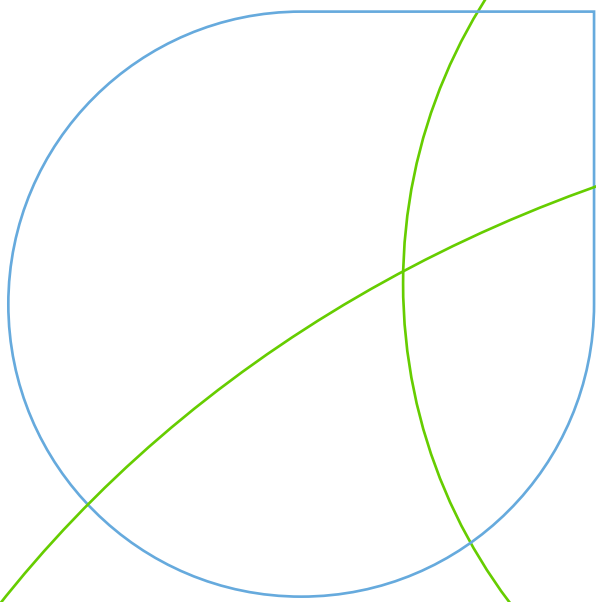


Neste Corporation
Interim Report
January-September 2019



Neste's Interim Report for January-September 2019

Highest ever quarterly comparable operating profit

Third quarter in brief:

- Comparable operating profit totaled EUR 435 million (EUR 395 million)
- Operating profit totaled EUR 444 million (EUR 250 million)
- Renewable Products' comparable sales margin was USD 635/ton (USD 645/ton)
- Oil Products' total refining margin was USD 12.07/bbl (USD 12.41/bbl)
- Marketing & Services' comparable operating profit was EUR 28 million (EUR 24 million)
- Cash flow before financing activities was EUR 71 million (EUR 108 million)

January-September in brief:

- Comparable operating profit totaled EUR 1,181 million (EUR 1,073 million)
- Operating profit totaled EUR 1,184 million (EUR 842 million)
- Cash flow before financing activities was EUR 211 million (EUR 481 million)
- Cash-out investments were EUR 346 million (EUR 285 million)
- Return on average capital employed (ROACE) was 21.0% over the last 12 months (2018: 21.1%)
- Leverage ratio was 6.6% at the end of September (31 Dec 2018: -1.5%)
- Comparable earnings per share: EUR 1.12 (EUR 1.12)
- Earnings per share: EUR 1.11 (EUR 0.85)

President and CEO Peter Vanacker:

"Neste had an excellent financial performance in the third quarter. We posted a comparable operating profit of EUR 435 million (EUR 395 million), which was the highest quarterly result ever. Renewable Products improved its sales margin compared to the previous quarter, and sales volumes were at a high level. Oil Products' comparable operating profit was solid despite the maintenance activities implemented in the third quarter. Marketing & Services had one of their best quarterly performances ever. Neste reached a ROACE of 21.0% over the last 12 months, and had a leverage ratio of 6.6% at the end of September.

Renewable Products posted a comparable operating profit of EUR 305 million (EUR 228 million) in the third quarter. The renewable diesel market continued to be favorable, but feedstock markets remained tight. Our sales optimization worked well and sales volumes were 716,000 tons, which was more than 30% higher than in the corresponding period last year. The comparable sales margin averaged at USD 635/ton, which was up 12% from the second quarter, and almost at the level of the corresponding period last year. During the third quarter, our renewable diesel production facilities operated at a high average utilization rate of 101%. The share of waste and residues was 81% of the total renewable raw material inputs.

Oil Products posted a comparable operating profit of EUR 113 million (EUR 146 million) in the third quarter. The reference margin, reflecting the general market conditions, improved towards the end of the quarter. The reference margin averaged at USD 7.3/bbl, slightly higher than in the corresponding period last year. The planned decoking maintenance at the Porvoo refinery Production Line 4 was brought forward and implemented in September. The

maintenance activities had a negative impact on additional margin and sales volumes, which were lower than in the third quarter of 2018. A stronger US dollar rate improved the comparable operating profit year-on-year.

Marketing & Services posted a comparable operating profit of EUR 28 million (EUR 24 million) in the third quarter, which was one of the highest quarterly results ever. The segment was again able to improve its unit margins from the corresponding period last year.

The Others segment's comparable operating profit was EUR -13 million (EUR -4 million), mainly due to the weak financial performance of Nynas. Nynas continued to struggle with crude oil supply problems caused by the US sanctions against Venezuela.

We continued to make good progress in our strategy execution. The Singapore renewables production capacity expansion is proceeding as planned. We opened an office in Shanghai and started renewable raw material sourcing operations in China. The first certified volumes of used cooking oil from China have been successfully procured. New sales agreements for renewable jet fuel have been signed with Lufthansa and other major airlines. Recruitment of key people proceeded, and Thorsten Lange was appointed as the new Executive Committee member responsible for Renewable Aviation business unit. We also continued to focus on our Operational Excellence program with expected operating profit impact on target."

Outlook

Developments in the global economy have been reflected in the renewable fuel, feedstock and oil markets; and volatility in these markets is anticipated to continue. Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks. Global oil product demand is expected to grow at a lower rate than in 2018, while global refining capacity additions are expected to grow driven by large projects in Asia and the Middle East. Based on our current estimates and a hedging rate of approx. 80%, Neste's effective EUR/USD rate is expected to be within a range 1.12-1.15 in the fourth quarter of 2019.

Demand for renewable diesel is expected to remain strong in the fourth quarter in anticipation of the growing mandates in 2020. Feedstock markets are expected to continue on a strengthening trend. Utilization rates of the renewables production facilities are expected to remain high, except for the scheduled four-week catalyst change at the Rotterdam refinery in the fourth quarter of 2019. The catalyst change was previously estimated to have a negative impact of approximately EUR 50 million on the segment's comparable operating profit. The estimated result impact in the fourth quarter has been approximately halved through product inventory buildup during the previous quarter and other mitigation actions. We have scheduled the next catalyst change at the Singapore refinery in the second quarter of 2020 and at the Rotterdam refinery in the fourth quarter of 2020. Neste will implement a scheduled approximately eleven-week major turnaround at the Porvoo refinery in the second quarter of 2020. The Porvoo turnaround is currently estimated to have a negative impact of approximately EUR 40 million on the Renewable Products segment's comparable operating profit, mainly in the second quarter.

Oil Products' fourth-quarter reference margin is expected to be slightly lower than that in the third quarter. Utilization rates of our production facilities are anticipated to remain high in the fourth quarter, except for normal unit maintenances. We will implement a scheduled approximately eleven-week major turnaround at the Porvoo refinery in the second quarter of 2020. The Porvoo turnaround is currently estimated to have a negative impact of approximately EUR 180 million on the segment's comparable operating profit, mainly in the second quarter.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern in the fourth quarter. The divestment of the Russian operation is expected to be completed in the fourth quarter.

Neste's Interim Report, 1 January - 30 September 2019

The Interim Report is unaudited.

Figures in parentheses refer to the corresponding period for 2018, unless otherwise stated.

Neste adopted the IFRS 16 Leases standard on 1 January 2019. The impact of the standard application on the financial indicators in 2019 has been described in the Interim Report table section Note 15. The figures for previous periods have not been restated.

Key Figures

EUR million (unless otherwise noted)

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Revenue	3,961	3,884	4,057	11,787	11,258	14,918
EBITDA	606	445	476	1,568	1,238	1,639
Operating profit	444	250	358	1,184	842	1,025
Comparable operating profit*	435	395	367	1,181	1,073	1,422
Profit before income taxes	343	229	346	1,037	780	951
Net profit	269	168	293	856	649	779
Comparable net profit**	268	305	304	860	858	1,150
Earnings per share***, EUR	0.35	0.22	0.38	1.11	0.85	1.01
Comparable earnings per share***, EUR	0.35	0.40	0.40	1.12	1.12	1.50
Investments	214	113	179	491	314	438
Net cash generated from operating activities	58	247	303	461	925	1,452

	30 Sep 2019	30 Sep 2018	31 Dec 2018
Total equity	4,884	4,493	4,630
Interest-bearing net debt	347	159	-70
Capital employed	6,113	5,651	5,770
Return on average capital employed after tax (ROACE)****, %	21.0	20.8	21.1
Equity per share***, EUR	6.36	5.85	6.03
Leverage ratio, %	6.6	3.4	-1.5

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

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

*** Earnings per share, Comparable earnings per share and Equity per share have been calculated and restated based on the new total number of shares after the share issue without payment (share split) as resolved by Neste's Annual General Meeting on 2 April, 2019.

**** Last 12 months

The Group's third quarter 2019 results

Neste's revenue in the third quarter totaled EUR 3,961 million (3,884 million). The revenue increase mainly resulted from higher sales volumes. The Group's comparable operating profit was EUR 435 million (395 million). Renewable Products' comparable operating profit was higher than in the third quarter of 2018, mainly as a result of higher sales volumes. Oil Products' result was lower than in the third quarter of 2018, mainly due to lower sales volumes and additional margin. Marketing & Services' higher unit margins drove improvement in the segment's comparable operating profit year-on-year. The Others segment's comparable operating profit was still weaker than in the corresponding period of 2018, mainly due to the poor performance of Nynas, which was caused by the impacts of the US sanctions on the company's business.

Renewable Products' third quarter comparable operating profit was EUR 305 million (228 million), Oil Products' EUR 113 million (146 million), and Marketing & Services' EUR 28 million (24 million). The comparable operating profit of the Others segment totaled EUR -13 million (-4 million); Nynas' net profit accounted for EUR -8 million (-3 million) of this figure.

The Group's operating profit was EUR 444 million (250 million), which was impacted by inventory valuation losses of EUR 13 million (8 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 54 million (-49 million), mainly related to margin hedging. As a result of normal impairment testing, we booked an asset writedown of EUR 34 million regarding our shareholding in Nynas AB. Our Nynas shareholding is now fully written off. Profit before income taxes was EUR 343 million (229 million), and net profit EUR 269 million (168 million). Comparable earnings per share were EUR 0.35 (0.40), and earnings per share EUR 0.35 (0.22).

The Group's January-September 2019 results

Neste's revenue in the first nine months totaled EUR 11,787 million (11,258 million). The increase resulted from higher sales volumes, and a stronger USD exchange rate. The Group's comparable operating profit was EUR 1,181 million (1,073 million), which was a great achievement. Renewable Products' sales volumes and sales margin were higher compared to the corresponding period of 2018. Renewable Products' 2018 result was also supported by the EUR 140 million positive impact of the retroactive US Blender's Tax Credit decision. Oil Products' comparable operating profit was lower than in the first nine months of 2018, mainly due to weaker refining margins. Marketing & Services was able to increase its unit margins, which lead to a materially higher comparable operating profit compared to the first nine months of 2018. The Others segment's comparable operating profit was significantly lower than in the corresponding period of 2018, mainly due to the poor performance of Nynas, caused by the impacts of the US sanctions on the company's business.

Renewable Products' nine-month comparable operating profit was EUR 928 million (702 million), Oil Products' EUR 269 million (337 million), and Marketing & Services' EUR 66 million (58 million). The comparable operating profit of the Others segment totaled EUR -84 million (-24 million); Nynas accounted for EUR -52 million (-13 million) of this figure.

The Group's operating profit was EUR 1,184 million (842 million), which was impacted by inventory valuation gains of EUR 94 million (losses of 38 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -64 million (-99 million), mainly related to margin hedging. As a result of normal impairment testing, we booked an asset writedown of EUR 34 million regarding our shareholding in Nynas AB in the third quarter. Profit

before income taxes was EUR 1,037 million (780 million), and net profit EUR 856 million (649 million). Comparable earnings per share were EUR 1.12 (1.12), and earnings per share EUR 1.11 (0.85).

MEUR	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
COMPARABLE OPERATING PROFIT	435	395	367	1,181	1,073	1,422
- inventory valuation gains/losses	-13	-8	36	94	-38	-269
- changes in the fair value of open commodity and currency derivatives	54	-49	-30	-64	-99	117
- capital gains/losses	9	0	0	9	2	2
- insurance and other compensations	0	0	0	0	0	0
- impairments	-40	-86	-4	-34	-86	-198
- other adjustments	-1	-3	-11	-1	-10	-48
OPERATING PROFIT	444	250	358	1,184	842	1,025

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Group's comparable operating profit, 2018	395	1,073
Sales volumes	77	252
Sales margin	-25	25
Blender's Tax Credit	0	-140
Currency exchange	28	95
Fixed costs	-19	-32
Others	-21	-93
Group's comparable operating profit, 2019	435	1,181

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

	7-9	1-9
Group's comparable operating profit, 2018	395	1,073
Renewable Products	77	226
Oil Products	-33	-68
Marketing & Services	4	8
Others including eliminations	-8	-60
Group's comparable operating profit, 2019	435	1,181

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15%, and the leverage ratio target is below 40%. At the end of September, ROACE calculated over the last 12 months was strong at 21.0%, and leverage ratio remained well in the targeted area.

	30 Sep 2019	30 Sep 2018	31 Dec 2018
Return on average capital employed after tax (ROACE)*, %	21.0	20.8	21.1
Leverage ratio (net debt to capital), %	6.6	3.4	-1.5

*Last 12 months

Cash flow, investments and financing

The Group's net cash generated from operating activities totaled EUR 461 million (925 million) during the first nine months of 2019. The difference compared to the corresponding period last year mainly resulted from an increase in working capital driven by higher receivables and inventories in preparation for the Rotterdam refinery maintenance. Cash flow before financing activities was EUR 211 million (481 million). The Group's net working capital in days outstanding was 35.1 days (25.3 days) on a rolling 12-month basis at the end of the third quarter.

MEUR	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
EBITDA	606	445	476	1,568	1,238	1,639
Capital gains/losses	-9	0	0	-9	-2	-3
Other adjustments	-39	0	9	81	98	-96
Change in net working capital	-440	-163	-120	-961	-256	99
Finance cost, net	-1	-5	-19	-29	-31	-37
Income taxes paid	-60	-29	-42	-189	-122	-151
Net cash generated from operating activities	58	247	303	461	925	1,452
Capital expenditure	-157	-91	-119	-346	-285	-395
Other investing activities	169	-49	-53	96	-158	-187
Free cash flow (Cash flow before financing activities)	71	108	132	211	481	870

Cash-out investments were EUR 346 million (285 million) during January-September. Maintenance investments accounted for EUR 155 million (190 million) and productivity and strategic investments for EUR 191 million (95 million). Renewable Products' investments were EUR 115 million (89 million), mainly related to the Singapore refinery capacity expansion project. Oil Products' investments amounted to EUR 173 million (140 million), with the largest projects being the Porvoo turnaround 2020 related investments and revamp of the waste water treatment plant. Marketing & Services' investments totaled EUR 15 million (16 million) and were focused on the retail station network. Investments in the Others segment were EUR 37 million (40 million), concentrating on IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 347 million at the end of September, compared to EUR -70 million at the end of 2018. Net financial expenses for the first nine months were EUR 147 million (62 million). This figure includes a writedown of EUR 59 million related to a shareholder loan receivable from Nynas. Financial expenses of EUR 31 million resulted from changes in fair value and currency exchange rates related to precious metals loans. The average interest rate of borrowing at the end of September was 1.9% (3.2%) and the average maturity 3.5 (3.9) years. As of 1 January 2019, the average interest rate and maturity no longer include leases as a result of application of IFRS 16. At the end of the third quarter the Net debt to EBITDA ratio was 0.2 (0.1) over the last 12 months.

The leverage ratio was 6.6% (31 Dec 2018: -1.5%), and the gearing ratio 7.1% (31 Dec 2018: -1.5%) at the end of September. The Group's strong financial position enables implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,532 million at the end of September (31 Dec 2018: 2,860 million). There are no financial covenants in the Group companies' current loan agreements.

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

US dollar exchange rate

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
EUR/USD, market rate	1.11	1.16	1.12	1.12	1.19	1.18
EUR/USD, effective rate*	1.14	1.20	1.16	1.16	1.19	1.19

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Renewable Products

Key financials

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Revenue, MEUR	1,025	805	955	2,952	2,357	3,241
EBITDA, MEUR	423	197	319	1,077	593	1,026
Comparable operating profit, MEUR	305	228	286	928	702	983
Operating profit, MEUR	377	163	284	960	499	899
Net assets, MEUR	2,440	1,834	2,273	2,440	1,834	2,018
Return on net assets*, %	63.6	34.8	57.3	63.6	34.8	48.0
Comparable return on net assets*, %	56.5	49.4	56.6	56.5	49.4	52.4

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2018	228	702
Sales volumes	97	262
Sales margin	-5	109
Blender's Tax Credit	0	-140
Currency exchange	15	49
Fixed costs	-18	-27
Others	-11	-26
Comparable operating profit, 2019	305	928

Key drivers

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Comparable sales margin, excluding BTC, USD/ton	635	645	568	630	558	600
Biomass-based diesel (D4) RIN, USD/gal	0.46	0.42	0.38	0.45	0.58	0.53
California LCFS Credit, USD/ton	198	184	189	194	161	168
Palm oil price*, USD/ton	512	542	499	516	594	572
Waste and residues' share of total feedstock, %	81	84	77	79	85	83

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

Renewable Products' third-quarter comparable operating profit totaled EUR 305 million (228 million), which was the second highest quarterly result ever. Our sales volumes were 716,000 tons, over 30% higher than in the third quarter of 2018. The higher sales volume had a positive impact of EUR 97 million on the comparable operating profit year-on-year. The renewable feedstock market remained tight, but we were able to improve our sales allocation and pricing in selected markets compared to the second quarter. As a result, the comparable sales margin averaged at USD 635/ton. During the third quarter approx. 70% (71%) of the volumes were sold to the European market and 30% (29%) to North America. The share of 100% renewable diesel delivered to end-users was 24% (29%) in the third quarter. Our renewable diesel production had a high average utilization rate of 101% (93%) during the quarter. The share of waste and residue inputs was 81% (84%) on average. The segment's fixed costs were EUR 18 million higher than in the corresponding period of the previous year, mainly related to strategic growth projects and strengthening of resources. Renewable Products' comparable return on net assets was 56.5% (49.4%) at the end of September based on the previous 12 months.

Vegetable oil prices recovered during the third quarter after having reached a low level in the previous quarter. Crude palm oil (CPO) price increase was driven by strong export demand as production volumes were still robust. Waste and residue market also continued strengthening as global demand for animal fat and used cooking oil was high. Animal fat price increased as a result of high demand in China.

In Europe, conventional Fatty Acid Methyl Ester (FAME) biodiesel margins decreased in response to the flow of biodiesel imports from Indonesia ahead of the EU implementation of countervailing duties. In the US, Soybean Methyl Ester (SME) biodiesel margins were low, reflecting a lack of positive momentum in the market, as a new wave of small refinery exemptions has further eroded the biofuel blending mandate while the future of the Blender's Tax Credit remains uncertain.

The US Renewable Identification Number (RIN) D4 price recovered moderately from the previous quarter's low levels on the back of firmer soybean oil (SBO) prices and industry expectations on a possible increase in the next year's volume mandates. The California LCFS credit price continued to creep up in response to a large credit bank draw during the first quarter, and the LCFS program getting more stringent CO2 reduction targets.

Renewable Products' nine-month comparable operating profit was EUR 928 million (702 million). Significantly higher sales volumes had a positive impact of EUR 262 million, and a stronger US dollar a positive impact of EUR 49 million on the segment's comparable operating profit compared to the corresponding period last year. The comparable sales margin was also higher than that in the first nine months of 2018. The higher sales margin had a positive impact of EUR 109 million on the comparable operating profit year-on-year. The first nine months of 2018 also included a positive impact of EUR 140 million from the retroactive US Blender's Tax Credit decided for the full year 2017. The segment's fixed costs were EUR 27 million higher than in the first nine months of the previous year, mainly related to strategic growth projects.

Production

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Neste Renewable Diesel, 1,000 ton	739	662	765	2,216	1,802	2,368
Other products, 1,000 ton	58	63	52	170	152	214
Utilization rate*, %	101	93	105	102	85	84

* Based on nominal capacity of 2.9 Mton/a in 2019, and 2.7 Mton/a in 2018.

Sales

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Neste Renewable Diesel, 1,000 ton	716	547	745	2,153	1,686	2,261
Share of sales volumes to Europe, %	70	71	65	70	71	72
Share of sales volumes to North America, %	30	29	35	30	29	28

Oil Products

Key financials

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Revenue, MEUR	2,578	2,661	2,729	7,821	7,649	10,105
EBITDA, MEUR	142	212	142	449	569	515
Comparable operating profit, MEUR	113	146	83	269	337	397
Operating profit, MEUR	75	151	76	265	394	170
Net assets, MEUR	2,818	2,665	2,564	2,818	2,665	2,257
Return on net assets*, %	1.6	20.6	4.6	1.6	20.6	6.7
Comparable return on net assets*, %	12.8	16.4	14.2	12.8	16.4	15.7

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2018	146	337
Sales volumes	-20	-8
Reference margin	2	-31
Additional margin	-22	-53
Currency exchange	13	46
Fixed costs	-3	3
Others	-4	-24
Comparable operating profit, 2019	113	269

Key drivers

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Reference margin, USD/bbl	7.30	7.21	5.99	5.93	6.37	6.19
Additional margin, USD/bbl	4.76	5.20	3.42	4.31	5.05	5.00
Total refining margin, USD/bbl	12.07	12.41	9.42	10.25	11.42	11.18
Urals-Brent price differential, USD/bbl	-1.05	-1.33	-0.56	-0.62	-1.73	-1.51
Urals' share of total refinery input, %	73	72	74	71	74	69

Oil Products' comparable operating profit totaled EUR 113 million (146 million) in the third quarter. The reference margin, reflecting the general market conditions, improved towards the end of the quarter. The reference margin averaged at USD 7.3/bbl, slightly above the third quarter of 2018. The planned decoking maintenance at the Porvoo refinery Production Line 4 was brought forward and implemented in September. Oil Products' additional margin was impacted by maintenance activities and averaged at USD 4.8/bbl in the third quarter. The lower additional margin had a negative impact of EUR 22 million on the comparable operating profit year-on-year. Our sales volumes were also impacted by the refinery maintenance and sales timing issues. The lower sales volumes had a negative impact of EUR 20 million on the comparable operating profit compared to the corresponding period 2018. A stronger US dollar rate improved the comparable operating profit by EUR 13 million year-on-year. Profitability of the base oils business was lower than in the corresponding period last year. Oil Products' comparable return on net assets was 12.8% (16.4%) at the end of September over the previous 12 months.

During the third quarter the use of Russian crude was 73% (72%) of total input. The average refinery utilization rate was 89% (97%).

Brent crude oil price was volatile during the third quarter, and traded between USD 55 and USD 70/bbl. Price spiked in September driven by an attack to Saudi Arabian oil production facilities. Generally speaking the key drivers during the quarter were geopolitical tensions, the US sanctions against Iran, and the agreement between OPEC and non-OPEC countries to cut oil production. However, the trade war fears between China and the US and weakening global economy outlook were reducing any upside in the price.

The Russian Export Blend (REB) crude oil price averaged USD 1.0/bbl lower than Brent during the third quarter, but the differential was very volatile. The global supply of medium heavy crude oil was generally tight due to OPEC's production cuts of heavier grades and lower export volumes from Iran and Venezuela. REB differential was narrow during the early part of the quarter, but widened clearly towards early August. As the attacks against Saudi crude oil installations did not cause immediate loading disruptions, REB price came again under pressure due to the weakening heavy fuel oil margin.

Neste's reference margin was at a reasonably good level in the third quarter. The key margin drivers were healthy gasoline and diesel cracks. A refinery explosion in Philadelphia in the US in late June, together with summer driving season, supported refining margins. The attack to Saudi Arabian oil facilities in September forced Saudi Arabian oil refineries to cut runs, which supported particularly diesel cracks towards the end of the quarter. On average, diesel was the strongest part of the barrel during the third quarter. Neste's reference margin averaged at USD 7.3/bbl.

Oil Products' nine-month comparable operating profit was EUR 269 million (337 million). During the first nine months the reference margin was approx. USD 0.5/bbl lower than in the corresponding period last year, which had a negative impact of EUR 31 million on the comparable operating profit. The additional margin averaged at USD 4.3/bbl, which was lower than in the first nine months of 2018, and led to a negative impact of EUR 53 million on the comparable operating profit. The additional margin was burdened by a lower currency hedging result year-on-year. On the other hand, the stronger USD exchange rate had a positive impact of EUR 46 million on the comparable operating profit compared to the first nine months of 2018. Profitability of the base oils business was lower than in the corresponding period last year.

Production

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Refinery						
- Production, 1,000 ton	3,465	3,569	3,516	10,420	10,614	13,959
- Utilization rate, %	89	97	95	93	94	89
Refinery production costs, USD/bbl	4.6	4.2	4.6	4.6	4.6	4.9
Bahrain base oil plant production, (Neste's share) 1,000 ton	39	48	34	122	151	190

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

	7-9/19	%	7-9/18	%	4-6/19	%	1-9/19	%	1-9/18	%	2018	%
Middle distillates*	1,542	48	1,633	45	1,818	49	5,125	48	5,309	49	7,119	49
Light distillates**	1,032	32	1,294	36	1,227	33	3,449	33	3,522	33	4,732	33
Heavy fuel oil	252	8	346	10	302	8	901	9	879	8	1,177	8
Base oils	105	3	125	3	114	3	331	3	370	3	483	3
Other products	292	9	236	6	280	7	784	7	738	7	922	6
TOTAL	3,223	100	3,634	100	3,740	100	10,590	100	10,819	100	14,433	100

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

** Motor gasoline, gasoline components, LPG

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

	7-9/19	%	7-9/18	%	4-6/19	%	1-9/19	%	1-9/18	%	2018	%
Baltic Sea area*	2,064	64	2,163	60	2,182	58	6,269	59	6,547	61	8,770	61
Other Europe	809	25	1,040	29	1,114	30	3,076	29	3,020	28	3,930	27
North America	328	10	413	11	417	11	968	9	702	6	1,016	7
Other areas	22	1	18	1	27	1	277	3	550	5	717	5

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

Marketing & Services

Key financials

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Revenue, MEUR	1,086	1,123	1,064	3,192	3,180	4,315
EBITDA, MEUR	36	31	33	91	76	101
Comparable operating profit, MEUR	28	24	25	66	58	77
Operating profit, MEUR	28	24	25	66	58	77
Net assets, MEUR	319	275	315	319	275	249
Return on net assets*, %	28.8	25.1	28.9	28.8	25.1	29.1
Comparable return on net assets*, %	28.8	25.1	28.9	28.8	25.1	29.1

* Last 12 months

Variance analysis (comparison to corresponding period), MEUR

	7-9	1-9
Comparable operating profit, 2018	24	58
Sales volumes	0	-1
Unit margins	3	16
Currency exchange	0	0
Fixed costs	1	-5
Others	-1	-1
Comparable operating profit, 2019	28	66

Marketing & Services' comparable operating profit was EUR 28 million (24 million) in the third quarter. It was one of the segment's best quarterly performances ever. Transportation fuel demand followed a normal seasonality pattern during the summer period. However, heavy traffic volumes continued to gradually decline in Finland. We were able to improve our unit margins compared to the corresponding period last year, which had a positive impact of EUR 3 million on the comparable operating profit. Marketing & Services' comparable return on net assets was 28.8% (25.1%) at the end of September on a rolling 12-month basis.

Marketing & Services segment's nine-month comparable operating profit was EUR 66 million (58 million). Average unit margins improved, which had a positive impact of EUR 16 million on the result year-on-year. Sales volumes were slightly lower compared to the corresponding period last year, which had a negative impact of EUR 1 million on the comparable operating profit. The fixed costs were EUR 5 million higher compared to the first nine months of 2018, mainly due to increased personnel costs.

Sales volumes by main product categories, million liters

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Gasoline station sales	282	276	273	782	799	1,049
Diesel station sales	450	458	438	1,319	1,332	1,764
Heating oil	171	159	148	499	484	669

Net sales by market area, MEUR

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Finland	784	823	771	2,304	2,320	3,149
Northwest Russia	79	75	76	217	212	299
Baltic countries	222	225	217	671	648	867

Others

Key financials

	7-9/19	7-9/18	4-6/19	1-9/19	1-9/18	2018
Comparable operating profit, MEUR	-13	-4	-28	-84	-24	-36
Operating profit, MEUR	-38	-90	-28	-109	-110	-122

The Others segment consists of Neste Engineering Solutions, Nynas, a joint venture owned by Neste (49.99% share) and Petróleos de Venezuela, and common corporate costs. The comparable operating profit of the Others segment totaled EUR -13 million (-4 million) in the third quarter; Nynas' net profit accounted for EUR -8 million (-3 million) of this figure. Nynas still has crude oil supply problems due to the US sanctions against Venezuela. As a result of normal impairment testing, we booked an asset writedown of EUR 34 million regarding our shareholding in Nynas AB. Our Nynas shareholding is now fully written off.

The nine-month comparable operating profit of the Others segment totaled EUR -84 million (-24 million); Nynas accounted for EUR -52 (-13 million) of this figure.

Shares, share trading, and ownership

Neste's shares are mainly traded on NASDAQ Helsinki Ltd. The share price closed the third quarter at EUR 30.37, up by 1.8% compared to the end of the second quarter. At its highest during the quarter, the share price reached EUR 31.56. The lowest share price during the third quarter was EUR 27.65. Market capitalization was EUR 23.4 billion as of 30 September 2019. An average of 1.1 million shares were traded daily, representing 0.1% of the company's shares.

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 September 2019, Neste held 1,527,458 treasury shares purchased under this authorization. The number of shares was tripled by the share issue without payment decided upon in Neste's AGM on 2 April 2019.

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

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

As of 30 September 2019, the State of Finland owned directly 36.0% (36.0% at the end of the second quarter) of outstanding shares, foreign institutions 38.2% (38.3%), Finnish institutions 18.1% (18.0%), and households 7.7% (7.7%).

Personnel

Neste employed an average of 5,691 (5,485) employees during the first nine months of 2019, of which 1,851 (1,779) were based outside Finland. At the end of September, the company had 5,659 employees (5,432), of which 1,831 (1,802) were located outside Finland.

Environmental, Social and Governance (ESG)

Key figures

	7-9/19	7-9/18	1-9/19	1-9/18	2018
TRIF*	2.1	1.4	2.1	1.7	1.7
PSER**	1.7	0.5	1.6	1.7	2.1
GHG reduction, Mton***	2.4	2.2	7.3	6.0	7.9

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

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

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

Neste's occupational safety incident frequency, measured by the key TRIF indicator, was higher during the third quarter compared to the previous year. The cumulative TRIF is also higher than in the first nine months of 2018 due to a higher accident rate at our contractors. The long term contractor management and cooperation program continues as planned, and new actions have been defined during the year. These actions include effective induction, construction site safety improvements, and learning from incidents.

PSER, the main indicator for process safety incidents, was higher compared to the third quarter of 2018. The cumulative PSER was, however, better than in the corresponding period of 2018. High focus on process safety continues in all operations, for example, by ensuring effective process hazard analysis in all operations, and by process safety improvement investments.

Neste produces renewable products that enable our customers to reduce their greenhouse gas (GHG) emissions. During the third quarter this GHG reduction was 2.4 million tons, which was higher than the 2.2 million tons in the corresponding period last year.

Emissions from operations at Neste's refineries were in substantial compliance at all sites during the third quarter. One minor non-compliance case occurred at Neste's operations. 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 third quarter

On 5 July, Neste announced that it had signed an agreement to sell its fuel retail business consisting of 75 fuel stations and a terminal in St. Petersburg region to PJSC Tatneft, one of the leading integrated oil and gas companies in Russia. The divestment has no impact on Neste's Marketing & Services' operations in Finland and the Baltic countries. Neste targets to become a global leader in renewable and circular solutions. The divestment of Russian fuel retail business will enable us to focus on our strategic priorities. The completion of the divestment is subject to the approval of the Russian competition authorities and the transaction is estimated to be completed by the end of 2019.

On 31 July, Neste announced that following up from the EUR 1.4 billion investment to expand its renewable products production capacity in Singapore, the company held a foundation stone ceremony to officially mark the extension of the new production line. The construction started at the beginning of the year. The Singapore expansion marks an important step in the execution of our growth strategy for renewables globally and the

beginning for the world's most unique and advanced refinery for renewables. The Singapore expansion will extend Neste's renewable product overall capacity in Singapore by up to 1.3 million tons per annum, bringing the total renewable product capacity close to 4.5 million tons annually in 2022. Neste's target is to start up the new production line in Singapore during the first half of 2022.

On 2 August, Neste announced that Thorsten Lange, (M.Sc. Banking and Auditing), has been appointed as Executive Vice President for Renewable Aviation of Neste Corporation and member of the Neste Executive Committee. He will join Neste on February 2020, at the latest, and will report to President and CEO Peter Vanacker. Thorsten Lange will transfer to Neste from Lufthansa Group.

On 15 August, Neste announced that it helps shipping companies to respond to the tightening regulation on sulphur dioxide emissions by offering them a new IMO2020-compliant marine fuel. The Neste Marine™ 0.5, containing maximum 0.5% sulphur, will be introduced to the market during the fourth quarter of 2019. By choosing Neste's low-sulphur fuel, shipping companies will have a solution, which is easy to switch to, and guarantees immediate compliance with the global sulphur cap.

On 18 September, Neste announced that the following members have been appointed to Neste's Shareholders' Nomination Board: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Deputy CEO, Investments, Reima Rytölä of Varma Mutual Pension Insurance Company; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors. In line with a decision taken by the Annual General Meeting held on 4 April 2013, the Shareholders' Nomination Board consists of four members, three of which shall be appointed by the company's three largest shareholders as of the first weekday in September, who shall appoint one member each, with the Chair of Neste's Board of Directors serving as the fourth member.

On 20 September, Neste announced that it opens an office in Shanghai and starts renewable raw material sourcing operations in China. Neste will purchase renewable waste and residue raw materials from local collectors in the East coast of China, especially in the regions around Shanghai, but later on also in other big cities. Neste's Shanghai office is registered as a fully-owned subsidiary of Neste.

Events after the reporting period

On 2 October, Neste announced that it, and Lufthansa, one of the leading airlines in Europe, strengthen their collaboration regarding the development of renewable solutions for aviation. As part of the collaboration, Lufthansa will use Neste's sustainable aviation fuel, blended with fossil jet fuel on flights departing from Frankfurt. The first batch of sustainable aviation fuel was delivered to Lufthansa earlier this year.

On 14 October, Neste announced that Minna Aila, (LL.M) has been appointed as Senior Vice President for Sustainability, Public Affairs, Communications and Brand Marketing and member of the Neste Executive Committee. She will join Neste on April 2020, at the latest, and will report to President and CEO Peter Vanacker. Simo Honkanen, Senior Vice President of Neste's Sustainability, Public Affairs, Communications and Brand Marketing, will retire in April 2020. He has worked in the company since 2006.

Potential risks

There have been no significant changes in Neste's short-term risks or uncertainties since the end of the second quarter 2019. Key market risks affecting Neste's financial results for the next 12 months include macroeconomical, political and geopolitical risks, such as impact of the US sanctions on Nynas' business, possible trade war, changes in the biofuel regulation, market prices, and competitive situation, and any scheduled or unexpected shutdowns at Neste's refineries. Outcome of legal proceedings may have an impact on Neste's financial results.

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

Reporting date for the company's fourth-quarter and full-year 2019 results

Neste will publish its fourth-quarter and full-year results on 7 February 2020 at approximately 9:00 a.m. EET.

Espoo, 22 October 2019

Neste Corporation
Board of Directors

Further information:

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

Conference call

A conference call in English for investors and analysts will be held today, 23 October 2019, at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 4245 0806, rest of Europe: +44 (0) 2071 928000, US: +1 631 5107495, using confirmation code 1598536. The conference call can be followed at the company's [website](#). An instant replay of the call will be available until 30 October 2019 at +44 (0) 333 300 9785 for Europe and +1 917 677 7532 for the US, using access code 1598536.

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

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF INCOME

EUR million	Note	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
Revenue	3, 4	3,961	3,884	11,787	11,258	14,918	15,448
Other income		13	3	22	13	17	26
Share of profit (loss) of joint ventures		-8	-2	-51	-11	-9	-50
Materials and services ¹⁾		-3,159	-3,258	-9,567	-9,434	-12,459	-12,592
Employee benefit costs		-93	-89	-294	-289	-400	-405
Depreciation, amortization and impairments ¹⁾	4	-162	-195	-384	-396	-614	-602
Other expenses ¹⁾		-108	-92	-328	-299	-429	-457
Operating profit	4	444	250	1,184	842	1,025	1,367
Financial income and expenses							
Financial income		3	2	8	4	7	11
Financial expenses ^{1) 2)}		-73	-11	-98	-36	-48	-110
Exchange rate and fair value gains and losses		-31	-12	-57	-31	-34	-60
Total financial income and expenses		-101	-21	-147	-62	-75	-159
Profit before income taxes		343	229	1,037	780	951	1,208
Income tax expense		-75	-60	-182	-131	-172	-223
Profit for the period		269	168	856	649	779	985
Profit attributable to:							
Owners of the parent		268	168	855	649	778	984
Non-controlling interests		0	0	1	0	0	1
		269	168	856	649	779	985

¹⁾ Including the effects of applying IFRS 16. See Note 15 for further information.

²⁾ Including EUR 59 million write-down of loan receivable from Nynas in the third quarter 2019.

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

Basic earnings per share	0.35	0.22	1.11	0.85	1.01	1.28
Diluted earnings per share	0.35	0.22	1.11	0.84	1.01	1.28

All share-related figures and comparison numbers have been calculated and restated based on the new total number of shares after the share issue without payment (share split) as resolved by Neste's Annual General Meeting on 2 April, 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
Profit for the period	269	168	856	649	779	985
Other comprehensive income net of tax:						
Items that will not be reclassified to profit or loss						
Remeasurements on defined benefit plans	-7	1	-26	1	4	-22
Items that may be reclassified subsequently to profit or loss						
Translation differences	2	1	3	-15	-16	2
Cash flow hedges						
recorded in equity	-45	-3	-55	-35	-53	-73
transferred to income statement	15	15	53	-10	7	70
Share of other comprehensive income of investments accounted for using the equity method	10	-7	9	-7	-4	13
Total	-18	6	9	-67	-65	11
Other comprehensive income for the period, net of tax	-24	7	-17	-66	-61	-11
Total comprehensive income for the period	244	175	839	583	718	974
Total comprehensive income attributable to:						
Owners of the parent	244	175	838	583	717	973
Non-controlling interests	0	0	1	0	0	1
	244	175	839	583	718	974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS				
Non-current assets				
Intangible assets	8	131	122	124
Property, plant and equipment ¹⁾	8	3,971	3,825	3,737
Investments in joint ventures	9	23	99	106
Non-current receivables		39	100	87
Deferred tax assets		43	35	34
Derivative financial instruments	11	17	4	3
Other financial assets	11	5	5	5
Total non-current assets		4,229	4,191	4,095
Current assets				
Inventories		1,826	1,815	1,482
Trade and other receivables		1,657	1,374	1,231
Derivative financial instruments	11	102	31	206
Current investments		46	20	74
Cash and cash equivalents		836	979	1,136
Total current assets		4,467	4,220	4,129
Assets classified as held for sale	6	99	0	0
Total assets	4	8,795	8,411	8,224
EQUITY				
Capital and reserves attributable to the owners of the parent				
Share capital		40	40	40
Other equity		4,841	4,452	4,588
Total		4,881	4,492	4,628
Non-controlling interests		2	2	2
Total equity		4,884	4,493	4,630
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities ¹⁾		1,067	848	849
Deferred tax liabilities		245	259	260
Provisions		75	59	100
Pension liabilities		156	127	124
Derivative financial instruments	11	4	14	0
Other non-current liabilities		18	12	14
Total non-current liabilities		1,565	1,319	1,347
Current liabilities				
Interest-bearing liabilities ¹⁾		162	310	291
Current tax liabilities		63	47	59
Derivative financial instruments	11	150	185	149
Trade and other payables		1,951	2,056	1,749
Total current liabilities		2,326	2,598	2,247
Liabilities related to assets held for sale	6	21	0	0
Total liabilities	4	3,912	3,918	3,594
Total equity and liabilities		8,795	8,411	8,224

¹⁾ Including the effects of applying IFRS 16. See Note 15 for further information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Cash flows from operating activities						
Profit before income taxes		343	229	1,037	780	951
Adjustments, total		216	215	603	554	590
Change in net working capital		-440	-163	-961	-256	99
Cash generated from operations		118	281	679	1,078	1,640
Finance cost, net		-1	-5	-29	-31	-37
Income taxes paid		-60	-29	-189	-122	-151
Net cash generated from operating activities ¹⁾		58	247	461	925	1,452
Cash flows from investing activities						
Capital expenditure		-157	-75	-345	-270	-380
Acquisitions of subsidiaries		0	-16	-1	-16	-15
Proceeds from sales of shares in subsidiaries and business operations	5	23	0	23	0	0
Proceeds from sales of property, plant and equipment		0	0	0	1	2
Proceeds from sales of shares in joint arrangements		0	0	0	2	2
Changes in long-term receivables and other investments		147	-49	73	-161	-191
Cash flows from investing activities		13	-140	-250	-444	-583
Cash flow before financing activities		71	108	211	481	870
Cash flows from financing activities						
Net change in loans and other financing activities		-160	-5	-199	-69	-82
Dividends paid to the owners of the parent		0	0	-292	-217	-435
Dividends paid to non-controlling interests		-1	0	-1	0	0
Cash flows from financing activities ¹⁾		-160	-5	-492	-287	-517
Net increase (+) / decrease (-) in cash and cash equivalents		-89	103	-281	194	353
Cash and cash equivalents at the beginning of the period		945	875	1,136	783	783
Exchange gains (+) / losses (-) on cash and cash equivalents		1	1	2	1	0
Cash and cash equivalents at the end of the period ²⁾		857	979	857	979	1,136

¹⁾ Including the effects of applying IFRS 16. See Note 15 for further information.

²⁾ Including cash and cash equivalents of EUR 21 million classified as held for sale as of 30 September 2019. See Note 6 for more information.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2018	40	20	7	-9	-6	-73	-68	4,428	4,338	0	4,338
Change in accounting policy, IFRS 2								6	6		6
Change in accounting policy, IFRS 9					1			-2	-1		-1
Change in accounting policy, IFRS 15								0	0		0
Restated total equity at 1 Jan 2018	40	20	7	-9	-5	-73	-68	4,432	4,343	0	4,343
Profit for the period								649	649	0	649
Other comprehensive income for the period, net of tax					-52	1	-15		-66		-66
Total comprehensive income for the period	0	0	0	0	-52	1	-15	649	583	0	583
Transactions with the owners in their capacity as owners											
Dividend decision								-435	-435		-435
Transactions with non-controlling interests									0	2	2
Share-based compensation			3	1				-3	1		1
Transfer from retained earnings		0					0		0		0
Total equity at 30 Sep 2018	40	19	10	-9	-58	-72	-83	4,643	4,492	2	4,493

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2018	40	20	7	-9	-6	-73	-68	4,428	4,338	0	4,338
Change in accounting policy, IFRS 2								6	6		6
Change in accounting policy, IFRS 9					1			-2	-1		-1
Change in accounting policy, IFRS 15								0	0		0
Restated total equity at 1 Jan 2018	40	20	7	-9	-5	-73	-68	4,432	4,343	0	4,343
Profit for the period								778	778	0	779
Other comprehensive income for the period, net of tax					-49	4	-16		-61		-61
Total comprehensive income for the period	0	0	0	0	-49	4	-16	778	717	0	718
Transactions with the owners in their capacity as owners											
Dividend decision								-435	-435		-435
Transactions with non-controlling interests									0	2	2
Share-based compensation			3	1				-1	2		2
Transfer from retained earnings		0					0	0	0		0
Total equity at 31 Dec 2018	40	19	10	-9	-55	-69	-84	4,774	4,628	2	4,630

EUR million	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 Jan 2019	40	19	10	-9	-55	-69	-84	4,774	4,628	2	4,630
Profit for the period								855	855	1	856
Other comprehensive income for the period, net of tax					6	-26	3		-17		-17
Total comprehensive income for the period	0	0	0	0	6	-26	3	855	838	1	839
Transactions with the owners in their capacity as owners											
Dividend decision								-583	-583	-1	-584
Share-based compensation			6	1				-9	-2		-2
Transfer from retained earnings		0					1		0		0
Total equity at 30 Sep 2019	40	19	16	-7	-48	-95	-80	5,036	4,881	2	4,884

KEY FIGURES

	30 Sep 2019	30 Sep 2018	31 Dec 2018	Last 12 months
EBITDA, EUR million	1,568	1,238	1,639	1,969
Capital employed, EUR million	6,113	5,651	5,770	-
Interest-bearing net debt, EUR million	347	159	-70	-
Capital expenditure and investment in shares, EUR million	491	314	438	615
Return on average capital employed, after tax, (ROACE) %	21.0	20.8	21.1	-
Return on equity, (ROE) %	20.9	20.4	17.3	-
Equity per share, EUR ¹⁾	6.36	5.85	6.03	-
Cash flow per share, EUR ¹⁾	0.60	1.20	1.89	1.29
Earnings per share (EPS), EUR ¹⁾	1.11	0.85	1.01	1.28
Comparable earnings per share, EUR ¹⁾	1.12	1.12	1.50	1.50
Comparable net profit	860	858	1,150	1,152
Equity-to-assets ratio, %	55.9	53.6	56.5	-
Leverage ratio, %	6.6	3.4	-1.5	-
Gearing, %	7.1	3.5	-1.5	-
Adjusted weighted average number of shares outstanding ¹⁾	767,613,967	767,458,078	767,466,142	767,582,738
Adjusted number of shares outstanding at the end of the period ¹⁾	767,683,600	767,490,072	767,490,072	-
Average number of personnel	5,691	5,485	5,468	-

¹⁾ All share-related figures and comparison numbers have been calculated and restated based on the new total number of shares after the share issue without payment (share split) as resolved by Neste's Annual General Meeting on 2 April, 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018. The accounting policies where they are different to those applied in prior periods are presented below and in Note 15 *Changes in accounting policies*. Otherwise accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2018. The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The condensed interim report is presented in million of euros unless otherwise stated. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. All share-related figures and comparison numbers have been calculated and restated based on the new total number of shares after the share issue without payment (share split) as resolved by Neste's Annual General Meeting on 2 April, 2019.

The following new IFRS standards and amendments have been adopted by the Group as of 1 January 2019:

- IFRS 16 Leases

The new standard had not a material impact on Neste's consolidated financial statements. See Note 15 *Changes in accounting policies* for more detailed explanation of the impacts.

2. TREASURY SHARES

On 15 March 2019 and on 23 September 2019 a total of 193,528 treasury shares of Neste Corporation has been conveyed without consideration to the key persons participating in the Share Ownership Plan 2016 according to the terms and conditions of the plan. The directed share issue is based on the authorization of the Annual General Meeting on 5 April 2018. The number of treasury shares after the directed share issue is 1,527,458 shares. Numbers have been presented based on the new total number of shares after the share issue without payment (share split) as resolved by Neste's Annual General Meeting on 2 April, 2019.

3. REVENUE

REVENUE BY CATEGORY

External revenue	7-9/2019					7-9/2018				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	923	1,735	1,044	0	3,702	739	1,774	1,083	0	3,596
Light distillates	28	816	287	0	1,130	37	884	313	0	1,233
Middle distillates	895	829	756	0	2,479	702	745	769	0	2,215
Heavy fuel oil	0	91	1	0	92	0	146	1	0	147
Other products	0	209	31	0	240	0	227	29	0	256
Other services	0	7	3	10	20	0	5	3	24	32
Total	923	1,952	1,077	10	3,961	739	2,006	1,115	24	3,884

External revenue	1-9/2019					1-9/2018				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,607	5,360	3,064	0	11,031	2,210	5,211	3,055	0	10,476
Light distillates	62	2,435	792	0	3,289	89	2,365	837	0	3,290
Middle distillates	2,545	2,595	2,269	0	7,408	2,121	2,439	2,214	0	6,774
Heavy fuel oil	0	330	4	0	334	0	407	4	0	411
Other products	7	594	93	0	693	0	588	89	0	677
Other services	0	22	8	32	63	0	16	9	80	105
Total	2,614	5,976	3,165	32	11,787	2,210	5,816	3,152	80	11,258

External revenue	1-12/2018					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Fuels ¹⁾	2,942	6,699	4,147	0	13,788	3,339	6,848	4,157	0	14,344
Light distillates	130	2,971	1,110	0	4,211	103	3,042	1,065	0	4,210
Middle distillates	2,812	3,312	3,032	0	9,156	3,236	3,467	3,087	0	9,790
Heavy fuel oil	0	416	5	0	421	0	339	5	0	344
Other products	2	877	119	0	999	8	883	123	0	1,015
Other services	0	24	12	95	132	0	30	11	48	89
Total	2,943	7,601	4,279	95	14,918	3,348	7,761	4,291	48	15,448

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

TIMING OF REVENUE RECOGNITION

External revenue	7-9/2019					7-9/2018				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	923	1,944	1,075	0	3,942	739	2,001	1,112	0	3,852
Services transferred at point in time	0	7	3	1	12	0	5	3	0	8
Services transferred over time	0	0	0	8	8	0	0	0	23	23
Total	923	1,952	1,077	10	3,961	739	2,006	1,115	24	3,884

External revenue	1-9/2019					1-9/2018				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,614	5,954	3,157	0	11,724	2,210	5,799	3,143	0	11,153
Services transferred at point in time	0	22	8	1	31	0	16	9	1	27
Services transferred over time	0	0	0	31	31	0	0	0	79	79
Total	2,614	5,976	3,165	32	11,787	2,210	5,816	3,152	80	11,258

External revenue	1-12/2018					Last 12 months				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
Goods transferred at point in time	2,943	7,577	4,266	0	14,787	3,348	7,731	4,280	0	15,359
Services transferred at point in time	0	24	12	2	38	0	30	11	2	43
Services transferred over time	0	0	0	93	93	0	0	0	46	46
Total	2,943	7,601	4,279	95	14,918	3,348	7,761	4,291	48	15,448

REVENUE BY OPERATING SEGMENT

	Renewable Products	Oil Products	Marketing & Services	Others	Eliminations	Total
7-9/2019						
External revenue	923	1,952	1,077	10	0	3,961
Internal revenue	102	626	8	48	-784	0
Total revenue	1,025	2,578	1,086	58	-784	3,961
7-9/2018						
External revenue	739	2,006	1,115	24	0	3,884
Internal revenue	66	655	9	41	-771	0
Total revenue	805	2,661	1,123	65	-771	3,884
1-9/2019						
External revenue	2,614	5,976	3,165	32	0	11,787
Internal revenue	339	1,845	26	153	-2,364	0
Total revenue	2,952	7,821	3,192	186	-2,364	11,787
1-9/2018						
External revenue	2,210	5,816	3,152	80	0	11,258
Internal revenue	147	1,833	28	121	-2,129	0
Total revenue	2,357	7,649	3,180	201	-2,129	11,258
1-12/2018						
External revenue	2,943	7,601	4,279	95	0	14,918
Internal revenue	298	2,504	36	169	-3,007	0
Total revenue	3,241	10,105	4,315	264	-3,007	14,918
Last 12 months						
External revenue	3,348	7,761	4,291	48	0	15,448
Internal revenue	489	2,516	35	202	-3,242	0
Total revenue	3,837	10,277	4,326	249	-3,242	15,448

REVENUE BY OPERATING DESTINATION

	7-9/2019					7-9/2018				
	Renewable Products	Oil Products	Marketing & Services	Others	Total	Renewable Products	Oil Products	Marketing & Services	Others	Total
External revenue										
Finland	0	536	766	7	1,309	0	528	802	19	1,350
Other Nordic countries	348	296	8	0	651	348	301	9	2	659
Baltic Rim	0	17	303	0	319	0	39	303	0	341
Other European countries	281	959	1	2	1,243	152	841	1	2	995
North and South America	285	119	0	1	405	228	263	0	0	492
Other countries	9	24	0	1	34	11	35	0	1	47
Total	923	1,952	1,077	10	3,961	739	2,006	1,115	24	3,884
1-9/2019										
External revenue										
Finland	1	1,491	2,247	20	3,759	5	1,353	2,263	61	3,682
Other Nordic countries	1,185	940	23	2	2,150	1,251	796	25	8	2,080
Baltic Rim	2	58	893	0	953	0	88	863	0	951
Other European countries	607	2,876	2	7	3,491	249	2,587	1	6	2,843
North and South America	795	422	0	1	1,218	687	609	0	0	1,297
Other countries	24	190	0	4	217	18	383	0	5	405
Total	2,614	5,976	3,165	32	11,787	2,210	5,816	3,152	80	11,258
1-12/2018										
External revenue										
Finland	4	1,986	3,069	70	5,130	0	2,125	3,053	29	5,207
Other Nordic countries	1,640	998	34	10	2,682	1,574	1,142	32	4	2,752
Baltic Rim	0	95	1,173	0	1,268	2	64	1,204	0	1,269
Other European countries	363	3,349	2	9	3,723	721	3,638	2	10	4,372
North and South America	913	698	0	0	1,611	1,021	510	0	1	1,532
Other countries	23	475	0	6	504	29	282	0	4	316
Total	2,943	7,601	4,279	95	14,918	3,348	7,761	4,291	48	15,448
Last 12 months										
External revenue										
Finland	4	1,986	3,069	70	5,130	0	2,125	3,053	29	5,207
Other Nordic countries	1,640	998	34	10	2,682	1,574	1,142	32	4	2,752
Baltic Rim	0	95	1,173	0	1,268	2	64	1,204	0	1,269
Other European countries	363	3,349	2	9	3,723	721	3,638	2	10	4,372
North and South America	913	698	0	0	1,611	1,021	510	0	1	1,532
Other countries	23	475	0	6	504	29	282	0	4	316
Total	2,943	7,601	4,279	95	14,918	3,348	7,761	4,291	48	15,448

4. SEGMENT INFORMATION

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

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
REVENUE						
Renewable Products	1,025	805	2,952	2,357	3,241	3,837
Oil Products	2,578	2,661	7,821	7,649	10,105	10,277
Marketing & Services	1,086	1,123	3,192	3,180	4,315	4,326
Others	58	65	186	201	264	249
Eliminations	-784	-771	-2,364	-2,129	-3,007	-3,242
Total	3,961	3,884	11,787	11,258	14,918	15,448

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
OPERATING PROFIT						
Renewable Products	377	163	960	499	899	1,360
Oil Products	75	151	265	394	170	41
Marketing & Services	28	24	66	58	77	85
Others	-38	-90	-109	-110	-122	-121
Eliminations	2	1	2	1	2	3
Total	444	250	1,184	842	1,025	1,367

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
COMPARABLE OPERATING PROFIT						
Renewable Products	305	228	928	702	983	1,209
Oil Products	113	146	269	337	397	329
Marketing & Services	28	24	66	58	77	85
Others	-13	-4	-84	-24	-36	-96
Eliminations	2	0	1	1	2	2
Total	435	395	1,181	1,073	1,422	1,530

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
DEPRECIATION, AMORTIZATION AND IMPAIRMENTS						
Renewable Products	46	34	117	95	128	150
Oil Products	67	60	184	175	345	354
Marketing & Services	8	6	25	18	25	31
Others	43	94	60	108	116	68
Eliminations	-2	0	-2	0	0	-2
Total	162	195	384	396	614	602

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018	Last 12 months
CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES						
Renewable Products	125	48	242	114	159	287
Oil Products	70	40	198	143	196	251
Marketing & Services	5	7	13	18	28	24
Others	14	18	37	39	55	53
Eliminations	0	0	0	0	0	0
Total	214	113	491	314	438	615

	30 Sep 2019	30 Sep 2018	31 Dec 2018
TOTAL ASSETS	2,907	2,272	2,475
Renewable Products	2,907	2,272	2,475
Oil Products	4,219	4,154	3,750
Marketing & Services	654	604	551
Others	330	400	401
Unallocated assets	1,043	1,241	1,430
Eliminations	-358	-260	-384
Total	8,795	8,411	8,224

	30 Sep 2019	30 Sep 2018	31 Dec 2018
NET ASSETS			
Renewable Products	2,440	1,834	2,018
Oil Products	2,818	2,665	2,257
Marketing & Services	319	275	249
Others	-101	-4	186
Eliminations	-7	-7	-4
Total	5,469	4,762	4,706
TOTAL LIABILITIES			
Renewable Products	728	438	457
Oil Products	1,433	1,489	1,492
Marketing & Services	406	329	302
Others	436	405	215
Unallocated liabilities	1,259	1,510	1,507
Eliminations	-351	-253	-380
Total	3,912	3,918	3,594
RETURN ON NET ASSETS, %			
Renewable Products	63.6	34.8	48.0
Oil Products	1.6	20.6	6.7
Marketing & Services	28.8	25.1	29.1
COMPARABLE RETURN ON NET ASSETS, %			
Renewable Products	56.5	49.4	52.4
Oil Products	12.8	16.4	15.7
Marketing & Services	28.8	25.1	29.1

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	1,025	955	973	884	805	793	759
Oil Products	2,578	2,729	2,514	2,456	2,661	2,534	2,453
Marketing & Services	1,086	1,064	1,042	1,135	1,123	1,061	996
Others	58	68	60	64	65	71	65
Eliminations	-784	-758	-821	-878	-771	-713	-645
Total	3,961	4,057	3,769	3,661	3,884	3,745	3,629
QUARTERLY OPERATING PROFIT	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	377	284	299	400	163	56	279
Oil Products	75	76	114	-224	151	108	135
Marketing & Services	28	25	13	19	24	20	13
Others	-38	-28	-43	-12	-90	-11	-9
Eliminations	2	1	-1	1	1	-1	2
Total	444	358	382	183	250	172	421
QUARTERLY COMPARABLE OPERATING PROFIT	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	305	286	337	281	228	177	296
Oil Products	113	83	73	60	146	92	99
Marketing & Services	28	25	13	19	24	20	13
Others	-13	-28	-43	-12	-4	-11	-9
Eliminations	2	1	-1	1	0	-1	2
Total	435	367	378	349	395	277	401
QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	46	36	36	33	34	32	28
Oil Products	67	65	51	171	60	58	57
Marketing & Services	8	8	8	7	6	6	6
Others	43	8	8	8	94	7	7
Eliminations	-2	0	0	0	0	0	0
Total	162	118	104	218	195	103	98
QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	125	88	29	45	48	37	28
Oil Products	70	74	55	53	40	57	46
Marketing & Services	5	6	2	10	7	8	4
Others	14	11	12	16	18	12	9
Eliminations	0	0	0	0	0	0	0
Total	214	179	98	124	113	114	86
QUARTERLY NET ASSETS	7-9/2019	4-6/2019	1-3/2019	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Renewable Products	2,440	2,273	2,131	2,018	1,834	1,748	1,906
Oil Products	2,818	2,564	2,581	2,257	2,665	2,678	2,592
Marketing & Services	319	315	319	249	275	254	259
Others	-101	-152	151	186	-4	65	291
Eliminations	-7	-8	0	-4	-7	-8	-8
Total	5,469	4,991	5,182	4,706	4,762	4,737	5,041

5. DISPOSALS

Regional Business Unit of Neste Engineering Solutions

In June 2019 Neste Engineering Solutions agreed to create a strategic partnership with engineering consultancy services company Rejlers. The partnership strengthens delivery capability and improves the focus of Neste Engineering Solutions. As part of the partnership agreement, Rejlers acquired the Regional Business Unit of Neste Engineering Solutions and the parties made a long-term cooperation agreement. The Regional Business Unit of Neste Engineering Solutions consists of personnel and operations in Turku, Kotka, Oulu, Sweden and UAE, except for NAPCON Business Unit. The entire personnel of the Regional Business Unit transferred to Rejlers with current terms and conditions of employment valid at the time of the transfer. They continue to work with their current projects of Neste Engineering Solutions and other customers. The operations were part of the Others segment. The disposal was closed on 30 September 2019 after the approval of the competition authority.

Assets and liabilities of the Regional Business Unit of Neste Engineering Solutions	Recognized values
Intangible assets	9
Non-current receivables	1
Deferred tax assets	1
Trade and other receivables	3
Cash and cash equivalents	2
Total assets	15
Trade and other payables	6
Total liabilities	6
Sold net assets	9
Total consideration ¹⁾	19
Sold net assets	-9
Translation differences related to disposal (reclassified from equity)	-1
Gain on sale	9
Cash consideration received during the third quarter	24
Cash and cash equivalents disposed of	-2
Net cash flow 1-9/2019	23
Cash consideration to be returned during the fourth quarter	-5
Net cash flow 1-12/2019	18

¹⁾ Total consideration is net of transaction costs and including adjustment which will be paid out during the fourth quarter

6. ASSETS HELD FOR SALE

LLC Neste Saint-Petersburg

The assets and liabilities held for sale at 30 September 2019 relate to Neste Corporation signing an agreement to sell its fuel retail business consisting of 75 fuel stations and a terminal in St. Petersburg region to PJSC Tatneft, one of the leading integrated oil and gas companies in Russia. The completion of the divestment is subject to the approval of the Russian competition authorities and the transaction is estimated to be completed by the end of 2019. The operations are part of the Marketing & Services segment. The divestment has no impact on Neste's Marketing & Services' operations in Finland and the Baltic countries.

Assets classified as held for sale	LLC Neste Saint-Petersburg 30 Sep 2019
Property, plant and equipment	55
Inventories	14
Trade and other receivables	8
Cash and cash equivalents	21
Total	99
Liabilities related to assets held for sale	30 Sep 2019
Interest-bearing liabilities	6
Deferred tax liabilities	1
Trade and other payables	13
Total	21

7. RECONCILIATION OF KEY FIGURES TO IFRS FINANCIAL STATEMENTS

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT

Group	7-9/2019	7-9/2018	4-6/2019	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	435	395	367	1,181	1,073	1,422
inventory valuation gains/losses	-13	-8	36	94	-38	-269
changes in the fair value of open commodity and currency derivatives	54	-49	-30	-64	-99	117
capital gains and losses	9	0	0	9	2	2
insurance and other compensations	0	0	0	0	0	0
impairments	-40	-86	-4	-34	-86	-198
other adjustments	-1	-3	-11	-1	-10	-48
OPERATING PROFIT	444	250	358	1,184	842	1,025

Renewable Products	7-9/2019	7-9/2018	4-6/2019	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	305	228	286	928	702	983
inventory valuation gains/losses	32	-25	24	64	-102	-162
changes in the fair value of open commodity and currency derivatives	40	-40	-26	-45	-97	82
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	13	-4	-4
OPERATING PROFIT	377	163	284	960	499	899

Oil Products	7-9/2019	7-9/2018	4-6/2019	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	113	146	83	269	337	397
inventory valuation gains/losses	-45	18	12	30	64	-108
changes in the fair value of open commodity and currency derivatives	13	-9	-4	-20	-2	35
capital gains and losses	0	0	0	0	2	2
insurance and other compensations	0	0	0	0	0	0
impairments	-6	0	-4	0	0	-112
other adjustments	-1	-3	-11	-15	-6	-44
OPERATING PROFIT	75	151	76	265	394	170

Marketing & Services	7-9/2019	7-9/2018	4-6/2019	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	28	24	25	66	58	77
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	0	0	0	0	0	0
insurance and other compensations	0	0	0	0	0	0
impairments	0	0	0	0	0	0
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	28	24	25	66	58	77

Others	7-9/2019	7-9/2018	4-6/2019	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	-13	-4	-28	-84	-24	-36
inventory valuation gains/losses	0	0	0	0	0	0
changes in the fair value of open commodity and currency derivatives	0	0	0	0	0	0
capital gains and losses	9	0	0	9	0	0
insurance and other compensations	0	0	0	0	0	0
impairments	-34	-86	0	-34	-86	-86
other adjustments	0	0	0	0	0	0
OPERATING PROFIT	-38	-90	-28	-109	-110	-122

RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND COMPARABLE NET PROFIT

	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
COMPARABLE OPERATING PROFIT	435	395	1,181	1,073	1,422
total financial income and expenses	-101	-21	-147	-62	-75
income tax expense	-75	-60	-182	-131	-172
non-controlling interests	0	0	-1	0	0
tax on items affecting comparability	9	-9	9	-22	-25
COMPARABLE NET PROFIT	268	305	860	858	1,150

RECONCILIATION OF RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	30 Sep 2019	30 Sep 2018	31 Dec 2018
COMPARABLE OPERATING PROFIT, LAST 12 MONTHS	1,530	1,384	1,422
financial income	11	5	7
exchange rate and fair value gains and losses	-60	-26	-34
income tax expense	-223	-173	-172
tax on other items affecting ROACE	-3	-32	-32
Comparable net profit, net of tax	1,255	1,159	1,191
Capital employed average	5,968	5,561	5,657
RETURN ON AVERAGE CAPITAL EMPLOYED, AFTER TAX (ROACE), %	21.0	20.8	21.1
RECONCILIATION OF EQUITY-TO-ASSETS RATIO, %	30 Sep 2019	30 Sep 2018	31 Dec 2018
Total equity	4,884	4,493	4,630
Total assets	8,795	8,411	8,224
Advances received	-56	-27	-28
EQUITY-TO-ASSETS RATIO, %	55.9	53.6	56.5
RECONCILIATION OF NET WORKING CAPITAL IN DAYS OUTSTANDING	30 Sep 2019	30 Sep 2018	31 Dec 2018
Operative receivables	1,622	1,276	1,140
Inventories	1,826	1,815	1,482
Operative liabilities	-1,962	-2,061	-1,750
Net working capital	1,486	1,031	873
Revenue, last 12 months	15,448	14,894	14,918
NET WORKING CAPITAL IN DAYS OUTSTANDING	35.1	25.3	21.4

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

	30 Sep 2019	30 Sep 2018	31 Dec 2018
CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT			
Opening balance	3,861	3,955	3,955
Change in accounting policy, IFRS 16 ¹⁾	215	0	0
Restated opening balance	4,076	3,955	3,955
Capital expenditure ¹⁾	490	298	422
Acquisitions	1	14	15
Depreciation, amortization and impairments ¹⁾	-356	-309	-498
Disposals	-59	-6	-27
Assets classified as held for sale	-55	0	0
Translation differences	6	-5	-7
Closing balance	4,103	3,948	3,861

¹⁾ Including the effects of applying IFRS 16. See Note 15 for further information.

	30 Sep 2019	30 Sep 2018	31 Dec 2018
CAPITAL COMMITMENTS			
Commitments to purchase property, plant and equipment and intangible assets	736	46	138
Total	736	46	138

9. CHANGES IN INVESTMENTS IN JOINT VENTURES

	30 Sep 2019	30 Sep 2018	31 Dec 2018
INVESTMENTS IN JOINT VENTURES			
Opening balance	106	213	213
Share of profit (loss) of joint ventures	-51	-11	-9
Share of other comprehensive income of investments accounted for using the equity method	9	-7	-4
Impairments	-36	-86	-86
Translation differences	-5	-9	-8
Closing balance	23	99	106

10. INTEREST-BEARING NET DEBT AND LIQUIDITY

	30 Sep 2019	30 Sep 2018	31 Dec 2018
INTEREST-BEARING NET DEBT			
Non-current interest-bearing liabilities ¹⁾	1,067	848	849
Current interest-bearing liabilities ¹⁾	162	310	291
Interest-bearing liabilities	1,229	1,158	1,140
Current investments	-46	-20	-74
Cash and cash equivalents	-836	-979	-1,136
Liquid funds	-882	-999	-1,210
Interest-bearing net debt	347	159	-70

¹⁾ Including the effects of applying IFRS 16. See Note 15 for further information.

	30 Sep 2019	30 Sep 2018	31 Dec 2018
LIQUIDITY, UNUSED COMMITTED CREDIT FACILITIES AND DEBT PROGRAMS			
Liquid funds	882	999	1,210
Unused committed credit facilities	1,650	1,650	1,650
Total	2,532	2,649	2,860
In addition: Unused commercial paper program (uncommitted)	400	400	400

11. FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2018.

	30 Sep 2019		30 Sep 2018		31 Dec 2018	
	Nominal value	Net fair value	Nominal value	Net fair value	Nominal value	Net fair value
Interest rate and currency derivatives						
Interest rate swaps						
Hedge accounting	0	0	74	1	74	1
Non-hedge accounting	0	0	26	0	26	0
Currency derivatives						
Hedge accounting	2,339	-37	1,875	-28	2,277	-29
Non-hedge accounting	999	-16	1,497	-2	1,269	2

	30 Sep 2019			30 Sep 2018			31 Dec 2018		
	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value	Volume GWh	Volume million bbl	Net fair value
Commodity derivatives									
Sales contracts									
Non-hedge accounting	0	22	80	0	17	-99	0	18	182
Purchase contracts									
Non-hedge accounting	2,971	20	-61	3,131	14	-36	3,081	18	-96

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

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

Financial assets and liabilities by measurement categories and fair value hierarchy as of September 30, 2019

Balance sheet item	Derivatives, hedge accounting	Fair value through profit or loss	Amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non-current financial assets								
Non-current receivables			39	39	39			
Derivative financial instruments	9	8		17	17		17	
Other financial assets		5		5	5			5
Current financial assets								
Trade and other receivables ¹⁾			1,652	1,652	1,652			
Derivative financial instruments	13	90		102	102	9	93	
Current investments			46	46	46			
Cash and cash equivalents			836	836	836			
Financial assets	21	102	2,573	2,696	2,696			
Non-current financial liabilities								
Interest-bearing liabilities			1,067	1,067	1,106	759	348	
Derivative financial instruments		4		4	4		4	
Other non-current liabilities			18	18	18			
Current financial liabilities								
Interest-bearing liabilities			162	162	162		162	
Derivative financial instruments	58	92		150	150	0	150	
Trade and other payables			1,951	1,951	1,951			
Financial liabilities	58	96	3,198	3,353	3,392			

¹⁾ excluding non-financial items

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

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

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

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

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

During the reporting period there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. During the financial period there were no other financial assets than hedge accounted derivatives measured at fair value through other comprehensive income.

12. RELATED PARTY TRANSACTIONS

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

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

	30 Sep 2019	30 Sep 2018	31 Dec 2018
Transactions carried out with joint arrangements and other related parties			
Sales of goods and services	216	179	263
Purchases of goods and services	188	212	283
Receivables	129	160	167
Financial income and expenses ¹⁾	-55	2	3
Liabilities	4	0	6

¹⁾ Including EUR 59 million write-down of loan receivable from Nynas

13. CONTINGENT LIABILITIES

	30 Sep 2019	30 Sep 2018	31 Dec 2018
Contingent liabilities			
On own behalf for commitments			
Real estate mortgages	26	26	26
Pledged assets	0	116	116
Other contingent liabilities	19	33	34
Total	45	175	177
On behalf of joint arrangements			
Pledged assets	44	45	45
Guarantees	0	0	0
Total	44	45	45
On behalf of others			
Guarantees	1	1	1
Total	1	1	1
Total	89	221	223

14. DISPUTES AND POTENTIAL LITIGATIONS

Neste has been engaged in arbitration with the Bahrain base oil joint operation partners concerning a contractual dispute. The dispute has been resolved during the second quarter.

15. CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases

The Group started to apply IFRS 16 from 1 January 2019 with the modified retrospective approach and does not restate previous periods.

IFRS 16 Leases, issued in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 has been endorsed by EU in November 2017 and is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 supersedes IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. The group has decided to use the exemption not to apply the new guidance to leases with a term less than twelve months or to leases for which the underlying asset value is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group reviewed its leasing, service and utility purchase contracts to calculate the effects of IFRS 16. Its balance sheet impact is considered insignificant proportional to the Group's total assets. Contracts consist mainly of leases related to land areas, tanks, containers and facilities. Singapore expansion project will increase the amount in 2019 and the coming years.

The effect of application of IFRS 16 is presented in the tables below. The effect of finance leases recognized in 31 December 2018 balance sheet are excluded from IFRS 16 effects, to illustrate the effect of application of the standard.

THE EFFECT OF APPLICATION OF IFRS 16 TO 1 JAN 2019 OPENING BALANCES

	31 Dec 2018	IFRS 16 adj.	1 Jan 2019
ASSETS			
Property, plant and equipment	3,737	215	3,952
Total assets	8,224	215	8,439
LIABILITIES			
Non-current interest-bearing liabilities	849	175	1,024
Current interest-bearing liabilities	291	41	332
Total liabilities	3,594	215	3,809
Total equity and liabilities	8,224	215	8,439

THE EFFECT OF APPLICATION OF IFRS 16 IN CONSOLIDATED STATEMENT OF INCOME

	1-9/2019
Materials and services	23
Other expenses	17
Depreciation, amortization and impairments	-36
Operating profit	4
Financial expenses	-10
Profit for the period	-5

THE EFFECT OF APPLICATION OF IFRS 16 IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 Sep 2019
ASSETS	
Property, plant and equipment	261
Total assets	261
EQUITY	
Net profit for the period	-5
Total equity	-5
LIABILITIES	
Non-current interest-bearing liabilities	212
Current interest-bearing liabilities	56
Total liabilities	267

THE EFFECT OF APPLICATION OF IFRS 16 IN CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	1-9/2019
Net cash generated from operating activities	33
Cash flows from financing activities	-33
Net increase (+) / decrease (-) in cash and cash equivalents	0

Calculation of key figures

Calculation of key figures

EBITDA	=	Operating profit + depreciation, amortization and impairments
Comparable operating profit ¹⁾	=	Operating profit +/- inventory valuation gains/losses +/- changes in the fair value of open commodity and currency derivatives +/- capital gains/losses - insurance and other compensations + impairments +/- other adjustments
Items affecting comparability	=	Inventory valuation gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations, impairments 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), %	=	$100 \times \frac{\text{Profit before income taxes - income tax expense, last 12 months}}{\text{Total equity average, 5 quarters end values}}$
Return on average capital employed, after-tax (ROACE), %	=	$100 \times \frac{\text{Comparable operating profit + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting ROACE, last 12 months}}{\text{Capital employed average, 5 quarters end values}}$
Capital employed	=	Total equity + interest bearing liabilities
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents - current investments
Leverage ratio, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt + total equity}}$
Gearing, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	$100 \times \frac{\text{Total equity}}{\text{Total assets - advances received}}$
Net working capital in days outstanding	=	$365 \times \frac{\text{Net working capital}}{\text{Revenue, last 12 months}}$
Net Debt to EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA, last 12 months}}$
Return on net assets, %	=	$100 \times \frac{\text{Segment operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
Comparable return on net assets, %	=	$100 \times \frac{\text{Segment comparable operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
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

Calculation of share-related indicators

Earnings per share (EPS)	=	$\frac{\text{Profit for the period attributable to the owners of the parent}}{\text{Adjusted weighted average number of shares outstanding during the period}}$
Comparable earnings per share	=	$\frac{\text{Comparable net profit}}{\text{Adjusted weighted average number of shares outstanding during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity attributable to the owners of the parent}}{\text{Adjusted number of shares outstanding at the end of the period}}$
Cash flow per share	=	$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted weighted average number of shares outstanding during the period}}$
Price / earnings ratio (P/E)	=	$\frac{\text{Adjusted share price at the end of the period}}{\text{Earnings per share}}$
Dividend payout ratio, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the period}}$
Average share price	=	$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization	=	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)	=	$\frac{\text{Comparable sales margin} \times \text{average EUR/USD exchange rate for the period} \times \text{standard refinery yield}}{\text{Refined sales volume} \times \text{standard barrels per ton}}$
Oil Products additional margin (USD/bbl)	=	Oil Products total refining margin - Oil Products reference margin
Renewable Products comparable sales margin (USD/ton)	=	$\frac{\text{Comparable sales margin}}{\text{Total sales volume}}$

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 operating profit. Comparable operating profit eliminates both the inventory valuation 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 operating profit caused by inventory valuation is mostly compensated by changing net 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.

