

Shell Plc

4Q23 earnings slightly soft vs. consensus – but 2024-25 hurdles easier to clear

Reiterate Rating: BUY | PO: 3,200 GBp | Price: 2,491 GBp

4Q23 update points to softer earnings Downstream

Shell's 4Q23 trading update yesterday – although littered with one-offs – in our view did not offer many surprises. However, significantly lower oil trading contributions means Shell's Chemical & Products segment has dropped into loss-making territory (vs. +\$0.5bn VA consensus) exposing lower refining margins and stubbornly negative Chemicals earnings. In combination with higher opex and depreciation, we cut our FY23 estimates by ~2% and now see <4% downside to 4Q23 adjusted earnings consensus. However, we do not see reasons to extrapolate this cut into FY24 – in fact, we part-reverse some 4Q23 changes and increase our FY24-25 earnings estimates by ~1% on average. We now stand ~5% ahead of consensus (at \$80/bbl Brent).

Cash flow expectations provide slightly lower hurdles

Despite assuming \$1bn net working capital outflows (vs. VA consensus at ~\$0.5bn inflows) and the now expected ~\$1bn q/q increase in cash taxes paid, our updated 4Q23 CFFO headline estimate after working capital changes is only ~\$0.7bn below VA consensus of \$13.4bn. Full results are due February 1st with all eyes on forward-looking shareholder distributions (with VA consensus for <\$3bn quarterly share buybacks in our view offering Shell's management a low hurdle to clear).

Shell remains top pick in European Big Oil for 2024

We see Shell as one of our Big Oil top picks – with ~30% upside potential to our unchanged 3,200p PO. We believe 2024 should provide critical catalysts underlining execution of the new CEO's restructuring agenda – sticking out as the only Supermajor with absolute capex cuts y/y and upside to disposal plans. This should further strengthen Shell's relative balance sheet advantage and provide upside to Shell's 30-40% CFFO payout ratio (we model ~45% and hence expect ~\$25bn shareholder distributions vs. VA consensus <\$21bn). Our estimates imply Shell will be among the few Big Oils increasing overall cash returns y/y (at a total cash yield of >10%). Medium-term, we also see Shell's earnings power as more resilient to fading refining margins while benefitting from increasing Brent slopes in its renegotiated long-term LNG contracts.

Estimates (Dec) (USD)	2021A	2022A	2023E	2024E	2025E
EPS (Adjusted Diluted)	2.47	5.38	3.96	4.30	4.48
EPS Change (YoY)	297.5%	117.7%	-26.5%	8.6%	4.2%
Dividend / Share	0.89	1.04	1.28	1.37	1.56
ADR EPS (Adjusted Diluted - US\$)	4.94	10.8	7.91	8.59	8.95
ADR Dividend / Share (US\$)	1.79	2.08	2.56	2.75	3.12
Valuation (Dec)					
P/E	13.7x	5.57x	8.03x	7.39x	7.10x
Dividend Yield	2.81%	3.27%	4.03%	4.32%	4.91%
EV / EBITDA*	4.82x	3.42x	4.18x	4.18x	4.26x
Free Cash Flow Yield*	13.1%	19.8%	11.6%	14.3%	14.7%

* For full definitions of *IQmethod*SM measures, see page 7.

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

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Timestamp: 09 January 2024 12:30AM EST

09 January 2024

Equity

Key Changes

(US\$)	Previous	Current
2023E EPS	4.13	3.96
2024E EPS	4.24	4.30
2025E EPS	4.44	4.48

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Stock Data

Price (Common / ADR)	2,491 GBp / 65.73 USD
Price Objective	3,200 GBp / 80.00 USD
Date Established	7-Dec-2023 / 7-Dec-2023
Investment Opinion	B-1-7 / B-1-7
52-Week Range	2,150 GBp-2,793 GBp
Market Value (mn)	183,026 GBp
Shares Outstanding (mn)	7,347.5 / 3,673.8
Average Daily Value (mn)	216.28 USD
Free Float	100.0%
BofA Ticker / Exchange	RYDAF / LSE
BofA Ticker / Exchange	SHEL / NYS
Bloomberg / Reuters	SHEL LN / SHEL.L
ROE (2023E)	14.2%
Net Dbt to Eqty (Dec-2022A)	22.6%
ESGMeterTM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

VA: Visible Alpha

LNG: Liquefied natural gas

iQprofileSM Shell Plc

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(US\$ Millions)					
Sales	261,505	381,315	295,475	278,573	276,269
EBITDA Adjusted	59,445	83,954	68,553	68,618	67,303
Depreciation & Amortization	(26,921)	(18,529)	(29,360)	(22,960)	(23,007)
EBIT Adjusted	32,524	65,425	45,639	45,658	44,296
Net Interest & Other Income	(3,607)	(3,181)	(3,383)	(3,139)	(2,946)
Tax Expense / Benefit	(9,199)	(21,941)	(14,857)	(14,882)	(14,472)
Net Income (Adjusted)	19,289	39,869	26,872	27,387	26,627
Average Fully Diluted Shares Outstanding	7,807	7,411	6,792	6,375	5,950

Key Cash Flow Statement Data					
Net Income (Reported)	20,101	42,308	19,315	25,387	26,627
Depreciation & Amortization	26,921	18,529	29,360	22,960	23,007
Change in Working Capital	1,530	(9,355)	3,481	1,437	196
Deferred Taxation Charge	0	0	0	0	0
Other CFO	3,328	19,595	(3,171)	1,717	885
Cash Flow from Operations	51,880	71,077	48,986	51,501	50,715
Capital Expenditure	(19,698)	(24,833)	(24,190)	(22,748)	(23,213)
(Acquisition) / Disposal of Investments	14,416	(175)	1,249	46.7	0
Other CFI	99.0	1,654	0	0	0
Cash Flow from Investing	(5,183)	(23,354)	(22,941)	(22,701)	(23,213)
Share Issue / (Repurchase)	(3,174)	(19,030)	(14,250)	(16,000)	(14,000)
Cost of Dividends Paid	(6,601)	(7,611)	(8,901)	(8,691)	(9,309)
Increase (decrease) debt	(18,927)	(5,291)	(36,620)	(5,545)	(4,388)
Other CFF	(2,488)	(7,081)	0	0	0
Cash Flow from Financing	(31,190)	(39,013)	(59,771)	(30,236)	(27,697)
Total Cash Flow (CFO + CFI + CFF)	15,507	8,710	(33,727)	(1,437)	(196)
FX and other changes to cash	(10,366)	(5,435)	3,481	1,437	196
Change in Cash	5,141	3,275	(30,246)	0	0
Change in Net Debt	(24,068)	(8,566)	(6,374)	(5,545)	(4,388)
Net Debt	52,115	43,549	37,175	31,630	27,242

Key Balance Sheet Data					
Property, Plant & Equipment	194,932	198,642	192,823	192,038	191,741
Goodwill	14,920	16,039	16,039	16,039	16,039
Other Intangibles	9,773	9,662	9,662	9,662	9,662
Other Non-Current Assets	55,989	52,743	53,815	53,438	55,111
Trade Receivables	64,576	90,947	84,115	82,256	82,003
Cash & Equivalents	36,971	40,246	10,000	10,000	10,000
Other Current Assets	25,258	31,894	28,070	26,464	26,246
Total Assets	402,419	440,173	394,525	389,898	390,801
Long-Term Debt	80,868	74,794	38,174	32,629	28,241
Other Non-Current Liabilities	52,638	54,322	54,600	54,600	54,600
Short-Term Debt	8,218	9,001	9,001	9,001	9,001
Other Current Liabilities	86,076	110,915	103,740	103,712	105,435
Total Liabilities	227,800	249,032	205,515	199,941	197,277
Total Equity	175,327	192,596	189,010	189,956	193,524
Total Equity & Liabilities	403,127	441,628	394,525	389,898	390,801

Business Performance*					
Return On Capital Employed	7.05%	13.4%	8.37%	10.0%	10.1%
Return On Equity	11.8%	22.0%	14.2%	14.6%	14.0%
Operating Margin	12.8%	17.8%	12.8%	15.7%	16.0%
Free Cash Flow (MM)	32,182	46,244	24,796	28,753	27,501

Quality of Earnings*					
Cash Realization Ratio	2.69x	1.78x	1.82x	1.88x	1.90x
Asset Replacement Ratio	0.73x	1.34x	0.82x	0.99x	1.01x
Tax Rate	30.8%	33.9%	43.2%	36.7%	35.0%
Net Debt/Equity	29.7%	22.6%	19.7%	16.7%	14.1%
Interest Cover	9.02x	20.6x	13.5x	14.5x	15.0x

* For full definitions of iQmethodSM measures, see page 7.

Company Sector

Oils

Company Description

Shell is engaged in the business of producing, refining, storing, transporting, supplying and distributing petroleum and petroleum products. The operating companies of the Group are engaged in various activities related to oil and natural gas, chemicals, power generation, renewable resources and other businesses in over 135 countries.

Investment Rationale

We believe Shell will remain the most cash flow-generative in its peer group given one of the lowest breakeven oil prices in its Upstream portfolio, as well as its leading role as global LNG supplier with exposure to upside in Asian and European gas prices from tighter-for-longer LNG markets. With continued oil & gas capex discipline, Shell could grow its portfolio of low-carbon assets and shareholder distributions along its 'redemption roadmap' out of its covid-induced 2020 dividend cuts.

Stock Data

Shares / ADR	2.00
Price to Book Value	1.1x

Key Changes

(US\$)	Previous	Current
2023E EPS	8.26	7.91
2024E EPS	8.48	8.59
2025E EPS	8.88	8.95

4Q23 results preview

What have we learned from Shell's trading update?

We summarise key points from Shell's trading update below – and highlight where they have led us to change our estimates:

- **Gas trading:** Significantly higher vs. 3Q23 levels – in-line with our expectations and hence not resulting in an upgrade to our Integrated Gas estimates.
- **Oil trading:** Significantly lower vs. 3Q23 – we shave \$0.5bn off our prior estimate.
- **Volume guidance:** Compared to 4Q23 volume guidance issued at 3Q23 for oil & gas production and LNG liquefaction, Shell's trading update indicates range midpoints slightly higher for all molecules – we have not changed our volume estimates as they already sit closer to the higher end of previous guidance.
- **Indicative refining margin:** \$10/bbl (vs. \$16/bbl in 2Q23) – this is slightly ahead of our prior estimates and as a result cushions the indication from lower oil trading contributions.
- **Indicative chemicals margin** \$125/t (vs. \$115/t in 3Q23) – we leave our Chemicals estimates unchanged.
- **Marketing earnings expected in-line with 3Q23 levels** – we had expected a counter-seasonal recovery from poor 9M23 levels and hence slightly cut our expectations for 2023 and 2024.
- **Renewables earnings:** Expected in a wide +/- \$300m range around breakeven – we cut our estimates from the upper end of the range to still a positive contribution.
- **Corporate losses:** Expected between \$400-600m and hence slightly lighter vs. previous quarterly guidance – this results in a \$0.2bn upgrade to our earnings estimate for 4Q23.
- **Taxes:** Lower P&L charges mean we now estimate Shell's cash taxes will catch up with its P&L charges after lagging behind by ~\$1bn after 9M23 – broadly a wash.
- **Depreciation and opex:** Shell's update for higher run-rates in both items only means a change to our estimates in depreciation (now higher in Downstream).
- **Net working capital:** In a wide range of -\$3bn to \$3bn during the quarter – we have left our \$1bn outflow estimate unchanged.
- **New impairments:** \$2.5-4.5bn – we have incorporated \$3.5bn into our estimates (non-cash and not part of Shell's adj. earnings metrics).

Updated BofA estimates vs. consensus and history

Exhibit 3 shows our updated estimates for 4Q23 – compared against VA now light by <4% at the adj. earnings line (with most downside in Downstream):

- However, our updated estimates remain ahead of VA consensus for CFFO before net working capital flows.
- Crucially, our estimates suggest Shell will continue to cut its net debt position q/q to now <\$40bn. As a result, we believe its interpretation of its 30-40% CFFO payout ratio continues to imply upside for 2024 buyback expectations (VA consensus already implies a cut to its quarterly share buyback run-rate to <\$3bn vs. \$3.5bn in 4Q23:

Exhibit 3: 4Q23 estimates vs. history and vs. consensus

Our adj. net income estimates sit 4% below consensus

(\$m)	4Q22A	3Q23A	BofA 4Q23E	YoY	QoQ	VA Cons. QoQ
Upstream & Integrated Gas	9,029	4,750	6,016	(33%)	27%	5,875
Downstream	1,190	2,100	883	(26%)	(58%)	1,264
Other businesses and corporate	(626)	(482)	(494)	(21%)	2%	(599)
Minority interest	(73)	(77)	(74)	1%	(4%)	(49)
Adj. net income	9,813	6,224	6,484	(34%)	4%	6,746
Adj. EPS (c/share)	139.0	93.0	98.3	(29%)	6%	
DPS (c/share)	28.8	33.1	33.1	15%	0%	
Effective tax rate	36%	36%	74%			
Net debt	44,838	40,470	38,529	(14%)	(5%)	37,996
Share buybacks	4,474	2,725	3,610	(19%)	32%	3,199
Organic FCF (before buybacks)	2,086	3,557	4,392	111%	23%	
Cash dividends paid	1,827	2,230	2,084	14%	(7%)	
Cash capex	7,319	5,649	6,910	(6%)	22%	6,410
OCF (before NWC and after interest)	11,232	11,436	13,386	19%	17%	
Changes in net working capital	10,390	433	(1,020)	(110%)	(336%)	553
OCF	21,622	11,869	12,365	(43%)	4%	
Net interest paid	782	463	363	(54%)	(22%)	
OCF (Shell headline)	22,404	12,332	12,728	(43%)	3%	13,443
OCF (Shell headline before working capital)	12,014	11,899	13,748			12,890
Shell volumes (kboepd)	2,831	2,706	2,797	(1%)	3%	2,748
Shell average liquids realizations (\$/bbl)	81.3	77.7	77.6	(5%)	(0%)	
Shell average natural gas realizations (\$/tcf)	12.7	7.3	9.6	(24%)	31%	

Source: BofA Global Research estimates, consensus from Visible Alpha

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New summary estimates

New BofA estimates vs. old and vs. latest consensus

Our updated earnings estimates are now in-line with FY23 consensus, but point to ~5% average upside for FY24-25 at our \$80/bbl Brent assumption:

Exhibit 1: EBITDA, EPS & DPS estimates: New vs. old vs. consensus

We revise-down our EBITDA/EPS estimates in 2023 and keep DPS estimates unchanged

	2019	2020	2021	2022	2023	2024	2025
CCSEBITDA (old)					70,133	67,615	66,648
CCSEBITDA (new)	55,849	28,724	55,595	87,818	68,553	68,618	67,303
Change					(2.3%)	1.5%	1.0%
New vs. consensus					(1.0%)	0.1%	(1.6%)
CCS EPS (old) (\$c)					412.91	423.82	444.08
CCS EPS (new) (\$c)	202.92	62.16	247.08	538.01	403.86	429.58	447.52
Change					(2.2%)	1.4%	0.8%
New vs. consensus					(0.1%)	6.2%	3.9%
Ord. DPS (old) (\$c)					128.05	137.37	156.07
Ord. DPS (new) (\$c)	188.00	65.30	89.35	103.75	128.05	137.37	156.07
Change					0.0%	0.0%	0.0%
New vs. consensus					(0.3%)	(1.3%)	5.0%

Source: BofA Global Research, Bloomberg consensus

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Overview

Exhibit 2: Summary financials: History and our estimates into 2026

We model 2023-26 share buybacks reducing Shell's share count by ~6% p.a

Adj.	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2019-25E CAGR	2019A-30E CAGR
CCSEBITDA	34,158	45,988	59,222	55,655	36,429	54,877	81,996	67,298	65,754	63,178	56,494	2.1%	(0.1%)
(-) Clean DD&A	(23,015)	(21,418)	(21,711)	(25,109)	(24,992)	(23,071)	(22,393)	(22,913)	(22,960)	(23,007)	(23,055)	(1.4%)	(1.3%)
(=) CCSEBIT	11,143	24,570	37,511	30,546	11,437	31,806	59,968	44,758	43,214	40,612	34,054	4.9%	1.2%
(=) CCSE post minorities	6,841	15,415	21,520	16,268	12,551	18,571	34,412	26,547	24,944	22,944	19,336	5.9%	1.7%
Diluted CCS EPS (\$c per share)	91.05	189.95	256.38	202.92	62.16	247.08	538.01	403.86	429.58	447.52	421.00	14.1%	10.2%
DPS (\$c per share)	188.00	188.00	188.00	188.00	65.30	89.35	103.75	128.05	137.37	156.07	171.67	(3.1%)	2.7%
CCS payout ratio	206%	99%	73%	93%	105%	36%	19%	32%	32%	35%	41%	n.m.	n.m.
DACF (exc. net working capital changes)	26,252	41,273	50,319	48,459	30,011	55,487	74,258	52,368	54,639	53,660	50,420	1.7%	0.4%
(-) Net interest payments	(3,203)	(4,042)	(3,745)	(4,690)	(4,089)	(3,607)	(3,181)	(3,383)	(3,139)	(2,946)	(2,734)	(7.5%)	(5.6%)
CFFO (exc. net working capital changes)	23,049	37,231	46,574	43,769	25,922	51,880	71,077	48,986	51,501	50,715	47,686	2.5%	n.m.
(-) Organic capex	(22,116)	(20,845)	(23,011)	(23,920)	(17,827)	(19,698)	(24,833)	(24,190)	(22,748)	(23,213)	(23,390)	(0.5%)	0.7%
FCF	933	16,386	23,563	19,849	8,095	32,182	46,244	24,796	28,753	27,501	24,297	5.6%	n.m.
(-) Cash dividends	(9,857)	(11,283)	(16,259)	(15,735)	(7,735)	(6,601)	(7,611)	(8,901)	(8,691)	(9,309)	(9,628)	(8.4%)	(3.3%)
(-) Share repurchases	(160)	(717)	(5,062)	(11,362)	(2,084)	(3,174)	(19,030)	(14,250)	(16,000)	(14,000)	(12,000)	3.5%	0.5%
FCF post shareholder returns	(9,084)	4,386	2,242	(7,248)	(1,724)	22,407	19,603	1,645	4,062	4,192	2,669	n.m.	(22.6%)
Net financial debt	77,386	65,923	51,428	79,094	75,385	52,555	44,837	38,529	32,984	28,596	23,781	(15.6%)	(12.6%)
Gearing	29%	25%	20%	29%	32%	23%	19%	17%	15%	13%	11%	n.m.	n.m.
Cash payout vs. CFFO	43%	32%	46%	62%	38%	19%	37%	47%	48%	46%	45%	n.m.	n.m.
Cash payout vs. DACF	38%	29%	42%	56%	33%	18%	36%	44%	45%	43%	43%	n.m.	n.m.
Key operating stats - RDS / BG	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E		
Liquids production (tbpd)	1,802	1,828	1,843	1,875	1,803	1,740	1,462	1,459	1,402	1,343	1,282	(5.4%)	(5.3%)
Gas production (tboepd)	1,868	1,909	1,911	1,844	1,633	1,551	1,404	1,325	1,288	1,254	1,222	(6.2%)	(4.5%)
Total production (tboepd)	3,670	3,737	3,753	3,718	3,435	3,291	2,866	2,784	2,690	2,597	2,504	(5.8%)	(4.9%)

Source: BofA Global Research estimates

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Price objective basis & risk

Shell Plc (RYDAF / SHEL)

Our price objective of 3200p/share (US\$80/ADR) is based on our sum-of-the-parts valuation breaking Shell up into its constituents (upstream, downstream and others). We value these separately from our bottom-up cash flow model via a DCF valuation based on differentiated discount rates (8.7% for Upstream, 9.7% for Downstream, 5.4% for Renewables, 8.7% Group and others). Our divisional DCF valuations are usually based on zero-growth perpetuity assumptions beyond 2030 - except for Shell's and legacy BG E&P assets: Here we run a "depletion DCF" and disregard both the income and capex attributable to future prospects while using our long-term Brent oil price assumptions of \$70/bbl.

Risks are: Changes in oil & gas prices, political / regulatory risks as well as significant exploration success or lack thereof. Other risks are exposure to swings in the global economy that could impact oil and gas prices as well as refining margins, currency moves for the US dollar, general risks of changes in taxes and tariffs and rising capex costs.

Analyst Certification

I, Christopher Kuplent, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Oil & Gas Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Capricorn Energy	CRNZD	CNE LN	Matthew Smith
	Energean	EERGF	ENOG LN	Matthew Smith
	Energean	XMQFF	ENOG IT	Matthew Smith
	Equinor ASA	STOHF	EQNR NO	Christopher Kuplent
	Equinor ASA	EQNR	EQNR US	Christopher Kuplent
	Harbour Energy	PMOIF	HBR LN	Matthew Smith
	Kosmos Energy	KOS	KOS US	Matthew Smith
	Kosmos Energy	XKELF	KOS LN	Matthew Smith
	Neste	NTOIF	NESTE FH	Christopher Kuplent
	Neste	NTOIY	NTOIY US	Christopher Kuplent
	Saipem	SAPMF	SPM IM	Christopher Kuplent
	Shell plc	SHEL	SHEL US	Christopher Kuplent
	Shell Plc	RYDAF	SHEL LN	Christopher Kuplent
	Tenaris	TS	TS US	Christopher Kuplent
	Tenaris	TNRSF	TEN IM	Christopher Kuplent
	TotalEnergies	TTFNF	TTE FP	Christopher Kuplent
	TotalEnergies	TTE	TTE US	Christopher Kuplent
	Vallourec	VLOUF	VK FP	Christopher Kuplent
NEUTRAL				
	Aker Solutions	AKRTF	AKSO NO	Christopher Kuplent
	BP plc	BP	BP US	Christopher Kuplent
	BP plc	BPAQF	BP/ LN	Christopher Kuplent
	Eni	E	E US	Matthew Smith
	Eni	EIPAF	ENI IM	Matthew Smith
	EnQuest	ENQUF	ENQ LN	Matthew Smith
	Ithaca Energy plc	XMFYF	ITH LN	Matthew Smith
	Var Energi	XGZNF	VAR NO	Matthew Smith
UNDERPERFORM				
	Aker BP	DETNF	AKRBP NO	Matthew Smith
	Galp Energia	GLPEF	GALP PL	Matthew Smith
	OMV	OMVJF	OMV AV	Matthew Smith

EMEA - Oil & Gas Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	OMV	OMVKY	OMVKY US	Matthew Smith
	Repsol	REPY	REPY US	Matthew Smith
	Repsol	REPYF	REP SQ	Matthew Smith
	Subsea 7 SA	ACGYF	SUBC NO	Christopher Kuplent
	Technip Energies	THNPF	TE FP	Christopher Kuplent
	Technip Energies	THNPY	THNPY US	Christopher Kuplent
	Tullow Oil	TUWLF	TLW LN	Matthew Smith

IQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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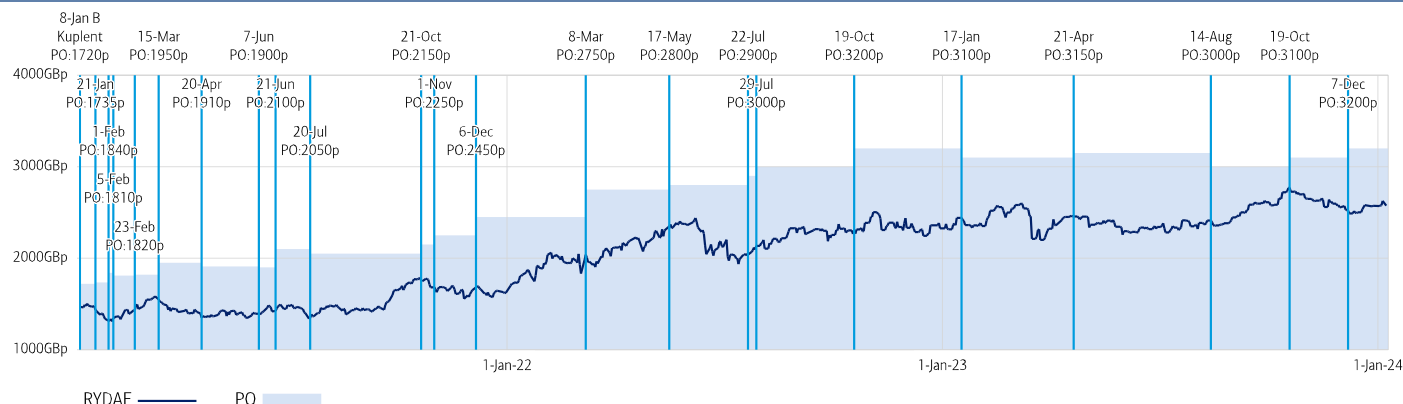
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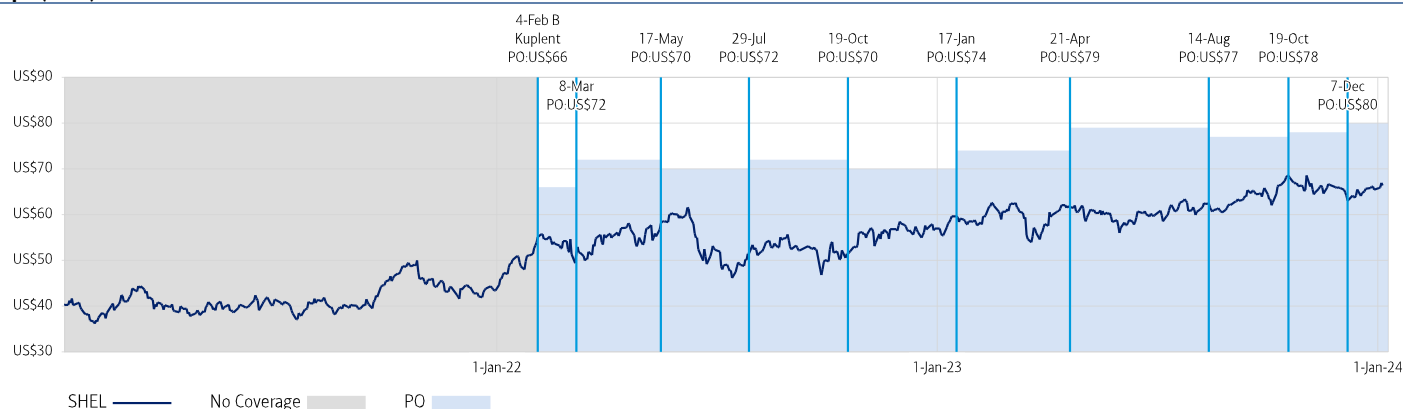
Shell Plc (RYDAF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Shell plc (SHEL) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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