



S-OIL

Discovering the infinite possibility of oil



3Q 2021 Earnings Release

October 2021

DISCLAIMER

Financial results for 3Q 2021 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 2021 Performance

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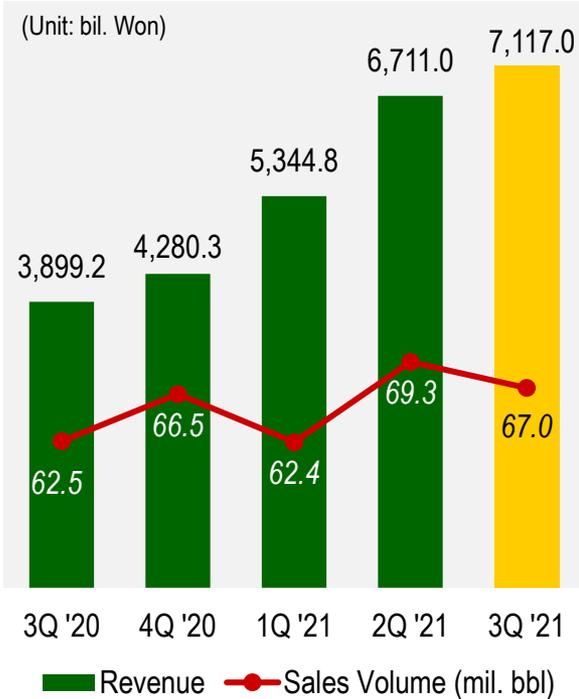
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3Q 2021 Financial Result



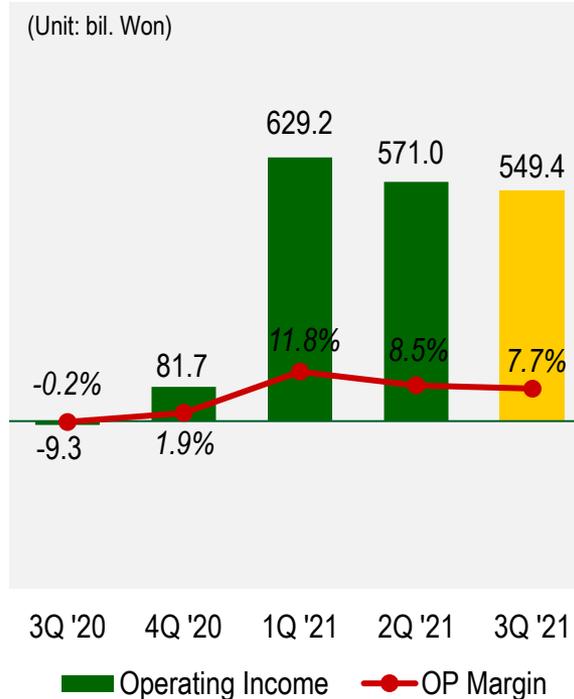
Revenue



Increased 6% QoQ
due to rise in average selling price amid crude price increase

- Quarterly average selling price: 9.6% ↑, QoQ
- Sales volume: 3.2% ↓, QoQ

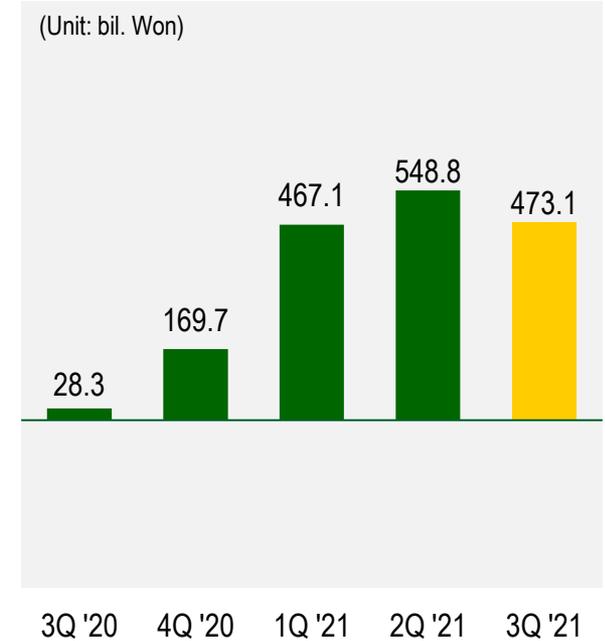
Operating Income



Maintained solid earnings
due to higher oil products' margins

- Increase of oil products' cracks(\$, QoQ): Gasoline(1.6/bbl ↑), Diesel(1.2/bbl ↑)
- Inventory-related gain: 88 bil. Won (Inventory-related gain in 2Q : 139 bil. Won)

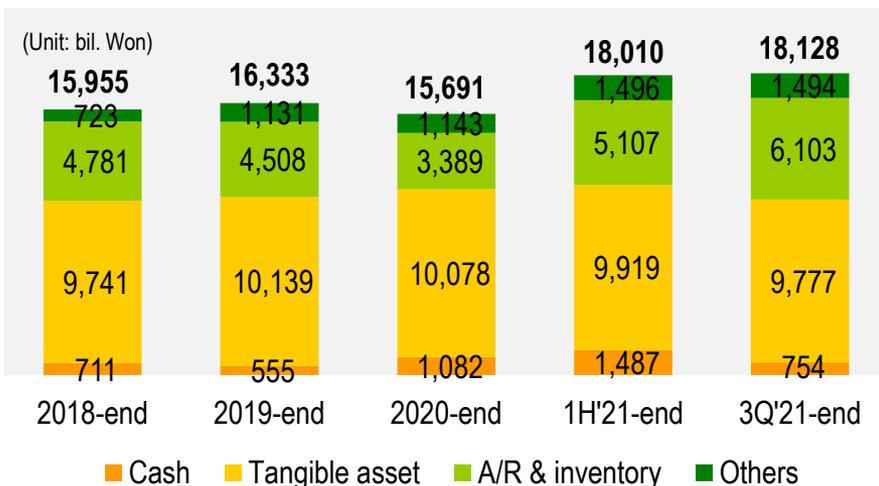
Income before Tax



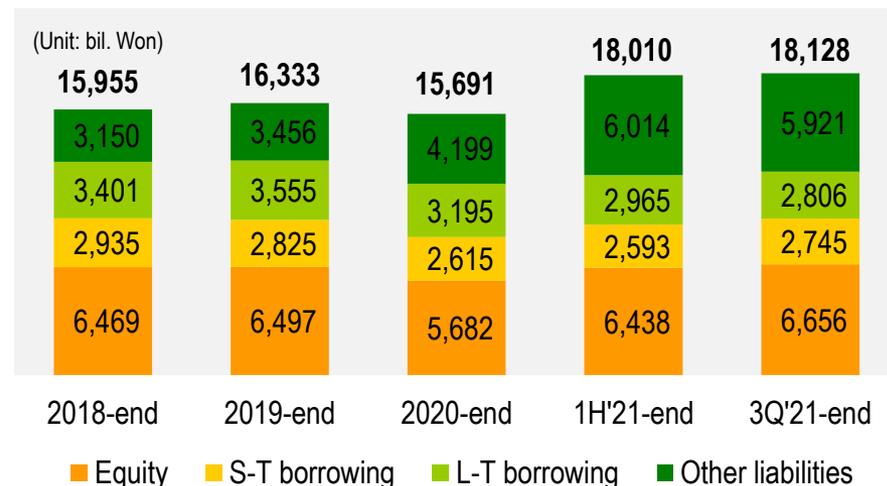
Decreased 75.8 bil. Won QoQ
by mostly FX loss amid rapid rise in the exchange rate

- F/X loss: 157.6 bil. Won (2Q '21 F/X gain: 1.5 bil. Won)
- ₩/\$ rate: 3Q-end 1,184.9 (54.9 ↑, QoQ)

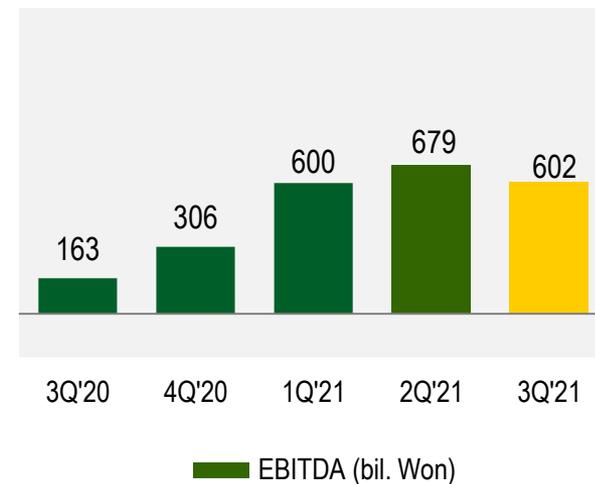
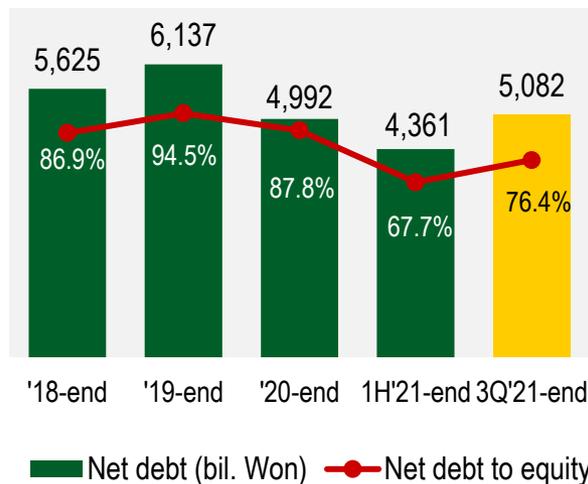
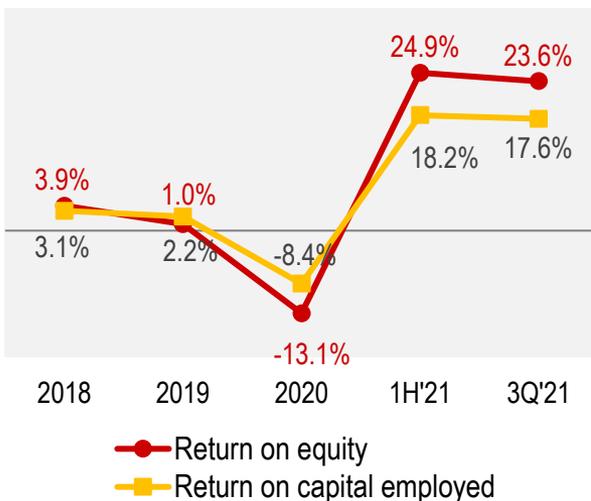
Assets



Liabilities & Equities



Financial Highlights



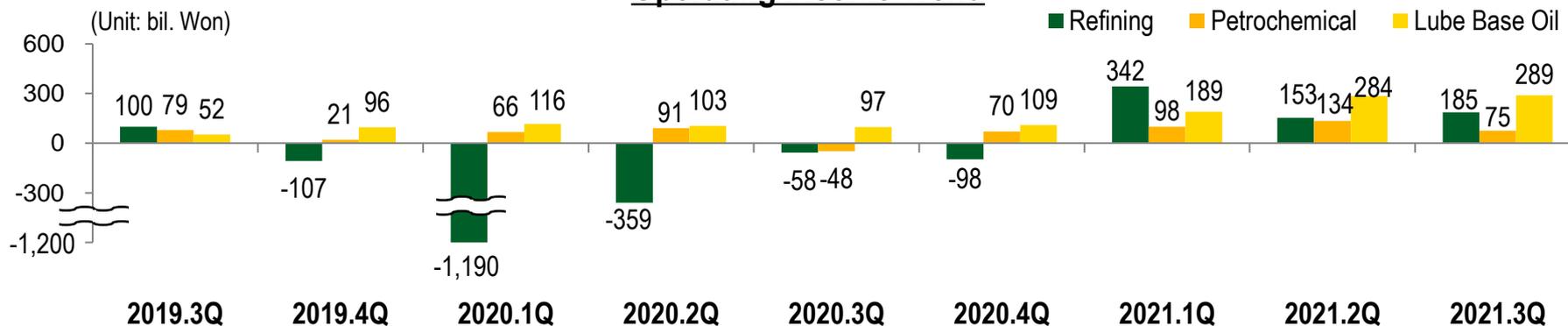
• Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

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

Performance by Business Segment

Segment	(Unit: bil. Won)	3Q '21	2Q '21	QoQ	3Q '20	YoY
Refining	Revenue	5,223.0	4,848.2	7.7% ↑	2,991.0	74.6% ↑
	Operating Income	185.5	152.5	21.6% ↑	-57.6	
	(Margin)	(3.6%)	(3.1%)		(-1.9%)	
Petrochemical	Revenue	1,182.8	1,203.3	1.7% ↓	642.5	84.1% ↑
	Operating Income	75.1	134.0	44.0% ↓	-48.3	
	(Margin)	(6.3%)	(11.1%)		(-7.5%)	
Lube Base Oil	Revenue	711.2	659.5	7.8% ↑	265.6	167.8% ↑
	Operating Income	288.8	284.5	1.5% ↑	96.6	199.0% ↑
	(Margin)	(40.6%)	(43.1%)		(36.4%)	
Total	Revenue	7,117.0	6,711.0	6.0% ↑	3,899.2	82.5% ↑
	Operating Income	549.4	571.0	3.8% ↓	-9.3	
	(Margin)	(7.7%)	(8.5%)		(-0.2%)	

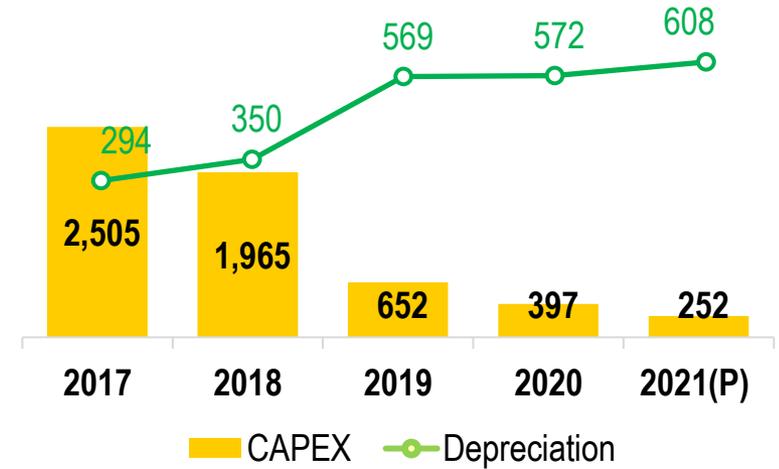
Operating Income Trend



CAPEX & Depreciation

(Unit: bil. Won)	2020	2021 Plan	1~3Q '21
Upgrade & Maintenance	361.2	172.0	46.7
Others	36.0	80.3	27.2
Total CAPEX	397.2	252.3	73.9
Depreciation	571.5	607.7	444.5

(Unit: bil. Won)



Maintenances

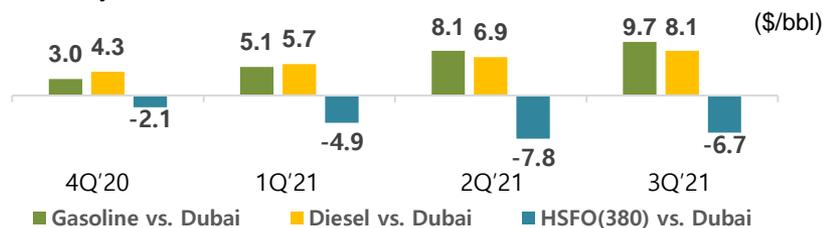
	2019	2020	1-3Q '21	4Q '21(P)
Refining	#3 CDU CFU	#1 CDU	-	-
	#1,2RFCC HYC FH	#2 RFCC	-	-
Petrochemical	#2 PX	PP/PO	-	-
Lube Base Oil	HYC SH	#1 HDT	-	-

Utilization Rate

	2019	2020	1Q'21	2Q'21	3Q'21
CDU	95.4%	96.1%	94.4%	98.8%	99.2%
RFCC/HYC	86.8%	91.9%	95.5%	103.9%	103.8%
PX Plants	75.6%	88.0%	96.0%	92.1%	89.6%
PP/PO Plants	75.4%	78.0%	99.8%	109.7%	115.5%
Lube Plants	88.7%	88.4%	98.2%	101.0%	100.6%

3Q '21 Market Environment

- Regional refining margins** rebounded meaningfully as increasing mobility and economic activities drove demand recovery amid fast inventory drawdown.



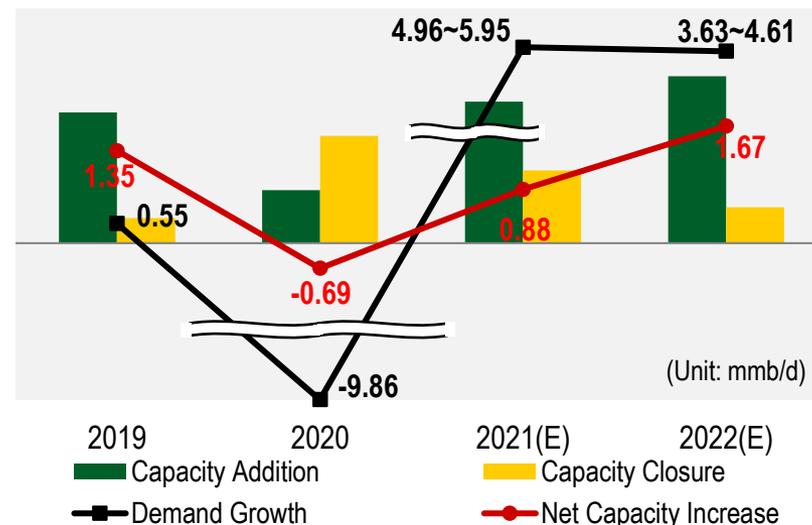
4Q '21 Outlook

- Regional refining margins** are expected to continue uptrend as demand for products would grow firmly due to restocking ahead of winter season and increase in border re-opening and lifting of Covid-19 restrictions across countries.
- Recent steep hike in gas prices would additionally boost refined products' demand as its alternative.

Singapore Margin



Global Net Capacity Increase vs. Demand Growth



Source: IHS, OPEC, EIA, FACTS Global Energy, Wood Mackenzie, The Company

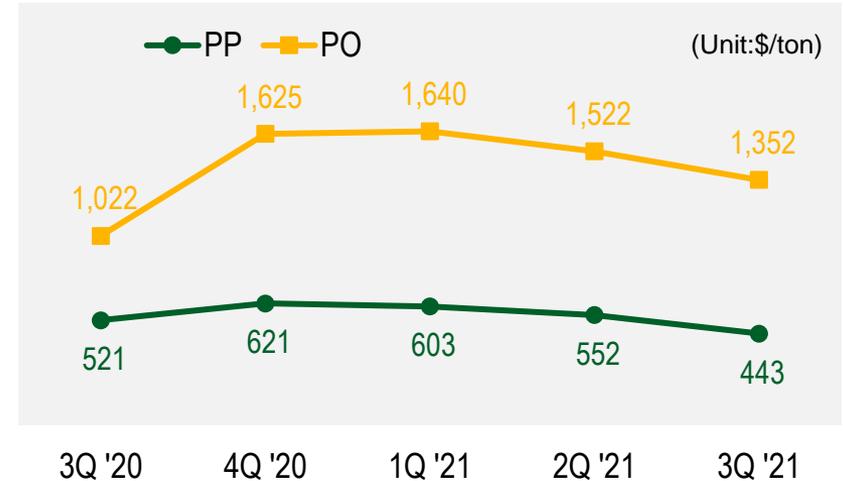
3Q '21 Market Environment

- **Propylene Oxide(PO) spread** narrowed due to continuous rise in naphtha price but was kept strong supported by firm demand and supply decrease owing to regular maintenance.
- **Polypropylene(PP) spread** decreased due to sluggish demand in South East Asia on resurgence of COVID-19 as well as new capacities' operation in the region.

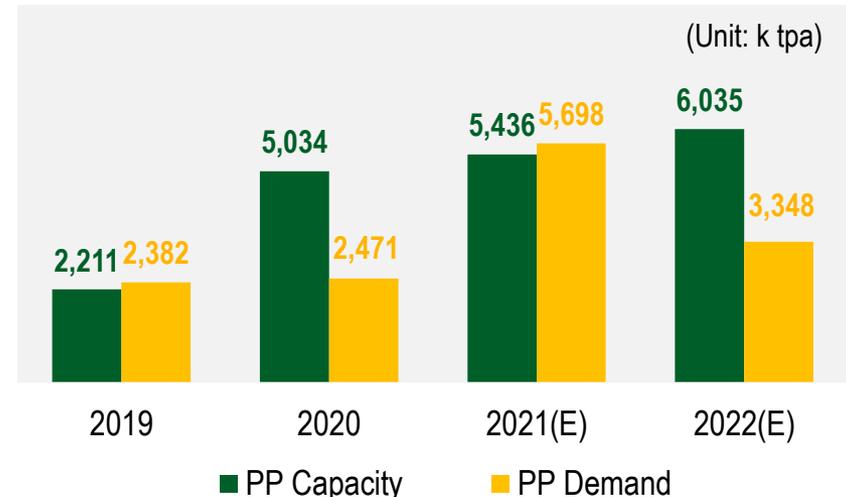
4Q '21 Outlook

- **PO spread** is expected to maintain bullish trend as tight market fundamentals would continue.
- **PP spread** is expected to remain at robust level as COVID-19 stabilizes in South East Asia. However, upside would be limited amid supply increase from new plants in the region.

Product Spread (Vs. Naphtha)



Increase of PP Capacity and Demand (Asia & ME)



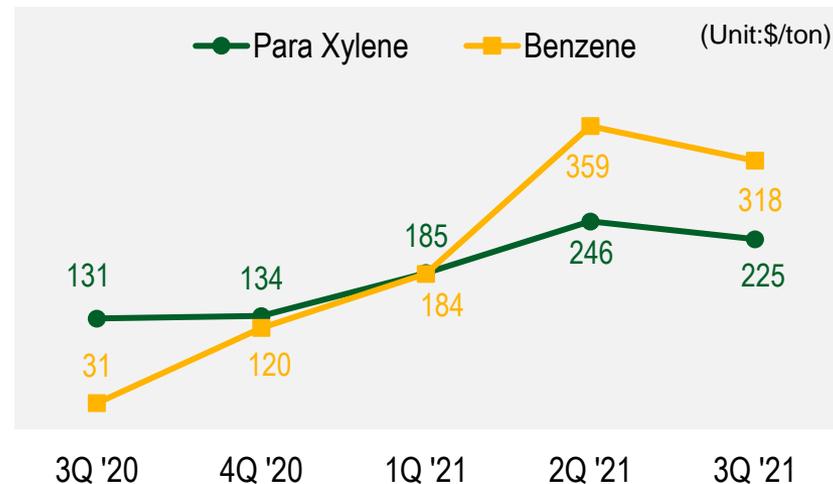
3Q '21 Market Environment

- **Para Xylene spread** declined due to spread of coronavirus variants and operation cut of major downstream plants in China, in spite of start-up of new PTA plant.
- **Benzene spread** reduced from 2Q peak level as new capacities increased supply while import demand from US contracted due to impact of hurricane on US Benzene derivatives plants.

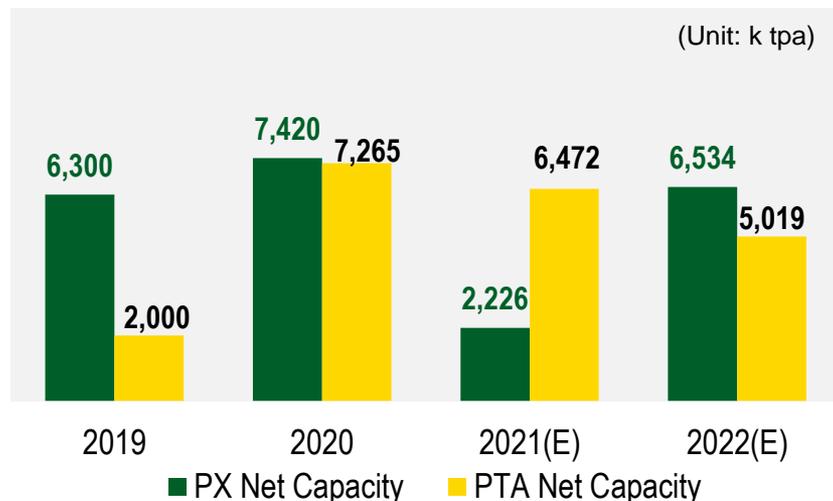
4Q '21 Outlook

- **Para Xylene spread** is expected to be somewhat pressured by lower run rate of downstream plants in China. But, supply cut or shutdown of uneconomical PX plants would be supportive.
- **Benzene spread** would be also affected by operation cut in derivative sectors in China but be maintained at healthy level by low inventory and operation of new SM plants in China.

Product Spread (Vs. Naptha)



Global PX & PTA Net Capacity Expansion



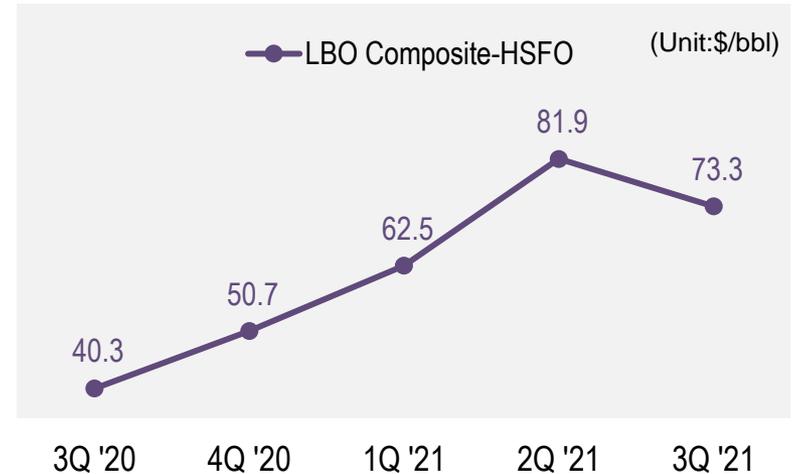
3Q '21 Market Environment

- LBO spread retreated from historic record level in 2Q due to re-start of LBO plants after maintenance.
- But Group III products' spreads continued to be wider on the back of firm demand for high-quality products.

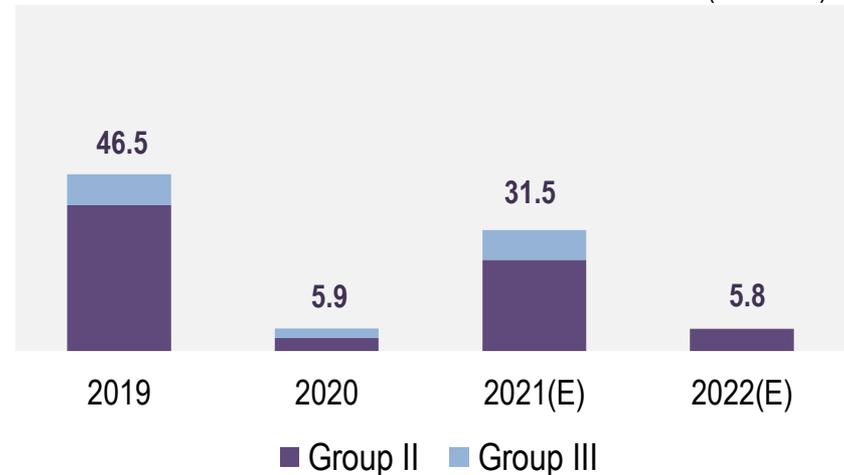
4Q '21 Outlook

- LBO spread is expected to stay high with strong demand for high-quality products, although it would be pressured by easing supply tightness and hike of feedstock prices.

Product Spread (Asia)



LBO Capacity Addition



Source: ICIS, Argus, Kline, The Company

Summarized Income Statement

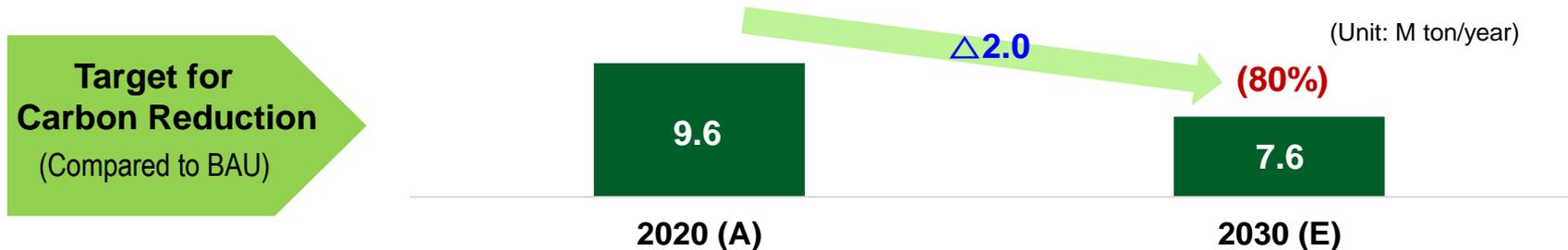
(Unit: bil. Won)	3Q '21	2Q '21	QoQ	3Q '20	1~3Q '21	1~3Q '20
Revenue	7,117.0	6,711.0	6.0% ↑	3,899.2	19,172.8	12,549.4
Operating Income (Margin)	549.4 (7.7%)	571.0 (8.5%)	3.8% ↓ -	-9.3 (-0.2%)	1,749.7 (9.1%)	-1,180.8 (-9.4%)
Finance & Other Income	-75.9	-22.3	-	36.3	-262.0	-158.7
- Net Interest Gain	-25.9	-26.1	-	-34.9	-77.9	-115.5
- Net F/X Gain*	-157.6	1.5	-	34.5	-266.0	-72.4
- Others	107.5	2.3	-	36.7	81.9	29.2
Equity Method Gain	-0.4	0.1	-	1.2	1.4	2.0
Income before Tax	473.1	548.8	13.8% ↓	28.3	1,489.0	-1,337.5
Net Income	334.5	410.7	18.5% ↓	30.3	1,090.0	-917.2

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

Efforts & Activities in ESG management

1. S-OIL's Carbon Reduction Roadmap

S-OIL has set a roadmap to reduce carbon emissions by 20% by 2030 through Green S-OIL Toward Eco-friendly Plant Project.



2. Efforts & Activities in 3Q

Project for establishing ESG Framework

- S-OIL has been conducting the project for establishing ESG Framework since Jul. 2021 with KPC (Korea Productivity Center).
- The project is for coping with rapidly changing business environment and enhancing the value of the company regarding ESG issues.
- The Company will establish the roadmap for ESG activities by developing elements and initiatives.

Investment for New Business Opportunities

MOU with Samsung C&T on hydrogen economy and new energy business

- S-OIL signed MOU with Samsung C&T on eco-friendly hydrogen and bio fuel business partnership on Sep. 17th.
- S-OIL and Samsung C&T agreed to jointly develop hydrogen business model including production of clean hydrogen & ammonia, infrastructure, distribution and will collaborate on energy business including fuel cell business development, bio diesel, next-generation bio jet fuel and so on.
- Besides, S-OIL is planning to import blue ammonia from Saudi Arabia and supply them to the consortium partners including Samsung C&T, etc. as a fuel to generate power.



	Fuel Cell Innovation	IPITECH	OnePredict	
Sector	Fuel Cell / Hydrogen	Specialty polymer	Smart Plant, Industrial AI	
Business	Engineering service for fuel cell plant and SOFC ¹⁾ manufacturing	Polyimide films & varnish materials of various characteristics	Industrial AI-based PHM ²⁾ solution and Industrial IoT technologies	
Amount	8.2 bil Won	2.0 bil Won	2.0 bil Won	
	LiBEST	Glory & Tech	Beomjun E&C	Kohygen
Sector	Battery & Material	Energy & Carbon Emission	Specialty Chemical	Mobility/Hydrogen
Business	Flexible Lithium-ion polymer battery with high capacity	CERs ³⁾ provider via CDM(Clean Development Mechanism) business	Sulfur Modifier for concrete & asphalt and construction	Hydrogen Refueling Station business for commercial vehicles
Amount	2.5 bil Won	1.0 bil Won	1.0 bil Won	0.95 bil. Won

1) Solid Oxide Fuel Cell

2) Prognostics and Health Management

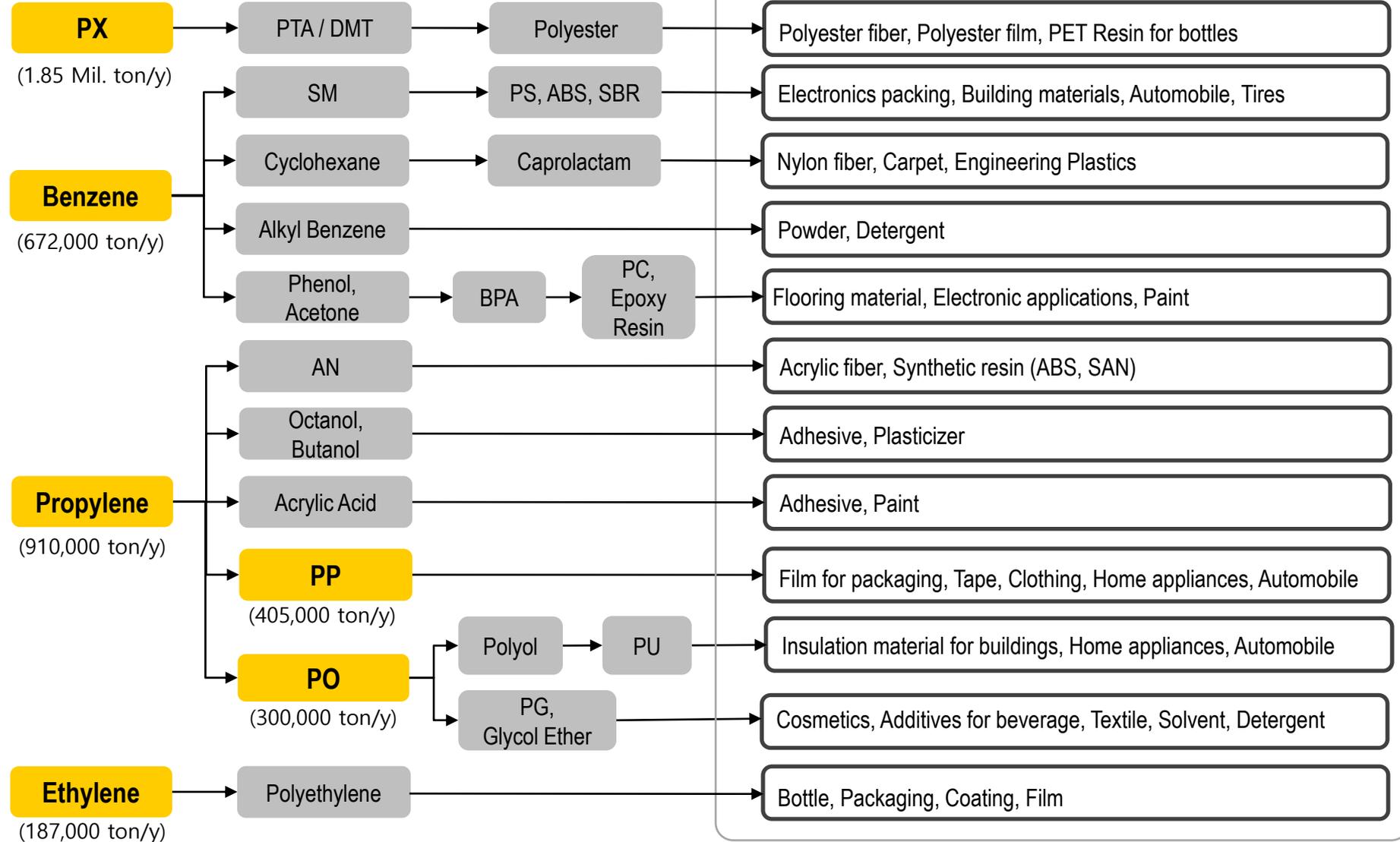
3) Certified Emission Reductions

Quarterly Trend of Sales by Region

(Unit: k bpd, %)		3Q '20	4Q '20	1Q '21	2Q '21	3Q '21
Sales Total		679	723	693	761	729
- Domestic		325	364	350	356	343
- Export		354	359	343	405	385
(% in export)						
	China	25.0%	26.8%	27.3%	26.8%	16.7%
	Australia	15.0%	13.2%	13.8%	15.2%	13.8%
	Japan	18.3%	17.3%	24.3%	15.0%	14.5%
	South East Asia	12.2%	10.9%	6.7%	11.9%	10.2%
	USA	6.6%	11.0%	7.8%	8.1%	9.5%
	Singapore	5.2%	2.6%	3.3%	7.1%	10.0%
	India	3.2%	3.5%	3.9%	2.9%	4.2%

S-OIL's Petrochemical Product & Value Chain

The Company's products



Long-term Margin Trend

Refining

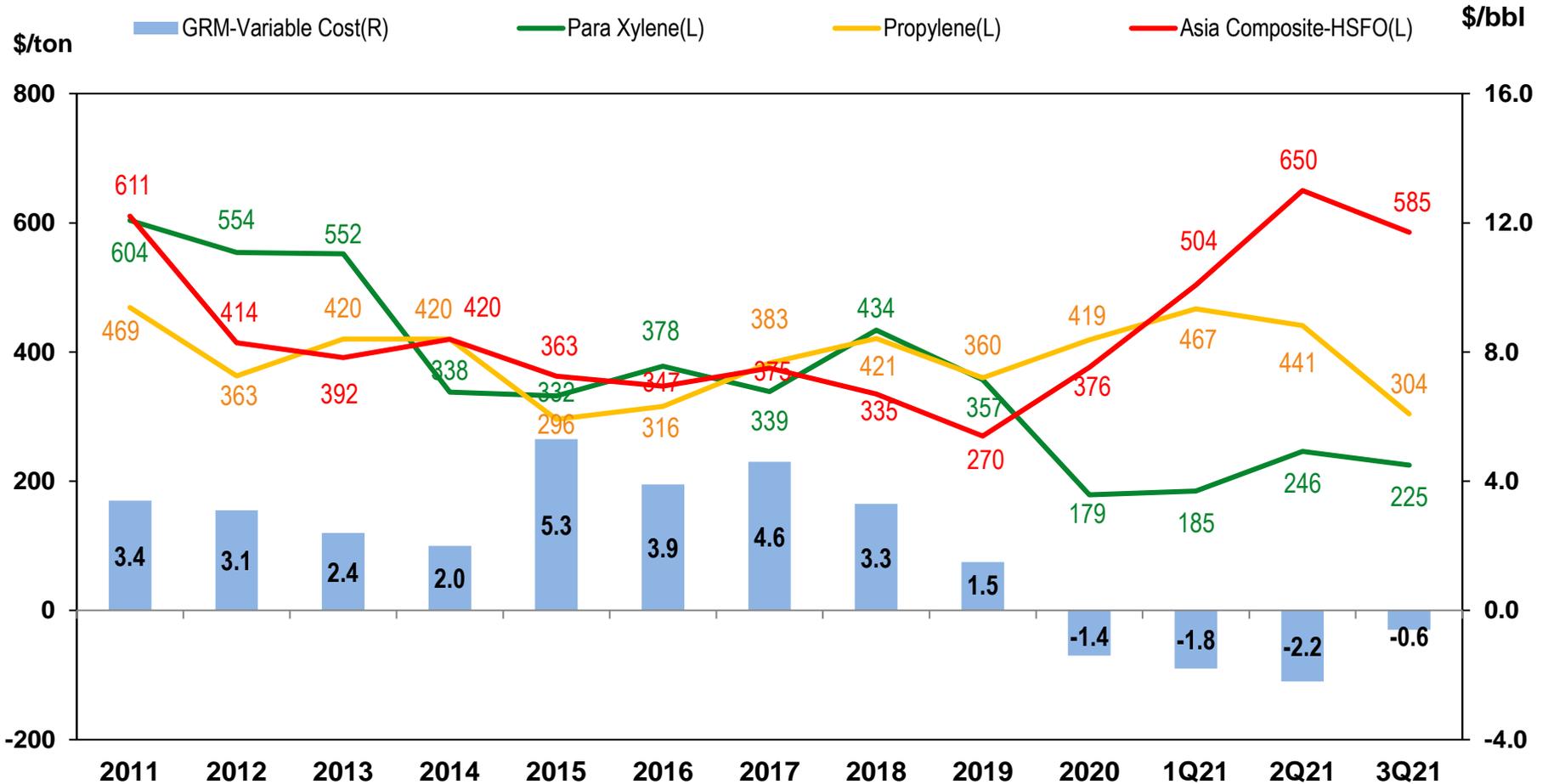
Singapore Complex Margin

Petrochemical

Product spread (Vs. Naptha)

Lube base Oil

Product spread



Thank You

S-OIL IR Team

Contact : IRteam@s-oil.com



Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



S-OIL, the only company named to DJSI World for the 11th consecutive year among Asia Pacific refiners and won 2020 Good ESG Companies award from KCGS.

