25 April 2014

Neste Oil Corporation
Interim Report
January-March 2014

Neste Oil's Interim Report for January-March 2014

Satisfactory performance in a weak market. Full-year guidance revised.

First quarter in brief:

- Comparable operating profit totaled EUR 55 million (Q1/2013: EUR 135 million)
- Total refining margin was USD 8.44/bbl (Q1/2013: USD 11.54/bbl)
- Renewable Fuels' reference margin was USD 206/ton (Q1/2013: USD 365/ton)
- Renewable Fuels' additional margin was USD 146/ton (Q1/2013: USD 66/ton)
- Net cash from operations totaled EUR -178 million (Q1/2013: EUR -105 million)
- Return on average capital employed (ROACE) was 10.7% (2013: 11.8%)
- Leverage ratio was 34.2% as of the end of March (31.12.2013: 30.0%)

President & CEO Matti Lievonen:

"The year started with a weak market situation, but Neste Oil's good operational performance has continued, resulting in reasonable additional margins for the Oil Products and Renewable Fuels businesses. We recorded a comparable operating profit of EUR 55 million during the first quarter compared to EUR 135 million in the corresponding period last year. The main reason for this decline was an approx. 45% reduction in reference margins at both Oil Products and Renewable Fuels.

Oil Products' reference refining margin was seasonally low during the first quarter, and European demand for petroleum products remained soft and imports continued at high levels. The reference margin averaged USD 3.3/bbl compared to USD 6.3/bbl in the first quarter of 2013, which was unusually strong for the early part of the year. Oil Products' result was also impacted by the planned five-week maintenance outage on production line 4 at Porvoo. Despite the outage, our additional margin averaged USD 5.1/bbl. Oil Products recorded a comparable operating profit of EUR 33 million compared to EUR 111 million in the first quarter of 2013.

Renewable Fuels encountered a difficult market situation, particularly in the US, where uncertainties related to biofuel regulation had a negative impact on prices and demand. Sales volumes were reallocated accordingly, and the proportion of product going to North America was reduced to 27%. The profitability of our European business was impacted by an unusually narrow price differential between palm oil and rapeseed oil. Our NEXBTL renewable diesel refineries operated at high utilization rates, particularly in Singapore and Rotterdam. We increased our usage of waste and residues to 62% of our total renewable inputs, which was important as palm oil prices increased. Renewable Fuels recorded a comparable operating profit of EUR 15 million compared to EUR 26 million in the first quarter of 2013.

Oil Retail continued its solid performance, with good margins in all markets. The segment generated a comparable operating profit of EUR 15 million, an improvement of EUR 4 million on the EUR 11 million booked in the first quarter of 2013.

First-quarter refining margins and renewable fuels margins were softer than previously expected. We have revised our guidance and now expect the Group's full-year comparable operating profit to be EUR 450 million +/- 10% in 2014. Previously the full-year operating profit was expected to be at the level of EUR 500 million. Neste Oil's reference refining margin is assumed to average USD 4.0/bbl during the year compared to the previous estimate of USD 4.5/bbl. We will also continue our performance improvement actions to defend good profitability in 2014."

Neste Oil's Interim Report, 1 January - 31 March 2014

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

Figures in parentheses refer to the corresponding period for 2013, unless otherwise stated.

Neste Oil has adopted the new IFRS 11 Joint Arrangements standard on 1 January 2014. The comparative figures for 2013 have been restated. This change, however, did not have a material impact on the figures.

Key Figures

EUR million (unless otherwise noted)

	1-3/14	1-3/13	10-12/13	2013
Revenue	3,654	4,258	4,611	17,469
EBITDA	136	166	267	955
Comparable EBITDA*	136	215	246	927
Depreciation, amortization, and impairments	81	80	82	323
Operating profit	55	86	185	632
Comparable operating profit*	55	135	164	604
Profit before income tax	38	65	167	561
Net profit	31	47	193	524
Comparable net profit**	30	83	181	491
Earnings per share, EUR	0.12	0.18	0.75	2.04
Comparable earnings per share**, EUR	0.12	0.33	0.70	1.92
Investments	43	34	72	214
Net cash from operating activities	-178	-105	629	839

	31 Mar 2014	31 Mar 2013	31 Dec 2013
Total equity	2,941	2,578	2,924
Interest-bearing net debt	1,528	2,027	1,252
Capital employed	4,637	4,791	4,682
Return on capital employed pre-tax (ROCE), annualized %	4.8	7.0	13.4
Return on average capital employed after tax (ROACE)***, %	10.7	5.9	11.8
Return on equity (ROE), annualized %	4.2	7.4	19.2
Equity per share, EUR	11.41	10.01	11.36
Cash flow per share****, EUR	-0.70	-0.41	3.28
Leverage (net debt to capital), %	34.2	44.0	30.0
Gearing, %	51.9	78.6	42.8

* 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, freight and electricity 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, freight and electricity derivative contracts, net of tax, less non-controlling interests. Comparable earnings per share are based on comparable net profit.

*** Last 12 months

**** Cumulative 1 January - 31 March, or 1 January - 31 December

The Group's first-quarter 2014 results

Neste Oil's revenue in the first quarter totaled EUR 3,654 million (EUR 4,258 million). This decline resulted from lower sales in Oil Products due to a planned maintenance outage on production line 4 at Porvoo, and the sale of the retail business in Poland. The Group’s comparable operating profit came in at EUR 55 million. Comparable operating profit for the corresponding period in 2013 was EUR 135 million. Oil Products' result was negatively impacted by reference refining margins, which were clearly lower than in the first quarter of 2013, as well as the planned maintenance outage at Porvoo. Renewable Fuels' result was lower due to markedly less favorable markets, particularly in the US, and higher palm oil prices. Oil Retail’s performance continued to be strong and was better than that during the corresponding period in 2013. Oil Retail's result was positively impacted by lower fixed costs due to the disposal of non-core businesses in Poland and Sweden. The Others segment posted a slightly smaller loss than in the first quarter of 2013.

Oil Products’ first-quarter comparable operating profit was EUR 33 million (111 million), Renewable Fuels’ EUR 15 million (26 million), and Oil Retail’s EUR 15 million (11 million). The comparable operating profit of the Others segment totaled EUR -10 million (-12 million).

The Group’s IFRS operating profit was EUR 55 million (86 million), which was impacted by inventory gains totaling EUR 3 million (losses of 35 million) and changes in the fair value of open oil derivatives totaling EUR -5 million (-14 million). Pre-tax profit was EUR 38 million (65 million), profit for the period EUR 31 million (47 million), and earnings per share EUR 0.12 (0.18).

	1-3/14	1-3/13	10-12/13	2013
COMPARABLE OPERATING PROFIT	55	135	164	604
- inventory gains/losses	3	-35	16	-19
- changes in the fair value of open oil derivatives	-5	-14	4	4
- capital gains/losses	2	0	1	43
OPERATING PROFIT	55	86	185	632

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste Oil's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15% and the leverage ratio target is 25-50%.

	31 Mar 2014	31 Mar 2013	31 Dec 2013
Return on average capital employed after tax (ROACE)*, %	10.7	5.9	11.8
Leverage (net debt to capital), %	34.2	44.0	30.0

*Last 12 months

Cash flow, investments, and financing

Neste Oil Group's net cash from operating activities totaled EUR -178 million (-105 million) in the first quarter of 2014. This negative cash flow reflects normal seasonality and the year-on-year difference is attributable to the lower EBITDA generated by the Group's businesses. Cash flow before financing activities and taxes was EUR -267 million (-95 million). Group net working capital days outstanding were 17.9 days (18.7 days) on a rolling 12 months period as of the end of the first quarter.

Investments totaled EUR 43 million (34 million) in the first quarter of 2014. Maintenance investments accounted for 31 million (28 million) and productivity and strategic investments for 12 million (6 million). Oil Products' capital expenditure totaled EUR 33 million (24 million), with the largest single project being the isomerization unit under construction at Porvoo. Renewable Fuels invested EUR 4 million (5 million), mainly in maintenance activities. Oil Retail's investments of EUR 3 million (1 million) were mainly related to the station network. Investments in the Others segment totaled EUR 3 million (4 million) and were related to IT and business infrastructure.

Interest-bearing net debt was EUR 1,528 million as of the end of March, compared to EUR 1,252 million at the end of 2013. Net financial expenses for the quarter were EUR 17 million (21 million). The average interest rate of borrowing at the end of March was 3.8% and the average maturity 3.7 years. The interest-bearing net debt/comparable EBITDA ratio was 1.8 (2.7) over the previous 12 months as of the end of the first quarter.

The equity-to-assets ratio was 43.8% (31 Dec. 2013: 41.6%), the leverage ratio 34.2% (31 Dec. 2013: 30.0%), and the gearing ratio 51.9% (31 Dec. 2013: 42.8%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,750 million as of the end of March (31 Dec. 2013: 2,156 million). There are no financial covenants in current loan agreements.

In accordance with its 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.

US dollar exchange rates

	1-3/14	1-3/13	10-12/13	2013
USD/EUR, market rate	1.37	1.32	1.36	1.33
USD/EUR, hedged	1.32	1.29	1.32	1.30

Segment reviews

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

Oil Products

Key financials

	1-3/14	1-3/13	10-12/13	2013
Revenue, MEUR	2,774	3,307	3,492	13,271
Comparable EBITDA, MEUR	80	156	120	465
Comparable operating profit, MEUR	33	111	72	280
IFRS operating profit, MEUR	13	79	93	286
Net assets, MEUR	2,405	2,536	-	2,163
Comparable return on net assets*, %	8.4	17.6	-	11.8

*Last 12 months

Key drivers

	1-3/14	1-3/13	10-12/13	2013
Reference refining margin, USD/bbl	3.34	6.28	2.83	4.81
Additional margin, USD/bbl	5.10	5.26	6.70	4.79
Total refining margin, USD/bbl	8.44	11.54	9.53	9.60
Urals-Brent price differential, USD/bbl	-1.35	-1.75	-1.45	-1.02
Urals' share of total refinery input, %	68	68	67	63

Oil Products' first-quarter comparable operating profit totaled EUR 33 million, compared to EUR 111 million in the first quarter of 2013. The decline in operating profit mainly resulted from a weaker market, which was reflected in a lower reference margin quarter-on-quarter. The USD 2.9/bbl decline in reference margin had a EUR 56 million negative impact on operating profit. Sales volumes were 0.2 million tons lower than in the first quarter of 2013, primarily due to the planned five-week maintenance outage on production line 4 at Porvoo in February. The outage saw the refinery's utilization rate drop to 86%. Run rates at the Naantali refinery were limited to approx. 70% due to the margin situation. The proportion of sales in the Baltic Sea area increased to 73% (64%) in the first quarter. Despite the planned maintenance outage at Porvoo, Neste Oil's additional margin reached USD 5.1/bbl (5.3), supported by good operational performance and a favorable sales mix including significant share of winter-grade middle distillate products. Base Oils' profit contribution was similar to that recorded during the first quarter of 2013. Oil Products' comparable return on net assets was 8.4% (17.6%) in the first quarter of 2014 based on the previous 12 months.

The price differential between Brent and Russian Export Blend (REB) crude averaged USD -1.4/bbl in the first quarter. Low utilization rates at European refineries contributed to a wider differential during the first part of the quarter, but lower REB export volumes narrowed the differential towards the end of the quarter. The reference refining margin was seasonally low and subject to additional pressure as a result of product imports from the US and the Middle East. Margins strengthened towards the end of the quarter when gasoline margins increased in anticipation of the summer driving season and as the spring refinery maintenance season began to get under way. Middle distillates remained the strongest part of the barrel, but their margins were relatively weak due to soft demand. Fuel oil margins strengthened during the quarter. Neste Oil's reference margin averaged USD 3.3/bbl (USD 6.3/bbl) during the first quarter.

Production

	1-3/14	1-3/13	10-12/13	2013
Porvoo refinery, 1,000 ton	2,890	2,943	3,042	12,016
Porvoo refinery utilization rate, %	85.9	93.5	93.0	87.5
Naantali refinery, 1,000 ton	438	509	478	2,147
Naantali refinery utilization rate, %	69.7	78.1	74.3	78.3
Refinery production costs, USD/bbl	4.8	4.5	5.1	4.8
Bahrain base oil plant (Neste Oil's share), 1,000 ton	26	33	47	151

Sales from in-house production, by product category (1,000 t)

	1-3/14	%	1-3/13	%	10-12/13	%	2013	%
Middle distillates*	1,552	*48*	1,690	*49*	1,819	*49*	6,729	*48*
Light distillates**	1,092	*34*	1,111	*32*	1,219	*33*	4,550	*32*
Heavy fuel oil	233	*7*	297	*9*	353	*9*	1,253	*9*
Base oils	112	*3*	112	*3*	87	*2*	436	*3*
Other products	243	*8*	233	*7*	271	*7*	1,120	*8*
TOTAL	3,232	*100*	3,443	*100*	3,749	*100*	14,088	*100*

* Diesel, jet fuel, heating oil
** Motor gasoline, gasoline components, LPG

Sales from in-house production, by market area (1,000 t)

	1-3/14	%	1-3/13	%	10-12/13	%	2013	%
Baltic Sea area*	2,338	*73*	2,192	*64*	2,225	*59*	9,035	*64*
Other Europe	710	*22*	926	*27*	1,416	*38*	3,933	*28*
North America	46	*1*	216	*6*	60	*2*	843	*6*
Other areas	138	*4*	109	*3*	48	*1*	277	*2*
TOTAL	3,232	*100*	3,443	*100*	3,749	*100*	14,088	*100*

*Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Denmark

Renewable Fuels

Key financials

	1-3/14	1-3/13	10-12/13	2013
Revenue, MEUR	531	513	732	2,493
Comparable EBITDA, MEUR	39	51	118	371
Comparable operating profit, MEUR	15	26	94	273
IFRS operating profit, MEUR	32	9	93	252
Net assets, MEUR	1,768	1,810	-	1,768
Comparable return on net assets*, %	14.8	-1.4	-	15.2

*Last 12 months

Key drivers

	1-3/14	1-3/13	10-12/13	2013
FAME - Palm oil price differential, USD/ton*	229	394	331	356
SME - Soybean oil price differential, USD/ton**	163	286	371	389
Reference margin, USD/ton	206	365	350	371
Additional margin, USD/ton	146	66	159	127
Biomass-based diesel (D4) RIN, USD/gal	0.56	0.52	0.35	0.65
Palm oil price, USD/ton***	810	797	792	768
Crude palm oil's share of total feedstock, %	38	61	46	48

* FAME seasonal vs. CPOBMD3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price) + 70 $/t freight to ARA (Amsterdam-Rotterdam-Antwerp)
** SME US Gulf Coast vs. SBO CBOT 1st (Soybean Oil Chicago Board of Trade 1st month futures price)
*** CPOBMD3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price)

Renewable Fuels' comparable operating profit totaled EUR 15 million during the first quarter, compared to EUR 26 million in the first quarter of 2013 and EUR 94 million in the fourth quarter of 2013. This decline mainly resulted from a significantly lower reference margin, which had a EUR 47 million negative impact on operating profit compared to the first quarter of 2013. However, the negative reference margin impact was partly compensated by stronger additional margin and higher sales volumes. Sales volumes totaled 488,000 tons, a 27% increase on the corresponding period last year. Approximately 73% (77%) of sales volumes went to Europe and Asia-Pacific, and 27% (23%) to North America during the first quarter of 2014. Renewable diesel production achieved an average capacity utilization of 106% (80%) during the first quarter, and Neste Oil’s refineries in Singapore and Rotterdam operated at very high rates. Feedstock mix optimization was successful and the proportion of waste and residues inputs, such as animal fat and palm fatty acid distillate (PFAD), increased to 62% on average. Neste Oil’s additional margin, supported by good productivity at the refineries, successful feedstock optimization and the reallocation of the geographical sales mix, remained at a good level of USD 146/ton and was clearly higher than in the first quarter of 2013. Renewable Fuels’ comparable return on net assets was 14.8% (-1.4%) in the first quarter of 2014 based on the previous 12 months.

Vegetable oil price spreads remained narrow during the first quarter. Crude palm oil (CPO) prices were supported by exceptionally dry weather and lower-than-expected Malaysian inventories. Prices peaked in mid-March, but fell back to January levels as the weather improved, and exports were lower than expected. Rapeseed oil (RSO) prices followed other vegetable oils. As a result, the RSO/CPO price spread was very narrow compared to the historical average during the first quarter, but has started to recover.

The European Fatty Acid Methyl Ester (FAME) vs. RSO price spread was USD 135/ton, in line with historical average level. The European market continues be impacted by a surplus of FAME supply even though biodiesel imports have reduced significantly since the introduction of antidumping duties in 2013.

Soybean oil (SBO) prices were at their lowest levels since 2010 during the first quarter as South American crop outlook for soybean is expected to be record high. In the US, SME margins were very weak during the entire first quarter after the Blender’s Tax Credit (BTC) expired at the end of 2013. The reintroduction of the BTC for 2014 and 2015 has been proposed, but the timing of the decision by the US Congress is uncertain. Another decision potentially impacting the US biodiesel and renewable diesel market is the US Environmental Protection Agency's (EPA) final ruling on renewable fuel volume obligations for 2014, which is expected to be published in the summer.

Production

	1-3/14	1-3/13	10-12/13	2013
NEXBTL diesel, 1,000 ton	545	405	543	1,896
Other NEXBTL products, 1,000 ton*	33	29	44	132
Utilization rate, %	106	80	104	91

* Figures for 2013 adjusted to include also biopropane at all sites.

Sales

	1-3/14	1-3/13	10-12/13	2013
NEXBTL diesel, 1,000 ton	488	385	599	1,938
Proportion of sales volumes to Europe & APAC, %	73	77	50	56
Proportion of sales volumes to North America, %	27	23	50	44

Oil Retail

Key financials

	1-3/14	1-3/13	10-12/13	2013
Revenue, MEUR	1,019	1,153	1,116	4,532
Comparable EBITDA, MEUR	21	19	21	104
Comparable operating profit, MEUR	15	11	14	76
IFRS operating profit, MEUR	15	11	15	120
Net assets, MEUR	254	312	-	255
Comparable return on net assets*, %	29.2	16.2	-	26.1

*Last 12 months

Oil Retail's first-quarter comparable operating profit was EUR 15 million compared to EUR 11 million in the first quarter of 2013. This improvement was mainly linked to the divestment of non-core businesses in Poland and Sweden. Station network sales volumes grew in all markets, when the disposal of the Polish business is taken into account. Neste Oil now has 12 new stations in the Baltic countries and Northwest Russia compared to the first quarter of 2013 and these have contributed to volume growth. Restructuring of the station network in Finland has improved profitability, as lower-profitability stations have been closed and replaced with new, more efficient ones. Direct sales volumes declined due to the mild winter, which reduced heating oil demand, and the general slow-down among industrial customers in Finland. Unit margins remained at good levels in all markets. Oil Retail's comparable return on net assets was 29.2% (16.2%) in the first quarter of 2014 on the rolling 12 months basis.

Oil Retail's markets remained stable. Car traffic shows modest growth in the Finnish market, but truck and other heavy vehicle usage is still declining. The markets in the Baltic countries and Northwest Russia are gradually growing. Although the weaker rouble has not impacted sales in Northwest Russia, profitability was lower when local figures are converted to euros.

Sales volumes by main product categories, million liters

	1-3/14	1-3/13	10-12/13	2013
Gasoline station sales	250	272	277	1,151
Diesel station sales	361	376	376	1,491
Heating oil	149	170	164	635

Revenue by market area, MEUR

	1-3/14	1-3/13	10-12/13	2013
Finland	740	812	800	3,239
Northwest Russia	79	81	92	361
Baltic countries	199	251	217	900

Others

Key financials

	1-3/14	1-3/13	10-12/13	2013
Comparable operating profit, MEUR	-10	-12	-14	-27
IFRS operating profit, MEUR	-8	-12	-14	-26

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned owned by Neste Oil and Jacobs Engineering, Nynas, a joint venture 50/50-owned by Neste Oil and Petróleos de Venezuela, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -10 million (-12 million); joint arrangements accounted for EUR -7 million (-6 million) of this figure, which reflects continued unsatisfactory performance at Nynas. Efforts to improve Nynas profitability have been started under the leadership of a newly appointed CEO.

Annual General Meeting

Neste Oil's Annual General Meeting (AGM) was held in Helsinki after the reporting period on 3 April 2014. The AGM adopted the company's financial statements and consolidated financial statements for 2013 and discharged the Board of Directors and the President & CEO from liability for 2013. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2013. A dividend of EUR 0.65 per share was paid on 15 April 2014.

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the membership of the Board of Directors at seven members, and the following were re-elected to serve until the end of the next AGM: Mr. Jorma Eloranta, Ms. Maija-Liisa Friman, Mr. Per-Arne Blomquist, Ms. Laura Raitio, Mr. Willem Schoeber, and Ms. Kirsi Sormunen. Mr. Jean-Baptiste Renard was elected as a new Board member. Mr. Eloranta was re-elected as Chair and Ms. Friman as Vice Chair. The AGM decided to keep the remuneration paid to Board members unchanged.

Convening after the Annual General Meeting, the Board of Directors elected the members of its two Committees. Jorma Eloranta was elected Chair and Maija-Liisa Friman and Ms. Laura Raitio as members of the Personnel and Remuneration Committee. Per-Arne Blomquist was elected Chair and Jean-Baptiste Renard, Willem Schoeber, and Kirsi Sormunen as members of the Audit Committee.

In accordance with a proposal by the Board of Directors, PricewaterhouseCoopers Oy were appointed as the company's Auditor, with Authorized Public Accountant Mr. Markku Katajisto as the principle responsible auditor, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

In accordance with a proposal by the Board of Directors, the Company's Articles of Association were amended as follows:

a. Remove the requirement contained in Article 4 that a person who has reached the age of 68 cannot be elected to the Board of Directors and keep Article 4 otherwise unchanged.

b. Amend Article 10 to read as follows:

"10 § Notice of a General Meeting of Shareholders

Notices convening a General Meeting of Shareholders are issued by the Board of Directors. Notices shall be delivered by publishing them on the Company's Web site no earlier than two (2) months and no later than three (3) weeks prior to a meeting and at least nine (9) days prior to the record date set for the meeting. In addition, the Company shall publish details on the date and location of the meeting, together with the address of the Company's Web site, in one or more newspapers within the same period of time.

To participate in a General Meeting of Shareholders, a shareholder must register with the Company by the date specified in the notice, which date shall not be earlier than ten (10) days before the General Meeting of Shareholders. Since the Company's shares are included in the book-entry system, the provisions of the Finnish Companies Act concerning the right to participate in General Meetings of Shareholders shall also be taken into account.

The General Meetings of Shareholders shall be held in Espoo, Helsinki, or Vantaa."

In accordance with a proposal by the Board of Directors, the AGM authorized the Board to decide the purchase of the Company's own shares ('Buyback authorization') under the following terms:

Under this authorization, the Board shall be authorized to decide the purchase of and/or take as security a maximum of 2,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 0.78% of the Company's total shares.

Shares may be purchased in one or more lots. The purchase price shall be at least the lowest price paid for Company shares in regulated trading at the time of purchase and no more than the highest price paid for Company shares in regulated trading at the time of purchase. In connection with the buyback of Company shares, derivative, share lending, or other agreements that are normal within the framework of capital markets may take place in accordance with legislative and regulatory requirements and at a price determined by the market. The authorization shall allow the Board to decide to purchase shares otherwise than in proportion to shareholders' current holdings (directed buyback).

Shares so purchased can be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program, or be retained, conveyed, or cancelled by the Company.

The Board of Directors shall decide the other terms related to the buyback of Company shares. The Buyback authorization shall remain in force for eighteen (18) months from the decision taken by the AGM.

In accordance with a proposal by the Board of Directors, the AGM authorized the Board to decide the conveyance of the treasury shares held by the Company under the following terms:

Under this authorization, the Board shall be authorized to take one or more decisions concerning the distribution of the treasury shares held by the Company, with the proviso that the number of shares thereby conveyed totals a maximum of 2,000,000 shares, equivalent to approximately 0.78% of all the Company's shares.

The treasury shares held by the Company can be distributed to the Company's shareholders in proportion to the shares they already own or via a directed share issue that bypasses shareholders' pre-emptive rights if the Company has a weighty financial reason for doing so, such as using the shares in question as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, or as part of the Company's incentive program.

The treasury shares held by the Company can be conveyed against payment or distributed free of charge. A directed share issue can only be made free of charge if there is a particularly weighty financial reason, in respect of the Company's interests and those of all its shareholders, for doing so.

The Board will also be responsible for the other terms and conditions of a share issue. The authorization shall remain in force until 30 June 2017.

Shares, share trading, and ownership

Neste Oil’s shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the quarter at EUR 14.80, up by 2.1% compared to the end of 2013. At its highest during the quarter, the share price traded at EUR 15.70, while at its lowest the price stood at EUR 13.24. Market capitalization was EUR 3.8 billion as of 31 March 2014. An average of 1.2 million shares were traded daily, representing 0.5% of the company’s shares.

Neste Oil’s share capital registered with the Company Register as of 31 March 2014 totaled EUR 40 million, and the total number of shares outstanding was 256,403,686. The company does not hold any of its own shares. As resolved by the AGM on 3 April, 2014, the Board of Directors has been authorized to decide the purchase of and/or take as security a maximum of 2,000,000 Company shares using the Company's unrestricted equity. The buyback authorization shall remain in force for 18 months from the decision taken by the AGM. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of the end of March, the Finnish State owned 50.1% (50.1% at the end of 2013) of outstanding shares, foreign institutions 18.5% (17.2%), Finnish institutions 16.4% (17.8%), and Finnish households 15.0% (14.9%).

Personnel

Neste Oil employed an average of 5,076 (5,017) employees in the first quarter, of which 1,487 (1,468) were based outside Finland. As of the end of March, the company had 5,114 employees (5,030), of which 1,497 (1,462) were located outside Finland.

Health, safety, and the environment

An extensive safety improvement program focused on improving safety leadership and the safety behavior of Neste Oil employees and contractor personnel has been running for around six months and has resulted in improved safety performance. Occupational safety performance improved during the first quarter. The total recordable injury frequency (TRIF, number of cases per million hours worked by both Neste Oil and contractor personnel.) was 2.2 (4.2 in 2013). The corporate target is 3.3 for 2014. Process safety has been improving for a longer period. The Process Safety Event Rate (PSER) was 1.4 (3.0 in 2013) in the first quarter. The corporate PSER target is 3.0.

Operational environmental emissions were in substantial compliance at all sites. Permitted levels were exceeded four times, three times at Rotterdam and once at Naantali. All four cases were of a minor nature. No serious environmental incidents resulting in liability occurred at Neste Oil's refineries or other production facilities during the first three months of 2014.

Neste Oil was again selected for inclusion in The Global 100 list of the world's most sustainable companies in January, for the eighth time. Neste Oil was ranked sixth in 2014, compared to fourth in 2013.

Neste Oil strengthened its commitment to procuring sustainable renewable raw materials by beginning a program of close cooperation with The Forest Trust (TFT) in 2013. TFT completed the first stage of its work, desktop risk assessment, during the reporting period. The TFT work will focus on preventing deforestation together with palm oil producers by developing and implementing policies that reflect Neste Oil's No Deforestation Guidelines. Attention will also be given to external growers that are linked to the same palm oil mills that supply certified palm oil to Neste Oil. All the palm oil purchased by Neste Oil is certified and traced using either the segregation or mass balance method.

Implementation of Neste Oil's Verification Scheme approved by the European Commission has started.

Main events published during the reporting period

On 8 January, Neste Oil announced that it disputes the view of Finnish Customs that biofuel mandate requirements were not met in 2009 and 2010. Finnish Customs has levied a penalty payment totaling EUR 44 million on Neste Oil because Finnish biofuel mandate requirements were not met in 2009 and 2010. Neste Oil disputes Finnish Customs' interpretation and believes that it complied with the requirements according to the legislation in force at the time. Neste Oil has appealed the Finnish Customs' decision and considers the penalty payment unjustified. This has not affected the company's result in 2013 or 2014. The penalty payment was paid in January 2014, and it was presented in non-current receivables in the consolidated balance sheet as of 31 March 2014.

On 22 January, the European Commission (EC) announced a proposal to amend the EU’s post-2020 climate targets. The proposed new key target is to reduce greenhouse gas emissions by 40% compared to 1990 levels by 2030. In addition, a binding EU-level target of 27% has been proposed for the use of renewable energy. Neste Oil sees the emission reduction target proposed by the Commission as both important and ambitious. However, Neste Oil also believes it is important that the EU continues a consistent policy on promoting the use of renewable fuels in traffic and transport, and that national targets covering their use should continue.

On 13 February, Neste Oil announced that it had received an announcement pursuant to Chapter 9, Section 5 of the Securities Markets Act regarding a change in its shareholders. BlackRock, Inc. announced that its aggregate holding in Neste Oil Corporation had decreased below the 5% threshold on 11 February and was 4.98%.

On 20 February, Neste Oil announced that it had agreed on a business transfer under which Neste Oil will transfer the ship management functions of Neste Shipping to Norwegian-based OSM Group AS, a global provider of offshore and ship management services. The outsourcing of ship management functions is part of Neste Oil's plan to exit the shipping business announced on 19 September 2013. Under the agreement, OSM will set up a subsidiary in Finland responsible for the crewing and maintenance of vessels previously under the management by Neste Shipping that continue to be used by Neste Oil. The intention is to transfer the shore and seagoing personnel currently employed by Neste Shipping's ship management functions to OSM's new Finnish subsidiary during spring 2014.

On 19 March, Neste Oil announced that Neste Oil and Concordia Maritime had decided to sell their two Panamax tankers, the Stena Poseidon and the Palva, which they own through jointly held companies, to Transport Maritime St-Laurent Inc. of Canada. For Neste Oil, the sale is part of the company's plan to exit the shipping business and concentrate on developing its core businesses. The sale of the Stena Poseidon and the Palva will not have any personnel-related impact for Neste Oil, as Neste Shipping terminated the ship and crew management contracts covering the vessels in 2013. The Bermudian-based holding companies owning the vessels will be dissolved following the sale. The purchase price of the vessels has not been disclosed. The to-be sale had a minor negative impact on Neste Oil's IFRS operating profit for the first quarter of the year and it will have a minor positive impact on cash flow when the joint venture companies are dissolved.

Events after the reporting period

On 24 April, Neste Oil announced that its Board of Directors had decided to exercise the buyback authorization issued by the AGM on 3 April 2014 to purchase the company's shares.

Potential 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. The political crisis in Ukraine has increased general uncertainty in the European energy market, but has not materially impacted oil and gas supply.

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, North America, and other key market areas may influence the speed at which the demand for these fuels develops. Over the longer term, failure to protect Neste Oil's proprietary technology or the introduction and implementation of competing technologies 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, the price differentials between different vegetable oils, and biodiesel margins.

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

Outlook

Developments in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets, and volatility in these markets is expected to continue. Global oil demand is generally anticipated to increase by more than 1 million bbl/d in 2014, but, as in 2013, this growth will be more than compensated for by new refining capacity in Asia and the Middle East. This is expected to lead to continued high product imports from the Middle East and the US into Europe. Diesel is projected to be the strongest part of the barrel, while gasoline margins are expected to improve seasonally during the spring and summer.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks, but no fundamental changes in the drivers influencing long term average feedstock price differentials are expected. Consequently, price differentials are likely to widen from the current narrow levels during 2014 in both Europe and North America.

Uncertainties regarding political decision-making in the US are likely to be reflected in the renewable fuel market. Examples of pending decisions include volume targets for biomass-based diesel and the possible reintroduction of the Blender's Tax Credit (BTC), which both impact the US market. Reintroduction of the BTC for 2014 and 2015 has made some progress in the US Congress and would impact Neste Oil's result positively.

The Singapore NExBTL refinery is scheduled for a major turnaround lasting approx. eight weeks during the third and fourth quarter of 2014.

The Group's investments are expected to total approx. EUR 300-350 million in 2014.

First-quarter refining margins and renewable fuels margins were softer than previously expected. Neste Oil has revised its guidance and now expects the Group's full-year comparable operating profit to be EUR 450 million +/- 10% in 2014. Previously the full-year operating profit was expected to be at the level of EUR 500 million. Neste Oil's reference refining margin is assumed to average USD 4.0/bbl during the year compared to the previous estimate of USD 4.5/bbl. Narrow feedstock price differentials are expected to weaken Renewable Fuels' profitability during the first half of the year, but should gradually widen thereafter. The company will also continue its performance improvement actions to defend good profitability in 2014.

Reporting date for the company's second-quarter 2014 results

Neste Oil will publish its second-quarter results on 5 August 2014 at approximately 9:00 a.m. EET.

Espoo, 24 April 2014

Neste Oil Corporation
Board of Directors

Further information:

Matti Lievonen, President & CEO, tel. +358 10 458 11
Jyrki Mäki-Kala, CFO, tel. +358 10 458 4098
Investor Relations, tel. +358 10 458 5292

News conference and conference call

A press conference in Finnish on the first-quarter results will be held today, 25 April 2014, at 11:30 a.m. EET at the company's headquarters at Keilaranta 21, Espoo. www.nesteoil.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on 25 April 2014 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 6937 9590, Europe: +44 (0)20 3427 1907, US: +1 212 444 0481, using access code 5706118. The conference call can be followed at the company's web site. An instant replay of the call will be available until 2 May 2014 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 5706118#.

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.

The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

CONSOLIDATED INCOME STATEMENT

MEUR	Note	1-3/2014	1-3/2013*	1-12/2013*	Last 12 months*
Revenue	3	**3,654**	4,258	17,469	16,865
Other income		**7**	5	79	81
Share of profit (loss) of joint arrangements		**-6**	-5	-9	-10
Materials and services		**-3,253**	-3,767	-15,427	-14,913
Employee benefit costs		**-86**	-88	-354	-352
Depreciation, amortization and impairments	3	**-81**	-80	-323	-324
Other expenses		**-179**	-237	-803	-745
Operating profit		**55**	86	632	601
Financial income and expenses					
Financial income		**1**	0	2	3
Financial expenses		**-18**	-20	-81	-79
Exchange rate and fair value gains and losses		**0**	-1	8	9
Total financial income and expenses		**-17**	-21	-71	-67
Profit before income taxes		**38**	65	561	534
Income tax expense		**-7**	-18	-37	-26
Profit for the period		**31**	47	524	508
Profit attributable to:					
Owners of the parent		**31**	47	523	507
Non-controlling interests		**1**	0	1	2
		31	47	524	508
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.12**	0.18	2.04	1.98

STATEMENT OF COMPREHENSIVE INCOME

MEUR	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Profit for the period	**31**	47	524	508
Other comprehensive income net of tax:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	**0**	0	-1	-1
Items that may be reclassified subsequently to profit or loss				
Translation differences	**-12**	9	-33	-54
Cash flow hedges				
recorded in equity	**3**	-14	10	27
transferred to income statement	**-5**	-4	-19	-20
Net investment hedges	**-**	-	0	0
Hedging reserves in joint arrangements	**-**	0	-1	-1
Total	**-14**	-9	-43	-48
Other comprehensive income for the period, net of tax	**-14**	-9	-44	-49
Total comprehensive income for the period	**17**	38	480	459
Total comprehensive income attributable to:				
Owners of the parent	**17**	38	479	457
Non-controlling interests	**1**	0	1	2
	17	38	480	459

* The Group has adopted the new IFRS 11 Joint Arrangements standard on 1 January 2014. The comparative figures for 2013 have been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	Note	31 March 2014	31 March 2013*	31 Dec 2013*
ASSETS				
Non-current assets				
Intangible assets	5	**64**	60	62
Property, plant and equipment	5	**3,696**	3,824	3,743
Investments in joint arrangements		**198**	243	224
Non-current receivables		**46**	4	3
Deferred tax assets		**28**	41	29
Derivative financial instruments	6	**24**	32	22
Available-for-sale financial assets		**5**	5	4
Total non-current assets		**4,061**	4,209	4,087
Current assets				
Inventories		**1,422**	1,600	1,468
Trade and other receivables		**1,023**	1,104	947
Derivative financial instruments	6	**30**	30	34
Cash and cash equivalents		**168**	174	506
Total current assets		**2,642**	2,908	2,955
Assets classified as held for sale [1)]		**18**	61	-
Total assets		**6,721**	7,178	7,043
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**2,884**	2,522	2,868
Total		**2,924**	2,562	2,908
Non-controlling interest		**17**	16	16
Total equity		**2,941**	2,578	2,924
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,586**	1,822	1,586
Deferred tax liabilities		**263**	322	266
Provisions		**35**	32	37
Pension liabilities		**93**	98	93
Derivative financial instruments	6	**6**	5	7
Other non-current liabilities		**5**	7	7
Total non-current liabilities		**1,989**	2,286	1,996
Current liabilities				
Interest-bearing liabilities		**109**	391	171
Current tax liabilities		**38**	42	49
Derivative financial instruments	6	**19**	71	25
Trade and other payables		**1,625**	1,789	1,877
Total current liabilities		**1,791**	2,293	2,122
Liabilities related to assets held for sale [1)]		**-**	21	-
Total liabilities		**3,780**	4,600	4,119
Total equity and liabilities		**6,721**	7,178	7,043

[1)] Neste Oil and Concordia Maritime announced on 19 March 2014 the decision to sell the Panamax tankers Stena Poseidon and Palva, which they own through joint venture companies, to Transport Maritime St-Laurent Inc. of Canada. The assets related to the joint venture companies are classified as held for sale as 31 March 2014.

The assets and liabilities held for sale at 31 March 2013 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 were part of the Oil Retail segment. The transaction was closed on 2 April 2013.

* The Group has adopted the new IFRS 11 Joint Arrangements standard on 1 January 2014. The comparative figures for 2013 have been restated.

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 2013	40	18	10	2	-29	2,483	2,524	16	2,540
Dividend paid							-		-
Share-based compensation						0	0		0
Transfer from retained earnings		1				-1	0		0
Total comprehensive income for the period			-18	9	0	47	38	0	38
Total equity at 31 March 2013	40	19	-8	11	-29	2,529	2,562	16	2,578

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 2014	**40**	**18**	**0**	**-31**	**-30**	**2,911**	**2,908**	**16**	**2,924**
Dividend paid							**-**		**-**
Share-based compensation						**0**	**0**		**0**
Transfer from retained earnings		**1**				**-1**	**0**		**0**
Total comprehensive income for the period			**-2**	**-12**		**30**	**16**	**1**	**17**
Total equity at 31 March 2014	**40**	**19**	**-2**	**-43**	**-30**	**2,941**	**2,924**	**17**	**2,941**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	1-3/2014	1-3/2013	1-12/2013
Cash flow from operating activities			
Profit before taxes	**38**	65	561
Adjustments, total	**101**	126	360
Change in working capital	**-287**	-272	100
Cash generated from operations	**-148**	-81	1,021
Finance cost, net	**-10**	-1	-98
Income taxes paid	**-20**	-23	-84
Net cash generated from operating activities	**-178**	-105	839
Capital expenditure	**-43**	-34	-214
Acquisition of other shares	**0**	-	0
Proceeds from sales of shares in subsidiaries	**0**	-	75
Proceeds from sales of fixed assets	**0**	0	2
Change in long-term receivables and other investments [1)	**-46**	44	57
Cash flow before financing activities	**-267**	-95	759
Net change in loans and other financing activities	**-67**	-129	-557
Dividends paid to the owners of the parent	**-**	-	-97
Dividends paid to non-controlling interests	**-**	-	-1
Net increase (+)/decrease (-) in cash and cash equivalents	**-334**	-224	104

[1)] Including penalty payment in Q1 2014 to Finnish Customs totaling approximately EUR 44 million.

KEY FINANCIAL INDICATORS

	31 March 2014	31 March 2013	31 Dec 2013	Last 12 months
Capital employed, MEUR	**4,637**	4,791	4,682	4,637
Interest-bearing net debt, MEUR	**1,528**	2,027	1,252	-
Capital expenditure and investment in shares, MEUR	**43**	34	214	223
Return on average capital employed, after tax, ROACE %	**-**	-	11.8	10.7
Return on capital employed, pre-tax, ROCE, annualized %	**4.8**	7.0	13.4	13.0
Return on equity, annualized %	**4.2**	7.4	19.2	18.4
Equity per share, EUR	**11.41**	10.01	11.36	-
Cash flow per share, EUR	**-0.70**	-0.41	3.28	2.99
Equity-to-assets ratio, %	**43.8**	36.0	41.6	-
Leverage ratio, %	**34.2**	44.0	30.0	-
Gearing, %	**51.9**	78.6	42.8	-
Average number of shares	**256,042,929**	255,921,509	255,967,244	255,997,183
Number of shares at the end of the period	**256,184,603**	255,982,212	255,982,212	256,184,603
Average number of personnel	**5,076**	5,017	5,097	-

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 2013, with the exception of the adoption of new IFRS standards and IFRIC interpretations effective during 2014 that are relevant to its operations.

The Group applies the following new standards as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities

The Group has adopted the new IFRS 10 Consolidated Financial Statement and IFRS 11 Joint Arrangements as of 1 January 2014. Under IFRS 11 there are two types of joint arrangements: joint ventures and joint operations. The IFRS 11 standard only permits the equity method in consolidation of joint ventures and requires that a joint operator accounts for its share of the joint operations assets, liabilities, revenue, expenses and cash flow. The Group's joint ventures are consolidated using the equity method and therefore the adoption of IFRS 11 did not change their accounting treatment. For joint operations the Group no longer uses the equity method but instead consolidates its share of the joint operations assets, liabilities, revenues, expenses and cash flow on a line by line bases. The joint operations have an immaterial impact on the Group's financial position. The comparative information for 2013 has been restated according to the transition rules.

Other new standards and amendments did not have a material impact on the reported income statement, statement of financial position or notes.

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. 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 31 March 2014 there were 219 083 shares accounted for as treasury shares.

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	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Oil Products	**2,774**	3,307	13,271	12,739
Renewable Fuels	**531**	513	2,493	2,511
Oil Retail	**1,019**	1,153	4,532	4,399
Others	**58**	52	206	211
Eliminations	**-728**	-767	-3,034	-2,995
Total	**3,654**	4,258	17,469	16,864

OPERATING PROFIT MEUR	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Oil Products	**13**	79	286	220
Renewable Fuels	**32**	9	252	275
Oil Retail	**15**	11	120	124
Others	**-8**	-12	-26	-22
Eliminations	**2**	-1	0	3
Total	**55**	86	632	601

COMPARABLE OPERATING PROFIT MEUR	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Oil Products	**33**	111	280	202
Renewable Fuels	**15**	26	273	262
Oil Retail	**15**	11	76	80
Others	**-10**	-12	-27	-25
Eliminations	**2**	-1	2	5
Total	**55**	135	604	524

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Oil Products	**47**	45	185	187
Renewable Fuels	**24**	25	98	97
Oil Retail	**7**	8	28	27
Others	**3**	3	13	13
Eliminations	**-**	-1	-1	0
Total	**81**	80	323	324

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	1-3/2014	1-3/2013	1-12/2013	Last 12 months
Oil Products	**33**	24	142	151
Renewable Fuels	**4**	5	21	20
Oil Retail	**3**	1	31	33
Others	**3**	4	20	19
Total	**43**	34	214	223

TOTAL ASSETS MEUR	31 March 2014	31 March 2013	31 Dec 2013
Oil Products	**3,738**	3,994	3,721
Renewable Fuels	**1,991**	2,085	2,043
Oil Retail	**549**	658	556
Others	**416**	429	419
Unallocated assets	**300**	312	596
Eliminations	**-273**	-300	-292
Total	**6,721**	7,178	7,043

NET ASSETS MEUR	31 March 2014	31 March 2013	31 Dec 2013
Oil Products	**2,405**	2,536	2,163
Renewable Fuels	**1,768**	1,810	1,768
Oil Retail	**254**	312	255
Others	**253**	271	259
Eliminations	**1**	-4	-2
Total	**4,680**	4,925	4,443

TOTAL LIABILITIES MEUR	31 March 2014	31 March 2013	31 Dec 2013
Oil Products	**1,334**	1,458	1,558
Renewable Fuels	**223**	276	275
Oil Retail	**295**	346	301
Others	**163**	157	160
Unallocated liabilities	**2,039**	2,658	2,115
Eliminations	**-274**	-295	-290
Total	**3,780**	4,600	4,119

RETURN ON NET ASSETS, %	31 March 2014	31 March 2013	31 Dec 2013	Last 12 months
Oil Products	**2.3**	13.2	12.1	9.2
Renewable Fuels	**7.4**	2.0	14.0	15.5
Oil Retail	**22.8**	13.4	41.2	45.2

COMPARABLE RETURN ON NET ASSETS, %	31 March 2014	31 March 2013	31 Dec 2013	Last 12 months
Oil Products	**5.8**	18.5	11.8	8.4
Renewable Fuels	**3.3**	5.7	15.2	14.8
Oil Retail	**23.2**	13.4	26.1	29.2

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**2,774**	3,492	3,476	2,996	3,307
Renewable Fuels	**531**	732	713	535	513
Oil Retail	**1,019**	1,120	1,174	1,085	1,153
Others	**58**	49	51	54	52
Eliminations	**-728**	-783	-784	-700	-767
Total	**3,654**	4,611	4,630	3,970	4,258

QUARTERLY OPERATING PROFIT MEUR	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**13**	93	104	10	79
Renewable Fuels	**32**	93	116	34	9
Oil Retail	**15**	15	29	65	11
Others	**-8**	-14	0	0	-12
Eliminations	**2**	-2	0	3	-1
Total	**55**	185	249	112	86

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**33**	72	67	30	111
Renewable Fuels	**15**	94	120	33	26
Oil Retail	**15**	14	29	22	11
Others	**-10**	-14	0	-1	-12
Eliminations	**2**	-2	1	4	-1
Total	**55**	164	217	88	135

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**47**	48	46	46	45
Renewable Fuels	**24**	24	24	25	25
Oil Retail	**7**	7	6	7	8
Others	**3**	3	4	3	3
Eliminations	**-**	0	0	0	-1
Total	**81**	82	80	81	80

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**33**	47	27	44	24
Renewable Fuels	**4**	6	2	8	5
Oil Retail	**3**	12	9	9	1
Others	**3**	7	4	5	4
Total	**43**	72	42	66	34

4. ACQUISITIONS AND DISPOSALS

In the first quarter 2014 Neste Oil sold its 100% interest in its subsidiary Neste LPG AB. The sale was completed on 31 March 2014 and a capital gain amounting to EUR 2 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 LPG AB

MEUR	Neste LPG AB 31 March 2014
Inventories	0
Trade and other receivables	0
Cash and cash equivalents	3
Total assets	3
Provisions	3
Trade payable and other payable	0
Total liabilities	3
Sold net assets	0
Gain on sale	2
Total consideration	3
Cash consideration received	3
Cash and cash equivalents disposed of	3
Cash inflow arising from disposal	0

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

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	**31 March 2014**	31 March 2013	31 Dec 2013
Opening balance at 1 January 2013			3,930
Change in accounting policy (IFRS 11)			2
Opening balance	**3,805**	3,930	3,932
Depreciation, amortization and impairments	**-81**	-80	-323
Capital expenditure	**43**	34	214
Disposals	**-1**	-1	-7
Translation differences	**-6**	1	-11
Closing balance	**3,760**	3,884	3,805

CAPITAL COMMITMENTS MEUR	**31 March 2014**	31 March 2013	31 Dec 2013
Commitments to purchase property, plant and equipment	**44**	18	36
Total	**44**	18	36

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	31 March 2014 Nominal value	31 March 2014 Net fair value	31 March 2013 Nominal value	31 March 2013 Net fair value	31 Dec 2013 Nominal value	31 Dec 2013 Net fair value
Interest rate swaps	**750**	**20**	1,030	24	800	17
Forward foreign exchange contracts	**1,317**	**5**	1,456	-15	1,048	7
Currency options						
Purchased	**138**	**0**	151	-2	196	2
Written	**137**	**2**	125	0	192	3

Commodity derivative contracts	31 March 2014 Volume GWh	31 March 2014 Volume million bbl	31 March 2014 Net fair value Meur	31 March 2013 Volume GWh	31 March 2013 Volume million bbl	31 March 2013 Net fair value Meur	31 Dec 2013 Volume GWh	31 Dec 2013 Volume million bbl	31 Dec 2013 Net fair value Meur
Sales contracts	**-**	**9**	**4**	-	17	1	-	7	-8
Purchase contracts	**1,673**	**10**	**-2**	-	13	-22	1,627	9	3

Commodity derivative contracts include oil, freight, vegetable oil and electricity 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 March 31, 2014:

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	-	-	46	-	-	46	-
Derivative financial instruments	24	-	-	-	-	24	24
Available-for-sale financial assets	-	-	-	5	-	5	-
Current financial assets							
Trade and other receivables	-	-	1,022	-	-	1,022	-
Derivative financial instruments	12	18	-	-	-	30	30
Carrying amount by category	37	18	1,069	5	-	1,127	54
Non-current financial liabilities							
Interest-bearing liabilities	-	-	-	-	1,586	1,586	1,657
Derivative financial instruments	5	2	-	-	-	6	6
Other non-current liabilities		-	-	-	5	5	-
Current financial liabilities							
Interest-bearing liabilities	-	-	-	-	109	109	-
Current tax liabilities	-	-	-	-	38	38	-
Derivative financial instruments	3	16	-	-	-	19	19
Trade and other payables	-	-	-	-	1,624	1,624	-
Carrying amount by category	8	18	-	-	3,363	3,389	1,682

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	26	-	30

Financial liabilities	Level 1	Level 2	Level 3	Total
Non-current derivative financial instruments	-	6	-	6
Current derivative financial instruments	2	17	-	19

During the three-month period ended 31 March 2014, 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.

The fair values of non-current interest-bearing liabilities that are carried at amortised cost, but for which fair value is disclosed, are determined by using the discounted cash flow method employing market interest rates or market values at the balance sheet date. Non-current interest-bearing liabilities are classified into fair value measurement hierarchy level 2.

7. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, joint arrangements 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 joint arrangements	**1-3/2014**	1-3/2013	1-12/2013
Sales of goods and services	**10**	11	121
Purchases of goods and services	**15**	20	89
Receivables	**10**	12	8
Financial income and expenses	**0**	0	0
Liabilities	**18**	20	12

8. CONTINGENT LIABILITIES

MEUR	**31 March 2014**	31 March 2013	31 Dec 2013
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	17	17
Pledged assets	**0**	1	0
Other contingent liabilities	**25**	12	16
Total	**42**	30	33
On behalf of joint arrangements			
Guarantees	**1**	2	1
Total	**1**	2	1
On behalf of others			
Guarantees	**2**	1	2
Other contingent liabilities	**2**	3	3
Total	**3**	4	5
Total	**47**	36	39

MEUR	**31 March 2014**	31 March 2013	31 Dec 2013
Operating lease liabilities			
Due within one year	**46**	60	58
Due between one and five years	**53**	109	82
Due later than five years	**65**	82	66
Total	**165**	251	206

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, freight and electricity 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, freight and electricity 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, freight and electricity 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

www.nesteoil.com