Shell Logs 'Strong' Quarter As Earnings Fall But Top Expectations

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British ***oil*** and ***gas*** giant ***Shell*** announced Thursday that first-quarter earnings fell but beat expectations in a "strong" performance, and unveiled another bumper stock buyback.

Adjusted earnings sank almost a fifth to $7.7 billion from a year earlier but this smashed market expectations of $6.5 billion, while cash flow from operating activities hit $13.3 billion.

Adjusted profit stood at $9.6 billion a year earlier when ***Shell*** saw a derivative inflow that was not repeated in the first quarter of 2024 due to lower prices in commodity derivatives, according to the company.

The energy major, which is investing heavily in renewables, insisted it remained on track to become a net zero emissions company by 2050, but its results sparked fresh anger from the green lobby.

Shell also unveiled a fresh $3.5-billion stock buyback and forecast capital expenditure this year would reach between $22 billion and $24 billion, it added in a results statement.

"***Shell*** delivered another quarter of strong operational and financial performance, demonstrating our continued focus on delivering more value with less emissions," said chief executive Wael Sawan.

"We continue to deliver on our... targets, giving us the confidence to commence another $3.5-billion buyback programme for the next three months."

Thursday's news sent its share price one percent higher in late morning deals on the rising London stock market.

Shell added that net profit, or profit after taxation, declined about 15 percent to $7.4 billion in the reporting period.

Revenues slid 16 percent to $74.7 billion following a sharp drop in ***gas*** prices, which had spiked following key producer Russia's invasion of Ukraine in 2022.

Shell had already warned last month that it expected lower natural ***gas*** sales in the first quarter after a particularly strong performance in the final three months of 2023.

"***Shell***'s produced yet another quarter of staggering cash flows," said Derren Nathan, head of equity research at stockbroker Hargreaves Lansdown, in response to the results.

"Higher margins and uptime at its refineries more than offset lower earnings in the upstream and integrated ***gas*** divisions.

"The strong cash generation is enabling ***Shell*** to reduce debt, reward shareholders and continue investing into the business."

The company was, however, slammed by climate campaigners over its huge profit from fossil fuels.

"On a day where climate leaders are negotiating in Abu Dhabi how to help the world's poorest meet the skyrocketing costs of climate loss and damage, ***Shell*** continues to bank billions from flogging the fuels that are driving the crisis," said Charlie Kronick, senior climate advisor at Greenpeace UK.

"With countries experiencing the worst impacts of climate change among those least responsible for it, the case for making polluters pay for the damage their industry is causing could not be clearer."

A ***Shell*** spokesperson responded that the company was seeking to help the world transition to low-carbon energy.

"We agree the world needs urgent climate action. ***Shell*** is playing an important role in the energy transition by providing the energy needed today while helping to build the low-carbon energy system of the future," a spokesperson told AFP.

"We are investing $10-15 billion between 2023 and the end of 2025 in low-carbon energy solutions, making ***Shell*** a significant investor in the energy transition."

Link to the original story.

Notes

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