

S-OIL Corporation Q3 2024 Results

November 2024



Highlights



Setback due to Decline in Crude Oil Prices and FX Rates

Recorded operating income of -414.9 billion Won in Q3, primarily due to a one-off impact from the decline in crude oil prices and the FX rates



Gradually Improving Supply-Demand Balance

Improvement in fundamentals expected in Q4

- ✓ Reduced operating rate caused by low margins
- ✓ Heavier regular maintenances
- ✓ Demand for winter heating oil stockpiling



Shaheen Project on Track

Smooth progress on the Shaheen project, with a completion rate of 42% as of the end of October

DISCLAIMER

Financial results for Q3 2024 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.



Q3 2024 Performance & Outlook

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Supplementary Information

Q3 2024 Performance & Outlook

- Q3 2024 Financial Result
- Financial Status
- Refining
- Petrochemical
- Lube

Q3 2024 Financial Result

(Unit: bil. Won)	Q3 24	Q2 24	QoQ	Q3 23	Q1-3 24	Q1-3 23
Revenue	8,840.6	9,570.8	7.6%↓	8,999.6	27,720.0	25,896.8
Operating Income	-414.9	160.6	Turn to Minus ↓	858.9	199.8	1,411.0
(Margin)	(-4.7%)	(1.7%)	-	(9.5%)	(0.7%)	(5.4%)
- Refining	-573.7	-95.0	-	666.2	-418.3	664.8
- Petrochemical	5.0	109.9	95.5% ↓	45.4	162.9	156.7
- Lube	153.8	145.8	5.5% ↑	147.2	455.3	589.5
Finance & Other Income	142.5	-201.5	-	-121.9	-286.0	-352.9
- Net Interest gain	-57.8	-57.2	-	-46.5	-173.5	-127.1
- Net F/X gain*	202.1	-152.2	-	-89.5	-125.7	-263.6
- Others	-1.9	7.9	-	14.1	13.2	37.8
Income before tax	-272.5	-40.9	-	737.0	-86.1	1,058.1
Net Income	-206.2	-21.3	-	545.4	-61.3	788.3

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

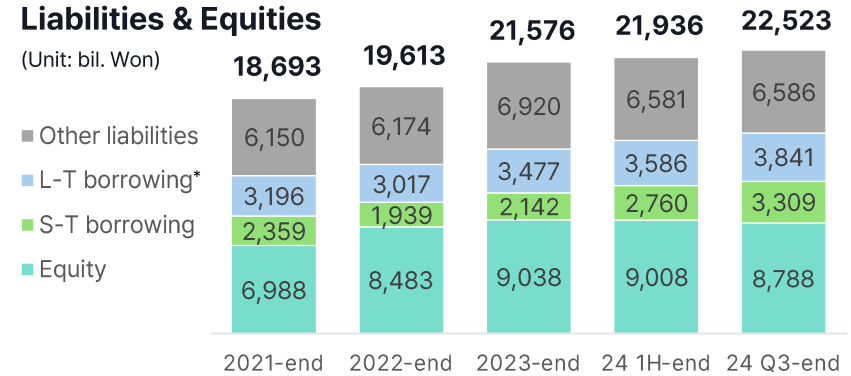
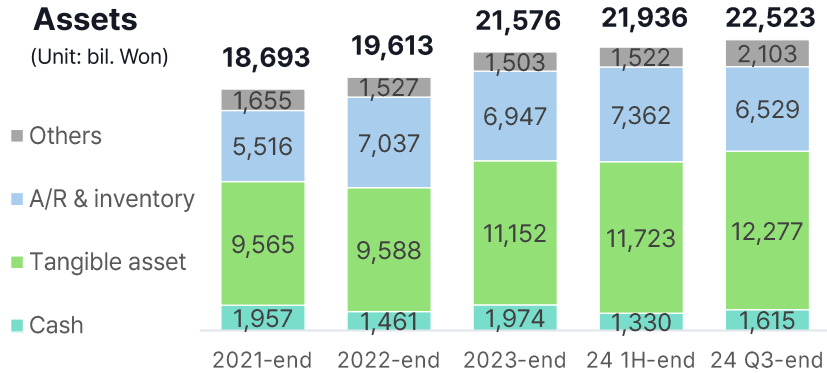
Operating Income

- -414.9 bil. Won in Q3 24
 - Refining segment reports a loss mainly due to one-off impact from the decline in crude oil prices and FX rates
 - Petrochemical segment posts decrease in income
 - Lube segment shows a consistent contribution to profits
- * Inventory-related impact : -286.1 bil. Won

Income before Tax

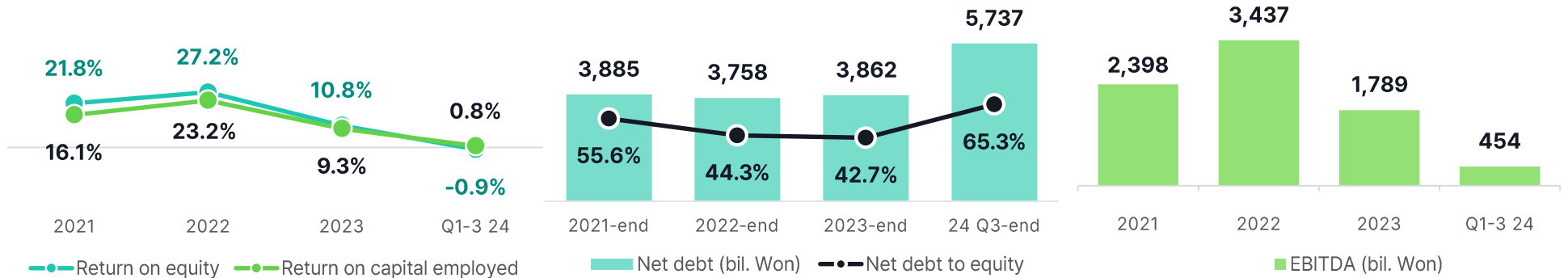
- -272.5 bil. Won in Q3 24
 - FX rate change
 - Q3 24: -69.6 ₩/\$

Financial Status



* Current portion of long-term debt included

Financial Highlights

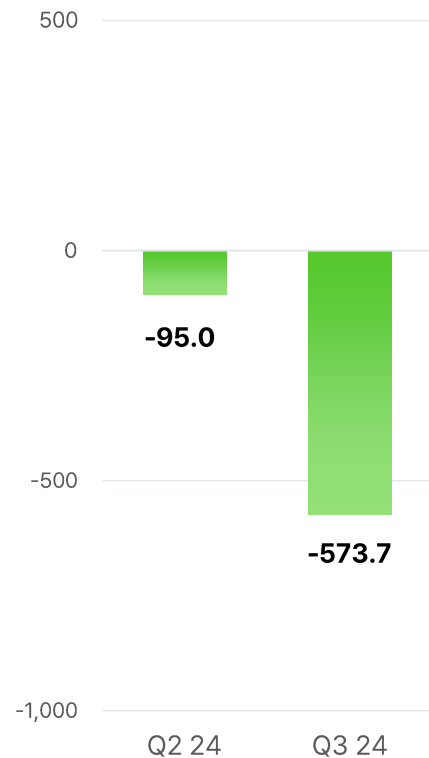


* Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

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

Refining

Operating Income (Unit: bil. Won)



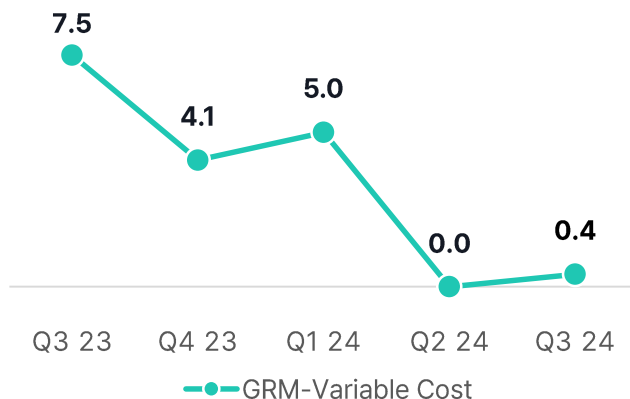
Q3 24 Market Environment

- **Regional refining margin** modestly increased thanks to the upward drivers such as improved naphtha demand, despite the downward pressure from subdued light/middle distillate markets
- **Dubai crude price** dropped due to concerns over global economic slowdown while ongoing geopolitical instability limited the downside

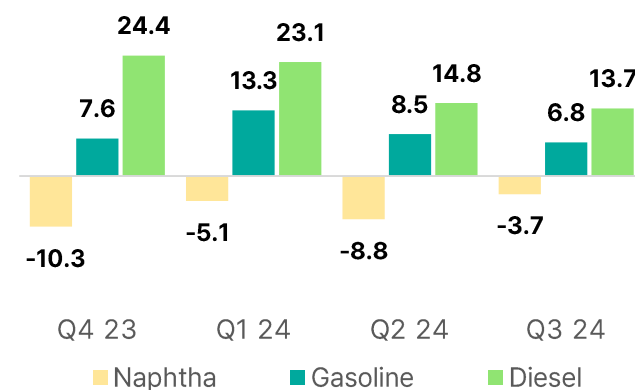
Q4 24 Outlook

- **Regional refining margin** is expected to regain momentum from seasonal demand growth under limited supply conditions
 - Reduced utilization rate by refineries within and outside the region
 - Demand increase for year-end jet fuel and winter heating oil

Singapore Margin (Unit:\$/bbl)

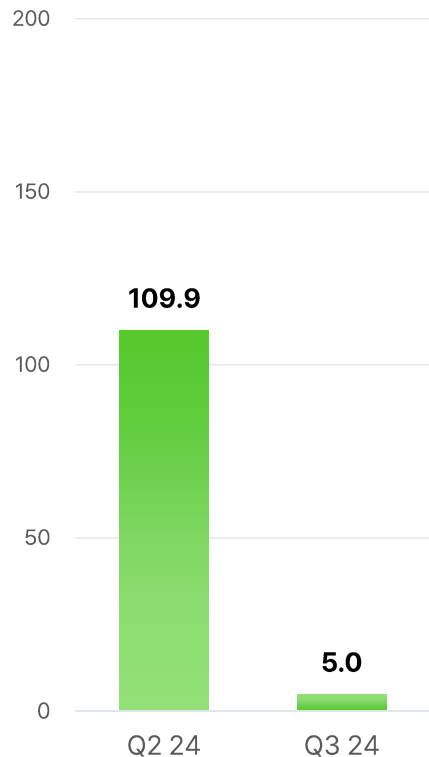


Products Spread over Dubai (Unit:\$/bbl)



Petrochemical

Operating Income (Unit: bil. Won)



Q3 24 Market Environment

Aromatics

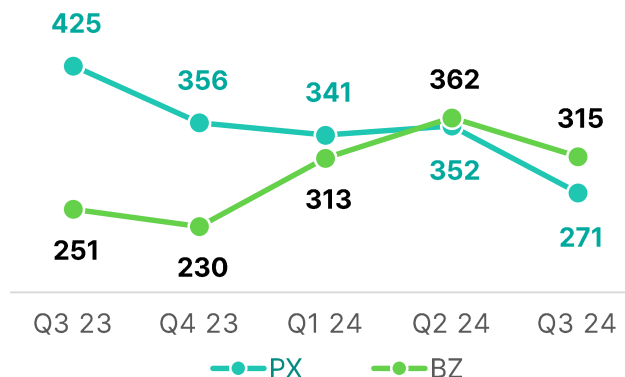
- PX and BZ markets weakened due to increased supply, driven by reduced gasoline blending demand for feedstock aromatics and restart of production facilities after maintenances
 - BZ remained firm by robust import demand from China

Olefin downstream

- PP market was bearish owing to abundant regional supply amid weak downstream demand
- PO market stayed steady by maintenance and operational adjustment

Aromatics Spread over Naphtha

(Unit : \$/ton)



Q4 24 Outlook

Aromatics

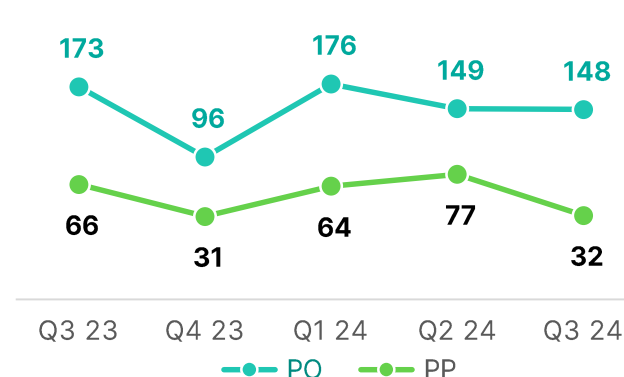
- PX and BZ markets are expected to be supported by fresh demand from new downstream capacities while gasoline blending demand stays slow

Olefin downstream

- PP and PO markets may show modest recovery depending on the impact of China's economic stimulus measure amid on-going capacity addition

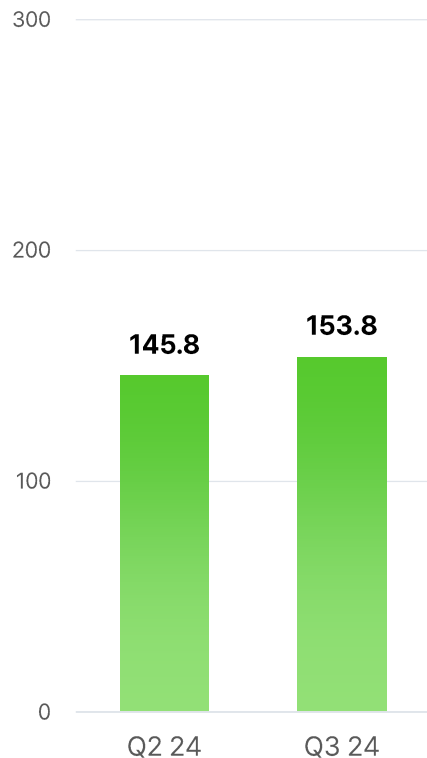
Olefin downstream Spread over Propylene

(Unit : \$/ton)



Lube

Operating Income (Unit: bil. Won)



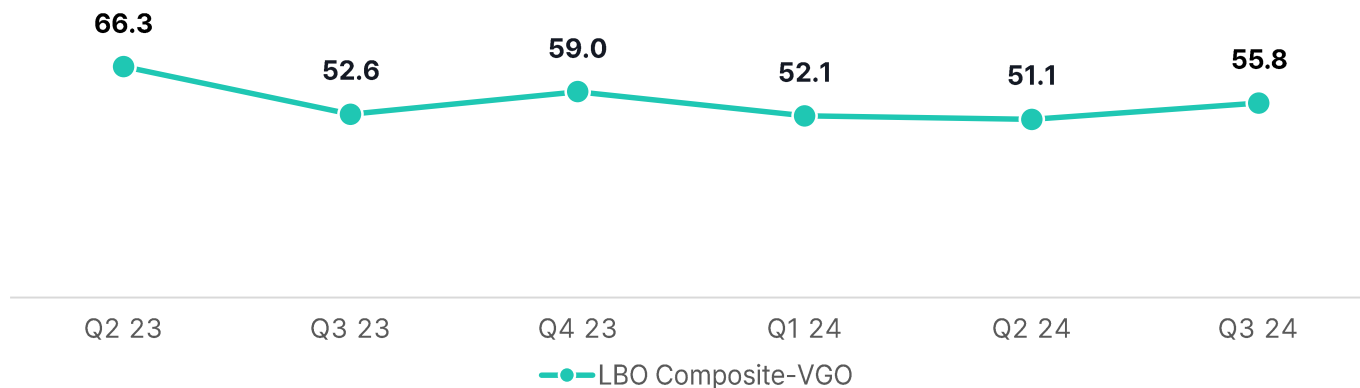
Q3 24 Market Environment

- **LBO fundamental** stayed firm as slow demand during off-peak season was balanced by tight supply of mainly Group II
 - LBO spread widened due to lowered feedstock cost

Q4 24 Outlook

- **LBO fundamental** is forecast to stay solid as ample supply is expected to be offset by regular maintenances of the US/Europe facilities

Products Spread (Unit : \$/bbl)



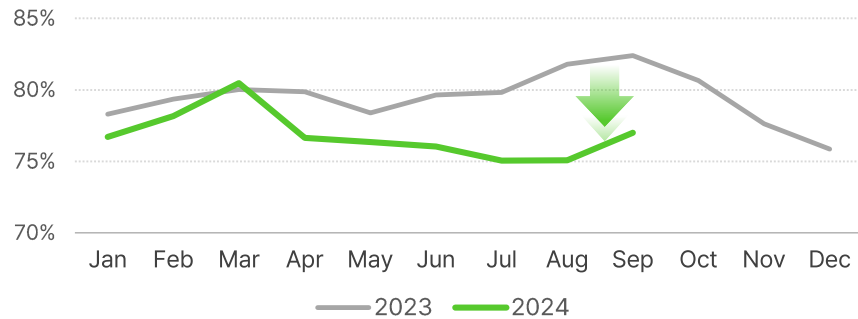
Key Business Update

- Improving Supply-Demand Balance
- Shaheen Project Progress

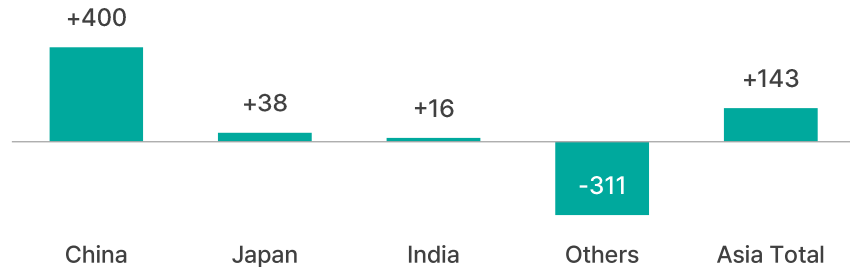
Improving Supply-Demand Balance

- Supply-Demand environment in the region is expected to gradually improve due to reduced operating rate from low margin conditions and heavier maintenances year over year, amid continued stockpiling of winter heating oil

China's Refineries Operation Rate Trend ('23~'24) (Unit: %)

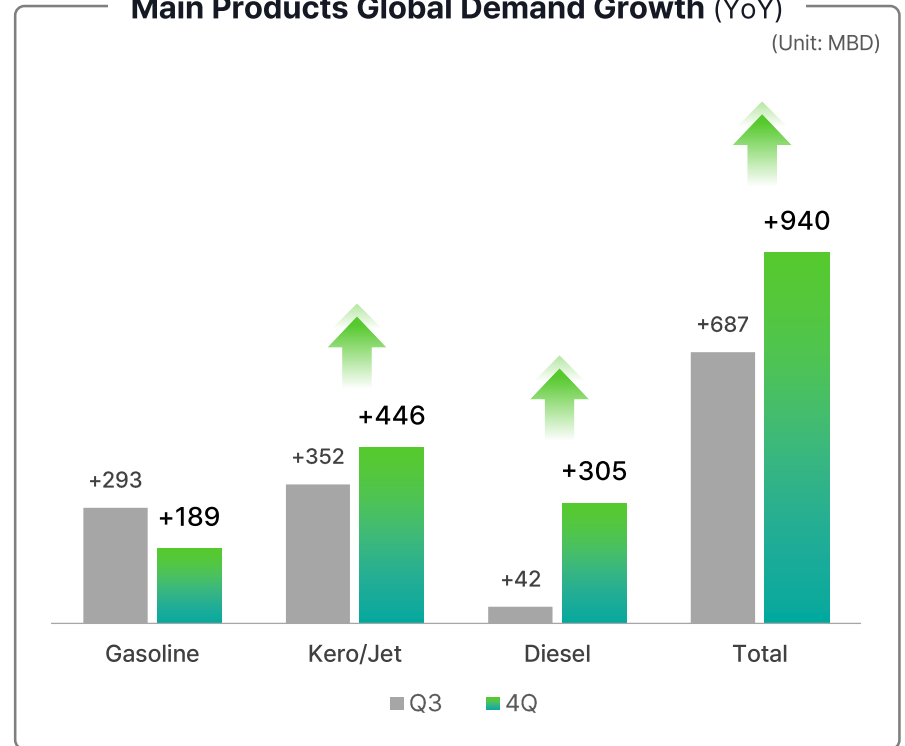


Q4 Asia Refineries Maintenance (YoY) (Unit: MBD)



Main Products Global Demand Growth (YoY)

(Unit: MBD)

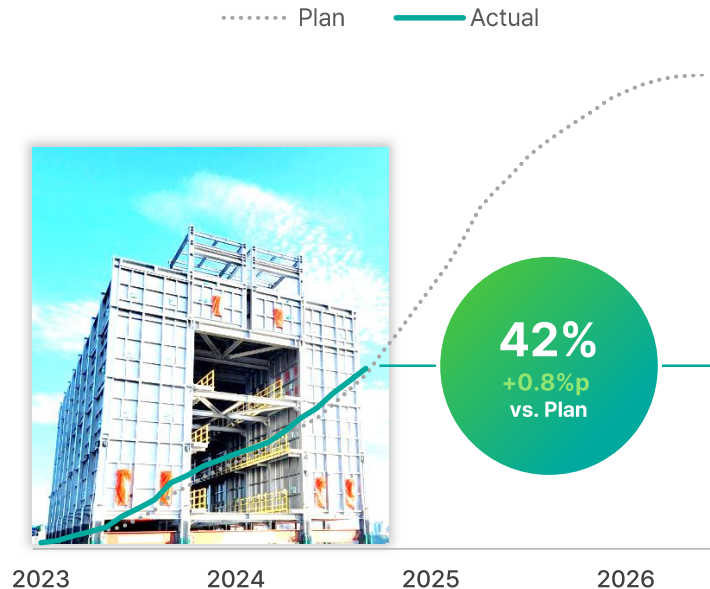


(Source: FACTS, IHS)

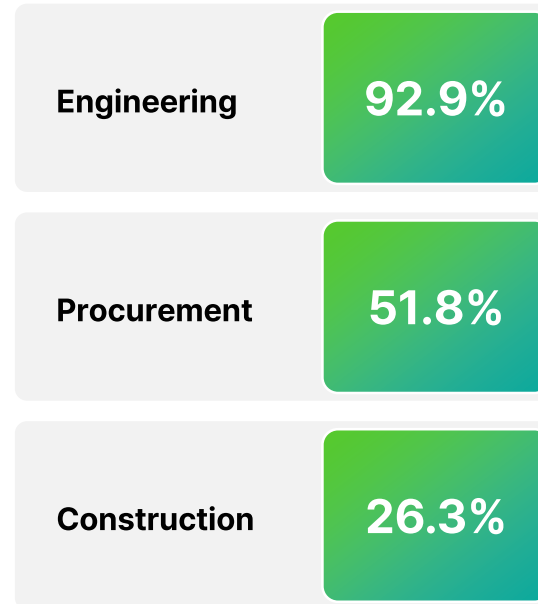
Shaheen Project Progress

- The Company is executing the Shaheen Project to prepare for the energy transition and enhance long-term corporate value
- The Project is progressing smoothly as planned, with a completion rate of 42% as of the end of October 2024

Overall Progress (as of Oct 2024)



EPC Progress



Key Activities

- Completion of review on 3D model based on detailed engineering
 - Issuing drawings for construction
-
- Completion of orders for most equipment & materials
 - Manufacturing on schedule with monitoring for timely delivery (Site delivery start of cracking heater, key equipment)
-
- Foundation work for TC2C™ reactor and heater
 - On-site installation of steam cracker cracking heater and tanks
 - Building work for polymer extruder and automated warehouse

Shaheen Project Progress

➤ As construction works ramp up, the landscape of the construction site has undergone significant changes

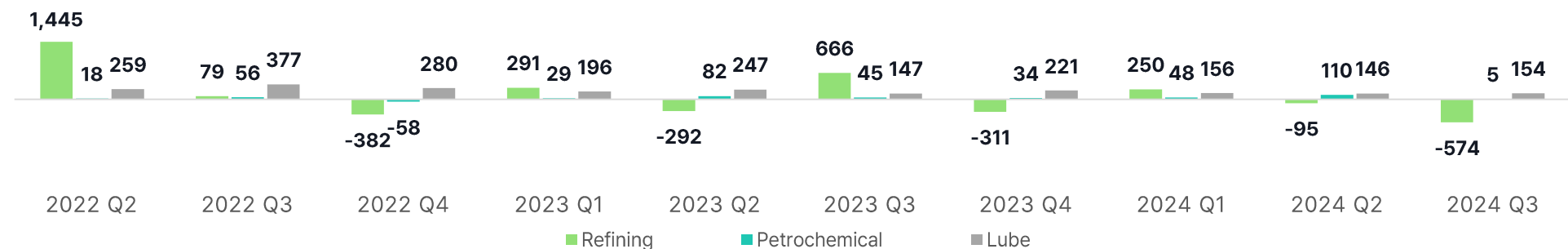


Supplementary Information

Performance by Business Segment

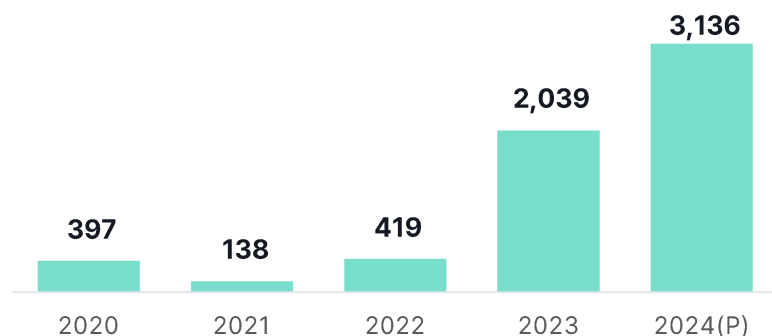
Segment	(Unit: bil. Won)	Q3 24	Q2 24	QoQ	Q3 23	Q1-3 24	Q1-3 23
Refining	Revenue	6,894.4	7,451.4	7.5%↓	7,198.7	21,790.7	20,475.3
	Operating Income	-573.7	-95.0	-	666.2	-418.3	664.8
	(Margin)	-8.3%	-1.3%		9.3%	-1.9%	3.2%
Petrochemical	Revenue	1,201.6	1,308.5	8.2%↓	1,124.8	3,606.9	3,172.4
	Operating Income	5.0	109.9	95.5%↓	45.4	162.9	156.7
	(Margin)	0.4%	8.4%		4.0%	4.5%	4.9%
Lube	Revenue	744.6	810.9	8.2%↓	676.1	2,322.4	2,249.1
	Operating Income	153.8	145.8	5.5%↑	147.2	455.3	589.5
	(Margin)	20.7%	18.0%		21.8%	19.6%	26.2%
Total	Revenue	8,840.6	9,570.8	7.6%↓	8,999.6	27,720.0	25,896.8
	Operating Income	-414.9	160.6	Turn to minus↓	858.9	199.8	1,411.0
	(Margin)	-4.7%	1.7%		9.5%	0.7%	5.4%

Operating Income Trend (Unit: bil. Won)



CAPEX & Operation

CAPEX



(Unit: bil. Won)	2023	2024(P)	Q1-3 24
Shaheen Project	1,463.6	2,716.0	1,322.2
Upgrade & Maintenance	437.4	298.0	124.1
Marketing related expenditure	45.9	58.0	27.5
Others	91.9	64.2	22.6
Total CAPEX	2,038.8	3,136.2	1,496.5

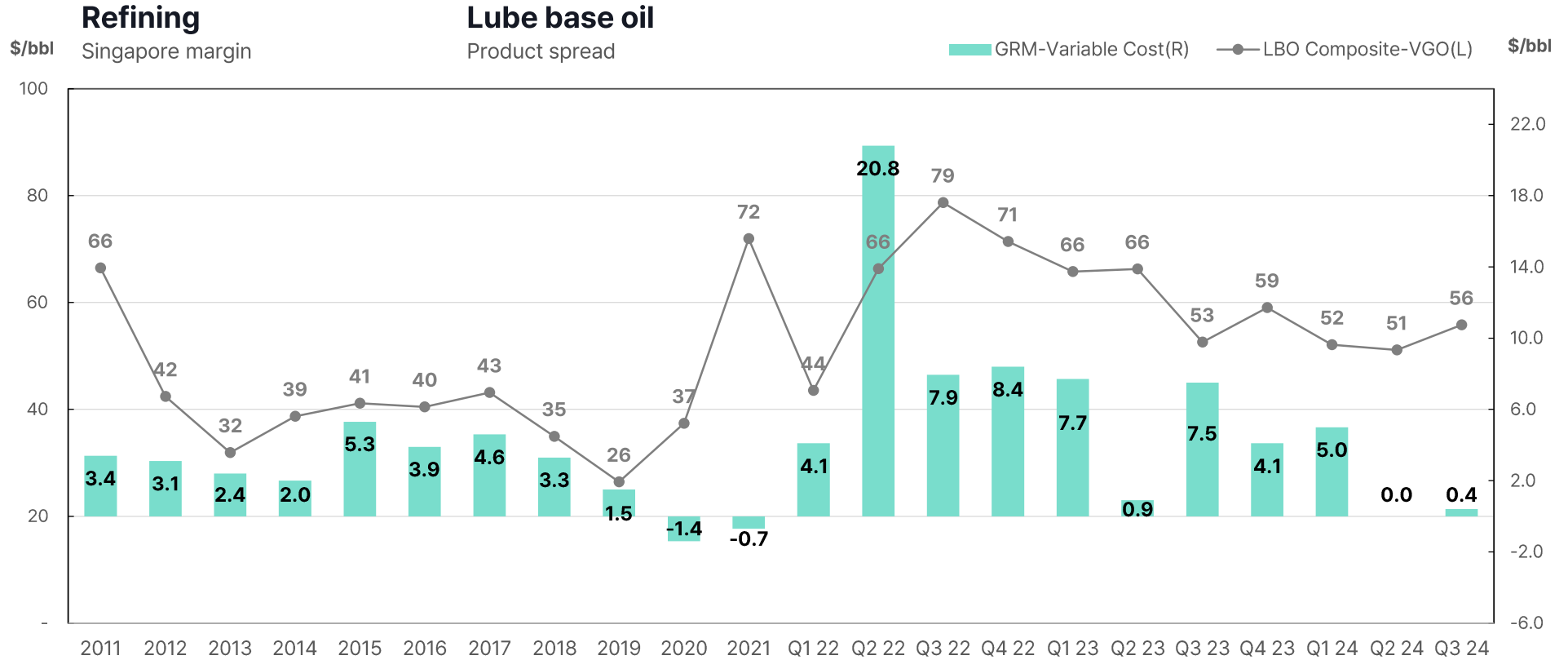
Maintenances

	2022	2023	Q1-3 24	Q4 24(P)
Refining	#2 CDU	#3 CDU/CFU	-	#1 CDU
	#1 RFCC	#2 RFCC/HYC	-	-
Petrochemical	#1 PX/PO	#2 PX/PP	-	-
Lube	-	-	-	#1 HDT

Utilization Rate

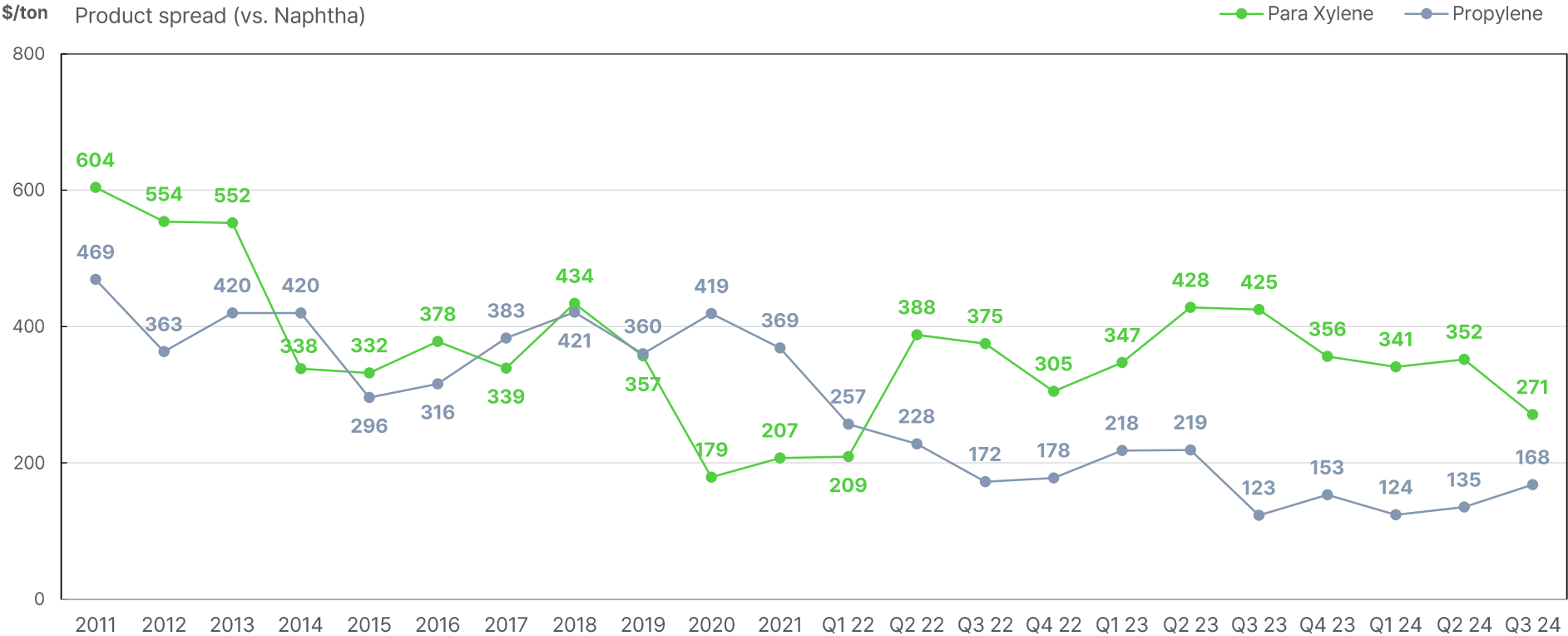
	2022	2023	1H 24	Q3 24
CDU	92.6%	90.4%	93.3%	93.3%
RFCC/HYC	92.3%	90.7%	96.9%	101.4%
PX Plants	80.2%	75.1%	81.2%	65.5%
PP/PO Plants	78.7%	77.5%	84.2%	84.4%
Lube Plants	94.6%	88.0%	97.6%	98.9%

Long-term Margin Trend



Long-term Margin Trend

Petrochemical



S-OIL's Green Initiatives

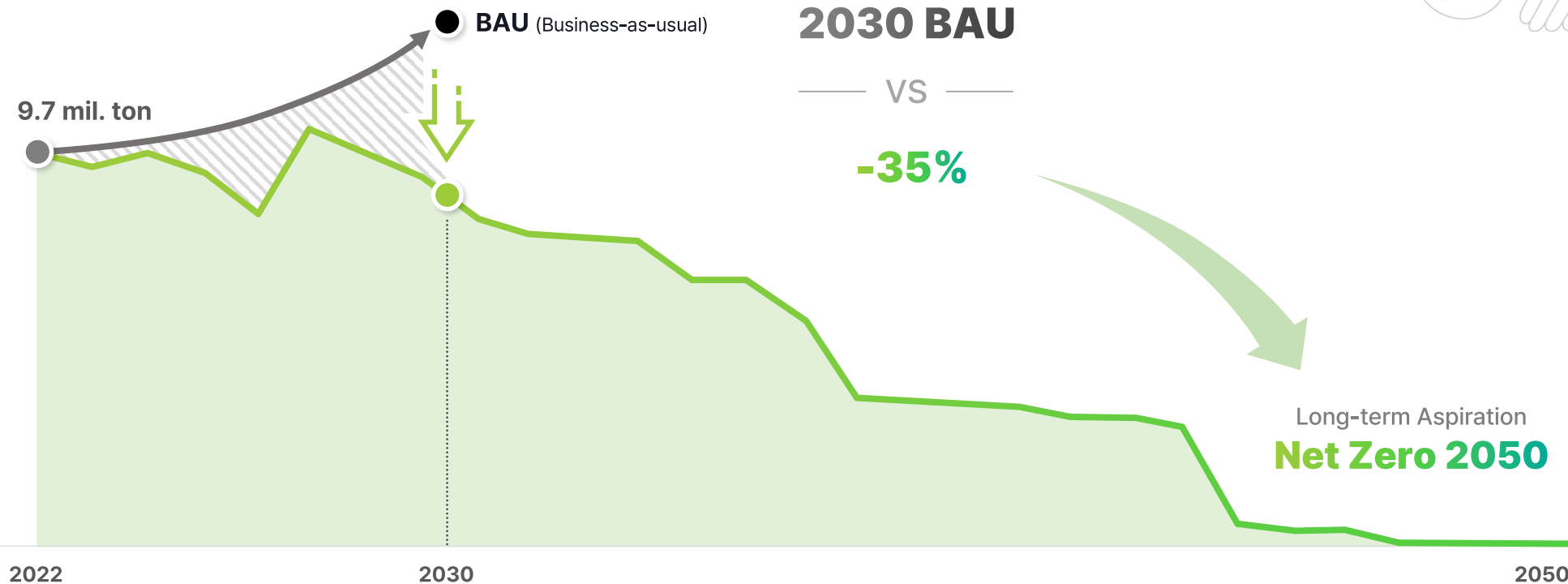
- Green Initiatives set forth strategic directions to deliver sustainable and competitive returns as we transition to a greener future maintaining focus on our unique capabilities



Decarbonization Roadmap

- Target for carbon emission reduction: -35% vs. BAU by 2030
- We have established and regularly updates the decarbonization roadmap featuring a detailed reduction pathway

S-OIL Carbon Reduction Target and Pathway



Decarbonization Initiatives

- Initiatives with feasibility and economics are implemented with higher priority
- Operational levers and low carbon utility will contribute to over 70% of planned reduction amount until 2030

Carbon Reduction Contribution by Initiatives (out of total planned reduction amount until 2030)

70%~



Operational Lever

- **Energy saving investment**
 - ✓ Heater efficiency improvement
 - ✓ Waste heat recovery
 - ✓ Process heat integration
- **MRV²⁾ enhancement**
- **Flare gas recovery**



Low Carbon Utility¹⁾

- **Gas turbine cogeneration**
 - ✓ FEED in progress (approx. 100MW)
- **Renewable energy through PPA³⁾**
- **Low carbon steam import**
- **Solar power generation**
 - ✓ Idle site in the refinery and terminal

~30%



Hydrogen

- **External hydrogen import**
- **Hydrogen firing for gas turbine**



CCUS

- **CO2 sales for industrial use**
 - ✓ Expansion of CO2 sales (100KTA→200KTA)
- **CCS for Scope-1 emission**



Offset / Others

- **SDM / Green ODA**

1) Electricity, Steam 2) Measurement, Reporting, Verification 3) Power Purchase Agreement

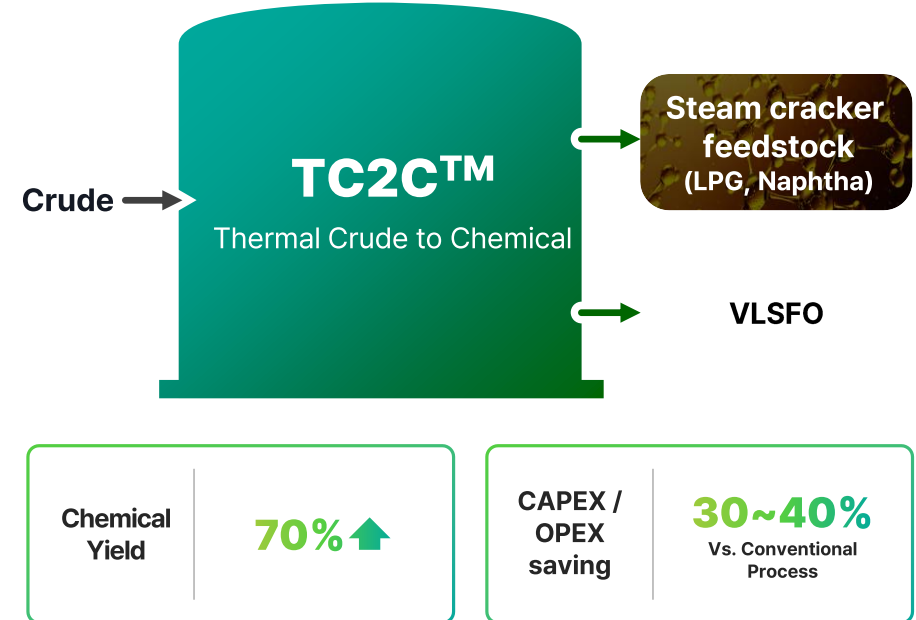
Shaheen Project Competitiveness

- 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 14th 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

