

# Pilipinas Shell Petroleum Corporation

2Q 2017 Analysts and Investors Briefing  
August 2017



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# Summary



## Robust financial performance

- EBITDA adjusted for COSA: ↑ **9%** y/y to PHP 6.8B
- Cash flow from operations: ↑ **26%** y/y reaching PHP 7.8B
- Consistently strong Balance Sheet: gearing ↓ **22%**

## Cutting-edge fuel technology and effective marketing strategies

- For 1H17 vs 1H16
  - ↑ **4%** in retail network sales volume
  - ↑ **9%** in V-Power Gasoline sales volume
  - ↑ **15%** in V-Power Diesel sales volume
- **27%** Premium Fuel Penetration
- Double digit growth in Non-Fuels Retailing business
- Commercial business rebounded from structural decline in power demand

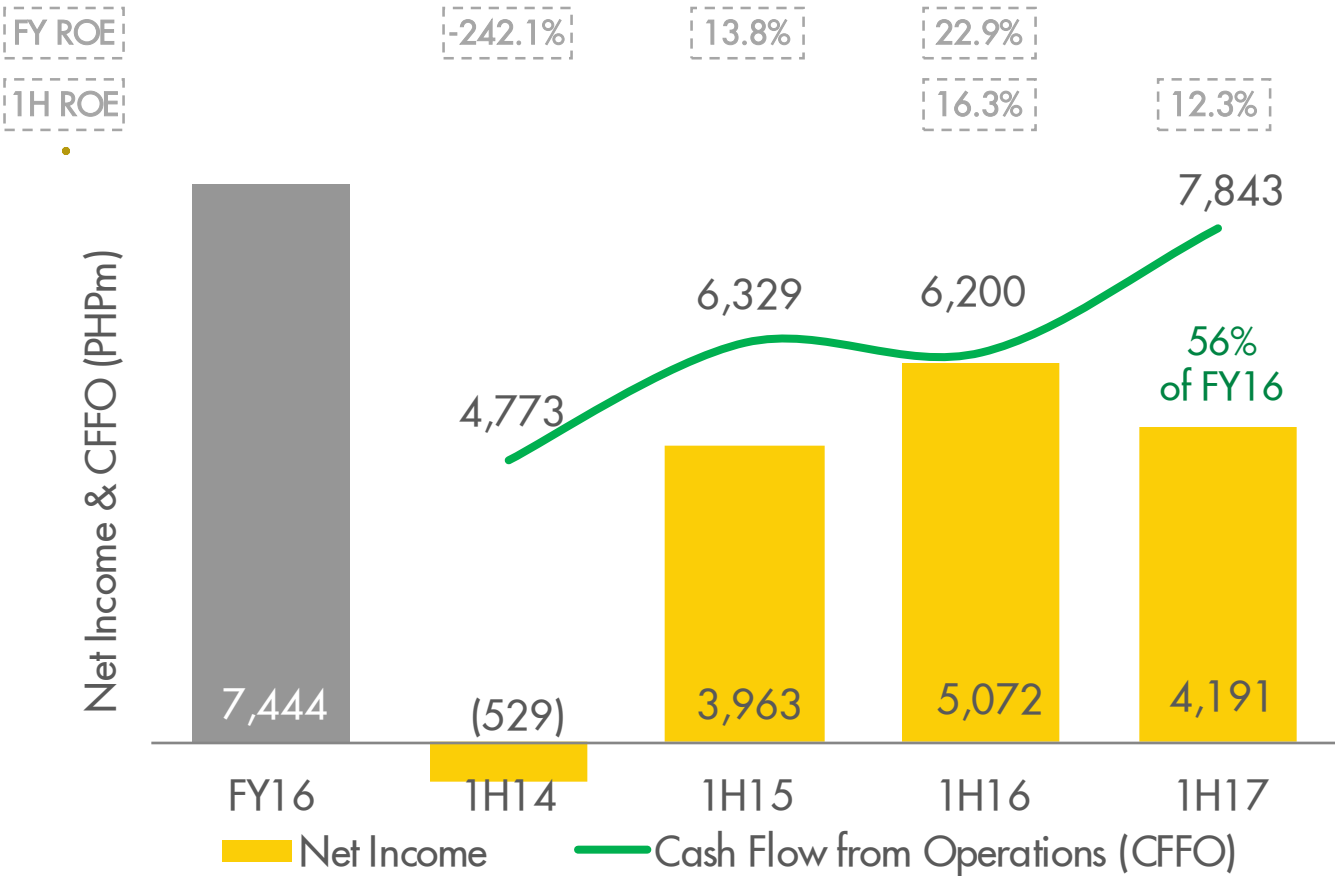
## Leverage on a reliable and efficient E2E chain

- **NMIF cost savings** exceeds expectation
- Successful completion of planned refinery maintenance

## Leading Corporate Governance & World class talent development

- Big winners in **Shell Global Retail Smiling Stars Awards in NYC**
- Awarded **Company of the Year** and a **Special Citation in Social Accountability** by Employers Confederation of the Philippines

# Robust 1H17 Net Income delivering 56% of FY16 NIAT despite planned refinery shutdown



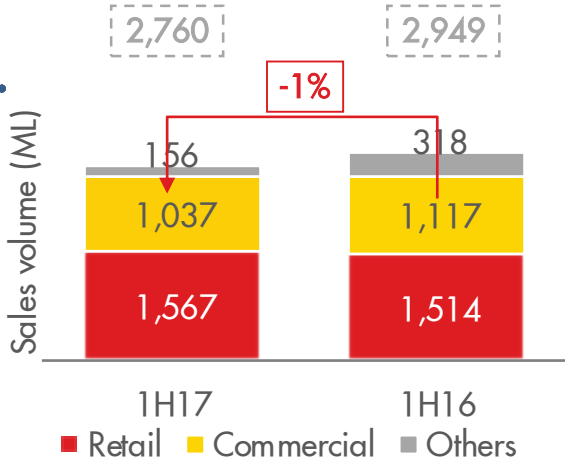
Delivered strong earnings despite

Planned refinery preventive maintenance shutdown

Delivered 26% increase in CFFO

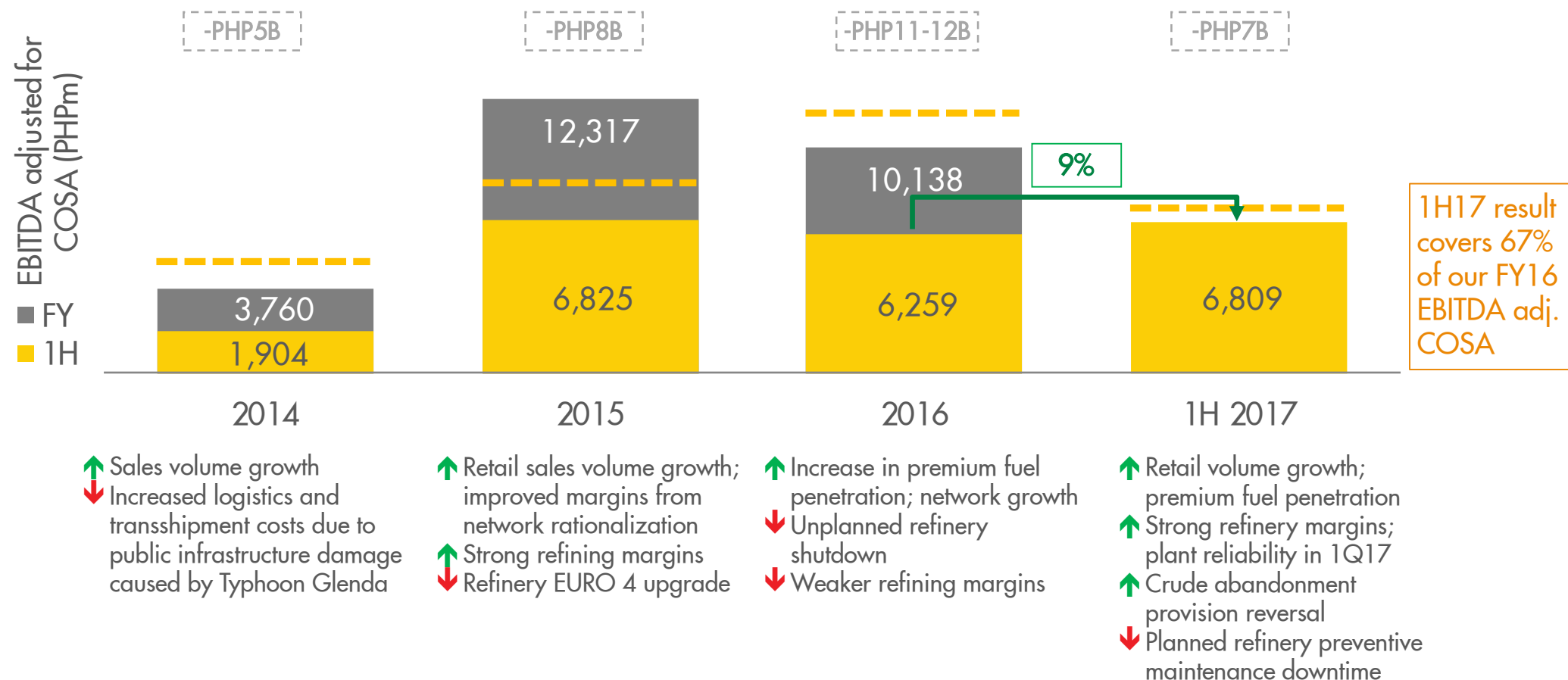
Lower inventory holding gains due to softer global oil prices

Sufficient to finance capex and dividend payment





# Strong underlying performance: EBITDA adj. for COSA increased by 9% vs same period last year



Prospective investors are cautioned that Cost of Sales Adjustment (COSA) and EBITDA (and any adjustments thereto) are in all cases not measurements of financial performance under PFRS and investors should not consider them in isolation or as an alternative to profit or loss for the year, income or loss from operations, or as an indicator of the Company's operating performance or as a measure of liquidity or any other measures of performance under PFRS. Although other oil refiners use similar measures, prospective investors are cautioned that there are various calculation methods, and the Company's presentation of COSA may not be comparable to similarly titled measures used by other companies.

# V-Power and Non-fuel retailing drives the Retail business

## Retail Key Performance Drivers



Retail network volume increased by **4%** from 1H16 to 1H17 despite >10% increase in pump prices



New V-Power with DYNAFLEX technology launch in June 8 increased V-Power Diesel and Gasoline uptake by **15%** and **9%** vs 1H16, respectively

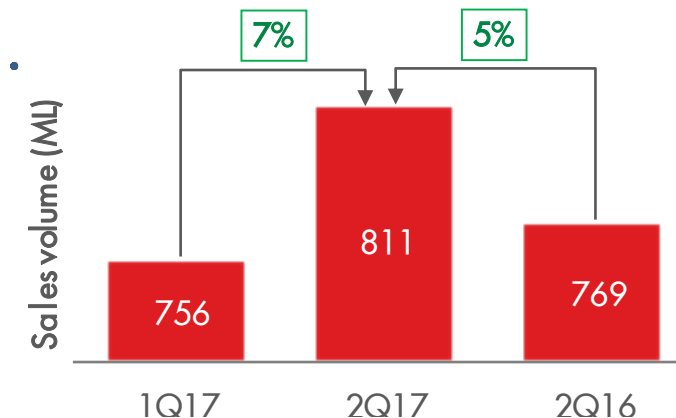


Convenience retailing enjoyed **double-digit growth** vs 1H16



Opened **12 new retail stations** in 2017

Stellar Retail performance due to successful marketing campaigns



Note: Volume includes retail fuels and lubricants; Increase driven by Summer promotion and New V-Power launch in June

## NFR Store growth as of 1H2017



**20 new Shell Select**  
Total of 85 Shell Select



**9 new Deli2Go**  
Total of 28 Deli2Go



**18 new Shell Helix Oil Change+ outlets**  
Total of 131 Shell Helix Oil Change+ outlets



**17 new Shell Lube Bays**  
Total of 244 Shell Lube Bays

# Retail kick-starts construction of low carbon sites

**#makethefuture**

25% of site electricity bill savings



Fitted with battery option

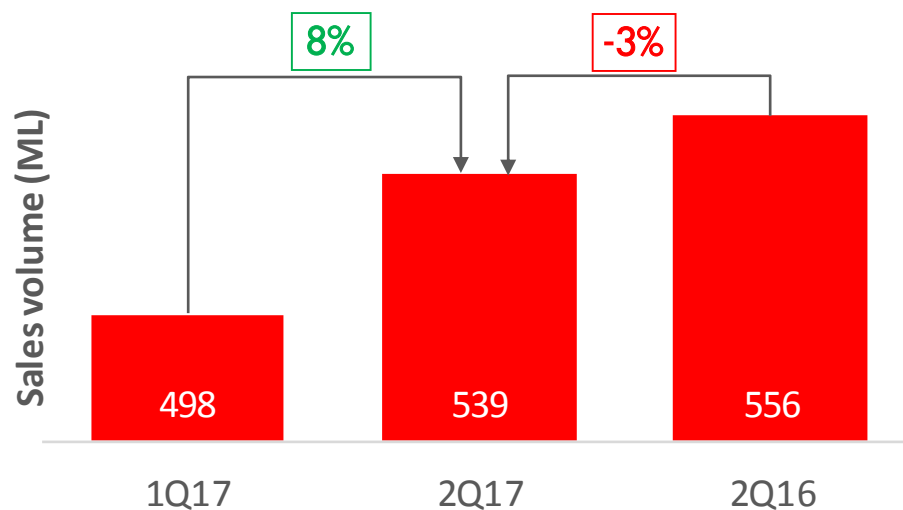


Site fully consumes harvested energy

Future 2017 NTIs equipped with solar panels



# Despite structural change in power sector, Commercial Business rebounded by 8% from 1Q17 to 2Q17



Note: Commercial volumes include commercial fuels, lubricants and bitumen sales.

Won contracts from power and other sectors

Strong wholesale segment sales

Commercial volume closed from 11% decline in 1Q17 vs 1Q16 to 7% in 1H17 vs 1H16



Commercial fuels sales grew by 9% vs 1Q17



Aviation sales grew by 7% vs 1Q17



# Maintaining a reliable refinery through planned preventative maintenance

Fit for next major  
turnaround in 4  
years



Project tie-ins  
and statutory  
compliance



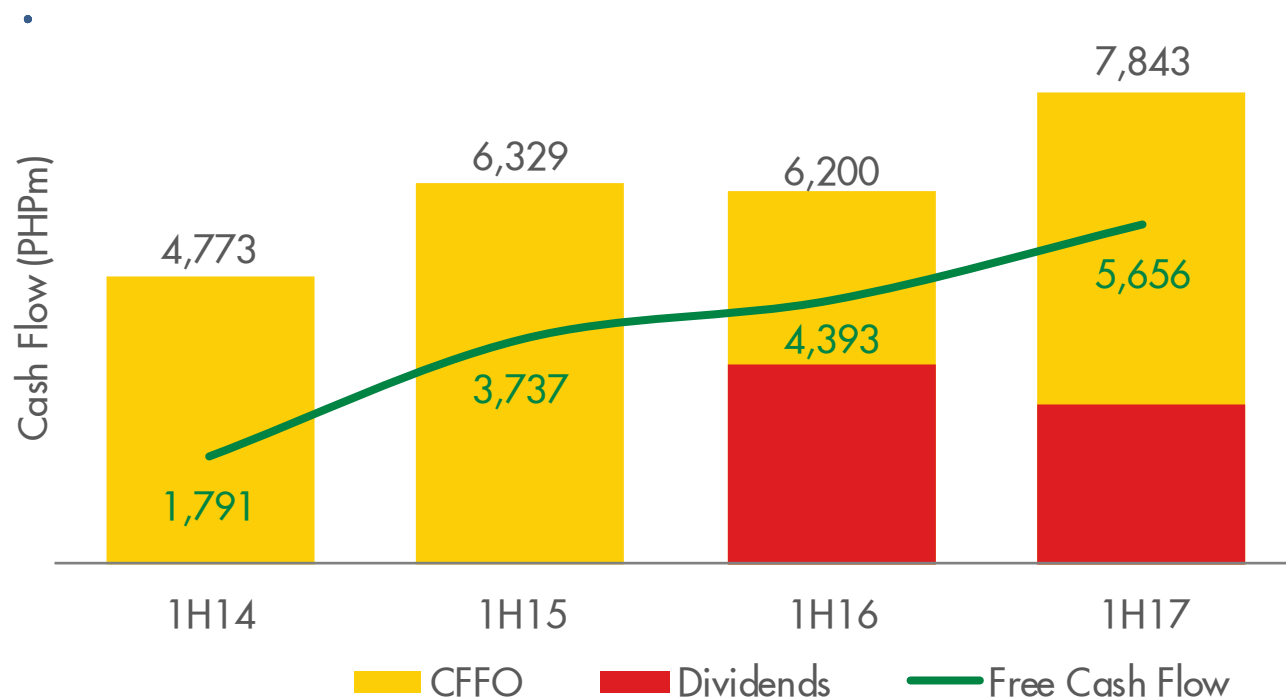
Flare upgrade

## Focus on Safety

No Fatal incident  
No Lost Time incident  
Zero environmental non-  
compliance

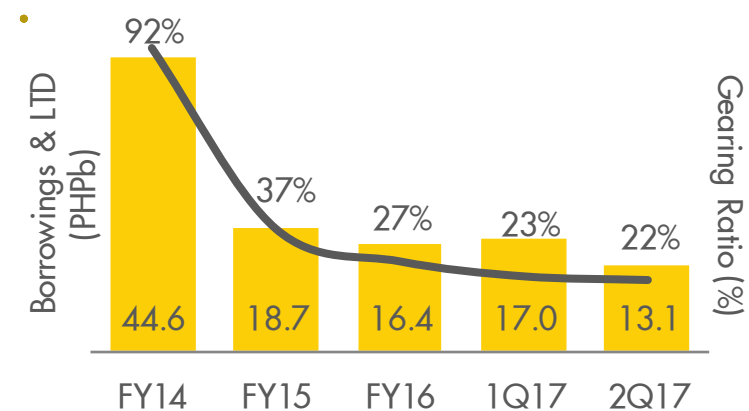
# Consistently strong balance sheet

CFFO generated more than sufficient to cover capital investments (PHP2.2B) and 2H16 dividends paid (PHP2.6B)

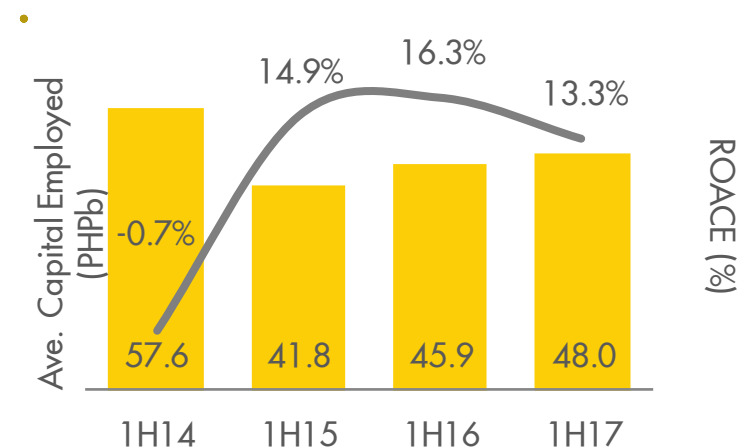


Note: Dividends for 2016 was declared and paid in the second half of the year. 2H16 dividends is plotted against 1H16 CFFO to provide a relative comparison of the amount of dividends vs CFFO

Gearing at 22% with lower borrowings



1H ROACE continues to be high at 13%



# Leading corporate governance, world class talent development, and partnership with the Filipinos in nation building



Company of the year



Caring for the Community



Filipinos Recognized Globally

# Update on our key strategies





