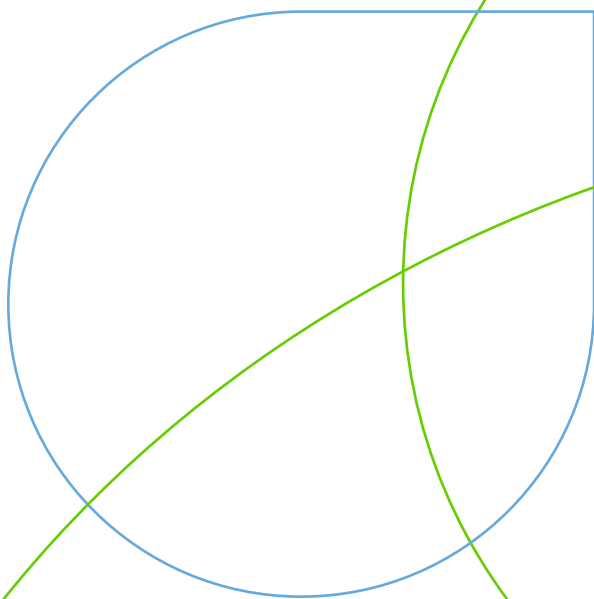


Neste Corporation  
**Interim Report**  
January–March 2020



## Neste's Interim Report for January–March 2020

### Good results amid increasing market uncertainty

#### First quarter in brief:

- Comparable operating profit totaled EUR 408 million (EUR 378 million)
- Operating profit totaled EUR 197 million (EUR 383 million)
- Renewable Products' comparable sales margin, including BTC, was USD 685/ton (USD 756/ton)
- Oil Products' total refining margin was USD 11.03/bbl (USD 9.47/bbl)
- Cash flow before financing activities was EUR -120 million (EUR 8 million)
- Return on average capital employed (ROACE) was 26.7% over the last 12 months (2019: 26.6%)
- Leverage ratio was -1.1% at the end of March (31.12.2019: -3.3%)
- Board of Directors dividend proposal revised

#### President and CEO Peter Vanacker:

“Neste had a solid start to the year considering the negative market impacts caused by the global coronavirus (COVID-19) pandemic in the latter part of the first quarter. We posted a comparable operating profit of EUR 408 million in the first quarter, compared to EUR 378 million in the corresponding period last year. Renewable Products' sales volumes were high, and our renewables facilities reached a new quarterly production record. Oil Products' comparable operating profit was at the same level as in the first quarter of 2019, mainly as a result of high additional margin. Marketing & Services' financial performance mainly reflected the volume reduction caused by a warm weather and the COVID-19 impacts. Oil price declined significantly during the quarter, which resulted in material inventory valuation losses in the Group's operating profit. Neste reached a ROACE of 26.7% over the last 12 months and a leverage ratio of -1.1%.

Renewable Products posted a comparable operating profit of EUR 329 million (EUR 337 million) in the first quarter. The renewable diesel demand was good in early 2020, but, as expected, the feedstock markets remained tight. Combined with the significant impact of the COVID-19 situation on commodity pricing, the tight feedstock market created some pressure on the sales margin. The lower sales margin had a negative impact of EUR 45 million on the comparable operating profit compared to the corresponding period last year. The US Blender's Tax Credit (BTC) contribution was EUR 52 million (EUR 40 million) in the first quarter. Our sales volumes were 731,000 tons, which was approximately 6% higher than in the corresponding period last year. During the first quarter our renewable diesel production facilities operated at an average 101% utilization rate, and reached a new quarterly production record of 795,000 tons. Feedstock mix optimization continued, and the proportion of waste and residue inputs was 82%.

Oil Products posted a comparable operating profit of EUR 74 million (EUR 73 million) in the first quarter. The reference margin, reflecting the general market conditions, was very volatile during the quarter. It averaged slightly lower than in the corresponding period last year. Oil Products' additional margin was strong at USD 6.7/bbl, supported by good operational and supply performance. Sales volumes were lower than in the first quarter of 2019 due to warm weather and COVID-19 impacting demand in the latter part of the quarter.

Marketing & Services generated a comparable operating profit of EUR 8 million (EUR 13 million) in the first quarter. The lower financial performance year-on-year was mainly due to the lower sales caused by warm weather and COVID-19 impacts. The divestment of the Russian business, completed in October 2019, had a negative impact totaling EUR 3 million on the comparable operating profit compared to the first quarter of 2019.

The Others segment's comparable operating profit was EUR 34 million higher than in the corresponding period of 2019. This was mainly due to the Nynas minority shareholding not having an impact on the Others segment's financial performance any more as it was fully written-off in the third quarter of 2019.

On 12 March 2020, we held a Capital Markets Day, where we gave an update on our strategy and market outlook. Neste's ambition to become a global leader in renewable and circular solutions is unchanged, and the company continues to focus on its strategy implementation in the current very volatile market environment. The Singapore renewables capacity expansion project is on track, and it is scheduled to be up and running in mid-2022, depending on restrictions set by the local government due to COVID-19.

Neste takes the risks relating to COVID-19 very seriously. In this exceptional situation, the company's primary objective is to ensure the health and safety of its employees, customers, contractors and other external partners as well as to ensure the continuity of its refinery operations and secure supply of products to its customers. Therefore, and to comply with the emergency rules set by the Finnish government, we decided to postpone the Annual General Meeting scheduled for 7 April 2020, to a later date. We were also forced to delay and execute the Porvoo refinery major turnaround scheduled for the second quarter of 2020 in phases.

Due to the COVID-19 pandemic, there is significant, unprecedented uncertainty related to the economic development, and the demand and prices of oil products. A lot will depend on the pace, timing and geographical distribution of a possible market recovery. According to the IEA, the global oil demand in 2020 is expected to contract for the first time since the global recession of 2009. Different market consultants currently estimate that oil demand will decline between 4 and 9 million barrels per day year-on-year. This is expected to have a negative impact on the market demand, sales and profitability of Oil Products and Marketing & Services businesses. Biofuel regulations and mandates are expected to continue supporting renewable diesel demand. Possible decline in the overall fuel demand could, however, negatively impact the sales and profitability of Renewable Products business. Neste has a strong balance sheet and liquidity position to navigate through these uncertain and difficult times. Business continuity and contingency plans are in place, and corrective actions have already been started. I have full faith in our management and employees to navigate successfully through these challenging times.

So far Neste's business has been quite resilient against the various consequences of the pandemic. Still, there is an unprecedented uncertainty on the further development of the pandemic and its impact on the global economy. In this context, the Board has decided to propose a change in the dividend proposal to the Annual General Meeting."

## Outlook

Visibility in the global economic development is extremely low due to the COVID-19 pandemic. As a consequence, we expect volatility in the oil products, renewable feedstock and renewable fuels markets to remain very high. Based on our current estimates and a hedging rate of 90%, Neste's effective EUR/US dollar rate is expected to be within a range 1.11-1.13 in the second quarter of 2020.

Sales volumes of renewable diesel are expected to remain relatively stable in the second quarter despite the market impacts of the COVID-19 pandemic. We expect the waste and residue feedstock markets to remain very tight, also

driven by lower availability of Used Cooking Oil due to restaurants not operating. Utilization rates of our renewables production facilities are expected to remain good, except for a scheduled four-week catalyst change at the Singapore refinery in the second quarter, and at the Rotterdam refinery in the fourth quarter of 2020. The exact timing of the catalyst change in Singapore will be subject to the lock-down restrictions by the local authorities. A catalyst change maintenance is currently estimated to have a negative impact of EUR 50 million on the segment's comparable operating profit. Additionally, one renewable diesel unit at the Porvoo refinery is expected to have a 3-week maintenance break in the third quarter. The Porvoo unit maintenance is estimated to have a negative impact of EUR 10 million on the comparable operating profit.

Oil Products' second-quarter market demand is expected to be severely reduced by the COVID-19 pandemic. The reference margin is also expected to be lower than in the first quarter of 2020, and very high volatility is expected to continue. As announced on 23 March 2020, the scheduled major turnaround at the Porvoo refinery has been postponed to 2021, and only business critical unit maintenance will be performed during the second quarter of 2020. The maintenance of the critical units is currently estimated to have a negative impact of approximately EUR 85 million on the segment's comparable operating profit, mainly in the second quarter.

In Marketing & Services the COVID-19 pandemic is expected to have a significant negative impact on the demand and sales volumes in the second quarter.

Neste continues to implement the Singapore capacity expansion project, the modified Porvoo turnaround, and other strategic projects according to plan. The company expects the Group's full-year 2020 capital expenditure to be reduced from the previously estimated EUR 1.2 billion to approximately EUR 950 million, excluding possible M&A.

## Neste's Interim Report, 1 January – 31 March 2020

The Interim Report is unaudited.

Figures in parentheses refer to the corresponding period for 2019, unless otherwise stated.

### Key Figures

EUR million (unless otherwise noted)

	1-3/20	1-3/19	10-12/19	2019
Revenue	3,270	3,769	4,053	15,840
EBITDA	326	486	1,164	2,731
Operating profit	197	383	1,046	2,229
Comparable operating profit*	408	378	781	1,962
Profit before income taxes	203	348	1,030	2,067
Net profit	201	295	934	1,789
Comparable net profit**	385	289	704	1,564
Earnings per share, EUR	0.26	0.38	1.22	2.33
Comparable earnings per share, EUR	0.50	0.38	0.92	2.04
Investments	260	98	399	890
Net cash generated from operating activities	193	100	995	1,456

	31 March 2020	31 March 2019	31 Dec 2019
Total equity	6,088	4,923	5,922
Interest-bearing net debt	-64	82	-191
Capital employed	7,374	6,297	7,243
Return on average capital employed after tax (ROACE)***, %	26.7	19.9	26.6
Equity per share, EUR	7.93	6.41	7.71
Leverage ratio, %	-1.1	1.6	-3.3

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

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

\*\*\* Last 12 months

## The Group's first quarter 2020 results

Neste's revenue in the first quarter totaled EUR 3,270 million (3,769 million). The revenue decline mainly resulted from the lower oil price, which had a negative impact of approx. EUR 400 million, and lower sales volumes, which had a negative impact of approx. EUR 100 million on the revenue. The Group's comparable operating profit was EUR 408 million (378 million). Renewable Products' comparable operating profit was EUR 329 million (337 million), mainly due to a lower sales margin than in the first quarter of 2019. Oil Products' comparable operating profit was EUR 74 million (73 million). Marketing & Services comparable operating profit was EUR 8 million (13 million), mainly due to lower sales volumes compared to the first quarter of 2019 and divestment of the Russian business. The Others segment's comparable operating profit of EUR -9 million (-43 million) was significantly better than in the corresponding period of 2019, mainly as a result of the minority shareholding in Nynas having been fully written-off in 2019 .

The Group's operating profit was EUR 197 million (383 million), which was impacted by inventory valuation losses of EUR 293 million (gains of 72 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 82 million (-88 million), mainly related to inventory hedging. Profit before income taxes was EUR 203 million (348 million), and net profit EUR 201 million (295 million). Comparable earnings per share were EUR 0.50 (0.38), and earnings per share EUR 0.26 (0.38).

	1-3/20	1-3/19	10-12/19	2019
COMPARABLE OPERATING PROFIT	408	378	781	1,962
- inventory valuation gains/losses	-293	72	87	180
- changes in the fair value of open commodity and currency derivatives	82	-88	133	69
- capital gains/losses	0	0	27	37
- impairments	0	10	23	-11
- other adjustments	0	10	-6	-7
OPERATING PROFIT	197	383	1,046	2,229

Variance analysis (comparison to corresponding period), MEUR

	1-3
Group's comparable operating profit, 2019	378
BTC 2019 reallocation	40
Sales volumes	5
Sales margin	-22
Currency exchange	18
Fixed costs	-19
Others	6
Group's comparable operating profit, 2020	408

Variance analysis by segment (comparison to corresponding period), MEUR

	<b>1-3</b>
Group's comparable operating profit, 2019	378
Renewable Products	-7
Oil Products	1
Marketing & Services	-5
Others including eliminations	42
Group's comparable operating profit, 2020	408

## 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 below 40%. At the end of March, ROACE calculated over the last 12 months was strong at 26.7%, and leverage ratio remained well below the 40% target.

	<b>31 Mar 2020</b>	<b>31 Mar 2019</b>	<b>31 Dec 2019</b>
Return on average capital employed after tax (ROACE)*, %	26.7	19.9	26.6
Leverage ratio (net debt to capital), %	-1.1	1.6	-3.3

\*Last 12 months

## Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 193 million (100 million) during the first quarter of 2020. The difference mainly resulted from the release of net working capital compared to the increase in the corresponding period last year. Cash flow before financing activities was EUR -120 million (8 million). The Group's net working capital in days outstanding was 36.9 days (30.7 days) on a rolling 12-month basis at the end of the first quarter. The increase in net working capital in days outstanding was mainly due to the US BTC receivables.

	<b>1-3/20</b>	<b>1-3/19</b>	<b>10-12/19</b>	<b>2019</b>
EBITDA	326	486	1,164	2,731
Capital gains/losses	0	0	-27	-37
Other adjustments	-120	111	-159	-77
Change in net working capital	37	-401	181	-780
Finance cost, net	0	-9	-20	-48
Income taxes paid	-50	-87	-144	-333
Net cash generated from operating activities	193	100	995	1,456
Capital expenditure	-198	-71	-222	-568
Other investing activities	-115	-21	170	265
Free cash flow (Cash flow before financing activities)	-120	8	943	1,154

Cash-out investments were EUR 207 million (71 million) in the first quarter of 2020. Maintenance investments accounted for EUR 72 million (36 million) and productivity and strategic investments for EUR 135 million (34 million). Renewable Products' investments were EUR 101 million (14 million), mainly related to the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 81 million (40 million), with the largest projects being the Porvoo turnaround 2020 related investments. Marketing & Services' investments totaled EUR 4 million (5 million) and were focused on the retail station network. Investments in the Others segment were EUR 21 million (11 million), concentrating on IT and business infrastructure upgrade and Innovation activities.

Interest-bearing net debt was EUR -64 million at the end of March 2020, compared to EUR -191 million at the end of 2019. Net financial expenses for the quarter were EUR -7 million (34 million). The average interest rate of borrowing at the end of March was 2.0% (2.3%) and the average maturity 2.9 (3.2) years. At the end of the first quarter the Net debt to EBITDA ratio was 0.0 (0.1) over the last 12 months.

The leverage ratio was -1.1% (31 Dec 2019: -3.3%) at the end of March. The Group's strong financial position enables implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,700 million at the end of March (31 Dec 2019: 2,863 million). There are no financial covenants in the Group companies' current loan agreements.

In accordance with the hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of March the Group's foreign currency hedging ratio was approx. 50% of the sales margin for the next 12 months.

#### US dollar exchange rate

	1-3/20	1-3/19	10-12/19	2019
EUR/USD, market rate	1.10	1.14	1.11	1.12
EUR/USD, effective rate*	1.13	1.18	1.13	1.15

\* The effective rate includes the impact of currency hedges.

## Segment reviews

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



## Renewable Products

### Key financials

	1-3/20	1-3/19	10-12/19	2019
Revenue, MEUR	1,065	973	1,081	4,033
EBITDA, MEUR	469	335	937	2,013
Comparable operating profit, MEUR	329	337	671	1,599
Operating profit, MEUR	426	300	888	1,847
Net assets, MEUR	3,165	2,116	3,137	3,137
Return on net assets*, %	75.3	47.8	77.4	77.4
Comparable return on net assets*, %	60.7	53.5	67.0	67.0

\* Last 12 months

### Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable operating profit, 2019	337
BTC 2019 reallocation	40
Sales volumes	24
Sales margin	-45
Currency exchange	12
Fixed costs	-31
Others	-8
Comparable operating profit, 2020	329

### Key drivers

	1-3/20	1-3/19	10-12/19	2019
Comparable sales margin, including BTC*, USD/ton	685	756	787	733
Biomass-based diesel (D4) RIN, USD/gal	0.47	0.50	0.56	0.48
California LCFS Credit, USD/ton	206	194	206	197
Palm oil price**, USD/ton	631	537	604	522
Waste and residues' share of total feedstock, %	82	80	84	80

\* Full-year BTC contribution for 2019 recorded in 10-12/19 has been reallocated to the quarters of 2019.

\*\* CPO BMD 3<sup>rd</sup>, Crude Palm Oil Bursa Malaysia Derivatives 3<sup>rd</sup> month futures price

Renewable Products' first quarter comparable operating profit totaled EUR 329 million, compared to EUR 337 million in the first quarter of 2019. The comparable sales margin, including BTC, averaged at USD 685/ton. It was lower than in the first quarter of 2019, which had a negative impact of EUR 45 million on the comparable operating profit. The BTC contribution was EUR 52 million (EUR 40 million) in the first quarter. Our sales volumes were 731,000 tons, which was approx. 6% higher than in the first quarter of 2019. The higher sales volume had a positive impact of EUR 24 million on the comparable operating profit year-on-year. During the first quarter approx. 75% (74%) of the volumes were sold to the European market and 25% (26%) to North America. The share of 100% renewable diesel delivered to end-users was 27% (22%) in the first quarter. Our renewable diesel production had

an average utilization rate of 101% (99%) during the quarter, and we achieved a new quarterly production record of 795,000 tons. The proportion of waste and residue inputs was 82% (80%) on average. The segment's fixed costs were EUR 31 million higher than in the corresponding period of 2019, mainly related to strategic growth projects and strengthening of resources. Renewable Products' comparable return on net assets was 60.7% (53.5%) at the end of March based on the previous 12 months.

Animal fat prices increased through February with slow slaughtering activity in some regions. In March, animal fat prices started decreasing as a result of a drop in demand triggered by the economic downturn caused by the COVID-19. The European Used Cooking Oil (UCO) prices remained high during the first quarter due to strong demand and diminishing supply from China. Led by strong palm oil fundamentals vegetable oil prices peaked in January before reversing their trend and ending up lower than in December due to a significant decline in demand especially in the energy sector.

The US Renewable Identification Number (RIN) D4 price continued to drop in January following the reinstatement of the BTC for 2020, but it rebounded in February and remained steady in March in response to the diesel price drop. The California Low Carbon Fuel Standard (LCFS) credit price continued to rise before reaching an all-time high level of USD 210/ton. The LCFS declined in March as the lockdown in California reduced transportation fuel demand resulting in a smaller generation of deficits.

#### Production

	1-3/20	1-3/19	10-12/19	2019
Neste MY Renewable Diesel, 1,000 ton	795	713	656	2,872
Other products, 1,000 ton	59	60	49	219
Utilization rate*, %	101	99	91	99

\* Based on nominal capacity of 3.0 Mton/a in 2020, and 2.9 Mton/a in 2019.

#### Sales

	1-3/20	1-3/19	10-12/19	2019
Neste MY Renewable Diesel, 1,000 ton	731	692	693	2,846
Share of sales volumes to Europe, %	75	74	60	67
Share of sales volumes to North America, %	25	26	40	33

#### Oil Products

##### Key financials

	1-3/20	1-3/19	10-12/19	2019
Revenue, MEUR	1,860	2,514	2,595	10,416
EBITDA, MEUR	-164	165	189	637
Comparable operating profit, MEUR	74	73	117	386
Operating profit, MEUR	-234	114	141	406
Net assets, MEUR	2,439	2,581	2,313	2,313
Return on net assets*, %	2.3	5.8	16.2	16.2
Comparable return on net assets*, %	15.2	14.5	15.4	15.4

\* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	<b>1-3</b>
Comparable operating profit, 2019	73
Sales volumes	-9
Reference margin	-4
Additional margin	28
Currency exchange	6
Fixed costs	-3
Others	-17
Comparable operating profit, 2020	74

Key drivers

	<b>1-3/20</b>	<b>1-3/19</b>	<b>10-12/19</b>	<b>2019</b>
Reference margin, USD/bbl	4.33	4.51	5.49	5.82
Additional margin, USD/bbl	6.69	4.96	5.91	4.73
Total refining margin, USD/bbl	11.03	9.47	11.40	10.56
Urals-Brent price differential, USD/bbl	-2.34	-0.24	-1.54	-0.85
Urals' share of total refinery input, %	74	67	73	72

Oil Products' comparable operating profit totaled EUR 74 million (73 million) in the first quarter. The reference margin, which reflects general market conditions, averaged at USD 4.3/bbl in the first quarter. It was slightly below the level in the corresponding period 2019. Our good operational and supply performance supported the additional margin, which averaged at USD 6.7/bbl. The higher additional margin had a positive impact of EUR 28 million on the comparable operating profit year-on-year. Sales volumes were lower than in the first quarter of 2019 mainly due to the warm weather and COVID-19 impacting demand in the latter part of the quarter. The lower sales volumes had EUR 9 million negative impact on the comparable operating profit compared to the first quarter of 2019. Profitability of our trading and specialty products businesses was lower, and the segment's depreciations were higher than in the corresponding period last year. Oil Products' comparable return on net assets was 15.2% (14.5%) at the end of March over the previous 12 months.

During the first quarter the use of Russian crude was 74% (67%) of total input. The average refinery utilization rate was 94% (95%).

Crude oil prices were trending down during the first quarter, and Brent price fell from USD 66/bbl to USD 23/bbl. The COVID-19 pandemic hit physical oil demand first in China and later all around the world as many countries started to restrict movements and closed borders. Crude price was also under pressure due to OPEC+ countries' failure to agree on new production cuts early March.

The Russian Export Blend (REB) crude averaged USD 2.3/bbl lower than Brent during the first quarter. Strengthening fuel oil cracks were supporting REB differential from the early part of the quarter until late February. Thereafter the oversupplied crude oil market started to impact the differential and it widened substantially towards the end of the quarter.

Overall, the refining margins were at fairly modest levels during the first quarter. The IMO2020 bunker regulation gave some support to refining margin during the early part of the quarter, and gasoline cracks were showing normal winter season weakness. The COVID-19 pandemic started to impact physical product demand from February onwards and both diesel and gasoline cracks came under pressure towards the end of the quarter as more countries placed strict movement limitations. However, the oversupplied physical crude oil market and a widening REB differential started to support margins towards the end of the quarter. On average diesel was the strongest part of the barrel during the first quarter. Neste's reference margin averaged at USD 4.3/bbl in the quarter.

**Production**

	1-3/20	1-3/19	10-12/19	2019
Refinery				
- Production, 1,000 ton	3,703	3,449	3,468	13,888
- Utilization rate, %	94	95	92	93
Refinery production costs, USD/bbl	4.2	4.6	5.3	4.8
Bahrain base oil plant production, (Neste's share) 1,000 ton	46	49	49	170

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

	1-3/20	%	1-3/19	%	10-12/19	%	2019	%
Middle distillates*	1,498	45	1,765	49	1,860	49	6,985	48
Light distillates**	1,167	35	1,191	33	1,264	33	4,713	33
Heavy fuel oil	336	10	346	9	318	8	1,219	9
Base oils	145	4	111	3	105	3	436	3
Other products	212	6	212	6	282	7	1,066	7
<b>TOTAL</b>	<b>3,358</b>	<b>100</b>	<b>3,626</b>	<b>100</b>	<b>3,829</b>	<b>100</b>	<b>14,418</b>	<b>100</b>

\* Diesel, jet fuel, heating oil, low sulphur marine fuels

\*\* Motor gasoline, gasoline components, LPG

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

	1-3/20	%	1-3/19	%	10-12/19	%	2019	%
Baltic Sea area*	1,879	56	2,023	56	2,243	59	8,512	59
Other Europe	1,229	37	1,152	32	1,088	28	4,163	29
North America	132	4	223	6	200	5	1,169	8
Other areas	117	3	228	6	297	8	574	4

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

## Marketing &amp; Services

## Key financials

	1-3/20	1-3/19	10-12/19	2019
Revenue, MEUR	846	1,042	1,002	4,193
EBITDA, MEUR	15	21	43	134
Comparable operating profit, MEUR	8	13	11	77
Operating profit, MEUR	8	13	36	102
Net assets, MEUR	249	319	235	235
Return on net assets*, %	33.5	28.1	35.3	35.3
Comparable return on net assets*, %	24.9	28.1	26.7	26.7

\* Last 12 months

## Variance analysis (comparison to corresponding period), MEUR

	1-3
Comparable operating profit, 2019	13
Sales volumes	-10
Unit margins	0
Currency exchange	0
Fixed costs	7
Others	-2
Comparable operating profit, 2020	8

Marketing & Services' comparable operating profit was EUR 8 million (13 million) in the first quarter. Transportation fuel demand followed a normal winter seasonality pattern during the first two months of the quarter. Divestment of the Russian business, completed in October 2019, had a negative impact totaling EUR 3 million on the comparable operating profit year-on-year. Additionally, sales volumes were negatively impacted by the warm weather and demand impacts of the COVID-19 towards the end of the quarter. The lower sales volumes had a negative impact totaling EUR 10 million on the comparable operating profit compared to the first quarter of 2019. We were able to maintain our unit margins at the same level as in the corresponding period last year. The segment's fixed costs were EUR 7 million lower year-on-year. Marketing & Services' comparable return on net assets was 24.9% (28.1%) at the end of March on a rolling 12-month basis.

## Sales volumes by main product categories, million liters

	1-3/20	1-3/19	10-12/19	2019
Gasoline station sales	137	227	192	974
Diesel station sales	380	430	420	1,738
Heating oil	172	180	168	665

## Net sales by market area, MEUR

	1-3/20	1-3/19	10-12/19	2019
Finland	664	749	762	3,064
Northwest Russia	0	61	28	245
Baltic countries	182	232	212	884

## Others

## Key financials

	1-3/20	1-3/19	10-12/19	2019
Comparable operating profit, MEUR	-9	-43	-14	-98
Operating profit, MEUR	-9	-43	-14	-123

The Others segment consists of Neste Engineering Solutions, Nynas, a joint venture owned by Neste (49.99% share) and Petr leos de Venezuela, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -9 million (-43 million) in the first quarter. The result improvement was mainly due to the minority shareholding in Nynas being fully written-off in 2019 and not impacting the Others segment's financials any more. In the corresponding period of last year, our share of Nynas' net profit accounted for EUR -31 million of the comparable operating profit.

## Shares, share trading, and ownership

Neste's shares are mainly traded on NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 30.85, down by 0.5% compared to the end of 2019. At its highest during the quarter, the share price reached EUR 39.72, while the lowest price was EUR 20.37. Market capitalization was EUR 23.7 billion as of 31 March 2020. An average of 2.0 million shares were traded daily, representing 0.3% of the company's shares.

At the end of March 2020, Neste held 1,374,418 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058. As resolved by the AGM held on 2 April 2019, the Board of Directors was authorized to take one or more decisions on the conveyance of treasury shares held by the company totaling a maximum of 3,000,000 shares.

The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of 31 March 2020, the State of Finland owned directly 36.0% (36.0% at the end of 2019) of outstanding shares, foreign institutions 38.7% (38.1%), Finnish institutions 17.5% (18.2%), and households 7.8% (7.8%).

## Personnel

Neste employed an average of 4,519 (5,457) employees in the first quarter, of which 805 (1,815) were based outside Finland. At the end of March the company had 4,620 employees (5,506), of which 856 (1,819) were located outside Finland.

## Environmental, Social and Governance (ESG)

### Key figures

	1-3/20	1-3/19	2019
TRIF*	2.4	2.7	1.7
PSER**	1.7	2.7	1.4
GHG reduction, Mton***	2.7	2.3	9.6

\* Total Recordable Incident Frequency, number of cases per million hours worked. Includes both Neste's and contractors' personnel.

\*\* Process Safety Event Rate, number of cases per million hours worked.

\*\*\* Cumulative greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to crude oil based diesel. Calculation method complies with the EU Renewable Energy Directive (RES 2009/28/EU).

Neste's occupational safety incident frequency, measured by the key TRIF indicator, was lower during the first quarter compared to the corresponding period last year. However, TRIF was higher than in the full year 2019, and improvement actions have been defined. PSER, the main indicator for process safety incidents, was also better during the first quarter compared to the corresponding period last year and close to the full year 2019 result.

The safety development continues actively. An additional element for 2020 is to ensure safe and reliable operations during the COVID-19 crisis. The occupational safety development continues with the same focus areas as earlier: improvement of safety awareness, contractor management and co-operation, and construction site safety improvements. High focus on process safety continues in all operations, for example, by ensuring effective process hazard analysis, and by safety investments.

Neste produces renewable products that enable our customers to reduce greenhouse gas (GHG) emissions. During the first quarter of 2020 this GHG reduction was 2.7 million tons (2.3 million tons), which is a new quarterly record.

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the first quarter. 1 (0) minor non-compliance case occurred at Neste's operations with limited local environmental impact only. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

In January, Neste was ranked the third most sustainable company in the world on the Global 100 list. Neste made to the list for the 14th consecutive time in 2020. Neste also reached the leading performers' A- List based on the CDP Climate Change assessment.

At the Capital Markets Day in March, Neste published its commitment to reach carbon neutral production by 2035. The new commitment complements Neste's other strategic climate commitment of reducing customers' greenhouse gas emissions by at least 20 million tons CO<sub>2</sub>eq annually by 2030. Neste is also targeting 100% waste and residues share of its total renewables inputs by 2025, while also keeping up the development of novel raw materials.

Read more about the topics on [Neste's website](#).

## Main events published during the first quarter

On 31 January, Neste announced that the Shareholders' Nomination Board proposes to the AGM to be held on 7 April 2020 that the company's Board of Directors shall comprise the following members: The Nomination Board proposes that Mr. Matti Kähkönen shall be re-elected as the Chair of the Board of Directors. In addition, the current members of the Board Ms. Sonat Burman-Olsson, Ms. Martina Flöel, Mr. Jean-Baptiste Renard, Mr. Jari Rosendal, and Mr. Marco Wirén are proposed to be re-elected for a further term of office. The Nomination Board proposes that Mr. Wirén shall be elected as the Vice Chair of the Board. The Nomination Board further proposes that the Board of Directors shall have eight members and that Mr. Nick Elmslie and Ms. Johanna Söderström shall be elected as new members.

On 5 March, Neste announced that it had signed a new agreement with Finnair which will gradually and considerably increase Finnair's use of sustainable aviation fuel in its operations. The new partnership will be a key contributing factor in Finnair's long-term target of carbon neutrality. Sustainable aviation fuels are a key part of the long-term solution for reducing the CO<sub>2</sub> footprint of aviation, as they reduce the CO<sub>2</sub> emissions by up to 80% compared to fossil fuels.

On 6 March, Neste announced that it had acquired a minority stake in the German cleantech company Sunfire GmbH. Sunfire is a leading developer of high-temperature electrolysis technology. The company's patented technology allows the production of renewable hydrogen as well as the direct conversion of water and CO<sub>2</sub> into raw material for petrochemical products.

On 9 March, Neste and Mirova, a pioneer impact investor in the natural capital space and an affiliate of Natixis Investment Managers, announced a combined EUR 10 million investment into Recycling Technologies Ltd, a specialist plastic recycling technology provider. The aim is to accelerate the development of chemical recycling and foster the transition to a circular economy for plastic.

On 10 March, Neste announced that Borealis has started to produce polypropylene (PP) based on Neste-produced renewable feedstock in its production facilities in Kallo and Beringen, Belgium. This marks the first time that Borealis has replaced fossil fuel-based feedstock in its large-scale commercial production of PP.

On 10 March, Neste announced that it has agreed to acquire 100% of Mahoney Environmental, a collector and recycler of used cooking oil in the United States, and its affiliated entities. The transaction supports Neste in its effort to build a global waste and residue raw material platform that can keep pace with the world's growing demand for renewable products. It will also enhance Neste's competitiveness in the global waste and residue raw material market. The transaction is subject to the fulfillment of customary closing conditions and regulatory approval.

On 12 March, Neste announced that it was holding a Capital Markets Day 2020 as a webcast. It featured presentations by President and CEO Peter Vanacker as well as senior management on subjects such as the company's strategy, market outlook and the next steps for creating profitable growth through renewable and circular solutions. Neste's ambition to become a global leader in renewable and circular solutions is unchanged. The vision statement has been renewed as "Leading the way towards a sustainable future together". The company continues to focus on its strategy implementation in the current volatile market environment. In Renewable Road Transportation, Neste has maintained a strong presence in its key markets and successfully opened new markets. The global climate targets set a high ambition for sustainable solutions in transportation, and the global renewable diesel demand is expected to exceed 20 million ton/a by 2030. In Renewable Aviation, passengers are looking for tangible solutions to make flying more sustainable. Neste started the commercial sales of Sustainable Aviation Fuel



(SAF) in 2019. In Renewable Polymers and Chemicals, Neste has started to create a new business through transforming plastics and chemicals value chains. The Singapore renewables capacity expansion project is on track, and it is scheduled to be up and running in mid-2022. The company is targeting investment decision capability on the next worldwide production capacity by the end of 2021 and production start-up in 2025. Neste expects the global waste and residue availability to grow to over 35 million tons by 2030. Its feedstock strategy is focused on waste and residues growth and development of new feedstock sources. Neste is targeting 100% waste and residues share of its total renewables inputs by 2025. The role of the Innovation unit at Neste is to ensure the growth of the current businesses and to create new business platforms for further growth in renewable and circular solutions. The unit's focus is on scalable and sustainable sources of renewable carbon and their required technologies. According to its role, Oil Products focuses on cash generation and capturing transformation opportunities. The company is currently investigating opportunities in co-processing, HVO expansion and retrofitting of the refinery to improve the profitability and reduce handprint emissions. Based upon a detailed potential analysis, Neste is committed to reaching carbon neutral production by 2035. The comparable EBIT improvement targets for Neste Excellence program have been upgraded from EUR 100 million to EUR 225 million by the end of 2022, and from EUR 200 million to EUR 300 million by 2030.

On 18 March, Neste announced that based on the rapid development of the coronavirus (COVID-19) situation, the Finnish Government has on Monday 16 March 2020 announced a general limit of ten persons to all public gatherings. Neste takes the risk relating to COVID-19 very seriously. Due to these reasons, the company has decided to postpone its Annual General Meeting which was originally scheduled to be held on Tuesday, 7 April 2020, to a later date which will be announced separately.

On 23 March, Neste announced that its Porvoo refinery major turnaround 2020 has to be delayed due to the coronavirus situation. The Government of Finland has declared a state of emergency in Finland due to the coronavirus (COVID-19) outbreak. In this exceptional situation, the company's primary objective is to ensure the health and safety of its employees, customers, contractors and other external partners as well as to ensure the continuity of its refinery operations and secure supply of products to its customers. For the above-mentioned reasons that are beyond Neste's control, the turnaround will need to be executed in phases. Based on the current estimate, only the most business critical maintenance works and regulatory inspections can be executed in April - June 2020, instead of the planned major turnaround. Regarding the rest of the maintenance works and investments, the planning of the turnaround will be restarted. The new execution schedule will be defined by the end of the third quarter of 2020. Previously, the company estimated the negative impact of the original scope of the major turnaround to be EUR 220 million on the company's comparable operating profit for 2020. The estimated negative impact of the first phase of the turnaround is approximately EUR 85 million on the company's comparable operating profit mainly in the second quarter 2020 bearing in mind, however, that the current business environment is exceptional and creates uncertainty. The rest of the turnaround works are expected to be finalized in 2021.

## Potential risks

The risks and uncertainties related to the global COVID-19 pandemic have significantly increased since the beginning of the year 2020. Key market risks affecting Neste's financial results for the next 12 months include macroeconomical, political and geopolitical risks, such as a prolonged economic recession, possible trade war, impacts of the COVID-19 outbreak, changes in biofuel regulation, market prices, and competitive situation, and any scheduled or unexpected shutdowns at Neste's refineries or potential strikes. Outcome of legal proceedings may have an impact on Neste's financial results.

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

## Dividend distribution proposal

The Board of Directors of Neste Corporation has decided to convene the Annual General Meeting (AGM) to be held on 18 May 2020.

As communicated earlier, Neste decided to postpone its AGM originally scheduled for 7 April 2020 based on the development of the COVID-19 situation and the announcements by the Finnish Government to limit public gatherings. Due to the unprecedented uncertainty related to the COVID-19 pandemic and its future impacts on Neste's business, the Board has decided to change its dividend proposal to the AGM.

The Board proposes to the AGM that the originally proposed first dividend installment, EUR 0.46 per share, would be paid on 28 May 2020. In addition, the Board proposes that the AGM would authorize the Board to decide, in its discretion, on the payment of a second dividend installment in a maximum amount of EUR 0.56 per share, consisting of ordinary dividend of EUR 0.46 per share and extraordinary dividend of EUR 0.10 per share.

This authorization would be valid until 30 October 2020 and would enable decision-making when it is possible to make a more reliable estimate on the impacts of the COVID-19 pandemic on Neste's financials. The Board expects to decide upon the possible payment of a second installment of the dividend on 22 October 2020.

## Reporting date for the company's Half Year 2020 results

Neste will publish its Half Year Financial Report on 23 July 2020 at approximately 9:00 a.m. EET.

Espoo, 24 April 2020

Neste Corporation  
Board of Directors

### Further information:

Peter Vanacker, President and CEO, tel. +358 10 458 11  
Jyrki Mäki-Kala, CFO, tel. +358 10 458 4098  
Investor Relations, tel. +358 10 458 5292

### Conference call

A conference call in English for investors and analysts will be held today, 24 April 2020, 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 4245 0806, rest of Europe: +44 (0) 2071 928000, US: +1 631 5107495, using access code 1297657. The conference call can be followed at the company's website. An instant replay of the call will be available until 1 May 2020 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 1297657.

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.

**NESTE GROUP**  
**JANUARY - MARCH 2020**  
*The interim report is unaudited*

**FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT**

**CONSOLIDATED STATEMENT OF INCOME**

EUR million	Note	1-3/2020	Restated 1-3/2019	1-12/2019	Last 12 months
<b>Revenue</b>	3, 4	<b>3,270</b>	3,769	15,840	15,340
Other income		3	5	50	49
Share of profit (loss) of joint ventures		0	-30	-52	-22
Materials and services		<b>-2,725</b>	-3,054	-12,238	-11,909
Employee benefit costs		<b>-102</b>	-96	-395	-401
Depreciation, amortization and impairments	4	<b>-129</b>	-104	-502	-528
Other expenses		<b>-120</b>	-108	-474	-486
<b>Operating profit</b>	4	<b>197</b>	383	2,229	2,044
<b>Financial income and expenses</b>					
Financial income		1	3	10	9
Financial expenses		-11	-13	-109	-108
Exchange rate and fair value gains and losses		17	-24	-64	-23
<b>Total financial income and expenses</b>		<b>7</b>	-34	-163	-122
<b>Profit before income taxes</b>		<b>203</b>	348	2,067	1,922
Income tax expense		-2	-53	-278	-226
<b>Profit for the period</b>		<b>201</b>	295	1,789	1,696
<b>Profit attributable to:</b>					
Owners of the parent		201	294	1,788	1,695
Non-controlling interests		0	1	1	0
		<b>201</b>	295	1,789	1,696

**Earnings per share from profit attributable to the owners of the parent (in euro per share)**

Basic earnings per share	0.26	0.38	2.33	2.21
Diluted earnings per share	0.26	0.38	2.32	2.20

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	1-3/2020	Restated 1-3/2019	1-12/2019	Last 12 months
<b>Profit for the period</b>	<b>201</b>	295	1,789	1,696
<b>Other comprehensive income net of tax:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements on defined benefit plans	3	-13	8	24
<b>Items that may be reclassified subsequently to profit or loss</b>				
Translation differences	-2	3	45	40
Cash flow hedges				
recorded in equity	-47	-15	-26	-58
transferred to income statement	11	19	66	58
Share of other comprehensive income of investments accounted for using the equity method	0	20	8	-11
Total	<b>-38</b>	27	93	28
<b>Other comprehensive income for the period, net of tax</b>	<b>-35</b>	14	101	52
<b>Total comprehensive income for the period</b>	<b>167</b>	309	1,890	1,748
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	166	308	1,890	1,748
Non-controlling interests	0	1	1	0
	<b>167</b>	309	1,890	1,748

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	Note	31 Mar 2020	Restated 31 Mar 2019	31 Dec 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	6	138	128	135
Property, plant and equipment	6	4,299	3,915	4,187
Investments in joint ventures	7	23	93	22
Non-current receivables		56	88	56
Deferred tax assets		40	44	40
Derivative financial instruments	9	6	9	7
Other financial assets	9	14	5	5
<b>Total non-current assets</b>		<b>4,576</b>	4,281	4,452
<b>Current assets</b>				
Inventories		1,570	1,597	1,678
Trade and other receivables		1,847	1,299	1,915
Derivative financial instruments	9	487	83	236
Current investments		24	146	19
Cash and cash equivalents		1,325	1,145	1,493
<b>Total current assets</b>		<b>5,253</b>	4,270	5,341
<b>Total assets</b>	4	<b>9,830</b>	8,551	9,793
<b>EQUITY</b>				
<b>Capital and reserves attributable to the owners of the parent</b>				
Share capital		40	40	40
Other equity		6,045	4,880	5,879
<b>Total</b>		<b>6,085</b>	4,920	5,919
<b>Non-controlling interests</b>		<b>3</b>	3	2
<b>Total equity</b>		<b>6,088</b>	4,923	5,922
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1,072	1,034	1,080
Deferred tax liabilities		248	253	255
Provisions		94	98	93
Pension liabilities		106	140	111
Derivative financial instruments	9	7	2	1
Other non-current liabilities		21	13	21
<b>Total non-current liabilities</b>		<b>1,547</b>	1,539	1,561
<b>Current liabilities</b>				
Interest-bearing liabilities		213	339	242
Current tax liabilities		11	34	16
Derivative financial instruments	9	256	127	63
Trade and other payables		1,714	1,589	1,990
<b>Total current liabilities</b>		<b>2,194</b>	2,088	2,311
<b>Total liabilities</b>	4	<b>3,741</b>	3,628	3,872
<b>Total equity and liabilities</b>		<b>9,830</b>	8,551	9,793

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	1-3/2020	1-3/2019	1-12/2019
<b>Cash flows from operating activities</b>			
Profit before income taxes	203	348	2,067
Adjustments, total	3	249	550
Change in net working capital	37	-401	-780
<b>Cash generated from operations</b>	<b>243</b>	<b>196</b>	<b>1,837</b>
Finance cost, net	0	-9	-48
Income taxes paid	-50	-87	-333
<b>Net cash generated from operating activities</b>	<b>193</b>	<b>100</b>	<b>1,456</b>
<b>Cash flows from investing activities</b>			
Capital expenditure	-198	-70	-567
Acquisitions of subsidiaries	0	-1	-1
Proceeds from sales of shares in subsidiaries and business operations	0	0	145
Changes in long-term receivables and other investments	-115	-21	120
<b>Cash flows from investing activities</b>	<b>-313</b>	<b>-92</b>	<b>-302</b>
<b>Cash flow before financing activities</b>	<b>-120</b>	<b>8</b>	<b>1,154</b>
<b>Cash flows from financing activities</b>			
Net change in loans and other financing activities	-48	0	-213
Dividends paid to the owners of the parent	0	0	-583
Dividends paid to non-controlling interests	0	0	-1
<b>Cash flows from financing activities</b>	<b>-48</b>	<b>0</b>	<b>-797</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-168</b>	<b>8</b>	<b>357</b>
Cash and cash equivalents at the beginning of the period	1,493	1,136	1,136
Exchange gains (+) / losses (-) on cash and cash equivalents	0	1	0
<b>Cash and cash equivalents at the end of the period</b>	<b>1,325</b>	<b>1,145</b>	<b>1,493</b>

**CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

EUR million	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
<b>Total equity at 1 Jan 2019</b>	40	19	10	-9	-55	-69	-84	4,760	4,614	2	4,616
Restated profit for the period								294	294	1	295
Other comprehensive income for the period, net of tax					24	-13	3		14	0	14
Restated total comprehensive income for the period	0	0	0	0	24	-13	3	294	308	1	309
Transactions with the owners in their capacity as owners											
Dividend decision								0	0	0	0
Share-based compensation			5	1				-8	-2		-2
Transfer from retained earnings		0					0		0		0
<b>Restated total equity at 31 Mar 2019</b>	40	19	15	-8	-31	-82	-81	5,046	4,920	3	4,923

EUR million	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
<b>Total equity at 1 Jan 2019</b>	40	19	10	-9	-55	-69	-84	4,760	4,614	2	4,616
Profit for the period								1,788	1,788	1	1,789
Other comprehensive income for the period, net of tax					48	9	45		101	0	101
Total comprehensive income for the period	0	0	0	0	48	9	45	1,788	1,890	1	1,890
Transactions with the owners in their capacity as owners											
Dividend decision								-583	-583	-1	-584
Share-based compensation			6	1				-8	-1		-1
Transfer from retained earnings		0					0		0		0
<b>Total equity at 31 Dec 2019</b>	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922

EUR million	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
<b>Total equity at 1 Jan 2020</b>	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								201	201	0	201
Other comprehensive income for the period, net of tax					-36	3	-2		-35	0	-35
Total comprehensive income for the period	0	0	0	0	-36	3	-2	201	166	0	167
Transactions with the owners in their capacity as owners											
Dividend decision								0	0	0	0
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
<b>Total equity at 31 Mar 2020</b>	40	19	16	-7	-42	-57	-40	6,157	6,085	3	6,088

## KEY FIGURES

	31 Mar 2020	Restated 31 Mar 2019	31 Dec 2019	Last 12 months
Revenue	3,270	3,769	15,840	15,340
Profit for the period	201	295	1,789	1,696
Earnings per share (EPS), EUR	0.26	0.38	2.33	2.21
<b>Alternative performance measures</b>				
EBITDA, EUR million	326	486	2,731	2,571
Capital employed, EUR million	7,374	6,297	7,243	-
Interest-bearing net debt, EUR million	-64	82	-191	-
Capital expenditure and investment in shares, EUR million	260	98	890	1,053
Return on average capital employed, after tax, (ROACE) %	26.7	19.9	26.6	-
Return on equity, (ROE) %	32.1	15.7	35.8	-
Equity per share, EUR	7.93	6.41	7.71	-
Cash flow per share, EUR	0.25	0.13	1.90	2.02
Comparable earnings per share, EUR	0.50	0.38	2.04	2.16
Comparable net profit	385	289	1,564	1,660
Equity-to-assets ratio, %	62.2	57.8	60.8	-
Leverage ratio, %	-1.1	1.6	-3.3	-
Adjusted weighted average number of shares outstanding	767,710,508	767,521,824	767,631,518	767,678,132
Adjusted number of shares outstanding at the end of the period	767,836,640	767,658,171	767,683,600	-
Average number of personnel	4,519	5,457	5,474	-

Neste presents Alternative Performance Measures to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators. The detailed reasons for the use of APMs can be found on Neste's Annual Report 2019 or website [www.neste.com](http://www.neste.com) together with the calculation of key figures.

## 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*. The condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2019 except for the adoption of new and amended standards as set out below. 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 condensed interim report is presented in million of euros unless otherwise stated. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Comparable interim figures have been restated due to the change in the inventory valuation policy in Renewable Products segment from FIFO (first-in, first-out) to weighted average during the last quarter in 2019. The change in the accounting policy was applied retrospectively and prior interim periods of 2019 have been restated accordingly.

### 2. TREASURY SHARES

On 16 March 2020 a total of 153,040 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the Share Ownership Plan 2016 according to the terms and conditions of the plan. The directed share issue is based on the authorization granted by the Annual General Meeting of Shareholders on 2 April 2019. The number of treasury shares after the directed share issue is 1,374,418 shares.



### 3. REVENUE

#### REVENUE BY CATEGORY

External revenue	1-3/2020					1-3/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	<b>998</b>	<b>1,234</b>	<b>814</b>	<b>0</b>	<b>3,046</b>	819	1,712	1,002	0	3,532
Light distillates	27	581	177	0	784	21	734	224	0	979
Middle distillates	972	591	636	0	2,198	798	855	776	0	2,429
Heavy fuel oil	0	63	1	0	64	0	123	1	0	124
Other products	0	180	22	0	202	7	183	28	0	218
Other services	0	9	2	10	21	0	5	2	11	19
<b>Total</b>	<b>998</b>	<b>1,423</b>	<b>838</b>	<b>10</b>	<b>3,270</b>	825	1,900	1,032	11	3,769

External revenue	1-12/2019					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels <sup>1)</sup>	3,648	7,138	4,028	0	14,814	3,827	6,660	3,840	0	14,328
Light distillates	92	3,231	1,012	0	4,336	98	3,078	965	0	4,141
Middle distillates	3,555	3,472	3,011	0	10,039	3,729	3,208	2,871	0	9,809
Heavy fuel oil	0	434	5	0	439	0	374	5	0	379
Other products	7	800	118	0	925	0	797	112	0	909
Other services	0	46	11	44	101	0	50	10	43	103
<b>Total</b>	<b>3,654</b>	<b>7,984</b>	<b>4,157</b>	<b>44</b>	<b>15,840</b>	<b>3,827</b>	<b>7,507</b>	<b>3,963</b>	<b>43</b>	<b>15,340</b>

<sup>1)</sup> Light distillates comprise motor gasoline, gasoline components, LPG, renewable naphtha and biopropane. Middle distillates comprise diesel, jet fuels, low sulphur marine fuels, heating oil, renewable fuels and renewable jet fuels. RINs (Renewable Identification Number), LCFS (Low Carbon Fuels Standard) credits, and BTCs (Blender's Tax Credits) are included in the corresponding fuel categories in Renewable Products segment.

#### TIMING OF REVENUE RECOGNITION

External revenue	1-3/2020					1-3/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	<b>998</b>	<b>1,414</b>	<b>836</b>	<b>0</b>	<b>3,248</b>	825	1,895	1,030	0	3,750
Services transferred at point in time	0	9	2	0	11	0	5	2	0	8
Services transferred over time	0	0	0	10	10	0	0	0	11	11
<b>Total</b>	<b>998</b>	<b>1,423</b>	<b>838</b>	<b>10</b>	<b>3,270</b>	825	1,900	1,032	11	3,769

External revenue	1-12/2019					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	3,654	7,937	4,147	0	15,739	3,827	7,457	3,953	0	15,237
Services transferred at point in time	0	46	11	2	59	0	50	10	2	62
Services transferred over time	0	0	0	42	42	0	0	0	41	41
<b>Total</b>	<b>3,654</b>	<b>7,984</b>	<b>4,157</b>	<b>44</b>	<b>15,840</b>	<b>3,827</b>	<b>7,507</b>	<b>3,963</b>	<b>43</b>	<b>15,340</b>

**REVENUE BY OPERATING SEGMENT**

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
<b>1-3/2020</b>						
External revenue	998	1,423	838	10	0	3,270
Internal revenue	66	437	8	49	-560	0
Total revenue	1,065	1,860	846	59	-560	3,270
<b>1-3/2019</b>						
External revenue	825	1,900	1,032	11	0	3,769
Internal revenue	148	614	9	49	-821	0
Total revenue	973	2,514	1,042	60	-821	3,769
<b>1-12/2019</b>						
External revenue	3,654	7,984	4,157	44	0	15,840
Internal revenue	379	2,433	36	202	-3,049	0
Total revenue	4,033	10,416	4,193	246	-3,049	15,840
<b>Last 12 months</b>						
External revenue	3,827	7,507	3,963	43	0	15,340
Internal revenue	297	2,255	34	202	-2,789	0
Total revenue	4,125	9,762	3,998	245	-2,789	15,340

**REVENUE BY OPERATING DESTINATION**

	1-3/2020					1-3/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	55	408	651	5	1,120	0	449	729	6	1,183
Other Nordic countries	351	195	2	0	548	422	319	8	1	750
Baltic Rim	2	61	184	0	248	2	23	295	0	319
Other European countries	370	601	0	4	976	154	922	1	2	1,080
North and South America	210	109	0	0	320	239	92	0	0	331
Other countries	9	49	0	0	58	9	95	0	2	106
Total	998	1,423	838	10	3,270	825	1,900	1,032	11	3,769
<b>1-12/2019</b>										
External revenue										
Finland	33	2,009	2,991	25	5,058	89	1,969	2,914	24	4,995
Other Nordic countries	1,386	1,188	27	2	2,602	1,315	1,064	22	0	2,401
Baltic Rim	6	67	1,137	0	1,210	7	105	1,026	1	1,139
Other European countries	1,000	3,952	2	12	4,965	1,216	3,630	2	14	4,861
North and South America	1,197	530	0	2	1,729	1,169	547	0	2	1,718
Other countries	32	239	0	4	275	32	192	0	2	226
Total	3,654	7,984	4,157	44	15,840	3,827	7,507	3,963	43	15,340
<b>Last 12 months</b>										
External revenue										
Finland	89	1,969	2,914	24	4,995	89	1,969	2,914	24	4,995
Other Nordic countries	1,315	1,064	22	0	2,401	1,315	1,064	22	0	2,401
Baltic Rim	7	105	1,026	1	1,139	7	105	1,026	1	1,139
Other European countries	1,216	3,630	2	14	4,861	1,216	3,630	2	14	4,861
North and South America	1,169	547	0	2	1,718	1,169	547	0	2	1,718
Other countries	32	192	0	2	226	32	192	0	2	226
Total	3,827	7,507	3,963	43	15,340	3,827	7,507	3,963	43	15,340

#### 4. SEGMENT INFORMATION

Neste's operations are grouped into four reporting segments: Renewable Products, Oil Products, Marketing & Services and Others. The Others segment consists of Neste Engineering Solutions; Nynas, a joint venture owned by Neste (49.99% share) and Petróleos de Venezuela; and common corporate costs. The performance of the reportable segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess the performance and to decide on allocation of resources.

	1-3/2020	1-3/2019	1-12/2019	Last 12 months
<b>REVENUE</b>				
Renewable Products	1,065	973	4,033	4,125
Oil Products	1,860	2,514	10,416	9,762
Marketing & Services	846	1,042	4,193	3,998
Others	59	60	246	245
Eliminations	-560	-821	-3,049	-2,789
<b>Total</b>	<b>3,270</b>	<b>3,769</b>	<b>15,840</b>	<b>15,340</b>

	1-3/2020	1-3/2019	1-12/2019	Last 12 months
<b>OPERATING PROFIT</b>		Restated		
Renewable Products	426	300	1,847	1,973
Oil Products	-234	114	406	58
Marketing & Services	8	13	102	96
Others	-9	-43	-123	-89
Eliminations	7	-1	-2	5
<b>Total</b>	<b>197</b>	<b>383</b>	<b>2,229</b>	<b>2,044</b>

	1-3/2020	1-3/2019	1-12/2019	Last 12 months
<b>COMPARABLE OPERATING PROFIT</b>				
Renewable Products	329	337	1,599	1,592
Oil Products	74	73	386	387
Marketing & Services	8	13	77	71
Others	-9	-43	-98	-64
Eliminations	7	-1	-2	5
<b>Total</b>	<b>408</b>	<b>378</b>	<b>1,962</b>	<b>1,991</b>

	1-3/2020	1-3/2019	1-12/2019	Last 12 months
<b>DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>				
Renewable Products	44	36	166	174
Oil Products	70	51	232	250
Marketing & Services	7	8	33	31
Others	9	8	71	72
Eliminations	0	0	0	0
<b>Total</b>	<b>129</b>	<b>104</b>	<b>502</b>	<b>528</b>

	1-3/2020	1-3/2019	1-12/2019	Last 12 months
<b>CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES</b>				
Renewable Products	134	29	424	530
Oil Products	101	55	373	420
Marketing & Services	3	2	37	37
Others	22	12	56	66
Eliminations	0	0	0	0
<b>Total</b>	<b>260</b>	<b>98</b>	<b>890</b>	<b>1,053</b>

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>TOTAL ASSETS</b>		Restated	
Renewable Products	3,897	2,526	3,606
Oil Products	3,715	3,827	3,927
Marketing & Services	505	682	577
Others	358	399	352
Unallocated assets	1,597	1,475	1,652
Eliminations	-243	-358	-322
<b>Total</b>	<b>9,830</b>	<b>8,551</b>	<b>9,793</b>

		Restated	
	31 Mar	31 Mar	31 Dec
<b>NET ASSETS</b>	<b>2020</b>	2019	2019
Renewable Products	3,165	2,116	3,137
Oil Products	2,439	2,581	2,313
Marketing & Services	249	319	235
Others	226	151	214
Eliminations	2	0	-9
<b>Total</b>	<b>6,082</b>	<b>5,167</b>	<b>5,890</b>

		Restated	
	31 Mar	31 Mar	31 Dec
<b>TOTAL LIABILITIES</b>	<b>2020</b>	2019	2019
Renewable Products	1,020	616	757
Oil Products	1,331	1,288	1,674
Marketing & Services	318	437	406
Others	139	254	145
Unallocated liabilities	1,178	1,391	1,202
Eliminations	-245	-358	-313
<b>Total</b>	<b>3,741</b>	<b>3,628</b>	<b>3,872</b>

		Restated	
	31 Mar	31 Mar	31 Dec
<b>RETURN ON NET ASSETS, %</b>	<b>2020</b>	2019	2019
Renewable Products	75.3	47.8	77.4
Oil Products	2.3	5.8	16.2
Marketing & Services	33.5	28.1	35.3

		Restated	
	31 Mar	31 Mar	31 Dec
<b>COMPARABLE RETURN ON NET ASSETS, %</b>	<b>2020</b>	2019	2019
Renewable Products	60.7	53.5	67.0
Oil Products	15.2	14.5	15.4
Marketing & Services	24.9	28.1	26.7

**QUARTERLY SEGMENT INFORMATION**

<b>QUARTERLY REVENUE</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	1,065	1,081	1,025	955	973
Oil Products	1,860	2,595	2,578	2,729	2,514
Marketing & Services	846	1,002	1,086	1,064	1,042
Others	59	60	58	68	60
Eliminations	-560	-686	-784	-758	-821
<b>Total</b>	<b>3,270</b>	<b>4,053</b>	<b>3,961</b>	<b>4,057</b>	<b>3,769</b>

<b>QUARTERLY OPERATING PROFIT</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	426	888	376	284	300
Oil Products	-234	141	75	76	114
Marketing & Services	8	36	28	25	13
Others	-9	-14	-38	-28	-43
Eliminations	7	-4	2	1	-1
<b>Total</b>	<b>197</b>	<b>1,046</b>	<b>442</b>	<b>359</b>	<b>383</b>

<b>QUARTERLY COMPARABLE OPERATING PROFIT</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	329	671	305	286	337
Oil Products	74	117	113	83	73
Marketing & Services	8	11	28	25	13
Others	-9	-14	-13	-28	-43
Eliminations	7	-4	2	1	-1
<b>Total</b>	<b>408</b>	<b>781</b>	<b>435</b>	<b>367</b>	<b>378</b>

<b>QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	44	49	46	36	36
Oil Products	70	48	67	65	51
Marketing & Services	7	8	8	8	8
Others	9	11	43	8	8
Eliminations	0	2	-2	0	0
<b>Total</b>	<b>129</b>	<b>118</b>	<b>162</b>	<b>118</b>	<b>104</b>

<b>QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	134	183	125	88	29
Oil Products	101	174	70	74	55
Marketing & Services	3	23	5	6	2
Others	22	19	14	11	12
Eliminations	0	0	0	0	0
<b>Total</b>	<b>260</b>	<b>399</b>	<b>214</b>	<b>179</b>	<b>98</b>

<b>QUARTERLY NET ASSETS</b>	<b>1-3/2020</b>	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	3,165	3,137	2,424	2,259	2,116
Oil Products	2,439	2,313	2,819	2,564	2,581
Marketing & Services	249	235	319	315	319
Others	226	214	-102	-152	151
Eliminations	2	-9	-7	-8	0
<b>Total</b>	<b>6,082</b>	<b>5,890</b>	<b>5,453</b>	<b>4,977</b>	<b>5,167</b>

## 5. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

### RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	1-3/2020	Restated		
		1-3/2019	10-12/2019	1-12/2019
COMPARABLE OPERATING PROFIT	408	378	781	1,962
inventory valuation gains/losses	-293	72	87	180
changes in the fair value of open commodity and currency derivatives	82	-88	133	69
capital gains and losses	0	0	27	37
impairments	0	10	23	-11
other adjustments	0	10	-6	-7
<b>OPERATING PROFIT</b>	<b>197</b>	<b>383</b>	<b>1,046</b>	<b>2,229</b>

Renewable Products	1-3/2020	Restated		
		1-3/2019	10-12/2019	1-12/2019
COMPARABLE OPERATING PROFIT	329	337	671	1,599
inventory valuation gains/losses	81	9	74	137
changes in the fair value of open commodity and currency derivatives	15	-59	146	101
capital gains and losses	0	0	0	0
impairments	0	0	0	0
other adjustments	0	13	-3	10
<b>OPERATING PROFIT</b>	<b>426</b>	<b>300</b>	<b>888</b>	<b>1,847</b>

Oil Products	1-3/2020	Restated		
		1-3/2019	10-12/2019	1-12/2019
COMPARABLE OPERATING PROFIT	74	73	117	386
inventory valuation gains/losses	-374	63	13	43
changes in the fair value of open commodity and currency derivatives	67	-29	-12	-32
capital gains and losses	0	0	0	0
impairments	0	10	23	23
other adjustments	0	-3	0	-15
<b>OPERATING PROFIT</b>	<b>-234</b>	<b>114</b>	<b>141</b>	<b>406</b>

Marketing & Services	1-3/2020	Restated		
		1-3/2019	10-12/2019	1-12/2019
COMPARABLE OPERATING PROFIT	8	13	11	77
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	0	0	27	27
impairments	0	0	0	0
other adjustments	0	0	-3	-3
<b>OPERATING PROFIT</b>	<b>8</b>	<b>13</b>	<b>36</b>	<b>102</b>

Others	1-3/2020	Restated		
		1-3/2019	10-12/2019	1-12/2019
COMPARABLE OPERATING PROFIT	-9	-43	-14	-98
inventory valuation gains/losses	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0
capital gains and losses	0	0	0	9
impairments	0	0	0	-34
other adjustments	0	0	0	0
<b>OPERATING PROFIT</b>	<b>-9</b>	<b>-43</b>	<b>-14</b>	<b>-123</b>

### RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	1-3/2020	Restated	
		1-3/2019	1-12/2019
COMPARABLE OPERATING PROFIT	408	378	1,962
total financial income and expenses	7	-34	-163
income tax expense	-2	-53	-278
non-controlling interests	0	-1	-1
tax on items affecting comparability	-27	-1	43
<b>COMPARABLE NET PROFIT</b>	<b>385</b>	<b>289</b>	<b>1,564</b>

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

	31 Mar 2020	Restated	
		31 Mar 2019	31 Dec 2019
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,991	1,399	1,962
financial income	9	9	10
exchange rate and fair value gains and losses	-23	-45	-64
income tax expense	-226	-175	-278
tax on other items affecting ROACE	9	-37	35
Comparable net profit, net of tax	1,761	1,152	1,666
Capital employed average	6,599	5,800	6,275
<b>RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %</b>	<b>26.7</b>	<b>19.9</b>	<b>26.6</b>

**RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %**

	31 Mar 2020	Restated	
		31 Mar 2019	31 Dec 2019
Total equity	6,088	4,923	5,922
Total assets	9,830	8,551	9,793
Advances received	-45	-28	-46
<b>EQUITY-TO-ASSETS RATIO, %</b>	<b>62.2</b>	<b>57.8</b>	<b>60.8</b>

**RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING**

	31 Mar 2020	Restated	
		31 Mar 2019	31 Dec 2019
Operative receivables	1,712	1,264	1,918
Inventories	1,570	1,597	1,678
Operative liabilities	-1,729	-1,593	-2,001
Net working capital	1,552	1,268	1,595
Revenue, last 12 months	15,340	15,058	15,840
<b>NET WORKING CAPITAL IN DAYS OUTSTANDING</b>	<b>36.9</b>	<b>30.7</b>	<b>36.7</b>

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

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Opening balance</b>	<b>4,322</b>	<b>3,861</b>	<b>3,861</b>
Change in accounting policy, IFRS 16	0	215	215
<b>Restated opening balance</b>	<b>4,322</b>	<b>4,076</b>	<b>4,076</b>
Capital expenditure	251	97	890
Acquisitions	0	1	1
Depreciation, amortization and impairments	-129	-116	-497
Disposals	-7	-19	-152
Translation differences	1	4	4
<b>Closing balance</b>	<b>4,437</b>	<b>4,042</b>	<b>4,322</b>
<b>CAPITAL COMMITMENTS</b>			
<b>Commitments to purchase property, plant and equipment and intangible assets</b>	<b>841</b>	<b>431</b>	<b>754</b>
Total	841	431	754

## 7. CHANGES IN INVESTMENTS IN JOINT VENTURES

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>INVESTMENTS IN JOINT VENTURES</b>			
<b>Opening balance</b>	<b>22</b>	<b>106</b>	<b>106</b>
Share of profit (loss) of joint ventures	0	-30	-52
Share of other comprehensive income of investments accounted for using the equity method	0	20	8
Impairments	0	0	-36
Translation differences	0	-2	-5
<b>Closing balance</b>	<b>23</b>	<b>93</b>	<b>22</b>

## 8. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>INTEREST-BEARING NET DEBT</b>			
Non-current interest-bearing liabilities <sup>1)</sup>	1,072	1,034	1,080
Current interest-bearing liabilities <sup>2)</sup>	213	339	242
<b>Interest-bearing liabilities</b>	<b>1,286</b>	<b>1,373</b>	<b>1,322</b>
Current investments	-24	-146	-19
Cash and cash equivalents	-1,325	-1,145	-1,493
<b>Liquid funds</b>	<b>-1,350</b>	<b>-1,292</b>	<b>-1,513</b>
<b>Interest-bearing net debt</b>	<b>-64</b>	<b>82</b>	<b>-191</b>

<sup>1)</sup> Including EUR 309 million of lease liabilities at 31 Mar 2020 (31 Mar 2019: 283 million, 31 Dec 2019: 317 million)

<sup>2)</sup> Including EUR 104 million of lease liabilities at 31 Mar 2020 (31 Mar 2019: EUR 45 million, 31 Dec 2019: EUR 102 million)

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS</b>			
Liquid funds	1,350	1,292	1,513
Unused committed credit facilities	1,350	1,650	1,350
<b>Total</b>	<b>2,700</b>	<b>2,942</b>	<b>2,863</b>
In addition: Unused commercial paper program (uncommitted)	400	400	400



## 9. 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 2019.

	31 Mar 2020		31 Mar 2019		31 Dec 2019	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
<b>Interest rate and currency derivatives</b>						
Interest rate swaps						
Hedge accounting	0	0	74	1	0	0
Non-hedge accounting	0	0	26	0	0	0
Currency derivatives						
Hedge accounting	2,317	-26	2,414	-27	2,409	14
Non-hedge accounting	367	1	983	-8	1,602	14

	31 Mar 2020			31 Mar 2019			31 Dec 2019		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
<b>Commodity derivatives</b>									
Sales contracts									
Non-hedge accounting	0	24	463	0	25	45	0	18	-19
Purchase contracts									
Non-hedge accounting	3,409	19	-208	3,094	20	-48	3,020	18	170

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

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.

### Financial assets and liabilities by measurement categories and fair value hierarchy as of March 31, 2020

Balance sheet item	Derivatives hedge accounting	Fair value through profit or loss	Fair value through OCI	Amortized cost	Carrying amount	Fair value	Fair value hierarchy		
							Level 1	Level 2	Level 3
<b>Non-current financial assets</b>									
Non-current receivables		3		53	56	56			
Derivative financial instruments	3	3			6	6		6	
Other financial assets		5	9		14	14			14
<b>Current financial assets</b>									
Trade and other receivables <sup>1)</sup>				1,803	1,803	1,803			
Derivative financial instruments	10	476			487	487	83	404	
Current investments				24	24	24			
Cash and cash equivalents				1,325	1,325	1,325			
<b>Financial assets</b>	13	488	9	3,205	3,715	3,715			
<b>Non-current financial liabilities</b>									
Interest-bearing liabilities				1,072	1,072	1,088	736	353	
Derivative financial instruments	1	6			7	7		7	
Other non-current liabilities				21	21	21			
<b>Current financial liabilities</b>									
Interest-bearing liabilities				213	213	213		213	
Derivative financial instruments	39	218			256	256	17	239	
Trade and other payables				1,714	1,714	1,714			
<b>Financial liabilities</b>	40	223		3,020	3,283	3,299			

<sup>1)</sup> excluding non-financial items

Financial instruments that are measured at fair value in the balance sheet and the interest-bearing liabilities are presented according to fair value measurement hierarchy:

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

Level 2: other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that is not based on observable market data.

Interest-bearing liabilities at level 1 consist of listed bonds. Derivative financial instruments at level 1 consist of commodity derivatives which are directly valued based on exchange quotations. Other financial assets in fair value through profit and loss category include unlisted shares of EUR 5 million for which the fair value cannot be reliably determined. Other financial assets in fair value through other comprehensive income category include unlisted shares of EUR 9 million. The fair value of other financial instruments are not materially different from their carrying amount. Non-current receivables in fair value through profit and loss category include convertible loan of EUR 3 million. Its fair value belongs to level 3.

During the reporting period 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. During the financial period there were no other financial assets than hedge accounted derivatives measured at fair value through other comprehensive income.

## 10. 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 Committee (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.

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Transactions carried out with joint arrangements and other related parties</b>			
Sales of goods and services	56	55	216
Purchases of goods and services	44	48	258
Receivables	111	177	102
Financial income and expenses	0	1	-54
Liabilities	7	15	19

## 11. CONTINGENT LIABILITIES

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Contingent liabilities</b>			
On own behalf for commitments			
Real estate mortgages	26	26	26
Pledged assets	0	116	0
Other contingent liabilities	31	29	29
Total	57	172	55
On behalf of joint arrangements			
Pledged assets	38	43	31
Guarantees	0	0	0
Total	38	43	31
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
<b>Total</b>	<b>95</b>	<b>216</b>	<b>87</b>

## 12. DISPUTES AND POTENTIAL LITIGATIONS

Some Group companies are involved in legal proceedings or disputes incidental to their business. In management's opinion, the outcome of these cases is difficult to predict but not likely to have material effect on the Group's financial position.

