

Traffic Service Retailing 2024

Finland – Report Outlook 24 Apr 2024



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1) Oil market 2023 – Domestic sales

Motor gasoline increased by 2.2%, consumption still at the same level as in the 1970s

Diesel down 5.1%, lowest since 2010

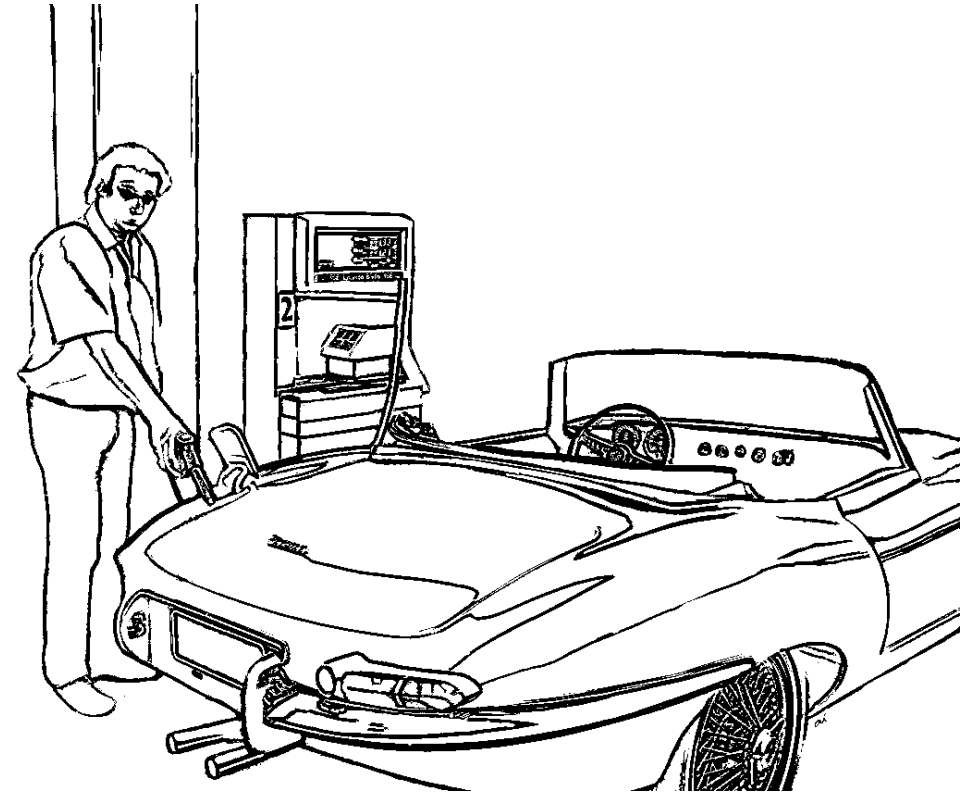
Road fuels in Finland total 4.45 million m³

Domestic consumption of oil products totalling to EUR 7.04 million mt

Foreign balance of oil trade in the red:

EUR **-3.9** billion (2022Q4-2023Q3)

previous period EUR **-5.9** billion (2021Q4-2022Q3)



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2) Petrol and diesel prices

Price fluctuations less volatile in 2023 than in 2022

Finland's fuel prices: diesel topping in EU, gasoline moderate

The price difference of diesel between Finland and Sweden out of balance at the beginning of 2024 due to a change in the renewables distribution obligation

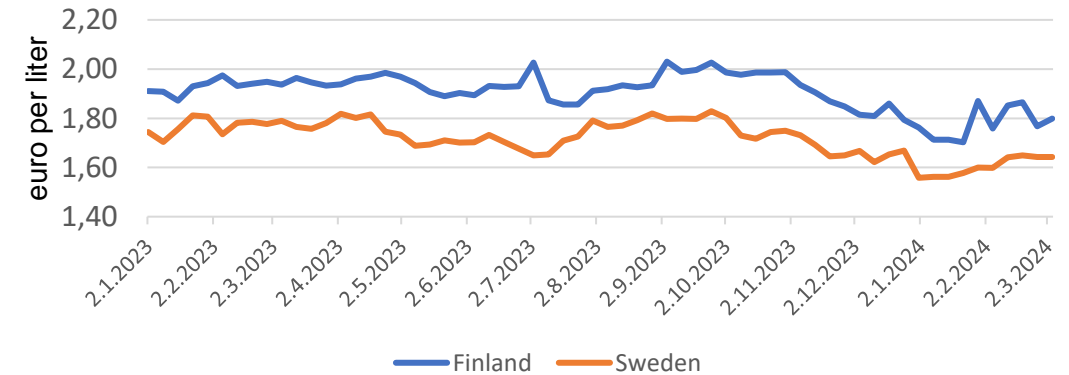
Sustainable aviation fuel SAF pushes up HVO prices

Price cycles of retail prices need a closer look

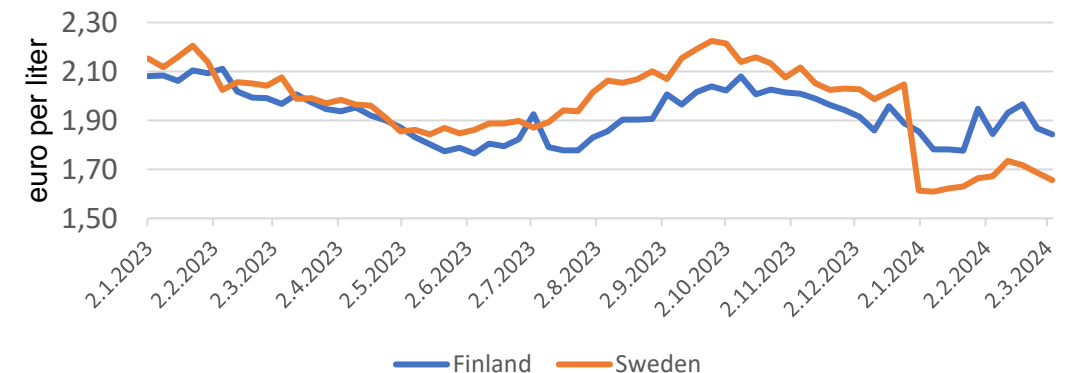
The low price of biogas and the growing number of electric cars are gaining momentum in the market

More ethanol coming up to tune up gasoline (E10+)?

Gasoline E10 retail price Finland vs. Sweden



Diesel B7 retail price Finland vs. Sweden



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3) Regionally, service stations surviving

Traditional manned service stations show up 750 and are doing well in eastern, northern and rural areas

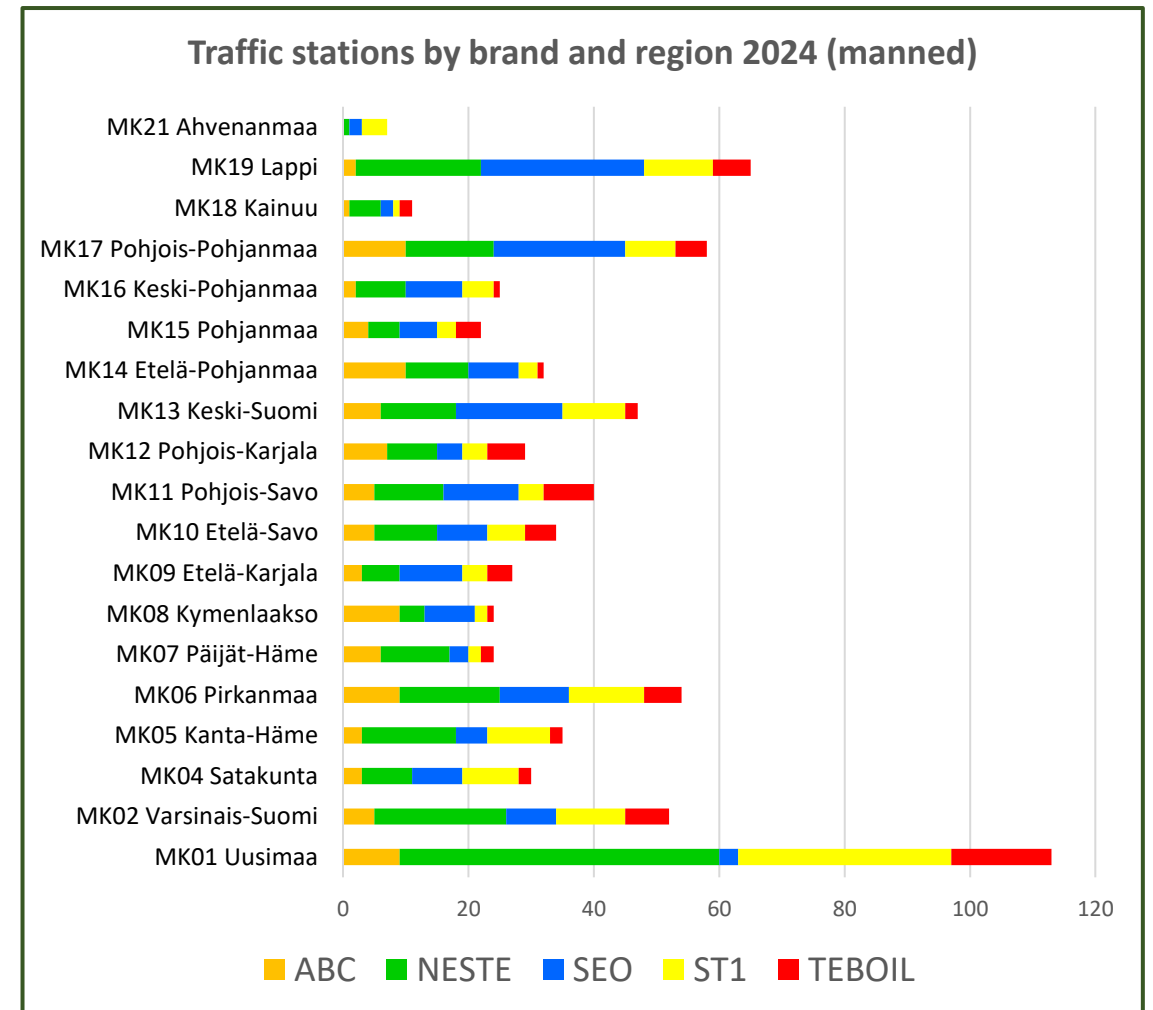
In regions, manned services outnumber the metropolitan area despite of less fuel volume, cars and people – e.g. Lapland + North Ostrobothnia 123 stations > Uusimaa 113

Automated filling stations count 1,500+

Ongoing brand adaptations 2024-2025 (Neste, St1)

Additionally, 84 biogas filling stations

Distribution of mobile electricity on the rise



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4) Taxation and bio obligations at stake

Excise duties in Finland among the highest in the EU

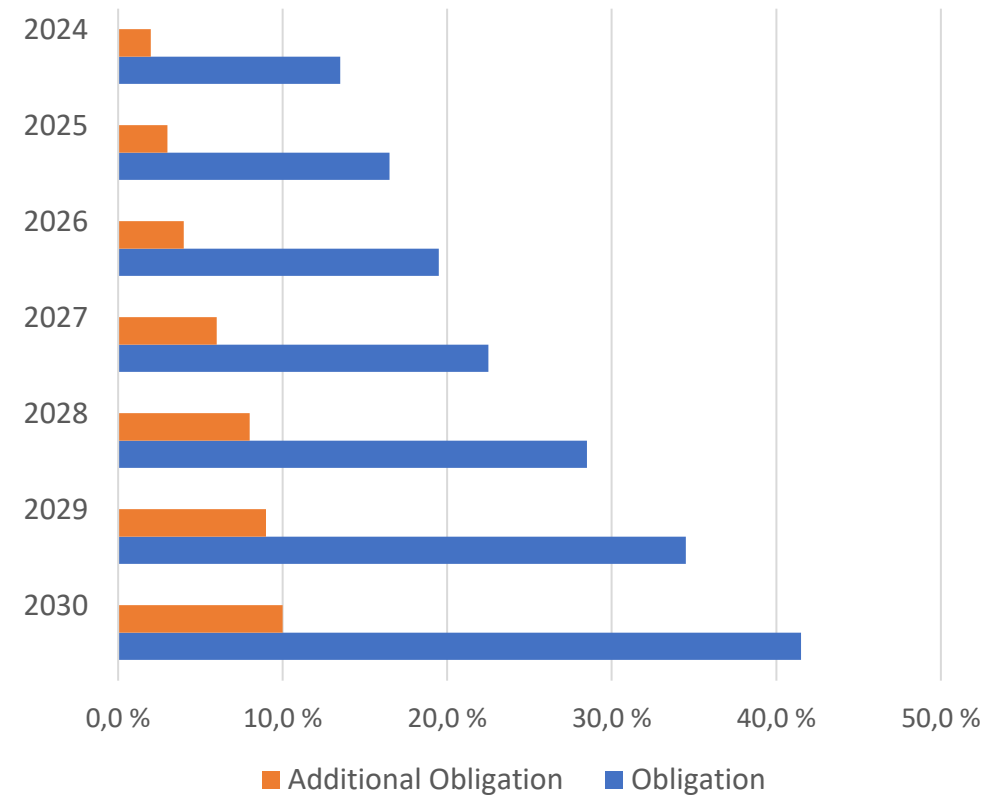
VAT redoubles tax burden on the costly components such as renewable diesel apart from lower tax for renewables

Renewables blending obligation up stepwise during 2024–2027 (government programme), then projected to reach the Green Deal targets

Excise tax cut in 2024 disappears in price noise

Anticipated VAT rise from 24 to 25.5% adds up apprx €100 M in the oil bill; total taxes on motor fuel and heating oil inclusive therein are swelling another €70 M

Changes to obligation levels



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5) Price structure: motor gasoline and diesel

For example, September 2023, a one month price cycle was observed by the competition authority

Pro forma price calculation based on main components of gasoline and diesel (renewables Ethanol, ETBE and diesel with lower excise tax absorbed) of the cycle, see tables ->

Storage and distribution cost is robust, marketing cost and sales margins are subject to competition (volatility up to 30 cents per liter are not exceptional)

Retail price is set by half a dozen fuel distributors for 90 – 95 per cent of the volume– local station-owners are unwilling to call the cost price and keep losing market shares to big oil

Price structure, motor gasoline E10	
Average price 8 Aug - 18 Sep 2023	
(Retail price data EU Weekly Oil Bulletin)	
Breakdown of price (EUR cent per liter)	GASOLINE E10
Retail price	197,5
VAT 24 per cent	38,2
Excise tax	72,2
Tax total	110,5
Market price NWE	79,0
Storage, transport, sales	8,0

Price structure, diesel B7	
Average price 8 Aug - 18 Sep 2023	
(Retail price data EU Weekly Oil Bulletin)	
Breakdown of price (EUR cent per liter)	DIESEL B7
Retail price	195,9
VAT 24 per cent	37,9
Excise tax	51,1
Tax total	89,0
Market price NWE	87,9
Storage, transport, sales	19,0

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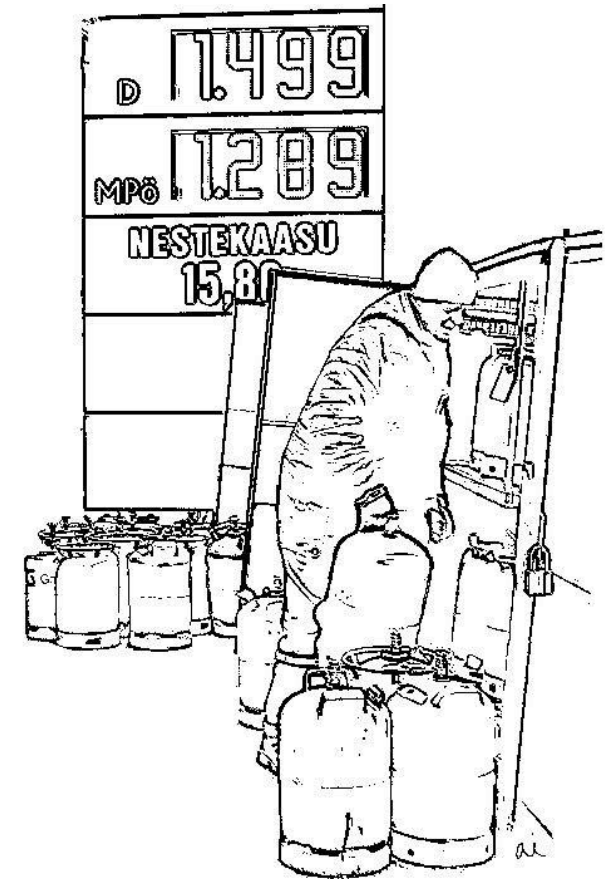
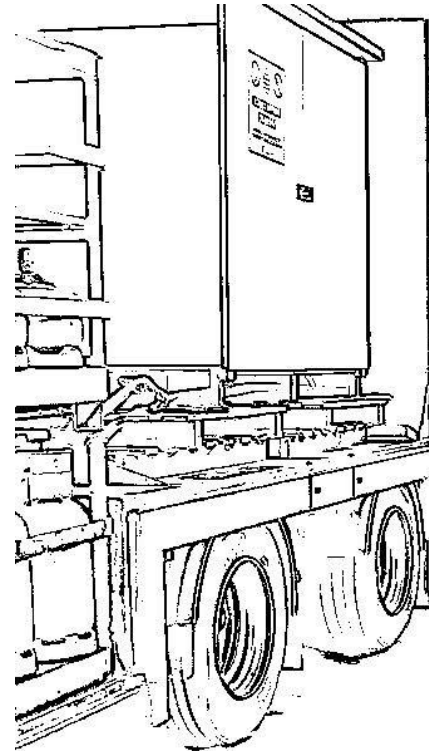
6) Motor oils and cylinder gas

Geopolitics and world market prices hit the consumer market in liquid gas (Finnish households use propane in 11 kg bottles)

In 2020 cylinder gas demand peaked due to cheap prices and inland tourism; gas sales dropped as travelling abroad was recovered

Motor oils faced a price shock in 2022, demand was down 15 %

Eventually, do the oil change intervals lag behind due to economic crisis?



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7) Car wash business

See Bensiiniuutiset 1/2024, extensive article (“Petrol News”, bimonthly magazine, Traffic Service Retailers)

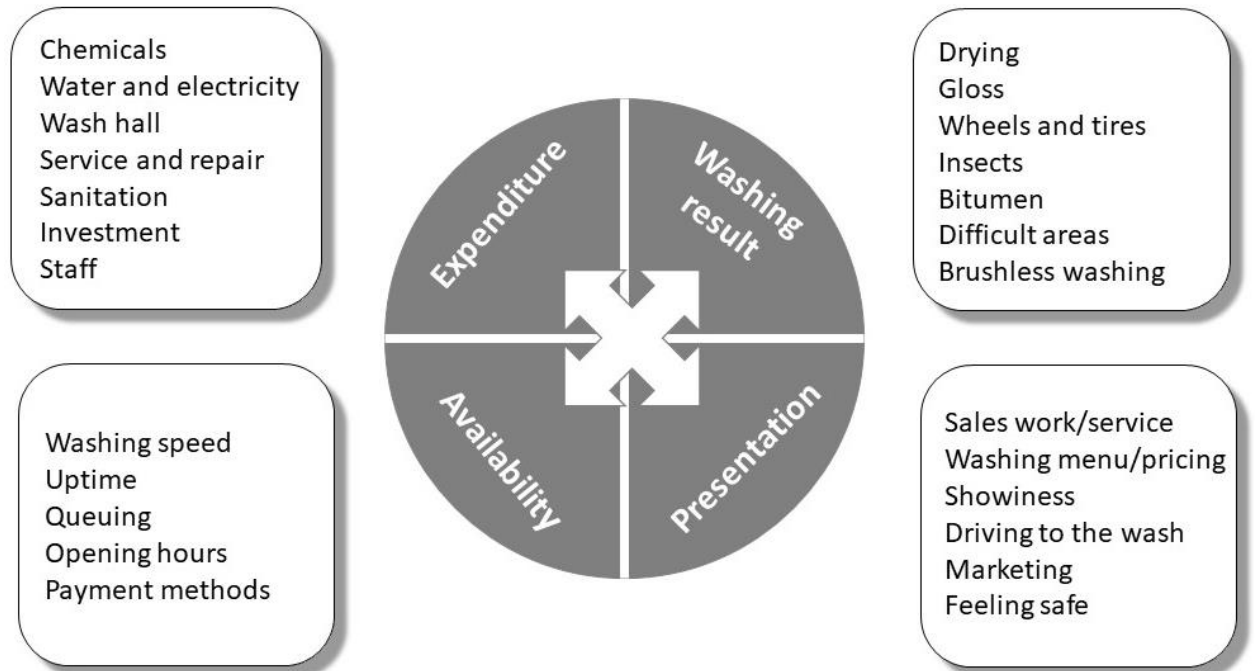
Majority of automatic rollover car wash sites are located at service stations

Car wash offerings adjacent to hypermarkets gain momentum, quantity over margin?

Stand-alone car wash businesses grow in number

Hand wash and tailored cleaning services flourish

Equipment service and maintenance programs are there, new lease and operation options are in



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8) Food and non-alc beverages 2023 (index group 01) – private consumption

Statistics on **private consumption** in sections 8 - 12 is based on consumer price index update, Jan 2024 (Statistics Finland)

Growth comment based on robust trends during 2020s

Food – total of €14.8 billion – highlights

- ✓ Chips etc. 164 M€ – no growth
- ✓ Chocolate 343 M€ – no growth
- ✓ Confectionery 493 M€ – no growth
- ✓ Ice creams 303 M€ – no growth
- ✓ Ready-made meals 1,457 M€ – growth

Non-alcoholic beverages – total of €1.6 billion

- ✓ Coffee 405 M€ – no growth
- ✓ Soft drinks 603 M€ – growth
- ✓ Fruit and other juices 318 M€ – no growth

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9) Alcoholic beverages, tobacco

Total consumption €5.6 billion (index group 02)

Alcoholic beverages – €3.4 billion

- ✓ Spirits 689 M€ – decreasing
- ✓ Wein 1 166 M€ – decreasing
- ✓ Beer 1,585 M€ – decreasing

Tobacco €2.1 billion

- ✓ Cigarettes 1,622 M€ – no growth
- ✓ Cigars 117 M€ – no growth
- ✓ Other tobacco products 389 M€ – growth (snus, vape)



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10) Transport – private consumption 2023

Total private consumption (index group 07) €15.6 billion

Vehicle procurement €3.8 billion

✓ New and used cars €3.3 billion

Use of private cars €9.2 billion

✓ Spare parts, tires, accessories €1.1 billion

✓ Fuels and lubricating oils €4.1 billion

✓ Maintenance and repair €2.4 billion

✓ Other, user fees, driving school, inspection, driving licences
€1.6 billion

Passenger transport €2.6 billion

Highlights – private consumption

New cars 1,987 M€ – volatile, e-cars on the rise

Used cars 1,310 M€ – decreasing

Tires 356 M€ – growth

Spare parts 748 M€ – growth

Diesel 1,336 M€ – growth

Motor gasoline 2,726 M€ – volatile

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11) HoReCa 2023 – private consumption

Total consumption (index group 11) €9.7 billion – recovered

Restaurants, cafés and the like €7.8 billion

- ✓ Food and drink sold in restaurants, cafés and recreational facilities €5.8 billion – growth
- ✓ Fast food, catering services €2.0 billion – volatile
- ✓ Canteens €0.9 billion – decreasing

Accommodation services €1.0 billion – recovery



Traffic Service Sector 2024

Finland – Outlook / Review 24.4.2024



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Private consumption 2023

– overall highlights based on Consumer Price Index data

The commodity basket base expenditure of the Consumer Price Index totalled – €131 billion

Housing, electricity and heating is 29% – total €37.9 billion

✓ Mortgage loan interest rates have hiked by more than 300% in a couple of years, household interest costs have gone up to €4.6 billion

Demand for gambling services down by more than 10%, variation as much as minus 25-40% in slot machines and lotteries during covid-19 and the roll-out phase of obligatory identification – total €2.2 billion

Insurance fees for housing, health and transport up 150% in a short time – total €2 billion

Summary: Disposable income has decreased, firstly, due to rising cost of energy and other consumables, and secondly, due to the rise in interest rates and banking fees