28.4.2009

Interim Report January-March 2009

NESTE OIL'S INTERIM REPORT FOR JANUARY-MARCH 2009

- Comparable operating profit of EUR 56 million (Q1/2008: 119 million)

First quarter in brief:

- Diesel margins were down by almost 40% year-on-year
- Demand for transportation fuels was lower on the company's home markets
- Total refining margin of USD 9.44 /bbl (1-3/08: 11.91)
- Comparable operating profit halved to EUR 56 million (1-3/08: 119 million)
- IFRS operating profit of EUR 95 million (1-3/08: 204 million)
- Cash flow from operations improved to EUR 17 million (1-3/08: -113 million)
- Major organizational restructuring initiated to improve efficiency and customer orientation and put focus on the corporate strategy

President & CEO Matti Lievonen:

"The economic recession is now clearly being reflected in lower demand for petroleum products. Oil refiners feel the impact of this clearly because the market downturn is amplified by new capacity due to come on stream this year and next year. We have seen the largest drop in demand in the diesel market, which is very much tied to industrial activity and logistics. This was especially true in March, which was a difficult month, and the market situation has not improved during April."

"Our major restructuring is, in part, a response to these challenges, as it is designed to give us a more efficient and customer-oriented structure that will enable us to implement our growth strategy more effectively. We remain very much committed to seeing through our ongoing projects to increase our NExBTL renewable diesel capacity and grow the business."

"I am happy to announce that we have recently received our first batch of RSPO-certified palm oil. This is further evidence of Neste Oil's strong commitment to sustainable products, processes and procedures."

Further information:

Matti Lievonen, President & CEO, tel. +358 10 458 11
Ilkka Salonen, CFO, tel. +358 10 458 4490

News conference and conference call

A press conference in Finnish on the first quarter results will be held today, 28 April 2009, at 11:30 am EET at the company's headquarters, Keilaranta 21, Espoo. www.nesteoil.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held today, 28 April 2009, at 3:00 pm Finland / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: Europe: +44 (0)20 3023 4426, US: +1 866 966 5335. A webcast of the call can be found at company's web site. Use the password: Neste Oil. An instant replay of the call will be available for one week at +44 (0)20 8196 1998 for Europe and +1 866 583 1035 for the US, using access code 725434.

NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 31 MARCH 2009
1-3/2009 and 1-3/2008 unaudited, full year 2008 audited

Figures in parentheses refer to the first quarter of 2008, unless otherwise stated.

KEY FIGURES

EUR million (unless otherwise noted)

	1-3/2009	1-3/2008	10-12/2008	2008	LTM
Revenue	2,053	3,297	2,805	15,043	13,799
Operating profit before depreciation	150	263	-297	409	296
Depreciation, amortization, and impairments	55	59	55	223	219
Operating profit	95	204	-352	186	77
Comparable operating profit *	56	119	103	602	539
Profit before income tax	81	191	-382	129	19
Earnings per share, EUR	0.24	0.56	-1.14	0.38	0.06
Investments	174	82	185	508	600
Net cash from operating activities	17	-113	486	512	642

	31 March 2009	31 March 2008		31 Dec 2008	LTM
Total equity	2,229	2,316		2,179	-
Interest-bearing net debt	1,217	1,212		1,004	-
Capital employed	3,491	3,591		3,237	3,491
Return on capital employed pre-tax (ROCE), %	11.7	24.0		6.1	2.6
Return on average capital employed after tax (ROACE),%	-	-		13.1	11.6
Return on equity (ROE), %	11.1	24.2		4.4	0.8
Equity per share, EUR	8.67	9.03		8.48	-
Cash flow per share, EUR	0.07	-0.44		2.00	2.51
Equity-to-assets ratio, %	44.9	44.2		46.3	-
Leverage ratio, %	35.3	34.3		31.5	-
Gearing, %	54.6	52.3		46.1	-

* Comparable operating profit is calculated by excluding inventory gains/losses, capital gains/losses, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit.

The Group's financial results

Revenue at the Neste Oil Group totaled EUR 2,053 million in the first quarter of 2009, which represents a 38% reduction compared to EUR 3,297 million in the same quarter of 2008 and resulted from significantly lower petroleum product prices.

The Group's comparable operating profit was EUR 56 million. The drop compared to the EUR 119 million posted in the first quarter of 2008 was largely a consequence of a weaker total refining margin and unfavorable US dollar hedging.

Oil Products' first-quarter comparable operating profit was EUR 64 million (113 million), Renewable Fuels' EUR -7 million (2 million), Oil Retail's EUR 12 million (9 million), and Others' EUR -11 million (-8 million). Others includes profits from associated companies and joint ventures (Nynas AB), which totaled EUR -7 million (1 million).

Operating profit under IFRS was EUR 95 million (204 million) in the first quarter. In addition to a lower comparable operating profit, the decline compared to the figure for 2008 resulted from changes in the fair value of open oil derivatives.

The first-quarter profit before taxes was EUR 81 million (191 million), net profit for the period was EUR 61 million (143 million) and earnings per share were EUR 0.24 (0.56).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target, based on comparable results. At the end of March, the rolling twelve-month ROACE was 11.6% (31 March 2008: 14.1%).

	1-3/09	1-3/08	10-12/08	2008	LTM
COMPARABLE OPERATING PROFIT	56	119	103	602	539
- inventory gains/losses	76	75	-467	-453	-452
- changes in the fair value of open oil derivatives	-37	2	10	24	-15
- capital gains/losses	0	8	2	13	5
OPERATING PROFIT	95	204	-352	186	77

Capital expenditure and financing

Investments totaled EUR 174 million in the first quarter (82 million). Oil Products' capital spending was EUR 43 million (33 million), Renewable Fuels' EUR 123 million (27 million), and Oil Retail's EUR 4 million (8 million). Depreciation was EUR 55 million (59 million).

The Group's interest-bearing net debt was EUR 1,217 million at the end of March (31 Dec 2008: EUR 1,004). Net financial expenses between January and March were EUR 14 million (13 million). The Group will capitalize interest expenses related to major investment projects during 2009. The average interest rate of borrowings at the end of March was 2.8%, and the average maturity 3.8 years.

Net cash from operating activities between January and March was EUR 17 million (-113 million). Around EUR 150 million was tied in contango storages of crude and products at the end of March. The equity-to-assets ratio was 44.9% at the end of the period (31 Dec 2008: 46.3%), the leverage ratio 35.3% (31 Dec 2008: 31.5%), and the gearing ratio 54.6% (31 March 2008: 46.1%).

Cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,485 million at the end of March (31 Dec 2008: 1,536 million). The company sees no major refinancing needs until 2012.

Short-term financing needs will continue to be met by revolving credit and overdraft facilities. There are no financial covenants in existing loan agreements.

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

Market overview

After collapsing in the second half of 2008, crude oil prices stabilized at around USD 45-50 /bbl. Price differentials between heavier and lighter crude have been quite narrow, reflecting developments such as the cuts in production of heavier grades instituted by OPEC.

Refining margins weakened on the back of the worsening global economy and falling product demand.

Gasoline margins recovered from the lows seen in late 2008, due mainly to reduced production, as well as relatively stable demand thanks to lower consumer prices.

Demand for middle distillates was hit by the economic recession, and margins for diesel and other middle distillates fell throughout Q1. High inventories in the US and Europe also contributed to low margins.

European margins on high-sulfur fuel oil were supported by reduced supply and steady demand in Asia.

Demand for gasoline and diesel on the Finnish retail market fell by 3% and 6% respectively during the first two months of the year. The drop in diesel demand from trucking companies has been even steeper. Demand has fallen even more in the Baltic countries.

Biofuel prices were lower in the first quarter compared to the same quarter in 2008 and the price differentials between biofuel feedstocks have narrowed. The implementation of the EU’s Renewable Energy directive in member countries is expected to start in May.

Oil freight rates have almost halved in both the crude and product market compared to the first quarter of 2008.

Key drivers

	1-3/09	1-3/08	10-12/08	2008	April 09	April 08
IEA Brent cracking margin, USD/bbl	2.34	3.26	4.91	4.90	1.18	6.59
Neste Oil total refining margin, USD/bbl	9.44	11.91	15.05	13.39	n.a.	n.a.
Urals-Brent price differential, USD/bbl	-1.17	-2.91	-1.82	-2.95	-1.88	-4.05
NWE Gasoline margin*, USD/bbl	6.39	5.80	2.69	5.34	9.4	7.29
NWE Diesel margin*, USD/bbl	15.38	25.33	28.04	31.23	12.2	36.51
NWE Heavy fuel oil margin*, USD/bbl	-8.77	-27.44	-16.16	-25.16	-8.9	-32.67
Brent dated crude oil, USD/bbl	44.40	96.90	54.87	96.98	50.44	108.97
USD/EUR exchange rate	1.30	1.50	1.32	1.47	1.32	1.58
Crude freights, Aframax WS points	83	146	144	179	72	209

*Product margins Platt’s fob Rotterdam

Production and sales

Neste Oil refined a total of 3.7 million tons (3.8 million) of crude oil and feedstocks in the first quarter, of which 3.1 million tons (3.1 million) at Porvoo and 0.6 million tons (0.7 million) at Naantali. The Porvoo refinery operated at a crude distillation capacity utilization rate of 90% (94%) during the quarter; while Naantali operated at 86% (99%) utilization, as a result of planned maintenance outages.

The proportion of Russian Export Blend in Neste Oil's total refinery input was 63% (64%) in the first quarter.

The proportion of diesel in Neste Oil's sales structure remained at close to 40%. Some diesel volumes were stored for sale later. The majority of gasoline stored in late 2008 was sold during the first quarter, mostly to North America.

At the end of March, Neste Oil's contango storage consisted of 550,000 tons (over 4 million barrels) of crude and products.

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

	1-3/09	%	1-3/08	%	10-12/08	%	2008	%
Motor gasolines	940	*27*	794	*24*	1,052	*28*	4,056	*28*
Gasoline components	64	*2*	78	*2*	33	*1*	253	*2*
Diesel fuel	1,306	*38*	1,383	*42*	1,585	*42*	5,583	*38*
Jet fuel	148	*4*	137	*4*	154	*4*	658	*5*
Base oils	57	*2*	76	*2*	58	*2*	278	*2*
Heating oil	223	*6*	180	*5*	245	*7*	763	*5*
Heavy fuel oil	354	*10*	207	*6*	220	*6*	981	*7*
LPG	59	*2*	98	*3*	70	*2*	340	*2*
NExBTL renewable diesel	31	*1*	18	*1*	19	*1*	94	*1*
Other products	246	*7*	304	*9*	317	*8*	1,565	*11*
TOTAL	3,430	*100*	3,274	*100*	3,754	*100*	14,571	*100*

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

	1-3/09	%	1-3/08	%	10-12/08	%	2008	%
Finland	1,860	*54*	1,768	*54*	1,942	*52*	7,537	*52*
Other Nordic countries	537	*16*	427	*13*	607	*16*	2,056	*14*
Other Europe	558	*16*	744	*23*	734	*20*	3,028	*20*
USA & Canada	472	*14*	266	*8*	467	*12*	1,857	*13*
Other countries	3	*0*	68	*2*	3	*0*	94	*1*
TOTAL	3,430	*100*	3,274	*100*	3,754	*100*	14,571	*100*

SEGMENT REVIEWS

As of 1 April 2009, Neste Oil's businesses are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail, and Others. Quarterly figures for 2008 according to these segments were published on 23 April 2009.

Oil Products

Key figures

	1-3/09	1-3/08	10-12/08	2008	LTM
Revenue, MEUR	1,582	2,715	2,221	12,641	11,508
Comparable operating profit, MEUR	64	113	154	602	553
Operating profit, MEUR	106	197	-301	183	92
Total refining margin, USD/bbl	9.44	11.91	15.05	13.39	12.69

Oil Products’ first-quarter comparable operating profit was EUR 64 million (113 million). This decrease resulted from a lower total refining margin and unfavorable US dollar hedging. Neste Oil's total refining margin was USD 9.44 /bbl during the quarter, compared to USD 11.91 /bbl in the corresponding quarter of 2008. All the main drivers affecting the total refining margin (diesel margin, price differential between Urals and Brent crude, and the IEA Brent cracking reference margin) were weaker year-on-year.

Demand for base oils decreased by 25% compared to the first quarter of 2008, but this was somewhat offset by higher margins. The slight recovery seen in the US gasoline market and lower feedstock prices have helped the gasoline components business and iso-octane in particular.

The fleet utilization rate remained high at 93%, but the collapse of freight rates meant that the shipping business made only a minimal contribution to the bottom line. This was further diluted by the closing of freight derivative positions, which had a EUR 3 million negative effect.

Oil Products’ 12-month comparable return on net assets was 19.4% (19.8%).

Renewable Fuels

	1-3/09	1-3/08	10-12/08	2008	LTM
Revenue, MEUR	24	23	20	116	117
Comparable operating profit, MEUR	-7	2	-10	2	-7
Operating profit, MEUR	-10	1	-9	2	-9

Renewable Fuels’ first-quarter comparable operating profit was EUR -7 million (2 million). Margins for renewable diesel were lower year-on-year as a result of lower product prices and termination of fixed-priced feedstock contract. The price premium of NExBTL renewable diesel over conventional biodiesel remained healthy. The segment’s higher costs relate to expansion of the business and R&D.

NExBTL renewable diesel has been approved and registered in the most important European markets, as well as in the US and Canada.

Renewable Fuels' 12-month comparable return on net assets was -2.3% (-4.7%).

Oil Retail

Key figures

	1-3/09	1-3/08	10-12/08	2008	LTM
Revenue, MEUR	691	948	915	4,073	3,816
Comparable operating profit, MEUR	12	9	-5	22	25
Operating profit, MEUR	12	11	-6	25	26
Total sales volume*, 1,000 m3	1,021	1,056	1,141	4,358	4,318
- gasoline station sales, 1,000 m3	329	334	376	1,479	1,474
- diesel station sales, 1,000 m3	320	341	356	1,406	1,385
- heating oil, 1,000 m3	214	198	219	759	775
- heavy fuel oil, 1,000 m3	89	97	105	356	348

*includes both station and terminal sales

Oil Retail's comparable operating profit increased to EUR 12 million (9 million) in the first quarter, thanks in large part to good margins in northwestern Russia. This more than offset the negative development seen in sales volumes, which affected all products except heating oil.

Sales volumes of gasoline were lower on the Finnish market than during the same quarter in 2008. In the diesel area, the largest reduction was seen in trucking, while sales to private motorists increased. Margins were broadly flat on the Finnish market. Lubricant sales have been hit significantly by soft demand.

Volumes increased a little outside Finland, thanks to new stations opened around the Baltic Rim in 2008 and the efficiency of the unmanned station network.

As of the end of the first quarter, Neste Oil had 881 (898) stations in Finland and 288 (273) in the Baltic Rim and Russia.

Oil Retail's 12-month comparable return on net assets was 7.1% (16.3%).

Shares, share trading, and ownership

A total of 76,134,442 Neste Oil shares were traded in the first quarter, totaling EUR 0.8 billion. The share price reached EUR 11.62 at its highest and EUR 8.80 at its lowest, and closed the quarter at EUR 10.02, giving the company a market capitalization of EUR 2.6 billion as of 31 March 2009. An average of 1.2 million shares were traded daily, equivalent to 0.5% of shares outstanding.

Neste Oil's share capital registered with the Company Register as of 31 March 2009 totaled 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 to issue convertible bonds, share options, or new shares.

At the end of March, the Finnish state owned 50.1% of outstanding shares, foreign institutions 17.4%, Finnish institutions 20.4%, and Finnish households 12.0%.

Organizational restructuring

Neste Oil announced on 5 February 2009 that it intended reorganizing its operations around three business areas and seven common functions. The new structure is designed to give the company a more cost-efficient and customer-driven operating model, and one that will be better capable of implementing the corporate strategy. The new matrix organization will ensure that the best practices and know-how of business areas and functions will benefit the entire company, and that new international units, such as the renewable diesel plants currently being built, can be integrated into the Group’s operations more effectively and that reporting will be more efficient.

The new organization reflecting this was introduced on 1 April 2009. The new business areas will act as profit centers and will be responsible for their customers, products, and business development. The business areas are as follows: Oil Products, Renewable Fuels, and Oil Retail. Activities outside these business areas are grouped under Others. The common functions are: Production & Logistics, Finance, Human Resources, Sustainability & HSE, Technology & Strategy, Communications, and Legal Affairs.

The Specialty Products Division has been amalgamated into the Oil Products business area. Shipping operations are reported in the business areas that use them, and the Shipping business has been incorporated into Production & Logistics.

As of 1 April, the Neste Executive Board (NEB) comprises the following members: Matti Lievonen, President & CEO; Matti Lehmus, Executive Vice President, Oil Products; Jarmo Honkamaa, Executive Vice President, Renewable Fuels, Deputy CEO; Sakari Toivola, Executive Vice President, Oil Retail; Ilkka Poranen, Senior Vice President, Production & Logistics; Ilkka Salonen, CFO; Hannele Jakosuo-Jansson, Senior Vice President, Human Resources, Simo Honkanen, Senior Vice President, Sustainability & HSE; Osmo Kammonen, Senior Vice President, Communications, Marketing and Public Affairs; and Lars Peter Lindfors, Senior Vice President, Technology & Strategy. Matti Hautakangas, General Counsel, acts as secretary to the NEB.

The Neste Executive Management Board comprises the President & CEO, business area executive vice presidents, the CFO, and the Senior Vice President, Production & Logistics.

Annual General Meeting

Neste Oil’s Annual General Meeting 2009 was held after the reporting period on 3 April at the Helsinki Fair Centre. The AGM adopted the company's financial statements and consolidated financial statements for 2008 and discharged the Supervisory Board, Board of Directors, and management from liability for 2008. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2008, sanctioning payment of a dividend of EUR 0.80 per share. Payment was made on Friday, 17 April 2009.

In accordance with a proposal made by the AGM Nomination Committee, the AGM confirmed the membership of the Board of Directors at eight members, and the following were re-elected to serve until the end of the next AGM: Mr. Timo Peltola, Mr. Mikael von Frenckell, Mr. Michiel Boersma, Ms. Ainomaija Haarla, Ms. Nina Linander, Mr. Markku Tapio and Ms. Maarit Toivanen-Koivisto. Mr. Hannu Ryöppönen was elected as a new member. Mr. Timo Peltola will continue as Chairman and Mr. Mikael von Frenckell as Vice Chairman. The AGM decided to pay the following remuneration to the Board: Chairman EUR 66,000 a year, Vice Chairman EUR 49,200 a year, and members EUR 35,400 a year. In addition, those participating at Board meetings and meetings convened by the Board's committees will receive a payment of EUR 600 per meeting, together with their traveling costs, in accordance with the company's travel policy. A payment of double this, EUR 1,200 per meeting, will be made to Board members living outside Finland.

The AGM confirmed that the Supervisory Board shall comprise eight members and the following members were elected: Ms. Heidi Hautala (Chairman), Mr. Kimmo Tiilikainen (Vice Chairman), Mr. Esko Ahonen, Mr. Mikael Forss, Mr. Timo Heinonen, Mr. Markus Mustajärvi, Ms. Jutta Urpilainen, and Ms. Anne-Mari Virolainen. Mr. Kimmo Tiilikainen was elected for the first time. Members are all Finnish Members of Parliament, with the exception of Mr. Mikael Forss, who is a Director at the Social Insurance Institution of Finland. No changes were made to the remuneration paid to the Supervisory Board, which remains as follows: Chairman EUR 1,000 a month, Vice Chairman EUR 600 a month, and members EUR 500 a month. In addition, those participating at Supervisory Board meetings receive a payment of EUR 200 per meeting.

In accordance with a proposal by the Board of Directors, Ernst & Young Oy, Authorized Public Accountants, were appointed as the company's Auditor, with Authorized Public Accountant Anna-Maija Simola as Responsible Auditor, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice that is accepted by the company.

Following a proposal by the Prime Minister's Office, representing the Finnish State, the AGM decided to establish a Nominations Committee to prepare proposals covering the members of the Board of Directors and their remuneration for consideration by the next AGM. The Nomination Committee comprises representatives of the Company's three largest shareholders and shall also include, as expert members, the Chairman of the Board, together with one member elected by the Board from among its members unaffiliated with any of the Company's major shareholders. The right to appoint the shareholder representatives on this Committee will lie with the three shareholders holding the largest number of votes associated with all the company's shares on 2 November preceding the AGM. In the event that a shareholder does not wish to exercise his right to appoint a representative, this right shall pass to the next-largest shareholder. The company's largest shareholders shall be determined on the basis of the information on holdings registered in the book-entry system, with the proviso that the holdings of a shareholder required under securities legislation to flag certain changes in his holdings, and with shares spread across a number of funds, for example, shall be combined if the shareholder informs the company of his wishes to this effect in writing by 30 October 2009. The Chairman of the Board of Directors will be responsible for convening the Committee, and the Committee's members will appoint a Chairman from among themselves. The Nominations Committee will present their proposal to the Board of Directors by 1 February prior to the AGM at the latest.

Convening after the Annual General Meeting, Neste Oil's Board of Directors elected the members of its two Committees. Timo Peltola was elected Chairman and Michiel Boersma, Mikael von Frenckell, and Ainomaija Haarla as members of the Personnel and Remuneration Committee. Nina Linander was elected

Chairman and Hannu Ryöppönen, Markku Tapio, and Maarit Toivanen-Koivisto as members of the Audit Committee.

Personnel

Neste Oil employed an average of 5,252 (4,912) employees in January-March period. At the end of March, the company had 5,264 employees (31 March 2008: 5,114).

Health, safety, and the environment

The indicator for safety performance used by Neste Oil – total recordable injury frequency (TRIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 2.9 (5.2) at the end of March 2009. The target for 2009 is below 4.

The lost workday injury frequency (LWIF) stood at 2.0. The target is below 2.

Strategy implementation

Neste Oil’s current capital projects consist of new plants designed to increase production of renewable diesel and high-quality base oil.

Strategic projects

Construction of the renewable diesel plants in Singapore and Rotterdam has proceeded according to plan. Mechanical completion of the plant is expected to be achieved in summer 2010. The start-up is scheduled for the third quarter of 2010. The project is proceeding in line with its original budget of EUR 550 million.

The Rotterdam plant is scheduled for completion in the first half of 2011. The project is proceeding according to schedule and its original budget of EUR 670 million.

A joint venture between Neste Oil and the Bahrain Petroleum Company (Bapco) has started construction of a high-quality lubricant base oil plant in Bahrain. The plant will have an annual capacity of 400,000 tons of VHVI (Very High Viscosity Index) base oil for use in blending top-tier lubricants. Completion is scheduled for the end of 2011. Neste Oil’s share of the JV is 45% and its estimated share of the investment cost is EUR 115–135 million.

Construction of an isomerization unit at the Porvoo refinery has been postponed.

Potential short-term and long-term risks

The oil market has been very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena that affect the short- and long-term supply of and demand for the products that they produce and sell.

The largest uncertainty here continues to be the slowdown of the world economy, which is likely to reduce the demand for petroleum products. This has already materialized during the last couple of quarters and has now extended to demand for diesel, which is Neste Oil's most important product. The problems on the international financial market have also increased the level of uncertainty. As a consequence, managing customer receivables risks has become even more important. Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term risk.

Rapid and large changes in feedstock and product prices may lead to significant inventory gains or losses, or change in working capital that may have a material impact on the company's IFRS operating profit and net cash from operations.

Over the longer term, access to funding and rising capital costs, as well as challenges in procuring and developing new competitive and reasonably priced raw materials, may impact the company's growth plans.

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops.

The key market drivers for Neste Oil's financial performance continue to be international refining margins, the price differential between Russian Export Blend (REB) and Brent crude, and the USD/EUR exchange rate.

For more detailed information on Neste Oil's risks and risk management, please refer to the company's Annual Report and Financial Statements for 2008.

Outlook

The outlook for the global economy has not improved during the first months of 2009, and oil demand forecasts have been revised down continuously. In April, the International Energy Agency forecasted that oil demand is likely to decrease globally by 2.8% and in OECD countries by 4.9% in 2009.

This reduction in demand will coincide with new refining capacity coming on stream, which will put further pressure on refining margins. Together with a lower level of economical activity, this has already had a negative impact on diesel margins, which are expected to stay well lower compared to those seen in previous years. A modest recovery is expected in the US gasoline market, and slightly better gasoline margins are now expected compared to the previous outlook published in February.

Demand for base oils is likely to stay weaker compared to 2008, due to the soft market for lubricants. As a result, Neste Oil will shut down its PAO plant in Beringen, Belgium in May for four weeks and make temporary lay-offs. Freight rates for oil tankers look set to remain very weak throughout the year.

The Renewable Fuels segment is unlikely to report positive results in 2009, due to increasing costs linked to the expansion of the business. This is despite the second facility at Porvoo coming on stream in the third quarter of 2009.

Low demand will continue to be reflected in Oil Retail's sales volumes and margins. The devaluation of local currencies in some countries is likely to put pressure on operations outside of Finland.

Despite planned maintenance at some units, operational performance at Neste Oil's refineries should be better in 2009 than in 2008. A planned two-month maintenance and process improvement shutdown started on Production Line 4 at Porvoo in mid-April to enhance the line's productivity.

As already disclosed in the Financial Statements for 2008 in February, the Group will continue to address its fixed costs. Results from this will be discussed in the second half of 2009.

The Group's investments are estimated to be around EUR 890 million in 2009, which is lower than the previous forecast of EUR 950 million published in February. Maintenance investments will account for around EUR 160 million (previously 180 million), productivity investments around EUR 40 million (previously 60 million), and strategic investments around EUR 690 million (previously 710 million).

Reporting date for the second-quarter 2009 results

Neste Oil will publish its second-quarter results for 2009 on 30 July 2009 at approximately 9:00 a.m. EET.

Espoo, 27 April 2009

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.

NESTE OIL GROUP INTERIM REPORT, 1 JANUARY – 31 MARCH 2009

Unaudited

CONSOLIDATED INCOME STATEMENT

MEUR	Note	1-3/2009	1-3/2008	1-12/2008	Last 12 months
Revenue	3	**2,053**	3,297	15,043	13,799
Other income		**7**	16	44	35
Share of profit (loss) of associates and joint ventures	3	**-7**	1	13	5
Materials and services		**-1,628**	-2,816	-13,657	-12,469
Employee benefit costs		**-79**	-75	-315	-319
Depreciation, amortization and impairments	3	**-55**	-59	-223	-219
Other expenses		**-196**	-160	-719	-755
Operating profit		**95**	204	186	77
Financial income and expenses					
Financial income		**1**	2	8	7
Financial expenses		**-17**	-13	-70	-74
Exchange rate and fair value gains and losses		**2**	-2	5	9
Total financial income and expenses		**-14**	-13	-57	-58
Profit before income taxes		**81**	191	129	19
Income tax expense		**-20**	-48	-28	0
Profit for the period		**61**	143	101	19
Profit attributable to:					
Owners of the parent		**60**	142	97	15
Minority interest		**1**	1	4	4
		61	143	101	19
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		**0.24**	0.56	0.38	0.06

STATEMENT OF COMPREHENSIVE INCOME

MEUR	1-3/2009	1-3/2008	1-12/2008	Last 12 months
Profit for the period	**61**	143	101	19
Other comprehensive income for the period, net of tax:				
Translation differences	**-5**	-16	-44	-33
Cash flow hedges				
recorded in equity	**-25**	37	-23	-85
transferred to income statement	**20**	-19	-25	14
Net investment hedges	**0**	0	0	0
Hedging reserves in associates and joint ventures	**0**	0	-1	-1
Other comprehensive income for the period, net of tax	**-10**	2	-93	-105
Total comprehensive income for the period	**51**	145	8	-86
Total comprehensive income attributable to:				
Owners of the parent	**50**	144	4	-90
Minority interest	**1**	1	4	4
	51	145	8	-86

CONSOLIDATED BALANCE SHEET

MEUR	Note	31 March 2009	31 March 2008	31 Dec 2008
ASSETS				
Non-current assets				
Intangible assets	4	**51**	53	51
Property, plant and equipment	4	**2,779**	2,444	2,675
Investments in associates and joint ventures		**144**	181	152
Non-current receivables		**11**	5	13
Pension assets		**104**	82	105
Deferred tax assets		**12**	6	16
Derivative financial instruments	5	**10**	20	16
Available-for-sale financial assets		**1**	2	1
Total non-current assets		**3,112**	2,793	3,029
Current assets				
Inventories		**905**	1,221	637
Trade and other receivables		**799**	1,012	786
Derivative financial instruments	5	**118**	157	213
Cash and cash equivalents		**46**	63	55
Total current assets		**1,868**	2,453	1,691
Total assets		**4,980**	5,246	4,720
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**2,180**	2,270	2,131
Total		**2,220**	2,310	2,171
Minority interest		**9**	6	8
Total equity		**2,229**	2,316	2,179
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**974**	1,111	926
Deferred tax liabilities		**290**	299	297
Provisions		**25**	15	24
Pension liabilities		**11**	11	12
Derivative financial instruments	5	**27**	24	32
Other non-current liabilities		**3**	2	3
Total non-current liabilities		**1,330**	1,462	1,294
Current liabilities				
Interest-bearing liabilities		**289**	164	133
Current tax liabilities		**5**	22	1
Derivative financial instruments	5	**159**	86	197
Trade and other payables		**968**	1,196	916
Total current liabilities		**1,421**	1,468	1,247
Total liabilities		**2,751**	2,930	2,541
Total equity and liabilities		**4,980**	5,246	4,720

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to equity holders of the Company						
MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
Total equity at 1 January 2008	40	10	42	-11	2,342	4	2,427
Dividend paid					-256		-256
Share-based compensation			-1				-1
Transfer from retained earnings		1			-1		0
Change in minority						1	1
Total comprehensive income for the period			18	-16	142	1	145
Total equity at 31 March 2008	40	11	59	-27	2,227	6	2,316

MEUR	Share capital	Reserve fund	Fair value and other reserves	Translation differences	Retained earnings	Minority interest	Total equity
Total equity at 1 January 2009	40	10	-7	-54	2,182	8	2,179
Share-based compensation			-1				-1
Transfer from retained earnings		1			-1		0
Change in minority						0	0
Total comprehensive income for the period			-5	-5	60	1	51
Total equity at 31 March 2009	40	11	-13	-59	2,241	9	2,229

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	1-3/2009	1-3/2008	1-12/2008
Cash flow from operating activities			
Profit before taxes	**81**	191	129
Adjustments, total	**108**	78	249
Change in working capital	**-224**	-337	248
Cash generated from operations	**-35**	-68	626
Finance cost, net	**14**	-23	-29
Income taxes paid	**38**	-22	-85
Net cash generated from operating activities	**17**	-113	512
Capital expenditure	**-174**	-75	-497
Acquisition of subsidiary	**-**	-7	-10
Acquisition of associates and joint ventures	**-**	-	-1
Proceeds from sales of fixed assets	**3**	2	9
Proceeds from sales of shares	**0**	7	12
Change in other investments	**-56**	-24	-8
Cash flow before financing activities	**-210**	-210	17
Net change in loans and other financing activities	**201**	468	244
Dividends paid to the owners of the parent	**-**	-245	-256
Net increase (+)/decrease (-) in cash and cash equivalents	**-9**	13	5

KEY FINANCIAL INDICATORS

	31 March 2009	31 March 2008	31 Dec 2008	Last 12 months
Capital employed, MEUR	**3,491**	3,591	3,237	3,491
Interest-bearing net debt, MEUR	**1,217**	1,212	1,004	-
Capital expenditure and acquisition of subsidiary, MEUR	**174**	82	508	600
Return on average capital employed, after tax, ROACE %	**-**	-	13.1	11.6
Return on capital employed, pre-tax, ROCE %	**11.7**	24.0	6.1	2.6
Return on equity, %	**11.1**	24.2	4.4	0.8
Equity per share, EUR	**8.67**	9.03	8.48	-
Cash flow per share, EUR	**0.07**	-0.44	2.00	2.51
Equity-to-assets ratio, %	**44.9**	44.2	46.3	-
Gearing, %	**54.6**	52.3	46.1	-
Leverage ratio, %	**35.3**	34.3	31.5	-
Average number of shares	**255,903,686**	255,903,686	255,903,686	255,903,686
Number of shares at the end of the period	**255,903,686**	255,903,686	255,903,686	255,903,686
Average number of personnel	**5,252**	4,912	5,174	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The interim report should be read in conjunction with the annual financial statements for the period ended 31 December 2008.
The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2008.

The Group applies revised standard IAS 1 Presentation of Financial Statements as of 1 January 2009. This revised standard separates changes in equity of an entity arising from transactions with owners from other changes in equity.

The following interpretations are mandatory for the financial year ending 31 December 2009, but not relevant for the Group:
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programs
- Amendment to IFRS 2 Share based payments: Vesting Conditions and Calcellations
- Annual improvements 2008.

2. TREASURY SHARES

In 2007 Neste Oil entered into an agreement with a third party service provider concerning the administration of the new share-based management share performance arrangement for key management personnel. As part of the agreement, the service provider purchased a total of 500,000 Neste Oil shares in February 2007 in order to hedge part of Neste Oil's cash flow risk in relation to the future payment of the rewards, which will take place partly in Neste Oil shares and partly in cash during 2010 and 2013. Despite the legal form of the hedging arrangement, it has been accounted for as if the share purchases had been conducted directly by Neste Oil, as required by IFRS 2, Share based payments and SIC-12, Consolidation - Special purpose entities. The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider.

3. SEGMENT INFORMATION

Neste Oil's operations are grouped into four segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Group administration, shared service functions as well as Research and Technology, Neste Jacobs and Nynas AB are included in the Others segment.

REVENUE MEUR	**1-3/2009**	1-3/2008	1-12/2008	Last 12 months
Oil Products	**1,582**	2,715	12,641	11,508
Renewable Fuels	**24**	23	116	117
Oil Retail	**691**	948	4,073	3,816
Others	**42**	31	143	154
Eliminations	**-286**	-420	-1,930	-1,796
Total	**2,053**	3,297	15,043	13,799

OPERATING PROFIT MEUR	**1-3/2009**	1-3/2008	1-12/2008	Last 12 months
Oil Products	**106**	197	183	92
Renewable Fuels	**-10**	1	2	-9
Oil Retail	**12**	11	25	26
Others	**-11**	-8	-29	-32
Eliminations	**-2**	3	5	0
Total	**95**	204	186	77

COMPARABLE OPERATING PROFIT MEUR	**1-3/2009**	1-3/2008	1-12/2008	Last 12 months
Oil Products	**64**	113	602	553
Renewable Fuels	**-7**	2	2	-7
Oil Retail	**12**	9	22	25
Others	**-11**	-8	-29	-32
Eliminations	**-2**	3	5	0
Total	**56**	119	602	539

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	**1-3/2009**	1-3/2008	1-12/2008	Last 12 months
Oil Products	**44**	46	175	173
Renewable Fuels	**2**	2	7	7
Oil Retail	**7**	8	31	30
Others	**2**	3	10	9
Total	**55**	59	223	219

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	**1-3/2009**	1-3/2008	1-12/2008	Last 12 months
Oil Products	**43**	33	165	175
Renewable Fuels	**123**	27	249	345
Oil Retail	**4**	8	63	59
Others	**4**	14	31	21
Total	**174**	82	508	600

TOTAL ASSETS MEUR	**31 March 2009**	31 March 2008	31 Dec 2008
Oil Products	**3,565**	4,078	3,352
Renewable Fuels	**549**	198	450
Oil Retail	**537**	635	568
Others	**274**	294	265
Eliminations	**-167**	-189	-155
Total	**4,758**	5,016	4,480

NET ASSETS	31 March	31 March	31 Dec
MEUR	2009	2008	2008
Oil Products	**2,660**	2,951	2,436
Renewable Fuels	**462**	167	381
Oil Retail	**321**	362	351
Others	**207**	220	201
Eliminations	**3**	3	4
Total	**3,653**	3,703	3,373

RETURN ON NET ASSETS, %	31 March	31 March	31 Dec	Last 12
	2009	2008	2008	months
Oil Products	**16.6**	28.3	6.4	3.2
Renewable Fuels	**-9.5**	2.6	0.9	-3.0
Oil Retail	**14.3**	11.8	6.8	7.3

COMPARABLE RETURN ON NET ASSETS, %	31 March	31 March	31 Dec	Last 12
	2009	2008	2008	months
Oil Products	**10.0**	16.2	21.2	19.4
Renewable Fuels	**-6.6**	5.2	0.9	-2.3
Oil Retail	**14.3**	9.7	6.0	7.1

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE

MEUR	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Oil Products	**1,582**	2,221	3,907	3,798	2,715
Renewable Fuels	**24**	20	27	46	23
Oil Retail	**691**	915	1,132	1,078	948
Others	**42**	43	36	33	31
Eliminations	**-286**	-394	-581	-535	-420
Total	**2,053**	2,805	4,521	4,420	3,297

QUARTERLY OPERATING PROFIT

MEUR	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Oil Products	**106**	-301	15	272	197
Renewable Fuels	**-10**	-9	-2	12	1
Oil Retail	**12**	-6	9	11	11
Others	**-11**	-38	21	-4	-8
Eliminations	**-2**	2	1	-1	3
Total	**95**	-352	44	290	204

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Oil Products	**64**	154	173	162	113
Renewable Fuels	**-7**	-10	-3	13	2
Oil Retail	**12**	-5	7	11	9
Others	**-11**	-38	21	-4	-8
Eliminations	**-2**	2	1	-1	3
Total	**56**	103	199	181	119

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Oil Products	**44**	44	44	41	46
Renewable Fuels	**2**	2	2	1	2
Oil Retail	**7**	6	9	8	8
Others	**2**	3	1	3	3
Total	**55**	55	56	53	59

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	1-3/2009	10-12/2008	7-9/2008	4-6/2008	1-3/2008
Oil Products	**43**	47	46	39	33
Renewable Fuels	**123**	108	64	50	27
Oil Retail	**4**	22	18	15	8
Others	**4**	8	3	6	14
Total	**174**	185	131	110	82

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	31 March 2009	31 March 2008	31 Dec 2008
Opening balance	**2,726**	2,477	2,477
Depreciation, amortization and impairments	**-55**	-59	-223
Capital expenditure	**174**	75	497
Disposals	**-3**	-1	-8
Translation differences	**-12**	-6	-28
Acquired group companies	**0**	11	11
Closing balance	**2,830**	2,497	2,726

CAPITAL COMMITMENTS MEUR	31 March 2009	31 March 2008	31 Dec 2008
Commitments to purchase property, plant and equipment	**570**	143	540
Commitments to purchase intangible assets	**0**	0	0
Total	570	143	540

5. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate and currency derivative contracts and share forward contracts MEUR	31 March 2009 Nominal value	31 March 2009 Net fair value	31 March 2008 Nominal value	31 March 2008 Net fair value	31 Dec 2008 Nominal value	31 Dec 2008 Net fair value
Interest rate swaps	**477**	**-18**	368	-2	475	-13
Forward foreign exchange contracts	**1,379**	**0**	1,319	46	1,381	17
Currency options						
Purchased	**230**	**-5**	450	25	336	-5
Written	**178**	**-10**	264	3	256	-11
Share forward contracts	**9**	**-5**	14	-1	14	-8

Oil and freight derivative contracts	31 March 2009 Volume million bbl	31 March 2009 Net fair value Meur	31 March 2008 Volume million bbl	31 March 2008 Net fair value Meur	31 Dec 2008 Volume million bbl	31 Dec 2008 Net fair value Meur
Sales contracts	**42**	**27**	66	-41	28	166
Purchase contracts	**31**	**-48**	79	36	32	-147
Purchased options	**2**	**-9**	1	0	1	-12
Written options	**2**	**9**	1	0	1	12

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.

6. RELATED PARTY TRANSACTIONS

Details of transactions between the Group and associates/joint ventures are disclosed below.

Transactions carried out with associates and joint ventures	1-3/2009	1-3/2008	1-12/2008
Sales of goods and services	4	5	110
Purchases of goods and services	8	10	72
Receivables	6	4	14
Financial income and expenses	0	0	0
Liabilities	1	2	9

7. CONTINGENT LIABILITIES

MEUR	31 March 2009	31 March 2008	31 Dec 2008
Contingent liabilities			
On own behalf for debt			
Pledged assets	-	2	-
Total	-	2	-
On own behalf for commitments			
Real estate mortgages	26	26	26
Pledged assets	2	2	3
Other contingent liabilities	41	35	37
Total	69	63	66
On behalf of associates and joint ventures			
Guarantees	6	3	5
Other contingent liabilities	1	1	2
Total	7	4	7
On behalf of others			
Guarantees	12	12	12
Total	12	12	12
Total	88	81	85

MEUR	31 March 2009	31 March 2008	31 Dec 2008
Operating lease liabilities			
Due within one year	112	103	106
Due between one and five years	253	187	262
Due later than five years	362	108	465
Total	727	398	833

The Group's operating lease liabilities primarily relate to hydrogen supply contracts, time charter vessels, land and office space.

Other contingent liabilities

Neste Oil Corporation has a collective contingent liability with Fortum Heat and Gas Oy of the demerged Fortum Oil and Gas Oy's liabilities based on the Finnish Companies Act's Chapter 17 Paragraph 16.6.

Calculation of key financial indicators

Calculation of key financial indicators

Operating profit	=		Operating profit includes the revenue from the sale of goods and services, other income such as gain from sale of shares or non-financial assets, share of profit (loss) of associates and joint ventures, less losses from sale of shares or non-financial assets, as well as expenses related to production, marketing and selling activities, administration, depreciation, amortization, and impairment charges. Realized and unrealized gains or losses on oil and freight derivative contracts together with realized gains and losses from foreign currency and oil derivative contracts hedging cash flows of commercial sales and purchases that have been recycled in the income statement, are also included in operating profit.
Comparable operating profit	=		Operating profit -/+ inventory gains/losses -/+ gains/losses from sale of shares and non-financial assets - unrealized change in fair value of oil and freight derivative contracts
Return on equity, (ROE)%	=	100 x	$\frac{\text{Profit before taxes - taxes}}{\text{Total equity average}}$
Return on capital employed, pre-tax (ROCE) %	=	100 x	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Capital employed average}}$
Return on average capital employed, after-tax (ROACE) %	=	100 x	$\frac{\text{Profit for the period (adjusted for inventory gains/losses, gains/losses from sale of shares and non-financial assets and unrealized gains/losses on oil and freight derivative contracts, net of tax) + minority interest + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax)}}{\text{Capital employed average}}$
Capital employed	=		Total assets - interest-free liabilities - deferred tax liabilities - provisions
Interest-bearing net debt	=		Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	100 x	$\frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt + total equity}}$
Gearing, %	=	100 x	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	100 x	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$
Return on net assets, %	=	100 x	$\frac{\text{Segment operating profit}}{\text{Average segment net assets}}$
Comparable return on net assets, %	=	100 x	$\frac{\text{Segment comparable operating profit}}{\text{Average segment net assets}}$
Segment net assets	=		Property, plant and equipment, intangible assets, investment in associates and joint ventures, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities

Calculation of share-related indicators

Earnings per share (EPS)	=		$\frac{\text{Profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=		$\frac{\text{Shareholder's equity attributable to the equity holders of the company}}{\text{Adjusted average number of shares at the end of the period}}$
Cash flow per share	=		$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$

NESTE OIL