



## Pilipinas Shell posts P4.4B net income, sustains volume growth in Q3

Pilipinas Shell Petroleum Corporation (Pilipinas Shell) delivers net income of PHP4.4 billion as of the third quarter of 2019, already at 86 percent of its 2018 earnings, amidst the low regional refining margin environment.

The company attributes this strong delivery due to the 4 percent increase in retail and commercial sales volume or an incremental of 160 million litres, versus same period last year, backed by an integrated and highly efficient supply chain network.

“We are very pleased with Pilipinas Shell’s business delivery for the third quarter in the face of industry challenges and depressed regional refining margins. We assure all our stakeholders that we remain committed to maintaining safe and efficient operations to meet our customer expectations on quality products and services and close the year strong,” says President and CEO Cesar Romero.

### RETAIL

Pilipinas Shell grew its retail volumes by 1% vs prior year, higher than retail industry’s 1% volume decline as of first half of the year. Retail also maintained a high premium fuel penetration of 27%, despite higher excise taxes.

This performance is attributed to Shell’s high brand preference in the Philippines, coupled with quality fuel products and services backed by innovative marketing campaigns. This year’s “Energy that Makes the Future,” for example, communicates how Shell empowers communities.

The company opened 30 new stations in key areas across the country, closing the quarter with 1,105 retail sites. Of this figure, 46 are solar-powered, manifesting Shell’s commitment to promote environmentally-friendly operations in an effort to reduce its carbon footprint.

Pilipinas Shell continues to develop its non-fuels retail segment as it enjoys double-digit growth year-on-year. The company opened 9 Select stores, 5 deli2go stores, and 23 Shell Helix Oil Change+ and Helix Service Centres.

### COMMERCIAL SEGMENT

Lubricants, bitumen, aviation and commercial fuels all posted an increase in volumes for the third quarter.

Bitumen posted a strong volume growth of around 50%, as the company continues to support the government's "Build, Build, Build" program and export products to international customers. Pilipinas Shell owns and operates the country's sole Bitumen Production Facility (operational since 2018), which allows for more flexibility, improved product costs and dexterity in addressing market changes.

Meanwhile, Lubricants posted a volume growth of 7%, with products Shell Advance, Shell Helix and Shell Rimula emerging as the most preferred brands in the market.

## **MANUFACTURING AND SUPPLY CHAIN**

Cost savings at its refinery reached over half a billion Pesos as of September 2019 through process efficiencies and other optimization initiatives.

Not only did the company complete the planned maintenance shutdown of its refinery ahead of schedule, it also broke ground on two key projects.

Once completed, an Integrated Hydrogen Manufacturing Facility will enable the refinery to process more crude oil varieties into more quality fuels. Pilipinas Shell is also working on building an Integrated Energy System which will harness solar energy, natural gas and battery system which will boost energy efficiency and stability in the refinery.

## **GOVERNMENT PARTNER**

Meanwhile, Pilipinas Shell is ready to start automated fuel marking at its 90-million-liter capacity North Mindanao Import Facility. This is in support of the Government's implementation of the fuel marking program to minimize oil smuggling and misdeclaration, which reportedly costs at least P40 billion in annual revenue losses.

Pilipinas Shell is an integrated fuel refining and marketing (R&M) company in the Philippines that represents the Downstream operations of the Shell companies in the Philippines (SciP), a network of companies involved in oil and gas exploration, refining, distribution, marketing and business services. SciP is part of Royal Dutch Shell plc (Shell), a global group of energy and petrochemicals companies operating in over 70 countries.

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