



Q3 2020 Results

Delivering a world-class investment case

Pilipinas Shell Petroleum Corporation
13 Nov 2020

#MakeTheFuture

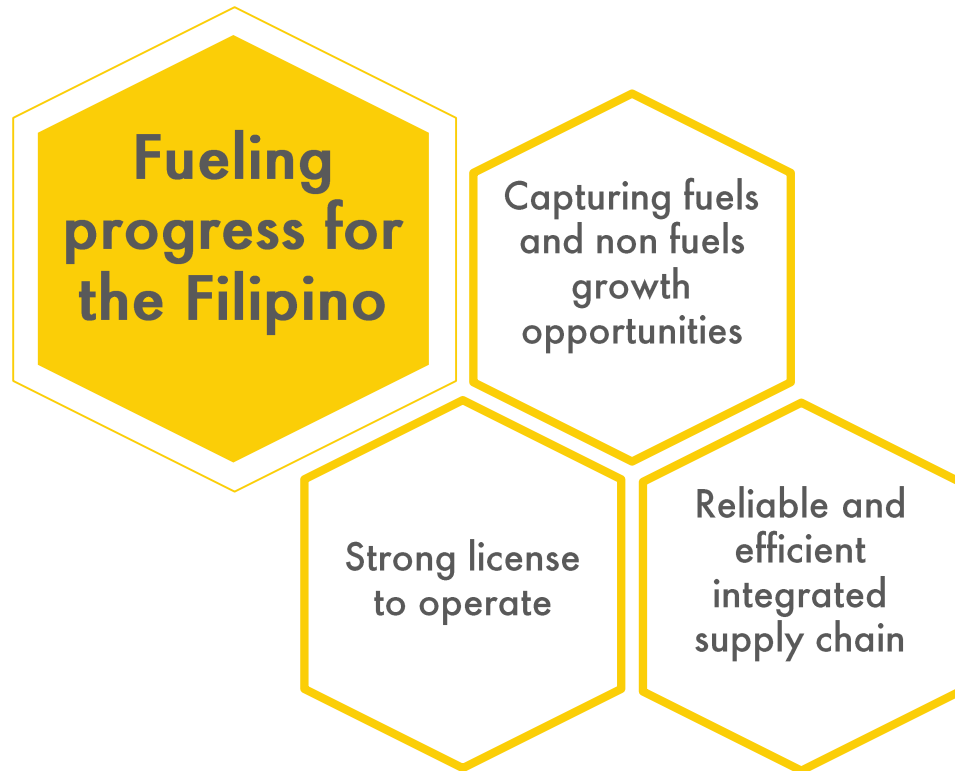
Definitions and cautionary note

References in this presentation to “our Company” or the “Corporation” and to “PSPC” refer to SHLPH. The words “we”, “us” and “our” are used to refer to SHLPH or to those who work for SHLPH.

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

All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management’s current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of SHLPH to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of SHLPH and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the disclaimer contained or referred to herein. Audience should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in SHLPH Annual Report for the year ended 31 December 2019 (available at <http://pilipinas.shell.com.ph/investors/financial-reports.html> and <http://edge.pse.com.ph>). These risk factors also expressly qualify all forward looking statements contained in this presentation and should be considered by the audience. Each forward-looking statement speaks only as of the date of this Report. Neither SHLPH nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation.

Summary



Key Messages

- Volume picks up as marketing benefits from bounce back strategies and quarantine measures relaxes
- Customers continued to be served safely nationwide, capitalizing on integrated supply chain flexibility

Strategies in place to thrive through the crisis

- **Care:** Protect employees, customers, and community
- **Continuity:** Enhanced supply chain network with new MR-capable terminal, scaled up targeted offers, strengthened customer loyalty through digital reach
- **Cash:** Exceeded the PHP2b cash conservation targets by Q3 through strict cost management and prioritization

YTD 3Q 2020

- PHP13.9b Net Loss driven by refinery one-offs and inventory losses
- PHP0.7b Core Net Loss (excl inventory losses, refinery one-offs)
- Php6.4 Normalized Net Loss (excl refinery one-offs)
- Retains financial resilience: gearing at 47% (41% excluding one-offs)

PH relaxes mobility restrictions in Q3 as daily active cases decrease, economy recovers

PH Economy recovers from 'worst' in 2Q20

Industries re-open; key consumer sectors not yet back to pre-COVID level

COVID-19 Pandemic

Refining Margins remain on negative territory

Economy picks up as 3Q GDP improves to -11.5% from 2Q GDP of -16.9%

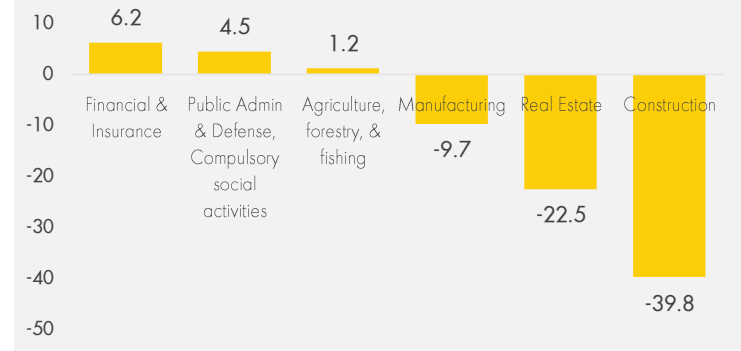
- Financial & Insurance, Public Admin and Agriculture sectors posted growth in Q3
- Manufacturing, Real Estate and Construction sectors still down

- Mobility restrictions in Luzon and key cities reduced from Modified ECQ for the first half of August to GCQ for the remainder of Q3 as daily active cases decrease
- Easing of lockdown measures coupled with marketing's bounce back strategies led to demand pick-up (Q3 up 23% vs Q2)
- GCQ extended until end Nov 2020

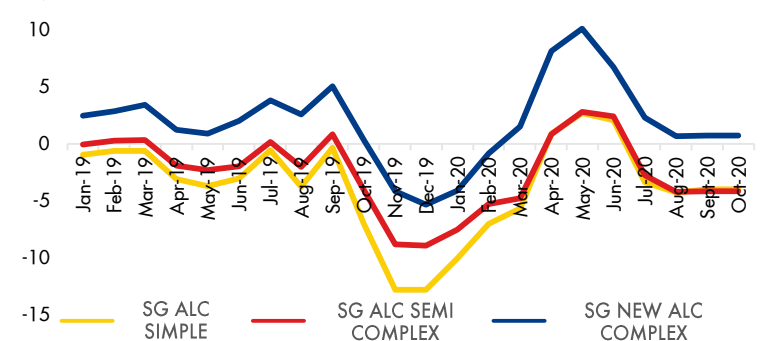
*GCQ = General Community Quarantine, ECQ: Enhanced Community Quarantine; definitions in next slide

Refining margins stayed in the negative territory the whole 3Q

3Q 2020 PH GDP Contributors (in percentage growth)



Key GRM markers remain depressed



Average Refining Margins of SG Arab Light Crude Refinery markers as reported on Mean of Platts Singapore (MOPS). Pilipinas Shell's refinery operations last 1H20 maintained a \$2-3/bbl margin over this marker.

Philippine Quarantine Timeline and Impact on PSPC Volume Delivery

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
METRO MANILA and LUZON *HUCs	Pre-Enhanced Community Quarantine (ECQ)		ECQ		Mod. ECQ	General Community Quarantine (GCQ)		Mod. ECQ	GCQ	
			ECQ Extension 1	ECQ Extension 2		GCQ Extension 1		GCQ Extension 2	GCQ Extension 3	
MAJOR VISMIN CITIES/ PROVINCES	Pre-Enhanced Community Quarantine		ECQ		Modified/GCQ (discretion left with LGUs)		Mod. ECQ	Modified GCQ		
			▲ As declared by LGUs	▲ As declared by National Government		GCQ Extension 1		GCQ Extension 2	GCQ Extension 3	
CEBU CITY	Pre-Enhanced Community Quarantine		ECQ		GCQ	ECQ	Mod. ECQ	Modified/GCQ		
			ECQ Extension	ECQ Ext 2	ECQ Extension 3	ECQ Extension 4		GCQ Extension 1	GCQ Extension 2	
PSPC VOLUMES vs PY		Jan 1–Mar13	2H Mar	April	May	June	July	August	Sept	YTD 3Q20
	Retail	Flat	-55%	-66%	-45%	-29%	-26%	-37%	-19%	-29%
	Commercial	+16%	+20%	-33%	-7%	-19%	-10%	+2%	-2%	-4%
	Aviation	+16%	-57%	-83%	-78%	-80%	-80%	-78%	-74%	-55%
	Lubricants	+7%	-55%	-65%	-65%	-34%	-21%	-16%	-8%	-29%
	Specialities	+16%	-87%	-91%	-88%	-77%	-87%	-73%	+25%	-61%
	Total Marketing	+6%	-34%	-58%	-36%	-30%	-26%	-28%	-17%	-23%
	Total PSPC	-1%		-22%	-26%	-18%	-28%	-31%	-12%	-14%

Quarantine restrictions

- Not Allowed
- Allowed with safety protocols
- Allowed but with high restrictions

RETAIL

	Public	ECQ	MECQ	GCQ
Bus				
Jeepney				
Transport network				
Public shuttle				
	Private	ECQ	MECQ	GCQ
Company Shuttle				
Personal Vehicle				

COMMERCIAL

Sector	ECQ	MECQ	GCQ
Entertainment/Recr			
Tourism			
Construction		~*BBB only	
Logistics Services	~Essential logistics only	~Essential + 50% workforce	
Manufacturing			
Utilities			
Energy			
Mining/ Quarrying			
Cement/Steel			

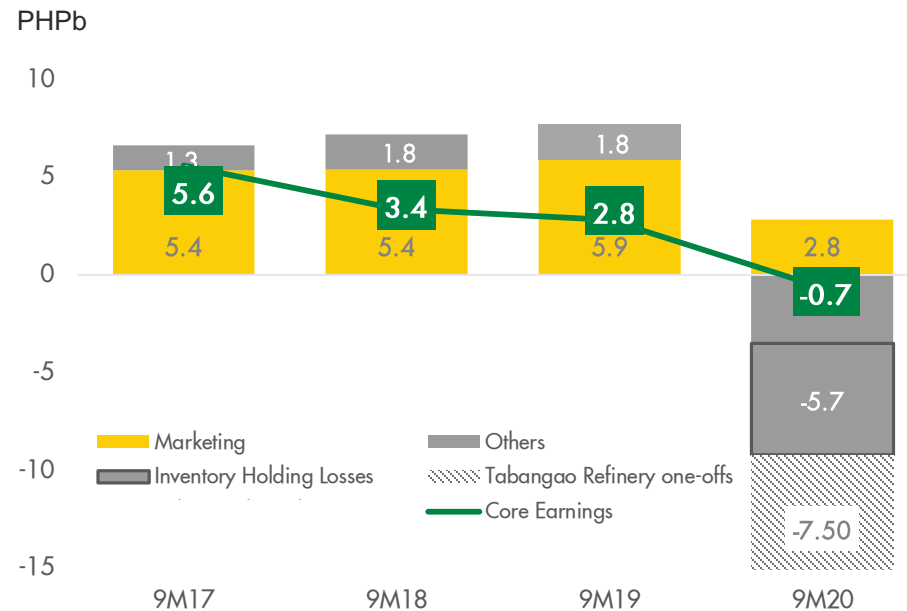
*BBB = PH Government's Build Build Build Program

Note: HUC = Highly Urbanized Cities (e.g. Laguna, Pangasinan, etc.). Major cities/provinces in the Visayas and Mindanao regions include Iloilo province, Aklan province, Cebu province; Davao City, etc. Under the Enhanced Community Quarantine (ECQ), malls and public establishments were closed, public transport via land, sea and air suspended, mass gatherings prohibited, and people were only allowed to leave their homes to access basic necessities. ECQ excludes essential industries: (a) basic utilities and critical services (e.g., oil and gas, water, electricity, internet, telecommunication); (b) production, processing and distribution of basic necessities (e.g., food, pharmacies, banks).

Financial highlights

- Core net loss at PHP0.7b up from Q2's PHP0.9b
- PHP13.9b net loss driven by refinery one-off charges (PHP7.5b) and inventory losses (PHP5.7b)
- On full import mode since mid-May 2020

YTD 3Q20 books net loss of PHP13.9b



Core earnings is defined as NIAT less inventory losses (net of tax) less one-off events (e.g. refinery impairment and D&R Provisions).

Net income/loss after tax figures include inventory holding gains/losses, net of tax for the following years: YTD3Q17 (PHP6.6b gain), YTD3Q18 (PHP7.2b gain), YTD3Q19 (PHP4.4b gain) YTD3Q20 (PHP13.9b loss); Volume split as follows: Retail (45%), Commercial (36%), Others (19%).

(6.4) Normalized Earnings (PHPb)
Excluding one-off items

(13.9) NIAT (PHPb)
Core Net Loss at PHP0.7b

3.7 Total volume (Bn litres)

0.6 Cash flow from operations (PHPb)

(32) ROACE (%)
9M2020

47^a Gearing (%)
Gearing excluding one-off items at 41%

(1.9) Retained Earnings (PHPb)
Unappropriated

^a Increase in gearing driven by lower equity arising from the recognition of one-off items of the refinery operations cessation



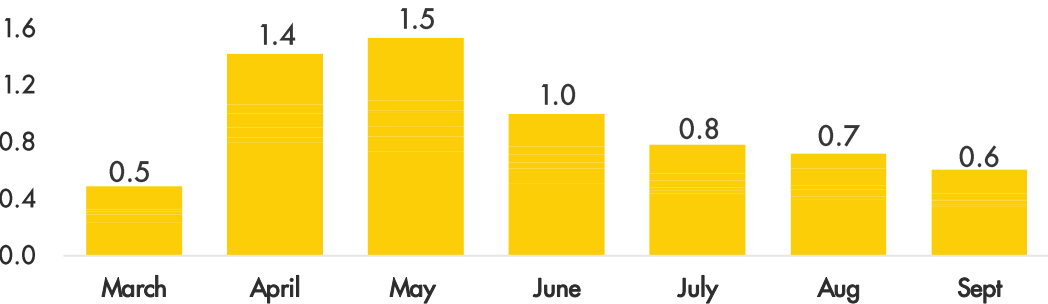
PHP2.5b

Delivered cash savings vs PHP2b target

- Strict cost management & optimizations across businesses enabled early target delivery
- No employee discretionary bonus for 2020 performance
- No dividend payout for the year

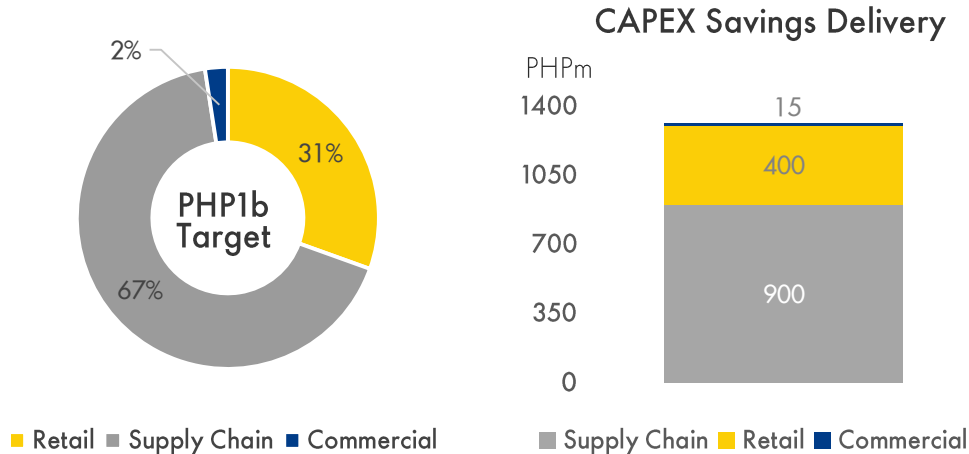
Drive to speed up receivable collection continues

Aged receivables decreasing month on month
PHPb



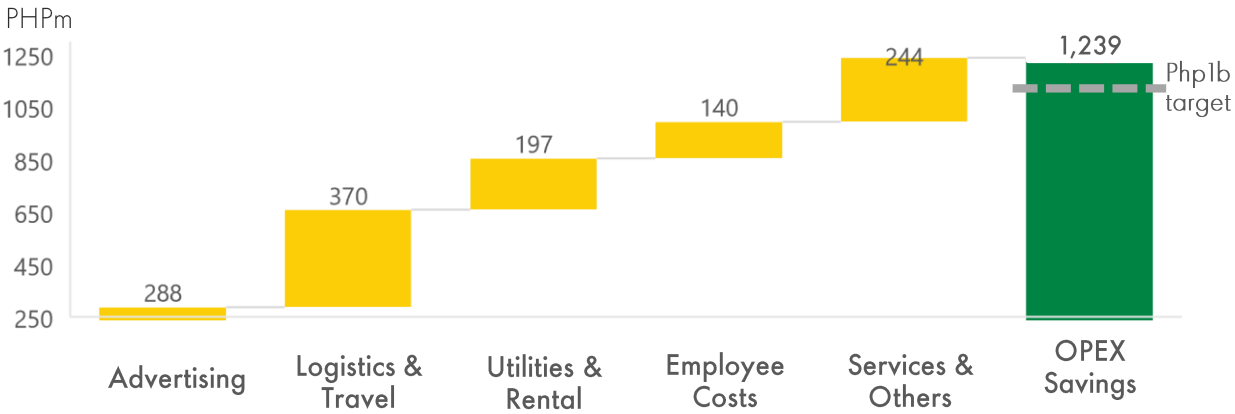
Delivered PHP1.3b CAPEX savings vs PHP1b target

(from PHP5b to PHP4b reduced 2020 CAPEX Target)



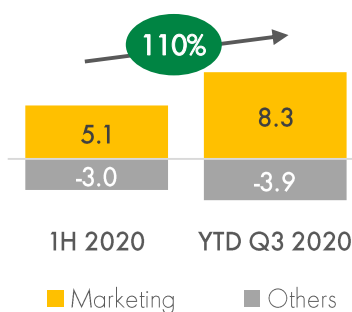
Delivered PHP1.2b OPEX savings vs PHP1b target

(excluding depreciation and amortization)

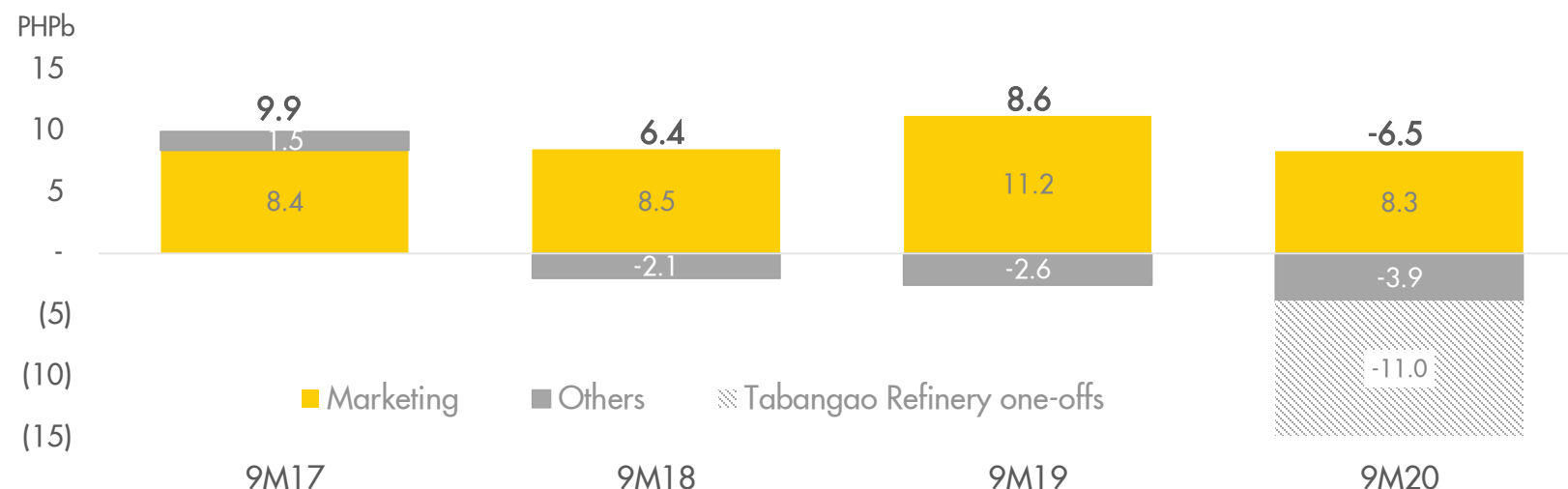


Core EBITDA adj for COSA more than doubles vs 1H 20 levels due to strong marketing delivery and OPEX savings

Core EBITDA adj for COSA excluding one-offs



9M2020 EBITDA Adjusted for COSA excluding one-offs at **PHP4.4b**



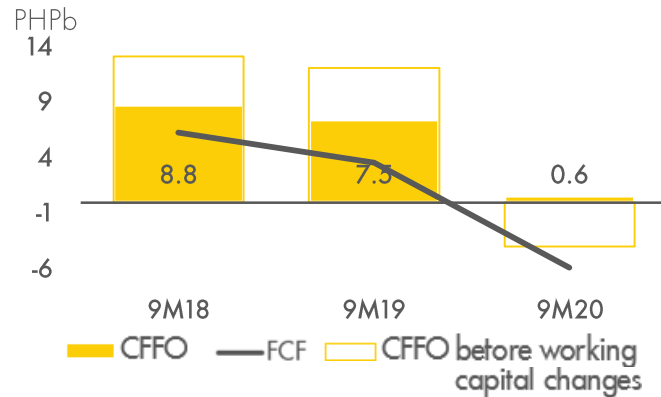
Note: Segmented figures based on internal estimates. Cost of Sales Adjustment (COSA) approximates inventory gains/losses incurred due to crude and oil price fluctuations. Using the first in first out method of accounting, cost of goods sold reflect FIFO costs while revenues reflect current prices. The timing difference creates a significant impact on cost of sales. As a general rule, an increase in crude prices will create an inventory gain while a drop in crude prices will lead to an inventory loss. COSA is removed to reflect the underlying performance of the business. This methodology calculates the cost of goods sold as the monthly average of goods purchased and is consistent with the basis of reporting used by other oil refining groups.

Marketing	<ul style="list-style-type: none"> ↑ Premium fuel penetration ↑ Abandonment case reversal ↑ High Refining Margins 	<ul style="list-style-type: none"> ↑ Premium fuel penetration ↑ Strong marketing delivery 	<ul style="list-style-type: none"> ↑ Premium fuel penetration ↑ Strong marketing delivery ↑ Manufacturing Cost Optimizations 	<ul style="list-style-type: none"> ↑ Premium fuel penetration ↑ Php2.5b OPEX & CAPEX savings ↓ Demand decline due to COVID-19 lockdowns (down 23% vs PY)
	<ul style="list-style-type: none"> ↓ Two-month refinery Maintenance Shutdown 	<ul style="list-style-type: none"> ↓ Low regional refining margins ↓ One-month refinery pitstop 	<ul style="list-style-type: none"> ↓ Further decline in regional refining margins ↓ One-month refinery pitstop. IMO 2020 preparation 	<ul style="list-style-type: none"> ↓ Refinery one-off costs ↓ Drastic decline in crude prices

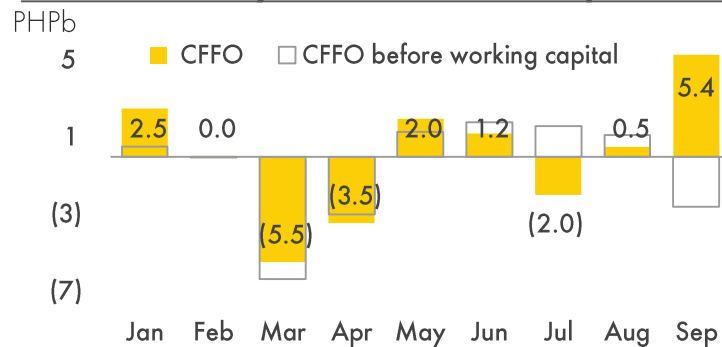
Note: Refining margins pertain to Arab Light Semi Complex refining margins based on MOPS. Pilipinas Shell maintains a \$23/bbl margin over this marker. EBITDA adjusted for COSA Marketing split: Retail (~80%), Commercial (~20%); EBITDA adjusted for COSA in 2019 and 2020 presented using IFRS16. Prior year periods presented in PAS17. In implementation of IFRS16 in 2019, PSPC adapted the modified approach which does not require adjustment of prior periods.

Volume growth from bounce back strategies, easing of lockdown, and cash savings temper impact of pandemic

Cash flow from operations (YoY)

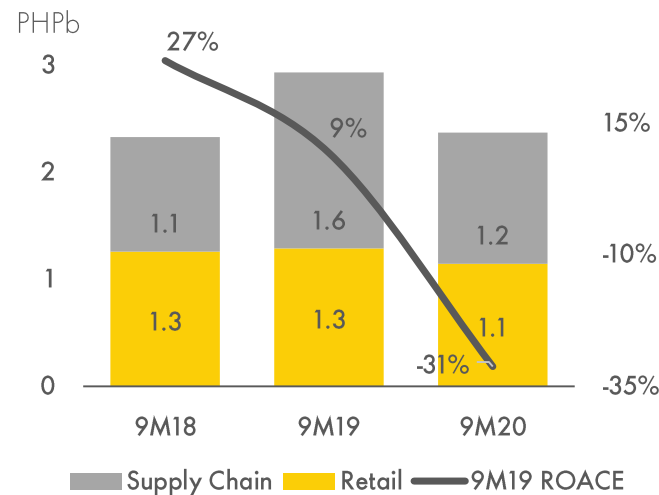


2020 Monthly cash flow from operations



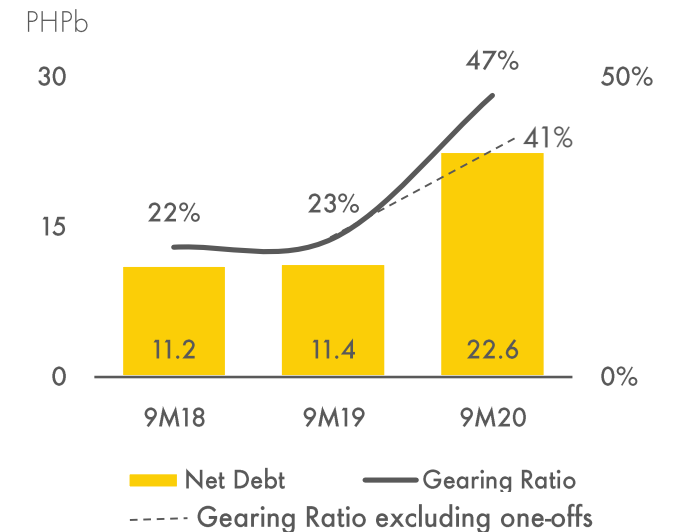
CFO now **positive** as volume recovers and as supported by cash conservation initiatives

Capital Investments + Rolling ROACE



Delivered ~PHP2.3b CAPEX to grow retail footprint (46%) and strengthen supply chain (50%)

Net debt + Gearing

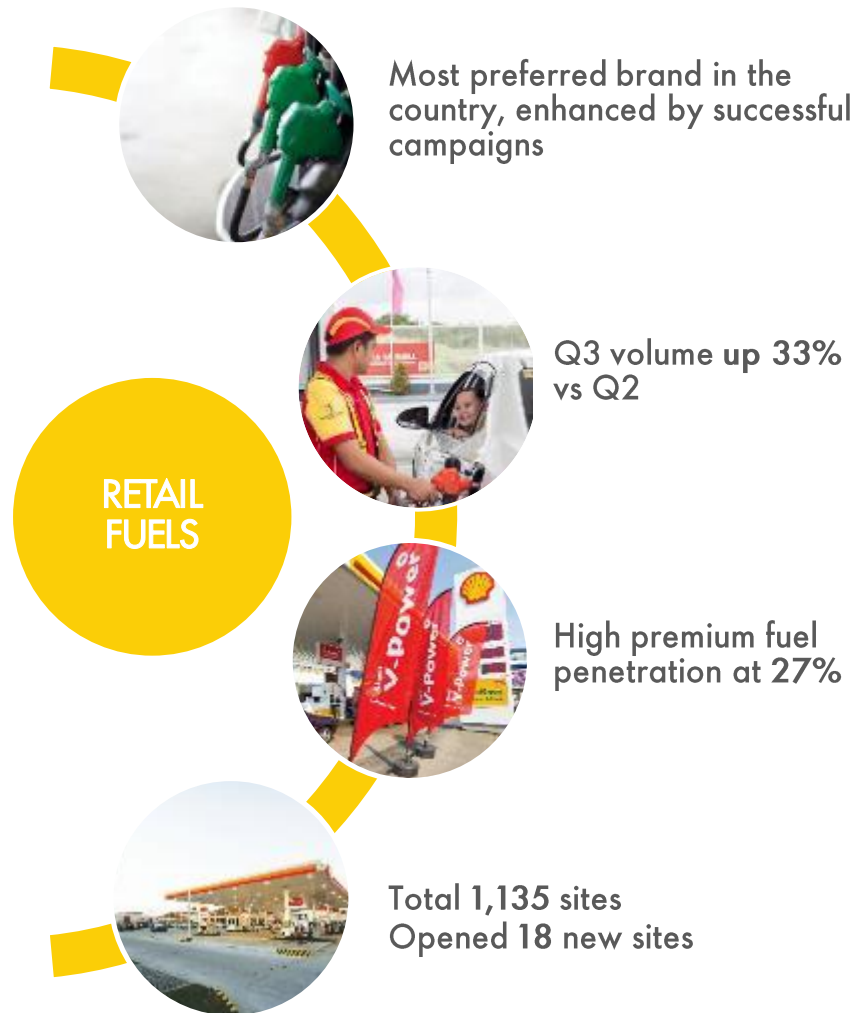


Net debt slightly increases from 2Q20 levels. Gearing ratio up due to recognition of refinery one-off items

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.

Retail reaps benefits from bounce back strategies and evolution of targeted offers under the new normal

Retail stations remained open to serve the fuel needs of Filipinos



Localized campaigns implemented nationwide



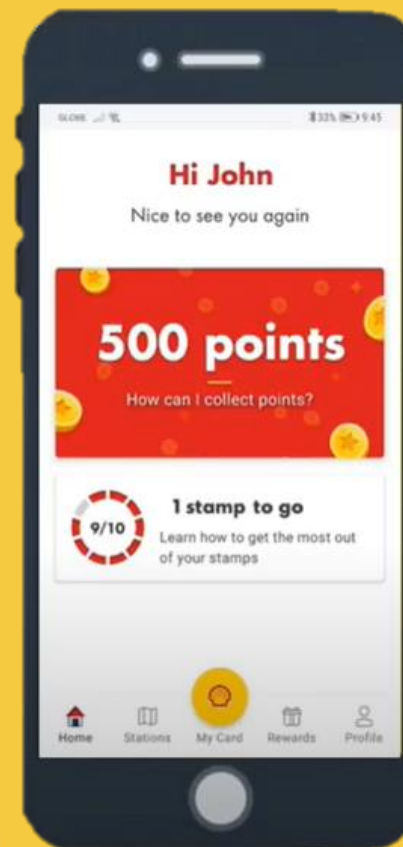
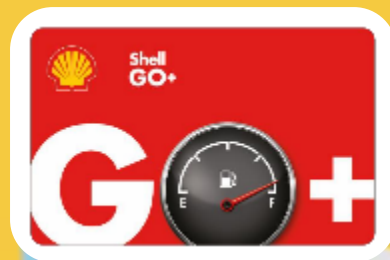
Launched dedicated V-Power biker lanes

A pioneering targeted campaign to an increasing segment



Shell GO+

THE NEW LOYALTY PROGRAM OF SHELL
THAT **LIFTS EVERYDAY JOURNEYS**
WITH EXCLUSIVE ACCESS TO EXCITING
REWARDS AND **PRIVILEGES** ON AND
OFF THE ROAD



- ☐ EARN POINTS
- ☐ REDEEM REWARDS
- ☐ ENJOY MEMBER BENEFITS
- ☐ MANAGE ACCOUNT REAL-TIME
- ☐ GET PERSONALIZED OFFERS



DOWNLOAD THE APP TODAY!



Extensive innovative campaigns across segments boosts sales

In Picture: Various promotions implemented in Q3 improved premium sales in SHOC+ & enabled Select to deliver highest sales since the lockdown

12% Non-fuels contribution to retail gross margins

+56% Increase in 3Q NFR Income vs 2Q
9M2020Down 24% vs PY

New store openings

	Guidance	YTD 3Q20	Total
Select & deli2go	15-20	6	148
SHOC+/HSC	20-30	15	387

Note: Shell Helix Oil Change (SHOC+) and Helix Service Center (HSC)

SHOC+ sales boosted through Shell Helix activation

Free car sanitation services also offered on packages.



Expanded Ready-To-Cook Select Options

Max's Group frozen food selections available in Select



Scaled up partnerships with key delivery companies to reach more customers. More than 100 stores now offering delivery services.



Contactless payment option made more available in-stores. More than 500 stores now offering contactless payments.



Continued New Normal Offerings & Services

Car Care Home Services and Select mobile stores



Assurance and Community Offers Nationwide

Face masks & local produce made available in-store



Volume picks up as lockdown eases, expanded customer-centric offerings implemented

In Picture: Shell Lubricants supported ~1,000 trade partner stores nationwide with COVID-19 Safety Merchandising; Benefit-led products launched to meet specific customer demand & needs

Commercial fuels

- Essential sector volumes continue to pick up
- New customer wins from power & manufacturing
- Opportunity in cement & steel to serve the demands of infrastructure projects

Aviation

Slight volume improvement from 2Q, but remains down due to international and domestic flight cancellations

Lubricants

- New wins in power sector
- Premium penetration exceeds PY levels
- Expanded product & services offered to further increase customer base

Specialities (Bitumen + Sulphur)

- BituFresh Air premium sales in VisMin accounts pushed, marketed to support customers' sustainability agenda
- Delays in construction projects seen due to COVID-19 and unfavorable weather

SHELL BITUMEN

FRESHAIR

40% Less

SO_x No_x VOC PM CO

upon application vs conventional bitumen

Sulphur oxides (SO_x), nitrogen oxides (NO_x), Volatile Organic Compounds (VOC) & particulate matter (PM)



A WORLD-CLASS SUPPLY CHAIN NETWORK

TABANGAO IMPORT FACILITY

- Serves Metro Manila, Southern Luzon and Northern Visayas demand
- MR-Import Capable Terminal
- 263ML available capacity



NORTHERN MINDANAO IMPORT FACILITY

- Serves the Visayas & Mindanao demand
- MR-Import Capable Terminal
- 90ML finished products capacity

NEW! SUBIC IMPORT FACILITY

- Operational since Oct 2020
- Serves the Northern Luzon demand
- MR-Import Capable Terminal
- 54ML finished products capacity



UPDATE ON TABANGAO CONVERSION

2020: FULLY OPERATIONAL IMPORT FACILITY & DESIGNING FUTURE FOOTPRINT

- Asset Selection & Systems Review
- Commercial Reviews
- People Readiness
- Inventory optimization and Tank Conversions (simple)

2023: FUTURE-READY ASSET TO MATCH GROWING DEMAND onwards

- Enhance long-term import & cost competitiveness
- Support giant growth market
- Finalize technical requirements
- CAPEX upgrades & new builds

WHAT TO EXPECT FROM THE TABANGAO REFINERY CONVERSION?

- 1) Progressive transformation into a world-class import facility until 2023 with over PHP1b capital investment plan.
- 2) Large capacity fuel tanks with fast transfer rates for efficient marine discharge and loading operations.
- 3) Fully connected terminal system with the integration of truck gantry facility and a new 3rd automated Bottom Loading facility.

Q3 2020 Pilipinas Shell Wins

NEW WINS



Pilipinas Shell wins Capital Finance International's Best Energy Corporate Governance – Philippines 2020

The CFI.co judging panel approves of the Company's adaptive business approach and long-term commitment as a partner in nation building, guided by its core values of honesty, integrity and respect for people.

PARTNERSHIPS



Pilipinas Shell supports the Inga Angat campaign

- a private sector-led consumer confidence program that aims to support the acceleration of testing capacity, isolation, and treatment centers in response to the COVID-19 pandemic.

NEW WINS



TVS Motor Company names Shell as its official fuel partner in the Philippines recommending Shell V-Power fuels across its portfolio.

From mopeds to racing inspired motorcycles, TVS is one of the leading two- and three-wheeled vehicle manufacturers in the world exporting to over 60 countries and with over 1000 outlets across the country. From hereon, new TVS bikers will get pre-loaded Shell Go+ card which will allow them to earn and pay using loyalty points when they purchase Shell quality fuels, lubricants and convenience retail items.

Continue successful rebound strategies

- Be a World Class Investment Case
- Thrive in the Energy Transition
- Partner in Nation-Building



FY2020 TARGETS

GOAL ZERO COMMITMENT

No fatality; 0 Lost Time Injury;
0 spills & environmental non-compliance

PHP4b

Target Capital Expenditure

Reduced from PHP5b initial plan

PHP1b

Target OPEX Savings

No employee discretionary bonus for 2020 performance
No 2020 dividend payout

1. Leverage balance sheet strength
2. Proactive working capital and cashflow management
3. Seize opportunities as Philippines recovers from COVID-19



RETAIL and NON-FUELS RETAIL

Further grow the business with Integrated Retail Offers while maximizing assets

Deliver customer-centric sites with fuels, NFR (convenience retail, clip-Ins, lubes, co-locators), and B2B offers while optimizing retail space and implementing sustainability solutions. Redefining offerings for consumer needs under the new normal.

40-50

New Retail Sites

15-20

New Select and Deli2Go stores

20-30

New Helix Oil Change centers

Strategic location • Relevant Offers • Excellent Service • Innovation



COMMERCIAL

Commercial and Lubricants

Leverage on technology to ensure continued supply across new and existing customers while pushing differentiated fuels

Specialities

Secure BBB projects, capitalize on strong VisMin position, introduce fit-for-purpose product solutions

Aviation

Seize tactical opportunities, highlight innovative customer value propositions



INTEGRATED SUPPLY CHAIN

Integrated supply chain flexibility

Refinery Transformation Delivery

Successfully transform the refinery into a world-class import terminal

Safe, Reliable & Resilient Operations

Deliver cash conservation targets while ensuring operational excellence

Our commitment



Pilipinas Shell Petroleum Corporation

1. We are here to stay. We intend to grow our business and will continue making the right decisions to deliver a world-class investment case
2. We move forward confidently towards recovery, as a partner in nation building, through our robust bounce back strategies and disciplined investment
3. We recognize the growth potential of the Philippines and have developed plans to thrive in sync with the country's economic progress

Senior Management Appointment

CHIEF FINANCE OFFICER



REYNALDO 'REY' ABILO
Chief Finance Officer
Vice President-Finance Treasurer
– effective 01 Jan 2021

Rey is currently Pilipinas Shell's Chief Audit Executive.

He ensures the adequacy and effectiveness of the Company's overall internal control system. Rey has over 15 years of experience in audit, accounting, economics, strategy development, business performance management, and commercial decision support.

A Shell Finance and Strategy Leader with multi-business experience locally and globally

- 2016-17, Special Projects Advisor supporting Royal Dutch Shell's Marketing Growth Strategy
- 2012-16, Royal Dutch Shell Global Planning & Appraisal Manager for Marine Lubricants as well as the Project & Economics Lead for Global Commercial
- 2009-12, PH Retail Economics Manager. A Royal Dutch Shell CFO Awardee and Downstream Director Award Winner for Dealer Operated Platform Strategy

Others

- A CPA Board Topnotcher.
- A member of the Institute of Internal Auditors Philippines (IIA-P), Philippine Institute of Certified Public Accountants (PICPA), and Financial Executives Institute of the Philippines (FINEX).
- Prior to Shell, Rey worked in Ernst & Young and Colgate-Palmolive for a number of years in various finance positions in supply chain, sales and marketing.

Q&A

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