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PRESENTATION

Operator

Thank you for standing by. Welcome to the Third Quarter 2023 Neste Corporation Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to our first speaker today, Anssi Tammilehto. Please go ahead.

Anssi Tammilehto ***Neste Oyj - VP of IR***

Thank you. Good afternoon, and welcome all to this conference call to discuss Neste's Q3 results published this morning. I'm Anssi Tammilehto, Head of Neste IR. Here with me on the call are President and CEO, Matti Lehmus, CFO, Martti Ala-Harkonen; and the business unit heads Carl Nyberg of Renewables Platform; Markku Korvenranta of Oil Products; and Panu Kopra of Marketing & Services. We will be referring to the presentation that can be found on our website. And as always, please pay attention to the disclaimer since we will be making forward-looking statements in this call. With these remarks, I would like to hand over to our President and CEO, Matti Lehmus, to start with the presentation. Matti, please go ahead.

Matti Lehmus ***Neste Oyj - President & CEO***

Thank you. A very good afternoon also on my behalf. It's great to have you all participating in the call. I am pleased that we were able to reach a strong result in the third quarter, and I would like to thank the Neste personnel for making this happen. In parallel, our focus has been on our growth projects and especially the ramp-up of our Singapore new line. In the third quarter, we were able to capitalize on strong margins in both Oil Products and Renewable Products and to deliver a group comparable EBITDA of EUR 1,047 million compared to EUR 979 million last year. In Renewable Products, we were able to reach a comparable EBITDA of EUR 545 million, and our sales margin was strong at $912 per tonne, supported by a strong diesel price and successful global optimization across feedstocks, markets and products. I also want to note that as communicated earlier, we had to shut down the Singapore new line for additional inspections and repairs in September. Following systematic inspections and the required repair works, the production in the new line is expected to restart in the first half of November to continue the ramp up.

In Oil Products, we were able to achieve a total refining margin of $26.9 per barrel, which is a significant increase compared to the second quarter. The increase was particularly driven by high diesel margins and a good operational performance at the Porvoo refinery. Marketing & Services also performed well. And in addition, inventory gains supported the result. Let me then turn to safety. Safety performance continues to be a key focus area in Neste. I'm pleased with the positive trend in process safety performance, whereas the occupational safety performance in the third quarter was below our target. We will continue our focused efforts to drive a continuous improvement in our safety performance. Then turning to our financial targets. Our financial position remains solid. Building on the solid financial performance across our businesses, we reached a comparable after-tax rate of 27.2% on a rolling 12-month basis, clearly above the target of target level of minimum 15%. At the end of September, our leverage ratio was 21.5%, well within the targeted area of below 40%. This solid financial position enables the continued implementation of our growth strategy also going forward. And finally, a couple of high-level comments on the business environment in the third quarter. In Oil Products, especially diesel, but also gasoline margins were on a high level during the third quarter and provided support for our total refining margin. I also note that crude oil price was on an increasing trend and recently also the increasing geopolitical tensions in the Middle East have contributed to this.

In renewables markets, product pricing was supported by the high diesel price. At the same time, the price level for waste and residue feedstocks also increased during the quarter. However, our feedstocks -- for our feedstocks to increase was on average clearly lower than for diesel. With these remarks, I'll hand over to Martti to discuss the financials in more detail.

Martti Ala-Harkonen ***Neste Oyj - EVP, CFO, Strategy & IT***

Thank you, Matti. So let's now take a more detailed view on some of the key financials for the third quarter and the first 9 months of this year. Like Matti already mentioned, Neste posted a comparable EBITDA of EUR 1.047 billion in the third quarter of this year. This is an improvement of EUR 68 million or 6.9% compared to the EUR 979 million a year earlier. The result is actually Neste's second highest euro-based quarterly result all time, next only to the second quarter of last year, which was the peak quarter of the energy crisis. Markets were favorable during the quarter, and we were able to capitalize well on the opportunity with our global optimization. The result improvement versus the corresponding period last year was driven by renewable products, which improved its result by about 40% to EUR 545 million from EUR 389 million a year earlier despite the delayed ramp-up of one production line in Singapore. Also oil product posted a strong result of EUR 472 million, supported by a high total refining margin at $26.9 per barrel. This is a significant improvement over our second quarter margin of $16.70 per barrel, yet slightly lower than the $28 per barrel in the third quarter last year. The margin improvement versus the second quarter follows our earlier communication from the 12th of September. Also Marketing & Services had a very strong quarter with comparable EBITDA improving to EUR 42 million. I'm also very satisfied that our cash flow before financing activities improved markedly in the third quarter as well as for the first 9 months of the year compared to last year, despite our substantial growth, continued growth investments and the business ramp-up in renewables.

In the third quarter, our cash flow before financing activities came to EUR 403 million positive versus EUR 8 million negative in the corresponding period last year. Our net working capital in days outstanding was 39.6 days on a rolling 12-month basis at the end of the third quarter compared to 43.7 days a year ago, plus a clear improvement year-on-year. Finally, our comparable earnings per share improved by about 11% to $0.88 for the third quarter versus $0.79 a year earlier. And for the first 9 months, our comparable earnings per share were EUR 2.22 versus EUR 2.21 a year earlier. When we look at the third quarter comparison bridged by business, we can there see that the comparable EBITDA increase, like I said, year-on-year was driven by renewable products, which had a positive impact of EUR 155 million. In Oil Products, the third quarter result decreased by EUR 65 million year-on-year while in Marketing & Services improved by EUR 4 million. The difference in other items is due to cost allocation charges. In Renewable Products, our comparable EBITDA was supported by a very strong sales margin of $912 per tonne compared to $732 million a year ago. The margin was supported, like Matti said, by a strong diesel price and also by our successful global optimization across feedstocks, markets and products, but also impacted by an increase in feedstock cost base and hedging. Also, the margin and sales margin is not at the level of our own refineries at the moment. But overall, as we have also talked a lot about our global optimization capabilities in renewables in our communications, we are very glad to see the positive impacts coming through. When we look at the third quarter comparison bridge by profit driver, we know that both our volumes and sales margin improved the comparable EBITDA year-on-year, whereas foreign exchange rates and growing fixed costs had a negative impact. The positive volume impact was EUR 81 million and the positive sales margin impact, EUR 187 million.

When we are on the next page, look at the first 9 months comparison price by profit driver, we know that this period, the result improvement similarly is driven by volumes and sales margin, but adversely impacted by currency rates and fixed cost increase. The positive volume impact was EUR 123 million and a positive sales margin impact, EUR 256 million. A note on the fixed cost increase, like we stated at our Capital Markets Day in June, driving further efficiency and optimization benefits will equally be one of our key focus areas going forward. We are continuing the Neste Excellence program with wholly new high targets. The improvement target for the program is to create over EUR 350 million of EBIT accretive improvements by the end of 2026 compared to the year 2022, acting as the new baseline year. The program focuses amongst others, on the following levers: digital and data-driven Neste, end-to-end process excellence, production excellence, business model optimization and also on general fixed cost efficiency.

Going forward, I do foresee that the efficiency improvements will start to decline our fixed cost growth rate. As for cash flow, as I already mentioned, there has been a marked improvement both for the third quarter and year-to-date compared to last year. As to our cash flow for the first 9 months, the first notice that the increasing price levels have had an adverse impact on our IFRS EBITDA mainly through inventory valuation losses. Our first line IFRS EBITDA was EUR 1.876 billion, EUR 785 million lower than our comparable EBITDA at EUR 2.661 billion. The change in net working capital was EUR 473 million negative for the first 9 months, but materially better compared to the about EUR 2 billion negative change a year earlier. Net cash generated from operating activities was about EUR 1.6 billion for the first 9 months, more than EUR 1.1 billion better than the EUR 457 million a year earlier. Our capital expenditure, including M&A was about EUR 1.2 billion for the first 9 months, slightly below the about EUR 1.3 billion a year earlier. For the full year of '23, we expect the group's cash out capital expenditure, excluding M&A to be approximately between EUR 1.5 billion to EUR 1.6 billion. And this range is down about -- is down by EUR 100 million compared to what we said at the end of the second quarter. Finally, cash flow before financing activities was EUR 277 million positive for the first 9 months about EUR 1.26 billion improvement compared to the SEK 986 million negative a year earlier. As a summary, again, our cash flow improved clearly in the first 9 months of the year, although being impacted by our growth investments and the volatile market environment and the improvement was also supported by our effective net working capital management. I will close here and hand it over to Carl to go through our Renewable Products business in more detail.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Thank you, Martti. This call. Good morning, good afternoon to everyone. So let's move to the renewables part of this call. In Renewables Products, the strong financial performance continued as we made a new record comparable EBITDA in the third quarter, reaching EUR 545 million, up by more than EUR 55 million from the Q3 results one year back and also more than EUR 30 million, up from the strong quarter results posted in Q2 this year. On the other hand, we continue to face delays with the ramp-up of the Singapore expansion line as we had to take down the line for additional equipment inspection and repair works in September. Production at the new line is now expected to restart in the first half of November. Construction activities are progressing well at the Martinez Renewables Facility. Pretreatment capabilities are increasing throughout the second half of 2023, and the facility is expected to have a nameplate capacity of 730 million gallons per year by the end of 2023. So let's then go through the elements that contributed to the strong results. First of all, we were able to drive a very, very strong sales margin in the quarter and reached USD 912 per metric ton, which was slightly above our guided range of USD 800 to USD 900 per metric ton. The strong gas oil prices as well as a wider Pogo in conjunction with our global optimization in feedstock supply and product sales were the main contributing factors to this strong margin.

Sales volumes came down slightly quarter-on-quarter due to the scheduled shutdown of the Singapore first line as well as the delays in the Singapore new line ramp-up. We reached a sales volume of 860 kilotons, which, however, was up 162 kilotons from the year back figure. And overall, we continue to see good demand throughout the quarter. SAF volumes grew slightly from one year back and were 36 kilotons. We expect to see a step change in SAF sales growth to occur in 2024 as Singapore production will become available for sales. We also continue to see the shift in volumes towards the U.S. as 45% of sales was in the U.S., up from 34% a year back as demand growth in the U.S. clearly outpacing Europe currently. The waste and residue share remained high, reaching 92%, although slightly lower than the figures seen a year back. Our global feedstock supply capabilities optimization remains a core differentiating factor in the growing biofuels market. We also completed the planned turnaround of the Singapore existing line in the third quarter, which lowered our utilization quarter-on-quarter. However, the utilization of 92% was significantly up from the year-back figure of 80%. Investments continued to further drop quarter-on-quarter and was EUR 207 million in the third quarter, down from EUR 356 million in the second quarter as well as significantly down from the high figures in the third quarter in '22. Our 12-month rolling comparable RONA continued to remain strong and was 20.9% in the third quarter, which is significantly down from one year back, but in line with the figures seen in the last quarter. and reflecting the larger asset pool, which increased by more than 30% year-on-year.

Let's then move to the next slide and let me take you through the EBITDA bridge between Q3 '22 and Q3 '23. So as mentioned, sales volume grew significantly from one year back, boosting the EBITDA by EUR 71 million. We also saw a strong growth in sales margins, further boosting the EBITDA with almost EUR 200 million. The weaker dollar, on the other hand, had a negative impact on our EBITDA, lowering it by EUR 55 million year-on-year. Finally, our fixed costs continued to grow year-on-year and had a negative impact on the EBITDA by EUR 59 million. The fixed costs are increasing year-on-year on the back of our business growth as we continue to scale up our business However, we do expect efficiency improvement to start impacting fixed cost growth over the coming months. So to summarize. So to summarize, year-on-year, our quarterly EBITDA ended up at EUR 545 million EBITDA, which is EUR 156 million above Q3 EBITDA in '22 and a record quarter for RP.

If we then turn to the feedstocks, let's look at how the market developed over the quarter. We saw quite some volatility in the vegoil complex or more specifically in soybean oil over the past quarter. The quarter started with a strong rally as U.S. soybean oil value soared on the back of a rather healthy supply-demand picture, especially driven by biofuels demand. On the other hand, the market seemed to run out of steam in the middle of the quarter and then started to come off at an accelerated pace towards the end of the quarter following the decreasing RINs. On the other hand, palm oil more moved sideways during the quarter and soybean oil palm oil spread has now reversed to similar levels seen in the beginning of the quarter. If we then look at the waste and residues, it was evident that the values were supported by the strong soybean oil prices and both animal fats as well as used cooking oil strengthened in absolute terms as well as relative term to palm oil over the course of the quarter. The recent steep drop in soybean oil is, however, now likely to put a lid on the rally as waste and residues need to remain competitive against soybean oil, especially in North America. Overall feedstock prices are well supported in North America and on the back of increased R&D production. Global waste and residue feedstock capability is an important value lever for Neste.

Then let's take a look at the U.S. credit prices on the following page. LCFS prices continued to move sideways quarter-on-quarter averaging at $75 per metric ton, which was about $10 down from the third quarter in '22. While the CARB communicated its intent to tighten further carbon-intensive targets, details are still lacking. However, it seems relatively clear that the CARB used the current LCFS to be too low to attract needed low-carbon investments. And the market seems to expect that CARB is likely to take further measures to strengthen these values. The RIN story is quite different on the other hand. The values were relatively stable around EUR 1.50 per gallon during the first half of the quarter, while then starting to come off steeply towards the end of the quarter, printing an average of EUR 1.40 per gallon, down EUR 1.71 per gallon a year back. The D4 RIN is now trading around EUR 0.90 per gallon and seem to have stabilized at these levels.

The interesting thing with this move was that the RIN basically led the price movement this time around as biofuel fundamentals weakened eventually leading to a steep drop in soybean oil. This concludes then the renewables part. However, prior to giving over to Markku, I would like to share that we are expecting very strong margins also to continue in the fourth quarter, and we are guiding a range of $800 to $900 per metric ton, while sales volumes are expected to somewhat decrease quarter-on-quarter on the back of production constraints. However, Matti will share more on this in the outlook part. Overall, we remain confident in our ability to drive value creation and remain highly competitive with our differentiating capabilities in both feedstock supply as well as our global production platform, which reached to different markets. The term negotiations are also progressing well, and we have now termed approximately 40% of our 2024 annual sales and are in line with our plans. Thanks on my behalf, and now over to Oil Products.

Markku Korvenranta ***Neste Oyj - EVP of Oil Products Business Unit***

Thanks, Carl. Good afternoon, all. A quick quad update from Oil Products. Let's look first at the comparable EBITA development. We had a strong quarter in a volatile refining market. The comparable EBITDA was EUR 472 million versus EUR 537 million the year before and EUR 239 million in Q2 this year. The performance reflects good operational availability and strength in both diesel and gasoline margins. Sales volume was at 2.9 million tonnes, the same level as the year before and 0.1 million tonnes higher than Q2 this year. The total refining margin was USD 26.9 per barrel, down USD 1.1 per barrel compared to Q3 2022 and up USD 10.2 per barrel from the previous quarter. Comparable return on net assets was 47% in Q3. Now over to EBITDA bridge. This time, FX change is followed by the total refining margin and fixed costs were the largest drivers of lower results compared to Q3 last year. The sales volume had a positive impact. The FX delta was driven by a weaker U.S. dollar. And moving on to the next slide. Here, you will see the development of the main market drivers. Both diesel and gasoline margins increased during the quarter. Diesel held up its heights until the end of the quarter, while gasoline started its decline as the summer driving season came to an end towards the end of the quarter. Overall, the margins were at the high level during the quarter. Both diesel and gasoline margins were supported by low inventories, production outages and slowdowns contributed to the favorable supply-demand picture. Heavy fuel oil margins remained at multiyear highs, driven by the cuts in heavier crudes. This completes the quarterly update from Oil Products, now handing over to Panu Kopra.

Panu Kopra ***Neste Oyj - EVP of Marketing & Services***

Thank you, Markku. Hello to all. This is Panu Kopra, good evening. Strong financial performance continued in Marketing & Services. Q3 EBITDA was EUR 42 million, which is approximately EUR 13 million better than Q2 and EUR 4 million better than the last year. Market shares in Finland has been growing very well and in Baltics moderately. Jet A-1 and Neste MY volumes grow both, but not that fast ans earlier this year. Biggest drop of our volumes was in LFO volumes, which were last year exceptionally high due to peak of LNG prices where heating companies turned to use LFO instead of LNG. We have also renewed our station network and opened 7 new EV charging stations here in Finland and continue to invest to new EV sites during the year. Feedback from the EV charging customers have been very positive. This was shortly about Q3 and Marketing & Services, handing over back to Matti.

Matti Lehmus ***Neste Oyj - President & CEO***

Thank you, Panu. And let's now move on to the current topics. And I want to make some comments, first of all, on our short-term and near-term focus in our strategy implementation. This focus in strategy execution is very clear. Firstly, we focus on the ramp-up of our new production facilities. Our full focus is on the ramp-up of the Singapore expansion as we are now restarting in the first half of November. And in parallel, I note that the construction activities in Martinez have progressed well. The pretreatment is already in operation. And the final phase of the project is expected to start up by year-end. Also, I note that we are finalizing construction activities at our Rotterdam SAF optionality project, and we expect to start up in the early part of 2024. In parallel to the growth project ramp-up, there are 2 other short-term priorities I want to mention. First of all, the successful execution of our term negotiations for next year in the coming 2 months is a key focus area. We have currently reached roughly 40% of our targeted sales volume, and we are progressing according to plan in these term negotiations. In parallel, we have a continued focus on cost efficiency and productivity improvements, as also Martti explained. Turning to the broader strategy. We are very confident in our long-term strategy, which is focused on the continued strengthening of our unique feedstock platform, the growth in the most attractive markets, such as renewable aviation and value creation through our flexible business model. Neste is in a strong position to capture the opportunities provided by the long-term market growth. And here, I also want to note the recent milestones in regulatory development as the EU decided during the third quarter on the renewable energy directive and the refuel aviation directives, which are both important long-term legislative frameworks. And then finally, turning to the outlook for the fourth quarter.

So first of all, visibility in the global economy continues to be limited and volatility expected to continue. In Renewable Products, fourth quarter, renewable diesel and SAF volume, sales volume is expected to be somewhat lower than in the third quarter of 2023. The sales volume is impacted by the planned maintenance shutdowns in both Martinez and Rotterdam in the fourth quarter. The Singapore new line is targeted to reach approximately 75% capacity utilization by the end of '23 and to contribute to our SAF sales volumes in 2024. Based on the current outlook, Neste's fourth quarter comparable sales margin is expected to remain very strong and to be in the range of $800 to $900 per ton. And the Rotterdam refinery scheduled 4-week maintenance shutdown is estimated to have an adverse impact of approximately EUR 65 million on the segment's EBITDA. Turning to Oil Products. Based on the current forward market, the fourth quarter total refining margin is expected to be lower than in the third quarter. The fourth quarter sales volumes are expected to be approximately at the same level than in the corresponding period previous year. And finally, in Marketing & Services, the sales volumes and unit margins are expected to follow the previous year's seasonality pattern in the fourth quarter. And I will then still mention from the outlook that we do estimate the group's full year '23 cash out capital expenditure, excluding M&A, to be approximately EUR 1.5 billion to EUR 1.6 million. So this concludes the presentation, and we would now be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) Now we're going to take our first question, and it comes from the line of Artem Beletski from SEB.

Artem Beletski ***SEB, Research Division - Analyst***

So the first one is actually relating to Singapore-related issues. And could you maybe provide some further color on which components have been so say, misfunctioning there -- you have been talking about heat exchanger previously? And where do you expect the unit to reach full utilization? So you're talking about 75% by the year-end, but when it should be 100% utilization. And then actually questions relating to some progress, what you have made in terms of term deal negotiations, and you should have visibility on next year. So the first one is relating to renewables margin outlook. So you provided some initial comments in accordance with Q2 results. So you maybe confirm those ones or how next year actually looks from a margin perspective there. And the second topic is related to subdevelopment, -- so now what is your expectation in terms of soft sales for next year, how those negotiations have progressed.

Matti Lehmus ***Neste Oyj - President & CEO***

Thank you, Artem. And perhaps I can take this, Carl can then add some detail also from his side, but I'll start with the Singapore question. So indeed, like we announced in early September, we have had reliability issues related to heat exchangers, also some piping in the new line. And we have now done extensive inspections, and we have taken the actions and the repair works to ensure a safe and reliable startup. And now we are confident that we can start up in the first half of November. And indeed, we said also in the outlook that our target is to reach 75% capacity utilization by the end of the year. When I look at next year, I think it's likely that we will need to wait then for a scheduled shutdown to really get to the full 100% as there are some limitations. But during the year, we expect to reach the 100%.

Then on your second question, coming to the 2024 margin outlook. And as you know, we are not giving any guidance here. And also, like I commented, we are still in the middle of the term negotiations. But reflecting a bit on the drivers and coming to your question, I think the message is the same as we have stated earlier. So in 2023, we have seen a very strong margin environment. We would not expect this same level to continue next year as also a lot of capacity starting up. And we have, for example, seen now the short-term RIN trend in the U.S. But at the same time, we are confident that our global feedstock platform and our global market presence, including also this targeted growth in SAF sales are important drivers to support our margin environment -- our margin also in this environment. So these are really exactly as commented earlier. And perhaps coming to this SAF, I mean, clearly, we are now in the period of building the market, ramping up the production. Our target next year is to be somewhere in the range of 0.5 million to 1 million tonnes for the SAF sales. That's what we are aiming at.

Artem Beletski ***SEB, Research Division - Analyst***

Okay, it's very clear. And yes, it sounds like a good progress on SAF side. Thank you.

Operator

Thank you. Now we're going to take our next question. And it comes from line of Pasi Väisänen from Nordea.

Pasi Väisänen ***Nordea Markets, Research Division - Senior Analyst of Utilities and Energy***

Great. This is Pasi from Nordea. Coming back to this term sales issue related to next year. So have you actually sold this 40% of expected sales with healthy margins? Because usually, if I remember last 10 years period, you have offered this kind of guidance verbal adjective guidance for the hedging margins. And if you don't now offer it, what is the reason for that? And does this on 75% limit in utilization ratios in Singapore also apply for the SAF distillation unit only to primary distillation -- sorry, primary kind of refinery unit #2 in Singapore. So is your primary unit restricted 75% and also SAF distillation restricted for the same amount?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Pasi, Carl here. So as commented, indeed, we are -- we have had good progress with our term negotiations at this time of the year, we would expect it to be around this kind of situation where we are now 40%. 40% of our sales is now termed up for the coming year. Of course, also a lot of work still remains. We have been satisfied with the term negotiation outcome so far. And we are going forward according to plan. We have not been guiding any further on the specific margin for these term negotiations at this point. With regards then to your question for the Singapore. So indeed, it is the new line. So the 75% also applies to the SAF unit basically. So that is a correct assumption.

Pasi Väisänen ***Nordea Markets, Research Division - Senior Analyst of Utilities and Energy***

Okay. I hear you. So what was the reason you don't offer the same guidance as you have made kind of for many, many years previously regarding the hedging.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Yes. Pasi, I mean, we are still in the middle of the term. So I don't think we have any particular additional adjective apart from the comment that we have been progressing according to plan. On the hedging side, as you know, we have an approach where we are hedging systematically. We are for the fourth quarter, around 50% hedging rate. For next year, it's somewhat lower. We are somewhere around the 20% range.

Pasi Väisänen ***Nordea Markets, Research Division - Senior Analyst of Utilities and Energy***

Okay. I hear you. That was all from my side.

Operator

Thank you. We're going take the next question. And the next question comes from the line of Peter Low from Redburn Atlanta.

Peter James Low ***Redburn (Europe) Limited, Research Division - Research Analyst***

Yes, it's one just on the D4 RIN. We've seen prices fall significantly in October. My understanding is that it is an important component of value for RD in the U.S, yet your 4Q margin guidance remains at a very high level despite the fact that you've got an increasing share of volumes being sold in the U.S. So could you perhaps talk a little bit about to what extent your profitability is tied to the RIN? And what impact, if any, the recent fall could have? That would be helpful. And then the second one was just in your opening comments, I think you made a remark that the increase you saw in feedstock costs in the quarter was less than what might be implied by some of the benchmark feedstock price series. Can you just give any color on to why that might be the case?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Thanks, Peter. So Carl here, I'll take the D4 question first. So indeed, we have seen a steep decline in the RIN values. However, I mean, we do hedge part of our RIN exposure. And on that basis, we are now guiding also the Q4 margin accordingly. So we have taken into account the change that we saw in the market here. Now I think it's also very important to take into account when we talk about the RIN that's one piece of the puzzle here. And of course, the feedstocks, like I mentioned, also have been now reacting to this. So we do believe that the RIN value needs to work in relation to the feedstock markets as well as to the heating oil prices. So -- so in that sense, it's just one component here, and we need to look at the full picture. But this indeed, this decline here has been taken into account. And part of that exposure is managed through our hedging activities. And then the...

Matti Lehmus ***Neste Oyj - President & CEO***

Perhaps I can comment briefly on the question on my opening remarks on feedstocks. So indeed, like you could see on the chart and like Carl also commented, we have seen, in general, an increasing trend for waste and residue feedstocks also during the third quarter. Of course, there are also always regional differences, differences by feedstock. And we, of course, try to optimize with our global platform, always the overall feedstock mix. And in our case, the feedstock increase was approximately 5%. So that was the level versus the previous quarter.

Operator

Just give us a moment. And the next question now is coming from La of Matthew Blair from TPH.

Matthew Robert Lovseth Blair ***Tudor, Pickering, Holt & Co. Securities, LLC, Research Division - MD of Refiners, Chemicals & Renewable Fuels Research***

In the RP guide of $800 to $900 a tonne for Q4, does this include any expected tailwinds or headwinds from hedging? Second question is, could you comment on some of the newer LCFS markets in Washington State, in Canada? Is the credit pricing attractive? And do those represent growing markets for you? And then finally, is there any update on which companies you will comp to your dividend?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Matthew, Carl here. So if I talk about the guided range. So indeed, we do take into account our hedging impact on our guidance. We have -- based on sort of current outlook, we will have a bit of a bigger impact from hedging actually in the fourth quarter and -- but this is taken into account in the guided range. With regards to this new LCFS market, we are, of course, following this, and we are also actively looking to develop new opportunities in this market. Overall, we view it as an important development trend in North America that we are seeing these additional LCFS markets appear, and we believe that this trend will continue over the course of the coming years. And certainly, we will provide new opportunities for the business.

Matti Lehmus ***Neste Oyj - President & CEO***

This is Matti. Just adding. We also hope that looking at the development of different SAF regulation that we will see also in these different West Coast states, some SAF incentives. So that's also an interesting one to follow for the coming years.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

On the dividend benchmark, Martti?

Martti Ala-Harkonen ***Neste Oyj - EVP, CFO, Strategy & IT***

Yes. So we have -- we will still review this during the latter part of this year, but mainly we will be looking ourselves as a specialty chemicals and ESG stock with a growth agenda. Of course, we will also compare to the more traditional oil and gas, but I think they are a bit different to Neste. So that's my answer at this stage.

Matthew Robert Lovseth Blair ***Tudor, Pickering, Holt & Co. Securities, LLC, Research Division - MD of Refiners, Chemicals & Renewable Fuels Research***

Sounds good. And could I just clarify on the hedging impact in Q4. Is that going to be a tailwind in the 800 to 900 million guidance?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Actually, that will -- the hedging will have a negative impact on our results. So it's a headwind within this guidance. We expected, that's right. That's right. From the hedging in total.

Operator

Now we're going to take our next question. Just give us a moment. And the next question comes from the line of Erwan Kerouredan from RBC.

Erwan Kerouredan ***RBC Capital Markets, Research Division - VP***

First one on the ownership fee. We recently saw that a stake, which was held by the Climate Fund was returned to direct state ownership. It's our understanding that the state of Finland must retain a 33% stake in Neste. So the question, does this 33% apply to the Prime Minister's office stake, which is currently at around 44% or the Republic of Finland. I guess in other words, does a stake in a government-linked entity need to be transferred to the Prime Minister's office before being sold? That's the first question.

Matti Lehmus ***Neste Oyj - President & CEO***

Yes. And this is Matti commenting. Thanks for the question. My understanding, there is no link to what government entity owns it. You are right that there is a strategic decision to have a minimum ownership of 33% by the state. But to my understanding, it's not linked to how that is divided between the different state entities.

Erwan Kerouredan ***RBC Capital Markets, Research Division - VP***

Okay. So theoretically, that means that the stake held by the Prime Minister Office could go from 44% to 33% tomorrow, theoretically.

Matti Lehmus ***Neste Oyj - President & CEO***

Like I said, the only thing that has been public said is that the state wants to maintain a minimum of 33% as a strategic ownership stake.

Erwan Kerouredan ***RBC Capital Markets, Research Division - VP***

Understood. And my second question is on the Dutch mandate, please. So when do you expect an update and possible confirmation of the proposed demand increase in the Netherlands. We know that there are general Dutch elections, the House of Representatives next month. Do you expect an update on the proposed mandate then or later than that?

Matti Lehmus ***Neste Oyj - President & CEO***

Yes. A short comment by Matti. I mean, obviously, this was interesting news when a proposal was made to increase the mandate in the Netherlands and to a level of 28%. As the proposal is for the year 2024, we would expect some sort of decision by year-end, but I don't have any new information after the proposal has been made. So we are also following its close.

Operator

Going to take our next question. And the question comes from the line of Sasikanth Chilukuru from Morgan Stanley.

Sasikanth Chilukuru ***Morgan Stanley, Research Division - Equity Analyst***

I had two, please. The first was related to the term contracting. Again, you mentioned 40% has been contracted so far. I was just wondering if there was any visible change in the consumer behavior, especially in terms of maybe volume size, reference pricing, feedstocks. Also, if you could highlight if there's any change in terms of the geographical mix of these term contracts as well. The second was related to the issues at the Singapore expansion plan. I was just wondering if there was any insurance or any records to the profits are lost due to the lower-than-planned volumes because of these outages now extending into 2024 as well.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

So I'll take the first question. So -- well, obviously, I mean, there is a change in the consumer behavior that we now have far less volumes that we are planning to term up for the Swedish market. But otherwise, I would not bring out any particular changes in the dynamics here. Overall, of course, this is a sensitive topic for us. These negotiations are ongoing, and we would not prefer to disclose too much more at this stage other than what I already stated that these negotiations have been going according to plan and we currently now are in the stage where about 40% of our 24 sales volumes have been termed up.

Matti Lehmus ***Neste Oyj - President & CEO***

And then this is Matti on the second question, which was on for expansion. Obviously, we will look at the question whether there is any insurance claims we can make. Our understanding, this would be mainly then concerning the direct repair costs. So from that angle, that's still something we'll be looking at.

Operator

Thank you. Now we're going to take our next question -- and it comes from the line of Henry Tarr from Berenberg.

Henry Michael Tarr ***Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst***

Two, please. One is how much of total sales do you expect to be covered by the term agreements into next year? And then secondly, on the sort of fixed cost outlook, I think you said that you looked for the fixed cost elements to sort of slow down as you put the operational efficiency targets into practice. Are you expecting total fixed costs to sort of level off around current levels? Or could they come down from here? Or how are you thinking about them?

Matti Lehmus ***Neste Oyj - President & CEO***

Yes. This is Matti. I'll start with the fixed cost question. So in general, we are also focusing a lot on different avenues to increase efficiency. We have been growing, of course, with the ramp-up of the organization, the new units. But clearly, we are our target is that, that growth rate would slow down. Obviously, still, we are in an environment when I look a bit more broadly that there continues to be clear inflation on, for example, labor costs and other items. So there will be, I'm sure, some growth, but our target is to, of course, minimize that. And perhaps I can take the first question on the term target. So we are targeting a term ratio of between 70% to 80%. So this is very much in line with what we have had in previous years as well. So this is the term ratio we're targeting.

Operator

Thank you. Now we're going to take our next question. And the next question comes from the line of Paul Redman from BNP Paribas.

Paul Redman ***BNP Paribas Exane, Research Division - Research Analyst***

Yes. Two quick questions. First was just on SAP. And with the 75% utilization rate in Singapore, how much SAP optionality do you think you'll have by Q2? And when we talk about that 70% to 80% term ratio, does that exclude -- is that assuming plan of a certain amount of

R&D and your 70%, 80% on that and then adjust the 0.5 million to 1 million tonnes of sustainable aviation fuel on top. And then any update on ahead of sustainable aviation fuel at the same time? And then my second one is just around the volumes in general around Singapore. What could drive an acceleration of over 75% to 100%? I think I was hearing about something about spring and autumn. What would be the difference between the two? And what's the impact on CapEx from the additional work that needs to be done at Singapore.

Matti Lehmus ***Neste Oyj - President & CEO***

So thank you, and perhaps I'll start by answering your question. So first of all, as coming to the question on the Singapore actually referred to it by opening that yes, we are now obviously focused on starting up first half of November, getting to 75% utilization by the end of the year. Then we'll, of course, continue the efforts to maximize the ramp-up, but we also see that we'll probably need the scheduled shutdown to really get to the 100%. And that is then during the year '24. We haven't yet fixed that time, but that will be somewhere then during the year. So we continue doing that. And on SAF, of course, obviously, we will be learning a lot as we are now ramping up. We expect SAF production also to start.

From a sales perspective, of course, it's good to note that we need to first build inventory. So I think it will be mainly in the second quarter that we will start to see that impact and from there onwards. We will then, during the year, of course, see how quickly we can also ramp up the SAF optionality. Like we said earlier, our target is over the full year to reach something between 0.5 million and 1 million tonne of sales. So these were at least 2 of the questions you had. From a CapEx perspective, yes, there will be some, of course, capital expenditure related to the repairs but this is at the moment or understanding not very material.

Martti Ala-Harkonen ***Neste Oyj - EVP, CFO, Strategy & IT***

And just -- this is Martti, on the note of the current fixings related to the repair work in Singapore, it's been mainly OpEx. OpEx, no additional CapEx so far from that.

Operator

Excuse me, Paul, do you have further questions?

Paul Redman ***BNP Paribas Exane, Research Division - Research Analyst***

Yes. Sorry, just a quick update on the Head of sustainable aviation fuel may be announced?

Matti Lehmus ***Neste Oyj - President & CEO***

Okay. We are obviously in the process of looking at these successors. At the same time, there is a very good acting arrangement. So the process is ongoing. No news at this point.

Operator

Thank you. Now we're going to take the next question. And the next question comes from the line of Naisheng Cui from Barclays.

Naisheng Cui ***Barclays Bank PLC, Research Division - Research Analyst***

Naisheng Cui from Barclays. Congratulations for the good results. I have 2 questions. If that's okay. The first one is still on Singapore. I just wonder if the repair work has been quite a few weeks since you announced the hiccup in Singapore. I just wonder if it's in line with your assessment. Is that -- do you see delays over there? Or is that okay? And what have you done to prevent further hiccup over there? And my second question is on feedstock. In the last few weeks, we have seen quite a few news coming from the oil and gas majors talking about RD talking about SAF. One theme organize a saved for sales analysts. I just wonder how will you react to that? How can you make sure you can secure your feedstock supply chain? How do you prevent oil majors from undercutting you to buy all the feedstock. Thank you.

Matti Lehmus ***Neste Oyj - President & CEO***

Thank you. And I can take the first question. So indeed, when we announced in the first half of September that we have taken the unit down for additional inspection and repair works. What we have done during this period of September or October is to really very systematically done all the inspections, understand the cost for the problems, do the repairs to the bypasses that were needed, and that is what took the time. And from our perspective, of course, the key is that we wanted to do it properly so that we have a full understanding that we can do a safe and reliable ramp-up. And that is the time it took. That is the key for us that we can now move to that next stage. And we are confident that we will be able to ramp up the unit as guided in our outlook. And perhaps if I then say take the question around the feedstock. So indeed, we are seeing movements from many directions currently also towards the feedstock space. And I think that this is not something that is very surprising for us. We have seen that the feedstock space is a strategically important area for us, and we have been building these capabilities now over the course of many years already. We are very much continuing on that journey, and we will continue to build our capabilities when it comes to the feedstocks, whether it is around the area of growing in new geography, building capabilities to pretreat and source, let's say, more difficult feedstocks or whether it's in the area of building the commercial capabilities in supply and trading or any new areas like the NVOs. And we are also, of course, also continuing to build our presence in the UCO collection space like we've been doing in North America. So we view this obviously, as strategically a very important area for us. We believe we have been progressing well, and we will very much continue on that strategy going forward as well to secure the access to competitive feedstocks.

Operator

Now we're going to take our next question. And the next question comes from the line of Christopher Kuplent from Bank of America.

Christopher Kuplent ***BofA Securities, Research Division - Head of European Energy Equity Research***

I still have 3 questions, if I may. Quickly first, something you've already mentioned, Matti, is more maintenance shutdowns in Singapore next year. Can you already tell us about other planned outages across all of your platforms next year? I'm not looking for precision, but just some early warning. Second question, can you give us Matti a little bit more color on where that CapEx cut has come from for your full year spending? And then last one, going back to your fixed cost topic. You talked a lot about your cost saving program. But I wonder whether this is a classic example of operating leverage, right, where you've seen in RP your fixed costs go up by EUR 200 million over the year, and you haven't yet seen any volume growth, quite the opposite, in fact, from, I guess, where that fixed cost inflation is coming from. So maybe you can confirm or not that the current level, the current run rate, EUR 800 million or thereabouts is something that is -- I take it from your earlier comments, not an unreasonable number for next year with cost cuttings on the one hand and a little bit more spending on the other.

Matti Lehmus ***Neste Oyj - President & CEO***

Yes. Thanks for the question. On the shutdowns, this is something we typically comment on in a way when we have the Q4 results and look at the full year. In general, if I look at the renewables, we obviously have as you know, very regular catalyst turnaround. And that is obviously something that we also expect to have next year. But we will then guide more in detail how that is spread throughout the year.

Markku Korvenranta ***Neste Oyj - EVP of Oil Products Business Unit***

And this is Markku. On OP side, there's no decision made yet, but we are looking for a site turnaround sometime next year, more details to be provided in December.

Matti Lehmus ***Neste Oyj - President & CEO***

That's fine. On the CapEx, I mean, obviously, we have been following and guiding throughout the year and the overall CapEx level has been going down to that level that we have now guided of EUR 1.5 billion to EUR 1.6 billion. I would say 2 things. We obviously continuously keep prioritizing all our CapEx proposals to make sure that we select the critical ones when I think of maintenance or productivity -- for the strategic investments, we have continued here, it's always a bit hard to predict how that exactly is spread between the different years. So for example, this year, we have a major investment ongoing in our Rotterdam refinery with the expansion target in 2026. So that is, of course, for example, one reason why we see that fluctuation between the years. On fixed cost, very much the same question actually that was asked earlier. And in a way, I would comment that, yes, we have built a lot of the capabilities in order to be able to ramp up the business and the growth projects during '23, '24. At the same time, looking forward, apart from the fact that there is, of course, quite high inflation at the moment. One area that we also need to take into account that we, of course, need to also build already capabilities for the future growth projects like the Rotterdam. So there will be some growth, but definitely with the actions we are taking, we want to slow down that growth rate considerably.

Operator

Thank you. Now we're going to take our next question. Just give us a moment. And the next question comes from the line of Iiris Theman from Carnegie.

Iiris Theman ***Carnegie Investment Bank AB, Research Division - Research Analyst***

I have two, please. So firstly, given the current delay in Singapore, so when do you expect the nameplate capacity of 5.5 million tonnes to be reached? And then secondly, basically, are you able to do any kind of debottlenecking activities in other facilities that could potentially mitigate the kind of negative or delayed volume impact from Singapore? That's all.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Carl here. So I'll try to answer your question. So we believe that we will reach close to the 5.5 million tonne in the beginning of next year when we have also the Martinez facility coming up. And so we will be very close to that in 2024, basically. I would say that on the debottlenecking of other facilities, we, of course, continue to work on these things, and this is something that we've been very successful in the past of doing as well. Particularly, we believe that before the Martinez there should be potential to definitely debottlenecking over the course of the coming year as well. So -- so it's an area, obviously, where we are seeing potential to drive further value creation as well by debottlenecking the facilities. But this is in short.

Matti Lehmus ***Neste Oyj - President & CEO***

And I'll just add the comment for clarity is comment refers to the nameplate capacity. So like the question was earlier. Of course, we always have planned maintenance and also we need then also to ramp up some of these new facilities. So that is then going to affect the actual production.

Operator

Thank you. (Operator Instructions) Now we're going to take our next question. And the question comes from the line of [Jack Moromill] from Jefferies.

Unidentified Analyst

First question is on some clarity around the timing of the ramp-up of SAF sales next year. You said that we should expect an acceleration in the second half, whereas production will start increasing in the first half. I'm just looking at your SAF sales this quarter was slightly down quarter-on-quarter. Shall we expect to remain around this level of 40,000 in -- for the first part of next year? Or should we expect some increases as Singapore starts up. And also just wondering whether the sort of the fact that you're selling less than your sales volumes, is there any indication that there's still a relatively lack of demand in the market, and that's driven to by you trying to optimize value there. And the second question I have is, you talked about the legislative proposal in the Netherlands. You talked about in the past further remainder increases in Europe. We had one of your first mining contracts announced this quarter. Just wondering, when you look at all this together, what percentage of your Swedish volumes that you will be losing next year, what percentage of this has been effectively replaced -- potentially could be replaced by all of these new trends that you're seeing in the market? Thank you.

Matti Lehmus ***Neste Oyj - President & CEO***

I can answer the first question on the SAF sales. And perhaps indeed, like I explained earlier, obviously, our focus is now on ramping up Singapore. And as part of that also starting then the SAF production. And what is clear also is that we need to build the inventories first before we can then really ramp up the sales. And that is why we are expecting that it's mainly in the second quarter that we will then start seeing an increase in that sales level. It's also good to note that we are targeting that start-up of the Rotterdam optionality project in the early part of '24. So that's been also something that will hopefully support the sales growth after the second quarter. This is basically -- and like I said, our target is to reach SAF sales of between 0.5 million tonnes and 1 million tonnes. We have seen that the demand continues to be solid. And now it's really a combination of creating that market and at the same time ramping up the production, and that will then define, of course, where we end up with the final sales. Perhaps on the regulation, Carl do you want to comment?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Yes. Of course, I mean, we continue to follow these different trends and changes in the legislation, and we have also been indeed developing new outlets and like the mining area, which we view as a very interesting area. Overall, I would say that sort of as we communicated before as well, we do have identified ways to mitigate the change in the Swedish legislation, and we remain confident that we are able to sell the volumes to other markets. And I would say that this is really on the back of our global model where we have -- we have built resilience over the years by developing these capabilities in different markets and hence, are able as well then to allocate this volume. So we remain confident in our ability to really sell our production. But of course, also, we will continue to optimize and maximize the profitability over the course of the year. So that remains in the core.

Operator

Now we're going to take our next question. And the question comes from the line of Kate Sullivan from Citi Online.

Katherine O'Sullivan ***Citigroup Inc., Research Division - Analyst***

Firstly, a follow-up on the RINs question. You've talked about your RIN hedging into 4Q. But going into 2024, how do you see the RIN dynamics impacting your renewable product sales margin considering the renewable volume obligation has been set up to 2025 and U.S. supply is increasing. It doesn't seem that RIN pricing is going to get tighter in light of that supply and dynamic. A second question, just a follow-up on Singapore. You mentioned a couple of times the shutdowns next year. Just wondering whether you expect the future repair work will prolong that shutdown. And also in terms of any SAF deliveries you haven't made this year in terms of new contracts you've been signing contracts over the last couple of years. Do you expect any implications from your customers there?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Carl here. Maybe I'll start with your first question around the RIN development. And indeed, I mean, we -- as mentioned earlier, so we have hedged part of our RIN exposure in Q4. We also have hedged some volumes in 2024. But obviously, we have a large exposure to the RIN prices. And in that sense, that is -- that will change when we go into '24. On the other hand, as mentioned earlier, we have to look at this as a package. It is it is the, let's say, the RIN values need to reflect also the other values that we are seeing. So I think that the fundamentals around RIN has typically been derived from the biodiesel margins. And we do believe that, that will remain a key fundamental also in driving RIN values in relation to heating oil prices and feedstock prices. So in that light, I would say that sort of we will see a new market stabilizing around a new level and return to some kind of equilibrium. I do have to say as well, at the same time that having the feedstock flexibility capabilities will be a very important part also in driving value creation and margins in the U.S. markets going forward. And we believe that this will be an important way for us also to create great value.

Matti Lehmus ***Neste Oyj - President & CEO***

And perhaps I can briefly answer on the 2 other questions. So Singapore, like I said earlier, we haven't yet actually defined when exactly, for example, the shutdowns will take place. This is something that will analyze also the question whether there is any -- what the exact length of the turnaround is too early to say. But I think the key message is we are confident that we will be able to ramp up to 100% and during next year. And now we will need to find out when that turnaround needs to take place. So that's still work ongoing. On SAF, just a general comment, we have actually been also announcing many of our long-term agreements. And that's, of course, something that we have in the background that with a number of airlines, there is frameworks that are not just short-term ones but that are multiyear ones. And this is, of course, something we are building on when we are looking at next year's planning. And in addition, we are, of course, also here continuously looking for new partnerships, new opportunities. So that's also ongoing work.

Operator

Now we're going to take our next question. And the question comes from the line of Henri Patricot from UBS.

Henri Jerome Dieudonne Marie Patricot ***UBS Investment Bank, Research Division - Associate Director and Equity Research Analyst***

I just have one question left on regulations in California. You mentioned the proposal from the California Resources Board to increase emission reduction targets. I can share your view perhaps on when you would expect to see the price of the LCFS grade start to move higher on the back of these higher targets from 2025. Should we expect something in 2024 already. I'd be interested to hear your views on that.

Matti Lehmus ***Neste Oyj - President & CEO***

Perhaps I can start, Carl can then add. But I would say what we have followed, of course, very closely is that there has been this proposal about a rescoping and an updating of the targets, and that would start in 25% according to the proposal. Then what was announced was impact assessment and the whole process of evaluating that impact assessment, the proposal is ongoing. And we don't have the timeline. It's, of course, something we are following and what we mainly observed is that the proposal was that it would start in '25 and then also for the future targets 2030 and the other long-term targets. So time would then show depending on when the -- if there is a decision made when that would be somehow reflected in the credit market.

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

And perhaps to add on that. So I do think that if you have a look at the LCFS credit bank currently does look quite healthy. So it is let's see how quickly then the market would react to a change in the values than the LCFS. But I think like Matti said, we will probably see a little bit what the direction will be then in the course of the coming year and the reaction -- the market will then react as the market reacts to these kind of...

Operator

(Operator Instructions) Now we're going to take another question. And the question comes from the line of Henry Tarr from Berenberg.

Henry Michael Tarr ***Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst***

Sorry to come back on. Two quick questions, just on the feedstock side. Do you -- for the Singapore facility, how much -- I don't know whether you said how much of the feedstock for that is sourced from China. And whether you have sort of integration into China or whether you're buying cargoes on the spot market, we saw the sort of allegations around some cargoes being rebadged. If you have any comment on that, that would be great. And then just in the U.S., again, for Martinez, where are you in the sort of feedstock gathering process for that? Do you think you're getting towards point where you might be able to cover all of your feedstock obligations with waste and residues when the pretreatment facility is up and running?

Carl Nyberg ***Neste Oyj - EVP of Renewables Platform***

Thanks, Henry, Carl here. So on the feedstock side, I mean, I think you're raising an important point about the traceability and knowledge what kind of feedstocks you are sourcing. And that has, of course, also been our strategy to build upwards sort of upstream capabilities, getting closer to feedstock sources. We are sourcing a share of our feedstock from China, but we are doing it locally through aggregation, and we are not really involved much with sourcing cargoes from traders. So we are typically sourcing our feedstocks very much closely from producers of these feedstocks. And -- and I can only emphasize the need to stay very close and have continued efforts to increase and have a very good transparency on the origin of the feedstocks. With regards to the Martinez situation, so indeed, we are now -- during the second -- third quarter, we got the pretreatment unit on stream. We are currently now been testing that one, and we will continue to then also diversify the feedstock pool for Martinez to increase the share of waste and residues. We have been obviously, already positioning very strongly in North America in terms of sourcing feedstock with our acquisition of Agri Trading, with the acquisition of the Mahoney and Sequential UCO collection. So we have strong waste and residue feedstock capabilities in North America, but it's also a global -- increasingly global feedstock game, and we believe we are well positioned also to take advantage of that. But let's say, this is something that will increase over the course of the coming months and quarters, and we will continue to test where we can get with the facility to increase the waste and residue share.

Operator

Thank you. Dear speaker, there are no further questions.

Matti Lehmus ***Neste Oyj - President & CEO***

Thank you. So I want to thank for very good questions and our active participation. As we have discussed, we are in an important phase in the execution of Neste's growth strategy. We are highly focused on the Singapore expansion ramp-up and in parallel, the ramp-up of the next phases of our Martinez growth project. We are confident that our unique business will continue to create a sustainable competitive advantage, both short and long term. So thank you and stay safe.

Operator

That does conclude the conference for today. Thank you for participating. You may now all disconnect. Have a nice day.