

Chief executive officer's letter

Dear fellow shareholders,

As we publish this report, the world is working through extraordinarily difficult times. Countries around the globe are battling the coronavirus pandemic (COVID-19). People's lives are being hugely disrupted, with tragic consequences for many. The financial markets are reflecting the disruption and our sector is particularly hard hit, not just by a virus-related shock to demand but by a supply-side shock as well.

At BP, we are taking calm and deliberate actions for the well-being of our people and the health of your company. We do so with a robust balance sheet, strong liquidity and the flexibility in our portfolio and financial framework that provide us with options.

A resilient company

This resilience is a tribute to Bob Dudley's leadership over the past decade. Following the Deepwater Horizon accident, Bob's steady hand has guided BP through recovery and back to growth as a safer, stronger and more disciplined company – one that has delivered consistently for 12 consecutive quarters on the plan we put forward in 2017.

- We made an underlying profit of \$10 billion in 2019.
- Operating cash flow was strong at \$26 billion for the year.
- That gave us the confidence to increase our dividend, which currently stands at 10.5c per ordinary share.

During 2019, two colleagues sadly lost their lives while working at BP. My heart goes out to their families and friends. We *must* learn from these tragedies and continue to make BP safer. I believe that we can build on progress that last year saw our lowest-ever figure for BP people getting hurt at work (our recordable injury frequency measure).

Reimagining and reinventing energy

In February, we announced a new purpose for BP, and a major reorganization to deliver our new ambition to be a net zero company by 2050 or sooner and help the world get to net zero.

The current market shocks only reaffirm the need for this reimagining of energy and reinvention of BP. Our current upstream-downstream structure has served us well for over a century, but I believe we now need a different model for the rapidly changing demands of the future. We need an agile, highly integrated structure that is more focused than ever on our core capabilities in operations, customers, low carbon and innovation. The leadership team is working with the board to develop this structure, along with a new strategy and near-term targets, which we intend to share with you in September 2020.

I see huge opportunity for BP given our distinctive combination of reach, resources and relationships. The world will need to invest trillions of dollars in new energies over the next several decades. We have the skill and the will to help the world deliver a rapid energy transition.

Performing while transforming

This may be our most wide-ranging reorganization for more than a century, but I want to assure you of our commitment to perform as we transform. Among many significant changes, however, there will be no change to the fundamental principles that have served us well over the last decade and which apply equally in low price environments as well as high.

Above all, our commitment to safe and reliable operations remains unchanged. Safety will always be a BP core value and we believe that the new structure we are introducing will further strengthen our safety performance.

Our investor proposition will remain unchanged as we lay out new near-term plans later this year. This includes our commitment to growing sustainable free cash flow and returns to shareholders over the long term.

We will continue to maintain a strong financial frame, including a focus on deleveraging our balance sheet and staying within a disciplined frame for our capital expenditure.

And now, more than ever, we will focus on managing costs, pursuing efficiencies and driving waste out of the system.

A force for good and competitive returns

This new decade is a pivotal time for BP. We will continue to be an energy business, but a very different kind of energy business in years to come. We may not get everything right along the way and will need to listen and learn from others, not least you, our owners.

But with your continued support we expect to become leaner, faster-moving, lower carbon – and more valuable.

Our destination is a thriving, sustainable energy business in a net zero world. One that is a motivating and inspiring place to work for our employees. That is wanted as well as needed by society. And one that is valued by you, our shareholders, as a force for good as well as a provider of competitive returns.



Bernard Looney
Chief executive officer
18 March 2020

Profit attributable to
BP shareholders

\$4.0bn

Nearest GAAP equivalent
to underlying profit.

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Reimagining energy

Our purpose is reimagining energy for people and our planet. This will frame our thinking, our activities and our interactions.

Reinventing bp

Introducing a new structure, new leadership team and new ways of working.

Performing while transforming

Our commitment to safe and reliable operations remains unchanged. And our investor proposition remains unchanged.