

Neste Corporation
Interim Report
January-June 2015



Neste's Interim Report for January-June 2015

Continuing strong refining market enabled good result despite the scheduled major turnaround at the Porvoo refinery

Second quarter in brief:

- Comparable operating profit totaled EUR 78 million (Q2/2014: EUR 86 million)
- Negative impact of the Porvoo refinery turnaround on comparable operating profit was EUR 130 million
- Total refining margin was USD 10.83/bbl (Q2/2014: USD 8.33/bbl)
- Renewable Products' comparable sales margin was USD 210/ton (Q2/2014: USD 200/ton)
- Net cash from operations totaled EUR 227 million (Q2/2014: EUR 219 million)

January-June in brief:

- Comparable operating profit totaled EUR 293 million (1-6/2014: EUR 136 million)
- Return on average capital employed (ROACE) was 12.5% over the last 12 months (2014: 10.1%)
- Leverage ratio was 40.3% as of the end of June (31.12.2014: 37.9%)
- Comparable earnings per share: EUR 0.80 (1-6/2014: EUR 0.30)

President & CEO Matti Lievonon:

"The second quarter was characterized by a strong refining margin environment, and the major turnaround at our Porvoo refinery. Neste recorded a comparable operating profit of EUR 78 million during the second quarter, compared to the EUR 86 million during the corresponding period last year. As announced on 16 June, the turnaround had a negative impact of approximately EUR 130 million on comparable operating profit.

Oil Products generated a comparable operating profit of EUR 14 million (EUR 33 million) during the second quarter. Neste's reference margin averaged USD 8.7/bbl, which was more than double that in the same period last year. Gasoline margins continued particularly high, supported by global demand growth and the summer driving season. The maintenance turnaround implemented during the second quarter was the largest in the history of the Porvoo refinery. It has now been successfully completed and will help ensure the refinery's performance and safety for the next five years.

Renewable Products recorded a comparable operating profit of EUR 54 million (EUR 32 million) during the second quarter. Renewable Products' additional margin and a stronger US dollar had a positive effect on the result compared to the same period last year. Feedstock optimization continued, and the share of waste and residue feedstocks reached 67% of total inputs. The Porvoo turnaround reduced renewable diesel production by more than 10% of total production capacity during the second quarter.

Oil Retail's markets continued competitive, but we were able to increase profits by higher sales volumes particularly in the Baltic markets, and improving margins. The segment generated a comparable operating profit of EUR 22 million, higher than the EUR 20 million booked in the second quarter of 2014.

Global oil demand growth estimates for 2015 have been generally upgraded to 1.3-1.5 million bbl/day, and the forward refining margin outlook for the coming quarters is stronger than that seen in April. Current crude oil price level promotes oil product demand, and there seems to be limited upside potential in oil price.



Our result guidance remains unchanged: Neste estimates the Group's full-year 2015 comparable operating profit to remain robust and to be higher than that reached in 2014."



Neste's Interim Report, 1 January - 30 June 2015

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

Figures in parentheses refer to the corresponding period for 2014, unless otherwise stated.

Quarterly figures 2014 have been restated according to IFRIC 21, which has been implemented since 1 Jan 2015. Total operating profit for the full year 2014 remained unchanged.

Key Figures

EUR million (unless otherwise noted)	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Revenue	2,605	4,104	2,744	5,348	7,613	15,011
EBITDA	146	153	311	457	284	480
Comparable EBITDA*	161	169	292	454	300	913
Operating profit	63	70	233	296	120	150
Comparable operating profit*	78	86	215	293	136	583
Profit before income tax	52	48	205	257	81	78
Net profit	42	39	181	223	66	60
Comparable net profit**	55	51	150	204	76	408
Earnings per share, EUR	0.17	0.15	0.70	0.87	0.25	0.22
Comparable earnings per share**, EUR	0.21	0.20	0.59	0.80	0.30	1.60
Investments***	248	97	101	349	140	418
Net cash from operating activities	227	219	-185	42	41	248

	30 June 2015	30 June 2014	31 Dec 2014
Total equity	2,747	2,782	2,659
Interest-bearing net debt	1,856	1,572	1,621
Capital employed	5,000	4,624	4,526
Return on capital employed pre-tax (ROCE), annualized %	12.5	5.2	3.3
Return on average capital employed after tax (ROACE)****, %	12.5	10.5	10.1
Equity per share, EUR	10.67	10.84	10.34
Leverage (net debt to capital), %	40.3	36.1	37.9

* Comparable operating profit is calculated by excluding inventory gains/losses, non-recurring items, and unrealized changes in the fair value of oil, vegetable oil, electricity and gas derivative contracts from the reported operating profit. Inventory gains/losses include changes in the fair value of all trading inventories.

** Comparable net profit for the period is calculated by excluding inventory gain/losses, non-recurring items, and unrealized changes in fair value of oil, vegetable oil, electricity and gas derivative contracts, net of tax, less non-controlling interests. Comparable earnings per share are based on comparable net profit.

*** Including non-cash investments of EUR 50 million in 4-6/15 and EUR 68 million in 1-6/15 figures.

****Last 12 months



The Group's second-quarter 2015 results

Neste's revenue in the second quarter totaled EUR 2,605 million (EUR 4,104 million). The decrease mainly resulted from lower sales volumes due to the Porvoo refinery turnaround, which had an impact of EUR 1.1 billion, and lower sales prices caused by the oil price decline, which had a negative impact of EUR 0.7 billion. The change in USD/EUR exchange rate had a positive impact of EUR 0.3 billion on the revenue year-on-year. The Group's comparable operating profit came in at EUR 78 million (EUR 86 million). Oil Products' result was negatively impacted by the planned major turnaround at the Porvoo refinery, but positively impacted by reference refining margins, which were higher than in the second quarter of 2014. Renewable Products' result improved mainly due to higher additional margin and a favorable USD/EUR exchange rate. Oil Retail's result was positively impacted by higher sales volumes and margins year-on-year. The Others segment recorded a lower comparable operating profit compared to the second quarter of 2014.

Oil Products' second-quarter comparable operating profit was EUR 14 million (33 million), Renewable Products' EUR 54 million (32 million), and Oil Retail's EUR 22 million (20 million). The comparable operating profit of the Others segment totaled EUR -14 million (2 million).

The Group's IFRS operating profit was EUR 63 million (70 million), which was impacted by inventory gains totaling EUR 78 million (2 million), changes in the fair value of open oil derivatives totaling EUR -91 million (-18 million), mainly related to hedging of inventories, and non-recurring items totaling EUR -3 million (0 million). Pre-tax profit was EUR 52 million (48 million), profit for the period EUR 42 million (39 million), and earnings per share EUR 0.17 (0.15). The Group's effective tax rate was 20% (18%).

The Group's January-June 2015 results

Neste's revenue during the first six months totaled EUR 5,348 million (EUR 7,613 million). The decrease mainly resulted from lower overall sales prices caused by the oil price decline, which had an impact of EUR 1.9 billion, and lower sales volumes due to the Porvoo refinery maintenance during the second quarter, which had a negative impact of EUR 1.1 billion. The change in USD/EUR exchange rate had a positive impact of EUR 0.7 billion on the revenue year-on-year. The Group's comparable operating profit came in at EUR 293 million (EUR 136 million). Oil Products' result was positively impacted by reference refining margins, which were clearly higher than during the first half of 2014. However, the scheduled major turnaround at the Porvoo refinery negatively impacted the segment's result during the second quarter. Renewable Products improved as a result of successful margin management, feedstock optimization and a favorable USD/EUR exchange rate. Oil Retail's result was positively impacted by increased sales volumes and margins. The Others segment recorded a lower comparable operating profit compared to the first half of 2014.

Oil Products' six-month comparable operating profit was EUR 170 million (65 million), Renewable Products' EUR 96 million (44 million), and Oil Retail's EUR 39 million (34 million). The comparable operating profit of the Others segment totaled EUR -11 million (-9 million).

The Group's IFRS operating profit was EUR 296 million (120 million), which was impacted by inventory gains totaling EUR 2 million (losses of 1 million), changes in the fair value of open oil derivatives totaling EUR -73 million (-13 million), mainly related to hedging of inventories, and non-recurring items totaling EUR 74 million (-2 million), mainly related to the capital gain from the disposal of the Porvoo electricity grid. Pre-tax profit was EUR 257 million (81 million), profit for the period EUR 223 million (66 million), and earnings per share EUR 0.87 (0.25). The Group's



effective tax rate was 13% (20%) mainly due to the tax-exempt items, such as the sale proceeds of the shares of Kilpilahden Sähkösiirto Oy, electricity grid company.

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
COMPARABLE OPERATING PROFIT	78	86	215	293	136	583
- inventory gains/losses	78	2	-76	2	-1	-492
- changes in the fair value of open oil derivatives	-91	-18	18	-73	-13	74
- non-recurring items	-3	0	77	74	-2	-16
- capital gains/losses	-3	0	79	77	-2	-2
- insurance and other compensations	0	0	0	0	0	0
- others	0	0	-3	-3	0	-14
OPERATING PROFIT	63	70	233	296	120	150

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15% and the leverage ratio target is 25-50%.

	30 Jun 2015	30 Jun 2014	31 Dec 2014
Return on average capital employed after tax (ROACE)*, %	12.5	10.5	10.1
Leverage (net debt to capital), %	40.3	36.1	37.9

*Last 12 months

Cash flow, investments, and financing

Neste Group's net cash from operating activities totaled EUR 42 million (41 million) during the first six months of 2015. Preparing for the Porvoo refinery turnaround by building up inventories, and contango storing are the main reasons for the working capital increase, which started to reverse towards the end of the second quarter. Cash flow before financing activities was EUR -69 million (-95 million). The Group's net working capital in days outstanding was 23.7 days (15.7 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
EBITDA (IFRS)	146	153	311	457	284	480
Capital gains/losses	2	0	-79	-77	2	2
Other adjustments	96	12	-36	60	12	-80
Change in working capital	28	101	-367	-339	-181	-33
Finance cost, net	-18	-11	-11	-28	-21	-44
Income taxes paid	-28	-36	-2	-30	-56	-77
Net cash from operating activities	227	219	-185	42	41	248
Capital expenditure	-198	-63	-83	-281	-105	-272
Other investing activities	-14	15	184	170	-31	-34
Free cash flow (Cash flow before financing activities)	14	172	-83	-69	-95	-59



Cash-out investments totaled EUR 281 million (105 million) during January-June. Maintenance investments accounted for EUR 250 million (84 million) and productivity and strategic investments for EUR 31 million (21 million). Oil Products' investments totaled EUR 248 million (80 million), with the largest projects being the major turnaround and the Solvent Deasphalting (SDA) unit at the Porvoo refinery. Renewable Products' investments totaled EUR 16 million (9 million). Oil Retail's investments totaled EUR 9 million (9 million) and were mainly related to the station network. Investments in the Others segment totaled EUR 8 million (7 million) and were mainly related to R&D and business infrastructure.

Interest-bearing net debt was EUR 1,856 million as of the end of June, compared to EUR 1,621 million at the end of 2014. Net financial expenses for the first six months were EUR 39 million (39 million). The average interest rate of borrowing at the end of June was 3.4% (3.7%) and the average maturity 3.4 years (3.4 years). The interest-bearing net debt/comparable EBITDA ratio was 1.7 (1.9) over the previous 12 months at the end of the second quarter.

The Group has a solid financial position. The leverage ratio was 40.3% (31 Dec. 2014: 37.9%), and the gearing ratio 67.6% (31 Dec. 2014: 60.9%) at the end of June.

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 2,047 million as of the end of June (31 Dec. 2014: 1,849 million). There are no financial covenants in the Group's current loan agreements.

On June 23, the Administrative Court of Helsinki gave a decision on Neste's dispute with the Finnish Customs regarding the EUR 44 million penalty payment announced in January 2014. The court agreed with Neste's view that the Customs could not levy a penalty for Neste's alleged failure to meet the Finnish biofuel mandate requirements in 2009 and 2010, and returned the issue back to the Customs. The decision is not final, since the Customs have appealed to the Supreme Administrative Court.

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

US dollar exchange rate

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
USD/EUR, market rate	1.10	1.37	1.13	1.12	1.37	1.33
USD/EUR, effective rate*	1.24	1.35	1.22	1.23	1.34	1.32

* The effective rate includes the impact of currency hedges.

Segment reviews

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



Oil Products

Key financials

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Revenue, MEUR	1,675	3,124	1,976	3,651	5,754	11,285
Comparable EBITDA, MEUR	63	82	201	264	161	478
Comparable operating profit, MEUR	14	33	156	170	65	285
IFRS operating profit, MEUR	42	46	226	268	58	-110
Net assets, MEUR	2,547	2,277	2,439	2,547	2,277	2,160
Comparable return on net assets*, %	16.4	8.5	17.4	16.4	8.5	12.4

* Last 12 months

Key drivers

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Reference refining margin, USD/bbl	8.70	4.20	7.45	8.07	3.77	4.73
Additional margin, USD/bbl	2.13	4.13	4.21	3.25	4.61	5.10
Total refining margin, USD/bbl	10.83	8.33	11.66	11.32	8.38	9.83
Urals-Brent price differential, USD/bbl	-1.49	-2.20	-1.71	-1.61	-1.77	-1.72
Urals' share of total refinery input, %	66	57	61	63	59	57

Oil Products' second-quarter comparable operating profit totaled EUR 14 million, compared to EUR 33 million in the second quarter of 2014. Operating profit was supported by a stronger market, which was reflected in a USD 4.5/bbl higher reference margin year-on-year. The higher reference margin had a EUR 107 million positive impact on comparable operating profit. The scheduled Porvoo refinery turnaround had a negative impact of EUR 130 million on the second-quarter comparable operating profit. The impact materialized through lower sales volumes, which accounted for EUR 80 million, and lower additional margin, which accounted for EUR 50 million of the total. Neste's additional margin was USD 2.1/bbl (4.1), mainly reflecting the turnaround and a negative effect from currency hedging. Stronger USD/EUR exchange rate had a EUR 35 million positive effect on the result.

The Porvoo refinery turnaround was the largest in the history of the refinery, and it will help ensure the refinery's good performance and safety for the next five years. The turnaround lasted for nine weeks, with a maintenance capital expenditure totaling EUR 115 million. Also the isomerization investment at Porvoo has now been completed and the unit has been started-up. The average utilization rate at the Porvoo refinery was 28% (84%), which reflected the maintenance turnaround. The Naantali refinery recorded a utilization rate of 63% (69%), which was limited due to the repair works after a fire in the solvent production. Oil Products' comparable return on net assets was 16.4% (8.5%) at the end of June over the previous 12 months.

Crude oil price was mainly trading in a range between USD 55-65/bbl during the second quarter. First signs of higher than expected demand growth together with lowering shale oil drilling activity gave some support to crude oil price, although crude oil supply seemed to exceed demand.



The price differential between Brent and Russian Export Blend (REB) crude averaged USD -1.5/bbl in the second quarter. The differential reflected the continued good supply of both REB and alternative crudes, but strong European demand for REB prevented the differential to widen further.

The reference refining margin strengthened during the quarter due to the approaching summer driving season. The margin was supported by higher than expected global product demand growth, and an active refinery maintenance season. Gasoline margins were clearly the strongest part of the refining margin, while middle distillate margins faced pressure from the growing imports to Europe. Lower utility costs continued to support refining margins in all markets. Neste's reference margin averaged USD 8.7/bbl during the second quarter.

Oil Products' six-month comparable operating profit was EUR 170 million (65 million). During the first six months the reference refining margin was USD 4.3/bbl higher than in the corresponding period last year, which had a positive impact of EUR 194 million on the result. The major turnaround at the Porvoo refinery during the second quarter had a negative impact of EUR 130 million on the comparable operating profit. Neste's additional margin was USD 1.3/bbl lower and had a negative impact of EUR 92 million, of which the turnaround accounted for EUR 50 million, and currency hedging losses accounted for EUR 42 million. Stronger USD/EUR exchange rate had a EUR 66 million positive effect on the result. Lower sales volumes, mainly due to the scheduled Porvoo refinery maintenance, which accounted for EUR 80 million, had a negative impact totaling EUR 97 million on the segment's comparable operating profit year-on-year.

Production

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Porvoo refinery production, 1,000 ton	1,092	2,893	3,004	4,096	5,782	11,274
Porvoo refinery utilization rate, %	28	84	98	63	85	84
Naantali refinery production, 1,000 ton	465	547	499	964	985	1,959
Naantali refinery utilization rate, %	63	69	66	64	69	71
Refinery production costs, USD/bbl	8.1	5.1	3.3	4.8	4.9	4.9
Bahrain base oil plant production (Neste's share) 1,000 ton	43	41	43	86	67	143

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

	4-6/15	%	4-6/14	%	1-3/15	%	1-6/15	%	1-6/14	%	2014	%
Middle distillates*	852	46	1,560	44	1,393	44	2,245	45	3,113	46	6,204	46
Light distillates**	501	27	1,176	34	1,061	33	1,561	31	2,268	34	4,575	34
Heavy fuel oil	157	8	217	6	301	9	459	9	450	7	1,091	8
Base oils	98	5	212	6	119	4	218	4	324	5	469	3
Other products	252	14	340	10	302	10	553	11	582	8	1,201	9
TOTAL	1,860	100	3,504	100	3,176	100	5,036	100	6,736	100	13,540	100

* Diesel, jet fuel, heating oil

** Motor gasoline, gasoline components, LPG



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

	4-6/15	%	4-6/14	%	1-3/15	%	1-6/15	%	1-6/14	%	2014	%
Baltic Sea area*	1,480	79	1,990	57	1,993	63	3,473	69	4,328	64	8,872	65
Other Europe	333	18	851	24	929	29	1,262	25	1,561	23	3,060	23
North America	33	2	367	10	177	6	210	4	413	6	847	6
Other areas	14	1	296	9	78	2	91	2	434	7	761	6

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

Renewable Products

Key financials

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Revenue, MEUR	583	603	496	1,079	1,134	2,269
Comparable EBITDA, MEUR	78	56	64	142	92	335
Comparable operating profit, MEUR	54	32	42	96	44	239
IFRS operating profit, MEUR	11	3	-7	3	33	207
Net assets, MEUR	1,814	1,775	1,930	1,814	1,775	1,923
Comparable return on net assets*, %	15.8	14.6	14.7	15.8	14.6	13.3

* Last 12 months

Key drivers

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
FAME - Palm oil price differential*, USD/ton	183	240	140	162	234	231
SME - Soybean oil price differential**, USD/ton	159	180	174	166	172	199
Reference margin, USD/ton***	172	214	149	161	213	221
Additional margin, USD/ton	168	155	186	177	148	227
Comparable sales margin****, USD/ton	210	200	205	208	191	278
Biomass-based diesel (D4) RIN, USD/gal	0.86	0.56	0.81	0.84	0.58	0.53
Palm oil price****, USD/ton	601	785	624	613	798	733
Crude palm oil's share of total feedstock, %	33	34	38	36	36	38

* FAME seasonal vs. CPO BMD 3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price) + 70 \$/t freight to ARA (Amsterdam-Rotterdam-Antwerp)

** SME US Gulf Coast vs. SBO CBOT 1st (Soybean Oil Chicago Board of Trade 1st month futures price)

*** Based on standard variable production cost of USD 130/ton in 2015 and USD 170/ton in 2014.

**** Includes impact of US BTC (Blender's Tax Credit) in full-year 2014 figures.

***** CPO BMD 3rd

Renewable Products' comparable operating profit totaled EUR 54 million during the second quarter, compared to EUR 32 million in the second quarter of 2014. Renewable Products' reference margin had a minor impact on the result compared to the corresponding period last year, when the change in standard variable production cost is taken into account. Additional margin had a positive effect on the result totaling EUR 6 million, and a favorable USD/EUR exchange rate had a positive impact of EUR 20 million year-on-year. Sales volumes totaled 554,000 tons, 1% down compared to the corresponding period last year. Approximately 63% (66%) of sales volumes went to Europe and Asia-Pacific during the second quarter, and 37% (34%) to North America. The production achieved an average utilization rate of 86% (102%) during the quarter, reflecting the Porvoo refinery turnaround. The proportion of waste and residue inputs reached 67% (66%) on average. Renewable Products' comparable return on net assets was 15.8% (14.6%) at the end of June based on the previous 12 months.



In contrast to a rebound in both gasoil and other vegetable oils, crude palm oil (CPO) price continued to decline by USD 20/ton during the second quarter. That reflected the expected weakening of palm oil fundamentals as a result of recovery in production in both Malaysia and Indonesia. A strong growth in exports did not prevent Malaysian palm oil stocks from increasing to above 2 million tons. On the other hand, plans of the Indonesian government to increase the domestic biodiesel mandate failed to give real support to palm oil price.

During the early second quarter European Fatty Acid Methyl Ester (FAME) prices remained relatively flat at USD 830/ton despite stronger gasoil and rapeseed oil (RSO) prices. The biodiesel market was still weak due to lower German demand resulting from the new greenhouse gas (GHG) reduction regulation, and a surplus in used cooking oil (UCO) based biodiesel. However, at the end of the quarter FAME price picked up to almost USD 900/ton as biodiesel surplus was decreased following a reduction in production. However, FAME margins remained negative due to appreciation of RSO.

Despite the release of US Environmental Protection Agency's (EPA) constructive biodiesel mandate proposal on 29 May, the US Soy Methyl Ester (SME) price increased only marginally. The SME supply turned out to be relatively strong in the second quarter even though the producers' margins were low, which may reflect some SME producers' anticipation of a retroactive Blender's Tax Credit (BTC) introduction towards the end of the year.

Renewable Products' six-month comparable operating profit was EUR 96 million (44 million). The lower reference margin during the first six months had a negative impact of EUR 11 million on the segment's operating profit year-on-year, when the change in standard variable production cost is taken into account. This was compensated for by the higher additional margin, which had a positive impact of EUR 22 million on the operating profit. A stronger USD/EUR exchange rate had a EUR 40 million positive effect on the result year-on-year.

Production

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
NEXBTL, 1,000 ton	524	534	601	1,125	1,079	2,111
Other products, 1,000 ton	34	31	41	74	64	144
Utilization rate*, %	86	102	97	91	104	102

* Figures in 2015 based on 2.4 Mton/a nominal capacity (2.0 Mton/a in 2014).

Sales

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
NEXBTL, 1,000 ton	554	561	513	1,067	1,049	2,104
Share of sales volumes to Europe & APAC, %	63	66	78	70	69	73
Share of sales volumes to North America, %	37	34	22	30	31	27



Oil Retail

Key financials

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Revenue, MEUR	976	1,076	882	1,859	2,095	4,294
Comparable EBITDA, MEUR	28	27	23	51	48	94
Comparable operating profit, MEUR	22	20	17	39	34	68
IFRS operating profit, MEUR	22	20	17	39	34	68
Net assets, MEUR	226	252	220	226	252	201
Comparable return on net assets*, %	31.2	30.0	29.7	31.2	30.0	27.6

* Last 12 months

Oil Retail's second-quarter comparable operating profit was EUR 22 million (20 million). Total sales volumes increased, particularly in the Baltic markets, and had a positive impact of EUR 2 million on the comparable operating profit year-on-year. Average unit margins improved, and higher margins had a positive impact of EUR 3 million on the segment's second-quarter comparable operating profit. The weaker ruble had a negative impact of EUR 2 million on the result in Northwest Russia. Fixed costs and depreciations were approx. EUR 2 million higher year-on-year. Oil Retail's comparable return on net assets was 31.2% (30.0%) at the end of June on a rolling 12-month basis.

Oil Retail's markets remain competitive. Light traffic fuel demand is seasonally high during the summer period. Heavy traffic continues to decline year-on-year due to the sluggish economy in Finland. Markets in the Baltic countries are gradually growing. Russian market is stable, but further development is linked to overall economy.

Oil Retail's six-month comparable operating profit was EUR 39 million (34 million). The weaker ruble had a negative impact of EUR 4 million on the result in Northwest Russia compared to the corresponding period last year. Improved unit margins had a positive impact of EUR 9 million, and higher sales volume a positive impact of EUR 2 million on the segment's comparable operating profit. Fixed costs were EUR 3 million higher during the first six months year-on-year.

Sales volumes by main product categories, million liters

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Gasoline station sales	288	295	241	528	545	1,134
Diesel station sales	395	379	372	767	739	1,526
Heating oil	123	135	142	265	284	600

Net sales by market area, MEUR

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Finland	693	762	637	1,330	1,502	3,022
Northwest Russia	71	91	53	123	169	335
Baltic countries	204	220	185	389	419	929



Others

Key financials

	4-6/15	4-6/14	1-3/15	1-6/15	1-6/14	2014
Comparable operating profit, MEUR	-14	2	3	-11	-9	-7
IFRS operating profit, MEUR	-14	2	0	-14	-7	-13

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petr oleos de Venezuela; and common corporate costs. The comparable operating profit of the Others segment totaled EUR -14 million (2 million) in the second quarter.

The six-month comparable operating profit for the Others segment totaled EUR -11 million (-9 million); joint arrangements accounted for EUR -5 million (9 million) of this figure.

Shares, share trading, and ownership

Neste's shares are traded on NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 22.86, down by 6.3% compared to the end of the first quarter. At its highest during the quarter, the share price reached EUR 25.99, while at its lowest the price stood at EUR 21.78. Market capitalization was EUR 5.9 billion as of 30 June 2015. An average of 0.7 million shares were traded daily, representing 0.3% of the company's shares.

Neste's share capital registered with the Company Register as of 30 June 2015 totaled EUR 40 million, and the total number of shares outstanding was 256,403,686. As resolved by the AGM held on 1 April 2015, the Board of Directors was authorized to purchase and/or take as security a maximum of 1,000,000 company shares using the company's unrestricted equity. At the end of June 2015, Neste held 801,697 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of 30 June 2015, the Finnish State owned 50.1% (50.1% at the end of the first quarter) of outstanding shares, foreign institutions 26.6% (27.0%), Finnish institutions 12.3% (11.7%), and Finnish households 11.0% (11.2%).

Personnel

Neste employed an average of 4,912 (5,099) employees in the second quarter, of which 1,560 (1,498) were based outside Finland. As of the end of June, the company had 5,147 employees (5,171), of which 1,570 (1,532) were located outside Finland.

Health, safety, and the environment

Safety performance improved during the second quarter, but was not at the targeted level. The cumulative Total Recordable Incident Frequency (TRIF, number of cases per million hours worked) was 4.2 (2.7 in 2014). This figure includes both Neste's and contractors' personnel. Corporate TRIF target for 2015 is below 2.7. TRIF for the Porvoo turnaround implemented during the second quarter was 5.9, which represented a significant improvement from the



previous turnaround in 2010. The cumulative Process Safety Event Rate (PSER) was 2.3 (3.0 in 2014), better than the PSER target 2.7 for 2015.

Operational environmental emissions were in substantial compliance at all sites with one minor incident. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production facilities during the second quarter of 2015.

Neste has continued the work exceeding regulatory compliance in the field of renewable raw materials. As a result of the company's cooperation focusing on preventing de-forestation with The Forest Trust (TFT) all Neste's palm oil suppliers now have no-deforestation policies in place. The partnership between Neste and TFT continues with further ensuring implementation of these policies across the supply chain. Neste has also continued cooperation with Business for Social Responsibility (BSR), a non-profit organization, in the field of human rights issues, especially on migrant workers in Malaysia.

Implementation of the Hydrotreated Vegetable Oil (HVO) Verification Scheme approved by the European Commission has continued, and additional certificates have been granted by a third party certification body.

The Swedish Energy Authority has officially approved Neste AB's renewable fuel sustainability scheme. The scheme covers all the renewable fuels produced and sold by Neste. All key waste and residue materials currently used by Neste were approved as qualifying for the Swedish market.

Main events published during the reporting period

On 21 April, Neste announced that it had revised its guidance as a result of the strong performance during the first quarter and based on the current market outlook for the remainder of the year. The company now estimated the Group's full-year 2015 comparable operating profit to remain robust and to be higher than that reached in 2014.

On 27 May, Neste announced that it had reached an agreement with Kesko concerning continued, long-term cooperation between the companies and a significant focus on further improving the network of service stations, their concept, and services in Finland.

On 28 May, Neste announced that it will sell the crude oil vessel *Tempera* to Perenco. The sale is based on Neste's decision to divest its shipping operations, announced in fall 2013. The ship will be handed over to its new owner in summer 2016. Until that time, OSM Ship Management Finland will continue as *Tempera*'s ship management company.

On 1 June, Neste announced that it welcomes the US Environmental Protection Agency's (EPA) proposal on renewable fuel volume requirements for 2014, 2015 and 2016 published on 29 May. The EPA is proposing to set the renewable fuel standards for 2014 at the levels that were actually produced and used in the US and proposes steady increases each year thereafter. EPA is expected to finalize the volume requirements by 30 November.

On 9 June, Neste announced that it had signed a collaborative agreement with Total Fluides for the supply of Neste proprietary NEXBTL renewable isoalkane used by Total Fluides as feedstock to produce and develop innovative bio-based solvents and technical fluids. Total Fluides will market a new line of renewable fluids for numerous applications such as paints and coatings, drilling fluids, solvents for emulsion polymerization, printing ink fluids, emollients for cosmetics and many others industrial and automotive fluids.



On 16 June, Neste announced that its Porvoo refinery was back in production after the scheduled maintenance turnaround. Starting in April, the turnaround was the largest in the history of the refinery, and it will help ensure the refinery's good performance and safety for the next five years. The turnaround was expected to have a negative impact of approximately EUR 130 million on the Oil Products segment's comparable operating profit. Previously, the impact was expected to be approximately EUR 100 million.

On 16 June, Neste announced that it will sell the product vessels Purha and Jurmo to Swedish shipping company Rederi AB Donsötank. The ships will be handed over to its new owner in September 2015. Until that time, OSM Ship Management Finland will continue as the Purha's and Jurmo's ship management company. The sale is based on Neste's decision to divest its shipping operations, announced in fall 2013. Neste has now sold all the vessels it fully owns.

Potential risks

The oil market has been and is expected to continue to be very volatile. Oil refiners are exposed to a variety of political and economic trends and events, as well as natural phenomena that affect the short- and long-term supply of and demand for the products that they produce and sell. The political crisis in Ukraine has increased general uncertainty in the European energy market, but has not materially impacted oil and gas supply.

Uncertainty continues to be focused on the development of the world economy, which is likely to have a material impact on the demand for petroleum products generally and diesel fuel in particular.

Sudden and unplanned outages at Neste's production units or facilities continue to represent an inherent operational risk.

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

The implementation of biofuel legislation in the EU, North America, and other key market areas may influence the speed at which the demand for these fuels develops. Over the longer term, failure to protect Neste's proprietary technology or the introduction and implementation of competing technologies may have a negative impact on the company's results. Margins in the Renewable Products business can be volatile in various markets due to rapidly changing feedstock and product prices, and affect the profitability of the business as a result.

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

The key market drivers for Neste's financial performance are refining margins, the price differential between Russian Export Blend (REB) and Brent crude, the USD/EUR exchange rate, the price differentials between different vegetable oils and between vegetable and mineral oils, and biodiesel margins.

Neste's risk management aims to mitigate or eliminate the above-mentioned potential risks. For more detailed information on Neste's risks and risk management, please refer to the Annual Report and the Notes to the Financial Statements.



Outlook

Developments in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets; and volatility in these markets is expected to continue.

Global oil demand growth estimates for 2015 have been increased and are generally at 1.3-1.5 million bbl/d, as especially gasoline demand growth has been healthy. The forward reference refining margin outlook for the coming quarters is stronger than that seen in April. While the refining capacity growth in Asia and the Middle East and ending of the refinery maintenance season are expected to increase product supply, the transatlantic supply demand balance is also dependent on demand growth and possible refinery shutdowns. Lifting of the economic sanctions against Iran could increase the supply of medium heavy crude oil in the European market in the future.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks, but no fundamental changes in the drivers influencing long-term average feedstock price differentials are expected. Feedstock prices have been on a downward trend, but vegetable oil price differentials have remained narrower than the historical average. Market volatility in feedstock and oil prices is expected to continue, which will have an impact on the Renewable Products segment's profitability.

Crude oil price changes, supply and demand balances, together with uncertainties related to political decision-making on biofuel mandates, the US Blender's Tax Credit (BTC) and other incentives will be reflected in the oil and renewable fuel markets. Reintroduction of the BTC would have a positive impact on Neste's comparable operating profit, and it is not included in the company's current result guidance.

Neste's guidance remains unchanged: Neste estimates the Group's full-year 2015 comparable operating profit to remain robust and to be higher than that reached in 2014.

Reporting date for the company's third-quarter 2015 results

Neste will publish its third-quarter results on 23 October 2015 at approximately 9:00 a.m. EET.

Espoo, 4 August 2015

Neste Corporation
Board of Directors

Further information:

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News conference and conference call

A press conference in Finnish on second-quarter 2015 results will be held today, 5 August 2015, at 11:30 a.m. EET at the company's headquarters at Keilaranta 21, Espoo. www.neste.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on 5 August 2015 at



3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 6937 9543, rest of Europe: +44 (0)20 3427 1906, US: +1646 254 3362, using access code 6785568. The conference call can be followed at the company's [web site](#). An instant replay of the call will be available until 12 August 2015 at +358(0)9 2310 1650 for Finland, +44(0)20 3427 0598 for Europe and +1 347 366 9565 for the US, using access code 6785568.

The preceding information contains, or may be deemed to contain, "forward-looking statements". These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties, and other factors that may cause Neste Corporation's or its businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree. All forward-looking statements made in this report are based on information presently available to management and Neste Corporation assumes no obligation to update any forward-looking statements. Nothing in this report constitutes investment advice and this report shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.



FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT
CONSOLIDATED STATEMENT OF INCOME

MEUR	Note	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Revenue	3	2,605	4,104	5,348	7,613	15,011	12,747
Other income		8	2	94	9	57	142
Share of profit (loss) of joint ventures		-5	9	2	3	7	7
Materials and services		-2,287	-3,776	-4,653	-6,979	-13,932	-11,606
Employee benefit costs		-94	-86	-175	-172	-339	-342
Depreciation, amortization and impairments	3	-83	-83	-161	-164	-330	-327
Other expenses		-79	-99	-160	-189	-324	-295
Operating profit		63	70	296	120	150	326
Financial income and expenses							
Financial income		1	1	2	2	4	3
Financial expenses		-22	-22	-41	-40	-75	-75
Exchange rate and fair value gains and losses		10	-1	0	-1	-1	0
Total financial income and expenses		-11	-22	-39	-39	-72	-72
Profit before income taxes		52	48	257	81	78	253
Income tax expense		-10	-9	-34	-16	-18	-36
Profit for the period		42	39	223	66	60	217
Profit attributable to:							
Owners of the parent		42	39	222	64	57	215
Non-controlling interests		0	1	1	1	3	3
		42	39	223	66	60	217

Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)

0.17	0.15	0.87	0.25	0.22	0.84
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Profit for the period	42	39	223	66	60	217
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	12	-14	6	-14	-55	-35
Items that may be reclassified subsequently to profit or loss						
Translation differences	1	4	21	-7	-30	-2
Cash flow hedges						
recorded in equity	8	5	-51	9	-48	-107
transferred to income statement	25	-4	59	-9	1	69
Net investment hedges	1	0	1	0	0	1
Share of other comprehensive income of investments accounted for using the equity method	0	-3	-5	-3	-9	-10
Total	35	2	25	-11	-86	-49
Other comprehensive income for the period, net of tax	47	-12	31	-26	-141	-84
Total comprehensive income for the period	89	27	254	40	-81	133
Total comprehensive income attributable to:						
Owners of the parent	89	27	253	39	-84	131
Non-controlling interests	0	1	1	1	3	3
	89	27	254	40	-81	133



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	Note	30 June 2015	30 June 2014	31 Dec 2014
ASSETS				
Non-current assets				
Intangible assets	6	61	62	62
Property, plant and equipment	6	3,833	3,713	3,667
Investments in joint ventures		198	203	195
Non-current receivables		50	46	50
Deferred tax assets		36	33	55
Derivative financial instruments	8	20	28	25
Available-for-sale financial assets		5	5	5
Total non-current assets		4,203	4,089	4,058
Current assets				
Inventories		1,343	1,650	1,055
Trade and other receivables		861	1,130	887
Derivative financial instruments	8	77	19	144
Cash and cash equivalents		397	269	246
Total current assets		2,679	3,068	2,333
Assets classified as held for sale ¹⁾		23	0	103
Total assets		6,904	7,157	6,494
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity	2	2,688	2,725	2,601
Total		2,728	2,765	2,641
Non-controlling interest		19	17	18
Total equity		2,747	2,782	2,659
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,767	1,647	1,245
Deferred tax liabilities		250	248	265
Provisions		15	37	21
Pension liabilities		145	110	155
Derivative financial instruments	8	6	6	5
Other non-current liabilities		1	2	1
Total non-current liabilities		2,183	2,050	1,691
Current liabilities				
Interest-bearing liabilities		486	194	622
Current tax liabilities		6	26	4
Derivative financial instruments	8	112	25	128
Trade and other payables		1,370	2,080	1,388
Total current liabilities		1,974	2,325	2,141
Liabilities related to assets held for sale ¹⁾		0	0	2
Total liabilities		4,158	4,375	3,835
Total equity and liabilities		6,904	7,157	6,494

¹⁾ The assets classified as held for sale presented as of 30 June 2015 relate to decision to sell tankers Purha and Jurmo to Swedish shipping company Rederi AB Donsötank in September 2015. The tankers are part of the Oil Products segment.

The assets and the related liabilities classified as held for sale presented as of 31 December 2014 relate to the sale of all shares of Kipilahden Sähkösiirto Oy to InfraVia European Fund II, an infrastructure fund managed by InfraVia. The transaction was completed on 2 January 2015. The operations were part of the Oil Products segment.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014
Cash flow from operating activities					
Profit before income taxes	52	48	257	81	78
Adjustments, total	192	116	183	217	325
Change in working capital	28	101	-339	-181	-33
Cash generated from operations	272	266	101	117	369
Finance cost, net	-18	-11	-28	-21	-44
Income taxes paid	-28	-36	-30	-56	-77
Net cash generated from operating activities	227	219	42	41	248
Cash flows from investing activities					
Capital expenditure	-198	-63	-281	-105	-272
Proceeds from sales of shares in subsidiaries	0	0	171	0	0
Proceeds from sales of fixed assets	2	0	2	0	4
Proceeds from capital repayments in joint arrangements	0	15	0	15	18
Change in long-term receivables and other investments ¹⁾	-16	0	-3	-45	-56
Cash flows from investing activities	-212	-48	-111	-136	-306
Cash flow before financing activities	14	172	-69	-95	-59
Cash flows from financing activities					
Net change in loans and other financing activities	-11	107	385	40	-23
Purchase of treasury shares	0	-15	0	-15	-15
Dividends paid to the owners of the parent	-166	-167	-166	-167	-167
Dividends paid to non-controlling interests	-1	0	-1	0	0
Cash flows from financing activities	-178	-75	218	-142	-205
Net increase (+)/decrease (-) in cash and cash equivalents	-164	97	149	-238	-263

¹⁾ Including penalty payment in first quarter 2014 to Finnish Customs totaling approximately EUR 44 million.



CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	40	18	0	0	0	-30	-31	2,911	2,908	16	2,924
Profit for the period								64	64	1	66
Other comprehensive income for the period					-4	-14	-7		-26		-26
Total comprehensive income for the period					-4	-14	-7	64	39	1	40
Dividend paid								-167	-167	0	-167
Share-based compensation								1	1		1
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares				-15					-15		-15
Total equity at 30 June 2014	40	19	0	-15	-4	-44	-38	2,809	2,765	17	2,782

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	40	18	0	0	0	-30	-31	2,911	2,908	16	2,924
Profit for the period								57	57	3	60
Other comprehensive income for the period					-56	-55	-30		-141		-141
Total comprehensive income for the period					-56	-55	-30	57	-84	3	-81
Dividend paid								-167	-167	0	-167
Share-based compensation								-1	-1		-1
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares				-15					-15		-15
Total equity at 31 December 2014	40	19	0	-15	-56	-85	-61	2,800	2,641	18	2,659

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

KEY FINANCIAL INDICATORS

	30 June 2015	30 June 2014	31 Dec 2014	Last 12 months
Capital employed, MEUR	5,000	4,624	4,526	5,000
Interest-bearing net debt, MEUR	1,856	1,572	1,621	-
Capital expenditure and investment in shares, MEUR	349	140	418	627
Return on average capital employed, after tax, ROACE %	-	-	10.1	12.5
Return on capital employed, pre-tax, ROCE %, annualized	12.5	5.2	3.3	6.8
Return on equity %, annualized	16.5	4.6	2.1	7.9
Equity per share, EUR	10.67	10.84	10.34	-
Cash flow per share, EUR	0.16	0.16	0.97	0.97
Equity-to-assets ratio, %	39.9	38.9	41.0	-
Leverage ratio, %	40.3	36.1	37.9	-
Gearing, %	67.6	56.5	60.9	-
Average number of shares	255,532,966	255,842,644	255,532,039	255,378,473
Number of shares at the end of the period	255,601,989	255,184,603	255,403,686	255,601,989
Average number of personnel	4,912	5,099	4,989	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2014, with the exception of the adoption of new IFRS standards and IFRIC interpretations effective during 2015 that are relevant to its operations. The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

The Group applies the following new standards as of 1 January 2015:

- IFRIC 21 Levies

The Group has applied IFRIC 21 Levies as of 1 January 2015. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. The Group has identified certain land and property taxes in the scope of IFRIC 21. The comparative information for 2014 has been restated according to the transition rules. As the change impacted operating profit and current non-interest-bearing liabilities, the change had minor impact on the Group's key figures. As this restatement impacted only the expense accruals between the quarters during 2014, the total operating profit for the full year remained as it was reported originally, without any restatements to the annual cumulative figures. More information of the restatement's impact can be found in Interim Report published 24 April 2015.

Other new IFRS and IFRIC changes did not have a material impact on the reported income statement, statement of financial position or notes.

2. TREASURY SHARES

On 5 March 2015, 198,303 treasury shares of Neste Corporation have been conveyed without consideration to 63 key persons participating in the share-based incentive plan 2010 according to the terms and conditions of the plan. The number of treasury shares held by the company before the directed share issue was 1,000,000 shares. The number of treasury shares after the directed share issue is 801,697 shares. The total number of the company's shares is 256,403,686 shares.

In the Annual General meeting on 1 April 2015 the Board of Directors was authorized to decide the purchase of and/or take as security a maximum of 1,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 0.39% of the Company's total shares.

3. SEGMENT INFORMATION

Neste's operations are grouped into four reporting segments: Oil Products, Renewable Products, Oil Retail and Others. Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB. The performance of the reporting segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess performance and to decide on allocation of resources.

REVENUE MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Oil Products	1,675	3,124	3,651	5,754	11,285	9,182
Renewable Products	583	603	1,079	1,134	2,269	2,214
Oil Retail	976	1,076	1,859	2,095	4,294	4,058
Others	74	60	136	117	238	257
Eliminations	-704	-759	-1,376	-1,487	-3,075	-2,964
Total	2,605	4,104	5,348	7,613	15,011	12,747

OPERATING PROFIT MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Oil Products	42	46	268	58	-110	99
Renewable Products	11	3	3	33	207	178
Oil Retail	22	20	39	34	68	73
Others	-14	2	-14	-7	-13	-20
Eliminations	3	-1	0	2	-3	-5
Total	63	70	296	120	150	326

COMPARABLE OPERATING PROFIT MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Oil Products	14	33	170	65	285	390
Renewable Products	54	32	96	44	239	291
Oil Retail	22	20	39	34	68	73
Others	-14	2	-11	-9	-7	-8
Eliminations	3	-1	-1	2	-3	-5
Total	78	86	293	136	583	740

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Oil Products	49	49	94	96	193	192
Renewable Products	24	24	46	48	96	95
Oil Retail	6	7	12	13	26	25
Others	4	4	8	7	15	16
Eliminations	0	0	0	0	0	0
Total	83	83	161	164	330	327

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014	Last 12 months
Oil Products	233	55	320	88	276	508
Renewable Products	5	40	13	43	113	83
Oil Retail	5	7	9	9	19	18
Others	4	4	7	7	18	17
Eliminations	0	-9	0	-9	-9	0
Total	248	97	349	140	418	627

TOTAL ASSETS MEUR	30 June 2015	30 June 2014	31 Dec 2014
Oil Products	3,623	4,011	3,264
Renewable Products	2,061	2,070	2,198
Oil Retail	507	555	472
Others	428	417	418
Unallocated assets	560	411	420
Eliminations	-274	-307	-278
Total	6,904	7,157	6,494

NET ASSETS MEUR	30 June 2015	30 June 2014	31 Dec 2014
Oil Products	2,547	2,277	2,160
Renewable Products	1,814	1,775	1,923
Oil Retail	226	252	201
Others	201	236	190
Eliminations	-5	1	-6
Total	4,782	4,541	4,469



TOTAL LIABILITIES	30 June 2015	30 June 2014	31 Dec 2014
MEUR			
Oil Products	1,076	1,734	1,104
Renewable Products	246	295	276
Oil Retail	281	303	271
Others	227	181	228
Unallocated liabilities	2,596	2,169	2,229
Eliminations	-269	-308	-273
Total	4,158	4,375	3,835

RETURN ON NET ASSETS, %	30 June 2015	30 June 2014	31 Dec 2014	Last 12 months
Oil Products	22.5	5.1	-4.8	4.2
Renewable Products	0.4	3.7	11.5	9.7
Oil Retail	36.6	27.0	27.5	31.2

COMPARABLE RETURN ON NET ASSETS, %	30 June 2015	30 June 2014	31 Dec 2014	Last 12 months
Oil Products	14.2	5.7	12.4	16.4
Renewable Products	10.1	5.0	13.3	15.8
Oil Retail	36.6	27.2	27.6	31.2

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE

MEUR	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	1,675	1,976	2,652	2,879	3,124	2,630
Renewable Products	583	496	575	560	603	531
Oil Retail	976	882	1,046	1,153	1,076	1,019
Others	74	62	63	58	60	58
Eliminations	-704	-672	-785	-803	-759	-728
Total	2,605	2,744	3,552	3,846	4,104	3,510

QUARTERLY OPERATING PROFIT

MEUR	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	42	226	-180	11	46	12
Renewable Products	11	-7	154	20	3	30
Oil Retail	22	17	8	26	20	14
Others	-14	0	-5	-1	2	-8
Eliminations	3	-3	-2	-3	-1	2
Total	63	233	-25	54	70	50

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	14	156	110	111	33	32
Renewable Products	54	42	142	53	32	12
Oil Retail	22	17	8	26	20	14
Others	-14	3	-2	5	2	-11
Eliminations	3	-3	-2	-3	-1	2
Total	78	215	256	191	86	50

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	49	45	50	47	49	47
Renewable Products	24	22	25	24	24	24
Oil Retail	6	6	6	7	7	7
Others	4	4	4	4	4	3
Eliminations	0	0	0	0	0	0
Total	83	78	85	82	83	81

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	233	87	114	74	55	33
Renewable Products	5	8	48	22	40	4
Oil Retail	5	4	4	6	7	3
Others	4	3	5	6	4	3
Eliminations	0	0	0	0	-9	0
Total	248	101	171	107	97	43



RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT
Group

MEUR	4-6/2015	4-6/2014	1-3/2015	1-6/2015	1-6/2014	1-12/2014
COMPARABLE OPERATING PROFIT	78	86	215	293	136	583
- inventory gains/losses	78	2	-76	2	-1	-492
- changes in the fair value of open oil derivatives	-91	-18	18	-73	-13	74
- non-recurring items	-3	0	77	74	-2	-16
capital gains and losses	-3	0	79	77	-2	-2
insurance and other compensations	0	0	0	0	0	0
others	0	0	-3	-3	0	-14
OPERATING PROFIT (IFRS)	63	70	233	296	120	150

Oil Products

MEUR	4-6/2015	4-6/2014	1-3/2015	1-6/2015	1-6/2014	1-12/2014
COMPARABLE OPERATING PROFIT	14	33	156	170	65	285
- inventory gains/losses	96	14	-43	53	2	-381
- changes in the fair value of open oil derivatives	-66	-1	35	-32	-4	-5
- non-recurring items	-3	0	79	77	-4	-9
capital gains and losses	-3	0	79	77	-4	-4
insurance and other compensations	0	0	0	0	0	0
others	0	0	0	0	0	-5
OPERATING PROFIT (IFRS)	42	46	226	268	58	-110

Renewable Products

MEUR	4-6/2015	4-6/2014	1-3/2015	1-6/2015	1-6/2014	1-12/2014
COMPARABLE OPERATING PROFIT	54	32	42	96	44	239
- inventory gains/losses	-18	-12	-32	-51	-3	-111
- changes in the fair value of open oil derivatives	-25	-17	-17	-42	-9	79
- non-recurring items	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
others	0	0	0	0	0	0
OPERATING PROFIT (IFRS)	11	3	-7	3	33	207

Oil Retail

MEUR	4-6/2015	4-6/2014	1-3/2015	1-6/2015	1-6/2014	1-12/2014
COMPARABLE OPERATING PROFIT	22	20	17	39	34	68
- inventory gains/losses	0	0	0	0	0	0
- changes in the fair value of open oil derivatives	0	0	0	0	0	0
- non-recurring items	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
others	0	0	0	0	0	0
OPERATING PROFIT (IFRS)	22	20	17	39	34	68

Others

MEUR	4-6/2015	4-6/2014	1-3/2015	1-6/2015	1-6/2014	1-12/2014
COMPARABLE OPERATING PROFIT	-14	2	3	-11	-9	-7
- inventory gains/losses	0	0	0	0	0	0
- changes in the fair value of open oil derivatives	0	0	0	0	0	0
- non-recurring items	0	0	-3	-3	3	-6
capital gains and losses	0	0	0	0	3	3
insurance and other compensations	0	0	0	0	0	0
others	0	0	-3	-3	0	-9
OPERATING PROFIT (IFRS)	-14	2	0	-14	-7	-13



4. ACQUISITIONS AND DISPOSALS

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

Assets and liabilities of Kilpilahden Sähkösiirto Oy

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

On 31 March, 2014 Neste sold its 100% interest in its subsidiary Neste LPG AB. A capital gain amounting to EUR 2 million resulting from the transaction has been included in the consolidated financial statements. The operations were part of the Oil Retail segment.

Assets and liabilities of Neste LPG AB

MEUR	
Inventories	0
Trade and other receivables	0
Cash and cash equivalents	3
Total assets	3
Provisions	3
Trade payable and other payable	0
Total liabilities	3
Sold net assets	0
Gain on sale	2
Total consideration	3
Cash consideration received	3
Cash and cash equivalents disposed of	3
Cash inflow arising from disposal	0

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	30 June 2015	30 June 2014	31 Dec 2014
MEUR	2015	2014	2014
Opening balance	3,729	3,805	3,805
Depreciation, amortization and impairments	-161	-164	-330
Capital expenditure	349	140	418
Disposals	-8	-4	-35
Assets classified as held for sale	-23	0	-99
Translation differences	7	-2	-30
Closing balance	3,894	3,775	3,729

CAPITAL COMMITMENTS

MEUR	30 June 2015	30 June 2014	31 Dec 2014
Commitments to purchase property, plant and equipment	57	50	51
Total	57	50	51

6. INTEREST-BEARING NET DEBT AND LIQUIDITY

Interest-bearing net debt	30 June 2015	30 June 2014	31 Dec 2014
MEUR	2015	2014	2014
Short-term interest-bearing liabilities	486	194	622
Long-term interest-bearing liabilities	1,767	1,647	1,245
Interest-bearing liabilities	2,253	1,841	1,866
Cash and cash equivalents ¹⁾	-397	-269	-246
Interest-bearing net debt	1,856	1,572	1,621

¹⁾ includes interest-bearing receivables EUR 32.5 million on 30 June 2015

Liquidity, unused committed credit facilities and debt programs

MEUR	30 June 2015	30 June 2014	31 Dec 2014
Cash and cash equivalents	397	269	246
Unused committed credit facilities	1,650	1,650	1,603
Total	2,047	1,919	1,849
In addition: Unused CP programmes (not committed)	400	260	345



7. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

Interest rate and currency derivative contracts and share forward contracts MEUR	30 June 2015		30 June 2014		31 Dec 2014	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate swaps						
Hedge accounting	750	16	750	23	750	22
Non-hedge accounting	0	0	0	0	0	0
Currency derivatives						
Hedge accounting	897	-29	991	7	1,125	-49
Non-hedge accounting	739	-3	746	3	804	-11

Commodity derivative contracts	30 June 2015			30 June 2014			31 Dec 2014		
	Volume GWh	Volume million bbl	Net fair value Meur	Volume GWh	Volume million bbl	Net fair value Meur	Volume GWh	Volume million bbl	Net fair value Meur
Sales contracts									
Hedge accounting	0	0	0	0	0	0	0	0	0
Non-hedge accounting	0	30	28	0	9	-9	0	8	135
Purchase contracts									
Hedge accounting	0	0	0	0	0	0	0	0	0
Non-hedge accounting	2,697	19	-31	1,793	9	-6	2,691	8	-60

Commodity derivative contracts include oil, vegetable oil, electricity and gas derivative contracts.

The fair values of derivative financial instruments subject to public trading are based on market prices as of the balance sheet date. The fair values of other derivative financial instruments are based on the present value of cash flows resulting from the contracts, and, in respect of options, on evaluation models. The amounts also include unsettled closed positions. Derivative financial instruments are mainly used to manage the Group's currency, interest rate and price risk.

Carrying amounts of financial assets and liabilities by measurement categories

Financial assets and liabilities divided by categories were as follows as of June 30, 2015:

Balance sheet item	Financial assets/liabilities at fair value through income statement		Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
	Hedge accounting	Non-hedge accounting					
Non-current financial assets							
Non-current receivables			50			50	50
Derivative financial instruments	20	0				20	20
Available-for-sale financial assets				5		5	5
Current financial assets							
Trade and other receivables, excluding prepayments			844			844	844
Derivative financial instruments	2	76				77	77
Cash and cash equivalents			397			397	397
Carrying amount by category	22	76	1,292	5	0	1,394	1,394
Non-current financial liabilities							
Interest-bearing liabilities					1,767	1,767	1,816
Derivative financial instruments	4	1				6	6
Other non-current liabilities					1	1	1
Current financial liabilities							
Interest-bearing liabilities					487	487	487
Derivative financial instruments	31	81				112	112
Trade and other payables, excluding non-financial liabilities					1,370	1,370	1,370
Carrying amount by category	35	82	0	0	3,625	3,742	3,791

Financial instruments that are measured in the balance sheet at fair value are presented according to following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that is not based on observable market data (unobservable inputs).

Fair value hierarchy, MEUR

Financial assets	Level 1	Level 2	Level 3	Total
Non-current derivative financial instruments	0	20	0	20
Current derivative financial instruments	4	73	0	77
Financial liabilities				
Non-current derivative financial instruments	0	6	0	6
Current derivative financial instruments	1	110	0	112

During the six-month period ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of non-current and current interest-bearing liabilities that are carried at amortized cost, but for which fair value is disclosed, are determined by using the discounted cash flow method employing market interest rates or market values at the balance sheet date. Non-current and current interest-bearing liabilities are classified into fair value measurement hierarchy level 1 (corporate bonds) or 2.



8. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, joint arrangements and the entities controlled by Neste's controlling shareholder the State of Finland. Related party includes also the members of the Board of Directors, the President and CEO and other members of the Neste Executive Board (key management persons), close members of the families of the mentioned key management persons and entities controlled or jointly controlled by the mentioned key management persons or close members of those persons' families.

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

Transactions carried out with joint arrangements	1-6/2015	1-6/2014	1-12/2014
Sales of goods and services	3	67	150
Purchases of goods and services	21	54	99
Receivables	45	169	5
Financial income and expenses	0	0	0
Liabilities	34	153	8

9. CONTINGENT LIABILITIES

MEUR	30 June 2015	30 June 2014	31 Dec 2014
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	17	17	17
Pledged assets	0	0	0
Other contingent liabilities	153	108	107
Total	170	125	125
On behalf of joint arrangements			
Guarantees	1	1	1
Total	1	1	1
On behalf of others			
Guarantees	2	1	1
Other contingent liabilities	2	2	2
Total	3	3	3
Total	174	129	129

MEUR	30 June 2015	30 June 2014	31 Dec 2014
Operating lease liabilities			
Due within one year	47	37	53
Due between one and five years	44	51	48
Due later than five years	77	65	64
Total	168	153	164

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

Other contingent liabilities

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



Calculation of key 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 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, vegetable oil, electricity and gas 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 +/- non-recurring items - unrealized change in fair value of oil, vegetable oil, electricity and gas derivative contracts. Inventory gains/losses include the change in fair value of all trading inventories.
Comparable net profit	=		Profit for the period attributable to the equity holders of the company, adjusted for inventory gains/losses, non-recurring items and unrealized gains/losses on oil, vegetable oil, electricity and gas derivative contracts, net of tax.
Return on equity, (ROE) %	=	100 x	$\frac{\text{Profit before taxes} - \text{taxes}}{\text{Total equity average}}$
Return on capital employed, pre-tax (ROCE) %	=	100 x	$\frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Capital employed average}}$
Return on average capital employed, after-tax (ROACE) %	=	100 x	$\frac{\text{Profit for the period (adjusted for inventory gains/losses, non-recurring items and unrealized gains/losses on oil, vegetable oil, electricity and gas derivative contracts, net of tax) + non-controlling interests + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax)}}{\text{Capital employed average}}$
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	$\frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt} + \text{total equity}}$
Gearing, %	=	100 x	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	100 x	$\frac{\text{Total equity}}{\text{Total assets} - \text{advances received}}$
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, investments in joint ventures including shareholder loans, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities
Research and development expenditure	=		Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.



Calculation of share-related indicators

Earnings per share (EPS)	=	$\frac{\text{Profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
Comparable earnings per share	=	$\frac{\text{Comparable net profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
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	=	$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$
Price / earnings ratio (P/E)	=	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$
Dividend payout ratio, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Average share price	=	$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization at the end of the period	=	Number of shares at the end of the period x share price at the end of the period
Trading volume	=	Number of shares traded during the period, and number of shares traded during the period in relation to the weighted average number of shares during the period





