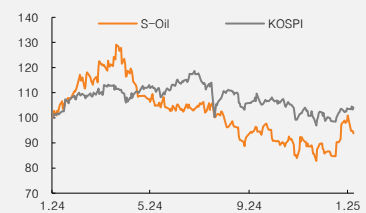


(Maintain)	Buy
Target price	₩79,000
Current price (1/24/25)	₩60,700
Upside	30.1%

OP (24P, Wbn)	461
Consensus OP (24F, Wbn)	430
EPS growth (24P, %)	TTR
Market EPS growth (24F, %)	68.9
P/E (24P, x)	-
Market P/E (24F, x)	10.8
KOSPI	2,536.80

Market cap (Wbn)	6,834
Shares (mn)	113
Free float (%)	36.6
Foreign ownership (%)	75.3
Beta (12M)	0.66
52-week low (W)	53,600
52-week high (W)	83,500

(%)	1M	6M	12M
Absolute	8.2	-8.0	-8.0
Relative	4.1	0.0	-10.5



Mirae Asset Securities Co., Ltd.

Jinho Lee
jinho.lee.z@miraeeasset.com

Taehyoung Kim
taehyoung.kim@miraeeasset.com

S-Oil

Sentiment improving amid gradual earnings recovery

Maintain Buy and TP of ₩79,000

We maintain our Buy rating and target price of ₩79,000 on S-Oil. Our target price is based on a P/B of 0.96x (vs. 0.8x previously), reflecting ROE improvements. Encouragingly, downward pressure on refining margins in Asia is easing due to decreased exports of lower-priced oil by Russia and Iran, and China's gasoline/diesel/kerosene export volumes are likely to shrink following its recent export tax rebate adjustments. We also believe valuation remains attractive, with the stock trading at a P/B of 0.76x.

While the firm could face funding pressures related to the Shaheen project (with related capex set at ₩3.5tr for 2025 and ₩1.5tr for 2026), we note that its debt-to-equity ratio is well-managed at 69.3%, and borrowing costs are not high. The current interest rate is 3.6% (variable rate), but this could decrease in the future. Also, corporate bonds to be issued in 2H25 will likely have a lower coupon rate compared with previous issuances (3.5%).

4Q24 review: In-line results thanks to a pickup in refining profit

For 4Q24, the company reported operating profit of ₩260.8bn, in line with the consensus (+2.6%). The refining business saw sharp improvement, swinging to a profit of ₩172.9bn (from a loss of ₩573.7bn in 3Q24) on: 1) positive inventory effects from higher year-end oil prices; and 2) a recovery in refining margins due to seasonal demand. Meanwhile, petrochemical profit slightly declined due to a narrower PX spread (US\$187/tonne; -US\$84 QoQ), while lube base oil earnings slightly worsened due to regular maintenance (opportunity loss of about ₩20bn).

1Q25 preview: Slight QoQ improvement likely

For 1Q25, we forecast operating profit at ₩296.3bn (+14% QoQ). The profit contribution of the lube base oil division should recover amid a normalization in utilization (post-maintenance) and favorable seasonality. For the petrochemical division, we see operating profit slightly improving due to the operation of a new downstream facility and recovering demand for gasoline blending components. While issues related to the fire at the second PX plant continue to affect utilization, we expect operations to normalize from April. For refining, we expect operating profit to remain largely flat QoQ. Refining margins (which have been squeezed by the recent sharp rise in oil prices) should gradually recover.

(Dec.)	2022	2023	2024P	2025F	2026F
Revenue (Wbn)	42,446	35,727	36,637	36,714	35,628
OP (Wbn)	3,405	1,355	461	879	1,129
OP margin (%)	8.0	3.8	1.3	2.4	3.2
NP (Wbn)	2,104	949	-163	812	1,015
EPS (W)	18,047	8,137	-1,402	6,964	8,707
ROE (%)	27.2	10.8	-1.8	8.9	10.2
P/E (x)	4.6	8.6	-	8.7	7.0
P/B (x)	1.1	0.9	0.7	0.7	0.7
Dividend yield (%)	6.6	2.4	-	2.3	2.3

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

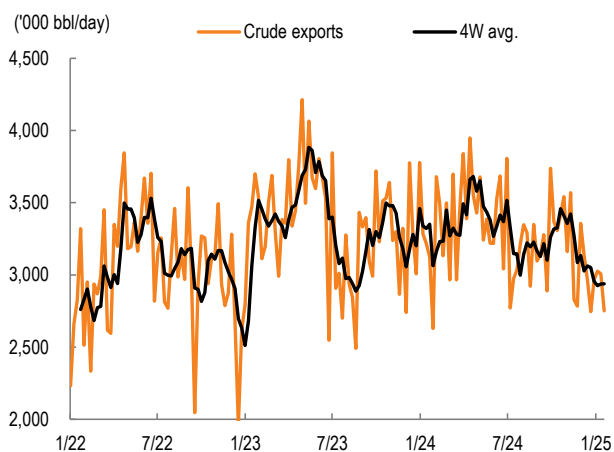
Table 1. S-Oil: Quarterly and annual earnings

(Wbn)

		1Q24	2Q24	3Q24	4Q24P	1Q25F	2Q25F	3Q25F	4Q25F	2023	2024P	2025F
Revenue	Total	9,308.5	9,570.8	8,840.6	8,917.1	9,354.5	9,172.8	9,104.1	9,082.8	35,727.3	36,637.0	36,714.2
	Refining	7,444.8	7,451.4	6,894.4	7,013.8	7,531.5	7,239.6	7,183.7	7,099.1	28,257.2	28,804.4	29,053.9
	Petrochemical	1,096.8	1,308.5	1,201.6	1,096.0	996.7	1,204.1	1,201.7	1,204.6	4,384.7	4,702.9	4,607.2
	Lube base oil	766.9	810.9	744.6	807.3	826.3	729.0	718.7	779.1	3,085.4	3,129.7	3,053.2
OP	Total	454.1	160.7	-414.9	260.8	296.3	179.5	203.2	199.9	1,418.5	460.7	879.1
	Refining	250.4	-95.0	-573.7	172.9	142.8	29.2	37.3	-16.1	399.0	-245.4	193.2
	Petrochemical	48.0	109.9	5.0	-28.1	-16.7	9.3	24.9	45.9	203.7	134.8	63.4
	Lube base oil	155.7	145.8	153.8	115.9	170.2	141.0	141.0	170.2	815.7	571.2	622.5
Pretax profit		227.2	-40.9	-272.5	-207.9	213.4	95.0	305.5	483.5	1,131.7	-294.1	1,097.4
NP		166.2	-21.3	-206.2	-102.1	157.9	70.3	226.1	357.8	948.8	-163.4	812.1

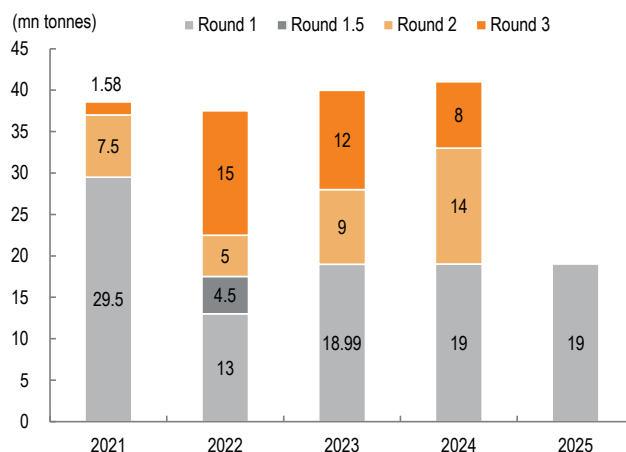
Source: Company data, Mirae Asset Securities Research

Figure 1. Russia's crude oil exports



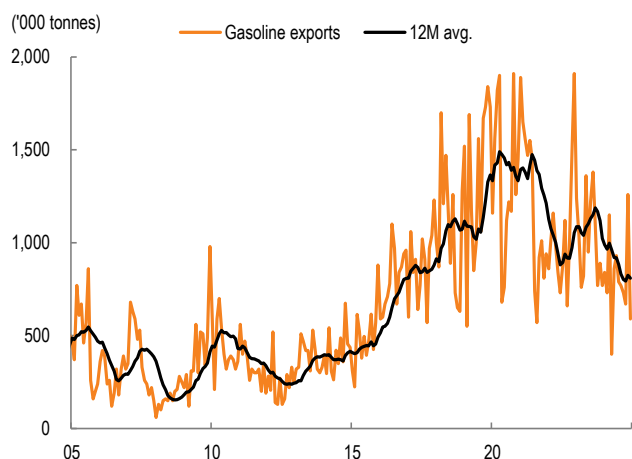
Source: Bloomberg, Mirae Asset Securities Research

Figure 2. China's oil product export quota



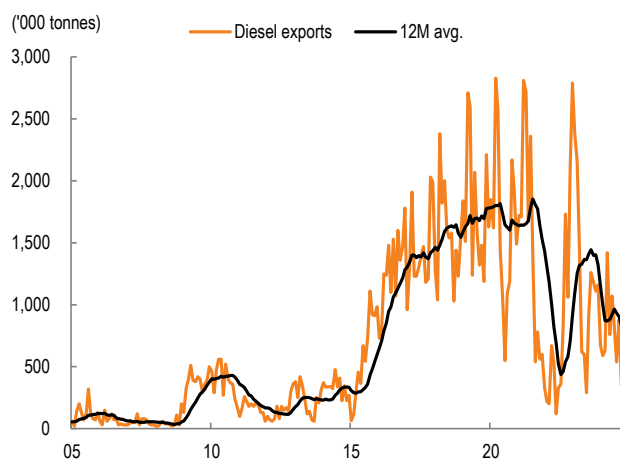
Source: Reuters, Mirae Asset Securities Research

Figure 3. China's gasoline exports



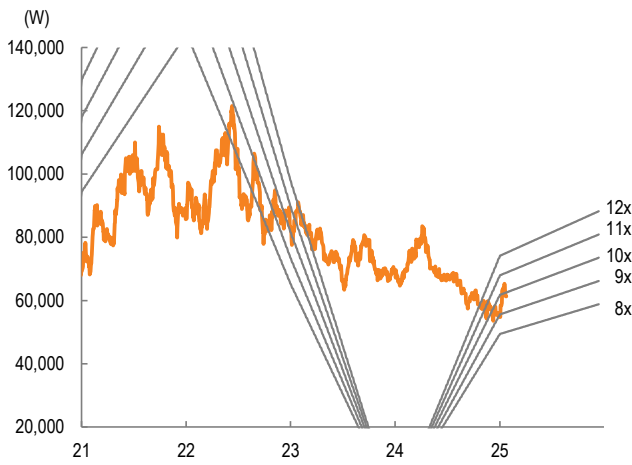
Source: Bloomberg, Petronet, Mirae Asset Securities Research

Figure 4. China's diesel exports



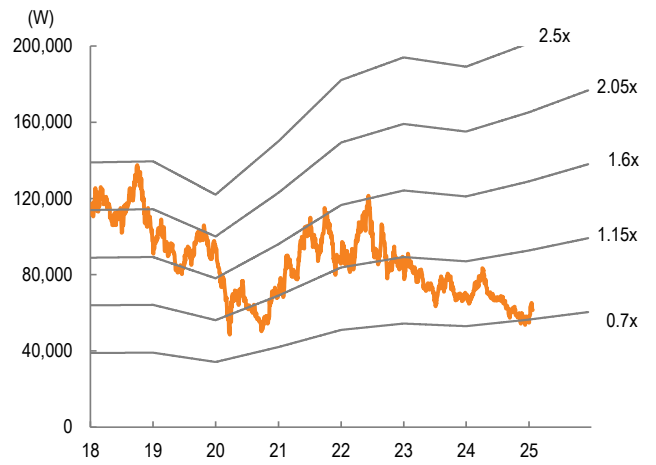
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. S-Oil: 12-month forward P/E band chart



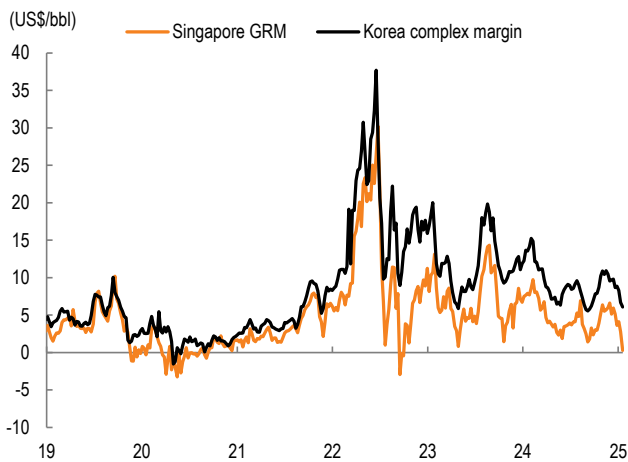
Source: FnGuide, Mirae Asset Securities Research

Figure 6. S-Oil: 12-month forward P/B band chart



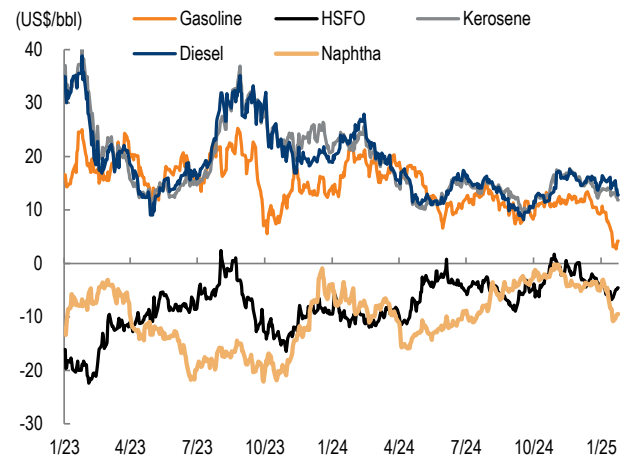
Source: FnGuide, Mirae Asset Securities Research

Figure 7. Singapore GRM and Korea complex margin trends



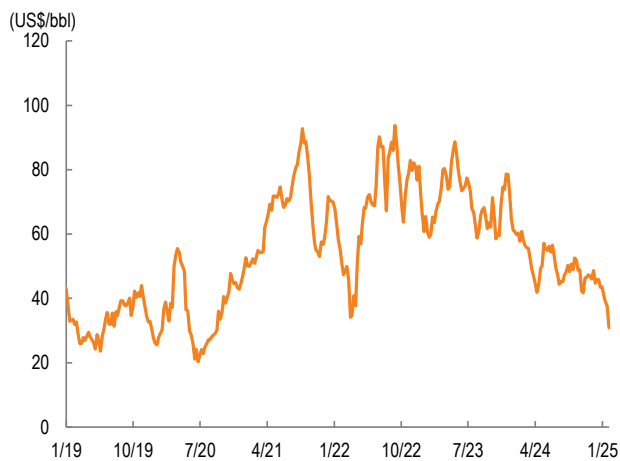
Source: Reuters, Petronet, Mirae Asset Securities Research

Figure 8. Asia refining margin trends



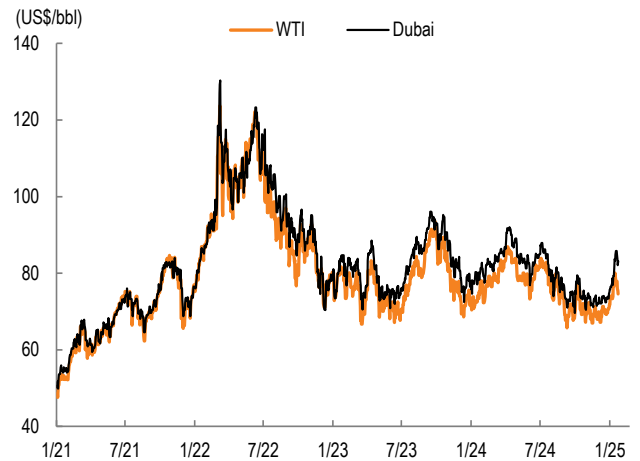
Source: Petronet, Mirae Asset Securities Research

Figure 9. Lube base oil spread trend



Source: Mirae Asset Securities Research

Figure 10. Crude oil price trends



Source: Mirae Asset Securities Research

S-Oil (010950 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	35,727	36,637	36,714	35,628
Cost of revenue	33,621	35,365	35,023	33,687
GP	2,106	1,272	1,691	1,941
SG&A expenses	751	812	812	812
OP (adj.)	1,355	461	879	1,129
OP	1,355	461	879	1,129
Non-operating profit	-223	-755	218	243
Net financial income	-181	-251	-202	-178
Net income from associates	2	4	0	0
Pretax profit	1,132	-294	1,097	1,372
Income tax	183	-131	285	357
Profit from continuing operations	949	-163	812	1,015
Profit from discontinued operations	0	0	0	0
NP	949	-163	812	1,015
Attributable to owners	949	-163	812	1,015
Attributable to minority interests	0	0	0	0
Total comprehensive income	927	-163	812	1,015
Attributable to owners	927	-163	812	1,015
Attributable to minority interests	0	0	0	0
EBITDA	2,074	1,219	1,774	2,121
FCF	340	-3,405	-1,451	428
EBITDA margin (%)	5.8	3.3	4.8	6.0
OP margin (%)	3.8	1.3	2.4	3.2
Net margin (%)	2.7	-0.4	2.2	2.8

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	9,648	9,599	9,951	9,729
Cash & equivalents	1,963	1,924	2,133	2,007
AR & other receivables	2,988	2,929	2,983	2,947
Inventory	4,639	4,695	4,782	4,724
Other current assets	58	51	53	51
Non-current assets	11,928	13,569	16,163	17,171
Investments in associates	41	37	38	37
PP&E	11,152	12,881	15,485	16,505
Intangible assets	116	146	134	123
Total assets	21,576	23,168	26,113	26,900
Current liabilities	9,255	9,197	11,291	11,228
AP & other payables	5,228	3,931	4,004	3,955
Short-term financial liabilities	2,847	4,218	6,219	6,219
Other current liabilities	1,180	1,048	1,068	1,054
Non-current liabilities	3,284	5,257	5,262	5,258
Long-term financial liabilities	2,991	4,991	4,991	4,991
Other non-current liabilities	293	266	271	267
Total liabilities	12,539	14,454	16,553	16,487
Equity attributable to owners	9,038	8,714	9,561	10,413
Capital stock	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332
Retained earnings	7,380	7,027	7,874	8,726
Minority interests	0	0	0	0
Shareholders' equity	9,038	8,714	9,561	10,413

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	2,526	-1,003	2,036	2,428
NP	949	-163	812	1,015
Non-cash income/expenses	995	1,076	1,302	1,526
Depreciation	711	747	883	980
Amortization	8	11	12	11
Other	276	318	407	535
Chg. in working capital	1,473	-1,439	-45	30
Chg. in AR & other receivables	-27	-26	-43	29
Chg. in inventory	209	-114	-87	58
Chg. in AP & other payables	882	21	73	-49
Income tax	-695	-4	-205	-357
Cash flow from investing activities	-2,066	-2,386	-3,488	-1,999
Chg. in PP&E	-2,165	-2,398	-3,487	-2,000
Chg. in intangible assets	-2	-26	0	0
Chg. in financial assets	151	6	-1	1
Other	-50	32	0	0
Cash flow from financing activities	193	3,319	1,662	-555
Chg. in financial liabilities	618	3,371	2,001	-1
Chg. in equity	0	0	0	0
Dividends	-373	-189	35	-163
Other	-52	137	-374	-391
Chg. in cash	653	-39	209	-126
Beginning balance	1,310	1,963	1,924	2,133
Ending balance	1,963	1,924	2,133	2,007

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

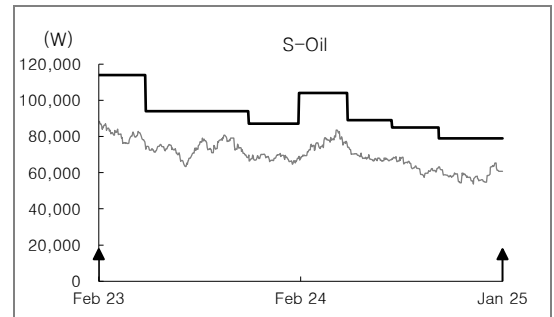
	2023	2024F	2025F	2026F
P/E (x)	8.6	-	8.7	7.0
P/CF (x)	4.2	7.0	3.3	2.8
P/B (x)	0.9	0.7	0.7	0.7
EV/EBITDA (x)	5.7	11.1	9.0	7.6
EPS (W)	8,137	-1,402	6,964	8,707
CFPS (W)	16,672	7,823	18,129	21,792
BPS (W)	77,522	74,745	82,008	89,316
DPS (W)	1,700	-300	1,400	1,400
Dividend payout ratio (%)	20.2	20.7	19.4	15.5
Dividend yield (%)	2.4	-0.5	2.4	2.4
Revenue growth (%)	-15.8	2.5	0.2	-3.0
EBITDA growth (%)	-48.9	-41.2	45.5	19.6
OP growth (%)	-60.2	-66.0	90.9	28.5
EPS growth (%)	-54.9	TTR	TTB	25.0
AR turnover (x)	15.5	15.9	15.7	15.2
Inventory turnover (x)	7.6	7.9	7.7	7.5
AP turnover (x)	9.4	8.9	8.8	8.5
ROA (%)	4.6	-0.7	3.3	3.8
ROE (%)	10.8	-1.8	8.9	10.2
ROIC (%)	9.0	1.6	3.8	4.3
Debt-to-equity ratio (%)	138.7	165.9	173.1	158.3
Current ratio (%)	104.2	104.4	88.1	86.6
Net debt-to-equity ratio (%)	42.5	83.2	94.6	88.1
Interest coverage ratio (x)	5.7	1.6	2.4	2.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
S-Oil (010950)	10/08/24	Buy	79,000
	07/15/24	Buy	85,000
	04/26/24	Buy	89,000
	01/29/24	Buy	104,000
	10/30/23	Buy	87,000
	04/27/23	Buy	94,000
	01/19/23	Buy	114,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of S-Oil as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Tel: 852-2845-6332

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil

Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Pvt Ltd

1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

PT. Mirae Asset Sekuritas Indonesia

District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia

Tel: 62-21-5088-7000

Mirae Asset Securities Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392
