

# BP p.l.c. Group results: Third quarter and nine months 2022

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BP p.l.c. Group results

Third quarter and nine months 2022

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Performing while transforming

Financial summary	Third quarter 2022	Second quarter 2022	Third quarter 2021	Nine months 2022	Nine months 2021
\$ million					
Profit (loss) for the period attributable to bp shareholders	(2,163)	9,257	(2,544)	(13,290)	5,239
Inventory holding (gains) losses*, net of tax	2,186	(1,607)	(390)	(2,085)	(2,468)
Replacement cost (RC) profit (loss)*	23	7,650	(2,934)	(15,375)	2,771
Net (favourable) adverse impact of adjusting items*, net of tax	8,127	801	6,256	38,221	5,979
Underlying RC profit*	8,150	8,451	3,322	22,846	8,750
Operating cash flow*	8,288	10,863	5,976	27,361	17,496
Capital expenditure*	(3,194)	(2,838)	(2,903)	(8,961)	(9,215)
Divestment and other proceeds <sup>(a)</sup>	606	722	313	2,509	5,367
Surplus cash flow*	3,530	6,590	933	14,209	3,315
Net issue (repurchase) of shares <sup>(b)</sup>	(2,876)	(2,288)	(926)	(6,756)	(1,426)
Net debt <sup>(c)</sup>	22,002	22,816	31,971	22,002	31,971
Announced dividend per ordinary share (cents per share)	6.006	6.006	5.460	17.472	16.170
Underlying RC profit per ordinary share* (cents)	43.15	43.58	16.48	118.61	43.22
Underlying RC profit per ADS* (dollars)	2.59	2.61	0.99	7.12	2.59

• Net debt reduced to \$22.0 billion • Further \$2.5 billion share buyback announced • High-grading hydrocarbon reserves agreed divestment of Algeria

This quarter's results reflect us continuing to perform while transforming. We remain focused on helping to solve the energy trilemma - secure, affordable and lower carbon energy. We are providing the oil and gas the world needs today - while at the same time - investing to accelerate the energy transition. Our agreement on Archaea Energy is the most recent step in our strategic transformation of bp.

Bernard Looney  
Chief executive officer

(a) Divestment proceeds are disposal proceeds as per the condensed group cash flow statement. See page 3 for more information on divestment and other proceeds.

(b) Nine months 2022 excludes the ordinary shares issued as non-cash consideration for the acquisition of the public u Midstream Partners LP. See Note 7 for more information.

(c) See Note 9 for more information.

RC profit (loss), underlying RC profit (loss), surplus cash flow and net debt are non-GAAP measures. Inventory holding losses and adjusting items are non-GAAP adjustments.

\* For items marked with an asterisk throughout this document, definitions are provided in the Glossary on page 33.

## Highlights

Underlying replacement cost profit\* \$8.2 billion

• Underlying replacement cost profit was \$8.2 billion, compared with \$8.5 billion for the previous quarter. Compared to the second quarter, the result was impacted by weaker refining margins, an average oil trading result and lower liquids realizations, partly offset by an exceptional gas marketing and trading result and higher gas realizations.

• Reported loss for the quarter was \$2.2 billion, compared with a profit of \$9.3 billion for the second quarter 2022. The reported result for the third quarter includes inventory holding losses net of tax of \$2.2 billion and a charge for adjusting items\* net of tax of \$8.1 billion. This charge includes adverse fair value accounting effects\* of \$10.1 billion, primarily due to further increases in forward gas prices compared to the end of the second quarter, partly offset by \$2.0 billion gain on sale relating to the formation of Azule Energy.

Operating cash flow\* \$8.3 billion; net debt\* reduced to \$22.0 billion

• Operating cash flow in the quarter was \$8.3 billion including a working capital build (after adjusting for inventory holding losses\* and fair value accounting effects) of \$6.2 billion, mainly due to the increase in the forward price of LNG.

• Looking forward, the outlook for working capital remains subject to a number of factors, including price. However, following the build in working capital as a result of rising gas prices since 2021, we now expect the working capital movement to include a release of around \$7 billion, weighted toward the second-half of 2023 and 2024, primarily as LNG cargoes are delivered.

• Capital expenditure\* in the quarter was \$3.2 billion. bp now expects capital expenditure of around \$15.5 billion in 2022, if the acquisition of Archaea Energy completes before year end.

• During the third quarter, bp completed share buybacks of \$2.9 billion. The \$3.5 billion share buyback programme announced with the second quarter results was completed on 27 October 2022.

• Net debt fell for the tenth successive quarter to reach \$22.0 billion at the end of the third quarter.

Further \$2.5 billion share buyback within disciplined financial frame

• During the third quarter bp generated surplus cash flow\* of \$3.5 billion and intends to execute a \$2.5 billion share buyback prior to announcing its fourth-quarter results, bringing total announced share buybacks from 2022 surplus cash flow to \$8.5 billion, equivalent to 60% of 2022 surplus cash flow year to date.

• For 2022 and subject to maintaining a strong investment grade credit rating, bp remains committed to using 60% of surplus cash flow for share buybacks and intends to allocate the remaining 40% to further strengthen the balance sheet.

• In setting the buyback each quarter, the board will continue to take into account factors including the cumulative level of and outlook for surplus cash flow.

• Against the authority granted at bp's 2022 annual general meeting to repurchase up to 1.95 billion shares, bp had repurchased 677 million shares at 31 October.

### Progressing transformation to an Integrated Energy Company

- In resilient hydrocarbons bp is accelerating its biogas strategy - part of its bioenergy Transition Growth Engine - agreeing to acquire Archaea Energy a leading US biogas company. bp has also continued to make progress high-grading its portfolio: completing the creation of Azule Energy a 50:50 joint venture combining its Angolan assets with those of Eni; taking the final investment decision on the Cypre project offshore Trinidad; and announcing an agreement to sell its upstream business in Algeria to Eni.
- In convenience and mobility bp continued to advance its growth strategy in EV charging and convenience: announcing plans to collaborate with Hertz in North America to install a national network of EV charging solutions for Hertz and its customers powered by bp pulse; and expanding its partnership with leading retailer REWE in Germany, to install fast, reliable, convenient charging for customers while they shop.
- In low carbon energy bp continued to progress its renewables and hydrogen strategy. In Australia, bp closed its acquisition of a 40.5% stake in AREH, one of the world's largest planned renewables and green hydrogen\* energy hubs. And in the UK, two bp-led projects - H2Teesside and Net Zero Teesside Power - have been shortlisted in Phase 2 of the UK government's cluster sequencing process for support of carbon capture, use and storage (CCUS).

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**Third quarter results show bp continuing to execute its disciplined financial frame. Net debt fell for the tenth successive quarter, we are investing with discipline; and we are delivering on our commitment to shareholder distributions - announcing a further \$2.5 billion share buyback.**

**Murray Auchincloss**  
Chief financial officer

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~~The commentary above contains forward-looking statements and should be read in conjunction with the cautionary statement on page 30.~~

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