ROYAL DUTCH SHELL PLC
FIRST QUARTER 2018 RESULTS

APRIL 26TH 2018

FIRST QUARTER 2018 RESULTS WEBCAST TO MEDIA AND ANALYSTS

BY JESSICA UHL, CHIEF FINANCIAL OFFICER OF ROYAL DUTCH SHELL PLC

Ladies and gentlemen, welcome to the Shell first quarter 2018 results call. Before we start, let me highlight the disclaimer statement.

When Ben and I presented our results for 2017 three months ago, we promised to enter 2018 with discipline and confidence, committed to the delivery of strong returns and cash. Today, I want to share with you how we are delivering on that promise. In today's call, I will first present our Q1 financial results, then I will update you on the growth and long-term resilience of our portfolio, and I will conclude with emphasising our commitment to our financial framework.

Let's move to the results of the first quarter. Our Q1 2018 CCS earnings excluding identified items were $5.3 billion, $1.6 billion or 42% more than in Q1 2017, and our highest earnings since Q3 2014 when oil price averaged $102 per barrel. Earnings excluding identified items in Upstream were 187% higher than in Q1 2017, driven by higher prices. In our Integrated Gas business, earnings excluding identified items increased by 107% compared to Q1 2017, as a result of higher prices, higher volumes and stronger contributions from trading. In Downstream, CCS earnings excluding identified items were 32% lower than in Q1 2017, primarily as a result of lower contributions from trading and less favourable refining market conditions. Overall, higher prices and margins were the key drivers of higher earnings this quarter.

The positive impact of lower depreciation, net interest expense and well write offs was more than offset by higher operating expenses. The main drivers of higher operating expenses were mainly foreign exchange effects, followed by the consolidation of the costs associated with the former Motiva assets. Cash flow from operations in the quarter was $9.4 billion, and excluding working capital movements this was $10.3 billion. Compared to Q1 2017, higher earnings did not fully translate into higher cash flow this quarter primarily as a result of higher tax payments and increased cash margining on derivatives in Integrated Gas. As we said in Q4 2017, our risk management strategy in Integrated Gas includes the use of some commodity derivatives. A component of this strategy is to lock in the economic value of the difference between Henry Hub and Brent – an exposure that is difficult to manage or diversify otherwise. These are not speculative positions...they are linked to price exposure from physical deliveries. The settlement of tax cases and audits was the main driver of higher tax payments this quarter, followed by taxes due to higher income in Upstream and Integrated Gas. On a 4-quarter rolling basis, cash flow from operations excluding working capital movements amounted to $37 billion in Q1 2018, at an average oil price of $57 per barrel over the same period. Over the last 4 quarters tax payments in relation to the settlement of various tax cases and audits amounted to around $1 billion. As we shared in Q4 2017, with the rising crude price forward curve, our hedges currently trigger margining requirements. Margining requirements move up or down daily as the forward curve moves, and this cash timing impact is compensated when physical LNG deliveries occur. These two factors, tax payments and margining requirements, are the main explanations of the relatively stable cash generation on a 4-quarter rolling basis, despite rising oil prices.

Let me highlight specifically the Integrated Gas performance in the quarter. Our Integrated Gas business had a great quarter. In a volatile market we generated strong income from optimization, leveraging the optionality embedded in our portfolio. Strong operational performance at our LNG plants was another positive contributor.

As a result the Q1 2018 CCS earnings excluding identified items were $2.4 billion, more than double as compared to Q1 2017, and on a 4-quarter rolling basis the earnings were $6.5 billion, with a return on average capital employed of 7.4%. Cash flow generation was also particularly strong this quarter, with $2.9 billion of cash flow from operations excluding working capital movements, a record level since Q3 2014 when the oil price was $102 per barrel. Free cash flow on a 4-quarter rolling basis was $5.4 billion. With the acquisition of BG, we accelerated our growth in LNG by a decade and this growth is being delivered quarter after quarter with record liquefaction volumes achieved in Q1 2018. Since 2015, we have increased our equity LNG liquefaction by some 50%, and our LNG sales by some 75%. Since the beginning of 2016, at headline level, we have completed $26 billion of divestments. We have more than $5 billion in transactions being actively worked, of which more than $4 billion have been agreed. On a headline basis we are on-track to deliver our $30 billion divestment commitment by the end of 2018. The announcement earlier this week of the sale of our Downstream business in Argentina to Raízen is an important strategic step. This agreement is consistent with our strategy to simplify our portfolio and it allows us to continue to capitalise on the thriving downstream market in Argentina, through our successful Raízen joint venture with Cosan.

We published a number of important reports since the beginning of the year, as we seek to increase our disclosure on climate and energy transition related matters. The Shell Energy Transition report, the Sustainability report, and the Annual Report were released and provide important new disclosures on climate change and energy transition. In April, we released our second Shell Energy Transition report – or SET report – in which we assess and confirm the resilience of our portfolio through the energy transition to 2030. The report details the drivers for our resilience, including the increasing capital efficiency of our businesses, our cost competitiveness, and the diversity and integration of our portfolio. I think it is important to test our resilience, as the SET report did. And it is equally important to be transparent about these results. The Task Force on Climate-related Financial Disclosures – TCFD – is working to ensure transparency on climate-related risks and opportunities far beyond the energy industry. Shell's SET report, and additional disclosures in our annual report, sought to meet the TCFD recommendations.

Turning to reshaping our portfolio, and growth. Let me share what we are doing in each of our businesses. At our Downstream Open House event in March this year, we outlined our growth ambition for the business to 2025. We aim to grow Downstream's organic free cash flow from

$6 billion in 2017 to $9-12 billion by 2025. At the same time we expect to increase our capital employed by more than 30% in Oil Products and more than 50% in Chemicals, delivering returns on average capital employed above 15% through the cycle. This is transformational and profitable growth. We also illustrated how we are ensuring resilience of the Downstream business. Since growth in Downstream is closely connected to GDP growth, a balanced geographical split of our business, along with value chain integration, allows us to manage regional economic cycles. In Chemicals, we are making our business more resilient by actively balancing feedstock types across our portfolio and regions in pursuit of competitive returns through the cycle. For Marketing, resilience is achieved by balancing growth in the B2B and B2C businesses, looking at attracting new customers, developing new sources of revenues and increasing our revenues from resilient sectors. In Refining and Trading, portfolio management, value chain integration and improved operational performance have contributed to a significant reduction of our breakeven margin. To summarise, Downstream is pursuing transformational and profitable growth opportunities, and a diversified portfolio that makes our results resilient through evolving market conditions and economic cycles.

Let me move to Integrated Gas. The profitable growth and resilience we have built in Downstream can also be seen in our Integrated Gas business. As we made clear in our second LNG Outlook, published earlier this year, the future of gas continues to look bright. Demand for LNG is expected to continue growing into the 2020s at an average growth rate of more than 4% per year, because of continued economic growth and policies that support switching from coal to gas to bring down local air pollution and reduce CO2 emissions. As a leading IOC in the LNG market, we are well positioned to benefit from this growing market, and our strategy and capital allocation profile are designed to maintain our market share. Moreover, we see a potential supply gap appearing in the early 2020s. Therefore, we continue to look at opportunities to increase our supply portfolio. Regardless of how the market evolves, we will not lose our discipline. Whether we purchase additional volumes, expand existing liquefaction capacity or develop a new LNG project, competitiveness of the cost of supply, returns and capital discipline will remain key decision criteria.

Profitable growth is also a feature of our Upstream portfolio. Between 2017 and 2020, we intend to more than triple production from our liquids rich shale plays, from around 100 thousand to over 300 thousand barrels of oil equivalent per day. In deep-water we intend to increase our production by over 200 thousand to more than 900 thousand barrels of oil equivalent per day by 2020. Since the beginning of 2016 we have started projects that are expected to produce more than 400 thousand boe per day, on a Shell share basis. Including shales, we indicated that we have more than 600 thousand boe per day of Shell share production capacity from new projects under construction. In 2018 we expect continued growth in the Brazil pre-salt, and in the Permian and Fox Creek as well as the start-up of Tempa Rossa and Kaikias amongst others. We are also taking steps to extend growth into the 2020s. Recent examples include the Vito FID, the Whale discovery in the Gulf of Mexico, the Libra development in Brazil, and the successful exploration bids in the United States, Mexico and Brazil.

Now, let me talk about the final investment decision we announced for Vito earlier this week. Vito builds on Shell's extensive footprint in the Gulf of Mexico, as our 11th deep-water host. It is expected to produce around 100 thousand barrels a day of oil equivalent at peak production. Vito is one of our most competitive and resilient projects with a forward-looking break-even price of less than $35 dollars per barrel – enabling positive returns and cash, even in a lower oil price scenario. This is driven by the significant transformation the project underwent to improve capital efficiency. Since the initial concept, we have taken 70% of the capital costs out by fundamentally re-designing the project. The initial Vito concept required new technology and was designed to be a much larger project. By applying industry standard designs we simplified the scope. This resulted in a simpler and smaller project, working from the minimum requirements needed, while maintaining safety and asset integrity. And while we designed a simpler and smaller platform – we still have the ability to accommodate multiple tiebacks, allowing this to become a potentially significant hub. We are embedding the way we approached Vito across the deep-water portfolio and more widely across Shell, to deliver competitive and profitable growth.

Let me move to our financial framework and start with our cash flow priorities. Shell's financial framework is a key element of our overall strategy. And there is no change to our cash flow priorities, reducing debt, paying dividends, followed by a balance of capital investment and share buybacks. These capital allocation priorities mean that we will not increase capital investment above existing plans in response to the current oil price environment, and that any excess free cash flow will be allocated to net debt reduction and shareholder distributions. Consistent with these cash flow priorities, we apply the following principles to capital allocation. Firstly, divestment proceeds are allocated with priority to reduce debt. Secondly, through the cycle, dividend, net interest payments, and capital investment should be covered by cash flow from operations. If necessary, capital investment can be reduced to maintain this balance. However, capital investment will not be increased in case of excess cash flow generation. Any excess will be allocated to debt reduction and shareholder distributions. These principles, and the discipline with which we apply them, are important for us to deliver on our $25 billion share buyback intent and the world-class investment case. We delivered $5.1 billion organic free cash flow this quarter, and $15 billion on a 4-quarter rolling basis at an average oil price of $57 per barrel. As you know, we expect to generate some $25-30 billion organic free cash flow around the end of the decade at $60 per barrel in 2016 real terms. Organic free cash flow generation over the last four quarters is consistent with this outlook, as we expect close to $10 billion in additional annual free cash flow from new projects between 2018 and 2020, and average prices around $65 per barrel would add some $5 billion to current free cash flow based on our oil price sensitivity rule of thumb.

Capital discipline, underpinned by capital efficiency, has been and will continue to be a key lever to increase free cash flow. At our Management Day last November, we indicated a capital investment range of $25 to 30 billion per annum until the end of this decade. This range is unchanged, with $30 billion a hard ceiling, and $25 billion a soft floor. This level of capital investment fits our financial framework and is consistent with our growth aspirations. It includes organic and inorganic investments, and you should expect us to maintain capital investment in the lower part of this range in 2018.

Let's now look at divestments, net debt reduction and organic free cash flow coverage. First, divestments and net debt. Since early 2016, at a headline level, we have completed $26 billion in divestments. This programme is a crucial part of our push to simplify and optimise our portfolio. We are confident that we will deliver on our $30 billion target, and, beyond 2018, we expect to continue to divest more than $5 billion per year to further upgrade and refresh our portfolio. Since 2016, we have received some $18 billion in proceeds from divestments and in addition some $2 billion from our MLP. By the end of the year, we expect to have received another $6 to $10 billion in cash proceeds from divestments. Since Q3 2016, in line with divestment proceeds, we have reduced net debt by more than $13 billion, lowering gearing from 29.7% to 24.7%. In Q1 2018, full cash payment of our dividend and share purchases for our employee plans and associated employment taxes impacted the pace of net debt reduction. An important element of our financial framework is organic free cash flow coverage of interest payments and dividends through the cycle.

On a 4-quarter rolling basis, organic free cash flow has on average covered interest payments and cash dividend since Q2 2017. So, to sum up: our cash flow allocation principles are clear, and we are implementing them with discipline. Our net debt is reducing in line with divestment proceeds and we expect another $6 to $10 billion in cash proceeds this year. Organic free cash flow coverage has been consistent and we expect this trend to continue. And we are confident in our 2020 organic free cash flow outlook of $25-30 billion, at $60 per barrel real terms 2016. Our delivery is consistent with our intent to buy back at least $25 billion of our shares over the period 2018-2020. We are on track, but we are not there yet. As you have seen, cash flow generation over the last 2 quarters has been impacted by cash margining and tax. Our decision on the timing of initiating the share buyback programme is driven by principle – to meet our financial framework commitments as consistently shared and to move forward in the right sequence. So, what will happen next? In addition to continued capital discipline, operational delivery and sustained oil prices, we would like to see more progress to our divestment programme leading to a further reduction in net debt. With strong operational delivery and $21 billion in cash, it is not a performance or financial capacity issue. It is a question of time – not intent – before we start the share buyback. This is entirely consistent with the approach we confirmed at our Management Day last November.

Let me close out. We continue to focus on consistent delivery and performance in the short-term, we are confident in our 2020 outlook, and we continue to re-shape our portfolio for resilience and profitable growth in the 2020s. All of which is underpinned by a very disciplined management of our financial framework.

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 and for joining the call today. The second quarter results are scheduled to be announced on the 26th of July 2018, and Ben and I will talk to you all then.

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DEFINITIONS AND CAUTIONARY NOTE

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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 (SPE) 2P + 2C definitions.

The Mountains and Oceans scenarios are based on plausible assumptions and quantification, and they are designed to stretch management thinking and even to consider events that may only be remotely possible. Scenarios therefore, are not intended to be prediction of likely future events or outcomes. Accordingly, investors should not rely on them when making an investment decision with regard to Royal Dutch Shell plc securities.

Operating costs are defined as underlying operating expenses, which are operating expenses less identified items. Organic free cash flow is defined as free cash flow excluding inorganic capital investment and divestment proceeds. Unit costs for Refining and Trading are defined as operating expenses divided by refinery intake volumes. Yield on costs for Marketing are defined as CCS earnings excluding identified items divided by operating expenses. Integrated indicative margin is defined as a theoretical margin available to be captured by our integrated portfolio of Refining and Trading assets excluding portfolio impact. Breakeven margin is defined as minimum integrated margin required for zero earnings in Refining and Trading. Gross margin is defined as net proceeds less cost of goods sold, on a CCS basis, and primary transport expenses. Income per site is defined as ratio of CCS earnings excluding identified items to the total number of Retail branded sites. Sales by region is defined as sales volumes across each of the regions Americas, East and Europe & Africa. Earnings per FTE is defined as ratio of CCS earnings excluding identified items to the number of employees in Lubricants, Aviation and Specialties. Clean CCS ROACE (Return on Average Capital Employed) is defined as defined as the sum of CCS earnings attributable to shareholders excluding identified items for the current and previous three quarters, as a percentage of the average capital employed for the same period. Capital employed consists of total equity, current debt and non-current debt. Capital investment comprises capital expenditure, exploration expense excluding well write-offs, new investments in joint ventures and associates, new finance leases and investments in Integrated Gas, Upstream and Downstream equity securities, all of which on an accruals basis. Divestments comprises proceeds from sale of property, plant and equipment and businesses, joint ventures and associates, and other Integrated Gas, Upstream and Downstream investments, reported in “Cash flow from investing activities (CFFI)”, adjusted onto an accruals basis and for any share consideration received or contingent consideration recognised upon divestment, as well as proceeds from the sale of interests in entities while retaining control (for example, proceeds from sale of interest in Shell Midstream Partners, L.P.), This presentation contains the following forward-looking Non-GAAP measures: Organic Free Cash Flow, Free Cash Flow, Capital Investment, CCS Earnings less identified items, Operating Expenses, ROACE, Capital Employed and Divestments. We are unable to provide a reconciliation of the above forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile the above Non-GAAP measure to the most comparable GAAP financial measure is dependent on future events some which are outside the control of the company, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures consistent with the company accounting policies and the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner which is consistent with the accounting policies applied in Royal Dutch Shell plc’s financial statements. The forward-looking breakeven price (BEP) presented for Vito is calculated based on all forward-looking costs associated from FID. Accordingly, this typically excludes exploration and appraisal costs, lease bonuses, exploration seismic and exploration team overhead costs. The forward-looking breakeven price is calculated based on our estimate of resources volumes that are currently classified as 2p and 2c under the Society of Petroleum Engineers’ Resource Classification System. As this project is expected to be multi-decade producing, the less than $35 per barrel projection will not be reflected either in earnings or cash flow in the next five years. The financial measures provided by strategic themes represent a notional allocation of ROACE, capital employed, capital investment, free cash flow, organic free cash flow and underlying operating expenses of Shell's strategic themes. Shell's segment reporting under IFRS 8 remains Integrated Gas, Upstream, Downstream and Corporate.

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 Royal Dutch Shell plc and subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. ''Subsidiaries'', "Shell subsidiaries" and "Shell companies" as used in this presentation refer to entities 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 an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

This presentation contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Royal Dutch Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Royal Dutch Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition', ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''goals'', ''intend'', ''may'', ''objectives'', ''outlook'', ''plan'', ''probably'', ''project'', ''risks'', "schedule", ''seek'', ''should'', ''target'', ''will'' and similar terms and phrases. There are a number of factors that could affect the future operations of Royal Dutch Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this presentation, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this presentation are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Royal Dutch Shell's 20-F for the year ended December 31, 2017 (available at www.shell.com/investor and www.sec.gov). These risk factors also expressly qualify all forward looking statements contained in this presentation and should be considered by the reader. Each forward-looking statement speaks only as of the date of this presentation, April 26, 2018. Neither Royal Dutch Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this presentation. We may have used certain terms, such as resources, in this presentation that United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. U.S. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov