5 August 2014

Neste Oil Corporation
Interim Report
January-June 2014

Neste Oil's Interim Report for January-June 2014

Internal improvement actions started to bear fruit in a challenging market.

Second quarter in brief:

- Comparable operating profit totaled EUR 85 million (Q2/2013: EUR 88 million)
- Total refining margin was USD 8.35 /bbl (Q2/2013: USD 8.82/bbl)
- Renewable Products' reference margin was USD 214/ton (Q2/2013: USD 346/ton)
- Renewable Products' additional margin was USD 155/ton (Q2/2013: USD 88/ton)
- Net cash from operations totaled EUR 219 million (Q2/2013: EUR 312 million)

January-June in brief:

- Comparable operating profit totaled EUR 140 million (1-6/2013: EUR 223 million)
- Return on average capital employed (ROACE) was 10.6% over the last 12 months (2013: 11.8%)
- Leverage ratio was 36.1% as of the end of June (31.12.2013: 30.0%)
- Comparable earnings per share: EUR 0.31 (1-6/2013: EUR 0.56)

President & CEO Matti Lievonen:

"Although the challenging market situation has continued, Neste Oil has successfully taken a number of actions to compensate for the low reference margins in Oil Products and Renewable Products. We recorded a comparable operating profit of EUR 85 million during the second quarter, compared to EUR 88 million during the corresponding period last year.

Oil Products' reference refining margin was at its lowest in May, as diesel imports to Europe continued to run at a high level. The reference refining margin averaged USD 4.2/bbl compared to USD 5.7/bbl in the second quarter of 2013. Oil Products' result was also impacted by an unscheduled 40-day maintenance outage on production line 4 at the Porvoo refinery. Our additional margin averaged a reasonable USD 4.1/bbl, however, and enabled Oil Products to record a comparable operating profit of EUR 33 million compared to EUR 30 million in the second quarter of 2013.

Renewable Products' market situation has improved slightly, but decisions on US biofuel regulation for 2014 are still pending. Sales volumes allocated to North America were approx. one third of total in the second quarter. The profitability of our European business was impacted by the narrow price differential between FAME biodiesel and palm oil. Sales volumes were high, at 566,000 tons, and our NEXBTL renewable diesel refineries continued to operate at high utilization rates. We further increased our usage of waste and residues to 66% of total renewable inputs. Renewable Products recorded a comparable operating profit of EUR 31 million compared to EUR 33 million in the second quarter of 2013.

Oil Retail continued to perform well, achieving reasonable margins in all markets. The segment generated a comparable operating profit of EUR 20 million, slightly below the EUR 22 million booked in the second quarter of 2013.

We expect the Group's full-year comparable operating profit to be within the earlier guided EUR 450 million +/- 10% range in 2014. As Neste Oil's reference refining margin is currently expected to average USD 3.5/bbl rather than the earlier estimated USD 4.0/bbl in 2014, our full-year comparable operating profit is likely to be at the lower end of the guidance range. We will continue to implement a series of performance improvement initiatives related to both variable and fixed costs aimed at improving comparable operating profit by at least EUR 50 million in 2014, which will contribute to reaching the guided result level."

Neste Oil's Interim Report, 1 January - 30 June 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 adopted the new IFRS 11 Joint Arrangements standard on 1 January 2014. Therefore, comparative figures for 2013 have been restated. This change did not have a material impact on the figures, however.

Key Figures

EUR million (unless otherwise noted)

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Revenue	4,248	3,970	3,654	7,902	8,228	17,469
EBITDA	152	193	136	288	359	955
Comparable EBITDA *	167	169	136	303	384	927
Depreciation, amortization, and impairments	83	81	81	164	161	323
Operating profit	69	112	55	124	198	632
Comparable operating profit *	85	88	55	140	223	604
Profit before income tax	47	96	38	85	161	561
Net profit	38	90	31	69	137	524
Comparable net profit **	50	60	30	80	143	491
Earnings per share, EUR	0.15	0.35	0.12	0.27	0.53	2.04
Comparable earnings per share**, EUR	0.20	0.23	0.12	0.31	0.56	1.92
Investments	97	66	43	140	100	214
Net cash from operating activities	219	312	-178	41	207	839

	30 June 2014	30 June 2013	31 Dec 2013
Total equity	2,786	2,557	2,924
Interest-bearing net debt	1,572	1,797	1,252
Capital employed	4,627	4,529	4,682
Return on capital employed pre-tax (ROCE), annualized, %	5.4	8.5	13.4
Return on average capital employed after tax (ROACE)***, %	10.6	7.1	11.8
Return on equity (ROE), annualized %	4.8	10.7	19.2
Equity per share, EUR	10.85	9.92	11.36
Cash flow per share****, EUR	0.16	0.81	3.28
Leverage (net debt to capital), %	36.1	41.3	30.0
Gearing, %	56.4	70.3	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 - 30 June or 1 January - 31 December

The Group's second-quarter 2014 results

Neste Oil's revenue in the second quarter totaled EUR 4,248 million (EUR 3,970 million). This increase resulted mainly from higher sales in Oil Products and Renewable Products. The Group’s comparable operating profit came in at EUR 85 million. Comparable operating profit for the corresponding period in 2013 was EUR 88 million. Oil Products' result was negatively impacted by reference refining margins, which were lower than in the second quarter of 2013, as well as a 40-day unscheduled maintenance outage at the Porvoo refinery. The solid additional margin helped secure the segment's overall result. Renewable Products' comparable operating profit was similar to that recorded in the second quarter of 2013. The impact of Renewable Products’ lower reference margin was largely compensated for by higher sales volumes and the higher additional margin achieved by internal measures designed to optimize the sales and feedstock mix. Oil Retail’s solid performance continued, as it delivered virtually the same comparable operating profit as in the corresponding period in 2013, despite the negative currency effect. The result of the Others segment improved marginally compared to the second quarter of 2013.

Oil Products’ second-quarter comparable operating profit was EUR 33 million (30 million), Renewable Products’ EUR 31 million (33 million), and Oil Retail’s EUR 20 million (22 million). The comparable operating profit of the Others segment totaled EUR 2 million (-1 million).

The Group’s IFRS operating profit was EUR 69 million (112 million) and reflected inventory gains totaling EUR 2 million (losses of 26 million) and changes in the fair value of open oil derivatives totaling EUR -18 million (7 million). Pre-tax profit was EUR 47 million (96 million), profit for the period EUR 38 million (90 million), and earnings per share EUR 0.15 (0.35).

The Group's January-June 2014 results

Neste Oil’s revenue totaled EUR 7,902 million during the first six months of the year compared to EUR 8,228 million during the same period last year. This decline resulted mainly from lower sales in Oil Products in the first quarter and the disposal of the retail business in Poland. The Group’s six-month comparable operating profit totaled EUR 140 million compared to EUR 223 million in the first half of 2013. The main reason for the reduced comparable operating profit was the lower reference margins in both Oil Products and Renewable Products, which had a total negative impact of EUR 173 million. Higher sales volumes in Renewable Products and higher additional margins saw the comparable operating profit come in EUR 83 million below the figure booked during the first six months of 2013.

Oil Products’ six-month comparable operating profit was EUR 66 million (141 million), Renewable Products’ EUR 46 million (59 million), and Oil Retail’s EUR 35 million (33 million). The comparable operating profit of the Others segment totaled EUR -9 million (-13 million).

The Group’s IFRS operating profit was EUR 124 million (198 million), which was impacted by inventory losses totaling EUR 1 million (61 million) and net capital losses totaling EUR 2 million (gains 43 million). The pre-tax profit was EUR 85 million (161 million), profit for the period EUR 69 million (137 million), and earnings per share EUR 0.27 (0.53).

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
COMPARABLE OPERATING PROFIT	85	88	55	140	223	604
- inventory gains/losses	2	-26	-3	-1	-61	-19
- changes in the fair value of open oil derivatives	-18	7	5	-13	-7	4
- capital gains/losses	0	43	-2	-2	43	43
OPERATING PROFIT	69	112	55	124	198	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%.

	30 Jun 2014	30 Jun 2013	31 Dec 2013
Return on average capital employed after tax (ROACE)*, %	10.6	7.1	11.8
Leverage (net debt to capital), %	36.1	41.3	30.0

*Last 12 months

Cash flow, investments, and financing

Neste Oil Group’s net cash from operating activities totaled EUR 41 million (207 million) during the first half of 2014. The year-on-year difference is attributable to the lower EBITDA generated by the Group's businesses and increased working capital due to the unscheduled maintenance outage on production line 4 at the Porvoo refinery. Cash flow before financing activities and taxes was EUR -95 million (222 million). Group net working capital days outstanding were 15.4 days (14.6 days) on a rolling 12-month basis as of the end of the second quarter.

Investments totaled EUR 140 million (100 million) during the first half of 2014. Maintenance investments accounted for 112 million (84 million) and productivity and strategic investments for 28 million (16 million). Oil Products’ capital expenditure totaled EUR 80 million (68 million), with the largest single project being the isomerization unit under construction at Porvoo. Renewable Products' investments totaled EUR 43 million (13 million) and mainly consisted of non-cash bookings for catalysts and maintenance work. Oil Retail's investments totaled EUR 9 million (10 million) and were mainly related to the station network. Investments in the Others segment totaled EUR 7 million (9 million) and were related to IT and business infrastructure.

Interest-bearing net debt was EUR 1,572 million as of the end of June, compared to EUR 1,252 million at the end of 2013. Net financial expenses for the first six months were EUR 39 million (37 million). The average interest rate of borrowing at the end of June was 3.7% and the average maturity 3.4 years. The interest-bearing net debt/comparable EBITDA ratio was 1.9 (2.3) over the previous 12 months as of the end of the second quarter.

Balance sheet of the Group continues to be strong. The equity-to-assets ratio was 39.0% (31 Dec. 2013: 41.6%), the leverage ratio 36.1% (31 Dec. 2013: 30.0%), and the gearing ratio 56.4% (31 Dec. 2013: 42.8%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,919 million as of the end of June (31 Dec. 2013: 2,156 million). There are no financial covenants in the Group's 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

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
USD/EUR, market rate	1.37	1.31	1.37	1.37	1.31	1.33
USD/EUR, hedged	1.35	1.30	1.32	1.34	1.30	1.30

Segment reviews

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

Oil Products

Key financials

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Revenue, MEUR	3,268	2,996	2,774	6,042	6,303	13,271
Comparable EBITDA, MEUR	82	76	80	162	232	465
Comparable operating profit, MEUR	33	30	33	66	141	280
IFRS operating profit, MEUR	46	10	13	59	89	286
Net assets, MEUR	2,278	2,358	2,405	2,278	2,358	2,163
Comparable return on net assets*, %	8.7	17.1	8.4	8.7	17.1	11.8

*Last 12 months

Key drivers

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Reference refining margin, USD/bbl	4.21	5.68	3.34	3.77	6.00	4.81
Additional margin, USD/bbl	4.14	3.14	5.10	4.62	4.19	4.79
Total refining margin, USD/bbl	8.35	8.82	8.44	8.39	10.19	9.60
Urals-Brent price differential, USD/bbl	-2.18	-0.72	-1.35	-1.77	-1.23	-1.02
Urals' share of total refinery input, %	57	56	61	59	62	63

Oil Products' second-quarter comparable operating profit totaled EUR 33 million, compared to EUR 30 million in the second quarter of 2013. The operating profit was impacted by a weaker market, which was reflected in a USD 1.5/bbl lower reference margin year-on-year. This decline in the reference margin had a EUR 28 million negative impact on operating profit. Neste Oil's additional margin reached USD 4.1/bbl (3.1) despite the unscheduled 40-day maintenance outage on production line 4 at Porvoo refinery. The stronger additional margin had a EUR 20 million positive impact on the business' operating profit compared to the corresponding period last year. Sales volumes were 0.2 million tons or 6% higher than in the second quarter of 2013. The Porvoo refinery's average utilization rate was 84%. Utilization rate at the Naantali refinery continued to be limited to 70% due to the margin situation. The segment's fixed costs were reduced by EUR 16 million, mainly as a result of the outsourcing of shipping operations and ongoing performance improvement initiatives. Base Oils' profit contribution improved from that recorded during the second quarter of 2013. Oil Products' comparable return on net assets was 8.7% (17.1%) at the end of June over the previous 12 months.

The price differential between Brent and Russian Export Blend (REB) crude averaged USD -2.2/bbl in the second quarter. The refinery maintenance season, together with rising crude oil price and low utilization rates at European refineries in particular, contributed to a wide differential during the quarter. The reference refining margin was under pressure due to low middle distillate margins linked to large imports of diesel into Europe from the US, Russia, and Asia. Import volumes rose during the quarter. Gasoline margins were supported by driving season expectations, but were insufficient to compensate for the downturn in middle distillate margins at the reference refining margin level. On average, middle distillates remained the strongest part of the barrel, but gasoline became the most profitable towards the end of the second quarter. Fuel oil margins weakened during the quarter in line with rising crude oil prices. Neste Oil's reference margin averaged USD 4.2/bbl (USD 5.7/bbl) during the second quarter.

Oil Products' six-month comparable operating profit was EUR 66 million (141 million). The reference refining margin during the first half of the year was USD 2.2/bbl lower than during the corresponding period last year, which had a EUR 84 million negative impact on the result. Neste Oil's additional margin increased by USD 0.4/bbl and contributed EUR 11 million year-on-year to compensate for the impact of the lower reference margin. The segment's fixed costs were EUR 18 million lower than in the first six months of 2013. The strengthening of the EUR against the USD had a EUR 12 million negative impact on the operating profit.

Production

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Porvoo refinery production, 1,000 ton	2,893	2,789	2,890	5,782	5,732	12,016
Porvoo refinery utilization rate, %	84	68	86	85	81	87
Naantali refinery production, 1,000 ton	547	578	438	985	1,087	2,147
Naantali refinery utilization rate, %	69	82	70	69	80	78
Refinery production costs, USD/bbl	5.1	5.8	4.8	4.9	5.1	4.8
Bahrain base oil plant production (Neste Oil's share), 1,000 ton	41	42	26	67	75	151

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

	4-6/14	%	4-6/13	%	1-3/14	%	1-6/14	%	1-6/13	%	2013	%
Middle distillates*	1,560	*44*	1,548	*47*	1,552	*48*	3,113	*46*	3,238	*48*	6,729	*48*
Light distillates**	1,176	*34*	1,027	*31*	1,092	*34*	2,268	*34*	2,138	*32*	4,550	*32*
Heavy fuel oil	217	*6*	313	*9*	233	*7*	450	*7*	610	*9*	1,253	*9*
Base oils	212	*6*	122	*4*	112	*3*	324	*5*	234	*3*	436	*3*
Other products	340	*10*	299	*9*	243	*8*	582	*8*	532	*8*	1,121	*8*
TOTAL	3,504	*100*	3,309	*100*	3,232	*100*	6,736	*100*	6,752	*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)

	4-6/14	%	4-6/13	%	1-3/14	%	1-6/14	%	1-6/13	%	2013	%
Baltic Sea area*	1,990	*57*	2,266	*69*	2,338	*72*	4,328	*64*	4,410	*66*	9,035	*64*
Other Europe	851	*24*	641	*19*	710	*22*	1,561	*23*	1,568	*23*	3,933	*28*
North America	367	*10*	337	*10*	46	*1*	413	*6*	553	*8*	843	*6*
Other areas	296	*9*	65	*2*	138	*4*	434	*7*	222	*3*	276	*2*

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

Renewable Products

Key financials

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Revenue, MEUR	603	535	531	1,134	1,048	2,493
Comparable EBITDA, MEUR	54	58	39	94	109	371
Comparable operating profit, MEUR	31	33	15	46	59	273
IFRS operating profit, MEUR	2	34	32	35	43	252
Net assets, MEUR	1,777	1,768	1,768	1,777	1,768	1,768
Comparable return on net assets*, %	14.7	2.0	14.8	14.7	2.0	15.2

*Last 12 months

Key drivers

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
FAME - Palm oil price differential*, USD/ton	240	331	229	234	363	356
SME - Soybean oil price differential**, USD/ton	180	371	163	172	329	389
Reference margin, USD/ton	214	346	206	213	356	371
Additional margin, USD/ton	155	88	146	148	77	127
Biomass-based diesel (D4) RIN, USD/gal	0.56	0.95	0.60	0.58	0.78	0.65
Palm oil price***, USD/ton	785	768	810	798	782	768
Crude palm oil's share of total feedstock, %	34	43	38	36	52	48

* FAME seasonal vs. CPO BMD 3rd (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)
*** CPO BMD 3rd

Renewable Products' comparable operating profit totaled EUR 31 million during the second quarter, compared to EUR 33 million in the second quarter of 2013. The result was impacted by a significantly lower reference margin, which had a EUR 42 million negative impact on operating profit compared to the second quarter of 2013. This was partly compensated for, however, by the stronger additional margin, which had a EUR 19 million positive impact on the result. Sales volumes totaled 561,000 tons, a 36% increase on the corresponding period last year.

Higher sales volumes had a EUR 22 million positive impact on the comparable operating profit year-on-year. Approximately 66% (57%) of sales volumes went to Europe and Asia-Pacific, and 34% (43%) to North America during the second quarter of 2014. Renewable diesel production achieved an average capacity utilization of 102% (75%) during the second quarter, and Neste Oil's refineries in Singapore and Rotterdam operated at high rates. Feedstock mix optimization was successful and the proportion of waste and residue inputs, such as animal fat and palm fatty acid distillate (PFAD), increased to 66% on average. Neste Oil's additional margin remained at a good level, USD 155/ton, and was clearly higher than during the second quarter of 2013. Renewable Products' comparable return on net assets was 14.7% (2.0%) in the second quarter of 2014 based on the previous 12 months.

Crude palm oil (CPO) prices declined during the second quarter compared to the previous quarter. Lower-than-expected exports and good supply both put pressure on prices. Palm oil inventories in Malaysia increased and inventories are expected to continue rising later in the year. Rapeseed oil (RSO) prices were relatively stable during the second quarter. The RSO/CPO price spread widened to approx. USD 120/ton, while the long-term average is closer to USD 200/ton.

Fatty Acid Methyl Ester (FAME) biodiesel producers in Europe operated at low margins. Market activity was low compared to the levels seen last year when antidumping duties significantly reduced cheap biodiesel imports into the European Union. The FAME vs. CPO price spread recovered from the lows seen during the first quarter, but was still below the historical average, mainly due to the narrow RSO vs. CPO spread.

The US soybean oil (SBO) prices came under pressure as a result of depressed biodiesel prices and a good crop in South America. US crop prospects remained favorable. US soy methyl ester (SME) producer margins were very low, but showed some signs of recovery towards the end of the quarter as the price spread between SME and SBO widened. The US Environmental Protection Agency's (EPA) final ruling on renewable fuel obligations for 2014 was delayed from the schedule earlier indicated by the EPA, which pointed to a decision being taken by the end of June. The reintroduction of the Blender's Tax Credit (BTC) has been proposed in the US Congress, but is not expected to make any progress until the mid-term elections in November. Uncertainty in the US biofuel market is likely to continue until decisions on these important regulatory issues are made.

Renewable Products' six-month comparable operating profit was EUR 46 million (59 million). The lower reference margin during the first half of the year had a EUR 89 million negative impact on the operating profit year-on-year. This was largely compensated for by the higher additional margin, which had a EUR 41 million positive impact on the operating profit, and higher sales volume, which had a EUR 36 million positive impact.

Production

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
NEXBTL, 1,000 ton	534	393	545	1,079	797	1,896
Other products, 1,000 ton	31	27	33	64	56	132
Utilization rate, %	102	75	106	104	78	91

Sales

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
NEXBTL, 1,000 ton	561	411	488	1,049	796	1,938
Share of sales volumes to Europe & APAC, %	66	57	73	69	67	56
Share of sales volumes to North America, %	34	43	27	31	33	44

Oil Retail

Key financials

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Revenue, MEUR	1,076	1,085	1,019	2,095	2,238	4,532
Comparable EBITDA, MEUR	26	29	21	48	48	104
Comparable operating profit, MEUR	20	22	15	35	33	76
IFRS operating profit, MEUR	20	65	15	34	76	120
Net assets, MEUR	252	265	254	252	265	255
Comparable return on net assets*, %	29.7	19.3	29.2	29.7	19.3	26.1

*Last 12 months

Oil Retail's second-quarter comparable operating profit was EUR 20 million compared to EUR 22 million in the second quarter of 2013. Station network sales volumes grew in all markets, and Neste Oil added eleven stations to its network during the second quarter. New Futura-branded fuels were introduced in Northwest Russia and in the Baltic countries at the beginning of April, which had a positive impact on sales volumes. Unit margins were good, but fell short of the record levels seen in Finland and Northwest Russia during the corresponding period last year. The weaker ruble also had a negative impact on margins in Northwest Russia when converted into euros. Overall, lower margins had a EUR 4 million negative impact on the segment’s second-quarter comparable operating profit year-on-year. Oil Retail's comparable return on net assets was 29.7% (19.3%) in the second quarter of 2014 on a rolling 12-month basis.

Oil Retail's markets remained stable. Traffic fuel demand grows seasonally during the summer. The volume of car traffic in Finland is relatively flat, but truck and other heavy vehicle usage has continued to decline. Demand for both gasoline and diesel is on a downward trend in Finland, while the markets in the Baltic countries and Northwest Russia are growing, although slowly.

Oil Retail's six-month comparable operating profit was EUR 35 million (33 million). This improvement mainly reflected lower fixed costs resulting from the divestment of non-core businesses in Poland and Sweden. Average unit margins were slightly lower than in the first half of 2013.

Sales volumes by main product categories, million liters

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Gasoline station sales	295	293	250	545	566	1,151
Diesel station sales	379	363	361	739	739	1,491
Heating oil	135	138	149	284	308	635

Net sales by market area, MEUR

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Finland	762	788	740	1,502	1,601	3,239
Northwest Russia	91	93	79	169	174	361
Baltic countries	220	197	199	419	448	900

Others

Key financials

	4-6/14	4-6/13	1-3/14	1-6/14	1-6/13	2013
Comparable operating profit, MEUR	2	-1	-10	-9	-13	-27
IFRS operating profit, MEUR	2	0	-8	-6	-12	-26

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-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 2 million (-1 million) in the second quarter. Nynas' performance improved compared to the corresponding period in 2013.

The six-month comparable operating profit for the Others segment totaled EUR -9 million (-13 million); joint arrangements accounted for EUR 1 million (-6 million) of this figure.

Shares, share trading, and ownership

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the quarter at EUR 14.25, down by 3.7% compared to the end of the first quarter. At its highest during the quarter, the stock traded at EUR 15.89, while at its lowest the price stood at EUR 14.25. Market capitalization was EUR 3.7 billion as of 30 June 2014. 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 June 2014 totaled EUR 40 million, and the total number of shares outstanding was 256,403,686. As resolved by the AGM held on 3 April, 2014, the Board of Directors was authorized to purchase and/or take as security a maximum of 2,000,000 company shares using the company's unrestricted equity. At the end of June, Neste Oil held 1,000,000 treasury shares purchased under this authorization during the second quarter. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of the end of June, the Finnish State owned 50.1% (50.1% at the end of the first quarter) of outstanding shares, foreign institutions 20.5% (18.5%), Finnish institutions 15.1% (16.4%), and Finnish households 14.3% (15.0%).

Personnel

Neste Oil employed an average of 5,099 (5,088) employees in the second quarter, of which 1,498 (1,448) were based outside Finland. As of the end of June, the company had 5,171 employees (5,315), of which 1,532 (1,432) were located outside Finland.

Health, safety, and the environment

The safety improvement program, focused on improving safety leadership and behavior, has continued. A number of safety milestones have been achieved at the Porvoo refinery, in Singapore and Rotterdam, and in Oil

Retail. Occupational safety performance remained at a reasonably good level during the second quarter. The total recordable injury frequency (TRIF, number of cases per million hours worked by both Neste Oil and contractor personnel) was 2.6 (4.2 in 2013). The corporate target is 3.3 for 2014. A steady improvement in process safety has continued over the last 12 months. The Process Safety Event Rate (PSER) increased compared to the first quarter and was 2.6 (3.0 in 2013), but remained below the corporate PSER target of 3.0.

Operational environmental emissions were in substantial compliance at all sites. Permitted levels were exceeded twice, once at the Porvoo harbor and once at the Kokkola terminal. Both 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 second quarter of 2014.

All palm oil purchased by Neste Oil is certified and traced using either the segregation or mass balance method. Further steps going beyond regulatory compliance include cooperation with The Forest Trust (TFT), which focuses on preventing deforestation together with palm oil producers by developing and implementing policies that reflect Neste Oil's No Deforestation Guidelines.

Implementation of Neste Oil’s HVO Verification Scheme approved by the European Commission has started, and the first certificate is expected to be granted by a third-party certification body during the third quarter of 2014.

The Finnish Energy Authority has officially approved Neste Oil’s renewable fuel sustainability scheme. Approved on 19 June, the scheme covers all the renewable fuels produced and sold by Neste Oil.

Main events published during the reporting period

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

On 28 April, Neste Oil and AGA announced that they had signed a long-term hydrogen supply agreement covering Neste Oil's Porvoo refinery, under which AGA will invest in a new hydrogen production unit at the refinery. AGA will be responsible for construction and Neste Oil will build the links needed to connect the unit to the refinery. The project represents an investment of around EUR 100 million.

On 29 April, Neste Oil announced that it had completed the arrangements to sell its key vessels to companies owned by Finland's National Emergency Supply Agency and Ilmarinen and outsource its ship management functions to OSM Ship Management Finland Oy. Neste Shipping's chartering operations will continue as part of the Neste Oil organization.

On 30 April, Neste Oil announced that it had signed a new EUR 1.5 billion multi-currency revolving credit facility with a syndicate of 20 core relationship banks. The new facility refinances the Group's existing EUR 1.5 billion facility dating from December 2010, and will be used for general corporate purposes. The facility has a tenor of 5 years with two 1-year extension options at the approval of the banks.

On 12 May, Neste Oil announced that Diesel Production Line 4 at the Porvoo refinery would be shut down for maintenance because of an unexpected mechanical failure in one of the line's process units.

On 16 June, Neste Oil announced that it has decided to change its structure and organization, in response to developments that have taken place in its businesses and operating environment in recent years. The Oil Products and Renewable Products businesses will now be led by their own executive vice presidents representing the businesses on the Neste Executive Board (NEB) in the new Neste Oil organization. The production functions of both businesses will also now become the direct responsibility of each business. Logistics will be managed by Oil Products. These changes will not affect Neste Oil's reporting segments, which remain: Oil Products, Renewable Products, Oil Retail, and Others.

On 24 June, Neste Oil and Renewable Algal Energy (RAE), a US-based algae biomass producer, announced that they had signed a contingent commercial algae oil off-take agreement. Algae oil is one of the alternatives being researched by Neste Oil for use as a feedstock for producing NEXBTL renewable diesel in the future.

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 Products margins can be volatile in various markets due to rapidly changing feedstock and product prices, and affect the profitability of the Renewable Products 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 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 middle distillate imports into Europe from the Middle East and the US. Gasoline margins are expected to follow normal seasonality, which supports the reference margin during the summer driving season.

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 during 2014 are likely to widen from the current narrow levels 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 been proposed in the US Congress, but is not likely to make any progress until the mid-term elections in November. Reintroduction would have a positive impact on Neste Oil's result. It is not included in the present result guidance.

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

Neste Oil expects the Group's full-year comparable operating profit to be within the earlier guided EUR 450 million +/- 10% range in 2014. As Neste Oil's reference refining margin is currently expected to average USD 3.5/bbl rather than the earlier estimated USD 4.0/bbl in 2014, the full-year comparable operating profit is likely to be at the lower end of the guidance range. Neste Oil will continue to implement a series of performance improvement initiatives related to both variable and fixed costs aimed at improving the Group’s comparable operating profit by at least EUR 50 million in 2014, which will contribute to reaching the guided result level.

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

Neste Oil will publish its third-quarter results on 23 October 2014 at approximately 9:00 a.m. EET.

Espoo, 4 August 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 second-quarter results will be held today, 5 August 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 5 August 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 9543, Europe: +44 (0)20 3427 1908, US: +1 212 444 0895, using access code 8887105. The conference call can be followed at the company's web site. An instant replay of the call will be available until 12 August 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 8887105#.

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	4-6/2014	4-6/2013*	1-6/2014	1-6/2013*	1-12/2013*	Last 12 months*
Revenue	3	**4,248**	3,970	**7,902**	8,228	17,469	17,143
Other income		**2**	58	**9**	63	79	25
Share of profit (loss) of joint arrangements		**9**	1	**3**	-4	-9	-2
Materials and services		**-3,826**	-3,563	**-7,079**	-7,330	-15,427	-15,176
Employee benefit costs		**-86**	-93	**-172**	-181	-354	-345
Depreciation, amortization and impairments	3	**-83**	-81	**-164**	-161	-323	-326
Other expenses		**-195**	-180	**-374**	-417	-803	-760
Operating profit		**69**	112	**124**	198	632	558
Financial income and expenses							
Financial income		**1**	1	**2**	1	2	3
Financial expenses		**-22**	-20	**-40**	-40	-81	-81
Exchange rate and fair value gains and losses		**-1**	3	**-1**	2	8	5
Total financial income and expenses		**-22**	-16	**-39**	-37	-71	-73
Profit before income taxes		**47**	96	**85**	161	561	485
Income tax expense		**-9**	-6	**-16**	-24	-37	-29
Profit for the period		**38**	90	**69**	137	524	456
Profit attributable to:							
Owners of the parent		**37**	90	**68**	137	523	454
Non-controlling interests		**1**	0	**1**	0	1	2
		38	90	**69**	137	524	456
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.15**	0.35	**0.27**	0.53	2.04	1.78

STATEMENT OF COMPREHENSIVE INCOME

MEUR	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013	Last 12 months
Profit for the period	**38**	90	**69**	137	524	456
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	**-14**	0	**-14**	0	-1	-15
Items that may be reclassified subsequently to profit or loss						
Translation differences	**4**	-24	**-8**	-15	-33	-26
Cash flow hedges						
recorded in equity	**5**	13	**9**	-1	10	20
transferred to income statement	**-4**	-2	**-9**	-6	-19	-22
Net investment hedges	**-**	-	**-**	-	0	0
Hedging reserves in joint arrangements	**-3**	-1	**-3**	-1	-1	-3
Total	**2**	-14	**-12**	-23	-43	-31
Other comprehensive income for the period, net of tax	**-12**	-14	**-26**	-23	-44	-46
Total comprehensive income for the period	**26**	-14	**43**	114	480	410
Total comprehensive income attributable to:						
Owners of the parent	**25**	76	**42**	114	479	408
Non-controlling interests	**1**	0	**1**	0	1	2
	26	76	**43**	114	480	410

* 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	30 June 2014	30 June 2013*	31 Dec 2013*
ASSETS				
Non-current assets				
Intangible assets	5	**62**	61	62
Property, plant and equipment	5	**3,713**	3,799	3,743
Investments in joint arrangements		**203**	233	224
Non-current receivables		**46**	3	3
Deferred tax assets		**33**	38	29
Derivative financial instruments	6	**28**	25	22
Available-for-sale financial assets		**5**	4	4
Total non-current assets		**4,089**	4,163	4,087
Current assets				
Inventories		**1,650**	1,360	1,468
Trade and other receivables		**1,130**	920	947
Derivative financial instruments	6	**19**	28	34
Cash and cash equivalents		**269**	175	506
Total current assets		**3,068**	2,483	2,955
Total assets		**7,157**	6,646	7,043
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**2,729**	2,501	2,868
Total		**2,769**	2,541	2,908
Non-controlling interest		**17**	16	16
Total equity		**2,786**	2,557	2,924
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,647**	1,704	1,586
Deferred tax liabilities		**248**	326	266
Provisions		**37**	38	37
Pension liabilities		**110**	98	93
Derivative financial instruments	6	**6**	6	7
Other non-current liabilities		**2**	4	7
Total non-current liabilities		**2,050**	2,176	1,996
Current liabilities				
Interest-bearing liabilities		**194**	268	171
Current tax liabilities		**26**	16	49
Derivative financial instruments	6	**25**	42	25
Trade and other payables		**2,077**	1,587	1,877
Total current liabilities		**2,321**	1,913	2,122
Total liabilities		**4,371**	4,089	4,119
Total equity and liabilities		**7,157**	6,646	7,043

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Cash flow from operating activities					
Profit before taxes	**47**	96	**85**	161	561
Adjustments, total	**116**	52	**217**	178	360
Change in working capital	**103**	223	**-185**	-49	100
Cash generated from operations	**266**	371	**117**	290	1,021
Finance cost, net	**-11**	-27	**-21**	-28	-98
Income taxes paid	**-36**	-32	**-56**	-55	-84
Net cash generated from operating activities	**219**	312	**41**	207	839
Capital expenditure	**-63**	-66	**-105**	-100	-214
Acquisition of other shares	**0**	0	**0**	0	0
Proceeds from sales of shares in subsidiaries	**0**	75	**0**	75	75
Proceeds from sales of fixed assets	**0**	1	**0**	1	2
Proceeds from capital repayments in joint arrangements	**15**	-	**15**	-	-
Change in long-term receivables and other investments [1]	**0**	-5	**-45**	39	57
Cash flow before financing activities	**172**	317	**-95**	222	759
Net change in loans and other financing activities	**107**	-230	**40**	-359	-557
Purchase of treasury shares	**-15**	-	**-15**	-	-
Dividends paid to the owners of the parent	**-167**	-97	**-167**	-97	-97
Dividends paid to non-controlling interests	**0**	-	**0**	-	-1
Net increase (+)/decrease (-) in cash and cash equivalents	**97**	-10	**-238**	-234	104

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

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Treasury shares	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2013	40	18	10	2	-29	0	2,483	2,524	16	2,540
Profit for the period							137	137	0	137
Other comprehensive income for the period			-8	-15	0			-23		-23
Total comprehensive income for the period			-8	-15	0	0	137	114	0	114
Dividend paid							-97	-97		-97
Share-based compensation							0	0		0
Transfer from retained earnings		0					0	0		0
Total equity at 30 June 2013	40	18	2	-13	-29	0	2,523	2,541	16	2,557

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Treasury shares	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2013	40	18	10	2	-29	0	2,483	2,524	16	2,540
Profit for the period							523	523	1	524
Other comprehensive income for the period			-10	-33	-1			-44		-44
Total comprehensive income for the period			-10	-33	-1	0	523	479	1	480
Dividend paid							-97	-97	-1	-98
Share-based compensation							2	2		2
Transfer from retained earnings		0					0	0		0
Total equity at 31 December 2013	40	18	0	-31	-30	0	2,911	2,908	16	2,924

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Actuarial gains and losses	Treasury shares	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	**40**	**18**	**0**	**-31**	**-30**	**0**	**2,911**	**2,908**	**16**	**2,924**
Profit for the period							**68**	**68**	**1**	**69**
Other comprehensive income for the period			**-4**	**-8**	**-14**			**-26**		**-26**
Total comprehensive income for the period			**-4**	**-8**	**-14**	**0**	**68**	**42**	**1**	**43**
Dividend paid							**-167**	**-167**	**0**	**-167**
Share-based compensation							**1**	**1**		**1**
Transfer from retained earnings		**1**					**-1**	**0**		**0**
Purchase of treasury shares						**-15**		**-15**		**-15**
Total equity at 30 June 2014	**40**	**19**	**-4**	**-39**	**-44**	**-15**	**2,813**	**2,769**	**17**	**2,786**

KEY FINANCIAL INDICATORS

	30 June 2014	30 June 2013	31 Dec 2013	Last 12 months
Capital employed, MEUR	**4,627**	4,529	4,682	4,627
Interest-bearing net debt, MEUR	**1,572**	1,797	1,252	-
Capital expenditure and investment in shares, MEUR	**140**	100	214	254
Return on average capital employed, after tax, ROACE %	**-**	-	11.8	10.6
Return on capital employed, pre-tax, ROCE, annualized %	**5.4**	8.5	13.4	12.4
Return on equity, annualized %	**4.8**	10.7	19.2	17.1
Equity per share, EUR	**10.85**	9.92	11.36	-
Cash flow per share, EUR	**0.16**	0.81	3.28	2.63
Equity-to-assets ratio, %	**39.0**	38.5	41.6	-
Leverage ratio, %	**36.1**	41.3	30.0	-
Gearing, %	**56.4**	70.3	42.8	-
Average number of shares	**255,842,644**	255,952,028	255,967,244	255,913,001
Number of shares at the end of the period	**255,184,603**	255,982,212	255,982,212	255,184,603
Average number of personnel	**5,099**	5,088	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 basis. 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 of 30 June 2014 there were 219 083 shares accounted for as treasury shares.

In the Annual General Meeting on 3 April 2014 the Board of Directors was 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. As of 30 June 2014 Neste Oil Corporation held a total of 1,000,000 treasury shares, and the acquisition cost of EUR 15 million has been deducted from equity.

3. SEGMENT INFORMATION

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

REVENUE **MEUR**	**4-6/2014**	4-6/2013	**1-6/2014**	1-6/2013	1-12/2013	Last 12 months
Oil Products	**3,268**	2,996	**6,042**	6,303	13,271	13,011
Renewable Products	**603**	535	**1,134**	1,048	2,493	2,579
Oil Retail	**1,076**	1,085	**2,095**	2,238	4,532	4,389
Others	**60**	54	**117**	106	206	217
Eliminations	**-759**	-700	**-1,487**	-1,467	-3,034	-3,054
Total	**4,248**	3,970	**7,902**	8,228	17,469	17,143

OPERATING PROFIT **MEUR**	**4-6/2014**	4-6/2013	**1-6/2014**	1-6/2013	1-12/2013	Last 12 months
Oil Products	**46**	10	**59**	89	286	256
Renewable Products	**2**	34	**35**	43	252	244
Oil Retail	**20**	65	**34**	76	120	78
Others	**2**	0	**-6**	-12	-26	-20
Eliminations	**-1**	3	**2**	2	0	0
Total	**69**	112	**124**	198	632	558

COMPARABLE OPERATING PROFIT **MEUR**	**4-6/2014**	4-6/2013	**1-6/2014**	1-6/2013	1-12/2013	Last 12 months
Oil Products	**33**	30	**66**	141	280	205
Renewable Products	**31**	33	**46**	59	273	260
Oil Retail	**20**	22	**35**	33	76	78
Others	**2**	-1	**-9**	-13	-27	-23
Eliminations	**-1**	4	**2**	3	2	1
Total	**85**	88	**140**	223	604	521

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS **MEUR**	**4-6/2014**	4-6/2013	**1-6/2014**	1-6/2013	1-12/2013	Last 12 months
Oil Products	**49**	46	**96**	91	185	190
Renewable Products	**24**	25	**48**	50	98	96
Oil Retail	**7**	7	**13**	15	28	26
Others	**4**	3	**7**	6	13	14
Eliminations	**-**	0	**-**	-1	-1	0
Total	**83**	81	**164**	161	323	326

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES **MEUR**	**4-6/2014**	4-6/2013	**1-6/2014**	1-6/2013	1-12/2013	Last 12 months
Oil Products	**55**	44	**88**	68	142	162
Renewable Products	**40**	8	**43**	13	21	51
Oil Retail	**7**	9	**9**	10	31	30
Others	**4**	5	**7**	9	20	18
Eliminations	**-9**	-	**-9**	-	-	-9
Total	**97**	66	**140**	100	214	254

TOTAL ASSETS **MEUR**	**30 June 2014**	30 June 2013	31 Dec 2013
Oil Products	**4,011**	3,572	3,721
Renewable Products	**2,070**	2,042	2,043
Oil Retail	**555**	566	556
Others	**417**	419	419
Unallocated assets	**411**	296	596
Eliminations	**-307**	-249	-292
Total	**7,157**	6,646	7,043

NET ASSETS **MEUR**	**30 June 2,014**	30 June 2013	31 Dec 2013
Oil Products	**2,278**	2,358	2,163
Renewable Products	**1,777**	1,768	1,768
Oil Retail	**252**	265	255
Others	**236**	253	259
Eliminations	**1**	-2	-2
Total	**4,544**	4,642	4,443

TOTAL LIABILITIES MEUR	30 June 2,014	30 June 2013	31 Dec 2013
Oil Products	**1,733**	1,214	1,558
Renewable Products	**293**	274	275
Oil Retail	**303**	301	301
Others	**181**	166	160
Unallocated liabilities	**2,169**	2,381	2,115
Eliminations	**-308**	-247	-290
Total	**4,371**	4,089	4,119

RETURN ON NET ASSETS, %	30 June 2014	30 June 2013	31 Dec 2013	Last 12 months
Oil Products	**5.2**	7.5	12.1	10.9
Renewable Products	**3.9**	4.7	14.0	13.8
Oil Retail	**27.1**	49.5	41.2	30.0

COMPARABLE RETURN ON NET ASSETS, %	30 June 2,014	30 June 2013	31 Dec 2013	Last 12 months
Oil Products	**5.8**	11.8	11.8	8.7
Renewable Products	**5.2**	6.5	15.2	14.7
Oil Retail	**27.3**	21.5	26.1	29.7

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**3,268**	**2,774**	3,492	3,476	2,996	3,307
Renewable Products	**603**	**531**	732	713	535	513
Oil Retail	**1,076**	**1,019**	1,120	1,174	1,085	1,153
Others	**60**	**58**	49	51	54	52
Eliminations	**-759**	**-728**	-783	-784	-700	-767
Total	**4,248**	**3,654**	4,611	4,630	3,970	4,258

QUARTERLY OPERATING PROFIT MEUR	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**46**	**13**	93	104	10	79
Renewable Products	**2**	**32**	93	116	34	9
Oil Retail	**20**	**15**	15	29	65	11
Others	**2**	**-8**	-14	0	0	-12
Eliminations	**-1**	**2**	-2	0	3	-1
Total	**69**	**55**	185	249	112	86

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**33**	**33**	72	67	30	111
Renewable Products	**31**	**15**	94	120	33	26
Oil Retail	**20**	**15**	14	29	22	11
Others	**2**	**-10**	-14	0	-1	-12
Eliminations	**-1**	**2**	-2	1	4	-1
Total	**85**	**55**	164	217	88	135

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**49**	**47**	48	46	46	45
Renewable Products	**24**	**24**	24	24	25	25
Oil Retail	**7**	**7**	7	6	7	8
Others	**4**	**3**	3	4	3	3
Eliminations	**-**	**-**	0	0	0	-1
Total	**83**	**81**	82	80	81	80

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Oil Products	**55**	**33**	47	27	44	24
Renewable Products	**40**	**4**	6	2	8	5
Oil Retail	**7**	**3**	12	9	9	1
Others	**4**	**3**	7	4	5	4
Eliminations	**-9**	**-**	-	-	-	-
Total	**97**	**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.

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 and a cash flow effect of EUR 75 million resulting from the transaction have been included in the consolidated financial statements. The operations were part of the Oil Retail segment.

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT **MEUR**	**30 June 2014**	30 June 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	**-164**	-161	-323
Capital expenditure	**140**	100	214
Disposals	**-4**	-3	-7
Translation differences	**-2**	-6	-11
Closing balance	**3,775**	3,860	3,805

CAPITAL COMMITMENTS **MEUR**	**30 June 2014**	30 June 2013	31 Dec 2013
Commitments to purchase property, plant and equipment	**50**	24	36
Total	**50**	24	36

6. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts **MEUR**	**30 June 2014** **Nominal value**	 **Net fair value**	30 June 2013 Nominal value	 Net fair value	31 Dec 2013 Nominal value	 Net fair value
Interest rate swaps	**750**	**23**	900	18	800	17
Forward foreign exchange contracts	**1,460**	**9**	1,365	-2	1,048	7
Currency options						
Purchased	**140**	**-1**	208	-1	196	2
Written	**137**	**1**	187	1	192	3

Commodity derivative contracts	**30 June 2014** **Volume GWh**	 **Volume million bbl**	 **Net fair value Meur**	30 June 2013 Volume GWh	 Volume million bbl	 Net fair value Meur	31 Dec 2013 Volume GWh	 Volume million bbl	 Net fair value Meur
Sales contracts	**-**	**9**	**-9**	-	13	10	-	7	-8
Purchase contracts	**1,793**	**9**	**-6**	-	9	-21	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 June 30, 2014:

Balance sheet item	Financial assets/liabilities at fair value through income statement: Hedge accounting	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	28	0	-	-	-	28	28
Available-for-sale financial assets	-	-	-	5	-	5	-
Current financial assets							
Trade and other receivables	-	-	1,130	-	-	1,130	-
Derivative financial instruments	9	10	-	-	-	19	19
Carrying amount by category	37	10	1,176	5	-	1,228	47
Non-current financial liabilities							
Interest-bearing liabilities	-	-	-	-	1,647	1,647	1,726
Derivative financial instruments	5	1	-	-	-	6	6
Other non-current liabilities	-	-	-	-	2	2	-
Current financial liabilities							
Interest-bearing liabilities	-	-	-	-	194	194	-
Current tax liabilities	-	-	-	-	26	26	-
Derivative financial instruments	3	22	-	-	-	25	25
Trade and other payables	-	-	-	-	2,077	2,077	-
Carrying amount by category	8	23	-	-	3,945	3,976	1,756

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	-	28	-	28
Current derivative financial instruments	1	18	-	19

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	-	6	-	6
Current derivative financial instruments	5	21	-	25

During the six-month period ended 30 June 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	**1-6/2014**	1-6/2013	1-12/2013
Sales of goods and services	**53**	51	121
Purchases of goods and services	**45**	37	89
Receivables	**21**	17	8
Financial income and expenses	**10**	0	0
Liabilities	**9**	7	12

8. CONTINGENT LIABILITIES

MEUR	30 June 2014	30 June 2013	31 Dec 2013
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	17	17
Pledged assets	**79**	1	0
Other contingent liabilities	**29**	13	16
Total	**125**	31	33
On behalf of joint arrangements			
Guarantees	**1**	2	1
Total	**1**	2	1
On behalf of others			
Guarantees	**1**	8	2
Other contingent liabilities	**2**	3	3
Total	**3**	11	5
Total	**129**	44	39

MEUR	30 June 2014	30 June 2013	31 Dec 2013
Operating lease liabilities			
Due within one year	**37**	52	58
Due between one and five years	**51**	96	82
Due later than five years	**65**	71	66
Total	**153**	219	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)	=		Profit for the period attributable to the equity holders of the company / Adjusted average number of shares during the period
Equity per share	=		Shareholder's equity attributable to the equity holders of the company / Adjusted average number of shares at the end of the period
Cash flow per share	=		Net cash generated from operating activities / Adjusted average number of shares during the period
Price / earnings ratio (P/E)	=		Share price at the end of the period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at the end of the period
Average share price	=		Amount traded in euros during the period / 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