

Neste Corporation
Financial Statements
2015



Neste's Financial Statements for 2015

Record-high full-year comparable operating profit and strong cash flow - dividend proposal EUR 1.00 per share

2015 in brief:

- Comparable operating profit totaled EUR 925 million (2014: EUR 583 million)
- IFRS operating profit totaled EUR 699 million (2014: 150 million)
- Oil Products' total refining margin was USD 11.79/bbl (2014: USD 9.83/bbl)
- Major turnaround at the Porvoo refinery completed during the second quarter.
- Renewable Products' comparable sales margin was USD 299/ton (2014: USD 278/ton)
- Cash flow before financing activities was EUR 480 million (2014: EUR -59 million)
- Return on average capital employed (ROACE) was 16.3% (2014: 10.1%)
- Leverage ratio was 29.4% at the end of December (31.12.2014: 37.9%)
- Comparable earnings per share were EUR 2.84 (2014: EUR 1.60)
- The Board of Directors will propose a dividend of EUR 1.00 per share (2014: 0.65), totaling EUR 256 million (2014: EUR 166 million).

Fourth quarter in brief:

- Comparable operating profit totaled EUR 352 million (Q4/2014: EUR 256 million)
- Oil Products' comparable operating profit was EUR 91 million (Q4/2014: EUR 110 million)
- Renewable Products' comparable operating profit was EUR 231 million (Q4/2014: EUR 142 million)
- Oil Retail's comparable operating profit was EUR 17 million (Q4/2014: EUR 8 million)
- Cash flow before financing activities was EUR 300 million (Q4/2014: EUR 237 million)

President & CEO Matti Lievonon:

"Neste generated an excellent result in 2015 despite the largest major turnaround in the history of the Porvoo refinery. We posted a full-year comparable operating profit of EUR 925 million (583 million), almost 60% over the previous year's level. I am very pleased to note that all business areas were able to improve their result. Crude oil prices continued to decline in 2015, which reduced our revenue, but the margin environment remained favorable. We generated a strong cash flow. One of the major achievements in 2015 was that our return on average capital employed after tax exceeded the long term target level of 15%.

Oil Products posted a comparable operating profit of EUR 439 million, compared to EUR 285 million in 2014. During the year refining margins were supported by a particularly strong gasoline market, which was mainly driven by demand growth in the low oil price environment. Neste's reference margin averaged USD 7.7/bbl in 2015, more than 60% higher than in 2014. The scheduled major turnaround at the Porvoo refinery, which was successfully completed in June, had a EUR 130 million negative impact on the operating profit. A favorable USD/EUR exchange rate affected the result positively.

Renewable Products recorded a full-year comparable operating profit of EUR 402 million, compared to EUR 239 million in 2014. Renewable Products' average reference margin was lower than in 2014, but we were able to grow our additional margin. Stronger US dollar had a positive impact on the segment's result. Our sales volumes reached a new record of 2.267 million tons, an 8% increase from the previous year. A slightly higher share, 31% of the volume, was allocated to the North American market in 2015. In the US market the Environmental Protection Agency (EPA) has finalized growing volume mandates for biomass-based diesel for 2016 and 2017, and the



Blender's Tax Credit (BTC) was reinstated retroactively for 2015 and in advance for 2016. The positive contribution of the BTC on operating profit was higher in 2015 than in 2014. The use of waste- and residue feedstock was successfully expanded to average 68% of total renewable inputs in 2015.

In Oil Retail we were able to increase profits by growing sales volumes and improving unit margins. The segment generated a full-year comparable operating profit of EUR 84 million, which was the highest ever and a clear improvement from 2014.

Crude oil and renewable feedstock price changes, as well as supply and demand balances, will be reflected in the oil and renewable fuel markets. Low crude oil prices are expected to continue supporting product demand. Neste expects Oil Products' reference refining margin to continue to be supported by relatively good gasoline margins. Our Porvoo refinery is expected to run at high utilization rate with no major maintenance outages scheduled. Renewable Products' reference margin is expected to remain at approximately the year 2015 average level. Utilization rates of our renewable diesel production facilities are expected to be high, excluding the scheduled turnaround at the Rotterdam refinery in April-May. In Oil Retail the sales volumes and unit margins are expected to follow the previous years' seasonality pattern."



Neste Financial Statements, 1 January - 31 December 2015

Quarterly figures are unaudited; full-year figures are audited.

Figures in parentheses refer to the corresponding period for 2014, unless otherwise stated.

Quarterly figures 2014 have been restated according to IFRIC 21, which has been implemented since 1 Jan 2015. Total operating profit for the full year 2014 remained unchanged.

Key Figures

EUR million (unless otherwise noted)

	10-12/15	10-12/14	7-9/15	2015	2014
Revenue	2,759	3,552	3,023	11,131	15,011
EBITDA	355	60	245	1,057	480
Comparable EBITDA*	462	341	368	1,284	913
Operating profit	245	-25	158	699	150
Comparable operating profit *	352	256	281	925	583
Profit before income tax	219	-30	158	634	78
Net profit	209	-21	129	560	60
Comparable net profit **	295	206	227	726	408
Earnings per share, EUR	0.81	-0.08	0.50	2.18	0.22
Comparable earnings per share**, EUR	1.15	0.81	0.89	2.84	1.60
Investments	106	171	81	536	418
Net cash from operating activities	380	351	322	743	248

	31 Dec 2015	31 Dec 2014
Total equity	3,104	2,659
Interest-bearing net debt	1,291	1,621
Capital employed	4,991	4,526
Return on capital employed pre-tax (ROCE), %	15.1	3.3
Return on average capital employed after tax (ROACE)***, %	16.3	10.1
Equity per share, EUR	12.06	10.34
Leverage (net debt to capital), %	29.4	37.9

* Comparable operating profit is calculated by excluding inventory gains/losses, non-recurring items, and unrealized changes in the fair value of oil, vegetable oil, electricity and gas derivative contracts from the reported operating profit. Inventory gains/losses include changes in the fair value of all trading inventories.

** Comparable net profit for the period is calculated by excluding inventory gain/losses, non-recurring items, and unrealized changes in fair value of oil, vegetable oil, electricity and gas derivative contracts, net of tax, less non-controlling interests. Comparable earnings per share are based on comparable net profit.

***Last 12 months



The Group's fourth-quarter 2015 results

Neste's revenue of EUR 2,759 million in the fourth quarter was lower than that during the last quarter of 2014 (EUR 3,552 million). The decrease mainly resulted from lower sales prices caused by the oil price decline, which had a negative impact of EUR 1.5 billion on the revenue year-on-year. A change in USD/EUR exchange rate had a positive impact of EUR 0.3 billion, and higher sales volumes had a positive impact of EUR 0.3 billion year-on-year. The Group's comparable operating profit came in at EUR 352 million. Comparable operating profit for the corresponding period in 2014 was EUR 256 million. Oil Products' result was positively impacted by a favorable USD/EUR exchange rate, but negatively impacted by a lower additional margin and higher depreciations than in the last quarter of 2014. Renewable Products improved significantly due to a higher sales volume, impact of the US Blender's Tax Credit (BTC), and the favorable USD/EUR exchange rate. Oil Retail's performance was clearly better than that during the corresponding period in 2014. Oil Retail's result was positively impacted by higher sales volumes and lower fixed costs. The Others segment improved significantly from the fourth quarter of 2014, mainly due to improvement of Nynas' result.

Oil Products' fourth-quarter comparable operating profit was EUR 91 million (110 million), Renewable Products' EUR 231 million (142 million), and Oil Retail's EUR 17 million (8 million). The comparable operating profit of the Others segment totaled EUR 15 million (-2 million); joint arrangements accounted for EUR 22 million (1 million) of this figure.

The Group's IFRS operating profit was EUR 245 million (-25 million), which was impacted by inventory losses totaling EUR 91 million (322 million), changes in the fair value of open oil derivatives totaling EUR 7 million (49 million), and non-recurring items totaling EUR -22 million (-8 million). The non-recurring items include EUR 17 million penalty payment the Finnish Customs has levied on Neste for not meeting the Finnish biofuel mandate requirements in 2011. Neste disputes the Customs' interpretation, has appealed the decision, and considers the penalty payment unjustified. Pre-tax profit was EUR 219 million (-30 million), profit for the period EUR 209 million (-21 million), and earnings per share EUR 0.81 (-0.08).

The Group's full-year results for 2015

Neste's revenue in 2015 totaled EUR 11,131 million (15,011 million). The decrease resulted from lower overall sales prices caused by the oil price decline, which had a negative impact of EUR 5.0 billion, and lower sales volumes, mainly due to the scheduled Porvoo refinery turnaround, which had a negative impact of EUR 0.6 billion. The change in USD/EUR exchange rate had a positive impact of EUR 1.6 billion on the revenue year-on-year. The Group's comparable operating profit for the year was EUR 925 million, almost 60% higher than the 583 million reported in 2014. Oil Products' comparable operating profit was positively impacted by higher reference margins and a favorable USD/EUR exchange rate, which more than compensated for the negative impact of the scheduled major turnaround at the Porvoo refinery and lower additional margin. In Renewable Products we improved our comparable operating profit mainly as a result of higher sales volume, higher additional margin and a favorable USD/EUR exchange rate. Oil Retail's result was also clearly higher than in 2014 due to higher sales volumes and unit margins. The Others segment improved significantly compared to 2014, mainly due to Nynas performance. The Group's fixed costs were EUR 668 million (654 million), an increase that was mainly caused by higher personnel and ERP system implementation costs.



Oil Products' full-year comparable operating profit was EUR 439 million (285 million), Renewable Products' EUR 402 million (239 million), and Oil Retail's EUR 84 million (68 million). The comparable operating profit of the Others segment totaled EUR 2 million (-7 million), of which Nynas accounted for EUR 29 million (11 million).

The Group's full-year IFRS operating profit was EUR 699 million (150 million), which was impacted by inventory losses totaling EUR 263 million (492 million), changes in the fair value of open oil derivatives totaling EUR -15 million (74 million), and non-recurring items totaling EUR 52 million (-16 million), mainly related to the capital gain from the disposal of the Porvoo electricity grid. Pre-tax profit was EUR 634 million (78 million), and profit for the period EUR 560 million (60 million). Comparable earnings per share were EUR 2.84 (1.60), and earnings per share EUR 2.18 (0.22). The Group's effective tax rate was 12% (23%). Effective tax rate, which was lower than in the previous year, is a result of the booked tax-exempt items during the calendar year, such as the sale proceeds of the shares of Kilpilahden Sähkösiirto Oy, and the profits generated from Neste's different countries of operation.

	10-12/15	10-12/14	7-9/15	2015	2014
COMPARABLE OPERATING PROFIT	352	256	281	925	583
- inventory gains/losses	-91	-322	-174	-263	-492
- changes in the fair value of open oil derivatives	7	49	51	-15	74
- non-recurring items	-22	-8	0	52	-16
- capital gains/losses	0	1	0	76	-2
- insurance and other compensations	0	0	0	0	0
- others	-22	-9	0	-25	-14
OPERATING PROFIT	245	-25	158	699	150

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15% and the leverage ratio target is 25-50%. The ROACE target was reached for the first time under the current corporate set-up, and leverage ratio was comfortably at the lower end of the target range.

	31 Dec 2015	31 Dec 2014
Return on average capital employed after tax (ROACE)*, %	16.3	10.1
Leverage ratio (net debt to capital), %	29.4	37.9

*Last 12 months

Cash flow, investments, and financing

The Group's net cash from operating activities totaled EUR 743 million (248 million) in 2015. The year-on-year difference was mainly attributable to the strong EBITDA generation of businesses. Cash flow before financing activities was EUR 480 million (-59 million). The Group's net working capital in days outstanding was 21.4 days (13.2 days) on a rolling 12-month basis at the end of 2015.



	10-12/15	10-12/14	7-9/15	2015	2014
EBITDA (IFRS)	355	60	245	1,057	480
Capital gains/losses	0	-1	0	-77	2
Other adjustments	-26	-57	-62	-27	-80
Change in working capital	36	368	208	-94	-33
Finance cost, net	-9	-20	-50	-88	-44
Income taxes paid	23	0	-20	-27	-77
Net cash from operating activities	380	351	322	743	248
Capital expenditure	-79	-115	-145	-505	-272
Other investing activities*	0	1	72	241	-34
Free cash flow (Cash flow before financing activities)	300	237	249	480	-59

* Includes EUR 44 million of penalty payment returned by the Finnish Customs in 7-9/15 and 2015 figures.

Cash-out investments totaled EUR 505 million (272 million) in 2015. Maintenance investments accounted for EUR 374 million (201 million) and productivity and strategic investments for EUR 131 million (71 million). Oil Products' investments totaled EUR 437 million (209 million), with the largest projects being the major turnaround and the Solvent Deasphalting (SDA) unit under construction at the Porvoo refinery. Renewable Products' investments totaled EUR 32 million (29 million). Oil Retail's investments totaled EUR 19 million (18 million) and were mainly related to the station network. Investments in the Others segment totaled EUR 17 million (16 million) and were mainly related to R&D and business infrastructure.

Interest-bearing net debt was EUR 1,291 million as of the end of December 2015, compared to EUR 1,621 million at the end of 2014. Net financial expenses for the year were EUR 65 million (72 million). The average interest rate of borrowing at the end of December was 3.4% (3.6%) and the average maturity 3.7 (2.7) years. The interest-bearing net debt/comparable EBITDA ratio was 1.0 (1.8) over the previous 12 months at the end of the year.

The Group has a very solid financial position. The leverage ratio was 29.4% (31 Dec. 2014: 37.9%), and the gearing ratio 41.6% (31 Dec. 2014: 60.9%).

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 2,246 million as of the end of December (31 Dec. 2014: 1,849 million). There are no financial covenants in the Group's current loan agreements.

In accordance with our hedging policy, Neste hedges the majority of the 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 December the Group's foreign currency hedging ratio was below 50% for the next 12 months.

US dollar exchange rates

	10-12/15	10-12/14	7-9/15	2015	2014
USD/EUR, market rate	1.09	1.25	1.11	1.11	1.33
USD/EUR, effective rate*	1.11	1.29	1.14	1.15	1.32

* The effective rate includes the impact of currency hedges. Figure for 7-9/15 has been revised.



Segment reviews

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

Oil Products

Key financials

	10-12/15	10-12/14	7-9/15	2015	2014
Revenue, MEUR	1,756	2,652	2,060	7,467	11,285
Comparable EBITDA, MEUR	160	159	231	655	478
Comparable operating profit, MEUR	91	110	178	439	285
IFRS operating profit, MEUR	2	-180	119	389	-110
Net assets, MEUR	2,320	2,160	2,568	2,320	2,160
Comparable return on net assets*, %	18.2	12.4	18.7	18.2	12.4

* Last 12 months

Key drivers

	10-12/15	10-12/14	7-9/15	2015	2014
Reference refining margin, USD/bbl	5.71	5.63	9.11	7.74	4.73
Additional margin, USD/bbl	5.26	5.80	4.08	4.05	5.10
Total refining margin, USD/bbl	10.97	11.43	13.19	11.79	9.83
Urals-Brent price differential, USD/bbl	-2.68	-1.52	-1.47	-1.84	-1.72
Urals' share of total refinery input, %	65	52	64	62	57

Oil Products' fourth-quarter comparable operating profit totaled EUR 91 million, compared to EUR 110 million in the fourth quarter of 2014. The operating profit was supported by a seasonably strong market, which was reflected in a reference margin approximately at the same level year-on-year. Neste's additional margin USD 5.3/bbl (5.8) was supported by winter product premia and unwinding of the contango inventories, but negatively impacted by the lower crude oil price environment and by the production limitations related to a malfunction in one of the coolers at the Porvoo refinery. The weaker additional margin had a negative impact of EUR 18 million on the segment's operating profit compared to the corresponding period last year. Stronger USD/EUR exchange rate had a EUR 34 million positive impact on the result. Sales volumes were 0.1 million tons or 3% lower than in the fourth quarter of 2014. Increased depreciations and other charges had a negative impact totaling approx. EUR 30 million on the result.

During the fourth quarter the average utilization rate at the Porvoo refinery was 80% (85%), and was impacted by the unscheduled maintenance. The Naantali refinery recorded an average utilization rate of 45% (68%) due to continued mechanical limitations in certain process units. Oil Products' comparable return on net assets was 18.2% (12.4%) at the end of December over the previous 12 months.

Crude oil prices were highly volatile during 2015. After a really weak start for the year the prices rose towards USD 70/bbl during the first half of the year. The rise was driven by expectations of a more balanced crude oil supply and demand. Prices, however, came under significant pressure during the second half of 2015 as the agreement on nuclear energy with Iran took further positive steps indicating increasing crude volumes from Iran during 2016. This together with concerns about the Chinese economy, a clear message from OPEC not to cut production, and an



oversupplied crude oil market kept crude oil prices on a falling trend. In 2015 Brent price averaged USD 53.6/bbl, but at year end it was at approx. USD 36/bbl - the lowest level since 2004.

The price differential between Brent and Russian Export Blend (REB) crude averaged USD -1.8/bbl in 2015 and USD -2.7/bbl during the fourth quarter. Oversupply in all major crude qualities contributed to a reasonably wide differential during the year. Also signs of Saudi Arabian crude oil volumes entering the Baltic Sea market drove a wider REB differential.

The reference refining margin started the year 2015 on a good level as a result of growing product demand and weak crude oil market. Towards the summer, the market got further support from the seasonal pick up in gasoline market and from the refinery maintenance period, which drove gasoline and refining margins to multi-year highs. During the second half of the year growing supply of diesel sent diesel margins onto a weakening trend, but reference margins were still high on a seasonally adjusted base. On average, gasoline was the strongest part of the barrel in 2015 after many years of diesel domination. Fuel oil was again the weakest due to low demand. Neste's reference margin averaged USD 7.7/bbl in 2015, and USD 5.7/bbl during the fourth quarter.

Oil Products' full-year comparable operating profit was EUR 439 million (285 million). The average reference refining margin during 2015 was USD 3.0/bbl higher than in the previous year, which had a positive impact of EUR 282 million on the result. Neste's additional margin was USD 1.1/bbl lower, mainly reflecting the lower crude oil price environment and the scheduled major turnaround at the Porvoo refinery during the second quarter, which had a negative impact of EUR 130 million on the comparable operating profit. Sales volumes were 12% lower compared to the year 2014, which reduced the operating profit by EUR 92 million. Stronger USD/EUR exchange rate had EUR 140 million positive effect on the result. Higher depreciations, transfer of Shipping activities' result in 2015 to additional margin, and other charges had a negative impact totaling approx. EUR 45 million on the comparable operating profit year-on-year.

Production

	10-12/15	10-12/14	7-9/15	2015	2014
Porvoo refinery production, 1,000 ton	2,743	2,836	2,996	9,835	11,274
Porvoo refinery utilization rate, %	80	85	96	75	84
Naantali refinery production, 1,000 ton	458	461	535	1,956	1,964
Naantali refinery utilization rate, %	45	68	76	62	71
Refinery production costs, USD/bbl	3.8	5.5	3.1	4.0	5.0
Bahrain base oil plant production (Neste's share), 1,000 ton	36	48	51	184	158

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

	10-12/15	%	10-12/14	%	7-9/15	%	2015	%	2014	%
Middle distillates*	1,394	43	1,594	46	1,756	49	5,395	45	6,204	46
Light distillates**	1,224	37	1,172	34	1,072	30	3,857	33	4,575	34
Heavy fuel oil	349	11	345	10	315	9	1,122	9	1,091	8
Base oils	110	3	104	3	105	3	433	4	469	3
Other products	200	6	234	7	322	9	1,075	9	1,201	9
TOTAL	3,277	100	3,450	100	3,569	100	11,881	100	13,540	100

* Diesel, jet fuel, heating oil

** Motor gasoline, gasoline components, LPG



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

	10-12/15	%	10-12/14	%	7-9/15	%	2015	%	2014	%
Baltic Sea area*	2,021	62	2,154	62	2,382	67	7,876	66	8,872	65
Other Europe	1,075	33	866	25	818	23	3,154	27	3,060	23
North America	50	1	305	9	231	6	491	4	847	6
Other areas	131	4	125	4	137	4	360	3	761	6

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

Renewable Products

Key financials

	10-12/15	10-12/14	7-9/15	2015	2014
Revenue, MEUR	711	575	582	2,372	2,269
Comparable EBITDA, MEUR	256	167	99	497	335
Comparable operating profit, MEUR	231	142	75	402	239
IFRS operating profit, MEUR	218	154	12	233	207
Net assets, MEUR	1,884	1,923	1,689	1,884	1,923
Comparable return on net assets*, %	21.8	13.3	17.2	21.8	13.3

* Last 12 months

Key drivers

	10-12/15	10-12/14	7-9/15	2015	2014
FAME - Palm oil price differential*, USD/ton	270	218	252	211	231
SME - Soybean oil price differential**, USD/ton	62	178	78	118	199
Reference margin***, USD/ton	209	211	194	182	221
Additional margin****, USD/ton	424	409	176	247	227
Comparable sales margin****, USD/ton	503	450	239	299	278
Biomass-based diesel (D4) RIN, USD/gal	0.63	0.58	0.62	0.73	0.53
Palm oil price****, USD/ton	550	654	524	576	733
Crude palm oil's share of total feedstock, %	28	39	23	31	38

* FAME seasonal vs. CPO BMD 3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price) + 70 \$/t freight to ARA (Amsterdam-Rotterdam-Antwerp)

** SME US Gulf Coast vs. SBO CBOT 1st (Soybean Oil Chicago Board of Trade 1st month futures price)

*** Based on standard variable production cost of USD 130/ton in 2015 and USD 170/ton in 2014.

**** Includes impact of US BTC (Blender's Tax Credit) except in 7-9/15.

***** CPO BMD 3rd

Renewable Products' comparable operating profit totaled EUR 231 million during the fourth quarter, compared to EUR 142 million in the fourth quarter of 2014. Renewable Products' reference margin had a positive impact of EUR 18 million on the result compared to the corresponding period last year. Reintroduction of the US Blender's Tax Credit had approx. EUR 80 million higher impact on comparable operating profit compared to the fourth quarter of 2014. A favorable USD/EUR exchange rate had a positive impact of EUR 28 million, and higher sales volumes had a positive impact of EUR 39 million on the result compared to the fourth quarter of 2014. Sales volumes totaled 625,000 tons, a 16% increase on the sales in the corresponding period last year. Approximately 70% (81%) of sales volumes went to Europe and Asia-Pacific during the fourth quarter of 2015, and 30% (19%) to North America.



Renewable diesel production achieved an average capacity utilization rate of 94% (98%) during the quarter, based on the updated 2.4 Mton/a (2.0 Mton/a) nominal capacity. Feedstock mix optimization was successful and the proportion of waste and residue inputs was 68% (61%) on average. Renewable Products' comparable return on net assets was 21.8% (13.3%) at the end of December based on the previous 12 months.

The biodiesel market was quite challenging in 2015. With crude oil prices continuing their decline, vegetable oil premiums over gasoil saw multi-year highs. Despite record-high stocks in both Indonesia and Malaysia, crude palm oil (CPO) prices remained relatively steady at USD 540/ton.

Regulatory developments in both the European Union and the US, however, have been quite supportive to biofuel producers. In the EU a 7% cap on food crop-based biofuels was introduced within the 10% overall target for renewable energy in transport. While this leaves some room for both conventional as well as non-food based biofuel production to increase, the key feature of the agreement is that it provides certainty for the industry up to 2020. In the US market, the sentiment was positive after the Environmental Protection Agency (EPA) released higher-than-expected renewable volume obligations for 2015 and 2016 under the Renewable Fuels Standard at the end of November. This was also reflected in increased Renewable Identification Number (RIN) prices. Overall, biodiesel and renewable diesel production is likely to benefit from the increase in the biomass-based diesel mandate. The reinstatement of the USD 1.00/gallon Blenders' Tax Credit for 2015 and 2016 is expected to act as an additional driver for biodiesel and renewable diesel demand in the US throughout 2016.

Renewable Products' full-year comparable operating profit was EUR 402 million (239 million). Timing of margin management was successful, and the higher additional margin had a positive impact of EUR 43 million on the segment's operating profit. Stronger US dollar had a positive impact of EUR 88 million, and higher sales volumes a positive impact of EUR 44 million on the segment's result year-on-year. Sales volumes reached a new record of 2.267 million tons, an 8% increase from the previous year. During the year 2015 approximately 69% (73%) of sales volumes went to Europe and Asia-Pacific and 31% (27%) to North America. Renewable diesel production achieved an average capacity utilization rate of 94% (102%) in 2015, based on the updated 2.4 Mton/a (2.0 Mton/a) nominal capacity. Feedstock mix optimization continued successfully and the proportion of waste and residue inputs rose to 68% (62%) on average.

Production

	10-12/15	10-12/14	7-9/15	2015	2014
NEXBTL, 1,000 ton	580	510	622	2,328	2,111
Other products, 1,000 ton	51	40	45	165	144
Utilization rate*, %	94	98	99	94	102

* Figures in 2015 based on 2.4 Mton/a nominal capacity (2.0 Mton/a in 2014).

Sales

	10-12/15	10-12/14	7-9/15	2015	2014
NEXBTL, 1,000 ton	625	537	575	2,267	2,104
Share of sales volumes to Europe & APAC, %	70	81	66	69	73
Share of sales volumes to North America, %	30	19	34	31	27



Oil Retail

Key financials

	10-12/15	10-12/14	7-9/15	2015	2014
Revenue, MEUR	898	1,046	991	3,748	4,294
Comparable EBITDA, MEUR	31	14	33	115	94
Comparable operating profit, MEUR	17	8	27	84	68
IFRS operating profit, MEUR	13	8	27	79	68
Net assets, MEUR	184	201	190	184	201
Comparable return on net assets*, %	41.2	27.6	33.6	41.2	27.6

* Last 12 months

Oil Retail's fourth-quarter comparable operating profit was EUR 17 million compared to EUR 8 million in the fourth quarter of 2014. Unit margins improved and had a positive impact of EUR 2 million on the comparable operating profit year-on-year. Total sales volumes increased and had a positive impact of EUR 1 million. Fixed costs and depreciations were approx. EUR 5 million lower year-on-year. Oil Retail's comparable return on net assets was 41.2% (27.6%) at the end of 2015 on a rolling 12-month basis.

Oil Retail's markets remain stable. In Finland light duty vehicle traffic continues to increase, but heavy duty traffic is flat year-on-year. Markets in the Baltic countries are healthy and growing. The current sluggish Russian economy affects demand and the ruble continues to be volatile.

Oil Retail's full-year comparable operating profit was EUR 84 million (68 million). Improved unit margins had a positive impact of EUR 19 million, and higher sales volume a positive impact of EUR 5 million on the segment's comparable operating profit. The weaker ruble had a negative impact of EUR 6 million on the result in Northwest Russia compared to the previous year.

Sales volumes by main product categories, million liters

	10-12/15	10-12/14	7-9/15	2015	2014
Gasoline station sales	278	276	309	1,115	1,134
Diesel station sales	409	393	412	1,589	1,526
Heating oil	161	163	144	569	600

Net sales by market area, MEUR

	10-12/15	10-12/14	7-9/15	2015	2014
Finland	630	720	682	2,642	3,022
Northwest Russia	64	70	68	255	335
Baltic countries	199	255	231	821	929



Others

Key financials

	10-12/15	10-12/14	7-9/15	2015	2014
Comparable operating profit, MEUR	15	-2	-1	2	-7
IFRS operating profit, MEUR	15	-5	-1	0	-13

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petróleos de Venezuela; and common corporate costs. The comparable operating profit of the Others segment totaled EUR 15 million (-2 million) in the fourth quarter; joint arrangements accounted for EUR 22 million (1 million) of this figure.

The full-year comparable operating profit for the Others segment totaled EUR 2 million (-7 million); of which Nynas accounted for EUR 29 million (11 million). The common corporate costs increased by EUR 9 million from 2014.

Annual General Meeting

Neste's Annual General Meeting (AGM) was held in Helsinki on 1 April 2015. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2014 and discharged the Board of Directors and the President & CEO from liability for 2014. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2014, authorizing payment of a dividend of EUR 0.65 per share. The dividend was paid on 14 April 2015.

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the membership of the Board of Directors at seven members, and the following were re-elected to serve until the end of the next AGM: Mr. Jorma Eloranta, Ms. Maija-Liisa Friman, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber, and Ms. Kirsi Sormunen. Mr Marco Wirén was elected as a new Board member. Jorma Eloranta was re-elected as Chair and Maija-Liisa Friman as Vice Chair. The AGM decided to keep the remuneration of Board members unchanged.

Convening after the Annual General Meeting, the Neste's Board of Directors elected the members of its two Committees. Jorma Eloranta was elected Chair and Laura Raitio and Jean-Baptiste Renard as members of the Personnel and Remuneration Committee. Marco Wirén was elected Chair and Maija-Liisa Friman, Willem Schoeber, and Kirsi Sormunen as members of the Audit Committee.

In accordance with a proposal by the Board of Directors, PricewaterhouseCoopers Oy were appointed as the company's Auditor, with Authorized Public Accountant Mr. Markku Katajisto as the principally responsible auditor for Neste Corporation, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

In accordance with a proposal by the Board of Directors, the AGM amended the Company's Articles of Association 1 § as follows:



"1 § Company Name and Domicile

The company name of the Company is Neste Oyj, Neste Abp in Swedish, and Neste Corporation in English. The Company is domiciled in Espoo."

In accordance with a proposal by the Board of Directors, the AGM authorized the Board to decide the purchase of the Company's own shares ('Buyback authorization') under the following terms:

Under this Buyback authorization, the Board shall be authorized to decide the purchase of and/or take as security a maximum of 1,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 0.39% of the Company's total shares.

Shares may be purchased in one or more lots. The purchase price shall be at least the lowest price paid for Company shares in regulated trading at the time of purchase and no more than the highest price paid for Company shares in regulated trading at the time of purchase. In connection with the buyback of Company shares, derivative, share lending, or other agreements that are normal within the framework of capital markets may take place in accordance with legislative and regulatory requirements and at a price determined by the market. The authorization shall allow the Board to decide to purchase shares otherwise than in proportion to shareholders' current holdings (directed buyback).

Shares so purchased can be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program, or be retained, conveyed, or cancelled by the Company.

The Board of Directors shall decide the other terms related to the buyback of Company shares. The Buyback authorization shall remain in force for eighteen (18) months from the decision taken by the AGM.

In accordance with a proposal by the Board of Directors, the AGM authorized the Board to decide the conveyance of the treasury shares held by the Company under the following terms:

Under this authorization, the Board shall be authorized to take one or more decisions concerning the distribution of the treasury shares held by the Company, with the proviso that the number of shares thereby conveyed totals a maximum of 2,000,000 shares, equivalent to approximately 0.78% of all the Company's shares.

The treasury shares held by the Company can be distributed to the Company's shareholders in proportion to the shares they already own or via a directed share issue that bypasses shareholders' pre-emptive rights if the Company has a weighty financial reason for doing so, such as using the shares in question as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, or as part of the Company's incentive program.

The treasury shares held by the Company can be conveyed against payment or distributed free of charge. A directed share issue can only be made free of charge if there is a particularly weighty financial reason, in respect of the Company's interests and those of all its shareholders, for doing so.

The Board will also be responsible for the other terms and conditions of a share issue. The authorization shall remain in force until 30 June 2018.



Shares, share trading, and ownership

Neste's shares are traded on NASDAQ Helsinki Ltd. The share price closed the year 2015 at EUR 27.63, up by 37.7% compared to the end of 2014. The total shareholder return (TSR) was 41.0% (44.1%) in 2015. At its highest during 2015, the share price reached EUR 27.70, while the lowest daily closing price was EUR 19.91. Market capitalization was EUR 7.1 billion as of 31 December 2015. An average of 0.85 million shares were traded daily, representing 0.3% of the company's shares.

Neste's share capital registered with the Company Register as of 31 December 2015 totaled EUR 40 million, and the total number of shares was 256,403,686. As resolved by the AGM held on 1 April 2015, the Board of Directors was authorized to purchase and/or take as security a maximum of 1,000,000 company shares using the company's unrestricted equity. At the end of December 2015, Neste held 798,467 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of the end of the year, the Finnish State owned 50.1% (50.1% at the end of 2014) of outstanding shares, foreign institutions 25.0% (25.1%), Finnish institutions 13.8% (12.5%), and Finnish households 11.1% (12.3%).

Personnel

Neste employed an average of 4,906 (4,989) employees in 2015, of which 1,553 (1,512) were based outside Finland. As of the end of December, the company had 4,856 employees (4,833), of which 1,577 (1,524) were located outside Finland.

Health, safety, and the environment

Neste's safety performance in 2015 remained close to the level established during the past few years. Safety was supported by an extensive development program focused on leadership and key operational areas among Neste employees and contractors.

People safety performance regressed partly due to the Porvoo refinery major turnaround, but was nevertheless better than in the last turnaround year five years ago. The total recordable injury frequency (TRIF, number of incidents per million hours worked) was 3.3 (2.7). The figure includes both Neste's own and contractors' personnel. TRIF related to Neste's own personnel was 2.2 as the contractor TRIF stayed at the same level compared to previous year. The corporate target for 2015 was below 2.7. Process safety improved, and the Process Safety Events Rate (PSER, number of process safety events per million hours worked) was 2.4 (3.0). The corporate PSER target for 2015 was 2.7.

Operational environmental emissions were substantially in compliance at all sites. Permitted levels were exceeded six times, but all were of a minor nature. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production facilities in 2015. Successful corrective actions were taken at the Naantali refinery in Finland to get emissions into air in compliance and to respond to smell complaints.

In 2015 Neste continued verifying the implementation of the company's No-deforestation guidelines among the palm oil suppliers. The verification carried out in cooperation with The Forest Trust (TFT) covers risk assessment of supply chain and goes beyond Neste's own operations to identify potential sustainability risks linked to the company's suppliers. By the end of 2015, all the main suppliers had adopted no-deforestation policies.



The 100% palm oil sustainability certification rate reached in 2013 was continued in 2015. Neste retained its position in a number of sustainability indexes during 2015, and was included in the Dow Jones Sustainability World Index (DJSI World) and on The Global 100 list of the world's most sustainable companies for the ninth year in succession. In the CDP Forest 2015, Neste was the only company in energy sector to report its forest footprint.

In promoting better practices in labor issues in Malaysia, Neste hired BSR (Business for Social Responsibility) to carry out a desktop study on social issues in palm industry, and arranged a social/labor workshop that was attended by all suppliers and several stakeholders in South-East Asia. Neste also updated its human rights commitment.

In combating climate change, Neste has signed the Paris Pledge for Action, which demonstrates that non-governmental actors are ready to play their part in supporting the objectives of the Paris Agreement.

Research and development

Neste's R&D expenditure totaled EUR 41 million (40 million) in 2015. In addition to continuing work on feedstock expansion, significant R&D efforts were devoted in 2015 to broadening the current product portfolio beyond fuel applications. Suitability of NEXBTL isoalkanes for different commercial applications was studied broadly, e.g. for paints and coatings. Development work continued on renewable aviation fuel and low sulphur marine fuels. Introduction of high renewable content diesel fuel grades in the US and Sweden was technically supported. To support current and future business, Neste's patent portfolio in renewable fuels and applications was strengthened with new patents and patent applications.

Expansion of the fossil and renewable feedstock base continued to be a key research topic in 2015. Numerous new crude oils were accepted for commercial use. The use of waste and residue based renewable feedstock increased by 20% to 1.9 (1.6) million tons and accounted already for 68% (62%) of the total feed. At the same time the overall renewable diesel production volume increased by 10% to 2.3 (2.1) million tons. Especially lower grade waste and residue feedstock, such as used cooking oil and low quality animal fat quantities were increased. Long term research focused on new feedstock with focus on algae oil and on lignocellulose based feedstock such as forest and agricultural residues. More than 40 renewable fuel technologies for next generation feedstock were evaluated and benchmarked against each other. The most promising technologies were selected for further study and are being developed towards commercial use in-house and with partners.

Main events published during 2015

On 4 February, Neste announced that Neste Oil's Board of Directors will propose to the Annual General Meeting (AGM) that the company's name be changed to Neste Corporation. The change would communicate the changes in the company's business and the company's seeking of growth from products other than conventional oil products. The proposal for the name change will be processed as an amendment of the Articles of Association during the AGM of Neste Oil on 1 April 2015.

On 10 March, Neste announced that it had issued a EUR 500 million bond. The 7-year bond carries a coupon of 2.125%. The bond offering was clearly oversubscribed and the bonds were allocated to approximately 150 investors. The proceeds of the offering will be used for refinancing and general corporate purposes.



On 21 April, Neste announced that it had revised its guidance as a result of the strong performance during the first quarter and based on the current market outlook for the remainder of the year. The company now estimated the Group's full-year 2015 comparable operating profit to remain robust and to be higher than that reached in 2014.

On 16 June, Neste announced that its Porvoo refinery was back in production after the scheduled maintenance turnaround. Starting in April, the turnaround was the largest in the history of the refinery, and it will help ensure the refinery's good performance and safety for the next five years. The turnaround was expected to have a negative impact of approximately EUR 130 million on the Oil Products segment's comparable operating profit.

On 16 June, Neste announced that it will sell the product vessels Purha and Jurmo to Swedish shipping company Rederi AB Donsötank. The ships will be handed over to its new owner in September 2015. The sale was based on Neste's decision to divest its shipping operations, announced in fall 2013. Neste has now sold all the vessels it fully owns.

On 4 August, Neste announced that it had decided to invest about EUR 60 million in the Naantali refinery production. The investments are connected to the program announced in October 2014 with which Neste will develop the refineries in Porvoo and Naantali as one unit to improve the competitiveness of its refinery operations.

On 21 August, Neste announced that the company's Shareholders' Nomination Board had been appointed with the following members: Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department (Chair); Mikko Mursula, Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company; Reima Rytölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company; and Jorma Eloranta, the Chair of Neste's Board of Directors. The Nomination Board will forward its proposals for the AGM to the Board of Directors by 31 January 2016.

On 15 September, Neste held a Capital Markets Day in London and highlighted its strategy based on a renewed vision "Creating responsible choices every day". The vision sets the direction for the company's ambition to grow and offer its customers low carbon solutions. Neste's strategic targets remain unchanged: be the Baltic Sea champion and grow in the global renewable markets. The company aims to have 20% of its renewable business sales volume from non-traffic applications by 2020. It also targets to generate EUR 100 million additional EBIT in Renewable Products, including the non-traffic applications, by 2020. Neste is determined to generate shareholder value and strong cash flow to support investments in improved productivity and opportunities for growth, to optimize debt, and to ensure favorable dividend distribution. Neste's financial targets and dividend policy remain unchanged.

On 4 November, Neste announced that it will work together with Boeing, the world's largest aircraft manufacturer, to promote and accelerate the commercialization of renewable aviation fuel. The companies will work toward American Society for Testing and Materials (ASTM) fuel standard approval allowing the commercial use of high freezing point renewable aviation fuel by airlines. The goal is also to gain widespread market acceptance for renewable aviation fuels, and to progress sustainability accreditation efforts.

On 1 December, Neste announced that it welcomes the US Environmental Protection Agency's (EPA) renewable fuel volume requirements. The EPA published the final ruling covering renewable fuel volume requirements retrospectively for 2014 and prospectively for 2015 and 2016. Neste's NEXBTL renewable diesel meets the requirements of an advanced biofuel in the biomass-based diesel category (D4). Volume requirements for biomass-based diesel for 2015, 2016, and 2017 are higher than the ones proposed by the EPA in May 2015.



On 9 December, Neste announced that its Porvoo refinery is expected to run with a utilization rate of about 70% until mid-January due to an equipment malfunction. The malfunction had decreased the refinery's utilization rate since November. The malfunctioning air cooler is new: it was installed in the refinery's maintenance turnaround that ended in June. Neste estimated that the issue will cause a production loss of a several tens of millions of euros. However, due to the high refining margins at the beginning of the quarter, the refinery's lower utilization rate did not have an impact on the company's outlook for 2015.

On 15 December, Neste announced that Neste, Veolia and Borealis have agreed to create a joint venture company to build a new combined heat and power plant and produce and supply steam and other utilities to Neste's refinery and Borealis' petrochemical plant in Porvoo, Finland. The company, Kilpilahti Power Plant Limited (KPP) will be owned 40% each by Neste and Veolia and 20% by Borealis. Neste will contribute its required equity share in KPP by transferring the current power plant to the joint venture company. The arrangement is subject to financing deals which are expected to take place during the first quarter of 2016. KPP will build new steam and power generation assets running on side streams from the refineries as well as natural gas. The total investment is expected to be around 400 million euros.

On 21 December, Neste announced that the US Blender's Tax Credit (BTC) had been approved retroactively for the year 2015 and prospectively for 2016. In the US qualified biofuel blenders are eligible for a Blender's Tax Credit of \$1.00 per gallon of biodiesel or renewable diesel used in the blending process. The retroactive reinstatement of the BTC was expected to improve Neste's comparable operating profit by more than EUR 100 million in 2015, and the respective cash flow was expected to be received during the first half of 2016.

Events after the reporting period

On 25 January, 2016, Neste announced that the Shareholders' Nomination Board, established by Neste Corporation's Annual General Meeting (AGM) on 4 April 2013, will propose to the AGM to be held on 30 March 2016 that the company's Board of Directors should comprise the following members: Mr. Jorma Eloranta should be re-elected as Chair and Ms. Maija-Liisa Friman as Vice Chair of the Board. In addition, Board members Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber, Ms. Kirsi Sormunen and Mr. Marco Wirén should be re-elected for a further term of office.

Potential risks

During the last few years, the uncertain world economy and geopolitical tensions have had an effect on general business conditions in markets where Neste operates. Also the oil market has been and is expected to continue to be very volatile.

Key market drivers affecting Neste's financial results include refining margin, feedstock price differences and the USD/EUR exchange rate.

Price differential, or margin, is calculated as a difference between refined petroleum and renewable product prices; and the prices for crude oil, different vegetable oils and other feedstock used. General turbulence in the oil markets may result in unexpected swings in crude oil and feedstock prices that are one factor contributing to the margin. Other factors include changes in supply and demand conditions, product price fluctuations and evolution of worldwide refining capacity. Historically, refining margins have been volatile and are likely to be so also in the future.



In addition to the above described refining margin risk, rapid and large changes in feedstock and product prices may also lead to significant inventory gains or losses, or changes in working capital, and may therefore have a material impact on the company's IFRS operating profit and net cash from operations.

Changes in laws and unpredictable regulation present a potential risk area especially for the Renewable Products business. Changing biofuel legislation in the EU, North America and other key markets may influence the speed at which the demand for renewable products develops. Over the longer term, failure to protect Neste's proprietary technology, or the introduction and implementation of competing technologies may have a negative impact on the company's result.

Neste's business is dependent to a significant extent on its wholly-owned oil refineries in Finland and its renewable diesel refineries in Singapore and in Rotterdam, the Netherlands. Any scheduled or unexpected shutdowns at these refineries will have an adverse effect on Neste's business, financial condition, operational results and future prospects.

Over the longer term, access to funding and rising capital costs may impact the company's results.

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

Outlook for 2016

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

Low crude oil prices are expected to continue supporting product demand. Crude oil supply is expected to increase as the economic sanctions against Iran are lifted and more medium heavy crude oil will be brought to the European market in 2016. Global oil demand growth estimates for 2016 have been increased to a level of 1.2 - 1.4 million bbl/d, as especially gasoline demand is expected to continue solid growth. In light of the expected refining capacity growth the global product supply and demand look reasonably balanced.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks, but no fundamental changes in the drivers influencing long-term average feedstock price differentials are expected. Market volatility in feedstock prices is expected to continue, which will have an impact on the Renewable Products segment's profitability.

In 2016, Neste's effective USD/EUR exchange rate is expected to stay close to the current market rate, the Capital expenditure is estimated to be approximately EUR 400 million, and the Group's effective tax rate is expected to average approx. 20%.

Neste expects Oil Products' reference refining margin to continue to be supported by relatively good gasoline margins. The Porvoo refinery is expected to run at high utilization rate with no major maintenance outages scheduled.



Renewable Products' reference margin is expected to remain at approximately the average level of the year 2015. Utilization rates of our renewable diesel production facilities are expected to be high, excluding the seven-week scheduled turnaround at the Rotterdam refinery in April-May 2016.

In Oil Retail the sales volumes and unit margins are expected to follow the previous years' seasonality pattern.

As communicated in the third quarter interim report on 23 October 2015, Neste has discontinued giving numerical result guidance to be consistent with industry practice.

Dividend distribution proposal

Neste's dividend policy is to distribute at least one third of its comparable net profit in the form of a dividend. The parent company's distributable equity as of 31 December 2015 amounted to EUR 1,411 million, and there have been no material changes in the company's financial position since the end of the financial year. The Board of Directors will propose to the Annual General Meeting that Neste Corporation pays a cash dividend of EUR 1.00 per share (0.65) for 2015, totaling EUR 256 million (166 million) based on the number of outstanding shares.

The proposed dividend represents a yield of 3.6% (at year-end 2015 share price of EUR 27.63) and 35% of the comparable net profit in 2015.

Reporting date for the company's first-quarter 2016 results

Neste will publish its first-quarter results on 27 April 2016 at approximately 9:00 a.m. EET.

Espoo, 3 February 2016

Neste Corporation
Board of Directors

Further information:

Matti Lievonen, President & CEO, tel. +358 10 458 11
Jyrki Mäki-Kala, CFO, tel. +358 10 458 4098
Investor Relations, tel. +358 10 458 5292

News conference and conference call

A press conference in Finnish on 2015 results will be held today, 4 February 2016, at 11:30 a.m. EET at the company's headquarters at Keilaranta 21, Espoo. www.neste.com will feature English versions of the presentation materials. A conference call in English for investors and analysts will be held on 4 February 2016 at 3 p.m. Finland / 1 p.m. London / 8 a.m. New York. The call-in numbers are as follows: Finland: +358 (0)9 6937 9543, Europe: +44 (0)20 3427 1900, and US: +1 646 254 3363, using access code 8657440. The conference call can be followed at the company's [web site](#). An instant replay of the call will be available until 11 February 2016 at +358 (0)9 2310 1650 for Finland, at +44 (0)20 3427 0598 for Europe, and +1 347 366 9565 for the US, using access code 8657440.



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.



Quarterly figures unaudited, full year 2015 and 2014 audited

FINANCIAL STATEMENT SUMMARY AND NOTES TO THE FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF INCOME

MEUR	Note	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Revenue	3	2,759	3,552	11,131	15,011
Other income		8	44	109	57
Share of profit (loss) of joint ventures		22	1	27	7
Materials and services		-2,248	-3,368	-9,539	-13,932
Employee benefit costs		-96	-94	-351	-339
Depreciation, amortization and impairments	3	-110	-85	-358	-330
Other expenses		-89	-74	-320	-324
Operating profit		245	-25	699	150
Financial income and expenses					
Financial income		0	1	2	4
Financial expenses		-25	-14	-84	-75
Exchange rate and fair value gains and losses		-1	8	16	-1
Total financial income and expenses		-26	-5	-65	-72
Profit before income taxes		219	-30	634	78
Income tax expense		-10	10	-74	-18
Profit for the period		209	-21	560	60
Profit attributable to:					
Owners of the parent		208	-21	558	57
Non-controlling interests		1	1	3	3
		209	-21	560	60
Earnings per share from profit attributable to the owners of the parent basic and diluted (in euro per share)		0.81	-0.08	2.18	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Profit for the period	209	-21	560	60
Other comprehensive income net of tax:				
Items that will not be reclassified to profit or loss				
Remeasurements on defined benefit plans	25	-33	30	-55
Items that may be reclassified subsequently to profit or loss				
Translation differences	-2	-26	1	-30
Cash flow hedges				
recorded in equity	-10	-27	-71	-48
transferred to income statement	19	8	97	1
Net investment hedges	0	0	1	0
Share of other comprehensive income of investments accounted for using the equity method	-4	-5	-9	-9
Total	4	-51	20	-86
Other comprehensive income for the period, net of tax	29	-85	50	-141
Total comprehensive income for the period	237	-105	611	-81
Total comprehensive income attributable to:				
Owners of the parent	237	-106	608	-84
Non-controlling interests	1	1	3	3
	237	-105	611	-81



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Intangible assets	6	71	62
Property, plant and equipment	6	3,745	3,667
Investments in joint ventures		220	195
Non-current receivables		10	50
Deferred tax assets		29	55
Derivative financial instruments	8	11	25
Available-for-sale financial assets		5	5
Total non-current assets		4,090	4,058
Current assets			
Inventories		1,090	1,055
Trade and other receivables		870	887
Derivative financial instruments	8	99	144
Cash and cash equivalents		596	246
Total current assets		2,655	2,333
Assets classified as held for sale ¹⁾	5	47	103
Total assets		6,793	6,494
EQUITY			
Capital and reserves attributable to the owners of the parent			
Share capital		40	40
Other equity	2	3,044	2,601
Total		3,084	2,641
Non-controlling interest		20	18
Total equity		3,104	2,659
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		1,449	1,245
Deferred tax liabilities		265	265
Provisions		39	21
Pension liabilities		113	155
Derivative financial instruments	8	6	5
Other non-current liabilities		6	1
Total non-current liabilities		1,878	1,691
Current liabilities			
Interest-bearing liabilities		438	622
Current tax liabilities		21	4
Derivative financial instruments	8	45	128
Trade and other payables		1,307	1,388
Total current liabilities		1,811	2,141
Liabilities related to assets held for sale ¹⁾		0	2
Total liabilities		3,689	3,835
Total equity and liabilities		6,793	6,494

¹⁾ The assets classified as held for sale as of 31 December 2015 relate to the agreement to create a joint venture company owned by Neste, Veolia and Borealis. More information can be found in Note 5.

The assets and the related liabilities classified as held for sale presented as of 31 December 2014 relate to the sale of all shares of Kilpilahden Sähkösiirto Oy to InfraVia European Fund II, an infrastructure fund managed by InfraVia. The transaction was completed on 2 January 2015. The operations were part of the Oil Products segment. More information can be found in Note 4.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Cash flows from operating activities				
Profit before income taxes	219	-30	634	78
Adjustments, total	110	33	319	325
Change in working capital	36	368	-94	-33
Cash generated from operations	366	370	858	369
Finance cost, net	-9	-20	-88	-44
Income taxes paid	23	0	-27	-77
Net cash generated from operating activities	380	351	743	248
Cash flows from investing activities				
Capital expenditure	-79	-115	-505	-272
Proceeds from sales of shares in subsidiaries	0	0	171	0
Proceeds from sales of fixed assets	1	2	26	4
Proceeds from capital repayments in joint arrangements	0	0	0	18
Change in long-term receivables and other investments ¹⁾	-1	-2	44	-56
Cash flows from investing activities	-79	-114	-263	-306
Cash flow before financing activities				
	300	237	480	-59
Cash flows from financing activities				
Net change in loans and other financing activities	-43	-166	39	-23
Purchase of treasury shares	0	0	0	-15
Dividends paid to the owners of the parent	0	0	-166	-167
Dividends paid to non-controlling interests	0	0	-1	0
Cash flows from financing activities	-43	-166	-128	-205
Net increase (+)/decrease (-) in cash and cash equivalents	257	71	352	-263

¹⁾ Including penalty payment in the first quarter of 2014 to Finnish Customs totaling approximately EUR 44 million, which was received back in third quarter of 2015.



CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2014	40	18	0	0	0	-30	-31	2,911	2,908	16	2,924
Profit for the period								57	57	3	60
Other comprehensive income for the period					-56	-55	-30		-141		-141
Total comprehensive income for the period					-56	-55	-30	57	-84	3	-81
Dividend paid								-167	-167	0	-167
Share-based compensation								-1	-1		-1
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares				-15					-15		-15
Total equity at 31 December 2014	40	19	0	-15	-56	-85	-61	2,800	2,641	18	2,659

MEUR	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2015	40	19	0	-15	-56	-85	-61	2,800	2,641	18	2,659
Profit for the period								558	558	3	569
Other comprehensive income for the period					17	30	2		50		50
Total comprehensive income for the period					17	30	2	558	608	3	611
Dividend paid								-166	-166	-1	-167
Share-based compensation			1	3				-4	0		0
Transfer from retained earnings		1						-1	0		0
Purchase of treasury shares									0		0
Total equity at 31 December 2015	40	20	1	-12	-39	-54	-59	3,186	3,084	20	3,104

KEY FINANCIAL INDICATORS

	31 Dec 2015	31 Dec 2014
Capital employed, MEUR	4,991	4,526
Interest-bearing net debt, MEUR	1,291	1,621
Capital expenditure and investment in shares, MEUR	536	418
Return on average capital employed, after tax, ROACE %	16.3	10.1
Return on capital employed, pre-tax, ROCE %	15.1	3.3
Return on equity %	19.5	2.1
Equity per share, EUR	12.06	10.34
Cash flow per share, EUR	2.91	0.97
Price/earnings ratio (P/E)	12.66	89.62
Equity-to-assets ratio, %	46.1	41.0
Leverage ratio, %	29.4	37.9
Gearing, %	41.6	60.9
Dividend per share ¹⁾	1.0 ¹⁾	0.65
Dividend payout ratio, % ¹⁾	45.8 ¹⁾	290.4
Dividend yield, % ¹⁾	3.6 ¹⁾	3.2
Average number of shares	255,568,717	255,532,039
Outstanding number of shares at the end of the period	255,605,219	255,403,686
Average number of personnel	4,906	4,989

¹⁾ Board of Directors proposal to the Annual General Meeting

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU. The condensed interim report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014. The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2014, with the exception of the adoption of new IFRS standards and IFRIC interpretations effective during 2015 that are relevant to its operations. The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented.

The Group applies the following new standards as of 1 January 2015:

- IFRIC 21 Levies

The Group has applied IFRIC 21 Levies as of 1 January 2015. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. The Group has identified certain land and property taxes in the scope of IFRIC 21. The comparative information for 2014 has been restated according to the transition rules. As the change impacted operating profit and current non-interest-bearing liabilities, the change had minor impact on the Group's key figures. As this restatement impacted only the expense accruals between the quarters during 2014, the total operating profit for the full year remained as it was reported originally, without any restatements to the annual cumulative figures. More information of the restatement's impact can be found in Interim Report published 24 April 2015.

Other new IFRS and IFRIC changes did not have a material impact on the reported income statement, statement of financial position or notes.



2. TREASURY SHARES

On 5 March 2015, 198,303 treasury shares of Neste Corporation have been conveyed without consideration to 63 key persons participating in the share-based incentive plan 2010 according to the terms and conditions of the plan. On 15 September 2015, 3,230 treasury shares have been conveyed without consideration to one key person participating in the share-based incentive plan 2010 according to the terms and conditions of the plan. The number of treasury shares held by the company before the directed share issue was 1,000,000 shares. The number of treasury shares after these two directed share issues is 798,467 shares. The total number of the company's shares is 256,403,686 shares.

In the Annual General meeting on 1 April 2015 the Board of Directors was authorized to decide the purchase of and/or take as security a maximum of 1,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 0.39% of the Company's total shares.

3. SEGMENT INFORMATION

Neste's operations are grouped into four reporting segments: Oil Products, Renewable Products, Oil Retail and Others. Others segment consists of Group administration, shared service functions, Research and Technology, Neste Jacobs and Nynas AB. The performance of the reporting segments are reviewed regularly by the chief operating decision maker, Neste President & CEO, to assess performance and to decide on allocation of resources.

REVENUE				
MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Oil Products	1,756	2,652	7,467	11,285
Renewable Products	711	575	2,372	2,269
Oil Retail	898	1,046	3,748	4,294
Others	71	63	267	238
Eliminations	-678	-785	-2,724	-3,075
Total	2,759	3,552	11,131	15,011

OPERATING PROFIT				
MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Oil Products	2	-180	389	-110
Renewable Products	218	154	233	207
Oil Retail	13	8	79	68
Others	15	-5	0	-13
Eliminations	-3	-2	-2	-3
Total	245	-25	699	150

COMPARABLE OPERATING PROFIT				
MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Oil Products	91	110	439	285
Renewable Products	231	142	402	239
Oil Retail	17	8	84	68
Others	15	-2	2	-7
Eliminations	-3	-2	-2	-3
Total	352	256	925	583

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS				
MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Oil Products	69	50	216	193
Renewable Products	24	25	95	96
Oil Retail	13	6	31	26
Others	4	4	17	15
Eliminations	0	0	0	0
Total	110	85	358	330

CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES				
MEUR	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Oil Products	69	114	453	276
Renewable Products	8	48	28	113
Oil Retail	23	4	37	19
Others	6	5	17	18
Eliminations	0	0	0	-9
Total	106	171	536	418

TOTAL ASSETS			31 Dec	31 Dec
MEUR			2015	2014
Oil Products			3,300	3,264
Renewable Products			2,145	2,198
Oil Retail			439	472
Others			461	418
Unallocated assets			684	420
Eliminations			-237	-278
Total			6,793	6,494

NET ASSETS			31 Dec	31 Dec
MEUR			2015	2014
Oil Products			2,320	2,160
Renewable Products			1,884	1,923
Oil Retail			184	201
Others			269	190
Eliminations			-7	-6
Total			4,650	4,469



TOTAL LIABILITIES		31 Dec	31 Dec
MEUR		2015	2014
Oil Products		980	1,104
Renewable Products		261	276
Oil Retail		255	271
Others		193	228
Unallocated liabilities		2,230	2,229
Eliminations		-230	-273
Total		3,689	3,835

RETURN ON NET ASSETS, %		31 Dec	31 Dec
		2015	2014
Oil Products		16.2	-4.8
Renewable Products		12.6	11.5
Oil Retail		38.9	27.5

COMPARABLE RETURN ON NET ASSETS, %		31 Dec	31 Dec
		2015	2014
Oil Products		18.2	12.4
Renewable Products		21.8	13.3
Oil Retail		41.2	27.6

QUARTERLY SEGMENT INFORMATION

QUARTERLY REVENUE

MEUR	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	1,756	2,060	1,675	1,976	2,652	2,879	3,124	2,630
Renewable Products	711	582	583	496	575	560	603	531
Oil Retail	898	991	976	882	1,046	1,153	1,076	1,019
Others	71	60	74	62	63	58	60	58
Eliminations	-678	-670	-704	-672	-785	-803	-759	-728
Total	2,759	3,023	2,605	2,744	3,552	3,846	4,104	3,510

QUARTERLY OPERATING PROFIT

MEUR	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	2	119	42	226	-180	11	46	12
Renewable Products	218	12	11	-7	154	20	3	30
Oil Retail	13	27	22	17	8	26	20	14
Others	15	-1	-14	0	-5	-1	2	-8
Eliminations	-3	1	3	-3	-2	-3	-1	2
Total	245	158	63	233	-25	54	70	50

QUARTERLY COMPARABLE OPERATING PROFIT

MEUR	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	91	178	14	156	110	111	33	32
Renewable Products	231	75	54	42	142	53	32	12
Oil Retail	17	27	22	17	8	26	20	14
Others	15	-1	-14	3	-2	5	2	-11
Eliminations	-3	1	3	-3	-2	-3	-1	2
Total	352	281	78	215	256	191	86	50

QUARTERLY DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

MEUR	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	69	53	49	45	50	47	49	47
Renewable Products	24	24	24	22	25	24	24	24
Oil Retail	13	6	6	6	6	7	7	7
Others	4	4	4	4	4	4	4	3
Eliminations	0	0	0	0	0	0	0	0
Total	110	87	83	78	85	82	83	81

QUARTERLY CAPITAL EXPENDITURE AND INVESTMENTS IN SHARES

MEUR	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Oil Products	69	64	233	87	114	74	55	33
Renewable Products	8	7	5	8	48	22	40	4
Oil Retail	23	6	5	4	4	6	7	3
Others	6	4	4	3	5	6	4	3
Eliminations	0	0	0	0	0	0	-9	0
Total	106	81	248	101	171	107	97	43



RECONCILIATION BETWEEN COMPARABLE OPERATING PROFIT AND OPERATING PROFIT
Group

MEUR	10-12/2015	10-12/2014	7-9/2015	1-12/2015	1-12/2014
COMPARABLE OPERATING PROFIT	352	256	281	925	583
- inventory gains/losses	-91	-322	-174	-263	-492
- changes in the fair value of open oil derivatives	7	49	51	-15	74
- non-recurring items	-22	-8	0	52	-16
capital gains and losses	0	1	0	76	-2
insurance and other compensations	0	0	0	0	0
others	-22	-9	0	-25	-14
OPERATING PROFIT (IFRS)	245	-25	158	699	150

Oil Products

MEUR	10-12/2015	10-12/2014	7-9/2015	1-12/2015	1-12/2014
COMPARABLE OPERATING PROFIT	91	110	178	439	285
- inventory gains/losses	-77	-269	-120	-143	-381
- changes in the fair value of open oil derivatives	5	-16	61	35	-5
- non-recurring items	-17	-5	0	59	-9
capital gains and losses	0	1	0	76	-4
insurance and other compensations	0	0	0	0	0
others	-17	-5	0	-17	-5
OPERATING PROFIT (IFRS)	2	-180	119	389	-110

Renewable Products

MEUR	10-12/2015	10-12/2014	7-9/2015	1-12/2015	1-12/2014
COMPARABLE OPERATING PROFIT	231	142	75	402	239
- inventory gains/losses	-15	-53	-54	-119	-111
- changes in the fair value of open oil derivatives	1	65	-10	-50	79
- non-recurring items	0	0	0	0	0
capital gains and losses	0	0	0	0	0
insurance and other compensations	0	0	0	0	0
others	0	0	0	0	0
OPERATING PROFIT (IFRS)	218	154	12	233	207

Oil Retail

MEUR	10-12/2015	10-12/2014	7-9/2015	1-12/2015	1-12/2014
COMPARABLE OPERATING PROFIT	17	8	27	84	68
- inventory gains/losses	0	0	0	0	0
- changes in the fair value of open oil derivatives	0	0	0	0	0
- non-recurring items	-5	0	0	-5	0
capital gains and losses	0	0	0	0	0
insurance and other compensations	0	0	0	0	0
others	-5	0	0	-5	0
OPERATING PROFIT (IFRS)	13	8	27	79	68

Others

MEUR	10-12/2015	10-12/2014	7-9/2015	1-12/2015	1-12/2014
COMPARABLE OPERATING PROFIT	15	-2	-1	2	-7
- inventory gains/losses	0	0	0	0	0
- changes in the fair value of open oil derivatives	0	0	0	0	0
- non-recurring items	0	-3	0	-3	-6
capital gains and losses	0	0	0	0	3
insurance and other compensations	0	0	0	0	0
others	0	-3	0	-3	-9
OPERATING PROFIT (IFRS)	15	-5	-1	0	-13



4. ACQUISITIONS AND DISPOSALS

On 2 January, 2015 Neste sold all shares of Kilpilahden Sähkösiirto Oy to InfraVia European Fund II, an infrastructure fund managed by InfraVia. The sale produced a capital gain of EUR 79 million for Neste in the first quarter 2015. The operations were part of the Oil Products segment.

Assets and liabilities of Kilpilahden Sähkösiirto Oy

MEUR	
Property, plant and equipment	99
Trade and other receivables	8
Total assets	107
Trade and other payables	9
Deferred tax liabilities	6
Total liabilities	15
Sold net assets	92
Gain on sale	79
Total consideration	171
Cash consideration received	171
Cash and cash equivalents disposed of	0
Cash inflow arising from disposal	171

On 31 March, 2014 Neste sold its 100% interest in its subsidiary Neste LPG AB. A capital gain amounting to EUR 2 million resulting from the transaction has been included in the consolidated financial statements. The operations were part of the Oil Retail segment.

Assets and liabilities of Neste LPG AB

MEUR	
Inventories	0
Trade and other receivables	0
Cash and cash equivalents	3
Total assets	3
Provisions	3
Trade payable and other payable	0
Total liabilities	3
Sold net assets	0
Gain on sale	2
Total consideration	3
Cash consideration received	3
Cash and cash equivalents disposed of	3
Cash inflow arising from disposal	0

5. ASSETS HELD FOR SALE

The assets classified as held for sale as of 31 December 2015 relate to the 15 December 2015 stock exchange release, which informed that Neste, Veolia and Borealis have agreed to create a joint venture company to build a new combined heat and power plant and produce and supply steam and other utilities to Neste's refinery and Borealis' petrochemical plant in Porvoo, Finland. The company, Kilpilahti Power Plant Limited will be owned 40% each by Neste and Veolia and 20% by Borealis. Neste will contribute its required equity share in Kilpilahti Power Plant Limited by transferring the current power plant to the joint venture company. The current power plant is classified as held for sale at 31 December 2015. The arrangement is subject to financing deals which are expected to take place during the first quarter of 2016. Classified power plant is part of the Oil Products segment.

Assets classified as held for sale

MEUR		2015
Property, plant and equipment		47
Inventories		1
Total		47

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

CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		31 Dec	31 Dec
MEUR		2015	2014
Opening balance		3,729	3,805
Depreciation, amortization and impairments		-358	-330
Capital expenditure		536	418
Disposals		-39	-35
Assets classified as held for sale		-47	-99
Translation differences		-5	-30
Closing balance		3,816	3,729
CAPITAL COMMITMENTS		31 Dec	31 Dec
MEUR		2015	2014
Commitments to purchase property, plant and equipment		84	51
Total		84	51



7. INTEREST-BEARING NET DEBT AND LIQUIDITY

	31 Dec 2015	31 Dec 2014
Interest-bearing net debt		
MEUR		
Current interest-bearing liabilities	438	622
Non-current interest-bearing liabilities	1,449	1,245
Interest-bearing liabilities	1,888	1,866
Cash and cash equivalents ¹⁾	-596	-246
Interest-bearing net debt	1,291	1,621

¹⁾ includes interest-bearing receivables EUR 29 million on 31 December 2015

	31 Dec 2015	31 Dec 2014
Liquidity, unused committed credit facilities and debt programs		
MEUR		
Cash and cash equivalents	596	246
Unused committed credit facilities	1,650	1,603
Total	2,246	1,849
In addition: Unused CP programmes (not committed)	400	345

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has not made any significant changes in policies regarding risk management during the reporting period. Aspects of the Group's financial risk management objective and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

Interest rate and currency derivative contracts and share forward contracts	31 Dec 2015		31 Dec 2014	
	Nominal value	Net fair value	Nominal value	Net fair value
MEUR				
Interest rate swaps				
Hedge accounting	600	13	750	22
Non-hedge accounting	0	0	0	0
Currency derivatives				
Hedge accounting	1,088	-17	1,125	-49
Non-hedge accounting	996	0	804	-11

Commodity derivative contracts	31 Dec 2015			31 Dec 2014		
	Volume GWh	Volume million bbl	Net fair value Meur	Volume GWh	Volume million bbl	Net fair value Meur
Sales contracts						
Hedge accounting	0	0	0	0	0	0
Non-hedge accounting	0	16	69	0	8	135
Purchase contracts						
Hedge accounting	0	0	0	0	0	0
Non-hedge accounting	2,432	8	-6	2,691	8	-60

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

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

Carrying amounts of financial assets and liabilities by measurement categories

Financial assets and liabilities divided by categories were as follows as of December 31, 2015:

Balance sheet item	Financial assets/liabilities at fair value through income statement		Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
	Hedge accounting	Non-hedge accounting					
Non-current financial assets							
Non-current receivables			10			10	
Derivative financial instruments	11	0				11	
Available-for-sale financial assets				5		5	11
Current financial assets							
Trade and other receivables, excluding prepayments			868			868	
Derivative financial instruments	8	91				99	99
Cash and cash equivalents			596			596	
Carrying amount by category	19	91	1,475	5	0	1,589	110
Non-current financial liabilities							
Interest-bearing liabilities					1,449	1,449	1,482
Derivative financial instruments	4	2				6	6
Other non-current liabilities					6	6	
Current financial liabilities							
Interest-bearing liabilities					438	438	445
Derivative financial instruments	20	26				45	45
Trade and other payables, excluding non-financial liabilities					1,307	1,307	
Carrying amount by category	23	27	0	0	3,200	3,251	1,978



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

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

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

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

Fair value hierarchy, MEUR

	Level 1	Level 2	Level 3	Total
Financial assets				
Non-current derivative financial instruments	0	11	0	11
Current derivative financial instruments	39	60	0	99
Available-for-sale financial assets	0	0	5	5
Financial liabilities				
Non-current derivative financial instruments	0	4	0	4
Current derivative financial instruments	0	47	0	47

During the twelve-month period ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of non-current and current interest-bearing liabilities that are carried at amortized cost, but for which fair value is disclosed, are determined by using the discounted cash flow method employing market interest rates or market values at the balance sheet date. Non-current and current interest-bearing liabilities are classified into fair value measurement hierarchy level 1 (corporate bonds) or 2.

9. RELATED PARTY TRANSACTIONS

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

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

	1-12/2015	1-12/2014
Transactions carried out with joint arrangements		
Sales of goods and services	111	150
Purchases of goods and services	64	99
Receivables	17	5
Financial income and expenses	0	0
Liabilities	1	8

10. CONTINGENT LIABILITIES

MEUR	31 Dec 2015	31 Dec 2014
Contingent liabilities		
On own behalf for commitments		
Real estate mortgages	17	17
Pledged assets	0	0
Other contingent liabilities	158	107
Total	175	125
On behalf of joint arrangements		
Guarantees	1	1
Total	1	1
On behalf of others		
Guarantees	2	1
Other contingent liabilities	2	2
Total	3	3
Total	179	129

MEUR	31 Dec 2015	31 Dec 2014
Operating lease liabilities		
Due within one year	72	53
Due between one and five years	61	48
Due later than five years	75	64
Total	209	164

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

Other contingent liabilities

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



Calculation of key financial indicators

Calculation of key financial indicators

Operating profit	=	Operating profit includes the revenue from the sale of goods and services, other income such as gain from sale of shares or non-financial assets, share of profit (loss) of joint ventures, less losses from sale of shares or non-financial assets, as well as expenses related to production, marketing and selling activities, administration, depreciation, amortization, and impairment charges. Realized and unrealized gains or losses on oil, vegetable oil, electricity and gas derivative contracts together with realized gains and losses from foreign currency and oil derivative contracts hedging cash flows of commercial sales and purchases that have been recycled in the income statement, are also included in operating profit.
Comparable operating profit ¹⁾	=	Operating profit +/- inventory gains/losses +/- non-recurring items - unrealized change in fair value of oil, vegetable oil, electricity and gas derivative contracts. Inventory gains/losses include the change in fair value of all trading inventories.
Comparable net profit	=	Profit for the period attributable to the equity holders of the company, adjusted for inventory gains/losses, non-recurring items and unrealized gains/losses on oil, vegetable oil, electricity and gas derivative contracts, net of tax.
Return on equity, (ROE) %	=	$100 \times \frac{\text{Profit before taxes} - \text{taxes}}{\text{Total equity average}}$
Return on capital employed, pre-tax (ROCE) %	=	$100 \times \frac{\text{Profit before taxes} + \text{interest and other financial expenses}}{\text{Capital employed average}}$
Return on average capital employed, after-tax (ROACE) %	=	$100 \times \frac{\text{Profit for the period (adjusted for inventory gains/losses, non-recurring items and unrealized gains/losses on oil, vegetable oil, electricity and gas derivative contracts, net of tax) + non-controlling interests + interest expenses and other financial expenses related to interest-bearing liabilities (net of tax)}}{\text{Capital employed average}}$
Capital employed	=	Total assets - interest-free liabilities - deferred tax liabilities - provisions
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt} + \text{total equity}}$
Gearing, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	$100 \times \frac{\text{Total equity}}{\text{Total assets} - \text{advances received}}$
Return on net assets, %	=	$100 \times \frac{\text{Segment operating profit}}{\text{Average segment net assets}}$
Comparable return on net assets, %	=	$100 \times \frac{\text{Segment comparable operating profit}}{\text{Average segment net assets}}$
Segment net assets	=	Property, plant and equipment, intangible assets, investments in joint ventures including shareholder loans, pension assets, inventories and interest-free receivables and liabilities allocated to the business segment, provisions and pension liabilities.
Research and development expenditure	=	Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated income statement. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.



Calculation of share-related indicators

Earnings per share (EPS)	=	$\frac{\text{Profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
Comparable earnings per share	=	$\frac{\text{Comparable net profit for the period attributable to the equity holders of the company}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity attributable to the equity holders of the company}}{\text{Adjusted average number of shares at the end of the period}}$
Cash flow per share	=	$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$
Price / earnings ratio (P/E)	=	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$
Dividend payout ratio, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Average share price	=	$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization at the end of the period	=	Number of shares at the end of the period x share price at the end of the period
Trading volume	=	Number of shares traded during the period, and number of shares traded during the period in relation to the weighted average number of shares during the period

¹⁾ In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and IFRS operating profit. Comparable operating profit eliminates both the inventory gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in IFRS operating profit caused by inventory valuation is mostly compensated by changing working capital.





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