

ST1 NORDIC OY'S INTERIM REPORT JANUARY–JUNE 2019

Consolidated key figures

	1 January–30 June 2019	1 January–30 June 2018	2018
Net sales, MEUR	3,093.7	3,438,6 [*]	6,885.2
Operating profit/loss, MEUR	41.0	65.0	63.1
Operating profit as % of net sales	1.3	1.9	0.9
Profit/loss for the financial period, MEUR	42.0	57.2	55.3
Return on equity, %	10.4	14.4	7.0
Equity ratio	44.8	40.2	40.7

*) The net sales for 1 January–30 June 2018 have been changed to correspond to the current practice of accounting for net sales with an associated company and corresponds with the practice for reporting full-year 2018 net sales.

The net sales of the St1 Nordic group for the first six months of the year amounted to EUR 3.1 billion, down EUR 0.3 billion year-on-year. In particular, the maintenance turnaround of the Gothenburg oil refinery in March–April contributed to the decrease in net sales.

Operating profit amounted to EUR 41.0 million, down EUR 24 million year-on-year. Earnings after tax amounted to EUR 42.0 million, while earnings for January–June 2018 amounted to EUR 57.2 million. The earnings for the first six months of the year were affected by the maintenance turnaround of the refinery and the lower refining margin compared to the previous year. In addition, earnings were burdened by the valuation of future refining margin hedges. The earnings of Nordic Retail and Direct Sales were slightly lower than the previous year due to the tight competitive situation. The increase in the price of oil early in the year had a positive effect on earnings through the valuation of inventories. We expect that the full-year earnings will be higher than the previous year. However, changes in oil prices and refining margins in particular can result in significant fluctuations in earnings.

The group's equity amounted to EUR 820.7 million at the end of June, and its equity ratio was 44.8. St1 Nordic Oy repaid the matured EUR 100 million bond in June. The portfolio of financial instruments now covers a credit limit facility of EUR 200 million, oil financing facility of USD 100 million and a commercial paper programme of EUR 200 million.

Cash flow from operating activities amounted to EUR 46.1 million during the first six months of the year. Investments totalled EUR 78.9 million, with the biggest investments concerning the maintenance turnaround of the oil refinery.

Henrikki Talvitie, CEO of St1 Nordic Oy:

One of our biggest efforts in the spring was the maintenance turnaround of the Gothenburg oil refinery, carried out every fourth year. The turnaround requires careful advance planning, and the actual work was done during March–April. The work on the hydrogen manufacturing unit built in

the refinery area is also nearing completion, laying down a good foundation for future investments in the production of renewable traffic fuels.

We are very satisfied with the integration of St1 Norge Marine AS, acquired in December 2018, as part of St1 during the first six months of the year. The company delivers marine fuels extensively in Norway to the marine sector. As part of the integration, the company will be merged with St1 Norge AS during the autumn.

The end of Genencor International Oy's production of BBA enzyme in Jokioinen cut off the flow of raw materials to our biorefinery in the area, which led to the unit being shut down in June. As a result, functions were adapted and the organisation of the Biorefining Business Development unit was reformed during the summer.

St1 Oy will continue the drilling of the geothermal pilot plant in Otaniemi, Espoo, in the autumn. The site is currently being prepared and drilling will commence in September. The well, currently 3.3 km deep, will be drilled to a depth of approximately 6.4 kilometres during the autumn and early winter. If successful, the planned Otaniemi geothermal plant could cover up a significant part of Espoo's need for district heat through emission-free energy.

The associated company Tuuliwatti Oy made an investment decision in the summer to construct a wind park in the Sarvisuo area in Simo, southwest Lapland. It will be the biggest wind park in Finland so far. The project is comprised of 27 state-of-the-art 5.6 MW wind turbines. The project is also the biggest of the projects winning Finland's first production tender for renewable energy in the spring. The construction work will commence in late 2019, and the park is expected to be completed by the end of 2021. TuuliWatti also began the construction of the biggest electricity storage facility in the Nordic countries at the Viinämäki wind park in Ii in the spring. The 6 MW giant battery, located in the municipality of Simo, and wind farm will be completed in autumn 2019.

Unaudited financial information:

Consolidated income statement: 1 January–30 June 2019, 1 January–30 June 2018, 1 January–31 December 2018

Consolidated balance sheet: 30 June 2019, 31 December 2018

Consolidated cash flow statement: 1 January–30 June 2019, 1 January–31 December 2018

St1 Nordic Oy will publish its financial statements release on 31 March 2020 and its Annual Report on 30 April 2020.

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