Neste
Q1 2024

Matti Lehmus | President and CEO | 25 April 2024

Contents

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Key takeaways

- Demonstrating resilience in a weak renewables market
- In Renewable Products, defending margins in a weaker market in both US and Europe, sales volume seasonally lower, in Singapore SAF production ramped up according to plan
- In Oil Products, total refining margin remained healthy, operational performance solid despite political strikes, successful preparations for Porvoo TA2024
- Cash flow before financing activities impacted by higher inventories due to e.g. SAF inventory build-up and upcoming maintenance turnarounds

Key figures Q1 2024

Q1 2024

Group comparable EBITDA, EUR m	Comparable sales margin, USD/ton	Total refining margin, USD/bbl
551 (830)	**562** (945)	**20.4** (21.8)
Sales volume, renewable products, kton	**Cash flow before financing activities**	**Comparable ROACE, %**
849 (678)	**-340** (-102)	**20.1** (31.8)

TRIF	PSER	GHG emission reduction, Mton
2.5 (1.9)	**0.9** (1.0)	**2.8** (2.4)

Figures in parentheses refer to the corresponding period for 2023.

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Key market environment drivers in Q1 2024

		Avg, Q1/24	Change, % vs. Q4/23	Change, % vs. Q1/23
Macro drivers[1)]	Crude oil price (USD/bbl)	83.2	-1%	+2%
	Diesel price (USD/ton)	842	-1%	-2%
Renewable feedstock costs[2)]	Used cooking oil (USD/ton)	927	+6%	-13%
	Soybean oil (USD/ton)	1,033	-10%	-22%
	Animal fat (USD/ton)	1,076	-4%	-21%
Renewable US credit prices[3)]	California LCFS (USD/ton)	64	-7%	-4%
	RIN D4 (US cent/gal)	58	-31%	-65%
Oil product margins[4)]	Diesel (USD/bbl)	29.8	-3%	-14%
	Gasoline (USD/bbl)	22.7	+36%	-21%
	HFO (USD/bbl)	-13.9	-1%	+40%

Comments

- US renewable credit price levels, especially RINs continued to decline. Also European renewable diesel spot premium levels and bioticket prices continued to weaken during Q1/24.
- Oil Products' margins remained healthy, although somewhat lower compared to previous year's corresponding period

1) Platt's 2) AF (US) - The Jacobsen, UCO (EU) - Argus, SBO (US) - Reuters 3) OPIS 4) Platt's

Our strategy remains resilient in current renewables market

Strengthen global SAF leadership

Value creation through competitive advantages in feedstocks and global optimization

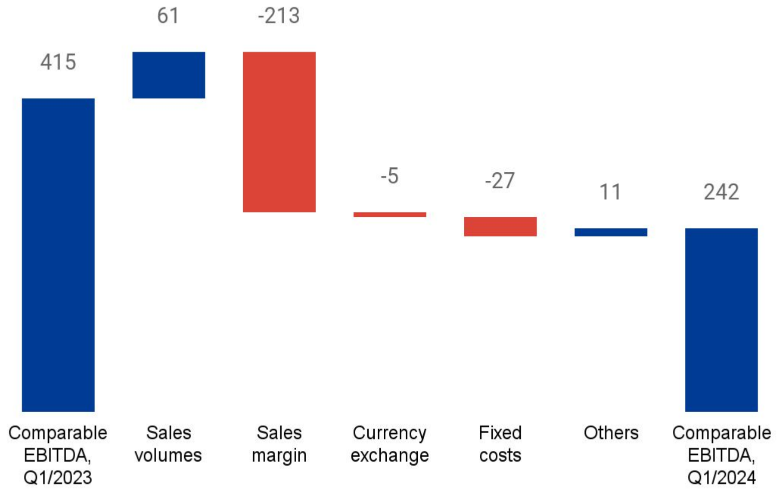
Strategically positioned in growing renewable and circular markets

Continued focus on efficiency and long-term competitiveness

Segment reviews

Q1/24 impacted by a clearly weaker market in renewable diesel

Comparable EBITDA Q1/24 vs. Q1/23, MEUR



Comments

- Sales volume was 849 (678) kton, added capacity
  - Seasonally lower demand
  - Build-up of SAF inventories
  - Preparation for the upcoming maintenance turnarounds in 2024
- Sales to European market app. 51% (65%) and North America app. 49% (35%)
- Comparable sales margin was lower at USD 562 (945)/ton driven by lower RIN D4 prices and European renewable diesel price premium levels. Also the Martinez joint operation had a diluting impact on Neste's margin

Renewable Products: Focus areas in 2024

Value capture through end-to-end optimization

- Further optimize the value chain, from feedstock to end customers
- Commercial speed to market
- Global platform providing opportunities for margin maximization

Growing the SAF business

- SAF sales expected to support margins and to reach 0.5-1.0 Mt/a
- Demand momentum driven by upcoming Refuel EU aviation and positive development in UK and Switzerland

Full capacity ramp-up of new facilities, driving efficiency

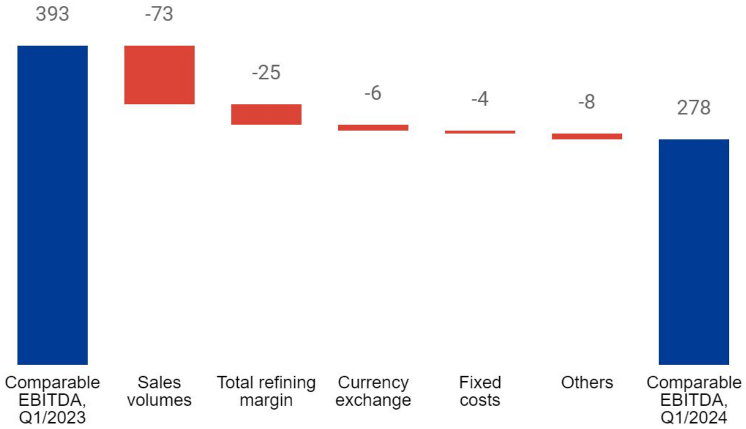
- Ramp-up of Singapore 2nd line and Martinez to full capacity
- Start SAF production in Rotterdam
- Rotterdam expansion execution and learnings from previous projects
- Clear efficiency improvement through Neste Excellence

Continued feedstock growth

- Continue to expand the feedstock potential both geographically and by vertical integration
- Continue to expand the feedstock mix both short and long term

Solid operational performance in Oil Products and preparing for the turnaround

Comparable EBITDA Q1/24 vs. Q1/23, MEUR



Total refining margin, USD/bbl

	1-3/24	1-3/23	10-12/23	2023
Total refining margin, USD/bbl	**20.4**	21.8	18.9	21.1

Comments

- Oil Products sales volume decreased due to preparing for the Porvoo TA
- Total refining margin was supported by still elevated product margins, and more normalized natural gas and electricity prices
- Refinery's average utilization rate was 91% (81%), reflecting reliable operational performance despite difficult climate conditions and strikes

Oil Products: Focus areas in 2024

Porvoo turnaround execution

- Execution safely and in schedule during Q2/24
- Estimated total capex of EUR 390 million

Continue the solid operational performance

- Maintain high utilization rates at the Porvoo refinery
- Optimize the feedstock slate and product mix

Porvoo Transformation

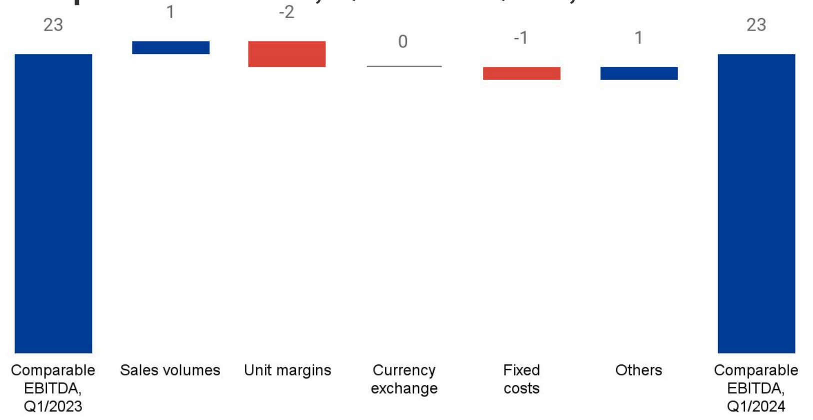
- Green hydrogen project reaching final investment decision readiness
- Growth in chemical recycling and co-processing capabilities
- Other projects progressing in line with the Transformation plan

Neste Excellence driving efficiency

- Focus on optimization, operational availability and net working capital optimization continues
- Continued actions to improve competitiveness through cost efficiency

Marketing & Services profitability at previous year’s level

Comparable EBITDA, Q1/24 vs. Q1/23, MEUR



Sales volumes by main product categories, million litres

	1-3/24	1-3/23	10-12/23	2023
Gasoline station sales	**140**	138	153	620
Diesel station sales	**385**	391	405	1,590
Light fuel oil	**242**	217	247	857

Comments

- Sales volumes increased slightly year-over-year and market share remained on a high level
- The political strikes in Finland had an impact on fuel deliveries and logistics

Group financials

Strong foundation for profitable growth

Efficiency improvement

Solid cash flow generation

- Neste Excellence program
- New streamlined organization
- More optimized operating models
- Continuous working capital management

New sustainable funding secured

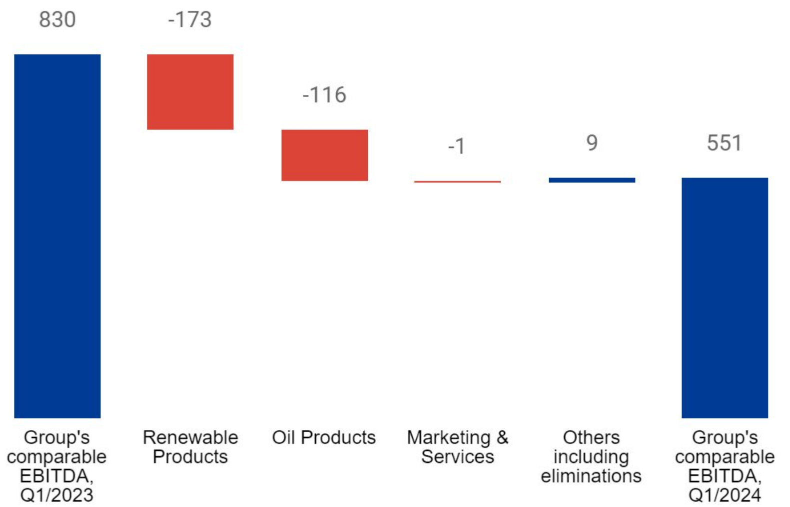
- Three green bond issues with long maturities in 2023, in total EUR 1.6 billion

Risk management in focus

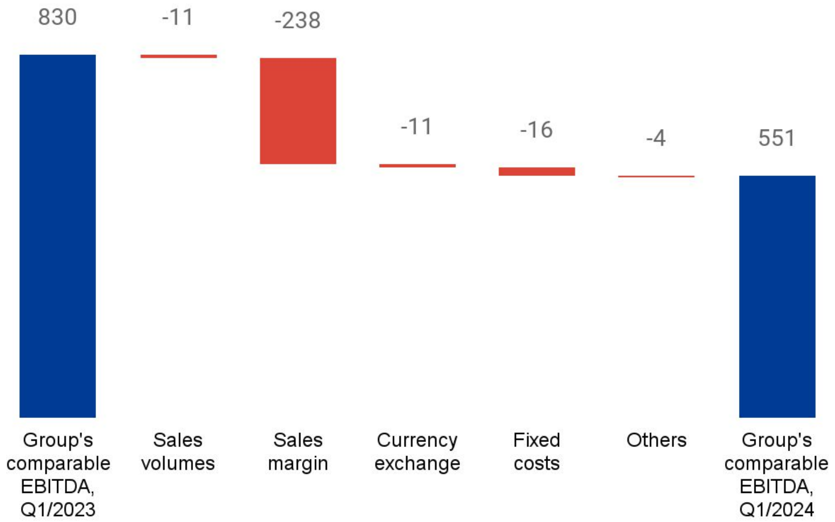
- Ensuring continued strong performance in a more volatile market environment

Defending margins in a weaker renewables market

Group comparable EBITDA, by segments, Q1

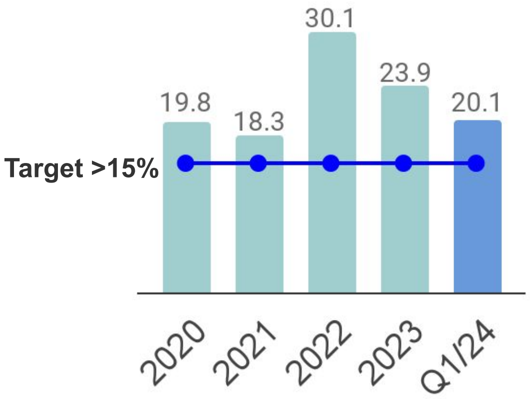


Group comparable EBITDA, by driver, Q1

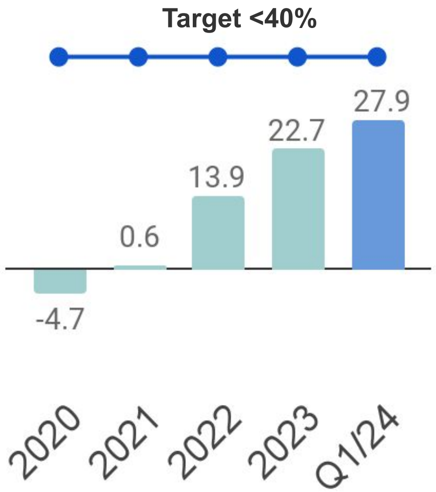


Continuing to meet the Group’s financial targets

Comparable ROACE, after tax, rolling 12 months %



Leverage, net debt to capital, %

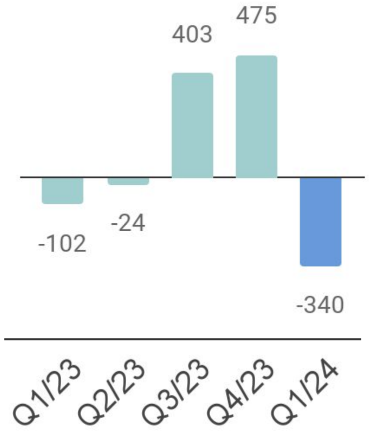


Comments

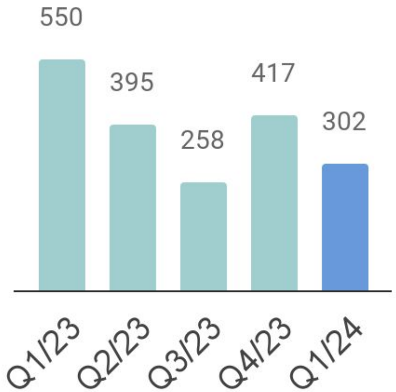
- Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio are Neste's key financial targets
- The company's long-term Comparable ROACE target is over 15%, and the leverage ratio target is below 40%
- At the end of March 2024, Comparable ROACE calculated over the last 12 months was 20.1%, and leverage 27.9%, both meeting the financial target levels

Q1 2024 cash flow impacted by inventory build-up

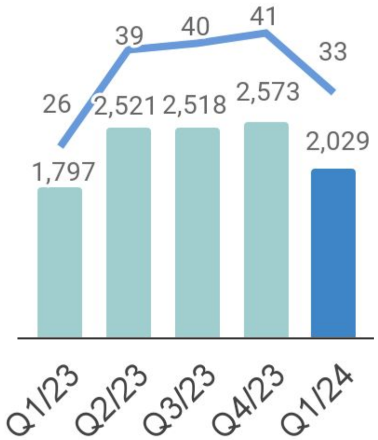
Cash flow before financing activities, EUR million



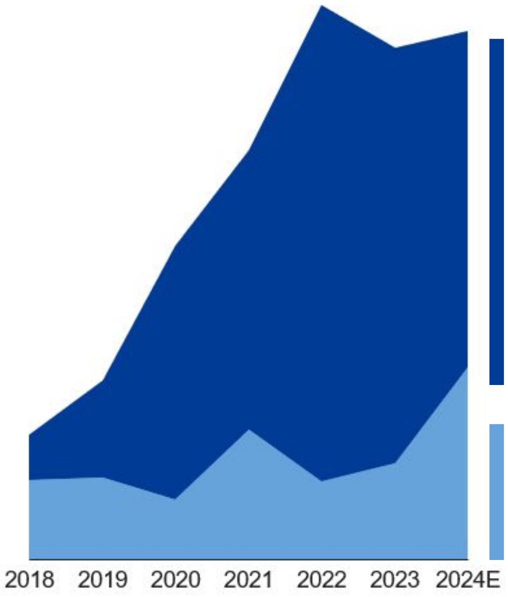
Cash out investments, EUR million



Net working capital, EUR million and in days outstanding



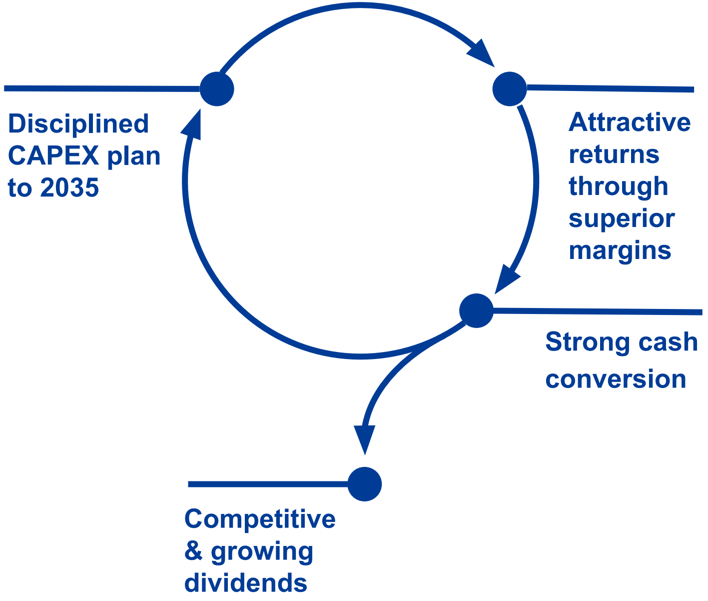
Disciplined investments in high-margin growth opportunities sustain attractive returns



Disciplined growth CAPEX

- **Value-driven growth with focus on higher margin projects** – SAF, renewable polymers and chemicals, chemical recycling, highest-return innovation opportunities
- **Sustainable raw materials growth, diversity and security**, e.g. challenging raw materials
- **Continuously strengthen global competitive position,** e.g. investments in productivity, product optionality and pretreatment

Prioritized maintenance to ensure safety and operational reliability



Market outlook and guidance

Summary of Neste's FY 2024 outlook

Guidance for 2024

Renewable Products	Oil Products
Sales volume expected to increase to approximately 4.4 Mt (+/-10%) in 2024, out of which SAF sales volume 0.5-1.0 Mt	Sales volume in 2024 lower than in 2023, impacted by the planned Porvoo major turnaround in the second quarter
Full-year 2024 average sales margin USD 600-800/ton	Full year 2024 total refining margin lower than in 2023

Market outlook for 2024

The uncertainty in the global economic outlook and geopolitical situation continues and is expected to continue creating market volatility.

In Renewable Products, bioticket and renewable credit prices and renewable diesel price premiums are expected to remain at a lower level compared to 2023. Feedstock prices continue to be volatile.

In Oil Products, the refining market continues to be impacted by geopolitical tensions.

Additional information

Location	Q1	Q2	Q3	Q4
Porvoo		2 months		
Singapore			6 weeks	8 weeks
Rotterdam			4 weeks	

Scheduled maintenance in 2024

In Renewable Products, Singapore SAF production was ramped up during the first quarter. SAF sales are expected to increase from the second quarter onwards, growing toward the end of the year. Singapore's new line is also scheduled to have an 8-week maintenance shutdown in the fourth quarter, after which full capacity is expected to be reached. The Martinez Renewables facility is currently operating at slightly below 50% of nameplate capacity, following the fire at the end of 2023. Work is ongoing to proceed with repairs to ensure safe and reliable operations.

In Oil Products, the Porvoo major turnaround is scheduled for the second quarter with an estimated capex of EUR 390 million and a comparable EBITDA impact of approximately EUR 190 million for Oil Products and EUR 40 million for Renewable Products.

The fixed costs growth trend is expected to level out compared to 2023 due to cost saving and efficiency measures.

The Group's full-year 2024 cash-out capital expenditure excluding M&A is estimated to be approximately EUR 1.4–1.6 billion. The share of maintenance and strategic capex is expected to represent approximately 40% and 60%, respectively, as the Porvoo major turnaround increases maintenance capex.

Strengthened long-term demand outlook in renewable and circular solutions

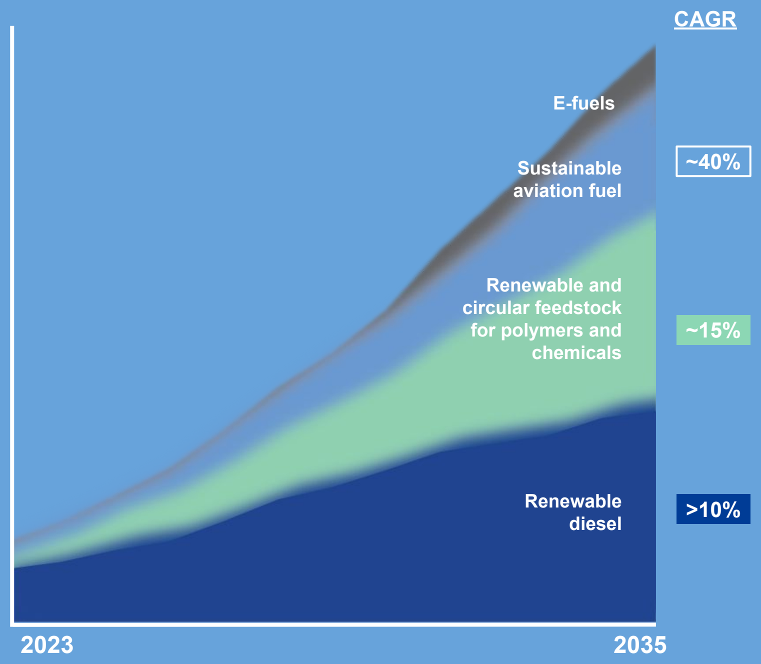
Net-zero pledges 88% of global emissions[1] and **concrete policies**

COP28: transition away from fossil fuels and contribution to "accelerating efforts globally towards **net-zero emission energy systems, utilizing zero and low-carbon fuels**"[2]

Policies strengthening for renewable fuels and renewable and circular polymers and chemicals

>4,000 companies with science-based climate targets[3] commit to reduce GHG emissions

Long-term demand outlook[4] (Mt) – Highest growth rate expected for SAF



Sources: (1) IEA, Global energy related emissions, (2) UNFCCC, (3) The Science Based Targets initiative (SBTi), targets as set in March 2024 (4) Neste analysis, Compound Annual Growth Rates (CAGR) shown is from 2023 to 2035

Taking charge of change

Our strategy is to deliver outstanding value with renewable and circular solutions

Rapid growth in aviation as well as polymers and chemicals sectors

Expansion of global feedstock base

Profitable growth

Increased optionality in feedstocks, products & markets

Increased cost competitiveness

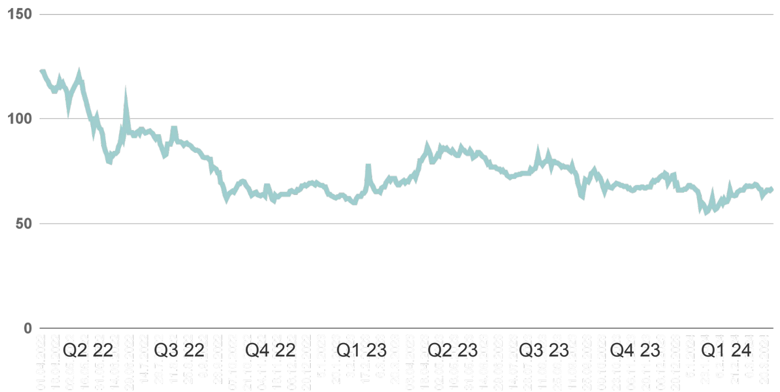
Efficiency

NESTE

Appendix

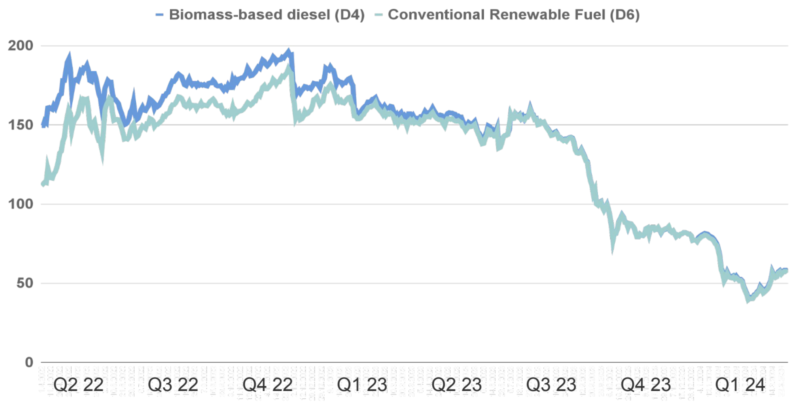
Renewable Products: Key market drivers in the US market

California Low Carbon Fuel Standard, LCFS credit price, USD/ton



- LCFS credit price continued declining after Q4 but showed some recovery during March
- Average Q1/24 LCFS credit price was USD 64/ton (66)

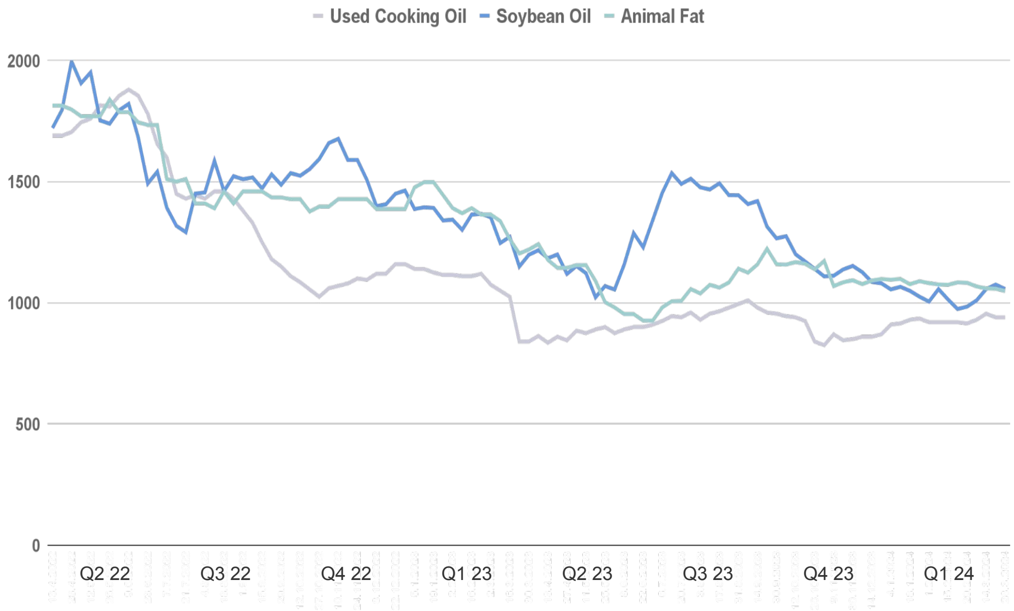
RIN prices, US cent/gal



- A large drop in RIN prices during February close to 40 cents/gallon but rebounded towards the end of the quarter
- Average Q1/24 D4 RIN price was USD 0.58/gal (1.66)

Vegetable oil and W&R price development

Vegetable oil and selected waste and residue prices[1], USD/ton



Comments

- The downward trend of vegetable oil markets began to change in March when the palm oil supply shortage led to increased prices
- Waste and residue feedstock prices stabilized at the end of the quarter following the increase in vegetable oil prices

1) Source: AF (US) - The Jacobsen, UCO (EU) - Argus, SBO (US) - Reuters

Oil Products: Key product margins

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

Comments

- Gasoline margin was supported by seasonally healthy demand in North America
- Diesel margin continued elevated driven by the inventory tightness and unexpected geopolitical events
- Volatility expected to continue

Source: Platts

Group financials Q1/2024

Comparable EBITDA totaled EUR 551 million (EUR 830 million)

MEUR	Q1/24	Q1/23	Q4/23	2023
Revenue	4,801	5,298	6,303	22,926
EBITDA	442	463	672	2,548
Comparable EBITDA	551	830	797	3,458
Renewable Products	242	415	433	1,906
Oil Products	278	393	330	1,434
Marketing & Services	23	23	25	118
Others (incl. eliminations)	8	-1	9	0
Operating profit	200	285	415	1,682
Cash flow before financing activities	-340	-102	475	751
Comparable earnings per share, EUR	0.33	0.72	0.66	2.88

Cash flow impacted by inventory build-up

MEUR	Q1/24	Q1/23	Q4/23	2023
EBITDA	442	463	672	2,548
Capital gains/losses	-2	0	0	0
Other adjustments	-7	180	-225	108
Change in net working capital	-382	-209	495	21
Finance cost, net	-34	-23	-38	-91
Income taxes paid	-48	-34	-213	-307
Net cash generated from operating activities	**-31**	**377**	**690**	**2,279**
Capital expenditure	-301	-550	-416	-1,607
Other investing activities	-9	71	201	79
Cash flow before financing activities	**-340**	**-102**	**475**	**751**

Renewable Products' comparable EBITDA calculation

		Q1/23	Q2/23	Q3/23	Q4/23	2023	Q1/24
Total RP sales volume	kton[1]	678	957	883	870	3,382	849
Comparable sales margin	**USD/ton**	**945**	**800**	**912**	**813**	**863**	**562**
Comparable sales margin	MEUR	598	703	741	657	2,699	439
Fixed costs	MEUR	-184	-192	-194	-221	-791	-211
Comparable EBITDA	**MEUR**	**415**	**513**	**545**	**433**	**1,906**	**242**

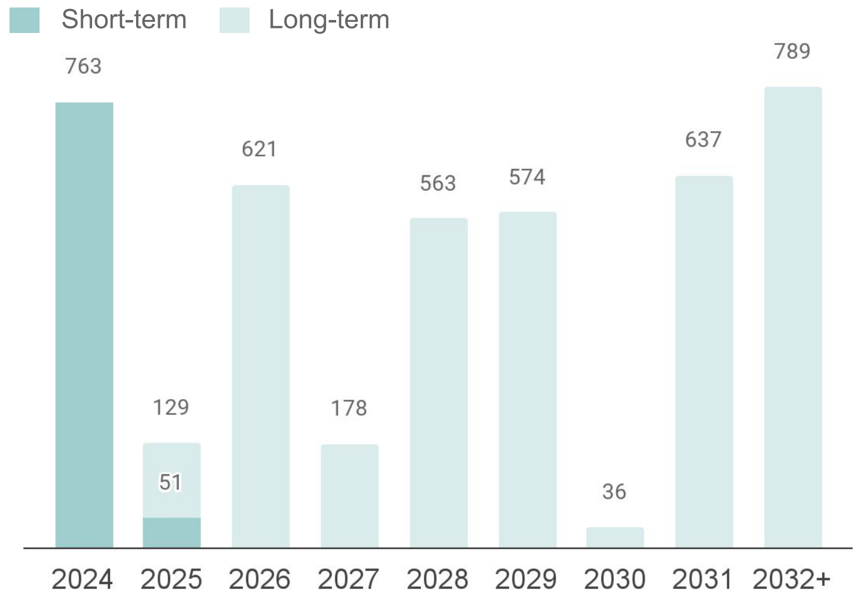
1) Renewable Products sales volume includes RD, SAF and other products

Oil Products' refinery production costs

		Q1/23	Q2/23	Q3/23	Q4/23	2023	Q1/24
Refined products	million bbls	21.3	21.3	22.3	22.6	87.5	21.4
Exchange rate	EUR/USD	1.07	1.09	1.09	1.08	1.08	1.09
Utilities costs	MEUR	102.4	68.9	74.5	74.0	319.8	70.3
	USD/bbl	5.2	3.5	3.6	3.5	4.0	3.6
Fixed costs	MEUR	49.7	55.6	52.8	57.0	215.1	53.9
	USD/bbl	2.5	2.8	2.6	2.7	2.7	2.7
External cost sales	MEUR	-0.5	-0.5	-0.5	-0.5	-1.9	-0.5
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	151.6	124.0	126.9	130.5	533.0	123.8
	USD/bbl	7.7	6.3	6.2	6.2	6.6	6.3

Liquidity and maturity profile of loan portfolio

Maturity profile, MEUR



- Group's liquidity EUR 3,268 million at the end of March
  - Liquid funds EUR 1,368 million
  - Unused committed credit facilities EUR 1,900 million
- Average interest rate for interest-bearing liabilities was 3.6% and maturity 4.6 years at the end of March
- No financial covenants in Group companies' existing loan agreements