



The growing importance of U.S. petroleum and LNG exports

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DEFINITIONS & CAUTIONARY NOTE

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.

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. 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 securities, all of which on an accruals basis. In 2016, the capital investment was impacted by the acquisition of BG Group plc. which are included in “Change in non-controlling interest” within “Cash flow from financing (CFFF) activities”. 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, CCS Earnings less identified items, Gearing, Underlying 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 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 subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. “Subsidiaries”, “Shell subsidiaries” and “Shell companies” as used in this presentation refer to companies 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 “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 a venture, partnership or company, after exclusion of all third-party interest.

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OVERVIEW



Queensland Curtis LNG Facility, Australia

01

**EXTERNAL ENVIRONMENT
CREATING MORE OPPORTUNITIES
FOR GAS AND LNG**

02

**STRONG LNG
FUNDAMENTALS EXCEEDED
EXPECTATIONS IN 2017**

03

**SUPPLY INVESTMENT
REQUIRED TO MEET LONG-
TERM DEMAND GROWTH**

THE ENERGY CHALLENGE

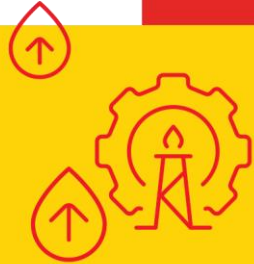
01



Growing Population

According to the World Bank, global population is expected to increase from around 7 billion today to over 9 billion by 2050, with 66% living in cities.

02



Rising Demand

Over a billion people continue to live without electricity while another billion struggle with unreliable supplies of electricity. According to the International Energy Agency (IEA) New Policies Scenario, global energy demand is expected to grow by 30% between 2015 and 2040.

03



Ongoing Supply

As per IEA, it is expected that renewable energy could increase significantly by 2040. However, we will still need large amounts of oil and gas to provide the full range of energy products that the world needs.

04



Mitigating Climate Change

The world currently emits 32 billion tonnes of energy-related CO₂ each year. To limit the rise in global temperature to 2°C, the IEA has calculated that energy related CO₂ emissions need to fall to around 18 billion tonnes a year by 2040.

05

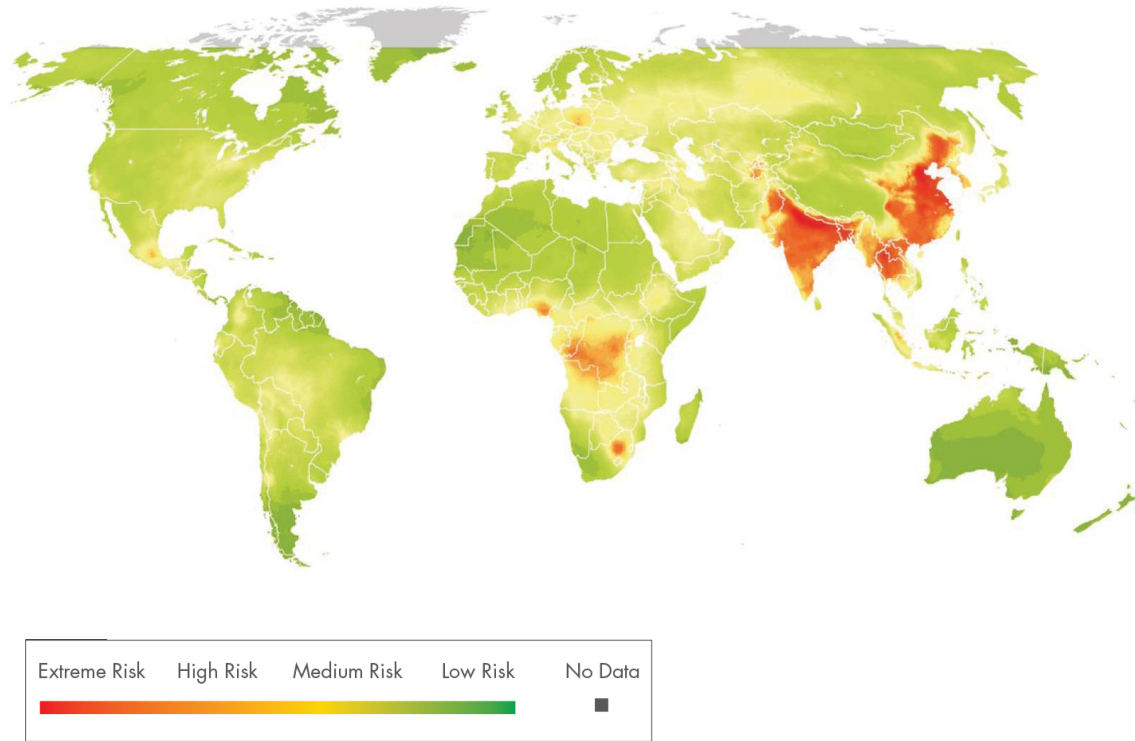


Improving Air Quality

The World Health Organization (WHO) has found that outdoor air pollution in both cities and rural areas is estimated to cause some 3 million premature deaths a year worldwide.

GROWING ECONOMIES NEED MORE AND CLEANER ENERGY

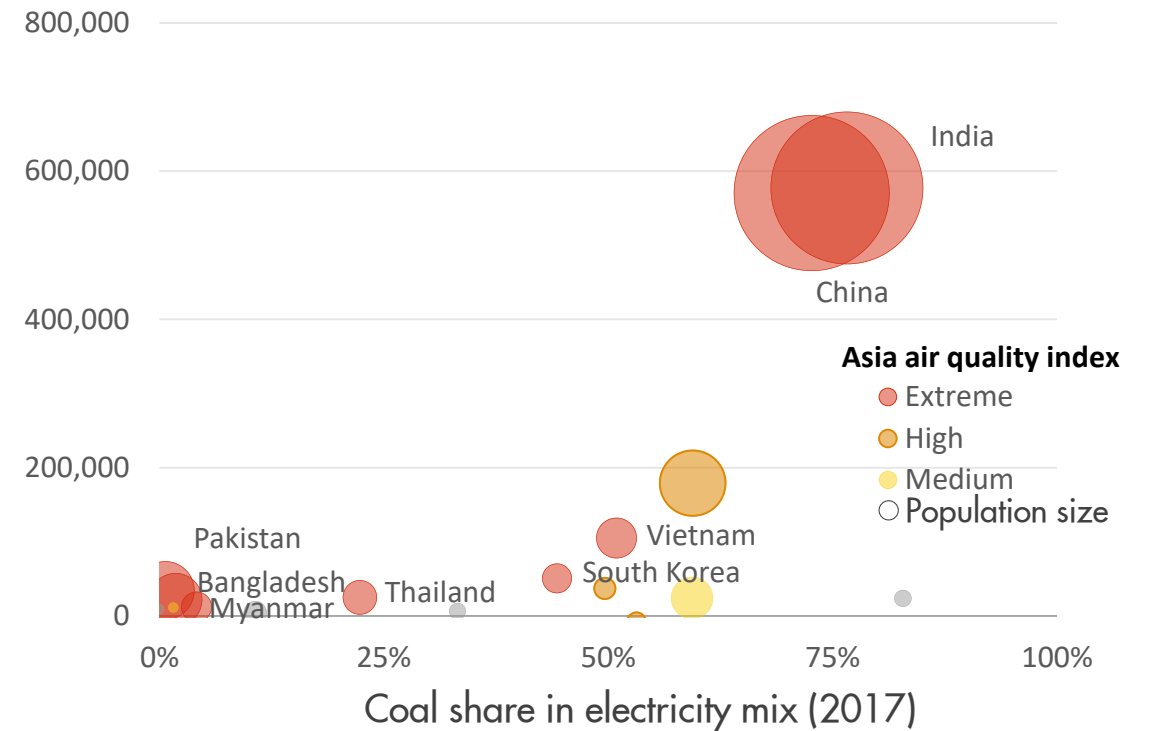
Air quality index 2017



Source: Shell interpretation of Wood Mackenzie and Verisk Maplecroft Q4 2017 data

Energy demand growth vs coal share

Change in energy demand (2017-2035), KTOE



POLICY ACTIONS FOR CLEAN ENERGY SUPPORT GAS AND LNG



GLOBAL

Increasing recognition of environmental benefits

G20 endorses the role of natural gas in energy transition

IEA credits levelling of global CO2 emissions to coal displacement



REGIONAL

EU policies supporting coal phase out

More than 10 countries announce coal phase-out ambitions - 25% of coal power capacity in EU

EU confirms reforms to strengthen EU Emissions Trading Scheme



NATIONAL

Policies favour gas and renewables

China reforms gas market to increase competitiveness of delivered gas

South Korea's 8th Basic Plan for Energy prioritizes renewables and gas, while not sanctioning new nuclear and coal



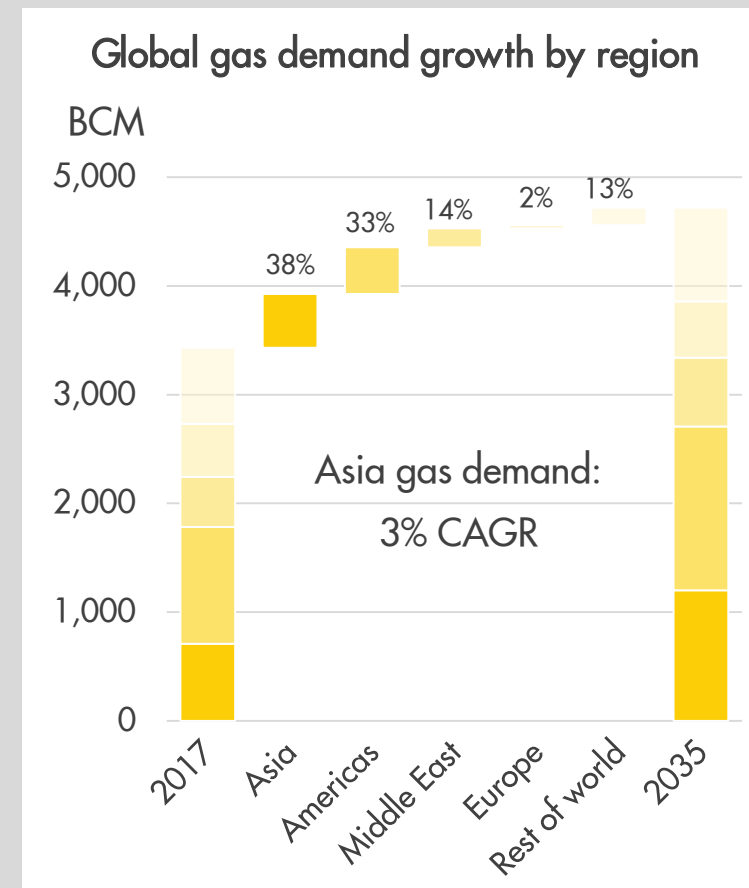
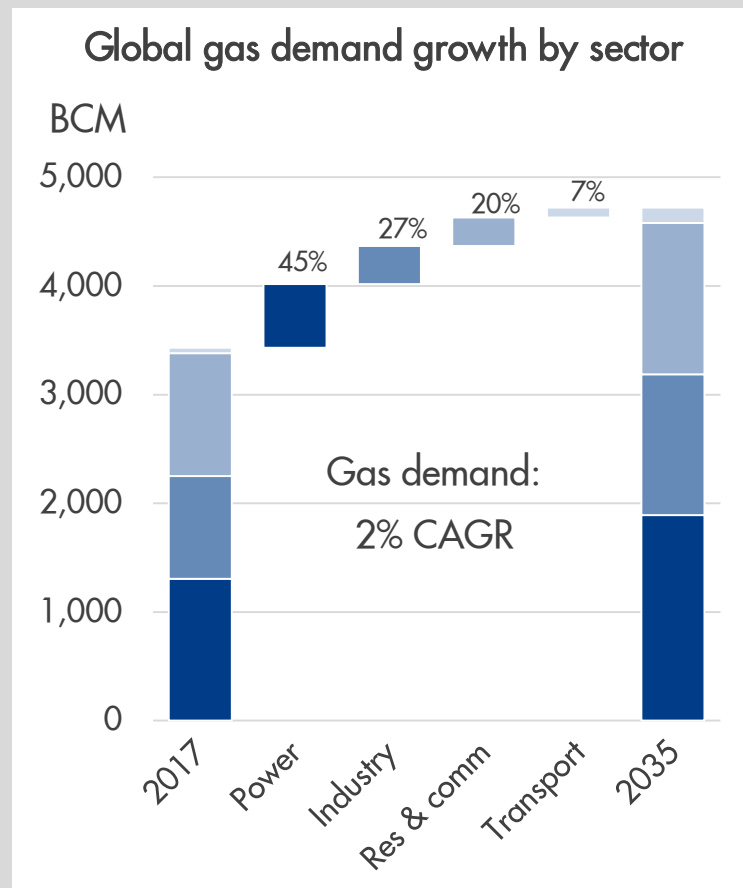
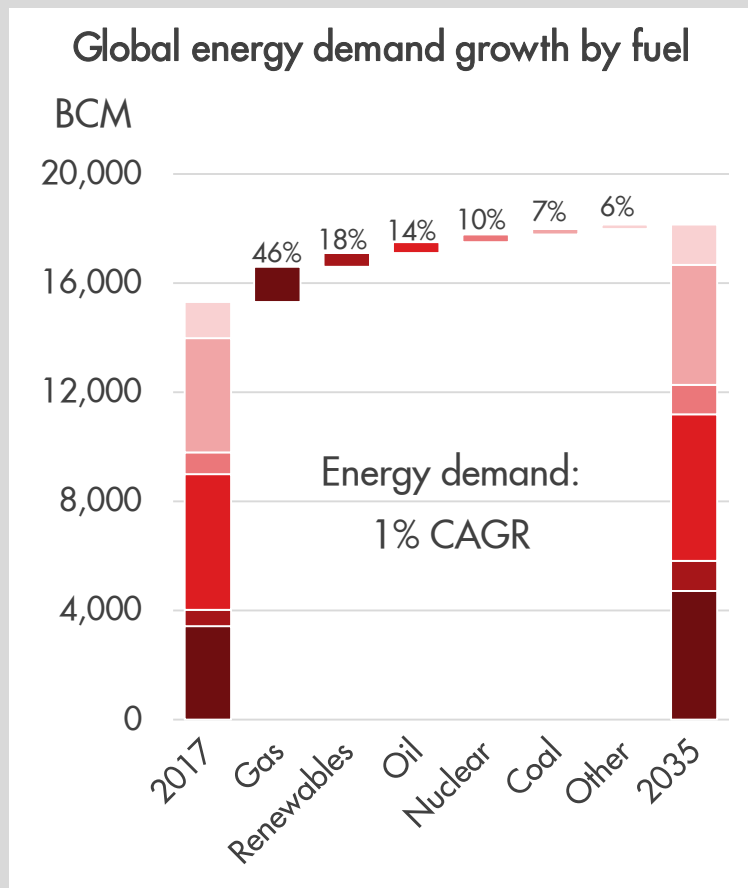
LOCAL

Policymakers targeting air quality

Berlin closes local coal-fired power plants to improve air quality

Beijing meets ambitious 2017 air quality targets, supported by coal to gas switching

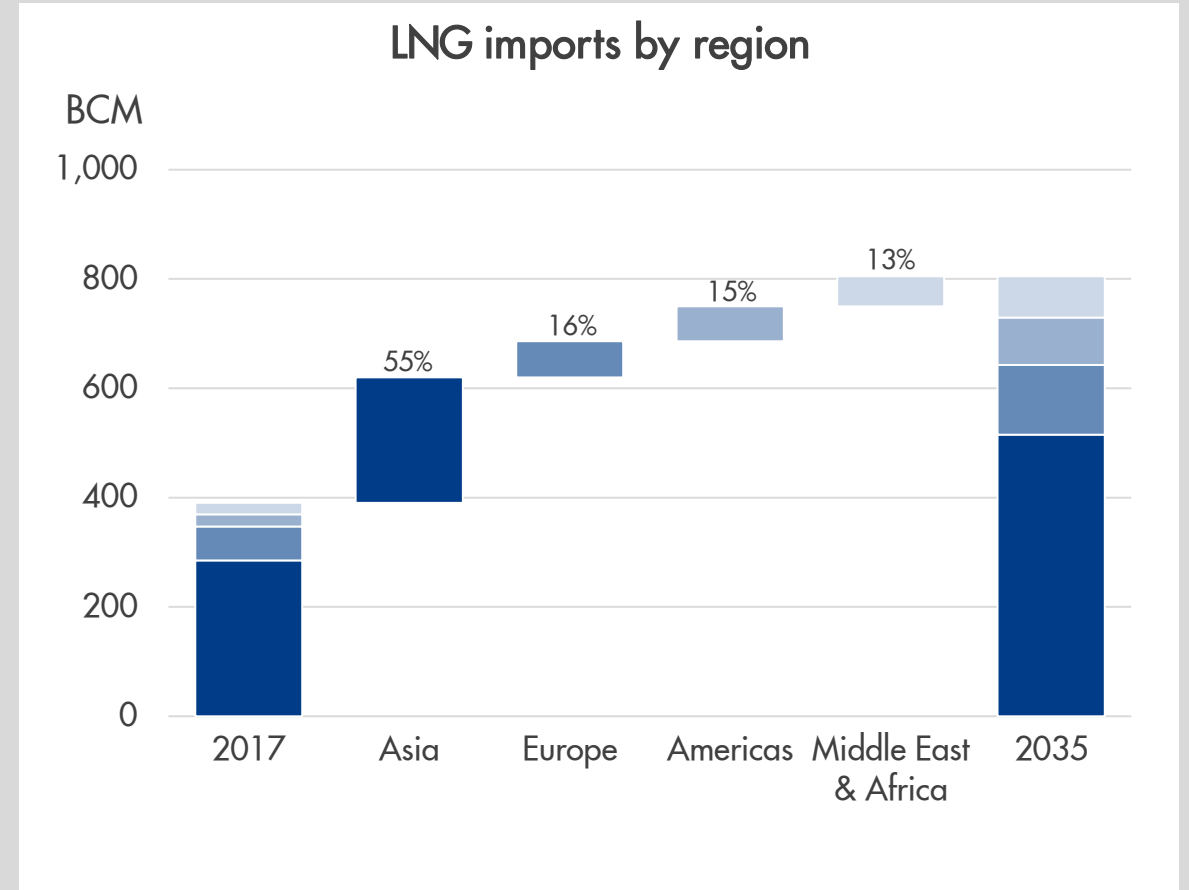
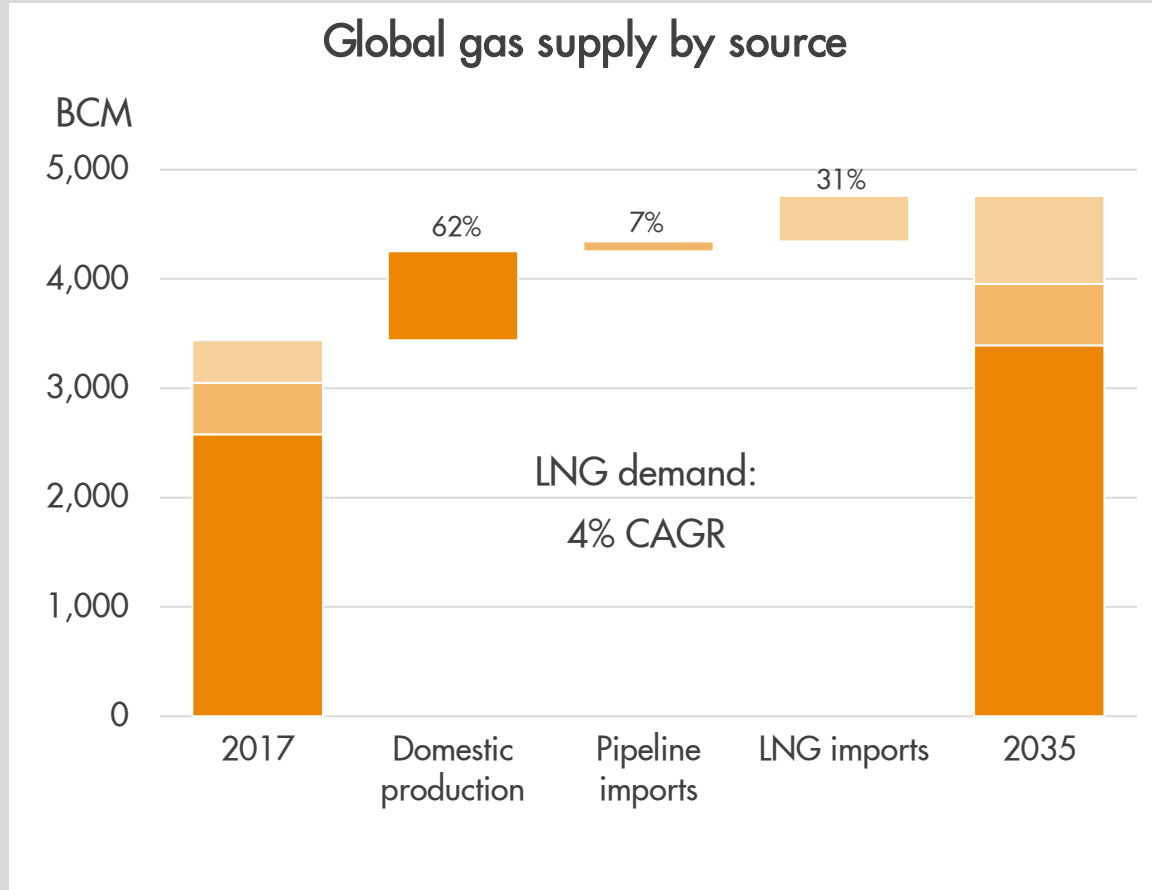
GAS PLAYS GROWING ROLE TO MEET ENERGY CHALLENGE



Source: Shell interpretation of Wood Mackenzie Q4 2017 data

CAGR - Compound Annual Growth Rate

LNG IS THE FASTEST GROWING GAS SUPPLY SOURCE GLOBALLY



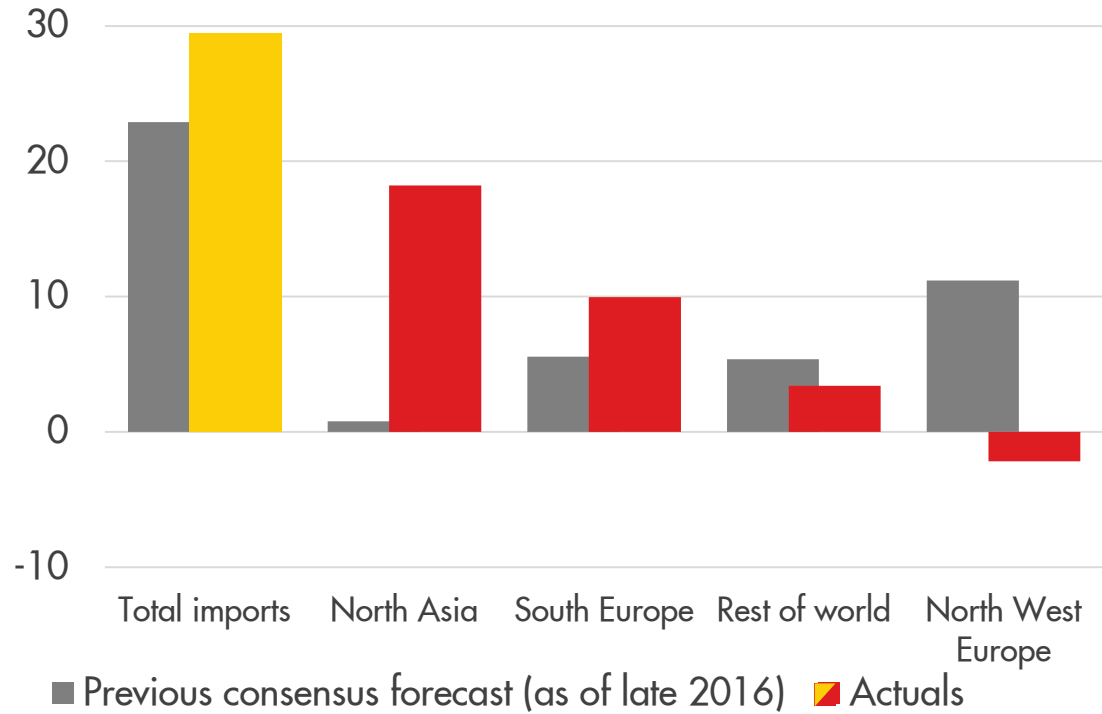
Source: Shell interpretation of Wood Mackenzie Q4 2017 data

CAGR - Compound Annual Growth Rate

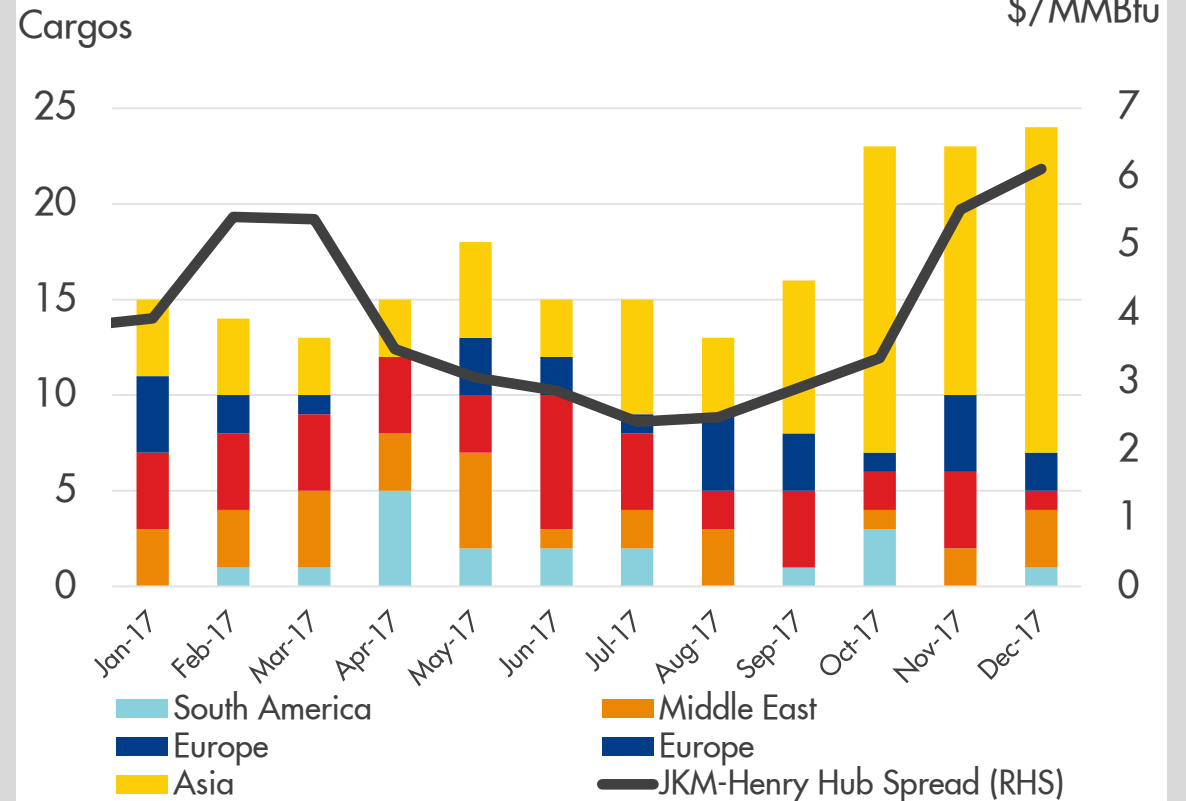
GLOBAL LNG MARKET CONTINUES TO DEFY EXPECTATIONS

Net LNG imports: 2017 YoY

Million tonnes (DES)



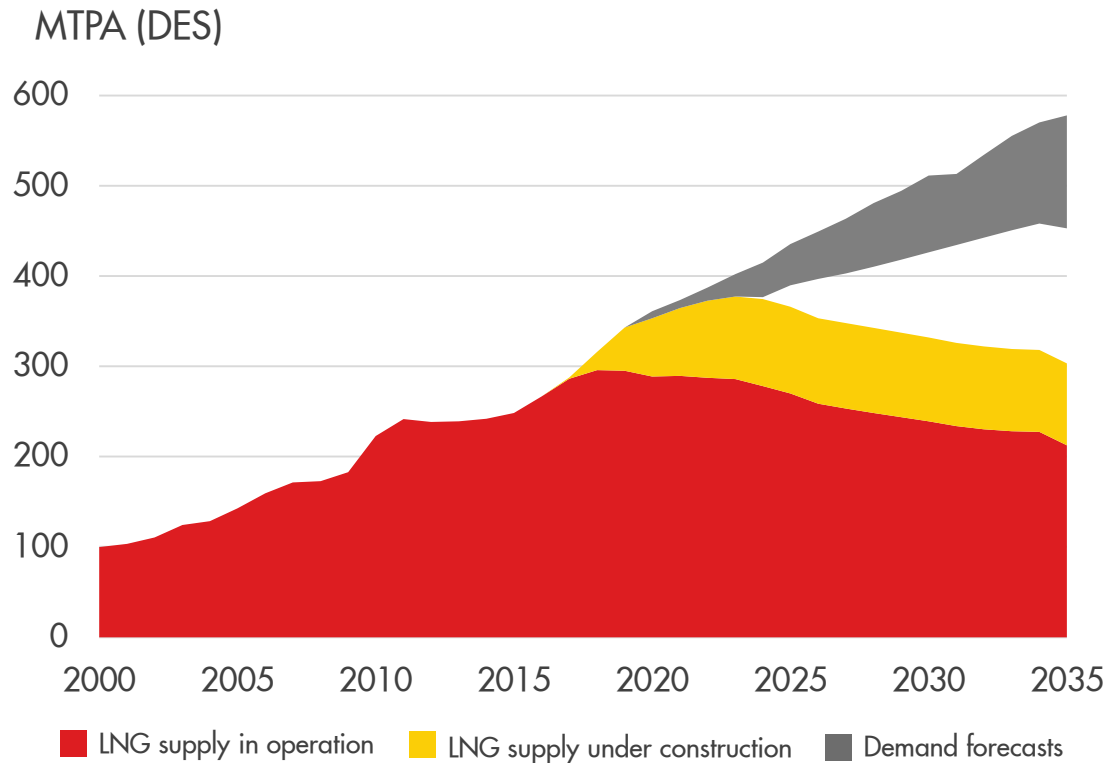
U.S. LNG deliveries by region



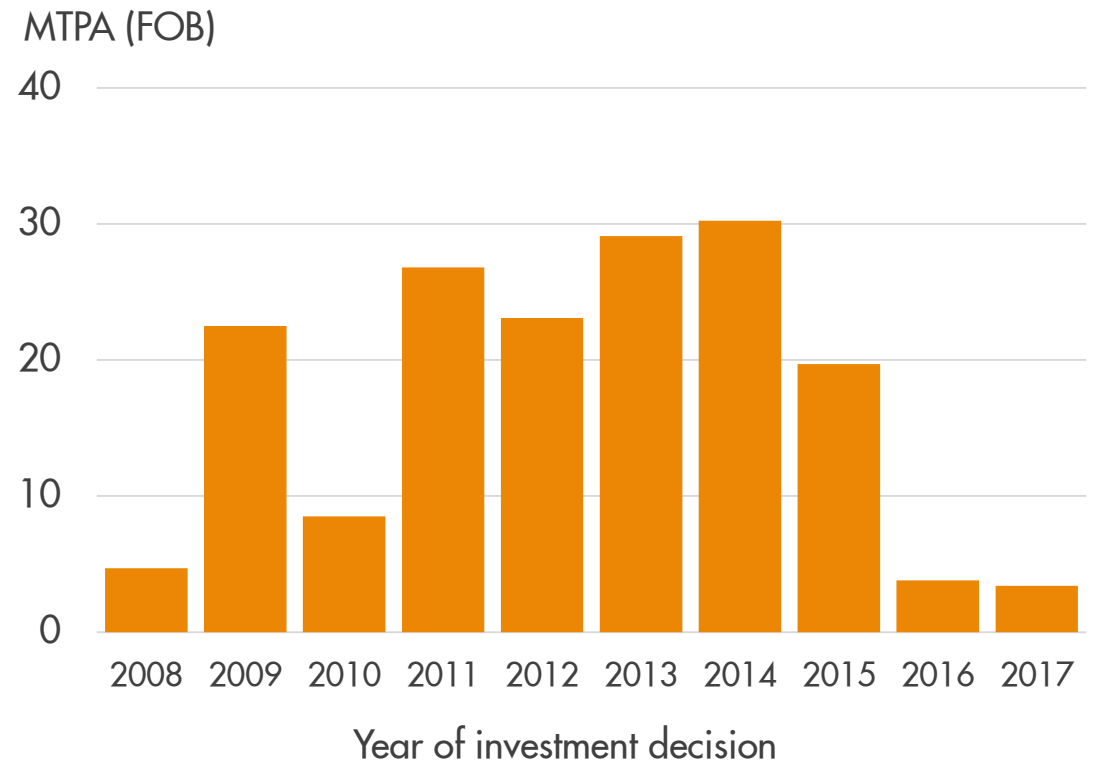
Source: Shell interpretation of U.S. Department of Energy, ICE, IHS Markit, Wood Mackenzie and Poten & Partners 2016 and Q4 2017 data

LACK OF SUPPLY INVESTMENT RISKS FUTURE GLOBAL LNG MARKET GROWTH

Emerging LNG supply-demand gap



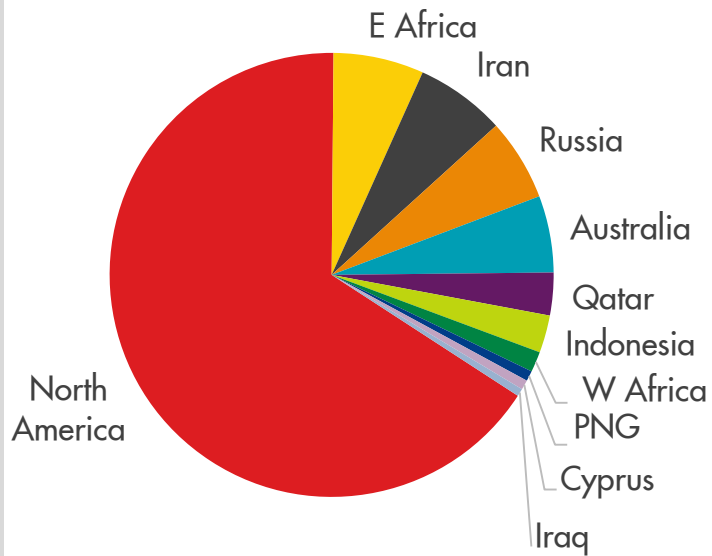
Investment in liquefaction capacity



Source: Shell interpretation of IHS Markit, Wood Mackenzie, FGE, BNEF and Poten & Partners Q4 2017 data

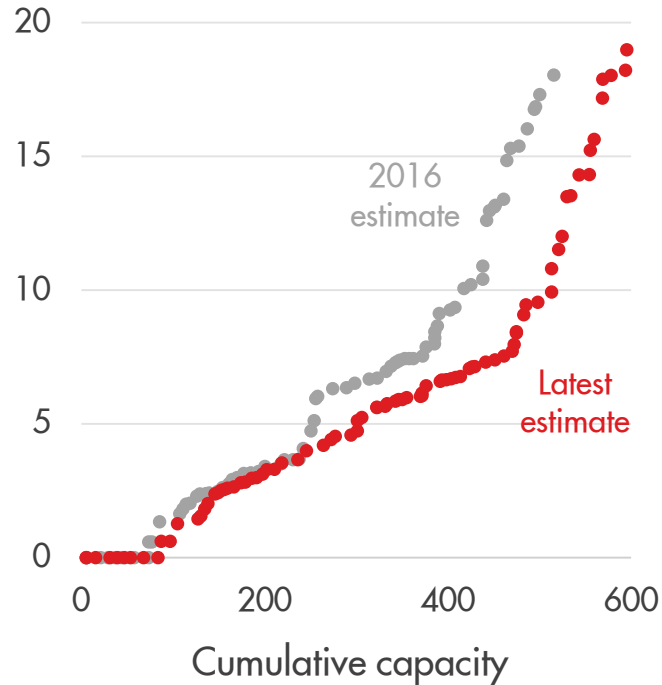
HOW MUCH OF THE SUPPLY GAP WILL BE FILLED BY U.S. LNG?

700+ MTPA of potential new supply already identified



LNG cost curve is longer and flatter

FOB breakeven, \$/mmbtu



Key insights

- >700 MTPA potential supply investment
- North American supply sets a clear benchmark for future costs given transparent pricing structure
- Advancements outside North America, including Qatar expansion, have shifted cost curve further out and down over the last year

Source: Shell interpretation of Wood Mackenzie data

