

Royal Dutch Shell Plc Fourth Quarter 2020 Press Release

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The Hague, February 4, 2021

"2020 was an extraordinary year. We have taken tough but decisive actions and demonstrated highly resilient operational delivery while caring for our people, customers and communities. We are coming out of 2020 with a stronger balance sheet, ready to accelerate our strategy and make the future of energy. We are committed to our progressive dividend policy and expect to grow our US dollar dividend per share by around 4% as of the first quarter 2021." Royal Dutch Shell Chief Executive Officer, Ben van Beurden

STRONG OPERATIONAL DELIVERY IN AN EXTRAORDINARY YEAR

- Resilient financial results, with sector-leading cash generation. Net debt reduced by \$4 billion to \$75 billion during 2020.
- Exceeded cash preservation targets set in March 2020:
 - Cash capex decisively reduced to \$18 billion in 2020, from \$24 billion in 2019, against a target of \$20 billion or lower.
 - Underlying opex of \$33 billion in 2020, down by \$4 billion, from \$37 billion in 2019, against a reduction target of \$3 to \$4 billion.
- The Board expects that the first quarter 2021 interim dividend will be US\$0.1735 per share, an increase of ~4% over the US dollar dividend for the fourth quarter 2020.

\$ million	IFRS earnings ¹	Adjusted Earnings	CFFO	CFFO ex WC	Cash capex	Organic FCF
Integrated Gas	20	1,109	2,203	2,195	1,664	416
Upstream	(2,091)	(748)	2,010	2,890	1,654	513
Oil Products	(1,775)	540	1,198	782	1,310	(53)
Refining & Trading	(2,722)	(287)				
Marketing	947	828				
Chemicals	367	381	774	775	830	(57)
Corporate	(954)	(836)	102	(17)	46	52
Less: Non-controlling interest	(44)	(54)				
Q4 2020	(4,014)	393	6,287	6,624	5,503	871
RDS Q4 2019	965	2,931	10,267	12,300	6,883	3,928
FY 2020	(21,680)	4,846	34,105	29,495	17,827	17,634
FY 2019	15,842	16,462	42,178	46,957	23,919	20,116

¹ Income/(loss) for Q4 2020. Oil Products, Chemicals and Non-controlling interest presented on a current cost of supplies basis. See reconciliation of non-GAAP measures on www.shell.com/investors.

	Q4 2020	Q3 2020	Q4 2019
ROACE	2.9%	3.9%	6.9%
Dividend declared	\$1.3 billion	\$1.3 billion	\$3.7 billion
Gearing	32.2%	31.4%	29.3%
Net debt	\$75.4 billion	\$73.5 billion	\$79.1 billion

Q4 2020 FINANCIAL PERFORMANCE DRIVERS

INTEGRATED GAS AND NEW ENERGIES

- LNG realised prices significantly below Q4 2019, with some recovery seen during the quarter.

- Average trading and optimisation results.
- Lower opex driven by lower operations and maintenance costs as well as underlying structural cost reductions.
- Strong cash conversion despite derivatives cash outflow.

OUTLOOK FOR Q1 2021

Production: 900 - 950 thousand boe/d

Liquefaction volumes: 8.0 - 8.6 million tonnes

UPSTREAM

- Lower prices, lower demand and unfavourable deferred tax movements driving lower Adjusted Earnings.
- Production 14% lower compared with Q4 2019 due to OPEC+ curtailments, divestments, higher maintenance, lower gas demand and hurricanes in US Gulf of Mexico.
- Lower opex driven by revisions to D&R provisions, divestments as well as underlying structural cost reductions.
- Strong cash conversion with CFFO excluding working capital contribution of \$2.9 billion.

OUTLOOK FOR Q1 2021

Production: 2,400 - 2,600 thousand boe/d

OIL PRODUCTS

- Continued weakness in refining margins, despite some recovery from Q3 2020, lower intake and utilisation due to lower demand and Convent refinery shutdown.
- Strong Marketing unit margins offset by lower volumes due to COVID-19 second wave.
- Lower opex driven by lower maintenance costs and Marketing spend as well as underlying structural cost reductions.
- Trading and optimisation results significantly below average.

OUTLOOK FOR Q1 2021

Sales volumes: 4,000 - 5,000 thousand b/d

Refinery utilisation: 73% - 81%

CHEMICALS

- Higher base and intermediate chemicals margins across most product segments.
- Higher JV income due to improved margins and demand in Asia.
- Strong cash conversion with CFFO excluding working capital contribution of \$0.8 billion.

OUTLOOK FOR Q1 2021

Sales volumes: 3,600 - 3,900 thousand tonnes

Manufacturing plant utilisation: 80% - 88%

CORPORATE

- Net debt increased by \$1.9 billion to \$75.4 billion in Q4 2020. Impacted by lower free cash flow, including a small working capital outflow.

OUTLOOK FOR 2021

Adjusted Earnings: net expense of \$2,400 - \$2,800 million for the full year 2021. This excludes the impact of currency exchange rate effects.

Q4 2020 PORTFOLIO DEVELOPMENTS

- During the quarter, QGC Common Facilities Company Pty Ltd, a wholly-owned subsidiary of Shell, announced that it has agreed to the sale of a 26.25% interest in the Queensland Curtis LNG Common Facilities to Global Infrastructure Partners Australia for US\$2.5 billion. The transaction is subject to regulatory approval in Australia and customary conditions and is expected to complete in the first half of 2021.
- In January 2021, Shell completed the sale of its 30% interest in Oil Mining Lease 17 in the Eastern Niger Delta, and associated infrastructure, to TNOG Oil and Gas Limited, a related company of Heirs Holdings Limited and Transnational Corporation of Nigeria Plc, for a consideration of \$533 million. A total of \$453 million was paid by completion with the balance to be paid over an agreed period.

UPCOMING EVENTS

FEBRUARY 11 Strategy Day

FEBRUARY 25 LNG Outlook & Integrated Gas Strategy

APRIL 15 ESG Update

APRIL 29 First quarter 2021 results and dividends

MAY (TBD) Pre-AGM engagement

MAY 18 Annual General Meeting

MAY 26 Upstream Investor Day

JULY 29 Second quarter 2021 results and dividends

OCTOBER 28 Third quarter 2021 results and dividends

From the first quarter 2021 onwards, the Quarterly Update Note will be published up to one calendar week after the end of each quarter.

USEFUL LINKS

[Unaudited Results Q4 2020](#)

[Dividend announcement Q4 2020](#)

[Webcast registration](#)

ALTERNATIVE PERFORMANCE (NON-GAAP) MEASURES

This announcement includes certain measures that are not defined by generally accepted accounting principles (GAAP) such as IFRS, including Adjusted Earnings, CFFO excluding working capital movements, Cash capital expenditure, Organic free cash flow, Return on average capital employed, Underlying operating expenses, Gearing and Net debt. This information, along with comparable GAAP measures, is useful to investors because it provides a basis for measuring Royal Dutch Shell plc's operating performance and ability to retire debt and invest in new business opportunities. Royal Dutch Shell plc's management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating the business performance.

Alternative performance (non-GAAP) measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. This announcement does not replace (and should be read in conjunction with) Royal Dutch Shell plc's quarterly unaudited financial statements and wherever appropriate and practical, reconciliations to relevant GAAP measures are provided in the quarterly unaudited results at www.shell.com/investors.

CAUTIONARY STATEMENT

All amounts shown throughout this announcement are unaudited. All peak production figures in Portfolio Developments are quoted at 100% expected production.

The numbers presented throughout this announcement may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures, due to rounding.

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate legal entities. In this announcement "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 announcement 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 announcement contains forward-looking statements (within the meaning of the US 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 announcement, 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 announcement 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 Annual Report and Accounts and 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 announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, February 4, 2021. 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 announcement.

This announcement contains references to Shell's website. These references are for the readers' convenience only. Shell is not incorporating by reference any information posted on www.shell.com.

We may have used certain terms, such as resources, in this announcement 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.

The financial information presented in this announcement does not constitute statutory accounts within the

meaning of section 434(3) of the Companies Act 2006 ("the Act"). Statutory accounts for the year ended December 31, 2019 were published in Shell's Annual Report and Accounts, a copy of which was delivered to the Registrar of Companies for England and Wales, and in Shell's Form 20-F. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under sections 498(2) or 498(3) of the Act.

The information in this announcement does not constitute the unaudited condensed consolidated financial statements which are contained in Shell's fourth quarter 2020 and full year unaudited results available on www.shell.com/investors.

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