

S-OIL Corporation 3Q 2023 Results

October 2023



Highlights



858.9 billion Won
Operating income in 3Q

Thanks to a robust demand-driven refining margin strength and the surge in international crude oil prices, the Company reports 3Q operation income of 858.9 billion Won, marking a significant QoQ increase in profit



Global Refined Product Inventory Decline

Driven by recovery in mobility demand, refined product demand growth persisted throughout the year, causing global product inventory to fall below historical levels



Shaheen Project External Financing in Positive Progress

External financing is progressing positively, securing loans at competitive interest rates. Sound financial structure can be maintained even assuming a conservative business condition

DISCLAIMER

Financial results for 3Q 2023 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 2023 Performance & Outlook

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Supplementary Information

3Q 2023 Performance & Outlook

- 3Q 2023 Financial Result
- Financial Status
- Refining
- Petrochemical
- Lube

3Q 2023 Financial Result

(Unit: bil. Won)	3Q 23	2Q 23	QoQ	3Q 22	1Q-3Q 23	1Q-3Q 22
Revenue	8,999.6	7,819.6	15.1%↑	11,122.6	25,896.8	31,852.1
Operating Income	858.9	36.4	2,258.4%↑	511.7	1,411.0	3,565.6
(Margin)	9.5%	0.5%	-	4.6%	5.4%	11.2%
Refining	666.2	-292.1	Turn to Profit↑	78.8	664.8	2,726.1
Petrochemical	45.4	82.0	44.6%↓	56.1	156.7	8.5
Lube	147.2	246.5	40.3%↓	376.7	589.5	831.0
Finance & Other Income	-121.9	-70.2	-	-538.1	-352.9	-996.7
- Net Interest gain	-46.5	-44.2	-	-34.3	-127.1	-85.1
- Net F/X gain*	-89.5	-50.8	-	-520.0	-263.6	-871.7
- Others	14.1	24.8	-	16.2	37.8	-40.0
Income before tax	737.0	-33.8	Turn to Profit↑	-26.4	1,058.1	2,568.9
Net Income	545.4	-22.4	Turn to Profit↑	-9.6	788.3	1,875.5

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

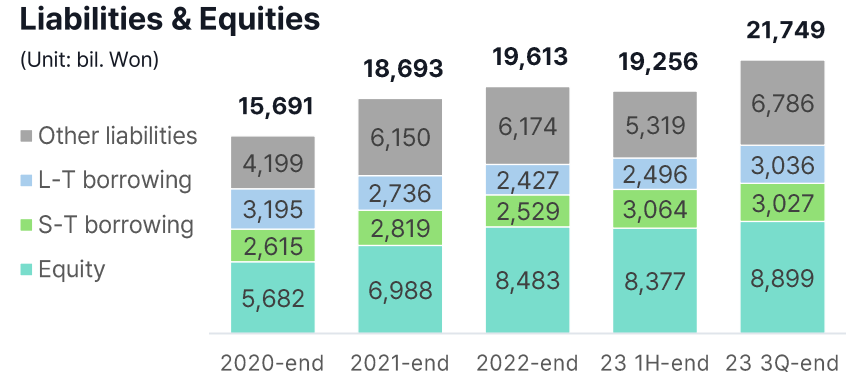
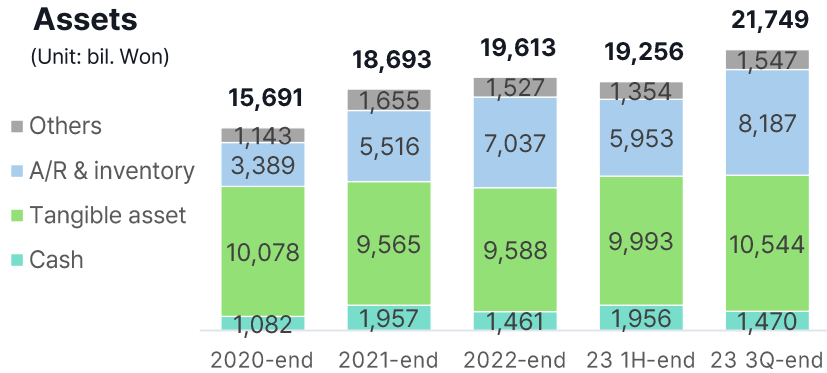
Operating Income

- 858.9 bil. Won in operating income
 - Refining segment turned positive, achieving a significant profit attributed to refining margin strength and oil price increase
 - Petrochemical and lube segments report decrease in income, primarily due to one-off and seasonal factors
- * Regular maintenance impact : -146.1 bil. Won
- * Inventory-related impact : +234.3 bil. Won

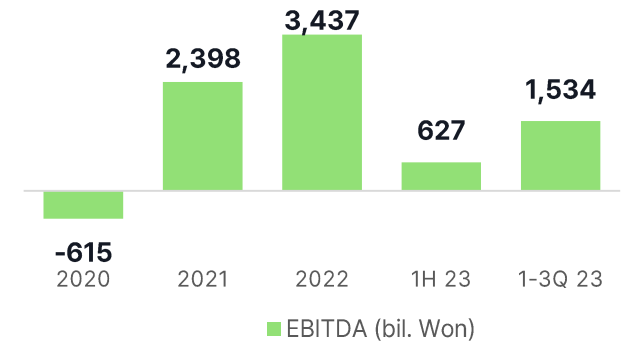
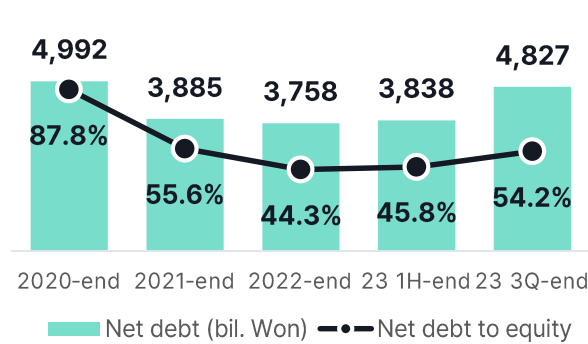
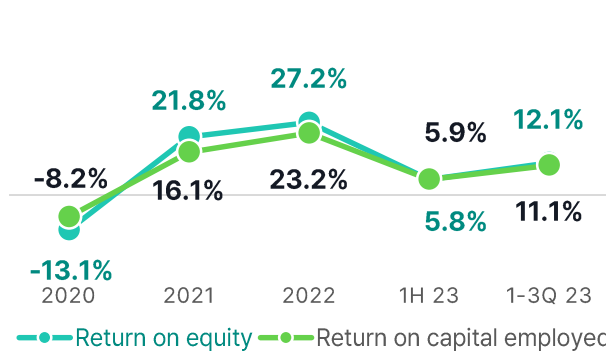
Income before Tax

- 737.0 bil. Won of income before tax
 - F/X rate change
 - 3Q : +32.0 ₩/\$
 - 2Q : +9.0 ₩/\$

Financial Status



Financial Highlights

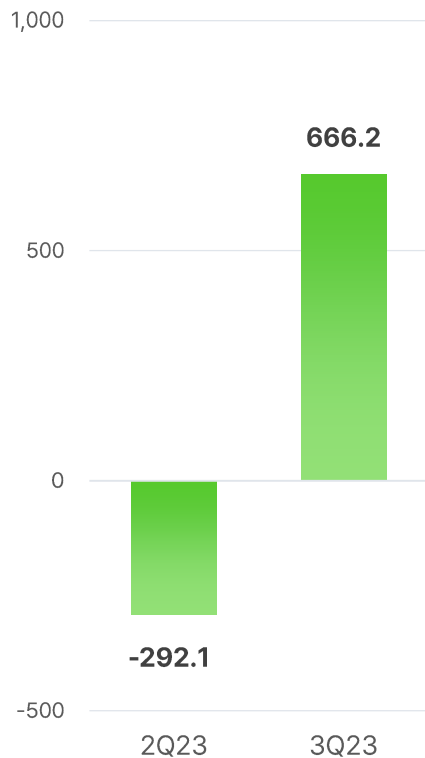


* Net debt: Short-term borrowing + Long-term borrowing + Lease obligation – Cash

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

Refining

Operating Income (Unit: bil. Won)



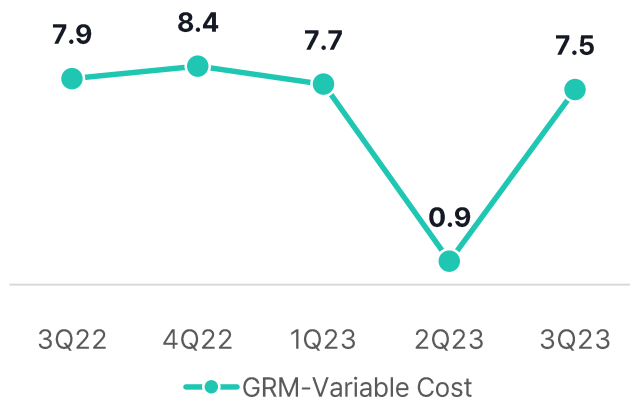
3Q 23 Market Environment

- **Regional refining margins** rebounded sharply due to strong demand in summer driving and air travel peak season amid tight supply situation
- **Dubai crude price** increased on the back of extension of voluntary production cut by OPEC+ and drawdown of global crude oil inventory

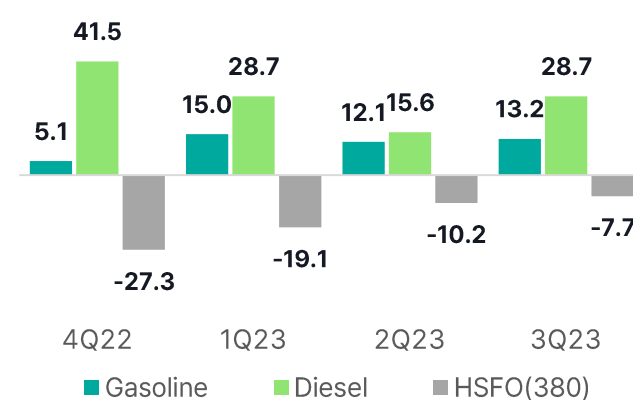
4Q 23 Outlook

- **Regional refining margins** are projected to maintain a solid level thanks to winter seasonal demand increase, given low global inventories and limited supply increase potential
 - **Kero and Jet Fuel Spread** is expected to be supported by winter heating oil demand and continued recovery of travel demand
 - **Diesel Spread** is forecast to remain firm driven by lower-than-average stockbuild and yield shift to meet winter kerosene demand

Singapore Margin (Unit:\$/bbl)

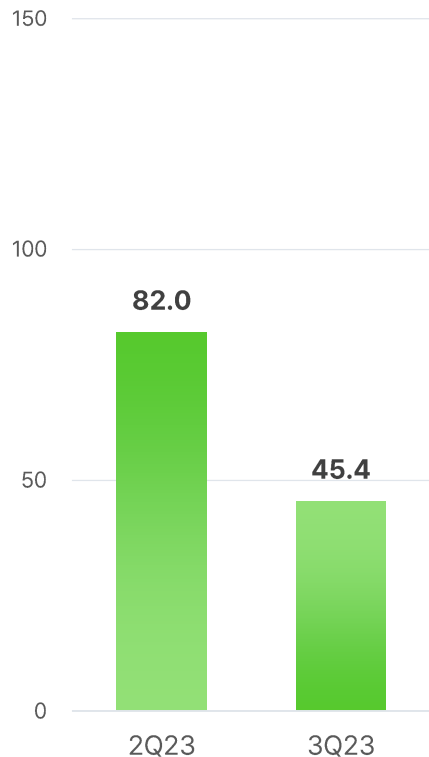


Products Spread over Dubai (Unit:\$/bbl)



Petrochemical

Operating Income (Unit: bil. Won)



3Q 23 Market Environment

Aromatics

- PX and BZ markets maintained a decent level by steady gasoline blending demand for feedstock aromatics and fresh demand from start-up of new large-scale downstream plant in the region

Olefin downstream

- PP and PO markets weakened by new start-ups in the region, and sluggish downstream demand linked to slowdown in China's manufacturing activities

4Q 23 Outlook

Aromatics

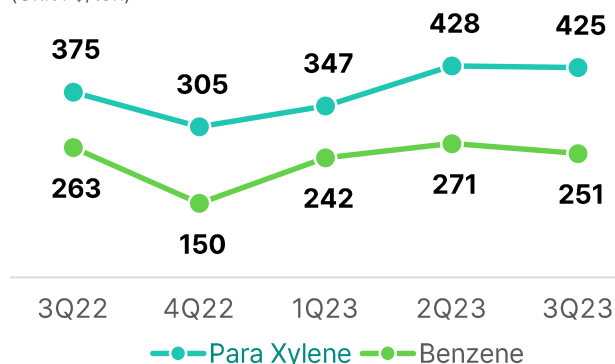
- PX and BZ markets are forecast to adjust slightly with seasonal easing of gasoline market strength, but to be supported by restart of downstream facilities after regular maintenances

Olefin downstream

- PP and PO markets are anticipated to show a gradual recovery as consumer demand picks up after the China's National Day holidays and suppliers trim operation rates considering economics

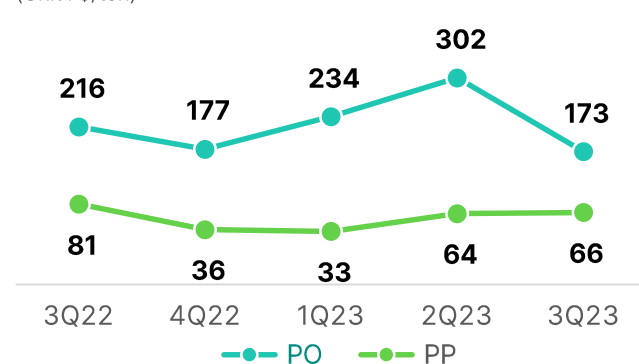
Aromatics Spread over Naphtha

(Unit : \$/ton)



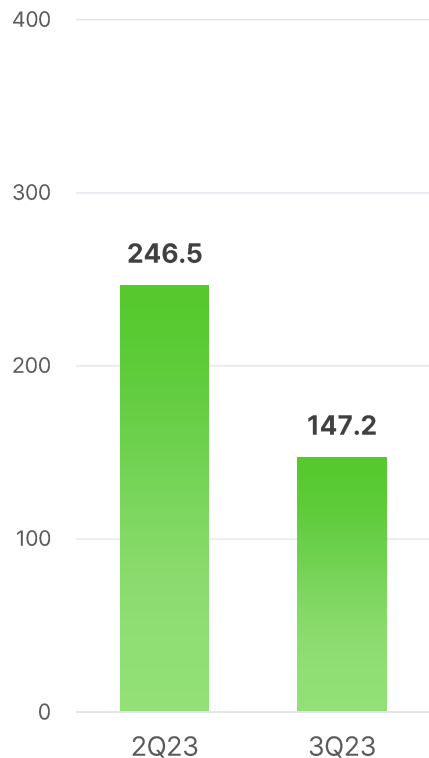
Olefin downstream Spread over Propylene

(Unit : \$/ton)



Lube

Operating Income (Unit: bil. Won)



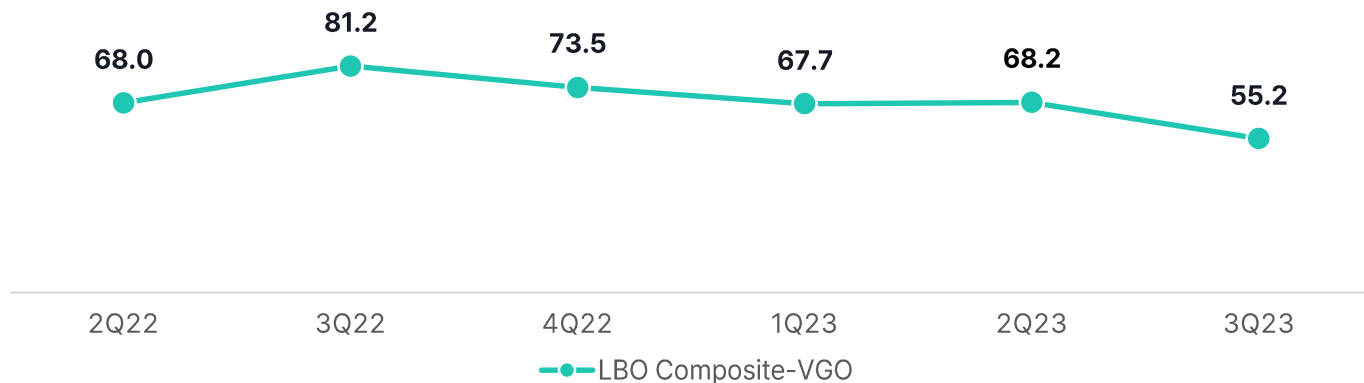
3Q 23 Market Environment

- **LBO Spread** maintained above historical average levels, but declined QoQ owing to subdued demand during the off-peak season and end of scheduled maintenance of major suppliers

4Q 23 Outlook

- **LBO Spread** is expected to show a modest upturn due to gradual demand recovery, and tight supply driven by planned maintenance and yield adjustment
 - Lube supply tightness is projected resulting from the upswing of winter diesel margin

Products Spread (Unit : \$/bbl)



Key Business Update

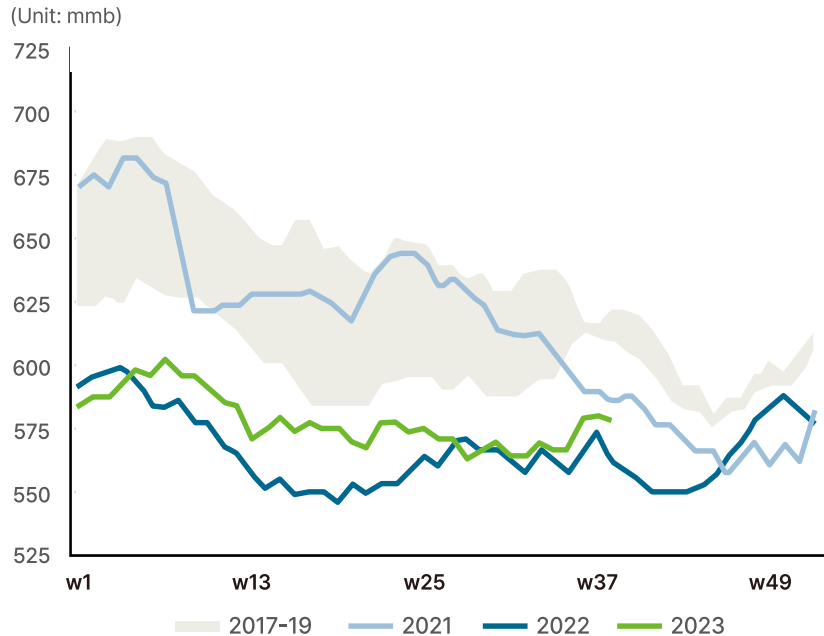
- Global Refined Product Inventory Decline
- Shaheen Project External Financing in Positive Progress

Global Refined Product Inventory Decline

- Driven by recovery in mobility demand, refined product demand growth persisted throughout the year, causing global product inventory to fall below historical levels

Main Product Stocks in Key Areas

(USA, ARA, Singapore, Japan and Fujairah)

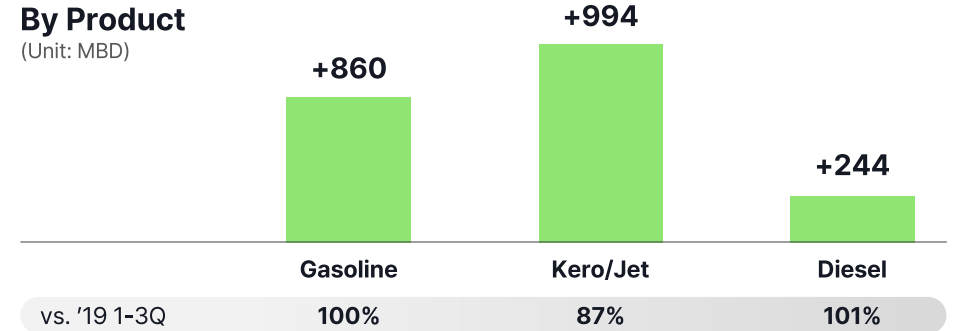


Source: FACTS, IHS, EIA, Platts

Main Products Demand Growth (1-3Q YoY)

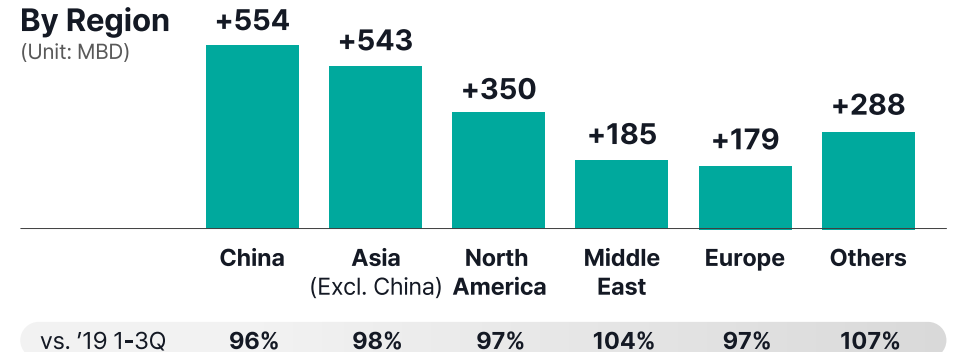
By Product

(Unit: MBD)



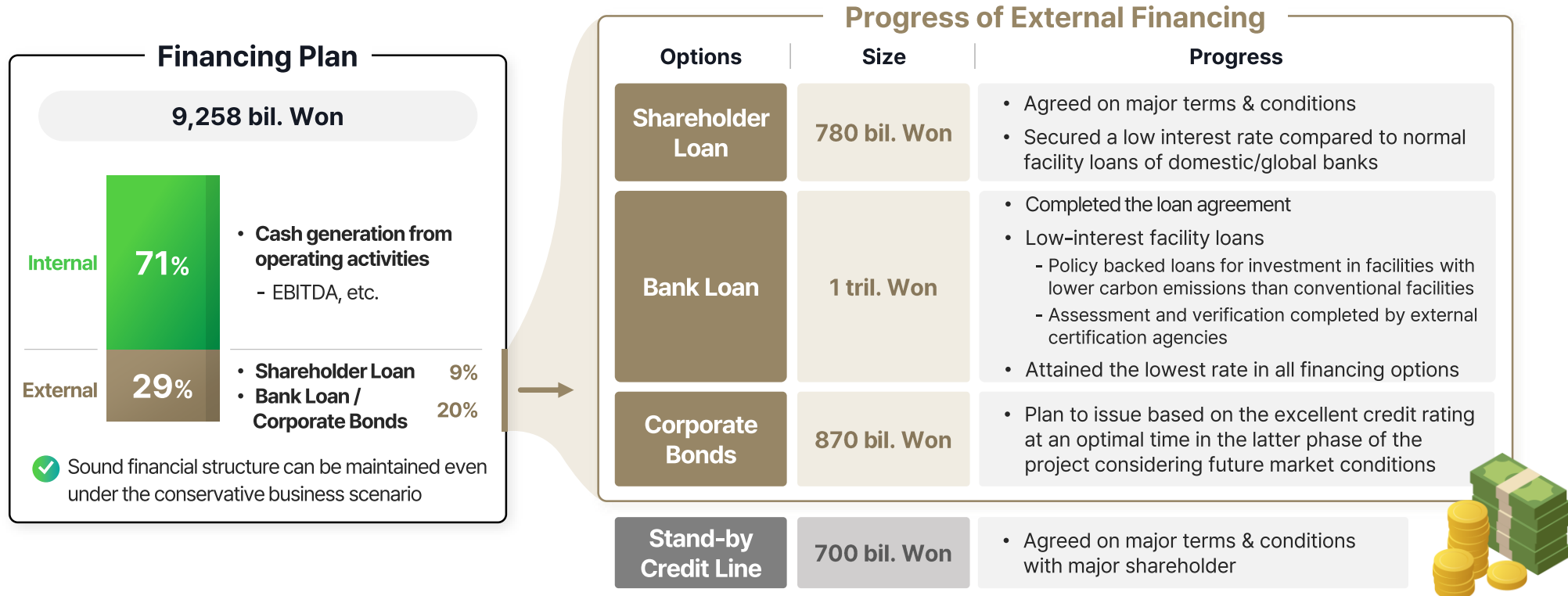
By Region

(Unit: MBD)



Shaheen Project External Financing in Positive Progress

- The Company has finalized major terms for shareholder loan and agreement for bank loans at competitively lower rates
- Through securing diversified financing options, we can optimize execution timing and minimize costs of the financing in response to future uncertainties of financial markets

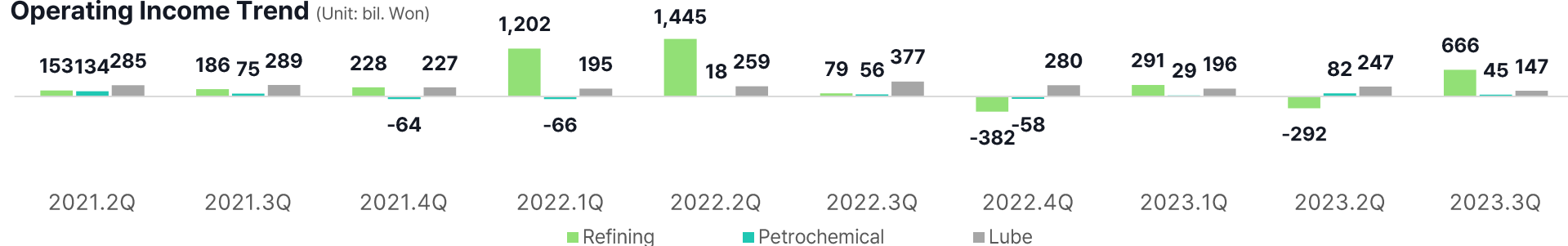


Supplementary Information

Performance by Business Segment

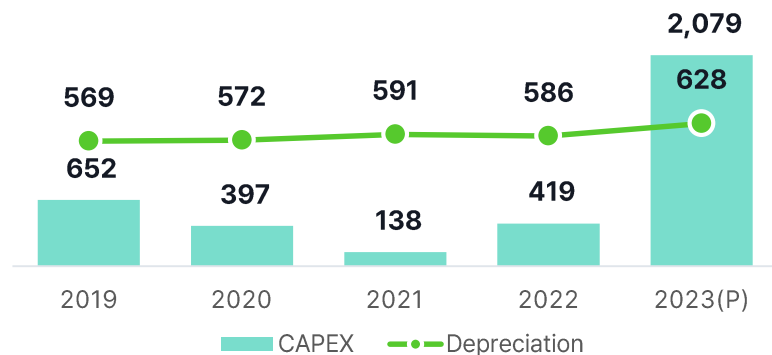
Segment	(Unit: bil. Won)	3Q 23	2Q 23	QoQ	3Q 22	1-3Q 23	1-3Q 22
Refining	Revenue	7,198.7	6,000.0	20.0%↑	9,015.7	20,475.3	25,446.9
	Operating Income	666.2	-292.1	Turn to Profit↑	78.8	664.8	2,726.1
	(Margin)	9.3%	-4.9%		0.9%	3.2%	10.7%
Petrochemical	Revenue	1,124.8	1,009.1	11.5%↑	1,161.5	3,172.4	3,830.0
	Operating Income	45.4	82.0	44.6%↓	56.1	156.7	8.5
	(Margin)	4.0%	8.1%		4.8%	4.9%	0.2%
Lube	Revenue	676.1	810.5	16.6%↓	945.4	2,249.1	2,575.1
	Operating Income	147.2	246.5	40.3%↓	376.7	589.5	831.0
	(Margin)	21.8%	30.4%		39.8%	26.2%	32.3%
Total	Revenue	8,999.6	7,819.6	15.1%↑	11,122.6	25,896.8	31,852.1
	Operating Income	858.9	36.4	2,258.4%↑	511.7	1,411.0	3,565.6
	(Margin)	9.5%	0.5%		4.6%	5.4%	11.2%

Operating Income Trend (Unit: bil. Won)



CAPEX & Operation

CAPEX & Depreciation



(Unit: bil. Won)	2022	2023(P)	1Q-3Q 23
Shaheen Project	40.6	1,483.3	858.8
Upgrade & Maintenance	272.0	451.6	336.5
Marketing related expenditure	39.1	60.0	21.4
Others	67.3	84.2	64.7
Total CAPEX	418.9	2,079.1	1,281.4
Depreciation	586.2	627.8	478.4

Maintenances

	2021	2022	1Q-3Q 23	4Q 23(P)
Refining	-	#2 CDU	#3 CDU/CFU	-
	-	#1 RFCC	#2 RFCC/HYC	-
Petrochemical	-	#1 PX/PO	#2 PX/PP	-
Lube	-	-	-	-

Utilization Rate

	2021	2022	1H 23	3Q 23
CDU	97.8%	92.6%	88.4%	90.8%
RFCC/HYC	97.0%	92.3%	84.3%	95.5%
PX Plants	91.6%	80.2%	73.1%	69.4%
PP/PO Plants	102.8%	78.7%	74.4%	89.0%
Lube Plants	99.2%	94.6%	82.9%	88.0%

Long-term Margin Trend

Refining

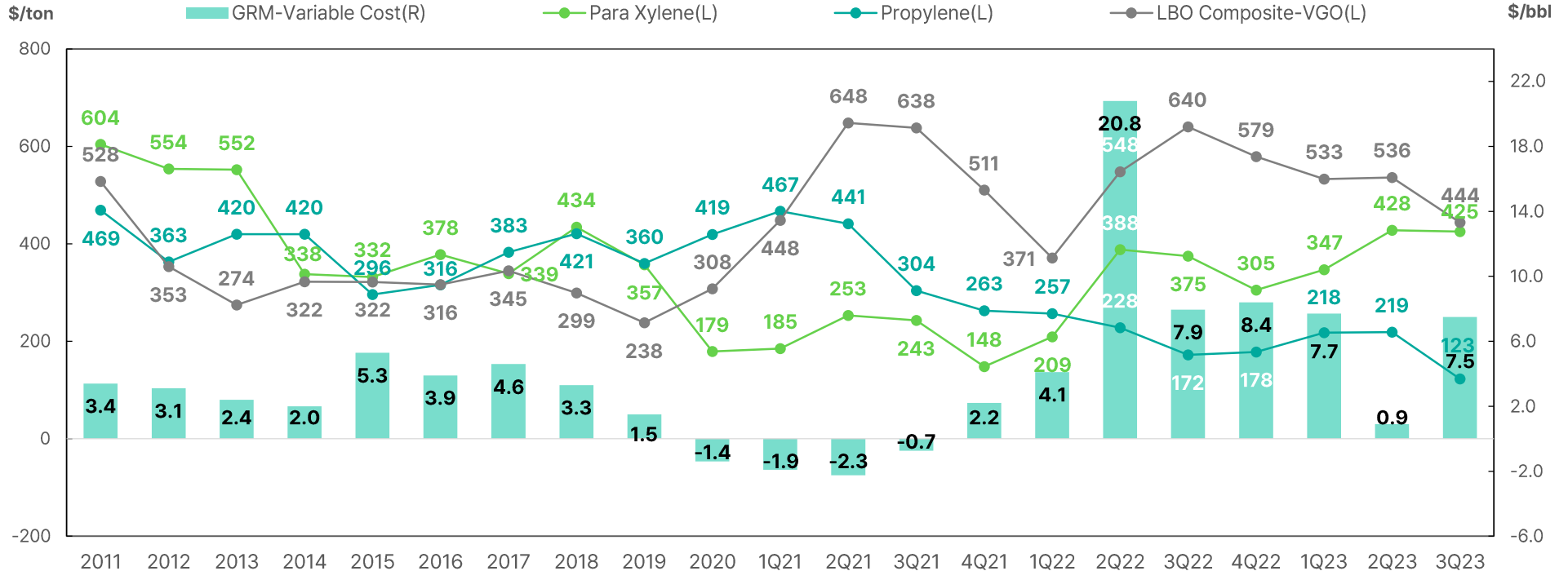
Singapore margin

Petrochemical

Product spread (vs. Naphtha)

Lube base oil

Product spread

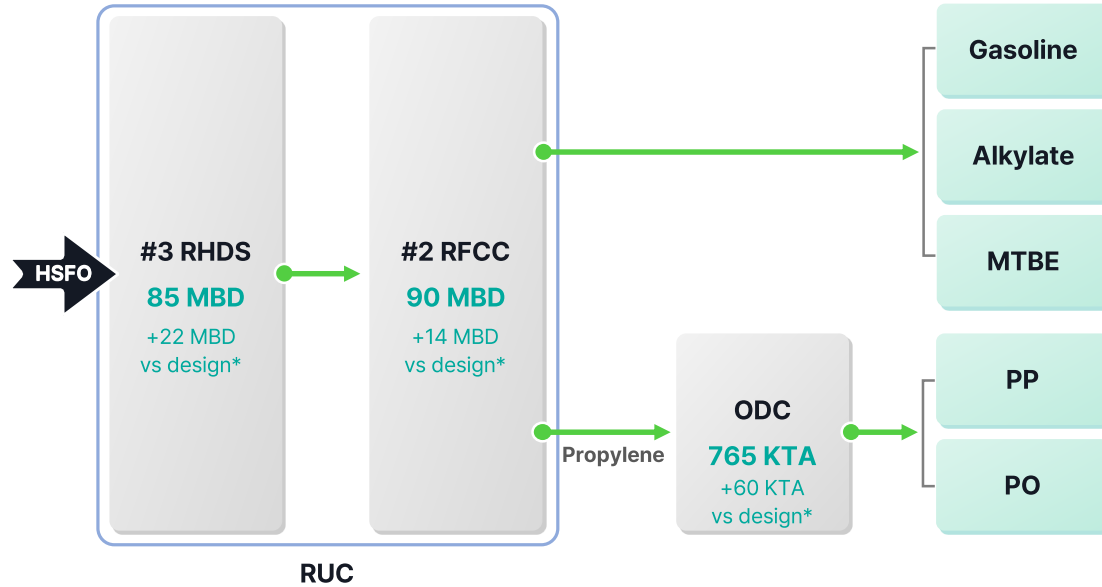


Enhanced Profitability by RUC/ODC

- S-OIL is one of the best positioned to benefit from refining margin strength with superior facility competitiveness
- Profitability of RUC has remarkably widened by upgrading heavily discounted HSFO

RUC/ODC Project

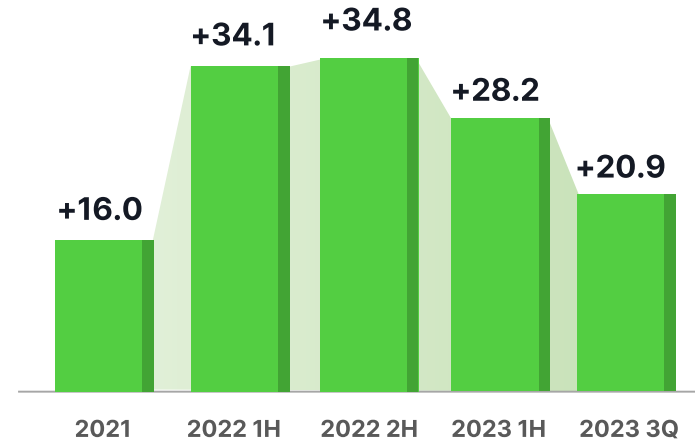
(Residue Upgrading Complex & Olefin Downstream Complex)



* Capacity increase through facility improvements

Gasoline Spread over HSFO

(Unit : \$/bbl)



S-OIL's Green Initiatives

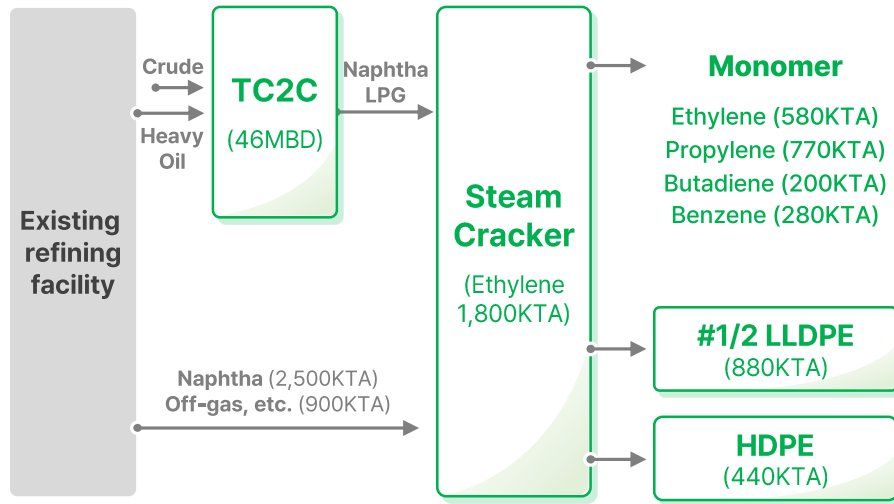
- Green Initiatives set forth strategic directions to deliver sustainable and competitive returns as we transition to a greener future maintaining focus on our unique capabilities



Shaheen Project Progress

- The Company is consolidating all of its capabilities to successfully carry out Shaheen Project, which will enhance the enterprise value in response to the energy transition
- Site preparation and EPC work is under full-fledged execution with the actual progress going smoothly according to the plan

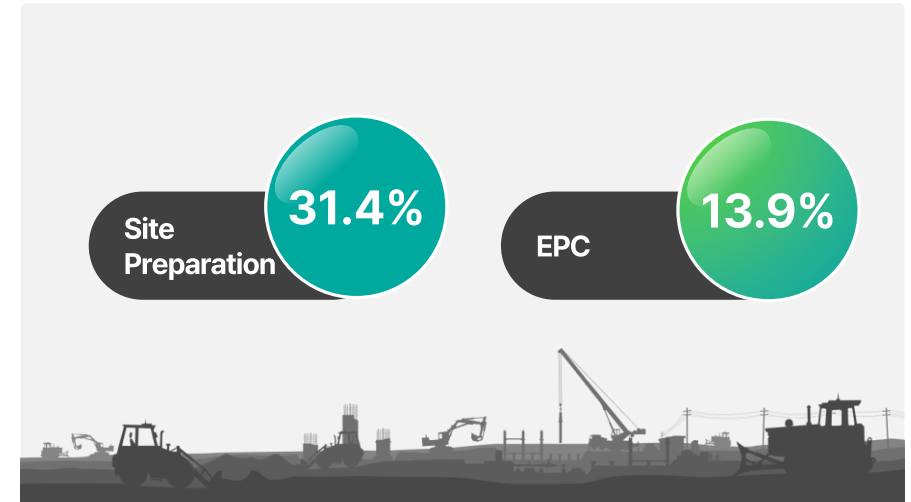
Configuration



Estimated EBITDA margin impact

▲ 4.5+α \$/B in 2027

Project Progress (Sep 2023)



Target Schedule

Mechanical Completion by 1H 2026

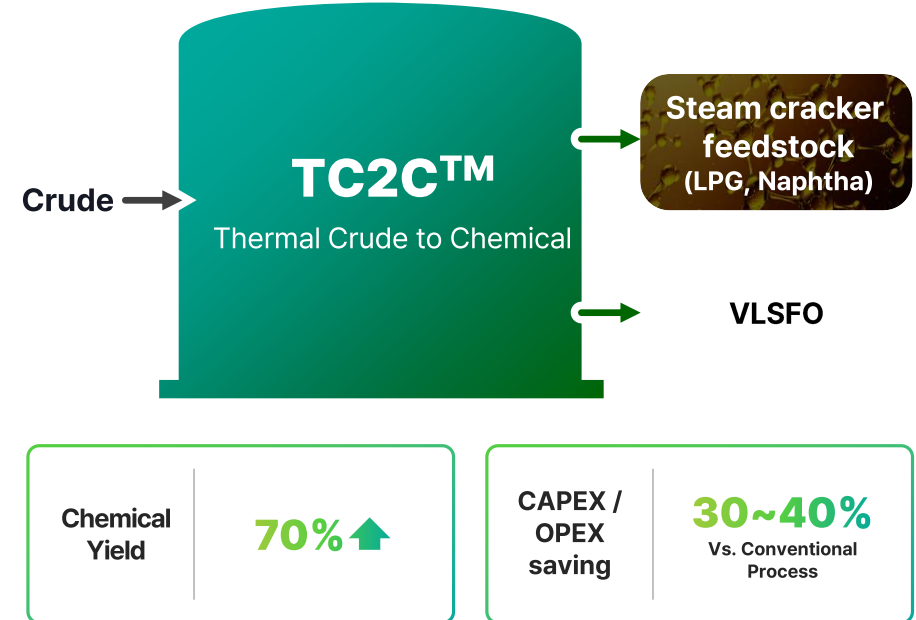
Shaheen Project Competitiveness

- Shaheen Project is a pivotal expansion into chemical business with industry-leading competitiveness, which will enable another leap forward in future profit generation capacity

Core competitiveness

- 1 Refining & chemical integration synergy in feedstock, facility and operation
- 2 New TC2C technology to maximize chemical yield
- 3 Industry-leading energy efficiency and carbon intensity
- 4 1st quartile cost competitiveness in NE Asia

New TC2C Technology



MOU with Saudi Aramco on Low Carbon Energy Solutions

In January 2022, S-OIL signed four MOUs with Saudi Aramco to enhance mutual partnership and alignment in pursuing carbon neutral and eco-friendly energy business covering clean hydrogen, thermal crude-to-chemical(TC2C), venture investment, and R&D



Collaboration for Clean Hydrogen Business

- Conduct feasibility study for blue ammonia and blue hydrogen supply and distribution in Korea
- Evaluate potential partnership models, and development plans for cooperation of the production and supply of blue ammonia and blue hydrogen

Deployment of the First Commercial Scale TC2C Technology

- Exchange information related to Saudi Aramco's TC2C technology
- Explore feasibility of potential collaboration related to Shaheen project's development & execution
- Explore Value Engineering opportunities and share operational experience



Mutual Investment into Ventures in New Energy & De-carbonization Sectors

- Explore promising Korean ventures and co-investment with Aramco Ventures in areas such as hydrogen value chain, carbon capture utilization & storage (CCUS)

R&D Collaboration on Low Carbon Energy Solutions

- Explore opportunities and feasibility of high-efficient hydrogen production with CCUS, carbon neutral e-fuel, and plastic recycling

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



S-OIL is the only company named to DJSI World for the 12th consecutive year among Asia Pacific refiners and the winner of Best Excellence Company in 2021 ESG awards from Korean Corporate Governance Service.

S-OIL Investor Relations

www.s-oil.com

