bp

Third quarter 2026 results

Webcast Q&A Transcript

Friday, 30th October 2026

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Q&A transcript

Craig Marshall: Welcome, everyone to bp's third quarter 2026 financial results call. I'm joined by Meg O'Neill, chief executive officer, and Kate Thompson, chief financial officer. We'll be focusing today's call on the third quarter performance and our disclosures and video that I hope many of you will have seen by now. Before we start with questions, let me hand over to Meg for a few opening remarks. Meg.

Meg O'Neill: Thanks, Craig, and thank you to everyone joining the call. I'll keep my opening remarks brief so we can get to your questions. This quarter, we maintained upstream production at around 2.2 million barrels of oil equivalent per day, with improved upstream plant reliability compared to the second quarter. Underpinned by good refining utilisation, our refining business delivered a very strong result, which, alongside the higher trading contribution, highlights the value of our integrated oil and gas business.

The improved operational performance across the business enabled us to effectively capture the higher commodity price environments. Strong earnings and cash flow resulted in a significant reduction in our net debt, which is now below our targeted range. Structural cost reductions delivered are now within our target range, and we have line of sight to delivering the remaining two of the four primary targets ahead of the end of 2027.

While this is good progress, our financial obligations remain too high and strengthening the balance sheet further continues to be our number one priority. Last week, we announced an important step with the agreement with the state of Louisiana to accelerate the delivery of our Deepwater Horizon settlement commitments. Our intention now is to prioritise the use of excess cash flow to address our remaining Deepwater Horizon liabilities in full.

Deepwater Horizon was a tragedy. 11 men lost their lives and communities and the environment across the Gulf Coast were impacted. We will never forget. It changed bp. Its legacy guides us and how we operate today, with safety at the heart of everything we do.

We are also moving at speed to simplify bp's portfolio, focusing on assets that best fit our integrated model and deliver the most competitive cash and returns. In the quarter, we agreed the sale of our Austrian mobility and convenience business. We completed the sale of the Gelsenkirchen refinery and announced plans to market our North Sea and Archaea businesses. We expect the Castrol transaction to close imminently.

We have also de-risked exploration and production prospects in Brazil, the Gulf of America and Iraq by bringing in partners. And in Venezuela, we signed agreements to advance an offshore gas development.

As we move forward, we will continue working with urgency to turn this strong set of results into strong performance quarter after quarter. We have much more to do on the five priorities we have set out to deliver a step change in performance and realise the full potential of bp. The Strategy and Outlook Update in December is an important milestone in updating the market on our next steps to deliver a simpler, stronger and more valuable bp. We will explain our strategic direction, the business drivers that underpin it, and the financial framework that will guide delivery. And we will set out the metrics and targets that will hold ourselves accountable to for delivery.

Back to you, Craig.

Craig Marshall: Thanks, Meg. So, we have around an hour for Q&A. As usual, I'm going to ask everybody to call for one question, please, per person, so that everyone gets a chance to ask. And then with the time remaining, I'm sure we can cycle back to follow up questions. With that, let me turn to Alejandro Vigil at Santander for the first question. Alejandro.

Alejandro Vigil (Santander): Yes. Thank you for taking my questions and congratulations for the strong results. My question is about the divestment process. No, it's basically just the Castrol divestment you mentioned is imminent, but if you can elaborate about how you see the momentum on the other divestments you have in your pipeline. Thank you.

Meg O'Neill: Yeah. Thanks, Alejandro. So as I said, Castrol closing is imminent. As we announced in the quarter, we're divesting the Austria mobility and convenience business. We expect that to close this year as well. And then other processes that we've announced continue to be in flight. So that includes the divestment of Lightsource bp, the UK North Sea business and Archaea. So, all of those processes are underway.

Craig Marshall: Thanks, Alejandro. We'll turn next to Doug Leggate at Wolfe.

Doug Leggate (Wolfe Research): Good morning, everyone. Or good afternoon, I should say. I'm looking at your slides, Meg. Slide seven and your comment about the financial obligations still being too high. It would seem, if I just eyeball that, you're suggesting you need to be somewhere in the range of your competitors to be not too high. Is that the right read? How do you get there? And what is the, what is the right level of obligations that you see within that target?

Meg O'Neill: Yeah. Thanks, Doug. And look, I fully appreciate the investment community, the market is very interested in this. And maybe if I speak first, Doug, to the philosophy. So, we produce commodities over which we have no control of the pricing. And whilst the pricing is strong now, we know that the price of oil and natural gas will drop at some point in the future. So as we think about how we design the financial frame and the equity versus debt structure, we need to design it to be resilient for a low-price environment. So the performance and the gearing levels of our peers is useful calibration points but what we're very focussed on is getting bp's financial frame designed well.

And you know, I might also point you to look at the sources and uses of cash slide. So, you know, we continue to have too much cash that is allocated to servicing financial obligations. We need to pull that down to ensure that we are more

resilient in a low-price environment. So that's the thinking that underpins our philosophy.

Shareholder returns obviously are at the heart of the design and we need to make sure that we are able to consistently deliver dividends through the cycle. So, the dividend is the first call on capital. We need to be able to continue to invest in the business so that we can cover an increasing dividend over time. And then we, of course, have the opportunity when we get our balance sheet in better shape to be able to reward shareholders with increased share of the rewards through things like share buybacks, which is an important tool in the toolkit.

Craig Marshall: Thanks, Doug. We'll turn next to Michele Della Vigna at Goldman Sachs.

Michele Della Vigna (Goldman Sachs): Thank you. And congratulations on a quarter of exceptional delivery. If I could ask a question more relating to your trading business. We are seeing extraordinary freight rates at the moment, especially in the crude tanker market. Having effectively long-term rates on tankers is like a gold mine at the moment and my understanding is that you've got quite a few that are under long-term lease. I was just wondering if you could help us understand what is the makeup at the moment of the contracts behind your fleet, and how helpful that can be to continue to sustain exceptional trading profits in your oil and oil product business in the fourth quarter? Thank you.

Kate Thomson: Yeah. Michele. Let me take that one. So yes, we have seen elevated freight rates since the beginning of March, particularly they're sustaining in the crude area, the product tanker rates are a little bit more muted, and as we observe LNG tankers are pretty much back to pre-conflict level.

We run a combination of operated, chartered and spot vessels and we manage that as a portfolio. This is the value of our trading business being utterly integrated with our refining business and then all the way through to our customers' business. We have opportunities to optimise our access to a portfolio of different ways to supply both equity and third-party barrels into our refineries. And of course, we work that really hard, and I think we've done a great job so far.

And then if you think about our U.S. refineries, I would position those as particularly advantaged with regard to their ability to access significant input crude from pipelines. So that feels good.

I guess the way I would hold it is when you look at the level of earnings we have been able to generate in the third quarter in our products business, which is refining and trading, for me, that's the demonstration of the amplification impact you can have on earnings when the integrated trading and refining businesses are really working in harmony.

Craig Marshall: Thanks, Michele. We'll turn next to Lydia at Barclays. Good morning, Lydia, or afternoon.

Lydia Rainforth (Barclays): Thank you Craig, and good morning, everyone, and thanks again for the results. I'll say a quick one, but I think, Meg, Kate, in the slides you talk of the need for more rigour in the investment process and partly so that we can finally avoid the write downs. Can you just talk through what, if anything, has changed in the process in which you look at projects, whether you look at those decisions going forward? Thanks.

Meg O'Neill: Yeah. Thanks, Lydia. So obviously anytime you take an impairment, that's a signal that you've made a decision that has not yielded the returns that were expected and have not delivered value for shareholders. So, we absolutely need to be more rigorous in how we make our investment decisions, how we stress test those decisions, how we make sure that decisions we make are leading to a bp as a company that is stronger. So, I'm a big believer that we need to be data-driven in all of this. You know, we need to look at the numbers and we need to be asking ourselves every time we make an investment or divestment opportunity, you know, is this the right decision? Is this a decision that is going to strengthen bp?

I'll invite Kate to comment because, you know, Kate's been part of the organisation for a bit longer and she can share some examples.

Kate Thomson: Yes. Thank you, Meg. The way I feel we're moving towards is a far more data-driven way of making decisions. And in particular working harder to

stress test the downside. So how could these investment decisions play out in a way that doesn't deliver the value that we expect? And really getting very robust on our depth of understanding of each investment case. So, I think the conversations that we have in our investment committee have gone to another level over the last six months since Meg's joined, and I think that's incredibly important because writing off shareholder capital is a demonstration that we have invested in things that have not delivered the returns our shareholders expect, and we have to, we have to write that. And that comes back to the very essence of how we make investment decisions and then how we execute on them.

Craig Marshall: Thanks, Lydia. We'll turn next to Biraj at RBC. Biraj.

Biraj Borkhataria (RBC Capital Markets): Hi, thanks for taking my question. I wanted to ask about the Gulf of America payments and liabilities and on your comments this morning about using excess cash to pay those in full. Just trying to understand what you mean and how this would work. Would you need to negotiate sort of a new payment schedule with the individual states? Or is it a case of sort of putting a pile of cash into a Special Purpose Vehicle (SPV) and then moving that liability off balance sheet? Just trying to understand the sort of mechanisms and the end goal here. Any parameters on that would be helpful. Thank you.

Kate Thomson: Yeah, let me take that one, Biraj. Thank you for the question. Meg's already referenced the nature of that event and how tragic it was. Of course, it's shaped how we operate. It also had a profound financial impact on us as a company.

I think the way that we are contemplating it is this year's cash flow gives us an opportunity now to address all the remaining state and federal liabilities in a way that is going to create the best value for us as a company. It's a very important moment for us as a company and it will allow us to move forward. I'm not going to go into the whys and wherefores of how we will execute. As we execute and put it into place, we will then update the market on exactly what have we done and how will we disclose it moving forward, and that will give you the transparency I think you're after. As you allude to Biraj, there are a number of different ways we could

choose to execute this, but you should rely on us doing it in a way that is going to deliver the best value.

At the end of the day, this will create a more financially resilient company going forward. If you remember, it's probably the last ten years now that at every second quarter, we've had to talk of in excess of $1 billion leaving the company to fund remaining liabilities on Deepwater Horizon. So, it will be an important improvement in our resilience and in our breakeven moving forwards.

Craig Marshall: Thanks, Kate. Thanks, Biraj. We'll turn next to Fergus Neve at Rothschild. Fergus.

Fergus Neve (Rothschild & Co Redburn): Yeah, good afternoon, everyone, and thank you very much for taking my question. I just wanted to touch on the structural cost reductions. It's great to see that you've now delivered reductions which are within the target range. I was just wondering whether you think there is still more to deliver there and whether perhaps we should expect an update for the target beyond 2027 at December's event? Thanks.

Kate Thomson: Yeah. Thank you, Fergus. It is good progress. It's clear that we've now delivered another one of our key targets out of the four that we put out in February 2025. I think though, the way I hold it is the bottom line performance is key here. And as you can see there's not enough impact coming through to our absolute cost reductions. So since 2023, we have delivered the $4 billion of structural cost reductions, but that has gone to offset a number of headwinds. So we've had inflation running at about 2.5% per annum. That's $1.5 billion. We've chosen to acquire assets, which has brought in cost base of about $800 million. And we've made activity choices. So that's around $700 million. And one example of that I could give you would be around bpx production.

But at the end of the day, our group production's flat. So, whilst we may be bringing in costs to drive higher production in bpx, we're not offsetting that with lower costs in assets where our production is declining. So, it requires continued focus.

So the way I would describe it for you is we are fully focussed on making sure that every part of our business is cost competitive and that the impact of what we are stepping through area by area, team by team, starts to show up more profoundly in the bottom line. And as we stand here today, we've still got confidence in the delivery of our absolute cost base of around $18 billion in 2027. As you see, the full impact, in particular, of the Castrol and Gelsenkirchen exit coming through for a full year in 2027. So hopefully that helps and we'll update you any further in terms of how we think about cost in December.

Craig Marshall: Thanks, Fergus. We'll turn next to Josh Stone at UBS.

Josh Stone (UBS): Yeah. Thanks, Craig. Meg, in your press release comments, you made a comment that bpx energy has a culture of ownership driving stronger returns, which I thought was quite a striking comment because, you know, one of the features of bpx is it's been carved out from the wider conglomerate. And so, I wonder if it begs the question of whether you think there could be other parts of your company that could benefit from being separated out, or is it the case that actually bpx is a more unique situation in that regard? Thanks.

Meg O'Neill: Yeah, thanks, Josh. I think it's important to acknowledge that whilst bpx has some different attributes to the rest of the Upstream, at the end of the day, it very much is part of the group and benefits from being part of the group. I think the opportunity for us more broadly is to ask, how have we set things up to allow greater decision making? And that clarity, that real sense of ownership in bpx and how do we take that mindset to the group writ large? So, in my mind, it needs to be a learning process between every part of the organisation and the other parts of the organisation. You know, we see other great examples where parts of the business are showing that culture of ownership. Drilling is a great example, where you've got tremendous ownership, you've got strong commitment to deliver on commitments and deliver on the plans that have been laid out and drive that continuous improvement. We just need to get that culture embedded across the business. So that's, you know, the real opportunity for us is to take what we've done in bpx and embed it everywhere else.

Craig Marshall: Thank you, Josh. We'll turn next to Al Syme at Citi.

Alastair Syme (Citi): Thanks, Craig. And hi, Meg and Kate. Can I just ask about what you're seeing in retail sales? You know, if I look at the data you are sort of showing the 2% reduction in US, an 8% reduction in Europe. I'm just sort of wondering, I know that's in terms of refined product, I'm just wondering if that's like an underlying same-store basis? Or any sort of colour you can give on the demand picture will be helpful. Thank you.

Kate Thomson: Hi, Al. Yeah, thank you for your question. There has been some softening in terms of demand across fuels retail. Of course, largely due to prices and the pressure on consumers. It does vary a bit by region. I think what we're seeing largely is customers just adjusting their habits. So, whether that's reducing their discretionary travel or changing how they fuel up and where they choose to fuel up. What I would say is that the fuels retail network is still pretty resilient the way it's performing. We're comfortable with it. It's holding up very nicely against the market volumes that we're seeing across the regions in which we operate. So, I'm pretty pleased with how the business is performing in terms of volumes.

Craig Marshall: Thanks, Al. We'll turn next to Martijn at Morgan Stanley. Martijn.

Martijn Rats (Morgan Stanley): Hi, I wanted to ask you about the slide that shows the total financial obligations falling to $33 to 35 billion by the end of the year. That's about a $10 billion decline, sort of quarter on quarter. But disposals are already $7 billion of that, which means that the underlying increase is sort of like $3 billion. But in this quarter we saw a $9 billion drop in obligations and that had no meaningful contribution from either working capital or from divestments. So look, a $10 billion drop quarter on quarter is nothing to be sniffed at, but it's not that difficult if the macro environment stays broadly as it is, which is also what you're showing on the right of the slide in terms of assumptions, to get a number that is meaningfully lower than that sort of $33 to 35 billion, it could even be in the high 20s. Now, I'm totally aware that forecasting commodity prices is horrendously difficult, and that you would put on a slide like this with a degree of conservativism built in. But can I just ask, is it just conservatism built in, or is there something in the fourth quarter in terms of a big outlay that I might have overlooked and that might be worth flagging?

Kate Thomson: Yeah. Let me take that one, Martijn. So, as I bridge from 3Q to 4Q, I think we've given the market the key components of how to get there. And let me just step it through. We're guiding to lower production. We've taken a 20mboed hit in the Gulf of America due to the weather impact earlier in the quarter. We're also guiding to our bpx production being down, which is not unusual in the fourth quarter due to phasing. We've got lower throughput in refining due to the completion of Gelsenkirchen. And then we're guiding across refining and across Upstream to softer prices and you can see the prices we have used for modelling. That's not a prediction of prices. That's just to help you see how to get there on a rule of thumb.

And then if I step down through to customers, so we're seeing seasonally lower volumes, as you would expect in the fourth quarter. And of course, we have an imminent close of the Castrol transaction, which will also feed through to earnings and cash flow in the fourth quarter. And then the last component of earnings, before I talk about two other elements, which we have highlighted, is typically in the fourth quarter, we would expect trading to be delivering a lower number. It's typically less volatile. And what we have observed over the last few years is a fall in areas of the market in terms of liquidity.

Now, I would say the market for the first month of the quarter has been less volatile than it was in 2Q and 3Q. I think it's incredibly difficult to predict what will play out. The trading team manage very carefully in terms of a disciplined deployment of risk through volatile moments. But we will be watching what happens to the liquidity in that market going forward. So, we don't guide forward on trading as you know, because it's almost impossible to predict, but I would say it is very much typically a weaker quarter than we have seen to date.

And then the other two components, which should help you get back to the numbers - and if not, then IR can help sweep, because the bridge works for me - is capex. So we've given you a full year range. If you take the year to date off that's signalling higher capex by about $1 to 1.5 billion versus the third quarter. And we're also signalling $800 million higher cash tax payments in the fourth quarter than the third quarter. All of those components, sorry it's quite a lot to step through, but that gives you the bridge.

Craig Marshall: Thanks, Martijn. We'll turn next to Henry Tarr at Berenberg.

Henry Tarr (Berenberg): Hi there and thanks for taking my question. Just on the impairments, is there any sort of further colour on those? Obviously, they're quite substantial in the quarter. And then what's still held as capital employed in the low carbon business at this point? Thank you.

Kate Thomson: I'll take that one as well. Thank you, Henry. You know my view on impairments, I won't reiterate it, but it's very much the fact that these investments have not delivered what our shareholders need us to deliver. We have taken a further $4 billion and we have been clear that that is primarily transition and primarily Lightsource bp and offshore wind. As we step forward through the portfolio and the remaining areas of our consideration of our portfolio, it's very important that we make the right decision for bp going forward. And we will execute on those portfolio decisions with a view to the best realisation of value. Where we are seeking to exit certain areas of portfolio, we will not be doing it in any rush to get out. I think that would be poor decisions. So, we will continue to high-grade the portfolio and make the right decisions for bp for the medium-long term and our shareholders. But I won't be able to guide you on forward impairments. We will update you as we step through.

Craig Marshall: Thanks, Henry. We'll take the next question from Matt Lofting at JP Morgan.

Matthew Lofting (J.P. Morgan): Thank you. bp published an update on the Tupinamba well in Brazil earlier this week. I wondered if you could just expand on the status of drilling there, what you've seen to date and the latest timing on the next steps in terms of moving the equipment across to Bumerangue. Thank you.

Meg O'Neill: Sure. Thanks for the question, Matt. So, we did announce that we have oil shows in the Tupinamba well. So just to give a little bit more colour on technically what we're targeting. So, there are two targets in this wellbore. One is shallower in the section. So, if you go from the subsea mud line, the shallower section is what we've hit. That's post-salt. And that's where we've seen the oil shows, so that's certainly encouraging news. We're drilling ahead, so we will drill through the salt to the second target which is a pre-salt target. So that's going to

take a bit of time. Once we complete drilling this section of the Tupinamba well, we will then be able to move over to Bumerangue. If all goes according to plan, that should happen by the end of this year but we'll be continuing to watch very closely.

Craig Marshall: Thank you, Matt. We'll turn next to Mark Wilson at Jefferies.

Mark Wilson (Jefferies): Well, it's a perfect lead in. Excellent progress on liability reduction, but I would like to ask on that Bumerangue appraisal plan in in Brazil, which will start up. I do recall sitting at third quarter 2025 results and a target of a concept select for Bumerangue by year end 2027 was discussed. So, could you give us a view of the appraisal program? Is it one well? Will there be this extended flow test? And indeed is a concept select by year end 2027 still possible? Thank you.

Meg O'Neill: Well thanks, Mark. So, the plan after Tupinamba is to move over to Bumerangue. The appraisal campaign, one of the key pieces of data is understanding the dynamic data. Whilst we have the static information, we've got fluid characterisation, we've got logs, we do need to understand how well do fluids move through this reservoir. So, we will be doing a flow back testing in the appraisal well, and that's really incredibly important data for us. We are likely to do a second appraisal well, but it'll depend to a certain degree on the results from the first. And all of that is going to get very rapidly fed into the engineering team's work.

And the engineering team is working on two paths. One is looking at early production systems and what sort of opportunity might present itself to accelerate revenue from this discovery, as well as then the full field development.

So, it would be premature to promise a date on concept select. We really need to get the appraisal data. I mean, again, much to like it's big. So big is a good starting point, but it's got technical complexity. And so we'll get the appraisal data. That'll be really important to shape both the early production idea as well as the full field development.

Craig Marshall: Thanks, Mark. We'll turn next to Chris Kuplent at Bank of America. Chris.

Chris Kuplent (Bank of America): Thank you very much. Can I ask on disposals? To be honest with you, don't quite know how long Lightsource bp has been on the list of assets that you've been trying to sell, and I just wonder whether you can update us a little bit on whether the length of that procedure is something that may have to be applied to Archaea, to the UK North Sea process as well, or how different competition is shaping up for some of these assets? Thank you.

Meg O'Neill: Yeah. Thanks, Chris. Look, I'd say Lightsource bp has been in market for a while, and Kate might be able to elaborate how long. It is a big and complex business. And so, finding a buyer who has the capability to take on the totality of the business has been challenging. I'll be up front with you. We would, have liked to have moved faster, but we want to make sure we're getting good value. And so, we've been taking steps to try to make sure that we can really maximise shareholder value as we go through this divestment.

If I contrast it, the UK North Sea for example, that process is well underway, very competitive. I'm very pleased with the level of market interest and I'm very pleased with the offers that are on the table. So, I expect that one will move forward with a bit more pace.

Craig Marshall: Thanks, Chris. We'll turn next to Lucas Herrman at BNP. Lucas.

Lucas Herrman (BNP Paribas): Yeah. Thanks very much, Craig. And Kate, probably one for you. Can you just remind me where we are in terms of the hybrids and, you know, the paydown of those and at what point, you lose the equity status? And just aligned with that, going back to the chart on debt or your gearing position relative to peer. I'm slightly surprised in ways that you should look at gearing rather than talk towards, you know, debt over CFFO. Particularly given, you know, the other observation around the potential write downs and the extent to which those have undermined, for want of a better phrase, cash flow relative to balance sheet value. So Kate, any observations there: hybrids and use of a gearing metric?

Kate Thomson: Yeah. Hi Lucas. Let me deal with the gearing one first. So, what we're trying to do on that slide is just demonstrate through a metric how the totality of our balance sheet liability stack is seen in comparison to that of our peers. And don't take it that we're trying to target the same as our peers, but I think as we design the right balance sheet for bp, it's important that we have a view based on our absolute and relative level. So, we will come back to that.

With regard to hybrids, we have agreement from S&P that we can take our stack down to $9 billion without losing the equity treatment. Having said that, I think it's important where we are right now with the level of cash we are generating this year, to take a rigorous look at every component of that financial obligation stack and see where we can derive maximum value for shareholders. And as I look at the hybrid stack from the corporate hybrids perspective, we've got around $10.5 billion remaining. We've already guided that we will redeem the $1.6 billion that matures in 2Q of next year. And then beyond that, we've got about $3 billion maturing in 2029[1] and about $2.5 billion in 2030. So, over the next few years, there's around $7 out of $10 billion.

But look, I think it's important as we step through some of the choices on the deployment of excess cash, that we are value driven and also opportunistic. So, there may be moments in the hybrid market where it is sensible to contemplate buying back hybrids in advance of their maturity dates. But we just have to be on the watch for that because that can come and go quite quickly. It's a fickle market. But all of these decisions must be grounded in best value.

Craig Marshall: Thanks, Lucas. We'll take the next question from Jason Gabelman at TD Cowen.

Jason Gabelman (TD Cowen): Thanks for taking my question. Good afternoon. I think the market was a bit surprised, pleasantly surprised that that you moved up or announced this strategic update, before the end of the year. And so, I'm wondering how much of that was driven by, hitting your net debt target versus wanting to express a larger pivot within the business? And kind of tied to that, as you move forward how much do you see the strategy as continuing to make the

[1] *with call windows in 2029.*

business both operationally and financially more efficient versus actually growing it, seeing some of the upstream resource opportunities you have in front of you? Thanks.

Meg O'Neill: Thanks, Jason. It feels like you're trying to get to the punchline of December a little bit early. Look, a couple of comments. So, hitting the net debt target was clearly a signal for us. And we know the market wants to understand, how do we think about designing the balance sheet. How do we think about providing value to shareholders and investing to deliver sustained value growth through the cycle. So we know that that is imperative information that we need to get out to the market. Look, I'll pre signal it. We put a slide in, so this shouldn't be surprising. We need to be designing a company that is resilient to a low commodity price. So we'll elaborate on that with the financial frame. But that mindset is going to be at the heart of what we decide.

The second point, which also won't surprise you, is we need to, clarify how we see value generation through an integrated oil and gas company with Upstream, Downstream and Trading all working together to deliver shareholder value over the long term and through the cycle.

So those are some of the important things that we intend to discuss. Look, we really look forward to seeing everybody in December.

Craig Marshall: Thanks, Meg. Thanks, Jason. We'll turn now to Bertrand Hodee at Kepler.

Bertrand Hodee (Kepler Cheuvreux): Yes, hello. Thank you for taking my question. A question around trading performance so far this year. So, I remember that Q1 for oil was exceptional, Q2 similar, Q3 similar. And in terms of trading gas and LNG, it was average Q1, Q2, likely exceptional in Q3. So, when I take all that, I can draw a line where your outperformance in terms of trading compared to average is roughly around $4 billion year to date on operating profit. Is that ballpark right calculation? Or any comments you may add to that?

Kate Thomson: Hi, Bertrand. Let me take that one. Yeah, so if you go back to how we describe trading and we have now for six years, on average, delivered the 4%

uplift on ROACE over six years. And year to date, I think you'd be right in saying we're trending above that. It's been very good performance from our trading businesses right across the piece. It was good to see the gas trading performance picking up in the third quarter, particularly driven by LNG where they were able to capture real value from the price move, but also from continued optimisation and volatility in that market. And then the US gas and power businesses has just traded nicely through the quarter. And oil continues to do well.

I mean, the philosophy that the trading team have had ever since the end of February has been one of, we prioritise contractual commitments for our customers, and they have focussed on integration with our refining businesses to be able to move products around the world to make sure that we were there for our customers. And that's incredibly important in terms of the reputation of us as a company and us as a trading organisation. I'm very proud of how the teams have showed up in that regard. So yes, they've done really well. Let's see how the fourth quarter plays out. As I said earlier, it's typically a lower volatility, lower liquidity quarter. So, let's see.

Craig Marshall: Thanks for your question, Bertrand. We'll turn next to Kim Fustier at HSBC. Kim.

Kim Fustier (HSBC): Hi, good afternoon, everyone. I just wanted to ask about portfolio capex. Has your stronger balance sheet changed your willingness to retain higher equity interest in some upstream projects? And without really asking you to give any quantified guidance on capex, how would that affect your thinking about capital programs going forward?

Meg O'Neill: Yeah, thanks, Kim. So in the second quarter, we commented, we made an adjustment to our capex guidance for this year. And part of the decision there, part of the driver was we've delayed bringing a partner into our Gulf of America Paleogene projects, and that is very much a value based decision. And the strength of the balance sheet does give us a bit more room to be very disciplined, you know, and I think that's a good example. That's, you know, those assets between the two of them, Kaskida and Tiber, call it circa $10 billion of investments in a very material resource that's, you know, we view as having quite

a bit of future running room. And so we want to make sure that if we farm down those critical assets, we will get fair value. So we've been disciplined on that.

But perhaps I can point you to other places where we've brought partners in. So Iraq Kirkuk, Tupinamba and some Gulf of America exploration, we've brought partners in. And the reason we've done that is to help manage the risk in the future capital exposure. So, we'll be value driven in all of these decisions.

Kate Thomson: If it would be okay to add one, just quick comment on that, Kim. So we've created over the last 18 months or so a significant increase in our hopper of opportunities moving forward. And I guess the point I want to convey is that that doesn't necessarily lead to higher capital. What it does lead to is a higher returns threshold as we force everything to compete for the marginal dollar in terms of capex. And I think it's important you hold that in terms of how we think about it.

Craig Marshall: Thanks, Kim. I'm actually going to move to online. We've got Ahmed Ben Salem from Oddo who's asking a question. He says, hello, thank you for taking my question. With net debt already below your 2027 target range, what specifically needs to happen before you feel comfortable materially increasing buybacks?

Kate Thomson: Yes, so thank you for the question, Ahmed. As you can see from the slide in our materials today, our leverage is still materially higher than we want it to be. We need to drive to a balance sheet that is right for us as a company and that gives us the financial resilience going forward. It's incredibly important we remain focussed on what we have started and finished the job with regards to deploying cash to the balance sheet. We'll explain in December more holistically how we think about sharing upside, including through the use of buybacks, with you.

Craig Marshall: Thanks for the question, Ahmed. We'll come back to the phones. James West at Melius Research..

James West (Melius Research): Thanks, Craig. Meg, I'm curious about your capital allocation towards exploration at this point. Your exploration team has been fairly busy the last couple of years, and I'm curious to hear how you're thinking about

pure rank exploration versus more exploration in plays that are at least somewhat understood, and how you would look to add to resource as we start to think about the next decade of growth.

Meg O'Neill: Yeah. Thanks. Thanks, James. Look, the exploration team has done well. We've had quite a few successful discoveries over the last year and a half. And as I've spent time with the team, I've been very pleased with the capability and the investment in technology that we've made. The strategy is to make sure we have a balance between call it ILX, or near field exploration, and greenfield. The successes that we've seen thus far of the 15 or so discoveries that we've made, about ten of them are close to existing infrastructure. And the plus about that is it means you can go very quickly from discovery to cash and to bringing the production online.

Now, we do always want to have a balance as well with some greenfields. Those are fewer, but pleased also with the success on that front. Bumerangue in Brazil is probably the most notable example with 8 billion barrels of oil potential between the oil leg and the rich gas condensate. Namibia[2] is another greenfield opportunity that we've discovered also needs a bit of appraisal. So I think the team's got a good balance between things that can be commercialised rapidly and then greenfield opportunities that represent future value creation for the company.

Craig Marshall: Thanks, James. We'll turn next to Mauricio Garcia at Quilter.

Mauricio Garcia (Quilter): Thank you very much for taking my question. And as a shareholder, congratulations for the strong results and genuine appreciation for continuing to implement a sound, disciplined strategy. I have a question on the settlement you reached on the Louisiana coastal restoration. I'm fully aware that the terms of the agreement are confidential, but is it possible to have some colour on how complex or lengthy the negotiation process has been? Thank you.

Meg O'Neill: Well thanks, Mauricio. The Louisiana coastal litigation has been underway for years, and I'm going to look to Kate and Craig. I think it's probably

[2] *Through bp's 50% interest in Azule Energy with Rhino Resources as operator.*

close to a decade. But this is something where the individual parishes in the state of Louisiana and the state itself have been bringing challenge to the oil and gas industry around coastal erosion. And, you know, I'm very pleased that we've been able to achieve this settlement. You know, between settling this matter and accelerating the Deepwater Horizon payments, it puts us in a place with the state of Louisiana, which is an incredibly important state for our business, between the Haynesville onshore business and support for much of our offshore activity outside of Louisiana, it allows us to move forward. So, pleased to have these two agreements in place and looking forward to, you know, starting things afresh with Louisiana.

Craig Marshall: Thank you, Mauricio, and thank you for the feedback. We'll cycle back now to some follow up questions. Firstly, Martijn again at Morgan Stanley.

Martijn Rats: Yeah. I briefly wanted to ask you about Iraq because it's quite intriguing. We've really seen quite a big recovery in exports from Iraq over the last couple of months. And of course, you know, bp is in Rumaila near Basra. You're now the operator of Kirkuk[3], which goes north. I was wondering if the general trends that we see in Iraqi exports is also something that we can project on BP? As in, is bp also able to effectively get its barrels out and increase production again?

Meg O'Neill: Yeah. Thanks for the question, Martijn. So you'd probably be aware, when the conflict started, significant curtailment of production. And we provided some insights, I think, in the first quarter about the impact to our production, which was about 100,000[4] barrels a day impact. You know, largely with the fields that export through this strait. Now a portion of that has recovered, so pleased to see those barrels come back online. Kirkuk is actually quite interesting because it feels like we're really starting to get some momentum going in Kirkuk. And you may have seen, I think it was on some of our socials, we've now signed some agreements to set up the operating entity there. We have a rig in country, so we've just spud the first well that we're looking after in Kirkuk. We're taking steps to

[3] *bp Energy Company of Kirkuk Limited is the contractor and provides technical expertise to the operating organisation.*
[4] *Per day impact between March 1-31 2026.*

increase production out of that field through improved technology around reservoir management. So moving ahead, yeah, moving ahead with pace in Iraq.

Craig Marshall: Thanks, Martijn. We'll turn next to Chris Kuplent again at Bank of America. Chris.

Chris Kuplent: Yeah. Thank you very much. Meg, I think you didn't mention Archaea earlier in your, in your answer. So I think I've got to come back. By not mentioning the disposal process, does that mean it's equally complicated as you mentioned Lightsource has been? And yeah, just want to ask the classic question again, if you don't mind. I think you've been very vocal about the value of the integrated nature of BP. So, we'll park the ideas of a breakup, but can you remind us what your thoughts are around the valuation gap between European and US supermajors and whether you're contemplating a move wholesale to the US? Thank you.

Meg O'Neill: Thanks, Chris. Kind of a lot in that. Look, the reason I didn't mention Archaea is that process is more nascent. So North Sea is well underway, Archaea is just getting started. So when we get to a point to update you more, we will, but it's kind of a lap behind in the race.

Look, I know there's always a lot of interest in the valuation gap. One of the things that I look to is underlying business performance and resilience through cycle. And part of why we are so focussed on tackling the balance sheet is to ensure that we are resilient through cycle so we can reward shareholders through cycle. And unfortunately our track record is we've not been able to do that. So that's exactly the situation that we are trying to remedy.

The second factor that's really important for us is to have, you know, kind of consistent, steady performance, quarter in, quarter out. I think the third quarter was a great outcome. You know, we do have tailwinds, fair call on that point, but the team delivered. So Upstream, Downstream, Trading really delivered and took advantage of the opportunity that was presented. We need to do that quarter in, quarter out. So, I'm a firm believer that there's a lot of self-help we can do that will help address the valuation gap with some of our competitors.

Craig Marshall: Thanks, Chris, we'll turn to Henry at Berenberg again. Henry.

Henry Tarr: Great. Thanks. Thanks for having me back on the call. I just wanted to ask about the LNG business and how it's shaping up for Q4. Pricing looks very favourable, obviously. Do you have cargoes available to, to take advantage from a trading perspective?

Kate Thomson: Yeah. Good try, Henry. I'm not going to guide forward. We remain very confident in our LNG position globally. That team have done a really good job in the third quarter of capturing the price move. Prices are pretty high. They're not as volatile at the moment as they were last quarter. But look, I think the big unknowns through the fourth quarter are going to be two things. One, how does the European weather play out? As everyone knows, the storage levels are very low. And the dynamic between European storage and China restocking are going to be the two big factors that determine what happens in the LNG pricing market. I'm not going to call that. But we remain well positioned in terms of our ability to optimise our cargoes.

Craig Marshall: Thanks, Henry. We'll go to Lucas again at BNP..

Lucas Herrman: Yeah. Thanks very much, Craig. I'm sorry Kate. Another one for you. I'm just trying to understand the working capital moves, the permanent build of $2.8 billion, which is obviously a large chunk of your balance sheet value, actually. Please explain. It doesn't feel as though the business has grown that much, that you'd be putting in $2.8 billion of permanent build. What am I missing?

Kate Thomson: The $2.8 of permanent build is fairly straightforward to explain, Lucas. It's about $1.5 billion of Deepwater Horizon. About $500 million - I'm going from memory now - of decommissioning payments so far this year. And then there is an impact of assets held for sale. So at the end of the third quarter, of course, Castrol is an asset held for sale and you see that flowing through the working capital numbers as well.

Look, I guess more broadly in terms of working capital, if you step right back it's incredibly difficult to forecast this year with event driven macro moving around the way it is. And at the end of the second quarter, I thought there'd be $2 to 3 billion of release still to come through the end of the year. But at that point Brent was $70. We're now at the end of third quarter at $120. So of course, you've seen

seasonal volume and inventory draws play through, but that's been offset by the price move up. So, it's incredibly difficult to determine exactly how this will play out. My best estimate as we sit here today is about a $0.5 billion still to release from the remainder of our working capital. But the realised crude and product prices are going to be the driving factors of where our working capital ends up at the end of the year.

Craig Marshall: Thanks, Kate. Thank you. Lucas. And the current final question we have is from Doug Leggate at Wolfe Research.

Doug Leggate: Okay. I was afraid of that. Hi, everyone. Meg, you've been there now for about six months. And I hate to be so blunt about this, but there was an article in the last days that the board had - some members of the board had considered or preferred a potential breakup of the company. I wonder if you could offer your perspectives and affirm whether that is now off the table, if it was ever on the table? Thank you.

Meg O'Neill: Well, let me start, Doug, by categorically denying any conversations of that nature. The discussions we've had with the board about the strategic direction really reaffirm the, almost the imperative of having an integrated oil and gas company where you have value generation from Upstream, Downstream and Trading. And the results this quarter illustrates the impact and the opportunity that that provides. You know, we see strong results in all three parts of the business. And we see the strength of those results because we have all three parts. You know, we're able to deliver more value in trading because we have a good physical footprint both in upstream production, in supply, in refining, in customers. We have a variety of different outlets for fuels sales. And the machine in its totality generates more value than the component parts would. And I think that's very clear in the results. You know, if you look at bottom line, you know, we've really delivered this quarter and I think that's a very solid proof point around the direction we're headed.

Craig Marshall: Thank you, Meg. I think that's a great place to close the call. Thanks so much for the questions to everybody. Thank you for dialling in. We're obviously looking forward, as Meg said, to seeing all of you who will be joining us at our Strategy and Outlook Update event in New York on the 15th of December. And IR will be sending out further details on that in the coming week. So thank you again for listening and we'll look to close the call now.

[END OF TRANSCRIPT]