

Financial Statements 2013

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4 February, 2014

NESTE OIL



Table of Contents

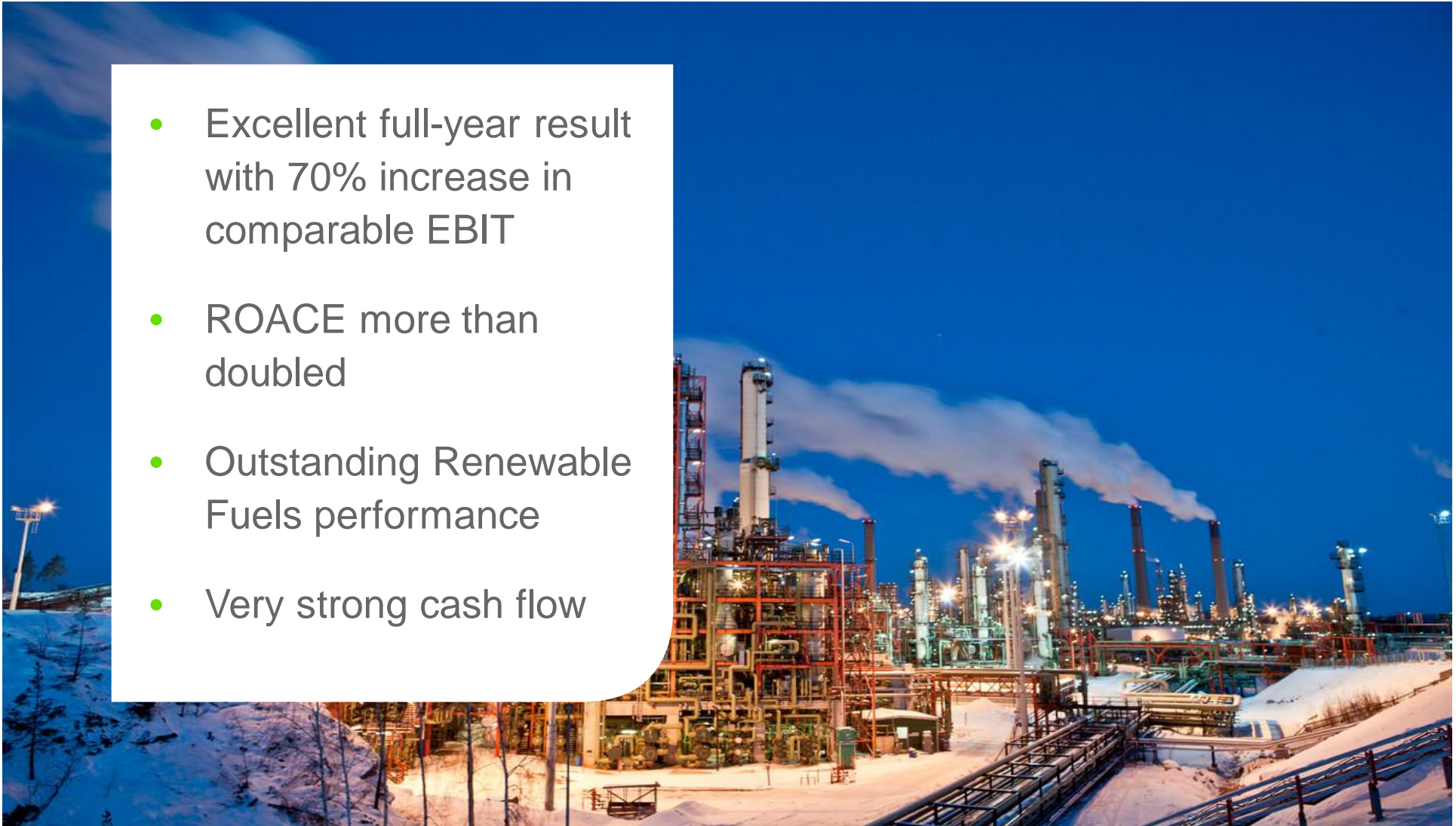
- 1 Q4/13 financials
- 2 Full-year 2013 highlights
- 3 Strategy implementation in 2013
- 4 Market development
- 5 Renewable Fuels margin
- 6 Current topics
- 7 Appendix

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Outstanding year in 2013

- Excellent full-year result with 70% increase in comparable EBIT
- ROACE more than doubled
- Outstanding Renewable Fuels performance
- Very strong cash flow



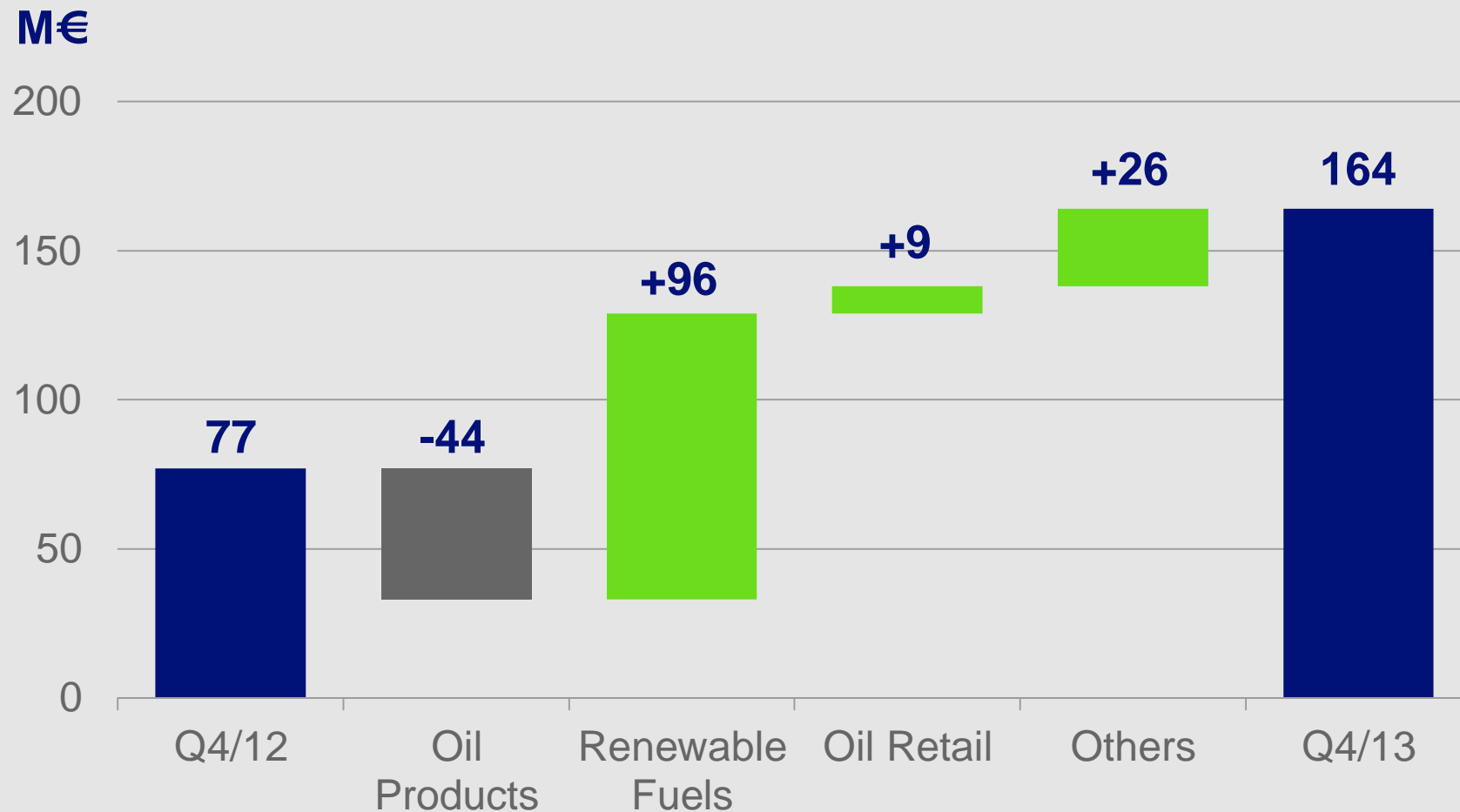
Q4/13 financials

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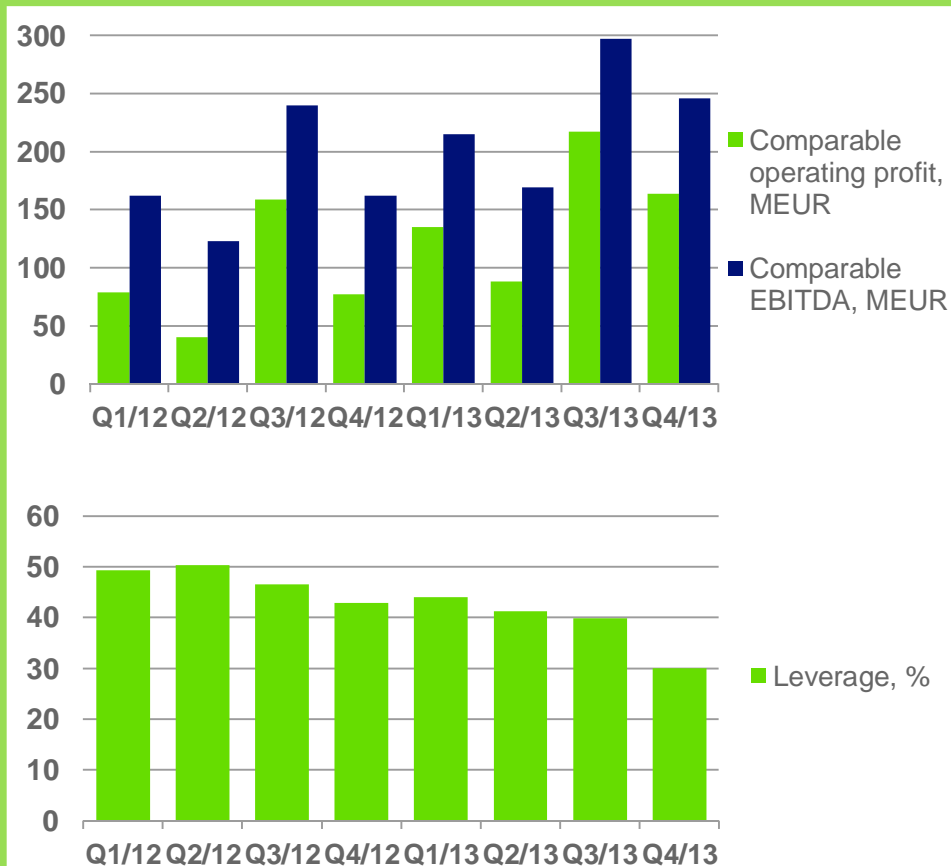
Group comparable EBIT

Renewable Fuels leading over 100% improvement



Group financials Q4/2013

Solid performance in challenging environment



- Comparable operating profit of MEUR 164 (MEUR 77)
- Renewable Fuels' strong earnings continued
- Oil Products generated high additional margin
- Oil Retail delivered higher margins in all market areas
- Leverage improved further to 30.0% (43.2%)
- Strong cash flow of MEUR 629 (MEUR 327)

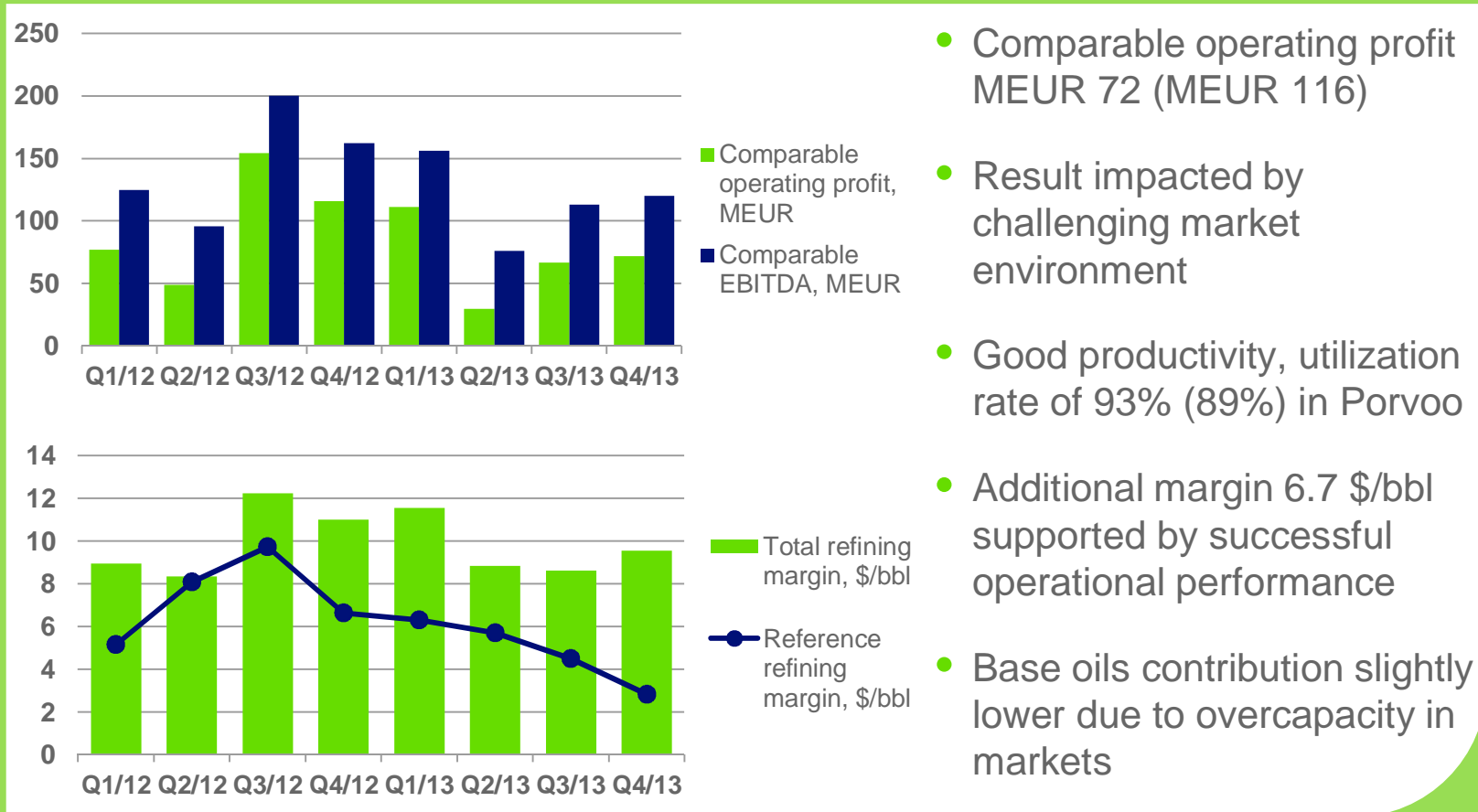
Group financials Q4/2013

Strong cash flow

MEUR	Q4/2013	Q4/2012
Revenue	4,604	4,597
Comparable EBITDA	246	162
Comparable Operating Profit	164	77
Oil Products	72	116
Renewable Fuels	94	-2
Oil Retail	14	5
Others (incl. eliminations)	-16	-42
IFRS Operating Profit	185	52
Net Cash from Operations	629	327
Earnings per share, EUR	0.75	0.06

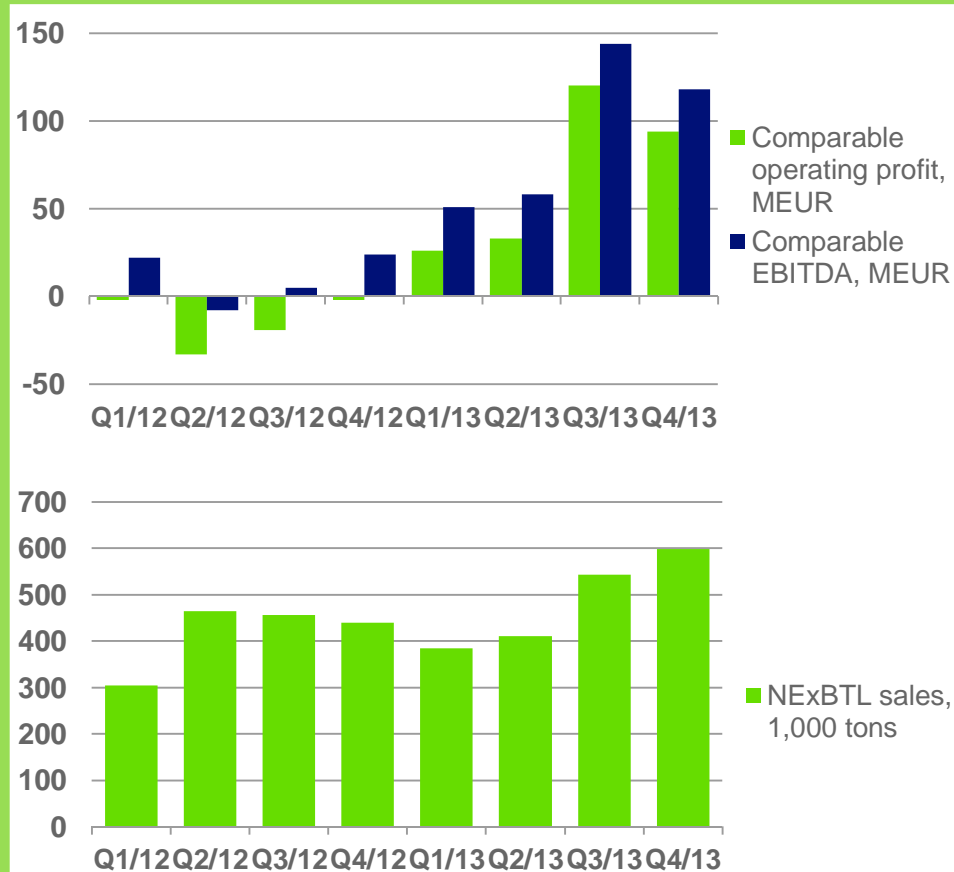
Oil Products Q4/2013

High additional margin



Renewable Fuels Q4/2013

Strong result in softening market



- Strong comparable operating profit at MEUR 94 (MEUR -2) despite softening market
- Record-high sales volumes at 599,000 tons
- Good operational performance continued at full capacity
- Sales split between Europe and North America 50/50

Oil Retail Q4/2013

Good performance continued



- Comparable operating profit MEUR 14 (MEUR 5)
- Higher margins continued in all market areas
- Lower sales volumes compared to Q4/12 due to sale of retail network in Poland
- Good cash flow supported by strong management of receivables

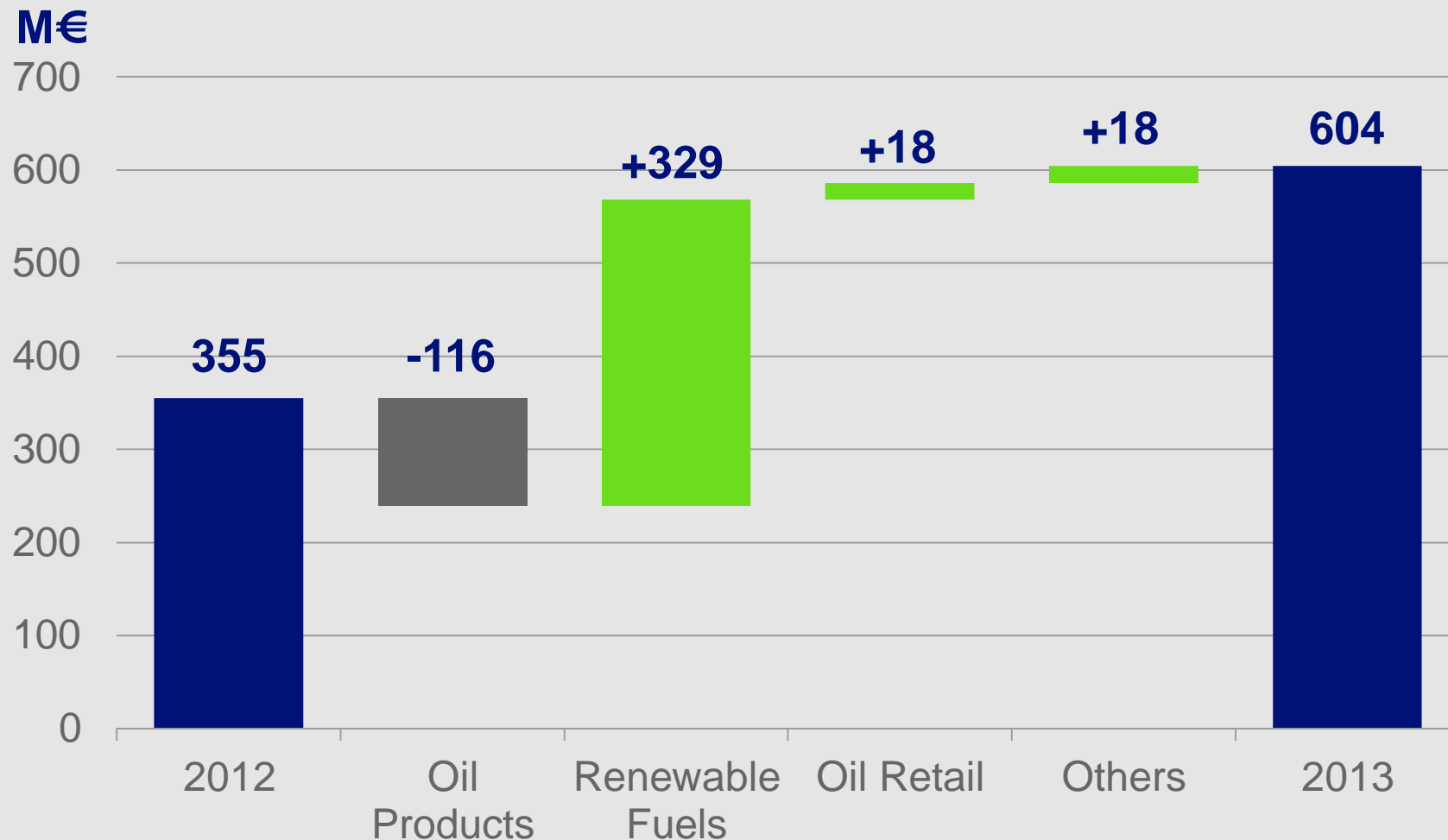
Full-year 2013 highlights

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Group comparable EBIT

Outstanding year for Renewable Fuels



Segment reviews

First full year of operations in Renewable Fuels

Oil Products

- Lower reference refining margin
- Lower Base oils contribution
- Good operational performance in H2 delivering strong additional margin



Comparable EBIT
MEUR 396 → 280

Renewable Fuels

- Sales volumes up to full capacity
- Customer base expanded
- Significant sales volumes to North American markets
- Strong market conditions in all markets in H2



Comparable EBIT
MEUR -56 → 273

Oil Retail

- Strong margins and market positions in core markets
- Result improved to record level
- Sales growth in Northwest Russia



Comparable EBIT
MEUR 58 → 76

Group Financials

All key ratios improved

MEUR	2013	2012
Revenue	17,462	17,853
Comparable EBITDA	927	687
Comparable Operating Profit	604	355
Oil Products	280	396
Renewable Fuels	273	-56
Oil Retail	76	58
Others (incl. eliminations)	-25	-43
Net profit	524	159
Cash flow before financing activities	759	260
Effective tax rate, %	6.6	31.9
Earnings per share, EUR	2.04	0.61
Comparable Earnings per share, EUR	1.92	0.70
Leverage, %	30.0	43.2
ROACE, %	11.8	5.0

Strategy implementation in 2013

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Profitable Growth

- Renewable diesel sales volumes increased by over 15% and new markets were opened
- Base oils sales volumes grew by 14% and new customers were secured in Asia and North America
- Retail sales volumes in Northwest Russia grew 6%

Productivity

- Singapore and Rotterdam exceeded their nameplate capacity by 10% in H2
- Porvoo production line 4 diesel output exceeded 900,000 tons
- Oil refineries' energy efficiency index hit a record high



Renewable Feedstock

- Share of waste and residue feedstock grew to 52%
- Renewable feedstock portfolio expanded to 12
- Palm oil 100% certified
- Neste Oil voluntary scheme for sustainability verification approved by EU



Customer Focus

- Successful Oil Products' customer portfolio and sales volume growth in Baltics
- Opening of Australian market for NExBTL by in depth co-operation with major key customer
- Successful start-up of Oil Retail's diesel sales to trucking segment in Baltics



Market development

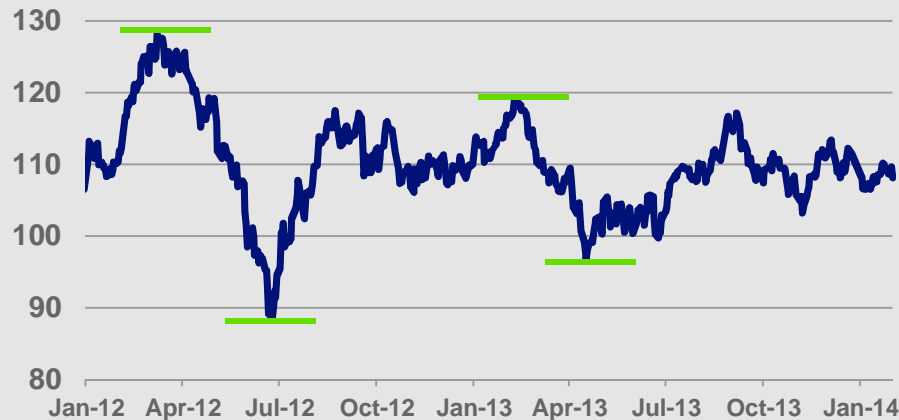
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Crude oil price development

Less volatility than in 2012

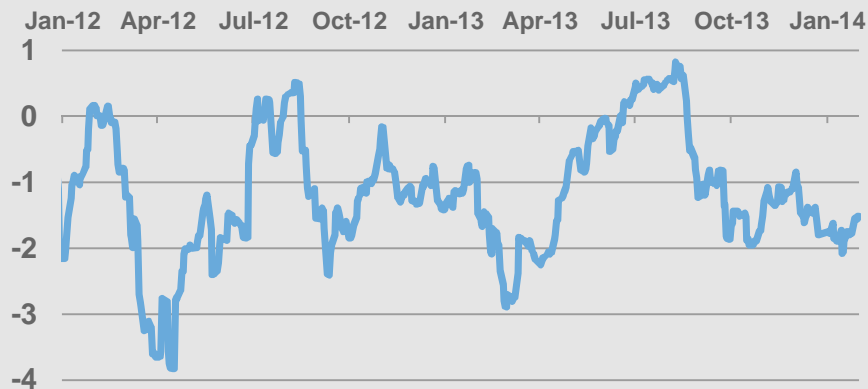
Brent, \$/bbl



Crude oil price

- weakened towards summer due to new concerns on international economy and growth prospects in China
- trended up during late summer due to positive signs in economy, unrest in Syria, and strikes in Libya
- came back towards USD 105-110/bbl range

Urals vs. Brent, \$/bbl



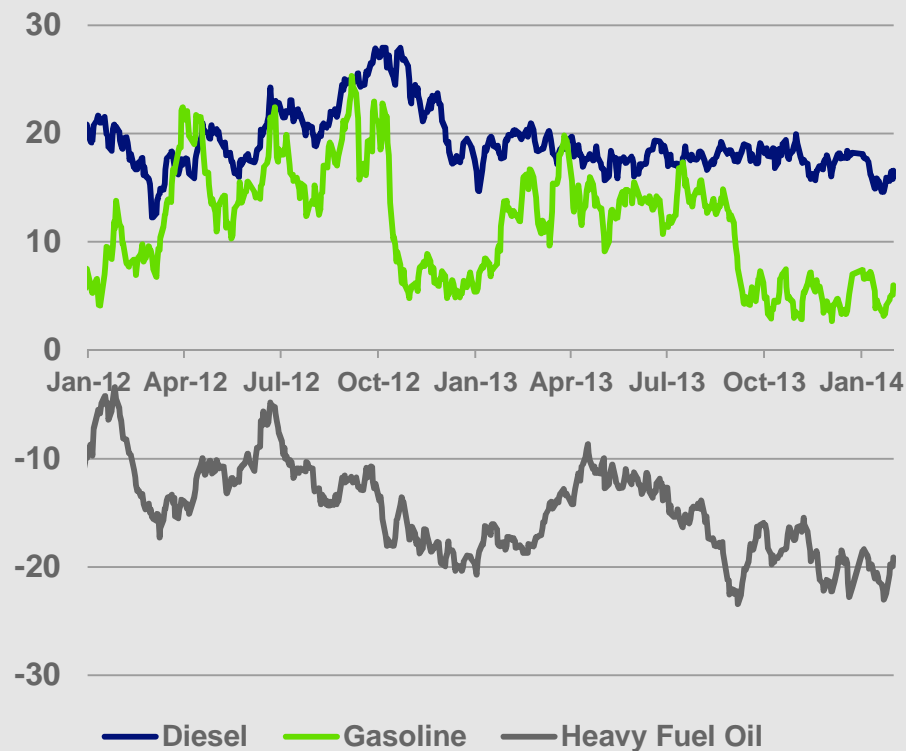
Urals/Brent price differential slightly narrower than in 2012

- widened during spring on back of higher crude prices and refinery maintenance season
- narrowed thereafter as Russian refineries' delayed maintenances and strikes in Libya reduced oil exports
- widened in fall due to refinery maintenance season

Margins in Oil Products

Margins averaged lower than in 2012

Product margins (price differential vs. crude),
\$/bbl



- Gasoline margins unseasonably high in Q1 due to refinery outages
- New capacity ramping up in Middle East and Asia together with high US diesel exports to Europe increased pressure on margins
- Low product margins at the end of the year

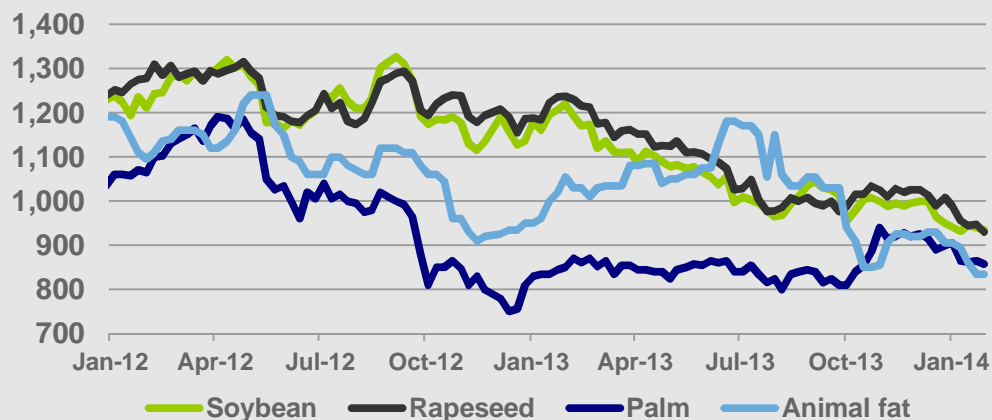
Drivers in Renewable Fuels margins

European margin drivers trended down towards end-2013

FAME RED Seasonal vs. Palm oil price* differential, \$/ton



Vegetable oil and animal fat prices, \$/ton**



* Including \$70/ton freight

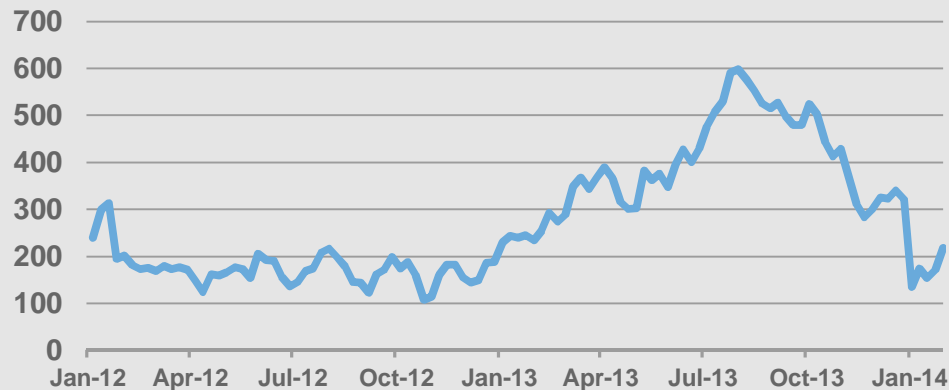
**Quotations in NWE, source: Oil World

- FAME prices quite stable during 2013
- European Commission antidumping duties for biodiesel decreased import volumes
- Palm oil - rapeseed oil price differential wider than long term average during the first half of the year but narrowed since
- Lower supply growth and strong exports kept palm oil inventories below expected level

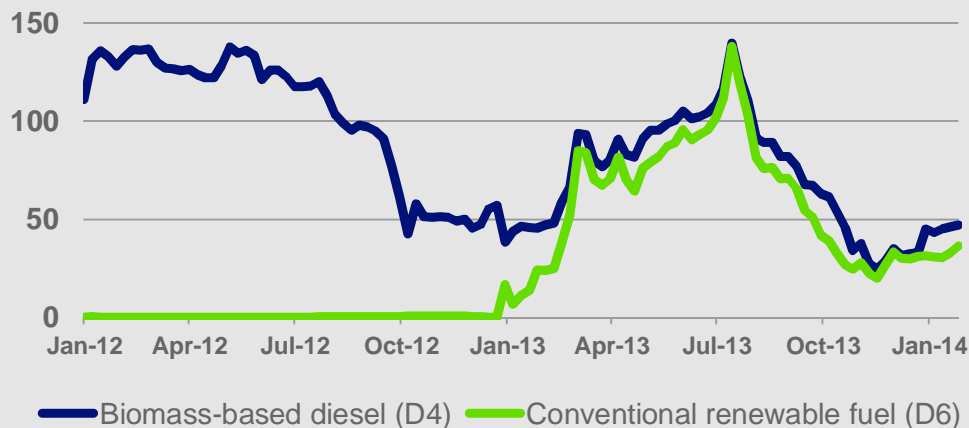
Drivers in Renewable Fuels margins

North American markets softened after peak levels

SME vs. Soybean oil price differential, \$/ton



Biodiesel RIN, US cent /gal



- High demand and prices for SME and renewable diesel during 2013 due to ethanol blend wall
- Soybean oil prices were under pressure as US soybean crop was better than expected and outlook remained good
- Ethanol blend wall pushed biomass-based diesel RIN value to record highs in late summer but declined thereafter

Oil Retail market

Margins improved in all markets from 2012

- Strong margins particularly in Finland and Northwest Russia
- Stable markets in Baltic countries
- Slow heavy traffic effecting volumes in Finland




Renewable Fuels margin

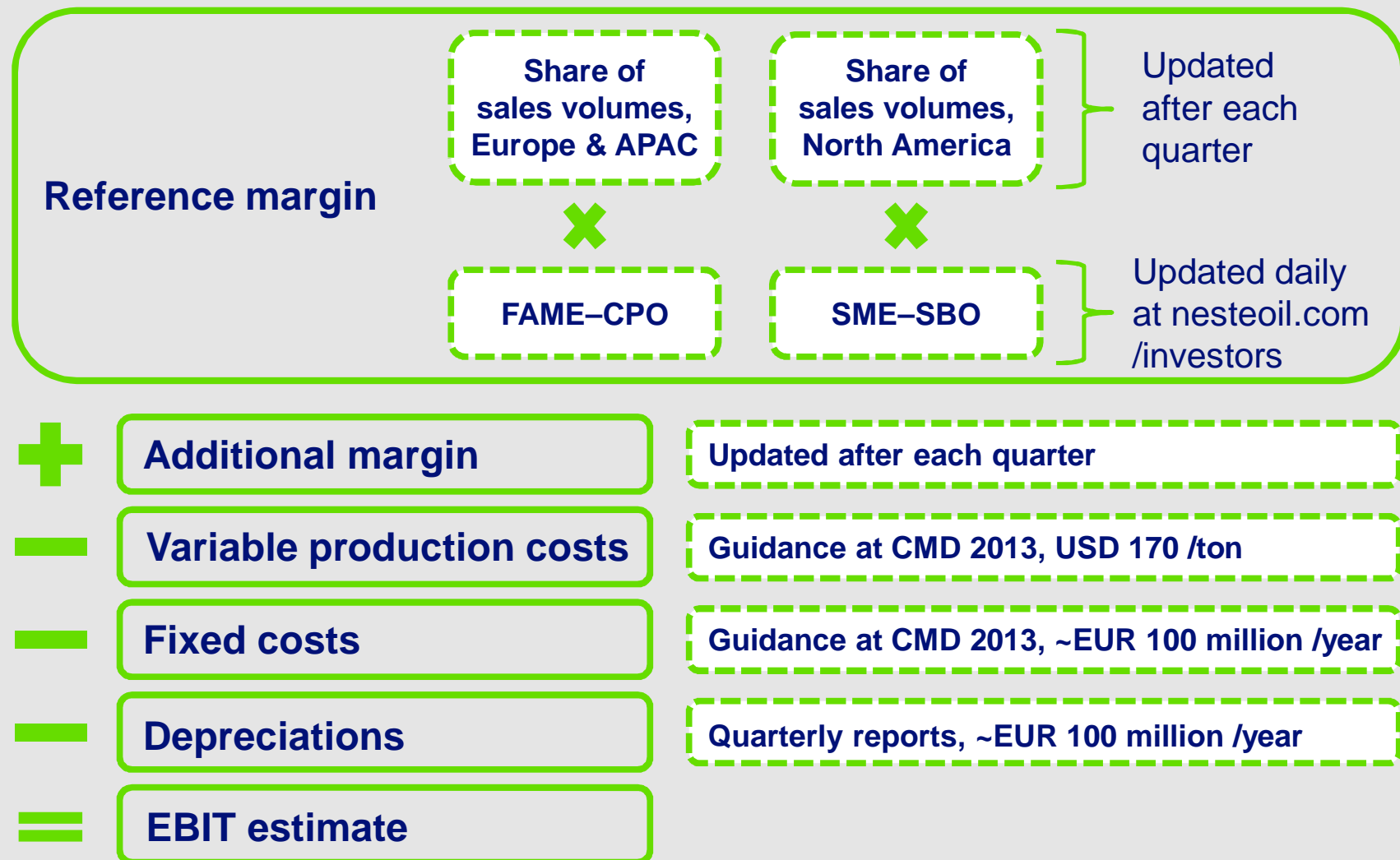
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Introducing Renewable Fuels margin

- 
- Moving to Group level guidance
 - Target to improve visibility of Renewable Fuels' profit drivers
 - Renewable Fuels margin to indicate direction of result development

Renewable Fuels margin structure



Elements of additional margin

- Density escalation and energy content
- Quality premium
- Side-product revenue
- Hedging
- Maintenance shutdowns
- Logistics costs
- Actual feedstock mix

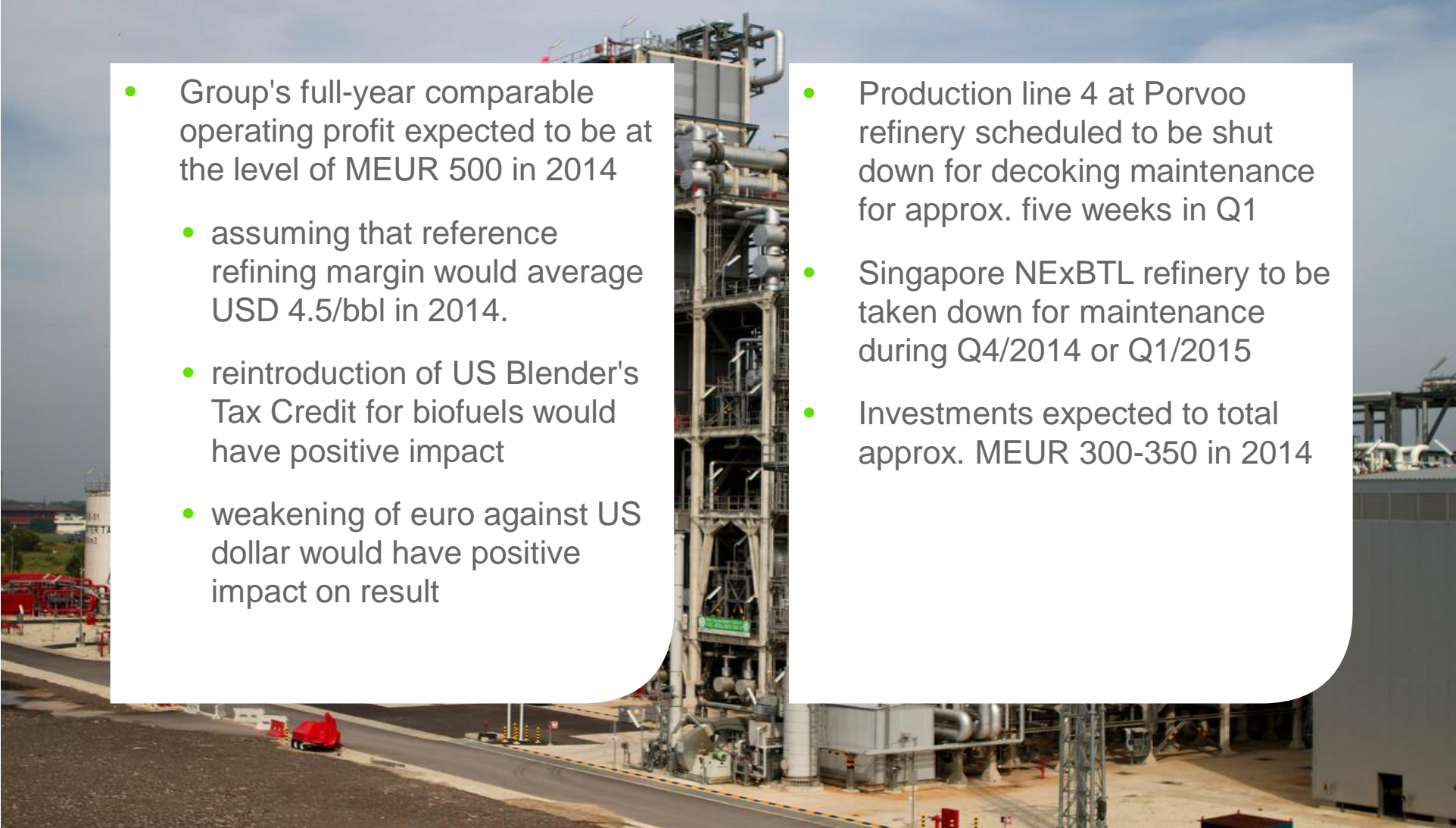


Current topics

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Company outlook for 2014

- 
- Group's full-year comparable operating profit expected to be at the level of MEUR 500 in 2014
 - assuming that reference refining margin would average USD 4.5/bbl in 2014.
 - reintroduction of US Blender's Tax Credit for biofuels would have positive impact
 - weakening of euro against US dollar would have positive impact on result
 - Production line 4 at Porvoo refinery scheduled to be shut down for decoking maintenance for approx. five weeks in Q1
 - Singapore NExBTL refinery to be taken down for maintenance during Q4/2014 or Q1/2015
 - Investments expected to total approx. MEUR 300-350 in 2014

Dividend proposal

- Board of Directors will propose dividend of EUR 0.65 per share
- Yield 4.5% (at year-end 2013 share price)
- 34% of comparable net profit

We focus on



Safety

Cash flow

Refinery
productivity

Renewable
Fuels
markets and
customers



Thank you.

Matti Lievonen, President & CEO

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Appendix

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Renewable Fuels' 2013 EBIT calculation in practise

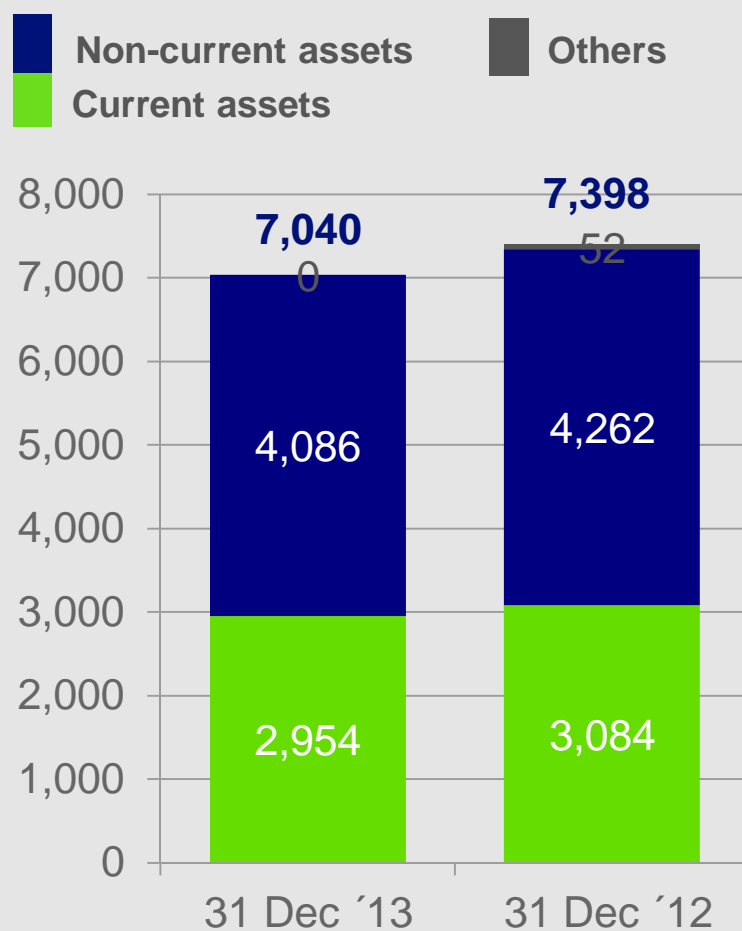
	Q1	Q2	Q3	Q4	2013
Sales volume, kt	385	411	532	599	1928
Reference margin, \$/ton	365	346	453	350	371
Additional margin, \$/ton	49	79	145	158	124
Variable production costs, \$/ton	170	170	170	170	170
Comparable sales margin, \$/ton	261	264	418	338	328
Comparable sales margin, MEUR	76	83	168	150	477
Fixed costs, MEUR	25	25	24	32	106
Depreciations, MEUR	25	25	24	24	98
Comparable EBIT, MEUR	26	33	120	94	273

Refinery Production Costs, Porvoo & Naantali

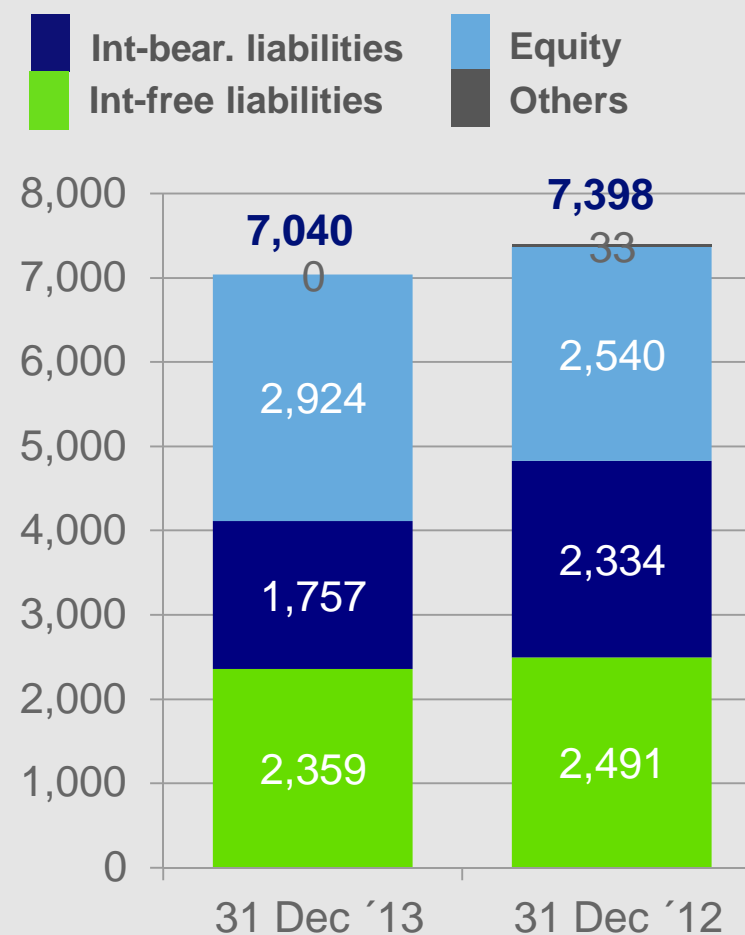
		Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13	2012	2013
Refined Products	Million Barrels	27.4	23.8	27.0	26.3	26.7	24.7	28.8	26.6	104.5	106.9
Exchange Rate	EUR/USD	1.31	1.28	1.25	1.30	1.32	1.31	1.33	1.36	1.28	1.33
Utilities costs	EUR Million	64.4	66.4	64.1	61.2	62.8	58.8	58.0	61.6	256.1	241.3
	\$/bbl	3.1	3.6	3.0	3.0	3.1	3.1	2.7	3.1	3.1	3.0
Fixed costs	EUR Million	49.8	58.1	45.2	59.9	52.8	73.1	51.5	59.9	213.1	237.3
	\$/bbl	2.4	3.1	2.1	2.9	2.6	3.9	2.4	3.1	2.6	3.0
External sales	EUR Million	-27.8	-27.2	-22.1	-27.5	-23.9	-23.1	-21.3	-22.0	-104.7	-90.3
	\$/bbl	-1.3	-1.5	-1.0	-1.3	-1.2	-1.2	-1.0	-1.1	-1.3	-1.1
Total	EUR Million	86.4	97.3	87.3	93.6	91.7	108.8	88.3	99.5	364.5	388.3
	\$/bbl	4.1	5.2	4.0	4.6	4.5	5.8	4.1	5.1	4.4	4.8

Balance Sheet

Total assets



Total equity & liabilities

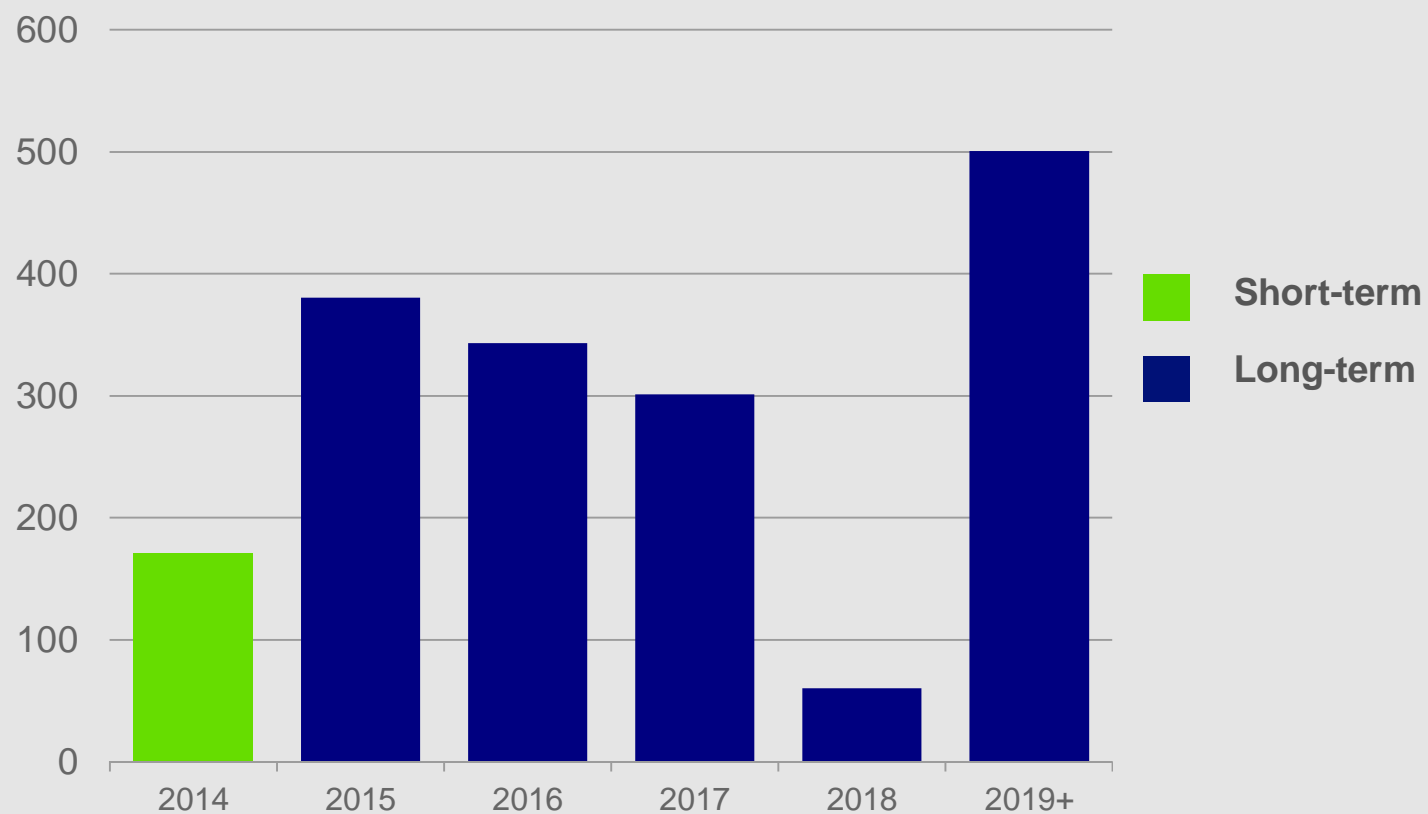


Cash Flow

MEUR	Q4/13	Q4/12	Q3/13	2013	2012
Profit before taxes	167	35	233	561	233
Adjustments total	101	99	81	360	423
Change in working capital	386	204	-237	100	-44
Cash from operations	654	338	77	1,021	612
Net finance costs	-13	-13	-57	-98	-106
Taxes	-12	2	-17	-84	-38
Net cash from operations	629	327	3	839	468
Capital expenditure and investments in shares	-72	-81	-42	-214	-292
Other	8	43	11	134	84
Cash flow before financing activities	565	289	-28	759	260
Net change in loans	-145	-247	-53	-557	-65
Dividends paid	-	1	-1	-98	-90
Net increase/decrease in cash	420	43	-82	104	105

Maturity Profile

MEUR



Liquidity

- Total liquidity at the end of December 2013 was EUR 2,556 million
 - Cash and cash equivalents totalled EUR 506 million
 - Unused committed credit facilities totalled EUR 1,650 million
 - Unused CP programmes (not committed) totalled EUR 400 million
- Average interest rate 3.7% and maturity 3.7 years at the end of December
- No financial covenants in existing loan agreements