

Second quarter 2010 results

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NESTEOIL

refining the future

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Main market drivers in the second quarter

Global economy and oil demand



- Economic recovery has continued but is somewhat clouded
- Oil demand forecasts unchanged; demand in 2010 likely to be higher than the previous record in 2007
- Demand for fuels driven by commercial use

Refining markets

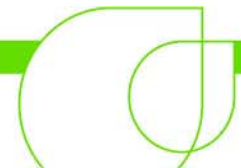


- Reference refining margin increased to USD 5.23/bbl vs. USD 3.63/bbl in Q2/09 and USD 4.20/bbl in Q1/10
- Diesel margins were stronger y-o-y, gasoline a little softer
- Inventories are still high, especially in middle distillates

Others



- Price differential of rapeseed oil to palm oil was only USD 74/t vs. USD 142/t in Q2/09
- Diesel demand has recovered in our retail markets, but gasoline demand continues to decline
- Tanker freight rates were higher compared Q2/09



Second quarter 2010 in brief (compared to Q2/2009)

Results

- Comparable operating profit EUR 5 million (47 million)
- Turnaround at Porvoo had EUR 65 million negative impact
- Total refining margin USD 7.35/bbl (7.87)
- Net cash from operations EUR 243 million (223 million)

Capex, cash flow & costs

- Refinery production costs USD 5.6/bbl (5.5)
- Leverage ratio 47.0% (39.7%)
- Investments totaled EUR 374 million (210 million)

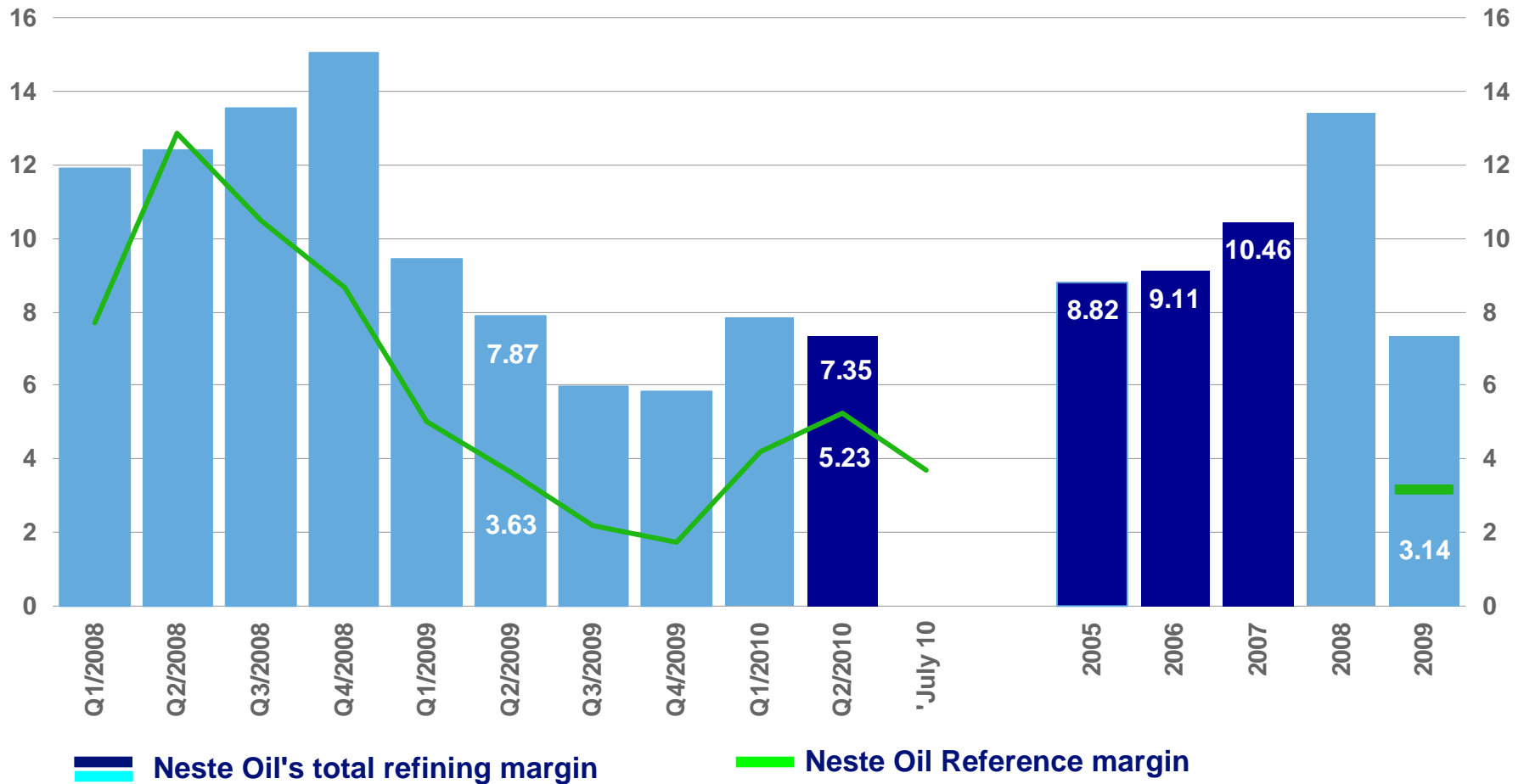
Other

- Maintenance turnaround at Porvoo was completed successfully
- Commissioning of the Singapore NExBTL plant has started
- Sines ETBE plant was divested
- Acquisition of 22 retail stations in Lithuania was closed



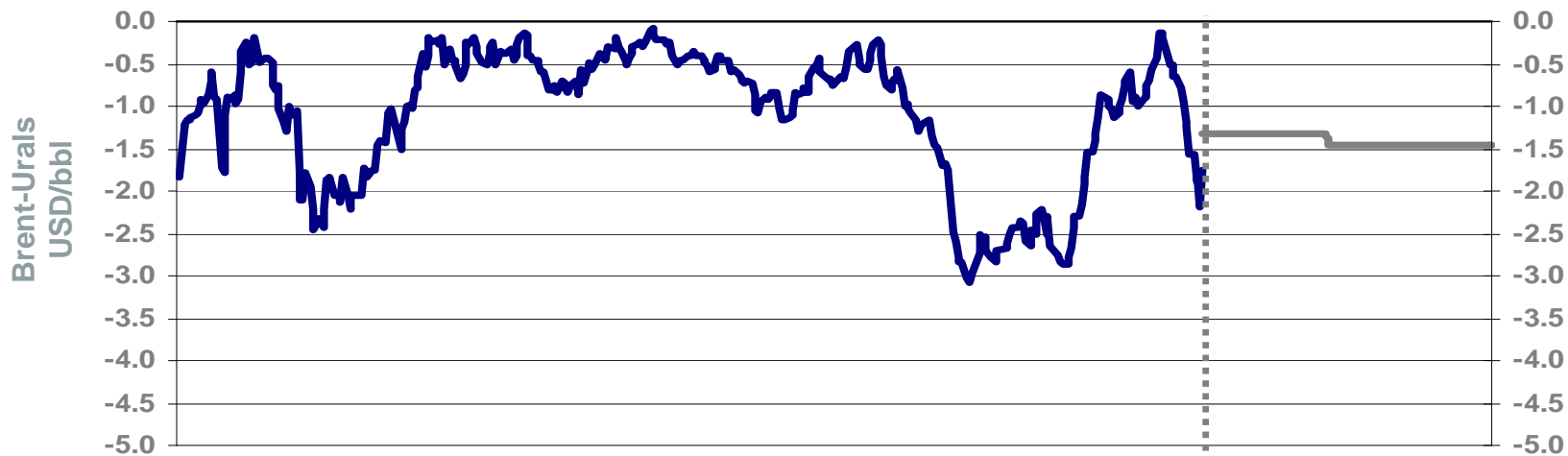
Total refining margin was diluted by the turnaround

USD/bbl

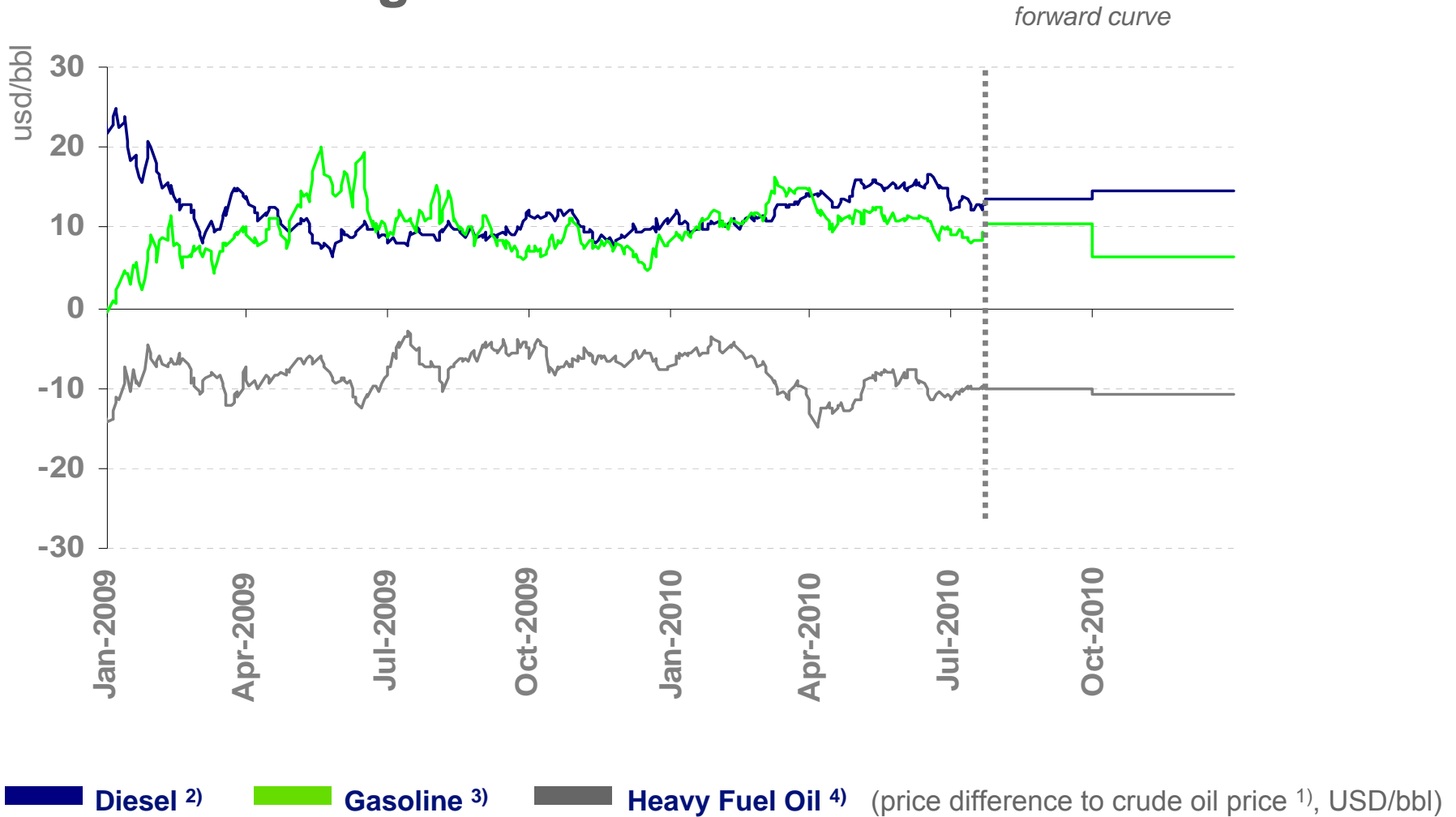


Brent and Urals-Brent differential

forward curve



Product margins



1) Brent Dated 2) ULSD 10ppm CIF ARA
 3) Premium Unleaded 10 ppm CIF ARA 4) HSFO 3.5% CIF ARA

Forward curve sources: PVM, TulletPrebon and Mitsui





Financials

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Segment results for Q2/2010

Comparable EBIT	Q2/10	Q2/09	Q1/10	2009
Oil Products	-3	37	58	105
Renewable Fuels	-23	-6	-17	-29
Oil Retail	13	14	6	50
Others & eliminations	18	2	41	-10
Group	5	47	88	116



Oil Products:

- Negative impact of EUR 65 million due to the turnaround
- Base oils saw improvement in demand and margins; gasoline components supported by normal seasonality
- Chartering's result improved year-on-year thanks to higher freight rates

Renewable Fuels:

- Costs related to preparation of the Singapore start-up and the expansion of the business weighed on profitability
- Very narrow price differential between palm oil and rapeseed oil impacted margins

Oil Retail:

- Diesel sales increased but gasoline sales declined
- Demand for commercial use continued to strengthen

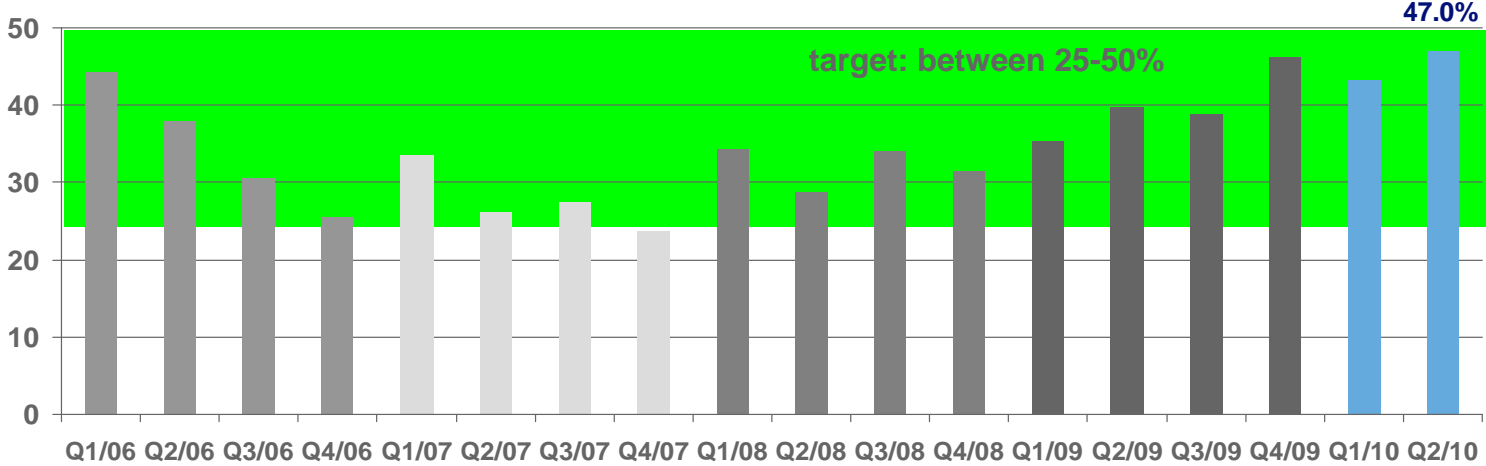
Others:

- Share of associates' profit EUR 20 million (9 million)

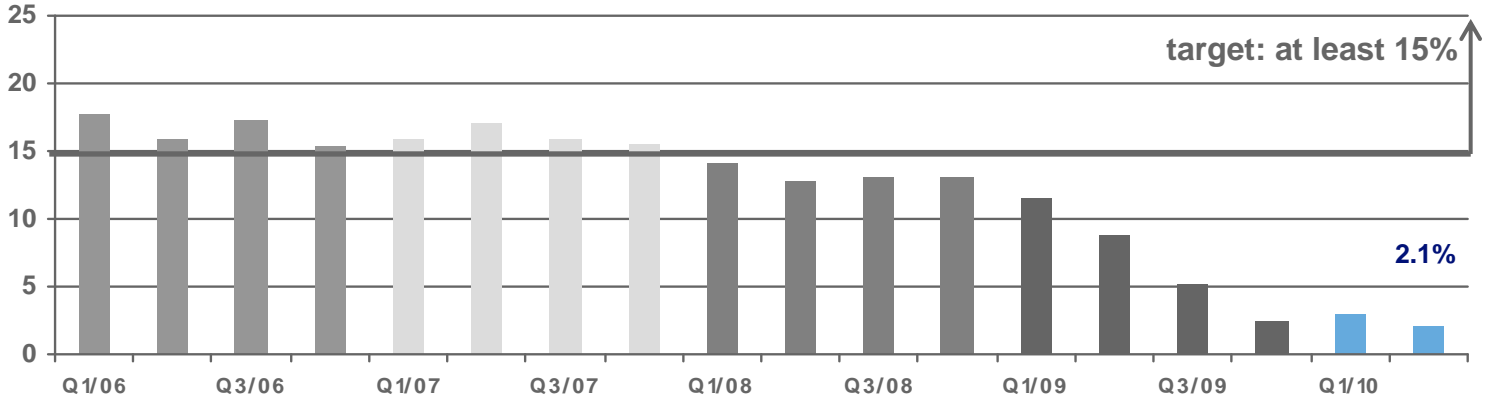


Key financial targets

Leverage (net debt to capital), %



Return on average capital employed after tax (ROACE) ¹⁾, %



1) rolling 4 quarters





Management Agenda and Outlook

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Management agenda for 2010



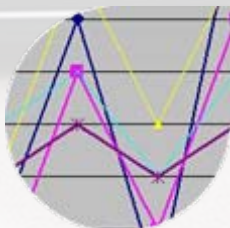
PROFITABLE GROWTH

- Singapore plant is close to complete and start-up in Q4
- Rotterdam plant is on-schedule and start-up towards the end of H1/11
- Cost estimates unchanged
- Bahrain base oil plant due to completion in the 2nd half of 2011



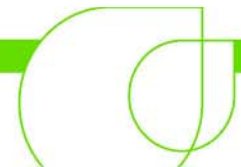
PRODUCTION EFFICIENCY

- Continuous improvements targeted after the turnaround
- Good refinery runs in the second half
- Successful start-up and smooth ramp-up of the Singapore plant



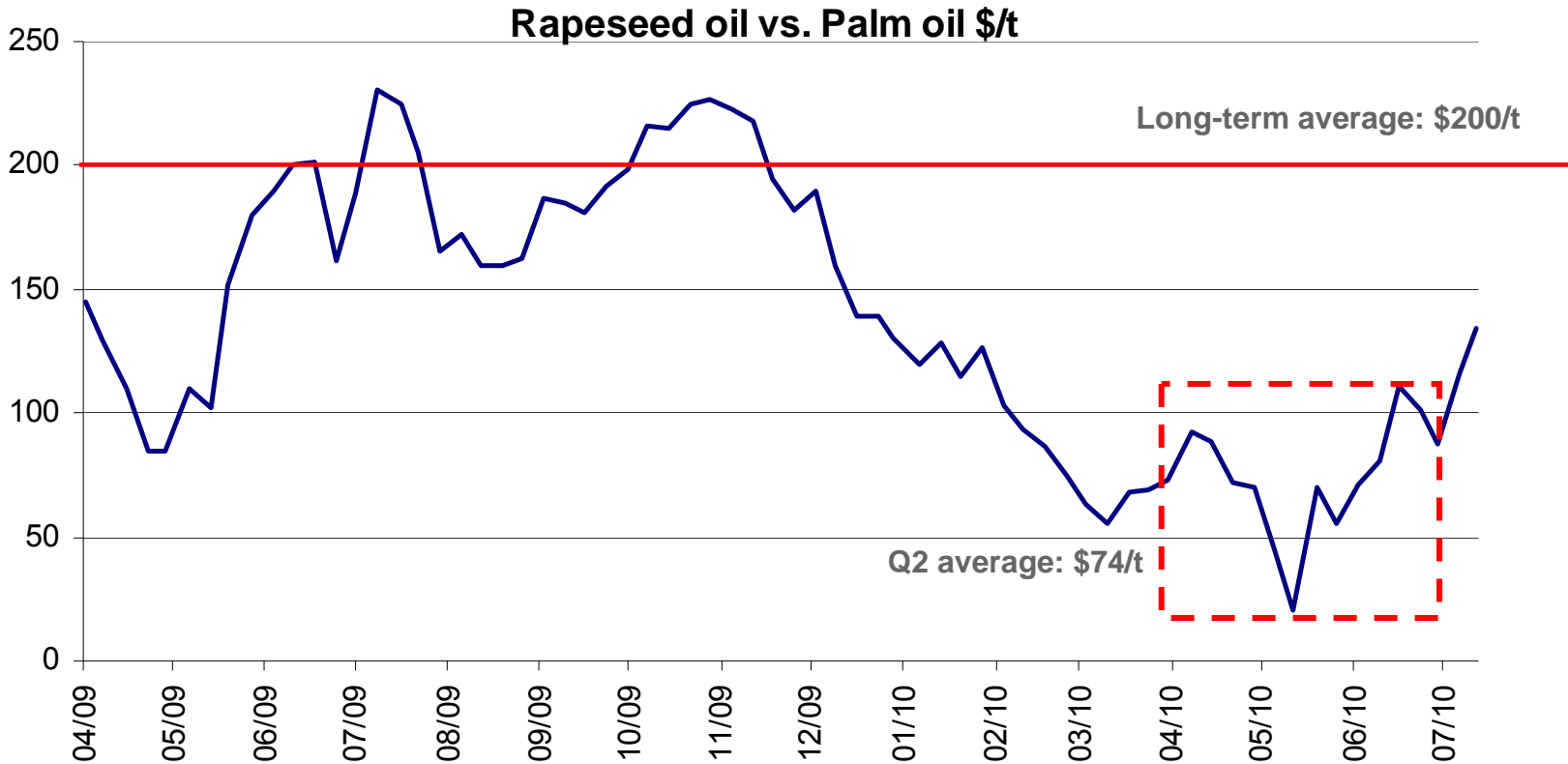
BUSINESS EXCELLENCE

- Cost savings programme continuing as planned
- Working capital management
- Customer focus
- Internal improvements to increase efficiency



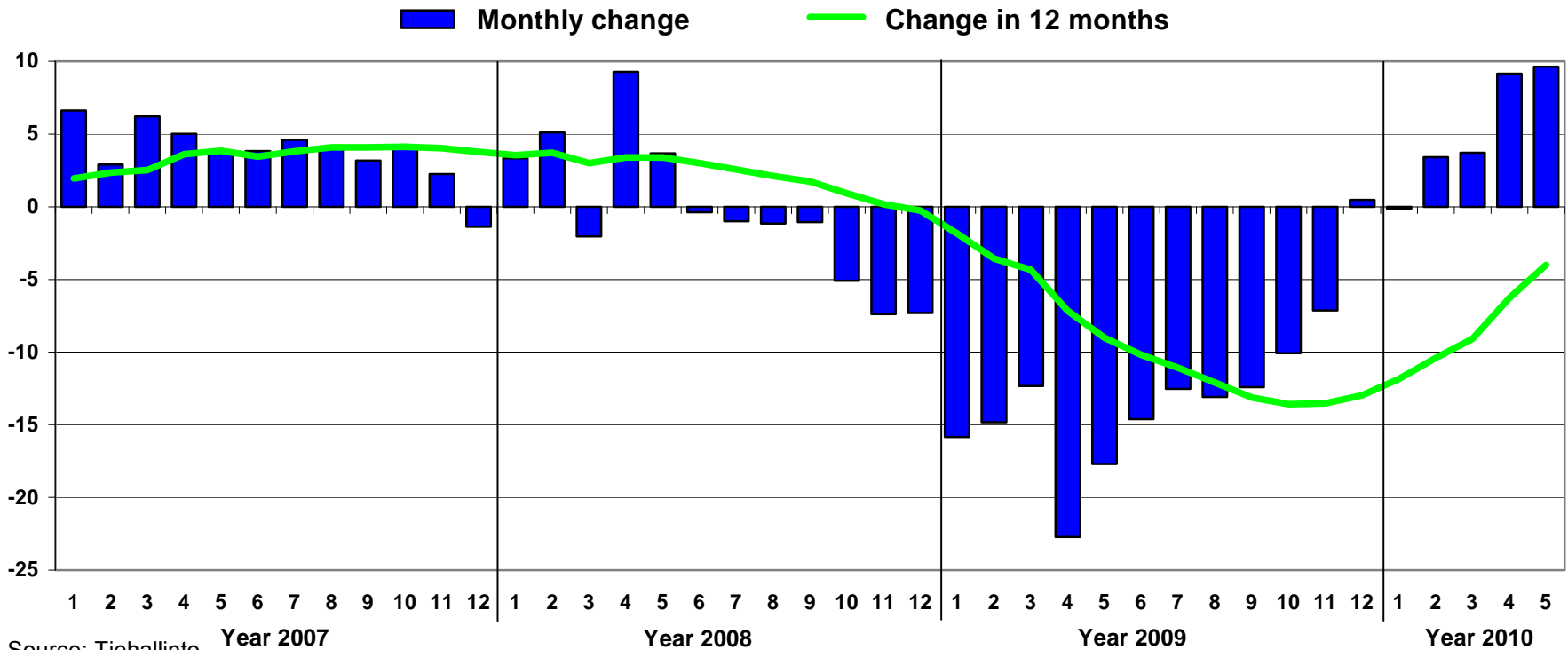
Spread b/w palm oil and rapeseed oil has widened

USD/t



Heavy vehicle traffic continues to increase in Finland

Change in traffic on main roads from previous year
Average heavy vehicle



Source: Tiehallinto



Short-term outlook

- Diesel is expected to be the strongest part of the barrel but margin upside is limited by high inventories
- The Urals discount to Brent expected to average USD 1.0-2.0/bbl in 2010
- Utilization at Porvoo was slightly lower than normal in July, due to some technical difficulties related to a trial of catalysts
- Due to stronger diesel demand and higher refinery utilization, Oil Products is expected to have stronger second half of the year compared to the first half
- The new renewable diesel plant in Singapore is scheduled to come on-stream in the fourth quarter
- In Oil Retail, diesel demand will continue to be supported by increasing commercial use; gasoline demand anticipated to decline further
- The Group's fixed costs are forecast to be on a similar level to those in 2009
- Cash investments expected to be appr. EUR 920 million (870 million in 2009)

Appendix

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Refinery production costs

		2009					2010	
		Q1/09	Q2/09	Q3/09	Q4/09	2009	Q1/10	Q2/10
Refined products	Million barrels	26.9	25.8	28.5	28.8	110.0	27.5	16.7
Exchange rate	EUR/USD	1.30	1.36	1.43	1.48	1.39	1.38	1.28
Maintenance costs	EUR million	18.9	32.4	20.7	17.8	88.3	14.5	13.7
	\$/bbl	0.9	1.7	1.0	0.9	1.1	0.7	1.1
Utilities costs	EUR million	49.1	52.7	43.3	47.1	190.0	50.6	46.7
	\$/bbl	2.4	2.8	2.2	2.4	2.4	2.5	3.6
Other costs	EUR million	32.6	36.4	31.0	35.2	132.5	36.0	30.1
	\$/bbl	1.6	1.9	1.6	1.8	1.7	1.8	2.3
External sales	EUR million	-16.6	-16.4	-17.6	-15.8	-66.3	-17.4	-17.9
	\$/bbl	-0.8	-0.9	-0.9	-0.8	-0.8	-0.9	-1.4
Total	EUR million	84.0	105.1	77.4	84.3	344.5	83.6	72.7
	\$/bbl	4.1	5.5	3.9	4.3	4.4	4.2	5.6



Key Figures

EUR million unless otherwise noted

	Q2/10	Q2/09	Q1/10	2009
Revenue	2,576	2,592	2,725	9,636
Operating profit before depreciation	-1	174	155	569
Operating profit	-63	118	97	335
- comparable operating profit ¹⁾	5	47	88	116
Profit before income taxes	-70	109	88	296
EPS, EUR	-0.20	0.35	0.25	0.86
Net cash from operating activities	243	223	374	177
Investments	374	210	190	863

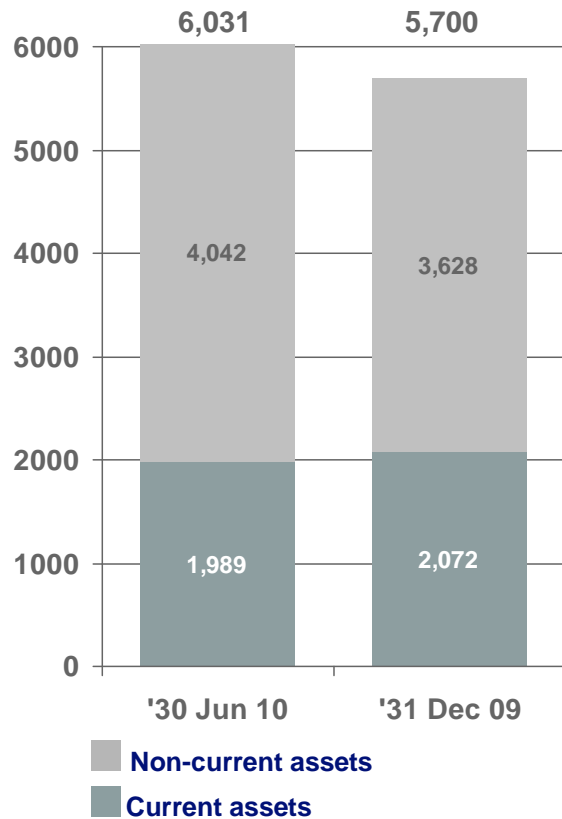
	30 June 10	31 Dec 09
Capital employed	4,159	4,257
Interest bearing net debt	1,926	1,918
ROCE, (Pre-tax), %	1.9	9.0
ROE, %	1.4	10.2
Personnel, average	5,093	5,286

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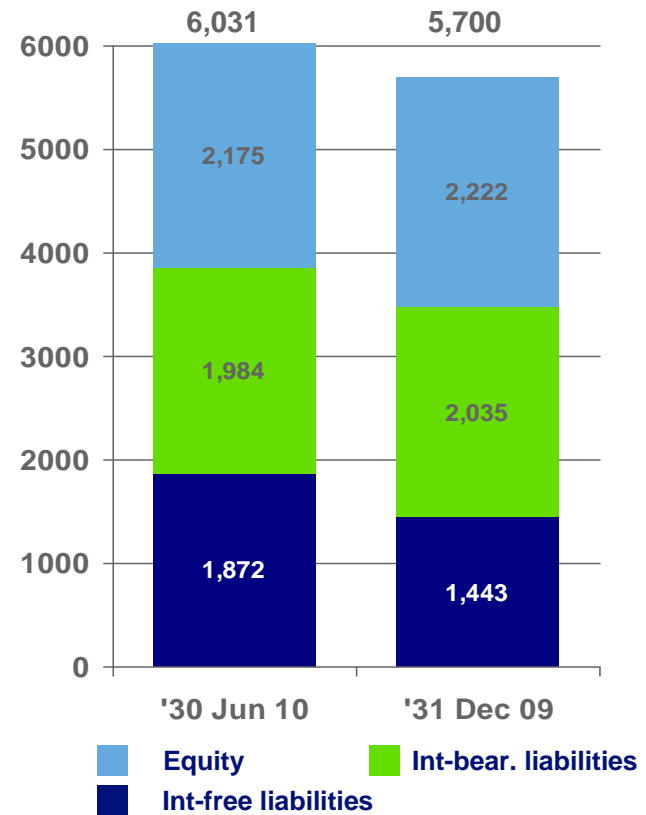
1) Excluding inventory gains/losses, changes in the fair value of oil- and freight derivatives and capital gains/losses

Balance Sheet

Total assets



Total equity and liabilities

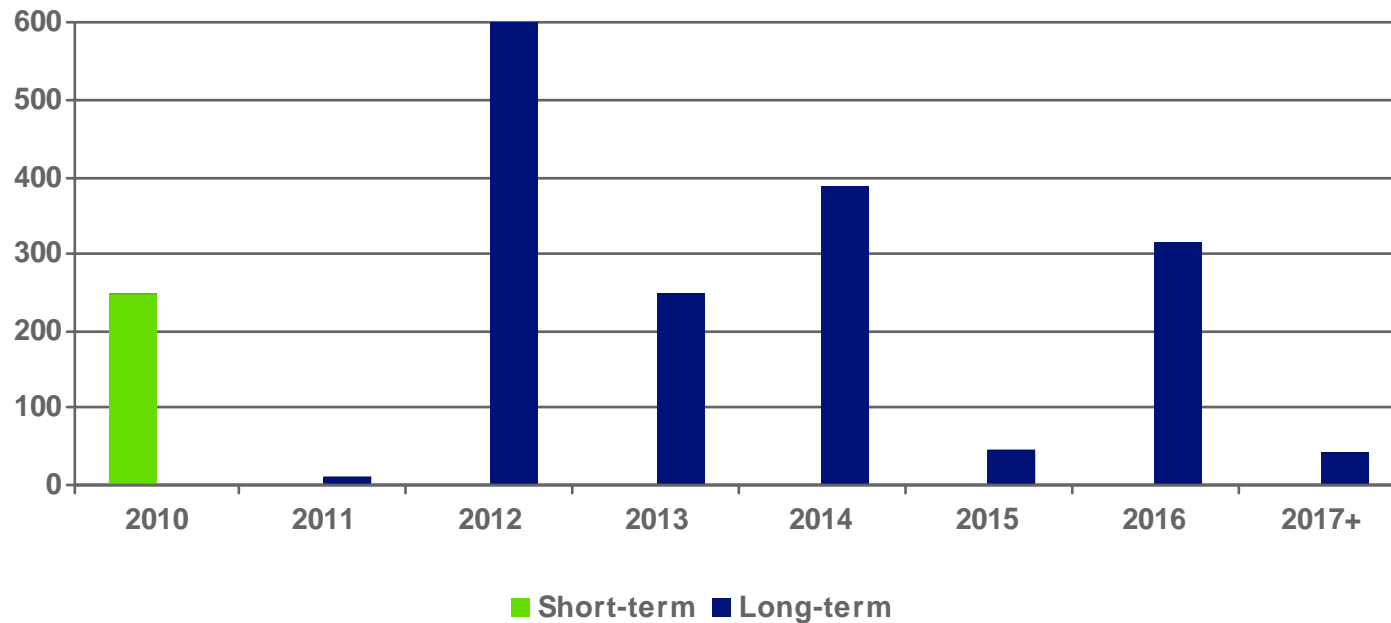


	30 June 10	31 Dec 09
Capital employed, MEUR	4,159	4,257
Equity-to-assets, %	36.1	39.1
Leverage, %	47.0	46.3
Gearing, %	88.6	86.3

Cash flow

EUR million	Q2/10	Q2/09	H1/10	H1/09	2009
Profit before taxes	-70	109	18	190	296
Adjustments total	147	53	233	161	268
Change in working capital	150	92	337	-132	-450
Cash from operations	227	254	588	219	114
Net finance costs	19	-23	33	-9	20
Taxes	-3	-8	-4	30	43
Net cash from operations	243	223	617	240	177
Capital expenditure and investments in shares	-374	-210	-564	-384	-863
Other	36	-3	29	-56	-22
Cash flow before financing activities	-95	10	82	-200	-708
Net change in loans	160	256	-80	457	975
Dividends paid	-64	-205	-64	-205	-205
Net increase/decrease in cash	1	61	-62	52	62
Cash at the end of the period	58				

Liquidity and maturity profile



- Total liquidity at the end of June was EUR 1,196 million
- Unused committed facilities include:
 - Unused committed credit facilities totaling EUR 1,138 million
 - Unused CP programmes (not committed) EUR 198 million
- Average interest rate 2.2% and average maturity 3.6 years
- No financial covenants in existing loan agreements





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