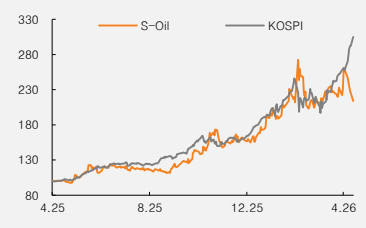


(Maintain)	Buy
Target price	▲ W135,000
Current price (5/11/26)	W110,900
Upside	21.7%

OP (26F, Wbn)	3,521
Consensus OP (26F, Wbn)	2,504
EPS growth (26F, %)	1,329.9
Market EPS growth (26F, %)	224.0
P/E (26F, x)	5.4
Market P/E (26F, x)	8.4
KOSPI	7,822.24

Market cap (Wbn)	13,150
Shares (mn)	113
Free float (%)	36.6
Foreign ownership (%)	77.8
Beta (12M)	-0.11
52-week low (W)	50,600
52-week high (W)	141,300

(%)	1M	6M	12M
Absolute	-8.1	34.9	112.9
Relative	-31.2	-29.2	-29.9



Mirae Asset Securities Co., Ltd.

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S-Oil

Fuel price cap policy to heighten earnings volatility

Maintain Buy and raise TP to W135,000

We raise our target price for S-Oil to W135,000 (from W120,000), reflecting upward revisions to our earnings forecasts driven by stronger refining margins (target P/B unchanged at 1.45x). Supply disruptions stemming from the closure of the Strait of Hormuz have driven broad-based increases in crude oil and refined product prices. Even if a ceasefire takes hold, normalization is expected to take more than three months, suggesting price strength is likely to continue into 2H26. That said, uncertainty surrounding Korea's fuel price cap policy is a key risk to monitor, as earnings could fluctuate significantly depending on when the policy is lifted and the scale of government compensation for refiners' losses.

1Q26 review: Earnings come in slightly above elevated expectations

For 1Q26, S-Oil reported operating profit of W1.23tr, beating the consensus (W1.17tr) by about 5%. Earnings improved QoQ largely thanks to the refining business, which saw stronger refining margins and higher inventory-related gains amid rising oil prices. Total inventory-related gains amounted to W643.4bn, including W524.8bn from refining, W87.1bn from petrochemicals, and W31.5bn from lube base oil. However, these positives were partially offset by the fuel price cap policy and regular maintenance. We estimate that the price cap policy (in effect for 19 days in 1Q26) resulted in opportunity losses of around W260bn during the quarter.

2Q26 preview: Earnings outlook hinges on resolution of fuel price cap policy

For 2Q26, we forecast operating profit at W491.7bn (-60% QoQ). We expect earnings to decline due to: 1) the full-quarter impact of opportunity losses from the fuel price cap; and 2) a sharp rise in Saudi OSPs. Assuming the price cap policy remains in place through June, we estimate related losses could expand sharply to around W900bn in 2Q26. That said, once government compensation is finalized, the company should be able to recover a substantial portion of these losses. We assume that roughly W810bn—equivalent to 70% of projected 1H26 losses of around W1.16tr—will be recovered gradually over 3Q-4Q26.

The key variables at this stage are the timing of the policy's termination and the scale and timing of government compensation. With the government and refiners still engaged in negotiations over the basis for calculating losses (cost-based vs. MOPS-based), the final impact on 3Q-4Q26 earnings remains highly uncertain.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	36,637	34,247	45,518	39,670	38,425
OP (Wbn)	422	236	3,521	1,359	955
OP margin (%)	1.2	0.7	7.7	3.4	2.5
NP (Wbn)	-193	177	2,530	891	585
EPS (W)	-1,656	1,518	21,699	7,638	5,016
ROE (%)	-2.2	2.0	25.2	7.7	4.9
P/E (x)	-	54.7	5.1	14.5	22.1
P/B (x)	0.7	1.1	1.2	1.1	1.1
Dividend yield (%)	0.2	0.4	3.9	1.4	1.4

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)

		1Q25	2Q25	3Q25	4Q25	1Q26P	2Q26F	3Q26F	4Q26F	2024	2025	2026F
Revenue	Total	8,990.5	8,048.5	8,415.4	8,792.6	8,942.7	12,656.1	12,612.3	11,307.2	36,637.0	34,247.0	45,518.3
	Refining	7,072.0	6,259.9	6,694.3	6,979.2	7,101.3	10,433.2	10,504.9	9,292.0	28,804.4	27,005.4	37,331.3
	Petrochemical	1,128.0	1,033.7	1,016.3	1,056.1	1,104.4	1,294.3	1,304.2	1,244.9	4,702.9	4,234.1	4,947.7
	Lube base oil	790.5	754.9	704.7	757.2	737.0	928.7	803.2	770.3	3,129.7	3,007.3	3,239.2
OP	Total	-21.6	-344.0	229.2	424.5	1,231.1	491.7	709.3	1,088.3	460.7	288.1	3,520.5
	Refining	-56.8	-441.1	115.5	225.3	1,039.0	370.2	623.3	935.3	-245.4	-157.1	2,967.8
	Petrochemical	-74.5	-34.6	-19.9	-7.8	25.5	-48.7	-65.1	-17.2	134.8	-136.8	-105.4
	Lube base oil	109.7	131.8	133.6	207.0	166.6	170.2	151.1	170.2	571.2	582.1	658.1
Pretax profit		-67.4	-106.3	81.5	265.4	991.4	267.9	530.2	1,536.5	-332.5	173.2	3,325.9
NP		-44.6	-66.8	63.2	225.1	720.9	207.6	410.9	1,190.8	-193.0	177.0	2,530.2

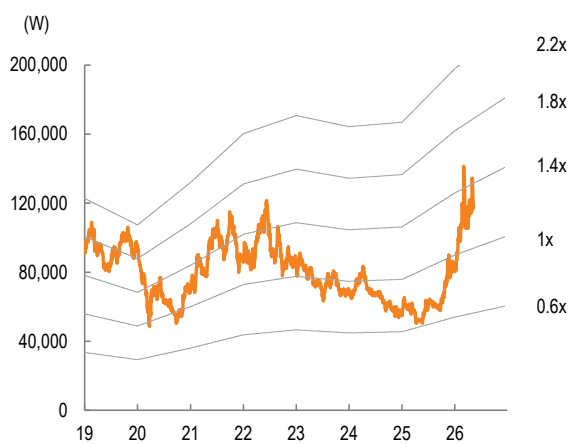
Source: Company data, Mirae Asset Securities Research

Table 2. S-Oil: Earnings forecast revisions

(Wbn, %)

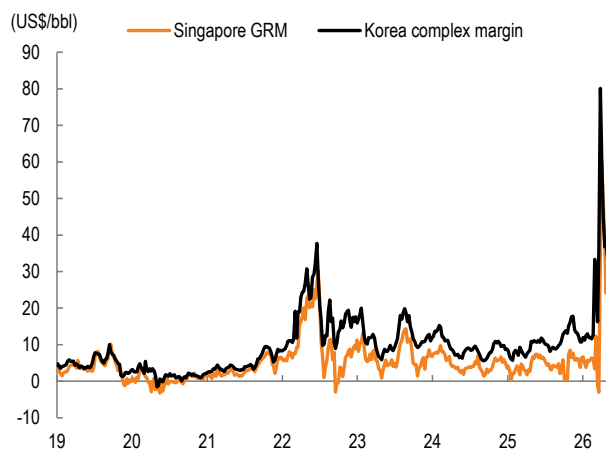
	Previous		Revised		Chg.	
	2Q26F	2026F	2Q26F	2026F	2Q26F	2026F
Revenue	7,506	31,148	12,656	45,518	68.6	46.1
OP	181	1,095	492	3,521	171.6	221.4
NP	240	696	208	2,530	-13.4	263.7

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



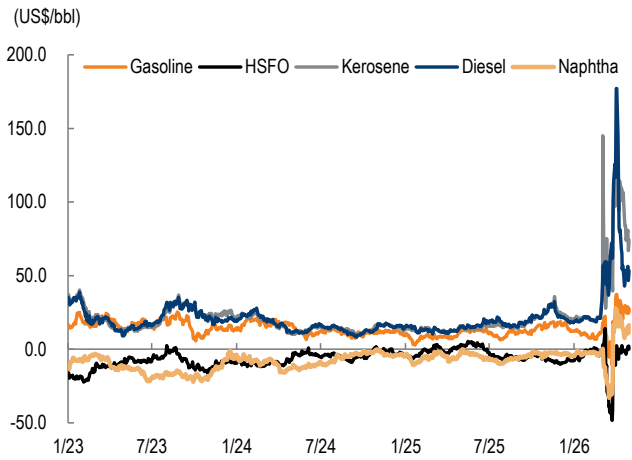
Source: FnGuide, Mirae Asset Securities Research

Figure 2. Singapore GRM and Korea complex margin trends



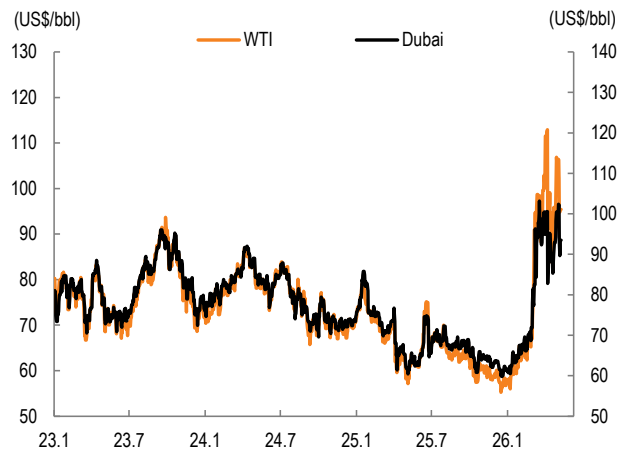
Source: Petronet, Reuters, Mirae Asset Securities Research

Figure 3. Asia refining margin trends



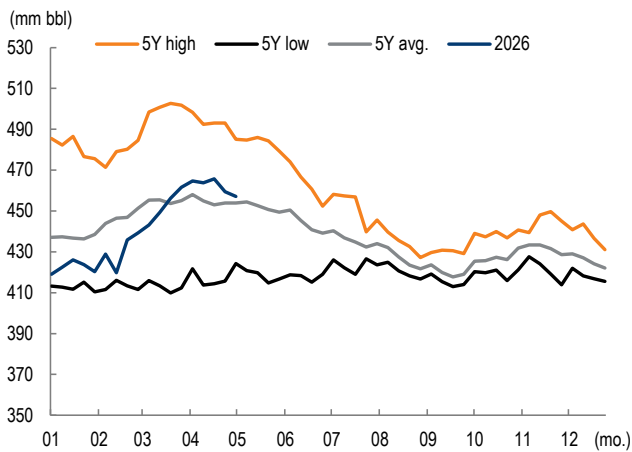
Source: Petronet, Mirae Asset Securities Research

Figure 4. Crude oil price trends



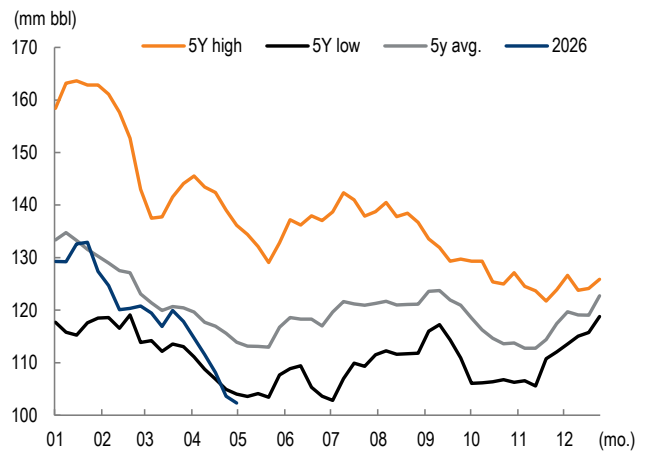
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. US crude oil inventory



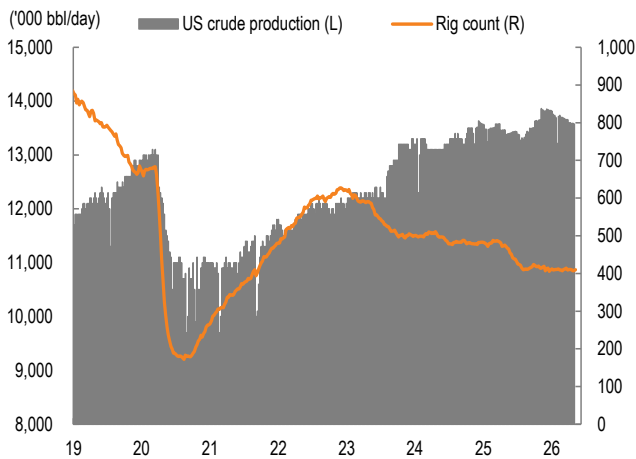
Source: Bloomberg, Mirae Asset Securities Research

Figure 6. US distillates inventory



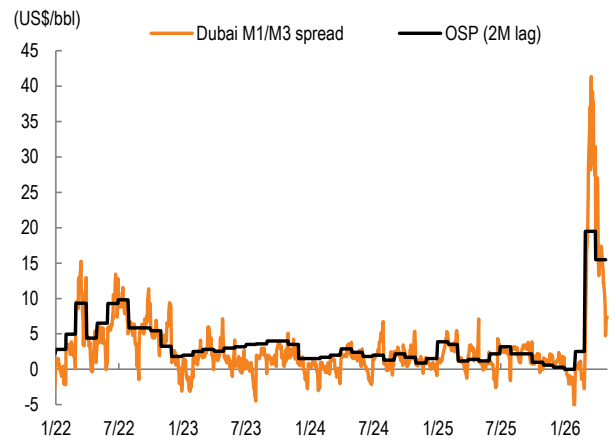
Source: Bloomberg, Mirae Asset Securities Research

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)	2025	2026F	2027F	2028F
Revenue	34,247	45,518	39,670	38,425
Cost of revenue	33,204	41,190	37,503	36,663
GP	1,043	4,328	2,167	1,762
SG&A expenses	808	808	808	808
OP (adj.)	236	3,521	1,359	955
OP	236	3,521	1,359	955
Non-operating profit	-63	-195	-210	-200
Net financial income	-236	-188	-188	-178
Net income from associates	4	16	0	0
Pretax profit	173	3,326	1,149	755
Income tax	-4	796	259	170
Profit from continuing operations	177	2,530	891	585
Profit from discontinued operations	0	0	0	0
NP	177	2,530	891	585
Attributable to owners	177	2,530	891	585
Attributable to minority interests	0	0	0	0
Total comprehensive income	192	2,530	891	585
Attributable to owners	192	2,530	891	585
Attributable to minority interests	0	0	0	0
EBITDA	1,043	4,433	2,347	1,967
FCF	36	1,662	264	340
EBITDA margin (%)	3.0	9.7	5.9	5.1
OP margin (%)	0.7	7.7	3.4	2.5
Net margin (%)	0.5	5.6	2.2	1.5

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	3,942	3,662	1,464	1,540
NP	177	2,530	891	585
Non-cash income/expenses	1,054	1,896	1,434	1,360
Depreciation	791	898	976	1,002
Amortization	16	14	12	10
Other	247	984	446	348
Chg. in working capital	3,091	220	-414	-57
Chg. in AR & other receivables	128	-655	344	47
Chg. in inventory	304	-1,263	701	97
Chg. in AP & other payables	1,888	1,519	-1,098	-151
Income tax	0	-796	-259	-170
Cash flow from investing activities	-3,783	-2,024	-1,186	-1,198
Chg. in PP&E	-3,906	-2,000	-1,200	-1,200
Chg. in intangible assets	1	0	0	0
Chg. in financial assets	35	-24	14	2
Other	87	0	0	0
Cash flow from financing activities	-270	313	-348	-178
Chg. in financial liabilities	-68	538	-22	-3
Chg. in equity	0	0	0	0
Dividends	0	-225	-326	-175
Other	-202	0	0	0
Chg. in cash	-111	1,971	-63	165
Beginning balance	1,946	1,835	3,806	3,742
Ending balance	1,835	3,806	3,742	3,907

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	8,616	12,679	11,470	11,477
Cash & equivalents	1,835	3,806	3,742	3,907
AR & other receivables	2,553	3,365	2,931	2,871
Inventory	4,164	5,427	4,726	4,630
Other current assets	64	81	71	69
Non-current assets	17,941	19,054	19,252	19,438
Investments in associates	41	52	46	45
PP&E	16,990	18,092	18,317	18,515
Intangible assets	150	135	123	113
Total assets	26,557	31,734	30,722	30,915
Current liabilities	12,211	15,005	13,455	13,242
AP & other payables	8,413	10,341	9,005	8,821
Short-term financial liabilities	2,635	3,173	3,151	3,148
Other current liabilities	1,163	1,491	1,299	1,273
Non-current liabilities	5,459	5,503	5,477	5,474
Long-term financial liabilities	5,303	5,303	5,303	5,303
Other non-current liabilities	156	200	174	171
Total liabilities	17,670	20,509	18,933	18,716
Equity attributable to owners	8,887	11,225	11,790	12,200
Capital stock	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332
Retained earnings	7,222	9,527	10,091	10,502
Minority interests	0	0	0	0
Shareholders' equity	8,887	11,225	11,790	12,200

Key valuation metrics/ratios

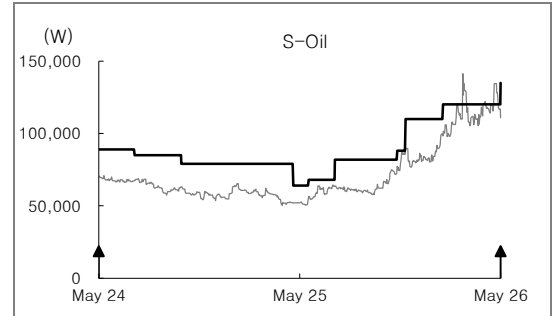
	2025	2026F	2027F	2028F
P/E (x)	54.7	5.1	14.5	22.1
P/CF (x)	7.9	2.9	5.6	6.7
P/B (x)	1.1	1.2	1.1	1.1
EV/EBITDA (x)	15.0	3.9	7.4	8.7
EPS (W)	1,518	21,699	7,638	5,016
CFPS (W)	10,555	37,958	19,936	16,677
BPS (W)	76,234	96,282	101,123	104,640
DPS (W)	330	4,300	1,500	1,500
Dividend payout ratio (%)	21.0	19.1	19.0	28.9
Dividend yield (%)	0.4	3.9	1.3	1.3
Revenue growth (%)	-6.5	32.9	-12.8	-3.1
EBITDA growth (%)	-11.2	325.1	-47.1	-16.2
OP growth (%)	-44.2	1,394.1	-61.4	-29.8
EPS growth (%)	TTB	1,329.9	-64.8	-34.3
AR turnover (x)	16.4	19.5	15.9	16.8
Inventory turnover (x)	7.9	9.5	7.8	8.2
AP turnover (x)	5.6	5.3	4.7	5.0
ROA (%)	0.7	8.7	2.9	1.9
ROE (%)	2.0	25.2	7.7	4.9
ROIC (%)	1.6	17.8	6.5	4.5
Debt-to-equity ratio (%)	198.8	182.7	160.6	153.4
Current ratio (%)	70.6	84.5	85.2	86.7
Net debt-to-equity ratio (%)	68.2	41.2	39.6	36.9
Interest coverage ratio (x)	0.9	12.3	4.5	3.2

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
S-Oil (010950)	05/11/26	Buy	135,000
	01/26/26	Buy	120,000
	11/19/25	Buy	110,000
	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



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	80.84%	0%	18.56%	0.6%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of March 31, 2026)

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