



SUMMARY OF INVESTMENT ANALYSIS

Instrument: Royal Dutch Shell Plc.**Ticker (Stock Exchange)/Price: RDS.A (NYSE)/45.74 USD****Sector: Energy****Industry: Integrated Oil and Gas****Description:**

One of the most well-known companies, Royal Dutch Shell is one of direct and most prominent competitors to Exxon Mobil company. With its reserves estimated at 11.9 billion barrels worldwide it surely is one of the biggest players on the oil market. It has established production of oil in Nigeria, Oman, the US and the United Kingdom. Besides exploration, transportation and production of oil and chemical products, it is developing the oil sands business through Athabasca project in Alberta. The plan involves extracting bitumen from the oil sands and then converting it to synthetic crude oil. The company is also engaged in research of various renewable energy sources. **Royal Dutch Shell operates 46.000 gas station units, which constitutes world's largest network.**

Commentary:**Graph:**

- Recent company results were encouraging – earnings for the year **2008 based on quarterly releases amounted to 10.18\$/share vs. 8.05\$/share in 2007**
- Shell** plans to invest \$32 billion in 2009, which is the biggest investment by a public company in the world. CFO of the company stated that the amount is not a problem for **Shell** and it won't increase net debt as a proportion of capital employed too much and that shows the financial stability of the company.
- OPEC since the beginning of the year is fighting effectively with the price drop of oil cutting the production numerous times and probably this policy will prolong by the end of the year. The result so far is **positive-oil futures climbed 40% since its recent bottom in February and now are at the psychological verge of \$ 50 a barrel.**
- Opposite to that movement, the shares of **Royal Dutch Shell** were declining in February in line with the overall sentiment and the company couldn't pick up quickly, so it has a possibility to climb faster now.
- Shell** is close to completion of its huge investment projects two of which are the Pearl plant for converting gas to liquid fuels and the QatarGas 4 liquefied natural gas project, both in Qatar. The construction is expected to be finished around the end of 2010. Thus, the company expects its in production to rise 2-3% a year to 2012.
- In such dire economic circumstances, dividends are highly valued by investors. **Royal Dutch Shell announced Q4 2008 dividend of 0.40\$/share and expects the Q1 2009 to be 0.42\$/share.** They also stated that the dividend will rise 5% this year.
- Earnings for Q1 2009 are estimated to be 1.17\$/share and scheduled to be released on April 29, 2009. Current year consensus estimates are 7.53\$/share. ADR in USA consists of two common share

**Basic fundamental data:**

Market Capitalization: 138.37 billion USD

Beta: 0.93

Adjusted EPS: 13.31

P/E (price/earnings):

5.19

P/S (price/sales):

0.31

P/B (price/book value):

1.10

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G L O B A L M A R K E T S

ROA: 9.89%	EBITDA:	57.30 billion USD
ROE: 20.92%		

Main competitors	Market Price:	70.60
BP (BP)	1 month change:	-5.96%
Chevron (CVX)	6 months change:	-28.66%
Exxon Mobil (XOM)		

Updated: 19.03.09

Sources: www.bloomberg.com, www.reuters.com, www.yahoo.com, www.biqcharts.com, www.proshares.com

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