



3Q 2023 INVESTOR BRIEFING & MIDPOINT STRATEGY REFRESH

SHELL PILIPINAS CORPORATION

November 15, 2023

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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 2022 (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 Investor Relations Pack, 15 November 2023. 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.



1

Financial Performance

YTD 3Q 2023

Executive Summary



Key Messages

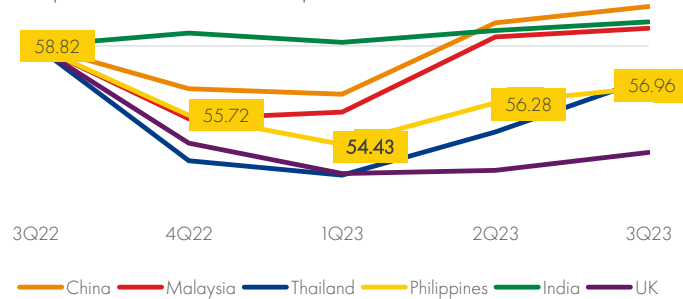
- Net income grew to P2.1 billion as marketing continues to grow and inventory holding loss reverses
- Higher premium product penetration achieved across businesses despite higher inflation and interest rates
- CFFO improved by ~P2.9B in Q3, driving gearing down to 55% from 57% in June
- Expanding sustainability efforts while pursuing more & cleaner energy solutions today & for the future.
- Identified refreshed strategies to incorporate changes in the competitive landscape and industry shifts

Q3 PH GDP up from Q2 but lower vs prior years. Tripling of interest rates, Peso depreciation, and high inflation continue to be felt

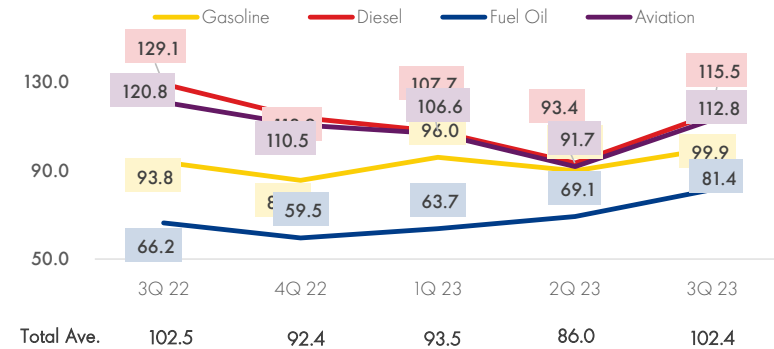
GLOBAL

USD further strengthens in 3Q 2023

Comparison vs USD as of Sept 2023



Fuel prices climb to 10-month high due to tighter supply forecast

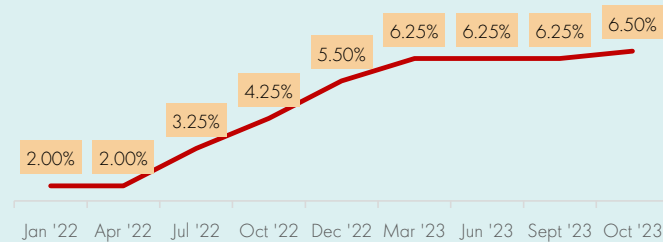


LOCAL

GDP growth for next 2 years is forecasted to fall within gov't target of 6% - 7%



BSP raises rates in off-cycle hike by 25bps to 16-year high; still >3x 2022 rates



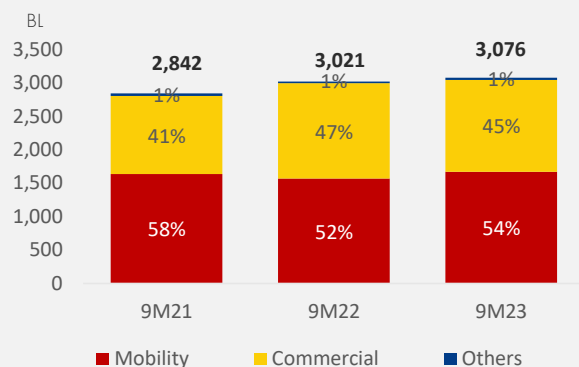
Sources: Exchange rates: China, Malaysia, India, UK, Thailand, Philippines; Inflation: China, Philippines, Malaysia, India, Thailand, US, UK; Mean of Platts Singapore; Unemployment rate; Household Consumption; PH GDP; GDP forecast; BSP Interest Rates

PHP2.1b NIAT rebounds from 1H: strong marketing delivery & inventory loss reversal offset by higher borrowing costs



Net Income After Tax
PHP2.1b
vs PHP4.4b in prior year

Fuels Volume



On-time, In-Full
96%



Core Earnings (excl. COSA & one-offs)
PHP1.6b
vs PHP1.8b in prior year

One-offs: PHP0.1b inventory holding gains, impairment reversal & tax impact of +PHP0.4b



ROACE (rolling 12 months)
9%
Discrete 1H 2023 at 3%



Cash flow from operations
PHP0.9b
CFFO excl. working capital at +8.2b



Gearing
55%
vs 57% in 1H 2023



NFR Income (Operating Profit)
PHP2.1b
+14% vs prior year
+37% vs 9M 2019



New Mobility Sites
30
14 CO; 16 DO; 9 disposals



Shell V-Power (B2C)
28%

vs 27% in prior year

FO Plus
42%

vs 32% in prior year

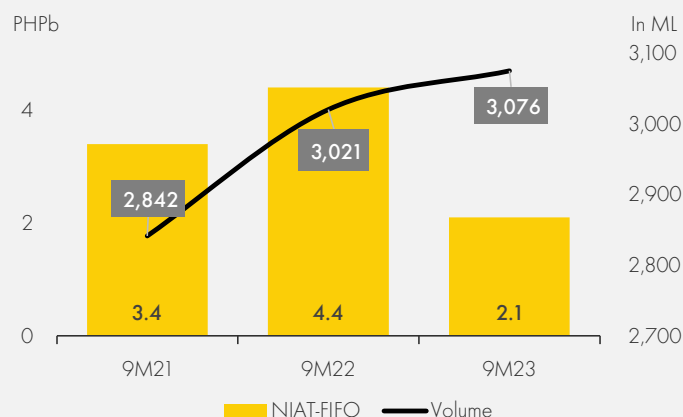
Premium Lubes (incl Mobility)
22%

vs 21% in prior year

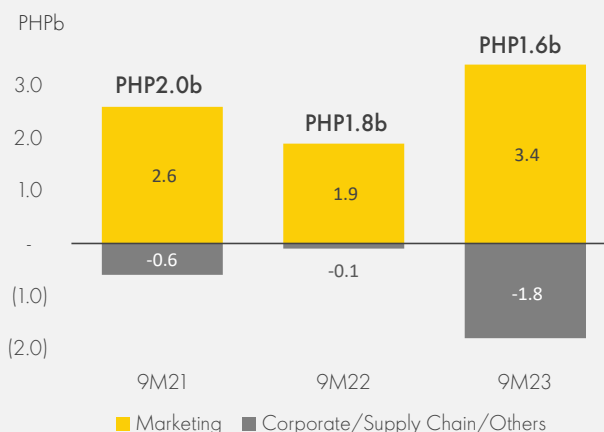
Marketing net income up 30%

- 1H 2023 inventory loss reverses in Q3 but remains lower vs PY
- Sales volume up 2%, while increasing premium penetration across key products

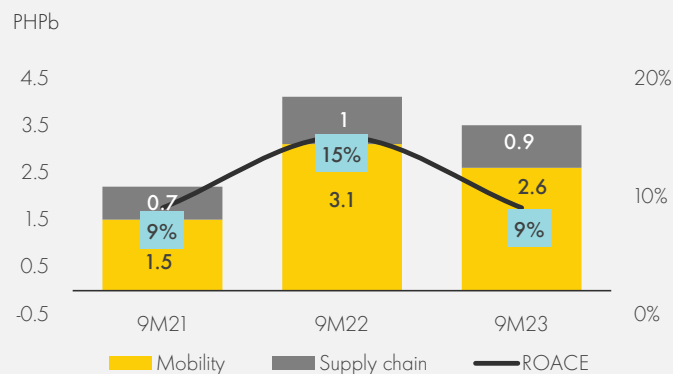
Overall Net Income & Core Earnings



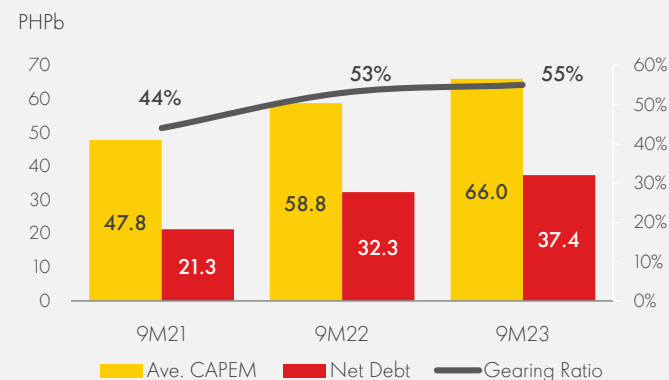
Core Earnings Breakdown



Capital Investments + Rolling ROACE



Borrowings + Gearing



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.



2

Midpoint Strategy Refresh

A midpoint review on the Strategy Day commitments with refreshed strategies

Philippines is an important growth country for Shell

Key highlights



Robust Economic Growth

Ave GDP growth rate of **6.9%** from 3Q 2021 to 3Q 2023. Gov't forecasts **6-7%** for 2023 & 2024.



Increasing population

116 million Filipinos; ave. age of 24.1 (World at 30.5, US at 38.5, UK at 40.6)

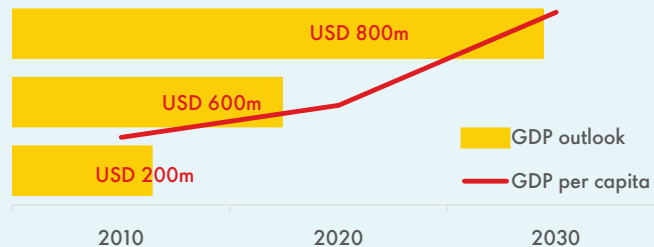


Fully deregulated market

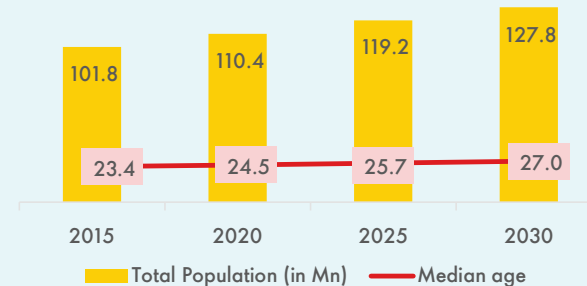
Pricing & investments are dictated by market forces.

PH to become a trillion-dollar economy by 2033, aided by high GDP forecast & higher consumer spending.

Supported by increasing public investment and private spend.



Growing population with younger age profile. Unemployment rates on a downtrend from 5.1% in 2019 to 4.6% in 2023.



PH GDP ranking outlook at 19th by 2050

PH Top 5 on average GDP growth

2016	Rank	2050
China	1	China
USA	2	India
India	3	USA
Germany	4	Indonesia
Germany	5	Brazil
Russia	6	Russia
Brazil	7	Mexico
Indonesia	8	Japan
UK	9	Germany
France	10	UK
Mexico	11	Turkey
Italy	12	France
South Korea	13	Saudi Arabia
Turkey	14	Nigeria
Saudi Arabia	15	Egypt
Spain	16	Pakistan
Canada	17	Iran
Iran	18	S. Korea
Australia	19	Philippines
Thailand	20	Vietnam

Philippines 28

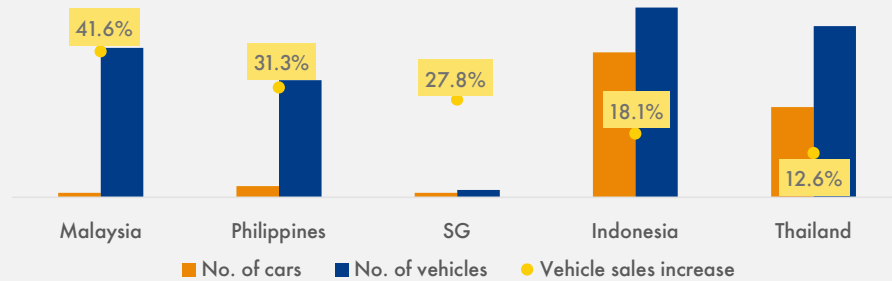
Source: S&P Global

Source: Euromonitor International

Source: PwC

PH energy industry is primed to grow as transport increases

PH with 2nd biggest vehicle sales growth in 2023



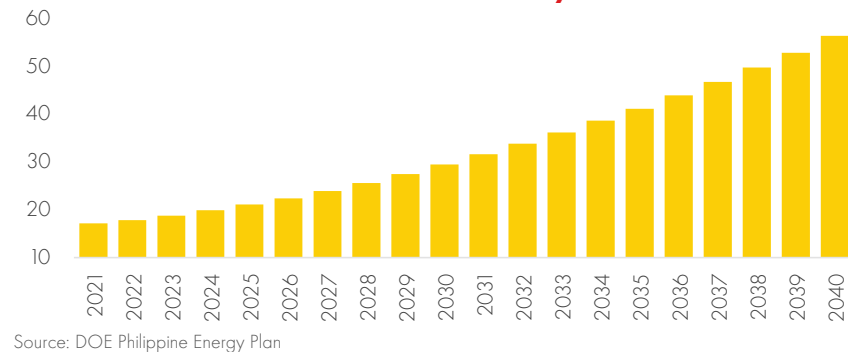
DOE's Electric Vehicle Industry Development Act

- Under the BAU scenario, EV fleet share is projected at 10% of the total projected vehicle fleet by 2040.
- Growth is dependent on new incentives & smoother permitting process.

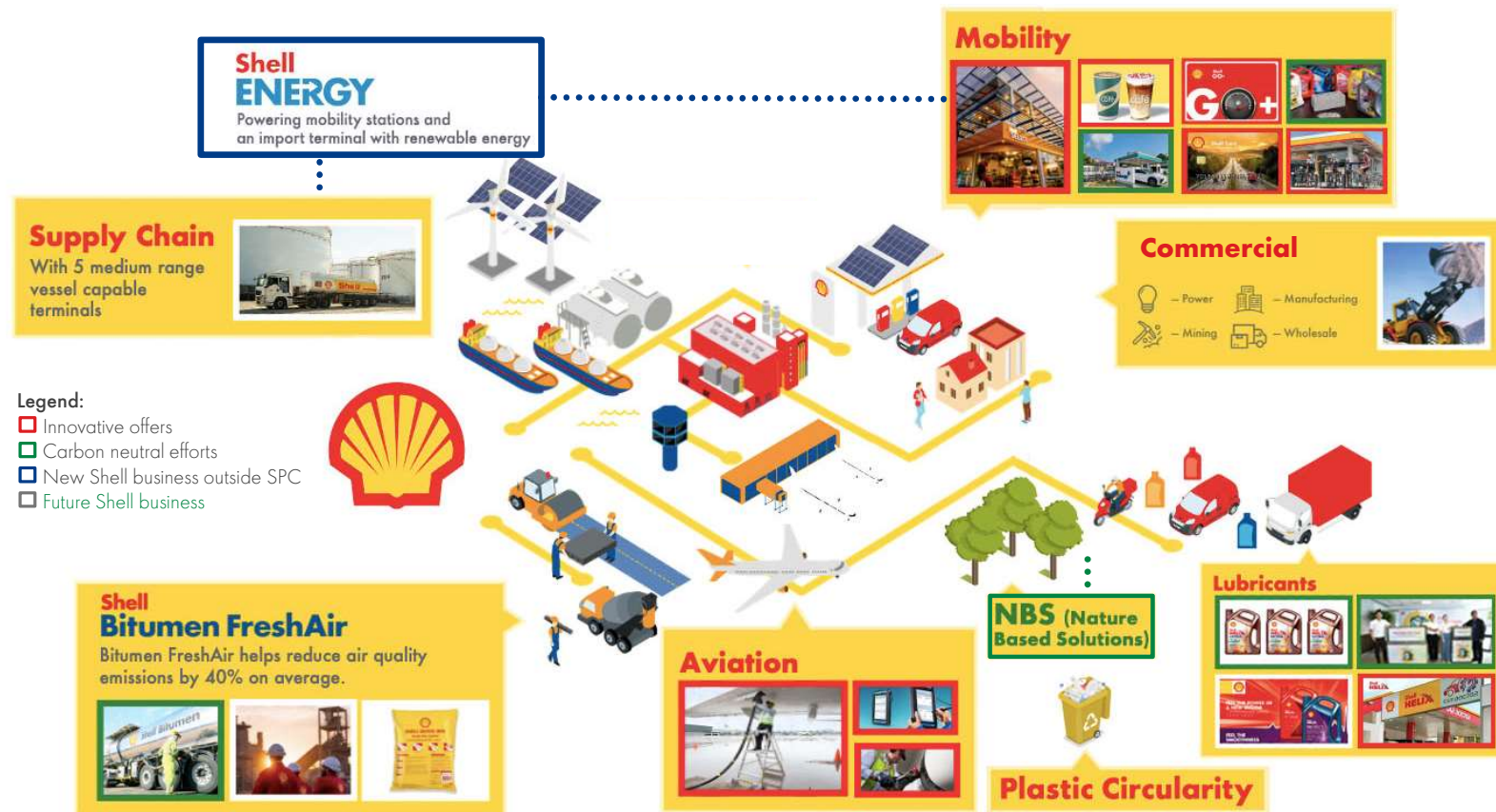
DOE's Philippine Energy Plan shows promising growth anchored upon:

- Overall demand increase
- Consumption driven by transport and household sector
- Oil products and electricity to be the most utilized energy source by 2040

PH Petroleum demand projected to increase ~200% by 2040



SPC is integrated & well-positioned to capture the Philippines' energy growth requirements supported by Shell Global expertise





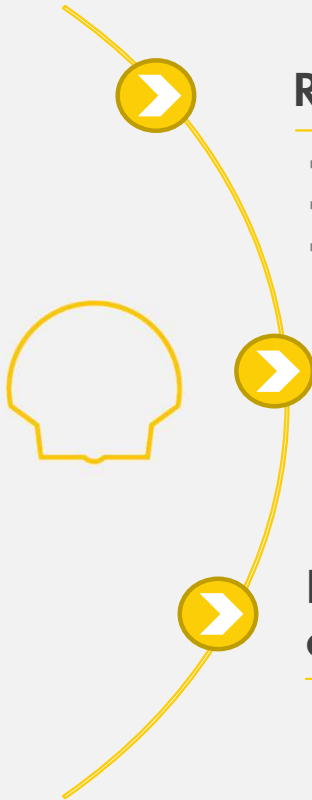
Our Mission

To power progress together with the Filipino by providing more and cleaner energy solutions.

Shell Pilipinas Strategic Priorities for 2023 - 2025

FOUNDATION

Health, Safety, Security, & Environment,
Ethics & Compliance, World Class Talent



Regain strong earnings, cash & dividend-paying positions

- Reduce OPEX by ~PHP1b & CAPEX by ~PHP1b in 2024 - 2025 (vs 2023)
- Deliver 20% CAGR in Core Earnings from 2023 - 2025 & Gearing of 45-50% through the cycle
- Maintain attractive dividend policy

Continue to be a major player in the energy industry

- Maximize value by recovering lost volume & penetrating new segments profitably. Above industry volume growth
- Integrated market approach across businesses to defend position & capture new opportunities

Elevating industry standards on governance & advancing the energy transition

- Continued advocacy work & elevating standards with organizations in private and public sectors
- Provide low carbon product & solutions to decarbonize transport & industry sectors
- Carry out sustainability initiatives while leveraging on low carbon operations

Delivering the Strategic Priorities

Our Guiding Principles

Performance

Competitive & consistent execution, driving earnings & cash

Discipline

Deliver on commitments & focus on value creation

Simplification

Faster decision making & network high-grading

Focus Areas



Recapturing the Market Profitably



Maximizing End to End Margin



Cost & Capital Reduction

Assumptions

- PH GDP of 6-7% for 2024-25.
- Energy demand continue to grow as per DOE estimates
- Interest, FOREX, & MOPS levels are as of 3Q23.
- Impact of changes in inflation, subsequent gov actions to address inflation, & oil price volatility may impact core earnings projections.

Mobility: Growing volume & value through improved competitiveness



Recapture the Market Profitably

Above industry volume growth & 29% Premium Fuel penetration

- Strengthen Supply Chain synergies through supply & cost optimizations
- Enhance promotions, digital campaigns via Shell Go+ app, & vehicle servicing offers
- Full maximization of network growth investments

Maximize End to End Margin

Enhance value capture for existing mobility sites

- Mobility site value maximization with ~100 new co-locators & clip-ins by 2025
- Boost mobility site performance by leveraging on strong relationships with business partners
- Double digit growth in Non-Fuels Retail coupled with lower cost in 2023-25

Cost & Capital Reduction

~60% CAPEX Reduction, 2024-25 CAPEX at PHP1-2bn

- Selective growth for high-yield mobility stations with low CAPEX requirement (10-20 sites p.a.)
- Tail management of underperforming sites
- Enhanced cost discipline

B2B will continue to be the preferred energy partner across focus sectors



Commercial Fuels

Above industry growth & integrated volume push in selected regions



Aviation

Recover volumes to pre-pandemic levels



Lubricants

~30% premium growth & above industry volume growth through product high-grading & channel optimization



Construction & Road

Above industry volume growth of sustainable & premium products

Recapture the Market Profitably

Maximize End to End Margin

Customer-centric approach through integrated product offers across marketing businesses

Cost & Capital Reduction

Enhance cost discipline across all business with ~PHP200mn OPEX reduction
Strengthen Supply Chain synergies through supply & cost optimizations
Active working capital management

Supply chain to be a key enabler in driving competitiveness

Recapture the Market Profitably

- Boosting cost excellence in supply
- ~20% supply & logistics cost reduction

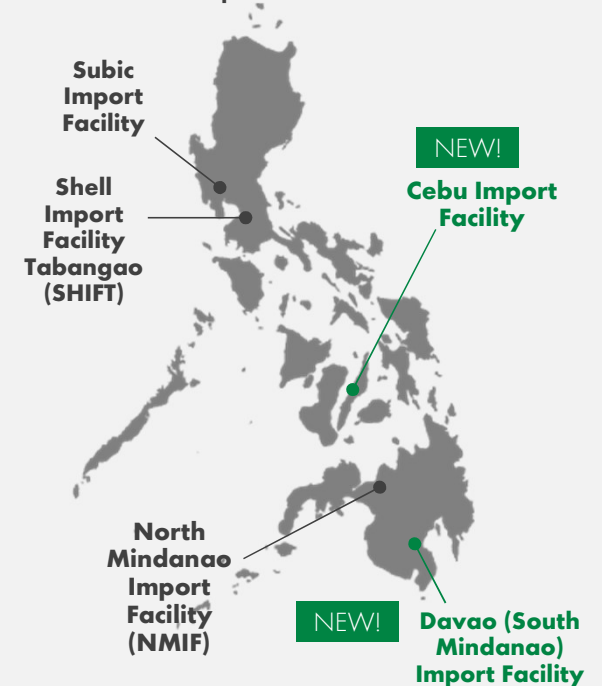
Maximize End to End Margin

- Reduce terminal operating cost by ~PHP100m
- Enhancing asset utilization
- Price volatility management

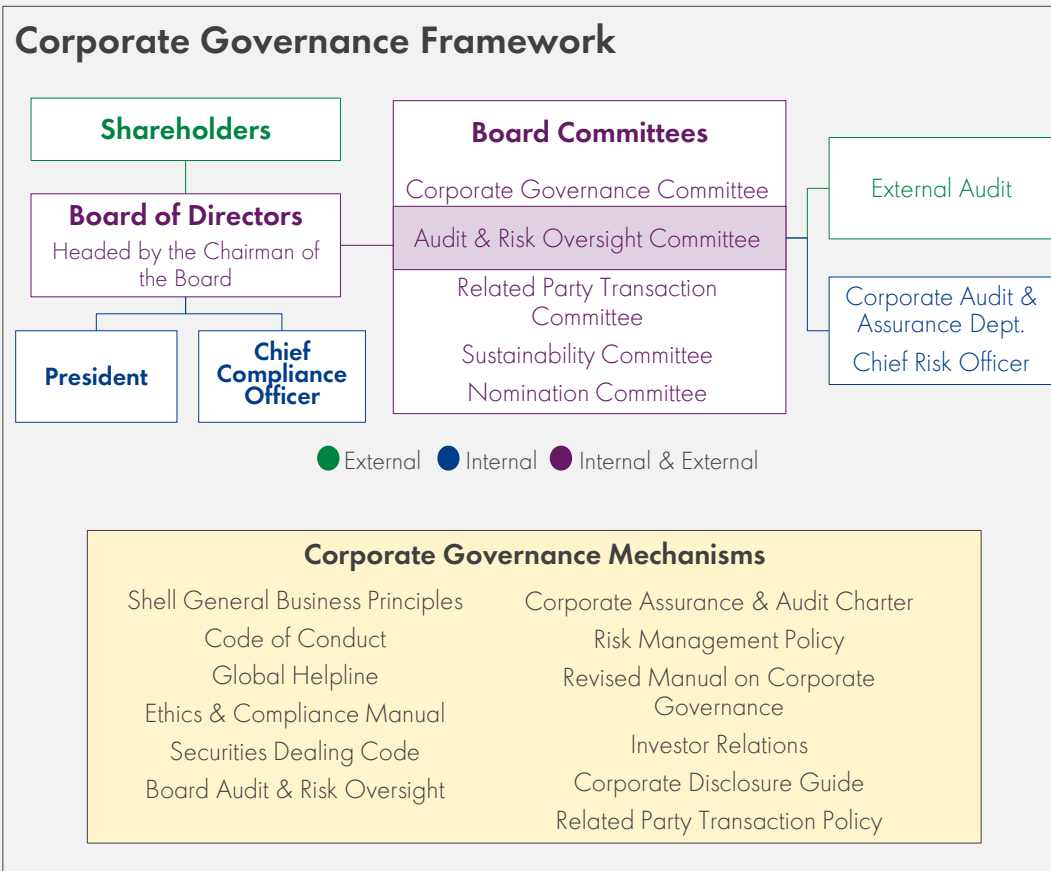
Cost & Capital Reduction

- Structural inventory optimization
- Restructuring supply chain elements for higher investment returns
- Tail management of identified terminals in sync with marketing

On track to meet target of 5 MR-capable Import Facilities



Elevating industry standards on corporate governance



A Milestone in Corporate Governance

- First 2 Golden Arrow recognition from the Institute of Corporate Directors.
- Given to top PLCs that meet the ASEAN Corporate Governance Scorecard requirements.
- Solidifies our commitment to uphold and enhance Corporate Governance



Industry Leading Disclosures



Annual Attestation of Internal Controls

signed off by Chief Executive Officer & Corporate Assurance Manager



Annual & Sustainability Report

Transparent, accurate, & responsible reporting of ESG impact and practices



Audited Financial Statements

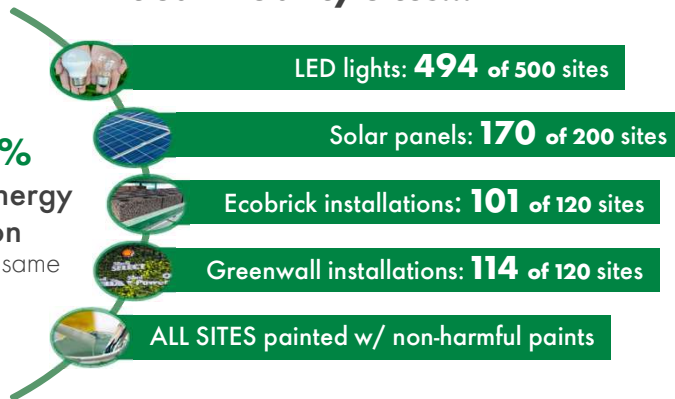
Transparent, balanced, & timely reporting of financial performance & position

Leader in innovative lower carbon & carbon offset products while driving lower carbon operations

Lower Carbon Operations

At our Mobility Sites...

>30%
Reduction in energy
consumption
vs same site with same
technology



...And Terminals

- ❖ 5,000 solar panels in Terminal Facilities
- ❖ 300 solar panels in Bitumen Facility
- ❖ 100% Renewable Power for Batangas Import Terminal & SLEX Mamplasan and NLEX Bulacan mobility sites



Note: Greenwall is a self-irrigating plant wall & rainwater collector allowing the station to use run-off water for the plants in the landscaped area. Ecobricks are usable building blocks made from plastic wastes (e.g. lubes bottles). Energy reduction based on pilot sites.

Lower Carbon Products & Solutions

First to launch a Carbon Neutral Lubes product



Helps lower customer's net carbon footprint



Lower energy emission on entire product life cycle



Up to 30% fuel savings



Partners with customers to deliver lower carbon solutions



Carbon-offset solutions now offered across B2B & B2C Segments



Roads can now be paved with 40% less pollutants or zero heating requirement vs conventional asphalt



EV Ultra Fast-Charging site powered by renewable energy

Powering Filipino lives & communities



Shell National Students Arts Competition

Creates opportunities for young artists to showcase their work



Shell LiveWIRE

Supports & develops community & technology start-ups

Shell NXplorers

Empowers STEM students to put their learning to the test & become agents of change.



Shell ACTS

Launches various employee volunteerism activities to help the community



BiyaHERO (Road Safety)

Upskills Filipinos' knowledge in defensive driving & proper road & conduct behavior.



Disaster Response

Provides disaster preparedness & relief fund to Philippine Disaster Resilience Foundation

The Shell talent, a world-class community

Exemplifying innovation across different businesses



Partnerships that enhance customer experience and highlight excellence



Consistently dubbed as one of the top employers in the Philippines



Annual feedback through internal employee survey



Competitive total rewards & benefit package



Diverse & robust leadership pipeline

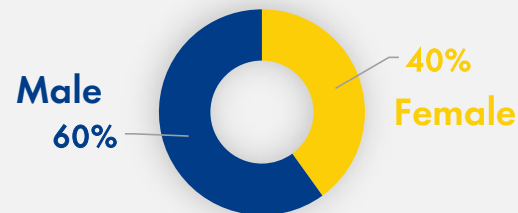


Purpose-driven & structured career management

Industry leading performance recognized by Shell Global



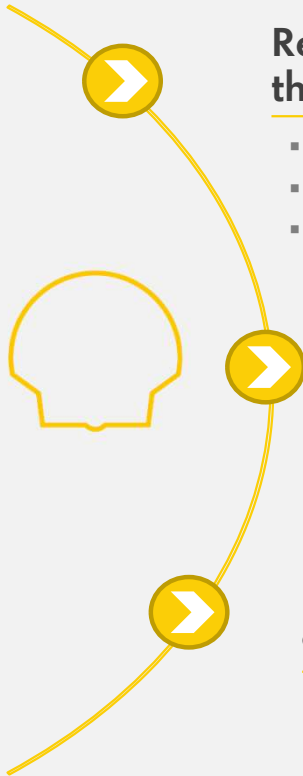
Employee Diversity (by Gender)



Surpassing pre-pandemic earnings & delivering positive FCF to enable dividend distribution

FOUNDATION

Health, Safety, Security, & Environment,
Ethics & Compliance, World Class Talent



Regain strong earnings, cash & dividend-paying positions through E2E margin maximization & cost efficiencies

- Positive free cash flow available for dividends
- Gearing of 45-50% through the cycle
- Maintain attractive dividend policy

Continue to be a major player in the energy industry by recapturing the market profitably

- Volume growth higher than industry
- Deliver 20% CAGR in Core Earnings from 2023 to 25

Elevating industry standards on governance & advancing the energy transition

- Continued advocacy work & elevating standards with organizations in private & public sectors
- Provide low carbon product & solutions to decarbonize transport & industry sectors
- Carry out sustainability initiatives while leveraging on low carbon operations



Q&A

Conversation with the Management Team

