from IOC to IEC



Second quarter 2020 financial results and strategy presentation



I'm Craig Marshall, bp's Senior Vice President, Investor Relations.

You may have seen from this morning's announcements, this call is going to be a bit different today. We have a full agenda and do expect to take a little longer than advertised.

We will cover our second quarter results – but we intend to use most of this time to take you through our new strategy that we have announced today.

For this reason, I am joined today by Helge Lund, bp chairman – as well as Bernard Looney, chief executive, and Murray Auchincloss, chief financial officer. And we are also joined by our executive vice president, strategy and sustainability, Giulia Chierchia.

As usual, we will have time for Q&A at the end of the presentation, and we hope to finish around 11:30am UK time.

Before I handover to our Chairman, I do need to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA') and the general doctrine of cautionary statements, BP is providing the following cautionary statement: The discussion in this results announcement contains certain forecasts, projections and forward-looking statements - that is, statements related to future, not past events and circumstances - with respect to the financial condition, results of operations and businesses of BP and certain of the plans and objectives of BP with respect to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see', 'focus on' or similar expressions.

In particular, the following, among other statements, are all forward looking in nature: expectations regarding price assumptions, including lowering Brent to an average of around $55 per barrel and Henry Hub to an average of $2.90 per million BTU, in 2020 real terms, and increasing BP's carbon price; expectations regarding Upstream reported and underlying production in the third quarter and full year 2020; expectations regarding demand for BP's products in the Upstream and Downstream; expectations regarding global GDP and oil and gas demand; expectations regarding the Downstream refining margins and utilisation; expectations regarding BP's organic capital expenditure, DD&A, organic free cash flow and operating cash flow, underlying production in 2025, Rosneft contribution and Gulf of Mexico oil spill payments; plans and expectation regarding the reduction of around 10,000 jobs and the amount and timing of associated restructuring charges; expectations regarding 2020 major project start-ups, including for Ghazeer project to start up in 2020; BP's coherent approach to capital allocation, including statements regarding funding a resilient dividend, strengthening the balance sheet, deleveraging to $35 billion net debt and maintaining a strong investment grade credit rating, allocating sufficient capital to advance the energy transition strategy, investing in the resilient hydrocarbons business to generate sustainable cash flow, committing to return at least 60% of surplus cash as buybacks after having reached $35 billion net debt and subject to maintaining a strong investment grade credit rating, keeping the cash cover ratio within a 30-40% range across the cycle, rebalancing sources and uses of cash, on average over 2021-2025 to a balance point of around $40/bbl Brent, $3/mmBTU Henry Hub and $11/bbl BP refining marker margin, targeting $25 billion of divestment proceeds between the second half of 2020 and 2025 (including proceeds from the $5 billion petrochemicals divestment), evolving the long-term capital structure and hurdle rates; BP's 2021-25 business plan, including statements regarding maintaining strict discipline on capital spending in a range of $14-16 billion to 2025 and within $13-15 billion range until net debt has been reduced to $35 billion (including $9 billion allocated to resilient and focused hydrocarbons and $4-5 billion rising to $5-7 billion on low carbon electricity, energy, convenience and mobility), delivering $2.5 billion of cash cost reductions by end of 2021 and $3-4 billion of total cash cost reductions by 2023; BP's plans to scale the low-carbon electricity and energy businesses, including statements regarding developing around 20GW of renewables capacity by 2025 and 50GW by 2030, the strategic partnership with Lightsource BP developing 10GW of renewables capacity by 2023, the existing U.S. onshore wind portfolio, having 350TWh of traded electricity by 2025 and 500TWh by 2030, growing the LNG portfolio by almost 70% to 25Mtpa by 2025 and to around 30Mtpa by 2030 with 25Mtpa of LNG sales by 2030 and increasing bioenergy production to 50,000 b/d by 2025 and 100,000 b/d by 2030, increasing to 10% hydrogen share in core markets by 2030, to progress the hydrogen business in Australia and for CCUS to enable industrial decarbonisation; BP's plans to transform the convenience and mobility offer, including statements regarding earnings and growth, aiming to increase customer touchpoints to more than 15 million by 2025 and to more than 20 million by 2030, growing the network of BP-branded retail sites in growth markets to more than 7,000 by 2025 and more than 8,000 by 2030, growing Castrol revenue globally to $7.5 billion in 2025 and more than 130 million end-users by 2030, growing the network of strategic convenience sites to 2,300 by 2025 and more than 3,000 by 2030, expanding the existing EV network to more than 25,000 charge points by 2025 and more than 70,000 by 2030 and growing the share of margin from convenience and electrification to around 35% by 2025 and 50% by 2030; BP's plans to focus and maximise value from resilient and focused hydrocarbons, including statements regarding reaching 900mboed of production by end-2021, start-up of major projects through 2023+, maintaining flat underlying production and lowering headline Upstream production to around 2mmboed by 2025 and around 1.5mmboed by 2030, lowering unit production costs to around $6/boe by 2025, increasing BP operated plant reliability to 96% by 2025 and 2030, lower refining throughput to less than 1.5mmbl/d by 2025 and less than 1.2mmbl/d by 2030, increasing BP operated refining availability to 96% by 2025 and lowering capital expenditure to around $9 billion by 2025; BP's 2021-25 business plan outcomes, including statements regarding delivering 5-6% annual EBIDA growth and 7-9% in EBIDA per share growth reflecting portfolio high-grading and share buybacks, improving ROACE to 12-14% in 2025 and ROACE ranges by 2030; BP's beliefs on the energy transition, including statements regarding the trend towards renewables, customers redefining mobility and convenience, oil and gas as part of the energy mix, development of energy systems, energy solutions of countries, cities and industries, and digital and innovation; and BP's new ambition to be a net zero company by 2050 or sooner including statements regarding its aims by 2030 for emissions reductions across operations, emissions from the carbon content of its oil and gas production, a 15% cut in the carbon intensity of products BP sells, methane measurement at major oil and gas processing sites by 2023 and subsequent reduction of methane intensity of operations, and aims to increase the proportion and amount of investment into non-oil and gas businesses over time; and expectations regarding shifts in energy markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including: the extent and duration of the impact of current market conditions including the significant drop in the oil price, the impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products as well as the specific factors identified in the discussions accompanying such forward-looking statements; changes in consumer preferences and societal expectations; the pace of development and adoption of alternative energy solutions; the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain acquisitions and divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA and TSC effects; operational and safety problems; potential lapses in product quality; economic and financial market conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought or imposed; the actions of prosecutors, regulatory authorities and courts; delays in the processes for resolving claims; amounts ultimately payable and timing of payments relating to the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; recruitment and retention of a skilled workforce; the success or otherwise of partnering; the actions of competitors, trading partners, contractors, subcontractors, creditors, rating agencies and others; our access to future credit resources; business disruption and crisis management; the impact on our reputation of ethical misconduct and non-compliance with regulatory obligations; trading losses; major uninsured losses; decisions by Rosneft's management and board of directors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks or sabotage; and other factors discussed elsewhere in this report, and under "Risk factors" in BP Annual Report and Form 20-F 2019 as filed with the US Securities and Exchange Commission.

Reconciliations to GAAP - This presentation also contains financial information which is not presented in accordance with generally accepted accounting principles (GAAP). A quantitative reconciliation of this information to the most directly comparable financial measure calculated and presented in accordance with GAAP can be found on our website at www.bp.com.

Tables and projections in this presentation are BP projections unless otherwise stated.

During today's presentation, we will make forward-looking statements that refer to our estimates, plans and expectations. Actual results and outcomes could differ materially due to factors we note on this slide and in our UK and SEC filings. Please refer to our Annual Report, Stock Exchange Announcement and SEC filings for more details. These documents are available on our website.

I'll now handover to Helge.

Helge Lund
Chairman

Thank you, Craig.

And good morning.



And let me add my own welcome to everyone on our webcast.

Thank you for joining us.

As chairman of bp's board, I would not usually join our results call.

Normally they are led by our executive team.

But today we're making an exception.

This morning, we outlined a set of results that were delivered during a uniquely challenging period.

At the same time, we made announcements on three strategically important board decisions.

First, a new company strategy to meet the ambition and aims we set out in February

Second, a new and resilient financial frame, including a clear approach to how we allocate capital

And third, a new investor proposition that includes a new distribution policy

We believe these three elements will benefit our many stakeholders, including our investors.

So, before Bernard, Murray and Giulia explain the key details, I want to briefly outline:

the judgements the board has made in reaching these decisions;

and the process we have followed.

JUDGEMENTS

Starting with our judgements.

And our first judgement simply recognises a stark truth.

The world is on an unsustainable path - its carbon budget is running out.

Our second judgement is that – in response to that stark truth – energy markets have begun a process of fundamental, lasting change – shifting increasingly towards low carbon and renewables.

Oil and gas produced safely and efficiently, will, we believe, continue to perform a vital role for the world and in our business.

But – and this is our third judgement – over the longer term the demand for both oil and gas will be increasingly challenged.

Finally, our fourth judgement is that bp, alongside many others, can contribute to the energy transition the world wants and needs – and create value in doing so.

We have the skills, the energy market experience, the resources and the global relationships.

PROCESS

In applying these four judgements to our decision-making, the board has been actively engaged with the leadership team in a process that began long before Bernard became CEO this year, but which has accelerated since.

From the beginning of 2019, we made our strategy the central focus of every board meeting.

This year, we have worked closely with Bernard and his team.

We have – in certain periods – increased the frequency of our meetings to weekly – recognising the scale of the shift our company needs to make.

And the strategy we announce today has benefited from extensive dialogue with our shareholders.

It will change bp from an International Oil Company to an Integrated Energy

Company focused on delivering solutions for customers – a major, necessary step in support of bp's purpose and ambition.

FINANCIAL FRAME

To deliver this strategy, the board has agreed a new financial frame for bp.

It provides a stable foundation for our company.

Strengthens our balance sheet

Provides a clear approach to capital allocation

And crucially, through our disciplined approach to investment, creates the opportunity for us to significantly increase our investment in low carbon activities in this decade, while at the same time operating a high-quality base business.

INVESTOR PROPOSITION

Together, our new strategy and financial frame create our investor proposition, which is designed to reward our investors through committed distributions and profitable growth, while generating sustainable value as we invest into the energy transition.

Bernard, Murray and Giulia will shortly explain the details more fully.

CLOSING REMARKS

But I will close for now by thanking them – and their entire team – for their leadership of bp during this extraordinary period.

They could hardly have had a more challenging first few months.

There will undoubtedly be further challenges along the way.

And, through this transition, I know we are going to learn a lot.

Yet there's a lot this company already understands.

About rising to those challenges when they come.

About energy.

And about the opportunity we have to reimagine energy for people and our planet.

Bernard and his team have the board's full support.

And I'm very pleased to join them in announcing these big steps for bp.

Thank you.



Thank you, Helge and welcome to everyone joining us today. I appreciate you taking the time.

First of all – if I may – I want to start by thanking my bp colleagues for the amazing job they are doing right now as we all deal with the impacts of the COVID-19 pandemic.

As well as taking care of their families, and supporting the communities in which they work, they have continued to help deliver the energy the world needs, in what has arguably been the most challenging quarter in the history of the industry.

Those working on the frontline deserve particular recognition. Many have made great sacrifices and dealt face to face – literally in some cases – with the risk, in order to keep our operations running and our retail sites open.

Equally – those working from home have had to deal with unique challenges, disruption, and inevitable anxiety.

They all are doing a great job.

If you are listening, thank you! I am enormously grateful.

As Helge says, we are moving earlier than we thought on our strategy.

We are moving faster – further – and more decisively.

The world is in a different place because of COVID-19 – and so are we.

And the more we understand about the consequences for the global economy – and the inevitable uncertainty it brings – the more convinced we are that the ambition and direction we laid out on Feb 12th is taking us in the right direction for bp. It is right for our employees, it is

right for our shareholders, and it is right for society.

Within a decade – bp intends to be a very different kind of energy company.



We are transforming from an International Oil Company focused on producing resources…

To an Integrated Energy Company focused on delivering solutions for customers.

From IOC to IEC.

This is a truly transformational step as we seek to become a net zero company by 2050 or sooner.

Today is about a new strategy, a new financial framework and a new investor proposition.

And as part of that proposition we have announced a new distribution policy, which will support us in facing an increasingly uncertain world, allow us to strengthen our balance sheet and invest adequately in the energy transition.

The policy combines:

– A re-set and resilient dividend, intended to remain fixed at 5.25 cents per ordinary share, per quarter, subject to the board's discretion.

– And a commitment to return at least 60% of surplus cash to shareholders through share buybacks, once our net debt target has been reached – and subject to maintaining a strong investment grade credit rating.

And while this approach has been informed by the extensive engagement we have had with our shareholders, I do want to acknowledge the impact it will have on many – whether an individual retail investor or a large holder.

However, it is a decision that we wholeheartedly believe is in the long-term interest of our stakeholders.

Any such decision must be put in context. And that is why we have accelerated our strategy presentation to today – so you can hear a coherent story of how this all fits together.

We'll come back to talk about this in more detail later – but let me turn firstly to recap on what has been a very busy few months.



And as you can see from the slide, we have been busy – I would say really busy this year – since committing to reinvent bp on February 12th, including:

– action to make bp leaner and flatter,

– updating our long-term price assumptions,

– strengthening our balance sheet; and

– reshaping our portfolio – notably with the divestments of our petrochemicals and Alaska businesses.

Importantly – all part of a single coherent plan – all part of the same journey.

The new strategy we are sharing with you today is the next big step on the journey – and – I hope – puts many of those individual steps in context.

And you will, of course, also hear a lot more detail at our 'bp week' in the middle of September.



Before I hand over to Murray to go through our 2Q results, I want to emphasise two things.

Firstly – safety. Our commitment to safety remains consistent and unwavering throughout our transformation process.

It is, and will continue to be, our core value. And while it may not show up on every single slide – I can assure you it permeates everything that we do.

Fundamentally – it is about care. Caring for our people – caring for the company – and caring for the communities where we operate.

It's about ensuring that everyone goes home safely every day. In the second quarter, 32 people were hurt in our operations, fewer than in previous quarters – but still 32 too many. We had 4 Process Safety Tier 1 events and 19 Tier 2 events.

We will not rest until we get those to zero – nor will we after.



Secondly – we are transforming the culture of bp. At the end of the day – it's all about people. And that begins with leadership.

We have now selected the next level of leadership in bp. Cutting the number of roles in half – from 240 to 120. Taking out a layer of management with more layers to come out – so we create a more agile organisation – one that is more connected to the front line.

To help give you a sense of the type of bp we are trying to create – a few words on the attributes we used to select those top 120 leaders.

We searched for leaders:

– who have a track record of delivery;

– who are curious and open minded;

– who are purpose-driven – not ego driven;

– who lead through our values – especially safety; and

– importantly leaders who are empathetic – but who are also prepared to hold others to account.

This is what we think of as 'empathy with edge'.

40% of this team is women and about one-third ethnically diverse. Good – but not good enough.

As a leadership – we are not yet fully reflective of bp as a whole or the communities in which we operate.

As I set out in my note to staff in the days immediately after the killing of George Floyd – we will get there – and we are in action. And you will hear more about this in the weeks ahead.

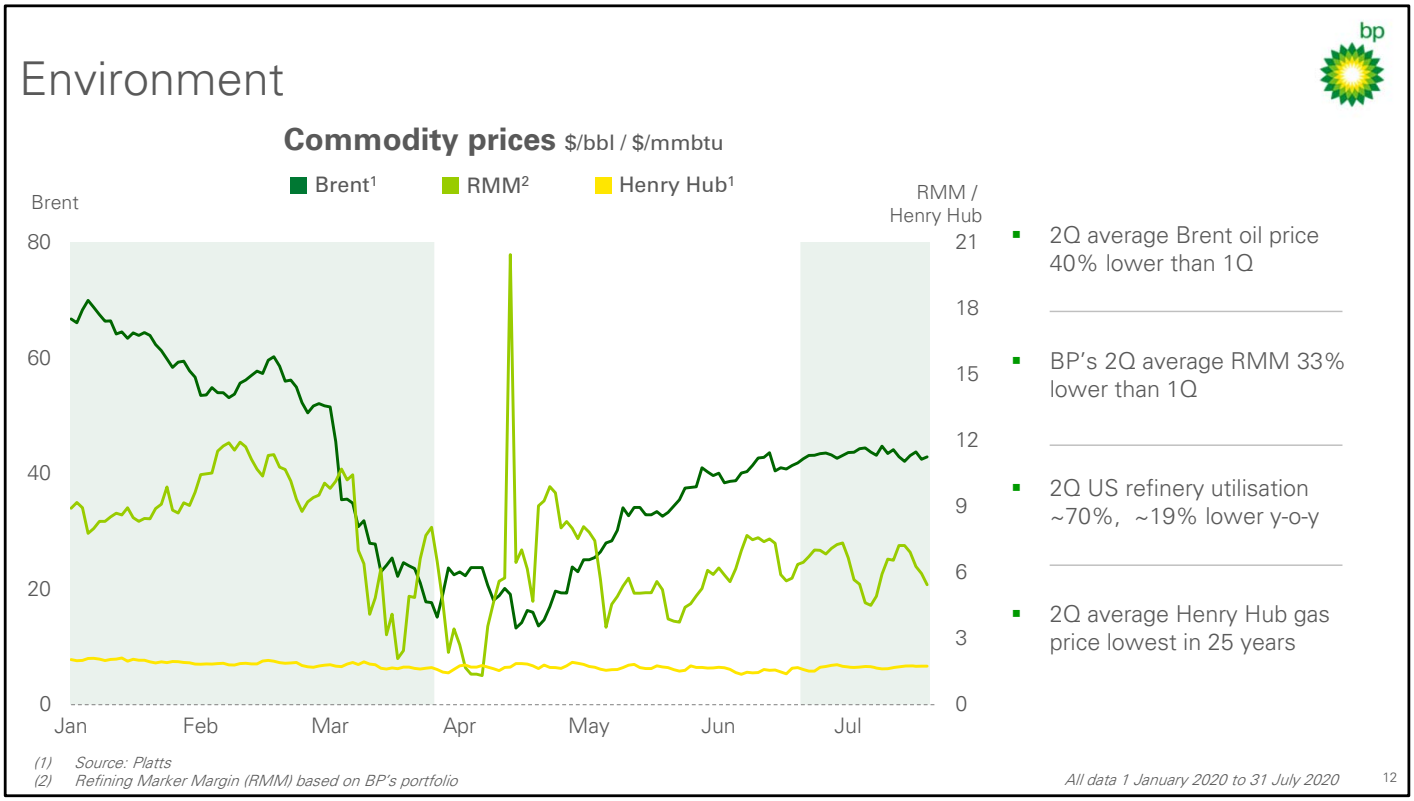
At this point I am now going to hand over to Murray to run through our second quarter results.

And then we will get to our new strategy.

Murray…

Murray Auchincloss
CFO

Thanks Bernard.



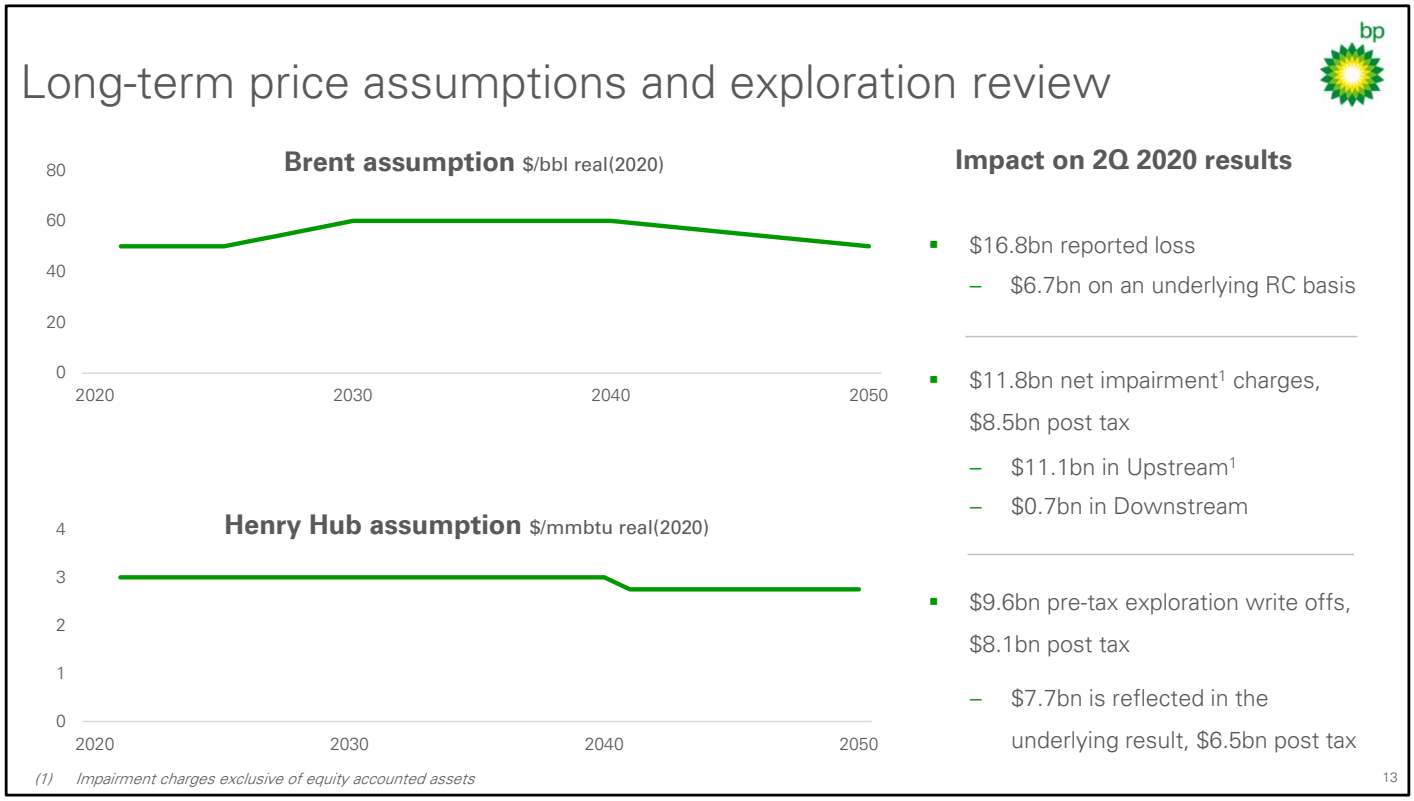
Starting first with the environment.

The COVID-19 pandemic continues to create a volatile and challenging trading environment, with Brent crude prices falling by over a third in the first half of the year.

Having recovered from $19 through April, Brent averaged $30 in the second quarter, supported by OPEC plus production cuts and some recovery in demand. Prices remain materially below both the first quarter average of $50 and the full year 2019 average of $64.

The refining environment also remains extremely challenged. BP's refining marker margin averaged $5.90 in the second quarter, compared with $15.20 a year ago, reflecting sharply reduced product demand and significantly lower industry refining utilisation.

Turning finally to gas markets where the weaker economy has further reduced demand and worsened the pre-existing oversupply in the market. US Henry Hub gas prices averaged $1.70 through the quarter, the lowest in 25 years. NBP and JKM averaged $1.60 and $2.10.



Turning to our results.

In June we updated our long-term price assumptions, lowering Brent to an average of around $55 and Henry Hub to an average of $2.90, in 2020 real terms. As a result of these revised assumptions, and a review of our intent to develop some of our exploration prospects, our reported results include significant impairment charges and exploration write offs, contributing to bp's second quarter reported loss of $16.8 billion.

The impairment charge of $11.8 billion and $2 billion of the exploration write offs are non-operating charges, with the underlying result including $7.7 billion of pre-tax exploration write-off charges.

After adjusting for other non-operating items, inventory gains, and resulting tax credits, bp's underlying replacement cost loss for the second quarter was $6.7 billion.

2Q 2020 underlying results summary

$bn	2Q19	1Q20	2Q20
Underlying replacement cost profit	2.8	0.8	(6.7)
Underlying operating cash flow[1]	8.2	1.2	4.8
Underlying RCPBIT[2]			
Upstream	3.4	1.9	(8.5)
Downstream	1.4	0.9	1.4
Rosneft[3]	0.6	(0.0)	(0.1)
Other businesses and corporate	(0.3)	(0.6)	(0.3)
Underlying earnings per share (cents)	13.8	3.9	(33.0)
Dividend paid per share (cents)	10.25	10.50	10.50
Dividend declared per share (cents)	10.25	10.50	5.25

2Q 2020 vs 1Q 2020

- $6.5bn post-tax exploration write-offs
- Lower oil and gas realisations
- Weaker refining margins
- Demand destruction in Downstream
- Partially offset by exceptionally strong oil trading

(1) Underlying operating cash flow is net cash provided by/(used in) operating activities excluding post-tax Gulf of Mexico oil spill payments
(2) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects
(3) BP estimate of Rosneft earnings after interest, tax and minority interest

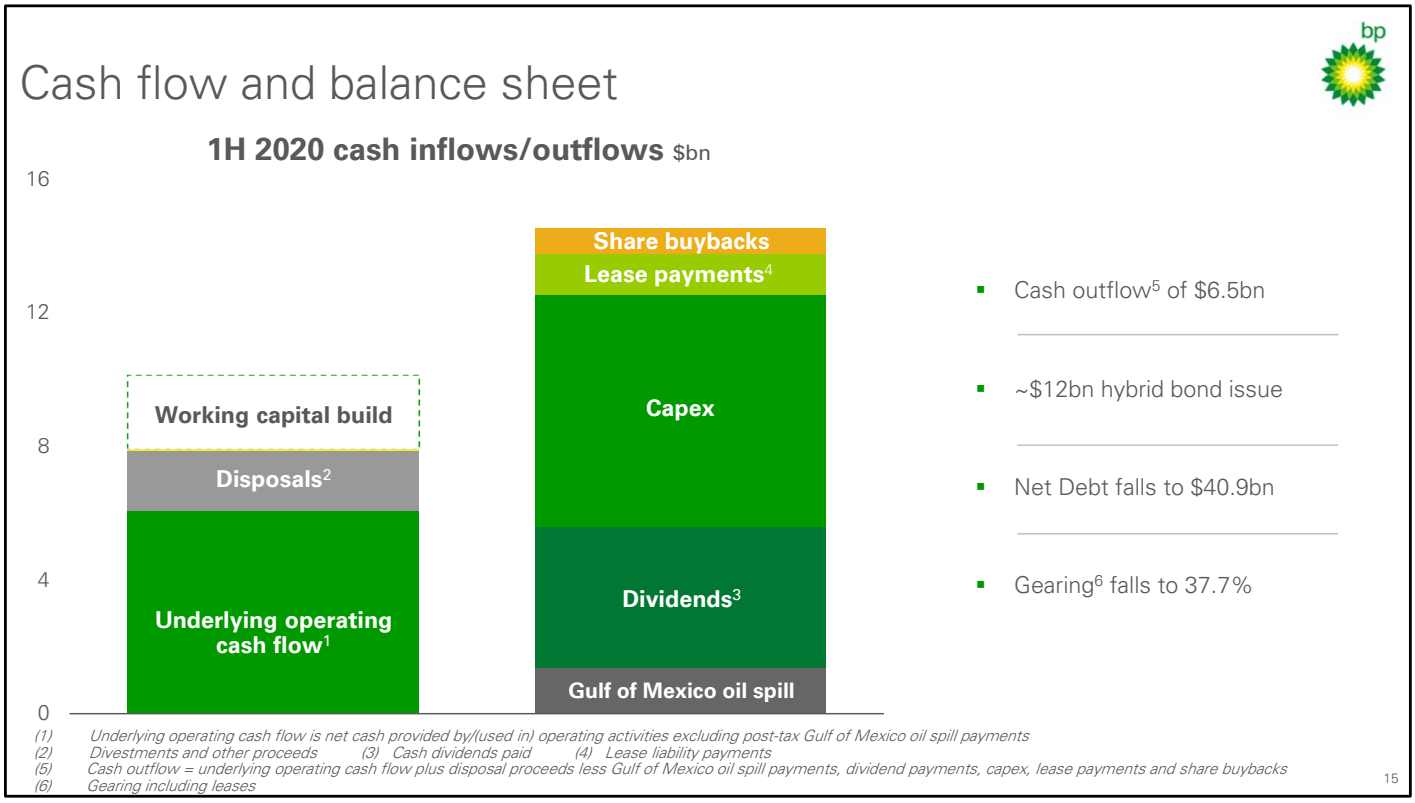
14

Looking in more detail at bp's underlying results, we reported a second quarter underlying replacement cost loss of $6.7 billion, compared to a profit of $0.8 billion in the first quarter.

Compared to the first quarter this reflects the exploration write-off impact, lower liquids and gas realisations, weaker industry refining margins, and demand destruction in the Downstream due to COVID-19. This was partly offset by an exceptionally strong contribution from oil trading.

bp's effective tax rate in the second quarter was significantly lower primarily due to the effect of limited tax relief on the exploration write-offs in certain jurisdictions.

The second quarter dividend, payable in the third quarter has been set at 5.25 cents per ordinary share.



Turning to cash flow and our balance sheet.

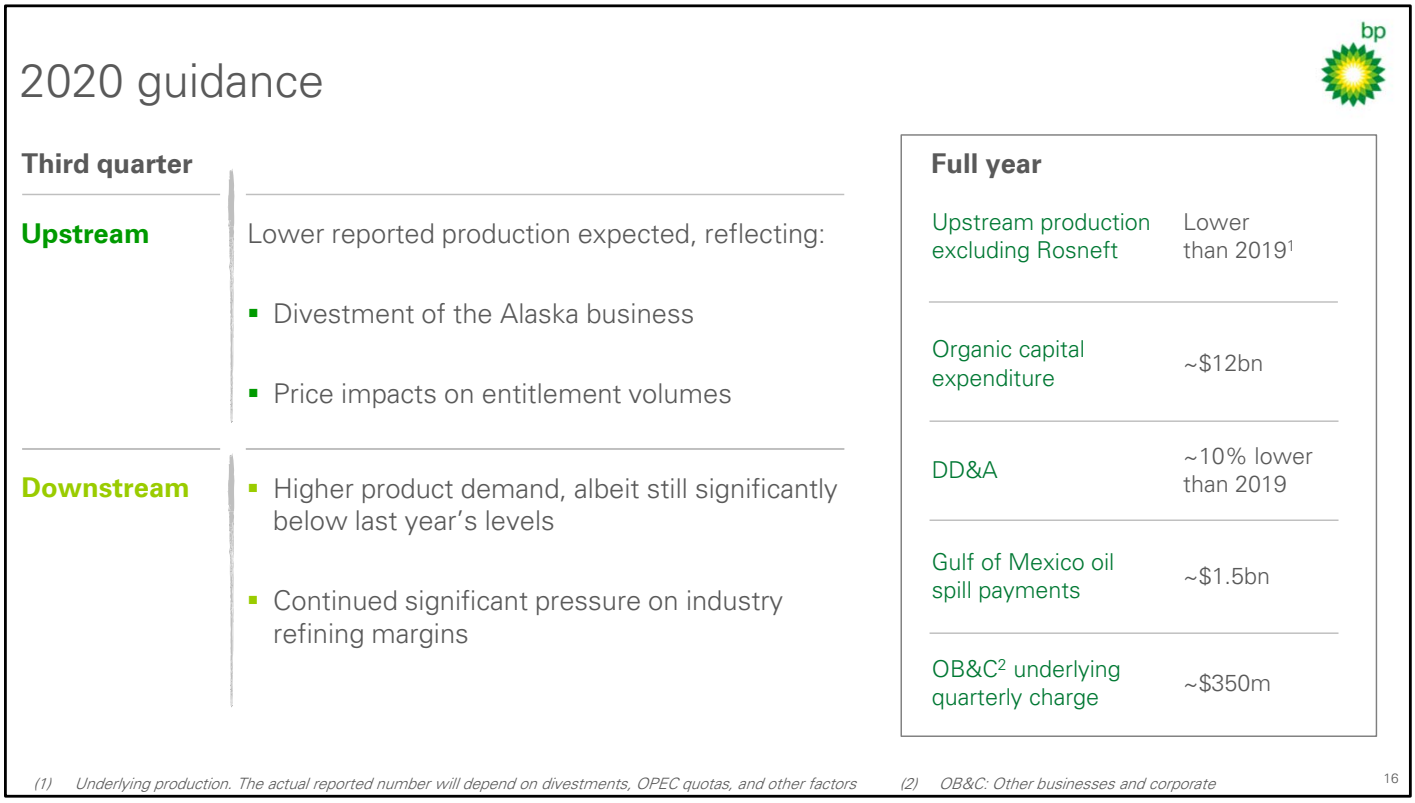
As of the second quarter we have combined our organic and inorganic sources and uses of cash to be consistent with the new financial framework that I'll come onto discuss later.

Excluding Gulf of Mexico oil spill related outgoings, bp's underlying operating cash flow was $6.1 billion for the first half. This included a reduction in working capital of $1.5 billion for the second quarter and a build of $2.2 billion for the first half.

Capital expenditure for the first half of the year was $6.9 billion and lease liability payments were $1.2 billion. We paid $4.2 billion dollars in dividends for the half year. In addition, in the first quarter we completed our share buyback at a cost of $0.8 billion. Divestment and other proceeds totalled $1.8 billion for the half year; and we made post-tax Gulf of Mexico oil spill payments of $1.4 billion. bp's cash outflow was $6.5 billion for the first half.

We have also continued to focus on strengthening our balance sheet. During the second quarter bp issued $11.9 billion of hybrid bonds, and at the end of the first half bp's net debt was $40.9 billion, 10% lower than at the end of 2019.

We have taken the decision to adjust gearing to include the impact of leases as of the second quarter. On that basis gearing fell 2.4% to 37.7% compared to last quarter. This included the impact of the issuance of the hybrid bond on net debt and equity, and the reported loss in the quarter.



Turning to the outlook and our guidance. Global GDP is expected to contract this year by between 4% and 5%. Global oil demand is expected to be around 8-9 million barrels per day lower than 2019, with OECD oil stocks above their five-year range. And gas markets are likely to remain materially oversupplied.

Looking at our full year guidance.

We now expect the post-tax charge for the Gulf of Mexico oil spill payments to be around $1.5 billion in 2020, as the much weaker environment results in a deferral of tax credits. Our pre-tax estimate for the year remains unchanged.

We now expect 2020 full year DD&A to be around 10% lower than 2019. This includes the impacts of capital interventions and curtailments on production, divestments and impairments.

Following the recent announcement of around 10,000 job reductions, the majority of which are expected to occur by the end of 2020, we expect to take a restructuring charge in 2020 of around $1.5 billion.

2020 major project start-ups remain on track, and we now expect the Ghazeer project in Oman to start up this year – ahead of schedule.

Looking at the third quarter.

In the Upstream we expect reported production to be lower than the second quarter reflecting divestment of the Alaska business and price impacts on entitlement volumes.

While in the Downstream, we expect higher product demand, albeit still significantly below last year's levels. We also expect significant continued pressure on industry refining margins into the third quarter.

Looking at the third quarter so far, retail fuel demand has recovered to around 10-15% below a year ago, however aviation fuel demand has remained more than 70% lower than a year ago. And despite demand impacts, store sales at our retail sites have increased year on year on a like for like basis, and have remained resilient throughout July.

In summary, I want to acknowledge the tough set of results that we have reported in what has been a challenging quarter. We remain focused on driving down costs, managing capital within a disciplined frame, and strengthening our balance sheet. The lessons learned have informed the development of our new strategy, and the ongoing work we have done to create a stronger, more resilient financial frame. I will come back to talk about this later. But for now, let me hand back to Bernard.

Bernard Looney
CEO

Thank you, Murray.



We have seen some tough quarters in our 110-year history.

And while this last one has to be among the toughest – it only makes us more determined to change, not less.

Back in February we reset the sat nav for bp and said there is no turning back.

We recognized that many of our stakeholders wanted to see us change.

And we said we want to change as well. We don't just need to, we want to. Throughout bp, so many people I talk to all over the world want us to help deal with the climate change threat.

And at the same time, there is deep belief that this is a huge business opportunity for us. We can make bp a better company, and create value, by taking on this opportunity. We believe we are one of the best-placed companies to do that.

We have announced a new purpose, to reimagine energy for people and our planet. We said we would reinvent bp. We laid out our ambition to get to net zero and help the world get there as well.

Now today we are sharing the next major staging post with you.. It brings together three things:

– a new strategy,

– a new financial framework, and

– a new investor proposition.

Let me start by describing our new strategy.



After more than a century defined by two core commodities – oil and gas – through two core businesses – upstream and downstream…

We are pivoting from an international oil company to an integrated energy company.

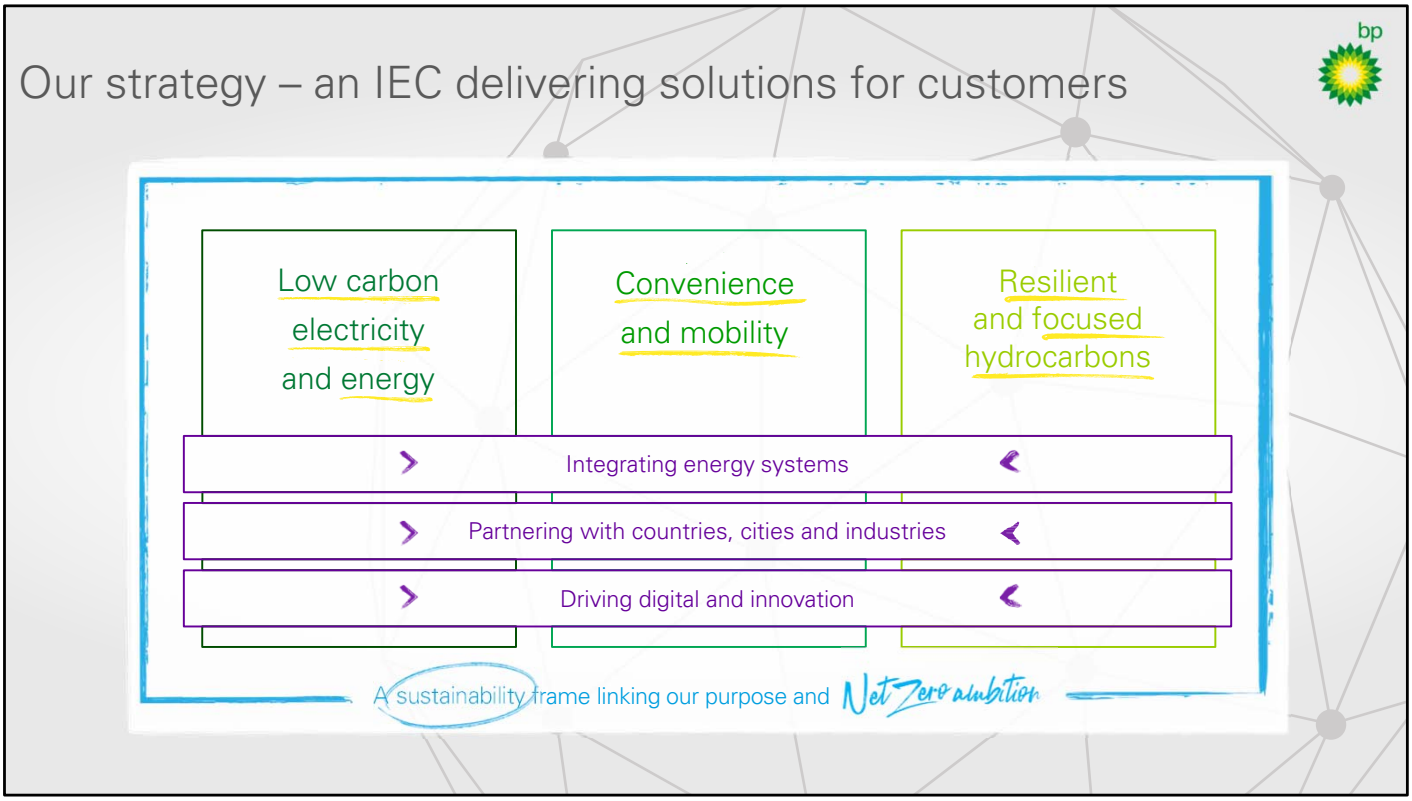
Over the next decade we plan to:

– scale-up our low-carbon electricity and energy businesses significantly,

– transform our convenience and mobility offer; and

– focus our valuable oil, gas and refining portfolio, and make it more resilient.

In doing so – we are accelerating our transition from a company focused on producing resources to an integrated energy company that is focused on delivering solutions for customers.



This is how we are going to do it.

Our new strategy is built around three focus areas of activity – the verticals on this slide.

Each focus area represents an attractive opportunity in its own right. However, taken individually – they are not unique to bp.

Therefore, we will leverage three sources of differentiation – represented by the horizontals. This is where we can amplify value.

First – the three focus areas.

- Low carbon electricity and energy – where we will build scale in renewables and bioenergy, seek early positions in hydrogen and CCUS. And we will build out our customer gas portfolio to complement these low carbon energies

- Convenience and mobility – where we put customers at the heart of what we do to help accelerate the global revolution in mobility and redefine the experience of convenience retail.

- And resilient and focused hydrocarbons – which are key to our transformation and whose cash flows enable this strategy. First and foremost, we will maintain our absolute focus on safety and operational reliability. We will drive up productivity and drive our emissions down. As the wave of major projects completes over the next few years, capital intensity will fall. And we will continue to high-grade the portfolio while limiting exploration to existing regions. This will result in lower production and refining throughput over time – while increasing our focus on value – not volume.

Second – the three sources of differentiation:

– Integrating energy systems along and across value chains – where we will pull together all of our capabilities to create comprehensive offers for our customers.

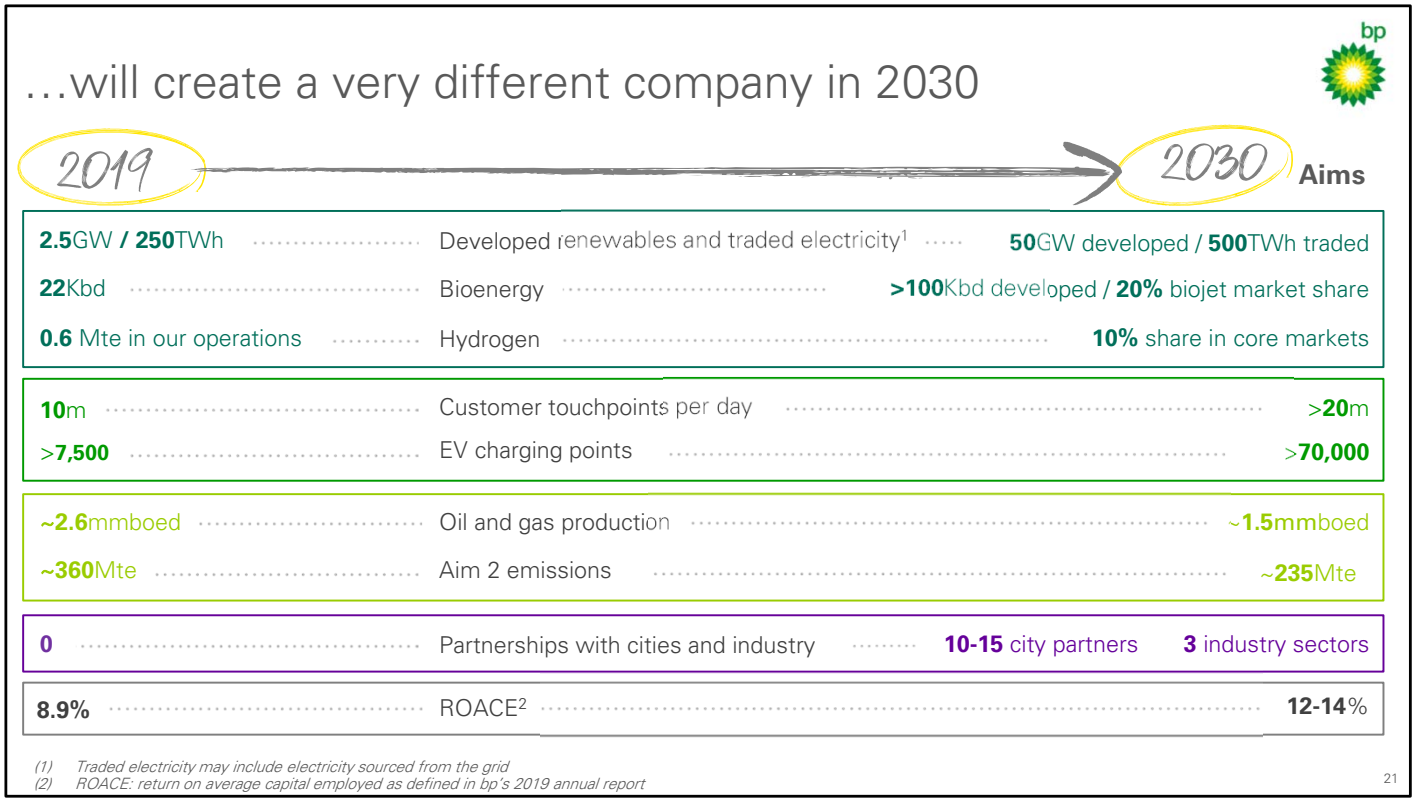
– Partnering with countries, cities, and industries as they shape their own paths to net zero.

– And innovating with a strong focus on digital to create efficiencies, support new businesses, and enable new ways to engage with our customers.

Giulia will say much more about each of these elements shortly.

Overall, this 3x3 strategy is intended to deliver long-term value for our stakeholders.

And that delivery will be anchored in the new sustainability framework we are building – and which we will talk about in September.



By following this strategy, we expect bp to be a very different energy company by 2030.

We aim:

– To increase investment in low carbon ten-fold

– For twenty-fold increase in renewable energy generating capacity

– For ten-fold increase in the number of EV charging points

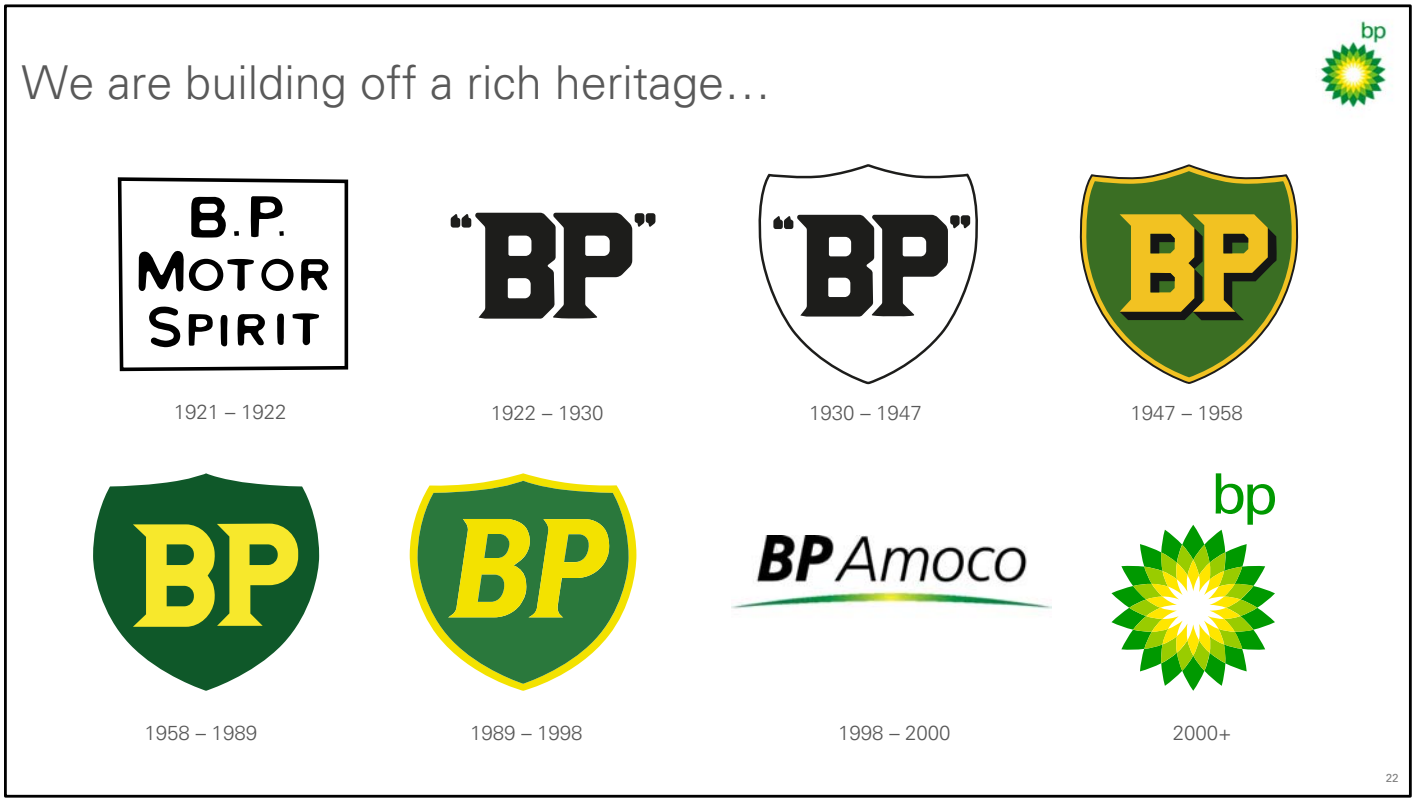
– To double our daily customer interactions. We plan to be partnering with 10 to 15 major cities worldwide and with three industrial sectors – helping them meet their own net zero goals.

And we expect bp's resilient and focused hydrocarbons business to be around 40% lower in terms of production by 2030, but industry-leading in terms of efficiency – and highly valuable.

.The cash generated by hydrocarbons will be key to supporting the transition into our two growth areas – low carbon electricity and energy, and customer convenience and mobility. We expect to be directing 40% or more of our investment into these areas by 2030.

Through this plan we expect to increase bp's Return on Average Capital Employed, or ROACE, to 12-14% by 2030.

And we will do this with care – performing as we transform – and with a relentless focus on financial discipline.



Some will ask – in fact many may – why bp? What does bp bring to this new world?

We think about it in two dimensions.

First, we have the skills, built up over more than 110 years of history.

We are steeped in the world of energy.

We understand energy markets and how they move.

We have thousands of scientists, engineers, technologists. We have people with outstanding capabilities in trading, marketing, and, innovation.

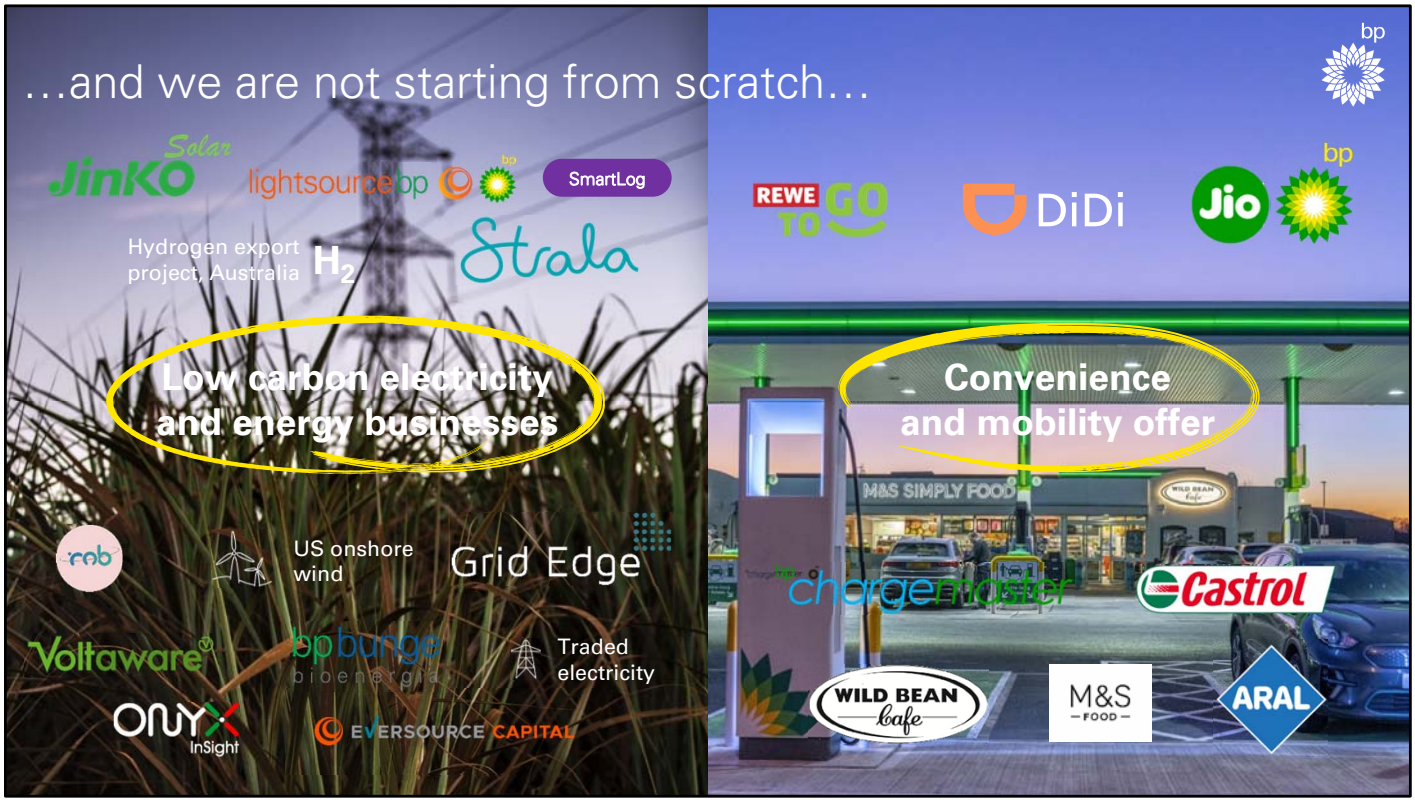
We have strong relationships with many of the world's leading companies and universities – and with the governments in fast-growing countries.

And second we have the will.

Our people want to make a positive difference. I am simply in awe of some of the things they have done for their communities so far during the pandemic.

They want bp to change and they know how to do it. We have transformed many times before.

And we have learned lessons along the way – tough lessons. Not just how to respond to adversity but how to seize opportunities when the time is right.



That is what we aim to do – and we are not starting from scratch in this new world.

This slide is a selection from the thriving energy transition, convenience and mobility partnerships and businesses that we are growing all over the world

bp biofuels is now a joint venture – bp Bunge Bioenergia.

It is the second-biggest player in one of the world's largest and fastest growing biofuels market.

In India last month we launched our new Jio-bp mobility partnership with Reliance. It aims to create a fuels retail network of up to 5,500 sites over the next five years.

Our convenience partnerships with M&S in the UK and Rewe in Germany are industry leading. Nearly half of our margin from the UK forecourt comes from the on-site shop.

We just extended our role in the gas value chain in China. We are the first international business there to supply re-gasified LNG to end users.

Here in the UK, we own bp Chargemaster, which runs the country's largest EV charging network.

bp Chargemaster is now rolling out ultra-fast charging across our network – and our Aral brand is doing the same across Germany – installing ultra-fast charging that can deliver up to 350km of charge in 10 minutes.

I thought it might be helpful to share a few photos that give a little colour to some of these businesses.



First EV charging – this is a picture of one of the charging racks at our Jinding retail site in Guangzhou in southern China.

It is taken just after midnight – you can see from the time stamp on the security camera – and every charger is in use.

China is the world's fastest-growing market for EVs and half of all the world's EVs today are on China's roads.

Last year we announced a bp partnership with DiDi, the world's leading mobile transportation platform.

It has 550 million users on its platform taking 10 billion rides a year. 10 billion!

Our joint venture plans to develop a network of charging hubs across the whole country.



Turning to convenience, this is our bp Connect Clifton retail station in Auckland, New Zealand.

It serves the number one preferred coffee in New Zealand – which is our Wild Bean brand. We launched the brand in 2001 and now serve more than 150 million cups of coffee a year across 12 different countries.

We may be much better known on the high street for selling fuel – but we also sell a lot of coffee!

We see this – and our convenience retail business as a whole – as a huge opportunity for growth.

It generated gross margin of over $1 billion last year and we have plans to nearly double the number of strategic convenience sites we have to over 3000 by 2030.



This is the solar park that should soon be providing 25% of all the electricity for Penn State University in the US.

It is a 70-megawatt solar array being built by our Lightsource bp partnership – and it will help reduce the university's emissions.

In the two years since we formed our partnership, Lightsource bp has expanded from 5 to 13 countries – including the US – with plans to develop 10 gigawatts of developed capacity by 2023 – a five-fold increase on where they are today.



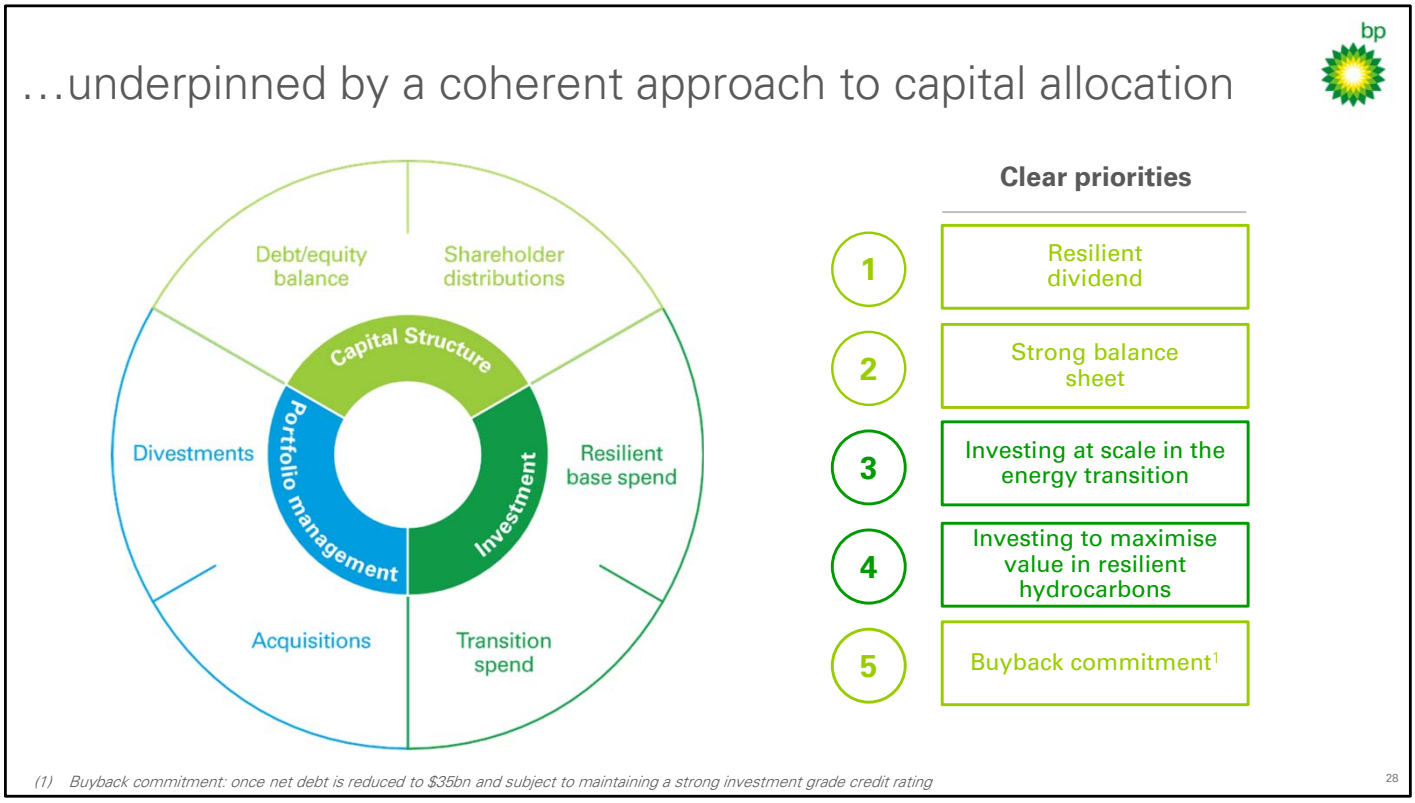
And this image helps to illustrate a point about our North American Gas and Power business.

While we are known as a major gas producer in the US, it is not so well known that we are the biggest marketer of natural gas in North America.

We sell more than 20 billion cubic feet every day. And over the last 20 years we have been building relationships with over one hundred cities across the United States to help meet their energy needs with gas, electricity, storage, pipeline capacity and physical risk management.

This is integrated energy management in operation – and it is a capability we can now extend into other regional markets.

These are a few examples of our capability, as well as what we offer to customers today, and are part of the strong foundation we have to reinvent bp.



But to reinvent bp we must also operate within a resilient financial framework. This framework is underpinned by a coherent approach to capital allocation…

with a clear set of priorities:

– First, funding a resilient dividend intended to remain fixed at 5.25 cents per ordinary share per quarter.

– Second, a strong balance sheet with a strong investment grade credit rating.

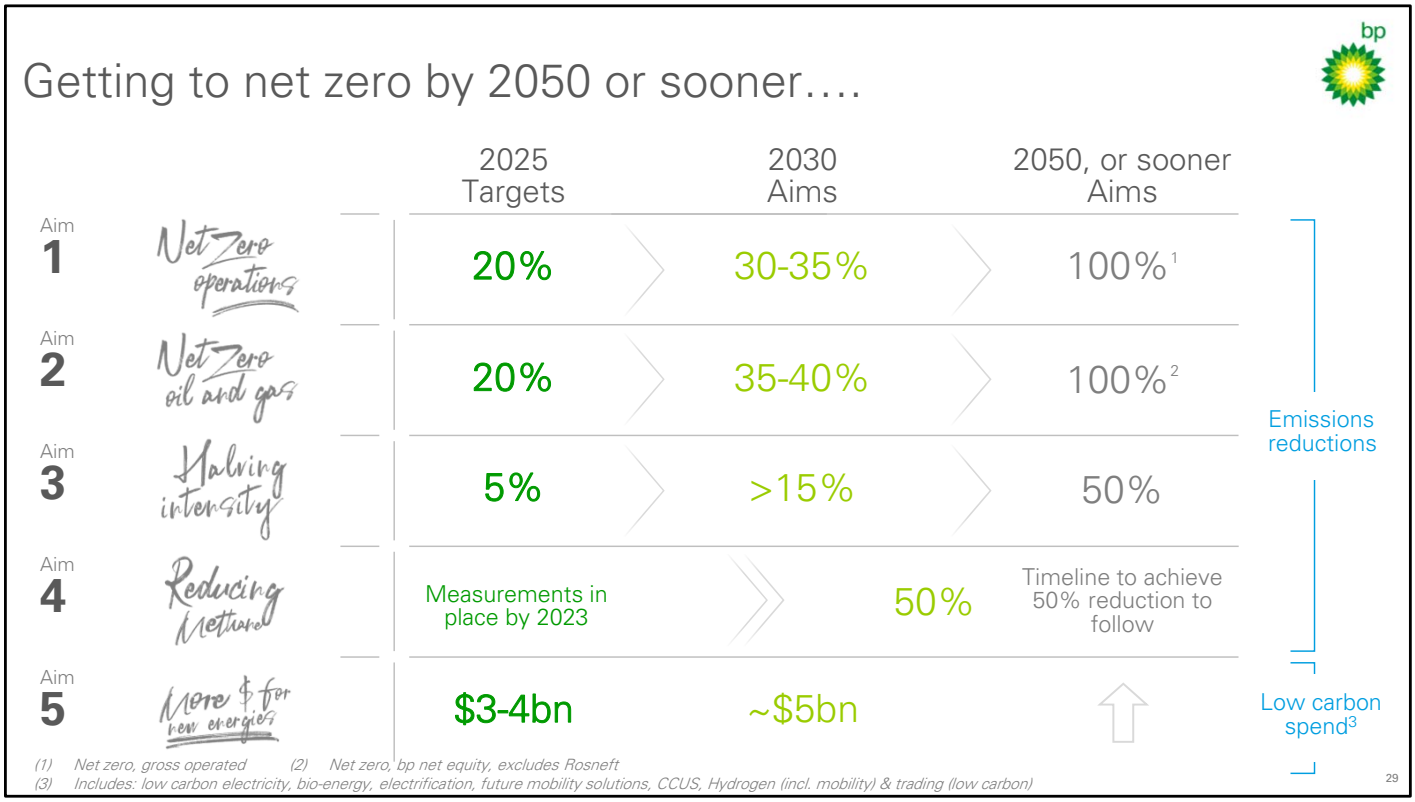
– Third, investing at scale to advance our energy transition strategy.

– Fourth, allocating sufficient capital to our resilient hydrocarbons business to generate sustainable cash flow and maximise value.

– And fifth, committing to return at least 60% of surplus cash as buybacks – providing direct leverage to cash flow upside and further enforcing investment discipline.

Together creating a clear and coherent framework to support our strategy and net zero ambition.

Murray will come back to talk about this in more detail later in the presentation.



So, what does this all mean?

It means we will not just be a different company in terms of our activities.

We will be also be very different from an emissions standpoint.

By 2030 we want to be well-advanced on the 5 aims we set out in February to underpin our ambition to be net zero by 2050, or sooner.

– 30 to 35% of the way on Aim 1 – which is absolute reductions in our operational emissions

– 35 to 40% of the way on Aim 2 – which is absolute reductions in the scope 3 emissions associated with the carbon in our upstream oil and gas production. This is an important metric which sees those emissions fall by over 125 million tonnes

– And around a third of the way towards Aim 3 – which is reducing in the overall carbon intensity of the products we sell by 50%

– On Aim 4, we are making progress on deploying measurement for methane at all our major oil and gas processing sites by 2023. And we will use that measured data to confirm the baseline for a 50% reduction in intensity; and

– On Aim 5, we intend to be making around $5 billion of investments in low carbon by 2030 – which is a ten-fold increase on our $500 million spend last year.

I believe in being transparent – so I want to make two points in relation to this emissions reduction plan.

The first is that it does not rely on offsets. We believe the world will need them to decarbonise. And natural climate solutions of a verifiable high standard are in our toolbox – and

bp will help make carbon markets effective. But for the avoidance of doubt – we do not anticipate them being needed to meet our planned reductions over the next 10 years.

The second point relates to our Aim 3. While we believe our carbon intensity will come down by more than 15% by 2030 – absolute emissions from the use of the products we sell will likely rise for several years, before starting to fall.

This is mostly driven by our plans for growth of transport in fast-developing markets – as we deliver energy solutions to countries, cities and industries with growing energy needs.

Some will argue that this is inconsistent with our net zero aspiration. I understand that view, but I don't share it.

There is no one path to Paris. The reality is that developing economies will want to grow – and their emissions from transport are likely to grow for some years to come.

So global emissions have to come down more elsewhere if we are going to get to Paris. That is taken into account in Paris-consistent pathways like the IEA's sustainable development scenario.

We also believe that by building our market presence now, we are creating opportunities to scale low carbon mobility and solutions in due course.

And we will be actively advocating globally for policies that incentivise lower carbon choices and support low carbon goals.



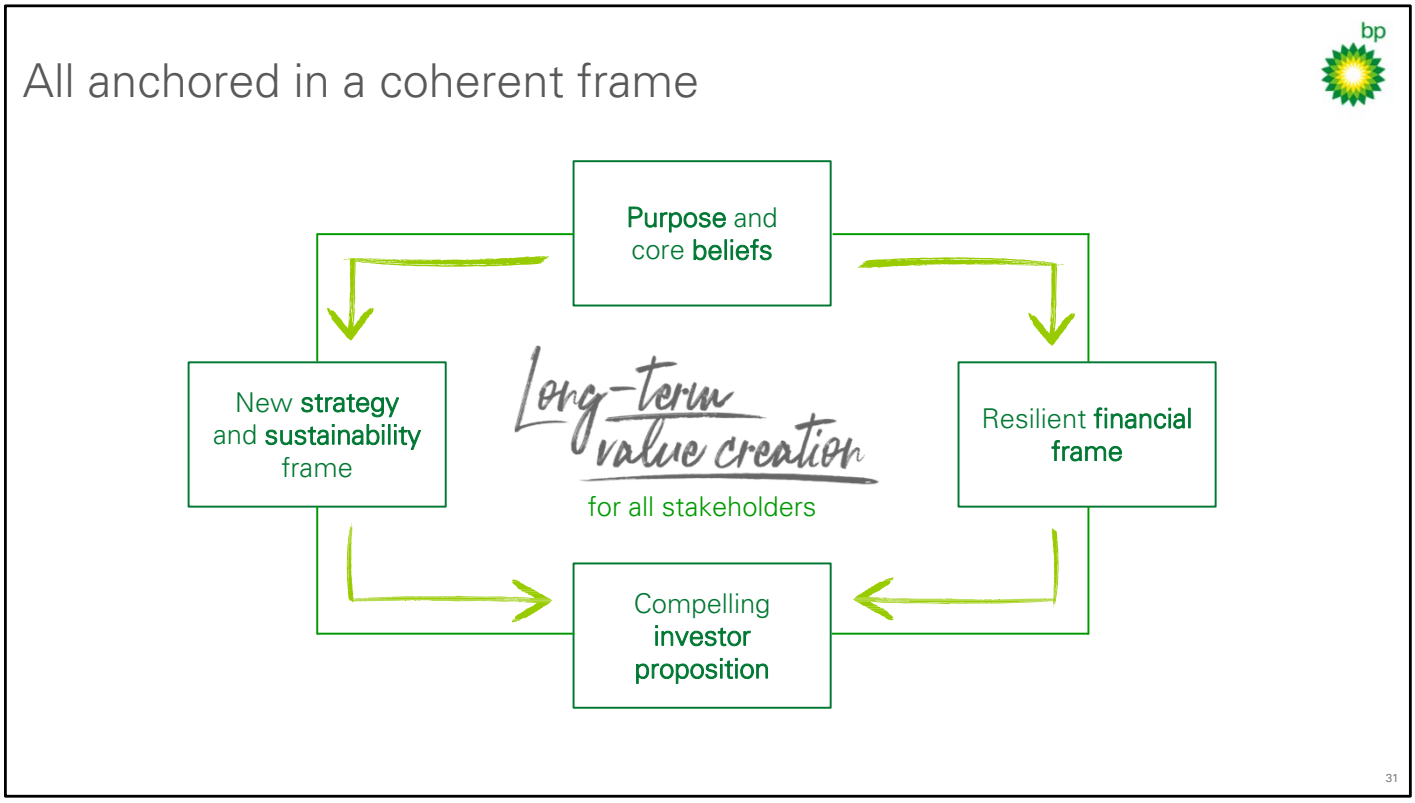
In addition to delivering on our net zero ambition, our strategy and financial frame support the delivery of a clear and compelling investor proposition, providing;

– First – committed distributions, through the reset and resilient dividend and our commitment to share buybacks

– Second – profitable growth, as measured by EBIDA per share and ROACE, which Murray will come back to talk about later, and

– Third – sustainable value, through an investment in a company that is helping the world decarbonise

Combined together we believe this will deliver long-term shareholder value.



Let me finish for now by anchoring what you have heard so far within a coherent frame.

It starts with our purpose and a set of core beliefs about the future.

These inform our strategy, delivery of which will be anchored in a new sustainability frame.

Our strategy is underpinned and enabled by a resilient financial framework.

And the integration of each of these elements supports a compelling investor proposition.

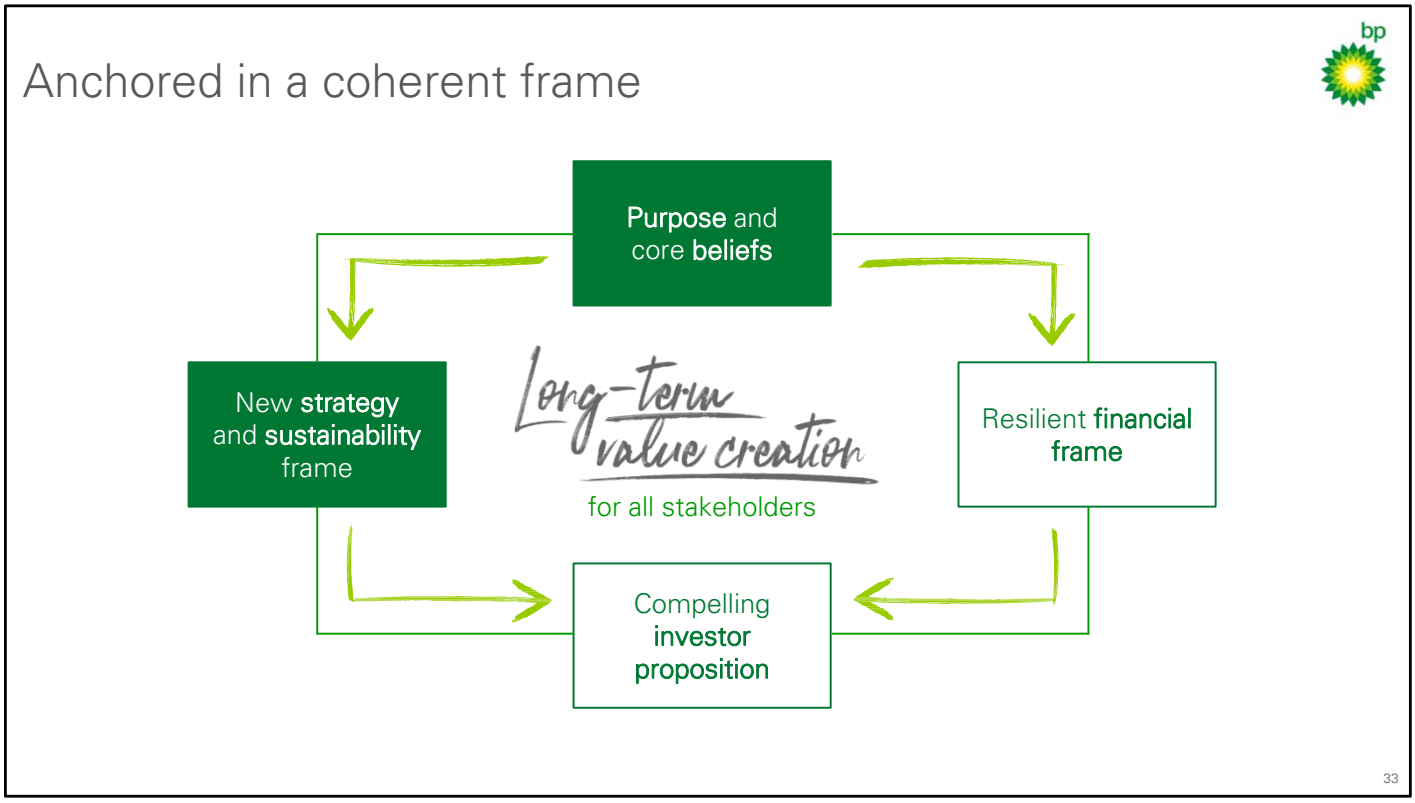
Taken together, we believe this will create long-term, value for all of our stakeholders - employees, suppliers, partners – customers, communities and countries

Let me now hand you over to Giulia who has led this strategy work – and then to Murray to take you through the financial frame and the business plan for next 5 years.

Giulia…

Giulia Chierchia
EVP, strategy and sustainability

Thank you, Bernard

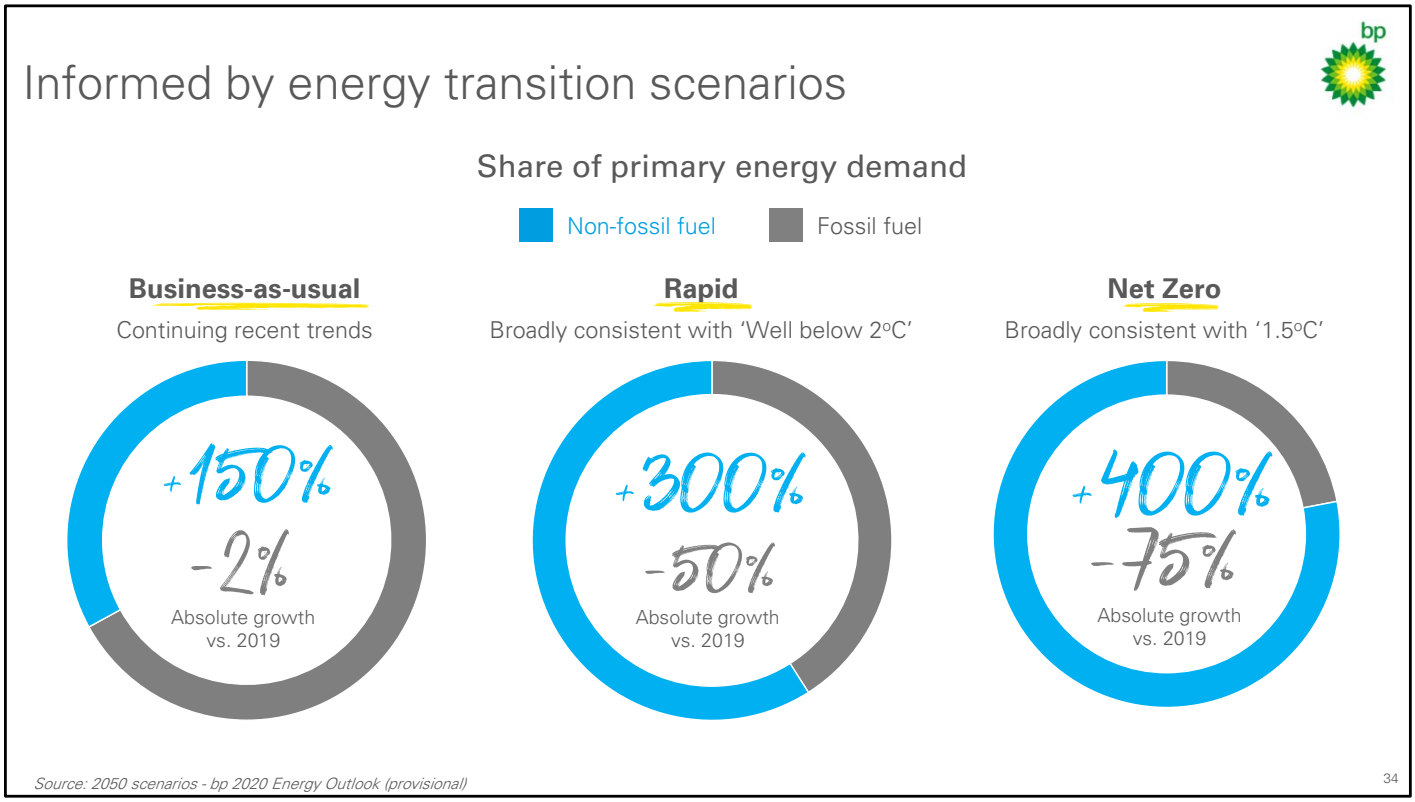


I'm delighted, and excited to be here today. Some people have asked me why I joined BP – I would reply "why would someone not join in this time of incredible transition?" I can't imagine a more exciting and purposeful challenge to be part of.

Four months down the road, I am as or more excited and hope I can help make a difference to BP and to its role in helping the world get to net zero.

So, let me begin, by outlining our core beliefs, which, together with our purpose, inform our strategy.

I will then talk to the key elements of the strategy and how we intend to align our investments to transition to an Integrated Energy Company, delivering solutions for our customers.



Turning to our beliefs. For ten years, we have published our Energy Outlook. This year, we have been working to extend the scope – taking us out to 2050. We have also been working on factoring in the impact of the coronavirus pandemic. We will share the details of our new outlook in September, on day one of our bp week.

Before looking at the details, let me address one question – Why do we need an outlook?

We use outlooks and scenarios to inform a range of possible pathways which the transition may take over the next 30 years. We believe it is not possible or sensible to identify one most likely scenario. But our strategy needs to be robust to the uncertainty around the pace and direction of the energy transition. Specifically, we focus on three core scenarios:

– "Business as usual" – a continuation of recent trends without major change in the pace or direction of policy; this scenario is not "Paris consistent" and results in a reduction in global energy greenhouse gas emissions of only 10% by 2050 versus 2018

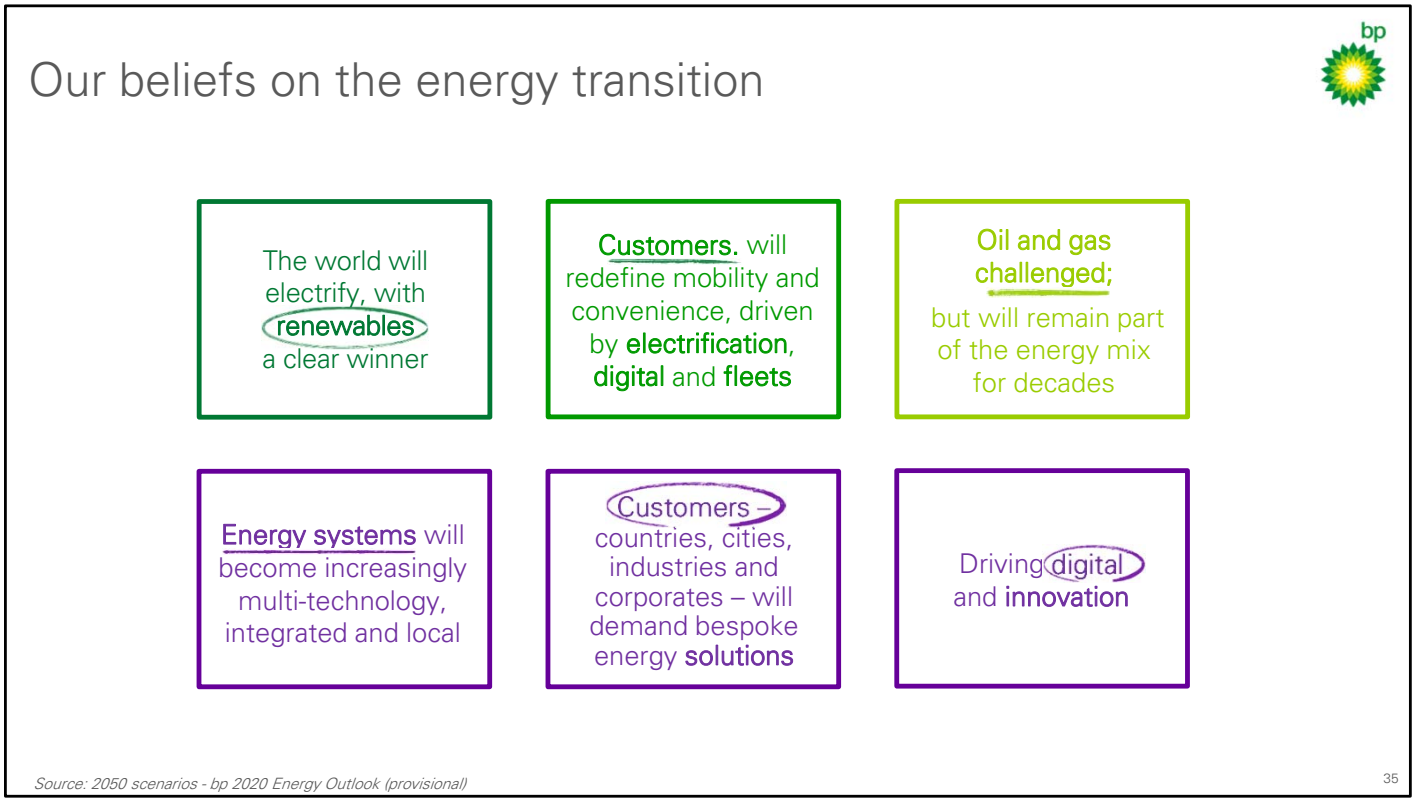
– "Rapid" – one of many possible scenarios that can be considered "consistent with Paris", in line with a "well below 2 degrees" pathway. In this scenario emissions fall by over 70%, with a fall of approximately 80% in the developed world and 65% in the emerging world

– "Net zero" – in which global energy systems emissions fall by 95% by 2050 versus 2018, in line with a "1.5 degrees pathway". Societal pressure would be a key driver in this scenario, prompting further policy change.

Across these scenarios, the demand for fossil fuels falls – by 2% in the business-as-usual scenario, 50% in the rapid scenario, and 75% in the net zero scenario. These three scenarios highlight the breadth of possible outcomes and the uncertainties we face. Our "rapid" and "net zero" scenarios indicate a direction of travel towards significantly lower carbon in the

energy system.

While we do not anchor on a base case and seek resilience across a broad range of scenarios, for the avoidance of doubt, we do not want "business as usual" and will advocate directly, in support of net zero.



With this backdrop of uncertainty, we have established our 'core beliefs' which we think hold true across scenarios. These beliefs underpin our strategy.

Our first three beliefs relate to how we expect the energy demand mix to change:

– First. The world is electrifying at pace and we believe that renewables will be a clear winner. Under the "rapid transition" scenario, global electricity demand increases 80% by 2050. Renewables account for more than 40% of primary energy, a near 10-fold increase. Even in a "business as usual" scenario, renewables still capture 90% of net energy growth

– Second. Customers will continue to redefine mobility and convenience. By 2050, we could be in a world of over 1.5 billion passenger electric vehicles, 80% of the total. Changes in mobility patterns will also impact convenience, redefining the role of physical stores and supporting the growth of last mile delivery; and

– Third. Society is shifting away from its reliance on fossil fuels. And while hydrocarbons will be a necessary part of the mix for many decades, the growth outlook for oil and gas is challenged.

Our second set of beliefs relates to how the energy system will have to change in response to evolving demand:

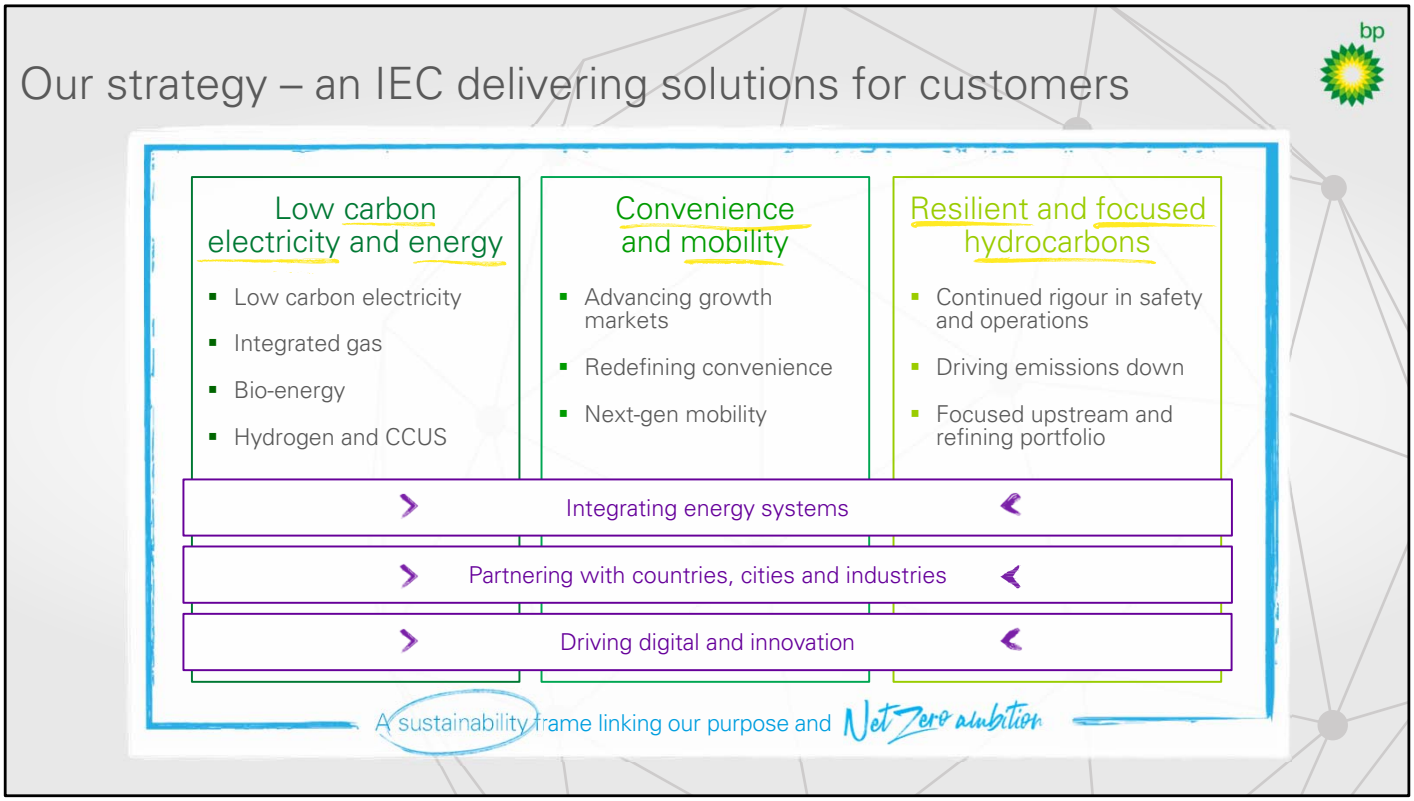
– First, as the world electrifies and renewables, storage and hydrogen grow, supply will become more local, more complex and will require more integration across multiple energy sources to provide stability, maximize system efficiency and ensure a successful transition

– Second, we will see energy and mobility markets increasingly shift from being resource-led to being customer-led. Customers – in particular, countries, cities and industries – will

increasingly demand bespoke energy, mobility and decarbonisation solutions.

114 cities have already pledged to 1.5 degrees by 2050. 23% of Fortune 500 companies have announced emissions reduction goals. A fundamental acceleration in the transition is needed to meet those goals; and

– Third, digital will continue to transform our lives – creating opportunities to drive integration, unlock value and engage with new customers and markets.



Those core beliefs underpin our 3x3 strategy which Bernard spoke to. He introduced the three core focus areas, the verticals, and the three sources of differentiation, the horizontals.

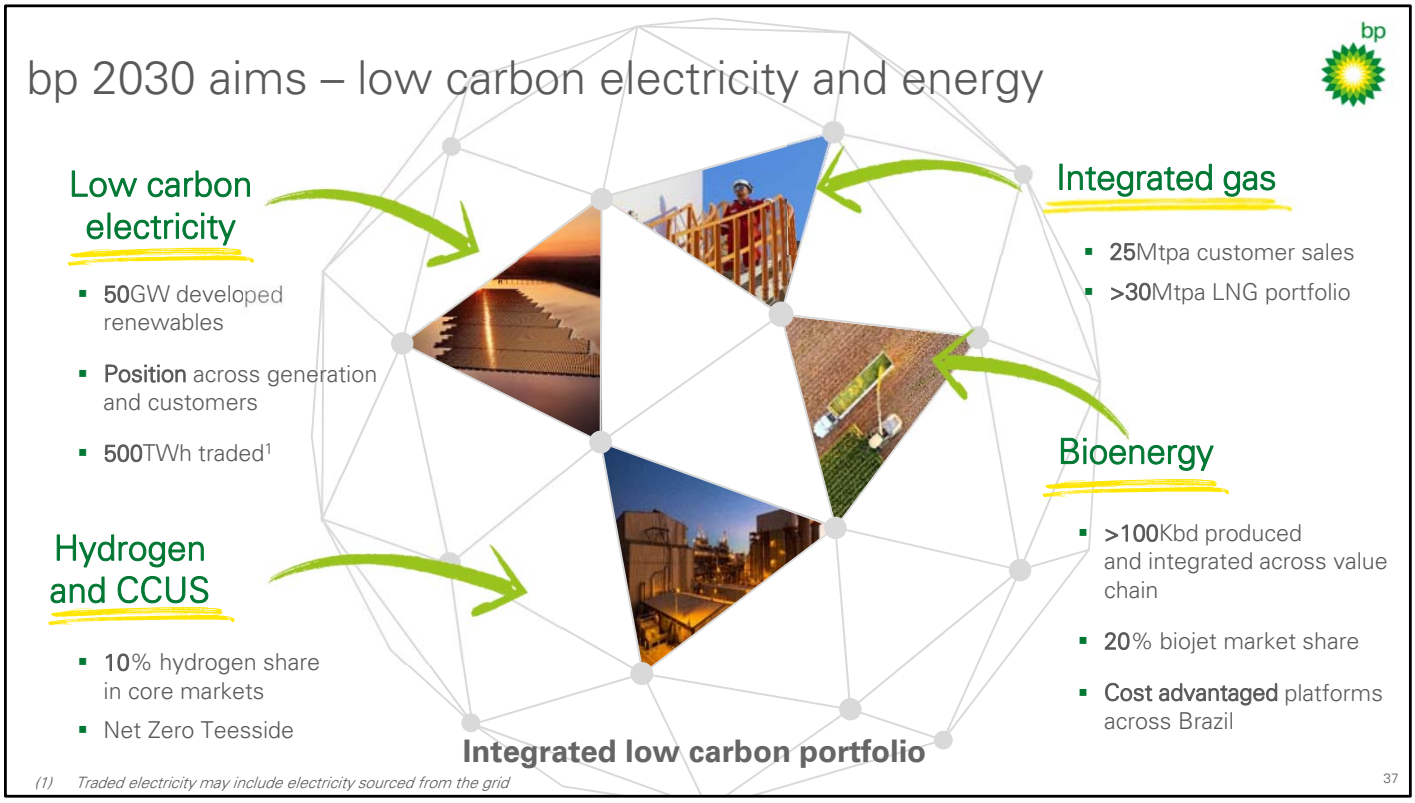
I will now take you thru the details of the strategy, but before I do so, I want to reinforce that just as our strategy is founded on our purpose, it also stems from our commitment to sustainability. We are building a new sustainability frame, expanded to reflect three priorities:

– "Net zero" – in line with our aims and including our advocacy efforts to help the planet get to net zero;

– Enhancing people's lives in the communities in which we operate; and

– Caring for local environments and biodiversity, in how we conduct our business and including our active participation in Natural Climate Solutions.

Our recent positions on Human Rights and Biodiversity reflect our evolving sustainability ambitions. We will provide an update on our new sustainability frame in September and intend to seek input from external stakeholders.



Let us now dive into our three focus areas, starting with low carbon electricity and energy.

Our intention is to be a leading integrated low carbon electricity and energy player. We plan to scale our low carbon activities in selected markets where we see an opportunity for growth, for transition and for integration. We will participate along and across value chains and will scale in four areas:

First, low carbon electricity. We aim, as Bernard said, to build an integrated low carbon electricity position in select developed and emerging markets:

– We aim to be a top tier renewables player by 2030 in our focus markets, ramping up to have developed 50 gigawatts of renewables capacity, net to bp – across solar and wind

– We intend to grow our commercial and industrial customer portfolios, and balance our electricity generation positions; and

– We aim to double our electricity trading

But we are not starting from scratch. We will complement our solid track record from Lightsource bp, bp wind and trading with strategic partnerships.

Second, downstream gas. Alongside low carbon electricity, we will grow our integrated gas position, building on our high value equity upstream gas, our LNG portfolio and our marketing capability:

– By 2030, we intend to access key demand markets with 25 million tonnes per annum of gas sales; playing to our strengths in supply, trading and optimisation

– We also aim to reach at least 30 million tonnes per annum in LNG portfolio

– We plan to integrate further downstream, securing end-user demand through city gas, gas-to-transport, gas-to-electricity and Renewable Natural Gas

Third, bioenergy. Hard to abate sectors such as aviation, marine and heavy-duty vehicles will need alternative solutions.

– We plan to scale our bioenergy business, focused on biofuels, biogas and biopower; growing from 22,000 to more than 100,000 barrels per day

– This will include advantaged co-processing in our refineries and third-party facilities

– To this end, we plan to replicate our successful models of bp Bunge in Brazil and of biogas in the US and leverage our biomass conversion technology, such as Fulcrum, which access cost-advantaged feedstock.

Finally, we see hydrogen & CCUS as critical to the world delivering net zero and we are accelerating to take early positions:

– Under our Paris consistent scenarios hydrogen grows to meet between 7 and 17% of final energy consumption. Even at the lower end of this range, hydrogen is a significant source of low carbon energy.

– We believe in a role for both blue and green hydrogen and will focus on both, in North America and Europe, targeting industrial and heavy-duty transport; as well as the Australian export market for green hydrogen

– We see hydrogen playing a key role in our energy portfolio, a possible building block for e-fuels. We aim for a 10% share in core markets

– CCUS will also be an enabler of industrial decarbonisation and blue hydrogen. As you know, we are active with our partners in Net Zero Teesside.

The three low carbon energy businesses, complemented by integrated gas, will all be needed to transition. Moreover, they are complementary to deliver low carbon systems and solutions.

bp 2030 aims – convenience and mobility



Advancing growth markets

>8,000 sites in growth markets

- **Differentiated** fuels and Castrol lubricants
- Leverage >**130**m Castrol end users
- Enable transition to low carbon mobility



Redefining convenience

50% margin from convenience and electrification[1]

>3,000 strategic convenience sites

- Market leading food service offers
- Delivered convenience
- Last-mile logistics



Next-gen mobility

Differentiated customer offers

- >**70,000** EV charging points
- Consumer and fleet solutions
- >**50** hydrogen refuelling sites

Customer experience and loyalty enhanced by integrated fuels value chains and digital

(1) *As a ratio of total consumer energy (retail fuels and electrification) and convenience margin (excludes equity accounted entities)*

38

Our second focus area is convenience and mobility.

Consumers are changing. Urbanising. Demanding an optimal use of their time. Driving new digital business models.

Mobility and retail convenience are changing too, at a different pace across different regions. We believe we are well placed to help accelerate the global revolution in mobility and redefine the convenience retail experience. Some might be surprised with our focus on convenience. We intend to focus on convenience because the opportunity is set to double in the world's leading economies over the next decade, we have track record of highly attractive returns and we have the skills and scale to deliver. We currently have 10 million customer touch points per day. We sell 150 million cups of coffee per year. 90% of British and German inhabitants live within 20 minutes of a bp site.

First, we want to scale our presence in growth markets – China, India, Indonesia, Mexico - reaching over 8,000 sites by 2030 from 1,270 in 2019:

– We will build on our differentiation and brands, such as Castrol, to capture pre-eminent positions

– Over time, our plan is to drive low carbon mobility through advocacy and partnerships, such as DiDi in China

Second, we will accelerate and refresh convenience providing consumers with a differentiated offer: what they need, where and when they need it:

– We aim to expand to over 3,000 convenience sites in developed markets from 1,600 in 2019

– And we will put the customer at the heart of everything we do through a seamless digital experience and innovative offers such as delivered convenience and last mile logistics.

Finally, we intend to shape and drive next generation mobility solutions for our customers:

– We plan to scale up EV charging to 70,000 points across China, Germany, UK and the US. We will build on successful platforms such as bp Chargemaster and Didi in line with our vision to be the fastest, most convenient network

– We aim to become the partner of choice for fleets – as shared mobility could grow to almost 60% of EV usage over the next three decades

– We plan to build and grow Castrol's customer access to accelerate the transition to EV and new fluids

– And finally, we will develop early positions in hydrogen for heavy duty transport, aiming for more than 50 refuelling sites in core markets.

By 2030, we see 50% of our retail gross margin coming from convenience and electrification activities.

All in all, by putting the customer at the centre of everything we do, we aim to double our customer touchpoints over the next ten years.

bp 2030 aims – resilient and focused hydrocarbons



Continued rigour in safety and operations

- Capital discipline and project delivery
- Operating efficiency
- >96% upstream plant reliability[1] and refining availability[1]



Driving emissions down

- >15Mte reduction in Aim 1
- >125Mte reduction in Aim 2
- **Reductions** from electrification, energy efficiency, reduced flaring and portfolio
- **Methane measurement** by 2023 per Aim 4



Focused upstream and refining portfolio

- Divest non-core assets
- ~1.5mmboed[2] oil and gas production in the highest quality basins
- Strong platform in Russia through Rosneft
- ~1.2mmbbl/d refining throughput
- **Top quartile** refining margins

Unchanged HSSE goals: No accidents, no harm to people, no damage to the environment

(1) bp-operated (2) bp net, excludes Rosneft

39

Our long-standing portfolio of production and refining is at the core of our bp heritage. Looking forward, a portfolio of resilient assets, focused on value, with a driving force to reduce carbon will continue to be part of our transition

As Murray will outline, we plan to raise bp-operated upstream plant reliability and refining availability to over 96% in the next five years.

Improving capital and cost efficiency are intended to result in more competitive positions in production and refining.

Second, as presented by Bernard, we have clear 2025 targets and 2030 aims to reduce both our operational emissions and carbon.

Against Aim 1, we aim to reduce our operational emissions by at least 15 million tonnes by 2030. Against Aim 2, we aim to reduce at least 125 million tonnes of scope 3 emissions by 2030.

Third. We will complete the ongoing programme of major projects, and,

Fourth. we intend to high-grade our portfolio.

We intend to focus on our highest quality basins and on resilience for oil, gas and refining operations.

These criteria will be central to our decisions on which assets to divest from our portfolio.

We expect this could result in a reduction in production volumes to around 1.5 million barrels oil equivalent per day and in refinery throughput volumes to around 1.2 million barrels per day in 2030.

These numbers do not include our shareholding in Rosneft – which is a fundamental part of our broader portfolio providing us with a strong position in Russia – a key and resilient oil and gas province.

We welcome Rosneft's reported reduction in CO2 per unit since 2016 – by 7% in upstream and by 11% in downstream. These are just two examples of their shared commitment to reducing emissions.

Inevitably there may be questions as to the role of hydrocarbons in our strategy.

Hydrocarbons are key to our transformation. They are a core part of our strategy and, de facto, they enable the strategy.

Hydrocarbons are likely to be the key source of earnings and of growth in returns over the next several years.

And what we are saying is that as bp becomes a fully Integrated Energy Company, hydrocarbons will be one part of a more balanced portfolio.

Our distinctive sources of value creation



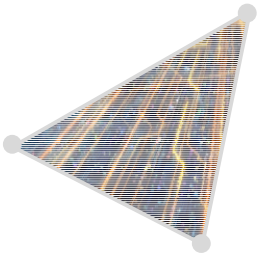
Integrating energy systems

- **Integration along** value chains
- **Integration across** value chains
  - Physical and virtual
- Develop **integrated offers** for customers



Partnering with countries, cities and industries

- Focus on **10-15 cities** and **3 industries**
- **Transition pathways** and jointly developed, bespoke solutions with partners
- Dedicated origination team



Driving digital and innovation

- **Transform** core operations, enabling material **efficiency improvements**
- **Extend customer access** to energy, mobility and convenience
- Reduce carbon footprint in operations and products
- Drive adjacencies via bp Ventures and Launchpad

40

As mentioned, we believe in our ability to amplify value from our focus areas through three sources of differentiation. The horizontals on the 3x3 slide. These are the essence of the new bp.

First and foremost, we will focus on driving integration in everything we do. Through integration we bring everything together, to create end-to-end customer solutions. Our organisational set-up was designed for this purpose.

– We will integrate and optimise along each value chain. We have been doing so for many years in our fuels value chain. Similarly, we will build integrated positions in electricity, gas and in mobility, from customer through the resource. As an example, we aim to offer charging solutions to EV fleets, ideally powered through our renewable electricity.

– We will integrate across value chains. This integration will be physical - by integrating and optimizing physical assets and their operation – or virtual – enabled by trading.

– As an example of physical: integrating in industrial sites with renewable electricity generation, hydrogen to decarbonize operations and eventually municipal solid waste conversion to produce bio and e-fuels.

– As an example of virtual: offering firm zero carbon electricity to industrial customers; where our renewables team produces electricity from solar and wind assets, our Trading and Shipping team complements and balances the intermittency with electricity from gas and offsets the carbon with credits derived from our Nature Climate Solutions portfolio. The latter, supported by our Venturing investment in Finite Carbon.

Second. To bring integrated solutions to our customers, we have formed a dedicated team to partner with countries, cities & industries.

– We will focus on 10 to 15 cities and on three industrial sectors including high-tech and consumer-facing, heavy transport (including aviation, marine and trucks) and heavy industry, including cement and steel; and

– We will aim to partner to define transition pathways and develop joint solutions

Third. we will drive forward with digital and innovation.

– We aim to transform our core businesses to drive efficiency, reduce costs and drive value creation. We aim to more than double capex spend on digital from today to 2025 and increase again substantially by 2030. Digital will be an enabler of a significant part of the cost savings which Murray will discuss shortly.

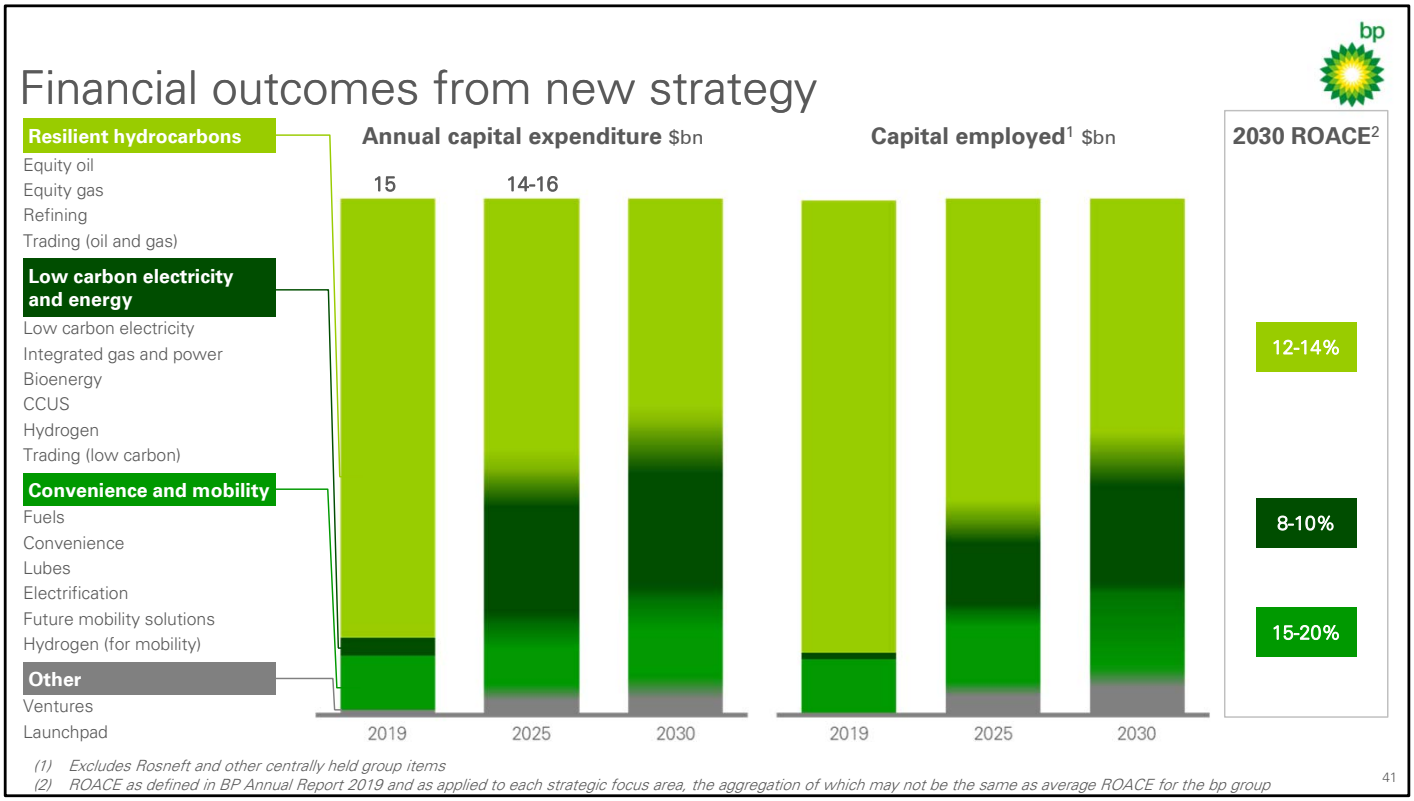
– Over the last three years, we have hired 150 digital professionals each year, from a diverse set of companies – such as Wartsila, Tesla and Uber, including some of our SVPs.

– We now have over 40% of our digital estate on the cloud and intend to double that in the next five years.

– Within this digital estate, we have simplified the number of applications by 30% in recent years.

– We intend to build on seamless digital experiences to grow our customer facing businesses.

– Finally, we can move forward with adjacencies using our growth vehicles to nurture new businesses through bp Ventures and Launchpad, with Launchpad expecting to grow from four to more than 15 active residents by end- 2022.



These 2030 aims are far more than just words. We intend to align our capex allocation to our strategy to transition from IOC to IEC.

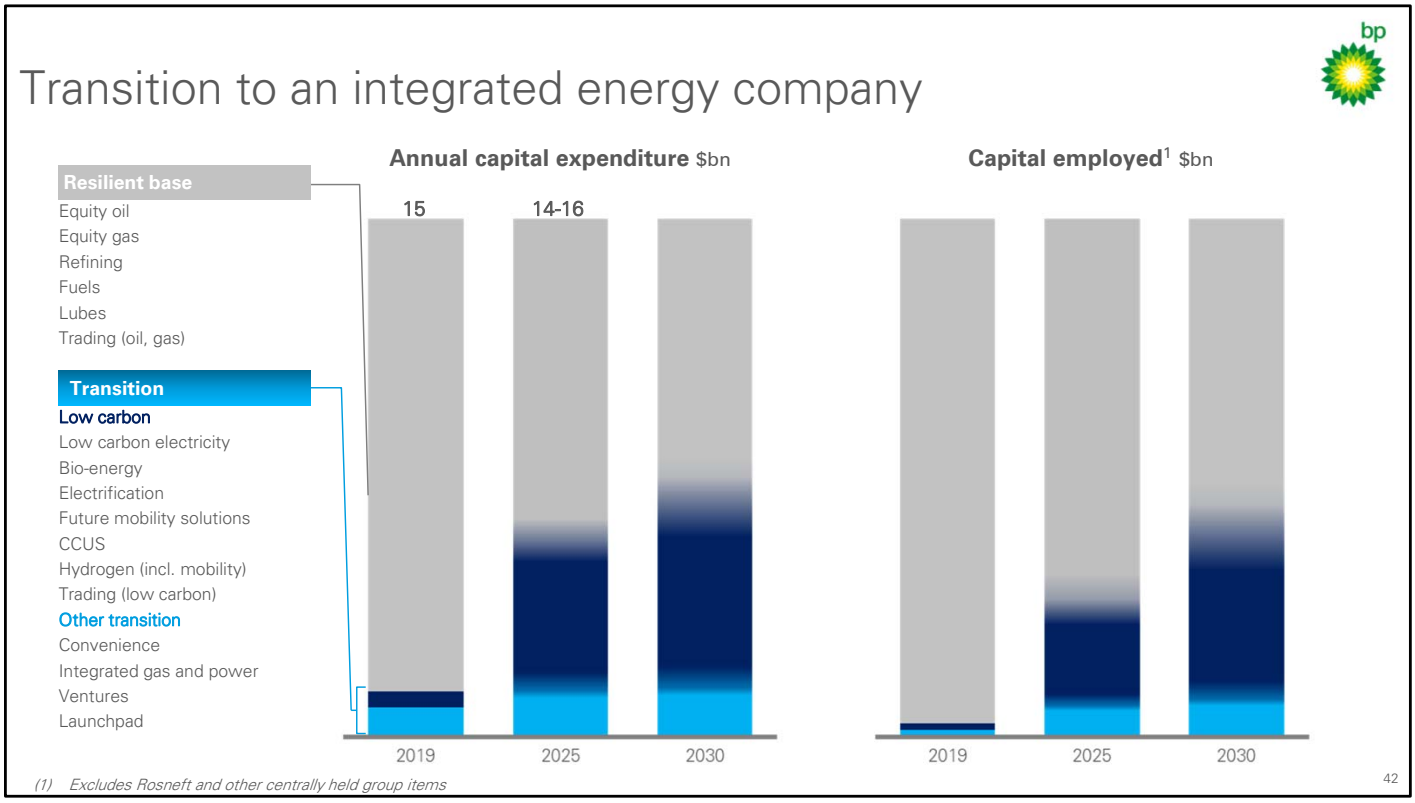
Over the next ten years, we intend to increase our investment into our two growth areas, from about 15% of capex in 2019 to 40% or more by 2030. Such capex allocation represents a seven-fold increase in low carbon electricity and energy and a doubling in convenience and mobility. Over time, the change in capex allocation translates into our capital employed.

By 2030, we expect to see ROACEs in the range of:

– 12-14% from resilient and focused hydrocarbons – in line with through cycle returns

– 15-20% from convenience and mobility – in line with historical performance; and

– 8-10% from low carbon electricity and energy, while achieving steady growth and a low risk profile



Let me conclude by summarising;

All in all, we expect bp to be a very different business in 2030, well on the way to being net zero by 2050 or sooner.

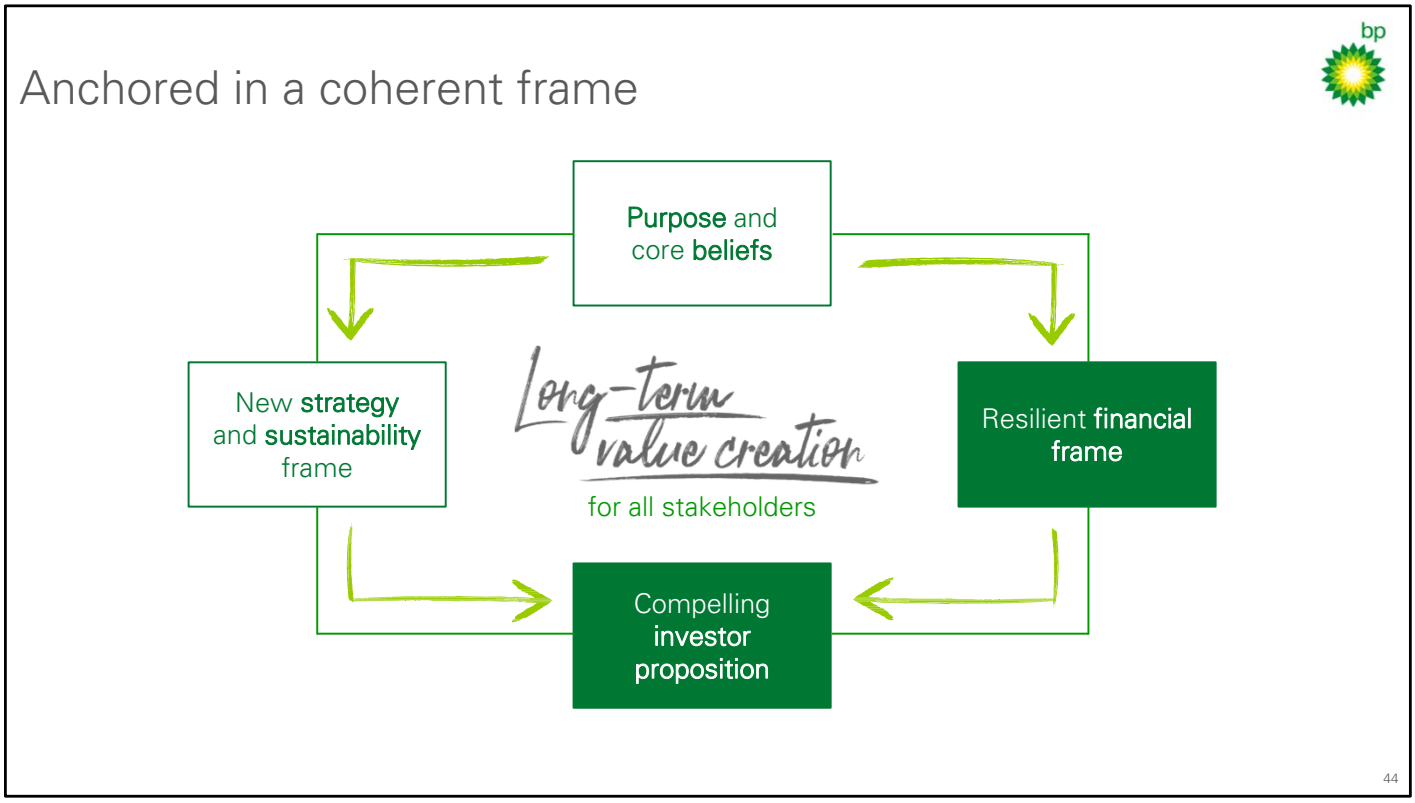
As we transition, over 60% of our capital employed could still be in the resilient base which includes our upstream oil and gas, refining, fuels marketing and lubricants. We should remember that the base plays a critical part in funding the transition. It supports our returns to our shareholders, and it provides financial flexibility for the transition.

At the same time, by 2030, as much as 50% of our capex could be spent on transition, of which a significant majority will be low carbon. That powers the transformation of bp, drives delivery of our new strategy, and puts us well on the way to be a leading and established integrated energy company.

Let me now handover to Murray who will take us through our new resilient financial frame.

Murray Auchincloss
CFO

Thanks Giulia



So far today you have heard a lot about our beliefs and our strategy.

The strategy is enabled by a new and resilient financial framework comprising:

– A coherent approach to capital allocation with a new distribution policy and a clear set of priorities

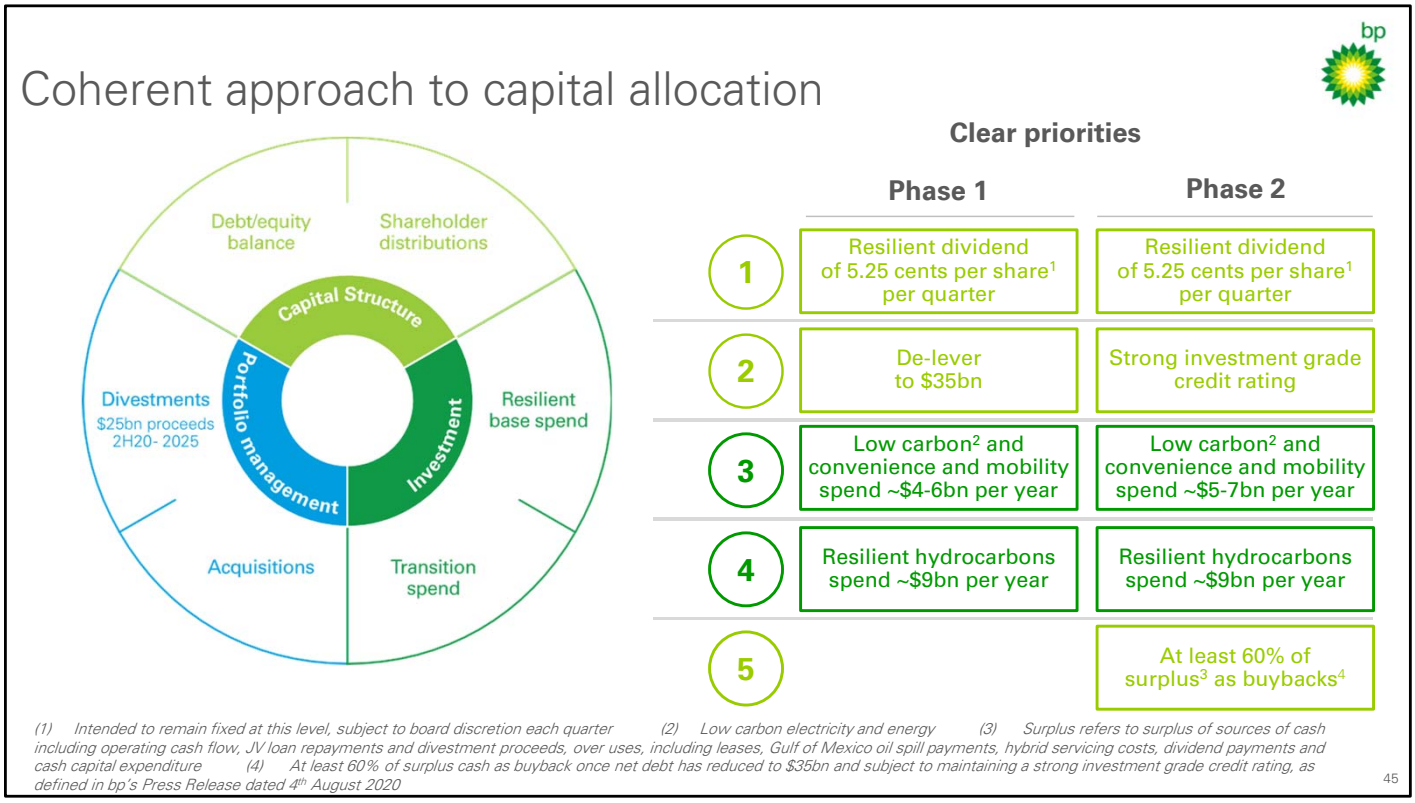
– A resilient balance sheet

– A disciplined approach to investment allocation; and

– A relentless focus on executing our five-year business plan.

Together, we believe our strategy and our financial framework create a compelling investor proposition which offers committed distributions, profitable growth and sustainable value.

I will talk about each of these elements, but let me start by explaining how we aim to deliver long-term value through our approach to capital allocation.



Over the past few months, we have come to the conclusion that:

– The economic consequences of COVID-19 make the world uncertain

– With that uncertainty, too much pressure exists on the balance sheet and we need to take action to strengthen it

– Our dividend must be resilient; and

– We need to invest adequately in the energy transition to support our ambition and strategy.

All of which must be underpinned by a coherent approach to capital allocation.

This has been further reinforced following the extensive engagement we have had with our shareholders over recent months.

As a result, we have taken the decision to reset our distribution policy

This all leads to a clear set of priorities, with a phased approach to how we will allocate our sources of cash, including divestment proceeds:

– First, funding our reset and resilient dividend, intended to remain fixed at 5.25 cents per ordinary share per quarter

– Second, our focus on deleveraging the balance sheet to protect our investment grade credit rating. The first step is to de-leverage to $35 billion net debt, maintaining a strong investment grade credit rating thereafter

– Third, allocating sufficient capital to advance our energy transition strategy, with this

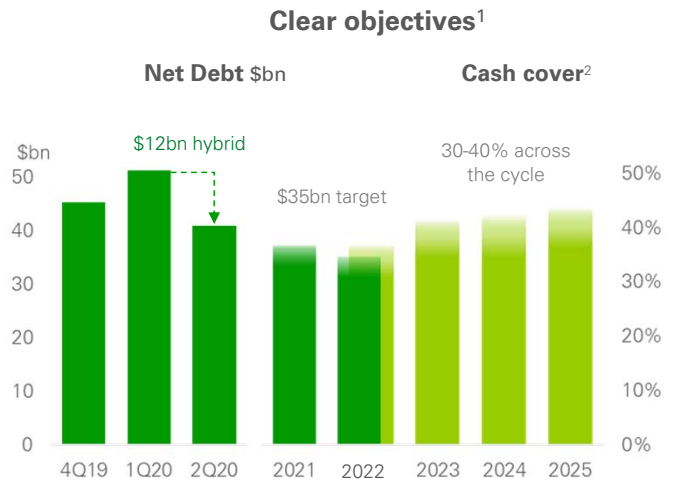
allocation intended to rise once our near-term deleveraging target is achieved

– Fourth, investing appropriately in our resilient and valuable hydrocarbons business to generate sustainable cash flow; and

– Fifth, committing to return at least 60% of surplus cash as buybacks, after having reached $35 billion net debt and subject to maintaining a strong investment grade credit rating. This provides direct leverage to cash flow upside and further enforces investment discipline

I will now talk about each of these priorities in detail.

Maintaining a strong investment grade credit rating



Strong progress

- **~$12bn** hybrid bond issue
- **$1.8bn** 1H20 divestment proceeds

Delivery underpinned

- 2021-25 cash balance point **~$40/bbl**[3]
- **$25bn** 2H20-2025 divestment proceeds

(1) Chart presented at $50/bbl Brent (2020 real) and bp planning assumptions
(2) Cash cover ratio: funds from operating activities over expanded debt, including leases, Gulf of Mexico oil spill liabilities and decommissioning liabilities
(3) Operating cash flow excluding post-tax DWH payments, adding JV loan repayments, deducting lease payments, organic and inorganic cash capex at the low end of the $14-16bn capital frame, dividend and hybrid coupon. Assuming an average of around $11/bbl RMM and $3.00/mmBtu Henry Hub (2020 real)

46

Turning first to balance sheet.

We believe a resilient balance sheet is the foundation to pay the reset dividend and advance our strategy.

In the near-term we target de-leveraging to $35 billion of net debt.

Thereafter, our target is a strong investment grade credit rating. A good indicator for this is the cash cover ratio, which we aim to keep within a 30-40% range through the cycle, although this is not a target.

Our gearing target is now retired as it is not representative of how we manage our balance sheet as part of our financial framework. However, we will continue to report this metric as some investors find it useful.

We have already made substantial progress toward our net debt target with the $11.9 billion hybrid bond issuance and $1.8 billion of divestment proceeds during the first half of 2020.

Looking forward, delivery of these objectives is firmly underpinned, and we expect to show further progress as we deliver our business plan. We believe our financial frame enables us to manage our average 2021-25 cash balance point to around $40 Brent, assuming an average RMM around $11 and Henry Hub at $3 in 2020 real terms.

Deleveraging our balance sheet will be supported by a target of $25 billion of divestment proceeds between the second half of 2020 and 2025. This includes proceeds from the recently announced $5 billion petrochemicals divestment and from the sale of our upstream Alaska business.

We are also creating resilience through evolving our long-term capital structure, and we have made progress during the first-half with the issuance of hybrid bonds and 30 year debt.

Recognising the growing pool of investors with a desire to finance the energy transition, we are also increasingly thinking about how to embrace that as part of a sustainable financing framework. We will talk more about this in the coming months.

Committed distributions

Clear policy

- Resilient dividend intended to stay fixed at

  5.25 cents per share per quarter[1]

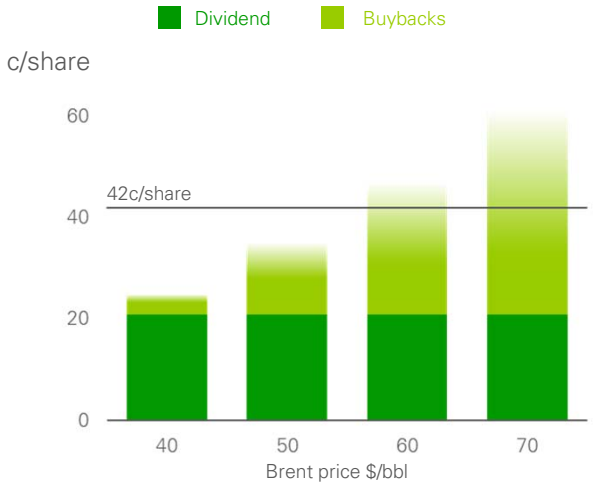
- Commitment to return at least **60**% of surplus[3]

  cash flow via buybacks

  – once net debt target achieved; and
  – subject to maintaining a strong investment grade credit rating

- Remainder of surplus at board discretion

Per share[2] distributions



(1) *Intended to remain fixed at this level, subject to board discretion each quarter*
(2) *Per share distributions: dividend per share plus total buyback expenditure divided by projected share count*
(3) *Surplus refers to surplus of sources of cash including operating cash flow, JV loan repayments and divestment proceeds, over uses, including leases, Gulf of Mexico oil spill payments, hybrid servicing costs, dividend payments and cash capital expenditure, as defined in bp's Press Release dated 4th August 2020*

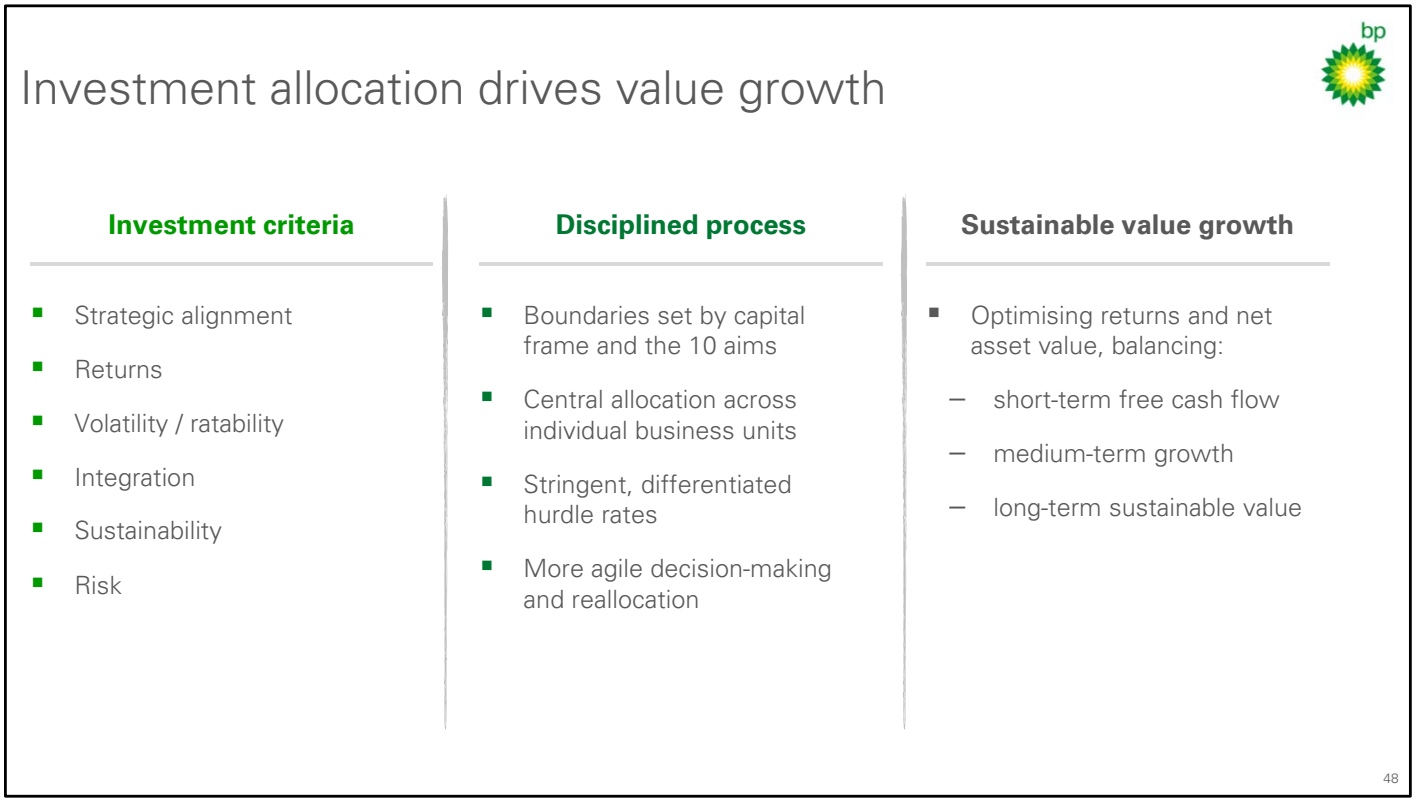
47

As we have already announced, today we have introduced a new distribution policy comprising a reset and resilient dividend and buyback commitment.

Our first priority is a resilient dividend of 5.25 cents per ordinary share per quarter that we intend to remain fixed at this level. To be clear, it is not a progressive dividend.

This is supplemented by a commitment to distribute at least 60% of surplus cash through share buybacks once our net debt target is achieved and subject to maintaining a strong investment grade credit rating. The remainder of any surplus cash flow will be allocated at board discretion

This creates a more flexible model for shareholder returns and results in comparable distributions at around $55 per barrel while also offering increased exposure to investment in the energy transition.



As our strategy has changed, we have also refreshed our investment allocation process to align with a re-invented bp.

As you would expect, it starts with a core set of six investment criteria; balancing strategic alignment, returns, volatility, integration value, sustainability and risk.

Resource allocation is done in a more agile way, across our individual businesses.

We have lowered our central case assumptions for oil prices, and significantly increased our carbon price.

And we have set stringent hurdle rates.

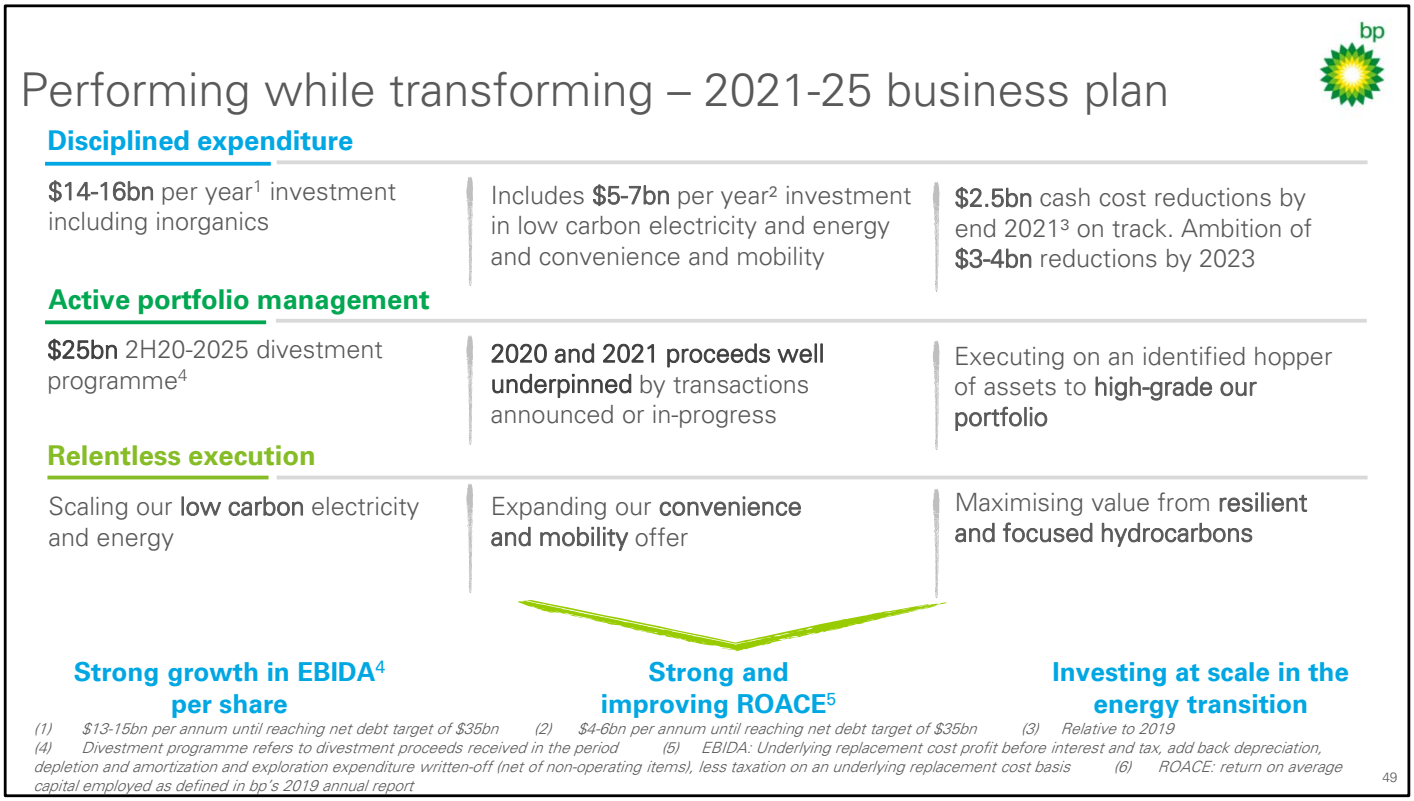
– First, a payback of less than ten years for all investments in upstream oil, refining and for fuels retail in mature markets

– Second, a payback of less than 15 years for upstream gas

– Third, we have a range of sector specific internal rate of return hurdles for transition and low carbon investments between 10% and 15%; and

– For renewable power, we look for returns of around 10% - aspiring to do better through integration and trading optimisation.

All of this is then optimised to make sure we are adequately trading off returns versus net present value, balancing short, medium and long-term value growth.



Successfully delivering our financial frame means 'Performing while we Transform'.

Our 2021-2025 business plan is intended to deliver on this, combining strong growth in EBIDA per share and growing returns with investment at scale in the energy transition.

Our business plan is defined by three elements.

First. A disciplined approach to expenditure.

As I have already outlined, our investment plans are aligned with our strategy and based on strict economic appraisal. Per year, including inorganics, we plan to invest:

- $13-15 billion until we reach our net debt target, expecting to be at the lower end of that range in the near-term
- And $14-16 billion thereafter
    - These ranges include around $9 billion allocated to resilient and focused hydrocarbons to sustain our cash generation; and
    - Spend of $4-6 billion rising to $5-7 billion on low carbon electricity and energy and convenience and mobility

In addition, we are in action to drive our cash cost base structurally lower.

As we reinvent bp we are on track to deliver $2.5 billion of cash cost reductions by the end of 2021 compared to our 2019 base. With an ambition of delivering $3-4 billion of total cash cost reductions by 2023, a reduction of around 20%.

These are structural reductions enabled by reinventing bp as a leaner, more agile, digitally-

enabled organisation. They are focused not only on fewer people, but on eliminating waste and driving supply chain efficiencies. Despite all the strides we have made so far, we continue to have a long way to go.

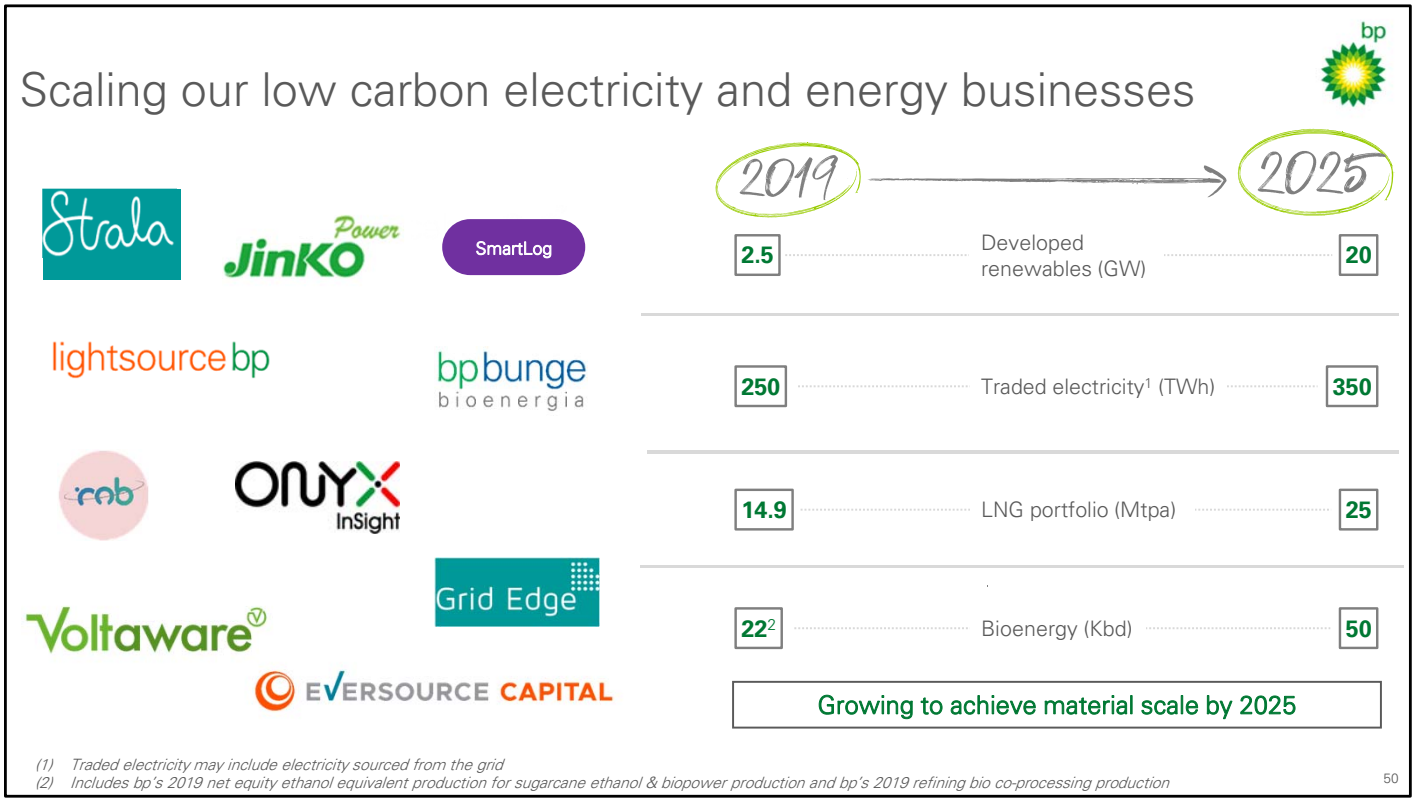
Second. An active approach to portfolio management as we high-grade our portfolio to advance our strategic aims.

– From the second half of 2020 to 2025 we target $25 billion of divestment proceeds.

– Near-term planned proceeds are well underpinned by announced or in-progress transactions, with medium-term proceeds supported by a hopper of identified assets.

And third, the relentless execution of a business plan founded on established and growing businesses that underpin our confidence in our 2025 targets.

Let me now provide you with more detail on the operational drivers of our business plan.



As you have heard from Bernard and Giulia, we already have a strong platform of businesses and capabilities, that we aim to continue to grow to achieve material scale by 2025.

Let's run through two examples:

First, for our wind, solar and biopower businesses, where we have built a strong record of improving operating performance, we aim to have developed around 20 gigawatts of renewables capacity by 2025.

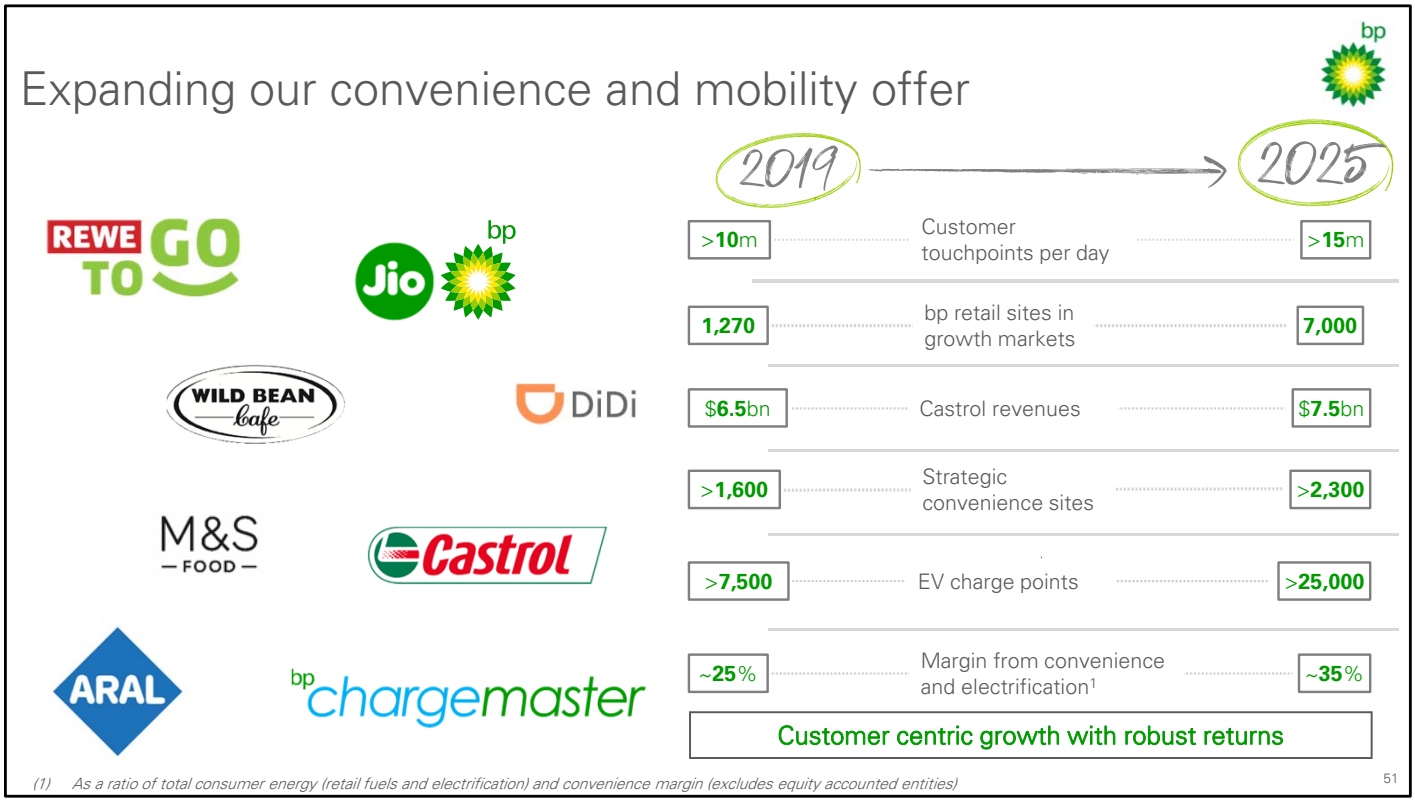
This will be complemented by increasing traded electricity to 350 terawatt hours by 2025.

Our growth is initially underpinned by:

– Our strategic solar partnership with Lightsource bp, which provides a strong foundation from which to grow based on their ambition of having developed 10 gigawatts by 2023;

– Our existing US onshore wind portfolio, which provides opportunities to grow our wind position in the US and internationally – both onshore and offshore

Second, in bioenergy, we're aiming for 50 thousand barrels per day by 2025, growing our bioethanol production through our Brazilian joint venture, bp bunge bioenergia, and refinery bio co-processing production.



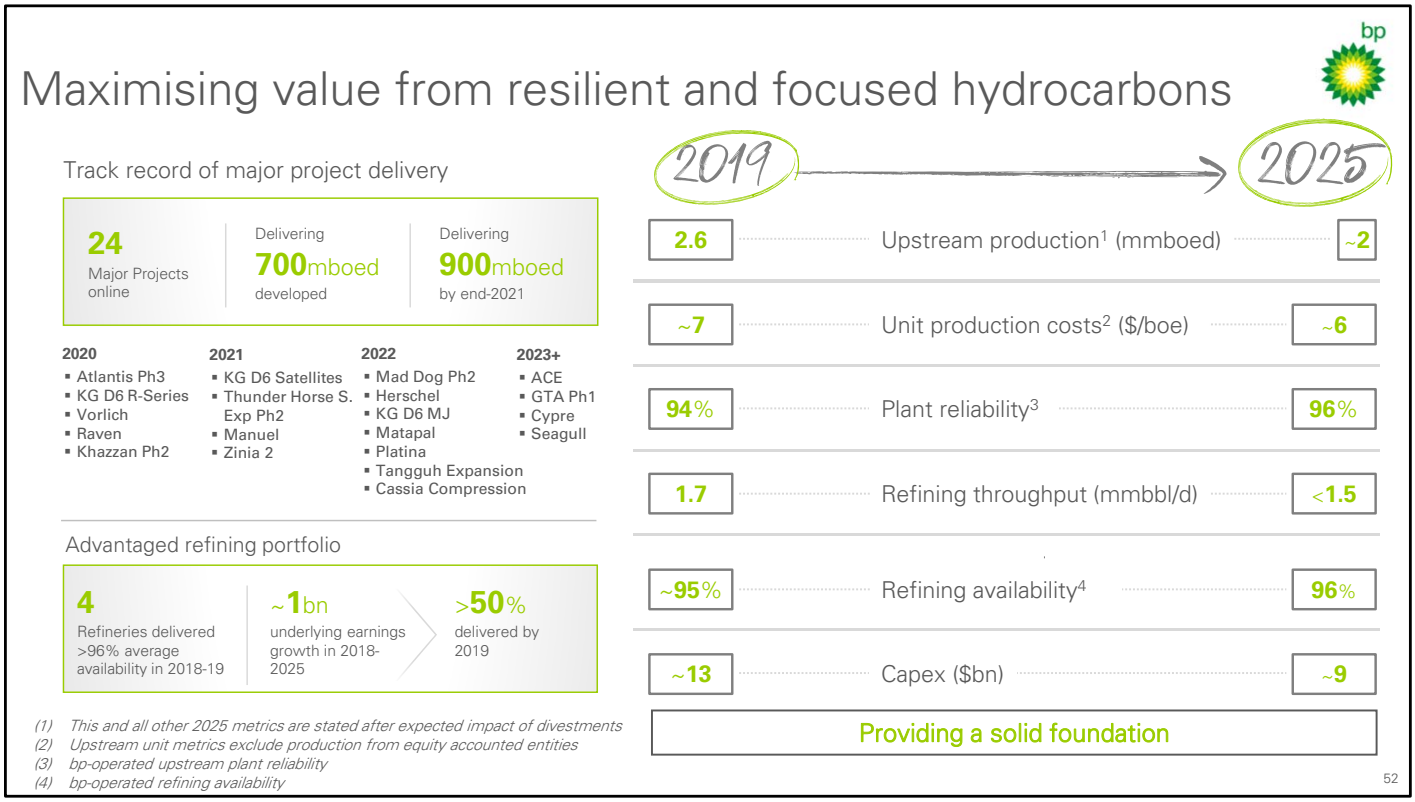
Across convenience and mobility we have strong brands, differentiated offers and strategic partnerships which have underpinned our track record of earnings growth and robust returns. This, and the plans we have in place across our businesses, give us the confidence in continued earnings and cash growth.

Today we have more than 10 million customer touchpoints per day and we aim to increase this to more than 15 million by 2025. We intend to do this by delivering customer-centric integrated products and services, underpinned by innovation, digital platforms and strategic partnerships.

In growth markets, we have around 1,300 sites in the fast-growing economies of China, Mexico and Indonesia. And, we just completed our joint venture with Reliance Industries to create a world-class retail, mobility and aviation partnership in India, under the brand Jio-bp. This is a key driver of our plans to grow our network of bp branded retails sites in these markets to more than 7,000 by 2025.

In established OECD markets we are investing to re-fresh our convenience offer to provide an enhanced customer experience, including aiming to grow our network of convenience sites, with our differentiated offer, to over 2,300 by 2025

We expect to grow the share of margin from convenience and electrification to around 35% by 2025.



In resilient and focused hydrocarbons we will be managing the business for cash and returns, not volume.

By combining the operational management of our upstream and refining operations we will seek to improve safety and efficiency as we share best practices and leverage digital capabilities.

In upstream oil and gas we continue to build on our track record of major project delivery. And in line with prior guidance we expect to reach 900 thousand barrels of oil equivalent per day of new major project production in 2021.

– In 2020 we expect to start up Raven and plan for the accelerated start up of Ghazeer.

– As a result of COVID-19 we now expect Mad Dog 2, Cassia Compression and Tangguh Expansion Project to start in 2022.

As we complete this phase of project development, absolute capital investment will fall. This reflects both portfolio actions and an increasing focus on near-field opportunities - projects with faster payback periods and higher rates of return.

We expect underlying production to be broadly flat in 2025, relative to 2019. However, headline production will depend on divestments, but is expected to be lower as we continue to high-grade our portfolio in-line with our strategy.

Even after portfolio activity, we expect the combination of lower unit production costs, improving plant reliability and lower capital intensity to underpin growth in cash flow.

Turning to Refining.

Here we intend to high-grade the portfolio to deliver first quartile net cash margin and sustainable EBIDA generation.

– We aim to grow earnings per barrel through continued delivery of business improvement plans focused on reliability, cost efficiency, advantaged feedstock and commercial optimisation

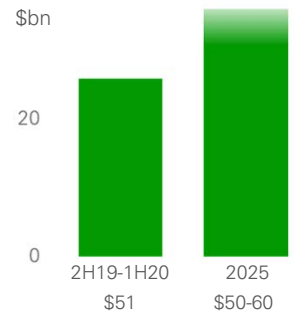
– We also plan to roll-out intelligent operations to deliver world class productivity, leading availability and digitally-enabled supply optimisation

– We plan to build on our strong track record of refining availability targeting bp-operated refining availability of over 96% by 2025; and

– We intend to grow our underlying earnings by around $1 billion by 2025 versus 2018, with more than half of this growth already delivered.

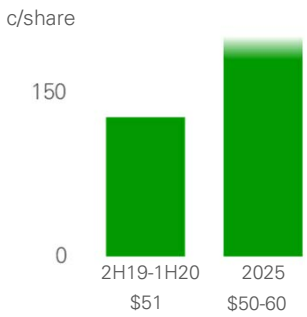
2021-25 business plan outcomes

Underlying[1] EBIDA[2] growth



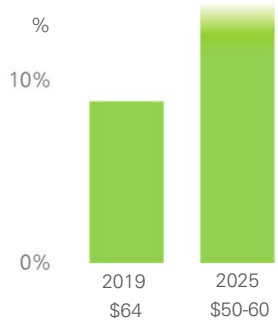
- 5-6% underlying EBIDA[2] CAGR[4]

EBIDA[2] per share growth[3]



- 7-9% per share EBIDA[2] per share CAGR[4]

Strong and growing ROACE[5]



- 12-14% group ROACE[5] in 2025

(1) Underlying: Before impact of planned divestments
(2) EBIDA: Underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), less taxation on an underlying replacement cost basis
(3) Buyback modelled across a range of share prices; EBIDA after impact of planned divestments
(4) CAGR: compound annual growth rate
(5) ROACE: return on average capital employed as defined in bp's 2019 annual report

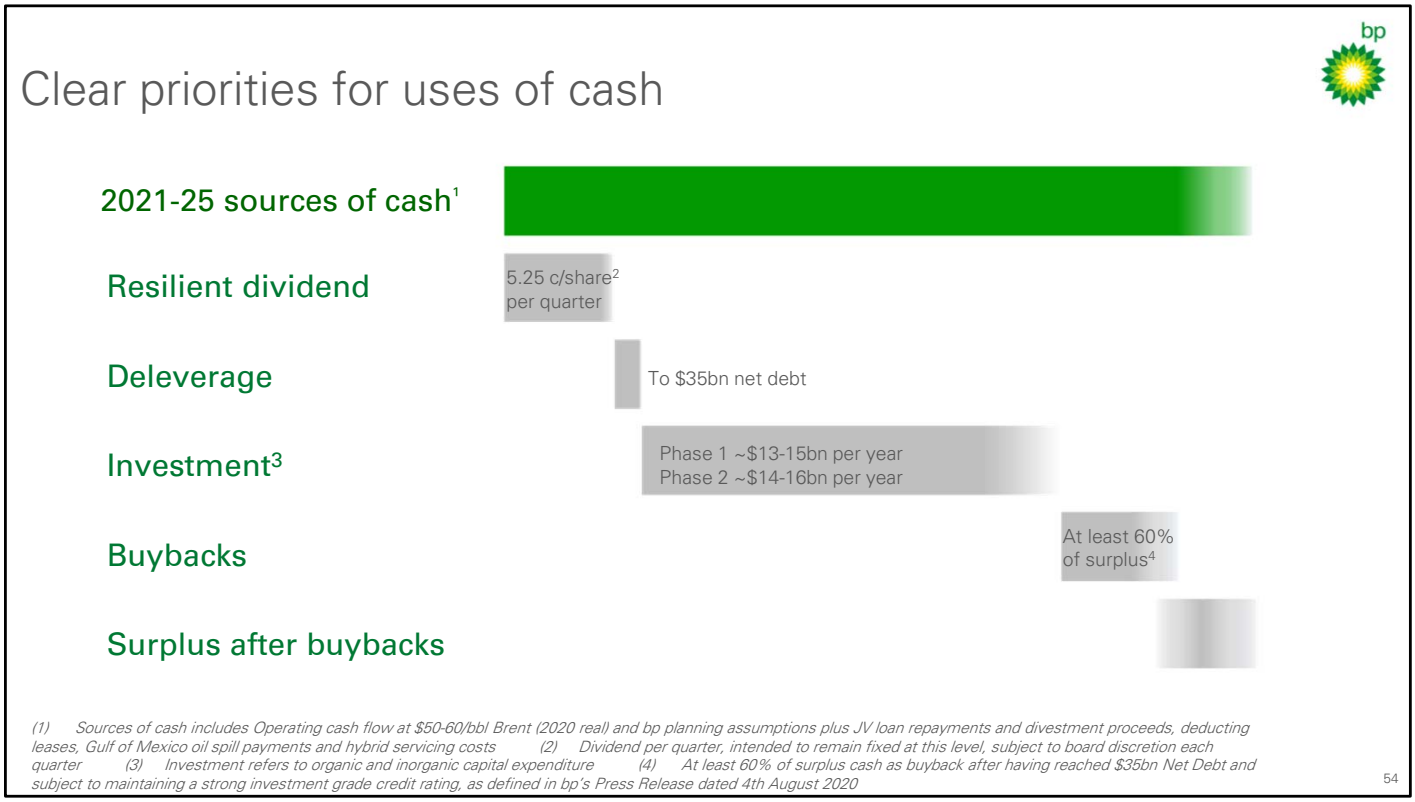
53

In summary, we expect our 2021-25 business plan to result in strong growth in EBIDA per share and strong and improving ROACE.

On an underlying basis, before planned divestments, we expect our business plan to deliver 5-6% annual EBIDA growth, driven primarily by our legacy businesses.

As we have outlined, an important part of our strategy and business plan is portfolio high-grading. After allowing for the impact of portfolio change and reflecting the expected impact of our share buyback commitment, we expect to achieve headline annual growth of 7-9% in EBIDA per share.

And based on expected higher profitability combined with an expected improvement in capital efficiency and our disciplined focus on investment allocation, we expect to see strong and growing returns, with ROACE rising to 12-14% in 2025.



Before I close, I want to share what our plan looks like in practice over the next five years. Assuming an oil price of $50-60 Brent and including divestment proceeds, this slide shows how we intend to:

– Pay a resilient dividend

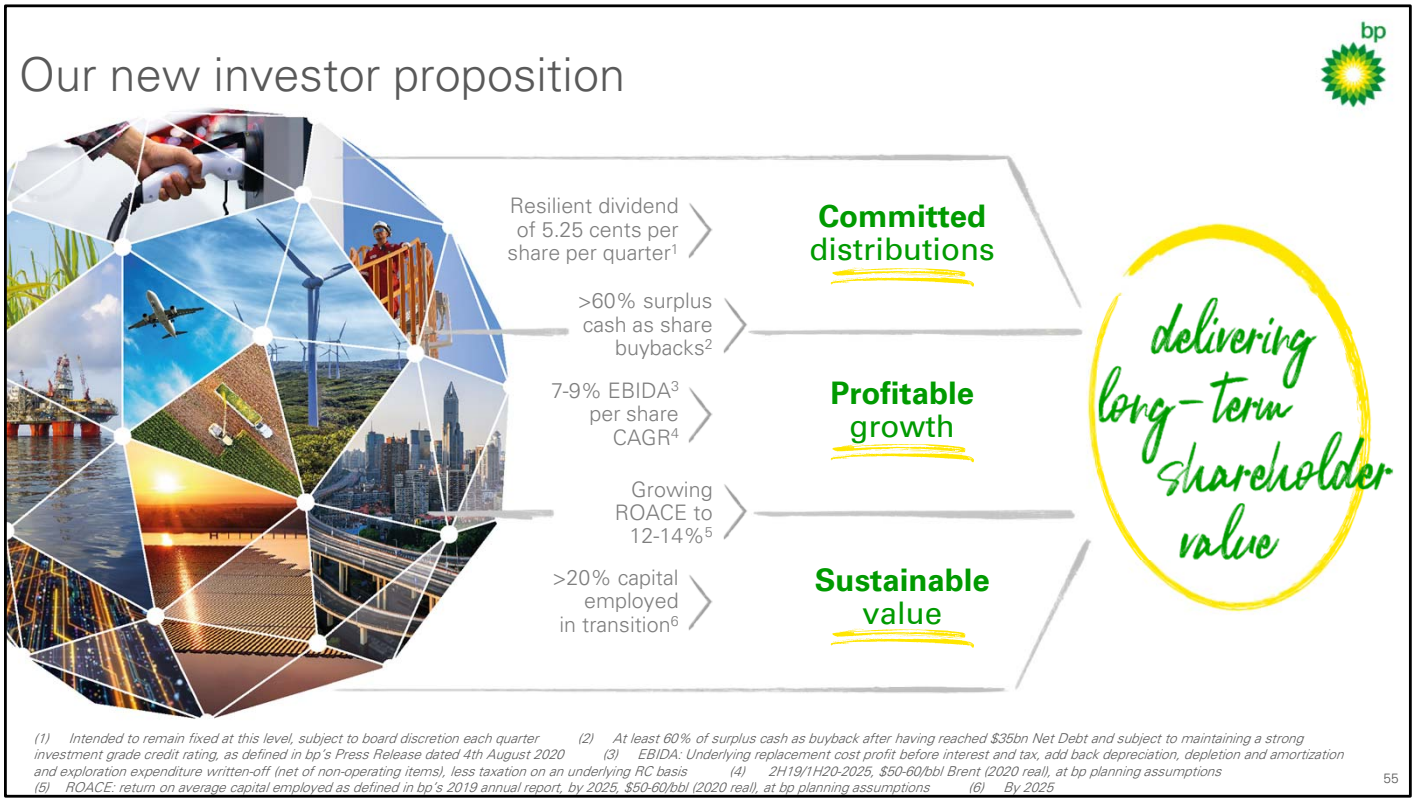
– De-leverage our balance sheet

– Invest at scale in the energy transition

– Invest in our resilient hydrocarbons business

– And distribute surplus cash flow through share buybacks with the remainder of any surplus allocated according to board discretion

This provides a clear articulation of how we think about our priorities for uses of cash.



In summary, you have heard a lot today on our strategy and financial frame. Taken together we believe this will deliver a compelling investor proposition. A proposition that balances:

– committed distributions

– profitable growth; and

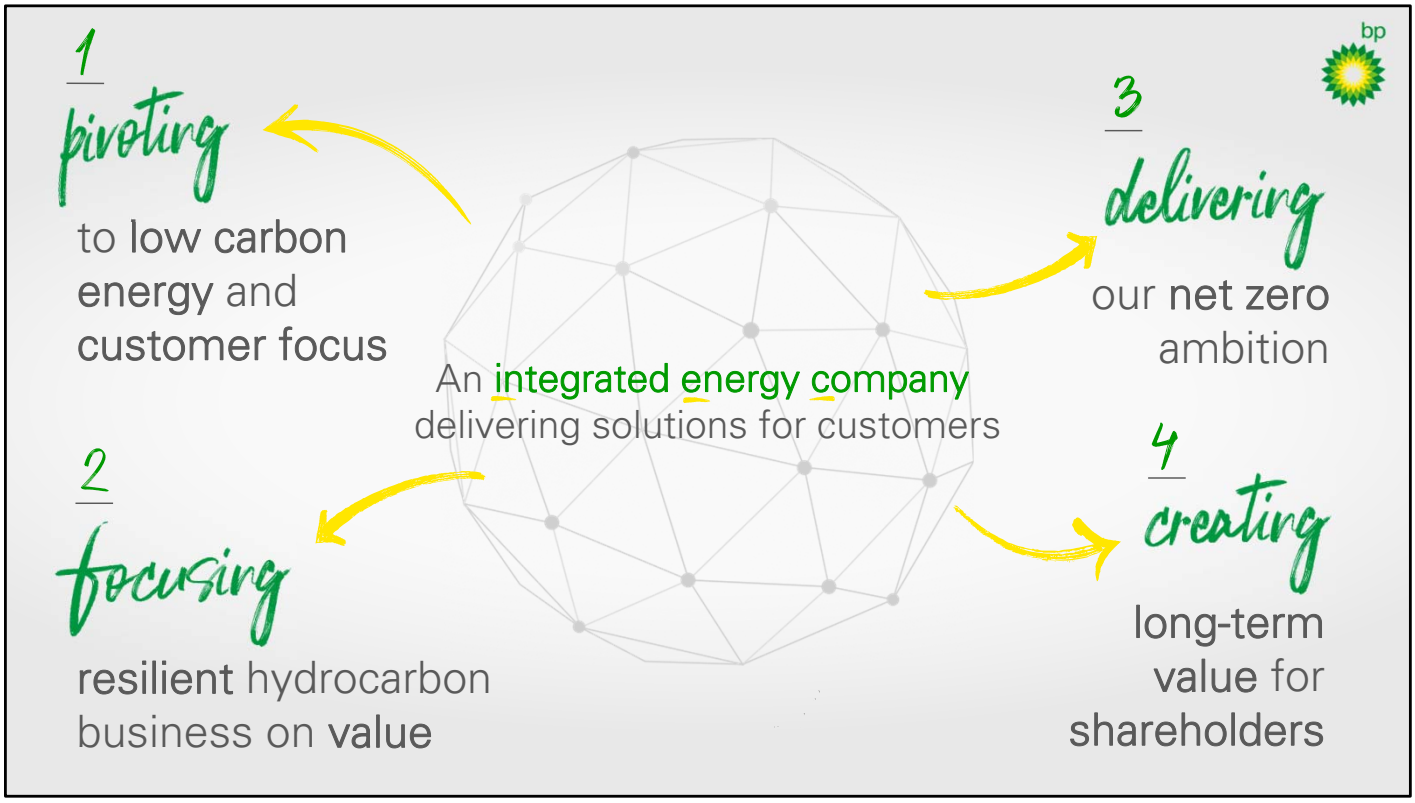
– sustainable long-term value as we transition from IOC to IEC.

This is underpinned by the measures we have talked about today which are summarised on this slide and which are all in service of delivering long term shareholder value.

Let me now hand back to Bernard who will conclude today's presentation.

Bernard Looney
CEO

Thank you Murray, and Giulia



Let me recap very quickly on four points and then we'll take your questions.

First, we are pivoting to low carbon energy and customer focus. We intend to move fast, but with care and discipline.

Second, we are focusing our resilient hydrocarbons business on value. While it will be a smaller part, it will remain core to bp for decades as an engine of value creation and the enabler of our transformation.

Third, we are delivering our net zero ambition. We expect to be positioned for success on each of our emissions-reduction aims by 2030 – and well on track for 2050.

And fourth, we believe we can create long-term value for our shareholders - through a compelling investor proposition that offers committed distributions, profitable growth and sustainable value.

As an integrated energy company focused on delivering solutions for customers – we believe we can serve all of our stakeholders – helping the world to decarbonise while seizing the huge business opportunities the energy transition has to offer.



And we have – if I may say so – a fantastic team in place to deliver it. It is your team.

We are all really excited about what we intend to do – and I hope you will be as well.

We have set the destination – now it is on all of us to take this plan, put it into action and deliver on everything we have set out today.

It may not be a straight line getting there – and we will need your support. But we think it is the right plan for all of us.

Thank you for your patience this morning – now, it's over to you.

Murray, Giulia and I will now be delighted to take your questions.

May we ask you to keep them to two points at most – and to frame them as briefly as you can - so that we can get through as many as we can.

Q&A



Bernard Looney
CEO



Murray Auchincloss
CFO



Giulia Chierchia
EVP, Strategy and Sustainability

from IOC to IEC

Appendix

Emissions pathways with 2019 baseline

		2019 Baseline	2025 Targets	2030 Aims	2050, or sooner Aims	
Aim 1	Net Zero operations	54 Mte	20%	30-35%	100%[1]	Emissions reductions
Aim 2	Net Zero oil and gas	360 Mte	20%	35-40%	100%[2]	
Aim 3	Halving intensity	79.7 gCO2e/MJ	5%	>15%	50%	
Aim 4	Reducing Methane	0.2% proxy	Measurements in place by 2023	50%	Timeline to achieve 50% reduction to follow	
Aim 5	More $ for new energies	$500m	$3-4bn	~$5bn		Low carbon spend[3]

(1) Net zero, gross operated (2) Net zero, bp net equity, excludes Rosneft
(3) Includes: low carbon electricity, bio-energy, electrification, future mobility solutions, CCUS, Hydrogen (incl. mobility) & trading (low carbon)

61

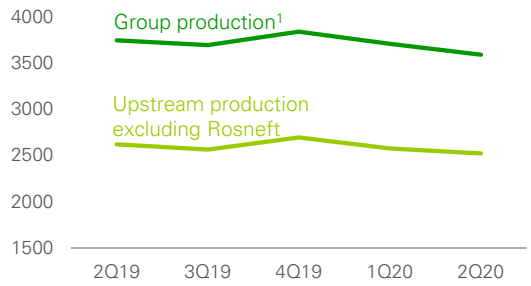
2Q 2020 summary

$bn	2Q19	1Q20	2Q20	% Y-o-Y	% Q-o-Q
Upstream	3.4	1.9	(8.5)		
Downstream	1.4	0.9	1.4		
Other businesses and corporate	(0.3)	(0.6)	(0.3)		
Underlying business RCPBIT[1]	**4.5**	**2.2**	**-7.3**	**(264%)**	**(429%)**
Rosneft[2]	0.6	(0.0)	(0.1)		
Consolidation adjustment – unrealised profit in inventory	0.0	0.2	(0.0)		
Underlying RCPBIT[1]	**5.2**	**2.4**	**-7.4**	**(244%)**	**(411%)**
Finance costs[3]	(0.8)	(0.7)	(0.7)		
Tax	(1.5)	(1.0)	0.8		
Minority interest	(0.1)	0.0	0.7		
Underlying replacement cost profit	**2.8**	**0.8**	**-6.7**	**(338%)**	**(945%)**
Underlying effective tax rate[4]	34%	55%	9%		
Underlying operating cash flow[5]	8.2	1.2	4.8	(41%)	292%
Underlying earnings per share (cents)	13.8	3.9	-33.0	(339%)	(943%)
Dividend paid per share (cents)	10.25	10.50	10.50	2%	0%
Dividend declared per share (cents)	10.25	10.50	5.25	(49%)	(50%)

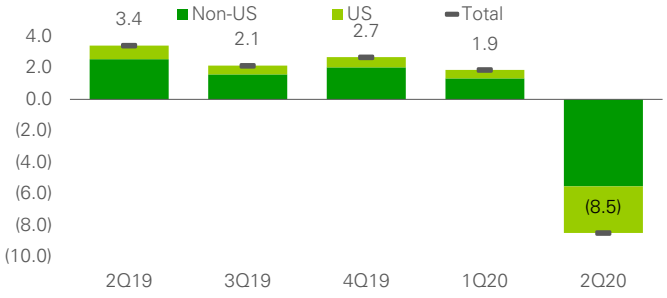
(1) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects
(2) BP estimate of Rosneft earnings after interest, tax and minority interest
(3) Finance costs and net finance income or expense relating to pensions and other post-retirement benefits
(4) Underlying effective tax rate on replacement cost profit adjusted to remove the effects of non-operating items and fair value accounting effects
(5) Underlying operating cash flow is net cash provided by/(used in) operating activities excluding post-tax Gulf of Mexico oil spill payments

Upstream

Volume mboed



Underlying RCPBIT[3] $bn



Realisations[2]	2Q19	1Q20	2Q20
Liquids ($/bbl)	63	47	23
Gas ($/mcf)	3.4	2.8	2.5

2Q 2020 vs 1Q 2020

- Impact of writing down $7.7bn from certain exploration intangible carrying values in 2Q,
- Lower liquids and gas realisations

(1) Group reported oil and gas production including Rosneft
(2) Realisations based on sales of consolidated subsidiaries only, excluding equity-accounted entities
(3) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects

Downstream

96%
Refining availability[1]
1Q20: 96%

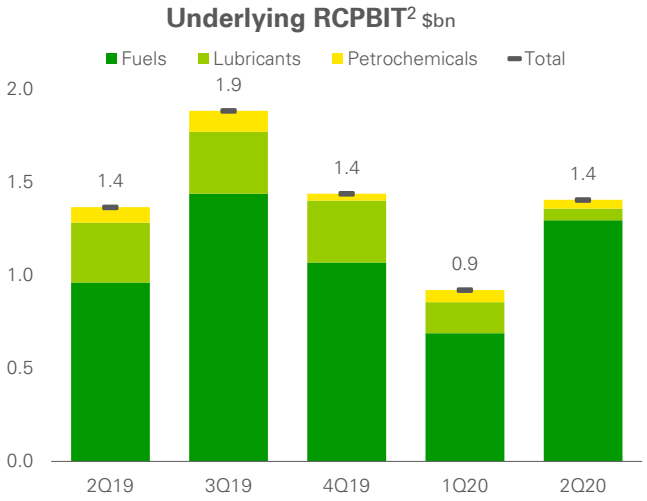
Refining environment	2Q19	1Q20	2Q20
RMM ($/bbl)	15.2	8.8	5.9

2Q 2020 vs 1Q 2020

- Weaker industry refining margins and narrower North American heavy crude oil discounts;
- Significantly lower marketing volumes and lower refining utilisation, driven by the impact of COVID-19

More than offset by

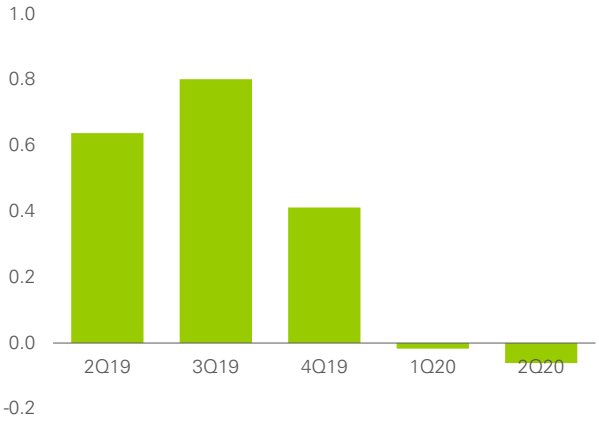
- An exceptionally strong contribution from supply and trading



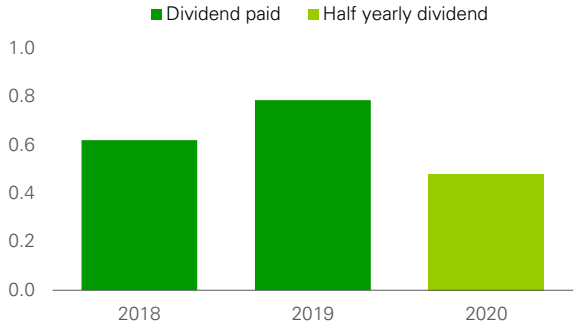
(1) BP-operated refining availability
(2) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects

Rosneft

BP share of underlying net income[1] $bn



BP share of Rosneft dividend[2] $bn



1.1mmboed

BP share of Rosneft production[3]

(1) On a replacement cost basis and adjusted for non-operating items; 2Q20 represents BP estimate
(2) From 2018, represents BP's share of 50% of Rosneft's IFRS net profit, 2H 2019 paid in July 2020
(3) Average daily production for 2Q20