

S-OIL Corporation Q1 2024 Results

April 2024



Highlights



454.1 billion Won

Operating income in Q1

The Company achieved 454.1 billion Won of operating income in Q1. Improvement in refining margin and rebound of international oil price led to a sizeable QoQ income increase



**Continuing Mobility
Fuel Demand Upturn**

Global mobility fuel demand is forecast to continue a solid growth in 2024. Summer peak season is expected to lift transport fuel demand amid lowered global fuel inventory level



**Renewable Fuel &
Circular Chemical
Business**

In order to capture growing demand for renewable fuel and circular chemical products, the Company initiated co-processing of bio feedstock and waste plastic oil within the existing refinery, and attained ISCC CORSIA certificate, the first among domestic players

DISCLAIMER

Financial results for Q1 2024 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.



Q1 2024 Performance & Outlook

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Q1 2024 Performance & Outlook

- Q1 2024 Financial Result
- Financial Status
- Refining
- Petrochemical
- Lube

Q1 2024 Financial Result

(Unit: bil. Won)	Q1 24	Q4 23	QoQ	Q1 23	YoY
Revenue	9,308.5	9,829.9	5.3%↓	9,077.6	2.5%↑
Operating Income	454.1	-56.4	Turn to Profit ↑	515.7	11.9%↓
(Margin)	4.9%	-0.6%	-	5.7%	-
Refining	250.4	-311.3	Turn to Profit ↑	290.6	13.8%↓
Petrochemical	48.0	33.9	41.5% ↑	29.3	64.1% ↑
Lube	155.7	221.0	29.6% ↓	195.8	20.5% ↓
Finance & Other Income	-226.9	130.0	-	-160.8	-
- Net Interest gain	-58.4	-53.5	-	-36.4	-
- Net F/X gain*	-175.5	162.3	-	-123.2	-
- Others	7.0	21.2	-	-1.1	-
Income before tax	227.2	73.6	208.6%↑	354.9	36.0%↓
Net Income	166.2	160.5	3.5%↑	265.3	37.4%↓

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

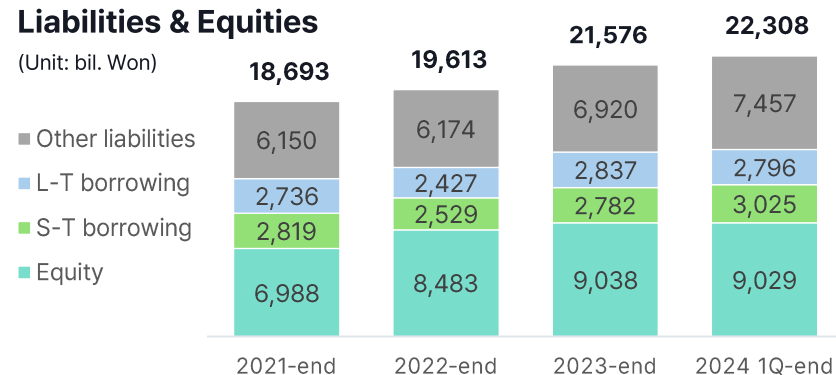
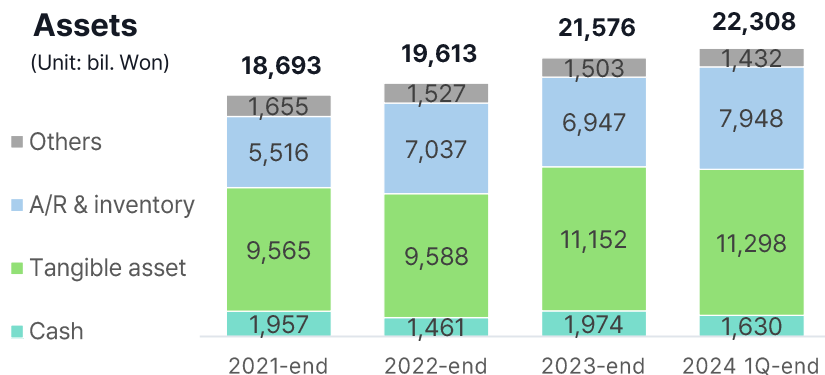
Operating Income

- 454.1 bil. Won in operating income
 - Refining segment turned positive attributed to rise of refining margin and oil price
 - Petrochemical segment posted a modest growth in profit
 - Lube segment income was reduced mainly by lagging impact
- * Inventory-related impact : +20.6 bil. Won

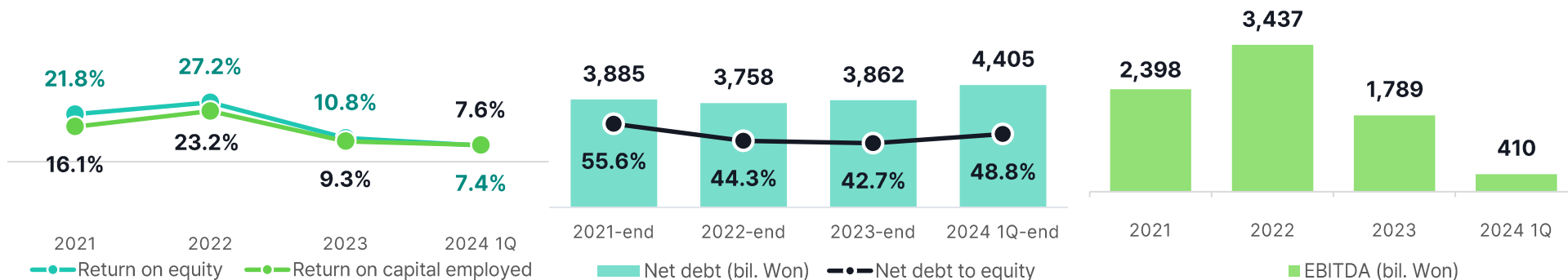
Income before Tax

- 227.2 bil. Won of income before tax
 - F/X rate change
 - Q1 24: +57.4 ₩/\$
 - Q4 23: -55.4 ₩/\$

Financial Status



Financial Highlights

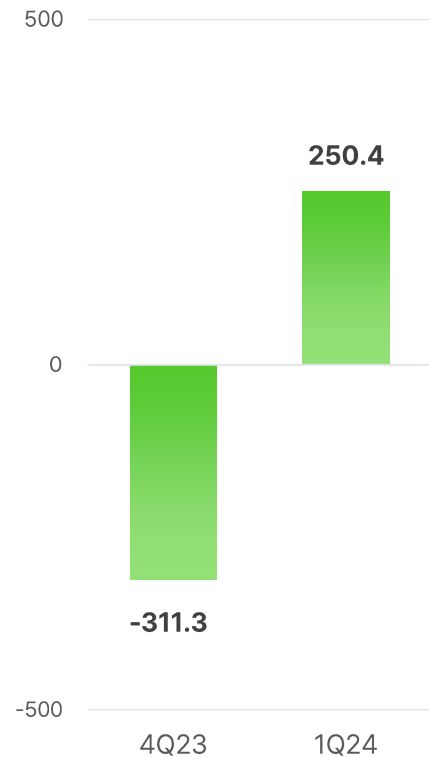


* Net debt: Short-term borrowing + Long-term borrowing + Lease obligation - Cash

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

Refining

Operating Income (Unit: bil. Won)



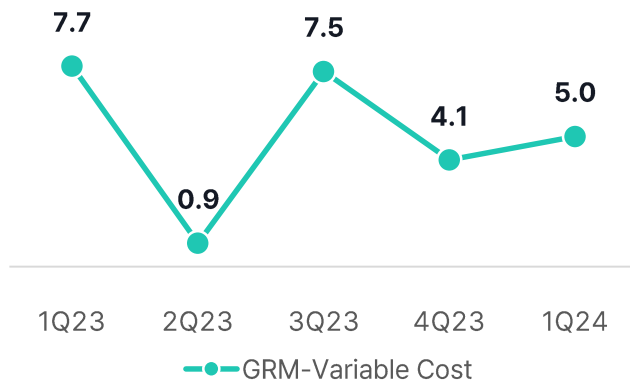
Q1 24 Market Environment

- **Regional refining margins** rebounded with solid demand as well as global refiners' regular maintenance and supply disruptions caused by facility failure and geopolitical instability
- **Dubai crude price** rose with extension of OPEC+ production cut and escalated geopolitical conflicts

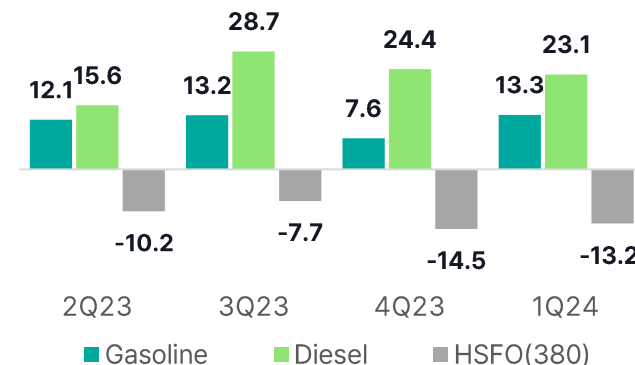
Q2 24 Outlook

- **Regional refining margins** are forecast to show steady movement supported by regular maintenance in the region, and then trend upward in tandem with demand increase entering the summer peak season
 - Seasonal strength is anticipated for gasoline market in the summer under lowered global inventory level
 - In addition to on-going air traffic recovery, summer travel demand is expected to bolster jet fuel market

Singapore Margin (Unit:\$ /bbl)

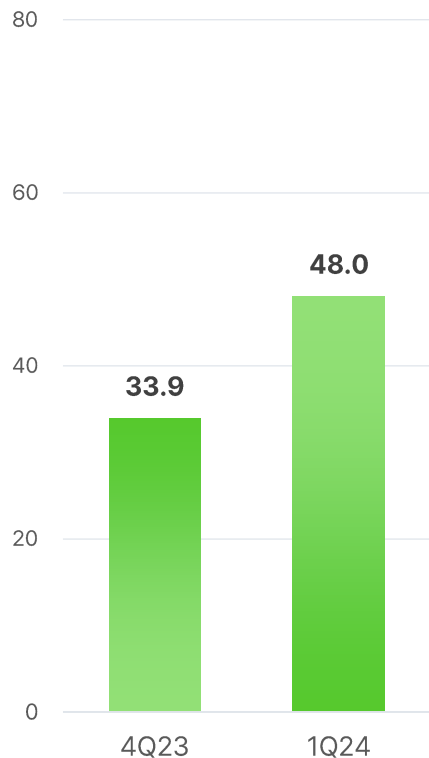


Products Spread over Dubai (Unit:\$ /bbl)



Petrochemical

Operating Income (Unit: bil. Won)



Q1 24 Market Environment

Aromatics

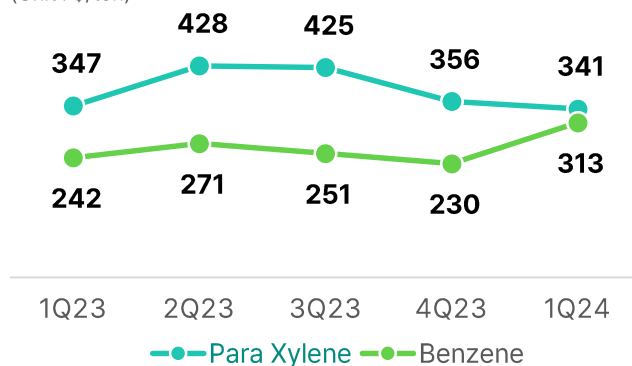
- PX market sustained a sound level due to healthy demand of Polyester after Chinese holidays and BZ market improved backed by strong import demand from the US

Olefin downstream

- PP and PO markets rebounded by tight supply from production troubles of PP/PO plants amid tepid downstream demand

Aromatics Spread over Naphtha

(Unit : \$/ton)



Q2 24 Outlook

Aromatics

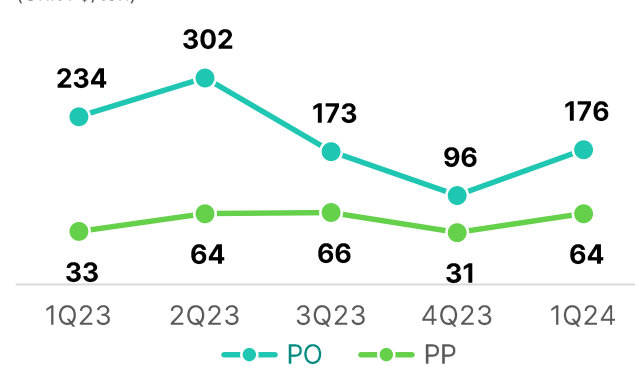
- PX and BZ markets are projected to trend upwards owing to scheduled maintenance of producers, start-up of new PTA facilities and increasing seasonal demand for downstream & gasoline blending components

Olefin downstream

- PP and PO markets are anticipated to remain under pressure from continued capacity expansion, but gradual recovery can be expected depending on the effect of China's economy stimulus package

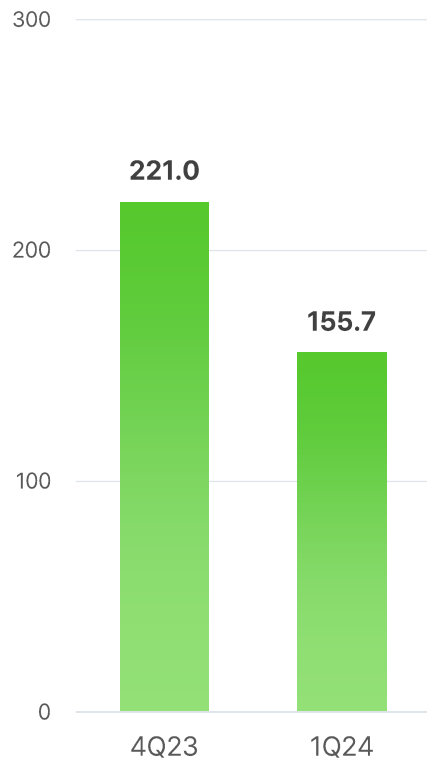
Olefin downstream Spread over Propylene

(Unit : \$/ton)



Lube

Operating Income (Unit: bil. Won)



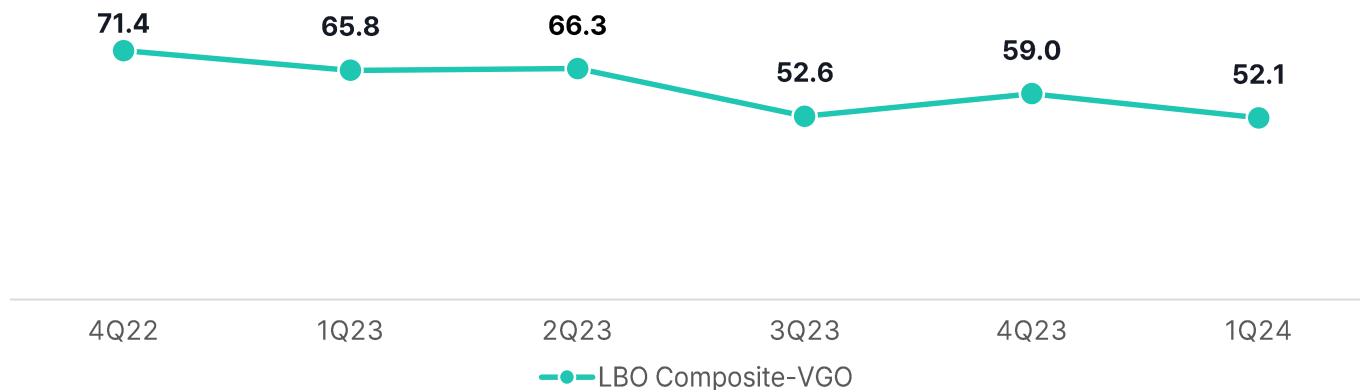
Q1 24 Market Environment

- **LBO spread** maintained a firm trend, but declined QoQ due to lagging impact from increased feedstock cost

Q2 24 Outlook

- **LBO fundamental** is expected to strengthen on rising seasonal demand and scheduled maintenances of global major suppliers

Products Spread (Unit : \$/bbl)



Key Business Update

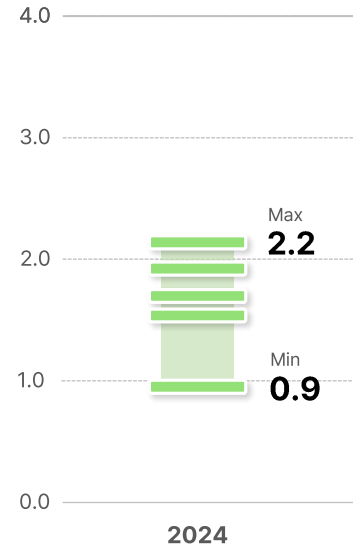
- Continuing Fuel Demand Upturn
- Renewable Fuel and Circular Chemical Business

Continuing Fuel Demand Upturn

- Global oil demand is expected to continue a solid growth in 2024
- Summer peak season is expected to lift transport fuel demand amid lowered global fuel inventory level

'24 Global Oil Demand Growth Outlook

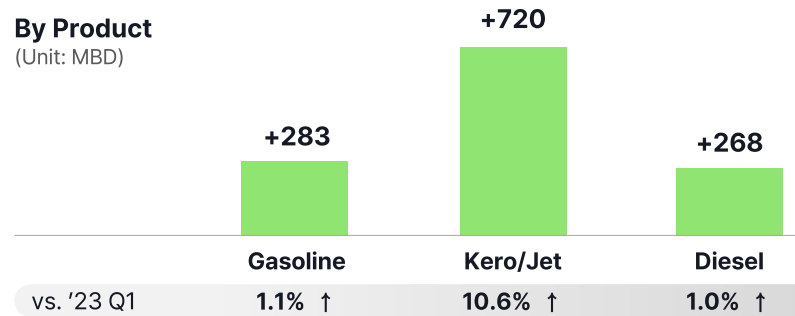
(Unit : mil. b/d)



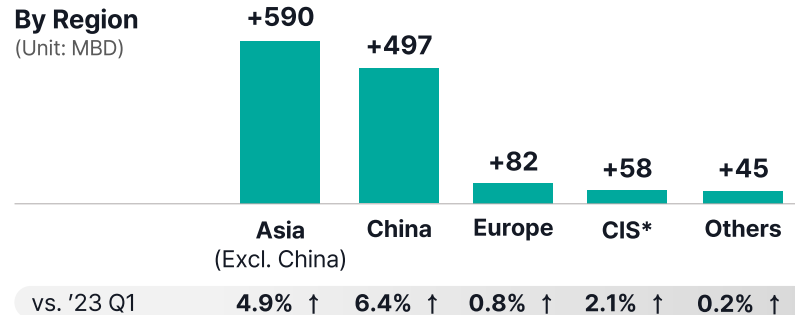
Source: EIA, OPEC, IHS, FACTS, WoodMac

Main Products Demand Growth (Q1 24 YoY)

By Product
(Unit: MBD)

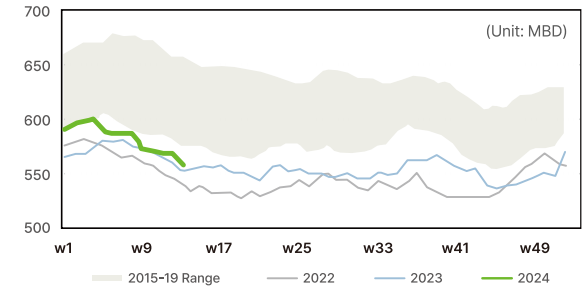


By Region
(Unit: MBD)



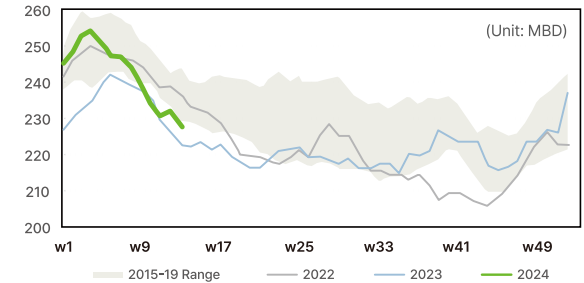
* Commonwealth of Independent States

Main Products Inventory in Key Areas



Source : EIA, Bloomberg, Petroleum Association of Japan

US Light Distillate Inventory

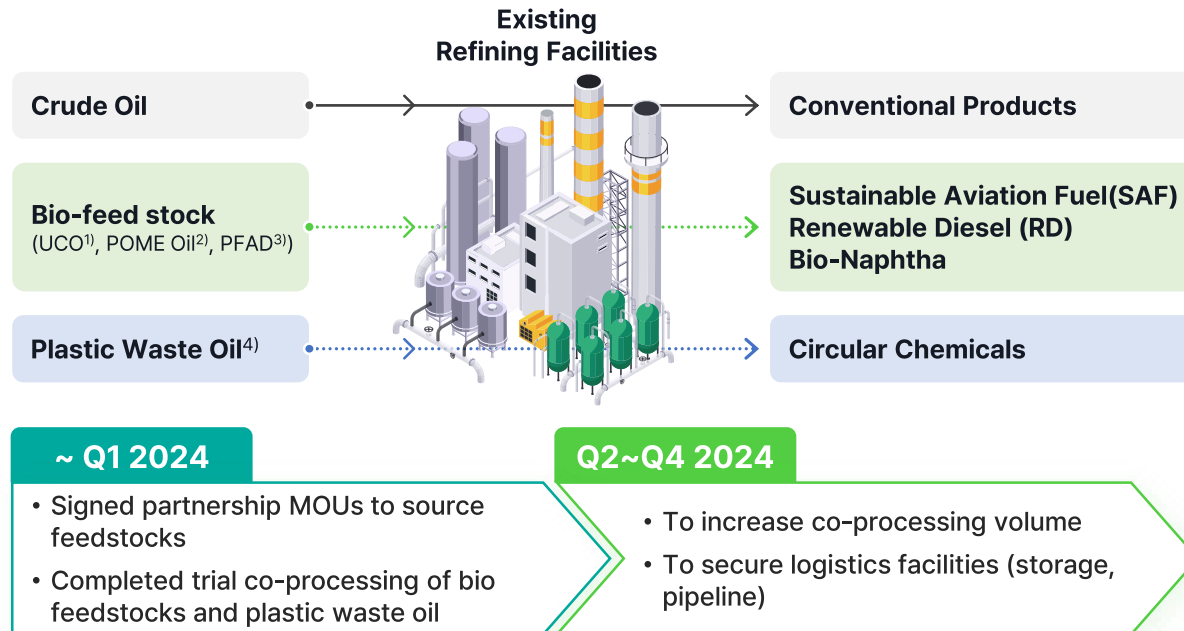


Source : EIA

Renewable Fuel and Circular Chemical Business

- S-OIL initiated co-processing of bio feedstocks and waste plastic oil to capture growing demand for renewable fuels and circular chemicals, and obtained three ISCC certificates
- Co-processing volume is planned to gradually increase to 150 KTA by 2030, while construction of a dedicated plant for SAF is also under review with a long-term perspective

Co-processing of Bio-feedstock and Waste Plastic Oil



Key Milestones

ISCC Certification

Obtained in Apr 2024
(CORSIA, EU, Plus)⁵⁾



Co-processing Volume

Up to 150 KTA by 2030



Dedicated Plant for SAF

Reviewing construction of a dedicated HEFA⁶⁾ plant for SAF



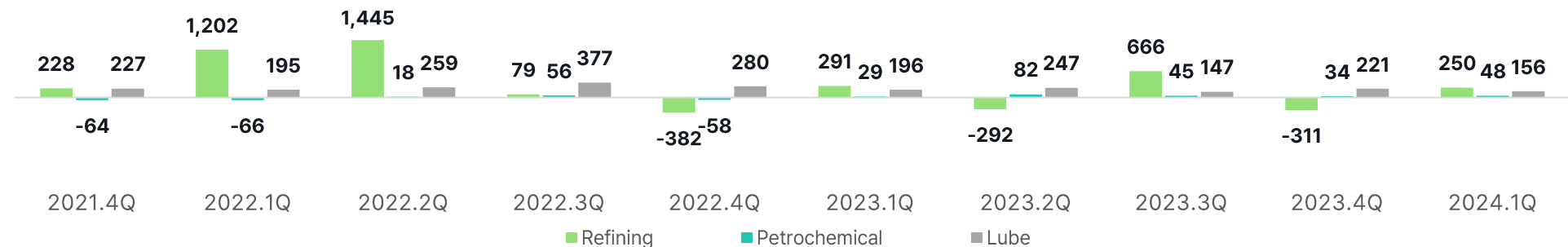
1) Used Cooking Oil , 2) Palm Oil Mill Effluent Oil, 3) Palm Fatty Acid Distillates, 4) Plastic Pyrolysis Oil, 5) ISCC CORSIA: the first in domestic refining sector, 6) Hydroprocessed Esters and Fatty Acids

Supplementary Information

Performance by Business Segment

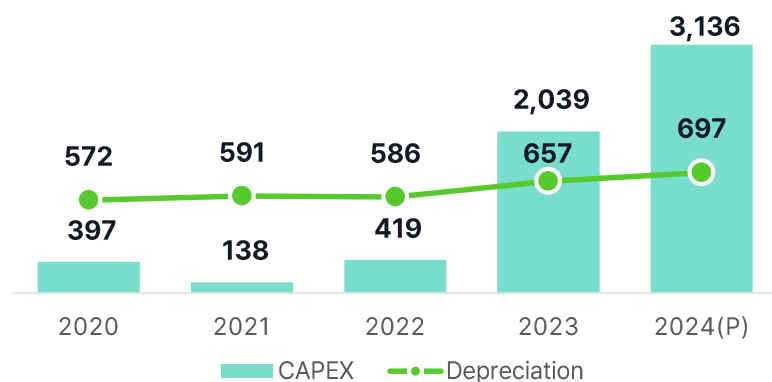
Segment	(Unit: bil. Won)	Q1 24	Q4 23	QoQ	Q1 23	YoY
Refining	Revenue	7,444.8	7,781.8	4.3%↓	7,276.7	2.3%↑
	Operating Income	250.4	-311.3	Turn to Profit↑	290.6	13.8%↓
	(Margin)	3.4%	-4.0%		4.0%	
Petrochemical	Revenue	1,096.8	1,212.3	9.5%↓	1,038.5	5.6%↑
	Operating Income	48.0	33.9	41.5%↑	29.3	64.1%↑
	(Margin)	4.4%	2.8%		2.8%	
Lube	Revenue	766.9	835.8	8.2%↓	762.5	0.6%↑
	Operating Income	155.7	221.0	29.6%↓	195.8	20.5%↓
	(Margin)	20.3%	26.4%		25.7%	
Total	Revenue	9,308.5	9,829.9	5.3%↓	9,077.6	2.5%↑
	Operating Income	454.1	-56.4	Turn to Profit↑	515.7	11.9%↓
	(Margin)	4.9%	-0.6%		5.7%	

Operating Income Trend (Unit: bil. Won)



CAPEX & Operation

CAPEX & Depreciation



(Unit: bil. Won)	2023	2024(P)	Q1 24
Shaheen Project	1,463.6	2,716.0	216.3
Upgrade & Maintenance	437.4	298.0	29.3
Marketing related expenditure	45.9	58.0	4.8
Others	91.9	64.2	7.3
Total CAPEX	2,038.8	3,136.2	257.7
Depreciation	656.8	696.6	172.2

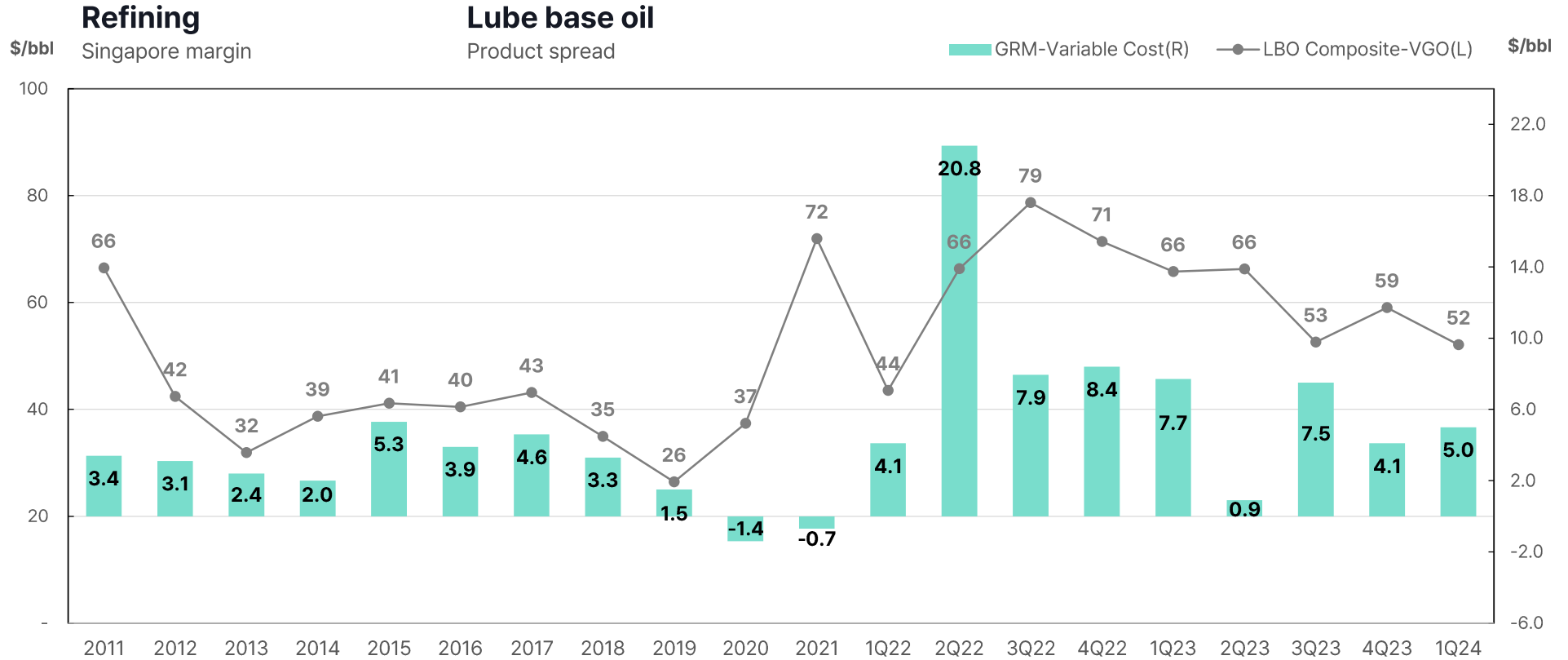
Maintenances

	2022	2023	Q1 24	Q2~4 24(P)
Refining	#2 CDU	#3 CDU/CFU	-	#1 CDU
	#1 RFCC	#2 RFCC/HYC	-	-
Petrochemical	#1 PX/PO	#2 PX/PP	-	-
Lube	-	-	-	#1 HDT

Utilization Rate

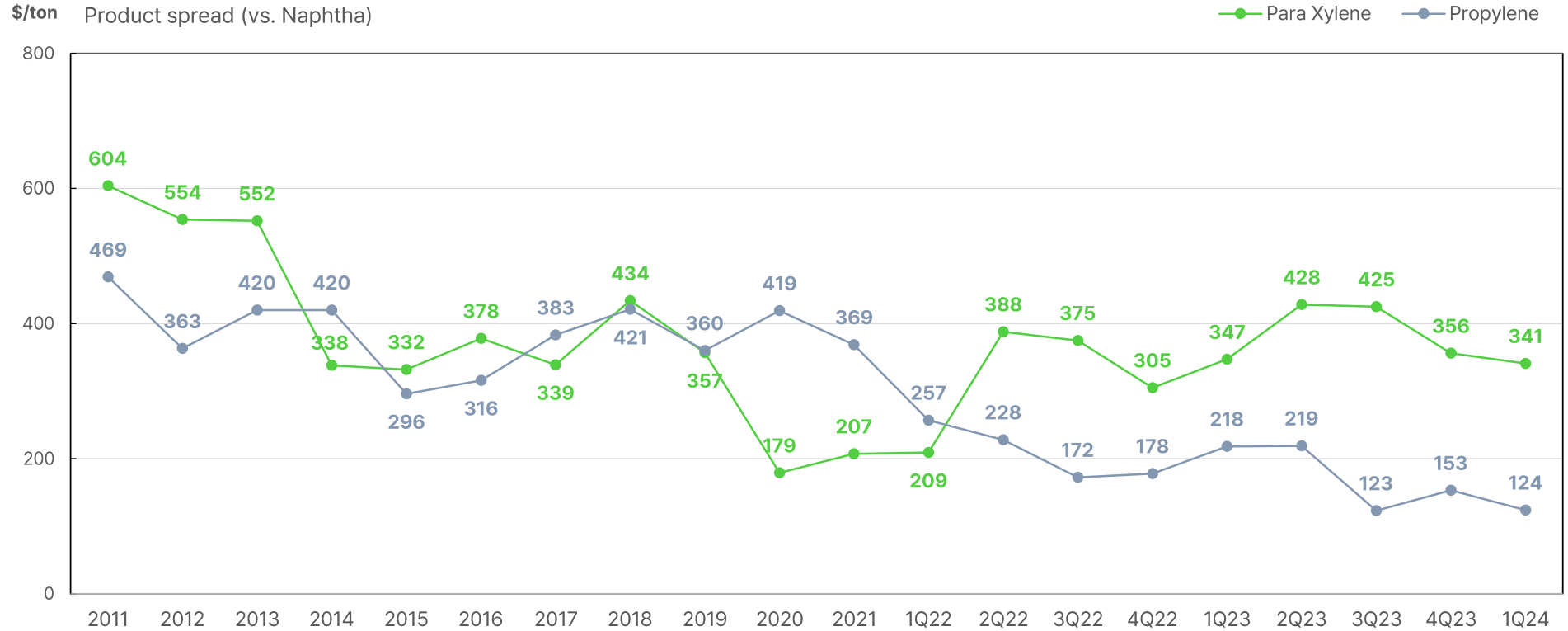
	2022	2023	4Q 23	Q1 24
CDU	92.6%	90.4%	94.0%	91.9%
RFCC/HYC	92.3%	90.7%	98.8%	97.6%
PX Plants	80.2%	75.1%	84.7%	85.7%
PP/PO Plants	78.7%	77.5%	72.3%	89.0%
Lube Plants	94.6%	88.0%	97.8%	99.7%

Long-term Margin Trend



Long-term Margin Trend

Petrochemical

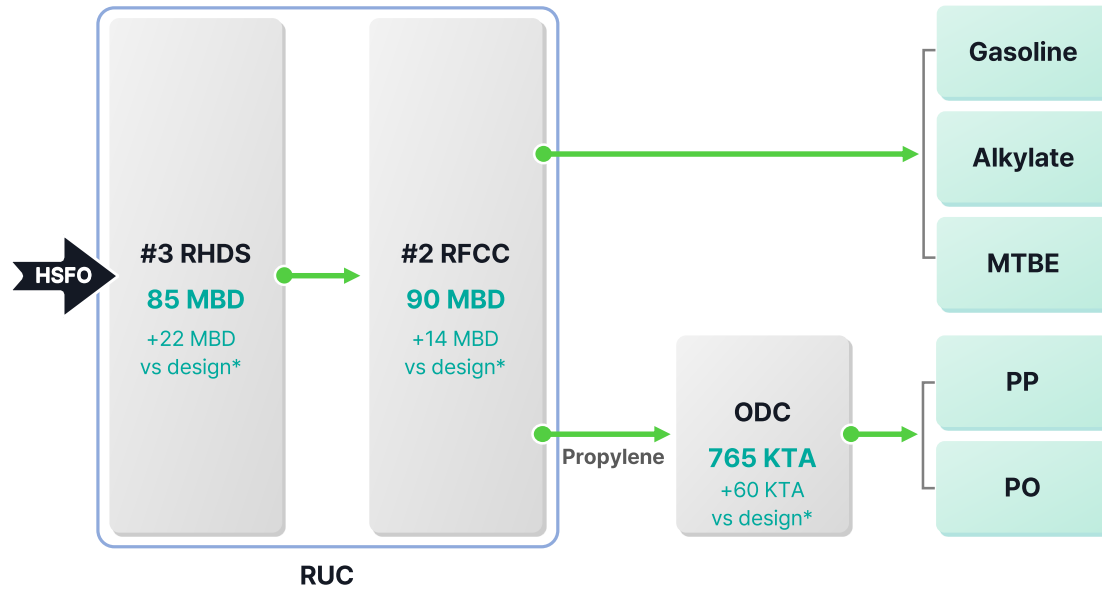


Enhanced Profitability by RUC/ODC

- 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

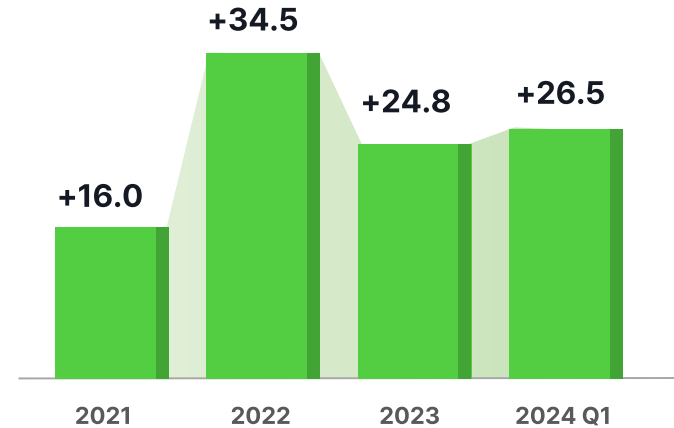
(Residue Upgrading Complex & Olefin Downstream Complex)



* Capacity increase through facility improvements

Gasoline Spread over HSFO

(Unit : \$/bbl)



S-OIL's Green Initiatives

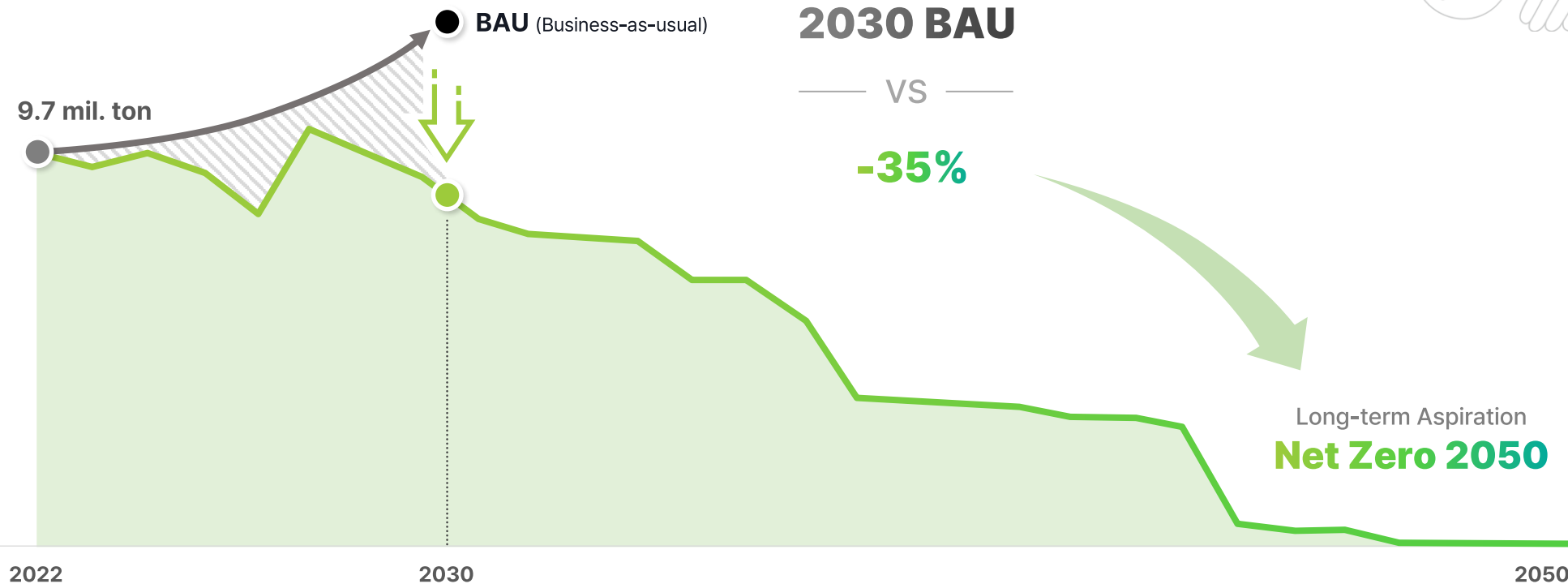
- Green Initiatives set forth strategic directions to deliver sustainable and competitive returns as we transition to a greener future maintaining focus on our unique capabilities



Decarbonization Roadmap

- Target for carbon emission reduction: -35% vs. BAU by 2030
- We have established and regularly updates the decarbonization roadmap featuring a detailed reduction pathway

S-OIL Carbon Reduction Target and Pathway



Decarbonization Initiatives

- Initiatives with feasibility and economics are implemented with higher priority
- Operational levers and low carbon utility will contribute to over 70% of planned reduction amount until 2030

Carbon Reduction Contribution by Initiatives (out of total planned reduction amount until 2030)

70%~



Operational Lever

- **Energy saving investment**
 - ✓ Heater efficiency improvement
 - ✓ Waste heat recovery
 - ✓ Process heat integration
- **MRV²⁾ enhancement**
- **Flare gas recovery**



Low Carbon Utility¹⁾

- **Gas turbine cogeneration**
 - ✓ FEED in progress (approx. 100MW)
- **Renewable energy through PPA³⁾**
- **Low carbon steam import**
- **Solar power generation**
 - ✓ Idle site in the refinery and terminal

~30%



Hydrogen

- **External hydrogen import**
- **Hydrogen firing for gas turbine**



CCUS

- **CO2 sales for industrial use**
 - ✓ Expansion of CO2 sales (100KTA→200KTA)
- **CCS for Scope-1 emission**



Offset / Others

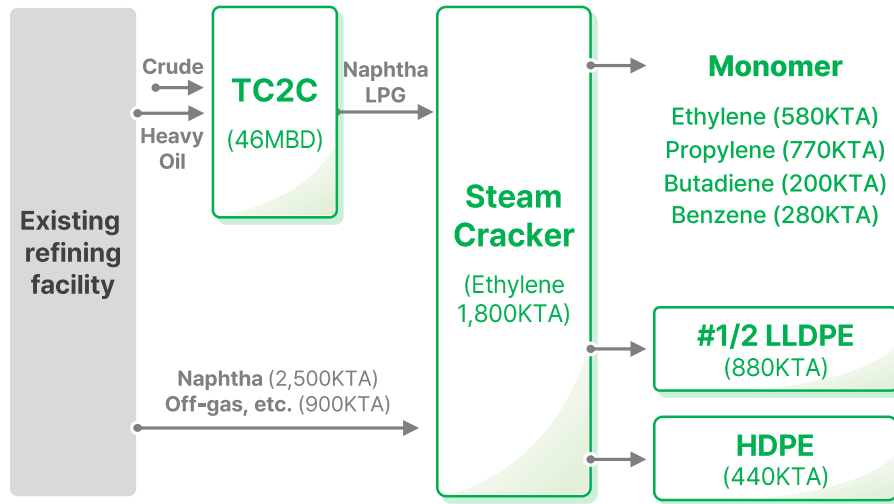
- **SDM / Green ODA**

1) Electricity, Steam 2) Measurement, Reporting, Verification 3) Power Purchase Agreement

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

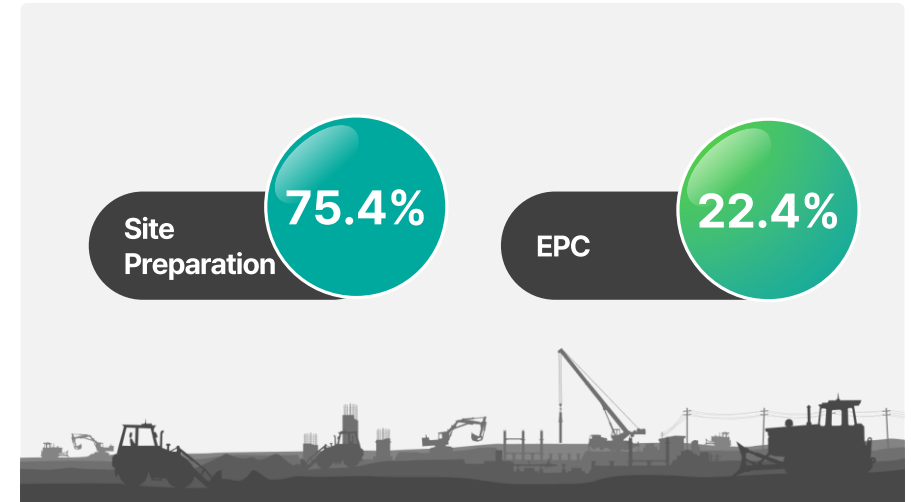
Configuration



Estimated EBITDA margin impact

▲ 4.5+α \$/B in 2027

Project Progress (Mar 2024)



Target Schedule

Mechanical Completion by 1H 2026

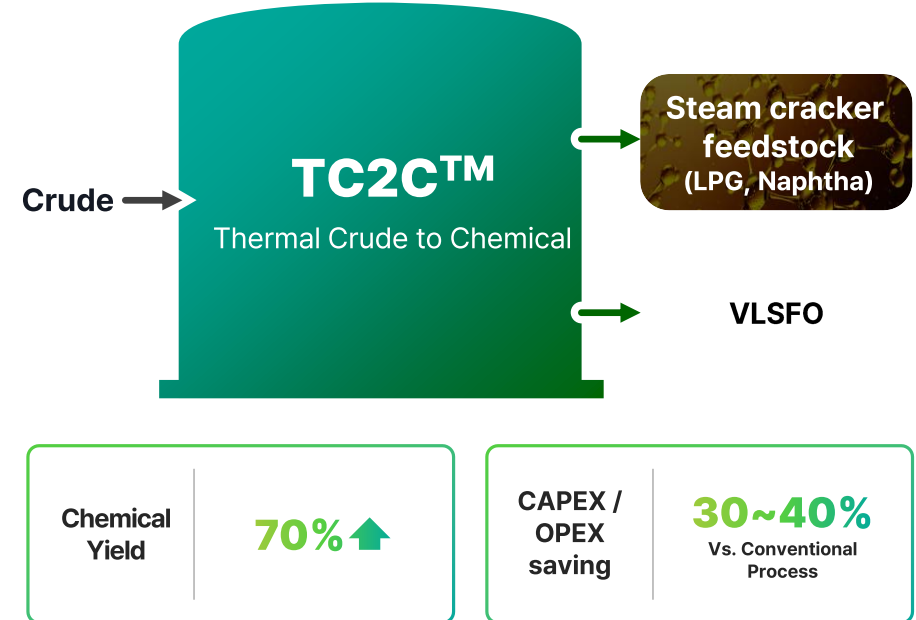
Shaheen Project Competitiveness

- 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 14th 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

