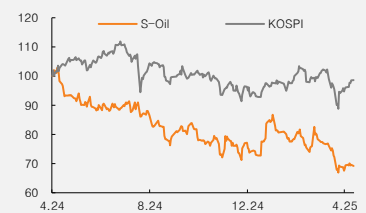


(Maintain)	Buy
Target price	▼ W64,000
Current price (4/28/25)	W52,100
Upside	22.8%

OP (25F, Wbn)	-258
Consensus OP (25F, Wbn)	745
EPS growth (25F, %)	RR
Market EPS growth (25F, %)	26.5
P/E (25F, x)	-
Market P/E (25F, x)	9.2
KOSPI	2,548.86

Market cap (Wbn)	5,866
Shares (mn)	113
Free float (%)	36.6
Foreign ownership (%)	73.8
Beta (12M)	0.83
52-week low (W)	50,400
52-week high (W)	74,000

(%)	1M	6M	12M
Absolute	-9.1	-10.8	-29.6
Relative	-8.7	-8.6	-26.6



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010950 KS · Oil Refining

S-Oil

Concerns outweigh expectations

Lower TP to W64,000, but maintain Buy

We cut our target price for S-Oil to W64,000 (from W79,000). We lowered our earnings estimates due to the recent slide in oil prices (driven by tariff uncertainties) and also trimmed our target P/B to 0.87x, in line with the low seen during COVID-19. (Our forecast for 12-month forward ROE is now negative.) While uncertainty (rather than any optimism about a turnaround) is currently driving the stock, we maintain our Buy rating, as we expect: 1) oil refining supply/demand dynamics to gradually improve heading into 2H25; and 2) lube base oil margins to expand.

1Q25 review: Disappointing results

For 1Q25, S-Oil reported an operating loss of W21.6bn, missing the consensus (operating profit of W82.2bn) by a wide margin. Earnings worsened QoQ across all businesses; the refining business reported an operating loss of W56.8bn (turning to a loss QoQ) due to weaker margins for gasoline (narrowing from U\$11.4/bbl to US\$7.7/bbl) and diesel/kerosene (from US\$14.7/bbl to US\$13.1/bbl), and the petrochemicals division posted a wider operating loss of W74.5bn due to softer PO/BZ spreads. In lube base oil, margins narrowed (from US\$53.6/bbl to US\$43.5/bbl) due to rising prices of a key feedstock (VGO); as a result, operating profit (W109.7bn) was roughly on par with the level in 4Q24, when regular maintenance weighed on the division.

2Q25 preview: Tariff impact has yet to be fully reflected

For 2Q25, we expect the firm to post a sharply wider operating loss of W253.9bn, affected by the recent steep decline in oil prices (which began in earnest in early April and was thus not reflected in 1Q25 results). While the drop in oil prices appears excessive relative to the actual demand impact of tariffs, oil supply/demand dynamics should remain uncertain due to: 1) potential output increases from OPEC+ (in response to quota violations); and 2) the ongoing US-China tariff war.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	35,727	36,637	35,196	34,593	34,326
OP (Wbn)	1,355	422	-258	210	352
OP margin (%)	3.8	1.2	-0.7	0.6	1.0
NP (Wbn)	949	-193	-232	53	199
EPS (W)	8,137	-1,656	-1,990	454	1,709
ROE (%)	10.8	-2.2	-2.7	0.6	2.3
P/E (x)	8.6	-	-	114.8	30.5
P/B (x)	0.9	0.7	0.7	0.7	0.7
Dividend yield (%)	2.4	0.2	-	-	-

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

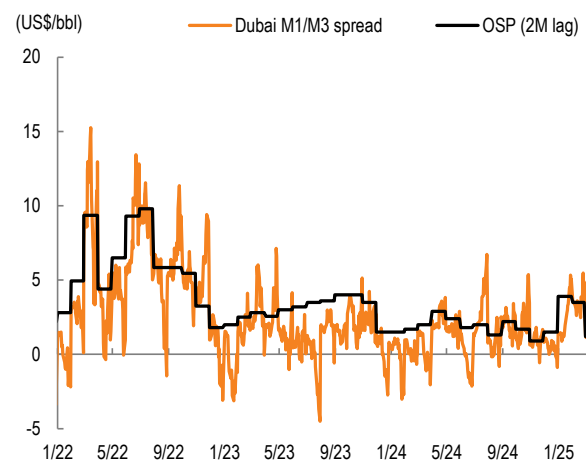
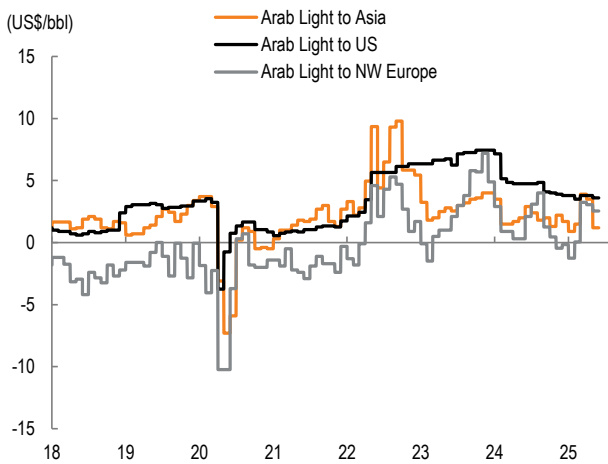
(Wbn)

		1Q24	2Q24	3Q24	4Q24	1Q25P	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Revenue	Total	9,308.5	9,570.8	8,840.6	8,917.1	8,990.5	8,649.9	8,689.9	8,865.4	36,637.0	35,195.6	34,593.4
	Refining	7,444.8	7,451.4	6,894.4	7,013.8	7,072.0	6,822.1	6,879.7	6,983.2	28,804.4	27,757.1	27,077.4
	Petrochemical	1,096.8	1,308.5	1,201.6	1,096.0	1,128.0	1,084.3	1,067.2	1,086.0	4,702.9	4,365.5	4,574.8
	Lube base oil	766.9	810.9	744.6	807.3	790.5	743.4	743.0	796.2	3,129.7	3,073.0	2,941.1
OP	Total	454.1	160.7	-414.9	260.8	-21.6	-253.9	-19.2	37.1	460.7	-257.6	210.2
	Refining	250.4	-95.0	-573.7	172.9	-56.8	-354.2	-138.4	-143.4	-245.4	-692.8	-461.9
	Petrochemical	48.0	109.9	5.0	-28.1	-74.5	-40.7	-21.8	10.3	134.8	-126.8	59.7
	Lube base oil	155.7	145.8	153.8	115.9	109.7	141.0	141.0	170.2	571.2	562.0	612.4
Pretax profit		227.2	-40.9	-272.5	-246.4	-67.4	-309.2	118.1	-62.1	-332.5	-320.6	71.5
NP		166.2	-21.3	-206.2	-131.7	-44.6	-228.8	87.4	-46.0	-193.0	-232.0	52.9

Source: Company data, Mirae Asset Securities Research

Figure 1. Saudi OSP trends by region

Figure 2. Dubai M1/M3 spread vs. OSP

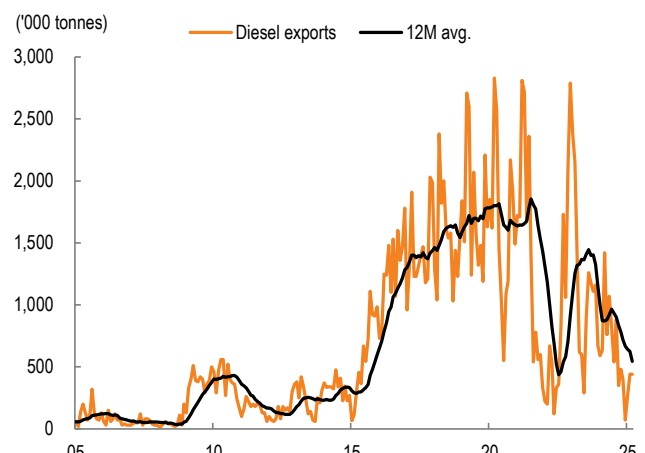
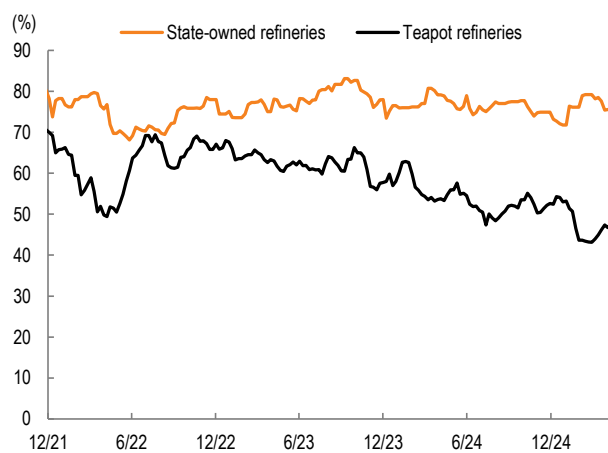


Source: Bloomberg, Mirae Asset Securities Research

Source: Reuters, Mirae Asset Securities Research

Figure 3. China refinery utilization rate trends

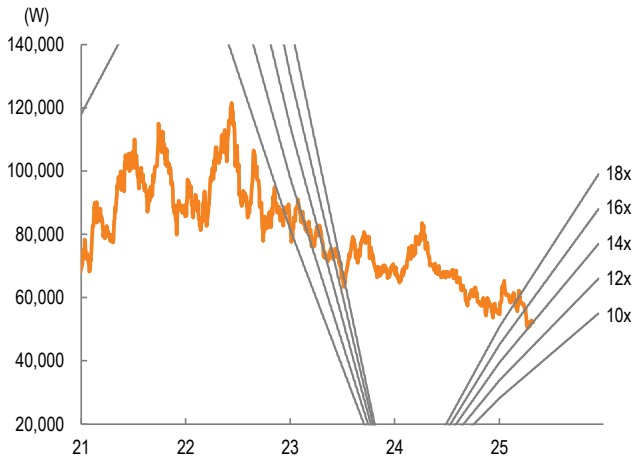
Figure 4. China's diesel exports



Source: Bloomberg, Petronet, Mirae Asset Securities Research

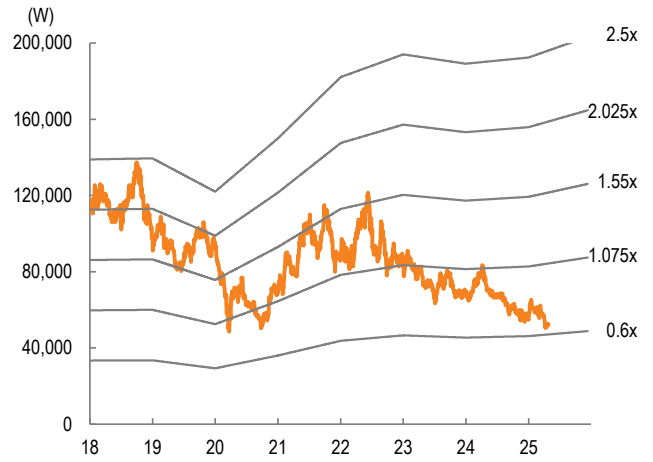
Source: Bloomberg, Mirae Asset Securities Research

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



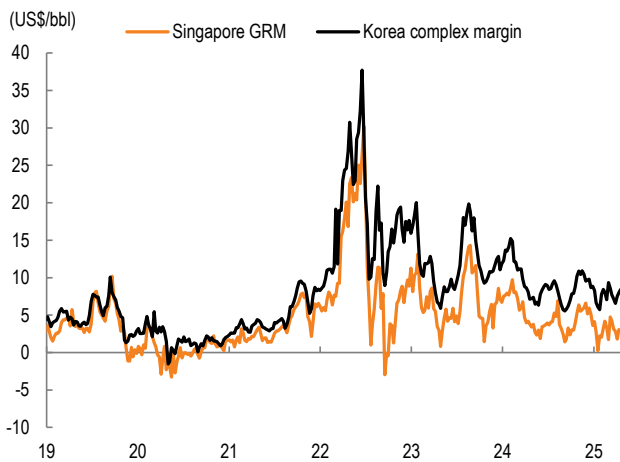
Source: FnGuide, Mirae Asset Securities Research

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



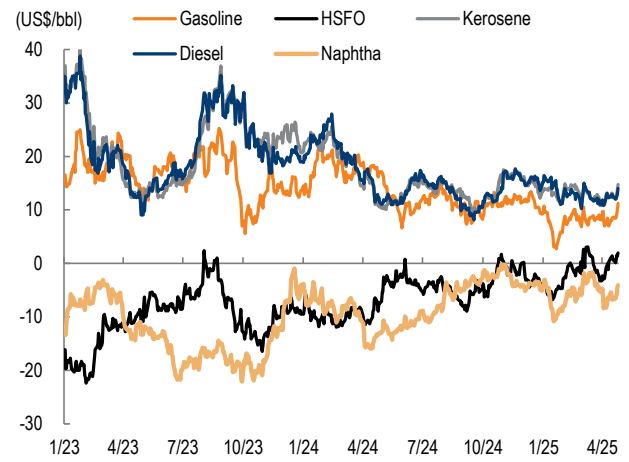
Source: FnGuide, Mirae Asset Securities Research

Figure 7. Singapore GRM and Korea complex margin trends



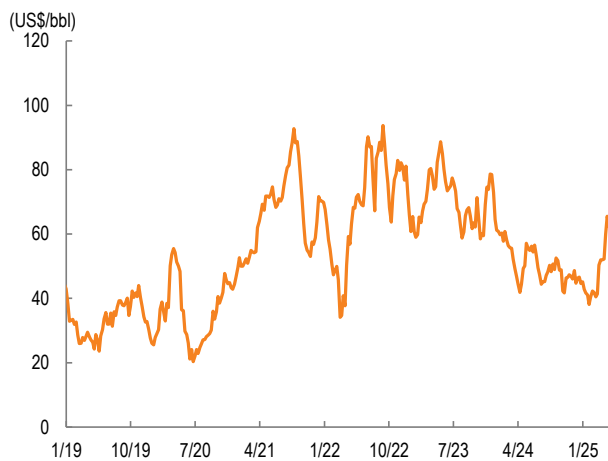
Source: Reuters, Petronet, Mirae Asset Securities Research

Figure 8. Asia refining margin trends



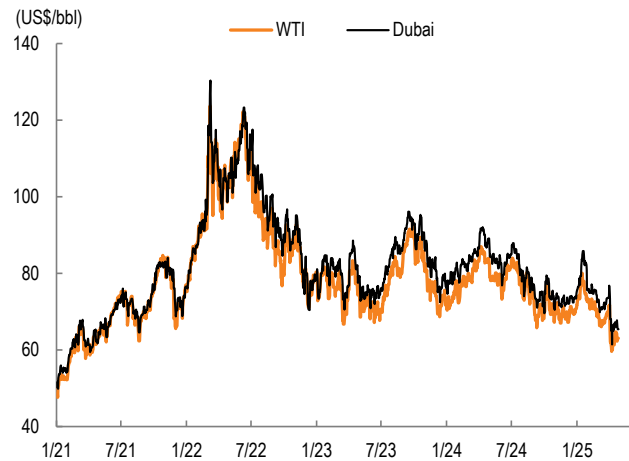
Source: Petronet, Mirae Asset Securities Research

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)	2024	2025F	2026F	2027F
Revenue	36,637	35,196	34,593	34,326
Cost of revenue	35,411	34,650	33,579	33,171
GP	1,226	546	1,014	1,155
SG&A expenses	804	804	804	804
OP (adj.)	422	-258	210	352
OP	422	-258	210	352
Non-operating profit	-755	-63	-138	-83
Net financial income	-229	-70	-139	-82
Net income from associates	6	0	0	0
Pretax profit	-333	-321	72	269
Income tax	-139	-89	19	70
Profit from continuing operations	-193	-232	53	199
Profit from discontinued operations	0	0	0	0
NP	-193	-232	53	199
Attributable to owners	-193	-232	53	199
Attributable to minority interests	0	0	0	0
Total comprehensive income	-153	-232	53	199
Attributable to owners	-153	-232	53	199
Attributable to minority interests	0	0	0	0
EBITDA	1,174	693	1,327	1,508
FCF	-1,574	-3,048	-447	542
EBITDA margin (%)	3.2	2.0	3.8	4.4
OP margin (%)	1.2	-0.7	0.6	1.0
Net margin (%)	-0.5	-0.7	0.2	0.6

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,468	439	1,553	1,742
NP	-193	-232	53	199
Non-cash income/expenses	1,328	852	1,274	1,308
Depreciation	741	938	1,107	1,147
Amortization	11	12	10	9
Other	576	-98	157	152
Chg. in working capital	829	-628	17	2
Chg. in AR & other receivables	180	98	37	4
Chg. in inventory	209	8	81	9
Chg. in AP & other payables	751	-702	-77	-8
Income tax	-191	169	-19	-70
Cash flow from investing activities	-3,027	-3,486	-1,998	-1,200
Chg. in PP&E	-3,038	-3,487	-2,000	-1,200
Chg. in intangible assets	-27	0	0	0
Chg. in financial assets	-57	1	2	0
Other	95	0	0	0
Cash flow from financing activities	1,539	1,636	679	-338
Chg. in financial liabilities	2,167	2,000	999	0
Chg. in equity	0	0	0	0
Dividends	-189	-15	46	46
Other	-439	-349	-366	-384
Chg. in cash	-17	-1,379	235	204
Beginning balance	1,963	1,946	567	802
Ending balance	1,946	567	802	1,006

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	10,048	8,555	8,646	8,835
Cash & equivalents	1,946	567	802	1,006
AR & other receivables	3,479	3,373	3,312	3,306
Inventory	4,493	4,485	4,405	4,396
Other current assets	130	130	127	127
Non-current assets	14,403	16,940	17,821	17,864
Investments in associates	43	42	42	42
PP&E	13,582	16,130	17,024	17,076
Intangible assets	149	137	127	118
Total assets	24,451	25,495	26,467	26,699
Current liabilities	11,657	10,915	11,791	11,778
AP & other payables	6,827	6,114	6,004	5,992
Short-term financial liabilities	4,071	4,071	5,070	5,070
Other current liabilities	759	730	717	716
Non-current liabilities	4,099	6,098	6,095	6,095
Long-term financial liabilities	3,934	5,934	5,934	5,934
Other non-current liabilities	165	164	161	161
Total liabilities	15,756	17,013	17,886	17,873
Equity attributable to owners	8,696	8,481	8,581	8,826
Capital stock	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332
Retained earnings	7,030	6,784	6,883	7,129
Minority interests	0	0	0	0
Shareholders' equity	8,696	8,481	8,581	8,826

Key valuation metrics/ratios

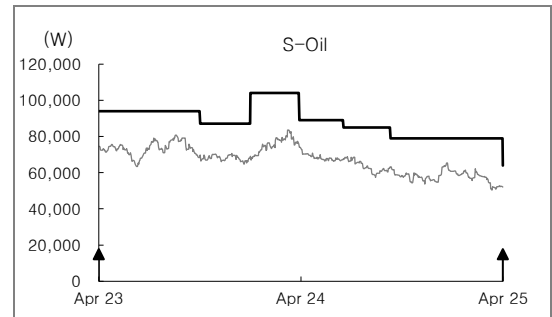
	2024	2025F	2026F	2027F
P/E (x)	-	-	114.8	30.5
P/CF (x)	5.6	9.8	4.6	4.0
P/B (x)	0.7	0.7	0.7	0.7
EV/EBITDA (x)	10.5	22.2	12.2	10.6
EPS (W)	-1,656	-1,990	454	1,709
CFPS (W)	9,731	5,318	11,383	12,930
BPS (W)	74,590	72,751	73,603	75,711
DPS (W)	125	-400	-400	-400
Dividend payout ratio (%)	-7.3	19.4	-85.1	-22.6
Dividend yield (%)	0.2	-0.7	-0.7	-0.7
Revenue growth (%)	2.5	-3.9	-1.7	-0.8
EBITDA growth (%)	-43.4	-41.0	91.6	13.6
OP growth (%)	-68.8	TTR	TTB	67.2
EPS growth (%)	TTR	RR	TTB	276.7
AR turnover (x)	16.4	16.6	16.8	16.9
Inventory turnover (x)	8.0	7.8	7.8	7.8
AP turnover (x)	7.9	7.5	7.9	7.9
ROA (%)	-0.8	-0.9	0.2	0.7
ROE (%)	-2.2	-2.7	0.6	2.3
ROIC (%)	1.8	-1.2	0.8	1.4
Debt-to-equity ratio (%)	181.2	200.6	208.4	202.5
Current ratio (%)	86.2	78.4	73.3	75.0
Net debt-to-equity ratio (%)	69.0	110.6	118.2	112.6
Interest coverage ratio (x)	1.5	-0.7	0.6	0.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
S-Oil (010950)	04/29/25	Buy	64,000
	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



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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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