



# Third quarter results 2015

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23 October 2015

**NESTE**

# Agenda

- 1 Q3/15 Group financials
- 2 January-September 2015 review
- 3 Q3/15 segment reviews
- 4 Current topics
- 5 Appendix

# Disclaimer

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.

# Record-high quarter

- All-time high quarterly comparable operating profit of EUR 281 million
- Refining margin environment continued strong
- Strong cash flow thanks to high EBITDA and reduced working capital
- Production facilities in normal operation after scheduled turnaround in Porvoo

# Q3/15 Group financials



# Group financials Q3/15

MEUR	Q3/2015	Q3/2014
Revenue	3,023	3,846
Comparable EBITDA	368	273
Comparable operating profit	281	191
Oil Products	178	111
Renewable Products	75	53
Oil Retail	27	26
Others (incl. eliminations)	0	2
IFRS operating profit	158	54
Net cash from operations	322	-144
Comparable earnings per share, EUR	0.89	0.49

# Support from favorable market and strong US dollar

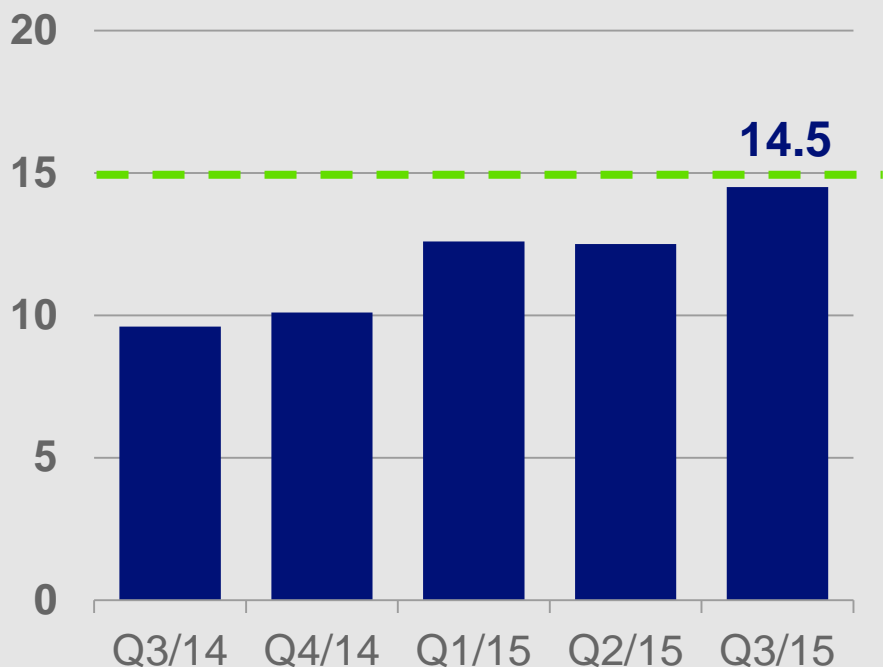
Group comparable EBIT Q3/14 vs. Q3/15, MEUR



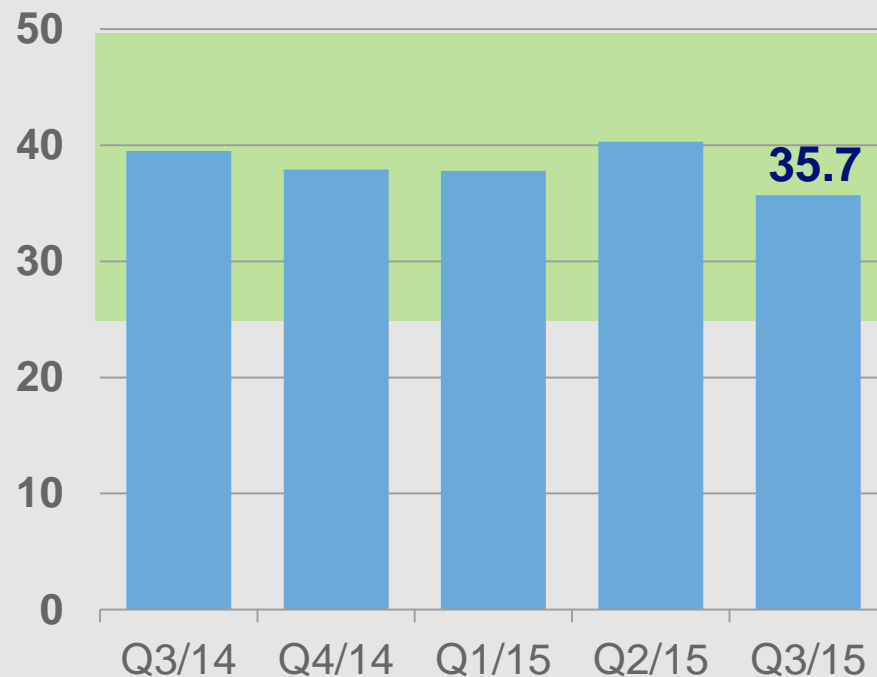
\* Shipping result from 2015 transferred to additional margin

# ROACE approaching 15% target level

ROACE, rolling 12 months, %



Leverage, %





# January-September 2015 Review

# Strong performance despite scheduled Porvoo turnaround in spring

- Comparable operating profit almost at full-year 2014 level
- Clearly higher reference refining margins compared to 2014
- Higher additional margin and sales volumes in Renewable Products
- Positive margin and volume trend in Oil Retail
- Favorable USD/EUR exchange rate

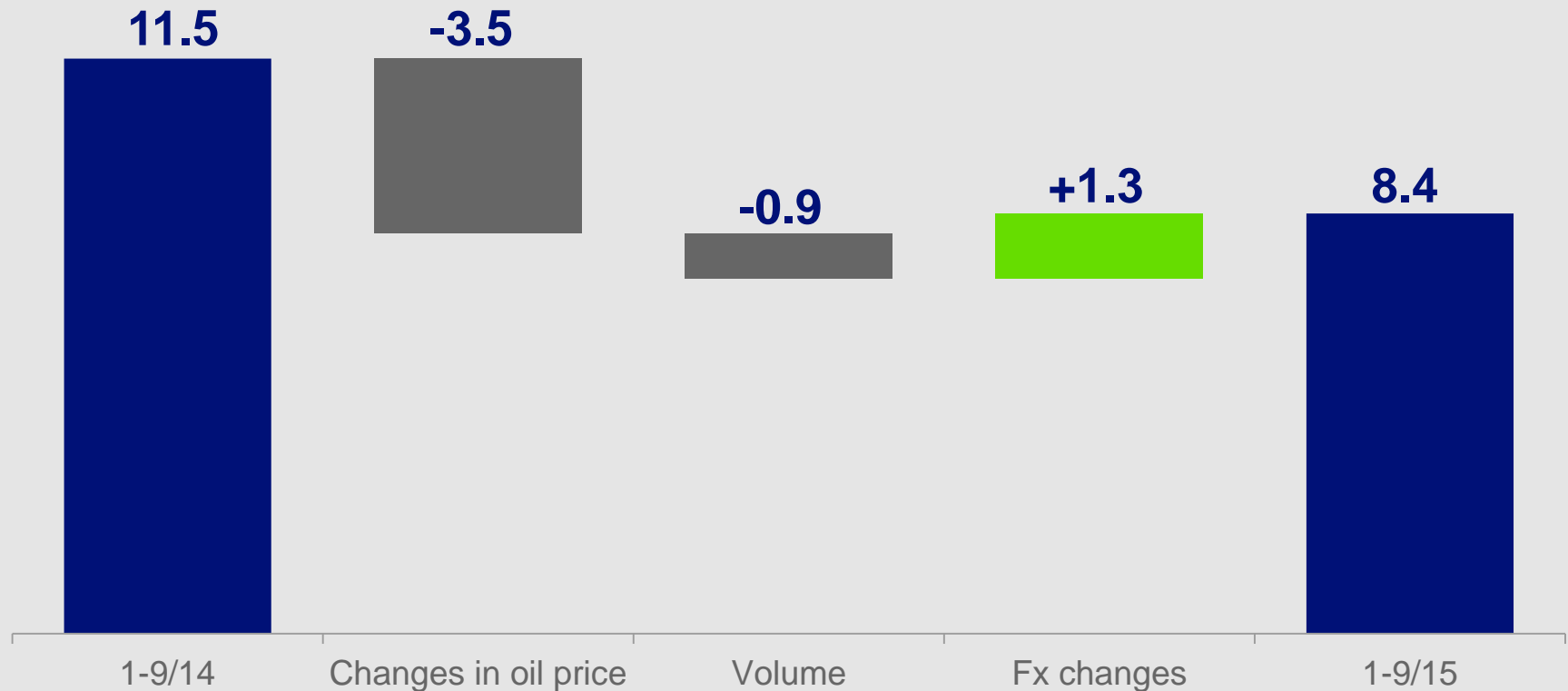


# Group financials 1-9/15

MEUR	1-9/2015	1-9/2014
Revenue	8,372	11,459
Comparable EBITDA	822	572
Comparable operating profit	574	327
Oil Products	348	176
Renewable Products	171	97
Oil Retail	67	60
Others (incl. eliminations)	-12	-6
IFRS operating profit	454	175
Net cash from operations	364	-103
Comparable earnings per share, EUR	1.69	0.79

# Decrease in revenue mainly due to oil price decline

Group revenue 1-9/14 vs. 1-9/15, billion euros



# Favorable market conditions

## Group comparable EBIT 1-9/14 vs. 1-9/15, MEUR



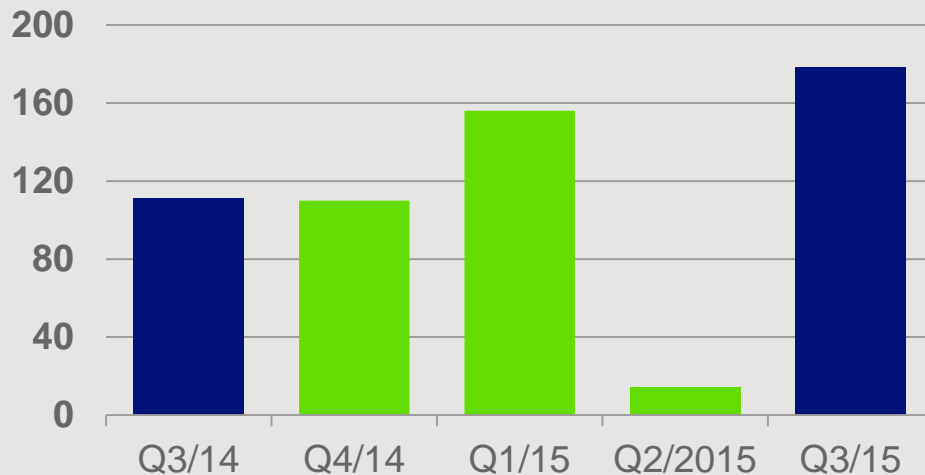
\* Shipping result from 2015 transferred to additional margin

# Q3/15 segment reviews



# Oil Products delivered strong result

## Comparable EBIT, MEUR

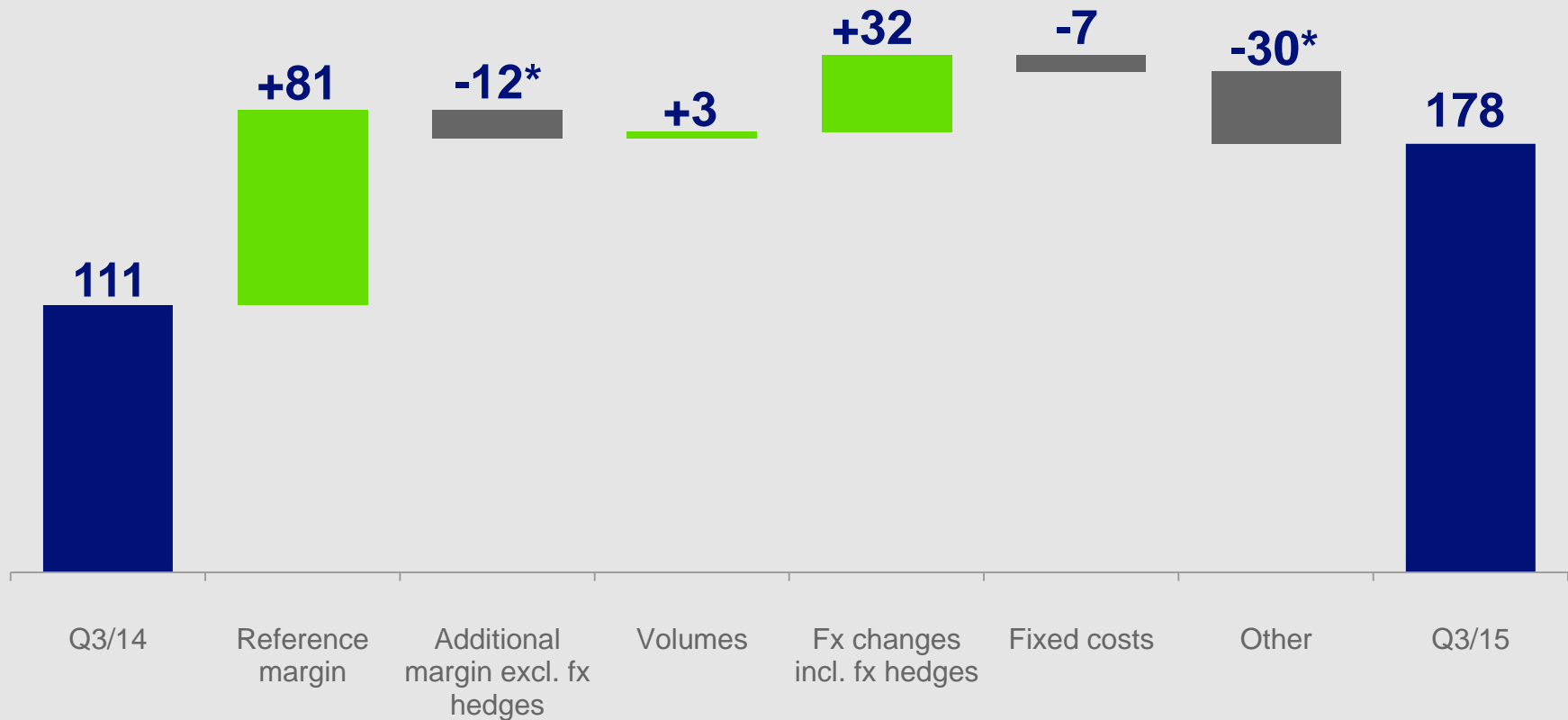


MEUR	Q3/15	Q3/14	2014
Revenue	2,060	2,879	11,285
Comparable EBIT	178	111	285
Net assets	2,568	2,495	2,160

- Reference margin supported mainly by global demand growth and refinery maintenances
- Gasoline margins particularly high
- Porvoo refinery successfully returned to operation after turnaround with 96% utilization rate

# Support from favorable refining margins

## Oil Products comparable EBIT Q3/14 vs. Q3/15, MEUR

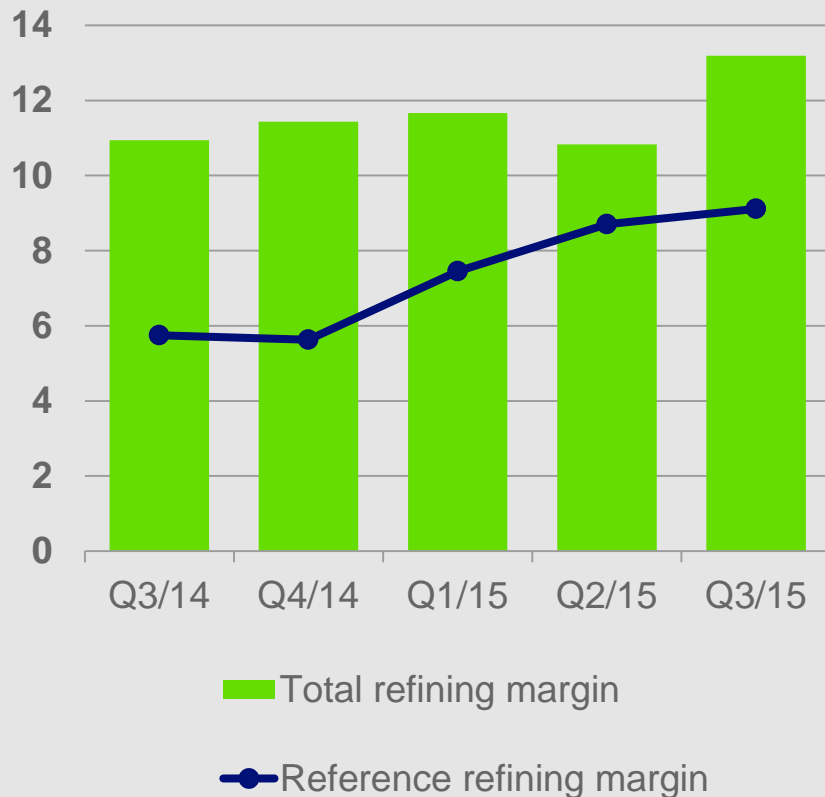


\* Shipping result from 2015 transferred to additional margin



# High reference margin thanks to gasoline and lower utility costs

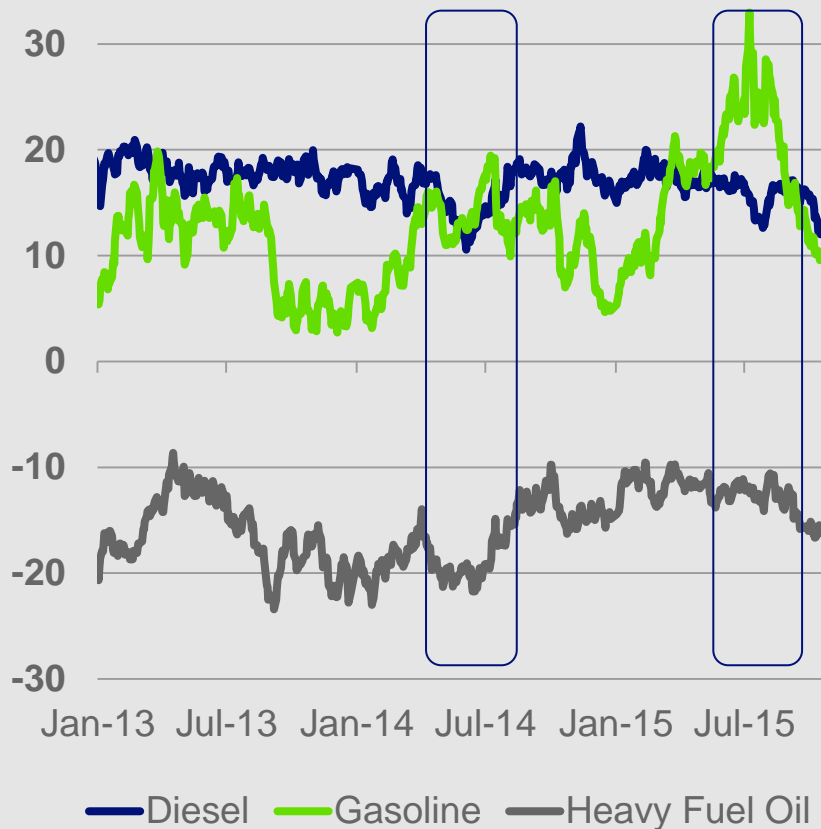
## Neste refining margins, USD/bbl



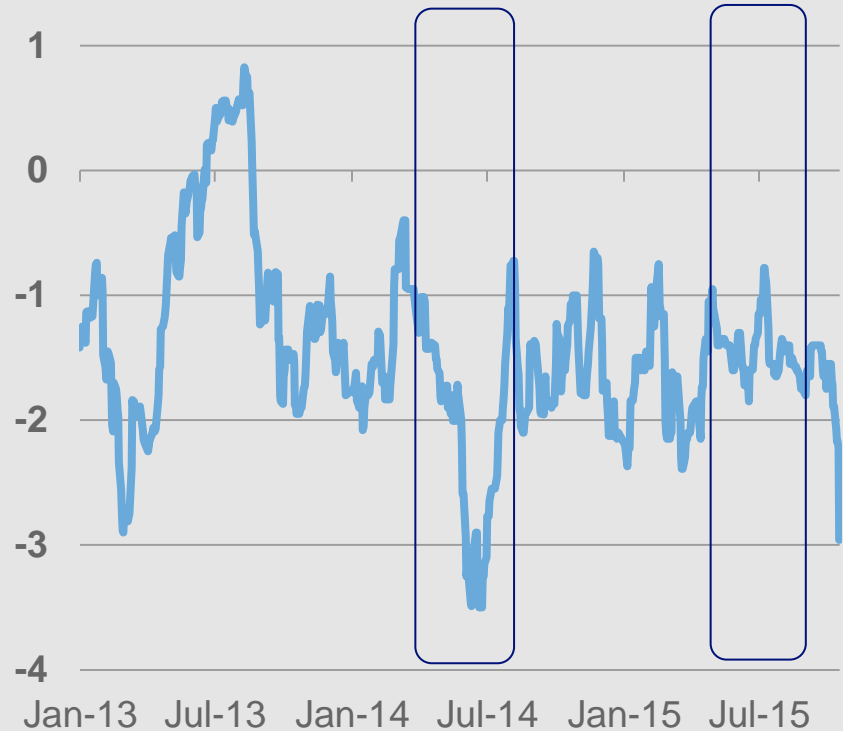
- Reference margin USD 9.1/bbl almost 60% higher than in Q3/2014
- Lower utility costs resulting in 30% lower production costs than in Q3/2014
- Additional margin of USD 4.1/bbl negatively impacted by lower oil price
- Shipping's cumulative result from 2015 transferred to additional margin

# Gasoline margins peaked in Q3

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

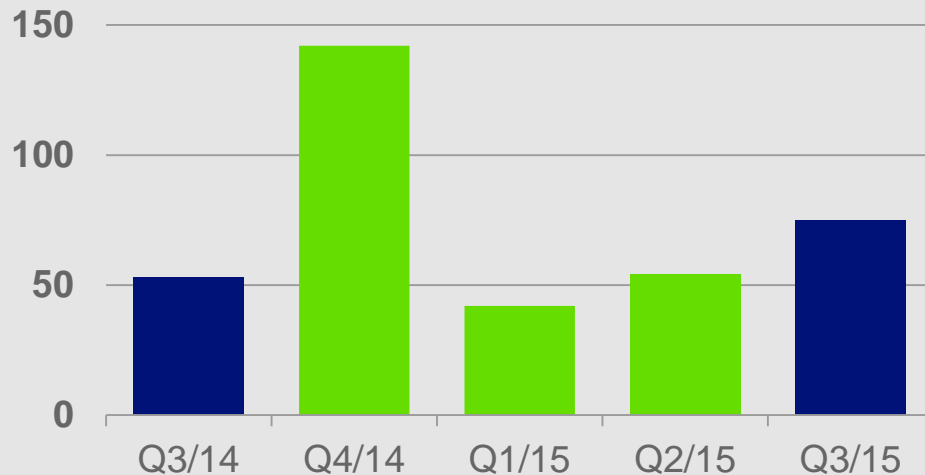


Urals vs. Brent price differential, USD/bbl



# Renewable Products' performance continued to strengthen

## Comparable EBIT, MEUR

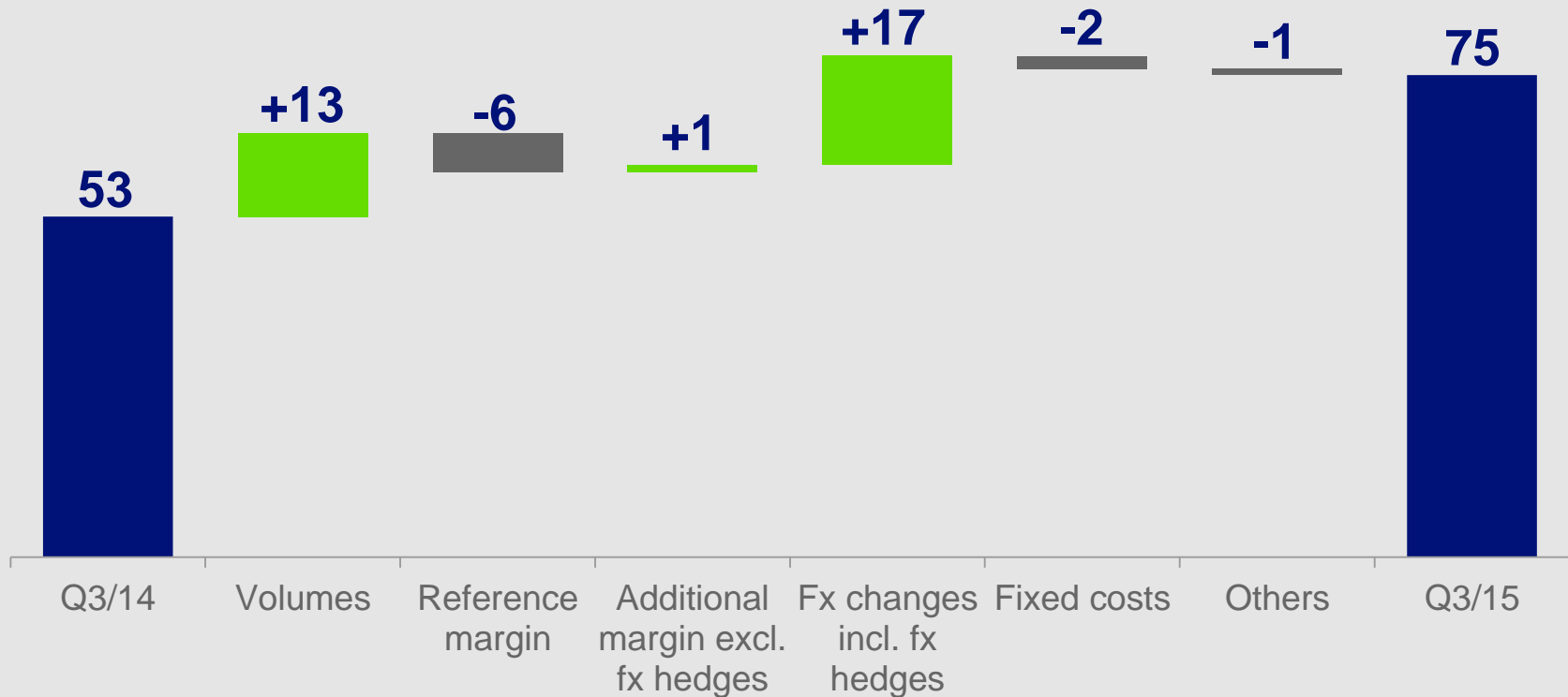


MEUR	Q3/15	Q3/14	2014
Revenue	582	560	2,269
Comparable EBIT	75	53	239
Net assets	1,689	1,763	1,923

- Clearly higher comparable EBIT compared to Q3/14
- High utilization rate of 99%
- Share of sales to Europe 66% and 34% to North America
- Share of waste and residues feedstock increased to record-high 75%

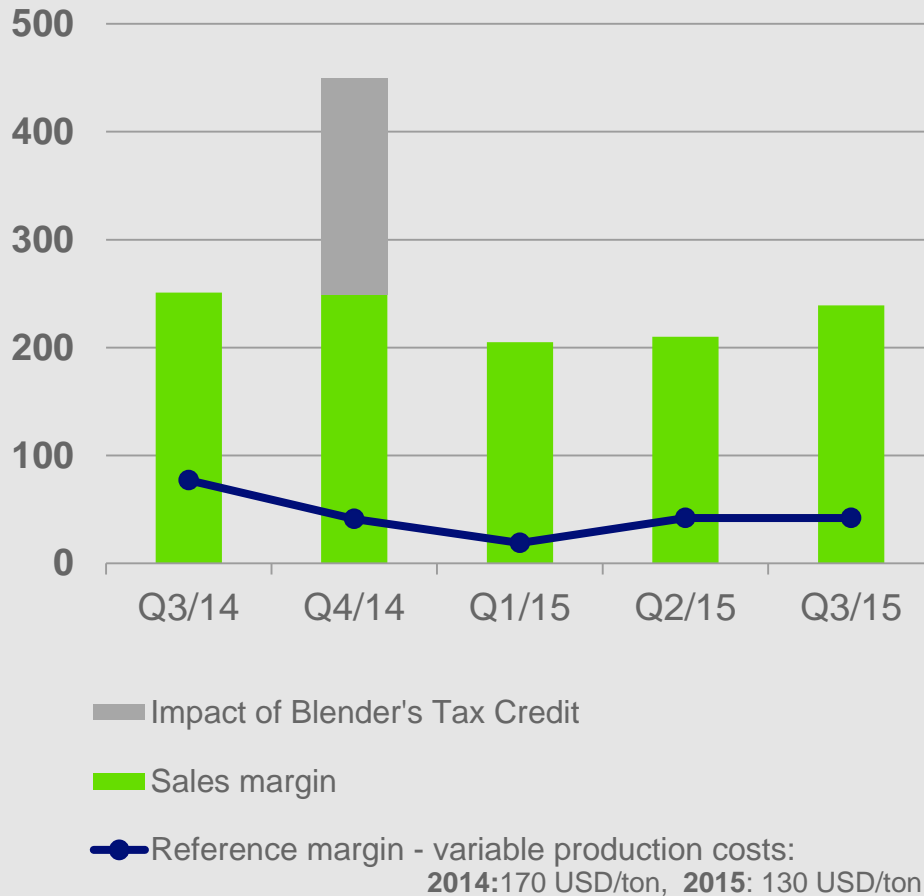
# Positive impact from higher sales volumes and stronger US dollar

Renewable Products comparable EBIT Q3/14 vs. Q3/15, MEUR



# Solid additional margin

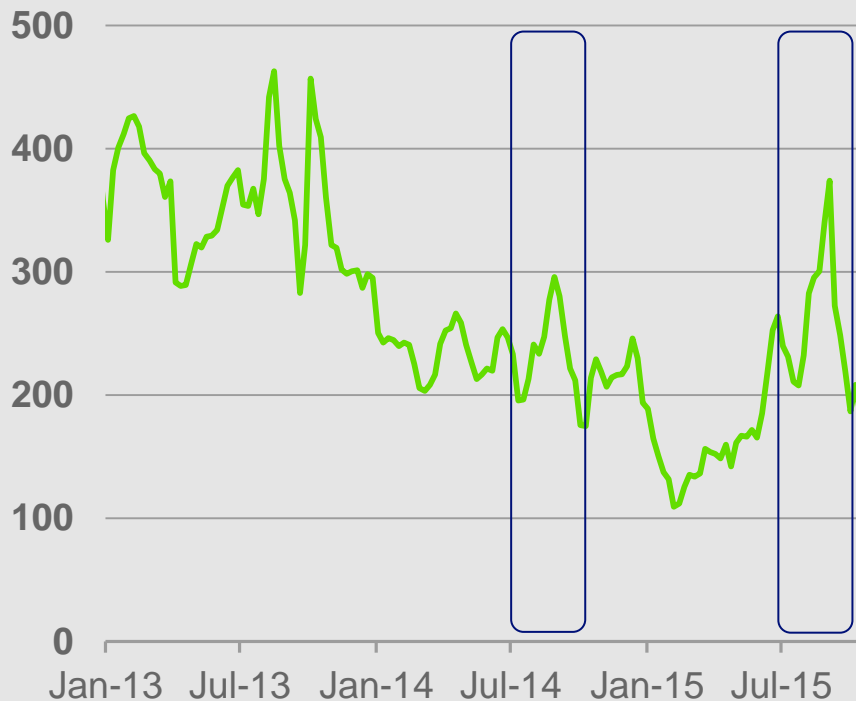
## Renewable Products margins, USD/ton



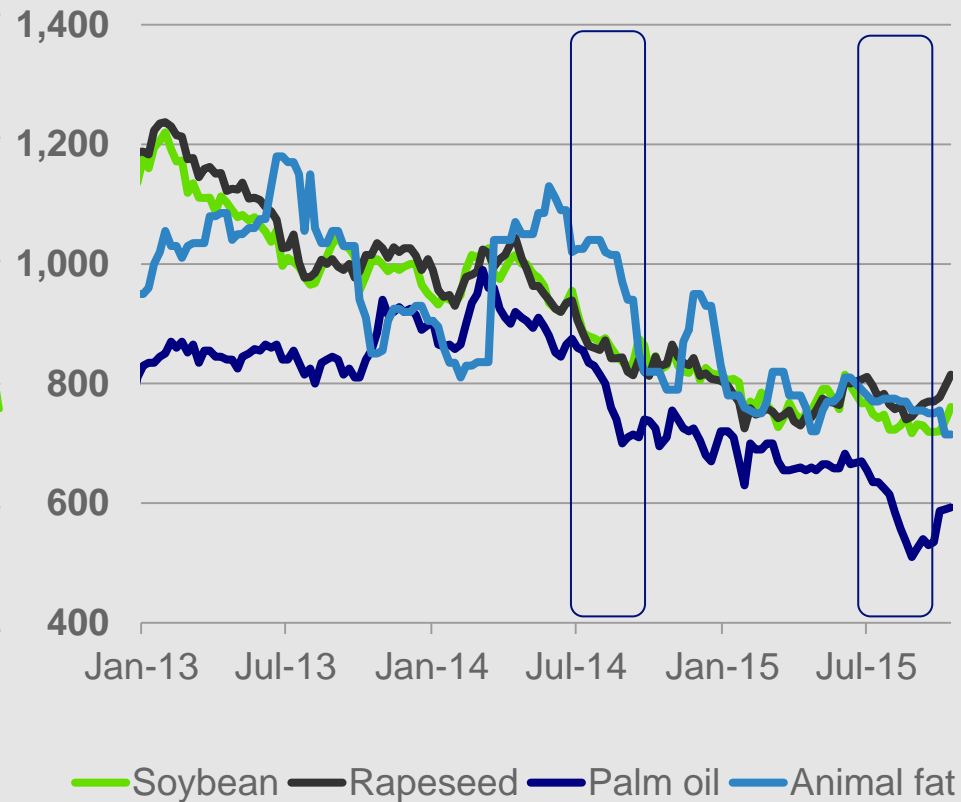
- Additional margin USD 176/ton remained at the same level compared to Q3/2014
- Reference margins clearly lower in the US year-on-year and slightly higher in Europe

# Improved European margins

**FAME RED Seasonal vs. Palm oil price\* differential, USD/ton**



**Vegetable oil and animal fat prices\*\*, USD/ton**



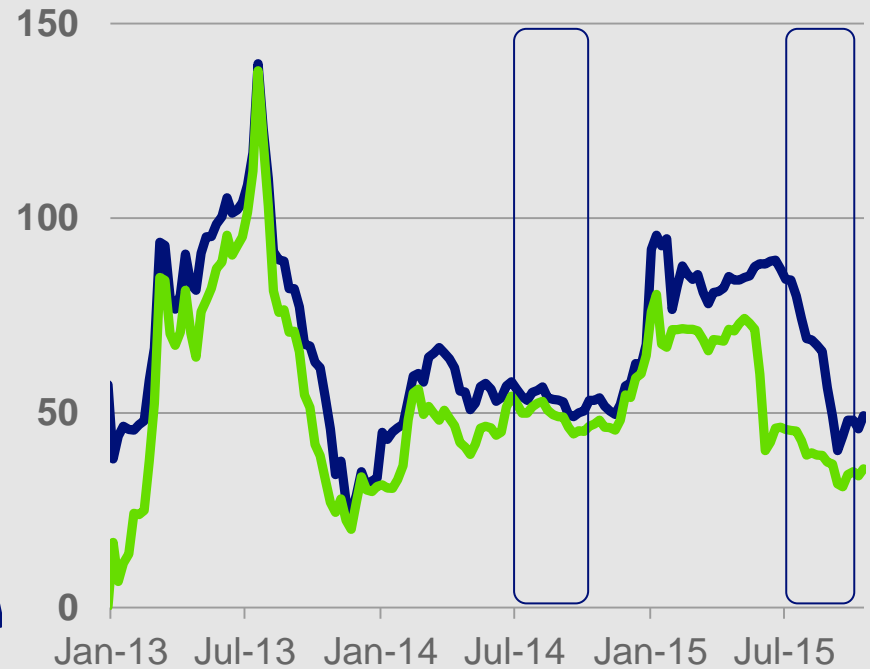
\* Including \$70/ton freight  
 \*\*Quotations in NWE, source: Oil World

# Weak US market due to pending regulatory decisions

SME vs. Soybean oil price differential, USD/ton



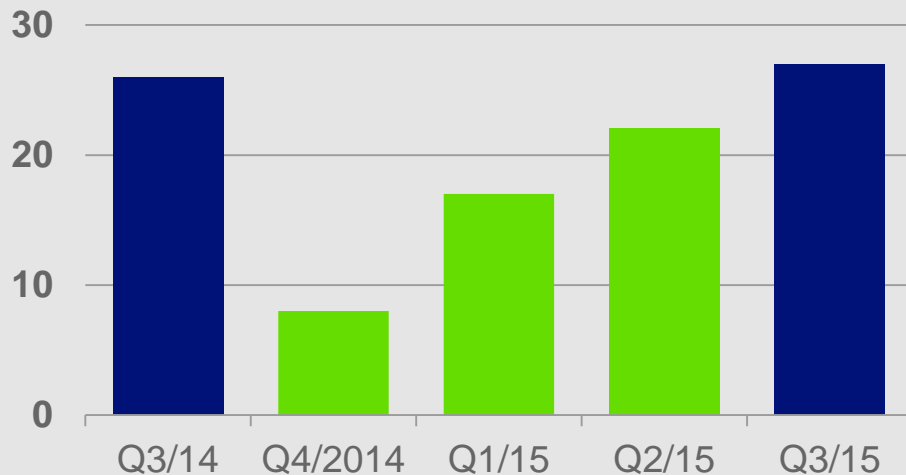
Biodiesel RIN, US cent /gal



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

# Oil Retail seasonally strong

## Comparable EBIT, MEUR



MEUR	Q3/15	Q3/14	2014
Revenue	991	1,153	4,294
Comparable EBIT	27	26	68
Net assets	190	271	201

- Markets remain stable
- Unit margins improved with a positive impact of EUR 2 million
- Sales volumes increased, especially in the Baltics
- Weaker ruble had only a minor negative impact



# Positive impact from higher volumes and better margins

Oil Retail comparable EBIT Q3/14 vs. Q3/15, MEUR



# Current topics



# Outlook

- Guidance statement remains unchanged: Group's full-year 2015 comparable EBIT estimated to remain robust and to be higher than in 2014
- Expected capital expenditure approx. EUR 500 million in 2015

- Refining market expected to follow normal seasonality, but market conditions remain reasonably favorable
- Neste will discontinue giving out numerical result guidance starting 2016

# Rotterdam turnaround

- Rotterdam NEXBTL renewable diesel refinery scheduled for a major turnaround in Q2/2016
- Duration approx. seven weeks



# We focus on



Safety

Cash flow

Refinery  
productivity

Markets and  
customers

# New vision takes us forward



Our vision

**Creating  
responsible  
choices every  
day**

# Appendix



# Renewable Products comparable EBIT calculation

	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15
Sales volume, kt	488	561	516	540	2,104	513	554	575
Reference margin, USD/ton	206	214	247	211	221	149	172	194
Additional margin, USD/ton	146	155	174	409	227	186	168	176
Variable production costs, USD/ton	170	170	170	170	170	130	130	130
<b>Comparable sales margin, USD/ton</b>	<b>182</b>	<b>200</b>	<b>251</b>	<b>450</b>	<b>278</b>	<b>205</b>	<b>210</b>	<b>239</b>
Comparable sales margin, MEUR	65	84	98	196	440	94	105	124
Fixed costs, MEUR	26	29	22	29	105	30	28	25
Depreciations, MEUR	24	24	24	25	96	22	24	24
<b>Comparable EBIT, MEUR</b>	<b>12</b>	<b>32</b>	<b>53</b>	<b>142</b>	<b>239</b>	<b>42</b>	<b>54</b>	<b>75</b>



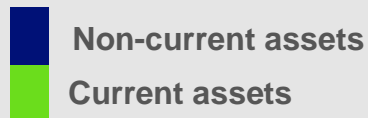
# Refinery production costs, Porvoo & Naantali

		Q3/14	Q4/14	2014	Q1/15*	Q2/15*	Q3/15
<b>Refined products</b>	Million barrels	26.0	25.8	103.2	27.3	12.2	27.8
<b>Exchange rate</b>	EUR/USD	1.33	1.25	1.33	1.13	1.10	1.11
<b>Utilities costs</b>	EUR million	40.5	47.2	173.4	36.6	33.3	29.8
	USD/bbl	2.1	2.3	2.2	1.5	3.0	1.2
<b>Fixed costs</b>	EUR million	50.8	71.7	238.0	52.1	59.6	53.1
	USD/bbl	2.6	3.5	3.1	2.2	5.4	2.1
<b>External cost sales</b>	EUR million	-4.9	-4.9	-24.4	-5.2	-5.0	-5.8
	USD/bbl	-0.2	-0.2	-0.3	-0.2	-0.4	-0.2
<b>Total</b>	EUR million	86.4	113.9	387.1	83.5	88.0	77.2
	USD/bbl	4.4	5.5	5.0	3.5	8.0	3.1

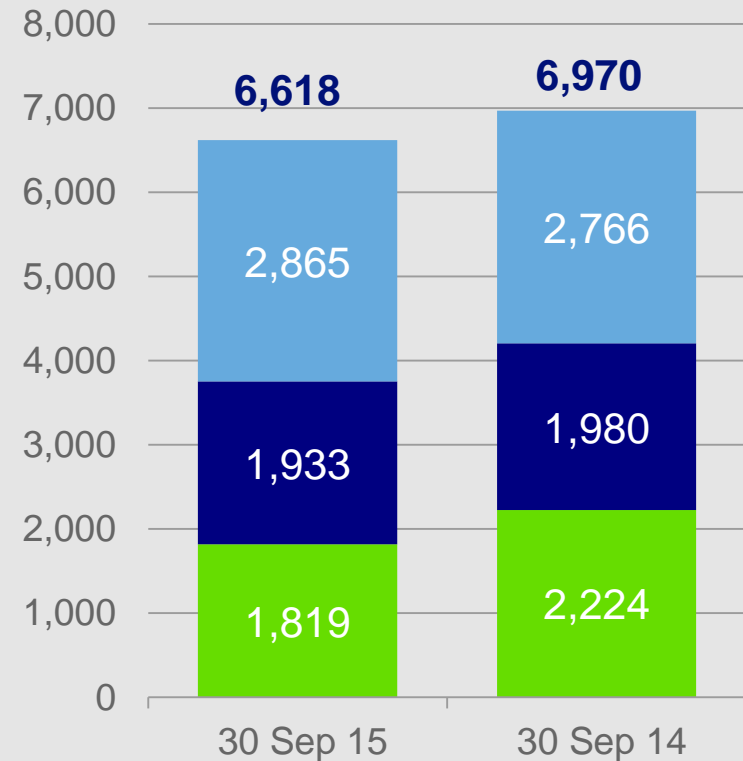
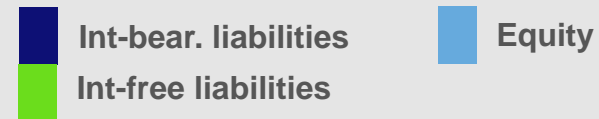
\* Q1/15 and Q2/15 figures revised

# Balance sheet

## Total assets



## Total equity & liabilities

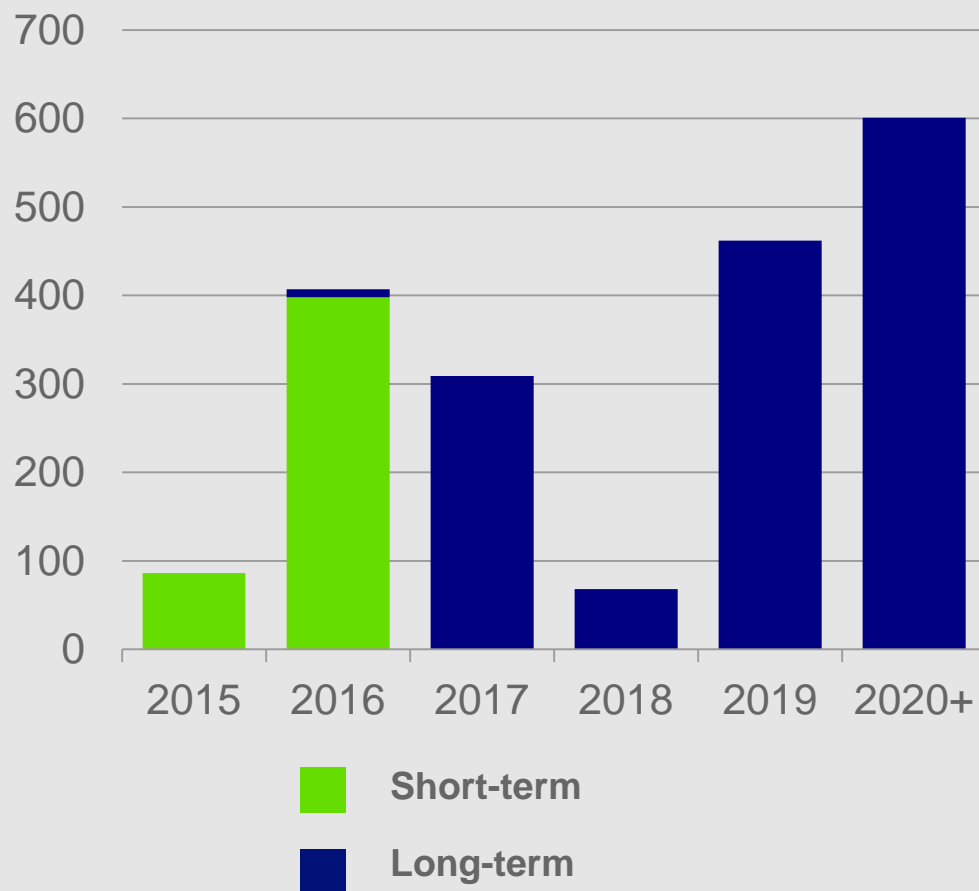


# Cash flow

MEUR	Q3/15	Q3/14	Q2/15	2014
EBITDA (IFRS)	245	136	146	480
Capital gains/losses	0	0	2	2
Other adjustments	-62	-35	96	-80
Change in working capital	208	-220	28	-33
Net finance costs	-50	-4	-18	-44
Taxes	-20	-21	-28	-77
<b>Net cash from operating activities</b>	<b>322</b>	<b>-144</b>	<b>227</b>	<b>248</b>
Capital expenditure	-145	-52	-198	-272
Other investing activities	72	-4	-14	-34
<b>Cash flow before financing activities</b>	<b>249</b>	<b>-200</b>	<b>14</b>	<b>-59</b>

# Liquidity & maturity profile

MEUR



- Total liquidity at the end of September 2015 was EUR 2,389 million
  - Cash and cash equivalents totalled EUR 339 million
  - Unused committed credit facilities totalled EUR 1,650 million
  - Unused CP programmes (not committed) totalled EUR 400 million
- Average interest rate was 3.3% and maturity 3.8 years at the end of September
- No financial covenants in Group's existing loan agreements

The background features a collage of overlapping circles in shades of blue and green. A central photograph shows an industrial staircase with a person walking up, and the number '1-36' is visible on the wall. The overall aesthetic is clean and modern.

**The only way  
is forward.**

**NESTE**