

Royal Dutch Shell PLC

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Shell shares rise as investors welcome dividend increase

Royal Dutch Shell PLC (LON:RDSB) has increased its quarterly dividend just six months after announcing its first cut since the second world war.

That cut reduced the payout by 65%, while today's increase is a more modest 4% but Ben Van Buerden, the oil titan's chief executive, committed to raising the dividend by at least that amount every year going forward.

"We are starting a new era of dividend growth," he told reporters in a call.

But first more retrenchment. Shell's fourteen refining sites will be reduced to six integrated chemical parks, with a switch in focus to performance chemicals and recycled feedstocks.

The company had already announced plans to shed up to 9,000 jobs, or more than 10% of its workforce.

Shell's marketing arm will also be strengthened with the development of the integrated power business and hydrogen and biofuels.

The six new chemical parks will be situated at Deer Park (US), Norco (US), Pernis (NL), Pulau Bukom (Singapore), Rheinland (Germany) and Scotford (Canada).

Shell made the announcement alongside third-quarter results to end September 2020 that showed a return to profit of US\$489m from losses in the previous three months but a 92% decline from the previous year.

Cashflow from operation also fell year-on-year to US\$10.4bn (US\$12.4bn) and in the statement Van Buerden emphasised that cash, debt reduction and dividends will go hand-in-hand.

Shell increased the quarterly dividend to 16.65c but indicated the immediate target is to reduce net debt to US\$65 bn from US\$73.5bn at the end of September.

Once that target is achieved, Shell intends to distribute a total of 20-30% of cash flow from operations to shareholders through a combination of the progressive dividend and share buybacks, he said,

Any remaining cash will be allocated to 'disciplined and measured capex growth' and further debt reduction.

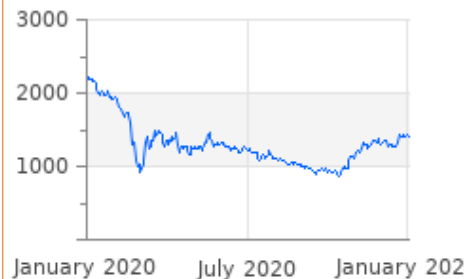
Van Buerden said that the ambition is for Shell to become a net-zero emissions energy business by 2050 or sooner.

He also said the plan would make a make Shell a 'compelling investment case' something that has been clearly absent over the past twelve months.

Price: 1412.2

Market Cap: £110.26 billion

1 Year Share Price Graph



Share Information

Code: RDSB

Listing: LSE

52 week High Low
2282.5 845.1

Sector: Energy

Website: www.shell.com

Company Synopsis:

Royal Dutch Shell consists of the upstream businesses of Exploration & Production and Gas & Power and the downstream businesses of Oil Products, Chemicals and Oil Sands with 104,000 employees in more than 110 countries.

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Shares in the FTSE100 group have dropped 60% this year with disappointment over the dividend and the impact of low oil prices souring sentiment.

Steve Clayton, at Hargreaves Lansdown, said Shell is twisting itself in knots as it tries to reshape the business.

"Cleaner fuels like LNG will take centre-stage, and investments into renewables are stepping up. The chemicals business will go greener, using recycled feedstocks where it can."

At least, shareholders can now look forward to a promise of steady growth in income, said Clayton, from a stock that already yields over 5%.

Shares rose 1.3% to 877p

-- adds detail, comment, share price --

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