ROYAL DUTCH SHELL PLC
THIRD QUARTER 2017 RESULTS

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THIRD QUARTER 2017 RESULTS WEBCAST TO MEDIA AND ANALYSTS

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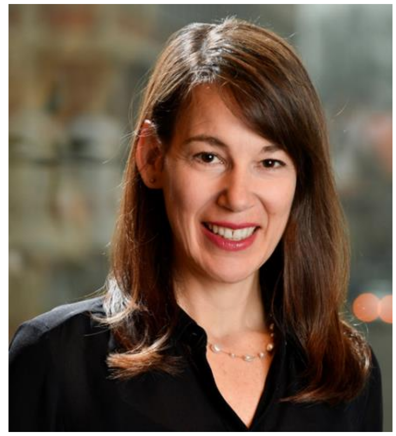

Ladies and gentlemen, welcome to the Shell third quarter 2017 results call.

Before we start, let me highlight the disclaimer statement.

The third quarter 2017 was another strong quarter for Shell. Our Q3 2017 CCS earnings excluding identified items were $4.1 billion. Cash flow from operations in the quarter was $7.6 billion and excluding working capital movements this was $10 billion. Our free cash flow for the quarter was $3.7 billion at an average Brent price for the quarter of around $52 per barrel and, for the fifth consecutive quarter, free cash flow more than covered the cash dividend paid. Our results today show that we are successfully pulling on powerful financial levers that strengthen the balance sheet, as we continue to reshape Shell's portfolio and transform the company. This competitive performance is further evidence of Shell's growing momentum and strengthens our firm belief that our strategy is working.

I would like to share some of Shell's portfolio highlights in the third quarter which reflect important advances across our Upstream, Downstream and Integrated Gas portfolios. Production has started at Gbaran-Ubie Phase 2, a key project in Nigeria's Niger Delta region. Phase 2 follows the success of the first phase of the Gbaran-Ubie integrated oil and gas development. Peak production is expected in 2019, at around 175,000 barrels of oil equivalent per day of which the Shell share is 30%. It is also good news for Nigeria as gas from Gbaran-Ubie Phase 2 will strengthen supply to the domestic market and maintain supply to the export market through NLNG. This start-up is a positive step for Shell's global gas business, as additional volumes to existing plants like NLNG continue to strengthen the resilience and competitiveness of our supply portfolio.

As part of our retail growth plans, we opened our first service station in Mexico, and now we have opened a further 10 sites, with more sites due over the next few months. Our retail offering is providing Mexico's motorists with high-quality Shell fuels and retail services. As the fifth-largest consumer of gasoline in the world, Mexico is an important and growing market and, over the next 10 years, if market conditions continue to develop at their current rates, Shell retail plans to invest around $1 billion in Mexico. These investments will be channelled into expanding and improving the retail network, improving the fuel logistics infrastructure and developing partnerships to deliver world-class products and services to consumers and businesses in Mexico. This is a major milestone for Shell and shows our ongoing commitment to Mexico.

In July, Shell's floating liquefied natural gas facility arrived at its location, the Prelude field in Western Australia. Once in operation, the project will deliver LNG to our customers around the world. And in August, the Appomattox project reached another key milestone with the sail-away of the hull from South Korea to the yard in Ingleside, Texas, where it arrived in early October, and where construction of the project's production platform will be completed. The hull will form the base of Shell's largest floating platform in the Gulf of Mexico. This is an important milestone for a key project, which has the potential to boost production in the Gulf of Mexico by an estimated 175,000 boe per day at its peak – of which the Shell share is 79%. Project delivery is central to our competitiveness in deep water.

Not on this slide, and of a different scale compared to what I just talked about, I would also like to highlight that in October Shell signed an agreement to buy NewMotion, one of Europe's largest electric vehicle charging providers. This move will allow Shell to provide customers the flexibility to charge their electric vehicles at home, work and on the go. When you add this customer offer to our current roll-out of fast charging points on Shell forecourts, we believe we are developing the full suite of charge solutions required to support the future of EVs.

Let me move to the macro environment in the quarter. Compared with Q3 2016, we've seen a strengthening of oil and gas prices, Brent was some 14% higher than year-ago levels, our realised gas prices were some 20% higher than year-ago levels, and on the Downstream side: refining margins were significantly higher than a year ago, in all regions, driven mainly by supply disruption; and in Chemicals, industry cracker margins were impacted by higher feedstock costs - partially offset by the impact of supply tightness in Asia and Europe.

In summary, excluding identified items, Shell's CCS earnings were $4.1 billion, a more than 40% increase in earnings per share from the third quarter of 2016. On a Q3 to Q3 basis we saw higher earnings in all business segments, driven by higher oil and gas prices and stronger refining and chemicals industry conditions, which all contributed significantly to the higher earnings in Q3 2017. I will illustrate later in this presentation how production growth and increases in LNG liquefaction volumes have leveraged the positive impact of these favourable market conditions.

Return on average capital employed was 4.6%, excluding identified items, up from 2.8% in Q3 2016, and cash flow from operations was some $7.6 billion, or $10 billion excluding working capital movements. Our dividends distributed in the third quarter of 2017 were $4.0 billion, of which $0.9 billion were settled under the scrip programme. Dividends per share were $0.47 cents, to be compared with CCS earnings per share of $0.50 cents.

In this quarter, we sustained the improved cash flow momentum, driven by a focus on the four levers: divestments, reduction in capital investment, reduction in operating costs and delivery of new projects throughout our integrated portfolio. On a 4-quarter rolling basis, cash flow from operations excluding working capital movements was around $40 billion.

Let's now look at the drivers of this performance. Starting with production. Compared with the third quarter 2016, new field start-ups and the continuing ramp-up of existing fields; in particular the FPSOs in Brazil, Kashagan in Kazakhstan, Stones in the Gulf of Mexico and Gorgon in Australia contributed more than 340 thousand boe/d to production. The delivery of growth projects is more than off-setting the impact of field declines and divestments. Total LNG liquefaction volumes increased by 10% compared with Q3 2016. This was mainly driven by Gorgon where three trains are online compared with one train in the same quarter last year.

Moving from volumes to other drivers of our results. Oil and gas prices and downstream margins were the main drivers of higher earnings this quarter, for a total of around $2 billion when compared with Q3 2016. Higher DD&A - particularly from Brazil – as projects come on-stream. An important point to make this quarter is that the Motiva transaction, completed earlier this year, resulted in the full consolidation of the Norco and Convent refineries, which has added to our earnings in Q3, but also led to increased operating expenses and depreciation compared with the same quarter a year ago.

Talking about earnings in a bit more detail, let me highlight the contribution of the Chemicals business. Some of you attended our Chemicals investor briefing a few weeks ago and hopefully gained a better appreciation of the strength and potential of this business. In Chemicals, Shell had a solid performance over the last 5 years, including a record quarter in Q1 2017, and $650 million earnings excluding identified items in Q3 2017. Return on average capital employed over the last 5 years was - on average - around 15% - excluding identified items - and reached 19% in Q3 2017. This performance has been delivered across a range of crude and gas prices and demonstrates the robustness of the portfolio at a lower oil price. What are the main contributors to these earnings? First, a more concentrated portfolio, from more than 130 sites at the end of the '90s to 15 currently. Then, a strategy of balancing types of feedstock and focusing on advantaged feedstock, and better operational performance. Higher capital investment levels are expected in Chemicals – as a growth priority – which is underpinned by the fact that we have taken 3 significant FIDs over the past 2 years.

Let me highlight our current growth path on Chemicals. With a competitive edge in chemical feedstocks underpinned by a strong product portfolio and proprietary Shell technology, the Chemicals business is entering a new period of growth. For example, on the Gulf Coast in the USA, we are expanding our chemical footprint at the manufacturing site in Geismar, Louisiana, making the site the largest Alpha Olefins producer in the world. In China, Shell and CNOOC took the final investment decision in the first quarter of 2016 to expand the existing petrochemical complex in Nanhai – the most competitive cracker in China. In 2016, we announced the final investment decision for our petrochemicals project in Pennsylvania in the US. This site will use ethane from the lowest-cost shale gas basin in North America to produce polyethylene - at world-scale. It will be the most cost-competitive polyethylene producer in the US. The location is also ideal because 70% of the North American poly-ethylene market is within a radius of 700 miles.

We have a clear strategy, a competitive and differentiated portfolio which we are expanding and re-shaping to increase margins, with focus on opex and operational performance as key measures of success. This drives our aspiration for this business, where we look to contributing $3.5 to $4 billion of earnings annually by the mid-2020's.

Let me move to our cash position. On a 4-quarter rolling basis we have generated some $27 billion of free cash flow, including around $11 billion of cash proceeds from divestments. In Q3 2017, for the fifth consecutive quarter, free cash flow more than covered cash dividend paid, at $52 per barrel. Our divestment programme continues to make good progress on both raising cash and re-shaping the company. During the quarter: the sale of the 50% share in SADAF - the petrochemicals joint venture with Saudi Aramco - for $820 million was completed. We announced the completion of our North Sea UK assets and the Gabon divestments this week. These 2 deals combined will generate additional cash proceeds of some $2.5 billion in Q4. To date, the company has completed $20 of divestments and has more than $7 billion in announced or in-progress divestments, on track to meet the target of $30 billion of divestments between 2016 and 2018.

Compared with Q316 we have reduced our net debt by around $10 billion to a level of $68 billion at the end of Q317 or 25.4% of gearing. During Q317, S&P raised their long-term rating on Shell to 'A+' from 'A' with a positive outlook. Dividends declared over the last 12 months were $15.5 billion.

Shell's financial framework is a key element of our overall strategy. There is no change to the priorities for cash flow. Reducing debt. Paying dividends and turning off the scrip, followed by a balance of capital investment and share buy-backs. We continue to drive our four performance levers to manage the financial framework: divestments, capex, opex and new projects. These levers are adding significantly to cash flow. We are demonstrating good delivery against these levers and I want to further strengthen the momentum, with a strong focus on performance management, simplicity and costs. Fundamentally, this is an important opportunity to continue to improve Shell's competitive performance, irrespective of oil prices. This is about transforming the company for the future: more value- and bottom-line focused and nimbler to drive change and improvement across all businesses.

Let me close out. Our results today show that we are successfully pulling on powerful financial levers that strengthen the balance sheet. We have delivered $40 billion of cash flow from operations excluding working capital over the last 12 months and over the same period Shell's free cash flow was $27 billion, or $16 billion excluding the cash proceeds from divestments, at average Brent oil price of $51 per barrel. We are improving our returns and delivering a better financial performance. This competitive performance is further evidence of Shell's growing momentum, and strengthens our firm belief that our strategy is working.

With that, let's go for your questions please.

Please could we have just one or two each, so that everyone has the opportunity to ask a question.

Thank you for your questions today. Let me remind you that we will have our Management Day on 28th of November in London and on 29th in New York.

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

Divestments. A reconciliation can be found in the quarterly results announcement.

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