



# BP 1Q 2020 Results: Webcast Q&A Transcript

Tuesday, 28 April 2020

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## Q&A TRANSCRIPT

**Craig Marshall:** Okay, thank you again, everybody, for listening. We are going to turn to questions and answers now. As I said at the start, we are working remotely today, so do please bear with us if there is a bit more of a delay on some of the lines. But, I expect everything will be fine. Can I, as usual, remind everybody: please, limit your questions to no more than two per person, just so everybody gets a chance to ask one?

So, on that note, we will take the first question from Irene Himona at Societe Generale. Good morning, Irene.

**Irene Himona (Societe Generale):** Good morning, thank you and Brian, all the best for your forthcoming retirement. So, here are my two questions. Firstly, in the Upstream you had a \$1.1 billion impairment charge. You said this is partly from the oil price impact on your North Sea assets. As we look to the second quarter, with oil at \$18 a barrel, how should we think about the risk of impairing assets in other areas of your operations, please? Could you remind us of what oil price is reflected in your book values?

My second question is on net debt, which is up \$6 billion since year end. Your actions will lower the cash breakeven to less than \$35 a barrel; again, Brent is \$18 a barrel. Can you talk, perhaps, about the ceiling for net debt, either in absolute terms or as a gearing range, the maximum that you think BP's balance sheet can tolerate before having to look at dividend as a source of saving cash? Thank you.

**Bernard Looney:** Irene, thank you. It is Bernard and I am actually going to ask Murray to take on both of those questions, the first one on the Upstream as he is currently still CFO of the Upstream and then the net debt question as well. So, Murray, over to you, please.

**Murray Auchincloss:** Great, thanks Bernard. Hi Irene, nice to hear your voice. In the Upstream, as you said, we had that degree of impairments. It came from a variety of assets around the world, including a \$400 million impairment on the Alaska transaction as well.

The testing price inside the quarter: we used \$30 a barrel this year, in 2020 and then a gradual return to our long-term pricing in the out years.

It is not particularly sensitive. The rules of thumb are not particularly sensitive to impairments on price, near term, so I would not anticipate dramatic impairments moving forward, as price moves around. It is more about anchoring that long-term price and it is obviously too early to say anything about that right now.

On net debt, as you can imagine we are in action on net debt. We feel that we are in good shape with our interventions on cost, the \$2.5 billion we see coming out by the end



of 2021. On the intervention on capex, we are driving it down to \$12 billion, with further flexibility of another \$1–2 billion, as I previously mentioned. We think that then takes our breakeven point down to a very competitive level, at the \$35 a barrel that you heard, \$11 a barrel RMM and the Henry Hub level.

Additionally, we have significant divestments underway, which we think will help reduce net debt over time. The phasing of those, of course, is subject to the market conditions. However, we do expect net debt to increase a bit in Q2. We will see how that goes based on the environment and the board will then consider, in due course, what we do with that in Q2, as they take decisions in Q2. I think that is all I would say for now, Irene. Thank you.

**Bernard Looney:** Murray, do you just want to add what the breakeven plan is for next year in absence of the dividend, just since people will talk about it in that language, I think?

**Murray Auchincloss:** Yeah, sure, Bernard. That is a good idea. We have introduced the term 'balance point', as opposed to 'breakeven', just to make it a bit more clear about how sensitive we are to things other than Brent. Brent makes up about 50% of our sensitivity, RMM and natural gas make up an equal amount as well, so we think balance point is a much more important point to anchor yourselves on. That balance point that we talked about, the \$35 a barrel, \$11 a barrel and \$2.50 per million British thermal units, that includes payment of dividend, the full \$8.4 billion that is on an annualised basis.

In the event you were to remove that and quote this on a pre-dividend level, which some of the competition are doing, our breakeven on Brent, with those other assumptions constant, would be around \$7 a barrel.

So we feel pretty resilient. We feel pretty resilient from an operating perspective. We feel we will get our divestments away and so we think we are in pretty good shape right now.

**Bernard Looney:** Thanks Murray and thanks Irene for your question. I hope you are well.

**Irene Himona:** Thank you.

**Craig Marshall:** Okay. We will take the next question from Jason Kenney at Santander. Good morning Jason.

**Jason Kenney (Santander):** Thanks very much and Bernard, a true baptism of fire as Chief Executive and probably the most interesting first ten weeks of any Chief Executive in any industry ever. So, more generic questions, I suppose: what do you think has been your most surprising day and what has been your most rewarding day in those first ten weeks so far?

Then, Brian, thanks so much for your time and support over the years. I have really enjoyed our conversations on the road. What do you think has been your most challenging time whilst at BP and also your most proud achievement?



**Bernard Looney:** Jason, thank you and good to hear your voice. I will do what Brian would do for us and let him have a little bit of time to think about his answer and I will take yours.

Yes, it has been an interesting time, in the British sense of the word. I am glad I did not spend a huge amount of time on a 100-day plan. Surprising and rewarding? I think the most rewarding thing, really, genuinely, has been just watching our people in action, on so many levels. Like other companies, we do extraordinary things around the world. We have 12,000 people in the jungle in Papua, building an LNG facility; we have people who go offshore to keep gas and oil running; we have 6,000 retail staff here in the UK who are providing essential services, fuel and delivery services for people and old people. Just watching them do their jobs: they have had to undergo massive sacrifices; we have had to take that 13,000 people down to 6,000 people. We have people sometimes spending two weeks in a hotel before going offshore or going to site so that we can confirm that they are virus-free. They are undergoing enormous sacrifice and at the same time that they are doing that, really stepping up to help the community. People want to help inside BP right now. We know it is expected of us but that is not why we are doing it. We are doing it because we want to: the provision of free fuel to the emergency services in the UK, and the Nightingale Hospitals, people printing 3D masks at home and so on. So the most rewarding thing in this is to watch our people in action.

The most surprising thing, Jason, has probably been the connectivity that I feel with the organisation. We have relied on travel so much in the past to see people and I have spent more time with people in the last few weeks than I probably would ever have had in a year inside the company. I am virtually connecting in what they call coffee chats with China, with a team in Air BP in Paris; I was connected to a bunch of people in Toledo. I even joined a happy hour in Australia, though I think I joined that one a little bit later than I was supposed to.

We are doing a webcast every week with over 10,000 people; I do it from home here. It is real; there is no 'pizzazz' and I just think the connectivity with the organisation would have been something I would never have imagined. However, much more interesting to hear from Brian.

**Brian Gilvary:** Thanks Bernard. The most challenging time: there have been so many. The nature of the business means that we tend to operate in some of the more difficult parts of the world. It would probably be the 60 days between 1<sup>st</sup> May and 30<sup>th</sup> June 2015, when we were trying to resolve all the Deepwater Horizon issues and trying to get a handle on the liability going forward. That was probably the most difficult 60 days I spent with two of my colleagues: Craig Coburn and Eric Nitcher, supported by Keith Westhead. That was almost certainly the most challenging time for us.

Proud? I think actually what is happening right now and the way this company is responding. I have been inundated with messages from friends, family responding to all the things that BP has been doing. Like I have a sister and sister-in-law, both nurses; I have cousins in the police force. The things that we did around emergency services right out of the traps, in terms of what Bernard laid out, in terms of making petrol free for blues and twos has made me feel immensely proud by the amount of feedback that we have by that. I think it just reflects on the company - the one that I thought I joined



34 years ago. It is responding exactly the way I would have expected it to respond. I think, coupled with that, is also the succession of the team. I think Murray coming through as the next CFO. I think nobody could have been better prepared for the situation we are dealing with and the team that I leave behind that works alongside Murray in responding to this crisis. I think the difference between this, and Deepwater Horizon is this impacts 7.6 billion people on the planet. It is impacting all companies and I think just the way we are responding today is probably, actually, a good way to step down and move on to other things. Thanks for the great question, Jason.

**Bernard Looney:** Thanks Brian and Jason, thanks to your very thoughtful question.

**Craig Marshall:** Okay, thank you Jason. We will take the next question from Oz Clint at Bernstein. Oz, good morning.

**Oswald Clint (Bernstein):** Hi, good morning everyone. Thank you for your time and just let me echo my thanks to Brian, who will be sorely missed. Bernard, you have touched on this a little bit but I wanted to just get you to talk personally around being on the frontline during Deepwater Horizon and that single shock to BP, where, obviously, dividends and capex had to be reduced and assets sold. I wanted to get you to characterise how today's twin shock, double shock, kind of feels to you compared to back then and really how well positioned BP are to get through this. It sounds like you think you are, at least, but you also, or maybe Brian, used the word 'exceptional' quite a few times in terms of those opening comments, so if you could just talk around that, it would be interesting, please.

Then, secondly, just on the major projects, 700 thousand barrels a day up, online and running. It is supposed to have higher cash margins, lower breakevens. There is no better way to test the profitability of that pipeline. However, could you talk about how much of that is "above water" in this current commodity price environment?

You made some comments around inevitable material supply shutdowns, do you expect BP to have to make any of those in 2020, please? Thank you.

**Bernard Looney:** Oz, good to hear your voice and Murray, could I ask you, please, to take the major projects question first?

**Murray Auchincloss:** Yeah, sure. Hey Oz, nice to hear your voice. Yeah, 700mbd of projects online now, 900mbd is the eventual target. As you will have seen, just from an operational update perspective, at Tangguh, we have had to down-man in the jungle, down from 13,000 to around 6,000 people, so the pace of that might be a little bit slower than we were anticipating at the beginning. I expect maybe one or two other projects may struggle with COVID as we move forward but so far, we are sticking with guidance.

On the margins associated with these, you will remember that an awful lot of them were gas and an awful lot of them were fixed-price gas. We are really pleased with those right now, as you can imagine. What gives us the resilience on the balance sheet is all these fixed-price gas contracts.

If you look at Mad Dog phase two as an example, on the other side of things, obviously that depends on what the oil price is as it produces out, starting in 2021 and beyond. So,

I think, by and large, the gas ones are doing pretty well. The oil ones will be highly sensitive to what the price is when we start producing from them and so I think, in hindsight, probably that choice around the gas and that choice around fixed price was pretty important for us. Bernard, back to you.

**Bernard Looney:** Thanks Murray. Oz, to your question on how we think about it today: as Brian said, the Deepwater Horizon accident was a real tragedy and we just passed the ten year anniversary. We have been communicating inside the organisation that we must never forget what happened. 11 people lost their lives and the environment was impacted and people's livelihoods were impacted. It was one company, it was one sector and of course what we face today is, the word is, unprecedented. Of course it is true because what we face today is affecting every company in our sector; it is affecting every company in the world, every sector. I think there are 187 countries in the world, or 4 billion people, in lockdown. I think what is interesting about it is that I think economists are finding it very hard to predict and model because we have not really seen something like it before, so it is very hard to model the future response.

So, we have been guided by a very simple frame. I laid it out: 1, protect the health of our people; 2, support our communities and 3, strengthen our finances. Within the finances element, we are focused on liquidity: \$32 billion at the end of the first quarter. We are focused on the balance sheet, committed to delivering those \$15 billion, with Alaska confirmed on Monday and as Murray said, driving that balance point down. I would remind people that our balance point was about \$56 a barrel in 2019, getting down to \$35 a barrel next year.

The way I think about it Oz is that it is brutal and that is the term that I have used. Equally, I am confident that we will get through this. However, I have to say, as I would share with you what I would share, what I have shared, with our own organisation, when I speak with them weekly, is that it is not a free pass. There is not an automatic right here and therefore we are 100% focused on the actions that Murray took us through. For now, that is about driving that capital base down to below \$12 billion, with extra flexibility next year if we need it, taking \$2.5 billion out of cost by the end of next year, through digitisation, through agility, the things that we have spoken with you many times in the past about. While I read a lot about a lot of fat has been taken out of the system since 2014 and I understand that sentiment, Murray and I remain deep believers in the potential of that agenda, applied across the group. We will be applying it and I hope we can go further.

So, it is brutal. The future is unknowable because we have never seen anything like it before. I am confident in the strength of the company and our ability to get through it. The plan is clear and if anything the Deepwater Horizon taught us, it is two things, I think. One is it gives us some confidence to have some real resolve here. Secondly, it has taught us to have a degree of humility and therefore we are very focused on acting and controlling the things that we can control. We do not control the oil price, we do not control the gas price. We do control our cost base. We do control our investment and that is where we are very much focused. So we are confident, for sure, that we have the levers available to us. It is not a free pass, it is not an automatic right and therefore we must deliver on what we have set out. I hope, from knowing Murray and myself, you have confidence that we will. Hopefully that helps.



**Oswald Clint:** It does, thank you very much.

**Bernard Looney:** Thank you Oz.

**Craig Marshall:** Okay, thank you Oz. We will take the next question from Lydia Rainforth at Barclays. Lydia?

**Lydia Rainforth (Barclays):** Thanks Craig. Good morning everyone and certainly, just to say, thank you very much for all the work that BP has been doing in terms of supporting the community as well. Two questions, if I could? The first one, probably for Bernard: how do you think about whether the risk/reward profile has changed between fossil fuel investment going forward and renewables? Effectively, does what we see in September now change as a result of what we are seeing in terms of the prices now?

Then secondly, probably one for Brian: where do you think BP is, in terms of efficiency, relative to where you were when you started as CFO and what is still the biggest area of improvement that you think there is for Murray to see? Thanks.

**Bernard Looney:** Thanks Lydia, good to hear your voice too and thanks for the feedback. I will let Brian handle the opportunity set that he is leaving for Murray in a moment. In terms of risk/reward on fossil fuels versus renewables and the whole subject of the energy transition, I think I have been on record as saying that what is happening now has only reinforced my – and it is not just me, it is the leadership team's – belief in the energy transition and what we laid out on 12<sup>th</sup> February.

I think the background of the pandemic has reminded us of the sort of frailty of the ecosystem and how lives can change overnight, almost. People are looking up at clear skies and so on, so I think there is that backdrop which I think means that climate will remain in the agenda going forward.

However, specifically to your point on risk/reward, I think I would add two things. Number one, I think the pandemic, I think, only adds to the challenge for oil in the future. I think we are all living and working very differently. It is working. Who would imagine this call this morning being done this way? No travel: I am connecting with people, the company is running. I think there is a real possibility that some of that will stick. Not all of it, but I think there is a real possibility that some will stick and therefore the question has to be will consumers consume less? I think there is a real possibility that may happen. So I think, number one, the pandemic, I believe, only adds to the challenge for oil.

Secondly, we talk a lot about the negative prices for WTI just a few weeks ago. At the same time as that was happening, Lightsource BP is doing 400 megawatts of solar contracts in the United States, right at that time. That sector continues to attract investment. It attracts investments because of its risk profile and its resilience and I think those two things with the backdrop around climate, I think reinforced to me why we must do what we said on the 12<sup>th</sup> February which is to reimagine energy and to reinvent the company. When we come to update you and others in September, I think we are working through what that means and what that looks like. The shape of that will be similar, the conviction will be every bit as strong if not stronger. So, with that I will leave it to Brian to tackle the efficiency question.

**Brian Gilvary:** Thanks, Lydia. On efficiencies, I look back over the last decade. It was in the period 2011-12 that we started to introduce digitalisation, automation and, more recently, robotics in terms of what we do in the background of accounting and finance. And I think what Bernard has laid out, with the new team around digitisation and agile working will be the next big kick-on for Murray and the team and the next big level of efficiencies we will be able to drive. In terms of balance sheet, actually I look back and think back on the date 17<sup>th</sup> June 2010, when we had \$2.5 billion of liquidity, and we were dealing with a problem at that point that was unique to ourselves, Deepwater Horizon. Today, Murray is coming into this quarter with \$32 billion of liquidity. I think of all the things we learned back during Deepwater Horizon, we kept liquid and in use within our system that enabled us to - in some respects, as we came into January, we thought we were responding to a demand-side problem. That very quickly became a supply-side problem, and has now reverted back to a demand-side problem. I think all the things that we learned back in 2010 have been deployed as we deal with this situation, which is more of a macro situation, but I think there is still a huge amount more inside finance that can be done, and you will see those efficiencies coming through, I am sure, as Murray lays out the plans for the next 12 to 18 months. Thanks, Lydia.

**Bernard Looney:** Thanks, Brian. Murray, maybe you would like to comment. You have a particular passion for modernisation, in general and within the finance function, and maybe you just want to add a little bit of colour around what Brian was saying and what you feel is possible down the road here.

**Murray Auchincloss:** Yes, I think it is pretty material, and it is much bigger than I have hoped for over time. Over the past while, we have done everything we can to digitise our wells in the ground. We have done everything we can to digitise the design of the wells, and the projects. We are now starting to embark on it inside Operations, inside the Upstream. A single procurement system in place that we can now monitor over the top of it and watch how people are procuring and see where inefficient loops exist. The next big digitisation effort will be in the end-to-end purchasing process, from an engineer raising an invoice to acceptance of work, to delivery of the goods, to implementation of the work, to billing. And we are amazingly inefficient, as a sector, inside that space. We are no exception here at BP. If we can get our data in the right shape, which David Eyton will lead us on very capably with a series of different partners like Palantir, I think we have got magnificent strides we can make in reducing the waste inside those systems. We can move to just-in-time delivery, like most sectors live on. We can use things like the airlines use on planning; instead of doing planning on spreadsheets, we could do planning with AI. So I see the prize as enormous. It is not just in the back-office places like supply chain and finance; it is also across the broader business. So, Lydia, as you can tell, my passion for this remains, and I think the big prize is still ahead of us.

**Lydia Rainforth:** Brilliant. Thank you all.

**Bernard Looney:** Thanks, Lydia.

**Craig Marshall:** Thank you, Lydia. And we will take the next question from Biraj Borkhataria at RBC.

**Biraj Borkhataria (RBC Capital Markets):** Hi, everyone. Thanks for taking my questions. Two, please. The first one is on your breakeven guidance of \$35 a barrel. Could you just

help me square the circle versus, for example, Q1 '20? If I start with roughly \$5 billion of underlying cash flow this quarter, can you just bridge the gap on how we get to the 2021 numbers? And then second one, hopefully relatively straightforward, but on Macondo the latest guidance is less than \$1 billion, but obviously you paid \$300 million in Q1 and you're going to pay another \$1.2 billion in Q2, so can you just reconcile what happens in the back half of the year? Thank you.

**Bernard Looney:** Biraj, thank you. And maybe, Brian, if you are able to take the Macondo one first, and Murray, if you are able to take the balance point?

**Brian Gilvary:** Yes, sure. The difference is simply tax. The run rate now – we are into \$1 billion or less after tax, and so therefore, when you add back the tax credits, that will get you back below \$1 billion for the year.

**Bernard Looney:** Sounds like it was a relatively easy question, so thanks, Brian. And the balance point, Murray, or the breakeven, but you want to use the language of balance point. The bridge from the first quarter to \$35.

**Murray Auchincloss:** Yeah, Biraj, thanks for the question. Always tricky to do this stuff on an individual quarter. It is much easier to do it for a full year. I would encourage you to look at it that way. Probably the way I would encourage you to think about it is previous guidance that we have given. Previously we said \$40 Brent, \$14 refining marker margin, \$3.25 Henry Hub was the breakeven point paying the dividend. We have now lowered that down to less than \$35 Brent, \$11 refining marker margin and \$2.50 Henry Hub. You can go on the website and find our rules of thumb, and you will find that that is about \$6 billion of lost revenue, so to speak, or \$6 billion that we achieve. And then of course you have got our cost and capex moves that we have talked about – reduction in capex to \$12 billion this year and another \$1 billion to \$2 billion next year, potentially, if we decide we need to do that, and the \$2.5 billion of cost. So that is probably the easiest way to reconcile it, and you get within about \$1 billion post tax, which is obviously lost revenue from the decreases of investment we see across the couple of years. Trying to do it from a single quarter is pretty difficult. It would have a lot of moving parts along the way.

Happy, Biraj, if that did not help, to have IR team follow up with you afterwards.

**Bernard Looney:** Thanks, Murray. Thanks, Biraj.

**Craig Marshall:** Okay. We will take the next question from Christyan Malek at JP Morgan. Christyan, good morning.

**Christyan Malek (JP Morgan):** Hi. Good morning, and thanks, gentlemen. Before I begin, a message to Brian to say thank you for being such a great steward for the financial community, and appreciate all your help and advice. I am sure you have got plenty of exciting things in store, including several more Ironman triathlons, but also some greatly deserved rest ahead.

My questions refer to the future oil production outlook and the capital frame. And they are sort of interlinked. To get to \$35 a barrel breakeven, I appreciate the maths around that and the previous questions, but the capex would have to stay in the \$12-\$13 billion range next year. And given the energy transition focus and what appears to be no change

in new energies spend, am I right to assume a structurally lower oil production outlook in the medium term? And, if that is the case, is it fair to assume you are willing to expedite your guide of a lower reliance on oil related revenues framing the vision outlined a few months ago?

Second question is on dividend sustainability. What were the main factors behind the board's decision to keep the Q1 dividend unchanged? And, looking forward, if management is considering a move back to scrip financing, I just want to understand the logic behind that, given this creates a larger share count and dividend burden, which is somewhat contradictory in the face of a portfolio that is becoming less oily. Thank you.

**Bernard Looney:** Christyan, thank you. I will have a go at both of those, and Murray or Brian can help if I have missed anything. Maybe taking your second question first around the basis of the first-quarter decision that was taken by the board. Very, very simple, as you might imagine. The board has been meeting weekly since the pandemic has begun, and reviewed the first-quarter dividend as it usually does – as it always does. And it reviewed it in full and took the decision to pay the dividend based on the underlying performance of the business in the first quarter and the actions being taken by the team that we have described. And then the second-quarter decision and the subsequent decisions will be taken based on the context at that time.

On your conversation around the breakeven and what that means for capital and what that means for the energy transition, I would just remind us all that it is not just one dimension – a capex-only way - of getting to \$35 breakeven. I think Murray has laid out an ambition to get to \$2.5 billion of cost savings by the end of next year. I think we will try to do more. That may create more room for investment; we shall see. But the number-one thing is to get the business healthy in an environment that we think looks more like what we should be planning for than anything else, so we are very, very focused on getting that breakeven to that point. And what that means for the energy transition and so on, I think we had best leave until September, when we will update the marketplace on the strategy, and our plan remains to do that in September. So, rather than front-run that, I will leave it go until we chat later in the year.

**Craig Marshall:** Okay. Thank you, Christyan. We will take the next question from Jon Rigby at UBS.

**Jonathon Rigby (UBS):** Thanks, Craig. Hi, guys. Thanks for taking my question. Two, as always. The first is, given it is Brian's last quarter, I thought I would ask a question on trading. I was intrigued by the absence of the contribution in oil trading. I think actually you note it is weaker year on year. But if I look at the conditions in the quarter, highly volatile, contango emerging towards the end of the quarter, it would seem to me pretty decent conditions for IST. Just a question, is that a misread? From my perspective, is that a reflection of risk management from your side or was it just missed opportunities in the quarter?

The second goes to the Alaskan deal or re-deal that you announced yesterday. I can see that you have taken another impairment. I think we are up to about \$1.7 billion of impairments against the Alaskan assets in preparation for its sale. So my question really is at what point do you think you start losing value by just pursuing the sale, rather than

preserving value by keeping the assets and just accepting the balance sheet has to be somewhat higher geared for a period of time. Thanks.

**Bernard Looney:** Jon, thank you. Good to hear your voice as well. And two fair questions. I think we will take them in turn, if that is okay, Brian for trading first and then Murray for the Alaska deal.

**Brian Gilvary:** Yes, thanks Jon. I would not have expected anything less from you than a question on trading. It was a good quarter for trading in terms of the first quarter overall. So across oil and gas it was a good quarter. It was a strong quarter for gas and it was a below average quarter for oil. In oil, we took some conscious decisions actually off the back of COVID-19 in January, we were concerned about a demand side reaction off the back of coronavirus and that was ahead of the OPEC meeting. Therefore, we took some downside protection across the oil trading business where we expected that actually it was pretty unclear what the outlook looked like for oil price. It got very clear once OPEC and Russia kicked in with their supply push, which exacerbated and obviously then led to a much weaker demand side. As you said, at the end of the quarter, though, I think conditions had become more constructive with contango. So all I would say is it was a strong quarter for trading overall oil and gas. Gas was a strong quarter, oil was below average and I agree with your points in terms of constructive nature at the end of the quarter with contango now kicking in. But the markets still remain volatile and I think downside protection is an important thing to have in these markets going forward.

**Bernard Looney:** Thanks Brian. I think it is Jon who is done the analysis of your various adjectives to describe trading results in the quarter, so sounds like he has got it right. Murray, Alaska?

**Murray Auchincloss:** Hey Jon, maybe you can send me the adjectives you learned from Brian? On Alaska, look we continue to feel pretty good with the transaction. The original transaction, you'll have seen what everybody thought about that. I thought it was a fairly reasonable price. The impairment you have seen comes through the \$400 million - a lot of it has to do with the adjustment up front. Oil prices have dropped this year, so the adjustment in the interim period has to come through, so that is what a lot of it has to do with. The remainder of the impairment is a fairly mild haircut on NVP. So I continue to feel very good about the transaction. I think it is good for both Hilcorp and ourselves. They will do a tremendous job operating that facility on behalf of the state of Alaska. So just happy to continue with it and I think both sides will be happy in the end.

**Bernard Looney:** Very good. Completely agree, Murray. I think, Jon, this remains a great deal for our company. It definitely is a good deal for Hilcorp and I think it is a great thing for Alaska and the US. So right operator at the right point, strategically coherent and we feel good about where we have gotten to, so it is now about completing the execution of that deal and moving forward and letting Hilcorp do what they do. So we wish them well.

**Craig Marshall:** Thank you, Jon. Okay, we will take the next question from Thomas Adolff from Credit Suisse.

**Thomas Adolff (Credit Suisse):** Good afternoon. Two questions from me as well. In terms of disposals, you have mentioned that you have identified more than twice the remaining \$5 billion to hit the \$15 billion target by the middle of 2021. That is a good ratio but are

you worried that whatever deal you are currently negotiating and maybe renegotiating you will see less cash up front, whether it is Upstream, midstream or Downstream and everything is a little bit more phased and staggered?

Then secondly, this \$1-2 billion in capex flexibility you have in 2021, is that enough to sustain your Upstream business or are you happy to let it decline for a little while? Thank you.

**Bernard Looney:** Murray, I will leave you with both of those questions please. First on disposals and then on the additional flexibility.

**Murray Auchincloss:** Yes. Hey Thomas. Thanks for the questions. Nice to hear your voice. On divestments, as you said, another \$5 billion to go for those of you who were not keeping track. We announced a \$15 billion divestment programme and we have delivered on \$10 billion of those so far, so another \$5 billion to go. The \$5 billion that we are going after now are more in the non-Upstream, Downstream-type spaces. So it is more about infrastructure plays, it is about real estate, it is about buildings, it is about things where yield is hunted and that is probably a very different set of purchasers than we normally see inside our business. Have not seen any hints about phasing of payments, etc, on that stuff, Thomas. It is more just about what yields are acceptable for both counterparties. So feel pretty confident that we will be able to get those transactions announced and then timing will just depend on COVID-19. It is pretty hard to do due-diligence right now remotely on the telephone, so it will take us some time to be able to get back to normal due diligence and then move forward with those transactions. So I feel okay. If we were selling Upstream, I would be giving you a different answer but that is not what we are doing right now. So, I hope that answers your divestment question.

On the capex flexibility, yes, we have announced [guidance of] a reduction to \$12 billion of capex in 2020 and we have further flexibility [to reduce this by] \$1-2 billion next year. We have not made decisions on 2021 yet. That is to come as we watch the situation unfold. Of course, an awful lot of that has to do with things like infill drilling, etc and retail expansion that you might expect around the world. So those are decisions we do not need to make today. We can make them later.

As far as what shape that does to the Upstream. I think Bernard laid out in his ambition that we are happy for the Upstream to decline and I am very happy for Upstream volumes to decline. I am not really focussed on volume. I am focussed on cash flow and returns. So the volume decline will just be an outcome of decisions we make and you should know that we will be very, very focussed on our scarce capital dollars, focussing that towards the highest return opportunities we have both in the Upstream and the Downstream and just very, very focussed on that margin and returns and that is what we want to do to drive our breakeven lower, it will help with that, and volume outcome will be volume outcome. So thanks Thomas. Appreciate the questions.

**Thomas Adloff:** Thank you.

**Brian Gilvary:** Very clear, Murray. Murray is right to reinforce what we said in February that over time we would expect capital to increase into the non-hydrocarbon businesses and as a result capital to decrease in the hydrocarbon businesses, which would over time

result in volume, which we are not so anxious about, we are concentrating on value and cash flows, declining over time. So we are also, as we go through this, doing what we can, to Christyan's point, to enable the energy transition. We have left our [around] \$0.5 billion of low carbon investment unchanged, untouched this year. Where we cut elsewhere, we did not cut that back. So we will over time be working hard to create space to do more on that space. So Thomas, good to hear your voice and thanks for your question.

**Thomas Adolff:** Thank you.

**Craig Marshall:** Okay. Thank you, Thomas. We will take the next question from Michele della Vigna at Goldman Sachs. Michele, good morning.

**Michele della Vigna (Goldman Sachs):** Good morning and thank you so much for your time in these difficult days. Brian, thank you for all of your help and insight over the years.

I have two questions, if I may. First of all, value versus volume is clearly the right strategy. I was wondering if you could shed a bit more light on the breakdown on the 70,000 barrels a day impact this year and what that impact could be in 2021 if capex stayed at the current level.

Then my second question is on operating working capital. Big builds in Q1 and clear reasons for it. I was wondering, as we look forward to the rest of the year, should we expect stabilisation in Q2 and then a reversal as demand recovers in H2, or perhaps in 2021.

**Bernard Looney:** Michele, great to hear from you. Thanks for joining. I will let Murray take the outlook for working capital and he can correct me on the volume. The 70,000 barrels a day that we have guided to is predominately in the Lower 48 where we have gone from about 13 rigs to one or two rigs, so the majority of it is there. We will also see some in Iraq, but that is the majority of where the volume is. Murray, you can correct me and take the working capital question.

**Murray Auchincloss:** On the production point, Bernard is right, 70,000 barrels per day this year. It will extend into next year. The principal thing, the reason that we cannot give a number yet for 2021 is generally our operators, when we do not have rigs in a basin, do a great job of operating the business better and some of that gets mitigated. So, we will update you on what the impact in 2021 is in September, when we have worked our way through that decision-making process.

On the working capital build, \$3.7 billion in the first quarter. Brian gave a clear explanation of what it is. The inventory sitting in tanks, we would expect to sell through the year, so that should just gradually be worked through the system, and then the IST receivables will just depend on what the price structure is. On a flat price structure, you are probably getting the majority of it over the coming three quarters. On an increasing price, you will get it very quickly, on a decreasing price, it will drag a little bit. But I should say working capital is quite volatile right now. There are a lot of moving parts out there and so it is going to be tricky to forecast what that is right now. Brian, I do not know if you would add anything more to that one.

**Brian Gilvary:** Yes, just to say in terms of the \$3.7 billion, about just over \$0.5 billion was inventory that we did not move at the end of the quarter, which was all off the back of the demand side drop. Just over \$2 billion with the IST movements. It is just simply a difference between the over the counter positions that we have which do not settle on cash, and futures positions. They will naturally unwind and, exactly as Murray said, if the price moves up, they will unwind a lot quicker and we will see that cash flow back in, but the majority of that cash will flow through this year.

**Michele della Vigna:** Thank you.

**Bernard Looney:** Thanks Brian. Thanks Murray. Thanks Michele.

**Craig Marshall:** Okay, thank you. We will take the next question from Henry Tarr at Berenberg.

**Henry Tarr (Berenberg):** Hi and thanks for taking my questions. Two if I may. One, you talk in the release about material supply shut-ins by all the producers in the near-term. Do you think BP may be involved in some production shut-ins somewhere in the portfolio?

Then maybe on a broader point, where do you see the risk of production shut-ins globally that may not come back as things normalise?

Then secondly, it will be helpful perhaps if you could comment on whether you are having discussions with ratings agencies currently. So is there a timetable for the next review and maybe just again on the importance of retaining that investment grade rating. Thanks.

**Bernard Looney:** Henry. Thank you. Great questions. I will let Murray take the ratings agency question and on supply shut-ins, in terms of the OPEC-plus agreement, which comes into effect in a few days in countries in the Middle East, in Angola, in Azerbaijan, in Russia. We are in conversations and in dialogue and obviously working on the instructions of the government in those countries, so very much in action on that. In terms of having to shut in our own production because we cannot get product to market, I think we are very grateful and very fortunate to have the great trading business that we do. So thus far in our operated businesses, we have not had to shut in any production because we could not find a market or we could not find storage and right now we feel pretty good about that. Then probably just third tranche of shut-ins is around things like the reductions in capital that we spoke about and productions in the Lower 48 and so on and so forth. So I think time will tell on how long the broader picture will recover. We are seeing at least a million barrels a day come out of tight oil in the US this year. It might be higher than that. Obviously, people are looking at oil sands in other parts of the world. It is too early to say what the ultimate response will be, but I think many will struggle to find a home and we will see closures increase through the second quarter.

**Murray Auchincloss:** We had a series of conversations with Moody's and S&P at the back-end of March. I think they have moved their way through our sector and you saw their reports come out. From our perspective, we were pleased with the ratings A- stable with S&P and A1 negative with Moody's. We feel those are good ratings and investment grade is obviously important to us. The nature of our conversations with them is very much like yours. All the actions we are taking on cost, capex and divestments to make



sure that we have a very strong balance point and we do not have anything specifically scheduled with the ratings agencies but I am sure that we will catch up with them as we move through the second quarter at some moment in time. Thanks for your question

**Craig Marshall:** OK, we'll take the next question from Alastair Syme at Citi, Alastair?

**Alastair Syme (Citi):** Good morning. I would like to pick up on the volume question that you talked about there, Bernard, on BPX. Clearly you have reset your expectations very heavily this year. I wanted to get some perspective around how that makes you think around the business going forward. Does it make you more or less inclined to want to put capital towards this business, given on the one hand it is highly flexible but on the other hand the economics are clearly highly sensitive? Then the second question, I wanted to come back on the Hilcorp transaction. What exactly are you waiting for in terms of the Alaskan regulators to approve this transaction? When the final dollar payment is made by the buyer does BP retain any financial liabilities after that? Thank you.

**Bernard Looney:** I will have a go at the question on the BPX business and our outlook for it. If we think about the business on three dimensions: the quality of the rocks, the synergies that we are delivering and the investment into the volumes. The rocks, as we have said before, continue to be as, if not better than, what we planned for. We are very pleased with the physical asset, so to speak. On the synergies the team has done a fantastic job and to the best of my knowledge we had promised to deliver \$90 million of savings in year one. I think we delivered \$240 million. We had planned to deliver \$350 million of synergies by 2021 and I think that number is now up to \$400 million or maybe a little bit more. That is all good. Then the volume of course is down. The investment levels are down. In many ways, Alastair, that is one of the attractive things about the business, it does provide us that flexibility to shift from 13 rigs to one rig in a matter of weeks really. My thanks to the team for doing that. However, the economics of the business and the investment proposition remain strong in the right environment and we have the ability to flex it up and down depending on what we see. Dave, Jack and the team continue to work on making sure that the business is as healthy and as well-run as possible. We feel good about it. It does provide that flexibility which is what we need at that time.

**Murray Auchincloss:** On approvals, we have received the Federal approval and we are now working with Hilcorp on the Department of Natural Resources and the Regulatory Commission. Those are the two sets of approvals that we need to work our way through. We are confident in conversations with them that we will get there this year and we will have to see what pace that unfolds at. As far as trailing obligations go, BP does not retain any obligations on the Upstream but on the Downstream on the TAPS pipeline itself we will retain some of that liability moving forward. However, this is of course all subject to regulatory approval. I hope that helps.

**Lucas Herrmann (Exane BNP Paribas):** Morning gentlemen, I am glad you are all healthy. Brian, as with the others, many thanks for all of your help over the time. I hope you do not have the opportunity to walk back into that trading room and find that you are trading crude at under \$10 in the weeks before you depart. Two questions, if I might. I really wanted to go back to dividend and go back to the framework that you are using. Clearly,

we are early into this crisis and dividend adds discipline in the context of the way that you manage the business. It is probably fair to say that the market was questioning the sustainability of dividends and structure more importantly before the COVID-19 crisis actually happened. That, I would argue, was evident from yield. Given the way that debt is moving and that you talk around demand uncertainty, you talk about the need to strengthen your finances, you talk about the ceding of revenues by virtue of the capex reductions, it is quite hard not to believe that there must be a better financial frame or structure for returning capital to shareholders. However, the question I have really got for you is, can you please explain to me what the logic of borrowing at 4% to pay out at 11% actually is?

The second question then is on projects and timelines and whether you can give any update on Mad Dog. Should we be anticipating delays given the impact of COVID-19? Similarly Oman, are we also likely to see some delay in the start-up of phase 2? Thank you.

**Bernard Looney:** Let me take the first one on the dividend and let me do it in two turns. Number one, the decision around the first quarter dividend and number two the decision around subsequent dividends. The first quarter dividend decision was taken by the board, reviewed as usual and in full, and was a decision, Lucas, taken on the basis of the underlying performance of the business in that quarter and the actions being taken that we have outlined today. The subsequent dividend decisions will be made at that time. The second quarter will be made in the second quarter obviously. There are three factors affecting any of those decisions: the underlying business performance, the outlook for the financial framework and the environment at that time. I am really not going to say any more on that at this point in time.

**Murray Auchincloss:** Oman is feeling pretty good. We went through a big turnaround in the first quarter. The plant is back up online now and we are starting commissioning on the plant. Oman is feeling good and on track to start up in 2021. Mad Dog Phase 2 we had to down man in Korea as COVID-19 swept through. We had I think 50 expats in the yard in Korea. They have now returned to the yard and they are assessing the state of it. I do not think we would announce any delays at this moment in time but as you can imagine, COVID-19 is a dynamic situation and we will have to see how that unfolds over time. I hope that helps, Lucas.

**Craig Marshall:** Thank you Lucas, we'll take the next question from Martijn Rats at Morgan Stanley, Martijn?

**Martijn Rats (Morgan Stanley):** Good morning and also my best wishes for Brian for whatever lies ahead. Thanks for all the help and support over the years. Lots have been covered and I do not want to repeat previous questions but I want to build on Lucas's question that he just asked. Taking the angle of capital expenditure, what I find an intriguing perspective is with the capex budget of \$12 billion and a dividend which is \$8.4 billion effectively the capex budget is \$1.40 per \$1 of dividend. Now, if you track that over the decades, as far as I have been able to reconstruct, this is at least the lowest level since 1984. capex at least relative to the dividend is exceedingly low and in previous downturns there was quite often scope to reduce capex from say \$3 per \$1 of dividend to \$2 but it rarely dropped below that ratio of 2:1. I was wondering if in your assessment

with \$12 billion of capex or \$1.40 per \$1 of dividend, whether that level of capex and the returns that are available to you is sufficient to sustain that \$8.4 billion dividend over the long run?

**Bernard Looney:** Martijn, thank you. I am not going to go back over the dividend decision. I think we have made our basis for that clear. I have not looked at the analysis back to '84 but that is good to see. The one thing I would make on that analysis, Martijn, is that even in the last four or five years, I think the productivity that we get out of a dollar spent is materially different to what it was four, five years ago.

So I do think that sometimes dollar-for-dollar comparisons can be helpful but other times I do believe that the productivity has improved dramatically over that time period. But I understand the question. And in terms of what the right level of investment is for the company in the longer term, I am afraid, I am going to have to ask you to wait until September when we will come back and talk about the strategy for the company and the medium-term outlook, where we will discuss all of these things in much greater detail.

**Craig Marshall:** Okay. Thank you, Martijn. We will take the next question from Jason Gammel at Jefferies. Jason?

**Jason Gammel (Jefferies):** Thanks very much. I hope all your families are safe. The first question I had was just some clarification on the reductions in cash costs. \$2.5 billion achieved by the end of 2021. Does that mean that the run rate on the \$35 balance point is achieved in the end of next year? And would you expect that these cost savings would be sustainable in higher oil price environment? And then my second question, I was just hoping you could elaborate a little bit further on guidance for lower levels of North American heavy crude discounts. We are obviously seeing some pretty weak WCS prices. So is this really more of a reflection what you see as a weak WTI price over the course of the second quarter?

**Bernard Looney:** Jason, thank you. Hope you and your family are well as well. I will let Brian take the second question, which was around heavy crude and the WTI, and Murray on the first one, the \$2.5 billion, the \$35 year-end versus run rate versus full year and the sustainability. And I know the answer to the sustainability, which is very much so. But can you take the first one for Jason please around cash costs.

**Murray Auchincloss:** Sure, Jason. As you can guess, you have been dealing with us for a while. We are on the conservative end of things when we put statements publicly. So we have talked about the \$2.5 billion as a run rate, which you are right, is at the end of the year. But as you know, our track record of delivering in this space. We are obviously making good strides right now on cost as we speak. And I expect, as Bernard said, there will be more to come when we talk about this in September.

So do presume end of year for now and we will update you in September. We are on it as you could guess.

**Bernard Looney:** The \$35 Murray, the \$35 is a full year number and that takes account of the \$2.5 billion being an end year number to Jason's question.

**Murray Auchincloss:** Absolutely correct. And then sustainability of the cost savings, look, we are not presuming we are going to get any deflation. The supply chain is in a pretty difficult place inside the Upstream business. Inside some of the other businesses, the supply chain is very resilient. But we are not presuming very much deflation inside this. This is more about fundamental changes to the efficiency of the business. So yes, they are sustainable. Hope that helps.

**Bernard Looney:** Thanks Murray. Thanks Jason.

**Brian Gilvary:** And then Jason on WTI, WCS, what we saw in the first quarter if you remember last year averaged around about \$13 with the discount clearly into WTI. That blew out to about \$20 through the first quarter and I think quarter-to-date already \$14.50. I think you will have to wait and see how WTI clears over the next three to four months and then you will get a better handle on ultimately what will happen with heavy crude. But I would expect to see heavy continue to back out as storage fills up pretty much everywhere and we are going to be at tank tops. And then there will be a question what the recovery looks like from a demand perspective.

So it is going to be pretty hard to call WTI, WCS but it is tracking around about \$14 already quarter-to-date and \$20 in the first quarter which is significantly above what we saw last year.

**Bernard Looney:** Thanks Brian. Murray, I was just wondering before we leave the cost one I know you looked recently at some of the wells that were doing drilling from around the world from London and some of the benefits that you saw there. Anything just to give a little bit colour on what's possible?

**Murray Auchincloss:** Yeah, I wanted to come back to that capex question that Martijn had about is the capex ratios in the past the same moving forward. Martijn, it is very much the same question when people say you need an 85% reinvestment ratio to grow. I think that is, I think, in the past as well. And the reason that I think that is the productivity has increased so much with digitisation that is why you see us so passionate about this.

A small example of that is in West Africa. The last time we drilled in West Africa, say, two or three years ago, it was costing us \$150 million to drill a well. Fast-forward three years, we have digitised and centralised the operations. It is being run out of Sunbury as opposed to in Africa. It is with a lot fewer expats here on the ground. It is with a collocated supply chain. It is with standard wells, standard conductors, standard riser etc., etc.

And instead of \$150 million, it is down to \$50 million for the exact same activity when equalised on rates. So I just think the sector had a shale revolution a decade ago. It is in the midst of a digital revolution right now. And it is structurally changing the cost of supply of our business. So I do not think these historic ratios to compare spend to dividend, etc., make an awful lot of sense just because of the productivity improvements that we have seen and we continue to think we can deliver moving forward. Hope that helps.

**Bernard Looney:** I think Murray we would have had 27 engineers on the ground, expatriates, three or four years ago and today we have got two.

**Murray Auchincloss:** 40 expats three years ago. 40 expats, and now we are down to two on rotation one every two weeks. So, it is an amazing change.

**Bernard Looney:** And more to come. So great. Murray, thank you.

**Craig Marshall:** Okay. Thank you, Bernard. We will take a question from the web. This is a question Colin Smith at Panmure Gordon. Will current conditions delay the implementation of the new organisational structure due by the middle of this year?

**Bernard Looney:** Colin, thanks for the question, and the simple answer is no. We remain on track. We are as well as doing all the things that we have laid out today and we are also in the midst of selecting the next level in the organisation what we call tier two. Those decisions have been broadly made and we expect to announce the next level of the organisation the direct reports to Murray and my leadership team here in the next couple of weeks.

So, we remain on track for 1<sup>st</sup> July standing up the new organisation and I think everything that we have seen so far says that the model is going to work. It is different, of course, but we do see real opportunity in there both from an efficiency standpoint but also from ways of working standpoint and already seen even greater cooperation between the businesses and trading and so on.

So pretty excited, I have to say, about what is possible here and looking forward to getting to the next stage and that will be the next level of announcements in the next couple of weeks and then getting to 1<sup>st</sup> July where we will plan on standing it up. So, we remain on track.



**Craig Marshall:** Okay. Thank you, Bernard. We will move into the last couple of questions. We will take the next question from Pavel Molchanov from Raymond James.

**Muhammed Ghulam (Raymond James):** This is [Muhammed Ghulam] on behalf of Pavel Molchanov, thank you for taking the question. So, you guys are present in the number of countries that were part of the OPEC+ agreement from a couple of weeks ago. Do you guys anticipate having to reduce volumes in any of those countries?

**Bernard Looney:** Mohammed, thank you for your question and my answer to that is yes. We are in conversations to in Angola, in Azerbaijan, in Russia and in the Middle East. And Murray talked earlier about some of what those numbers could look like. But yes is the answer to your question. We do expect to see volumes reduce in the second quarter because of the OPEC+ agreement. And as Murray also said, volume is probably not the best indicator of the strength of the business at this time, so we are working very much on the other things that we laid out around liquidity balance point and balance sheet. But the answer to your question is yes. Thank you, Mohammed.

**Muhammed Ghulam:** Okay. Thank you. My other one would be you guys starting drilling a prospect at Shafag-Asiman block in Azerbaijan in January. Any update you guys can provide on that well?

**Bernard Looney:** Thanks Mohammed. Murray, any update on Shafag-Asiman in the Caspian?

**Murray Auchincloss:** Yeah. So this Shafag-Asiman well. We have been talking about it for a lot of years, maybe eight or something like that. It commenced drilling back in January, as you stated. Recently we have taken the decision to pause drilling, COVID-related, and once the situation clears, we will get back on it. Originally the well was forecast to be taking nine months to get to TD, to total depth. So, there is the update right now. Thanks.

**Bernard Looney:** Thanks Murray.

**Muhammed Ghulam:** That is all from me. Thank you, guys.

**Bernard Looney:** Thanks Mohammed.

**Craig Marshall:** Thank you Mohammed. Okay. We are going to take the final question from Peter Low at Redburn. Peter?

**Peter Low (Redburn):** Hi. Thanks for taking my questions. Just a quick clarification on the 2021 cash neutrality target, and sorry if I have missed this but can you just confirm what level of capex that assumes? Is it the \$12 billion or \$1 to \$2 billion below that level, reflecting the extra flexibility you talked about today? Just, secondly, on the disposal programme outside of Alaska, which I appreciate is not finalised yet, can you give us any guidance on the actual cash proceeds expected to be received this year? Thanks.

**Bernard Looney:** Very good Peter, thank you very much. Murray, both questions please.

**Murray Auchincloss:** You are making me do a heavy load boss. So capex for 2021. We have assumed that we are in a low-price environment when we make that forecast, so



we have flexed the capex down to \$11 billion. Now, that is still a decision to be made; we have not made that decision yet, that will happen in the coming months, but it helps to get a sense of what is capable inside the business. Remind me the second question guys?

**Bernard Looney:** The disposals. Any idea of the cash proceeds from the remaining five that has yet to be announced, any idea of cash proceeds phasing?

**Murray Auchincloss:** Yeah. So just to go back to that route of questions, we have announced \$10 of the \$15 billion already. We would expect the next \$5 to come by the middle of 2021. On proceeds, we have received through 2019 and the first quarter \$3.5 billion. Proceeds is tricky to predict right now, if I am honest, given the state of the markets, given the inability to do things like due diligence and get into data rooms, etc., it is a little bit tricky. I think the key judgement will be how will we come out of COVID and when can people start travelling again to look through these things? My sense is we will probably have somewhere around \$3 billion-ish of proceeds this year, with the remainder to follow, but it is very subject to how we move our way through COVID, which I think is almost impossible to predict right now. I hope that helps.

**Peter Low:** Thanks, very helpful.

**Bernard Looney:** Thank you very much Peter.

**Craig Marshall:** Okay, thank you Peter. That is the end of the questions. Thanks very much for those. Let me then just hand over to Bernard for a couple of closing comments before we close the call. Thank you.

**Bernard Looney:** Thanks Craig, thanks to the team for pulling this together. Brian, you got lots of compliments on there. Anything you would like to say before you depart?

**Brian Gilvary:** Thanks Bernard. No, look, it has been a real privilege to be the CFO of this company. This is, I think, my 34<sup>th</sup> quarter, because I actually sneaked an extra one in by doing Byron's last one, over 34 years, so there is a sort of symmetry in terms of timing. It has been an absolute privilege. It has been great to work with all of you on the sell-side. I think we are incredibly fortunate to have such strong quality of analysts on the sell-side in this sector and it has been an absolute pleasure to be able to work with all of you over the best part of a decade through the ups and the downs, but I think the great thing for me is your questions have always been thoughtful, detailed and actually trying to help us with how we describe the results. It has been a privilege, as I said. That first question from Jason about proud moment, I reiterate back I think what Bernard laid out on February 12<sup>th</sup> for the company and the path for this company going forward is all the reason why I joined the company 34 years ago, and I wish the team well. I will be one of the big cheerleaders on the side and I am sure I will come across all of you in the future, and thank you, Bernard, for allowing me to say a few words at the end.

**Bernard Looney:** Brian, thank you. The thanks go to you; you have been a brilliant CFO through a very difficult period for our company and we would not be here only for you, and I think we can all say that very, very easily. So you have done an amazing job under exceptionally difficult circumstances so we are very grateful and we wish you well, and Brian is going to be very active so he is not going anywhere. With that, thanks everybody



for your patience, some really thoughtful questions, and I understand we may not have answered them all in the way that you would have liked but we are where we are. Like many companies, we are doing our best to navigate these unprecedented circumstances as best we can; we probably will not get everything right but we are doing what we can. No one really knows how things are going to unfold here but we are very much in control of the things that we control.

I think you know we have been tested many times over our history and we always respond and we know how to respond. There is a plan, it is a clear plan, we are in action. We are 100% focused on the three things: protecting our staff, the mental and physical health of our staff; supporting our communities; and strengthening the finances of the company. To that end, we are reinforcing the liquidity, we are lowering the balance point and we are strengthening the balance sheet, and we are doing that while we do our best to safely deliver the energy and the products that the world needs while we are striving to get to net zero and help the world 'build back better,' which is what we need to do. I am immensely proud of all of my colleagues here at BP who are coming to work every day, really, looking out for each other and stepping up where they can to help people, and all the time running the business safely and efficiently, and that is coming with a lot of personal sacrifice, but they are really, really rising to the challenge and we are all very proud of them. So thank you all and let me just say please look after yourselves and your families, and I wish you all well. Thanks Craig and your team for hosting the call. Thank you everyone.

[END OF TRANSCRIPT]