3 August 2017

Neste Corporation
Half-Year Financial Report
January-June 2017

Neste's Half-Year Financial Report for January-June 2017

Solid performance continued - Record-high sales volumes in renewables

Second quarter in brief:

- Comparable operating profit totaled EUR 236 million (EUR 282 million)
- Operating profit totaled EUR 264 million (EUR 280 million)
- Oil Products' total refining margin was USD 10.67/bbl (USD 11.19/bbl)
- Renewable Products' comparable sales margin was USD 270/ton (USD 405/ton)
- Cash flow before financing activities was EUR 82 million (EUR 346 million)

January-June in brief:

- Comparable operating profit totaled EUR 439 million (EUR 457 million)
- Operating profit totaled EUR 536 million (EUR 534 million)
- Cash flow before financing activities was EUR 58 million (EUR 420 million)
- Return on average capital employed (ROACE) was 16.2% over the last 12 months (2016: 16.9%)
- Leverage ratio was 19.6% at the end of June (31.12.2016: 15.4%)
- Comparable earnings per share: EUR 1.24 (EUR 1.41)
- Earnings per share: EUR 1.56 (EUR 1.67)

President & CEO Matti Lievonen:

“Neste's solid performance continued in the second quarter. Oil Products delivered good results, Renewable Products was able to increase its sales volumes to a record-high level, and Marketing & Services' operating profit was back on track. Neste recorded a comparable operating profit of EUR 236 million during the second quarter, compared to EUR 282 million in the corresponding period of 2016, which had been also positively impacted by the US Blender's Tax Credit.

Oil Products posted a comparable operating profit of EUR 122 million, compared to EUR 149 million in the second quarter of 2016. Reference margin averaged USD 5.7/bbl, which was similar to the corresponding quarter last year. Our additional margin was USD 5.0/bbl, below the USD 5.6/bbl level achieved in the operationally excellent second quarter of 2016. We will be completing the ongoing strategic refinery investments during the third quarter, which will further support the additional margin going forward.

Renewable Products recorded a comparable operating profit of EUR 101 million, compared to EUR 119 million in the second quarter of 2016. The segment was able to keep its result at a good level with the support of higher sales volumes and more favorable market, despite the expiry of the US Blender's Tax Credit. The reference margin was 20% higher, but the additional margin was clearly lower compared to the corresponding period last year, mainly due to the lack of the Blender's Tax Credit. Renewable diesel sales volumes reached 674,000 tons, which is a new quarterly record. Second quarter sales allocation was quite typical: 68% of sales volumes were allocated to Europe and 32% to North America. Renewable diesel production facilities operated at a 96% utilization rate. Feedstock optimization continued and the share of waste and residue feedstock was high at 81% of total renewable inputs.

In Marketing & Services our sales volumes were maintained at the previous year's second quarter level. Unit margins recovered from the first quarter, but were still lower year-on-year. The segment generated a comparable operating profit of EUR 19 million (23 million).

Neste expects Oil Products' reference refining margin in 2017 to be on average similar to that in 2016. Our Porvoo refinery is expected to run at a high utilization rate, and to have only normal unit maintenance, including a four week scheduled decoking maintenance at the Production Line 4 starting in October. Start-up of the new Solvent Deasphalting (SDA) unit, which will improve the product yield and crude flexibility, has progressed at the Porvoo refinery during the second quarter and the unit is expected to reach high capacity utilization during the second half of the year. A major two-month turnaround at the Naantali unit is scheduled to start in August. Neste targets an average additional margin of at least USD 5.5/bbl after the ongoing strategic investments in Porvoo and Naantali are completed.

Renewable Products' reference margin in 2017 is expected to be higher than the average level of the year 2016. Neste continues to optimize sales margin by volume allocation between the core markets, and aims at higher additional margin. Sales volumes of the renewable diesel delivered as 100% to end-users are expected to grow from 15% in 2016 and be close to 25% of the total sales volumes in 2017. The vegetable oil market is expected to remain volatile, and we aim to expand the use of lower quality waste and residue feedstock further. Utilization rates of our renewable diesel facilities are expected to stay high.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern.

Our strategy implementation is proceeding well, we continue to focus on our customers and growth initiatives, and will be completing the already announced strategic investments in 2017. Therefore, we are confident that the year 2017 will be another successful one for Neste."

Neste's Half-Year Financial Report, 1 January - 30 June 2017

The Half-Year Report is unaudited.

Figures in parentheses refer to the corresponding period for 2016, unless otherwise stated.

Key Figures

EUR million (unless otherwise noted)

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Revenue	3,280	2,927	3,071	6,351	5,234	11,689
EBITDA	357	372	361	717	714	1,521
Comparable EBITDA*	328	374	293	621	636	1,349
Operating profit	264	280	271	536	534	1,155
Comparable operating profit*	236	282	204	439	457	983
Profit before income taxes	240	254	236	477	484	1,075
Net profit	200	214	201	402	428	943
Comparable net profit	175	214	143	318	360	793
Earnings per share, EUR	0.78	0.83	0.78	1.56	1.67	3.67
Comparable earnings per share**, EUR	0.68	0.84	0.56	1.24	1.41	3.10
Investments	122	118	98	220	189	422
Net cash generated from operating activities	216	476	44	260	593	1,193

	30 June 2017	30 June 2016	31 Dec 2016
Total equity	3,898	3,300	3,755
Interest-bearing net debt	947	1,111	683
Capital employed	5,067	5,090	5,226
Return on average capital employed after tax (ROACE)***, %	16.2	19.1	16.9
Equity per share, EUR	15.15	12.82	14.60
Leverage ratio, %	19.6	25.2	15.4

* Comparable operating profit is calculated by excluding inventory gains/losses, unrealized changes in the fair value open commodity and currency derivatives, capital gains/losses, insurance and other compensations 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 second-quarter 2017 results

Neste's revenue in the second quarter totaled EUR 3,280 million (2,927 million). The increase mainly resulted from higher sales volumes in Renewable Products, which had a positive impact of over EUR 200 million on the revenue. The Group's comparable operating profit was EUR 236 million (282 million). Oil Products' result was lower than in the second quarter of 2016, mainly due to lower additional margin and higher fixed costs. Renewable Products' reference margin was stronger and sales volumes record-high, but additional margin was clearly lower than last year, mainly due to expiry of the US Blender's Tax Credit. Marketing & Services improved its performance from the first quarter, but had a lower comparable operating profit compared to the second quarter of 2016. The Others segment's comparable operating profit was slightly better than in the second quarter of 2016.

Oil Products' second-quarter comparable operating profit was EUR 122 million (149 million), Renewable Products' EUR 101 million (119 million), and Marketing & Services' EUR 19 million (23 million). The comparable operating profit of the Others segment totaled EUR -6 million (-8 million); Nynas accounted for EUR -1 million (5 million) of this figure.

The Group's operating profit was EUR 264 million (280 million), which was impacted by inventory losses of EUR 70 million (gains of 163 million), and changes in the fair value of open commodity and currency derivatives of EUR 82 million (-155 million). Profit before income taxes was EUR 240 million (254 million), and net profit EUR 200 million (214 million). Comparable earnings per share were EUR 0.68 (0.84), and earnings per share EUR 0.78 (0.83).

The Group's January-June 2017 results

Neste's revenue during the first six months totaled EUR 6,351 million (5,234 million). The revenue increase mainly resulted from higher sales prices, which had a positive impact of approx. EUR 700 million. Higher sales volumes increased revenue by over EUR 200 million and stronger USD exchange rate by over EUR 100 million. The Group's comparable operating profit was EUR 439 million (457 million). Oil Products' result was positively impacted by higher sales volumes and a stronger US dollar compared to the corresponding period last year. Renewable Products reference margin and sales volumes improved, but the additional margin was clearly below the previous year's level, mainly due to expiry of the US Blender's Tax Credit. Marketing & Services' result was negatively impacted by lower unit margins. Also the Others segment recorded a lower comparable operating profit compared to the first half of 2016.

Oil Products' six-month comparable operating profit was EUR 248 million (235 million), Renewable Products' EUR 181 million (199 million), and Marketing & Services' EUR 31 million (45 million). The comparable operating profit of the Others segment totaled EUR -23 million (-19 million); Nynas accounted for EUR -8 million (5 million) of this figure.

The Group's operating profit was EUR 536 million (534 million), which was impacted by inventory losses totaling EUR 28 million (gains of 211 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 105 million (-131 million), mainly related to hedging of inventories. Profit before income taxes was EUR 477 million (484 million), and net profit EUR 402 million (428 million). Comparable earnings per share were EUR 1.24 (1.41), and earnings per share EUR 1.56 (1.67).

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
COMPARABLE OPERATING PROFIT	236	282	204	439	457	983
- inventory gains/losses	-70	163	42	-28	211	280
- changes in the fair value of open commodity and currency derivatives	82	-155	24	105	-131	-118
- capital gains/losses	0	3	3	3	11	23
- insurance and other compensations	0	0	0	0	0	0
- other adjustments	17	-13	-1	16	-13	-13
OPERATING PROFIT	264	280	271	536	534	1,155

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2016	282	457
Sales volumes	46	60
Reference margin	31	66
Additional margin	-103	-118
Currency exchange	12	24
Fixed costs	-10	-20
Others	-22	-30
Comparable operating profit, 2017	236	439

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

	4-6	1-6
Group comparable operating profit, 2016	282	457
Oil Products	-27	13
Renewable Products	-18	-18
Marketing & Services	-4	-14
Others including eliminations	3	2
Group comparable operating profit, 2017	236	439

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15%, and the leverage ratio target is 25-50%. At the end of June, ROACE calculated over the last 12 months was maintained over the target level, and leverage ratio remained below the target range.

	31 Jun 2017	31 Jun 2016	31 Dec 2016
Return on average capital employed after tax (ROACE)*, %	16.2	19.1	16.9
Leverage ratio (net debt to capital), %	19.6	25.2	15.4

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 260 million (593 million) during the first six months of 2017. The difference mainly resulted from Blender's Tax Credit payments concerning the full-year 2015 and year 2016 received during the first half of 2016. The increased finance costs also included one-off costs related to the partial repurchase of existing bonds during the second quarter. Cash flow before financing activities was EUR 58 million (420 million). The Group's net working capital in days outstanding was 29.3 days (27.4 days) on a rolling 12-month basis at the end of the second quarter.

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
EBITDA	357	372	361	717	714	1,521
Capital gains/losses	0	-5	-3	-3	-14	-28
Other adjustments	-81	156	-22	-103	141	121
Change in working capital	59	-50	-227	-168	-187	-229
Finance cost, net	-68	18	-52	-120	-23	-56
Income taxes paid	-50	-16	-13	-63	-37	-137
Net cash generated from operating activities	216	476	44	260	593	1,193
Capital expenditure	-108	-138	-99	-207	-209	-407
Other investing activities	-26	8	30	4	35	49
Free cash flow (Cash flow before financing activities)	82	346	-25	58	420	834

Cash-out investments were EUR 207 million (209 million) during January-June. Maintenance investments accounted for EUR 76 million (80 million) and productivity and strategic investments for EUR 130 million (129 million). Oil Products' investments amounted to EUR 117 million (134 million), with the largest projects being the Solvent Deasphalting (SDA) unit at Porvoo refinery and the Naantali unit configuration changes. Renewable Products' investments were EUR 46 million (54 million), mainly related to the biopropane unit investment at the Rotterdam refinery. Marketing & Services' investments totaled EUR 22 million (8 million) and were focused on the station network. Investments in the Others segment were EUR 21 million (12 million), concentrating on ICT and business infrastructure upgrade.

Interest-bearing net debt was EUR 947 million at the end of June, compared to EUR 683 million at the end of 2016. Net financial expenses for the first six months were EUR 59 million (50 million). The company issued a new EUR 400 million bond in June. The 7-year bond carries a coupon of 1.5%. The proceeds from the issue were used for the partial repurchase, totaling EUR 431 million, of the existing EUR 400 million notes due 2019 and the existing EUR 500 million notes due 2022. The average interest rate of borrowing at the end of June was 3.1% (3.5%) and the average maturity 5.0 (3.4) years. At the end of the second quarter the interest-bearing net debt/comparable EBITDA ratio was 0.7 (0.8) over the previous 12 months.

The leverage ratio was 19.6% (31 Dec. 2016: 15.4%), and the gearing ratio 24.3% (31 Dec 2016: 18.2%). The Group has a strong financial position, which enables implementation of our growth strategy going forward and maintaining a healthy dividend distribution.

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,872 million as of the end of June (31 Dec 2016: 2,438 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 June the Group's foreign currency hedging ratio was above 50% for the next 12 months.

US dollar exchange rate

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
EUR/USD, market rate	1.10	1.13	1.06	1.08	1.12	1.11
EUR/USD, effective rate*	1.10	1.12	1.10	1.10	1.11	1.11

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Oil Products

Key financials

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Revenue, MEUR	2,080	1,916	2,009	4,089	3,275	7,395
EBITDA, MEUR	182	272	234	416	420	780
Comparable EBITDA, MEUR	174	203	177	352	342	670
Comparable operating profit, MEUR	122	149	126	248	235	453
Operating profit, MEUR	130	218	182	312	312	563
Net assets, MEUR	2,597	2,451	2,629	2,597	2,451	2,424
Return on net assets, %	22.4	17.5	26.2	22.4	17.5	23.2
Comparable return on net assets*, %	18.6	20.4	19.8	18.6	20.4	18.7

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2016	149	235
Sales volumes	0	10
Reference margin	2	3
Additional margin	-15	6
Currency exchange	7	14
Fixed costs	-15	-17
Others	-6	-2
Comparable operating profit, 2017	122	248

Key drivers

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Reference refining margin, USD/bbl	5.68	5.59	4.92	5.30	5.23	4.88
Additional margin, USD/bbl	4.99	5.60	6.08	5.52	5.63	5.50
Total refining margin, USD/bbl	10.67	11.19	11.00	10.82	10.86	10.38
Urals-Brent price differential, USD/bbl	-1.55	-2.61	-2.12	-1.83	-2.67	-2.48
Urals' share of total refinery input, %	74	69	73	73	66	68

Oil Products' second-quarter comparable operating profit totaled EUR 122 million, compared to EUR 149 million in the second quarter of 2016. The average reference margin, which reflects the refining market, was slightly higher than in the corresponding period last year. The additional margin was USD 5.0/bbl, somewhat lower than USD 5.6/bbl in the second quarter of 2016, which was operationally excellent and had a wider Russian crude price differential to Brent. The lower additional margin had a negative impact of EUR 15 million on the segment's operating profit. Our sales volumes were practically the same as in the second quarter of 2016. Stronger USD exchange rate had a EUR 7 million positive effect on the comparable operating profit. The segment's fixed costs were EUR 15 million higher year-on-year, mainly as a result of higher maintenance activities.

The use of Russian crude was increased to 74% (69%) of total input. The average utilization rate at the Porvoo refinery was 92% (97%), which reflected some unplanned unit maintenance during the second quarter. The Naantali unit recorded an average utilization rate of 63% (71%) as a result of production optimization and maintenance in certain process units. Oil Products' comparable return on net assets was 18.6% (20.4%) at the end of June over the previous 12 months.

During the second quarter the Brent crude oil price was volatile in a range between USD 45 and USD 56/bbl. The crude oil market was supported by the agreement between OPEC and non-OPEC countries to cut oil production. However, the increasing US oil rig count and recovery of oil production in Libya and Nigeria offset the impact of OPEC's crude oil volume reductions in the market. After trading above USD 50/bbl during the first part of the quarter Brent price came under pressure towards the end of the quarter and ended at USD 47/bbl level.

The Russian Export Blend (REB) crude averaged USD 1.6/bbl lower than Brent during the second quarter. Strong fuel oil margins, the OPEC production cuts in heavier crude qualities, and maintenance works on the Primorsk crude pipeline system narrowed the REB price differential.

Neste reference margin was healthy during the second quarter as good oil product demand, an active refinery maintenance period, and the starting US summer driving season supported product margins. On the other hand, relatively high product inventory levels limited the upside. Diesel margins were higher compared to the second quarter of the previous year, and gasoline margins were on the same level year-on-year. On average gasoline was still the strongest part of the barrel during the second quarter. Neste's reference margin averaged USD 5.7/bbl in the quarter.

Oil Products' six-month comparable operating profit was EUR 248 million (235 million). During the first six months both reference margin and additional margin were close to the levels of the corresponding period last year. Sales volumes were approx. 2% higher and had a positive impact of EUR 10 million on comparable operating profit year-on-year. Also the stronger USD exchange rate had a EUR 14 million positive effect on the results compared to the first half of 2016. During the first six months the segment's fixed costs were EUR 17 million higher than in last year, mainly due to maintenance activities.

Production

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Porvoo refinery production, 1,000 ton	3,004	3,073	2,997	6,001	5,972	11,718
Porvoo refinery utilization rate, %	92	97	91	92	92	89
Naantali refinery production, 1,000 ton	481	546	511	992	934	1,869
Naantali refinery utilization rate, %	63	71	70	67	66	62
Refinery production costs, USD/bbl	4.3	3.8	3.7	4.0	3.8	4.2
Bahrain base oil plant production, (Neste's share), 1,000 ton	46	50	51	98	97	159

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

	4-6/17	%	4-6/16	%	1-3/17	%	1-6/17	%	1-6/16	%	2016	%
Middle distillates*	1,701	47	1,783	48	1,501	46	3,203	46	3,177	47	6,590	46
Light distillates**	1,190	33	1,163	31	1,071	33	2,261	33	2,169	32	4,706	33
Heavy fuel oil	395	11	364	10	389	12	784	11	799	12	1,594	11
Base oils	116	3	128	3	109	3	225	3	247	4	461	3
Other products	244	7	257	7	192	6	436	6	412	6	965	7
TOTAL	3,647	100	3,695	100	3,263	100	6,910	100	6,804	100	14,316	100

* Diesel, jet fuel, heating oil
** Motor gasoline, gasoline components, LPG

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

	4-6/17	%	4-6/16	%	1-3/17	%	1-6/17	%	1-6/16	%	2016	%
Baltic Sea area*	2,044	56	2,165	59	1,944	60	3,988	58	4,036	59	8,037	56
Other Europe	1,309	36	1,034	28	1,062	33	2,371	34	2,111	31	4,596	32
North America	269	7	365	10	126	4	395	6	454	7	1,198	8
Other areas	25	1	131	4	131	4	156	2	204	3	485	3

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

Renewable Products

Key financials

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Revenue, MEUR	828	596	699	1,527	1,180	2,690
EBITDA, MEUR	150	77	118	267	251	628
Comparable EBITDA, MEUR	128	148	107	235	252	578
Comparable operating profit, MEUR	101	119	80	181	199	469
Operating profit, MEUR	122	48	91	213	198	518
Net assets, MEUR	1,895	1,735	1,844	1,895	1,735	1,811
Return on net assets, %	29.3	23.9	25.5	29.3	23.9	28.6
Comparable return on net assets*, %	24.8	28.2	26.0	24.8	28.2	25.9

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2016	119	199
Sales volumes	46	50
Reference margin	29	62
Additional margin	-88	-123
Currency exchange	5	9
Fixed costs	-10	-15
Others	0	-2
Comparable operating profit, 2017	101	181

Key drivers

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
FAME - Palm oil price differential*, USD/ton	233	148	230	232	154	194
SME - Palm oil price differential**, USD/ton	232	204	181	206	165	222
Reference margin, USD/ton	278	232	271	275	228	268
Additional margin***, USD/ton	101	303	125	112	246	210
Comparable sales margin, USD/ton	270	405	286	277	344	348
Biomass-based diesel (D4) RIN, USD/gal	1.03	0.84	0.96	1.00	0.80	0.91
California LCFS Credit, USD/ton	75	113	92	84	119	101
Palm oil price****, USD/ton	587	645	662	625	626	634
Crude palm oil's share of total feedstock, %	18	6	28	23	15	19

* FAME seasonal vs. CPO BMD 3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price) + 70 $/t freight to ARA (Amsterdam-Rotterdam-Antwerp)
** SME US Gulf Coast vs. CPO BMD 3rd + 70 $/t freight to ARA
***Based on standard variable production cost of USD 130/ton in 2016 and USD 110/ton in 2017 figures
**** CPO BMD 3rd

Renewable Products' second-quarter comparable operating profit totaled EUR 101 million, compared to EUR 119 million in the second quarter of 2016. The reference margin was 20% higher than in the second quarter of 2016, which had a positive impact of EUR 29 million on the operating profit year-on-year. Our additional margin was lower compared to the corresponding period last year, mainly due to the expiry of the US Blender's Tax Credit, higher production costs and lower hedging results. The lower additional margin had a negative impact of EUR 88 million year-on-year. Sales volumes increased to a new quarterly record: 674,000 tons, approx. 39% higher than in the second quarter of 2016, which had been impacted by the Rotterdam turnaround. Higher sales volumes had a positive impact of EUR 46 million compared to the corresponding period last year. During the second quarter approx. 68% (59%) of sales volumes were allocated to the European market and 32% (41%) to North America. The share of 100% renewable diesel delivered to end-users increased to 22% in the second quarter. Our renewable diesel production achieved an average utilization rate of 96% (71%) during the quarter. Feedstock optimization continued and the proportion of waste and residue inputs was 81% (93%) on average. The segment's fixed costs were EUR 10 million higher than in the previous year, mainly related to strategic growth projects. Renewable Products' comparable return on net assets was 24.8% (28.2%) at the end of June based on the previous 12 months.

Crude palm oil (CPO) price continued to decline in April pulling down the overall vegetable oil market. Thereafter it stabilized for the rest of the quarter as a revival in CPO exports ended up stronger than the production increase. Soybean oil (SBO) and rapeseed oil (RSO) were tracking CPO, but remained stronger due to the anticipated US anti-dumping tariffs against Argentinian SBO based biodiesel and negative weather prospects for European rapeseed crop.

The conventional biodiesel market has been weak, and the producers' margins were low on both sides of the Atlantic. In Europe the Fatty Acid Methyl Ester (FAME) biodiesel market was oversupplied, while the US market was impacted by uncertainty about the future biofuel mandates. Despite a weaker Soy Methyl Ester (SME) biodiesel market, the US Renewable Identification Number (RIN) D4 price for biomass-based diesel started to recover driven by combination of a strong 2017 volume mandate and low D4 RIN generation year-to-date. The California Low Carbon Fuels Standard (LCFS) credit price was gradually declining before returning to a USD 78/ton level at the end of June. LCFS credit price reflected market liquidity.

Renewable Products' six-month comparable operating profit was EUR 181 million (199 million). During the first six months reference margin averaged higher than in last year and had a positive impact of EUR 62 million on the segment's operating profit. Our additional margin was lower compared to the corresponding period last year, mainly due to the expiry of the US Blender's Tax Credit, higher production costs and lower hedging results. The lower additional margin had a negative impact of EUR 123 million year-on-year. Higher sales volumes had a positive impact of EUR 50 million compared to the corresponding period last year. The segment's fixed costs were EUR 15 million higher than in the previous year, mainly related to strategic growth projects.

Production

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Neste MY Renewable Diesel, 1,000 ton	635	450	649	1,283	1,031	2,213
Other products, 1,000 ton	43	37	49	92	86	182
Utilization rate, %	96	71	99	97	83	88

Sales

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Neste MY Renewable Diesel, 1,000 ton	674	485	543	1,217	1,016	2,222
Share of sales volumes to Europe, %	68	59	82	74	66	66
Share of sales volumes to North America, %	32	41	18	26	34	34

Marketing & Services

Key financials

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Revenue, MEUR	952	886	948	1,900	1,662	3,552
EBITDA, MEUR	25	28	18	43	55	111
Comparable EBITDA, MEUR	25	28	17	43	55	112
Comparable operating profit, MEUR	19	23	11	31	45	90
Operating profit, MEUR	19	23	12	31	45	89
Net assets, MEUR	204	192	212	204	192	196
Return on net assets, %	37.2	44.4	40.6	37.2	44.4	47.3
Comparable return on net assets*, %	37.2	46.9	40.6	37.2	46.9	47.5

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	4-6	1-6
Comparable operating profit, 2016	23	45
Sales volumes	0	0
Unit margins	-3	-9
Currency exchange	1	1
Fixed costs	0	-2
Others	-2	-5
Comparable operating profit, 2017	19	31

Marketing & Services' comparable operating profit was EUR 19 million (23 million) in the second quarter of 2017. Sales volumes were maintained at the same level year-on-year. Traffic fuel demand is seasonally highest during the summer period. Heavy duty traffic is recovering well in Finland. First fleet sales of 100% Neste MY renewable diesel have been concluded in Finland, and the demand outlook is promising. All focus markets continue to be competitive. Average unit margins improved from the first quarter, but were still short of the corresponding period last year. Lower unit margins had a negative impact of EUR 3 million on the comparable operating profit. Stronger ruble had a positive impact of EUR 1 million on the result compared to the second quarter of 2016. Higher depreciations and reduced other income resulted in a EUR 2 million lower profit contribution year-on-year. Marketing & Services' comparable return on net assets was 37.2% (46.9%) at the end of June on a rolling 12-month basis.

Marketing & Services segment's six-month comparable operating profit was EUR 31 million (45 million). Sales volumes were unchanged compared to the corresponding period last year. Average unit margins have been clearly lower, particularly in Finland and Russia, which had a negative impact of EUR 9 million on the result. The fixed costs were EUR 2 million higher compared to the first six months of 2016. Higher depreciations and lower other income resulted in EUR 5 million lower profit contribution year-on-year.

Sales volumes by main product categories, million liters

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Gasoline, station sales	279	285	246	525	535	1,112
Diesel, station sales	433	423	417	850	826	1,695
Heating oil	136	133	147	283	287	620

Net sales by market area, MEUR

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Finland	679	624	691	1,370	1,192	2,497
Northwest Russia	76	62	69	145	113	248
Baltic countries	195	200	187	382	356	777

Others

Key financials

	4-6/17	4-6/16	1-3/17	1-6/17	1-6/16	2016
Comparable operating profit, MEUR	-6	-8	-17	-23	-19	-23
Operating profit, MEUR	-6	-8	-17	-23	-19	-11

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petróleos de Venezuela; and common corporate costs. The comparable operating profit of the Others segment totaled EUR -6 million (-8 million) in the second quarter; Nynas accounted for EUR -1 million (5 million) of this figure. Nynas' operational result actually improved from the corresponding period last year, which at that time included a compensation for a discontinued tolling agreement.

The six-month comparable operating profit of the Others segment totaled EUR -23 million (-19 million); Nynas accounted for EUR -8 million (5 million) of this figure.

Shares, share trading, and ownership

Neste's shares are traded on NASDAQ Helsinki Ltd. The share price closed the quarter at EUR 34.49, down by 5.7% compared to the end of first quarter. At its highest during the quarter, the share price reached EUR 38.65 while at its lowest the price stood at EUR 34.44. Market capitalization was EUR 8.8 billion as of 30 June 2017. An average of 0.65 million shares were traded daily, representing 0.3% of the company’s shares.

Neste’s share capital registered with the Company Register as of 30 June 2017 totaled EUR 40 million, and the total number of shares was 256,403,686. As resolved by the AGM held on 1 April 2015, the Board of Directors was authorized to purchase and/or take as security a maximum of 1,000,000 company shares using the company's unrestricted equity. At the end of June 2017, Neste held 613,545 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of 30 June 2017, the Finnish State owned 50.1% (50.1% at the end of the first quarter) of outstanding shares, foreign institutions 30.6% (30.1%), Finnish institutions 9.8% (10.1%), and Finnish households 9.5% (9.7%).

Personnel

Neste employed an average of 5,204 (4,963) employees in the first half of the year, of which 1,647 (1,570) were based outside Finland. As of the end of June 2017, the company had 5,526 employees (5,194), of which 1,703 (1,562) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	4-6/17	4-6/16	1-6/17	1-6/16	2016
TRIF*	2.5	1.5	2.6	2.6	2.8
PSER**	1.4	3.5	1.8	3.9	3.1
GHG reduction, Mton***	1.9	1.4	3.8	3.1	6.7

* 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 diesel compared to crude oil based diesel. Calculation method complies with the EU Renewable Energy Directive (RES 2009/28/EU).

Neste's occupational safety performance continued at the previous year's level when measured with the cumulative key performance indicator TRIF. The main challenge has been contractor safety. PSER, the main indicator for process safety, improved compared to the second quarter of 2016. Several initiatives are under way to ensure reaching the safety targets for 2017. Our long-term safety development activities continue according to the corporate-wide Way Forward to Safety program plan focusing on behavior, leadership, operational discipline, process safety and contractor safety. Short-term actions focus additionally on learning from incidents and effectiveness of the agreed actions, using leading indicators to drive continuous safety improvements, and managing work related risks better also in routine work.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. We have introduced a target of 7.0 million tons for this GHG reduction in 2017. During the first six months we achieved 55% of our annual GHG reduction target.

Neste’s operational environmental emissions were in substantial compliance at all sites during the second quarter. A total of five minor non-compliance cases 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.

Read more about the topics on Neste's website.

Main events published during the second quarter

On 20 April, Neste announced that it will start distributing premium-quality Neste Pro Diesel in the company's Estonian station network. Distribution was started with four stations and was expanded during May to cover 20 Neste stations in Estonia..

On 31 May, Neste announced that it will issue a EUR 400 million bond. The 7-year bond carries a coupon of 1.5 per cent. The bond offering was allocated to 136 investors. The proceeds from the issue will be used for the partial repurchase of the existing EUR 400 million notes due 2019 and the existing EUR 500 million notes due 2022. BNP Paribas, ING Bank N.V. and Nordea Bank AB (publ) acted as joint lead managers for the transaction.

On 13 June, Neste announced that Porvoo will be the first city in Finland to start using Neste MY Renewable Diesel, produced 100% from waste and residues, in all of its diesel-fueled vehicles during this year.

Events after the reporting period

On 6 July, Neste announced that the US Environmental Protection Agency (EPA) had released its proposal on renewable fuel volume requirements for 2018 under the Renewable Fuel Standard (RFS) program. The final ruling increases requirements for advanced biofuels in the biomass-based diesel category from the current 2.0 billion gallons to 2.1 billion gallons in 2018. The EPA also proposed the volume requirement for biomass-based diesel for 2019 to remain at the same level as in 2018. The EPA is expected to finalize the volume requirements for all biofuel categories later this year.

On 19 July, Neste announced that it welcomed California's continued commitment to reduce climate emissions. California lawmakers voted on 17 July to extend the State's cap and trade program until 2030 reaffirming the State's commitment to reduce greenhouse gas emissions. Lawmakers confirmed the State's Low Carbon Fuel Standard - a program to reduce the carbon intensity of transportation fuel - would continue unaffected by the extension as one of the complementary strategies to address climate change.

Potential risks

There have been no significant changes in Neste´s short-term risks or uncertainties since the end of the first quarter 2017.

Key market risks affecting Neste's financial results for the next 12 months include rapid changes in global oil markets, unexpected changes in the product and feedstock prices of Oil Products and/or Renewable Products, weakening of USD against EUR, and adverse changes in the current biofuel legislation in our main markets. Any scheduled or unexpected shutdowns at Neste´s refineries would have a negative effect 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.

Outlook

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

Global crude oil inventories are expected to stay high for the foreseeable future in spite of the OPEC production cuts as the crude oil supply and demand are expected to be quite balanced. Global oil demand growth estimates for 2017 by recognized experts currently vary between 1.3 and 1.6 million bbl/d. In light of the expected refining capacity growth the global product supply and demand looks relatively balanced.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks. Market volatility in feedstock prices is expected to continue, which will have an impact on the Renewable Products segment's profitability.

Neste expects Oil Products' reference refining margin in 2017 to be on average similar to that in 2016. Our Porvoo refinery is expected to run at a high utilization rate, and to have normal unit maintenance, including a four week scheduled decoking maintenance at the Production Line 4 starting in October. Start-up of the new Solvent Deasphalting (SDA) unit, which will improve the product yield and crude flexibility, has progressed during the second quarter and the unit is expected to reach high capacity utilization during the second half of the year. A major two-month turnaround at the Naantali unit is scheduled to start mid-August. Neste targets an average additional margin of at least USD 5.5/bbl after the ongoing strategic investments in Porvoo and Naantali are completed.

Renewable Products' reference margin in 2017 is expected to be higher than the average level of the year 2016. Neste continues to optimize sales margin by volume allocation between core markets, and aims at higher additional margin. Sales volumes of the 100% renewable diesel delivered to end-users are expected to grow from 15% in 2016 and be close to 25% of the total sales volumes in 2017. The vegetable oil market is expected to remain volatile, and Neste aims to expand the use of lower-quality waste and residue feedstock. Utilization rates of Neste's renewable diesel facilities are expected to be high. Positive news and more clarity in the US regulatory environment were received in July. The Environmental Protection Agency (EPA) confirmed the biomass-based diesel volume mandate for 2018 to 2.1 billion gallons, which represents a 5% increase year-on-year, and proposed a similar volume for 2019. California legislators also confirmed the extension of the state's cap and trade program and continuation of the Low Carbon Fuels Standard. Neste is currently evaluating the feasibility of options to invest in new renewables production capacity. The options under review include locations in the US and Singapore.

In Marketing & Services the sales volumes and unit margins are expected follow the previous years' seasonality pattern.

Our strategy implementation is proceeding well, we continue to focus on our customers and growth initiatives, and will be completing the already announced strategic investments in 2017. Therefore, we are confident that the year 2017 will be another successful one for Neste.

Reporting date for the company's third-quarter 2017 results

Neste will publish its third-quarter 2017 results on 26 October 2017 at approximately 9:00 a.m. EET.

Espoo, 2 August 2017

Neste Corporation
Board of Directors

Further information:

Matti Lievonen, President & 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, 3 August 2017, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 6937 9590, rest of Europe: +44 (0)20 7136 2051, US: +1 718 354 1359, using access code 2353832. The conference call can be followed at the company's web site. An instant replay of the call will be available until 10 August 2017 at +358 (0)9 2310 1650 for Finland, +44 (0)20 3427 0598 for Europe and +1 347 366 9565 for the US, using access code 2353832.

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 - JUNE 2017
The half-year financial report is unaudited

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF INCOME

MEUR	Note	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016	Last 12 months
Revenue	3	**3,280**	2,927	**6,351**	5,234	11,689	12,806
Other income		**4**	17	**12**	36	71	47
Share of profit (loss) of joint ventures		**-1**	6	**-7**	7	14	0
Materials and services		**-2,734**	-2,396	**-5,258**	-4,202	-9,519	-10,575
Employee benefit costs		**-94**	-93	**-186**	-176	-349	-358
Depreciation, amortization and impairments	3	**-92**	-92	**-181**	-179	-366	-368
Other expenses		**-99**	-89	**-195**	-186	-386	-395
Operating profit		**264**	280	**536**	534	1,155	1,156
Financial income and expenses							
Financial income		**1**	2	**2**	2	4	4
Financial expenses		**-43**	-17	**-54**	-34	-67	-86
Exchange rate and fair value gains and losses		**18**	-10	**-7**	-18	-17	-6
Total financial income and expenses		**-24**	-26	**-59**	-50	-79	-88
Profit before income taxes		**240**	254	**477**	484	1,075	1,068
Income tax expense		**-40**	-40	**-75**	-56	-133	-152
Profit for the period		**200**	214	**402**	428	943	917
Profit attributable to:							
Owners of the parent		**199**	213	**399**	426	939	913
Non-controlling interests		**1**	1	**2**	2	4	4
		200	214	**402**	428	943	917
Earnings per share from profit attributable to the owners of the parent (in euro per share)							
Basic earnings per share		**0.78**	0.83	**1.56**	1.67	3.67	3.57
Diluted earnings per share		**0.78**	0.83	**1.56**	1.67	3.66	3.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016	Last 12 months
Profit for the period	**200**	214	**402**	428	943	917
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	**2**	-3	**2**	-9	-21	-9
Items that may be reclassified subsequently to profit or loss						
Translation differences	**-12**	1	**-7**	3	6	-4
Cash flow hedges						
recorded in equity	**50**	-11	**57**	13	-20	24
transferred to income statement	**-1**	1	**12**	5	6	13
Net investment hedges	**0**	0	**0**	0	0	0
Revaluation of available-for-sale financial assets	**0**	10	**0**	10	0	-10
Share of other comprehensive income of investments accounted for using the equity method	**5**	-6	**10**	1	-9	-1
Total	**42**	-5	**72**	33	-17	23
Other comprehensive income for the period, net of tax	**44**	-8	**75**	23	-38	14
Total comprehensive income for the period	**244**	206	**476**	451	905	930
Total comprehensive income attributable to:						
Owners of the parent	**243**	205	**474**	449	902	927
Non-controlling interests	**1**	1	**2**	2	4	4
	244	206	**476**	451	905	930

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	Note	30 June 2017	30 June 2016	31 Dec 2016
ASSETS				
Non-current assets				
Intangible assets	5	**93**	75	87
Property, plant and equipment	5	**3,767**	3,724	3,747
Investments in joint ventures		**217**	222	216
Non-current receivables		**54**	56	55
Deferred tax assets		**36**	36	39
Derivative financial instruments	7	**5**	10	9
Available-for-sale financial assets		**5**	17	5
Total non-current assets		**4,176**	4,141	4,157
Current assets				
Inventories		**1,567**	1,374	1,416
Trade and other receivables		**976**	866	1,034
Derivative financial instruments	7	**137**	35	48
Cash and cash equivalents		**222**	679	788
Total current assets		**2,901**	2,953	3,285
Total assets		**7,077**	7,094	7,443
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		**40**	40	40
Other equity	2	**3,835**	3,240	3,693
Total		**3,875**	3,280	3,733
Non-controlling interest		**23**	21	22
Total equity		**3,898**	3,300	3,755
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities		**1,021**	1,125	1,117
Deferred tax liabilities		**246**	260	246
Provisions		**55**	41	53
Pension liabilities		**131**	124	136
Derivative financial instruments	7	**2**	8	2
Other non-current liabilities		**13**	10	11
Total non-current liabilities		**1,468**	1,568	1,565
Current liabilities				
Interest-bearing liabilities		**148**	665	354
Current tax liabilities		**55**	58	40
Derivative financial instruments	7	**37**	109	164
Trade and other payables		**1,471**	1,392	1,565
Total current liabilities		**1,711**	2,225	2,123
Total liabilities		**3,179**	3,794	3,688
Total equity and liabilities		**7,077**	7,094	7,443

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Cash flow from operating activities					
Profit before income taxes	**240**	254	**477**	484	1,075
Adjustments, total	**35**	270	**135**	356	538
Change in working capital	**59**	-50	**-168**	-187	-229
Cash generated from operations	**334**	474	**443**	653	1,385
Finance cost, net	**-68**	18	**-120**	-23	-56
Income taxes paid	**-50**	-16	**-63**	-37	-137
Net cash generated from operating activities	**216**	476	**260**	593	1,193
Cash flows from investing activities					
Capital expenditure	**-108**	-138	**-207**	-209	-407
Proceeds from sales of fixed assets	**0**	25	**4**	39	40
Changes in non-current receivables and available-for-sale financial assets	**-26**	-17	**0**	-4	9
Cash flows from investing activities	**-134**	-130	**-203**	-173	-359
Cash flow before financing activities	**82**	346	**58**	420	834
Cash flows from financing activities					
Net change in loans and other financing activities	**-36**	-7	**-288**	-82	-387
Dividends paid to the owners of the parent	**-332**	-256	**-332**	-256	-256
Dividends paid to non-controlling interests	**-2**	0	**-2**	0	-1
Cash flows from financing activities	**-370**	-262	**-623**	-338	-644
Net increase (+)/decrease (-) in cash and cash equivalents	**-288**	84	**-565**	82	191

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2016	40	20	1	-12	-39	-54	-59	3,186	3,084	20	3,104
Profit for the period								426	426	2	428
Other comprehensive income for the period, net of tax					30	-9	3		23		23
Total comprehensive income for the period	0	0	0	0	30	-9	3	426	449	2	451
Dividend decision								-256	-256	-1	-257
Share-based compensation			3	2				-3	2		2
Transfer from retained earnings		1						-1	0		0
Total equity at 30 June 2016	40	20	4	-10	-9	-63	-56	3,353	3,280	21	3,300

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2016	40	20	1	-12	-39	-54	-59	3,186	3,084	20	3,104
Profit for the period								939	939	4	943
Other comprehensive income for the period, net of tax					-23	-21	6		-38		-38
Total comprehensive income for the period	0	0	0	0	-23	-21	6	939	902	4	905
Dividend decision								-256	-256	-1	-257
Share-based compensation			3	2				-2	3		3
Transfer from retained earnings		1						-1	0		0
Total equity at 31 December 2016	40	20	4	-10	-62	-75	-52	3,867	3,733	22	3,755

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2017	**40**	**20**	**4**	**-10**	**-62**	**-75**	**-52**	**3,867**	**3,733**	**22**	**3,755**
Profit for the period								**399**	**399**	**2**	**402**
Other comprehensive income for the period, net of tax					**80**	**2**	**-7**		**75**		**75**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**80**	**2**	**-7**	**399**	**474**	**2**	**476**
Dividend decision								**-332**	**-332**	**-2**	**-334**
Share-based compensation			**2**	**1**				**-2**	**1**		**1**
Transfer from retained earnings		**-1**						**1**	**0**		**0**
Total equity at 30 June 2017	**40**	**20**	**7**	**-9**	**18**	**-72**	**-60**	**3,933**	**3,875**	**23**	**3,898**

KEY FIGURES

	30 June 2017	30 June 2016	31 Dec 2016	Last 12 months
EBITDA, MEUR	**717**	714	1,521	1,524
Comparable EBITDA, MEUR	**621**	636	1,349	1,333
Capital employed, MEUR	**5,067**	5,090	5,226	5,067
Interest-bearing net debt, MEUR	**947**	1,111	683	-
Capital expenditure and investment in shares, MEUR	**220**	189	422	453
Return on average capital employed, after tax, ROACE %	**16.2**	19.1	16.9	16.2
Return on equity %	**24.8**	25.3	28.1	24.8
Equity per share, EUR	**15.15**	12.82	14.60	-
Cash flow per share, EUR	**1.02**	2.32	4.67	3.36
Earnings per share (EPS), EUR	**1.56**	1.67	3.67	3.57
Comparable earnings per share, EUR	**1.24**	1.41	3.10	2.94
Comparable net profit	**318**	360	793	751
Equity-to-assets ratio, %	**55.3**	46.9	50.6	-
Leverage ratio, %	**19.6**	25.2	15.4	-
Gearing, %	**24.3**	33.7	18.2	-
Average number of shares	**255,760,687**	255,676,929	255,696,935	255,738,721
Outstanding number of shares at the end of the period	**255,790,141**	255,717,112	255,717,112	255,790,141
Average number of personnel	**5,204**	4,963	5,013	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2016. The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management´s best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

Any new IFRS and IFRIC changes did not have a material impact on the reported income statement, statement of financial position or notes and the Group has not applied any new standards as of 1 January 2017.

2. TREASURY SHARES

A total of 73,029 treasury shares of Neste Corporation has been on the 15th of March 2017 conveyed without consideration to the key persons participating in the Share Ownership Plan 2013 according to the terms and conditions of the plan. The directed share issue is based on the authorization of the Annual General Meeting on 1st April 2015. A total of 79 people are in the target group of the payment from the plan. The number of treasury shares after the directed share issue is 613,545 shares.

3. SEGMENT INFORMATION

Neste's operations are grouped into four reporting segments: Oil Products, Renewable Products, Marketing & Services and Others. The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petróleos de Venezuela; and common corporate costs. The performance of the reporting segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess performance and to decide on allocation of resources.

REVENUE **MEUR**	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	1-12/2016	Last 12 months
Oil Products	**2,080**	1,916	**4,089**	3,275	7,395	8,209
Renewable Products	**828**	596	**1,527**	1,180	2,690	3,036
Marketing & Services	**952**	886	**1,900**	1,662	3,552	3,789
Others	**58**	75	**112**	145	294	262
Eliminations	**-638**	-546	**-1,277**	-1,028	-2,241	-2,491
Total	**3,280**	2,927	**6,351**	5,234	11,689	12,806

OPERATING PROFIT **MEUR**	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	1-12/2016	Last 12 months
Oil Products	**130**	218	**312**	312	563	563
Renewable Products	**122**	48	**213**	198	518	533
Marketing & Services	**19**	23	**31**	45	89	75
Others	**-6**	-8	**-23**	-19	-11	-15
Eliminations	**0**	-1	**3**	-3	-5	0
Total	**264**	280	**536**	534	1,155	1,156

COMPARABLE OPERATING PROFIT **MEUR**	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	1-12/2016	Last 12 months
Oil Products	**122**	149	**248**	235	453	466
Renewable Products	**101**	119	**181**	199	469	451
Marketing & Services	**19**	23	**31**	45	90	75
Others	**-6**	-8	**-23**	-19	-23	-27
Eliminations	**0**	-1	**3**	-3	-6	0
Total	**236**	282	**439**	457	983	965

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS **MEUR**	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	1-12/2016	Last 12 months
Oil Products	**52**	54	**104**	108	217	213
Renewable Products	**28**	29	**54**	53	109	111
Marketing & Services	**6**	5	**12**	11	22	24
Others	**6**	4	**11**	8	18	20
Eliminations	**0**	0	**0**	0	0	0
Total	**92**	92	**181**	179	366	368

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES **MEUR**	**4-6/2017**	4-6/2016	**1-6/2017**	1-6/2016	1-12/2016	Last 12 months
Oil Products	**71**	66	**126**	109	249	266
Renewable Products	**24**	38	**52**	57	104	99
Marketing & Services	**13**	7	**20**	9	31	42
Others	**14**	8	**22**	13	38	46
Eliminations	**0**	0	**0**	0	0	0
Total	**122**	118	**220**	189	422	453

TOTAL ASSETS **MEUR**	**30 June 2017**	30 June 2016	31 Dec 2016
Oil Products	**3,725**	3,482	3,581
Renewable Products	**2,234**	2,057	2,191
Marketing & Services	**532**	482	545
Others	**491**	479	502
Unallocated assets	**415**	837	933
Eliminations	**-320**	-243	-310
Total	**7,077**	7,094	7,443

NET ASSETS **MEUR**	**30 June 2017**	30 June 2016	31 Dec 2016
Oil Products	**2,597**	2,451	2,424
Renewable Products	**1,895**	1,735	1,811
Marketing & Services	**204**	192	196
Others	**283**	260	249
Eliminations	**-10**	-10	-12
Total	**4,968**	4,628	4,667

TOTAL LIABILITIES MEUR	30 June 2017	30 June 2016	31 Dec 2016
Oil Products	**1,128**	1,031	1,157
Renewable Products	**339**	322	380
Marketing & Services	**327**	290	350
Others	**208**	219	253
Unallocated liabilities	**1,485**	2,164	1,845
Eliminations	**-310**	-233	-297
Total	**3,179**	3,794	3,688

RETURN ON NET ASSETS, %	30 June 2017	30 June 2016	31 Dec 2016
Oil Products	**22.4**	17.5	23.2
Renewable Products	**29.3**	23.9	28.6
Marketing & Services	**37.2**	44.4	47.3

COMPARABLE RETURN ON NET ASSETS, %	30 June 2017	30 June 2016	31 Dec 2016
Oil Products	**18.6**	20.4	18.7
Renewable Products	**24.8**	28.2	25.9
Marketing & Services	**37.2**	46.9	47.5

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**2,080**	**2,009**	2,159	1,961	1,916	1,359
Renewable Products	**828**	**699**	870	640	596	584
Marketing & Services	**952**	**948**	964	925	886	776
Others	**58**	**55**	77	73	75	70
Eliminations	**-638**	**-639**	-649	-564	-546	-482
Total	**3,280**	**3,071**	3,421	3,034	2,927	2,306

QUARTERLY OPERATING PROFIT MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**130**	**182**	126	125	218	95
Renewable Products	**122**	**91**	158	162	48	150
Marketing & Services	**19**	**12**	19	25	23	22
Others	**-6**	**-17**	2	6	-8	-11
Eliminations	**0**	**3**	-3	0	-1	-2
Total	**264**	**271**	302	319	280	254

QUARTERLY COMPARABLE OPERATING PROFIT MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**122**	**126**	98	120	149	86
Renewable Products	**101**	**80**	146	124	119	80
Marketing & Services	**19**	**11**	19	25	23	22
Others	**-6**	**-17**	2	-6	-8	-11
Eliminations	**0**	**3**	-3	0	-1	-2
Total	**236**	**204**	262	264	282	175

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**52**	**52**	53	56	54	53
Renewable Products	**28**	**26**	31	26	29	24
Marketing & Services	**6**	**6**	6	5	5	5
Others	**6**	**5**	5	5	4	4
Eliminations	**0**	**0**	0	0	0	0
Total	**92**	**89**	94	93	92	87

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**71**	**55**	86	54	66	44
Renewable Products	**24**	**28**	31	16	38	19
Marketing & Services	**13**	**7**	13	9	7	3
Others	**14**	**8**	16	8	8	6
Eliminations	**0**	**0**	0	0	0	0
Total	**122**	**98**	146	88	118	71

QUARTERLY NET ASSETS MEUR	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Oil Products	**2,597**	**2,629**	2,424	2,443	2,451	2,484
Renewable Products	**1,895**	**1,844**	1,811	1,803	1,735	1,828
Marketing & Services	**204**	**212**	196	208	192	164
Others	**283**	**257**	249	249	260	7
Eliminations	**-10**	**-11**	-12	-9	-10	-10
Total	**4,968**	**4,930**	4,667	4,693	4,628	4,474

4. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT (IFRS)

Group

MEUR	4-6/2017	4-6/2016	1-3/2017	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**236**	282	204	**439**	457	983
inventory gains/losses	**-70**	163	42	**-28**	211	280
changes in the fair value of open commodity and currency derivatives	**82**	-155	24	**105**	-131	-118
capital gains and losses	**0**	3	3	**3**	11	23
insurance and other compensations	**0**	0	0	**0**	0	0
other adjustments	**17**	-13	-1	**16**	-13	-13
OPERATING PROFIT (IFRS)	**264**	280	271	**536**	534	1,155

Oil Products

MEUR	4-6/2017	4-6/2016	1-3/2017	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**122**	149	126	**248**	235	453
inventory gains/losses	**-37**	139	29	**-8**	133	157
changes in the fair value of open commodity and currency derivatives	**27**	-74	26	**53**	-66	-57
capital gains and losses	**0**	3	3	**3**	11	11
insurance and other compensations	**0**	0	0	**0**	0	0
other adjustments	**17**	0	-1	**16**	0	0
OPERATING PROFIT (IFRS)	**130**	218	182	**312**	312	563

Renewable Products

MEUR	4-6/2017	4-6/2016	1-3/2017	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**101**	119	80	**181**	199	469
inventory gains/losses	**-34**	24	13	**-20**	78	123
changes in the fair value of open commodity and currency derivatives	**55**	-81	-2	**52**	-65	-60
capital gains and losses	**0**	0	0	**0**	0	0
insurance and other compensations	**0**	0	0	**0**	0	0
other adjustments	**0**	-13	0	**0**	-13	-13
OPERATING PROFIT (IFRS)	**122**	48	91	**213**	198	518

Marketing & Services

MEUR	4-6/2017	4-6/2016	1-3/2017	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**19**	23	11	**31**	45	90
inventory 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	0
insurance and other compensations	**0**	0	0	**0**	0	0
other adjustments	**0**	0	0	**0**	0	0
OPERATING PROFIT (IFRS)	**19**	23	12	**31**	45	89

Others

MEUR	4-6/2017	4-6/2016	1-3/2017	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**-6**	-8	-17	**-23**	-19	-23
inventory 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	12
insurance and other compensations	**0**	0	0	**0**	0	0
other adjustments	**0**	0	0	**0**	0	0
OPERATING PROFIT (IFRS)	**-6**	-8	-17	**-23**	-19	-11

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

MEUR	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
COMPARABLE OPERATING PROFIT	**236**	282	**439**	457	983
total financial income and expenses	**-24**	-26	**-59**	-50	-79
income tax expense	**-40**	-40	**-75**	-56	-133
non-controlling interests	**-1**	-1	**-2**	-2	-4
tax on items affecting comparability	**4**	0	**14**	12	26
COMPARABLE NET PROFIT	**175**	214	**318**	360	793

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

MEUR	30 June 2017	30 June 2016	31 Dec 2016
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	**965**	1,089	983
financial income	**4**	3	4
exchange rate and fair value gains and losses	**-6**	-2	-17
income tax expense	**-152**	-96	-133
tax on other items affecting ROACE	**16**	-45	16
Comparable net profit, net of tax	**828**	949	853
Capital employed average	**5,123**	4,958	5,047
RETURN ON CAPITAL EMPLOYED, AFTER TAX (ROACE), %	**16.2**	19.1	16.9

RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %

MEUR	30 June 2017	30 June 2016	31 Dec 2016
Total equity	**3,898**	3,300	3,755
Total assets	**7,077**	7,094	7,443
Advances received	**33**	53	18
EQUITY-TO-ASSETS RATIO, %	**55.3**	46.9	50.6

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT MEUR	30 June 2017	30 June 2016	31 Dec 2016
Opening balance	**3,833**	3,816	3,816
Depreciation, amortization and impairments	**-181**	-179	-366
Capital expenditure	**220**	189	422
Disposals	**-9**	-32	-49
Translation differences	**-3**	5	10
Closing balance	**3,860**	3,799	3,833

CAPITAL COMMITMENTS MEUR	30 June 2017	30 June 2016	31 Dec 2016
Commitments to purchase property, plant and equipment	**51**	50	26
Total	**51**	50	26

6. INTEREST-BEARING NET DEBT AND LIQUIDITY

Interest-bearing net debt MEUR	30 June 2017	30 June 2016	31 Dec 2016
Short-term interest-bearing liabilities	**148**	665	354
Long-term interest-bearing liabilities	**1,021**	1,125	1,117
Interest-bearing liabilities	**1,169**	1,790	1,471
Cash and cash equivalents [1)]	**-222**	-679	-788
Interest-bearing net debt	**947**	1,111	683

[1)] includes interest-bearing receivables EUR 83 million on 30 June 2017

The company issued a new EUR 400 million bond in June. The 7-year bond carries a coupon of 1.5%. The proceeds from the issue were used for the partial repurchase of the existing EUR 400 million notes due 2019 and the existing EUR 500 million notes due 2022. The average interest rate of borrowing at the end of June was 3.1% (3.5%) and the average maturity 5.0 (3.4) years. The increased second-quarter finance costs also include one-off costs related to the partial repurchase of existing bonds.

Liquidity, unused committed credit facilities and debt programs MEUR	30 June 2017	30 June 2016	31 Dec 2016
Cash and cash equivalents	**222**	679	788
Unused committed credit facilities	**1,650**	1,650	1,650
Total	**1,872**	2,329	2,438
In addition: Unused commercial paper program (uncommitted)	**400**	400	400

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group´s financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2016.

Interest rate and currency derivative contracts MEUR	**30 June 2017** Nominal value	**30 June 2017** Net fair value	30 June 2016 Nominal value	30 June 2016 Net fair value	31 Dec 2016 Nominal value	31 Dec 2016 Net fair value
Interest rate swaps						
Hedge accounting	**124**	**1**	600	10	350	6
Non-hedge accounting	**26**	**1**	0	0	0	0
Currency derivatives						
Hedge accounting	**1,668**	**34**	1,205	1	1,730	-44
Non-hedge accounting	**1,121**	**23**	827	-9	1,132	-13

Commodity derivative contracts	**30 June 2017** Volume GWh	**30 June 2017** Volume million bbl	**30 June 2017** Net fair value MEUR	30 June 2016 Volume GWh	30 June 2016 Volume million bbl	30 June 2016 Net fair value MEUR	31 Dec 2016 Volume GWh	31 Dec 2016 Volume million bbl	31 Dec 2016 Net fair value MEUR
Sales contracts									
Hedge accounting	**0**	**0**	**0**	0	0	0	0	0	0
Non-hedge accounting	**0**	**36**	**62**	0	29	-55	0	27	-89
Purchase contracts									
Hedge accounting	**0**	**0**	**0**	0	0	0	0	0	0
Non-hedge accounting	**2,531**	**19**	**-17**	2,052	15	-20	2,381	18	31

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

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

Carrying amounts of financial assets and liabilities by measurement categories

Financial assets and liabilities divided by categories were as follows as of June 30, 2017

Balance sheet item	Derivatives, hedge accounting	Assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
Non-current financial assets							
Non-current receivables			54			54	
Derivative financial instruments	2	3				5	5
Available-for-sale financial assets				5		5	5
Current financial assets							
Trade and other receivables, excluding non-financial assets			967			967	
Derivative financial instruments	38	99				137	137
Cash and cash equivalents			222			222	
Carrying amount by category	40	102	1,242	5	0	1,388	1,388
Non-current financial liabilities							
Interest-bearing liabilities					1,021	1,021	1,046
Derivative financial instruments	2	0				2	2
Other non-current liabilities					13	13	
Current financial liabilities							
Interest-bearing liabilities					148	148	148
Derivative financial instruments	4	33				37	37
Trade and other payables, excluding non-financial liabilities					1,471	1,471	
Carrying amount by category	6	33	0	0	2,653	2,691	2,717

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

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

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

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

Fair value hierarchy, MEUR

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	0	5	0	5
Non-current available-for-sale financial assets	0	0	5	5
Current derivative financial instruments	22	115	0	137

Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current derivative financial instruments	0	2	0	2
Current derivative financial instruments	2	35	0	37

During the six-month period ended 30 June 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

8. RELATED PARTY TRANSACTIONS

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

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

Transactions carried out with joint arrangements and other related parties	**30 June 2017**	30 June 2016	31 Dec 2016
Sales of goods and services	**84**	63	173
Purchases of goods and services	**111**	70	158
Receivables	**76**	69	82
Financial income and expenses	**0**	0	0
Liabilities	**10**	6	10

9. CONTINGENT LIABILITIES

MEUR	**30 June 2017**	30 June 2016	31 Dec 2016
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	**17**	17	17
Pledged assets	**117**	116	116
Other contingent liabilities	**34**	41	48
Total	**169**	174	182
On behalf of joint arrangements			
Pledged assets	**38**	46	46
Guarantees	**1**	1	1
Total	**39**	47	47
On behalf of others			
Guarantees	**1**	2	2
Other contingent liabilities	**0**	0	0
Total	**1**	2	2
Total	**209**	223	230

MEUR	**30 June 2017**	30 June 2016	31 Dec 2016
Operating lease liabilities			
Due within one year	**58**	68	79
Due between one and five years	**71**	81	80
Due later than five years	**74**	80	78
Total	**203**	229	237

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

Disputes and potential litigations

The previous years' bio mandate disputes are closed favourably for Neste in 2017. In March 2017 the Supreme Administrative Court decided that the penalty fee of 44 million euros paid by Neste in 2014 and received back from the Finnish Customs in August 2015 (based on the decision of the Administrative Court of Helsinki) was levied without justification. In June 2017 the Administrative Court of Helsinki decided that also the penalty payment of 17 million euros levied in 2015 was unjustified and Tax Administration returned the penalty payment to Neste in July 2017 with no intentions to appeal against the decision.

Calculation of key figures

Calculation of key figures			
EBITDA	=		Operating profit + depreciation, amortization and impairments
Comparable EBITDA	=		Comparable operating profit + depreciation, amortization and impairments
Comparable operating profit [1)]	=		Operating profit -/+ inventory gains/losses -/+ changes in the fair value of open commodity and currency derivatives -/+ capital gains/losses - insurance and other compensations -/+ other adjustments
Items affecting comparability	=		Inventory gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations and other adjustments
Comparable net profit	=		Comparable operating profit - total financial income and expense - income tax expense - non-controlling interests - tax on items affecting comparability
Return on equity (ROE), %	=	100 x	Profit before income taxes - income tax expense, last 12 months / Total equity average, 5 quarters end values
Return on average capital employed, after-tax (ROACE), %	=	100 x	Comparable operating profit + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting ROACE, last 12 months / Capital employed average, 5 quarters end values
Capital employed	=		Total equity + interest bearing liabilities
Interest-bearing net debt	=		Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	100 x	Interest-bearing net debt / Interest bearing net debt + total equity
Gearing, %	=	100 x	Interest-bearing net debt / Total equity
Equity-to-assets ratio, %	=	100 x	Total equity / Total assets - advances received
Return on net assets, %	=	100 x	Segment operating profit, last 12 months / Average segment net assets, 5 quarters end values
Comparable return on net assets, %	=	100 x	Segment comparable operating profit, last 12 months / Average segment net assets, 5 quarters end values
Segment net assets	=		Property, plant and equipment + intangible assets + investments in joint ventures + inventories + interest-free receivables and liabilities - provisions - pension liabilities allocated to the business segment
Research and development expenditure	=		Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.

Calculation of share-related indicators

Earnings per share (EPS)	=		Profit for the period attributable to the owners of the parent / Adjusted average number of shares during the period
Comparable earnings per share	=		Comparable net profit / Adjusted average number of shares during the period
Equity per share	=		Shareholder's equity attributable to the owners of the parent / Adjusted number of shares at the end of the period
Cash flow per share	=		Net cash generated from operating activities / Adjusted average number of shares during the period
Price / earnings ratio (P/E)	=		Share price at the end of the period / Earnings per share
Dividend payout ratio, %	=	100 x	Dividend per share / Earnings per share
Dividend yield, %	=	100 x	Dividend per share / Share price at the end of the period
Average share price	=		Amount traded in euros during the period / Number of shares traded during the period
Market capitalization at the end of the period	=		Number of shares at the end of the period x share price at the end of the period

Calculation of key drivers

Oil Products reference margin (USD/bbl)	=	Product value - feed cost - standard refining variable cost - sales freights
Oil Products total refining margin (USD/bbl)	=	Comparable sales margin x average EUR/USD exchange rate for the period x standard refinery yield / Refined sales volume x standard barrels per ton
Oil Products additional margin (USD/bbl)	=	Oil Products total refining margin - Oil Products reference margin
Renewable Products reference margin (USD/ton)	=	Share of sales volumes Europe x (FAME - CPO) + share of sales North America x (SME - SBO) [2]
Renewable Products comparable sales margin (USD/ton)	=	Comparable sales margin / Total sales volume
Renewable Products additional margin (USD/ton)	=	Comparable sales margin - (reference margin - standard variable production cost)

[1] In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and IFRS operating profit. Comparable operating profit eliminates both the inventory gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in IFRS operating profit caused by inventory valuation is mostly compensated by changing working capital. Items affecting comparability are linked to unpredictability events of a significant nature that do not form part of normal day-to-day business. They include among others impairment losses and reversals, gains and losses associated with the combination or termination of businesses, restructuring costs, and gains and losses on the sales of assets. Only items having an impact of more than EUR 1 million on Neste's result will be classified as items affecting comparability.

[2] FAME = Fatty Acid Methyl Ester (biodiesel), CPO = Crude Palm Oil, SME = Soy Methyl Ester (biodiesel), SBO = Soybean Oil

www.neste.com