

BP DOWNSTREAM INVESTOR DAY

Fuels Marketing – material and growing

Andy Holmes – COO Fuels Asia-Pacific & Air BP

Guy Moeyens – COO Fuels Europe & Southern Africa



Global and material Fuels Marketing business

Around
18,000
retail sites in **19**
countries

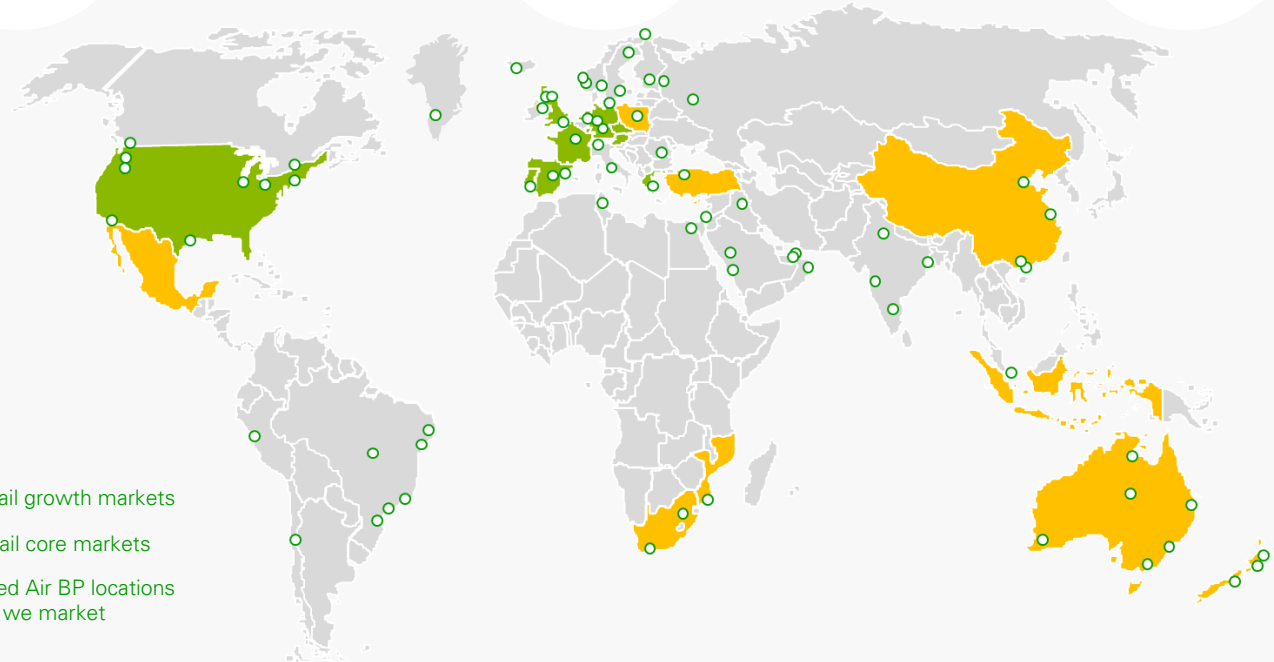
BP Ultimate fills
4.8
cars
every second

Air BP markets in
over
800
locations in > **50**
countries

\$2.1 bn

Fuels Marketing
earnings in 2016

- BP retail growth markets
- BP retail core markets
- Selected Air BP locations where we market



Earnings growth and attractive returns

Strong portfolio and material growth potential

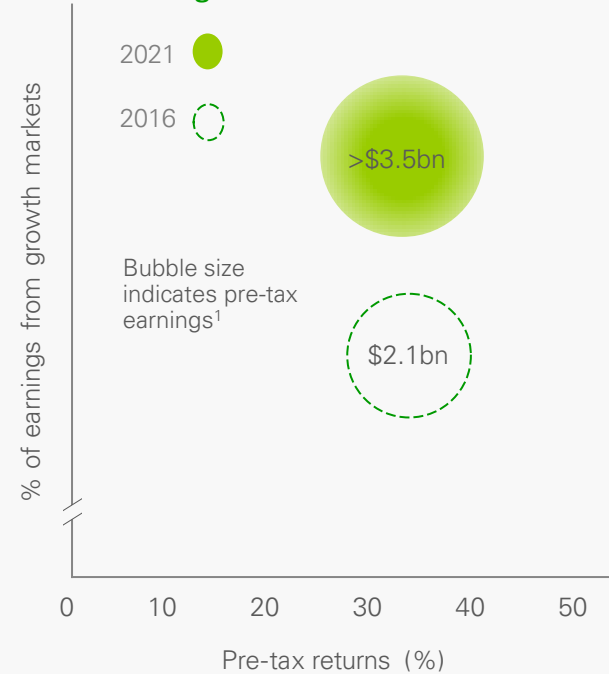
- Material earnings growth
- Good and increasing growth markets exposure
- Highly attractive returns

~30%

Pre-tax returns

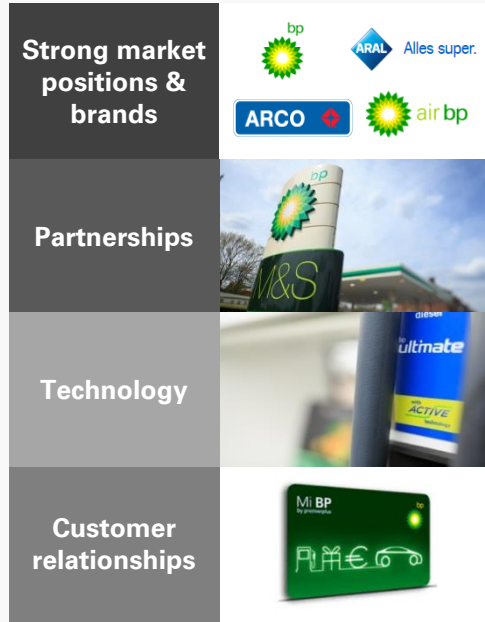
Strong earnings potential

Increasing share of earnings from growth markets



Fuels Marketing – material growth and attractive returns

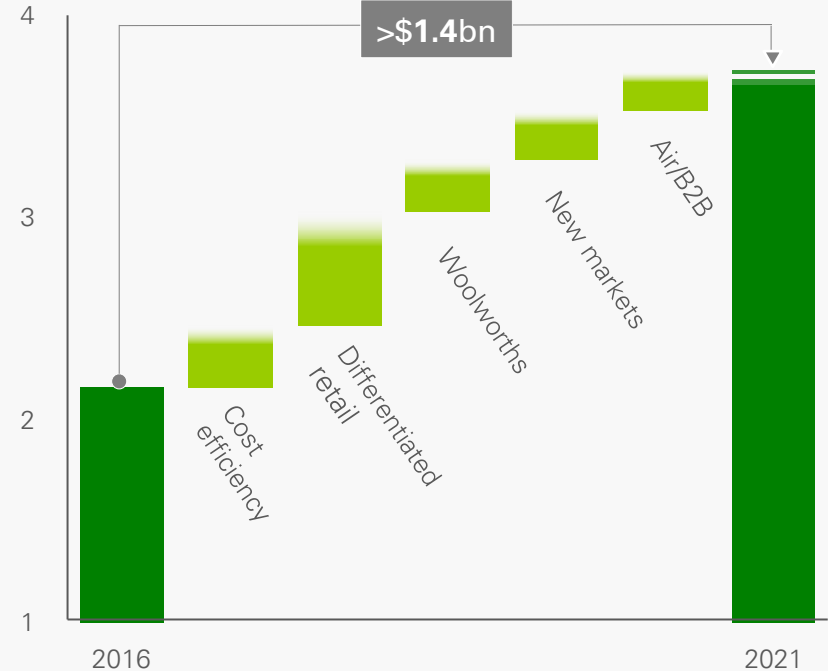
Sources of differentiation



>\$1.4bn

Fuels Marketing growth¹ still to come

Underlying earnings growth¹



Differentiated retail growth – convenience partnerships

Partners

M&S
SIMPLY FOOD

REWE
TO GO

MERKUR
>inside

Pick n Pay
Inspired by you

to go
Albert Heijn

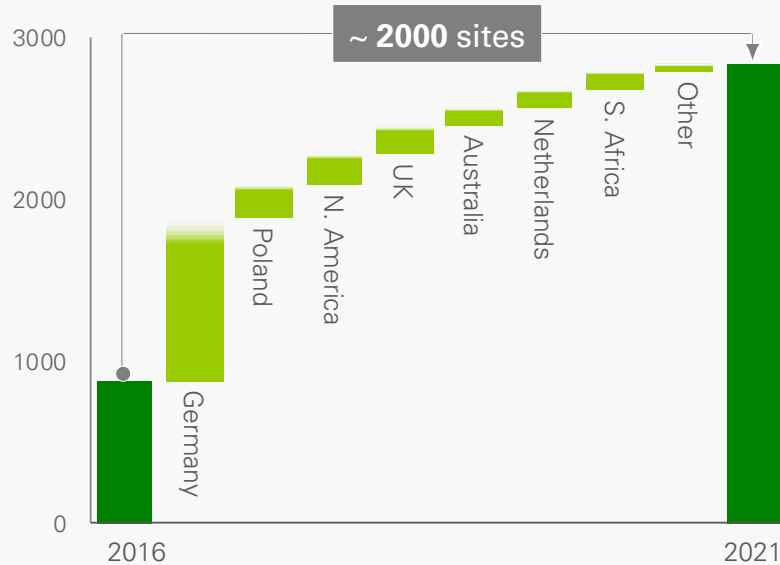
pingo doce

am/pm

Metro

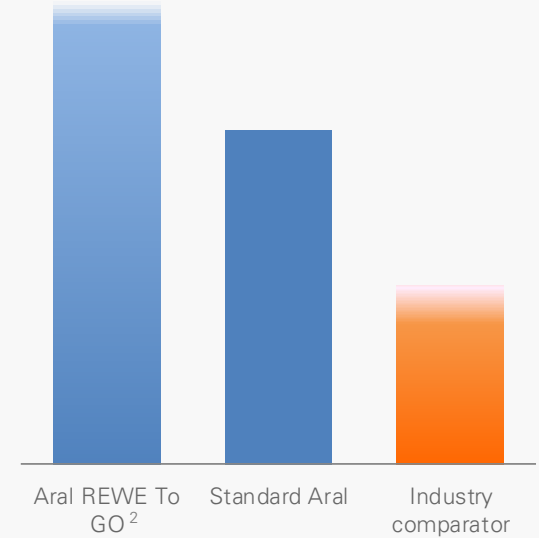
Convenience partnership sites

Material growth



Competitive site profitability

Germany REWE convenience¹



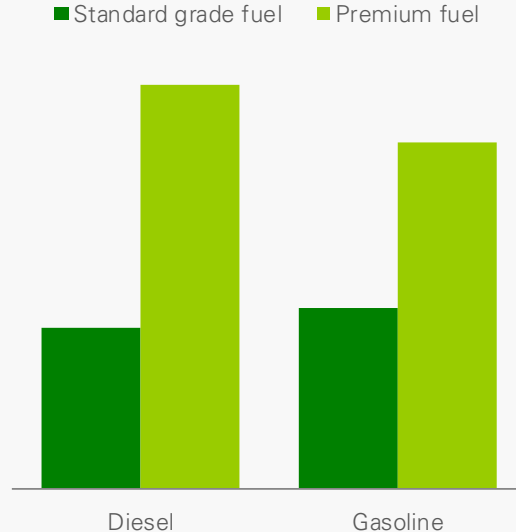
Differentiated retail growth – technology and customer relationships



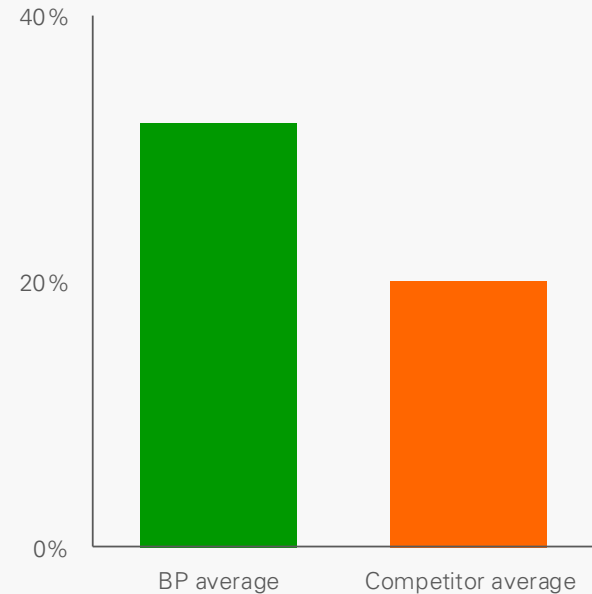
~ **4x**

More fuel purchased
by a loyalty customer
in Europe

Differentiated fuels
Premium fuels margin¹ \$/bbl



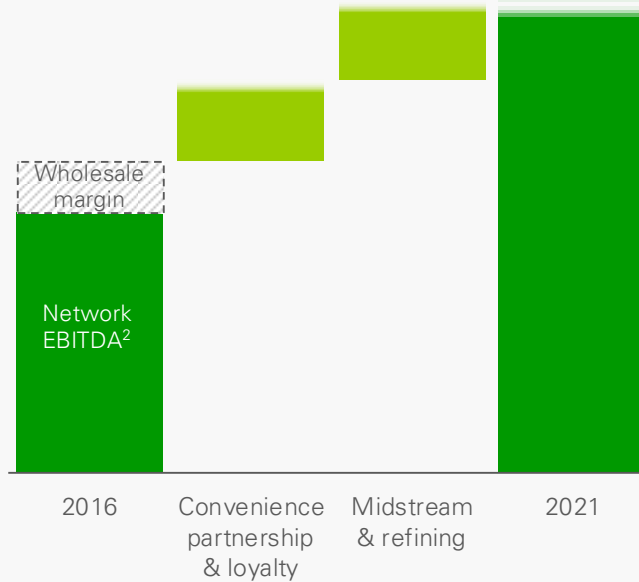
Leading loyalty programmes
BP rewards programme more attractive
vs. other oil majors²



Woolworths – accretive to earnings and operating cash



Significant sources of value



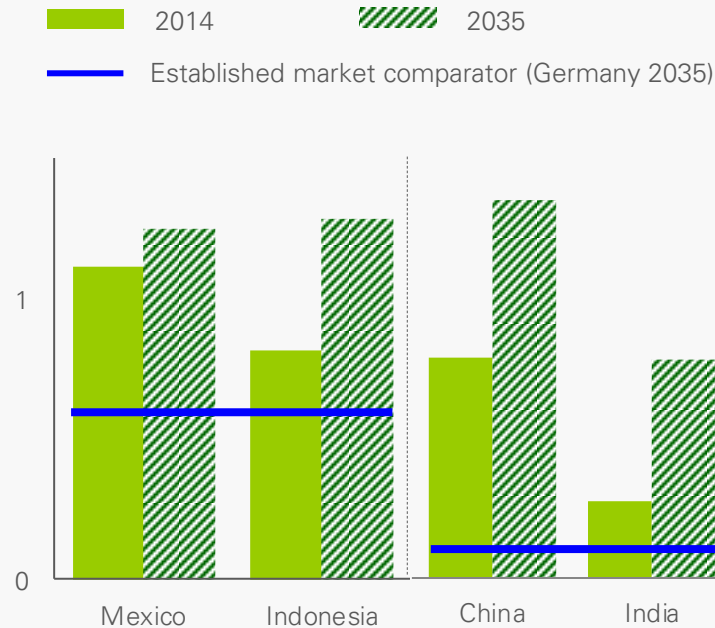
Strategic convenience partnership

Will establish BP as a market leading downstream business in Australia¹

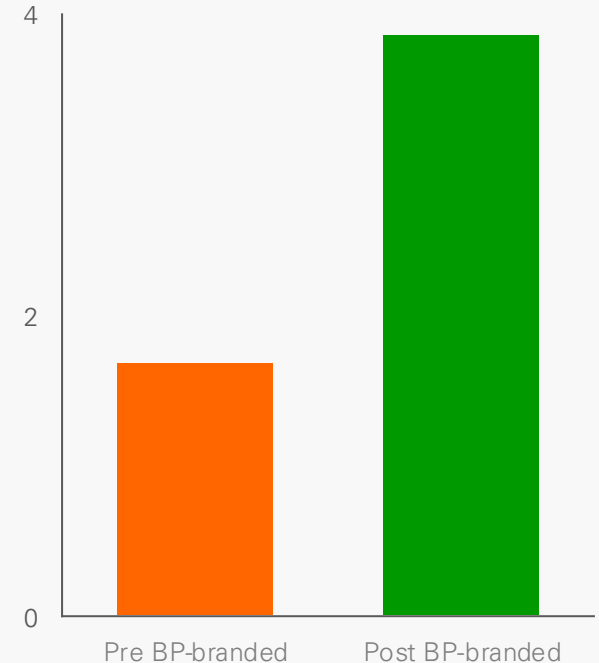


New markets – material growth plans

Increasing ground fuels demand in material growth markets¹ mbpd



Mexico retail site volumes Fuel sales more than double² m litres / month



>3000

Retail sites by 2021
in new growth
markets

Air BP and B2B – strong and differentiated businesses

Air BP – 90 years heritage as global expert and local partner

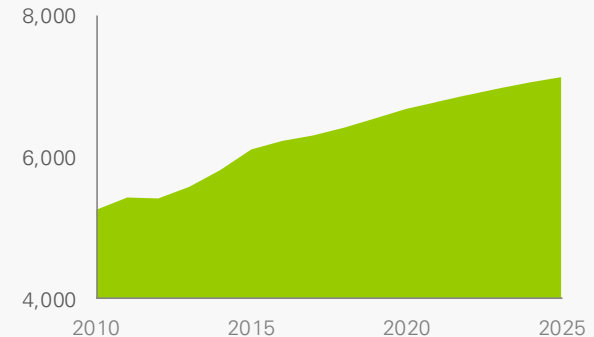
- A leading global market position
- Access to growing market
- Technology leadership in aviation fuel management, digital innovation and environmental solutions
- Strong customer relationships, jointly creating value from refinery to wingtip

~ **2x**

Air passenger traffic growth over next 20 years¹

Aviation fuel demand

Market growth at ~1.5%p.a.²
kbd



Fuels Marketing key messages

STRONG MARKET POSITIONS AND BRANDS



PARTNERSHIPS



TECHNOLOGY

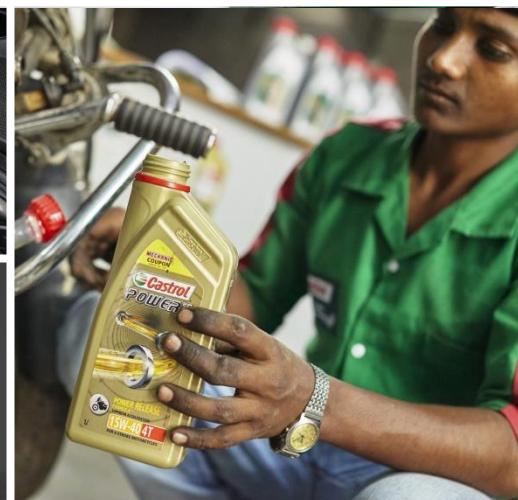


>\$1.4bn

Fuels Marketing
earnings growth¹
still to come

CUSTOMER RELATIONSHIPS





BP DOWNSTREAM INVESTOR DAY

Lubricants – continued growth and attractive returns

Mandhir Singh – COO BP Lubricants

A.S. Ramchander (Ram) – CMO BP Lubricants



A global business with a portfolio built for growth



Cars



Bikes



**Commercial
vehicles**



Marine & Energy



Industrial

Castrol lubricants – continued growth

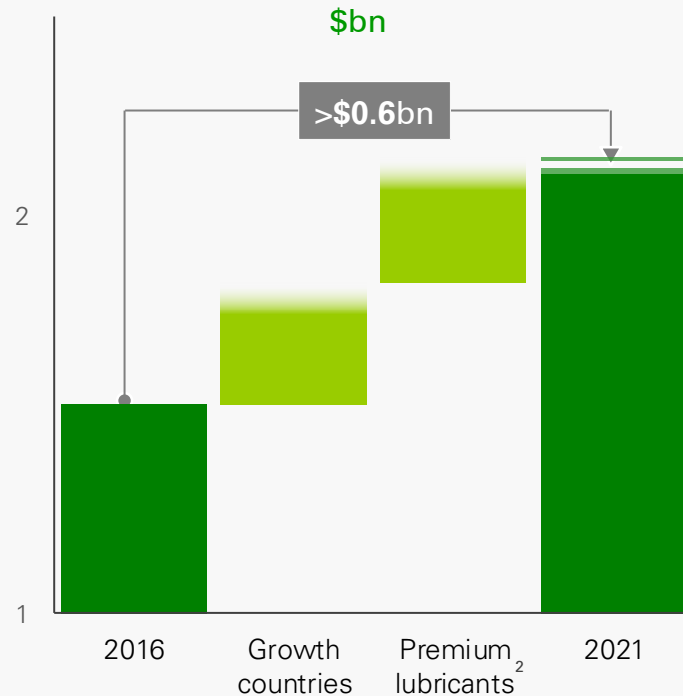
Sources of differentiation



>\$0.6bn

Lubricants growth¹
still to come

Underlying earnings growth¹



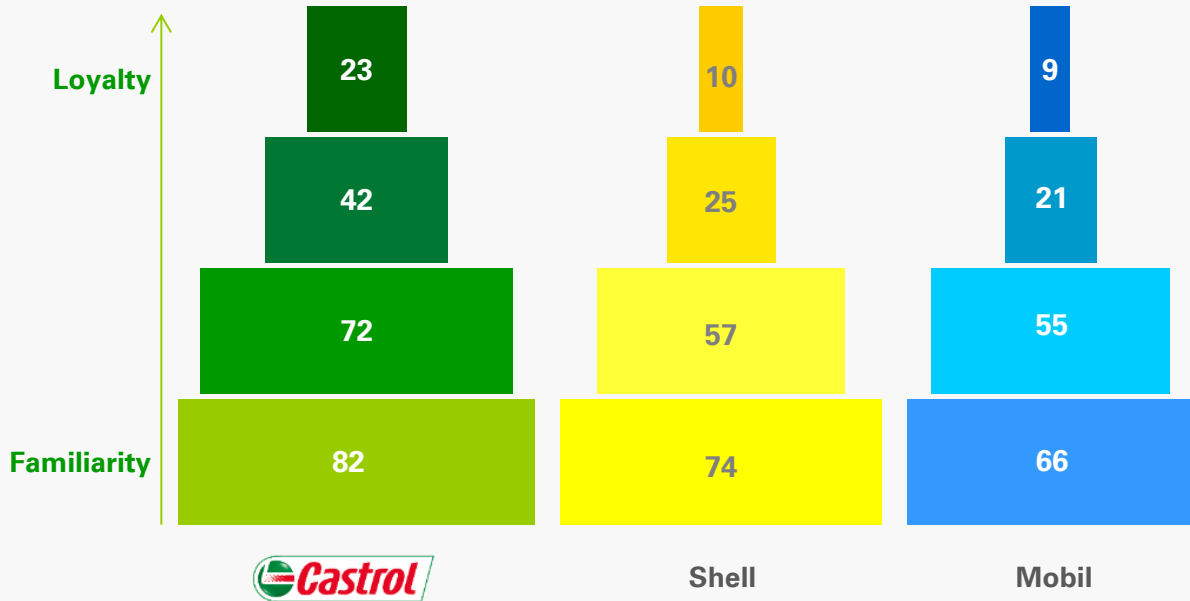
Strong brands

Leading brands



End-users more loyal to Castrol¹

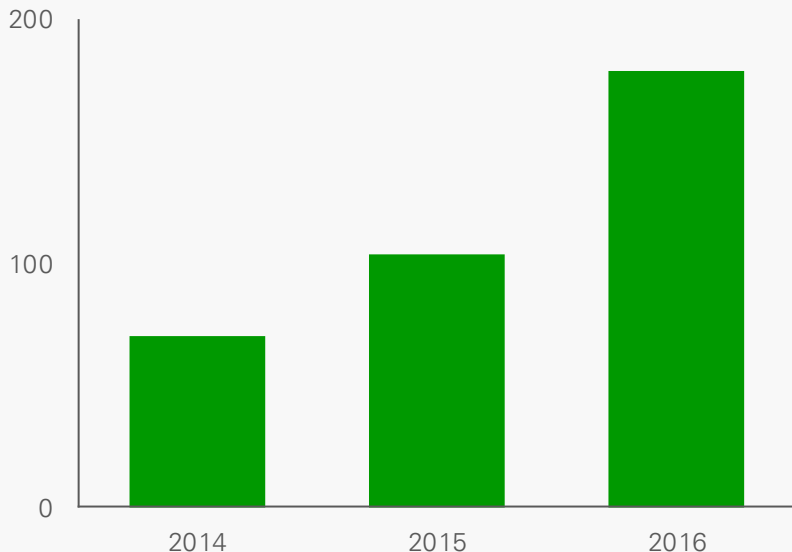
Power brands create advantage in focus segments



Solving customer problems with differentiated technology

Gross margin from unique or first to market product launches¹

\$m



~\$**200**m

gross margin in 2016¹
from unique or first to
market product launches



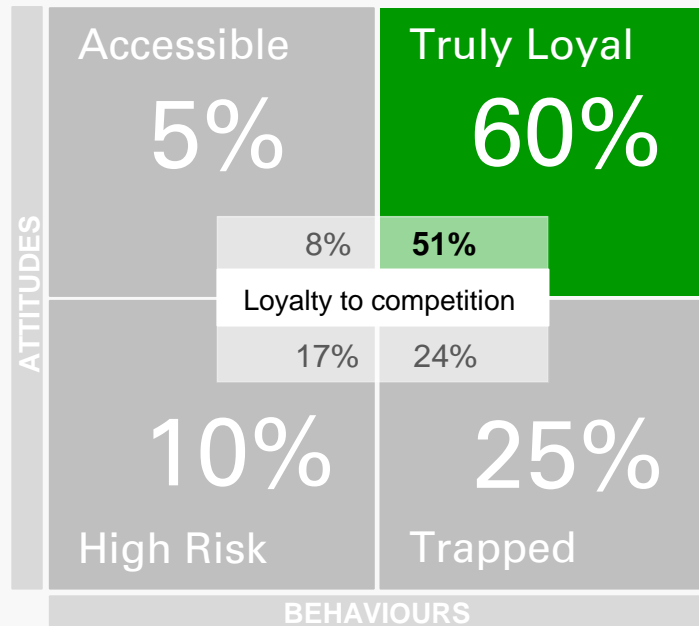
Truly loyal customers drive competitive advantage

**ORIGINAL
EQUIPMENT
MANUFACTURERS
PARTNERSHIPS**

Landscape of >2,000 Distributors
~15,000 SALES PEOPLE

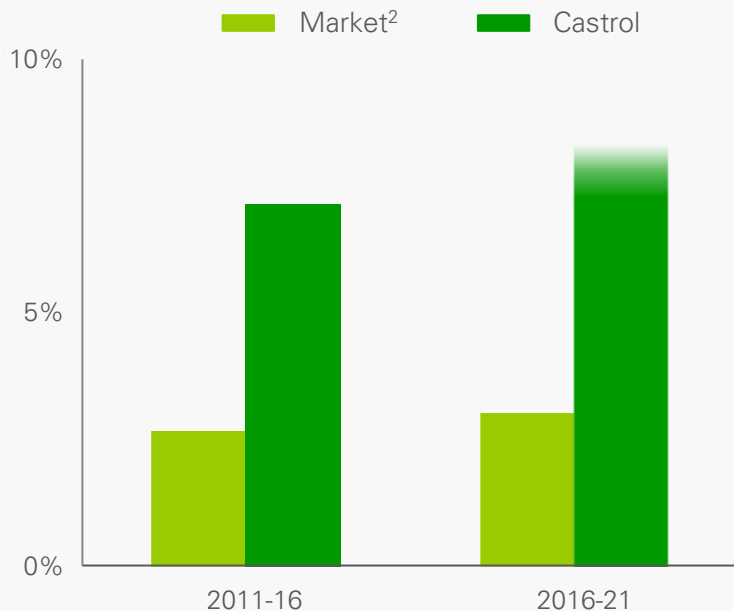
> 150,000
INDEPENDENT WORKSHOPS

60% of our customers are truly loyal¹

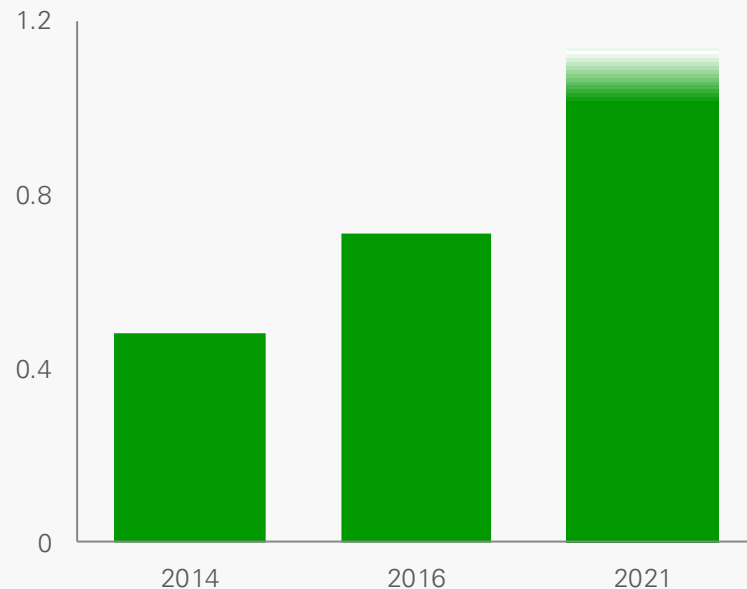


Well positioned in key growth countries

Key growth countries¹ Car & motorcycle lubricant volumes CAGR

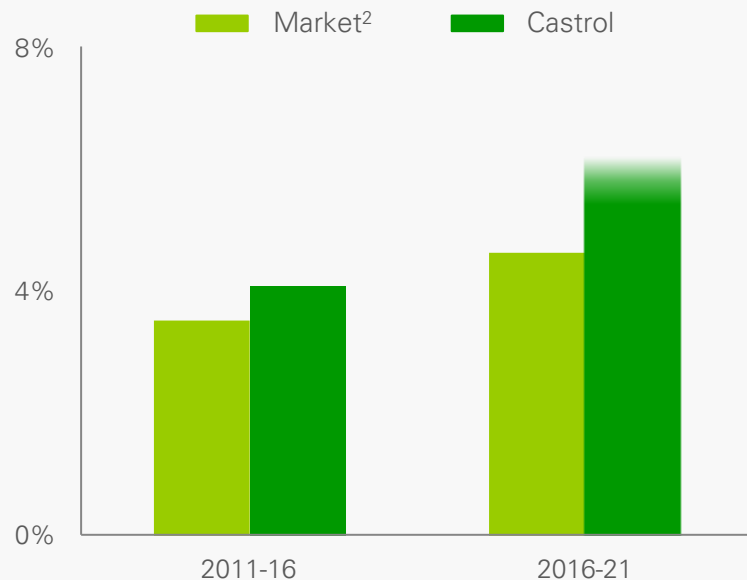


Key growth countries earnings^{1,3} \$bn



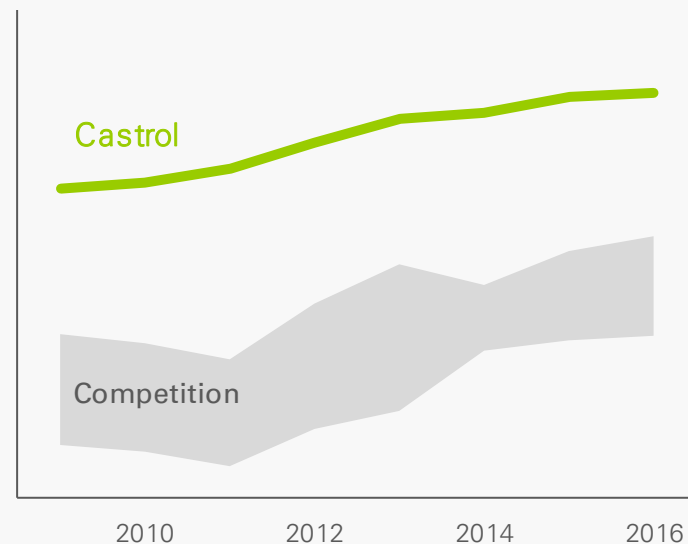
Product & brand portfolio positioned to premium lubricants

Premium products¹ volume CAGR



Portfolio quality and brand strength³

Unit gross margin \$/litre



Longer term growth

**ACCELERATE
LUBRICANTS**



**LOWER
CARBON**



THE WORLD'S FIRST
CO₂ NEUTRAL
ENGINE OIL

MOBILITY



DIGITAL



Continued growth and attractive returns

**STRONG
BRANDS**



**LOYAL
CUSTOMERS**



>\$0.6^{bn}

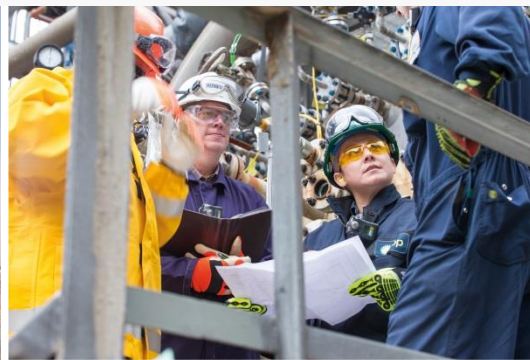
Lubricants growth¹
still to come
2016-21

**DIFFERENTIATED
TECHNOLOGY**



**STRONG
GROWTH
MARKET AND
PREMIUM
PRODUCT
POSITIONS**





BP DOWNSTREAM INVESTOR DAY

Advantaged Manufacturing – significant progress and more to come

Rita Griffin – COO Petrochemicals

Douglas Sparkman – COO Fuels North America



Advantaged manufacturing session overview

- **Safety** – our core value and first priority
- **Our portfolio** – where we operate and why it is advantaged
- Delivering value through **business improvement plans**
 - Globally consistent business improvement plans, executed locally
 - Staffed by world class capability
 - Competitively benchmarked and performance managed



Refining – high graded and advantaged portfolio

11

refineries on
4 continents

~1.9

refining
capacity
(mbd)

>\$1bn

underlying
improvement
2014-16⁽¹⁾



○ BP operated refineries

○ Non-operated refineries

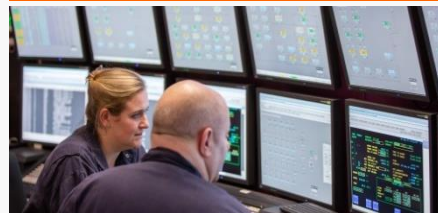
**Configuration
advantage**



**Location
advantage**



**Feedstock advantage and
flexibility**



**Synergies with marketing
and supply & trading**



Significant progress and more to come

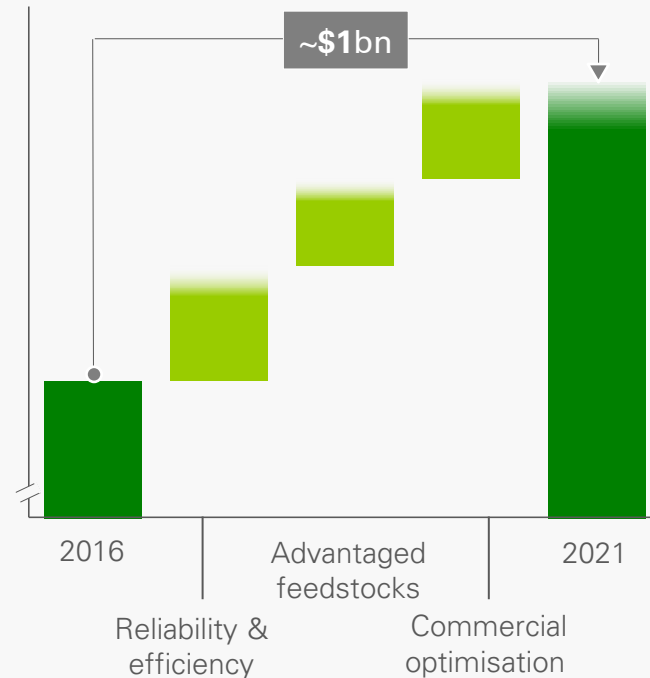
Business Improvement Plans delivering sustainable value



~\$1bn

Refining growth¹
still to come

Underlying earnings growth¹ \$bn



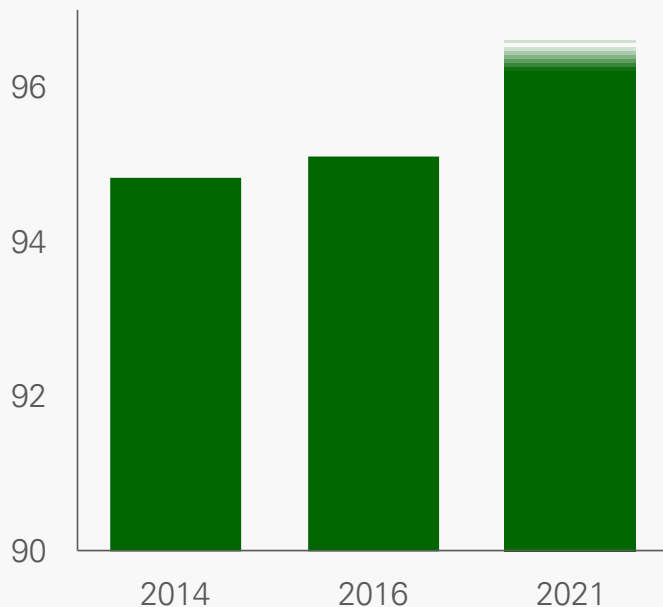
Reliability and efficiency

**Top
quartile**

Solomon availability

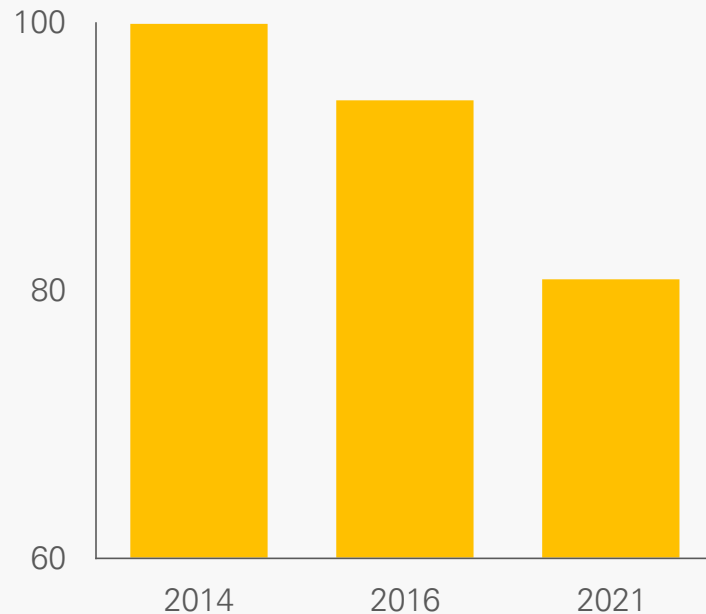
**Reliability: reaching top quartile
Solomon availability¹**

%



**Efficiency: ~20% improvement in
non-energy cash costs^{1,2}**

%



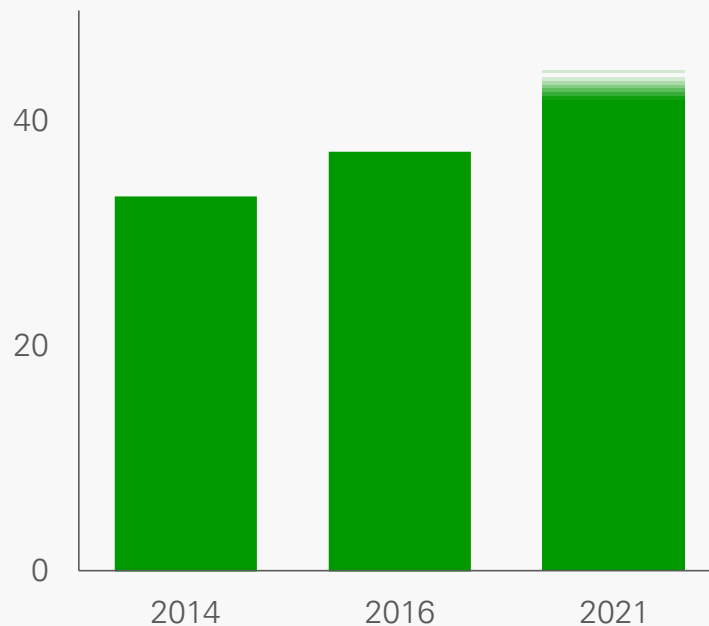
Advantaged feedstocks

- Advantaged location and configuration
- Coordination with supply and trading to identify and access feedstocks
- Flexibility to optimise feedstock mix

~45%

advantaged
feedstocks¹ in 2021

Increase in advantaged feedstocks¹
%



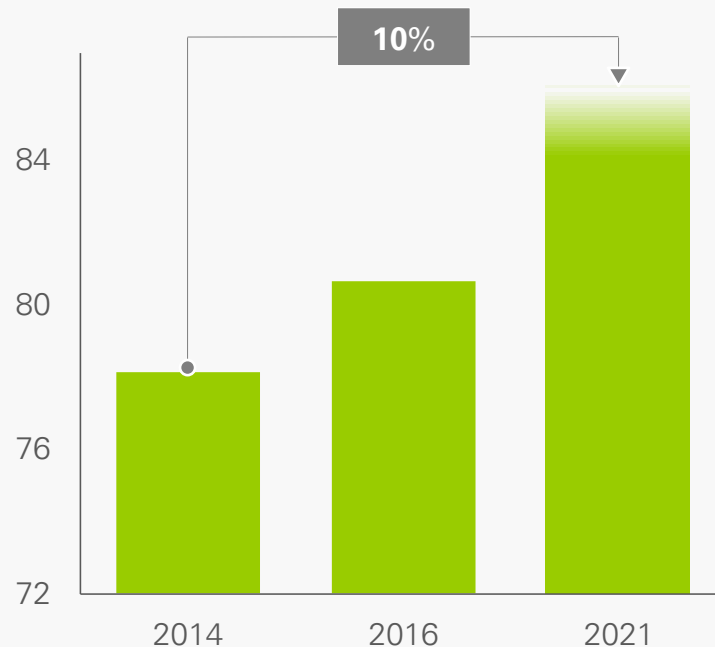
Commercial optimisation



Utilisation improvement equivalent to adding a medium sized US refinery

- Higher utilisation
- Improved production planning and modelling
- Strong linkage to supply and trading

Reaching top quartile utilisation¹



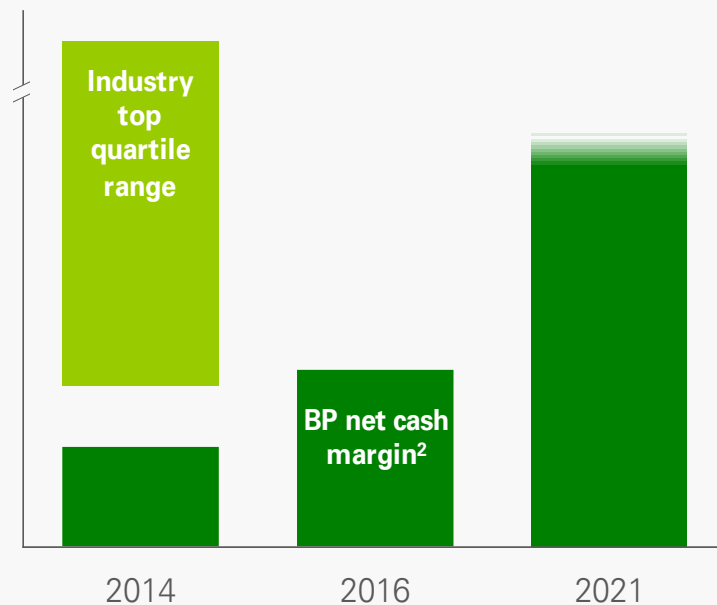
More competitive, more resilient and more to come

Top quartile net cash margin¹

- Competitively advantaged portfolio
- Globally consistent strategic programmes, locally executed
- >\$1bn earnings improvement in 2016 versus 2014
- ~\$1bn earnings growth still to come

Top quartile net cash margin¹

\$/bbl



Petrochemicals – technology enabled growth

16

sites in **10**
countries

18.6m

tonnes p.a.
capacity

>500

patents on
proprietary
technology

- PX
- PTA
- Acetyls
- O&D and Specialties

**Purified Terephthalic
Acid (PTA)**



**Paraxylene
(PX)**



**Acetyls (Acetic Acid
and Methanol)**



**Olefins and Derivatives
(O&D) and Specialties**

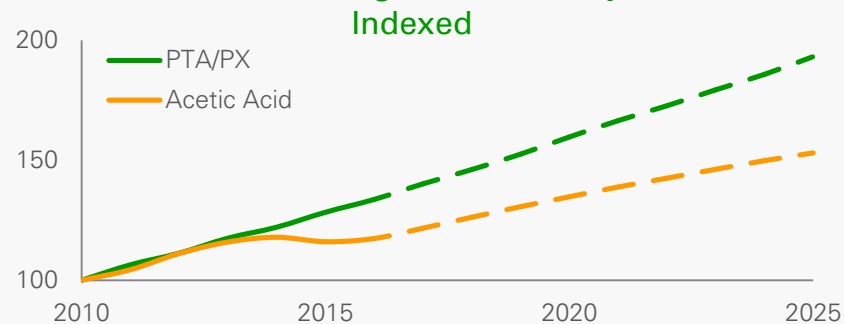


Petrochemicals market dynamics

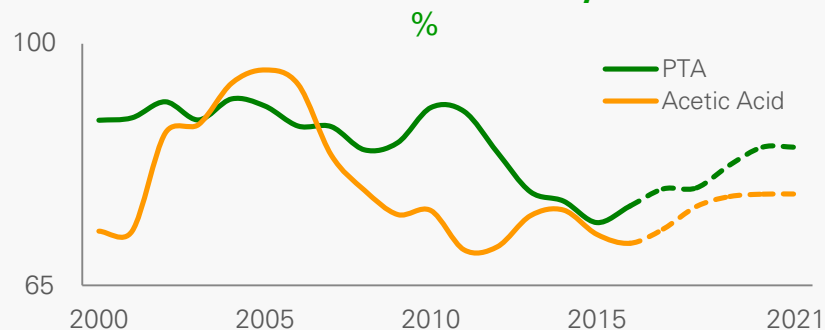


- Demand growth of 4 - 6% per annum
- Reduced utilisation due to capacity overbuild
- Utilisation rates forecast to improve >7% over the next 5 years

Continued demand growth for our products¹



Global PTA & Acetic Acid industry utilisation¹



Repositioning and growing earnings

Business Improvement Plans delivering sustainable value

Efficient operations



Technology deployment & licensing



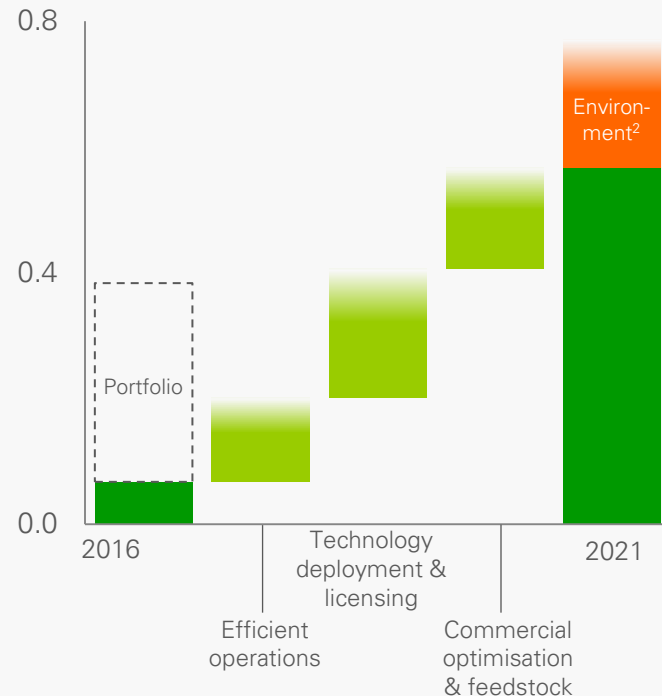
Commercial optimisation & feedstock

Significant earnings growth

Double digit
pre-tax returns

Pre-tax earnings growth – 2016 to 2021¹

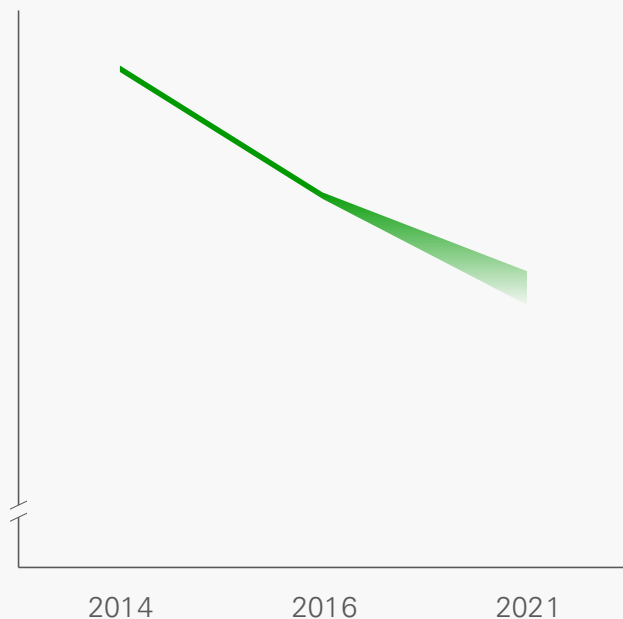
\$bn



Efficient operations

Reducing costs

Cash cost per tonne

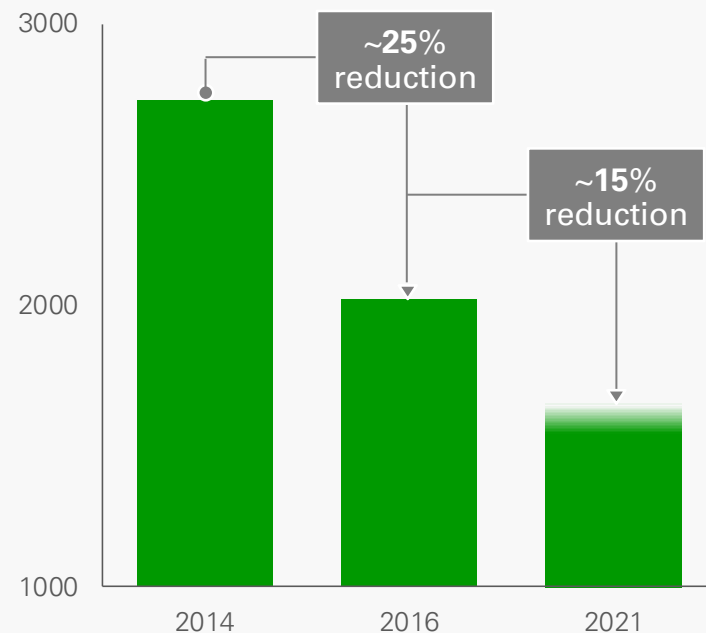


~20%

reduction in cash
cost / tonne
2016 - 2021

Right sizing the organisation

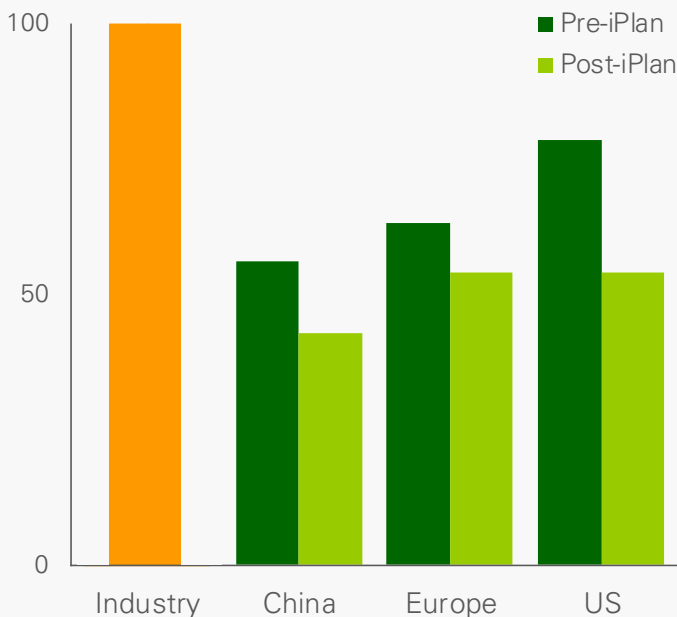
Year end roles



Technology deployment and licensing

PTA investment lowers variable costs

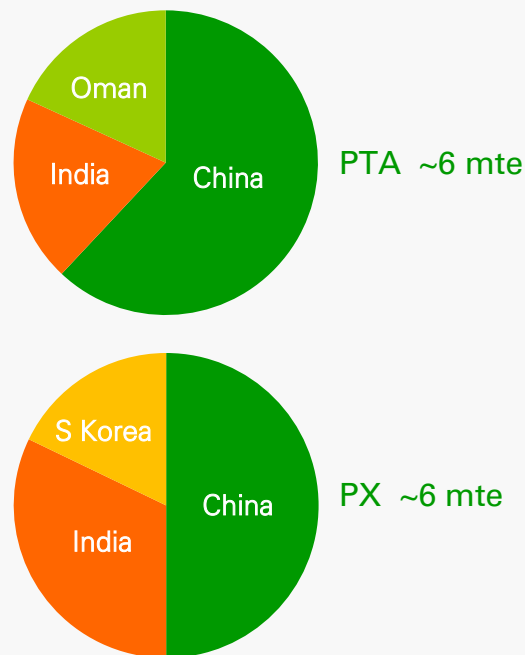
Indexed



\$60/tonne
cost advantage on
PTA vs conventional
technology

Licenses won 2012 – 2017

~80% licence bids won



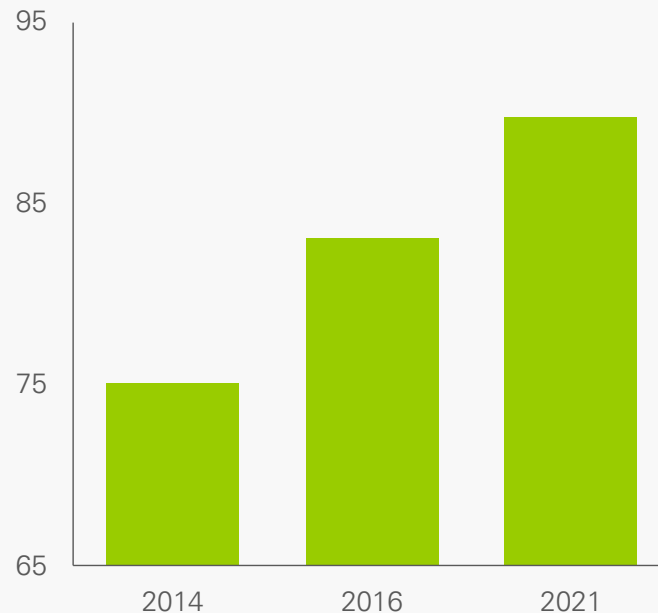
Commercial optimisation and feedstock

>10%
increase in sales
volumes
2016 - 2021

- Sales growth - improved utilisation
- Feedstock sourcing
- Debottlenecks and speciality product growth
- Transition to lower carbon future

Improving asset performance

Utilisation¹ %



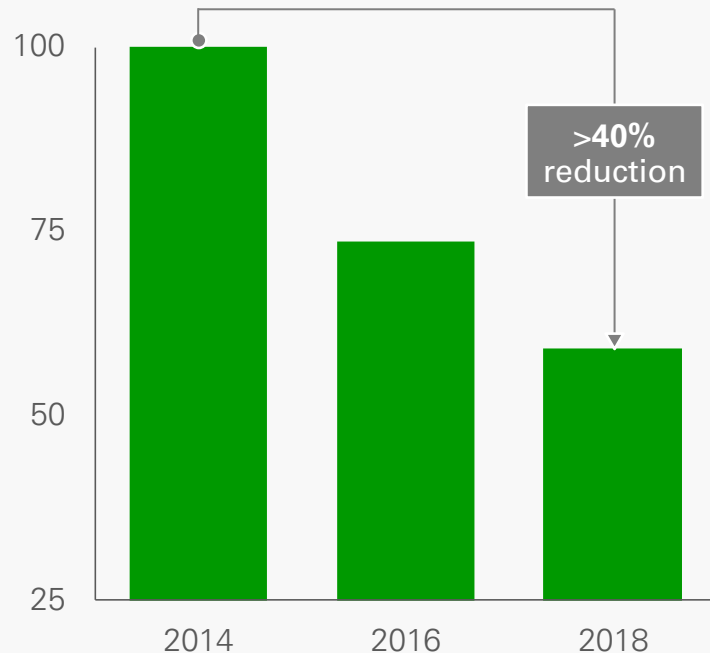
More resilient, more competitive and more to come

Repositioning the business and growing earnings

- Access to growth products
- Operations excellence enabled by industry-leading proprietary technology
- Repositioning cost structure to improve bottom-of-cycle resilience
- Significant earnings growth that enables delivery of double digit pre-tax returns

>40%
reduction in cash
breakeven¹
2014 - 2018

Petrochemicals cash breakeven¹ Indexed



Advantaged Manufacturing – key messages



SAFETY

#1

Core value

REFINING

Top quartile
net cash margin

PETROCHEMICALS

>40%

Reduction in cash
breakeven by 2018

BUSINESS IMPROVEMENT PLANS

Globally consistent,
executed locally



ADVANTAGED MANUFACTURING

>\$1 bn

underlying earnings
growth¹ still to come

