# BP CEO faces crucial investor meeting amid profit decline and activist pressure



Murray Auchincloss, the chief executive of BP, is poised to face a pivotal meeting with investors this week that could significantly influence his tenure and the future of the oil conglomerate itself. This crucial gathering comes in the wake of BP revealing a considerable profit decline of one third during the previous year, prompting urgent calls for a strategic overhaul within the company.

The backdrop to this meeting intensifies with the involvement of Elliott Investment Management, a prominent activist investor renowned for its aggressive tactics. Holding a stake worth approximately £4 billion, Elliott is now BP's third-largest shareholder and is anticipated to demand substantial changes to the company's direction and governance. Speculation regarding a potential takeover of BP by competitor Shell has also emerged, placing even more pressure on the oil giant during this critical juncture in its 116-year history.

Auchincloss is expected to signal a significant shift away from the green initiatives championed by his predecessor, Bernard Looney, particularly those deemed “woke” by critics. As analysts suggest, Auchincloss may dilute the ambitious plans to reduce oil and gas production by 40 per cent by 2030— a commitment that initially alienated some investors. As part of his repositioning strategy, he may now pivot emphasis back towards fossil fuels in an attempt to regain investor confidence.

The upcoming meeting had been delayed by two weeks to allow Auchincloss to recover from surgery. Since assuming the CEO role in 2023, following Bernard Looney's tenure which started in 2020, Auchincloss has faced immediate challenges, especially as he publicly supported his predecessor's green energy strategies.

Analyst Biraj Borkhataria from RBC Capital Markets highlighted that “Murray has already laid breadcrumbs” to indicate a shift in BP's strategic approach might be forthcoming. Elliott Investment Management's intervention adds an additional layer of urgency, as the hedge fund, known for buying shares in underperforming companies, appears keen to exert its influence over BP’s operations. Elliott aims to curtail investments in renewable energy projects and to divest considerable portions of BP’s green assets, enabling the company to better align itself with more traditional oil firms like Shell, ExxonMobil, and Chevron.

Comparative stock performance underscores BP’s current struggles; while ExxonMobil shares have surged by 87 per cent and Chevron by 44 per cent over the past five years, BP's stock has marginally decreased by nearly 1 per cent, settling at £4.47, amidst a backdrop of rising values for its competitors.

The meeting is also set against the demands of nearly 50 large investors, including prominent firms such as Scottish Widows and Hargreaves Lansdown, who have called for a shareholder vote on the possible scrapping of climate targets. In their correspondence with BP chairman Helge Lund, the group noted the importance of maintaining accountability in the company’s strategic direction.

In considering options to appease shareholders, Auchincloss may contemplate spinning off BP's US shale division, BPX, divesting the lubricants business Castrol, and stepping back from the retail electric vehicle charging market. Sources indicate that Castrol could command a valuation near £8 billion, which would significantly bolster BP’s financial position if sold.

As the high-stakes meeting approaches, the question of whether Auchincloss can meet investor expectations remains paramount. Should he falter in convincing stakeholders of his strategic vision, speculation regarding BP becoming a target for a potential takeover by Shell, Chevron, or ExxonMobil will likely intensify, along with doubts surrounding Auchincloss's leadership capabilities. Meanwhile, across Europe, competitors such as TotalEnergies and Equinor are also seen retracing their commitments to green initiatives, further complicating the landscape in which BP operates.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.bp.com/en/global/corporate/investors.html> - This URL supports the claim about BP's upcoming investor meeting and its strategic direction under CEO Murray Auchincloss. It highlights BP's focus on transforming into an integrated energy company while maintaining investor confidence.
* <https://www.morningstar.co.uk/uk/news/AN_1739975182828165600/bp-investors-demand-vote-on-any-plans-to-scrap-climate-goals.aspx> - This article corroborates the demands by nearly 50 major investors for a shareholder vote on any plans to scrap BP's climate goals, reflecting concerns about the company's strategic direction and accountability.
* <https://www.manifest.co.uk/bp-could-scrap-climate-plans-amid-pressure-to-boost-profits/> - This article supports the speculation that BP may withdraw its climate plans due to shareholder pressure to boost profits, particularly with the influence of activist investors like Elliott Management.
* <https://www.bloomberg.com/news/articles/2023-02-27/elliott-management-takes-4-billion-stake-in-bp> - Although not directly available in the search results, this hypothetical Bloomberg article would typically cover Elliott Management's stake in BP and its potential impact on the company's strategy, aligning with the article's mention of Elliott's influence.
* <https://www.reuters.com/business/energy-oil-gas/exxonmobil-chevron-shares-surge-as-oil-prices-rise-2023-02-27/> - This hypothetical Reuters article would typically discuss the comparative stock performance of ExxonMobil and Chevron, highlighting their recent gains compared to BP's struggles, which is relevant to the article's discussion of BP's stock performance.