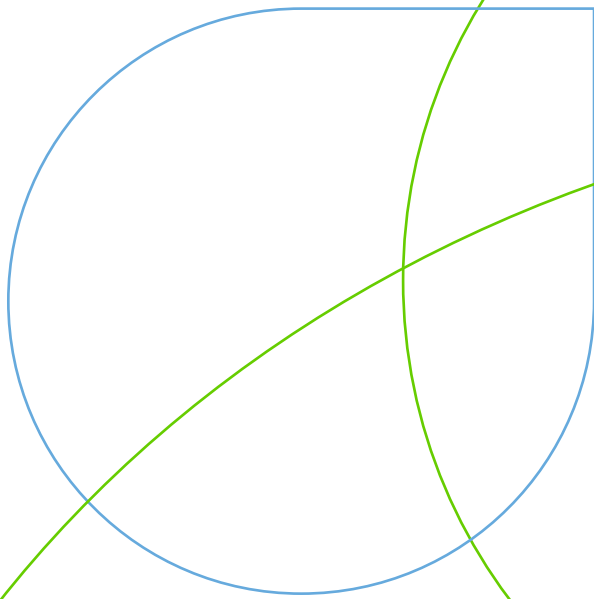


Neste Corporation
Interim Report
January–September 2020



Neste's Interim Report for January–September 2020

Strong performance in Renewable Products – very challenging market in Oil Products continues

Third quarter in brief:

- Comparable operating profit totaled EUR 373 million (EUR 435 million)
- Operating profit totaled EUR 425 million (EUR 442 million)
- Renewable Products' comparable sales margin, including BTC, was USD 744/ton (USD 722/ton)
- Oil Products' total refining margin was USD 5.89/bbl (USD 12.07/bbl)
- Cash flow before financing activities was EUR 315 million (EUR 71 million)

January-September in brief:

- Comparable operating profit totaled EUR 1,036 million (EUR 1,181 million)
- Operating profit totaled EUR 830 million (EUR 1,184 million)
- Cash flow before financing activities was EUR -51 million (EUR 211 million)
- Cash-out investments were EUR 751 million (EUR 346 million)
- Return on average capital employed (ROACE) was 23.1% over the last 12 months (2019: 26.6%)
- Leverage ratio was 4.5% at the end of September (31.12.2019: -3.3%)
- Comparable earnings per share: EUR 1.16 (EUR 1.12)
- Earnings per share: EUR 0.92 (EUR 1.11)

President and CEO Peter Vanacker:

“Neste's overall performance was solid during the third quarter despite the COVID-19 pandemic. Renewable Products business was very resilient and improved its sales margin and sales volume compared to the corresponding period last year. Oil Products continued to suffer from a very weak refining market caused by the global COVID-19 related demand destruction and over-supply, and the segment delivered a slightly negative comparable operating profit. Marketing & Services performed very well during the summer period also considering the earlier divestment of our Russian business. The Group posted a comparable operating profit of EUR 373 million, compared to EUR 435 million in the corresponding period last year. Neste reached a ROACE of 23.1% over the last 12 months, and had a leverage ratio of 4.5% at the end of September.

Renewable Products posted a very good comparable operating profit of EUR 352 million (EUR 305 million) in the third quarter. The renewable diesel demand remained good, and our sales volumes were relatively stable at 730,000 tons. The renewable feedstock markets remained tight. As a result of successful sales performance and a positive contribution from hedging, we were able to increase our sales margin to USD 744/ton. The sales margin was also supported by narrowing waste and residues price differentials to vegetable oils. The operational performance at our renewable diesel refineries was very good with a capacity utilization rate of 95%. As communicated earlier, the planned catalyst change at the Singapore refinery was completed in July, and another planned catalyst change at one of the Porvoo units in September. The share of waste and residues was 86% of the total renewable raw material inputs.

Oil Products posted a comparable operating profit of EUR -1 million (EUR 113 million) in the third quarter. The global demand is gradually recovering, but still depressed due to the COVID-19 pandemic, and the market remains over-supplied. The reference margin, which reflects the general market conditions, continued to be impacted by an exceptionally weak product market. The reference margin averaged USD -0.8/bbl compared to USD 7.3/bbl in the third quarter of 2019, which had a negative impact of EUR 170 million on the comparable operating profit year-on-year. Our additional margin was supported by good operational performance, currency hedging and contango inventory profits. Several short term cost reduction measures have been successfully implemented.

In order to ensure the long-term competitiveness of the Oil Products business we have initiated co-operation negotiations on a plan to restructure our refinery operations in Finland. We are exploring the shutdown of the refinery operations in Naantali and focusing the Naantali site on the terminal and harbor operations, as well as transforming the Porvoo refinery operations to co-processing renewable and circular raw materials. If implemented, the plans would mean up to 470 redundancies, including possible outsourcing. The decisions on the measures and impacts on the various functions, personnel groups and locations will be made after the negotiations have been concluded. The planned changes are expected to result in annual fixed cost savings of approximately EUR 50 million.

Marketing & Services posted a comparable operating profit of EUR 26 million (EUR 28 million) in the third quarter. Sales volumes were still negatively impacted by the COVID-19 pandemic, but we have been able to improve unit margins and have successfully lowered fixed costs.

The Others segment's comparable operating profit was EUR -5 million (EUR -13 million) in the third quarter. Nynas joint venture has been part of this segment. Neste AB sold its entire shareholding in Nynas AB to Bitumina Industries Ltd on 15 September 2020.

Neste continues to take the risks relating to the COVID-19 pandemic seriously. Our primary objective is to ensure the health and safety of our employees, customers, contractors and other partners as well as to ensure the continuity of our operations and secure supply of products to our customers.

Despite the market turbulence we continue to focus on our strategy execution. The Singapore renewable production capacity expansion project is proceeding according to the updated completion schedule. Our future renewables capacity expansion project's feasibility study phase is progressing. We have made several new contracts and partnerships in Renewable Aviation and Renewable Polymers & Chemicals businesses despite the COVID-19 situation. We are on track with our Neste Excellence program with a target to achieve at least EUR 225 million profit improvement by the end of 2022 compared to the year 2018 baseline. Unprecedented uncertainty on the further development of the COVID-19 pandemic and its impact on the global economy continues."

Outlook

Visibility in the global economic development still remains low due to the COVID-19 pandemic. As a consequence, we expect volatility in the oil products and renewable feedstock markets to remain high. Based on our current estimates and a hedging rate of 80%, Neste's effective EUR/US dollar rate is expected to be within a range 1.14-1.18 in the fourth quarter of 2020.

Sales volumes of renewable diesel in the fourth quarter are expected to be slightly lower or similar to the previous quarter. Waste and residue markets are anticipated to remain tight. While global availability of waste and residues has been gradually recovering, their demand continues solid. Utilization rates of our renewables production facilities are forecasted to remain high, except for the scheduled catalyst change at the Rotterdam refinery in the fourth

quarter. This catalyst change is estimated to have a negative impact of approximately EUR 50 million on the segment's comparable operating profit, mainly during the fourth quarter.

Oil Products' fourth-quarter market demand is seen to continue slowly recovering, but still to be impacted by the COVID-19 pandemic. The reference margin is expected to remain very low and very volatile. The contango inventory profits are expected to positively impact also the fourth quarter result.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the fourth quarter. The COVID-19 pandemic is anticipated to have some negative impact on the demand and sales volumes in the fourth quarter.

Based upon our business continuity plans, we continue to focus on short-term cost reduction activities. The ongoing co-operation negotiations regarding the restructuring of Oil Products' refining operations in Finland are expected to be completed in the fourth quarter.

Neste estimates the Group's full-year 2020 capital expenditure to be approximately EUR 800 million, excluding M&A. Previously the full-year capital expenditure was estimated to be approx. EUR 850 million.

Neste's Interim Report, 1 January – 30 September 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)

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Revenue	2,881	3,961	2,572	8,723	11,787	15,840
EBITDA	552	605	333	1,210	1,567	2,731
Operating profit	425	442	208	830	1,184	2,229
Comparable operating profit*	373	435	255	1,036	1,181	1,962
Profit before income taxes	407	341	197	807	1,037	2,067
Net profit	347	267	161	709	855	1,789
Comparable net profit**	307	268	200	892	860	1,564
Earnings per share, EUR	0.45	0.35	0.21	0.92	1.11	2.33
Comparable earnings per share, EUR	0.40	0.35	0.26	1.16	1.12	2.04
Investments	240	214	352	853	491	890
Net cash generated from operating activities	497	58	61	751	461	1,456

	30 Sep 2020	30 Sep 2019	31 Dec 2019
Total equity	6,315	4,869	5,922
Interest-bearing net debt	297	347	-191
Capital employed	7,590	6,098	7,243
Return on average capital employed after tax (ROACE)***, %	23.1	21.1	26.6
Equity per share, EUR	8.22	6.34	7.71
Leverage ratio, %	4.5	6.7	-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 third quarter 2020 results

Neste's revenue in the third quarter totaled EUR 2,881 million (3,961 million). The revenue decline resulted from the lower crude oil price, which had a negative impact of approx. EUR 700 million, and lower sales volumes of conventional oil products, which had a negative impact of approx. EUR 400 million on the revenue. The Group's comparable operating profit was EUR 373 million (435 million). Renewable Products' comparable operating profit was EUR 352 million (305 million), showing the segment's continued resilience in the turbulent market. Oil Products' comparable operating profit was EUR -1 million (113 million), due to the exceptionally weak refining market. Marketing & Services comparable operating profit was EUR 26 million (28 million), reflecting its very good performance. The Others segment's comparable operating profit of EUR -5 million (-13 million).

The Group's operating profit was EUR 425 million (442 million), which was positively impacted by inventory valuation gains of EUR 68 million (losses of 15 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 27 million (54 million), mainly related to inventory hedging. As the shares of Nynas AB were sold, a loss on the sale and related release of cumulative currency translation differences totaling EUR 42 million was booked. Profit before income taxes was EUR 407 million (341 million), and net profit EUR 347 million (267 million). Comparable earnings per share were EUR 0.40 (0.35), and earnings per share EUR 0.45 (0.35).

The Group's January–September 2020 results

Neste's revenue in the first nine months totaled EUR 8,723 million (11,787 million). The revenue decline resulted from the lower crude oil price, which had a negative impact of approx. EUR 2.2 billion, and lower sales volumes of conventional oil products, which had a negative impact of approx. EUR 800 million on the revenue. The Group's comparable operating profit was EUR 1,036 million (1,181 million). Renewable Products' nine-month comparable operating profit was EUR 996 million (928 million), supported by higher sales volumes than in the corresponding period of 2019. Oil Products' nine-month comparable operating profit was only EUR 13 million (269 million), due the exceptionally weak refining market. Marketing & Services comparable operating profit was EUR 53 million (66 million), mainly due to lower sales volumes compared to the first nine months of 2019 and divestment of the Russian business. The Others segment's cumulative comparable operating profit of EUR -30 million (-84 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 830 million (1,184 million), which was impacted by inventory valuation losses of EUR 98 million (gains of 93 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -64 million (-64 million), mainly related to margin hedging. The divestment of Nynas resulted in a capital loss of EUR 42 million in the third quarter. Profit before income taxes was EUR 807 million (1,037 million), and net profit EUR 709 million (855 million). Comparable earnings per share were EUR 1.16 (1.12), and earnings per share EUR 0.92 (1.11).

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
COMPARABLE OPERATING PROFIT	373	435	255	1,036	1,181	1,962
- inventory valuation gains/losses	68	-15	127	-98	93	180
- changes in the fair value of open commodity and currency derivatives	27	54	-172	-64	-64	69
- capital gains/losses	-42	9	0	-42	9	37
- impairments	0	-40	0	0	-34	-11
- other adjustments	-1	-1	-1	-2	-1	-7
OPERATING PROFIT	425	442	208	830	1,184	2,229

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Group's comparable operating profit, 2019	435	1,181
BTC 2019 reallocation	56	166
Sales volumes	-2	4
Sales margin	-119	-321
Currency exchange	-34	-3
Fixed costs	36	4
Others	1	5
Group's comparable operating profit, 2020	373	1,036

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

	7-9	1-9
Group's comparable operating profit, 2019	435	1,181
Renewable Products	47	68
Oil Products	-113	-256
Marketing & Services	-2	-13
Others including eliminations	6	57
Group's comparable operating profit, 2020	373	1,036

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 September, ROACE calculated over the last 12 months was strong at 23.1%, and leverage ratio remained well in the targeted area.

	30 Sep 2020	30 Sep 2019	31 Dec 2019
Return on average capital employed after tax (ROACE)*, %	23.1	21.1	26.6
Leverage ratio (net debt to capital), %	4.5	6.7	-3.3

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 751 million (461 million) during the first nine months of 2020. The difference mainly resulted from a lower net working capital compared to the corresponding period last year. Cash flow before financing activities was EUR -51 million (211 million), mainly due to the higher capital expenditure during the first nine months of 2020. The Group's net working capital in days outstanding was 57.7 days (34.7 days) on a rolling 12-month basis at the end of the third quarter. The US Blender's Tax Credit (BTC) receivables from the years 2018 and 2019 were received after the reporting period in early October.

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
EBITDA	552	605	333	1,210	1,567	2,731
Capital gains/losses	0	-9	0	0	-9	-37
Other adjustments	19	-39	219	118	81	-77
Change in net working capital	-17	-439	-432	-412	-961	-780
Finance cost, net	-18	-1	-19	-37	-29	-48
Income taxes paid	-38	-60	-40	-129	-189	-333
Net cash generated from operating activities	497	58	61	751	461	1,456
Capital expenditure	-195	-157	-348	-741	-346	-568
Other investing activities	14	169	41	-60	96	265
Free cash flow (Cash flow before financing activities)	315	71	-246	-51	211	1,154

Cash-out investments were EUR 751 million (346 million) during January-September. Maintenance investments accounted for EUR 166 million (155 million) and productivity and strategic investments for EUR 585 million (191 million). Renewable Products' investments were EUR 492 million (117 million), mainly related to the Singapore refinery capacity expansion project and the acquisitions of Mahoney Environmental in the US and Count Terminal Rotterdam in the Netherlands. Oil Products' investments amounted to EUR 202 million (177 million), with the largest projects being the Porvoo refinery turnaround related investments. Marketing & Services' investments totaled EUR 14 million (15 million) and were focused on the retail station network. Investments in the Others segment were EUR 43 million (37 million), concentrating on IT and business infrastructure upgrade and Innovation activities.

Interest-bearing net debt was EUR 297 million at the end of September, compared to EUR -191 million at the end of 2019. Net financial expenses for the first nine months were EUR 23 million (147 million). The average interest rate of borrowing at the end of September was 1.9% (1.9%) and the average maturity 2.4 (3.5) years. At the end of the third quarter the Net debt to EBITDA ratio was 0.1 (0.2) over the last 12 months.

The leverage ratio was 4.5% (31 Dec 2019: -3.3%) at the end of September. 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 2,329 million at the end of September (31 Dec 2019: 2,863 million). There are no financial covenants in the Group companies' current loan agreements.

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

US dollar exchange rate

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
EUR/USD, market rate	1.17	1.11	1.10	1.12	1.12	1.12
EUR/USD, effective rate*	1.14	1.14	1.13	1.13	1.16	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

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Revenue, MEUR	1,074	1,025	1,047	3,186	2,952	4,033
EBITDA, MEUR	407	421	212	1,088	1,077	2,013
Comparable operating profit, MEUR	352	305	314	996	928	1,599
Operating profit, MEUR	360	376	168	954	960	1,847
Net assets, MEUR	3,695	2,424	3,592	3,695	2,424	3,137
Return on net assets*, %	57.5	64.0	63.7	57.5	64.0	77.4
Comparable return on net assets*, %	52.0	56.9	55.6	52.0	56.9	67.0

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2019	305	928
BTC 2019 reallocation	56	166
Sales volumes	9	49
Sales margin	12	-65
Currency exchange	-22	-2
Fixed costs	-7	-64
Others	-2	-17
Comparable operating profit, 2020	352	996

Key drivers

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Comparable sales margin, including BTC*, USD/ton	744	722	625	684	717	733
Biomass-based diesel (D4) RIN, USD/gal	0.67	0.46	0.52	0.55	0.45	0.48
California LCFS Credit, USD/ton	196	198	201	201	194	197
Palm oil price**, USD/ton	642	512	515	598	516	522
Waste and residues' share of total feedstock, %	86	81	78	82	79	80

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

** CPO BMD 3rd, Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price

Renewable Products' third quarter comparable operating profit totaled EUR 352 million, compared to EUR 305 million in the third quarter of 2019. The renewable diesel market remained favorable, but, as expected, the feedstock market remained tight. The comparable sales margin, including BTC, averaged at USD 744/ton. It was 3% higher than in the third quarter of 2019 as a result of successful sales performance and a positive contribution from hedging. The BTC contribution was EUR 56 million (56 million reallocated from 2019 total) in the third quarter. Our sales volumes were relatively stable at 730,000 tons and higher than in the corresponding period last year, which had a positive impact of EUR 9 million on the comparable operating profit year-on-year. During the third quarter approx. 72% (70%) of the volumes were sold to the European market and 28% (30%) to North America. The share of 100% renewable diesel delivered to end-users was 31% (24%) in the third quarter. Our renewable diesel production had an average utilization rate of 95% (101%) during the quarter, including scheduled maintenance at the Singapore refinery and one of the Porvoo units. The share of waste and residue inputs increased to 86% (81%). A weaker US dollar had a negative impact of EUR 22 million on the comparable operating profit compared to the third quarter of 2019. The segment's fixed costs were EUR 7 million higher than in the corresponding period last year, mainly related to strengthening of resources. Renewable Products' comparable return on net assets was 52.0% (56.9%) at the end of September based on the previous 12 months.

Animal fat prices continued to rise in the third quarter, supported by stronger vegetable oils. After trending up the European Used Cooking Oil (UCO) price development stabilized during the quarter reflecting improving availability of imports and demand trends in the biodiesel and oleochemical markets. Due to strong demand fundamentals and concerns about resurgence of the La Niña weather pattern, vegetable oil prices surged, which reduced waste and residues price premiums over Crude Palm Oil (CPO), and widened palm oil premium over gasoil to a new record high level.

The US Renewable Identification Number (RIN) D4 prices climbed significantly during the quarter following the widening of Soy Bean Oil (SBO) premium over Heating Oil (HO), and also supported by the denial of 54 pending small refinery exemptions (SRE). The California Low Carbon Fuel Standard (LCFS) credit price came slightly lower before picking up at the end of the quarter.

Renewable Products' nine-month comparable operating profit was EUR 996 million (928 million). The comparable sales margin, including BTC, was lower than in the first nine months of 2019. The lower sales margin had a negative impact of EUR 65 million on the comparable operating profit year-on-year. The BTC contribution was EUR 168 million (166 million as reallocated from 2019 total) during the first nine months. Higher sales volumes had a positive impact of EUR 49 million on the segment's comparable operating profit compared to the corresponding period last year. The segment's fixed costs were EUR 64 million higher than in the first nine months of the previous year, mainly related to strategic growth projects and strengthening of resources.

Production

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Neste Renewable Diesel, 1,000 ton	762	739	717	2,274	2,216	2,872
Other products, 1,000 ton	57	58	55	177	170	219
Utilization rate*, %	95	101	90	95	102	99

* Based on nominal capacity of 3.2 Mton/a in 2020, and 2.9 Mton/a in 2019.

Sales

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Neste Renewable Diesel, 1,000 ton	730	716	773	2,234	2,153	2,846
Share of sales volumes to Europe, %	72	70	71	72	70	67
Share of sales volumes to North America, %	28	30	29	28	30	33

Oil Products
Key financials

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Revenue, MEUR	1,405	2,578	1,218	4,483	7,821	10,416
EBITDA, MEUR	148	142	104	88	449	637
Comparable operating profit, MEUR	-1	113	-60	13	269	386
Operating profit, MEUR	86	75	40	-109	265	406
Net assets, MEUR	2,630	2,819	2,579	2,630	2,819	2,313
Return on net assets*, %	1.2	1.6	0.8	1.2	1.6	16.2
Comparable return on net assets*, %	5.1	12.8	9.6	5.1	12.8	15.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2019	113	269
Sales volumes	0	-8
Reference margin	-170	-339
Additional margin	39	83
Currency exchange	-12	-1
Fixed costs	22	14
Others	8	-5
Comparable operating profit, 2020	-1	13

Key drivers

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Reference margin, USD/bbl	-0.83	7.30	-0.35	1.05	5.93	5.82
Additional margin, USD/bbl	6.72	4.76	5.11	6.24	4.31	4.73
Total refining margin, USD/bbl	5.89	12.07	4.76	7.30	10.25	10.56
Urals-Brent price differential, USD/bbl	0.10	-1.05	-0.15	-0.80	-0.62	-0.85
Urals' share of total refinery input, %	65	73	67	69	71	72

Oil Products' comparable operating profit totaled EUR -1 million (113 million) in the third quarter. The global demand has recovered from the deepest drop caused by the COVID-19 pandemic, but the market is still significantly oversupplied. The reference margin, which reflects general market conditions, was impacted by an exceptionally weak product market and a narrow Urals-Brent differential. The reference margin averaged at USD -0.8/bbl compared to USD 7.3/bbl in the third quarter of 2019. The significantly lower reference margin had a negative impact of EUR 170 million on the comparable operating profit year-on-year. Compared to the third quarter of 2019, Oil Products' additional margin was higher and had a positive impact of EUR 39 million on the comparable operating profit. The additional margin was supported by good operational performance, currency hedging and contango inventory profits. Several short term cost reduction measures have been implemented, and the segment's fixed costs were EUR 22 million lower than in the corresponding period last year. Oil Products' comparable return on net assets was 5.1% (12.8%) at the end of September over the previous 12 months.

During the third quarter the use of Russian crude oil was 65% (73%) of total input. The average refinery utilization rate was 87% (89%), reflecting the targeted capacity reductions due to lower demand.

Brent crude oil price was trading in a fairly narrow range between USD 39 and USD 46/bbl during the third quarter. Price was trending up during July and August supported by demand recovery and production cuts by the OPEC+ countries. Brent crude started to see some pressure during September as the second wave of COVID-19 pandemic hit demand in Europe and OPEC+ started to taper ongoing production cuts from August onwards. Brent closed the quarter at USD 41/bbl.

The Russian Export Blend (REB) crude averaged USD 0.1/bbl higher than Brent during the third quarter, but the price differential was very volatile. The OPEC+ production cuts drew significant volumes of heavy sour crude oil from the market, which supported REB price during July. As OPEC+ started to taper the ongoing production cuts the price differential turned back to negative in August. However, lower export volumes of REB narrowed the price differential again during the second half of the quarter and it closed the quarter as slightly positive.

Overall the refining margins were exceptionally weak during the third quarter and traded mostly at negative values. The COVID-19 pandemic continued to impact physical products demand, and both diesel and gasoline margins continued to be under pressure. Diesel margin was exceptionally weak as inventories were trending up and the very weak jet fuel demand added pressure on middle distillates. Gasoline margins saw some support from falling inventory levels and the US hurricane season. The narrow REB differential also negatively impacted refining margins. On average gasoline was the strongest part of the barrel during the third quarter. Neste's reference margin averaged at USD -0.8/bbl, which was exceptionally low.

Oil Products' nine-month comparable operating profit was EUR 13 million (269 million). As a result of the COVID-19 pandemic's negative impact on oil product demand and a continuing oversupply situation, the reference margin was approx. USD 4.8/bbl lower during the first nine months compared to the corresponding period last year. The lower reference margin had a negative impact of EUR 339 million on the comparable operating profit. The additional margin averaged at USD 6.2/bbl and had a positive impact of EUR 83 million compared to the corresponding period last year.

Production

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Refinery						
- Production, 1,000 ton	3,302	3,465	2,856	9,861	10,420	13,888
- Utilization rate, %	87	89	67	83	93	93
Refinery production costs, USD/bbl	4.3	4.6	5.6	4.7	4.6	4.8
Bahrain base oil plant production, (Neste's share) 1,000 ton	48	39	36	129	122	170

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

	7-9/20	%	7-9/19	%	4-6/20	%	1-9/20	%	1-9/19	%	2019	%
Middle distillates*	1,540	46	1,542	48	1,511	48	4,549	46	5,125	48	6,985	48
Light distillates**	1,133	34	1,032	32	960	31	3,259	33	3,449	33	4,713	33
Heavy fuel oil	302	9	252	8	359	11	997	10	901	9	1,219	9
Base oils	132	4	105	3	66	2	343	4	331	3	436	3
Other products	216	7	292	9	235	8	663	7	784	7	1,066	7
TOTAL	3,323	100	3,223	100	3,131	100	9,812	100	10,590	100	14,418	100

* 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)

	7-9/20	%	7-9/19	%	4-6/20	%	1-9/20	%	1-9/19	%	2019	%
Baltic Sea area*	1,924	58	2,064	64	2,125	68	5,928	59	6,269	59	8,512	59
Other Europe	1,068	32	809	25	882	28	3,179	29	3,076	29	4,163	29
North America	266	8	328	10	111	4	509	9	968	9	1,169	8
Other areas	66	2	22	1	13	0	196	3	277	3	574	4

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

Marketing & Services
Key financials

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Revenue, MEUR	788	1,086	664	2,298	3,192	4,193
EBITDA, MEUR	33	36	26	74	91	134
Comparable operating profit, MEUR	26	28	19	53	66	77
Operating profit, MEUR	26	28	19	53	66	102
Net assets, MEUR	208	319	206	208	319	235
Return on net assets*, %	36.3	28.8	34.1	36.3	28.8	35.3
Comparable return on net assets*, %	26.1	28.8	24.7	26.1	28.8	26.7

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

7-9 **1-9**

Comparable operating profit, 2019	28	66
Sales volumes	-11	-37
Unit margins	2	7
Currency exchange	0	0
Fixed costs	9	25
Others	-3	-8
Comparable operating profit, 2020	26	53

Marketing & Services' comparable operating profit was EUR 26 million (28 million) in the third quarter. Transportation fuel demand has been recovering in Finland and the Baltic countries, but is still below pre-COVID-19 levels, particularly in jet fuel and marine bunkers. Divestment of the Russian business, successfully completed in October 2019, had a negative impact totaling EUR 4 million on the comparable operating profit year-on-year. The sales volume reduction in the third quarter was mainly related to the divestment of the Russian business, and also due to the lower overall demand. We were able to improve our unit margins compared to the corresponding period last year, which had a positive impact of EUR 2 million on the comparable operating profit. The segment's fixed costs were EUR 9 million lower than in the third quarter of 2019, and the contribution of the divestment was EUR 6 million of that figure. Marketing & Services' comparable return on net assets was 26.1% (28.8%) at the end of September on a rolling 12-month basis.

Marketing & Services segment's nine-month comparable operating profit was EUR 53 million (66 million). Sales volumes were materially lower compared to the corresponding period last year, which had a negative impact of EUR 37 million on the comparable operating profit. The divestment of the Russian business represented EUR 26 million of that figure. Average unit margins improved slightly, which had a positive impact of EUR 7 million on the result year-on-year. The segment's fixed costs were EUR 25 million lower compared to the first nine months of 2019. The divestment resulted in EUR 18 million cost reduction during the first nine months of 2020.

Sales volumes by main product categories, million liters

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Gasoline station sales	176	282	142	456	782	974
Diesel station sales	414	450	366	1,160	1,319	1,738
Heating oil	154	171	173	498	499	665

Net sales by market area, MEUR

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Finland	597	784	506	1,767	2,304	3,064
Northwest Russia	0	79	0	0	217	245
Baltic countries	191	222	158	532	671	884

Others

Key financials

	7-9/20	7-9/19	4-6/20	1-9/20	1-9/19	2019
Comparable operating profit, MEUR	-5	-13	-16	-30	-84	-98
Operating profit, MEUR	-47	-38	-16	-72	-109	-123

The Others segment consists of Neste Engineering Solutions, common corporate costs, and Nynas AB joint venture until 15 September 2020, when the sale of its shares was completed. The comparable operating profit of the Others segment totaled EUR -5 million (-13 million) in the third quarter.

The nine-month comparable operating profit of the Others segment totaled EUR -30 million (-84 million). The result improvement was mainly due to the minority shareholding in Nynas being written-off in 2019. In the corresponding period of last year our share of Nynas' net profit accounted for EUR -52 million of this figure.

Shares, share trading, and ownership

Neste's shares are mainly traded on NASDAQ Helsinki Ltd. The share price closed the third quarter at EUR 44.97, up by 29.2% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 49.72, while the lowest share price was EUR 34.50. Market capitalization was EUR 34.6 billion as of 30 September 2020. An average of 0.9 million shares were traded daily, representing 0.1% of the company's shares.

At the end of September 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.

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

As of 30 September 2020, the State of Finland owned directly 36.0% (36.0% at the end of the second quarter) of outstanding shares, foreign institutions 39.5% (39.2%), Finnish institutions 16.9% (17.1%), and households 7.6% (7.7%).

Personnel

Neste employed an average of 4,841 (5,691) employees in the first nine months of the year, of which 986 (1,851) were based outside Finland. At the end of September, the company had 4,890 employees (5,659), of which 1,183 (1,831) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	7-9/20	7-9/19	1-9/20	1-9/19	2019
TRIF*	0.4	2.1	1.2	2.1	1.7
PSER**	1.5	1.7	1.9	1.6	1.4
GHG reduction, Mton***	2.5	2.4	7.6	7.3	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 third quarter compared to the corresponding period last year. Cumulative TRIF is also lower than in the full year 2019. PSER, the main indicator for process safety incidents, was lower during the third quarter compared to the corresponding period last year. However, the cumulative PSER is higher compared to the full year 2019 result. The defined improvement actions continue to improve process safety to the targeted level.

Continuous improvement of safety is driven in the defined focus areas. The selected focus areas in occupational safety development are: improvement of safety awareness, contractor management and co-operation, and further development of critical operation practices. High focus on process safety continues in all operations, for example, by ensuring effective process hazard analysis, asset integrity management, and effective change management practices. Additionally activities continue to ensure safe and reliable operations during the COVID-19 pandemic.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. During the third quarter of 2020 this GHG reduction was 2.5 million tons (2.4 million tons).

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the third quarter. No non-compliance cases (1) occurred at Neste's operations. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites.

Neste is increasing the use of renewable electricity at its production sites in Finland and has signed a wind power agreement with Ilmatar, a wind power company. The agreement has been made together with Borealis, Neste's long-term partner in the Kilpilahti area in Porvoo, Finland. As a result of the agreement with Ilmatar, as well as that signed with Fortum at the end of 2019, nearly 30% of the power used at Neste's production sites in Finland will be renewable wind power in 2022.

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

Main events published during the third quarter

On 6 July, Neste announced that it will increase the use of wind power at its Finnish production sites to nearly 30%. Neste is committed to reaching carbon neutral production by 2035. As part of this effort, the company is increasing the use of renewable electricity at its production sites in Finland and has signed a wind power agreement with Ilmatar, a wind power company.

On 7 July, Neste announced that it has delivered the first batch of sustainable aviation fuel (SAF) to San Francisco International Airport (SFO) via pipeline, where it will be used by major airlines committed to reducing carbon emissions. Neste is the first company to deliver sustainable aviation fuel, under its brand name Neste MY Renewable Jet Fuel™, to SFO using existing multi-product pipeline infrastructure.

On 13 August, Neste announced that it is supplying Alaska Airlines, American Airlines and JetBlue Airways with sustainable aviation fuel for flights from San Francisco International Airport (SFO). The low-carbon and high-quality fuel will contribute to each airline's efforts to reach their climate goals.

On 19 August, Neste announced that Neste and Air bp have signed an agreement to offer an increased volume of sustainable aviation fuel to airport customers in 2020 and 2021. The volume is five times larger than that supplied

by the businesses in 2019. Air bp will make the Neste-produced SAF available at selected airports in Europe, with deliveries to airports including Stockholm (ARN) and Oslo (OSL) expected to begin in the coming weeks.

On 14 September, Neste announced that the following members have been appointed to Neste's Shareholders' Nomination Board: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Deputy CEO, Investments Reima Rytsölä of Varma Mutual Pension Insurance Company; Director General Outi Antila of The Social Insurance Institution of Finland and Matti Kähkönen, the Chair of Neste's Board of Directors. The Nomination Board is responsible for drafting and presenting proposals covering the remuneration and number of members of the Board of Directors and for presenting candidates as potential Board members to the AGM. The Nomination Board will forward its proposals for the AGM to the Board of Directors by 31 January 2021.

On 14 September, Neste announced that it plans to restructure its refinery operations in Finland and starts co-operation negotiations. In order to ensure the competitiveness of the Oil Products business, Neste is planning to restructure its refinery operations in Porvoo and Naantali, Finland. The company is exploring the shutdown of its refinery operations in Naantali and focusing the Naantali site on the terminal and harbor operations, as well as transforming the Porvoo refinery operations to co-processing renewable and circular raw materials. To initiate the transformation, the company will start cooperation negotiations in the Oil Products business unit and its supporting functions in Finland. If implemented, the plans would mean up to 470 redundancies, including possible outsourcing. The decisions on the measures and impacts on the various functions, personnel groups and locations will be made after the negotiations have been concluded. The planned changes are expected to result in annual fixed cost savings of approximately EUR 50 million.

On 16 September, Neste announced that Neste AB had sold its 49.99% shareholding in Nynas AB to Bitumina Industries Ltd on 15 September. Nynas is a Swedish manufacturer and marketer of naphthenic specialty oils and bitumen products. Nynas has four refineries: Harburg in Germany, Nynäshamn and Gothenburg in Sweden and Eastham in the UK. The Bitumina Group is a vertically integrated specialty Bitumen company which has expanded its business on a global scale.

On 17 September, Neste announced that Sweden becomes a frontrunner in sustainable aviation. Sweden has an ambitious target of being fossil-free by 2045. As a part of the initiative, the Swedish Government announced on 11 September 2020, to introduce a greenhouse gas reduction mandate for aviation fuel sold in Sweden in 2021. The reduction level will be 0.8% in 2021, and gradually increase to 27% in 2030. This makes Sweden an undisputed leader in sustainable aviation.

On 23 September, Neste announced that it has signed an agreement with Shell to increase the supply of sustainable aviation fuel. In a move which anticipates increasing desire from airlines to reduce emissions, Neste and Shell Aviation have entered into a sustainable aviation fuel (SAF) supply agreement. This agreement significantly increases the supply and availability of SAF for the aviation industry with effect from October 2020. It brings together Neste's expertise in the production and supply of renewable diesel and SAF with Shell Aviation's world-class credentials in supplying and managing fuel around the world.

Potential risks

The global COVID-19 pandemic continues to cause major risks and uncertainties for Neste's business. 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 pandemic on Neste's product demand, operations, or delivery of projects, 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

Neste's Annual General Meeting (AGM), held on 18 May 2020, made decisions on the company's dividend distribution and authorized the Board of Directors 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.

After having considered the impact of the COVID-19 pandemic on the markets and Neste's financials, the Board of Directors has today decided upon the payment of a second installment of the dividend, EUR 0.56 per share, consisting of ordinary dividend of EUR 0.46 and extraordinary dividend of EUR 0.10 per share. The second dividend installment will be paid to a shareholder who is registered in the Company's shareholder register maintained by Euroclear Finland Oy on the record date for the payment of second dividend installment, which shall be Monday, 26 October 2020. The second installment of the dividend will be paid on Monday, 2 November 2020.

Reporting date for the company's fourth-quarter and full-year 2020 results

Neste will publish its fourth-quarter and full-year results on 5 February 2021 at approximately 9:00 a.m. EET.

Espoo, 22 October 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, 22 October 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 2311 3291, rest of

Europe: +44 (0) 2071 928338, US: +1 646 741 3167, using access code 2165150. The conference call can be followed at the company's [website](#). An instant replay of the call will be available until 29 October 2020 at +44 (0) 333 300 9785 for Europe and +1 866 331 1332 for the US, using access code 2165150.

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 - SEPTEMBER 2020
The interim report is unaudited

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	Restated		Restated		Last 12 months	
		7-9/2020	7-9/2019	1-9/2020	1-9/2019		1-12/2019
Revenue	3, 4	2,881	3,961	8,723	11,787	15,840	12,776
Other income		4	13	13	22	50	41
Share of profit (loss) of joint ventures	5, 9	-39	-8	-39	-51	-52	-40
Materials and services		-2,129	-3,161	-6,868	-9,568	-12,238	-9,538
Employee benefit costs		-87	-93	-295	-294	-395	-395
Depreciation, amortization and impairments	4	-127	-162	-381	-384	-502	-499
Other expenses		-78	-108	-324	-328	-474	-470
Operating profit	4	425	442	830	1,184	2,229	1,876
Financial income and expenses							
Financial income		1	3	3	8	10	5
Financial expenses		-11	-73	-35	-98	-109	-46
Exchange rate and fair value gains and losses		-7	-31	9	-57	-64	2
Total financial income and expenses		-18	-101	-23	-147	-163	-39
Profit before income taxes		407	341	807	1,037	2,067	1,837
Income tax expense		-60	-74	-98	-182	-278	-195
Profit for the period		347	267	709	855	1,789	1,642
Profit attributable to:							
Owners of the parent		346	267	707	855	1,788	1,641
Non-controlling interests		0	0	1	1	1	2
		347	267	709	855	1,789	1,642
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		0.45	0.35	0.92	1.11	2.33	2.14
Diluted earnings per share		0.45	0.35	0.92	1.11	2.32	2.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Restated		Restated		Last 12 months	
	7-9/2020	7-9/2019	1-9/2020	1-9/2019		1-12/2019
Profit for the period	347	267	709	855	1,789	1,642
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	-5	-7	-3	-26	8	32
Net change of other investments at fair value	5	0	5	0	0	5
Items that may be reclassified subsequently to profit or loss						
Translation differences	16	2	11	3	45	53
Cash flow hedges						
recorded in equity	34	-45	6	-55	-26	35
transferred to income statement	-14	15	7	53	66	20
Share of other comprehensive income of investments accounted for using the equity method	12	10	12	9	8	11
Total	47	-18	36	9	93	119
Other comprehensive income for the period, net of tax	47	-24	38	-17	101	156
Total comprehensive income for the period	394	243	747	839	1,890	1,798
Total comprehensive income attributable to:						
Owners of the parent	394	242	745	838	1,890	1,797
Non-controlling interests	0	0	1	1	1	2
	394	243	747	839	1,890	1,798

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 Sep 2020	Restated 30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Intangible assets	8	268	131	135
Property, plant and equipment	8	4,504	3,971	4,187
Investments in joint ventures	9	22	23	22
Non-current receivables		65	39	56
Deferred tax assets		34	45	40
Derivative financial instruments	11	2	17	7
Other financial assets	11	20	5	5
Total non-current assets		4,914	4,231	4,452
Current assets				
Inventories		1,903	1,810	1,678
Trade and other receivables		1,589	1,657	1,915
Derivative financial instruments	11	173	102	236
Current investments		35	46	19
Cash and cash equivalents		944	836	1,493
Total current assets		4,644	4,451	5,341
Assets classified as held for sale	6	14	99	0
Total assets	4	9,572	8,781	9,793
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		6,271	4,827	5,879
Total		6,311	4,867	5,919
Non-controlling interests		4	2	2
Total equity		6,315	4,869	5,922
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		1,056	1,067	1,080
Deferred tax liabilities		249	245	255
Provisions		101	75	93
Pension liabilities		111	156	111
Derivative financial instruments	11	2	4	1
Other non-current liabilities		21	18	21
Total non-current liabilities		1,539	1,565	1,561
Current liabilities				
Interest-bearing liabilities		220	162	242
Current tax liabilities		8	63	16
Derivative financial instruments	11	59	150	63
Trade and other payables		1,430	1,951	1,990
Total current liabilities		1,717	2,326	2,311
Liabilities related to assets held for sale		0	21	0
Total liabilities	4	3,257	3,912	3,872
Total equity and liabilities		9,572	8,781	9,793

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	7-9/2020	Restated 7-9/2019	1-9/2020	Restated 1-9/2019	1-12/2019
Cash flows from operating activities						
Profit before income taxes		407	341	807	1,037	2,067
Adjustments, total		163	216	521	603	550
Change in net working capital		-17	-439	-412	-961	-780
Cash generated from operations		553	118	916	679	1,837
Finance cost, net		-18	-1	-37	-29	-48
Income taxes paid		-38	-60	-129	-189	-333
Net cash generated from operating activities		497	58	751	461	1,456
Cash flows from investing activities						
Capital expenditure		-195	-157	-566	-345	-567
Acquisitions of subsidiaries	5	0	0	-175	-1	-1
Proceeds from sales of shares in subsidiaries and business operations		0	23	-2	23	145
Changes in long-term receivables and other investments		14	147	-58	73	120
Cash flows from investing activities		-182	13	-801	-250	-302
Cash flow before financing activities		315	71	-51	211	1,154
Cash flows from financing activities						
Net change in loans and other financing activities		-23	-160	-149	-199	-213
Dividends paid to the owners of the parent		0	0	-353	-292	-583
Dividends paid to non-controlling interests		0	-1	0	-1	-1
Cash flows from financing activities		-23	-160	-503	-492	-797
Net increase (+) / decrease (-) in cash and cash equivalents		292	-89	-553	-281	357
Cash and cash equivalents at the beginning of the period		650	945	1,493	1,136	1,136
Exchange gains (+) / losses (-) on cash and cash equivalents		2	1	4	2	0
Cash and cash equivalents at the end of the period ¹⁾		944	857	944	857	1,493

¹⁾ Including cash and cash equivalents of EUR 21 million classified as held for sale as of 30 September 2019.

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
Total equity at 1 Jan 2019	40	19	10	-9	-55	-69	-84	4,760	4,614	2	4,616
Restated profit for the period								855	855	1	855
Other comprehensive income for the period, net of tax					6	-26	3		-17	0	-17
Restated total comprehensive income for the period	0	0	0	0	6	-26	3	855	838	1	839
Transactions with the owners in their capacity as owners											
Dividend decision								-583	-583	-1	-584
Share-based compensation			6	1				-9	-2		-2
Transfer from retained earnings		0					1		0		0
Restated total equity at 30 Sep 2019	40	19	16	-7	-48	-95	-80	5,022	4,867	2	4,869

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
Total equity at 1 Jan 2019	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
Total equity at 31 Dec 2019	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
Total equity at 1 Jan 2020	40	19	16	-7	-6	-60	-39	5,957	5,919	2	5,922
Profit for the period								707	707	1	709
Other comprehensive income for the period, net of tax					30	-3	11		38	0	38
Total comprehensive income for the period	0	0	0	0	30	-3	11	707	745	1	747
Transactions with the owners in their capacity as owners											
Dividend decision								-353	-353	0	-353
Share-based compensation			0	1				-1	0		0
Transfer from retained earnings		0					0		0		0
Total equity at 30 Sep 2020	40	19	16	-7	23	-63	-28	6,309	6,311	4	6,315

KEY FIGURES

	30 Sep 2020	Restated 30 Sep 2019	31 Dec 2019	Last 12 months
Revenue	8,723	11,787	15,840	12,776
Profit for the period	709	855	1,789	1,642
Earnings per share (EPS), EUR	0.92	1.11	2.33	2.14
Alternative performance measures				
EBITDA, EUR million	1,210	1,567	2,731	2,374
Capital employed, EUR million	7,590	6,098	7,243	-
Interest-bearing net debt, EUR million	297	347	-191	-
Capital expenditure and investment in shares, EUR million	853	491	890	1,252
Return on average capital employed, after tax, (ROACE) %	23.1	21.1	26.6	-
Return on equity, (ROE) %	28.2	20.9	35.8	-
Equity per share, EUR	8.22	6.34	7.71	-
Cash flow per share, EUR	0.98	0.60	1.90	2.27
Comparable earnings per share, EUR	1.16	1.12	2.04	2.08
Comparable net profit	892	860	1,564	1,596
Equity-to-assets ratio, %	66.4	55.8	60.8	-
Leverage ratio, %	4.5	6.7	-3.3	-
Adjusted weighted average number of shares outstanding	767,794,749	767,613,967	767,631,518	767,766,810
Adjusted number of shares outstanding at the end of the period	767,836,640	767,683,600	767,683,600	-
Average number of personnel	4,841	5,691	5,474	-

Neste presents Alternative Performance Measures (APM) 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 and website 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.

Key accounting considerations related to COVID-19

We have assessed COVID-19 impacts by reviewing the carrying values of our balance sheet items. The review did not indicate need for asset impairments.

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	7-9/2020					7-9/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	1,055	877	756	0	2,688	923	1,735	1,044	0	3,702
Light distillates	27	438	210	0	675	28	816	287	0	1,130
Middle distillates	1,027	347	545	0	1,920	895	829	756	0	2,479
Heavy fuel oil	0	92	1	0	94	0	91	1	0	92
Other products	0	154	24	0	177	0	209	31	0	240
Other services	0	9	3	5	16	0	7	3	10	20
Total	1,055	1,039	783	5	2,881	923	1,952	1,077	10	3,961

External revenue	1-9/2020					1-9/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	3,077	2,851	2,202	0	8,131	2,607	5,360	3,064	0	11,031
Light distillates	76	1,302	545	0	1,923	62	2,435	792	0	3,289
Middle distillates	3,001	1,338	1,653	0	5,993	2,545	2,595	2,269	0	7,408
Heavy fuel oil	0	212	3	0	215	0	330	4	0	334
Other products	0	462	71	0	533	7	594	93	0	693
Other services	0	30	7	22	59	0	22	8	32	63
Total	3,077	3,344	2,280	22	8,723	2,614	5,976	3,165	32	11,787

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 ¹⁾	3,648	7,138	4,028	0	14,814	4,118	4,629	3,166	0	11,913
Light distillates	92	3,231	1,012	0	4,336	106	2,098	766	0	2,970
Middle distillates	3,555	3,472	3,011	0	10,039	4,012	2,215	2,396	0	8,624
Heavy fuel oil	0	434	5	0	439	0	316	4	0	320
Other products	7	800	118	0	925	0	668	97	0	765
Other services	0	46	11	44	101	0	54	10	33	97
Total	3,654	7,984	4,157	44	15,840	4,118	5,352	3,273	33	12,776

¹⁾ 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	7-9/2020					7-9/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	1,055	1,031	780	0	2,865	923	1,944	1,075	0	3,942
Services transferred at point in time	0	9	3	1	12	0	7	3	1	12
Services transferred over time	0	0	0	4	4	0	0	0	8	8
Total	1,055	1,039	783	5	2,881	923	1,952	1,077	10	3,961

External revenue	1-9/2020					1-9/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	3,077	3,314	2,273	0	8,664	2,614	5,954	3,157	0	11,724
Services transferred at point in time	0	30	7	1	38	0	22	8	1	31
Services transferred over time	0	0	0	21	21	0	0	0	31	31
Total	3,077	3,344	2,280	22	8,723	2,614	5,976	3,165	32	11,787

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	4,118	5,297	3,263	0	12,678
Services transferred at point in time	0	46	11	2	59	0	54	10	1	65
Services transferred over time	0	0	0	42	42	0	0	0	32	32
Total	3,654	7,984	4,157	44	15,840	4,118	5,352	3,273	33	12,776

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
7-9/2020						
External revenue	1,055	1,039	783	5	0	2,881
Internal revenue	20	365	6	27	-418	0
Total revenue	1,074	1,405	788	32	-418	2,881
7-9/2019						
External revenue	923	1,952	1,077	10	0	3,961
Internal revenue	102	626	8	48	-784	0
Total revenue	1,025	2,578	1,086	58	-784	3,961
1-9/2020						
External revenue	3,077	3,344	2,280	22	0	8,723
Internal revenue	109	1,139	18	115	-1,381	0
Total revenue	3,186	4,483	2,298	137	-1,381	8,723
1-9/2019						
External revenue	2,614	5,976	3,165	32	0	11,787
Internal revenue	339	1,845	26	153	-2,364	0
Total revenue	2,952	7,821	3,192	186	-2,364	11,787
1-12/2019						
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
Last 12 months						
External revenue	4,118	5,352	3,273	33	0	12,776
Internal revenue	149	1,726	28	164	-2,067	0
Total revenue	4,267	7,078	3,300	197	-2,067	12,776

REVENUE BY OPERATING DESTINATION

	7-9/2020					7-9/2019				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	18	274	587	4	883	0	536	766	7	1,309
Other Nordic countries	328	179	0	0	508	348	296	8	0	651
Baltic Rim	4	33	194	0	231	0	17	303	0	319
Other European countries	452	379	1	0	832	281	959	1	2	1,243
North and South America	249	153	0	0	402	285	119	0	1	405
Other countries	4	21	0	0	25	9	24	0	1	34
Total	1,055	1,039	783	5	2,881	923	1,952	1,077	10	3,961
1-9/2020										
External revenue										
Finland	96	927	1,737	16	2,775	1	1,491	2,247	20	3,759
Other Nordic countries	1,001	522	3	0	1,526	1,185	940	23	2	2,150
Baltic Rim	8	154	539	0	702	2	58	893	0	953
Other European countries	1,217	1,319	1	4	2,541	607	2,876	2	7	3,491
North and South America	742	345	0	1	1,088	795	422	0	1	1,218
Other countries	13	77	0	0	91	24	190	0	4	217
Total	3,077	3,344	2,280	22	8,723	2,614	5,976	3,165	32	11,787
1-12/2019										
External revenue										
Finland	33	2,009	2,991	25	5,058	128	1,444	2,481	21	4,075
Other Nordic countries	1,386	1,188	27	2	2,602	1,202	769	7	0	1,979
Baltic Rim	6	67	1,137	0	1,210	13	164	782	1	959
Other European countries	1,000	3,952	2	12	4,965	1,609	2,395	2	9	4,015
North and South America	1,197	530	0	2	1,729	1,144	453	0	2	1,599
Other countries	32	239	0	4	275	22	127	0	0	148
Total	3,654	7,984	4,157	44	15,840	4,118	5,352	3,273	33	12,776
Last 12 months										
External revenue										
Finland	33	2,009	2,991	25	5,058	128	1,444	2,481	21	4,075
Other Nordic countries	1,386	1,188	27	2	2,602	1,202	769	7	0	1,979
Baltic Rim	6	67	1,137	0	1,210	13	164	782	1	959
Other European countries	1,000	3,952	2	12	4,965	1,609	2,395	2	9	4,015
North and South America	1,197	530	0	2	1,729	1,144	453	0	2	1,599
Other countries	32	239	0	4	275	22	127	0	0	148
Total	3,654	7,984	4,157	44	15,840	4,118	5,352	3,273	33	12,776

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, common corporate costs and Nynas AB joint venture until 15 September 2020 when its sale of shares was completed. 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.

REVENUE	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019	Last 12 months
Renewable Products	1,074	1,025	3,186	2,952	4,033	4,267
Oil Products	1,405	2,578	4,483	7,821	10,416	7,078
Marketing & Services	788	1,086	2,298	3,192	4,193	3,300
Others	32	58	137	186	246	197
Eliminations	-418	-784	-1,381	-2,364	-3,049	-2,067
Total	2,881	3,961	8,723	11,787	15,840	12,776

OPERATING PROFIT	7-9/2020	Restated 7-9/2019	1-9/2020	Restated 1-9/2019	1-12/2019	Last 12 months
Renewable Products	360	376	954	960	1,847	1,841
Oil Products	86	75	-109	265	406	32
Marketing & Services	26	28	53	66	102	88
Others	-47	-38	-72	-109	-123	-86
Eliminations	0	2	4	2	-2	0
Total	425	442	830	1,184	2,229	1,876

COMPARABLE OPERATING PROFIT	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019	Last 12 months
Renewable Products	352	305	996	928	1,599	1,667
Oil Products	-1	113	13	269	386	130
Marketing & Services	26	28	53	66	77	64
Others	-5	-13	-30	-84	-98	-44
Eliminations	0	2	4	1	-2	0
Total	373	435	1,036	1,181	1,962	1,817

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019	Last 12 months
Renewable Products	47	46	134	117	166	183
Oil Products	63	67	197	184	232	245
Marketing & Services	7	8	21	25	33	29
Others	10	43	29	60	71	41
Eliminations	0	-2	0	-2	0	1
Total	127	162	381	384	502	499

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2020	7-9/2019	1-9/2020	1-9/2019	1-12/2019	Last 12 months
Renewable Products	155	125	572	242	424	755
Oil Products	71	70	222	198	373	397
Marketing & Services	5	5	13	13	37	37
Others	9	14	45	37	56	63
Eliminations	0	0	0	0	0	0
Total	240	214	853	491	890	1,252

TOTAL ASSETS		Restated 30 Sep 2020	30 Sep 2019	31 Dec 2019
Renewable Products		4,175	2,891	3,606
Oil Products		3,634	4,219	3,927
Marketing & Services		484	654	577
Others		354	330	352
Unallocated assets		1,156	1,045	1,652
Eliminations		-230	-358	-322
Total		9,572	8,781	9,793

		Restated	
	30 Sep	30 Sep	31 Dec
	2020	2019	2019
NET ASSETS			
Renewable Products	3,695	2,424	3,137
Oil Products	2,630	2,819	2,313
Marketing & Services	208	319	235
Others	189	-102	214
Eliminations	-5	-7	-9
Total	6,718	5,453	5,890

		Restated	
	30 Sep	30 Sep	31 Dec
	2020	2019	2019
TOTAL LIABILITIES			
Renewable Products	771	728	757
Oil Products	1,038	1,433	1,674
Marketing & Services	334	406	406
Others	170	436	145
Unallocated liabilities	1,169	1,259	1,202
Eliminations	-225	-351	-313
Total	3,257	3,912	3,872

		Restated	
	30 Sep	30 Sep	31 Dec
	2020	2019	2019
RETURN ON NET ASSETS, %			
Renewable Products	57.5	64.0	77.4
Oil Products	1.2	1.6	16.2
Marketing & Services	36.3	28.8	35.3

		Restated	
	30 Sep	30 Sep	31 Dec
	2020	2019	2019
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	52.0	56.9	67.0
Oil Products	5.1	12.8	15.4
Marketing & Services	26.1	28.8	26.7

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	1,074	1,047	1,065	1,081	1,025	955	973
Oil Products	1,405	1,218	1,860	2,595	2,578	2,729	2,514
Marketing & Services	788	664	846	1,002	1,086	1,064	1,042
Others	32	45	59	60	58	68	60
Eliminations	-418	-403	-560	-686	-784	-758	-821
Total	2,881	2,572	3,270	4,053	3,961	4,057	3,769
QUARTERLY OPERATING PROFIT	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	360	168	426	888	376	284	300
Oil Products	86	40	-234	141	75	76	114
Marketing & Services	26	19	8	36	28	25	13
Others	-47	-16	-9	-14	-38	-28	-43
Eliminations	0	-3	7	-4	2	1	-1
Total	425	208	197	1,046	442	359	383
QUARTERLY COMPARABLE OPERATING PROFIT	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	352	314	329	671	305	286	337
Oil Products	-1	-60	74	117	113	83	73
Marketing & Services	26	19	8	11	28	25	13
Others	-5	-16	-9	-14	-13	-28	-43
Eliminations	0	-3	7	-4	2	1	-1
Total	373	255	408	781	435	367	378
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	47	43	44	49	46	36	36
Oil Products	63	64	70	48	67	65	51
Marketing & Services	7	7	7	8	8	8	8
Others	10	10	9	11	43	8	8
Eliminations	0	0	0	2	-2	0	0
Total	127	124	129	118	162	118	104
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	155	284	134	183	125	88	29
Oil Products	71	50	101	174	70	74	55
Marketing & Services	5	6	3	23	5	6	2
Others	9	13	22	19	14	11	12
Eliminations	0	0	0	0	0	0	0
Total	240	352	260	399	214	179	98
QUARTERLY NET ASSETS	7-9/2020	4-6/2020	1-3/2020	10-12/2019	7-9/2019	4-6/2019	1-3/2019
Renewable Products	3,695	3,592	3,165	3,137	2,424	2,259	2,116
Oil Products	2,630	2,579	2,439	2,313	2,819	2,564	2,581
Marketing & Services	208	206	249	235	319	315	319
Others	189	208	226	214	-102	-152	151
Eliminations	-5	-7	2	-9	-7	-8	0
Total	6,718	6,578	6,082	5,890	5,453	4,977	5,167

5. ACQUISITIONS AND DISPOSALS

Acquisitions

Mahoney Environmental

On 1 May 2020 Neste acquired 100% of Mahoney Environmental (Mahoney) and its affiliated entities. Mahoney is a leading collector and recycler of used cooking oil in the United States. The acquisition is consolidated into Renewable Products segment.

Neste's feedstock strategy is focusing on waste and residues growth and the development of new feedstock sources. The company is targeting 100% waste and residues share by 2025. The completion of this transaction is an important step forward in delivering on Neste's growth strategy in renewables since Mahoney Environmental already has access to a substantial volume of used cooking oil with room to grow across North America. Used cooking oil is one of more than 10 different types of feedstock that Neste can use to produce renewable diesel, sustainable aviation fuel and raw materials for renewable polymers. Alongside used cooking oil collection and recycling, Mahoney also provides cooking oil equipment installation and design, fresh oil delivery and grease trap cleaning.

The fair values of the acquired net assets, based on a preliminary assessment, are presented in the table below. Based on the preliminary purchase price allocation, a portion of the purchase price was allocated to supplier and customer relations that have been recognized as intangible assets. The recognized goodwill is deductible for income tax purposes, and represents the value of acquired business knowledge and synergies. The transaction costs of the acquisition have been recognized as other expenses in the consolidated statement of income. The acquisition does not have material impact on the Group's revenue nor profit.

The purchase price was paid fully in cash and a part of it is subject to provisional adjustments which could change the final purchase price. In connection with the closing of the acquisition, the interest-bearing liabilities of the acquiree were paid off, and the related cash flow impact is presented in cash flows from financing activities.

Values of acquired assets and liabilities at time of acquisition:	Fair value
Intangible assets	24
Property, plant and equipment	31
Inventories	2
Trade and other receivables	6
Cash and cash equivalents	5
Total assets	68
Interest-bearing liabilities	20
Trade and other payables	14
Total liabilities	34
Fair value of net assets total	34
Consideration transferred	142
Fair value of acquired net assets	-34
Goodwill	108
Cash flows of acquisition:	1-9/2020
Consideration, paid in cash	-142
Cash and cash equivalents in acquiree	5
Acquiree's liabilities paid off at closing	-25
Transaction costs of the acquisition	-4
Net cash flow on acquisition	-167

Count Terminal Rotterdam

On 7 May 2020 Neste acquired 100% of the Dutch Count Companies BV's Count Terminal Rotterdam BV and its supporting entities, part of the First Dutch Group of Peter Goedvolk. The acquisition is consolidated into Renewable Products segment.

The acquisition is an important step for Neste in the execution of its growth strategy. It supports company's efforts to build a global renewable waste and residue raw material platform that can keep pace with the world's growing demand for renewable products. Count Terminal Rotterdam stores, refines and blends renewable waste and residue-based raw materials in the Rotterdam harbor area. Count Terminal Rotterdam will be the first terminal asset Neste owns for renewable feedstock aggregation, thus enabling Neste to further develop its raw material logistics for the future. The transaction will also enhance Neste's competitiveness in the global renewable waste and residue raw material market.

The fair values of the acquired net assets, based on a preliminary assessment, are presented in the table below. The goodwill is non-deductible for income tax purposes, and represents the value of synergies. The transaction costs of the acquisition have been recognized as other expenses in the consolidated statement of income. The acquisition does not have material impact on the Group's revenue nor profit.

The purchase price was paid fully in cash and it is not subject to further adjustments. In connection with the closing of the acquisition, the interest-bearing liabilities of the acquiree were paid off, and the related cash flow impact is presented in cash flows from financing activities.

Values of acquired assets and liabilities at time of acquisition:	Fair value
Property, plant and equipment	48
Trade and other receivables	1
Cash and cash equivalents	0
Total assets	50
Interest-bearing liabilities	18
Deferred tax liabilities	1
Trade and other payables	1
Total liabilities	19
Fair value of net assets total	30
Consideration transferred	37
Fair value of acquired net assets	-30
Goodwill	7
Cash flows of acquisition:	1-9/2020
Consideration, paid in cash	-37
Cash and cash equivalents in acquiree	0
Acquiree's liabilities paid off at closing	-17
Transaction costs of the acquisition	-3
Net cash flow on acquisition	-57

Disposals

Neste AB has sold its 49.99% shares in Nynas AB to Bitumina Industries Ltd on 15 September 2020. Total consideration is subject to provisional adjustments which could change the final consideration. Loss on sales is presented as share of profit (loss) of joint ventures in the consolidated statement of income.

Sale of shares of Nynas AB	Recognized values
Total consideration	0
Sold net assets	0
Translation differences and share of other comprehensive income related to disposal (reclassified from equity)	-42
Loss on sale	-42
Net cash flow of the disposal	0

6. ASSETS HELD FOR SALE

Assets held for sale at 30 September 2020 relate to replacing the vessels Neste and Futura with new product tankers. Neste and Futura vessels are planned to be divested within the next 12 months. The vessels are consolidated into Oil Products segment.

Assets classified as held for sale	30 Sep 2020
Property, plant and equipment	14
Total	14

Assets held for sale at 30 September 2019 related to the divestment of the subsidiary LLC Neste Saint-Petersburg.

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	373	435	255	1,036	1,181	1,962
inventory valuation gains/losses	68	-15	127	-98	93	180
changes in the fair value of open commodity and currency derivatives	27	54	-172	-64	-64	69
capital gains and losses	-42	9	0	-42	9	37
impairments	0	-40	0	0	-34	-11
other adjustments	-1	-1	-1	-2	-1	-7
OPERATING PROFIT	425	442	208	830	1,184	2,229

Renewable Products	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	352	305	314	996	928	1,599
inventory valuation gains/losses	5	30	-68	19	63	137
changes in the fair value of open commodity and currency derivatives	2	40	-78	-61	-45	101
capital gains and losses	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	13	10
OPERATING PROFIT	360	376	168	954	960	1,847

Oil Products	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	-1	113	-60	13	269	386
inventory valuation gains/losses	62	-45	194	-117	30	43
changes in the fair value of open commodity and currency derivatives	25	13	-94	-3	-20	-32
capital gains and losses	0	0	0	0	0	0
impairments	0	-6	0	0	0	23
other adjustments	-1	-1	-1	-2	-15	-15
OPERATING PROFIT	86	75	40	-109	265	406

Marketing & Services	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	26	28	19	53	66	77
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	27
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	-3
OPERATING PROFIT	26	28	19	53	66	102

Others	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	-5	-13	-16	-30	-84	-98
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	-42	9	0	-42	9	9
impairments	0	-34	0	0	-34	-34
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	-47	-38	-16	-72	-109	-123

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	7-9/2020	Restated		1-9/2020	Restated	
		7-9/2019	4-6/2020		1-9/2019	1-12/2019
COMPARABLE OPERATING PROFIT	373	435	255	1,036	1,181	1,962
total financial income and expenses	-18	-101	-23	-23	-147	-163
income tax expense	-60	-74	-98	-98	-182	-278
non-controlling interests	0	0	-1	-1	-1	-1
tax on items affecting comparability	12	9	-21	-21	9	43
COMPARABLE NET PROFIT	307	268	892	892	860	1,564

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

		Restated	
	30 Sep 2020	30 Sep 2019	31 Dec 2019
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,817	1,530	1,962
financial income	5	11	10
exchange rate and fair value gains and losses	2	-60	-64
income tax expense	-195	-223	-278
tax on other items affecting ROACE	7	-3	35
Comparable net profit, net of tax	1,637	1,255	1,666
Capital employed average	7,098	5,954	6,275
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	23.1	21.1	26.6

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

		Restated	
	30 Sep 2020	30 Sep 2019	31 Dec 2019
Total equity	6,315	4,869	5,922
Total assets	9,572	8,781	9,793
Advances received	-54	-56	-46
EQUITY-TO-ASSETS RATIO, %	66.4	55.8	60.8

RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING

		Restated	
	30 Sep 2020	30 Sep 2019	31 Dec 2019
Operative receivables	1,561	1,622	1,918
Inventories	1,903	1,810	1,678
Operative liabilities	-1,445	-1,962	-2,001
Net working capital	2,019	1,470	1,595
Revenue, last 12 months	12,776	15,448	15,840
NET WORKING CAPITAL IN DAYS OUTSTANDING	57.7	34.7	36.7

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

	30 Sep 2020	30 Sep 2019	31 Dec 2019
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	4,322	3,861	3,861
Change in accounting policy, IFRS 16	0	215	215
Restated opening balance	4,322	4,076	4,076
Capital expenditure	669	490	890
Acquisitions	218	1	1
Depreciation, amortization and impairments	-381	-356	-497
Disposals	-25	-59	-152
Assets held for sale	-14	-55	0
Translation differences	-18	6	4
Closing balance	4,772	4,103	4,322
CAPITAL COMMITMENTS			
Commitments to purchase property, plant and equipment and intangible assets	719	736	754
Total	719	736	754

Capital commitments are mainly related to the Singapore expansion project which will extend Neste's renewable product overall capacity in Singapore.

9. CHANGES IN INVESTMENTS IN JOINT VENTURES

	30 Sep 2020	30 Sep 2019	31 Dec 2019
INVESTMENTS IN JOINT VENTURES			
Opening balance	22	106	106
Share of profit (loss) of joint ventures ¹⁾	-39	-51	-52
Share of other comprehensive income of investments accounted for using the equity method ¹⁾	12	9	8
Impairments	0	-36	-36
Translation differences ¹⁾	26	-5	-5
Closing balance	22	23	22

¹⁾ Including the effect of the sale of Nynas AB shares. See Note 5 Acquisitions and disposals for more information.

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 Sep 2020	30 Sep 2019	31 Dec 2019
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	1,056	1,067	1,080
Current interest-bearing liabilities ²⁾	220	162	242
Interest-bearing liabilities	1,275	1,229	1,322
Current investments	-35	-46	-19
Cash and cash equivalents	-944	-836	-1,493
Liquid funds	-979	-882	-1,513
Interest-bearing net debt	297	347	-191

¹⁾ Including EUR 295 million of lease liabilities at 30 September 2020 (30 Sep 2019: EUR 310 million, 31 Dec 2019: EUR 317 million)

²⁾ Including EUR 95 million of lease liabilities at 30 September 2020 (30 Sep 2019: EUR 59 million, 31 Dec 2019: EUR 102 million)

	30 Sep 2020	30 Sep 2019	31 Dec 2019
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	979	882	1,513
Unused committed credit facilities	1,350	1,650	1,350
Total	2,329	2,532	2,863
In addition: Unused commercial paper program (uncommitted)	400	400	400

11. 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.

	30 Sep 2020		30 Sep 2019		31 Dec 2019	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Currency derivatives						
Hedge accounting	2,015	36	2,339	-37	2,409	14
Non-hedge accounting	1,373	-6	999	-16	1,602	14

	30 Sep 2020			30 Sep 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
Commodity derivatives									
Sales contracts									
Non-hedge accounting	0	23	56	0	22	80	0	18	-19
Purchase contracts									
Non-hedge accounting	3,393	13	28	2,971	20	-61	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 September 30, 2020

Balance sheet item	Fair value through OCI	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Fair value hierarchy		
						Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables		3	61	65	65			
Derivative financial instruments	0			2	2		2	
Other financial assets	16	5		20	20			20
Current financial assets								
Trade and other receivables ¹⁾			1,571	1,571	1,571			
Derivative financial instruments	45	128		173	173	12	161	
Current investments			35	35	35			
Cash and cash equivalents			944	944	944			
Financial assets	61	137	2,611	2,809	2,809			
Non-current financial liabilities								
Interest-bearing liabilities			1,056	1,056	1,076	740	336	
Derivative financial instruments	1	1		2	2		2	
Other non-current liabilities			21	21	21			
Current financial liabilities								
Interest-bearing liabilities			220	220	220		220	
Derivative financial instruments	9	50		59	59	4	55	
Trade and other payables			1,430	1,430	1,430			
Financial liabilities	10	51	2,727	2,788	2,808			

¹⁾ excluding non-financial items

Derivative financial instruments under Fair value through OCI -category meet criteria for hedge accounting.

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 16 million. The fair value of other financial assets 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.

12. 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.

	30 Sep	30 Sep	31 Dec
	2020	2019	2019
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	159	216	216
Purchases of goods and services	131	188	258
Receivables	104	129	102
Financial income and expenses	2	-55	-54
Liabilities	14	4	19

13. CONTINGENT LIABILITIES

	30 Sep	30 Sep	31 Dec
	2020	2019	2019
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Other contingent liabilities	29	19	29
Total	55	45	55
On behalf of joint arrangements			
Pledged assets	39	44	31
Total	39	44	31
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	95	89	87

14. 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.

