NESTE OIL

24 October 2013

Neste Oil Corporation
Interim Report
January-September 2013

Neste Oil's Interim Report for January-September 2013

Strong quarterly result driven by outstanding performance at Renewable Fuels.

Third quarter in brief:

- Comparable operating profit was EUR 217 million (Q3/2012: EUR 159 million)
- IFRS operating profit was EUR 249 million (Q3/2012: EUR 196 million)
- Total refining margin was USD 8.61/bbl (Q3/2012: USD 12.23/bbl)
- Net cash from operations was EUR 3 million (Q3/2012: EUR 293 million)

January-September in brief:

- Comparable operating profit was EUR 440 million (1-9/2012: EUR 278 million)
- IFRS operating profit was EUR 447 million (1-9/2012: EUR 272 million)
- Investments totaled EUR 142 million (1-9/2012: EUR 211 million)
- Leverage ratio was 39.8% at the end of September (Dec 31, 2012: 43.2%)
- Comparable earnings per share EUR 1.21 (1-9/2012: EUR 0.57)

President & CEO Matti Lievonen:

“We recorded a strong result during the third quarter. The Group's comparable operating profit was EUR 217 million, mainly thanks to outstanding performance at Renewable Fuels.

Renewable Fuels recorded an outstanding comparable operating profit of EUR 120 million compared to EUR 33 million in the second quarter driven by significantly higher sales volumes, lower unit production costs, and a strong market in both Europe and North America. Our good operational performance enabled us to benefit from the favorable market situation and increase sales in North America. Although the market is no longer at the peak levels experienced during the third quarter, the market remains healthy. A proposal by the US Environmental Protection Agency (EPA) on renewable fuel mandates in 2014 is expected during the fourth quarter. The final outcome may have an impact on the growth in demand for US biomass-based diesel next year.

Oil Product's result was impacted by a lower refining margin year-on-year; the market for base oils also remained soft due to oversupply. We are very pleased with our refineries' operational performance in the third quarter. The segment’s third-quarter comparable operating profit was EUR 67 million compared to EUR 154 million last year.

Oil Retail continued to perform well and delivered a record-high quarterly comparable operating profit of EUR 29 million due to stronger margins in all markets, especially Finland and North-West Russia.

We updated our guidance on 10 September 2013 and this remains essentially unchanged. We expect the Group's full-year 2013 comparable operating profit to improve significantly compared to 2012 and estimate it to be higher than EUR 530 million. The Renewable Fuels segment's full-year 2013 comparable operating profit is expected to be above EUR 200 million."

Neste Oil Financial Statements, 1 January - 30 September 2013

Quarterly figures are unaudited; full-year figures are audited.

Figures in parentheses refer to the corresponding period for 2012, unless otherwise stated.

As announced on 18 April 2013, Neste Oil adopted the revised IAS 19 Employee Benefits standard on 1 January 2013. Group and segment information for 2012 has been updated in compliance with the requirements of the revised standard.

Key Figures

EUR million (unless otherwise noted)

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
Revenue	4,630	4,505	3,970	12,858	13,256	17,853
EBITDA	329	277	193	688	519	656
Comparable EBITDA*	297	240	169	681	525	687
Depreciation, amortization, and impairments	80	81	81	241	247	332
Operating profit	249	196	112	447	272	324
Comparable operating profit *	217	159	88	440	278	355
Profit before income tax	233	172	96	394	198	233
Net profit	194	131	90	331	142	159
Comparable net profit **	167	102	60	310	145	180
Earnings per share, EUR	0.76	0.51	0.35	1.29	0.55	0.61
Comparable earnings per share**, EUR	0.65	0.40	0.23	1.21	0.57	0.70
Investments	42	51	66	142	211	292
Net cash from operating activities	3	293	312	210	141	468

	30 Sep 2013	30 Sep 2012	31 Dec 2012
Total equity	2,758	2,522	2,540
Interest-bearing net debt	1,822	2,222	1,935
Capital employed	4,672	5,111	4,885
Return on capital employed pre-tax (ROCE), annualized, %	12.7	7.1	6.6
Return on average capital employed after tax (ROACE)***, %	8.7	4.5	5.0
Return on equity (ROE), annualized, %	16.6	7.6	6.3
Equity per share, EUR	10.71	9.79	9.86
Cash flow per share****, EUR	0.82	0.55	1.83
Equity-to-assets ratio, %	39.7	33.0	34.4
Leverage (net debt to capital), %	39.8	46.8	43.2
Gearing, %	66.1	88.1	76.2

* Comparable operating profit is calculated by excluding inventory gains/losses, capital gains/losses including disposals of business, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit. Inventory gains/losses include changes in the fair value of all trading inventories.

** Comparable net profit for the period is calculated by excluding inventory gain/losses, capital gains/losses including disposals of business, and unrealized changes in fair value of oil and freight derivative contracts, net of tax, less non-controlling interests. Comparable earnings per share is based on comparable net profit.

*** Last 12 months

**** Cumulative 1 January - 30 September, or 1 January - 31 December

The Group's third-quarter 2013 results

Neste Oil's revenue increased to EUR 4,630 million in the third quarter from EUR 4,505 million during the same period in 2012, mainly as a result of higher sales volumes and growth at Renewable Fuels. The Group's comparable operating profit came in at EUR 217 million. Comparable operating profit for the corresponding period in 2012 was EUR 159 million. Renewable Fuels recorded an outstanding comparable operating result year-on-year, and Oil Retail also performed well. The company's oil refineries operated smoothly, although Oil Products' result was negatively impacted by lower margins in both fuels and base oils. The Others segment posted a slightly lower comparable operating profit than in the third quarter of 2012.

Oil Products' third-quarter comparable operating profit was EUR 67 million (154 million), Renewable Fuels' EUR 120 million (-19 million), and Oil Retail's EUR 29 million (23 million). The comparable operating profit of the Others segment totaled EUR 0 million (3 million); associated companies and joint ventures accounted for EUR 5 million (3 million) of this figure.

The Group's IFRS operating profit was EUR 249 million (196 million), which was mainly impacted by inventory gains totaling EUR 26 million (87 million). Pre-tax profit was EUR 233 million (172 million), profit for the period EUR 194 million (131 million), and earnings per share EUR 0.76 (0.51).

The Group's January-September 2013 results

Neste Oil's revenue totaled EUR 12,858 million during the first nine months of the year compared to EUR 13,256 million for the same period last year, mainly as a result of lower average oil prices. The Group's nine-month comparable operating profit totaled EUR 440 million compared to EUR 278 million in the first nine months of 2012. The Group's result during the first nine months of 2013 was positively impacted by greatly improved performance at Renewable Fuels and negatively impacted by refinery maintenance during the second quarter and lower refining margins during the third quarter.

Oil Products' nine-month comparable operating profit was EUR 208 million (280 million), Renewable Fuels' EUR 179 million (-54 million), and Oil Retail's EUR 62 million (53 million). The comparable operating profit of the Others segment totaled EUR -13 million (-1 million); EUR -1 million (2 million) was booked in respect of associated companies and joint ventures.

The Group's IFRS operating profit was EUR 447 million (272 million) and included inventory losses totaling EUR 35 million (13 million) and net capital gains totaling EUR 42 million (45 million). The pre-tax profit was EUR 394 million (198 million), profit for the period EUR 331 million (142 million), and earnings per share EUR 1.29 (0.55).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target. ROACE figures are based on comparable results. As of the end of September, the rolling twelve-month ROACE was 8.7% (2012 financial year: 5.0%).

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
COMPARABLE OPERATING PROFIT	217	159	88	440	278	355
- inventory gains/losses	26	87	-26	-35	-13	-61
- changes in the fair value of open oil derivatives	7	-50	7	0	-38	-15
- capital gains/losses	-1	0	43	42	45	45
OPERATING PROFIT	249	196	112	447	272	324

Cash flow, investments, and financing

Neste Oil Group's net cash from operating activities totaled EUR 210 million (141 million) between January and September. The year-on-year difference is mainly attributable to the improved profitability of the Group's businesses.

Investments totaled EUR 142 million (211 million) during the first nine months of the year. Oil Products' capital expenditure totaled EUR 95 million (125 million), while Renewable Fuels invested EUR 15 million (44 million), Oil Retail EUR 19 million (25 million), and Others EUR 13 million (17 million).

Interest-bearing net debt was EUR 1,822 million as of the end of September, compared to EUR 1,935 million at the end of 2012. Net financial expenses between January and September were EUR 53 million (74 million). The average interest rate of borrowings at the end of September was 3.6% and the average maturity 3.8 years.

The equity-to-assets ratio was 39.7% (31 Dec. 2012: 34.4%), the leverage ratio 39.8% (31 Dec. 2012: 43.2%), and the gearing ratio 66.1% (31 Dec. 2012: 76.2%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,695 million as of the end of September (31 Dec. 2012: 2,135 million). There are no financial covenants in current loan agreements.

In accordance with its updated hedging policy, Neste Oil has hedged the majority of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar.

Main events during the reporting period

On 31 July, Neste Oil announced that it has added technical corn oil (TCO), a residue generated during ethanol production, to the feedstocks it uses for producing NExBTL renewable diesel. This nonfood input further extends the number of waste and residue-based feedstocks used by Neste Oil. Last year, Neste Oil produced enough NExBTL renewable diesel from waste and residues to power 740,000 cars for a year.

On 2 September, Neste Oil announced that the following members had been appointed to Neste Oil's Shareholders' Nomination Board: Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department; Timo Ritakallio, Deputy CEO of Ilmarinen Mutual Pension Insurance Company; Mikko Koivusalo, Vice President, Capital Markets, Varma Mutual Pension Insurance Company; and Jorma Eloranta, the Chair of Neste Oil's Board of Directors. The Nomination Board consists of four members, three of which shall be appointed by the company's three largest shareholders as of the first weekday in September, with the Chair of Board of Directors serving as the fourth member.

On 10 September, Neste Oil announced upgraded full-year 2013 guidance and stated that it expects the Group's full-year comparable operating profit for 2013 to improve significantly compared to 2012 and estimates it to be higher than EUR 530 million, assuming that Neste Oil's reference refining margin remains at the average of approx. USD 5/bbl typical of the last few years and that Renewable Fuels' result develops as expected. This better-than-expected result is mainly due to good performance at Renewable Fuels, which is expected to book a full-year comparable operating profit of more than EUR 200 million for 2013.

On 11 September, Neste Oil held a Capital Markets Day in London, and confirmed its long-term ROACE target of 15%. The event featured a number of management presentations on areas such as the company's strategy, financial targets, and recent developments in its businesses. Neste Oil remains strongly committed to its cleaner traffic strategy and will continue to move forward by concentrating on promoting the four Value Creation programs critical to its success. Leverage ratio and ROACE remain the Group's primary financial targets. The company's leverage ratio target continues to be 25-50%, and the long-term ROACE target remains at 15%. Neste Oil's dividend policy remains unchanged and is to distribute at least one third of its comparable net profit in the form of a dividend.

On 19 September, Neste Oil announced that it is planning to exit the shipping business. The plan is to sell all the company's own vessels and outsource the ship management functions currently covering them, with around 320 ship management personnel transferring to a new employer. The intention is to retain Neste Shipping's chartering functions and integrate them with Neste Oil's organization. Going forward, Neste Oil intends sourcing its marine transportation through contractual arrangements. In connection with the planned outsourcing, Neste Shipping has commenced statutory employer-employee negotiations covering all land- and sea-based personnel. If the current plans are implemented as intended, no significant capital gains or losses are expected. However, the arrangement is expected to free up approx. EUR 60 million of capital from Neste Oil's balance sheet and improve the Group's result by approx. EUR 10 million annually during the coming years.

Market overview

Following some positive signs in the international economy, political unrest in Syria, and strikes that reduced Libyan crude oil exports, crude trended up during the third quarter. Brent opened in July at just above USD 100/bbl before rising quickly to USD 110/bbl, peaking at USD 117/bbl in late August. As the market impact of developments in Syria and Libya eased, crude prices returned to around USD 110/bbl towards the end of the quarter. Brent dated averaged USD 110/bbl during the third quarter.

The price differential between Brent and Russian REB crude averaged USD -0.2/bbl in the third quarter. The tight crude market resulting from strikes in Libya, sanctions on Iran and low Iranian crude export volumes to Europe, and delayed refinery maintenance season in Russia were the key drivers of the narrow REB differential during the quarter. The differential started widening again in September.

Refining margins were reasonable during July and August, but were driven down towards the end of the quarter by softer demand, high inventory levels, and the ramp-up of new capacity. Neste Oil's reference margin averaged USD 4.5/bbl during the third quarter. Middle distillates remained the strongest part of the barrel on average. The end of the summer driving season resulted in weaker gasoline margins towards the end of the quarter. Fuel oil margins weakened as crude prices increased, before bouncing back at the end of the quarter.

Crude palm oil (CPO) prices in Malaysia traded at USD 690-750/ton, which was within the range seen during the past 12 months. Palm oil inventories remained stable at around 1.6 million tons and helped keep sentiment neutral. CPO prices were also affected by changes in exchange rates and the US soybean crop outlook, as soybean oil is used as a substitute for palm oil.

Rapeseed oil (RSO) prices traded lower compared to previous years and were also driven by the good crop outlook in Europe and Canada. The palm oil/rapeseed oil price differential ran at USD 185-270/ton and was USD 210/ton on average, which is close to the long-term average. Soybean oil (SBO) prices were generally impacted by a promising crop outlook in the US and were boosted temporarily when the US Department of Agriculture revised its crop outlook lower. Animal fat prices continued to trade at a premium over CPO.

European Fatty Acid Methyl Ester (FAME) biodiesel prices were strong compared to feedstock prices. FAME supply was limited as cheap biodiesel imports from Argentina and Indonesia were significantly lower than last year due to anticipated antidumping duties.

Soybean Methyl Ester (SME) producers' margins in the US were at an all-time high due to low feedstock prices and strong demand. Renewable Identification Number (RIN) prices for advanced biomass-based diesel traded in the USD 0.62-1.46/gal range and were at their highest in mid-July. D4 RIN prices declined towards the end of the quarter in anticipation of expected adjustments to the growing ethanol blending requirement for 2014 by the US Environmental Protection Agency (EPA). California Carbon Credit prices continued to rise, with demand exceeding supply.

Key drivers

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012	Oct 13*	Oct 12
Reference refining margin, USD/bbl	4.48	9.72	5.69	5.49	7.64	7.39	3.0	10.11
Neste Oil total refining margin, USD/bbl	8.61	12.23	8.82	9.63	9.88	10.17	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-0.18	-0.71	-0.72	-0.88	-1.35	-1.29	-1.6	-1.17
NWE Gasoline margin, USD/bbl	11.32	17.70	13.45	12.43	14.71	13.16	5.0	12.74
NWE Diesel margin, USD/bbl	17.86	22.76	17.76	18.18	19.95	20.60	18.3	26.49
NWE Heavy fuel oil margin, USD/bbl	-17.42	-12.25	-11.86	-15.33	-11.23	-12.92	-18.4	-16.20
Brent Dated crude oil, USD/bbl	110.37	109.61	102.51	108.48	112.10	111.58	109.8	111.60
USD/EUR, market rate	1.32	1.25	1.31	1.32	1.28	1.28	1.36	1.30
USD/EUR, hedged	1.30	1.31	1.30	1.30	1.34	1.33	n.a.	1.30
Crude freights, WS points (TD7)**	87	87	85	87	93	91	100	85

* Up to 21 October 2013.

** Worldscale points for a 80,000 ton crude cargo from the North Sea to Continental Europe.

Production and sales

Production

Neste Oil's production in the third quarter totaled 4.4 million tons (4.0 million), which is a quarterly record. NExBTL renewable diesel accounted for 0.6 million tons (0.5 million) of the total.

Neste Oil's production, by plant (1,000 t)

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
Porvoo refinery	3,242	2,901	2,789	8,974	8,647	11,511
Naantali refinery	583	575	578	1,670	1,391	1,908
NExBTL refineries	579	461	426	1,422	1,360	1,849
Bahrain base oil plant (Neste Oil's share)	29	19	42	104	108	128
Edmonton iso-octane plant (Neste Oil’s share)	-	-	-	-	8	8

The Porvoo refinery achieved an average capacity utilization rate of 95% (89%) during the quarter, while the Naantali refinery ran at 79% (79%). The proportion of Russian Export Blend in total refinery input at Porvoo and Naantali averaged 62% (68%). Refinery production costs at Porvoo and Naantali totaled USD 4.1/bbl (4.0). Neste Oil's renewable diesel production operated at full capacity compared to 85% in the corresponding period last year.

Sales

Sales volumes in the third quarter were higher than in the corresponding period of 2012 mainly due to increased sales of motor gasoline and NExBTL renewable diesel. NExBTL sales volumes reached a new record. Higher diesel and motor gasoline sales in Europe in particular, together with higher NExBTL volumes, resulted in increased total sales volumes compared to the second quarter of the year.

Neste Oil's sales from in-house production, by product category (1,000 t)

	7-9/13	%	7-9/12	%	4-6/13	%	1-9/13	%	1-9/12	%	2012	%
Motor gasoline	1,146	*28*	1,031	*27*	930	*25*	3,095	*27*	3,191	*28*	4,281	*27*
Gasoline components	-	-	-	-	-	-	-	-	19	*0*	19	*0*
Diesel fuel	1,495	*36*	1,454	*38*	1,311	*35*	4,269	*37*	4,316	*38*	5,886	*38*
Jet fuel	132	*3*	147	*4*	187	*5*	466	*4*	398	*3*	651	*4*
Base oils	115	*3*	98	*2*	122	*3*	349	*3*	300	*3*	394	*3*
Heating oil	44	*1*	54	*1*	49	*1*	174	*1*	171	*1*	229	*1*
Heavy fuel oil	290	*7*	327	*8*	313	*9*	900	*8*	816	*7*	1,171	*7*
LPG	47	*1*	21	*1*	97	*3*	236	*2*	166	*1*	262	*2*
NExBTL renewable diesel	543	*13*	457	*12*	411	*11*	1,339	*11*	1,226	*11*	1,665	*11*
Other products	318	*8*	276	*7*	299	*8*	850	*7*	878	*8*	1,172	*7*
TOTAL	4,129	*100*	3,866	*100*	3,720	*100*	11,678	*100*	11,481	*100*	15,729	*100*

Neste Oil's sales from in-house production, by market area (1,000 t)

	7-9/13	%	7-9/12	%	4-6/13	%	1-9/13	%	1-9/12	%	2012	%
Finland	1,540	*37*	1,703	*44*	1,560	*42*	4,588	*39*	5,253	*46*	7,104	*45*
Other Nordic countries	641	*16*	628	*16*	631	*17*	1,892	*16*	1,810	*16*	2,563	*16*
Other Europe	1,349	*33*	1,147	*30*	982	*26*	3,637	*31*	3,049	*26*	4,232	*27*
USA & Canada	513	*12*	324	*8*	513	*14*	1,332	*12*	984	*9*	1,247	*8*
Other countries	85	*2*	65	*2*	35	*1*	230	*2*	385	*3*	583	*4*
TOTAL	4,129	*100*	3,866	*100*	3,720	*100*	11,678	*100*	11,481	*100*	15,729	*100*

Segment reviews

Neste Oil's businesses are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail, and Others.

Oil Products

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
Revenue, MEUR	3,476	3,389	2,996	9,779	10,157	13,764
Comparable EBITDA, MEUR	113	200	76	345	421	583
Comparable operating profit, MEUR	67	154	30	208	280	396
IFRS operating profit, MEUR	104	248	10	193	363	491
Total refining margin, USD/bbl	8.61	12.23	8.82	9.63	9.88	10.17
Net assets, MEUR	-	-	-	2,527	2,451	2,252
Comparable return on net assets*, %	-	-	-	13.4	12.6	16.6

* Last 12 months

Oil Products' third-quarter comparable operating profit totaled EUR 67 million, compared to EUR 154 million in the third quarter of 2012. Operational performance at Neste Oil’s refineries was very good. The reference refining margin was significantly weaker compared to the corresponding period last year, when it was exceptionally strong. Base oil again made a smaller contribution to the segment’s margin than in the corresponding period last year. Base oil margins continued to be depressed as a result of oversupply. Neste Oil's total refining margin was USD 8.61/bbl during the third quarter, which compares to USD 12.23/bbl during the third quarter of 2012.

Oil Products’ comparable operating profit totaled EUR 208 million during the first nine months of the year, compared to EUR 280 million for the same period in 2012. This year-on-year difference was mainly due to lower margins and a lower result during the third quarter of 2013. The total refining margin fell slightly to USD 9.63/bbl from the USD 9.88/bbl reported for the first nine months of 2012.

Renewable Fuels

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
Revenue, MEUR	713	597	535	1,761	1,658	2,163
Comparable EBITDA, MEUR	144	5	58	253	19	43
Comparable operating profit, MEUR	120	-19	33	179	-54	-56
IFRS operating profit, MEUR	116	-73	34	159	-140	-183
Net assets, MEUR	-	-	-	1,770	1,857	1,860
Comparable return on net assets*, %	-	-	-	9.8	-3.5	-2.8

* Last 12 months

Renewable Fuels' comparable operating profit was EUR 120 million during the third quarter, compared to a EUR 19 million loss in the third quarter of 2012. The segment enjoyed a very favorable market situation, with strong margins in Europe and particularly in the US, where margins were impacted by a spike in RIN values in July-August. Overall sales volumes increased by 122,000 tons compared to the second quarter, as a result of good production performance, successful optimization of the feedstock mix, and a clear increase in sales to North America, which accounted for about 50% of total sales. The customer base was also further expanded.

Renewable Fuels' nine-month comparable operating profit was EUR 179 million (-54 million) and reflected favorable margins and sales allocation, particularly during the third quarter.

Oil Retail

	7-9/13	7-9/12	4-6/13	1-9/13	1-9/12	2012
Revenue, MEUR	1,174	1,266	1,085	3,412	3,637	4,895
Comparable EBITDA, MEUR	35	31	29	83	77	91
Comparable operating profit, MEUR	29	23	22	62	53	58
IFRS operating profit, MEUR	29	23	65	105	53	58
Net assets, MEUR	-	-	-	280	348	345
Comparable return on net assets*, %	-	-	-	21.6	18.6	17.3
Total sales volume**, 1,000 m^3	993	1,072	926	2,873	3,094	4,160
- gasoline station sales, 1,000 m^3	308	337	293	874	954	1,256
- diesel station sales, 1,000 m^3	376	390	363	1,115	1,137	1,535
- heating oil, 1,000 m^3	164	153	138	471	471	651
- heavy fuel oil, 1,000 m^3	57	55	55	172	194	255

* Last 12 months
** Includes both station and terminal sales

Oil Retail's comparable operating profit was EUR 29 million during the third quarter, compared to EUR 23 million in the same period in 2012. This record-high quarterly result was driven by stronger margins in all markets, especially Finland and North-West Russia.

Oil Retail's nine-month comparable operating profit totaled EUR 62 million (53 million), supported by improved performance in all markets. The sale of Neste Oil's Polish station network ended retail operations in Poland in early April.

Shares, share trading, and ownership

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the quarter at EUR 16.35, up by 45.46% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 17.33, while at its lowest the price stood at EUR 10.83. Market capitalization was EUR 4.2 billion as of 30 September 2013. An average of 0.8 million shares were traded daily, representing 0.3% of the company's shares.

Neste Oil's share capital registered with the Company Register as of 30 September 2013 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or issue convertible bonds, share options, or new shares.

As of the end of September, the Finnish State owned 50.1% (50.1% at the end of the second quarter) of outstanding shares, foreign institutions 20.8% (18.9%), Finnish institutions 16.0% (16.7%), and Finnish households 13.1% (14.2%).

Personnel

Neste Oil employed an average of 5,116 (5,035) employees in January-September, of which 1,447 (1,442) were based outside Finland. As of the end of September, the company had 5,045 employees (5,031), of which 1,444 (1,481) were located outside Finland.

Health, safety, and the environment

Improving people and process safety performance is a continuing priority at Neste Oil. To highlight the importance of safety, safety has now been included as part of the Value Creation Program. This new project will mainly focus on improving safety performance by developing safety culture and leadership.

The total recordable injury frequency (TRIF, number of cases per million hours worked) was 4.8 during the first nine months of 2013 (2012: 3.6); this figure combines Neste Oil's own personnel and contractors' personnel. The corporate TRIF target is below 2.2. The cumulative Process Safety Event Rate (PSER) was 2.3 at the end of September (2012: 5.9). The PSER target is below 4.0.

Neste Oil has been selected for inclusion in the Dow Jones Sustainability World Index (DJSI World) for the seventh year in succession. Companies included in DJSI World are considered highly committed to sustainable development. Neste Oil was commended in this year's review for its environmental management, occupational health and safety, and the way it manages its social impact on local communities.

Potential short-term and long-term risks

The oil market has been and is expected to continue to be very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena that affect the short- and long-term supply of and demand for the products that they produce and sell.

Uncertainty continues to be focused on the development of the world economy, which is likely to have a material impact on the demand for petroleum products generally and diesel fuel in particular.

Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term operational risk.

Rapid and large changes in feedstock and product prices may lead to significant inventory gains or losses, or changes in working capital, and may have a material impact on the company’s IFRS operating profit and net cash from operations.

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops. Risks also include any problems or delays in capturing the anticipated benefits from the company’s renewable diesel investments. Over the longer term, failure to protect Neste Oil’s proprietary technology or the introduction and implementation of competing fuel technologies or hybrid and electric engines may have a negative impact on the company’s results. Renewable fuels margins can be volatile in various markets due to rapidly changing feedstock and product prices, and affect the profitability of the Renewable Fuels business as a result.

Over the longer term, access to funding and rising capital costs, as well as challenges in procuring and developing new competitive and reasonably priced raw materials, may impact the company's results.

The key market drivers for Neste Oil’s financial performance are refining margins, the price differential between Russian Export Blend (REB) and Brent crude, the USD/EUR exchange rate, and the price differentials between different vegetable oils.

For more detailed information on Neste Oil's risks and risk management, please refer to the company's Annual Report and Financial Statements.

Outlook

Uncertainties in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets, and this volatility is expected to continue. Global oil demand is generally forecasted to grow moderately in 2013, and new refining capacity is likely to put pressure on simple refineries. Complex refiners such as Neste Oil are expected to remain the most competitive. Diesel is projected to be the strongest part of the barrel going forward, and gasoline margins are expected to develop seasonally. The base oil market is likely to remain under pressure, due to ample supply and sluggish demand in Europe. Neste Oil has no planned major maintenance shutdowns scheduled for its refineries during the fourth quarter of 2013.

Overall renewable diesel market conditions continue to look healthy for the remainder of the year. The outlook for FAME margins in Europe is expected be firm as a result of the switch to winter grades, as well as lower imports, while the price differential between palm oil and rapeseed oil appears likely to remain close to the historical average. Demand for biomass-based diesel in the US is expected to continue at a good level, enabling Neste Oil to further expand its customer base there. RIN values have decreased from the peak levels experienced in the third quarter. A proposal by the US EPA on 2014 renewable fuel mandates is expected during the fourth quarter and may have an impact on the growth of demand for US biomass-based diesel next year.

Neste Oil's updated guidance as of 10 September 2013 remains essentially unchanged. Renewable Fuels' full-year 2013 comparable operating profit is expected to be above EUR 200 million. The positive development at Renewable Fuels results from higher sales volumes, particularly in North America, successful margin management, and utilization of a wide range of feedstock. Market conditions were exceptionally strong during the third quarter.

Neste Oil expects the Group's full-year 2013 comparable operating profit to improve significantly compared to 2012 and estimates it to be higher than EUR 530 million.

Reporting date for the company's fourth-quarter and full-year 2013 results

Neste Oil will publish its fourth-quarter and full-year 2013 results on 4 February 2014 at approximately 9:00 a.m. EET.

Espoo, 23 October 2013

Neste Oil Corporation
Board of Directors

Further information:

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News conference and conference call

A press conference in Finnish on the third-quarter results will be held today, 24 October 2013, at 11:30 a.m. EET at the company's headquarters at Keilaranta 21, Espoo. English versions of the presentation materials will be available at www.nesteoil.com. A conference call in English for investors and analysts will be held on 24 October 2013 at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland +358 (0)9 2310 1620, Europe: +44 (0) 20 3427 1916, US: +1 646 254 3361, using access code 2667229. The conference call can be followed at the company's web site. An instant replay of the call will be available until 31 October 2013 at +358 (0) 9 2310 1650 for Finland at +44 (0) 20 3427 0598 for Europe and +1 347 366 9565 for the US, using access code 2667229#.

The preceding information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Oil Corporation's or its businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Oil Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

As announced on 18 April, 2013, Neste Oil has adopted the revised IAS 19 Employee Benefits standard as of 1 January, 2013. Group and segment information for 2012 has been updated in compliance with the requirements of the revised standard.

CONSOLIDATED INCOME STATEMENT

MEUR	Note	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012	Last 12 months
Revenue	3	**4,630**	4,505	**12,858**	13,256	17,853	17,455
Other income		**4**	7	**67**	85	98	80
Share of profit (loss) of associates and joint ventures		**6**	4	**2**	4	-3	-5
Materials and services		**-4,051**	-3,932	**-11,381**	-11,976	-16,186	-15,591
Employee benefit costs		**-82**	-73	**-263**	-243	-339	-359
Depreciation, amortization and impairments	3	**-80**	-81	**-241**	-247	-332	-326
Other expenses		**-178**	-234	**-595**	-607	-767	-755
Operating profit		**249**	196	**447**	272	324	499
Financial income and expenses							
Financial income		**1**	0	**2**	2	3	3
Financial expenses		**-20**	-23	**-60**	-68	-87	-79
Exchange rate and fair value gains and losses		**3**	-1	**5**	-8	-7	6
Total financial income and expenses		**-16**	-24	**-53**	-74	-91	-70
Profit before income taxes		**233**	172	**394**	198	233	429
Income tax expense		**-39**	-41	**-63**	-56	-74	-81
Profit for the period		**194**	131	**331**	142	159	348
Profit attributable to:							
Owners of the parent		**193**	131	**330**	140	157	347
Non-controlling interests		**1**	0	**1**	2	2	1
		194	131	**331**	142	159	348
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.76**	0.51	**1.29**	0.55	0.61	1.35

STATEMENT OF COMPREHENSIVE INCOME

MEUR	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012	Last 12 months
Profit for the period	**194**	131	**331**	142	159	348
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	**5**	-7	**5**	-21	-29	-3
Items that may be reclassified subsequently to profit or loss						
Translation differences	**-2**	12	**-17**	20	10	-27
Cash flow hedges						
recorded in equity	**9**	-36	**8**	-71	-50	29
transferred to income statement	**-4**	48	**-10**	87	84	-13
Net investment hedges	**-**	-1	**-**	-1	-1	-1
Hedging reserves in associates and joint ventures	**0**	-1	**-1**	-1	-1	-1
Total	**3**	22	**-20**	34	42	-13
Other comprehensive income for the period, net of tax	**8**	15	**-15**	13	13	-16
Total comprehensive income for the period	**202**	146	**316**	155	172	332
Total comprehensive income attributable to:						
Owners of the parent	**201**	146	**315**	153	170	332
Non-controlling interests	**1**	0	**1**	2	2	1
	202	146	**316**	155	172	333

CONSOLIDATED BALANCE SHEET

MEUR	Note	30 Sep 2013	30 Sep 2012	31 Dec 2012
ASSETS				
Non-current assets				
Intangible assets	5	**59**	58	61
Property, plant and equipment	5	**3,758**	3,932	3,869
Investments in associates and joint ventures		**241**	252	242
Non-current receivables		**3**	5	3
Pension assets		**0**	0	0
Deferred tax assets		**35**	40	46
Derivative financial instruments	6	**24**	34	37
Available-for-sale financial assets		**5**	5	4
Total non-current assets		**4,125**	4,326	4,262
Current assets				
Inventories		**1,705**	1,653	1,464
Trade and other receivables		**1,002**	1,197	1,154
Derivative financial instruments	6	**39**	102	57
Cash and cash equivalents		**92**	367	409
Total current assets		**2,838**	3,319	3,084
Assets classified as held for sale [1)]		**-**	-	52
Total assets		**6,963**	7,645	7,398
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**2,702**	2,467	2,484
Total		**2,742**	2,507	2,524
Non-controlling interest		**16**	15	16
Total equity		**2,758**	2,522	2,540
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,696**	1,923	1,977
Deferred tax liabilities		**327**	312	340
Provisions		**37**	38	27
Pension liabilities		**90**	82	99
Derivative financial instruments	6	**5**	12	6
Other non-current liabilities		**8**	8	7
Total non-current liabilities		**2,163**	2,375	2,456
Current liabilities				
Interest-bearing liabilities		**218**	667	357
Current tax liabilities		**33**	40	40
Derivative financial instruments	6	**28**	135	47
Trade and other payables		**1,763**	1,906	1,925
Total current liabilities		**2,042**	2,748	2,369
Liabilities related to assets held for sale [1)]		**-**	-	33
Total liabilities		**4,205**	5,123	4,858
Total equity and liabilities		**6,963**	7,645	7,398

[1)] The assets and liabilities held for sale at 31 December 2012 relate to Neste Oil's operating activities in Poland. In December 2012 Neste Oil signed an agreement that Shell Polska Sp. z o.o. will buy Neste Oil's station network (Neste Polska Sp. z o.o.) in Poland. The operations are part of the Oil Retail segment. The transaction was closed on 2 April 2013.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2012	40	15	-23	-7	0	2,419	2,444	14	2,458
Dividend paid						-90	-90	-1	-91
Share-based compensation						0	0		0
Transfer from retained earnings		2				-2	0		0
Total comprehensive income for the period			14	20	-21	140	153	2	155
Total equity at 30 September 2012	40	17	-9	13	-21	2,467	2,507	15	2,522

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2013	**40**	**18**	**10**	**2**	**-29**	**2,483**	**2,524**	**16**	**2,540**
Dividend paid						**-97**	**-97**	**-1**	**-98**
Share-based compensation						**0**	**0**		**0**
Transfer from retained earnings		**0**				**0**	**0**		**0**
Total comprehensive income for the period			**-3**	**-17**	**5**	**330**	**315**	**1**	**316**
Total equity at 30 September 2013	**40**	**18**	**7**	**-15**	**-24**	**2,716**	**2,742**	**16**	**2,758**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	7-9/2013	7-9/2012	1-9/2013	1-9/2012	1-12/2012
Cash flow from operating activities					
Profit before taxes	**233**	172	**394**	198	233
Adjustments, total	**81**	145	**259**	324	423
Change in working capital	**-237**	25	**-286**	-248	-44
Cash generated from operations	**77**	342	**367**	274	612
Finance cost, net	**-57**	-49	**-85**	-93	-106
Income taxes paid	**-17**	0	**-72**	-40	-38
Net cash generated from operating activities	**3**	293	**210**	141	468
Capital expenditure	**-42**	-51	**-142**	-210	-291
Acquisition of other shares	**0**	0	**0**	-1	-1
Proceeds from sales of shares in subsidiaries	**-**	-	**75**	-	-
Proceeds from capital repayments in associates and joint ventures	**-**	2	**-**	2	2
Proceeds from sales of fixed assets	**0**	3	**1**	78	79
Change in other investments	**11**	-32	**50**	-39	3
Cash flow before financing activities	**-28**	215	**194**	-29	260
Net change in loans and other financing activities	**-53**	29	**-412**	182	-65
Dividends paid to the owners of the parent	**-**	-	**-97**	-90	-90
Dividends paid to non-controlling interests	**-1**	-	**-1**	-1	0
Net increase (+)/decrease (-) in cash and cash equivalents	**-82**	244	**-316**	62	105

KEY FINANCIAL INDICATORS

	30 Sep 2013	30 Sep 2012	31 Dec 2012	Last 12 months
Capital employed, MEUR	**4,672**	5,111	4,885	4,672
Interest-bearing net debt, MEUR	**1,822**	2,222	1,935	-
Capital expenditure and investment in shares, MEUR	**142**	211	292	223
Return on average capital employed, after tax, ROACE %	**-**	-	5.0	8.7
Return on capital employed, pre-tax, ROCE, annualized, %	**12.7**	7.1	6.6	10.4
Return on equity, annualized, %	**16.6**	7.6	6.3	13.1
Equity per share, EUR	**10.71**	9.79	9.86	-
Cash flow per share, EUR	**0.82**	0.55	1.83	2.10
Equity-to-assets ratio, %	**39.7**	33.0	34.4	-
Leverage ratio, %	**39.8**	46.8	43.2	-
Gearing, %	**66.1**	88.1	76.2	-
Average number of shares	**255,962,200**	255,918,686	255,918,686	255,951,232
Number of shares at the end of the period	**255,982,212**	255,918,686	255,918,686	255,982,212
Average number of personnel	**5,116**	5,035	5,031	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2012, with the exception of the following changes due to the adoption of the new and revised IFRS standards and IFRIC interpretations.

The Group applies the following interpretations or amendments as of 1 January 2013:

- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Items of Other Comprehensive Income (Amendment)
- IAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets (Amendment)
- IAS 19 Employee Benefits (Revised)
- Annual improvements

In consequence of the adoption of the revised IAS 19 Employee Benefits standard the Group's equity of 31 December 2012 has reduced by EUR 38 million and defined benefit liability has increased to EUR 99 million. The Group's operating profit for 2012 increased by EUR 3 million as the net interest costs related to employee benefits are reported in financial items. The impact on the Group's net profit for year 2012 was not material. The other above mentioned amendments do not have material impact on the reported income statement or balance sheet. The notes have been updated in compliance with the requirements of the above amendments.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the share-based management share performance arrangement for key management personnel. As part of the agreement, the service provider purchased a total of 500,000 Neste Oil shares in February 2007 in order to hedge part of Neste Oil's cash flow risk in relation to the possible future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 2013. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Neste Oil, as required by IFRS 2, Share based payments and SIC-12, Consolidation - Special purpose entities.

The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider. As at 30 September 2013 there were 421,474 shares accounted for as treasury shares.

NESTE OIL

3. SEGMENT INFORMATION

Neste Oil's operations are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB.

REVENUE **MEUR**	**7-9/2013**	7-9/2012	**1-9/2013**	1-9/2012	1-12/2012	Last 12 months
Oil Products	**3,476**	3,389	**9,779**	10,157	13,764	13,386
Renewable Fuels	**713**	597	**1,761**	1,658	2,163	2,266
Oil Retail	**1,174**	1,266	**3,412**	3,637	4,895	4,670
Others	**51**	48	**157**	154	199	202
Eliminations	**-784**	-795	**-2,251**	-2,350	-3,168	-3,069
Total	**4,630**	4,505	**12,858**	13,256	17,853	17,455

OPERATING PROFIT **MEUR**	**7-9/2013**	7-9/2012	**1-9/2013**	1-9/2012	1-12/2012	Last 12 months
Oil Products	**104**	248	**193**	363	491	321
Renewable Fuels	**116**	-73	**159**	-140	-183	116
Oil Retail	**29**	23	**105**	53	58	110
Others	**0**	2	**-12**	-2	-42	-52
Eliminations	**0**	-4	**2**	-2	0	4
Total	**249**	196	**447**	272	324	499

COMPARABLE OPERATING PROFIT **MEUR**	**7-9/2013**	7-9/2012	**1-9/2013**	1-9/2012	1-12/2012	Last 12 months
Oil Products	**67**	154	**208**	280	396	324
Renewable Fuels	**120**	-19	**179**	-54	-56	177
Oil Retail	**29**	23	**62**	53	58	67
Others	**0**	3	**-13**	-1	-43	-55
Eliminations	**1**	-2	**4**	0	0	4
Total	**217**	159	**440**	278	355	517

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS **MEUR**	**7-9/2013**	7-9/2012	**1-92013**	1-9/2012	1-12/2012	Last 12 months
Oil Products	**46**	46	**137**	141	187	183
Renewable Fuels	**24**	24	**74**	73	99	100
Oil Retail	**6**	8	**21**	24	33	30
Others	**4**	3	**10**	9	13	14
Eliminations	**0**	-	**-1**	-	-	-1
Total	**80**	81	**241**	247	332	326

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES **MEUR**	**7-9/2013**	7-9/2012	**1-9/2013**	1-9/2012	1-12/2012	Last 12 months
Oil Products	**27**	32	**95**	125	180	150
Renewable Fuels	**2**	3	**15**	44	51	22
Oil Retail	**9**	10	**19**	25	36	30
Others	**4**	6	**13**	17	25	21
Total	**42**	51	**142**	211	292	223

TOTAL ASSETS **MEUR**	**30 Sep 2013**	30 Sep 2012	31 Dec 2012
Oil Products	**3,947**	4,052	3,847
Renewable Fuels	**2,061**	2,160	2,134
Oil Retail	**617**	702	677
Others	**432**	431	417
Unallocated assets	**200**	591	609
Eliminations	**-294**	-291	-286
Total	**6,963**	7,645	7,398

NET ASSETS **MEUR**	**30 Sep 2013**	30 Sep 2012	31 Dec 2012
Oil Products	**2,527**	2,451	2,252
Renewable Fuels	**1,770**	1,857	1,860
Oil Retail	**280**	348	345
Others	**284**	297	260
Eliminations	**-1**	-4	-3
Total	**4,860**	4,949	4,714

TOTAL LIABILITIES MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Oil Products	**1,419**	1,601	1,596
Renewable Fuels	**291**	303	274
Oil Retail	**338**	354	332
Others	**148**	134	154
Unallocated liabilities	**2,302**	3,017	2,784
Eliminations	**-293**	-286	-282
Total	**4,205**	5,123	4,858

RETURN ON NET ASSETS, %	30 Sep 2013	30 Sep 2012	31 Dec 2012	Last 12 months
Oil Products	**10.6**	20.1	20.6	13.2
Renewable Fuels	**11.8**	-9.4	-9.3	6.4
Oil Retail	**46.6**	21.2	17.3	35.5

COMPARABLE RETURN ON NET ASSETS, %	30 Sep 2013	30 Sep 2012	31 Dec 2012	Last 12 months
Oil Products	**11.5**	15.5	16.6	13.4
Renewable Fuels	**13.2**	-3.6	-2.8	9.8
Oil Retail	**27.5**	21.2	17.3	21.6

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**3,476**	**2,996**	**3,307**	3,607	3,389	3,224	3,544
Renewable Fuels	**713**	**535**	**513**	505	597	595	466
Oil Retail	**1,174**	**1,085**	**1,153**	1,258	1,266	1,181	1,190
Others	**51**	**54**	**52**	45	48	54	52
Eliminations	**-784**	**-700**	**-767**	-818	-795	-757	-798
Total	**4,630**	**3,970**	**4,258**	4,597	4,505	4,297	4,454

QUARTERLY OPERATING PROFIT MEUR	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**104**	**10**	**79**	128	248	-80	195
Renewable Fuels	**116**	**34**	**9**	-43	-73	-59	-8
Oil Retail	**29**	**65**	**11**	5	23	15	15
Others	**0**	**0**	**-12**	-40	2	3	-7
Eliminations	**0**	**3**	**-1**	2	-4	6	-4
Total	**249**	**112**	**86**	52	196	-115	191

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**67**	**30**	**111**	116	154	49	77
Renewable Fuels	**120**	**33**	**26**	-2	-19	-33	-2
Oil Retail	**29**	**22**	**11**	5	23	15	15
Others	**0**	**-1**	**-12**	-42	3	3	-7
Eliminations	**1**	**4**	**-1**	0	-2	6	-4
Total	**217**	**88**	**135**	77	159	40	79

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**46**	**46**	**45**	46	46	47	48
Renewable Fuels	**24**	**25**	**25**	26	24	25	24
Oil Retail	**6**	**7**	**8**	9	8	8	8
Others	**4**	**3**	**3**	4	3	3	3
Eliminations	**0**	**0**	**-1**	0	-	-	-
Total	**80**	**81**	**80**	85	81	83	83

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	7-9/2013	4-6/2013	1-3/2013	10-12/2012	7-9/2012	4-6/2012	1-3/2012
Oil Products	**27**	**44**	**24**	55	32	69	24
Renewable Fuels	**2**	**8**	**5**	7	3	26	15
Oil Retail	**9**	**9**	**1**	11	10	11	4
Others	**4**	**5**	**4**	8	6	6	5
Total	**42**	**66**	**34**	81	51	112	48

4. ACQUISITIONS AND DISPOSALS

In the second quarter 2013 Neste Oil sold its 100% interest in its subsidiary Neste Polska Sp. z o.o. The sale was completed on 2 April 2013 and a capital gain amounting to EUR 48 million resulting from the transaction has been included in the consolidated financial statements. The operations were part of the Oil Retail segment.

Assets and liabilities of Neste Polska Sp. z o.o. MEUR	Neste Polska Sp. z o.o. 2 April 2013
Property, plant and equipment	38
Inventories	5
Trade and other receivables	5
Cash and cash equivalents	12
Total assets	60
Provisions	2
Trade payable and other payable	19
Total liabilities	21
Sold net assets	39
Gain on sale	48
Total consideration	87
Cash consideration received	87
Cash and cash equivalents disposed of	12
Cash inflow arising from disposal	75

On January 19, 2012 Neste Oil sold its 50% holding in an iso-octane production plant in Edmonton, Canada to Canadian-based Keyera Corporation.
A capital gain amounting to EUR 45 million resulting from the transaction has been included in the consolidated financial statements.

5. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT AND CAPITAL COMMITMENTS

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Opening balance	**3,930**	4,023	4,023
Depreciation, amortization and impairments	**-241**	-247	-332
Capital expenditure	**142**	210	291
Disposals	**-6**	-3	-20
Classified as asset held for sale	**-**	-	-39
Translation differences	**-8**	7	7
Closing balance	**3,817**	3,990	3,930

CAPITAL COMMITMENTS MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Commitments to purchase property, plant and equipment	**29**	10	10
Total	**29**	10	10

6. DERIVATIVE FINANCIAL INSTRUMENTS

	30 Sep 2013		30 Sep 2012		31 Dec 2012	
Interest rate and currency derivative contracts and share forward contracts MEUR	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate swaps	**900**	**18**	1,061	21	1,030	27
Forward foreign exchange contracts	**1,550**	**13**	1,644	15	1,639	20
Currency options						
Purchased	**241**	**1**	105	-1	113	0
Written	**193**	**3**	104	2	92	1

Commodity derivative contracts	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur	Volume million bbl	Net fair value Meur
Sales contracts	**12**	**8**	36	-22	21	-1
Purchase contracts	**9**	**-12**	26	-26	17	-6
Purchased options	**0**	**0**	1	-5	0	0
Written options	**0**	**0**	1	5	0	0

Commodity derivative contracts include oil, freight and vegetable oil derivative contracts.

The fair values of derivative financial instruments subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivative financial instruments are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative financial instruments are mainly used to manage the Group's currency, interest rate and price risk.

Carrying amounts of financial assets and liabilities by measurement categories

Financial assets and liabilities divided by categories were as follows as of September 30, 2013:

Balance sheet item	Financial assets/liabilities at fair value through income statement: Hedge accounting	Financial assets/liabilities at fair value through income statement: Non-hedge accounting	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Non-current receivables	-	-	3	-	-	3	3
Derivative financial instruments	24	0	-	-	-	24	24
Available-for-sale financial assets	-	-	-	5	-	5	5
Current financial assets							
Trade and other receivables	-	-	1,002	-	-	1,002	1,002
Derivative financial instruments	22	17	-	-	-	39	39
Carrying amount by category	46	17	1,005	5	-	1,073	1,073
Non-current financial liabilities							
Interest-bearing liabilities	-	-	-	-	1,696	1,696	1,751
Derivative financial instruments	5	-	-	-	-	5	5
Other non-current liabilities	-	-	-	-	8	8	8
Current financial liabilities							
Interest-bearing liabilities	-	-	-	-	218	218	218
Current tax liabilities	-	-	-	-	33	33	33
Derivative financial instruments	8	20	-	-	-	28	28
Trade and other payables	-	-	-	-	1,763	1,763	1,763
Carrying amount by category	13	20	-	-	3,718	3,751	3,806

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that is not based on observable market data (unobservable inputs).

Fair value hierarchy, MEUR

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	-	24	-	24
Current derivative financial instruments	4	35	-	39

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	-	5	-	5
Current derivative financial instruments	0	28	-	28

During the nine-month period ended 30 September 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

7. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, associates, joint ventures and with the members of the Board of Directors, the President and CEO and other members of the Neste Executive Board (key management persons), close members of the families of the mentioned key management persons and entities controlled or jointly controlled by the mentioned key management persons or close members of those persons' families.

Transactions carried out with associates and joint ventures	**1-9/2013**	1-9/2012	1-12/2012
Sales of goods and services	**102**	87	102
Purchases of goods and services	**69**	63	90
Receivables	**15**	16	6
Financial income and expenses	**0**	0	0
Liabilities	**15**	19	15

8. CONTINGENT LIABILITIES

MEUR	**30 Sep 2013**	30 Sep 2012	31 Dec 2012
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	26	26
Pledged assets	**0**	1	1
Other contingent liabilities	**15**	12	12
Total	**32**	39	39
On behalf of associates and joint ventures			
Guarantees	**2**	2	1
Total	**2**	2	1
On behalf of others			
Guarantees	**8**	1	1
Other contingent liabilities	**3**	2	3
Total	**11**	3	4
Total	**45**	44	44

MEUR	30 Sep 2013	30 Sep 2012	31 Dec 2012
Operating lease liabilities			
Due within one year	**45**	54	69
Due between one and five years	**87**	118	116
Due later than five years	**68**	77	79
Total	**200**	249	264

The Group's operating lease commitments primarily relate to time charter vessels, land and office space.

Other contingent liabilities

Neste Oil Corporation has a collective contingent liability with Fortum Heat and Gas Oy of the demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's Chapter 17 Paragraph 16.6.

Calculation of key financial indicators

Calculation of key financial indicators

Operating profit	=		Operating profit includes the revenue from the sale of goods and services, other income such as gain from sale of shares or non-financial assets, share of profit (loss) of associates and joint ventures, less losses from sale of shares or non-financial assets, as well as expenses related to production, marketing and selling activities, administration, depreciation, amortization, and impairment charges. Realized and unrealized gains or losses on oil and freight derivative contracts together with realized gains and losses from foreign currency and oil derivative contracts hedging cash flows of commercial sales and purchases that have been recycled in the income statement, are also included in operating profit.
Comparable operating profit	=		Operating profit -/+ inventory gains/losses -/+ gains/losses from sale of shares and non-financial assets including disposals of business - unrealized change in fair value of oil and freight derivative contracts. Inventory gains/losses include the change in fair value of all trading inventories.
Return on equity, (ROE) %	=	100 x	Profit before taxes - taxes / Total equity average
Return on capital employed, pre-tax (ROCE) %	=	100 x	Profit before taxes + interest and other financial expenses / Capital employed average
Return on average capital employed, after-tax (ROACE) %	=	100 x	Profit for the period (adjusted for inventory gains/losses, gains/losses from sale of shares and non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + non-controlling interests + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax) / Capital employed average
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions
Interest-bearing net debt	=		Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	100 x	Interest-bearing net debt / Interest bearing net debt + total equity
Gearing, %	=	100 x	Interest-bearing net debt / Total equity
Equity-to-assets ratio, %	=	100 x	Total equity / Total assets - advances received
Return on net assets, %	=	100 x	Segment operating profit / Average segment net assets
Comparable return on net assets, %	=	100 x	Segment comparable operating profit / Average segment net assets
Segment net assets	=		Property, plant and equipment, intangible assets, investment in associates and joint ventures including shareholder loans, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities
Research and development expenditure	=		Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.

Calculation of share-related indicators

Earnings per share (EPS)	=		$\dfrac{\text{Profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=		$\dfrac{\text{Shareholder's equity attributable to the equity holders of the company}}{\text{Adjusted average number of shares at the end of the period}}$
Cash flow per share	=		$\dfrac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$
Price / earnings ratio (P/E)	=		$\dfrac{\text{Share price at the end of the period}}{\text{Earnings per share}}$
Dividend payout ratio, %	=	100 x	$\dfrac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	100 x	$\dfrac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Average share price	=		$\dfrac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization at the end of the period	=		Number of shares at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period, and number of shares traded during the period in relation to the weighted average number of shares during the period

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