bp 3Q 2021 results: Webcast Q&A transcript

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Q&A TRANSCRIPT

Operator: If audio participants would like to ask a question they may do so by pressing star one. To cancel your question please press the hash or pound key. If you are listening on the web please submit your question using the web question facility.

Craig Marshall: Thanks again everybody for joining us this quarter. As usual, please if I can remind you to restrict your questions to two so we get everybody to ask their questions over the next coming few minutes. IR is available after the call to follow up on any more detail. On that note let me turn to Jason Kenney at Santander for the first question.

Jason Kenney (Santander): Thanks very much. Hey Bernard, Murray. I am struck by the number of strategic collaborations for bp developed particularly over the last couple of years. There are some smaller ones like Blueprint and BluSmart. You have got the obvious ones like Jio-bp and DiDi and then the big one, Lightsource bp. Then there are things like the Masdar. Everything is all coming in. I am wondering what the bp of the future will look like and how much of the new energy business is being directly driven by bp and how much is dependent on the correct alignment with the right players and the right technologies or the best scalable new value chains. Any thoughts on that would be much appreciated. Then specifically on the hydrocarbon positions like Angola and Iraq which you are looking to move outside of bp, could you maybe comment on other hydrocarbon positions that may be ripe for being positioned in an independent supportive operation? Thanks.

Bernard Looney: Very good Jason, good morning and good to hear your voice. Maybe I will take a little stab at the partnerships and Murray can add if he wishes. I will let Murray talk a little bit about the hydrocarbons and what we are doing there. I think it is really a couple of things in terms of partnerships, joint ventures and so on. The first is that the energy system of the future is more diversified. It is more complex. It is more local. And it lends itself to the need for different skills to come together to help solve those problems. It sometimes needs local partners like we have with DiDi in China, like we have with Reliance with Jio-bp in India. One is the energy system of the future will encourage us to partner and the second thing I would say is that partnerships and relationships are part of our DNA. I think we are a company that has long seen partnerships as a sign of strength, not necessarily a sign of weakness.

The encouraging thing for us, Jason, is that not only do we want to partner and in some cases need to partner, but it is that other companies wish to partner with bp. You mentioned some of them but I think it is incredible to see. Our investment in Digital Charging Solutions this quarter in Europe opens up hundreds of thousands of customers to bp and that is a joint venture with Daimler and with BMW, getting us in that software so that customers can be pointed to our charging stations as we build them out here in the UK and in Germany. We would not be able to do what we are doing in China. We opened our 100th site in China in EV charging in the quarter. We are up eight-fold year-on-year in terms of the number of charge points in China. I would just let you know that China took 11 years to go to 5% of EVs in the marketplace and it took seven months to go from 5% to 10%. DiDi is an excellent partner for us there.

Reliance in India, what we are doing Mukesh Ambani and his team on the natural gas side, we hope to be providing between 15% and 20% of India's natural gas over the next several years, something that is massively important to that country's transition. At the same time opening our first Jio-bp station. So partnerships are something that we love. We have a great relationship and track record in them. PAE in Argentina, Aker BP in Norway and I just think it is part of the future. It is part of what the energy system is going to need and it is something that we are leaning into. As I said, not only do we want and need partners but it is encouraging to see that people want to partner with us.

Murray Auchincloss: Morning Jason. The only thing I would add is if you looked back to the 1970s and 1980s at the historic upstream and downstream you have been seeing similar types of announcements of bp working together with other companies to develop both the upstream and the downstream. I think we are back in that phase of building, so that is the nature of the cycle we are in. As far as transactions, etc I suppose Bernard and I over the past decade have done a couple of transactions with partners to create value. They are always very value-driven. If I think back to Alaska, what we did with Hillcorp, Northstar and Endicott, created a partnership. I think it is five years ago we created the partnership with Aker BP and the share price on Aker BP is up quite substantially over that time period. Four-fold, that is not bad is it? I think every ten years it looks like we can do two of these things and the next one is obviously Angola, working with our partner Eni. We see a great industrial synergy opportunity there that we think can create a lot of value for partnerships. We are constantly looking for these things. They are just very difficult to do and they are very difficult to align. I am not going to forecast any future ones but we are always looking for ways to create value here for shareholders and it looks like our hit rate is about two every ten years. Let us see, Jason.

Bernard Looney: It is all about unlocking value and that is what we are trying to do with the portfolio. You should expect us to continue to be laser-focused on it and I think we can do a bit better than two every ten years but let us see. Day by day. Thanks Jason.

Craig Marshall: That is great, thanks Jason. We will take the next question from Christyan Malek at JP Morgan.

Christyan Malek (J.P. Morgan): Hi, good morning, thanks Craig. Hi Bernard and Murray, good to hear your voices too. Two questions, if I may. First, activism in the space, regarding the breakup logic appears to be on the rise, be it in the US or Europe now. I want to know your thoughts on the case for a carve-out of the gas, low-carbon renewables business. And sort of understand partnership and JV and industrial logic of that following Jason's question. I wondered to what extent that can sit within a separate business and you continue to partner in a sort of bp New Co. I would love to hear your thoughts on that. The second question is on your TSR guide. It is interesting you have benchmark the TSR guide on your future outlook of CFFO. To what extent is that based on the operational execution outlook versus your belief in firmer macro pricing? It would be worth hearing your thoughts on the latter point as well in terms of how you see the oil price over the next few years, if that is ultimately what is driving your increased confidence. Thank you.

Bernard Looney: Very good. I will let Murray take the second question around TSR and I will see if I can tackle your first question. Good also to hear your voice, thanks for being on the call. The first thing that I would say in the matter of this question around breakup and so on is that we are not hearing that call from our investors. I think that is the first and foremost thing. We are not hearing that from investors today. Why? I think our strategy is clear. I think it is increasingly clear as people get more comfortable with it. I think our financial framework is clear. I think our investor proposition is clear. And I actually think, if I may say, it is working. Third quarter in a row of good strong results. The balance sheet is strengthening, six quarter in a row of net debt coming down. We are generating cash. I hope you will have seen, we are a cash machine at these types of prices. We are investing in the transition with discipline, step-by-step. From what we see, Christyan, shareholders increasingly like what we are doing. We are encouraged. We chose the name of our strategy, last year before these conversations, for a reason and it is called an Integrated Energy Company. We chose that name because we believe deeply in the premise of being an integrated energy company being the way to not only help the world transition but importantly to create value from that transition.

The reason we say that Christyan, is twofold. Number one, we need cash flow to invest into the transition and our existing businesses generate enormous cash flow. As you guys have done the maths better than I do, adjusting for working capital we are close to $8 billion of operating cash in this quarter. When I look at some renewable companies out there I see some of them struggling to fund their growth. That is not a problem that a company that is an integrated energy company will have and it is not a problem that we have.

The second thing that I would say is, if I take a country like the United Kingdom. What other company can take natural gas, build a power station, capture the carbon, take it offshore and store it underground? What other company can take and build offshore wind, build a hydrogen facility on the back of it, take that electricity and put it into the largest charging network in Britain, at the same time sign a deal with Daimler to explore the potential for hydrogen trucking infrastructure in the UK, sign a deal in Aberdeen to look at hydrogen for public transport and at the same time have a trading business that can help customers hedge, plan and have predictable and reliable sources of energy? As the energy transition becomes clearly more complex in people's minds, I think the role for a company like bp becomes clearer and clearer by the day. We believe, Christyan, long story short, that we are better together. As we deliver each and every day and as we deliver each and every quarter, we want to be pretty boring, predictable and reliable, performing while transforming is what you will continue to hear from us. I think that proposition will continue to strengthen. Let me just leave it at that.

Murray Auchincloss: On the TSR question Christyan, I think you are asking about our financial frame. What we have said - dividend is the first priority. Has the capacity to grow by 4% per annum, assuming $60 per barrel through 2025. Second part is to reduce our net debt. Third part, invest in the transition and sustain capex on our historic hydrocarbons business. Then surplus cash, at least 60% through share buybacks and obviously for 2021 we have said 60% buybacks, 40% debt reduction to protect the balance sheet. As we guided on the share buybacks, we said at $60 per barrel. That is not a forecast of the future oil price. That is just an assumption of what the oil price was and we said that we could do around $1 billion a quarter out through 2025 at $60 per barrel. It is not our belief on what the oil price will be, it is just a helpful guideline for you the sell-side and for our shareholders to understand what our capacity is. Of course if oil price is higher than that that buyback potential can increase. Obviously, if oil prices are higher and that is what you have seen happen with our third quarter results and the announcement of the $1.25 billion of buybacks.

On oil price itself I think we have got a constructive outlook on oil price. Demand is up above 100 million barrels a day again. We are not back to pre-Covid levels. We think we will be there somewhere next year back to pre-Covid levels. Of course OPEC+ is doing a good job managing the balance. So we remain constructive on oil price and it does not really relate to the $60 per barrel. That is just a useful assumption for you to model our business.

Christyan Malek: Thank you.

Craig Marshall: Thanks Christyan. We will take the next question from Michele Della Vigna at Goldman Sachs.

Michele Della Vigna (Goldman Sachs): Thank you very much for your time. Two questions, if I may. The first one is about cost inflation and delays in offshore wind. The oil and gas industry has tremendous experience on delays, bottlenecks, cost over-runs and you carry it with you into a new business. I was wondering, what can you do there differently from your competitors to be able to manage better this risk, which seems to be rising in offshore wind effectively for the first time in the last decade? Then my second question is about electric mobility. I was wondering if there are some key metrics you are looking at in terms of percentage of EV penetration or of utilisation of your charging points that really are key to achieving profitability in this rising and growing business. Thank you.

Bernard Looney: Very good Michele, thank you and good morning. I might ask Murray to talk a little bit about cost inflation and he has the supply chain function within his remit but also capability and things that we have. Murray will talk about that. On electric vehicles I have to say it is one of the areas that I think both Murray and I are most excited about. Emma Delaney and Richard Bartlett and the team are doing a fantastic job in this space for us. And what are the things that we look at? I mean the real driver here is utilisation rates. And utilisation rates are going up, and up, and up. We sold 45% more electrons in this third quarter than we did in the second quarter. And that's because, yes, we're growing infrastructure, and importantly, we're growing fast, rapid and ultrafast infrastructure - which is our focus - 50% of bp Pulse now is rapid or ultrafast. And that means that we're getting more electrons through the system. More kilowatt hours through the system. So, that's the key. 45% increase in electrons. People talk a lot about the number of charging points. Quite frankly, we need to talk about the number of electrons sold. And I think we felt – we sold 40 gigawatt hours of electricity, or electrons, in the third quarter. So that's the key. We're seeing this happen right around the world. I think it's really, really encouraging. And in China, as I said, we've opened our 100th site. That's an eight-fold increase now, year-on-year, so that's going very, very well. In Germany, we signed a deal with Burger King, to put charging points in their sites, that will drive utilisation. In Europe, we signed a deal with Digital Charging Solutions to drive utilisation. In India, we've opened our first Jio-bp retail site, which has EV charging on it. We've bought into BlueSmart, which is India's all-electric ride hailer. So, you can see here a system that is coming together, and

I haven't talked about fleets in our deal with Uber here in London, and if you have time to ever visit our Park Lane charging station, where we have dedicated Uber charging points. So the key in all of this is utilisation. The key here is electricity sales. And of course to do that, we've got to have the right locations, which we do. 90% of people in Germany and the UK live within 20 minutes of a bp retail site. That's number one. Number two. We've got to have fast charging, because people do want to make sure that they can get a charge quickly. Number three. We've got to have a good digital offer, which we have, and we will continue to improve. Number four. We've got to have a safe and secure location for people to charge, which we do at our sites. And number five. We've got to have a strong convenience offer, so that people can grab that cup of coffee, or that sandwich while they're charging up, and that's what we're doing. Hammersmith is the busiest charging site in Britain. 7,400 transactions in the third quarter alone. That shows us the future. That shows us what's possible. If you ever drive by the Hammersmith site here in London, and you will see our charging points pretty much full. So, it's a pretty cool business. We're excited about it. It's a part of the transition that I think is going faster than predicted, and you can expect us to be all-in on making that a very significant part of the company's future. Murray.

Murray Auchincloss: Great. I think on offshore wind and the supply chain, the sector is starting to see some inflation inside steel. No surprise, given what happened with COVID. And about every two months, I sit down with our team on offshore wind to continue to learn and see what's happening. So, the last time I did that was a month ago. And the big choke point actually is offshore installation and offshore logistics. Now, the funny bit is that's the exact same thing that I talk about with other teams on the oil and gas side. So, you know, the way that we'll manage this, it looks to me like about 60 to 70% of the supply chain overlaps, between offshore wind and offshore oil and gas. That's a rough estimate. And the typical way we've managed these things is big, long-term frame agreements on steel. So, so far despite input prices rising, we've been able to use our frame agreements to offset that inflation on the oil and gas side, and I'd expect as we move through offshore wind, we'll bring those two things together and manage that inflation. And the other things we do is we have big programmes of activity. So, in the offshore UK, we'll have subsea programmes, we'll have pipe lay programmes in the upstream, and we'll be sharing the logistics and the lift vessels across both the offshore wind and the historic oil and gas position. So, there's quite a bit of overlap. We know all the things that we do to manage this inflation. We're pretty decent at managing capital in this space. I think if you heard Bernard talk about our project delivery over the past five years, you know, we targeted to spend $42 billion, and we spent 15% less than that across 34 major projects across a very busy time period. And that exact team has now moved into offshore wind. We'll move into onshore CCUS and onshore hydrogen, and we look forward to taking all those lessons that we built up over time in the upstream into the downstream and into low carbon. So, I think, yes, we're seeing a little bit of inflation in that space, but I think we'll be able to use everything we've learnt from upstream oil and gas, and our leverage with the supply chain to manage this risk.

Bernard Looney: Thanks Murray. Just one fun fact on electrification before we let Michele go. It took China 11 years to go from zero to 5% EV penetration. It took them seven months to go from 5% to 10% EV penetration. It's incredible. And someone just said that we doubled the electrons sold in Germany quarter-on-quarter. So, this is a fast-moving business, and we're well positioned.

Murray Auchincloss: And if you wanted to measure returns, the general statistic we hold is, if you get 10% utilisation on a fast charger, you'll make a 10% return. That's just for pure electrons themselves. Of course, this is not just about the electrons. It's about the convenience as well. And when somebody goes to charge their car, they spend probably eight minutes, as opposed to four minutes. And hopefully, they come in, and they get a nice cup of Wild Bean coffee and a sandwich, and that will certainly enhance those returns.

Bernard Looney: And utilisation at Hammersmith is definitely above 10%. Now, we don't have Hammersmith's everywhere, but it's a sign of the future I think. Great. Thanks Michele.

Craig Marshall: Super. Thanks Michele. We'll take the next question from Oswald Clint at Bernstein.

Oswald Clint (AB Bernstein): Hi, and good morning. Thank you very much everyone. India Jio-bp, the new station which you've mentioned a couple of times this morning. I have to admit when I read that, I saw a lot of the word 'free'. I saw, you know, free Active fuel within the standard fuel, I saw free oil change, etcetera, etcetera. So, I just wanted you to tell me, please, what's the revenue model, or where is the margin? I'm not sure what retail margins are in India. But is it bulk standard fuel, is it the EV charging, you just talked about the refreshments or things like that. You know, it would just be great to flesh out how this all comes together. Is there any cross subsidisation that's taking place. And then secondly I mean, there's obviously still some concern out in the market about your shrinking upstream, and it's pretty amazing to see just how low your expiration write-offs are this year, basically zero, but could you just talk about your base decline rate at this point in the year, and how it's comparing to your expectations please? Thank you.

Bernard Looney: Oswald great. And Murray, you'll maybe help me on decline rate, so I'll say something on the 40%. And then India, look, I think, you know, we're at the very early days. It's our first Jio-bp site. The existing 1,400 Reliance sites will be rebranded over the coming months. The margin here is a margin that crosses all the way from margin on fuels, to margin on convenience, to margin on charging. I mean it is a complete customer capture strategy, so to speak. And I think the numbers here in the UK now are climbing and climbing. And we're seeing that in the UK.I think we used to say over 50% of customers that visit a bp retail site in the UK don't buy any fuel. That number has risen to, I think, between 60% and 70%. So, consumer habits are changing, basket sizes are increasing. Here in the UK, we see basket sizes have risen 20% pre-pandemic. So, it is an integrated offer, if I may use that word. And in terms of free, you know, think of it as customer capture. You know, people made a lot of Jio, issuing free mobile phones. Today, I think they have 400 million users on their platform. So, customers matter. We invest in customers, we want to attract and secure customers, and we'll do that in India as Jio did incredibly successfully with their mobile network. And, you know, it's fantastic, actually, for this venture to be called Jio-bp, given the footprint, and reputation that that mobile network has. In terms of the 40%, I think a couple of things I would say, and we'll talk more about this at our 4Q results in February. A 40% reduction in production does not equate, as you know, to a 40% reduction in cash flow. This is all about a high-grading of our portfolio. This is a value optimisation strategy, pure and pure. We intend to grow our earnings through the middle of this decade, despite shrinking our volumes by 20%. We take cost out, we make sure that we're focused on the highest margin barrels. We drive the unit margin per barrel up, and you'll see us continue to do that through the decade. I think this is increasingly understood as a strategy that's focused on optimising value, that's focused on value, and I think is absolutely the thing that we need to be doing. It allows us to really focus our capital; it allows us to make sure that our exploration strategy, as you pointed out, is focused on infrastructure near existing assets. It's all of those things that I think is 100% focused on, how do we create maximum value from these hydrocarbon assets that we have. Murray, anything to add?

Murray Auchincloss: Just on base decline. Plant reliability – Gordon Birrell and the team had a very good quarter, 95.4%[1]. So, very good performance on the facilities themselves, which forms a part of the base. We guide Os, as you know, to 3-5% decline. We don't have an annual number yet. We've still got another 60 days to go. But I suspect, as usual, we'll do better than that, is my guess. The places where we have base decline is gas basins. You can see bpx, because of the lack of capital investment last year, creates some base decline, and then Trinidad, we've had some base decline as well. But the rest of the business is holding up super well, and I suspect at year end when we report back to you, we'll be at the lower end of that range, if not slightly below it. So, 3-5% remains good Os.

Oswald Clint: Super. Thank you.

Craig Marshall: Thank you Os. We'll take the next question from Irene Himona, at Societe General.

Irene Himona (Societe Generale): Thanks very much. Good morning. My first question, well, Bernard, congratulations on delivering the 900 kbd of new projects, new barrels, which you said five years ago. At the time, you had said that at $50 or $55 Brent, these barrels had a one third higher margin. In today's environment, $80-85 Brent, give us a sense of how superior the margins on those new barrels are, compared with legacy, please. And my second question on gas trading, which this quarter you described as strong, the press had mentioned recently a figure of 500 million, is that realistic? How should we think about it? Is 2% enhancement to group ROACE from trading, which you provided before, still valid in this environment? Thank you.

Bernard Looney: Irene, good morning, and I'll let Murray take the gas trading question, and I will take the question on the 900,000. Thank you for acknowledging that. The thanks and congratulations don't go to me; it goes to our organisation who, I hope, some of them are listening in. They have done an extraordinary job, and I hope you don't mind me boasting about them for a moment. But this has really been an incredible achievement. This is 34 major projects across 11 separate countries, delivered for $36 billion, net, to bp. That's around 15% under budget, and on schedule. It is a pretty extraordinary set of outcomes. And of course, it speaks to a couple of things. One, that we like to do what we say. So when we tell you something, we intend to deliver on it, and secondly, project management. And project management is a capability that doesn't know oil and gas as a boundary. And what I mean by that is project management is as applicable to building a hydrogen facility, or building an offshore wind facility, as it is to building an oil and gas

[1] In the third quarter 2021. Year-to-date plant reliability was 94.3%.

facility. So thanks for acknowledging it. In terms of margins, I think Murray and I would say that - it was 35% higher margin than the existing portfolio - and I think today, we would say that at these prices, that 35% margin delta is about what it would be at these prices as well. So that margin uplift remains intact. And of course, it's one of the reasons why we can grow cash flow, grow EBITDA, while reducing production as we focus on those high-quality barrels. So that 900,000, much of it is on, much of it is coming on, Mad Dog Phase 2 comes on next year in the Gulf of Mexico, quite frankly coming online into an incredibly strong oil price environment, and you will see that in the cash flows of the company. Murray, gas trading?

Murray Auchincloss: Hi Irene. Nice to hear your voice. So, just thinking back to last year, when we guided on trading. We said that trading enhances the returns of bp by around two to three percent[2]. No change to that guidance, we'll update you in the New Year, with any different thoughts on that perspective, but no change so far. In the third quarter, yes, there are some press speculation around a number. We don't talk about speculation, and we don't disclose those numbers. It was a strong quarter for gas trading. You can see that in gas and low carbon. But I must say that the realisations were very strong as well in the quarter, and production was very strong as well. So I think the team inside gas and low carbon had a great quarter for production, a great quarter for realisations. It was a strong quarter for gas trading as well. But we don't provide numbers, obviously, and the numbers in the press we're not going to comment on.

Irene Himona: Thanks very much.

Bernard Looney: Thanks Irene.

Craig Marshall: Thanks Irene. We'll turn to the US for the next couple of questions. The first one from Paul Cheng at Scotiabank.

Paul Cheng (Scotiabank): Thank you. Good morning. Bernard, you mentioned the EV charging business, is really all about utilisation rate. Can you share with us what the utilisation rate is in the major operating regions for you at this point, and what is your target over the next couple of years? And also, do you have a number of what that business's EBITDA contribution is in the quarter that you can share. The second question, do you have an estimate for the hurricane Ida production impact in the Gulf of Mexico, and the earnings impact related to that. And also, one of your peers has sold their Permian assets and they say that's because of lack of economy of scale, or at least that's one of the reasons. So I want to see how you guys view your bpx business. Thank you.

Bernard Looney: Well thank you. I'll ask Murray to comment on the Gulf of Mexico (GoM) and bpx –And in terms of utilisation rates, we're not giving utilisation rates by region yet. I think the reality is that they're sitting today probably on average below 10%, and, you know, we're concentrating on probably three key markets, with two markets today, and one to come over time. The three key markets being China, Europe, and the US. US will probably be more of a fleet story. The EU is on-the-go charging which is where we think the majority of the gross margin pool exists. And China will be a combination of fleet and on-the-go. Utilisation rates today are below 10% on average, I would say, but they're only going one direction. There is no doubt about that in our mind, and some of the numbers

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[2] Trading & Shipping adds up to 2% to bp's overall Return on Average Capital Employed, or ROACE.

that I have just given about the pace of growth of EV penetration in China is just one example, but you see it all throughout the world. So, they're going to go up, and as they go up, the business becomes more profitable. We're not providing EBITDA on a charging basis just yet. I think we're providing a lot of transparency. Some people would say too many metrics, but no doubt as that business becomes more material over time, you can expect us to start talking about that. But that's not for today. Murray, the GoM, hurricanes, and bpx.

Murray Auchincloss: Great. Hi Paul. On the GoM, the impact on the quarter was about 60 mbd. I'll let you do your calculations on what that is. I think there's about a 15% royalty rate in the US offshore, and operating costs are pretty low, sub-$6 a barrel. So I'll let you do the calculations on what that gets to, rather than provide a number. And then on the Permian and bpx, we're very happy with our bpx position. It's doing much better than we hoped when we acquired it. Cost synergies are well ahead of what we expected. Drilling efficiency is well ahead of what we expected. Reservoirs are showing up in the Bone Springs that we hadn't anticipated at the time. So I think operationally, all things, we're very, very happy with. As you can see from our disclosure the website, they're back to growth now as we invest more capital into them, and we're gradually ramping up from about a $1 billion this year. We'll probably ramp up to $1.5 billion next year.

The programme inside the Permian will focus on building out the infrastructure to make sure that there is no flaring or methane going into the atmosphere as we go into the next leg of drilling in the Permian. We think that is extremely important not only for the environment but also for profitability. And obviously, we are drilling in the Eagle Ford as well.

We will take a big dividend out of the business this year, and we anticipate continuing to take dividends out of it on a growing basis. Probably by the time we get through the ramp-up in CAPEX, we will probably take at least $1 billion a year out in dividend from that business. And that is what is super important to us, is making sure that we gradually grow this, but at the same time, we can get a dividend back that pays back the price we paid for the assets.

So very happy with it. Remains a core bit of the portfolio both from reducing emissions, reducing flaring, reducing methane, and driving profitability and driving cash flow for shareholders.

Bernard Looney: Thanks Paul.

Paul: Thank you.

Craig Marshall: Thanks Paul, we will take the next question from Jason Gabelman at Cowen

Jason Gabelman (Cowen): Good afternoon, thanks for taking my questions. I want to ask the first one on the convenience and mobility business. You highlighted a lot of growth and strategic initiatives within that business that are going as planned. I cannot help but notice that adjusted EBITDA was down quarter-over-quarter and year-over-year despite all this progress seemingly moving forward on your EV / convenient store strategy. Can you help us understand what is going on versus those other periods?

And then my second question just on CAPEX. Moving forward given the rise in oil and gas prices you mentioned you are going to ramp-up bpx spend a little bit next year. Can you just talk about if there are other opportunities within the portfolio to ramp-up short-cycle spend, if that is something you are looking to do and what that does for your CAPEX outlook in 2022? Thanks.

Bernard Looney: Jason, thanks very much. Good to hear your voice as well. And I will hit the two of them quickly and Murray jump in and help me.

On capital, we will update our capital guidance to the market for 2022 in February at our 4th quarter results. You know that we are running around $13 billion for this year. And you will know that our guidance over this period is $14-16 billion. What I can tell you about February is that we will not be changing our capital guidance of $14-16 billion. However, quite exactly where we will come in within that, we will update you on that in February.

We will remain disciplined. We will not be over-reacting to particular prices on the day. This will be a very, very disciplined capital framework, and as I said, it will be unchanged from the guidance that we have issued.

On convenience and mobility, you are quite right to point that out on the 3rd quarter. I would remind people that that business has had a record year-to-date, so the nine months year-to-date have been a record.

Castrol, obviously, has been hit by a couple of things. Base oil prices have been much higher. There is usually a lag there and that will flow through over time as we pass some of those prices on to consumers, and there is one thing that covers both Castrol and the convenience business. So that is Castrol.

On the convenience business, we are investing a little bit more in advertising. We have seen a few increases in staff cost. And the thing that is common across Castrol and convenience is some of the lockdowns in Asia have clearly had a bit of an impact. So, nothing structural there, and just draw people's attention to the record nine months year-to-date and that is what we are focussed on.

Thanks very much, Jason.

Craig Marshall: Thanks Jason, we will take the next question from Jon Rigby at UBS please

Jon Rigby (UBS): Thanks Craig. Hi guys, two questions. Firstly, are you able just to speak a little more about the structure of the gas hedges – what it is you are doing there and are you hedging just your merchant gas volumes or also your produced equity production volumes because I guess that has an impact on whether you see price leverage or not in the underlying?

The second question I guess is, just to step back a second, is that there is a conventional wisdom of this sort of transition is that you move from, and I have heard Bernard talk about this before, it's the peaks and troughs on returns, but there is supposedly higher return oil and gas activity to slightly lower return renewable and power activity, but the renewable and power activity is lower risk.

However, if you measure risk as volatility, is that strictly true or is it likely to be true for the next four or five years as we go through this sort of transition phase? Because it seems to me, if you look at power markets, energy markets, gas markets – witness the hedging movements you are seeing in your gas activity is that it does not look to me like a particularly low-risk or stable market at the moment. So just interested in your comments around that. Thanks.

Bernard Looney: Very good, Jon. Let me have little go at your second question and Murray will more intelligently speak to gas hedging and so on, and he will probably also pile in on the transition question that you asked – that is a very good question.

On that one, I mean, I would just say a couple of things. Number one, and probably most importantly, I see the characterisation in some media of bp as moving from oil to renewables, and that is not actually the case. Yes, we are focussing our oil and gas portfolio over the next decade. In a volume sense, we actually believe we will create more value, but we are doing that in a volume sense. Yes, we are building a renewables business, but we have always said we are not building a renewables business just for renewables. We are building a renewables business to be part of an integrated energy value chain that goes all the way from the production of energy into, in some cases, people's cars in terms of electrons, or into hydrogen, or into whatever it is that you wish to do with it.

The first point is important, which is this is not oil to renewable story. It is a focussing of oil. It is a doubling of convenience, including EV charging – $5-10 billion – and it is an investment in renewables but not just renewables for renewable's sake investing into low carbon energy value chain.

In terms of your characterisation of returns, I would say a couple of things. One is, of course, traditionally some of our investments in hydrocarbons have been very profitable, and just like others in industry, not all of them are exactly high returns. I would just say that. Two, they are volatile and open to the vagaries of the environment, as we saw with negative prices last year. And three, our investors valuing the cash flows from those businesses in the way that they used to. And of course, that is happening less and less. And therefore, as we transition, and this will happen over this decade as we transition from a hydrocarbon-only company to a more diversified company, I do think some of those cash flows, while still having some volatility – you are correct – but I think they are in some ways less volatile. I think that they are in many ways more valued by investors and therefore I think it creates a better investor proposition.

Two big points: it is not an oil to renewable story. It is a focussing of hydrocarbons, it is a doubling of convenience and mobility, and it is renewables as part of a low carbon energy chain, number one, and we believe we can amplify returns in that latter part. And number two, some of what you characterised is correct, but I think there are attributes that are cash flows from these new businesses, that make for compelling investor proposition.

Murray, anything you would add on that and gas hedging?

Murray Auchincloss: I think the only thing to add, Bernard, on the volatility of returns. If you invest in a wind programme or hydrogen plant, etc, and you are underpinned by a PPA or a contract-for-difference by a nation that is a fairly stable set of cash flows. If you are merchant and you are taking merchant risk on power, obviously, that is much more volatile than natural gas – you know about trading windows, Jon.

I think the companies that win in the future are the people who can manage risk really well inside that system and that counterbalance natural gas and electricity. They generally tend to be priced on the same basis. As we saw in the first quarter in the United States, as we are seeing in the 3rd quarter, here in Europe, companies that can manage gas, electricity interchange can do really well. And of course, that is what we do really well with our 20 years of history in this particular business.

So it is more volatile, but we risk-manage well and you can see that in the results day by day this year.

I think on gas hedging, you have got it, Jon, we do not hedge our equity gas. I think on gas hedging, you have got it, Jon, we do not hedge our equity gas. That is something that our shareholders on LNG, etc, enjoy the upsides and downsides. We do not hedge that as a principle.

On the merchant equity margins, yes, we do hedge those sales contracts. Remember what we are trying to do is buy a cargo, lock that price in, sell the cargo, lock that price in, and make a margin on that. And then we will make superior margins when disruptions occur and we can redirect cargoes. That is really the principle of our LNG business is very rateable and growing over time from 15-20-25 mtpa, so that is a very rateable business and we do risk hedge those sales contracts which is what you are seeing showing up in FVAE. Hope that helps, Jon.

Jon Rigby: Yeah. And just to confirm, you would expect that to reverse over the next, what, 2-3 quarters, 1-2 quarters?

Murray Auchincloss: Yes, the FVAE will reverse as cargoes get delivered. And, of course, a lot of those get delivered over the next three, six, nine months. And it could reverse if gas prices fall as well. So, it is dependent on price and dependent on timing of delivery of cargoes. However, nothing untowards. We are happy with the direction of travel right now and we are happy with the direction of the business.

Jon Rigby: Got it, thank you.

Bernard Looney: Thanks Jon.

Craig Marshall: Thank you Jon, we will take the next question from Chris Kuplent at Bank of America

Chris Kuplent (BofA Securities): Yeah, thank you. Murray, one for you. I just wanted to better understand the 'formula' you are applying in terms of paying out buybacks? You have published nine months and 3Q results for your definition of surplus free cash flow and I am not sure I can square the circle here to put the $1.25 billion announcement into context. So would be helpful how much of your, let us say, confidence or outlook towards 4Q is embedded here, or whether you are thinking about this as a year-to-date call with or without the $500 million that you have bought back during the first half. Please help me. I am a little confused.

And if I may, a second question to Bernard. Bernard, you referred to the Aker BP share price performance earlier on. And I just wanted to understand, obviously, dividends they are growing as well, but dividend return you are getting from there is still below your own dividend yield. At what stage does Aker BP become a purely financial investment rather a strategic one? Thank you.

Bernard Looney: Very good. Chris, good morning. I will let Murray take the former question, which you may be confused but I hope positively surprised, on Aker BP it is a strategic investment as well as being a financial investment. I think both Aker and bp would argue that we are a strong partnership. We are very much involved. Murray sits on the board, as does Kate Thomson, and are very actively involved helping to make that company better and stronger. Bringing in capability in from bp as and when we can, that might be helpful. And, quite frankly, learning from what Aker BP is doing as well because they are doing some fantastic stuff particularly on the digital front.

So, it is more than a financial investment. We like that investment very much. We see a strong future in that investment and that is what you should expect from that business going forward.

Chris's question on the buyback formula.

Murray Auchincloss: Yeah. Morning, Chris. So just a few grounding principles here. We have said that when we set the level of buybacks we will not only look at surplus we have accumulated to date, but we will also look at the outlook for the future. Additionally, we have guided that at $60 per barrel, we should be able to do around $1 billion a quarter out through 2025. So those are the two guiding principles you should think about as we do these things – it is not just a formula.

If you go to the formula, inside the 3rd quarter, you saw our surplus cash flow. If you applied 60% to the $900 million of surplus cash flow, that would be a $540 million buyback, Chris, is maybe the math you are thinking about – and we have obviously done $1.25 billion. The reason that we have done more – is confidence. Confidence in plants operating efficiently – we are up to 95%[1]. New projects ramping up. We have got a lot more projects coming in – they have accelerated from 2022 to 2021. And we have got more coming in 2022, especially Argos, the Mad Dog 2 facility in the Gulf of Mexico. We have much higher earnings from Rosneft coming through that has a much higher dividend in the future than it has had in the past. The oil environment and the natural gas pricing environment is very strong. And, of course, we had a big build in working capital that will reverse over time.

Overall, we feel a lot of confidence in the underlying performance of the business, the macro is strong and supportive, and we have also signalled additional divestments through the rest of the year. So we think all of those things mean that we should lean in a little bit, do $1.25 billion of additional buybacks and will update you in the 4th quarter results with what we will do for the final instalment for 2021, where we have said that 60% will be for share buybacks and 40% will be for debt reduction. I hope that helps, Chris.

Chris Kuplent: Great, thank you – a little less confused. Cheers.

Bernard Looney: Very good. Great. And I think we have always said that we would like it to be within reason a relatively rateable buyback programme, and that is what we are trying to achieve here. And I think there were also questions, Chris, from some people that said, well, why should it not be a little bit bigger? And, of course, we are also making sure that we continue to focus on our balance sheet which is hugely important to us, and a 6th quarter in a row of driving net debt down. So it's a pretty strong place for us to be, but thanks for your question.

Chris Kuplent: Thank you. Cheers.

Craig Marshall: Thanks Chris, and we will take the next question from Lydia Rainforth at Barclays.

Lydia Rainforth (Barclays): Thanks Craig, and good morning. And Bernard, I like what you said about the investment case being clearer day by day. Two questions, if I could – and I am going to come back to this carbon management energy-as-a-service strategic partnership side. How do we think about how you make returns on those? And maybe it is just me, but it does seem very different as a way to looking at it as opposed to just being asset-based analysis. So that idea of valuing customers, what sort of returns you might make on that still is not particularly clear to me at this stage.

And then on the second one and the idea of the CAPEX normalising to that $14-16 billion level. At this point, have you thought about whether that goes into short-cycle upstream or into the renewable or low carbon business? It does seem like you have got quite a lot of opportunities there. And so it is really effectively how do we judge if it is good CAPEX? Thanks.

Bernard Looney: Lydia, thanks – and thanks for the question. I will let Murray have a go at the sort of value chain question. And I think he has done a good job in the past of describing how in many ways we are recreating a value chain here, which is a low carbon almost electron-based value chain as opposed to a hydrocarbon molecule-based value chain and how returns shift around, but he will answer that in his own way.

I think on CAPEX, I am afraid, I will just leave it as a relatively short answer without wanting to be evasive, because I do not want to do that with you. But I think let us just wait until February, and it is only a few months away – we have just got Christmas to get through in the meantime, but we will give you an update early February on that. But, we are not short of opportunity both on the hydrocarbon side and on the low carbon, and indeed, on the convenience and mobility side, as you have seen, and will continue to see in electrification, as you saw with our Thorntons acquisition. So, it is great to have options. It is great to have choice. And it is great to be disciplined because it means that we should only be doing the very best stuff. Rather than speculate right now and mislead you, I will leave it to February to give you an update if that is okay.

And Murray?

Murray Auchincloss: Lydia, the way that I think about this is we are trying to create these integrated energy chains for the future, like we did with natural gas in the past. If you just went to the UK and painted the picture of that, we are saying that in offshore wind we will make an 8-10% levered. That offshore wind electrons will be put into probably a mixture of a contract-for-difference with the government and then merchant positions that we will take risks on ourselves. Those electrons will go into green hydrogen plants I assume, whether that be the Aberdeen one we have announced now, or hopefully, something we announce in Teesside in the future, or they will go into things like bp pulse fast charging. So it is clear we feel pretty comfortable at 8-10% levered in the offshore wind. Some people may doubt that – fine. However, we feel comfortable with that for now.

In hydrogen, I suspect the returns will be higher. The risk is quite a bit higher, so the operational risk is tougher. So, we anticipate higher returns in that space but it is early so it is hard to forecast what those will be.

And then on fast-charging, I would expect similar returns on fast-charging that we get from fuel. And fuel we have always said will be 15-20% unlevered returns – that is our long history at it. And I do not see any reason why fast-charging will not be at least that. The reason is that you will probably make the same amount on electrons that you do on fuel. The residence time at the convenience sites will be much higher with charging than it was with fuel so you will probably make more money on convenience there. So, I think that 15-20% return in that space feels good.

And then the magic in between, energy-as-a-service, whether that is to fleets, etcetera, Lydia, I think the thing we have tried to paint is that our trading business and history is that 2-3 percentage points to overall returns of bp[2] with $100 billion of capital employed. And I cannot see any reason that we will not make that amount of money in the future, as we have in the past. And those 2-3% returns[2] include 20 years of experience of this in North America with our North American gas and power business where we built up to be the third or fourth largest power trader as well as largest natural gas trader in the Unites States.

So we have strong history in this place, and I think as you look at that and you meld it together you will get to a business that return somewhere in the 12-14% range. That is the best I can see right now, and I cannot see why that will not the be the case in the future as it has been in the past. Hope that helps, Lydia.

Craig Marshall: Ok thanks, Lydia. We will take the next question from Lucas Herrmann at Exane. Lucas.

Lucas Herrmann (Exane BNP Paribas): Craig, thanks very much. Morning gentlemen. First, Murray – I just want to return to the gas trading business and profitability, and I wondered whether you would be kind enough to give us some indications of the volume of LNG that you take into your portfolio and the volume of LNG that you are committed to deliver to customers, and in effect, as a consequence, do you know what the net is, and therefore what your exposure and your opportunity around trading is on a quarterly or an annual basis?

And if I can just extend that to – you must have very good visibility on how the trading business as you define it, or portfolio business is likely to perform in the fourth quarter, given where prices have been. Can you give us any indication, as some of your peers have, as to the extent to which we'll see this benefit continue, at least into the fourth quarter, if not the first quarter of next year?

And secondly, can I just come onto divestments and the $6-7 billion target? I am a little bit lost on what you had actually said in the second quarter. I know we started the year at $4-6 billion. Clearly higher now. What has driven the improvement? And associated with that, can you make any comment on Angola and where that process is at the present time? Thanks, Murray. Thanks, Bernard.

Bernard Looney: Hey Lucas, good morning. I will just do divestments very quickly. We have done $5.4 billion year-to-date; we did $300 million of proceeds in the third quarter. We guided at $5-6 billion. We are working on some things that will push that number to between $6-7 billion. I cannot tell you specifically what they are, but obviously, we have a relatively high degree of confidence that we'll get to that place. So, without getting into the specifics, that is that.

And on Angola, I think it is going actually, well. And we will have that closed and up and running next year. Strong support from the government in the country, which sees this as a very good thing. A combining of two strong operators, two strong infrastructure positions in the country, getting good support, a natural thing to do to improve efficiency in a sector in Angola that we all need to improve in. So far, so good. So we'll close that early next year and get that machine up and running and we are excited about it—Murray on trading.

Murray Auchincloss: On trading, the long-term portfolio, Lucas, so we are saying 20 mtpa right now under long-term contract. That is about 8 of equity and 12 of merchant[3]. I think we had disclosed that before and nothing changed there.

As far as what the volumes of LNG are in a day, I cannot keep up with that. That is a decision by the trading organisation on each and every day. Obviously, we remain positive on natural gas pricing and I just expect an average quarter every quarter, and we'll update you on what it actually turns out to be. I would hesitate to guide otherwise, but there is nothing undue like losses unwinding or gains unwinding or anything like that, Lucas. So I would just assume average, and that is a safe place to be. And you have seen that we have a strong track record of managing volatility this year, and I am sure Carol Howle and the team will continue to manage that well.

Lucas Hermann: And sorry, Bernard, there are no restrictions once you think about taking cash out of Angola from a transaction of this nature beyond obviously the need to finance the JV itself?

Bernard Looney: No, I mean this business may well raise some debt as joint ventures and entities like that would do, and any debt that is raised is cash that is available to the partners.

Murray Auchincloss: No restrictions, no covenants, Lucas. I saw you asking the ENI CFO the same questions, but we have got the same answers as he does.

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

Martijn Rats (Morgan Stanley): Good morning. I have got two, if I may? The statement mentions a short comment about additive supply shortages in Castrol and supply chain bottlenecks are a huge topic across the economy. So I thought this was quite interesting, and I was wondering if you could elaborate a little bit on what is exactly a play here? The

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[3] Current LNG portfolio split 60% equity (including JV marketed volumes) or 12mpta and 40% merchant or 8mpta

fact that you mention it probably means it has some materiality for the fourth quarter. Therefore, can you just talk a little bit about what this means and how long this could last?

The second question that I wanted to ask is exactly what you just replied to in terms of Lucas' question in terms of the partnership in Angola with ENI in the sense of, one of the attractions of a structure like that would be that a company like that could raise debt in its own right. I was wondering if you already have some experience or some read on the appetite for banks to lend to an entity like that, particularly as it looks to me like broadly, bank lending to pure-play oil companies is under some degree of strain. So I was wondering if there is already some indication of how that is playing out with an entity like that?

Bernard Looney: Morning Martjin. Murray will take the financing question. On Castrol, I think I wouldn't read too much into it, as in this is going to be a fourth-quarter issue, and that is why we are highlighting it in the third quarter. I think there are issues around the world in terms of supply chains in general, and no surprise that we are seeing a little bit of that in Castrol.

I think the broader thing in Castrol is that we have a very, very strong improvement plan. I think that is what we are focused on. Yes, we have seen a bit of dislocation of demand and supply and that is around refinery run cuts; that is around the storm in Texas, but the real focus in Castrol is on improving the business. We think that that business can do much better. We have a plan to do that and as you watch it over the coming quarters, and particularly over the coming couple of years, you will see that.

So, we think that the effect that was just highlighted in the third quarter will probably be the peak in the third quarter of that specific effect, but let's wait and see until the fourth quarter. Hopefully, that helps.

And on raising debt?

Murray Auchincloss: Raising debt and pure play. You could look at Aker BP if you like. They have absolutely no problem raising debt both in Europe and the United States, and their rates are very attractive. Their rating is very attractive. So, we obviously have experience in that entity, which is a public entity. So you can go see what that looks like.

On Angola, it is early in the process. We have not completed the deal yet, so we have not got to a final agreement with ENI, that will hopefully happen this year and then, of course, the government has to ratify. In the meantime, we are talking to banks about that. But it is too early to talk externally about how that is going. I think the proof in Aker BP is relatively straightforward that they can raise funds.

Martjin Rats: Okay, yes. Wonderful, thank you.

Craig Marshall: Thanks Martjin. We will take the next question from Biraj Borkhataria from RBC.

Biraj Borkhataria (RBC): Hi there. Thanks for taking my question. One specific one and one thematic. But on the specific question, in your surplus cash definition, there is a $560 million charge relating to transactions involving non-controlling interest. So, I am just wondering what that was?

And then the second question, taking a step back and thinking about growth in LNG going forwards. In the context of absolute emission reduction targets, can you add new LNG liquefaction capacity to your portfolio? Because obviously, the Scope 1 and 2 metrics are usually quite high. The inference from that is, should we expect your LNG portfolio to be moving towards more off-take activity versus equity production going forwards? Thank you.

Bernard Looney: Biraj, thank you and good morning. Murray will take the non-controlling interest question.

On LNG and emissions in general, we should not use emissions reduction as a proxy for no new investments into hydrocarbon projects. So you will continue to see this company invest in hydrocarbon projects, sanction new ones, including LNG projects, as we high-grade the portfolio in a value sense. So we will deliver on our targets of reducing production, but that does not mean that there will not be new investment, including in LNG, as you are seeing in West Africa with us today. So hopefully, that helps there. Murray, non-controlling interest, $560 million.

Murray Auchincloss: Yes, good catch, Biraj. It is primarily the purchase of Thornton's buying out our partner ArcLight. They are 100% interest. There are some other things in there too.

Just for Thornton's, we have not advertised on that one very much on this call. It established us as the leading convenience marketer in the Midwest. We take over 208 stores fully now; 3000 employees, blending plans and transport systems. It allows us to integrate the back-office with ampm, as well as supply logistics and trading, and we can streamline all the product offers that we have. We have not really talked about it much, but EBITDA growth has been 20% per year from 2018 to 2020 inside Thornton's. It is a tremendous business, and we are super excited to take it over 100% and expand it in the United States.

Bernard Looney: It is a growth machine

Biraj Borkhataria: Just on that point, is there anything else of a similar vein that has already been agreed that would impact the 4Q number?

Bernard Looney: In terms of acquisitions?

Biraj Borkhataria: Yes. The things that could pop up.

Bernard Looney: No.

Biraj Borkhataria: Okay, thank you.

Craig Marshall: Thanks Biraj. We will take the next question from Bertrand Hodée of Kepler.

Bertrand Hodée (Kepler Cheuvreux): Yes, hello. Thanks for taking my question. I have just one left. We have talked a lot about LNG but not a lot about gas pipes. I am thinking about Shah Deniz 2 . Can you update us on how much gas is flowing to Europe and how should we think about the evolution of your natural gas price realisation? Because when I look at your disclosure, obviously there is Europe gas price realisation, but that does not include Shah Deniz, I guess because your natural gas price realisations are based on the origin and not on the destination.

So how should we think about your exposure to strong European Natural gas prices going forward, especially through Shah Deniz. Thank you.

Bernard Looney: Very good. I will let Murray take this one, but I think, first of all, Shah Deniz is doing very, very well. So we have just had what we call third gas, the start-up of another cluster of gas in that business. I think we are doing about 10 bcma of exports into Europe from what I understand, and I think we had a good quarter with Shah Deniz gas coming into Europe. I think 40% of the Shah Deniz gas flows to Europe. So I think it is a strong business.

Of course, we have always said in the past that our gas business is split. About a third of it is more of a Henry Hub type business. A third of it is a domestic business like we have in Oman, and a third of it is a LNG-type business. So it is a more balanced portfolio. Murray, anything you wish to add to Bertrand's question?

Murray Auchincloss: Yes, Bertrand. So Shah Deniz provides power domestically through natural gas in Azerbaijan. About 20% from memory, about 40% into Turkey and 40% into Europe[4]. With Europe, we get the net back straight back to Azerbaijan and interestingly, the Turkish prices are about net back with Europe as well. So it is enjoying pretty nice profits in the third quarter, much higher than we ever would have forecast when we sanctioned that project and that is why we like these big infrastructure projects. They give you tonnes of upside optionality.

Bernard Looney: While also providing Europe with much needed gas.

Craig Marshall: Thanks Bertrand. We will take the next question from James Hubbard of Deutsche Bank.

James Hubbard (Deutsche Bank): Yes, hi. Good morning, thank you. Two higher-level questions, I guess, since I think all my detailed questions are answered. One is, on the superfast charging or ultrafast charging in the UK, are you able to benefit at all from the government funding announced for that about a year or a year and a half ago? I think they earmarked £1billion fund to aid the rollout of motorway and A road ultrafast charging. Do you get to benefit from that at all?

Secondly, all the theme of green energy and the exciting strategy that you are undertaking and where the industry is going, I can see how that would be very attractive to graduates. But when it comes to oil, how are you finding it in terms of attracting the top talent or the talent that you want to manage what is going to remain a very large oil-producing business for years to come? I see there is now a signing bonus on your website for graduates. So I am wondering how are you facing that particular challenge. Is it an issue at all or not? Thank you.

Bernard Looney: Thank you very much for the question. On the charging infrastructure in the UK, I think the majority of the government funding is going for broader infrastructure

[4] For Shah Deniz - based on 3Q21 production around 40% to Europe, 30% to Turkey and 30% domestic

projects and what we mean by that is, there are a lot of things that need to be done to upgrade the grid and the transmission systems and the connection. So if you are a fleet provider and you want to put in a number of charging points near your factory, or near one of your depots, that is where the cost can get quite high, and that is where I think a lot of the government funding is focused. We tend to be able to do our own investments on our own basis. So that is what I would say to that.

On graduates, did you get a sign-on bonus Murray as a graduate?

Murray Auchincloss: Yes.

Bernard Looney: You did? Okay. I do not think I did, but Murray was worth it. It is a very good question and the reality is that we are not struggling to attract people in, and actually, obviously, there are people who still want to join the hydrocarbon business. It is a great business that we have. But I think they also want to join a company that has more than a hydrocarbon strategy and that has a broader strategy and that they see that they can; a) work for a company that has a bigger role in the transition and b) over time they think they can think about if they want to evolve their career so that they have more career choices.

So today, I certainly do not hear any noise inside the company of us struggling to attract graduates into our hydrocarbon business. I would say anything but. And in terms of recruitment, more generally, one of the things I am most pleased about in the last 12 months is the number of senior executives that we have managed; over 20 now; to bring into the company. And I can almost guarantee that not one of them would have joined if we had kept a hydrocarbon-only strategy. So great to see us attracting talent and being a place that people want to come and work, as evidenced by Anja Dotzenrath joining us from RWE. She could have probably worked for any renewable company in the world, and she chose to come and work for bp, which I am incredibly grateful to her for. And now our job is to live up to that.

James Hubbard: Thank you.

Craig Marshall: Thanks James. We will take the last two questions and thanks for being patient but first of all from Peter Low of Redburn.

Peter Low (Redburn): Oh, hi. Thanks. Just one more on corporate structure. Short of a breakup, there are other transactions some of your peers are looking at to try and unlock value such as listing a minority stake in their renewables businesses. Is that something you would ever look at, or are there drawbacks you see to going down that route? Thanks.

Bernard Looney: Peter, thank you and good morning. I think we just keep coming back to the integrated energy company. That is what we are focused on. We believe in the integration. We believe in bp being better together, and I think as every quarter passes, I think that story personally gets stronger as we give you evidence in delivery. And that is delivery in the cash flows of today's business, and that is delivery in terms of investing in the new businesses for tomorrow.

So, there are loads and loads of things out there that one could do. Our job is to focus on what we have got; focus on execution of that and I hope Peter, that you are seeing that in today's results and I hope you will see it, and we have every plan on showing it in the quarters to come.

Peter Low: Thank you.

Craig Marshall: Thanks Peter. And the final question from Henry Tarr of Berenberg.

Henry Tarr (Berenberg): Thanks guys for squeezing me in, and good to hear your voices. A very quick question just on the LNG. I guess on the Trinidad project, there have been some issues there. Are they temporary or slightly more structural? And then, in terms of the future growth prospects, how are you thinking at the moment about Qatar and then further phases at Tanzania and Tortue? Thank you.

Bernard Looney: Very good, Peter. Nothing structural in Trinidad. Murray, future in Qatar and Tanzania and Tortue?

Murray Auchincloss: We do not participate in Tanzania and Qatar, so you will need to – that is not something that we participate in and Tortue we are going well with phase one and we are taking a look at phase two and trying to come to an agreement with partners, government and our own engineers on what is the right thing to do. So, stay tuned.

Bernard Looney: Thanks, Peter. Thanks for your patience. Craig, anything else?

Craig Marshall: No, over to you Bernard.

Bernard Looney: Very good. Very good. Thanks, everybody. Thanks, Murray, thanks, Craig. Thanks to the bp team and thank you all for the questions. I hope you would agree it has been another good quarter. We are focused on the day job, what we control, executing the strategy, and it is a day-by-day, week-by-week, quarter-by-quarter job. I think the team here at bp if you do not mind me saying, is doing an awesome job, and I think there is a bit of track record coming through now.

We are confident in the cash generation of the company. At these prices, it really is a cash machine, and we remain absolutely committed to our buybacks and our guidance for 2021. So, look, we are just staying the course, and as I said in a boring sort of way, we are sticking to our mantra of performing while transforming. We feel that it works for us. We feel that it works for our investors, and we feel that with each passing day and quarter, as long as we continue to deliver, which is what our job is, and hopefully you are seeing that we do, we think we are in pretty good shape.

So thanks for the time, and if we do not talk to you in the meantime, have a great break over the holidays, and we'll be in touch in 2022, even though I am sure we'll talk in the meantime. Thanks, everybody. Take care.

[END OF TRANSCRIPT]