# Financial Statements 2019

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## CONTENTS

- 1. Year 2019 review
- 2. Group financials
- 3. Segment reviews
- 4. Current topics
- 5. Appendix



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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.

### Outstanding year 2019

- Group comparable EBIT 1,962 MEUR best ever
- Strong free cash flow 1,154 MEUR
- Renewable Products' results boosted by recordhigh sales volumes, improved sales margin and retroactive US Blender's Tax Credit (BTC) for 2018-2019
- Oil Products' comparable EBIT almost at 2018 level in a less supportive market
- Marketing & Services' result maintained year-onyear in a competitive market
- Excellent progress in strategy execution
- Dividend proposal EUR 0.92 per share plus extraordinary dividend of EUR 0.10 per share

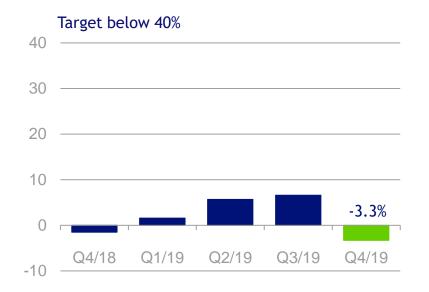


# Record-high ROACE

### ROACE, rolling 12 months, %



#### Leverage, %



#### NESTE

# Group financials 2019

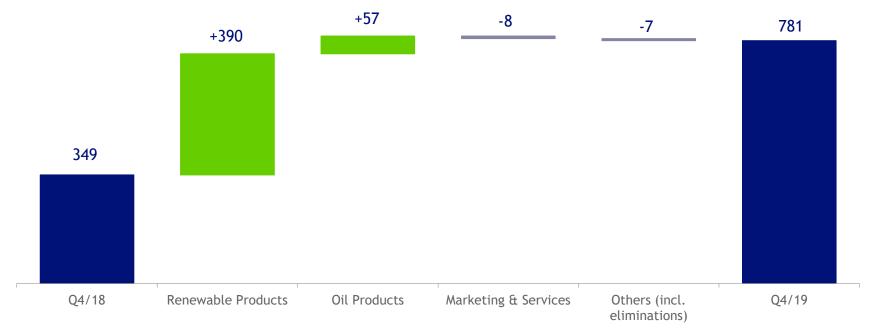


# Group financials 2019

MEUR	2019	2018	Q4/2019	Q4/2018	
Revenue	15,840	14,918	4,053	3,661	
EBITDA	2,731	1,636	1,164	401	
Comparable operating profit	1,962	1,422	781	349	
Renewable Products	1,599	983	671	281	
Oil Products	386	397	117	60	
Marketing & Services	77	77	11	19	
Others (incl. eliminations)	-100	-34	-18	-11	
Operating profit	2,229	1,022	1,046	183	
Cash flow before financing activities	1,154	870	943	389	
Comparable earnings per share, EUR	2.04	1.50	0.92	0.38	

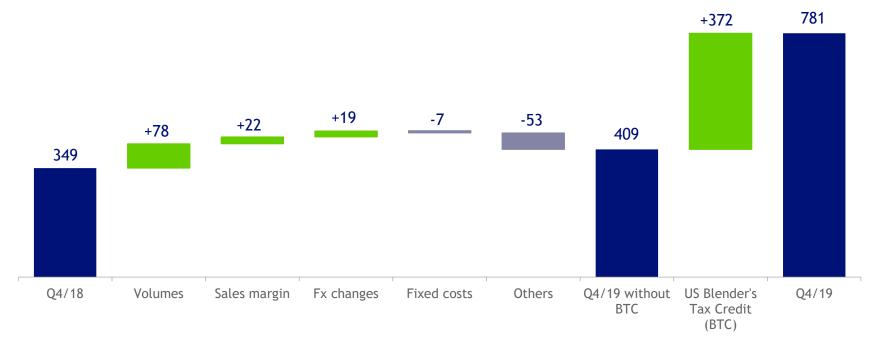
# Excellent comparable EBIT improvement in Renewable Products and Oil Products

Group comparable EBIT by segments Q4/19 vs. Q4/18, MEUR



# Q4 result driven by higher sales volumes, better sales margins and BTC

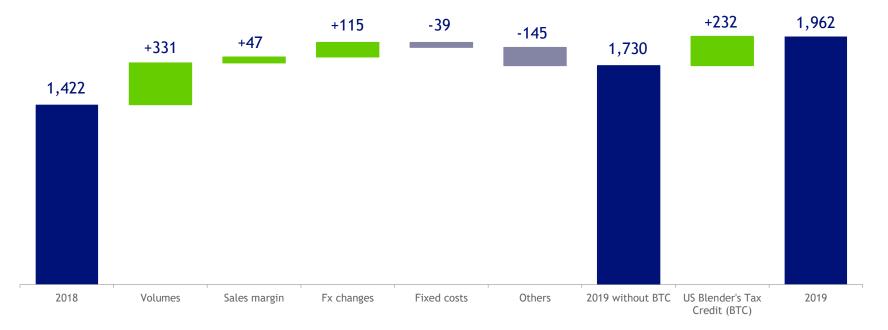
Group comparable EBIT Q4/19 vs. Q4/18, MEUR



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38% higher full-year comparable EBIT due to increased production and sales volumes, BTC and stronger USD

Group comparable EBIT 2019 vs. 2018, MEUR

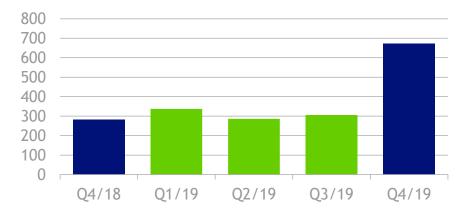


Q4 2019 Segment reviews,



# Renewable Products' outstanding performance in Q4

### Comparable EBIT, MEUR

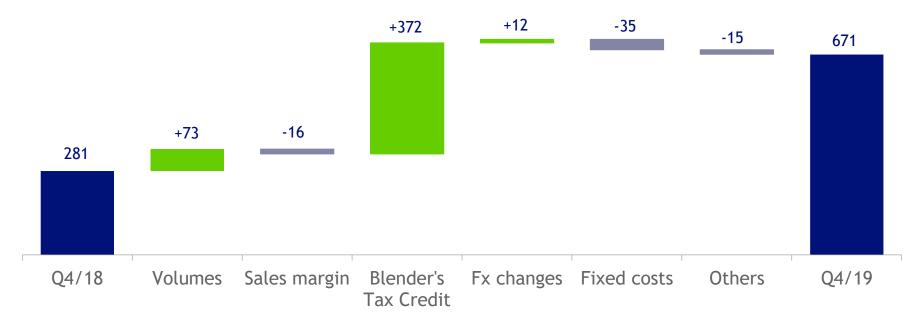


MEUR	Q4/19	Q4/18	2019	2018
Revenue	1,081	884	4,033	3,241
Comparable EBIT	671	281	1,599	983
Net assets	3,137	2,002	3,137	2,002

- Comparable EBIT 671 MEUR (281), including 372 MEUR from retroactive BTC for 2018-2019
- Comparable sales margin USD 684/ton (715), excluding BTC
- Sales volume 693 kton (575), share of Europe 60% (73%)
- Fast execution of scheduled catalyst change maintenance in Rotterdam
- Share of waste and residues feedstock 84% (77%)
- Investments 113 MEUR (50)
- Comparable RONA\* 67.0% (52.8%)
  - \* Last 12 months

## Best ever Q4 result due to higher sales volumes and BTC

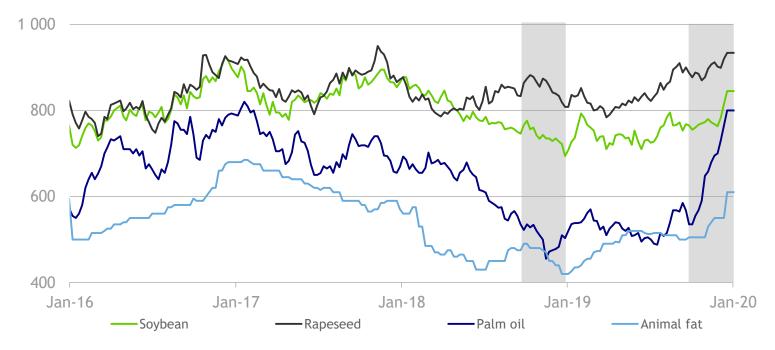
Comparable EBIT Q4/19 vs. Q4/18, MEUR





## Raw material prices on an increasing trend

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



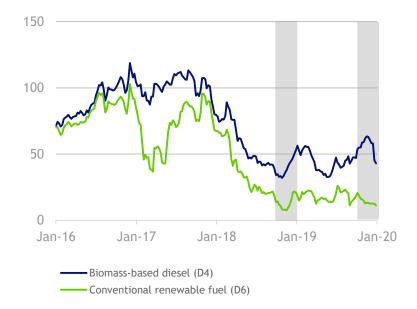
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## US margins supported by very strong LCFS credit prices



California Low Carbon Fuel Standard, LCFS credit price, USD/ton

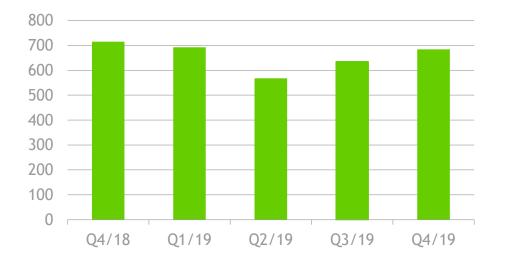
#### RIN prices, US cent /gal



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# Positive sales margin development continued

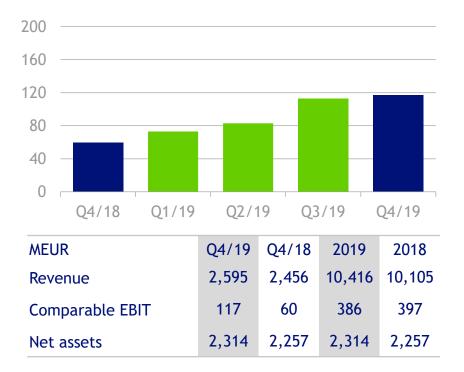
#### Renewable Products comp. sales margin, USD/ton



- Comparable sales margin USD 684/ton (715), excluding BTC
- California LCFS credit USD 206/ton (192)
- D4 RIN USD 0.56/gal (0.40)
- Sales of 100% Neste MY diesel 29% (28%)
- Utilization rate 91% (80%)

# Strong quarter in Oil Products despite challenging environment

#### Comparable EBIT, MEUR

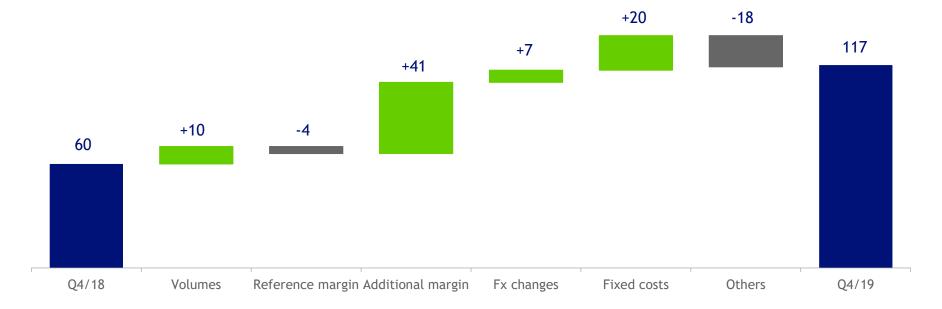


- Comparable EBIT 117 MEUR (60)
- Sales volume 3.8 Mton (3.6)
- Refinery average utilization rate 92% (76%)
- Urals' share of feed 73% (55%)
- Investments 87 MEUR (38)
- Comparable RONA\* 15.4% (15.7%)

\* Last 12 months

## Good operational performance visible in additional margin and reduced fixed costs

Comparable EBIT Q4/19 vs. Q4/18, MEUR





## Increased volatility before start of IMO 2020

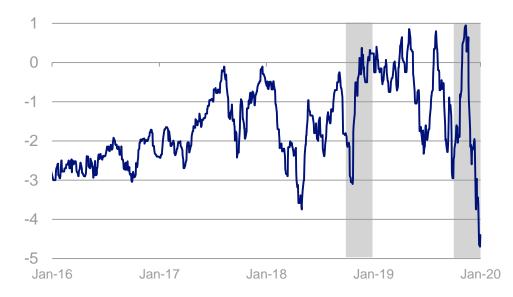
— Heavy Fuel Oil

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

Jan-17 Jan-18 Jan-19 Jan-20 Jan-16

-Gasoline

Urals vs. Brent price differential, USD/bbl





-Diesel

40

30

20

0

-10

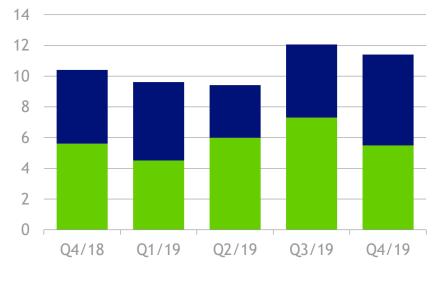
-20

-30

-40

# Total refining margin supported by strong additional margin

#### Total refining margin, USD/bbl



- Reference margin
- Additional margin

- Total refining margin USD 11.4/bbl (10.5)
- Reference margin USD 5.5/bbl (5.6)
- Additional margin USD 5.9/bbl (4.8)
- Refinery production costs USD 5.3/bbl (6.0)



# Marketing & Services' result reflected challenging market

### Comparable EBIT, MEUR



MEUR	Q4/19	Q4/18	2019	2018
Revenue	1,002	1,135	4,193	4,315
Comparable EBIT	11	19	77	77
Net assets	235	249	235	249

- Comparable EBIT 11 MEUR (19)
- Sales volumes declined
- Unit margins maintained
- Divestment of Russian operations completed in October
- Higher fixed costs
- Investments 8 MEUR (7)
- Comparable RONA\* 26.7% (29.1%)

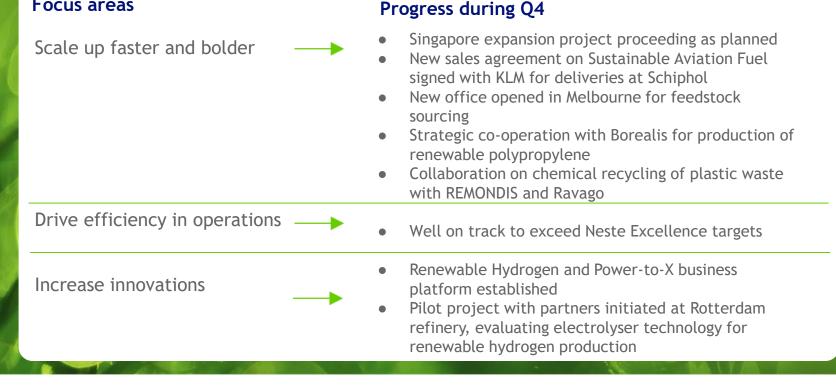
\* Last 12 months

# Current topics



# Excellent progress in strategy implementation

Focus areas



## Segment outlook for Q1/2020

#### RENEWABLE PRODUCTS

#### MARKET

Demand for Renewable Diesel expected to remain strong in Q1. Feedstock markets expected to continue to be tight.

#### UTILIZATION RATE

Utilization rates expected to remain high in Q1.

#### **OIL PRODUCTS**

#### MARGIN

Reference margin in Q1 is expected to be low due to warm weather, coronavirus outbreak and IMO bunker fuel regulation not yet supporting middle distillates margins.

#### UTILIZATION RATE

Utilization rates of our production facilities anticipated to remain high in Q1.

### MARKETING & SERVICES

#### UNIT MARGINS AND SALES VOLUMES

Unit margins and sales volumes expected to follow previous years' seasonality pattern in Q1.

Divestment of Russian operation estimated to reduce full-year comparable EBIT by 16 MEUR.



# Porvoo refinery major turnaround 2020

#### GENERAL

- Scheduled approx. eleven-week major turnaround in Q2 2020
- Implemented every five years
- Includes maintenance and investments
- Most extensive turnaround ever
- Total comparable EBIT impact of EUR -220 million



### **OIL PRODUCTS**

 Currently estimated to have negative impact of approx. EUR 180 million on segment's comparable EBIT, mainly in Q2 2020.

### **RENEWABLE PRODUCTS**

• Currently estimated to have negative impact of approx. EUR 40 million on segment's comparable EBIT, mainly in Q2 2020.



## Other 2020 topics

### **GROUP CAPEX**

• Group capital expenditure estimated at EUR 1.2 billion in 2020, of which

GT

- Singapore capacity expansion approx. EUR 600 million
- Porvoo major turnaround approx. EUR 450 million

### RENEWABLE PRODUCTS

- Scheduled four-week catalyst change at Singapore refinery in Q2, and at Rotterdam refinery in Q4
- One catalyst change currently estimated to have a negative impact of approx. EUR 50 million on segment's comparable EBIT



#### **Capital Markets Day 2020**

Neste will host Capital Markets Day in London on 12 March 2020

Law in 200

More information from IR



# Appendix



# Renewable Products comparable EBIT calculation

	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	2019	2018
Sales volume, kton	575	692	745	716	693	2,846	2,261
Comparable sales margin, excluding BTC, \$/ton	715	692	568	635	684	644	600
Comparable sales margin, MEUR	361	422	377	409	800	2,008	1,289
Fixed costs, MEUR	46	50	55	59	81	246	184
Depreciations, MEUR	33	36	36	46	49	166	128
Comparable EBIT, MEUR	281	337	286	305	671	1,599	983



# Refinery production costs, Porvoo & Naantali

		Q4/18	2018	Q1/19	Q2/19	Q3/19	Q4/19	2019
Refined products	Million barrels	25.9	108.8	26.9	27.5	26.9	27.9	109.2
Exchange rate	EUR/USD	1.14	1.18	1.14	1.12	1.11	1.11	1.12
Utilities costs	MEUR	48.9	184.8	52.6	50.6	49.8	58.5	211.4
	USD/bbl	2.1	2.0	2.2	2.1	2.1	2.3	2.2
	MEUR	88.8	276.4	57.2	62.1	61.2	75.9	256.4
Fixed costs	USD/bbl	3.9	3.0	2.4	2.5	2.5	3.0	2.6
External cost sales	MEUR	-1.9	-7.6	-0.5	-0.4	-0.3	-0.3	-1.5
	USD/bbl	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Total	MEUR	135.8	453.6	109.2	112.2	110.7	134.2	466.3
	USD/bbl	6.0	4.9	4.6	27.5	4.6	5.3	4.8

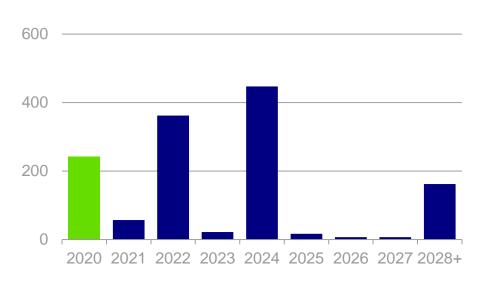
# Cash flow

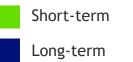
MEUR	Q4/19	Q4/18	Q3/19	2019	2018
EBITDA	1,164	401	605	2,731	1,636
Capital gains/losses	-27	-1	-9	-37	-3
Other adjustments	-159	-194	-39	-77	-96
Change in net working capital	181	356	-439	-780	103
Net finance costs	-20	-6	-1	-48	-37
Income taxes paid	-144	-29	-60	-333	-151
Net cash generated from operating activities	995	528	58	1,456	1,452
Capital expenditure	-222	-110	-157	-568	-395
Other investing activities	170	-29	169	265	-187
Cash flow before financing activities	943	389	71	1,154	870

#### NESTE

# Liquidity & maturity profile

MEUR





- Group's liquidity EUR 2,863 million at end of December 2019
  - Liquid funds EUR 1,513 million
  - Unused committed credit facilities EUR 1,350 million
- Average interest rate for interest-bearing liabilities was 1.9% and maturity 3.2 years at end of December\*
- 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.



