

COMPANY UPDATE

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EV/Mobility Team

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► AT A GLANCE

BUY

Target price KRW210,000 29.5%

Current price KRW162,200

Market cap KRW18.3t/USD13.4b

Shares (float) 112,582,792 (36.6%)

52-week high/low KRW165,900/KRW61,600

Avg daily trading value (60-day) KRW61.5b/USD45.1m

► ONE-YEAR PERFORMANCE

	1M	6M	12M
S-Oil (%)	8.7	47.9	163.3
Vs Kospi (%pts)	7.1	16.7	29.4

► KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	210,000	165,000	27.3%
2026E EPS	25,898	25,898	0.0%
2027E EPS	20,219	20,219	0.0%

► SAMSUNG vs THE STREET

No of estimates	14
Target price	178,929
Recommendation	3.9
※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL	



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S-Oil (010950)

Inventories tight as winter approaches

- Global diesel inventories have dropped 11% since end-February (from 148m to 132m barrels) while the winter heating season is drawing near, intensifying concerns over supply tightness.
- We now expect S-Oil to post a 3Q operating profit of KRW1.37t (up 42% q-q), beating consensus by 26%. It likely benefited from stronger refining and lube base oil margins, as well as diminished negative inventory effects amid rising oil prices.
- Given sustained tightness in diesel and kerosene supply-demand, we raise our 2027 ROE forecast (from 11% to 19%) and our target price (from KRW165,000 to KRW210,000). Expecting margin strength to continue through 1H27, we keep S-Oil as our sector top-pick.

WHAT'S THE STORY?

View—supply stress so severe that world's largest exporter is considering export halt: The US is reportedly considering a halt to diesel exports, intensifying global supply concerns. With daily exports averaging 1.3-1.5m barrels (bbl), the US is the world's largest diesel exporter, accounting for roughly 5% of global demand. As important as whether the halt ultimately takes place is the fact that the world's largest exporter is even contemplating it—signal of severe supply stress. Coupled with the onset of the winter heating season in December, refining margins are likely to remain strong through 1H27. In response, we raise our 2027 ROE forecast for S-Oil from 11% to 19%, and increase our target price from KRW165,000 to KRW210,000 based on ROE-P/B valuation. The stock remains our sector top-pick.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	34,247	44,375	46,080	42,128
Operating profit (KRWb)	236	4,382	3,582	3,222
Net profit (adj) (KRWb)	177	3,020	2,358	1,878
EPS (adj) (KRW)	1,518	25,898	20,219	16,105
EPS (adj) growth (% y-y)	nm	1,606.6	-21.9	-20.3
EBITDA margin (%)	3.0	12.0	10.7	11.1
ROE (%)	2.0	29.2	18.6	13.3
P/E (adj) (x)	54.7	6.3	8.0	10.1
P/B (x)	1.1	1.6	1.4	1.3
EV/EBITDA (x)	15.0	4.1	4.0	4.0
Dividend yield (%)	0.4	3.6	3.6	4.5

Source: Company data, Samsung Securities estimates

3Q preview—results to beat consensus: We now expect S-Oil to post a 3Q operating profit of KRW1.37t (up 42% q-q), beating consensus (KRW1.09t; FnGuide). It likely benefited from stronger refining and lube base oil margins, as well as diminished negative inventory effects amid rising oil prices.

- **Refining unit:** S-Oil's refining unit likely saw an operating profit of KRW0.87t (up 63% q-q) in 3Q. While landed costs of imported crude, on a dollar basis, rose from an average of USD102.0/bbl in May-June to USD104.6/bbl in August-September, the won's appreciation (from an average of KRW1,510/USD in May-June to KRW1,383/USD in August-September) makes it inevitable to recognize inventory valuation losses of KRW322.2b in 3Q (vs inventory valuation gains of KRW6b in 2Q). Excluding OSP, the lag effect increased significantly (up USD27.3/bbl q-q from -USD16.3/bbl in 2Q to +USD11.0/bbl in 3Q), while spot refining margins remained largely flat (down USD0.1/bbl q-q from USD43.8/bbl in 2Q to USD43.7/bbl in 3Q).
- **Petrochemical unit:** We believe the petrochemical unit delivered an operating profit of KRW7.7b (up by KRW52.6b q-q). It likely returned to profitability, as the drag from last quarter's scheduled maintenance faded and aromatic product spreads strengthened.

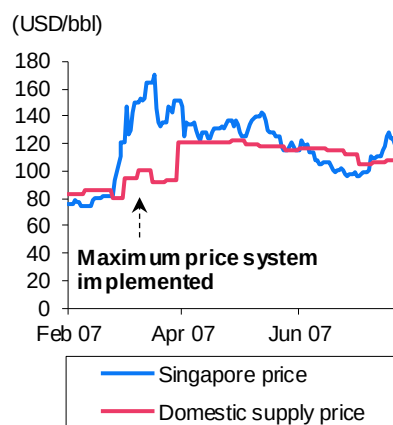
Lube base oil unit: Operating profit at the lube base oil unit likely climbed 3% q-q to KRW493.9b in 3Q. Despite the elimination of inventory valuation gains from the prior quarter (approximately KRW120b), profit likely improved further as lube base oil margins expanded (from USD140/bbl in 2Q to USD167/bbl in 3Q to date). Spreads continued to expand due to a tight supply-demand balance following the Middle East war, which disrupted supply. (Producers in the Middle East have struggled to maintain lube base oil output, while stronger diesel demand has pushed refineries to shift capacity away from lube base oil production).

S-Oil: Valuation

(KRW)	Old	New	Details
Target P/B (x)	1.71	1.79	Average P/B since 2010 +0.50 STD
Forward BVPS	95,873	115,874	Revised up 20.9%
Fair Value per Share	164,328	207,661	
Target price	165,000	210,000	Revised up 27.3%
Current price		155,600	
Upside (%)		35.0	
2026 implied P/E (x)	6.4	8.1	
2027 implied P/E (x)	8.2	10.4	

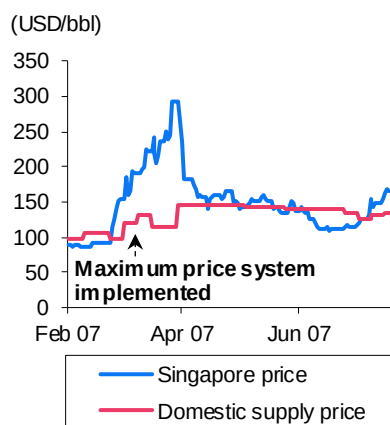
Source: Samsung Securities estimates

Gasoline: Singapore price vs S-Oil's domestic supply price



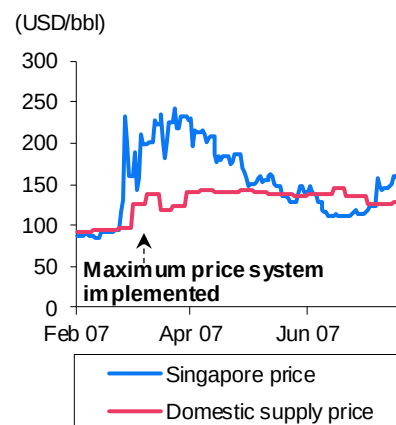
Source: Petronet, Opinet, Samsung Securities

Diesel: Singapore price vs S-Oil's domestic supply price



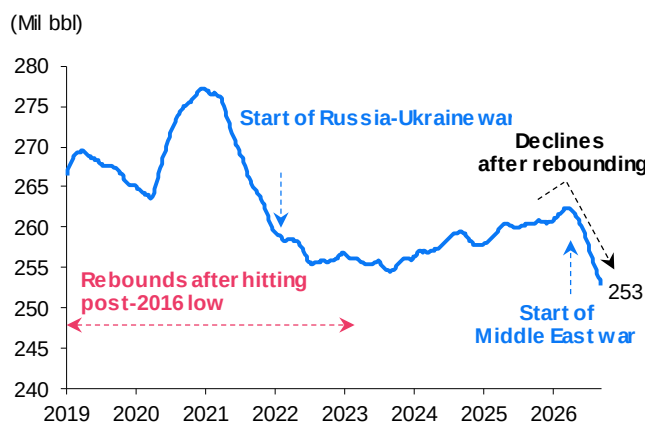
Source: Petronet, Opinet, Samsung Securities

Kerosene: Singapore price vs S-Oil's domestic supply price



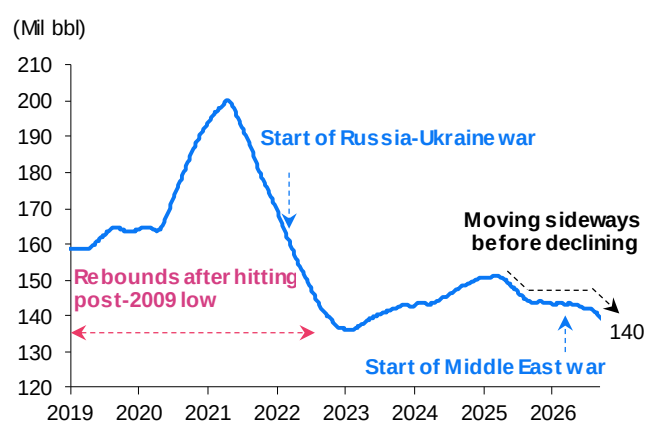
Source: Petronet, Opinet, Samsung Securities

Global* light distillates: Inventory** (gasoline)



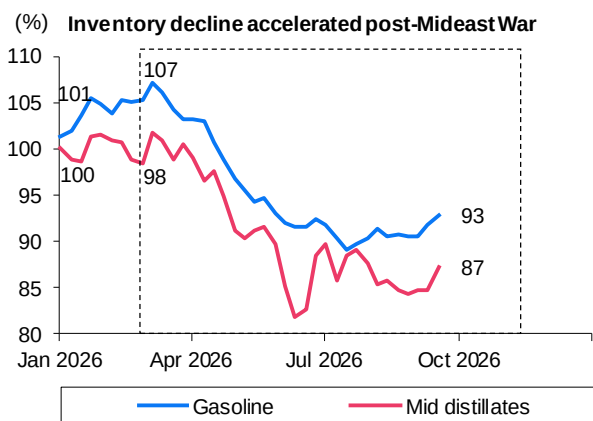
Note: *Total of US, Singapore, UAE, and Europe / ** 52-week rolling average
Source: Enterprise Singapore, Platts, Samsung Securities

Global* middle distillates: Inventory** (diesel and kerosene)



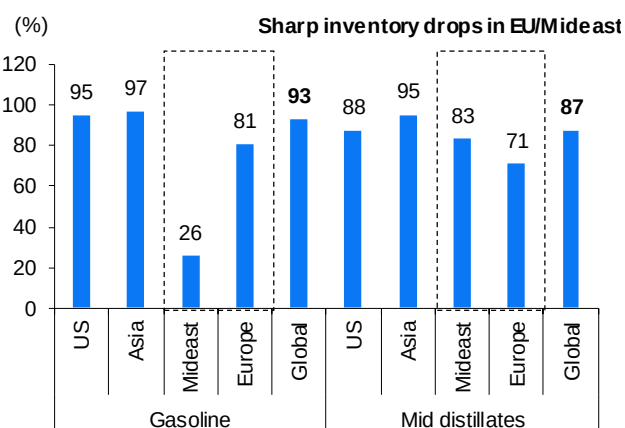
Note: *Total of US, Singapore, UAE, and Europe / ** 52-week rolling average
Source: Enterprise Singapore, Platts, Samsung Securities

Global refined product inventories: inventory levels vs. 5-year historical average



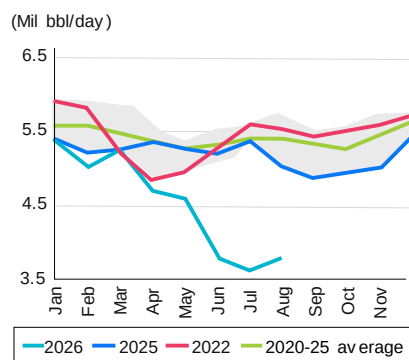
Source: Bloomberg, Samsung Securities

Regional refined product inventories: current inventory levels vs. 5-year historical average



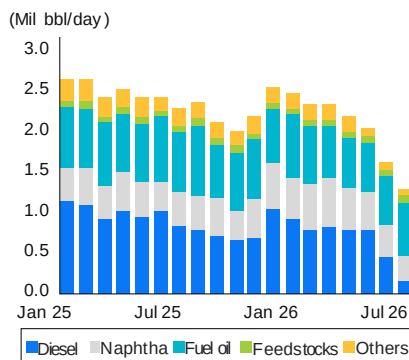
Source: Bloomberg, Samsung Securities

Russia: Refined product production



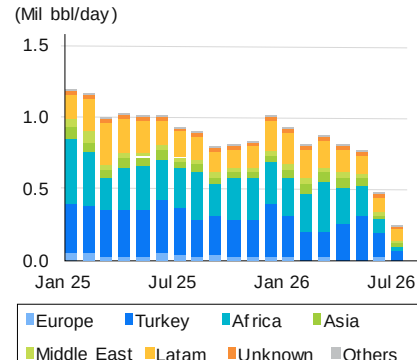
Source: Vortexa, Samsung Securities

Russia: Refined product exports



Source: Vortexa, Samsung Securities

Russia: Diesel exports



Source: Vortexa, Samsung Securities

S-Oil: 3Q preview

(KRWb)	3Q26E	2Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	12,406	11,343	8,049	11,270	9.4	54.1	10.1
Operating income	1,372	965	-344	1,085	42.2	To turn pos	26.4
Pre-tax income	1,709	705	-106	923	142.3	To turn pos	85.2
Net income	1,247	515	-67	622	142.3	To turn pos	100.4
Attributable to parent	1,247	515	-67	748	142.3	To turn pos	66.6
Margins (%)							
Operating income	11.1	8.5	-4.3	9.6			
Pre-tax income	13.8	6.2	-1.3	8.2			
Net income	10.1	4.5	-0.8	5.5			
Attributable to parent	10.1	4.5	-0.8	6.6			

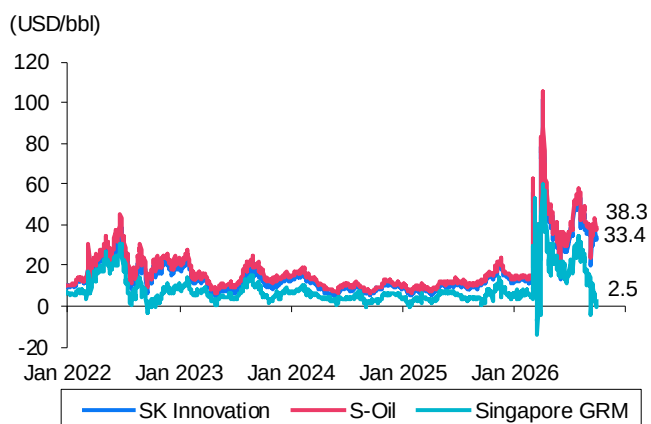
Source: Company data, FnGuide, Samsung Securities estimates

S-Oil: 3Q preview, by division

(KRWb)	3Q26E	2Q26	2Q25	Chg (% q-q)	Chg (% y-y)
Sales	12,406	11,343	8,049	9.4	54.1
Refining	9,083	9,029	6,260	0.6	45.1
Petrochemical	1,790	1,012	1,034	76.8	73.2
Lube base oil	1,533	1,302	755	17.8	103.1
Operating income	1,372	965	-344	42.2	To turn pos
Refining	870	532	-441	63.4	To turn pos
Petrochemical	8	-45	-35	To turn pos	To turn pos
Lube base oil	494	477	132	3.4	274.7
Pre-tax income	1,709	705	-106	142.3	To turn pos
Net income	1,247	515	-67	142.3	To turn pos
Margins (%)					
Operating income	11.1	8.5	-4.3		
Refining	9.6	5.9	-7.0		
Petrochemical	0.4	-4.4	-3.4		
Lube base oil	32.2	36.7	17.5		
Pre-tax income	13.8	6.2	-1.3		
Net income	10.1	4.5	-0.8		

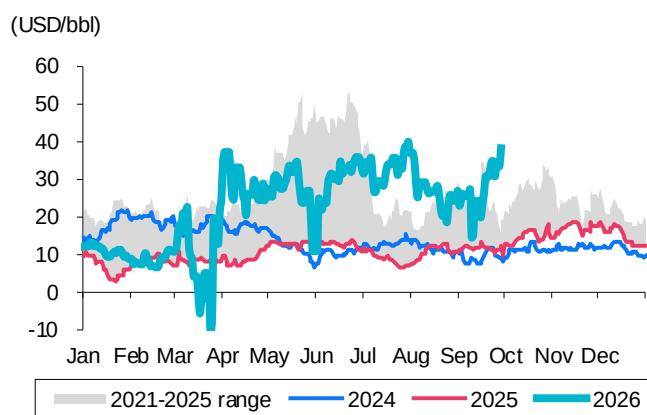
Source: Company data, Samsung Securities

Mixed margin at Korean refiners vs Singapore GRM



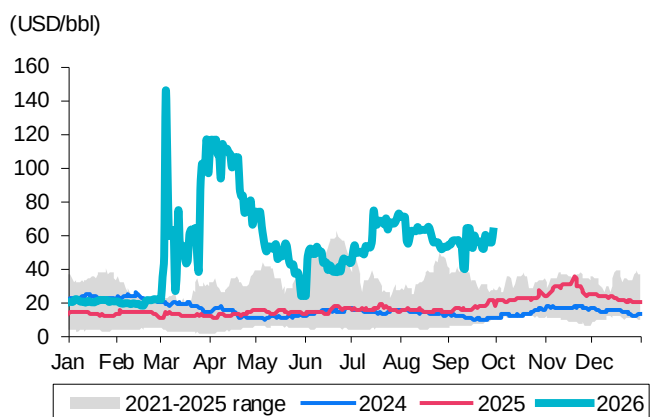
Source: Company data, DataStream, Samsung Securities

Gasoline: Spot refining margin vs Dubai oil



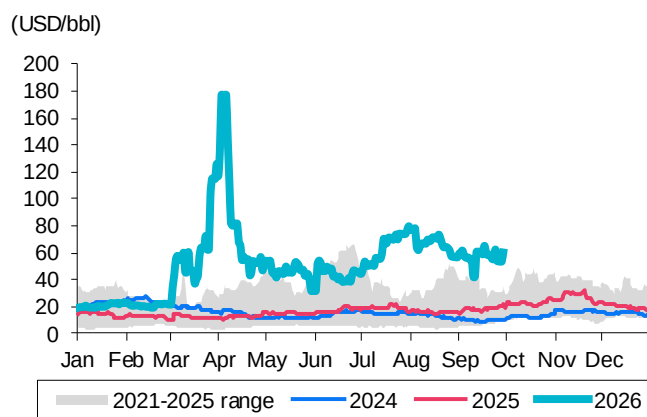
Source: Petronet, Samsung Securities

Kerosene: Spot refining margin vs Dubai oil



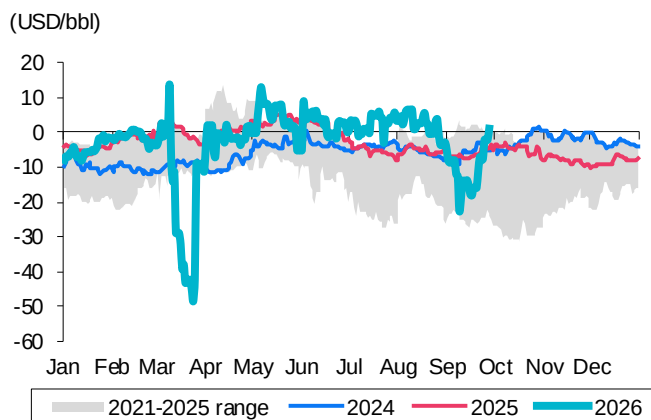
Source: Petronet, Samsung Securities

Diesel: Spot refining margin vs Dubai oil



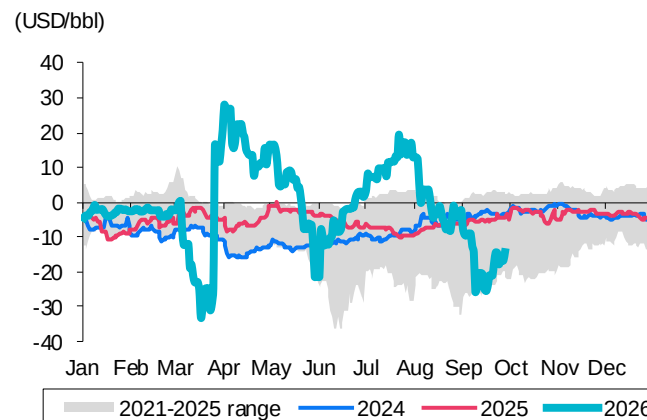
Source: Petronet, Samsung Securities

Bunker-C: Spot refining margin vs Dubai oil



Source: Petronet, Samsung Securities

Naphtha: Spot refining margin vs Dubai oil



Source: Petronet, Samsung Securities

S-Oil: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
KRW/USD (average)	1,453	1,401	1,387	1,452	1,467	1,502	1,420	1,330	1,365	1,423	1,430	1,280
Sales	8,991	8,049	8,415	8,793	8,943	11,343	12,406	11,683	36,637	34,247	44,375	46,080
Growth (% q-q)	0.8	-10.5	4.6	4.5	1.7	26.8	9.4	-5.8				
Growth (% y-y)	-3.4	-15.9	-4.8	-1.4	-0.5	40.9	47.4	32.9	2.5	-6.5	29.6	3.8
Refining	7,072	6,260	6,694	6,979	7,101	9,029	9,083	8,679	28,805	27,005	33,892	29,821
Petrochemical	1,128	1,034	1,016	1,056	1,104	1,012	1,790	1,726	4,703	4,234	5,633	11,641
Lube base oil	791	755	705	757	737	1,302	1,533	1,278	3,130	3,007	4,850	4,618
Operating income	-22	-344	229	372	1,231	965	1,372	814	422	236	4,382	3,582
Growth (% q-q)	Turnedneg	Remainedneg	Turnedpos	62.3	231.0	-21.6	42.2	-40.7				
Growth (% y-y)	Turnedneg	Turnedneg	Turnedpos	67.3	Turnedpos	Turnedpos	498.5	118.8	-68.8	-44.2	1,759.6	-18.3
Refining	-57	-441	115	184	1,039	532	870	444	-273	-199	2,885	2,463
Growth (% q-q)	Turnedneg	Remainedneg	Turnedpos	59.2	465.2	-48.8	63.4	-49.0				
Growth (% y-y)	Turnedneg	Remainedneg	Turnedpos	26.8	Turnedpos	Turnedpos	653.5	141.3	Turnedneg	Remainedneg	Totumpos	-14.6
Petrochemical	-75	-35	-20	-14	25	-45	8	1	127	-143	-11	47
Growth (% q-q)	Remainedneg	Remainedneg	Remainedneg	Remainedneg	Turnedpos	Turnedneg	Totumpos	-90.4				
Growth (% y-y)	Turnedneg	Turnedneg	Turnedneg	Remainedneg	Turnedpos	Remainedneg	Totumpos	Totumpos	-33.2	Turnedneg	Totumneg	Totumpos
Lube base oil	110	132	134	202	167	477	494	370	568	578	1,507	1,071
Growth (% q-q)	-2.9	20.1	1.4	51.5	-17.7	186.7	3.4	-25.2				
Growth (% y-y)	-29.5	-9.6	-13.1	79.1	51.8	262.3	269.6	82.6	-29.9	1.6	161.0	-28.9
Pre-tax income	-67	-106	81	265	991	705	1,709	737	-333	173	4,143	3,371
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	225.7	472.3	-28.8	142.3	-56.9				
Growth (% y-y)	Turnedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Turnedpos	1,998.2	177.6	Turnedneg	-23.8	Totumpos	240.0
Net income	-45	-67	63	225	721	515	1,247	537	-193	177	3,020	2,358
Growth (% q-q)	Remainedneg	Remainedneg	Turnedpos	256.1	307.5	-28.6	142.3	-56.9				
Growth (% y-y)	Turnedneg	Remainedneg	Turnedpos	Turnedpos	Turnedpos	Turnedpos	1,872.8	138.7	Turnedneg	6.5	Totumpos	227.0
Attributable to parent	-45	-67	63	225	721	515	1,247	537	-193	177	3,020	2,358
Margins (%)												
Operating income	-0.2	-4.3	2.7	4.2	13.8	8.5	11.1	7.0	1.2	0.7	9.9	7.8
Refining	-0.8	-7.0	1.7	2.6	14.6	5.9	9.6	5.1	-0.9	-0.7	8.5	8.3
Petrochemical	-6.6	-3.4	-2.0	-1.4	2.3	-4.4	0.4	0.0	2.7	-3.4	-0.2	0.4
Lube base oil	13.9	17.5	19.0	26.7	22.6	36.7	32.2	28.9	18.2	19.2	31.1	23.2
Pre-tax income	-0.7	-1.3	1.0	3.0	11.1	6.2	13.8	6.3	-0.9	0.5	9.3	7.3
Net income	-0.5	-0.8	0.8	2.6	8.1	4.5	10.1	4.6	-0.5	0.5	6.8	5.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	36,637	34,247	44,375	46,080	42,128
Cost of goods sold	35,411	33,204	38,953	41,415	37,917
Gross profit	1,226	1,043	5,422	4,665	4,211
Gross margin (%)	3.3	3.0	12.2	10.1	10.0
SG&A expenses	804	808	1,040	1,083	989
Operating profit	422	236	4,382	3,582	3,222
Operating margin (%)	1.2	0.7	9.9	7.8	7.6
Non-operating gains (losses)	-755	-62	-239	-211	-537
Financial profit	389	483	141	284	-418
Financial costs	833	678	427	444	385
Equity-method gains (losses)	6	4	4	4	4
Other	-317	128	43	-54	262
Pre-tax profit	-333	173	4,143	3,371	2,685
Taxes	-139	-4	1,123	1,013	807
Effective tax rate (%)	41.9	-2.2	27.1	30.1	30.1
Profit from continuing operations	-193	177	3,020	2,358	1,878
Profit from discontinued operations	0	0	0	0	0
Net profit	-193	177	3,020	2,358	1,878
Net margin (%)	-0.5	0.5	6.8	5.1	4.5
Net profit (controlling interests)	-193	177	3,020	2,358	1,878
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	1,174	1,043	5,336	4,949	4,685
EBITDA margin (%)	3.2	3.0	12.0	10.7	11.1
EPS (parent-based) (KRW)	-1,656	1,518	25,898	20,219	16,105
EPS (consolidated) (KRW)	-1,656	1,518	25,898	20,219	16,105
Adjusted EPS (KRW)*	-1,656	1,518	25,898	20,219	16,105

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	1,468	3,942	5,042	4,204	2,884
Net profit	-193	177	3,020	2,358	1,878
Non-cash profit and expenses	1,328	1,054	2,072	2,477	1,977
Depreciation	741	791	940	1,356	1,453
Amortization	11	16	14	12	10
Other	576	247	1,118	1,110	514
Changes in A/L from operating activities	829	3,091	1,065	373	-173
Cash flow from investments	-3,027	-3,783	-2,183	-1,463	-1,000
Change in tangible assets	-3,038	-3,906	-2,150	-1,350	-1,290
Change in financial assets	-57	35	-25	-4	10
Other	68	88	-8	-109	280
Cash flow from financing	1,539	-270	1,577	-669	-690
Change in debt	2,167	-68	1,708	7	-15
Change in equity	0	0	0	0	0
Dividends	-189	-0	-132	-675	-675
Other	-439	-202	0	0	0
Change in cash	-17	-111	4,460	2,074	1,201
Cash at beginning of year	1,963	1,946	1,835	6,294	8,368
Cash at end of year	1,946	1,835	6,294	8,368	9,569
Gross cash flow	1,135	1,231	5,092	4,835	3,855
Free cash flow	-1,574	36	2,892	2,854	1,594

Note: *Excluding one-off items

**Fully diluted, excluding one-off items

***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	10,048	8,616	14,900	17,087	17,334
Cash & equivalents	1,946	1,835	6,294	8,368	9,569
Accounts receivable	2,171	2,005	2,418	2,293	1,890
Inventories	4,493	4,164	5,396	5,603	5,123
Other current assets	1,438	611	792	823	752
Fixed assets	14,403	17,941	19,163	19,150	18,968
Investment assets	203	188	213	218	208
Tangible assets	13,582	16,990	18,200	18,194	18,031
Intangible assets	149	150	136	124	115
Other long-term assets	470	614	614	614	614
Total assets	24,451	26,557	34,064	36,237	36,301
Current liabilities	11,657	12,211	14,751	15,234	14,114
Accounts payable	4,982	6,982	9,046	9,394	8,588
Short-term debt	3,355	2,173	2,173	2,173	2,173
Other current liabilities	3,320	3,056	3,531	3,667	3,353
Long-term liabilities	4,099	5,459	7,505	7,513	7,495
Bonds & long-term debt	3,791	5,032	7,032	7,032	7,032
Other long-term liabilities	308	427	473	481	463
Total liabilities	15,756	17,670	22,256	22,747	21,609
Owners of parent equity	8,696	8,887	11,808	13,490	14,693
Capital stock	292	292	292	292	292
Capital surplus	1,332	1,332	1,332	1,332	1,332
Retained earnings	7,030	7,222	10,110	11,792	12,995
Other	42	43	75	75	75
Non-controlling interests' equity	0	0	0	0	0
Total equity	8,696	8,887	11,808	13,490	14,693
Net debt	6,001	6,065	3,302	1,233	21

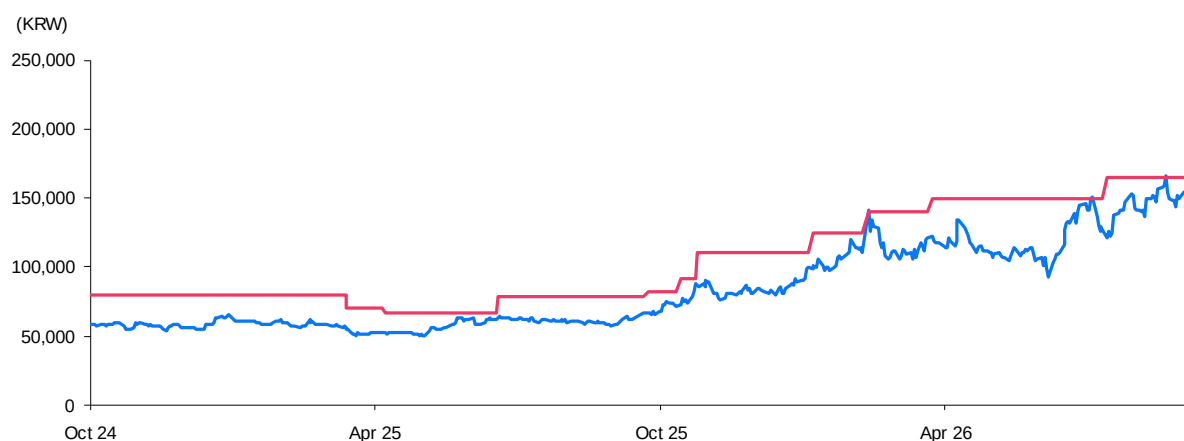
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	2.5	-6.5	29.6	3.8	-8.6
Operating profit	-68.8	-44.2	1,759.6	-18.3	-10.0
Net profit	nm	nm	1,606.6	-21.9	-20.3
Adjusted EPS**	nm	nm	1,606.6	-21.9	-20.3
Per-share data (KRW)					
EPS (parent-based)	-1,656	1,518	25,898	20,219	16,105
EPS (consolidated)	-1,656	1,518	25,898	20,219	16,105
Adjusted EPS**	-1,656	1,518	25,898	20,219	16,105
BVPS	74,692	76,339	101,424	115,874	126,203
DPS (common)	125	330	5,800	5,800	7,300
Valuations (x)					
P/E***	n/a	54.7	6.3	8.0	10.1
P/B***	0.7	1.1	1.6	1.4	1.3
EV/EBITDA	10.5	15.0	4.1	4.0	4.0
Ratios (%)					
ROE	-2.2	2.0	29.2	18.6	13.3
ROA	-0.8	0.7	10.0	6.7	5.2
ROIC	1.8	1.6	21.5	17.0	15.5
Payout ratio	-7.3	21.0	21.6	27.7	43.8
Dividend yield (common)	0.2	0.4	3.6	3.6	4.5
Net debt to equity	69.0	68.2	28.0	9.1	0.1
Interest coverage (x)	1.5	0.9	n/a	n/a	n/a

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/6/25	10/4	2025/4/3	4/28	7/9	10/13	11/3	11/13	2026/1/26	3/3	4/13	8/3
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	98000	80000	70000	67000	79000	82000	92000	110000	125000	140000	150000	165000
Gap* (average)	-34.27	-26.70	-25.77	-15.35	-22.55	-13.94	-14.35	-23.17	-15.34	-18.24	-21.07	-11.25
(max or min)**	-29.80	-18.38	-22.29	-4.93	-15.44	-8.66	-4.89	-9.55	-4.00	-24.79	0.80	0.55
Date	9/28											
Recommendation	BUY											
Target price (KRW)	210000											
Gap* (average)												
(max or min)**												

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%

** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2026.06.30

BUY(85.5%)-HOLD(14.5%)-SELL(0%)

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