
1Q 2015 results
28 April 2015
bp
Andrew, North Sea


Hello and welcome. This is BP's first quarter 2015 results webcast and conference call.

I'm Jess Mitchell, BP's Head of Investor Relations and I'm here with our Chief Financial Officer Brian Gilvary. Before we start, I need to draw your attention to our cautionary statement.

## Cautionary statement

**Forward-looking statements - cautionary statement**

This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events – with respect to the financial condition, results of operations and business of BP and certain of the expectations, intentions, plans and objectives of BP with respect to these items, in particular statements regarding future global energy trends; BP's plans to continue re-setting of the capital budget; expectations regarding the level of 2015 capital expenditure; plans regarding the divestment of $10 billion in assets by the end of 2015; expectations regarding the future industry business environment; expectations and plans regarding the right-sizing of the group's cost base and the benefits accruing therefrom; expectations regarding efficiencies in 2015; BP's expectations regarding a total of about $1 billion in non-operating restructuring charges by the end of 2015; BP's plans and expectations regarding the current industry reset phase, including continued business delivery, operating off a reset base, the next wave of Upstream major projects, improving returns in the Downstream and maintaining strong cost and capital discipline; expectations regarding the effect of the fall in oil prices in the short to medium term; expectations regarding second quarter 2015 reported production; expectations regarding second quarter refining margins, the effects of refinery turnaround and the new PTA plant in Zhuhai, China; expectations regarding BP's 2015 organic capital expenditure; plans regarding Other business and corporate, including the average underlying quarterly charge and effective tax rate; expectations regarding BP's plans to support its 2015 dividend and plans regarding gearing levels; plans to rebalance the financial framework to lower oil prices; expectations regarding the response of industry margin structure to deflation and BP's plan to reset costs accordingly; the prospects for, expected timing, locations, composition and future production of major projects in 2015 and beyond, including with regard to the Gulf of Mexico, Egypt, Angola, Algeria, Canada, the North Sea and the Australian North West shelf; expectations regarding the positive effects from the deployment of latest technologies; expectations regarding Rosneft's results, dividend distributions and board elections; expectations regarding reductions in headcount in the Upstream and expectations regarding legal and trial proceedings, court decisions, potential investigations and civil actions by regulators, government entities and/or other entities or parties, and BP's intentions in respect thereof. 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 specific factors identified in the discussions accompanying such forward-looking statements; 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 divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA 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; the impact on our reputation following the Gulf of Mexico oil spill; the timing and amount of future 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 under "Risk factors" in BP Annual Report and Form 20-F 2014 as filed with the US Securities and Exchange Commission.

This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov

**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.

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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 that 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.

Thank you, and now over to Brian.


Thanks Jess and welcome to everyone dialling in.

## Agenda

**Environment**

**1Q 2015 results**

**US legal update**

**Business progress**

**Looking ahead**

**Q&A**

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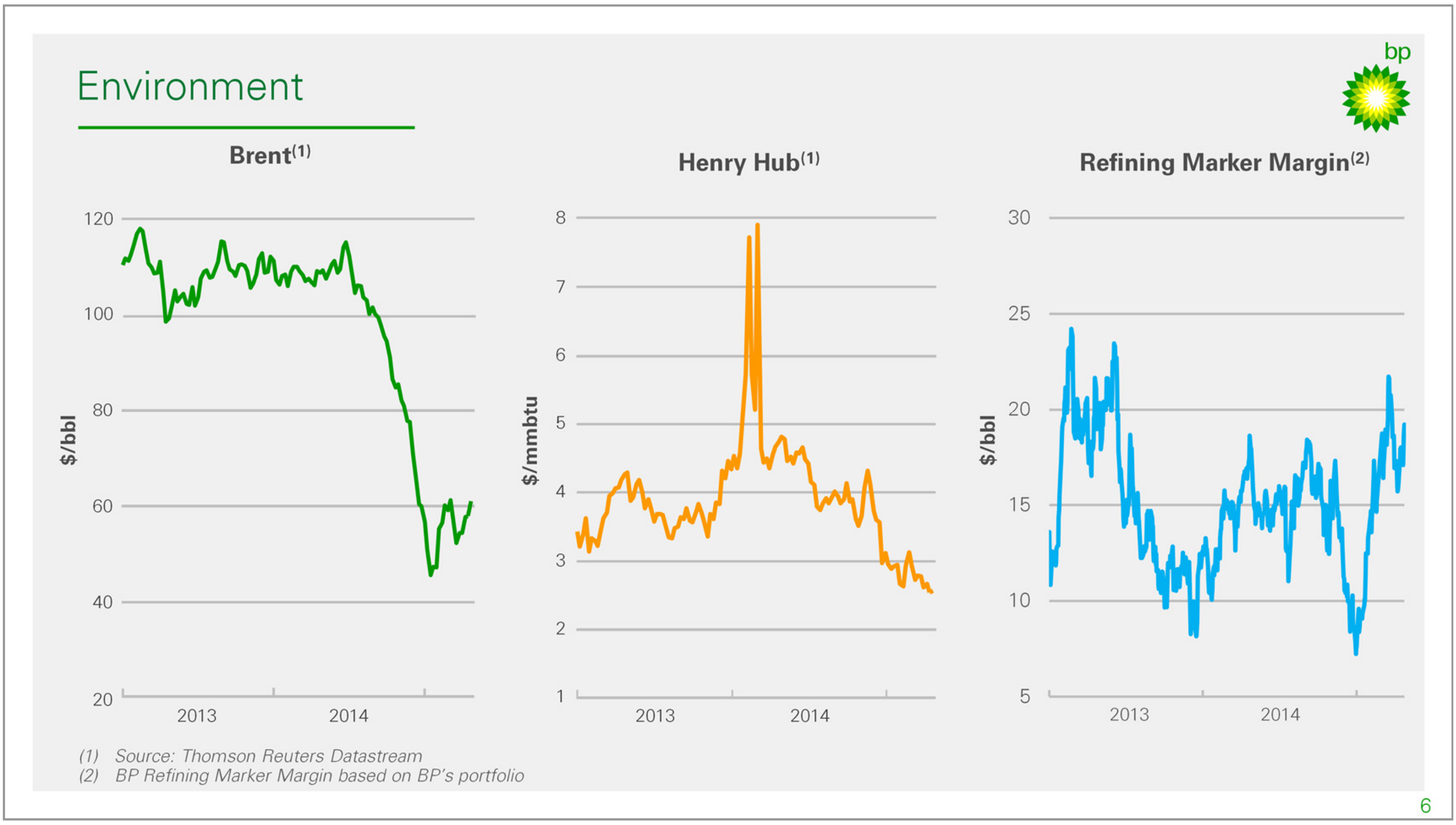
I'll start with an overview of the environment for the quarter and then take you through the results, along with a reminder of how we are approaching our financial framework in response to lower oil prices. I'll also update you on US legal matters and progress in our Upstream and Downstream businesses before taking questions at the end.




So, starting with the environment.

In the first quarter of 2015, Brent crude oil fell to an average of just under $54 per barrel compared to an average of $77 per barrel in the fourth quarter and $108 per barrel in the same quarter last year. This is the lowest quarterly average since the first quarter of 2009 and Brent has continued to average below $60 per barrel through April.

Oil supply remains buoyant, with a combination of OPEC increasing production and year-on-year production growth in the United States. At the same time, OECD commercial stocks are at their highest level on record, with inventories in the United States at their highest level since 1930.

Despite a significantly colder than normal February, Henry Hub prices in the first quarter were around 40% lower year-on-year at an average of just under $3 per million British Thermal Units, as a result of continued strong production growth.

By contrast, the overall refining environment improved in the first quarter, impacted by planned and unplanned outages in the United States and Europe, and improving demand.

The upstream environment remains challenging and we continue to expect oil prices to remain weak in the short to medium term. In our results you are also seeing a number of quarter-specific impacts, including costs associated with the actions we are taking to respond and other accounting and tax effects. So, I would characterize today's results as not only reflective of the new environment but also of where we are in repositioning the company.

## 1Q 2015 Summary

Underlying earnings figures are adjusted for the costs associated with the Gulf of Mexico oil spill, other non-operating items and fair value accounting effects

| $bn | 1Q14 | 4Q14 | 1Q15 | % Y-o-Y |
|---|---|---|---|---|
| Upstream | 4.4 | 2.2 | 0.6 | |
| Downstream | 1.0 | 1.2 | 2.2 | |
| Other businesses & corporate | (0.5) | (0.1) | (0.3) | |
| **Underlying business RCPBIT (1)** | **4.9** | **3.3** | **2.5** | **(50)%** |
| Rosneft (2) | 0.3 | 0.5 | 0.2 | |
| Consolidation adjustment - unrealised profit in inventory | 0.1 | 0.3 | (0.1) | |
| **Underlying RCPBIT (1)** | **5.3** | **4.1** | **2.5** | **(52)%** |
| Finance costs (3) | (0.4) | (0.4) | (0.3) | |
| Tax | (1.6) | (1.4) | 0.4 | |
| Minority interest | (0.1) | (0.0) | (0.0) | |
| **Underlying replacement cost profit** | **3.2** | **2.2** | **2.6** | **(20)%** |
| **Underlying earnings per share (cents)** | **17.5** | **12.3** | **14.1** | **(19)%** |
| **Dividend paid per share (cents)** | **9.50** | **10.00** | **10.00** | **5%** |
| **Operating cash flow (4)** | **8.2** | **7.2** | **1.9** | **(77)%** |

*(1) Replacement cost profit before interest and tax (RCPBIT)*
*(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) Operating cash flow is net cash provided by (used in) operating activities*

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Turning to the results for the Group.

BP's first-quarter underlying replacement cost profit was $2.6 billion, down 20% on the same period a year ago, and 15% higher than the fourth quarter of 2014.

Compared to a year ago, the result reflects:

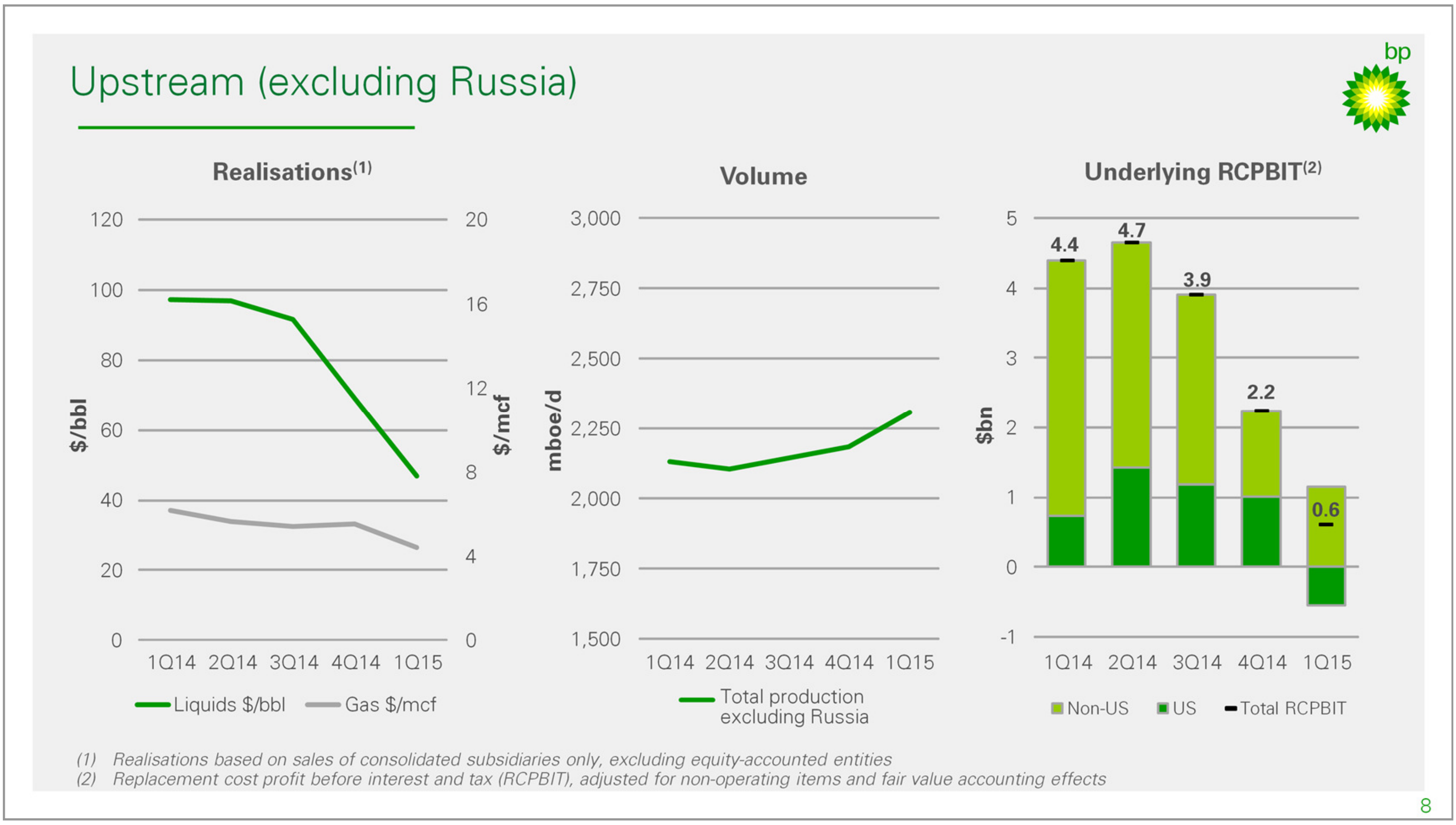
- Significantly lower Upstream realisations.

Partly offset by:

- Increased Upstream production;
- An improved Downstream environment and performance;
- Lower cash and non-cash costs across the Group; and
- A one-off tax benefit arising from the recently announced changes to UK supplementary taxation.

First-quarter operating cash flow was $1.9 billion, including a build of $2.5 billion in underlying working capital.

The first-quarter dividend payable in the second quarter of 2015 remains unchanged at 10 cents per ordinary share.




In the Upstream, the underlying first-quarter replacement cost profit before interest and tax of $600 million compares with $4.4 billion a year ago and $2.2 billion in the fourth quarter of 2014.

Compared to the first quarter last year the result reflects:

– Significantly lower liquids and gas realisations;

– A lower gas marketing and trading result, compared to a strong result a year ago; and

– Cash costs associated with the cancellation of two deepwater rigs in the Gulf of Mexico of just under $400 million.

Partly offset by:

– Higher production;

– Lower exploration write-offs; and

– Lower cash costs resulting from ongoing simplification and efficiency activites.

Excluding Russia, first-quarter reported production versus a year ago was 8.3% higher. After adjusting for entitlement and portfolio impacts, underlying production increased by 3.7% mainly due to the ramp-up of major projects which started-up in 2014.

Compared to the fourth quarter, the result reflects:

– Lower liquids and gas realisations;

– A lower gas marketing and trading result, compared to a strong result in the fourth quarter; and

– The costs associated with cancellation of the two deepwater rigs.

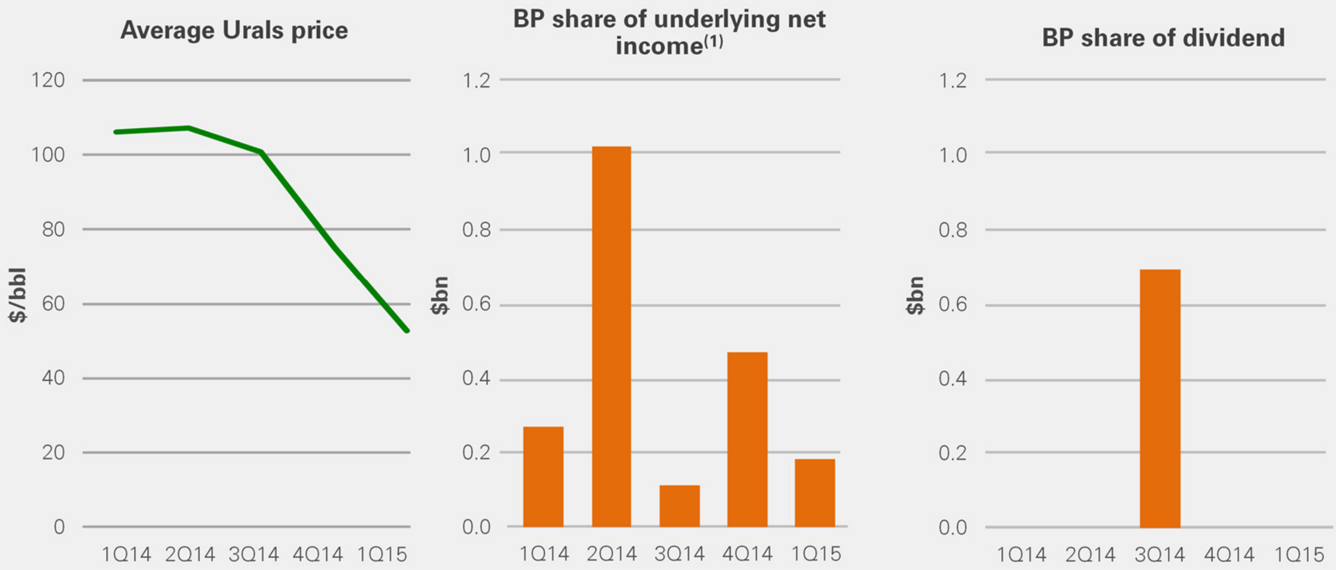
Partly offset by:

– Lower exploration write-offs; and

– Lower cash costs from simplification and efficiency.

Looking ahead, we expect second-quarter reported production to be lower, due to significant seasonal turnaround and maintenance activity - particularly in the Gulf of Mexico - and PSA impacts.

## Rosneft




*(1) On a replacement cost basis and adjusted for non-operating items; 1Q15 represents BP estimate*

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Turning to Russia, Rosneft are expected to report their final results in the coming weeks.

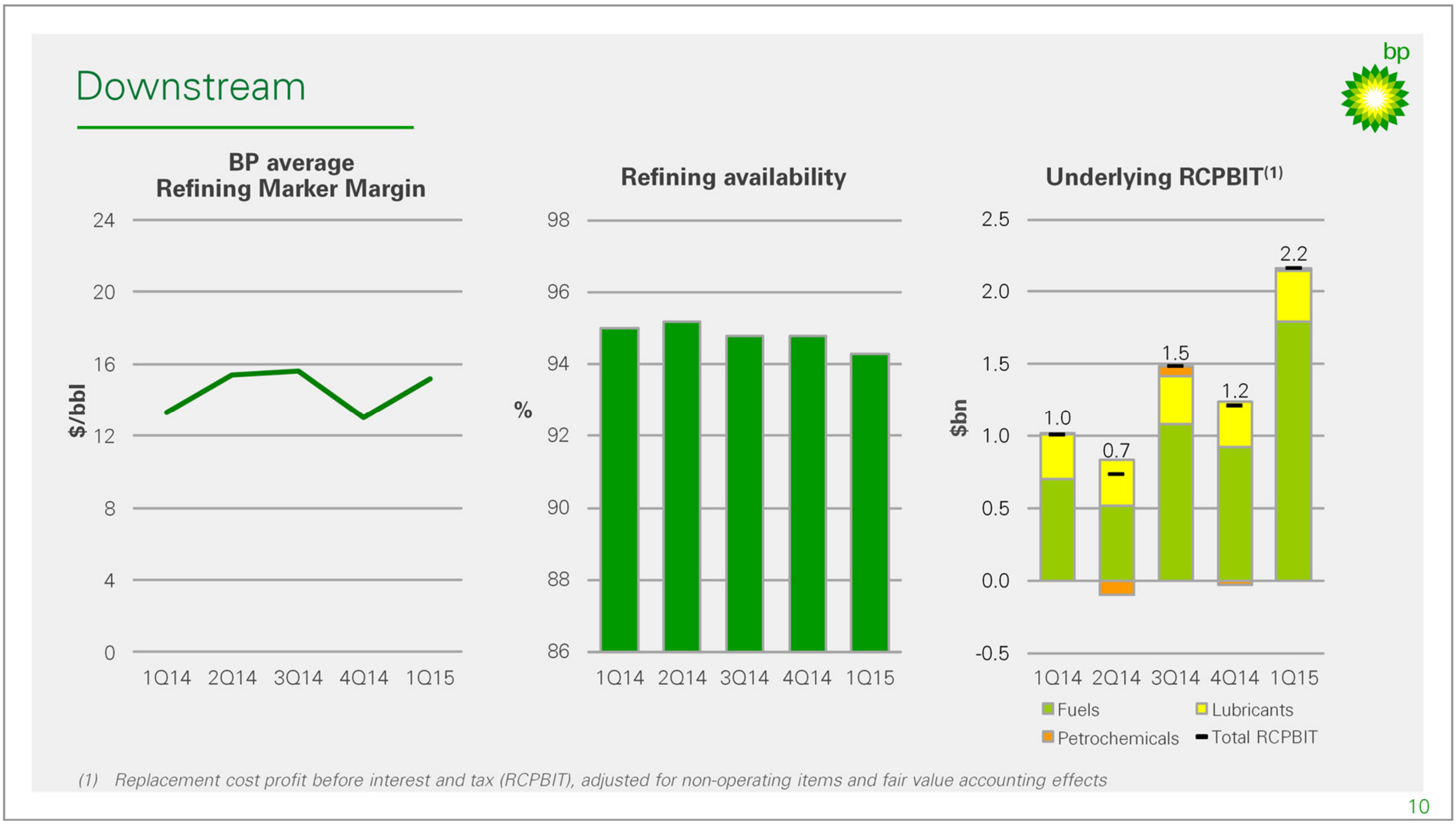
Based on preliminary information, we have recognised $183 million as our estimate of BP's share of Rosneft's underlying net income for the first quarter, compared to $271 million a year ago and $470 million in the fourth quarter.

Our estimate of BP's share of Rosneft's production for the first quarter is just over 1 million barrels of oil equivalent per day, an increase of 2.1% compared with a year ago.

Further details will be made available by the management of Rosneft on their results conference call.

Earlier this year we made two BP nominations for election to the Rosneft main board. These are Bob Dudley, an existing Rosneft board member, and Guillermo Quintero – an experienced member of BP's senior management team who is currently Regional President for BP interests in South America. Their nominations will be considered at the Rosneft Annual General Shareholders meeting in June.

And finally, also subject to approval at Rosneft's AGM, we expect to receive our next dividend from Rosneft in the third quarter of 2015.




In the Downstream, the first-quarter underlying replacement cost profit before interest and tax was $2.2 billion compared with $1.0 billion in the first quarter last year and $1.2 billion in the fourth quarter.

The fuels business reported an underlying replacement cost profit before interest and tax of $1.8 billion, compared with $700 million in the same quarter last year and $930 million in the fourth quarter of 2014. Compared to a year ago this reflects:

- A stronger overall refining environment, despite weaker crude oil differentials in the United States;
- Increased refining optimisation and production and improved marketing performance;
- Stronger oil supply and trading; and
- The benefits of our simplification and efficiency programmes resulting in lower costs.

Compared to the fourth quarter, the result reflects an improved refining environment, strong supply and trading and reduced costs, partially offset by lower marketing margins.

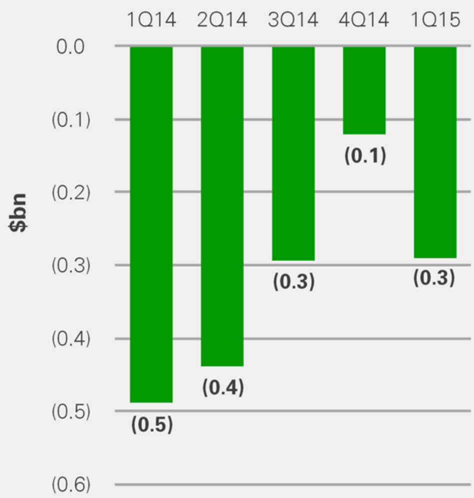
The lubricants business delivered an underlying replacement cost profit of $350 million in the first quarter compared with $310 million in the same quarter last year. This reflects continued momentum in growth markets and improved efficiency resulting in lower costs, partially offset by adverse foreign exchange impacts.

The petrochemicals business reported an underlying replacement cost profit of $20 million in the first quarter, versus a breakeven result in the same period last year.

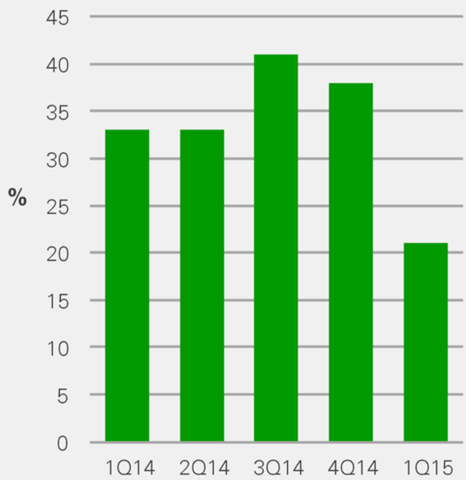
Looking forward to the second quarter, we expect refining margins to be similar to the first quarter and a significantly higher level of turnaround activity.

## Other items

**OB&C underlying RCPBIT(1)**




**Underlying effective tax rate(2)**




*(1) Other businesses and corporate replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items*
*(2) 1Q15 adjusted to remove the one-off deferred tax benefit from the reduction in the rate of the supplementary charge in the UK*

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In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $290 million for the first quarter, a reduction of $200 million on the same period a year ago. This reflects improved business performance and lower corporate and functional costs. We continue to expect the average underlying quarterly charge for the year to be around $400 million, although this may fluctuate between individual quarters.

The first quarter tax charge includes a number of one-off tax benefits, the most significant of which is the reduction in the rate of the supplementary charge in the United Kingdom. The opposite effect was reported in 2011 when the supplementary charge was increased. In the near term we do not expect that there will be any cash flow impact from this change. Excluding the one-off North Sea deferred tax benefit, the underlying effective tax rate for the first quarter was 21% compared to 33% a year ago. This lower effective tax rate reflects changes in the mix of our profits and certain one off items, partly offset by foreign exchange effects from a stronger US Dollar.

We continue to expect the effective tax rate to be lower this year than 2014.

## Gulf of Mexico oil spill costs and provisions

pre-tax[(1)]

| $bn | To end 2014 | 1Q15 | Cumulative to date |
|---|---|---|---|
| **Income statement** | | | |
| **Charge for the period** | **43.5** | **0.3** | **43.8** |
| **Balance sheet** [(2)] | | | |
| **Brought forward** | | **8.0** | |
| Charge to income statement | 43.5 | 0.3 | 43.8 |
| Payments into Trust Fund | (20.0) | - | (20.0) |
| Cash settlements received | 5.4 | - | 5.4 |
| Other related payments in the period [(3)] | (20.9) | (0.7) | (21.6) |
| **Carried forward** | **8.0** | **7.6** | **7.6** |
| **Cash outflow** | **35.5** | **0.7** | **36.2** |

*(1) Includes contributions received from Mitsui, Weatherford, Anadarko and Cameron*
*(2) Balance sheet amount includes all provisions, other payables and the asset balances related to the Gulf of Mexico oil spill*
*(3) Please refer to details as disclosed in the first-quarter Stock Exchange Announcement*

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Turning to the Gulf of Mexico oil spill costs and provisions.

The total cumulative pre-tax charge for the Gulf of Mexico oil spill to date is $43.8 billion.

The charge for the first quarter was $330 million. This reflects the ongoing costs of the Gulf Coast Restoration Organisation and around $300 million related to business economic loss claims not provided for. It is still not possible to reliably estimate the remaining liability for business economic loss claims and we continue to review this each quarter. The deadline for submission of all final claims is June 8th of this year.

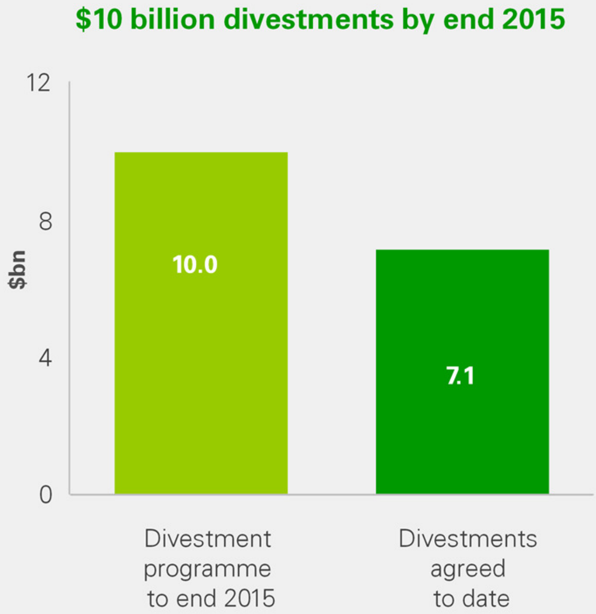
Regarding the Clean Water Act, we continue to believe that our original provision of $3.5 billion represents a reliable estimate of the penalty in the event we are successful in our appeal of the Phase 1 gross negligence ruling and we have maintained the provision at this level.

The pre-tax cash outflow on costs related to the oil spill for the first quarter was $690 million. This includes just under $600 million representing the third series of payments under the schedule agreed with the Department of Justice in 2012 relating to criminal fines and penalties. A further payment of $530 million is due in 2016, with $740 million due in 2017 and a final payment of $1.2 billion in 2018.

Of the $20 billion paid into the Trust fund, $15.7 billion has now been paid out, with the remaining $4.3 billion available for distribution. Costs not provided for are being charged to the income statement as they arise each quarter.

## Divestments

- $38bn divestment programme completed in 2013
- $10bn of further divestments planned by end 2015
- $7.1bn of divestments agreed to date, including:
  - Package of assets on Alaskan North Slope
  - Oman-Khazzan farm-down
  - North Sea Central Area Transmission System
  - Gulf of Mexico Paleogene assets farm-down
  - Global Aviation Turbine Oils Business
  - Proceeds relating to Toledo refinery JV

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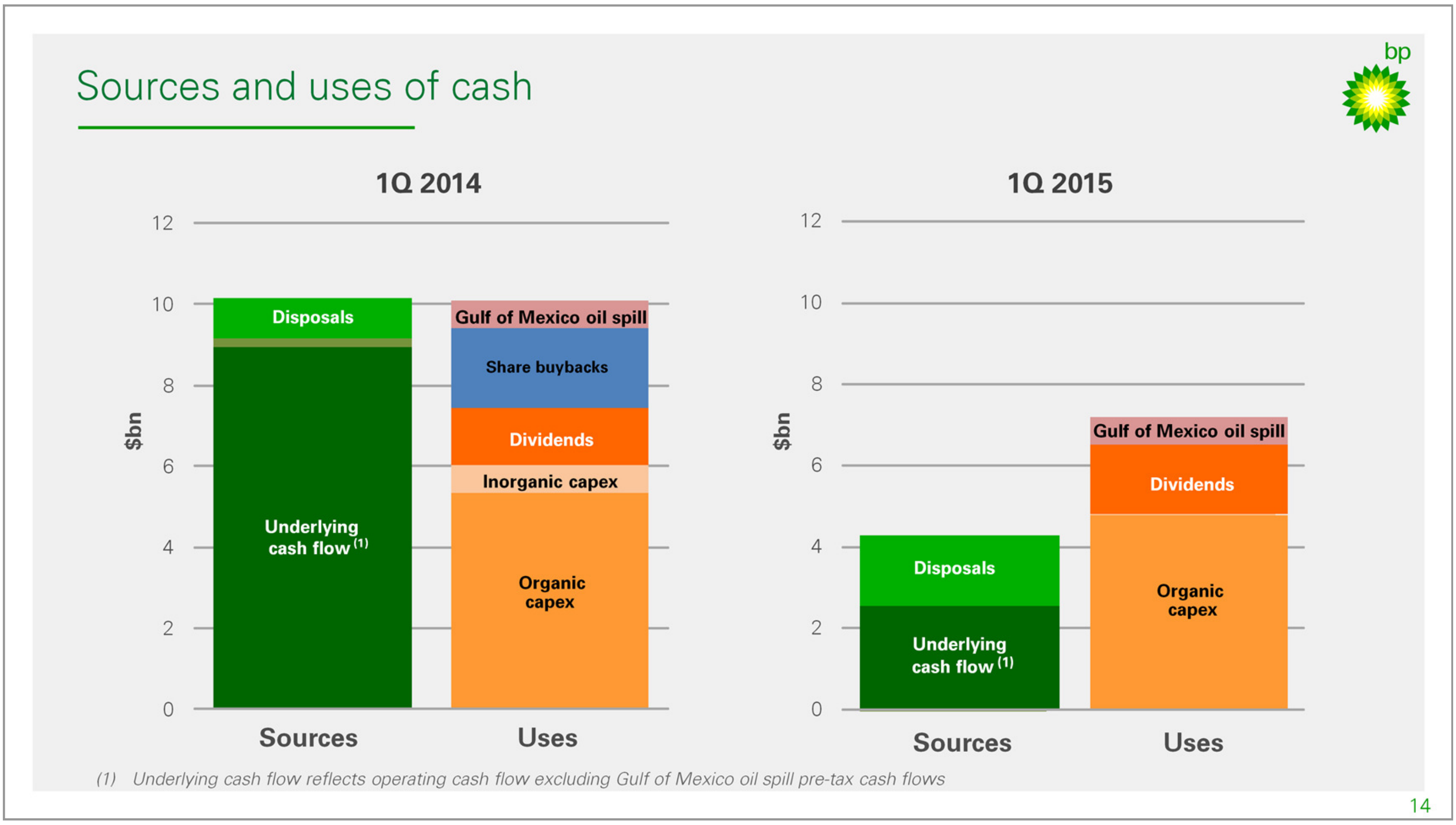
Now turning to progress on divestments and our objective to divest $10 billion of assets over the 2014 to 2015 period.

Agreed deals to date have reached $7.1 billion and this total includes:

- The sale of a package of assets on the Alaskan North Slope;
- The farm-down of 40% of our interest in the Oman-Khazzan project;
- The sale of our stake in the North Sea Central Area Transmission System;
- Monetisation of part of our Gulf of Mexico Paleogene interest;
- The sale of our Global Aviation Turbine Oils business; and
- Proceeds from our Toledo refinery Joint Venture partner, Husky Energy, in place of capital commitments relating to the original divestment transaction.

We remain on track to reach our $10 billion objective this year.




This slide compares our sources and uses of cash in the first quarter of 2014 and 2015.

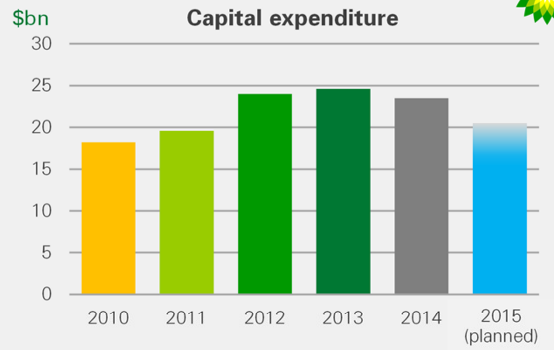
Operating cash flow was $1.9 billion in the first quarter of 2015 compared to $8.2 billion a year ago. Excluding oil spill related outgoings, underlying cash flow was $2.5 billion. This reflects the impact of lower oil prices on earnings as well as a build of $2.5 billion in working capital in the first quarter of 2015, which we expect to unwind as the year progresses. The working capital build includes $1.4 billion relating to inventory optimisation in high-return contango market structures.

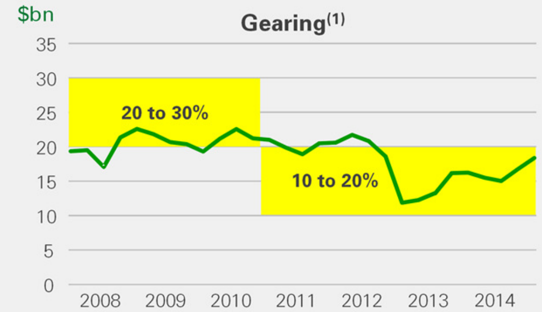
Our organic capital expenditure in the first quarter was $4.4 billion and our full-year guidance remains around $20 billion.

We received divestment proceeds of $1.7 billion during the first quarter.

## Financial framework

- Financial outlook
  - Near term
    - Complete $10bn divestment programme
    - ~$20bn capital expenditure in 2015
    - Resizing the cost base
  - Longer term
    - Financial framework rebalanced to lower oil prices
- Gearing(1) within 10 to 20% band while uncertainties remain




*(1) Net debt ratio = net debt / (net debt + equity)*
*Net debt includes the fair value of associated derivative financial instruments used to hedge finance debt, where hedge accounting applies*

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Turning to our financial framework.

In 2014 our financial framework reflected a position where operating cash flow exceeded capital expenditure and dividends as planned. We ended the year with gearing at 16.7%. This was against the backdrop of the near $100 per barrel average oil price environment in 2014. At the end of the first quarter, during which oil prices averaged just under $54 per barrel, net debt was $25.1 billion and gearing stood at 18.4%. Notwithstanding ongoing litigation in the United States, our intention remains to keep gearing within the 10-20% band while uncertainties remain.

We are now responding to the reality of what we expect to be a sustained period of lower oil prices. Along with a continued focus on delivery in our businesses, we are working to complete our current $10 billion divestment programme. We have reset our capital frame to around $20 billion for 2015, compared to our original guidance of $24-26 billion, and we are actively resizing our cost base. These interventions are designed to support our dividend in 2015 in the current price environment, without compromising core investment for the future.

As explained in February this requires an intense effort right across the Group. We have booked a further $215 million of restructuring charges in today's result, bringing the cumulative charge to $648 million against the estimated $1 billion non-operating charge we expect to see before the year end. As well, the rig cancellation costs already noted illustrate the Upstream's focus on determining the right scope of activity in this new environment. Over the medium term we expect to take greater advantage of sector deflation while continuing to re-set our own controllable costs, with an objective of re-establishing a position within our financial framework where underlying operating cash covers capital expenditure and dividends.

As we have said before, our first priority within the financial framework is the dividend. This reflects the commitment of our Board to maintaining a stable dividend as you have seen today. We can sustain this by successfully resetting our capital and cost base and re-balancing sources and uses of cash in the prevailing oil price environment. We will continue to review progress as we move through the year.

## US legal update

- MDL[1] 2179 progress
  - Phase 1 ruling received; BP has appealed
  - Phase 2 ruling assessed spill volume at 3.19 million barrels; BP has appealed
  - Penalty phase completed; Ruling pending
- Staying the course
  - Pursuing fair outcomes in all legal proceedings
  - Working to continue to improve BEL[2] claims facility operation


*(1) Multi-District Litigation*
*(2) Business Economic Loss*

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Turning to the ongoing Gulf of Mexico litigation in the United States.

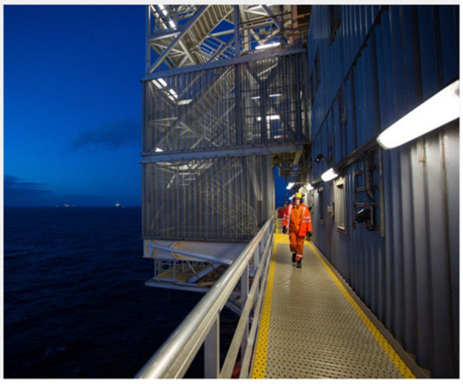
The penalty phase of the MDL 2179 trial is now complete. This was the third of three steps in the process of determining the amount of penalties under the Clean Water Act. We do not know the timing for the District Court's ruling but it could come at any time. In the first phase the court issued rulings which included findings of gross negligence and wilful misconduct by BP, and in the second phase the court ruled that 3.19 million barrels of oil were spilled into the Gulf as a result of the incident. We have appealed both these rulings. Phase 2 also found no gross negligence in our source control efforts.

As we have said before, we will pursue fair outcomes in all legal matters, while protecting the best interests of our shareholders at all times. Following a detailed review of internal controls and fraud prevention and detection measures at the Court Supervised Settlement Program, BP recently withdrew its appeal related to its motion to remove the Claims Administrator. The review demonstrated improvements the Settlement Program has made - and is continuing to make - to the facility's administration, including the addition of scores of fraud investigators. BP looks forward to working with all the parties to continue to improve the facility's operations.

We continue to compartmentalise these legal activities and BP's operational delivery teams remain fully focused on our core businesses.

## Upstream – milestones and progress

- Access and exploration
  - New partnership with Chevron in Paleogene assets
  - Second significant gas discovery offshore Egypt
- Major projects
  - Progressing four major project start-ups in 2015
  - Final investment decision on West Nile Delta projects in Egypt
- Operations and wells
  - 15 turnarounds scheduled in 2015
  - Plans to improve plant reliability in the North Sea
- Continued focus on capital and cost discipline



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Now, reviewing milestones and progress in the businesses.

In the Upstream we remain focused on safe and reliable operations, the selection, timing and execution of capital projects and driving cost efficiency into the business. At the same time, there are a number of key milestones that our teams are working towards in 2015 and during the first quarter we have made good progress on a number of fronts.

In January we announced a new ownership and operating model with Chevron and ConocoPhillips to progress two significant BP Paleogene discoveries in the deepwater Gulf of Mexico. As we described to you in February this deal will enable us to maximise synergies and support the development of a key part of our future in the Gulf of Mexico, while also providing expanded exploration access.

Meanwhile, in Egypt we made another important gas discovery in the North Damietta Offshore Concession in the East Nile Delta.

Turning to projects, the first of our planned start-ups for 2015 - Kizomba Satellites Phase 2 in Angola - is expected to begin production very soon.

And we continue to make progress on three further start-ups planned for this year:

- The Greater Plutonio Phase 3 development in Angola Block 18;
- The In Salah Southern Fields project in Algeria; and
- The Western Flank A project on the Australian North West shelf.

Also, following start-up of steam operations last December, oil production began in March on the Sunrise Phase 1 project in Canada. Total production is expected to ramp-up to full capacity of 60,000 barrels per day gross, around the end of 2016.

Looking forward to future developments, in March we signed final agreements for the development of the West Nile Delta projects, which will develop around five trillion cubic feet of gas resources in total. Along with our significant investments in Oman Khazzan and Shah Deniz 2, West Nile Delta will contribute to the increasing share of gas production in our Upstream portfolio in the future.

In our operations, we have maintained strong plant reliability at 94% across our operated assets in the first quarter. We are planning 15 turnarounds this year, compared to the relatively low number of eight in 2014. We began our 2015 turnaround programme in April and we expect to commence seven turnarounds in the second quarter including Thunder Horse and Na Kika in the Gulf of Mexico.

We also continue to implement our plans to improve plant reliability in the North Sea with specific plans for each of our operated assets. For example, we have already improved reliability on the Foinaven Gas Compression System and we are currently focused on our sand and produced water management plans for ETAP.

Finally, but importantly, we are maintaining a clear discipline on capital and cost management. As you are aware, we have cancelled drilling rig contracts in the Gulf of Mexico, but beyond this we have deferred discretionary activity such as the restart of drilling on the Magnus platform, and made progress in engineering standardisation across our projects and operations - all of which are delivering material savings. And across our portfolio we are reducing headcount as we continue to simplify our business.

## Downstream – milestones and progress

- Process and personal safety performance improvement
- Start-up of new PTA[1] plant in Zhuhai China
- Lubricants and Retail focus on growth markets
- Continued active portfolio management
- Realising savings from simplification and efficiency programmes

*(1) Purified Terephthalic Acid*

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In the Downstream, we continue our strong focus on process and personal safety performance. In addition, as outlined in February, our strategic priorities are:

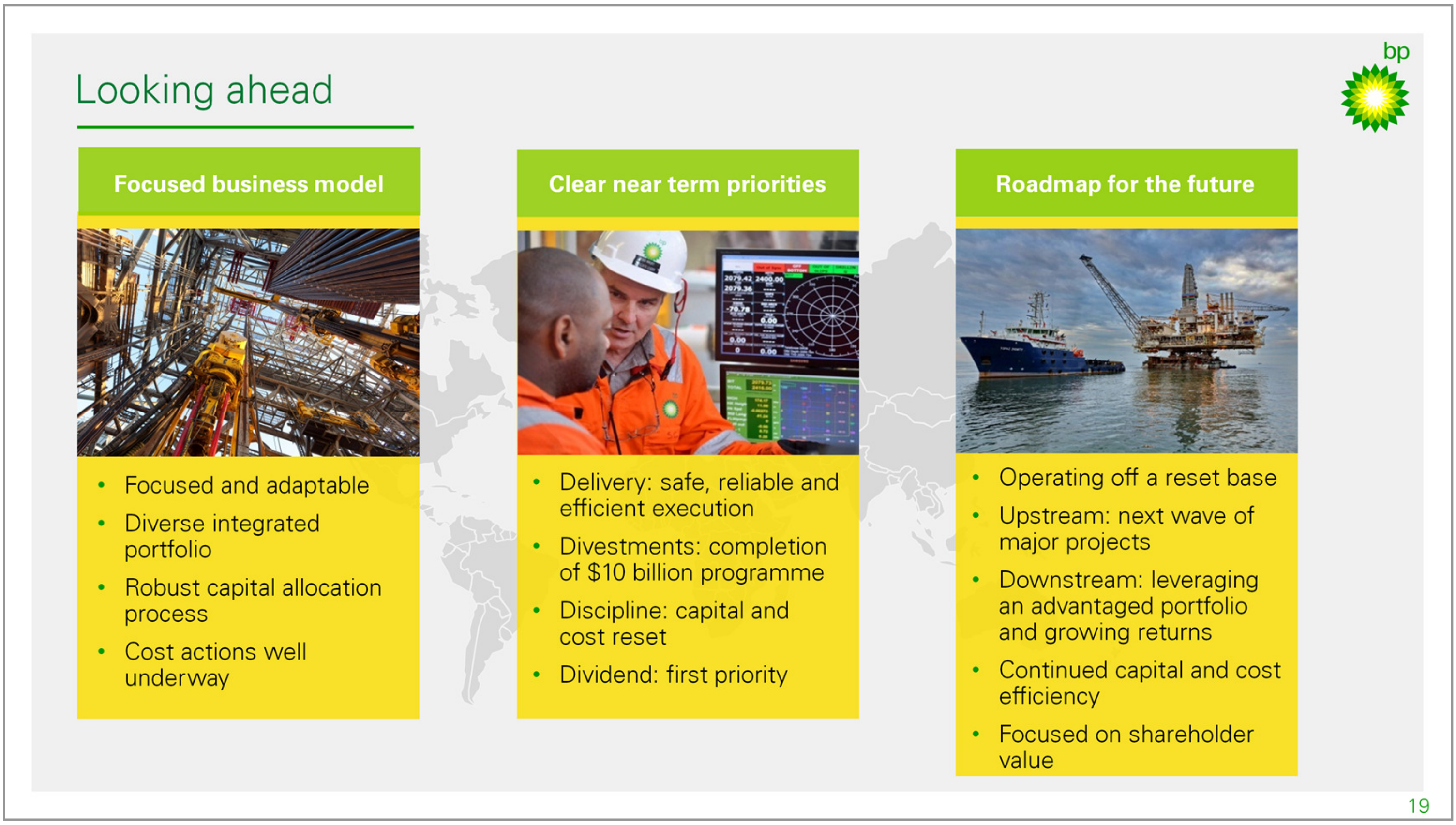
- to build an advantaged manufacturing portfolio;
- to selectively invest in higher-return differentiated marketing businesses; and
- to deliver our efficiency and simplification programmes to improve our resilience to volatility and bottom-of-cycle conditions.

In Petrochemicals, we started-up our new PTA plant in Zhuhai, China, which has a capacity of one million tonnes per annum. With this plant's advanced technology we expect to reduce costs to help us become more resilient to bottom-of-cycle conditions.

In Lubricants, our focus on growth markets and premium brands continues to deliver like-for-like profit growth. In Retail we continue to see volume momentum in our growth markets.

We continue to actively manage our portfolio. In the quarter we announced the sale of our bitumen business in Australia, and completed the sale of our interest in UTA, a European fuel cards business.

And we are beginning to see benefits from the implementation of our simplification and efficiency programmes as we streamline our businesses. We have significantly consolidated the number of our reporting units, and are aligning our head office and functional support to capture the associated efficiencies.




So, to summarise.

We are in the midst of a major transition as we work to reset the company. We remain confident that this is the prudent and right thing to do in the current market conditions.

Looking at today's results you can see the benefit of our integrated business. We believe we benefit from having repositioned our portfolio to drive value over volume, with right-sizing of the cost base already well underway.

Our near term priorities remain those we set out in February:

– **Delivery**: the continued safe, reliable and efficient execution in our businesses;
– **Divestments**: completing our current $10 billion divestment programme;
– **Discipline** on capital and costs: the resetting of our capital budget and right-sizing our cost base; and
– most importantly, sustaining the **dividend**, which makes us keenly aware of the need to rebalance our sources and uses of cash for a lower oil price environment.

Longer term, the roadmap is one of operating off a reset base. We will realise the potential of our portfolio as we start up the next wave of Upstream major projects and look to improve returns in our Downstream business, while maintaining strong cost and capital discipline. Our focus throughout will remain firmly on value for shareholders.

Thank you for listening. We are now ready to take your questions.

## Q&A

**Brian Gilvary**
Chief Financial Officer

**Jess Mitchell**
Head of Group Investor Relations