Shell plc (SHEL)

$72.88 (Stock Price as of 12/10/2025)

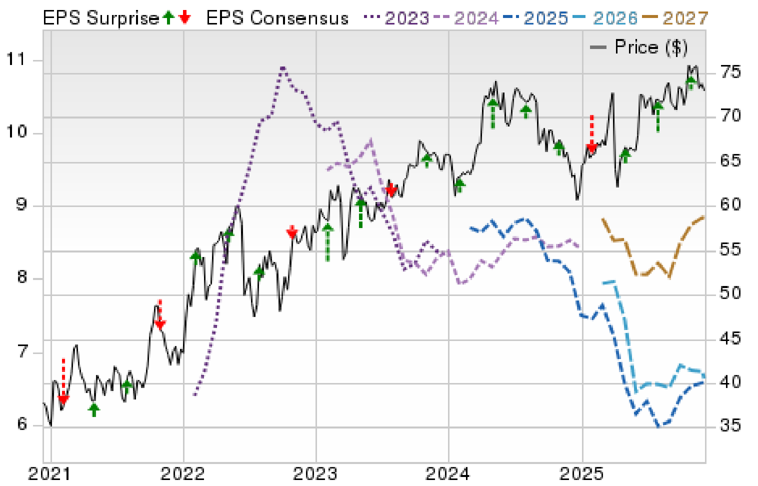
Price Target (6-12 Months): **$82.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/20/25) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: A | Growth: C | Momentum: A	**3-Hold** VGM: A

Summary

London based oil supermajor, Shell, looks fairly balanced at the moment. Shell's third quarter 2025 results highlight resilience and disciplined execution across its portfolio. Strong LNG performance, robust upstream output from projects like Whale and Mero showcase solid cash generation and shareholder commitment. Strategic divestments and targeted reinvestments underscore capital discipline and support long-term transition goals. However, revenue decline alongside rising operating costs is pressuring margins. Chemical and product earnings plunged 65%, revealing downstream weakness, and renewables remain minimally profitable. With stable fundamentals offset by cyclical and structural headwinds, a neutral stance is justified—balancing solid financial health against uneven growth and energy-transition uncertainty.

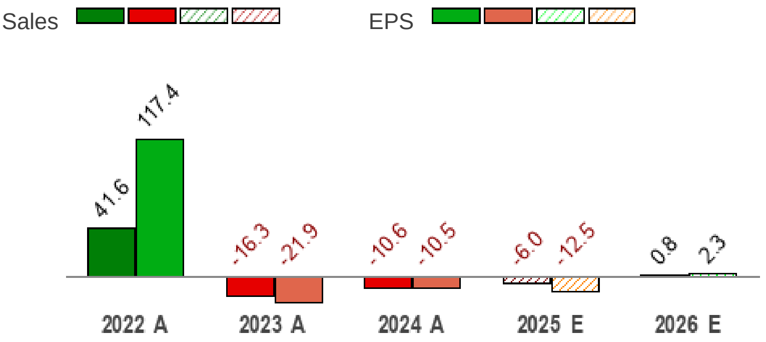
Price, Consensus & Surprise(1)



Data Overview

52 Week High-Low	**$77.47 - $58.55**
20 Day Average Volume (sh)	**3,869,760**
Market Cap	**$209.7 B**
YTD Price Change	**15.8%**
Beta	**0.16**
Dividend / Div Yld	**$2.86 / 3.9%**
Industry	**[Oil and Gas - Integrated - International]**
Zacks Industry Rank	**Bottom 40% (145 out of 243)**
Last EPS Surprise	**8.1%**
Last Sales Surprise	**-5.9%**
EPS F1 Est- 4 week change	**0.2%**
Expected Report Date	**01/29/2026**
Earnings ESP	**1.6%**
P/E TTM	**11.5**
P/E F1	**11.1**
PEG F1	**-2.1**
P/S TTM	**0.8**

Sales and EPS Growth Rates (Y/Y %)(1)



Sales Estimates (millions of $)(1)

	Q1	Q2	Q3	Q4	Annual*
2026	69,541 E	69,541 E	69,541 E	69,541 E	273,622 E
2025	70,152 A	66,443 A	70,410 A	73,134 E	271,557 E
2024	74,703 A	75,057 A	72,462 A	66,807 A	289,029 A

EPS Estimates(1)

	Q1	Q2	Q3	Q4	Annual*
2026	1.42 E	1.64 E	1.74 E	1.54 E	6.35 E
2025	1.84 A	1.42 A	1.86 A	1.36 E	6.54 E
2024	2.38 A	1.97 A	1.92 A	1.20 A	7.52 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/10/2025.
(2) The report's text and the price target are as of 12/04/2025.

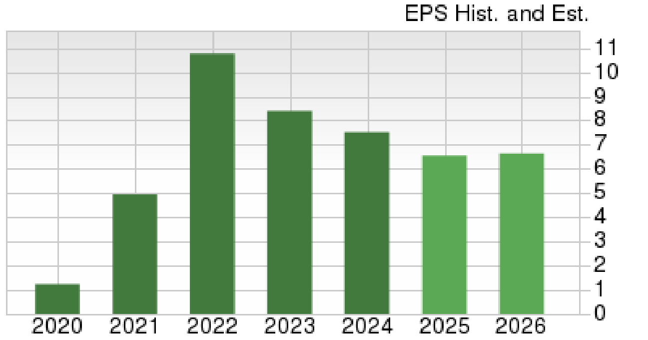
Overview

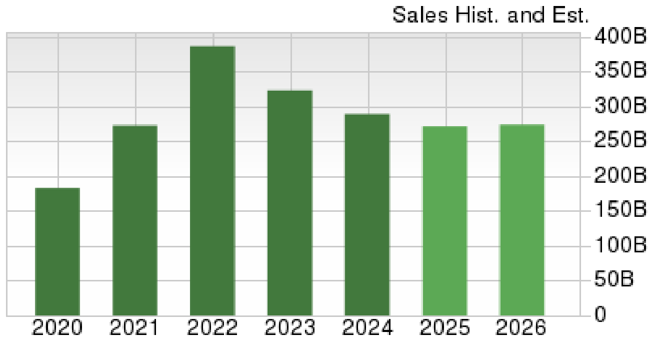
Shell plc is one of the primary oil supermajors — a group of U.S. and Europe-based big energy multinationals with operations that span almost every corner of the globe. The London-headquartered company is fully integrated, meaning it participates in every aspect related to energy — from oil production, to refining and marketing.

Known previously as Royal Dutch Shell, the company dropped "Royal Dutch" from its name in 2022. At the same time, it scrapped the dual listing structure and moved its headquarters from the Netherlands to the UK.

The company generates around $285 billion in annual revenues and produces more than 1.8 million barrels per day of oil equivalent. Shell currently churns out liquids and natural gas at a 72/28 ratio. As of the end of 2024, the company had proved reserves of approximately 9.6 billion barrels of oil equivalent.

While the likes of ExxonMobil and Chevron are focusing on the Permian basin to drive growth, Shell's long-term strategy revolves around liquefied natural gas ("LNG"), considering the secular shift to the cleaner burning fuel for power generation worldwide and in the Asia-Pacific region in particular. The Anglo-Dutch firm bought BG Group for $50 billion in 2016 to become the world's largest producer and shipper of LNG — the supercooled liquid form of natural gas, which is easier to transport.

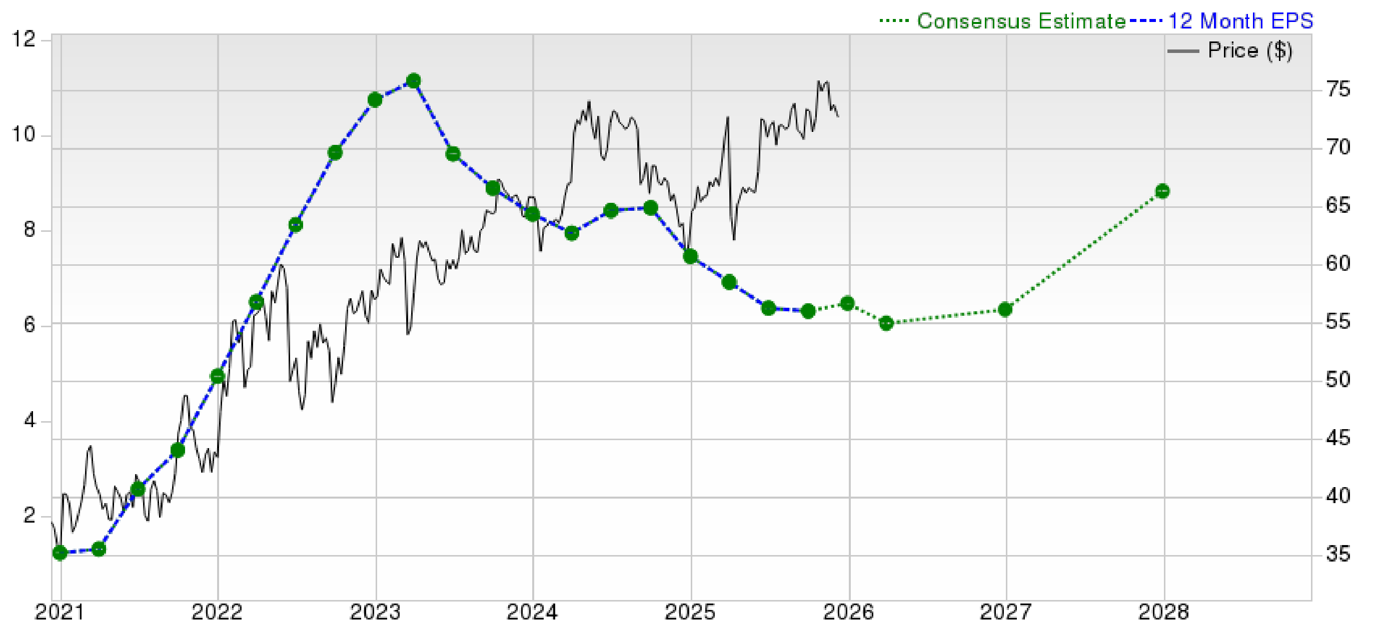




As of 12/10/2025

Shell is not one of the Dividend Aristocrats known for steady payout growth but boasts of an impressive dividend record. However, the company was forced to slash its quarterly dividend by two-thirds in 2020 — the first cut since World War II — to weather the coronavirus-induced oil price crash and preserve cash. However, Shell has since raised its payout to around 72 cents, which is above the pre-pandemic dividend of 47 cents.

Shell divides its operations into the following main segments: Upstream (exploration & production), Chemicals and Products, Integrated Gas, and Marketing. Europe's largest oil company also has a Renewables and Energy Solutions division to build on low-carbon and environmental-friendly options.



As of 12/10/2025

Reasons To Buy:

> Shell's upstream segment delivers impressive results with key projects like Whale in the Gulf of Mexico and Mero in Brazil.

- Shell posted adjusted earnings of $5.4 billion and $12.2 billion in cash flow from operations in the third quarter of 2025, underpinned by consistent outperformance across its core businesses. The Integrated Gas segment benefited from higher liquefaction volumes and robust LNG trading, while Upstream operations achieved record production in Brazil and the Gulf of Mexico. The Whale project reached capacity ahead of schedule, showcasing efficient project execution. Combined with strong marketing margins and disciplined cost management, these results reflect Shell's operational rigor and its ability to deliver resilient profitability amid volatile market conditions.

- Shell continues to strengthen its position as a global LNG leader, with LNG Canada's Train 1 already operational and Train 2 expected to start by year-end, adding significant export capacity. The project has enhanced Shell's ability to capture value through higher liquefaction volumes and optimized trading margins, particularly from favorable pricing spreads between Asia and Europe. Additional contributions from the Pavilion portfolio in 2026 will further expand Shell's LNG footprint. With a balanced near-term supply-demand outlook and long-term bullish demand for cleaner energy, the company is well placed to generate stable, high-margin cash flows from its LNG operations throughout the energy transition.

- Shell reaffirmed its commitment to shareholder value by announcing a new $3.5 billion buyback program—the 16th consecutive quarter with repurchases above $3 billion—underscoring the company's financial strength and disciplined capital framework. Over the past four years, Shell has retired more than one-quarter of its outstanding shares while maintaining a consistent policy of returning 40–50% of cash flow from operations to investors. Supported by a strong balance sheet and declining net debt, these steady distributions signal management's confidence in cash flow durability and its ability to balance rewarding shareholders with funding strategic growth and transition investments.

- Shell continued to refine its global portfolio through strategic divestments and targeted investments, reflecting a clear focus on capital discipline and long-term value creation. The sale of its 16.125% interest in Colonial Enterprises and the final investment decision on the HI gas project in Nigeria highlight the company's emphasis on high-return, lower-carbon opportunities. By reallocating capital toward more profitable and resilient projects while exiting less competitive ventures, Shell is strengthening its operational efficiency, simplifying its asset base, and aligning its growth strategy with its broader transition to a sustainable energy future.

- Shell's upstream segment continues to deliver impressive results, with key projects like Whale in the Gulf of Mexico and Mero in Brazil achieving nameplate capacity well ahead of schedule and outperforming investment expectations. The company is advancing a robust slate of developments across Nigeria, Brazil, and Oman, supported by future opportunities such as Bonga Southwest. These initiatives are designed to sustain or modestly expand production through the next decade, underpinning reliable cash generation and reinforcing Shell's ability to maintain operational momentum and profitability even in a volatile commodity price environment.

- Shell's solid financial position underpins its ability to sustain growth and shareholder returns. With net debt below 19% and gearing comfortably within its target range, the company has substantial balance sheet capacity to pursue dividends, share buybacks, and selective acquisitions. Its disciplined capital spending plan of $20–22 billion annually ensures investments are fully funded from operating cash flows, maintaining resilience across commodity cycles. This prudent approach provides flexibility to capitalize on attractive opportunities during downturns while preserving liquidity and protecting long-term financial stability.

Reasons To Sell:

- Shell reported third quarter 2025 revenue of $70.4 billion, down 2.8% year over year and earnings per ADS of $1.86 also saw a decline from the year-ago quarter. The revenue contraction signals ongoing demand and pricing pressures, particularly in Chemicals & Products. The earnings contraction also reflects a decline in oil prices. This demonstrates Shell's vulnerability to commodity cycles and market volatility. Investors reliant on earnings stability may find this exposure concerning, particularly if pricing pressures persist into 2025.

Shell operates in a highly exposed industry where trade flows, tariffs, OPEC+ decisions, and sanctions directly affect earnings.

- Shell's operating expenses rose 12% sequentially to $9.3 billion in the third quarter of 2025, driven by inflationary pressures, higher maintenance activity, and increased cost of sales across multiple business segments. The rise also reflects greater spending on operational reliability and supply chain adjustments amid a volatile cost environment. Although these expenditures support long-term asset performance, sustained cost escalation could compress margins, particularly if oil and gas prices remain weak. Managing expenses effectively across Shell's diverse global portfolio—spanning upstream, refining, and renewables—will be essential to protect profitability, preserve cash flow resilience, and maintain competitive returns in a tightening macroeconomic climate.

- Shell's Chemicals and Products division experienced a sharp 65% year-on-year decline in adjusted earnings to $1.1 billion, reflecting ongoing margin pressure across refining and trading operations. The segment continues to face headwinds from weak global demand, oversupply in key product categories, and narrowing spreads that have eroded profitability. Chemical margins remained in negative territory, while product earnings were constrained by softer pricing and higher input costs. This persistent volatility underscores structural challenges within the segment and raises concerns about Shell's ability to sustain returns across its integrated downstream value chain.

- Shell operates in a highly exposed industry where trade flows, tariffs, OPEC+ decisions, and sanctions directly affect earnings. Management emphasized their focus on controllable levers, but acknowledged external shocks remain a persistent challenge. While cost cuts and balance sheet strength help, Shell cannot escape cyclicality. For risk-averse investors, this volatility-especially in an uncertain geopolitical environment-makes the stock less attractive compared to more stable sectors.

- Although Shell touts LNG growth, the market faces looming oversupply as new projects globally come online. Legacy high-margin contracts are rolling off, reducing profitability, while new supply could pressure prices. Management acknowledged that the second quarter LNG results represent the "new normal," with less volatility and trading upside than in past years. This normalization, combined with oversupply risk, may cap returns from one of Shell's key growth pillars.

- Shell's Renewables and Energy Solutions segment, a central component of its energy transition strategy, delivered only $92 million in adjusted earnings for the quarter despite an improvement in margins. The division continues to face challenges in scaling renewable projects and achieving profitability, as most operations remain loss-making. Lower trading margins, high operating costs, and limited contribution from renewable generation assets have restricted the segment's earnings potential. While Shell has made progress in building its power trading and hydrogen capabilities, the segment's slow financial traction and small share in overall profits could weaken investor confidence in the company's ability to accelerate its low-carbon transformation profitably.

Last Earnings Report

Shell Q3 Earnings Beat Forecasts Despite Softer Oil Prices

FY Quarter Ending	12/31/2024
Earnings Reporting Date	Oct 30, 2025
Sales Surprise	-5.93%
EPS Surprise	8.14%
Quarterly EPS	1.86
Annual EPS (TTM)	6.32

Shell reported third-quarter 2025 earnings per ADS (on a current cost of supplies basis, excluding items — the market's preferred measure) of $1.86, which came in above the Zacks Consensus Estimate of $1.72 on the back of cost reductions and robust oil volumes.

However, the bottom line fell from the year-ago adjusted profit of $1.92 due to a decline in oil prices.

Shell's revenues of $70.4 billion were down from $72.5 billion in third-quarter 2024 and missed the consensus mark by 5.9%.

Meanwhile, Shell repurchased $3.6 billion in shares in the third quarter. The London-based company expects another $3.5 billion worth of repurchases for the fourth quarter.

Inside Shell's Segments

Upstream: The segment recorded a profit of $1.8 billion (excluding items) during the quarter, down from $2.3 billion (adjusted) in the year-ago period. This primarily reflects the impact of lower liquids prices and a decline in natural gas output.

At $64.44 per barrel, the group's worldwide realized liquids prices were 14.2% below the year-earlier levels, while natural gas prices dropped a marginal 0.8%.

Shell's upstream volumes averaged 1,832 thousand oil-equivalent barrels per day (MBOE/d), up 1.1% from the year-ago period, mainly due to a rise in oil churned out by the company. Liquids production totaled 1,399 thousand barrels per day (an increase of 5.9% year over year), and natural gas output came in at 2,513 million standard cubic feet per day (down 11.6%).

Chemicals and Products: In this segment, the London-based supermajor reported an adjusted profit of $550 million, improving 18.8% from $463 million earned in the year-ago period. The favorable comparison was due to higher refining and chemicals margins. Meanwhile, refinery utilization came in at 96%.

Integrated Gas: The unit reported an adjusted income of $2.1 billion, deteriorating from $2.9 billion in the July-September quarter of 2024. Results were primarily impacted by lower realized prices and a slight drop in production available for sale, which edged down 0.7% from the third quarter of 2024 to 934 MBOE/d. However, LNG sales volumes were up 10.8% year over year to 18.88 million tons.

Marketing: The segment recorded an income of $1.3 billion (excluding items) during the quarter compared to the year-ago earnings of $1.2 billion, due to higher margins.

Renewables and Energy Solutions: The segment incurred an adjusted income of $92 million, turning around from the year-ago loss of $162 million. The performance boost primarily reflects higher margins. External power sales were down 8.9% year over year to 72 terawatt hours but piped gas sales rose 1.4% to 150 terawatt hours.

Financial Performance

As of Sept. 30, 2025, Shell had $33.1 billion in cash and $74 billion in debt (including short-term debt). Net debt-to-capitalization was approximately 18.8%, up from 15.7% a year ago.

During the quarter under review, Shell generated cash flow from operations of $12.2 billion, returned $2.1 billion to its shareholders through dividends, and spent $4.9 billion in cash on capital projects.

The company's cash flow from operations decreased nearly 17% from the year-earlier level. Meanwhile, the group raked in $10 billion in free cash flow during the third quarter compared to $10.8 billion a year ago.

Guidance

Shell expects fourth-quarter 2025 upstream volumes of 1,770-1,970 MBOE/d, while Integrated Gas production is expected between 920 MBOE/d and 980 MBOE/d. The company also foresees marketing sales volumes of 2,500-3,000 thousand barrels per day and refinery utilization in the range of 87-95%. Meanwhile, Shell expects its total cash capital expenditure for full-year 2025 to range between $20 billion and $22 billion.

Recent News

Shell And Equinor Finalized Merger of UK Offshore Portfolios To Create Adura

On **Dec 01**, Shell and Equinor finalized the merger of their UK offshore portfolios to create Adura, the largest independent producer in the UK North Sea. The companies own a 50–50 partnership in Adura to build a competitive and value-driven asset base. The company will inherit interests in 12 major oil and gas assets along with several exploration licenses. Adura aims to deliver long-term impact, operational flexibility, and enhanced energy security for the UK while integrating staff and expertise from both parent companies.

Valuation

Shell shares are up 11.6% in the past six months and 17% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Oil-Energy sector are up 14.4% and 10.8% in the six-month period, respectively. Over the past year, the Zacks sub-industry and sector are up 3.9% and 2.3%, respectively.

The S&P 500 index is up 17.3% in the six-month period and 17% in the past year.

The stock is currently trading at 0.79X forward 12-month sales, which compares to 1.13X for the Zacks sub-industry, 1.23X for the Zacks sector and 5.31X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.81X and as low as 0.42X, with a 5-year median of 0.58X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $82 price target reflects 0.86X F12M sales.

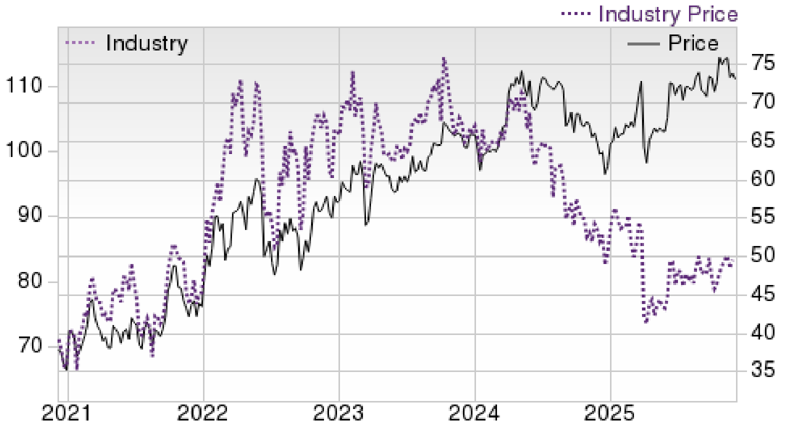
The table below shows summary valuation data for SHEL

Valuation Multiples - SHEL

		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.79	1.13	1.23	5.31
	5-Year High	0.81	1.13	1.23	5.50
	5-Year Low	0.42	0.72	0.74	3.83
	5-Year Median	0.58	0.94	0.97	5.04
P/E F12M	Current	11.18	12.56	13.21	23.44
	5-Year High	15.91	19.45	19.10	23.82
	5-Year Low	4.41	5.42	5.87	15.73
	5-Year Median	7.93	8.71	9.68	21.19
EV/EBITDA TTM	Current	4.04	4.81	5.44	18.59
	5-Year High	4.82	6.58	6.84	22.41
	5-Year Low	2.48	2.79	2.78	13.87
	5-Year Median	3.41	4.18	4.40	17.96

As of 12/03/2025 *Source: Zacks Investment Research*

Industry Analysis(1) **Zacks Industry Rank:** Bottom 40% (145 out of 243)



Top Peers (1)

Company (Ticker)	Rec	Rank
Eni SpA **(E)**	Outperform	3
OMV AG **(OMVKY)**	Outperform	2
BP p.l.c. **(BP)**	Neutral	3
Repsol SA **(REPYY)**	Neutral	2
Exxon Mobil Corporat...**(XOM)**	Neutral	3
YPF Sociedad Anonima **(YPF)**	Neutral	3
Chevron Corporation **(CVX)**	Underperform	3
Lukoil **(LUKOY)**	NA	

Industry Comparison(1) Industry: Oil And Gas - Integrated - International

Industry Peers

	SHEL	X Industry	S&P 500	BP	CVX	XOM
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	A	B	B
Market Cap	209.66 B	9.69 B	38.46 B	92.82 B	298.99 B	498.68 B
# of Analysts	7	2	22	9	8	9
Dividend Yield	3.95%	0.00%	1.43%	5.56%	4.61%	3.48%
Value Score	A	-	-	A	B	B
Cash/Price	0.20	0.20	0.04	0.42	0.03	0.03
EV/EBITDA	3.76	4.17	14.32	3.82	7.25	7.06
PEG Ratio	-2.05	1.65	2.20	1.68	8.76	1.49
Price/Book (P/B)	1.19	1.08	3.39	1.20	1.53	1.86
Price/Cash Flow (P/CF)	4.38	3.76	14.91	3.76	7.51	9.13
P/E (F1)	11.08	10.95	19.68	11.73	19.89	17.20
Price/Sales (P/S)	0.77	0.75	2.98	0.48	1.54	1.50
Earnings Yield	9.01%	8.77%	5.07%	8.52%	5.03%	5.82%
Debt/Equity	0.36	0.62	0.57	0.70	0.19	0.12
Cash Flow ($/share)	16.55	4.94	8.99	9.46	19.77	12.95
Growth Score	C	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	30.87%	22.32%	8.13%	-6.19%	7.50%	15.16%
Proj. EPS Growth (F1/F0)	-13.03%	-12.87%	8.50%	-7.06%	-25.67%	-11.68%
Curr. Cash Flow Growth	-15.04%	-15.42%	7.00%	-14.20%	-15.42%	-3.90%
Hist. Cash Flow Growth (3-5 yrs)	2.29%	4.51%	7.31%	-1.66%	-2.87%	14.75%
Current Ratio	1.35	1.26	1.18	1.19	1.15	1.14
Debt/Capital	26.45%	38.86%	38.15%	41.06%	16.25%	10.90%
Net Margin	5.34%	6.21%	12.78%	0.79%	6.57%	8.99%
Return on Equity	10.49%	8.91%	17.00%	9.07%	8.74%	11.22%
Sales/Assets	0.71	0.58	0.53	0.68	0.71	0.74
Proj. Sales Growth (F1/F0)	-6.00%	0.00%	5.75%	5.60%	-5.50%	-4.50%
Momentum Score	A	-	-	A	A	C
Daily Price Chg	-0.21%	0.00%	-0.09%	-0.64%	-0.15%	1.96%
1 Week Price Chg	-1.03%	0.53%	0.16%	-0.75%	-0.75%	0.53%
4 Week Price Chg	-5.79%	-2.47%	-0.09%	-4.82%	-4.96%	-1.28%
12 Week Price Chg	0.30%	1.99%	3.54%	3.25%	-6.93%	3.11%
52 Week Price Chg	12.69%	4.95%	13.35%	18.11%	-5.42%	4.95%
20 Day Average Volume	3,869,760	829,614	2,740,705	6,447,835	8,685,753	14,316,142
(F1) EPS Est 1 week change	0.42%	0.00%	0.00%	0.44%	0.25%	0.00%
(F1) EPS Est 4 week change	0.19%	0.65%	0.02%	4.32%	2.38%	-0.10%
(F1) EPS Est 12 week change	6.56%	1.48%	0.70%	10.67%	-4.06%	3.30%
(Q1) EPS Est Mthly Chg	1.36%	0.00%	0.00%	0.00%	1.97%	-2.25%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	C
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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