstream start-up and recovering SM market, the margin is expected to bottom out.

- 2Q '15 BZ capacity addition : nil. tpa
- 2Q '15 BZ downstream capacity addition: 0.3 mil. tpa

Lube Base Oil

2Q '15 Outlook: Decent margin to be maintained

Current margin will be sustained as demand growth for high-quality lube base oil in the US and Europe offsets supply increase from new capacity additions of competitors amid stabilizing product prices.

Summarized Income Statement

(Unit: bil. Won)	1Q '14	YoY	4Q '14	QoQ	1Q '15
Revenue	7,602.5	42.5% ↓	6,267.7	30.2% ↓	4,373.8
Operating Income	46.9	407.3% ↑	-244.0	-	238.1
(Margin)	(0.6%)	-	(-3.9%)	-	(5.4%)
Finance & Other Income	-19.8	-	-118.3	-	37.3
- Net Interest Gain	-5.1	-	-2.8	-	-0.1
- Net F/X Gain*	-47.5	-	-113.2	-	-13.9
- Others	32.8	56.4% ↑	-2.3	-	51.3
Equity Method Gain	1.2	131.8% ↑	2.0	41.5% ↑	2.8
Income before Tax	28.3	884.6% ↑	-360.3	-	278.2
Net Income	25.4	732.7% ↑	-272.2	-	211.3

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

Thank You

S-OIL IR Team

