



4Q 2014 Earnings Release

January 2015

DISCLAIMER

Financial results for 4Q 2014 are provisional and accordingly 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.

4Q 2014 Performance

4Q 2014 Financial Result	4
Financial Status	5
Capital Expenditure	6
Major Business Index	7

Performance by Business Segment

Financial Result by Business Segment	8
Market Environment in 4Q 2014	9

Industry Outlook

2015 Outlook – Refining	10
2015 Outlook – Petrochemical & Lube Base Oil	11

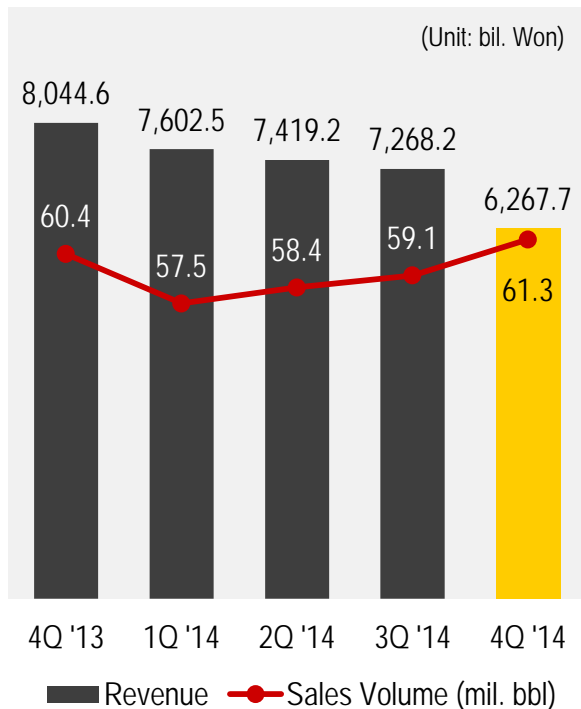
Appendix

Summarized Income Statement	12
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4Q 2014 Financial Result



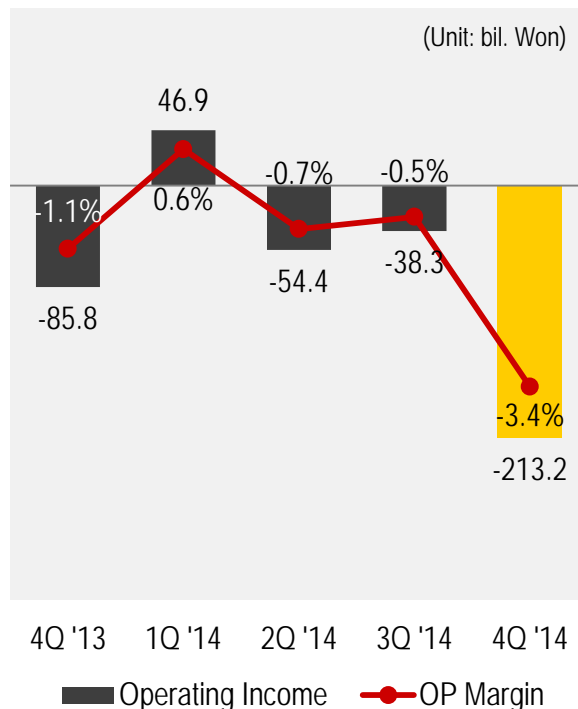
Revenue



**Dropped 13.8% QoQ
due to plunged crude oil price**

- Average selling price: 16.7% ↓, QoQ
- Sales volume: 3.6% ↑, QoQ

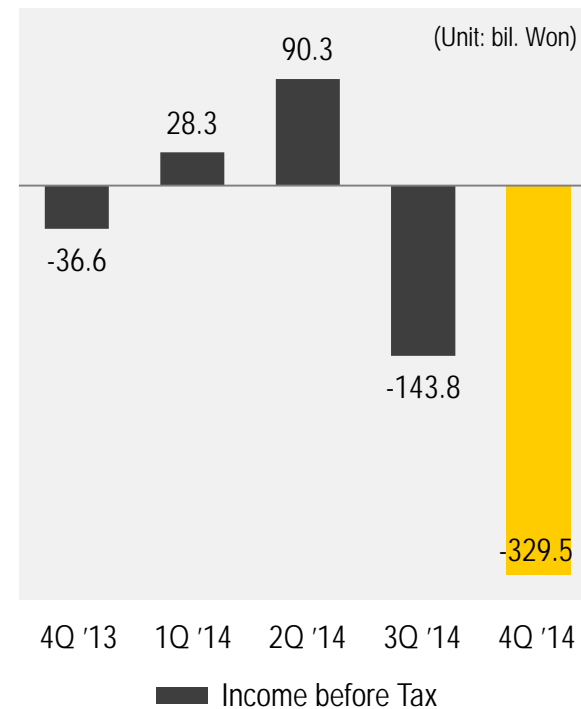
Operating Income



**Decreased 174.9 bil. Won QoQ
due to inventory related loss
despite robust refining margin**

- Inventory related loss: 310 bil. Won
- Singapore complex margin (\$/bbl): 4Q 4.0 (3.1 ↑, QoQ)

Income before Tax



**Declined 185.7 bil. Won QoQ
on the back of
Won depreciation**

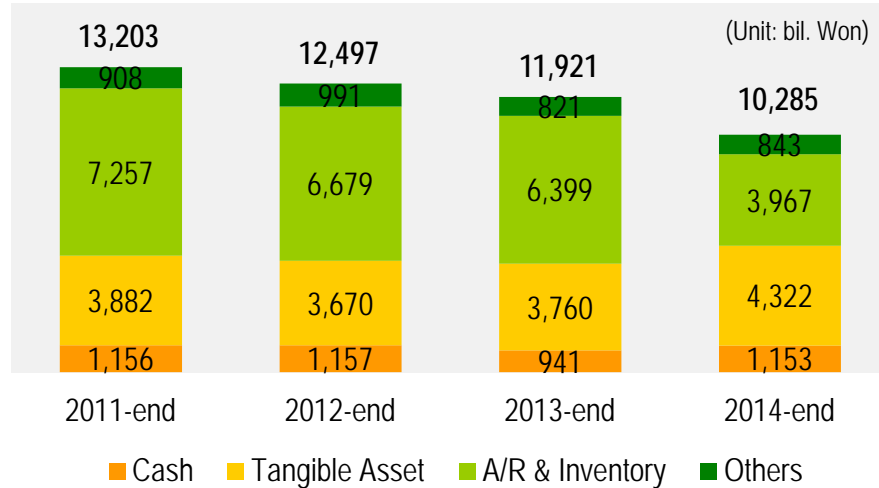
- F/X loss: 113.1 bil. Won
- ₩/\$ rate: 4Q-end 1,099.2 (48.6 ↑, QoQ)

Financial Status

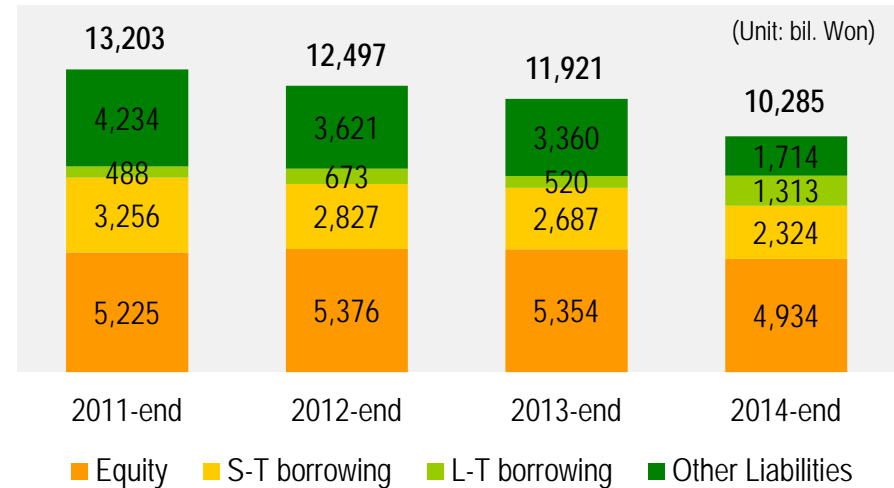


Financial Status

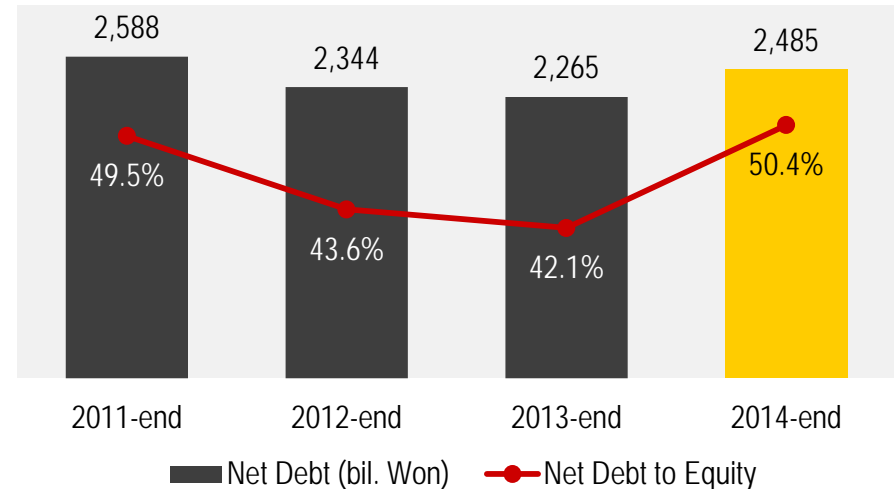
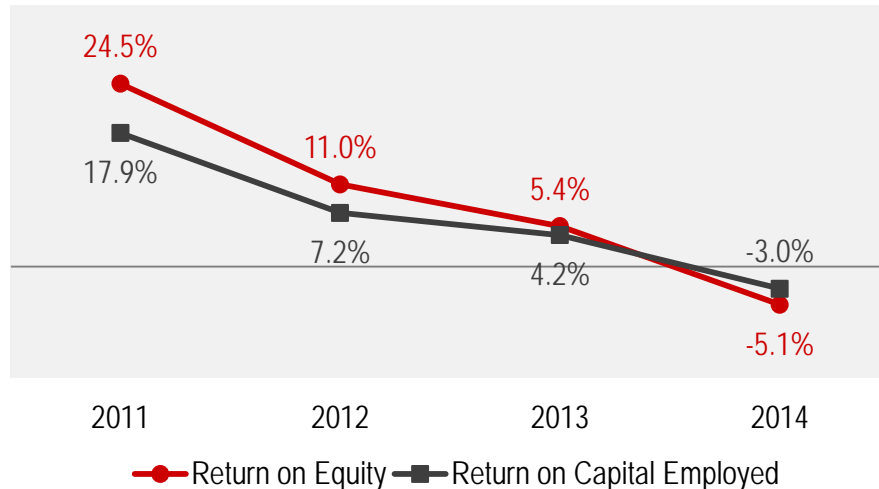
Assets



Liabilities & Equities



Financial Ratios



Capital Expenditure



CAPEX

(Unit: bil. Won)	FY '11	FY '12	FY '13	FY '14	FY '15 (Plan)
Major Projects	172.0	23.8	79.1	668.3	140.8
- Basic engineering ¹⁾ for new project ²⁾	-	-	-	68.7	13.9
- KNOC land acquisition ³⁾	-	-	-	519.0	-
- SUPER Project ⁴⁾	-	-	-	1.6	90.9
Upgrade & Maintenance	107.3	50.9	253.6	68.9	224.0
Marketing related expenditure	47.7	34.9	36.9	37.5	66.8
Others	400.3	16.0	22.6	108.8	72.2
- Land acquisition for TS&D Center ⁵⁾	-	-	-	94.4	5.5
Total	727.3	125.7	392.1	883.5	503.8

¹⁾ Proceeding process for a final decision-making, which includes basic design, close feasibility study and calculation of total investment amount

²⁾ Residue Upgrading Complex and Olefin Downstream Complex project

³⁾ Excluding incidental costs

⁴⁾ Project to maximize the profitability through upgrading and revamping of existing facilities

⁵⁾ Technical Service & Development Center

Depreciation

(Unit: bil. Won)	FY '11	FY '12	FY '13	FY '14	FY '15(E)
Depreciation (Including catalyst amortization cost)	375.8	391.2	367.8	339.7	304.2

Major Business Index



Utilization Rate

(Unit: k bpd, %)	Capacity	3Q '14	4Q '14
CDU	669.0	92.6%	92.8%
HYC FH	76.5	95.9%	95.7%
RFCC	73.0	94.7%	95.8%
Lube Plants	42.7	94.2%	86.6%
PX Center	34.7	92.3%	86.6%

2014 & 2015 T/A

	2014	2015(Plan)
CDU		CFU, #2 & 3 CDU
Refining	#1 & 2 RHDS	#1 & 2 RHDS, HYC FH
Petrochemical		#1 & #2 Aromatics
Lube Base Oil		#1 & 2 HDT, HYC SH

Sales Breakdown

(Unit: k bpd, %)	4Q '13	3Q '14	4Q '14
Sales Total	657	643	666
Domestic	284	254	287
Export	373	389	379
(% in Total)	(56.7)	(60.5)	(56.9)

(% in Export)	4Q '13	3Q '14	4Q '14
China	18.7	21.4	22.5
Japan	26.8	21.6	21.8
Australia	8.2	11.7	16.1
USA	6.4	7.8	9.9
South East Asia	9.2	5.3	6.6
Taiwan	3.7	1.6	3.2
Singapore	6.5	10.4	2.0

Financial Result by Business Segment



Refining

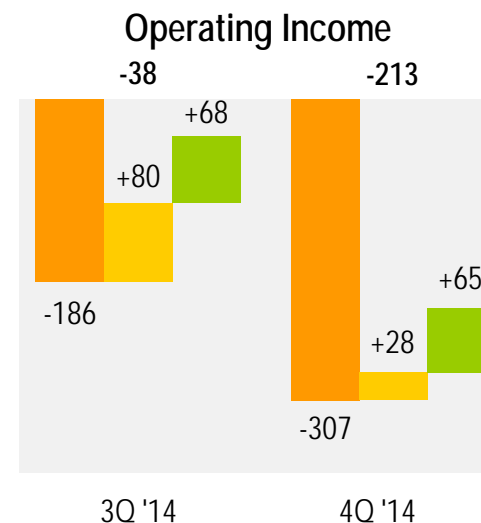
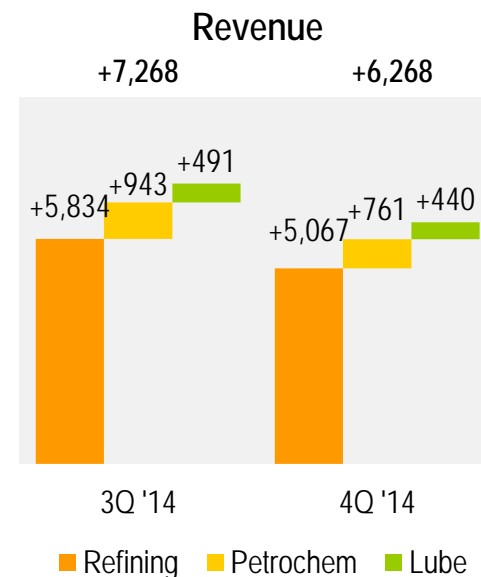
(Unit: bil. Won)	4Q '13	YoY	3Q '14	QoQ	4Q '14	2014
Revenue	6,579.4	23.0% ↓	5,834.4	13.2% ↓	5,067.0	23,080.1
Operating Income	-253.8	-	-186.0	-	-306.8	-698.7
(Margin)	(-3.9%)	-	(-3.2%)	-	(-6.1%)	(-3.0%)

Petrochemical

(Unit: bil. Won)	4Q '13	YoY	3Q '14	QoQ	4Q '14	2014
Revenue	994.1	23.5% ↓	943.1	19.4% ↓	760.5	3,505.9
Operating Income	118.0	76.0% ↓	80.2	64.6 ↓	28.4	182.0
(Margin)	(11.9%)	-	(8.5%)	-	(3.7%)	(5.2%)

Lube Base Oil

(Unit: bil. Won)	4Q '13	YoY	3Q '14	QoQ	4Q '14	2014
Revenue	471.1	6.5% ↓	490.6	10.3% ↓	440.3	1,971.6
Operating Income	50.0	30.4% ↑	67.5	3.3% ↓	65.2	257.8
(Margin)	(10.6%)	-	(13.8%)	-	(14.8%)	(13.1%)

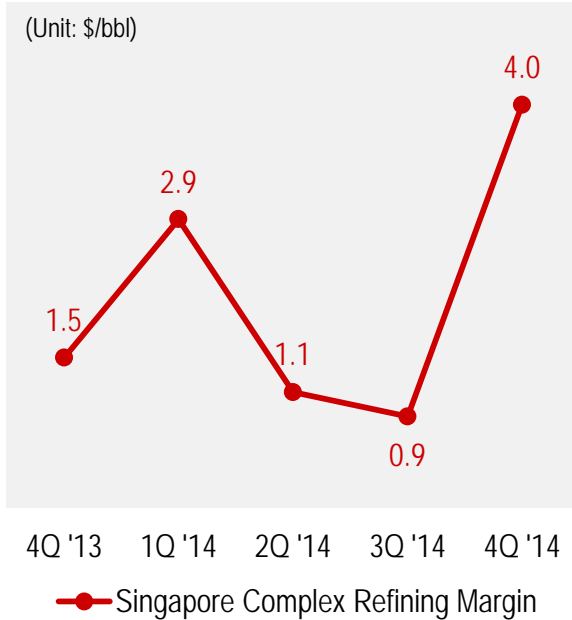


Market Environment in 4Q 2014



Refining

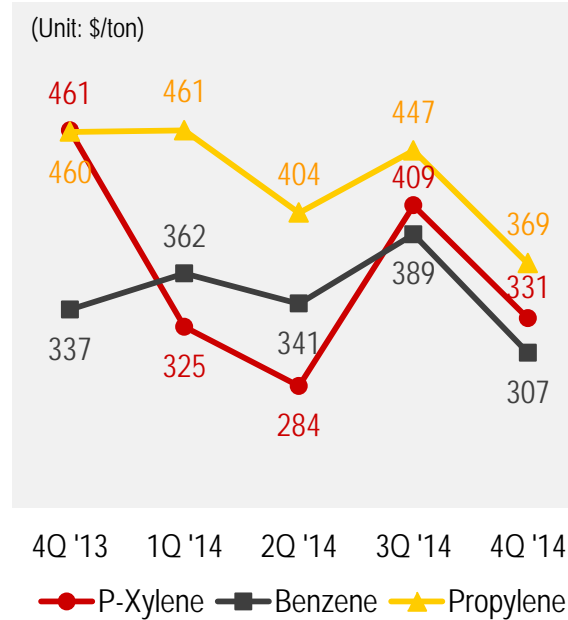
Singapore Margin
[GRM – Variable Cost]



- Refining margin showed a sharp recovery on the back of strong winter demand offsetting increasing supplies from refineries back on line from maintenances.

Petrochemical

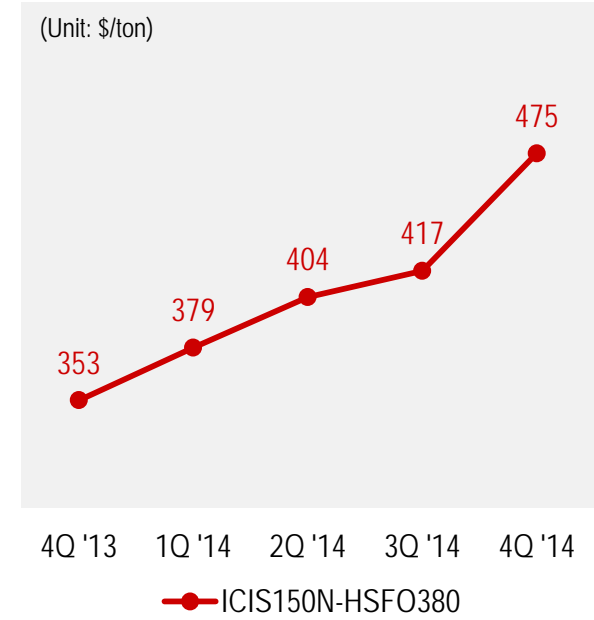
Product Spread



- PX & benzene spreads were squeezed due to supply increase from ramp-up of new capacities amid sluggish demand.

Lube Base Oil

Product Spread

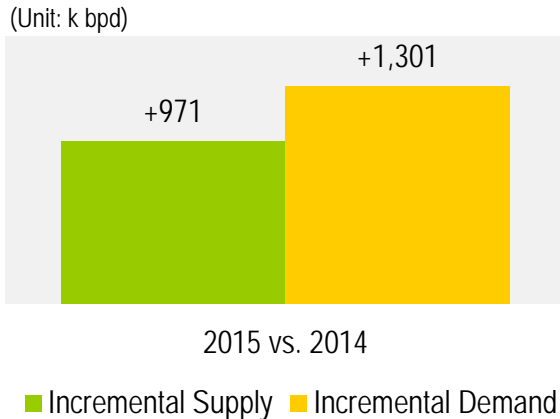


- LBO margin improved further due to sharp drop in feedstock prices despite products price fall.

2015 Outlook – Refining



2015 refining margin will bottom out as demand growth is likely to pick up while capacity expansion is expected to be much smaller than that of 2014.



2015 Outlook: Rebound on favorable supply-demand balance

Global demand growth will be driven by economic growth and plummeted crude oil prices.

- Demand growth YoY (k bpd): U.S. 344 / China 306 / Middle East 197

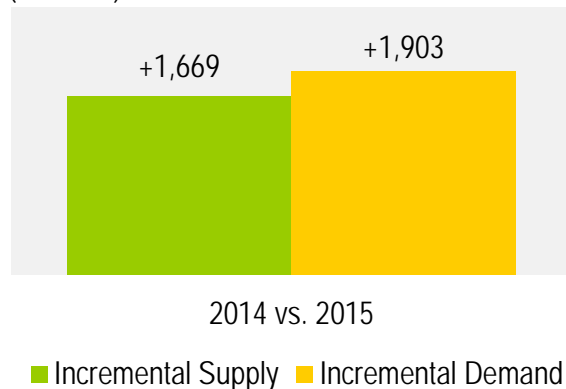
Furthermore, capacity expansion will drastically diminish from 2,336 k bpd in 2014. Accordingly, supply increase from new capacities including Middle Eastern refineries commissioned at the end of 2014 will be fully digested by decent demand growth.

2015 Global Supply-Demand Balance Outlook

(Unit: k bpd)	Demand Growth (A)	Capacity Additions	Closures	Supply Increase (B)	(A)-(B)
Asia Pacific	528	632	569	148	380
Middle East	197	9	0	598	-401
Others	576	459	135	225	351
Global total	1,301	1,100	704	971	331

Petrochemical

(Unit: k ton)



Paraxylene 2015 Outlook: Slight improvement on easing supply pressure

Capacity addition will significantly decline from 2015, leading to an increasingly better supply-demand balance.

PX margins tend to reflect actual changes in supply-demand balance in advance, which implies a margin recovery from 2H 2015.

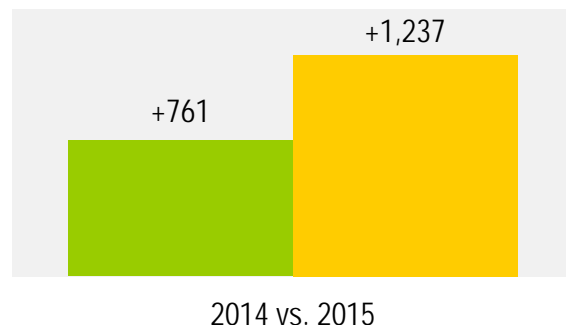
- 2015/2016 PX capacity addition in Asia & ME: 3.6/2.2 mil. tpa (vs. 7.1 mil. in 2014)

Benzene 2015 Outlook: Decent spread to be supported

Demand growth from new plants in downstream sector (SM, phenol, etc.) will outstrip supply increase from new aromatics plants.

- 2015 BZ capacity addition in Asia : 0.8 mil. tpa

- 2015 BZ downstream capacity addition in Asia : 2.6 mil. tpa



Lube Base Oil

2015 Outlook: Healthy demand to digest capacity increase

Intensified market competition is expected due to new capacity additions from 2H14 & 1H15, but the margin will be firmly supported by stable demand for high quality lubricant products from US and Europe and demand growth in Asia and South America.

Summarized Income Statement

(Unit: bil. Won)	4Q '13	YoY	3Q '14	QoQ	4Q '14	2014 YTD
Revenue	8,044.6	22.1% ↓	7,268.2	13.8% ↓	6,267.7	28,557.6
Operating Income	-85.8	-	-38.3	-	-213.2	-258.9
(Margin)	(-1.1%)	-	(-0.5%)	-	(-3.4%)	(-0.9%)
Finance & Other Income	47.6	-	-107.1	-	-118.3	-101.9
- Net Interest Gain	-5.1	-	-2.9	-	-2.8	-14.3
- Net F/X Gain*	63.8	-	-105.1	-	-113.1	-107.6
- Others	-11.1	-	0.9	-	-2.4	20.0
Equity Method Gain	1.6	26.4% ↑	1.6	22.5% ↑	2.0	6.0
Income before Tax	-36.6	-	-143.8	-	-329.5	-354.8
Net Income	-27.6	-	-109.2	-	-248.6	-264.3

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

Thank You

S-OIL IR Team

