For more information contact your
Shell Account Manager or visit us at
www.shell.ca/commercialfuels

Price Risk Management

Do you have

- Concerns about potential impact of fuel price fluctuations on cash flow and profits?
- Fuel cost which are business critical?
- Client contracts with fixed future revenue?
- ...then it may be time to consider management of your fuels price risk with Shell.

Manage your costs... protect your margin.

Shell has introduced pricing mechanisms to allow you to manage your costs in times of fluctuating fuel prices. We can provide fixed pricing choices aligned to your commercial needs. So why not contact Shell to help with managing your fuel costs, leaving you to manage your business.

Shell's expertise

Shell's market-leading position in the energy sector makes us ideally placed to offer competitive contracts for the management of your price risk.
Did you know:

- On average, Shell trades over eight million barrels of crude oil and products a day.
- On average, Shell moves cargo on over 140 deep-sea tankers and gas carriers around the world.
- Shell operates in more than 100 countries, allowing us to track prices and trade oil-related products across most of the world's key energy markets.

Experience the benefits

These are unstable times. Predicting the cost of fuel even a month ahead can be a risky business. Even if you are able to forecast with any degree of accuracy, can you control it?

Shell's staff will work with you on supply contracts designed to help control your costs and consequently protect your business. The benefits include:

- Better budget protection.
- Easier cash flow planning.
- Safety net against price fluctuations often resulting from predictable world events.
- Opportunity to offer your own customers price stability, which builds your competitive edge.

What's right for you?

The best product for you depends on your business. Here are some of the deals Shell can offer:

Type of Contract	Benefits	Recommend if...
Fixed Price Contract: The parties agree a fixed price for the supply of an agreed volume of fuel over an agreed time period.	■ Effective protection against rising prices for purchases under the contract. ■ Accurate forward budgeting. ■ Locks in profit as forecast ■ Fixed price deals can provide these benefits subject to the terms of the contract entered.	■ Your revenues and most costs are fixed. ■ Your fuel price is a high proportion of your operating costs. ■ Your products are already sold forward at a fixed price. ■ Your fuel needs will be consistent during the term of the deal. ■ You are willing to undertake the performance risk.
Cap/Ceiling: An agreed, guaranteed maximum fuel price.	■ Maximum price protection without committing to a fixed price. ■ Take advantage of price drops.	■ You don't want to lose the benefit of fuel price decreases. ■ You are prepared to pay a premium on the product involved in this type of deal. ■ You would lose competitiveness with a fixed price in a falling market. ■ You are willing to undertake the performance risk.
Collar: A floating price within an agreed price band with guaranteed maximum and minimum prices.	■ Provides price protection without paying a premium on the product. ■ Allows you to benefit from falls in fuel prices above the agreed minimum 'floor'.	■ You want fuel costs to vary within the market to a controllable degree. ■ You can afford to pay a higher price when prices drop below the agreed minimum 'floor'. ■ You are willing to undertake the performance risk.

Frequently asked questions

Q: How do I find out more about the price risk management choices available to me?

A: Shell Account Managers can provide you with a number of alternatives, allowing you to develop a price risk strategy that meets your needs. Each situation needs to be determined on a case-by-case basis, to ensure that tailored solution appropriate for you is identified.

Q: What is the length of my commitment?

A: A typical contract lasts between one and twenty-four months for fixed price purchases.

Q: Does my Price Risk Management contract oblige me to buy a specific volume of fuel?

A: The contract is a commitment by both parties to purchase and sell a specific volume of a particular product over an agreed time period, subject to the terms of the contract.

Q: Why should I choose Shell to help me manage my fuel costs?

A: Shell's global trading capacity, linked to the Group's extensive supply network, and price risk management expertise combine to offer competitive contracts to suit your needs.