



Third quarter 2018 results

Delivering a world-class investment case

Pilipinas Shell Petroleum Corporation
November 12, 2018

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This presentation contains forward-looking statements concerning the financial condition, results of operations and businesses of SHLPH.

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Summary



Key messages

- Positioned to deliver high dividend yield
- Strong free cash flow outlook
- Unchanged cash priorities
- Focus on capital discipline and high returns

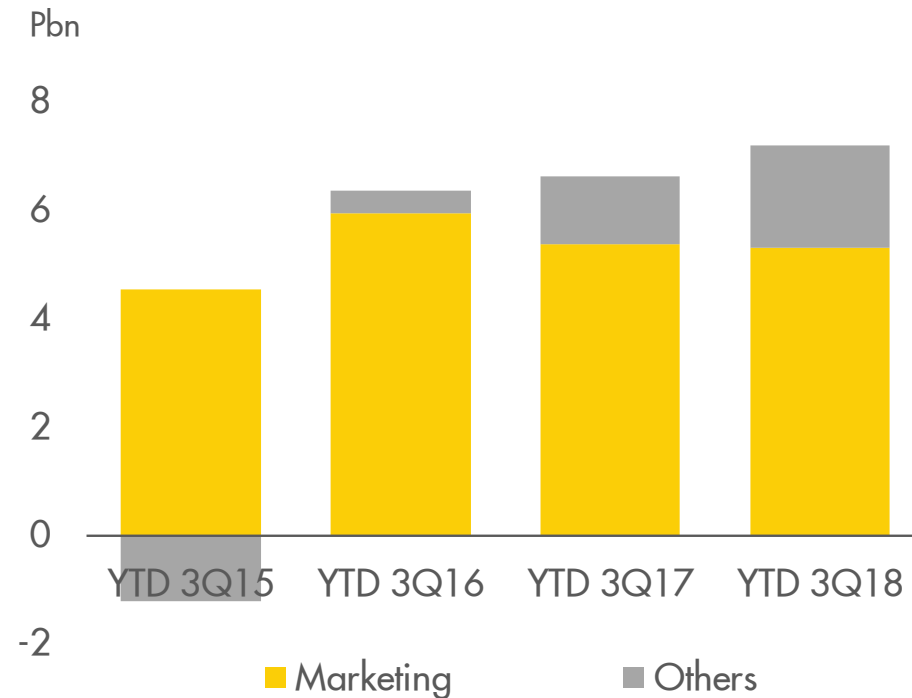
3Q 2018

- Provided competitive returns despite challenging environment
- Kept high premium fuel penetration on backdrop of rising prices
- Delivered first sale from new bitumen production facility

Financial highlights

Healthy earnings against backdrop of higher inflation and weaker Peso

Net income up 8% driven by resilient marketing earnings and inventory holding gains



Note: Marketing and overall earnings based on net income after tax. Marketing delivery based on internal estimates.

7.2 NIAT (PHPb); EPS +8.5% vs PY

4.2 Total volume (Bn litres)

8.8 Cash flow from operations (PHPb)

6.3 Free cash flow (PHPb)

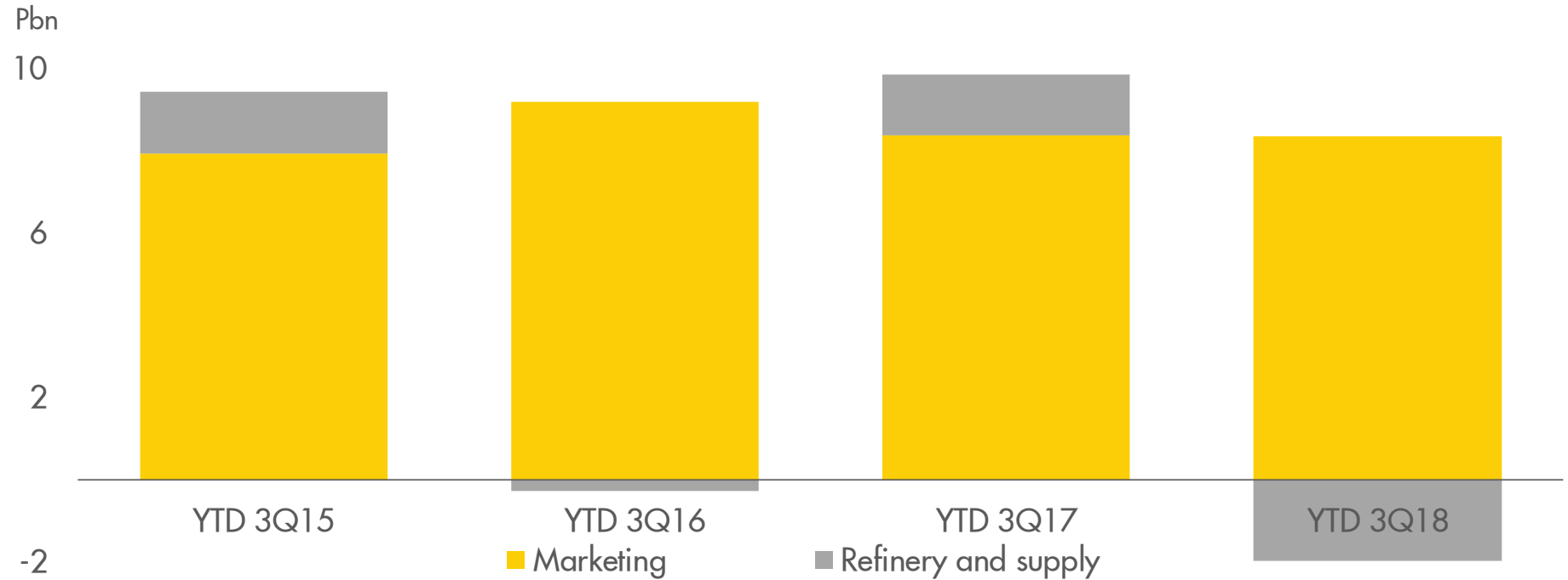
27 Rolling ROACE (%)

22 Gearing (%)

Robust marketing delivery, refining margins start to rise in 3Q

Marketing growth affected by high inflation in the short-term. Positive outlook in the medium and long-term as fundamentals remain strong

EBITDA adjusted for COSA stands at PHP6.4b



- ↑ Sales volume growth
- ↑ Strong regional refining margins
- ↑ Low unplanned downtime
- ↓ Refinery EURO IV upgrade

- ↑ Retail volume growth
- ↑ Premium fuel penetration
- ↓ Low regional refining margins
- ↓ Unplanned downtime

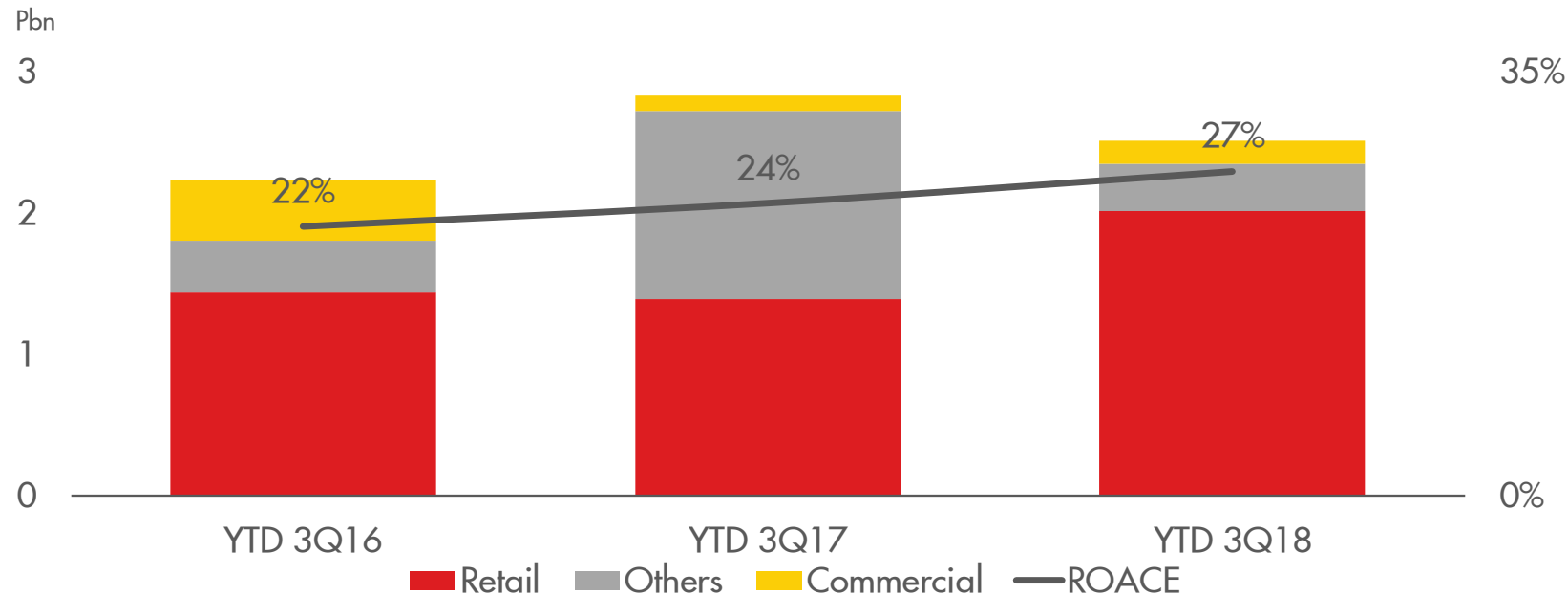
- ↑ Premium fuel penetration
- ↑ High regional refining margins
- ↑ Abandonment case provision reversal
- ↓ Two-month refinery turnaround

- ↑ Strong marketing delivery
- ↑ Premium fuel penetration
- ↓ Low regional refining margins
- ↓ One-month refinery pitstop
- ↓ Short-term demand impact from TRAIN implementation and high inflation

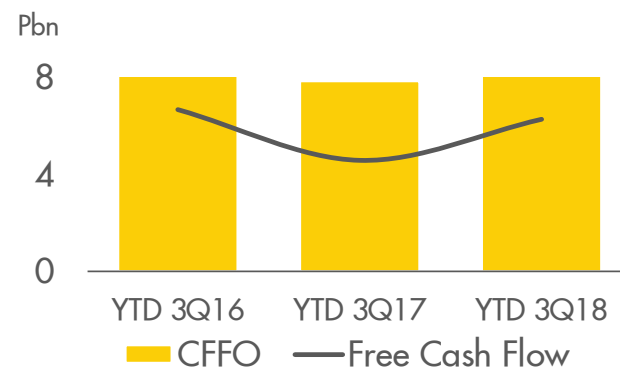
Note: Segmented figures are based on internal estimates.

PSPC continues to deliver industry - leading ROACE and robust cash flow

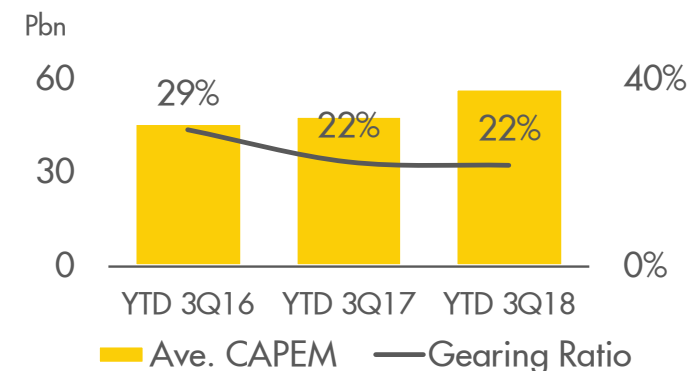
Capital Investments + ROACE



Cash flow from operations



Average capital employed + Gearing



CFFO remains strong at PHP8.8b

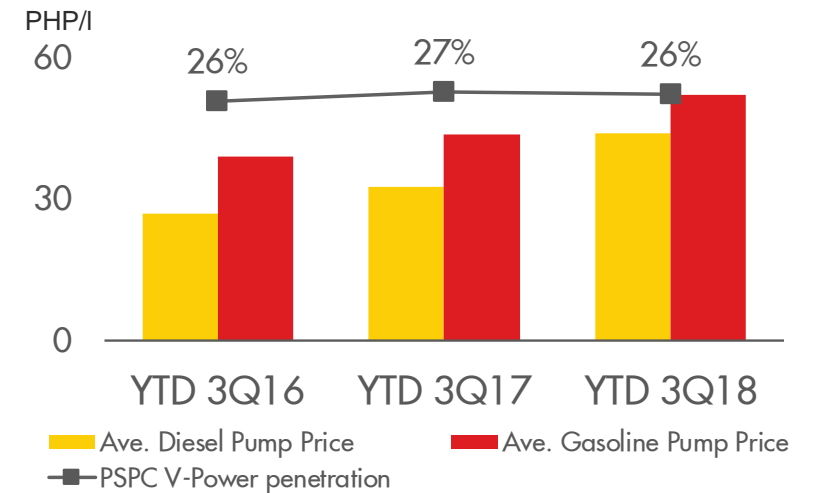
Notes: Return on average capital employed is defined as EBIT as a percentage of the average capital employed for the period. Capital employed consists of short-term borrowings and loans payable, and total equity. Average capital is calculated as the mean of the opening and closing balances of capital employed for that period. Net earnings based on net income after tax. Gearing ratio is defined as net debt (total debt less cash and cash equivalents) as a percentage of total capital (net debt plus total equity). It is a measure of the degree to which our operations are financed by debt.

Robust earnings despite ~25% increase in pump prices vs PY

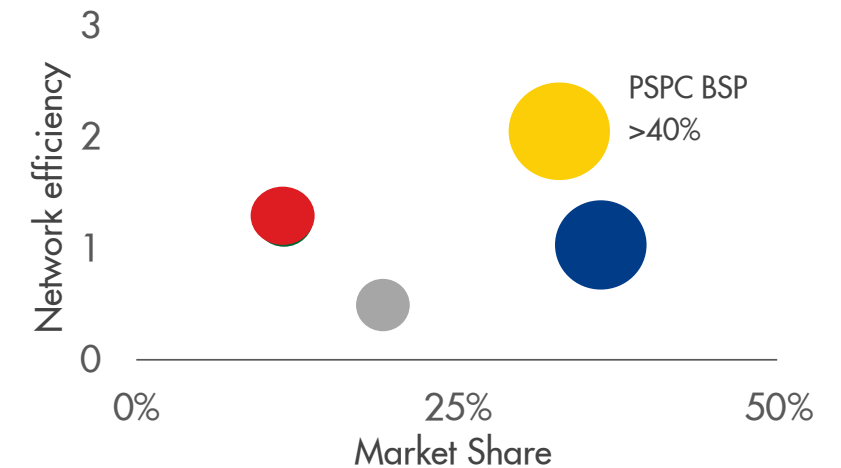


Remains most efficient in Philippines with 2.1x network efficiency over industry

V-Power penetration at par with FY16 level despite ~40% higher pump prices



Leader in brand share preference and efficiency



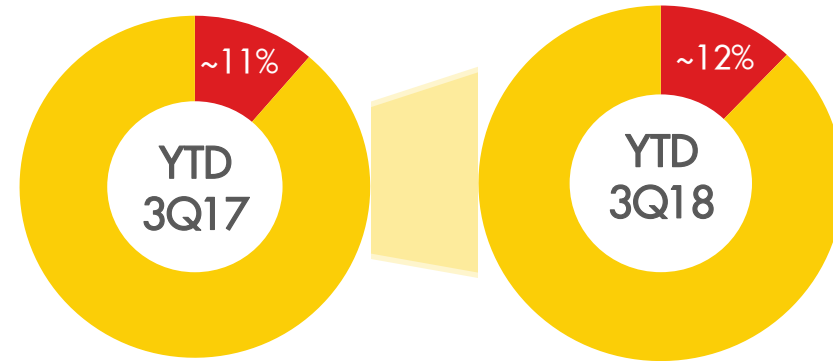
Circle size: Brand Share Preference

Non-fuels retailing business continues to enjoy double-digit growth

On track to delivery new store growth

Store count	Guidance	YTD 3Q18 New sites	Total
Select	15-20	27	129
deli2go	15-20	14	55
Lube bay	30-50	48	310

Non-fuels contribution to retail margins



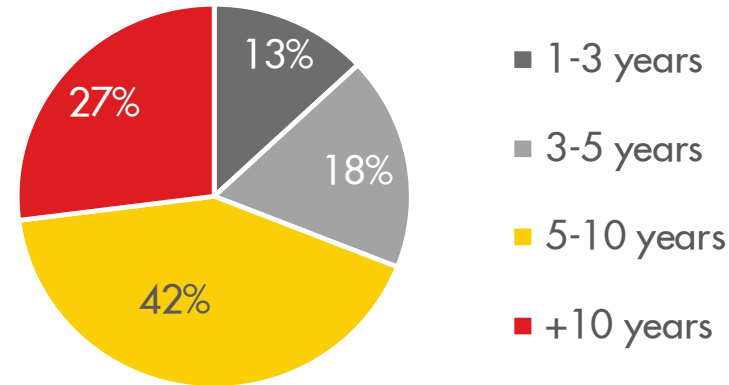
Convenience retailing continues to grow driven by higher same store sales and new entries

Increased premium product penetration in key segments

- Won 121 deals in commercial fuels
- Strong volume growth in aviation and bitumen



Maintained long relationship with partners



Commercial fuels

Higher premium penetration softens impact of decline in power sector demand

Aviation

Strong volume growth from new deals and higher liftings

Lubricants

Most preferred brand across different industries; higher premium penetration

Specialities (Bitumen + Sulphur)

- Bitumen production facility first sale in Q3
- Double digit growth in premium products
- New highway projects in Davao, East Visayas, and South Luzon

Marketing strategies supported by a reliable and efficient supply chain



Tabangao Refinery

- Slight recovery in regional refining margins from 1H2018
- Improved reliability with lowest unplanned downtime in past 5 years



North Mindanao Import Facility

- 18M man-hours free of Loss Time Incidents
- 99.3% on-time and in-full pick-up and road delivered

Trusted partner in nation building and leading corporate governance

Pilipinas Shell's advocacies are recognized locally and internationally



Asia Corporate Excellence Awards (ACES)

Pilipinas Shell was hailed as "Asia's Community Care Company of the Year" for its Movement Against Malaria and Gas Mo, Bukas Ko (You fuel my future) advocacies.

Agora Awards

The Philippine Marketing Association recognized Pilipinas Shell's Movement Against Malaria, Access to Energy program and IPO Local Small Investor Program as the "Most Outstanding Achievement in Advocacy Marketing"



Update on key strategies

Strategy



Selectively pursue profitable fuel opportunities



Maintain a reliable and efficient manufacturing and supply chain



Capture non-fuel related growth opportunities



Leading corporate governance and world class talent development

PSPC priorities

- Maximizing cash generation while maintaining competitive returns
- Disciplined expansion and capital allocation
- Attractive dividend policy

Delivery

- Delivered CFFO of PHP8.8b
- ROACE at 27%
- Provided 80% Dividend Payout Ratio for FY16 and FY17 audited Net Income

Key Projects



Sustained premium fuel penetration and on-target opening of new sites



Strong volume growth in Aviation



Double-digit growth in non-fuels retail



Delivered first sale from bitumen production facility in Q3

