

## press release

25 July 2011

### Oil and gas giants report Q2 figures

- BP profits are below expectations
- BG Group doubles profits for the quarter
- BG Group and Royal Dutch Shell B remain The Share Centre's preferred plays in the sector

**As oil and gas giants BP and BG Group announce Q2 results Nick Raynor, investment adviser at The Share Centre, explains what these mean for investors.**

**Commenting on BP:** "BP reported a £3.2bn profit for the quarter which was an increase from the year before, but below analyst expectations, resulting in the share price falling by 2.5% in early morning trading.

"Investors may also be concerned by the fall in the company's production levels which were down by almost 11% to 3.43m barrels per day; we don't expect to see this increase in the short term. The company is also looking to sell further assets, which will total \$30bn by the end of the year, to help pay for the Gulf of Mexico oil spill that offset the boost from rising oil prices.

"BP was awarded two deepwater exploration blocks in Trinidad and Tobago on Monday showing signs of the Government's confidence in the company returning. However, we still expect it to be a long slog for BP and continue to recommend investors to 'hold' for now. For those seeking income Royal Dutch Shell B is our preferred play in the sector with a yield of over 4%, and we recommend BG Group for investors seeking growth."

**Commenting on BG Group, Raynor added:** "In contrast BG Group reported results ahead of expectations with underlying net income at \$1.15bn. The rise in oil prices, increased flow rate

resulting in lower exploration costs and a strong performance from the company's liquefied natural gas (LNG) operations saw net profits for the quarter double.

"Investors seeking growth will be pleased to hear the company's operations in Brazil exceeded expectations with increases in reserves. The company has stressed the earnings potential from the region and we expect to see further upgrades in the finds within these fields.

"BG Group's LNG earnings increased by 7% which will encourage investors as it is becoming a bigger market than oil, as a cleaner fuel. The company has moved towards the Asian, European and South American markets, away from the lower-priced US market, and has signed an exciting 20 year deal in Japan. We continue to recommend investors seeking growth 'buy' BG Group for its long term attractions and expect more to come from the company that has a strong track record in finding new fields."

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The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

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