Neste
Q3 2023

Matti Lehmus | President and CEO | 26 October 2023

NESTE

Contents

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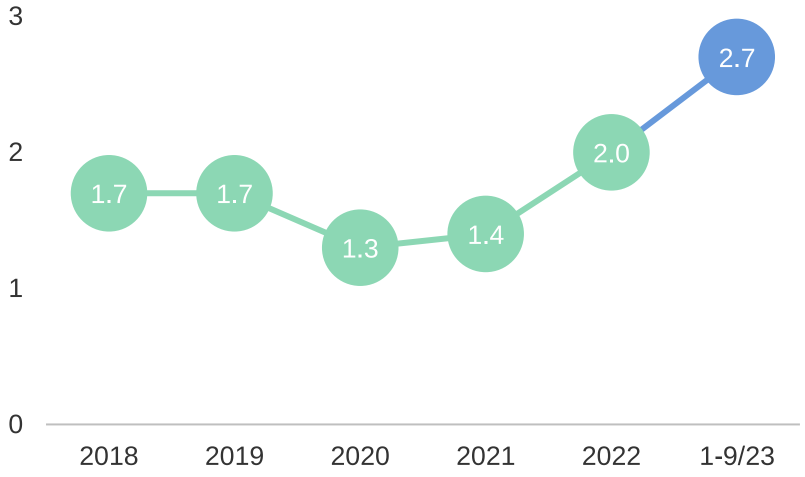
Capitalizing on strong margins in Q3

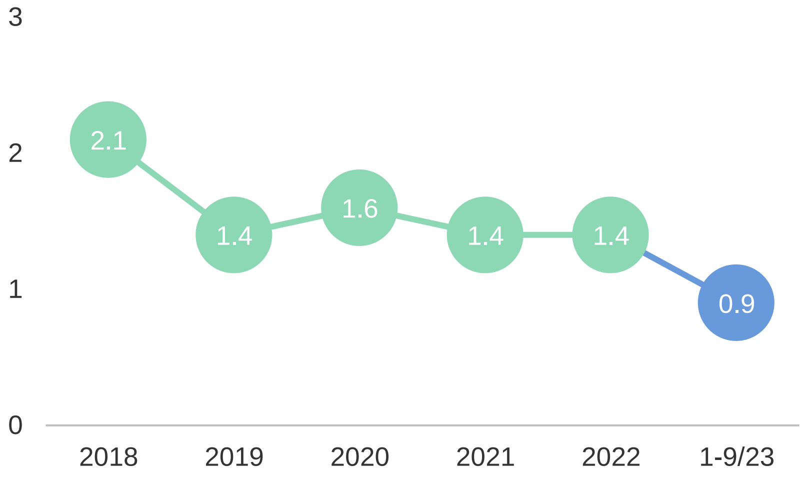
- Group comparable EBITDA EUR 1,047 (979) million
- Renewable Products’ comparable sales margin 912 USD/ton supported by strong diesel price and successful global optimization across feedstocks, markets and products
- Total refining margin 26.9 USD/bbl in Oil Products driven by high diesel and gasoline margins
- Marketing & Services performed well, inventory gains supported the result
- Ramp-up challenges continued at our new line in Singapore during Q3 – production expected to start up in the first half of November
- Martinez Renewables’ construction activities progressing – Pretreatment capabilities are increasing through the second half of 2023 and expected to have a nameplate capacity of 730 million gallons per year by the end of 2023

Strong focus on safety continues

Total Recordable Incident Frequency (TRIF), per million hours worked



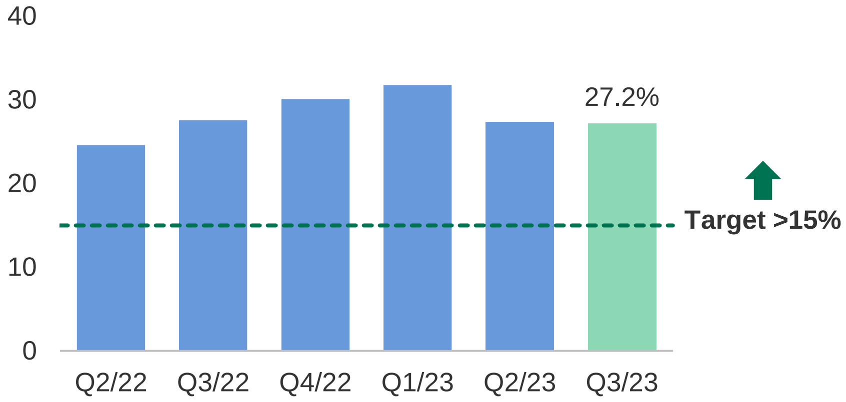
Process Safety Event Rate (PSER), per million hours worked



Note: In 2023, Neste's new organizational units in the US, for example Mahoney Environmental, are included in the KPIs

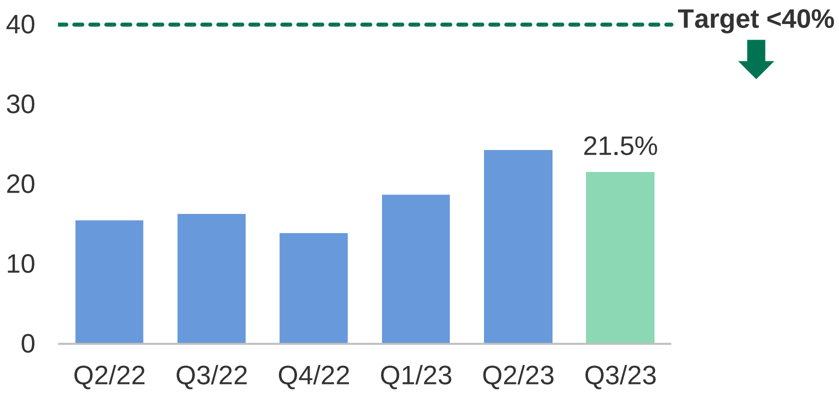
Strong returns and solid financial position

Comparable ROACE, rolling 12 months, %



- At the end of September, Comparable ROACE was 27.2%, which clearly exceeds our target of over 15%

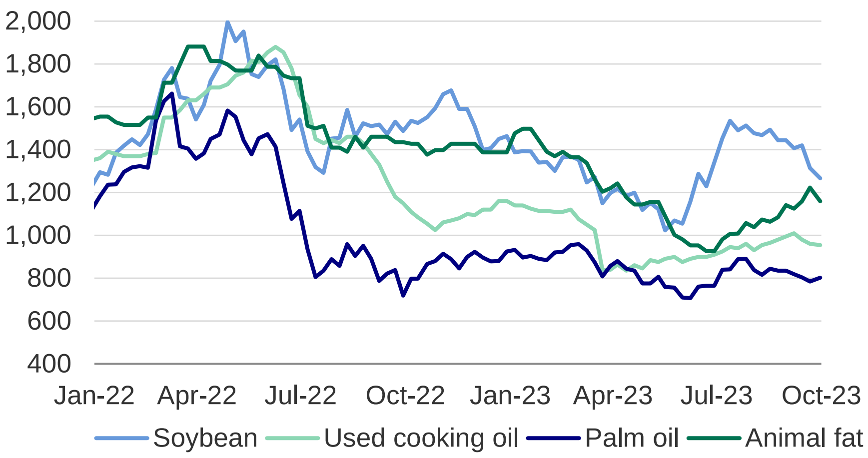
Leverage, %



- Leverage ratio remains well in our target of below 40% and totalled 21.5% at the end of September

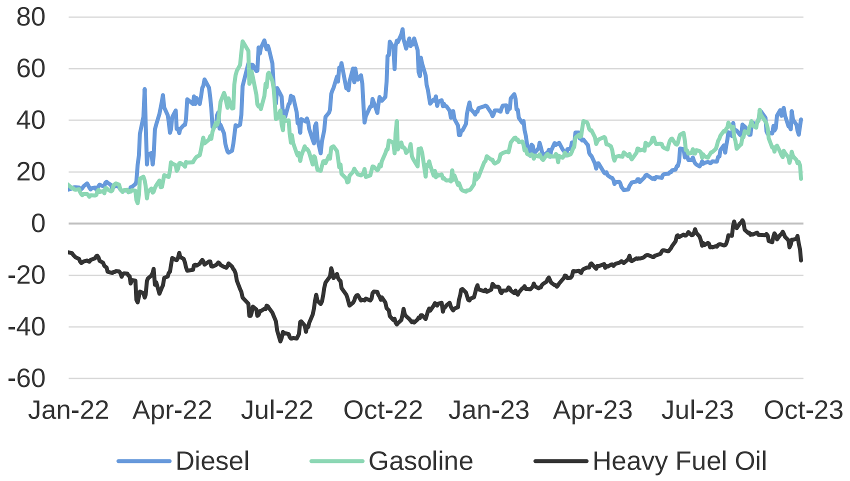
Business environment highlights

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



- In Q3/23, waste and residue prices increased on average compared to Q2/23

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



- Diesel margin at a high level during Q3/23 – also crude oil price trending up during Q3/23

1) Quotations in NWE
Sources: The Jacobsen, Argus, Reuters, Platts

Group financials Q3 2023

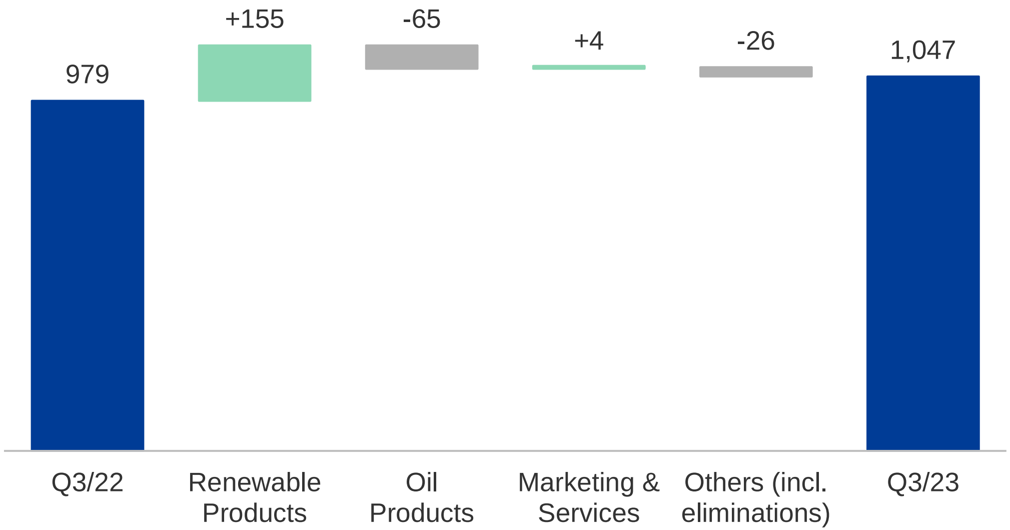
Group financials Q3/2023

Comparable EBITDA at EUR 1,047 (979) million, record-high quarterly result EUR 545 (389) million in Renewable Products, +40% y-o-y

MEUR	Q3/23	Q3/22	1-9/23	1-9/22	2022
Revenue	5,973	6,583	16,622	19,145	25,707
EBITDA	889	456	1,876	2,299	3,048
Comparable EBITDA	1,047	979	2,661	2,643	3,537
Renewable Products	545	389	1,473	1,347	1,762
Oil Products	472	537	1,104	1,204	1,654
Marketing & Services	42	38	94	105	126
Others (incl. eliminations)	-12	15	-9	-13	-5
Operating profit	669	289	1,266	1,821	2,410
Cash flow before financing activities	403	-18	277	-986	-390
Comparable earnings per share, EUR	0.88	0.79	2.22	2.21	3.04

Comparable EBITDA improvement driven by Renewables

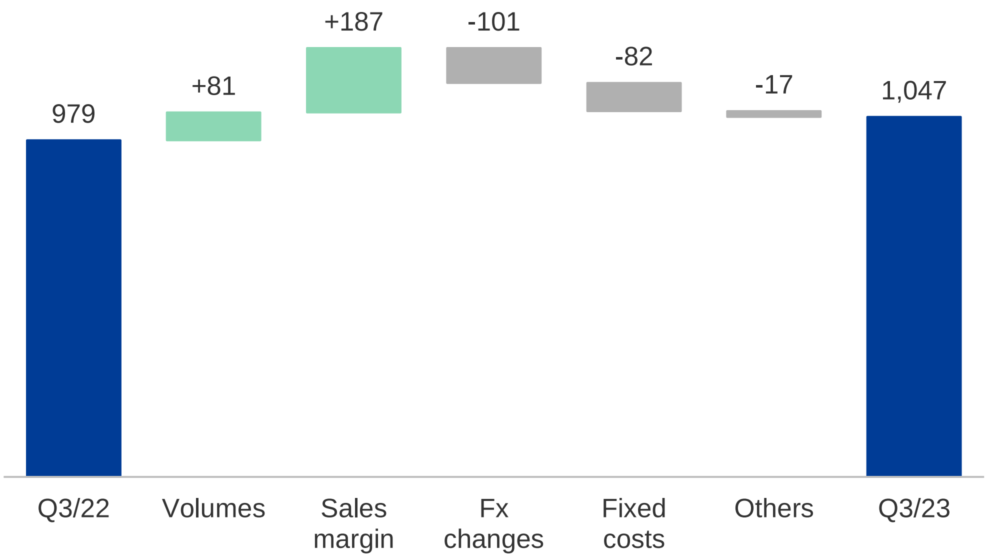
Group comparable EBITDA by segments Q3/23 vs. Q3/22, MEUR



- Group comparable EBITDA EUR 1,047 (979) million
- Renewable Products' Comp. EBITDA EUR 545 (389) million, mainly due to a higher sales margin and higher sales volume y-o-y
- Oil Products' Comp. EBITDA EUR 472 (537) million, mainly due to a slightly lower total refining margin y-o-y. Significant margin improvement vs. Q2/2023
- Marketing & Services Comp. EBITDA EUR 42 (38) million
- Difference in other items due to cost allocation changes

Q3/23: Strong sales margin and higher volumes y-o-y

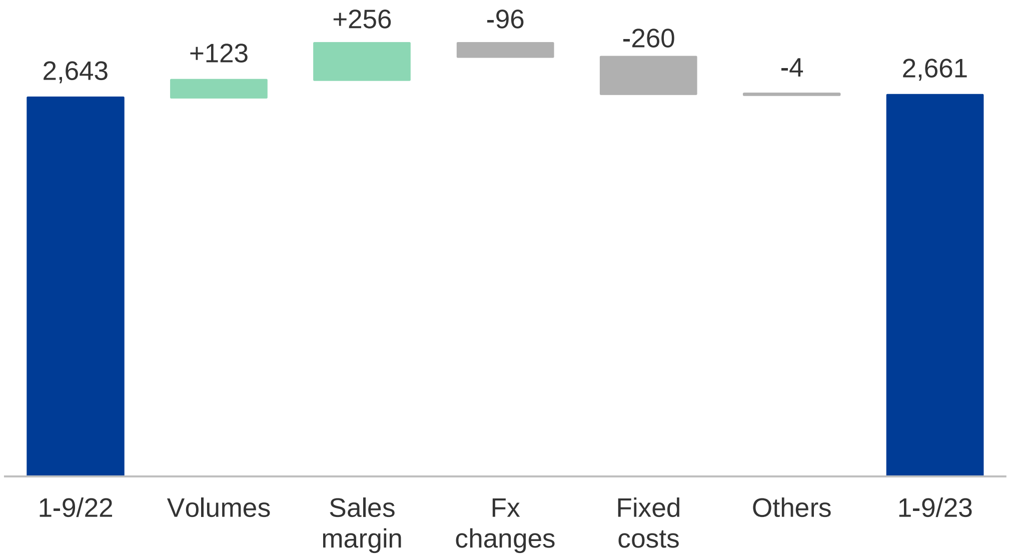
Group comparable EBITDA Q3/23 vs. Q3/22, MEUR



- Sales volumes in renewable diesel and SAF increased to 860 (698) ktons and in Oil Products to 2,907 (2,880) ktons
- Renewable Products' sales margin high at USD 912 (732)/ton, supported by strong diesel price and successful global optimization
- Oil Products' total refining margin strong at USD 26.9 (28.0)/bbl, driven by high diesel and gasoline margins
- Weaker US dollar y-o-y
- Fixed costs higher y-o-y, but growth against Q2/23 slower

YTD result driven by volumes and sales margin

Group comparable EBITDA 1-9/23 vs. 1-9/22, MEUR



- Sales volumes in renewable diesel and SAF increased to 2,459 (2,252) ktons and in Oil Products to 8,707 (8,271) ktons
- Sales margin in Renewable Products 889 (785) USD/ton YTD, positive impact on Comp. EBITDA y-o-y
- Oil Products' total refining margin 21.9 (23.4) USD/bbl YTD, slightly negative impact on Comp. EBITDA y-o-y
- Weaker US dollar and higher fixed costs y-o-y. Going forward, efficiency improvements will start impacting fixed cost growth

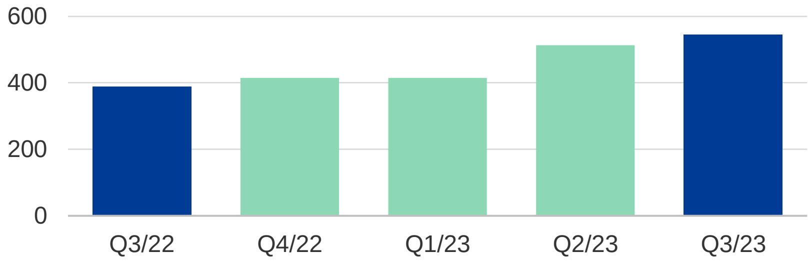
Cash flow before financing activities improved markedly y-o-y, despite substantial continuing growth investments

MEUR	Q3/23	Q3/22	Q2/23	1-9/23	1-9/22	2022
EBITDA	889	456	523	1,876	2,299	3,048
Capital gains/losses	0	-1	0	0	0	0
Other adjustments	190	82	-36	333	249	-55
Change in net working capital	-268	347	3	-473	-1,958	-1,357
Net finance costs	4	-8	-33	-52	-34	-42
Income taxes paid	-19	-33	-40	-93	-100	-398
Net cash generated from operating activities	**796**	**842**	**418**	**1,590**	**457**	**1,197**
Capital expenditure	-246	-884	-395	-1,191	-1,312	-1,757
Other investing activities	-147	23	-46	-122	-132	170
Cash flow before financing activities	**403**	**-18**	**-24**	**277**	**-986**	**-390**

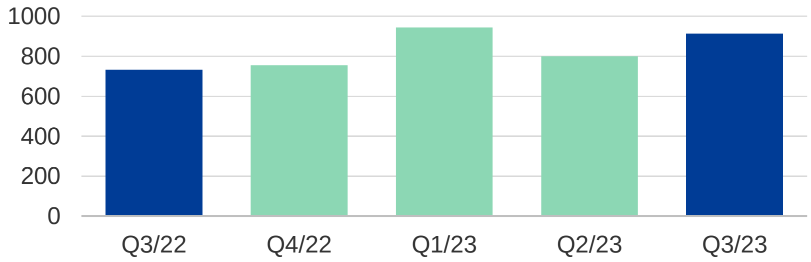
Q3 2023
Segment reviews

Q3/23: Strong margins in Renewable Products

Comparable EBITDA, MEUR



Comparable sales margin[1], USD/ton

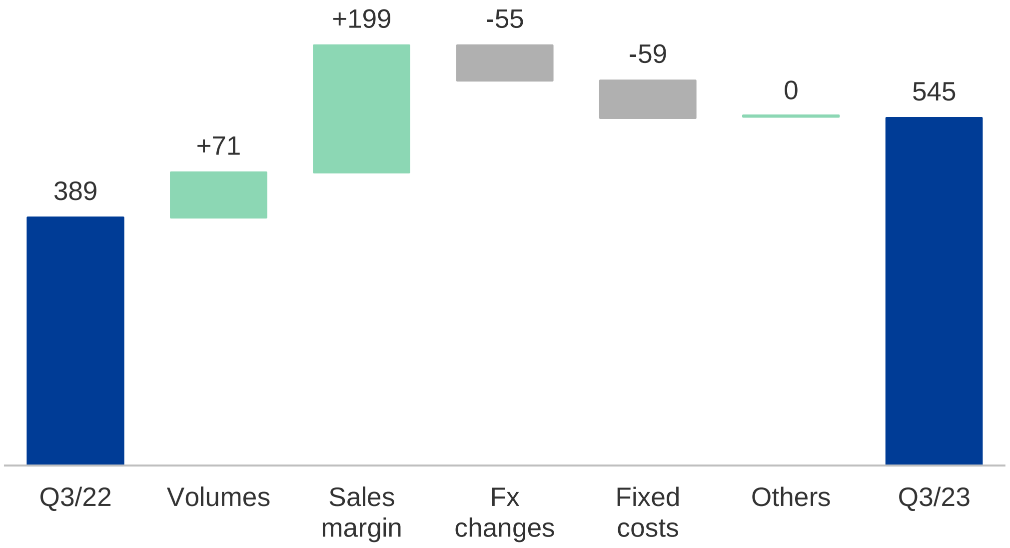


- Comparable EBITDA EUR 545 (389) million
- Comparable sales margin[1] USD 912 (732)/ton
- Sales volume for RD 823 (666) ktons and SAF 36 (32) ktons, share of Europe 55 (66)%, US 45 (34)%
- High share of waste and residue feedstock at 92 (96)%
- Comparable RONA[2] 20.9 (28.7)%
- Investments EUR 207 (827) million
- Utilization rate 92 (80)%

1) Comparable sales margin calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated
2) Last 12 months

Strong sales margin with higher volume driving the result

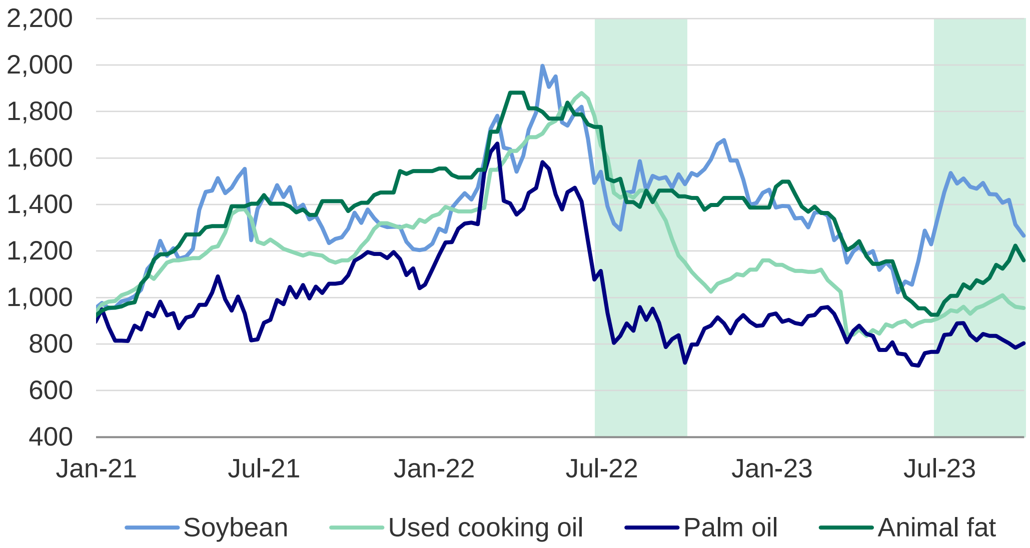
Comparable EBITDA Q3/23 vs. Q3/22, MEUR



- Sales volumes in renewable diesel and SAF increased to 860 (698) ktons despite the delayed ramp-up of the new production line in Singapore
- Renewable Products' sales margin high at USD 912 (732)/ton, supported by strong diesel price and successful global optimization
- Segment's fixed costs were EUR 59 million higher, driven by the growth strategy execution. Going forward, efficiency improvements will start impacting fixed cost growth

W&R stronger, SBO declines after gaining strength

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

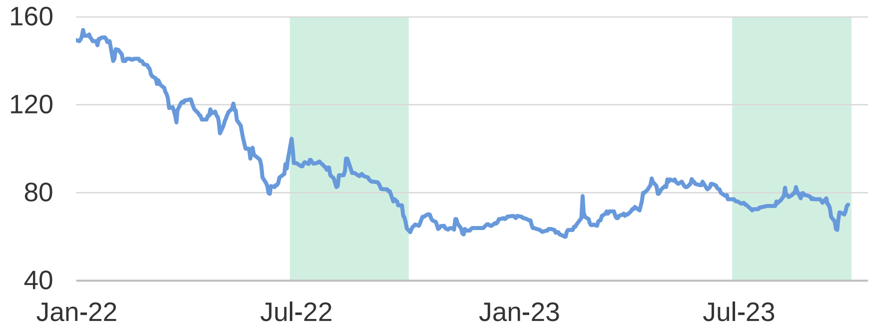


- In vegetable oils, soybean oil led the price movements while palm oil stayed relatively stable
- Global waste and residue prices were on an increasing trend
- Highest waste and residue price levels in the US where demand was supported by renewable diesel capacity increases

1) Quotations in NWE
Source: The Jacobsen - DCO Pure Beef Tallow (10%ffa, 99%), Argus UCO CIF ARA, Reuters Soybean oil BOc1, Reuters Palm oil FUPOc3.

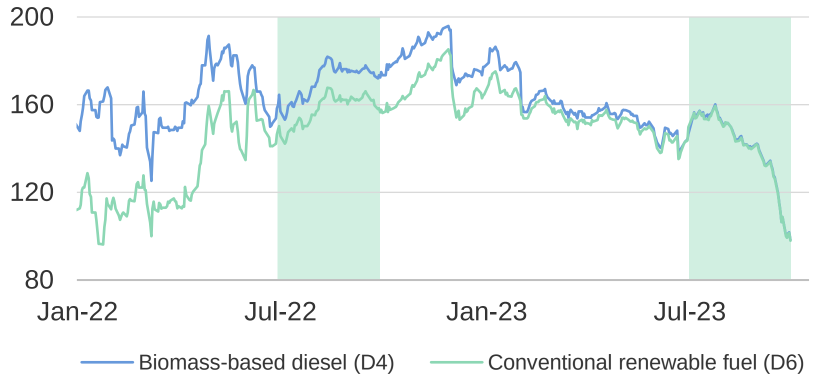
Key market drivers in the US market, D4 RIN downwards

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



- LCFS credit price remained unchanged although California Air Resources Board (CARB) published a proposal to tighten future carbon intensity targets
- Q3/23 California LCFS credit USD 75 (86)/ton

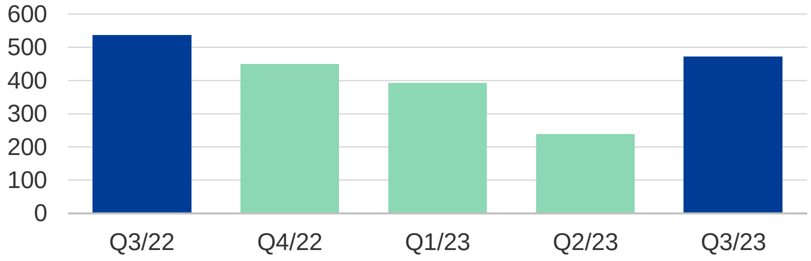
RIN prices, US cent/gal



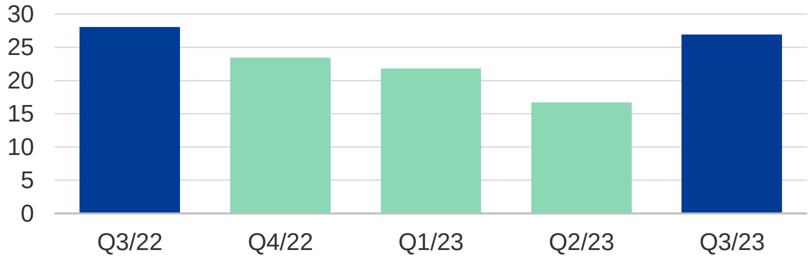
- D4 RIN stayed above USD 1.50/gal in the beginning of the quarter supported by SBO price versus heating oil, but from mid-quarter on a downward trend
- Q3/23 D4 RIN USD 1.40 (1.71)/gal

Oil Products' margin improved significantly from Q2/23

Comparable EBITDA, MEUR



Total refining margin, USD/bbl

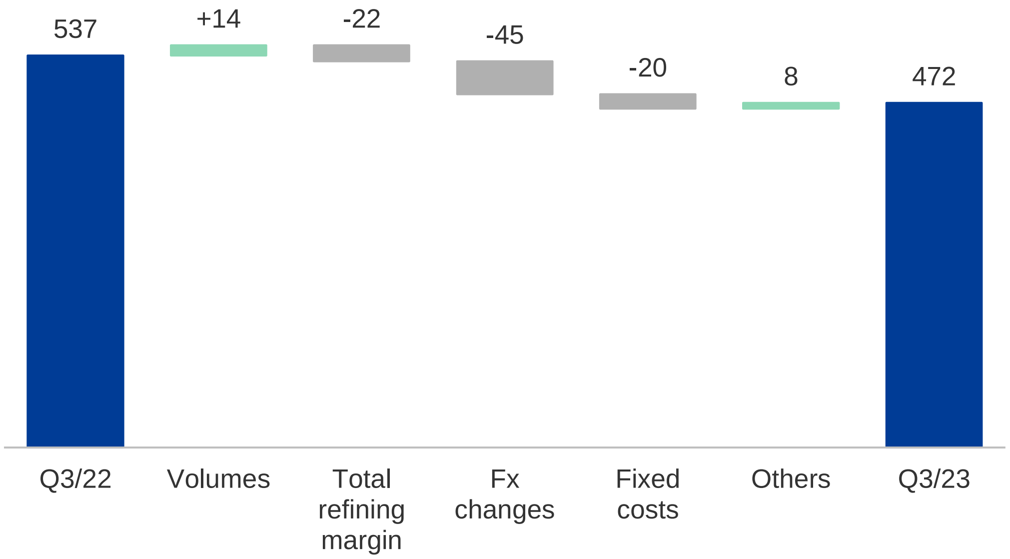


- Comparable EBITDA EUR 472 (537) million
- Total refining margin USD 26.9 (28.0)/bbl, significant increase from USD 16.7/bbl in Q2/23
- Comparable RONA[1] 47.0 (38.3)%
- Sales volume 2.9 (2.9) Mtons
- Investments EUR 40 (41) million
- Refinery average utilization rate 92 (80)%
- Refinery production costs USD 6.2 (7.2)/bbl

1) Last 12 months

Q3/23 total refining margin lower than y-o-y, but clearly above long-term averages

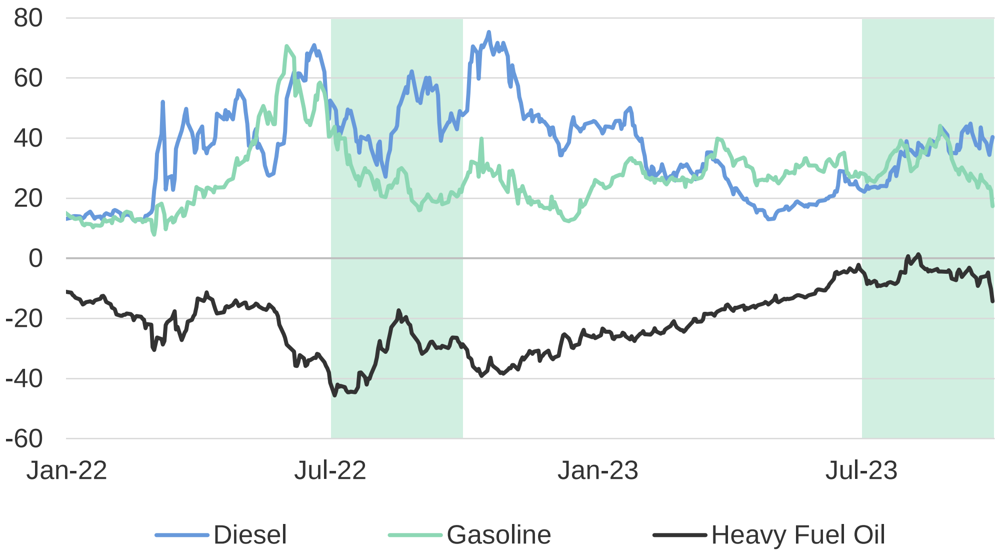
Comparable EBITDA Q3/23 vs. Q3/22, MEUR



- Sales volumes in Oil Products increased slightly to 2,907 (2,880) ktons
- Neste's refining margin was supported particularly by the strong diesel margin
- Weaker US dollar had a negative impact of EUR -45 million y-o-y
- Fixed costs were EUR 20 million higher y-o-y

Diesel margin rising throughout the quarter

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

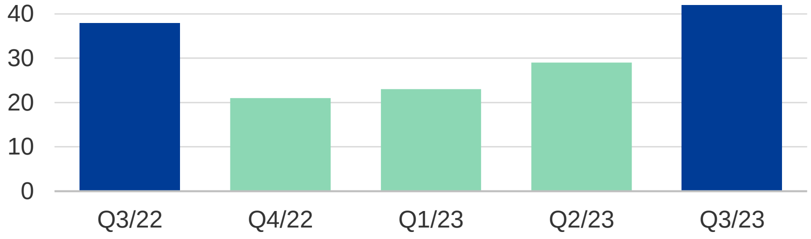


- Diesel and gasoline margins increased clearly during the quarter as outages tightened inventories
- Gasoline demand was strong during the summer driving season despite a challenging economic outlook and rising cost of living
- Industrial diesel demand was impacted by the economic situation in Europe and the US, together with China's slower industrial growth and real estate sector challenges

Source: Platts

Marketing & Services performed very well

Comparable EBITDA, MEUR



Sales volumes by main product categories, million liters

	7-9/23	7-9/22	1-9/23	1-9/22	2022
Gasoline station sales	167	167	467	451	600
Diesel station sales	397	413	1,185	1,206	1,620
Heating oil	180	233	561	614	907

- Comparable EBITDA EUR 42 (38) million
- Sales volumes decreased y-o-y, which had a negative impact of EUR -5 million
- Unit margins increased, which together with inventory gains had a positive impact of EUR 10 million y-o-y
- Comparable RONA[1] 33.9 (41.5)%
- Higher fixed costs y-o-y
- Investments EUR 5 (6) million

1) Last 12 months

Current topics

Strategy implementation near term focus

- Ramp-up of new production facilities
  - Singapore expansion production ramp-up – production at the new line expected to start up in the first half of November
  - Martinez Renewables’ construction activities progressing – Pretreatment capabilities are increasing through the second half of 2023 and expected to have a nameplate capacity of 730 million gallons per year by the end of 2023
  - Rotterdam SAF optionality project to start up in early 2024
- Optimization of term sales for 2024
- Cost efficiency and productivity improvements

Profitable growth in renewable and circular solutions for selected markets

Profitable growth

- **Expand global feedstock base** both short and long term
- Grow in attractive markets**, e.g. Renewable Aviation and Renewable Polymers and Chemicals businesses**

Flexible business platform with focus on efficiency

Optionality

- **Increased optionality** in feedstocks, products and markets

Cost

- Focus on **efficiency improvement to increase cost competitiveness**

Outlook

Outlook

The outlook in the global economy continues to be uncertain, volatility expected to continue

Renewable Products

- Q4/23 renewable diesel and SAF sales volume is expected to be somewhat lower than in Q3/23
    - Impacted by the planned maintenance shutdowns in Martinez and Rotterdam in Q4/23
- Singapore new line is targeted to reach approximately 75% capacity utilization by the end of 2023 and to contribute to SAF sales volumes in 2024
- Comparable sales margin is expected to remain very strong and to be in the range of USD 800–900/ton
- Rotterdam refinery's scheduled 4-week maintenance shutdown is estimated to have an adverse impact of approx. EUR 65 million on the segment's comparable EBITDA

Oil Products

- Q4/23 total refining margin is expected to be lower than in Q3/23
- Sales volumes in Q4/23 expected to be approx. at the same level than in the corresponding period previous year

Marketing & Services

- Sales volumes and unit margins expected to follow the previous years' seasonality pattern in Q4/23

Other topics

- Based on a FX hedging rate of approx. 85%, Neste's effective EUR/US dollar rate is expected to be within the range of 1.06–1.08 in Q4/23
- Group's FY 2023 cash-out capital expenditure excl. M&A estimated to be approx. EUR 1.5–1.6 billion

Appendix

Renewable Products’ comparable EBITDA calculation

	Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23
Total RP sales volume, kton[1]	720	808	3,127	678	957	883
Comparable sales margin, USD/ton[2]	**732**	**755**	**779**	**945**	**800**	**912**
Comparable sales margin, MEUR	523	598	2,314	598	703	741
Fixed costs, MEUR	-135	-189	-558	-184	-192	-194
Comparable EBITDA, MEUR	**389**	**415**	**1,762**	**415**	**513**	**545**

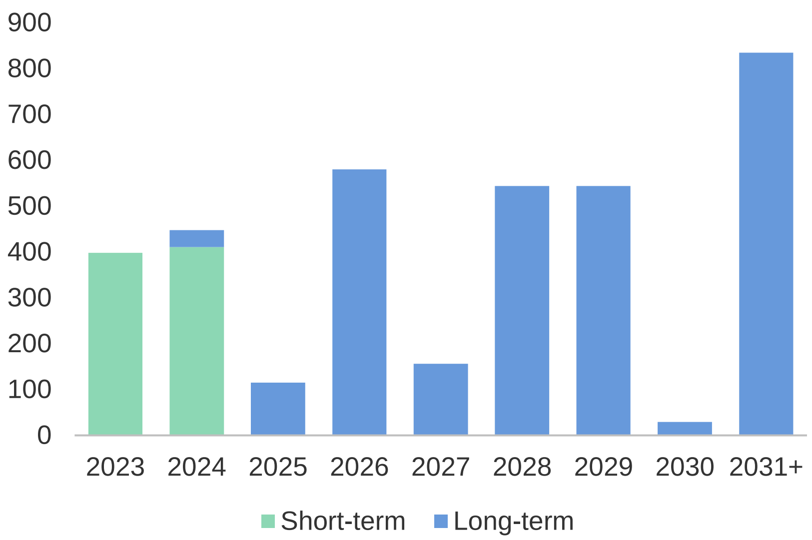
1) Renewable Products sales volume includes RD, SAF and other products
2) Comparable sales margin calculation formula has been adjusted effective 1 January 2023 and the figures for 2022 restated

Oil Products' refinery production costs

		Q3/22	Q4/22	2022	Q1/23	Q2/23	Q3/23
Refined products	million barrels	22.2	20.3	87.1	21.3	21.3	22.3
Exchange rate	EUR/USD	1.01	1.02	1.05	1.07	1.09	1.09
Utilities costs	MEUR	109.4	113.3	428.7	102.4	68.9	74.5
	USD/bbl	5.0	5.7	5.2	5.2	3.5	3.6
Fixed costs	MEUR	41.7	62.5	190.9	49.7	55.6	52.8
	USD/bbl	1.9	3.1	2.3	2.5	2.8	2.6
External cost sales	MEUR	-0.3	-0.4	-1.5	-0.5	-0.5	-0.5
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	150.8	175.4	618.1	151.6	124.0	126.9
	USD/bbl	6.8	8.8	7.5	7.7	6.3	6.2

Strong liquidity and well-balanced debt maturity profile

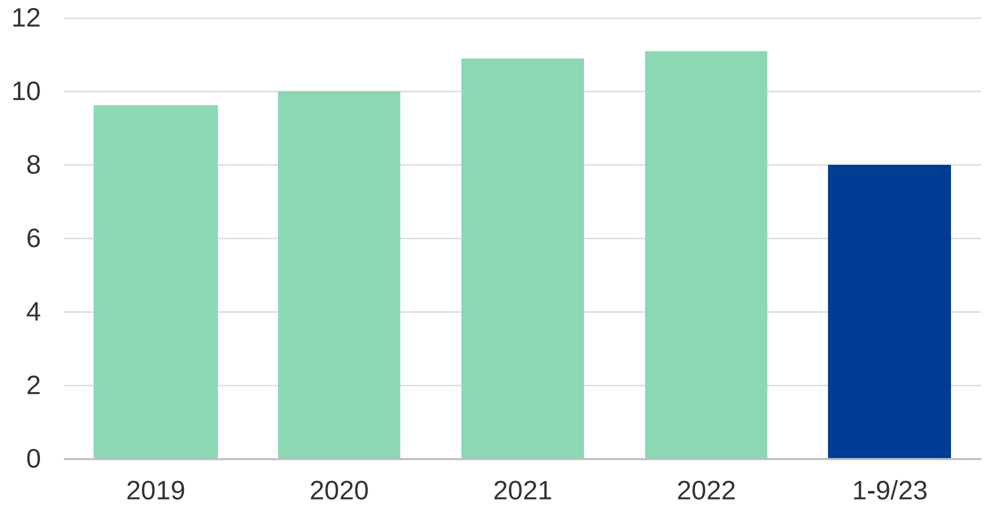
Maturity profile of debt portfolio, MEUR



- Group's total liquidity EUR 3,330 million at the end of September 2023
  - Liquid funds EUR 1,430 million
  - Unused committed credit facilities EUR 1,900 million
- Average interest rate for interest-bearing liabilities was 3.5% and maturity 4.3 years at the end of September
- No financial covenants in Group companies' existing loan agreements

Sustainability highlights Q3/23

GHG emission reduction achieved with Neste's renewable products[1], Mtons



1) Annual greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022.

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Change runs on renewables