



# THIRD QUARTER 2015 RESULTS

ROYAL DUTCH SHELL PLC  
29 OCTOBER 2015





**BEN VAN BEURDEN**  
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ROYAL DUTCH SHELL PLC

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Reserves: Our use of the term "reserves" in this presentation means SEC proved oil and gas reserves.

Resources: Our use of the term "resources" in this presentation includes quantities of oil and gas not yet classified as SEC proved oil and gas reserves. Resources are consistent with the Society of Petroleum Engineers 2P and 2C definitions.

Organic: Our use of the term "organic" includes SEC proved oil and gas reserves excluding changes resulting from acquisitions, divestments and year-average pricing impact.

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# SUMMARY

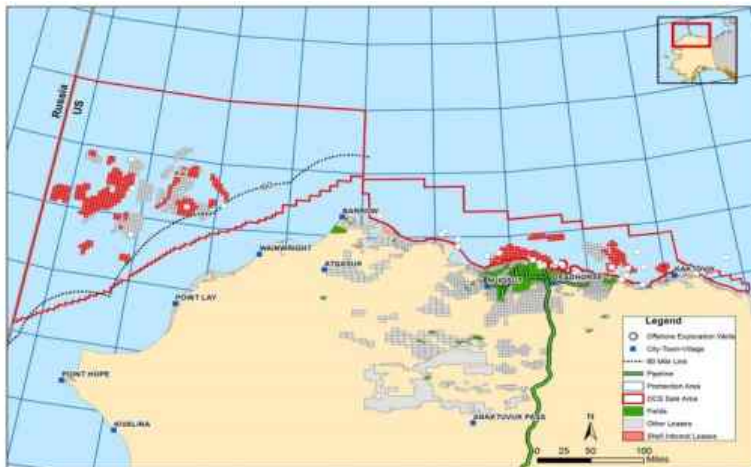


- **Q3 2015 results underpinned by Downstream**
  - Underlying CCS earnings \$1.8 billion; CFFO \$11.2 billion; Q315 dividend \$0.47 per share
- **\$7.9 billion charges in the quarter**
  - Review of long-term options
  - Reduced oil-price outlook
- **Recommended combination with BG on-track for early '16 completion**
  - A more simpler and more profitable Shell

COMPETITIVE FINANCIAL  
PERFORMANCE

CAPITAL EFFICIENCY

PROJECT DELIVERY



## 2015

- 2015 Burger J well completed
  - Main objective: water-bearing
  - Demobilizing from Alaska
- US Government decision not to grant lease suspension means:
  - Chukchi leases expire in 2020
  - Beaufort Sea leases expire in 2017-19
- Exploration halted

# SHELL + BG: 'GROW TO SIMPLIFY'

## REVIEWING LONGER-TERM OPTIONS



### Actions taken



- **Heavy oil:** Carmon Creek in-situ halted



- **Shales:**
  - International: portfolio restructuring complete
  - Americas: retained growth options



- **Arctic:** Alaska halted



- **Nigeria onshore:** SPDC portfolio restructuring
- **Iraq:** Majnoon review
- **Kazakhstan:** Kashagan + BG assets potential

- **Refocusing Shell:**  
'engines', deep water + LNG
- Charges taken with Q3 2015 results
- Simpler + more profitable Shell



**SIMON HENRY**  
**CHIEF FINANCIAL OFFICER**

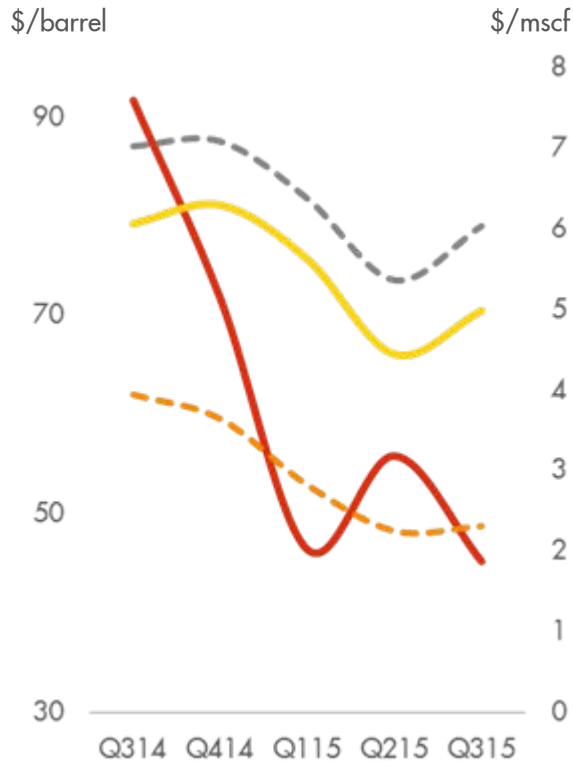
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# PRICES & MARGINS

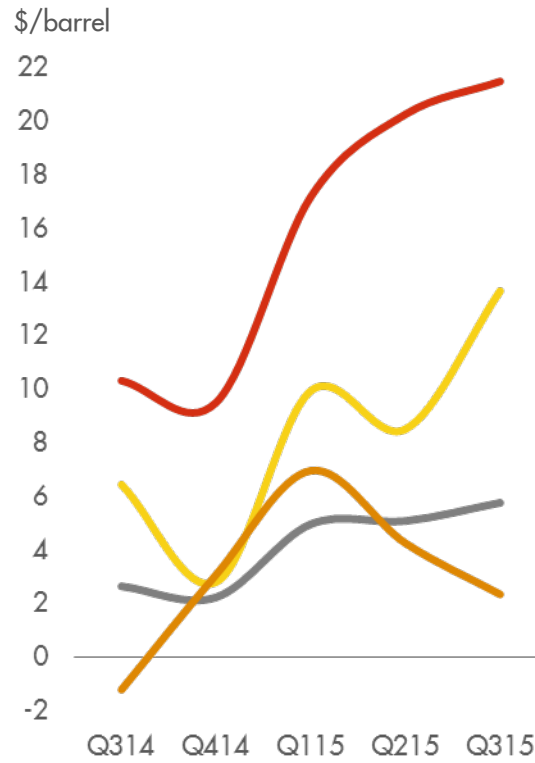


## Shell oil & gas realisations



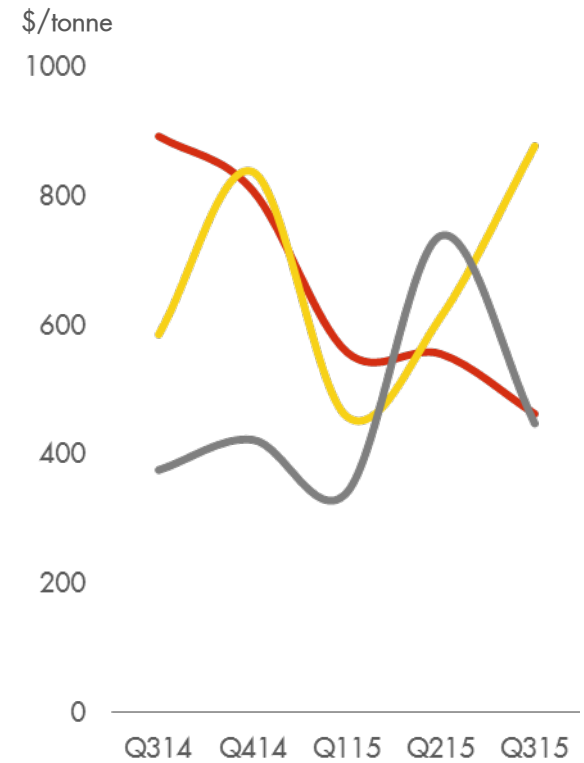
- Oil
- Gas (RHS)
- Gas - Americas (RHS)
- Gas - rest of world (RHS)

## Industry refining margins



- US West Coast
- US Gulf Coast coking
- Rotterdam complex
- Singapore

## Industry chemicals margins



- US ethane
- Western Europe naphtha
- NE/SE Asia naphtha

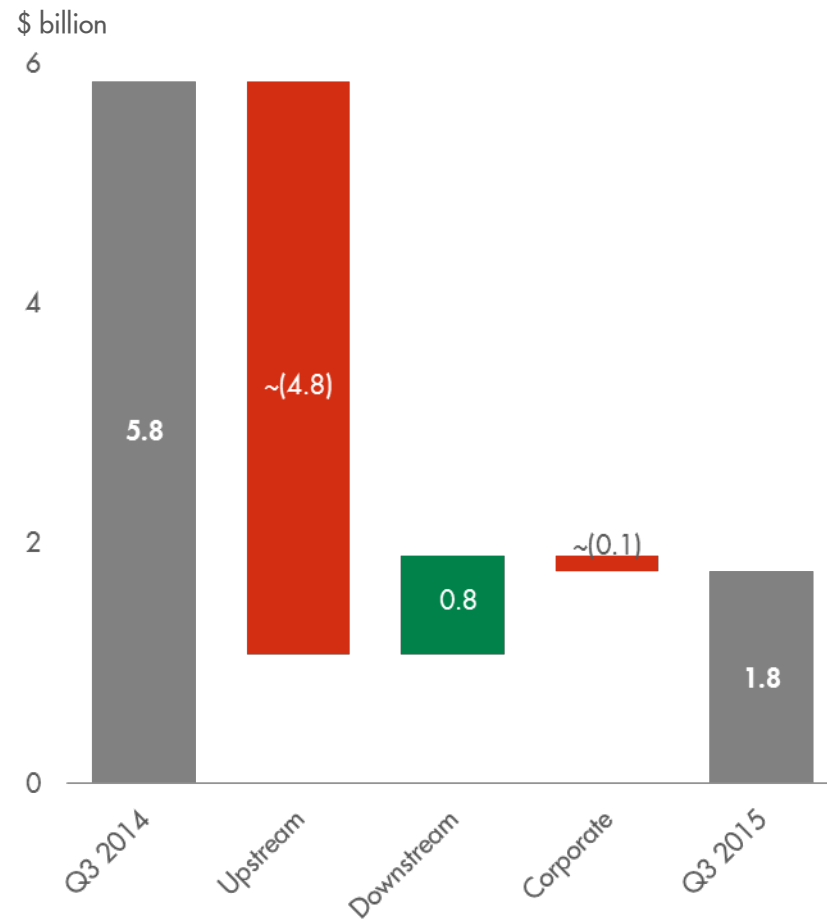


# Q3 2015 FINANCIAL HIGHLIGHTS



	Q3 2014	Q3 2015
\$ billion		
UPSTREAM	4.3	(0.4)
DOWNSTREAM	1.8	2.6
CORPORATE & MINORITIES	(0.3)	(0.4)
CCS NET EARNINGS	5.8	1.8
CCS EARNINGS, \$ PER SHARE	0.92	0.28
CASH FROM OPERATIONS	12.8	11.2
ROACE (%)	10.1	5.5
SHARE BUYBACKS	0.8	-
DIVIDENDS	3.0	3.0
DIVIDEND, \$ PER SHARE	0.47	0.47

## Earnings Q3 2014 to Q3 2015

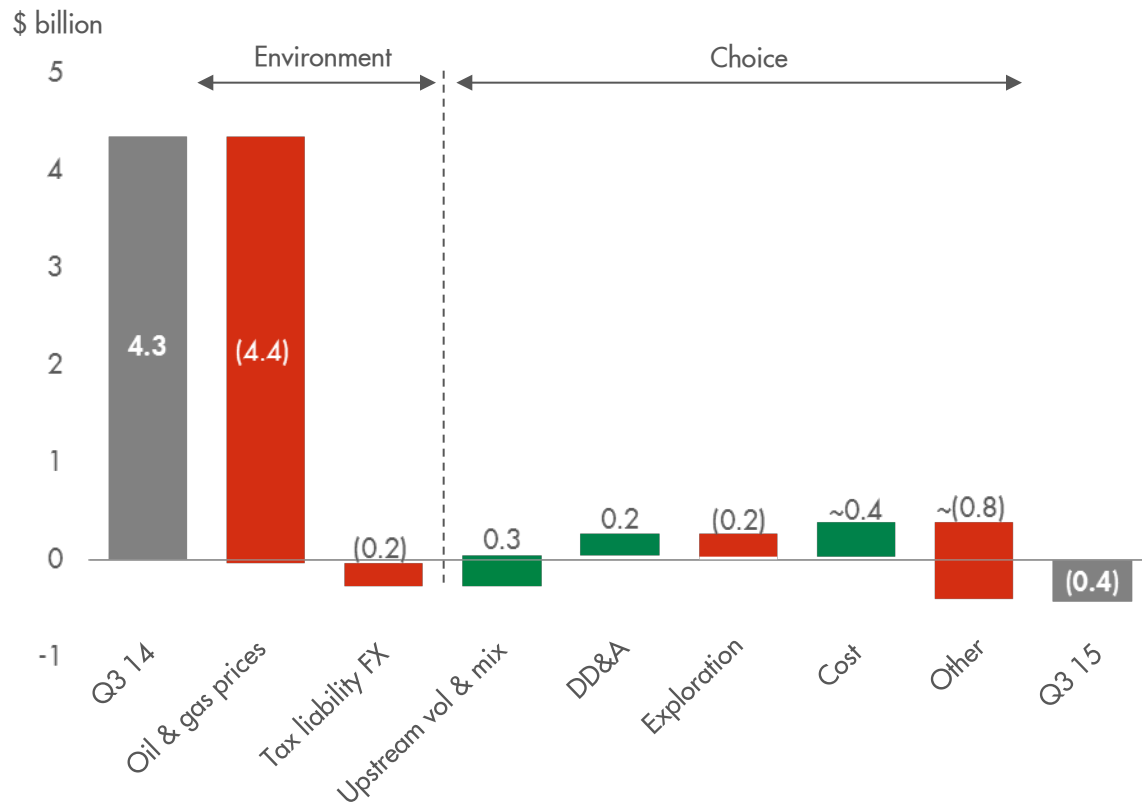


Earnings and ROACE on CCS basis, excluding identified items; ROACE 12 months rolling. Dividends distributed

# UPSTREAM RESULTS Q3 2015



## Earnings Q3 2014 to Q3 2015



- Significant decline in prices
- Increase well write-offs and taxes
- Lower costs + improved volumes

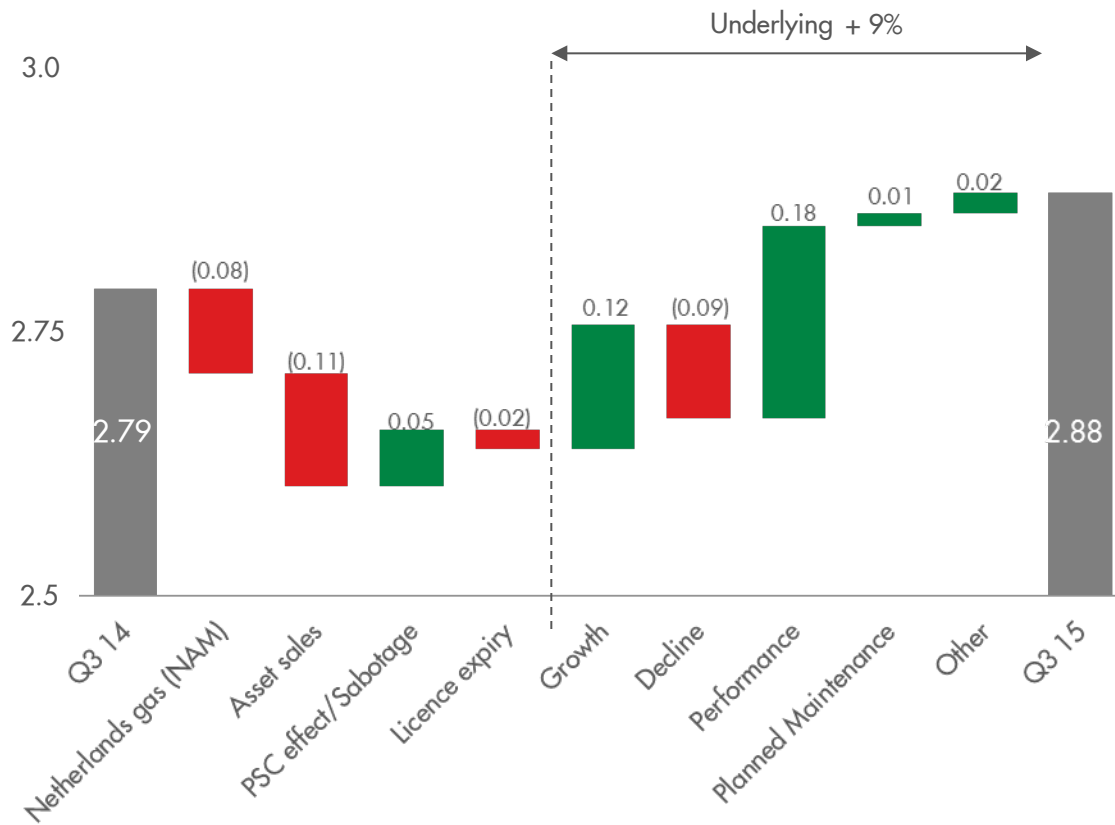
Earnings on CCS basis, excluding identified items

# UPSTREAM PRODUCTION PERFORMANCE Q3 2015



## Production

million boe per day



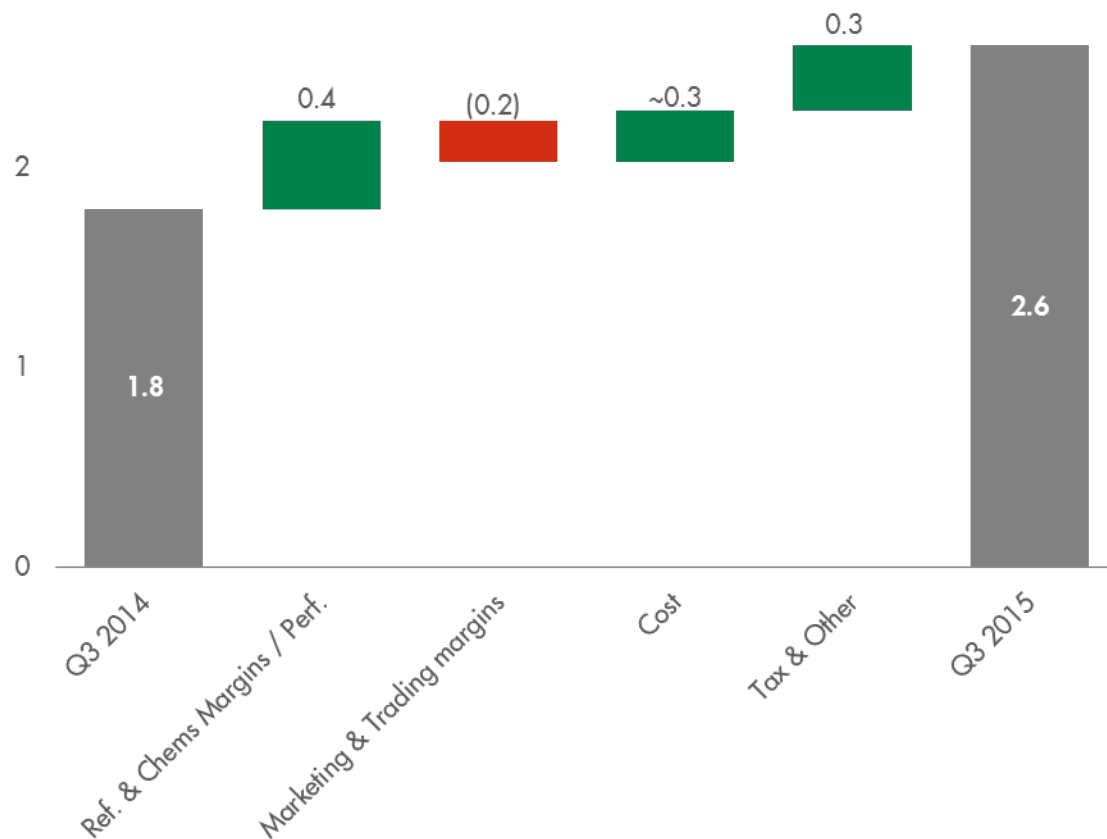
- Strong operating performance
- Growth > decline

# DOWNSTREAM RESULTS Q3 2015



## Earnings Q3 2014 to Q3 2015

\$ billion  
3



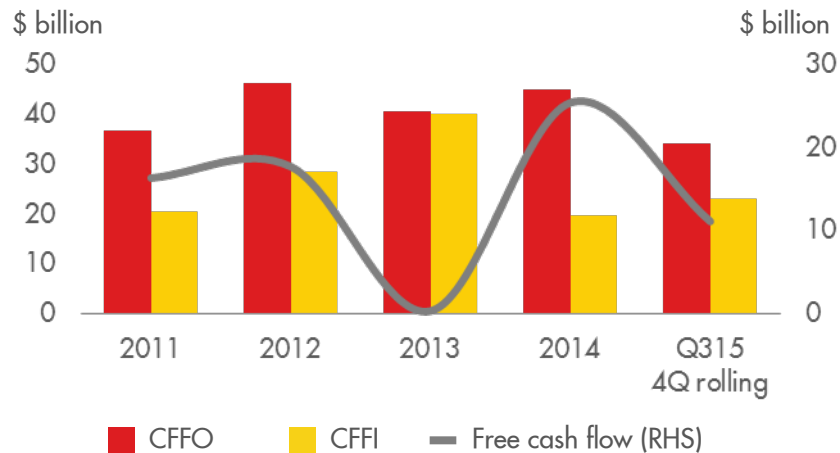
- Higher realised refining margins
- Self-help programmes
- Lower tax + favorable FX

Earnings on CCS basis, excluding identified items

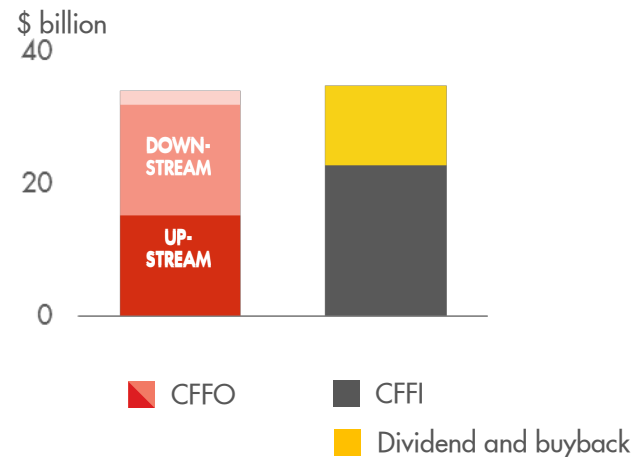
# CASH PERFORMANCE + PAYOUT



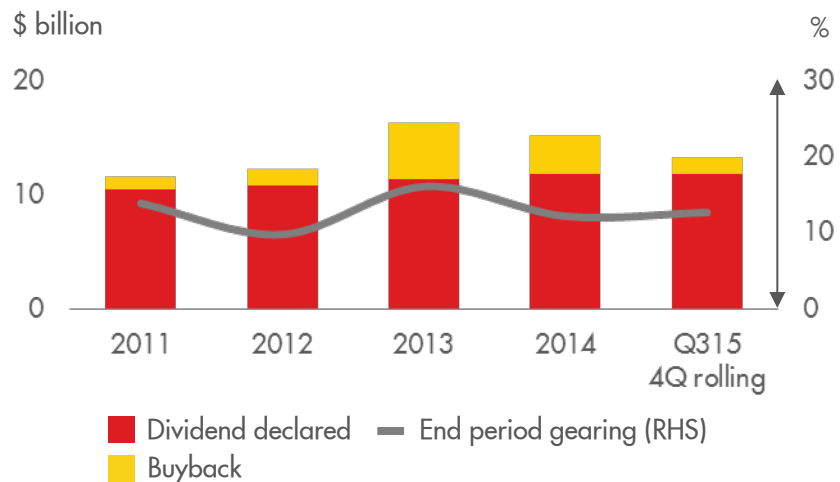
## Cash flow



## Cash generation – Q3 15 4Q rolling



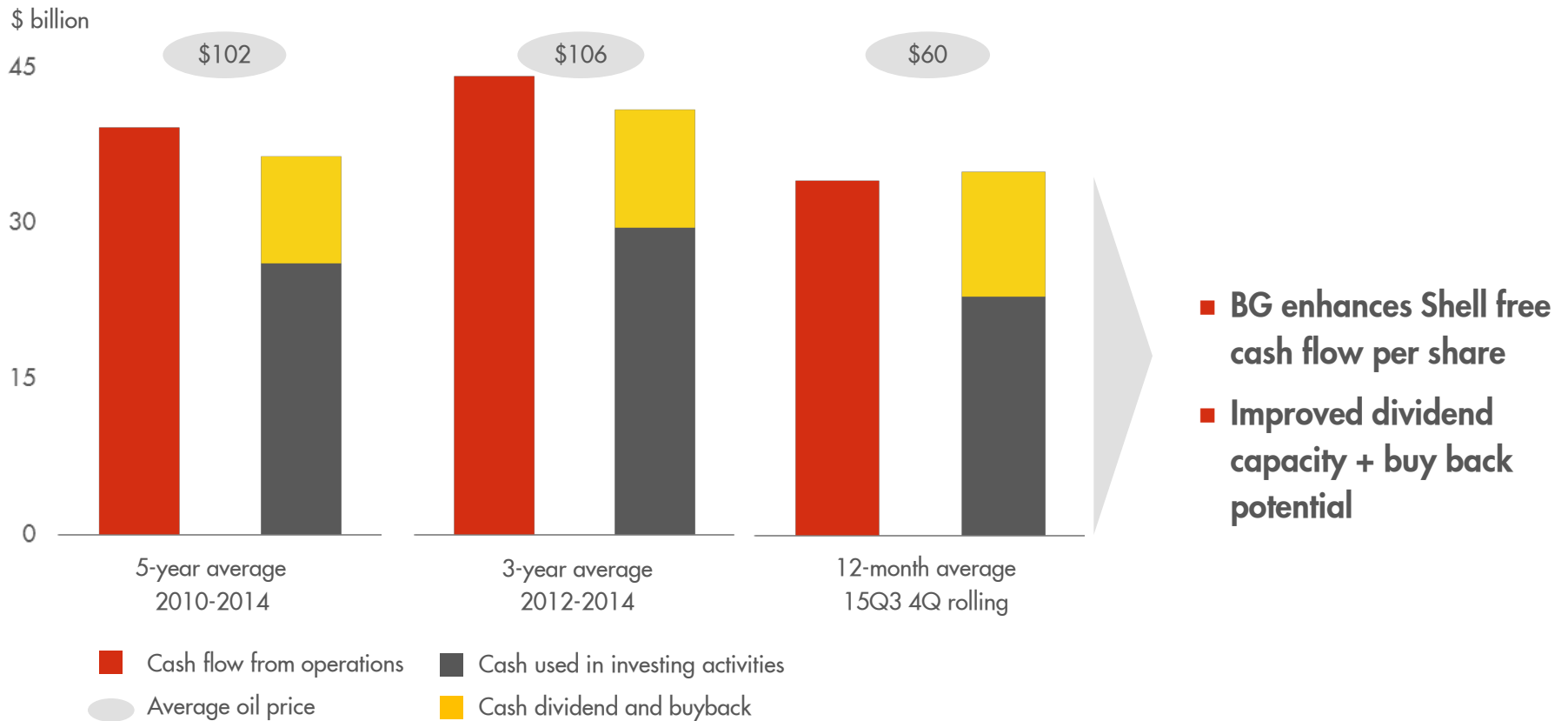
## Dividend + buyback



### Financial priorities:

- 1) Debt reduction
- 2) Dividends
- 3) Buybacks + capital investment

# CASH FLOW MANAGEMENT + TRACK RECORD



- BG enhances Shell free cash flow per share
- Improved dividend capacity + buy back potential

- Balancing cash in / out over the cycle
- 12-month break-even at ~\$60 oil prices

# SUMMARY



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# QUESTIONS & ANSWERS

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## Q4 – Q4 OUTLOOK:

### ■ Upstream

- Divestment impact: ~-50 kboe/d
- Netherlands gas (NAM) curtailment & underground storage: ~-40 kboe/d
- PSC expiry: ~-30 kboe/d
- Planned maintenance: ~+25 kboe/d

### ■ Downstream

- Refinery availability lower due to higher turnaround activities
- Chemicals availability higher



## 2015 Outlook

- Brent: \$10/bbl Brent +/- ~\$3.3 billion earnings per annum
- Henry Hub: \$1/mmbtu +/- \$300 million earnings per annum
- Tax liability foreign exchange impact to earnings (non-cash; after tax):
  - Australian dollar: 0.01ct change AUD/USD: ~\$60 million earnings impact
  - Brazilian real: 0.01ct change USD/BRL: ~\$4 million earnings impact

		Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q3-Q3
\$ million									
Upstream	Australia (UI)	165	100	-370	-325	-365	50	-470	-100
	Brazil (UA)	55	60	-160	-105	-255	55	-290	-130
Corporate		0	0	10	80	130	-30	155	145
<b>Total</b>		<b>220</b>	<b>160</b>	<b>-520</b>	<b>-350</b>	<b>-490</b>	<b>75</b>	<b>-605</b>	<b>-85</b>