28 July 2016

Neste Corporation
Interim Report
January-June 2016

Neste's Interim Report for January-June 2016

Strong performance continued - high operating profit and cash flow

Second quarter in brief:

- Comparable operating profit totaled EUR 282 million (Q2/2015: EUR 78 million)
- IFRS operating profit totaled EUR 280 million (Q2/2015: 63 million)
- Oil Products' total refining margin was USD 11.19/bbl (Q2/2015: USD 10.83/bbl)
- Renewable Products' comparable sales margin was USD 405/ton (Q2/2015: USD 210/ton)
- Cash flow before financing activities was EUR 346 million (Q2/2015: EUR 14 million)

January-June in brief:

- Comparable operating profit totaled EUR 457 million (1-6/2015: EUR 293 million)
- IFRS operating profit totaled EUR 534 million (1-6/2015: EUR 296 million)
- Cash flow before financing activities was EUR 420 million (1-6/2015: EUR -69 million)
- Return on average capital employed (ROACE) was 19.1% over the last 12 months (2015: 16.3%)
- Leverage ratio was 25.2% at the end of June (31.12.2015: 29.4%)
- Comparable earnings per share: EUR 1.41 (1-6/2015: EUR 0.80)
- Earnings per share: EUR 1.67 (1-6/2015: EUR 0.87)

President & CEO Matti Lievonen:

“Neste's strong performance continued as we were able to improve our result by successful own actions, which were reflected in high additional margins. The reference margin in Oil Products was below last year's level, but almost at par in Renewable Products. Neste recorded a comparable operating profit of EUR 282 million during the second quarter, compared to EUR 78 million last year, which was impacted by a scheduled major turnaround at the Porvoo refinery.

Oil Products generated a comparable operating profit of EUR 149 million (EUR 14 million) during the second quarter. Reference margin averaged USD 5.6/bbl, which was USD 3.1/bbl lower than in the same period last year. Although gasoline margins softened during the quarter, gasoline continued as the strongest part of the barrel. Diesel margins recovered during the quarter as refiners shifted to maximize gasoline production. Good operational performance and favorable sales structure enabled maintaining high additional margin at USD 5.6/bbl.

Renewable Products recorded a comparable operating profit of EUR 119 million (EUR 54 million) during the second quarter. Renewable Products' reference margin remained almost at the same level as in the corresponding period last year. We continued to be able to increase our additional margin significantly by successful margin management, sales allocation, and by capturing a high share of the US Blender's Tax Credit. Feedstock optimization continued, and the share of waste and residue feedstocks reached 93% of total inputs during the second quarter. The major turnaround at the Rotterdam refinery has now been successfully completed and will help ensure the refinery's performance and safety during the coming years. The turnaround had a EUR 35 million negative impact on the operating profit.

Oil Retail's markets continued supportive, and we were able to increase profits by higher sales volumes particularly in the Baltic markets. The segment generated a comparable operating profit of EUR 23 million, higher than the EUR 22 million recorded in the second quarter of 2015.

Crude oil and renewable feedstock price changes, as well as demand balances, will be reflected in the oil and renewable fuel markets. Relatively low crude oil prices are expected to continue supporting product demand. Neste expects Oil Products' reference margin to be somewhat lower in the second half of 2016 than in the first half of the year, as global product inventories are currently on a high level. The Porvoo refinery is expected to run at high utilization rate with no major maintenance shutdowns scheduled.

Renewable Products' reference margin is expected to remain at approximately the average level of the year 2015, and the additional margin is expected to remain strong. Utilization rates of our renewable diesel production facilities are expected to be high.

In Oil Retail the sales volumes and unit margins are expected to follow the previous years' seasonality pattern.

The year has continued well, and we are confident that the year 2016 will be another successful one for Neste."

Neste's Interim Report, 1 January - 30 June 2016

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

Figures in parentheses refer to the corresponding period for 2015, unless otherwise stated.

Key Figures

EUR million (unless otherwise noted)

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Revenue	2,927	2,605	2,306	5,234	5,348	11,131
EBITDA	372	146	341	714	457	1,057
Comparable EBITDA*	374	161	262	636	454	1,284
Operating profit	280	63	254	534	296	699
Comparable operating profit*	282	78	175	457	293	925
Profit before income taxes	254	52	229	484	257	634
Net profit	214	42	214	428	223	560
Comparable net profit**	214	55	146	360	204	726
Earnings per share, EUR	0.83	0.17	0.83	1.67	0.87	2.18
Comparable earnings per share**, EUR	0.84	0.21	0.57	1.41	0.80	2.84
Investments	139	248	71	210	349	536
Net cash generated from operating activities	476	227	117	593	42	743

	30 June 2016	30 June 2015	31 Dec 2015
Total equity	3,300	2,747	3,104
Interest-bearing net debt	1,111	1,856	1,291
Capital employed	5,090	5,000	4,991
Return on capital employed pre-tax (ROCE)***, %	18.9	6.8	14.7
Return on average capital employed after tax ROACE)***, %	19.1	12.5	16.3
Equity per share, EUR	12.82	10.67	12.06
Leverage ratio, %	25.2	40.3	29.4

* Comparable operating profit is calculated by excluding inventory gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations and other adjustments from the reported operating profit.

** Comparable net profit is calculated by excluding total financial income and expense, income tax expense, non-controlling interests and tax on items affecting comparability from the reported comparable operating profit. Comparable earnings per share are based on comparable net profit.

***Last 12 months.

The Group's second-quarter 2016 results

Neste's revenue in the second quarter totaled EUR 2,927 million (EUR 2,605 million). The increase mainly resulted from higher sales volumes compared to the second quarter of 2015, which was impacted by the major turnaround at the Porvoo refinery. The revenue growth was negatively impacted by lower overall sales prices caused by the oil price decline year-on-year. The Group's comparable operating profit totaled EUR 282 million (EUR 78 million). Oil Products' result was negatively impacted by lower reference margin, but that was compensated by higher additional margin and higher sales volumes in an operationally sound quarter. Renewable Products' result improved mainly due to a significantly higher additional margin despite the major turnaround implemented at the Rotterdam refinery. Oil Retail's result was positively impacted by higher sales volumes year-on-year. The Others segment's comparable operating profit was higher compared to the second quarter of 2015, mainly due to Nynas' better result.

Oil Products' second-quarter comparable operating profit was EUR 149 million (14 million), Renewable Products' EUR 119 million (54 million), and Oil Retail's EUR 23 million (22 million). The comparable operating profit of the Others segment totaled EUR -8 million (-14 million); Nynas accounted for EUR 5 million (-6 million) of this figure.

The Group's IFRS operating profit was EUR 280 million (63 million), which was impacted by inventory gains totaling EUR 163 million (78 million), changes in the fair value of open commodity and currency derivatives totaling EUR -155 million (-91 million), mainly related to hedging of inventories. Profit before income taxes was EUR 254 million (52 million), net profit EUR 214 million (42 million), and earnings per share EUR 0.83 (0.17).

The Group's January-June 2016 results

Neste's revenue during the first six months totaled EUR 5,234 million (EUR 5,348 million). Sales volumes were higher, but the revenue decrease resulted from lower overall sales prices caused by the oil price decline year-on-year. The Group's comparable operating profit was EUR 457 million (EUR 293 million). Oil Products' result was negatively impacted by reference margin, which was clearly lower than during the first half of 2015. However, additional margin increased, and the Porvoo refinery was in full operation with high utilization in the second quarter, compared to the scheduled major turnaround implemented in the corresponding period last year. Renewable Products improved as a result of successful margin management, sales allocation and feedstock optimization. Oil Retail's result was positively impacted by increased sales volumes and margins. The Others segment recorded a lower comparable operating profit compared to the first half of 2015.

Oil Products' six-month comparable operating profit was EUR 235 million (170 million), Renewable Products' EUR 199 million (96 million), and Oil Retail's EUR 45 million (39 million). The comparable operating profit of the Others segment totaled EUR -19 million (-11 million); Nynas accounted for EUR 5 million (4 million) of this figure.

The Group's IFRS operating profit was EUR 534 million (296 million), which was impacted by inventory gains totaling EUR 211 million (2 million), changes in the fair value of open commodity and currency derivatives totaling EUR -131 million (-73 million), mainly related to hedging of inventories, and capital gains totaling EUR 11 million (77 million), mainly related to the sale of Neste's existing power plant to Kilpilahti Power Plant Ltd. Profit before income taxes was EUR 484 million (257 million), net profit EUR 428 million (223 million), and earnings per share EUR 1.67 (0.87).

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
COMPARABLE OPERATING PROFIT	282	78	175	457	293	925
- inventory gains/losses	163	78	48	211	2	-263
- changes in the fair value of open commodity and currency derivatives	-155	-91	23	-131	-73	-15
- capital gains/losses	3	-3	8	11	77	76
- insurance and other compensations	0	0	0	0	0	0
- other adjustments	-13	0	0	-13	-3	-25
OPERATING PROFIT	280	63	254	534	296	699

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste'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%. At the end of June, ROACE calculated over the last 12 months was maintained over the target level, and leverage ratio continued on a downward trend.

	30 Jun 2016	30 Jun 2015	31 Dec 2015
Return on average capital employed after tax (ROACE)*, %	19.1	12.5	16.3
Leverage ratio (net debt to capital), %	25.2	40.3	29.4

*Last 12 months

Cash flow, investments, and financing

Neste Group's net cash generated from operating activities totaled EUR 593 million (42 million) during the first six months of 2016. EBITDA of the businesses was strong. Working capital increased from the year-end 2015 level due to building of contango stocks, but clearly less than in the first half of 2015. Cash flow before financing activities was EUR 420 million (-69 million). The Group's net working capital in days outstanding was 27.4 days (23.7 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
EBITDA (IFRS)	372	146	341	714	457	1,057
Capital gains/losses	-5	2	-10	-14	-77	-77
Other adjustments	156	96	-15	141	60	-27
Change in working capital	-50	28	-136	-187	-339	-94
Finance cost, net	18	-18	-42	-23	-28	-88
Income taxes paid	-16	-28	-21	-37	-30	-27
Net cash generated from operating activities	476	227	117	593	42	743
Capital expenditure	-138	-198	-71	-209	-281	-505
Other investing activities	8	-14	28	35	170	241
Free cash flow (Cash flow before financing activities)	346	14	73	420	-69	480

Cash-out investments totaled EUR 209 million (281 million) during January-June. Maintenance investments accounted for EUR 80 million (250 million) and productivity and strategic investments for EUR 129 million (31 million). Oil Products' investments totaled EUR 134 million (248 million), with the largest single project being the Solvent Deasphalting unit (SDA unit) at the Porvoo refinery. Renewable Products' investments totaled EUR 54 million (16 million), mainly related to the major turnaround and the ongoing biopropane investment at the Rotterdam refinery. Oil Retail's investments totaled EUR 8 million (9 million) and were mainly related to the station network. Investments in the Others segment totaled EUR 12 million (8 million) and were mainly related to IT and business infrastructure.

Interest-bearing net debt was EUR 1,111 million as of the end of June, compared to EUR 1,291 million at the end of 2015. Net financial expenses, including exchange rate and fair value gains and losses, for the first six months were EUR 50 million (39 million). The average interest rate of borrowing at the end of June was 3.5% (3.4%) and the average maturity 3.4 years (3.4 years). The interest-bearing net debt/comparable EBITDA ratio was 0.8 (1.7) over the previous 12 months at the end of the second quarter.

The Group has a solid financial position. The leverage ratio was 25.2% (31 Dec. 2015: 29.4%), and the gearing ratio 33.7% (31 Dec. 2015: 41.6%) at the end of June.

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 2,329 million as of the end of June (31 Dec. 2015: 2,246 million). There are no financial covenants in the Group's current loan agreements.

In accordance with its hedging policy, Neste hedges a large part 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. At the end of June the Group's foreign currency hedging ratio was approx. 50% for the next 12 months.

US dollar exchange rate

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
EUR/USD, market rate	1.13	1.10	1.10	1.12	1.12	1.11
EUR/USD, effective rate*	1.12	1.17	1.10	1.11	1.20	1.15

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Oil Products

Key financials

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Revenue, MEUR	1,916	1,675	1,359	3,275	3,651	7,467
EBITDA, MEUR	272	91	148	420	362	606
Comparable EBITDA, MEUR	203	63	139	342	264	655
Comparable operating profit, MEUR	149	14	86	235	170	439
IFRS operating profit, MEUR	218	42	95	312	268	389
Net assets, MEUR	2,451	2,547	2,484	2,451	2,547	2,320
Return on net assets*, %	17.5	4.2	10.4	17.5	4.2	16.2
Comparable return on net assets*, %	20.4	16.4	14.9	20.4	16.4	18.2

* Last 12 months

Key drivers

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Reference refining margin, USD/bbl	5.59	8.70	4.87	5.23	8.07	7.74
Additional margin, USD/bbl	5.60	2.13	5.61	5.63	3.25	4.05
Total refining margin, USD/bbl	11.19	10.83	10.49	10.86	11.32	11.79
Urals-Brent price differential, USD/bbl	-2.61	-1.49	-2.72	-2.67	-1.61	-1.84
Urals' share of total refinery input, %	69	66	64	66	63	62

Oil Products' second-quarter comparable operating profit totaled EUR 149 million, compared to EUR 14 million in the second quarter of 2015, which was impacted by the scheduled turnaround at the Porvoo refinery. The reference margin was USD 3.1/bbl lower year-on-year, and had EUR 39 million negative impact on comparable operating profit. Additional margin was USD 3.5/bbl higher than in the second quarter of last year, and had EUR 109 million positive impact on operating profit. The high additional margin resulted from good operational performance, favorable sales structure, and positive profit contribution from contango storing. Sales volumes were back to a normal level, and had EUR 68 million positive impact on the result compared to the second quarter 2015.

The average utilization rate of the Porvoo refinery was 97% (28%), reflecting smooth operation. The Naantali refinery recorded a utilization rate of 71% (63%) as a result of production optimization and continued technical limitations in certain process units. Oil Products' comparable return on net assets was 20.4% (16.4%) at the end of June over the previous 12 months.

Crude oil price was on a rising trend during the second quarter. After crude prices saw a multi-year bottom in the first quarter, the general view of slowly balancing physical crude oil markets gave boost to price recovery over the second quarter. Brent opened the quarter just below USD 40/bbl and increased to USD 50/bbl levels during the quarter. The falling US oil rig count, good demand for oil and some unexpected outages in Canada and Nigeria were important drivers supporting crude oil price.

The Russian Export Blend (REB) crude averaged USD 2.6/bbl lower than Brent in the second quarter. The price differential reflected continued good supply of REB together with European refinery maintenance season. Also continued imports of crude oil from Iraq, Iran and Saudi Arabia to Europe had a widening impact on the differential.

Reference margin was stable during the quarter. As a result of continued good demand for gasoline and starting driving season, gasoline margins were again the strongest part of the barrel. In contrast to typical seasonality, gasoline margins weakened during the quarter as the spring maintenance season ended and high inventories were pushing margins lower. Diesel margins, on the other hand, recovered during the quarter as refiners were maximizing gasoline production over diesel, which helped to reduce high middle distillate inventories. Neste reference margin continued to be supported by low utility costs and wide REB differential, and averaged USD 5.6/bbl during the second quarter.

Oil Products' six-month comparable operating profit was EUR 235 million (170 million). During the first six months the reference margin was USD 2.9/bbl lower than in the corresponding period last year, which had a negative impact of EUR 94 million on the result. On the other hand, additional margin was USD 2.4/bbl higher and had a positive impact of EUR 136 million year-on-year. Higher sales volumes, mainly due to the scheduled Porvoo refinery maintenance impacting the corresponding period last year, had a positive impact totaling EUR 60 million on comparable operating profit. During the first six months the segments fixed costs were EUR 11 million higher than last year, mainly as a result of higher maintenance activities.

Production

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Porvoo refinery production, 1,000 ton	3,073	1,092	2,899	5,972	4,096	9,835
Porvoo refinery utilization rate, %	97	28	88	92	63	75
Naantali refinery production, 1,000 ton	546	465	388	934	964	1,956
Naantali refinery utilization rate, %	71	63	62	66	64	62
Refinery production costs, USD/bbl	3.8	8.0	3.9	3.8	4.8	4.0
Bahrain base oil plant production, (Neste's share), 1,000 ton	50	48	46	97	96	184

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

	4-6/16	%	4-6/15	%	1-3/16	%	1-6/16	%	1-6/15	%	2015	%
Middle distillates*	1,783	48	852	46	1,394	45	3,177	47	2,245	45	5,395	45
Light distillates**	1,163	31	501	27	1,006	32	2,169	32	1,561	31	3,857	33
Heavy fuel oil	364	10	157	8	435	14	799	12	459	9	1,122	9
Base oils	128	3	98	5	119	4	247	4	218	4	433	4
Other products	257	7	252	14	155	5	412	6	553	11	1,075	9
TOTAL	3,695	100	1,860	100	3,109	100	6,804	100	5,036	100	11,881	100

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

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

	4-6/16	%	4-6/15	%	1-3/16	%	1-6/16	%	1-6/15	%	2015	%
Baltic Sea area*	2,165	59	1,480	79	1,871	60	4,036	59	3,473	69	7,876	66
Other Europe	1,034	28	333	18	1,077	35	2,111	31	1,262	25	3,154	27
North America	365	10	33	2	88	3	454	7	210	4	491	4
Other areas	131	4	14	1	73	2	204	3	91	2	360	3

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

Renewable Products

Key financials

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Revenue, MEUR	596	583	584	1,180	1,079	2,372
EBITDA, MEUR	77	35	174	251	50	327
Comparable EBITDA, MEUR	148	78	104	252	142	497
Comparable operating profit, MEUR	119	54	80	199	96	402
IFRS operating profit, MEUR	48	11	150	198	3	233
Net assets, MEUR	1,735	1,814	1,828	1,735	1,814	1,884
Return on net assets*, %	23.9	9.7	21.3	23.9	9.7	12.6
Comparable return on net assets*, %	28.2	15.8	24.1	28.2	15.8	21.8

* Last 12 months

Key drivers

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
FAME - Palm oil price differential*, USD/ton	148	183	160	154	162	211
SME - Soybean oil price differential**, USD/ton	199	159	116	157	166	118
Reference margin, USD/ton	168	172	149	158	161	182
Additional margin***, USD/ton	366	168	270	316	177	247
Comparable sales margin***, USD/ton	405	210	288	344	208	299
Biomass-based diesel (D4) RIN, USD/gal	0.84	0.86	0.76	0.80	0.84	0.73
Palm oil price****, USD/ton	645	601	607	626	613	576
Crude palm oil's share of total feedstock, %	6	33	23	15	36	31

* 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)
*** Includes impact of US BTC (Blender's Tax Credit), except in 4-6/15 and 1-6/15 figures.
**** CPO BMD 3rd

Renewable Products' comparable operating profit totaled EUR 119 million during the second quarter, compared to EUR 54 million in the second quarter of 2015. The reference margin averaged slightly below the level in the corresponding period last year. We were able to increase our additional margin significantly by successful margin management, sales allocation, and by capturing a high share of the US Blender's Tax Credit. Higher additional margin had a positive effect totaling EUR 97 million on the result year-on-year. Sales volumes totaled 485,000 tons, down 12% compared to the corresponding period last year, reflecting the major turnaround implemented at the Rotterdam refinery. Approximately 59% (63%) of sales volumes went to Europe during the second quarter, and

41% (37%) to North America. The production achieved an average utilization rate of 71% (86%) during the quarter. The Rotterdam refinery turnaround has now been successfully completed and the refinery is back in normal operation. The turnaround had a negative impact totaling EUR 35 million on the segment's comparable operating profit. The proportion of waste and residue inputs reached 93% (67%) on average in the second quarter. Renewable Products' comparable return on net assets was 28.2% (15.8%) at the end of June based on the previous 12 months.

Despite the positive momentum in crude oil and still active El Nino weather phenomenon, palm oil (CPO) price increased only USD 38/ton during the second quarter. CPO stock draw was larger than normal in the season due to record low production. However, the combined impact of high opening stocks at the beginning of the year, low exports, and weak domestic demand in both Malaysia and Indonesia, prevented CPO stocks from dropping to an exceptionally low level. Soybean oil (SBO) prices increased in line with CPO during the second quarter. SBO stocks were high, but strong US demand and a delayed crop in Argentina supported SBO price. Rapeseed oil (RSO) price increased less than CPO and SBO due to a subdued European biodiesel demand.

European Fatty Acid Methyl Ester (FAME) price increased USD 30/ton during the quarter reflecting a similar increase in RSO price. High price premium over diesel limited interest in RSO based biodiesel and increased demand for double countable products made of waste and residues. US Soybean Methyl Ester (SME) biodiesel price continued a strong recovery during the second quarter. SME price increased by USD 128/ton supported by the higher US biofuel volume mandates and the Blender's Tax Credit applied in the year 2016.

Renewable Products' six-month comparable operating profit was EUR 199 million (96 million). The reference margin during the first six months averaged slightly below last year and had only a marginal impact on the segment's operating profit year-on-year. The result was improved by achieving a significantly higher additional margin through successful margin management, sales allocation, and by continuing to capture a high share of the US Blender's Tax Credit. The higher additional margin had a positive impact of EUR 133 million on the operating profit compared to the first half of 2015. Sales volumes were lower mainly due to the Rotterdam turnaround, and had a negative impact of EUR 16 million on the operating profit. Fixed costs and depreciations increased by EUR 12 million year-on-year.

Production

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Neste Renewable Diesel, 1,000 ton	450	524	582	1,031	1,125	2,328
Other products, 1,000 ton	35	34	48	83	74	165
Utilization rate, %	71	86	94	83	91	94

Sales

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Neste Renewable Diesel, 1,000 ton	485	554	531	1,016	1,067	2,267
Share of sales volumes to Europe, %	59	63	72	66	70	69
Share of sales volumes to North America, %	41	37	28	34	30	31

Oil Retail

Key financials

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Revenue, MEUR	886	976	776	1,662	1,859	3,748
EBITDA, MEUR	28	28	27	55	51	110
Comparable EBITDA, MEUR	28	28	27	55	51	115
Comparable operating profit, MEUR	23	22	22	45	39	84
IFRS operating profit, MEUR	23	22	22	45	39	79
Net assets, MEUR	192	226	164	192	226	184
Return on net assets*, %	44.4	31.2	42.7	44.4	31.2	38.9
Comparable return on net assets*, %	46.9	31.2	45.1	46.9	31.2	41.2

* Last 12 months

Oil Retail's second-quarter comparable operating profit was EUR 23 million (22 million). Total sales volumes increased, particularly in the Baltic markets, and had a positive impact of EUR 2 million on the comparable operating profit year-on-year. Oil Retail opened ten new stations in its network during the second quarter, and launched the premium-quality Neste Pro Diesel in Latvia. Average unit margins improved slightly, and higher margins had a positive impact of EUR 1 million on the segment's second-quarter comparable operating profit. The weaker ruble had a negative impact of EUR 2 million on the result in Northwest Russia. Fixed costs and depreciations were approx. EUR 1 million higher year-on-year. Oil Retail's comparable return on net assets was 46.9% (31.2%) at the end of June on a rolling 12-month basis.

Oil Retail's markets were stable. Market growth supports sales volumes particularly in the Baltic countries. Light duty vehicle fuel demand is seasonally highest during the summer period, and also heavy duty traffic continues recover in Finland. Development of the Russian economy may impact demand, but the ruble has been less volatile lately.

Oil Retail's six-month comparable operating profit was EUR 45 million (39 million). Higher sales volumes had a positive impact of EUR 5 million, and improved unit margins a positive impact of EUR 2 million on the result year-on-year. The weaker ruble had a negative impact of EUR 3 million on the result in Northwest Russia compared to the corresponding period last year. Other income improved the result by EUR 2 million year-on-year.

Sales volumes by main product categories, million liters

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Gasoline station sales	285	288	250	535	528	1,115
Diesel station sales	423	395	403	826	767	1,589
Heating oil	133	123	154	287	265	569

Net sales by market area, MEUR

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Finland	624	701	562	1,192	1,345	2,642
Northwest Russia	62	71	51	113	123	255
Baltic countries	200	204	163	356	389	821

Others

Financials

	4-6/16	4-6/15	1-3/16	1-6/16	1-6/15	2015
Comparable operating profit, MEUR	-8	-14	-11	-19	-11	2
IFRS operating profit, MEUR	-8	-14	-11	-19	-14	0

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petróleos de Venezuela; and common corporate costs. The second-quarter comparable operating profit of the Others segment totaled EUR -8 million (-14 million); Nynas accounted for EUR 5 million (-6 million) of this figure.

The six-month comparable operating profit of the Others segment totaled EUR -19 million (-11 million); Nynas accounted for EUR 5 million (4 million) of this figure.

Shares, share trading, and ownership

Neste's shares are traded on NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 32.13, which was also the highest closing price during the quarter and up by 11.1% compared to the end of first quarter. At its lowest the price stood at EUR 26.78. Market capitalization was EUR 8.2 billion as of 30 June 2016. An average of 0.7 million shares were traded daily, representing 0.3% of the company's shares.

Neste's share capital registered with the Company Register as of 30 June 2016 totaled EUR 40 million, and the total number of shares was 256,403,686. As resolved by the AGM held on 1 April 2015, the Board of Directors was authorized to purchase and/or take as security a maximum of 1,000,000 company shares using the company's unrestricted equity. At the end of June 2016, Neste held 686,574 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of 30 June 2016, the Finnish State owned 50.1% (50.1% at the end of the first quarter) of outstanding shares, foreign owners 27.0% (26.5%), Finnish institutions 12.6% (12.8%), and Finnish households 10.3% (10.6%).

Personnel

Neste employed an average of 4,963 (4,912) employees in the second quarter, of which 1,570 (1,560) were based outside Finland. As of the end of June, the company had 5,194 employees (5,147), of which 1,562 (1,570) were located outside Finland.

Health, safety, and the environment

Key figures

	4-6/16	4-6/15	1-6/16	1-6/15	2015
TRIF*	1.5	3.8	2.6	4.2	3.3
PSER**	3.5	2.0	3.9	2.3	2.4

* Cumulative Total Recordable Incident Frequency, number of cases per million hours worked. The figure includes both Neste's and contractors' personnel.
** Cumulative Process Safety Event Rate, number of cases per million hours worked.

Neste's overall safety performance improved, particularly in the personnel safety, during the second quarter. Cumulatively we were still behind the target for 2016. A corporate-wide safety communication program was launched in May. Theme of the second annual Neste Safe Day held on 13 May was responsibility for our neighborhoods and good housekeeping.

Operational environmental emissions were in substantial compliance at all sites, excluding the Naantali Refinery, where dust emissions to air breached the permit limit. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production.

Read more about the topics on Neste's website.

Main events published during the reporting period

On 20 April, Neste announced that it had launched a pioneering project with spoken word artist Prince Ea to help create future renewable products and services. The Pre-Order the Future project enables people to participate in the development work.

On 28 April, Neste announced that Avantherm, a Swedish company specializing in Heat Transfer Media products, has started using Neste Renewable Isoalkane to produce the next generation, high-performance and more environmentally friendly products.

On 12 May, Neste announced that it had been informed of the State of Finland's proposed amendments to its ownership policy. The Government proposes a new lower limit of 33.4% for the implementation of strategic interest, which would be applied to Neste. The planned changes in the shareholding of the State of Finland will not have effects on Neste's business. The Finnish Parliament decides on ownership limits and changes in them.

On 23 May, Neste announced that it welcomes US EPA's proposal on renewable fuel volume requirements. The Environmental Protection Agency (EPA) in the US published a proposed ruling covering renewable fuel volume requirements for 2017 under the Renewable Fuel Standard (RFS) program on 18 May 2016. The EPA also proposed an increased volume requirement for biomass-based diesel for 2018.

On 31 May, Neste announced that a new European fuel standard for paraffinic diesel will support the sales of Neste Renewable Diesel. CEN (European Committee for Standardization) has approved the EN 15940 standard for paraffinic diesel, specifying the quality and properties of advanced diesel which is either synthetic or produced from renewable raw materials through hydrotreatment.

Potential risks

There have been no significant changes in Neste´s short-term risks or uncertainties since the end of March, 2016.

Key market risks affecting Neste's financial results for the next 12 months include rapid changes in global oil markets, unexpected changes in the product and feedstock prices of Oil Products and/or Renewable Products, weakening of USD against EUR, and adverse changes in the current biofuel legislation in our main markets, including possible discontinuation of the US Blender's Tax Credit for the year 2017. Any scheduled or unexpected shutdowns at Neste´s refineries would have a negative effect on Neste's financial results.

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

Relatively low crude oil prices are expected to continue supporting product demand. Crude oil supply is expected to increase as the economic sanctions against Iran are lifted and more medium heavy crude oil will be brought to the European market in 2016. Global oil demand growth estimates for 2016 have increased typically to 1.4 million bbl/d level, and both gasoline and diesel demand are expected to continue solid growth. In light of the expected refining capacity growth, the global product supply and demand look reasonably balanced mid-term.

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. Market volatility in feedstock prices is expected to continue, which will have an impact on the Renewable Products segment's profitability.

In 2016, Neste's effective EUR/USD exchange rate is expected to stay close to the current market rate, the Capital expenditure is estimated to be approximately EUR 400 million.

Neste expects Oil Products' reference margin to be somewhat lower in the second half of 2016 than in the first half of the year, as global product inventories are currently on a high level. The Porvoo refinery is expected to run at high utilization rate with no major maintenance shutdowns scheduled.

Renewable Products' reference margin is expected to remain at approximately the average level of the year 2015, and the additional margin is expected to remain strong. Utilization rates of our renewable diesel production facilities are expected to be high.

In Oil Retail the sales volumes and unit margins are expected to follow the previous years' seasonality pattern.

The year has continued well, and we are confident that the year 2016 will be another successful one for Neste.

Reporting date for the company's third-quarter 2016 results

Neste will publish its third-quarter results on 25 October 2016 at approximately 9:00 am. EET.

Espoo, 27 July 2016

Neste 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 second-quarter 2016 results will be held today, 28 July 2016, at 11:30 am. EET at the company's headquarters at Keilaranta 21, Espoo. www.neste.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on 28 July 2016 at 3 pm. Finland / 1 pm. London / 8 am. New York. The call-in numbers are as follows: Finland: +358 (0)9 2310 1618, rest of Europe: +44 (0)20 3427 0502, US: +1 646 254 3369, using access code 4563376. The conference call can be followed at the company's web site. An instant replay of the call will be available until 4 August 2016 at +358(0)9 2310 1650 for Finland, +44 (0)20 3427 0598 for Europe and +1 347 366 9565 for the US, using access code 4563376.

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 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 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.

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF INCOME

MEUR	Note	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015	Last 12 months
Revenue	3	**2,927**	2,605	**5,234**	5,348	11,131	11,016
Other income		**17**	8	**36**	94	109	51
Share of profit (loss) of joint ventures		**6**	-5	**7**	2	27	32
Materials and services		**-2,396**	-2,287	**-4,202**	-4,653	-9,539	-9,087
Employee benefit costs		**-93**	-94	**-176**	-175	-351	-352
Depreciation, amortization and impairments	3	**-92**	-83	**-179**	-161	-358	-377
Other expenses		**-89**	-79	**-186**	-160	-320	-346
Operating profit		**280**	63	**534**	296	699	937
Financial income and expenses							
Financial income		**2**	1	**2**	2	2	3
Financial expenses		**-17**	-22	**-34**	-41	-84	-77
Exchange rate and fair value gains and losses		**-10**	10	**-18**	0	16	-2
Total financial income and expenses		**-26**	-11	**-50**	-39	-65	-76
Profit before income taxes		**254**	52	**484**	257	634	861
Income tax expense		**-40**	-10	**-56**	-34	-74	-96
Profit for the period		**214**	42	**428**	223	560	765
Profit attributable to:							
Owners of the parent		**213**	42	**426**	222	558	762
Non-controlling interests		**1**	0	**2**	1	3	3
		214	42	**428**	223	560	765
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.83**	0.17	**1.67**	0.87	2.18	2.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015	Last 12 months
Profit for the period	**214**	42	**428**	223	560	765
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	**-3**	12	**-9**	6	30	15
Items that may be reclassified subsequently to profit or loss						
Translation differences	**1**	1	**3**	21	1	-16
Cash flow hedges						
recorded in equity	**-11**	8	**13**	-51	-71	-7
transferred to income statement	**1**	25	**5**	59	97	43
Net investment hedges	**0**	1	**0**	1	1	0
Revaluation of available-for-sale financial assets	**10**	0	**10**	0	0	10
Share of other comprehensive income of investments accounted for using the equity method	**-6**	0	**1**	-5	-9	-3
Total	**-5**	35	**33**	25	20	27
Other comprehensive income for the period, net of tax	**-8**	47	**23**	31	50	42
Total comprehensive income for the period	**206**	89	**451**	254	611	807
Total comprehensive income attributable to:						
Owners of the parent	**205**	89	**449**	253	608	804
Non-controlling interests	**1**	0	**2**	1	3	3
	206	89	**451**	254	611	807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	Note	30 June 2016	30 June 2015	31 Dec 2015
ASSETS				
Non-current assets				
Intangible assets	6	**75**	61	71
Property, plant and equipment	6	**3,724**	3,833	3,745
Investments in joint ventures		**222**	198	220
Non-current receivables		**56**	50	10
Deferred tax assets		**36**	36	29
Derivative financial instruments	8	**10**	20	11
Available-for-sale financial assets		**17**	5	5
Total non-current assets		**4,141**	4,203	4,090
Current assets				
Inventories		**1,374**	1,343	1,090
Trade and other receivables		**866**	861	870
Derivative financial instruments	8	**35**	77	99
Cash and cash equivalents		**679**	397	596
Total current assets		**2,953**	2,679	2,655
Assets classified as held for sale [1)]		**0**	23	47
Total assets		**7,094**	6,904	6,793
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**3,240**	2,688	3,044
Total		**3,280**	2,728	3,084
Non-controlling interest		**21**	19	20
Total equity		**3,300**	2,747	3,104
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,125**	1,767	1,449
Deferred tax liabilities		**260**	250	265
Provisions		**41**	15	39
Pension liabilities		**124**	145	113
Derivative financial instruments	8	**8**	6	6
Other non-current liabilities		**10**	1	6
Total non-current liabilities		**1,568**	2,183	1,878
Current liabilities				
Interest-bearing liabilities		**665**	486	438
Current tax liabilities		**58**	6	21
Derivative financial instruments	8	**109**	112	45
Trade and other payables		**1,392**	1,370	1,307
Total current liabilities		**2,225**	1,974	1,811
Total liabilities		**3,794**	4,158	3,689
Total equity and liabilities		**7,094**	6,904	6,793

[1)] The assets classified as held for sale as of 31 December 2015 relate to the agreement to create a joint venture company owned by Neste, Veolia and Borealis. The transaction was completed in March 2016. More information can be found in Note 9.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Cash flow from operating activities					
Profit before income taxes	**254**	52	**484**	257	634
Adjustments, total	**270**	192	**356**	183	319
Change in working capital	**-50**	28	**-187**	-339	-94
Cash generated from operations	**474**	272	**653**	101	858
Finance cost, net	**18**	-18	**-23**	-28	-88
Income taxes paid	**-16**	-28	**-37**	-30	-27
Net cash generated from operating activities	**476**	227	**593**	42	743
Cash flows from investing activities					
Capital expenditure	**-138**	-198	**-209**	-281	-505
Proceeds from sales of shares in subsidiaries	**0**	0	**0**	171	171
Proceeds from sales of fixed assets	**25**	2	**39**	2	26
Proceeds from capital repayments in joint arrangements	**0**	0	**0**	0	0
Change in long-term receivables and other investments	**-17**	-16	**-4**	-3	44
Cash flows from investing activities	**-130**	-212	**-173**	-111	-263
Cash flow before financing activities	**346**	14	**420**	-69	480
Cash flows from financing activities					
Net change in loans and other financing activities	**-7**	-11	**-82**	385	39
Purchase of treasury shares	**0**	0	**0**	0	0
Dividends paid to the owners of the parent	**-256**	-166	**-256**	-166	-166
Dividends paid to non-controlling interests	**0**	-1	**0**	-1	-1
Cash flows from financing activities	**-262**	-178	**-338**	218	-128
Net increase (+)/decrease (-) in cash and cash equivalents	**84**	-164	**82**	149	352

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2015	40	19	0	-15	-56	-85	-61	2,800	2,641	18	2,659
Profit for the period								222	222	1	223
Other comprehensive income for the period, net of tax					4	6	22		31		31
Total comprehensive income for the period	0	0	0	0	4	6	22	222	253	1	254
Dividend decision								-166	-166	-1	-167
Share-based compensation			1	3				-3	2		2
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares									0		0
Total equity at 30 June 2015	40	20	1	-12	-52	-79	-40	2,852	2,728	19	2,747

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2015	40	19	0	-15	-56	-85	-61	2,800	2,641	18	2,659
Profit for the period								558	558	3	560
Other comprehensive income for the period, net of tax					17	30	2		50		50
Total comprehensive income for the period	0	0	0	0	17	30	2	558	608	3	611
Dividend decision								-166	-166	-1	-167
Share-based compensation			1	3				-4	0		0
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares									0		0
Total equity at 31 December 2015	40	20	1	-12	-39	-54	-59	3,186	3,084	20	3,104

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2016	**40**	**20**	**1**	**-12**	**-39**	**-54**	**-59**	**3,186**	**3,084**	**20**	**3,104**
Profit for the period								**426**	**426**	**2**	**428**
Other comprehensive income for the period, net of tax					**30**	**-9**	**3**		**23**		**23**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**30**	**-9**	**3**	**426**	**449**	**2**	**451**
Dividend decision								**-256**	**-256**	**-1**	**-257**
Share-based compensation			**3**	**2**				**-3**	**2**		**2**
Transfer from retained earnings		**1**						**-1**	**0**		**0**
Purchase of treasury shares									**0**		**0**
Total equity at 30 June 2016	**40**	**20**	**4**	**-10**	**-9**	**-63**	**-56**	**3,353**	**3,280**	**21**	**3,300**

KEY FIGURES

	30 June 2016	Restated *) 30 June 2015	Restated *) 31 Dec 2015	Last 12 months
EBITDA, MEUR	**714**	457	1,057	1,314
Comparable EBITDA, MEUR	**636**	454	1,284	1,466
Capital employed, MEUR	**5,090**	5,000	4,991	5,090
Interest-bearing net debt, MEUR	**1,111**	1,856	1,291	-
Capital expenditure and investment in shares, MEUR	**189**	349	536	376
Return on average capital employed, after tax, ROACE %	**19.1**	12.5	16.3	19.1
Return on capital employed, pre-tax, ROCE % *)	**18.9**	6.8	14.7	18.9
Return on equity % *)	**11.2**	7.9	19.7	11.2
Equity per share, EUR	**12.82**	10.67	12.06	-
Cash flow per share, EUR	**2.32**	0.16	2.91	5.1
Earnings per share (EPS), EUR	**1.67**	0.87	2.18	2.98
Comparable earnings per share, EUR	**1.41**	0.80	2.84	3.45
Equity-to-assets ratio, %	**46.9**	39.9	46.1	-
Leverage ratio, %	**25.2**	40.3	29.4	-
Gearing, %	**33.7**	67.6	41.6	-
Average number of shares	**255,676,929**	255,532,966	255,568,717	255,640,107
Outstanding number of shares at the end of the period	**255,717,112**	255,601,989	255,605,219	255,717,112
Average number of personnel	**4,963**	4,912	4,906	-

*) Total equity average and capital employed average are calculated using last 5 quarters' end values from Q2 2016 interim report onwards. Previously calculated using the yearly opening balance and each quarter end values.

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 condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2015. The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management´s best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

Any new IFRS and IFRIC changes did not have a material impact on the reported income statement, statement of financial position or notes and the Group has not applied any new standards as of 1 January 2016.

2. TREASURY SHARES

A total of 111,893 treasury shares of Neste Corporation has been on the 7th of March 2016 conveyed without consideration to the key persons participating in the Share Ownership Plan 2013 according to the terms and conditions of the plan. The directed share issue is based on the authorization of the Annual General Meeting on 1st April 2015. A total of 86 people are in the target group of the payment from the plan. The number of treasury shares after the directed share issue is 686,574 shares.

3. SEGMENT INFORMATION

Neste'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. The performance of the reporting segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess performance and to decide on allocation of resources.

REVENUE **MEUR**	**4-6/2016**	4-6/2015	**1-6/2016**	1-6/2015	1-12/2015	Last 12 months
Oil Products	**1,916**	1,675	**3,275**	3,651	7,467	7,091
Renewable Products	**596**	583	**1,180**	1,079	2,372	2,473
Oil Retail	**886**	976	**1,662**	1,859	3,748	3,552
Others	**75**	74	**145**	136	267	276
Eliminations	**-546**	-704	**-1,028**	-1,376	-2,724	-2,376
Total	**2,927**	2,605	**5,234**	5,348	11,131	11,016

OPERATING PROFIT **MEUR**	**4-6/2016**	4-6/2015	**1-6/2016**	1-6/2015	1-12/2015	Last 12 months
Oil Products	**218**	42	**312**	268	389	434
Renewable Products	**48**	11	**198**	3	233	428
Oil Retail	**23**	22	**45**	39	79	85
Others	**-8**	-14	**-19**	-14	0	-5
Eliminations	**-1**	3	**-3**	0	-2	-4
Total	**280**	63	**534**	296	699	937

COMPARABLE OPERATING PROFIT **MEUR**	**4-6/2016**	4-6/2015	**1-6/2016**	1-6/2015	1-12/2015	Last 12 months
Oil Products	**149**	14	**235**	170	439	504
Renewable Products	**119**	54	**199**	96	402	506
Oil Retail	**23**	22	**45**	39	84	90
Others	**-8**	-14	**-19**	-11	2	-5
Eliminations	**-1**	3	**-3**	-1	-2	-4
Total	**282**	78	**457**	293	925	1,089

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS **MEUR**	**4-6/2016**	4-6/2015	**1-6/2016**	1-6/2015	1-12/2015	Last 12 months
Oil Products	**54**	49	**108**	94	216	229
Renewable Products	**29**	24	**53**	46	95	101
Oil Retail	**5**	6	**11**	12	31	29
Others	**4**	4	**8**	8	17	17
Eliminations	**0**	0	**0**	0	0	0
Total	**92**	83	**179**	161	358	377

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES **MEUR**	**4-6/2016**	4-6/2015	**1-6/2016**	1-6/2015	1-12/2015	Last 12 months
Oil Products	**66**	233	**109**	320	453	242
Renewable Products	**38**	5	**57**	13	28	72
Oil Retail	**7**	5	**9**	9	37	38
Others	**8**	4	**13**	7	17	23
Eliminations	**0**	0	**0**	0	0	0
Total	**118**	248	**189**	349	536	376

TOTAL ASSETS **MEUR**	**30 June 2016**	30 June 2015	31 Dec 2015
Oil Products	**3,482**	3,623	3,300
Renewable Products	**2,057**	2,061	2,145
Oil Retail	**482**	507	439
Others	**479**	428	461
Unallocated assets	**837**	560	684
Eliminations	**-243**	-274	-237
Total	**7,094**	6,904	6,793

NET ASSETS **MEUR**	**30 June 2016**	30 June 2015	31 Dec 2015
Oil Products	**2,451**	2,547	2,320
Renewable Products	**1,735**	1,814	1,884
Oil Retail	**192**	226	184
Others	**260**	201	269
Eliminations	**-10**	-5	-7
Total	**4,628**	4,782	4,650

TOTAL LIABILITIES MEUR	**30 June 2016**	30 June 2015	31 Dec 2015
Oil Products	**1,031**	1,076	980
Renewable Products	**322**	246	261
Oil Retail	**290**	281	255
Others	**219**	227	193
Unallocated liabilities	**2,164**	2,596	2,230
Eliminations	**-233**	-269	-230
Total	**3,794**	4,158	3,689

RETURN ON NET ASSETS, %	**30 June 2016**	Restated *) 30 June 2015	31 Dec 2015
Oil Products	**17.5**	4.2	16.2
Renewable Products	**23.9**	9.7	12.6
Oil Retail	**44.4**	31.2	38.9

*) Calculation of Return on net assets has been changed on 31 March 2016 and the comparatives for 2015 have been restated. New Return on net assets is calculated based on last 12 months, previously based on annualized result.

COMPARABLE RETURN ON NET ASSETS, %	**30 June 2016**	Restated *) 30 June 2015	31 Dec 2015
Oil Products	**20.4**	16.4	18.2
Renewable Products	**28.2**	15.8	21.8
Oil Retail	**46.9**	31.2	41.2

*) Calculation of Comparable return on net assets has been changed on 31 March 2016 and the comparatives for 2015 have been restated. New Comparable return on net assets is calculated based on last 12 months, previously based on annualized result.

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**1,916**	**1,359**	1,756	2,060	1,675	1,976
Renewable Products	**596**	**584**	711	582	583	496
Oil Retail	**886**	**776**	898	991	976	882
Others	**75**	**70**	71	60	74	62
Eliminations	**-546**	**-482**	-678	-670	-704	-672
Total	**2,927**	**2,306**	2,759	3,023	2,605	2,744

QUARTERLY OPERATING PROFIT MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**218**	**95**	2	119	42	226
Renewable Products	**48**	**150**	218	12	11	-7
Oil Retail	**23**	**22**	13	27	22	17
Others	**-8**	**-11**	15	-1	-14	0
Eliminations	**-1**	**-2**	-3	1	3	-3
Total	**280**	**254**	245	158	63	233

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**149**	**86**	91	178	14	156
Renewable Products	**119**	**80**	231	75	54	42
Oil Retail	**23**	**22**	17	27	22	17
Others	**-8**	**-11**	15	-1	-14	3
Eliminations	**-1**	**-2**	-3	1	3	-3
Total	**282**	**175**	352	281	78	215

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**54**	**53**	69	53	49	45
Renewable Products	**29**	**24**	24	24	24	22
Oil Retail	**5**	**5**	13	6	6	6
Others	**4**	**4**	4	4	4	4
Eliminations	**0**	**0**	0	0	0	0
Total	**92**	**87**	110	87	83	78

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**66**	**44**	69	64	233	87
Renewable Products	**38**	**19**	8	7	5	8
Oil Retail	**7**	**3**	23	6	5	4
Others	**8**	**6**	6	4	4	3
Eliminations	**0**	**0**	0	0	0	0
Total	**118**	**71**	106	81	248	101

QUARTERLY NET ASSETS MEUR	**4-6/2016**	**1-3/2016**	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	**2,451**	**2,484**	2,320	2,568	2,547	2,439
Renewable Products	**1,735**	**1,828**	1,884	1,689	1,814	1,930
Oil Retail	**192**	**164**	184	190	226	220
Others	**260**	**7**	269	219	201	190
Eliminations	**-10**	**-10**	-7	-3	-5	-7
Total	**4,628**	**4,474**	4,650	4,663	4,782	4,771

4. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

Reconciliation of alternative performance measures (APMs) used in Neste Corporation financial reporting

Neste Corporation publishes the reconciliations of its APMs to IFRS financial statements according to New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures that are effective for the financial year 2016. Neste's APMs reflect the underlying business performance and enhance better comparability from period to period as stated in Calculation of key figures in Financial Statements.

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT (IFRS)

Group

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015
COMPARABLE OPERATING PROFIT	282	78	175	457	293	925
inventory gains/losses	163	78	48	211	2	-263
changes in the fair value of open commodity and currency derivatives	-155	-91	23	-131	-73	-15
capital gains and losses	3	-3	8	11	77	76
insurance and other compensations	0	0	0	0	0	0
other adjustments	-13	0	0	-13	-3	-25
OPERATING PROFIT (IFRS)	280	63	254	534	296	699

Oil Products

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015
COMPARABLE OPERATING PROFIT	149	14	86	235	170	439
inventory gains/losses	139	96	-6	133	53	-143
changes in the fair value of open commodity and currency derivatives	-74	-66	8	-66	-32	35
capital gains and losses	3	-3	8	11	77	76
insurance and other compensations	0	0	0	0	0	0
other adjustments	0	0	0	0	0	-17
OPERATING PROFIT (IFRS)	218	42	95	312	268	389

Renewable Products

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015
COMPARABLE OPERATING PROFIT	119	54	80	199	96	402
inventory gains/losses	24	-18	54	78	-51	-119
changes in the fair value of open commodity and currency derivatives	-81	-25	16	-65	-42	-50
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
other adjustments	-13	0	0	-13	0	0
OPERATING PROFIT (IFRS)	48	11	150	198	3	233

Oil Retail

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015
COMPARABLE OPERATING PROFIT	23	22	22	45	39	84
inventory gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
other adjustments	0	0	0	0	0	-5
OPERATING PROFIT (IFRS)	23	22	22	45	39	79

Others

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015
COMPARABLE OPERATING PROFIT	-8	-14	-11	-19	-11	2
inventory gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
other adjustments	0	0	0	0	-3	-3
OPERATING PROFIT (IFRS)	-8	-14	-11	-19	-14	0

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

MEUR	4-6/2016	4-6/2015	1-3/2016	1-6/2016	1-6/2015	1-12/2015	10-12/2015	7-9/2015	1-3/2015
COMPARABLE OPERATING PROFIT	282	78	175	457	293	925	352	281	215
total financial income and expenses	-26	-11	-25	-50	-39	-65	-26	0	-28
income tax expense	-40	-10	-16	-56	-34	-74	-10	-29	-24
non-controlling interests	-1	0	-1	-2	-1	-3	-1	-1	-2
tax on items affecting comparability	0	-3	12	12	-14	-58	-20	-23	-12
COMPARABLE NET PROFIT	214	55	146	360	204	726	295	227	150

RECONCILIATION OF RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %

MEUR	30 June 2016	31 March 2016	31 Dec 2015	30 Sep 2015	30 June 2015	31 March 2015
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,089	886	925	830	740	748
financial income	3	3	2	3	3	4
exchange rate and fair value gains and losses	-2	18	16	26	0	-12
income tax expense	-96	-66	-74	-54	-36	-35
tax on other items affecting ROACE	-45	-50	-74	-105	-108	-108
Comparable net profit, net of tax	949	791	796	700	599	597
Capital employed average	4,958	4,961	4,883	4,834	4,799	4,726
RETURN ON CAPITAL EMPLOYED, AFTER TAX (ROACE), %	19.1	16.0	16.3	14.5	12.5	12.6

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

MEUR	30 June 2016	31 March 2016	31 Dec 2015	30 Sep 2015	30 June 2015	31 March 2015
Total equity	3,300	3,095	3,104	2,865	2,747	2,826
Total assets	7,094	6,830	6,793	6,618	6,904	7,150
Advances received	-53	-60	-56	-13	-19	-12
EQUITY-TO-ASSETS RATIO, %	46.9	45.7	46.1	43.4	39.9	39.6

5. ACQUISITIONS AND DISPOSALS

On 2 January, 2015 Neste sold all shares of Kilpilahden Sähkönsiirto Oy to InfraVia European Fund II, an infrastructure fund managed by InfraVia. The sale produced a capital gain of EUR 79 million for Neste in the first quarter 2015. The operations were part of the Oil Product segment.

Assets and liabilities Kilpilahden Sähkönsiirto Oy

MEUR	2 Jan 2015
Property, plant and equipment	99
Trade and other receivables	8
Total assets	107
Trade and other payables	9
Deferred tax liabilities	6
Total liabilities	15
Sold net assets	92
Gain on sale	79
Total consideration	171
Cash consideration received	171
Cash and cash equivalents disposed of	0
Cash inflow arising from disposal	171

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	30 June 2016	30 June 2015	31 Dec 2015
Opening balance	**3,816**	3,729	3,729
Depreciation, amortization and impairments	**-179**	-161	-358
Capital expenditure	**189**	349	536
Disposals	**-32**	-8	-39
Assets classified as held for sale	**0**	-23	-47
Translation differences	**5**	7	-5
Closing balance	**3,799**	3,894	3,816

CAPITAL COMMITMENTS MEUR	30 June 2016	30 June 2015	31 Dec 2015
Commitments to purchase property, plant and equipment	**50**	57	84
Total	**50**	57	84

7. INTEREST-BEARING NET DEBT AND LIQUIDITY

Interest-bearing net debt MEUR	30 June 2016	30 June 2015	31 Dec 2015
Short-term interest-bearing liabilities	**665**	486	438
Long-term interest-bearing liabilities	**1,125**	1,767	1,449
Interest-bearing liabilities	**1,790**	2,253	1,888
Cash and cash equivalents [1)]	**-679**	-397	-596
Interest-bearing net debt	**1,111**	1,856	1,291

[1)] includes interest-bearing receivables EUR 84 million on 30 June 2016

Liquidity, unused committed credit facilities and debt programs MEUR	30 June 2016	30 June 2015	31 Dec 2015
Cash and cash equivalents	**679**	397	596
Unused committed credit facilities	**1,650**	1,650	1,650
Total	**2,329**	2,047	2,246
In addition: Unused commercial paper program (uncommitted)	**400**	400	400

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group´s financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2015.

Interest rate and currency derivative contracts MEUR	**30 June 2016** Nominal value	**30 June 2016** Net fair value	30 June 2015 Nominal value	30 June 2015 Net fair value	31 Dec 2015 Nominal value	31 Dec 2015 Net fair value
Interest rate swaps						
Hedge accounting	**600**	**10**	750	16	600	13
Non-hedge accounting	**0**	**0**	0	0	0	0
Currency derivatives						
Hedge accounting	**1,205**	**1**	897	-29	1,088	-17
Non-hedge accounting	**827**	**-9**	739	-3	996	0

Commodity derivative contracts	**30 June 2016** Volume GWh	**30 June 2016** Volume million bbl	**30 June 2016** Net fair value MEUR	30 June 2015 Volume GWh	30 June 2015 Volume million bbl	30 June 2015 Net fair value MEUR	31 Dec 2015 Volume GWh	31 Dec 2015 Volume million bbl	31 Dec 2015 Net fair value MEUR
Sales contracts									
Hedge accounting	**0**	**0**	**0**	0	0	0	0	0	0
Non-hedge accounting	**0**	**29**	**-55**	0	30	28	0	16	69
Purchase contracts									
Hedge accounting	**0**	**0**	**0**	0	0	0	0	0	0
Non-hedge accounting	**2,052**	**15**	**-20**	2,697	19	-31	2,432	8	-6

Commodity derivative contracts include oil, vegetable oil, electricity and gas 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, 2016:

Balance sheet item	Derivatives, hedge accounting	Assets/ liabilities at fair value through income statement	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			56			56	56
Derivative financial instruments	10	0				10	10
Available-for-sale financial assets				17		17	17
Current financial assets							
Trade and other receivables, excluding non-financial assets			861			861	861
Derivative financial instruments	13	21				35	35
Cash and cash equivalents			679			679	659
Carrying amount by category	23	21	1,596	17	0	1,658	1,638
Non-current financial liabilities							
Interest-bearing liabilities					1,125	1,125	1,173
Derivative financial instruments	3	5				8	8
Other non-current liabilities					10	10	10
Current financial liabilities							
Interest-bearing liabilities					665	665	673
Derivative financial instruments	10	100				109	109
Trade and other payables, excluding non-financial liabilities					1,392	1,392	1,392
Carrying amount by category	13	105	0	0	3,193	3,310	3,366

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	0	10	0	10
Non-current available-for-sale financial assets	0	13	5	17
Current derivative financial instruments	5	30	0	35

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	0	8	0	8
Current derivative financial instruments	35	74	0	109

During the six-month period ended 30 June 2016, 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.

9. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, joint arrangements and the entities controlled by Neste's controlling shareholder the State of Finland. Related party includes also 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.

Parent company of the Group is Neste Corporation. The transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated during consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All related party transactions are on arm's length basis. The reporting of related party transactions has been aligned.

As announced in the stock exchange release on 16 March 2016 Neste (40%), Veolia (40%) and Borealis (20%) have created a joint venture company Kilpilahti Power Plant Ltd to build a new heat and power plant in Porvoo. The plant's total investment value is approx. 400 MEUR and it is scheduled for commissioning in 2018. Neste's subsidiary, the engineering company Neste Jacobs Oy will implement connections and other infrastructure in the project to integrate the new power plant to Neste's refinery and Borealis' petrochemical plants. The new power plant's capacity is meant to serve also external customers in addition to Neste and Borealis and thus optimize the returns of all shareholders in form of net profit (Neste 40%). Kilpilahti Power Plant Ltd plans and executes the power plant operations as its own business decisions and it is operated by Veolia. Neste's transactions with Kilpilahti Power Plant Ltd consisting mainly of steam purchases and sales of heavy fuel oil, water and asphaltene, are included in the table below. Neste management has concluded following IFRS 11, that this joint arrangement is a joint venture consolidated by the equity method in Neste since Q1/2016. In March 2016, Neste's existing power plant assets were sold to the joint venture with a capital gain of 8 MEUR, which is reported in Other income (IFRS) and eliminated from Comparable EBIT. Neste has financed Kilpilahti Power Plant Ltd by converting the sales price of Neste's existing power plant to a contribution loan receivable until the new plant commissioning. In addition, Neste has pledged its shares in and the contribution loan receivable from Kilpilahti Power Plant Ltd to secure the joint venture's credit facilities. These pledges have been presented in Note 10 'Contingent liabilities'.

Transactions carried out with joint arrangements and other related parties	**30 June 2016**	30 June 2015	31 Dec 2015
Sales of goods and services	**63**	3	111
Purchases of goods and services	**70**	21	64
Receivables	**69**	45	17
Financial income and expenses	**0**	0	0
Liabilities	**6**	34	1

10. CONTINGENT LIABILITIES

MEUR	**30 June 2016**	30 June 2015	31 Dec 2015
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	17	17
Pledged assets	**0**	0	0
Other contingent liabilities	**157**	153	158
Total	**174**	170	175
On behalf of joint arrangements			
Pledged assets	**46**	0	0
Guarantees	**1**	1	1
Total	**47**	1	1
On behalf of others			
Guarantees	**2**	2	2
Other contingent liabilities	**0**	2	2
Total	**2**	3	3
Total	**223**	174	179

MEUR	**30 June 2016**	30 June 2015	31 Dec 2015
Operating lease liabilities			
Due within one year	**68**	47	72
Due between one and five years	**81**	44	61
Due later than five years	**80**	77	75
Total	**229**	168	209

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

Other contingent liabilities
Neste 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 figures

Calculation of key figures			
EBITDA	=		Operating profit + depreciation, amortization and impairments
Comparable EBITDA	=		Comparable operating profit + depreciation, amortization and impairments
Comparable operating profit [1)]	=		Operating profit -/+ inventory gains/losses -/+ changes in the fair value of open commodity and currency derivatives -/+ capital gains/losses - insurance and other compensations -/+ other adjustments.
Items affecting comparability	=		Inventory gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations and other adjustments
Comparable net profit	=		Comparable operating profit - total financial income and expense - income tax expense - non-controlling interests - tax on items affecting comparability
Return on equity (ROE), %	=	100 x	Profit before income taxes - income tax expense, last 12 months / Total equity average, 5 quarters end values [2)]
Return on capital employed, pre-tax (ROCE), %	=	100 x	Profit before income taxes + financial expenses, last 12 months / Capital employed average, 5 quarters end values [2)]
Return on average capital employed, after-tax (ROACE), %		100 x	Comparable operating profit + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting ROACE, last 12 months / Capital employed average, 5 quarters end values
Capital employed	=		Total equity + interest bearing liabilities
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, last 12 months / Average segment net assets, 5 quarters end values
Comparable return on net assets, %	=	100 x	Segment comparable operating profit, last 12 months / Average segment net assets, 5 quarters end values
Segment net assets	=		Property, plant and equipment + intangible assets + investments in joint ventures + inventories + interest-free receivables and liabilities - provisions - pension liabilities allocated to the business segment.
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 owners of the parent / Adjusted average number of shares during the period
Comparable earnings per share	=		Comparable net profit for the period attributable to the owners of the parent / Adjusted average number of shares during the period
Equity per share	=		Shareholder's equity attributable to the owners of the parent / 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

Calculation of key drivers

Oil Products reference margin (USD/bbl)	=	Product value - feed cost - standard refining variable cost - sales freights
Oil Products total refining margin (USD/bbl)	=	Comparable sales margin x average EUR/USD exchange rate for the period x standard refinery yield / Refined sales volume x standard barrels per ton
Oil Products additional margin (USD/bbl)	=	Oil Products total refining margin - Oil Products reference margin
Renewable Products reference margin (USD/ton)	=	Share of sales Europe x (FAME - CPO) + share of sales North America x (SME - SBO) [3]
Renewable Products comparable sales margin (USD/ton)	=	Comparable sales margin / Total sales volume
Renewable Products additional margin (USD/ton)	=	Comparable sales margin - (reference margin - standard variable production cost)

[1] In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and IFRS operating profit. Comparable operating profit eliminates both the inventory gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in IFRS operating profit caused by inventory valuation is mostly compensated by changing working capital.

[2] Total equity average and capital employed average are calculated using last 5 quarters' end values from Q2 2016 interim report onwards, previously calculated using the yearly opening balance and each quarter end values.

[3] FAME = Fatty Acid Methyl Ester (biodiesel), CPO = Crude Palm Oil, SME = Soy Methyl Ester (biodiesel), SBO = Soybean Oil

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