



1Q 2024 RESULTS

SHELL PILIPINAS CORPORATION

May 15, 2024

RESTRICTED

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Executive Summary



Key Messages

1Q 2024 Highlights:

- Net income rebounds to PHP1.4b vs PHP0.3b loss in PY due to increase in global product prices and opex savings
- Core earnings down by 11% vs PY due to volume decline slightly tempered by strong premium penetration and 17% NFR income growth
- Free cash flow significantly improves to PHP2.2b attributed to heightened cost management

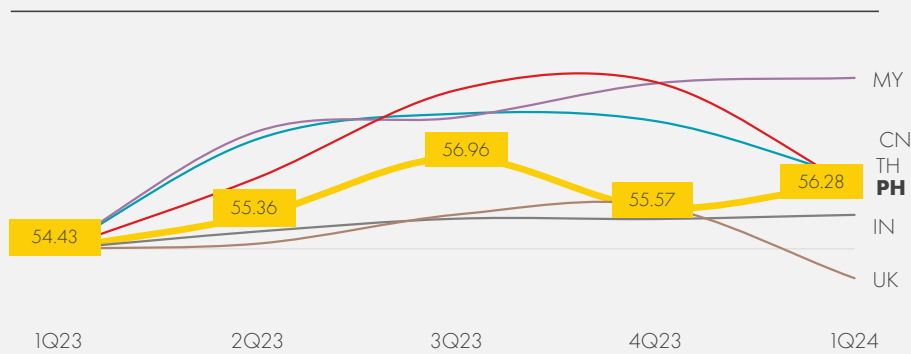
2024 Outlook:

- Dividend resumption remains a priority – actions in place to accelerate timing of dividend payment
- SPC will continue strengthening its financial resilience

High interest rates maintained to temper inflation, USD strengthens in Q1

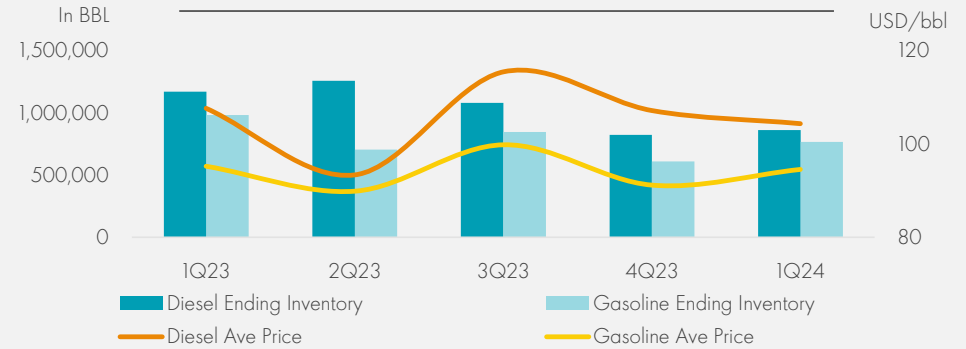
GLOBAL

USD on an upward trend, PHP starting to weaken



Source: Exchange rates: [China](#), [Malaysia](#), [India](#), [UK](#), [Thailand](#), [Philippines](#)

Global Fuel prices increase vs 4Q23



Source: Mean of Platts Singapore

LOCAL

BSP keeps higher for longer policy, interest rates unchanged since October 2023

6.5%

Interest rate continues to be >3x higher than 2022

Source: [BSP policy outlook](#)

Inflation continue to increase from Jan to March 2024 but significantly lower than 2023

3.3%

1Q24 Actual vs 8.3% in 1Q23

Source: [2024 Inflation](#), [Inflation outlook](#)

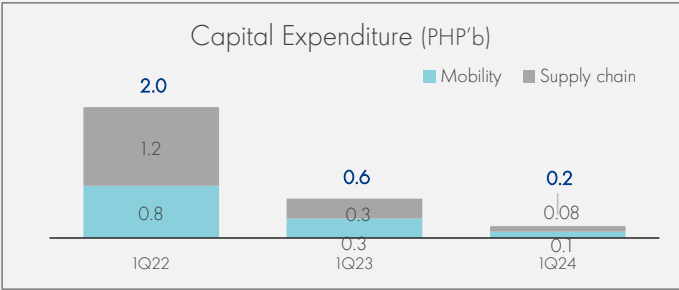
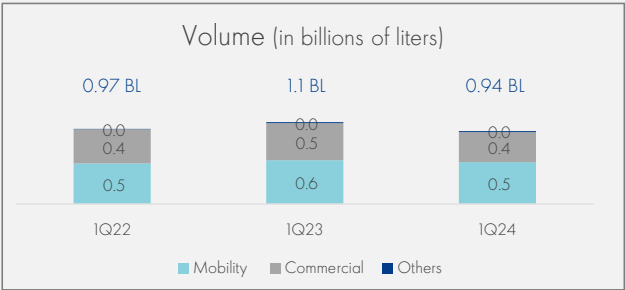
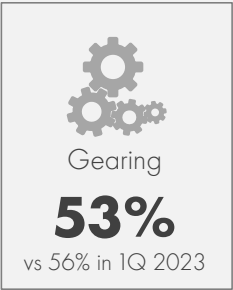
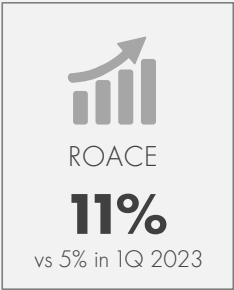
3.6%

FY24 Forecast

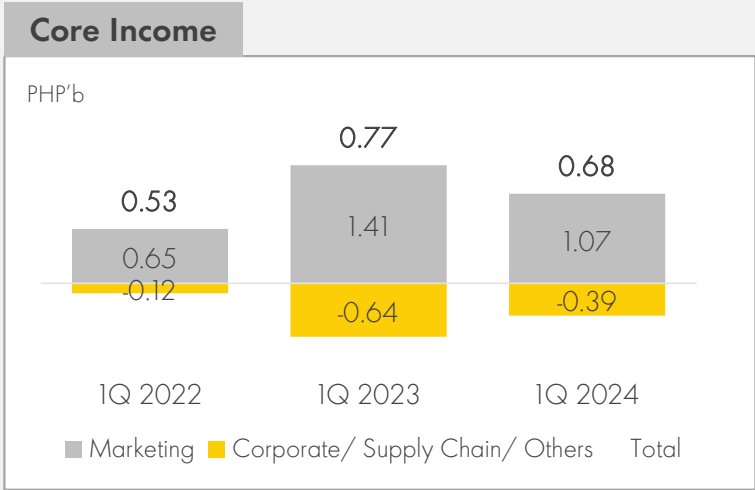
FINANCIAL HIGHLIGHTS

Focus on cost competitiveness and disciplined investments deliver P1.4b net income

PHP'b	1Q 2023	1Q 2024	Change	
Net Income After Tax	(0.31)	1.41	1.72	1Q 23 vs 1Q 24: Reversal of net loss driven by inventory holding gains and opex savings
Core Earnings	0.77	0.69	(0.08)	1Q 23 vs 1Q 24: Industry competitiveness heightened resulting to slight decline
Free Cash Flow	(5.93)	2.24	8.17	1Q 23 vs 1Q 24: Active working capital management and disciplined investments led to positive cash flow
Inventory Holding Gain (Loss)	(1.08)	0.72	1.80	1Q 23 vs 1Q 24: Uptrend of oil price resulted to inventory holding gains at quarter end
Borrowing Costs	0.59	0.63	0.04	1Q 23 vs 1Q 24: Slight increase in interest rates overshadowed the PHP600m reduction in debt



Improved cash flow from active working capital management



Earnings
per share

1.80

Rolling 1Q24

Price to
Earnings Ratio

6.07

Rolling 1Q24

Free Cash Flow			
PHP'b	1Q 2022	1Q 2023	1Q 2024
Cash Flow from Operations	0.01	(3.62)	4.76
Cash Capex	(1.25)	(0.72)	(0.56)
Interest	(0.01)	(0.79)	(0.89)
Leases	(1.00)	(0.80)	(1.07)
Free Cash Flow	(2.24)	(5.93)	2.24

Core Income to NIAT			
PHP'b	1Q 2022	1Q 2023	1Q 2024
Core Income	0.53	0.77	0.69
Inventory Gain (Loss)	3.00	(1.08)	0.72
Net Income	3.53	(0.31)	1.41

New product and service launches to encourage higher sales

Shell FuelSave Relaunch Campaign

The new and improved Shell FuelSave now gives better fuel economy that helps you save up to 1 Liter per full tank, so you can drive further.

Our new generation deposit targeting technology helps deep-clean your engine as you drive.



~5%

Fuel volumes growth projected from upcoming FuelSave promos

FuelSave Promos to Profitably grow volumes

Sticker Up to Get Discounts

Gas up and get your Shell FuelSave car stickers, para #SulitAngBawatTrip with up to P3/L discounts on Shell Fuels!



Shell x Coke promo

Customers get one 1.5L Coke for every P2,500 of Shell Diesel fuels or P2,000 of Shell Gasoline fuels

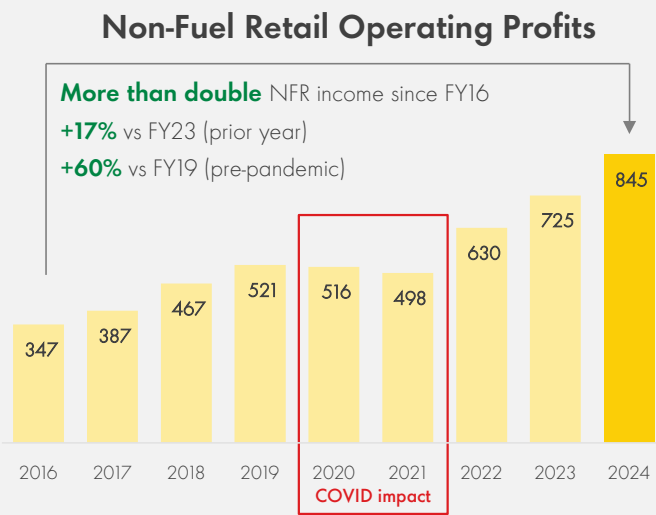


Shell Recharge partners with Ortigas Land Corp. for mall chargers

Shell Pilipinas grows its e-mobility business with 3 mall-based charging stations and has added a total of 10 charging points.



Double digit growth for NFR sustained, up by 17% vs PY



Store Format	New	Total
Select	4	245
Deli2go	4	103
Shell Café	3	16
SHOC+ /HSC *	-	486
Co-locators	11	226
Clip Ins	11	174

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



Shell Café opened in one-of-a-kind mobility station

Overall, coffee sales more than doubled while food sales are up by 80% vs 1Q 2023.

Co-locators continue to grow with new partnerships

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



Improved forecourt and SHOC+ services result to higher margins

Increase in oil change services and lubricants sold at the forecourt drive up margin.

B2B remains resilient with new customer wins, primed to grow volume

Lubricants

- Shell Advance Oil-in-one promo driving volume growth extended to early Q3 due to high market demand nationwide.
- Launch of 5 New Technical Services available for B2B customers: LubeCoach, LubeCoachAcademy, LubeAdvisor, Lube Expert, LubeVideoCheck



Aviation

- Airline industry continues to recover
- Earnings significantly above vs PY



Construction & Road

- Volume growth of 15% vs 1Q 2023
- Obtained detailed usage price analysis from DPWH to secure more Shell Instapave projects
- Shell Bitumen FreshAir volume grew by 3% vs PY



Commercial Fuels

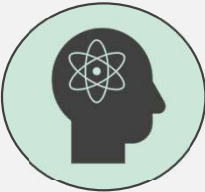
- Main grade and premium products contribute to higher profitability
- Significant customer wins secured for higher delivery
- Breaking Ground, Fueling the Fundamentals of Progress: Reseller strategy aligned for 2024



Growing the business through cost savings and operational efficiency



Optimized cost with initiatives helping offset increase in fuel prices



Selective terminal maintenance through contract negotiations and fuel sourcing strategy



Maximization of fleet capacity for lower road transport cost




Active inventory management in place




~PHP2bn
Working capital reduction via inventory optimization

~PHP320m
Additional value delivered in Q1

HSSE milestones



~19 thousand road transport trips
3.5 million km travelled



85 local vessel movements
24 imports received

Preparing for a Carbon Neutral Future

Carbon Market Insights



The DENR held the Carbon Market Insights to focus on how government and private businesses can work together to have clarity on the voluntary carbon market and discuss improvements on the renewable energy market.

Upskilling our Leaders



Shell held a training with its leaders to understand the global carbon market and Shell's part to reduce its emissions

Strategic Partnerships



Shell and Coca-Cola strengthen "World Without Waste" campaign by expanding to Shell stations as collection points.

1Q 2024 Awards and Recognitions


Compliance



NMIF recognized as top 1 importer for FY 2023

Recognized by Bureau of Customs as top importer in the region, contributing significant volume.

Excellence



Poro Terminal awarded by the Philippine Coast Guard

Awarded with a Plaque of Appreciation from the Philippine Coast Guard District North Western Luzon.

Poro Terminal Wins Green Ribbon Awards from CENRO for Best Environmental Practices

Awarded with 2 Green Ribbon Awards by San Fernando, La Union

