Shell announces record profits on back of surging gas prices

E
nergy giant Shell made one of the biggest ever profits by a UK company last year as soaring oil and gas prices, after the Russian invasion of Ukraine, doubled its earnings to a record $39.9 billion dollars (£32.2 billion).

The vast scale of the profit at the multinational, which supplies energy to 1.4 million UK households and runs one of Britain's biggest network of fuel forecourts, is set to trigger calls for an even bigger increase in the windfall tax on energy companies to help consumer ride out the cost of living crisis.

Rishi Sunak first imposed a windfall tax on oil and gas producers operating in the UK and the North Sea in May last year. The levy was increased in the Autumn Statement from 25 per cent to 35 per cent, and extended until 2028 – three years longer than originally planned.

It is set to raise £40 billion over six years but critics argue the windfall tax deters investment in the North Sea.

Shell and its arch rival BP have faced mounting criticism for the profits they have made as a result of the Ukraine war. BP chief executive Bernard Looney famously described his company as resembling a "cash machine" because of the amount of money it has made from elevated prices. BP reports its 2022 result next week.

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Climate activists set up a mock petrol station price board displaying Shell's billion-dollar record profit outside the energy company's global headquarters in London on Thursday morning.

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Shell chief executive Wael Sawan on Thursday said: "Our results in Q4 and across the full year demonstrate the strength of Shell's differentiated portfolio, as well as our capacity to deliver vital energy to our customers in a volatile world.

"We believe that Shell is well positioned to be the trusted partner through the energy transition.

"As we continue to put our Powering Progress strategy into action, we will build on our core strengths, further simplify the organisation and focus on performance.

"We intend to remain disciplined while delivering compelling shareholder returns, as demonstrated by the 15 per cent dividend increase and the four-billion-dollar share buyback programme announced today."

The company also posted record fourth-quarter profit of $9.8

billion on the back of a strong recovery in earnings from its liquefied natural gas (LNG) trading, beating analyst forecasts for an $8 billion profit.

Lib Dem leader Sir Ed Davey said: “No company should be making these kind of outrageous profits out of Putin’s illegal invasion of Ukraine.

“Rishi Sunak was warned as chancellor and now as Prime Minister that we need a proper windfall tax on companies like Shell and he has failed to take action.

“Families across the country are struggling to heat their homes and feed their families and this Government turns round and says ‘there is nothing we can do’.

“They must tax the oil and gas companies properly and at the very least ensure that energy bills don’t rise yet again in April.”