

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 frame, partially overlapping the text area.

# Q2 2018

Matti Lievonen | President and CEO

NESTE

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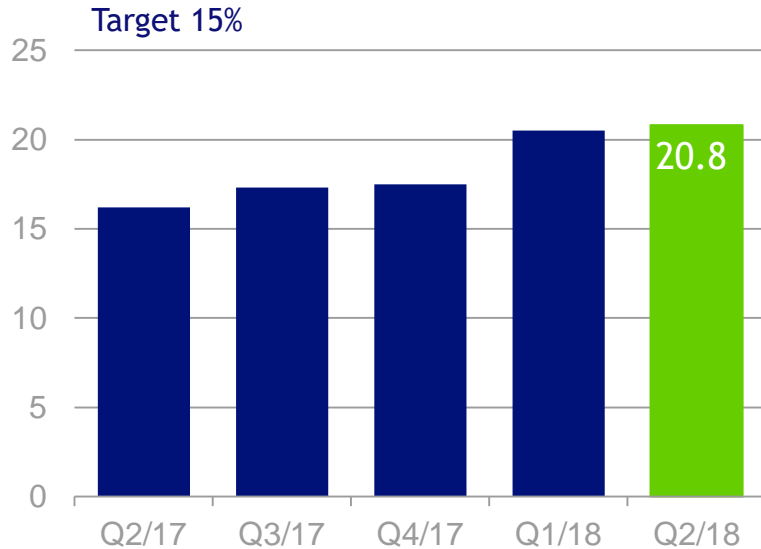


## Strong financial performance continued

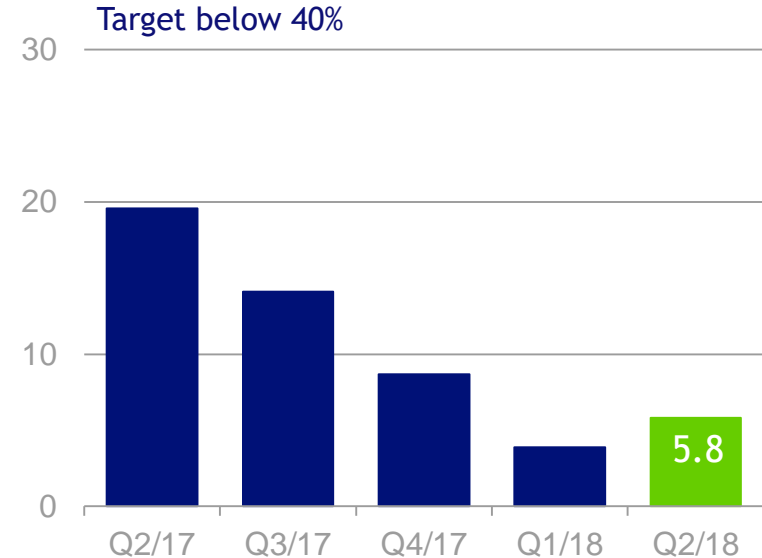
- Group comparable EBIT 277 MEUR
- Solid quarter in Renewable Products despite scheduled maintenance
- Strong additional margin in Oil Products
- Marketing & Services improved

# Strong performance visible in financial targets

ROACE, rolling 12 months, %



Leverage, %



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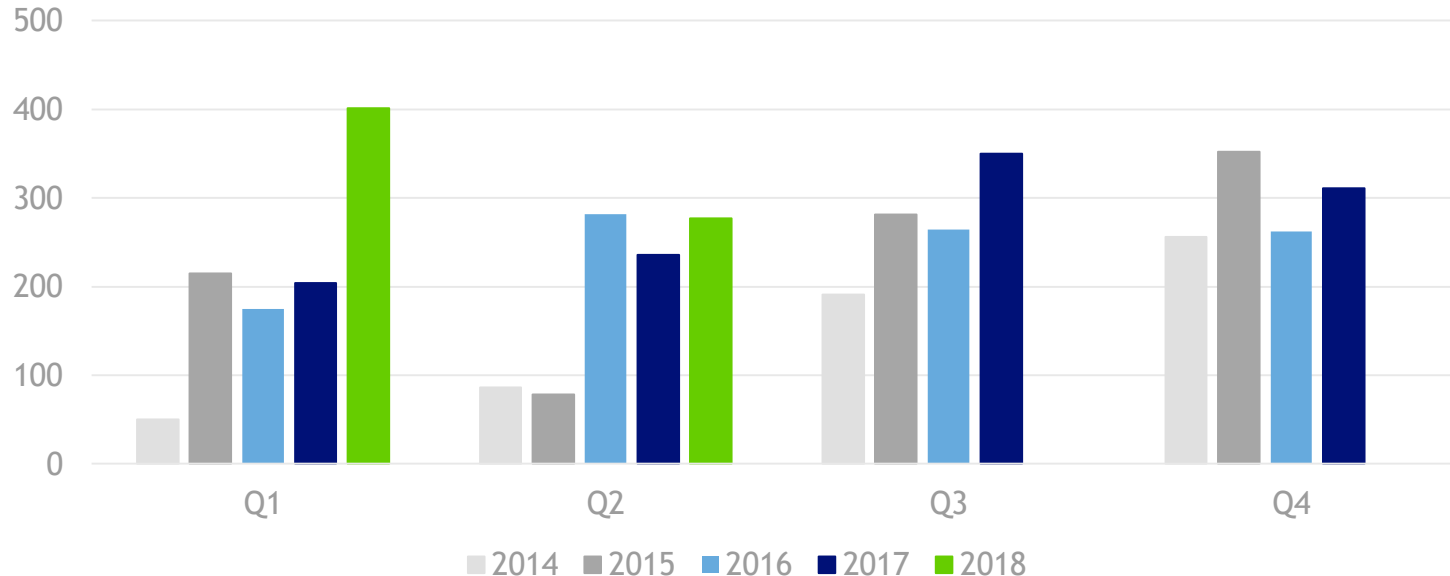
# Q2 2018 Group financials

# Group financials Q2/18

MEUR	Q2/2018	Q2/2017	H1/2018	H1/2017	2017
Revenue	3,745	3,280	7,374	6,351	13,217
Comparable EBITDA	380	328	879	621	1,472
EBITDA	275	357	793	717	1,542
Comparable operating profit	277	236	679	439	1,101
Renewable Products	177	101	473	181	561
Oil Products	92	122	191	248	495
Marketing & Services	20	19	33	31	68
Others (incl. eliminations)	-12	-6	-19	-20	-24
Operating profit	172	264	592	536	1,171
Cash flow before financing activities	140	82	373	58	628
Comparable earnings per share, EUR	0.87	0.68	2.16	1.24	3.33

# Group comparable EBIT improved from Q2/2017

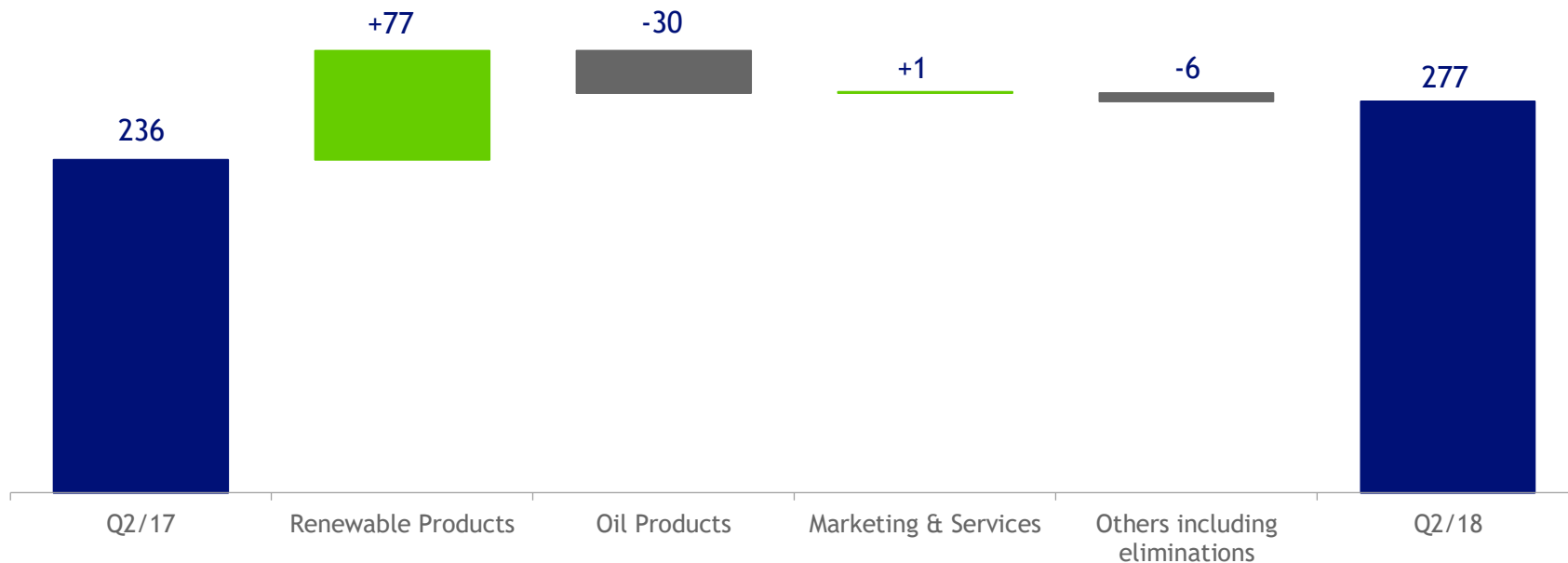
Group comparable EBIT quarterly, MEUR





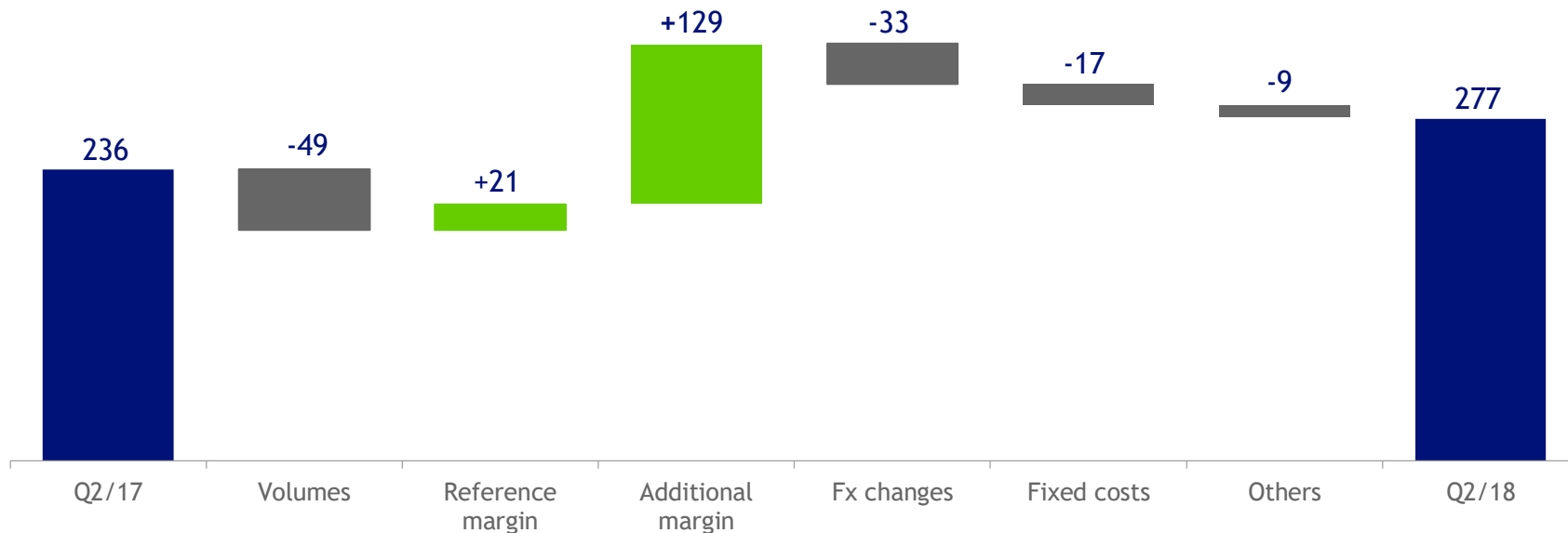
# Result improvement driven by Renewable Products

Group comparable EBIT by segments Q2/17 vs. Q2/18, MEUR



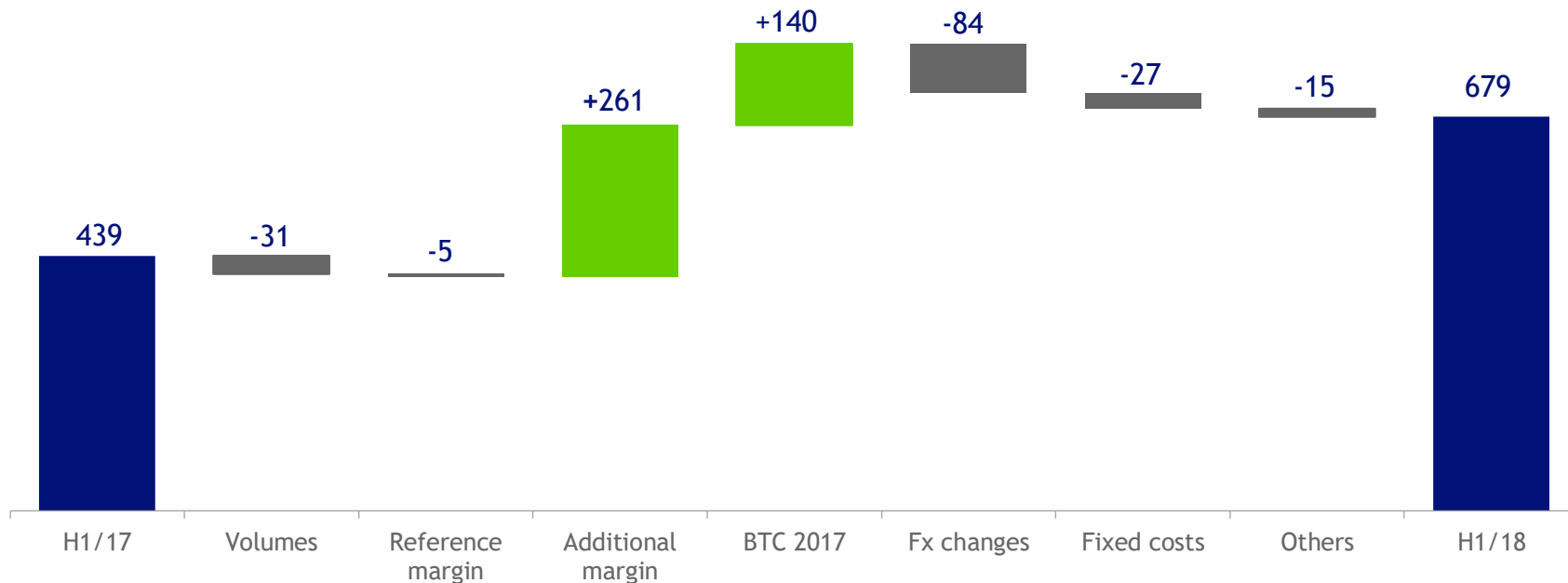
# Q2 result driven by higher additional margin

Group comparable EBIT Q2/17 vs. Q2/18, MEUR



# Half-year result boosted by additional margin and BTC

Group comparable EBIT H1/17 vs. H1/18, MEUR

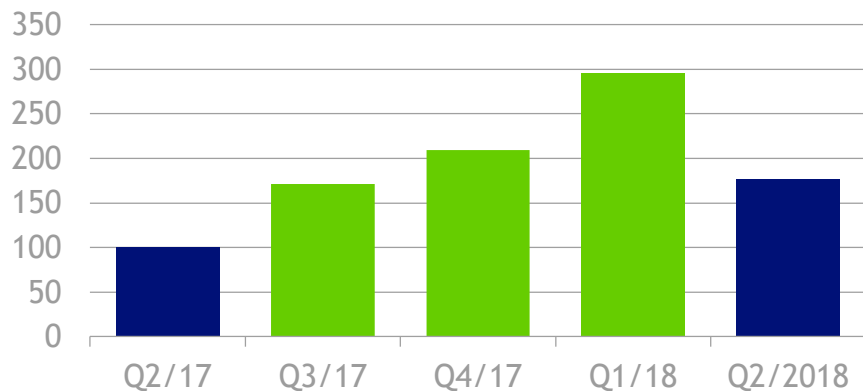


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# Q2 2018 Segment reviews

# Solid performance in Renewable Products

## Comparable EBIT, MEUR



MEUR	Q2/18	Q2/17	2017
Revenue	793	828	3,243
Comparable EBIT	177	101	561
Net assets	1,748	1,895	1,863

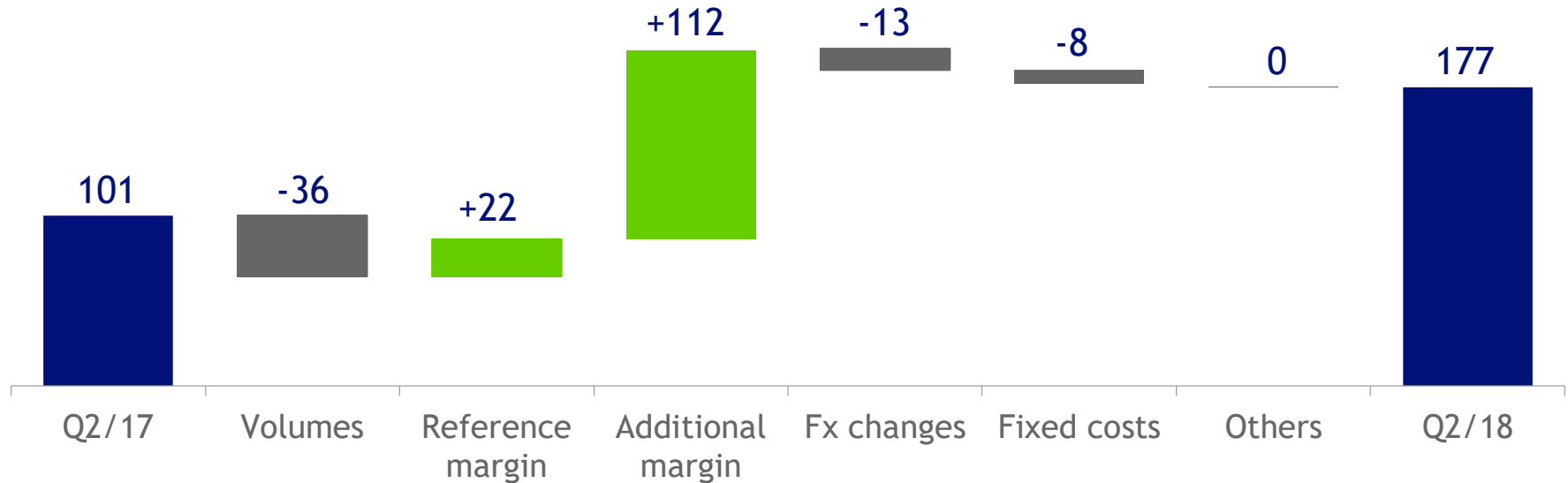
- Comparable EBIT 177 MEUR (101 MEUR)
- Additional margin USD 300/ton (USD 101/ton)
- Sales volume 589 kton (674 kton);  
share of Europe 68% (68%)
- Share of waste and residues feedstock 92% (81%)
- Agreement to acquire share majority of IH Demeter B.V., Dutch trader of animal fats and proteins.
- Investments 36 MEUR (24 MEUR)
- Comparable RONA\* 46.0% (24.8%)

\* Last 12 months



# Reference and additional margins boosted result

Comparable EBIT Q2/17 vs. Q2/18, MEUR

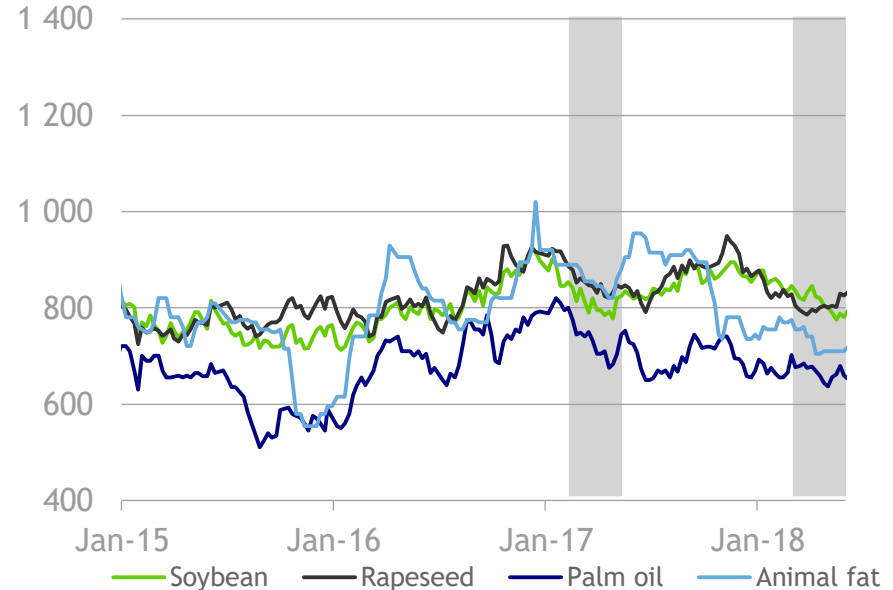


# Improvement in European biodiesel margins

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 renewable diesel margins supported by strong LCFS

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



Low Carbon Fuel Standard, LCFS credit price USD/ton



Biodiesel RIN, US cent / gal

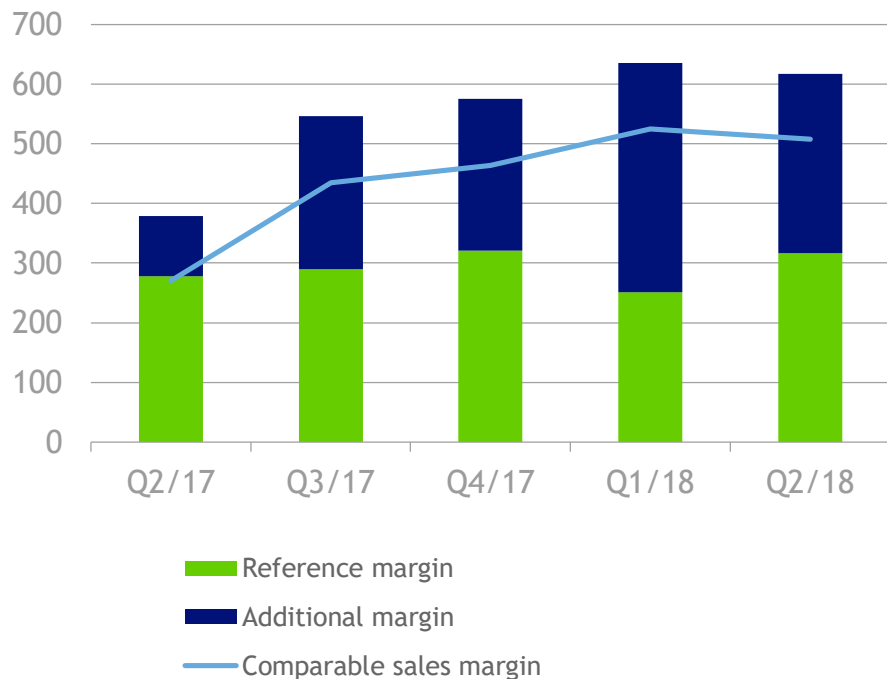


— Biomass-based diesel (D4)  
— Conventional renewable fuel (D6)

\* Including \$70/ton freight

# Additional margin remained at strong level

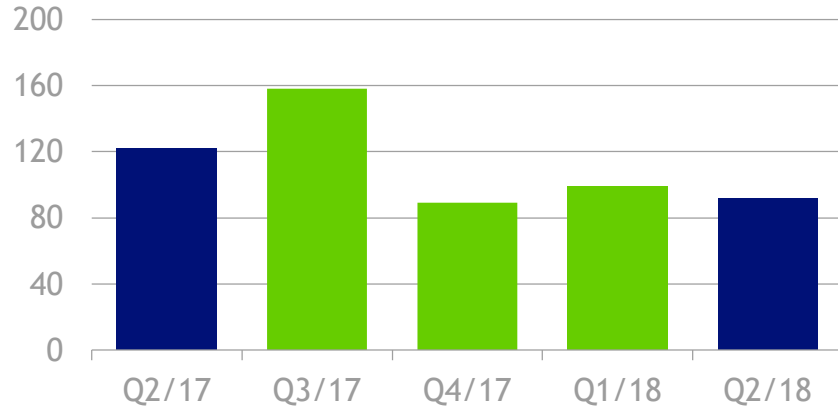
## Renewable Products margin, USD/ton



- Comparable sales margin USD 508/ton (270)
- Reference margin USD 317/ton (278)
- Additional margin USD 300/ton (101) impacted by Rotterdam maintenance
- Utilization rate 73% (96%)

# Oil Products' result impacted by weak USD and scheduled maintenances

## Comparable EBIT, MEUR



MEUR	Q2/18	Q2/17	2017
Revenue	2,534	2,080	8,490
Comparable EBIT	92	122	495
Net assets	2,678	2,597	2,497

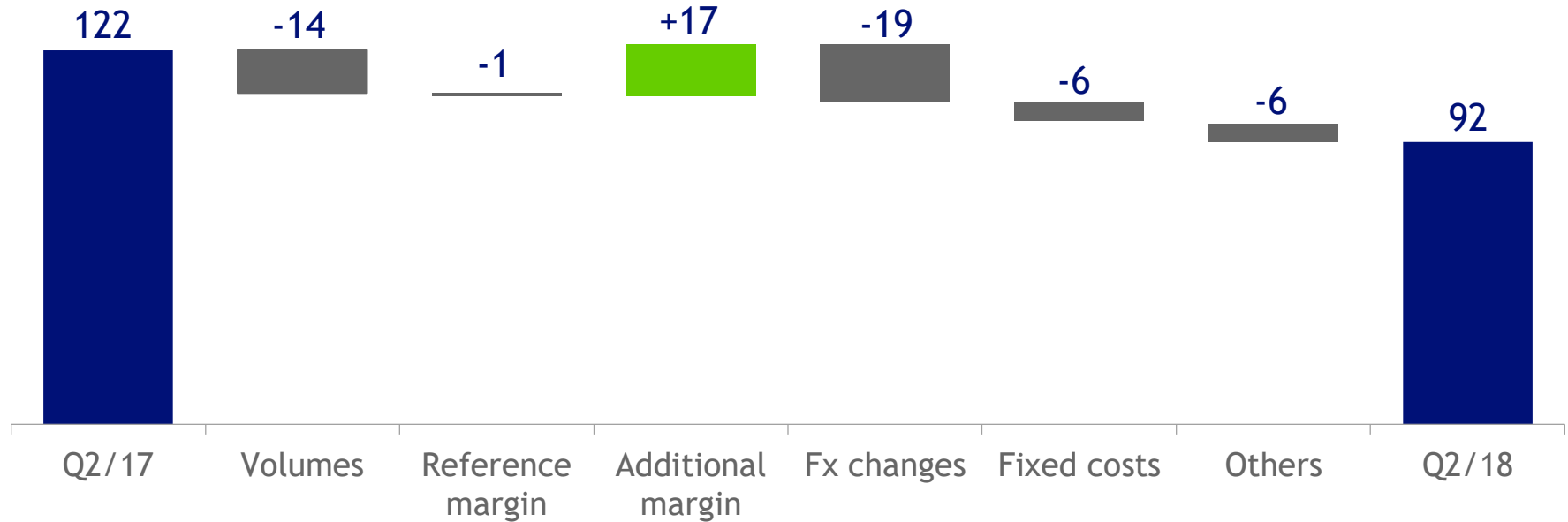
- Comparable EBIT 92 MEUR (122 MEUR)
- Sales volume 3.3 Mton (3.6 Mton)
- Refinery average utilization rate 89% (88%)
- Urals' share of feed 78% (74%)
- Investments 54 MEUR (61 MEUR)
- Comparable RONA\* 17.0% (18.6%)

\* Last 12 months



# Result supported by strong additional margin

Comparable EBIT Q2/17 vs. Q2/18, MEUR

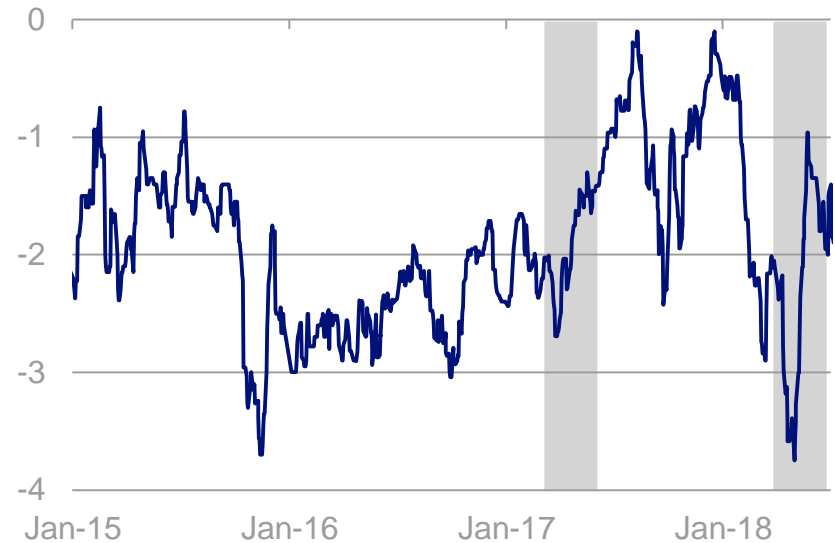


# Wider Urals-Brent differential

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



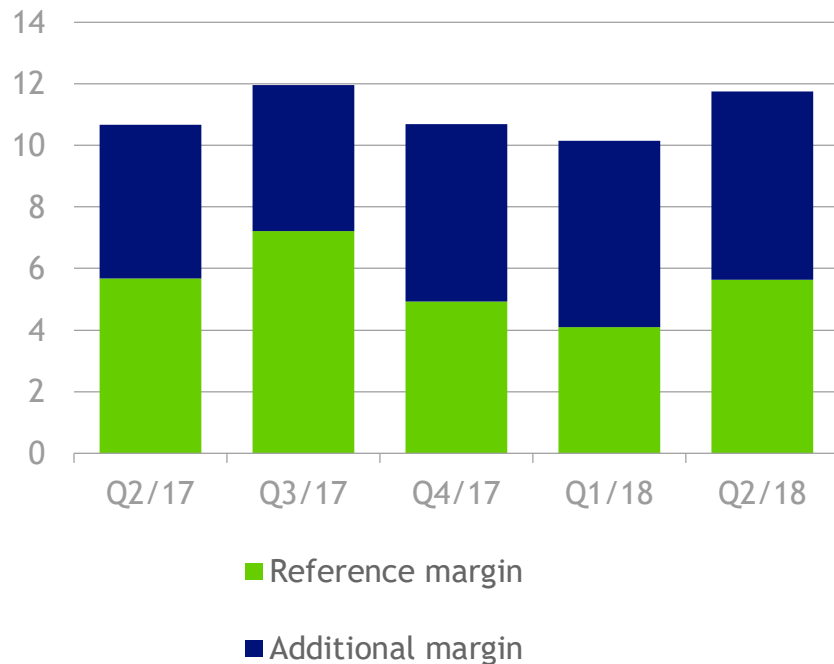
Urals vs. Brent price differential,  
USD/bbl



— Diesel — Gasoline — Heavy Fuel Oil

# Total refining margin maintained at good level

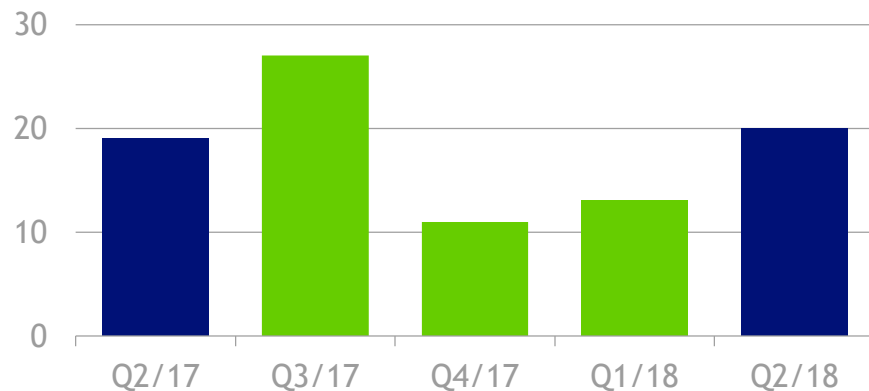
Total refining margin, USD/bbl



- Total refining margin USD 11.8/bbl (10.7)
- Reference margin USD 5.6/bbl (5.7)
- Additional margin USD 6.1/bbl (5.0)
- Refinery production costs USD 5.2/bbl (4.3)

# Marketing & Services improved performance

## Comparable EBIT, MEUR



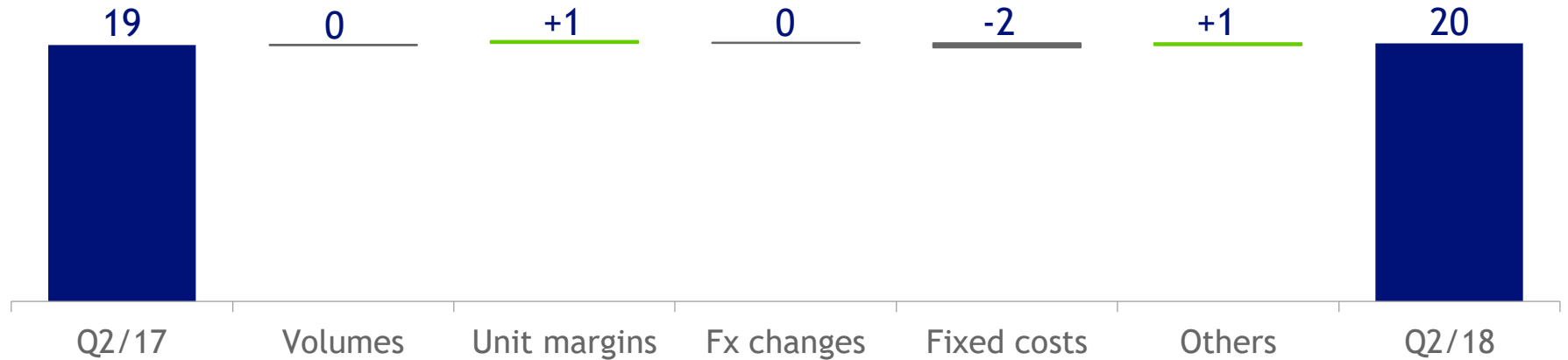
- Comparable EBIT 20 MEUR (19 MEUR)
- Sales volumes maintained year-on-year
- Unit margins improved
- Investments 6 MEUR (12 MEUR)
- Comparable RONA\* 27.3% (37.2%)

MEUR	Q2/18	Q2/17	2017
Revenue	1,061	952	3,912
Comparable EBIT	20	19	68
Net assets	254	204	280

\* Last 12 months

# Result supported by unit margins

Comparable EBIT Q2/17 vs. Q2/18, MEUR





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# Current topics

# Outlook for 2018

We expect 2018 to be a very strong year for Neste

# Segment outlook for 2018

## RENEWABLE PRODUCTS

### MARGIN

Additional margin expected to stay at strong level in 2018.

### UTILIZATION RATE

Utilization rates expected to be high, except for 9 week major turnaround at Singapore refinery in Q4. Current EBIT impact estimate is -80 MEUR for the turnaround.

## OIL PRODUCTS

### MARGIN

Reference margin is expected to continue on a similar level on average as in the first half of 2018.

### UTILIZATION RATE

High reliability to continue in refinery operations. Scheduled unit maintenances to be implemented during autumn. Current EBIT impact estimate of the maintenances are -50 MEUR in H2 2018, mainly in Q4.

## MARKETING & SERVICES

### UNIT MARGINS AND SALES VOLUMES

Expected to follow previous years' seasonality pattern.



## We continue to focus on

Safety and  
operational  
excellence

Cash flow

Customer  
satisfaction

# Appendix



# Renewable Products comparable EBIT calculation

	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18
Sales volume, kton	674	637	713	2,567	550	589
Reference margin, \$/ton	278	290	321	291	251	317
Additional margin, \$/ton	101	256	254	184	384	300
Variable production costs, \$/ton	110	110	110	110	110	110
<b>Comparable sales margin, \$/ton</b>	<b>270</b>	<b>435</b>	<b>464</b>	<b>365</b>	<b>525</b>	<b>508</b>
Comparable sales margin, MEUR	165	236	281	828	374	251
Fixed costs, MEUR	37	39	44	159	51	46
Depreciations, MEUR	28	27	28	110	28	32
<b>Comparable EBIT, MEUR</b>	<b>101</b>	<b>171</b>	<b>209</b>	<b>561</b>	<b>296</b>	<b>177</b>

# Refinery production costs, Porvoo & Naantali

		Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18
Refined products	Million barrels	27.1	27.3	26.8	108.4	28.5	26.4
Exchange rate	EUR/USD	1.10	1.17	1.18	1.13	1.23	1.19
Utilities costs	MEUR	44.1	43.0	46.4	177.6	45.5	45.6
	USD/bbl	1.8	1.8	2.0	1.9	2.0	2.1
Fixed costs	MEUR	64.8	55.0	75.3	250.6	57.5	71.2
	USD/bbl	2.6	2.4	3.3	2.6	2.5	3.2
External cost sales	MEUR	-3.2	-3.7	-0.1	-10.8	-2.1	-1.8
	USD/bbl	-0.1	-0.2	0.0	-0.1	-0.1	-0.1
Total	MEUR	105.7	94.4	121.6	417.3	100.9	114.9
	USD/bbl	4.3	4.0	5.4	4.4	4.4	5.2

# Cash flow

MEUR	Q2/18	Q2/17	Q1/18	H1/18	H1/17	2017
EBITDA	275	357	518	793	717	1,542
Capital gains/losses	0	0	-2	-2	-3	-3
Other adjustments	56	-104	42	98	-153	-82
Change in working capital	56	59	-149	-93	-168	-104
Net finance costs	0	-45	-25	-26	-70	-90
Income taxes paid	-32	-50	-62	-94	-63	-169
<b>Net cash generated from operating activities</b>	<b>354</b>	<b>216</b>	<b>323</b>	<b>677</b>	<b>260</b>	<b>1,094</b>
Capital expenditure	-109	-108	-85	-194	-207	-502
Other investing activities	-105	-26	-5	-110	4	36
<b>Cash flow before financing activities</b>	<b>140</b>	<b>82</b>	<b>234</b>	<b>373</b>	<b>58</b>	<b>628</b>

# Liquidity & maturity profile

MEUR



- Total liquidity 2,936 MEUR at end of June 2018
  - Liquid funds 886 MEUR
  - Unused committed credit facilities 1,650 MEUR
  - Unused CP programmes (not committed) 400 MEUR
- Average interest rate for interest-bearing liabilities was 3.2%\* and maturity 4.3 years at end of June
- No financial covenants in Group companies' existing loan agreements

\*Average interest rate for interest-bearing liabilities excluding finance leases was 2.2%

