

ST1 NORDIC OY, FINANCIAL STATEMENTS RELEASE 2019

Consolidated key figures

	2019	2018
Net sales, MEUR	6588.3	6885.2
Operating profit/loss, MEUR	150.1	63.1
Operating profit as % of net sales	2.3	0.9
Profit for the financial period, MEUR	119.1	55.3
Return on equity, %	14.3	7.0
Equity ratio	46.3	40.7

The net sales of the St1 Nordic group for 2019 amounted to EUR 6.6 billion, down EUR 0.3 billion year-on-year. The maintenance turnaround of the Gothenburg oil refinery in the spring had an impact on the volume of products sold directly from the refinery. In addition, sales of traffic fuels decreased in Norway, following St1's withdrawal from the stations selling under the 7-eleven concept. Correspondingly, sales of marine fuels increased, with the full-year net sales of St1 Norge Marine AS, acquired in December 2018, being included in the group's net sales for the first time. Finland accounted for 23%, Sweden for 48% and Norway for 29% of net sales.

Operating profit amounted to EUR 150.1 million, up EUR 87.0 million year-on-year. Profit after tax amounted to EUR 119.1 million, while profit for 2018 amounted to EUR 55.3 million. The most significant factor contributing to the increase in the profit was the increase in the price of oil during 2019. The impact of price changes and refining margin hedges for 2020–2021 was approximately EUR +6 million for the financial period, and approximately EUR +66 million compared to the profit for the previous year. The refining and wholesale margins were also better than the previous year in spite of the maintenance turnaround in the spring. Tight price competition continued in the Retail market, which had a negative impact on the operating profit.

Cash flow from operating activities was strong, amounting to EUR 225.6 million. Investments totalled EUR 136.1 million, with the biggest investments concerning the maintenance turnaround of the oil refinery. The work on the hydrogen manufacturing unit built in the refinery area was also completed.

The group's equity amounted to EUR 878.5 million at the end of the financial period, and the equity ratio was 46.3. The impacts of the coronavirus are not yet visible in all respects, but there will be impacts on the demand for the group's products, oil prices, refining margins and increased credit loss risks. The impact on the result for the current financial period will depend on the duration of the exceptional measures caused by the coronavirus and on the level of oil prices. The Board of Directors proposes to the Annual General Meeting that the company distribute no dividends due to the economic uncertainty caused by the coronavirus. However, it proposes that the Board of Directors is authorised to decide on paying out dividends of not more than EUR 15.1 million at its discretion once the coronavirus situation is stabilised.

Henrikki Talvitie, CEO of St1 Nordic Oy:

The decade ended on several positive notes for St1. The group's financial performance was good and the benefits achieved through the organisational change began to be visible in day-to-day operations. Our investments in renewable energy also proceeded as planned.

We implemented a major organisational reform in 2018, aiming to create uniform operating methods and thereby support our growth. During 2019, our internal change has been considerable. We have clarified decision-making and distributed power and responsibilities. Our organisation and employees operate in an increasingly self-managing way and our decision-making is closer to our customers. We are capable of utilising the information and expertise found in different parts of our organisation better. Boundaries between countries and units have become lower and cooperation has become closer. Now, our Nordic strength is beginning to show. We also consider this as clearly a resource in responding to the challenges caused by the coronavirus.

Climate change is a challenge faced by humanity as a whole, and the energy sector plays a key role in solving it. We aim to develop new methods of energy production to promote a sustainable carbon cycle. Fossil fuels still generate the majority of our net sales, but this makes it possible to focus our R&D and investments in sustainable energy sources. During 2019, our biggest investment decision concerned the construction of a biorefinery at the Gothenburg refinery over the next two years. The refinery will be able to process a wide range of feedstocks meeting current and future specifications for renewable fuels. We also continued the construction of a geothermal heat plant in Otaniemi, Espoo, and built a wind farm on market terms in Viinamäki, Ii, via our subsidiary TuuliWatti. We have also strongly invested in our development cooperation projects that, for example, research and pilot carbon sequestration through afforestation in Morocco and the production of Power-to-liquid fuels by synthesis process from captured carbon dioxide and hydrogen using renewable electricity.

Currently, our attention is naturally also on managing the exceptional situation caused by the coronavirus. Taking the regulations and recommendations issued by the authorities into consideration and the safety of our personnel and customers are at the core of everything we do. St1 will, however, do its utmost to contribute to ensuring the functioning of society by securing uninterrupted distribution of fuels and other energy products during the exceptional situation.

Financial information:

2019 financial statements including auditor's report.

St1 Nordic Oy will publish an integrated report on 30 April 2020 and the first-half interim report on 28 August 2020.

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St1 Nordic Oy is a Nordic energy Group whose vision is to be the leading producer and seller of CO₂-aware energy. The Group researches and develops economically viable, environmentally sustainable energy solutions. St1 focuses on fuels marketing activities, oil refining and renewable energy solutions such as waste-based advanced ethanol fuels and industrial wind power. The Group has 1300 St1 and Shell branded retail stations in Finland, Sweden and Norway. Headquartered in Helsinki, St1 employs currently more than 770 people. www.st1.com