BP 4Q and full year 2019

Results presentation

4 February 2020

Craig Marshall
Head of Investor Relations

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Good morning everyone and welcome to BP’s fourth quarter and full year results presentation for 2019.

I am joined here today by:

– Helge Lund, Chairman

– Bob Dudley, Group Chief Executive

– Brian Gilvary, Chief Financial Officer; and

– Bernard Looney, Upstream Chief Executive and CEO designate

Before we begin, I 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. This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events and circumstances – 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 expectations related to the world economy, future oil and gas prices and global energy supply and demand, including with respect to oil and natural gas; expectations regarding margins and heavy and sour crude differentials as well as the impact of IMO 2020; plans and expectations regarding the energy transition; plans and expectations regarding the Upstream plan, including plans to produce 900,000 boed from new major projects by 2021, to deliver $14-15 billion proxy pre-tax free cash flow in 2021 and to achieve 35% greater cash margins and a 20% lower development cost than in 2015; expectations regarding Upstream reported production in the first quarter of and full year 2020, production in 2021 and seasonal maintenance and turnaround activity; expectations regarding the Downstream refining margins, turnaround activity and light-heavy crude spreads; expectations regarding the Downstream plan including expectations for underlying earnings growth and free cash flow, expectations that Downstream will deliver more than $3 billion of growth by 2021 while maintaining pre-tax returns of around 20% and $9-10 billion free cash flow proxy by 2021; expectations with respect to the growth of BP's Fuels Marketing, Refining, Lubricants and Petrochemicals businesses; plans and expectations regarding joint ventures with Reliance Industries, DiDi and BP Infinia; plans to expand the retail convenience partnership model; plans and expectations with respect to the start-up timing and production of Upstream projects including Raven and projects in the Gulf of Mexico, the North Sea, India, Oman and other material projects such as Mad Dog 2 and Cassia Compression; expectations regarding BP's strategic plan and financial frame including organic capital expenditure, organic free cash flow and operating cash flow, the DD&A charge, Gulf of Mexico oil spill payments, cost and capital discipline, the Other Businesses and Corporate average underlying quarterly charge, and the 2020 underlying effective tax rate; plans and expectations regarding BPX Energy, including to achieve $1 billion of free cash flow, to ramp up liquids production and to realize synergies in excess of $400m by 2021; plans and expectations to deliver returns on average capital employed exceeding 10% by 2021 at a $55 per barrel real price assumption; plans and expectations regarding the long-term commitment to growing free cash flow and growing distributions to shareholders; plans and expectations relating to divestments and disposals, including to exceed $10 billion of divestment proceeds by the end of 2020, to announce a further $5 billion of disposals by mid-2021 and for the impact of divestments on production to be between 200-250 thousand barrels a day in 2020; expectations for net debt levels and gearing to move towards the middle of the 20-30% range through 2021; and plans and expectations with respect to dividends.

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 acquisitions and 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; 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 under "Principal risks and uncertainties" in our Form 6-K for the period ended 30 June 2019 and under "Risk factors" in BP Annual Report and Form 20-F 2018 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.

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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 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.

Now, over to Helge.

Good morning, everyone, I'm Helge Lund, BP chairman.

It's not usual for the chair to join these calls, but I'm going to make an exception today – because it's Bob Dudley's last investor call for BP, and his final day as chief executive. After a 40-year career, and nearly 10 at the top, that's quite something.

Bob's going to speak shortly – but he's not a man given to self-congratulation, so I wanted to offer some reflections on his period as chief executive.

But first, I should also acknowledge another announcement made last month.

Brian Gilvary has decided to step down too, after 34 years with BP and eight as CFO. I hope Brian won't mind me saying that he has been one of the truly great CFOs. But Brian's going to be around until June. We'll get some more value out of him yet – and pay tribute properly when the time comes.

So back to Bob.

BP today is very different to the BP of October 2010, when he took on the job. The fact that BP's so strong today is, in many ways, because of Bob's handling of that early period, and his leadership since.

His first task was not one to envy – recovery from the Deepwater Horizon tragedy.

But Bob quickly stabilised BP.

Then he changed BP's culture, instilled new values, and helped make BP safer and profitable again.

I count that as the first great achievement of his leadership.

Then there was the oil price downturn – a big challenge for the whole industry.

Bob made BP leaner and more modern.

His phrase “value over volume” became a guide for the business, and BP came out even stronger.

That was his second great achievement.

The third is Bob’s leadership into the energy transition.

He has invested in low carbon, and positioned BP to dynamically drive the energy transition forward.

And, of course, that story is evolving.

And we’re really excited for what Bernard’s going to do next.

So thank you, Bob, for your leadership and for the position in which you leave BP.

You have our gratitude.

Helge, thank you for your kind words and good morning everyone.

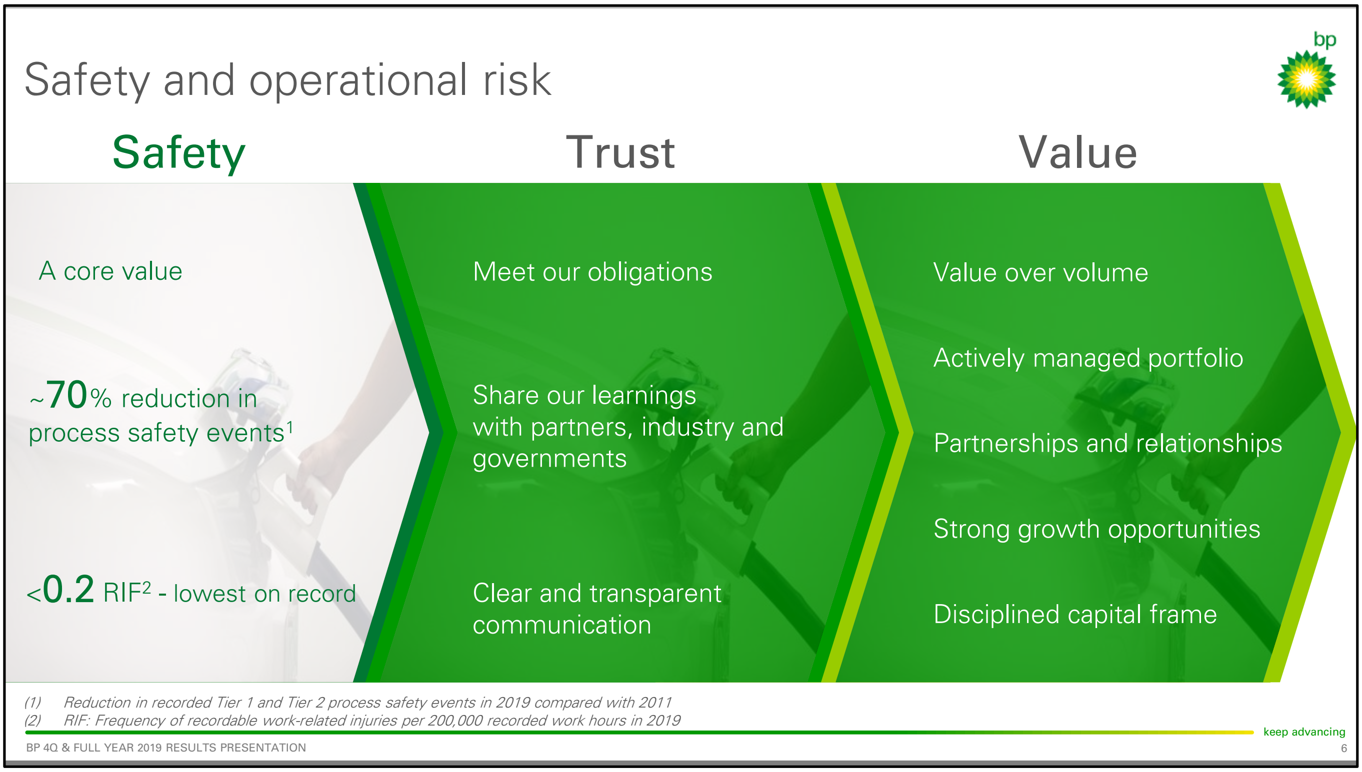
As this is my last presentation to you as CEO, I'd like to break from the mould a little and spend a few minutes talking about BP's journey over the last period, before handing over to Brian to run through the results. Bernard is here today too, and he will say a few words to close the presentation, before Brian and I take your questions.

Looking back to the beginning of this decade, BP was facing one of the biggest challenges in its history. Deepwater Horizon was a tragic accident which shook BP to its core. It was clear then that we needed to not only deal with the incident, but to also focus clearly on the future of the organisation.

To do this we identified three key priorities for the Group:

- Safety and operational risk management;
- Rebuilding trust; and
- Delivering value growth for our shareholders.

We have made many advances since then, with these priorities defining the company we have become; one that is well positioned to succeed as the world's energy system transitions. Now, a little more detail on each priority.



First, safety and operational risk.

Safety is a core value, and we have done an enormous amount to make BP a safer place to work.

We have reinforced our Safety and Operational Risk function – putting in place systems and processes to improve our operations and performance.

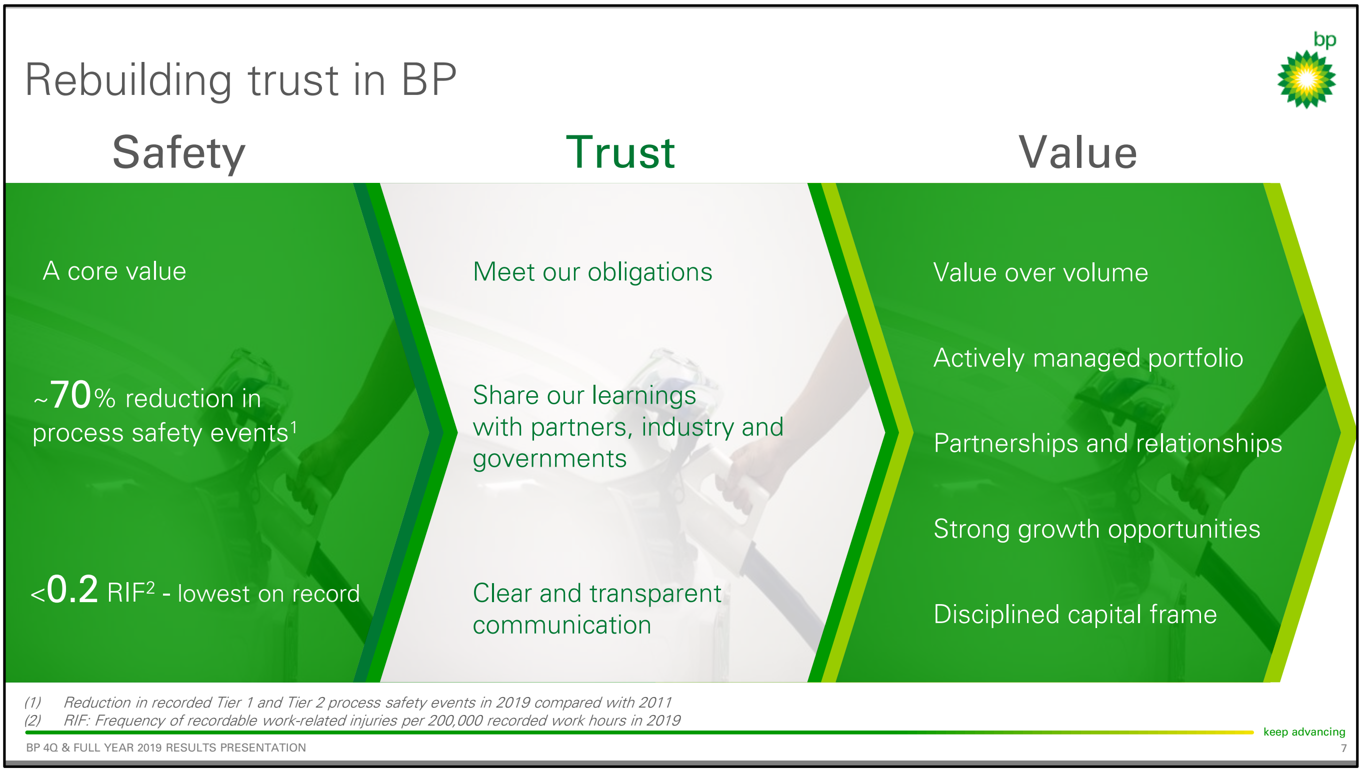
This includes bringing together a set of global requirements under one Operating Management System. Along with our values of safety, respect, excellence, courage and one team, it defines how we work in a systematic way across BP.

We have also reshaped our businesses and embedded a functional model, changing what it feels like to work for BP. And externally, we have changed and enhanced how we work with our partners.

And all of this has made a difference.

We have seen an almost 70% decline in Tier one and Tier two process safety events since 2011, and this year achieved our lowest ever recordable injury frequency – both important successes.

We have however seen an increase in process safety events in 2019 mainly following some asset acquisitions. This serves as an important reminder that we must remain steadfast in our focus on safety. Our aim remains the same; to have no accidents, no harm to people and no damage to the environment.



Next, rebuilding trust in BP.

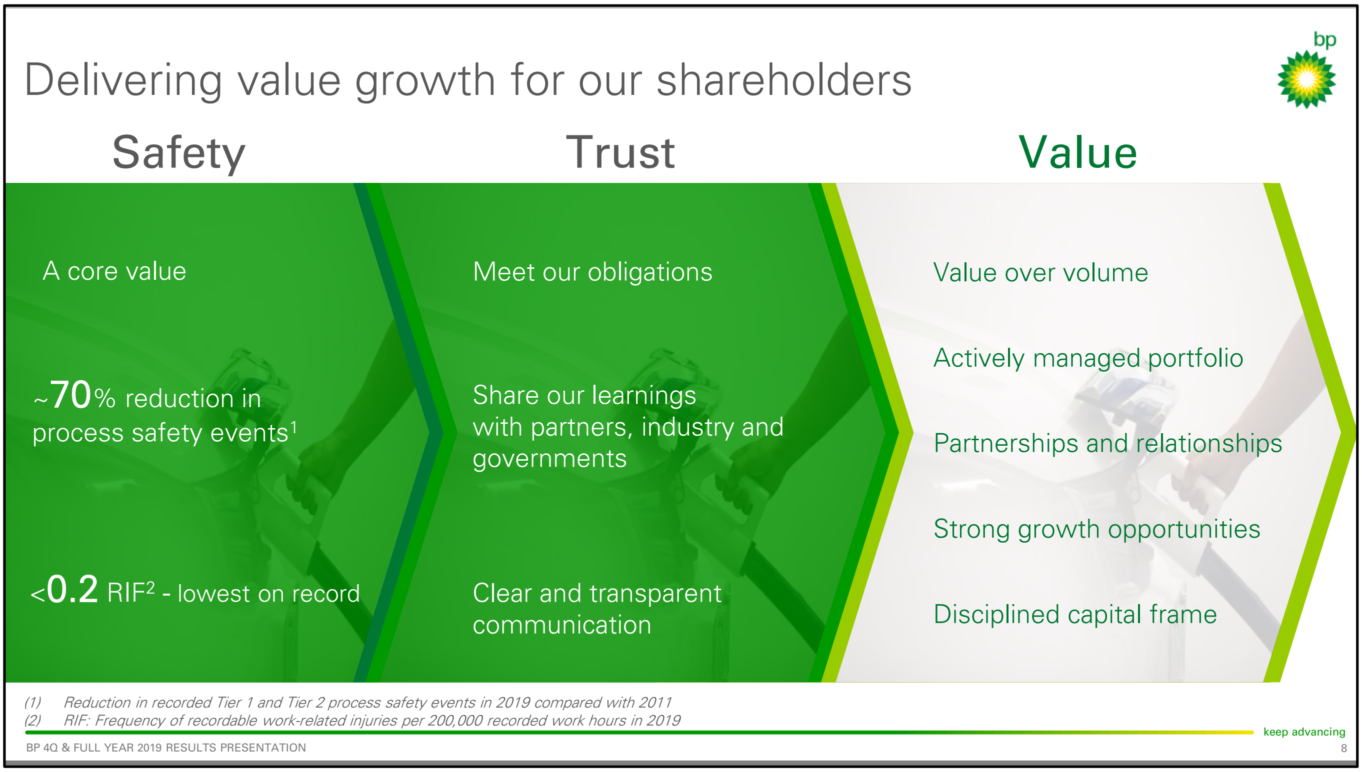
At the time, I said that the building of trust comes from doing what you say you are going to do, and I believe we did that in meeting our obligations in the Gulf of Mexico.

Not only were we quick to establish a clear process to meet our legal and financial commitments with the US Gulf states and the Federal government; but we have also applied rigorous standards to our work, going above and beyond regulatory requirements in many regards.

We also implemented the lessons we learned across our operations globally, and continue to share our learnings with others.

It was also important to rebuild trust in the decisions we were making about BP's future. We had to find a way to move from response to recovery, and to be clear and transparent in our communications.

So, as some of you will recall, in 2011, we laid out our ten-point plan. It included five things you could expect from BP and five things to measure us by. We were already in action on many of them, but this plan clearly set out how we were going to move BP forward.



Turning next to growing shareholder value, which has always been a key priority and is based upon some guiding principles which have endured and evolved with the business over time.

Value over volume.

Taking decisions to maximise the value we can create, rather than the volume we can produce.

Active portfolio management.

Following an extensive divestment programme, much of which was delivered in an environment of over $100 per barrel, our business looks very different. We think carefully about the shape and scope of our global activities, divesting parts of our portfolio where we don't see a clear strategic fit or where we believe others can create more value.

Developing long-term strategic relationships.

We see enormous value in long-term mutual relationships with partners and governments, particularly as we look to focus on key geographies.

And, establishing strong value growth opportunities:

– In the Upstream this means driving growth from high quality major projects and optimising our existing operations;

– In the Downstream, accessing growth in marketing and advantaged manufacturing to deliver strong underlying growth and returns; and

– In Alternative Energy, deploying BP's capabilities, or partnering with others, to grow in low carbon businesses and raise capital.

Finally, cost and capital discipline.

Staying disciplined around our portfolio and investments, with a relentless focus on capital and cost efficiency.

These guiding principles have been, and remain, good for our business, and core to our strategic decision making:

- They served us well in the immediate aftermath of the Gulf of Mexico oil spill;
- They provided a set of building blocks to support our recovery and delivery of our ten-point plan;
- They ensured our business was resilient in the face of the oil price downturn; and
- They created the foundation which, along with the greater certainty over the Gulf of Mexico liabilities, meant that in early 2017 we were able to lay out our new strategy for “getting back to growth”.

And so here we are today.

We have a powerful investor proposition of growing sustainable free cash flow and distributions to our shareholders over the long-term.

We are focused on running our operations safely, reliably and efficiently, which I truly believe is essential for the long-term success of BP.

We have created a business that is fit for the future. Shaping a distinctive portfolio over the last decade that we believe is a well-positioned frame to face the rapidly changing energy landscape.

And, we will continue to be focused on value and returns. Making disciplined investment decisions while also managing our costs.

Our proposition is underpinned by the five-year growth strategy we laid out in early 2017:

- Growing advantaged oil and gas in the Upstream;
- Market led growth in the Downstream;
- Venturing and low carbon businesses across multiple fronts; and
- Modernising the whole Group.

In service of this:

- We have built up our businesses in existing core regions, and grown businesses in new markets;

- We’ve started up 24 major projects in the Upstream since 2016, including Shah Deniz 2, together with the Southern Gas Corridor, one of the world’s biggest engineering projects;
- We significantly transformed our Downstream business, and are accessing new growth markets such as Mexico and India;
- We’re back into solar, attracting lots of capital, with fast growing Lightsource BP;
- We’re in biofuels in Brazil, and we’re fast-charging vehicles in the UK;
- In the US Lower 48, we completed our biggest acquisition in 20 years;
- We have built distinctive partnerships around the world, including with Rosneft in Russia, Reliance in India and Aker BP in Norway;
- And, reinforced strategic relationships with governments in places such as Azerbaijan, Oman and Abu Dhabi;
- Across the Group we are using technology to look for new ways to build and develop distinctive capabilities for our people and in our operations.

All of this is in support of our proposition, to grow sustainable free cash flow and distributions to shareholders over the long term. And we are doing just that, having today announced a dividend increase, bringing our dividend for the fourth quarter to 10.5 cents per ordinary share, or 63 cents per ADS.

In summary, we are a global integrated energy business; with a strong set of capabilities, global reach and a talented workforce. And I believe we are in a strong position to manage our business in this fast-changing energy landscape.

So, all that leaves me to do, is hand over to Brian to take you through the results in more detail.

Brian Gilvary
Chief Financial Officer

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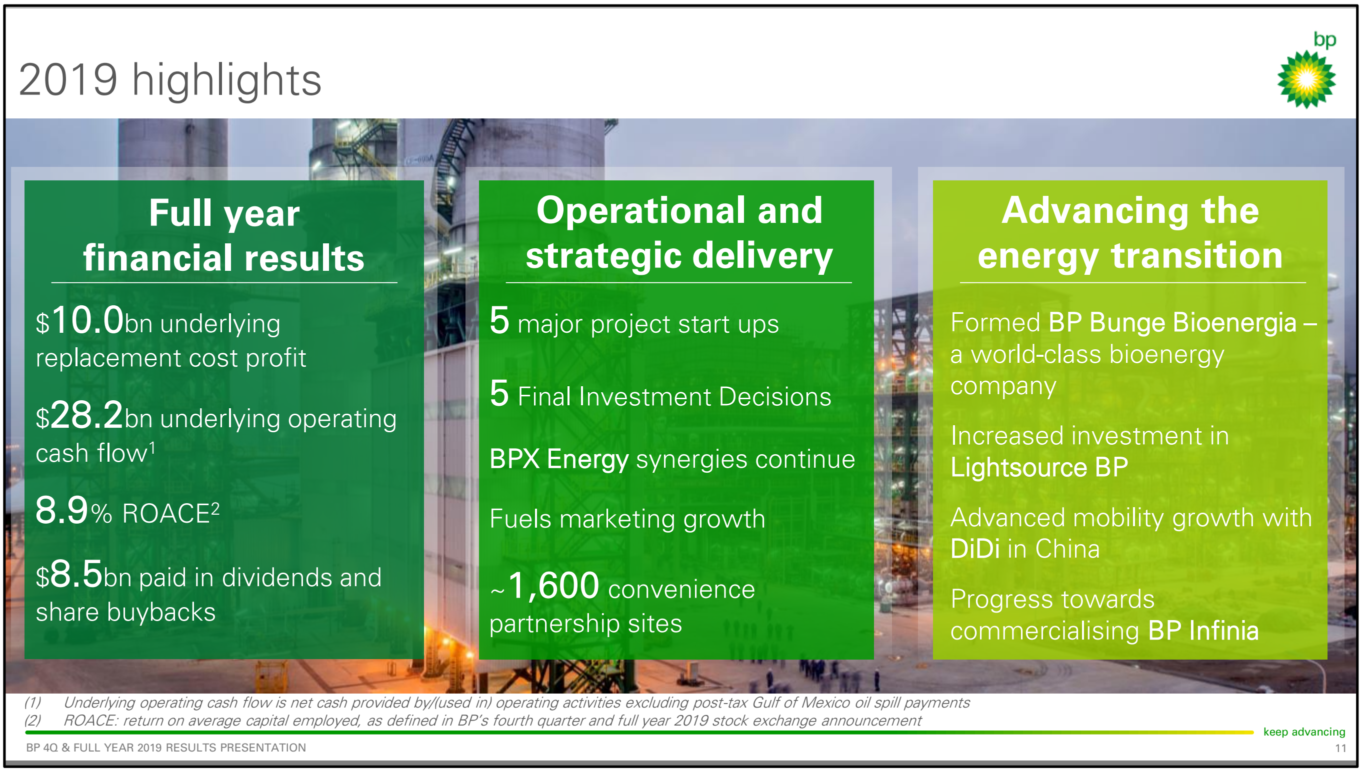
Thanks Bob and good morning everyone.



Looking first to highlights from the year where, in the face of a challenging macro environment, we have delivered a strong set of results.

For the full year, we reported underlying replacement cost profit of $10.0 billion, with strong underlying operating cash flow of $28.2 billion, including a working capital release of $300 million.

Return on average capital employed was 8.9%, and over the year we paid $8.5 billion in cash dividends and share buybacks.

I'll talk more on our financial results shortly, but first let me share some strategic and operational highlights.

In the Upstream, we started up five major projects and took five Final Investment Decisions in the year, underpinning our 2021 targets and our longer term growth options.

BPX Energy is also making good progress, delivering synergies this year of $240 million; above the target of $90 million we had planned. Well costs continue to decline in the Eagle Ford and Permian under BP operations, and we are progressing high value, high impact activities as we continue to focus on value over volume.

In Downstream, we saw record refining throughput for the second consecutive year, and continue to expand our retail convenience partnership model, which is now in around 1600 sites across our network.

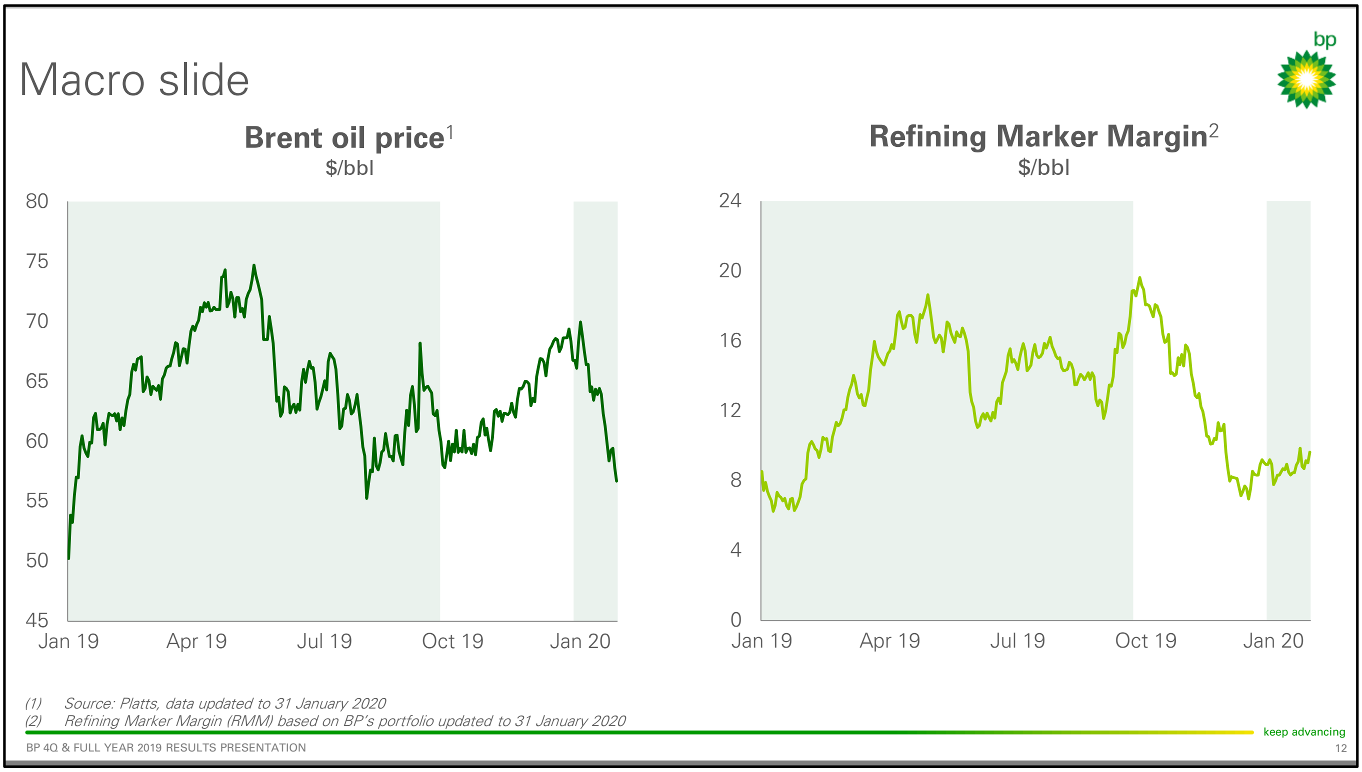
In December we signed an agreement with Reliance Industries to form a fuels retail and aviation joint venture in India, providing access to one of the world's largest and fastest growing energy markets.

We are also making progress in our advanced mobility agenda, forming a joint venture with DiDi, the world's leading mobile transportation platform, to develop electric vehicle charging infrastructure in China, the world's largest market for electric vehicles.

And, since announcing our new plastic recycling technology, BP Infinia, a consortium of leading companies has been formed to help accelerate commercialisation, leading to reduced plastic waste, supporting the circular economy.

More broadly, we are progressing our low carbon agenda. In December, we increased our stake in our solar joint venture with Lightsource BP to 50%, and completed the formation of BP Bunge Bioenergia; a leading company in Brazil's low carbon ethanol, sugar and biopower market.

In summary, 2019 was another year of strong financial delivery, we are on track to deliver our 2021 targets and we continue to explore and develop new business models to provide opportunities through the energy transition.



Turning then to the macro environment, which remains volatile.

In 2019, Brent crude averaged $63 per barrel in the fourth quarter and $64 per barrel for the full year. Oil prices were volatile through the year with supply and demand impacted by changing macro-economic and geopolitical factors. Slowing demand growth was largely balanced by OPEC+ production cuts and a deceleration in US onshore production growth.

In recent weeks, growing concerns over the potential impact of coronavirus on economic growth and global oil demand growth have also weighed on the oil price in the short term.

Looking further into 2020, we expect stronger oil demand growth driven by improving global economic sentiment and the impact of IMO 2020. Stronger non-OPEC supply growth, driven by Norway, Brazil and Canada, and solid US growth is expected to support global supply, with OPEC+ continuing to be the balancing factor.

Turning to gas, US Henry Hub was $2.50 per million British thermal units in the fourth quarter, down $1.20 versus a year ago. It averaged $2.60 in 2019, down 50 cents from the 2018 average.

The US gas price has been impacted by continued supply growth, a mild winter and softer demand growth than that seen in 2018.

We expect price to be driven by the balance between continued supply growth versus supply destruction, in light of the current challenging price environment.

Finally, BP's global refining marker margin was $12.40 per barrel in the fourth quarter, $1.40 higher versus a year ago, and down $2.30 versus the third quarter. For the year, the refining marker margin remained largely unchanged.

Yet, 2019 was one of the worst refining environments since the financial crisis of 2008, with other crude and product differentials outside BP's RMM significantly impacted.

This was largely due to global tightening and temporary disruptions in heavy and sour crude supply. Implementation of IMO 2020 should provide support to margins and widen heavy and sour crude oil differentials this year.

4Q 2019 results summary

$bn	4Q18[4]	3Q19	4Q19[4]
Underlying replacement cost profit	3.5	2.3	2.6
Underlying operating cash flow[1]	7.1	6.5	7.6
Underlying RCPBIT[2]			
Upstream	3.9	2.1	2.7
Downstream	2.2	1.9	1.4
Rosneft[3]	0.4	0.8	0.4
Other businesses and corporate	(0.3)	(0.3)	(0.3)
Underlying earnings per share (cents)	17.4	11.1	12.6
Dividend paid per share (cents)	10.25	10.25	10.25
Dividend declared per share (cents)	10.25	10.25	10.50

4Q 2019 vs 3Q 2019

- Higher production
- Strong commercial performance in refining
- Lower Rosneft contribution
- Lower refining margins
- Lower effective tax rate

(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
(4) 4Q18 has not been restated following the adoption of IFRS 16, 4Q19 impacts are disclosed in the appendix

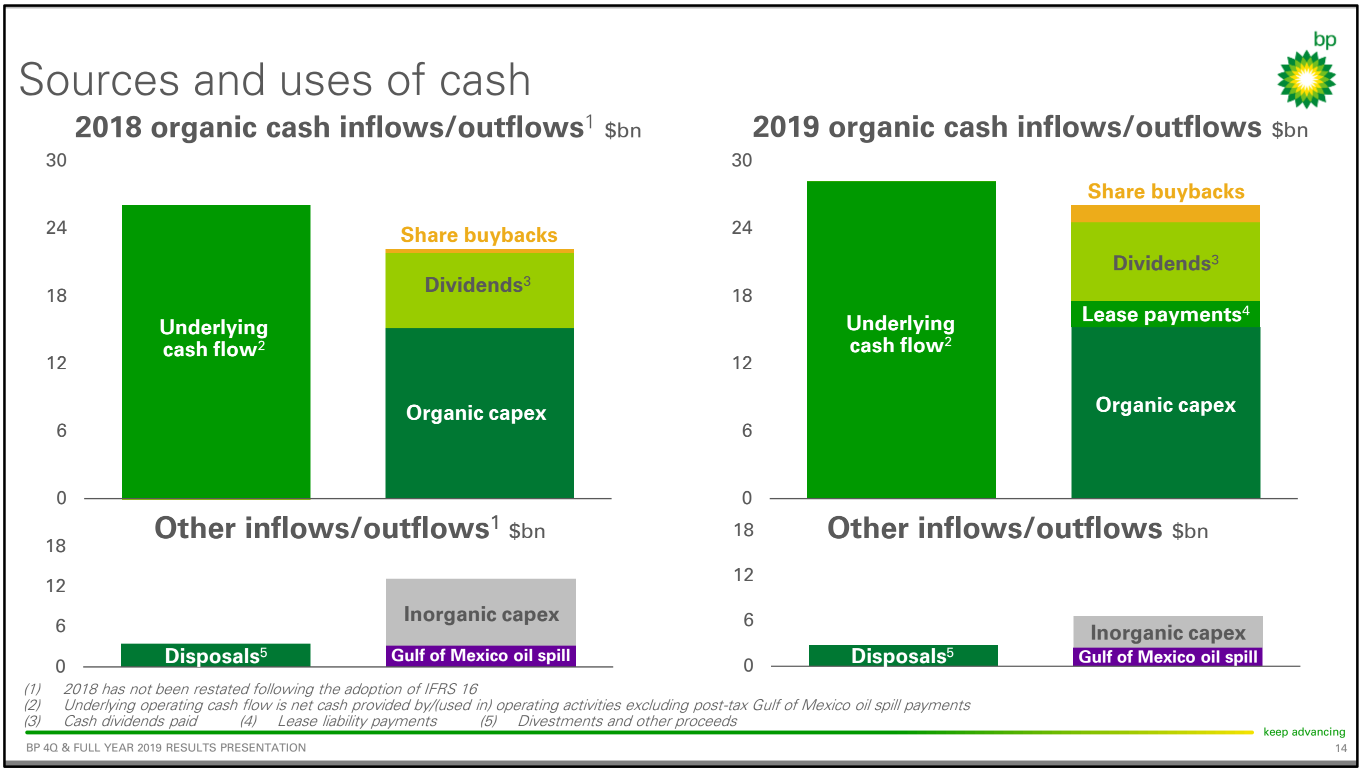
Moving to our fourth quarter results.

BP’s fourth quarter underlying replacement cost profit was $2.6 billion, compared to $3.5 billion a year ago and $2.3 billion in the third quarter of 2019.

Compared to the third quarter, the result benefits from a lower effective tax rate, higher production, due to improved weather in the Gulf of Mexico, and strong commercial performance in refining. This was partly offset by a lower Rosneft contribution following a strong third quarter, and lower refining margins.

Compared to a year ago, the result was impacted by lower heavy crude differentials and lower liquid and gas realisations, partly offset by a lower effective tax rate and lower refinery turnarounds.

And as Bob mentioned, the fourth quarter dividend, payable in the first quarter of 2020, has been increased to 10.5 cents per ordinary share.



Turning to cash flow, and our sources and uses of cash.

Excluding oil spill related outgoings, underlying operating cash flow was $28.2 billion for the year, of which $7.6 billion was generated in the fourth quarter. This included a working capital release of $300 million for the year, and a build of $200 million in the fourth quarter.

Organic capital expenditure was $4.0 billion in the fourth quarter and $15.2 billion for the year, at the lower end of our targeted range.

Turning to inorganic cash flows. Divestment and other proceeds in 2019 totalled $2.8 billion and we made post-tax Gulf of Mexico payments of $2.4 billion. Inorganic capital expenditure was $4.2 billion, including the final payments to BHP of $3.5 billion in the first half of the year.

Gearing fell in the fourth quarter to 31.1%, reflecting lower net debt partly offset by the impact of share buybacks on equity and impairments.

As of today, we have completed our share buyback programme, fully offsetting dilution from the scrip dividend since the third quarter of 2017. In total, we repurchased 458 million ordinary shares at a cost of $3 billion. A scrip dividend alternative is not being offered in respect of the fourth quarter dividend. And, we do not anticipate offering a scrip election for the foreseeable future.

2020 guidance

	2019 actual	2020 guidance
Upstream production excluding Rosneft	2.6mmboed	Lower than 2019[1]
Organic capital expenditure	$15.2bn	Lower end of $15-17bn range
DD&A	$17.8bn	Slightly below 2019
Gulf of Mexico oil spill payments	$2.4bn	<$1bn
Other businesses and corporate underlying quarterly charge	$320m	~$350m
Underlying effective tax rate	36%	Below 40%

1Q2020

Upstream

- Lower reported production due to the impact of our ongoing divestment programme and planned seasonal maintenance and turnaround activities

Downstream

- Lower industry refining margins and wider North American heavy crude discounts

(1) Underlying production. The actual reported number will depend on divestments, OPEC quotas, and other factors

Now turning to guidance, and the first quarter of 2020.

In the Upstream we expect reported production to be lower due to the impact of our ongoing divestment programme and planned seasonal maintenance and turnaround activities.

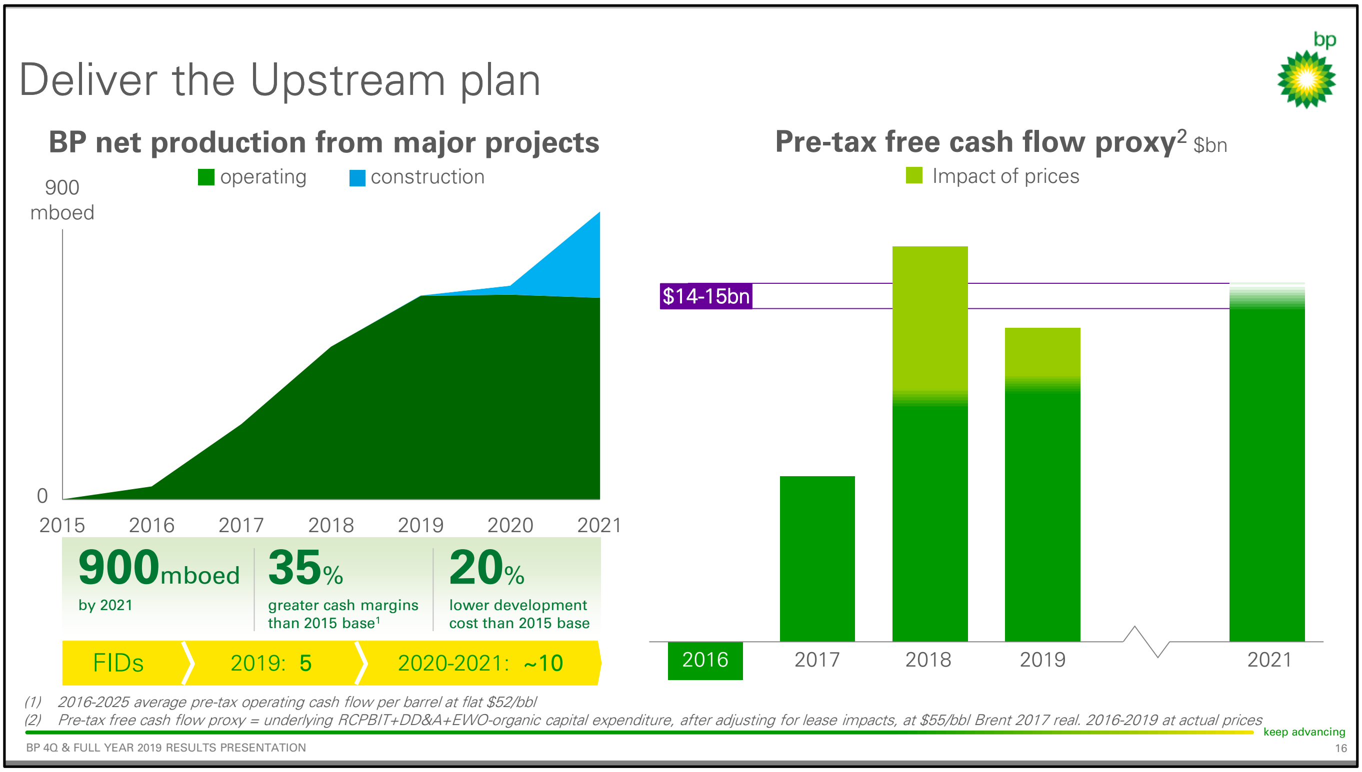
While in the Downstream we expect lower industry refining margins and wider North American heavy crude oil discounts.

Turning to guidance for the full-year 2020.

- Upstream underlying production excluding Rosneft is expected to be lower than 2019. I will return shortly on that point;
- Organic capital expenditure is expected to remain toward the lower-end of our $15-17 billion range;
- The DD&A charge is expected to be slightly below the 2019 level reflecting the impact of divestments;
- We expect the Other Business & Corporate quarterly charge to continue to average around $350 million;
- The underlying effective tax rate is expected to be below 40%; and
- Gulf of Mexico oil spill payments are expected to reduce to below $1 billion, net of tax adjustments.

As usual, we will provide updated rules of thumb for 2020 on price movement impacts for the year and expect to publish these on our website by the end of this month.

I will to now provide some detail on the segments and progress toward 2021 cash flow targets.



Turning first to the Upstream, where we continue to make progress against our 2021 production and cash flow targets.

We have delivered 24 major projects since 2016, including the December start-up of the Alligin field in the North Sea. These projects range in size, scope and complexity; and have on average been delivered on schedule and under budget. They are currently producing around 700 thousand high margin barrels a day.

We have 11 projects to go, including our West Nile Delta Raven project, which is mechanically complete but is currently addressing issues identified during commissioning. The project is now forecast to start-up around the end of 2020.

In addition, we expect to start up three further major projects in 2020. Projects in the Gulf of Mexico and North Sea will leverage existing infrastructure. While in India, we expect start-up of the first project in the KG D6 integrated development series; and is eventually expected to contribute to over 10% of the country's projected gas demand.

Our 2021 start-ups are also on track. Ghazeer in Oman, is expected to come on stream in early 2021 and boost production by 500 million cubic feet per day, and is currently ahead of schedule, under budget and 90% complete. Other material projects, including Mad Dog Phase 2 and Cassia Compression, are also progressing well, with both around 65% complete.

In BPX Energy we continue to focus on value over volume, diverting our investment from high volume lower margin gas production to higher margin oil production in the Permian and Eagle Ford basins, where we continue to ramp up activity.

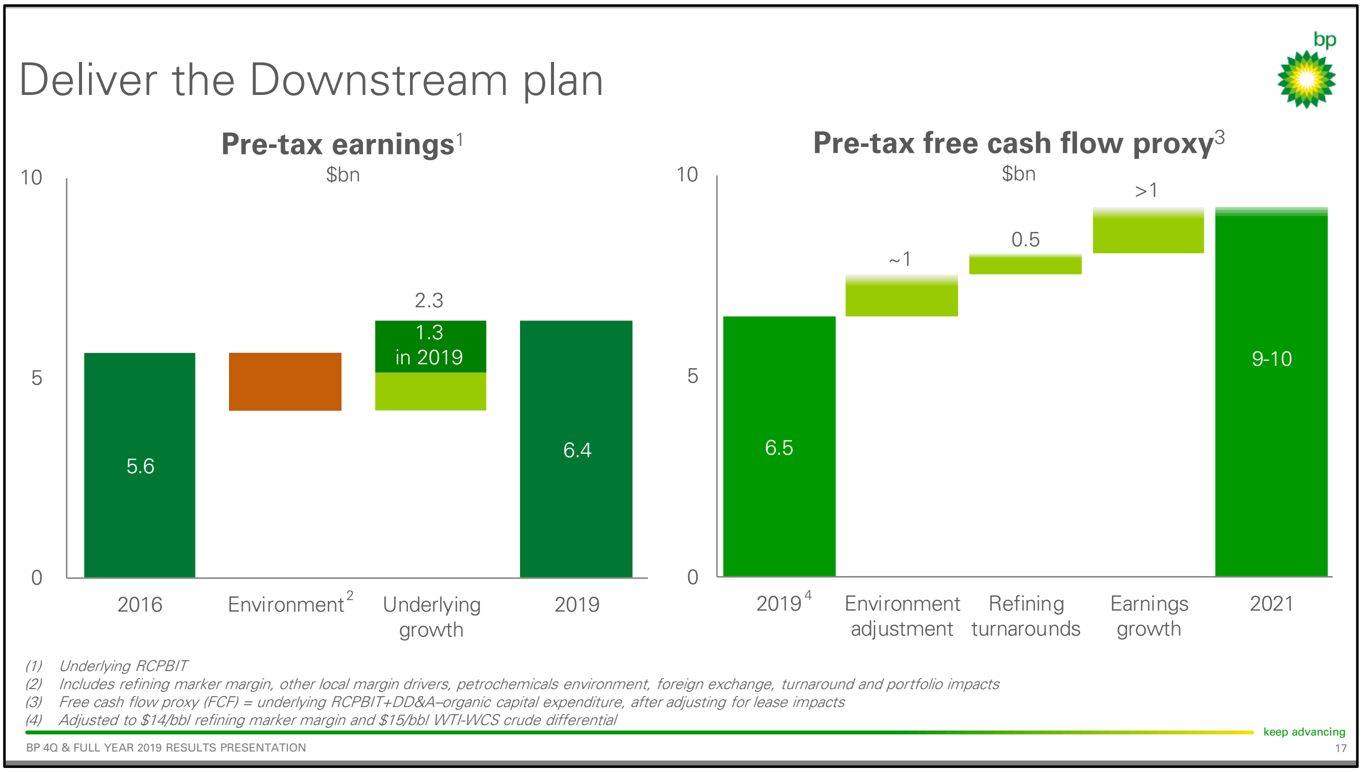
We expect full-year underlying production to be lower than 2019 due to declines in lower margin gas basins. We expect reported production to be lower due to the above factor and the impact of the ongoing divestment programme.

We estimate the impact of divestments to be in the range of 200-250 thousand barrels of oil equivalent a day in 2020. Of this, over half comes from lower margin onshore US gas production and much of the balance from lower margin oil.

So while we see 2020 as a transition year, we remain confident in the delivery of $14-15 billion of pre-tax cash in 2021. This is driven in large part by:

– The expected delivery of around 250 thousand barrels of oil equivalent per day from major projects still to come, relative to 2019. Most of which is due in 2021; and

– Our target of $1 billion of free cash flow from BPX Energy, supported by the ramp-up of liquids production and the realisation of synergies, which we now expect to exceed $400 million by 2021.



In the Downstream, we continue to make strong strategic progress towards our 2021 targets.

In 2019 earnings stood at $6.4 billion, reflecting a further $1.3 billion of underlying earnings growth in 2019, and bringing total underlying earnings growth since 2016 to $2.3 billion. This puts us firmly on track to deliver our target of more than $3 billion growth by 2021, while maintaining pre-tax returns of around 20%.

Moving to free cash flow, 2019 pre-tax cash was $6.5 billion at our plan conditions, net of capital investment of $3 billion.

We remain on track to deliver $9-10 billion of pre-tax cash by 2021, with the drivers of this growth being:

– Firstly, a recovery of crude and product differentials, which impacted our 2019 result by around $1 billion. As I have already mentioned, last year was one of the worst refining environments we have seen since the financial crisis. We expect differentials to widen and already see evidence of this in 2020 with North American sour crude and Brent Urals differentials back above our 2020 and 2021 planning assumptions; partly reflecting the introduction of IMO 2020 regulations.

– Second, we expect lower turnaround levels in both 2020 and 2021, following record activity over the last two years, as we optimise our schedule to capture opportunities from the IMO 2020 changes.

And finally, we expect further underlying earnings growth from each of our businesses:

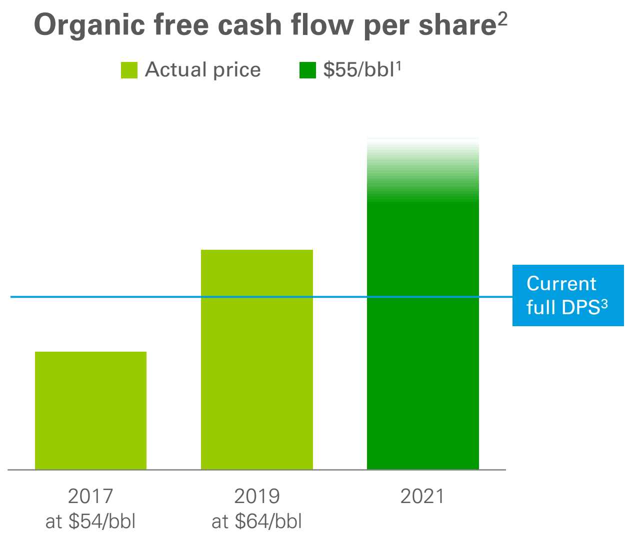
– In Fuels Marketing, continuing to grow our differentiated retail offer and scale up of our new market entries, while developing EV positions across China, UK and Germany.

- In Refining, delivering around $1 billion of further earnings growth over the next few years from our business improvement plans and digital operations;
- In Lubricants, increasing growth market exposure and premium lubricants, while diversifying into adjacent market spaces and EV products; and
- In Petrochemicals, selectively investing in an attractive and growing market, developing technologies to lead the market in circularity, as with BP Infinia.

Across the Downstream we have a strong track record of underlying earnings growth, delivering more than $5 billion of earnings growth over the last five years. Looking forward, we have a clear strategy, with a focused activity set, that underpins the growth momentum to 2021.

Medium term financial frame

	2020-2021
Cost and capital discipline	$15-17bn p.a. organic capital expenditure
Divestments	~$15bn by mid-2021
Gearing	20-30%
Returns	>10% ROACE by 2021 at $55/bbl[1]
Distributions	Progressive distribution policy



(1) Brent oil prices 2017 real (2) Organic free cash flow: operating cash flow excluding Gulf of Mexico oil spill payments less organic capital expenditure and lease liability payments. In USD cents per ordinary share, based on BP planning assumptions, last four quarters represents the period 4Q18-3Q19 (3) DPS: dividend per ordinary share at current dividend rate of 10.25 cents per share per quarter

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This progress in the Upstream and Downstream gives us the confidence that we are on track to deliver our 2021 Group targets.

We are staying disciplined with our capital and maintaining annual organic capital spend within a $15-17 billion range.

We remain confident that return on average capital employed will exceed 10% by 2021 at plan conditions.

On divestments, we have now announced $9.4 billion since the start of 2019 of the $10 billion package, which we now expect to increase to $15 billion by mid-2021. Net debt fell by $1 billion in the fourth quarter, and as further proceeds are received, we expect net debt to continue to decline and gearing to move towards the middle of the range of 20 to 30% through this year, assuming recent average oil prices.

In summary, strong operational momentum is driving growing free cash flow, we remain confident in delivering the 2021 free cash flow targets, and divestment proceeds are expected to continue to reduce net debt and gearing.

Taken together, this underpins our announcement today of an increase in the dividend to 10.5 cents per ordinary share, and our ongoing commitment to sustainably growing distributions to shareholders over the long-term.

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

Thanks Brian.

I'm conscious I'm another voice in the room today, and I won't talk for long, but I wanted to be here, for three reasons:

– First, it's been quite the year for BP, and another strong year of strategic delivery and progress against the targets we have laid out for 2021. I'm really proud of where BP is today – we're in excellent shape;

– Secondly, it's a time of change, tomorrow is my first day in the job, an opportunity I never foresaw 28 years ago when I joined BP, but its an opportunity I'm obviously very excited about. I look forward to talking and meeting with many of you in the coming weeks, months and years;

And of course, Bob is stepping down as Chief Executive today. I want to personally acknowledge Bob, and all that he has done for BP – as well as the support he has given me over the years.

In many ways BP wouldn't be the company it is today were it not for Bob and the leadership he has shown over the past decade.

He leaves BP with a strong foundation, governed by a set of values and behaviours that define who we are, and competing again – with real strategic momentum and a focus on growing value.

I have some big shoes to fill.

As you are also aware, Brian has elected to retire and Murray is set to take over at the start of July. Brian has been the key architect behind BP's financial framework, and the progress we have made in this respect. I'm delighted he is staying on through the middle of the year in support of the transition, and we will have a chance to acknowledge Brian in the coming months.

The third reason I wanted to join the call was reassurance – I want to reassure you of my personal commitment to some of our fundamental principles that are unchanged, and will remain unchanged when we host our Capital Markets Day later this year.

- Our commitment to safe and reliable operations;
- Our commitment to our investor proposition – growing sustainable free cash flow and distributions to shareholders over the long term;
- Our commitment to maintaining a strong financial frame, including the focus on deleveraging the balance sheet; and
- Importantly, confidence in the delivery of our 2021 proxy free cash flow targets, with capital discipline at its core.

I'll talk more about this and my broader ambition for BP going forward next week, and beyond that we will start to work towards hosting the Capital Markets Day – we have a lot to do to get ready for that.

In the meantime let me close by thanking Bob again for all he has done for this company – Bob, we will miss you.

Thank you for listening. I'm going to leave you in the capable hands of Bob, Brian and Craig to host the usual Q&A session and I look forward to talking with many of you on the 12th of February.

Q&A

Bob Dudley
Group Chief Executive

Brian Gilvary
Chief Financial Officer

Craig Marshall
Head of Investor Relations

keep advancing

Appendix

BP 4Q and full year 2019
Results presentation

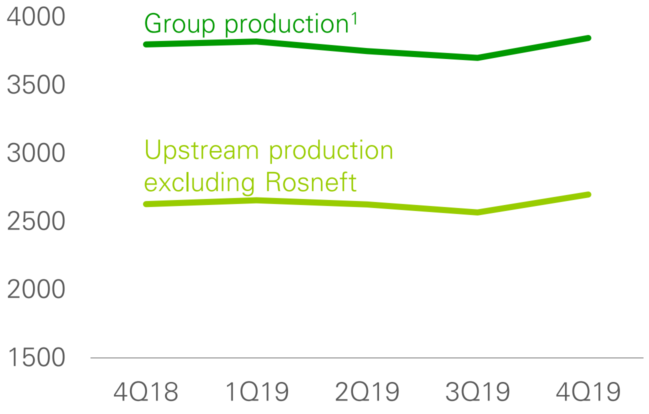
4Q 2019 summary

$bn	4Q18[6]	3Q19	4Q19	% Y-o-Y[6]	% Q-o-Q
Upstream	3.9	2.1	2.7		
Downstream	2.2	1.9	1.4		
Other businesses and corporate	(0.3)	(0.3)	(0.3)		
Underlying business RCPBIT[1]	**5.7**	**3.7**	**3.9**	**(32%)**	**4%**
Rosneft[2]	0.4	0.8	0.4		
Consolidation adjustment – unrealised profit in inventory	0.1	0.0	0.0		
Underlying RCPBIT[1]	**6.3**	**4.5**	**4.3**	**(32%)**	**(5%)**
Finance costs[3]	(0.7)	(0.8)	(0.8)		
Tax	(2.1)	(1.5)	(1.0)		
Minority interest	(0.0)	(0.0)	0.0		
Underlying replacement cost profit	**3.5**	**2.3**	**2.6**	**(26%)**	**14%**
Underlying effective tax rate[4]	38%	40%	27%		
Underlying operating cash flow[5]	7.1	6.5	7.6	6%	17%
Underlying earnings per share (cents)	17.4	11.1	12.6	(27%)	14%
Dividend paid per share (cents)	10.25	10.25	10.25	0%	0%
Dividend declared per share (cents)	10.25	10.25	10.50	2%	2%

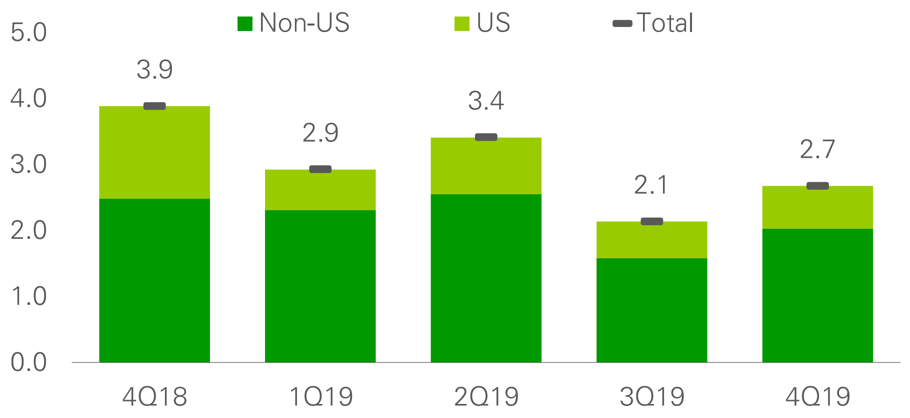
(1) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects
(2) BP estimate of Rosneft earnings after interest, tax and minority interest
(3) Finance costs and net finance income or expense relating to pensions and other post-retirement 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
(6) 4Q18 has not been restated following the adoption of IFRS 16

Upstream

Volume mboed



Underlying RCPBIT[3] $bn



Realisations[2]	4Q18	3Q19	4Q19
Liquids ($/bbl)	62	56	56
Gas ($/mcf)	4.3	3.1	3.1

4Q 2019 vs 3Q 2019

- Higher production
- Strong gas marketing and trading

(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]
3Q19: 96%

Refining environment	4Q18	3Q19	4Q19
RMM ($/bbl)	11.0	14.7	12.4

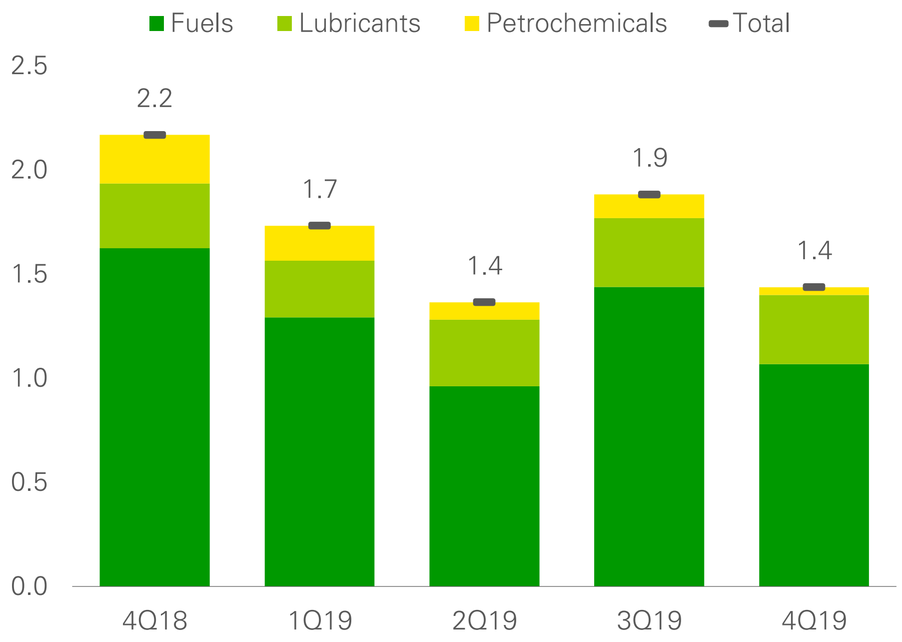
4Q 2019 vs 3Q 2019

- Lower industry refining margins
- A lower supply and trading contribution

Partially offset by

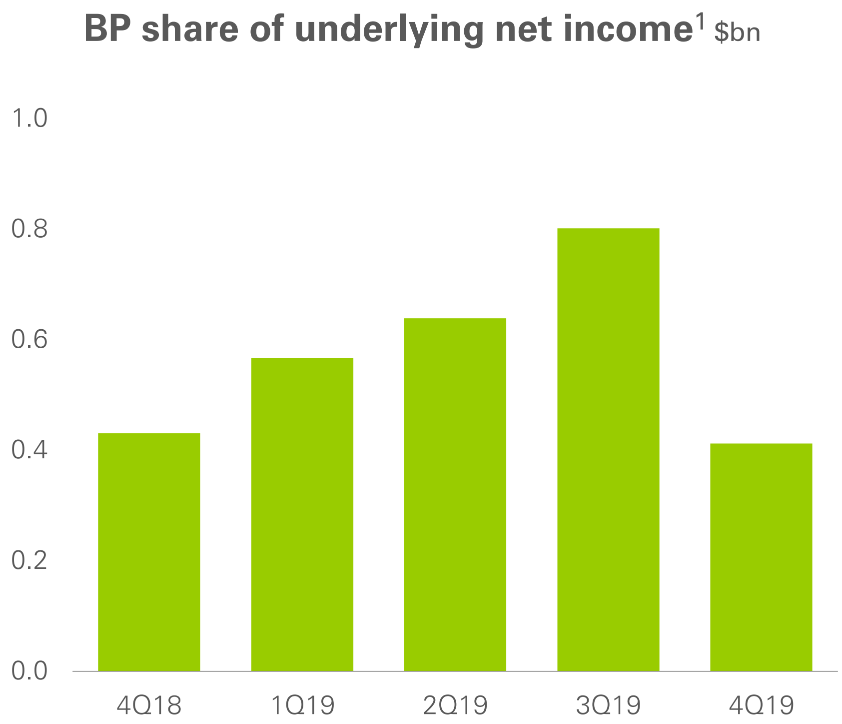
- Strong commercial performance in refining

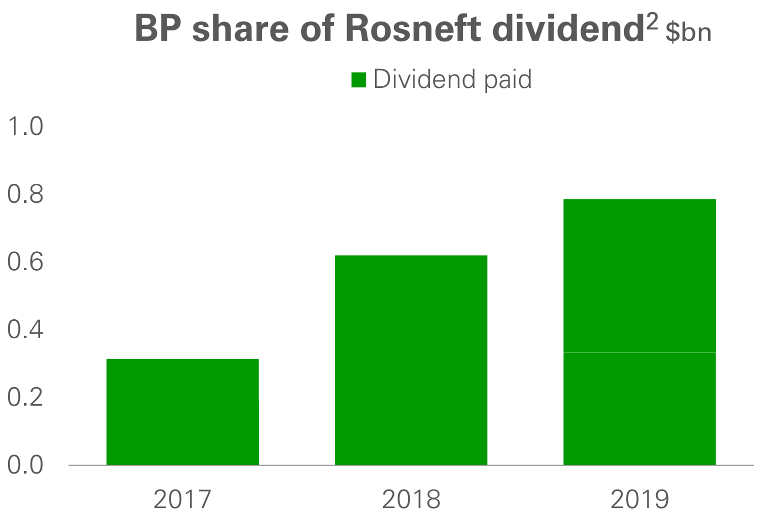
Underlying RCPBIT[2] $bn



(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





1.1mmboed

BP share of Rosneft production[3]

(1) *On a replacement cost basis and adjusted for non-operating items; 4Q19 represents BP estimate*
(2) *From 2018, represents BP's share of 50% of Rosneft's IFRS net profit, 2017 includes full year 2016 dividend and dividend relating to first half of 2017*
(3) *Average daily production for 4Q19*

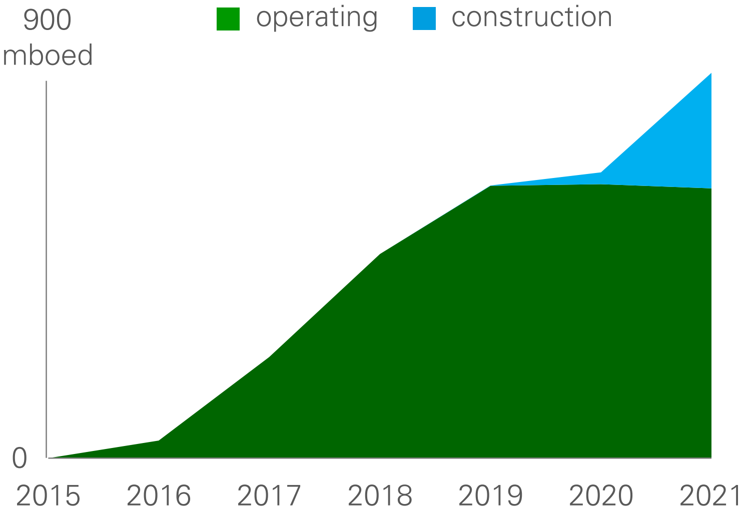
IFRS 16 – 4Q19 impact

Balance sheet[1]	Income statement	Cash flow	Key metrics
Right-of-use assets $9.0bn	Operating lease expenses ~$0.6bn ⬇	Operating cash flow ~$0.5bn ⬆	Gearing 31.1%
Lease liabilities $9.7bn	DD&A $0.5bn ⬆	Capital expenditure ~$0.1bn ⬇	Unit production costs $0.28/boe ⬇
	Interest charge $0.1bn ⬆	Lease payments $0.6bn ⬆	ROACE minor negative impact
	Negligible impact on replacement cost profit	**No impact on free cash flow**	

(1) Closing balance at end of 4Q 2019

Deliver the plan

BP net production from major projects



900mboed
by 2021

35%
greater cash margins than 2015 base[1]

20%
lower development cost than 2015 base

24 delivered, 11 to go

2016
- In Salah Southern Fields ☑
- Thunder Horse Water Injection ☑
- Point Thomson ☑
- Angola LNG ☑
- In Amenas Compression ☑
- Thunder Horse South Expansion ☑

2017
- West Nile Delta – Taurus/Libra ☑
- Trinidad Onshore Compression ☑
- Quad 204 ☑
- Persephone ☑
- Juniper ☑
- Khazzan Phase 1 ☑
- Zohr ☑

2018
- Atoll Phase 1 ☑
- Taas Expansion ☑
- Shah Deniz 2 ☑
- Thunder Horse North West Expansion ☑
- Western Flank B ☑
- Clair Ridge ☑

2019
- Constellation ☑
- Angelin ☑
- West Nile Delta – Giza/Fayoum ☑
- Culzean ☑
- Alligin ☑

2020
- Atlantis Phase 3
- KG D6 R-Series
- Vorlich
- West Nile Delta – Raven

2021
- Cassia Compression
- KG D6 Satellites
- Khazzan Phase 2
- Mad Dog Phase 2
- Tangguh Expansion
- Thunder Horse South Expansion Phase 2
- Zinia 2

FIDs | 2016: 6 | 2017: 3 | 2018: 9 | 2019: 5 | 2020-2021: ~10

(1) *2016-2025 average pre-tax operating cash flow per barrel at flat $52/bbl*