Brian Gilvary in conversation with Bloomberg and CNBC

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Chief financial officer

In conversation with Bloomberg and CNBC, BP chief financial officer Brian Gilvary spoke about BP's first quarter results of 2018, future growth plans and oil prices

Edited transcript:

On BP’s strong first quarter of 2018 results, Gilvary said:

It’s been a strong quarter with underlying replacement cost profit of $2.6 billion, building on the momentum of the past four quarters. We’re a quarter of the way through our five-year plan, which we laid out a year ago, and we’re on track. We see a strong set of results that are up 71% on the same period last year, even though oil prices are only 25% up. I think what you're seeing coming through those earning numbers are improvements that are helped by our seven major projects that came onstream last year, underlying Upstream oil and gas production growth of around 14%, and a resilient Downstream, which saw $1.8 billion pre-tax earnings this quarter. Overall, a strong set of results this quarter.

On why the industry is still cautious, despite the oil price rise, Gilvary said:

It is easy to forget that it wasn’t that long ago oil prices were down at $28 a barrel and we've all had to rebuild balance sheets to reflect this. Oil prices today feel a bit frothy at around $75 a barrel. I think its being driven by strong oil demand, and we have seen about 1.7 million barrels a day of oil demand [growth] last year, with around the same this year. You've got strong OPEC compliance, and some of that's enforced by what's happening in Venezuela, where some production has been forced off the market. So I think geopolitics is now playing into where the price is, so you could see an oil price correction at some point.

On extending spending on new projects, Gilvary said:

I think for our team it's clear, and we've been very, very clear to our investors, that we have a plan we will work to out to 2021. We'll do that within a very disciplined $15 to $17 billion capital frame. We're not looking to stretch out beyond that frame. We think we can get strong, organic growth within what we've laid out – and, in fact, for this year, we'll probably track somewhere in the range of $15 to $16 billion. If you look at the first quarter, our capital spending is tracking towards the lower end of that range, and we will keep capital discipline. I think that's a really important signal for our investors that we're not going to start chasing these prices that we're seeing today.

On investing in low carbon, Gilvary said:

We have laid out investment of around $500 million in low carbon activities per annum, and last year it was somewhere in the region of $450 million. We have set out, two weeks ago, a framework to reduce emissions in our operations, improve our products and create low carbon opportunities. In the low carbon space, the opportunities we will pursue will be anchored within our existing divisions. We will look at opportunities as they come up and we can ramp investments up and down, but always staying within our disciplined capital frame of $15 billion to $17 billion.

On Russia and sanctions, Gilvary said:

Nothing is changed in terms of the relationships with our partners on the ground, which are good. We stay very close in terms of what the various moves are around sanctions and will continue to operate within that framework.

With Russia, clearly, tensions are quite acute right now with different parts of the world and the geopolitics. I think it's moments like this where businesses can provide a two-way communication between locations and we try to do that. But so far, nothing is changed in terms of what the sanctions are.