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+++ presentation

Operator^ Good day, and thank you for standing by. Welcome to the Q3 2021 Neste Corporation Earnings Conference Call. (Operator Instructions)

I must advise you that today's conference is being recorded. I would now like to hand the conference over to the first speaker today, Head of Investor Relations, Mr. Juha-Pekka Kekäläinen. Thank you, and please go ahead.

Juha-Pekka Kekäläinen^ Thank you, and good afternoon, ladies and gentlemen, and welcome to this conference call to discuss Neste's third quarter results published earlier today. I'm Juha-Pekka Kekäläinen, Head of Neste IR. And here with me on the call are President and CEO, Peter Vanacker; CFO, Jyrki Mäki-Kala and the business unit heads Matti Lehmus of renewables platform and Panu Kopra of Marketing & Services.

We will be referring to the presentation that can be found on our website. Please pay attention to the disclaimer since we will be making forward-looking statements in this call.

With these remarks, I would like to hand over to CEO, Peter Vanacker to start with the presentation. Peter, please go ahead.

Peter Z. E. Vanacker^ Thank you very much, JP, and also a very good afternoon on my behalf.

It's great to have you all on the call. And even though the pandemic is far from being over, the economies are recovering fast globally, and this has led to tight supply-demand balances in many sectors. We are experiencing an energy crisis in natural gas, in particular. High gas prices had in turn supported crude oil and oil product prices. And under these circumstances, we are very pleased to discuss our strong performance in the third quarter. Our people have again done an excellent job.

So in the third quarter, we posted a comparable operating profit of EUR 368 million. That is a strong result amidst the significantly higher energy prices and particularly at par with last year's figure of EUR 373 million. As we are investing in our growth, depreciations are increasing and if 1 would look at the comparable EBITDA, we did beat last year's quarter. Our renewable products had a solid performance. We were able to deliver high sales volumes despite the Singapore maintenance turnaround, which was safely and successfully implemented ahead of schedule. We were also able to maintain a healthy sales margin, $679 per ton in a very tight feedstock market. This was a great achievement under these conditions. Oil Products cement continued to recover, but is still impacted by the pandemic. The reference margin that is reflecting the general market conditions improved clearly towards the end of the quarter. However, high utility costs driven by natural gas and electricity prices had a big negative impact on the results.

Our Marketing & Services segment performed well during the summer periods. We were able to increase sales volumes, while the unit margins were slightly lower than in the corresponding period last year. And as highlighted in our recent Capital Markets Day, we continue to focus on our strategy execution. I will come back to that at the end of the presentation.

Our financial position remains solid. We reached an after-tax ROACE of 15.4% on a rolling 12-month basis and again exceeding the 15% target despite high investments. At the end of September, our leverage ratio was 5.9%. This solid financial position enables the implementation of our growth strategy going forward. And with these opening remarks, I hand over now to Jyrki to discuss the financials in more detail.

Jyrki Mikael Mäki-Kala^ Yes. Thanks, Peter, and good afternoon also on my behalf.

Like you saw on the headline of our quarter 3 interim report, we moved from solid quarter 2 to a strong quarter 3. We again saw in RP, the strong volumes and the healthy margins. OpEx referrals margin came from the shadows and beginning to look like the period before the COVID-19. But on the other side of the coin, especially concerning OP, we witnessed the high utility prices, especially natural gas and electricity prices have truly had a step upwards. And marketing services overall kept delivering strong results. So let's look at the details concerning the quarter 3.

If you look at top line, basically, the revenue, they really enjoy the high crude oil price affecting also renewable products, EUR 1.2 billion affect really coming out of the market prices in that sense. So it's basically 40% increase quarter-on-quarter just on the revenue side. Both IFRS, EBITDA and EBIT enjoying high inventory valuation gains and increased values of commodity and currency derivatives, of course, these are not included in the comparable results.

Comparable operating profit 369 was very close to the quarter 3 2020. And with this EUR 30 million higher depreciation, really, our comparable EBITDA improved some 10% compared to last year.

Quarter 3, renewables made some EUR 300 million comp EBIT and OP, posting finally positive figures of this EUR 47 million, basically, nearly the same as full 2020 results concerning Oil Products. And again, like I mentioned earlier, marketing services with strong EUR 25 million EBIT in quarter 3. We posted positive free cash flow, EUR 171 million, and we still have work to be done for the quarter 4. And the year-to-date comparable earnings per share, it is some 10% below 2020, coming out of the lower comparable operating profit.

If we move to some of the elements relating to our businesses, just on a broad sense you are seeing that quarter 3 finance yes, we are very close to the corresponding quarter 2020, but now with different elements in our business areas. Renewable Products lower comp EBIT compared to 2020 due to 9% lower sales margin, mainly coming from the higher feedstock costs and of course, higher fixed cost as we are building the future with aviation, polymers and chemicals and of course, with the new Singapore facility. And that was then balanced basically by higher sales volumes, roughly 6% higher.

Oil Products side, we saw this positive EUR 47 million that really came from the higher reference margin, it was close to $6 per barrel more. But really, like mentioned earlier, impacted by the high natural gas and electricity cost. And of course, the lower sales volumes as we have closed the Naantali refinery earlier this year. So basically, this is how we landed to EUR 368 million, comp EBIT EUR 5 million lower than basically last year.

But if you then look the same with elements of different kind of items, now you are seeing relatively small changes between 2020 and 2021 in quarter 3. So no huge needle movers in that sense. Sales volume basically what RP improved, then OP basically decreased. And sales margin basically vice-versa, OP improved by roughly EUR 55 million and RP decreased by EUR 41 million. So that is kind of the combination. And this quarter, we had only very, very minor impact coming out of the FX. It's more about the year-to-date that I will talk a little bit later.

Fixed cost increase like in RP, like we have informed, building the future it was EUR 24 million higher level compared to last year. And the other units basically as a total, had lower spending. And other items there is basically the higher depreciation of what was basically mentioned earlier, but also better profit coming out of the OP specialty business.

And then the year-to-date where we basically have a little bit bigger figures, and some larger deviation compared to 2020, there were basically 2 items decreasing our comparable EBIT versus last year. Let's take the FX impact first, basically, that was EUR 105 million. And really, this is about the first half of the year, basically. And then the other items basically is about OPs, volumes, which really had an impact of EUR 111 million and RP positive by EUR 8 million.

So basically, the volume from OP and the FX, these were the negative things when comparing these 2 quarters, but we had the positive things very clearly in the portfolio. Margin improved basically in RP, OP was pretty much the same in margin with the first 9 months of the year compared to 2020. We had fixed cost savings in the background. Although RP has spent more, but OP and the functions and the others basically have saved more than basically increase has been in RP.

And finally, the other items, very positive things with the OP Specialty business, base oil as an example, but the higher depreciation of more than EUR 30 million, then basically decreased the positive impact of the other items. So this is kind of the short answer basically concerned in the quarter and also the year-to-date figures. So then I leave the floor to renewable products and Matti, please.

Matti Lehmus^ Thank you. And also on my behalf, good afternoon to everybody. So let me start with the overall results comments and the solid performance of the renewable products that continued in the third quarter. Firstly, I note that the EBIT level continued to be on a good level of EUR 300 million, and this is a good result in a quarter with a turnaround in Singapore. As expected, the sales margin decreased slightly versus the previous quarter, but remained on a healthy level of $679 per ton. And taking into account that the average feedstock prices continued on an increasing trend, this was an excellent achievement.

The sales volume in the third quarter was high at 772 kilotons, supported by continued good demand, but also the early completion of the Singapore turnaround and also by sales from inventories built up before the turnaround. And as you can note, the North American sales decreased the share to 29%, which trend is, of course, logical taking into account that we had a turnaround in Singapore.

And while the production volume of 670 kilotons was lower than last year, it also reflects very smooth operations outside the scheduled turnaround in Singapore.

So overall, I would conclude it was a good quarter for renewable products. If we then have a look at the waterfall, which shows how the results have developed versus last year's third quarter, It's, first of all, good to note that the starting point was a very high result of EUR 352 million in third quarter last year. And if I then analyze the drivers to get to the EUR 300 million this year, I would highlight 3 things. First of all, the sales volume was 42 kilotons higher, and this explains a EUR 25 million positive result contribution. This, at the same time, it's more than compensated by the lower sales margin, which had a EUR 41 million negative impact as the margin level was $65 per ton lower than the very healthy level that we had last year.

And finally, like also Jyrki Mäki-Kala mentioned the fixed cost increased by EUR 24 million year-on-year, and this reflects, again, the fact that we are building up the resources and the capabilities in preparation for the Singapore growth project startup and also the expansion of our feedstock platform.

As my final comment here would be that on the other items, which had an impact of minus EUR 10 million, it's worth noting that this contains mainly depreciation growth. Let us then have a look at the feedstock prices and the feedstock markets. I would describe and characterize the Q3 feedstock markets by an increase of several vegetable oil prices during the quarter. For example, the palm oil -- For palm oil, the quarterly average versus the previous quarter increased by 8%. The main reason in this case was the continued robust demand, whereas production volumes for palm oil during the harvesting season didn't quite reach the expectations for example, due to weather and to labor bottlenecks.

Analyzing the waste and residue, the market continues to be tight, and prices continue to be on a high level with continued solid demand. At the same time, it's good to note there were some differences regionally and by waste and residue type with North America leading with an increasing price trend. If I take some examples, first of all, the animal fat from the chart, you can see. After continuous increase in the previous quarter, animal fat prices were more stable, but the average quarterly price still increased by more than 10%. Another example would be used cooking oil, where the quarterly average was quite similar to the previous quarter, noting at the same time that COVID restrictions still continue to have an impact on used cooking oil volumes, especially in Asia.

Let us then have a look at the U.S. markets where both the LCFS and the RIN prices average has softened slightly. LCFS credits averaged $176 per ton, which is 5% down from the previous quarter. Here, of course, the key driver continues to be the midterm supply and demand outlook, where the balance is driven on one hand, by increasing carbon intensity reduction targets and on the other hand, the expectation of higher biofuel and renewable electricity supply.

The bigger change occurred in RIN values, which decreased clearly in the second half of the quarter. And D4 RIN's averaged $1.60 per gallon in the quarter, which is 6% below the previous quarter. One driver behind this volatility seems to be the speculation on possible updates to the annual renewable volume obligation levels.

Finally, let me turn to the sales margin. The sales margin was at a healthy level of $679 per ton, but was slightly so $21 per ton under the previous quarter. And here, I would highlight the main drivers. Firstly, the average feedstock market price increased slightly as quarterly average prices for several vegetable oils increased and also the average waste and residue prices increased slightly. On the positive side, the margin was supported by an increasing average sales price. And in parallel, also our hedging strategy continues to have a positive impact and also mitigated partially the feedstock price increase.

And finally, a third driver I would mention and highlight is that production costs increased in the third quarter, driven mainly by the increasing energy and utilities costs, including hydrogen. And in general, it's good to note that the sales margin in the third quarter was supported by good operational performance, successful optimization, although we had the Singapore turnaround, which, of course, always creates some limitations to the optimization.

With these words, I would hand over to Peter to discuss the Oil Products performance.

Peter Z. E. Vanacker^ Very good. Thank you, Matti. Let me now go briefly through the Oil Products third quarter highlights. Oil Products clearly improved its performance from the second quarter, which was a major turnaround quarter. And from the corresponding period last year when the reference margin was negative. Our sales volume of 2.7 million tons were still impacted by the port of turnarounds and of course, the Naantali refinery closure, which was implemented in March. The lower than usual euros share of 59% reflects the operational situation after the Board of a turnaround and use of alternative crudes to optimize gasoline production.

On the next page, you can see the third quarter EBIT bridge compared to Q3 last year. And first, I would like to point to the significant improvement of reference margin, which had a positive impact of EUR 97 million on the comparable EBIT. The additional margin was clearly lower than last year, which had a negative impact of EUR 42 million and a significantly higher utility costs are included in the additional margin and the alone had a negative impact of EUR 44 million on the segment's comparable EBIT. The lower sales volumes, as discussed earlier, had a negative impact of EUR 22 million. The cost saving measures, including the Naantali closure continued and had a positive impact of EUR 11 million on the fixed cost.

On this page, Page 19, you can see the positive development of product margins during the quarter. Gasoline was the strongest part of the barrel in the third quarter, which is quite normal, but also diesel picked up, supported by the high gas prices and search for alternatives. And the Euro Brent price differential was reasonably wide on the average, but quite volatile as well.

The next page, you can see the summary of our own refining margin. And as discussed earlier, the reference margin was significantly up, but it was offset by lower additional margin burdens by the high utility costs. Hence, the total margin was maintained at the second quarter level. The natural gas is considered as feed for fuel and hydrogen production. And therefore, it is not feasible in the reported production costs. This concludes my brief overview of Oil Products, and I give now the floor to Panu to discuss marketing and services.

Panu Kopra^ Good afternoon. This is Panu Kopra speaking. Solid financial performance continued in marketing and services in Q3. Unfortunately, steel aviation and marine volumes are both slowly recovering. However, in aviation, we see some positive signs already. Diesel volumes increased by 10 million liters, but both gasoline and heating oil volumes remained almost flat. Unit margins were healthy, but slightly lower than last year.

We continue transformation of the station network as well, especially in Finland. We have now closed almost 100 lease profitable stations at the same time, have expanded Neste MY availability at station network. And now Neste MY is available at more than 150 stations. Neste MY volumes also increased same time by 15% compared to last year due to expanded availability and active marketing as well. We launched in Finland, new automated CO2 reporting service for our B2B customers. This new sustainable service enables our customers to report day emissions savings when using Neste MY. And we get additional service margin on top of our product margin. This was shortly about Q3 in Marketing & Services, handing over back to Peter.

Peter Z. E. Vanacker^ Very good. Thank you, Panu. And let's move on to the current topics. We gave an update on our strategy implementation in our Capital Markets Day in late September. And as indicated, the very good progress has continued. The Singapore renewables capacity expansion project continues to be on schedule for start-up by the end of the first quarter 2023. The local government has taken quite strict actions to manage the COVID-19 situation in the country. And we continue to take all precautions and follow the developments of the pandemic in Singapore very closely.

The engineering phase of the possible next world-scale renewables facility in Rotterdam is proceeding well. It has a similar scope as the ongoing Singapore expansion project. We're targeting investment decision of readiness in early 2022.

In early September, we agreed to acquire Agri Trading, 1 of the largest independent renewable waste and residue traders in the United States. The transaction is another step in strengthening our global renewable raw material trading and sourcing platform. We recently also announced an agreement to sell our base oils business to Chevron and exit the base oils joint venture in Bahrain. This divestment will be part of our journey to become a global leader in renewable and circular solutions. The transaction is expected to be completed by the end of the first quarter 2022.

The Singapore maintenance turnarounds, which was done safely and successfully ahead of schedule, was a prime example of our operational efficiency in the quarter. As discussed at the Capital Markets Day, we have made great progress in the Neste Excellence program. By the end of 2020, we achieved EUR 237 million EBIT improvement compared to the year

2018. And the improvement targets have been increased to EUR 350 million now by the end of 2022 and to EUR 500 million by 2030.

In the area of innovation, we have successfully started up the continuous pilot process units for testing and upgrading of very challenging waste and residue feedstock. We have also established a new partnership in the area of lignocellulosics for the development and scale-up of promising technologies.

As you probably noticed, we have also announced today that we are extending our climate commitments and have set a target for Scope 3 emissions and we'll continue to build on our climate actions. So that they are in line with the 1.5-degree Celsius emission scenarios, criteria and recommendations of the science-based targets initiative. These were, again, some of the highlights I wanted to mention. We have a clear strategy and continue to move ahead.

Let's have a look at the fourth quarter. We see the following: In the renewable products, the sales volumes are expected to remain high. The waste and residue markets are anticipated to continue tight as their demand continues to be robust. But nevertheless, the renewable sales margin is expected to remain healthy, and it is currently seen to land at the high end of the USD 600 to USD 700 per ton range.

Utilization rates of our renewable production facilities are forecasted to remain high, except for the scheduled 4 week maintenance turnaround at the Rotterdam refinery, and this maintenance switches and practice catalyst change is estimated as usual, to have a negative impact of EUR 50 million on the segment's comparable EBIT.

In the fourth quarter, oil products market demand will continue to be impacted by the COVID-19 pandemic. The reference margin has been elevated due to the ongoing energy crisis, and it is expected to be volatile. The positive impact of the higher reference margin is expected to be fully offset by the very high natural gas and electricity costs in the segment's fourth quarter comparable EBIT.

And in Marketing & Services, the sales volumes and unit margins are expected to follow the previous year's seasonality pattern. Some negative impact on demand and sales volumes is still anticipated due to the COVID-19 pandemic. Our strategic projects proceed as planned with the Singapore expansion and (technical difficulty) investments being the major projects this year. As indicated at our Capital Markets Day event, our cash out capital expenditure is estimated to be approximately EUR 1.1 billion in 2021, excluding M&A.

This concludes now our presentation, and we would be happy to take your questions. Maria?

+++ q-and-a

Operator^ (Operator Instructions) Your first question comes from the line of Mehdi Ennebati from Bank of America.

Mehdi Ennebati^ So 2 questions. The first 1 on sales volumes and margin as well for the Renewable Products division. Regarding the sales volumes, is it fair to consider that it should go up in fourth quarter compared to third quarter as maintenance will be shorter than what you've done in the third quarter 2021? And just regarding the margin. I remember you telling us during the previous conference call, that the fact Singapore is closed, this will have a quite strong negative impact on the renewable product margin. So implicitly, it means that in the U.S., you have higher margin than in Europe. So now that Rotterdam will be shut for maintenance. Should we expect that the contrary will happen, meaning that your renewable product margin should benefit from the maintenance shutdown in Rotterdam?

And the other question is about the production costs. You always highlight that your variable cost is around $110 per ton, but you never updated that figure for quite a while. Can you tell us, given that the hydrogen cost is going up what kind of costs are you currently facing? Is it significantly above $110 or no?

Peter Z. E. Vanacker^ Thanks, Mehdi. Good questions as usual. First question, I think if you look at the volumes for Q3, then you always have -- now we've related to that in the past as well. We always have, I mean, then eventually certain shipments that in the quarter that do not end in the following quarter. So in this case, I mean, in the third quarter, we had some very good shipments also at the end of the quarter that entered into the third quarter. So we believe, I mean, if you talk about fourth quarter, we're probably going to end up, if you look at it from today's perspective, around 750 Kt. Yes, I think that's a good number, I mean, to look at.

In terms of sales margins, Matti already alluded to that, I mean, in his introduction. I think the team has done an excellent job in -- no, we were a bit concerned, of course, at the beginning when we were moving into Q3. Therefore, we guided, I mean, carefully, I mean, to the middle of 600 to 700 of the healthy range. The fact that, of course, Singapore was up and running faster, helped, of course, in the sales margin. But it was more than that. I mean we -- as Matti said, we also had some positives I mean coming out of our good hedging that we did.

In addition to that, also, we have the usual sales mix optimization. You see it in the net average, I mean, selling price, I mean that also went up guidance that we are giving now. I mean, as I explicitly said in my introduction on comparable sales margin for Q4, healthy, but towards the high limits. So what does that mean? Well, it's a bit early, I mean, to say in the fourth quarter, but I think if you look at the EUR 679 million that we did in Q3, that's probably a good number to look at, maybe a bit higher than that.

If I now give the variable cost question to you, Matti?

Matti Lehmus^ Yes. Thank you, Mehdi. So indeed, if I comment on the variable cost a bit, like also discussed in the introduction, it's clear that we have had an increasing trend for the variable cost. It's driven in general by the energy and utilities costs, which have been rising fast in the third quarter. And here is, of course, a number of drivers that affect the renewables. It's the natural gas prices in Europe. It's the CO2 emission rights prices and of course, also oil prices in general have an impact when they are pricing. And just to give you an example, the natural gas price in Europe, TTF increased from 25% in second quarter to EUR 47 per megawatt hours in the third quarter, so a substantial increase going to [100] now In December, probably November, December.

Exactly. And what that means, of course, is that also our variable production costs have continued increasing in the short term. And they are clearly higher than the numbers we have sometimes earlier quoted. So it's clear that we are now at a higher level because of this increase of the utilities prices.

Operator^ And your next question comes from the line of Josh Eliot Stone from Barclays.

Joshua Eliot Dweck Stone^ A couple of questions, please. Just come back on your margin guidance for 4Q. So what is it that's driving some of the caution in your language there? Because if I look at my screen, I've got diesel prices higher, I've got ticket prices in the Netherlands and Germany going up. Raw material prices are higher, but they seem to be lagging the diesel price. So is it the variable costs you just mentioned there? Or is there something else I should be looking out for as what limits are you getting the upside there for the fourth quarter?

And then secondly, again, thinking about this remain healthy guidance you're using, do you think it might be time to update the definition on this because for me, it just seems like a bit of a legacy guide from the pandemic when you gave you with the 600 to 700 range. The 600 sales, like you never got there and the 700 seating just still a bit arbitrary to me. So when would you might look to consider updating that range? And as a side comment, might you consider that pitching this healthy terminology altogether?

Peter Z. E. Vanacker^ Yes. Let's take the first question, Matti, and then I can take the second one.

Matti Lehmus^ Yes. I'll just build on the comments that Peter already made because, indeed, we are seeing that the margin could land in the high end of the healthy range. Perhaps it's good to note we are still early in the quarter and perhaps just mentioning, of course, some of the drivers, which always will then have an impact on what the final sales margin is -- So the first one, obviously, is that the feedstock market development continues to be a key driver. And like we said, in general, the feedstock market is expected to remain tight, feedstock prices are expected to continue on a high level, and we will see throughout the quarter what exactly happens in the coming months.

At the same time, good to note, we continue to have hedging in place. It is slightly above 60% of total sales in the fourth quarter. So that has also been 1 of the drivers. And exactly to your point, of course, the product market is the third driver. And what happens in RINs, in LCFS, credits, all of things will then also have an impact. So these are some of the main drivers during the quarter.

Peter Z. E. Vanacker^ Yes. I could comment also on the healthy range. I mean, Josh, of course. I mean we're looking into that because if you look at where the margins -- the sales margins have been. You saw it on that slide that Matti showed, then it has been relatively stable, always a bit of variation depending on where we sell the product and the waste and residue and some hedging effects, et cetera, et cetera. But it has been relatively stable. So I think towards the end of the year, I mean, for next year probably would be the right time, I mean, that we have a look at a redefinition of our ranges.

Operator^ And your next question comes from the line of Michael Alsford.

Michael James Alsford^ I've got a couple, please. Firstly, could you talk a little bit about your outlook for demand growth for renewable diesel into 2022? I know I want to renewables are thinking HVO and SAF in total. And then secondly, I was wondering whether you could provide a little bit more color on your early discussions regarding term sales into 2022, with customers. Are we to expect that you will be able to maintain the premium over diesel going into 2022, would be my 3 questions.

Operator^ Please hold for a second, one moment. (technical difficulty).

Michael James Alsford^ So I had a couple of questions, please. I was wondering whether you could give an outlook on your demand growth expectations for renewable diesel and SAF into 2022, will be my first question. And then just secondly, I was wondering whether you could update and provide us with some early indications on the discussions with customers relating to term sales in 2022. Should we be expecting that the premium over diesel should be maintained as we go into next year?

Peter Z. E. Vanacker^ Thanks, Michael. First question, I mean, nothing particularly has now changed, I mean, because it continues that the RED II in Europe is under implementation now by the different member states. The market size, I mean demand, we continue to expect that, that will go up, let's say, 1.5 million tons, maybe even a little bit higher on a global basis in road transportation. Aviation, the real mandates, I mean, are starting a little bit later. So this is mainly linked into certain mandates in certain countries, as you know, plus and also the options that you have in California, in the Netherlands, et cetera.

So here, we continue to see that the opt-in potential, of course, there needs to be the supply for that, but the potential is going up to 2022. You know that in SAF, I mean, we are limited, I mean, to 100 KT, and that continues to be the higher capacity -- the highest capacity that anyone has available for sustainable aviation fuel. So it's then in 2023 when mandates continue to go up as well as the opt-ins continue to go up, that we will then see that we can grow in sustainable aviation fuel.

Term sales negotiations have just started, I would say. So it's a bit premature now to give any guidance or speculate on what the outcome will be. It is, of course, just like we did -- I mean for this year, very successful negotiations, I mean for 2021, and we are going into the market, of course, with the same principle like we have followed. That means that we are triangulating between on 1 hand side, what is the penalty level or the next best option for our customers. We're looking at the waste and residue costs and eventually other costs that play a role like utility. And we're looking, of course, also at the competitive environments and the willingness to accept I mean higher sales premiums by our strategic customers. So that's where we are standing today, as I said, too early to say because negotiations have just started.

Operator^ And your next question comes from the line of Erwan Kerouredan from RBC.

Erwan Kerouredan^ So I've got 2, please. Alongside the weather, you mentioned bottlenecks has an impact on palm oil. So I know palm oil is a small element in your feedstock sourcing strategy now. I was just wondering, should we see an impact of global supply chain instructions in both elsewhere in the business, whether it be in renewable products and oil products. So this is my first question.

And then on margin and more specifically, sales optimization strategy. So you say it was behind the strong performance, the relatively resilient performance in the third quarter. Given your guidance slightly $679 per ton, should we expect the sales optimization strategy to play a similar role in the fourth quarter? This is my second question.

Matti Lehmus^ Thank you, Erwan. This is Matti answering. So indeed, if I start with the first question, I was commenting on the vegetable oil and in particular, the palm oil market development. Here indeed in the recent history, perhaps the expectations at its peak harvesting season have been even higher than what the actual reported numbers has been. That has been 1 of the reasons why the palm oil price has been increasing. And some of the reasons to our understanding related to weather related to availability of labor, et cetera.

If I look more broadly at our situation, the resilience of the supply chains, I think we have been navigating very successfully throughout the COVID years in managing to ensure that our production runs very smoothly, feedstock supplies, we have been able to run and also the products -- product distribution has worked very well. So we continue to, of course, work on the business continuity to keep it like that also in the future.

Regarding sales optimization, exactly like you commented, this is a normal part of our business model. We continuously optimize the geographic mix of our sales and also the feedstock mix. basically, that will also be something we do in the fourth quarter. And of course, the item I note is that in the third quarter, Singapore had a long turnaround now in the fourth quarter. Rotterdam has a long turnaround. But let's say, a 4-week turnaround, but this will give us, again, opportunities to optimize according to the market.

Operator^ And the next question comes from the line of (inaudible) from Morgan Stanley.

Unidentified Analyst^ I had 2, please. The first was regarding the share of 100% renewable diesel delivered to end users. You've seen this share fall steadily over the past 3 quarters from 33% in 4Q 2020 to 25% this quarter, even accounting for the increase in sales volumes especially in this quarter, absolute volumes of 100% renewable diesel deliveries seem to have declined as well consistently during this period. I was just wondering why this was and whether this represents a trend we should expect to continue in the future.

The second one was related to the greenfield renewables refinery expansion project at Rotterdam. I was wondering if the current inflationary environment, particularly seen in raw materials such as steel, had any impact on the CapEx of the project. Any guidance or update on the likely CapEx for the project will be helpful. And if you could comment on how you're looking to mitigate these inflationary effects.

Peter Z. E. Vanacker^ Yes. Good questions. Thank you very much. I mean, on the first question, it is like what we have said in the past. I mean we are always optimizing based upon the margins. So we're not steering our business to have a particular volume or percentage in a particular quarter as 100% Neste MY or in a particular country like that. So we always look at central in our business model continues to be optimization of our margin that we are having. Yes.

And you heard I mean, also from Panu, what he was saying, I mean, that even in this case, in Finland that actually we had even increased, I mean, the availability of Neste MY, and as a consequence and also the volumes in this market. But that is, is not a purpose. It's not the focus that we are having. The focus continues to be on optimizing our sales margin and as such, I mean, steering our volumes. At Rotterdam, CapEx, we have not disclosed yet, of course, because we are in the definition phase. But Matti, any comments that you want to make on where we're standing?

Matti Lehmus^ Well, I would say that is exactly 1 of the core outputs of the definition phase that apart from doing the engineering, we also update the cost and CapEx expectations. And as part of this work, exactly like you point out, we will, of course, have to analyze both the prices of the bulk materials of the equipment. We will also have to look at contingencies, what procurement strategy we would choose. So I think this will exactly be 1 of the outputs of the work that we are completing.

Operator^ And the next question comes from the line of Peter Low from Redburn.

Peter James Low^ Just on refining and the negative impact of higher utility costs, as you mentioned, the per barrel utility costs included in the production cost breakdown is actually on a similar level to 1Q. So is it just specifically the gas and hydrogen costs that are coming through in the gross margin that are causing the issues? And is there any way for you to mitigate the impact of that going forward if current volatility and high prices continues?

And then the second question, which is on organic CapEx guidance. I think you tweaked it down slightly this year to EUR 1.1 billion. Is that a sensible assumption for next year as well?

Peter Z. E. Vanacker^ Yes. On the first question, Peter, yes, the answer is yes. Of course, I mean, we try and we did already, I mean, during Q3 to mitigate certain impacts. But of course, and here, we're mainly talking about Porvoo because that's a huge consumption, of course, of energy that we have here. There is a -- it's a limited amount of things that actually you can do yes, you cannot completely I mean, switch a topic refinery, I mean to an alternative. So whatever we can do, we do. But it is in the scope it's a bit here and a bit there. So it's not 20%, let's say, of your energy that you can certainly switch from one source to the other source.

Then on CapEx, Jyrki?

Jyrki Mikael Mäki-Kala^ Yes, I think that's or something what we informed in the Capital Markets Day that is now EUR 1.1 billion CapEx. And of course, coming down is 1 of the big reasons is certainly Singapore turnaround as we are having still the COVID-19 there. And of course, when you are heading towards a year and certain projects are delivering basically more and more precise time schedule and estimates. So that's why we are at the level of EUR 1.1 billion. And what we have said earlier, the years from here, '22, et cetera. It is about EUR 1 billion what we have in organic CapEx basically .

Operator^ And your next question comes from the line of Pablo Cuadrado from Kepler.

Pablo Cuadrado^ Yes. Two quick questions on my side. The first one is on working capital, which has iterated again in Q3. I think accumulative basis, we are talking more than EUR 800 million of impact, so far this year. So the question here is, if you can explain on the one hand, if there has been issues related with cash in from B2C in the U.S. or something affecting and which are expected for Q4 and therefore, for year-end figure?

And the second question is on the new commitments that you announced this morning on cutting emissions, particularly this new target on Scope 3. The question is that is the new strategy basically current strategy that you have fully aligned in order to try to meet that target? Or do you think that after setting this target, you will need to adapt or probably to undertake changes, particularly on the products in order to be cutting emissions on Scope 3.

Peter Z. E. Vanacker^ Yes. Thanks, Pablo, for your questions. Working capital, of course, I mean, raw material costs have gone up, water residue costs have gone up. But Jyrki,anything else, I mean, you want to say to that, I mean, B2C there's still one payment and other payment standing out. But yes, the B2C is not a point here. But if you just look the days of outstanding with the working capital, we are now at the level of 45 days. And last year, this time, we were at the level of 58 days. So of course, the inventories are going up because of the crude oil prices, and we are seeing pretty much a similar kind of increase in our trade payables. So the receivables all these are basically reflecting the price effect coming out of the market. But overall, the working capital trend is and has been positive when looking to days because that is without the market basically changes what takes for example, from the fossil from the crude oil prices in the background. So nothing negative in that sense in the working capital side.

Yes. And then on the announcement that we made around noon today on the category three emissions. This fits very much, let's say, in what we have said also at the Capital Markets Day. We were not ready at the Capital Markets Day to say it's going to be 50% by 2040. We were still analyzing different scenarios, both on the growth of our renewable and circular solutions as well as on the coprocessing for the Porvoo refinery.

And after we have executed, I mean all these different scenarios and analysis and how they are combined with 1 each other, we then came to the conclusion that we can make this ambitious statement. It is built upon our strategy that we have, which covers the period, I mean, until 2030. And then as of 2030 because this is a target 2040 that we communicated, it's based upon different scenarios that we have analyzed. So in line until 2030 with what we have said before and then based upon scenarios 2030 to 2040.

Operator^ And the next question comes from the line of Henry Tarr from Berenberg.

Henry Michael Tarr^ I had 2 questions. One was just going back to the Capital Markets Day and the feedstock availability and the sort of 40 million tons of feedstock available potentially by 2030. I just wondered how you went through the process to come to that figure. So is that counting up available based on number of restaurants and your forecast on animal fat availability, et cetera, et cetera? Or how did you come to that figure? And then the second question, probably simpler. Is there any indication on the sale price of the base oils business? And I guess, are you looking for cash in from that in Q4?

Matti Lehmus^ Yes. Thanks, Henry. It's Matti answering the first question. So indeed, when we look at how we estimate the 2030 waste and residue market potential. Of course, the starting point is that we have a pretty good feeling for what the market is today, based on the market intelligence that we have. And at the same time, we, of course, then have to make certain assumptions what may happen until 2030. Of course, if you look at animal fat, if you look at used cooking oils, there is, of course, the growth trend has been very slow or the trend in general. So the starting point is really understanding what the market size is today.

And what I commented also on the Capital Markets Day, the reason we were able to update, for example, our forecast from the 35 million tons earlier, it's really a function of -- with all the work we are doing, for example, emerging markets that we understand better the potential in some of these markets that we didn't see before and has clearly.

Peter Z. E. Vanacker^ So 1 may say it's a bottom-up analysis. And then the second question, we don't expect that closing will be in this year, Henry. It's expected to be in Q1 next year. So no cash flow impact for this year. We have not disclosed, I mean, the sales price. So the rule concept is on one hand side, I mean, that we're selling. Yes, on the other hand side, of course, in Porvoo, we will continue to produce and supply the base oils. So there is a margin element in that as well. But that is then -- once we have closing, then these numbers will be known, let's say, in terms of what's the sales price.Yes.

Operator^ And the next question comes from the line of Matthew Blair from TPH.

Matthew Robert Lovseth Blair^ The first question is on the upcoming LCFS programs in Canada and Washington State. Really for 2023, if we look back at the California LCFS program, it took about 5 years before credit prices moved above $100 a ton. Would you expect similar timing for Canada and Washington State. Do we need to be cautious on just thinking about the ramp and the demand impact from those programs? Then the second question is on SAF. And specifically, what do you plan to do with the NAFTA byproduct? Would you expect to send it into your renewable polymers efforts or perhaps into more of like a renewable gasoline market? I'll leave it there.

Peter Z. E. Vanacker^ Matthew, I mean, on -- I mean, California, of course, was the first 1 to go. I mean, with pick up and trade system. So that took a little bit of time, of course, until that got it feet on the ground. So when we look at how fast it went in Oregon, went relatively fast, I mean, with the establishment of the program. Does that give a guarantee on Washington State as well as Canada, I think that would be a bit premature. I mean, to just give, let's say, a strong statement on this yes. But I mean, we've seen, I mean that these are no programs in California, Oregon, very well established. So it's nothing new, I would say, it's a continuation, and we will definitely see, I mean, other states also following that.

Generally spoken on the second question, on the renewable naphtha. How do we go to market in polymers and chemicals. We're actually selling 3 categories of products. I mean the first 1 is the off-gas recycling that we are upgrading, so that we are having biopropane that is being sold to, for example, Borealis, we made an announcement on that, so that's public knowledge. That is using that for the PDH units to produce polypropylene out. The second one is renewable naphtha that we are recovering and selling into these players that have steam crackers. And then the third is the middle distillates that we are selling in the markets.

So normally, in some cases, how does it go? I mean, you enter in the market with renewable naphtha. And then the configuration and certain investments are being done, and then you switch them into the middle distillate.

Operator^ And the next question comes from the line of (inaudible) from UBS.

Unidentified Analyst^ I have 2 questions, please. The first 1 to clarify on the comments you made for guidance. all products in the fourth quarter, we did a higher energy cost offsetting the higher refining margin. Is that based on the macro conditions that we're seeing quarter to date? And any indication you can give us on the levels that you've used for this guidance? And then secondly, I wanted to ask about the recent advancement of your joint venture with Ravago on chemical recycling of waste plastic. Can you give us any more details around kind of time frame for that first industrial recycling site? And any details around the economics of this project.

Peter Z. E. Vanacker^ Yes. Good questions. Thank you very much. I mean, on the Oil Products side, I mean, Q4, it's around, let's say, reference margin outlook I would say, the way how we look at it now is around what's for the quarter, $7 per barrel.

Yes. We have seen spikes I mean, moving up as well. And then on the other hand side, I mean, you see the TTF on Q4. I think Matti alluded to that, EUR 80, EUR 90 per megawatt hour. So let's say, here around EUR 84, EUR 85. But also, we see that in November, December, that's actually moving up, I mean to EUR 100 per megawatt hour. So this is a bit, let's say, the numbers that we are juggling with in Q4.

On the Ravago joint venture, this is the first step. Well, it's not the first step actually because, you know that we have done multiple steps, I mean, by taking a stake in Altera technologies. Ravago, is also a co-investor in Altera Technologies, Ravago, being a global leader in mechanical recycling of waste plastic, moving now also together with us in the chemical recycling and the first step, which is the liquefaction step. We've done multiple tests already in Naantali as well as in Porvoo on liquefied waste plastic leading, I mean, then to drop in hydrocarbon solutions. We intend to do another test in semi industrial scale this year that we have then the hydrocarbons that we can sell towards to polymers players. And then the next step, which is this establishment of the joint venture. So we made the communication because we are filing, I mean, for the approvals in the local jurisdictions.

That's the first step. And then together, we are in the process of evaluating. You've got a certain indication on the scale of that liquefaction asset, not a final investment decision yet. So we're now into the engineering phase, setting the scope, I mean, for the investments we've made a choice, I mean, what the location will be. We put that in the announcement as well.

And then I would expect that during the course of 2022, we are in the position, I mean, to take a final investment decision and then hopefully relatively quickly build up that capacity. So that's towards probably the end of 2023, we would -- could start up that facility. But with the disclaimers, of course, once we've set the scope and once we are in the process, I mean, for the final investment decision, then we will be able, I mean, to give more guidance on what is the time line and start-up.

Unidentified Analyst^ And just in terms of the economics of the project and indication pops the sort of premium that you to get for this project to work?

Peter Z. E. Vanacker^ Well, that will all be part, of course, of the business case that is then at the basis for a final investment decision. So we have a good idea. And otherwise, we would not have gone into such a communication around the establishment of the joint venture. And as usual, I mean, our events that we are undertaking should not be dilutive. But on the contrary, we believe there is good value that can be captured here. But then finally, we need to look at once the business case is ready for the final investment decision.

Operator^ Your next question comes from the line of Matt Lofting from JPMorgan.

Matthew Peter Charles Lofting^ Two, if I could, please. First, just coming back to waste and residue feedstock markets. If we take it a step back, it sort of feels like the direction of travel around market tightness and the extent to which it's continued through this year has probably been more acute and lasted for longer than you expected earlier in the year thinking back to previous calls. So with that in mind, I mean, I wonder if you could just sort of dig a bit deeper around the sort of the guidance that you've given for Q4. And looking beyond that, also, you would share a sense of the duration that you now expect as a base case in terms of that waste and residue tightness. And within that, secondly, what market developments you're looking for as signals in due course of an easing perhaps coming through? And then secondly, a simpler 1 in terms of the numbers. I noticed depreciation seemed to move up quite a bit in this quarter, particularly through all products. If you could just explain that and help us to understand how much of that is recurring versus quarter specific.

Peter Z. E. Vanacker^ Matti, if you take on waste and residue?

Matti Lehmus^ Yes. Thank you for the question. So let me expand a bit on the waste and residue. I mean, perhaps a couple of drivers again, that I would mention. I mean the first 1 is, of course, demand for waste and residues. And like we have communicated throughout and also in the discussions in the Capital Markets Day here, of course, we clearly see that there is a continued need for renewable diesel for biofuels and that drives, of course, an increasing demand for waste and residues. So that's, in a way, underlying.

At the same time, it's, of course, good to understand there is also a link, for example, to vegetable oils. There is different segments using waste and residues. There's different alternatives also. And here, for example, if I just take the short-term view, if you look at what happened in the fourth quarter, we have seen in the early part of the quarter, certain vegetable oils moving up like palm oil for the reasons I mentioned also earlier. And in that sense, that's, of course, another dynamic to follow that. There is also -- there continues to be linked to what is happening for other vegetable oils. But it's a trend we keep analyzing. And like this year has shown, it's also been a very volatile market.

Peter Z. E. Vanacker^ Yes. And I wouldn't say, I mean that on the waste and residue side, we've always been very clear in our guidance. It's going to stay tight. It's going to stay expensive. The only thing, I mean, that actually, in my opinion, has not realized is on the vegetable -- the vegetable oil, I mean palm oil, soybean oil complex, I mean, has not -- everybody anticipated that in the second half of the year, we would say a substantial reduction. There was a bit in the summer term, this movement where we immediately were active and moved in by taking hedging positions, which helped us, I mean, in Q3 and will help us in Q4 as well.

So that was a very good move that we did. But as you have seen, I mean, that has not -- even if everybody was talking about superb harvest on soybean in Latin America, in North America, et cetera, et cetera, than you had on the other hand side, limited availability of people because of another wave of the pandemic in Malaysia, Indonesia and very good demand, of course, also from countries like China and India. So on the depreciation, yes, of course, depreciations are going up. And Jyrki?

Jyrki Mikael Mäki-Kala^ Yes. I think the good to note is that from the financial figures and certainly, everything what we have now going up in a depreciation mostly related to the OP turnaround that we had basically in quarter 2 and also effect in quarter 3 and slightly also in the RP side. So looking at kind of the running rate what we are currently having. So we are talking about roughly EUR 40 million kind of increase in depreciation year-on-year, what we are basically facing. So -- but that is all about CapEx and turnarounds in the background. Nothing more in that sense.

Peter Z. E. Vanacker^ Yes, it's a bit, of course, I mean, you can call it a philosophical or what is the right, I mean, KPI to look at if we want to measure the performance of the underlying business in the next couple of years. Because, of course, as we are investing in Singapore as we are investing in coprocessing and so on, depreciation is going up, and that is, of course, as you know, an element in the comparable EBIT. So is it the right thing, I mean, to look in the future at comparable EBIT? Or should we look at comparable EBITDA in the future to measure the underlying performance of the business.

Operator^ And the next question comes from the line of Nik Konstantakis from Exane.

Nikolaos Konstantakis^ Two, if I may, please, one for the third quarter, very strong realizations in the U.S., I think it's quite a big difference Q-on-Q versus your peers. Can you just help us understand a little bit the move there and to what extent we can expect that to repeat in the fourth quarter that kind of premium? And then secondly, I was just wondering as you haven't started the negotiations yet, but you must have a good idea on average of the noncompliance funds in Europe for next year. Can you give us a rule of thumb perhaps or an order of magnitude or a range of the different markets in which you are present and the kind of leverage you're saying I mean we're seeing you're moving more aggressively into Belgium because of better noncompliance funds. So just an idea on so can understand the levers you have to offset any strength in feedstock markets.

Peter Z. E. Vanacker^ Matti?

Matti Lehmus^ Yes. Thanks, Nik. So I'll take first the question on the U.S. realization. So I understand you're talking about the average sales price. And perhaps something in a way to look at here is that, yes, on 1 hand, you, of course, have the normal factors affecting the price, which is the RIN price, the LCFS price, you have underlying the diesel price. These are all elements which play into it.

But that's another thing to also observe is that it also includes when we report our realizations it includes credit sales. And this may not always go hand-in-hand with the physical sales volumes. So there may be quarters where we are selling either more or less of the credits. And this will create then a natural variation between the quarters. So that's just good to understand, especially not in the third quarter with the Singapore turnaround, the actual sales volume was on the low side. So here, of course, that may explain some of the phenomena we have been analyzing.

Second question. That was on the European markets. I mean, I come back a bit to our business model like we have been explaining over last year and this year, we have been quite systematically working on opening a number of markets, driving in a way that optimization capability to serve different markets, different customer segments. And Europe is a prime example. You have a number of countries with different types of regulatory schemes. And I can't give you in a way specific countries that we would be particularly focusing on. And I think we are continuing to create the capability to serve the different markets and then, of course, also as part of the term negotiations, make certain decisions and then continue optimizing on the spot side.

Peter Z. E. Vanacker^ Yes, it's still a very scattered landscape, Nik, as you know, in terms of these penalty levels, they can -- from 1 country to the other country, there are huge differences, I would say. And I'm pleased that in my, let's say, birth place, my home country in Belgium that now the discussion is moving towards. I mean this is not an option. This is a penalty. So everybody needs to fulfill the requirements to reduce greenhouse gas emissions.

And I would hope and expect, and of course, we work on this as well to be heard and vocal that in the whole context of RED II and Fit for 55, that it is clear that the overarching target needs to be achieved, and that is greenhouse gas emission reduction. And not you can choose between paying a penalty and fulfilling the greenhouse gas emission reduction targets.

So Belgium is now moving into the right direction, in my opinion, so that when I talk to the minister there, it is -- once you do not fulfill the requirements, you're hold to pay a penalty. The second time you do not fulfill the requirements is really starting to be not just very expensive, but you're at now, how should I say, you're not compliant and being considered as not compliant.

Operator^ And the next question comes from the line of Artem Beletski from SEB.

Artem Beletski^ So certainly have 3 shorter ones relating to renewables. So the first 1 is relating to maintenance activity, looking at next year. Could you provide some so say early indications at this stage how it looks like, I guess, this year was quite heavy in terms of activity on that front. Then the second one is relating to margin differences between Europe and North America. Is the picture basically still unchanged that North America is more profitable or you're able to catch better margins there given that mix is likely to shift in Q4 compared to Q3?

And last 1 is a bit more detail. Looking at production in Q3 and the other products category. So volumes sales there are at a record level. Is it fair to draw a conclusion that it gives us some indication of what is happening with these emerging products or basically SAF and polymer chemicals?

Peter Z. E. Vanacker^ Matti, if you go ahead? Maintenance...

Matti Lehmus^ Yes. Thank you, Artem, for the question. So a short comment on the maintenance plans for '22. We will, of course, come back to this in more detail then in our full year report in February. But on a general level, I would say that also next year, we expect to have turnarounds in Porvoo, Singapore and Rotterdam. And in that sense, on a high level, I would expect the total production in 2022 to be relatively similar to what we have seen in '21. So that's perhaps at a high-level comment.

Second question was on the margin development, let's say, margin comparison between Europe and the U.S. What I would state here is, of course, good to note that Europe contains many markets, you have many niches. So it's impossible to give a direct comparison. But we continue to see the U.S. being an attractive market for us, and we continue to see also a number of very attractive markets in Europe.

Peter Z. E. Vanacker^ There was a question around protection Q3, Matti?

Matti Lehmus^ Yes. And that's a good question, Artem, detail. We are indeed reporting this other category in our production report. And if you look at the '21 numbers, this includes naphtha biopropane but also renewable aviation fuel. And indeed, you observed correctly that the number was quite high in the third quarter. So we had a higher production than in the previous quarters of these other products, which means good progress in establishing the markets.

Operator^ And the last question comes from the line of Mehdi Ennebati from Bank of America.

Mehdi Ennebati^ Just about regarding the Oil Products division. So you clearly highlighted that the utility and energy cost increase will offset the increase in the reference margin. But what about the additional premium because generally, in the end of the year, you benefit to maybe take advantage from the contango and your high volume to post a relatively strong additional margin. So should we consider that holding all your realized margin in Q4 should be more or less in line with Q3 because of high [RP] as you discussed? Or should we consider that thanks to the measures you've taken in the first half of this year like taking advantage of the contango. You might still be able to get a higher margin.

And the other question is about the working capital again, generally in the first quarter, you had a huge working capital inflow because of that contango. Should we expect this to happen again in the first quarter or more?

Peter Z. E. Vanacker^ Good questions, Mehdi. And Q4 compare more to Q3 level. The market has been in backwardation practically in the entire period. So not a lot of opportunities like last year, I mean, to do lots of contango deals. So more, let's say, at a lower level, I mean, contangos. And then in working capital, normally, I mean, always, I mean, we have this working capital program, I mean, ongoing. So towards the end of the year, we will continue, of course, to look at making sure that we have a good cash flow.

Matti Lehmus^ Yes. That's a normal practice -- normal practice in quarter 4. Absolutely.

Operator^ We do still have 1 question left from Raphaël DuBois from Societe General.

Raphaël DuBois^ It's related to the waste and residue feedstock access going forward. I was just wondering if you could tell us how you take into account those suppliers of yours that eventually could become competitors. Do you -- how do you handle the quantities that companies like Darling or GBS, for instance, could eventually either sell to you or process through their own biodiesel facilities in the future?

Peter Z. E. Vanacker^ We need to differentiate when we are talking about availability, we're talking about the market availability at Raphaël. So the 40 million tons accounts for everything that we are seeing as Neste in the global market independent of his disease from Darling, is it is from us that we are collecting in used cooking oil in the United States or if it is in China, et cetera. So this is the global availability in the market. That does not mean that this is the volume that we, as Neste have access to.

Operator^ Thank you. There are no questions left, please continue.

Peter Z. E. Vanacker^ Okay. Then thank you very much. Excellent questions, as usual and active participation also as usual. And let me conclude by saying that the whole management team is very excited about finishing the year we're working on the challenges and the opportunities and our journey to become a global leader in renewable and circular solutions.

And yes, this year so far has been characterized by a heavy plant maintenance program -- And as a reminder, we will have material maintenance in 2022 as well. Matti already alluded to that based upon the question, that means that remind me, we will finalize the connections to the expansion between the existing facility that we have in Singapore and then the facility, the new 1 that we have under construction because we are building an integrated facility. So therefore, that will require also in 2022, another shutdown.

And as always, we'll discuss more about the timing and other features of the coming maintenance in the full year release in February. So thank you very much. Stay safe and healthy and have a very nice day or afternoon.

Operator^ Thank you all. That does conclude our conference for today. Thank you all for participating. You may all disconnect.