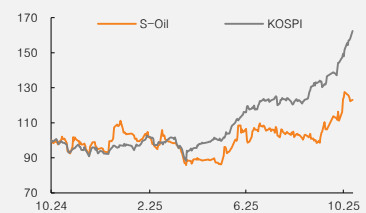


(Maintain)	Buy
Target price	▲ W88,000
Current price (11/3/25)	W72,300
Upside	21.7%

OP (25F, Wbn)	382
Consensus OP (25F, Wbn)	97
EPS growth (25F, %)	TTB
Market EPS growth (25F, %)	-
P/E (25F, x)	35.8
Market P/E (25F, x)	14.6
KOSPI	4,221.87

Market cap (Wbn)	8,140
Shares (mn)	113
Free float (%)	36.6
Foreign ownership (%)	76.1
Beta (12M)	0.87
52-week low (W)	50,400
52-week high (W)	74,900

(%)	1M	6M	12M
Absolute	16.1	38.8	24.4
Relative	-2.4	-15.9	-25.1



Mirae Asset Securities Co., Ltd.

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S-Oil

Strong refining margins to be fully reflected in 4Q25

Lift TP to W88,000; maintain Buy

We maintain our Buy rating on S-Oil and lift our target price to W88,000 (from W82,000), reflecting upward revisions to our 4Q25 and 2026 earnings forecasts. Refining margins have widened rapidly (compared with our conservative assumptions) and are likely to remain strong through the winter heating season. In addition, based on the OSP formula tied to the Dubai crude benchmark, we see a high likelihood of a reduction in the OSP, which would support further improvement in refining margins.

That said, we see limited upside for oil prices, making inventory-related gains unlikely. Although OPEC+ paused plans to increase production next year, output from OPEC+ countries has already expanded substantially. Furthermore, US shale production remains steady despite lower oil prices.

3Q25 review: Refining recovery drives turnaround

For 3Q25, S-Oil reported operating profit of W229.2bn (in line with the consensus of W235.4bn), marking a turnaround from the W344bn loss recorded in 2Q25. The turnaround was driven by a recovery in the refining segment. While chemicals and lube base oil earnings remained broadly stable QoQ, refining earnings rebounded thanks to the absence of inventory-related losses booked in 2Q25 and lower OSPs. That said, the full effect of stronger refining margins was not reflected in 3Q25 results, as the uptrend gained traction only in late September. Considering that gasoline margins were stronger in 2Q25 and diesel and kerosene margins were stronger in 3Q25, overall refining margins for the two quarters were largely similar.

4Q25 preview: Strong refining margins to be fully reflected

For 4Q25, we expect operating profit to surge 126% QoQ to W518.2bn on improved refining earnings. We estimate that the firm's complex refining margin will rise to US\$14.1/bbl (vs. US\$10/bbl in 3Q25), the highest level in nearly two years. Accordingly, we expect refining operating profit to increase to W335.9bn (from W115.5bn in 3Q25).

While the firm may incur modest inventory-related losses due to elevated oil prices at end-3Q25, the impact should be more than offset by: 1) tighter supply arising from maintenance at refining facilities; and 2) higher heating demand during the winter.

Meanwhile, we estimate that chemicals earnings will improve slightly thanks to higher PX spreads, while lube base oil earnings should pick up modestly on widening VGO and lube base oil spreads arising from strong diesel prices.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	35,727	36,637	34,206	35,110	34,207
OP (Wbn)	1,355	422	382	722	278
OP margin (%)	3.8	1.2	1.1	2.1	0.8
NP (Wbn)	949	-193	236	437	80
EPS (W)	8,137	-1,656	2,021	3,751	686
ROE (%)	10.8	-2.2	2.7	4.8	0.9
P/E (x)	8.6	-	35.8	19.3	105.4
P/B (x)	0.9	0.7	0.9	0.9	0.9
Dividend yield (%)	2.4	0.2	0.6	1.4	0.6

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	2Q25	3Q25P	4Q25F	2024	2025F	2026F
Revenue	Total	9,308.5	9,570.8	8,840.6	8,917.1	8,990.5	8,048.5	8,415.4	8,751.2	36,637.0	34,205.6	35,110.3
	Refining	7,444.8	7,451.4	6,894.4	7,013.8	7,072.0	6,259.9	6,694.3	6,949.6	28,804.4	26,975.8	27,649.6
	Petrochemical	1,096.8	1,308.5	1,201.6	1,096.0	1,128.0	1,033.7	1,016.3	1,046.2	4,702.9	4,224.2	4,568.7
	Lube base oil	766.9	810.9	744.6	807.3	790.5	754.9	704.7	755.4	3,129.7	3,005.5	2,892.0
OP	Total	454.1	160.7	-414.9	260.8	-21.6	-344.0	229.2	518.2	460.7	381.8	721.7
	Refining	250.4	-95.0	-573.7	172.9	-56.8	-441.1	115.5	335.9	-245.4	-46.5	84.8
	Petrochemical	48.0	109.9	5.0	-28.1	-74.5	-34.6	-19.9	12.1	134.8	-116.9	61.7
	Lube base oil	155.7	145.8	153.8	115.9	109.7	131.8	133.6	170.2	571.2	545.3	575.2
Pretax profit		227.2	-40.9	-272.5	-246.4	-67.4	-106.3	81.5	366.2	-332.5	274.1	564.3
NP		166.2	-21.3	-206.2	-131.7	-44.6	-66.8	63.2	283.8	-193.0	235.7	437.3

Source: Company data, Mirae Asset Securities Research

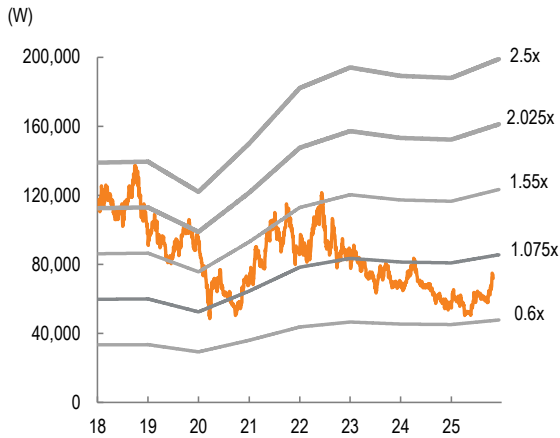
Table 2. S-Oil: Earnings forecast revisions

(Wbn, %)

	Previous		Revised		Chg.	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	34,209	33,479	34,206	35,110	0.0	4.9
OP	290	332	382	722	31.5	117.3
NP	317	127	236	437	-25.6	244.1

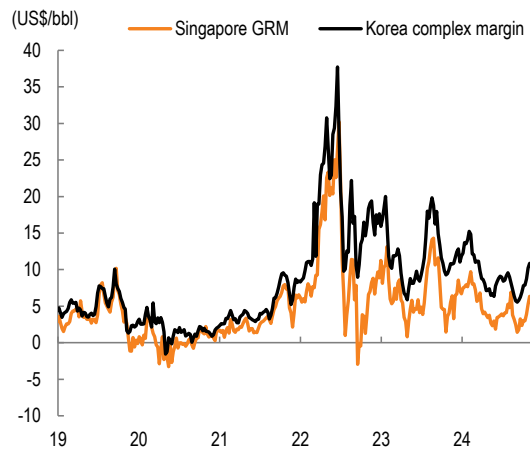
Source: Mirae Asset Securities Research

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



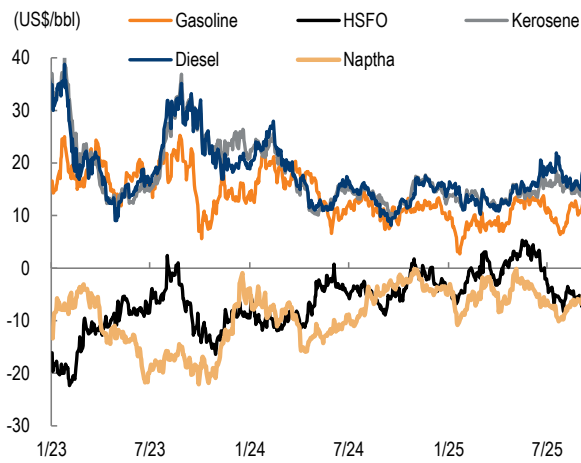
Source: FnGuide, Mirae Asset Securities Research

Figure 2. Singapore GRM and Korea complex margin trends



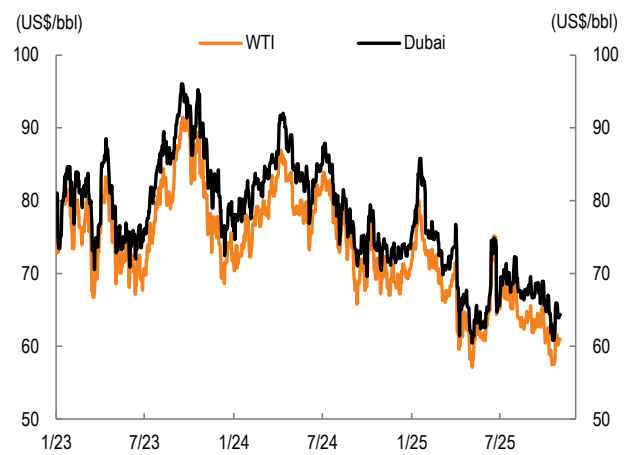
Source: Petronet, Reuters, Mirae Asset Securities Research

Figure 3. Asia refining margin trends



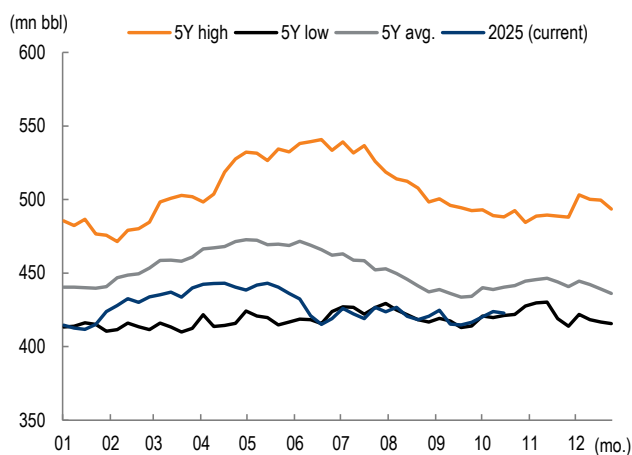
Source: Petronet, Mirae Asset Securities Research

Figure 4. Crude oil price trends



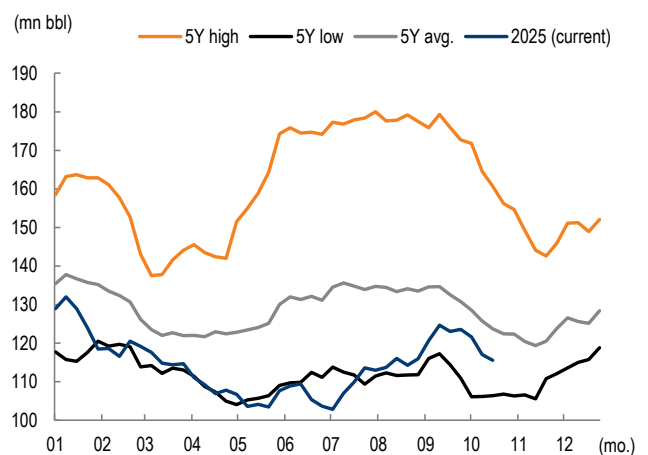
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. US crude oil inventory



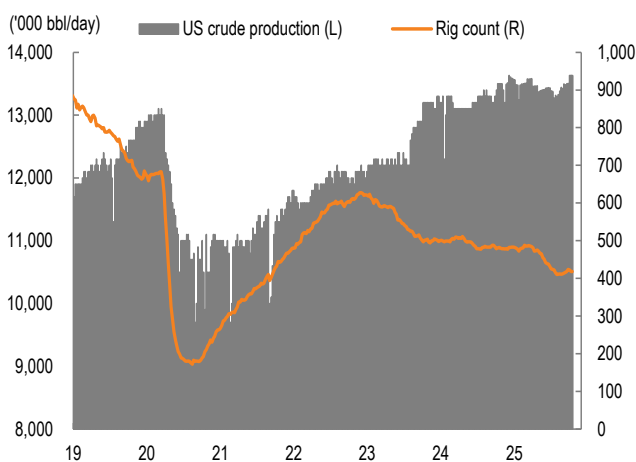
Source: Bloomberg, Mirae Asset Securities Research

Figure 6. US distillates inventory



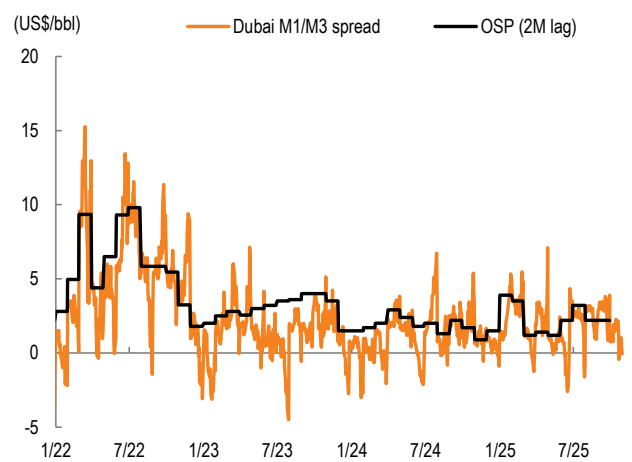
Source: Bloomberg, Mirae Asset Securities Research

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	34,206	35,110	34,207
Cost of revenue	35,411	33,033	33,598	33,139
GP	1,226	1,173	1,512	1,068
SG&A expenses	804	790	790	790
OP (adj.)	422	382	722	278
OP	422	382	722	278
Non-operating profit	-755	-108	-158	-175
Net financial income	-229	-345	-363	-380
Net income from associates	6	5	0	0
Pretax profit	-333	274	564	103
Income tax	-139	38	127	23
Profit from continuing operations	-193	236	437	80
Profit from discontinued operations	0	0	0	0
NP	-193	236	437	80
Attributable to owners	-193	236	437	80
Attributable to minority interests	0	0	0	0
Total comprehensive income	-153	232	437	80
Attributable to owners	-153	232	437	80
Attributable to minority interests	0	0	0	0
EBITDA	1,174	1,209	1,635	1,220
FCF	-1,574	-3,559	-275	205
EBITDA margin (%)	3.2	3.5	4.7	3.6
OP margin (%)	1.2	1.1	2.1	0.8
Net margin (%)	-0.5	0.7	1.2	0.2

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	1,468	-71	1,725	1,405
NP	-193	236	437	80
Non-cash income/expenses	1,328	979	1,366	1,309
Depreciation	741	813	899	930
Amortization	11	15	14	13
Other	576	151	453	366
Chg. in working capital	829	-1,116	11	3
Chg. in AR & other receivables	180	-104	20	4
Chg. in inventory	209	-244	41	9
Chg. in AP & other payables	751	1,373	-54	-12
Income tax	-191	-21	-127	-23
Cash flow from investing activities	-3,027	-3,575	-1,999	-1,200
Chg. in PP&E	-3,038	-3,488	-2,000	-1,200
Chg. in intangible assets	-27	1	0	0
Chg. in financial assets	-57	2	1	0
Other	95	-90	0	0
Cash flow from financing activities	1,539	1,878	474	-427
Chg. in financial liabilities	2,167	1,877	1,000	0
Chg. in equity	0	0	0	0
Dividends	-189	0	-163	-47
Other	-439	1	-363	-380
Chg. in cash	-17	-1,739	200	-222
Beginning balance	1,963	1,946	207	406
Ending balance	1,946	207	406	185

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	10,048	8,602	8,728	8,490
Cash & equivalents	1,946	207	406	185
AR & other receivables	3,479	3,534	3,503	3,496
Inventory	4,493	4,733	4,692	4,683
Other current assets	130	128	127	126
Non-current assets	14,403	17,269	18,355	18,613
Investments in associates	43	42	42	41
PP&E	13,582	16,353	17,453	17,724
Intangible assets	149	146	132	119
Total assets	24,451	25,871	27,083	27,103
Current liabilities	11,657	10,166	11,106	11,092
AP & other payables	6,827	6,146	6,092	6,080
Short-term financial liabilities	4,071	3,300	4,299	4,299
Other current liabilities	759	720	715	713
Non-current liabilities	4,099	6,745	6,743	6,743
Long-term financial liabilities	3,934	6,583	6,583	6,583
Other non-current liabilities	165	162	160	160
Total liabilities	15,756	16,911	17,849	17,835
Equity attributable to owners	8,696	8,960	9,234	9,268
Capital stock	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332
Retained earnings	7,030	7,266	7,540	7,574
Minority interests	0	0	0	0
Shareholders' equity	8,696	8,960	9,234	9,268

Key valuation metrics/ratios

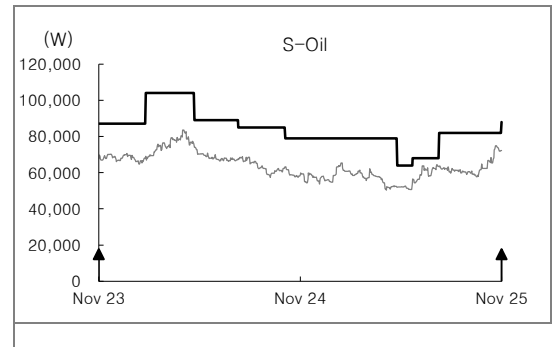
	2024	2025F	2026F	2027F
P/E (x)	-	35.8	19.3	105.4
P/CF (x)	5.6	6.9	4.7	6.1
P/B (x)	0.7	0.9	0.9	0.9
EV/EBITDA (x)	10.5	14.8	11.5	15.5
EPS (W)	-1,656	2,021	3,751	686
CFPS (W)	9,731	10,413	15,467	11,912
BPS (W)	74,590	76,859	79,211	79,496
DPS (W)	125	400	1,000	400
Dividend payout ratio (%)	-7.3	19.1	25.7	56.3
Dividend yield (%)	0.2	0.6	1.5	0.6
Revenue growth (%)	2.5	-6.6	2.6	-2.6
EBITDA growth (%)	-43.4	3.0	35.2	-25.4
OP growth (%)	-68.8	-9.5	89.0	-61.5
EPS growth (%)	TTR	TTB	85.6	-81.7
AR turnover (x)	16.4	15.5	15.7	15.3
Inventory turnover (x)	8.0	7.4	7.5	7.3
AP turnover (x)	7.9	5.9	5.5	5.4
ROA (%)	-0.8	0.9	1.7	0.3
ROE (%)	-2.2	2.7	4.8	0.9
ROIC (%)	1.8	2.0	2.9	1.1
Debt-to-equity ratio (%)	181.2	188.7	193.3	192.4
Current ratio (%)	86.2	84.6	78.6	76.5
Net debt-to-equity ratio (%)	69.0	107.3	112.8	114.8
Interest coverage ratio (x)	1.5	1.1	2.0	0.7

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
S-Oil (010950)	11/04/25	Buy	88,000
	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



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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

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

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