



Excess Profits of European Oil Companies During the US–Iran War

Briefing and Methodology Note

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Summary

The conflict in Iran began on 28 February 2026. Within weeks Brent climbed to over \$100, and Europe's oil companies began to experience and then report significant increases to income and profit. This note measures how much additional profit they earned, and how much of it can be attributed to the EU27.

We use a deliberately simple and conservative definition of excess profit: the change in a company's adjusted net income between a war quarter in 2026 and the same quarter a year earlier. Comparing like quarters removes seasonality and requires no assumption about what a "normal" level of profit would have been.

Across the eight companies covered here (Shell, BP, TotalEnergies, Eni, Orlen, Repsol, OMV, Moeve) - those that publish enough geographic detail to allocate their profit to the EU27 - **EU-attributed excess profit was approximately €1.6 billion in the first quarter of 2026 and €5.9 billion in the second: around €7.5 billion over the first two war quarters combined.** The first quarter contained only one month of war; the second was the first full war quarter, which is why it is so much larger. Because oil companies can shift profit across jurisdictions we do not rely on where profit is booked. Instead we use companies' Country-by-Country Reporting of revenues to allocate group-level profit to the EU27 and, where possible, to individual member states. This restricts the analysis to the eight companies that publicly publish sufficient geographic detail.

In just the first two quarters of the US-Iran war, eight of Europe's largest oil companies earned

around €7.5 billion

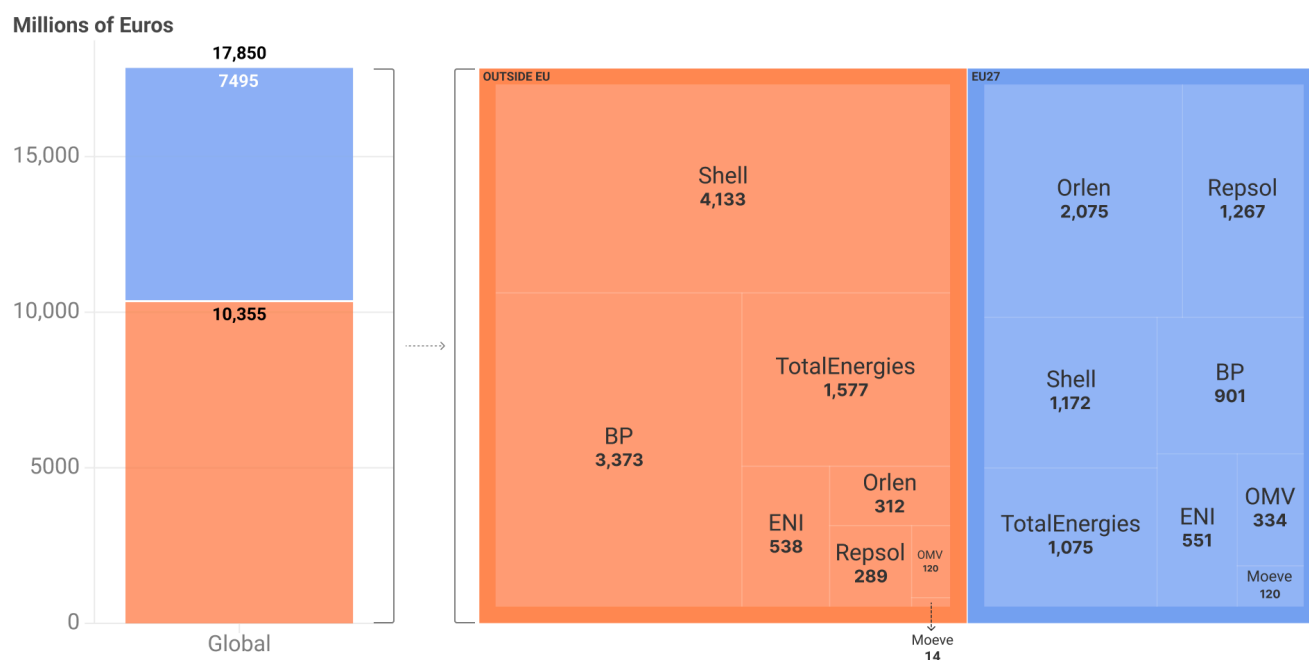
in excess profit attributable to the EU-27

As shown in the figure below, the same eight companies earned around €17.9 billion in global excess profit over the two quarters. The EU-attributed figure above represents around 42% of that total. The largest of these companies, BP and Shell in particular, earn the majority of their revenue outside the EU.

8 fossil fuel giants made €7.5B in excess profit in the EU in 2026 H1

Regional profit allocation based on company-reported revenue shares

Outside EU EU27



Source: T&E analysis, Company financial reports, Country-by-Country Reporting (CbCR)



These eight companies account for roughly half of Europe's refining capacity, so the true sector-wide figure is larger - by how much cannot be estimated from public disclosure.

The case for acting is ultimately one of fairness. The higher prices that generated these profits were paid at the pump by ordinary drivers across the EU, who had no way to avoid a cost imposed by a geopolitical shock they did not create. The same shock delivered a windfall to oil companies on the other side of that transaction. A mechanism to claw back a share of those excess profits would do no more than rebalance that transfer - and it could be put to a purpose that reduces the exposure in the first place. Revenue raised during an oil crisis is well suited to funding an acceleration of electric vehicle deployment, which is the most direct way to insulate European drivers from the next one: every household that switches off oil is a household the following price shock cannot reach.

Purpose

The US–Iran war began on 28 February 2026. This analysis quantifies, from company filings rather than modelled estimates, how much additional profit European oil companies have earned since the conflict began, and how much of that additional profit is attributable to the EU-27.

"Excess profit" here has a deliberately narrow and testable definition: the year-on-year change in adjusted post-tax profit between a war quarter in 2026 and the same quarter in 2025. Comparing like quarters removes demand seasonality. It is simply the difference between what these companies earned during the war and what they earned in the same months a year earlier.

The approach is bottom-up. Every profit figure traces to a specific table in a specific company document, with the source recorded in the model.

Why eight companies: geographic disclosure is the binding constraint

The universe of eight is not a judgement about which companies matter most. It is determined by which companies publish a geographic breakdown that allows their global profit to be allocated to the EU-27.

Oil majors report profit as a single global consolidated figure. Nothing in a set of statutory accounts tells you how much of BP's or Shell's profit arose in Europe. Companies with no usable geographic disclosure therefore cannot be included.

But the missing number is only half the problem. Where a multinational's profit *appears* is partly a function of corporate structure rather than of where the refining, selling and trading actually happened: groups can and do shift profit between jurisdictions through transfer pricing, intra-group financing, licensing arrangements and treasury structures, and low-tax jurisdictions absorb profit that arises economically elsewhere. This analysis therefore makes a positive methodological choice as well as a pragmatic one: it allocates global adjusted profit by each group's geographic revenue share, on the view that where the sales happened is a fairer basis for locating profit than where a group's own reporting places it.

Country-by-Country Reporting (CbCR) is the disclosure that makes the allocation possible.

Prepared for tax authorities under [OECD BEPS Action 13](#) and increasingly published voluntarily, it sets out revenue jurisdiction by jurisdiction. Six of the eight companies publish CbCR - Shell, BP, TotalEnergies, Repsol, Eni and Moeve. The remaining two (Orlen and OMV) do not yet, and we substitute the geographic revenue disclosures in their annual reports: a weaker proxy, flagged as such throughout, and one that will be superseded when their mandatory CbCR filings fall due under [EU Directive 2021/2101](#).

Company universe, and adjusted profit

We use adjusted net income to define profit. This is deliberate. Unadjusted net income is unsuitable for a cross-company comparison of trading performance for two main reasons, both of which bite hardest in exactly the conditions this analysis is measuring.

Inventory revaluation swamps the signal when prices move fast. Under International Financial Reporting Standards (IFRS), oil bought before a price spike is carried at its original cost and released to the income statement when sold, so a company records a gain simply because crude it already owned became more valuable. That gain is real, but it is a function of the price path and the size of the tank, not of how the business traded. In a quarter where Brent moved to over \$100, this effect is large and varies enormously between companies depending on inventory position and accounting convention. Comparing statutory profits across eight companies through a price spike would be comparing their inventory positions as much as their performance.

One-off items are lumpy, unrelated to the war, and can be larger than the thing being measured. Impairments, asset disposals, restructuring charges and derivative fair-value movements all land in unadjusted profit lines. Real events, but not part of the recurring business. Including them makes period-on-period comparison meaningless.

The adjusted measures remove both categories, leaving profit from actually running the business in the period.

The direction of the effect is not one-sided. In Q1 2026 the adjusted figure sat *below* the unadjusted profit for TotalEnergies (-\$538m) and BP (-\$1,014m), and *above* it for Shell (+\$1,157m). Using adjusted profit is therefore not a systematically conservative or systematically generous choice; it is a consistent one.

Most of the eight companies publish a management-defined "adjusted" profit measure. The branding differs - BP calls it Underlying RC Profit, Shell calls it Adjusted Earnings, TotalEnergies calls it Adjusted Net Income - but the concept is identical.

One departure from the standard. Orlen publishes no post-tax adjusted metric. It does disclose a 'net profit before net impairment losses' line, but this adjusts for only one category of item and is stated including non-controlling interests, so we do not treat it as an adjusted metric. We therefore use statutory net profit attributable to owners of the parent. The consequence is that Orlen's figures retain inventory and one-off effects that other companies' adjusted metrics strip out. As a sensitivity check, computing Orlen on its "net profit before net impairment losses" line instead would raise its two-quarter EU-27 excess profit by 2.3%. Our chosen metric is therefore the more conservative of the two available.

Coverage: what this analysis does and does not capture

Using [CONCAWE refinery-level data](#) with ownership shares applied to joint ventures, the eight modelled companies account for a coverage share of around 46%. This figure describes the scope of this analysis. It should not be read as implying anything about the size of the market beyond it.

Those oil companies outside the modelled universe are excluded for a single reason: they publish no geographic breakdown that would allow their profit to be allocated to the EU-27.

We do not gross the results up to a whole-market estimate, and the figures in this note should not be used to construct one. The obvious arithmetic - dividing the EU-27 excess profit by 46% - would produce a number that looks authoritative and is not. It fails for at least six reasons:

1. Refining capacity is not a proxy for profit. Capacity measures how much crude a plant can physically process, not what it earns.
2. The profits being measured are not solely refining profits. The adjusted figures in this analysis are group-wide. They include upstream production, LNG, trading, retail, chemicals and power. Scaling a group-level profit figure by a refining-capacity share assumes profit is proportional to refining capacity across the whole industry, which it is not even within our own sample.
3. Many of the excluded operators are structurally unlike the included ones. Their exposure to a crude and crack-spread shock - and their ability to pass costs through to drivers - likely differs systematically from that of a large integrated major. There is no basis for assuming the two groups responded alike.
4. The sample is not random; it is selected on disclosure. Our eight are the large, listed groups that publish CbCR or equivalent geographic reporting. That selection correlates with size, listing status, integration and jurisdiction. Private, joint-venture and state-controlled operators may differ systematically in hedging policy, tax structure, contractual pass-through and margin capture.
5. The distribution within our own sample is extremely skewed, so an average is not informative. Two of the eight companies earned *less* during Q1 2026 than a year earlier, and the spread in Q2 ran from +64% to +439%. Company-specific factors - pipeline disruption, national price caps, hedge books, one-off items in the comparator quarter - dominate the outcome. A mean effect derived from eight highly dispersed observations cannot support inference about oil companies we have not measured.
6. The ratio itself does not measure what an extrapolation would need it to. The total refining capacity is pan-European: it includes UK, Norwegian and Swiss capacity. The EU-27 profit figure it would be applied to is not. It is also a *capacity* figure, not throughput, and includes plants that were idle, running below rate, or mid-conversion to biorefining during the period.

For all these reasons the EU-27-wide excess profit of the full oil sector is not knowable from public disclosure. What this note reports is a measured floor: the excess profit of eight named

companies. The true sector-wide figure is larger - every company in the uncovered group operated through the same crack-spread expansion - but by how much cannot be quantified until the mandatory public CbCR regime under EU Directive 2021/2101 brings more of these operators into scope.

Currency

All figures are converted to EUR at quarterly average rates. Currency direction matters for interpretation. The euro appreciated roughly 10% against the dollar between Q1 2025 and Q1 2026 (0.9508 → 0.8546). This mechanically suppresses the euro-denominated growth of the three dollar reporters (BP, Shell, TotalEnergies). Between Q2 2025 and Q2 2026 the rate was almost flat (0.8811 → 0.8596), so the Q2 figures are less affected.

Geographic attribution

Companies report profit globally, not by country. To isolate EU profit we need an attribution rule. We use Country-by-Country Reporting (CbCR) revenue shares:

EU-27 profit = Global adjusted profit × (EU-27 revenue ÷ World revenue)

The resulting EU-27 shares

Company	EU-27 revenue share	Source year	Basis
Moeve	89.7%	FY2025	CbCR
Orlen	86.9%	FY2024	Revenue by country of customer
Repsol	81.5%	FY2025	CbCR
OMV	73.6%	FY2025	Sales to third parties, by country
Eni	50.6%	FY2024	CbCR
TotalEnergies	40.5%	FY2024	CbCR
Shell	22.1%	FY2024	CbCR
BP	21.1%	FY2025	CbCR

The spread, from 21% to 90%, is itself revealing. Orlen, Moeve and Repsol are essentially European businesses. BP and Shell are not. Roughly four-fifths of Shell's and BP's revenue arises outside the EU. Any EU-level mechanism will therefore capture only a small fraction of the profits of the two largest absolute earners.

Why revenue and not profit

Some of the eight companies CbCR lists profit before tax by jurisdiction as well as revenue. We deliberately use the revenue share, because the CbCR profit lines can be structurally distorted by profit shifting between jurisdictions.

Known weaknesses

Revenue location is not profit location. Take a barrel refined in Poland and sold to a German customer: revenue books in Germany, and the method attributes the associated profit there. Whether profit is in fact earned in Poland depends on arrangements that public disclosure does not reveal. If the refining entity sells to the German distribution entity at or near cost, the margin is captured in Germany. If a trading entity sits between them, the margin may be booked in the trading company's jurisdiction, which can be outside the EU altogether. Which of these applies is a function of group structure, not of the physical value chain.

This is a limitation of any geographic allocation, not of ours specifically, and the alternatives are worse. A profit-based allocation would take the trading-entity outcome at face value. Revenue-share allocation applies one consistent rule to the location of sale, which is the observable and least manipulable point in the chain. At country level the resulting attribution may still be wrong in either direction; at EU-27 aggregate level intra-EU misallocation nets out, and profit routed outside the EU is still captured rather than lost.

Two companies lack a public CbCR. For Orlen and OMV we substitute CbCR within geographic revenue disclosures from their annual reports. This is a reasonable substitution.

The revenue proportions are pre-war. They derive from FY2024 and FY2025 disclosures and are applied to 2026 profits. If the war changed the geographic distribution of revenue, the proportions are stale/out of date. We have no way to test this until FY2026 CbCR is published in 2027. The method implicitly assumes each euro of revenue earns the same profit wherever it arises. For the EU-centric refiners European crack spreads expanded sharply, so their EU profit share probably rose above their EU revenue share and hence the method likely **understates** their EU attribution. For the integrated majors the reverse is plausible: a large share of profit is earned from upstream production and from trading operations based outside the EU27. For them the profit mix may have shifted away from the EU while the revenue share did not, meaning the method likely **overstates** EU attribution. The net direction for the aggregate is unclear. We report the figures as calculated and do not claim a known direction of bias.

Country-level extension

The same logic is run at country level for six focus markets - Germany, Spain, Poland, Italy, France, Belgium - using each company's country revenue share of world revenue.

How excess profit is calculated

Quarterly excess profit = Q(n) 2026 adjusted profit – Q(n) 2025 adjusted profit

Applied at global level and, after the geographic share is applied, at EU-27 and country level. Each war quarter is reported on its own. No annualisation, and no gross-up for market coverage.

The war-month structure, and why Q1 and Q2 are not equivalent. This is the single most important thing to understand about the numbers. **Q1 2026 contains only one month of war.** January and February were pre-war; the conflict began on 28 February. The Q1 year-on-year delta therefore captures roughly one month of war conditions spread across a three-month quarter. **Q2 2026 is the first complete war quarter.** All three months of Q2 2026 fell within the conflict, against one month in Q1. Q1 is a partial-quarter reading that understates a full war quarter by construction, and Q2 is the first clean observation of what a war quarter looks like. Comparing the two for the eight companies together, the EU-attributed excess profit in Q2 (€5.9 billion) is more than three times that in Q1 (€1.6 billion).

Headline figures

	Q1 2026	Q2 2026
EU-27 attributed excess profit, 8 companies (€ billions)	1.6	5.9
War months in quarter	1	3

Combined across the first two war quarters, the EU-27 figure is approximately **€7.5 billion**.

These figures cover the eight modelled companies only, which account for 46% of European refining capacity. They are not grossed up to a sector-wide total, for the reasons set out above.

Findings

Everything in this section is on the adjusted basis (apart from Orlen, as discussed above), converted to euros, and attributed to the EU-27 using CbCR revenue shares. Each quarter stands alone; there is no annualisation, or gross-up for market coverage.

7.1 Global adjusted profit, Q1 2026

Company	Q1 2025 (€m)	Q1 2026 (€m)	Excess profit	% change
Shell	5,303	5,909	+606	+11%
TotalEnergies	3,986	4,609	+624	+16%
BP	1,313	2,733	+1,420	+108%

Orlen	986	1,901	+915	+93%
Eni	1,412	1,302	-110	-8%
Repsol	557	873	+316	+57%
OMV	413	323	-90	-22%
Moeve	138	147	+9	+7%
Total	14,108	17,798	+3,690	+26%

Recall that this is a quarter containing only one month of war. BP more than doubled its adjusted profit on a single war month.

7.2 Global adjusted profit, Q2 2026

Company	Q2 2025 (€m)	Q2 2026 (€m)	Excess profit	% change
Shell	3,757	8,455	+4,698	+125%
TotalEnergies	3,153	5,181	+2,028	+64%
BP	2,073	4,927	+2,854	+138%
Orlen	335	1,807	+1,472	+439%
Eni	1,134	2,333	+1,199	+106%
Repsol	598	1,838	+1,240	+207%
OMV	385	929	+544	+141%
Moeve	186	311	+125	+67%
Total	11,621	25,782	+14,160	+122%

The eight companies more than doubled their global adjusted profit in a single quarter. Every one of the eight earned more than in the same quarter of 2025. Shell and BP dominate in absolute terms, adding €4.7bn and €2.9bn respectively - together more than half of the eight-company global increase. Repsol more than tripled its adjusted net income (+207%). And TotalEnergies' Q2 increase (+€2.0 billion) is more than three times its Q1 increase (+€0.6 billion). The difference is the war-month structure.

Orlen's Q2 2025 comparator was depressed by impairment charges, so its percentage increase partly reflects that low base. Using Orlen's "net profit before net impairment losses" line instead would increase its two-quarter EU-27 excess by just 2.3%, making our metric the more conservative choice.

7.3 EU-27 excess profit by company

The core output of the analysis.

Company	Q1 2026 (€m)	Q2 2026 (€m)	First two war quarters
Orlen	796	1,279	2,075
Repsol	257	1,010	1,267
Shell	134	1,038	1,172
TotalEnergies	253	822	1,075
BP	299	601	901
Eni	-56	607	551
OMV	-66	400	334
Moeve	8	112	120
Total	1,625	5,870	7,495

Orlen remains the largest single EU-attributed earner across the two quarters, at €2.1bn, more than twice BP's, on a group whose global profit is a fraction of BP's. This is the combination of strong profit growth with an 86.9% EU revenue share: Orlen books almost everything it earns inside the EU. The contrast with Shell and BP is striking. Between them they generated more than half the eight-company global excess across the two quarters (€9.6 billion of the €17.9 billion), but only 28% of the EU-27 excess (€2.1 billion of €7.5 billion).

7.4 EU-27 excess profit by country

The same attribution logic is applied at country level for six member states.

Country	Q1 2026 (€m)	Q2 2026 (€m)	H1 2026 (€m)
Poland	+617	+1,011	+1,628
Spain	+296	+1,182	+1,479
Germany	+279	+910	+1,189
France	+156	+538	+694
Italy	-40	+528	+488
Belgium	+46	+167	+213

EU-6 total	+1,355	+4,336	+5,691
EU-27 total	+1,625	+5,870	+7,495

The EU-6 focus markets account for 76% of the modelled EU-27 excess across the two quarters. Poland is the largest single market - a direct consequence of Orlen's scale within Poland and the share of its business booked there. Italy swings from negative in Q1 to clearly positive in Q2, following Eni's group-level recovery.

7.5 The effect was geographically uneven, then universal

In Q1, two of the eight companies (Eni and OMV) earned less than in the same quarter of 2025. In Q2, all eight earned more. The war's effect was not evenly distributed when it began, but once it ran for a full quarter it reached every company in the sample.

Orlen is by some distance the largest EU-attributed beneficiary: €2.1bn across the two quarters, for a group whose global profit is a fraction of BP's. This is the product of strong profit growth combined with an 86.9% EU revenue share.

The mirror image is BP and Shell. Between them they generated €9.6 billion of the €17.9 billion eight-company global excess across the two quarters (54% of the total) but only €2.1 billion of the €7.5 billion EU-27 excess, or 28%.

Policy implication: the EU has no standing mechanism for this

The work above is motivated by a gap in EU policy, and the gap is structural rather than incidental.

The 2022 response was ad hoc and has expired. Council Regulation (EU) 2022/1854 created a one-off "solidarity contribution" on fossil fuel companies for fiscal years 2022 and 2023 only. It was negotiated under emergency conditions, applied for two years, and lapsed. It raised roughly €28bn across the EU. Nothing replaced it.

Its design would not work again. The 2022 mechanism defined excess profit against a baseline of average taxable profit in 2018–2021, plus 20%. Re-run with 2022–2025 as the reference period, the baseline is now anchored at energy-crisis-era profits. Any mechanism defined against a recent historical baseline is disarmed by the previous crisis. A standing mechanism has to be designed so that each crisis does not raise the bar for the next. Further, the 2022 design also taxed profits as booked in the EU. A base that profit-shifting can relocate. A standing mechanism should instead start from global profit and allocate the EU share by a real-activity metric such as revenues, the approach used in this analysis.

What exists now is a patchwork of uncoordinated national measures, with different bases, rates and scopes. None is coordinated with any other. The evidence in this note argues for a standing, EU-level instrument rather than another emergency negotiation after the fact:

- Excess profits arose within weeks of the conflict beginning. A standing mechanism will trigger earlier than one negotiated after the fact, leading to a greater sense of immediate fairness from those drivers paying for the crisis.
- The effect was uneven at the outset. In the first weeks, Orlen and Repsol earned large excess profits while Eni and OMV earned less than a year earlier; by the second quarter all eight were ahead. A standing mechanism calibrated on actual profit can distinguish between these cases by construction.
- The largest absolute earners book most of their profit outside the EU: BP at 21% EU revenue, Shell at 22%. Any EU instrument needs to confront that directly rather than discover it during a crisis.

Recommendations

- **Introduce a permanent, EU-level excess profits mechanism with a pre-defined trigger.** The mechanism should exist in law *before* the next crisis, activating automatically when a defined threshold is crossed.
- **Design the mechanism at EU level, on global profits, allocated by real activity.** A coordinated EU instrument is preferable to national measures. National measures create an uncoordinated patchwork of bases, rates and scopes that companies can arbitrage. Profits booked in any single member state can be relocated, whereas a base built on global profit allocated by revenue share is less susceptible to profit shifting by the oil companies.
- **Direct revenues towards reducing the exposure that creates the windfall.** Revenue raised during an oil crisis is well suited to funding accelerated electric vehicle deployment: every household that switches off oil is a household the next price shock cannot reach, and the next windfall cannot be earned from.

Limitations

Ordered by materiality:

1. Q1 2026 contains only one month of war, so its year-on-year delta is diluted relative to a full war quarter. Conservative.
2. Q2 2025 was a soft comparator. The eight companies' global adjusted profit in Q2 2025 (€11.6 billion) was 18% below Q1 2025 (€14.1 billion). Part of the large Q2 2026 year-on-year increase therefore reflects a low base as well as the war. Comparing like quarters remains the right approach - it removes demand seasonality and requires no counterfactual.

3. Geographic attribution uses revenue, not profit, with pre-war shares applied uniformly across each group.
4. Two companies lack a public CbCR (Orlen and OMV) and we use geographic revenue disclosures from their annual reports instead.
5. Orlen's metric is unadjusted statutory profit (no post-tax adjusted measure exists), unlike the other seven
6. Country-level attribution is weakest where holding structures dominate (Eni/Italy, Shell/Netherlands).

Further information

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