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Energy and resources

11 February 2026

Q425 results: In line, balance sheet strengthening

bp reported Q425 underlying replacement cost (RC) profit of $1.5bn (Q325: $2.2bn), broadly in line with expectations. Operating cash flow was $7.6bn, including a working capital release of $0.9bn. Net debt fell to $22.2bn from $26.1bn, driven by divestment proceeds of $3.6bn. The dividend was maintained at 8.32c/share. Attributable profit was a loss of $3.4bn, including previously announced post-tax impairments of $4bn, primarily in transition businesses. bp has suspended its buyback to prioritise strengthening its balance sheet, with the target for net debt remaining $14–18bn by end 2027.

Strong underlying performance

Gas and low carbon energy delivered underlying RC profit before interest and tax of $1.4bn (Q3: $1.5bn), reflecting lower realisations, with gas marketing and trading described as average. Oil production and operations delivered $2.0bn (Q3: $2.3bn), reflecting lower realisations, production mix and a lower share of net income of equity-accounted entities, partly offset by lower exploration write-offs. Customers and products delivered $1.3bn (Q3: $1.7bn). In customers, bp cited seasonally lower volumes and weaker midstream performance. In products, stronger realised refining margins were offset by lower throughputs from turnaround activity and reduced capacity following an outage at bp's Whiting Refinery.

Guidance updates and portfolio changes

The board suspended share buybacks and retired its guidance for shareholder distributions (c 30–40% of operating cash flow), instead allocating excess cash to strengthen the balance sheet (reiterating its net debt target of $14–18bn by end 2027). 2026 capex is guided at $13–13.5bn (lower end of current range of $13–15bn). bp guided to divestment and other proceeds of $9–10bn in 2026 (including c $6bn from Castrol). bp has achieved $2.8bn in structural cost reductions to date (60% of original target) and revised its end-2027 target from $4–5bn to $5.5–6.5bn (reflecting the Castrol divestment). bp expects Q126 upstream production and capex to be broadly flat versus Q4, with seasonally lower customer volumes and weaker refining margins partly offset by reduced refinery turnaround activity.

Project execution and costs remain the focus

Operational performance was strong in 2025, with record bp-operated upstream plant reliability of 96.1% and record refining availability of 96.3%. bp also started up seven major projects during the year, five ahead of schedule. The reserves replacement ratio was 90% and management outlined its initial estimate for the Bumerangue discovery of c 8bn barrels of liquids in place (although this is still uncertain given the stage of development).

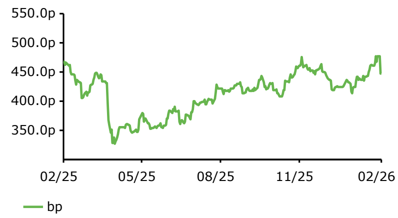
Consensus estimates

Year end	EBITDA ($m)	PBT ($m)	EPS (¢)	DPS (¢)	EV/EBITDA (x)	P/E (x)	Yield (%)
12/25	37,615.0	7,746.0	48.00	32.64	3.1	12.8	5.3
12/26e	34,507.0	12,998.0	46.00	34.00	3.4	13.3	5.6

Source: Company data, LSEG Data & Analytics. Note: EPS is adjusted. Realisation and marker prices for FY26: Brent oil: $70/bbl; Henry Hub gas: $3.80/mmBtu.

Price	**448.35p**
Market cap	**£70,391m**

Share price performance



Share details

Code	BP
Listing	LSE
Shares in issue	15,700.0m
Net cash/(debt) at 31 December 2025	$(22,200.0)m

Business description

bp is a major global integrated energy company, headquartered in London. Its operations span the energy value chain, with upstream (oil and gas exploration and production, trading, biogas), downstream (refining, biofuels, fuels retail and convenience) and low-carbon energy assets. In 2025, bp announced a strategic pivot back towards its core oil and gas operations.

Bull points

- Increased focus on highest-returning investment opportunities and significant cost reduction production.
- Strong, progressive dividend yield.
- Actively pursuing strategic asset sales and debt reduction.

Bear points

- Greater debt weighting compared to peers.
- Potential sector-wide exposure to carbon regulations.
- Commodity price and demand volatility (both upside and downside).

Analysts

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