

# Petrol PLAZA

## Neste plans restructuring of refinery due to energy transition

The company is transforming the Porvoo refinery operations to co-processing renewable and circular raw materials.



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Neste is planning to restructure its refinery operations in Porvoo and Naantali, Finland. The company is exploring the shutdown of its refinery operations in Naantali and focusing the Naantali site on the terminal and harbor operations, as well as transforming the Porvoo refinery operations to co-processing renewable and circular raw materials.

The Finnish energy company believes fossil oil products will continue to decline, and the share of renewable energy solutions will continue to grow in the coming years. The COVID-19 pandemic has substantially accelerated the decline in demand for oil products, which is not expected to recover to previous levels, according to Neste. Fundamental changes are therefore needed to secure the competitiveness of Neste's Oil Products business. With the planned measures, Neste aims to improve its productivity, resource efficiency and adaptiveness to market changes.

“The energy transition is proceeding faster than expected. The forthcoming operating and maintenance investments in the Naantali refinery are not viable nor sustainable in a situation where there is large over-capacity for oil refining globally. Although the time is not optimal, and this news is unfortunate for many of us, the planned actions to develop our refinery operations are urgently needed to maintain operations and strategic capabilities in refining in Finland and to secure Oil Products’ competitiveness,” says Neste’s President and CEO Peter Vanacker.

To initiate the transformation, the company will start cooperation negotiations in the oil products business unit and its supporting functions in Finland. If implemented, the plans would mean up to 470 redundancies, including possible outsourcing. The decisions on the measures and impacts on the various functions, personnel groups and locations will be made after the negotiations have been concluded. The planned changes are expected to result in annual fixed cost savings of approximately EUR 50 million.

“Neste’s ambition is to become a global leader in renewable and circular solutions, and to achieve carbon neutral production by 2035. The planned changes will support the transformation of the Porvoo refinery into a leading sustainable, safe and efficient refinery, enabled by our highly innovative and efficient Neste people,” Vanacker continues.