Neste
Q1 2023

Matti Lehmus | President and CEO | 28 Apr 2023

Contents

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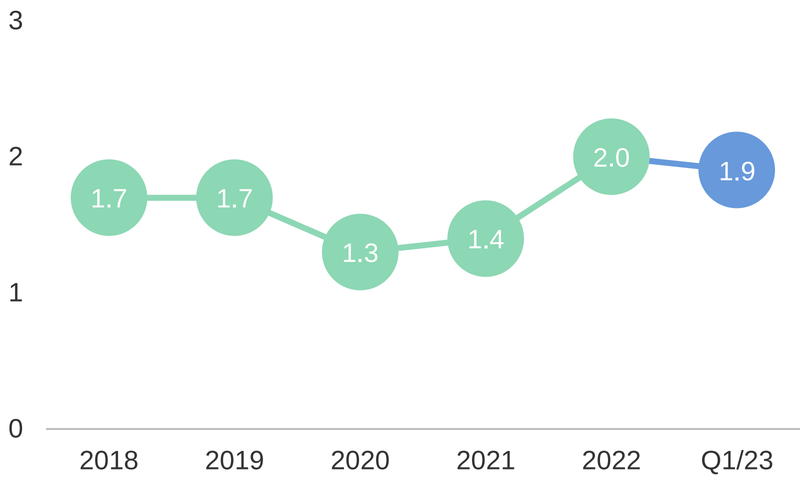
Strong start to 2023

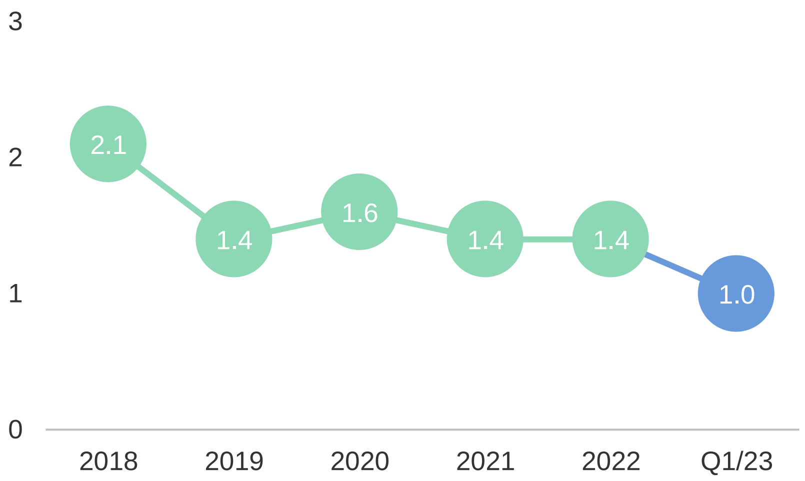
- Group comparable EBITDA EUR 830 (578) million
- Strong performance in Renewable Products with a record-high comparable sales margin per ton
- Solid total refining margin in Oil Products
- Marketing & Services performed well despite inventory losses
- Growth strategy implementation continues – production started up in Martinez in February and in Singapore in April

Strong focus on improving safety performance continues

Total Recordable Incident Frequency (TRIF), per million hours worked

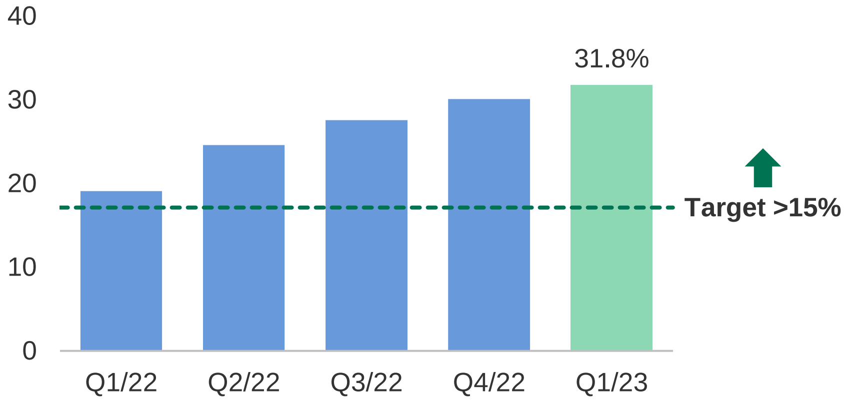


Process Safety Event Rate (PSER), per million hours worked



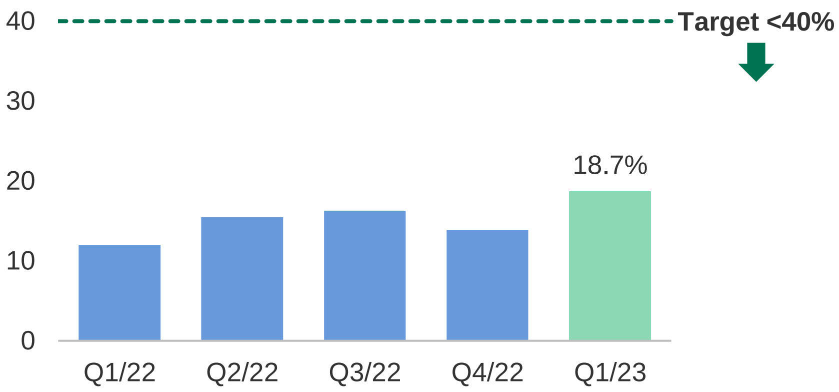
Solid financial position

Comparable ROACE, rolling 12 months, %



- At the end of March, Comparable ROACE was 31.8%, driven by strong results and this clearly exceeds our target of over 15%

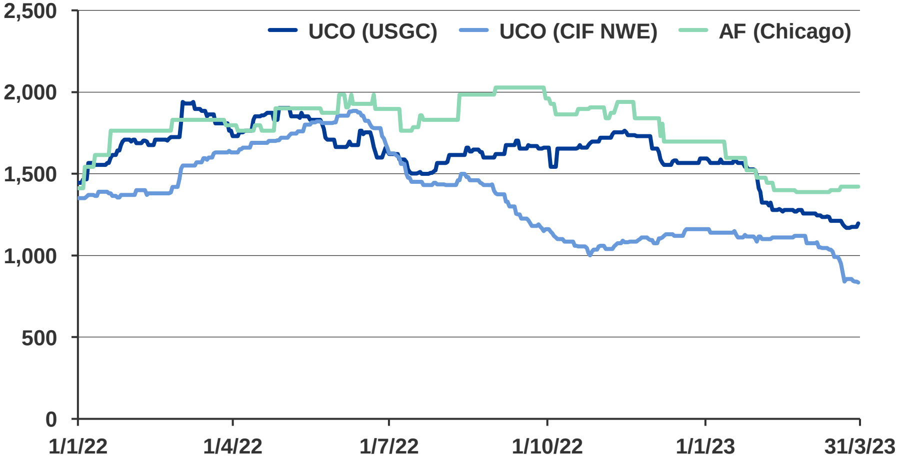
Leverage, %



- Leverage ratio remains well below our target of below 40% and totaled 18.7% in Q1/23

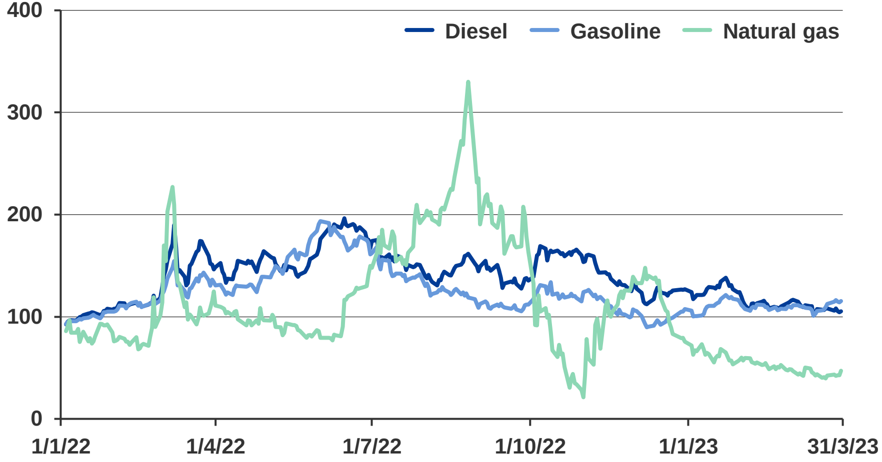
Business environment highlights

Selected waste and residue prices (USD/ton)



- W&R prices declined throughout the first quarter, following the decreasing vegetable oil prices

Selected commodity prices[1] (EUR/MWh, USD/bbl)



- Warm winter eased support on diesel q-o-q, with lower natural gas prices and heating oil demand. Still refining margins remained relatively elevated through Q1.

1) Diesel and gasoline refer to CIF NWE prices; natural gas to TTF
Source: Argus, Jacobsen, Nord Pool and S&P Global

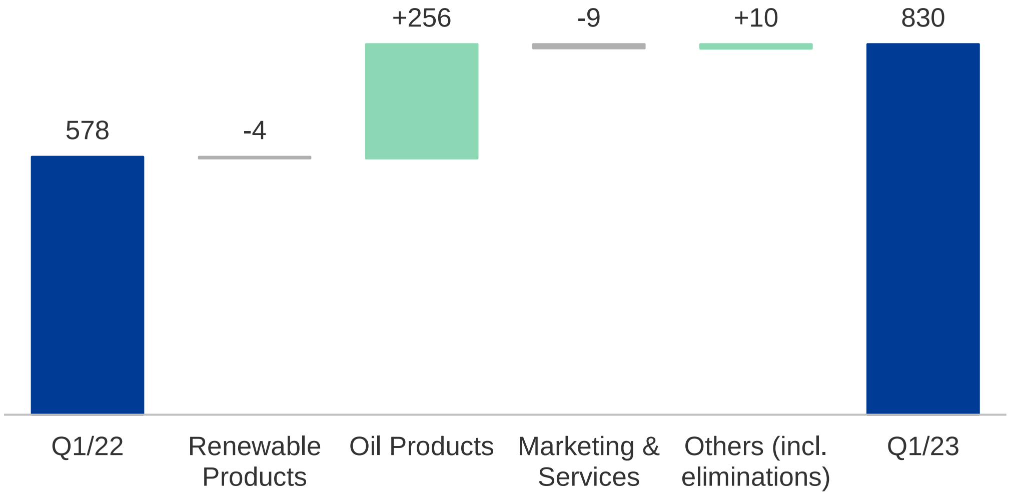
Group financials Q1 2023

Group financials Q1/2023: Strong start to 2023

MEUR	Q1/23	Q1/22	Q4/22	2022
Revenue	5,298	5,523	6,562	25,707
EBITDA	463	916	748	3,048
Comparable EBITDA	830	578	894	3,537
Renewable Products	415	419	415	1,762
Oil Products	393	137	450	1,654
Marketing & Services	23	32	21	126
Others (incl. eliminations)	-1	-11	8	-5
Operating profit	285	762	589	2,410
Cash flow before financing activities	-102	-960	596	-390
Comparable earnings per share, EUR	0.72	0.45	0.84	3.04

Comparable EBITDA increased 44% y-o-y

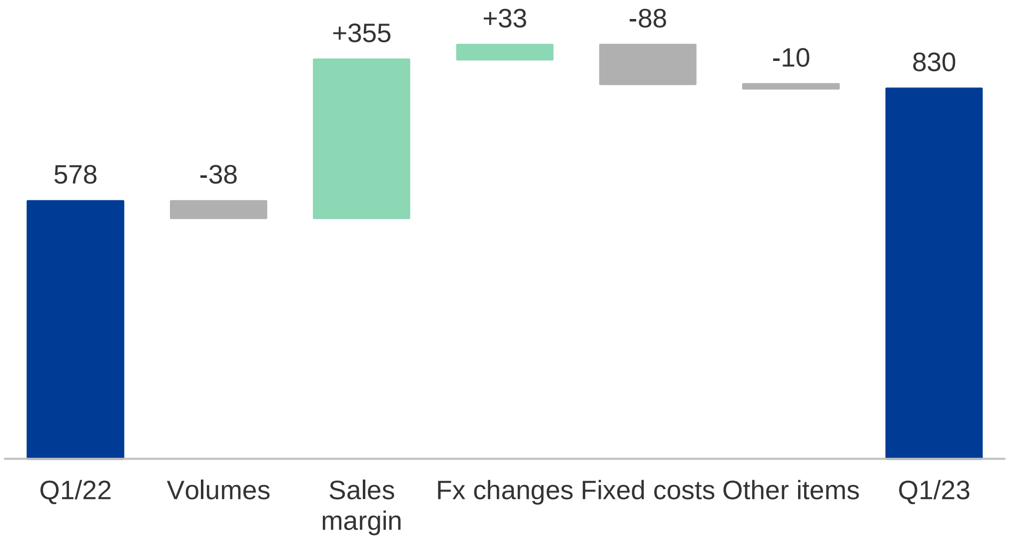
Group comparable EBITDA by segments Q1/23 vs. Q1/22, MEUR



- Group Comparable EBITDA EUR 830 (578) million, up by 44% y-o-y
- Renewable Products' Comparable EBITDA was supported by a high Comparable sales margin, but total sales volume was lower at 678 kt (768 kt) due to the fire in Rotterdam in late 2022
- Solid total refining margin in Oil Products, coupled with clearly higher sales volume at 3.0 Mt (2.6 Mt)

Higher sales margins and stronger USD supported results

Group comparable EBITDA Q1/23 vs. Q1/22, MEUR



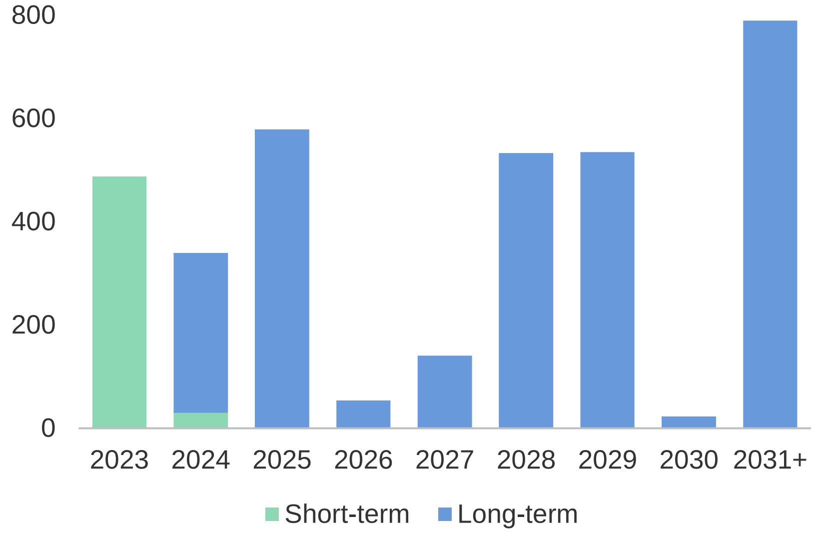
- Renewable Products' sales margin high at USD 945/ton (USD 783/ton), supported by the flexibility of Neste's global optimization model and taking full advantage of feedstock market opportunities
- Oil Products' total refining margin solid at USD 21.8/bbl (USD 10.3/bbl), supported by high product cracks and more normalized natural gas and electricity prices
- Fixed costs higher y-o-y, as Neste continued to build up its global organization to prepare for future growth

Cash flow clearly improving y-o-y, but impacted by growth investments and decreasing commodity prices

MEUR	Q1/23	Q1/22	Q4/22	2022
EBITDA	463	916	748	3,048
Capital gains/losses	0	-5	0	0
Other adjustments	180	-209	-304	-55
Change in net working capital	-209	-1,308	601	-1,357
Net finance costs	-23	-13	-8	-42
Income taxes paid	-34	-21	-298	-398
Net cash generated from operating activities	**377**	**-639**	**740**	**1,197**
Capital expenditure	-550	-195	-446	-1,757
Other investing activities	71	-125	302	170
Cash flow before financing activities	**-102**	**-960**	**596**	**-390**

Two new green bonds enhancing Neste's liquidity and maturity profile

Maturity profile, MEUR

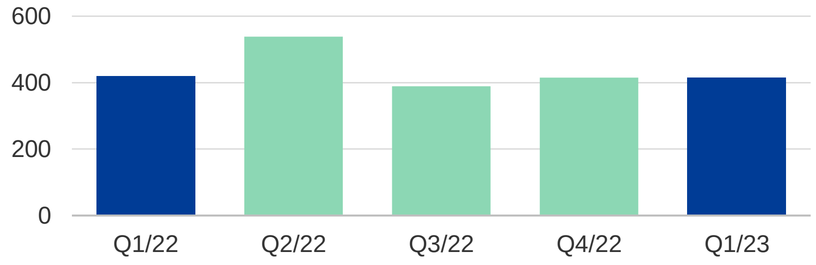


- Two new green bonds with 6 and 10 year fixed maturities issued in March, EUR 500 million each, in total EUR 1,000 million. Proceeds will be used for investments as set out in Neste's Green Finance Framework
- Group's liquidity EUR 3,347 million at the end of March
  - Liquid funds EUR 1,747 million
  - Unused committed credit facilities EUR 1,600 million
- Average interest rate for interest-bearing liabilities was 3.1% and maturity 4.6 years at end of March
- No financial covenants in Group companies' existing loan agreements

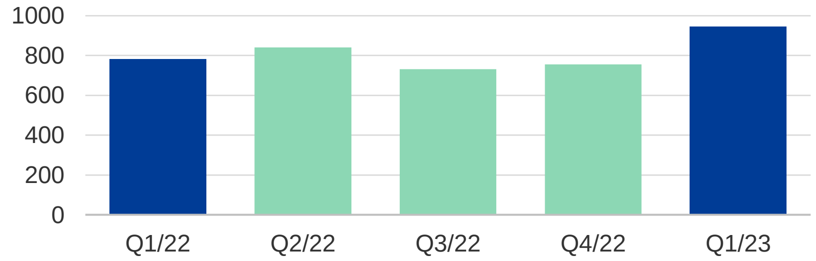
Q1 2023 Segment reviews

Strong performance continued in Renewable Products

Comparable EBITDA, MEUR



Comparable sales margin[1], USD/ton

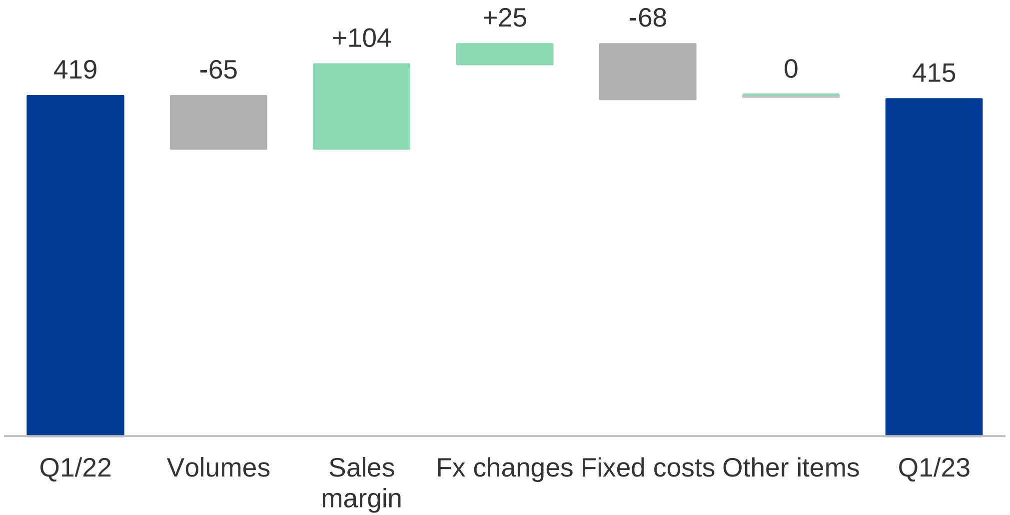


- Comparable EBITDA EUR 415 (419) million
- Comparable sales margin[1] USD 945/ton (783)
- Comparable RONA[2] 23.8% (28.1%)
- Sales volume for RD 638 (740) ktons and SAF 23 (7) ktons, share of Europe 65% (68%)
- High share of waste and residue feedstock at 96% (95%)
- Investments EUR 506 (154) million
- Utilization rate 93% (104%)

1) Comparable sales margin calculation formula has been adjusted effective 1 January 2023; and the figures for 2022 restated
2) Last 12 months

Record-high sales margin in Renewable Products

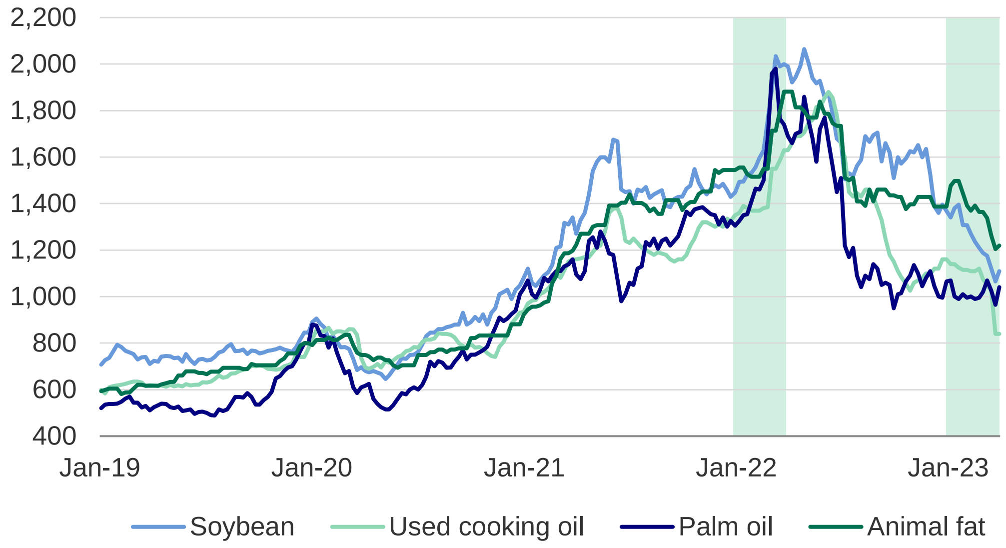
Comparable EBITDA Q1/23 vs. Q1/22, MEUR



- RD and SAF sales volume impacted by the fire in Rotterdam in late December 2022
- The outstanding margin level had a positive impact of EUR 104 million y-o-y
- Stronger US dollar had a positive impact of EUR 25 million y-o-y
- Segment's fixed costs were EUR 68 million higher y-o-y

Waste and residue feedstock prices declined

Vegetable oil and selected waste and residue prices[1], USD/ton

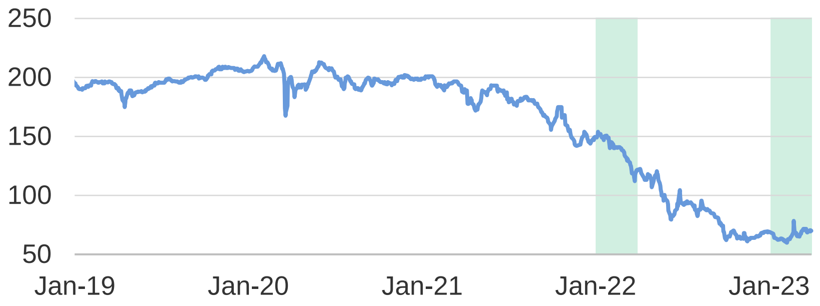


- W&R prices declined throughout the first quarter, following the decreasing vegetable oil prices
- Vegetable oil prices have fallen on the back of recession fears during Q1/23. However, CPO price has remained more stable.

1) Quotations in NWE
Source: Oil World, The Jacobsen, Argus UCO CIF ARA

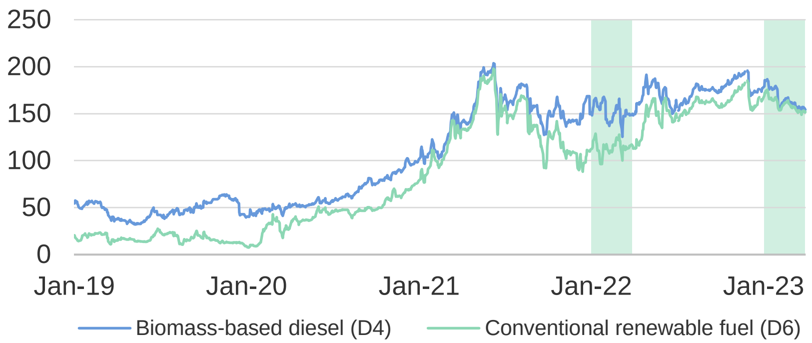
Key market drivers in the US market

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



- LCFS credit price started to recover towards the end of the quarter in response to weakening D4 RIN and market expectations related to California Air Resources Board's (CARB) intentions to increase CO_2 reduction targets
- Q1/23 California LCFS credit USD 66/ton (139)

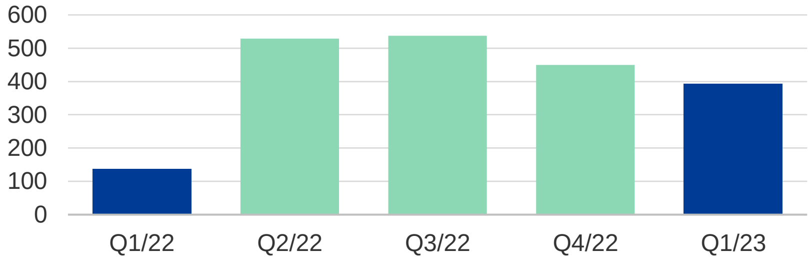
RIN prices, US cent/gal



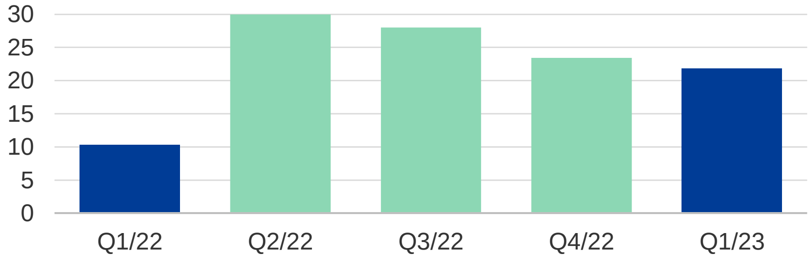
- D4 RIN fell in response to weakening soybean oil premium over heating oil despite soy methyl ester margins remaining healthy
- Q1/23 D4 RIN USD 1.66/gal (1.52)

Solid performance in Oil Products

Comparable EBITDA, MEUR



Total refining margin, USD/bbl

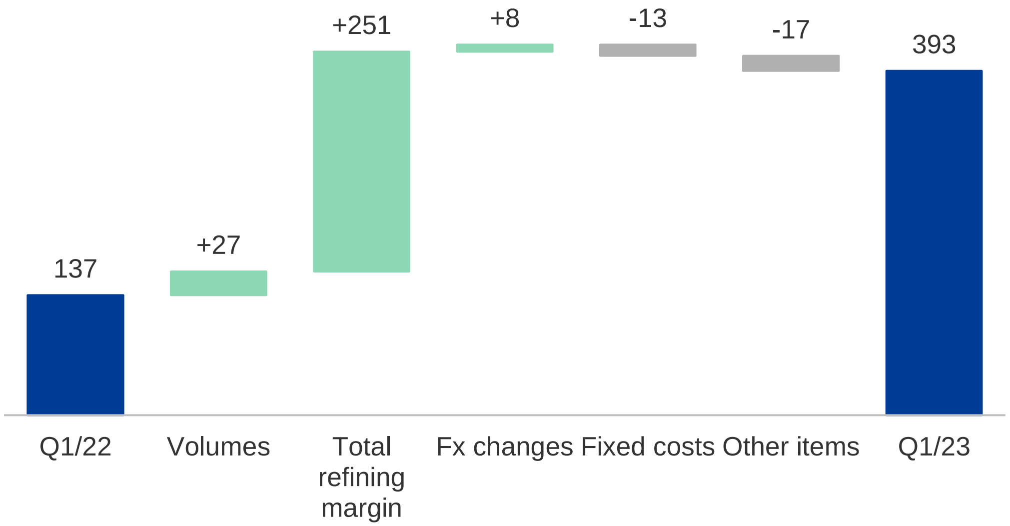


- Comparable EBITDA EUR 393 (137) million
- Total refining margin USD 21.8/bbl (10.3)
- Comparable RONA[1] 55.5% (6.0%)
- Sales volume 3.0 Mtons (2.6)
- Investments EUR 35 (23) million
- Refinery average utilization rate 81% (92%)
- Refinery production costs USD 7.5/bbl (7.5)

1) Last 12 months

Result improvement mainly driven by total refining margin

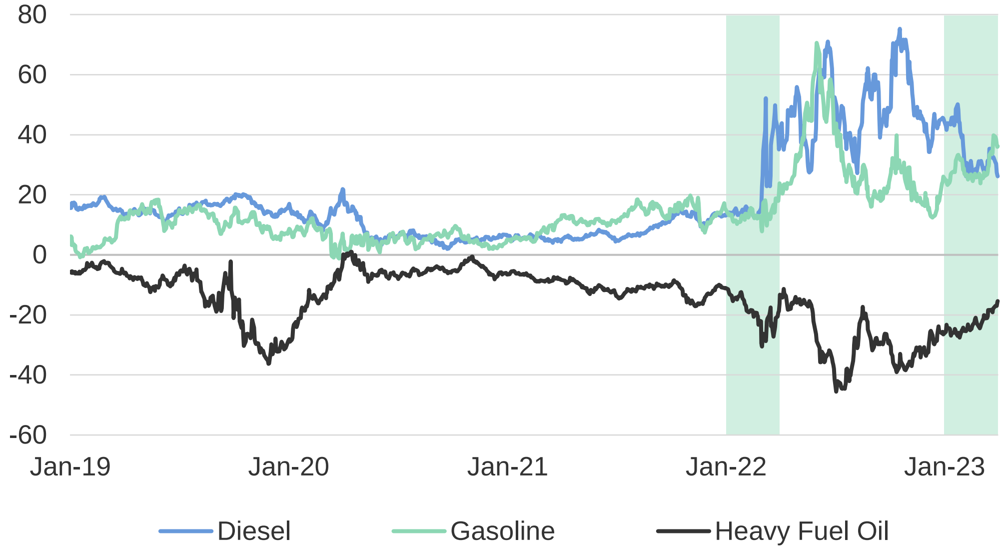
Comparable EBITDA Q1/23 vs. Q1/22, MEUR



- Total refining margin was supported by high product cracks and more normalized natural gas and electricity prices
- Sales volumes increased compared to Q1/22
- Stronger USD had a positive impact of EUR 8 million

Healthy levels but continuing volatility in product margins

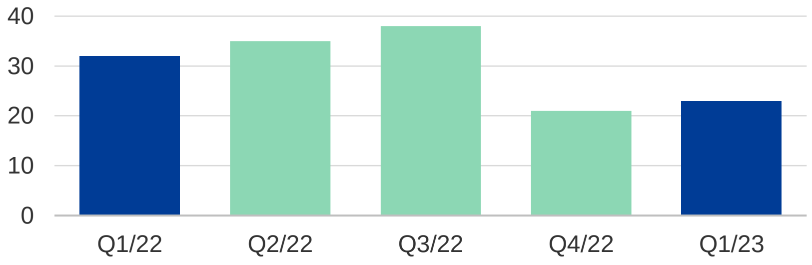
Product margins (price differential vs. Brent), USD/bbl



- Diesel margin came down after January in spite of the Russian oil product sanctions
- Mild weather and a weakening diesel demand outlook had also major impacts on the price level
- Gasoline margin was supported by the sanctions as availability of VGO and naphtha weakened. Demand for gasoline was healthy despite the weakening economic outlook.

Marketing & Services performed well

Comparable EBITDA, MEUR



- Comparable EBITDA EUR 23 (32) million
- Unit margins impacted by inventory losses caused by the declining oil product prices
- Comparable RONA[1] 35.0% (39.5%)
- Higher fixed costs
- Investments EUR 3 (6) million

Sales volumes by main product categories, million liters

	1-3/23	1-3/22	10-12/22	2022
Gasoline station sales	138	130	149	600
Diesel station sales	391	388	414	1,620
Heating oil	211	221	293	907

1) Last 12 months

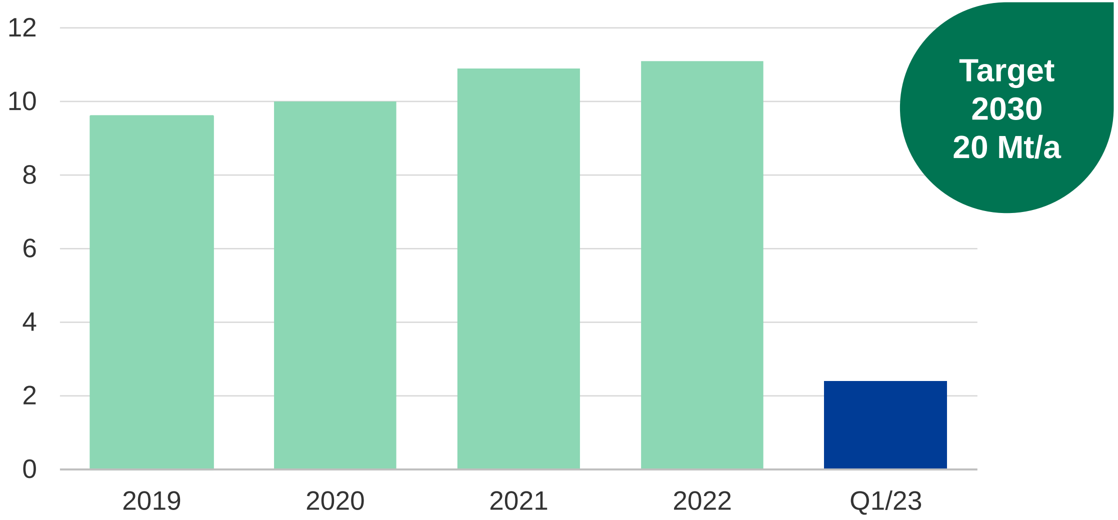
Current topics

Growth strategy implementation continues

- Singapore expansion started up production after mid-April
- Martinez Renewables joint operation first phase started up in February. Pretreatment capabilities expected in H2/2023 and full production nameplate capacity of 2.1 Mtons/a (of which Neste share 50%) by the end of 2023
- Rotterdam expansion project and Rotterdam SAF optionality projects proceeding
- Waste and residue feedstock growth continues, SeQuential acquisition closed

Renewable Products’ growth in 2023 expected to improve our carbon handprint

GHG emission reduction achieved with Neste’s renewable products[1], Mtons



GLOBAL 100 2023
THE WORLD'S MOST SUSTAINABLE CORPORATIONS ©

- In January Neste was ranked among the most sustainable companies in the world on the Global 100 list for the 17th consecutive time. Neste placed 29th in the index and the first among its industry peers.
- Neste has been included in the index for longer than any other energy company in the world. Neste was assessed under the Energy sector with 413 companies and was ranked best in the sector.

1) Annual greenhouse gas (GHG) reduction achieved with Neste’s renewable products compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022.

Outlook

Segment outlook for Q2/2023

Renewable Products

- RD and SAF sales volume is expected to be 30-50% higher than in the first quarter of 2023
- Waste and residue markets anticipated to remain volatile
- Sales margin expected to be within range of USD 800-900/ton
- Utilization rates of renewable production facilities forecasted to remain high, assuming a successful ramp-up in Martinez and in Singapore

Oil Products

- Market expected to remain volatile
- Total refining margin expected to be clearly lower than in Q1
- Utilization rate expected to be slightly affected by some unit turnarounds
- Sales volumes expected to remain high, supported by the summer driving season

Marketing & Services

- Sales volumes and unit margins are expected to follow previous years' seasonality pattern
- Slowing economy expected to have some negative impact on the overall demand

Outlook – Other 2023 topics

Group

- Cash-out capital expenditure in 2023 estimated to be approx. EUR 1.7-1.8 billion. M&A excluded from the figure

Renewable Products

- Scheduled 5-week turnaround at the Singapore refinery in Q3, which is estimated to have a negative impact of approx. EUR 85 million on Comp. EBITDA
- Scheduled 4-week turnaround at the Rotterdam refinery in Q4, which is estimated to have a negative impact of approx. EUR 65 million on Comp. EBITDA

Appendix

Renewable Products comparable EBITDA calculation

	Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Total RP sales volume, kton[1]	768	831	720	808	3,127	678
Comparable sales margin, USD/ton[2]	**783**	**841**	**732**	**755**	**779**	**945**
Comparable sales margin, MEUR	536	657	523	598	2,314	598
Fixed costs, MEUR	-116	-119	-135	-189	-558	-184
Comparable EBITDA, MEUR	**419**	**538**	**389**	**415**	**1,762**	**415**

1) Renewable Products sales volume includes RD, SAF and other products
2) Comparable sales margin calculation formula has been adjusted effective 1 January 2023 and the figures for 2022 restated

Oil Products' refinery production costs

		Q1/22	Q2/22	Q3/22	Q4/22	2022	Q1/23
Refined products	million barrels	22.3	22.3	22.2	20.3	87.1	21.3
Exchange rate	EUR/USD	1.12	1.07	1.01	1.02	1.05	1.07
Utilities costs	MEUR	108.3	97.7	109.4	113.3	428.7	99.6
	USD/bbl	5.5	4.7	5.0	5.7	5.2	5.0
Fixed costs	MEUR	41.0	45.7	41.7	62.5	190.9	49.7
	USD/bbl	2.1	2.2	1.9	3.1	2.3	2.5
External cost sales	MEUR	-0.5	-0.3	-0.3	-0.4	-1.5	-0.5
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	148.8	143.2	150.8	175.4	618.1	148.8
	USD/bbl	7.5	6.8	6.8	8.8	7.5	7.5


NESTE
Change runs on renewables