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# Retail Wealth Management Investor Presentation

Royal Dutch Shell plc  
October 3, 2017



# Definitions & cautionary note

Underlying operating expenses are defined as operating expenses less identified items. A reconciliation can be found in the quarterly results announcement.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this presentation “Shell”, “Shell group” and “Royal Dutch Shell” are sometimes used for convenience where references are made to Royal Dutch Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this presentation refer to companies over which Royal Dutch Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as “joint ventures” and “joint operations” respectively. Entities over which Shell has significant influence but neither control nor joint control are referred to as “associates”. The term “Shell interest” is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interest.

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# Shell

in 2016

**Acquired  
BG Group**

**\$20.6 billion**

Cash flow from operating activities

**Number 1**

Market position globally for retail and lubricants businesses

**38.7%**

Total shareholder return

**31 million tonnes**

Shell LNG liquefaction volumes – **Number 1 IOC**



**3.7 million**

Our production of crude oil and natural gas, in barrels of oil equivalent a day



**92,000**

Average number of people we employed

**Strong Dividend  
Track Record**

**30 million customers**

Every day in 43,000 Shell-branded retail stations

**8 major project  
start ups**

**50%**

Share of our production that was natural gas

**\$1 billion**

Amount spent on R&D

**70+ countries**

in which we operated



Industry context

# Substantial & long lasting shifts in energy landscape



## Population

Nearly 10 billion people by 2050, with 67% living in cities (~2.6 billion more than today)



## Vehicles

2 billion vehicles by 2060 (~0.8 billion today)



## Rising standards

Many millions of people will rise out of energy poverty; with higher living standards energy use rises



## Energy demand

Almost 60% higher in 2060 than today ...but CO<sub>2</sub> emissions must be half today's to avoid serious climate change



## Efficiency

Twice as efficient, using half the energy to produce each dollar of wealth



## Renewables

3 times more energy from renewable sources by 2050



# Strategy

## “Let’s make the future”



### STRATEGIC

- Focus portfolio on resilient positions
- Invest in advantaged projects
- Value chain integration

### OPERATIONAL

- Unrelenting focus on HSSE and license to operate
- Reset cost and capital spending
- First class execution projects and operations

### Delivery

#### Q2 2017 - cash momentum

- Underlying CCS earnings \$3.6 billion
- CFFO \$11.3 billion

#### 4Q rolling – oil less than \$50 per barrel

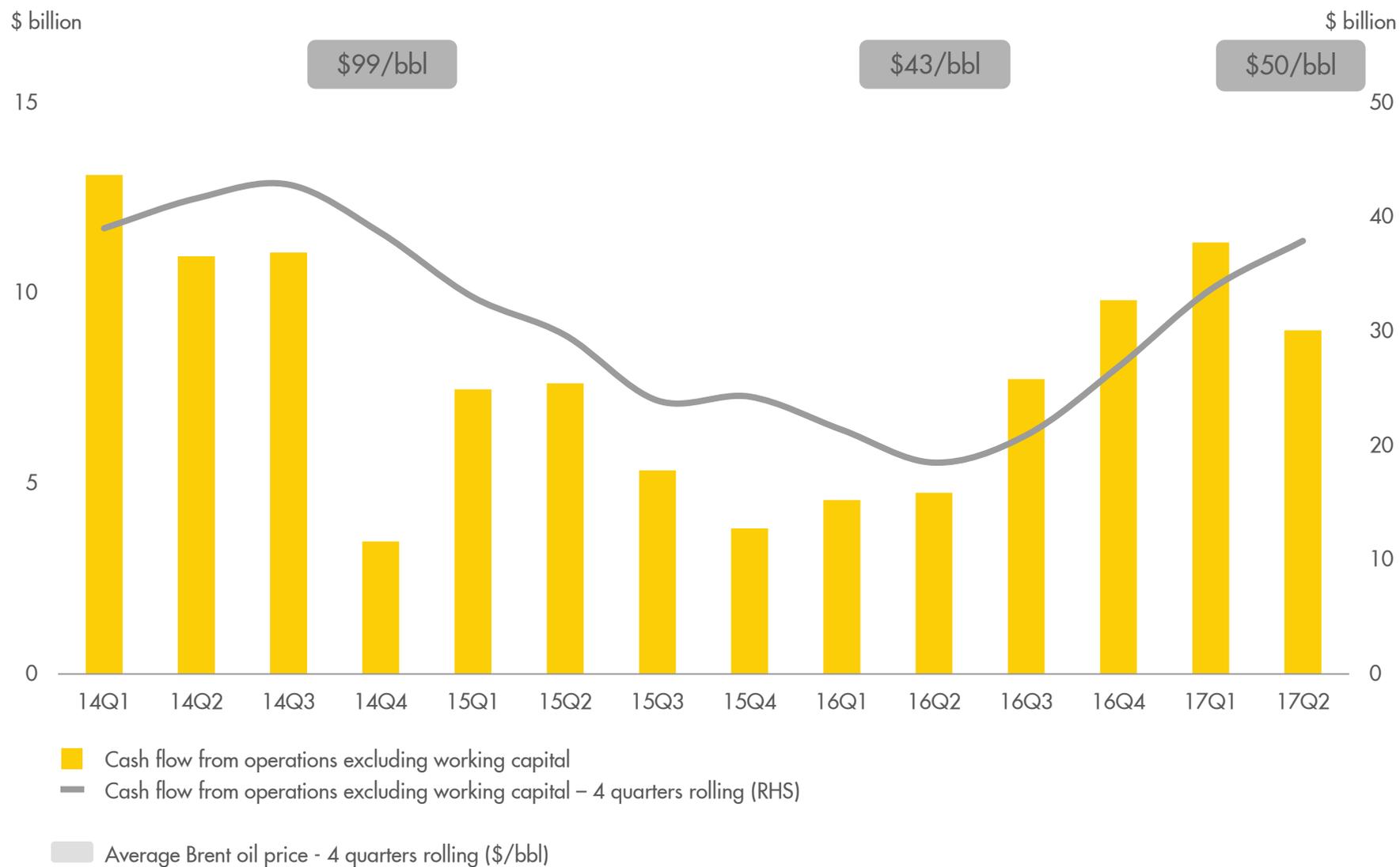
- CFFO \$38 billion
- Cash dividend covered and net debt reduced
- Balance sheet strengthened: 25.3% gearing



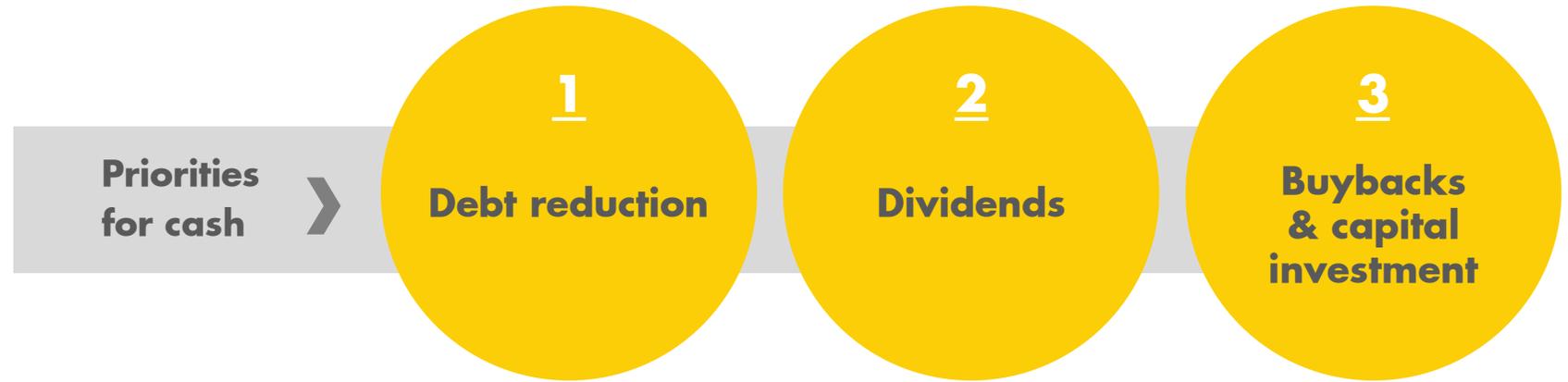
Q2 2017

# Cash momentum

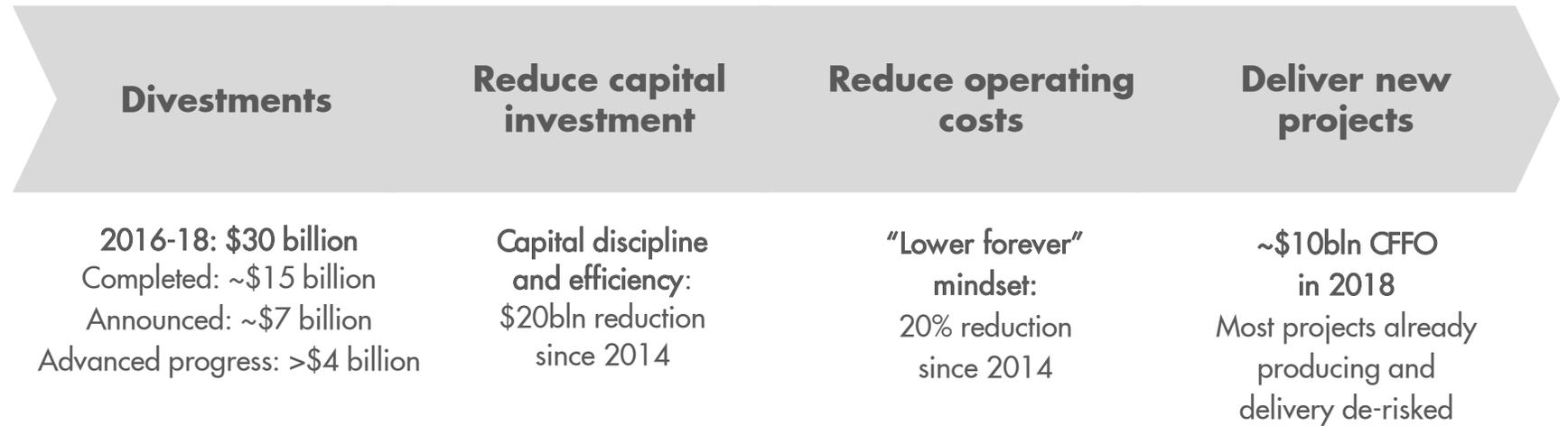
■ \$38bln CFFO (4 quarters rolling) at <\$50/bbl



# Cash flow priorities 2016-18



Powerful levers to underpin financial framework



2016 RT \$60 oil price scenario 2018; Operating costs excl. identified items; Capital investment excludes BG acquisition in 2016, historical BG C.I. is based on BG's published 2014 Annual report



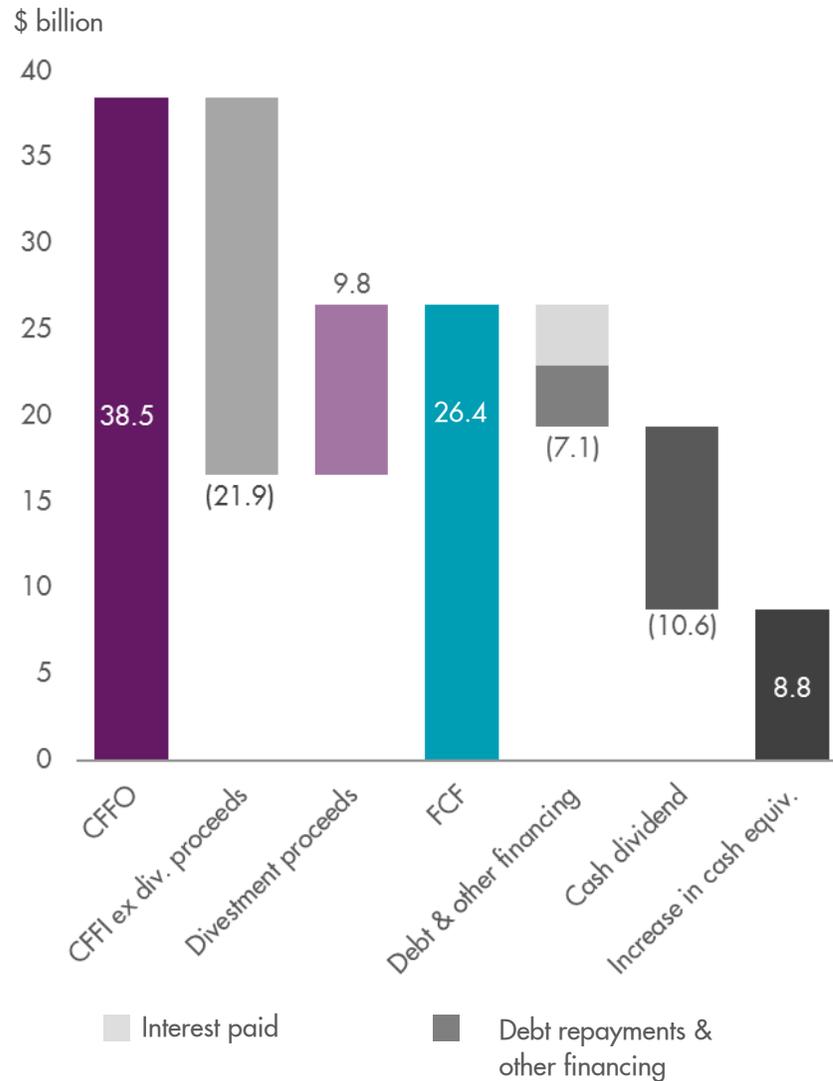
Q2 2017

# Cash performance and distributions

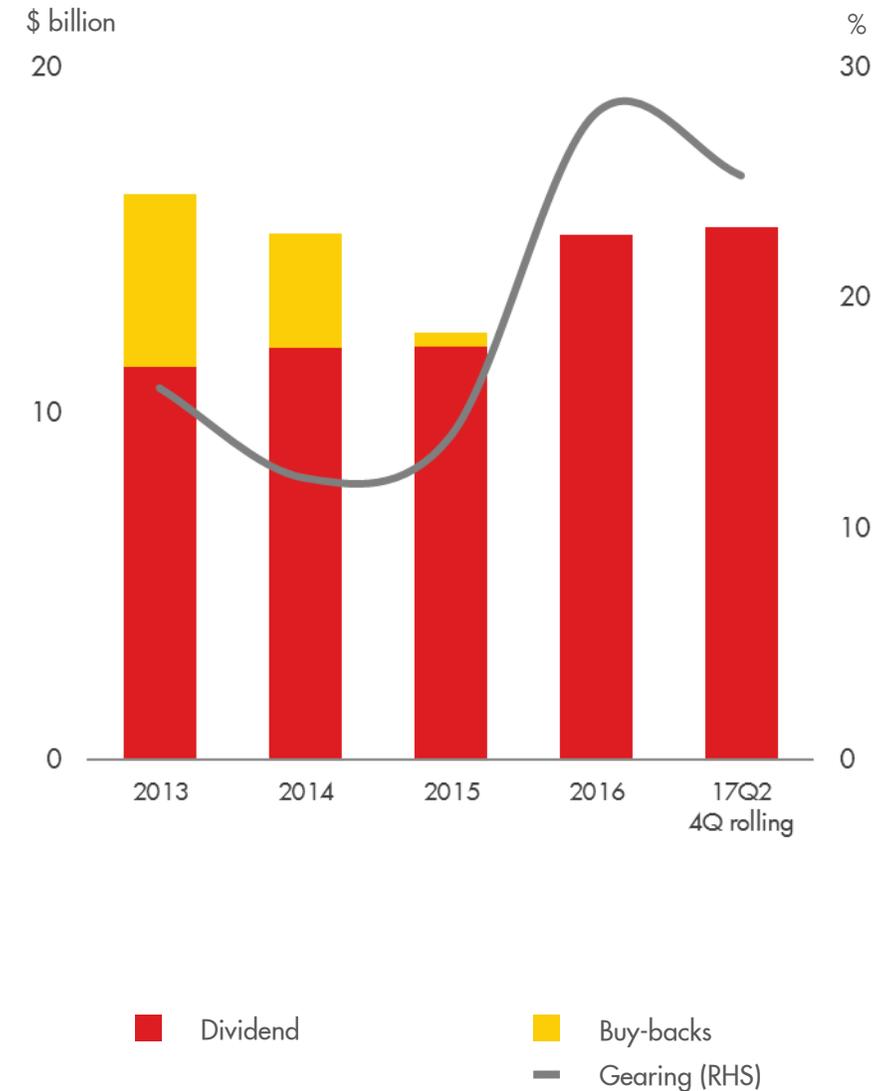
## 4 quarters rolling:

- Cash dividend covered at oil price below \$50/bbl
- Gearing reduced to 25.3%

## Sources and uses of cash – 4 quarters rolling



## Dividend + gearing



# Transformation: World-class investment case

	2013-2015 average	Q2'17 4Q rolling	2019-2021 average
ROACE	8%	4.2%	~10%
Organic free cash flow	\$5 billion p.a.	\$16.6 billion	\$20-25 billion p.a.
Brent	~\$90	~\$50	~\$60

- FCF growth
- ROACE growth
- Conservative financial management

ROACE on CCS basis, excluding identified items  
Organic free cash flow as CFFO minus CFFI excluding  
divestment proceeds  
2019-2021 Brent price as 2016 RT



**“We are reshaping Shell into a more focused and resilient company”**

**Ben van Beurden**  
Chief Executive Officer



**“We are improving Shell’s competitiveness with a stronger focus on performance management, simplicity, and costs”**

**Jessica Uhl**  
Chief Financial Officer



