



Houston Refinery

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SHELL'S NET EARNINGS UP 32 PERCENT FOR SECOND QUARTER

Shell's consolidated net income for the second quarter was \$89.5 million or \$1.33 a share, compared with \$57.9 million or \$.86 a share earned in the same period last year, Harry Bridges, president, announced yesterday.

The 1972 results included a special provision of \$10.0 million for the anticipated loss resulting from shutdown and disposal of certain chemical plants. Excluding the special provision, net income improved \$21.6 million or 32 percent.

Bridges said that all major segments of the business operated at or near capacity to meet the increased demand for the company's products quarterly earnings surpassed those of the same period last year principally as a result of higher prices, greater sales volumes, and the benefits of the high level of operations, he reported.

Following the chemical industry pattern, the results from Shell's chemical operations were significantly improved from the same quarter last year and constituted a major portion of the total company improvement. Chemical revenues for the quarter increased 17 percent to a record \$214.7 million, with major volume gains in agricultural chemicals, polypropylene, thermoplastic rubber, process chemicals and EPON^R resins.

Refined product sales volumes increased 11 percent, largely the result of greater

demand for automotive gasoline which boosted sales of that product 14 percent. Significant volume increases were also achieved in jet fuels and distillates, each up 7 percent. Refinery processing intakes reached a record 1,083,000 barrels a day, up 11 percent from last year. Inventories of refined products remain below desired levels for this time of year but have improved slightly from three months ago. Crude oil and natural gas liquids production for the quarter remained at about the high levels of last year.

Earnings for the first half of 1973 totaled a record \$169.8 million, an increase of \$58 million over the same period last year. Excluding the effect of the previously mentioned special provision on 1972 results, earnings improved \$48 million or 39 percent. The six months improvement resulted generally from the above-mentioned factors that affected earnings for the second quarter.

Profits improved considerably from last year and were 10 percent higher than those of the first six months of 1968, our previous best first half. Bridges pointed out, however, that since 1968 shareholders investment has increased 41 percent, which is appreciably more than the earnings gain and which left Shell's rate of return on investment well below the 1968 level. A quarterly dividend of \$.60 a share was paid on June 25, 1973.

