ROYAL DUTCH SHELL PLC
FIRST QUARTER 2020 RESULTS

APRIL 30th 2020

FIRST QUARTER 2020 RESULTS WEBCAST TO MEDIA AND ANALYSTS BY BEN VAN BEURDEN, CHIEF EXECUTIVE OFFICER OF ROYAL DUTCH SHELL PLC AND JESSICA UHL, CHIEF FINANCIAL OFFICER OF ROYAL DUTCH SHELL PLC

Ladies and gentlemen, welcome to Shell's first-quarter results call for 2020, and thank you for joining us today. Before I begin, can I just say that I hope you, your families, friends and colleagues are safe and well and that you are all taking good care through these extraordinary times.

I will start by highlighting the disclaimer statement that you can see on your screens. During the highly uncertain times and outlook that we are facing, it is even more important to read and understand the note. So please do take time to read this.

In an environment like this, a strong company like Shell needs to stay resilient, prudent and act responsibly and it needs to take decisive action to preserve the long-term health of the company, which is crucial for staff, customers, the communities we operate in, our debt holders and shareholders. We are well-positioned to maintain the resilience, prospects and performance of this company. This will mean focusing on three key areas. The first is care for each other, for our colleagues, for our customers and for our communities. We must put health and safety first. The second area is continuity, we must continue to serve our customers in every way we can. Where possible, we must aim to provide them certainty. We need to ensure that our operations are delivering products that customers need to keep functioning. And finally, we are focusing on protecting the future health of our business, we must always generate and preserve cash but especially during these challenging times. I will talk more about these key areas a little later, and about how Shell is responding including how we have challenged all the levers within the framework to ensure we stay resilient.

When considering the risks of a prolonged period of economic uncertainty, including the weaker demand in our products and the lower and less stable commodity prices, we do not consider that maintaining the current level of shareholder distributions is in the best interest of the company and its shareholders. With that said, the Shell Board has decided to reduce the amount we pay as dividends to our shareholders and we are announcing a resetting of our quarterly dividend to 16 US cents per share. This aims to provide the right balance of maintaining a strong balance sheet, protecting the value of our business, and the level of shareholder returns that we offer.

As I said, I will certainly go into more detail on this later, but first I want to talk about what we have achieved so far this year.

This quarter, Shell has delivered good earnings of $2.9 billion, with strong and resilient business operations. Our cash flow from operations, excluding working capital movements, was around $7.4 billion, at an average Brent price of $50 per barrel. As a result of big movements in price and volume, there was also a positive working capital impact of around $7.5 billion this quarter. Jessica will run through our financial performance for the quarter a little later on.

We also announced a major new ambition earlier this month. At our Responsible Investment Annual Briefing, we announced our ambition for Shell to become a net-zero emissions energy business by 2050 or sooner, in step with society. That is a significant strengthening of our climate ambition, and later on I will talk you through the key components of this ambition. But we cannot talk about long-term ambitions without considering the short-term circumstances. It is important to look at the macro-economic and societal forces at work right now to understand what Shell can achieve today and what we can achieve tomorrow.

As you can see on the charts on your screens, the pressure on our industry has mounted and the threat to economies across the globe is real. One clear factor and this is a threat to our industry, and any industry that relies on our products is the commodity price outlook. Today's volatile market is impacting our business now and will continue to impact our business in the quarters to come. Oil and gas prices have already moved sharply down this year as the COVID-19 pandemic has significantly reduced demand for crude, gas and associated products while at the same time, supply from Saudi Arabia and Russia increased. This over-supply has put further pressure on oil prices.

When we then look at our Integrated Gas business, the economic slowdown has reduced global LNG demand – a material demand drop compared to projections earlier in the year. Similarly, the environment around refining and chemicals margins remains challenging with demand for our products falling to levels where storage capacity is becoming a major issue. And the key to the profitability of our chemicals plants and refineries is their integrated value chain from their feedstocks to the multiple products they produce. The demand volatility of a particular product can have a broader impact on the operational capability of the integrated value chain. For example, a reduction in the demand for jet fuel at a refinery can impact the viability of the entire refinery. Looking ahead, we expect significant price and margin volatility in the short to medium term.

We are also seeing recessionary trends in many of the markets and countries we operate in. This volatility presents a unique challenge for oil and gas producers, with the need to balance the requirement for cash today, with appropriate investment across the portfolio to generate cash tomorrow. This must be combined with ensuring we have a strong balance sheet and continue building a business that will be here for the long term. We do not expect a recovery of oil prices or demand for our products in the medium term, but both will recover over time. Until that time, we, like other companies, will take actions to ensure our business is robust in the current difficult macro environment, and remains robust.

So, what does this mean in practice? Earlier, I talked about care, continuity and preserving cash. Our immediate priority is care. Shell is supporting our teams whether they are now working from home, serving customers at retail sites or working at our operations. We are following the advice of local authorities wherever our teams are based. Our fuels are powering trucks and ships to continue delivering medical and food supplies. Our retail sites are staying open, keeping communities mobile and providing essential food and supplies. Shell is also adapting production where possible to support efforts to halt the spread of the virus. At our manufacturing plants at Pernis in the Netherlands and Sarnia in Canada, for example, Shell is diverting resources to make isopropyl alcohol as fast as we can. This chemical ingredient makes up about half the content of hand-sanitising liquids. In the Netherlands, we are making 2.5 million litres available free of charge for the healthcare sector. Safety has always been a priority for Shell, and care is necessary in responding to the challenge of COVID-19. In each country where we operate we are responding based on the local need and the specific resources that we can deploy there.

The second action we are responding with is business continuity. We are continuing to operate, invest and produce wherever it makes sense. For example, we are still working to sanction projects, and we continue to strengthen our portfolio. Continuity brings certainty and this is vital in such uncertain times. One example of how we have kept things going is at our retail sites across the world. Our network of 45,000 sites globally performs an essential service for emergency services and customers in need of fuel and convenience retail offers. We have been working very hard to remain open for business and, so far, only 140 retail sites of the 45,000 had to close. And while our sites remain open, our broad portfolio, local innovation and the resourcefulness of our employees enables us to provide reliable and tailored products and services to all our customers. We rapidly expanded the stock range in our convenience retail outlets to meet new customer demands during the lockdowns. The actions included expanding the range into groceries, daily essentials, and also home delivery from our stores that are open 24 hours.

The third action with which we are responding is by preserving cash. In March, we laid out how we are responding to the current ongoing world-wide crisis due to the COVID-19 pandemic. We are taking action to reinforce the financial strength and resilience of our business so that we are well positioned now, and for eventual economic recovery. We are doing everything we can in financial and operational terms to deliver sustainable cash flows. We announced a series of initiatives that are expected to result in a pre-tax contribution to our free cash flow of $8-9 billion. Firstly, we will focus on a reduction of cash capital expenditure. For the full year 2020 we will see a reduction to $20 billion or below, compared with a planned level of around $25 billion. So far, we have made good progress in working to reduce cash capital expenditure. Our approach is to protect our assets, spending what is required on asset integrity, continue with the projects in which a final investment decision has already been taken and focus on robust investments that will give us a short-term return. We have gone through a detailed, project-by-project review in each of our businesses and expect to achieve the $20 billion or lower cash capex spend this year. Some of our recent announcements are the result of those ongoing project reviews. The second initiative is targeted at a reduction in underlying operating costs by $3-4 billion per annum over the next 12 months compared with 2019 levels. We are making good progress, and of course, are using this initiative to drive reviews in our contracts, review discretionary spend, look at our travel costs as well at cost-saving opportunities in certain parts of our business by significantly scaling back external recruitment. Given the unprecedented and intense economic headwinds and the impact these will have on results. Board and Management have announced that no Group performance bonuses will be paid to anyone in Shell for this financial year. This is a substantial measure which we do not take lightly, but it is appropriate to the conditions we see. In addition, it will also support our overall drive to reduce costs. Then turning to our businesses, the deferral of final investment decisions and exit from early-stage projects naturally reduces our operating costs. For instance, we do not have to invest further in feasibility expenditure. We will, of course, still look for opportunities to protect or generate further value, where it makes sense. Finally, we are driving down our working capital, resulting in material reductions in the underlying working capital balances.

All in all, we will adapt our financial framework wherever we need to, and will make changes where we have to. With that in mind, it was announced in March that the Board of Royal Dutch Shell decided not to continue with the next tranche of our share buyback programme. This follows the completion of the previous tranche of share buybacks, which has seen us buy back $15.75 billion of shares since 2018. In the current environment, Shell's financial resilience is paramount if we are to continue to invest in our strategic priorities. We do not take these decisions about adjusting shareholder distributions lightly – and I want to talk more about the dividend decision that we have announced today to set it in context and give you more detail.

As I have explained, we are taking decisive actions to improve our resilience in the shorter and longer term, both in the underlying business and our financial performance. Our financial framework needs to remain robust, and at times like these, the levers within the framework also need to be reviewed to ensure the right balance of maintaining a strong balance sheet, protecting the value of our business, and the level of shareholder returns that we can offer.

For Shell, we currently need to preserve cash, reinvest in our business and build a resilient company that has a path to offer even better returns. To ensure the longer-term health of the business, we have three clear actions.

First, to maintain a robust balance sheet that is resilient even at times like these. We are working hard to do this through the initiatives we have outlined. In the medium term whilst our gearing is likely to remain above 25%, our principal focus continues to retain strong credit metrics, which we believe the actions we are taking will allow us to do.

Second, spend the right amount of capital to protect the future value of our businesses which are expected to deliver competitive returns in the future. With this in mind, we believe our recently revised spend is set at a level that achieves these objectives without eroding value.

And finally, shareholder distributions are a fundamental part of our financial framework, and we need to ensure that we strike a balance between shorter-term shareholder distributions, the longevity of these returns, and potential growth of these returns in the future. We have continued to test the resilience of our business in the context of a dynamically evolving macro outlook. When considering the impact of the current macroeconomic climate on our organisation, and the risks of a prolonged period of economic uncertainty, weaker commodity prices, higher volatility, and weaker demand in all our businesses, the Board does not consider that maintaining the current level of distributions is in the best interest of the company and its shareholders. The Board has decided to reduce the amount we pay as dividends to our shareholders and we are announcing a resetting of our quarterly dividend to 16 US cents per share. This decision has been taken after very careful consideration of the risks to our financial stability from the impact of COVID-19, the current commodity price and margin environment and the supply-demand imbalances that I outlined earlier. We believe the reset level of dividend provides a platform from which the company can reinforce the balance sheet over time, continue to invest in our business, and also pay a meaningful and affordable dividend with the prospects of growth and additional returns when macro-economic circumstances allow. Although the absolute level of our dividend per share will now be lower, our cash priorities are unchanged. As we move forward, the Board will continue to evaluate very closely the way we prioritise between retaining a strong balance sheet, investment in our businesses and increased cash distributions to our shareholders. Crucially, the dividend reduction does not change the prospects of this company and provides further stability in our financial framework, positioning us to succeed in a lower-for-longer commodity price environment and business uncertainty.

While addressing the challenging global circumstances in the short term, which is important, we also need to keep an eye on the long term to address our long-term strategic ambitions.

Earlier, I mentioned our new ambition for Shell to be a net-zero emissions energy business by 2050, or sooner if possible. As the world tackles climate change, the societal focus has been placed increasingly on limiting the global temperature rise to 1.5° Celsius. In order to achieve this aim, the world is likely to need to stop adding to the stock of greenhouse gases in the atmosphere – a state known as net-zero emissions – by about 2060. The pace of change will inevitably vary from country to country. But those who can move faster, must move faster. That is why we welcomed the EU's and the UK's ambitions to reach net-zero emissions by 2050. And we in Shell would also like to move faster. In 2017, Shell's ambition was to be in step with a society working towards a well-below 2° Celsius future. As society moves towards a 1.5 Celsius future, Shell has set out its new ambition, to become a net-zero emissions energy business by 2050 or sooner, in step with society. We intend to work towards this in three ways.

Firstly, by seeking to be net-zero on all emissions from the manufacture of all our products by 2050 at the latest. This includes the emissions created by our own operations and also those associated with the energy we consume. These are known as scope one and two emissions.

But the bulk of the emissions in our industry are customers' emissions when they use its products, known as scope three emissions. That is why Shell's second step towards being a net-zero emissions energy business is our enhanced Net Carbon Footprint ambition. Our long-term ambition is to reduce the Net Carbon Footprint, in step with society, of the energy products we sell by 65% by 2050, instead of the previous 50% level. Shell's interim, medium-term, ambition is to now reduce it by 30% by 2035, instead of 20%. To achieve this, Shell will need to sell more products with a lower carbon intensity, such as renewable power, biofuels and hydrogen. Yet society will continue to need some energy products that create emissions for the foreseeable future. So Shell will continue to sell such energy products. But that does not mean Shell cannot be a net-zero emissions energy business, because our customers themselves can and need to take action on their emissions.

So, thirdly, if Shell is to achieve its ambition of becoming a net-zero emissions energy business, we need to help our customers decarbonise. This means working with our customers to address the emissions that are produced when they use the energy products they buy from Shell. That effort includes working with broad coalitions of businesses, governments and other parties, sector by sector, to identify and enable decarbonisation pathways for each sector. So this is how we intend to achieve our ambition to be a net-zero emissions energy business by 2050, or sooner.

Now, it is, of course, easy to state an ambition. It is much harder to achieve it. And, today, Shell's business plans will not get us to where we want to be. That means our business plans have to change over time as society and our customers also change over time. We are talking about a fundamental shift for Shell over the next 30 years. And we aim to give you an update on what this means in the second half of this year with some first steps being laid out.

I hope this highlights the magnitude of Shell's ambitions to be a core part of the future, a future that society wants and society needs. And this is why we are taking the action outlined here, why we are balancing short-term needs with long-term goals, why we are responding with care, continuity and cash preservation.

Now, I will hand over to Jessica, who will run through the details of our quarterly financial performance. Thank you.

Thank you Ben, and to everyone for joining the call today. I hope you and your families are all safe and well.

Let me start with outlining Shell's financial performance in Q1.

Our Q1 2020 cash flow from operations, excluding working capital movements, was $7.4 billion. Under the Current Cost of Supplies methodology, the cost of sales is adjusted to reflect the current cost of supply for the sales of our products. This is referred to as a Cost Of Sales Adjustment, or COSA. COSA eliminates inventory holding gains, when prices increase, or losses, when prices decrease, that are included in the underlying FIFO margin due to a price fluctuation. When prices fall, CCS earnings are higher than FIFO earnings, which does not translate into higher CFFO excluding working capital.

For the first quarter of 2020, Brent was at an average price of $50 per barrel and our organic free cash flow was $10.3 billion. Earnings amounted to $2.9 billion and our return on average capital employed, on a CCS earnings basis excluding identified items, was 6.1%. At the end of Q1 2020, our gearing was reduced to 28.9%. Our cash capital expenditure in the quarter was $5.0 billion, which is in line with our path towards an expected $20 billion total spend for 2020. Now let us look at our Q1 earnings in more detail.

Shell had a strong first quarter from an operational and cash flow standpoint with the COVID-19 impacts not being significant until March. This supported our first quarter earnings, which on a CCS basis and excluding identified items, were $2.9 billion. This decrease, relative to Q1 2019, was due to lower prices and margins, while the COVID-19 pandemic started to impact global demand during the latter half of Q1.

In our Integrated Gas business, total production was 12% higher compared with the first quarter of 2019. This was a result of lower maintenance activities, in addition to new fields ramping up in Trinidad and Tobago and Australia, when compared with the first quarter 2019. LNG liquefaction volumes increased by around 2% compared with the first quarter 2019, mainly as a result of lower maintenance in Q1 2020, partly offset by lower feed gas availability. Integrated Gas earnings were $2.1 billion, down by around $400 million, reflecting lower realised LNG, oil and gas prices, as well as lower contributions from trading and optimisation, and higher depreciation with several projects ramping-up.

In Upstream, earnings were some $290 million. This was around $1.4 billion lower than in Q1 last year. This largely reflects lower realised oil and gas prices and lower volumes. First-quarter Upstream production was 5% lower than in the same quarter a year ago, mainly due to divestments, field decline and lower production in the NAM joint venture. This was partly offset by field ramp-ups in the Santos Basin, Gulf of Mexico and Permian. Our Upstream assets have delivered strong operational performance this quarter. Excluding portfolio impacts, production was broadly in line with the same quarter a year ago.

In Oil Products, earnings were $1.4 billion in the first quarter, in line with Q1 2019. This reflected weaker realised refining margins and lower contributions from trading and optimisation. This was partly offset by higher marketing results and lower operating costs.

In Chemicals, earnings were $148 million in the first quarter, down from around $450 million in the same quarter last year, reflecting lower base and intermediate chemicals margins.

In the Corporate segment, our underlying earnings excluding identified items, reflected unfavourable exchange rate movements compared with Q1 2019.

Now that we have covered our earnings, let me turn to cash flow.

Cash flow from operations in Q1 2020 was $14.9 billion with a positive impact of some $7.5 billion from working capital movements. This was partially offset by the COSA effect, reflecting inventory holding losses, that I explained earlier. In addition, working capital was impacted by around $2 billion net outflow in accounts payable and accounts receivable movements. Our cash flow from operations, excluding working capital movements, amounted to $7.4 billion. This is $4.7 billion lower than in Q1 last year as inventory remeasurements were offset by higher payables. In our Integrated Gas business, cash flow from operations in Q1 2020 was approximately $4 billion, around $200 million lower than in Q1 2019. In Upstream, our cash flow from operations was $5.6 billion, around $300 million higher than in the same quarter a year ago, partly due to working capital movements in Q1 2020. In our Oil Products business, our cash flow from operations was around $4.9 billion, nearly $5.5 billion higher than in Q1 2019, and, as mentioned, this was driven largely by working capital movements. In our Chemicals business, our cash flow from operations was negative at around $178 million, around some $160 million lower than in Q1 2019.

Let me now talk further about how we are taking decisive actions to improve our resilience in the shorter and longer term.

As Ben mentioned earlier, we announced a series of initiatives that are expected to result in a pre-tax contribution to our free cash flow of some $8-9 billion. It is important to note this is the outcome of a first round of reviews across our businesses, and the first set of actions and depending on how long any form of recovery may take in this volatile and dynamic environment, we will continue to review our position and plan further actions, if needed, in both operating and capital costs. In any action we take, we must protect our people and our assets. When we consider our capex decision framework, our first priority is to protect our people and assets, spending what is required on asset integrity. We then look to defer, reduce or stop spend using near and long term criteria to materially reduce near term spend while minimizing the potential value impact and remaining committed to our long term ambitions. Examples of choices we have made include, for instance, in March we announced that we would not proceed with the Lake Charles LNG project, in Louisiana, USA. In Australia, Shell and its joint venture partners decided to delay a final investment decision on the Crux gas field project that was planned for this year. For our Whale deep-water project in the Gulf of Mexico, we, along with our partners, are deferring our Final Investment Decision. And finally, for our Shales business in the USA, we are reduce our rig count. These are only a few of the actions we have taken and we will continue to work our portfolio to find ways of optimising our spend, minimize value impacts while maintaining options, should conditions improve. Our approach to reducing operating cost reflects near term immediate measures as well as longer term structural changes. Again, we must first and foremost support our staff and society to manage during the pandemic. This includes providing stable employment in the near term as well as providing a wide ranging set of supplies and resources to governments and local communities. At the same time, we are reducing discretionary spend across the company including reducing third party spend, including contractors, minimizing external recruitment and rebasing our growth activities. With all of these actions we are seeking to balance the current reality with our responsibilities to a diverse set of stakeholders and our long term strategic ambitions. In our assets and businesses, we are driving streamlining initiatives at a faster pace, reducing feasex and new business development spend in line with our reduced capex profile and working with our supply chain to realize material savings. We are also accelerating digital and improvement initiatives to capture value and manage risk in our dynamic environment. Shifting our product profile at our refineries and in our retail stations to meet the current needs of our customers as well as using data faster to understand counterparty risks are some of the ways we are strengthening our business. In the more medium term, we will work more structural initiatives to deliver a more efficient and effective organizational model for the future. In the current environment, Shell's financial resilience is paramount if we are to continue to invest in our strategic priorities. We are taking immediate steps to ensure the financial strength and resilience of our company and all of our businesses, to manage through this challenging period with the ambition to emerge stronger. That is why we are taking the steps we have outlined today – effectively pulling all levers that touch our cash sources and uses, to preserve the short term as well as the longevity of our cash flows.

We need to manage value and risk in the near and long term and importantly position ourselves to lead in the low-carbon future. We are protecting some of our spend across all of our businesses, including power, to continue to provide lower-carbon energy products and solutions today while building profitable lower-carbon energy business models for the future. Supporting our resilience and capacity to manage volatility is Shell's strong liquidity position with some $22 billion in revolving credit facilities. Together with cash and cash equivalents of circa $20 billion at the end of Q1 2020, we have liquidity of over $40 billion, a clear strength in the current environment. We are also able to access the debt capital markets at competitive rates as demonstrated by our recent debt issuances in both US dollars and Euros.

A prudent approach to our financial framework remains a priority. Although we expect our gearing levels to remain elevated above 25% in this current environment, Shell seeks to maintain strong financial credit metrics and ensure it has a resilient balance sheet to manage volatility through the cycle. With the interventions we are making with capital allocation and cash costs, we will continue to work towards AA credit metrics through the cycle. With material disruptions impacting our people, assets and communities, our near term focus is on care, continuity and cash. And while we do this, we must also maintain our focus on the longer-term ambitions that we have as a company, to thrive in the energy transition, increase shareholder distributions and maintain a strong balance sheet. Today, stability, resilience and prudent management of our capital are key to delivering our strategy and achieve our purpose.

Now let me hand back over to Ben.

ROYAL DUTCH SHELL PLC
FIRST QUARTER 2020 RESULTS

Thanks Jessica. Certainly, this combination of extraordinary events has somewhat impacted our Q1 results, and given the current dynamic we expect this to impact more severely through the second quarter. However, we are in a strong position to respond to this crisis. By demonstrating resilience, and by responding thoughtfully and swiftly, we will get through this together. Please do stay safe, stay healthy and look after each other. Thank you.

With that, let's go for your questions. Please could we have just one or two each, so everyone has the opportunity to ask a question.

Thank you for your questions and for joining the call today. We will report our second quarter results on the 30th of July. Please note that we have scheduled an additional shareholder webcast with our Board to answer shareholder questions on the 13th of May. This will then be followed by our Annual General Meeting, scheduled to be held on the 19th of May, in a virtual only format due to COVID-19.

----------------E N D-------------------

ROYAL DUTCH SHELL PLC

APRIL 30th 2020

WWW.SHELL.COM/IR

DEFINITIONS AND CAUTIONARY NOTE

NOT FOR RELEASE, PRESENTATION, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISIDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

Earnings on a current cost of supplies basis ("CCS earnings") is the income for the period, adjusted for the after-tax effect of oil-price changes on inventory. In this presentation, "earnings" refers to "CCS earnings attributable to RDS plc shareholders excluding identified items" unless stated otherwise. Basic CCS earnings per share is calculated by dividing "CCS earnings attributable to RDS plc shareholders" by the average number of shares outstanding over the year. In this presentation, "earnings per share" refers to "basic CCS earnings per share excluding identified items" unless stated otherwise. In this presentation, ROACE refers to "ROACE on a CCS basis excluding identified items" unless stated otherwise. This measure is defined as the sum of CCS earnings excluding identified items for the current and previous three quarters, adjusted for after-tax interest expense, expressed as a percentage of the average capital employed for the same period. Capital employed consists of total equity, current debt and non-current debt. In this presentation, "cost" refers to "operating expenses excluding identified items". Operating expenses consist of the following line in the Consolidated Statement of Income: (i) production and manufacturing expenses; (ii) selling, distribution and administrative expenses; (iii) and research and development expenses. Cash flow from operating activities excluding working capital movements is defined as "Cash flow from operating activities" less the sum of the following items in the Consolidated Statement of Cash Flows: (i) (increase)/decrease in inventories, (ii) (increase)/decrease in current receivables, and (iii) increase/(decrease) in current payables. Cash capital expenditure comprises the following lines from the Consolidated Statement of Cash Flows: Capital expenditure, Investments in joint ventures and associates and Investments in equity securities. Free Cash Flow is defined as the sum of "Cash flow from operating activities" and "Cash flow from investing activities". Organic free cash flow is defined as free cash flow excluding inorganic cash capital expenditure, divestment proceeds and tax paid on divestments. Divestment proceeds are defined as the sum of (i) proceeds from sale of property, plant and equipment and businesses, (ii) proceeds from sale of joint ventures and associates and (iii) proceeds from sale of equity securities. Gearing is defined as net debt (current and non-current debt less cash and cash equivalents, adjusted for the fair value of derivative financial instruments used to hedge foreign exchange and interest rate risks relating to debt, and associated collateral balances) as a percentage of total capital (net debt plus total equity). Reconciliations of the above non-GAAP measures are included in the Royal Dutch Shell plc Unaudited Condensed Interim Financial Report for three-month period ended March 31, 2020.

The financial measures provided by strategic themes represent a notional allocation of ROACE, capital employed, cash capital expenditure, 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, Oil Products, Chemicals and Corporate.

Also, in this presentation we may refer to Shell's "Net Carbon Footprint", which includes Shell's carbon emissions from the production of our energy products, our suppliers' carbon emissions in supplying energy for that production and our customers' carbon emissions associated with their use of the energy products we sell. Shell only controls its own emissions. The use of the term Shell's "Net Carbon Footprint" is for convenience only and not intended to suggest these emissions are those of Shell or its subsidiaries. It is important to note that as of April 30, 2020, Shell's operating plans and budgets do not reflect Shell's Net-Zero Emissions ambition. Shell's aim is that, in the future, its operating plans and budgets will change to reflect this movement towards its new Net-Zero Emissions ambition. However, these plans and budgets need to be in step with the movement towards a Net Zero Emissions economy within society and among Shell's customers.

This presentation contains the following forward-looking non-GAAP measures: Organic Free Cash Flow, Cash Capital Expenditure, Gearing, 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 measures to the most comparable GAAP financial measures 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 measures are calculated in a manner which is consistent with the accounting policies applied in Royal Dutch Shell plc's financial statements.

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 its 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; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; and (n) 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 Form 20-F for the year ended December 31, 2019 (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 30, 2020. 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 the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. 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.