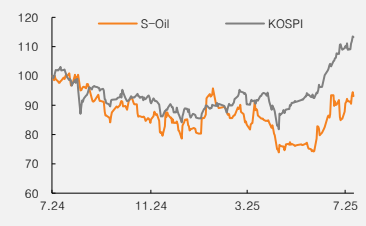


(Maintain)	Buy
Target price	▲ W82,000
Current price (7/11/25)	W63,500
Upside	29.1%

OP (25F, Wbn)	149
Consensus OP (25F, Wbn)	226
EPS growth (25F, %)	TTB
Market EPS growth (25F, %)	24.6
P/E (25F, x)	180.4
Market P/E (25F, x)	11.6
KOSPI	3,175.77

Market cap (Wbn)	7,149
Shares (mn)	113
Free float (%)	36.6
Foreign ownership (%)	73.9
Beta (12M)	0.90
52-week low (W)	50,400
52-week high (W)	68,800

(%)	1M	6M	12M
Absolute	8.5	0.3	-5.2
Relative	-0.6	-20.5	-13.7



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S-Oil

Earnings likely to improve sharply in 2H25

Lift TP to W82,000 and maintain Buy

We maintain our Buy rating on S-Oil and lift our target price to W82,000 (from W68,000), reflecting both an improved earnings outlook and a higher target multiple. For 2025, we now forecast the company to deliver operating profit of W148.8bn (vs. our previous estimate of -W258bn), with earnings likely to improve sharply in 2H25 following expected weakness in 2Q25. We also raised our target P/B to 1.1x (from 0.9x), in line with the level in 1Q24, when both oil prices and refining margins were solid.

While we previously advised a gradual accumulation strategy due to heightened oil price volatility, we now see potential for a rapid turnaround given the likelihood that OPEC+ will end its production hikes earlier than originally planned. We expect S-Oil's stock to rise once weak 2Q25 results are confirmed and related uncertainties subside.

2Q25 preview: Earnings likely hurt by lower oil prices and unfavorable FX

For 2Q25, we expect S-Oil to deliver an operating loss of W385.9bn, missing the consensus (-W192.9bn). We believe that the refining business suffered the biggest loss (-W476.7bn), hurt by inventory-related losses (-W233.4bn) amid falling oil prices and negative FX effects (-W214.4bn). That said, we estimate that the firm's complex refining margin improved by roughly US\$2/bbl, suggesting that market conditions remained solid despite the impact of official selling price (OSP) hikes. Also, considering that some FX losses are naturally hedged at the net profit level and that inventory-related losses could be reversed once oil prices rebound, we view the company's fundamentals as relatively sound. Meanwhile, we estimate that chemicals and lube base oil earnings improved slightly on a recovery in spreads.

2H25 outlook: Strong refining margins and higher oil prices to drive shares

In 2H25, rising oil prices combined with strong refining margins should create a supportive environment for S-Oil's share performance. We expect oil prices to rise on the back of: 1) an earlier-than-expected end to OPEC+ production increases; and 2) a decline in US shale output. OPEC+ is effectively shortening the production expansion period from the originally planned 18 months to just six to seven months. Notably, although OPEC+ members recently agreed to raise production by 550,000 bbl/day in August, oil prices have not fallen significantly, suggesting that demand remains solid. Furthermore, with US production set to decline gradually amid a declining rig count, we expect oil prices to continue rising through year-end. Rising oil prices combined with already-strong refining margins should drive further upward momentum for S-Oil's stock.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	35,727	36,637	34,187	33,479	33,136
OP (Wbn)	1,355	422	149	332	311
OP margin (%)	3.8	1.2	0.4	1.0	0.9
NP (Wbn)	949	-193	41	40	11
EPS (W)	8,137	-1,656	352	341	95
ROE (%)	10.8	-2.2	0.5	0.5	0.1
P/E (x)	8.6	-	180.4	186.2	671.7
P/B (x)	0.9	0.7	0.8	0.8	0.8
Dividend yield (%)	2.4	0.2	0.2	0.2	0.0

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	1Q25	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Revenue	Total	9,308.5	9,570.8	8,840.6	8,917.1	8,990.5	8,181.0	8,249.1	8,766.7	36,637.0	34,187.3	33,478.5
	Refining	7,444.8	7,451.4	6,894.4	7,013.8	7,072.0	6,480.3	6,588.9	6,974.8	28,804.4	27,116.0	26,180.3
	Petrochemical	1,096.8	1,308.5	1,201.6	1,096.0	1,128.0	979.2	973.9	1,035.6	4,702.9	4,116.7	4,471.3
	Lube base oil	766.9	810.9	744.6	807.3	790.5	721.4	686.3	756.4	3,129.7	2,954.5	2,827.0
OP	Total	454.1	160.7	-414.9	260.8	-21.6	-385.9	155.5	400.8	460.7	148.8	332.2
	Refining	250.4	-95.0	-573.7	172.9	-56.8	-476.7	51.2	242.6	-245.4	-239.7	-297.6
	Petrochemical	48.0	109.9	5.0	-28.1	-74.5	-50.2	-36.7	-12.0	134.8	-173.5	17.3
	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	-513.4	219.3	259.8	-332.5	-101.7	53.7
NP		166.2	-21.3	-206.2	-131.7	-44.6	-379.9	162.3	192.2	-193.0	-70.0	39.8

Source: Company data, Mirae Asset Securities Research

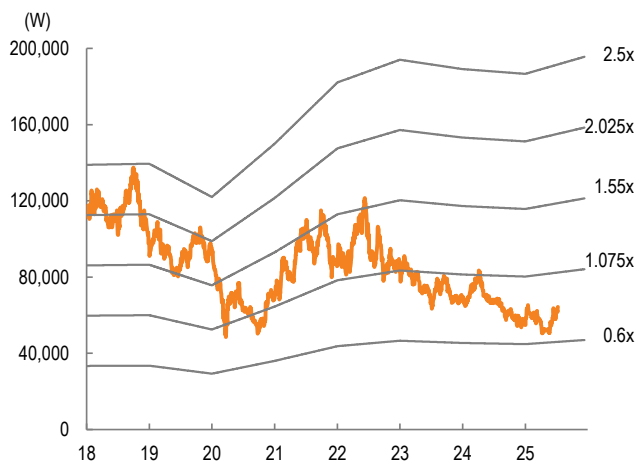
Table 2. S-Oil: Earnings forecast revisions

(Wbn, %)

	Previous		Revised		Chg.	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	35,196	34,593	34,187	33,479	-2.9	-3.2
OP	-258	210	149	332	TTB	58.0
NP	-232	53	-70	40	Narrower loss	-24.8

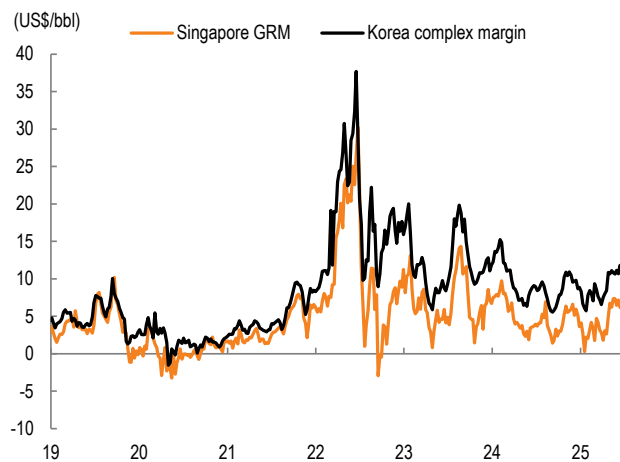
Source: Mirae Asset Securities Research

Figure 1. S-Oil: 12-month forward P/B band chart



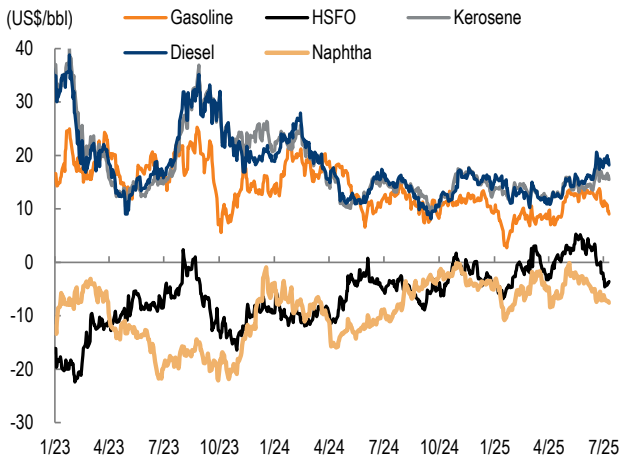
Source: FnGuide, Mirae Asset Securities Research

Figure 2. Singapore GRM and Korea complex margin trends



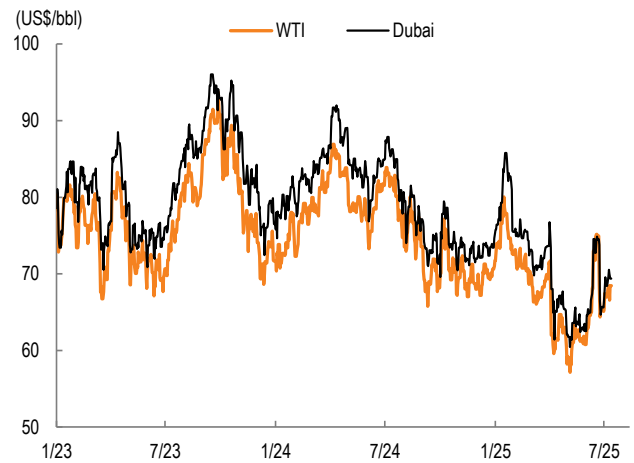
Source: Petronet, Reuters, Mirae Asset Securities Research

Figure 3. Asia refining margin trends



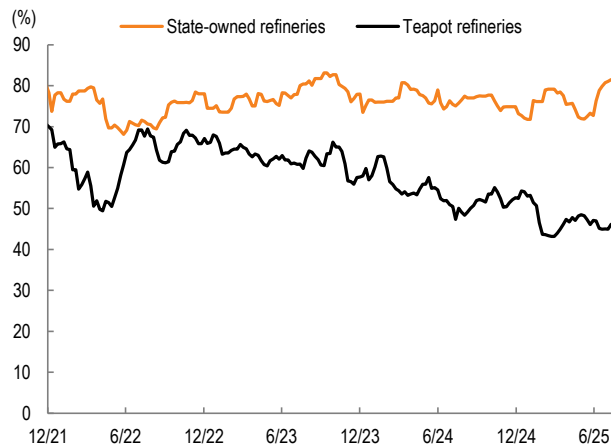
Source: Petronet, Mirae Asset Securities Research

Figure 4. Crude oil price trends



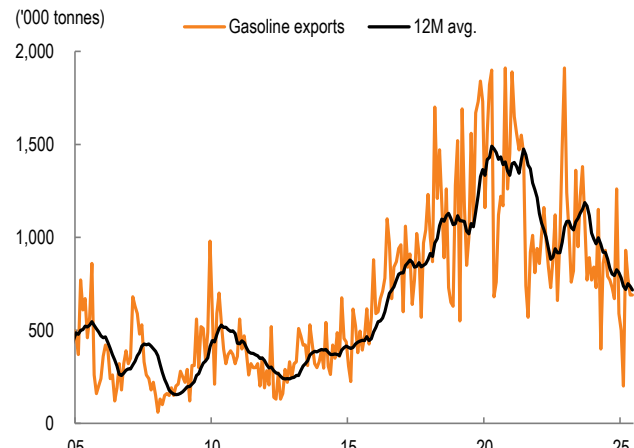
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. China refinery utilization rate trends



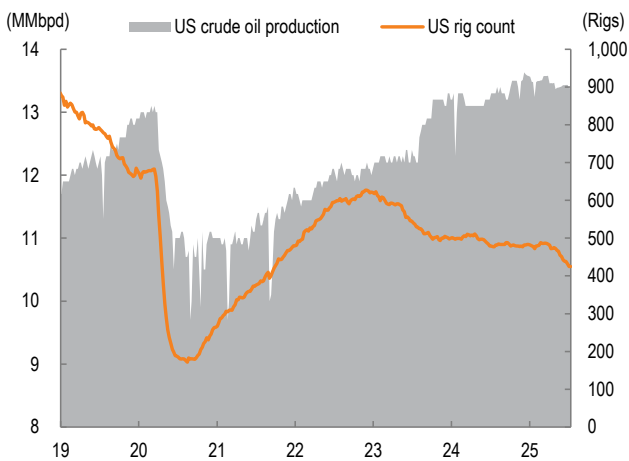
Source: Bloomberg, Mirae Asset Securities Research

Figure 6. China's gasoline export trends



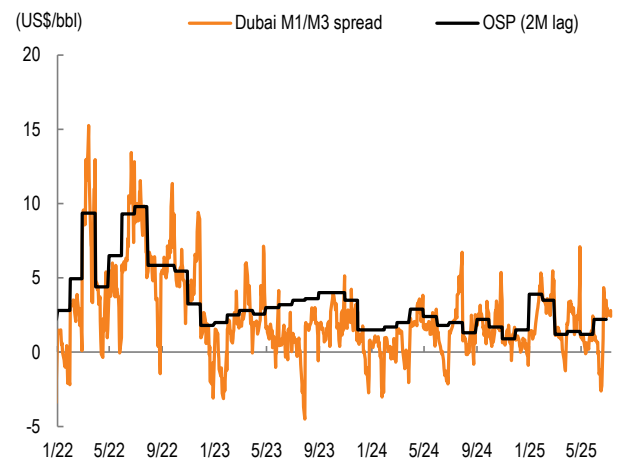
Source: Bloomberg, Mirae Asset Securities Research

Figure 7. US crude oil production vs rig count



Source: Bloomberg, Mirae Asset Securities Research

Figure 8. Dubai M1/M3 spread vs. OSP



Source: Bloomberg, Mirae Asset Securities Research

S-Oil (010950 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	36,637	34,187	33,479	33,136
Cost of revenue	35,411	33,243	32,351	32,029
GP	1,226	944	1,128	1,107
SG&A expenses	804	795	795	795
OP (adj.)	422	149	332	311
OP	422	149	332	311
Non-operating profit	-755	-101	-278	-296
Net financial income	-229	-334	-352	-369
Net income from associates	6	1	0	0
Pretax profit	-333	48	54	15
Income tax	-139	7	14	4
Profit from continuing operations	-193	41	40	11
Profit from discontinued operations	0	0	0	0
NP	-193	41	40	11
Attributable to owners	-193	41	40	11
Attributable to minority interests	0	0	0	0
Total comprehensive income	-153	43	40	11
Attributable to owners	-153	43	40	11
Attributable to minority interests	0	0	0	0
EBITDA	1,174	983	1,256	1,265
FCF	-1,574	-3,071	-647	136
EBITDA margin (%)	3.2	2.9	3.8	3.8
OP margin (%)	1.2	0.4	1.0	0.9
Net margin (%)	-0.5	0.1	0.1	0.0

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,468	152	1,353	1,336
NP	-193	41	40	11
Non-cash income/expenses	1,328	1,236	1,290	1,327
Depreciation	741	822	913	944
Amortization	11	12	11	10
Other	576	402	366	373
Chg. in working capital	829	-1,055	38	2
Chg. in AR & other receivables	180	81	87	4
Chg. in inventory	209	67	179	8
Chg. in AP & other payables	751	94	-211	-10
Income tax	-191	48	-14	-4
Cash flow from investing activities	-3,027	-3,149	-1,995	-1,200
Chg. in PP&E	-3,038	-3,223	-2,000	-1,200
Chg. in intangible assets	-27	0	0	0
Chg. in financial assets	-57	2	5	0
Other	95	72	0	0
Cash flow from financing activities	1,539	1,426	634	-381
Chg. in financial liabilities	2,167	1,565	998	0
Chg. in equity	0	0	0	0
Dividends	-189	0	-12	-12
Other	-439	-139	-352	-369
Chg. in cash	-17	-1,542	-6	-245
Beginning balance	1,963	1,946	404	398
Ending balance	1,946	404	398	154

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	10,048	8,275	7,945	7,685
Cash & equivalents	1,946	404	398	154
AR & other receivables	3,479	3,389	3,249	3,243
Inventory	4,493	4,354	4,174	4,166
Other current assets	130	128	124	122
Non-current assets	14,403	16,967	18,039	18,284
Investments in associates	43	42	40	40
PP&E	13,582	16,024	17,111	17,368
Intangible assets	149	138	126	116
Total assets	24,451	25,242	25,983	25,969
Current liabilities	11,657	10,080	10,800	10,786
AP & other payables	6,827	6,016	5,768	5,757
Short-term financial liabilities	4,071	3,341	4,339	4,339
Other current liabilities	759	723	693	690
Non-current liabilities	4,099	6,392	6,385	6,385
Long-term financial liabilities	3,934	6,229	6,229	6,229
Other non-current liabilities	165	163	156	156
Total liabilities	15,756	16,471	17,184	17,171
Equity attributable to owners	8,696	8,771	8,799	8,798
Capital stock	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332
Retained earnings	7,030	7,071	7,099	7,099
Minority interests	0	0	0	0
Shareholders' equity	8,696	8,771	8,799	8,798

Key valuation metrics/ratios

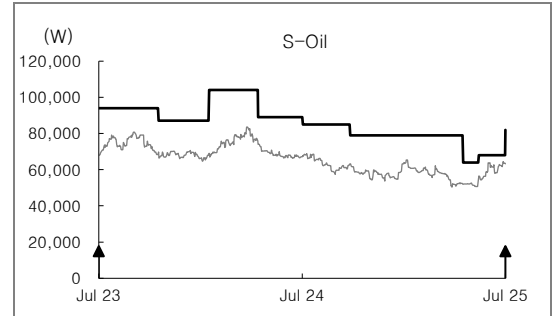
	2024	2025F	2026F	2027F
P/E (x)	-	180.4	186.2	671.7
P/CF (x)	5.6	5.8	5.6	5.5
P/B (x)	0.7	0.8	0.8	0.8
EV/EBITDA (x)	10.5	16.7	13.9	14.0
EPS (W)	-1,656	352	341	95
CFPS (W)	9,731	10,955	11,403	11,476
BPS (W)	74,590	75,234	75,474	75,468
DPS (W)	125	100	100	0
Dividend payout ratio (%)	-7.3	27.4	28.3	0.0
Dividend yield (%)	0.2	0.2	0.2	0.0
Revenue growth (%)	2.5	-6.7	-2.1	-1.0
EBITDA growth (%)	-43.4	-16.3	27.8	0.7
OP growth (%)	-68.8	-64.7	123.1	-6.4
EPS growth (%)	TTR	TTB	-3.1	-72.3
AR turnover (x)	16.4	16.0	16.3	16.4
Inventory turnover (x)	8.0	7.7	7.9	7.9
AP turnover (x)	7.9	6.6	6.5	6.5
ROA (%)	-0.8	0.2	0.2	0.0
ROE (%)	-2.2	0.5	0.5	0.1
ROIC (%)	1.8	0.8	1.3	1.2
Debt-to-equity ratio (%)	181.2	187.8	195.3	195.2
Current ratio (%)	86.2	82.1	73.6	71.2
Net debt-to-equity ratio (%)	69.0	103.9	115.0	117.7
Interest coverage ratio (x)	1.5	0.4	0.9	0.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
S-Oil (010950)	07/14/25	Buy	82,000
	05/27/25	Buy	68,000
	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 return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

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

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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	84.91%	5.59%	8.94%	0.56%
Investment banking services	88.89%	0%	11.11%	0%

* Based on recommendations in the last 12-months (as of June 30, 2025)

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