



Pilipinas Shell Petroleum Corporation

Shell House

156 Valero St., Salcedo Village

1227 Makati City, Philippines

Tel +63 2 499 4001

Website <http://www.shell.com.ph>

Pilipinas Shell's first half 2018 net income up 30% vs prior year; expanding industry-leading return on capital to 30%

Pilipinas Shell posted a 30% net income increase in the first half of 2018 over the same period last year. The strong performance is attributed to the higher earnings of its marketing businesses and inventory holding gains from its manufacturing and supply chain segments.

Despite the increase in retail pump prices due to rising global oil prices and higher excise taxes, the company sustained high V-Power penetration at 27%. To further support its growth, Pilipinas Shell opened 16 retail stations in 2018 and is on track to build a total of 50-70 new sites by the end of 2018. To date, it has 1,054 retail sites serving motorists in key locations across the country.

Non-fuels retail continues to enjoy double-digit growth. With 19 new Select stores, 10 deli2go stores and 26 lube bays in the first half of the year, the business is poised to capture the growth in convenience retailing.

In the commercial segment, Pilipinas Shell posted strong volume growth in aviation, lubricants, and bitumen. Aligned with its commitment, the only bitumen production facility in the country is now operational and ready to support the government's infrastructure projects.

The North Mindanao Import Facility remains to be an important enabler for Pilipinas Shell delivering supply cost savings and reliability. The Tabangao refinery has also successfully completed its planned one-month de-coke pitstop in the second quarter. Optimization projects are also underway to better respond to the softer regional refining margin environment.

The Company's priority of maximizing cash generation while maintaining competitive returns remains evident and unchanged. In the first half, cash from operations of P7.1 billion was delivered and return on average capital employed increased from 22% in the prior year to 30%.

"Amidst challenges from the lower refining margin environment in the first half of the year, we continue to create value for all our stakeholders by being an integrated fuel refining and

marketing company. Our world-class marketing businesses backed by our efficient supply chain and supported by technical and trading capabilities from the Shell Group have allowed us to remain competitive in this challenging business environment," said Cesar Romero, President and Chief Executive Officer.

ENQUIRIES:

Cesar Abaricia
Media Relations Manager
+63 918 9194256/ cesar.abaricia@shell.com

Angelica Castillo
Corporate Controller & Investor Relations Manager
+632 226 4428 / angelica.castillo@shell.com

Atty. Erwin Orocio
Corporate Secretary
+632 499 4553/ erwin.orocio@shell.com