



# Q1 2019

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NESTE



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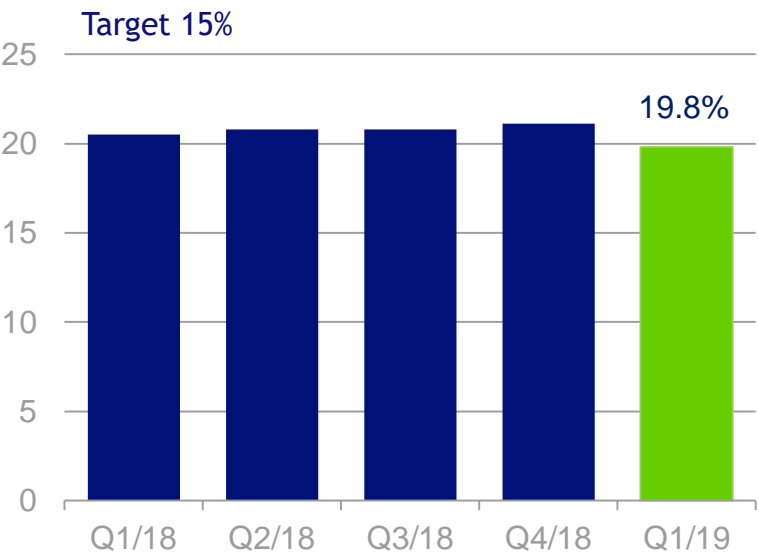


## Great start for the year

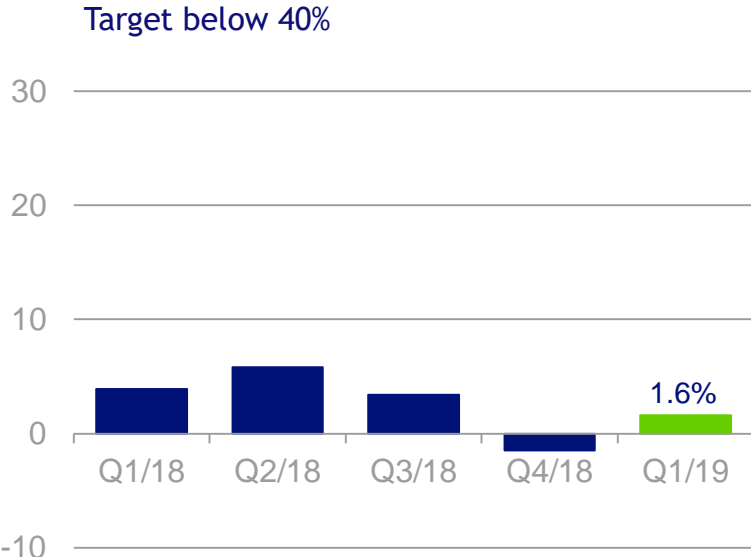
- Group comparable EBIT 378 MEUR
- Renewable Products delivered best ever quarterly comparable EBIT
- Oil Products impacted by weak refining markets
- Marketing & Services on track with normal seasonality
- Others segments' comparable EBIT 34 MEUR lower than Q1/18 mainly due to Nynas' financial result
- Making good progress in growth strategy implementation

# Solid performance reflected in financial targets

ROACE, rolling 12 months, %



Leverage, %



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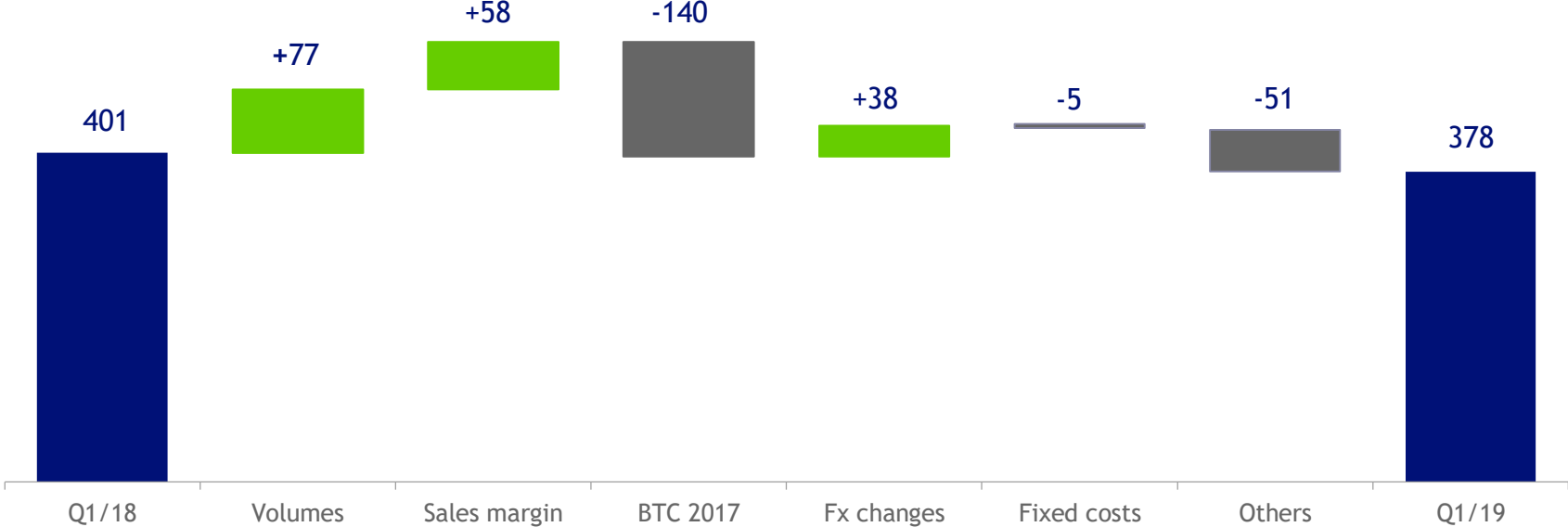
Q1 2019  
Group financials

# Group financials Q1/19

MEUR	1-3/19	1-3/18	10-12/18	2018
Revenue	3,769	3,629	3,661	14,918
EBITDA	486	518	401	1,639
Comparable operating profit	378	401	349	1,422
Renewable Products	337	296	281	983
Oil Products	73	99	60	397
Marketing & Services	13	13	19	77
Others (incl. eliminations)	-44	-7	-11	-34
Operating profit	382	421	183	1,025
Cash flow before financing activities	8	234	389	870
Comparable earnings per share, EUR	0.38	0.43	0.38	1.50

# Higher volumes and sales margins boosted Q1 result

Group comparable EBIT Q1/18 vs. Q1/19, MEUR



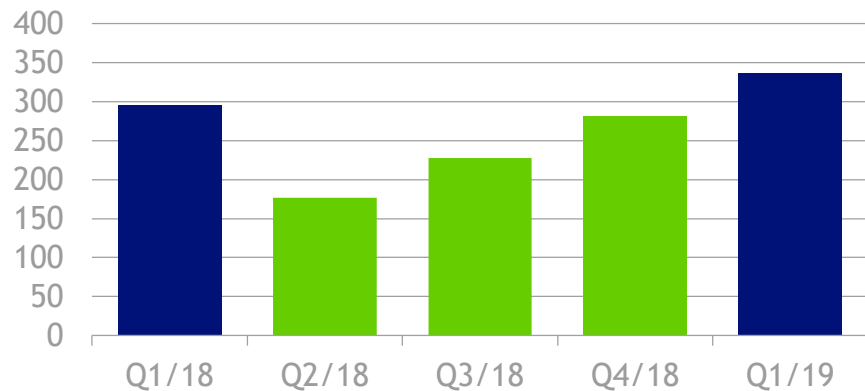




Q1 2019  
Segment reviews

# Record-high quarterly result in Renewable Products

## Comparable EBIT, MEUR



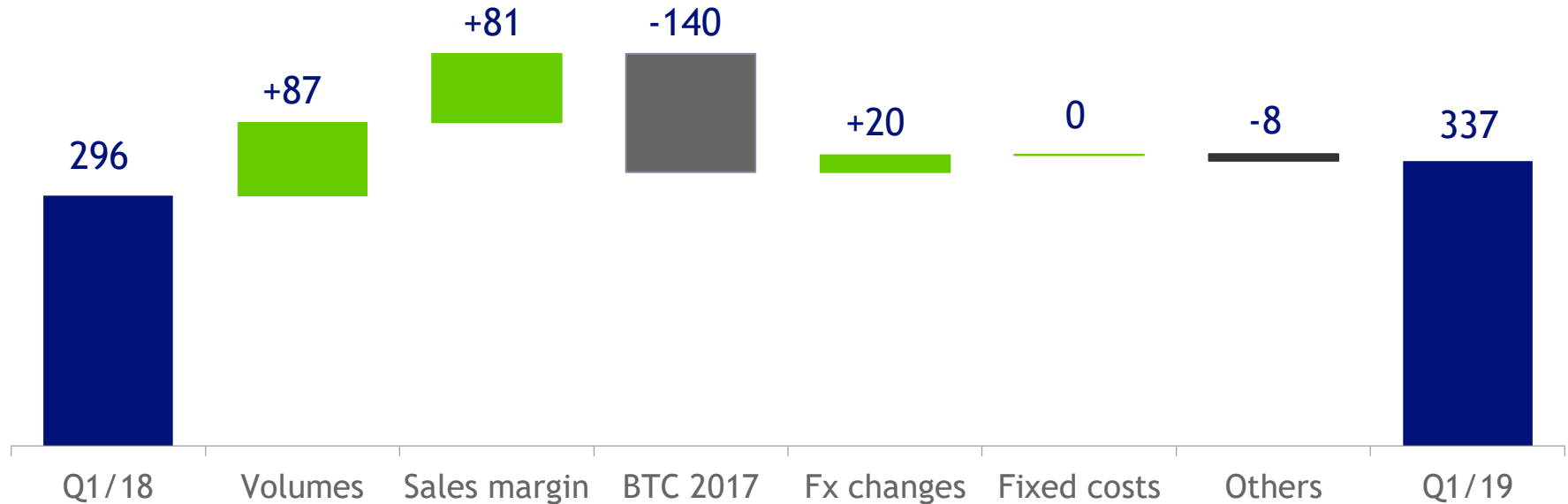
- Comparable EBIT 337 MEUR (296) without BTC
- Sales volume 692 kton (550 kton); share of Europe 74% (76%)
- Share of waste and residues feedstock 80% (81%)
- Investments 14 MEUR (15)
- Comparable RONA\* 53.1% (41.4%)

MEUR	Q1/19	Q1/18	2018
Revenue	973	759	3,241
Comparable EBIT	337	296	983
Net assets	2,131	1,906	2,018

\* Last 12 months

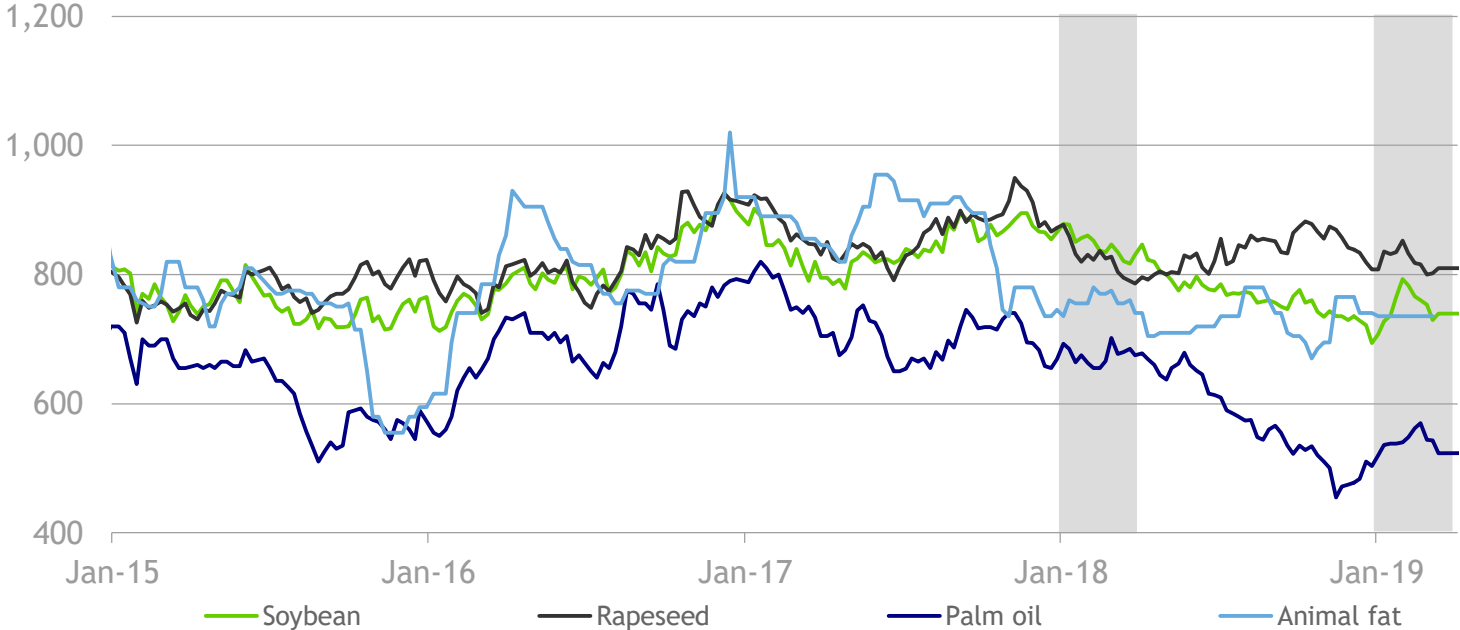
# Sales volumes and margins supported outstanding result

Comparable EBIT Q1/18 vs. Q1/19, MEUR



# Raw material prices on rising trend

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



\*Quotations in NWE, source: Oil World

# LCFS credits supported US margins and RIN prices remained low

Low Carbon Fuel Standard, LCFS credit price USD/ton



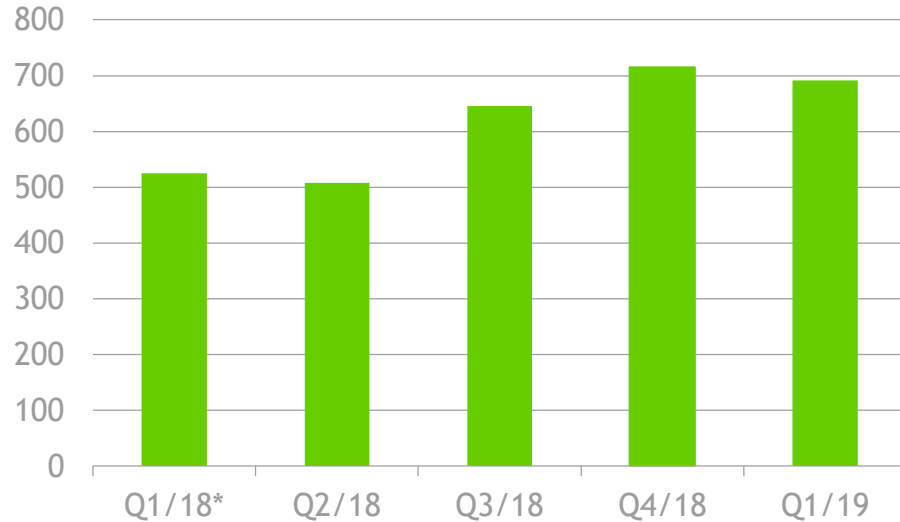
RIN prices, US cent /gal



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

# Comparable sales margin at a very high level

## Renewable Products sales margin, USD/ton

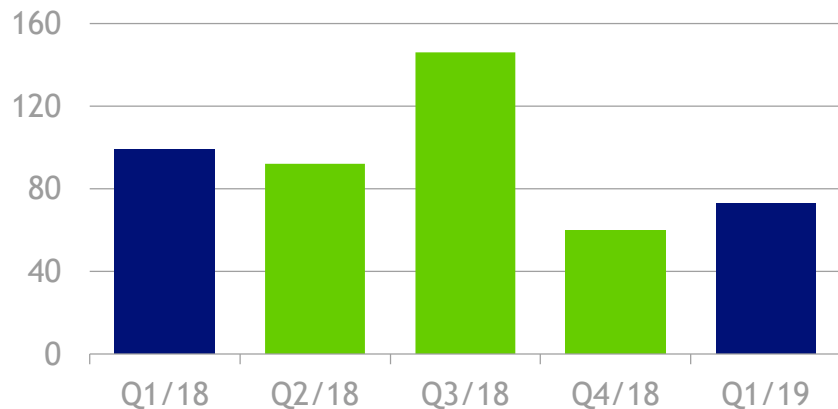


\*Excluding BTC

- Comparable sales margin USD 692/ton (525)
- California LCFS credit USD 194/ton (136)
- D4 RIN USD 0.50/gal (0.78)
- Sales of 100% Neste MY diesel 153 kton (158)
- Utilization rate 99% (89%)

# Oil Products' EBIT impacted by weaker refining market

## Comparable EBIT, MEUR



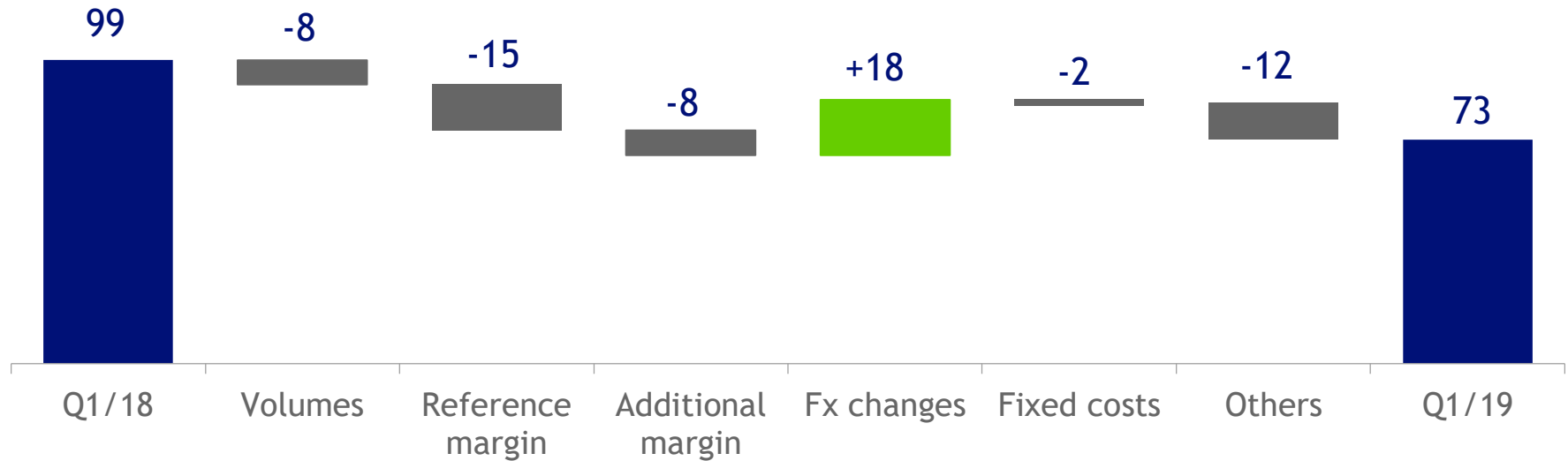
- Comparable EBIT 73 MEUR (99)
- Sales volume 3.6 Mton (3.9)
- Refinery average utilization rate 95% (96%)
- Urals' share of feed 67% (71%)
- Investments 40 MEUR (58)
- Comparable RONA\* 14.5% (18.2%)

MEUR	Q1/19	Q1/18	2018
Revenue	2,514	2,453	10,105
Comparable EBIT	73	99	397
Net assets	2,581	2,592	2,257

\* Last 12 months

# Weaker markets impacted result

Oil Products comparable EBIT Q1/18 vs. Q1/19, MEUR





# Low gasoline margins and narrow Urals-Brent differential

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



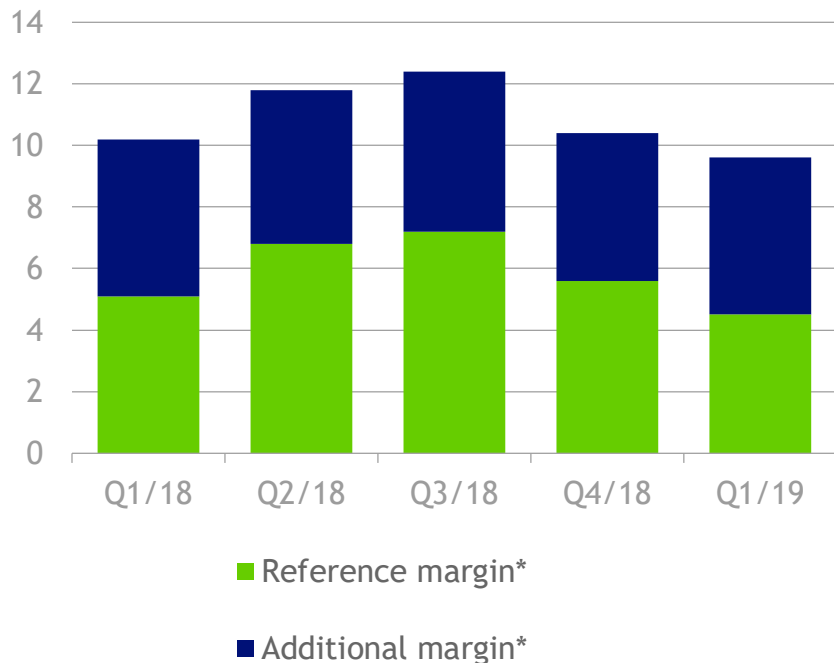
Urals vs. Brent price differential, USD/bbl



17 Diesel Gasoline Heavy Fuel Oil

# Additional margin remained at the targeted level

Total refining margin, USD/bbl

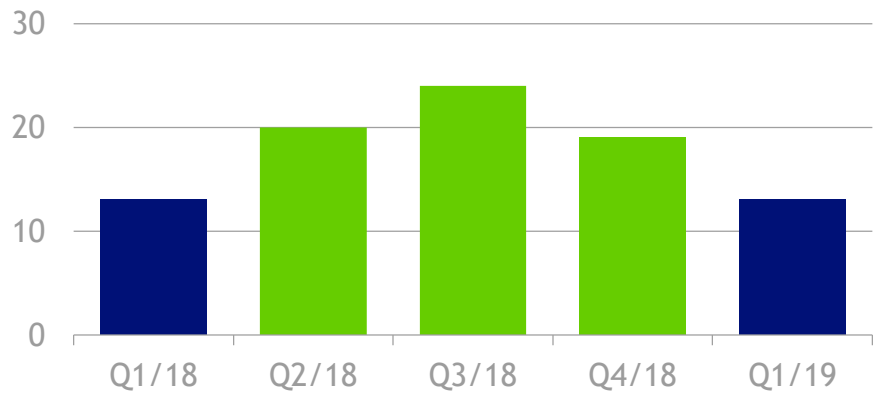


- Total refining margin USD 9.5 bbl (10.2)
- Reference margin\* USD 4.5/bbl (5.1)
- Additional margin\* USD 5.0/bbl (5.1)
- Base oils margin environment weaker vs. Q1/18
- Refinery production costs USD 4.6/bbl (4.4)

\* Updated reference margin formula

# Marketing & Services EBIT at Q1/18 level

## Comparable EBIT, MEUR



- Comparable EBIT 13 MEUR (13)
- Unit margins improved from Q1/18
- Sales volumes decreased slightly
- Investments 5 MEUR (4)
- Comparable RONA\* 28.1% (27.9%)

MEUR	Q1/19	Q1/18	2018
Revenue	1,042	996	4,315
Comparable EBIT	13	13	77
Net assets	319	259	249

\* Last 12 months



# Current topics

# Making good progress in strategy implementation

## Focus areas

Scale up faster and bolder



## Progress during Q1

- New organizational set-up to support execution
- Singapore expansion project started well on track
- Agreement with Air BP to supply renewable jet fuel to customers in Sweden
- Rotterdam site long-term development pre-study on-going, including capability for RJF production
- Renewable polymers commercialization: first commercial trial with partners on-going

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Drive efficiency in operations



- Operational improvements through seven breakthrough programs proceeding
- PMO has been installed

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Increase innovations



- First two innovation themes selected: scalable feedstocks for aviation fuels and lignocellulosic fuels

# Segment outlook for Q2/2019

## RENEWABLE PRODUCTS

### SALES VOLUMES

Sales volumes in Q2 expected to be approx. at same level as in Q1/19, with no major changes in sales allocation.

### MARGIN

Raw material prices expected to increase from Q1/19 level.

### UTILIZATION RATE

Utilization rates expected to be high in Q2. Scheduled catalyst change maintenance at Rotterdam refinery in Q4.

## OIL PRODUCTS

### MARGIN

Reference margin in Q2 is expected to be higher than in Q1/19, driven by a seasonally improving gasoline market.

### UTILIZATION RATE

Utilization rates of our production facilities anticipated to remain high in Q2, except for normal unit maintenances. Scheduled four-week decoking maintenance at Porvoo refinery Production Line 4 in September-October.

## MARKETING & SERVICES

### UNIT MARGINS AND SALES VOLUMES

Unit margins and sales volumes expected to follow previous years' seasonality pattern in Q2.



# Appendix

# Renewable Products comparable EBIT calculation

	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Sales volume, kton	550	589	547	575	2,261	692
<b>Comparable sales margin, \$/ton</b>	<b>525</b>	<b>508</b>	<b>645</b>	<b>715</b>	<b>600</b>	<b>692</b>
Comparable sales margin, MEUR	374	251	303	361	1289	422
Fixed costs, MEUR	51	46	41	46	184	50
Depreciations, MEUR	28	32	34	33	128	36
<b>Comparable EBIT, MEUR</b>	<b>296</b>	<b>177</b>	<b>228</b>	<b>281</b>	<b>983</b>	<b>337</b>



# Refinery production costs, Porvoo & Naantali

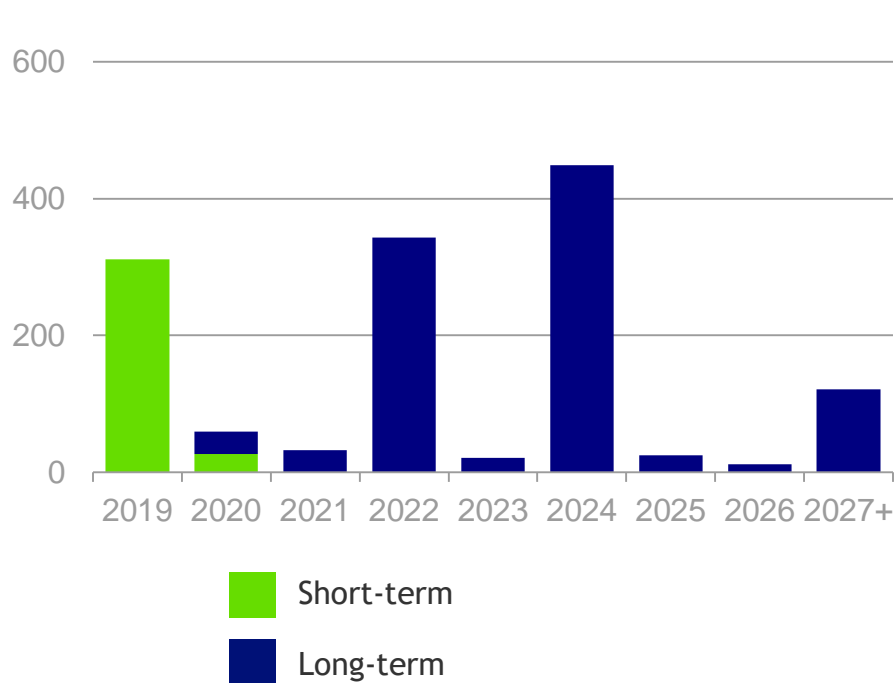
		Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Refined products	Million barrels	28.5	26.4	28.0	25.9	108.8	26.9
Exchange rate	EUR/USD	1.23	1.19	1.16	1.14	1.18	1.14
Utilities costs	EUR million	45.5	45.6	44.9	48.9	184.8	52.6
	USD/bbl	2.0	2.1	1.9	2.1	2.0	2.2
Fixed costs	EUR million	57.5	71.2	58.9	88.8	276.4	57.2
	USD/bbl	2.5	3.2	2.4	3.9	3.0	2.4
External cost sales	EUR million	-2.1	-1.8	-1.8	-1.9	-7.6	-0.5
	USD/bbl	-0.1	-0.1	-0.1	-0.1	-0.1	0.0
Total	EUR million	100.9	114.9	101.9	135.8	453.6	109.2
	USD/bbl	4.4	5.2	4.2	6.0	4.9	4.6

# Cash flow

MEUR	Q1/19	Q1/18	Q4/18	2018
EBITDA	486	518	401	1,639
Capital gains/losses	0	-2	-1	-3
Other adjustments	111	42	-194	-96
Change in net working capital	-401	-149	355	99
Net finance costs	-9	-25	-6	-37
Income taxes paid	-87	-62	-29	-151
<b>Net cash generated from operating activities</b>	<b>100</b>	<b>323</b>	<b>528</b>	<b>1,452</b>
Capital expenditure	-71	-85	-110	-395
Other investing activities	-21	-5	-29	-187
<b>Cash flow before financing activities</b>	<b>8</b>	<b>234</b>	<b>389</b>	<b>870</b>

# Liquidity & maturity profile

MEUR



- Group's liquidity EUR 2,942 million at end of March 2019
  - Liquid funds EUR 1,292 million
  - Unused committed credit facilities EUR 1,650 million
- Average interest rate for interest-bearing liabilities was 2.3% and maturity 3.2 years at end of March\*
- No financial covenants in Group companies' existing loan agreements

\*Average interest rate for interest-bearing liabilities and average maturity exclude leases since 1 Jan 2019.

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The only way is forward

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