

The background is a vibrant green with a bokeh effect of out-of-focus light spots. A large, thin white circle is positioned on the right side of the image, partially overlapping the text area.

# Q1 2018

Matti Lievonen | President and CEO

NESTE

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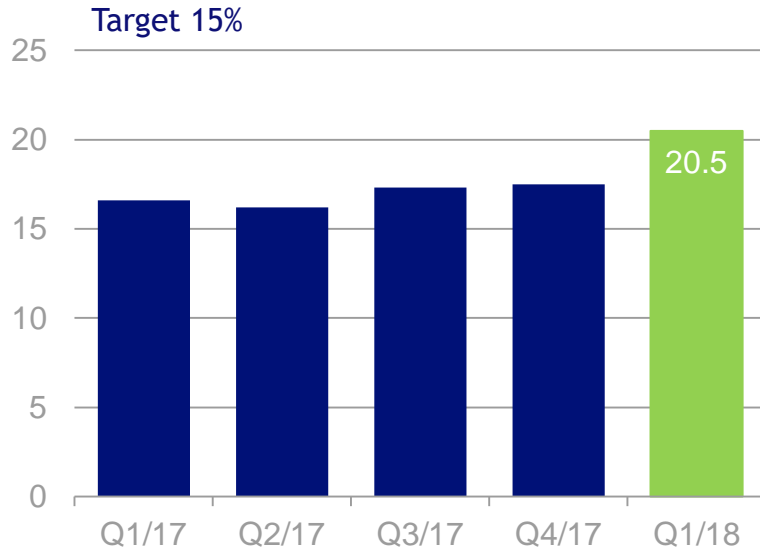


## Excellent start for the year

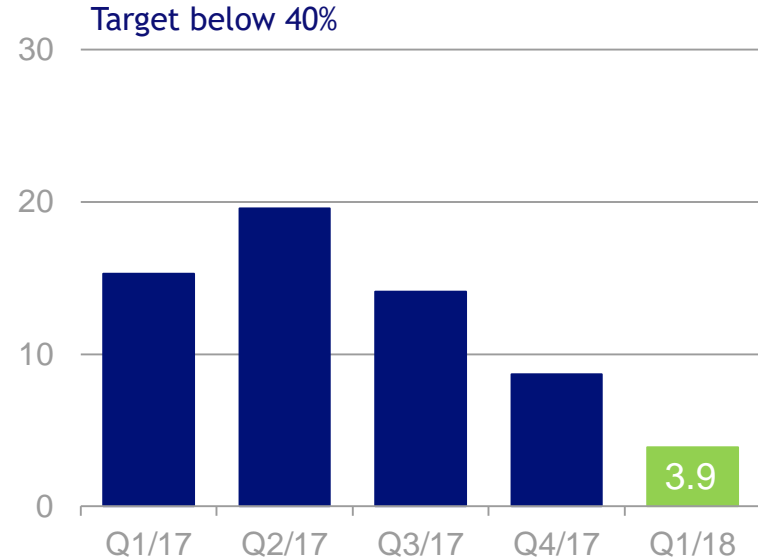
- All-time high quarterly comparable EBIT 401 MEUR with 140 MEUR support from 2017 US Blenders Tax Credit
- Excellent additional margin in Renewable Products
- Solid Q1 financials in Oil Products
- Marketing & Services improved
- Strong cash flow delivered

# Strong performance reflected in financial targets

ROACE, rolling 12 months, %



Leverage, %



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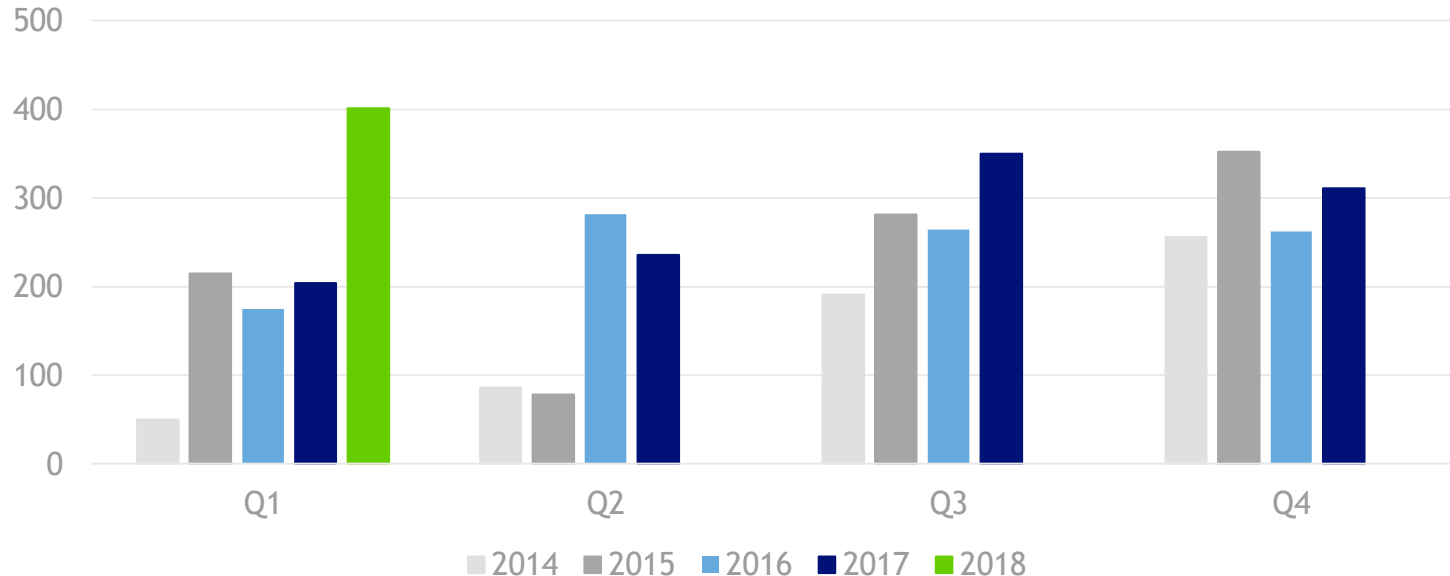
# Q1 2018 Group financials

# Group financials Q1/18, all-time high quarterly comparable EBIT

MEUR	1-3/18	1-3/17	10-12/17	2017
Revenue	3,629	3,071	3,636	13,217
Comparable EBITDA	499	293	409	1,472
EBITDA	518	361	394	1,542
Comparable operating profit	401	204	311	1,101
Renewable Products	296	80	209	561
Oil Products	99	126	89	495
Marketing & Services	13	11	11	68
Others (incl. eliminations)	-7	-14	1	-24
Operating profit	421	271	296	1,171
Cash flow before financing activities	234	-25	287	628
Comparable earnings per share, EUR	1.29	0.56	1.00	3.33

# Group comparable EBIT almost doubled compared to Q1/17

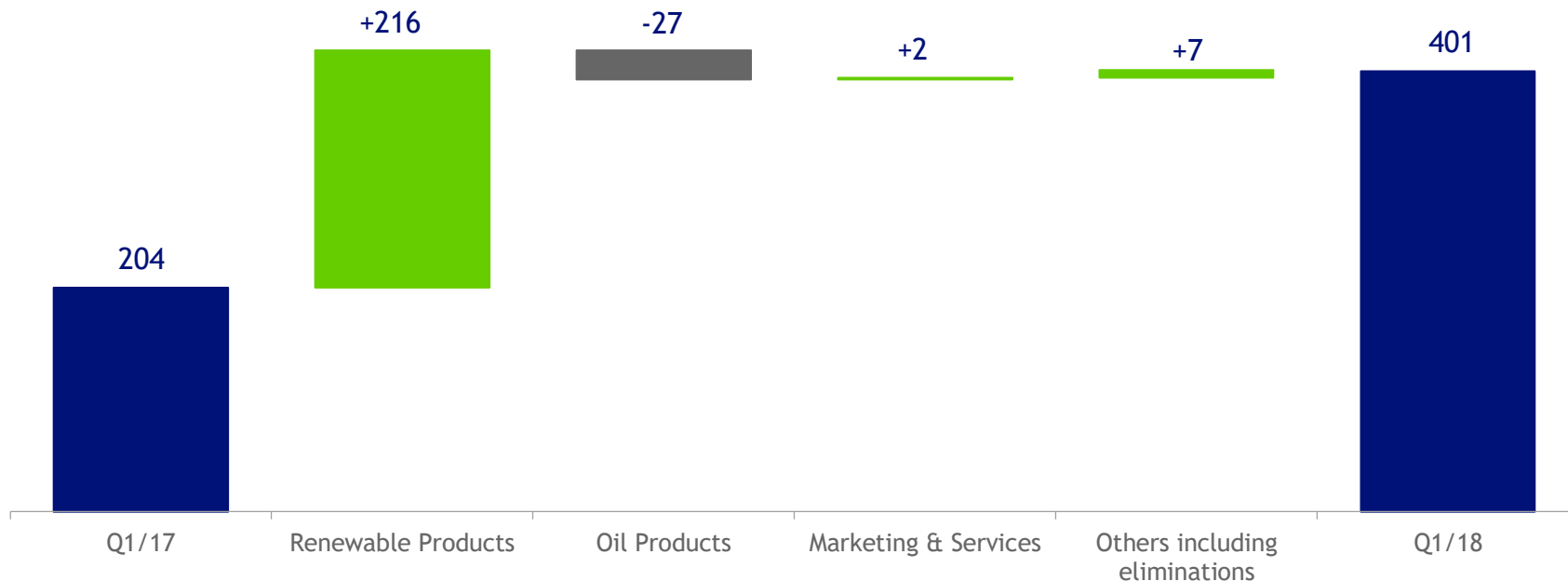
Group comparable EBIT quarterly, MEUR





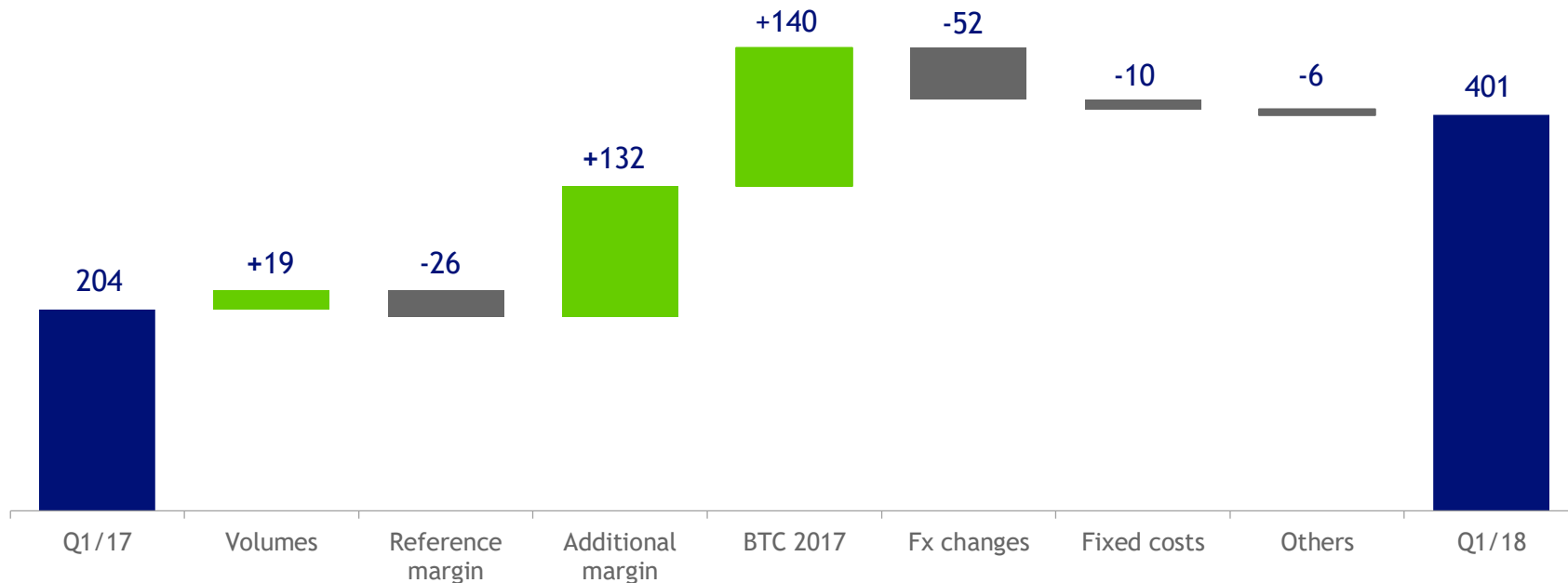
# Profit improvement driven by Renewable Products

Group comparable EBIT by segments Q1/17 vs. Q1/18, MEUR



# Higher additional margins and BTC boosted Q1 result

Group comparable EBIT Q1/17 vs. Q1/18, MEUR

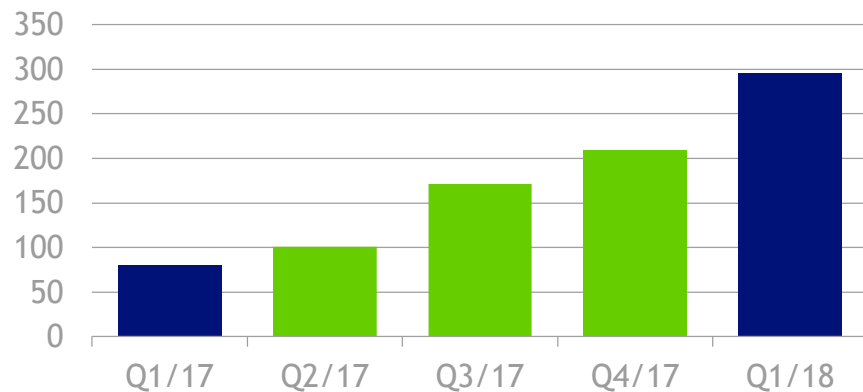


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# Q1 2018 Segment reviews

# Excellent result in Renewable Products

## Comparable EBIT, MEUR



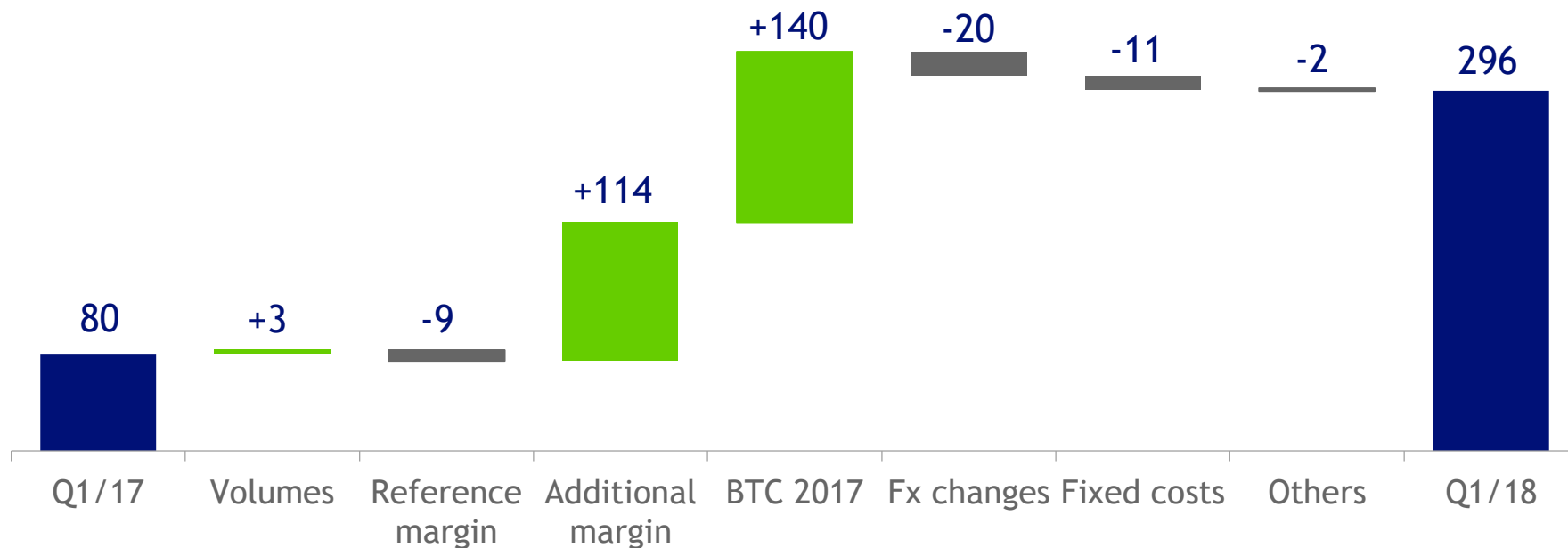
MEUR	Q1/18	Q1/17	2017
Revenue	759	699	3,243
Comparable EBIT	296	80	561
Net assets	1,906	1,844	1,863

- Comparable EBIT 296 MEUR (80 MEUR)
- Retroactive 2017 US Blenders Tax Credit 140 MEUR
- Additional margin USD 384/ton (125) without BTC
- Sales volume 550 kton (543 kton);  
share of Europe 76% (82%)
- Share of waste and residues feedstock 81% (72%)
- Renewable propane deliveries began in Rotterdam
- Investments 15 MEUR (22 MEUR)
- Comparable RONA\* 41.4% (26.0%)

\* Last 12 months

# Additional margin and BTC supported excellent result

Comparable EBIT Q1/17 vs. Q1/18, MEUR



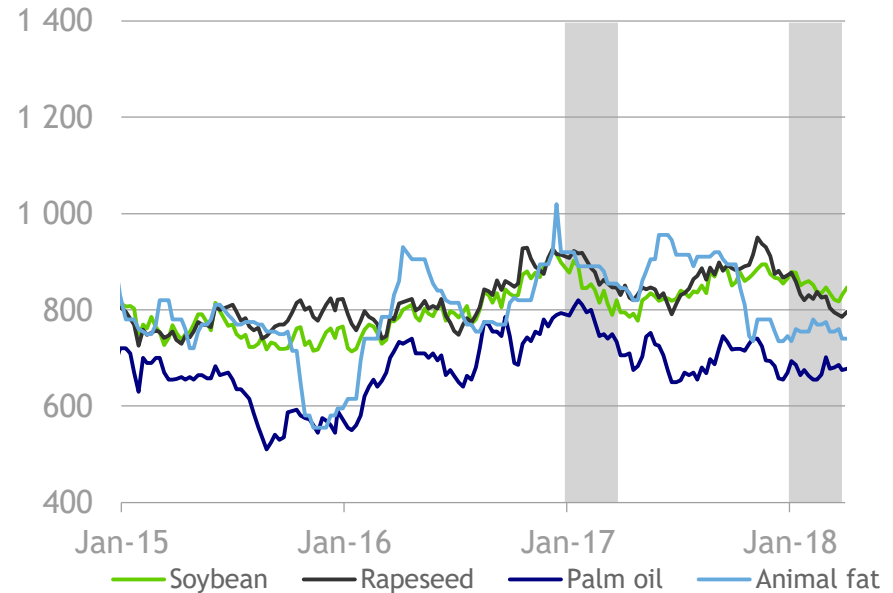


# European biodiesel margins under pressure

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 biodiesel margins impacted by regulatory uncertainty

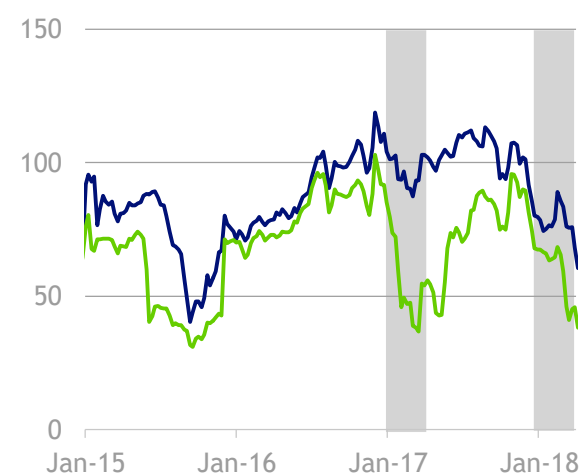
SME vs. Palm oil price\* differential, USD/ton



Low Carbon Fuel Standard, LCFS credit price USD/ton



Biodiesel RIN, US cent / gal

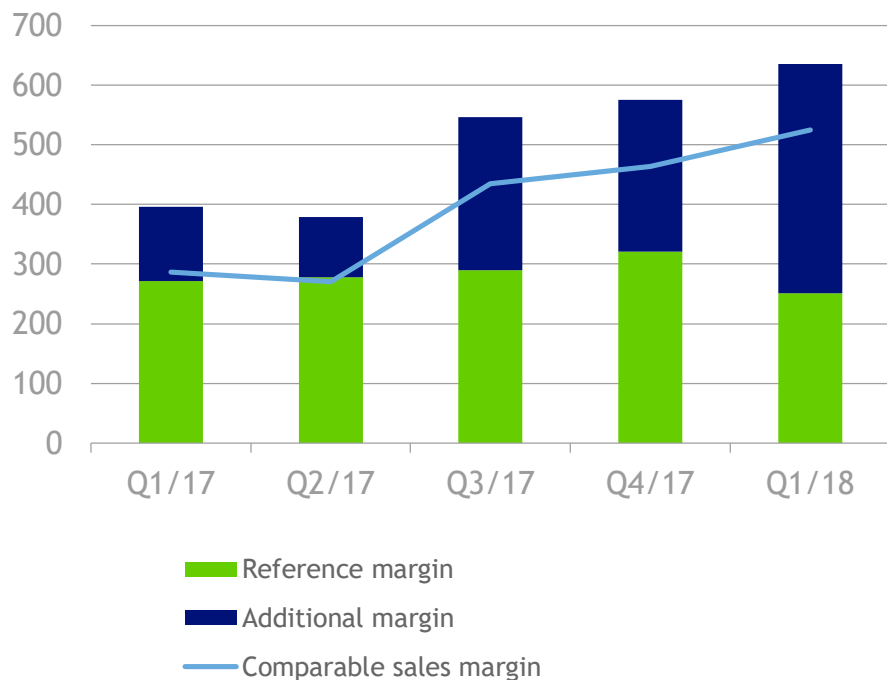


— Biomass-based diesel (D4)  
— Conventional renewable fuel (D6)

\* Including \$70/ton freight

# Additional margin strengthened further

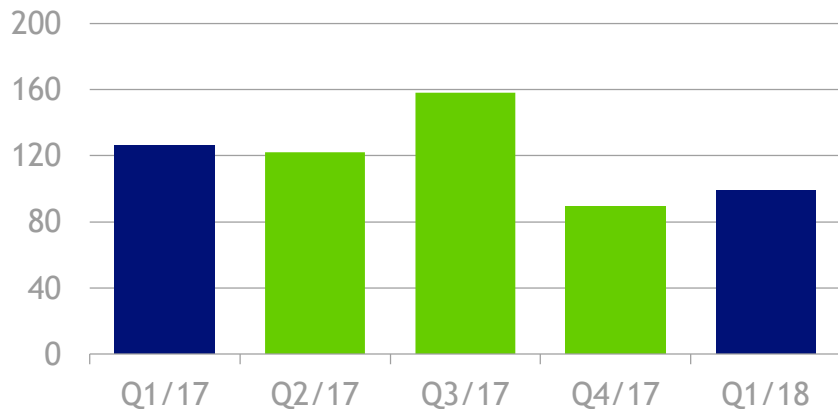
## Renewable Products margin, USD/ton



- Comparable sales margin excluding BTC USD 525/ton (286)
- Reference margin USD 251/ton (271)
- Additional margin excluding BTC USD 384/ton (125)
- Utilization rate 89% (99%) based on new nominal capacity of 2.7 Mton/a

# Oil Products' Q1 supported by good operational performance

## Comparable EBIT, MEUR



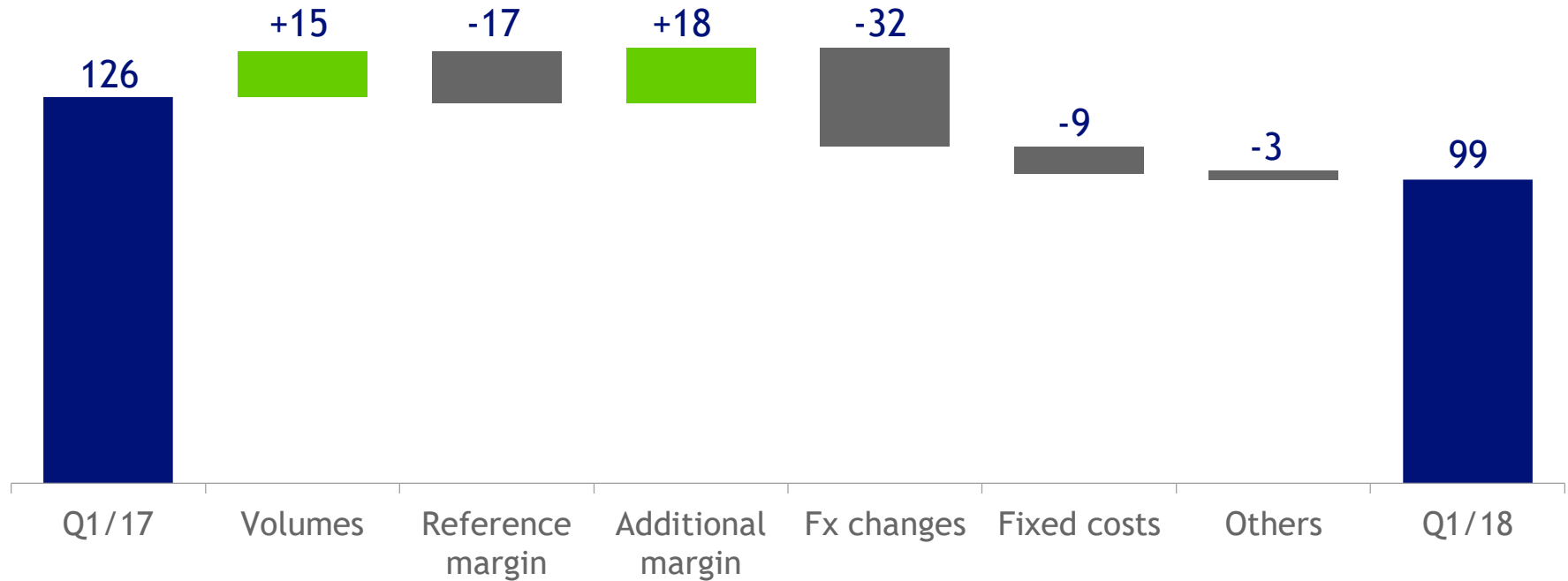
- Comparable EBIT 99 MEUR (126 MEUR)
- Sales volume 3.9 Mton (3.3 Mton)
- Refinery average utilization rate 96% (89%)
- Urals' share of feed 71% (73%)
- Investments 58 MEUR (55 MEUR)
- Comparable RONA\* 18.2% (19.8%)

MEUR	Q1/18	Q1/17	2017
Revenue	2,453	2,009	8,490
Comparable EBIT	99	126	495
Net assets	2,592	2,629	2,497

\* Last 12 months

# Higher sales volumes and weaker USD impacted result

Comparable EBIT Q1/17 vs. Q1/18, MEUR



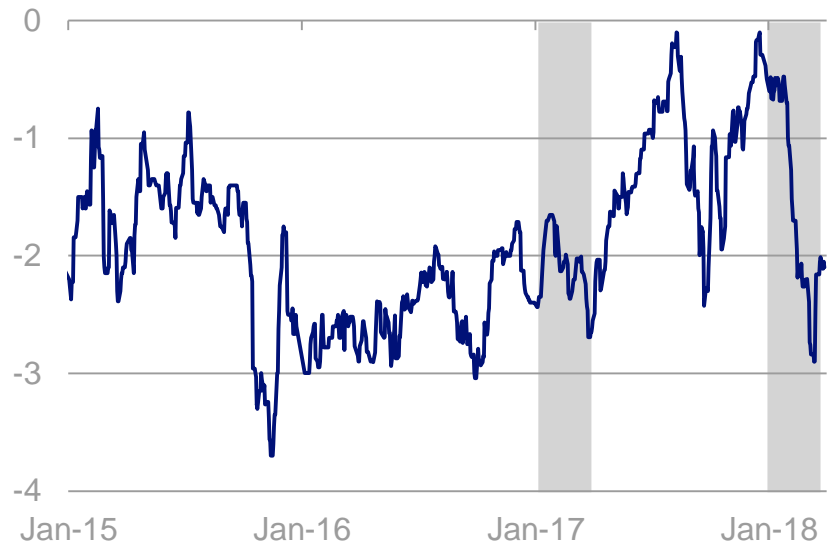


# Seasonal product margins and widening Urals-Brent differential

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



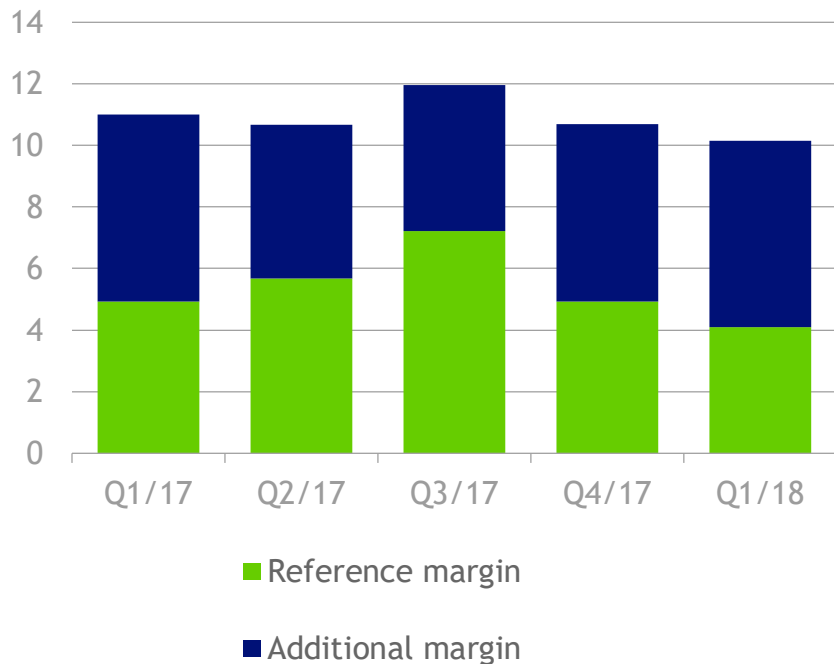
Urals vs. Brent price differential,  
USD/bbl



— Diesel    — Gasoline    — Heavy Fuel Oil

# Total refining margin supported by strong additional margin

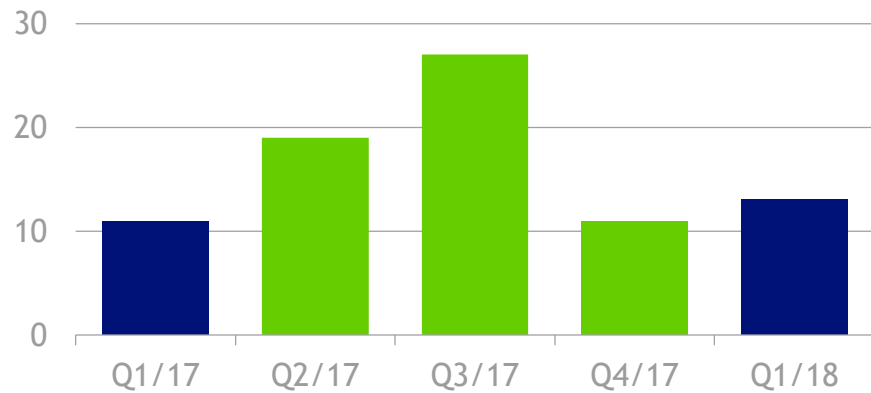
Total refining margin, USD/bbl



- Total refining margin USD 10.2/bbl (11.0)
- Reference margin USD 4.1/bbl (4.9)
- Additional margin USD 6.1/bbl (6.1)
- Refinery production costs USD 4.4/bbl (3.7)

# Marketing & Services improved result

## Comparable EBIT, MEUR



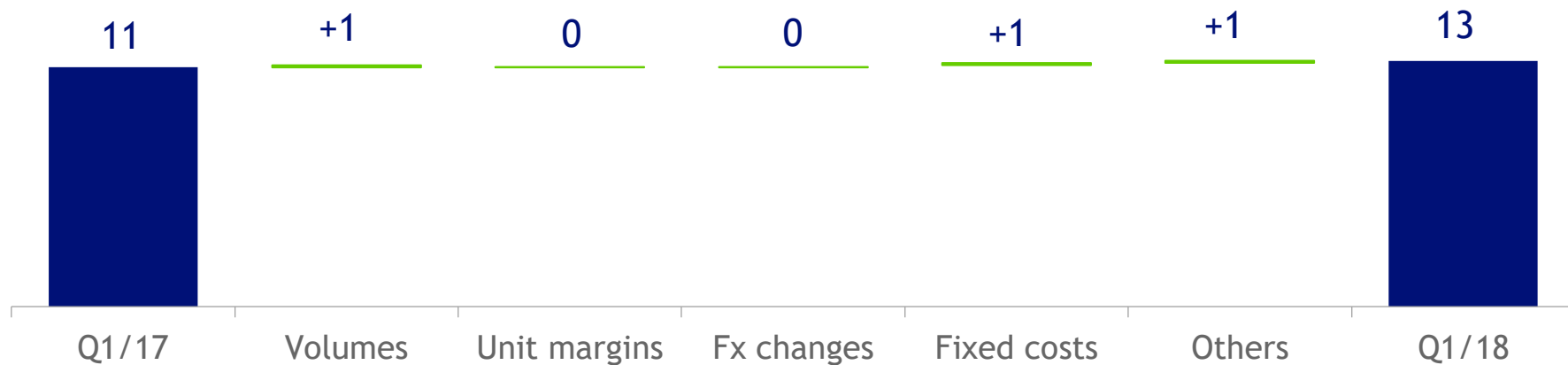
- Comparable EBIT 13 MEUR (11 MEUR)
- Sales volumes increased year-on-year
- Unit margins impacted by competitive markets
- Investments 4 MEUR (10 MEUR)
- Comparable RONA\* 27.9% (40.6%)

MEUR	Q1/18	Q1/17	2017
Revenue	996	948	3,912
Comparable EBIT	13	11	68
Net assets	259	212	280

\* Last 12 months

# Gradual improvement in all areas

Comparable EBIT Q1/17 vs. Q1/18, MEUR



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# Current topics



# Outlook for 2018

We expect 2018 to be a strong year for Neste

# Segment outlook for 2018

## RENEWABLE PRODUCTS

### MARGIN

Additional margin expected to be at strong level in 2018.

### UTILIZATION RATE

Utilization rates expected to be high, except for 4 week shutdown of Rotterdam refinery in Q2 and 9 week major turnaround at Singapore refinery in Q4. Current EBIT impact estimates are 50 MEUR for Rotterdam and 80 MEUR for Singapore turnaround.

## OIL PRODUCTS

### MARGIN

Reference margin has recovered from low levels in early 2018 and robust diesel and gasoline demand is expected to continue supporting reference margin.

### UTILIZATION RATE

High reliability to continue in refinery operations. Several scheduled unit maintenance turnarounds to be implemented during spring and autumn. Current EBIT impact estimates of the maintenances are 30 MEUR in Q2 and 50 MEUR in H2 2018.

## MARKETING & SERVICES

### UNIT MARGINS AND SALES VOLUMES

Expected to follow previous years' seasonality pattern. Actions initiated to improve financial performance.

## We continue to focus on

**Safety and  
operational  
excellence**

**Cash flow**

**Customer  
satisfaction**



# Appendix

# Renewable Products comparable EBIT calculation

	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
Sales volume, kton	543	674	637	713	2,567	550
Reference margin, \$/ton	271	278	290	321	291	251
Additional margin, \$/ton	125	101	256	254	184	384
Variable production costs, \$/ton	110	110	110	110	110	110
<b>Comparable sales margin, \$/ton</b>	<b>286</b>	<b>270</b>	<b>435</b>	<b>464</b>	<b>365</b>	<b>525</b>
Comparable sales margin, MEUR	146	165	236	281	828	374
Fixed costs, MEUR	40	37	39	44	159	51
Depreciations, MEUR	26	28	27	28	110	28
<b>Comparable EBIT, MEUR</b>	<b>80</b>	<b>101</b>	<b>171</b>	<b>209</b>	<b>561</b>	<b>296</b>



# Refinery production costs, Porvoo & Naantali

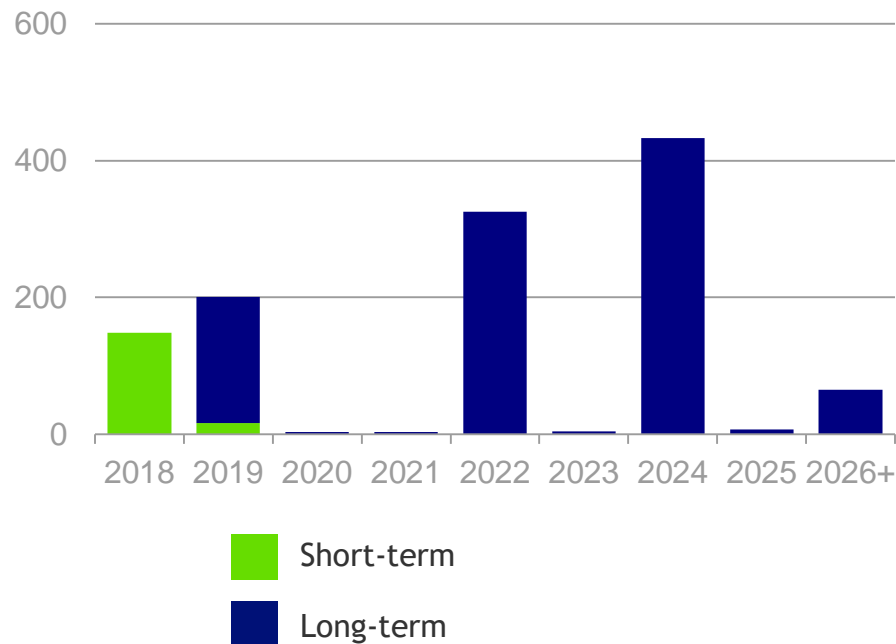
		Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18
Refined products	Million barrels	27.2	27.1	27.3	26.8	108.4	28.5
Exchange rate	EUR/USD	1.06	1.10	1.17	1.18	1.13	1.23
Utilities costs	EUR million	44.1	44.1	43.0	46.4	177.6	45.5
	USD/bbl	1.7	1.8	1.8	2.0	1.9	2.0
Fixed costs	EUR million	55.4	64.8	55.0	75.3	250.6	57.5
	USD/bbl	2.2	2.6	2.4	3.3	2.6	2.5
External cost sales	EUR million	-3.9	-3.2	-3.7	-0.1	-10.8	-2.1
	USD/bbl	-0.2	-0.1	-0.2	0.0	-0.1	-0.1
Total	EUR million	95.6	105.7	94.4	121.6	417.3	100.9
	USD/bbl	3.7	4.3	4.0	5.4	4.4	4.4

# Cash flow

MEUR	Q1/18	Q1/17	Q4/17	2017
EBITDA	518	361	394	1,542
Capital gains/losses	-2	-3	0	-3
Other adjustments	42	-49	-31	-82
Change in working capital	-149	-227	145	-104
Net finance costs	-25	-25	-9	-90
Taxes	-62	-13	-55	-169
<b>Net cash generated from operating activities</b>	<b>323</b>	<b>44</b>	<b>445</b>	<b>1,094</b>
Capital expenditure	-85	-99	-165	-502
Other investing activities	-5	30	8	36
<b>Cash flow before financing activities</b>	<b>234</b>	<b>-25</b>	<b>287</b>	<b>628</b>

# Liquidity & maturity profile

MEUR



- Total liquidity EUR 3,054 million at end of March 2018
  - Cash and cash equivalents EUR 1,004 million
  - Unused committed credit facilities EUR 1,650 million
  - Unused CP programmes (not committed) EUR 400 million
- Average interest rate for interest-bearing liabilities was 3.2%\* and maturity 4.3 years at end of March
- No financial covenants in Group companies' existing loan agreements

\*Average interest rate for interest-bearing liabilities excluding finance leases was 2.3%

