

Outlook

Developments in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets, and the volatility is expected to continue. Global oil demand is generally forecasted to pick up more than 1 million barrels per day in 2014, but, as in 2013, this growth is more than compensated by new refining capacity additions in Asia and Middle East. This development is expected to lead to continued high product imports to Europe, putting pressure on average utilization rates of simple refineries in particular. Complex refiners such as Neste Oil are expected to remain the most competitive. Diesel is projected to be the strongest part of the barrel, and gasoline margins are expected to improve seasonally during the spring and summer. While demand for premium-quality base oils is continuing to grow, base oil margins are likely to remain under pressure due to overcapacity.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks, but no fundamental changes in the drivers influencing feedstock price differentials are expected. Price differentials between vegetable oils are likely to widen from the current narrow levels during the year 2014 in both Europe and North America.

Uncertainties regarding political decision-making in the US are likely to be reflected in the renewable fuel markets. Examples of pending decisions include the volume targets for biomass-based diesel and renewal of the Blender's Tax Credit, which both impact the US market.

Production line 4 at the Porvoo refinery is scheduled to be shut down for decoking maintenance for approximately five weeks during the first quarter. The Singapore NExBTL refinery is scheduled to be taken down for maintenance either during the fourth quarter of 2014 or the first quarter of 2015.

The Group's investments are expected to total approx. EUR 300–350 million in 2014.

Neste Oil expects the Group's full-year comparable operating profit to be at the level of EUR 500 million in 2014. This is based on the assumption that Neste Oil's reference refining margin averages USD 4.5/bbl during the year. The reintroduction of a US Blender's Tax Credit for biofuels would impact the result positively. Weakening of the euro against the US dollar would also have a positive impact on the result.