NESTE OIL

Interim Report
January-September 2006

refining the future

Neste Oil Corporation

Stock Exchange Release
24 October 2006 at 9:00 a.m. EET

NESTE OIL REPORTS A COMPARABLE OPERATING PROFIT OF EUR 202 MILLION FOR Q3

Neste Oil succeeded in boosting its refining margin in the third quarter compared to the same period in 2005, despite the rapid fall in gasoline margins late August and September. The company's comparable operating profit was clearly higher compared to the same quarter in 2005, when the maintenance shutdown at the Porvoo refinery cut volumes significantly.

Third quarter in brief:

- Comparable operating profit of EUR 202 million (Q3/05: 121 million)
- Operating profit of EUR 254 million (Q3/05: 137 million)
- Earnings per share of EUR 0.72 (Q3/05: 0.41)
- Cash flow from operations of EUR 248 million (Q3/05: -43 million)
- A strengthened strategic focus on biodiesel and further investments in conversion capacity
- A scheduled maintenance shutdown at the Naantali refinery

President & CEO Risto Rinne:
"The oil market had been prepared for an active hurricane season, and when it didn't materialize, additional downward pressure was put on oil prices, particularly on gasoline margins. However, the third quarter was another strong quarter for us, and we recorded good profits, thanks in particular to strong diesel market."

"In September, we announced a continuation of our clean fuel strategy, and we will focus on growth by investing in both oil refining and advanced biodiesel production. Our aim is to become the world's leading biodiesel producer, based on our state-of-the-art technology and first-mover advantage. I'm confident that we'll be able to reap the benefits of the growing biodiesel market and grow our shareholder value."

Further information:

Risto Rinne, President & CEO, tel. +358 10 458 4990
Petri Pentti, CFO, tel. +358 10 458 4490

News conference and conference call

A press conference in Finnish on the third-quarter results will be held today, 24 October 2006, at 11:30 am EET in the Mirror Room at Hotel Kämp, Pohjoisesplanadi 29, Helsinki. www.nesteoil.com will feature English versions of the presentation materials.

A conference call in English for investors and analysts will be held today, 24 October 2006, at 3:00 pm Finland / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: UK: +44 (0) 20 7162 0025, US: +1 334 323 6201. Use the password: Neste Oil. An instant replay will be available until 31 October 2006 at +44 (0) 20 7031 4064 for the UK and +1 954 334 0342 for the US, using access code 721023.

NESTE OIL INTERIM REPORT, JANUARY – SEPTEMBER 2006
Unaudited

Figures in parentheses refer to the third-quarter financial statements for 2005, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	7-9/06	7-9/05	1-9/06	1-9/05	2005	Last 12 months
Sales	3,464	2,585	9,778	7,222	9,974	12,530
Operating profit before depreciation	292	173	800	628	984	1,156
Depreciation, amortization and impairment charges	38	36	113	109	153	157
Operating profit **	254	137	687	519	831	999
Comparable operating profit *	202	121	510	451	565	624
Profit before income tax	246	134	676	501	823	998
Earnings per share, EUR	0.72	0.41	1.92	1.49	2.60	3.04
Capital expenditure and investment in shares	139	225	384	484	668	568
Net cash from operating activities	248	-43	376	324	596	648

	30 Sept 2006	30 Sept 2005	31 Dec 2005	
Total equity	1,941	1,329	1,612	-
Interest-bearing net debt	850	1,160	796	-
Capital employed	2,902	2,571	2,487	2,902
Return on capital employed pre-tax, %	34.1	29.8	37.0	37.2
Return on equity, %	37.3	44.0	51.3	47.9
Equity per share, EUR	7.54	5.16	6.26	-
Cash flow per share, EUR	1.46	1.26	2.33	2.53
Equity-to-assets ratio, %	43.0	33.5	42.4	-
Leverage ratio, %	30.5	46.6	33.0	-
Gearing, %	43.8	87.3	49.4	-

* Comparable operating profit is calculated by excluding inventory gains/losses, gains/losses from sales of fixed assets, and unrealized changes in the fair value of oil derivatives from the reported operating profit.
****** Neste Oil divested major non-core assets during the third and fourth quarter of 2005. As a result, the company has amended its definition of 'Operating profit' so that its share of the profit/loss of associates and joint ventures (in general shareholdings where Neste Oil holds 20-50% of the entity's voting power) is included in 'Operating profit' in the income statement as of 1 January 2006. The comparative figures for the consolidated income statement and segment information for 2005 have been restated accordingly.

The Group's third-quarter results

Sales at the Neste Oil Group in the third quarter of 2006 totaled EUR 3,464 million (2,585 million).

The Group's third-quarter operating profit improved to EUR 254 million (137 million) compared to the third quarter of 2005. This includes a EUR 95 million (0 million) capital gain from sales of assets, mainly shares in the Saudi European Petroleum Company Ibn Zahr, and an inventory loss of EUR 61 million (gain of 60 million). Changes in the fair value of open oil derivative positions, primarily used to hedge future cash flows, had a positive impact of EUR 18 million on the operating profit (-44 million).

The third-quarter comparable operating profit, excluding inventory gains/losses, changes in the fair value of oil derivatives, and gains/losses from sales of fixed assets, was significantly higher than during the third quarter last year, at EUR 202 million (121 million).

The most important contributors to the increase in comparable operating profit were higher refining margin, increased sales volumes in Oil Refining, and a strong base oil market. It should be noted that a scheduled five-week shutdown at the Porvoo refinery had a negative impact on the comparable operating profit for the third quarter of 2005, whereas the scheduled shutdown at the Naantali refinery in September and October 2006 will mostly impact fourth-quarter figures.

The Group announced in September that it expects to book a write-down due to unclear bookings in the accounts of its Canadian subsidiary, Neste Canada, Inc; and a write-down of trade receivables and inventories amounting to EUR 23 million has been included in the comparable operating profit for the third quarter. A special audit is under way in the Canadian subsidiary.

Nynäs Petroleum, a joint venture 50%-owned by Neste Oil, was imposed a fine by the European Comission. This had a negative impact of EUR 7 million to Neste Oil's share of profit of associates and joint ventures, which is included in the comparable operating profit.

The Group's January-September results

Sales in the nine months between January and September totaled EUR 9,778 million (1-9/05: 7,222 million).

The Group's operating profit between January and September increased by 32% from last year's figure to EUR 687 million (1-9/05: 519 million), thanks mainly to significant capital gains from asset sales.

The comparable operating profit for the first three quarters of the year was EUR 510 million (1-9/05: 451 million). The most significant positive contributors to the higher profit were increased volumes in Oil Refining as well as strong base oil margins.

Given the capital-intensive and cyclical nature of its business, Neste Oil uses return on average capital employed after tax (ROACE%) as its primary financial indicator. At the end of September, the rolling twelve-month ROACE was 17.2% (financial period 2005: 19.7%).

Comparable operating profit (MEUR)

	7-9/06	7-9/05	1-9/06	1-9/05
COMPARABLE OPERATING PROFIT	202	121	510	451
- changes in the fair value of open oil derivative positions	18	-44	8	-74
- inventory gains or losses	-61	60	42	141
- gains from sales of fixed assets	95	0	127	0
OPERATING PROFIT	254	137	687	519

Capital expenditure

The Group's capital expenditure between January and September totaled EUR 384 million (1-9/05: 484 million). Oil Refining accounted for EUR 348 million, of which the Diesel Project accounted for EUR 191 million. Oil Retail accounted for EUR 24 million, and Shipping for EUR 9 million.

Depreciation during the first three quarters totaled EUR 113 million (1-9/05: 109 million).

Financing

Neste Oil's interest-bearing net debt as of 30 September 2006 decreased from the end of June by EUR 269 million to EUR 850 million (31 Dec 2005: 796 million).

Net financial expenses between January and September were EUR 11 million (1-9/05: 18 million). The average interest rate of borrowings at the end of September was 3.9%.

Net cash from operating activities between January and September was EUR 376 million (1-9/05: 324 million); EUR 248 million (-43 million) in the third quarter.

The equity-to-assets ratio was 43.0% (31 Dec 2005: 42.4 %), the gearing ratio 43.8% (31 Dec 2005: 49.4%), and the leverage ratio 30.5% (31 Dec 2005: 33.0 %).

Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,571 million at the end of September.

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

Market overview

Oil market developments differed quite significantly between the beginning and the end of the quarter. In July and early August the oil market was affected by geopolitical concerns, crude supply losses, and expected hurricanes. Crude oil traded first at record levels but prices dropped drastically once the cease-fire in Lebanon was achieved; the decrease was also supported by the absence of the hurricanes and investors reducing their oil positions. Brent Dated averaged USD 69.49 /bbl (61.54) in the third quarter.

Refining margins were strong in the beginning of the quarter. Towards the end of the quarter, however, margins weakened, mainly due to decline in gasoline margin. The international reference refining margin in North West Europe, IEA Brent cracking, averaged USD 4.53 /bbl (6.61).

Expectations of a strong hurricane season that could cause damage to the US Gulf Coast refining capacity kept the gasoline market very strong until mid-August. As fears declined, high gasoline inventories resulted in sharply lower gasoline prices. Towards the end of the third quarter, the US gasoline market was even weaker than expected, which also affected demand for premium components, such as iso-octane.

Diesel demand, however, continued to be strong throughout the quarter. The gradual introduction of tougher sulfur specifications in the US during the quarter supported diesel margins. Jet fuel demand peaked in July and August, reaching all-time high price levels as a consequence of active leisure travel.

Utility demand for low-sulfur heavy fuel oil was poor during the entire summer season, when cheaper natural gas was favored. The high-sulfur heavy fuel oil market was equally poor throughout the third quarter. The drop in the crude price narrowed the price differential between Urals and Brent dated to USD -4.21 /bbl (-4.40) on average.

Key drivers

	7-9/06	7-9/05	1-9/06	1-9/05	1-20 Oct 06	2005
IEA Brent cracking margin, USD/bbl	4.53	6.61	4.58	5.12	2.64	4.98
Neste Oil's refining margin, USD/bbl	10.80	9.25	9.62	9.06	n.a.	8.82
Urals - Brent price differential, USD/bbl	-4.21	-4.40	-4.44	-4.59	-3.35	-4.42
Brent dated crude oil, USD/bbl	69.49	61.54	66.99	53.74	57.97	54.52
Crude freight rates, Aframax WS points	146	125	138	143	175	164

Segment reviews

Neste Oil's businesses are grouped into four segments for external reporting purposes: Oil Refining, Oil Retail, Shipping, and Other. The Components business is included under Oil Refining.

Oil Refining

The Oil Refining business focuses on refining crude oil and other feedstocks into high-quality traffic fuels and other high value-added petroleum products at the company's two refineries, at Porvoo and Naantali in Finland. Components produces and sells biofuels, gasoline components, and lubricant base oils.

Oil Refining recorded a third-quarter operating profit of EUR 227 million (109 million) and a comparable operating profit of EUR 183 million (93 million). Neste Oil's higher refining margin and increased sales volumes contributed to the improved comparable operating profit.

Neste Oil's refining margin improved in the third quarter compared to the corresponding period in 2005, to USD 10.80 /bbl (9.25). This was slightly above the highest quarterly average in 2005, and clearly higher than the IEA Brent cracking reference margin in the third quarter, which averaged USD 4.53 /bbl (6.61). The IEA reference refining margin was negatively impacted by weak gasoline margins whereas Neste Oil's refining margin improved mainly due to better productivity of the refineries and a more favorable sales mix as well as high base oil margins.

Oil Refining's fixed costs increased due to costs related to the new diesel production line at the Porvoo refinery and other growth projects.

A planned maintenance shutdown was carried out at the Naantali refinery in September and October. In addition to normal maintenance work, this included a number of investments designed to enhance the refinery’s reliability, productivity and safety.

Key figures

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Sales, MEUR	2,973	2,111	8,337	5,868	8,150
Operating profit, MEUR	227	109	590	435	570
Comparable operating profit, MEUR	183	93	455	361	446
Capital expenditure, MEUR	120	214	348	436	589
Total refining margin USD/bbl	10.80	9.25	9.62	9.06	8.82

Production

Neste Oil refined a total of 3.3 million tons (2.5 million) of crude oil in the third quarter, 2.9 million tons (1.8 million) at Porvoo and 0.4 million tons (0.7 million) at Naantali. Crude distillation capacity utilization at the Porvoo refinery was 100.0% (62.0%) and 60.2% (100.0%) at Naantali. Both sets of figures have been affected by scheduled maintenance shutdowns, at Porvoo in 2005 and at Naantali in 2006.

Some 43% (52%) of total refinery input comprised heavier Russian Export Blend. The lower proportion of REB compared to the same quarter last year is explained by the shutdown at Naantali, which uses 100% heavier input.

Sales

Sales volumes in Finland totaled 2.0 million tons in the third quarter (1.7 million), and export volumes 1.4 million tons (0.9 million). Diesel sales grew by almost 60% compared to the same period last year. Neste Oil's wholesale market share of key petroleum products in Finland increased in July and August and averaged 88% (78%).

Components

Strong demand for high-quality lubricant base oils, such as EHVI (Enhanced High Viscosity Index), continued and was reflected in high margins.

Margins for high-octane gasoline components, such as iso-octane, were hurt due to the drastic decrease of gasoline prices, particularly in the US.

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

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Motor gasoline and components	1,137	891	3,703	3,404	4,673
Diesel fuel	1,163	729	3,550	2,921	4,183
Jet fuel	198	97	524	427	608
Biofuels	32	24	96	83	111
Base oils	76	60	231	192	274
Heating oil	129	122	487	601	791
Heavy fuel oil	237	243	812	800	946
Other products	421	497	1,182	1,233	1,460
TOTAL	3,393	2,663	10,585	9,661	13,046

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

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Finland	2,031	1,719	6,034	5,557	7,455
Other Nordic countries	517	308	1,462	1,625	2,135
Other Europe	539	324	1,712	1,354	2,000
Russia & the Baltic countries	16	6	26	26	29
USA & Canada	284	249	1,140	935	1,246
Other countries	6	57	211	164	181
TOTAL	3,393	2,663	10,585	9,661	13,046

Oil Retail

Neste Oil is the market leader in the retail sale of petroleum products in Finland, and has a growing retail presence in the Baltic Rim area, which includes Estonia, Latvia, Lithuania, Poland, and the St. Petersburg region in Russia.

Oil Retail's third-quarter operating profit totaled EUR 23 million (17 million) and its comparable operating profit EUR 22 million (18 million). This higher comparable profit is attributable mainly to an increase of almost 30% in sales volumes around the Baltic Rim.

Key figures

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Sales, MEUR	841	834	2,470	2,149	2,931
Operating profit, MEUR	23	17	53	34	45
Comparable operating profit, MEUR	22	18	49	39	46
Capital expenditure, MEUR	11	10	24	33	47
Product sales volume, 1,000 m3	1,070	1,025	3,248	3,037	4,115

Price competition on the Finnish retail market eased a little in August and September. Gasoline sales volumes were slightly lower in the third quarter compared to the same quarter in 2005, whereas diesel volumes increased.

Sales volumes continued to grow around the Baltic Rim, and margins stayed at a healthy level. Growth was particularly significant in sales of diesel oil, which were almost 40% higher compared to the same period last year.

Heating oil volumes fell below last year's levels, due to lower agricultural demand because of the dry summer.

Sales at Neste Oil's net-priced NEX outlets have developed positively and the NEX chain has reached its currently planned size. Neste Oil had 888 (888) retail outlets in Finland at the end of the third quarter, of which 377 were traffic stations and other outlets, 191 unmanned stations and 320 D stations designed for commercial heavy vehicles.

The retail network around the Baltic Rim continued to grow according to plan. The number of stations reached 222 (195) at the end of September, of which 37 are in Russia, 37 in Estonia, 37 in Latvia, 33 in Lithuania, and 78 in Poland.

LPG (Liquefied Petroleum Gas) sales have increased, driven by growing industrial demand, and totaled 59,000 tons (54,000) in the third quarter.

Oil Retail sales volumes (1,000 m3)

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Gasoline	379	367	1,061	1,016	1,353
Diesel fuel	391	348	1,107	1,004	1,364
Heating oil	192	202	686	647	887
Heavy fuel oil	108	108	394	370	511
TOTAL	1,070	1,025	3,248	3,037	4,115

Oil Retail sales by market areas (1,000 m3)

FINLAND	7-9/06	7-9/05	1-9/06	1-9/05	2005
Gasoline	175	190	501	524	686
Diesel fuel	250	246	748	722	971
Heating oil	177	201	598	643	873
Heavy fuel oil	108	108	394	370	511
TOTAL	710	745	2,241	2,259	3,041

BALTIC RIM	7-9/06	7-9/05	1-9/06	1-9/05	2005
Gasoline	204	177	560	492	668
Diesel fuel	141	102	359	282	394
Heating oil	15	1	88	4	13
TOTAL	360	280	1,007	778	1,075

Shipping

Neste Oil's Shipping segment operates mainly in North-West Europe, transporting crude oil in the Baltic and the North Sea, and products and chemicals to North-West Europe, including domestic coastal cargoes in Finland. Products, mainly gasoline, are also exported to the US and Canada.

Shipping's third-quarter operating profit of EUR 11 million (3 million) was positively impacted by a EUR 9 million capital gain from sales of assets. The segment's comparable operating profit was EUR 4 million (2 million).

Key figures

	7-9/06	7-9/05	1-9/06	1-9/05	2005
Sales, MEUR	65	69	220	259	352
Operating profit, MEUR	11	3	69	56	87
Comparable operating profit, MEUR	4	2	31	57	85
Capital expenditure, MEUR	6	0	9	8	24
Deliveries total, millions of tons	7.8	9.2	26	31	40.2
Fleet utilization rate, %	94	93	95	92	92

The fleet utilization rate of 94% in the third quarter was slightly higher than in the same period last year (93%).

Shipping carried a total of 7.8 million tons in the third quarter, which was 16% less than in the same period last year (9.2 million tons). The crude fleet carried 4.3 million tons (5.9 million), which was 27% less than in the corresponding period last year. The crude carrier capacity has partly recovered from the low levels seen in the preceding quarters and has now settled to current market conditions. Product cargoes grew by 5% to 3.5 million tons (3.3).

The North Sea crude freight average was 146 WS points in the third quarter, which was 17% higher than in the corresponding period last year (125).

Product freight prices remained healthy.

Shares, share trading, and ownership

A total of 94,360,129 Neste Oil shares were traded during the third quarter, totaling EUR 2.3 billion. Shares traded between a high of EUR 28.45 and a low of EUR 21.00 during the quarter, closing at EUR 22.92 on 29 September, giving a market capitalization of EUR 5.9 billion.

Average daily volume was approximately 1.5 million shares during the quarter, representing 0.6% of shares outstanding.

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

As of the end of the third quarter, the Finnish State held 50.1% of Neste Oil's shares, and non-Finnish owners held 30.1%. Finnish institutions held 13.1% of shares and households 6.7%.

As of the end of September, a total of 24 banks and brokerage houses publish equity research analyses on Neste Oil.

Personnel

Neste Oil employed an average of 4,678 employees between January and September (1-9/05: 4,502). As of the end of September, the company had 4,693 employees (30 September 05: 4,533), of whom 3,516 (30 September 05: 3,463) worked in Finland.

Health, safety, and the environment

The main indicator for safety performance used by Neste Oil – cumulative lost workday injury frequency (LWIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 4.0 at the end of September 2006. This compares to a LWIF of 6.5 for 2005. Neste Oil's combined LWIF target is 4.0 for 2006 overall.

The European Commission has issued a legislative proposal for a new regulatory framework for chemicals. Neste Oil has contributed to joint work carried out under the framework of the European Oil companies' organization, Concawe, and the company's project for meeting REACH (Registration, Evaluation and Authorization of Chemicals) requirements has progressed according to plan. Plans for 2007 have been made for starting implementation of REACH, which is expected to come into force on 1 April 2007.

Strategy update and implementation

Neste Oil announced a continuation of its clean fuel strategy aimed at making the company the world's leading biodiesel producer, in September. Oil refining will remain Neste Oil's core business, however, and the company will continue to invest in new conversion capacity at its current refineries after the new diesel production line at the Porvoo refinery (Diesel Project) is in operation. The foundation of Neste Oil's strategy will remain based on the company's ability to use its unique refining know-how to produce high-quality fuels for cleaner traffic from a variety of lower-cost raw materials. Neste Oil expects to invest several billion euros in growth projects over the next 10 years.

Divisional restructuring

To ensure that the biodiesel growth strategy can be implemented efficiently, biodiesel business will form a new Biodiesel Division in the beginning of 2007. The existing Components Division will cease to exist, and its lubricant base oils and gasoline components businesses will be transferred to the Oil Refining Division. This restructuring will have no impact on segment reporting.

Diesel Project

The hydrogen production unit of the new production line and several sub-projects elsewhere at the refinery site were completed in September. Various testing and commissioning activities were continued in parallel with construction. The total number of personnel employed by the project fell to somewhat under 1,000 at the end of September.

Mechanical completion of the project will be achieved in 2006, and the production line is expected to be in operation in the first quarter of 2007. As a consequence of continued increases in contracting costs, the total investment of the project is now estimated to exceed EUR 700 million. The projected profitability of the new production line remains unchanged; the company expects an additional refining margin of over USD 2 /bbl on its total output of approximately 100 million barrels.

Following completion, the production line will increase Neste Oil's annual production capacity of sulfur-free diesel by over one million tons and reduce output of heavy fuel oil. The Porvoo refinery will also be able to switch completely to using heavier, sourer crude input.

Biodiesel

Neste Oil's aim to become the world's leading biodiesel producer will mean production volumes of millions of tons annually. The cornerstone of the strategy is the company's proprietary biodiesel, which is a premium-quality fuel that clearly outperforms both the vegetable oil- and crude oil-based diesel products currently on the market. The fuel is based on a long-term R&D effort and can be produced from practically any vegetable oil or animal fat.

Neste Oil plans to build a number of biodiesel production facilities in various market areas, either alone or with partners, in the years to come. In addition, the company will be active in research and development in the biofuels area to utilize an even wider range of renewable raw materials.

The construction of the first biodiesel plant at the Porvoo refinery has proceeded as planned, and the facility is due to enter production in summer 2007. The plant will have an annual production capacity of 170,000 tons of high-quality biodiesel.

Other projects

In addition to oil refining and biodiesel, Neste Oil sees promising growth opportunities in high-quality gasoline and lubricant components, most of which are based on in-house expertise. The company continues to seek opportunities for growing its lubricant base oil capacity in several market areas.

Events after the reporting period

As part of ongoing efforts to focus on its core businesses, Neste Oil announced on 16 October that it has decided to sell 73 traffic station properties in Finland. The transaction is valued at EUR 118 million, and a capital gain of approximately EUR 65 million on the sale will be booked in the fourth-quarter operating profit. The sale will not impact the operations of the Neste stations in question.

On 20 October, Neste Oil and Helsinki City Transport (HKL) and the Helsinki Metropolitan Area Council (YTV) announced a plan to start an extensive trial use of Neste Oil’s second-generation biodiesel to power buses and waste disposal trucks across Greater Helsinki. The trial, to start in fall 2007, will last until the end of 2010, will be aimed at reducing urban emissions and promoting the use of biofuels on the road.

Outlook

The key market drivers of Neste Oil's financial performance are the international benchmark refining margin, the price differential between Russian Export Blend (REB) and Brent crude, and the USD/EUR exchange rate. Changes in crude oil prices impact Neste Oil's financial results mainly in the form of inventory gains or losses.

Global demand growth for petroleum products seems to continue at approximately 2005's level. The shortage of complex refining capacity is likely to remain, keeping refining margins at a healthy level for the foreseeable future.

Refining margins in the fourth quarter, however, will be negatively impacted by high inventories in both gasoline and diesel. Gasoline margins have declined in October and are well below October 2005. Also diesel margins are lower than last year.

The scheduled maintenance shutdown at the Naantali refinery was completed in October. Approximated impact of the lost production on 2006 profits is expected to be EUR 10–15 million, most of which will be seen in the fourth-quarter figures.

Gains from the sale of traffic station properties, approximately EUR 65 million, will be booked in the Group's fourth-quarter operating profit.

The Group's capital expenditure in 2006 is expected to be in the order of EUR 500 million.

Reporting date of the Group's financial statements for 2006

Neste Oil will publish its financial statements for 2006 on 9 February 2007 at approximately 9:00 a.m. EET.

Espoo, 23 October 2006

Neste Oil Corporation
Board of Directors

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.

CONSOLIDATED INCOME STATEMENT

MEUR	7-9/2006	7-9/2005	1-9/2006	1-9/2005	1-12/2005	Last 12 months
Sales	**3,464**	2,585	**9,778**	7,222	9,974	12,530
Other income	**100**	4	**147**	14	170	303
Share of profit (loss) of associates and joint ventures	**20**	22	**27**	36	40	31
Materials and services	**-3,098**	-2,197	**-8,548**	-6,002	-8,443	-10,989
Employee benefit costs	**-52**	-56	**-168**	-171	-223	-220
Depreciation, amortization and impairment charges	**-38**	-36	**-113**	-109	-153	-157
Other expenses	**-142**	-185	**-436**	-471	-534	-499
Operating profit	**254**	137	**687**	519	831	999
Financial income and expenses						
Finance income	**2**	4	**6**	14	26	18
Finance expenses	**-8**	-7	**-13**	-26	-29	-16
Exchange rate and fair value gains and losses	**-2**	0	**-4**	-6	-5	-3
	-8	-3	**-11**	-18	-8	-1
Profit before income taxes	**246**	134	**676**	501	823	998
Income tax expense	**-60**	-29	**-180**	-117	-153	-216
Profit for the period	**186**	105	**496**	384	670	782
Attributable to:						
Equity holders of the company	**185**	104	**493**	382	667	778
Minority interest	**1**	1	**3**	2	3	4
	186	105	**496**	384	670	782
Earnings per share from profit for the period attributable to the equity holders of the company during the year basic and diluted (in euro per share)	**0.72**	0.41	**1.92**	1.49	2.60	3.04
Average number of shares	**256,403,686**	256,403,686	256,403,686	256,403,686	256,403,686	256,403,686

CONSOLIDATED BALANCE SHEET

MEUR	30 Sep 2006	30 Sep 2005	31 Dec 2005
ASSETS			
Non-current assets			
Intangible assets	**38**	51	50
Property, plant and equipment	**2,218**	1,873	2,009
Investments in associates and joint ventures	**148**	122	126
Long-term interest-bearing receivables	**14**	15	17
Pension assets	**65**	57	63
Deferred tax assets	**16**	19	23
Other non-current assets	**24**	36	24
Total non-current assets	**2,523**	2,173	2,312
Current assets			
Inventories	**739**	713	601
Trade and other receivables	**1,094**	871	837
Cash and cash equivalents	**108**	81	79
Total current assets	**1,941**	1,665	1,517
Non-currents assets classified as held for sale 1)	**53**	127	0
Total assets	**4,517**	3,965	3,829
EQUITY			
Capital and reserves attributable to the equity holders of the company			
Share capital	**40**	40	40
Other equity	**1,894**	1,283	1,565
Total	**1,934**	1,323	1,605
Minority interest	**7**	6	7
Total equity	**1,941**	1,329	1,612
LIABILITIES			
Non-current liabilities			
Borrowings	**663**	864	635
Deferred tax liabilities	**224**	170	192
Provisions	**14**	12	14
Pension liabilities	**12**	13	13
Other non-current liabilities	**37**	45	24
Total non-current liabilities	**950**	1,104	878
Current liabilities			
Borrowings	**298**	377	240
Current tax liability	**63**	57	6
Trade and other payables	**1,262**	1,098	1,093
Total current liabilities	**1,623**	1,532	1,339
Liabilities directly associated with non-current assets held for sale 1)	**3**	0	0
Total liabilities	**2,576**	2,636	2,217
Total equity and liabilities	**4,517**	3,965	3,829

1) Non-current assets classified as held for sale comprise of the carrying amount of Best Chain Ltd as at 30 September 2006 and carrying amounts of Pikoil and SeverTek as at 30 September 2005.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 31.12.2004	40	9	34	-4	914	5	998
Translation differences				11			11
Dividends paid							0
Cash flow hedges			-63				-63
Change in minority						1	1
Profit for the period					382		382
Total equity at 30.9.2005	40	9	-29	7	1,296	6	1,329

	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority	Total
Total equity at 31.12.2005	40	9	-33	8	1,581	7	1,612
Translation differences				-3			-3
Dividends paid					-205		-205
Cash flow hedges			44				44
Change in minority						-3	-3
Profit for the period					493	3	496
Total equity at 30.9.2006	40	9	11	5	1,869	7	1,941

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005
Cash flow from operating activities					
Profit before taxes	**246**	134	**676**	501	823
Adjustments, total	**-84**	58	**-34**	149	-40
Change in working capital	**104**	-165	**-166**	-231	-46
Cash generated from operations	**266**	**27**	**476**	419	737
Finance cost, net	**13**	-10	**-3**	-25	-2
Income taxes paid	**-31**	-60	**-97**	-70	-139
Net cash from operating activities	**248**	**-43**	**376**	324	596
Capital expenditures	**-132**	-225	**-375**	-484	-664
Acquisition of shares	**-7**	0	**-9**	0	-4
Proceeds from sales of fixed assets	**14**	0	**57**	4	14
Proceeds from sales of shares	**79**	0	**79**	0	193
Change in other investments	**68**	4	**19**	-23	43
Cash flow before financing activities	**270**	**-264**	**147**	-179	178
Net change in loans and other financing activities	**-247**	218	**91**	72	-286
Dividends paid to the equity holders of the company	**0**	0	**-205**	0	0
Net increase (+)/decrease (-) in cash and marketable securities	**23**	**-46**	**33**	-107	-108

KEY RATIOS

	30 Sep 2006	30 Sep 2005	31 Dec 2005	Last 12 months
Capital employed, MEUR	**2,902**	2,571	2,487	2,902
Interest-bearing net debt, MEUR	**850**	1,160	796	-
Capital expenditure and investments in shares, MEUR	**384**	484	668	568
Return on average capital employed, after tax, ROACE % 2)	**-**		19.7	17.2
Return on capital employed, pre-tax, ROCE %	**34.1**	29.8	37.0	37.2
Return on equity, %	**37.3**	44.0	51.3	47.9
Equity per share, EUR	**7.54**	5.16	6.26	-
Cash flow per share, EUR	**1.46**	1.26	2.33	2.53
Equity-to-assets ratio, %	**43.0**	33.5	42.4	-
Gearing, %	**43.8**	87.3	49.4	-
Leverage ratio, %	**30.5**	46.6	33.0	-
Average number of employees	**4,678**	4,502	4,528	-

2) The calculation of Return on average capital employed, after tax, (ROACE %) has been amended as of 1 January 2006 so that unrealized changes in the fair value of oil derivatives, net of tax, are excluded from the calculation of the ratio. ROACE % for the financial period ending 31 December 2005 has been restated to reflect the change. The ROACE % reported in the financial statements for the financial period 2005 was 19.0 % compared to the restated 19.7 %.

SEGMENT INFORMATION

Neste Oil's businesses are grouped into four segments for external reporting purposes: Oil Refining, Oil Retail, Shipping and Other. The components business is included in Oil Refining, Other segment includes corporate centre.

SALES

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005	Last 12 months
Oil Refining	**2,973**	2,111	**8,337**	5,868	8,150	10,619
Oil Retail	**841**	834	**2,470**	2,149	2,931	3,252
Shipping	**65**	69	**220**	259	352	313
Other	**4**	4	**12**	8	10	14
Eliminations	**-419**	-433	**-1,261**	-1,062	-1,469	-1,668
Total	**3,464**	2,585	**9,778**	7,222	9,974	12,530

OPERATING PROFIT

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005	Last 12 months
Oil Refining	**227**	109	**590**	435	570	725
Oil Retail	**23**	17	**53**	34	45	64
Shipping	**11**	3	**69**	56	87	100
Other	**-8**	4	**-26**	-7	129	110
Eliminations	**1**	4	**1**	1	0	0
Total	**254**	137	**687**	519	831	999

COMPARABLE OPERATING PROFIT

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005	Last 12 months
Oil Refining	**183**	93	**455**	361	446	540
Oil Retail	**22**	18	**49**	39	46	56
Shipping	**4**	2	**31**	57	85	59
Other	**-8**	4	**-26**	-7	-12	-31
Eliminations	**1**	4	**1**	1	0	0
Total	**202**	121	**510**	451	565	624

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005	Last 12 months
Oil Refining	**25**	23	**75**	71	101	105
Oil Retail	**7**	7	**21**	20	28	29
Shipping	**5**	6	**15**	17	22	20
Other	**1**	0	**2**	1	2	3
Total	**38**	36	**113**	109	153	157

SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES

MEUR	**7-9/2006**	7-9/2005	**1-9/2006**	1-9/2005	1-12/2005	Last 12 months
Oil Refining	**20**	13	**27**	21	24	30
Oil Retail	**0**	-1	**0**	-3	-3	0
Shipping	**0**	0	**0**	0	0	0
Other	**0**	10	**0**	18	19	1
Total	**20**	22	**27**	36	40	31

NET ASSETS

MEUR	**30 Sep 2006**	30 Sep 2005	31 Dec 2005
Oil Refining	**2,294**	1,845	1,889
Oil Retail	**426**	409	375
Shipping	**308**	315	326
Other	**5**	43	6
Eliminations	**-1**	-2	-4
Total	**3,032**	2,610	2,592

RETURN ON NET ASSETS, %

	30 Sep 2006	30 Sep 2005	31 Dec 2005	Last 12 months
Oil Refining	**35.7**	36.7	34.7	34.0
Oil Retail	**18.6**	13.7	13.2	16.6
Shipping	**29.2**	22.9	26.7	31.8

QUARTERLY SALES

MEUR	7-9/2006	4-6/2006	1-3/2006	10-12/2005	7-9/2005	4-6/2005	1-3/2005
Oil Refining	2,973	**3,056**	**2,308**	2,282	2,111	2,135	1,622
Oil Retail	841	**817**	**812**	782	834	695	620
Shipping	65	**69**	**86**	93	69	87	103
Other	4	**5**	**3**	2	4	3	1
Eliminations	-419	**-429**	**-413**	-407	-433	-343	-286
Total	**3,464**	**3,518**	**2,796**	2,752	2,585	2,577	2,060

QUARTERLY OPERATING PROFIT

MEUR	7-9/2006	4-6/2006	1-3/2006	10-12/2005	7-9/2005	4-6/2005	1-3/2005
Oil Refining	227	**234**	**129**	135	109	203	123
Oil Retail	23	**17**	**13**	11	17	20	-3
Shipping	11	**38**	**20**	31	3	19	34
Other	-8	**-9**	**-9**	136	4	-5	-6
Eliminations	1	**0**	**0**	-1	4	-2	-1
Total	**254**	**280**	**153**	312	137	235	147

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	7-9/2006	4-6/2006	1-3/2006	10-12/2005	7-9/2005	4-6/2005	1-3/2005
Oil Refining	183	**178**	**94**	85	93	177	91
Oil Retail	22	**15**	**12**	7	18	11	10
Shipping	4	**5**	**22**	28	2	20	35
Other	-8	**-9**	**-9**	-5	4	-5	-6
Eliminations	1	**0**	**0**	-1	4	-2	-1
Total	**202**	**189**	**119**	114	121	201	129

QUARTERLY DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

MEUR	7-9/2006	4-6/2006	1-3/2006	10-12/2005	7-9/2005	4-6/2005	1-3/2005
Oil Refining	25	**25**	**25**	30	23	25	23
Oil Retail	7	**7**	**7**	8	7	7	6
Shipping	5	**4**	**6**	5	6	5	6
Other	1	**1**	**0**	1	0	1	0
Total	**38**	**37**	**38**	44	36	38	35

QUARTERLY SHARE OF PROFITS IN ASSOCIATED COMPANIES AND JOINT VENTURES

MEUR	7-9/2006	4-6/2006	1-3/2006	10-12/2005	7-9/2005	4-6/2005	1-3/2005
Oil Refining	20	**11**	**-4**	3	13	9	-1
Oil Retail	0	**0**	**0**	0	-1	-1	-1
Shipping	0	**0**	**0**	0	0	0	0
Other	0	**0**	**0**	1	10	8	0
Total	**20**	**11**	**-4**	4	22	16	-2

CONTINGENT LIABILITIES

MEUR	30 Sep 2006	30 Sep 2005	31 Dec 2005
Contingent liabilities			
On own behalf			
For debt			
Pledges	**8**	5	5
Real estate mortgages	**27**	28	28
For other commitments			
Real estate mortages	**1**	0	1
Other contingent liabilities	**13**	8	16
Total	**49**	41	50
On behalf of associated companies			
Pledges and real estate mortgages		9	0
Guarantees	**13**	10	10
Other contingent liabilities	**4**	5	3
Total	**17**	24	13
On behalf of others			
Guarantees 3)	**2**	64	1
Other contingent liabilities	**1**	0	0
Total	**3**	64	1
Total	**69**	129	64

MEUR	30 Sep 2006	30 Sep 2005	31 Dec 2005
Operating lease liabilities			
Due within a year	**111**	69	73
Due later than one year and not later than 5 years	**176**	52	58
Due later than five years	**144**	57	60
Total	**431**	178	191

MEUR	30 Sep 2006	30 Sep 2005	31 Dec 2005
Commitments			
Commitments to purchase property, plant and equipment	**47**	162	95
Commitments to purchase intangible assets	**2**	1	2
Total	**49**	163	97

Derivatives

Interest and currency derivatives MEUR	30 Sep 2006 Notional value	30 Sep 2006 Net fair value	30 Sep 2005 Notional value	30 Sep 2005 Net fair value	31 Dec 2005 Notional value	31 Dec 2005 Net fair value
Interest rate swaps	**304**	**1**	308	-5	308	-3
Forward foreign exchange contracts	**1,072**	**7**	1,090	-26	942	-27
Currency options						
Purchased	**458**	**-6**	781	-19	835	-17
Written	**458**	**8**	781	2	835	-3

Oil derivatives	30 Sep 2006 Volume 1 000 bbl	30 Sep 2006 Net fair value Meur	30 Sep 2005 Volume 1 000 bbl	30 Sep 2005 Net fair value Meur	31 Dec 2005 Volume 1 000 bbl	31 Dec 2005 Net fair value Meur
Sales contracts	**97,038**	**110**	42,401	-99	54,496	21
Purchase contracts	**116,930**	**-87**	91,506	52	99,888	-6
Purchased options	**2,185**	**-5**	3,142	2	6,904	-2
Written options	**2,160**	**4**	2,160	-3	5,589	2

The fair values of derivative contracts subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivatives 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 contracts are mainly used to manage the group's currency, interest rate and price risk.

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 14a Paragraph 6.

3) Guarantees on behalf of others (30 September 2005) included counter indemnity issued to Fortum Corporation regarding guarantees issued by Fortum Corporation on behalf of SeverTEK, a joint venture of Neste Oil as at 30 September 2005.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and applying the accounting principles applied in the annual financial statements for the financial period 2005, with the changes described below.

Derivative financial instruments

Neste Oil applies hedge accounting as defined under IFRS to certain oil commodity derivatives used for hedging forecast future cash flows as of 1 January 2006. Oil commodity derivative contracts designed to hedge refining margin that are entered into 1 January 2006 onwards, are designated as hedges of forecast future cash flows, and the effective portion of the change in the fair value of those derivatives is recognized in equity. Any gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are recycled in the income statement during the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. The change in accounting principle has no effect on the reported figures for financial year 2005.

In connection with the above mentioned change in the accounting principle, the changes in fair values of oil commodity derivatives not qualifying for hedge accounting (economic hedges and trading) are included in the income statement lines 'Sales' or 'Other expenses'.

Share of profit (loss) of associates and joint ventures

Neste Oil divested major non-core assets during the third and fourth quarter of 2005. As a result, the company has decided to amend its definition of 'Operating profit' so that the company's share of profit/loss of associates and joint ventures (in general, shareholdings where Neste Oil holds 20-50% of the voting power in the entity) is included in 'Operating profit' in the income statement as of 1 January 2006. The comparative figures for the consolidated income statement and segment information for 2005 have been restated accordingly.

CALCULATION OF KEY FIGURES

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 fixed assets or shares, share of profits (loss) of associates and joint ventures, less losses from sale of shares or fixed assets as well as expenses related to the production, marketing and selling activities, administration, depreciation, amortization and impairment charges. Realized and unrealized gains or losses on oil derivatives as well as realized gains and losses from foreign currency derivatives, 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 sales of fixed assets and investments - unrealized change in fair value of oil commodity derivatives
Return on equity, %	=	100 x	Profit before taxes - taxes / Total equity average
Return on average capital employed, after-tax, %	=	100 x	Net profit (adjusted for inventory gains/losses, gains/losses from sales of fixed assets and investments and unrealized gains/losses on oil commodity derivatives, net of tax) + minority interest + interest expenses and other financial expenses related to interest-bearing liabilities (net of taxes) / Capital employed average
Return on capital employed, pre-tax, %	=	100 x	Profit before taxes + interest and other financial expenses / Capital employed average
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions
Return on net assets, %	=	100 x	Operating profit / Average net assets
Segment net assets	=		Fixed assets, shares, pension assets and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities
Interest-bearing net debt	=		Interest-bearing liabilities - cash and marketable securities
Gearing, %	=	100 x	Interest-bearing net debt / Total equity
Equity-to assets ratio, %	=	100 x	Total equity / Total assets - advances received
Leverage ratio, %	=	100 x	Net debt / Net debt + total equity

Calculation of key share ratios

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