ROYAL DUTCH SHELL PLC
SECOND QUARTER 2021 RESULTS

BEN VAN BEURDEN, CHIEF EXECUTIVE OFFICER OF ROYAL DUTCH SHELL PLC

Welcome to our second quarter 2021 results presentation. Today, Jessica and I will talk about how we are delivering on our Powering Progress strategy, we will share an update on our financial framework and then we will provide insights into our strong Q2 performance.

The past year has proven to be challenging. In this environment, our operations, our supply chains and our people have shown immense resilience and we have continuously delivered safe operations, robust business performance and unmatched cash flows. So, although volatility in commodity prices and demand recovery might still continue for some time, we are confident in the strength of our cash generation potential.

Therefore, we are moving to the next phase of our capital allocation framework and we are stepping up distributions to our shareholders. We are rebasing our dividend and launching share buybacks this quarter, which Jessica will cover in more detail in a moment.

In our Powering Progress strategy, we are moving at pace to a net-zero emissions company purposefully and profitably. We are providing energy that the world needs today, while also building the energy business of the future. That is what Powering Progress is about.
So today, I will share the progress we are making in three areas: hydrogen, refining and carbon capture and storage technology - or CCS.

In hydrogen, we are building on our leading position. By 2035, we aim to achieve a double-digit share of sales of clean hydrogen, which is a market poised for growth.
We are currently offering our customers the opportunity to fuel with hydrogen across 50 sites for light-duty vehicles globally. And recently, we opened the first hydrogen station for trucks in the United States, and in the Netherlands, buses can refuel within 10 minutes. With a full tank of 25 kilos of hydrogen, buses can travel over 400 kilometres.
These are the first steps in building an extensive hydrogen network. In Europe, we are partnering with Daimler to roll out a hydrogen-refuelling network of 1200 kilometres which will join three green hydrogen production hubs. We have also started up Europe's largest PEM electrolyser in Germany for the production of green hydrogen with 10 megawatts capacity and plans are under way to expand it to 100 megawatts.

In refining, our strategy is to concentrate our portfolio into 5 Energy & Chemicals parks by the end of the decade, and that's from 8 refineries as of today. Our updated target reflects the sale of the Deer Park refinery. And, even in a challenging environment for refining, we have been making great progress in rationalising our portfolio and divesting refineries for value. And, by divesting, closing or converting our refineries, we are reducing Shell's Scope 1 and 2 emissions from refining by around 50% since 2018.

With CCS, as part of our strategy to reduce our own carbon emissions and those of our customers, we aim to capture and store an additional 25 million tonnes of CO_2 a year by 2035.

And we have recently made announcements on two important CCS projects – Polaris at our Scotford facility in Canada, and the Acorn project in the UK. These will help us deliver low-carbon energy solutions to our customers and they make important contributions to our 2035 CCS ambition.

This is tremendous progress across our business pillars in delivering our strategy and while we transform and build the business of the future, our financial delivery remains strong.
Jessica, over to you.

JESSICA UHL, CHIEF FINANCIAL OFFICER OF ROYAL DUTCH SHELL PLC

Thank you, Ben.

With strong results in the previous quarters and outstanding cash generation from our businesses, we have reduced net debt by $12 billion since Q2 last year. This resilient performance gives us the confidence to move to the next phase of our capital allocation framework.

We committed to increase shareholder distributions once we reduced net debt. And today we are delivering on that commitment. Starting from Q2 2021, we are rebasing our dividend to 24 US cents per share, an increase of 38% from Q1 2021. This rebased dividend is now at a more meaningful level, and more in line with our cash generation track record. In addition, we will buy back up to $2 billion of our shares in the second half of 2021. As a result, we expect the full year 2021 shareholder distributions to be around the middle of the 20 to 30%

range of our cash flow from operations. And, from 2022, we plan to announce distributions on a quarterly basis.

As we move into the next phase of our capital allocation, let me emphasise that our cash priorities remain unchanged.

The first priority is disciplined base Cash capex and paying ordinary progressive dividends to our shareholders. Base Cash capex is the minimum spend that allows us to sustain our strategy… balancing between maintaining our assets, sustaining cash flows and investing for growth. We expect base Cash capex to be between $19 and 22 billion per year. And we will also grow our dividend per share by about 4% a year, subject to Board approval, in line with our progressive dividend policy.

The second priority is ensuring we have a strong balance sheet. For that, we will target AA credit metrics through the cycle.

That brings me to the third priority of our financial framework: additional shareholder distributions. These incremental distributions may be in the form of share buybacks and/or dividends. Every quarter, the Board will decide the amount of distributions above the ordinary dividend level, looking to optimise capital allocation between shareholder returns, balance sheet strength and accretive growth. The total distribution amount will then be tested to ensure it falls within the 20 to 30% range of the previous four-quarter rolling CFFO, rather than being determined by a target percentage within this range.

And finally, our fourth priority any cash surplus will be allocated in a balanced way between additional Cash capex and continued strengthening of the balance sheet. We will allocate the additional Cash capex in a measured and disciplined manner, and we expect to spend more than half of it on our Growth pillar.

This brings me to our performance in Q2 2021. Once again, we delivered strong financial results for the quarter. Our Adjusted Earnings increased to $5.5 billion, from $3.2 billion in Q1. Our Adjusted EBITDA, was $13.5 billion on a current cost of supplies basis. And we delivered $14.2 billion of cash flow from operations excluding working capital movements… one of the highest levels of cash generation on record. This shows we are well positioned to benefit from the global economic recovery. Our performance was particularly strong in Marketing, boosted by outstanding performance in Retail. Good margin management and growing convenience retail resulted in one of the best quarterly results for Retail in the last decade. And our cash conversion was once again robust, across all businesses, which shows the quality of our portfolio.

To demonstrate our strategy in action, I will highlight an important achievement from our Upstream joint venture BGC, in Basrah, Iraq. BGC will bring energy to around a million more homes than today, by capturing, processing and selling gas that companies in the region would otherwise flare. And, to support this development, the IFC of the World Bank, together with 8 international banks, is providing essential funding, a first of its kind in the Iraqi oil and gas sector, helping the country to access international capital markets. This funding will increase BGC's ability to reduce greenhouse gas emissions by around 10 million tons per annum, while materially improving local air quality. This is a great example of how our businesses contribute to our goals of Powering Lives, by providing energy and Respecting Nature, by reducing emissions.
And with that, let's return to Ben.

BEN VAN BEURDEN, CHIEF EXECUTIVE OFFICER OF ROYAL DUTCH SHELL PLC

Thank you, Jessica.
Today, I hope we have shown you how Shell is changing, progressing on the goals of our strategy and delivering value. Value today. Value tomorrow and value for decades to come. To shareholders and to wider society. Helping society heading towards net-zero emissions. That is our strategy. That is Powering Progress.
Thank you.

Royal Dutch Shell plc
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www.shell.com/investors

DEFINITIONS AND CAUTIONARY NOTE

Adjusted Earnings is the income attributable to RDS plc shareholders for the period, adjusted for the after-tax effect of oil price changes on inventory and for identified items. In this presentation, "earnings" refers to "Adjusted Earnings" unless stated otherwise. Adjusted EBITDA (FIFO basis) is the income/(loss) attributable to Royal Dutch Shell plc shareholders adjusted for identified items; tax charge/(credit); depreciation, amortisation and depletion; exploration well write-offs and net interest expense. Adjusted EBITDA on a CCS basis is used to remove the impact of price changes on our inventories in our Oil Products and Chemicals segments, therefore enabling comparisons over time. In this presentation, "operating expenses", "costs" and "underlying costs" refer to "Underlying operating expenses" unless stated otherwise. Underlying operating expenses represent "operating expenses excluding identified items". Operating expenses consist of the following lines in the Consolidated Statement of Income: (i) production and manufacturing expenses; (ii) selling, distribution and administrative expenses; and (iii) 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.

In this presentation, "capex" refers to "Cash capital expenditure" unless stated otherwise. 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. In this presentation, "divestments" refers to "divestment proceeds" unless stated otherwise. 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. Net debt is defined as the sum of 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. Reconciliations of the above non-GAAP measures are included in the Royal Dutch Shell plc Unaudited Condensed Financial Report for the second quarter and half year ended June 30, 2021.

This presentation contains the following forward-looking non-GAAP measures: Cash capital expenditure and Underlying operating expenses. 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 of which are outside the control of the company, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with 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 estimated in a manner which is consistent with the accounting policies applied in Royal Dutch Shell plc's consolidated financial statements.

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