



S-OIL

Discovering the infinite possibility of oil



3Q 2020 Earnings Release

October 2020

DISCLAIMER

Financial results for 3Q 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.

3Q 2020 Performance

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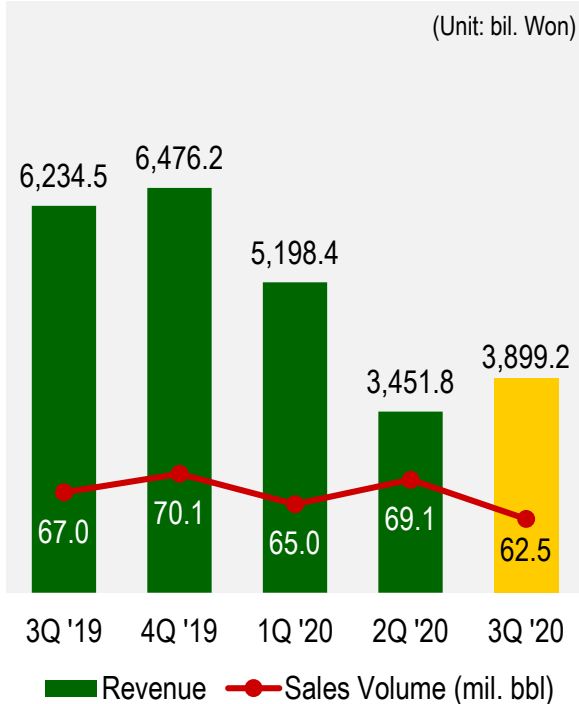


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3Q 2020 Financial Result



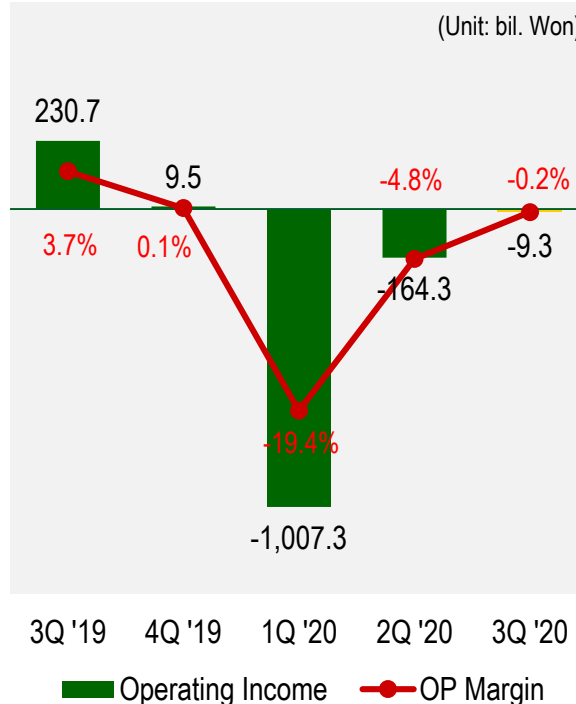
Revenue



**Increased 13.0% QoQ
on oil price rise**

- Quarterly average selling price: 25.0% ↑, QoQ
- Sales volume: 9.6% ↓, QoQ

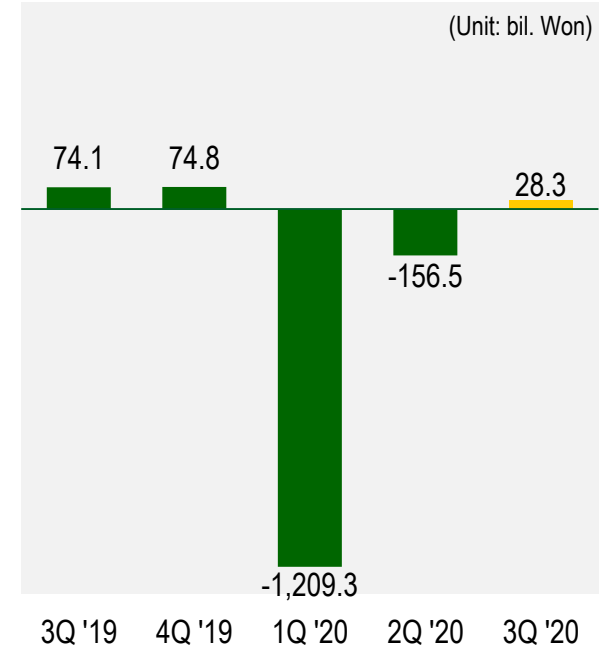
Operating Income



**Improved 155.0 bil. Won QoQ
due to gradual demand recovery**

- Inventory-related gain: 133 bil. Won (Inventory-related loss in 2Q '20: 171 bil. Won)
- Singapore complex margin(\$/bbl): 3Q -2.0 (0.3 ↑, QoQ)

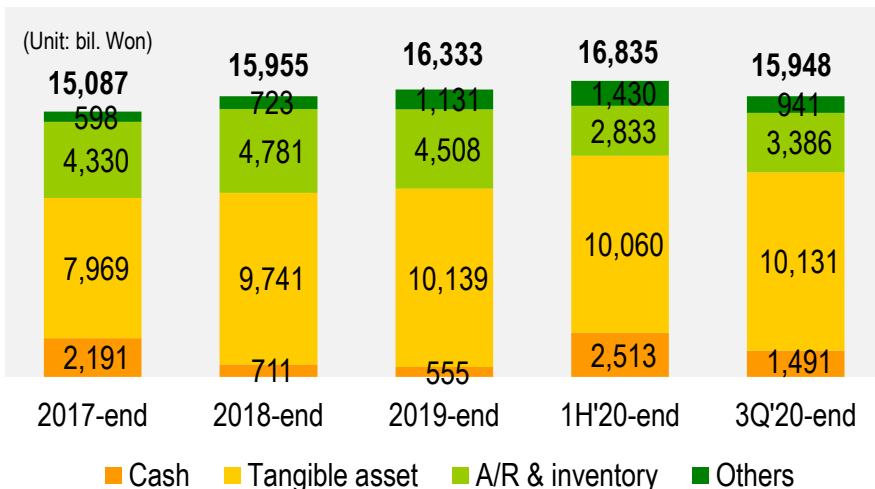
Income before Tax



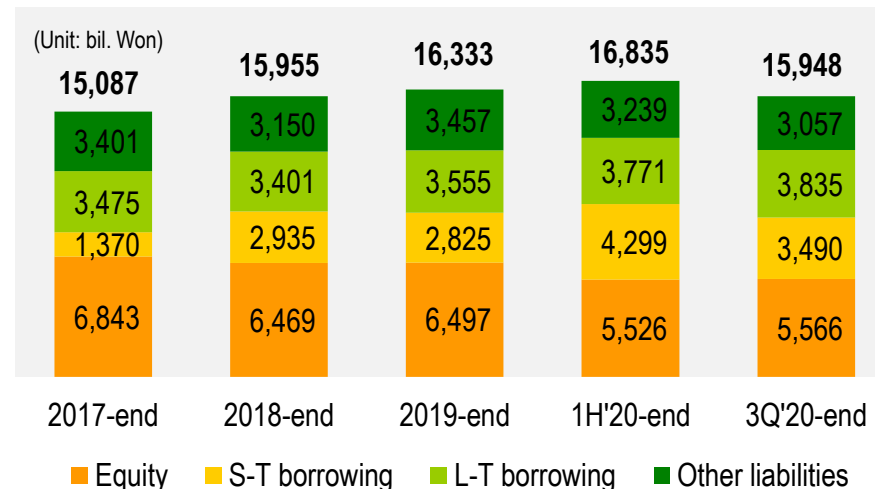
**Turned into profit on the
reduction of operating loss**

- F/X gain: 35 bil. Won (2Q '20 F/X gain: 35 bil. Won)
- ₩/\$ rate: 3Q-end 1,173.5 (27.2 ↓, QoQ)

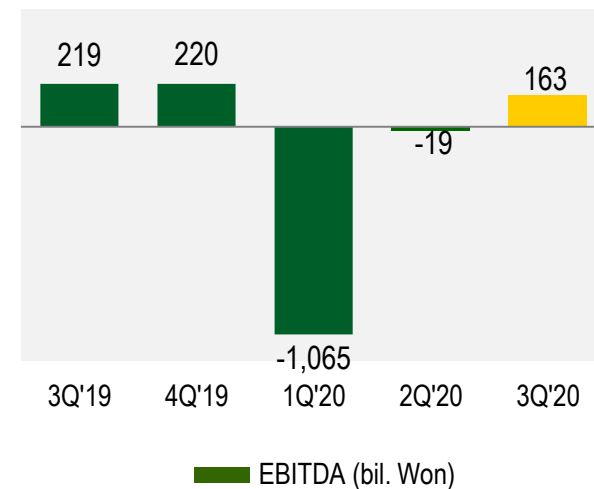
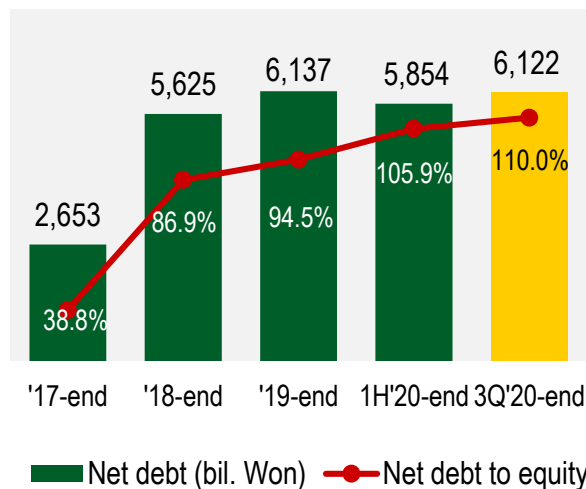
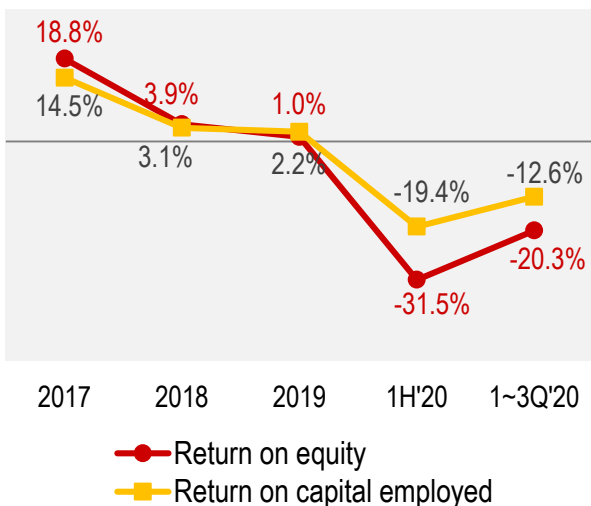
Assets



Liabilities & Equities



Financial Highlights



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

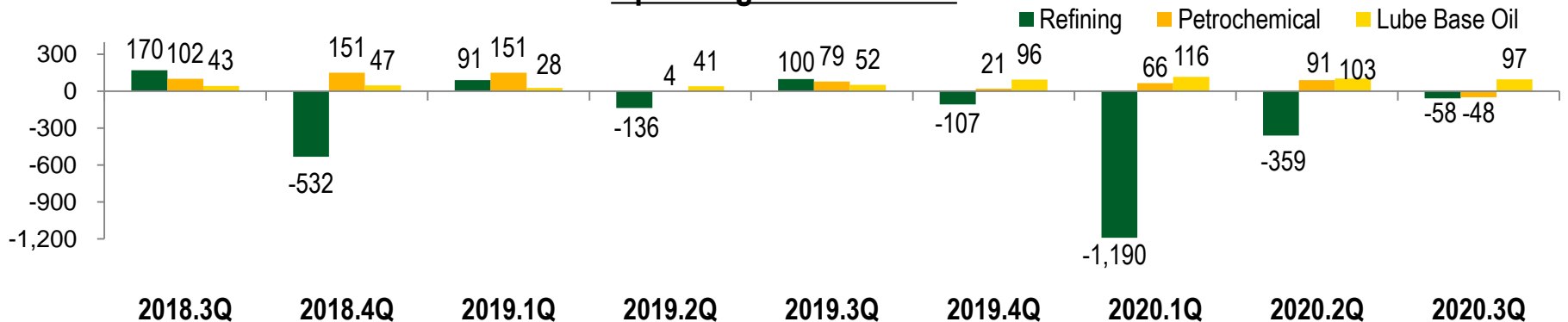
* EBITDA: Income before tax + Net interest expense + Depreciation(Excluding catalyst amortization cost)

Performance by Business Segment



Segment	(Unit: bil. Won)	3Q '20	2Q '20	QoQ	3Q '19	YoY
Refining	Revenue	2,991.0	2,591.5	15.4% ↑	4,869.0	38.6% ↓
	Operating Income	-57.6	-358.7		99.7	
	(Margin)	(-1.9%)	(-13.8%)		(2.0%)	
Petrochemical	Revenue	642.5	589.1	9.1% ↑	962.4	33.2% ↓
	Operating Income	-48.3	91.1		79.4	
	(Margin)	(-7.5%)	(15.5%)		(8.3%)	
Lube Base Oil	Revenue	265.6	271.3	2.1% ↓	403.1	34.1% ↓
	Operating Income	96.6	103.3	6.5% ↓	51.6	87.2% ↑
	(Margin)	(36.4%)	(38.1%)		(12.8%)	
Total	Revenue	3,899.2	3,451.8	13.0% ↑	6,234.5	37.5% ↓
	Operating Income	-9.3	-164.3		230.7	
	(Margin)	(-0.2%)	(-4.8%)		(3.7%)	

Operating Income Trend

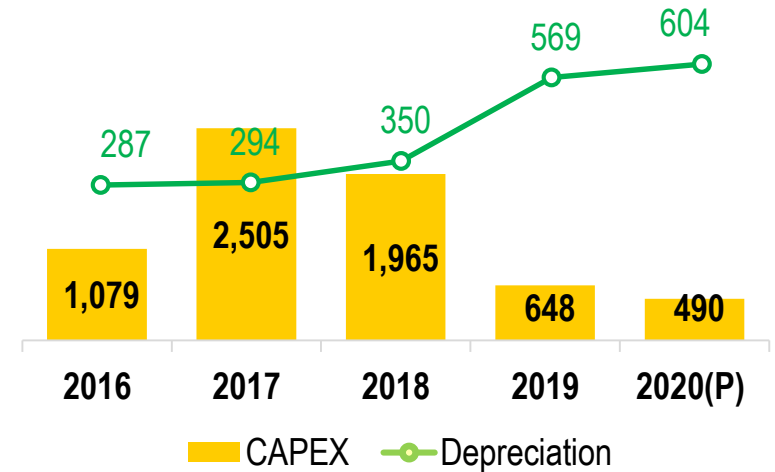


CAPEX & Depreciation

(Unit: bil. Won)	2019	2020 Plan	1~3Q '20
Land acquisition*	79.1	5.5	-
Upgrade & Maintenance	383.7	424.2	285.3
Others	185.3	60.1	20.1
Total CAPEX	648.1	489.8	305.4
Depreciation	569.1	604.3	419.1

* For future project

(Unit: bil. Won)



Maintenances

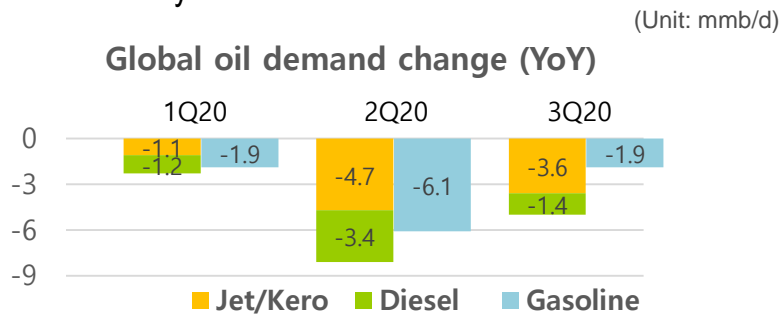
	2018	2019	1H '20	3Q '20
Refining	#2 CDU	#3 CDU CFU	-	#1 CDU
	HYC FH	#1,2 RFCC HYC FH		#2 RFCC (Jun.~Jul.)
Petrochemical	#1 PX	#2 PX		PP/PO (Jun.~Jul.)
Lube Base Oil	-	HYC SH	-	#1 HDT

Utilization Rate

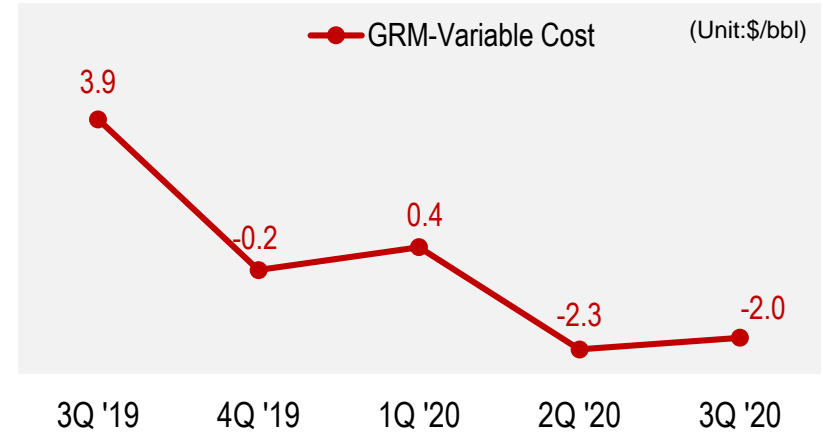
	2018	2019	1Q'20	2Q'20	3Q'20
CDU	99.1%	95.4%	93.4%	99.8%	90.7%
RFCC/HYC	94.2%	86.8%	96.2%	89.6%	83.3%
PX Plants	81.2%	75.6%	98.5%	95.7%	76.2%
PP/PO Plants	65.6%	75.4%	94.1%	75.7%	47.9%
Lube Plants	92.3%	88.7%	93.5%	80.1%	81.6%

3Q '20 Market Environment

- Refining margins remained depressed in 3Q as COVID-19 resurged across the world, mainly curbing middle distillates' demand recovery.



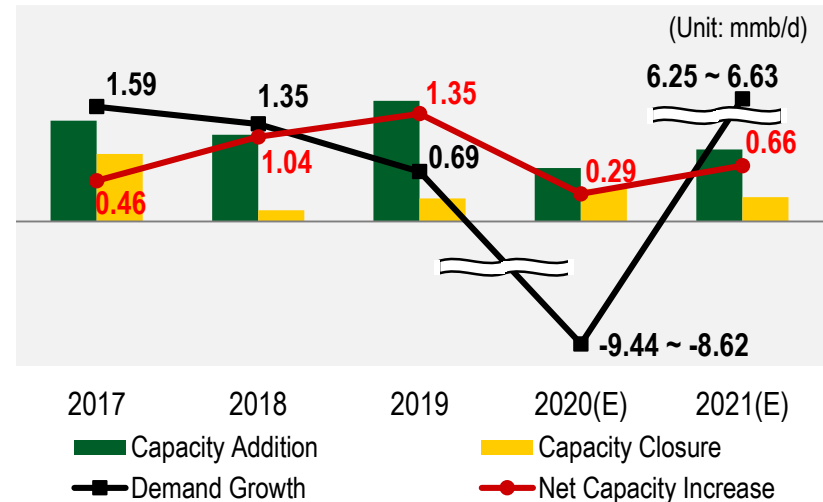
Singapore Margin



4Q '20 Outlook

- Refining margins are expected to improve on increased demand for kerosene and diesel ahead of winter season. However, the rebound would be limited due to re-spread of COVID-19.

Global Net Capacity Increase vs. Demand Growth



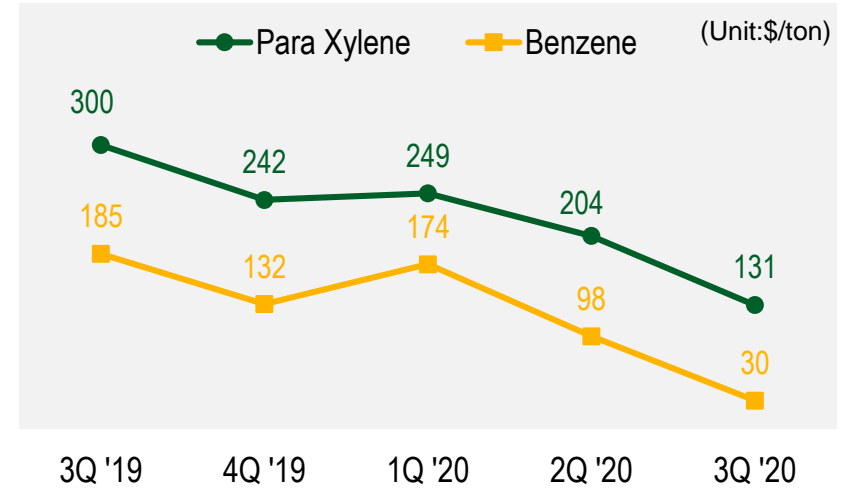
3Q '20 Market Environment

- **Para Xylene spread** dipped further in 3Q due to continued poor demand in the polyester chain despite operating rates reduction in the region.
- **Benzene spread** declined due to the collapse of demand for downstream such as Phenol and Styrene, and ample supply in the region.

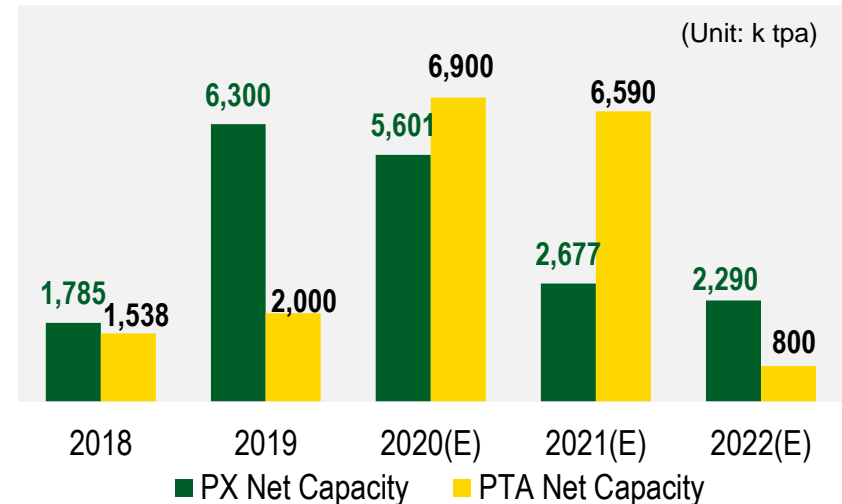
4Q '20 Outlook

- **Para Xylene spread** would move up as new PTA plants are expected to start up in China. However, high levels of inventory and oversupply is expected to limit margin improvement.
- **Benzene spread** would bottom out as the margins of downstream are improving while supply would be reduced with operation cuts.

Product Spread (Vs. Naptha)



PX & PTA Net Capacity Expansion



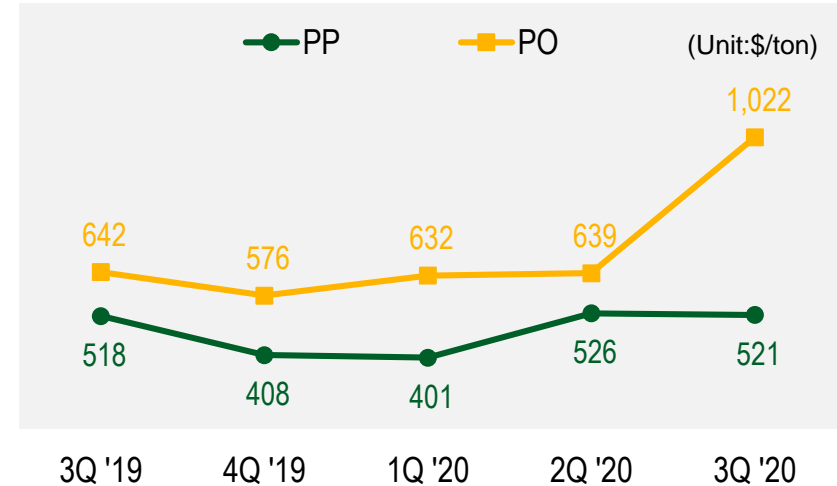
3Q '20 Market Environment

- **Polypropylene(PP) spread** remained decent as stable demand in the packaging and fiber sectors was offset by increased supply following the restart of the Chinese PP plant after maintenance.
- **Propylene Oxide(PO) spread** increased significantly on firm demand from automotive and mattress industry amid supply tightness by scheduled maintenances.

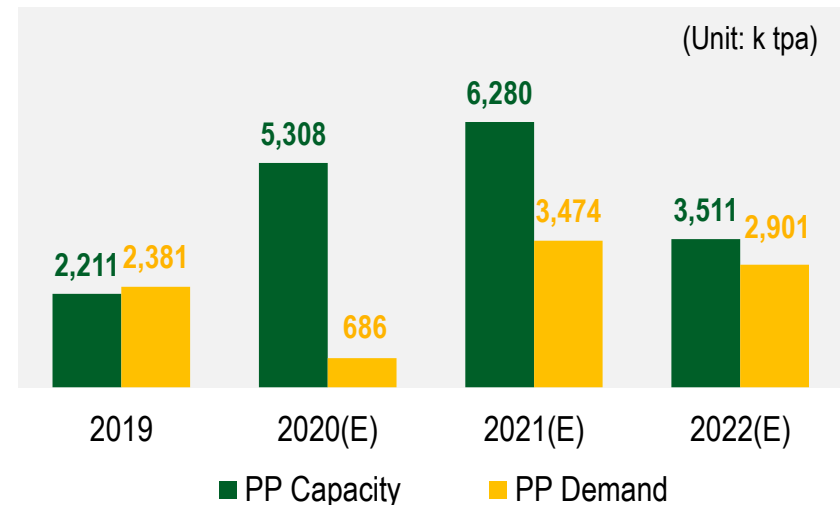
4Q '20 Outlook

- **PP spread** is expected to be stably supported at 3Q level on the sustained demand from automotive, consumer electronics and packaging film sectors.
- **PO spread** would continue to be strong on robust polyol demand amid tight supply due to maintenance of major regional PO plants.

Product Spread (Vs. Naptha)



Increase of PP Capacity and Demand (Asia & ME)



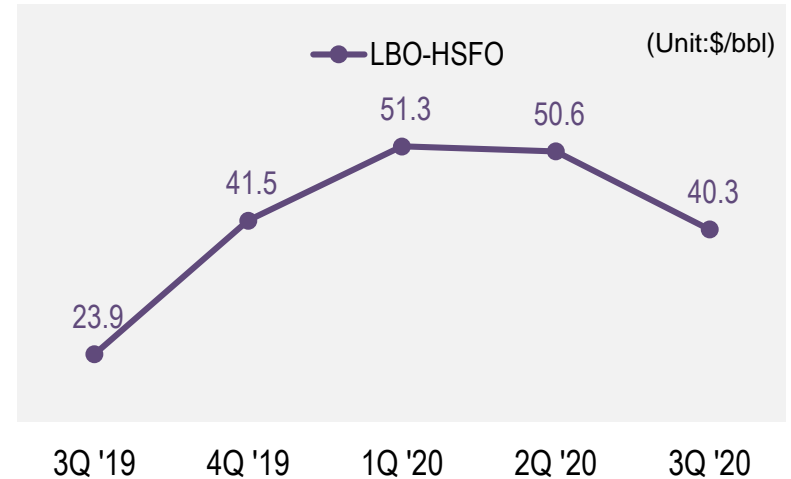
3Q '20 Market Environment

- Overall LBO spreads narrowed due to rise of feedstock prices despite a slow but steady rebound of demand.

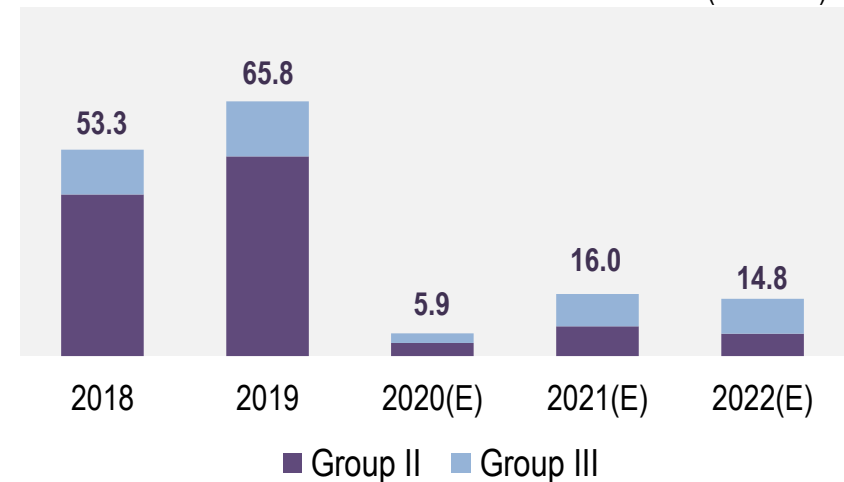
4Q '20 Outlook

- LBO spreads are expected to maintain the current healthy level on limited supply by maintenance of major plants and increase of demand for high-quality products in Asia.

Product Spread (Asia)



LBO Capacity Addition










Source: ICIS, Argus, The Company

Summarized Income Statement

(Unit: bil. Won)	3Q '20	2Q '20	QoQ	3Q '19	YoY
Revenue	3,899.2	3,451.8	13.0% ↑	6,234.5	37.5% ↓
Operating Income	-9.3	-164.3	-	230.7	-
(Margin)	(-0.2%)	(-4.8%)	-	(3.7%)	-
Finance & Other Income	36.4	7.3	-	-156.9	-
- Net Interest Gain	-34.9	-37.7	-	-45.6	-
- Net F/X Gain*	34.5	34.6	-	-109.4	-
- Others	36.8	10.4	-	-1.9	-
Equity Method Gain	1.2	0.5	134.8% ↑	0.3	242.3% ↑
Income before Tax	28.3	-156.5	-	74.1	-
Net Income	30.3	-66.9	-	51.6	-

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

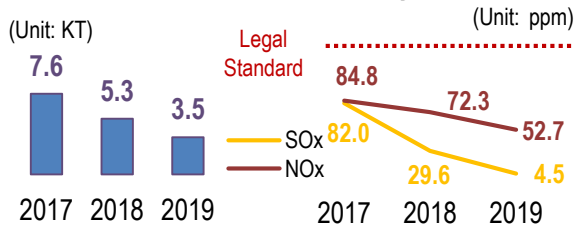
Quarterly Trend of Sales by Region

(Unit: k bpd, %)		3Q '19	4Q '19	1Q '20	2Q '20	3Q '20
Sales Total		728	762	714	760	679
Domestic		349	371	340	358	325
Export		379	391	374	401	354
(% in Total)		(52.0%)	(51.2%)	(52.3%)	(52.9%)	(52.1%)
	China	16.4%	16.9%	15.3%	31.5%	25.0%
	Japan	18.0%	17.2%	22.9%	16.0%	18.3%
	Australia	10.7%	8.2%	8.8%	14.1%	15.0%
	South East Asia	16.1%	19.1%	10.5%	9.9%	12.2%
	USA	7.8%	7.8%	10.8%	2.1%	6.6%
	Singapore	11.3%	2.9%	14.5%	6.1%	5.2%
	Taiwan	1.9%	8.0%	0.6%	4.8%	2.1%

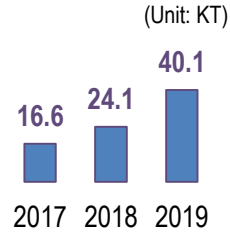
Efforts & Activities in ESG

Environment Management

Air Pollutant Emissions Volume & Intensity



Waste Recycling



Certification ISO 14001 - Environmental management system



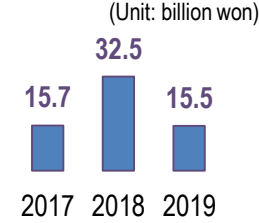
Operating ISO 14301 - Environmental performance evaluation system

Social Contribution

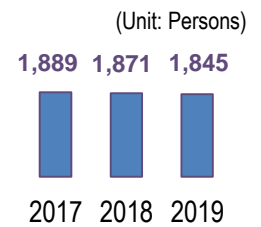
Performance in Social Activities



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 2019



Listed in Dow Jones Sustainability Indices (DJSI) World for 10 consecutive years



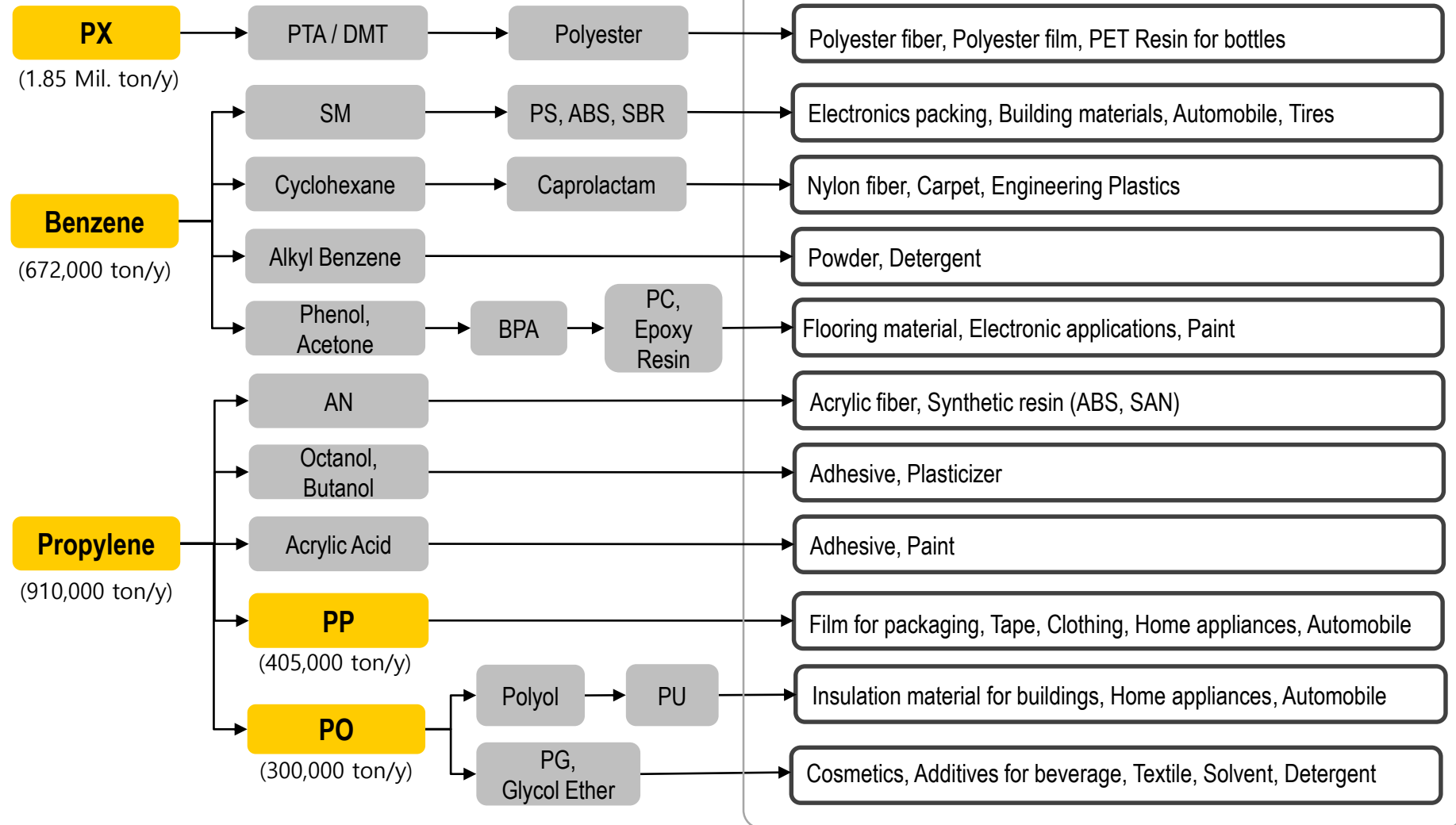
2019 Best Governance Company from KCGS



Winner of 2019 Korea Accounting Grand Prize

S-OIL's Petrochemical Product & Value Chain

The Company's end product



Long-term Margin Trend

Refining

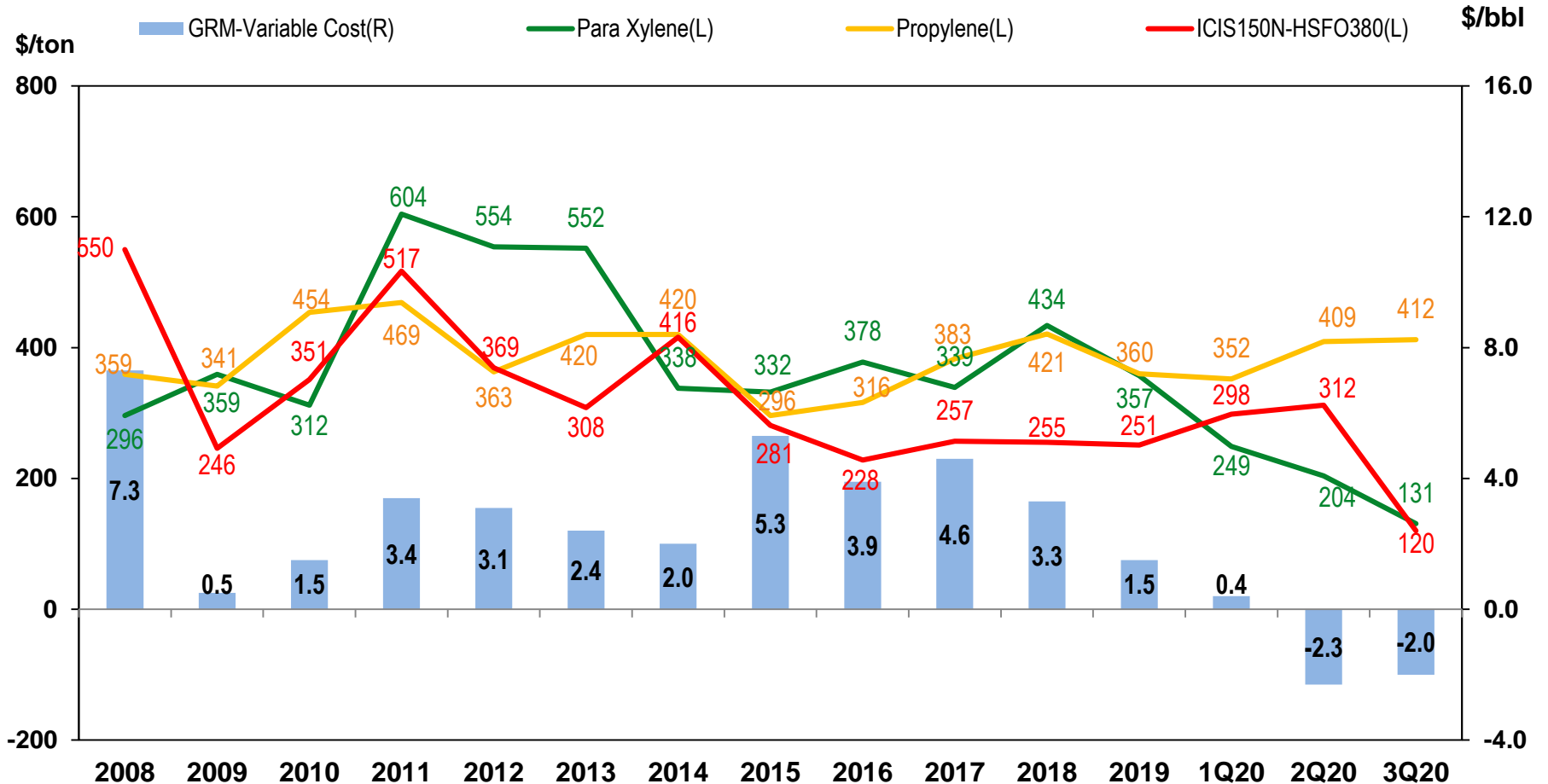
Singapore Complex Margin

Petrochemical

Product spread (Vs. Naphtha)

Lube base Oil

Product spread



Thank You

S-OIL IR Team

Contact : IRteam@s-oil.com



Winner of 2019 Korea Accounting Grand Prize

S-OIL was awarded 2019 Korea Accounting Grand Prize for enhancing accounting transparency.

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



S-OIL, the only company named to DJSI World for the 10th consecutive year among Asia Pacific refiners and won 2019 Best Governance Companies from KCGS.

