P2JW196000-0-B00300-1--------WO

BP Expects Iran Conflict To Fuel Oil-Trading Gains

The war with the U.S. drove a surge in energy prices and helped its traders

By Adrià Calatayud

WALDO SWIEGERS/BLOOMBERG NEWS

BP said seasonal maintenance and Middle East disruptions led to a decline in quarterly output.

BP said it expects further gains from oil trading but lower upstream production in the second quarter than in the first, as the U.K. energy major continues to navigate turmoil in energy markets due to the Iran conflict.

The company said Tuesday that it would take a $1 billion hit in the second quarter from write-downs on transition businesses in its gas and low-carbon energy segment. But it forecast a slightly higher oil-trading result in the second quarter compared with the first three months of the year, when it flagged an exceptional performance.

The company also said price lags would lift the results of its oil-and-gas segments, while seasonal maintenance and Middle East disruptions led to a decline in its quarterly output.

Shares in BP rose 2.3% in European trading Tuesday.

The update points to oil-trading gains at BP for the second quarter in a row, just before renewed fighting in the Middle East caused a fresh bout of volatility in energy markets.

BP follows rival Shell in predicting a boost from trading and a hit from production volumes lost because of the conflict, which has disrupted the operations of some of the world's largest suppliers of oil and gas and triggered big price swings.

The conflict in Iran means BP's recently appointed chief executive officer, Meg O'Neill, is steering the company through upheaval both in global energy markets and internally, with the abrupt removal of Albert Manifold as chairman in May having brought more turmoil after repeated leadership changes and strategic uncertainty in recent years.

BP's results at the start of the year already benefited from what the company called an exceptional oil-trading performance, as the outbreak of war in Iran drove a surge in energy prices and helped its traders as customers scrambled to secure supplies of jet fuel and diesel.

A ceasefire agreement between the U.S. and Iran later weighed on Brent crude futures, the international oil benchmark. Brent futures just notched their worst quarterly percentage fall since the Covid-19 pandemic, with a 38% drop in the second quarter, but they clawed back some of those declines when fighting flared up again.

The latest fire exchanges over the weekend and President Trump's announcement that he was reimposing the U.S. blockade on Iranian shipping through the Strait of Hormuz sent Brent crude futures up 9.6% to settle at $83.30 a barrel on Monday, marking their largest daily percentage gain since May 2020, when prices were recovering from the Covid-19 lockdown slump.

BP said it expects price lags for its output in the Gulf of Mexico—which the U.S. now calls the Gulf of America—and the United Arab Emirates to contribute to gains of between $1.8 billion and $2.1 billion in the second-quarter results of its oil production and operations segment.

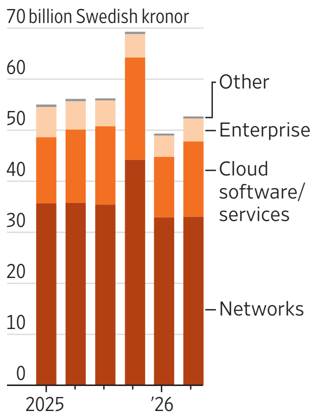
The company said it expects quarterly reported upstream production to range from 2.17 million to 2.22 million barrels of oil equivalent a day compared with 2.34 million barrels of oil equivalent a day in the first quarter. It attributed the decline to seasonal maintenance, predominantly in the Gulf of Mexico, as well as to the effects of disruption in the Middle East.

BP, which is seeking to cut costs and sell assets to reduce its debt load, forecast net debt at the end of the second quarter to range from $22 billion to $23 billion, down from $25.3 billion at the end of March.

Ericsson Warns Of Hit on Rising Component Costs

By Dominic Chopping

Ericsson's quarterly sales



Note: 1 billion kronor = $102.9 million
Sources: S&P Capital IQ; the company

STOCKHOLM—**Ericsson** warned of weaker profitability in its networks business after sales declined in the higher-margin North American market, while rising semiconductor and component prices continue to squeeze the telecommunications-equipment maker.

The Swedish company said on Tuesday that its key networks business posted an organic sales decline of 4% in the second quarter, as lower sales in North America and Europe and a drop in licensing revenue offset growth in most other regions.

Sales in North America have been falling after telecom operators in the region previously made strong investments in 5G networks, having been early adopters of the technology. Networks sales in Europe also declined as modernization projects in some markets were gradually completed.

The company reported a second-quarter adjusted gross margin for its networks unit of 50.4%, in line with its guided 49% to 51% range, but said the margin is expected to land within a 48% to 50% range in the third quarter.

In addition to the drop in network sales, Ericsson has also faced increasing cost pressures, having previously highlighted rising input costs, especially in semiconductors, caused in part by surging artificial-intelligence demand. It has said it hopes to offset these challenges through a mix of burden-sharing with customers and suppliers and through product substitution and efficiency actions.

Chief Executive Officer Borje Ekholm said on Tuesday that the company took action in the second quarter to mitigate component-cost inflation.

"As the impact builds in the coming quarters, we will continue to pursue internal measures and pricing actions to help offset the effect," he said.

Ericsson also expects some pressure on the networks margin in the third quarter because of higher volumes of network rollout projects, despite guiding for sales growth at the unit to land above the three-year average seasonality of 1% growth.

The company reported second-quarter earnings before interest and taxes of 5.92 billion Swedish kronor, equivalent to $609 million, down from 6.39 billion kronor a year earlier, as the lower networks sales, the impact of a previous divestment, and a one-off boost from licensing last year all made an impact. Restructuring costs also dented profitability, it said.

Sales fell 6.1% to 52.69 billion kronor, versus the 53.94 billion kronor FactSet estimate, while the group's gross margin fell to 45.8% from 47.5%.

The results mark Ekholm's last earnings report as CEO. He said last month that he would be stepping down at the end of September.

JOHN MACDOUGALL/AFP/GETTY IMAGES

Delivery Hero in May received a takeover approach from Uber that valued it at $11.4 billion.

Uber, Delivery Hero Disclose Advanced Talks on Takeover

By Kelly Cloonan And Najat Kantouar

Uber is in advanced discussions with **Delivery Hero** regarding a potential takeover of the German food-delivery company.

Delivery Hero on Tuesday said talks are at an advanced stage, and didn't comment on speculation regarding the price of the offer. The discussions follow an approach made in May by Uber that valued Delivery Hero at about €10 billion, or $11.38 billion.

The talks mark Uber's latest efforts to bolster its international presence, and comes after a series of recent changes at Delivery Hero including plans for the departure of its co-founder and chief executive officer.

Uber declined to comment on the latest talks.

Shares of Delivery Hero closed European trading around 6% higher at on Tuesday after Bloomberg reported that the two sides could reach a deal as soon as this week. Uber's stock slid nearly 3%.

Uber has been working to strengthen its ride-hailing abroad lately in its ride-hailing and food-delivery businesses as competition in both spaces heats up. Earlier this year, the company entered agreements to acquire chauffeur-service company Blacklane, which operates in more than 60 countries, as well as Getir's delivery portfolio in Turkey.

Uber has been working to strengthen its foothold abroad lately.

DoorDash, one of Uber's key competitors in food delivery, has similarly been working to grow internationally, including with an agreement last year to acquire British food-delivery company Deliveroo.

In May, Delivery Hero said its co-founder and CEO Niklas Östberg would step down by the end of March next year, but would lead its strategic review process and associated dealmaking. When it outlined the strategic review in December of last year, the Berlin-based company said it would explore deals for select assets and operations.

Delivery Hero operates in about 65 countries in Asia, Europe, Latin America, the Middle East and Africa, according to the company's website.

AstraZeneca Sets $1.5 Billion License Deal

By Nina Kienle

AstraZeneca said it entered into an exclusive global license agreement with China's Dizal Pharmaceutical for the lung-cancer treatment drug Zegfrovy, in a deal valued at up to $1.5 billion.

The London-listed drugmaker said it would make an upfront payment of $600 million, as well as additional payments of up to $900 million upon reaching specific milestones. Dizal will receive tiered royalties on the sales of Zegfrovy, it added. AstraZeneca said it would acquire global rights to both develop and commercialize Zegfrovy.

The treatment is approved in the U.S. and China for adult patients with locally advanced or metastatic non-small-cell lung cancer.

The transaction is expected to close in the second half of the year and won't affect guidance for 2026, it said.