bp's new financial disclosure framework

Webcast Q&A transcript

Monday, 15 March 2021

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Q&A TRANSCRIPT

Craig Marshall: Thanks again everybody for listening. We are going to take the first question from the web which is from Oz Clint at Bernstein. Oz, thanks for your question. Oz's question is: weighted average expected returns of renewables projects developed to FID, so regarding that. When you present these numbers, what are you baking in for long-term power prices or technology improvements, if any? Also, can you say if you are, or expect to be including tax credits or losses against any of your renewable developments?

Murray Auchincloss: Great, thanks Craig. Good morning, Oz. Thanks everybody for listening today, we appreciate you taking the time and we hope that you like the step we have taken on increased transparency.

We are not planning on any technology improvements inside any of the numbers that you see inside the returns. That would not be appropriate. As well, from a power price perspective, we go to the local market and decide what is the most sensible price, based on our own modelling through our trading experience and through the marketing teams, and of course we compare that to the outside prices that you see with consultants. It is probably a pretty consensus type view on prices in each of the basins we operate.

As far as tax credits or losses, no, we do not take any advantage of those in our core economics that we represent to you. Of course, Oz, if some of those arise in time, that would be a nice source of upside. So thanks very much, Oz, for your question.

Craig Marshall: Thanks, Oz. We will go to the phones now and we will take the first question from Irene Himona at Société Générale.

Irene Himona (Société Générale): Thank you very much. Thank you for all these new disclosures, Murray. One question on customers & products where you show us the convenience & mobility EBITDA last year was just over $4 billion. You also give us a new retail fuels gross margin of $3.5 billion. I was trying to understand if the $3.5 billion is an EBITDA concept. Is it part of the $4 billion essentially? Thank you.

Craig Marshall: Yes, thanks Irene, let me take that one. The first thing I would say is within customers & products, as you pointed out, we are sub-segmenting into convenience & mobility and refining & trading. Then, within convenience & mobility, you do have convenience itself and then mobility. The intention here is to come back to strategy. We have laid out very clearly the strategic building blocks, the value drivers around our strategy and the intent here is our disclosure is very much mapped to that.

The answer to your question is that retail fuels gross margin is exactly that; it is gross margin, it is not EBITDA. Within EBITDA within C&M you have also got costs as part of that calculation. Secondly, you have got other businesses as well, as you would understand. My point being it is convenience & mobility.

I think two things to answer your question. Number one, it is not EBITDA, it is gross margin which is within EBITDA. Secondly, what makes up the differences, and that is two-fold - other businesses and the costs around that convenience business itself. Hopefully Irene, that answers your question.

Irene Himona: Thanks very much, very clear.

Craig Marshall: Okay, we will take the next question from Paul Cheng at Scotia. Paul, good morning.

Paul Cheng (Scotia): Hi, good morning. Two questions. When you say you are going to provide the unit cost for the oil and gas, is that what you provide on a quarterly basis and on the annual basis, you are going to break it down by the oil-producing region and separate out the gas-producing region. Or that you will continue the way you have historically disclosed all together, just what is the unit cost?

Also, when you are talking about the refining marker margin, is that the actual realised margin or just a marker? If it is just a marker, why not provide the actual realised margin? Thank you.

Murray Auchincloss: Great Paul, thanks very much for the questions, really appreciate it and thanks for taking the time to phone in. On Upstream production cost, we are actually going to keep that as one number for the segment. As you can imagine, we are evolving the way that we manage this business. We have moved really to all the design, the subsurface, the exploration work to two centralised units inside Houston and Sunbury. They are doing an awful lot of the upfront design and thinking around how we manage reservoirs, what we build, what wells we construct, etc., etc. Trying to split that out artificially into other places is not necessarily a sensible thing for us to do, moving forward. From a unit production cost basis, we will just be reporting one number that we report to you on a quarterly basis that we will be giving you a production cost.

On RMM, question two, yes, it is a marker and it is based on industry markers but it is very specific to our portfolio. If you look at the disclosure, you can see how we build up our RMM effectively basin by basin or refinery by refinery – I cannot quite remember at what page it is on in the Group databook. However, you can see that built up and how we get to the marker. It is a marker. It is not a realisation. We are not producing the realisations as we think that is commercially sensitive and maybe not something we should do at this point in time. That is what we do, Paul, and, of course, feedback is welcome over time about this things. Thanks for your question.

Craig Marshall: Paul, what I would also add is we have just updated the rules of thumb on bp.com so they have been republished today. You will see in there the new RMM rule of thumb and it does actually explain how we calculate the RMM itself, and the assumptions that go into that. That has all been updated and is available on bp.com where the previous rule of thumb used to be as well.

Okay, thanks Paul. We will take the next question from Michele Della Vigna at Goldman Sachs.

Michele Della Vigna (Goldman Sachs): Thank you Craig, thank you Murray and most of all thank you for having preserved as much as possible the comparability of division of profits over time. That is certainly helpful from our side.

Just one question, on low carbon energy, clearly there is a great use of unconsolidated project financing across the industry which will mean that the off-balance sheet debt is likely to become more important than what we have traditionally seen in oil and gas. I was wondering if that is something that you would intend to disclose over time. Effectively, what would be your share of the unconsolidated project financing there? And if you could give us an indication of where that stands today. Thank you.

Murray Auchincloss: Great, thanks Michele, nice to hear your voice. Yes, you are right, we did try to do two things which is to give you new disclosures but allow you to link back to old disclosures as well. Hopefully that helps the financial industry as we move our way through this transition to an IEC over time. We certainly had that in mind.

As far as off-balance sheet debt, you are right, right now it is not particularly material. Our off-balance sheet debt in low carbon is centred on our two 50/50 joint ventures, Lightsource bp and bp Bunge. Now, we do not disclose the amount of debt those entities have. For Lightsource bp, it moves around quite a bit based on how they are doing on their development pipeline. Remember they have got a developer model where they will gain access to land; they will go get a PPA; they will get it to development and then many of the projects they flip. The debt is quite active as they go through that. So, we do not disclose that at this moment in time. Lightsource bp does have annual reports that it puts together and files with Companies House and you can access those on a lag basis. I think from memory, the 2020 disclosure should be done around September/October so there is quite a lag given the complexity inside that entity. However, on a lag basis you should be able to see that. bp Bunge does not have those types of disclosures.

I think Michele, over time - we are going to take a year here to really think super-hard about this and engage with you guys and the rest of the financial community - our intent right now is to disclose low carbon earnings in a year's time. We have not done it now because of how tricky it is to pull it out for things like biofuels production in our refineries so we want to take some time to get it right. We will have some time to think about it and think if we need to disclose that stuff as well. However, certainly for Lightsource bp, you do have a source for that for now. I hope that helps, Michele.

Michele Della Vigna: Thank you.

Craig Marshall: Thank you, Michele. We will take the next question from Lydia Rainforth at Barclays.

Lydia Rainforth (Barclays): Thanks Craig and hi Murray. In terms of the question, I think you said that a third of gas is LNG, a third fixed and a third is Hub pricing. What is it going to be for the new gas & low carbon section? Effectively I am just trying to get to, what does that rule of thumb look like broken out between the two divisions?

Then Craig, I know you said one question but coming back to that question from Irene around the difference between gross margin and the EBITDA number, you have chosen to break out Castrol in terms of the replacement cost but not the B2B side. Should we be thinking about that as the B2B business is smaller than the Castrol business? And in terms of modelling that side of it, so it helps work out what that cost portion is for it. Thanks.

Murray Auchincloss: Great, thanks Lydia, nice to hear your voice. I will tackle the first one and Craig is on a roll so I will let him tackle your second one, I say with a smile. On the first question, you are right, in history we have talked about a third, a third, a third on fixed LNG and effectively piped gas. If you think about the way the new disclosures are structured inside our gas regions, you can see a pretty map inside the disclosures. What you will notice is that we have Shah Deniz which is piped gas inside there and the rest are really LNG projects or fixed gas. I think what you will find as you monitor this over time is the gas price will be relatively stable as Egypt, Oman, etc. grow. Shah Deniz is fairly stable, linked into Europe, and the LNGs are largely oil-linked pricing that we have achieved across the LNG portfolio that we have right now.

I think the answer you will get back to is a little bit more LNG and a little bit more fixed price and more of the Henry Hub being inside the oil regions where we are reporting bpx inside the oil regions. It is a bit of a roundabout answer but you have to look at the constituent parts to get there, Lydia. I hope that helped and there are new rules of thumb that we have published for both oil and gas. The oil rule of thumb, despite the fact that we sold Alaska, remains constant at $340 million based on the strength of the portfolio. We continue to maintain our linkage to high oil price. On natural gas, due to the number of divestments we have made, especially in bpx, things like Wamsutter, San Juan, etc., the rule of thumb has moved down to around $30 million all coming through the oil regions. That is both because of divestments we have taken and because we are hedging some of the production inside bpx.

I hope that helps, Lydia, and then over to Craig on the Castrol question.

Craig Marshall: Lydia, one last thing on the rules of thumb, we will give you a rough allocation of that rule of thumb between oil and gas so you can get a sense of how you apply it every quarter. Murray has talked about the absolute rule of thumb but we will give you the breakdown between oil production & operations and gas and low carbon energy.

Lydia, then on your question, yes, we give convenience & mobility EBITDA, we give you Castrol EBITDA, we have given you convenience gross margin and retail fuels gross margin. What we have done, as I think I said in an answer to an earlier question, is we have given disclosures that are very much focused on underpinning the strategic growth pillars from the Capital Markets Day. That was convenience, growth markets and next-gen mobility. The reality is there are other businesses in there. There is midstream and B2B, as an example, and what we will do as we work through our disclosures and our accounts as we report every quarter, is provide information to the extent that it is material as a performance indicator in any given quarter. However, it comes back to the fundamental premise about what we are trying to do to help the market model here, which is linked back to our strategic building blocks and therefore provide the disclosures accordingly. Castrol is obviously, as an example, a very important part of that growth proposition, alongside or within convenience & mobility itself.

Hopefully that helps, Lydia, answer that question.

Lydian Rainforth: Yes it does. Thank you very much for all the detail as well.

Craig Marshall: Okay, I am going to go to the web here and we will take a question from Sam Margolin at Wolfe Research which actually we may have already answered but let us make sure we have. How do you select gas streams for the gas business? Similarly, how do you select for the oil regions? He is noting that he sees that there are gas streams, for example, in the oil regions.

Murray Auchincloss: Hi Sam, hope you are doing well in the States. Thanks for joining us today. The way to think about it is we are running two bits of business here. We have got gas & low carbon energy which we have pulled together really for two reasons - 1) We wanted all of the big gas value chains across the globe under one leadership team. That is under Dev Sanyal's leadership team. 2) And we find that nations that are working in gas are really starting to converge low carbon towards gas as well so it makes sense to, over time, integrate those things. That is why we have chosen in the gas regions, we have got Asia, Shah Deniz, India, Mauritania, Senegal, Oman, North Africa which is Egypt and Algeria, and Trinidad and Tobago.

On the oil side then, really, the only bit of gas that sits in there is the stuff associated with Lower 48 onshore. We have three big concentrated areas in the Lower 48: we have got the Permian, we've got the Eagle Ford and the Haynesville. We did not think it made sense to split the Haynesville out into a gas region. We just do not operate the business in that way. We manage all of bpx through Gordon Birrell down to Dave Lawler, and they think about optimising that portfolio over time. But it is less of a gas value chain like you would find in Indonesia or Australia or Mauritania, Senegal, etc.

So I hope, Sam, that helps answer that question. Craig, back to you.

Craig Marshall: Yes, thanks Sam. We will take one more from the web and then come back to the phones. So it is a question from Bertrand Hodee at Kepler. So, supplemental oil and gas disclosures from the annual report are going to be split between gas and oil production. With that, should we be able to have unit OPEX by region split between gas and oil production on an annual basis, if I understand that? And then a second question, when are you going to publish the annual report 2020?

Maybe let me take both those on very quickly, because I think there are quick answers. The first answer is yes, that is a good observation, Bertrand, as regards the supplemental disclosures in the annual report. And I believe I am right in saying that the annual report is going to be published on the 22nd March. So that is the answer to both those questions.

We will come back to the telephones then and we will take the next question from Martijn Rats at Morgan Stanley.

Martijn Rats (Morgan Stanley): Yeah, hi, hello. I hope this is not too specific but given this is a call about accounting, I might as well ask it. So, I am looking at the databook, the excel version, and there is a worksheet which gives earnings related to oil and gas exploration and production activities, which I think is the scope of FAS 69 disclosure, and it only shows data for 2019. So I am just illustrating this with 2019 numbers but I would imagine in the fullness of time, we will also get 2020 when the annual report is out. In 2019, oil and gas exploration and production activities had replacement cost profit before interest and tax of $7.2 billion and your new disclosure says that $3.9 billion, or $3.868 billion is the number I am looking at, $3.9 billion fell in gas and low carbon. But if you then look at the worksheet gas and low carbon, it shows replacement cost profit before interest and tax, so a line item that looks pretty similar, of $2.9 billion, so $1 billion lower.

Now, I wanted to ask about the difference in scope between what is captured as part of gas and low carbon within that FAS 69 sheet and the actual divisional reporting. I would imagine that there is gas trading in there and then of course the low carbon, but I assumed that definitely gas trading would have been profitable in 2019, so therefore to find a higher number in a divisional spreadsheet than in the spreadsheet that looks like FAS 69. Can you talk about the differences in scope and whether I am comparing apples to apples here?

Murray Auchincloss: Thanks Martijn, nice to hear your voice. Complicated stuff to triangulate. Let me see if I get this right. First of all, you are right that you have only seen 2019 so far because we have not published our 2020 ARA and you will see our 2020 ARA come out next week; I think Craig said 22nd March. So, you should have those disclosures after the ARA and that will help you compare between those years.

On the differences between the different bits you are comparing, directionally you have it right. Low carbon, obviously, is a bridge point between the two. Obviously, IST gas is a bridge point between the two. IST gas is showing up in gas and low carbon as well. And the thing that is not on your mind is to go back and look at a big forex loss in Brazil that we took in the second quarter of 2019, from memory, on forex recycling from a transaction[1]. So that is really the big difference between the two.

And Craig and the team will be more than happy to help you with that offline afterwards, Martijn, if that is not clear.

Martijn Rats: Okay, that makes sense. Thank you.

Murray Auchincloss: Thanks for the question, Martijn.

Craig Marshall: And we can follow up, as Murray said. We will take the next question from Thomas Adolff at Credit Suisse. Thomas.

Thomas Adolff (Credit Suisse): Hi guys. Very simple question for me. Just again on gas and low carbon energy. You have got a line item called installed renewable capacity of 1.5 gigawatts and then you have got developed renewables to FID, which is 3.3, and I think it is the 3.3 gigawatts often referred to in the last quarter the results. The difference

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[1] *The forex loss was taken in the fourth quarter of 2019 relating to the reclassification of accumulated foreign exchange losses from reserves to the income statement which arose as a result of the contribution of our Brazilian biofuels business to BP Bunge Bioenergia transaction, as announced on 22 July 2019*

between the two, is that just a function of there is still capacity in development or the capacity that you have farmed down? Thank you.

Murray Auchincloss: Great. Thanks Thomas, nice to hear your voice. FID is exactly that, Thomas, so in old Upstream language, that would be 'sanction.' So it is the amount that is sanctioned. And then, obviously, the construction has not occurred on some of that. Some of it has, so the installed would be post-FID, post construction and post first electron flowing. And then as you say, the other delta would be anything that was flipped at the time of FID.

So, you are exactly right, 3.3 gigawatts has two things that you need to think about, which is time to development and then parts of the portfolio that we have sold off. And I think this is something that we will expand upon over time, Thomas, as the numbers get more and more material. Hope that helps.

Thomas Adolff: Yes. And just a follow on, if I may. Your strategy essentially is to take the stated capacity to FID, the 50 gigawatts, but essentially, post-FID your plan is to always monetise at least part of it. Is that right?

Murray Auchincloss: Yes. So first of all to the targets, you are absolutely right, Thomas, this is gigawatts to FID, so we have a 2025 target of 20 gigawatts to FID, and we are feeling very confident in that these days, especially given the amount of demand that is out there for low-carbon electricity around the world. Obviously, we have an aim for 2030, which is 50 gigawatts, again to FID, as you say.

As far as what our intent is, we have not disclosed specific intent yet around that. Obviously, we have got financial modelling, etc. I think on Lightsource bp, I would say Lightsource bp is focussed really on development and flip. And the benefit we get from a bp perspective is the equity value of a developer, as well as a 50% owner, as well as taking electrons into our business. Whether that be the deals we have seen in the press in Australia, where we are taking Lightsource bp electrons into our service stations, or like deals you have seen with Amazon, Microsoft, etc., where we take solar or wind into a power offering to a third party, a corporation or a government. So that is the intent on Lightsource bp.

And then offshore wind, really have not declared yet. We obviously have two ventures, 50/50 in the United States and 50/50 in the Irish Sea. We are obviously right now focussed on moving those towards development and final investment decision over the coming years. And there is a choice for the future about what we do with it from there. Whether we develop the full amount to maturity or we flip some, they are still decisions we have the chance to take over time, Thomas. Thank you very much.

Thomas Adolff: Thank you.

Craig Marshall: Okay, we will take the next question then from the web again. It is from Anish Kapadia at Palissy. Are you able to give the rules of thumb on a post-tax cash flow basis?

Murray Auchincloss: Thanks, Anish. My favourite topic in life, tax. I think on a rules of thumb basis, you have seen the updates, I have already talked about that. Those are pre-tax numbers. We do not intend to disclose those on a post-tax basis. They are just quite different between R&M and Gas and Oil. I am not sure it would be particularly helpful, to be honest, given what is going on with what can happen with the portfolio. So we are going to keep those on a pre-tax basis. Of course, you know the difference between the effective rate and the cash rate is somewhere around 10%, and we gave guidance on 2021 that our effective rate would be over 40%. You can take 10% off that, if you wanted, to provide something simple, but it is not particularly accurate, whereas the pre-tax rules of thumb are quite accurate.

So that is the rationale behind that, Anish. Thank you very much for your question.

Craig Marshall: Okay, thanks Anish. We will come back to the phones and take the next question from Chris Kuplent at Bank of America. Chris.

Chris Kuplent (Bank of America): Thank you and thanks a lot for the additional disclosure, I think it is great. But I am sorry to go back a few years and ask whether you can help us with those statements that you made on 2021 targets. Yes, the company has changed somewhat but not all that much. And the at-the-time pre-tax free cash flow targets for 2021 should be relatively straightforward, because I can find Downstream all-in-one and Upstream, I guess I have to make the assumption that what is now in 'Other' is relatively small. So that would be small question number one, if I may. And then just follow up and ask why you decided not to give us bpx disclosure?

Murray Auchincloss: Thanks Chris, nice to hear your voice and you are welcome, hopefully these are helping all of us monitor the performance and strategy of the business. So I hope everyone enjoys the disclosures.

On your 2021 calculations you did, that is a sensible way to calculate that; I think you will get there plus or minus 5%, I would say, Chris, so I think that is a good way to do it.

On bpx, I think we are planning on doing it on a quarterly basis. Craig, any comments on bpx?

Craig Marshall: No, I think we are still working through that, Chris. So we have not confirmed that we are going to take it away. As you know, every quarter, we do give separate bpx disclosures alongside our stock exchange announcements. So, more to come on that, and we'll update you in the first quarter.

Murray Auchincloss: Yeah, great, thanks, Craig. Thanks, Chris.

Chris Kuplent: Great. Thank you.

Craig Marshall: Okay, we will take the next question from Lucas Herrmann at Exane. Lucas?

Lucas Herrmann (Exane): Thanks, guys and thanks again for all the detail. Just working through the spreadsheet, I have probably missed this, but is there a split between capital employed within the business divisions themselves, not least consumer and electricity and gas? And beyond Rosneft, are you going to be splitting out associate contributions by reporting stream, gas, oil, consumer?

Murray Auchincloss: Hi Lucas. Thanks. Hope you are doing well. Thanks for the question. No plan at this stage to split out associates any more than we have done with Rosneft.

Just not sure that is material to the overall story right now, so no plans to do that at the current time. Craig, can you tackle the first one?

Craig Marshall: So, I think the commitment we have made, Lucas, as I think it says on the summary sheet, is to report capital employed by strategic theme measures again as of 2021 ARA. So again, consistent with the Capital Market's Day disclosures, and we will continue to look at that. So I think the answer is, by strategic theme, no intent to do so at a segment level at this stage.

Lucas Herrmann: Craig, sorry, just to be clear, if I take the consumer business as an example, which incorporates refining and the old fuels marketing and convenience business, you will ultimately be splitting therefore between convenience and between refining, split the business that way. That is what I understand from your statement. Is that correct?

Craig Marshall: So, we give capital employed at the segment level, just not at the sub-segment level. So I think if you go into the Group databook, you will see it be reported by segment, but I think your question is are we going to sub-segment that down, and that answer would be no.

Lucas Herrmann: Okay. That is great. Thank you.

Craig Marshall: Okay, we'll take the next question from Jason Gabelman at Cowen. Jason?

Jason Gabelman (Cowen): Thanks for the additional disclosures too. Hopefully, a quick one. First on the average expected returns of the portfolio for renewable power projects that have taken FID. I know it is a small number that you have taken FID on now, but do you have the returns number on the current portfolio?

And then second, on the $1.5 billion of potential cost savings, that is part of the current cost savings target, or is that an additional number? Thanks.

Murray Auchincloss: Hi Jason. Thanks very much for the question. The $1.5 billion is part of the $3-4 billion. So, just to remind everybody, back in August and then September, we said that we would be delivering $3-4 billion of savings versus a baseline of $20.9 billion in 2019 and we would be saving that $3-4 billion by 2023. Of that, we said that we would deliver a run-rate of $2.5 billion by the end of this year, 2021, and we are well on track for that. We will probably beat it, and we remain confident in the $3-4 billion range, and that $1.5 billion is inside that $3-4 billion range. Jason, hopefully, that clarifies that.

As far as returns, we are not disclosing the current portfolio. You would have things in there that may not work. You will have lots of things that do work, but really, we are just emphasizing where we take decisions and where we make investments inside them. So hopefully, that helps Jason. You will not be seeing us do things that are below our investment thresholds.

Jason Gabelman: Thanks.

Craig Marshall: Okay, thank you, Jason. And we'll take the next question from Biraj Borkhataria at RBC. Biraj?

Biraj Borkhataria (RBC): Hi. Thanks for taking my question, and I appreciate all the new disclosure. Just a quick question on Castrol, and I believe, just going back to Chris' question, your 2021 target was something closer to $2 billion. Could you talk a little about current performance? I know COVID has impacted 2020, but thinking about the 2019 base of $1.4 billion and how you expect to grow that going forwards in the short-term? Thank you.

Murray Auchincloss: Hey Biraj. Hope you are doing well. Thanks for the question. Yes, Castrol obviously right now significantly impacted by COVID across all of our basins. Pretty pleased with the results given the dampened demand that we saw in the fourth quarter. A very, very tough environment out there.

So, I will answer it looking forward. We do see lots of opportunity for improvement here. In the past, we have not invested as much as we should in advertising, so we will be increasing advertising into it. That will help because it will get the premium brands recognised and purchased, which obviously we make more money on.

Second thing, we are expanding the workshops in Asia that it sits in, both large ones and small ones, so we are investing into that, both from a marketing perspective and then from an investment perspective. So that should help grow market share, so to speak.

Third thing is we are linking it in with all the fleet work we are doing with DiDi, Uber, and into our joint ventures like Jio bp in India. That should be a significant, significant source of growth associated with those types of ventures as well. Remember, India is the fastest-growing market in the world for the internal combustion engines as we look at over the next few decades.

And then last of all, we see tremendous chance to improve the cost base of Castrol. We are stepping back, and we are applying the learnings that we have taken so deeply in the organisation about digitisation and efficiency, etc. and bringing that to Castrol as well. We will be closing down some of the manufacturing plants, high grading it to fewer. That should save a lot of cost in the future. And digitisation. Digitisation just offers a huge, huge prize inside management of supply chain, just-in-time delivery, etc.

So we are okay with where we are now given COVID, but we are looking forward to better days as lockdowns end, and we can really get after that growth plan moving forward. I hope that helps, and thanks very much for the question. Craig, back to you?

Biraj Borkhataria: Thanks, very helpful. Just a quick follow-up. The efficiency from shutting down the plants and that drive, should I think about that as 2021 events, or is that more a multiyear story as that plays through?

Murray Auchincloss: Yeah, I think it is best, across all of customer products, to be thinking about a rateable trend over time. Not big bang, but this is something that takes place over the next five years or decade, depending on which bit of it is. But we have a big plan of action for Castrol. We have help - we have a PMO (Project Management Organisation) in place to manage this with milestones, and we have already started to close a couple of plants, and we should see efficiency driving through on a rateable basis moving forward.

Biraj Borkhataria: Okay. Thank you very much.

Craig Marshall: Thanks, Biraj. We will take, I think, the two final questions – maybe one final question from the web, which comes from Bertrand again at Kepler. Why are you not disclosing a rule of thumb for each dollar barrel move in oil prices in terms of cash flow post-tax?

Bertrand, I think Murray has answered that already. We obviously provide a pre-tax earnings rule of thumb, and we obviously disclose group tax rates as part of our guidance, and I think Murray did explain that as an estimate, you can assume that the cash tax runs around 10% lower than that, although there will be volatility. So that was I think the answer to that question.

And then, I think the final question is from Si Ravendrum at Deutsche. Within gas and low carbon energy, what portion of EBITDA comes from the non-Upstream business?

Murray Auchincloss: I think, Si, you will be able to solve that yourself with a little bit of time. You can add together gas and oil and get to the Upstream, and the delta between those two is low carbon. So I think I will just let you do that yourself, and you will be able to come up with a number.

Craig Marshall: Okay, great. Well, that is the end of the questions, and thanks very much for all of them and for listening in over the past 45 minutes. We are going to hand back 15 minutes to you in your day, but before we conclude the call, let me just hand back to Murray for a few closing remarks. Thanks very much.

Murray Auchincloss: Well, thanks Craig and thanks to everyone for listening in today. I just thought I would leave you with a few key points.

First, we have been very deliberate in designing a set of metrics that we think is additive to our existing disclosure and importantly, does not take anything away. As you heard earlier in the Q&A, we were trying to make sure that we could preserve a segment model for you so that you could contrast and compare us with some of the other IOCs.

Also, we have increased transparency as we progress our strategic agenda, hopefully helping to enhance the understanding of our business and, of course, demonstrating the significant value that we think exists inside our portfolio.

Second, this is an important first step, and we commit to evolving these disclosures as our business matures. We have learned a lot from our interactions with you over time, and we have adapted those measures over time. Lucas would think back to adding depreciation to segment disclosures a few years ago. John, if you were on, would have been asking us to increase tax transparency for quite some time. So we are trying to work with you to understand the needs of the analyst community to help model the business as well. And we think this is a good first step, and we will continue with these steps as we engage with you moving forward.

But for now, we look forward to the first quarter 2021, and our results where we will report under this new financial disclosure framework for the first time. And as you prepare for this, please do reach out to IR should you have any follow-up questions. I know Craig and the team would be delighted to help you as they can.

So thanks everyone again for listening, and I hope you all stay safe and well. Thank you.

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