



MARKET

The last few years have seen unprecedented change for the oil sector in Pakistan. The impact of the oil price increase worldwide has been quadrupled in Pakistan due to the heavy government levies. The retail fuel market which constitutes of petrol, diesel and CNG fuel, has seen a decline in the volume sales of Petrol and a growth in CNG and diesel sector due to their economic and environmental efficiencies. Growth in diesel fuel has been strong, driven by its inherent efficiency, advances in modern diesel engine technology that bring environmental benefits and also a countrywide transportation network that is dominated by diesel-powered vehicles. We also see an upsurge in the car sales mainly due to the availability of credit finance facility to the average consumer resulting in the rise in CNG consumption as majority of the new vehicles are CNG fuel based.

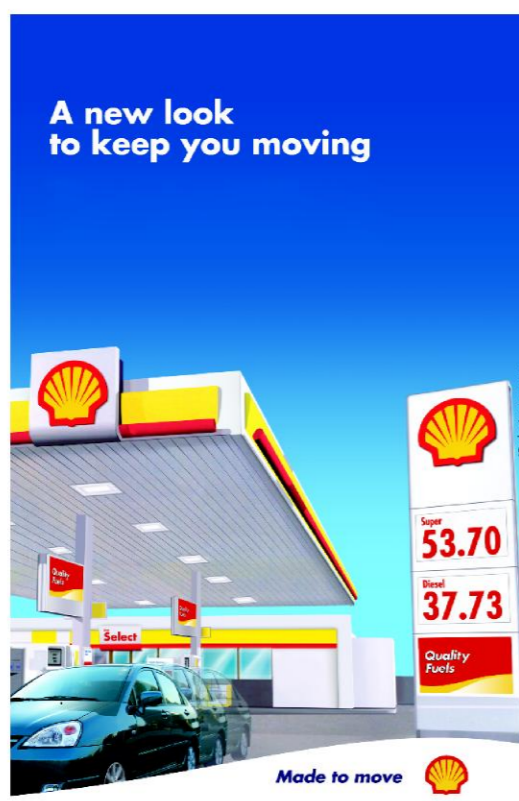
While many customers might only connect the Shell brand name to the fuel in their cars or the Shell service stations they see roadside, it is a brand that is woven into the fabric of the average Pakistani's life in many ways. Whether it is fuel for aviation or the lubricants that keep your car running or the cogs of industry turning, oil and petrochemical products are all around us and our dependency on them is growing.

The same is mirrored by the lubricants market, which is dominated by Commercial Road Transport Lubricants followed by Consumer Lubricants for passenger cars and motorcycles. There is also heavy consumption of lubricants in industrial applications.

Shell is one of the most popular fuel retailing (service station) brands present in a market that is highly competitive. The yellow emblem is synonymous to quality and trust for the wide range of customers in all sectors. It has a nationwide presence in Pakistan and meets all kinds of energy needs in almost every sphere of life. Shell invests heavily in research and development to bring the latest technology and global know-how in products, solutions and services to deliver enhanced value to its customers. In the area of new and renewable energy, Shell worldwide is developing business in solar, wind, biofuels and hydrogen to meet customer needs.

ACHIEVEMENTS

Over its long history and the millions of satisfied and loyal customers worldwide, Shell has been able to build one of the most recognisable brands in the world. According to Interbrand's annual ranking of the Top 100 Global Brands, the Shell brand on its own is worth nearly US\$3 billion.



In Pakistan, Shell has many firsts to its credit; leading amongst these was the launch of first Retail Visual Identity (RVI). With this the Shell brand manifested itself, bringing in a whole new service experience for motorists including the first of its kind, Shell Select convenience stores.

More recent achievements include Shell setting a Guinness World Record for fuel economy in a journey that covered 25 countries, including Pakistan. The record-breaking couple, John and Helen Taylor, drove across Europe, Asia, Australia and the US powered by only 24 tanks of Shell's new Fuel Economy Formula, providing Shell with a unique opportunity to assess the performance and effectiveness of its new formulation, and enabling them to further develop fuel efficient driving practices for widely differing road conditions.

Shell Helix is the only recommended engine oil by leading automobile manufacturers like Pak Suzuki Motors and Hyundai Motors for all models of their cars. On the Commercial Road Transport front Shell Rimula is the only engine oil recommended by Ghandhara Nissan Limited, the manufacturers of Nissan UD trucks and buses in Pakistan. Shell Helix's latest offering - Shell Helix Ultra, introduced fully synthetic technology to Pakistan for the very first time in 2007.

In the area of social responsibility, in addition to various health, education, heritage and capacity building and environmental programs, Shell

provides ongoing support to the earthquake rehabilitation efforts by playing a pivotal role in the reconstruction of selected villages.

HISTORY

Shell's origins can be traced back to 1833, when Marcus Samuel opened a small shop in London dealing in oriental seashells. His trade became so profitable that he set up regular shipments from the Far East. Before long this had turned into a general import-export business.

The connection with oil was not established until early 1890, when Marcus Samuel Jr. visited the Black Sea coast, where Russian oil was exported into Asia. He recognised an opportunity to export oil for lamps and cooking to the Far East, commissioned the first special oil tanker in 1892, and subsequently delivered 4,000 tonnes of Russian kerosene to Singapore and Bangkok. Samuel remembered his father's original business when he branded the kerosene 'Shell.'

In 1897, Samuel elevated the status of the Shell name, calling his enterprise The Shell Transport and Trading Company. A seashell emblem was chosen to give the name visual emphasis. Ten years later, Shell formed a close alliance with a Dutch oil company also active in the Far East: Royal Dutch Petroleum.

The Shell brand name enjoys a 100-year history in this part of the world, dating back to 1899 when Asiatic Petroleum, the Far Eastern marketing arm of two companies, Shell Transport Company and Royal Dutch Petroleum Company, began importing kerosene oil from Azerbaijan into the region. Even today, the legacy of the past is visible in a storage tank carrying the date - 1898.

The documented history of Royal Dutch Shell PLC in this region dates back to 1903 when partnership was struck between The Shell Transport and Trading Company and the Royal Dutch Petroleum Company to supply petroleum to Asia.

In 1928, to enhance their distribution capabilities, the marketing interest of Royal Dutch Shell PLC and the Burma Oil Company Limited in India were merged and Burma Shell Oil Storage & Distribution Company of India was born. After the independence of Pakistan in 1947, the name was changed to The Burma Shell Oil Distribution Company of Pakistan. In 1970, when 51% of the shareholding was transferred to Pakistani investors, the name was changed to Pakistan Burma Shell (PBS) Limited. The Shell and Burma Groups retained the remaining 49% in equal proportions. In February 1993, as economic liberalisation began to take root and The Burma divested from PBS, Shell Petroleum stepped in to raise its stake to 51%. The years 2001-2 have seen the Shell

Petroleum Company successively increasing its share, with the group now having a 76% stake in Shell Pakistan Ltd (SPL), an expression of confidence.

THE PRODUCT

Shell is best known for keeping people on the move. Through its local network of some 1000+ retail outlets, Shell delivers the essential ingredients for personal mobility - vehicle fuels, car care products, food and drinks, groceries and other items, all available at the same point in a single purchase. The company strives not only to match its customers' product needs but also their expectations in terms of service and concern for the environment.

In the fuel arena, Shell is also working hard to provide its customers with better fuels which will take them further. Laboratory tests show that new Shell Fuel Economy Formula petrol and diesel, available in Pakistan and across many countries in Asia Pacific, can help moving parts within the engine run more easily, which effectively burns less energy - and a more efficient engine, means improved fuel economy. 88% of customers say that Shell Petrol now gives them "Better Mileage." This fuel is available at Shell service stations throughout the region. Similarly Shell's New CNG is changing the face of the market by providing customers with economical solutions with cleaner CNG at no extra cost.

Shell also manufactures and markets Pakistan's leading lubricants brands to trade customers and end-users. Shell Helix, offering to "Energise your engine" is the world's and Pakistan's #1 passenger car oil brand with more than 50% motorists preferring Shell Helix over any other engine oil brand. Great responsiveness makes Shell Advance the preferred oil of motorcyclists in Pakistan, and finally Shell Rimula and other brands serve the enormous market for trucks and agriculture equipment. Shell Helix Ultra is Pakistan's first, and so far the only, fully synthetic oil for performance motoring.

Specialist industrial brands such as Tellus, Omala and Corina Oils provide an amazing range of products for factory plant maintenance, hydraulic, gear and compressor applications as well as thick, industrial greases like Alvania that protect massive roller bearings in steel mills.

RECENT DEVELOPMENTS

Besides main-grade fuels, Shell's range of innovative products is constantly expanding, supported by extensive research and development. With an eye on the future Shell has evolved with a new identity in Pakistan. The New Shell look was unveiled in February 2006 with the aim to present the consumer with a contemporised and refreshed look of Shell versus other Oil Marketing Companies in the market.

The overall brand positioning today has also evolved in line with the global theme of Made to Move, which will be used to depict the overall corporate endeavour of being continuously on the move for the consumer.

In 2007 Shell Helix launched a new thematic campaign that emphasised its 're energising' position. This was followed shortly by the launch of Shell Helix Ultra, Pakistan's first fully synthetic oil for performance motoring and endorsed by the



world's greatest grand prix champion- Michael Schumacher. Shell Rimula launched a new formulation and introduced a newly designed carton and 1 litre packs in order to make the packaging more attractive and facilitate sales.

PROMOTION

Shell's promotional activities take place on many fronts, targeting motorists, truckers, farmers, opinion leaders, businesses and the public at large.

Utilising the preferred car brands in Pakistan, Shell leveraged its Suzuki and Hyundai recommendation for Shell Helix to increase awareness about its new variant Shell Helix CNG Super. A Suzuki endorsement was promoted via the chance to win a Suzuki Liana free with every Shell Helix oil change. To further supplement this, Shell Helix ventured into online advertising for the first time and reaped great success. The introduction of Shell Helix Ultra was also supplemented with a free give away of Ferrari two speed model cars and Ferrari key chains.

Quick Oil Change was also revamped in 2007 and brought under the banner of Shell Helix Oil Change Plus.

Shell Advance Bike Serv stations were set up at select forecourts in order to give bikers a unique service experience. Unique waiting rooms were developed where bikers could enjoy various forms of entertainment.

Spring brings increased activity in Pakistan's agricultural economy as wheat is harvested and cotton is sowed. Economic activity in general and diesel and HDEO consumption in particular pick up as agricultural machinery is heavily employed in harvest, thrashing and then land preparation. Trucks usage also increases as harvest is transported from fields to market. This opportunity was utilised effectively through instant cash promotions and activities that promote the image of the trucker for Shell Rimula Oils.

BRAND VALUES

Shell is committed to carrying out its business operations efficiently, responsibly, profitably and ethically. Its core values of honesty, integrity and respect for people define the company and how it

works. These values have been embodied for more than 25 years in Shell General Business Principles which, since 1997, include a commitment to support human rights and to contribute to sustainable development. The Principles apply to all Shell employees everywhere and Shell actively promotes them with joint venture partners, contractors and suppliers.



www.shell.com.pk

THINGS YOU DIDN'T KNOW ABOUT SHELL

- Shell is the world's largest single-branded retailer.
- Shell's retail network serves around 20 million customers per day, from more than 40,000 service stations, in more than 140 countries and territories.
- Every four seconds, 1,200 cars visit a Shell service station.
- Approximately 3% of the world's oil and approximately 3.5% of the world's gas is produced by Shell companies.