

# Financial Statements 2015

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4 February 2016



# Agenda

- 1 Year 2015
- 2 Financials 2015
- 3 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.

# Supporting market trends

Healthy global  
oil product  
demand growth

Strong gasoline  
margin

Lower crude oil  
price improving  
refining  
profitability

Growing biofuel  
mandates both  
in US and EU

Baltic States'  
fuel demand  
growing

Stronger US  
dollar

# Volatile operating environment

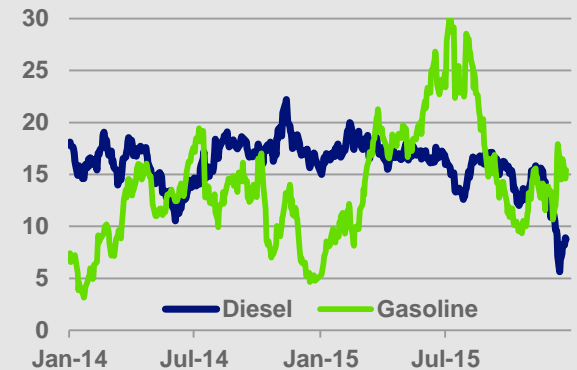
Brent, USD/bbl



Neste reference margin, USD/bbl



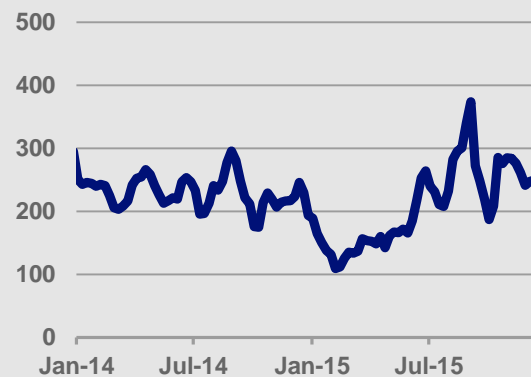
Product margins, USD/bbl



USD/EUR



FAME vs. palm oil price, USD/ton



SME vs. Soybean oil, USD/ton

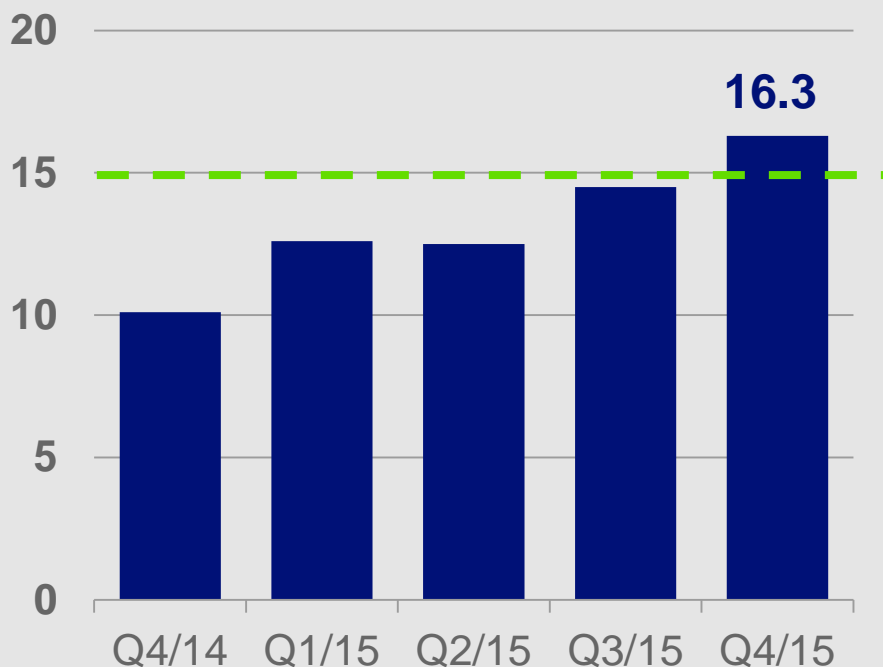


# Record-strong year 2015

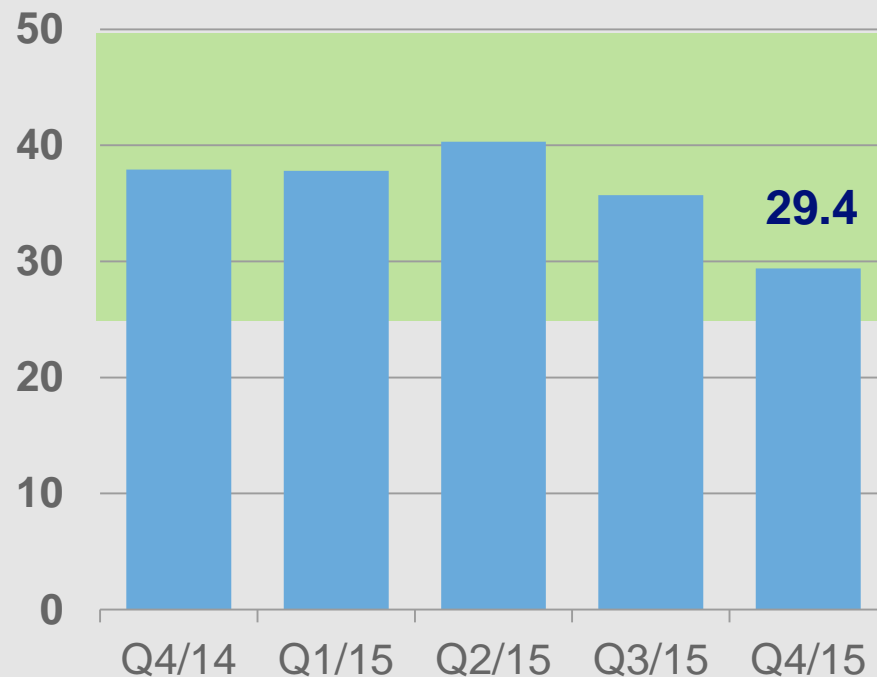
- Record-high comparable EBIT EUR 925 million
- Largest turnaround in Porvoo refinery history in Q2
- Strong cash flow
- ROACE target 15% achieved
- Balance sheet further strengthened

# ROACE target 15% achieved

ROACE, rolling 12 months, %



Leverage, %



# Financials 2015



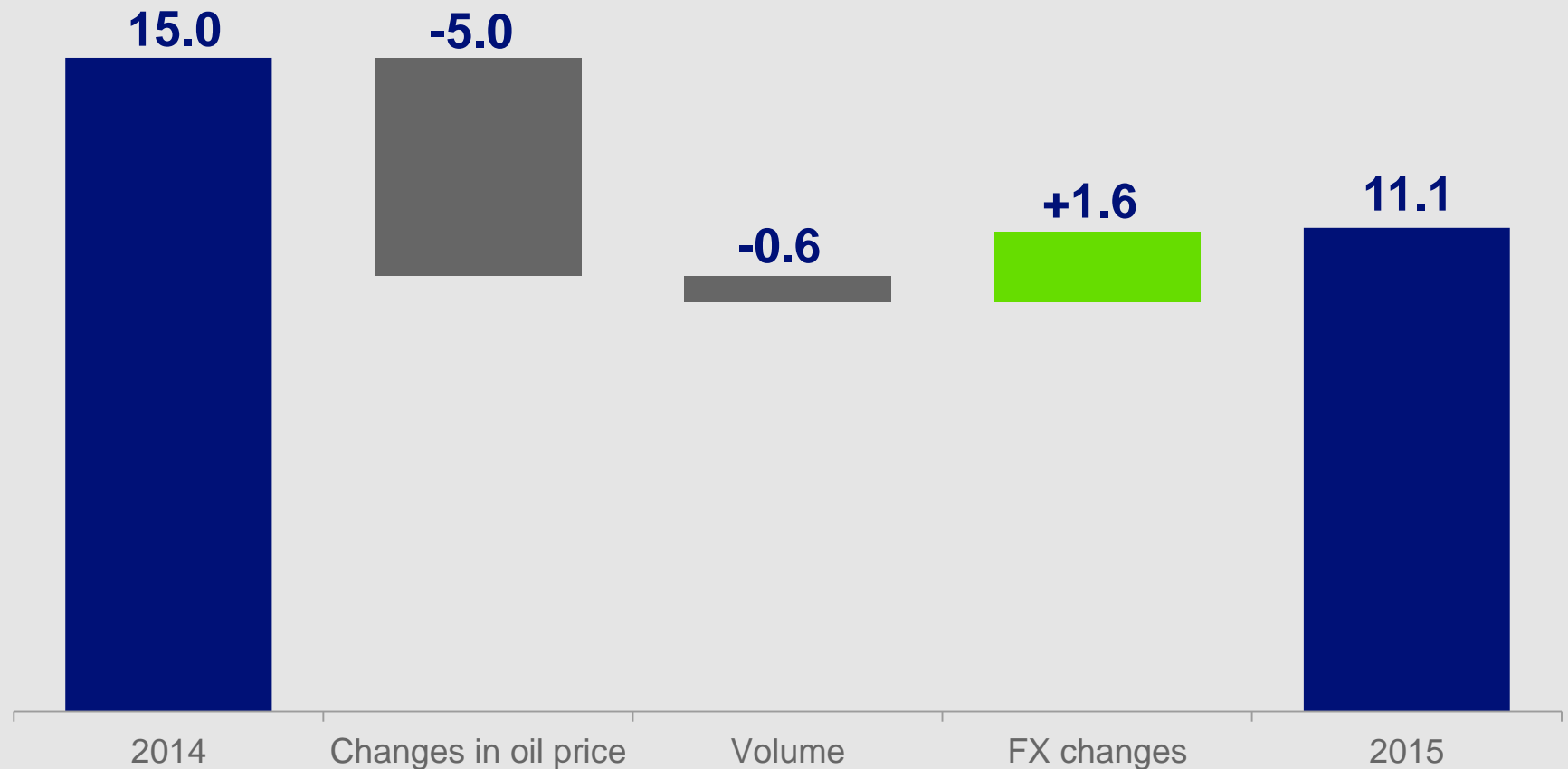


# Group financials 2015

MEUR	2015	2014	Q4/15	Q4/14
Revenue	11,131	15,011	2,759	3,552
Comparable EBITDA	1,284	913	462	341
Comparable operating profit	925	583	352	256
Oil Products	439	285	91	110
Renewable Products	402	239	231	142
Oil Retail	84	68	17	8
Others (incl. eliminations)	0	-9	12	-4
IFRS operating profit	699	150	245	-25
Comp. earnings per share, EUR	2.84	1.60	1.15	0.81
Cash before financing activities	480	-59	300	237

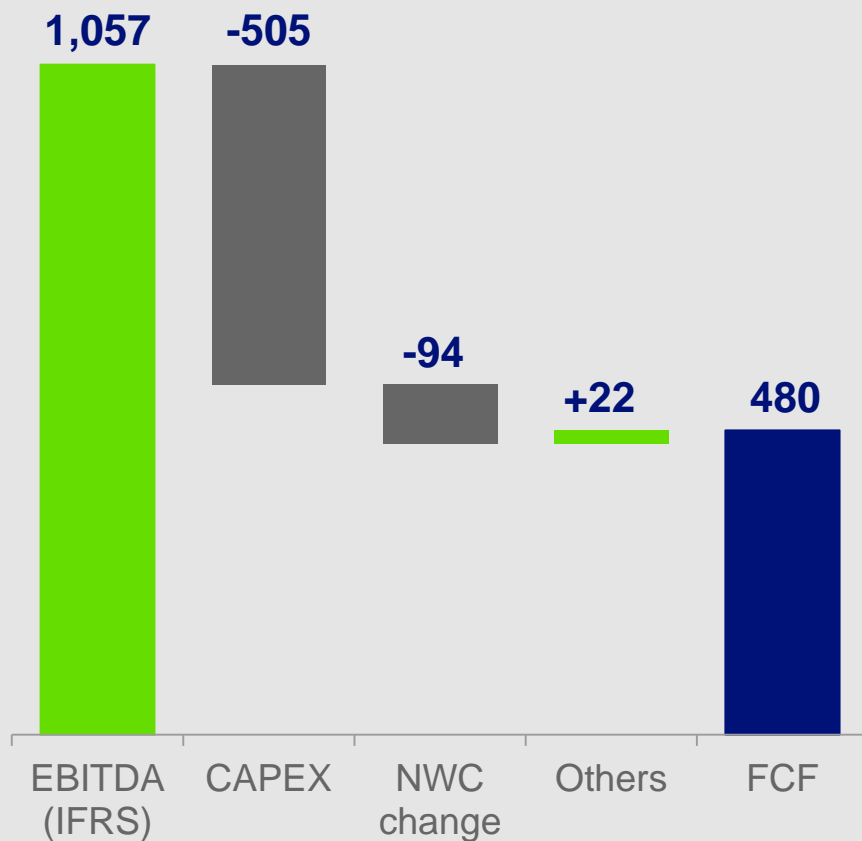
# Oil price decline reduced revenue

Group revenue 2014 vs. 2015, billion euros

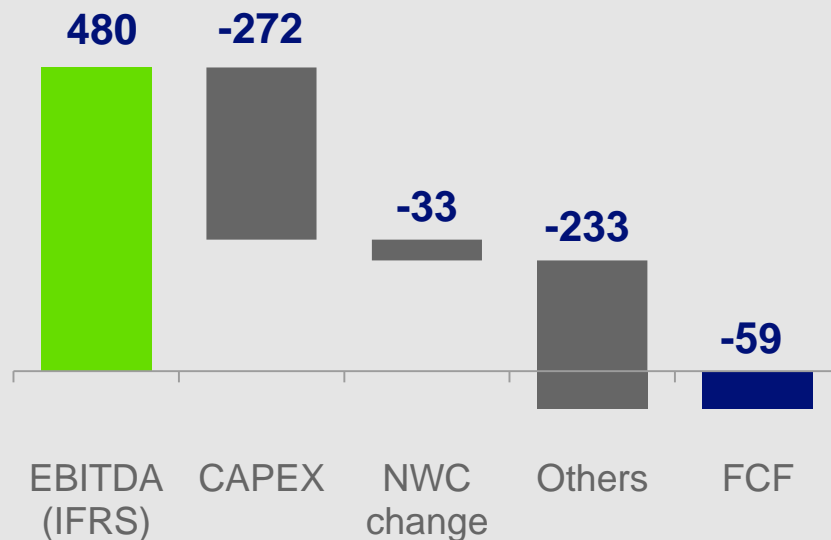


# Strong free cash flow generation

Cash before financing activities 2015,  
MEUR

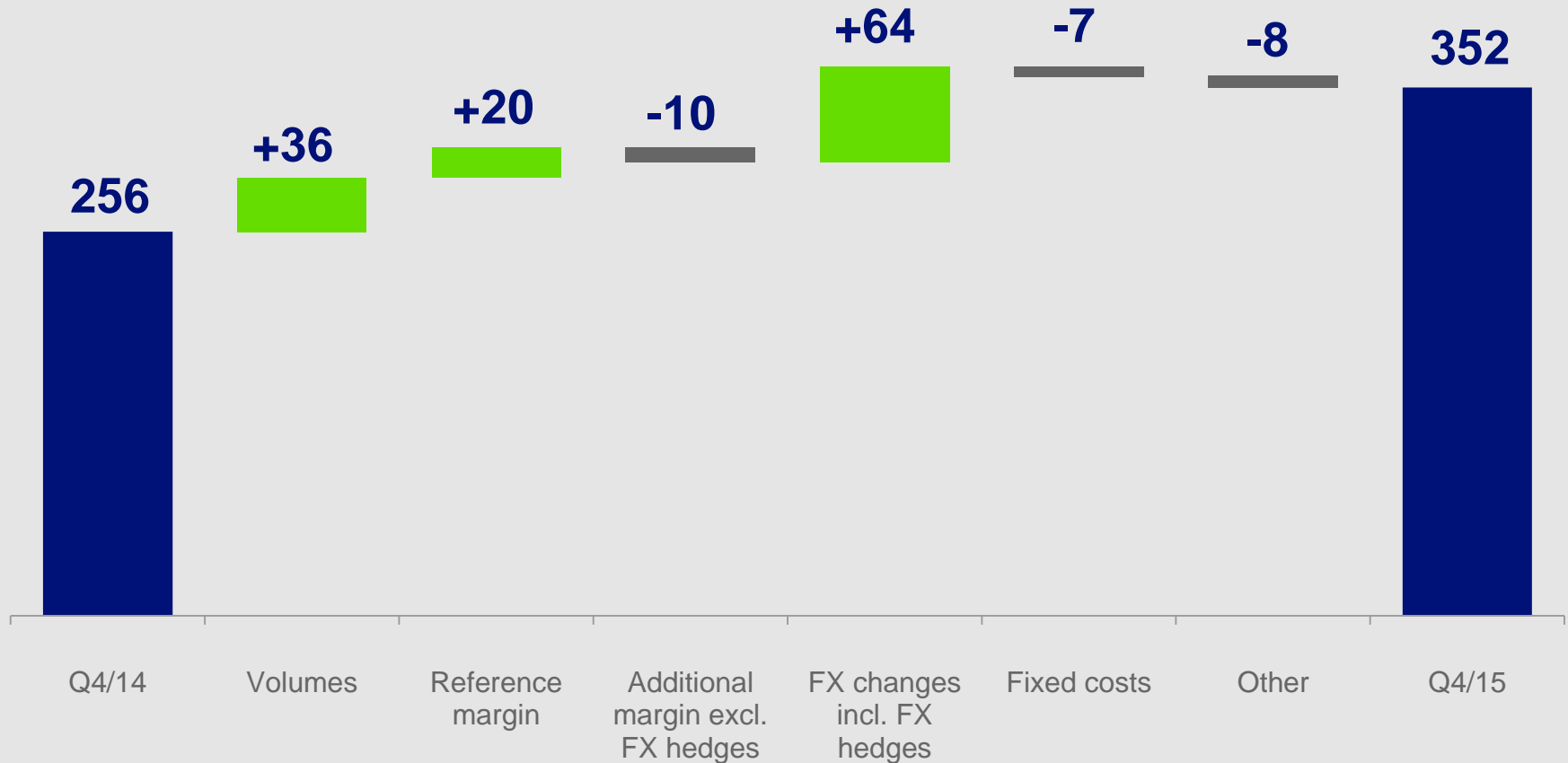


Cash before financing activities 2014,  
MEUR



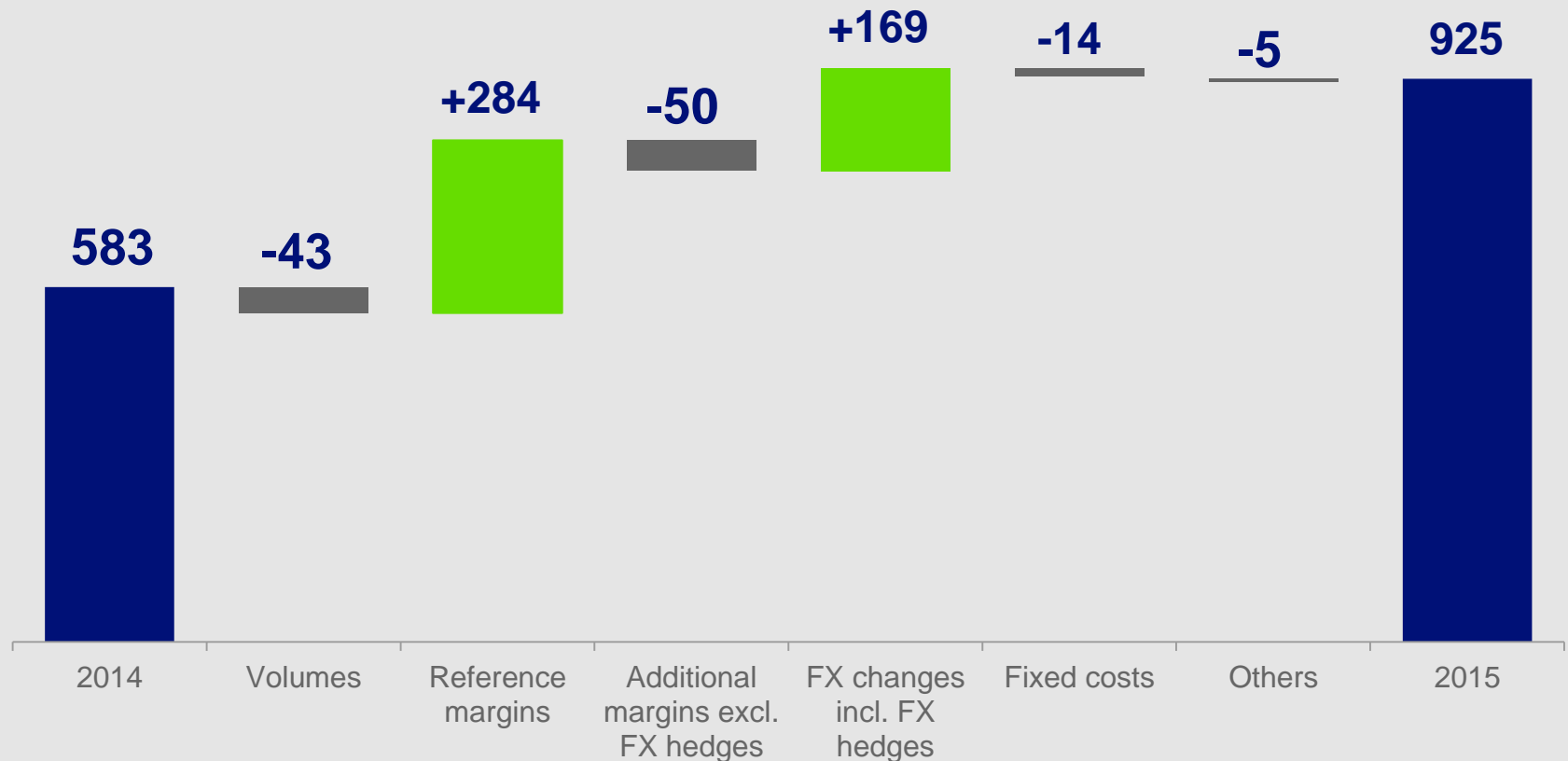
# Group Q4 result supported by high sales volumes and favorable USD

## Group comparable EBIT Q4/14 vs. Q4/15, MEUR



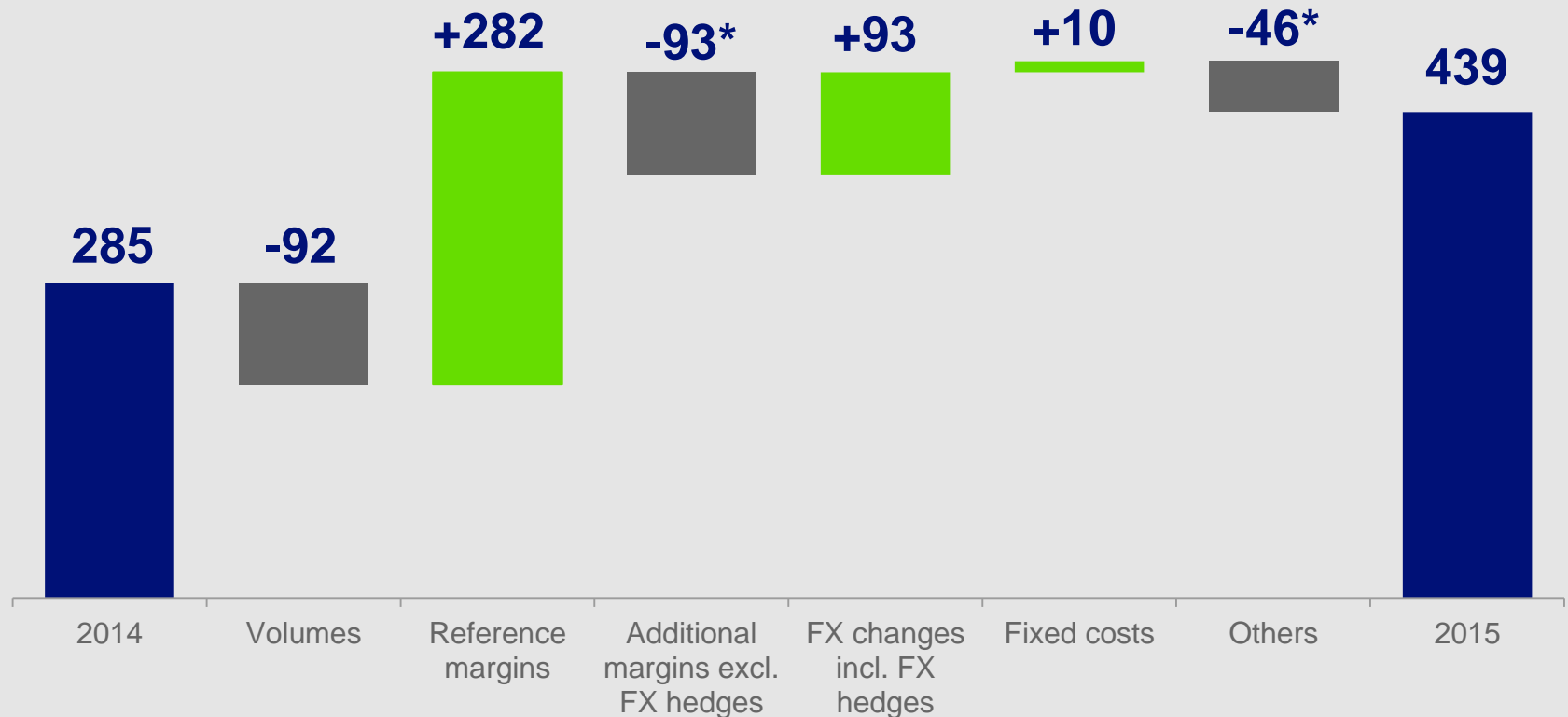
# Record-high full-year result from strong reference margins and USD

## Group comparable EBIT 2014 vs. 2015, MEUR



# Strong refining market and USD compensated Porvoo turnaround impact

## Oil Products comparable EBIT 2014 vs. 2015, MEUR



\* Shipping result from 2015 transferred to additional margin

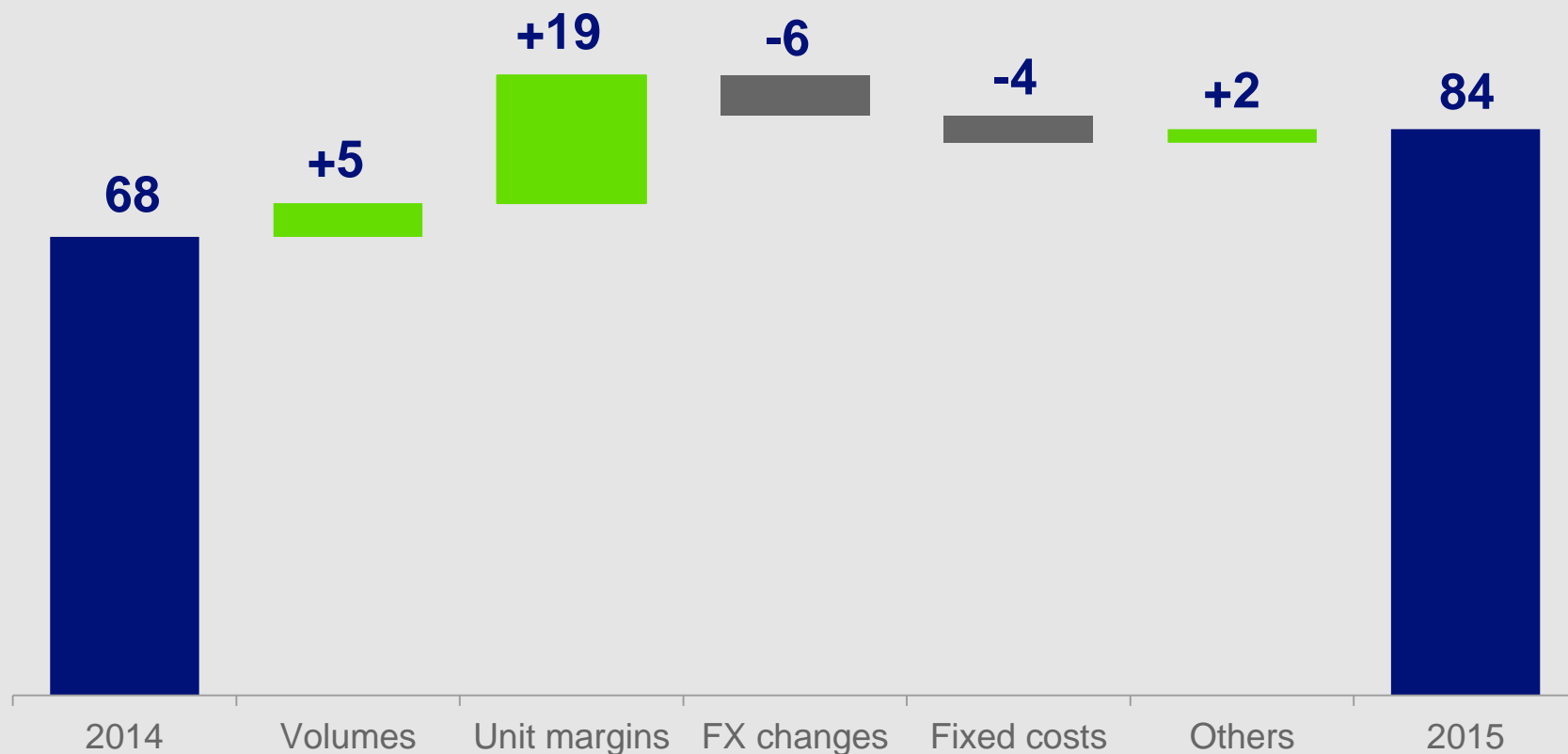
# Renewables boosted by sales volumes, US Blender's Tax Credit and USD

## Renewable Products comparable EBIT 2014 vs. 2015, MEUR



# Oil Retail's unit margins and volumes up

Oil Retail comparable EBIT 2014 vs. 2015, MEUR



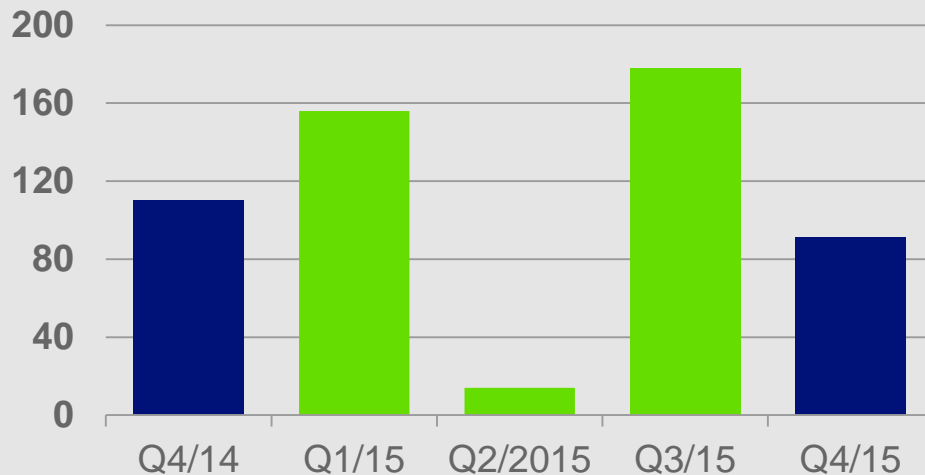


# Segment reviews 2015



# Strong result in a turnaround year

## Oil Products comparable EBIT, MEUR



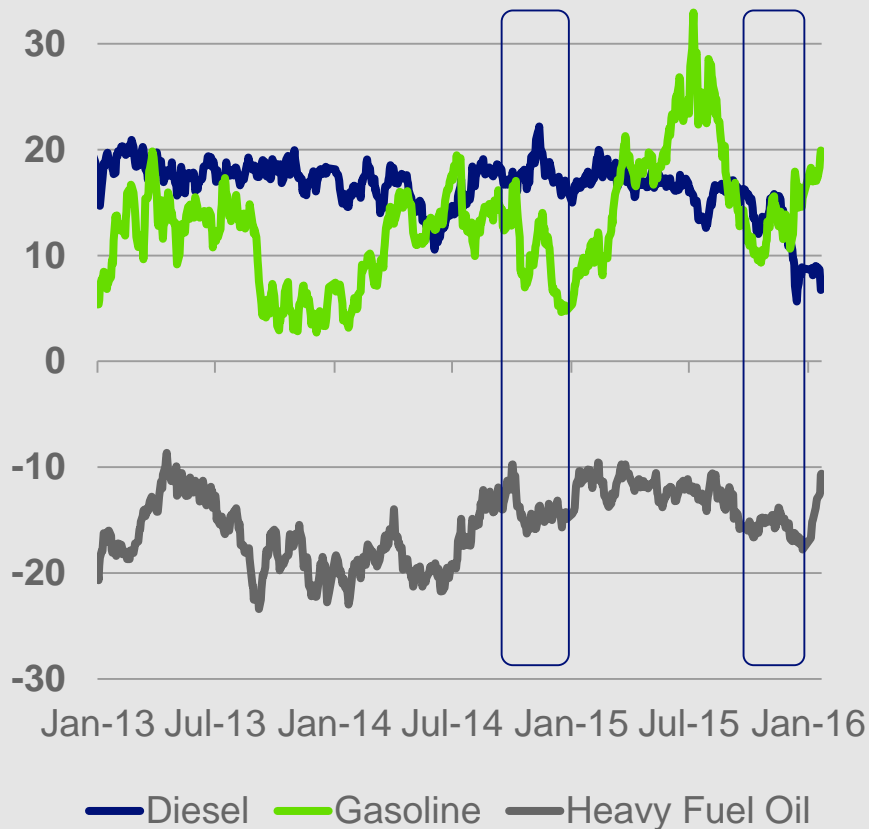
MEUR	Q4/15	Q4/14	2015	2014
Revenue	1,756	2,652	7,467	11,285
Comparable EBIT	91	110	439	285
Net assets	2,320	2,160	2,320	2,160

## Highlights 2015

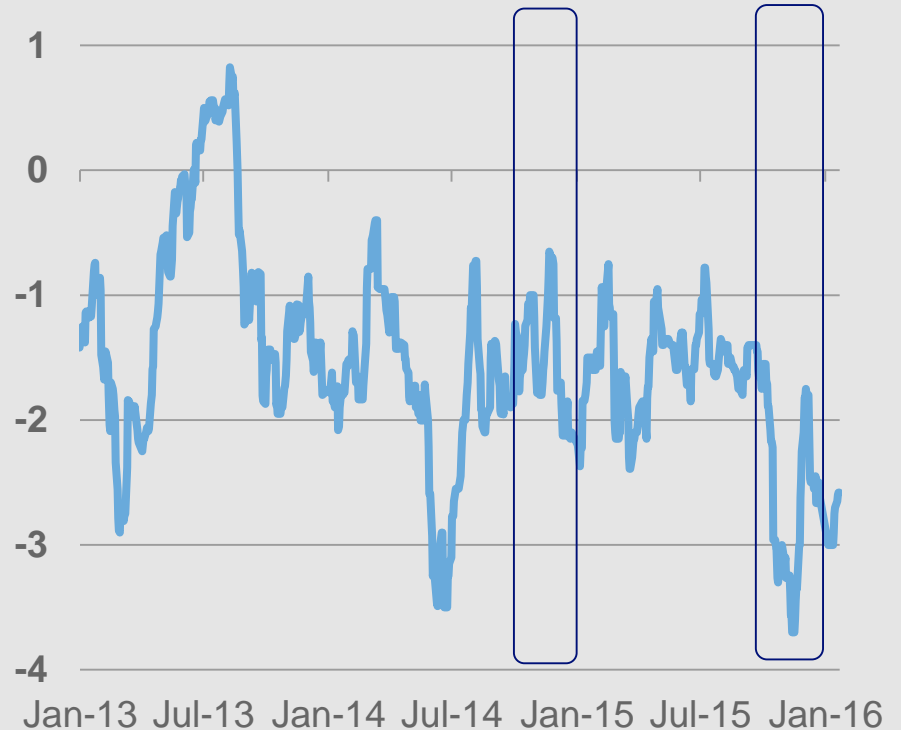
- Comparable EBIT 439 MEUR (285 MEUR)
- Largest turnaround in Porvoo refinery history completed in June
- Sales volume 11.9 Mton (13.5)
- Share of Baltic Sea area sales 66% (65%)
- Urals' share of feed 62% (57%)
- Investments 437 MEUR (209)
- RONA 18.2% (12.4%)

# Gasoline margins dominated 2015

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

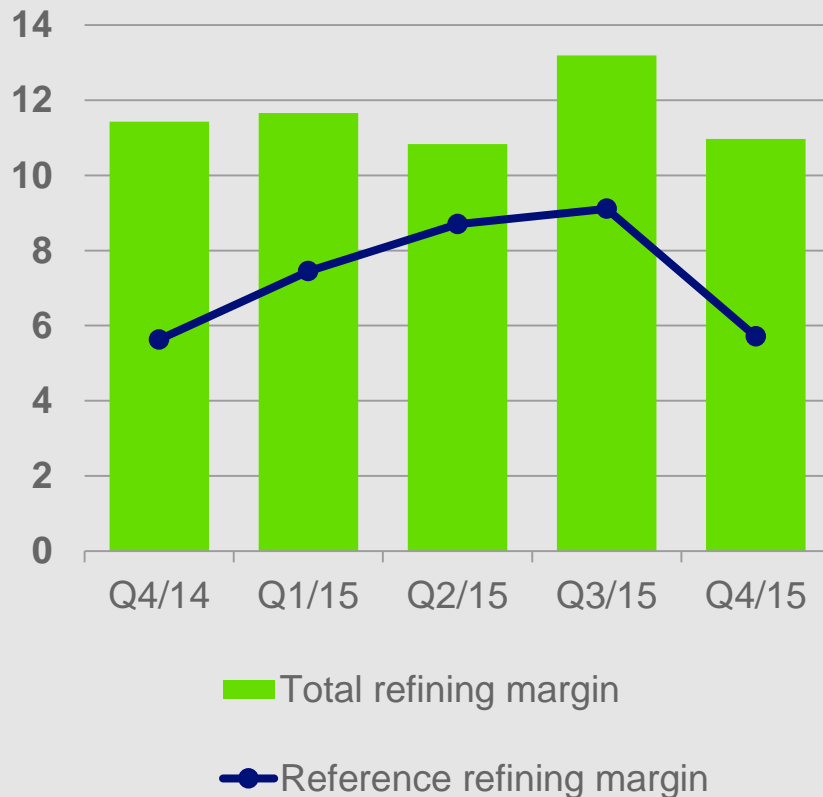


**Urals vs. Brent price differential, USD/bbl**



# Strong total refining margin

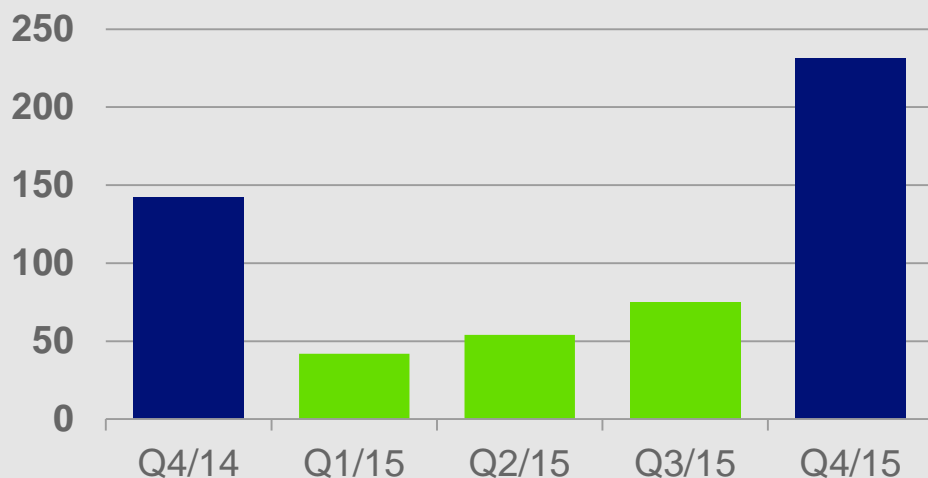
Neste refining margins, USD/bbl



- Total refining margin USD 11.8/bbl (USD 9.8) in 2015
- Additional margin USD 4.1/bbl (USD 5.1) in 2015
- Porvoo refinery turnaround burdened additional margin in Q2
- Porvoo average utilization rate 75% (84%) in 2015
- Refinery production costs USD 4.0/bbl (USD 5.0) in 2015

# Renewables breaking records

## Comparable EBIT, MEUR



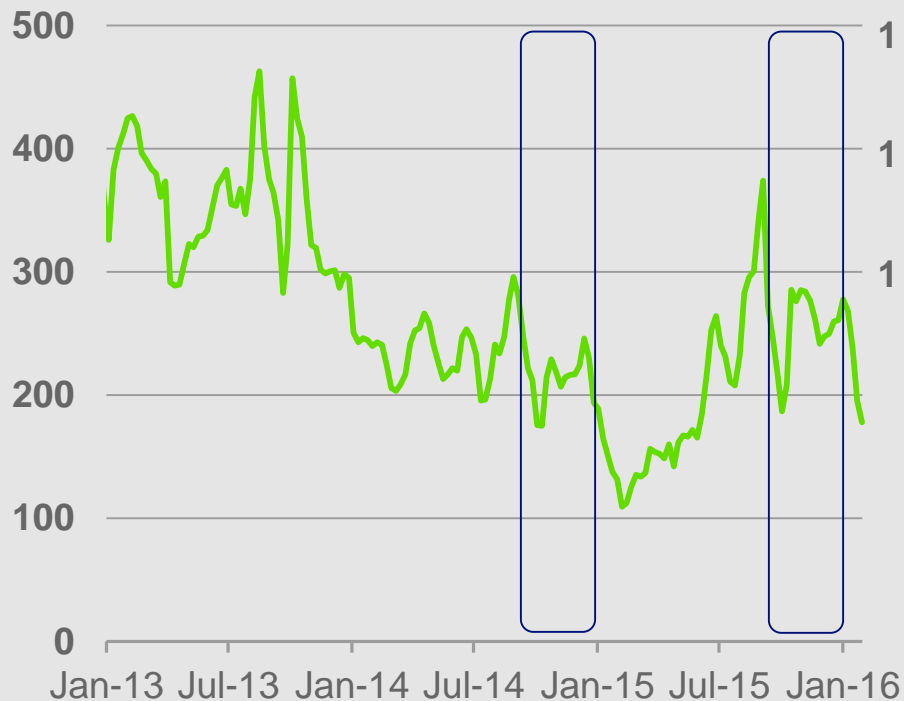
MEUR	Q4/15	Q4/14	2015	2014
Revenue	711	575	2,372	2,269
Comparable EBIT	231	142	402	239
Net assets	1,884	1,923	1,884	1,923

## Highlights 2015

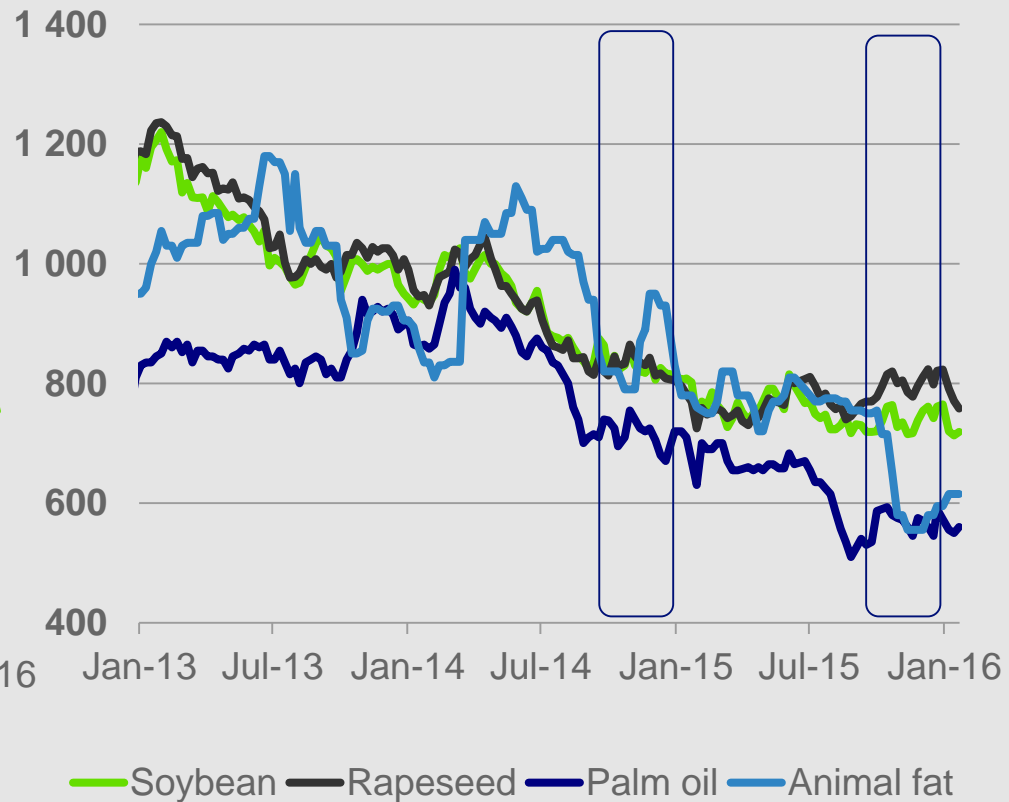
- Record-high comparable EBIT 402 MEUR (239 MEUR)
- Sales volume record 2.267 Mton (2.104); share of North America 31% (27%)
- US EPA finalized growing biomass-based diesel mandates until 2017
- US Blender's Tax Credit (BTC) confirmed for 2015 and 2016
- NEXBTL capacity 2.4 Mton at 94% utilization (102% at 2.0 Mton)
- Waste and residues' share of feedstock 68% (62%)
- Investments 32 MEUR (29 MEUR)
- RONA 21.8% (13.3%)

# Volatile European market

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



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

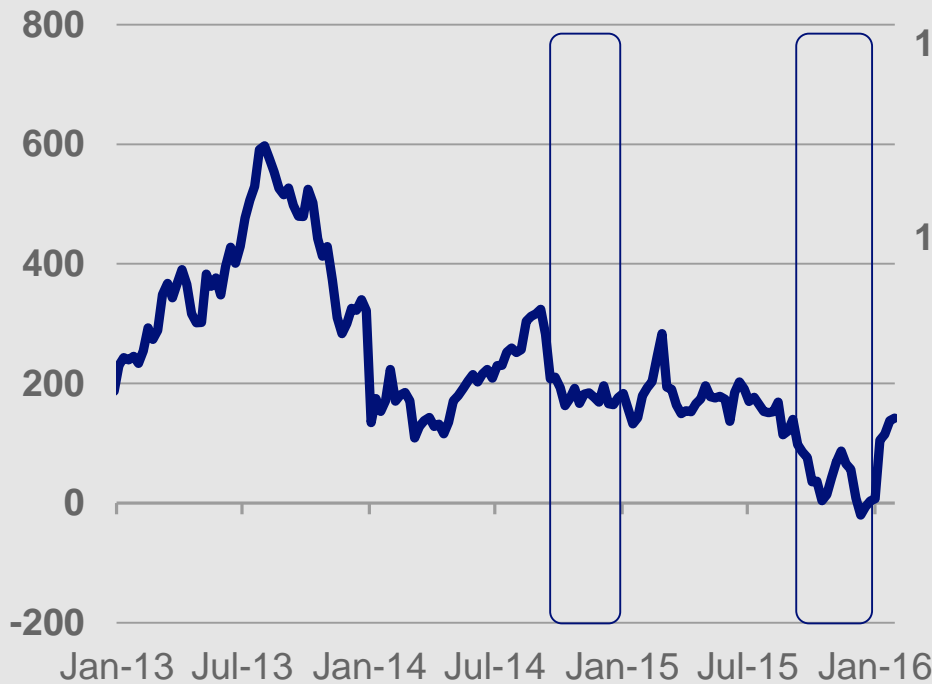


\* Including \$70/ton freight

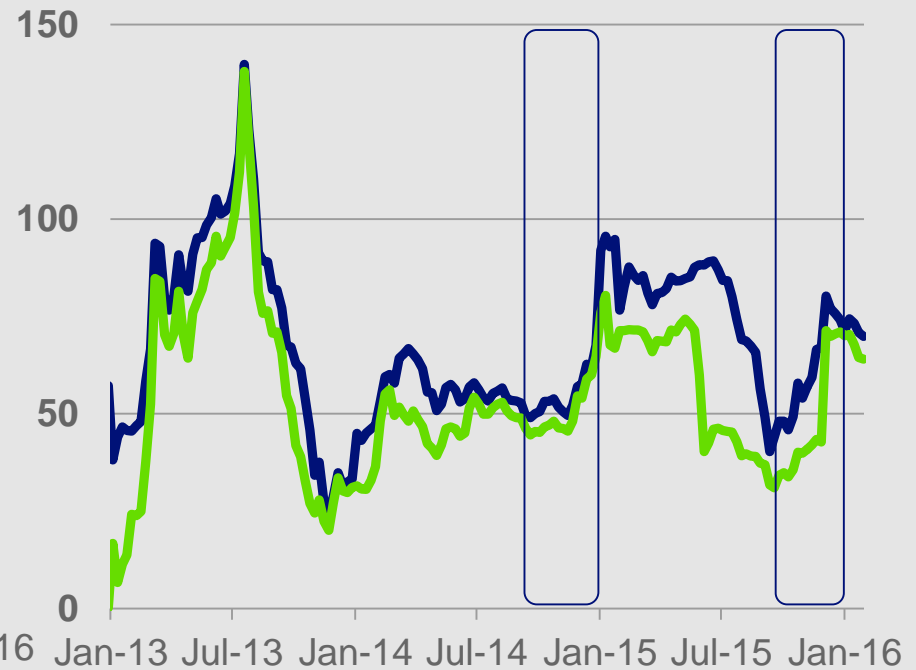
\*\*Quotations in NWE, source: Oil World

# US market improved after regulatory decisions

**SME vs. Soybean oil price differential, USD/ton**



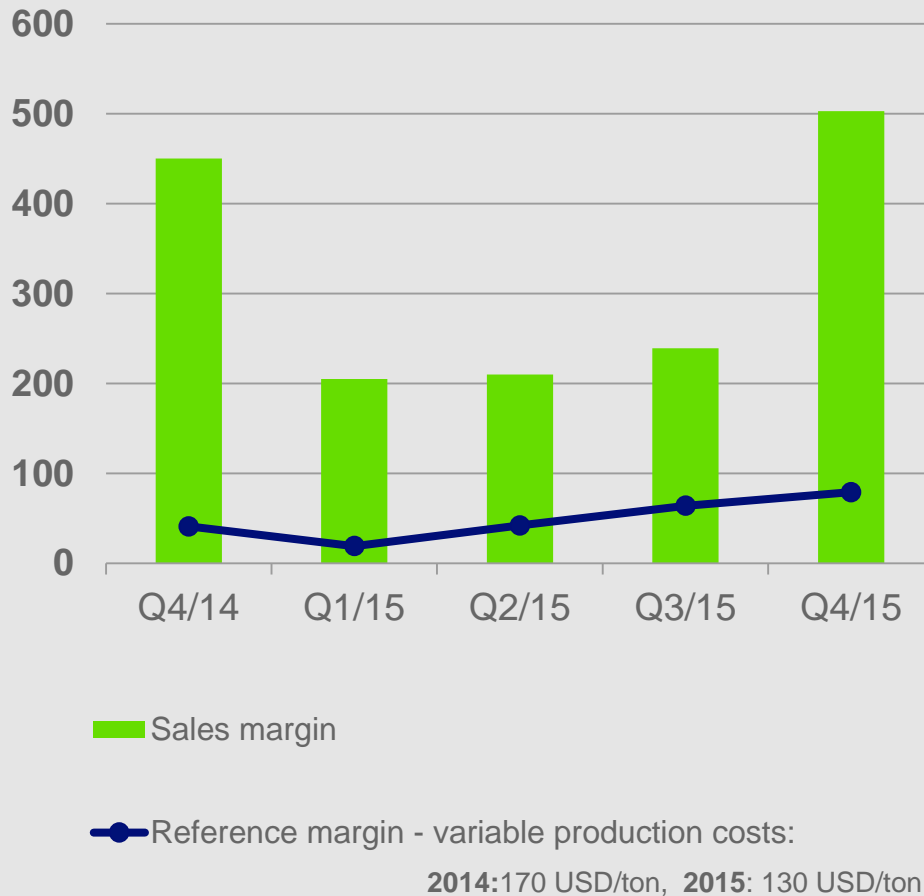
**Biodiesel RIN, US cent /gal**



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

# Solid additional margin

## Renewable Products margins, USD/ton

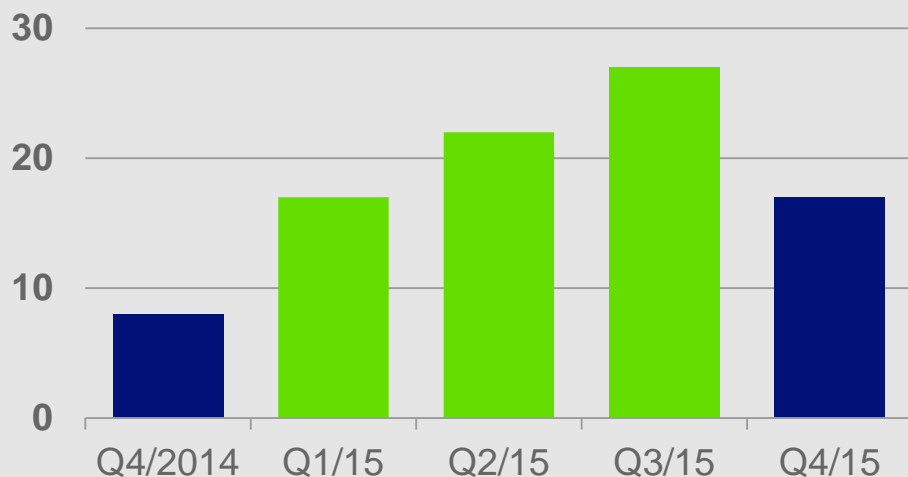


- Additional margin supported by US Blender's Tax Credit in Q4/15 and Q4/14
- Successful timing of margin management in 2015
- Optimized feedstock mix
- Low production costs



# Successful year in Oil Retail

## Comparable EBIT, MEUR



MEUR	Q4/15	Q4/14	2015	2014
Revenue	898	1,046	3,748	4,294
Comparable EBIT	17	8	84	68
Net assets	184	201	184	201

## Highlights 2015

- Record-high comparable EBIT 84 MEUR (68 MEUR)
- Unit margins and sales volumes increased in all markets
- Weak ruble reduced result by 6 MEUR in Northwest Russia
- Investments 19 MEUR (18 MEUR)
- RONA 41.2% (27.6%)

# Current topics



# Group outlook for 2016

- Neste's effective USD/EUR rate expected to stay close to current market rate
- Capital expenditure expected to be approx. EUR 400 million
- Effective income tax rate to be approx. 20%

# Segment outlook for 2016

## Oil Products

Reference margin	Utilization rate
Expected to continue to be supported by relatively good gasoline margins.	Porvoo refinery scheduled to high utilization rate. No scheduled major maintenance outages.

## Renewable Products

Reference margins	Utilization rate
Expected to remain at approximately the average level of year 2015.	Utilization rates expected to be high, excluding scheduled 7 week major turnaround at Rotterdam refinery in April-May.

## Oil Retail

Unit margins and sales volumes
Expected to follow previous years' seasonality pattern.

# Dividend proposal

- Board of Directors will propose dividend of EUR 1.00 per share
- Yield 3.6% (at year-end 2015 share price)
- 35% of comparable net profit

# We focus on



Safety

Cash flow

Refinery  
productivity

Markets and  
customers

# Appendix



# Renewable Products comparable EBIT calculation

	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Sales volume, kt	488	561	516	540	2,104	513	554	575	625	2,267
Reference margin, \$/ton	206	214	247	211	221	149	172	194	209	182
Additional margin, \$/ton	146	155	174	409	227	186	168	176	424	247
Variable production costs, \$/ton	170	170	170	170	170	130	130	130	130	130
<b>Comparable sales margin, \$/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>	<b>503</b>	<b>299</b>
Comparable sales margin, MEUR	65	84	98	196	440	94	105	124	288	611
Fixed costs, MEUR	26	29	22	29	105	30	28	25	33	116
Depreciations, MEUR	24	24	24	25	96	22	24	24	24	95
<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>	<b>231</b>	<b>402</b>

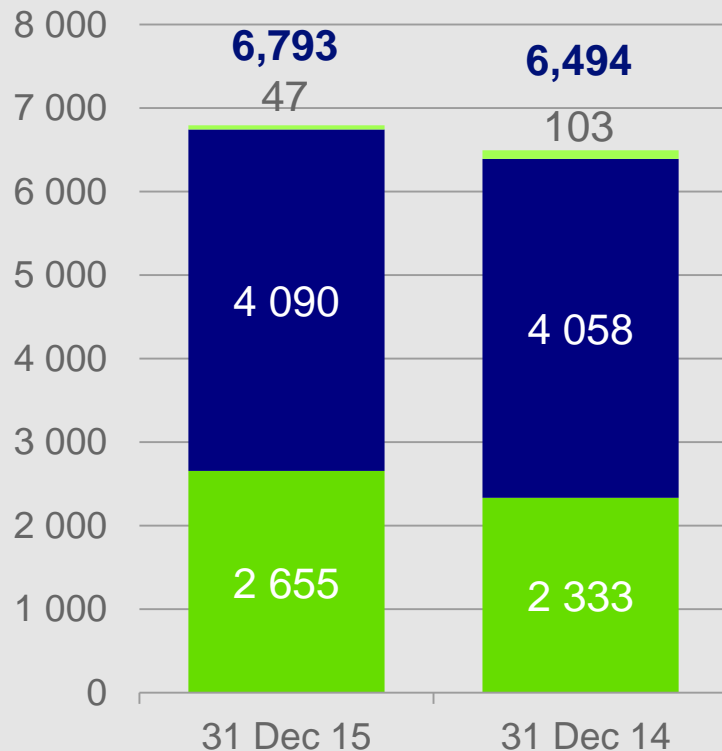
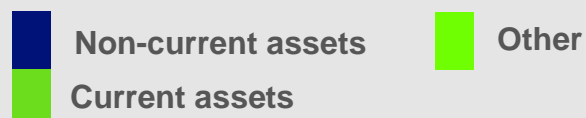


# Refinery production costs, Porvoo & Naantali

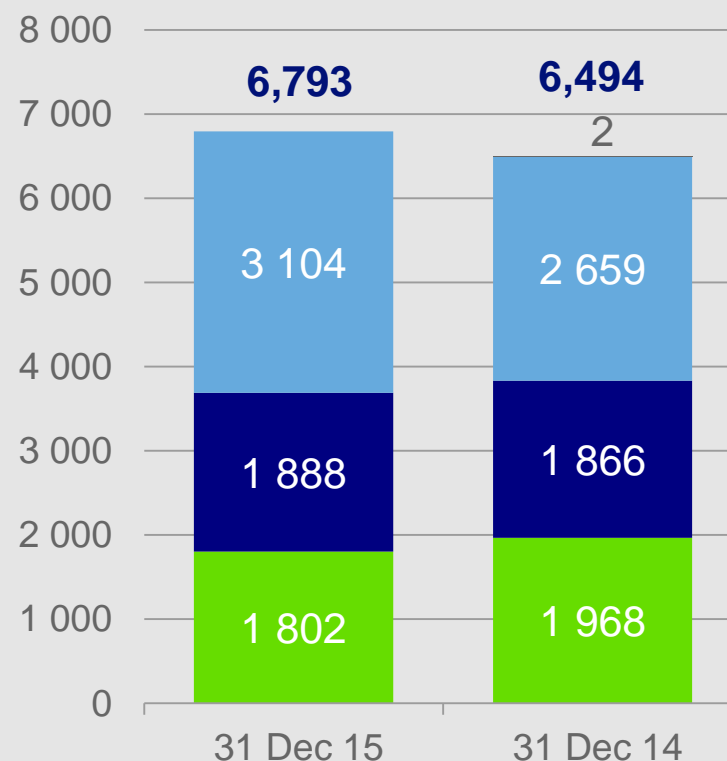
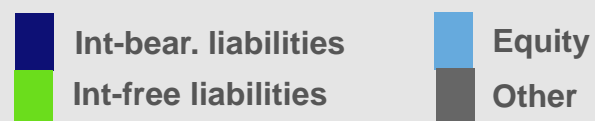
		Q4/14	2014	Q1/15	Q2/15	Q3/15	Q4/15	2015
Refined products	Million barrels	25.8	103.2	27.3	12.2	27.8	25.4	92.6
Exchange rate	EUR/USD	1.25	1.33	1.13	1.10	1.11	1.09	1.11
Utilities costs	EUR million	47.2	173.4	36.6	33.3	29.8	30.9	130.6
	USD/bbl	2.3	2.2	1.5	3.0	1.2	1.3	1.6
Fixed costs	EUR million	71.7	238.0	52.1	59.6	53.1	63.4	228.2
	USD/bbl	3.5	3.1	2.2	5.4	2.1	2.7	2.7
External cost sales	EUR million	-4.9	-24.4	-5.2	-5.0	-5.8	-5.2	-21.1
	USD/bbl	-0.2	-0.3	-0.2	-0.4	-0.2	-0.2	-0.3
Total	EUR million	113.9	387.1	83.5	88.0	77.2	89.1	337.8
	USD/bbl	5.5	5.0	3.5	8.0	3.1	3.8	4.0

# Balance sheet

## Total assets



## Total equity & liabilities

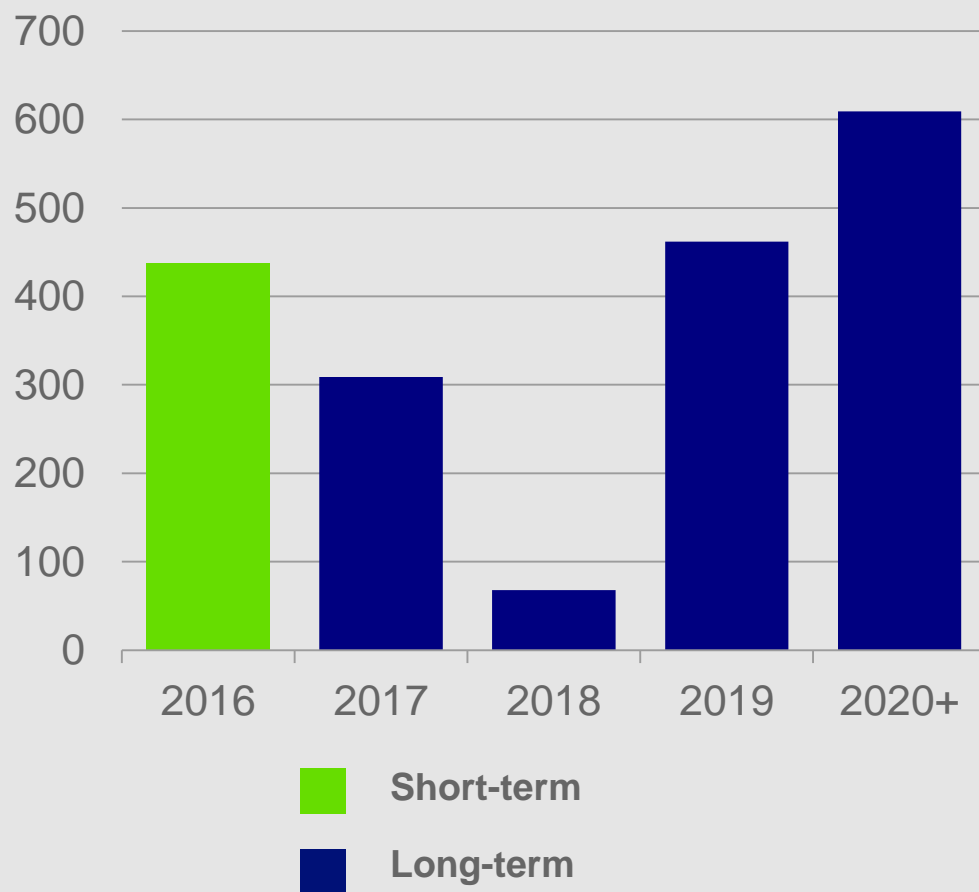


# Cash flow

MEUR	Q4/15	Q4/14	Q3/15	2015	2014
EBITDA (IFRS)	355	60	245	1,057	480
Capital gains/losses	0	-1	0	-77	2
Other adjustments	-26	-57	-62	-27	-80
Change in working capital	36	368	208	-94	-33
Net finance costs	-9	-20	-50	-88	-44
Taxes	23	0	-20	-27	-77
Net cash from operating activities	380	351	322	743	248
Capital expenditure	-79	-115	-145	-505	-272
Other investing activities	0	1	72	241	-34
Cash flow before financing activities	300	237	249	480	-59

# Liquidity & maturity profile

MEUR



- Total liquidity at the end of December 2015 was EUR 2,646 million
  - Cash and cash equivalents totalled EUR 596 million
  - Unused committed credit facilities totalled EUR 1,650 million
  - Unused CP programmes (not committed) totalled EUR 400 million
- Average interest rate was 3.4% and maturity 3.7 years at the end of December
- No financial covenants in Group's existing loan agreements



**The only way  
is forward.**

**NESTE**