

S-OIL

Discovering the infinite possibility of oil



2Q 2021 Earnings Release

July 2021

DISCLAIMER

Financial results for 2Q 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.

2Q 2021 Performance

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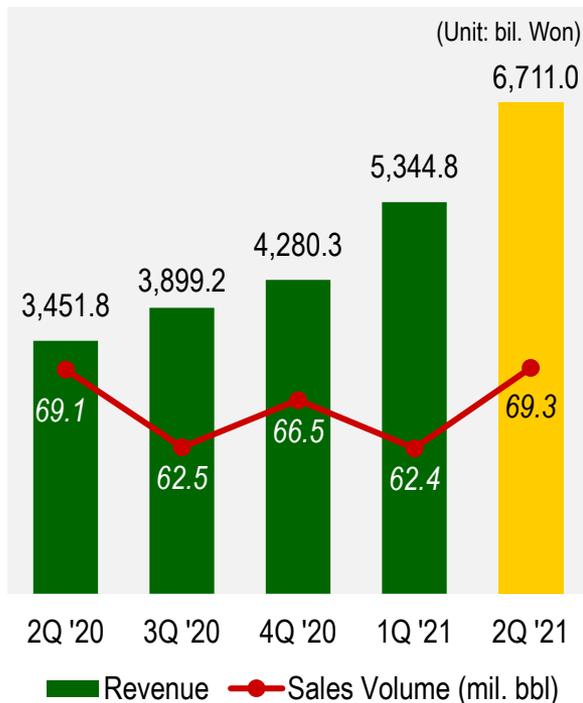
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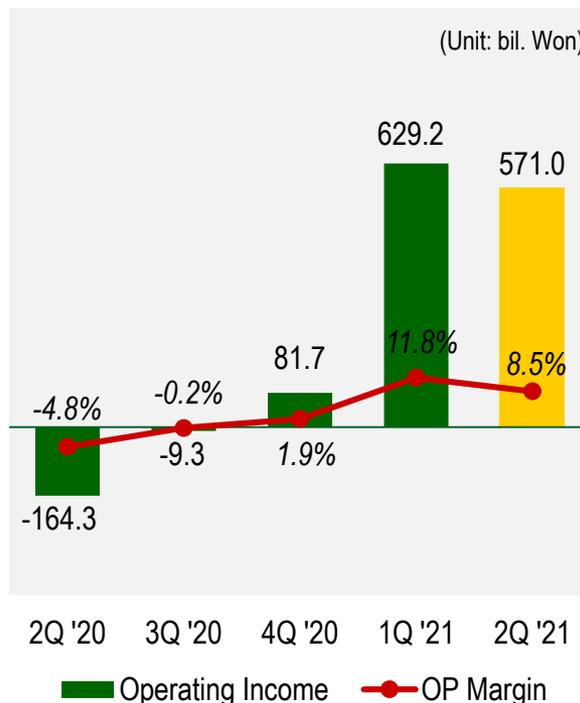
Revenue



Increased 26% QoQ
due to rise in sales volume
and selling price

- Quarterly average selling price: 13.9% ↑, QoQ
- Sales volume: 11.6% ↑, QoQ

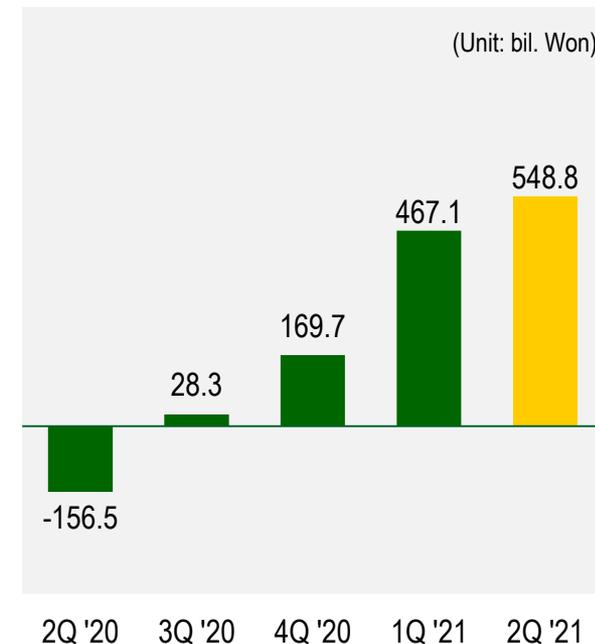
Operating Income



Maintained high performance
due to better products' margins
despite less inventory related gain

- Increase of products' cracks(\$, QoQ): Gasoline(2.9/bbl ↑), Diesel(1.2/bbl ↑), PX (61/ton ↑), BZ(175/ton ↑), LBO(19.4/bbl ↑)
- Inventory-related gain: 139 bil. Won (Inventory-related gain in 1Q : 286 bil. Won)

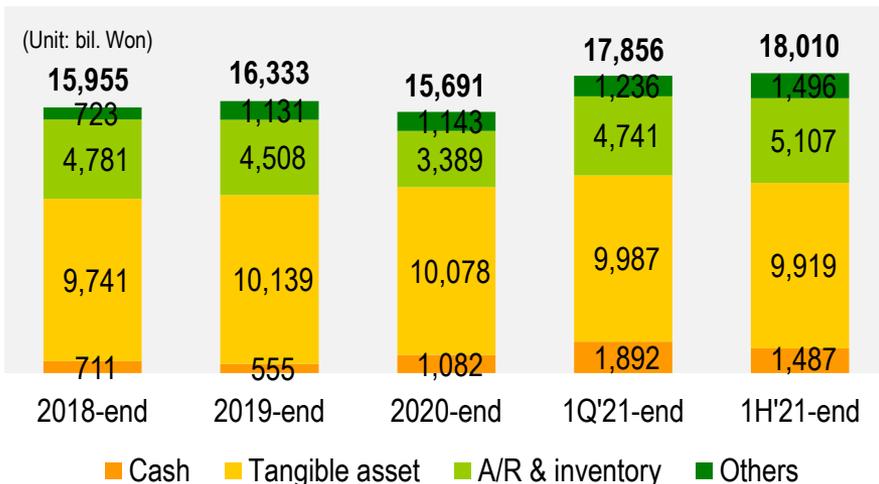
Income before Tax



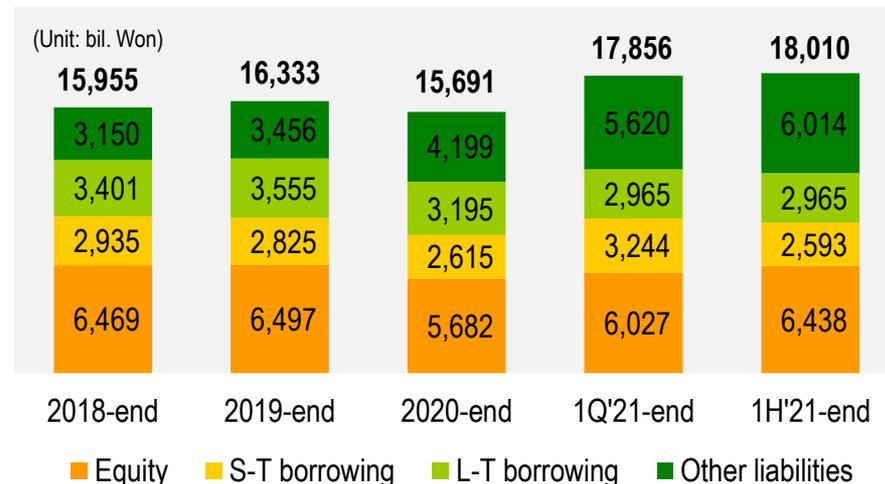
Extended 81.7 bil. Won QoQ
amid stable movement of
KRW/dollar exchange rate

- F/X gain: 1.5 bil. Won (1Q '21 F/X loss: 109.9 bil. Won)
- ₩/\$ rate: 2Q-end 1,130.0 (3.5↓, QoQ)

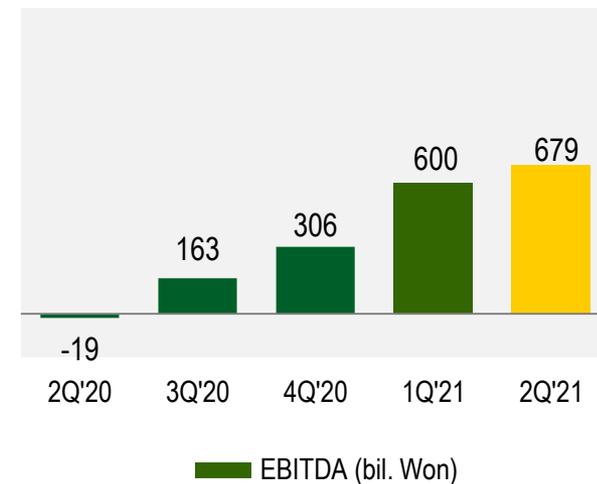
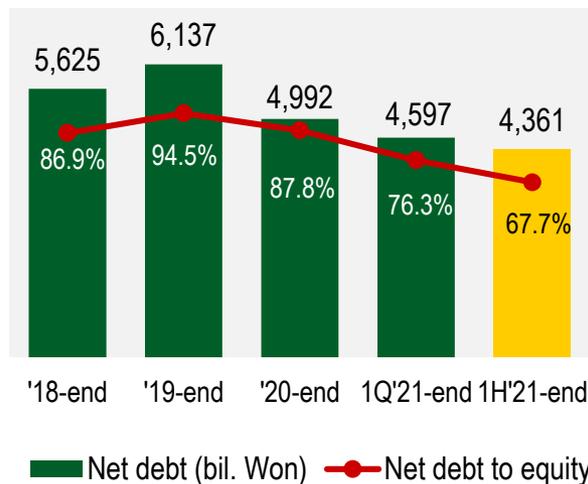
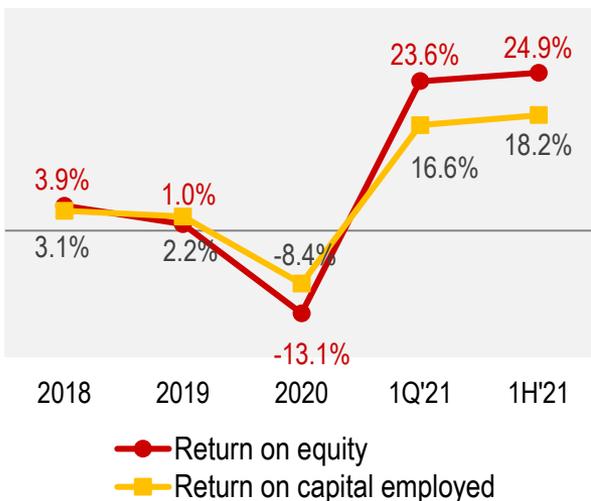
Assets



Liabilities & Equities



Financial Highlights



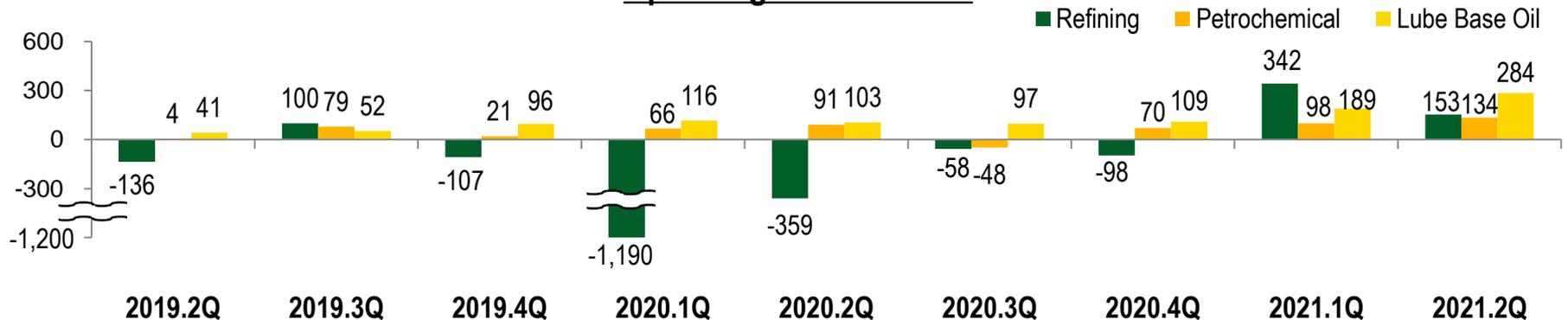
• Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

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

Performance by Business Segment

Segment	(Unit: bil. Won)	2Q '21	1Q '21	QoQ	2Q '20	YoY
Refining	Revenue	4,848.2	3,797.4	27.7% ↑	2,591.5	87.1% ↑
	Operating Income	152.5	342.0	55.4% ↓	-358.7	
	(Margin)	(3.1%)	(9.0%)		(-13.8%)	
Petrochemical	Revenue	1,203.3	1,021.1	17.8% ↑	589.1	104.3% ↑
	Operating Income	134.0	98.3	36.4% ↑	91.1	47.1% ↑
	(Margin)	(11.1%)	(9.6%)		(15.5%)	
Lube Base Oil	Revenue	659.5	526.3	25.3% ↑	271.3	143.1% ↑
	Operating Income	284.5	188.9	50.6% ↑	103.3	175.4% ↑
	(Margin)	(43.1%)	(35.9%)		(38.1%)	
Total	Revenue	6,711.0	5,344.8	25.6% ↑	3,451.8	94.4% ↑
	Operating Income	571.0	629.2	9.2% ↓	-164.3	
	(Margin)	(8.5%)	(11.8%)		(-4.8%)	

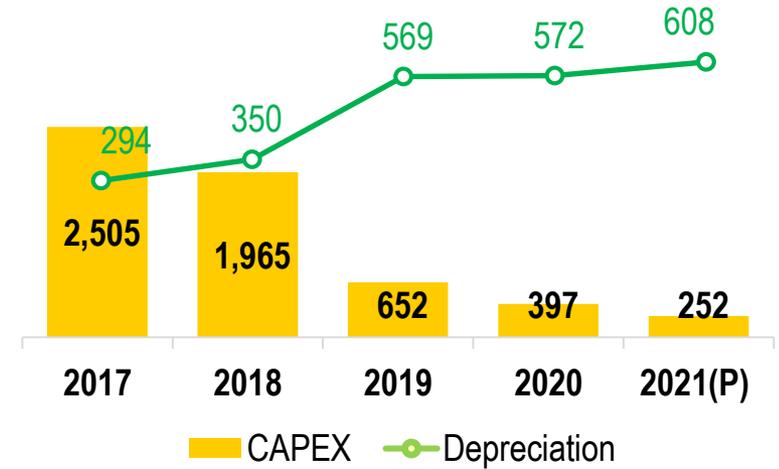
Operating Income Trend



CAPEX & Depreciation

(Unit: bil. Won)	2020	2021 Plan	1H '21
Upgrade & Maintenance	361.2	172.0	24.5
Others	36.0	80.3	19.0
Total CAPEX	397.2	252.3	43.5
Depreciation	571.5	607.7	297.3

(Unit: bil. Won)



Maintenances

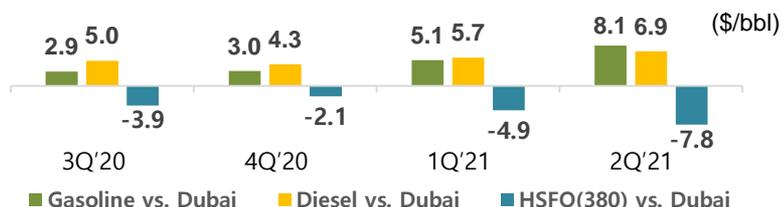
	2019	2020	1H '21	3-4Q '21(P)
Refining	#3 CDU CFU	#1 CDU	-	-
	#1,2RFCC HYC FH	#2 RFCC	-	-
Petrochemical	#2 PX	PP/PO	-	-
Lube Base Oil	HYC SH	#1 HDT	-	-

Utilization Rate

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

2Q '21 Market Environment

- Regional refining margins remained weak mainly due to decline of fuel oil spread. However, spreads of gasoline and diesel (the Company's main products) both continued to rise thanks to gradual recovery of demand amid expansion of vaccinations.



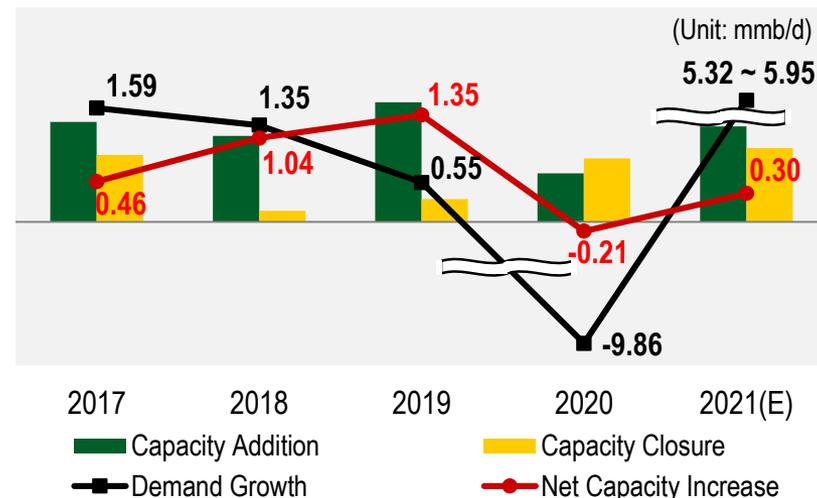
3Q '21 Outlook

- Regional refining margins are expected to rebound driven by high demand for transport fuels due to increase in economic activities and mobility around the globe.

Singapore Margin



Global Net Capacity Increase vs. Demand Growth



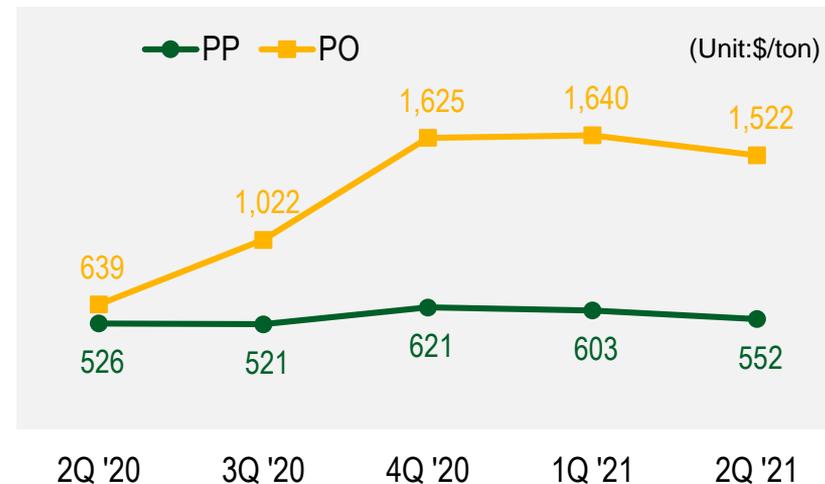
2Q '21 Market Environment

- **Propylene Oxide(PO) spread** stayed at high level supported by strong polyol demand from automotive and home appliances sectors, in spite of start-ups of new PO plants in the region and continuous rise in naphtha price.
- **Polypropylene(PP) spread** declined due to lower demand in South East Asia on resurgence of COVID-19 as well as supply increase from new capacities in the region.

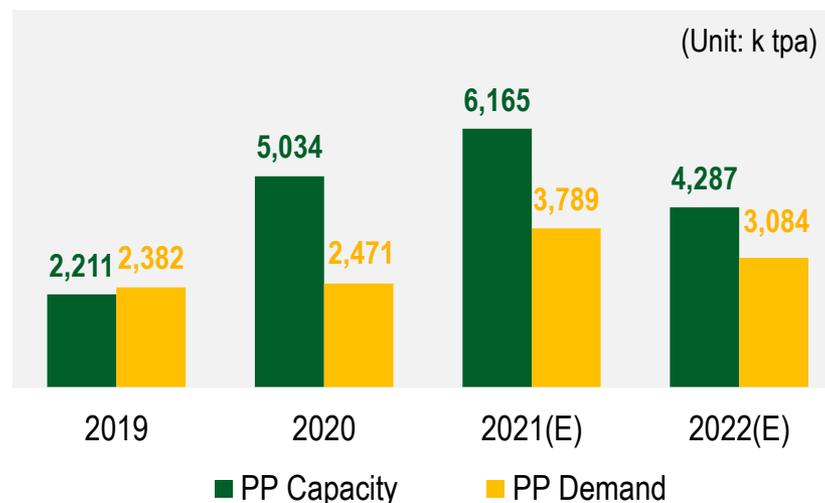
3Q '21 Outlook

- **PO spread** is expected to remain solid due to robust demand for PO derivatives mainly from automotive, building and home furniture sectors, although it would be pressurized further by supply increase from new plants.
- **PP spread** is expected to gradually bounce back once COVID-19 stabilizes in South East Asia. However, upside would be limited amid upcoming new capacities' operation in the region.

Product Spread (Vs. Naphtha)



Increase of PP Capacity and Demand (Asia & ME)



Source: ICIS, IHS, The Company

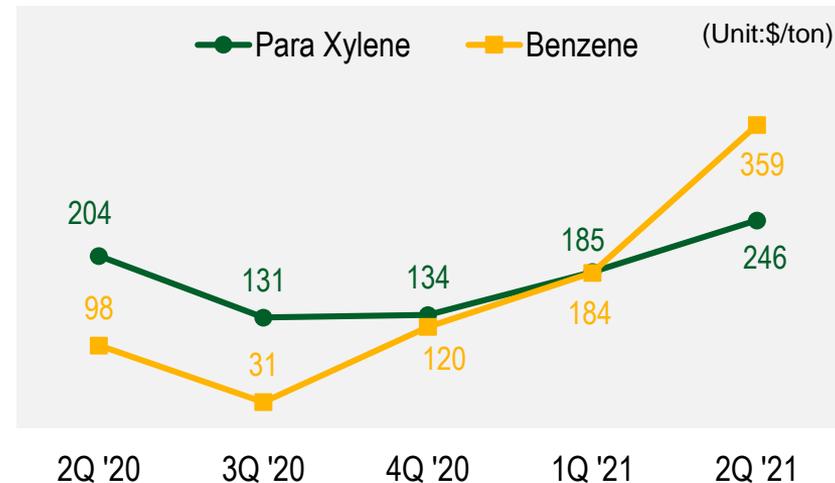
2Q '21 Market Environment

- **Para Xylene spread** continued to improve due to recovery of demand for polyester in major economies amid unplanned PX plant outages and new PTA capacity additions.
- **Benzene spread** almost doubled from 1Q on the back of strong downstream demand and hike of import from the U.S. amid the start of spring maintenance.

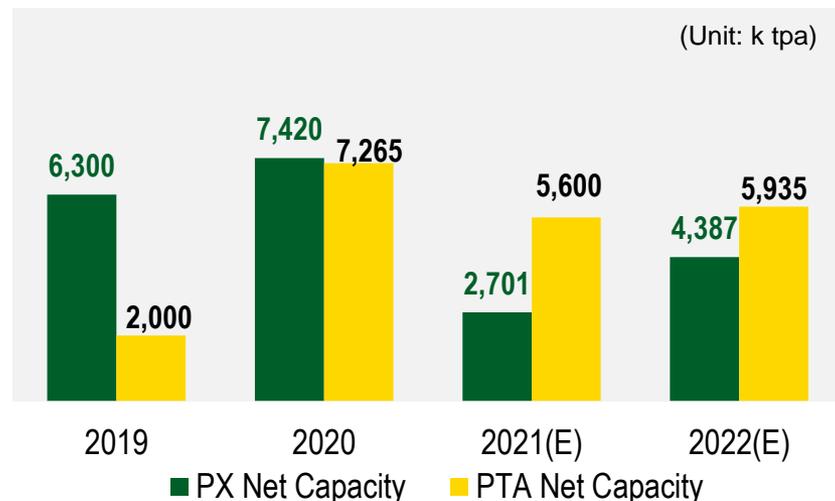
3Q '21 Outlook

- **Para Xylene spread** is expected to be flat as supply and demand in the PX market will be balanced despite concerns over the operation of new PX facilities.
- **Benzene spread** would remain healthy, supported by firm demand and high downstream operation rates despite increasing supply after maintenance and new capacity additions

Product Spread (Vs. Naptha)



PX & PTA Net Capacity Expansion



2Q '21 Market Environment

- With the demand recovery, **LBO spreads** were further widened to record high as supply tightness continued thanks to still low utilization rates of global refineries and regular maintenance of LBO plants.

3Q '21 Outlook

- LBO spreads** are expected to remain at high level with strong demand for high-quality products continuing, although supply tightness is forecast to be eased due to the return of LBO plants after maintenance.

Product Spread (Asia)



LBO Capacity Addition



Source: ICIS, Argus, Kline, The Company

Summarized Income Statement

(Unit: bil. Won)	2Q '21	QoQ	1Q '21	2Q '20	1H '21	1H '20
Revenue	6,711.0	25.6% ↑	5,344.8	3,451.8	12,055.8	8,650.2
Operating Income (Margin)	571.0 (8.5%)	9.2% ↓ -	629.2 (11.8%)	-164.3 (-4.8%)	1,200.2 (10.0%)	-1,171.6 (-13.5%)
Finance & Other Income	-22.3	-	-163.8	7.3	-186.0	-195.0
- Net Interest Gain	-26.1	-	-25.9	-37.7	-52.0	-80.6
- Net F/X Gain*	1.5	-	-109.9	34.6	-108.4	-106.9
- Others	2.3	-	-28.0	10.4	-25.6	-7.5
Equity Method Gain	0.1	-	1.7	0.5	1.8	0.7
Income before Tax	548.8	17.5% ↑	467.1	-156.5	1,016.0	-1,365.9
Net Income	410.7	19.2% ↑	344.7	-66.9	755.4	-947.5

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

Quarterly Trend of Sales by Region

(Unit: k bpd, %)		2Q '20	3Q '20	4Q '20	1Q '21	2Q '21
Sales Total		760	679	723	693	761
- Domestic		358	325	364	350	356
- Export		401	354	359	343	405
(% in export)						
	China	31.5%	25.0%	26.8%	27.3%	26.8%
	Australia	14.1%	15.0%	13.2%	13.8%	15.2%
	Japan	16.0%	18.3%	17.3%	24.3%	15.0%
	South East Asia	9.9%	12.2%	10.9%	6.7%	11.9%
	USA	2.1%	6.6%	11.0%	7.8%	8.1%
	Singapore	6.1%	5.2%	2.6%	3.3%	7.1%
	India	2.3%	3.2%	3.5%	3.9%	2.9%

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.



Target for Carbon Reduction
(Compared to BAU)

2. Efforts & Activities in 2Q

Obtained ISO 37301 for 1st time in the world

- S-OIL acquired ISO 37301 certification for its compliance management system for the first time in the world, in May.



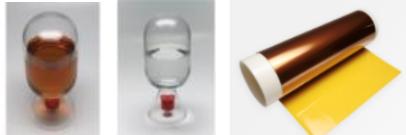
- ISO 37301 certification means S-OIL's compliance management system is of a world-class quality that successfully satisfies an international standard.

Established ESG committee

- In May, S-OIL launched the ESG committee under CEO for a more systematic and integrated response to climate change and ESG management. The committee will be tasked with creating ESG policies, strategies and a roadmap.
- The committee will convene a regular meeting every quarter to discuss, evaluate, and deliberate ESG management activities and report to the BOD what has been discussed at the committee to bolster the CEO's accountability.

Investment for New Business Opportunities

To seed future growth engines in new business areas and respond to climate change, the Company has conducted cautious but continuous investments since 2018:

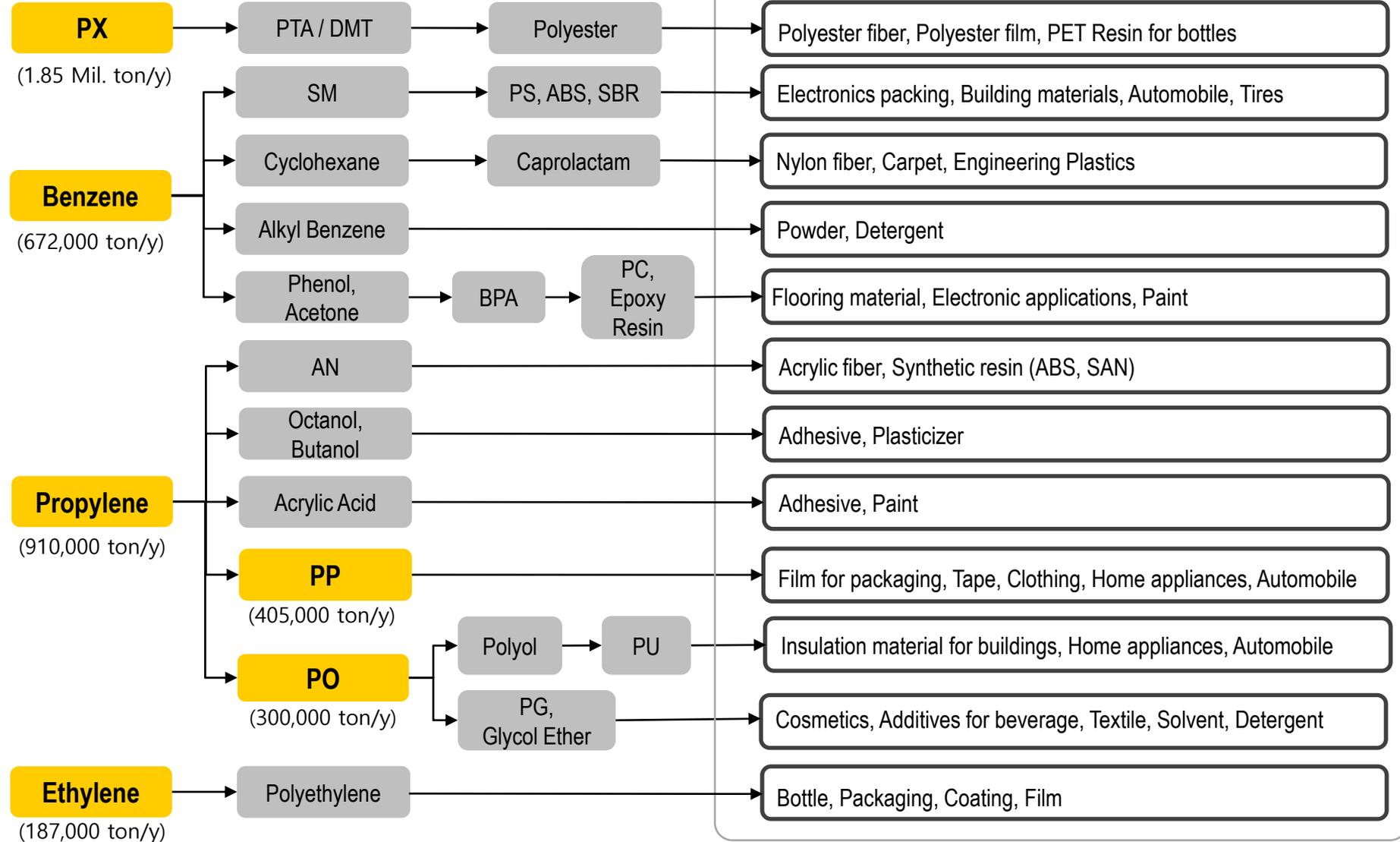
	Fuel Cell Innovation	IPITECH	OnePredict
Sector	Fuel Cell	Specialty polymer	Smart Plant, Industrial AI
Business	 <p>Engineering service for fuel cell plant and SOFC manufacturing</p>	 <p>Polyimide films & varnish materials of various characteristics</p>	 <p>Industrial AI-based PHM²⁾ solution and Industrial IoT technologies</p>
Recognition	The most efficient SOFC(solid oxide fuel cell) power generation system	Top 100 Material /Parts/Equipment Startup by MSS ¹⁾	“ICT Growth” Program by the Korean Ministry of Science and ICT
	LiBEST	Glory & Tech	Beomjun E&C
Sector	Battery & Material	Energy & Carbon Emission	Specialty Chemical
Business	 <p>Flexible Lithium-ion polymer battery with high capacity</p>	 <p>CERs³⁾ provider via CDM(Clean Development Mechanism) business</p>	 <p>Sulfur Modifier for concrete & asphalt and construction</p>
Recognition	CES Innovation Awards Tech for a Better World in 2019	Korea Climate Technology 2017 the Korean Ministry of Science and ICT	Producing HSM ⁴⁾ with Multiple Intellectual Properties

1) Ministry of Startup and SME
3) Certified Emission Reductions

2) Prognostics and Health Management
4) Hydraulic/High-Performance Sulfur Modifier

S-OIL's Petrochemical Product & Value Chain

The Company's end product



Long-term Margin Trend

Refining

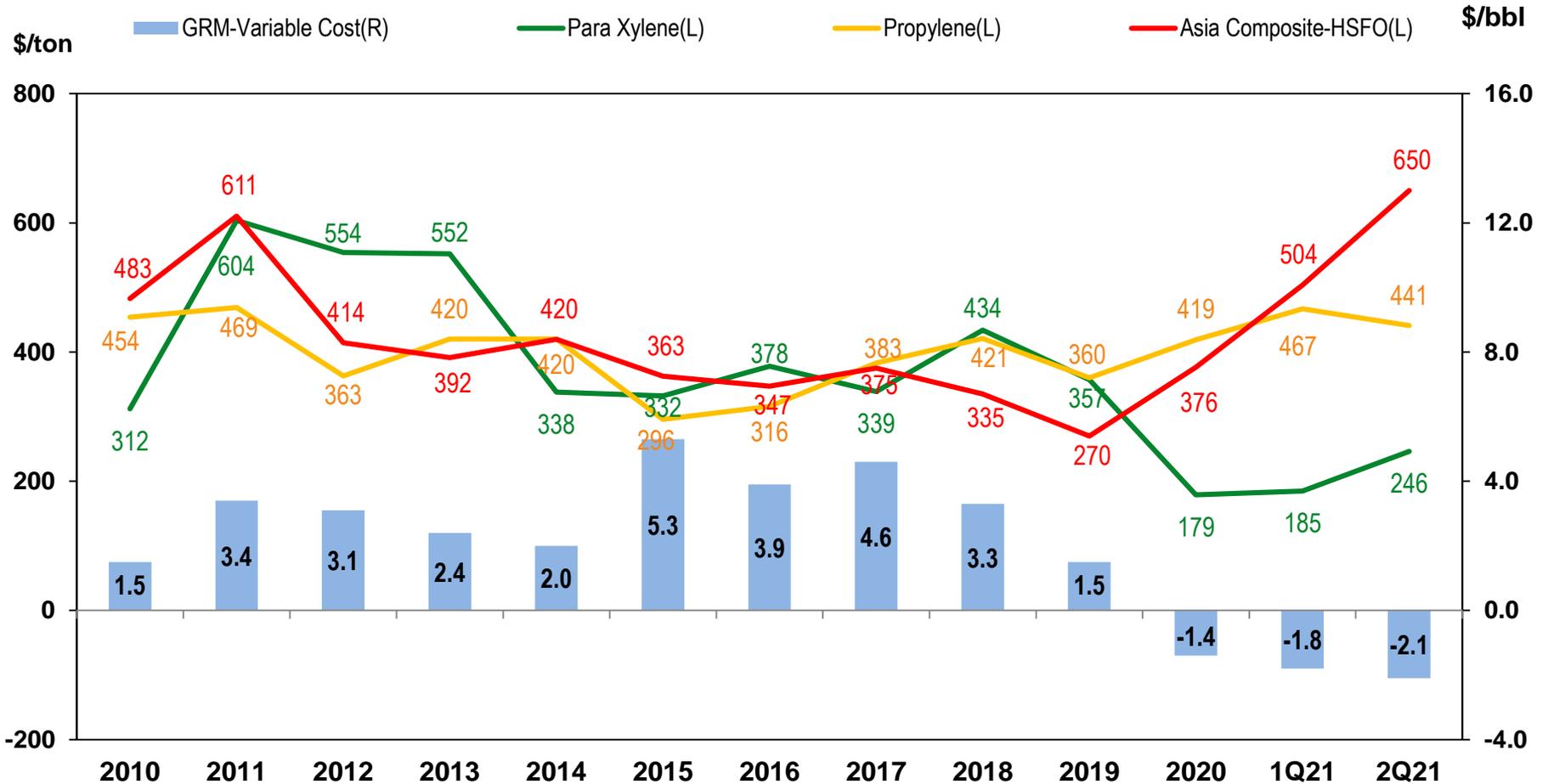
Singapore Complex Margin

Petrochemical

Product spread (Vs. Naphtha)

Lube base Oil

Product spread



Thank You

S-OIL IR Team

Contact : IRteam@s-oil.com



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.

