Challenging market conditions impacting margins, initial progress on cost savings

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Agenda

1. Current topics and focus areas
   President & CEO Heikki Malinen
2. Q3 financials & performance
   CFO Martti Ala-Härkönen
3. Outlook
   President & CEO Heikki Malinen
4. Q&A

Current topics and focus areas

Key messages

1. Neste is strongly positioned to benefit from green transition
2. Performance in the current market environment not satisfactory
3. More focus required on stronger revenue generation, cost competitiveness, capital discipline and ramping up capacities on schedule & budget
4. Full potential analysis launched to enable strong performance and competitiveness in different market conditions
5. Neste to withdraw from investing into a 120 MW electrolyzer at Porvoo refinery

My early observations

Strengths

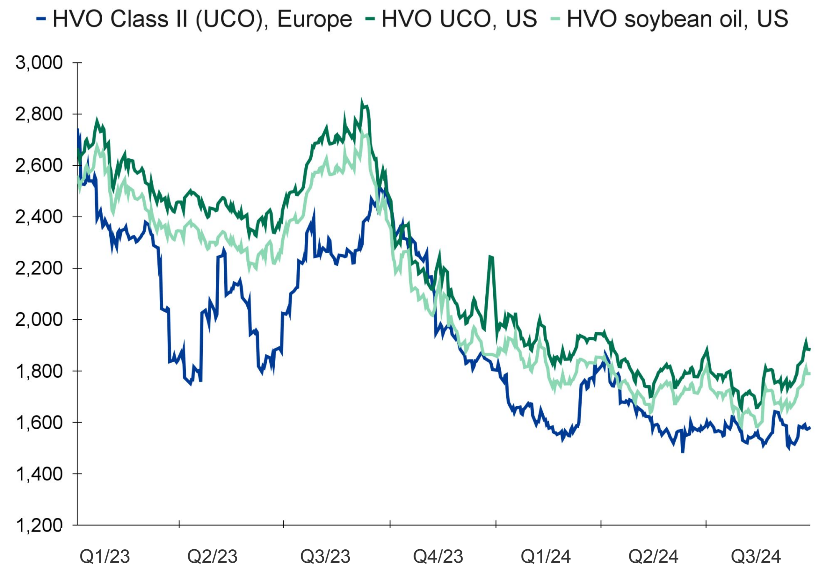
- Neste’s long-term fundamentals favorable
- Feedstock supply and pre-treatment
- RD & SAF market leader with global presence
- Cost position and cash flow of Oil Products and Marketing & Services
- Great team with leading capabilities in e.g. innovation, engineering and sustainability

Areas of concern

- Financial performance, cost competitiveness and capital discipline
- Fragmented investment and development portfolio
- Ramping up new capacities on schedule and budget
- Implications of renewables overcapacity
- Organizational clarity and direction

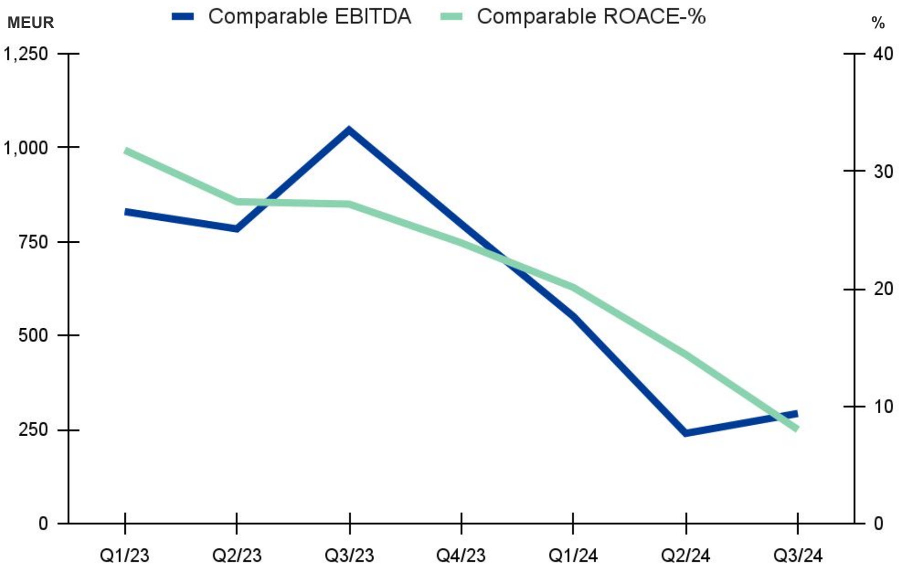
Level of performance in the current market environment is unsatisfactory

Selected Renewable Diesel (HVO) sales price quotes, USD/t



Source: Argus

Comparable EBITDA by quarter, MEUR and Comparable ROACE, R12M, %



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Full potential analysis launched

1. Objective to enable strong performance and competitiveness in different market conditions
2. A wide range of areas to be assessed e.g. costs, investment and development portfolio and commercial operations
3. Going forward, we will increase focus on execution and capital discipline

Neste to withdraw from investing into a 120 MW electrolyzer at Porvoo refinery

We still aim to utilize renewable hydrogen in Porvoo.

Why?

- The company's challenging market conditions and financial performance requires us to critically assess any new investments.
- The tight limitations on the use of renewable hydrogen in the refinery's processes in fulfilling the Finnish national distribution obligation does not support the full economic utilization of electrolyzer of this size.

What next?

- Evaluation of alternative pathways for securing renewable hydrogen in Porvoo will start immediately.
- In addition, we aim to:
  - Further electrify our production
  - Improve energy efficiency
  - Use lower-emission raw materials to replace fossil raw materials in hydrogen production

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Q3 financials & performance

Challenging market conditions impacting margins, initial progress on cost savings

- Result in Q3/24 reflects the further weakened market both in Renewable Products and Oil Products
- Sales volumes increased quarter on quarter in RP (including SAF sales) and OP
- Cost savings starting to be visible, e.g. fixed costs markedly below LY and previous quarter
- Further performance improvement actions will be required going forward

Q3 2024

Group comparable EBITDA, EUR m	Comparable sales margin, USD/ton	Total refining margin, USD/bbl
293 (1,047)	**341** (912)	**10.6** (26.9)
Sales volume, renewable products, kton	Cash flow before financing activities	Comparable ROACE*, %
999 (883)	**-16** (403)	**8.0** (27.2)

*Last 12 months

TRIF	PSER	GHG emission reduction, Mton
1.8 (4.1)	**1.2** (0.0)	**3.6** (2.5)

Figures in parentheses refer to the corresponding period for 2023

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Key market environment drivers in Q3/2024

		Avg, Q3/24	Change, % vs. Q2/24	Change, % vs. Q3/23
Macro drivers[1)]	Crude oil price (USD/bbl)	80.2	-6	-8
	Diesel price (USD/ton)	721	-8	-20
Renewable feedstock costs[2)]	Used cooking oil (USD/ton)	956	-1	-1
	Animal fat (USD/ton)	972	0	+3
Renewable US credit prices[3)]	California LCFS (USD/ton)	54	+4	-28
	RIN D4 (US cent/gal)	60	+18	-57
Oil product margins[4)]	Diesel (USD/bbl)	16.6	-20	-52
	Gasoline (USD/bbl)	15.9	-36	-49
	HFO (USD/bbl)	-10.5	-3	91

positive for Neste | negative for Neste

- The Q3 comparable sales margin in Renewable Products was affected by (comparison y-o-y):
  - a substantial decrease in diesel price. Weakening diesel price main factor also q-o-q
  - weak US bioticket and renewable credit prices and spot premiums in Europe
  - waste and residue feedstock prices remained flat
- Oil Product margins (product cracks) decreased clearly during Q3, decline visible both y-o-y and q-o-q

1) Platt's - Brent; ULSD CIF NWE 2) AF (EU) - Gebrüder Pöhner, UCO (EU) - Argus 3) OPIS 4) Platt's

Focus on efficiency, NWC optimization and balance sheet strength to continue

Fixed cost efficiency

- Q3/24 comparable fixed costs EUR 16 million lower y-o-y
- Q3/24 employee benefit costs EUR 126 (162) million, 36 M€ below LY
- Full-year 2024 fixed costs expected to be lower than in 2023

Net working capital optimization

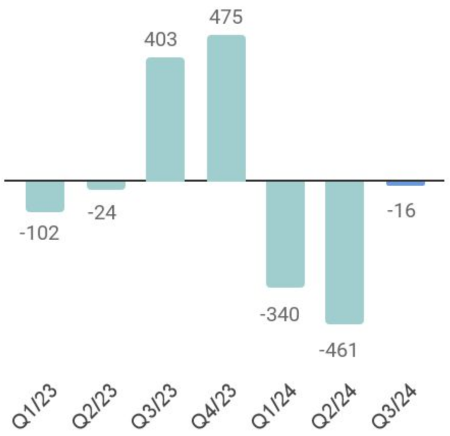
- Q3/24 change in NWC EUR 143 (-268) million, improvement y-o-y
- YTD: change in NWC EUR -255 (-473) million, improvement y-o-y
- NWC optimization high focus area in Q4/24

Strong balance sheet and liquidity

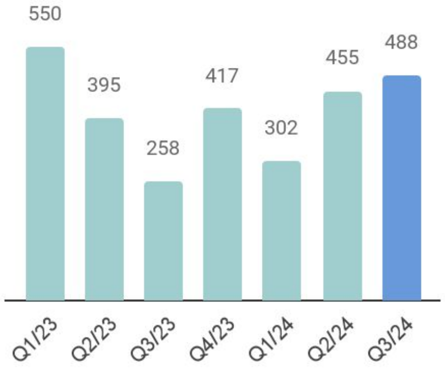
- Q3/24 liquid funds and committed unutilized credit facilities EUR 2,572 million (Q2/24: EUR 2,423 million)

Q3/24 cash flow impacted by weak EBITDA and higher capex, cash flow high focus area in Q4/24

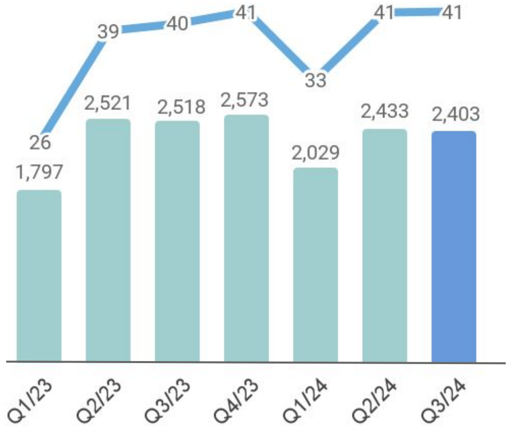
Cash flow before financing activities, EUR million



Cash out investments, EUR million

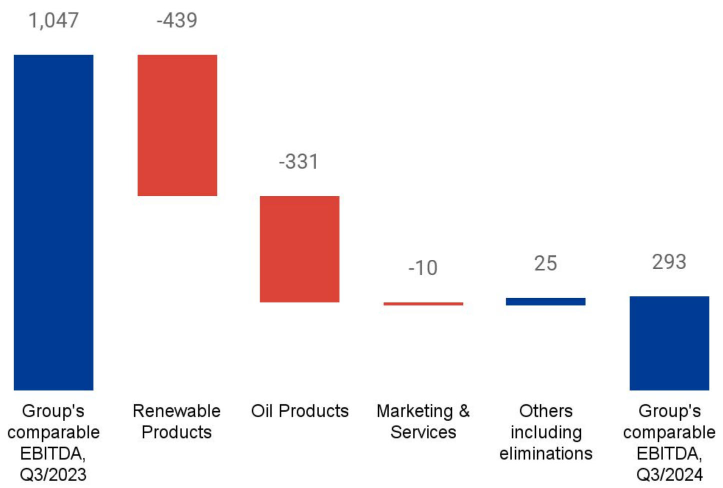


Net working capital, EUR million and in days outstanding

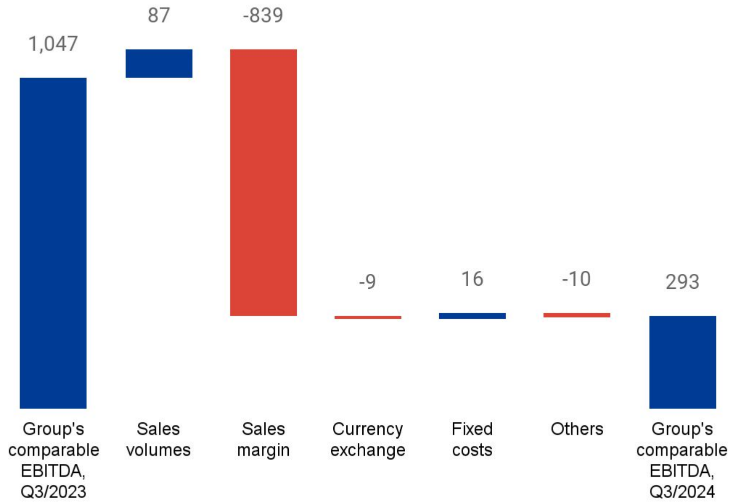


Q3/24 result reflects the challenging renewable and oil product market conditions

Group Comp. EBITDA, by segment, Q3/24 vs. Q3/23



Group Comp. EBITDA, by driver, Q3/24 vs. Q3/23



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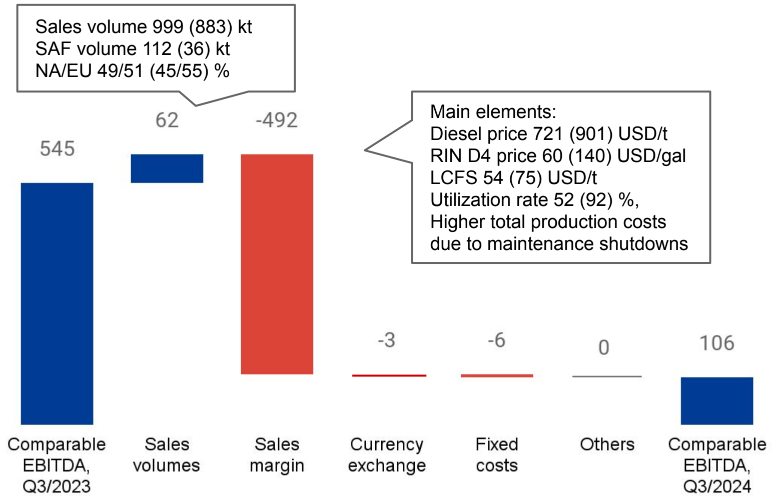
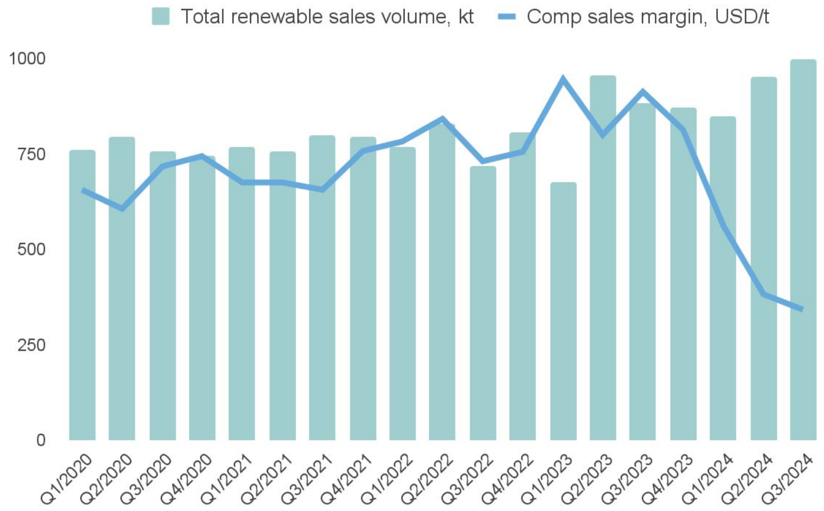
Renewable Products: Market environment continued to weaken in Q3/24

Comparable EBITDA Q3/24 vs. Q3/23, MEUR

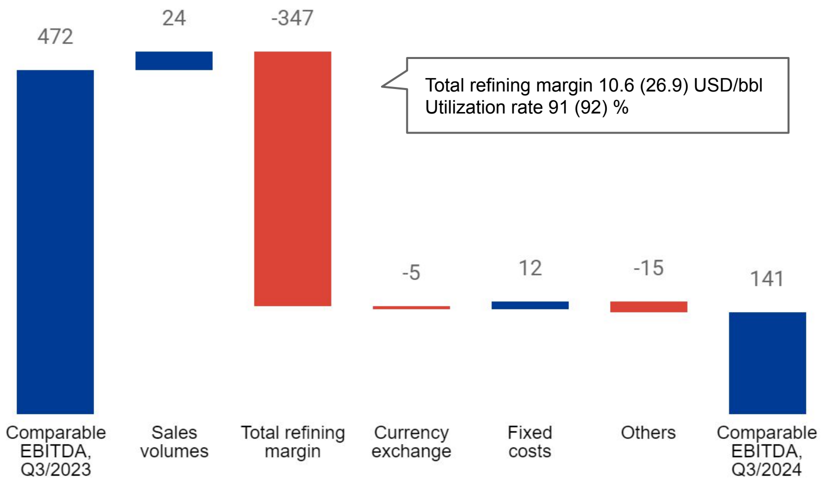


Total renewable sales volume, kt and Comparable sales margin, USD/ton

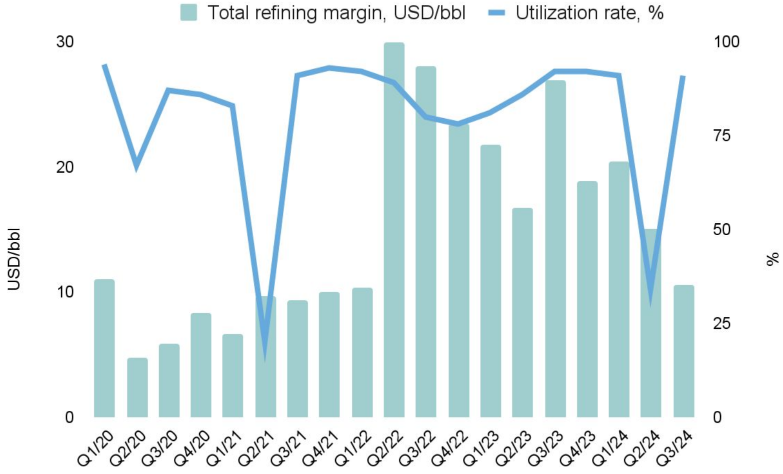


Oil Products: Solid operational performance, but product cracks decreased considerably during Q3

Comparable EBITDA Q3/24 vs. Q3/23, MEUR

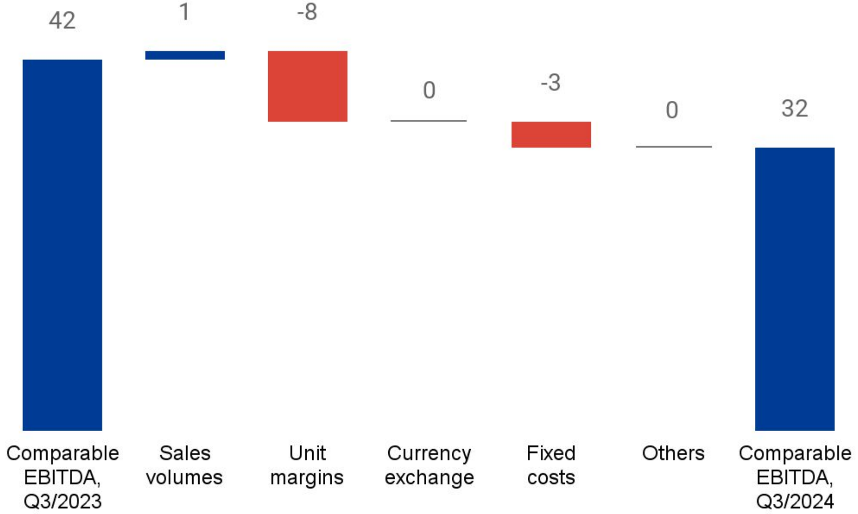


Total refining margin, USD/bbl (left axis) and utilization rate, % (right axis)

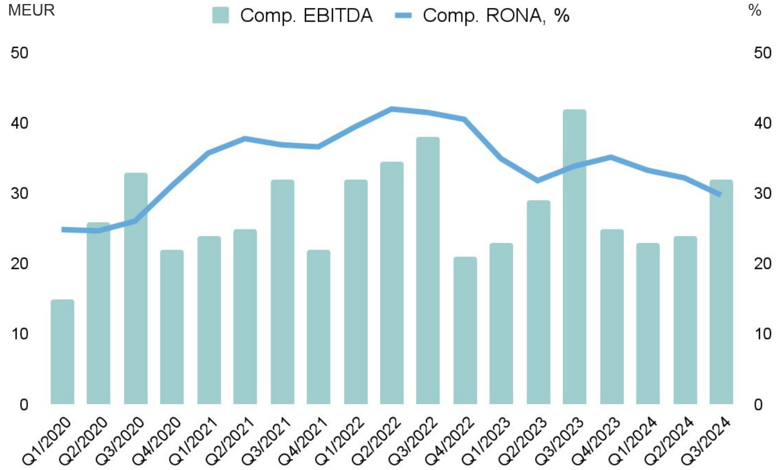


Marketing & Services: Q3 Comparable RONA at 29.8 (33.9)%

Comparable EBITDA Q3/24 vs. Q3/23, MEUR

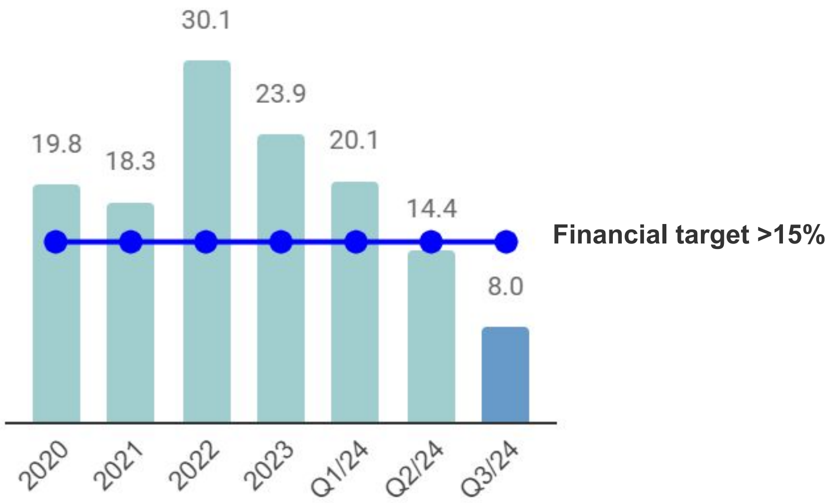


Comp. EBITDA, MEUR (left axis) and Comp. RONA (L12M), % (right axis)

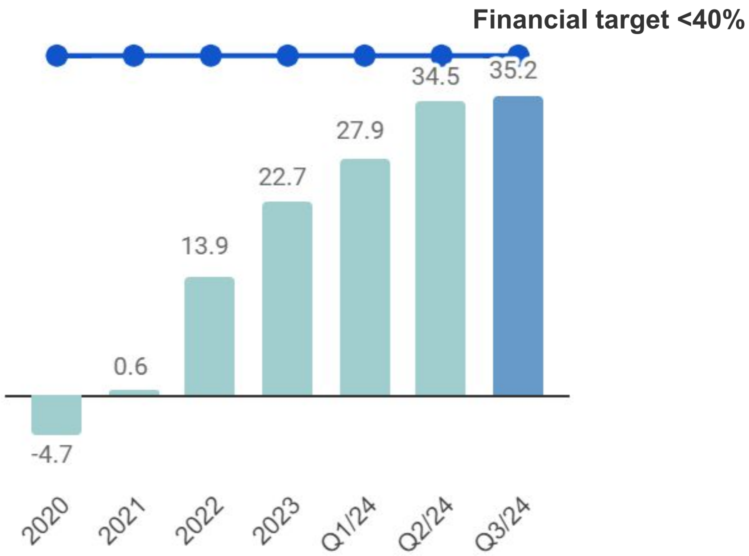


Financial targets: Comparable ROACE below target level (>15%), leverage meeting target level (<40%)

Comparable ROACE, after tax, rolling 12 months %



Leverage, Net debt to capital, %



Outlook

Market outlook and guidance for 2024

Guidance for 2024

Renewable Products	Oil Products
Renewable Products’ total sales volume is expected to increase from 2023 and to reach approximately 3.9 Mt (+/- 5%) in 2024, out of which SAF sales volume is expected to be 0.35–0.55 Mt	Sales volume in 2024 lower than in 2023, impacted by the Porvoo major turnaround in the second quarter
Full-year 2024 average sales margin USD 360-480/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 to create market volatility
- In Renewable Products, bioticket and renewable credit prices and renewable diesel price premiums are expected to remain at a low level compared to 2023 and feedstock prices are expected to remain volatile
- In Oil Products, the refining market continues to be impacted by geopolitical tensions

Additional information

- In Renewable Products, full-year sales volume is impacted by the planned maintenance shutdowns and the ramp-up timeline of Martinez Renewables joint operation (Martinez). Singapore’s new line is scheduled to have an 8-week maintenance shutdown in the fourth quarter, after which full capacity is expected to be reached. The Martinez facility is targeted to be able to run at 100% by the end of the year. Neste optimizes its production capacity utilization in Renewable Products according to the market situation. SAF sales are expected to increase towards the end of the year.
- The Group’s total fixed costs in 2024 are expected to be lower (previously slightly higher) than in 2023
- The Group’s full-year 2024 cash-out capital expenditure excluding M&A is estimated to be approximately EUR 1.4–1.6 billion

Opportunities and uncertainties

Opportunities

- Global macroeconomy improves
- Diesel price recovery
- Effective implementation of climate regulation
- Long-term demand growth potential in renewable and circular solutions
- Neste potential

Uncertainties

- Geopolitical tensions
- CFPC vs. BTC
- Unfair trade policies

Appendix

Renewable Products: Key market drivers in the US market

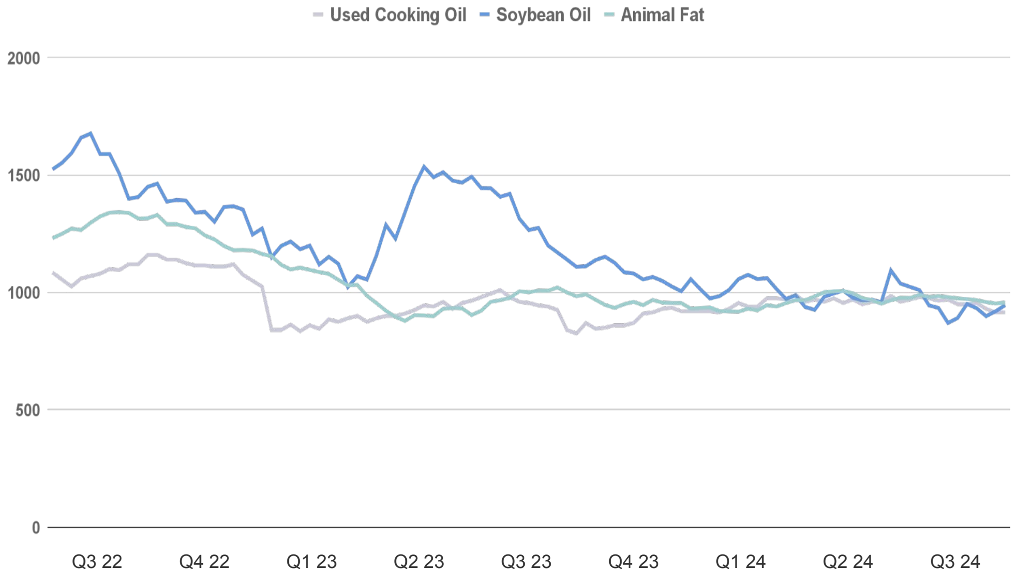
California Low Carbon Fuel Standard, LCFS credit price, USD/ton

RIN prices, US cent/gal

Source: Opis

W&R and vegetable oil price development

Selected waste and residue and vegetable oil prices[1], USD/ton



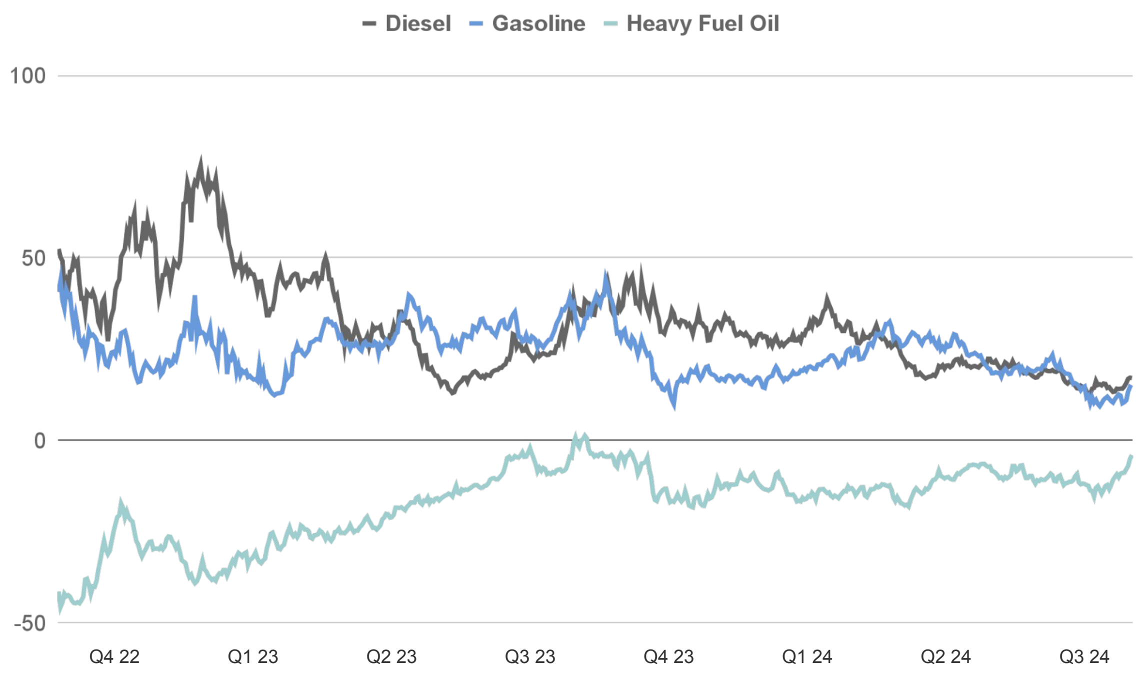
Comments

- Waste and residue prices remained rather stable during Q3

1) Source: AF (EU) - Gebrüder Pöhner, UCO (EU) - Argus, SBO (US) - Reuters

Oil Products: Key product margins

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



Source: Platts

Comments

- Gasoline margin drifting down while stocks held steady at levels above last summer
- Diesel margin moving downwards with high imports and subdued demand
- Volatility expected to continue

Group financials Q3/24

Comparable EBITDA totaled EUR 293 million (EUR 1,047 million)

MEUR	Q3/24	Q3/23	Q2/24	1-9/24	1-9/23	2023
Revenue	5,624	5,973	4,642	15,067	16,622	22,926
EBITDA	301	889	119	861	1,876	2,548
Comparable EBITDA	293	1,047	240	1,084	2,661	3,458
Renewable Products	106	545	152	500	1,473	1,906
Oil Products	141	472	62	480	1,104	1,434
Marketing & Services	32	42	24	78	94	118
Others (incl. eliminations)	9	-6	-1	16	-5	-2
Operating profit	54	669	-119	135	1,266	1,682
Cash flow before financing activities	-16	403	-461	-817	277	751
Comparable earnings per share, EUR	0.02	0.88	-0.05	0.30	2.22	2.88

Cash flow impacted by weak EBITDA

MEUR	Q3/24	Q3/23	Q2/24	1-9/24	1-9/23	2023
EBITDA	301	889	119	861	1,876	2,548
Capital gains/losses	0	0	0	-3	0	0
Other adjustments	-178	190	-23	-208	333	108
Change in net working capital	143	-268	-16	-255	-473	21
Finance cost, net	-51	4	-37	-122	-52	-91
Income taxes paid	77	-19	-32	-2	-93	-307
Net cash generated from operating activities	**292**	**796**	**11**	**272**	**1,590**	**2,279**
Capital expenditure	-487	-246	-455	-1,243	-1,191	-1,607
Other investing activities	180	-147	-17	154	-122	79
Cash flow before financing activities	**-16**	**403**	**-461**	**-817**	**277**	**751**

Renewable Products’ comparable EBITDA calculation

		Q3/23	Q4/23	2023	Q1/24	Q2/24	Q3/24
Total RP sales volume	kton[1]	883	870	3,382	849	955	999
Comparable sales margin	**USD/ton**	**912**	**813**	**863**	**562**	**382**	**341**
Comparable sales margin	MEUR	741	657	2,699	439	339	310
Fixed costs	MEUR	-194	-221	-791	-211	-190	200
Comparable EBITDA	**MEUR**	**545**	**433**	**1,906**	**242**	**152**	**106**

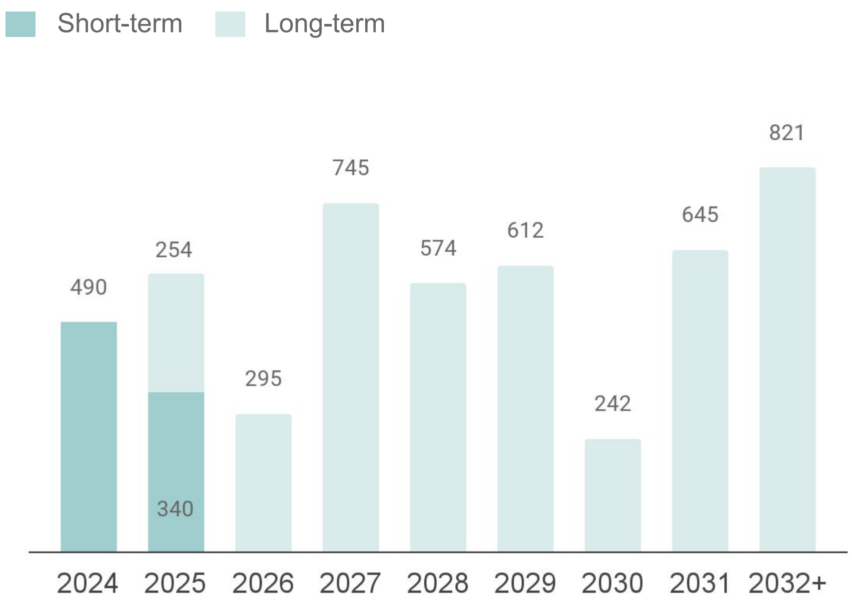
1) Renewable Products sales volume includes RD, SAF and other products

Oil Products' refinery production costs

		Q3/23	Q4/23	2023	Q1/24	Q2/24	Q3/24
Refined products	million bbls	22.3	22.6	87.5	21.4	10.2	22.2
Exchange rate	EUR/USD	1.09	1.08	1.08	1.09	1.08	1.10
Utilities costs	MEUR	74.5	74.0	319.8	70.3	46.5	61.4
	USD/bbl	3.6	3.5	4.0	3.6	4.9	3.0
Fixed costs	MEUR	52.8	57.0	215.1	53.9	55.7	52.9
	USD/bbl	2.6	2.7	2.7	2.7	5.9	2.6
External cost sales	MEUR	-0.5	-0.5	-1.9	-0.5	-0.4	-0.4
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	126.9	130.5	533.0	123.8	101.8	113.9
	USD/bbl	6.2	6.2	6.6	6.3	10.8	5.6

Liquidity and maturity profile

Maturity profile, MEUR



- Group's liquidity EUR 2,572 million at the end of September
  - Liquid funds EUR 922 million
  - Unused committed credit facilities EUR 1,650 million
- Average interest rate for interest-bearing liabilities was 3.6% and maturity 4.1 years at the end of September
- No financial covenants in Group companies' loan agreements