



Neste Capital Markets Day

27 February 2019
London

Agenda

SUSTAINABLE HIGH-MARGIN GROWTH AND CASH GENERATION

12:30	Opening and welcome	Juha-Pekka Kekäläinen, Head of IR
12:35	Introduction Continued business momentum	Peter Vanacker, President and CEO
	Q&A	
13:20	Shaping the future Sustainable value creation Attractive returns	Peter Vanacker, President and CEO
	Q&A	
14:05	Financials	Jyrki Mäki-Kala, CFO
	Q&A	
14:35	Concluding remarks	Peter Vanacker, President and CEO
14:40	Break	
15:00	Breakouts Topic 1: Sustainable high-margin growth Topic 2: Continued cash generation	Peter Vanacker, Carl Nyberg, Lars Peter Lindfors Jyrki Mäki-Kala, Matti Lehmus, Hannele Jakosuo-Jansson
16:00	Closing	

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.

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Speakers

Presentations



Peter Vanacker
President
and CEO



Jyrki Mäki-Kala
CFO

Q&A and breakouts



Carl Nyberg



Matti Lehmus



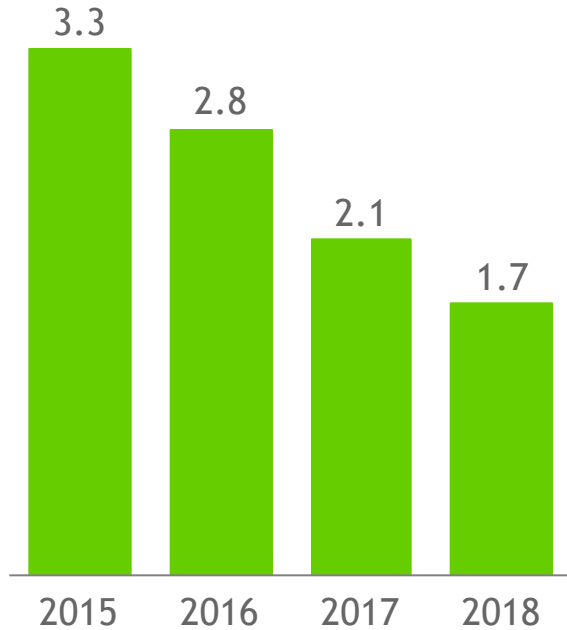
Lars Peter Lindfors



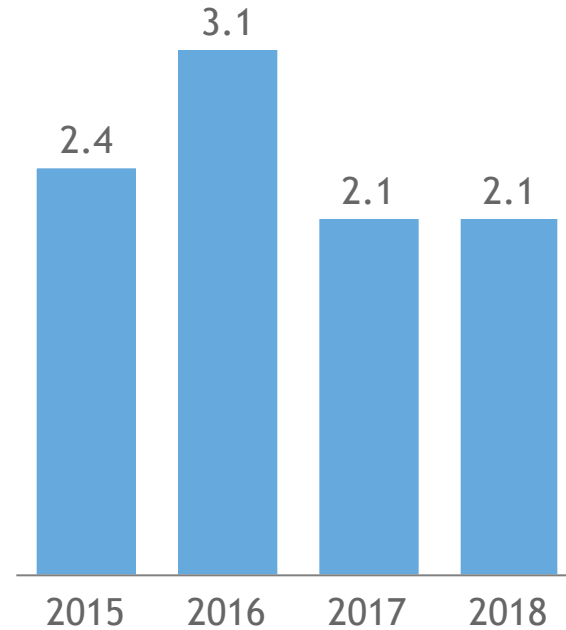
Hannele Jakosuo-Jansson

Strong commitment to safety

Total Recordable Injury Frequency
per million hours worked



Process Safety Event Rate
per million hours worked





Sustainable high-margin growth and cash generation

Introduction
Continued business momentum

Peter Vanacker, President and CEO

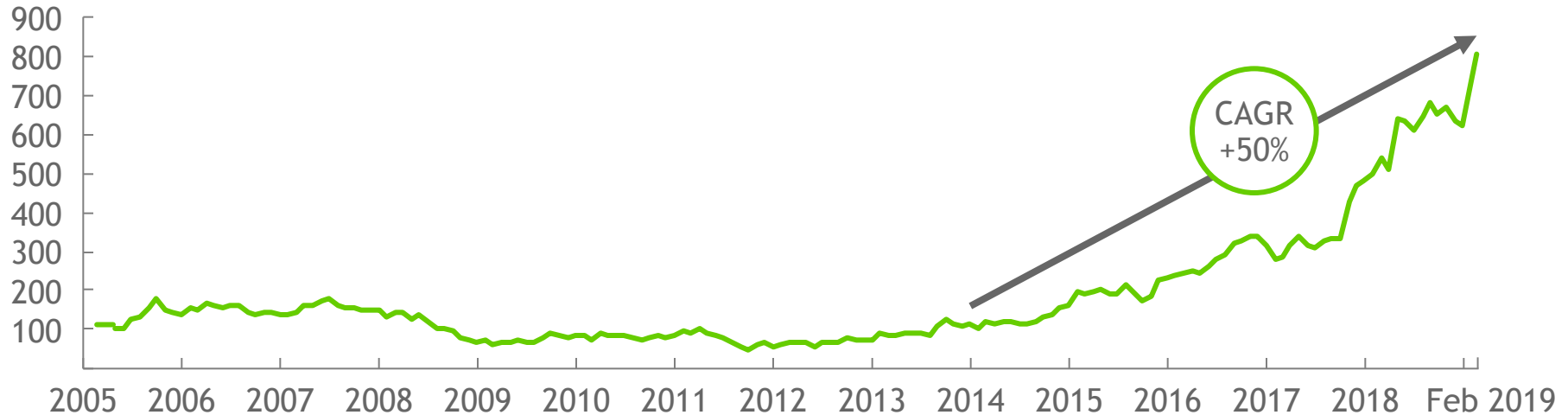
Neste's successful transition into renewables delivers shareholder value

Total Shareholder Return, Apr 2005=100

Favorable refining market & decision to invest in renewables

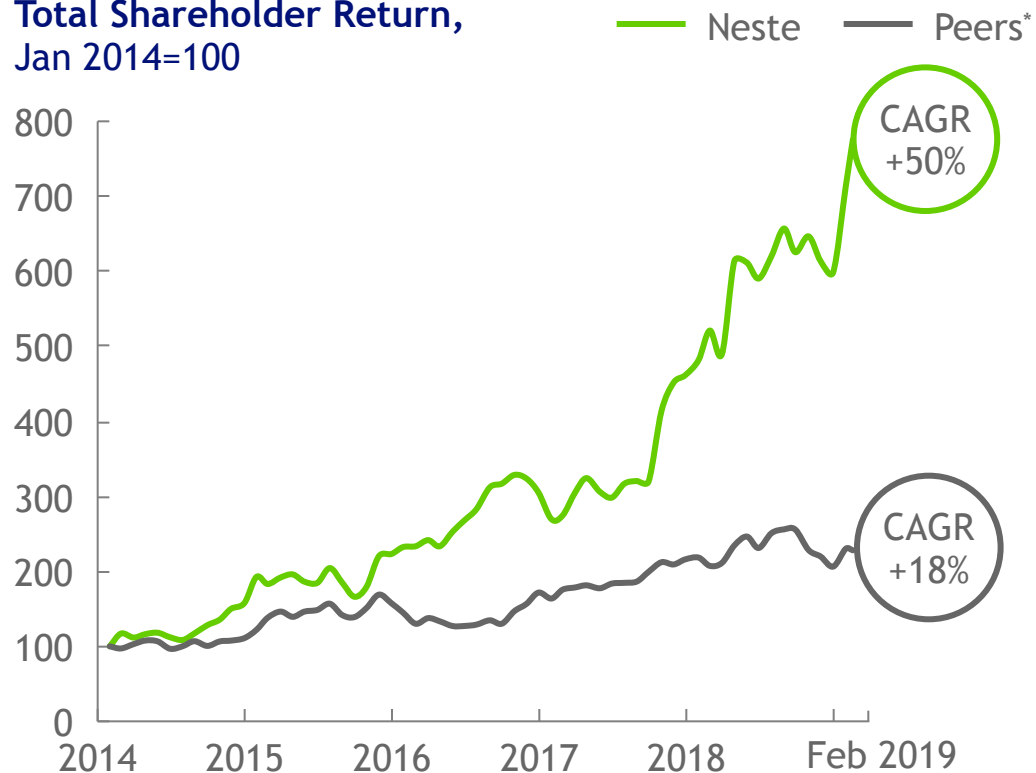
Challenging market and renewable fuels ramp-up

Investments into renewable fuels paying off

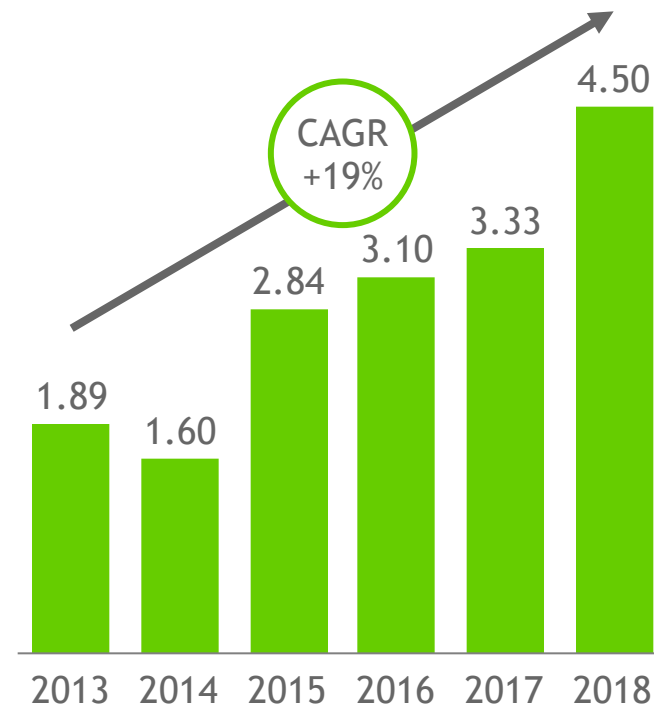


Continuing to outperform peers and delivering strong EPS growth

Total Shareholder Return, Jan 2014=100



Comparable earnings per share, EUR



First impressions

- Global leader in Renewable Diesel
- Solid cash flow generation
- Passionate team with purpose
- Engineering talent
- ‘Specialty’ rather than ‘bulk’ mindset
- High aspirations
- Opportunity to move faster and bolder

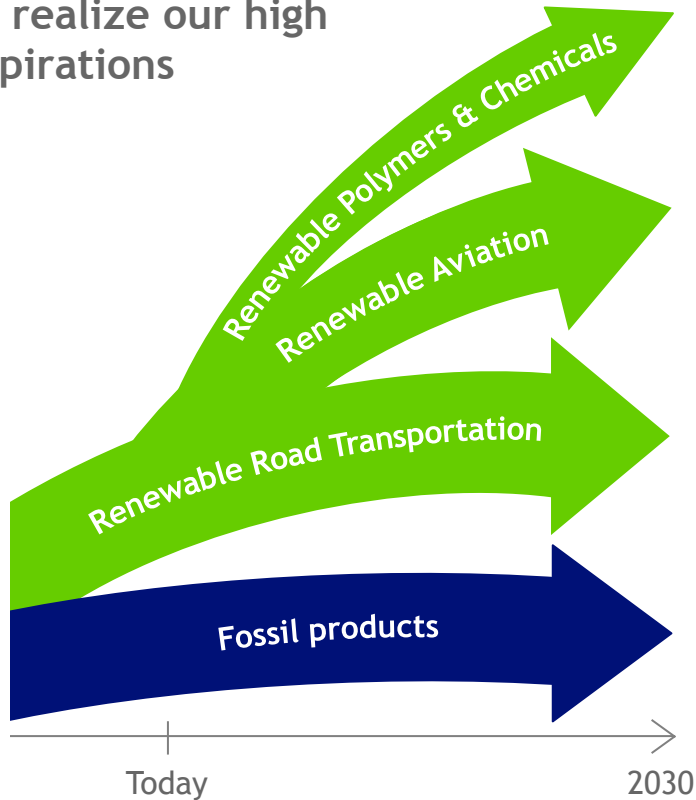


High aspirations: Global leader in renewable and circular solutions

- Reduce customers' GHG emissions by at least 20 million tons CO₂ equivalent by 2030
- Lower carbon footprint in production ahead of EU's climate and energy targets
- Broaden Neste's end markets to aviation and polymers
- Become a solution provider for chemical recycling
- Expand Neste's unique global feedstock platform
- Continue leadership in renewables production capacity with at least 40% market share
- Outperform peers in value creation



Moving faster and bolder to realize our high aspirations



Shape and lead the market for consumer brands

Develop the market and build strong leadership

Foster and expand customer base in key regions and beyond

Drive operational excellence

Expand leadership through disciplined capacity and feedstock platform investments

Globalize the organization and operating model & enhance capabilities and skills

Our journey at Neste

Continued
business
momentum

Shaping the
future

Sustainable
value
creation

Attractive
returns

Our journey at Neste

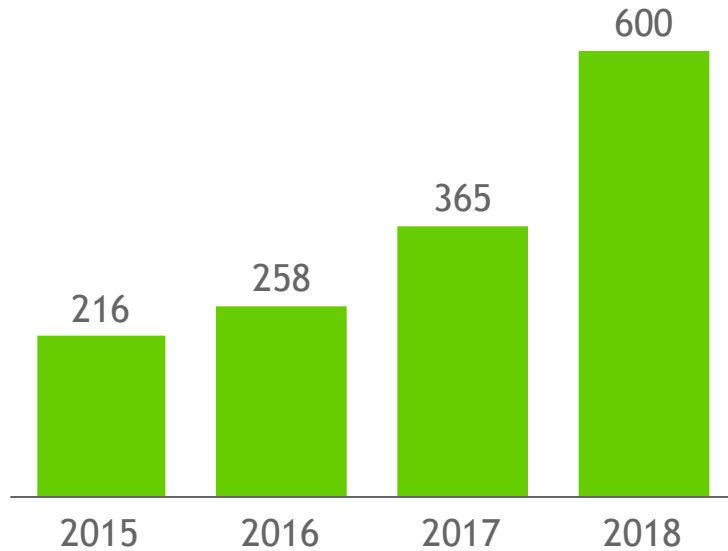


Renewable Road Transportation: Global market leader

- Neste is the only global player
- Largest capacity with 2.9 Mton and continuously expanding
- Unique feedstock platform
- Advanced pre-treatment capabilities for waste and residues
- Comprehensive ecosystem management
- Specialty mindset optimizing feedstock to customer and regulatory requirements
- Branded and diversified product offering
- Strong B2B customer relationships

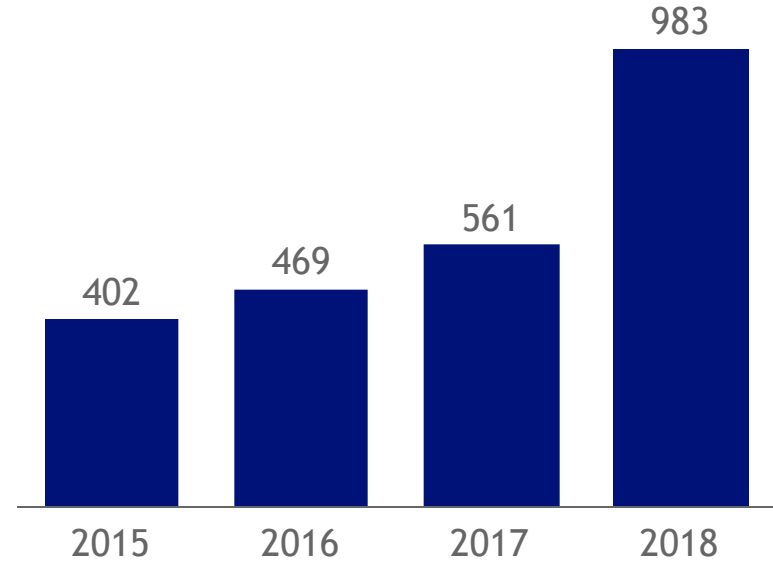
Renewable Road Transportation: Attractive margin through specialty position

Renewable Diesel comparable sales margin*, USD/ton



* Excluding Blender's Tax Credit in the US

Renewable Diesel comparable EBIT, MEUR



Renewable Road Transportation: Market outlook for road diesel fuels provides decades of opportunity

Global road diesel fuel demand under different scenarios, Mton

WoodMackenzie
scenario

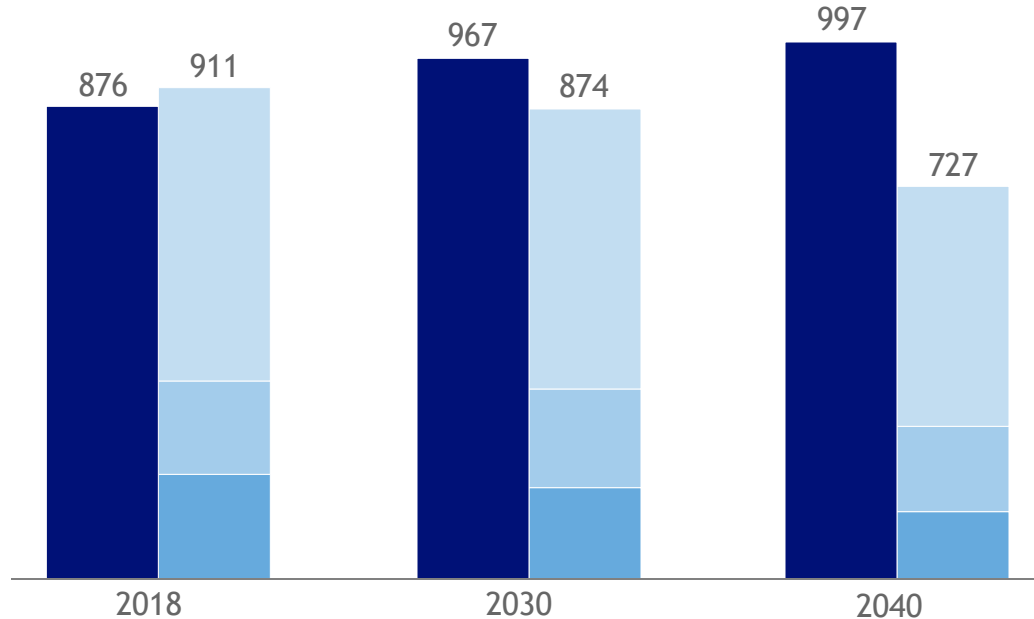
■ Total demand

McKinsey Energy
Insights scenario

■ Trucks and Busses

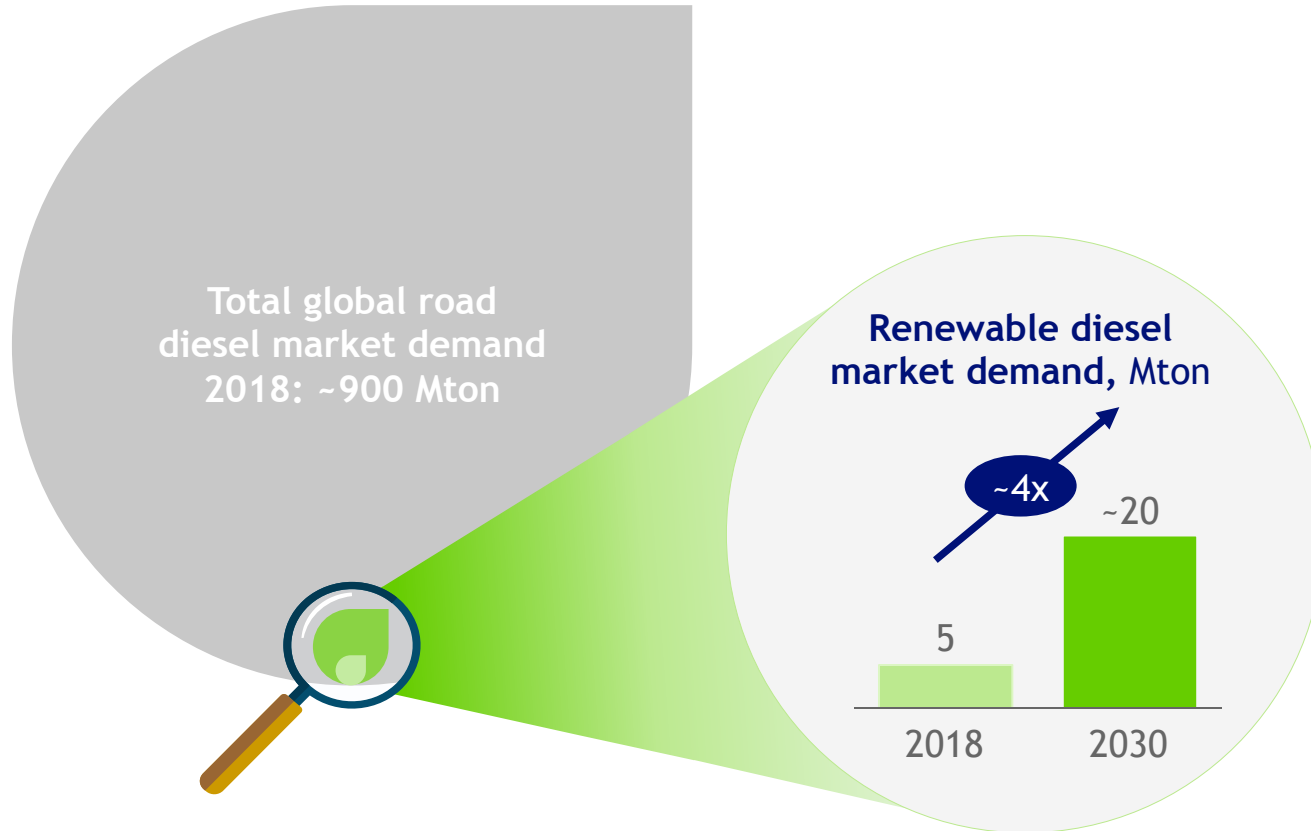
■ Vans and Pick-Ups

■ Passenger cars



- Large opportunity for renewable diesel
- Limited impact of electrification on our core segments

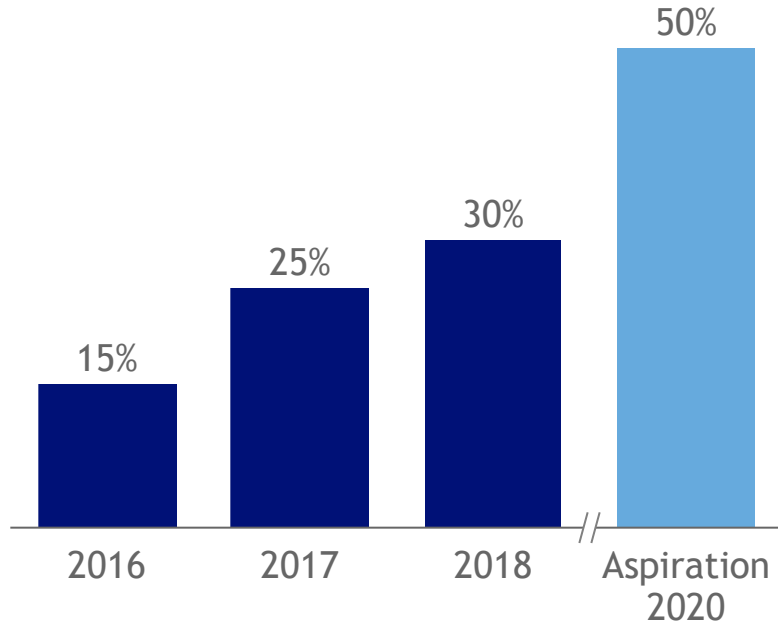
Renewable Road Transportation: A huge market increasingly converting



- Sustainability-oriented B2B and B2C customers
- Increasing ambition in the Nordics and California
- Favorable regulation and mandates development

Renewable Road Transportation: B2B and B2C customers valuing CO₂ reduction

Share of Neste MY, %



Growing B2B customer base

Key segments:



Cities and municipalities



Corporations



Private logistics and transportation companies

Key regions:



California



Sweden



Finland

Renewable Road Transportation: Favorable regulatory tailwinds in the EU and North America

2030 targets for renewable fuel use in selected countries



CALIFORNIA

-20% carbon intensity



CANADA

-30 Mt CO₂*
Clean Fuels Standard under development



EU

Ramp up of several biofuel mandates in 2019 on the way to the EU target of 14% renewable energy in transport in 2030



ITALY

22%* renewable energy in transport



NORWAY

40%* biofuels in transport;
30% biofuels in aviation



SWEDEN

-70% CO₂*

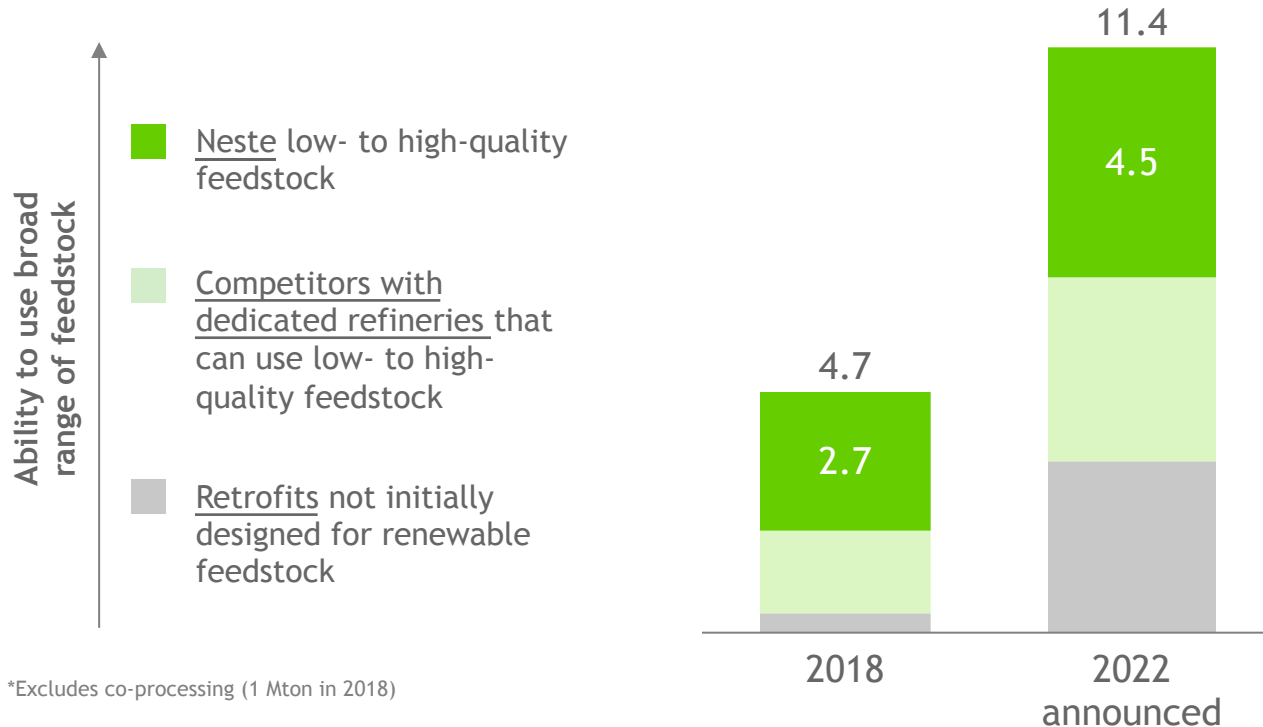


FINLAND

30% liquid renewable road fuels

Renewable Road Transportation: Continuing industry leadership with best-in-class feedstock capabilities

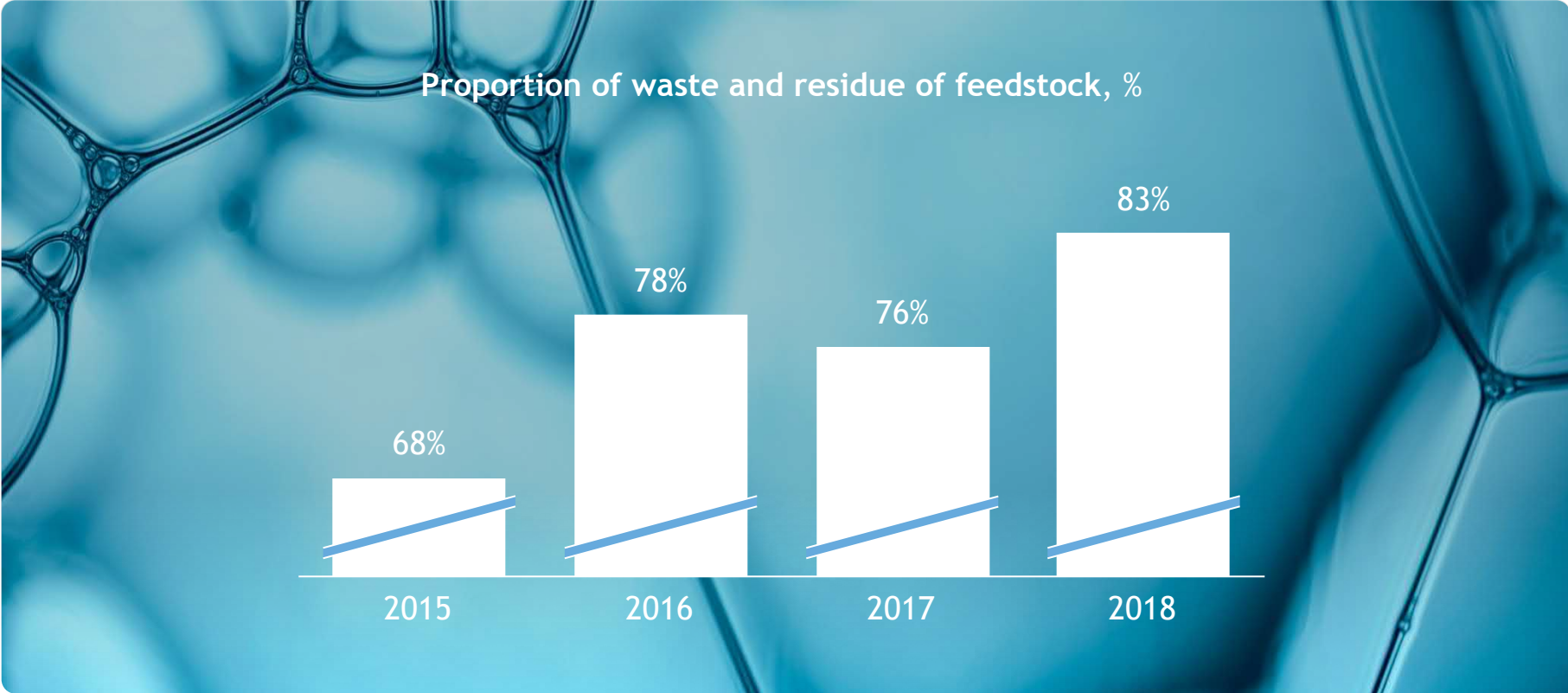
Renewable diesel nameplate capacity*, Mton



Neste has the largest capacity and highly versatile feedstock capabilities

*Excludes co-processing (1 Mton in 2018)

Renewable Road Transportation: Continuing high share of waste and residue as feedstock



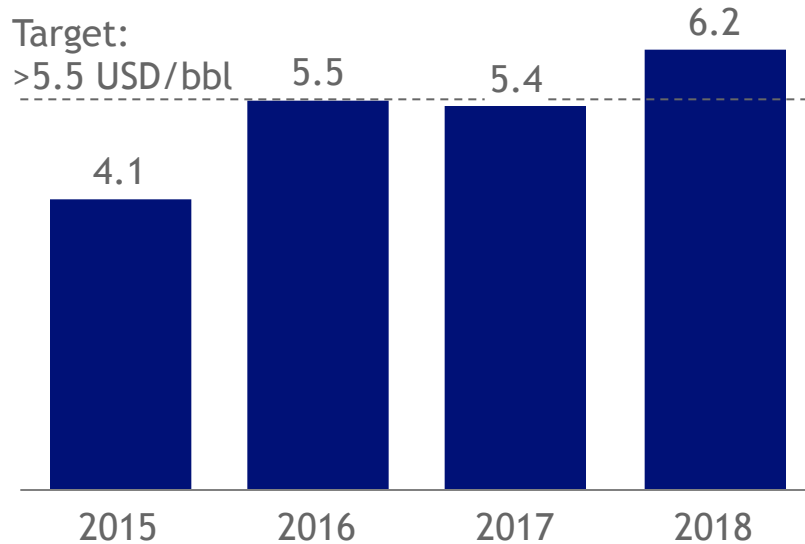
Oil Products: Specialized capabilities continue to generate cash momentum

- Complex refinery converting high-sulphur crude to high-quality oil products
- Proven track record of improving operational efficiency and re-configuring assets profitably, for example the Solvent Deasphalting Unit
- Specialized product mix, such as winter grade diesel, high-quality gasoline components, base oils and solvents
- Ready to capture the value of IMO bunker fuel specification change
- Reducing carbon footprint of production, for instance through waste plastic feedstock

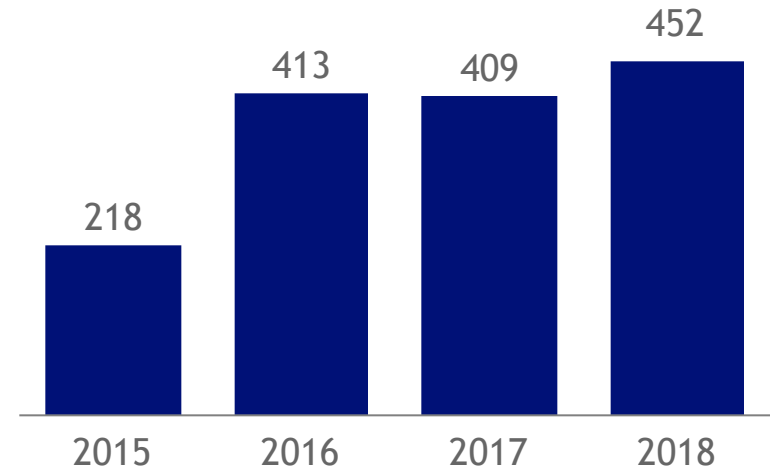


Oil Products: Continued strong cash generation through attractive additional margin

Additional margin, USD/bbl



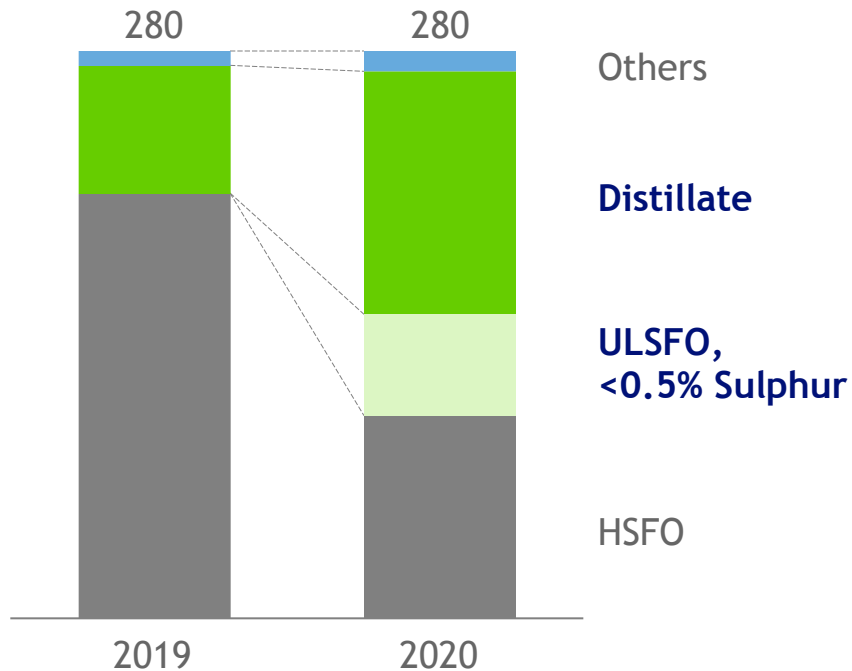
Comparable EBITDA minus Capex, MEUR



Based on updated reference margin formula, the new target is >4.8 USD/bbl. Please refer to the appendix.

Oil Products: Ready to capture value from changing IMO bunker fuel specification

Estimated global marine fuel demand, Mton



- Based on current forward market prices, Neste reference margin would increase 1.5-2.0 USD/bbl from 2019 to 2020

Neste well positioned to capture higher margins

- Large demand increase for low-sulphur fuel oil
- Ability to convert fuel oil pool to low-sulphur quality

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Sustainable high-margin growth and cash generation

Shaping the future
Sustainable value creation
Attractive returns

Peter Vanacker, President and CEO

Our journey at Neste

Continued
business
momentum

Shaping the
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returns

Broadening our end markets to aviation and polymers & chemicals



Renewable
Aviation

Renewable
Polymers &
Chemicals

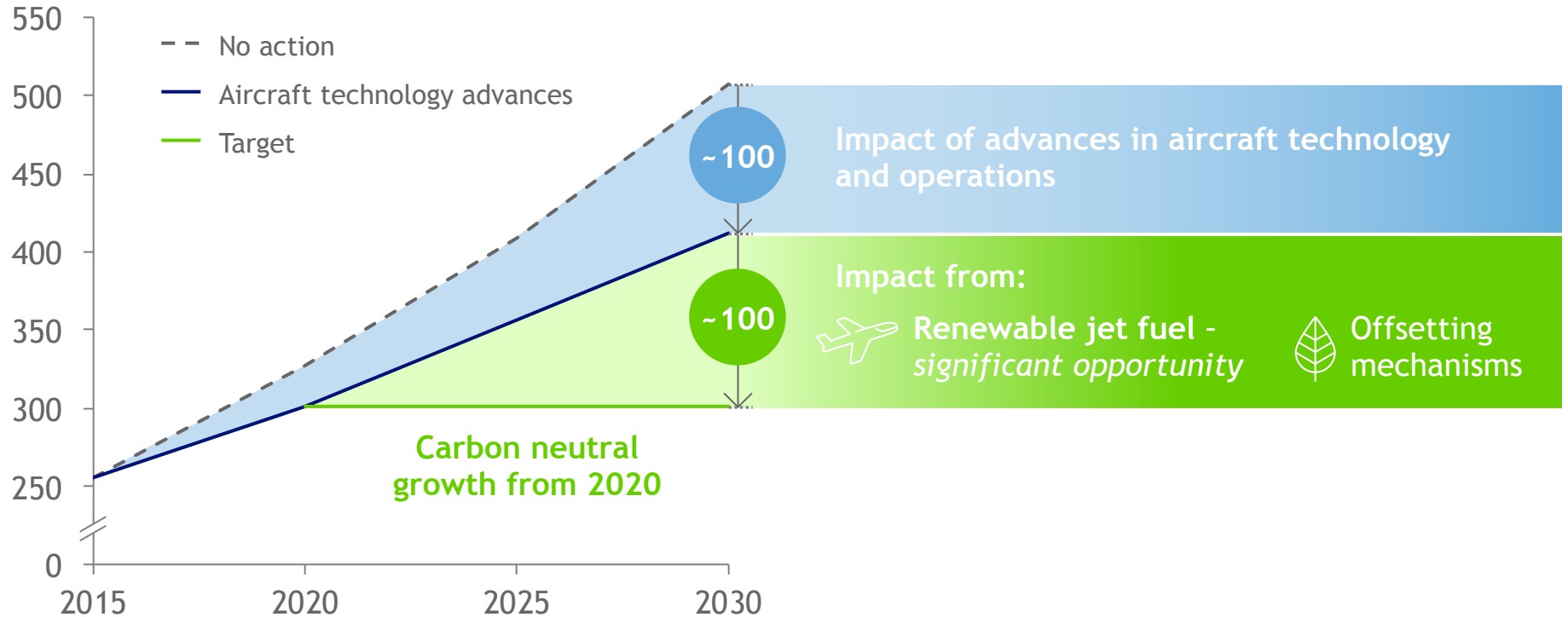


Shaping the future in two large markets

- Collaborating with pilot customers to deliver first solutions to the market
- Mobilizing the ecosystem and partnering along value chain
- Ready to scale up along with market demand growth
- Launching two new Business Units

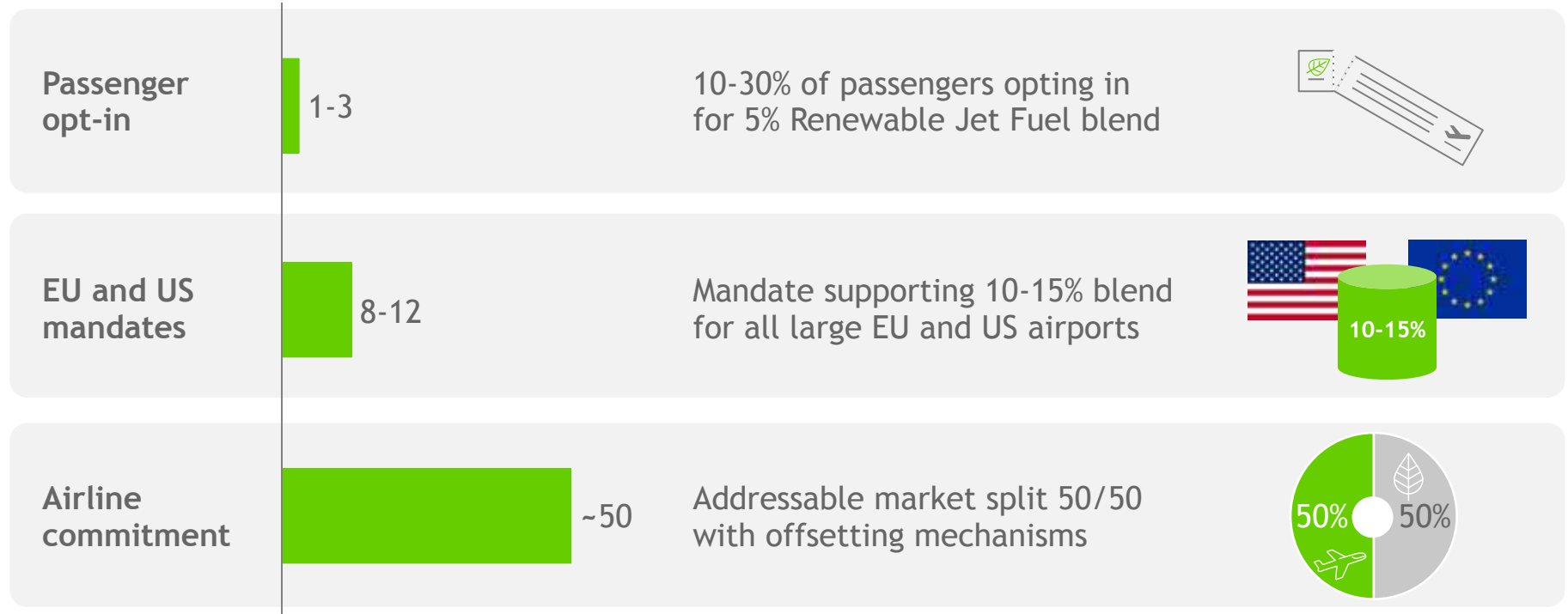
Renewable Aviation: Preparing to capture the potential in decarbonizing aviation

Global aviation jet fuel demand, Mton



Renewable Aviation: Renewable Jet Fuel expected to play significant role in decarbonizing aviation

Renewable Jet Fuel market (undiluted) demand in 2030 under different scenarios, Mton



Renewable Aviation: Proven concept ready to scale up globally

Neste's proven technology

- Neste MY Renewable Jet Fuel successfully used
 - On commercial flights by Lufthansa and KLM
 - At Oslo Gardemoen airport

“...more than 1,000 consecutive flights demonstrated that Neste MY Renewable Jet Fuel is ready for use in daily aircraft operation.”

JOACHIM BUSE, LUFTHANSA'S VICE PRESIDENT,
AVIATION BIOFUEL

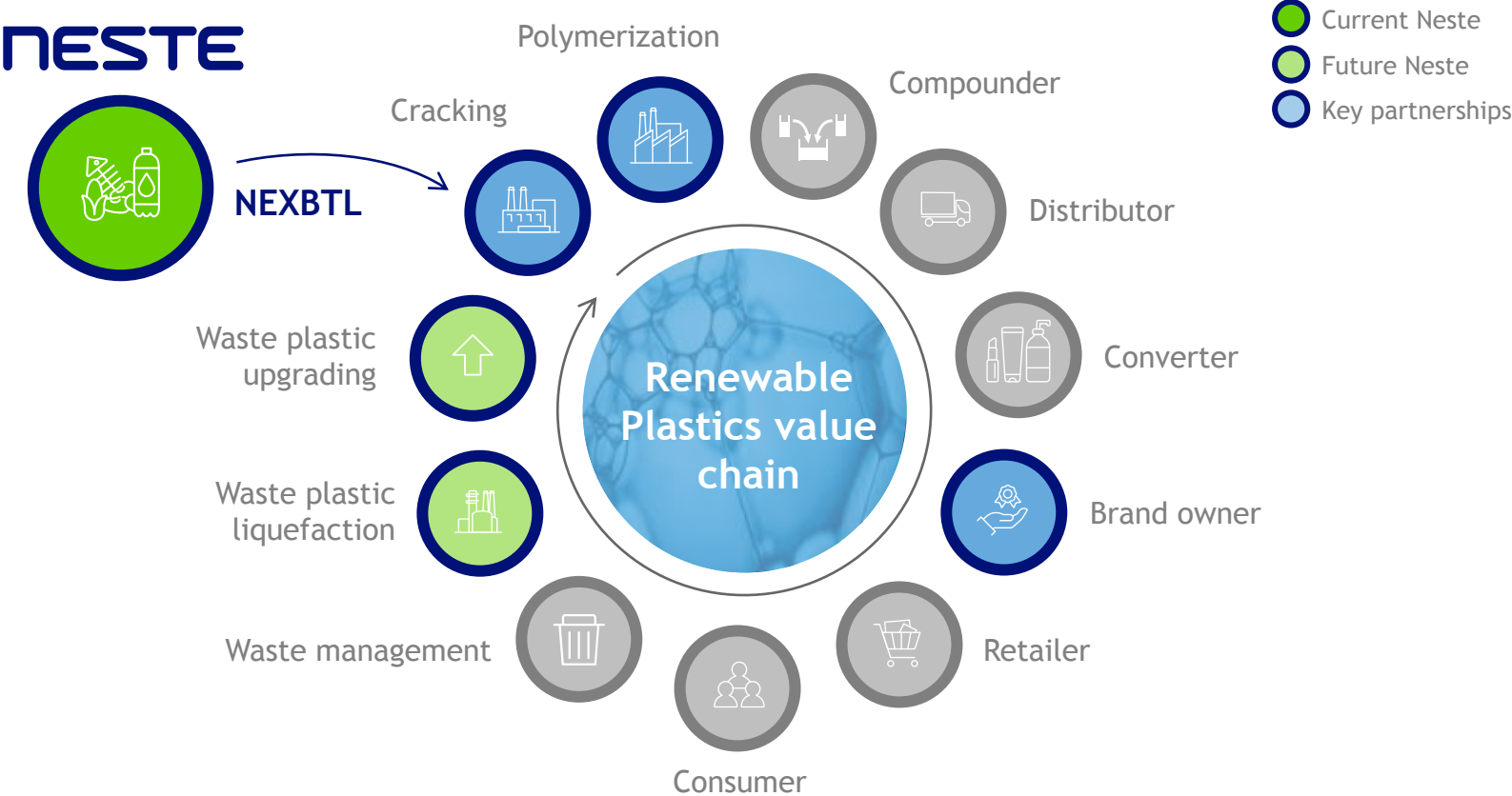
Strong pipeline

- Neste's Green Hub concept to accelerate demand growth by connecting key stakeholders across the aviation industry
- 14 Memorandums of Understanding signed with airlines, airports and other industry representatives:



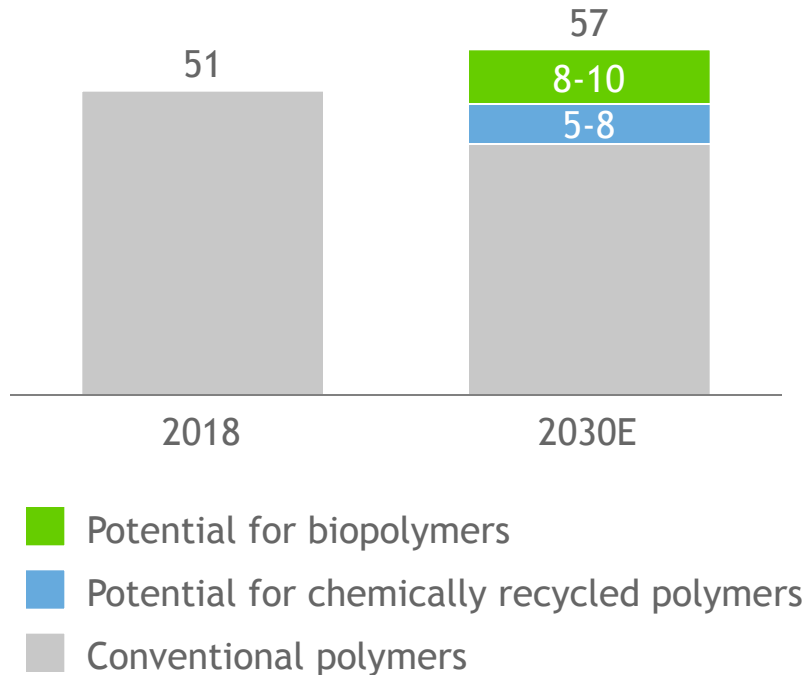
- Ongoing contract negotiations with several large airlines

Renewable Polymers & Chemicals: Positioning as preferred partner



Renewable Polymers & Chemicals: Proven production technology

European polymer demand forecast, Mton



- Proven technology to produce renewable drop-in polymers
- Targeting first commercial deliveries in 2019
- Cooperation with Clariant to develop bio-based additive solutions for plastics and coatings
- In ongoing discussions with several brands
- About 50% of consumer goods companies are pledging to switch completely to either renewable or recycled plastics in their products by 2030*

Increasing innovation to generate breakthroughs for long-term growth

- Neste's proven track record in innovation accelerated to meet new ambitious targets
- Increased innovation will support and extend Neste's target to become a global leader in renewable and circular solutions
- Focus on **scalable and sustainable feedstocks** and required technologies:
 - Scalable feedstocks for aviation fuels
 - Lignocellulosic fuels and materials
 - Sugar-based chemicals and materials



Our journey at Neste

Continued
business
momentum

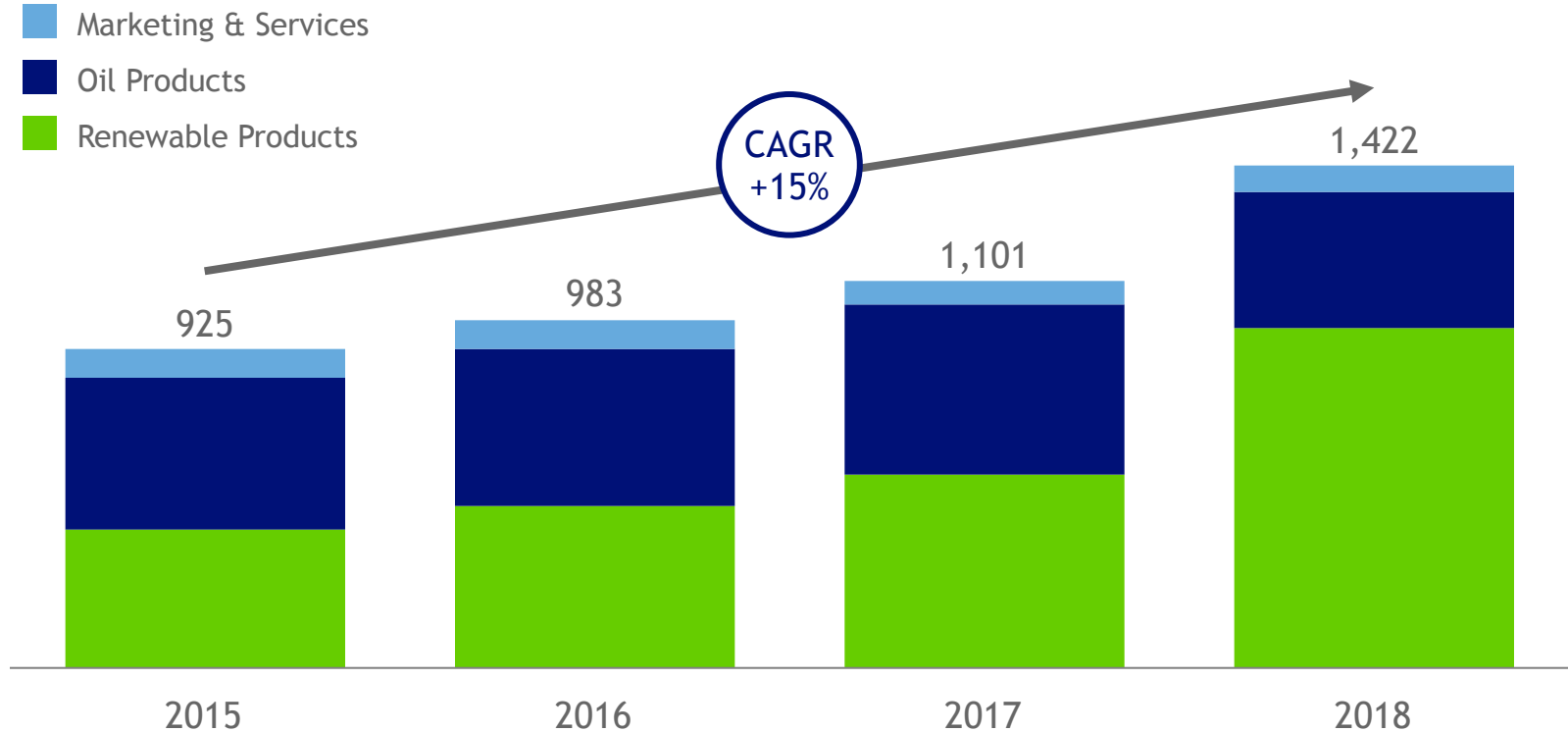
Shaping the
future

Sustainable
value
creation

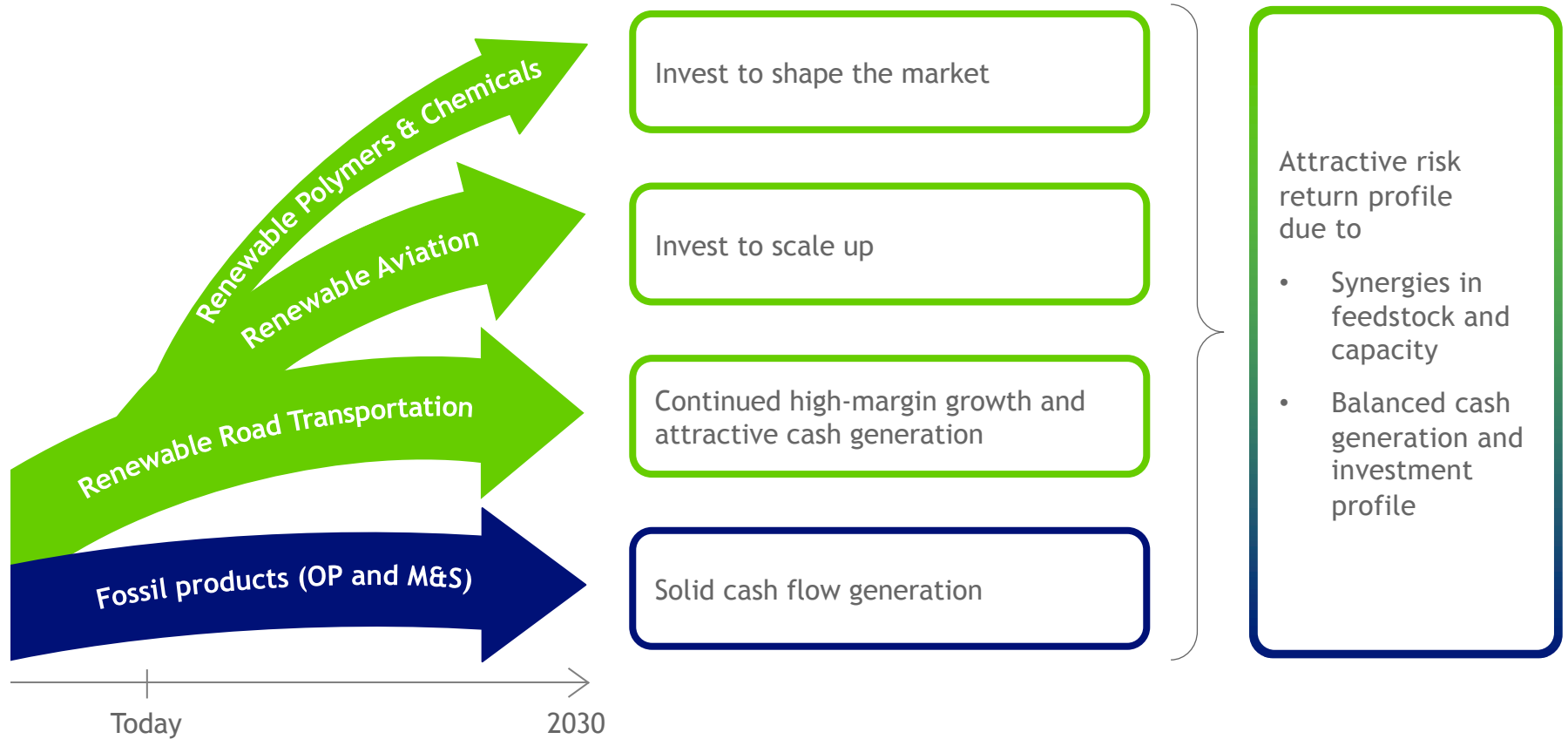
Attractive
returns

Continued business momentum yielded high-margin growth and cash generation

Neste Comparable EBIT, MEUR



Moving to a focused and synergistic portfolio with attractive risk returns



Seven programs launched to move faster and bolder

Increase innovations



Increased innovation

Scale up faster and bolder



Global feedstock growth



Renewables production platform



Renewable jet fuel



Renewable polymers and chemicals



Recycle waste plastics

Efficiency in operations



Operational excellence

Operational Excellence: Competitiveness in renewable and fossil operations

- Building on proven track record of success
- Safety, reliability, quality, productivity, cost competitiveness
- 6 breakthrough programs including:
 - Oil Products: digitized unit optimization and performance management
 - Renewables Platform: feedstock and catalyst lifetime optimization
- Centers of Excellence to enable wider use of digital and analytics
- Black belt program to build capabilities and increase awareness
- Program Management Office to rigorously track initiatives



**TARGETED
EBIT IMPACT:**

>100 MEUR
by end of 2022

>200 MEUR
by 2030

Global Feedstock Growth:

Capture greater share and wider scope of waste and residue streams

Strengthened global feedstock platform through completed M&A

- Demeter acquisition to secure feedstock supply
- Sluiskil acquisition to improve resource efficiency with additional pre-treatment capacity

Continued expansion of platform and capabilities

- Singapore expansion with additional feedstock flexibility
- Opening up new feedstock market, e.g., in China and South America
- Exploring M&A and new business models

Global Feedstock Growth: Building a global platform for access to available waste and residue feedstock



Currently
identified
W&R
feedstock
market
~30 Mton

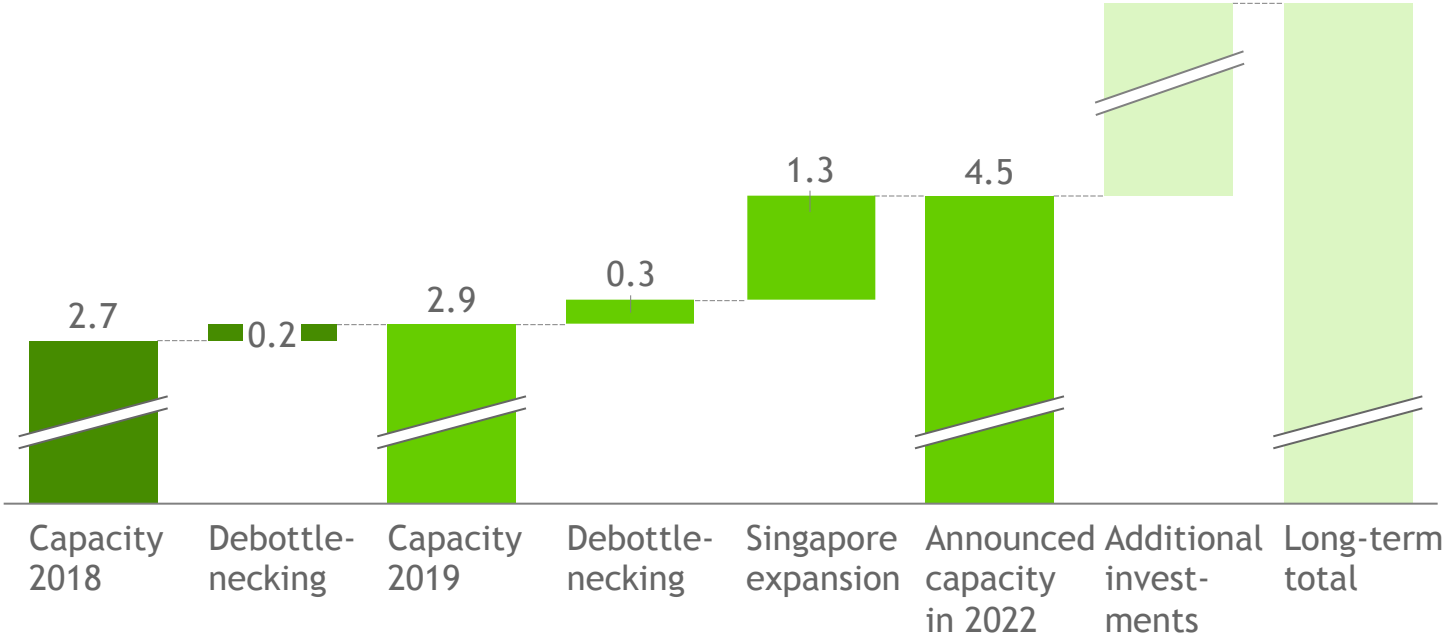
Renewables Production Platform:
Remain the leading global player in capacity and value-add

A graphic with a blue sky and white clouds background. The word "expansion" is written in white, lowercase letters, with the "i" in "sion" replaced by a circular arrow icon. Below this, the text "NESTE SINGAPORE" is written in white, uppercase letters, flanked by two horizontal white lines. At the bottom, the year "2022" is written in large, bold, green, uppercase letters.

expansion
NESTE SINGAPORE
2022

Renewables Production Platform: Actively exploring capacity expansion beyond Singapore

Neste renewables production capacity, Mton



- Aspiration to continue global capacity leadership with at least **40% long-term market share**
- Multitrack approach:
 - Own sites
 - Greenfield
 - Brownfields/ Partnerships
 - M&A

New organization structure to move faster and bolder

**BU
Oil Products**



Marko Pekkola

**BU
Renewable Road
Transportation**



Carl Nyberg

**BU
Renewable
Aviation**

**BU
Renewable
Polymers &
Chemicals**

**BU
Marketing
& Services**



Panu Kopra

Renewables Platform



Matti
Lehmus

Our journey at Neste

Continued
business
momentum

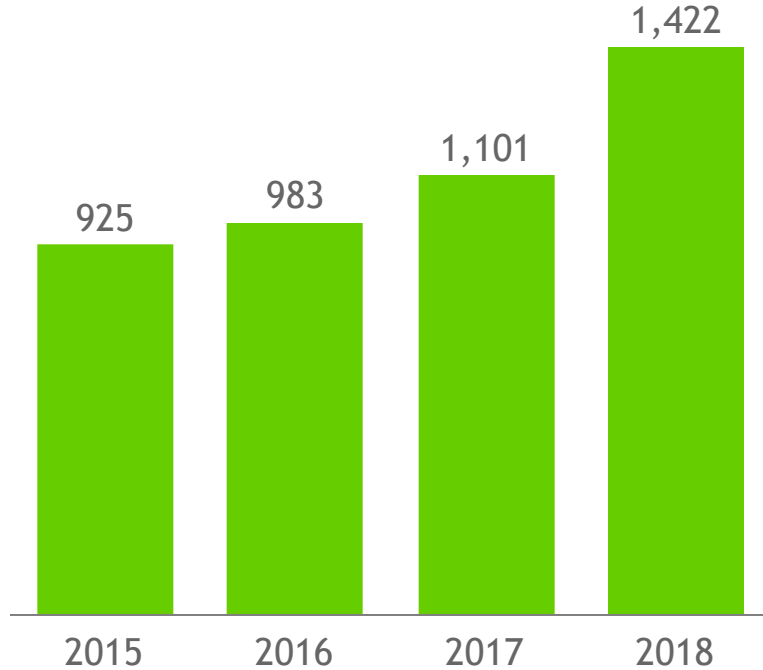
Shaping the
future

Sustainable
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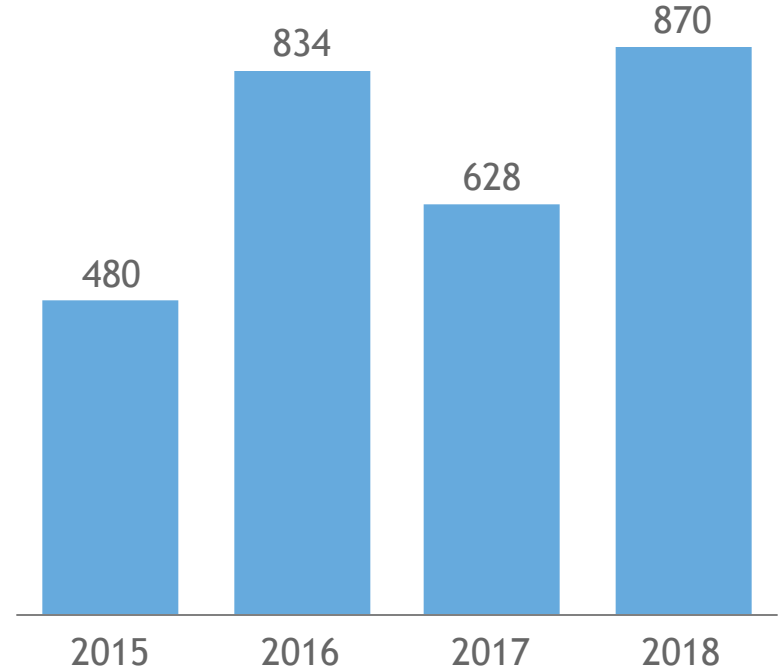
Attractive
returns

Sustainable high-margin growth and cash generation

Comparable EBIT, MEUR

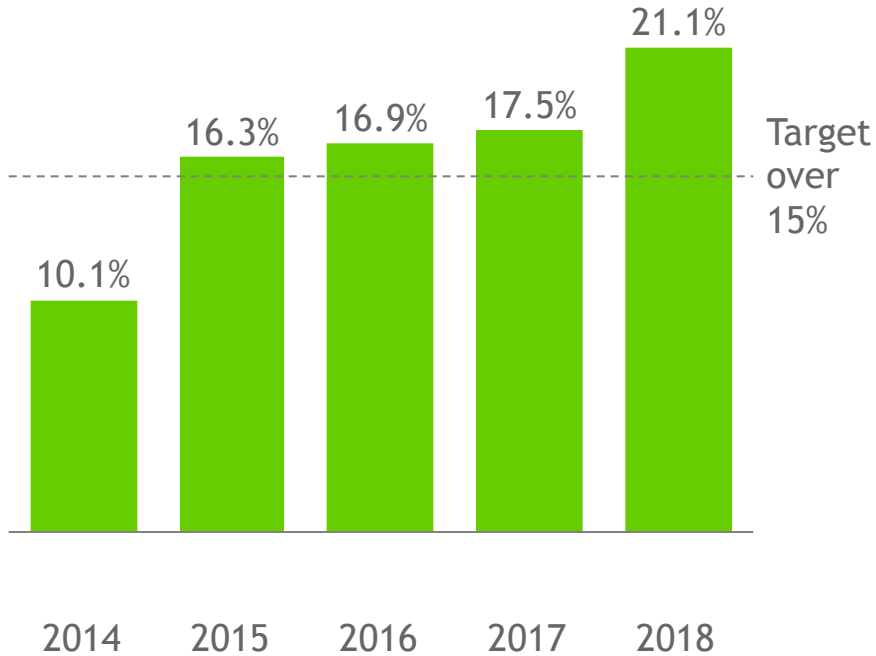


Free cash flow, MEUR

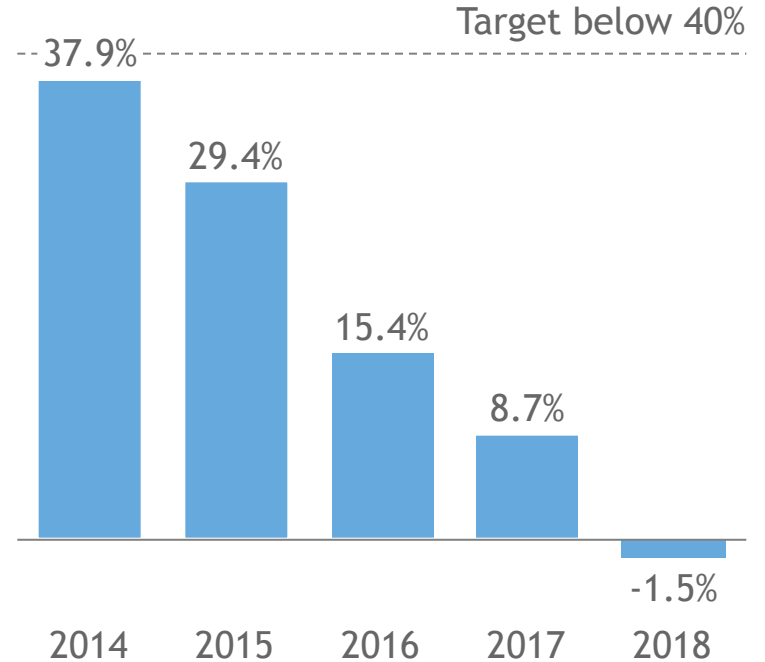


High returns, strong balance sheet

ROACE, %



Leverage ratio, %



Financial targets remain unchanged

Aspiration to continue providing attractive dividends to shareholders

Dividends paid:

2017

2018*

Dividend policy unchanged: at least 50% of comparable net profit

Per share
1.70
EUR

Total
435
MEUR

Per share
2.28
EUR

Total
583
MEUR

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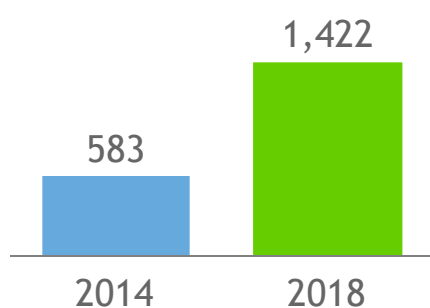
Sustainable high-margin growth and cash generation

Financials

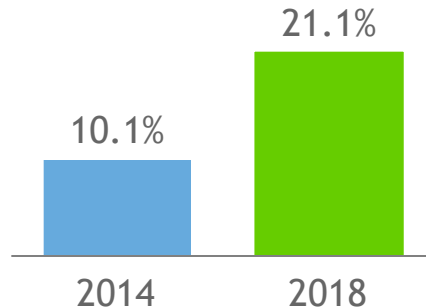
Jyrki Mäki-Kala, CFO

Continued step change improvements in financial performance

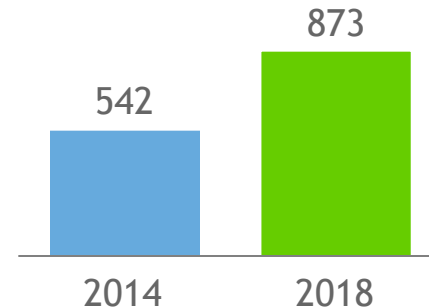
Comparable EBIT, MEUR



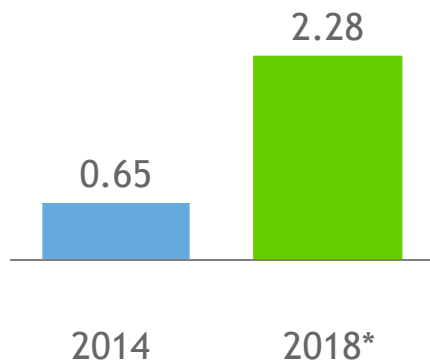
ROACE, %



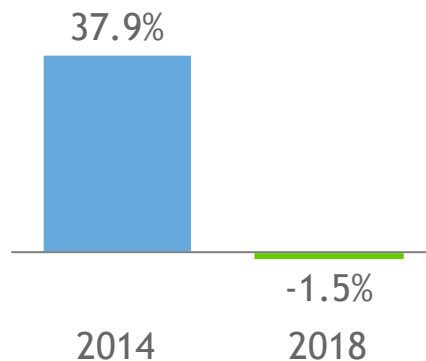
Net working capital, MEUR



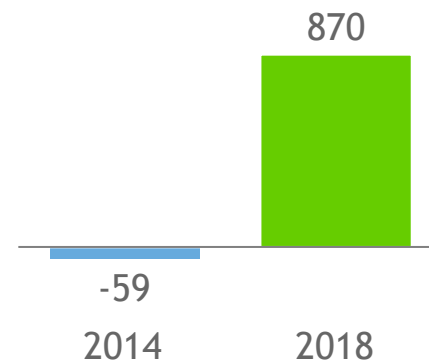
Dividend per share, EUR



Leverage, %

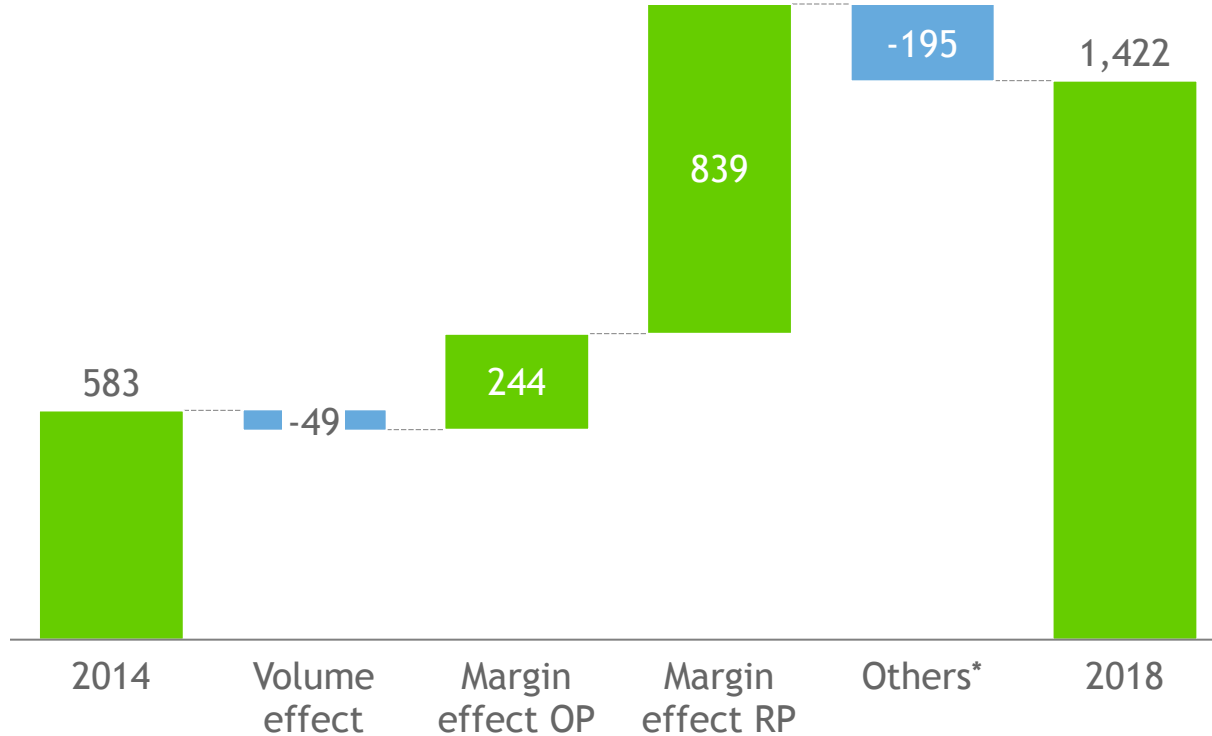


Free cash flow, MEUR



Value-added through margin development

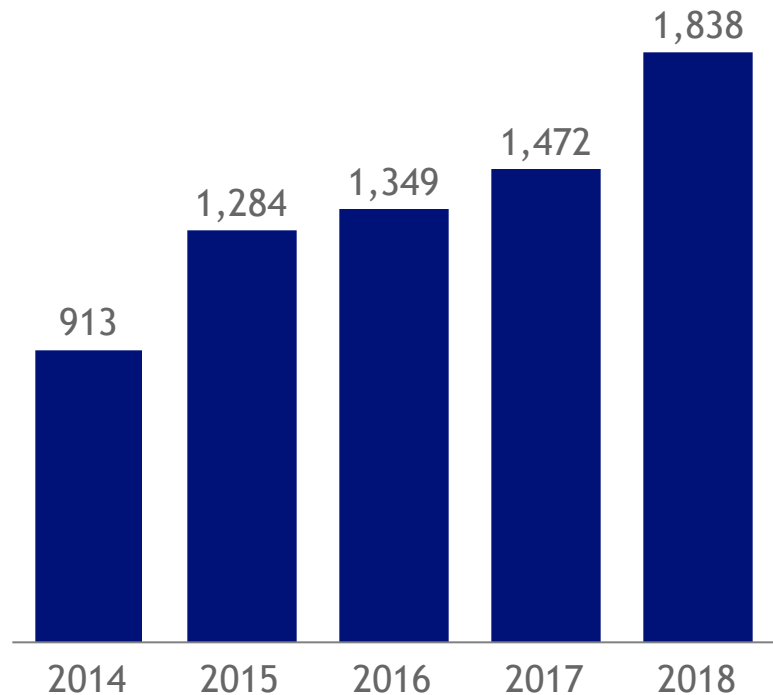
Comparable EBIT, MEUR



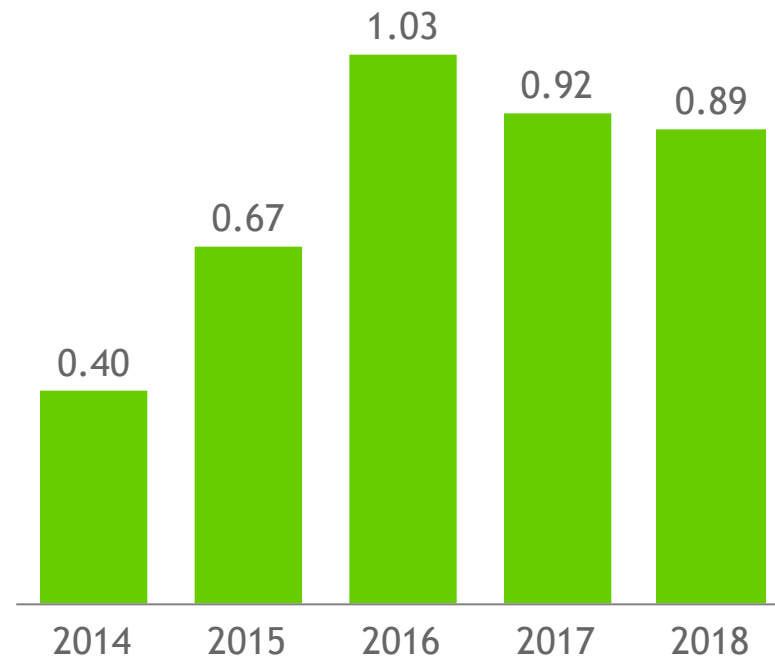
- Nearly EUR 1.1 billion margin improvement over the period
- Volume effect not significant due to several turnarounds
- FX changes, higher depreciations and 5 years Capex program

Cash conversion has been kept at a good level despite growth activities

Comparable EBITDA, MEUR



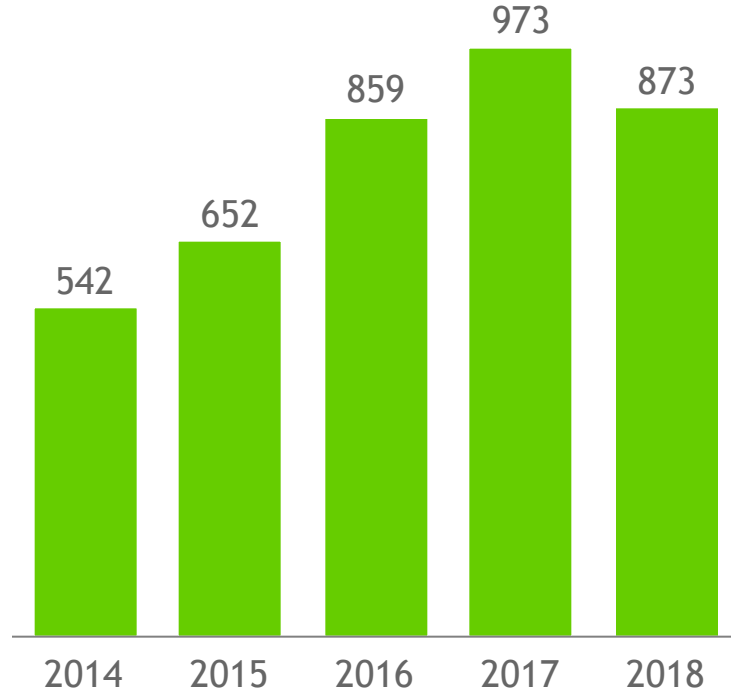
Cash Conversion, (Cash flow from operations* / Comparable EBITDA)



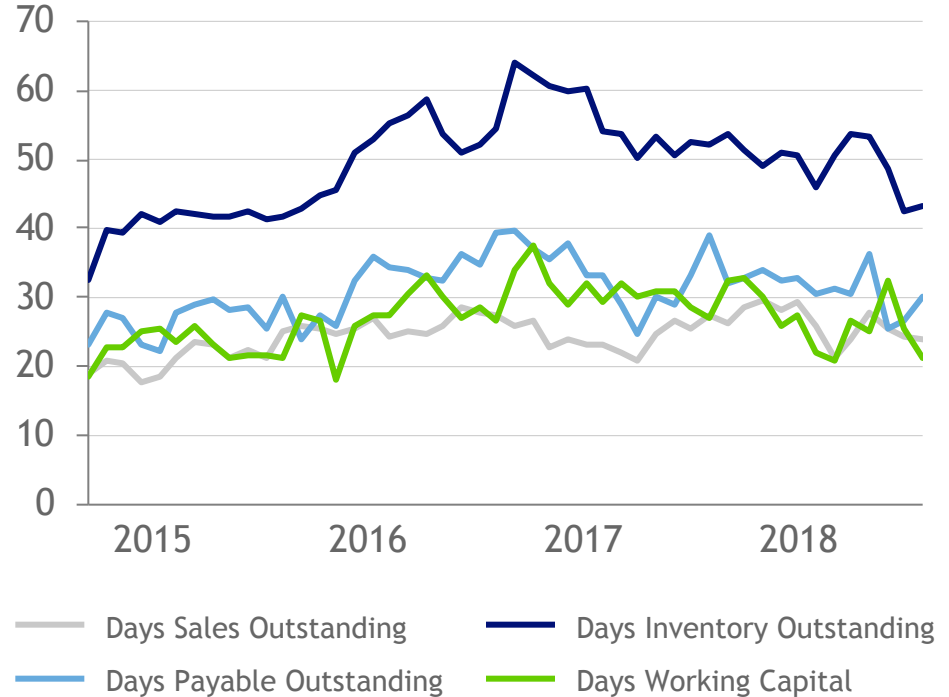
*Before net financing items and taxes

Net working capital is a continuous area of focus, especially in connection with growth aspirations

Net Working Capital, MEUR



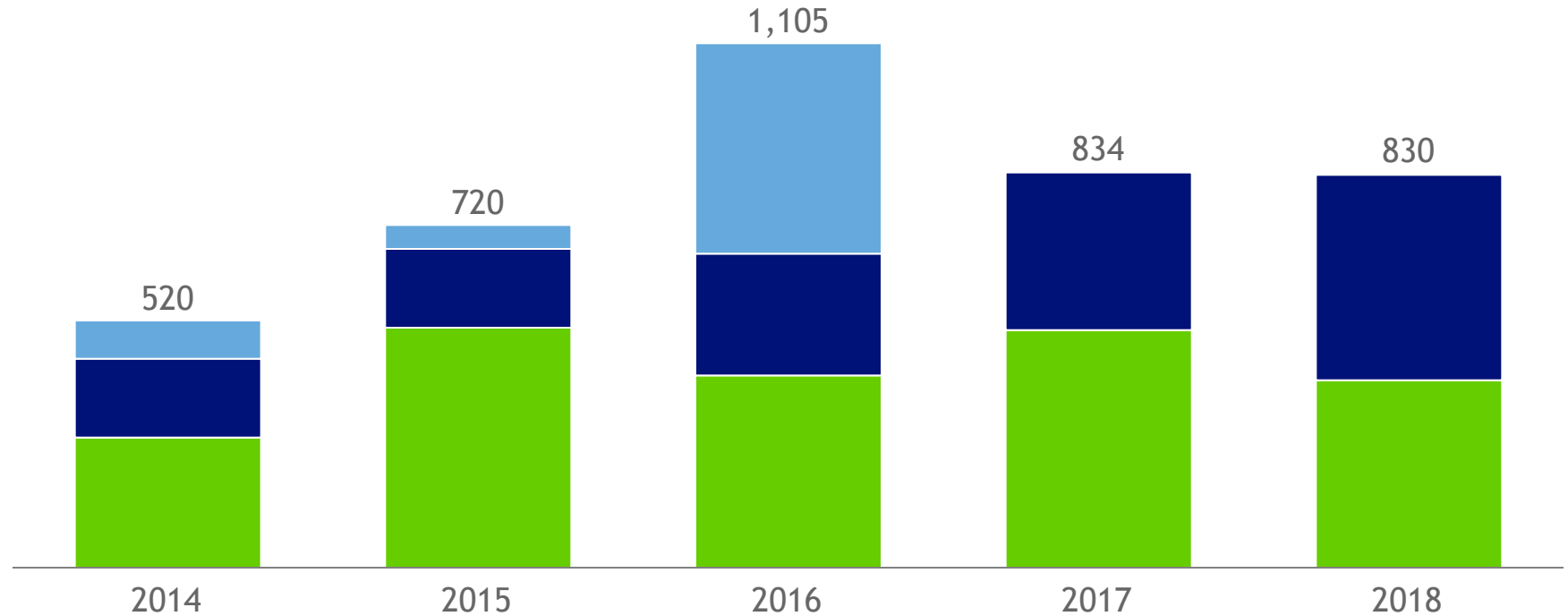
Net Working Capital, days



Cash allocation policy with focus on Capex and dividends

Use of cash, MEUR

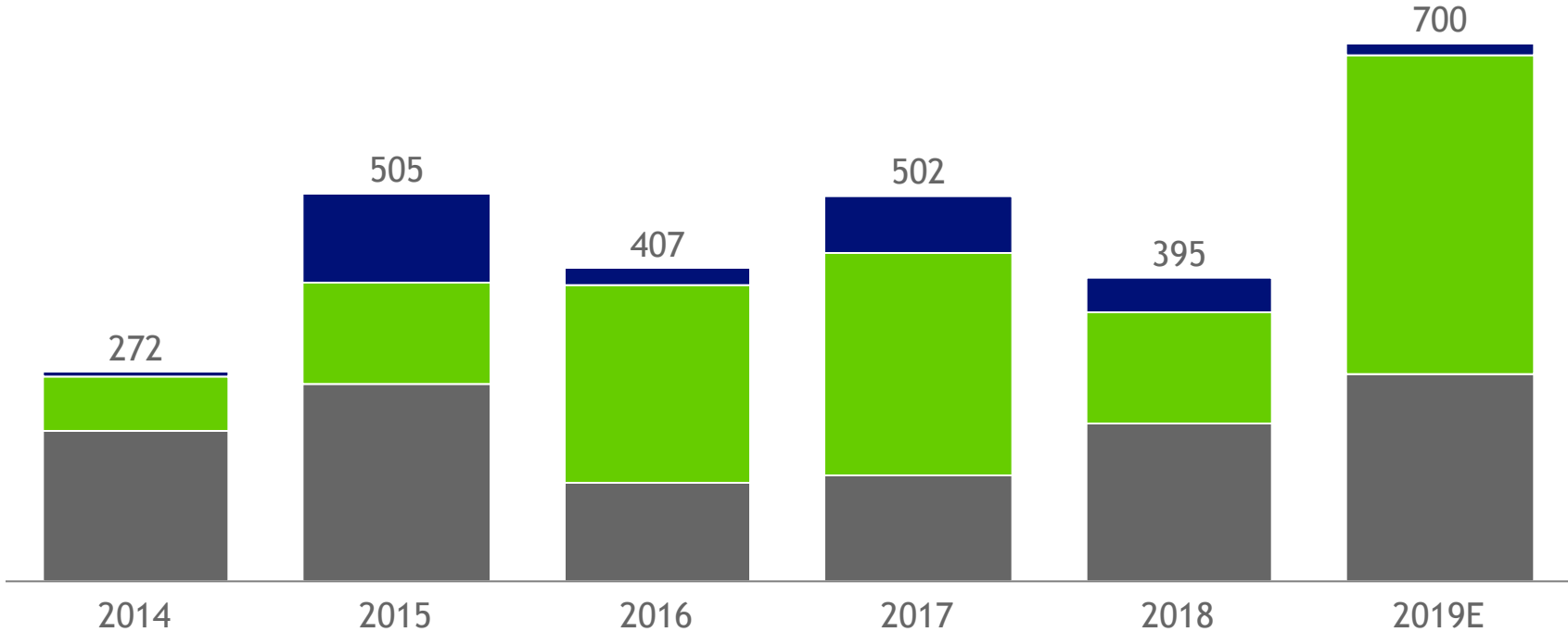
- Debt management
- Dividends paid
- Capital expenditures



Investments focusing on growth and productivity

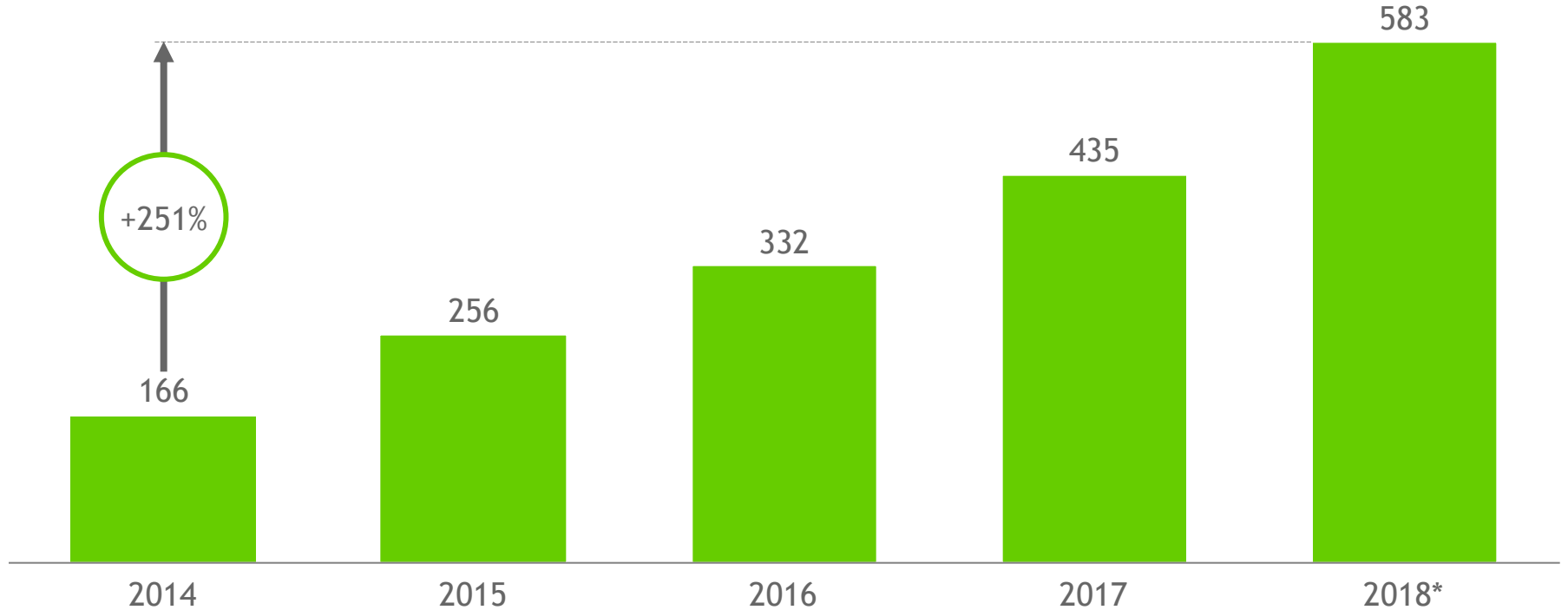
Cash-out Capex, MEUR

- Turnaround
- Growth + productivity
- Maintenance



Dividends paid increased 251% over the last 5 years

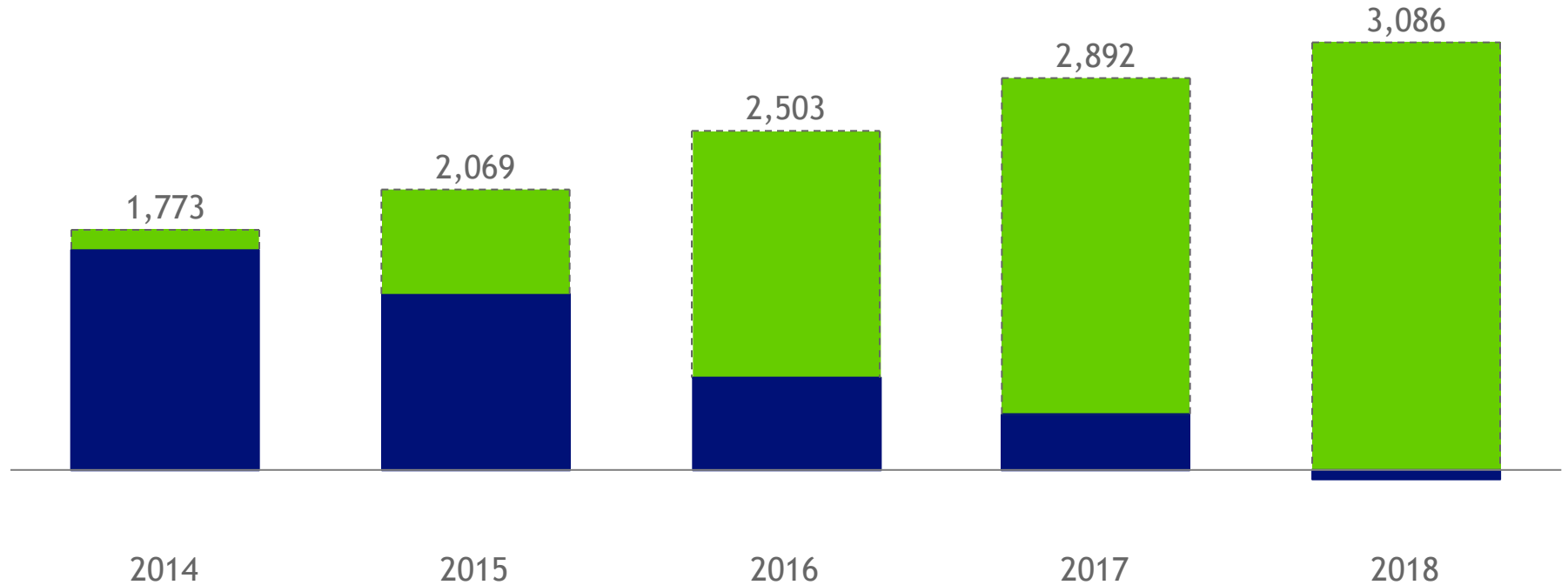
Dividends paid, MEUR



Balance sheet well-positioned for future aspirations

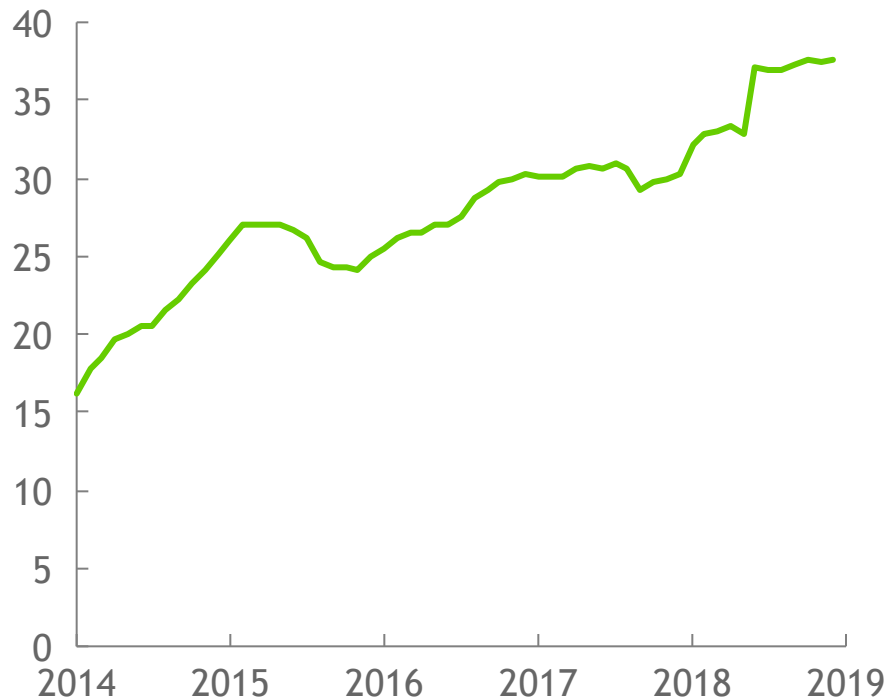
- Additional debt capacity
- Net debt, year end

Maximum debt capacity*, MEUR

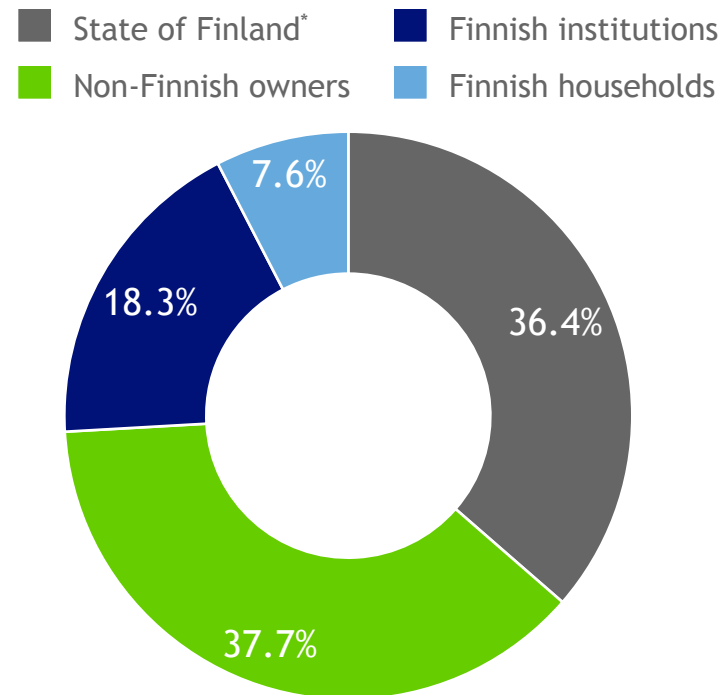


Share of non-Finnish owners has increased over time

Share of non-Finnish owners, %



Ownership structure on Jan 31, 2019



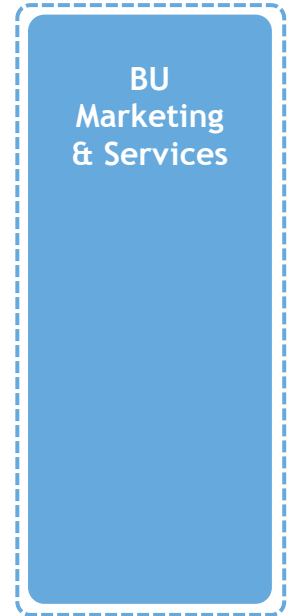
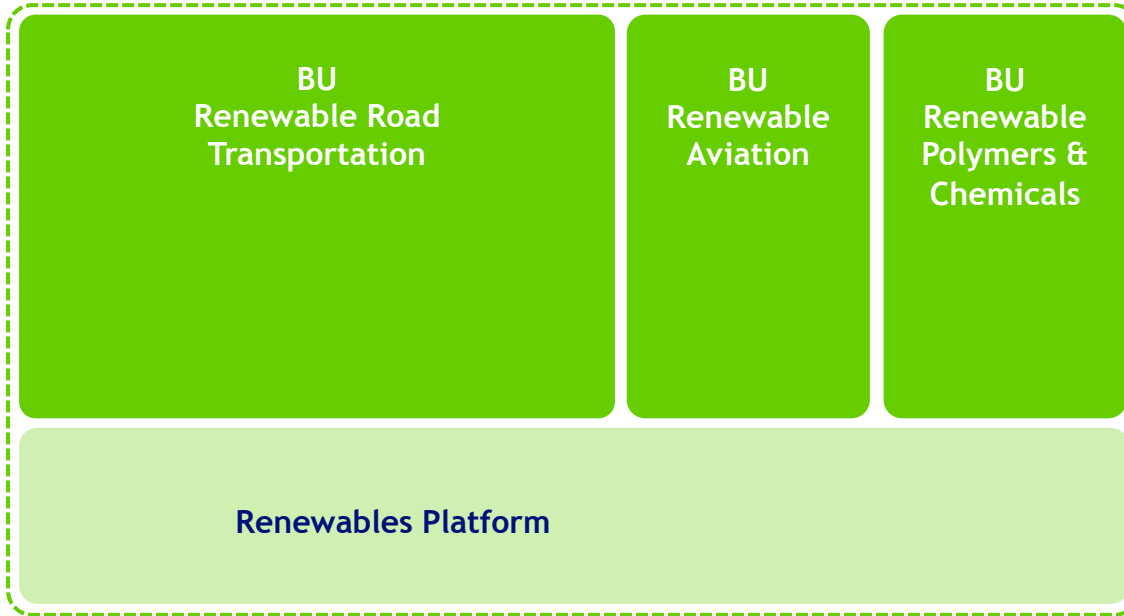
*State of Finland's direct ownership. Additionally Vake Oy has 8.3%.

Financials continue to be reported by 3 business segments

Oil Products

Renewable Products

Marketing
& Services



Agenda

SUSTAINABLE HIGH-MARGIN GROWTH AND CASH GENERATION

12:30	Opening and welcome	Juha-Pekka Kekäläinen, Head of IR
12:35	Introduction Continued business momentum	Peter Vanacker, President and CEO
	Q&A	
13:20	Shaping the future Sustainable value creation Attractive returns	Peter Vanacker, President and CEO
	Q&A	
14:05	Financials	Jyrki Mäki-Kala, CFO
	Q&A	
14:35	Concluding remarks	Peter Vanacker, President and CEO
14:40	Break	
15:00	Breakouts Topic 1: Sustainable high-margin growth Topic 2: Continued cash generation	Peter Vanacker, Carl Nyberg, Lars Peter Lindfors Jyrki Mäki-Kala, Matti Lehmus, Hannele Jakosuo-Jansson
16:00	Closing	



Sustainable high-margin growth and cash generation

Concluding remarks

Peter Vanacker, President and CEO

Our journey at Neste

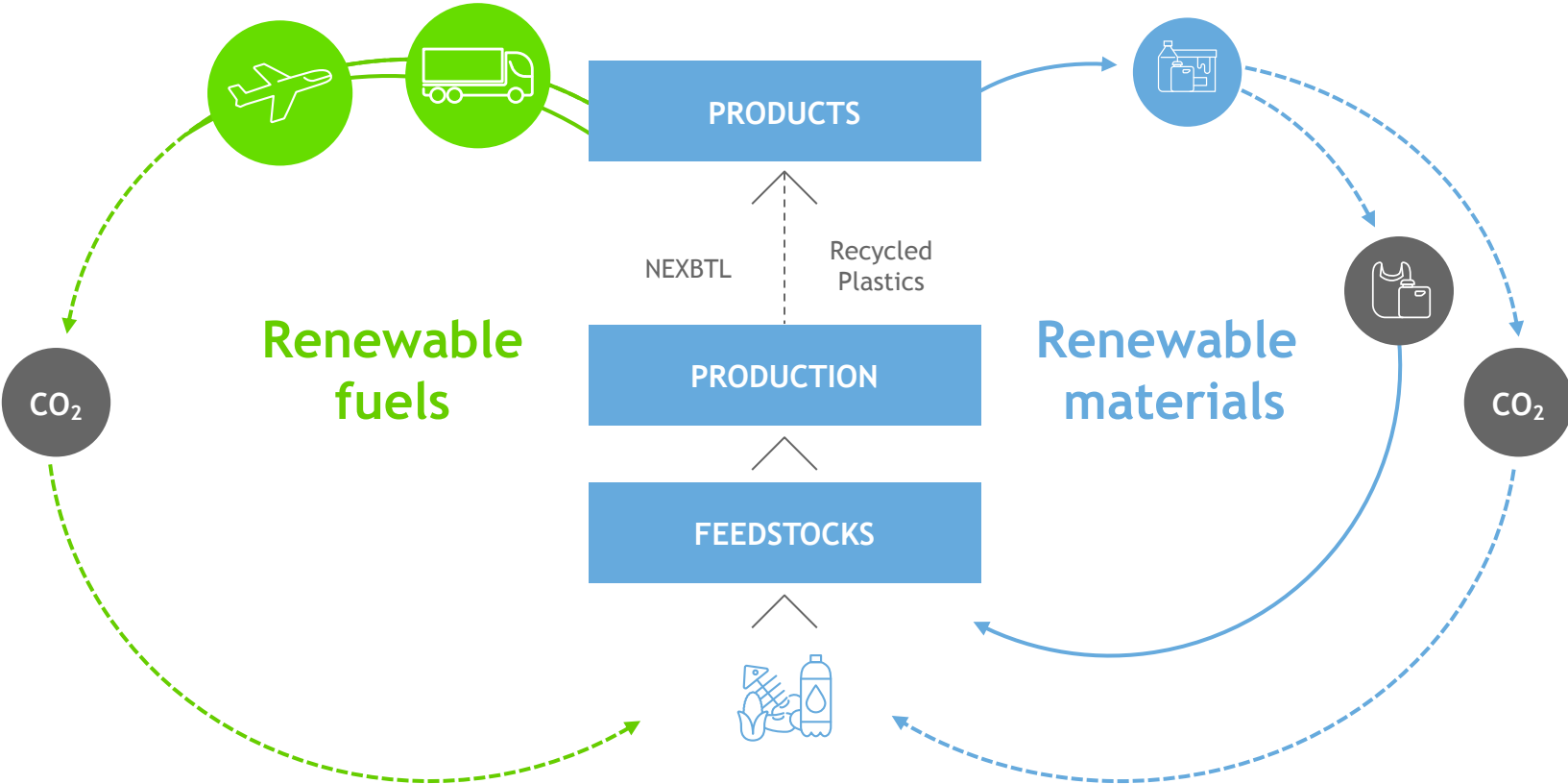
Continued
business
momentum

Shaping the
future

Sustainable
value
creation

Attractive
returns

Neste: Global leader in renewable and circular solutions



A hiker with a backpack is walking away from the camera on a dirt path through a forest. The sun is low in the sky, creating a warm, golden glow and long shadows. The path is surrounded by tall grasses and trees. The overall scene is peaceful and natural.

**Neste will become
a global leader in
renewable and
circular solutions.**

Agenda

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Appendix

Breakout session 1: Sustainable high-margin growth

Themes in this breakout session

Renewable Road Transportation

Renewable Aviation

Renewable Polymers and Chemicals

Vision and strategy

Innovation

Team answering your questions



Peter Vanacker

President and CEO



Carl Nyberg

EVP, Renewable Products



Lars Peter Lindfors

SVP, Technology

Breakout session 2: Continued cash generation

Themes in this breakout session

Financials

Operations

Oil Products

Organization

Capability building and talent management

Team answering your questions



Jyrki Mäki-Kala
CFO



Matti Lehmus
EVP, Oil Products



Hannele Jakosuo-Jansson
SVP, HR and Safety

Based on updated Oil Products reference margin formula, new target for additional margin set to at least 4.8 USD/bbl

	Old formula	Updated formula
REB-%	55	65
Brent-%	45	35
LPG-% (Propane, Butane)	2	3
Motor gasoline-%	30	28
Naphtha-%	1	1
JET-%	5	6
Diesel-%	45	46
LSFO-%	1	-
HSFO-%	9	10
Product yield-%	93	94
Variable cost USD/bbl	2.0	2.5
Sales freights to ARA	50%	60%

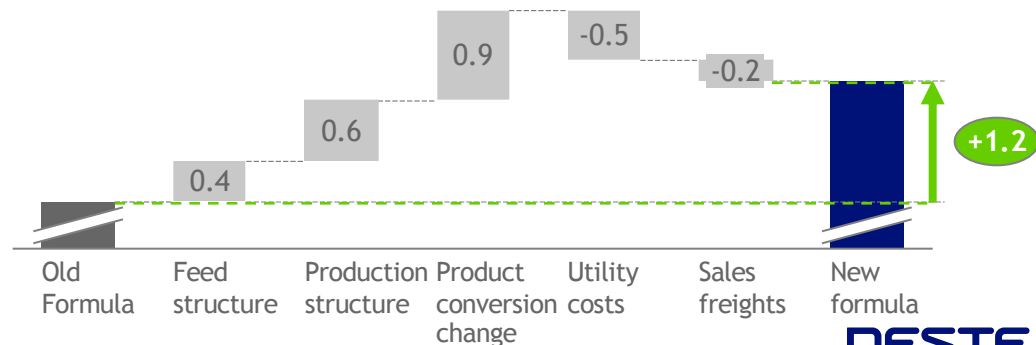
Key changes

- REB share in feed updated to 65%
- Product mix updated to reflect refinery configuration changes
- Product density adjustments updated
- Utility cost updated to reflect market changes and outsourcings

Key conclusions

- Reference margin to increase on average USD 1.2/bbl
- Additional margin target updated to 4.8 USD/bbl (equaling USD 6.0/bbl with the old formula)

Old vs. updated formula, USD/bbl (estimated average figures)



Abbreviations

ARA	Amsterdam/Rotterdam/Antwerp area	HSFO	High Sulphur Fuel Oil
B2B	Business to Business	IMO	International Maritime Organization
B2C	Business to Consumers	LPG	Liquefied Petroleum Gas
BU	Business Unit	LSFO	Low Sulphur Fuel Oil
CAGR	Compound Annual Growth Rate	M&A	Mergers and Acquisitions
Capex	Capital Expenditure	M&S	Marketing & Services
DIO	Days Inventory Outstanding	Mton	Million metric tons
DPO	Days Payable Outstanding	OP	Oil Products
DSO	Days Sales Outstanding	REB	Russian Export Blend crude
DWC	Days Working Capital	ROACE	Return on Average Capital Employed after tax
EBIT	Earnings Before Interests and Taxes	RP	Renewable Products
EBITDA	Earnings Before Interests, Taxes, Depreciation, and Amortization	SDA	Solvent Deasphalting Unit
EPS	Earnings per Share	ULSFO	Ultra Low Sulphur Fuel Oil
GHG	Greenhouse Gas	W&R	waste and residue