# Pilipinas Shell posts net income of P3.7 billion

Pilipinas Shell closed the first half of 2019 with a net income of P3.7 billion, already at ~70% of its full year 2018 earnings. Total volumes increased by 11% in the second quarter as marketing businesses posted volume growth across all segments. The Company continues to leverage on its flexible and efficient supply chain to support the country's demand for high-quality fuels and services.

Pilipinas Shell grew its retail volumes and maintained its high premium fuel penetration, against the backdrop of higher excise taxes. The strong performance is mainly attributed to its world-class fuels and strong brand, further enhanced by its successful marketing campaigns in the first quarter. The Company opened 16 new retail sites in the first half of the year and is on-track to meet its aspiration to open a total of 50-70 sites by the end of the year. Currently, the Company's retail network consists of 1,092 sites in key locations and remains to be the most efficient in the country.

Non-fuels retail segment continues to enjoy double-digit growth year-on-year. The Company now has 137 Select stores, 63 deli2go stores, and 348 Shell Helix Oil Change+ (SHOC+) and Helix Service Centres (HSC) nationwide. It remains on-track to deliver a total of 15-20 Select and deli2go stores, and 30-50 SHOC+ and HSC.

The Company's commercial segment also posted strong volume growth in the second quarter. Lubricants, bitumen, and the aviation segment continue to grow, as customers continue to appreciate the product quality and technical services offered by Pilipinas Shell. In addition, the Company's responsive supply chain enabled it to capitalize on the surge in demand from the power sector as a result of warmer weather and maintenance shutdowns of several coal-fired plants.

To further enhance its supply chain, the refinery has implemented cost and operational efficiency projects to improve its competitiveness. In Q2, the refinery started its engineering works for the hydrogen optimization project which aims to improve the refinery's crude intake flexibility and product slate.

Return on average capital employed remained best in the industry at 14%. Gearing remained low at 25% even after dividend payments. Cash from operations before working capital changes remains healthy at P8.9 billion.

"We are pleased with the business delivery in the second quarter. The strong volume growth across all our business segments demonstrates the strength of our brand and our commitment to deliver world-class fuels and excellent service to our consumers," says Cesar Romero, President and Chief Executive Officer. "We will continue to invest in profitable ventures to deliver competitive returns to our shareholders. The country's macro-economic fundamentals remain strong and the government is serious about curbing smuggling and enhancing the ease of doing business. We look forward to playing our part."

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