

A young child with dark hair, wearing a white long-sleeved shirt and a black and white checkered skirt, is pointing towards the camera. The background is a blurred cityscape with tall buildings. A white curved line graphic is positioned above the child's head.

Neste Financial Statements 2020

Peter Vanacker | President and CEO | 5 Feb 2021


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The following information contains, or may be deemed to contain, “forward-looking statements”. These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause Neste Corporation’s or its businesses’ actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as “may”, “will”, “could”, “would”, “should”, “expect”, “plan”, “anticipate”, “intend”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information presently available to management and Neste Corporation assumes no obligation to update any forward-looking statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

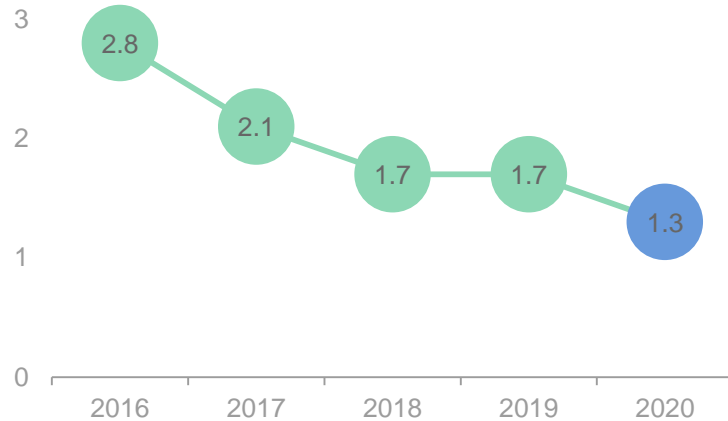


Solid performance in a challenging year

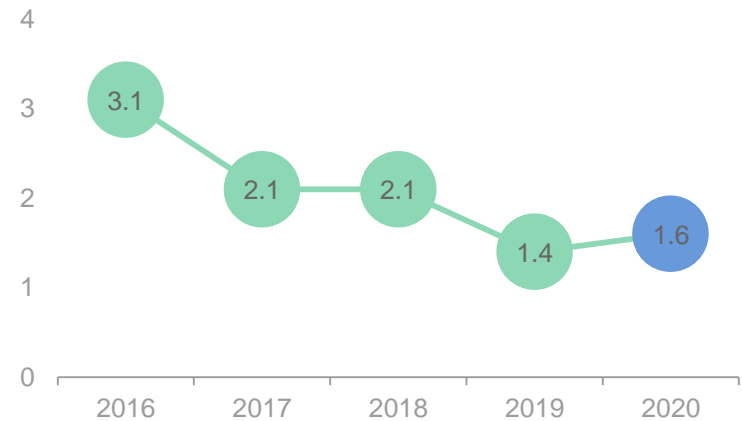
- Group comparable EBIT 1,416 MEUR
- Strong free cash flow EUR 1,019 MEUR
- Renewable Products was very resilient with increased sales volumes and strong margin
- Oil Products suffered from historically weak refining market
- Marketing & Services performed very well
- Focus on strategy execution – restructuring of Oil Products proceeding
- Dividend proposal EUR 0.80 per share

Best ever occupational safety performance in 2020

Total Recordable Incident Frequency,
per million hours worked



Process Safety Event Rate,
per million hours worked



Excellent cash flow development in focus during pandemic year - closed 8 strategic investments and acquisitions in 2020

Net cash generated from operating activities

2,057 MEUR (1,456 MEUR)

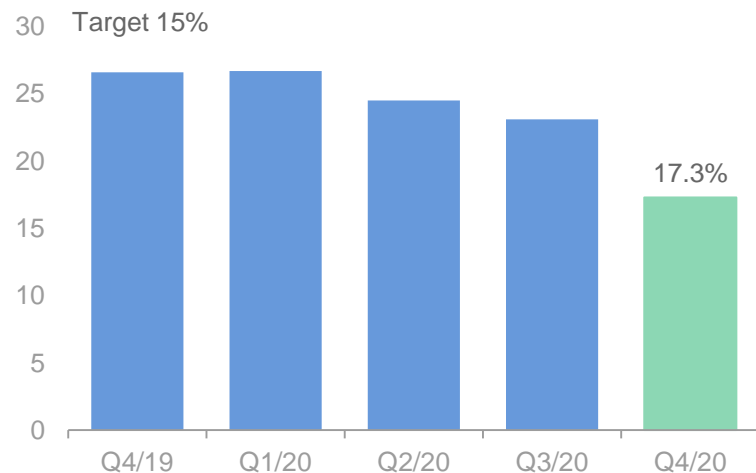
Free cash flow

1,019 MEUR (1,154 MEUR)

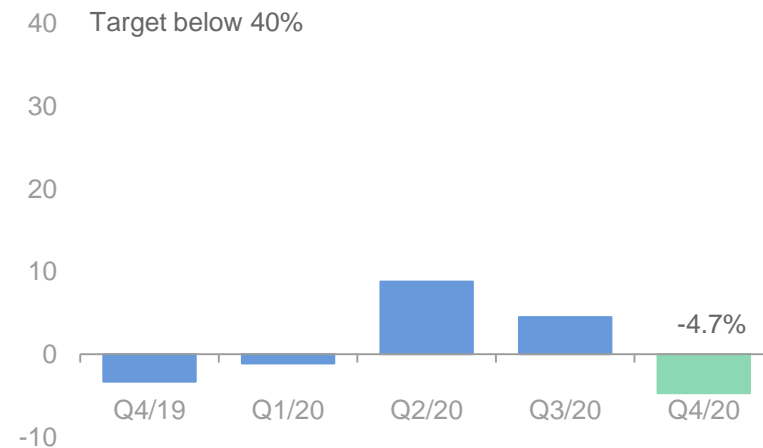


Solid financial position

ROACE, rolling 12 months, %



Leverage, %



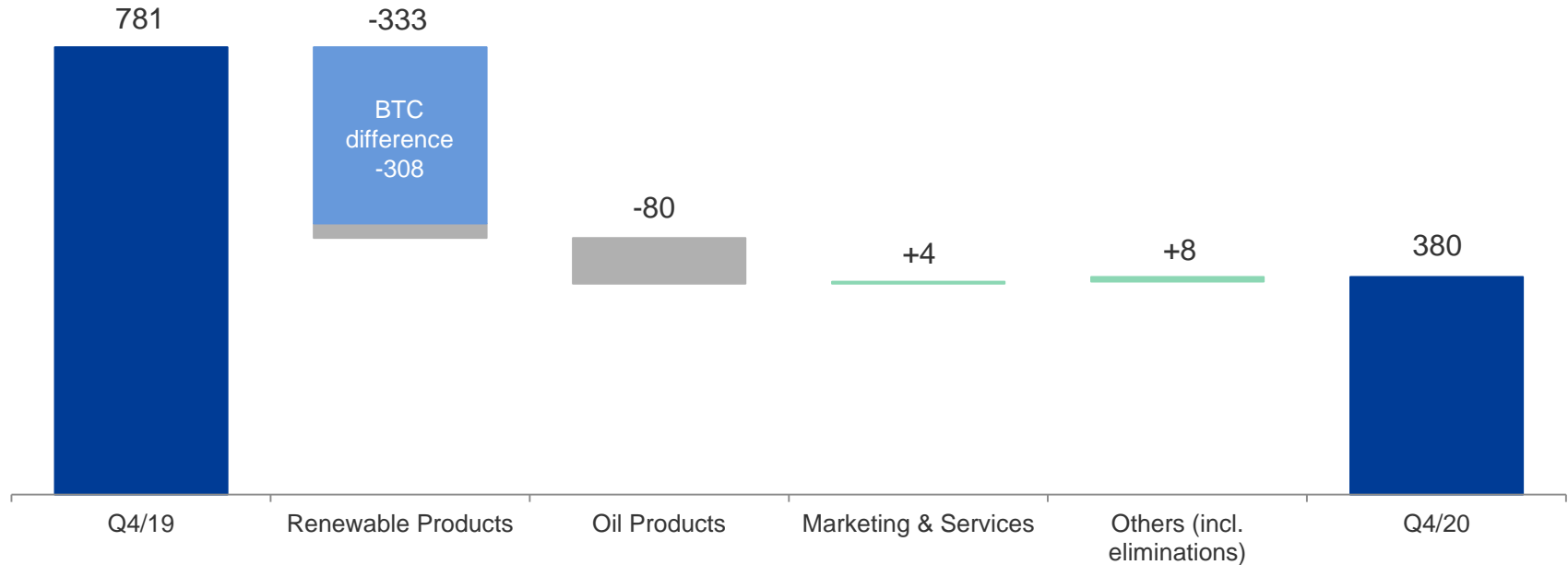
Group financials 2020

Group financials 2020

MEUR	2020	2019	Q4/20	Q4/19
Revenue	11,751	15,840	3,028	4,053
EBITDA	1,508	2,731	297	1,164
Comparable operating profit	1,416	1,962	380	781
Renewable Products	1,334	1,599	338	671
Oil Products	50	386	37	117
Marketing & Services	68	77	15	11
Others (incl. eliminations)	-36	-100	-10	-18
Operating profit	828	2,229	-2	1,046
Cash flow before financing activities	1,019	1,154	1,069	943
Comparable earnings per share, EUR	1.60	2.04	0.44	0.92

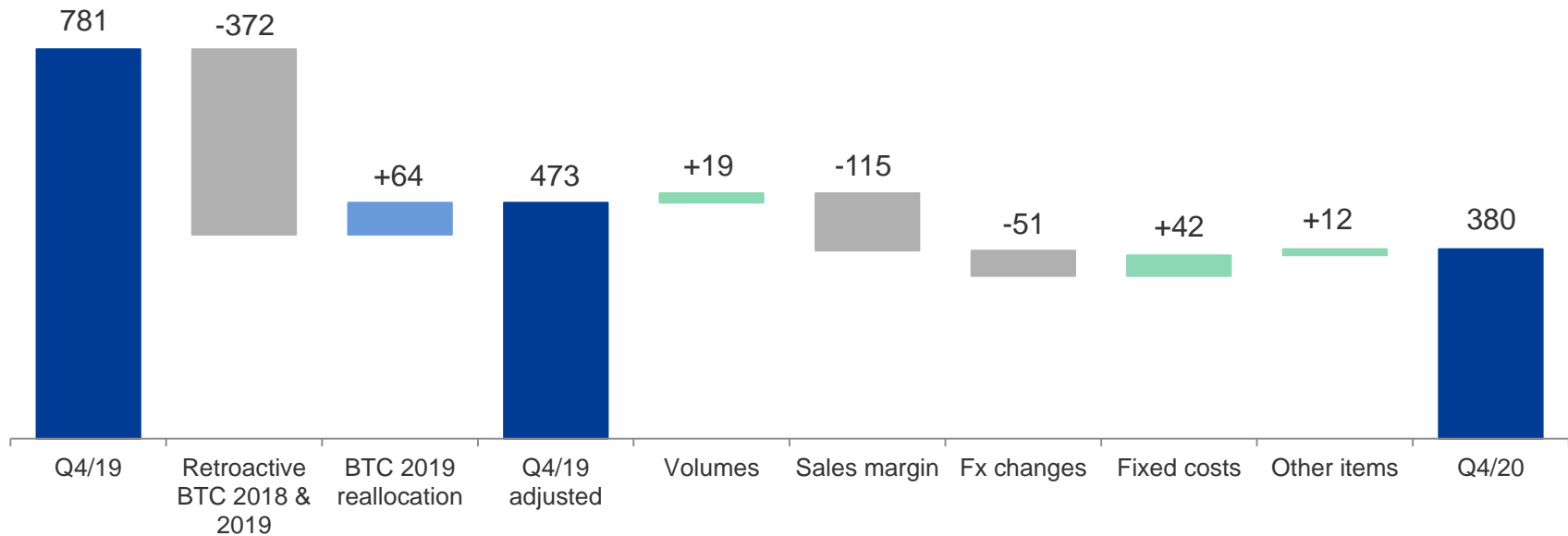
Strong performance in Renewables – retroactive BTC contribution for 2018 and 2019 in Q4/19

Group comparable EBIT by segments Q4/20 vs. Q4/19, MEUR



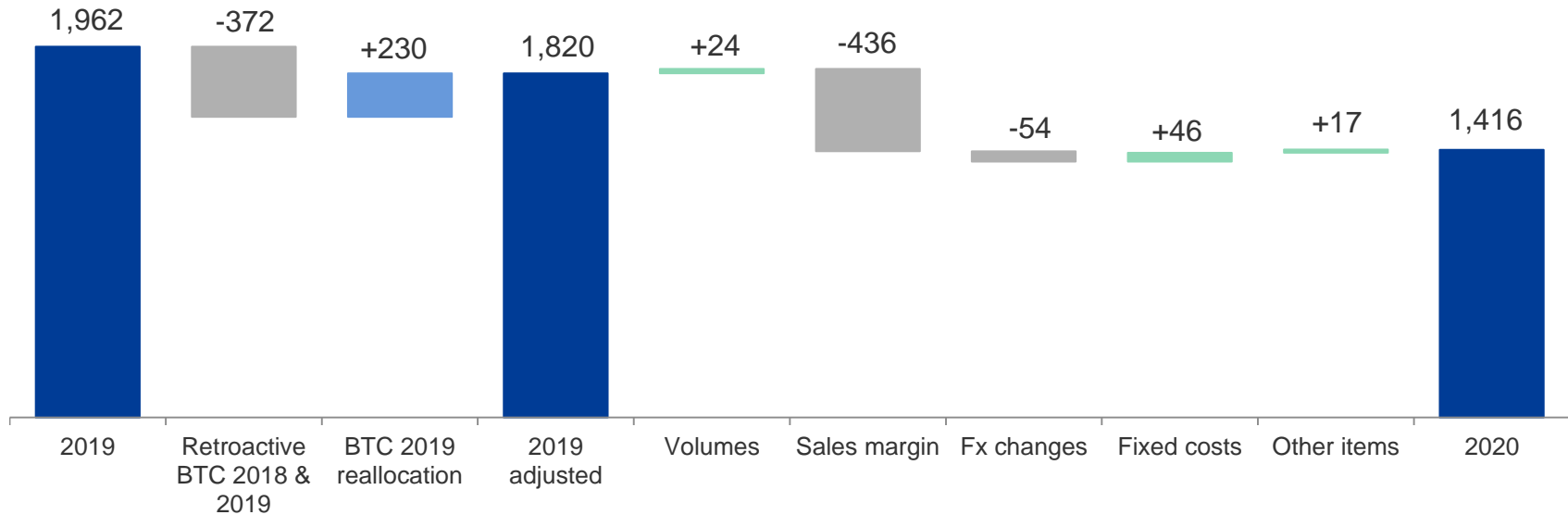
Results impacted by low refining margin and weak USD

Group comparable EBIT Q4/20 vs. Q4/19, MEUR



Resilient full-year result

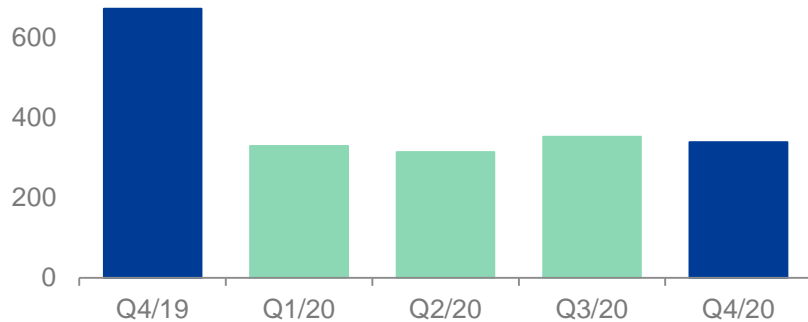
Group comparable EBIT 2020 vs. 2019, MEUR



Q4 2020 Segment reviews

High performance in Renewable Products

Comparable EBIT, MEUR



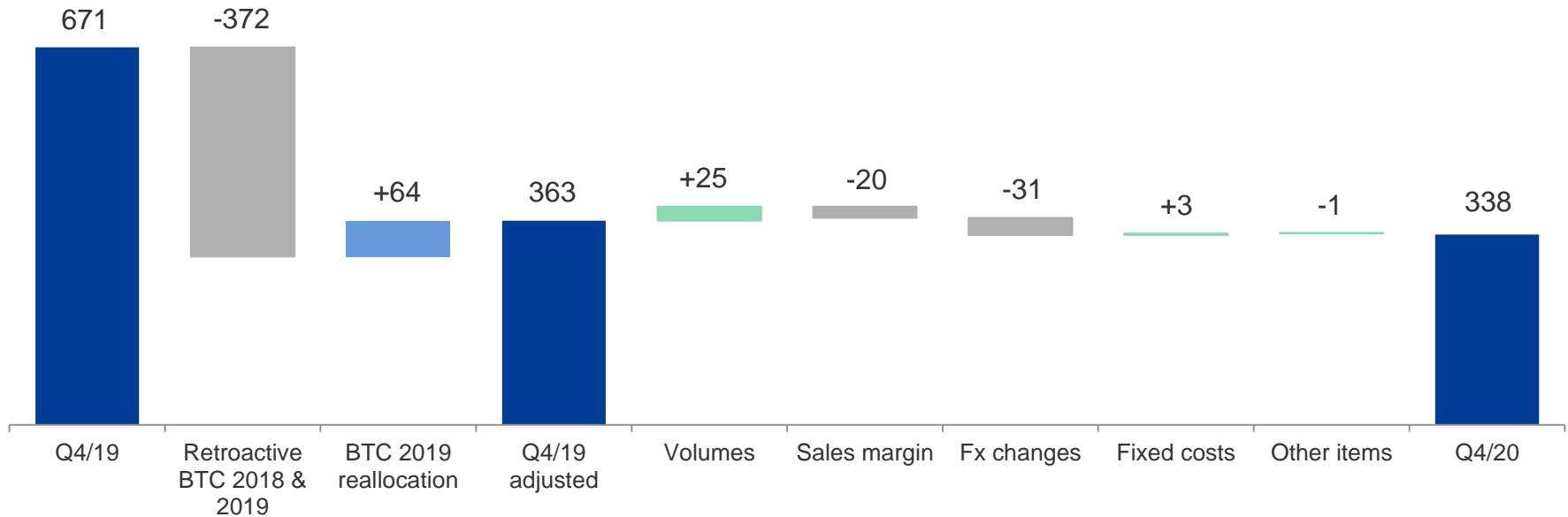
- Comparable EBIT 338 MEUR (671, including 372 retroactive BTC contribution for 2018 & 2019)
- Comparable sales margin USD 760/ton (787*), including BTC
- Sales volume 732 kton (693), share of Europe 66% (60%)
- Production volume 719 kton (656)
- Share of waste and residues feedstock 87% (84%)
- Investments 178 MEUR (113)
- Comparable RONA** 39.1% (67.0%)

MEUR	Q4/20	Q4/19	2020	2019
Revenue	1,084	1,081	4,270	4,033
Comparable EBIT	338	671	1,334	1,599
Net assets	3,470	3,137	3,470	3,137

* Retroactive BTC 2019 allocated to quarters
 ** Last 12 months

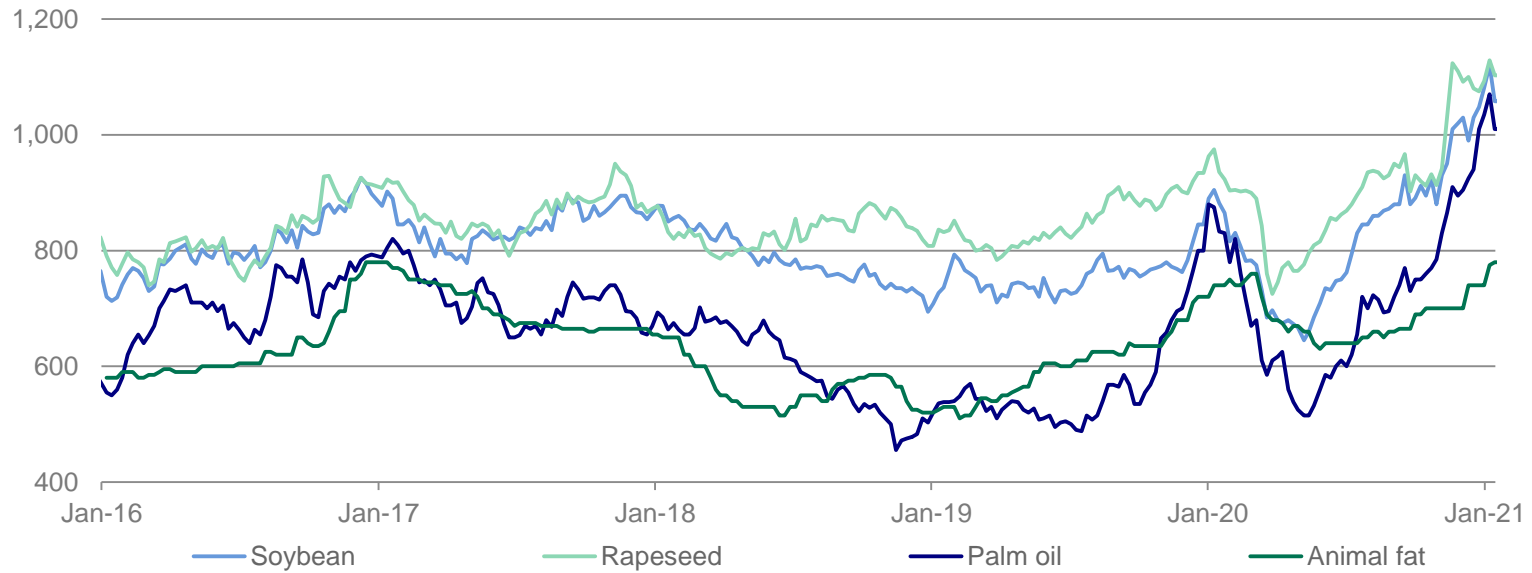
Strong sales volumes and excellent margins

Comparable EBIT Q4/20 vs. Q4/19, MEUR



Feedstock market tightened further

Vegetable oil and animal fat prices*, USD/ton



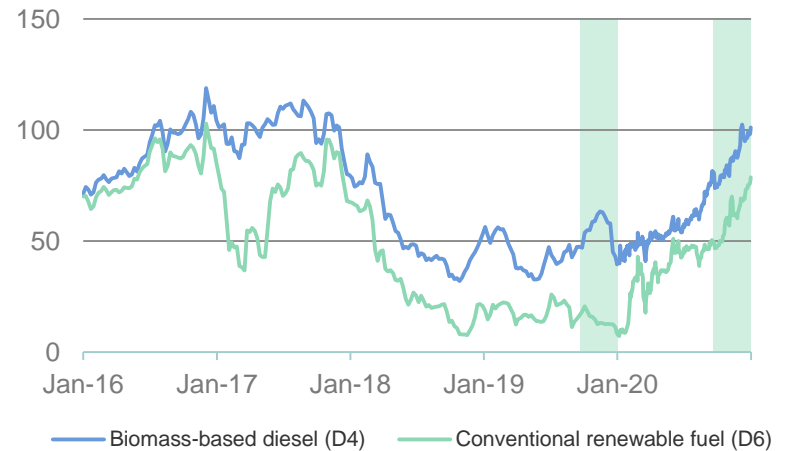
*Quotations in NWE, source: Oil World, The Jacobsen

LCFS credit and RIN continued to support US margins

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



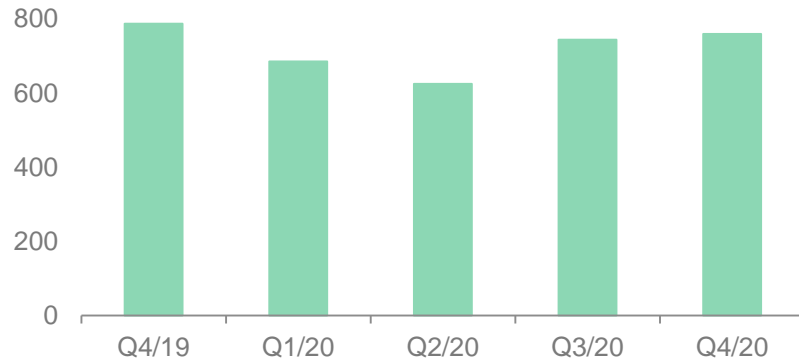
RIN prices, US cent /gal



— Biomass-based diesel (D4) — Conventional renewable fuel (D6)

Sales performance and hedging supported sales margin

Comp. sales margin, including BTC, USD/ton

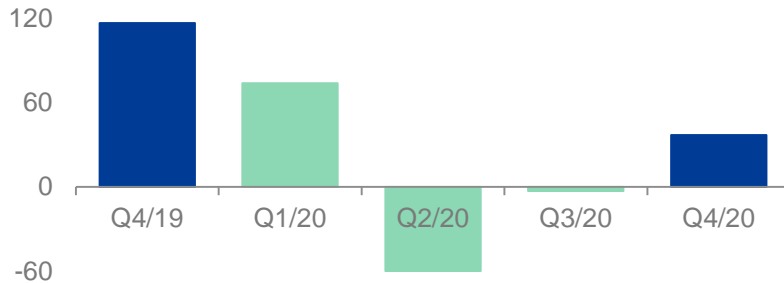


- Comparable sales margin USD 760/ton (787*), including BTC
- California LCFS credit USD 198/ton (206)
- D4 RIN USD 0.88/gal (0.56)
- Sales of 100% Neste MY diesel 33% (29%)
- Utilization rate 90% (91%)

* Retroactive BTC 2019 allocated to quarters

Oil Products' exceptionally weak market continued

Comparable EBIT, MEUR



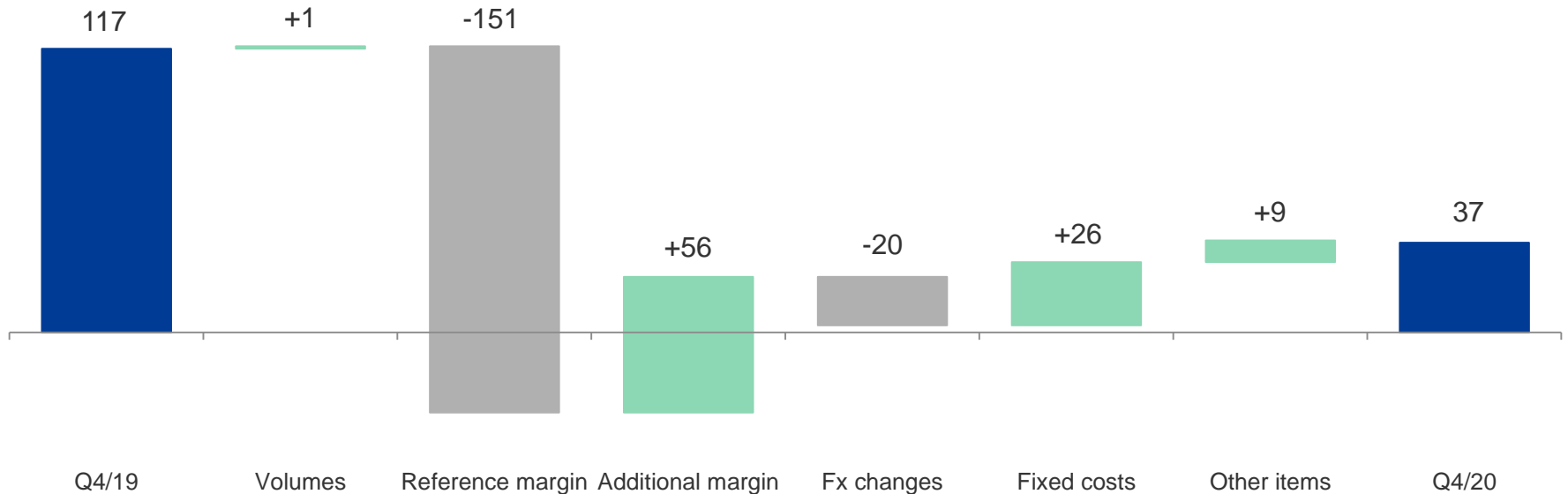
- Comparable EBIT 37 MEUR (117)
- Sales volume 3.5 Mton (3.8)
- Refinery average utilization rate 86% (92%)
- Urals' share of feed 63% (73%)
- Investments 48 MEUR (87)
- Comparable RONA* 2.1% (15.4%)

MEUR	Q4/20	Q4/19	2020	2019
Revenue	1,580	2,595	6,063	10,416
Comparable EBIT	37	117	50	386
Net assets	1,848	2,313	1,848	2,313

* Last 12 months

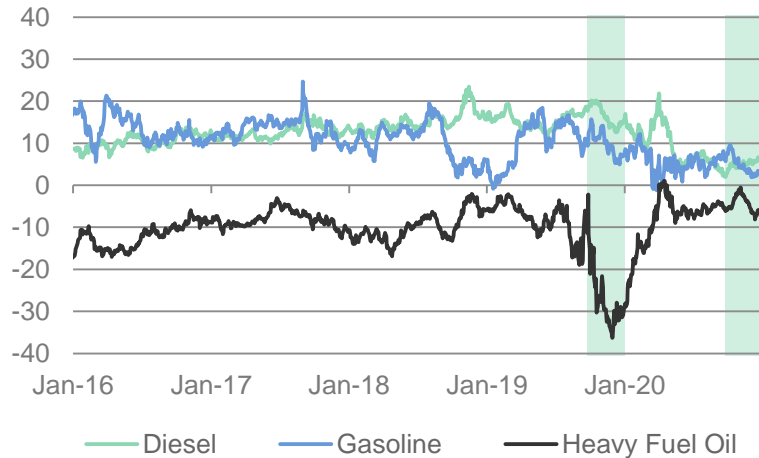
Result supported by strong additional margin and lower fixed costs

Comparable EBIT Q4/20 vs. Q4/19, MEUR

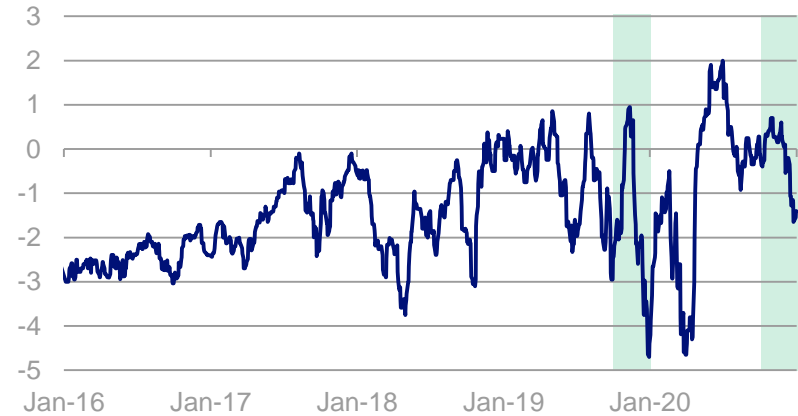


Weak product margins and unfavorable Urals-Brent differential

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

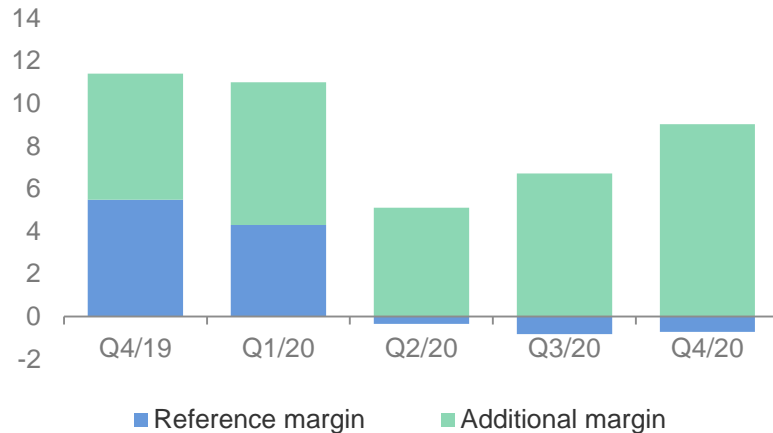


Urals vs. Brent price differential, USD/bbl



Contango profits and USD hedging supported additional margin

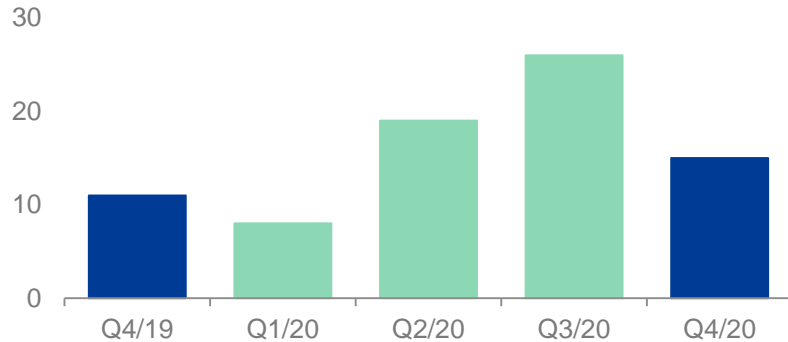
Total refining margin, USD/bbl



- Total refining margin USD 8.3/bbl (11.4)
- Reference margin USD -0.7/bbl (5.5)
- Additional margin USD 9.0/bbl (5.9)
- Refinery production costs USD 4.9/bbl (5.3)

Marketing & Services performed very well

Comparable EBIT, MEUR



MEUR	Q4/20	Q4/19	2020	2019
Revenue	756	1,002	3,055	4,193
Comparable EBIT	15	11	68	77
Net assets	192	235	192	235

- Comparable EBIT 15 MEUR (11)
- Russian business sold in Q4/19; EBIT impact -3 MEUR in Q4/20
- Unit margins improved
- Sales volumes still impacted by COVID-19
- Successful fixed cost management
- Investments 3 MEUR (8)
- Comparable RONA* 31.0% (26.7%)

* Last 12 months

Current topics

Focusing on strategy implementation

Scale up faster and bolder

Progress during Q4

- Singapore expansion project proceeding according to updated completion schedule
- Future renewables capacity expansion project's feasibility study phase is progressing
- Renewable Aviation: SAF supply agreement with ANA and equity stake in AFS storage company at Schiphol
- Renewable Polymers & Chemicals: strategic partnership with DSM and launch of Neste RE

Drive efficiency in operations

Progress during Q4

- Co-operation negotiations on restructuring of Oil Products' refining operations completed in Q4
- Substantial short-term cost reduction measures successfully implemented
- On track with Neste Excellence program with 237 MEUR improvement by end 2020

Increase innovations

Progress during Q4

- Minority stake acquired in Alterra Energy, an innovative chemical recycling technology company
- Increased Neste influence in European hydrogen networks by co-chair of European Clean Hydrogen Alliance and by chair of Finnish Hydrogen Cluster
- Growth together with strategic research partners: new catalyst development unit, tailored for Neste needs, started by VTT in Finland

Segment outlook for Q1/2021

Renewable Products

- Sales volumes of renewable diesel in Q1 expected to be on same level as in previous quarter
- Waste and residue markets anticipated to remain tight
- Sales margin expected to be lower than the very high level of Q4/20, but to stay healthy
- Margin will not be supported by similar hedging gains as in 2020 and hedging rate is expected to be lower than normal in Q1
- Utilization rates forecasted to remain high in Q1

Oil Products

- Market demand will continue to be depressed and volatile due to the several lockdowns as a result of COVID-19 pandemic
- Reference margin expected to remain very low and volatile
- Refining operations at Naantali refinery are planned to be closed by the end of March

Marketing & Services

- Sales volumes and unit margins are expected to follow previous years' seasonality pattern in Q1
- Some negative impact anticipated on demand and sales volumes in Q1 due to COVID-19 pandemic

Other 2021 topics

Group CAPEX

- Cash-out capital expenditure in 2021 estimated to be approx. 1.2 BEUR, excluding M&A

Renewable Products

- Scheduled 12-week major turnaround at Porvoo refinery in Q2, which is estimated to have negative impact of approx. 30 MEUR on comp. EBIT, mainly in Q2
- Scheduled 7-week turnaround at Singapore refinery in Q3, which is estimated to have negative impact of approx. 80 MEUR on comp. EBIT
- Scheduled 4-week catalyst change at Rotterdam refinery in Q4, which is estimated to have negative impact of approx. 50 MEUR on comp. EBIT

Oil Products

- Scheduled 12-week major turnaround at Porvoo refinery in Q2, which is estimated to have negative impact of 110 MEUR on comp. EBIT, mainly in Q2

Appendix

Renewable Products comparable EBIT calculation

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	2020	2019
Sales volume, kton	693	731	773	730	732	2,966	2,846
Comparable sales margin, including BTC, USD/ton	787	685	625	744	760	703	733
Comparable sales margin, MEUR	493	454	439	464	466	1,824	1,866
Fixed costs, MEUR	-81	-81	-82	-66	-79	-307	-246
Depreciations, MEUR	-49	-44	-43	-47	-50	-184	-166
Reallocation of BTC 2019, MEUR	-64						
BTC 2019 & 2018, MEUR (added back)	372						142
Comparable EBIT, MEUR	671	329	314	352	338	1,334	1,599

Refinery production costs, Porvoo & Naantali

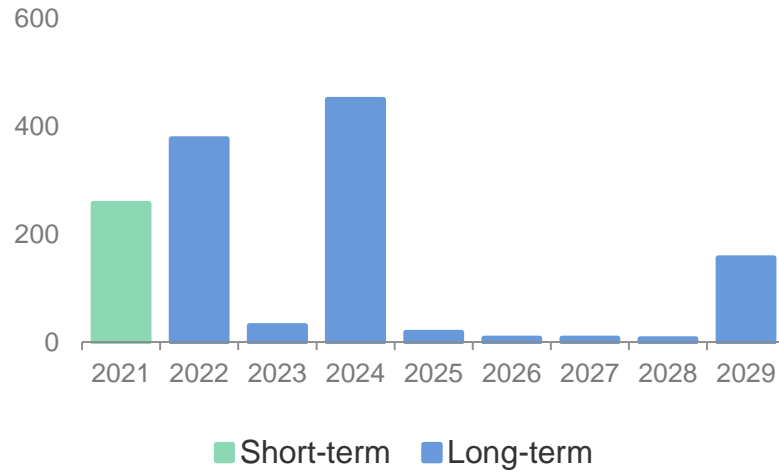
		Q4/19	2019	Q1/20	Q2/20	Q3/20	Q4/20	2020
Refined products	Million barrels	27.9	109.2	29.7	23.0	26.7	23.8	103.3
Exchange rate	EUR/USD	1.11	1.12	1.10	1.10	1.17	1.19	1.14
Utilities costs	MEUR	58.5	211.4	49.7	41.3	48.7	45.8	185.4
	USD/bbl	2.3	2.2	1.8	2.0	2.1	2.3	2.1
Fixed costs	MEUR	75.9	256.4	63.3	76.6	48.4	53.2	241.4
	USD/bbl	3.0	2.6	2.4	3.7	2.1	2.7	2.7
External cost sales	MEUR	-0.3	-1.5	-0.4	-0.3	-0.3	-0.3	-1.3
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	134.2	466.3	112.5	117.6	96.8	98.6	425.5
	USD/bbl	5.3	4.8	4.2	5.6	4.2	4.9	4.7

Cash flow

MEUR	Q4/20	Q4/19	Q3/20	2020	2019
EBITDA	297	1,164	552	1,508	2,731
Capital gains/losses	-1	-27	0	-1	-37
Other adjustments	159	-159	19	277	-77
Change in net working capital	872	181	-17	460	-780
Net finance costs	-17	-20	-18	-54	-48
Income taxes paid	-4	-144	-38	-133	-333
Net cash generated from operating activities	1,307	995	497	2,057	1,456
Capital expenditure	-231	-222	-195	-972	-568
Other investing activities	-7	170	14	-67	265
Cash flow before financing activities	1,069	943	315	1,019	1,154

Liquidity & maturity profile

MEUR



- Group's liquidity EUR 2,922 million at end of December 2020
 - Liquid funds EUR 1,572 million
 - Unused committed credit facilities EUR 1,350 million
- Average interest rate for interest-bearing liabilities was 1.9% and maturity 2.1 years at end of December 2020
- No financial covenants in Group companies' existing loan agreements



NESTE

Change runs on renewables