

S-OIL Corporation 2Q 2023 Results

July 2023



Highlights



36.4 billion Won
Operating income in 2Q

While the company-wide complex margin stayed sound, one-off factors including large-scale regular maintenance have led to 36.4 bil. Won of operating income in 2Q



Shaheen Project
in smooth progress

The Company is consolidating all of its capabilities to successfully carry out Shaheen Project, which will enhance the enterprise value in response to the energy transition



ESG Management

S-OIL strives to contribute to sustainable growth of the society by integrating well-designed ESG management into our business as expected by our stakeholders

DISCLAIMER

Financial results for 2Q 2023 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.



2Q 2023 Performance & Outlook

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Supplementary Information

2Q 2023 Performance & Outlook

- 2Q 2023 Financial Result
- Financial Status
- Refining
- Petrochemical
- Lube

2Q 2023 Financial Result

(Unit: bil. Won)	2Q 23	1Q 23	QoQ	2Q 22	1H 23	1H 22
Revenue	7,819.6	9,077.6	13.9%↓	11,442.4	16,897.2	20,729.4
Operating Income	36.4	515.7	92.9%↓	1,722.0	552.1	3,053.9
(Margin)	0.5%	5.7%	-	15.0%	3.3%	14.7%
Refining	-292.1	290.6	Turn to loss↓	1,445.1	-1.4	2,647.3
Petrochemical	82.0	29.3	180.3%↑	18.0	111.3	-47.6
Lube	246.5	195.8	25.9%↑	258.9	442.2	454.3
Finance & Other Income	-70.2	-160.8	-	-322.6	-231.0	-458.6
- Net Interest gain	-44.2	-36.4	-	-29.7	-80.6	-50.8
- Net F/X gain*	-50.8	-123.2	-	-271.0	-174.1	-351.7
- Others	24.8	-1.1	-	-21.9	23.7	-56.1
Income before tax	-33.8	354.9	Turn to loss↓	1,399.4	321.1	2,595.3
Net Income	-22.4	265.3	Turn to loss↓	1,014.2	242.9	1,885.1

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

Operating Income

- 36.4 bil. Won in operating income
 - Refining earnings turned negative due to large-scale scheduled maintenance, refining margin decline and inventory-related loss
 - Profit contribution from petrochemical and lube segments were expanded
- * Regular maintenance impact : -255.6 bil. Won
- * Inventory-related impact : -67.5 bil. Won

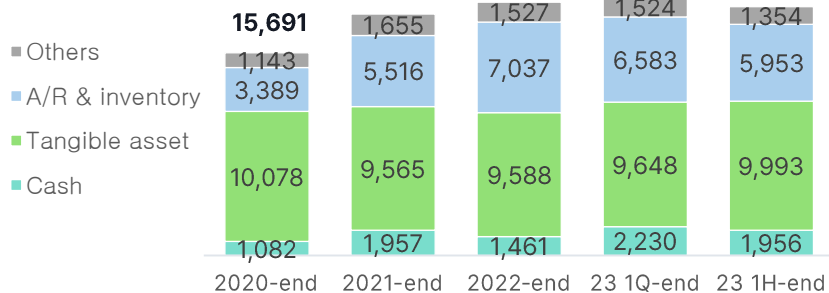
Income before Tax

- -33.8 bil. Won of income before tax
 - F/X rate change
 - 2Q : +9.0 ₩/\$
 - 1Q : +36.5 ₩/\$

Financial Status

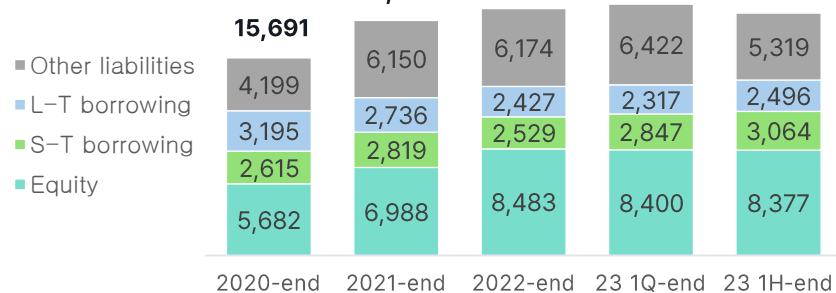
Assets

(Unit: bil. Won)

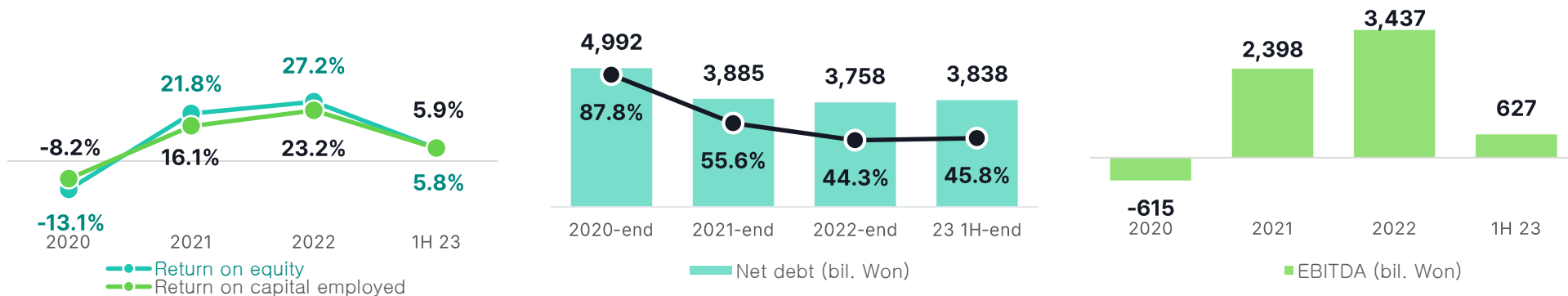


Liabilities & Equities

(Unit: bil. Won)



Financial Highlights

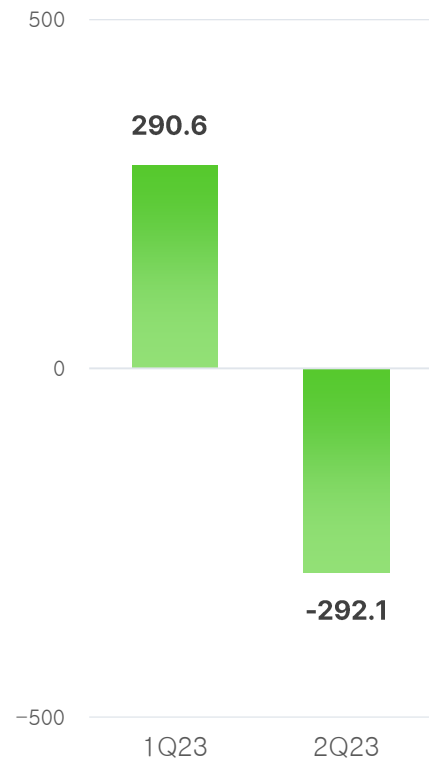


* Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

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

Refining

Operating Income (Unit: bil. Won)



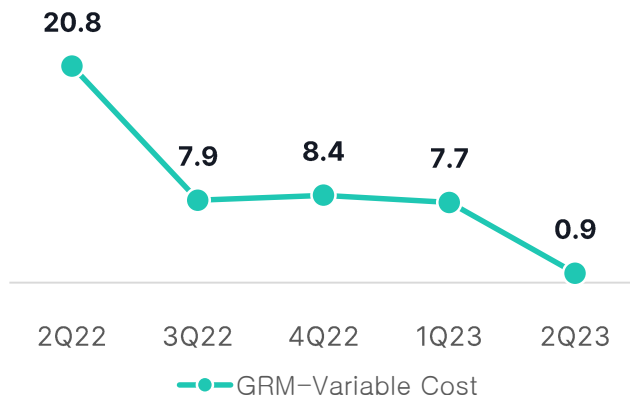
2Q 23 Market Environment

- **Regional refining margins** corrected down mainly due to sluggish recovery of industrial activity-driven refined product demand, which resulted in decrease of diesel and naphtha spread
- **Dubai crude price** slightly declined amid OPEC+ production cut and persistent concerns about global economic slowdown

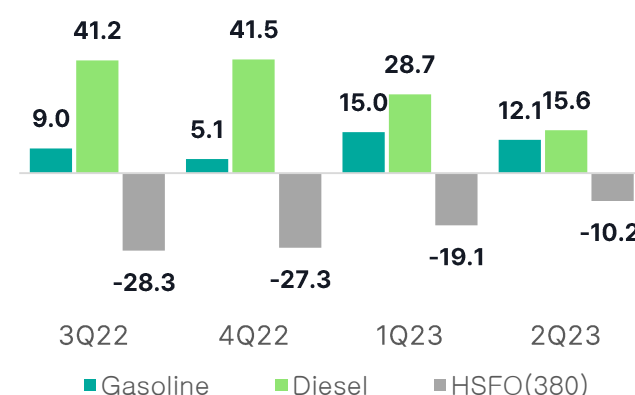
3Q 23 Outlook

- **Regional refining margins** are expected to be supported by mobility demand during the first summer peak season after the pandemic
 - **Gasoline spread** is forecast to continue firmness over summer driving season in northern hemisphere including US, of which inventories remain low
 - **Diesel and Jet Fuel spread** is expected to be supported by European driving season and strong summer air travel demand

Singapore Margin (Unit:\$./bbl)

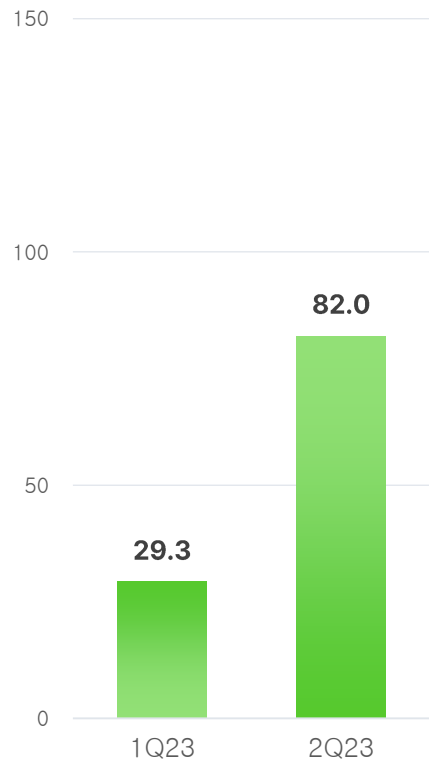


Products Spread over Dubai (Unit:\$./bbl)



Petrochemical

Operating Income (Unit: bil. Won)



2Q 23 Market Environment

Aromatics

- PX and BZ markets improved on the back of supply tightness due to heavy facility maintenance in the region and increased aromatics demand for gasoline blending amid gasoline peak season

Olefin downstream

- PP and PO markets showed improvement due largely to regional scheduled maintenance, although moderate demand recovery and newly added capacities capped the further upside

3Q 23 Outlook

Aromatics

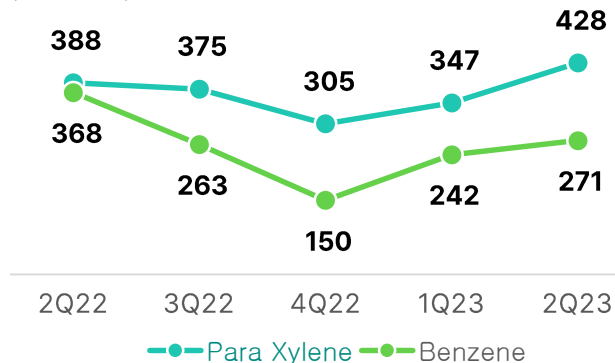
- PX and BZ markets are expected to be supported by continued solid demand for gasoline blending and on-stream of new downstream plants despite start-up of new PX/BZ facilities

Olefin downstream

- PP and PO markets are anticipated to resume recovery in connection with the pace of manufacturing activities mainly in China
 - Supply increase returning from maintenance, and upcoming start-up of new facilities are likely to affect pace of recovery

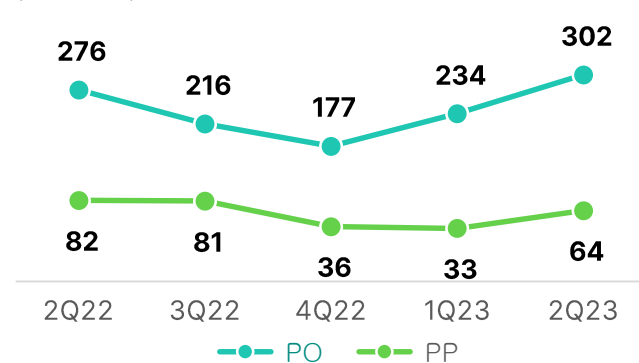
Aromatics Spread over Naphtha

(Unit : \$/ton)



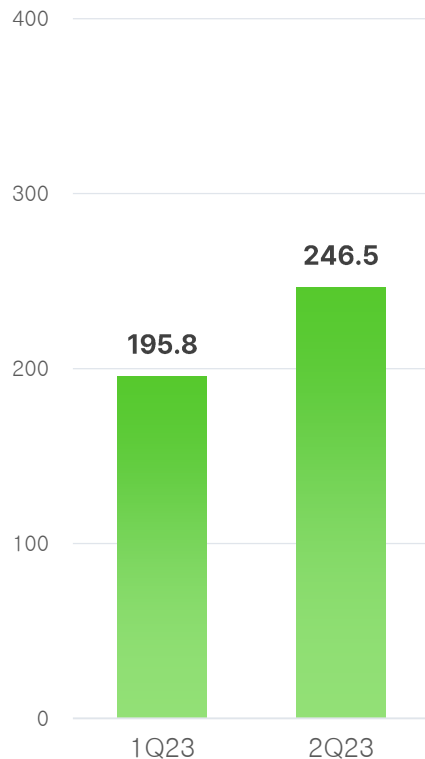
Olefin downstream Spread over Propylene

(Unit : \$/ton)



Lube

Operating Income (Unit: bil. Won)



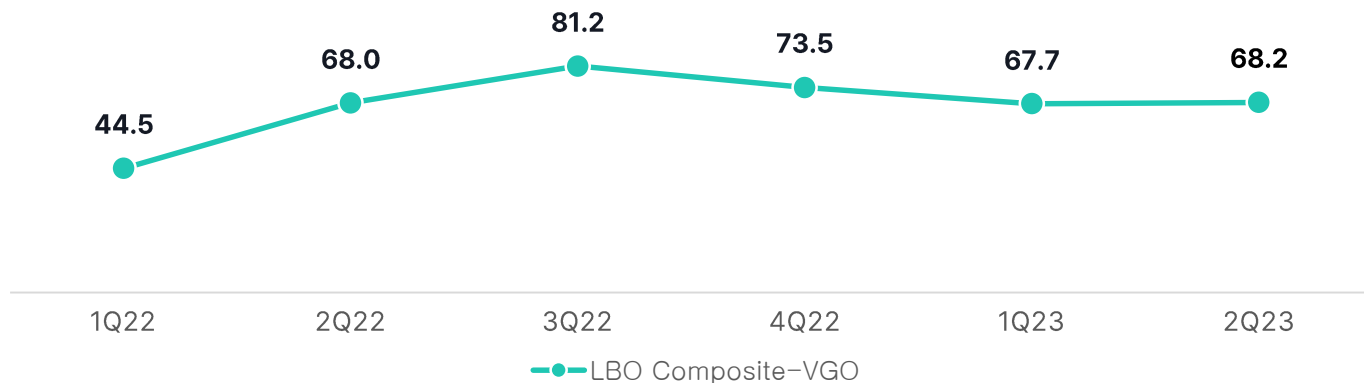
2Q 23 Market Environment

- **LBO Spread** remained firm due to seasonal strength and scheduled maintenance by major suppliers
 - China and India pulled demand over spring oil change and summer driving season

3Q 23 Outlook

- **LBO Spread** is forecast to be slightly adjusted upon completion of maintenance by major suppliers, but to be sustained at sound level above historical average under the absence of new facility expansion

Products Spread (Unit : \$/bbl)



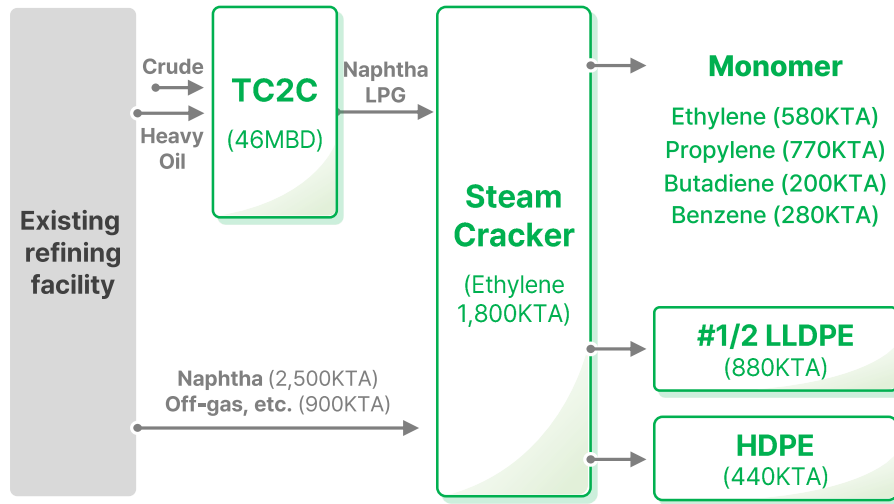
Key Business Update

- Shaheen Project Progress
- ESG Management

Shaheen Project Progress

- The Company is consolidating all of its capabilities to successfully carry out Shaheen Project, which will enhance the enterprise value in response to the energy transition
- Site preparation and EPC work is under full-fledged execution with the actual progress going smoothly according to the plan

Configuration



Estimated EBITDA margin impact

▲ 4.5+α \$/B in 2027

Project Progress (June 2023)



Target Schedule

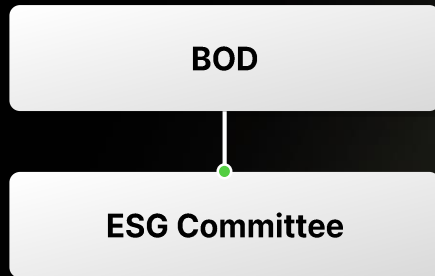
Mechanical Completion by 1H 2026

ESG Management

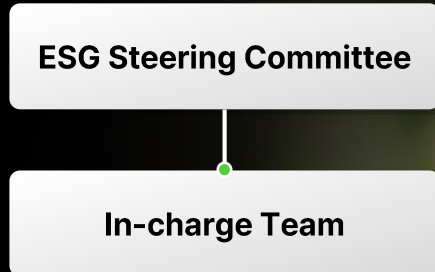
- › S-OIL strives to contribute to sustainable growth of both the country and society by integrating well-designed ESG management into our business as expected by our stakeholders

ESG Organization

BOD-level



Company-level



ESG Framework



ESG

Environment

Decarbonization
Pollutant Emission Control

Social

Incident-free Workplace
Enhancing Corporate Citizenship
Leadership & Talent Cultivation

Governance

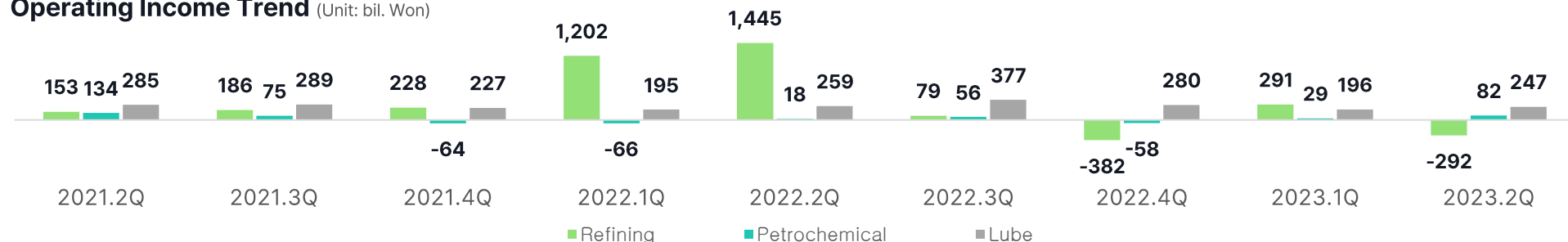
Corporate Governance
Ethics & Compliance
Cybersecurity Management

Supplementary Information

Performance by Business Segment

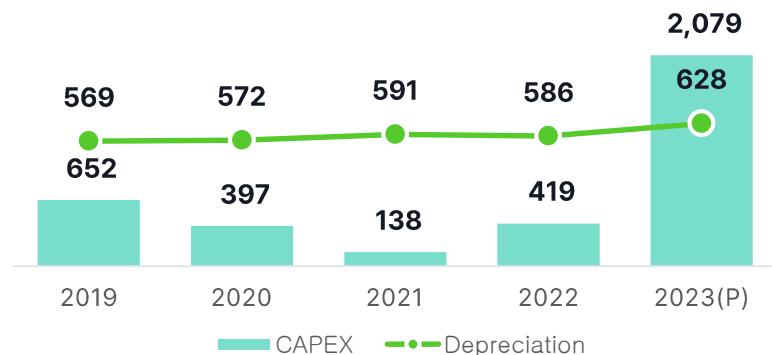
Segment	(Unit: bil. Won)	2Q 23	1Q 23	QoQ	2Q 22	1H 23	1H 22
Refining	Revenue	6,000.0	7,276.7	17.5%↓	9,252.1	13,276.6	16,431.2
	Operating Income	-292.1	290.6	Turn to loss↓	1,445.1	-1.4	2,647.3
	(Margin)	-4.9%	4.0%		15.6%	-0.0%	16.1%
Petrochemical	Revenue	1,009.1	1,038.5	2.8%↓	1,302.3	2,047.6	2,668.6
	Operating Income	82.0	29.3	180.3%↑	18.0	111.3	-47.6
	(Margin)	8.1%	2.8%		1.4%	5.4%	-1.8%
Lube	Revenue	810.5	762.5	6.3%↑	888.0	1,573.0	1,629.7
	Operating Income	246.5	195.8	25.9%↑	258.9	442.2	454.3
	(Margin)	30.4%	25.7%		29.2%	28.1%	27.9%
Total	Revenue	7,819.6	9,077.6	13.9%↓	11,442.4	16,897.2	20,729.4
	Operating Income	36.4	515.7	92.9%↓	1,722.0	552.1	3,053.9
	(Margin)	0.5%	5.7%		15.0%	3.3%	14.7%

Operating Income Trend (Unit: bil. Won)



CAPEX & Operation

CAPEX & Depreciation



(Unit: bil. Won)	2022	2023(P)	1H 23
Shaheen Project	40.6	1,483.3	378.0
Upgrade & Maintenance	272.0	451.6	191.9
Marketing related expenditure	39.1	60.0	13.1
Others	67.3	84.2	33.3
Total CAPEX	418.9	2,079.1	616.4
Depreciation	586.2	627.8	309.4

Maintenances

	2021	2022	1H 23	2H 23(P)
Refining	-	#2 CDU	#3 CDU/CFU	-
	-	#1 RFCC	#2 RFCC/HYC	-
Petrochemical	-	#1 PX/PO	#2 PX/PP	-
Lube	-	-	-	-

Utilization Rate

	2021	2022	1Q 23	2Q 23
CDU	97.8%	92.6%	96.6%	80.3%
RFCC/HYC	97.0%	92.3%	87.8%	80.9%
PX Plants	91.6%	80.2%	79.8%	66.6%
PP/PO Plants	102.8%	78.7%	84.3%	71.8%
Lube Plants	99.2%	94.6%	94.2%	71.7%

Long-term Margin Trend

Refining

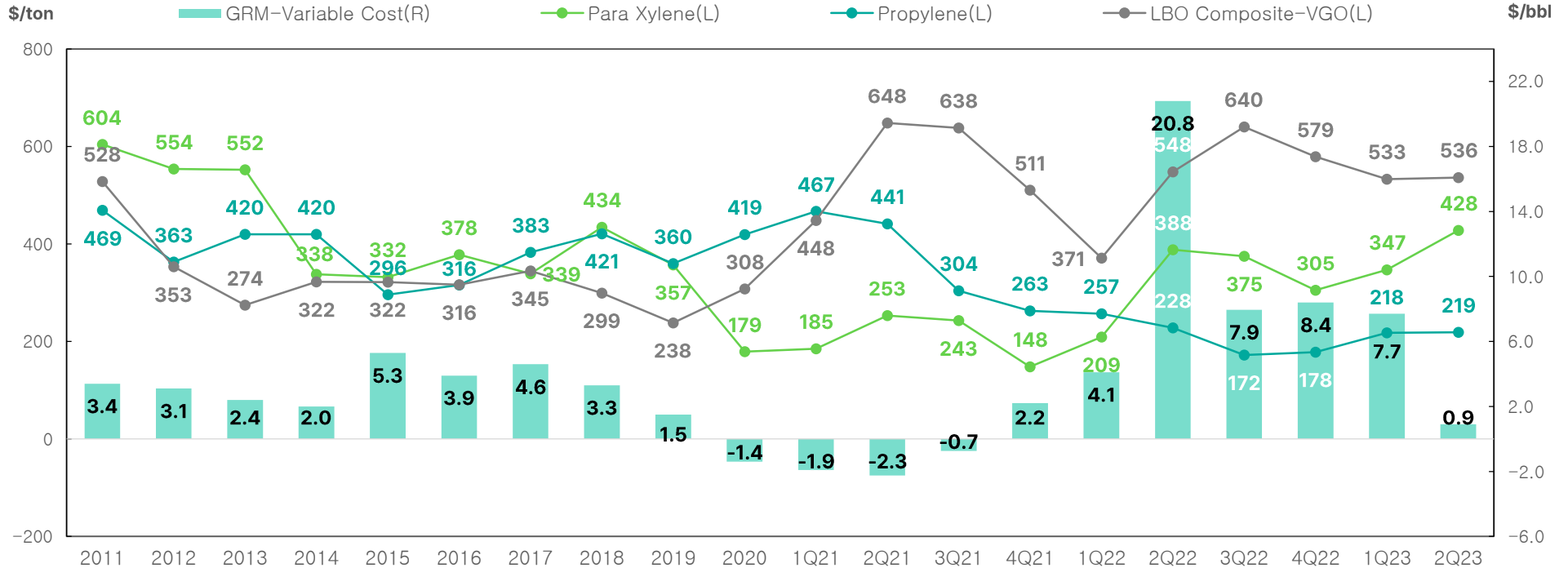
Singapore margin

Petrochemical

Product spread (vs. Naphtha)

Lube base oil

Product spread

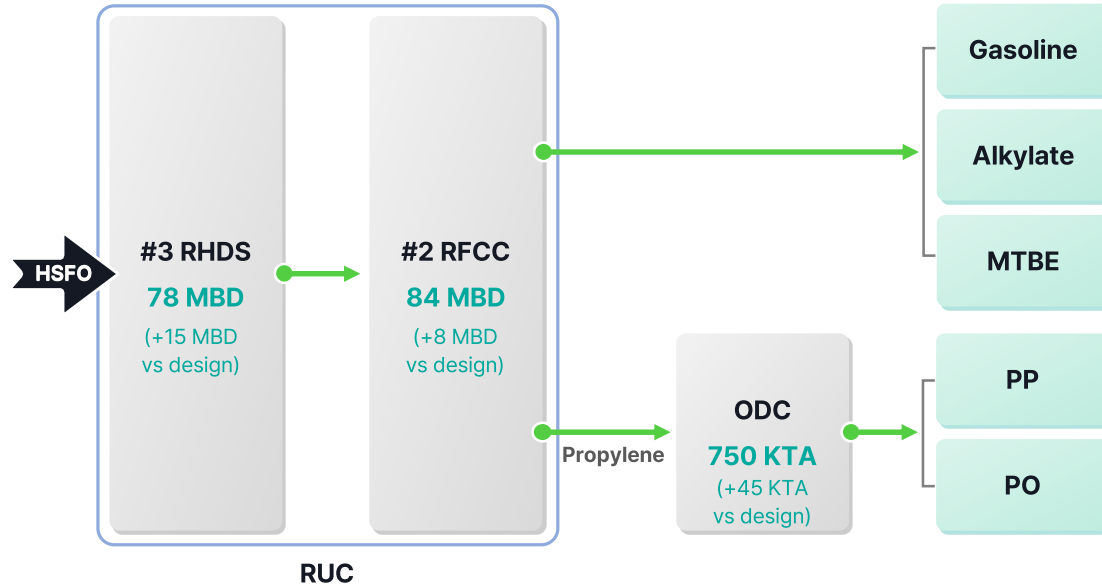


Enhanced Profitability by RUC/ODC

- S-OIL is one of the best positioned to benefit from refining margin strength with superior facility competitiveness
- Profitability of RUC has remarkably widened by upgrading heavily discounted HSFO

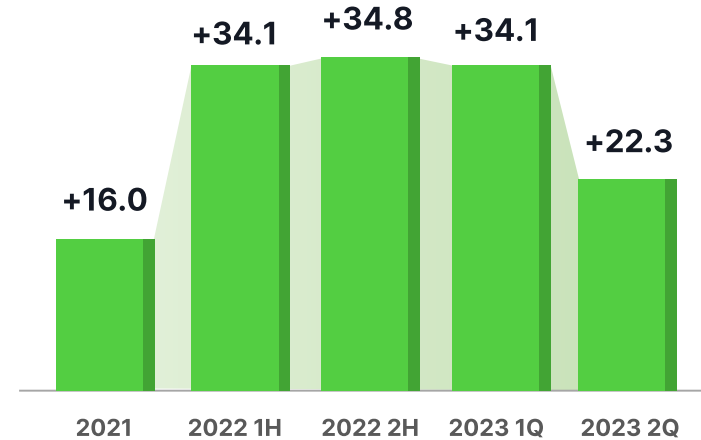
RUC/ODC Project

(Residue Upgrading Complex & Olefin Downstream Complex)



Gasoline Spread over HSFO

(Unit : \$/bbl)



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



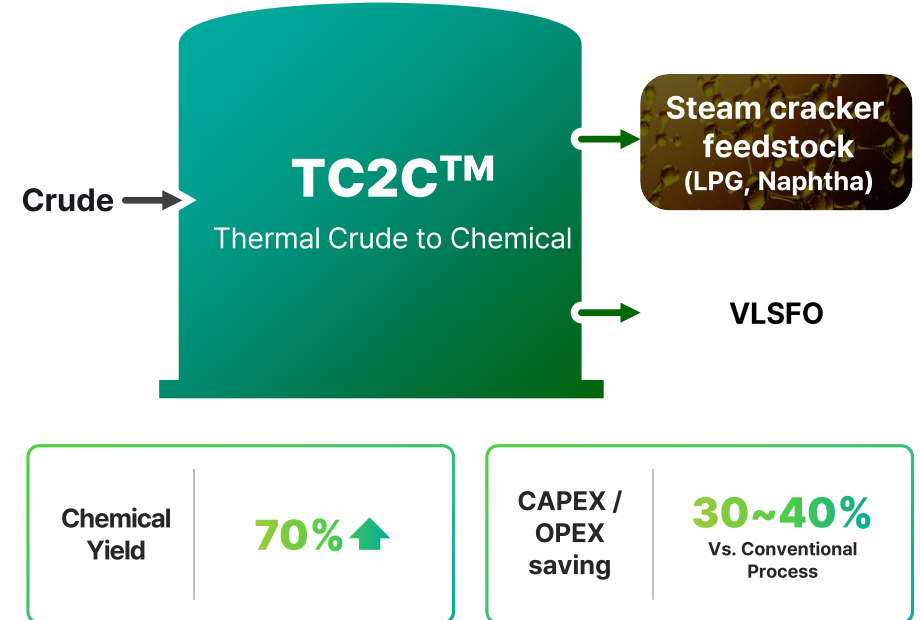
Shaheen Project Competitiveness

- 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 12th 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

