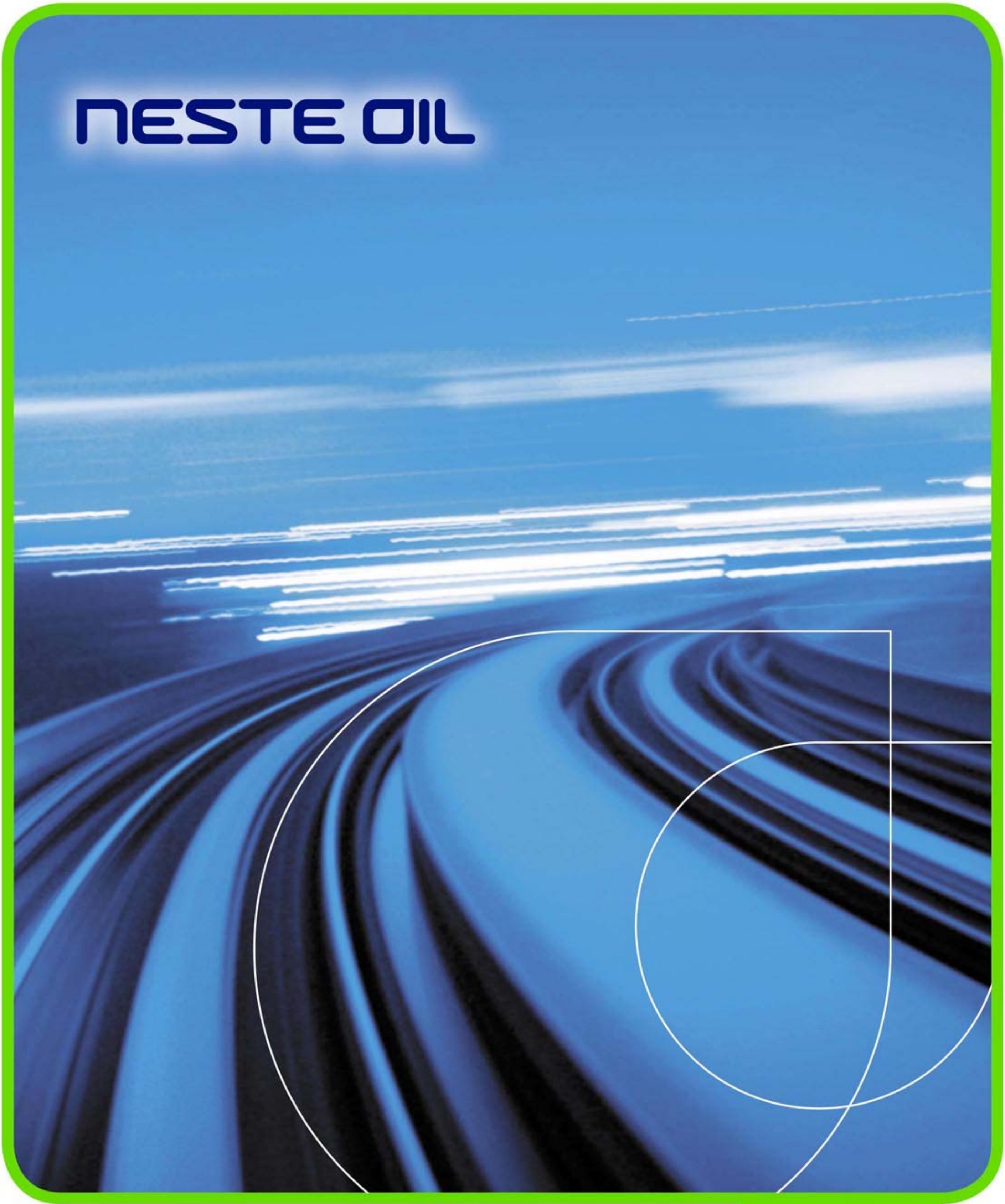


25.10.2011

# Interim Report for January-September 2011

# Neste Oil's Interim Report for January–September 2011

**- Third-quarter comparable operating profit totaled EUR 66 million (Q3/2010: 57 million)**
**- Renewable Fuels' sales volumes more than doubled compared to the second quarter**

**Third quarter in brief:**
- Comparable operating profit came in at EUR 66 million (Q3/2010: 57 million)
- IFRS operating profit was EUR 15 million (Q3/2010: 143 million), due to inventory losses
- Total refining margin was USD 9.17/bbl (Q3/2010: 7.48)
- Net cash from operations was EUR -129 million (Q3/2010: 5 million)
- Investments totaled EUR 67 million (Q3/2010: 190 million), of which EUR 25 million was spent on Renewable Fuels
- Leverage ratio was 49.0% (31 Dec 2010: 42.6%)
- Sales volumes in Renewable Fuels more than doubled compared to the second quarter
- The new renewable diesel plant in Rotterdam commenced production in September
- The new jointly-owned base oil plant in Bahrain was started up after the reporting period

**President & CEO Matti Lievonen**:
"We posted a good result for both Oil Products and Oil Retail in the third quarter, despite uncertainties related to the development of the global economy, which caused volatility in the oil market. This volatility is expected to continue, as solutions for the challenges facing world economies have yet to be found. Looking at the remainder of this year, the diesel market looks set to be seasonally strong, while the gasoline market is likely to be weaker. Our short-term view of the spread between Brent and Urals crude is somewhat softer than earlier this year.

Renewable diesel volumes will continue to grow and we are targeting to increase them again by over 50% in the fourth quarter, as a result of a wider customer base and better availability of certified feedstocks. Higher volumes will also lead to an improvement in Renewable Fuels' fourth-quarter result, although the segment will remain loss-making during the remainder of 2011.

I am very pleased that we have now completed our major capital projects. Now our capital expenditure will be focused on maintenance and productivity initiatives. Our emphasis going forward will be on ramping up sales volumes from our renewable diesel plants and the new Bahrain base oil plant, and on further enhancing operational efficiency at our Porvoo and Naantali refineries."

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**News conference and conference call**
A press conference in Finnish on the third-quarter results will be held today, 25 October 2011, at 11:30 am EET at the company's headquarters, Keilaranta 21, Espoo. www.nesteoil.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on the same day at 3:00 pm Finnish / 1:00 pm London / 8:00 am New York. The call-in numbers are as follows: Europe: +44 (0)20 3106 7162, US +1 646 254 3375 (access code: 9884050). The conference call can be followed at http://www.media-server.com/m/p/kvok26w7. An instant replay of the call will be available until 31 October 2011 at +44 (0)20 7111 1244 for Europe and +1 347 366 9565 for the US (access code: 9884050#).

# NESTE OIL FINANCIAL STATEMENTS, 1 JANUARY – 30 SEPTEMBER 2011

Quarterly figures are unaudited; full-year figures are audited
Figures in parentheses refer to the corresponding period for 2010, unless otherwise stated.

## KEY FIGURES

EUR million (unless otherwise noted)

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| Revenue | 4,105 | 3,065 | 3,674 | 11,251 | 8,366 | 11,892 |
| EBITDA | 91 | 207 | 185 | 520 | 361 | 582 |
| Depreciation, amortization, and impairments | 76 | 64 | 76 | 225 | 184 | 259 |
| Operating profit | 15 | 143 | 109 | 295 | 177 | 323 |
| Comparable operating profit * | 66 | 57 | 32 | 142 | 150 | 240 |
| Profit before income tax | -3 | 136 | 98 | 255 | 154 | 296 |
| Net profit | 0 | 110 | 64 | 182 | 124 | 231 |
| Comparable net profit | 38 | 43 | 4 | 63 | 102 | 165 |
| Earnings per share, EUR | 0.00 | 0.42 | 0.25 | 0.71 | 0.48 | 0.89 |
| Investments | 67 | 190 | 91 | 278 | 754 | 943 |
| Net cash from operating activities | -129 | 5 | -126 | -197 | 622 | 1,105 |

| | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| Total equity | 2,479 | 2,333 | 2,426 |
| Interest-bearing net debt | 2,386 | 2,117 | 1,801 |
| Capital employed | 4,963 | 4,505 | 4,607 |
| Return on capital employed pre-tax (ROCE), % | 8.5 | 5.7 | 7.7 |
| Return on average capital employed after tax (ROACE)**, % | 3.6 | 2.6 | 4.6 |
| Return on equity (ROE), % | 9.9 | 7.2 | 9.9 |
| Equity per share, EUR | 9.64 | 9.07 | 9.43 |
| Cash flow per share, EUR | -0.77 | 2.43 | 4.32 |
| Equity-to-assets ratio, % | 35.9 | 37.6 | 36.5 |
| Leverage (net debt to capital), % | 49.0 | 47.6 | 42.6 |
| Gearing, % | 96.2 | 90.7 | 74.3 |

* Comparable operating profit is calculated by excluding inventory gains/losses, capital gains/losses, and unrealized changes in the fair value of oil and freight derivative contracts from the reported operating profit. Inventory gains/losses include changes in the fair value of all trading inventories.
** Rolling 12 months

### The Group's third-quarter 2011 results

Neste Oil’s revenue increased to EUR 4,105 million in the third quarter compared to EUR 3,065 million for the same period in 2010, as a result of higher oil prices and higher volumes. The Group’s comparable operating profit totaled EUR 66 million compared to EUR 57 million in the third quarter of 2010. The increase was mainly attributable to a higher total refining margin and higher sales volumes. Losses at Renewable Fuels had a negative impact.

Oil Products' third-quarter comparable operating result was EUR 84 million (45 million), Renewable Fuels' EUR -57 million (-12 million), and Oil Retail's EUR 23 million (23 million). The comparable operating profit of the Others segment totaled EUR 15 million (2 million). A profit of EUR 16 million (9 million) was booked in the Others segment on the basis of Neste Oil's share of the profit of its affiliate, Nynas AB.

The Group's IFRS operating profit was EUR 15 million (143 million), which was impacted by inventory losses totaling EUR 48 million (gain of 86 million). The pre-tax profit was EUR -3 million (136 million), profit for the period EUR 0 million (110 million), and earnings per share EUR 0.00 (0.42).

**The Group's January-September 2011 results**

Neste Oil's revenue totaled EUR 11,251 million in the first nine months compared to EUR 8,366 million for the same period in 2010, as a result of higher oil prices and higher volumes. The Group's nine-month comparable operating profit totaled EUR 142 million compared to EUR 150 million in the same period in 2010. In the first nine months of 2011, the result was negatively impacted by a weak result at Renewable Fuels and a planned five-week maintenance turnaround on the Diesel Production Line 4 at Porvoo in the second quarter, which had an impact of EUR 30 million. The nine-month comparable operating profit in 2010 included a positive impact of EUR 47 million resulting from an insurance compensation payment and a negative impact of EUR 65 million from the major maintenance turnaround at the Porvoo refinery.

Oil Products' nine-month comparable operating result was EUR 228 million (100 million), Renewable Fuels' EUR -148 million (-52 million), and Oil Retail's EUR 48 million (42 million). The comparable operating profit of the Others segment totaled EUR 7 million (61 million). A profit of EUR 21 million (22 million) was booked in the Others segment on the basis of Neste Oil's share of the profit of its affiliate, Nynas AB.

The Group's IFRS operating profit was EUR 295 million (177 million), which was impacted by inventory gains totaling EUR 155 million (60 million). The pre-tax profit was EUR 255 million (154 million), profit for the period EUR 182 million (124 million), and earnings per share EUR 0.71 (0.48).

Given the capital-intensive nature of its business, Neste Oil uses return on average capital employed after tax (ROACE) as its primary financial target. ROACE figures are based on comparable results. As of the end of September, the rolling twelve-month ROACE was 3.6% (2010 financial year: 4.6%).

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| COMPARABLE OPERATING PROFIT | 66 | 57 | 32 | 142 | 150 | 240 |
| - inventory gains/losses | -48 | 86 | 63 | 155 | 60 | 121 |
| - changes in the fair value of open oil derivatives | -3 | -2 | 15 | -2 | 18 | 24 |
| - capital gains/losses | 0 | 1 | -1 | 0 | -51 | -62 |
| IFRS OPERATING PROFIT | 15 | 143 | 109 | 295 | 177 | 323 |

**Cash flow, investments, and financing**

Neste Oil Group's net cash from operating activities totaled EUR -197 million (622 million) between January and September. This change is largely attributable to an increase in working capital due to higher inventories in preparation for fourth-quarter sales and a maintenance shutdown on Production Line 4 at Porvoo.

Investments totaled EUR 278 million (754 million) during the first nine months. Oil Products' capital expenditure totaled EUR 83 million (235 million), while Renewable Fuels invested EUR 171 million (435 million), Oil Retail EUR 18 million (23 million), and Others EUR 6 million (61 million).

Interest-bearing net debt was EUR 2,386 million as of the end of September, compared to EUR 1,801 million at the end of 2010. Net financial expenses between January and September were EUR 40 million (23 million). The average interest rate of borrowings at the end of September was 3.4%, and the average maturity 3.8 years.

The equity-to-assets ratio was 35.9% (31 Dec 2010: 36.5%), the leverage ratio 49.0% (31 Dec 2010: 42.6%), and the gearing ratio 96.2% (31 Dec 2010: 74.3%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 1,358 million as of the end of September (31 Dec 2010: 1,745 million). There are no financial covenants in current loan agreements.

In accordance with its policy, Neste Oil has hedged approximately 60% 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.

**Main events during the reporting period**

On 14 July, Neste Oil announced that it intends expanding the raw material base used to produce NExBTL renewable fuel with jatropha and camelina oil. By introducing these new raw materials, Neste Oil will increase the proportion of non-food materials and raw materials that can be grown on cultivation land less suited for food plants in its raw material procurement. As a result of ongoing feedstock base expansion, the proportion of crude palm oil is expected to be less than 50% of the total bio-based raw materials used in the production of Neste Oil's renewable fuel in 2011.

On 15 July, Lufthansa began commercial flights using Neste Oil's NExBTL renewable aviation fuel on four daily return flights between Hamburg and Frankfurt. One of the engines of the Airbus A321 aircraft operating these regularly scheduled services will use a blend of 50% NExBTL renewable aviation fuel and 50% fossil fuel; the other will run on regular fossil-based jet fuel. The use of Neste Oil's NExBTL aviation fuel became possible on 1 July as ASTM International, formerly known as the American Society for Testing and Materials, approved the use of renewable aviation fuel produced through hydrotreating vegetable oil and animal fat. Neste Oil is currently one of the only companies in the world capable of producing renewable aviation fuel at commercial scale.

On 1 August, Neste Oil announced that it had sold its majority-owned (93.85%) Estonian subsidiary, AS Reola Gaas, to the Estonian-based Alexela Group. The parties have agreed not to disclose the value of the sale. The divestment had a minor positive impact on Neste Oil's third-quarter result.

On 8 September, Neste Oil announced the launch of a two-year joint algae research program with the Marine Research Centre at the Finnish Environment Institute (SYKE). The program is part of Neste Oil's efforts aimed at using algae oil as a raw material for producing NExBTL renewable diesel in the future. Research with SYKE will focus on testing the lipid production capacity of different types of algae and analyzing how the quality and quantity of these lipids can be optimized by adjusting the conditions under which algae are grown.

On 16 September, Neste Oil divested its polyalphaolefin (PAO) production facilities, quality control laboratory, and related maintenance services in Beringen, Belgium. The new owner of the assets is Chevron Phillips Chemical International NV. The transaction is expected to be closed within a few months and is subject to closing conditions, such as competition authority approval. The transaction price has not been disclosed. This divestment will have a minor positive impact on Neste Oil's result.

On 20 September, Neste Oil successfully started up Europe's largest renewable diesel plant in Rotterdam in the Netherlands. The start-up is a significant milestone in Neste Oil's cleaner traffic strategy and strengthens the company's position as the world's leading producer of renewable diesel. The plant was completed on-schedule and on-budget. The Rotterdam plant has a capacity of 800,000 t/a and will increase Neste Oil's total renewable diesel capacity to 2 million t/a. The plant employs approximately 150 people, consisting of 110 Neste Oil employees and 40 service provider personnel.

Neste Oil held a Capital Markets Day on 21 September in Rotterdam in the Netherlands. Topics discussed at the event included the Group’s financial targets. Leverage ratio and return on average capital employed after tax (ROACE) remain Neste Oil's key financial indicators. The target leverage ratio is 25-50% and the long-term ROACE target is 15%. Neste Oil's dividend policy remains unchanged and calls for a payout equivalent to at least one third of the company's comparable net profit.

**Strategy implementation**

Neste Oil will continue to implement its clean fuel strategy during 2011. It has now completed its program of major capital projects designed to increase renewable diesel capacity and add additional high-quality base oil capacity.

The new 800,000 t/a renewable diesel plant in Rotterdam was started up in September. The final investment cost was in line with the original EUR 670 million budget.

After the reporting period in October, Neste Oil, The Bahrain Petroleum Company (Bapco), and nogaholding announced that they have successfully started commercial production at the new base oil plant in Bahrain. Neste Oil has a 45% stake in the plant, which has a nameplate capacity of 400,000 t/a. Neste Oil's share of the investment cost was EUR 130 million.

Neste Oil's base oil sales volumes will increase further as a result of a new partnership with Abu Dhabi National Oil Company (ADNOC). This is designed to bring 600,000 t/a of NEXBASE® base oil onto the market at the end of 2013. Neste Oil will be responsible for selling and marketing these volumes. There will be no investment costs for Neste Oil related to this partnership.

**Market overview**

Crude oil prices fluctuated during the third quarter and Brent Dated traded in the USD 104-120/bbl range. Positive economic indicators and decreasing oil stocks in the US, together with the European Union's plan to resolve Greece's debt problem, saw prices rise in July. They collapsed, however, when investors began to sell off commodities, driven by uncertainty over the US economy and new debt issues in the Euro zone. Some recovery was seen in mid-August on the back of stronger Asian and European demand, as well as refinery turnarounds and supply disruptions in the North Sea and Nigeria. At the end of September, prices plunged again amid the worsening European debt crisis. Brent Dated ended the quarter at around USD 105/bbl.

The price differential between heavier and lighter crude oil was very narrow during the quarter, mainly due to limited availability of North Sea crude.

Refining margins in North-West Europe strengthened in July and August, driven mainly by gasoline margins. Product margins weakened clearly in September, resulting in low refining margins. Towards the end of the quarter, product prices outpaced crude prices and margins improved again. Gasoline margins were strong until early September, supported by good demand, low European stocks and fear of possible shortages due to Hurricane Irene, but fell as a result of the shift to winter-grade fuel and lower demand caused by concerns about economic growth in the US and Europe. Margins for middle distillates improved on the back of low stocks and healthy demand in Europe, but were impacted in September by fears of an economic recession. Lower supplies from Russia, however, supported European markets, whereas the US market benefited from strong demand from Latin America. Fuel oil margins strengthened compared to the previous quarter. Asian markets were supported by high bunker fuel demand; in Europe, support came from arbitrage volumes going to Asia and lower fuel oil exports from Russia.

Vegetable oil prices have been under pressure due to uncertainties over the global economy. The price differential between rapeseed and palm oil remained flat at around USD 270/t in the third quarter compared to the second quarter. The price premium of high-quality renewable diesel over conventional biodiesel was good.

Key drivers

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 | Oct 11 | Oct 10 |
|---|---|---|---|---|---|---|---|---|
| Reference refining margin, USD/bbl | 4.48 | 3.45 | 4.46 | 4.47 | 4.22 | 4.35 | 5.28 | 4.90 |
| Neste Oil total refining margin, USD/bbl | 9.17 | 7.48 | 8.99 | 9.03 | 7.55 | 8.14 | n.a. | n.a. |
| Urals-Brent price differential, USD/bbl | -0.75 | -0.92 | -2.91 | -2.18 | -1.36 | -1.40 | -0.77 | -1.24 |
| NWE Gasoline margin, USD/bbl | 10.04 | 7.60 | 10.41 | 8.78 | 10.15 | 9.70 | 7.0 | 8.67 |
| NWE Diesel margin, USD/bbl | 17.09 | 13.77 | 15.77 | 16.91 | 13.27 | 13.97 | 20.9 | 16.58 |
| NWE Heavy fuel oil margin, USD/bbl | -14.75 | -10.35 | -19.45 | -17.39 | -9.24 | -10.32 | -11.8 | -11.95 |
| Brent Dated crude oil, USD/bbl | 113.46 | 76.86 | 117.34 | 111.92 | 77.14 | 79.47 | 108.96 | 82.74 |
| USD/EUR, market rate | 1.41 | 1.29 | 1.44 | 1.41 | 1.32 | 1.32 | 1.36 | 1.39 |
| USD/EUR, hedged | 1.38 | 1.39 | 1.33 | 1.34 | 1.37 | 1.37 | n.a. | n.a. |
| Crude freights, WS points (TD7) | 99 | 99 | 103 | 101 | 113 | 113 | 115 | 101 |

**Production and sales**

Neste Oil’s total production in the third quarter totaled 3.9 million tons (3.8 million). NExBTL renewable diesel accounted for 0.2 million tons (0.1 million) of this and included the first volumes produced at the new renewable diesel plant in Rotterdam.

Neste Oil's production, by plant (1,000 t)

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| Porvoo refinery | 3,056 | 2,999 | 2,780 | 8,785 | 7,397 | 10,594 |
| Naantali refinery | 619 | 619 | 542 | 1,727 | 1,822 | 2,410 |
| Beringen polyalfaolefin plant | 13 | 11 | 14 | 35 | 33 | 45 |
| Edmonton iso-octane plant (Neste Oil’s share) | 41 | 54 | 53 | 142 | 162 | 214 |
| NExBTL plants | 207 | 99 | 114 | 443 | 219 | 337 |

The Porvoo refinery operated at an average capacity utilization rate of 86% (90%) during the quarter, and the Naantali refinery reached a utilization rate of 90% (84%). Russian Export Blend accounted for 66% (67%) of total refinery input. Refinery production costs at Porvoo and Naantali totaled USD 3.9/bbl (3.2).

Sales from in-house production were high, at 3.9 million tons (3.5 million). This increase was mainly due to increased diesel exports to Sweden and the UK. Domestic diesel sales were also higher.

Production of renewable diesel more than doubled year-on-year, but plants were still run at limited utilization.

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

| | 7-9/11 | % | 7-9/10 | % | 4-6/11 | % | 1-9/11 | % | 1-9/10 | % | 2010 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Motor gasolines | 1,013 | *26* | 1,069 | *29* | 1,122 | *32* | 3,079 | *29* | 2,896 | *28* | 4,111 | *28* |
| Gasoline components | 42 | *1* | 66 | *2* | 55 | *2* | 157 | *1* | 186 | *2* | 229 | *2* |
| Diesel fuel | 1,647 | *42* | 1,393 | *37* | 1,208 | *34* | 4,372 | *40* | 3,944 | *38* | 5,655 | *39* |
| Jet fuel | 171 | *4* | 205 | *5* | 247 | *7* | 583 | *5* | 428 | *4* | 640 | *4* |
| Base oils | 82 | *2* | 78 | *2* | 87 | *2* | 256 | *2* | 231 | *2* | 307 | *2* |
| Heating oil | 43 | *1* | 131 | *4* | 28 | *1* | 131 | *1* | 532 | *5* | 691 | *5* |
| Heavy fuel oil | 264 | *7* | 289 | *8* | 218 | *6* | 715 | *6* | 667 | *7* | 908 | *6* |
| LPG | 54 | *1* | 35 | *1* | 64 | *2* | 225 | *2* | 177 | *2* | 273 | *2* |
| NExBTL renewable diesel | 177 | *5* | 102 | *3* | 80 | *3* | 353 | *3* | 211 | *2* | 270 | *2* |
| Other products | 439 | *11* | 370 | *9* | 400 | *11* | 1,234 | *11* | 979 | *10* | 1,401 | *10* |
| TOTAL | 3,932 | *100* | 3,739 | *100* | 3,510 | *100* | 11,105 | *100* | 10,251 | *100* | 14,485 | *100* |

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

| | 7-9/11 | % | 7-9/10 | % | 4-6/11 | % | 1-9/11 | % | 1-9/10 | % | 2010 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Finland | 1,963 | *50* | 1,962 | *52* | 1,830 | *52* | 5,765 | *52* | 5,607 | *55* | 7,881 | *54* |
| Other Nordic countries | 731 | *19* | 735 | *20* | 679 | *19* | 1,996 | *18* | 1,881 | *18* | 2,685 | *19* |
| Other Europe | 855 | *22* | 632 | *17* | 504 | *15* | 2,040 | *18* | 1,947 | *19* | 2,659 | *19* |
| US & Canada | 370 | *9* | 359 | *10* | 388 | *11* | 1,095 | *10* | 699 | *7* | 1,081 | *7* |
| Other countries | 13 | *0* | 52 | *1* | 108 | *3* | 210 | *2* | 116 | *1* | 179 | *1* |
| TOTAL | 3,932 | *100* | 3,739 | *100* | 3,509 | *100* | 11,105 | *100* | 10,251 | *100* | 14,485 | *100* |

**SEGMENT REVIEWS**

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

**Oil Products**

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| Revenue, MEUR | 3,327 | 2,491 | 3,070 | 9,267 | 6,827 | 9,789 |
| Comparable EBITDA, MEUR | 132 | 93 | 108 | 371 | 237 | 395 |
| Comparable operating profit, MEUR | 84 | 45 | 60 | 228 | 100 | 208 |
| IFRS operating profit, MEUR | 56 | 116 | 136 | 370 | 163 | 333 |
| Total refining margin, USD/bbl | 9.17 | 7.48 | 8.99 | 9.03 | 7.55 | 8.05 |
| Net assets, MEUR | - | - | 2,480 | 2,551 | 2,610 | 2,260 |
| Comparable return on net assets*, % | - | - | 12.1 | 13.7 | 3.3 | 7.9 |

* rolling 12 months

Oil Products reported a third-quarter comparable operating profit of EUR 84 million (45 million). The increase is attributable to higher sales volumes and a more favorable product mix, as well as a higher total refining margin of USD 9.17/bbl compared to USD 7.48/bbl in the third quarter of 2010. Further support came from Base Oils, which enjoyed a strong market, and gasoline components and marine chartering, both of which reported a slightly better result compared to the same period in 2010.

Oil Products' comparable operating profit totaled EUR 228 million in the first nine months, compared to EUR 100 million for the same period in 2010. Sales volumes increased year-on-year, which is partly explained by the major maintenance shutdown at the Porvoo refinery in spring 2010. The total refining margin increased to USD 9.03/bbl from USD 7.55/bbl reported in the first nine months of 2010. Strong base oil margins also contributed.

**Renewable Fuels**

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| Revenue, MEUR | 290 | 120 | 144 | 627 | 216 | 328 |
| Comparable EBITDA, MEUR | -39 | -7 | -39 | -99 | -37 | -38 |
| Comparable operating profit, MEUR | -57 | -12 | -55 | -148 | -52 | -65 |
| IFRS operating profit, MEUR | -81 | 2 | -53 | -138 | -32 | -39 |
| Net assets, MEUR | - | - | 1,940 | 1,972 | 1,468 | 1,703 |
| Comparable return on net assets*, % | - | - | -7.1 | -9.0 | -5.7 | -5.1 |

* rolling 12 months

Renewable Fuels' sales volumes developed positively in the third quarter and more than doubled compared to the second quarter, and all the company's production plants are currently operational. The segment's comparable operating result weakened to EUR -57 million (-12 million), however, as a result of high unit costs and the start-up costs of the Rotterdam plant. Renewable diesel margins continued to be good and the availability of certified feedstocks improved. Exports to the US were still delayed due to legislative issues.

Renewable Fuels' nine-month comparable operating result was EUR -148 million (-52 million). Low volumes resulted in high unit costs, while margins were better year-on-year.

**Oil Retail**

| | 7-9/11 | 7-9/10 | 4-6/11 | 1-9/11 | 1-9/10 | 2010 |
|---|---|---|---|---|---|---|
| Revenue, MEUR | 1,107 | 917 | 1,058 | 3,186 | 2,650 | 3,654 |
| Comparable EBITDA, MEUR | 31 | 31 | 21 | 72 | 66 | 94 |
| Comparable operating profit, MEUR | 23 | 23 | 13 | 48 | 42 | 60 |
| IFRS operating profit, MEUR | 24 | 24 | 13 | 49 | 44 | 61 |
| Net assets, MEUR | - | - | 319 | 332 | 316 | 315 |
| Comparable return on net assets*, % | - | - | 20.8 | 20.5 | 15.2 | 19.3 |
| Total sales volume**, 1,000 $m^3$ | 1,026 | 1,023 | 963 | 2,967 | 3,029 | 4,150 |
| - gasoline station sales, 1,000 $m^3$ | 343 | 362 | 333 | 967 | 998 | 1,328 |
| - diesel station sales, 1,000 $m^3$ | 381 | 365 | 364 | 1,099 | 1,044 | 1,423 |
| - heating oil, 1,000 $m^3$ | 147 | 156 | 141 | 478 | 520 | 749 |
| - heavy fuel oil, 1,000 $m^3$ | 62 | 69 | 59 | 195 | 242 | 347 |

* rolling 12 months
** includes both station and terminal sales

Oil Retail's third-quarter comparable operating profit was flat at EUR 23 million (23 million). The strong Finnish retail market had a positive impact, which was partially offset by somewhat softer conditions abroad.

Oil Retail's nine-month comparable operating profit totaled EUR 48 million (42 million), supported by stronger diesel demand and margins compared to the same period in 2010.

**Shares, share trading, and ownership**

Neste Oil's shares are traded on NASDAQ OMX Helsinki Ltd. The share price closed the quarter at EUR 6.54, down by 39.5% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 10.98, while at its lowest the price stood at EUR 6.48. Market capitalization was EUR 1.7 billion as of 30 September 2011. An average of 1,115,000 shares were traded daily, representing 0.4% of the company's shares.

Neste Oil's share capital registered with the Company Register as of 30 September 2011 totaled EUR 40 million, and the total number of shares outstanding is 256,403,686. The company does not hold any of its own shares, and the Board of Directors has no authorization to buy back company shares or issue convertible bonds, share options, or new shares.

As of the end of September, the Finnish State owned 50.1% (50.1%) of outstanding shares, foreign institutions 18.4% (16.8%), Finnish institutions 17.7% (19.7%), and Finnish households 13.8% (13.4%).

**Personnel**

Neste Oil employed an average of 4,948 (5,078) employees in January-September, of which 1,430 (1,452) were based outside Finland. As of the end of September, the company had 4,874 employees (4,921), of which 1,414 (1,437) were located outside Finland.

**Health, safety, and the environment**

Neste Oil was recognized for its commitment to sustainability by being selected for inclusion in the Dow Jones Sustainability World Index (DJSI World) for the fifth year in succession. Neste Oil is one of a total of 342 companies from 30 countries to be selected. Companies included in DJSI World are expected to show a high level of commitment to financial, social, and environment responsibility, as well as continuous improvement.

The main indicator for safety performance used by Neste Oil – total recordable injury frequency (TRIF, number of cases per million hours worked) for all work done for the company, combining the company's own personnel and contractors – stood at 2.4 (4.2) at the end of September. The target for 2011 as a whole is below 2.5.

Safety performance weakened slightly compared to Q2, but remained at a good level. A total of 8 (11) injuries were reported between July and September, compared to only 3 (29) between April and June. The Porvoo refinery achieved its longest period without injuries, 190 days, at the end of September. Preparations for a new Safety Roadmap, a five-year development plan, continued during the third quarter.

The recognition process of Neste Oil's voluntary scheme developed under the auspices of the Renewable Energy Directive (RED) is ongoing in the European Commission.

**Events after the reporting period**

On 12 October, Neste Oil, The Bahrain Petroleum Company (Bapco), and nogaholding announced that they have successfully started commercial production at the new base oil plant in Bahrain. The joint venture plant produces premium quality VHVI (Very High Viscosity Index) Group III base oils for use in blending top-tier lubricants and has a production capacity of 400,000 metric t/a. Neste Oil has a 45% stake in the plant and its share of the investment cost was EUR 130 million. Neste Oil is responsible for the sales and marketing of the plant's output, which increases Neste Oil's total Group III base oils capacity from 250,000 metric t/a to 650,000 metric t/a.

**Potential short-term and long-term risks**

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

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

Sudden and unplanned outages at Neste Oil's production units or facilities continue to represent a short-term operational risk.

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

The implementation of biofuel legislation in the EU and other key market areas may influence the speed at which the demand for these fuels develops. Risks also include any problems or delays in capturing the anticipated benefits from its renewable diesel investments. Over the longer term, failure to protect Neste Oil's proprietary technology or the introduction and implementation of competing renewable fuel technologies or hybrid and electric vehicles may have a negative impact on the company's results.

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

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

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

## Outlook

The fundamentals of the oil refining market have remained broadly unchanged since the previous outlook was published in July. There are widespread concerns about global economic developments. If the situation escalates, it is likely to impact economic growth and the demand for petroleum products and refining margins.

The diesel market is expected to be supported by seasonally increasing demand during the rest of the year, whereas the gasoline market is likely to stay weaker. The discount of Urals crude to Brent Dated is expected to average around USD 1.00-1.50 /bbl in the fourth quarter, which is less than earlier in 2011. Neste Oil has hedged 25% of its Oil Products volumes for 2012 to a USD 4.8/bbl reference margin level. The estimated discount of Urals to Brent is USD 1.3/bbl in these transactions.

A four-week maintenance outage took place on Production Line 4 at the Porvoo refinery in October. As mentioned in previous outlook statements, Oil Products' full-year 2011 comparable operating profit is expected to be stronger than in 2010.

Sales volumes at Renewable Fuels are expected to increase by over 50% in the fourth quarter compared to the third quarter. This increase, coupled with lower unit costs thanks to higher capacity utilization, will lead to a better result for Renewable Fuels in the fourth quarter compared to the third quarter. The segment is still expected to remain loss-making for the remainder of 2011, however.

Oil Retail's full-year performance is likely to be broadly similar to that seen in 2010.

The Group's fixed costs are estimated to be approximately EUR 650 million in 2011, compared to EUR 575 million in 2010, largely due to higher maintenance and personnel costs at new plants.

The Group's cash investments are expected to be approximately EUR 300 million (892 million) in 2011.

## Reporting date for the company's fourth-quarter and full-year 2011 results

Neste Oil will publish its fourth-quarter and full-year 2011 results on 3 February 2012 at approximately 9:00 a.m. EET.

Espoo, 24 October 2011

Neste Oil Corporation
Board of Directors

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

**CONSOLIDATED INCOME STATEMENT**

| MEUR | Note | 7-9/2011 | 7-9/2010 | 1-9/2011 | 1-9/2010 | 1-12/2010 | Last 12 months |
|---|---|---|---|---|---|---|---|
| **Revenue** | 3 | **4,105** | 3,065 | **11,251** | 8,366 | 11,892 | 14,777 |
| Other income | | **4** | 7 | **18** | 71 | 81 | 28 |
| Share of profit (loss) of associates and joint ventures | 3 | **17** | 4 | **28** | 16 | 15 | 27 |
| Materials and services | | **-3,825** | -2,677 | **-10,096** | -7,411 | -10,493 | -13,178 |
| Employee benefit costs | | **-69** | -69 | **-234** | -295 | -392 | -331 |
| Depreciation, amortization and impairments | 3 | **-76** | -64 | **-225** | -184 | -259 | -300 |
| Other expenses | | **-141** | -123 | **-447** | -386 | -521 | -582 |
| **Operating profit** | | **15** | 143 | **295** | 177 | 323 | 441 |
| | | | | | | | |
| **Financial income and expenses** | | | | | | | |
| Financial income | | **1** | 4 | **3** | 8 | 4 | -1 |
| Financial expenses | | **-20** | -11 | **-49** | -33 | -34 | -50 |
| Exchange rate and fair value gains and losses | | **1** | 0 | **6** | 2 | 3 | 7 |
| **Total financial income and expenses** | | **-18** | -7 | **-40** | -23 | -27 | -44 |
| | | | | | | | |
| **Profit before income taxes** | | **-3** | 136 | **255** | 154 | 296 | 397 |
| Income tax expense | | **3** | -26 | **-73** | -30 | -65 | -108 |
| **Profit for the period** | | **0** | 110 | **182** | 124 | 231 | 289 |
| | | | | | | | |
| **Profit attributable to:** | | | | | | | |
| Owners of the parent | | **0** | 109 | **181** | 122 | 229 | 288 |
| Non-controlling interests | | **0** | 1 | **1** | 2 | 2 | 1 |
| | | **0** | 110 | **182** | 124 | 231 | 289 |
| | | | | | | | |
| **Earnings per share from profit attributable to the owners of the parent basic and diluted** (in euro per share) | | **0.00** | 0.42 | **0.71** | 0.48 | 0.89 | 1.12 |

**STATEMENT OF COMPREHENSIVE INCOME**

| MEUR | 7-9/2011 | 7-9/2010 | 1-9/2011 | 1-9/2010 | 1-12/2010 | Last 12 months |
|---|---|---|---|---|---|---|
| **Profit for the period** | **0** | 110 | **182** | 124 | 231 | 289 |
| **Other comprehensive income for the period, net of tax:** | | | | | | |
| Translation differences | **-9** | -12 | **-20** | 32 | 43 | -9 |
| Cash flow hedges | | | | | | |
| recorded in equity | **-32** | 50 | **4** | 6 | -18 | -20 |
| transferred to income statement | **-1** | 12 | **-25** | 20 | 19 | -26 |
| Net investment hedges | **0** | -1 | **0** | -3 | -3 | 0 |
| Hedging reserves in associates and joint ventures | **0** | 0 | **1** | 1 | 1 | 1 |
| **Other comprehensive income for the period, net of tax** | **-42** | 49 | **-40** | 56 | 42 | -54 |
| | | | | | | |
| **Total comprehensive income for the period** | **-42** | 159 | **142** | 180 | 273 | 235 |
| | | | | | | |
| **Total comprehensive income attributable to:** | | | | | | |
| Owners of the parent | **-42** | 158 | **141** | 178 | 271 | 234 |
| Non-controlling interests | **0** | 1 | **1** | 2 | 2 | 1 |
| | **-42** | 159 | **142** | 180 | 273 | 235 |

## CONSOLIDATED BALANCE SHEET

| MEUR | Note | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 4 | **50** | 46 | 43 |
| Property, plant and equipment | 4 | **4,002** | 3,764 | 3,979 |
| Investments in associates and joint ventures | | **233** | 296 | 214 |
| Non-current receivables | | **13** | 7 | 8 |
| Pension assets | | **0** | 0 | 0 |
| Deferred tax assets | | **38** | 18 | 31 |
| Derivative financial instruments | 5 | **24** | 32 | 18 |
| Available-for-sale financial assets | | **4** | 3 | 4 |
| **Total non-current assets** | | **4,364** | 4,166 | 4,297 |
| **Current assets** | | | | |
| Inventories | | **1,367** | 1,125 | 1,079 |
| Trade and other receivables | | **1,030** | 796 | 866 |
| Derivative financial instruments | 5 | **44** | 82 | 42 |
| Cash and cash equivalents | | **97** | 55 | 380 |
| **Total current assets** | | **2,538** | 2,058 | 2,367 |
| **Non-current assets classified as held for sale 1)** | | **7** | - | - |
| **Total assets** | | **6,909** | 6,224 | 6,664 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to the owners of the parent** | | | | |
| Share capital | | **40** | 40 | 40 |
| Other equity | 2 | **2,426** | 2,281 | 2,374 |
| **Total** | | **2,466** | 2,321 | 2,414 |
| **Non-controlling interest** | | **13** | 12 | 12 |
| **Total equity** | | **2,479** | 2,333 | 2,426 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Interest-bearing liabilities | | **1,921** | 1,869 | 1,882 |
| Deferred tax liabilities | | **341** | 346 | 347 |
| Provisions | | **28** | 17 | 20 |
| Pension liabilities | | **49** | 37 | 47 |
| Derivative financial instruments | 5 | **19** | 19 | 23 |
| Other non-current liabilities | | **7** | 1 | 1 |
| **Total non-current liabilities** | | **2,365** | 2,289 | 2,320 |
| **Current liabilities** | | | | |
| Interest-bearing liabilities | | **562** | 303 | 299 |
| Current tax liabilities | | **29** | 19 | 38 |
| Derivative financial instruments | 5 | **79** | 38 | 34 |
| Trade and other payables | | **1,395** | 1,242 | 1,547 |
| **Total current liabilities** | | **2,065** | 1,602 | 1,918 |
| **Total liabilities** | | **4,430** | 3,891 | 4,238 |
| **Total equity and liabilities** | | **6,909** | 6,224 | 6,664 |

1) Non-current assets classified as held for sale compare of the carrying amount of Neste Oil's polyalphaolefin (PAO) production facilities, quality control laboratory, and the related maintenance services at 30 September 2011.

## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

| | Attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| MEUR | Share capital | Reserve fund | Fair value and other reserves | Translation differences | Retained earnings | Non-controlling interests | Total equity |
| **Total equity at 1 January 2010** | 40 | 11 | 9 | -45 | 2,195 | 12 | 2,222 |
| Dividend paid | | | | | -64 | -2 | -66 |
| Share-based compensation | | | | | -3 | | -3 |
| Transfer from retained earnings | | 1 | -5 | | 4 | | 0 |
| Changes in non-controlling interests | | | | | | 0 | 0 |
| Total comprehensive income for the period | | 1 | 27 | 28 | 122 | 2 | 180 |
| **Total equity at 30 September 2010** | 40 | 13 | 31 | -17 | 2,254 | 12 | 2,333 |

| MEUR | Share capital | Reserve fund | Fair value and other reserves | Translation differences | Retained earnings | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Total equity at 1 January 2011** | 40 | 13 | 6 | -6 | 2,361 | 12 | 2,426 |
| Dividend paid | | | | | -90 | 0 | -90 |
| Share-based compensation | | | | | 1 | | 1 |
| Transfer from retained earnings | | 2 | | | -2 | | 0 |
| Total comprehensive income for the period | | | -20 | -20 | 181 | 1 | 142 |
| **Total equity at 30 September 2011** | 40 | 15 | -14 | -26 | 2,451 | 13 | 2,479 |

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| MEUR | 7-9/2011 | 7-9/2010 | 1-9/2011 | 1-9/2010 | 1-12/2010 |
|---|---|---|---|---|---|
| **Cash flow from operating activities** | | | | | |
| Profit before taxes | **-3** | 136 | **255** | 154 | 296 |
| Adjustments, total | **95** | 73 | **253** | 306 | 395 |
| Change in working capital | **-152** | -104 | **-583** | 233 | 486 |
| **Cash generated from operations** | **-60** | 105 | **-75** | 693 | 1,177 |
| Finance cost, net | **-16** | -95 | **-29** | -62 | -39 |
| Income taxes paid | **-53** | -5 | **-93** | -9 | -33 |
| **Net cash generated from operating activities** | **-129** | 5 | **-197** | 622 | 1,105 |
| Capital expenditure | **-67** | -177 | **-278** | -699 | -932 |
| Acquisition of shares in subsidiaries | **-** | 0 | **-** | -8 | -8 |
| Acquisition of associates and joint ventures | **-** | -13 | **-** | -44 | 0 |
| Acquisition of other shares | **0** | 0 | **0** | -3 | -3 |
| Proceeds from sales of shares in subsidiaries | **2** | - | **2** | 6 | 6 |
| Proceeds from sales of fixed assets | **0** | 2 | **2** | 3 | 4 |
| Change in other investments | **3** | -5 | **-11** | 17 | 19 |
| **Cash flow before financing activities** | **-191** | -188 | **-482** | -106 | 191 |
| Net change in loans and other financing activities | **149** | 187 | **291** | 109 | 136 |
| Dividends paid to the owners of the parent | **-** | - | **-90** | -64 | -64 |
| Dividends paid to non-controlling interests | **-** | - | **-** | -2 | -2 |
| **Net increase (+)/decrease (-) in cash and cash equivalents** | **-42** | -1 | **-281** | -63 | 261 |

### KEY FINANCIAL INDICATORS

| | **30 Sep 2011** | 30 Sep 2010 | 31 Dec 2010 | Last 12 months |
|---|---|---|---|---|
| Capital employed, MEUR | **4,963** | 4,505 | 4,607 | 4,963 |
| Interest-bearing net debt, MEUR | **2,386** | 2,117 | 1,801 | - |
| Capital expenditure and investment in shares, MEUR | **278** | 754 | 943 | 467 |
| Return on average capital employed, after tax, ROACE % | **-** | - | 4.6 | 3.6 |
| Return on capital employed, pre-tax, ROCE % | **8.5** | 5.7 | 7.7 | 9.4 |
| Return on equity, % | **9.9** | 7.2 | 9.9 | 12.0 |
| Equity per share, EUR | **9.64** | 9.07 | 9.43 | - |
| Cash flow per share, EUR | **-0.77** | 2.43 | 4.32 | 1.12 |
| Equity-to-assets ratio, % | **35.9** | 37.6 | 36.5 | - |
| Leverage ratio, % | **49.0** | 47.6 | 42.6 | - |
| Gearing, % | **96.2** | 90.7 | 74.3 | - |
| Average number of shares | **255,918,686** | 255,913,686 | 255,913,809 | 255,917,549 |
| Number of shares at the end of the period | **255,918,686** | 255,913,686 | 255,918,686 | 255,918,686 |
| Average number of personnel | **4,948** | 5,078 | 5,030 | - |

### 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 accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2010, with the exception of the following changes due to the adoption of the new and revised IFRS standards and IFRIC interpretations.

- IAS 32 (amendment) Financial Instruments: Classification of rights issues
- IFRIC 14 IAS 19 (amendment) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Annual improvements 2010.

The above mentioned amendments do not have a material impact on the reported income statement, balance sheet or notes.

#### 2. TREASURY SHARES

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

The consolidated balance sheet and the consolidated changes in total equity reflect the substance of the arrangement with a deduction amounting to EUR 12 million in equity. This amount represents the consideration paid for the shares by the third party service provider. As at 30 September 2011 there were 485,000 shares accounted for as treasury shares.

**3. SEGMENT INFORMATION**

Neste Oil's operations are grouped into four reporting segments: Oil Products, Renewable Fuels, Oil Retail and Others.
Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB. NSE Biofuels Oy is also included in the Others segment as of Q2/2010. The comparative figures have been adjusted accordingly.

| **REVENUE** | | | | | | Last 12 |
|---|---|---|---|---|---|---|
| **MEUR** | **7-9/2011** | 7-9/2010 | **1-9/2011** | 1-9/2010 | 1-12/2010 | months |
| Oil Products | **3,327** | 2,491 | **9,267** | 6,827 | 9,789 | 12,229 |
| Renewable Fuels | **290** | 120 | **627** | 216 | 328 | 739 |
| Oil Retail | **1,107** | 917 | **3,186** | 2,650 | 3,654 | 4,190 |
| Others | **44** | 38 | **135** | 132 | 169 | 172 |
| Eliminations | **-663** | -501 | **-1,964** | -1,459 | -2,048 | -2,553 |
| Total | **4,105** | 3,065 | **11,251** | 8,366 | 11,892 | 14,777 |

| **OPERATING PROFIT** | | | | | | Last 12 |
|---|---|---|---|---|---|---|
| **MEUR** | **7-9/2011** | 7-9/2010 | **1-9/2011** | 1-9/2010 | 1-12/2010 | months |
| Oil Products | **56** | 116 | **370** | 163 | 333 | 540 |
| Renewable Fuels | **-81** | 2 | **-138** | -32 | -39 | -145 |
| Oil Retail | **24** | 24 | **49** | 44 | 61 | 66 |
| Others | **15** | 2 | **7** | 3 | -24 | -20 |
| Eliminations | **1** | -1 | **7** | -1 | -8 | 0 |
| Total | **15** | 143 | **295** | 177 | 323 | 441 |

| **COMPARABLE OPERATING PROFIT** | | | | | | Last 12 |
|---|---|---|---|---|---|---|
| **MEUR** | **7-9/2011** | 7-9/2010 | **1-9/2011** | 1-9/2010 | 1-12/2010 | months |
| Oil Products | **84** | 45 | **228** | 100 | 208 | 336 |
| Renewable Fuels | **-57** | -12 | **-148** | -52 | -65 | -161 |
| Oil Retail | **23** | 23 | **48** | 42 | 60 | 66 |
| Others | **15** | 2 | **7** | 61 | 45 | -9 |
| Eliminations | **1** | -1 | **7** | -1 | -8 | 0 |
| Total | **66** | 57 | **142** | 150 | 240 | 232 |

| **DEPRECIATION, AMORTIZATION AND IMPAIRMENTS** | | | | | | Last 12 |
|---|---|---|---|---|---|---|
| **MEUR** | **7-9/2011** | 7-9/2010 | **1-9/2011** | 1-9/2010 | 1-12/2010 | months |
| Oil Products | **48** | 48 | **143** | 137 | 187 | 193 |
| Renewable Fuels | **18** | 5 | **49** | 15 | 27 | 61 |
| Oil Retail | **8** | 8 | **24** | 24 | 34 | 34 |
| Others | **2** | 3 | **9** | 8 | 11 | 12 |
| Total | **76** | 64 | **225** | 184 | 259 | 300 |

| **CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES** | | | | | | Last 12 |
|---|---|---|---|---|---|---|
| **MEUR** | **7-9/2011** | 7-9/2010 | **1-9/2011** | 1-9/2010 | 1-12/2010 | months |
| Oil Products | **32** | 23 | **83** | 235 | 269 | 117 |
| Renewable Fuels | **25** | 157 | **171** | 435 | 578 | 314 |
| Oil Retail | **8** | 8 | **18** | 23 | 33 | 28 |
| Others | **2** | 2 | **6** | 61 | 63 | 8 |
| Total | **67** | 190 | **278** | 754 | 943 | 467 |

| **TOTAL ASSETS** | **30 Sep** | 30 Sep | 31 Dec |
|---|---|---|---|
| **MEUR** | **2011** | 2010 | 2010 |
| Oil Products | **3,774** | 3,699 | 3,621 |
| Renewable Fuels | **2,123** | 1,575 | 1,814 |
| Oil Retail | **616** | 572 | 596 |
| Others | **412** | 380 | 369 |
| Unallocated assets | **238** | 220 | 506 |
| Eliminations | **-254** | -222 | -242 |
| Total | **6,909** | 6,224 | 6,664 |

| NET ASSETS<br>MEUR | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| Oil Products | **2,551** | 2,610 | 2,260 |
| Renewable Fuels | **1,972** | 1,468 | 1,703 |
| Oil Retail | **332** | 316 | 315 |
| Others | **318** | 299 | 276 |
| Eliminations | **-3** | -2 | -10 |
| Total | **5,170** | 4,691 | 4,544 |

| RETURN ON NET ASSETS, % | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 | Last 12 months |
|---|---|---|---|---|
| Oil Products | **20.5** | 8.0 | 12.6 | 22.1 |
| Renewable Fuels | **-9.9** | -3.6 | -3.0 | -8.1 |
| Oil Retail | **20.2** | 19.0 | 19.6 | 20.5 |

| COMPARABLE RETURN ON NET ASSETS, % | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 | Last 12 months |
|---|---|---|---|---|
| Oil Products | **12.6** | 4.9 | 7.9 | 13.7 |
| Renewable Fuels | **-10.6** | -5.9 | -5.1 | -9.0 |
| Oil Retail | **19.8** | 18.1 | 19.3 | 20.5 |

**QUARTERLY SEGMENT INFORMATION**

**QUARTERLY REVENUE**

| MEUR | 7-9/2011 | 4-6/2011 | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|---|---|
| Oil Products | **3,327** | **3,070** | **2,870** | 2,962 | 2,491 | 2,064 | 2,272 |
| Renewable Fuels | **290** | **144** | **193** | 112 | 120 | 60 | 36 |
| Oil Retail | **1,107** | **1,058** | **1,021** | 1,004 | 917 | 884 | 849 |
| Others | **44** | **47** | **44** | 37 | 38 | 45 | 49 |
| Eliminations | **-663** | **-645** | **-656** | -589 | -501 | -477 | -481 |
| Total | **4,105** | **3,674** | **3,472** | 3,526 | 3,065 | 2,576 | 2,725 |

**QUARTERLY OPERATING PROFIT**

| MEUR | 7-9/2011 | 4-6/2011 | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|---|---|
| Oil Products | **56** | **136** | **178** | 170 | 116 | -18 | 65 |
| Renewable Fuels | **-81** | **-53** | **-4** | -7 | 2 | -19 | -15 |
| Oil Retail | **24** | **13** | **12** | 17 | 24 | 14 | 6 |
| Others | **15** | **7** | **-15** | -27 | 2 | -42 | 43 |
| Eliminations | **1** | **6** | **0** | -7 | -1 | 2 | -2 |
| Total | **15** | **109** | **171** | 146 | 143 | -63 | 97 |

**QUARTERLY COMPARABLE OPERATING PROFIT**

| MEUR | 7-9/2011 | 4-6/2011 | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|---|---|
| Oil Products | **84** | **60** | **84** | 108 | 45 | -3 | 58 |
| Renewable Fuels | **-57** | **-55** | **-36** | -13 | -12 | -23 | -17 |
| Oil Retail | **23** | **13** | **12** | 18 | 23 | 13 | 6 |
| Others | **15** | **8** | **-16** | -16 | 2 | 16 | 43 |
| Eliminations | **1** | **6** | **0** | -7 | -1 | 2 | -2 |
| Total | **66** | **32** | **44** | 90 | 57 | 5 | 88 |

**QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS**

| MEUR | 7-9/2011 | 4-6/2011 | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|---|---|
| Oil Products | **48** | **48** | **47** | 50 | 48 | 47 | 42 |
| Renewable Fuels | **18** | **16** | **15** | 12 | 5 | 5 | 5 |
| Oil Retail | **8** | **8** | **8** | 10 | 8 | 8 | 8 |
| Others | **2** | **4** | **3** | 3 | 3 | 2 | 3 |
| Total | **76** | **76** | **73** | 75 | 64 | 62 | 58 |

**QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES**

| MEUR | 7-9/2011 | 4-6/2011 | 1-3/2011 | 10-12/2010 | 7-9/2010 | 4-6/2010 | 1-3/2010 |
|---|---|---|---|---|---|---|---|
| Oil Products | **32** | **32** | **19** | 34 | 23 | 158 | 54 |
| Renewable Fuels | **25** | **50** | **96** | 143 | 157 | 149 | 129 |
| Oil Retail | **8** | **6** | **4** | 10 | 8 | 13 | 2 |
| Others | **2** | **3** | **1** | 2 | 2 | 54 | 5 |
| Total | **67** | **91** | **120** | 189 | 190 | 374 | 190 |

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

| CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT<br>MEUR | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| **Opening balance** | **4,022** | 3,283 | 3,283 |
| Depreciation, amortization and impairments | **-225** | -184 | -259 |
| Capital expenditure | **278** | 699 | 932 |
| Disposals | **-4** | -1 | -14 |
| Reclassifications | **-** | - | 63 |
| Increases through business combinations | **-** | 6 | 7 |
| Classified as asset held for sale | **-7** | - | - |
| Translation differences | **-12** | 7 | 10 |
| **Closing balance** | **4,052** | 3,810 | 4,022 |

The Accounting treatment of Bahrain Lube Base Oil Company B.S.C (Closed) has been changed in 2010 from joint venture to jointly controlled assets. Accordingly the assets have been reclassified from investments in joint ventures to property, plant and equipment.

| CAPITAL COMMITMENTS<br>MEUR | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| Commitments to purchase property, plant and equipment | **23** | 184 | 76 |
| Total | **23** | 184 | 76 |

### 5. DERIVATIVE FINANCIAL INSTRUMENTS

| Interest rate and currency derivative contracts and share forward contracts<br>MEUR | 30 Sep 2011<br>Nominal value | 30 Sep 2011<br>Net fair value | 30 Sep 2010<br>Nominal value | 30 Sep 2010<br>Net fair value | 31 Dec 2010<br>Nominal value | 31 Dec 2010<br>Net fair value |
|---|---|---|---|---|---|---|
| Interest rate swaps | **772** | **1** | 723 | 8 | 723 | -9 |
| Forward foreign exchange contracts | **1,075** | **-28** | 1,612 | 50 | 1,474 | 10 |
| Currency options | | | | | | |
| Purchased | **150** | **-3** | 63 | -1 | 43 | 0 |
| Written | **135** | **-1** | 55 | 1 | 36 | 1 |
| Share forward contracts | **-** | **-** | 0 | 0 | - | - |

| Commodity derivative contracts | Volume million bbl | Net fair value Meur | Volume million bbl | Net fair value Meur | Volume million bbl | Net fair value Meur |
|---|---|---|---|---|---|---|
| Sales contracts | **51** | **5** | 15 | -6 | 19 | -4 |
| Purchase contracts | **35** | **-4** | 8 | 3 | 12 | 5 |
| Purchased options | **1** | **-2** | 2 | -11 | 1 | -1 |
| Written options | **1** | **2** | 2 | 11 | 1 | 1 |

Commodity derivative contracts include oil, freight and palmoil 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.

## 6. RELATED PARTY TRANSACTIONS

The group has a related party relationship with its subsidiaries, associates, joint ventures and with 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. The group has also related party relationship with its pension fund.

| Transactions carried out with related parties | 1-9/2011 | 1-9/2010 | 1-12/2010 |
|---|---|---|---|
| Sales of goods and services | **97** | 75 | 93 |
| Purchases of goods and services | **66** | 43 | 63 |
| Receivables | **19** | 31 | 5 |
| Financial income and expenses | **0** | 0 | 0 |
| Liabilities | **12** | 1 | 2 |

## 7. CONTINGENT LIABILITIES

| MEUR | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| **Contingent liabilities** | | | |
| On own behalf for commitments | | | |
| Real estate mortgages | **26** | 26 | 26 |
| Pledged assets | **2** | 2 | 2 |
| Other contingent liabilities | **23** | 40 | 43 |
| Total | **51** | 68 | 71 |
| On behalf of associates and joint ventures | | | |
| Guarantees | **2** | 4 | 3 |
| Other contingent liabilities | **0** | 1 | - |
| Total | **2** | 5 | 3 |
| On behalf of others | | | |
| Guarantees | **1** | 14 | 14 |
| Total | **1** | 14 | 14 |
| Total | **54** | 87 | 88 |

| MEUR | 30 Sep 2011 | 30 Sep 2010 | 31 Dec 2010 |
|---|---|---|---|
| **Operating lease liabilities** | | | |
| Due within one year | **74** | 60 | 76 |
| Due between one and five years | **144** | 141 | 164 |
| Due later than five years | **86** | 110 | 108 |
| Total | **304** | 311 | 348 |

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

**Other contingent liabilities**

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

## Calculation of key financial indicators

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

| **Calculation of share-related indicators** | | | |
|---|---|---|---|
| Earnings per share (EPS) | = | | Profit for the period attributable to the equity holders of the company / Adjusted average number of shares during the period |
| Equity per share | = | | Shareholder's equity attributable to the equity holders of the company / Adjusted average 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 |


NESTE OIL