

Royal Dutch Shell plc (RDSA) Raise NPV to \$110 a Share from \$102

<i>Symbol</i>	RDS-A	<i>Ebitda Next Twelve Months ending 3/31/14 (US\$mm)</i>	61,700
<i>Rating</i>	Hold	<i>North American Natural Gas/Ebitda (%)</i>	3
<i>Price (US\$/sh)</i>	68.75	<i>Natural Gas and Oil Production/Ebitda (%)</i>	78
<i>Pricing Date</i>	5/6/13	<i>Adjusted Reserves/Production NTM</i>	9.6
<i>Shares (mm)</i>	3157	<i>EV/Ebitda</i>	4.7
<i>Market Capitalization (US\$mm)</i>	217,000	<i>PV/Ebitda</i>	6.8
<i>Debt (US\$mm)</i>	71,000	<i>Undeveloped Reserves (%)</i>	30
<i>Enterprise Value (EV) (US\$mm)</i>	288,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	40.90
<i>Present Value (PV) (US\$mm)</i>	418,000	<i>Present Value Proven Reserves(US\$/boe)</i>	24.50
<i>Net Present Value (US\$/share)</i>	110	<i>Present Value Proven Reserves(US\$/mcf)</i>	4.08
<i>Debt/Present Value</i>	0.17	<i>Earnings Next Twelve Months (US\$/sh)</i>	8.40
<i>McDep Ratio - EV/PV</i>	0.69	<i>Price/Earnings Next Twelve Months</i>	8
<i>Dividend Yield (%/year)</i>	5.2	<i>Indicated Annual Dividend (US\$/sh)</i>	3.60
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.			
For historical analysis of RDS since 2001 see www.mcdep.com/1rd.htm			

Summary and Recommendation

We raise Net Present Value (NPV) to \$110 a share from \$102 for Anglo-Dutch oil and gas major **Royal Dutch Shell (RDSA)** on strength in each of the company's global businesses (see table Present Value on page 2). The company's improving performance is further reflected in a rising trend in cash flow (Ebitda) margin under the guidance of Chief Executive Peter Voser (see table Ebitda Margin on page 2). On the same day, May 2, when earnings were released and the dividend increased 5%, Mr. Voser announced his plan to step down in early 2014 after four years as CEO and 25 years with the company. Repositioned by Mr. Voser, the largest business, oil production, demonstrates stable volume and favorable pricing. RDS's global prices benefit from delays in government approval of transportation that prevents rising North American production from reaching broader markets (see table Operating and Financial Estimates on page 3). Shell's natural gas business is growing in volume and price. North American price is recovering from an overly depressed level, in part due to weather last year. Rest of World natural gas price is rising to narrow a discount relative to oil and is also sheltered from North American competition. Finally, the downstream business is generating better profits for longer than we expected perhaps reflecting the increasing sophistication required to handle unexpected supply changes and ever-improving product specifications. Amid those positive trends, RDSA stock has a low McDep Ratio at 0.69 and pays a high dividend of 5.2% (see Tables 1-4 on pages 4-7).

Kurt H. Wulff, CFA

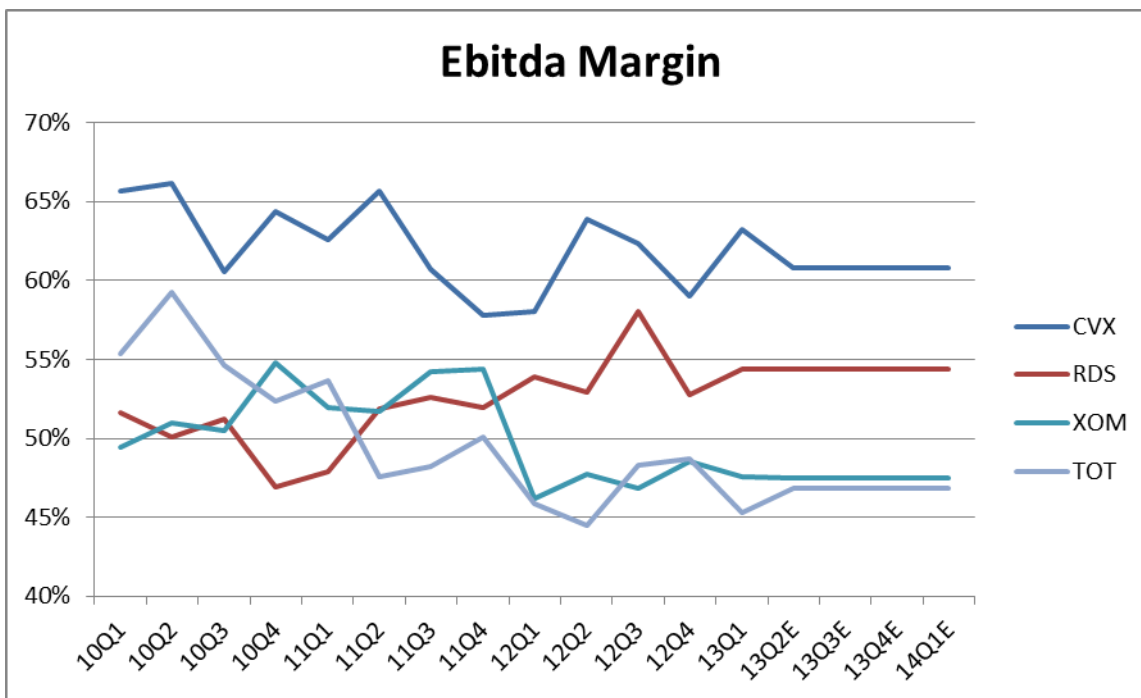


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A Weekly Analysis of Large Cap Oil and Gas Stocks

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Royal Dutch Shell plc					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	1,570	4.7	10.2	16,000	4%
Rest of World Natural Gas	12,890	12.0	6.4	83,000	20%
Oil	33,650	8.6	7.3	244,000	58%
Downstream	13,600		5.5	75,000	18%
	61,710	9.6	6.8	418,000	100%
Debt (US\$mm)					71,000
Net Present Value (US\$mm)					347,000
Shares (mm)					3,157
Net Present Value - Standard Estimate (US\$/sh)					110
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					116





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Royal Dutch/Shell									
Next Twelve Months Operating and Financial Estimates									
									Next
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	Months
	3/31/12	12/31/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	2013E	3/31/14
Volume									
Natural Gas (mmcf)									
Americas	1,712	1,844	1,728	1,925	1,688	1,667	1,844	1,780	1,780
Rest of World	9,132	8,444	7,721	9,207	6,959	6,355	8,444	7,735	7,735
Total	10,844	10,288	9,449	11,132	8,647	8,022	10,288	9,516	9,516
Oil (mbd)	1,682	1,640	1,633	1,640	1,640	1,640	1,640	1,640	1,640
Total gas & oil (mmb)	318	309	1,174	315	280	274	309	1,177	1,177
Total gas & oil (mbd)	3,489	3,355	3,208	3,495	3,081	2,977	3,355	3,226	3,226
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	2.73	3.40	2.79	3.34	4.05	4.09	4.23	3.93	4.20
Americas	2.95	3.58	2.89	3.52	4.28	4.32	4.46	4.13	4.43
Rest of World	7.78	7.81	7.56	8.39	8.39	8.39	8.39	8.39	8.39
Total	7.02	7.05	6.71	7.55	7.59	7.55	7.69	7.60	7.65
Oil (\$/bbl)									
WTI Cushing	102.93	88.18	94.16	94.41	94.64	96.06	94.95	95.02	94.77
Worldwide	111.51	98.09	104.49	104.77	104.64	105.06	102.95	104.35	103.28
Total gas & oil (\$/bbl)	75.57	69.57	72.95	73.20	77.00	78.21	73.91	75.46	75.08
NY Harbor 3-2-1 (\$/bbl)	24.31	33.86	31.29	30.11	22.87	23.74	19.67	24.10	21.76
Revenue (\$mm)									
Natural Gas									
Americas	460	607	1,827	610	657	662	757	2,686	2,880
Rest of World	6,468	6,065	21,365	6,954	5,315	4,907	6,520	23,696	23,696
Total	6,927	6,673	23,192	7,564	5,972	5,569	7,277	26,382	26,576
Oil	17,068	14,799	62,460	15,465	15,617	15,852	15,533	62,467	61,826
Other	95,925	96,575	381,501	89,781	89,781	89,781	89,781	359,125	359,125
Total	119,920	118,047	467,153	112,810	111,370	111,202	112,591	447,974	447,527
Expense	104,374	104,055	408,930	95,977	96,222	96,145	96,778	385,122	385,820
Ebitda (\$mm)									
Exploration and Production	12,937	11,323	46,562	12,694	11,748	11,657	12,413	48,512	48,108
Other	2,609	2,670	11,661	4,140	3,400	3,400	3,400	14,340	13,600
Total Ebitda	15,546	13,992	58,223	16,833	15,148	15,057	15,813	62,852	61,708
Exploration	362	1,167	3,104	648	600	600	600	2,448	2,400
Deprec., Deplet., & Amort.	3,402	3,835	14,615	4,225	4,225	4,225	4,225	16,900	16,900
Other non cash			-					-	-
Ebit	11,782	8,990	40,504	11,960	10,323	10,232	10,988	43,504	42,408
Interest	552	379	1,757	401	401	401	401	1,604	1,604
Ebt	11,230	8,611	38,747	11,559	9,922	9,831	10,587	41,900	40,804
Income Tax	3,931	3,014	13,561	4,046	3,473	3,441	3,705	14,665	14,281
Net Income (\$mm)									
Exploration and Production	6,253	4,377	20,025	5,648					
Other	1,121	1,163	5,311	1,848					
Unallocated	(74)	57	(150)	18					
Total	7,300	5,597	25,186	7,514	6,450	6,390	6,882	27,235	26,522
Shares (millions)	3,120	3,145	3,133	3,157	3,157	3,157	3,157	3,157	3,157
Per share (\$)	2.34	1.78	8.04	2.38	2.04	2.02	2.18	8.63	8.40
Ebitda Margin (E&P)	54%	53%	54%	55%	54%	54%	54%	55%	54%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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Table 2								
McDep Large Cap Energy Stocks								
Net Present Value and McDep Ratio								
			Price (US\$/sh)	Shares	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/Rating		6-May 2013	(mm)				
	B = Buy, CB (see below)							
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.58	4,485	406,000	110.00	0.14	0.85
PetroChina Company Ltd (14%)	PTR	H	126.19	256	32,300	180.00	0.26	0.78
Chevron Corporation	CVX	H	123.25	1,944	240,000	170.00	0.09	0.75
Royal Dutch Shell plc	RDS-A	H	68.75	3,157	217,000	110.00	0.17	0.69
Petrobras	PBR	H	19.18	6,522	125,100	35.00	0.29	0.68
Total S.A.	TOT	H	50.28	2,269	114,000	90.00	0.18	0.64
Lukoil Oil Company	LUKOY	B	64.73	775	50,200	150.00	0.02	0.44
Gazprom (50%)	OGZPY	H	8.20	5,735	47,000	23.00	0.14	0.44
	<i>Total or Median</i>				1,232,000		0.15	0.68
U.S. Independent								
EOG Resources, Inc.	EOG	H	126.00	269	33,900	160.00	0.13	0.82
Occidental Petroleum Corp.	OXY	H	89.36	805	71,900	120.00	0.09	0.77
ConocoPhillips	COP	H	62.22	1,221	76,000	105.00	0.22	0.68
Devon Energy Corporation	DVN	B	58.40	405	23,700	102.00	0.19	0.66
Marathon Oil Corporation	MRO	B	33.58	711	23,880	60.00	0.21	0.65
	<i>Total or Median</i>				229,400		0.19	0.68
Canada/Norway/Australia								
Woodside Petroleum Ltd.	WOPEY	H	38.30	820	31,400	45.00	0.13	0.87
EnCana Corporation	ECA	H	18.26	736	13,400	30.00	0.29	0.72
Cenovus Energy Inc.	CVE	H	29.95	758	22,700	48.00	0.17	0.69
Imperial Oil Limited (30%)	IMO	CB	39.66	255	10,100	62.00	0.12	0.68
Statoil ASA (33%)	STO	H	23.71	1,049	24,900	44.00	0.22	0.64
Suncor Energy	SU	CB	30.59	1,521	46,500	64.00	0.14	0.55
Canadian Oil Sands Limited	COSWF	H	19.68	485	9,500	40.00	0.11	0.55
	<i>Total or Median</i>				159,000		0.14	0.68
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								



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Table 3								
McDep Large Cap Energy Stocks								
Value Multiples and Dividend Yield								
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Dividend NTM
	Symbol/Rating	6-May	2013	NTM	NTM	NTM	NTM	(%)
B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.58	13.3	7.7	6.5	11	2.8
PetroChina Company Ltd (14%)	PTR	H	126.19	12.5	7.5	5.8	11	3.6
Petrobras	PBR	H	19.18	12.9	7.9	5.4	7	2.5
Chevron Corporation	CVX	H	123.25	9.1	6.8	5.1	10	3.2
Royal Dutch Shell plc	RDS-A	H	68.75	9.6	6.8	4.7	8	5.2
Total S.A.	TOT	H	50.28	9.6	6.7	4.3	7	6.2
Lukoil Oil Company	LUKOY	B	64.73	15.9	6.0	2.7	5	3.7
Gazprom (50%)	OGZPY	H	8.20	31.2	4.6	2.0	3	7.0
	<i>Median</i>			12.7	6.8	4.9	8	3.7
U.S. Independent								
Devon Energy Corporation	DVN	B	58.40	10.4	9.7	6.3	15	1.4
Occidental Petroleum Corp.	OXY	H	89.36	10.3	7.7	5.9	13	2.9
ConocoPhillips	COP	H	62.22	11.7	8.1	5.5	10	4.2
EOG Resources, Inc.	EOG	H	126.00	7.8	6.7	5.5	17	0.6
Marathon Oil Corporation	MRO	B	33.58	9.7	7.9	5.2	11	2.0
	<i>Median</i>			10.3	7.9	5.5	13	2.0
Canada/Norway/Australia								
Imperial Oil Limited (30%)	IMO	CB	39.66	20.4	13.4	9.1	12	1.2
Woodside Petroleum Ltd.	WOPEY	H	38.30	9.6	9.3	8.1	17	3.4
EnCana Corporation	ECA	H	18.26	6.8	11.1	8.0		4.4
Cenovus Energy Inc.	CVE	H	29.95	13.5	9.6	6.6	16	3.2
Canadian Oil Sands Limited	COSWF	H	19.68	19.8	11.6	6.4	10	7.1
Suncor Energy	SU	CB	30.59	15.8	9.7	5.3	9	2.6
Statoil ASA (33%)	STO	H	23.71	6.3	5.9	3.8	7	4.9
	<i>Median</i>			13.5	9.7	6.6	11	3.4
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2014; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



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Table 4										
McDep Large Cap Energy Stocks										
Total Return and Enterprise Value Momentum										
				Equity						
			Price	Total						
			(\$/sh)	Return	Enterprise Value/					
	Symbol		6-May	YTD	52Wk	52Wk	50 Day	200 Day	McDep	
	Rating		2013	(%)	High	Low	Avg.	Avg.	Ratio	
Global Integrated										
	Chevron Corporation	CVX	H	123.25	15	1.00	1.24	1.03	1.08	0.75
	Lukoil Oil Company	LUKOY	B	64.73	(4)	0.96	1.27	1.02	1.03	0.44
	Exxon Mobil Corporation	XOM	B	90.58	6	0.97	1.14	1.02	1.01	0.85
	Royal Dutch Shell plc	RDS-A	H	68.75	1	0.95	1.10	1.03	1.00	0.69
	Total S.A.	TOT	H	50.28	(2)	0.93	1.14	1.02	1.00	0.64
	Petrobras	PBR	H	19.18	0	0.86	1.17	1.08	0.99	0.68
	PetroChina Company Ltd (14%)	PTR	H	126.19	(12)	0.90	1.06	0.98	0.97	0.78
	Gazprom (50%)	OGZPY	H	8.20	(15)	0.80	1.07	0.98	0.92	0.44
	<i>Median</i>				<i>(1)</i>	<i>0.94</i>	<i>1.14</i>	<i>1.02</i>	<i>1.00</i>	<i>0.68</i>
U.S. Independent										
	Occidental Petroleum Corp.	OXY	H	89.36	18	0.96	1.20	1.07	1.07	0.77
	Marathon Oil Corporation	MRO	B	33.58	11	0.96	1.27	1.01	1.06	0.65
	EOG Resources, Inc.	EOG	H	126.00	5	0.92	1.41	1.01	1.06	0.82
	ConocoPhillips	COP	H	62.22	9	1.00	1.15	1.04	1.05	0.68
	Devon Energy Corporation	DVN	B	58.40	13	0.92	1.10	1.04	1.02	0.66
	<i>Median</i>				<i>11</i>	<i>0.96</i>	<i>1.20</i>	<i>1.04</i>	<i>1.06</i>	<i>0.68</i>
Canada/Norway/Australia										
	Woodside Petroleum Ltd.	WOPEY	H	38.30	11	0.97	1.25	1.02	1.06	0.87
	Statoil ASA (33%)	STO	H	23.71	(5)	0.91	1.05	0.98	0.97	0.64
	Suncor Energy	SU	CB	30.59	(6)	0.89	1.13	1.02	0.97	0.55
	Canadian Oil Sands Limited	COSWF	H	19.68	(2)	0.88	1.09	0.99	0.96	0.55
	Cenovus Energy Inc.	CVE	H	29.95	(10)	0.84	1.06	0.99	0.93	0.69
	EnCana Corporation	ECA	H	18.26	(6)	0.83	1.02	0.98	0.93	0.72
	Imperial Oil Limited (30%)	IMO	CB	39.66	(8)	0.82	1.05	0.98	0.93	0.68
	<i>Median</i>				<i>(6)</i>	<i>0.88</i>	<i>1.06</i>	<i>0.99</i>	<i>0.96</i>	<i>0.68</i>

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold



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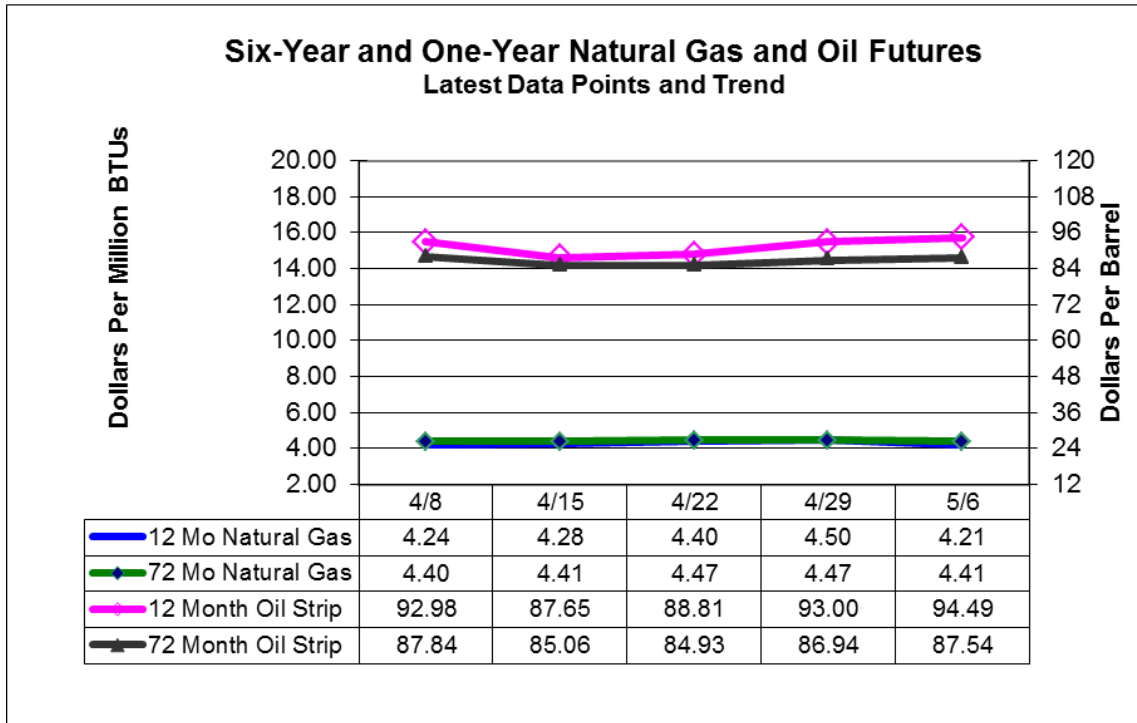
Index of Recent Research			
Stock Ideas			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
3-May	NDRO	Enduro Royalty Trust	RTF Stock for Permian Oil (Income and Small Cap Weekly)
30-Apr	TOT	Total	Recovery Potential (Meter Reader)
26-Apr	WLL	Whiting Petroleum	Synergistic Fracker (Income and Small Cap Weekly)
23-Apr	COSWF	Canadian Oil Sands Limited	Long-Term Oil Investment (Meter Reader)
19-Apr	HK	Halcón Resources	Fourth Core Area - El Halcón ("The Hawk") (Inc. and Small Cap Wkly)
16-Apr	CVX	Chevron	Deflation Resistance (Meter Reader)
12-Apr	MTR	Mesa Royalty Trust	RTF Stealth Play on Long-Life Natural Gas (Income and Small Cap Wkly)
9-Apr	MRO	Marathon Oil	Oil Shale and Global Exploration (Meter Reader)
5-Apr	SBR	Sabine Royalty Trust	Accelerating Volume Growth (Income and Small Cap Weekly)
2-Apr	OXY	Occidental Petroleum	Six-Year Oil Price Returns to Uptrend (Meter Reader)
1-Apr	SJT	San Juan Basin Royalty Trust	Drilling Discipline
28-Mar	PEYUF	Peyto Exploration and Development	Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)
19-Mar	LUKOY	Lukoil	Emerging Oil Capitalists (Meter Reader)
15-Mar	CRT	Cross Timbers Royalty Trust	San Juan Basin Gem (Income and Small Cap Weekly)
12-Mar	XOM	Exxon Mobil	Energy Anchor (Meter Reader)
8-Mar	RRC	Range Resources	Raise NPV to \$90 from \$70 on Big Wells (Income and Small Cap Wkly)
5-Mar	EOG	EOG Resources	Raise NPV to \$160 from \$145 on Shale Oil (Meter Reader)
1-Mar	ERF	Enerplus Corporation	Back on Track, Discontinue Buy (Income and Small Cap Weekly)
26-Feb	SU	Suncor Energy	Keystone Decision Beneficiary (Meter Reader)
22-Feb	XEC	Cimarex Energy	Wolfcamp New Legacy Asset (Income and Small Cap Weekly)
21-Feb	BRY	Berry Petroleum	Linn Energy to Acquire Berry for McDep Ratio of 0.77
19-Feb	ECA	Encana Corporation	Survived the Downside, Ready for the Upside (Meter Reader)
15-Feb	BIREF	Birchcliff Energy	Production Up 26% in 2012 (Income and Small Cap Weekly)
12-Feb	IMO	Imperial Oil	New Volume Imminent (Meter Reader)
5-Feb	COP	ConocoPhillips	Raise NPV to \$105 from \$96 on Performance (Meter Reader)
25-Jan	CLR	Continental Resources	Bakken Reserves Exceed a Half-Billion Barrels (ISCW)
22-Jan	WOPEY	Woodside Petroleum, Ltd.	Politically-Secure, Clean Fuel Supplier (Meter Reader)
18-Jan	DMLP	Dorchester Minerals, L.P.	Distribution Swings Up (Income and Small Cap Weekly)
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
8-Jan	DVN	Devon Energy	Quality North American Oil and Gas Supplier (Meter Reader)
28-Dec	FRHLF	Freehold Royalties Ltd.	Advantaged Ride on North American Oil Growth (ISCW)
18-Dec	STO	Statoil	Profitable Reinvestment (Meter Reader)
11-Dec	CVE	Cenovus	Canada Approves CNOOC and Petronas Deals (Meter Reader)
7-Dec	PBT	Permian Basin Royalty Trust	New Volume from Horizontal Fracking (ISCW)
6-Nov	HGT	Hugoton Royalty Trust	Interim Legal Ruling in Favor of Trust
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
30-Apr	TOT	Total	Recovery Potential
23-Apr	COSWF	Canadian Oil Sands Limited	Long-Term Oil Investment
16-Apr	CVX	Chevron	Deflation Resistance
9-Apr	MRO	Marathon Oil	Oil Shale and Global Exploration
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
3-May	NDRO	Enduro Royalty Trust	RTF Stock for Permian Oil
26-Apr	WLL	Whiting Petroleum	Synergistic Fracker
19-Apr	HK	Halcón Resources	Fourth Core Area - El Halcón ("The Hawk")
12-Apr	MTR	Mesa Royalty Trust	RTF Stealth Play on Long-Life Natural Gas
For earlier editions, go to mcdep.com , click on Energy Income .			



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