bp fourth quarter and full year 2020

financial results presentation

from IOC
to IEC

Craig Marshall

svp investor relations

Good morning everyone and welcome to bp's fourth quarter and full year 2020 results presentation.

I'm Craig Marshall, senior vice president, investor relations and I am joined today by bp's chief executive officer Bernard Looney, and chief financial officer, Murray Auchincloss.

Cautionary statement

Forward-looking statements - cautionary statement

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

In particular, the following, among other statements, are all forward looking in nature: expectations regarding the COVID-19 pandemic, including the impacts of the pandemic on volume, margin and Downstream performance; expectations with respect to the recovery of around $900 million of COVID-19 impacts on convenience and mobility EBITDA; expectations regarding the macro environment, including outlook for oil and gas prices and demand, and future refining margins; plans and expectations regarding the divestment programme, including the amount and timing of proceeds in 2021, and plans and expectations in respect of reaching $25 billion of proceeds by 2025 and delivering divestments of around 600kboed by 2025; plans and expectations regarding net debt, including deleveraging to $35 billion; expectations regarding operating cash flow, EBITDA growth, cash costs, capital expenditure (including expected capital expenditure of around $13 billion in 2021), Upstream reported production, capital employed in the Energy Transition and Low Carbon, ROACE and EBIDA per share; plans and expectations with respect to dividends, distributions and share buybacks, including the intention of maintaining a fixed dividend of 5.25 cents per ordinary share per quarter and achieving aggregate per share distributions equivalent to over 10 cents per quarter across 2021 through 2025; expectations with respect to the timing of cash outflows, including the timing of severance payments associated with the reinvent programme, annual GOM oil spill payment, and payments in connection with the completion of the offshore wind JV with Equinor; plans and expectations that Lightsource bp projects will deliver returns in the range of 8-10%; expectations to invest over $2 billion in low carbon and grow capital employed in transition and low carbon to over 20% of group by 2025, to invest around $2 billion in convenience and mobility and to invest around $9 billion into oil and gas operations; plans and expectations of achieving a pre-tax savings run-rate of $2.5 billion relative to 2019 during 2021 and achieving $3-4 billion in pre-tax cost savings by 2023; plans and expectations related to bp's carbon and greenhouse gas emissions, including Scope 1, 2 and 3 emissions; plans and expectations to deliver on bp's development pipeline of 11GW; plans and expectations regarding bp's hydrocarbons business, including reaching and maintaining a production cost target of $6/barrel; expectations regarding Upstream reported production in full-year 2021 and through 2025; expectations regarding Downstream refining margins, utilization, marketing volumes and product demand; plans and expectations regarding timing, margin, unit cost, capacity and financial and operating performance of Upstream and Downstream projects scheduled to start up in 2021 (including the commissioning of Raven) and 2022 (including Mad Dog Phase 2, Tangguh Expansion and Cassia Compression); plans and expectations regarding the ramp-up of projects delivered in 2020 (including Ghazeer and Raven) and ongoing conversion of the Kwinana refinery; plans and expectations to reach 900kboed from major projects and to sustain that level of production until at least 2025; plans and expectations regarding joint ventures and other agreements, including bp's Indian fuels and mobility JV with Reliance, bp's partnership with Equinor to develop offshore wind opportunities in the US (including developing 4.4GW of offshore wind power plans as part of such partnership), and bp's partnerships with Amazon, Microsoft, Qantas and the cities of Aberdeen and Houston; expectations with respect to completion of transactions of agreed disposals; plans and expectations related to potential future transactions; expectations regarding the roll out of bp and JV-operated electric vehicle charging points, including plans to grow the number of electric vehicle charging points to over 10,000; plans and expectations regarding bp's convenience and mobility business, including plans to nearly double EBITDA from 2019 to 2030 with ROACE of 15-20%, grow to 5,500 retail sites in India by 2025, expand the Castrol workshop network, expand bp's network of strategic convenience sites by around 10%, and increase the convenience gross margin by 6% and related share of margin from convenience and electrification; and plans and expectations with respect to the implementation and impact of bp's strategic reinvention and redesign of its organization, including the ongoing reduction of approximately 10,000 jobs, and the amount and timing of associated costs.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of bp.

Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including: the extent and duration of the impact of current market conditions including the volatility of oil prices, the impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products as well as the specific factors identified in the discussions accompanying such forward-looking statements; changes in consumer preferences and societal expectations; the pace of development and adoption of alternative energy solutions; the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain acquisitions and divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA and TSC effects; operational and safety problems; potential lapses in product quality; economic and financial market conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought or imposed; the actions of prosecutors, regulatory authorities and courts; delays in the processes for resolving claims; amounts ultimately payable and timing of payments relating to the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; recruitment and retention of a skilled workforce; the success or otherwise of partnering; the actions of competitors, trading partners, contractors, subcontractors, creditors, rating agencies and others; our access to future credit resources; business disruption and crisis management; the impact on our reputation of ethical misconduct and non-compliance with regulatory obligations; trading losses; major uninsured losses; decisions by Rosneft's management and board of directors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks or sabotage; and other factors discussed elsewhere in this report, as well those factors discussed under "Principal risks and uncertainties" in our results announcement for the period ended 30 June 2020 and under "Risk factors" in bp Annual Report and Form 20-F 2019 as filed with the US Securities and Exchange Commission.

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

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

February 2021

3

Before we begin todays presentation, let me first draw your attention to our cautionary statement.

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

I'll now handover to Bernard.

Bernard Looney

chief executive officer

Thanks Craig and hello.

I hope everyone is managing to stay safe and well – and my best wishes go out to all of you and your families.

I think it's fair to say that we are reporting on a tough quarter at the end of a tough year for everyone – a year unlike any we've ever had.

The COVID-19 pandemic has been first a human tragedy, taken lives, and challenged our mental health. It has also impacted the global economy significantly. And we have seen the impact in our sector, where road and air travel are down significantly, as are demand for products and commodity prices.

But looking forward as we must do, I am optimistic, particularly given the vaccines – but also because of the actions we have taken across the company.

Before we discuss that future - let me take a moment to reflect on 2020. It was a pivotal year for bp.

We set a new direction.

Launched a net zero ambition.

Introduced a new strategy to transition from an international oil company to an integrated energy company – and started to execute on it on multiple fronts – including entering offshore wind in the United States.

Began reinventing bp – reshaping it to support the delivery of our strategy.

And through all of this – we focused on performance:

- Our operational teams have kept the energy flowing, with fewer injuries and fewer safety incidents compared to 2019;
- And at levels of efficiency and reliability that are remarkable given the additional challenges;
- We have brought four major oil and gas projects online and seen the completion of a 3,500km gas supply pipeline; and
- We have strengthened our finances, taking out costs and closing some major divestments.

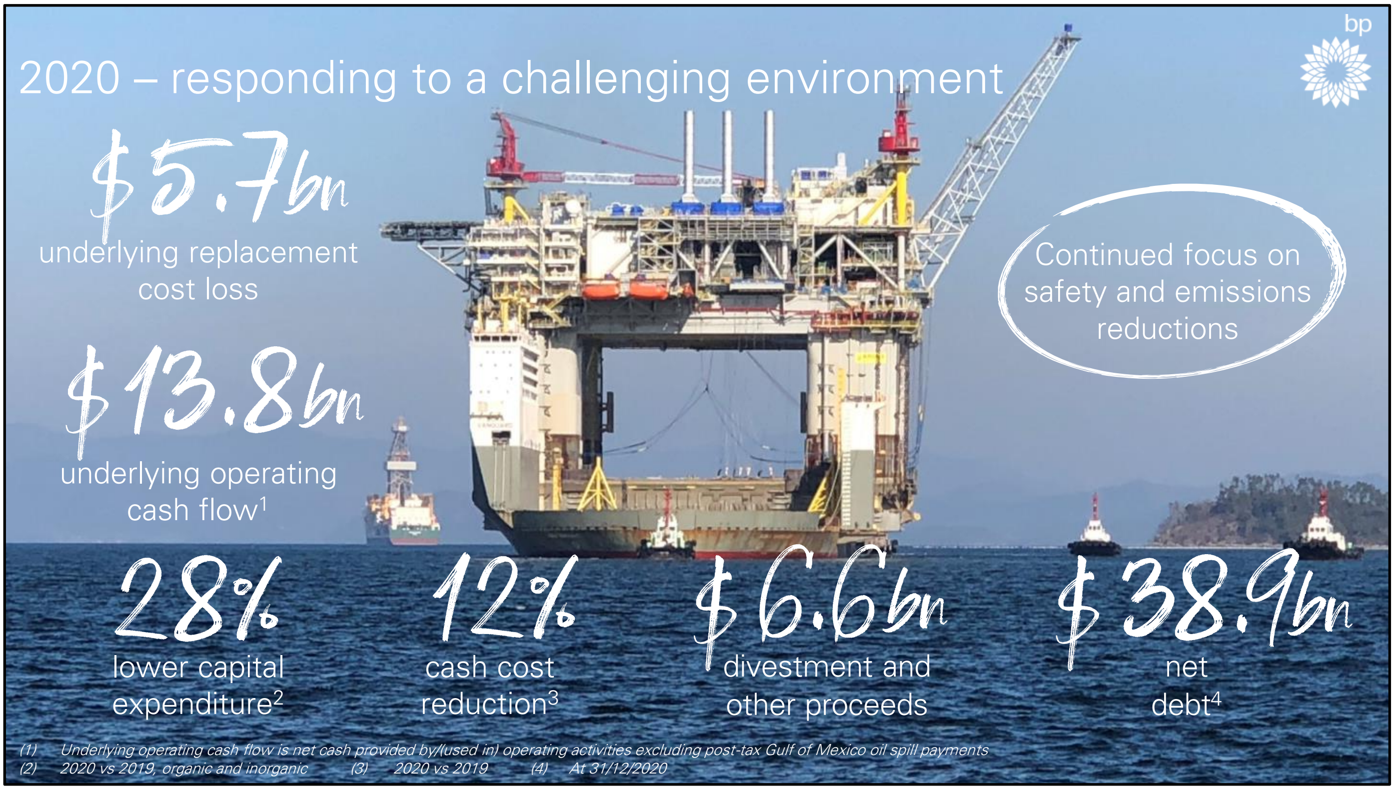
This is great delivery by our team – all the more so given the year we have just had.

And as always we have more to do.

We'll update you on that today and also address some of the big questions we've been asked since our capital markets day in September.

In a minute, Murray will take you through our latest results and the financial frame.

But first, let me recap on some of the key areas of progress.



Turning firstly to our performance in 2020.

Starting with safety as we always do. It's our core value and at the heart of performance across bp.

We had fewer tier 1 and tier 2 process safety events compared with 2019 and fewer people injured at work. An achievement we are proud of, but there is always more to do. And, it is not just about having fewer incidents, but also supporting the welfare of our people, particularly at such a difficult time.

Later this quarter we will release our 2020 Sustainability Report and we expect to report a decrease in our scope 1 and 2 greenhouse gas emissions. We also expect a reduction in the estimated scope 3 greenhouse gas emissions from the carbon in our upstream production, reflecting our strategy to high-grade and focus our hydrocarbons business.

Turning to our financial performance.

For the full year we delivered a $5.7 billion underlying replacement cost loss, with underlying operating cash flow of $13.8 billion.

The result reflects lower oil and gas prices, significant non-cash exploration write-offs taken in the second quarter, resulting from a review of our long-term strategic plans, and lower refining margins and depressed demand due to the pandemic.

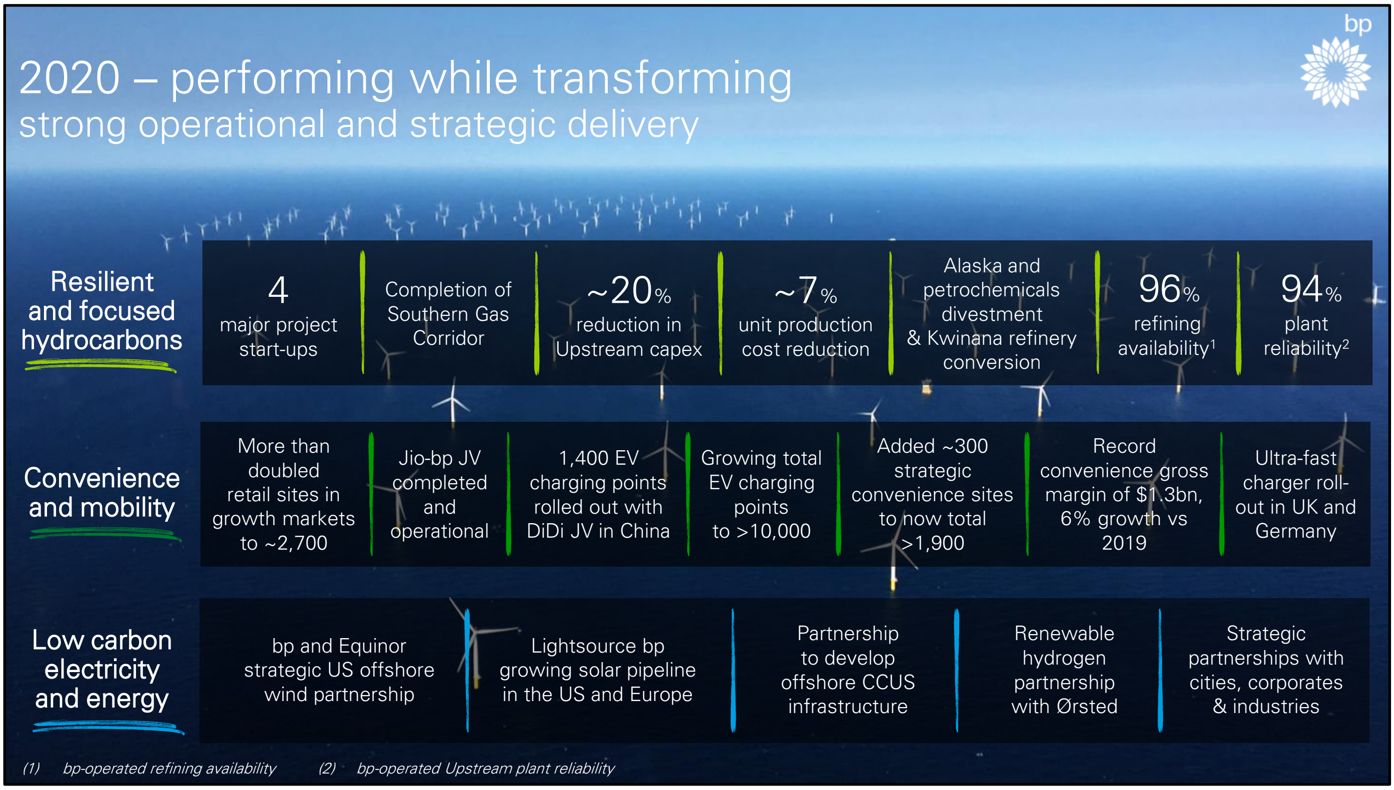
During the year we took a series of decisive actions to strengthen our finances and create a strong foundation from which to advance our strategy:

– In April, we outlined measures to support our cash flow, resulting in a 28% reduction in total capital expenditure and a 12% reduction in cash costs;

– In June, we revised our long-term price assumptions;

- Later that month, we issued our first hybrid bond;
- We received $6.6 billion of divestment and other proceeds during the year; and
- As part of our new financial frame, we introduced a new distribution policy, including a reset dividend.

As a result of these actions, at the end of the year our net debt reduced to $38.9 billion, and we remain confident in reducing this further to our target of $35 billion – Murray will talk about this more shortly.



Turning now to our operational and strategic delivery, where we continue to focus on performing while transforming.

I'd like to draw out a few examples that I think really highlight the progress we have made.

Starting with resilient and focused hydrocarbons, where we delivered four major projects in the year. Since 2016 we have brought 28 major projects online, delivered, on average, on schedule and under budget.

On Raven, wells are online, and we are in the live commissioning phase. Once ramped up, major project capacity is expected to approach 900 thousand barrels of oil equivalent a day, with four more projects scheduled to start-up in 2021.

On the 31 December, first gas flowed from the Shah Deniz field in the Caspian Sea, through the Southern Gas Corridor pipeline, to customers in Europe. This project was delivered ahead of schedule and 25% under budget – an enormous achievement for one of the most complex energy projects in the world.

Responding to the environment, in the Upstream, we delivered 20% lower capital spending than in 2019 with a continued focus on capital efficiency. An example is our Mad Dog 2 project, where we completed six wells using 218 fewer rig days and delivered just over $280 million of savings compared to the sanction case. On Mad Dog 2, sail-away of the Argos floating production unit from the Samsung yard in Korea is imminent. An important milestone for a key project. And with all pre-first oil wells drilled, this further underpins our confidence in delivery.

We have also taken steps to focus and high-grade our portfolio to create value for bp:

– Completing the divestment of our Alaska and petrochemicals businesses, both of which did not compete for capital inside our portfolio;

– Taking the decision to convert our Kwinana refinery in Australia to an import terminal as we focus our portfolio on top-quartile assets; and

– Just yesterday we announced the divestment of a 20% stake in Oman's Block 61 for a total consideration of $2.6 billion while retaining a 40% interest and operatorship.

In convenience and mobility, we continue to make strategic progress:

– Unlocking access to a key growth market with Jio-bp, our Indian mobility JV with Reliance;

– Growing the number of EV charging points to over 10,000, now with more than 1,400 in China through our JV with Didi.

– Adding around 300 strategic convenience retail sites; and

– Increasing our convenience gross margin by 6%.

In low carbon, effective last week we completed the formation of a strategic partnership with Equinor, to pursue offshore wind opportunities in the United States. The partnership initially intends to develop 4.4 gigawatts gross of offshore wind power across four projects, and we have already made great progress. Last month two projects were selected to provide New York state with power, earlier than expected, and subject to contract means three of four projects will have secured offtake.

Lightsource bp continues to grow. It developed 1.4 gigawatts gross to final investment decision, or FID, in the year. It also added around 6 gigawatts gross to its pipeline.

And elsewhere we are pursuing opportunities to partner with corporates, cities and industries looking to decarbonise. We have announced partnerships with Microsoft and Amazon, and with the cities of Aberdeen and Houston.

And last week, we announced our first decarbonisation strategic partnership in the aviation sector, with Qantas. Together, we will seek to reduce carbon emissions and contribute to the development of a sustainable aviation fuel industry in Australia.

These examples highlight the real value we place on partnerships.

Building strong and enduring relationships with partners around the world is part of our heritage and integral to the success of our strategy. By working together with partners who bring complementary skills we can accelerate our low carbon transition.

Let me now handover to Murray to take you through our results and financial frame.

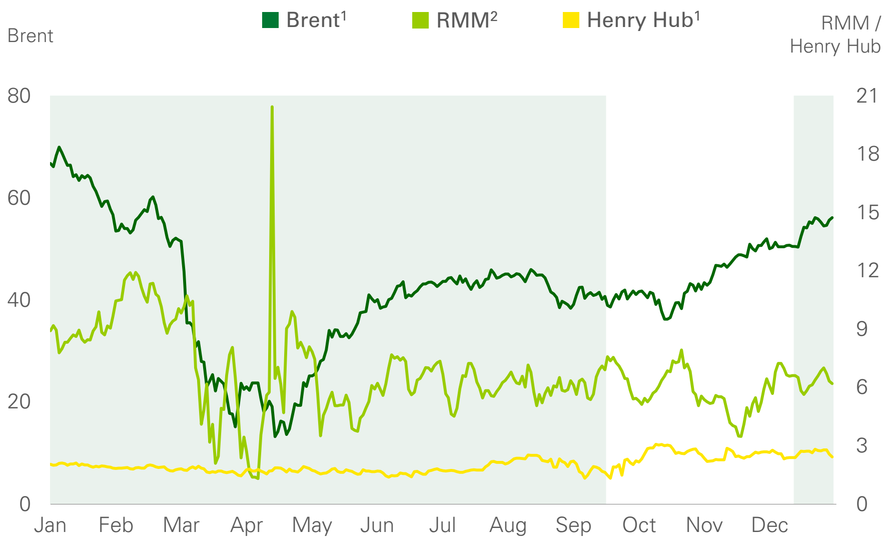
Murray Auchincloss

chief financial officer

Thanks Bernard and good morning everyone.

Environment

Commodity prices $/bbl / $/mmBtu



4Q 2020 vs 3Q 2020

- Average Brent price $44/bbl 3% higher
- bp's average RMM[2] $5.90/bbl 5% lower
- Henry Hub price[3] $2.70/mmBtu ~35% higher

(1) Source: Platts
(2) Refining Marker Margin (RMM) based on bp's portfolio
(3) First of the month index

All data 1 January 2020 to 27 January 2021 9

Turning first to the environment and 2020, without a doubt, a challenging year.

Oil demand fell by around 9 million barrels a day. Production cuts from OPEC+ helped slow the build-up of inventories and cushioned crude oil prices, which averaged $42 in 2020 – 35% lower than 2019. Refining margins were extremely weak, with bp's RMM averaging $6.70 in the year compared with $13.20 in 2019.

Gas demand fell by an estimated 2.5% globally in 2020. All regional gas prices dropped, notably in the second quarter when JKM and NBP prices fell close to Henry Hub levels, discouraging US LNG exports.

Looking ahead, the oil price has risen steadily since the end of October, supported by vaccine rollout programmes and continued supply management by OPEC+. We expect prices to remain supported by active supply management and improving demand as we see the expected benefits of the vaccination roll-out and further virus control measures.

In gas, tightening LNG markets at the end of the year have supported a strong recovery of NBP and JKM prices. US gas markets are likely to benefit from lower production and a recovery in international LNG demand driven by Asia.

And in refining, with a projected demand recovery, and several third-party refinery closure announcements, we see a gradual improvement in the refining margin in 2021 once the stock overhang is absorbed by the market.

4Q 2020 underlying results summary

$bn	4Q19	3Q20	4Q20
Underlying replacement cost profit	2.6	0.1	0.1
Underlying operating cash flow[1]	7.6	5.3	2.4
Underlying RCPBIT[2]			
Upstream	2.7	0.9	0.7
Downstream	1.4	0.6	0.1
Rosneft[3]	0.4	(0.2)	0.3
Other businesses and corporate	(0.3)	(0.1)	(0.1)
Underlying earnings per share (cents)	12.7	0.4	0.6
Dividend paid per share (cents)	10.25	5.25	5.25
Dividend declared per share (cents)	10.50	5.25	5.25

4Q 2020 vs 3Q 2020

- Lower marketing performance with volumes under pressure due to COVID-19
- Significantly lower gas marketing and trading contribution
- Higher Rosneft contribution

(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

Moving then to bp's underlying results.

In the fourth quarter we reported an underlying replacement cost profit of $100 million.

Compared to the third quarter, Downstream performance was significantly impacted by lower marketing performance, with volumes remaining under pressure due to COVID-19, and the continuing pressure on refining margins and utilisation. In addition, the result was impacted by a significantly weaker result in gas marketing and trading and higher exploration write-offs, partially offset by a higher Rosneft contribution and a lower underlying tax charge.

The fourth quarter dividend, payable in the first quarter, remains unchanged at 5.25 cents per ordinary share.

Cash flow and balance sheet

4Q 2020 highlights

- Cash inflow[5] of $1.3bn
- $4.2bn disposal proceeds[1]
- Net debt falls to $38.9bn

(1) Divestments and other proceeds (2) Underlying operating cash flow is net cash provided by/(used in) operating activities excluding post-tax Gulf of Mexico oil spill payments
(3) Lease liability payments (4) Cash dividends paid
(5) Underlying operating cash[2] flow plus divestment and other proceeds less Gulf of Mexico oil spill payments, dividend payments, capex, lease payments and share buybacks

11

Turning to cash flow and the balance sheet.

Excluding oil spill related outgoings, underlying operating cash flow for the fourth quarter was $2.4 billion.

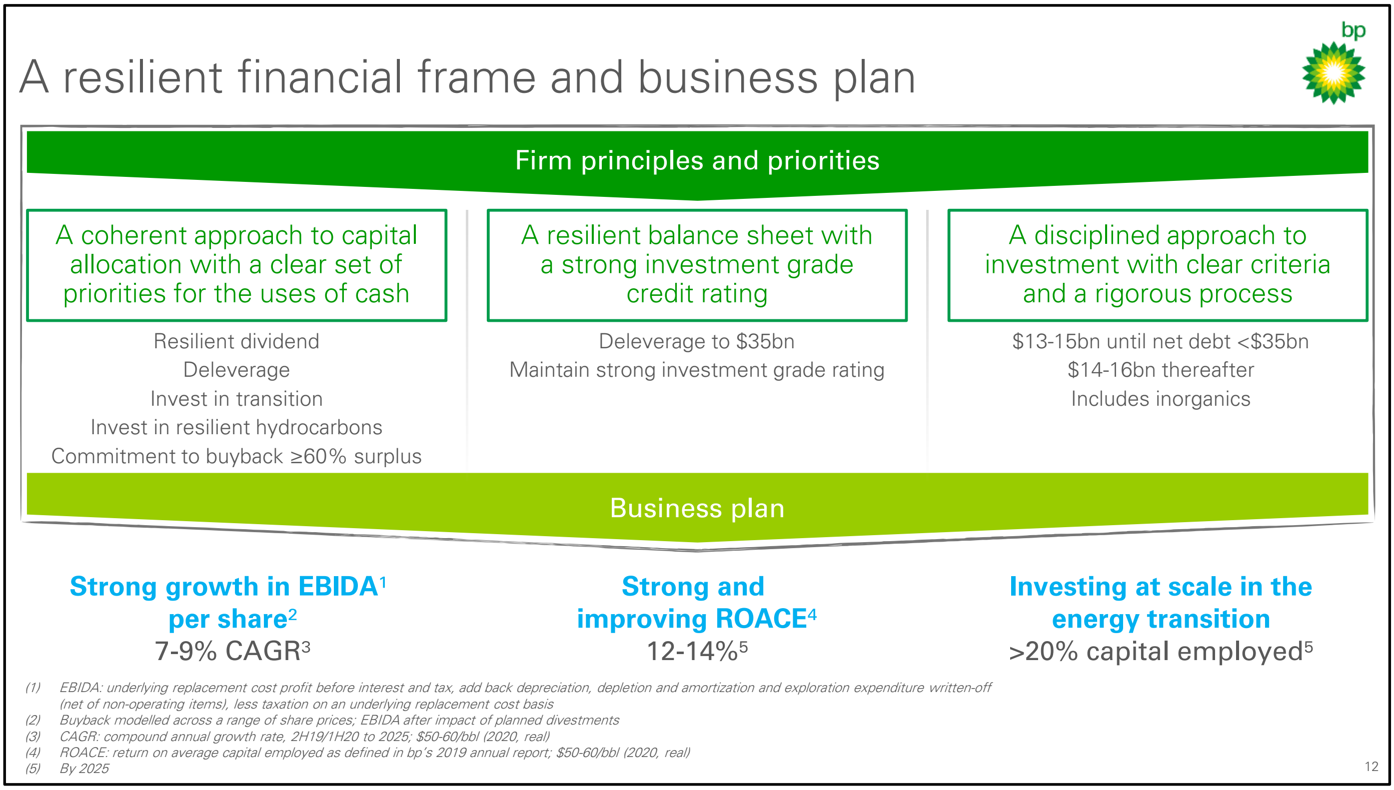
Compared to the third quarter, this reflected:

- The significant impact of lower marketing volumes in the Downstream and a significantly weaker contribution from gas marketing and trading;
- The absence of the working capital release in the third quarter and other working capital effects;
- The absence of the Rosneft dividend; and
- Severance payments for reinvent bp, partly offset by lower tax payments.

Organic capital expenditure was $2.9 billion in the fourth quarter and $12 billion for the year, at the lower end of our targeted range.

Supported by divestment proceeds, including $3.5 billion from the sale of our chemicals business to INEOS, net debt fell by $1.4 billion in the fourth quarter.

At the end of 2020 net debt was $38.9 billion. Benefitting from the issuance of $11.9 billion of hybrid capital in June, this represents substantial progress from $51.4 billion at the end of the first quarter and brings us closer to our targeted $35 billion.



With that summary of 2020, I now want to focus on what comes next.

As laid out last year, we have a new financial frame with three firm principles, a clear set of priorities, and business plan.

Together this is expected to drive strong growth, improved returns and a sustainable reallocation of our capital employed toward the energy transition.

You should be very clear about what to expect from us.

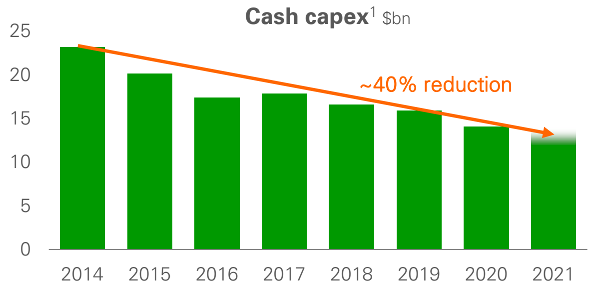
In 2021 we plan to:

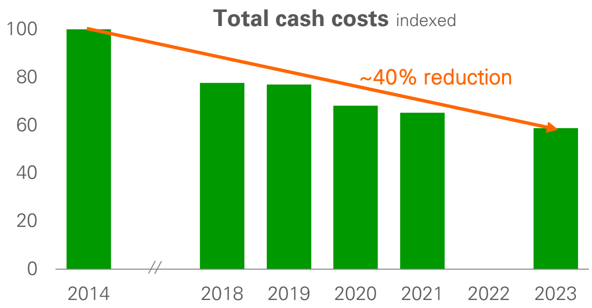
- Pay a resilient dividend;
- Deleverage towards our $35 billion net debt target;
- Drive further cash cost efficiencies through our reinvent bp programme;
- Invest in a disciplined manner to advance our strategic objectives, including increased investment into the energy transition; and
- Deliver on our commitment to commence share buybacks once our net debt target is reached, and subject to maintaining a strong investment grade credit rating.

Let me talk into each of these elements in more detail.

bp

Delivering a disciplined approach to expenditure





- Expect ~$13bn capex in 2021 including inorganics
- Investment in future growth in low carbon electricity & energy and convenience & mobility

- Cash cost reduction of 12% in 2020[2]
- Expect to deliver $2.5bn pre-tax cash cost savings before end-2021[2]
- $3-4bn of pre-tax cash cost savings from reinvent programme expected by 2023[2]

(1) Organic and inorganic cash capital expenditure excluding acquisition of US onshore assets from BHP *(2) Relative to 2019*

13

Starting with our disciplined approach to expenditure.

We have a disciplined approach to capital allocation across all our businesses, testing for strategic fit, affordability within a rigorous capital frame, and quality against stringent hurdle rates.

In 2021 we expect capital expenditure to be around $13 billion including inorganics. We have flexibility within this frame, should the environment deteriorate.

We plan to invest around $2 billion in low carbon, around $2 billion in convenience and mobility, and around $9 billion into our oil, gas and refining operations.

We are also driving efficiency in our cost base.

As Bernard mentioned, 2020 cash costs were down around 12% relative to 2019.

And there is further to go as bp's reinvent programme and associated cost reductions gain momentum.

Total headcount was reduced by around 11% in 2020, as a result of the reinvent programme, net divestments and other efficiencies.

Of the expected headcount reduction of approximately 10,000 associated with the reinvent programme, more than half have already left bp and the remainder will depart during 2021 and early 2022.

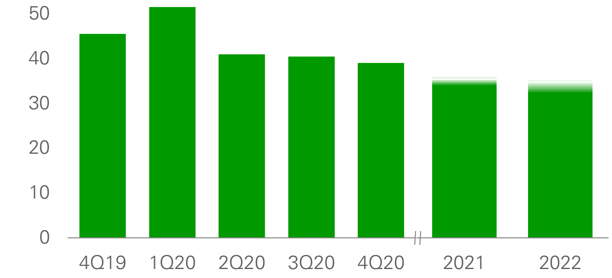
We expect a total provision of around $1.4 billion associated with the reinvent programme and expect the majority of the cash outflow to be incurred during the first half of 2021.

Delivery of this programme supports our confidence in delivering on our cash cost reduction targets:

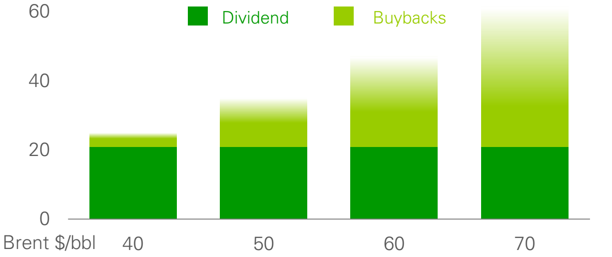
- We now expect to achieve a pre-tax savings run-rate of $2.5 billion relative to 2019 during 2021, ahead of our prior guidance of end-2021;
- And we continue to expect $3 to 4 billion pre-tax cost savings from reinvent by 2023, relative to 2019.

Deleveraging supports committed distributions

Net debt[1] $bn



Per share[4] **distributions**[5] c/sh



- Net debt reduced to $38.9bn at end-2020
- Expect $4-6bn divestment and other proceeds in 2021
- Expect to reach net debt target of $35bn around 4Q21–1Q22 with oil price in the range of $45-50/bbl[1]

- Resilient dividend intended to stay fixed at 5.25 cents per share per quarter[2]
- Commitment to return at least 60% of surplus[3] cash flow via buybacks once net debt target is achieved

(1) Forecast net debt at $45-50/bbl Brent (2020 real) and bp planning assumptions (2) Dividend per ordinary share per quarter, intended to remain fixed at this level, subject to board discretion each quarter (3) Surplus refers to surplus of sources of cash including operating cash flow, JV loan repayments and divestment proceeds, over uses, including leases, Gulf of Mexico oil spill payments, hybrid servicing costs, dividend payments and cash capital expenditure (4) Per share distributions: dividend per share plus total buyback expenditure divided by projected share count (5) 2021-25 average, at reference oil price and bp planning assumptions

14

I now want to update you on our plans to reduce net debt and how this underpins our approach to committed distributions.

During 2021 we expect to continue to reduce our net debt.

Divestments and other proceeds will be an important contributor:

- With yesterday's announcement of a 20% divestment of Oman's Block 61, we have now completed or announced transactions totalling over half of our target of $25 billion of proceeds by 2025; and

- We expect to deliver between $4 to 6 billion of proceeds in 2021, of which around $4 billion have already been announced or completed. We expect the realisation of proceeds to be weighted toward the second half of the year.

Turning to net debt.

We continue to expect to reach our $35 billion net debt target sometime around 4Q21 and 1Q22. This assumes oil prices in the range of $45 to 50 a barrel and bp planning assumptions for RMM and gas prices.

In the first half of the year we expect net debt to increase, as:

- Operating cash flow is expected to recover from the fourth quarter, benefiting from stronger oil prices, slightly higher production and a recovery in trading performance;

- However, we expect a heavier weighting of cash outflows in the first half of the year as we incur the majority of severance payments associated with the reinvent programme, make our annual Gulf of Mexico oil spill payment, and make the final payment relating to our US offshore wind JV with Equinor.

In the second half of the year net debt is then expected to fall, supported by:

– The absence of first-half specific outflows already noted;

– A further improvement in operating cash flow supported by Upstream delivery, easing of COVID-19 impacts on downstream performance and further cost savings from reinvent; and

– With the receipt of the second half -weighted divestment proceeds.

As a reminder, on reaching $35 billion net debt this will trigger our commitment to commence buybacks from at least 60% of surplus cash flow, subject to maintaining a strong investment grade credit rating.

This creates direct exposure to the delivery of our business plan and higher commodity prices.

Subject to the board's decision each quarter, we intend to maintain a fixed dividend of 5.25 cents per ordinary share per quarter – our first call on funds.

Together with our buyback commitment, this means that in aggregate across 2021-25 we expect to deliver per share distributions equivalent to over 10 cents per quarter at around $55 Brent and bp planning assumptions, with upside to higher prices.

Medium term financial frame

	2019	2020	2021 plan	2025 plan
Upstream reported production (ex. Rosneft)	2.6mboed	2.4mboed	lower than 2020 slightly higher underlying basis	~2.0 mboed
Capital expenditure	$19.4bn $15.2bn ex. inorganic	$14.1bn $12bn ex. inorganic	~$13bn	$14-16bn
Cash cost saving (vs 2019)	N/A	12% reduction	$2.5bn before end-2021	$3-4bn in 2023 from reinvent bp[1]
Divestment and other proceeds	$2.8bn	$6.6bn inc. $4.8bn in 2H20	$4-6bn	$25bn 2H20-2025
Net debt	$45.4bn	$38.9bn	$35bn around 4Q21-1Q22 at $45-50/bbl[2]	maintain a strong investment grade credit rating
ROACE[3]	8.9%	(3.8%)	12-14% by 2025[4]	
EBIDA per share[5]	156¢	95¢	7-9% CAGR by 2025[4] vs 2H19-1H20	
Distributions	41¢/share	31.5 ¢/share	5.25¢/sh per quarter[6] plus share buyback policy	

(1) Relative to 2019 (2) At bp planning assumptions (3) ROACE: return on average capital employed as defined in bp's 2019 annual report
(4) $50-60/bbl (2020 real), at bp planning assumptions (5) EBIDA: underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), less taxation on an underlying replacement cost basis (6) Dividend per ordinary share per quarter, intended to remain fixed at this level, subject to board discretion each quarter

15

Taken together, these measures underpin our financial frame and business plan.

This slide summarises the progress that we've made toward our key points of guidance and targets. You should think of this as our annual financial scorecard and part of our commitment to transparency.

Further detail on our guidance for 2021, including the first quarter, can be found in today's SEA and are summarised in the appendix to this presentation.

Translating strategic themes to our new reporting structure

	Oil production & operations	Customers & products	Gas & low carbon energy	Other business & corporate including innovation & engineering
Resilient and focused hydrocarbons[1]	• Oil production	• Refining	• Gas production	
Convenience and mobility		• Fuels (developed markets) • Fuels (growth markets) • Castrol • Convenience • Electrification • Future mobility solutions		
Low carbon electricity and energy			• Integrated gas & power • Low carbon electricity • Bio-energy • CCUS • Hydrogen	
Integrators		• Trading (oil)	• Trading (gas) • Trading (low carbon)	• Regions cities & solutions • Digital adjacencies - Ventures - Launchpad
				• Corporate & functions

(1) Rosneft will continue to be reported separately

And finally, that scorecard will be underpinned by a significant evolution in our external disclosures.

As of 1 January 2021, our new organisational structure became effective and we start reporting on this basis with 1Q 2021 results.

This matrix reminds you where our businesses sit within the new reporting structure and how they map to our strategic focus areas.

In early March, we plan to release restated financial and operational data for the new business – including two years of historical data – together with supporting materials to help you understand our new disclosure framework.

Disclosures will include certain elements below the business group level to help model and benchmark our business.

The disclosures will help you track our strategic progress and we believe will enhance the understanding of, and provide transparency around, how to model and value our business.

Let me now hand back to Bernard.

Bernard Looney

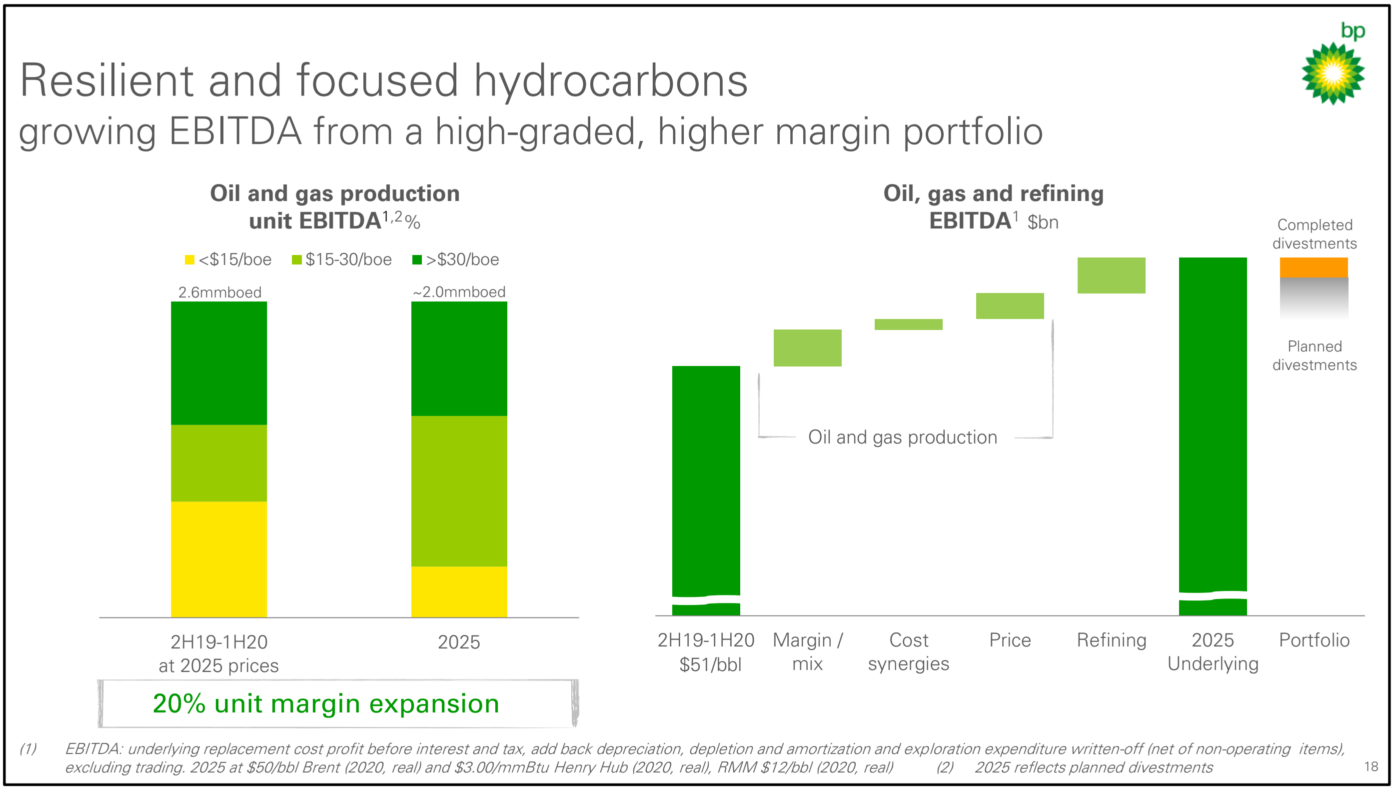
chief executive officer

Thank you, Murray.

I'm now going to spend a bit of time addressing some of the questions we've received following our Capital Markets Day in September last year.

In doing so, I'm going to focus on each of our three strategic themes in turn:

- Highlighting some of the key messages we provided;
- Outlining the progress we've made during 2020; and
- Explaining what you can expect from us in 2021.



I want to start with resilient and focused hydrocarbons – the cash engine of bp.

A distinctive part of the strategy we have outlined is our intention to shrink our oil and gas production and refining footprint over this decade.

This is expected to help us deliver absolute emissions reductions, reallocate capital, and focus on value.

But some of you have expressed concern about what this means for our ability to deliver the cash flow the group needs to transform.

So, I want to be very clear, we expect to grow EBITDA to 2025 – both headline and underlying – from a high-graded, higher margin and smaller portfolio.

So, why should you have confidence in this statement?

The answer lies in three things:

- Number 1. A 20% expansion in oil and gas unit margin;
- Number 2. Delivery of cost synergies; and
- Number 3. A high-graded refining portfolio.

Starting with the 20% margin expansion. We expect to deliver this through:

- Project delivery;
- Investment decisions;
- Operational improvements; and

- Portfolio choices.
- Taking each in turn.

We continue to deliver from high-margin major projects.

- 28 major projects are currently online, with the 29th, Raven, in the live commissioning phase;
- During 2021 we expect a further four start-ups and to ramp-up Ghazeer and Raven, underpinning confidence in reaching the 900 thousand barrels oil equivalent a day from major projects; and
- With Mad Dog Phase 2, Tangguh Expansion and Cassia Compression planned to start in 2022 we expect to sustain that level of production until at least 2025;

We plan to drive value through our investment decisions as we focus on near field opportunities and optimise a deep and low-cost resource base.

Within this resource base there are 20 years of investment choices identified at an average development cost of just $9 a barrel. This compares to a 2020 unit DD&A rate of over $14 a barrel.

Simply put, we can do more with less, driving capital productivity as we concentrate on near-field opportunities and manage our business toward a lower, more efficient R/P ratio of around eight years.

We plan to drive value through improved plant reliability with a goal of reaching 96% by 2025.

And finally, we intend to divest lower margin assets which don't compete for capital within our focused investment frame. We are not in a rush and will do this when we can secure the right value.

The result will be a more focused, higher margin portfolio. By 2025 we expect eight core positions to account for over 80% of production and EBITDA.

Moving to number 2, cost synergies.

We are changing the way we work, becoming more centralised, more digitally enabled and more agile – lowering costs and speeding-up cycle times.

- We are on track to deliver $1.5 billion of savings from reinvent bp from our hydrocarbon business by 2023. Around half from our oil and gas operations, and the remainder from our refining portfolio.
- And we are already close to our production cost target of $6 a barrel – a level we aim to maintain.

Finally, number 3, refining.

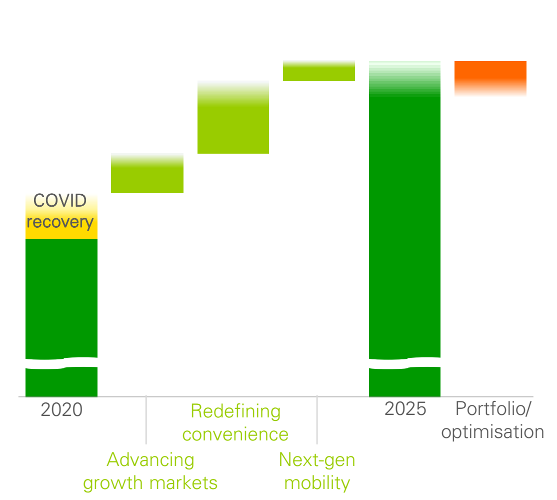
We already have a concentrated, high-quality portfolio operating with high levels of availability. But there is more we can do. We intend to high-grade the portfolio, drive synergies from our new operating model and continue to pursue an unrelenting focus on operational excellence.

Taken together, these actions support our plan to move our portfolio to top-quartile net cash margin by 2025. This will strengthen our resilience and increase leverage to an expected improvement in the refining environment over the medium-term, and as the world emerges from the COVID pandemic.

I hope this helps you see why we have confidence in this plan.

Convenience and mobility
customer focused growth

EBITDA[1] growth $bn



	2019	2020	2025	2030
Customer touchpoints per day (million)	>10	11.5	>15	>20
bp retail sites in growth markets[2]	1,270	2,700	7,000	>8,000
Castrol revenues ($bn)	>6.5	5.4	~7.5	>8.0
Strategic convenience sites[2]	>1,600	1,900	>2,300	>3,000
EV charge points[2]	>7,500	10,100	>25,000	>70,000
Margin share from convenience and electrification[3] (%)	~25	27.6	~35	~50
Capital expenditure ($bn)	1.5	2.2	2.0 - 2.5	

(1) EBITDA: underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), excluding trading, at bp planning assumptions (2) 2020 reported to nearest 100 (3) As a ratio of total consumer energy (retail fuels and electrification) and convenience margin (excludes equity accounted entities)

19

Turning next to convenience and mobility.

With a continued focus on the customer, this business is an important contributor to our growth and returns objectives.

By 2030 we aim to nearly double the $5 billion EBITDA delivered in 2019, while generating ROACE of between 15 and 20%.

Some have asked why we believe we can do this. Especially given the transition in the energy system and uncertainty around oil product demand.

Here is how I think about that question.

First, we are building on a strong foundation.

This is a business with:

– Scale and a track record of growth – we realised around $5 billion EBITDA in 2019 – around 7% per annum EBITDA growth between 2014 and 2019;

– Resilience – 2020 was a tough environment with around $900 million of COVID-19 impacts. Despite this, we achieved a record year in our convenience business, growing gross margin by 6%. We expect COVID impacts to reverse over time, as restrictions are lifted. And looking ahead, we see further opportunities to build resilience as we digitise the business to drive efficiency and grow margin; and

– Excellent returns – we have consistently generated ROACE of 20% or more.

Second, our strategic focus areas offer real growth potential. We plan to:

– Scale-up our differentiated offers in growth markets;

- Redefine convenience in key focus markets; and
- Scale-up next-gen mobility solutions, including electrification, sustainable fuels and hydrogen.

We are confident about this, because we have businesses which are adaptable and can thrive in the energy transition and leverage our quality brands, partnerships, global scale and deep know-how.

Third, we've made good progress in the last twelve months:

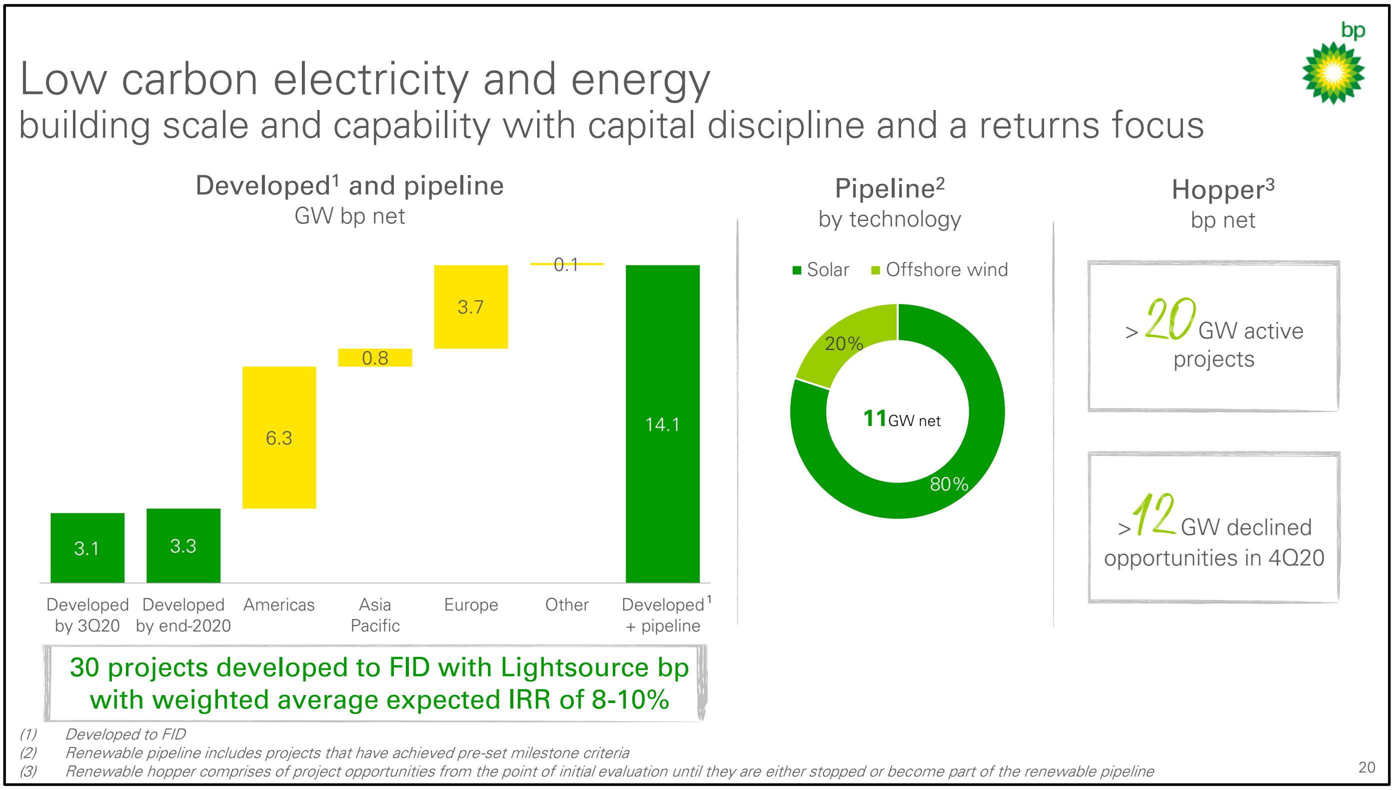
- More than doubling the number of retail sites in growth markets;
- Growing the number of strategic convenience sites to more than 1,900, delivering a record $1.3 billion convenience gross margin; and
- Increasing the number of electric charge points to more than 10,000;

Taken together this gives us confidence in our growth plans to 2025 and beyond.

Looking to 2021, you should expect another strong year of strategic progress:

- We will continue to expand in growth markets. Rolling out Jio-bp branded stations in India, with 5,500 stations expected in this market by 2025;
- We plan to increase investment in our Castrol brand to drive growth and value, and further expand our 28,000 strong network of branded independent workshops;
- We expect to grow our margin from convenience and electrification, supported by a planned further expansion of around 10% in our network of strategic convenience sites and the continued roll-out of ultra-fast charge points across our retail sites in the UK and Germany; and
- We will evolve and personalise our customers' experience by further enhancing our digital and loyalty offers.

Finally, as Murray mentioned, we plan to provide enhanced disclosures in early March. This will allow you to better understand why we think these businesses are so valuable.



Moving finally to low carbon electricity and energy.

We are very clear about where we can add value here, and we have four focus areas – low carbon electricity, integrated gas, bioenergy, and hydrogen and CCUS.

Since unveiling our strategy, you've raised some questions about low carbon electricity.

In particular, whether we can meet *both* our volume and returns objectives.

So today I'm going to focus on three questions that we've heard.

The chart here shows bp's projects, pipeline and hopper on a net basis.

Question one: Will we really put value over volume?

Emphatically yes.

Capital discipline is central to our growth agenda.

We are clear that value creation will come from the quality of the opportunities that we mature through our hopper into our development pipeline.

And we will only pursue opportunities that we believe can generate disciplined project returns of at least 8-10%.

Let me give you an example. In the second half of 2020 our teams evaluated an option to acquire a pipeline of solar assets in the US. This opportunity had real scale and could have significantly added to our existing pipeline. But despite making it to the final few bidders - we withdrew because the purchase price did not underpin our returns expectations. In the fourth quarter alone, we took the decision not to advance over 12 gigawatts of opportunities.

Question two: Are there projects available that meet our returns hurdles?

Absolutely.

At the end of 2020, we had developed a total of 3.3 gigawatts net. This includes projects in our strategic JV, Lightsource bp, which has developed around 30 projects to FID with weighted average expected returns in the range of 8-10%.

And with our US offshore wind joint venture we reached a major milestone with the announcement of the power offtake agreements. These significantly de-risk the projects, reducing cycle time and creating certainty over future revenues early in the investment cycle. This means we are even more optimistic about the value opportunity than when we entered the agreement in September.

Question three: Can you find enough projects to meet your volume objective?

We're making great progress:

- On top of the 3.3 gigawatts I've just described, we have a strong pipeline of around 11 gigawatts of options being developed;
- We have projects in our pipeline across nine countries;
- Our developed assets plus pipeline grew by around 90% in 2020; and
- We have a hopper of a further 20 gigawatts of active opportunities under evaluation.

In addition, the formation of our strategic partnership with Equinor has completed, and I believe has a great future – leveraging the capability and experience of both companies.

As I said earlier, the partnership intends to develop 4.4 gigawatts gross of offshore wind power from four initial projects in the US. In January two projects were selected to provide 2.5 gigawatts of power to the state of New York. This means that alongside an 800-megawatt agreement already in place, and subject to negotiation of a purchase and sale agreement, we will have secured offtake for 3.3 gigawatts across three projects, significantly de-risking the investment opportunity. Beyond the initial four projects, the partnership expects to participate in future developments in the US.

Turning to solar. Dev Sanyal calls Lightsource bp an execution powerhouse and I agree.

This partnership brings together the global reach of bp and the project development experience of Lightsource.

- In the last three years Lightsource bp has expanded its global presence from 5 to 14 countries and grown its pipeline from 1.6 to 17 gigawatts;

- And in the last three months alone it has developed almost 400 megawatts to FID across four projects in the US and UK…

- …and has just completed construction on Project Impact in Texas, bringing 260 megawatts to the US market through a long-term trading contract with our trading and shipping division – a great example of integration;

As well as this, in just the last two weeks Lightsource bp has acquired a one gigawatt pipeline from RIC Energy and signed a deal with Verizon to build the 152 megawatt Bellflower Solar project in Indiana which will add to our active projects and pipeline mentioned earlier.

Many of you have asked for tangible examples – here is one.

Based in the Zaragoza province, Vendimia is a cluster of five solar plants and is Lightsource bp's first major project in Spain.

The project was developed to FID at the end of 2019 and is currently under construction. It is expected to come online in a few months, evidence of the execution capability and the speed at which Lightsource bp can complete solar projects.

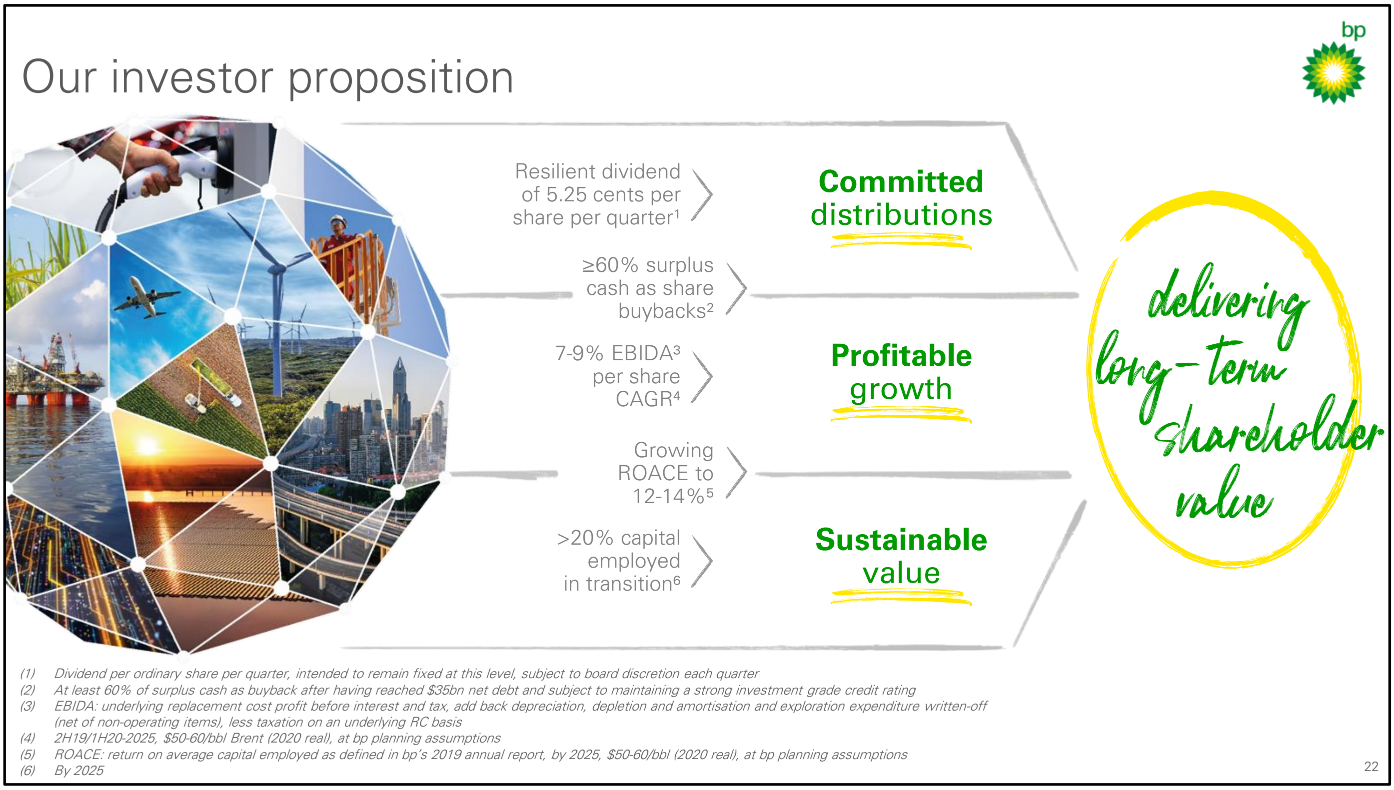
Once online it is expected to bring 247 megawatts of renewable generating capacity to the region providing clean energy to around 50 thousand homes.

As you would expect, the project uses efficient structured financing.

But what is really exciting is the seven-year PPA locked in with our Trading and Shipping business – a great example of how we are using the power of Integration to optimise returns across the value chain.

And Lightsource bp intends to continue its growth in Spain through the recently announced acquisition of a one gigawatt development pipeline from which it hopes to mature projects toward FID in the near future.

In summary, I hope that by highlighting our discipline when approaching new projects, alongside the momentum in solar and offshore wind, I have given you confidence in our ability to grow our renewables business while maintaining disciplined returns.



Let me then briefly sum up before we take your questions.

This has certainly been a challenging quarter at the end of a difficult year.

But today's presentation also shows just how far we have come in reinventing bp.

We are focused on executing our plan step by step – day by day – all while focusing on performing while transforming.

Through extraordinary circumstances we have delivered:

- Safe and reliable operations;
- Strong operational delivery;
- And comprehensive progress on our strategy and our plan to reinvent the company.

We recognise that we are a transitioning company – one of many across the economy. And one of several in our sector.

We have the ambition to become a net zero company.

But our transition will not happen overnight.

We are not yet green, but we are greening.

And we are committed.

Not just because it is the right thing to do for the planet.

But because it is a tremendous business opportunity.

And we believe one that will deliver long-term shareholder value.

Thank you everyone – and over to you for questions.

Q&A

Bernard Looney
CEO

Murray Auchincloss
CFO

Craig Marshall
SVP IR

Appendix

Guidance

Full year 2021

Upstream reported production (ex. Rosneft)	Lower than 2020 due to the impact of the ongoing divestment programme
Upstream underlying[1] production (ex. Rosneft)	Slightly higher than 2020 due to the ramp-up of major projects, primarily in gas regions, partly offset by the impacts of reduced capital investment and decline in lower-margin gas assets
Total capital expenditure	~$13bn
DD&A	Similar level to 2020
Gulf of Mexico oil spill payments	~$1bn post-tax
OB&C[2] underlying annual charge	$1.2-1.4bn Quarterly charge may vary quarter to quarter
Underlying effective tax rate[3]	>40%

1Q21 vs 4Q 2020

Oil and gas production

- Slightly higher reported production

Refining

- Industry refining margins and utilisation to remain under pressure

Marketing

- Renewed COVID-19 restrictions to have a greater impact on product demand
- January retail volumes down by around 20% year on year

(1) Underlying production: the actual reported number will depend on divestments, OPEC quotas, and other factors
(2) OB&C: Other businesses and corporate
(3) Underlying effective tax rate is sensitive to the impact that volatility in the current environment may have on the geographical mix of the group's profits and losses

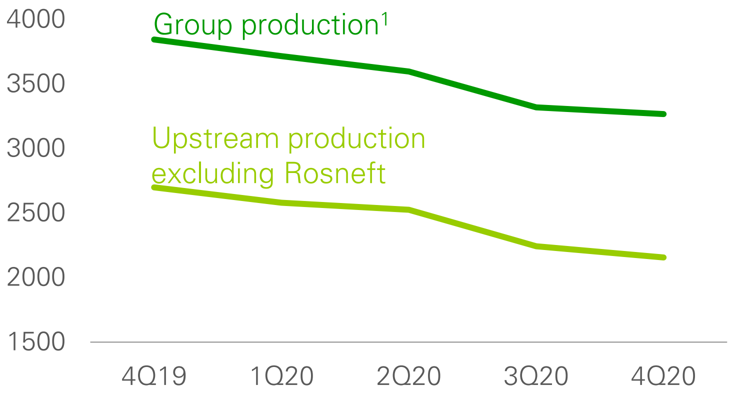
4Q 2020 summary

$bn	4Q19	3Q20	4Q20	% Y-o-Y	% Q-o-Q
Upstream	2.7	0.9	0.7		
Downstream	1.4	0.6	0.1		
Other businesses and corporate	(0.3)	(0.1)	(0.1)		
Underlying business RCPBIT[1]	**3.9**	**1.4**	**0.7**	(81%)	(47%)
Rosneft[2]	0.4	(0.2)	0.3		
Consolidation adjustment – unrealised profit in inventory	0.0	0.0	(0.1)		
Underlying RCPBIT[1]	**4.3**	**1.2**	**1.0**	(77%)	(22%)
Finance costs[3]	(0.8)	(0.6)	(0.6)		
Tax	(1.0)	(0.4)	(0.2)		
Minority interest	0.0	(0.1)	(0.1)		
Underlying replacement cost profit	**2.6**	**0.1**	**0.1**	(96%)	34%
Underlying effective tax rate[4]	27%	64%	40%		
Underlying operating cash flow[5]	7.6	5.3	2.4	(69%)	(56%)
Underlying earnings per share (cents)	12.7	0.4	0.6	(96%)	34%
Dividend paid per share (cents)	10.25	5.25	5.25	(49%)	0%
Dividend declared per share (cents)	10.50	5.25	5.25	(50%)	0%

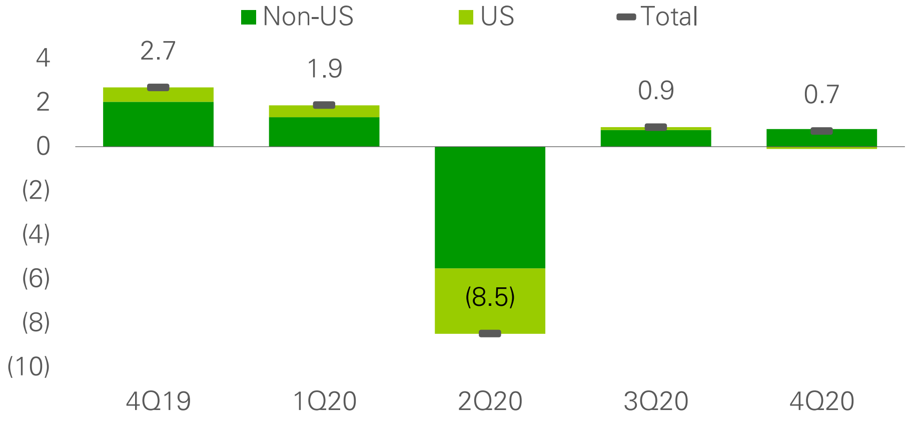
(1) Replacement cost profit before interest and tax (RCPBIT), adjusted for non-operating items and fair value accounting effects
(2) bp estimate of Rosneft earnings after interest, tax and minority interest
(3) Finance costs and net finance income or expense relating to pensions and other post-retirement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

Upstream

Volume mboed



Underlying RCPBIT[3] $bn



Realisations[2]	4Q19	3Q20	4Q20
Liquids ($/bbl)	56	38	38
Gas ($/mcf)	3.1	2.6	3.1

4Q 2020 vs 3Q 2020

- Significantly weaker gas marketing and trading
- Higher exploration write-offs
- Lower volumes/product mix impact

Partially offset by

- Higher liquids and gas realisations

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

Downstream

96%

Refining availability[1]

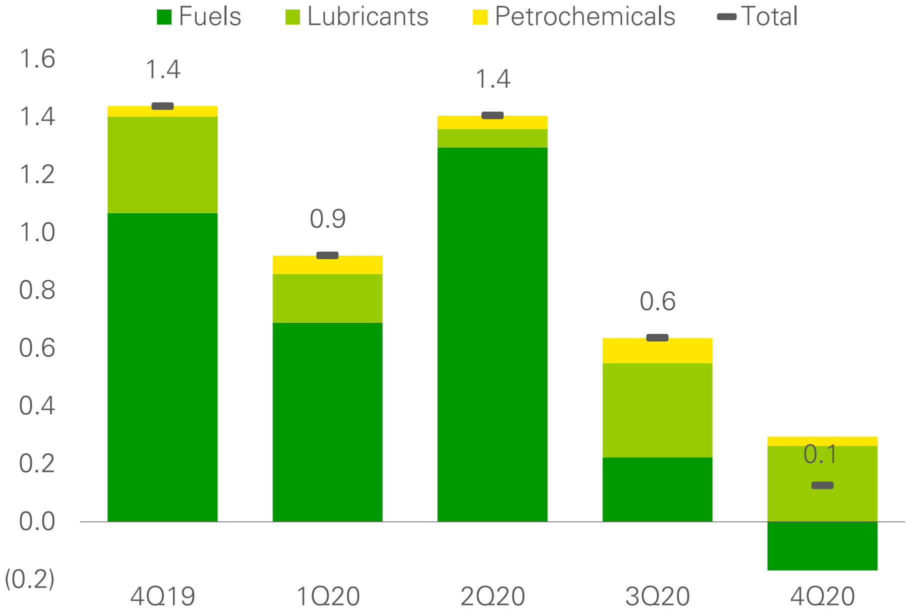
3Q20: 96%

Refining environment	4Q19	3Q20	4Q20
RMM ($/bbl)	12.4	6.2	5.9

4Q 2020 vs 3Q 2020

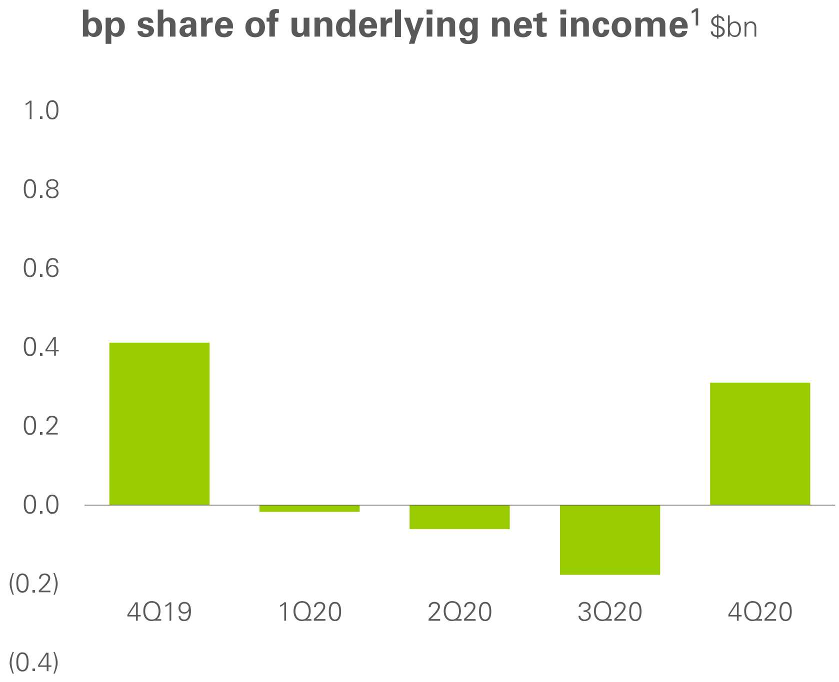
- Lower marketing performance, with volumes remaining under pressure due to COVID-19
- Continued pressure on refining margins and utilisation; and
- A higher level of turnaround activity

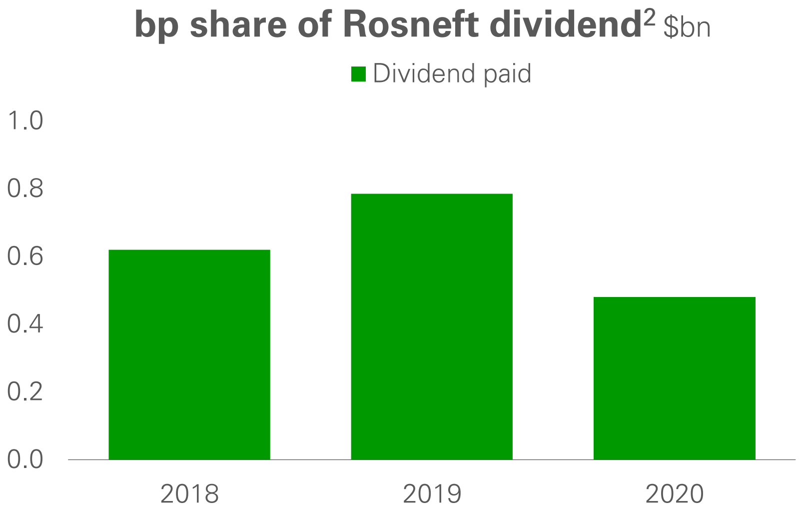
Underlying RCPBIT[2] $bn



(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; 4Q20 represents bp estimate*
(2) *From 2018, represents bp's share of 50% of Rosneft's IFRS net profit*
(3) *Average daily production for 4Q20*