Calculation of key figures

Neste presents Alternative Performance Measures to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators.

Key figure		Calculation	Reason for use
EBITDA	=	Operating profit + depreciation, amortization and impairments	EBITDA is an indicator to measure the operational performance and cash flow generation.
Comparable EBITDA	=	EBITDA -/+ inventory valuation gains/losses -/+ changes in the fair value of open commodity and currency derivatives -/+ capital gains/losses - insurance and other compensations -/+ other adjustments	Comparable EBITDA describes underlying operational performance and cash flow generation. [1)]
Items affecting comparability	=	Inventory valuation gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations, impairments and other adjustments	Items affecting comparability are linked to unpredictability events of a significant nature that do not form part of normal day-to-day business. [1)]
Return on equity (ROE), %	= 100 x	Profit before income taxes - income tax expense, last 12 months / Total equity average, 5 quarters end values	Return on equity provide additional information on the profitability of operations.
Comparable return on average capital employed, after-tax (Comparable ROACE), %	= 100 x	Comparable EBITDA - depreciation, amortizations and impairments -/+ items in depreciation, amortization and impairments affecting comparability + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting comparable ROACE, last 12 months / Capital employed average - assets under construction average, 5 quarters end values	Comparable return on average capital employed after-tax (Comparable ROACE) is a long-term over the cycle indicator measuring Neste's profitability and efficiency of capital usage.
Capital employed	=	Total equity + interest bearing liabilities	Capital employed is primarily used to determine the comparable return on average capital employed (Comparable ROACE) which is Neste's key financial target.
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents - current investments	Interest-bearing net debt is an indicator to measure the total external debt financing.
Leverage ratio, %	= 100 x	Interest-bearing net debt / Interest bearing net debt + total equity	Leverage ratio is one of Neste's key financial targets. It provides useful information regarding Neste's capital structure and financial risk level.
Equity-to-assets ratio, %	= 100 x	Total equity / Total assets - advances received	Equity-to-assets ratio provides useful information regarding financial risk level.
Net working capital in days outstanding	= 365 x	Net working capital / Revenue, last 12 months	Net working capital in days outstanding measures efficiency in turning its net working capital into revenue.
Net Debt to EBITDA	=	Interest-bearing net debt / EBITDA, last 12 months	Net debt to EBITDA measures capital structure and ability to cover its debt.
Return on net assets, %	= 100 x	Segment operating profit, last 12 months / Average segment net assets, 5 quarters end values	Neste uses return on net assets to follow the operational performance of its operating segments.
Comparable return on net assets, %	= 100 x	Segment comparable EBITDA, last 12 months - depreciation, amortization and impairments +/- items in depreciation, amortization and impairments affecting comparability / Average segment net assets, 5 quarters end values	Neste uses comparable return on net assets to follow the underlying operational performance of its operating segments.
Segment net assets	=	Property, plant and equipment + goodwill + intangible assets + investments in associates and joint ventures + inventories + interest-free receivables and liabilities - provisions - pension liabilities allocated to the business segment	Segment net assets are primarily used to determine the return on net assets and comparable return on net assets.

Calculation of share-related indicators

Earnings per share (EPS)	=	Profit for the period attributable to the owners of the parent / Weighted average number of shares outstanding during the period	
Equity per share	=	Shareholder's equity attributable to the owners of the parent / Number of shares outstanding at the end of the period	
Cash flow per share	=	Net cash generated from operating activities / Weighted average number of shares outstanding during the period	
Dividend payout ratio, %	= 100 x	Dividend per share / Earnings per share	
Dividend yield, %	= 100 x	Dividend per share / Share price at the end of the period	
Average share price	=	Amount traded in euros during the period / Number of shares traded during the period	
Market capitalization	=	Number of shares at the end of the period x share price at the end of the period	

Calculation of key drivers

Oil Products total refining margin (USD/bbl)	=	Comparable sales margin x average EUR/USD exchange rate for the period x standard refinery yield / Refined sales volume x standard barrels per ton	Oil Products total refining margin measures the segment's comparable sales margin per refined unit sold. USD/bbl is a standard unit used in the oil industry.
Renewable Products comparable sales margin (USD/ton)	=	Comparable sales margin x average EUR/USD exchange rate for the period / Sales volumes of renewable diesel, sustainable aviation fuel and other products	Renewable Products comparable sales margin measures the sales margin per unit sold.

[1)] In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and operating profit. Comparable EBITDA eliminates both the inventory valuation gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in operating profit caused by inventory valuation is mostly compensated by changing net working capital. Items affecting comparability are linked to unpredictability events of a significant nature that do not form part of normal day-to-day business. They include among others impairment losses and reversals, gains and losses associated with the combination or termination of businesses, restructuring costs, and gains and losses on the sales of assets. Only items having an impact of more than EUR 1 million on Neste's result will be classified as items affecting comparability.