

ST1 NORDIC OY, INTERIM FINANCIAL STATEMENTS RELEASE JANUARY–JUNE 2020

Consolidated key figures

	1 Jan–30 Jun 2020	1 Jan–30 Jun 2019	2019
Net sales, MEUR	2,493.9	3,093.7	6,588.3
Operating profit/loss, MEUR	26.9	41.0	150.1
Operating profit as % of net sales	1.1	1.3	2.3
Profit/loss for the financial period, MEUR	22.7	42.0	119.1
Return on equity, %	5.1	10.4	14.3
Equity ratio	50.7	44.8	46.3

The net sales of the St1 Nordic group for the first half of 2020 amounted to EUR 2.5 billion, which was EUR 0.6 billion less than in the corresponding period in the previous year. The decline in net sales was mainly due to the sharp fall in oil prices that began in March. In addition, the sales volume of transport fuels decreased due to the constraints caused by the COVID-19 situation. There was no change in sales of marine, industrial and heating fuels. Finland accounted for 24%, Sweden for 48% and Norway for 28% of net sales.

Operating profit amounted to EUR 26.9 million, which was EUR 14.2 million less than in the corresponding period in the previous year. Profit after tax amounted to EUR 22.7 million, while profit for the corresponding period in the previous year was EUR 42.0 million. The most significant factor in the profit was the decline in oil prices, which recovered to some extent in June after a sharp fall in March–April. The effect of price changes and future refining margin hedges totalled approximately EUR -5 million. Compared to the previous year, the effect of these valuation items was approximately EUR -13 million. The refining and wholesale margin was slightly better than in the previous year, while result of transport, heating, industrial and marine fuels decreased slightly from the previous year.

Cash flow from operating activities was amounting to EUR 100.7 million. The investments totalled EUR 47.9 million, most of which was for the renewable diesel plant to be built in Gothenburg, Sweden, and the Otaniemi geothermal heating plant under construction in Espoo, Finland. St1 has signed in the spring a financing agreement for the renewable diesel facility, pricing of the agreement includes a green condition.

The group's equity amounted to EUR 886.2 million at the end of June, and its equity ratio was 50.7. The company decided at the spring Annual General Meeting, as proposed by the Board of Directors, that the company will not distribute a dividend due to the financial uncertainty caused by the COVID-19 situation. However, the Board of Directors was authorised to decide on paying out dividends of not more than EUR 15.1 million at its discretion. The Board will review the matter in the autumn.

The result for the rest of the year will be affected by the development of sales in the uncertain operating environment created by the coronavirus, as well as the development of the refining margin and the oil price.

Henrikki Talvitie, CEO of St1 Nordic Oy:

Operations in the first half of the year were naturally marked by an adjustment to the COVID-19 situation. We continue to ensure the safety and business continuity of our customers and employees with various solutions and operating methods required by the country and the operation in question. Although our business and financial performance suffered during the exceptional measures in the spring, we are pleased that the recovery was already evident during the summer. In addition to our personnel, the network of thousands of professionals participating in the operations of our entire group, which includes our entrepreneurs and their employees, transport companies, sales channels and partners, deserves special thanks for the exemplary handling of the challenging situation.

In the late spring, we started building a biorefinery in connection with our oil refinery in Gothenburg, Sweden. The project is our largest investment in our history and the construction work is estimated to take a couple of years. The biorefinery will be able to process a wide range of feedstocks that meet current and future requirements for renewable fuels. We also continued the construction of the Otaniemi geothermal heating plant in Espoo, Finland. The underground work at the plant has been completed and we are currently preparing the heat plant for the trial operation, which is scheduled to begin in early 2021.

At the beginning of July, we announced a deal in which St1 will sell its share of Tuuliwatti Oy's current production capacity. With this transaction, we want to free up capital for new investments in industrial wind power. Completion of the deal is subject to the fulfilment of the terms of the transaction and the process is expected to be completed in the autumn. Northern wind power will play a significant role in responding to the rapidly growing demand for renewable electricity. In line with our strategy, we are aiming for significant production capacity in the Nordic wind power market. St1 currently has several wind power projects underway in Norway and Sweden. The project that is the furthest along is the 800 MW Davvi wind farm project in the northern part of Eastern Finnmark in Norway, which is currently applying for the required permits.

We have also invested heavily in our development and cooperation projects. Among other activities, we are studying and piloting carbon sequestration through afforestation in Morocco and the production of synthetic fuels from hydrogen produced with renewable electricity and from carbon dioxide recovered from industrial processes.

Unaudited financial information:

Consolidated income statement 1/1/2020–30/6/2020, 1/1/2019–30/6/2019, 1/1/2019–31/12/2019

Consolidated balance sheet 30/6/2020, 31/12/2019

Consolidated cash flow statement 1/1/2020–30/6/2020, 1/1/2019–31/12/2019

St1 Nordic Oy will publish its financial statements release for 2020 on 31 March 2021.

For more information, please contact:

Kati Ylä-Autio, CFO, +358 10 557 5263

Henrikki Talvitie, CEO, +358 10 557 11

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 770 people. www.st1.com