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What bp Annual Report and Form 20-F 2025 assumes, believes and expects

Source: BP p.l.c. - annual report, 2025 (70 pages).

5 assumptions worth your attention

These claims are never argued for directly, but the document depends on them.

FINANCING, LIQUIDITY AND CAPITAL ALLOCATION

Divesting non-core assets will reliably generate $9-10bn in 2026 without depressing realized asset prices or operational synergies.

Why it matters: BP counts on $9-10bn in proceeds, including ~$6bn from Castrol, to reduce net debt toward its $14-18bn target by end 2027.

How we deduced this: Page 19 targets $9-10bn in divestments for 2026; achieving this requires buyer appetite at targeted valuations, which the text takes for granted.

What would prove or disprove it: Execution of the Castrol 65% stake divestment and second-half 2026 cash inflow receipts in public SEC filings.

CLIMATE, ESG AND TRANSITION

Upstream hydrocarbon production can grow to 2.3-2.5mmboe/d by 2030 while meeting strict Scope 1 and 2 operational emissions reduction goals.

Why it matters: BP aims for a 45-50% operational emissions reduction by 2030 while simultaneously expanding underlying oil & gas output.

How we deduced this: Page 37 sets a 45-50% operational emissions reduction target while page 48 projects upstream growth; this assumes new start-ups will have significantly lower operational carbon intensity without explicit technical proof.

What would prove or disprove it: Sustained upstream volume growth alongside annual Scope 1 and 2 GHG emissions declining toward 27MtCO2e by 2030.

FINANCING, LIQUIDITY AND CAPITAL ALLOCATION

Suspending share buybacks to pay down debt will not adversely impact equity market valuation or shareholder support.

Why it matters: BP fully allocated excess cash to balance sheet strengthening rather than buybacks to achieve 'A' grade credit metrics.

How we deduced this: Page 18 announces the suspension of share buybacks to prioritize debt reduction, assuming investors will favor balance sheet resilience over immediate capital returns.

What would prove or disprove it: BP relative share price performance and credit rating upgrades by major rating agencies during 2026.

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MACRO, CURRENCY AND COMMODITY PRICES

Long-term oil prices will hover around $67-70/bbl Brent, protecting hurdle rate returns on new material capex.

Why it matters: Central price planning assumptions use $70/bbl Brent (2030) and $67/bbl (2040) to evaluate project IRR thresholds of 15%.

How we deduced this: Page 20 sets appraisal price assumptions at $70/bbl for 2030, assuming global supply-demand balances will support this floor price despite accelerated energy transition scenarios.

What would prove or disprove it: Realized Dated Brent spot prices averaging above $67/bbl through 2026-2030.

COUNTERPARTIES AND DEPENDENCIES

Capital-light joint ventures in transition businesses will preserve expected double-digit returns without sacrificing operational control or trading margins.

Why it matters: BP shifted transition growth (offshore wind, biofuels) into JVs like JERA Nex bp and Etlas to limit direct capex to $13-13.5bn annually.

How we deduced this: Pages 21 and 48 describe partnering models (e.g., JERA Nex bp) as capital-light solutions, assuming joint governance will not hamper speed or margin capture.

What would prove or disprove it: Realized equity returns and power/feedstock offtake volumes from joint venture entities.

The fuller list

Sorted by how the document itself frames each claim.

Category	Claim	Dimension	Source
Stated outright	BP expects adjusted free cash flow compound annual growth rate to exceed 20% from 2024 to 2027.	Financing, liquidity and capital allocation	*page 2*
Stated outright	BP targets structural cost reductions of $5.5-6.5bn by end 2027.	Resources and budget	*page 2*
Stated outright	BP expects return on average capital employed to be greater than 16% in 2027.	Financing, liquidity and capital allocation	*page 2*
Stated outright	BP expects annual dividend per ordinary share to increase by at least 4%.	Financing, liquidity and capital allocation	*page 18*
Stated outright	BP expects capital expenditure to be $13.0-13.5bn in 2026.	Resources and budget	*page 18*
Stated outright (risk framing)	Developments in climate policy, regulation, and technology could increase costs, reduce demand, and require asset write-downs.	Climate, ESG and transition	*page 64*
Stated outright (risk framing)	Fluctuations in crude oil, gas, and refined product prices due to OPEC+ actions or geopolitical events may severely reduce revenues and cash flows.	Macro, currency and commodity prices	*page 62*

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Category	Claim	Dimension	Source
Stated outright (risk framing)	Cyber attacks or digital infrastructure failures could cause operational disruption, legal liability, and significant financial loss.	Technology and product execution	*page 64*
Partly third-party	Global economic growth is estimated at 3.3% for 2025 based on IMF World Economic Outlook figures.	Demand and market size	*page 6*
Partly third-party	Non-OPEC+ oil supply grew by 1.8mmb/d in 2025 according to International Energy Agency market estimates.	Capacity, supply chain and operations	*page 6*
Asserted, no evidence shown	BP possesses distinctive capabilities in trading, technology, and partnerships that unlock higher portfolio integration value.	Competition and market structure	*page 12*
Aspiration, no numbers	BP aims to achieve net zero Scope 1 and 2 emissions across operations by 2050 or sooner.	Climate, ESG and transition	*page 37*
Aspiration, no numbers	BP aims to maintain near-zero methane intensity across its operated producing assets.	Climate, ESG and transition	*page 37*
Implicit, derived from the figures	Refining cash breakeven can be reduced by $3/bbl through maintenance optimization without compromising plant availability or process safety. ***How deduced:*** *Page 35 states BP delivered 80% of its $3/bbl cash breakeven reduction target by improving availability to 96.3%; this requires structural cost cuts not to impair safety systems, which is never explicitly proved.*	Pricing and margins	*page 35*
Implicit, derived from the figures	Upstream unit production costs will remain near $6.28/boe despite inflationary pressures and natural field decline. ***How deduced:*** *Page 14 discloses unit production costs of $6.28/boe in 2025 versus $6.17/boe in 2024; maintaining top-quartile efficiency requires new major projects to offset cost inflation without explicit cost guarantees.*	Capacity, supply chain and operations	*page 14*
Implied by the text	Exiting company-owned retail sites will not diminish the overall reach or margin contribution of the convenience and fuels network. ***How deduced:*** *Page 9 outlines exiting 5% of company-owned retail sites in 2025 toward a 10% target by 2027; this assumes higher throughput at retained sites compensates for closed locations, which the document leaves unstated.*	Customer and geographic concentration	*page 9*
Standard legal boilerplate	Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from expectations.	Legal, litigation and compliance	*page 19*

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