Neste
Q2 2024

Matti Lehmus | President and CEO | 25 July 2024

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Contents

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Focus on operational excellence in weak renewables market

- Result in the second quarter reflects the significantly weaker renewables market and the Porvoo refinery major turnaround
- Operational performance at Neste's refineries solid and planned Porvoo major turnaround conducted safely, on time and on budget
- Q2/24 expected to be the weakest quarter of the year for Neste in terms of results and cash flow expected to be substantially positive in H2/24

Q2 2024

Group comparable EBITDA, EUR m	Comparable sales margin, USD/ton	Total refining margin, USD/bbl
240 (784)	**382** (800)	**15.1** (16.7)
Sales volume, renewable products, kton	Cash flow before financing activities	Comparable ROACE*, %
955 (957)	**-461** (-24)	**14.4** (27.4)

*Last 12 months

TRIF	PSER	GHG emission reduction, Mton
2.5 (1.5)	**1.5** (1.8)	**2.9** (2.9)

Figures in parentheses refer to the corresponding period for 2023.

Key market environment drivers in Q2/2024

		Avg, Q2/24	Change, % vs. Q1/24	Change, % vs. Q2/23
Macro drivers[1)]	Crude oil price (USD/bbl)	84.9	+2%	+8%
	Diesel price (USD/ton)	787	-7%	+8%
Renewable feedstock costs[2)]	Used cooking oil (USD/ton)	967	+4%	+10%
	Soybean oil (USD/ton)	981	-5%	-16%
	Animal fat (USD/ton)	974	+4%	-4%
Renewable US credit prices[3)]	California LCFS (USD/ton)	52	-18%	-36%
	RIN D4 (US cent/gal)	51	-13%	-66%
Oil product margins[4)]	Diesel (USD/bbl)	20.7	-31%	+6%
	Gasoline (USD/bbl)	24.7	+9%	-16%
	HFO (USD/bbl)	-10.9	+21%	+7%

positive for Neste | negative for Neste

- The comparable sales margin in Renewable Products was affected by:
  - decreasing price for middle distillates
  - weak US bioticket and renewable credit prices and weak spot premiums in Europe
  - slightly increased waste and residue feedstock average prices
  - one-off valuation loss of US bioticket and credit inventories
- Slight widening of SAF reference price differential to RD at the end of the quarter
- Oil Products' margins continued on healthy level compared to the long-term averages. Gasoline stronger vs. Q1/24 whereas diesel weaker

1) Platt's - Brent; ULSD CIF NWE 2) AF (EU) - Gebrüder Pöhner, UCO (EU) - Argus, SBO (US) - Reuters 3) OPIS 4) Platt's

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Clear focus areas supporting value creation

Value creation through competitive advantages in feedstock

Growth in most attractive markets and optimization based on strong global market position

Continued focus on efficiency and long-term competitiveness

Short-term priorities include SAF sales growth, ramp-up of new production capacity and actions to improve cost efficiency and cash flow

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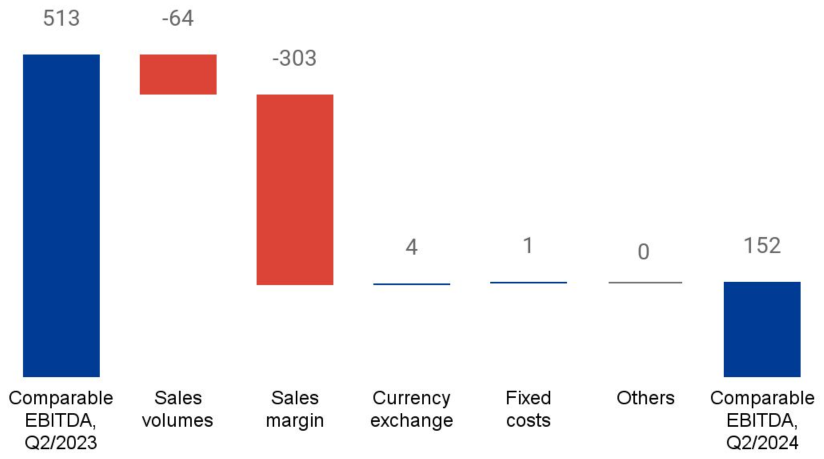
Segment reviews

Renewable Products: Market environment continued to weaken in Q2/24

Comparable EBITDA Q2/24 vs. Q2/23, MEUR



Comments

- Sales volume 955 (957) kt, impacted by the preparation for the upcoming maintenance shutdowns in H2/24. Sales to Europe ~49% (60%) and North America ~51% (40%)
- Solid operational performance at own refineries, JV utilization rate increased
- Comparable sales margin USD 382 (800)/ton, impacted by decreasing price for middle distillates, lower RIN D4 and LCFS credit prices in US and lower European renewable diesel price premiums. Martinez joint operation had a diluting impact on margin
- Segment’s Q2 fixed costs lower y-o-y and EUR 20 million lower compared to Q1/24
- Comparable RONA 9.7% (21.0%)

Renewable Products: Short-term focus areas

Value capture through end-to-end optimization

- Continuous optimization of the full value chain, from feedstock to end customers
- Leverage opportunities for margin maximization in global operating platform

SAF sales volume growth

- Grow SAF customer portfolio and sales volume to 0.5-0.7 Mt/a
- Demand momentum driven by upcoming Refuel EU aviation and positive regulation development in the UK and Switzerland

Full capacity ramp-up and driving efficiency through Neste Excellence

- Ramp-up of Singapore 2nd line and Martinez to full capacity
- Start-up of SAF production in Rotterdam in Q3
- Clear efficiency improvement

Continued feedstock growth

- Continue to expand the feedstock potential both geographically and by vertical integration
- Continue to expand the feedstock mix both short and long term

SAF market shifting towards mandates and incentives

2024 market based on voluntary demand

SAF mandates in place or expected by 2025

~30 countries and states

SAF incentives and programs by 2025

18 countries, states, airports

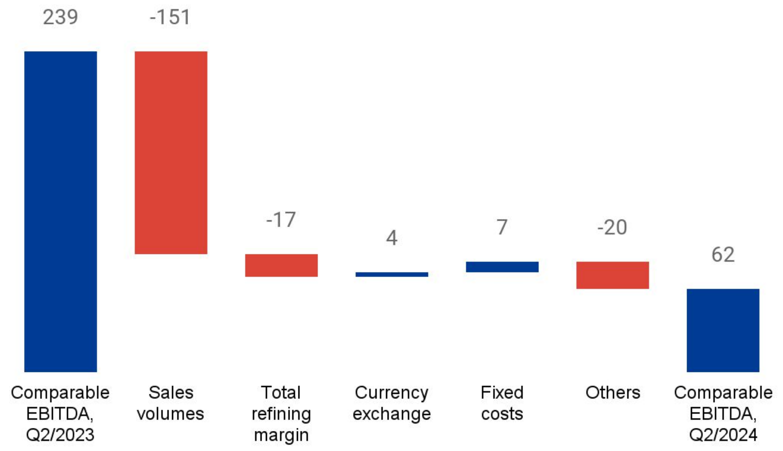
Leading the way in sustainable aviation together with customers and partners across the globe

Neste's unique SAF platform enables global supply for customers

United Airlines	Air France–KLM	All Nippon Airways
Air Canada	British Airways	Air New Zealand
Boeing	DHL Group	Japan Airlines
Delta	Lufthansa	Singapore Airlines
Southwest	Finnair	Thai Airways
Viva Aerobus	Emirates	ITOCHU
	Ryanair	
	Airbus	

Oil Products: Porvoo major turnaround impacted Comparable EBITDA in Q2

Comparable EBITDA Q2/24 vs. Q2/23, MEUR



Total refining margin, USD/bbl

	4-6/24	4-6/23	1-6/24	1-6/23	2023
Total refining margin, USD/bbl	**15.1**	16.7	18.4	19.4	21.1

Comments

- Porvoo refinery's major turnaround completed safely, on budget and on schedule
- Planned impact on Q2 sales volume and comparable EBITDA. Customer deliveries successfully conducted without disruption
- Total refining margin USD 15.1 (16.7)/bbl, driven mainly by weaker gasoline crack. Both natural gas and emission prices lower y-o-y
- Refinery's average utilization rate was 34% (86%) reflecting the Porvoo major turnaround
- Comparable RONA 33.7% (46.9%)

Oil Products: Short-term focus areas

Solid operational performance and cash flow generation

- Maintain high utilization rates at the Porvoo refinery
- Optimize the feedstock slate and product mix after turnaround
- Continue strong cash flow generation after Q2 major turnaround

Porvoo Transformation

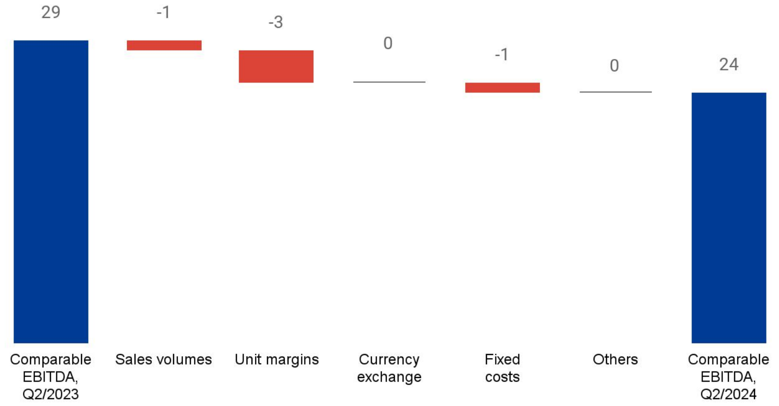
- Progress in transformation portfolio planning with review of initiatives' timing ongoing
- Further strengthening chemical recycling logistics as well as co-processing capabilities

Driving efficiency through Neste Excellence

- Continued to improve competitiveness through end-to-end efficiency actions
- Particular focus on supply chain management, energy efficiency and availability

Marketing & Services: Comparable RONA improved

Comparable EBITDA, Q2/24 vs. Q2/23, MEUR



Sales volumes by main product categories, million litres

	4-6/24	4-6/23	1-6/24	1-6/23	2023
Gasoline station sales	**156**	162	296	300	620
Diesel station sales	**384**	397	769	788	1,590
Light fuel oil	**192**	170	434	381	857

Comments

- Comparable EBITDA EUR 24 (29) million, impacted by slightly lower sales volumes and unit margins y-o-y
- Neste’s market shares continued to be strong
- Comparable RONA strong and improving to 32.2% (31.8%)

Group financials

Short-term focus on efficiency and cash flow generation

Efficiency improvements

Solid cash flow generation

- Neste Excellence program creating value
- More optimized operating models reduce complexity in a more challenging market environment
- Continuous working capital management, focus in H2/24 on inventory levels

New sustainable funding secured

- Three green bonds with long maturities (EUR 1.6 bn) and new bilateral facilities in 2023-24
- Green finance framework updated in February 2024

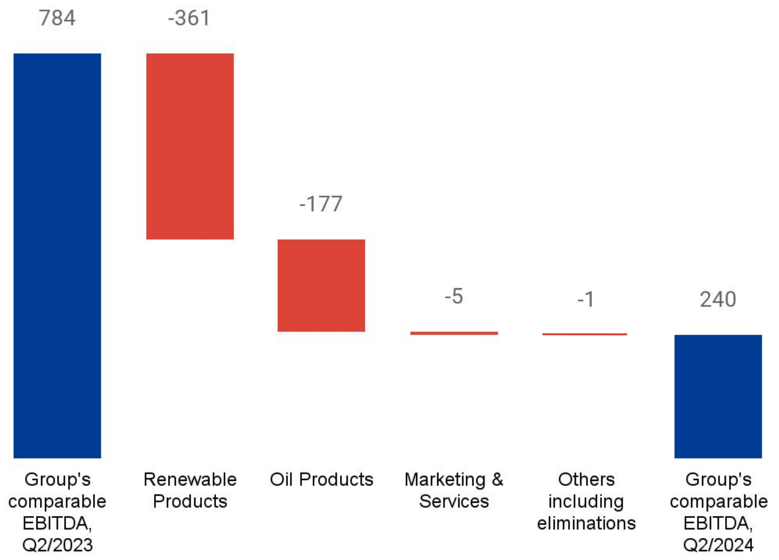
Efficient risk management

- Active business-driven hedging
- Ensuring continued strong performance in a more volatile market environment

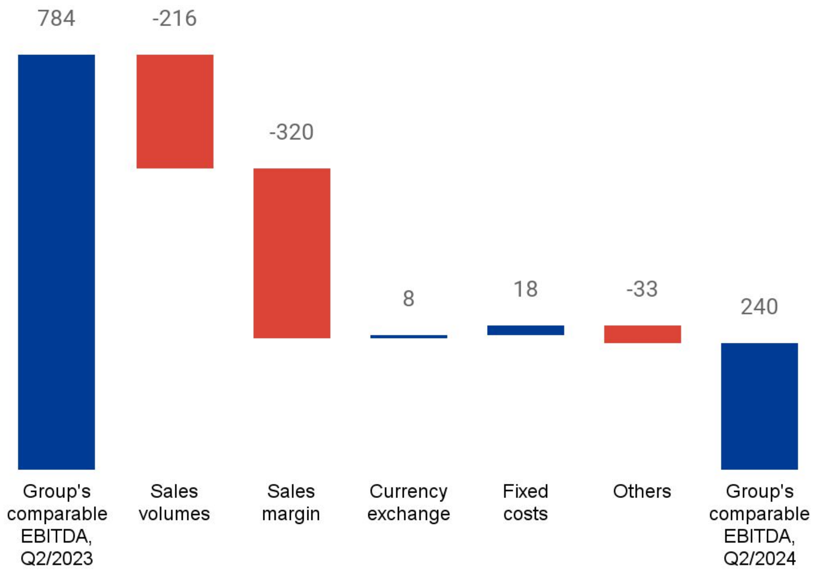
Q2/24 result reflects the weak renewables market and the Porvoo refinery major turnaround

Q2 expected to be the weakest quarter of the year for Neste

Group comparable EBITDA, by segments, Q2

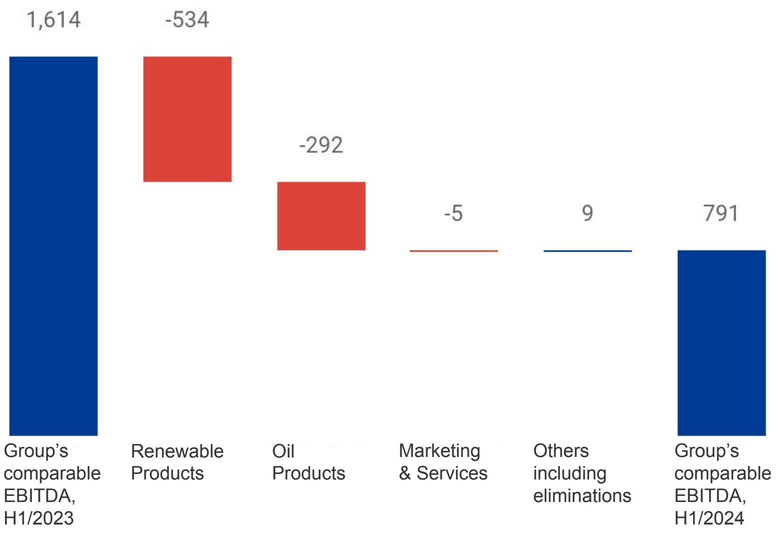


Group comparable EBITDA, by driver, Q2

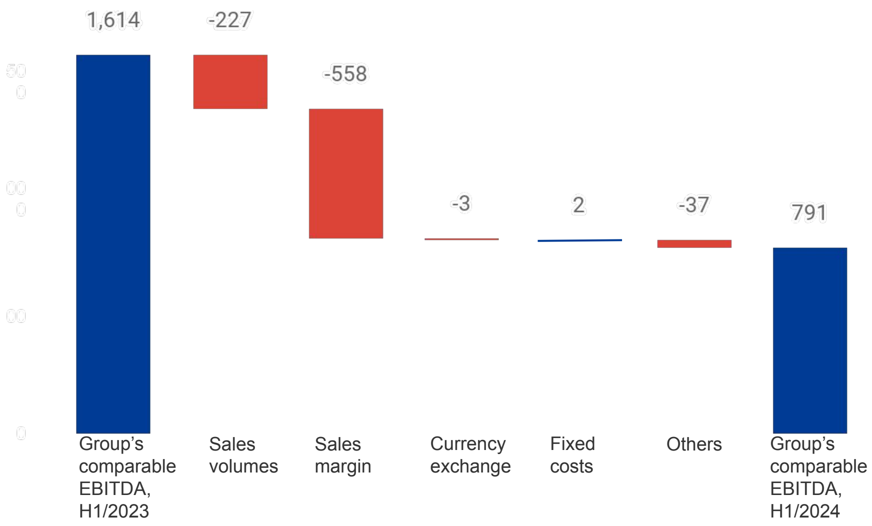


H1/24 result impacted by clearly weaker renewables market

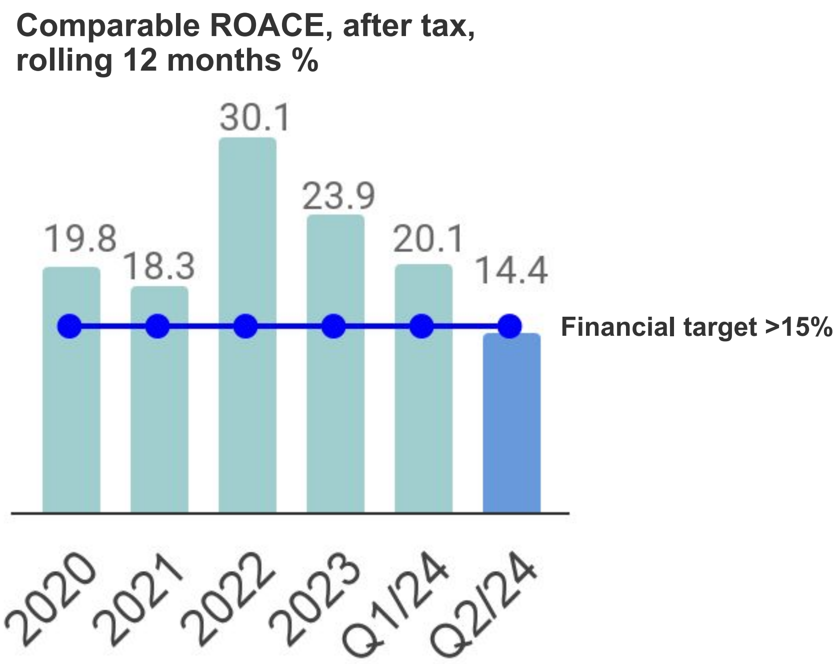
Group comparable EBITDA, by segments, H1

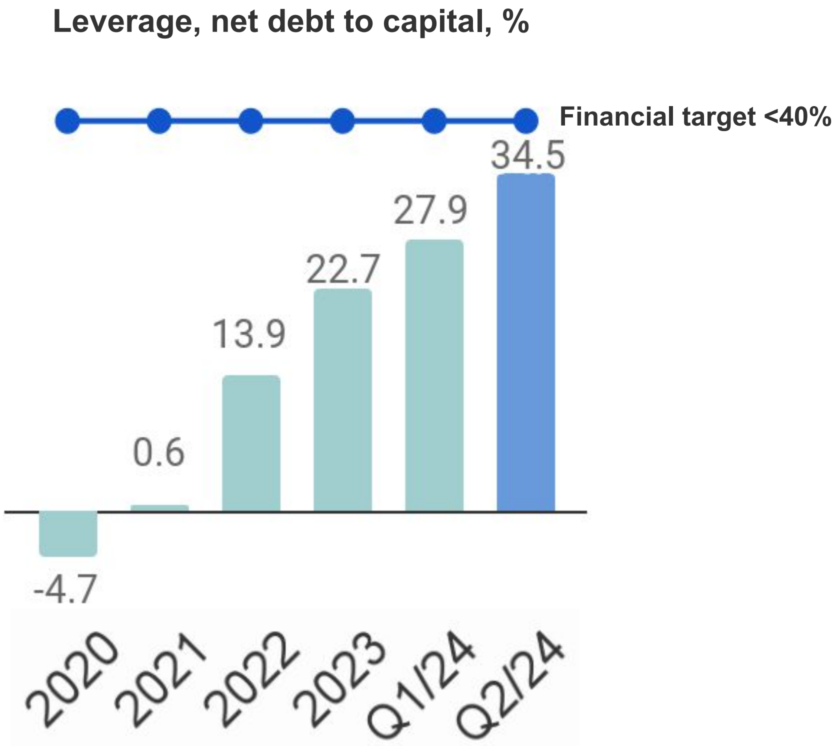


Group comparable EBITDA, by driver, H1



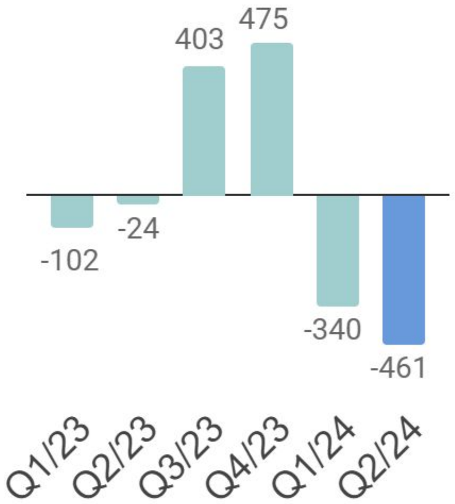
Solid financial position



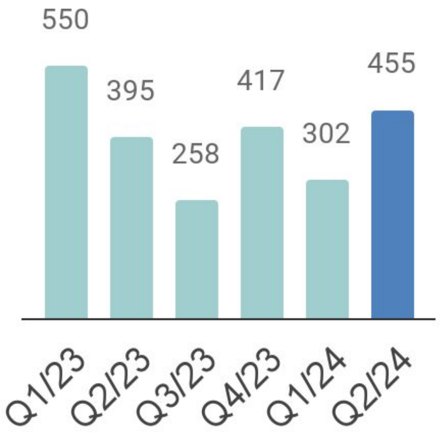


Q2/24 cash flow impacted by weak EBITDA, cash flow expected to be substantially positive in H2/24

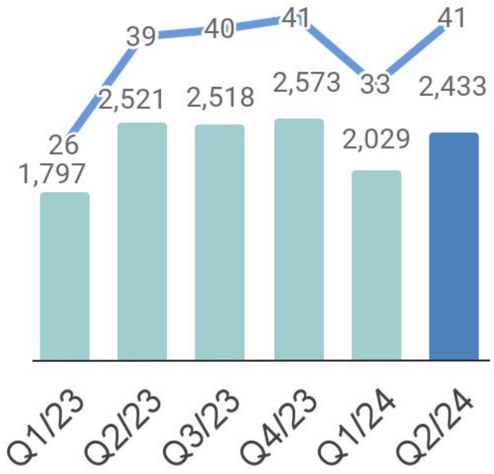
Cash flow before financing activities, EUR million



Cash out investments, EUR million



Net working capital, EUR million and in days outstanding



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Outlook

Market outlook and guidance for 2024

Guidance for 2024 specified

Renewable Products	Oil Products
Sales volume expected to increase to approximately 4.4 Mt (+/-10%) in 2024, out of which SAF sales volume 0.5-0.7 Mt	Sales volume in 2024 lower than in 2023, impacted by the Porvoo major turnaround in the second quarter
Full-year 2024 average sales margin USD 480-580/ton	Full year 2024 total refining margin lower than in 2023

Previous guidance for 2024, 14 May 2024

Renewable Products	*Oil Products*
Sales volume expected to increase to approximately 4.4 Mt (+/-10%) in 2024, out of which SAF sales volume 0.5-1.0 Mt	*Sales volume in 2024 lower than in 2023, impacted by the planned Porvoo major turnaround in the second quarter*
Full-year 2024 average sales margin USD 480-650/ton	*Full year 2024 total refining margin lower than in 2023*

Market outlook for 2024

- The uncertainty in the global economic outlook and geopolitical situation continues to create market volatility
- In Renewable Products, bioticket and renewable credit prices and renewable diesel price premiums are expected to remain at a low level compared to 2023 and feedstock prices are expected to remain volatile
- In Oil Products, the refining market continues to be impacted by geopolitical tensions

Outlook: Additional information

Refinery maintenance schedule 2024

Location	Q1	Q2	Q3	Q4
Porvoo		2 months		
Singapore			6 weeks	8 weeks
Rotterdam			4 weeks	

- In Renewable Products, SAF sales are expected to continue growing toward the end of 2024
- Renewable Products' full-year sales volume is impacted by the planned maintenance shutdowns and the ramp-up timeline of Martinez Renewables joint operation. Following the fire at the end of 2023, the Martinez facility has been operating at slightly below 50% of nameplate capacity in H1/2024, but targeted to reach approx. 75% of nameplate capacity during Q3 and 100% by the end of 2024
- In Marketing & Services, the sales volumes and unit margins are expected to follow the previous years' seasonality pattern
- The Group's total fixed costs in 2024 are expected to be slightly higher than in 2023 due to the Porvoo major turnaround and the build-up of resources for the growth projects under construction. The fixed costs growth trend is expected to level out compared to 2023 due to cost saving and efficiency measures
- The Group's full-year 2024 cash-out capital expenditure excluding M&A is estimated to be approx. EUR 1.4–1.6 billion. The share of maintenance and strategic capex is expected to represent approx. 40% and 60%, respectively, as the Porvoo major turnaround increases maintenance capex for 2024

Long-term demand outlook supported by regulation

AMERICAS

LCFS programs driving demand growth

EMEA

EU Green Deal

Mandate updates expected as part of RED III implementation

APAC

SAF mandates expected e.g. in Japan, New Zealand, Malaysia, India, Australia and South Korea

In addition, voluntary demand supporting demand growth

Summary: Clear focus areas supporting value creation

Value creation through competitive advantages in feedstock

Growth in most attractive markets and optimization based on strong global market position

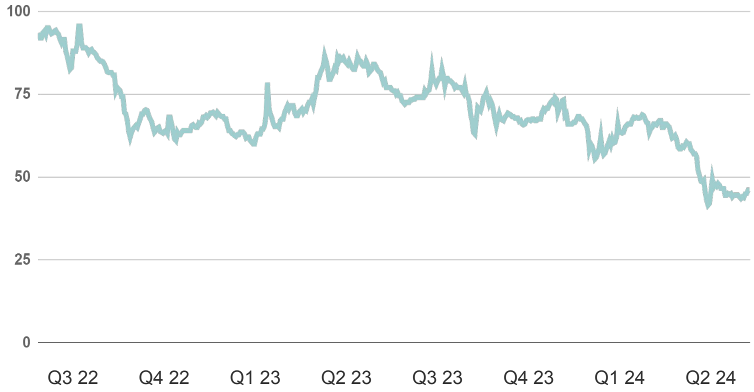
Continued focus on efficiency and long-term competitiveness

Short-term priorities include SAF sales growth, ramp-up of new production capacity and actions to improve cost efficiency and cash flow

Appendix

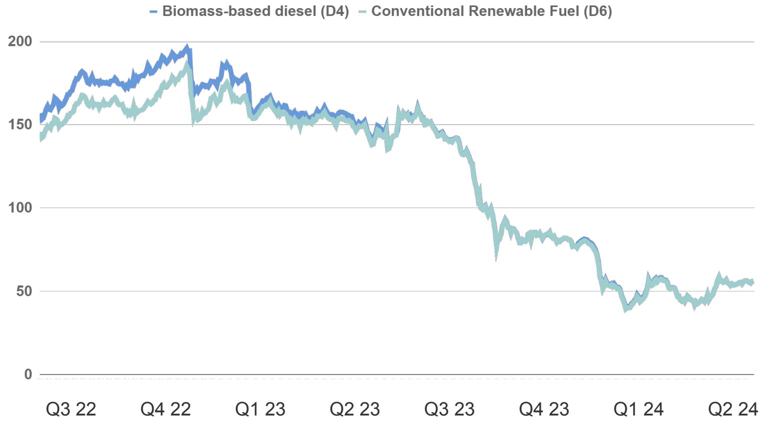
Renewable Products: Key market drivers in the US market

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



- LCFS credit price continued declining during Q2 and has been below USD 50/ton levels since early May
- Average Q2/24 LCFS credit price was USD 52/ton (81)

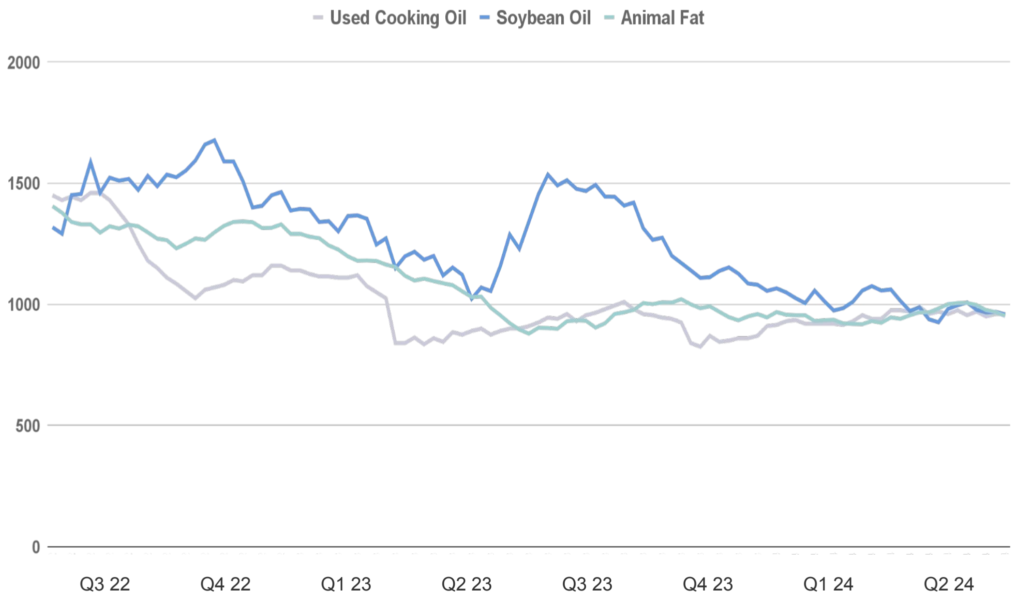
RIN prices, US cent/gal



- The value of D4 biodiesel RINs fluctuated between USD 0.57/gal and USD 0.43/gal in the second quarter of 2024
- Average Q2/24 D4 RIN price was USD 0.51/gal (1.51)

W&R and vegetable oil price development

Selected waste and residue and vegetable oil prices[1], USD/ton



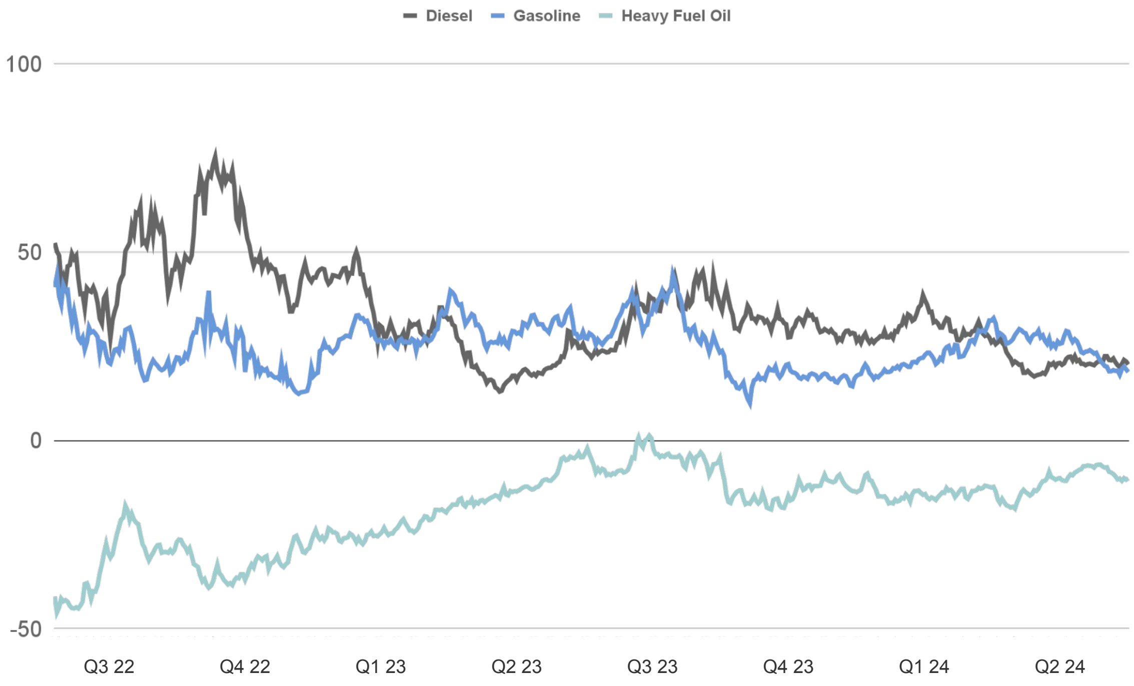
Comments

- Waste and residue prices remained rather stable with a slight upwards trend in Q2
- The downward trend of vegetable oil markets continued in Q2

1) Source: AF (EU) - Gebrüder Pöhner, UCO (EU) - Argus, SBO (US) - Reuters

Oil Products: Key product margins

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



Comments

- Gasoline margin drifting down while stocks held steady at levels above last summer
- Diesel margin moving downwards with high imports and subdued demand
- Volatility expected to continue

Source: Platts

Group financials Q2/24

Comparable EBITDA totaled EUR 240 million (EUR 784 million)

MEUR	Q2/24	Q2/23	Q1/24	H1/24	H1/23	2023
Revenue	4,642	5,351	4,801	9,443	10,649	22,926
EBITDA	119	523	442	561	986	2,548
Comparable EBITDA	240	784	551	791	1,614	3,458
Renewable Products	152	513	242	394	928	1,906
Oil Products	62	239	278	339	632	1,434
Marketing & Services	24	29	23	47	52	118
Others (incl. eliminations)	3	4	8	11	2	0
Operating profit	-119	312	200	81	597	1,682
Cash flow before financing activities	-461	-24	-340	-801	-126	751
Comparable earnings per share, EUR	-0.05	0.63	0.33	0.28	1.35	2.88

Cash flow impacted by weak EBITDA

MEUR	Q2/24	Q2/23	Q1/24	H1/24	H1/23	2023
EBITDA	119	523	442	561	986	2,548
Capital gains/losses	0	0	-2	-3	0	0
Other adjustments	-23	-36	-7	-30	144	108
Change in net working capital	-16	3	-382	-398	-205	21
Finance cost, net	-37	-33	-34	-71	-56	-91
Income taxes paid	-32	-40	-48	-79	-74	-307
Net cash generated from operating activities	**11**	**418**	**-31**	**-20**	**794**	**2,279**
Capital expenditure	-455	-395	-301	-755	-945	-1,607
Other investing activities	-17	-46	-9	-26	25	79
Cash flow before financing activities	**-461**	**-24**	**-340**	**-801**	**-126**	**751**

Renewable Products' comparable EBITDA calculation

		Q2/23	Q3/23	Q4/23	2023	Q1/24	Q2/24
Total RP sales volume	kton[1]	957	883	870	3,382	849	955
Comparable sales margin	**USD/ton**	**800**	**912**	**813**	**863**	**562**	**382**
Comparable sales margin	MEUR	703	741	657	2,699	439	339
Fixed costs	MEUR	-192	-194	-221	-791	-211	-190
Comparable EBITDA	**MEUR**	**513**	**545**	**433**	**1,906**	**242**	**152**

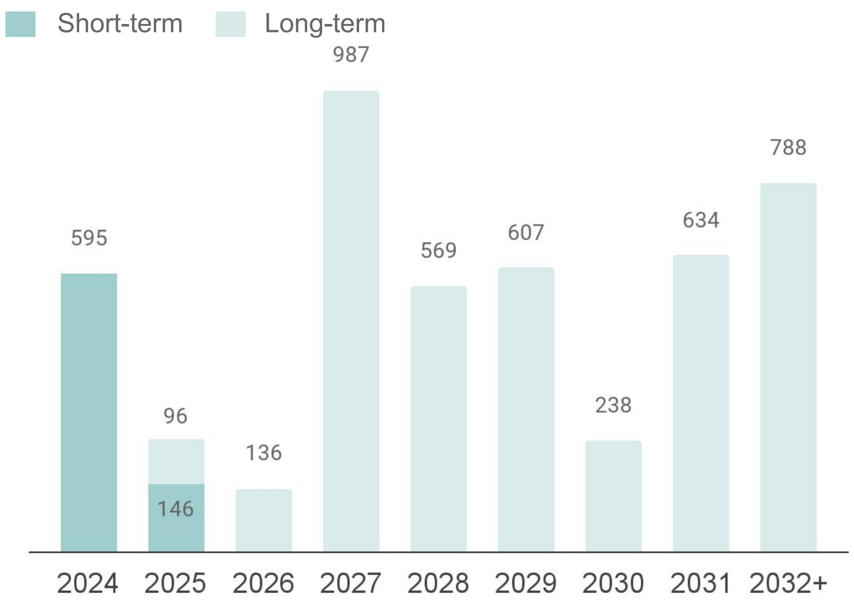
1) Renewable Products sales volume includes RD, SAF and other products

Oil Products’ refinery production costs

		Q2/23	Q3/23	Q4/23	2023	Q1/24	Q2/24
Refined products	million bbls	21.3	22.3	22.6	87.5	21.4	10.2
Exchange rate	EUR/USD	1.09	1.09	1.08	1.08	1.09	1.08
Utilities costs	MEUR	68.9	74.5	74.0	319.8	70.3	46.5
	USD/bbl	3.5	3.6	3.5	4.0	3.6	4.9
Fixed costs	MEUR	55.6	52.8	57.0	215.1	53.9	55.7
	USD/bbl	2.8	2.6	2.7	2.7	2.7	5.9
External cost sales	MEUR	-0.5	-0.5	-0.5	-1.9	-0.5	-0.4
	USD/bbl	0.0	0.0	0.0	0.0	0.0	0.0
Total	MEUR	124.0	126.9	130.5	533.0	123.8	101.8
	USD/bbl	6.3	6.2	6.2	6.6	6.3	10.8

Liquidity and maturity profile

Maturity profile, MEUR



- Group's liquidity EUR 2,423 million at the end of June
  - Liquid funds EUR 823 million
  - Unused committed credit facilities EUR 1,600 million
- Average interest rate for interest-bearing liabilities was 3.7% and maturity 4.6 years at the end of June
- No financial covenants in Group companies' loan agreements