# BP's chief executive aims for £160 billion market value in major strategy shift



Murray Auchincloss, chief executive of BP, has announced plans to significantly increase the company's market value, targeting £160 billion within five years, more than double its current valuation of £70 billion. This bold claim follows the unveiling of his new strategy, which has faced criticism from activist investor Elliott Management, suggesting that Auchincloss's plan may not be ambitious enough.

Elliott, which holds a stake nearing £4 billion, has voiced concerns over BP's recent strategic pivot. The hedge fund believes the company's decision to shift focus away from its green energy initiatives to concentrate on oil and gas is insufficient. Following a disappointing reception to his strategy reset, Auchincloss defended his vision, stating, “At the end of the decade, it would be nice to be back to where we were before Macondo,” in reference to the Deepwater Horizon disaster in 2010, which severely impacted BP's reputation and financial standing. He added that “tremendous” demand for fossil fuels is expected to persist in the foreseeable future.

In his remarks, Auchincloss acknowledged previous mistakes, notably that BP had "got its net zero strategy wrong," and outlined a plan to boost oil and gas investments from £4 billion to £8 billion annually, while reducing renewable energy investment from almost £5 billion to £1.5 billion. This move is part of a broader strategy to reduce costs and capital expenditure, with BP aiming to raise nearly £16 billion by 2027 through divestments from divisions such as its lubricants brand Castrol and a stake in its solar energy company Lightsource.

Industry analysts have expressed skepticism regarding the effectiveness of Auchincloss's turnaround plan. Susannah Streeter, from Hargreaves Lansdown, remarked that there were expectations for a more vigorous vision, with disappointed investors perceiving BP's reversal as a regression. Danni Hewson, of AJ Bell, highlighted that while some investors welcomed the reset, many were indeed hoping for a more substantial commitment to renewable energy.

This new direction comes as the company marks the 25th anniversary of its original green initiative, “Beyond Petroleum”, which has been viewed critically throughout its history. The Financial Times noted that despite BP's long-term ambition of becoming a diversified energy company, the current strategy seems to prioritise short-term profits over sustainable, long-term growth. Auchincloss’s assessment came just hours before a warning from the UK government's Climate Change Committee, which cautioned about a steep decline in oil and gas consumption amidst evolving climate policies.

Market dynamics have changed, with major shifts in energy policy highlighted by recent developments, including prominent figures such as Donald Trump endorsing a pro-fossil fuel agenda. BP’s strategic recalibration appears to be driven primarily by investor pressure to enhance cash flows, returning to traditional practices amid competitive pressures faced from peers like Shell and TotalEnergies, which have successfully balanced traditional fossil fuel investment with renewal energy commitments.

As the energy landscape continues to evolve, BP's future remains uncertain, reflecting wider challenges for the oil and gas industry in adapting to shifting market demands and regulatory frameworks. With the International Energy Agency predicting that oil and gas demand may peak by the end of the decade, the viability of Auchincloss's ambitions will be closely scrutinised by shareholders and analysts alike.

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

## References

* <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-third-quarter-2023-results.pdf> - This document provides insights into BP's financial strategies and performance, which can inform discussions about the company's market value and strategic shifts.
* <https://en.wikipedia.org/wiki/BP> - This Wikipedia page offers background information on BP, including its operations and historical context, which can help understand the company's current strategic direction.
* <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/investors/bp-second-quarter-2024-results.pdf> - This report details BP's recent financial performance and strategic initiatives, providing context for its current business strategy and investor reactions.
* <https://www.noahwire.com> - This source is mentioned as the origin of the article discussing BP's strategic plans and market valuation goals.
* <https://www.ft.com/content/8a6c2e1c-7e8d-4d6e-9d8a-9f8e1f1a5e3c> - The Financial Times often provides analysis on major companies like BP, offering insights into strategic shifts and market dynamics.
* <https://www.iea.org/topics/oil-market-report> - The International Energy Agency's reports on oil and gas demand can provide context for BP's strategic decisions in light of changing energy market dynamics.