4Q and full year 2018 results and strategy update:
Webcast Q&A transcript

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Q&A TRANSCRIPT

Craig Marshall: Okay, thank you again everybody for listening. We are now going to turn to questions and answers. As usual, just a reminder please; if you can limit your questions to no more than two per person so we all get a chance to ask a question.

On that note, let us take the first question from Jon Rigby at UBS. Jon, good morning.

Jon Rigby (UBS): Hi, good morning Craig. Two questions. The first is on the results, or the outcome of the results. I think you clearly signalled the gearing level at the end of this year of about 30% or so, and that was an output from the decision you made not to issue equity for the BHP transaction. And I think since then, obviously, macro conditions have deteriorated. So, I just wanted to get a better idea about where you stand on debt. My sense is that you feel somewhat more relaxed about levels of gearing than perhaps some of your peers who seem to be keen to drive gearing down lower from levels that are already below 20% or so. I just wanted to understand a little around the prioritisation of debt versus capex, versus anything else you do, or disposals across the next one or two years if indeed macro conditions are somewhat weaker than they were in 2018.

The second question is on the low carbon strategy. I get and fully support the reduce and improve. I am a little nervous about the create bit because it seems to me, and this is backed up by the press release last week, that it is a reaction or a response to quite a lot of pressure around doing low-carbon businesses. But what has never really been properly articulated, or I might have missed something, is the return framework around that. So, it’s a good intention but in absence of what the financial outcome is likely to be. It is the financial structure that clearly applies to your Upstream and your Downstream business.

I just wondered to what degree you move forward with that strategy before we as investors and analysts get to judge what the financial returns on these kinds of investments are. Thanks.

Brian Gilvary: So, Jon, let me pick up the first part and Bob can pick up the piece around low carbon. I think you have answered a lot of the question in your question itself. The environment did deteriorate through December but of course it is now back over $60 a barrel and looks pretty constructive around those sorts of levels. It is significantly above our assumptions and what we were assuming around the time of the original BHP transaction. You will also know, with the various announcements in Lower 48, the Midland differential has come right in to WTI. I think it is trading about $0.60 below. So, the economics of that transaction look even better than we described when we announced it. I think the use of cash versus shares has been incredibly positively received by our investor base. I think, universally, investors are very happy with that.
But of course, as you have laid out, it means that gearing will be up at the higher end. We have just over $2.5 billion of payments left to go on the BHP transaction, which will come out through to the end of April, so the end of February, end of March and end of April are the last three final payments. We have about $2 billion of Deepwater Horizon payments for this year, which is on the schedule that we laid out back after the 2015 settlement. The disposal proceeds are going to be again weighted towards the second half of this year. But we have actually now specified it is over $10 billion over the next two years. So, you are going to see those proceeds come through. I think what has resonated with the investor base is those proceeds will clearly be used initially to bring gearing down.

Then, of course, the higher oil prices. Last year, one of the big parts, if you look at the balance for last year, we balanced the books at $50 a barrel. We are currently today sitting at $62 and it looks pretty constructive in this range. So, I think while we are balanced at $50, constructive at $60 a barrel, I think there will be more to come this year. I am sure Bernard will talk about BHP as we integrate those assets into the portfolio.

But there is no question from the Board’s perspective. Deleveraging now off the back of disposal proceeds through the back end of this year and into 2020 is now one of the primacies in terms of the balance sheet and the financial frame.

Bob Dudley: Okay. You asked a good question about creating new business models. Essentially, we have a large Renewables business today that generates operating cash flows that are healthy and getting healthier. Our approach to this is, one, we know the direction the world is going, to a low-carbon future. No-one knows exactly how that is going to unfold but as a company we need to be nimble about it and we need to be able to respond to customer preferences that will change. I think a key aspect of our strategy is being flexible, agile, just being sure that we can adapt quickly to changing circumstances. It is a capital-light model. The speed of this transition over the next few decades is highly, highly uncertain, depending on technology, societal preferences, government policies, all those things. So, you are right; uncertainty means long-term plans with big commitments and big bets are risky, so we are going to be cautious about this. For example, capital-light Lightsource BP, it’s a company that is growing. We work with them, provide them access to other places where we work; and actually there is an integrated set of economics that are probably different than other people see, that we look at.

We think this is all part of the energy transition. We are going to be part of it; we are going to try to be a leader with other companies who are doing good things in this. But right now, we believe our strategy that we laid out two years ago is consistent with Paris. What this is, the resolution is more transparency about what we are doing. We like transparency; we have inside the company a renewal committee that is run in conjunction with our big capital commitments committee. All the Executives are involved in it to learn, even though the size of these investments are nothing like those in other parts of the business.

So, we realise, we have to be very disciplined about shareholder’s money and that level of investment, to us, looks like it is going to position us in lots of ways. Chargemaster, electric charging company, we know is going to be important, particularly in cities here in the UK; they are going to be in our forecourts and there is a business model evolving around that which involves convenience stores. I can go on about this but I would not get worried that we are not going to steward the capital with discipline, but we are going to invest in some of these businesses.
Jon Rigby: Thank you.

Craig Marshall: Thanks Jon. We will take the next question, from Lydia Rainforth at Barclays. Lydia?

Lydia Rainforth (Barclays): Thanks Craig and good morning. Two questions again if I could as well, please. Bob, you were quoted this morning in the news cycle saying that BP will move to sizeable buybacks over time. I am just wondering if you can clarify those comments as to what sizeable means and over what timeframe we should be thinking about that?

Secondly, linked a little bit to Jon’s question, Bernard talked about the ability to grow Upstream free cash flow on a pre-tax basis 40–50% by 2025. At what point do you actually have to make the decision to allocate the capital to the Upstream business to do that, over some of the other choices that you might have to make around the energy transition work? Thank you.

Brian Gilvary: Lydia, if I just take the first part of that question around buybacks, I think as we have already said for this year, we are going to offset all of the scrip dilution from the third quarter 2017 announcement. We slowed down the repurchase of shares when we announced the decision to use cash versus equity on the BHP transaction. But we have committed today that actually there will be a sizeable buyback programme in the back end 2019.

Then if you go back to the strategy that was laid out two years ago, the dividend increase last year by the Board was a signal. As the strategy plays out we start to see that free cash flow appear, over and above that initially being used to bring gearing down, and then the Board will be able to decide whether we look in terms of progressive dividend, further buybacks over and above scrip and other opportunities within the company.

Bob Dudley: Lydia, you asked a question about allocation of capital between, I think, the Upstream and New Energies; was that the essence of your question?

Lydia Rainforth: Yeah, it was just the idea that if Bernard can keep the capital framework flat at $13–14 billion and be able to grow free cash flow by 40–50% by 2025, at some stage that has to become a commitment; that he does get that capital available. At what point do you actually need to commit to doing that, or is there choice between Upstream and either Downstream or the Renewables side?

Bob Dudley: Right now, we are on track to be able to do that with the Upstream capital. With the efficiency of these big projects, bringing them in on time, what we are able to do with $1 of capital is quite different than it was. We are going to keep the overall discipline framework 2015–2017, we are going to flex within that, no magic formulas, really, between the Upstream and the Downstream. Bernard, do you want to comment on the direction of capital you will need with the growth that we have?

Bernard Looney: Thank you, Lydia, and good morning, everyone. I think the scenario that we laid out was a scenario with the existing resource base and with constant capital, as Lydia said. We feel quite confident in the quality; and ultimately, over time, it becomes a choice for the Board and for Bob to decide what level of reinvestment. Our job is to ensure that the quality of the investment opportunities are there. As we discussed in Oman, we see real potential to grow. As every year moves forward, that cash flow increase potential becomes more and more real.

Lydia Rainforth: I see, thank you.
Bob Dudley: I am just going to add a footnote, Lydia, to what Bernard said, when you think about allocating capital. We do generally turn over the entire balance sheet in eight to nine years. So, as the energy transition moves along, we are going to have flexibility to move down the road. If the new business models become material, we will begin to reallocate capital and we are going to have the flexibility to do that.

I hear people talk about stranded assets, that we were investing in things for the very long term, and that we are a very long-term company. You can turn the balance sheet over, not only us but all the IOCs, in under a decade. So, we are planning flexibility and adaptability longer term into our thinking.

Lydia Rainforth: Perfect. Thank you.

Craig Marshall: Thanks, Lydia. We will take the next question from Alastair Syme at Citi. Alastair?

Alastair Syme (Citi): Hi. Thanks Craig. I was wondering if you could talk a little bit about the decision to increase the size of the disposal programme. Is it just that the initial signs are that the data rooms are going well, or are there some sort of broader strategic ambitions as you want to sharpen the business?

Secondly, I know you give a lot more disclosure in the Annual Report but is there any sort of colour you can give around the reserve bookings, particularly if you would like to share an ex-Rosneft number for us? Thank you.

Brian Gilvary: Alastair, on the first part, I do not think there is any new news in what we have said today. I think the only bit of new news is the specificity of the $10 billion over two years. Previously we had said off the back of BHP we would look to sell $5–6 billion of assets to fund that acquisition; and we have a typical $2–3 billion churn every year, which historically was set aside in the most recent years for Macondo payments. If you combine those two things, it gets to a figure of around $9–12 billion. We specified a figure of $10 billion for the next two years and we are well advanced in terms of that portfolio, particularly the pieces around the Lower 48 which are pretty public in terms of the marketing of those assets from the historical legacy position that BP had, and a suite of other options we have globally.

But I think high-grading the portfolio is just good for all seasons. Especially as you look at these new-margin barrels that Bernard and the team are bringing on, it gives us more opportunity to be able to high-grade. So, I do not think there is anything specific other than the specificity of the $10 billion over two years, rather than maybe the $5–6 billion over three years.

Bob Dudley: Alastair, on reserve bookings, we are not going to break them out separately but there are healthy reserve bookings at both parts of the business. It sounds very sort of number out of the air. The 100% is actually 100.4%, if anybody thought we were rounding. If you take into account disposals and acquisitions, with BHP, we have, including the divestments, 209% for the year. But we are not going to split the two out.

Craig Marshall: We will, however, Alastair, give the full detail on the breakdown as usual in our Annual Report and Accounts.

Alastair Syme: Okay, brilliant. Thanks very much.
Craig Marshall: Okay. A next question from Biraj Bokhataria, please, at RBC.

Biraj Bokhataria (RBC): Hi, thanks for taking my questions. I have two, please. One was for Bernard. Earlier in the call you referenced Upstream reliability at a new record for BP. I believe that was for operated projects. Could you talk a little bit about the non-operated side, the performance there and how that compares to the operated?

The second question is just a very quick clarification on Macondo. $2 billion guidance for 2019; could you talk about if there’s any uncertainty to that number? I think the defined element is about just $1 billion. So, how much confidence do you have on the remaining part? Thank you.

Bernard Looney: Biraj, thank you for the question. Yes, we have seen our highest reliability on record in 2018, the result of a lot of hard work by the team over many, many years. And that’s been improvements right across the board. Reliability in the North Sea for example has gone up by 10 percentage points over the last four to five years, and it’s really an investment into the operating mentality and the operating equipment inside the Upstream.

How it compares to operated by others, I think we try to benchmark ourselves locally in each of the basins we operate around the world. I think our track record is good on a relative basis. And to your question, one of the things that we have underway at the moment is a project looking at the governance of our non-operated joint ventures and operated by other facilities. One of the purposes for us is to see if we can help in any way transfer some of our learnings on that reliability improvement programme over the last several years into those operated properties. By the way, we can learn from them as well, so the learnings go both ways.

Brian Gilvary: In terms of Macondo, the total provision now is at $67 billion pre-tax or $50.5 post-tax of which about $52.7 billion of pre-tax has been paid out. We are now, pretty much, done with the BEL process, which is where the uncertainty was historically. We’re left with just less than 100 claims on appeal, so all claims have been processed and are now going through the appeals process, therefore, we wouldn’t expect any major changes. It’s now really around the appeals process and any litigation associated with that, for which is already included in our provision. But we’d expect this to stay pretty stable now at around $2 billion this year. Last year it was $3.2 billion, which was pretty much what we signalled at the start of the year. And then we get into the run off effectively next year of $1 billion a year out to 2032.

Biraj Bokhataria: Great. Thank you.

Craig Marshall: Okay. Thank you. We’ll take the next question from Christyan Malek at JP Morgan. Christyan?

Christyan Malek (JP Morgan): Thanks, great. Good morning, gentlemen and thanks for taking my questions. Two if I may. First, with the strong cash flow results, I guess you’re continuing cash flow achievements relative to prevailing oil price. I wonder, is there a target gearing or divestment size that you’re looking to achieve first before you roll out your cash returns framework? And just to be clear, lower gearing paves the way for cash return as opposed to more M&A?

I guess secondly and somewhat aligned to that, when you look at your growth options – and a scenario to grow free cash flow in 2025 by 40-50% versus 2021, a lot of these projects seem to be over-skewed to where you’ve built long-standing legacy relationships in say Angola, Azerbaijan,
Oman, Egypt; are you comfortable the portfolio is sufficiently diverse, because it strikes me that it remains quite exposed still to conventional oils and legacy assets, relative to deep-water and shale positions. And it sort of makes you wonder whether you may still be tempted to exercise M&A as opposed to sanction many of these slide FIDs into the next decade?

**Brian Gilvary:** Thanks, Christyan. So, you saw my answer to the first question, there’s no specific target around gearing other than certainly from the board’s perspective and our investors, that they would now expect us to let gearing come down; along the pathway I’ve already described around cash flow - that goes out in the first half of this year and the disposal proceeds that come back in. I think it’s also worth noting that our relative position on net debt and gearing is not that surprising given the $16 billion that was paid out over the last three years around Deepwater Horizon settlements. It’s the reason why our gearing is relatively high compared to the peer set. But right now the primacy will be around gearing coming down initially. Certainly, we’ve signalled out to 2020 that we expect it to get back into the middle of the range. But I think the board will want to keep all options open around shareholder distributions, which we saw last year with the dividend increase, share buybacks which Bob already alluded to, certainly in terms of the scrip buyback and maybe beyond that in terms of surplus free cash. We’ll always look at renewing the portfolio and we’ll continue to divest assets. So, I think, that the framework that’s seen us through the last eight years and seen us through some pretty turbulent times, if you think about Deepwater Horizon and then the oil price correction, will serve us well going forward.

**Bob Dudley:** And I’ll turn it over to Bernard on some of the Upstream views of the portfolio, but I actually think it’s a great portfolio. It’s got diversity across it. And legacy assets are always, if you can add on to what you’ve got, you’ve got the overheads, you’ve got the infrastructure, generally really good investments, so I don’t think we’ll turn away from those things. But we’ve got FIDs coming up, the Gulf of Mexico again, the North Sea, Azerbaijan Mauritania and Senegal, Egypt, Australia. I mean, it’s a very wide portfolio and I think they have great potential to continue to provide returns for shareholders. But Bernard, you’ve been thinking about the diversity here and there’s all kinds of things to keep going.

**Bernard Looney:** Yes, thanks Bob and thanks Christyan, we missed you in Oman. But I think one of the things that we laid out in Oman is just a few points I’d make around the quality of the existing resource base and some of the new options that we have. So, if you look for example today at the top four cash-generating regions in the company, which you would classify as existing regions, Angola, Azerbaijan, North Sea and Gulf of Mexico, and the cashflow they produce, by 2025, because of the quality of that resource base, with no new exploration, we could see that cashflow grow by 50% from those four regions. This just gives you an indication of the resource base that we have. Specifically Gulf of Mexico; 2013, 200,000 barrels a day; today 300,000 barrels a day. And in Oman we said by 2025 it could be doing 400,000 barrels a day. An existing billion barrels we’ve just discovered at Thunder Horse - oil in place. Two new discoveries in the Gulf of Mexico. So, that’s examples from the existing resource base.

And then beyond. Mauritania and Senegal, we entered at the end of 2016, just sanctioned Phase 1 of Tortue. We’ve got Phases 2, 3 and 4 to go in Tortue. We have appraisal to do at Yakaar in Senegal, we have more work to do at BirAllah in Mauritania.
So, I think, yes, the existing regions continue to give and give and give, which as Bob said is a characteristic of great basins, and secondly, we are expanding the diversity of it as well, through examples like the entry into Mauritania and Senegal just a couple of years ago.

**Bob Dudley:** I’m just giving another footnote. I mean broadly we really like what we have. It doesn’t mean we’re going to continue or stand still with shaping the portfolio, but we worked pretty hard after the events of the Gulf of Mexico, significantly changed the portfolio and focussed down. We look at not only the Upstream, Downstream and Alternative Energies, we look at geographies, fiscal regimes, the balance of oil and gas and other forms of energy provisions here. So, we look at it and we’re always open to comments and suggestions and observations, but to us it feels like a very balanced portfolio.

**Christyan Malek:** Okay, thank you.

**Bob Dudley:** Thanks, Christyan.

**Craig Marshall:** Yes, thank you. We’ll take the next question from Henry Tarr at Berenberg. Henry?

**Henry Tarr (Berenberg):** Hi. Thanks Craig. A couple of questions from me. One is how are you thinking about investments in the Lower 48 this year?

And then the second thing would be just on the restructuring and the provision in the quarter. Could you give maybe just a little bit more colour on what that restructuring is achieving for you? Thanks.

**Bernard Looney:** Very good Henry. In the Lower 48, we basically assumed the business at the end of October, so we had two months in the fourth quarter, in 2018. We’ll assume full operating control on 1st March of this year. Integration is going well, we’ve just spudded our first two wells on the new acreage, both of those in the Eagle Ford. Synergies are going well. I think there were about 550 people in the existing BHP operations team, and I think we’ve offered jobs to just 120 of those. So, a lot of work going on on that. We had about six rigs running in our existing base and they had about six rigs running in their business. I think we will see out a 13 rig programme in 2019. We were spending close to $1 billion a year in Lower 48, that will get up to about $2 billion this year. The majority of that investment will be in the Haynesville and the Eagle Ford with some in the Permian. And then over time, we’ll probably ramp capital up to around $2.5 billion with the majority, as their logistics constraints get lifted, shifting over time towards the Permian. So, very pleased with what we set up. And Brian said it well that the deal looks as good as it did when we first did it today and it likely looks quite a bit better. So, that is what I would say on the Lower 48.

**Brian Gilvary:** And then in terms of restructuring, since we started this programme back in the fourth quarter 2014, if you recall that was the time when we were in that space of lower for longer on oil price, and were concerned about where we thought directionally at that point in the fourth quarter 2014 when the price was starting to come off. We started a rationalisation programme. The total charge since we started is about $3.3 billion, which has led to a very significant and major restructuring of our company, which is actually one of the biggest drivers of why we can now balance the books at $50 a barrel from where the oil price was at the start of the fourth quarter of 2014 up at $100 barrel. So, that has been a big part of that.
In the fourth quarter, it’s the final restructuring charge we are going to take around that programme. In terms of a go-forward basis, would just be routine business as usual in terms of restructuring. And of the $440 million just less than half of that is in the Downstream and the balance is in corporate functions and still part of the Upstream. So, it has been a major programme. It is a programme now that we have run over four years since it was first announced and it has led to a significant reduction in our cost base and being able to drive those efficiencies within the system.

**Henry Tarr:** Great. Thanks.

**Craig Marshall:** Okay. Thank you, Henry. We’ll take the next question from Irene Himona at Societe Generale. Irene.

**Irene Himona (Societe Generale):** Thank you, Craig. Good morning. Congratulations on a strong set of numbers. Two questions. Firstly Upstream. Bernard, you referred to the creation of a digital organisation alongside the business. I wonder if you can help us conceptualise the potential benefit. You are probably reluctant to quantify, but should we be thinking about something truly noticeable, spectacular and significant, medium term?

Second question on the Downstream. Tufan, Lubricants reported earnings declining both in Q4 and in the full year. You referred in your remarks to the base price effect. I do not know what the time lags are but surely that must have worked its way through the system by now. And if it has, should we be anticipating an improvement in Lubricants earnings this year? Thank you.

**Bernard Looney:** Irene, I will do the first on digital. Spectacular I would love. I am not sure that we are yet ready to promise that. But we have gone about this with real intent and I feel good about what the team has delivered on digital over the last couple of years, and the Apex production optimisation model that you saw in Oman delivering 30,000 barrels a day of incremental production in 2018 helping our base decline go down to less than historical averages. That is a great example of what is possible, inspection cost down by $200 million and so on.

But having said that, we still are dissatisfied actually with the pace because we believe that while we are doing good, we believe we could do much, much more; and that is why we have created the function. Ahmed Hashmi has put together a 100-day plan that I will be reviewing here in a couple of weeks’ time. We will then move from there into an annual plan. And our ambition is that we do not have just one Apex story to tell you in six months’ time, but that we have many such material stories of where we have moved products from beyond minimum viable product stage and into real application. So, it is early yet. I think we are reluctant to quantify and issue targets around this because quite frankly when we get into it, it is only then that we discover what is possible and we would rather be led by the results than necessarily led by a specific target, because to target may simply not be enough.

So, I think a real intent here to do something quite different. Too early to start to put some specific targeted numbers to it.

**Tufan Erginbilgic:** Irene, thanks for the Lubricants question. The way to think about Lubricants is it is highly differentiated business. 65% of our earnings are in growth countries. So, it is fundamentally a growth business. But last two years we had this cost of goods sold increase because of crude prices and base oil. And the lag in this business, because it is B2B2C business, i.e.,
with intermediaries, generally it’s three, four months. So, if you take that into account, and with the competitive intensity as well, that is the lag impact in the business. But because we are highly differentiated, we actually offset a large part of that increase in the cost of goods. Going forward, yes, you should expect that this business will continue to grow.

Craig Marshall: Okay. Thank you, Irene. We’ll take the next question from Chris Kuplent, Bank of America. Chris, good morning.

Christopher Kuplent (Bank of America): Thank you very much. Good morning. Just two questions I have got left here. First one, I suppose, for Bob on your comment regarding the Paris climate goals. With this latest announcement that you endorse the AGM resolution from a number of your large shareholders, does that mean you are going to add to the disclosure that you have given today and the existing targets, for example including Scope 3 in that debate?

And the second question is more of a financial one, and Brian probably knows it well, that whether there is, or ever will be a guidance for inorganic capex. And I am not talking about BHP. You are not going to tell us about these acquisitions in advance but you could say external resource additions that over the years have always been around $1 billion, $2 billion, $3 billion a year. Is that a reasonable expectation to continue to have for 2019 and beyond?

Bob Dudley: Right, thank you for the question. So, on this shareholder resolution, we are just going to continue. And transparency is always a basis of what we do. If you have seen what we have written in our reports, we have always had the view about being transparent. We are going to go further and be transparent about some of our decisions, how we make them on major capital investments. It will be work for us. It will be talking further about this reduce, improve and create models as part of our thinking.

It is not a resolution requiring us to spend capital in predetermined boxes or businesses because no one knows where the transition is fully going. We support the work and are consistent with the goals of Paris, and of course there are many, many ways to get to the goals of Paris.

On Scope 3, and I know I have a different opinion than some on this. And by the way, it seems to be there is several definitions out there of Scope 3. But for those of you who are not up on the language, think about it in a simple way, Scope 3 seems to be that we take responsibility for the emissions of all our products. The company believes this, and of course we always have the debate inside, but we cannot be accountable for how everyone uses our products.

And a real simple example of that is if you are driving from London to Edinburgh or you are driving from New York to Chicago, you can have a small economy car with four people in it and you have a certain carbon footprint with that or you can be one person in a big SUV driving that and you get a totally different carbon footprint. So, there is a lot of responsibility for the use of energy that has to do with consumers.

And so, we were very clear on what our products are and their footprints. But this Scope 3 thing, which is fine, people want to do that and take responsibility for it, but I think that is why we have a different view about Scope 3.

Brian Gilvary: Chris, in terms of inorganic capital, I do not think anybody gives guidance on inorganic capital. But you are right, I mean I think it is opportunity-led. The ones that you will have
seen outside of the big major transaction like a BHP, I think you are more talking about portfolio churn. It will be opportunity-driven. Our basis internally around inorganics is that they have to be accretive, generally. They come back to value over volume, which Bob has talked about many times before, and they have to be able to be accommodated within the financial frame.

But beyond that, I would not give any specific guidance around what that might look like. What I would say though, and what we laid out a couple of years ago if you recall that there was a series of transactions we did about two to three years ago around Abu Dhabi, Mauritania, Senegal and so on, was that, ultimately, we have to be able to afford those in the financial frame. And in terms of the inorganic side of that frame, it is really around disposals covering both Macondo payments and any acquisitions.

Now of course Macondo payments, $16 billion, over the last three years, they start to run down now to just over $2 billion this year and $1 billion a year beyond that. The $2-3 billion capital churn that we have in terms of disposals would more than compensate for any other opportunistic inorganics that come along. But we would not normally give guidance other than they need to be accretive and they need to be managed within the financial frame.

Christopher Kupilent: Okay. Great. That helps. Thank you.

Craig Marshall: Thanks, Chris. We’ll take the next question from James Evans at Exane. James?

James Evans (Exane): Thanks Craig and thanks for taking my questions. Really one thing to Bernard. Couple on the short term. I just wondered if you could talk about whether you expect to see further momentum in opex reductions in 2019, and if you could clarify what the current run rate of the impact of OPEC plus quotas is on your business currently. I know you cannot talk about it in the full year already.

And then maybe a bit more medium term around the LNG portfolio. It is obviously an area of excitement. There is an ever-growing queue of projects. There is a willingness of your peers to push through these projects without offtake from long-term customers as well. So, I just wondered in that context where you do see future phases of Tortue within your portfolio, within this global context and just show your appetite and exposure to taking equity volume risk either from this project or from elsewhere.

Bernard Looney: Thank you. First of all, on operating cost, on a production cost per barrel basis last year, we saw the increase by about, I think, less than 0.5%. So, our costs have flattened out last year. That slight increase was actually driven primarily by well work at the beginning of the year, an increased well work which you would argue is a good thing. But overall our production costs are down 45% since 2013 when we were at about $13.10, and we were at $7.15 last year.

The guidance that we gave in Oman is that we will continue to aim to drive our unit costs down. We are guiding externally for them to being flattish, I think, in 2019. And we do of course have to adjust for the BHP portfolio that we will have a full year of in 2019. And their production cost per barrel is higher by probably 40% to 50% than our existing Lower 48 business, and that is purely because it is a more liquids-based portfolio, which is why we wanted it. Now we will clearly be applying the same intelligent operations type of activities to that as we have done in our existing base.
So, I think guidance for production cost for the year is flattish. We might see a little bit of an increase to the BHP portfolio. We are not seeing inflation around the world. And in fact, even in the Lower 48, we are now beginning to see deflation again as prices have come back down off their peaks.

On OPEC quotas, I would not get into any specifics, James. I am sure you will understand that. We will obviously be guided by what we need to do in our host countries. But so far, no material impact on our business there. And in terms of the LNG portfolio, absolutely delighted on 21st December to get the first phase of Tortue across the line. The team has done an extraordinary job working across two countries to get that project from discovery to sanction in three-and-a-half years and possibly discovery to production in seven years, which is about half the industry average.

The real excitement I think, as you said, comes in the next phases of Tortue as we build the system out. We will have pre-invested in the original infrastructure so to speak, and the subsequent phases will be extremely economic. So, two additional phases building up to about 10Mtpa and something that we are all very excited about. And of course, potential beyond – we said in Oman that we see the potential for a 50 to 100tcf of gas in place across the entire region in Mauritania and Senegal. And as you know, we have a pretty significant footprint there. So, hopefully that helps, James, with your questions.

James Evans: That is very useful. Thank you.

Craig Marshall: Thanks James. We’ll take the next question from Lucas Herrmann at Deutsche Bank. Lucas.

Lucas Herrmann (Deutsche Bank): Craig, thanks very much. And morning, gents. Two, if I might. The first to Bernard or to the team in general, and maybe this is too simplistic a way of thinking about things. But I am looking at your high-quality growth capacity slide, obviously conscious of the fact you are focused on advantaged oil and gas. And as you move from 12 billion to the potential 25 billion barrels whatever of resources referred to be monetised, what rate of returns do you think you are going to be recycling at? And I ask in part because 4 billion of resources from new wells, where I would expect the returns to be extremely high. BPX Energy, similarly I would expect comfortably into double digits probably north of 20% excluding the acquisition cost. Post FID major projects, same observation. Pre-FID, I think, it was being very clear that 15% or so is the hurdle. So, first question is just what rate do you think you are recycling capital out in the Upstream now?

And the second, if I might, to Tufan. I guess, it is two things. If Tufan could just mention where he thinks the PTA cycle is at the present time and consequently the outlook for your chemicals business.

And secondly the target for fuels marketing, from memory was around $3.7 billion or so of EBIT or cash flow by 2021. Australia was in that. It is obviously not any longer. The extent to which, Tufan, just your confident in delivery, and clearly the progress to-date has been very, very good. Sorry, long questions.

Bernard Looney: No, thank you, Lucas. Maybe I can give a relatively short answer. But I think you have asked the question clearly and I think my response would be the new wells, the BPX Energy Lower 48, absolutely 20% plus are our hurdle rates at $60/bbl price set. And I think I would say that
we exceed those quite well. So, even in BPX Energy with the gas in the Haynesville, we are getting 35-40% rate of return on those wells at $2.75 Henry Hub. So, the infill drilling and the Lower 48, the hurdle rate is 20% plus at $60/bbl, and then the post-FID and pre-FID are absolutely 15% for Greenfield, 20% for any Brownfield in there, again we are comfortably meeting those hurdle rates across the board.

We have seen the return on investment improve between the time we did the presentation in Baku in 2016 and Oman by 5 percentage points. So, we have gone from the high-teens overall average to the low 20s as an overall average of the investment portfolio that we see ahead of us; so, a real improvement in the returns average that we see in what is ahead of us in the plan. And I think post acquisition returns on the BHP transaction are going to be above 25%, again at $55/bbl WTI. So, I think that is how I would answer it.

**Tufan Erginbilgic:** Thanks, Lucas. Two questions I guess, petrochemicals and fuels marketing. Let me start with petrochemicals. I think our petrochemicals business and the environment, if you think about 2014, we actually lost money. And since then, underlying performance improvement in this business was actually more than $500 million. And the environment improved at the same time, definitely versus 2016.

What happened effectively, we made $600 million this year in 2018. Effectively environment improvement offset the SECCO divestment; that’s what how you should think about it. And underlying earnings effectively improved our number to $600 million.

Going forward, we expect looking at the petrochemicals capacity coming in, and demand growth. Demand growth continues to be good actually in China, both of our businesses PTA, Aromatics and Acetyls. So, we expect the 2019 environment to be similar to 2018; and 2020 utilisations may even go up, because demand will continue to grow and there is not much capacity coming in. After 2020, there is capacity coming in, which may affect the utilisation. That’s how you may want to think about petrochemicals.

**Lucas Herrmann:** Okay, thank you.

**Tufan Erginbilgic:** Fuels marketing I think, as you say, actually we are making great progress. I think in the Downstream Investor day we said more than $3.5 billion in 2021. And frankly, since we set the strategy in 2014, we increased our earnings in this business by 70%. It is $1.3 billion since then. And since 2016, it is a $700 million improvement. So, it’s actually driven by our underlying programmes. What is happening in this business is when our underlying programmes like convenience partnerships, they are doing two things. They are actually improving the earnings, but at the same time, they are actually changing the shape of the business model and making it more robust with more non-fuel income.

Going forward, you are right, Woolworths was in our numbers. But actually, our progress, in spite of Woolworths not being there, we were able to offset effectively that. And going forward, I think the growth will continue to come from convenience partnerships, growth markets, but also new markets will start to scale up in terms of earnings. We have been scaling up volumes, but actually there wasn’t much earnings so far. So, I would say, we are on track in fuels marketing to deliver those targets.

**Lucas Herrmann:** Thank you.
Craig Marshall: Okay. Thanks Lucas. We’ll take the next question from Michele Della Vigna at Goldman Sachs. Michele?

Michele Della Vigna (Goldman Sachs): Thank you Craig, and congratulations for the strong result. Two questions if I may. The first one relates to the dividend policy. Clearly, you’re indicating a progressive dividend increase. In 2018, you increased it by 2.5%. The underlying business is growing faster in terms of production, in terms of cash flow and earnings. But at the same time, you probably feel a need to reduce what is quite a high pay-out ratio. How should we think about the dividend increase for 2019 and beyond that as your business continues to progress and grow strongly?

And then secondly a more technical question on the quarter. We’ve seen a counter seasonal build up in operating working capital in the quarter by $1.5 billion. I was wondering if you could walk us through the key dynamics there and whether you expect that to partially reverse in the first quarter? Thank you.

Brian Gilvary: Thanks Michele. Actually, I’ll take the second question first, and then I’ll come back to dividend policy. Working capital, you’ll see actually, a single quarter is not a great indication in terms of what was happening. This quarter we had the German Mineral Oil Tax outflow of around $1.3 billion. And then we had another series of different timing effects that came through in terms of the overall impact on the quarter to the tune of about $200 million. So, we saw the working capital build of about $1.5 billion in the quarter, and it’s about $2.6 billion for the year. If you actually look at it over the last eight quarters, it’s dead flat. And what we do inside the company – and actually something we initiated way back when the oil price was about $28 a barrel was we managed that working capital really tightly quarter on quarter. So, you won’t see huge fluctuations beyond the $1.5 billion intra-quarter as we manage that working capital particularly around our trading activities. So, it’s actually a relatively modest change given what happened with the price. But it is basically a function of what was going on this quarter around certain timing effects and the German Mineral Oil Tax which flows out at the end of every year, which is advance payment of tax into Germany that then reverses in the first quarter which we talked about historically.

In terms of dividend policy, you’re right, we did increase 2.5% last year. It was a progressive step up. It was a number of years, it was actually back in 2014 I think was the previous – the move up. In terms of what we’ve laid out for shareholders, in terms of free cash flow surplus in the five-year strategy, there is significant free cash flow out to 2021.

I think it was important the Board signalled last year that they were ready to move the dividend up on a progressive basis. Ultimately, it’s a function of how sustainable we think the free cash flow surplus looks on a go-forward basis. Clearly now, we’ve had eight quarters of what is a 20-quarter strategy, and we’re pretty much on track with what we laid out at 2021. So, notwithstanding absorbing the BHP acquisition, getting this $10 billion of disposals away to get the balance sheet back in line in terms of the previous questions we’ve had on the call today, the board will have an opportunity again to look at the balance of progressive dividend increases over and above other uses for free cash, including the share repurchases to offset scrip dilution we’ve already signalled for the end of this year.

Michele Della Vigna: Thank you.
Craig Marshall: Okay, Michele, thanks. We’ll take the next question from Oswald Clint at Bernstein. Oz, good morning.

Oswald Clint (Bernstein): Oh hi, good morning. Thank you. Perhaps a question for Bernard firstly. Just on the Gulf of Mexico. It obviously didn’t take long to use your seismic imaging to find some more oil around Atlantis and turn it into a sanctioned project last month. But in terms of Thunder Horse and the billion barrels of oil in place, could you talk around next steps from here in terms of kind of proving that up, appraising it and perhaps converting it into some future projects? And perhaps just an indication of some of the development cost per barrel you’re actually getting these projects away at, in terms of the Gulf of Mexico, please.

And then secondly, Tufan, I think you answered it back with Lucas question, but in terms of Mexico, I think you had a target of 500 retail stations for last year, and I think you said today 440. So, a little bit behind. But again, you talked about it scaling up in earnings from this year onwards. Is that the case from Mexico? Is it moving as fast as you expected? Should we see some earnings contribution from Mexico retail in 2019? Thank you.

Bernard Looney: Oswald thanks very much for your question. I think on the Gulf of Mexico, on Thunder Horse specifically, we can see the potential for another expansion project to be sanctioned this year, that’s well within our sights. I think overall across the Gulf, we see six to seven projects that quite frankly we didn’t see just 18 months ago. And Thunder Horse is definitely a predominance of that but also, as you pointed out, at Mad Dog, at Na Kika and at Atlantis as well.

So, I would expect two to three expansion projects to come at Thunder Horse. I’d expect to see the first one being sanctioned this year, and I think I would say from a development cost per barrel perspective, we’re continuing to drive it down. In our overall portfolio, our development-costs per barrel are down by 20% over the last couple of years. As I think we said in Oman, we will deliver the 900,000 barrels a day of new production for about 25% less capital than we originally anticipated. And we’re seeing those improvements in the Gulf. We have developed these super-fast tie backs that we’ve really got in a groove on now, delivering some of these tie backs in a matter of months. So, quite excited about what’s possible. Expect to see the first expansion project at Thunder Horse later this year.

Bob Dudley: And since, Oswald, you brought up Thunder Horse, I think it’s probably something in your planning here, as we look at the first quarter, there is a long-scheduled turnaround of Thunder Horse that’s 35, 40 days.

Bernard Looney: Yeah, it’s a great point, Bob. And just as people do look out to the first quarter, we’ve said that production will be relatively flat in the first quarter as we take on BHP and so on. We will lose probably close to a 100,000 barrels a day of high margin production, compared the fourth quarter. And about half of that is because of M&A, and that’s things like Bruce, Keith and Rhum disposal in the North Sea, the Magnus disposal in the North Sea, swapping out Kuparuk in Alaska, and the other half comes from, as Bob says, a long-planned turnaround, not unexpected, at Thunder Horse which will take Thunder Horse down for between 30 and 40 days. So, we will lose about 100,000 barrels a day of high margin barrels in the first quarter and thanks for reminding me of that, Bob.

Tufan Erginbilgic: On Mexico, you are right. I think we are right now around 450 and a little bit lower than we expected, which was 500. The reason is, frankly, we are very selective on the site.
quality because we are now effectively market leader in terms of brand and offer in Mexico. That needs to continue and therefore we are highly selective on which sites actually we bring forward. We still keep the target of 1,500 sites by 2021. In terms of earnings growth, yes, you should actually expect that earnings will grow from 2019 onwards, including 2019 as well. So far, actually, it has been more we have been building this scale in terms of volume and Mexico became our fifth largest country in our portfolio in terms of volumes but not earnings, but earnings will start to scale up from 2019 onwards.

Oswald Clint: Super. Thank you. Thank you both.

Craig Marshall: Thanks Oz. We will take the next question from Colin Smith at Panmure Gordon. Colin.

Colin Smith (Panmure Gordon): Yes. Thanks for taking my question. Good morning. Congratulations on the results. Another one for Tufan, really, just around the guidance. Given that Alberta is now following apportionment, the WTI-WCS differential has narrowed quite a bit and looks like it may be creating $5 per barrel below the guidance number.

I am just wondering two things. One, what you think the longer-term outlook for that is and essentially whether or not that maybe marks the high point for earnings in cash generation for Whiting if we are going to be looking at lower margins going forward, perhaps to the tune of $400 million a year. That’s the question.

Tufan Erginbiligic: Okay. Great question. Let me actually start with the long term, then we can come back to why we are seeing WTI-WCS at the current levels. As you know, WTI-WCS effect – there are two components to it. One is refining value, relative refining value I should say. The other one is the transportation cost. Given pipeline restrictions, Canadian heavy oil will continue to be in rail economics going forward. But let me answer the future question first. I think if you look at our guidance, we actually said refining RMM will be $14 per barrel and the WTI-WCS $15 per barrel in our target numbers 2021. That is still good, I would say, both of those numbers, because if you look at going forward, IMOIs coming in. Effectively, that will increase the refining demand, distillate demand significantly; and even with the new refining capacity coming in, I think our refining margins will actually this year probably be lower than last year. I am talking about RMM as well as WTI-WCS. But if you go to 2020 and 2021, actually, IMO will support this because of the additional demand coming in, will definitely support an RMM of $14 per barrel. Actually, WTI-WCS this year, because of Alberta reduction, all the inventories went down, probably this year range will be more like $12-17 per barrel. But if you go to 2020-2021, I think a range of $20-25 WTI-WCS is still supported because of IMO additional demand on distillate and you should also expect light and heavy differentials to open up.

Colin Smith: Thank you.

Craig Marshall: Okay, great. Just a couple more questions to go. We will take the next one from Pavel Molchanov of Raymond James. Pavel, good morning.

Pavel Molchanov (Raymond James): Thanks for taking the question guys. First one on Venezuela. I believe that last November you made an effort to re-enter Venezuela after eight years. Any thoughts you have on the current political landscape and your plans for potentially re-entering the country would be useful.
Secondly, kind of back to the renewables investments, you made the point that it is still a bit of a rounding error in your total capex. When realistically do you think renewables or low-carbon investments can get to, even let us say 10% of your total capital allocation? Any timing on that would be helpful. Thanks.

**Bob Dudley:** On Venezuela, I am not exactly sure when you were saying we were trying to re-enter. We have always thought there is an industrial logic with gas in Venezuela coming into Trinidad with the LNG fields and LNG plants, so it is kind of a natural fillage of ullage in Trinidad. We made some exploration discussions, really, only around that. I think everyone who looks at that resource base down in Venezuela and Trinidad would see that. But I would not say it was a serious effort. It was exploratory.

Regarding the pace of what is happening in Venezuela, we do not have any real insight. I think whatever is going to happen is going to be complicated and probably take longer than – probably if you listen to the news, there is going to be rapid change and things are going to turn around. I think it is going to be very complicated, so we are just going to sit back, I would say, and watch.

Then on the pace of renewables, we are going to remain a world-class investment company; and what we want to do is make sure we have the flexibility because nobody knows the pace of the energy transitions. We are doing a lot, but I would not say that we would be able to say how long this is going to take before it is 10% of our capital. Right now, it is spending, some of it is capital, some of it is other spending that we put in, some of it is maintenance capital today in some of our existing operations. So, I do not know what the pace is. There are just so many different possibilities that this low carbon energy transition will happen in, we just want to be part of it but not formulaic.

**Brian Gilvary:** Maybe Pavel just to add to that. You have asked a specific question about low-carbon businesses but of course, we are also spending significant amounts of money in reducing emissions in our existing portfolio. So, it may well be we are at 10% already, not that we have looked at the specific capital in those areas but we are investing in reducing emissions, which is really what the Paris climate change is all about. So, you may take alternative energy businesses as a proxy for low carbon, but it is actually about reducing emissions and we are doing that across our whole system.

**Pavel Molchanov:** Thank you, guys.

**Bob Dudley:** Good point, Brian. Thanks Pavel.

**Craig Marshall:** Okay. We will take the next question from Martijn Rats at Morgan Stanley.

**Martijn Rats (Morgan Stanley):** Hi. I wanted to ask Tufan some more about refining margins. Of course, we are seeing a relatively healthy middle distillate market but the gasoline market is in quite considerable oversupply. One of the things I find a big conundrum, particularly when it comes to your comments around IMO, of course as a result of IMO we are going to get more middle distillate amount, we are going to have higher crude runs globally and all that makes a little sense. But in the process, we might be over processing gasoline and gasoline already looks very, very weak. I was wondering what your thoughts were particularly about the gasoline market and how that impacts the rest of how you run the refining system; what are you seeing in gasoline demand.

And also we are hearing stories about economic run cuts simply because of gas in overproduction; is that something that BP is doing? Are you looking at lower FCC run rates? I mean FCC margins are
very, very low at the moment. How do you think the balance between a strong middle distillate market driving by IMO but this particularly weak gasoline market at the same time, how do you think that is going to play out over the next year or two?

**Tufan Erginbilgic:** That is a great point. I think current refining margins, Martijn, as you know, they are low because of the gasoline cracks being very, very weak, in fact, the weakest in the last ten years, actually, because of the high gasoline inventories. So, going forward, I think that will continue to be the issue; but with IMO, I think – gasoline demand is actually growing, so it is not a demand growth issue. We actually expect that to grow, continue to grow this year as well as next year and next couple of years. So, there is no issue on the demand side but refining utilisation is historically high right now. We are in a strange situation because historically high refinery utilisation normally should drive margins to a better place; but because of gasoline inventories, it has actually depressed.

What happened, in my view, after the crude prices went down late 2014, we had a behavioural change on the drivers, 2015, 2016, 2017 gasoline demand growth was significant. But if you go before that, refining margins had been driven by distillate cracks more than gasoline cracks. We came back to that situation in a more polarised way, I should say, and going forward I think this trend will continue. But as a result, most of the refineries in the world already that is happening, they will run at distillate mode. That should, actually, reduce the gasoline production in relative terms. I still believe this year we expect refinery margins to be lower than last year because of gasoline mainly; but 2020 and 2021, we are still comfortable with our target numbers as I mentioned before.

Second part of your question, do we cut the runs. I always talk about competitively advantaged portfolio and that is what we have been actually driving the last couple of years. And what a competitively advantaged portfolio does for you, it is that while others are cutting their runs, we do not need to. That is the situation we are in at this point. In 1Q, as you know, refining margins are low and we did not have to have any economic related cuts in our system. Another point about our system, it is more distillate-oriented system. Half of our yield is actually distillates. In the current environment, that is obviously an advantage.

**Craig Marshall:** Okay. Thanks Martijn.

**Martijn Rats:** Wonderful. That has been very helpful. Thank you.

**Craig Marshall:** Thank you for the question. We will take the penultimate question from Thomas Adolff at Credit Suisse.

**Thomas Adolff (Credit Suisse):** Morning. Two short questions for me, please. Firstly, on the disposal plan, Brian, can you please talk about the contingency buffer you have on the $10 billion; for example, have you identified, say, $15 or $20 billion to deliver on the $10 billion so we can kind of consider this a fairly low risk target?

Secondly, for Bernard, perhaps you give us an update on exploration, perhaps comment on the performance in 2018 and what the key wells are for 2019. I am particularly in the pre-salt Brazil where you got a few licenses. Thank you.
**Brian Gilvary:** Thomas, thanks for that question. And of course, the $10 billion number is clearly a risked number, so we have a much bigger suite of options than the $10 billion to make sure we deliver the $10 billion. The only thing I can point you to is track record. I think we have done about $80 billion now of transactions over the last eight years since 2010 and pretty much hit the guidance on those. I think maybe at the end of 2017 we were maybe $400 million short on the final figure but actually it was more one particular project rolling over. We would not have put the figure out there otherwise. Certainly, we discussed this with the Board at length and we are pretty confident in that figure and it is a risked figure and clearly has a portfolio suite larger than the $10 billion.

**Bernard Looney:** Thomas, on exploration, I think we had a relatively modest programme in 2018, two discoveries that we have announced both in the Gulf of Mexico, both extremely valuable tiebacks. That was good. 2019, we will probably see a programme about double the size of what we did in 2018. Key wells across the world in places, as you say, like the pre-salt in Brazil in the Gulf of Mexico in the North Sea, in Azerbaijan, in Trinidad and also in Mauritania and Senegal. So, a big year for us out ahead and I think we will take the results as they come and wish us luck.

**Thomas Adolff:** Okay. Thank you.

**Craig Marshall:** Okay, thanks very much. We are going to take the last question from Peter Low at Redburn. Peter.

**Peter Low (Redburn):** Hi, thanks for taking my question. Just one quickly. You said you were not seeing any opex cost inflation in Upstream, but you have seven potential FIDs in 2019. Are you seeing any signs of cost inflation emerging when you go to contract new projects? I guess I am particularly interested in LNG where there seems to be a lot set to move forward this year. Thanks.

**Bernard Looney:** Peter, thanks for your question. Seven potential FIDs this year. One is already done, which is good, Atlantis Phase 3 sanction granted beginning of the year. No is the answer to your question; we are not seeing inflation in either the capex or the opex end of things. We continue to push for better solutions, industry standard solutions; we continue to push for standardisation within our own company and across the industry; we continue to push for cost to come down. Even in LNG, as you point out, we are seeing that. We have had some very competitive response to tenders on phase one at Tortue, for example. We continue to drive more collaboration with our suppliers to figure out ways where we can collectively lower the cost base of the industry and hopefully share some of that rent so that we both maintain a competitive environment. So, I think the answer is no, and we are a firm believer through our transformation agenda that we will continue to drive further and further capital productivity into the business. We for one continue to believe that there is enormous waste still within the sector and we see that as a great opportunity and that is what our transformation agenda is 100% focussed on.

**Peter Low:** Okay, thanks.

**Craig Marshall:** Thanks Bernard and thank you Peter. Okay, that is the end of the questions. IR is of course available to follow up on any other questions you have over the coming days and weeks and we’ll of course also be visiting many of our investors over the coming days. We also look forward to welcoming a number of you at the Sellside lunch today, which is in about 57 minutes, so good luck with the travel.
On that note, let me hand over to Bob for a few closing comments. Thank you.

**Bob Dudley:** Thank you, Craig. I hope you are not coming from the city. That will be a stretch. Thank you and thank you everyone for your questions today. As usual, they are very good and they are very thoughtful and we really appreciate that.

Just a few comments. I think you are hearing from us on the confidence about the momentum we have across the company, a strategy that we believe is serving our shareholders very well. You will have seen the company change over the past several years. The strategy is allowing us to flex and adapt not only the portfolio, within a capital framework, it is quite disciplined. I think also not just responding to the energy transition but helping to advance it along with others. Clearly as demand in the world grows for energy, so does the need to reduce emissions; and we see ourselves, again, with others as part of a solution to that great dual challenge. We are going to take a practical and pragmatic approach to both sides of this challenge, the demand side as well as the emission reductions. To do that, we know we must remain a highly attractive investment for you all. We are going to continue to reach out and talk to you this year. We have got a lot of news to share with you as we go through the year. Right after this call, we have five teams heading out around the world and we are going to talk to as many as 40% of our shareholders I hope. But your time is very valuable and I think I will end it there and just say a very big thank you from all of us.

[END OF TRANSCRIPT]