

First Quarter results 2017

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27 April 2017

Agenda

1. Q1/17 Group financials
2. Q1/17 Segment reviews
3. Current topics
4. Appendix

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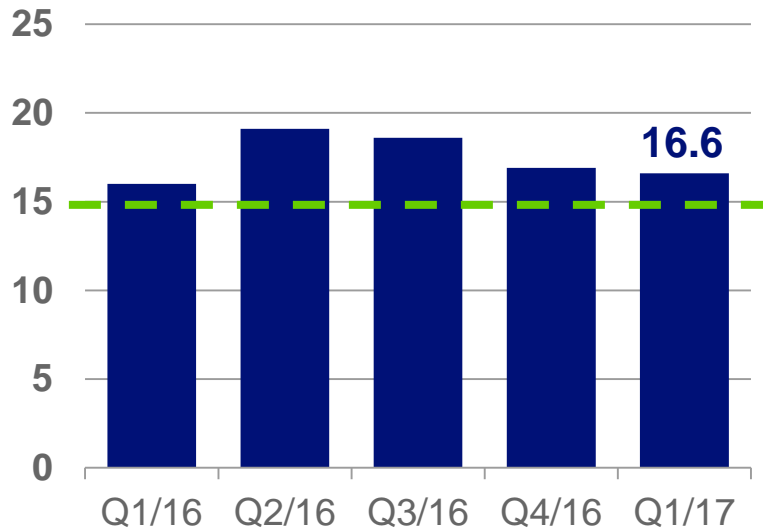


Good start of the year

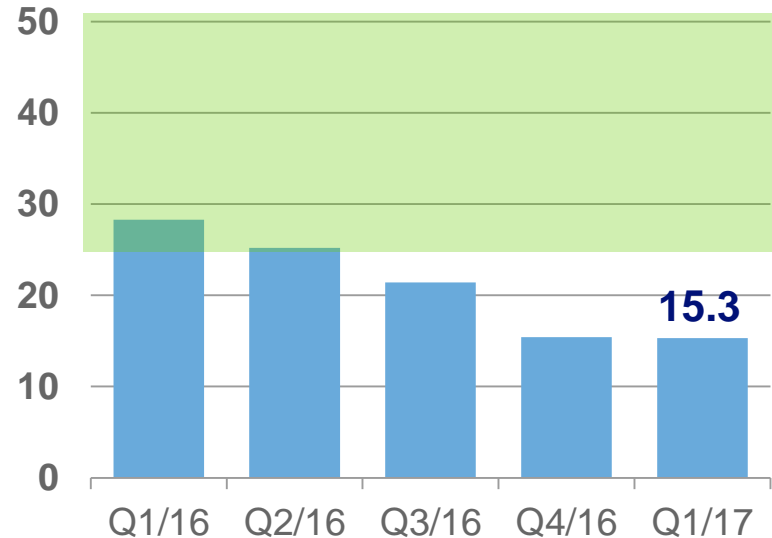
- Comparable EBIT 204 MEUR
- Strong quarter in Oil Products
- Solid result in Renewable Products despite expiry of US Blender's Tax Credit
- Marketing & Services' result impacted by competition

Solid performance visible in financial targets

ROACE, rolling 12 months, %

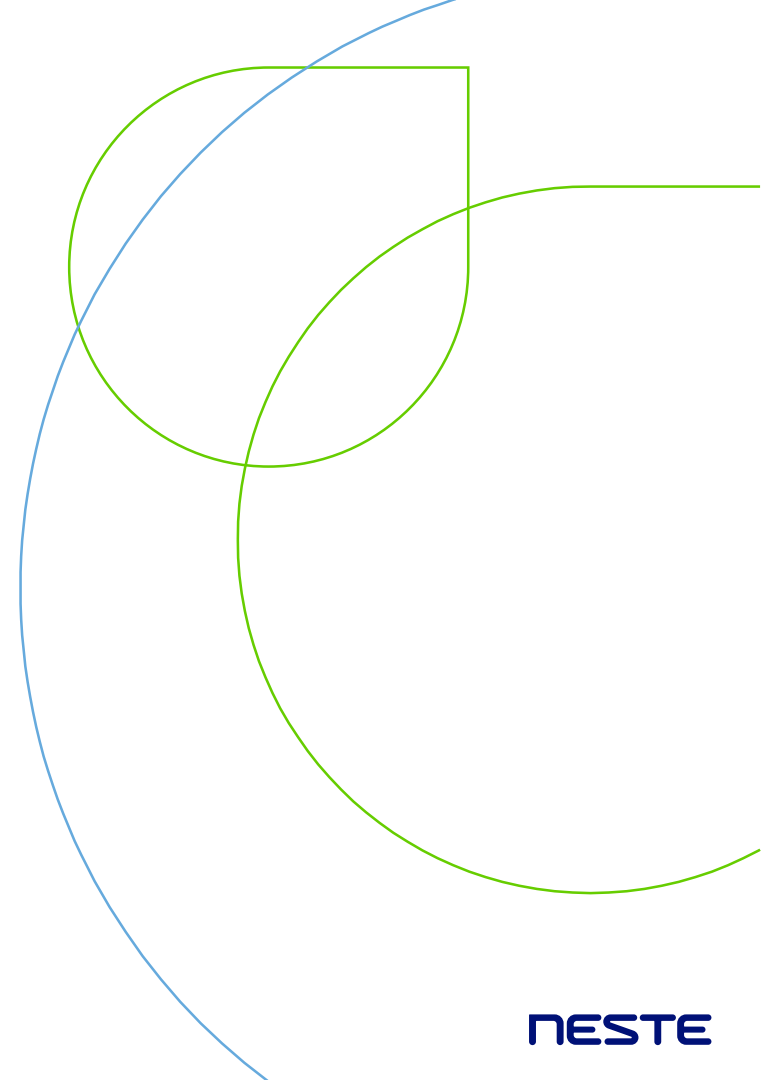


Leverage, %



Q1/17

Group financials

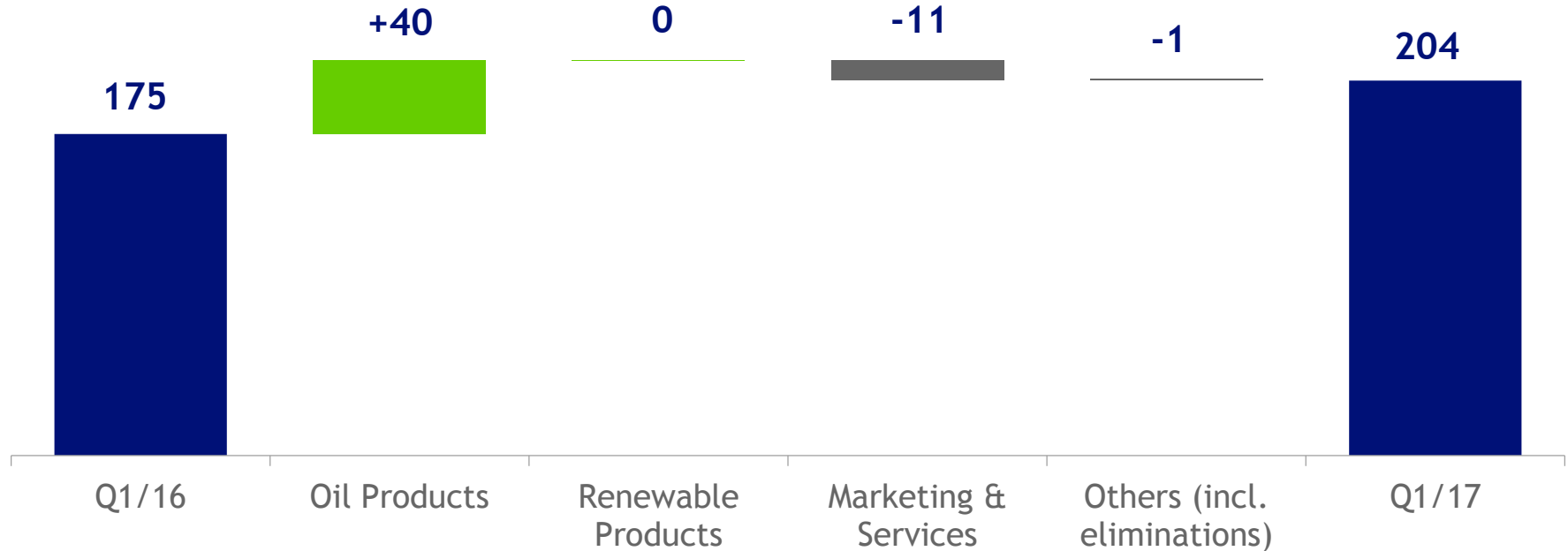


Group financials Q1/17

MEUR	Q1/2017	Q1/2016
Revenue	3,071	2,306
Comparable EBITDA	293	262
IFRS EBITDA	361	341
Comparable operating profit	204	175
Oil Products	126	86
Renewable Products	80	80
Marketing & Services	11	22
Others (incl. eliminations)	-14	-13
IFRS operating profit	271	254
Cash flow before financing activities	-25	73
Comparable earnings per share, EUR	0.56	0.57

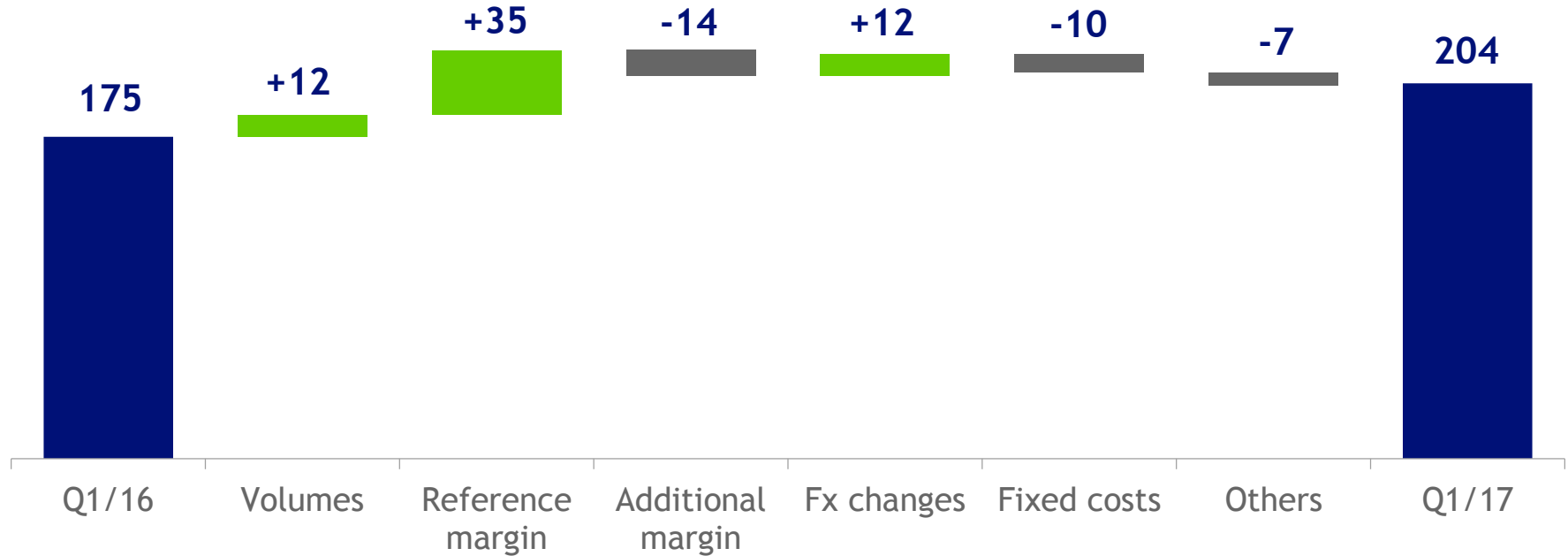
Group result boosted by Oil Products' strong performance

Group comparable EBIT Q1/16 vs. Q1/17, MEUR



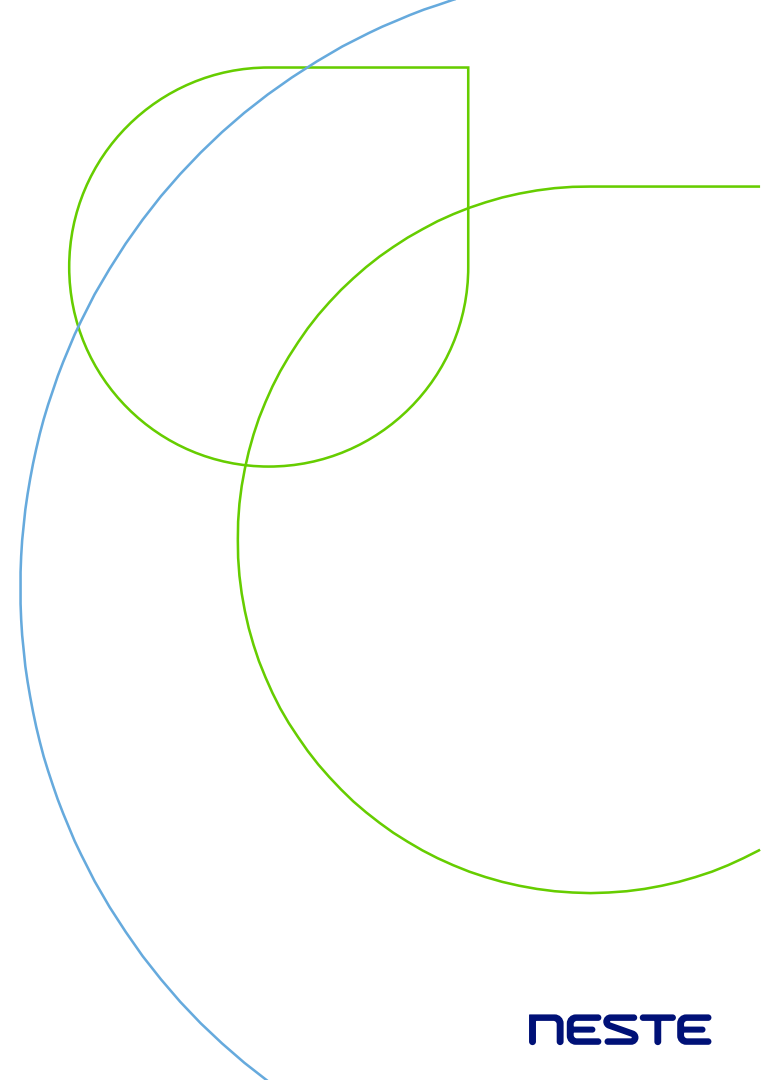
Increased sales volumes and supportive markets

Group comparable EBIT Q1/16 vs. Q1/17, MEUR



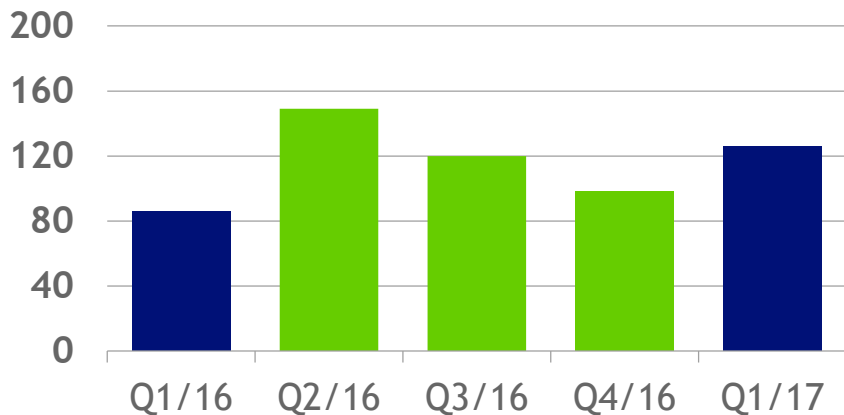
Q1/17

Segment reviews



Strong performance in Oil Products

Oil Products comparable EBIT, MEUR



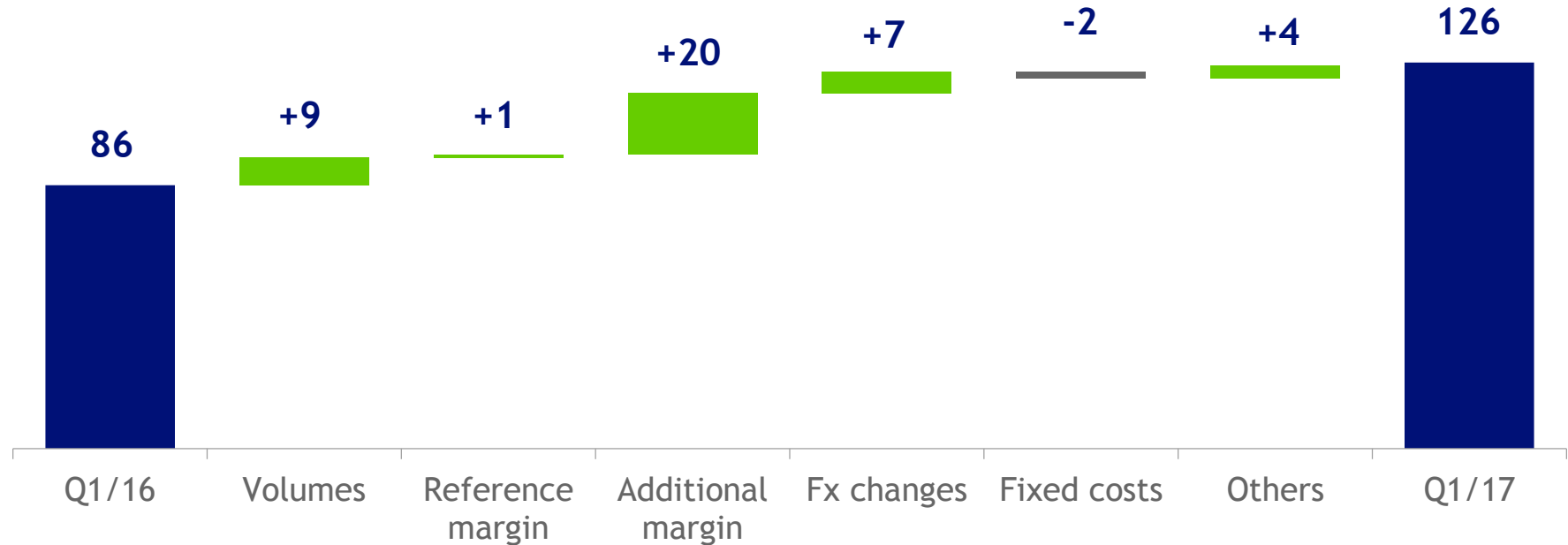
MEUR	Q1/17	Q1/16	2016
Revenue	2,009	1,359	7,395
Comparable EBIT	126	86	453
Net assets	2,629	2,484	2,424

- Comparable EBIT 126 MEUR (86 MEUR)
- Sales volume 3.3 Mton (3.1)
- Share of Baltic Sea area sales 60% (60%)
- Urals' share of feed 73% (64%)
- Investments 55 MEUR (45 MEUR)
- Comparable RONA* 19.8% (14.9%)

* Last 12 months

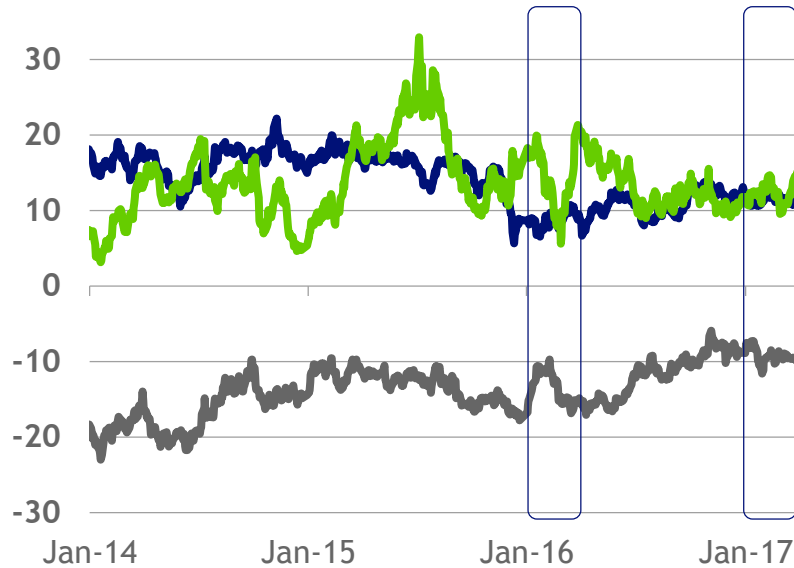
Additional margin and sales volumes boosting result

Oil Products comparable EBIT Q1/16 vs. Q1/17, MEUR



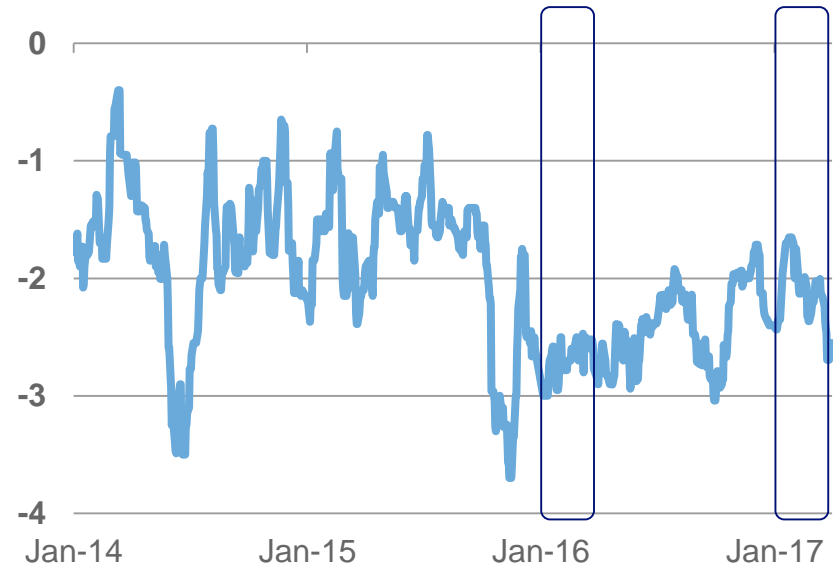
Stable product margins

Product margins (price differential vs. Brent), USD/bbl



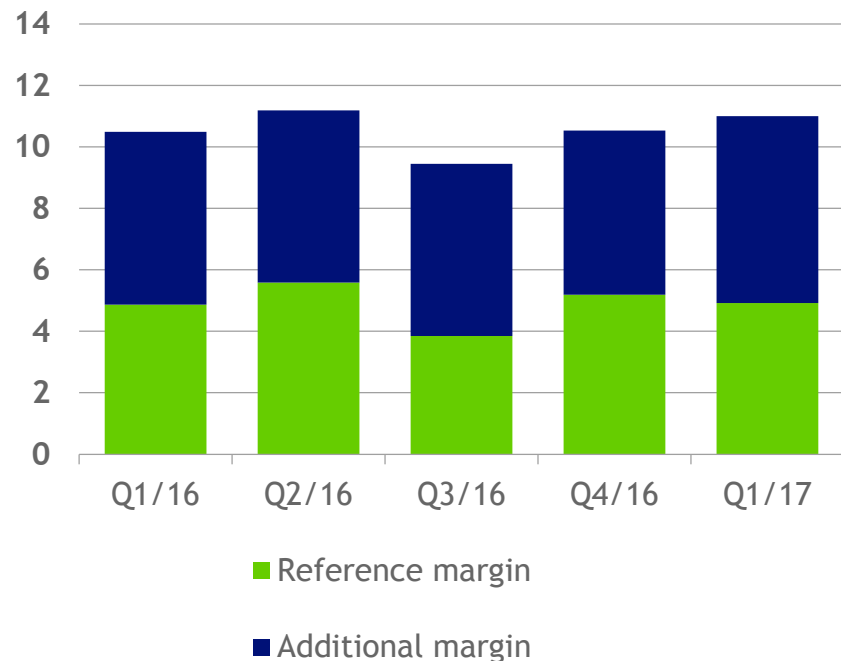
— Diesel — Gasoline — Heavy Fuel Oil

Urals vs. Brent price differential, USD/bbl



High additional margin supported total refining margin

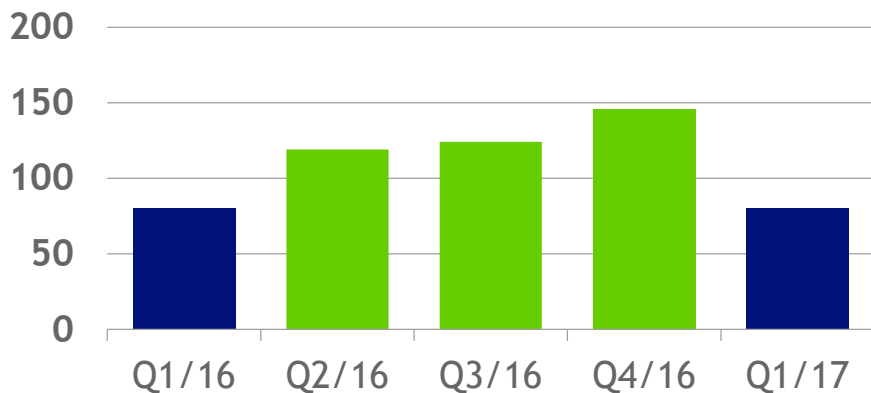
Total refining margin, USD/bbl



- Total refining margin USD 11.00/bbl (10.49)
- Reference margin USD 4.92/bbl (4.87)
- Additional margin USD 6.08/bbl (5.61)
- Additional margin positively impacted by operational performance and higher share of Urals in feed
- Porvoo average utilization rate 91% (88%)
- Refinery production costs USD 3.7/bbl (3.9)

Renewable Products followed seasonal demand

Comparable EBIT, MEUR



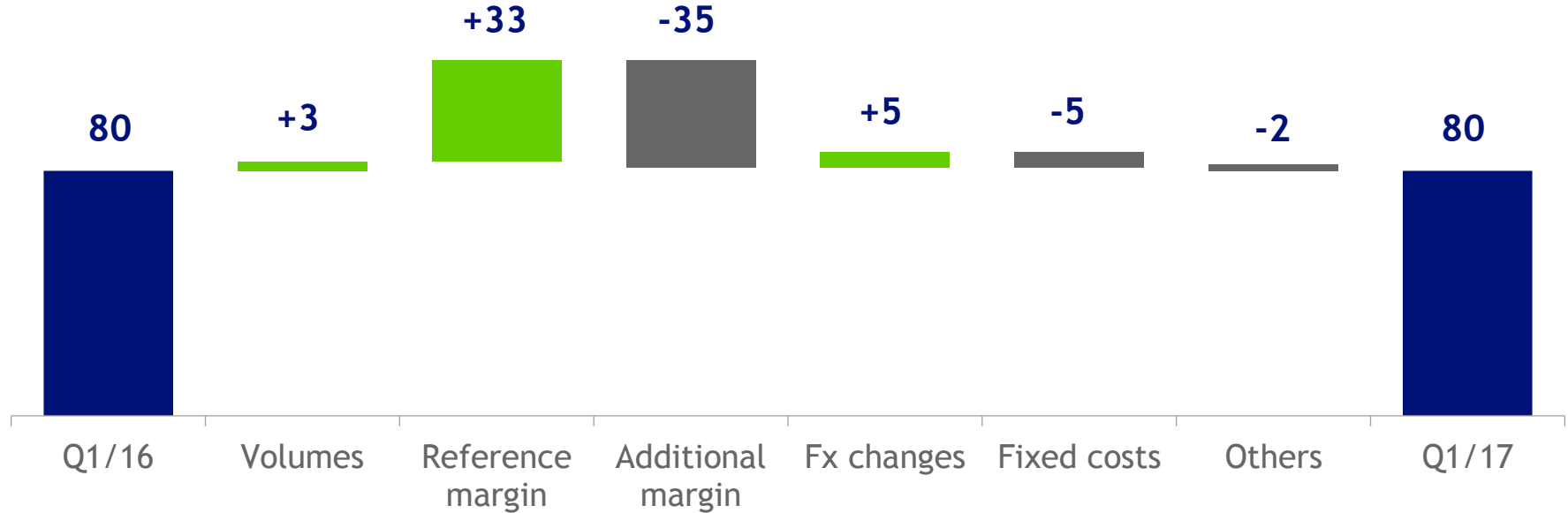
- Comparable EBIT 80 MEUR (80 MEUR)
- US BTC expired at end-2016
- Sales volume 543 kton (531 kton); share of North America 18% (28%)
- Share of waste and residues feedstock 72% (75%)
- Investments 22 MEUR (17 MEUR)
- Comparable RONA* 26.0% (24.1%)

* Last 12 months

MEUR	Q1/17	Q1/16	2016
Revenue	699	584	2,690
Comparable EBIT	80	80	469
Net assets	1,844	1,828	1,811

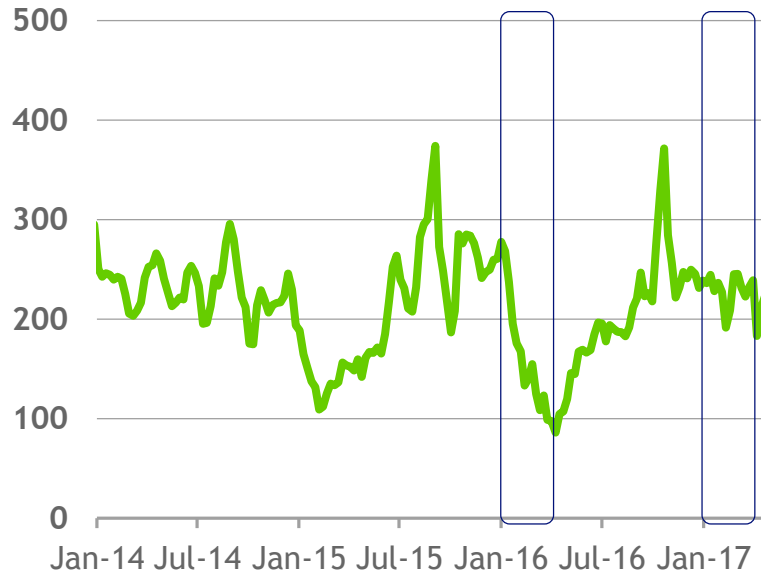
Improved market compensated expiry of BTC

Renewable Products comparable EBIT Q1/16 vs. Q1/17, MEUR



European margins higher year-on-year

FAME RED Seasonal vs. Palm oil price* differential, USD/ton



Vegetable oil and animal fat prices, USD/ton**

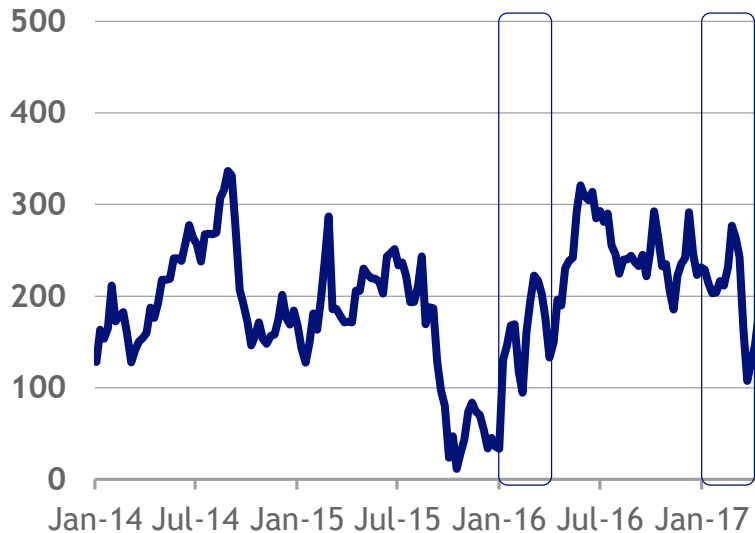


* Including \$70/ton freight

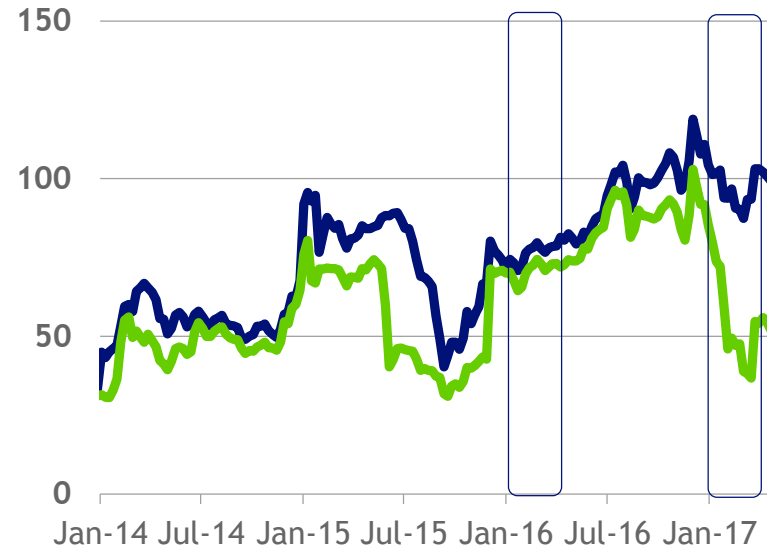
**Quotations in NWE, source: Oil World

US margins reflected regulatory uncertainty

SME vs. Palm oil price* differential, USD/ton



Biodiesel RIN, US cent /gal



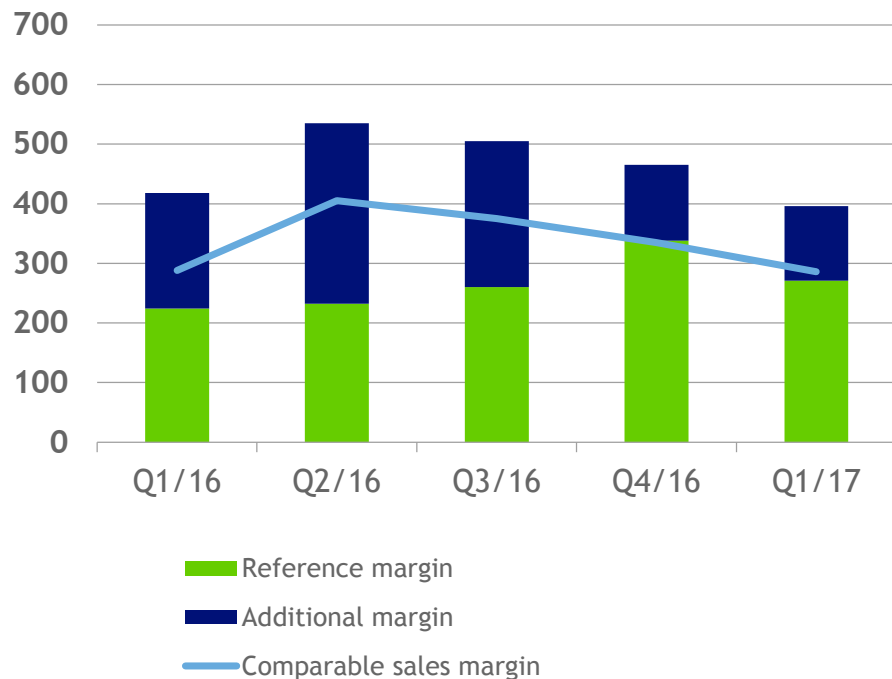
* Including \$70/ton freight

— Biomass-based diesel (D4)

— Conventional renewable fuel (D6)

Comparable sales margin maintained at Q1/16 level

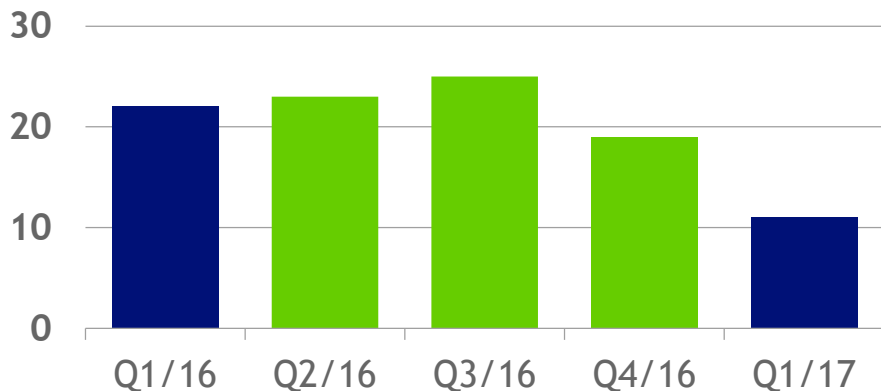
Renewable Products margin, USD/ton



- Comparable sales margin maintained at USD 286/ton (288) despite expiry of BTC
- Reference margin USD 271/ton (224)
- Additional margin USD 125/ton (194)
- High utilization rate 99% (94%)

Marketing & Services' result impacted by competition

Comparable EBIT, MEUR



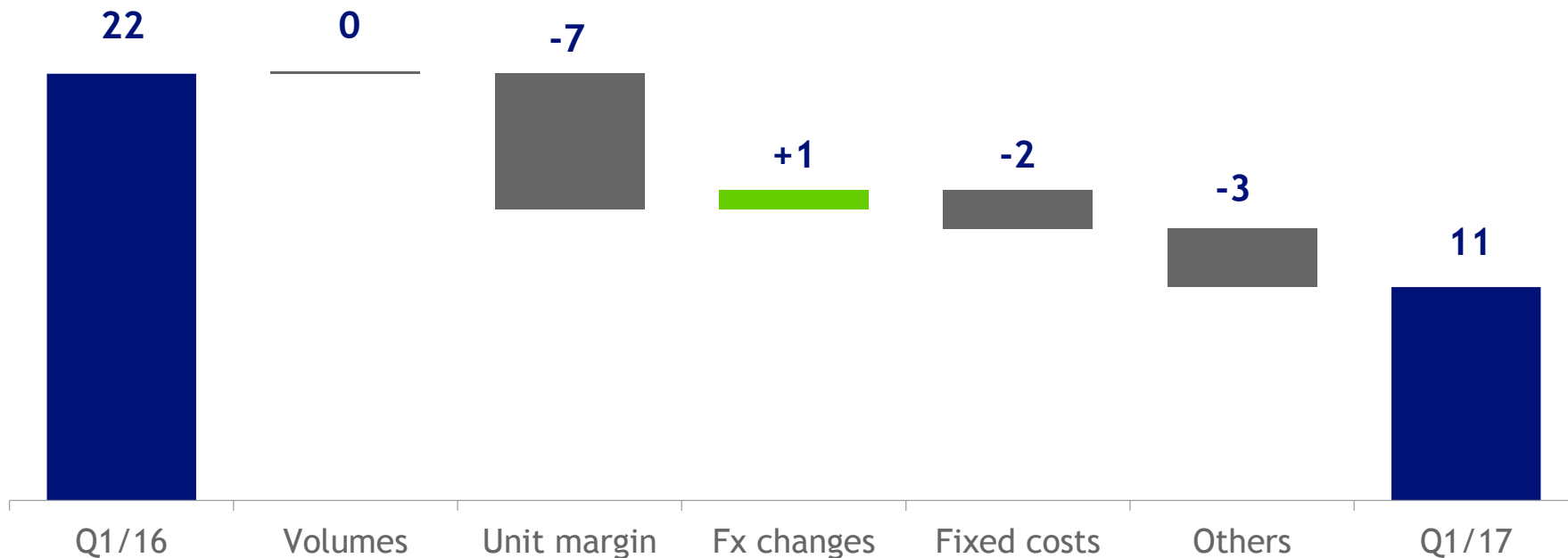
- Comparable EBIT 11 MEUR (22 MEUR)
- Sales volumes maintained at Q1/16 level
- Unit margins lower in Finland and Russia
- Heavy traffic continues to recover in Finland
- Investments 10 MEUR (2 MEUR)
- Comparable RONA* 40.6% (45.1%)

* Last 12 months

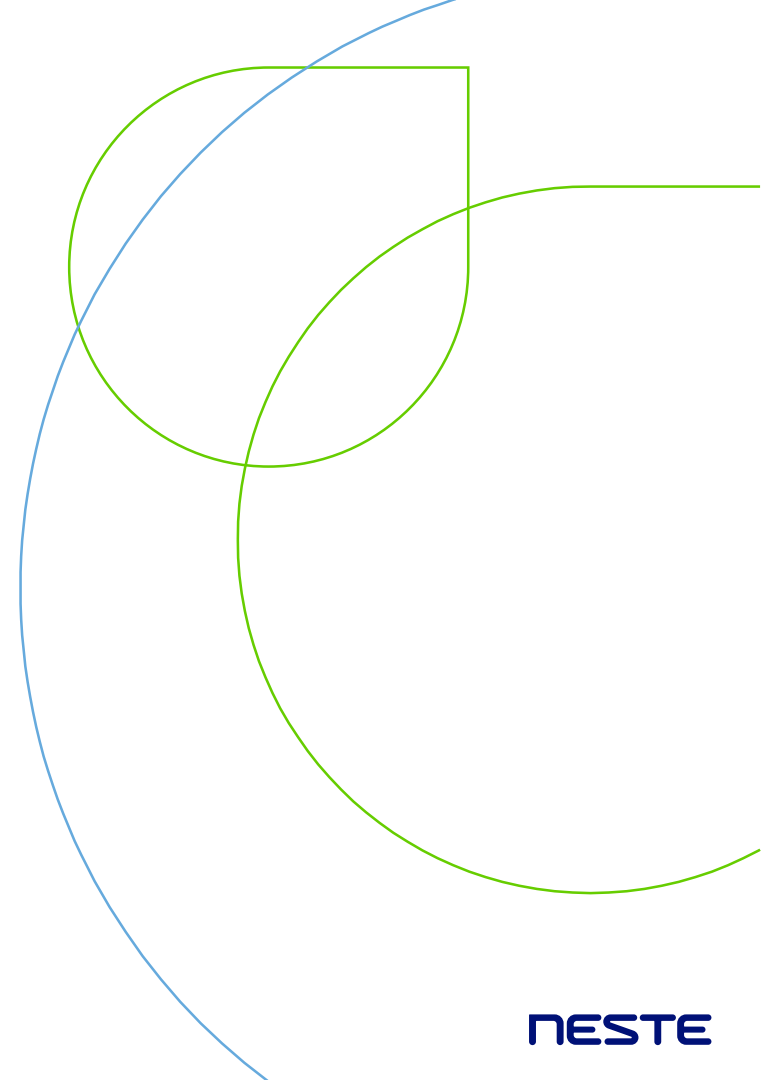
MEUR	Q1/17	Q1/16	2016
Revenue	948	776	3,552
Comparable EBIT	11	22	90
Net assets	212	164	196

Lower unit margins reduced result

Marketing & Services comparable EBIT Q1/16 vs. Q1/17, MEUR



Current topics





Outlook for 2017

- Strategy implementation proceeding well
- Focus on customers and growth initiatives continues
- We are confident that year 2017 will be another successful one for Neste

Segment outlook for 2017

Oil Products

Margin	Utilization rate
Reference margin expected to be on average similar to 2016. Additional margin targeted USD 5.5/bbl after strategic investments completed.	Porvoo refinery expected to run at high utilization with normal unit maintenances including Production Line 4 decoking in autumn. Naantali unit scheduled for major two-month turnaround in Q3.

Renewable Products

Margin	Utilization rate
Reference margin expected to be higher than in 2016.	Utilization rates expected to stay high.

Marketing & Services

Unit margins and sales volumes
Expected to improve towards summer period, supported by previous years' seasonality pattern and internal actions.



Capital Markets Day 2017

- Neste will host a Capital Markets Day in London on 19 September 2017
- Invitations will follow



We continue to focus on

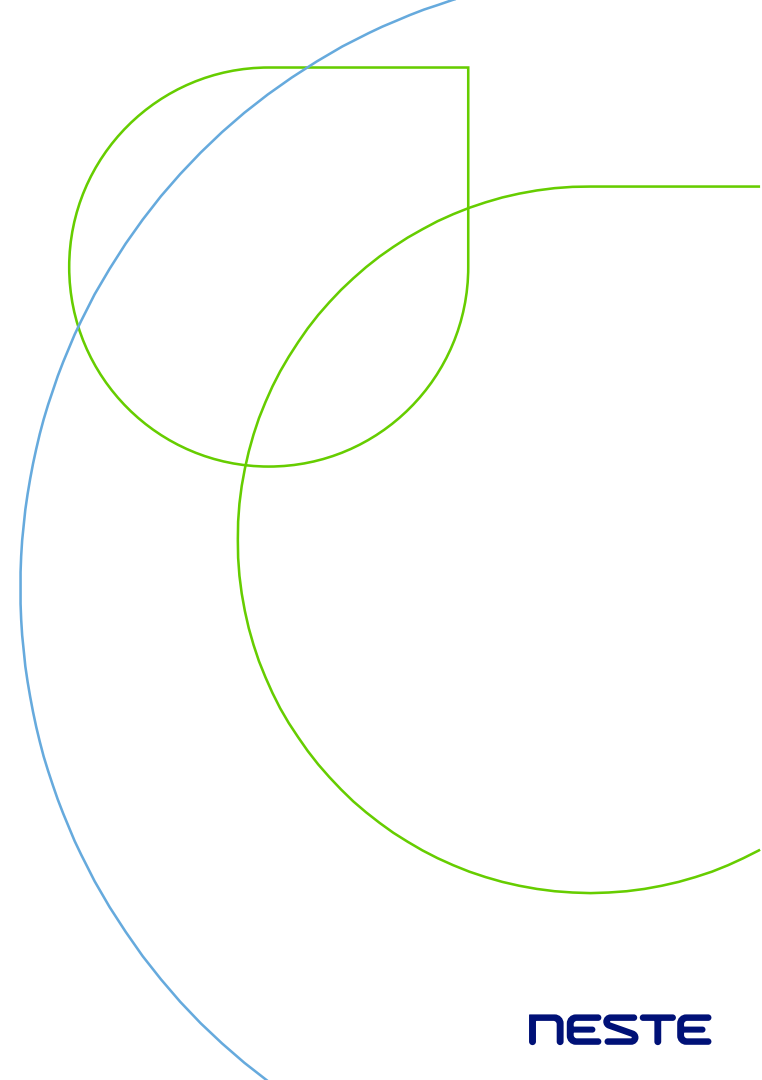
Safety

Cash flow

**Refinery
productivity**

**Markets and
customers**

Appendix



Renewable Products comparable EBIT calculation

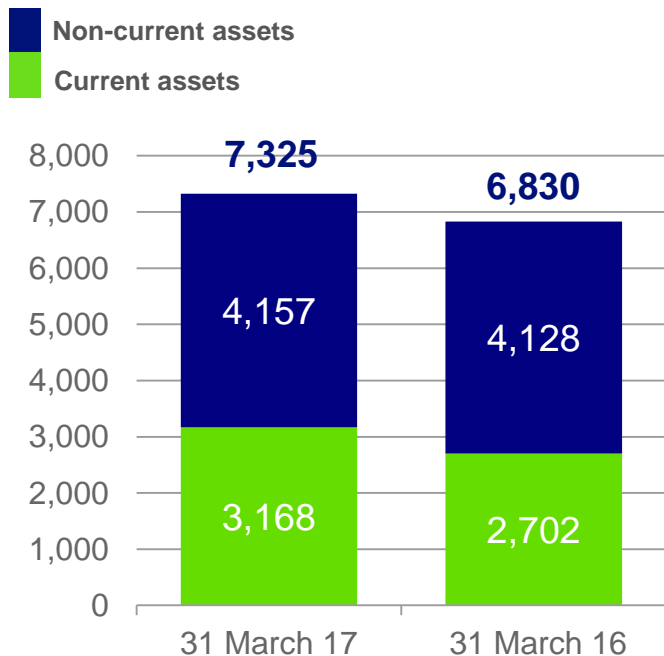
	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
Sales volume, kt	531	485	544	662	2,222	543
Reference margin, \$/ton	224	232	260	338	268	271
Additional margin, \$/ton	194	303	245	127	210	125
Variable production costs, \$/ton	130	130	130	130	130	110
Comparable sales margin, \$/ton	288	405	375	335	348	286
Comparable sales margin, MEUR	139	174	183	206	701	146
Fixed costs, MEUR	35	28	33	34	129	40
Depreciations, MEUR	24	29	26	31	109	26
Comparable EBIT, MEUR	80	119	124	146	469	80

Refinery production costs, Porvoo & Naantali

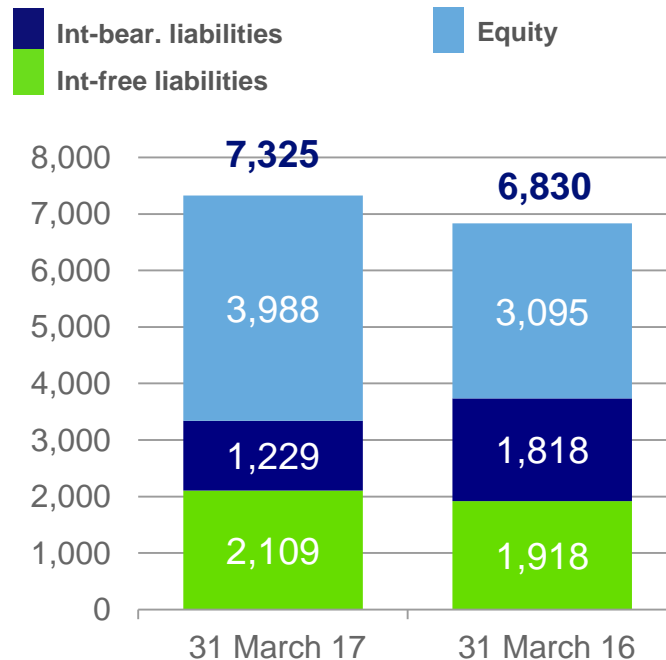
		Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
Refined products	Million barrels	25.6	28.2	26.8	25.0	105.6	27.2
Exchange rate	EUR/USD	1.10	1.13	1.12	1.08	1.11	1.06
Utilities costs	EUR million	37.1	38.3	38.9	44.4	158.6	44.1
	USD/bbl	1.6	1.5	1.6	1.9	1.7	1.7
Fixed costs	EUR million	58.7	60.1	54.1	82.2	255.1	55.4
	USD/bbl	2.5	2.4	2.3	3.6	2.7	2.2
External cost sales	EUR million	-5.7	-3.7	-3.2	-4.3	-16.9	-3.9
	USD/bbl	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2
Total	EUR million	90.1	94.7	89.7	122.3	396.8	95.6
	USD/bbl	3.9	3.8	3.7	5.3	4.2	3.7

Balance sheet

Total assets



Total equity and liabilities



Cash flow

MEUR	Q1/17	Q1/16	Q4/16	2016
EBITDA (IFRS)	361	341	396	1,521
Capital gains/losses	-3	-10	-1	-28
Other adjustments	-22	-15	-2	121
Change in working capital	-227	-136	43	-229
Net finance costs	-52	-42	8	-56
Taxes	-13	-21	-50	-137
Net cash generated from operating activities	44	117	394	1,193
Capital expenditure	-99	-71	-116	-407
Other investing activities	30	28	-11	49
Cash flow before financing activities	-25	73	267	834

Liquidity & maturity profile

MEUR



- Total liquidity at the end of March 2017 was EUR 2,561 million
 - Cash and cash equivalents totalled EUR 511 million
 - Unused committed credit facilities totalled EUR 1,650 million
 - Unused CP programmes (not committed) totalled EUR 400 million
- Average interest rate for interest-bearing liabilities was 3.5%* and maturity 4.0 years at the end of March
- No financial covenants in Group companies' existing loan agreements

*Average interest rate for interest-bearing liabilities excluding finance leases was 2.7%

