



1Q 2019 Earnings Release

April 2019

DISCLAIMER

Financial results for 1Q 2019 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.



1Q 2019 Performance

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Revenue



Decreased 20.9% QoQ due to decrease in sales volume from planned refinery maintenance

- Quarterly average selling price: 9.4% ↓, QoQ
- Sales volume: 12.7% ↓, QoQ

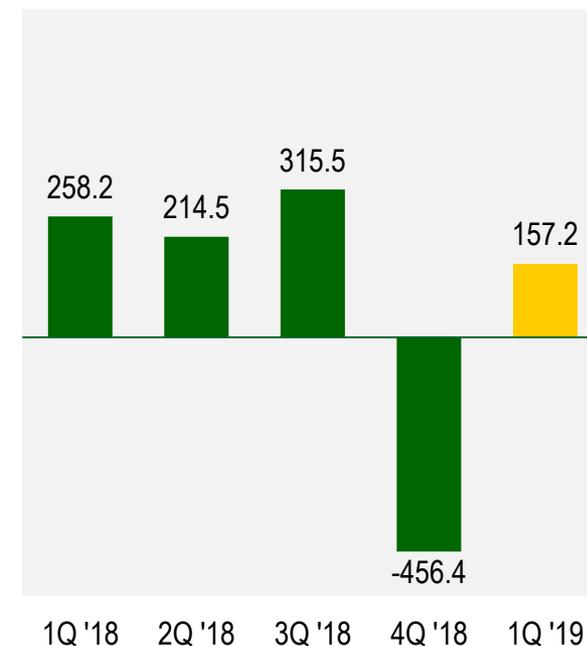
Operating Income



Increased 603.9 bil. Won QoQ due to inventory-related gain amid recovery of crude price

- Inventory-related gain: +200 bil. Won (4Q '18: -390 bil. Won)
- Singapore complex margin(\$/bbl): 1Q 1.4 (1.4 ↓, QoQ)

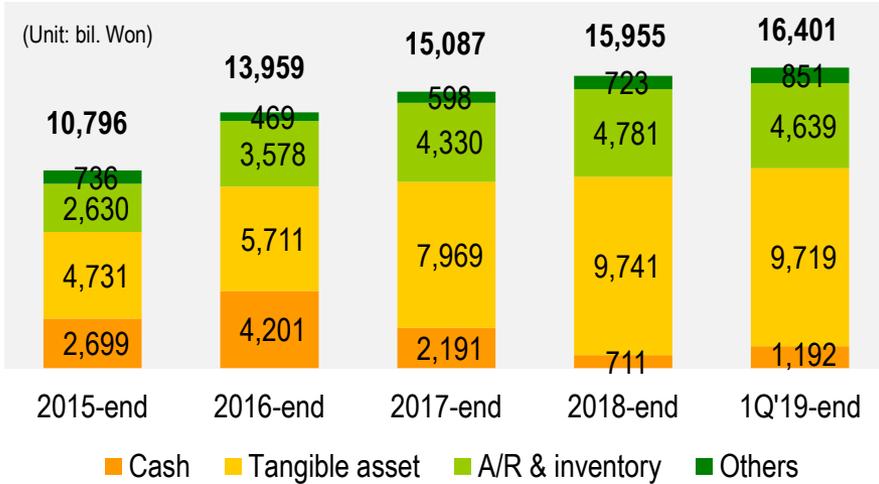
Income before Tax



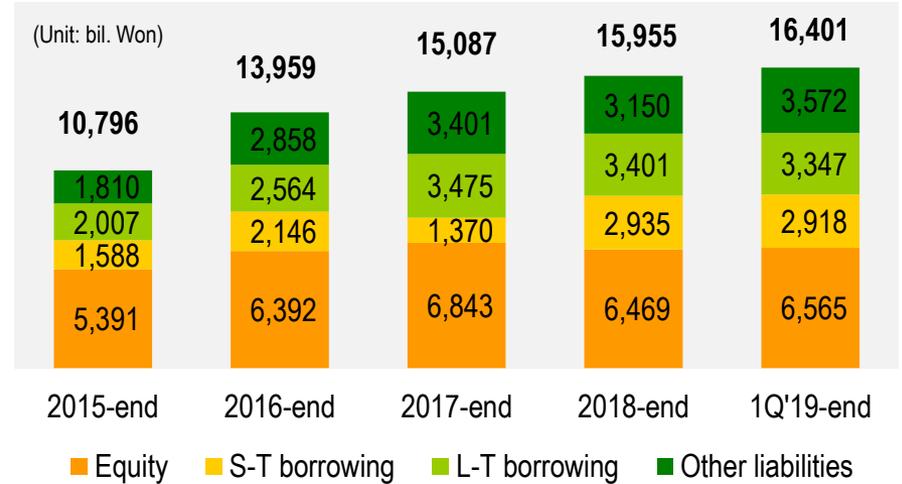
Increased 613.6 bil. Won QoQ by operating income increase

- F/X loss: 48 bil. Won (4Q '18 F/X loss: 30 bil. Won)
- ₩/\$ rate: 1Q-end 1,137.8 (19.7 ↑, QoQ)

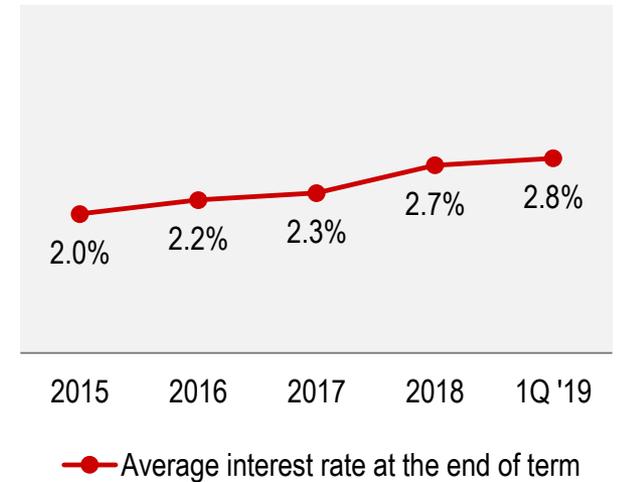
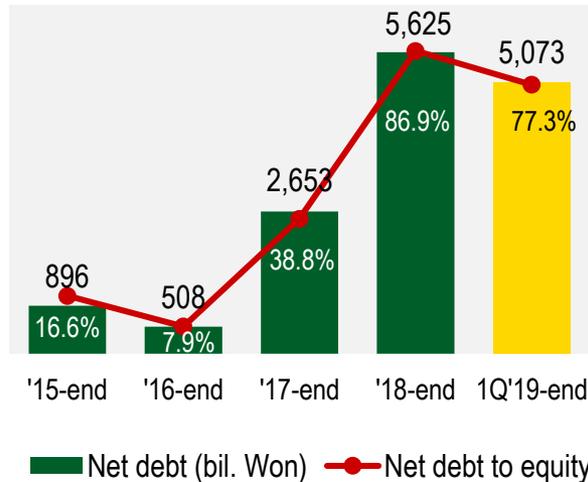
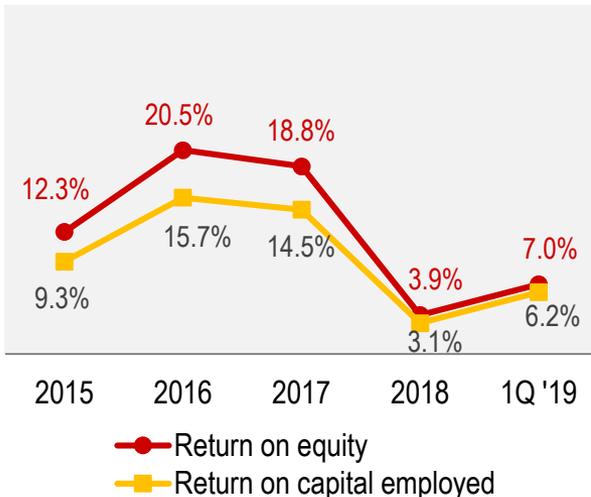
Assets



Liabilities & Equities



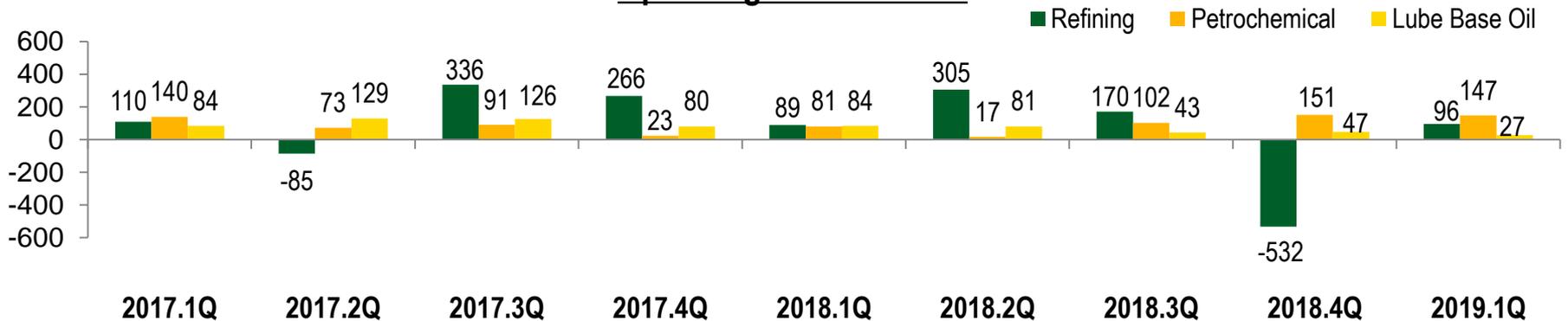
Financial Ratios



Performance by Business Segment

Segment	(Unit: bil. Won)	1Q '19	4Q '18	QoQ	1Q '18	YoY
Refining	Revenue	4,074.3	5,303.0	23.2% ↓	4,341.3	6.2% ↓
	Operating Income	95.7	-531.9		89.3	7.2% ↑
	(Margin)	(2.3%)	(-10.0%)		(2.1%)	
Petrochemical	Revenue	986.9	1,131.5	12.8% ↓	690.2	43.0% ↑
	Operating Income	147.5	151.1	2.4% ↓	81.1	81.9% ↑
	(Margin)	(14.9%)	(13.4%)		(11.7%)	
Lube Base Oil	Revenue	365.0	426.8	14.5% ↓	379.5	3.8% ↓
	Operating Income	27.2	47.3	40.4% ↓	84.1	66.5% ↓
	(Margin)	(7.5%)	(11.1%)		(22.2%)	
Total	Revenue	5,426.2	6,861.3	20.9% ↓	5,410.9	0.3% ↑
	Operating Income	270.4	-333.5		254.5	6.2% ↑
	(Margin)	(5.0%)	(-4.9%)		(4.7%)	

Operating Income Trend



CAPEX & Depreciation

(Unit: bil. Won)	2016	2017	2018	2019 Plan	1Q '19
RUC/ODC Project	682.2	2,157.3	1,549.3	2.3	0.4
Land acquisition *	-	-	200.5	42.0	25.0
Upgrade & Maintenance	328.0	300.0	174.9	619.2	44.3
Others	69.2	48.1	40.3	129.7	6.6
Total CAPEX	1,079.4	2,505.4	1,965.0	793.2	76.3
Depreciation (Including catalyst amortization cost)	286.7	293.6	350.2	573.7	132.2

* For future project

Maintenances

	2017	2018	1H '19	2H '19
Refining	CFU	#2 CDU	#3 CDU CFU	-
	-	HYC FH	#2 RFCC HYC FH	#1 RFCC
Petrochemical	#2 PX	#1 PX	#2 PX (Mar.~3Q)	
Lube Base Oil	-	-	HYC SH	-

Utilization Rate

(Unit: k bpd, %)	2017	2018	4Q '18	1Q '19
CDU	99.3%	99.1%	102.1%	87.0%
RFCC/HYC	96.4%	94.2%	98.2%	85.5%
PX Plants	94.3%	81.2%	92.5%	77.1%
PP/PO Plants	-	65.6%	65.6%	75.4%
Lube Plants	96.5%	92.3%	97.9%	85.7%

1Q '19 Market Environment

- **Refining margin** weakened due to continuously high utilization rate until the beginning of spring maintenance in the region despite solid demand growth during the quarter.

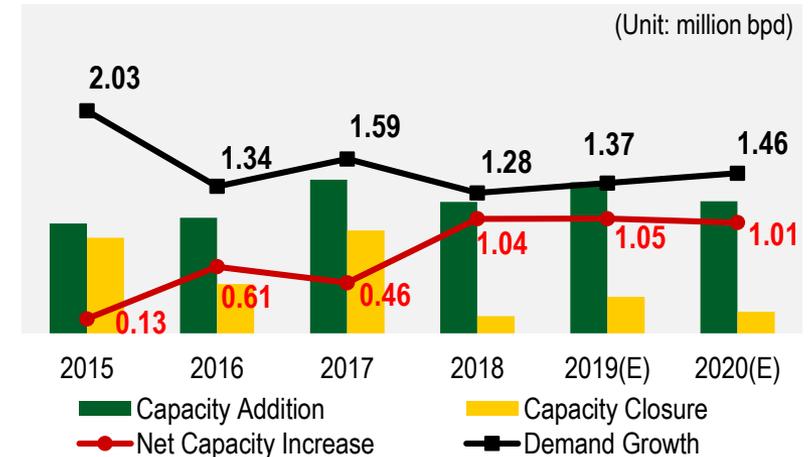
2Q '19 Outlook

- **Refining margin** will bottom out on the back of tight supply-demand balance thanks to heavy spring maintenance shutdown despite the QoQ decrease of demand in Asia Pacific upon the end of the heating season.

Singapore Margin



Global Net Capacity Increase vs. Demand Growth



Source: IEA, OPEC, EIA, FACTS Global Energy, Wood Mackenzie, The Company

1Q '19 Market Environment

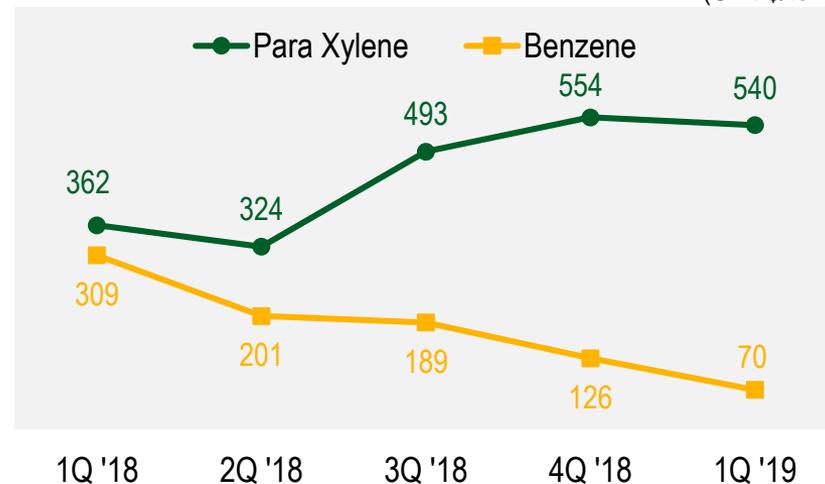
- **Para Xylene** : Spread slightly decreased due to slowdown of downstream polyester demand and downward pressure from expectation of new PX plant start-up in China.
- **Benzene** : Spread declined as oversupply situation continued driven by healthy PX margin and weakness of downstream demand.

2Q '19 Outlook

- **Para Xylene** spread will be supported in healthy level by the maintenance and unplanned shutdown of major plants and seasonal downstream demand.
- **Benzene** spread would remain at a weak level due to high inventory and turnaround of downstream plants in the region.

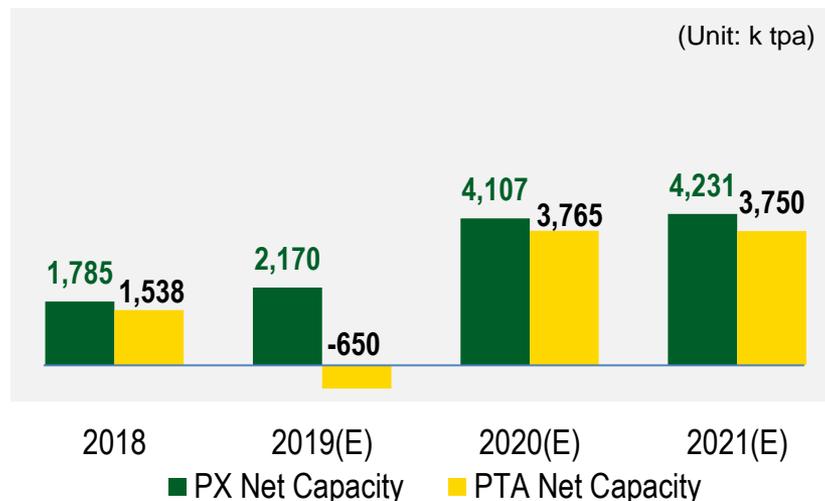
Product Spread (Vs. Naptha)

(Unit:\$/ton)



PX & PTA Net Capacity Expansion

(Unit: k tpa)



Source: PCI, IHS, The Company

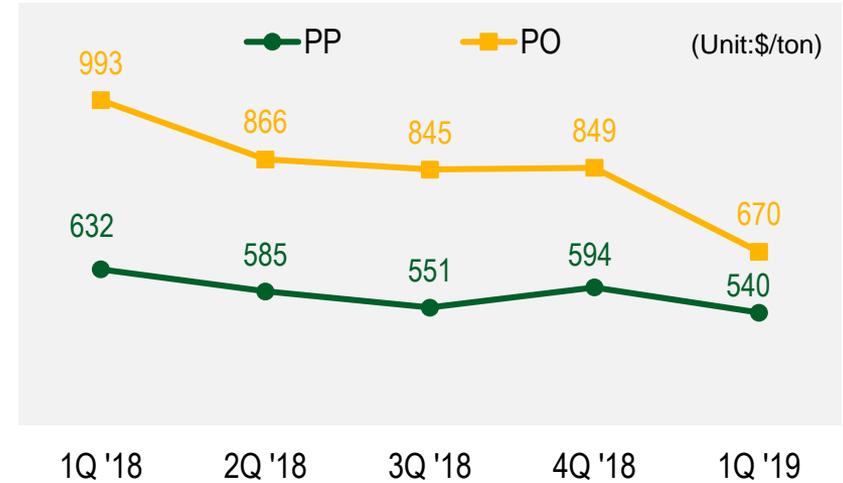
1Q '19 Market Environment

- PP & PO spread both decreased since market was hit by the U.S.-China trade dispute and a slowdown in China's economy, which led to sluggish demand in the downstream. In particular, the supply of PO in the region increased, deepening the bearish market.

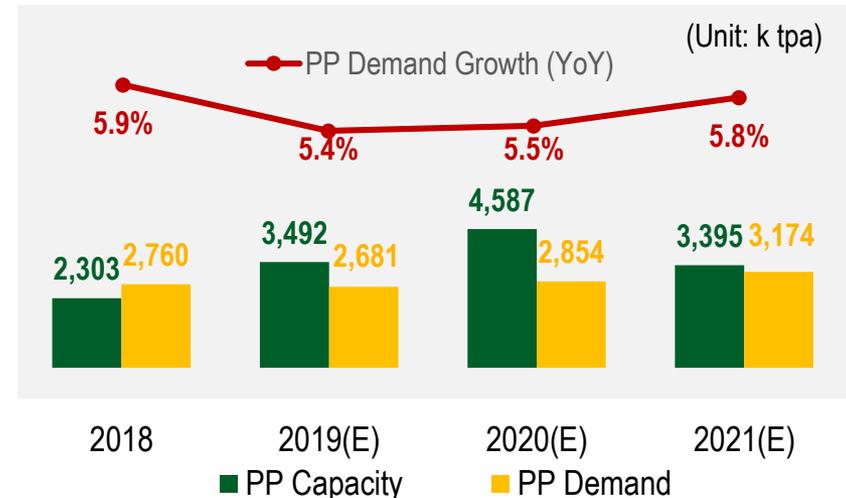
2Q '19 Outlook

- PP & PO spread is expected to rebound in the second quarter. Demand for PP&PO is expected to recover amid Chinese government's large-scale tax cuts and aggressive fiscal policy as well as narrowing trade dispute gap between the U.S. and China. On the supply side, PP is expected to be tight due to concentration of maintenances, while supply of PO relatively ample with limited maintenances in the region.

Product Spread (Vs. Naptha)



Increase of PP Capacity and Demand (Asia & ME)



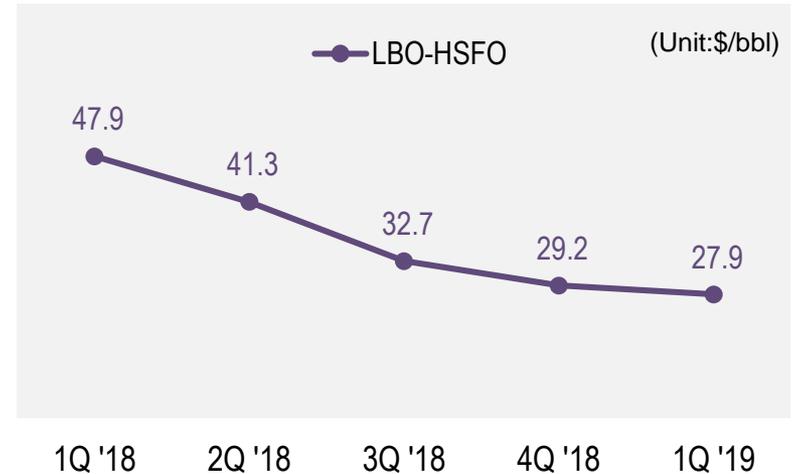
1Q '19 Market Environment

- LBO spread declined due to sluggish demand and oversupply from new capacity addition in the region.

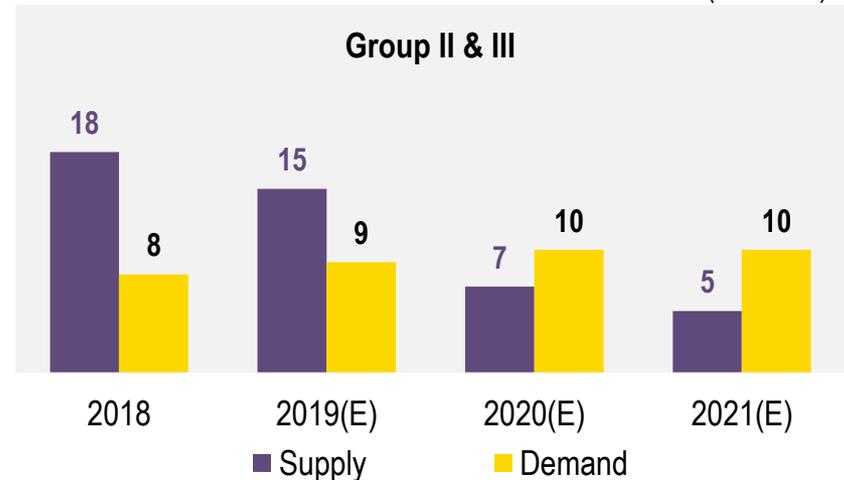
2Q '19 Outlook

- Spread is expected to recover on the back of planned maintenance of major competitors and an increase in seasonal demand.

Product Spread (Asia)



LBO Supply/Demand Growth



Source: ICIS, Kline, The Company

Summarized Income Statement

(Unit: bil. Won)	2018	1Q '18	YoY	4Q '18	QoQ	1Q '19
Revenue	25,463.3	5,410.9	0.3% ↑	6,861.3	20.9% ↓	5,426.2
Operating Income	639.5	254.5	6.2% ↑	-333.5	-	270.4
(Margin)	(2.5%)	(4.7%)	-	(-4.9%)	-	(5.0%)
Finance & Other Income	-311.8	2.0	-	-123.9	-	-113.9
- Net Interest Gain	-48.0	0.3	-	-33.1	-	-41.3
- Net F/X Gain*	-178.1	6.3	-	-30.2	-	-48.0
- Others	-85.7	-4.6	-	-60.6	-	-24.6
Equity Method Gain	4.1	1.7	58.8% ↓	1.0	30.0% ↓	0.7
Income before Tax	331.8	258.2	39.1% ↓	-456.4	-	157.2
Net Income	258.0	188.7	39.8% ↓	-323.8	-	113.6

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

Sales Breakdown

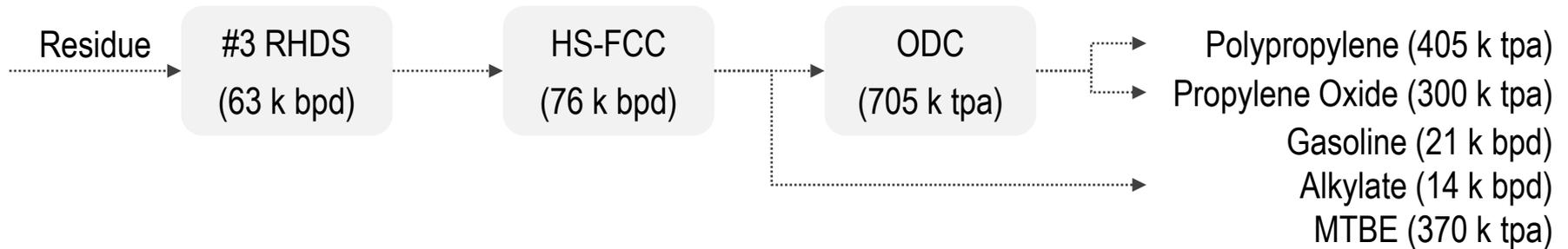
(Unit: k bpd, %)	1Q '18	2Q '18	3Q '18	4Q '18	1Q '19
Sales Total	684	693	765	758	676
Domestic	346	333	320	333	355
Export	338	361	445	425	321
(% in Total)	(49.4%)	(52.0%)	(58.2%)	(56.1%)	(47.4%)
 China	29.3%	24.6%	23.7%	22.5%	22.2%
 Japan	20.0%	13.5%	13.1%	16.5%	16.5%
 Singapore	2.6%	4.2%	4.8%	10.5%	14.8%
 South East Asia	10.8%	10.8%	8.4%	13.0%	12.3%
 Australia	11.7%	16.1%	14.5%	12.2%	7.1%
 Taiwan	1.5%	5.8%	6.2%	8.4%	5.7%
 USA	4.1%	8.5%	11.1%	7.0%	4.2%

RUC/ODC Project Overview

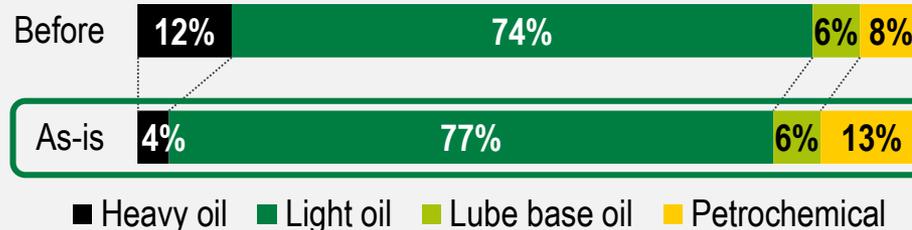
Project	Residue Upgrading Complex (RUC) and Olefin Downstream Complex (ODC)
Project Site	The Company's Onsan complex
Investment Cost	4.8 trillion Won
Investment Period	2015 ~ 2018 (Mechanical Completion in April, 2018)
Commercial Operation	November 2018

Major Process

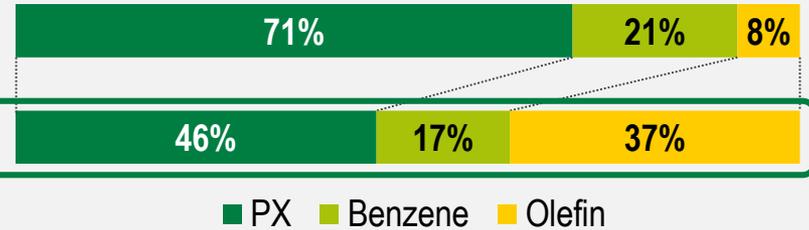
Major Product



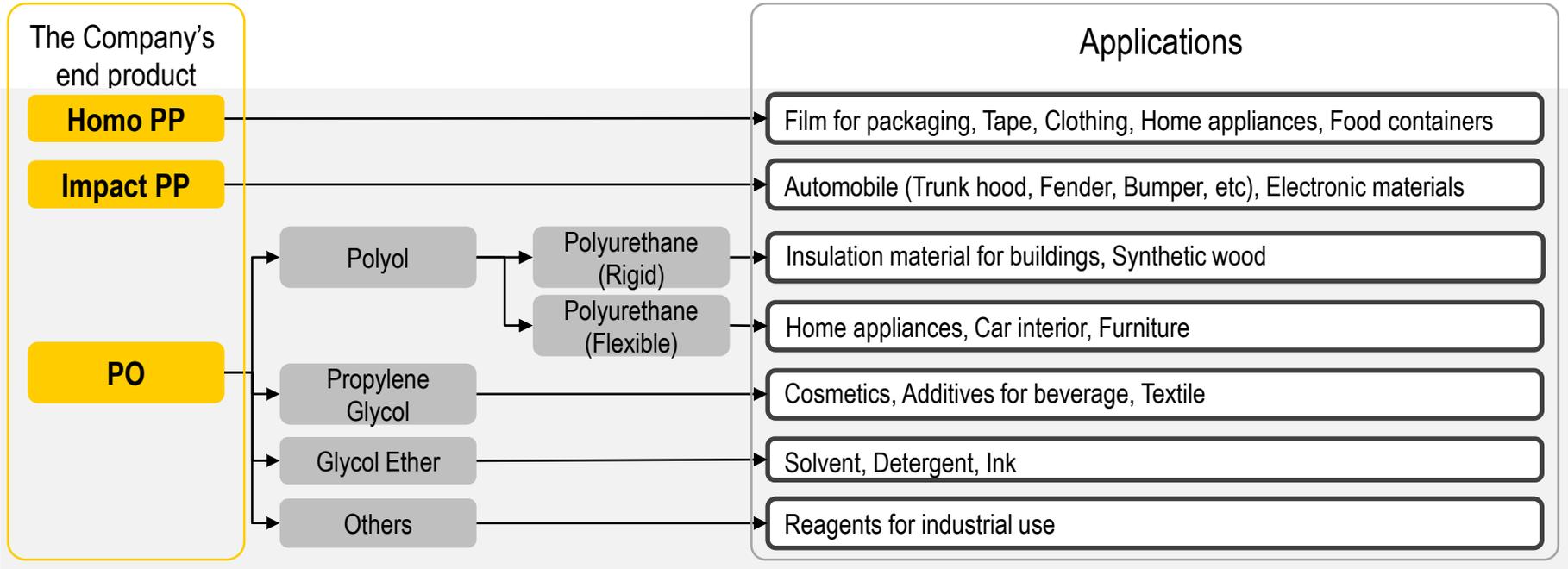
Company total product portfolio



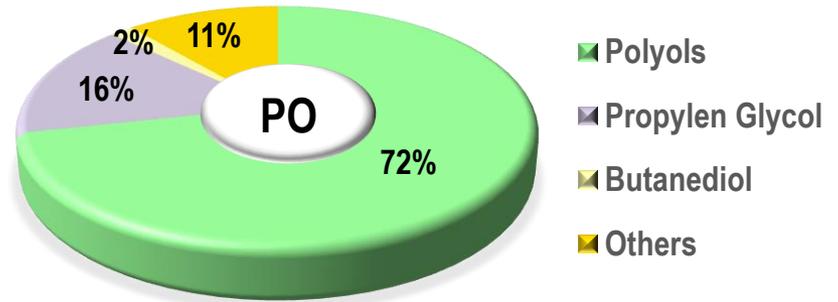
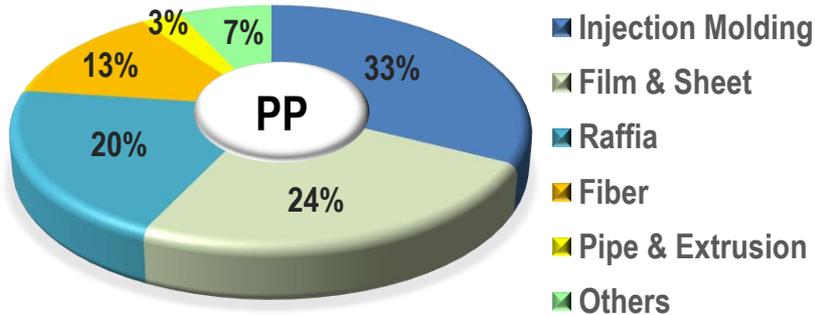
Petrochemical business product portfolio



PP(Poly Propylene) / PO (Propylene Oxide) Value Chain



Global Demand by Applications



Long-term Margin Trend

Refining

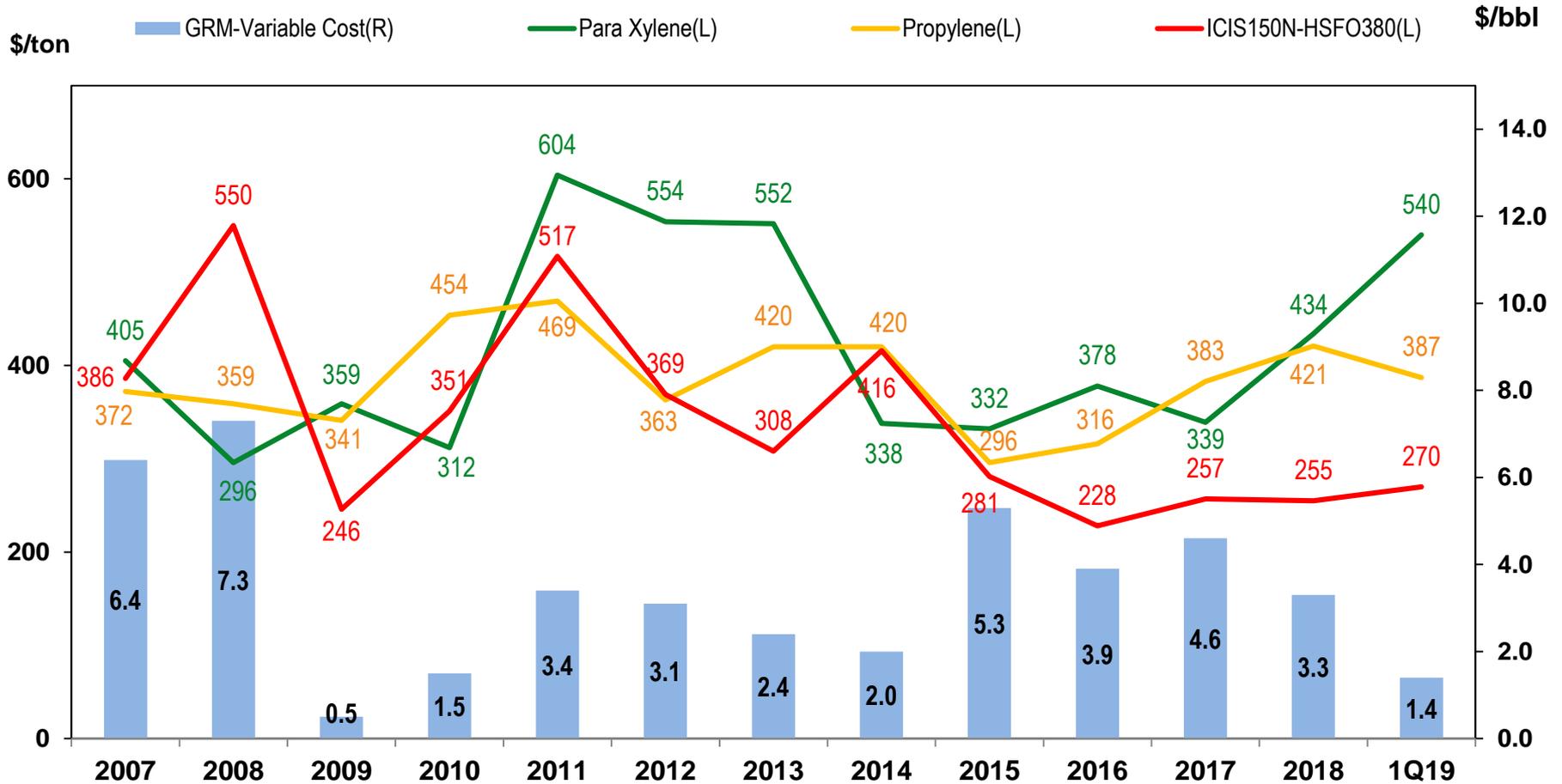
Singapore Complex Margin

Petrochemical

Product spread (Vs. Naphtha)

Lube base Oil

Product spread



Thank You

S-OIL IR Team

Contact : IRteam@s-oil.com



**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 



S-OIL, the only company named to DJSI World for the 9th consecutive year among Asia Pacific refiners and won the grand prize of 2017 ESG evaluation from KCGS.

