# Q3 2019

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## CONTENTS

- 1. Q3 2019 review
- 2. Group financials
- 3. Segment reviews
- 4. Current topics
- 5. Appendix

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# Highest ever quarterly comparable operating profit

- Group comparable EBIT 435 MEUR
- Renewable Products improved margin and high sales volumes
- Oil Products solid performance despite scheduled maintenance
- Marketing & Services one of the best quarterly results ever
- Good progress in strategy implementation continued





## Good performance visible in financial targets

## ROACE, rolling 12 months, %



# Target below 40% 40 30 20 10 Q3/18 Q4/18 Q1/19 Q3/18 Q4/18 Q1/19 Q3/18

Leverage, %

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#### 5

# Q3 2019 Group financials

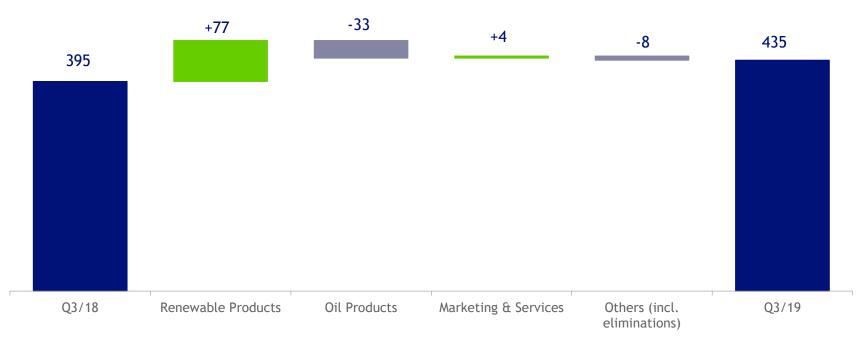


# Group financials Q3/19

MEUR	Q3/2019	Q3/2018	1-9/2019	1-9/2018	2018
Revenue	3,961	3,884	11,787	11,258	14,918
EBITDA	606	445	1,568	1,238	1,639
Comparable operating profit	435	395	1,181	1,073	1,422
Renewable Products	305	228	928	702	983
Oil Products	113	146	269	337	397
Marketing & Services	28	24	66	58	77
Others (incl. eliminations)	-11	-3	-82	-23	-34
Operating profit	444	250	1,184	842	1,025
Cash flow before financing activities	71	108	211	481	870
Comparable earnings per share, EUR	0.35	0.40	1.12	1.12	1.50

Result improvement driven by Renewable Products

Group comparable EBIT by segments Q3/18 vs. Q3/19, MEUR





# Q3 result driven by high volumes and strong USD

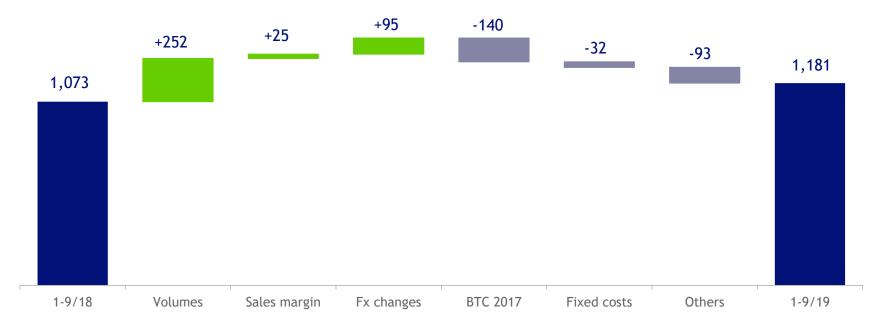
Group comparable EBIT Q3/18 vs. Q3/19, MEUR





# Nine-month result boosted by higher volumes and strong USD

Group comparable EBIT 1-9/18 vs. 1-9/19, MEUR



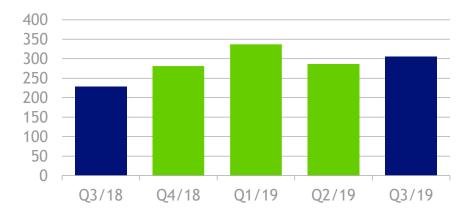


Q3 2019 Segment reviews ,



# Renewable Products' strong performance continued

## Comparable EBIT, MEUR



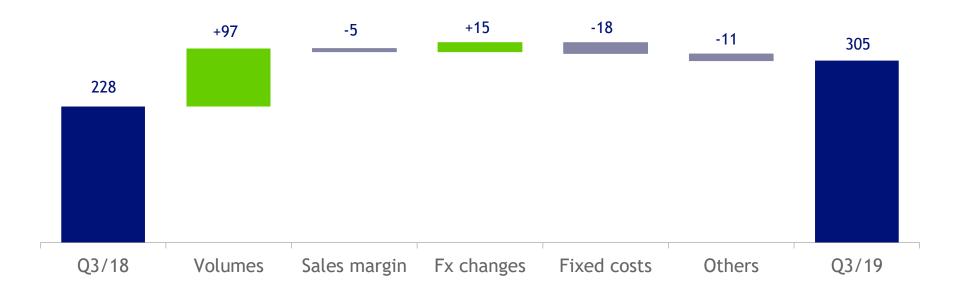
MEUR	Q3/19	Q3/18	1-9/19	1-9/18
Revenue	1,025	805	2,952	2,357
Comparable EBIT	305	228	928	702
Net assets	2,440	1,834	2,440	1,834

- Comparable EBIT 305 MEUR (228)
- Comparable sales margin USD 635/ton (645)
- Sales volume 716 kton (547), share of Europe 70% (71%)
- Share of waste and residues feedstock 81% (84%)
- Investments 61 MEUR (39)
- Comparable RONA\* 56.5% (49.4%)

\* Last 12 months

Higher sales volumes supported outstanding result

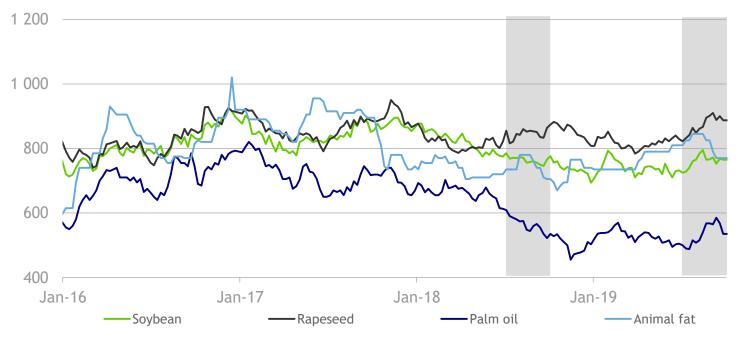
Comparable EBIT Q3/18 vs. Q3/19, MEUR





# Raw material prices on increasing trend

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



\*Quotations in NWE, source: Oil World

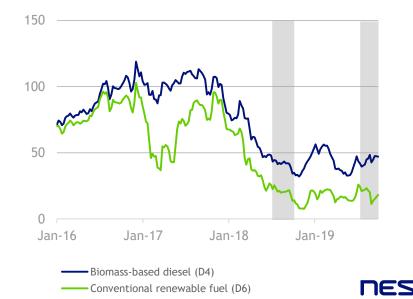
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# US margins supported by strong LCFS credit prices



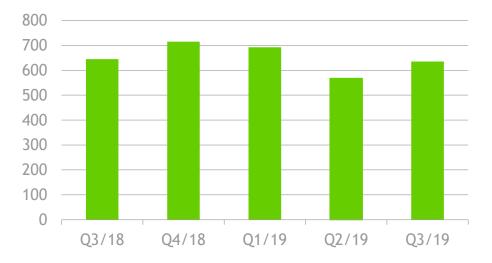
RIN prices, US cent /gal





# Margin improved through more favorable sales allocation

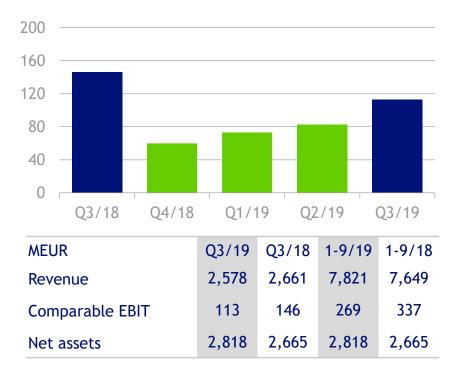
# Renewable Products comparable sales margin, USD/ton



- Comparable sales margin USD 635/ton (645)
- California LCFS credit USD 198/ton (184)
- D4 RIN USD 0.46/gal (0.42)
- Sales of 100% Neste MY diesel 175 kton (160)
- Utilization rate 101% (93%)

# Good quarter in Oil Products despite scheduled maintenance

## Comparable EBIT, MEUR

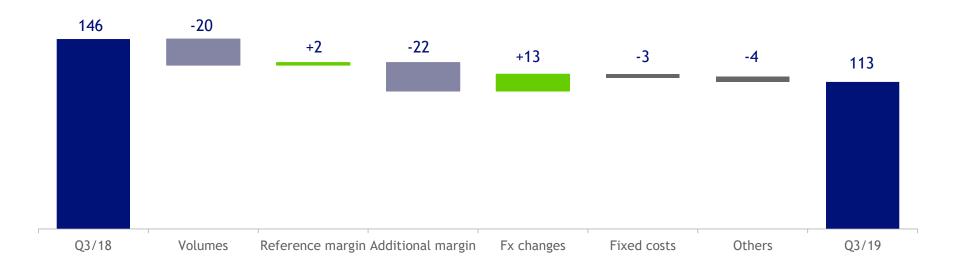


- Comparable EBIT 113 MEUR (146)
- Sales volume 3.2 Mton (3.6)
- Refinery average utilization rate 89% (97%)
- Urals' share of feed 73% (72%)
- Investments 72 MEUR (28)
- Comparable RONA\* 12.8% (16.4%)

\* Last 12 months

# Maintenance impacted volumes and additional margin

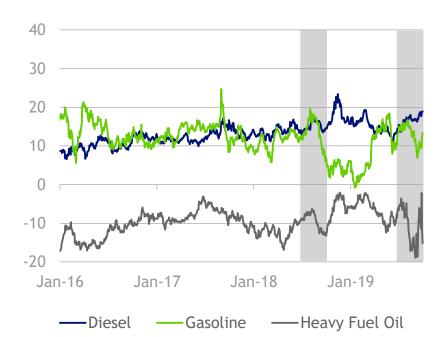
Comparable EBIT Q3/18 vs. Q3/19, MEUR



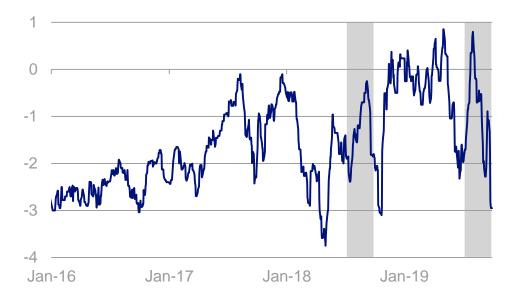


# Stronger diesel margin and volatile Urals-Brent differential

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



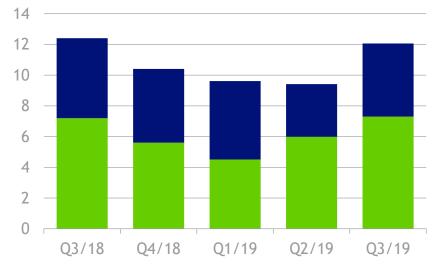
Urals vs. Brent price differential, USD/bbl



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# Total refining margin recovered

## Total refining margin, USD/bbl



- Reference margin
- Additional margin

- Total refining margin USD 12.1/bbl (12.4)
- Reference margin USD 7.3/bbl (7.2)
- Additional margin USD 4.8/bbl (5.2)
- Refinery production costs USD 4.6/bbl (4.2)



# Marketing & Services' outstanding quarterly performance

## Comparable EBIT, MEUR



MEUR	Q3/19	Q3/18	1-9/19	1-9/18
Revenue	1,086	1,123	3,192	3,180
Comparable EBIT	28	24	66	58
Net assets	319	275	319	275

- Comparable EBIT 28 MEUR (24)
- Sales volumes maintained year-on-year
- Unit margins improved
- Investments 5 MEUR (6)
- Comparable RONA\* 28.8% (25.1%)

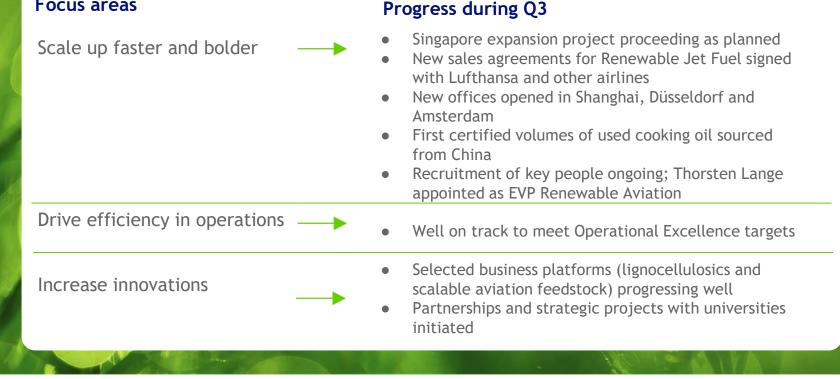
\* Last 12 months

# Current topics



# Good progress in strategy implementation continued

## Focus areas



## Segment outlook for Q4/2019

## **RENEWABLE PRODUCTS**

#### MARKET

Demand for Renewable Diesel expected to remain strong in Q4. Feedstock markets expected to continue on strengthening trend.

### UTILIZATION RATE

Utilization rates expected to remain high in Q4, except for scheduled 4 week catalyst change at Rotterdam refinery. EBIT impact of catalyst change was previously estimated at approx. MEUR -50. Impact estimate for Q4 has been approx. halved through mitigation actions.

## **OIL PRODUCTS**

#### MARGIN

Reference margin in Q4 is expected to be slightly lower than in Q3.

## UTILIZATION RATE

Utilization rates of our production facilities anticipated to remain high in Q4, except for normal unit maintenances.

## MARKETING & SERVICES

#### UNIT MARGINS AND SALES VOLUMES

Unit margins and sales volumes expected to follow previous years' seasonality pattern in Q4.

Divestment of Russian operation expected to be completed in Q4.



# 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



## **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.



# Appendix



# Renewable Products comparable EBIT calculation

	Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19
Sales volume, kton	547	575	2,261	692	745	716
Comparable sales margin, \$/ton	645	715	600	692	568	635
Comparable sales margin, MEUR	303	361	1,289	422	377	409
Fixed costs, MEUR	41	46	184	50	55	59
Depreciations, MEUR	34	33	128	36	36	46
Comparable EBIT, MEUR	228	281	983	337	286	305

# Refinery production costs, Porvoo & Naantali

		Q3/18	Q4/18	2018	Q1/19	Q2/19	Q3/19
Refined products	Million barrels	28.0	25.9	108.8	26.9	27.5	26.9
Exchange rate	EUR/USD	1.16	1.14	1.18	1.14	1.12	1.11
	MEUR	44.9	48.9	184.8	52.6	50.6	49.8
Utilities costs	USD/bbl	1.9	2.1	2.0	2.2	2.1	2.1
	MEUR	58.9	88.8	276.4	57.2	62.1	61.2
Fixed costs	USD/bbl	2.4	3.9	3.0	2.4	2.5	2.5
External cost sales	MEUR	-1.8	-1.9	-7.6	-0.5	-0.4	-0.3
	USD/bbl	-0.1	-0.1	-0.1	0.0	0.0	0.0
Total	MEUR	101.9	135.8	453.6	109.2	112.2	110.7
	USD/bbl	4.2	6.0	4.9	4.6	27.5	4.6

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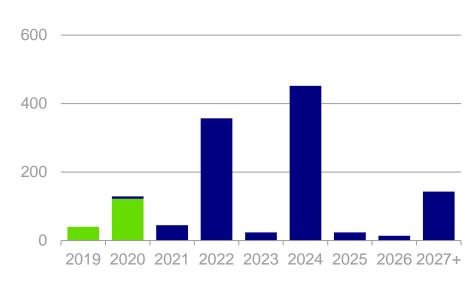
# Cash flow

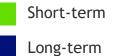
MEUR	Q3/19	Q3/18	Q2/19	1-9/19	1-9/18	2018
EBITDA	606	445	476	1,568	1,238	1,639
Capital gains/losses	-9	0	0	-9	-2	-3
Other adjustments	-39	0	9	81	98	-96
Change in net working capital	-440	-163	-120	-961	-256	99
Net finance costs	-1	-5	-19	-29	-31	-37
Income taxes paid	-60	-29	-42	-189	-122	-151
Net cash generated from operating activities	58	247	303	461	925	1,452
Capital expenditure	-157	-91	-119	-346	-285	-395
Other investing activities	169	-49	-53	96	-158	-187
Cash flow before financing activities	71	108	132	211	481	870

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# Liquidity & maturity profile

MEUR





- Group's liquidity EUR 2,532 million at end of September 2019
  - Liquid funds EUR 882 million
  - Unused committed credit facilities EUR 1,650 million
- Average interest rate for interest-bearing liabilities was 1.9% and maturity 3.5 years at end of September\*
- 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.





