



1H 2024 RESULTS

SHELL PILIPINAS CORPORATION

August 15, 2024

RESTRICTED

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Executive Summary



1H 2024 Highlights:

- Net income at PHP1.7b vs PY's PHP0.1b driven by improved Q2 marketing delivery, inventory holding gains, and opex savings
- Core earnings at par vs PY. Strong premium penetration and 18% NFR income growth slightly tempers 8% volume decline
- Free cash flow net of interest significantly improves to PHP1.1b from PY's negative PHP7.5b

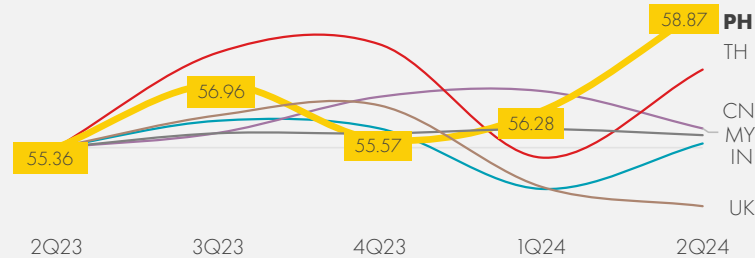
Look Forward for 2H 2024:

- Sustaining profitability trajectory through targeted marketing offers, asset portfolio high-grading, and new partnerships
- Driving supply chain efficiencies further supported by inventory and route optimization and risk-based asset management
- Leading the energy transition through growth of sustainable and low carbon products

Economic growth moderated by peso depreciation and higher inflation

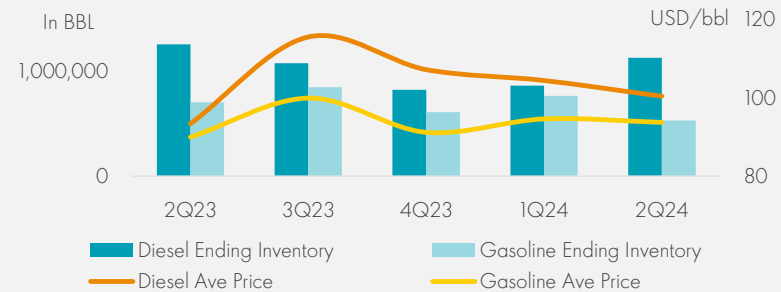
GLOBAL

PHP further depreciated in 2Q 24



Source: Exchange rates: China, Malaysia, India, UK, Thailand, Philippines

Global fuel prices on a sideways trend vs 1Q 24



Source: Mean of Platts Singapore

LOCAL

Interest rates remains >3x higher than 2022 level

6.5%

Analysts project rate cuts by October 2024

Source: BSP policy outlook; Metrobank outlook

Inflation within government target, GDP in line with market consensus

Inflation
3.8%

vs 6.0% in 2Q23

GDP
6.3%

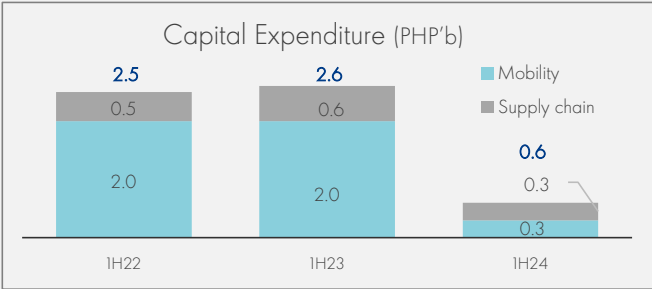
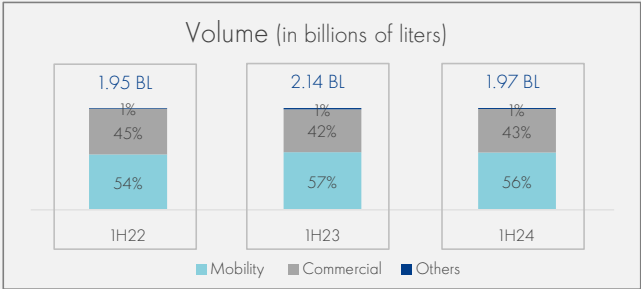
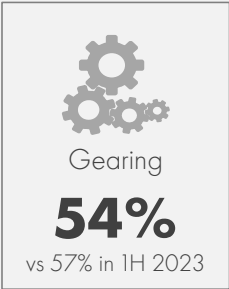
vs 4.3% in 2Q23

Source: 2024 Inflation, 2Q24 GDP growth

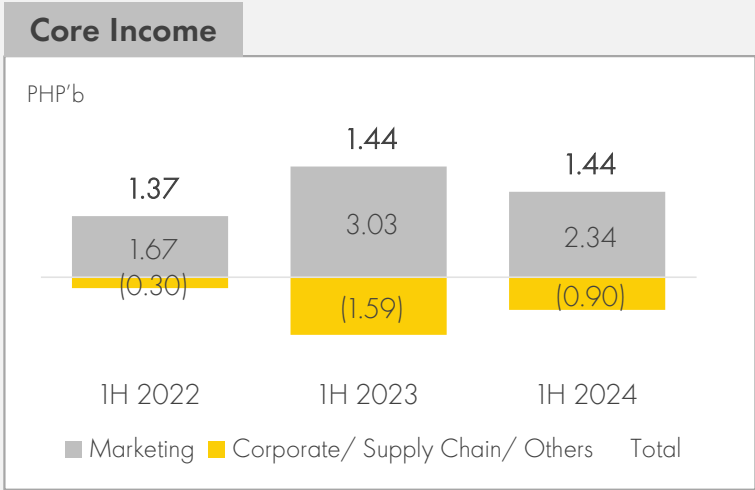
FINANCIAL HIGHLIGHTS

Higher Q2 marketing delivery and focused cash management improved profitability

PHP'b	2Q 2023	2Q 2024	1H 2023	1H 2024	Change (1H)	
Net Income After Tax	0.43	0.34	0.12	1.75	1.63	2Q23 vs 2Q24: PHP0.27b one-off loss offset by lower inventory holding loss 1H23 vs 1H24: At par core earnings performance boosted by inventory holding gains (PHP0.6b gain vs PY's PHP1.7b loss)
Core Earnings	0.67	0.75	1.44	1.44	-	2Q23 vs 2Q24: Improved marketing delivery and increase in premium sales 1H23 vs 1H24: Higher margin delivery despite volume decline from industry hyper competitiveness softened by forex loss and higher depreciation
Free Cash Flow	(1.58)	(1.14)	(7.50)	1.10	8.60	2Q23 vs 2Q24: Higher CFFO and lower CAPEX offset by higher working capital 1H23 vs 1H24: Optimized working capital and disciplined investments led to positive cash flow
Inventory Holding Gain (Loss)	(0.62)	(0.14)	(1.70)	0.58	2.28	2Q23 vs 2Q24: Lower global fuel price decline in 2024 coupled with lower ending inventory 1H23 vs 1H24: Q1 oil price increase resulted to gains slightly offset by the Q2 loss
Borrowing Costs	(0.62)	(0.67)	(1.21)	(1.30)	(0.09)	2Q23 vs 2Q24: Slight increase in interest rates tempered by active treasury management 1H23 vs 1H24: Interest policy rates increase from 6.25% to 6.5%



Improved cash flow from optimized working capital



Core Income to NIAT			
PHP'b	1H 2022	1H 2023	1H 2024
Core Income	1.37	1.44	1.44
Inventory Gain (Loss)	6.40	(1.70)	0.58
One-off items	-	0.38 ¹	(0.27) ²
Net Income	7.77	0.12	1.75

¹ Asset impairment reversal and related tax impact
² Asset write-off due to network portfolio optimization

Free Cash Flow			
PHP'b	1H 2022	1H 2023	1H 2024
Cash Flow from Operations	1.68	(1.89)	5.67
Cash Capex	(2.41)	(2.04)	(1.12)
Interest	(0.34)	(1.67)	(1.82)
Leases	(1.98)	(1.91)	(1.63)
Free Cash Flow	(3.06)	(7.50)	1.10

Earnings per share

Rolling 1H24

1.74

vs -2.21 in 1H 2023

5.78

Price to Earnings Ratio

Marketing campaigns and promotions contribute to improved 2Q topline delivery

Shell FuelSave campaigns grew volume, Strong V-Power penetration retained



+5%

Volumes growth vs 1Q 24 as a culmination of the Shell FuelSave campaigns



2.5m

Leveraging on the recent loyalty campaigns, Shell GO+ subscribers grew by 11% vs 1H 23



26%

V-power maintains its high premium penetration

Gaining more B2B customers and partnerships

B2B locks in new partnerships and grows volume by 8% vs 1H 2023 by winning more than 600 new customers from Grab and growing their existing customer base.

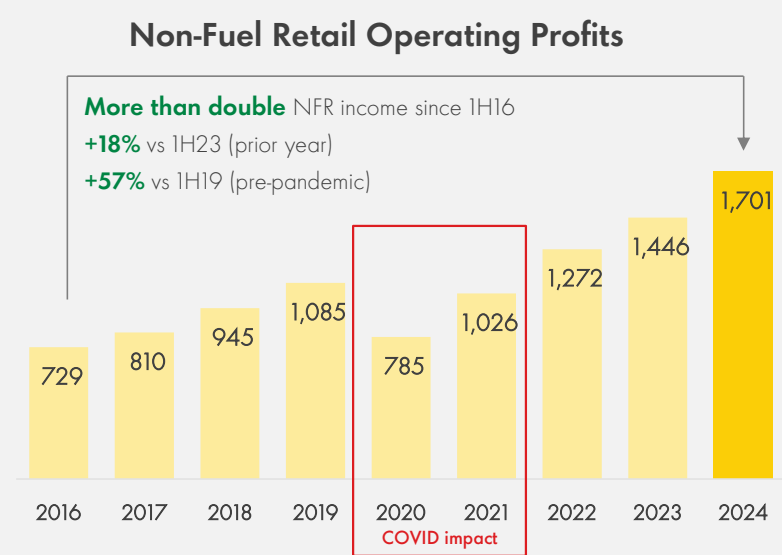


Launched partnership with fleet telematics leader, Cartrack, to improve data analytics for Fleet Customers.

Flash Express partners with Shell to advance its decarbonization journey through the Accelerate to Zero program.



Double digit growth for NFR sustained, up by 18% vs 1H23



Store Format	New/ Reactivated	Total
Select	5	246
Deli2go	4	103
Shell Café	8	21
SHOC+ / HSC *	15	501
Co-locators + clip-ins	33	390

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

"It's All Good" Vehicle Care Launch

Vehicle care is now even more convenient with Shell's expansive network of oil change facilities for effortless car maintenance.

Now caters to both 4W and 2W vehicles.

Convenience retail up by 31% vs 1H 2023

Enjoy a fun-tastic summer getaway with Shell Select!

Get a chance to win a travel package for every P200 worth of participating products.

Food and beverage grew by 44% as Shell Café gains popularity

Mobility Lubricants grew volume by 10%

The recent trolley promotion and vehicle care launch boosted sales. Oil change per day now up by 13% vs PY.

Bring home a free item!

Get any premium Shell Helix lubricant for your Shell Helix Oilchange+ package to avail.

Free! Car Trolley

B2B wins back customers while exploring new opportunities to grow volume

Lubricants

- Volume growth of 3% vs 1H 2023. E-commerce sales more than doubled vs PY
- Grew OEM volume by 8% vs PY and continues to be the preferred OEM partner for ~70% of the passenger cars market
- Low carbon products grew by 5%
- Collaboration with Fleet Solutions to empower PH fleets for a sustainable future



Aviation

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



Construction & Road

- Volume growth of 6% vs 1H 2023
- Shell Instapave grew by 70% vs PY while Shell Bitumen FreshAir grew by 9%
- Ongoing projects for airports and district roads now use sustainable products (Bitumen FreshAir and Instapave)

Shell Bitumen FreshAir



Commercial Fuels

- Premium products contribute to higher profitability
- Regional Tech Forum 2024: FuelSave Diesel and Fuel Oil Plus
- Won new customers in the construction, marine, mining and manufacturing industries



Growing the business through cost savings and operational efficiency



Terminal capability improvements in place for optimization and efficiency



Maximization of fleet capacity resulted in 11% decrease in road transport cost.



Mitigated global price exposure through ~13% reduction in inventory volume.

1H 2024 HSSE milestones



~36 thousand road transport trips
6.6 million km travelled



~1.7b liters of volume stored and transported



194 local vessel movements
56 imports received

Operational Excellence

Tagbilaran Terminal

- Awarded by Bureau of Fire Protection Region VII for SPC’s active participation and untiring support extended to Tagbilaran City Fire Station.
- Awarded by Department of Environment & Natural Resources for SPC’s valuable contribution in the implementation of the RIVERS for Life Program in Bohol.



Calapan Terminal

Recognized by Bureau of Fire Protection for its water assistance in bush fire.



Anibong Terminal

Commended by DOE for compliance to PNS/DOE specs.



Sustaining better profitability & delivering positive FCF to enable deleveraging and dividend distribution

