



3Q 2015 Earnings Release

October 2015

DISCLAIMER

Financial results for 3Q 2015 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.

3Q 2015 Performance

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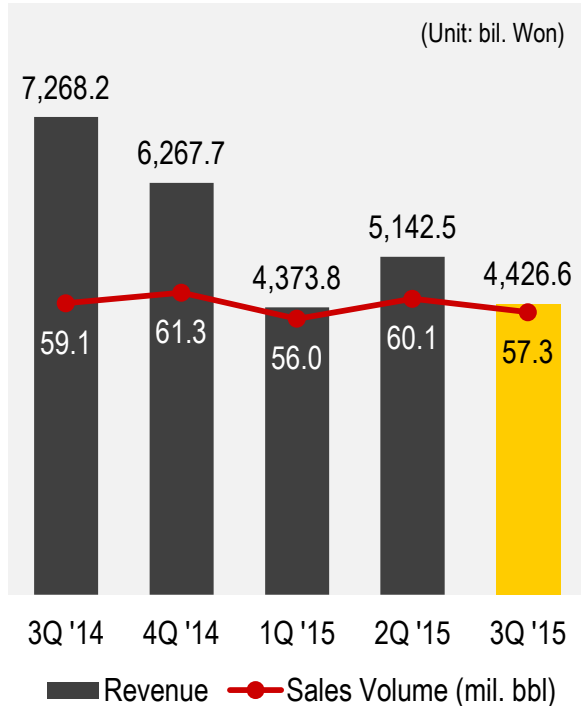
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3Q 2015 Financial Result



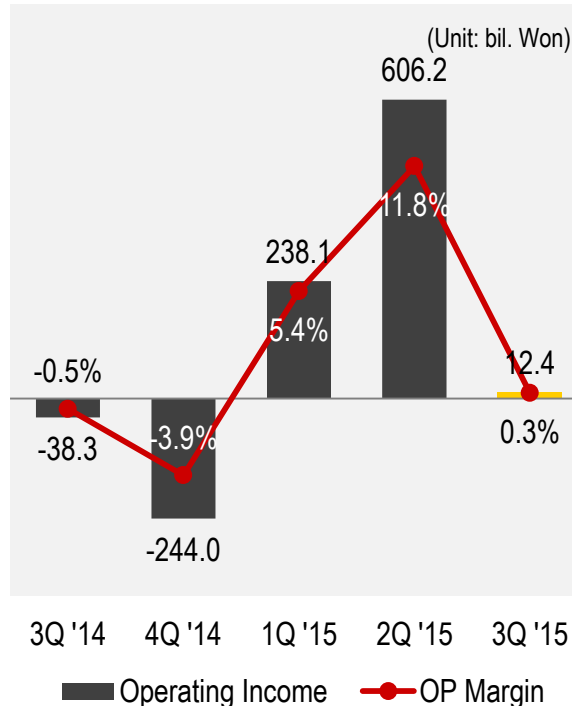
Revenue



Declined 13.9% due to steep fall of oil prices and maintenance shutdown

- Quarterly average selling price: 9.9% ↓, QoQ
- Sales volume: 4.5% ↓, QoQ

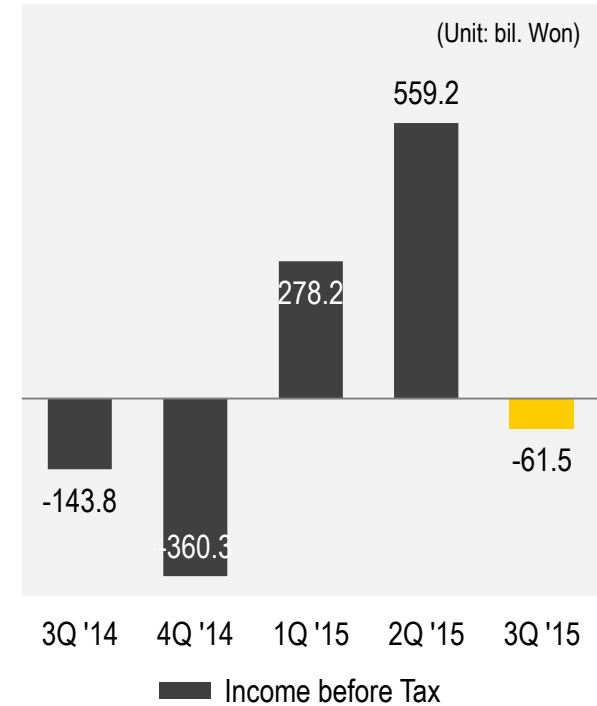
Operating Income



Contracted 593.9 bil. Won due to lower refining margins and inventory related loss

- Inventory related loss(E): 130 bil. Won
- Dubai crude price Sep vs. Jun: \$16.4/bbl ↓
- Singapore complex margin (\$/bbl): 3Q 3.8 (0.8 ↓, QoQ)

Income before Tax

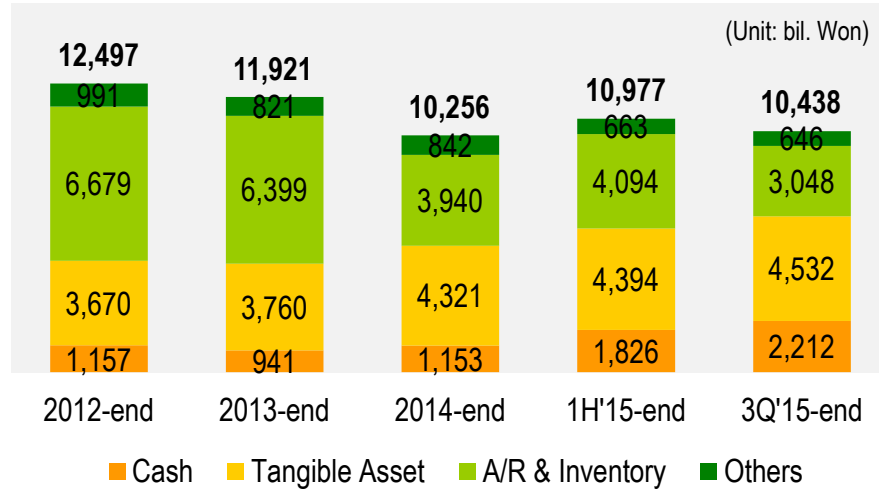


Decreased 620.6 bil. Won QoQ with continued KRW depreciation

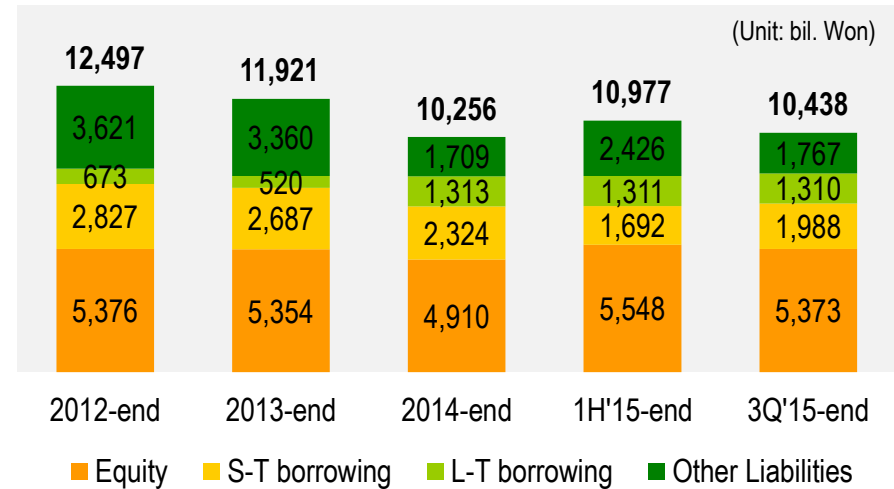
- F/X loss: 120.5 bil. Won
- ₩/\$ rate: 3Q-end 1,194.5 (70.4 ↑, QoQ)

Financial Status

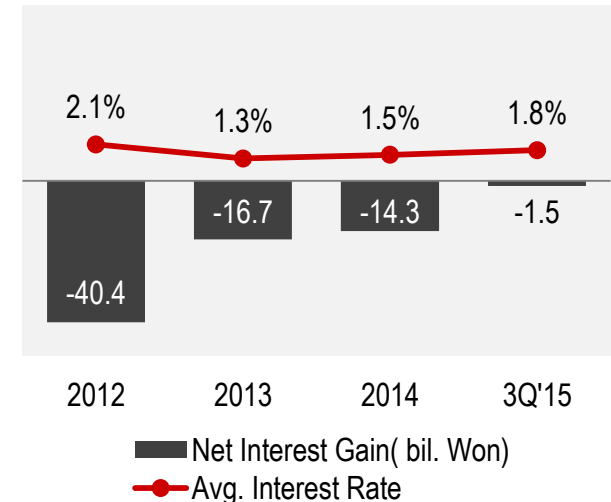
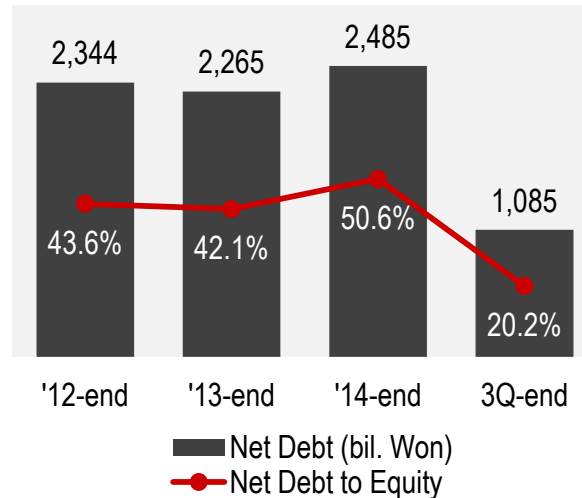
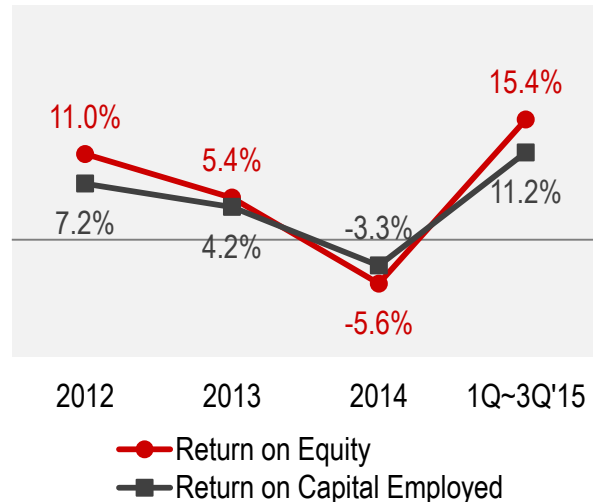
Assets



Liabilities & Equities



Financial Ratios



Capital Expenditure



CAPEX

(Unit: bil. Won)	FY '12	FY '13	FY '14	FY '15 (Plan)	2015 YTD
Major Projects	23.8	79.1	675.2	382.2	180.8
- RUC & ODC ¹⁾	-	-	68.7	203.0	64.5
- KNOC land acquisition ²⁾	-	-	519.0	-	-
- SUPER Project ³⁾ and Profit Improvement Program	-	-	8.5	144.7	97.7
Upgrade & Maintenance	50.9	253.6	62.0	173.8	92.7
Marketing related expenditure	34.9	36.9	37.5	68.8	28.3
Others	16.0	22.6	108.8	51.2	25.3
Total	125.7	392.1	883.5	676.0	327.1

¹⁾ Residue Upgrading Complex and Olefin Downstream Complex project

²⁾ Excluding incidental costs

³⁾ Project to maximize the profitability through upgrading and revamping of existing facilities

Depreciation

(Unit: bil. Won)	FY '12	FY '13	FY '14	FY '15 (Plan)	2015 YTD
Depreciation (Including catalyst amortization cost)	391.3	368.2	339.7	304.2	205.4

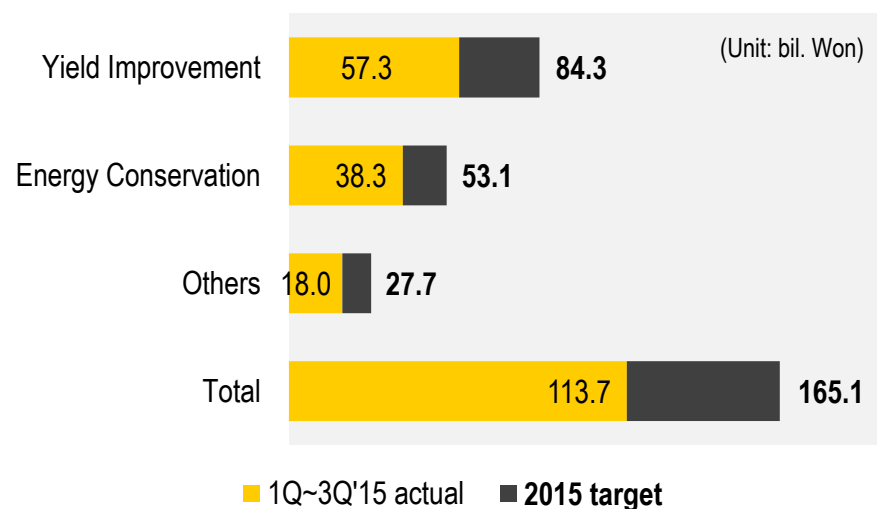
Utilization Rate

(Unit: k bpd, %)	Capacity	2Q '15	3Q '15
CDU	669.0	100.4%	84.4%
HYC FH	76.5	95.5%	100.3%
RFCC	73.0	96.7%	97.0%
Lube Plants	42.7	92.3%	88.6%
PX Center	34.7	68.1%	87.2%

2015 Maintenances

(Unit: day)	1H	3Q	4Q
CDU	CFU (20)	#2 CDU (28)	#3 CDU (26)
Refining	#1 RHDS (26)	#2 RHDS (26)	HYC FH (33)
Petrochemical	#2 PX (85)	#1 PX (28)	
Lube Base Oil		#1&2 HDT (28)	HYC SH (37)

Refinery Profit Improvement



Counter activities against maintenances

- Feedstock build-up prior to maintenance and proper price hedge minimized impact on 3Q financial performance with the limited sales volume decrease.
- In 4Q, upgrading facilities (RFCC, PX plants) are planned to be stably operated through adequate feedstock build-up in spite of the shutdown of #3 CDU.

Financial Result by Business Segment



Refining

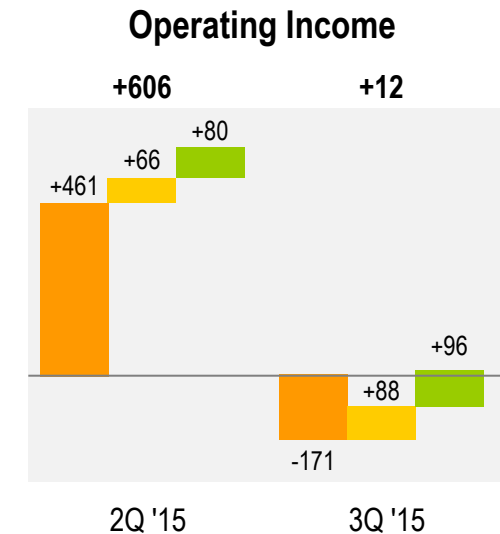
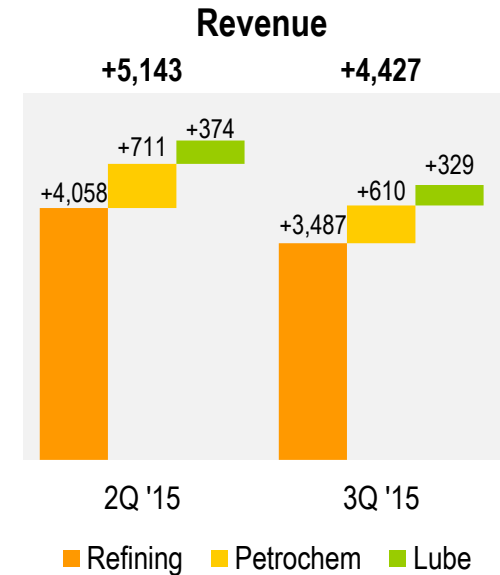
(Unit: bil. Won)	3Q '14	YoY	2Q '15	QoQ	3Q '15
Revenue	5,834.4	40.2% ↓	4,058.3	14.1% ↓	3,487.2
Operating Income	-186.0	-	460.9	-	-171.2
(Margin)	(-3.2%)	-	(11.4%)	-	(-4.9%)

Petrochemical

(Unit: bil. Won)	3Q '14	YoY	2Q '15	QoQ	3Q '15
Revenue	943.1	35.3% ↓	710.7	14.1% ↓	610.2
Operating Income	80.2	9.7% ↑	65.8	33.8% ↑	88.0
(Margin)	(8.5%)	-	(9.3%)	-	(14.4%)

Lube Base Oil

(Unit: bil. Won)	3Q '14	YoY	2Q '15	QoQ	3Q '15
Revenue	490.6	32.9% ↓	373.5	11.9% ↓	329.3
Operating Income	67.5	41.6% ↑	79.6	20.1% ↑	95.6
(Margin)	(13.8%)	-	(21.3%)	-	(29.0%)

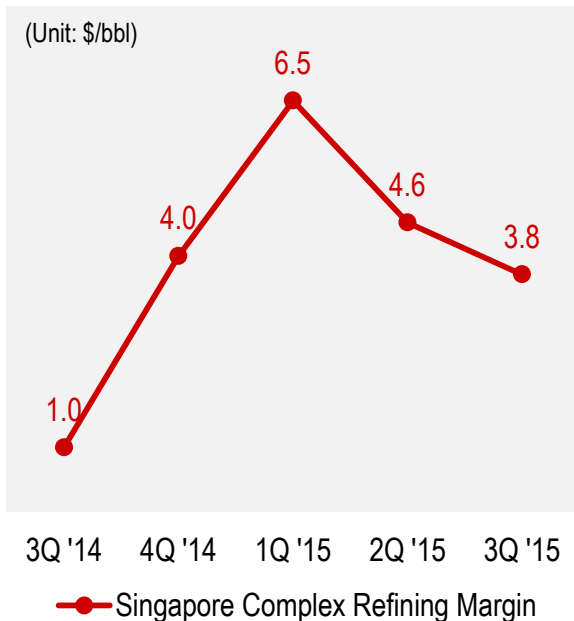


Market Environment in 3Q 2015



Refining

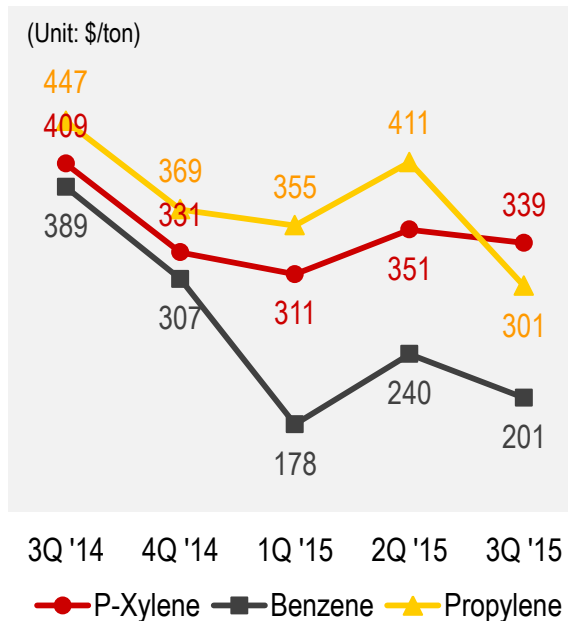
Singapore Margin
[GRM – Variable Cost]



Refining margins declined QoQ due to the weak seasonality in Asia but remained at healthy level on run cuts and recovery of demand in September.

Petrochemical

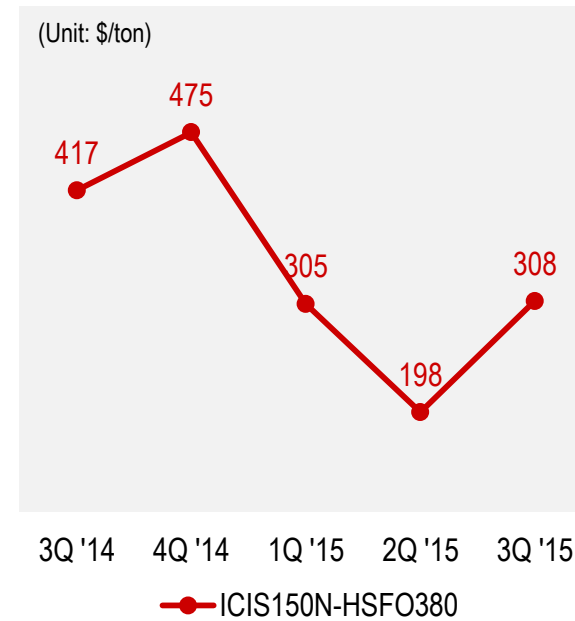
Product Spread



Start-up of new plants in Asia and bearish sentiment on crude oil prices dragged down spreads in spite of steady demand.

Lube Base Oil

Product Spread



LBO margin strongly rebounded due to steep drop of feedstock price, despite seasonally weak demand.

4Q 2015 Outlook – Refining



Oil demand will continue its decent growth in 4Q and the next year, supporting refining margins amid limited supply increase.

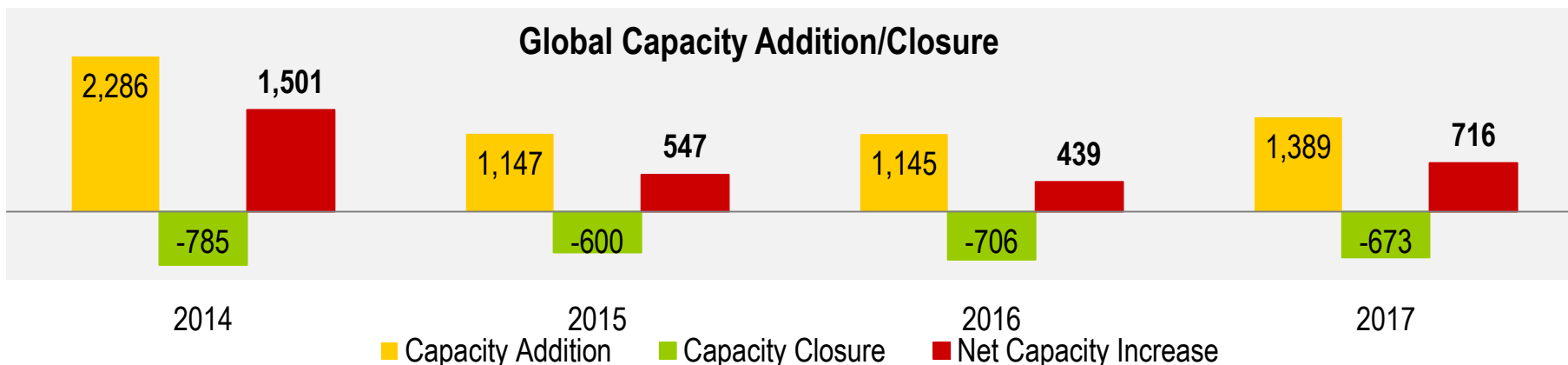
Continuously healthy global oil demand growth

(Unit: mil. bpd)	PIRA	IEA	OPEC	EIA
4Q vs. 3Q	+0.43	+0.50	+0.62	-0.11
2016 vs. 2015	+1.72	+1.36	+1.29	+1.41

4Q oil demand will be mainly boosted by heating oil demand in Asia. And in 2016, North America and Asia will continue to drive the global oil demand growth.

Slowdown in capacity expansion

Supply increase in 4Q will not be meaningful considering major new capacities will start operation at the end of this year. Besides, net capacity increase will be far less than the expected demand growth for the next few years, implying favorable refining business environments.

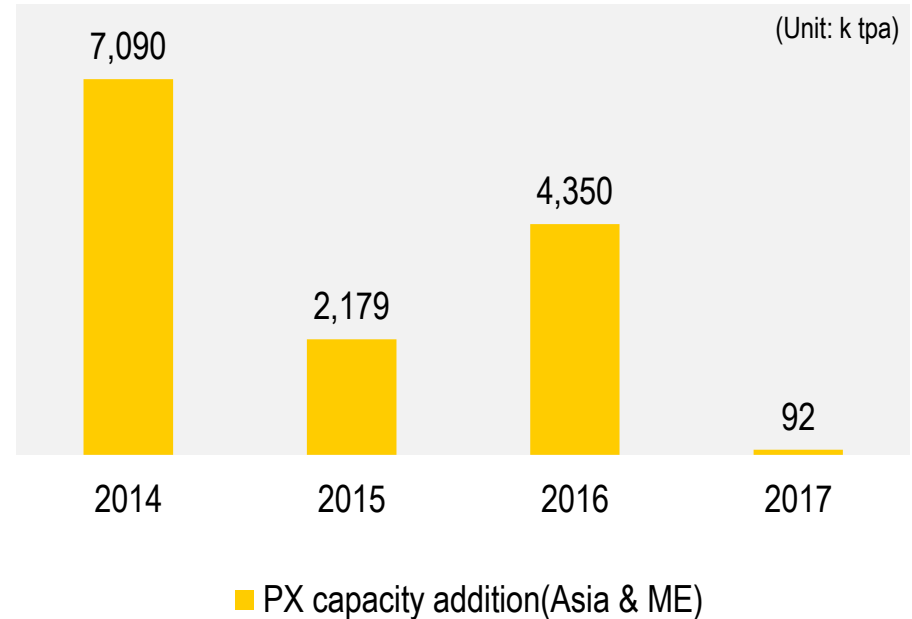


Petrochemical

Para-xylene : rebound with limited supply

As there will be no meaningful capacity additions until 1Q16, PX spreads are expected to rebound from seasonal weakness in 3Q15.

In 2016, capacity additions are likely to pressure on the spread, but disciplined supply of marginal cost producers will continue to support the spread around their cash cost level (\$300/t).



Lube Base Oil

Healthy spread to be sustained for high quality products

Despite oversupply market status, decent demand for high quality products will support its healthy spread.

Summarized Income Statement

(Unit: bil. Won)	3Q '14	YoY	2Q '15	QoQ	3Q '15
Revenue	7,268.2	39.1% ↓	5,142.5	13.9% ↓	4,426.6
Operating Income	-38.3	-	606.2	98.0% ↓	12.4
(Margin)	(-0.5%)	-	(11.8%)	-	(0.3%)
Finance & Other Income	-107.2	-	-49.9	-	-75.9
- Net Interest Gain	-2.9	-	0.8	-	-2.2
- Net F/X Gain*	-105.1	-	-41.3	-	-120.5
- Others	0.8	-	-9.4	-	46.8
Equity Method Gain	1.6	24.5% ↑	2.9	28.1% ↓	2.0
Income before Tax	-143.8	-	559.2	-	-61.5
Net Income	-109.2	-	428.8	-	-46.7

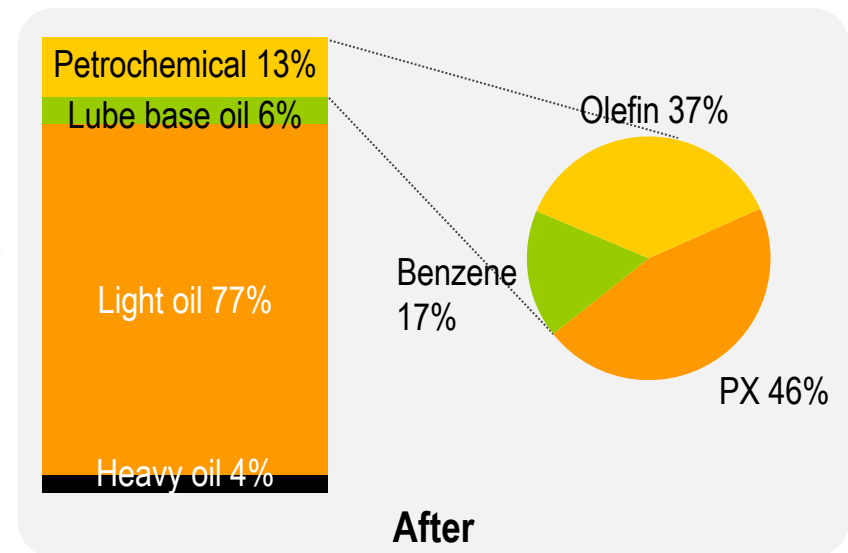
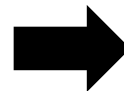
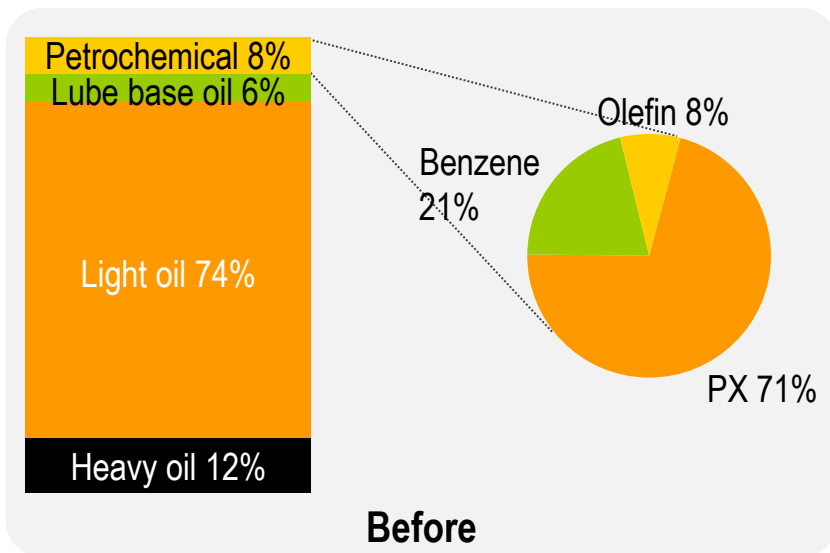
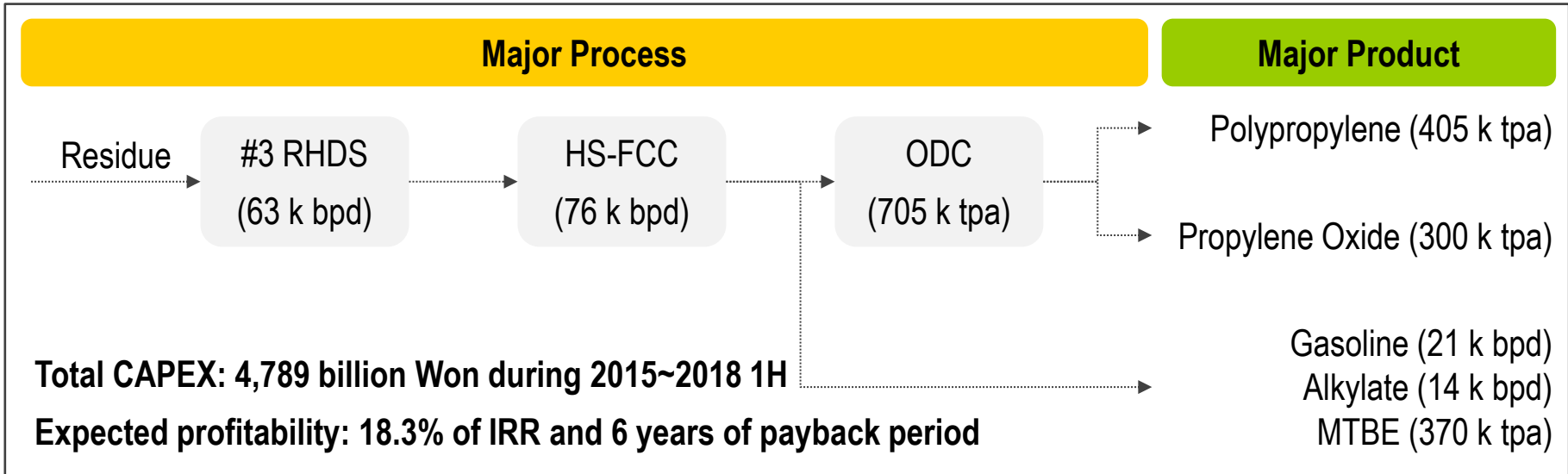
* Including gain/loss from F/X derivatives for hedging

Sales Breakdown

(Unit: k bpd, %)	3Q '14	4Q '14	1Q '15	2Q '15	3Q '15
Sales Total	643	666	622	660	623
Domestic	254	287	290	285	282
Export	389	379	332	375	341
(% in Total)	(60.5)	(56.9)	(53.4)	(56.8)	(54.7)
Japan	21.6	21.8	19.5	20.4	17.0
China	21.3	22.5	21.5	16.1	16.4
USA	7.8	9.9	16.6	11.4	14.0
Australia	11.7	16.1	12.8	13.7	13.6
South East Asia	5.3	6.6	3.6	5.2	7.2
Singapore	10.4	2.0	7.0	6.6	6.0
Europe	0.7	0.8	0.7	5.0	5.3

RUC & ODC

(Residue Upgrading Complex & Olefin Downstream Complex)



Thank You

S-OIL IR Team

