



4Q 2011 Corporate Performance

February 2012



Disclaimer

Financial results for 4Q'11 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.



Contents

4Q 2011 Performance

Performance by Business Segment

2012 Industry Outlook

1Q 2012 Industry Outlook



4Q 2011 Performance

4Q 2011 Financial Result

Financial Status

Capital Expenditure for 4Q '11

Major Business Index



4Q 2011 Financial Result

Revenue

Increased 19% QoQ due to the higher ASP and growing sales volume

- ASP: 2.8% ↑ / Sales volume: 15.5% ↑, QoQ

Operating Income

Increased 12% QoQ due to the recovery of 3Q F/X related loss and operation rate normalized from a big T/A despite weakened refining margin

- Singapore complex margin: 3Q \$4.1/bbl → 4Q \$2.2/bbl, \$1.9/bbl ↓
- Avg. ₩/\$ rate: 3Q 1,081.6 → 4Q 1,146.1, 64.5 ↑

Income before Tax

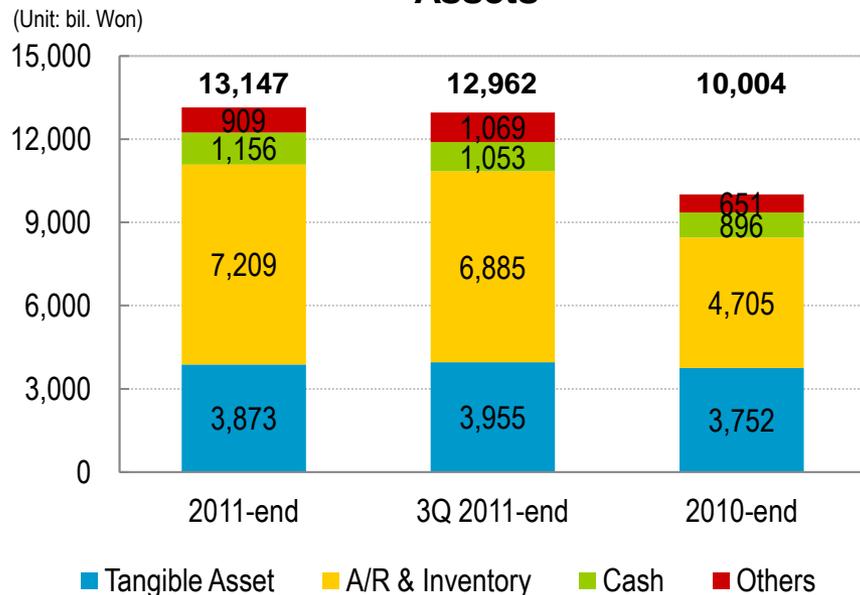
Sharply QoQ increased due to F/X related gain and firm operating profit

- ₩/\$ rate: 3Q-end 1,179.5 → 4Q-end 1,153.3, 26.2 ↓

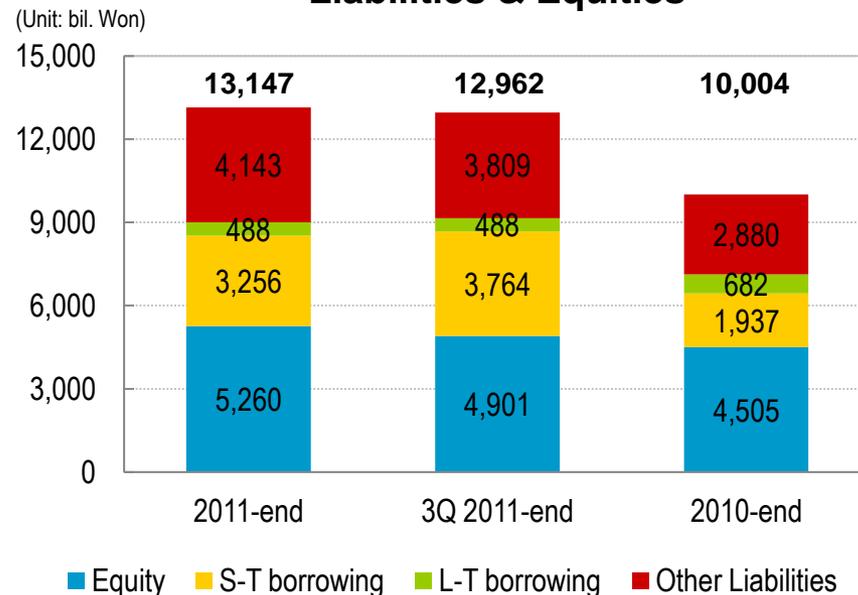
(Unit: bil. Won)	4Q '11	QoQ	3Q '11	4Q '10	FY '11	YoY
▪ Revenue	9,264.1	18.7% ↑	7,806.6	6,082.0	31,914.0	55.6% ↑
▪ Operating Income	411.8	11.6% ↑	368.9	388.3	1,669.8	94.3% ↑
(Margin)	(4.4%)	-	(4.7%)	(6.4%)	(5.2%)	-
▪ Net Finance Gain	81.4	-	-285.4	-2.0	-53.0	-
– Net Interest Gain	-8.7	-	-7.9	-3.3	-17.3	-
– Net F/X Gain	90.1	-	-277.5	1.3	-35.7	-
▪ Equity Method Gain	1.3	-	-0.5	1.6	3.4	42.1% ↓
▪ Income before Tax	494.5	496.2% ↑	82.9	387.9	1,620.1	84.8% ↑

Financial Status

Assets



Liabilities & Equities



Financial Ratios

(Unit: %)	4Q '11	3Q '11	FY '11	FY '10
Return on Equity	29.4	5.3	24.8	16.8
ROCE	23.1	3.1	18.3	13.4
Net debt to equity	49.2	65.3	49.2	38.2
Net debt (bil. Won)	2,587.2	3,198.6	2,587.2	1,723.1

Capital Expenditure for 4Q '11

CAPEX

(Unit: bil. Won)	4Q '11	FY '11	FY '12 (Budget)
1. Major projects	20.2	171.9	45.3
Onsan Refinery Expansion	18.5	166.9	0.0
2. Upgrade & Maintenance	16.1	107.3	125.4
3. Marketing Investment	15.8	47.7	58.7
4. Acquisition of HK Silicon Equity	0.0	265.0	0.0
5. Others (*Including construction of HQs building)	15.4	*134.9	28.8
Total	67.5	726.7	258.2

- After completion of major investment in 2011, 2012 CAPEX will sharply decline.

Depreciation

(Unit: bil. Won)	FY '10	FY '11	FY '12 (E)
Depreciation	188.7	254.9	253.9

Major Business Index

Utilization Rate

(Unit: k bpd, %)	Capacity	4Q '11	3Q '11	2011
CDU	669.0	97.9	86.2	92.3
HYC FH	76.5	100.3	100.0	100.3
RFCC	73.0	99.5	100.5	100.3
Lube Plants	38.0	102.9	102.3	100.5
PX Center	34.7	106.9	91.4	88.2

•4Q CDU util. rate - Asia: 81.6% / N. America: 82.8% / Europe: 74.8%

(Source: FACTS, ESAI)

Turnaround

Time	2012 (Plan)	2011 (Actual)
1Q	-	#1 RHDS
2Q	#2 RHDS	Lube Plants
3Q	#1 RHDS	#2 CDU, #2 RHDS, #1 Aromatics Complex
4Q	-	#1 RHDS

Sales Breakdown

Expanded export volume into Asia to capture growing demand for middle distillate

(Unit: bpd, %)	4Q '11	3Q '11	4Q '10
Sales Total	691,044	598,408	589,191
Domestic	254,196	239,066	260,950
Export	436,848 (63.2%)	359,342 (60.0%)	328,241 (55.7%)
China	32.6	26.8	25.0
Japan	20.7	17.4	17.8
Indonesia	8.4	8.7	3.0
Australia	6.8	1.5	8.5
Singapore	5.1	1.5	8.6
Europe	4.6	15.1	13.8
USA	2.0	7.9	7.8

Performance by Business Segment

Financial Result by Business Segment

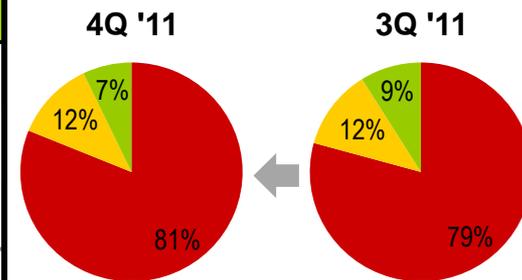
Refining Business

Petrochemical & Lube Business

Financial Result by Business Segment

Revenue

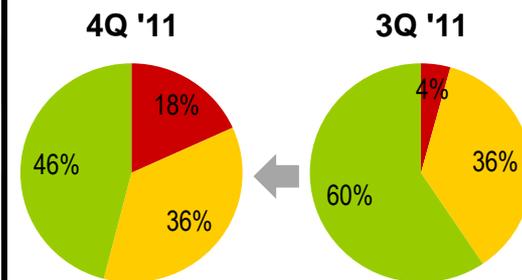
(Unit: bil. Won)	4Q '11	QoQ	3Q '11	4Q '10	YoY	FY '11
Refining	7,519.7	21.5% ↑	6,188.6	5,128.9	46.6% ↑	25,960.3
Petrochem	1,085.4	17.6% ↑	923.3	436.0	149.0% ↑	3,491.1
Lube	659.0	5.1% ↓	694.7	517.2	27.4% ↑	2,462.6
Total	9,264.1	18.7% ↑	7,806.6	6,082.0	52.3% ↑	31,914.0



Operating Income

(Unit: bil. Won)	4Q '11	QoQ	3Q '11	4Q '10	YoY	FY '11
Refining	75.1	375.2% ↑	15.8	231.9	67.6% ↓	501.6
(Margin)	(1.0%)		(0.3%)	(4.5%)		(1.9%)
Petrochem	147.3	10.1% ↑	133.9	34.7	324.5% ↑	450.7
(Margin)	(13.6%)		(14.5%)	(8.0%)		(12.9%)
Lube	189.3	13.6% ↓	219.2	121.7	55.5% ↑	717.5
(Margin)	(28.7%)		(31.6%)	(23.5%)		(29.1%)
Total	411.8	11.6% ↑	368.9	388.3	6.0% ↑	1,669.8
(Margin)	(4.4%)		(4.7%)	(6.4%)		(5.2%)

■ Refining ■ Petrochem ■ Lube

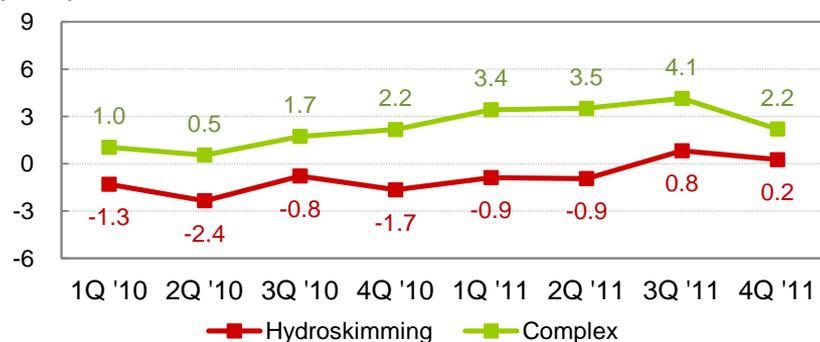


Refining Business

Market

Margin declined due to falling naphtha and gasoline spreads despite stronger fuel oil and sustainable middle distillate

(\$/bbl) **Singapore Refining Margin (Var. Cost)**



Product/Dubai Spread

(Unit: \$/bbl)	4Q '11	3Q '11	4Q '10
Dubai crude	106.5	107.1	84.4
Gasoline	7.6	14.6	8.7
Jet/Kero	18.2	18.7	14.3
Diesel	17.8	17.6	13.0
Naphtha	-9.1	-2.3	3.8
HSFO 380	-3.8	-5.9	-9.1

Company

Meaningfully increased sales volume along with successful ramp-up after maintenance during the previous quarter

Sales Volume

(Unit: bpd)	4Q '11	3Q '11	QoQ
Gasoline	67,370	69,851	3.6% ↓
Jet/Kero	163,935	146,194	12.1% ↑
Diesel	196,941	144,457	36.3% ↑
Naphtha	57,253	54,010	6.0% ↑
Fuel Oil	75,686	63,053	20.0% ↑
Others	33,787	32,425	4.2% ↑
Total	594,972	509,990	16.7% ↑

Remarkable increase of middle distillates sales into Asia, where demand was relatively strong

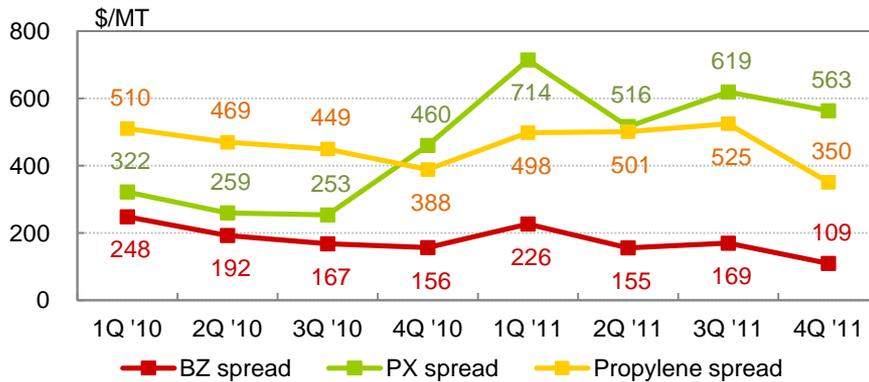
(Unit: bpd)	4Q '11	3Q '11	QoQ
China	78,637	47,562	65.3% ↑
Japan	39,719	10,492	278.6% ↑
Indonesia	22,166	13,346	66.1% ↑

Petrochemical & Lube Business

Market

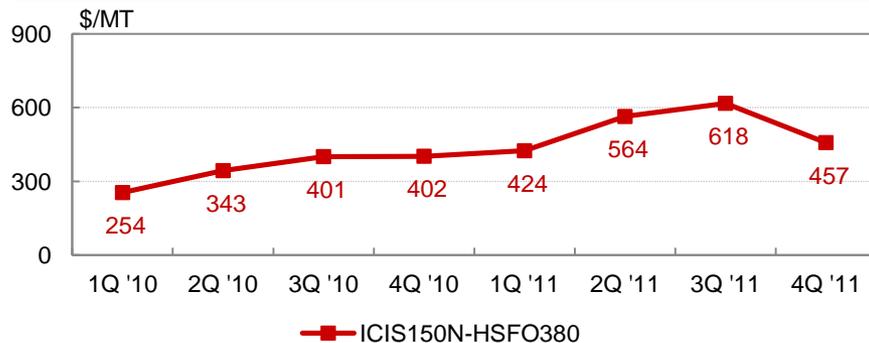
Petrochemical

PX spread slightly declined from strong 3Q level, by easing market balance



Lube

Spread observed a big correction from strong 3Q due to supply increase



Source: Platt's, ICIS, CMAI, The Company

Company

Effectively digested volume increase from full utilization of both #1 & #2 Aromatics Complex in export market

Sales volume

(Unit: bpd)	4Q '11	3Q '11	QoQ
P-X	39,301	32,532	20.8% ↑
Benzene	11,281	9,331	20.9% ↑
Propylene	7,136	7,107	0.4% ↑
Total	57,717	48,971	17.9% ↑

• Export (3Q → 4Q): PX(58% → 62%) / Benzene(81% → 87%)

Maintained maximum level of sales volume through solid sales network, higher than 2011 average (37,420 bpd)

Sales volume

(Unit: bpd)	4Q '11	3Q '11	QoQ
Group II	9,575	9,513	0.7% ↑
Group III	23,883	25,174	5.1% ↓
Total	38,355	39,447	2.8% ↓

※ Lube sales volume includes by-products.



2012 Industry Outlook

2012 Industry Outlook – Refining

2012 Industry Outlook – Petrochemical & Lube



2012 Industry Outlook – Refining

Global refining industry is expected to continue recovery at slow pace driven by sustainable Asian market despite ongoing uncertainty in global economy

'12 Petroleum Demand

- Global petroleum demand is expected to grow by 1.3 mil. bpd (1.4%), mainly driven by Asia market.

Regional Demand Growth Breakdown

(Unit: mil. bpd)	'11	'12	Change	% of Total
Asia	28.00	28.89	0.89	70%
M. East	7.97	8.23	0.26	20%
Americas	29.99	30.07	0.08	6%
Europe	15.03	14.85	-0.18	-14%
Others	8.02	8.24	0.22	17%
Total	89.00	90.27	1.27	100%

- Substantial demand increase in Asia market backed by still strong economic-growth

: **3.2% of global GDP growth in '12** (vs. 3.8% in '11)

- Asia 5.8% (China 7.9%, India 7.2%)
- Developed 1.2% (USA 2.3%, Euro -1.0%)

'12 Petroleum Supply

- Global net supply growth is expected to be limited to 0.63 mil. bpd, reflecting closures of uneconomical facilities.

Global Supply Growth

(mil. bpd)	'11 Net Capacity *	'12		
		Net Capacity	Net Supply **	% of Total
Asia	0.29	0.68	0.61	97%
M. East	0.12	0.00	0.02	2%
Americas	-0.03	-0.16	-0.08	-13%
Europe	0.01	-0.17	-0.08	-13%
Others	0.00	0.34	0.17	27%
Total	0.39	0.70	0.63	100%

* Net Capacity: Capacity Increase - Closures

** Net Supply reflecting timing of new capacities or closure

- Global supply increase to be constrained by continued capacity closures due to slow-down of global economy

: **New capacity increase/closure in '12 (mil. bpd)**

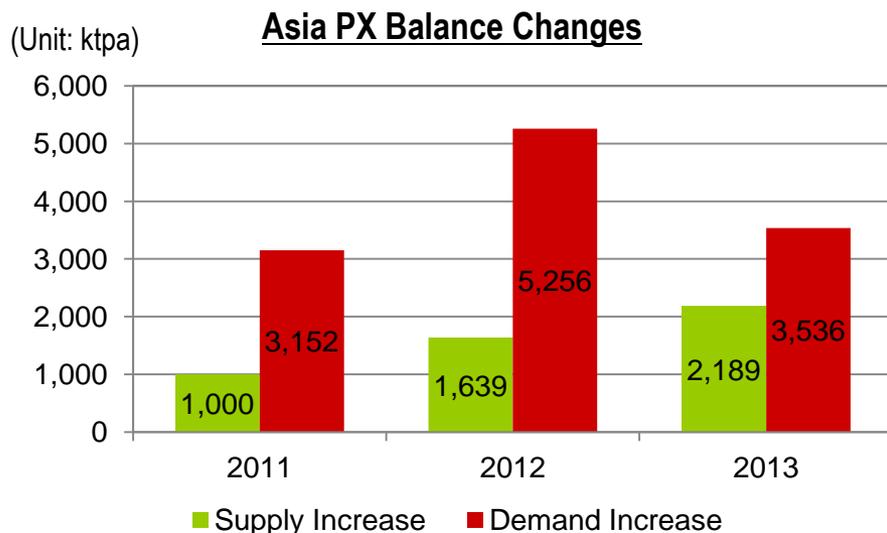
- Global: Capa. Increase 1.34 / Closure 0.64
- Asia: Capa. Increase 0.96 / Closure 0.28

2012 Industry Outlook – Petrochemical & Lube

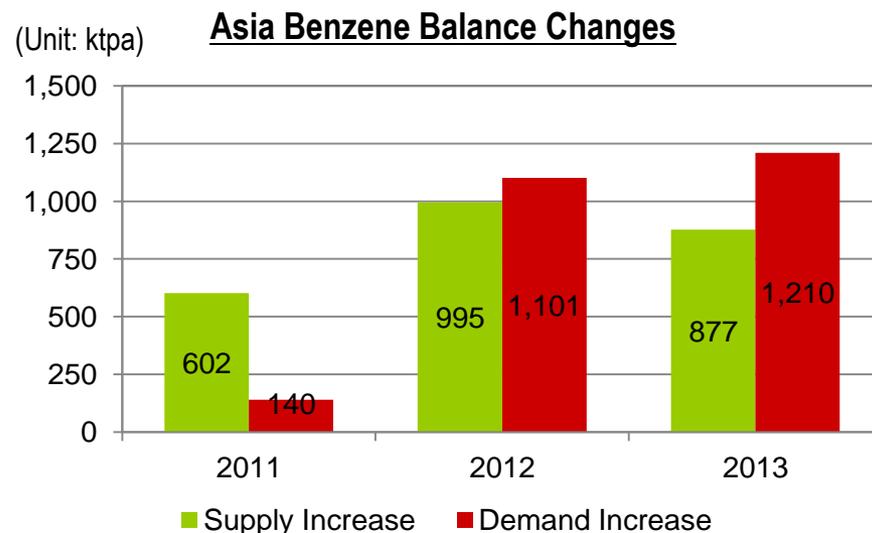
Petrochemical

2012 Asian PX market is expected to sustain strong margin level following 2011 due to further improved market balance.

After demand deficit market in 2011, the benzene market is likely to improve as demand increase is expected to outpace the supply increase.



※ PX supply & demand increase is based on PX & PTA capacity expansion respectively.



Lube

Market is expected to rebound toward the latter part of the year as gradual demand growth will absorb negative impact of sizable capacity expansion from M.East & Korea.

- Capacity addition from M.East & Asia until 1H '12: 29.4k bpd

1Q 2012 Industry Outlook

1Q 2012 Industry Outlook – Refining

1Q 2012 Industry Outlook – Petrochemical & Lube

1Q 2012 Outlook – Refining*

Margin improvement: Demand growth outpacing supply increase

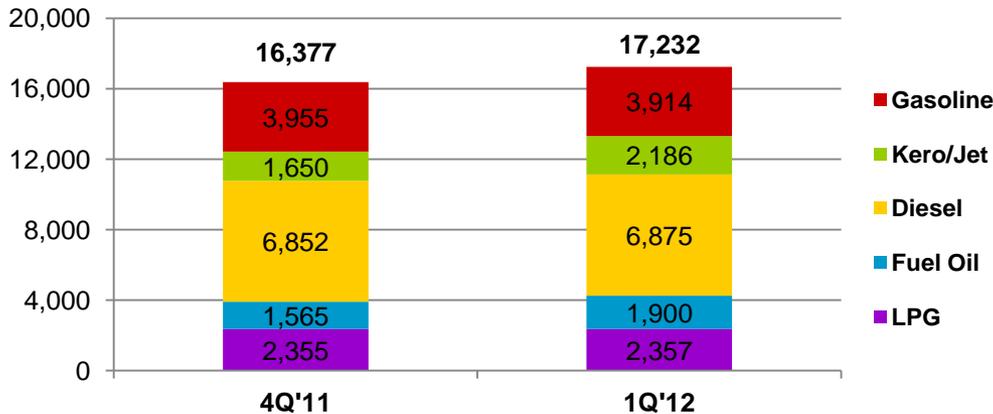
(Unit: k bpd)

Demand change: +855 (Overall growth except gasoline)

- Middle Distillates (Kero & Jet, Diesel): +559 (Japan 450 ↑, S.Korea 46 ↑)
 - Stronger heating purpose consumption and sustainable industrial activities
- Fuel Oil: +335 (China 142 ↑, Japan 99 ↑, S.Korea 62 ↑)
 - Strong demand from bunkering and power plant
- Gasoline: -41 (Japan 47 ↓, China 13 ↑)
 - Weak demand from Japan in off-season, offset by steady consumption from China

Supply change: +412

- by Capacity Addition: +452 / by Closure: -40



Asia Capacity Addition/Closure (4Q'11 & 1Q'12)

	Addition		Closure	
	4Q'11	1Q'12	4Q'11	1Q'12
China	183	200	50	30
India	-	391	-	-
Others	130	-	-	-
Total	313	591	50	30

* Demand forecast is based on 7 major Asia countries (Australia, China, India, Japan, Korea, Taiwan, Thailand)

Source: FACTS, The Company

1Q 2012 Industry Outlook – Petrochemical & Lube

Petrochemical

PX : Consistently healthy market along with balanced demand-supply situation

- Demand : 226 k ton ↑ – Growth from continuous capacity expansion of PTA
 - PTA capacity increase in 4Q '11 ~ 1Q '12 : 395 k tpa (Samsung Petrochemical 200 k tpa, China BP Zhuhai 100 k tpa and etc.)
- Supply : 285 k ton ↑ – Increase from rising utilization rate (4Q 82% → 1Q 89%)

Benzene : Bearish market on demand contraction and supply increase

- Demand : 55 k ton ↓ – Decrease due to continued sluggish situation in downstream sector
- Supply : 70 k ton ↑ – Increase due to higher utilization rate (4Q 73% → 1Q 76%)

Lube

Further downward adjustment due to respectable capacity increase outpacing gradual demand growth

- Group III: On-going capacity increase in M. East and lagging demand growth in US and Europe
- Group II: Demand growth driven by Asia slowly catching up capacity expansion from China in last year

Source: CMAI, PCI

Thank You!

