bp

Strong Q3 accelerates balance sheet repair

bp's Q326 underlying replacement cost (RC) profit of $8.5bn beat Bloomberg consensus of $7.3bn by 16% supported by stronger refining margins, gas trading and a lower underlying tax rate. All divisions were ahead of consensus. Operating cash flow of $14.8bn cut net debt to $13.9bn, meeting the end-2027 target early, supported by improved operational performance. With wider financial obligations of $44.3bn, balance sheet strengthening remains the priority ahead of the 15 December strategy and outlook update.

Refining and gas trading drive earnings

Underlying RC EPS of 54.37c beat consensus of 46.4c by 17%. Customers & products underlying RC PBIT rose to $6.9bn from $5.0bn in Q226 as refining indicator margins increased to $46.7/bbl from $29.6/bbl, outweighing a $0.5bn fall in customers earnings. Gas & low carbon energy contributed $3.2bn versus $2.1bn on higher realisations and significantly stronger gas trading; oil production & operations eased to $3.5bn from $3.6bn. Geographical profit mix lowered the underlying tax rate to 28% from 34%. Upstream reliability recovered to 95.3% and refining availability to 96.5%, supporting operational excellence.

Net debt target reached; deleveraging ongoing

Operating cash flow included a $0.5bn adjusted working-capital release; capex of $3.0bn broadly matched consensus. Strong operational cash flow reduced net debt by $8.4bn q-o-q; wider financial obligations fell $9.3bn. Management projects year-end obligations of $33-35bn, assuming c $7bn of Q4 disposals, Brent at $110/bbl and refining indicator margins of $40/bbl. Further deleveraging remains the priority despite reaching the net debt target. The dividend remained 8.66c/share, broadly matching consensus.

Portfolio discipline ahead of December update

Portfolio simplification and investment discipline are advancing through the imminent c $6bn Castrol disposal, and North Sea and Archaea sale processes. Impairments, largely in transition businesses, underline the focus on better capital allocation. Operational excellence was reflected in structural cost reductions of $4bn, with the original target's lower end with the culture of high performance and accountability becoming more visible. Q4 guidance indicates production of 2.09-2.23mboepd, reflecting absence of Gelsenkirchen for full quarter and higher maintenance and significantly weaker customers earnings. December's strategy update should elaborate on plans to build a simpler, stronger and more valuable bp.

Consensus data at 30 October 2026

Year end	EBITDA ($m)	Net income ($m)	EPS (¢)	DPS (¢)	P/E (x)	EV/EBITDA (x)	Yield (%)
12/25	37,615.0	7,485.0	48.00	32.64	17.5	3.9	3.9
12/26e	54,326.0	20,429.0	128.70	34.00	6.5	2.7	4.0
12/27e	44,434.0	13,881.0	88.00	35.70	9.5	3.3	4.2

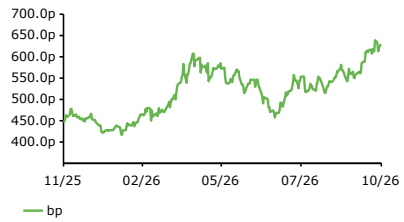
Source: bp, Bloomberg. Note: EPS and net income are adjusted. bp's updated realisation and marker prices for FY26: Brent oil: $87/bbl; Henry Hub gas: $3.18/mmBtu.

Energy and resources

2 November 2026

Price	**627.40p**
Market cap	**£98,569m**

Share price performance



Share details

Code	BP
Listing	LSE
Shares in issue	15,710.7m
Net cash/(debt) at 30 September 2026	$(13,900.0)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 reductions.
- Clear capital allocation strategy.
- Actively pursuing strategic asset sales and debt reduction.

Bear points

- Greater debt weighting compared to peers.
- Impact of continued disruption in the Middle East.
- Commodity price and demand volatility (both upside and downside).

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