Neste

Capital Markets Update

13 February 2025

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Strengthening Neste for long-term value creation

Capital Markets Update

13 February 2025

Heikki Malinen
CEO

Anssi Tammilehto
Interim CFO

First 100 days and future direction

Key decisions in first 100 days

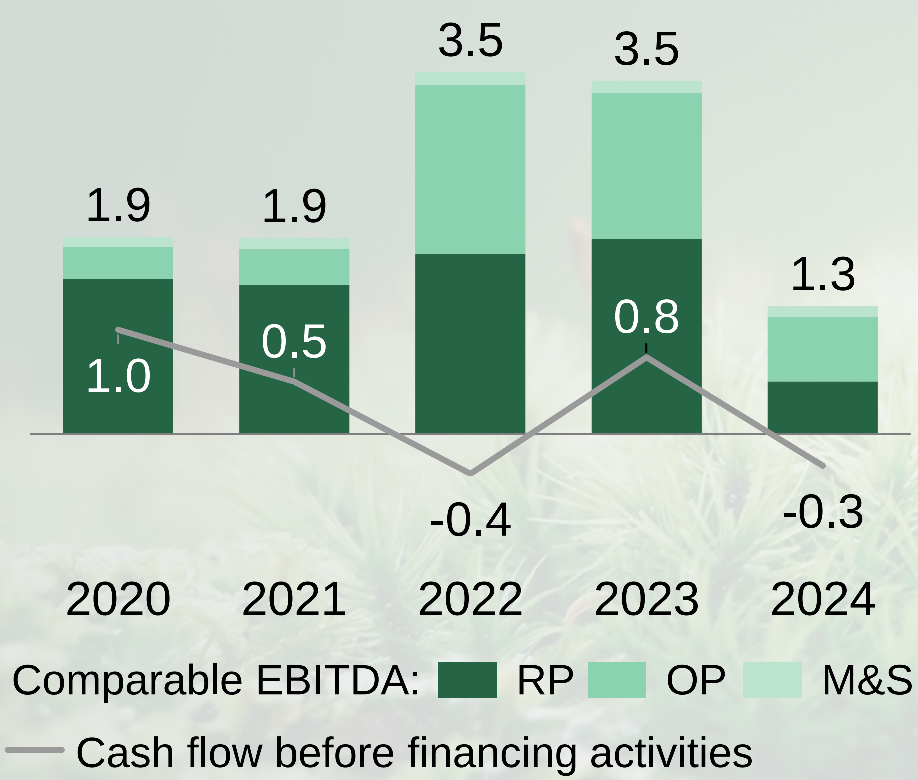
- Launched full potential analysis
- New leadership appointments
- Electrolyzer investment stopped

CEO agenda

- Shifting focus to customer-orientation, operational efficiency, safety and reliability
- Immediate actions to improve performance and build resilience
- Ensuring value creation from renewable fuels to enable growth

Current performance unsatisfactory

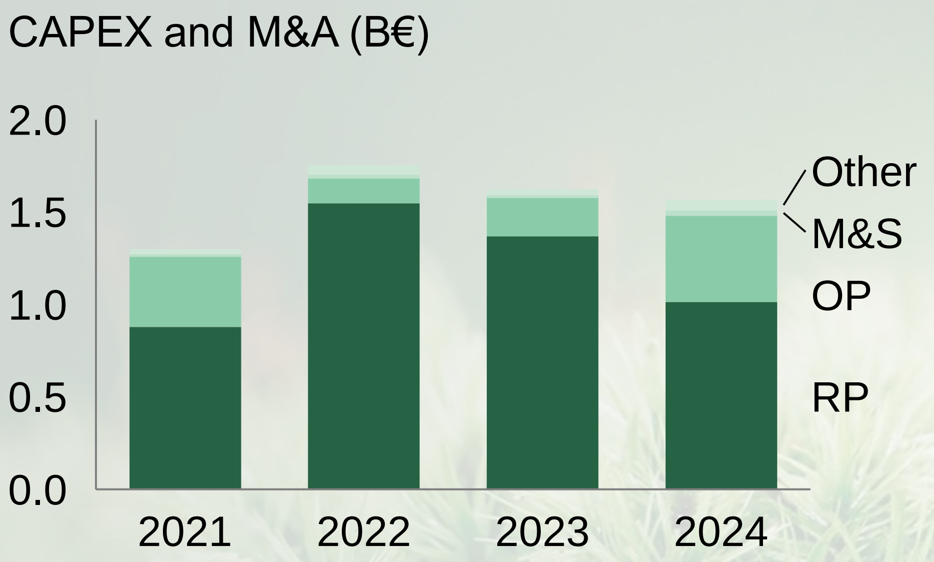
Neste financials (B€)



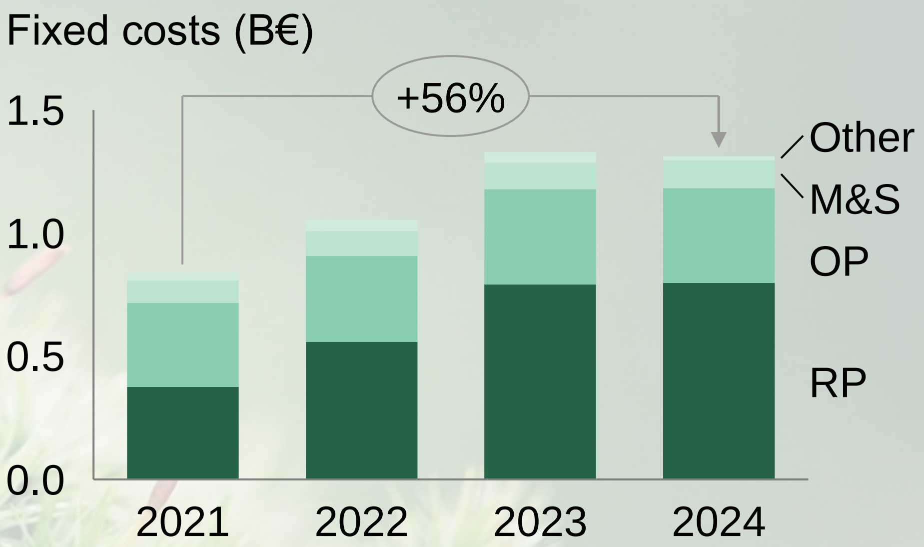
- Renewable margins affected by overcapacity and lack of voluntary demand in 2024
- Normalization of Oil Products' market environment
- Lower planned availability: Maintenance shutdowns in Singapore and Rotterdam, major turnaround in Porvoo
- Higher unplanned outages: Martinez ramp-up continuing until end of 2024, Equipment failure at Singapore RD line in Q4 2024, Fire at Rotterdam refinery in Q4 2024
- Front-loaded fixed costs to build optionality with broad platforms

RP = Renewable Products, OP = Oil Products, M&S = Marketing & Services

We have been investing heavily and our costs have grown, focus and reset are needed



Capacity expansions in Singapore and Rotterdam, Martinez acquisition



Fixed costs have been grown based on a different market view and desire to create broad optionality

RP = Renewable Products, OP = Oil Products, M&S = Marketing & Services

Neste's priorities to improve competitiveness and strengthen market position

Ambition	2025-26	2027-28
Growth in renewable fuels: • Market leadership • Cost competitiveness • Technology advantage	**Extract full commercial potential from the existing core and Rotterdam expansion**	
	Improve refinery performance through safety, reliability and project execution	
	Focus on selected priorities and reset cost structure	**Prepare next steps of growth with targeted development initiatives**
	Maintain strong balance sheet	

Performance improvement program 2025-2026

Objective

Improve performance through cost discipline and refocusing on core

Program priority areas

- Commercial acceleration and supply chain optimization
- Refinery performance and safety
- External cost reduction
- Planned operating model simplification

Ambition

+350M€ run rate EBITDA improvement by end of 2026

Maintain investment grade credit rating

Four key areas to improve performance

Commercial acceleration and supply chain optimization	• Accelerate commercial efforts to sell volume from new capacity • Streamline go-to-market approach • Right-size terminal and logistics network
Refinery performance and safety	• Improve reliability • Increase margin through production valorisation and yield optimization • Reduce OPEX through utilities and maintenance optimization
External cost reduction	• Reduce spend through efficient tendering, strict procurement policies, and process optimization • Improve capabilities, tools and operating model to drive step-change in procurement
Planned operating model simplification	• New organization structure to strengthen focus on cost and operational performance • Target structural savings through ~600 FTE reduction

Business focus and capital discipline: Strengthening competitive advantage in renewable fuels

Our investment and business development portfolio has been fragmented across multiple priorities

Focus on value creation in renewable fuels:
- Rotterdam expansion
- Strengthening competitive advantage by developing our current raw material base, novel vegetable oils sourcing and lignocellulosic raw materials research

Planned streamlining:
- Development of algae and P2X
- Renewable and circular polymers and chemicals

Porvoo transformation
- Focus on energy efficiency and renewable hydrogen
- Other components of the plan are considered to be delayed

Rotterdam expansion with revised schedule and budget under tight monitoring

Commercial operations schedule

2026 → 2027

Investment budget

1.9B€ → 2.5B€

Rotterdam complex at the center of European SAF and RD market

Long-term market potential continues to support the business case

Delay driven by challenging contractor market in Europe and underlying project complexity

Proven technology based on Singapore second line

New project governance model setup to ensure efficient completion

Largest renewable fuels refinery in the world with 2.7 Mt capacity

Solid foundation for long-term performance

Market leading position in renewable fuels

6.8Mt of renewable fuel refining capacity in Singapore, Rotterdam, Porvoo and Martinez in 2027

Widest feedstock pool with global access and ability to process broad range of materials

Local market expertise combined with global scale

Years of accumulated experience in mastering complex local market requirements and tracking biocriteria

Platform to capture opportunities on global scale

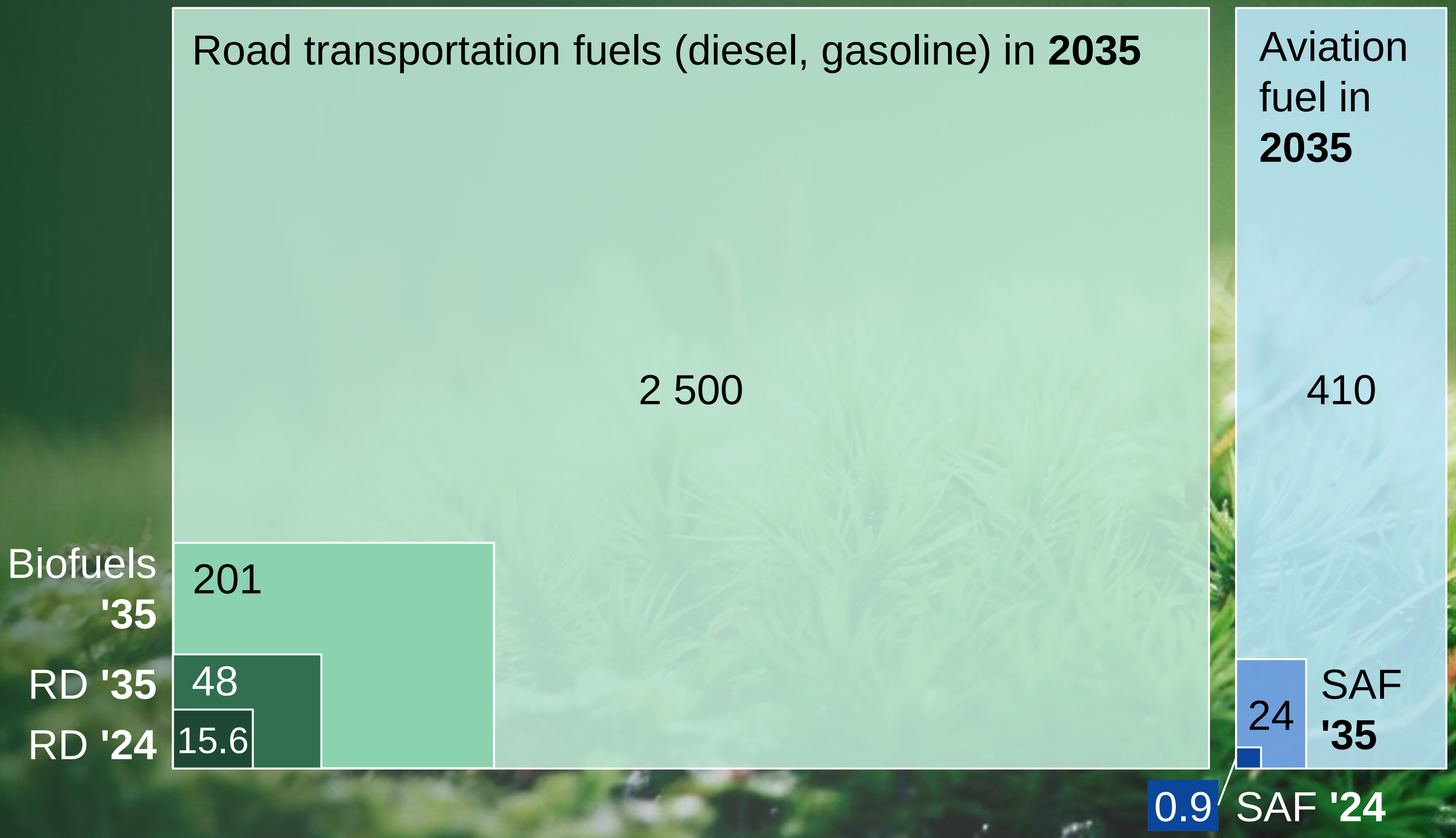
Porvoo and M&S cash generation

Well-invested, complex, tier 1 Porvoo refinery

Market-leading Marketing and Services business

Significant opportunity for growth in renewable fuels market

Global road and aviation fuel demand (Mt/a)



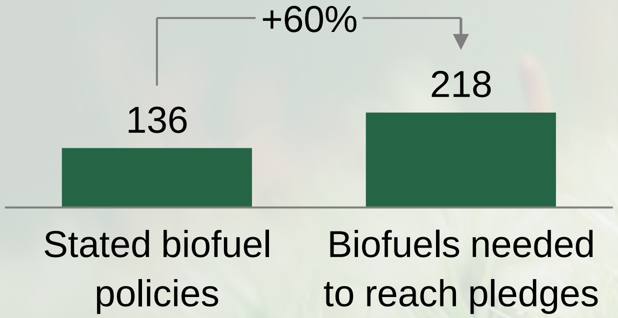
- Renewable fuels still fraction of the market in 2035
- Renewable fuels needed to complement electric vehicles in decarbonizing road transportation
- Renewable fuels most attractive way to decarbonize aviation

RD = Renewable diesel, SAF = Sustainable Aviation Fuel
Note: Biofuels including biodiesel and ethanol in addition to renewable diesel
Sources: Argus Biofuels Analytics (Biofuels, RD, SAF), IEA Stated Policies Scenario (Total consumption)

Biofuel regulatory framework in place, more concrete actions needed

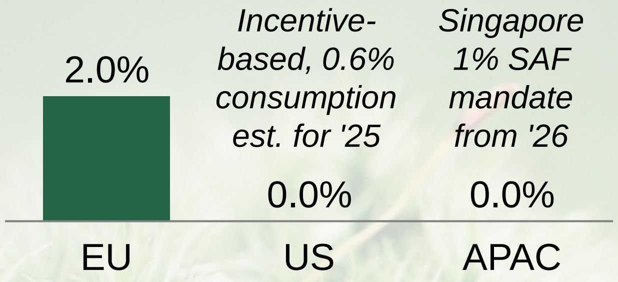
More policies needed to meet pledges

IEA 2030 world biofuel demand outlook (Mt oil equivalent)



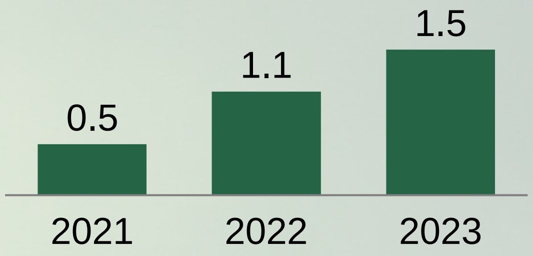
So far, only EU has firm mandates for SAF in 2025

Planned mandates in 2025 (%)



Imports to EU are increasing

Value of EU biofuel imports from China (B$)



More actions – mandates and incentives – needed to meet pledges and targets

Level playing field required in the EU to avoid subsidized imports

Source: World Energy outlook 10/2024 (LHS); Argus Biofuels Analytics (middle); UN Comtrade Database (Product : 3826) (RHS)

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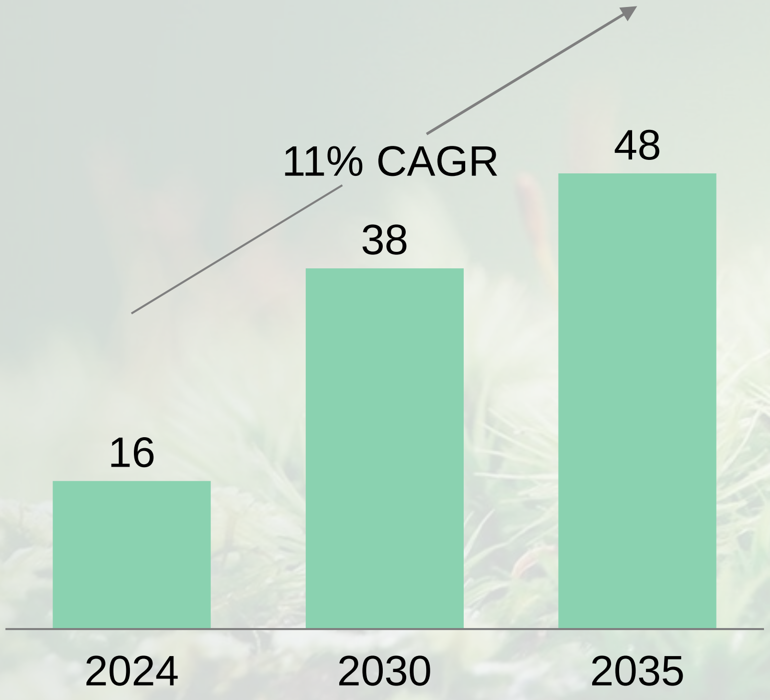
Solid growth trajectory continuing in renewable diesel

Global renewable diesel demand (Mt/a), external estimate



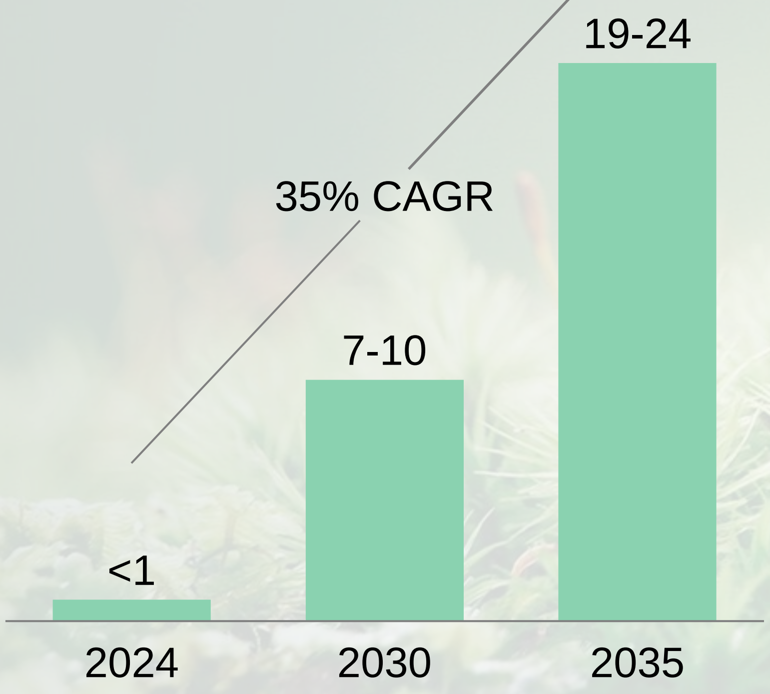
Majority of expected growth from mandates, incl.:

- **EU RED III:** 29% renewable share or 14.5% emission reduction obligation in transport by 2030, with sub-quota for advanced biofuels
- **California LCFS:** 30% reduction in the carbon intensity of transportation fuels by 2030 and 90% by 2045. Other US states are increasingly following California's example
- **National road mandates**: in e.g. UK, Canada, and Brazil

LCFS = Low Carbon Fuel Standard
Source: Argus Biofuels Analytics

Rapid increase in global SAF demand, especially from 2030 onwards

Global SAF demand (Mt/a), range of external estimates



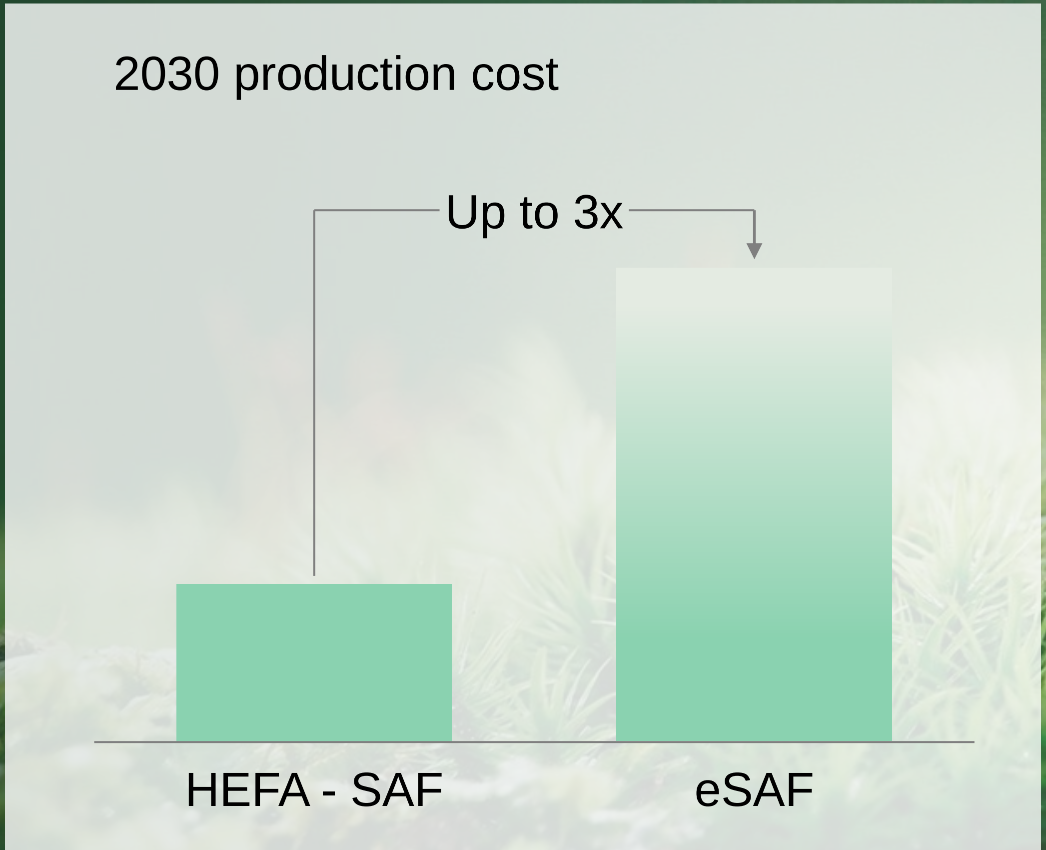
Majority of expected growth from mandates and incentives including:

- EU: 2% in 2025, 6% by 2030
- UK: 2% in 2025, 10% by 2030
- US: Various incentive schemes
- Singapore: 3% by 2030
- British Columbia (Canada): 3% by 2030
- Japan (proposed): 10% by 2030
- Australia (proposed): 3% by 2030

Estimate range driven by uncertainty of voluntary demand

Source: SAF demand range based on externally available sources

HEFA-SAF most cost-efficient way to decarbonize aviation



HEFA most commercially mature drop-in solution available for decarbonization in aviation

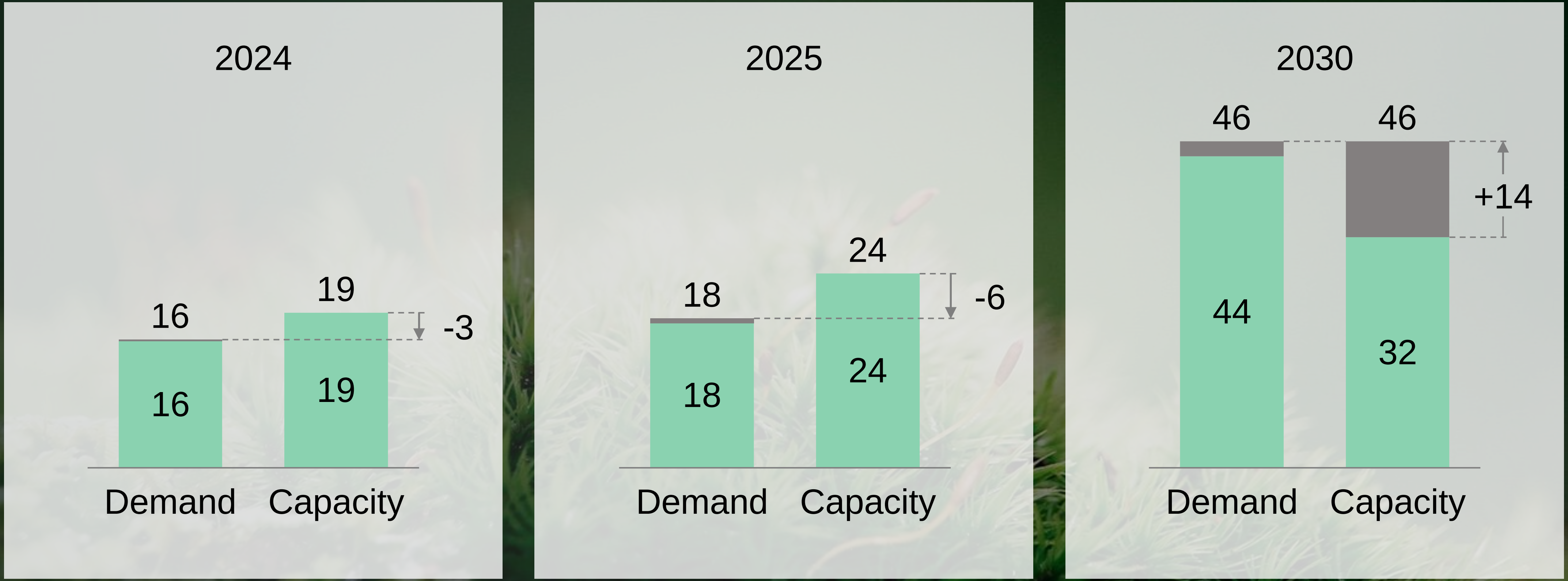
eSAF high cost due to renewable hydrogen and biogenic CO2 inputs, requiring eSAF submandates to become commercially viable

EU is the only region with explicit eSAF submandates 2030 onwards

HEFA = Hydroprocessed Esters and Fatty Acids, eSAF = Synthetic Aviation Fuel
Source: IEA Global Hydrogen Review 2024

Favorable long-term outlook, while overcapacity in 2025

Global demand and end of year capacity for RD, SAF and renewable polymers & plastics (Mt)



High certainty (Expected mandated demand / capacity now online or in construction)
Low certainty (Voluntary demand / planned & assumed capacity)

Leadership Team to drive the change

President and CEO, Heikki Malinen		
Heikki Malinen	EVP, Jori Sahlsten	EVP, Panu Kopra**
RENEWABLE PRODUCTS	**OIL PRODUCTS**	**MARKETING & SERVICES**

COO Office

COO, Markku Korvenranta

CFO Office

CFO, Eeva Sipilä (starts 1st of May 2025 at the latest). Anssi Tammilehto as an interim CFO until Eeva Sipilä starts.

People & Culture

EVP, Hannele Jakosuo-Jansson

CFO value creation priorities

Commitment to strong shareholder value creation in a growth market

Focus in 2025-26 on profits and strong balance sheet

Planned actions drive strong cash generation

We achieved strong margin premium in 2024 despite weak market

Neste 2024 RP comparable sales margin: 377 $/t

Neste premium

Reference margin

2024 North-West Europe 150-200 $/t

2024 drivers of premium

+ Global presence
+ Upstream integration
+ Term deals
+ SAF sales
+ Hedging
- Poor availability in Q4

Short and mid-term drivers of change

- Anti-dumping and anti-subsidy schemes in the EU
- CFPC eligibility for US imports
- Voluntary SAF demand outlook
- Increasingly liquid and volatile markets
- Improved cost competitiveness and availability

CFPC = Clean Fuel Production Credit, i.e., 45Z

Program launched to drive performance improvement

Business focus and capital discipline

- Rotterdam expansion completion in adjusted time/budget
- Focusing CAPEX and development budgets

+

Commercial acceleration & supply chain optimization	• Filling capacity • Streamlined go-to-market, reducing cost and NWC
Refinery performance and safety	• Reliability improvement to increase availability • Production yields and OPEX optimization
External cost reduction	• Procurement program to drive down cost
Planned operating model simplification	• Planned new operating model with strong accountability • Planned ~600 FTE reduction

2025-26 Program objectives

+350M€ EBITDA (of which 250M€ from operational costs)

Maintain investment grade credit rating

Note: EBITDA improvement vs. 2024 baseline, including capitalized lease costs

Strong focus on delivering results

- Strengthening P&L ownership and accountability for results in the organization
- Performance improvement program launched with 4 workstreams
- 150+ people currently mobilized to deliver across 20+ sub-workstreams
- Continuous progress tracking by NLT supported by Transformation Office
- External progress reporting quarterly starting Q1 / 25

NLT = Neste Leadership Team

2022-24 capital allocation: Dividends and significant investments

Actual capital allocation 2022-24

Increase in net debt
4.2B€

Operating cash flow
4.7B€

Other

Dividends
2.7B€

Investments and M&A
4.9B€

Strong operating cash flow supported by favorable market environment

There was room to increase debt

Cash wash available for attractive dividends and investments for growth, competitiveness and M&A

Note: Other including e.g., repayments of lease liabilities and changes in long-term receivables and other financial assets

Future capital allocation reflects new priorities

2025-26

Operating cash flow: Performance improvement program launched to maximize cash flow

CAPEX: ~1.2B€ p.a. committed for Rotterdam expansion, maintenance and other

Dividend and balance sheet:
0.2€ dividend per share for 2024 and aim to maintain investment grade credit rating

2027-28

Operating cash flow (excl. change in NWC):
1.5-1.7B€ potential after program execution and Rotterdam expansion at 2024 prices

CAPEX: Tight discipline with ~0.5B€ p.a. mainly for maintenance

Dividend and balance sheet:
Free cash flow used for stronger balance sheet enabling growth and dividends

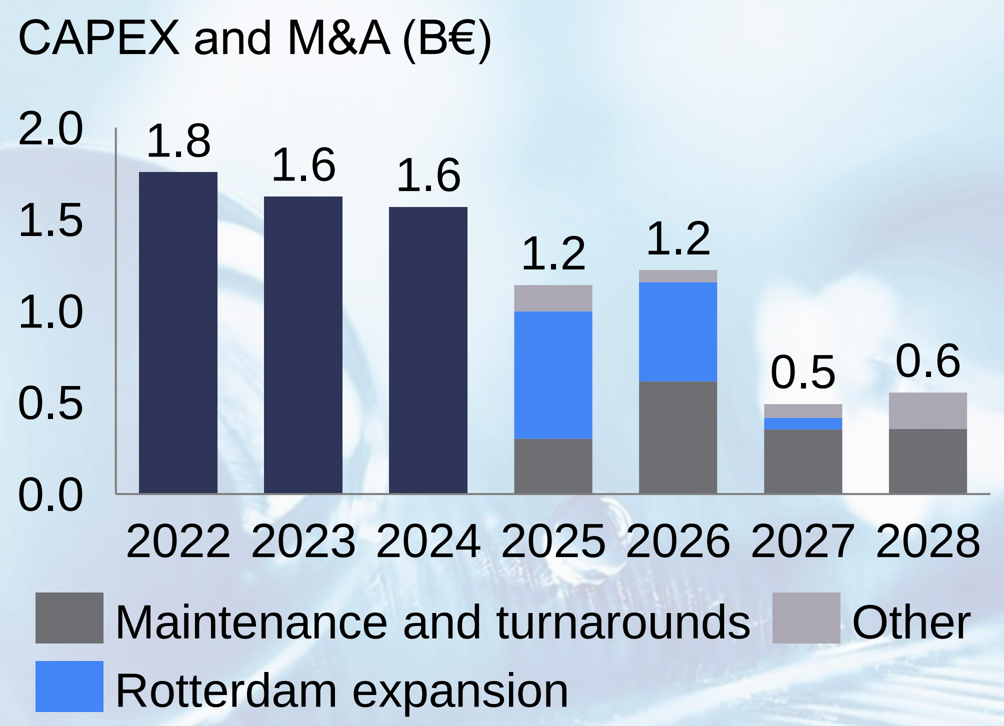
Strong cash flow potential even at current market prices
Significant upside in a stronger market

Note: 2024 Dividend is Board of Directors proposal to Annual General Meeting, Operating cash flow potential at 2024 prices and utilization and before NWC changes

CAPEX expected to be ~0.5B€ p.a. after completion of Rotterdam expansion

In 2025-26 investments to completion of Rotterdam expansion, turnarounds and routine maintenance in Rotterdam, Singapore, Porvoo

After 2026 plan to maintain tight capital discipline and start to prepare next investments in growth and feedstock



Note: Other including strategic and efficiency related investments

Financial targets and capital allocation for 2025-26

Financial targets

EBITDA

€350 million
run rate improvement

by the end of 2026, of which €250 million from operational costs

Leverage

< 40%

maintaining our investment grade credit rating

Capital allocation

CAPEX 2 years

€2.4 billion

1.3B€ Rotterdam expansion, 0.9B€ TAs and maintenance, and 0.2B€ other

Dividend per share

€0.2

Board of Directors dividend proposal for 2024 to Annual General Meeting

Note: EBITDA improvement vs. 2024 baseline, including capitalized lease costs

Targeting solid long-term value creation

Shareholder return drivers

Sales growth	Targeting 10% RP volume CAGR 2024-29 with current investments
Margin improvement	€350M EBITDA improvement from performance improvement program Further upside when RP demand / supply normalizes
Cash flow	Strong operating and free cash flow potential in all market conditions
Shareholder returns	Potential to review dividend once CAPEX normalizes
Valuation	Undisputed leader in a long-term growth market Maintain investment grade rating for growth and shareholder returns

Note: Volume growth potential with 6.8Mt post Rotterdam expansion nameplate capacity and assuming 90% availability, EBITDA improvement vs. 2024 baseline, including capitalized lease costs

Q&A

Closing remarks

Strengthening Neste for long-term value creation

Immediate focus on improving operational and financial performance

Strongly positioned in a growing renewable fuels market

Targeting solid long-term value creation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Change runs on renewables