

Chief executive officer's letter

Dear fellow shareholders,

We've been in action throughout the past year materially reshaping bp's portfolio and laying the foundations for February's Capital Markets Update. This fundamental reset of our strategy demonstrates a clear focus on actions to drive performance improvement and grow cash flow and returns for bp's shareholders.

Safety first

In 2024, we made progress on safety, reducing the number of combined tier 1 and 2 process safety events ★ for a second year in a row, with the most serious tier 1 events down significantly – but we have more to do. Our goal is to eliminate fatalities, life-changing injuries and the most serious process safety incidents. Tragically, one person died while working in our newly acquired bp bioenergy business in Brazil in October 2024. We must continue to embed and reinforce our Operating Management System ★, Lifesaving Rules and Safety Leadership Principles across bp (see [page 56](#)). Nothing matters more than safety.

Financial and operating performance

We delivered strong performance in some areas in 2024 but had some challenges in others. For example, our upstream ★ production was 2% higher than in 2023, and plant reliability ★ was strong at over 95%, but there were difficulties in refining. Margins were lower and the power outage at Whiting in the first quarter contributed to a dip to 94.3% in our refining availability ★.

This contributed to earnings of \$38 billion^a (adjusted EBITDA ★) in 2024 and operating cash flow ★ of \$27.3 billion and resulted in:

- Profit for the year attributable to shareholders of \$0.4 billion.
- Underlying replacement cost profit ★ of \$8.9 billion.
- Return on average capital employed ★ of 14.2%^b.
- And net debt ★ of \$23 billion^c.

This allowed us to raise the dividend per ordinary share by 10% and announce \$7 billion of share buybacks for the year.

Reshaping the portfolio

We've done more to reshape bp's portfolio in the last 12 months than in any year in the past 20 years. We started up a major project ★ and sanctioned 10. We agreed new access in regions we know well, including in Iraq and India – at material scale. We formed a new joint venture, Arcius Energy, to develop gas in the Middle East with ADNOC's investment arm XRG. And we announced plans for JERA Nex bp, joining forces with one of the world's major power companies to create a leader in offshore wind development

a Adjusted EBITDA for the group is a non-IFRS measure and its nearest IFRS-equivalent measure is profit for the year 2024.

b ROACE is a non-IFRS measure and its nearest IFRS measures of numerator and denominator are profit for 2024 attributable to bp shareholders of \$0.4 billion and total equity at the end of 2024 of \$78.3 billion respectively.

c Net debt is a non-IFRS measure and its nearest IFRS-equivalent measure is finance debt at the end of 2024.

d Target first introduced in bp's first quarter 2024 group results announcement referred to as cash costs savings. Cash costs has the same meaning as underlying operating expenditure ★.

e Excludes deferred consideration for 2024 acquisition of bp bioenergy in 2025.



– and helping to grow the scale of the business in a capital-light way for bp. We also now own 100% of bp bioenergy, one of the top-three sugarcane bioethanol producers in Brazil, and Lightsource bp, one of the world's leading solar developers. And we're investing with discipline in hydrogen and carbon capture, sanctioning four projects in 2024.

At the same time, we introduced our target to deliver at least \$2 billion of savings^d by the end of 2026, relative to 2023. We made strong progress on this, achieving structural cost reduction ★ of \$0.8 billion since the start of 2024.

Growing shareholder value

Having laid the foundations, we have fundamentally reset our strategy. This is a new direction. We've drawn on everything we've learned since 2020, while reflecting substantial changes to the external environment and using our deep-seated industrial skills and experience. The key elements are:

- First, a growing upstream. We're increasing planned investment by 20% to around \$10 billion a year in oil and gas to help build more higher-returning major projects and increase exploration.
- Second, a focused downstream. We're focusing our portfolio around core integrated positions and taking action to improve performance. We expect to invest around \$3 billion by 2027.
- Third, investing with discipline in the transition. We plan to pursue fewer and higher-returning opportunities, and access growth more efficiently. We now expect to invest between \$1.5-2.0 billion per year into transition businesses ★ through 2027^e – more than \$5 billion lower per year than our previous guidance.

All while continuing to drive value through our distinctive strengths in trading, technology and partnerships. And we are now guided by a more focused set of sustainability aims, the ones most relevant to our net zero ambition and the long-term success of bp (see [page 37](#)).

Thank you

There are very few companies of scale that can adapt at pace with society to meet demand from countries, companies and customers for more energy and lower carbon products. bp is one of them. I'm excited about our new direction and the significant opportunity we have to grow value for our shareholders.

I want to thank our brilliant team for their hard work, commitment and resilience through a period of extensive change. I also want to thank you, the owners of our business, for continuing to put your trust in our company.

Murray Auchincloss
Chief executive officer
6 March 2025

Nearest IFRS-equivalent measures

\$1.2bn

profit for 2024^a

0.5%

profit for 2024 attributable to bp shareholders divided by total equity at 31 December 2024^b

\$59.5bn

finance debt at the end of 2024^c