



FY 2023 RESULTS

SHELL PILIPINAS CORPORATION

March 26, 2024

RESTRICTED

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Executive Summary



Key Messages

2023 Highlights:

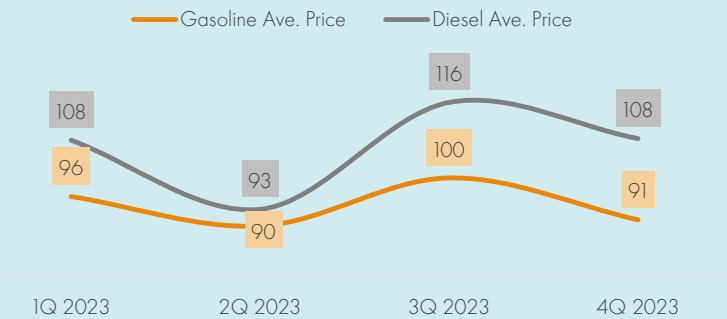
- Net income of PHP1.2b lower than prior year due to high interest rate environment and decline in global product prices
- Marketing earnings up 65% propelled by premium product mix and PHP0.9b OPEX savings surpassing commitment of PHP0.5b
- Highest cash flow from operations in the last three years amounting to PHP4.3b

2024 Outlook:

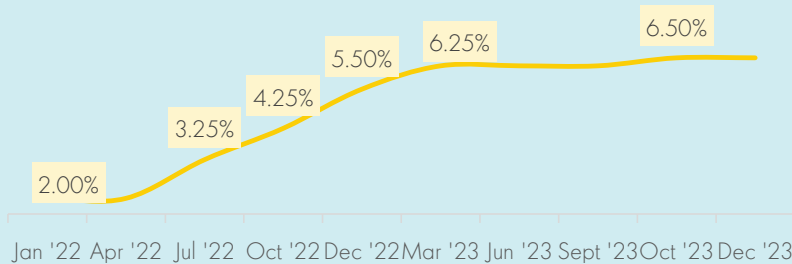
- SPC celebrates its 110th year in the Philippines and remains committed to power progress for the Filipinos
- SPC to grow with Philippine economy as lower inflation and higher GDP growth are expected in 2024
- First in class low carbon products and solutions to lead in the energy transition, non-fuel offers to complement existing business model

PH GDP slows down but remains high at 5.6%, interest rate reaches 16-year high

Fuel prices tamp down after increase in Q3, remains lower vs FY22 average



BSP ended 2023 with an interest rate >3x higher than 2022



GDP growth fell below gov't target of 6-7%; next two years expected to follow trend

5.6%

FY23 Actual
vs 7.6% in 2022

5.8%

FY24
Forecast

PH inflation returns to a declining trend, ends 4Q 2023 within gov't target

6.0%

FY23 Actual
vs 5.8% in 2022

3.6%

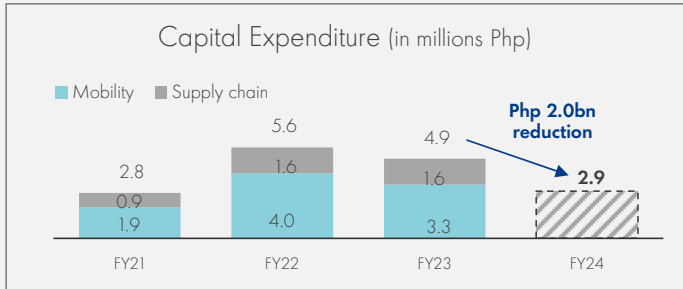
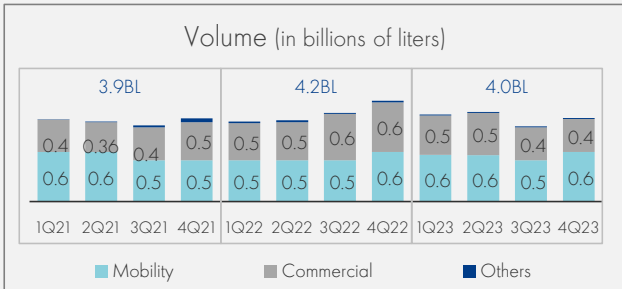
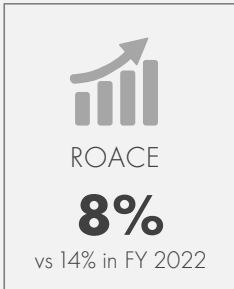
FY24
Forecast

Sources: *Philippine Inflation*; *Mean of Platts Singapore*; *PH GDP*; *GDP World Bank forecast*; *BSP Interest Rates*; *Inflation outlook*; *Inflation*

FINANCIAL HIGHLIGHTS

Higher marketing earnings offset by borrowing costs and inventory holding losses

in billion PHP	3Q 2023	4Q 2023	FY 2022	FY 2023	Change	
Net Income After Tax	1.93	(0.87)	4.08	1.18	(2.90)	FY 22 vs FY 23: 65% increase in marketing delivery offset by PHP1.8b inventory loss vs PHP1.6b gain in 2022 3Q 23 vs 4Q 23: PHP1.9b inventory holding loss in Q4 vs gain in Q3
Core Earnings	0.17	0.71	2.82	2.31	(0.51)	FY 22 vs FY 23: Marketing delivery tempered by PHP1.4b increase in borrowing cost vs prior year 3Q 23 vs 4Q 23: Improved topline delivery and reduced cost in 4Q
Cash flow from operations	2.87	3.33	1.62	4.26	2.64	FY 22 vs FY 23: Significant improvement due to active inventory and receivables management 3Q 23 vs 4Q 23: Active management of working capital
Inventory holding gain/ loss	1.63	(1.84)	1.56	(1.77)	(3.33)	FY 22 vs FY 23: Global fuel prices declining trend in 2023 vs increase in 2022
Borrowing costs	0.63	0.62	0.85	2.29	1.43	FY 22 vs FY 23: ~2% interest in early 2022 vs ~6.5% in 2023



Delivering on the 2023 Priorities

1

Improving Top-line Performance

4% increase in Mobility's volume delivery supported by enhanced supply chain competitiveness and targeted marketing initiatives

2

OPEX and CAPEX Reduction

Realized PHP0.9b OPEX savings, higher than PHP0.5b commitment. Delivered CAPEX reduction vs PY.

3


Heightened Working Capital Management

Optimized inventory coupled with treasury operational excellence leading to almost PHP3b improvement in CFFO




Marketing promotions and loyalty offers contribute to volume growth

Fuels Volume




+4%
vs FY 2022

Premium Fuel Penetration



27%

New Sites




36
Over 1,100 sites




First battery swapping station energized.
Shell's first ever battery swapping station in Quezon City piloted to test 2-wheel and 3-wheel EV market

Enhancing Customer Experience through New Partnerships



Giftaway

Giftaway vouchers for participating merchants can be claimed using GO+ points

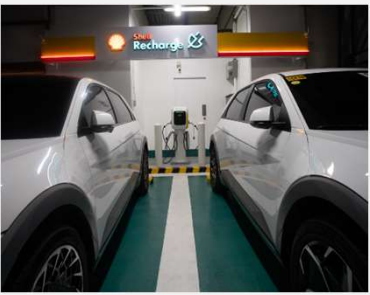


Customers can convert their GO+ points into Mabuhay miles



Introduction of the new UnionBank x Shell Power card that carries high rebates and no annual fees

Shell Recharge launches 1st 100% geothermal energy destination charging station.
Unveiling EV charging station in partnership with Seven/NEO BGC



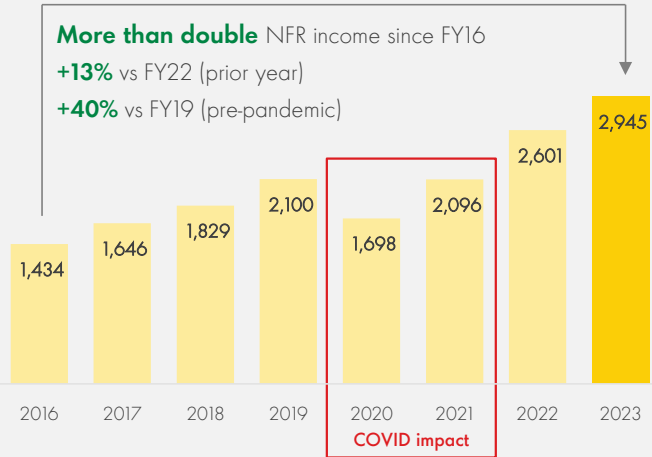
ACCELERATE TO ZERO



Since the launch of A2Z program, Fleet Solutions has partnered with ~10 customers to aid in their decarbonization journeys as they expand their own networks.

NFR Income retain double digit growth, up by 13% vs FY 2022

Non-Fuel Retail Operating Profits



Store Format	New	Total
Select	52	239
Deli2go	24	97
Shell Café	13	13
SHOC+ / HSC *	22	486
Co-locators	57	229
Clip Ins	76	164

* Shell Helix Oil Change (SHOC+) & Helix Service Center (HSC)



Shell Café boosts coffee and food sales.

Coffee sales more than doubled while food sales are up by 40% vs 2022.

New co-locators contribute to improved performance for Alliance.

Strong partnerships with food, lifestyle and other brands further increased NFR operating profit



Marketing promotions aid in lubricants growth.

More customers are availing of lubricants and oil change services at the forecourt.

B2B remains resilient with new customer wins, retains strong premium penetration

Aviation

- Volume growth of 12% vs PY in line with airline industry recovery

Lubricants

- Volume growth of 4% vs FY 2022
- Launch of technical services such as LubeMatch & LubeChat
- E-commerce dominance, top brand in Shopee & Lazada
- Strengthening delivery through new partnerships



Shell Lubricants partners with Geely Philippines. Shell continues to be the preferred OEM partner for ~70% of the market.



Shopee



Lazada

Construction & Road

- Completed the rehabilitation of Kennon road Shell Instapave.
- Paving of airstrip and surrounding vicinity for an airbase using Shell Bitumen.
- Defend industry leadership despite industry slowdown.

Shell Bitumen FreshAir



Commercial Fuels

- Carbon compensation program with 5 partners in various industries
- New customer wins significantly contributed to additional volume
- Roadshows completed with customers for further awareness on benefits of Fuel Save Diesel.



Driving sustainability in our operations

Solar Farm & Vortex Project



Trading & Supply drives lower carbon emissions with 13kW solar farm and wind turbines to capture and store energy in the Calapan terminal.

Approximate reduction of CO2 equivalent to 12 trees annually



Mobility Installations

LED lights	500
Solar panels	176 / 400
Inverter technology	380 / 400
Eco brick Installation	110 / 180
Greenwall	115 / 200
Paint	ALL SITES painted with non-harmful paints



Sustainability Week 2023

Shell celebrated its 2nd Sustainability Week that highlights continued efforts to innovate with sustainability in mind.



Growing the business through cost savings and operational efficiency



Reduced freight cost of ~P50 million because of commissioning of tanks



Additional cost reduction efforts that contributed to overall SPC savings



Partnerships with Bureau of Fire Protection, Philippine Coast Guard and Philippine Maritime Police



Increased customer satisfaction score



~PHP5b
Reduction in working capital achieved through active inventory management and optimization

Shell signs contract for Cebu import terminal
The Company aims to open its 5th import terminal, located in Cebu, by Q4 2025 to build on the strong presence in Visayas.



FY 2023 Awards and Recognitions

Innovation



Innovation in Communications / PR. Award for Let's Keep Moving the Philippines Forward Video.



Innovation in Product Design and Development in Construction, Manufacturing or Materials for Shell Bitumen FreshAir.



Innovation in Communications/PR and Community Relations, Excellence in Social Impact for "40 stories in 40 years: How Pilipinas Shell Foundation Touched the Lives of 12 million Filipinos".

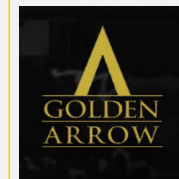
Innovative Achievement in Corporate Social Responsibility, for "Power and Empowerment through SINAG: Save, Invest, Nurture, Access to Green Energy and Technologies".

Customer Experience



Philippines Distribution Experience of the Year
Philippines User Experience of the Year

Corporate Governance



Awarded by the Institute of Corporate Directors with a 2-Arrow award for exemplary performance in Corporate Governance.

Investor Relations



Awarded as SEA's Best Investor Relations Officer (small-cap).

Also shortlisted in small-cap category Best Annual Report, Best ESG Report, Best Overall Investor Relations

Employer



Recognized as a top employer in the Philippines in various publications.

Leadership Team Appointment

Mike is a strong business leader spanning almost 30 years of experience in Shell.

- Brings 25 years of experience in Mobility in Sales and Operations, Network Planning & Development, Site Operations Excellence and Strategy.
- Started as a Territory Manager, and as Sr. District Manager led his team to 5 consecutive years as the Top Sales District in the Philippines
- The first to be awarded as the Global District Manager in Shell for 2 years in a row
- As Network Manager he covered various Asian markets including NMEs in China and India, and as Strategy Team Lead in Asia/Middle East he implemented operating platform change in 12 markets. He also refreshed the strategy of Mobility Philippines to position it for competitiveness and growth
- Developed a global program for the sales frontline to improve business performance and make them commercially focused, enabled by technology.
- Strong advocate of gender balance and DE&I
- He has a BS Civil Engineering degree from the University of the Philippines and an MBA from Ateneo de Manila University. He also took a leadership program in INSEAD.



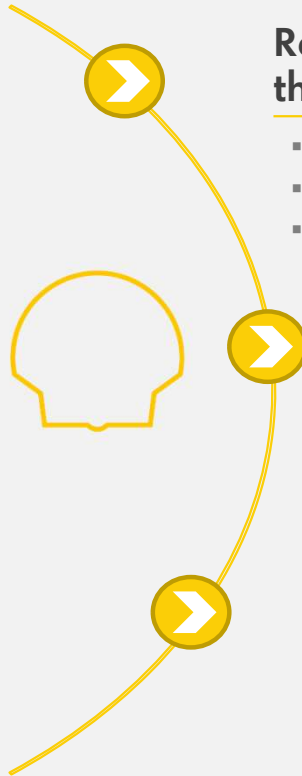
Mike Ramolete
Vice President for Mobility

Effective 01 April 2024

Targeting pre-pandemic earnings & delivering positive FCF to enable deleveraging and 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
- Deliver 15-20% CAGR in Core Earnings from 2023 to 25; 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
- Cross business integration to defend position & capture new opportunities

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

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