

bp 2Q 2025 Results: Webcast Q&A Transcript

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Q&A TRANSCRIPT

Craig Marshall: Welcome, everyone, to bp's second quarter 2025 results call. We will be focusing today's call on the second quarter and first half performance and the contents of the video that I hope many of you will have seen by now. As a reminder, please poll for a question by raising your hand on Teams or poll for a question on the telephone if you are joining by that means.

But let me first handover to Murray for a few, brief opening remarks.

Murray Auchincloss: Thanks Craig, hi everyone. This has been another strong quarter for bp operationally and strategically. We are delivering our plan to grow the upstream and focus the downstream, with reliability across both greater than 96%.

Year to date across the Upstream we've brought five new oil and gas major projects onstream, sanctioned four more and made ten exploration discoveries - the best year for discoveries in recent memory - including the significant discovery in the Bumerangue block in Brazil - with lots of interest and commentary over the past 24 hours.

Underlying earnings in our customers business are up around 50% compared to a year ago, and trading has delivered well quarter-on-quarter despite challenging conditions.

Expected proceeds from completed or announced divestments have reached around \$3 billion for the year, and we have now delivered around \$1.7 billion of structural cost reductions since the start of our programme in early 2024.

We also announced a dividend per ordinary share of 8.32 cents - an increase of 4% - and a further \$750 million share buyback for the second quarter.

We are two quarters into a twelve-quarter plan and while we are encouraged by our early progress, we know there's much, much more to do.

Gordon and Emeka are also here with Kate and I today, so please feel free to ask any questions of them both too - there is certainly a lot going on in digital and technology and of course across all of the Upstream.

With that, over to Q&A, and Craig can get us started.

Craig Marshall: We are going to take the first question from Michele Della Vigna at Goldman Sachs. And as a reminder, please to everybody, the usual two questions only so everybody gets a chance to ask the questions the way they need. So, Michele, over to you first, please.

Michele Della Vigna (Goldman Sachs): Thank you very much. Congratulations on not just a strong quarter, but also what has been a very impressive discovery and set of start-ups.

I wanted to concentrate on those two, if I may. On the Brazilian discovery, I just wanted to understand from you how concerning is the CO₂ content of the discovery? It is clearly giant, but we have seen in the past discoveries like Jupiter, for instance, with a lot of CO₂ content that did not get ultimately developed in Brazil. Just wanted to understand what was your thinking of that, even though clearly it is very early in the appraisal of that discovery.

And then on the start-ups – again, very exciting, Gulf of America, Trinidad, Egypt. I am wondering if you could perhaps give us a view of where you think production could be by the end of the year, after we go through the potential hurricane season. Thank you.

Murray Auchincloss: Great, Michele, thanks for the kind words. On exploration, we have had a fantastic year, the best, really, in recent memory. Ten commercial discoveries across the patch, including big discoveries in Namibia and now in Brazil. So we are very excited about that. Why don't I hand over to Gordon, who I think will have a lot of attention this call to talk about Bumerangue and thoughts on production as well.

Gordon Birrell: Hi Michele, and hello, everyone. Good morning, good afternoon, wherever you are. Thanks for the question, Michele. As you can imagine, we are pretty excited about this discovery. The petrotechnical community is pretty excited about this discovery. And just to set the scene before I specifically answer your question, so Bumerangue is 400km offshore from Rio, a large structure greater than 300km². We drilled about 500m off crest to de-risk the drilling programme, so we are off crest. And we encountered a column of confirmed hydrocarbon, and that column is 500m, it is high quality, pre-salt carbonate reservoir. So we are pretty excited by that.

There was an elevated measure of CO₂, of course, on the measurement we have made on the rig. And I would emphasise that we have sent samples away to a certified lab. We do need full compositional analysis to come back. However, we are pretty excited. Are we worried about elevated CO₂? Not particularly. We need to find exactly what that level is. But the industry knows how to handle elevated levels of CO₂, and we, as a company, have quite a bit of experience through various projects over many years of handling CO₂. So, of course, we need to understand it before we get to full resource in place. However, not overly worried by CO₂.

If I can move on to your second question, we promised at Capital Markets Day, ten major project start-ups by 2027. We have now started up five, including Argos Southwest Extension, which started up on Monday. We have probably got one more this year and then four next year¹. So out of our ramp-up, we have brought on roughly 125,000 barrels per day of peak production, which, of course, was in our plan, full year. So we are on plan with the ramp-up from these major projects. So I think you will see us sticking on plan, maybe slightly ahead of plan through this year. We have had a good start to the year, strong production across the patch. We have got a few turnarounds in the second half of the year and weather, of course, in the Gulf of America. However, we think we are having a strong production year, which we would expect to continue.

Craig Marshall: Thanks, Michele. We will go next to Irene Himona, Bernstein.

Irene Himona (Bernstein): Thank you very much. Good afternoon, and congratulations on the numbers. My first question also on the Brazilian discovery, if I may. Can you share

the gas to oil ratio and talk around how you see timing for further drilling of this discovery, please?

And then my second question, on TravelCenters of America in downstream. Murray, you stated somewhere that the results were not what you expect. Obviously, you do not disclose the details, so can you perhaps elaborate on some of the disappointing data points you are seeing and how you are tackling them. Thank you.

Murray Auchincloss: Great. Thanks, Irene. I will tackle the second one, and I will pass over to Gordon to talk about the first question on Brazil. I think on TravelCenters of America, maybe just to talk about Mobility & Convenience as a whole first. We have had a very good run in M&C now. For the first half of 2025 versus the first half of 2024, we are up about 50% in profitability across the two half years. And the second quarter in M&C was the best on record since we started talking about M&C back in 2012. So that is a fantastic result for Emma and the teams.

The particular challenge that we have in TA is that we are seeing diesel margins across that business quite tight and not making as much on diesel as we would like. We think we are taking some actions to fix that. But that is a particular area of concentration for the midstream trading and TA business itself to try to drive diesel margins to a better place and to get more customers into the business.

So that is really the area of focus we have. But across the rest of M&C, very, very strong performance, both capturing customers, capturing margin, driving costs out of the system, and really proud of the result across the retail fleet as well as aviation as well as Castrol. Just a tremendous quarter for the team. So congrats to the team.

Gordon, over to you on Brazil.

Gordon Birrell: Yeah, thanks for the question. I think just too early to be precise on gas-oil ratios. We need to have that full compositional analysis back from the labs. We took samples right across the column, so we should get the different compositional analysis at different depths in the column. And that will be very, very telling when we get these results back. So I will not speculate on the gas oil ratio.

In terms of timing, we are going to go through an appraisal programme with agreement with the regulator, of course, which will probably involve some sort of drill stem test to get some dynamic data. It would be great to get some dynamic data from this well as we plan the development scheme, but we will move at pace, Irene. If this turns out as good as we think it is going to be, we will absolutely move at pace.

Murray Auchincloss: Thanks, Irene.

Craig Marshall: Thank you. Irene. We will go next on Teams to Lydia Rainforth at Barclays, please.

Lydia Rainforth (Barclays): Thanks, Craig. And good afternoon. Two questions, if I could. In the stock exchange announcement, you do talk about a thorough review of the portfolio, a further cost review. Can you just talk through about where that is different to where you were six months ago and what you are seeing that gives you confidence that there is more value to come?

And then, Kate, I think that clearly you have done brilliantly well on the cost side. And perhaps Emeka, Gordon, could you go through some examples of where you are seeing some of those savings and especially the AI side. So it does feel like Upstream is really good and probably leading the pack there, but there is more to do in Downstream and Corporate. I do not know if that is a fair analysis for that.

Murray Auchincloss: Super. Thanks, Lydia. I think on the portfolio side first, and then I will hand to Kate, and I will ask Emeka to talk about the digital and AI side of things. On the portfolio, we have had a tremendous year for access inside the Upstream, with access in Azerbaijan and Iraq and Libya and Abu Dhabi and India. So very excited about all that. And then you never really plan to have ten exploration successes that are commercial. You just do not see that in history. And they are pretty big, Namibia is pretty big. And obviously Brazil, as Gordon's describes, is pretty big as well.

So we constantly think about the portfolio. We are constantly churning the portfolio. We want to drive absolute discipline into this and be driven by value and returns more than anything else. So it is time to take stock as Albert joins as a new chair and work together on this conundrum of lots of great opportunities. But you can only choose so many in life.

So we are doing it live as we speak. If you look back across the past three to six months, we have dropped three rigs across the portfolio as not competitive inside our capital frame. We have decided to shut down a programme in Australia on green hydrogen. We have decided to shut down some programmes in the US on blue hydrogen and CCS. So we just constantly challenge ourselves to drive to the highest quality inside the portfolio. And now, with the extreme success that we have seen inside the Upstream, it is the right moment in time to do that as well.

Kate, over to you on cost, and Emeka.

Kate Thomson: Thank you. Hi, Lydia. Good to see you. Your description of our cost programme progress as doing brilliantly well, I think I might describe it as decent progress. And why do I say that? I say that because there is a lot more to do. We set out the \$4-5 billion target in May last year against the \$22.6 billion, and delivering \$1.7 billion of structural cost reductions to date, I think is pretty good progress. As you look at what we are doing quarter on quarter, you can see we do now have some momentum, which is great. I want to keep seeing this driving all the way down to the bottom line. We have reduced absolute costs by about \$0.5 billion. So, as I say good progress. More to do.

As I think about the \$4-5 billion internally, we have always held that, that that is taking ourselves across most of our businesses and functions to top quartile. We have to keep challenging us. You have heard me say before, I want to accelerate and exceed that wherever we can. And it is only right that we should be challenging ourselves to see how much further we can go. Can we hit best-in-class in certain parts of our portfolio and understand what it takes to do that? So, as I say, I am pleased with the progress to date, but more to do.

Emeka?

Emeka Emembolu: Yeah, so I will just touch on three quick things. So, technology, supply chain and data. On the technology side, what we have done – and this is inside of

the technology organisation, is we are actually looking at reducing, or we have been reducing our costs, both through a process of digitisation, but also we have reduced the number of contractors, the number of staff that we have in the technology organisation. While we are reducing our own costs, we have been looking at streamlining applications, streamlining the partners that we work with to a small set now of world-class tech partners. So that is a lot of what we are doing in technology.

For the organisation, supply chain is one of the big places that we are focusing in terms of how we can access and leverage savings on costs. So the Total Resource Management project, which Kate talked about, that is around our third-party contractors. So far we have had 3,200 exit. We have got another 1,200 to exit. And we are continuing to now optimise and focus this using our Palantir system that we are using to track our costs, and we are connecting that to our ERP system and another people tracking system in our offshore platforms. We are looking at invoices, so contract value leakage to make sure the invoices we pay are the right amounts for the pieces of work we do. And AI is all over this. So, we are leveraging Palantir and our own AI systems to do this.

And then the last thing I will touch on is data. So, across the company, we are currently managing about 100,000 pipelines of data across bp. We see this is costing us money, costing us more than it should do. And it is actually preventing people in the team from being able to use AI in a consistent way across the company, both for growth and for reduction in costs. We are partnering with Databricks and Palantir to implement a new unified data platform across the whole company that will both reduce cost and actually provide us a lot better transmission of data across the whole company and reduce that 100,000 pipelines into a single one. This project typically could take up to five years. We are going to be done with it by the middle of next year, so in less than two. So these are some of the things we are doing to impact costs across the company.

Murray Auchincloss: Thanks, Emeka. And I think when we talk to our partners about how far we are going on that data management, I think the answer is cutting edge.

Emeka Emembolu: Cutting edge is right.

Murray Auchincloss: Cutting edge globally. So we are really looking forward to it. And Lydia, as we have said in the past, we are looking forward to taking all the hard work we have done with Palantir in the Upstream into the Downstream as well. We can update you on that if anybody wants to ask.

Craig, back to you.

Craig Marshall: Thanks, Lydia. We are going to jump to the phones for a couple of questions now, so I will take the first question from Gui Levy at Morgan Stanley..

Guilherme Levy (Morgan Stanley): The first one just going back to Bumerangue. The Brazilian oil agency a couple of years ago, at the time of the bid round, they published some studies pointing out to a potential of 2 billion of boe oil in place. Do you recognise this number? Is that the level that you have in mind at the moment?

And then the second one. Just if you can provide us an update on the disposal process of Castrol. At what stage are we at the moment? Any specific expectations in terms of

timing and anything that you can possibly share with us in terms of valuation at this point, that would be great. Thank you.

Murray Auchincloss: Okay. Just to clarify your first question on Brazil, is there a number that you are referencing? We could not understand what number you said.

Guilherme Levy: There was a number in a specific report from the oil agency of 2 billion boe of oil in place. But admittedly, I am not sure if that number has been updated or if that is something that you that you have in mind at the moment.

Murray Auchincloss: Thanks, Gui. Gordon, why do not you take the first one and I will take the second one.

Gordon Birrell: Yeah, thanks Gui. I do not recognise the 2 billion barrels. And again, I would just emphasise the scale of the structure, 300km² with a 500m column, and that is off crest So, that 2 billion doesn't resonate with me, to be specific.

Murray Auchincloss: And we have declared that it is the largest discovery in 25 years, dating back to Kashagan and Shah Deniz, I think, were the analogies that we put together. So that should help you understand it a little bit.

I think on Castrol, I am not going to say much. It is a commercial process. There is a lot of interest in it, and we are moving at pace. It is a complicated business, operates in 120 countries, but there is a lot of interest in it. And we will update you when we can. We will transact for value.

Craig, back to you.

Craig Marshall: Thanks, Murray. Okay, we will stay on the phones and take the next question from Matt Lofting at JP Morgan.

Matt Lofting (JP Morgan): Hi. Thanks for taking the questions. Two, if I could, please. First, I just wanted to follow up on the earlier comments you made around the further cost review. Specifically, I think you have referred in the press release this morning to targeting best-in-class. I wondered if you could just expand on how you think about defining best-in-class in the context of the moving parts in the industry, technology and the evolution there, and also the fact that cost and fiscal regimes tend to vary across different geographies.

And then second, I just wanted to ask you about trading. Performance being good in the second quarter versus wider industry comps. What is your outlook from here regarding the broader conditions for trading and optimisation when you look through to the second half of the year? And if you were to continue to see a moderated baseline, as we have seen at times in the first half of the year, is Q2 seen within the company is a good approximate baseline? Thanks.

Murray Auchincloss: I will take trading. Kate, if you want to talk about best-in-class, please. I think on trading, first, an average quarter for the gas business and a strong quarter for the oil trading business. As we look out to conditions moving forward, I think the things I would say on the oil RPT side is that inventories from a physical basis are quite tight. So there is likely to be a fair bit of volatility in the event that there are outages

occurring. That is probably true through the third quarter and into the start of the fourth quarter.

In the fourth quarter, on the oil side, we see more production coming online from outside of OPEC. And trading conditions will highly depend upon what OPEC+ does. What happens with sanctions on Russia, what happens with sanctions on Iran. So I would expect continuing volatility in that space. On diesel and gasoline, we move into a heavy TAR season in October as well. So that should provide conditions for volatility.

I think on the gas side, from our perspective, we trade optionality. That is how we have designed the gas books. So we do not necessarily try to link to a particular index. We do not try to do point-to-point sales. Instead, we look for opportunities to arbitrage between price differences on the spot or across time. And it feels, in a market where natural gas becomes oversupplied as you move into late 2026, 2027, that we are well positioned to be able to arbitrage between these things. So I think what you should expect moving forward is, as we have guided in the past, which is 4% to returns of the corporation from trading. I assume it is half oil, assume it is half gas and I assume it is rateable across each quarter. It will not be right in any one quarter, but it durably is what we have done over the past four and a half years.

So thank you for that question. Matt. Over you, Kate, on the cost and best-in-class.

Kate Thomson: Yes, Hi, Matt. I will maybe start with the areas of the group that are slightly easier to benchmark and understand, then I would put into that category the central functions like finance, people and culture, technology. I think we have a pretty good sense of where we probably stack up against our peer group with regard to that. Customers is similar, I think it is fairly straightforward to benchmark.

As we step through the Refining and the Upstream part of the portfolio, that is where it gets more complicated. With Refining, we have been using the Solomon benchmarking very regularly. And as I said, we are waiting for the updated benchmarks to come in over the summer to get a sense of where we stack up across our refining portfolio versus our peer group. And with the Upstream, we go basin by basin. Because to your point, you need to understand the construct of the businesses inside your basin. You cannot just look at the unit production cost. And that takes into consideration various component parts, whether it is PSAs or tax and royalties. It is going down to a basin level so that you can understand within that basin how you are tracking against your peer group.

So that is the piece of work that we are going to get into at pace as we get these data points in over the summer. And as we get a sense of where there are gaps versus what we consider to be best-in-class, we will update you as we go. And I guess the only other thing I would say that is worth remembering is we have been pretty explicit that the \$4-\$5 billion of structural cost reductions does not take into consideration any transactions with regard to Castrol and Gelsenkirchen. So as and when we reach a conclusion on those two transactions, we will update the market on those two elements, and how that would impact the \$4-5 billion cost target as well.

Murray Auchincloss: Great. Thank you Kate.

Craig Marshall: Thank you Matt. We will come back to Teams, and I will let it do my hard work. We will start with the first hand up, which is Josh Stone. Josh at UBS, please.

Josh Stone (UBS): Thanks. And good afternoon. Two questions, please. If I could follow up on trading, you clearly had a very good performance in oil trading in this quarter. And it goes against some of the trends we have seen elsewhere in the market. You made some comments in the press around shortening the duration of trades. So I was hoping that you would just elaborate on this and speak to if there is any other drivers that are resulting in this relative strength you are seeing versus some others, whether that is maybe access to data or appetite to take on risk. Any comments that would be helpful.

And then secondly, on impairments, there were another lump of impairments this quarter at about \$1.2 billion. You have given us the divisions, but are you able to elaborate on which assets are actually driving these impairments? Thanks.

Murray Auchincloss: Great. Thanks. Josh. I think on trading, without giving away commercial advantage I would just say on the oil trading side, they shorten the duration. Normally you trade three, six, nine months in duration for time spreads, etc. But there is a lot of path risk around that when there is macro volatility and headline volatility. So you move to shorter duration trades to manage that risk. And that is what the teams were doing through April and May.

I think I will stop there for fear of giving up any commercial advantage beyond that and pass over to Kate on the question on impairments.

Kate Thomson: Hi, Josh, thanks for the question. Yeah, we have taken a number of impairments across the businesses this quarter. And I think the first thing I would say is that we are never happy to impair assets. It was capital once, and we are very cognisant of that, which is why Murray and I are driving so hard on improving and increasing our capital productivity in every part of the business.

Maybe a couple to call out, which may be helpful. In the Customer and Products space, we impair assets where we are working through a sales process as an accounting approach that we have to take based on the value that we expect to see versus the value at which we hold those assets. And we took decisions, as Murray referenced a little bit earlier on the call, with regard to hydrogen and biofuels down in Australia. And as a consequence, we have taken an impairment on that. That's all about quality of choice and making the right decisions for us as a company moving forward as we execute on our strategy.

And maybe the only other one that is probably worth highlighting is in the gas and low carbon space where we have taken a further impairment with regard to M&S. We are now lifting cargos into our trading organisation from that business, that's where we see significant future value coming. We have now finished loading our seventh cargo so far this year as it continues to ramp up. So M&S is performing well now. It started up and it is ramping up. And that is probably as much as it is worth sharing with you with regard to impairments, but it remains an area of focus for us. Josh, please be clear on that.

Craig Marshall: Thank you. Josh. I am going to just jump quickly to the web. We have got a question from I think Alejandro Vigil at Santander. Alejandro, you have got three

questions. I think two of them have been covered, but I will take maybe the last question. Read it out. Probably one for you, Kate. What are our expectations of net debt by the end of the year? That's from Alejandro.

Kate Thomson: Thank you, Alejandro. Fair question. Net debt was down \$1 billion this quarter versus 1Q, which is good to see. Quite a lot of moving parts. You can see there has been a pretty sizable working capital build through the first half. We end the first half at a total working capital build of \$4.7 billion. If you think back to 1Q, we had \$3.4 billion of working capital build. And I said the majority of that we should expect to reverse through the remainder of the year. We saw about \$600 million of that reversed in 2Q but it was more than offset by other moving parts. You will recall the Deepwater Horizon payment we make every 2Q. There has also, in the first half, been payments with regard to assets held for sale. If they were not held for sale, they would be accounted for as capital. We are forced to account for them as working capital because of accounting rules. And there has been about \$200 million of decommissioning payments as well in the first half.

So as I look at all of that, the reason I am stepping you through that is I think there is about \$2 billion of permanent working capital build to date with regard to the group. As I look forward, my best estimate of the level of reversal still to come through the third and fourth quarter is between \$1.5 billion and \$2 billion.

Other moving parts that we have been clear around is the \$1.2 billion of redemption of hybrids that we will redeem in 3Q. And then you have got, of course, operational performance and price, which will move around. So I would say if you assume flat price and all these other moving parts and the level of working capital unwind I have just stepped through, my expectation is we should see net debt continue to slightly trend down towards the back end of the year. I hope that is helpful.

Craig Marshall: Thank you Kate. Okay, back to Teams. And we will take the next question from Ryan Todd at Piper Sandler.

Ryan Todd (Piper Sandler): Good. Thanks. Maybe on one more on exploration. Congratulations on the great results here today. Ten discoveries. Maybe you can talk about has your approach to exploration changed at all, or has it just increased allocation of resources, good luck? And outside of Brazil, what have you seen that excites you the most?

And then maybe a second question on, much better refining performance this quarter operationally and in terms of margins. Can you maybe talk through what has gone well and how you think about the refining environment into the back half of this year and into 2026?

Murray Auchincloss: Great. I think on refining environment, I will take that. Refining performance over to Gordon. And then you guys transition on exploration and technology, Gordon and Emeka can trade that off.

So on refining environment, Ryan, I think relatively tight is what I would say right now. Diesel, gasoline, jet stocks are quite low relative to history as well. All of the additions we have seen in Dos Bocas and Dangote have now been offset by refinery closures

around the world. From the announcements you saw at Prax, the California refinery shutting down and other ones that are shut down. So instead of adding capacity to the non-Chinese refining fleet, we are basically flat, while overall demand for energy continues to grow at 1%.

So fairly tight is our sense. We expect a build as we move through the driving season, as all the refineries are working, and then we expect it to become quite tight again as we move into TAR season. I think I would say that extends into 2026 as well, where, if we do see the increasing demand we see for product and we are not getting refinery expansions, that we expect it to be tight as we work our way through into the early days of 2026. I will not really forecast anything beyond the early days of 2026. So I think that would be the structure of the refining markets as we see it today.

Gordon, over to you on refining performance.

Gordon Birrell: Yeah, thank you for the question, Ryan. I am very pleased with refining availability. We have just delivered the quarter at 96.4% availability, which is the best quarter we have had since 2006. We have just delivered the first half of the year at 96.3%, which is the best first half since we started recording on this metric. So the refineries are actually running really well right now. And what has gone well, I think the vulnerability management, we are taking a process that we have run in the Upstream for many years and implementing – it is not finished, implementing it in refining. So we manage our vulnerabilities, which basically means we intervene before a piece of kit falls over, before it trips, to prevent it tripping. It keeps it online longer. We have got centralised maintenance, centralised TARs, we have common processes being deployed. And of course, we are starting the process of digitisation in refinery.

All that adds up to a more systematic and controlled refining portfolio, which shows up as better availability.

If I could transition, Ryan, into exploration, the success, I think a couple of things I would highlight. One, we are data led. So it is not just luck. And working with Emeka's team, the quality of seismic and the lighting up of the subsurface on seismic images we get now is quite remarkable. And that de-risks exploration drilling to some degree. You will never completely de-risk exploration drilling, but to some degree, data-led, using good quality seismic, using AI algorithms to light up the rock in a way we never could before has made a difference. I think the exploration team have a mission. Their mission is to fill up our hopper with great resource that we can then bring forward to invest in as major projects.

The one thing we are not doing is just throwing money at it. It is quality through choice. We actually have not increased our exploration budget very much in the last 12 months. So we are forcing the teams to select the very, very best opportunities that we have, the most material and those that we think are going to come in.

There are many, many things that excite me outside Brazil in the exploration world. But if I could just highlight West Africa, and particularly Angola and Namibia, where, of course, we invest under the Azule joint venture with Eni. And we have recently had a discovery in Namibia with the Capricornus well. And there is more to come there. We have just spudded the next well called Volans in Namibia. And then again under the Azule brand,

we had a discovery in Gajajeira in block 1/14, pretty close to shore, very developable. So West Africa remains an exciting area for us in terms of exploration.

Emeka Emembolu: And so what I will add is in seismic, we are one of the leaders in seismic technology. So we have been for a number of years. And we are continuing to invest, to build on that lead. Some of the investments that we are looking at are both investments in compute and investments in seismic algorithms. And these two things go together.

On the compute side, what we have done is we have quadrupled the capacity of our high-performance computing centre. This has allowed us to increase the speed at which we can do our processing by about 5 to 10 times. And some steps actually are increased by 50 times. What all of this does, put together, is it actually helps the subsurface teams to increase the speed at which they can build a hopper. It helps to better exploit the resources that we have right now. It helps the teams to actually build quality through choice, as Gordon is talking about. And a lot of this we are doing both in partnership with NVIDIA and with the deep technical expertise our teams have built over time. So that is the sum of the contribution I think I would add from seismic, from the technology perspective.

Murray Auchincloss: It is a bit of a long answer to a complicated question, but I would round it off by saying we have fantastic petrotechnical capability. It has always been strong and remains strong, and we are really proud of the results. So well done, guys.

Craig Marshall: Thanks, Ryan. We will move next to Peter Low at Redburn. Peter.

Peter Low (Redburn): Hi. Yeah, thanks. And perhaps just on bpx, there is a step-up in production this quarter. And you have now brought online your fourth and final delivery centre in the Permian. What should we expect for the production trajectory from here for that business?

And then the second question was just to go back to Convenience and Mobility. As you say, it is a particularly strong result, I think the strongest for quite some time. It sounds like that is not coming from TA. So can you perhaps elaborate where that improvement is coming from? Thanks.

Murray Auchincloss: Great. I will let Gordon think about bpx while I answer C&M. C&M performance is very broad based. We have seen exceptionally strong results across C&M Americas, C&M Europe, C&M Asia. So it is coming from all the convenience and mobility businesses there. That is tight cost control, management of product and managing margin effectively. We are near record levels of profitability in aviation. And of course, you can see the eight great quarters in a row for Castrol.

I think the last thing to say is the midstream and supply teams are really looking hard at optimising our value chains, and we are pushing further down value chains to try to optimise margin, bringing trading midstream closer and closer together as we work together to drive real outcomes. And that is another source of brilliant performance from the teams. And I look forward for continuing strength in this space especially.

So I hope that helps, Peter, and Gordon, over to you on bpx's production trajectory?

Gordon Birrell: Yeah. Hi, Peter. bpx production, our strategy laid out during Capital Markets Day remains the same, which is 7% CAGR through to 2030. Growing the business to 650,000 barrels per day by 2030. And that stays on plan. Of course, it will not be a perfectly straight line through to 2030, but the overall strategy remains the same. 1Q to 2Q production was particularly strong, 16% quarter-to-quarter growth, 1Q to 2Q, and really strong production. Efficiencies coming through strongly. That is what I observe in bpx under the leadership of Kyle Koontz and his team. Some of the capital productivity metrics continue just to improve. On the NPV per section metric we are one, two or three across the three basins that we operate in, and reserves per foot drilled were top quartile across our three basins that we drill in. And we are number one in the Blackhawk and the Haynesville. And these metrics just keep improving as the team focus on them. So production is strong, and we expect it to continue to be strong through this year.

Craig Marshall: Thank you, Peter. We will go next to Doug Leggate at Wolfe in the US. Morning, Doug.

Doug Leggate (Wolfe): Good morning everybody. Thanks for taking my question. I actually have a follow up on bpx. Maybe I will direct it to Gordon, given he answered the last one. Gordon, you had the reorientation of the partnership with Devon Energy. And my understanding is you got a disproportionate share of wells in progress that probably helped your volume in Q2. So I am just wondering if that was a one-off or if you expect that to be the new baseline to grow off? We did have a chance to talk to Kyle about this, and it seemed to us that there was some upside risk to that longer term growth target. That is my first one.

And my second one is for Murray or maybe Kate. If I look at slide 15 in your deck, when you were talking about the structural cost cutting, the cost savings, you have got \$900 million this year to date, but an offset is \$800 million of the growth and the organic, the acquisition piece. So my question is how much of the \$4-5 billion over the 2027 timeline would you expect to also have offsets? In other words, how much would actually flow through to the bottom line? Thank you.

Murray Auchincloss: Super. I will let Kate take the structural cost conversation, and then Gordon to take Devon. Go ahead, Kate.

Kate Thomson: Yeah. Hello? Doug. Good morning. With regard to the structural cost reductions, so \$1.7 billion so far since we announced the \$4-5 billion of structural cost reductions. As I look through the first half, in particular of this year, you can see the bricks that we are trying to be as explicit as we can in terms of what are the costs that are going up in our organisation versus how is the structural cost reduction offsetting those. We said we were going to grow the Upstream. That was a key part of our strategy. And we are doing that. That brings cost with it. So as you can see from the first half results, we have added about \$200 million of costs associated with higher production in bpx energy and bringing major projects online.

The other thing that has gone on with regard to growing the organisation is the acquisition costs associated with Lightsource bp and bp bioenergy. We also have environment of around \$400 million. \$300 million of that was inflation in the first half of the year. And then more than offsetting that is the \$900 million of reductions going the other way to deliver the absolute cost reduction.

As I look forward to the \$4-5 billion, I want to see material cost reductions flowing all the way down to the bottom line. That is good for us. It is good for our shareholders. In terms of quantification, it is very hard to call it because it is very hard to see what is going to go on with regard to inflation in the environment. We have seen wicked inflation in the last three or four years. I do not want to box myself in by predicting what that is going to become. But you can hear, I think, from the tone of what we are saying today, that we are relentless in our drive to get as competitive and as lean as we can within the boundaries of safe operations and growing our organisation for long-term shareholder value.

Gordon Birrell: Hi, Doug. Thanks for the question. The first thing I would say is we are very happy with the value uplift from the Devon transaction. Devon had been a tremendous partner for many years. We worked well with them in that part of the lower 48, but it was time to simplify and do our own thing. So we are very pleased with the value uplift. We are very pleased with the transaction. To be specific on your question, the amount of production that came with the transaction was very, very small. Now, it will grow as we bring some of the drilled uncompleted wells online, but it does not represent a massive new baseline for our growth. It is a relatively small wedge.

Craig Marshall: Thanks, Doug. We will take the next question from Biraj Borkhataria at RBC. Biraj.

Biraj Borkhataria (RBC): Hi. Thanks for taking my question. I wanted to go back to the comments around the strategic review or thorough review of the portfolio, because you obviously did a thorough review ahead of the CMD. So does this mean you start with a blank sheet of paper again and start over, or should investors assume this review is for things over and above what you've already announced? And the question relates to Castrol. Because if you are doing a thorough review of capital allocation, would it make sense to do a big transaction like that, or would you wait for it to finish the process?

And then the second question is just on the financial frame and net debt. I see reported net debt going down, but the lease stack is going up. And also the lease costs are creeping higher again. Could you just talk about, from here, whether you would expect the total leases to be stable from here, or move up or down, or what exactly is driving that? Thank you.

Murray Auchincloss: Biraj, on the first one, we obviously are starting our portfolio review from where we stand now. So we made a bunch of decisions back in February, and we have had a whole bunch of additions to the portfolio from the Upstream that I talked about. And within a \$13-15 billion frame, we now need to think what is the right priority driving for value and returns on behalf of shareholders. There is no change to the divestment programme. We continue to have a \$20 billion divestment programme and we continue pushing Castrol forward. So rest assured, this is all about trying to stay within the strategy, accelerate the delivery of it, but, of course, continuing to drive quality through choice, which we live and breathe each and every day.

Kate, over to you on the other question.

Kate Thomson: Yeah. Hi, Biraj. Just on leases, so the way that we think about leases is pretty different from the way that we think about debt. At the end of the day, we are

incurring leases directly to drive value in terms of production, etc. And as you look at what has happened year-on-year, our lease liability has grown by about \$4 billion from this time last year. Just over \$2 billion of that is the accounting for the floating LNG in Mauritania and Senegal. To my point, it is about driving production. And offsetting that is about \$900 million of recoverable, which we will receive from our partners in respect of those lease costs. There are a couple of other moving parts. We brought onto our books about \$600 million of leases associated with the bp Bioenergy acquisition. There was a lease renewal of about \$400 million in one of our refineries in the US. And then there is some trading around lease opportunities, which I will not disclose because that is commercially sensitive. So leases are an area that we step into deliberately to drive value for shareholders. And I think they are appropriate. We, of course, are testing them to make sure they are of value to us. But with regard to the forward shape of it, it will depend very specifically on some of the big moving parts, particularly in our Upstream portfolio. We have been talking a lot about Brazil and Bumerangue on this call. Now, if that moves at pace, I can foresee a number of lease situations potentially around FPSO over in Brazil that will be added to that, and rightly so with regard to our lease liability on our balance sheet. So it is very difficult to guide going forward. That depends on the resource allocation decisions that we step through as we get to each final investment decision.

Craig Marshall: Thank you, Biraj. I am going to jump back onto the telephone now for two questions. First one from Paul Cheng at Scotiabank.

Paul Cheng (Scotiabank): Thank you. Good morning, or good afternoon. Gordon, want to go back into the bpx. The second quarter, the production increase is quite impressive. Is it all coming from Permian? And also, can you give us some idea then how is the Haynesville, your drilling and development plan is going to look like for the remainder of the year into next year? Are you adding any rigs over there?

The second question I want to go back into Brazil. Can you give us some kind of idea? Let's assume that you are going to take multiple boats for the development, because the reservoir is very big. And from a cost recovery standpoint, is all the cost in one pool, or that is individual project basis? And can you give us some idea about the timeline? I will assume to fully delineate that you may need at least say three or four appraisal wells. So is that the earliest, that if everything go according to plan, maybe late 2027 or early 2028 FID? Thank you.

Murray Auchincloss: Gordon, I will let you do Brazil, and I will answer bpx to give you a bit of relief. Why do you not start off with Brazil?

Gordon Birrell: Yeah. Thank you. Hey, Paul. Thanks for the question. I will answer the easy one first. The terms of the lease that we have in Brazil is public knowledge, and it is one cost pool. So everything is funded through a single cost recovery pool. And then I would expect that we need to get the results back from the lab on the full compositional analysis, which will inform the hydrocarbon that we have in the column, and that will then inform the detail of the appraisal programme. So we have more work to do to plan it. But I would expect, as you say, a three or a four-well appraisal programme to allow us then to move to a full field development. I would not speculate exactly when we would have that appraisal programme done, but we will move at pace as soon as we get these

results back. And in fact, of course, we have done some pre-drill work already on an appraisal programme. We are not starting from scratch. But we will move at pace on appraisal.

Murray Auchincloss: Fantastic. Thanks, Gordon. And then on bpx, just to step into Gordon's space a bit. The growth between 1Q and 2Q, principally the Permian, with the ramp-up of Crossroads as well as an awful lot of work on refracs and infill drilling in the Eagle Ford. Just to remind you, the refracs are working fabulously, and the infill programme on wells drilled a decade ago are twice as productive as the original wells. That is just the changing technology on frac over time. So we are seeing a lot of growth out of the Eagle Ford. Assuming prices stay relatively stable, you should expect liquids production out of bpx to continue to grow through the decade. Of course, if price moves up or down, we may change that capital allocation, but that is our sense right now. As far as the gas basins, I think the first thing I would say is capital productivity is really improving. We are about 10% year-on-year improvement in capital productivity right now. In the Haynesville, they just drilled their first 'U' well, so that is a vertical well, then a big 'U' with fracks on the straight sides of the 'U'. Obviously you do not frack into the 'U'. And we were getting tremendous productivity out of that. We are seeing from three well pads, 160 million scuffs a day out of three well pads, and with the capacity to get up to 180 million scuffs a day if we can solve some metallurgy issues.

So I think productivity is fantastic. And the business is actually holding gas production relatively flat, around two to three rigs. That is across the Permian, the Haynesville, the Eagle Ford, the Hawkville, etc. So the team is doing a very, very good job in that space. As far as what we will do with 2026 and 2027 ramp-up, that is still something that we are thinking about. We are watching gas prices. We have started hedging out 2026 and 2027, and that will determine how much we lean into that space by adding rigs. That is a decision we will make in the fall as we head towards our 2026 capital allocation. So ask me again next quarter and we can answer that question. Thank you, Paul.

Craig Marshall: Thanks, Murray. Thank you, Paul. We stay on the phones and go to Chris Kuplent at Bank of America. Chris.

Chris Kuplent (Bank of America): Thank you. I hope you can hear me okay. Two quick questions for me remaining. First one for you, Kate. Can you square the circle for us a little bit on disposal proceeds and your net debt guidance for the end of the year? I noticed TANAP has been structured as an equity raise. How does that relate eventually to a net debt reduction in the way you consolidate it? And any other niggles for us to be aware of in terms of how you structure some of these disposals that have been announced.

And then the second one, back to Murray or perhaps Gordon. On the topic of strategic review and what else you might think of around your portfolio, you are one of the last super majors with UK North Sea assets not in some sort of new JV. You have pioneered the structure you have kicked off with Akerbp in Norway. Is the UK a particular focus for yourself as you review potential portfolio changes? Maybe you can comment on the value of that in your portfolio. Thank you.

Murray Auchincloss: Great. Thanks, Chris. Gordon, why do not you tackle North Sea, and then I will hand over to Kate on divestment process.

Gordon Birrell: Yeah. Thanks, Chris. The North Sea, we have a proud history and we are proud of the team up there producing for over 60 years now. And it has been a tremendous piece of business. The reason we have not jumped into a joint venture is we believe we have got the best portfolio up there, and that has been our view for quite a while. However, we are also monitoring any potential changes to the fiscal situation in the North Sea, which we expect to get some clarity on at some point this year. And then I think once we get clarity on the fiscal situation, we will then make decisions. So it is just too early. We have to get a little bit more information on the North Sea. I would say a North Sea performance this year in terms of safety, production, costs has been tremendous. And so they really have stepped up, and the production facilities have been much more reliable than they were the last couple of years. So kudos to the team up there. But we stay, and we watch, and we see what happens with the review of the fiscal.

Kate Thomson: Yeah. So hi, Chris. In terms of net debt guidance, firstly, I would say that we are expecting our strong operations to continue. Gordon is doing a great job with the kit staying up and available. So we plan on that continuing. I have talked you through a level of working capital release through the second half of the year that we expect to come through. And then the other major moving part is around divestment proceeds. So we have signed agreements to the value of \$3 billion. We have had divestment proceeds in the door of \$1.7 billion.

And your specific question with regard to TANAP, this decapitalisation of pipelines, I think, is a sensible way to approach our infrastructure. We do not need to own them, but we do need to have control over the ability to move our equity production to market. So the way we account for it is proceeds. We receive the cash, but then it is accounted for through non-controlling interests. So you see that line going through the balance sheet, and you will see it going through the income statement as well each quarter.

Craig Marshall: Thanks, Chris. We will come back to Teams and take the next question from Kim Fustier, HSBC. Kim.

Kim Fustier (HSBC): Hi. Good afternoon. Thanks for taking my questions. I have two please. Firstly, I wanted to ask about the strengths in underlying cash flow ex working capital, over \$7.5 billion, which was quite impressive. I noticed that the quarter-on-quarter increase was \$0.5 billion more than the increase in net income this quarter. So could you maybe talk about the moving parts there? Was there anything unusually strong about this quarter? Any larger dividends from associates, for instance, or lower cash tax payments?

And then my second question is on the Gulf of America. I believe you are now in a farm-down process on your Paleogene assets, Kaskida and Tiber. What is the level of interest from industry, and what do you think would be the best time to farm down? Would it be at the point of FID for Tiber? And when might that be, or would it be later during the development phase? Thank you.

Murray Auchincloss: I will take Gulf of America to give Gordon a break, and I will pass over to Kate on underlying, I think tax is the answer. As far as Gulf of America goes, we are in conversations with counterparts on Kaskida. We will continue doing that and see what is possible, if we can get value for shareholders. If we can, great. If we cannot,

then we are happy to carry on for 100%. And then Tiber, we expect to bring to sanction this year. Just waiting for that to be brought up to the resource committee and to the Board. And clearly, we will not do anything until we have FID that, but that we can consider, given that we have 100% in both, that we bring in a partner. And the only question is, at what time do we think we can maximise value for shareholders? And we are in conversations with counterparts. There is, of course, lots of interest for premium assets such as this. And we just need to make sure we get the right value for shareholders as we move through that conversation.

Kate, underlying EBITDA and earnings.

Kate Thomson: Excluding working capital, our operating cash effectively grew by \$1.5 billion quarter-on-quarter. Around \$1 billion of that is due to underlying earnings. And in particular I would call out better trading, better gas trading and better oil trading. And the other major component is lower cash taxes, over \$200 million, quarter-on-quarter. And then there is another slew of various smaller drivers, but nothing worth calling out.

Murray Auchincloss: Strong underlying performance, I think, is the core message, really strong underlying performance, and well done to the team for delivering it.

Craig Marshall: Thank you. Kim. We will go to the next question from Lucas Herrmann at BNP Exane. Lucas.

Lucas Herrmann (BNP Exane): Great. Thanks very much. And nice to see some momentum returning to the business. A couple, if I might. Kate, Murray, One Big, Beautiful Bill. Fiscal implications for you, corporate tax in particular, if I could start there.

And then, the second probably to Gordon. But, going back to refining, the last two or three years, we have seen a lot of five-year turnarounds, a lot of downtime, production. The run rates that you highlight have been very good, but they have been very good on, should we say muted available capacity. As we look forward over the next year or two, how should we think about availability within that business, let alone uptime? Thank you.

Murray Auchincloss: Gordon, you want to lead off on refining? I will tackle the tax.

Gordon Birrell: Yeah, absolutely. Hi, Lucas. Thanks for the question. Just as a reminder, the 2022-2023 time frame, we were catching up on TARs from the backlog during COVID. I would say 2024-2025, a more normal period of turnarounds. However, 2Q 2025 was particularly high. And we have guided through to be lower TARs for the balance of 2025. And then as we go forward into 2026-2027, we should see lower turnarounds relative to 2024-2025, Lucas. So, we will be on the ramp down on TAR days relative to 2024-2025 as we go into 2026-2027. And I believe we can hold on to the availability that we have been delivering this half as we go through 2026-2027. That is the mission.

Murray Auchincloss: And then I think on the US legislation, we are very positive on it. The US is a very big operation for us. 60%² of our profitability and cash flow comes from the United States. We invest 50-60%³ of our capital there as well. So it is a massive business for us, and we are very proud to support the United States and growing their energy production. We look forward to growing production out of both the Gulf of

America and bpx, where, I think, it is around 10% per annum out through the end of the decade.

So we are pleased with that. The tax bill that came through was very favourable to us. Obviously, it sustained the corporate tax rate at 21%. And the immediate expensing really helps offset any pressure from tariffs as well. So it was very positive for us, Lucas. And it is very positive for us in the United States. And we are excited and happy to be continuing to drive growth.

Lucas Herrmann: Murray, is there any quantifiable benefit you can think about at this stage?

Murray Auchincloss: From a financial perspective, it was not like we were accruing a higher tax rate or anything like that. So it is a continuation of the 21%. And then cash taxes would offset anything in tariffs, I think is all I would say at this stage, although tariffs are highly variable. So I think it is not material, but it is very positive for us, Lucas I cannot really say more than that right now.

Craig Marshall: Thanks, Lucas. We will take the next question from Henry Tarr at Berenberg. Henry.

Henry Tarr (Berenberg): Hi there. And thanks for taking my questions. I had two. There was a strong rebound in the gas and low carbon business in the quarter. How do you think about that as you look into the second half and into next year? One of your peers pointing, for some different reasons, perhaps, but to a slightly lighter outlook as we look into 2026, so I wonder how you see that business.

And then the second question, in your early interactions with the new chair, what have the discussions mainly been focused on? So clearly, there is the change around the portfolio and looking into that, but which areas do you think he might have the most impact on in the organisation? Thank you.

Murray Auchincloss: Henry, first, I am really excited for Albert to come on board. He has a tremendous track record at CRH. Ten years of fantastic delivery, experiencing many of the industrial challenges that we face in an oil and gas company as well. So it will be fantastic to have Albert on board full time. We have been in conversations early on. And the question is, how do you drive shareholder value as much as you can? How do you get really, really disciplined with capital, investing for returns and value as much as you can? And how do you drive real competitive cost tension into the business to make sure that we challenge ourselves day in and day out to be the very best in the basins in which we operate, which Kate unpacked a little bit earlier.

So it is a hard performance drive. I think from a portfolio perspective, too early to judge anything. We just need to go through this and work together to see what makes the most sense for us across the portfolio, given the richness of the opportunity set that sits with us. So we will look forward to updating you in due course on that in that space.

I think on gas and low carbon, maybe you are asking a gas trading question. Maybe that is what that was. I am not sure, Henry, if that is what you were really asking.

Henry Tarr: Partly gas trading, yes.

Murray Auchincloss: Partly gas trading. Yeah, I think it is mostly gas trading. No change of assumptions for us. We run our business differently than other corporations do. We run our gas trading business for optionality and whether the market is oversupplied or under-supplied. What we look for is volatility, where we can redirect. As Carol talked about in February, 50% of our LNG business is redirectable in 2025, going to 60% in 2026. So if you have a geographic arbitrage, if you have a time arbitrage, we do not really slave ourselves to a percentage point of some slope. We do not do point to point. We tried to get this optionality. So there should not be any change in what our assumptions are for trading. In the past, we have delivered a 4% uplift to Group ROACE through trading across the past five years, and we would expect that to continue in the future. So no change to our viewpoint on how our gas trading business will do.

And of course, we have got exciting new things that have been brought online recently. Obviously, Venture Global flowing to us now. Mauritania and Senegal is flowing to us now. And something that does not get many headlines is GNA phase two started up in Brazil, where we have got a 3 GW power plant in Brazil with a 1-3mtpa short into Brazil that we have exclusive access to. So an interesting new addition to the leg of trading moving forward.

So hopefully that answers your question on gas and low carbon, Henry.

Craig Marshall: Super, Henry. We are five minutes over time. So I think there is a couple of questions polling for a second time. Please relay those questions back to Investor Relations. We will certainly get answers back to you. My thanks to everybody on the panel. And maybe I can just hand back over to Murray to close the call.

Murray Auchincloss: Super. Well, thanks to Gordon, Emeka and Kate, and thanks the entire bp team for delivery. It was another strong quarter for bp, operationally and strategically, and encouraging progress. As I have said, this is two quarters into a 12-quarter programme. And there is a lot more to do across the next ten quarters. We are fully focused on delivering safely, reliably, investing with discipline and driving performance improvements across all parts of the business, all in service of delivering our four key targets and in maximising long-term shareholder value we can and will do better. Thanks for listening and – for those taking vacation – I wish you a peaceful and relaxing break, and we look forward to talking with you soon. Thank you.

[END OF TRANSCRIPT]

Footnotes

1. Four over 2026 and 2027
2. 30-40% of our profitability and cash flow comes from the United States
3. 40-50% of our capital