2Q 2017 Results

1 August 2017

Hello and welcome. This is BP's second-quarter 2017 results webcast and conference call.

I'm Jess Mitchell, BP's Head of Investor Relations and I'm here with our Group Chief Executive, Bob Dudley, and our Chief Financial Officer, Brian Gilvary.

Before we start, I need to draw your attention to our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), 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 – 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 future oil prices and supply and demand, including the potential for continued OPEC and non-OPEC production cuts; expectations with regard to industry refining margins, crude oil differentials and turnaround activity in the third quarter of 2017; expectations with respect to the refining margins and development costs of new projects; expectations with respect to Downstream refining margins, earnings growth, free cash flow and returns through 2021; expectations with respect to Upstream reported production in the third quarter of 2017; expectations regarding the ramp-up of Upstream production through 2018; expectations with respect to future Upstream unit production costs and pre-tax cash flow; expectations with respect to BP's share of Rosneft's production in the second quarter of 2017; expectations with respect to the timing and amount of future payments relating to the Gulf of Mexico oil spill; plans and expectations with respect to Upstream projects, investments and activities in Egypt, Trinidad, Oman, and Australia; expectations regarding Upstream production in the third quarter of 2017; plans and expectations that BP will add more than 1 million barrels per day of new oil equivalent production by 2021 from 2016, including 800 thousand barrels per day from major project start-ups and around 200 thousand barrels per day from recent portfolio additions; expectations regarding operating cash flow, the cash flow impact of restructuring charges, organic capital expenditure, inorganic cash outflow, divestment proceeds, the average underlying quarterly charge and the effective tax rate; plans and expectations to target gearing within a 20-30% band; plans and expectations to reduce the organic cash balance point to around $35-40 per barrel by 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 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; 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 the results announcement for the period ended 30 June 2017 and "Risk factors" in BP Annual Report and Form 20-F 2016 as filed with the US Securities and Exchange Commission.

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

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

August 2017

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.

Thank you, and now over to Bob.

Thank you, Jess.

Agenda

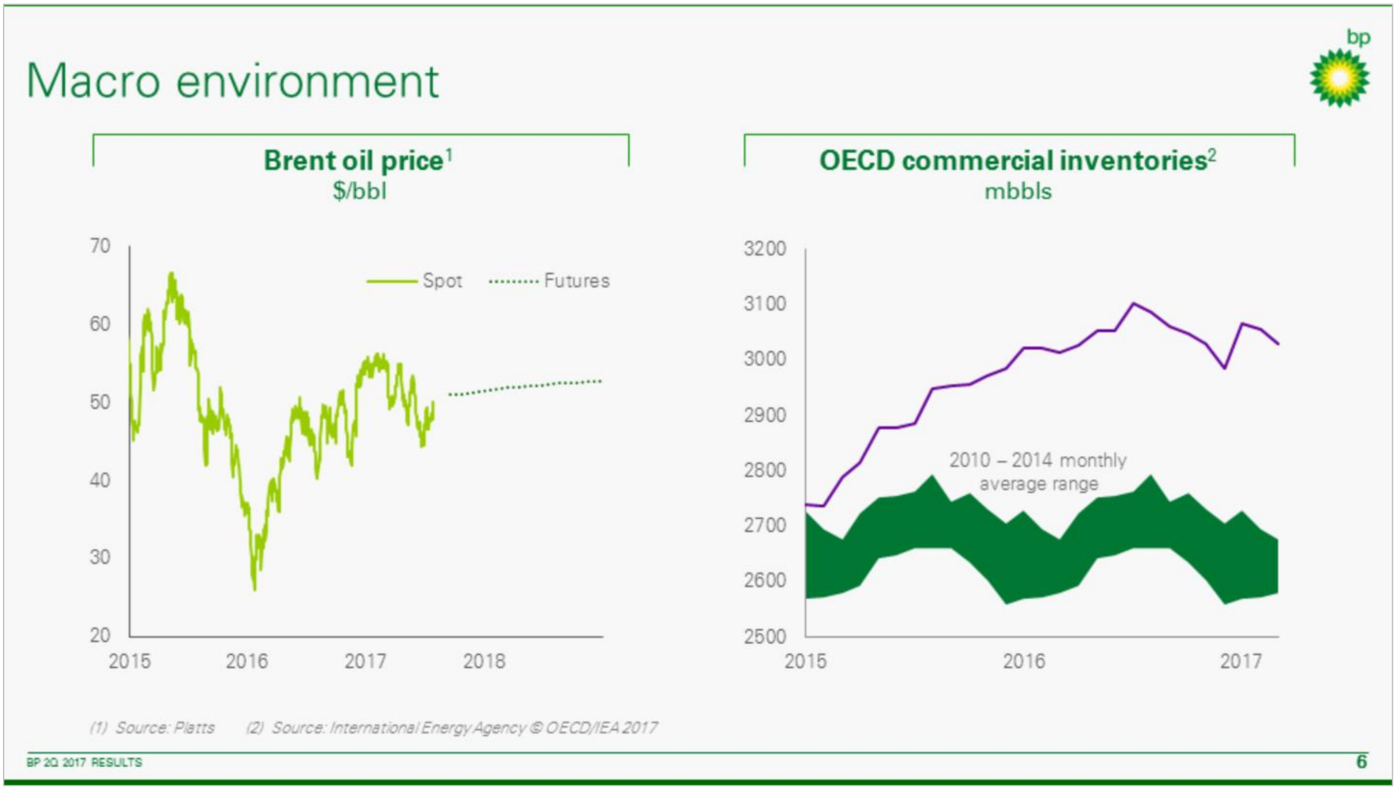
- Environment
- Overview
- 2Q 2017 Results
- Financial frame
- Business update
- Q&A

Good morning everyone and thank you for joining us.

Today we are here to report on our results for the second quarter. The environment continues to challenge us. At the same time it has been another quarter of solid operational delivery in all of our businesses. In the Upstream we are safely and efficiently executing on our suite of major projects start ups for the year and the Downstream is showing resilient performance while also bringing on growth. Most notably, it has been another quarter of solid underlying operating cash delivery for the Group of $6.9 billion, despite the weaker environment. On an organic basis, we were able to balance our sources and uses of cash this quarter.

For today, I'll start by looking in more detail at the environment and we'll also look at how the plans we have in place are fit and flexible to respond to the continuing uncertainty.

As usual, Brian will take you through the detail of our second-quarter numbers and a reminder of our financial frame and guidance. I'll come back to update you on our Upstream and Downstream businesses before we take your questions.



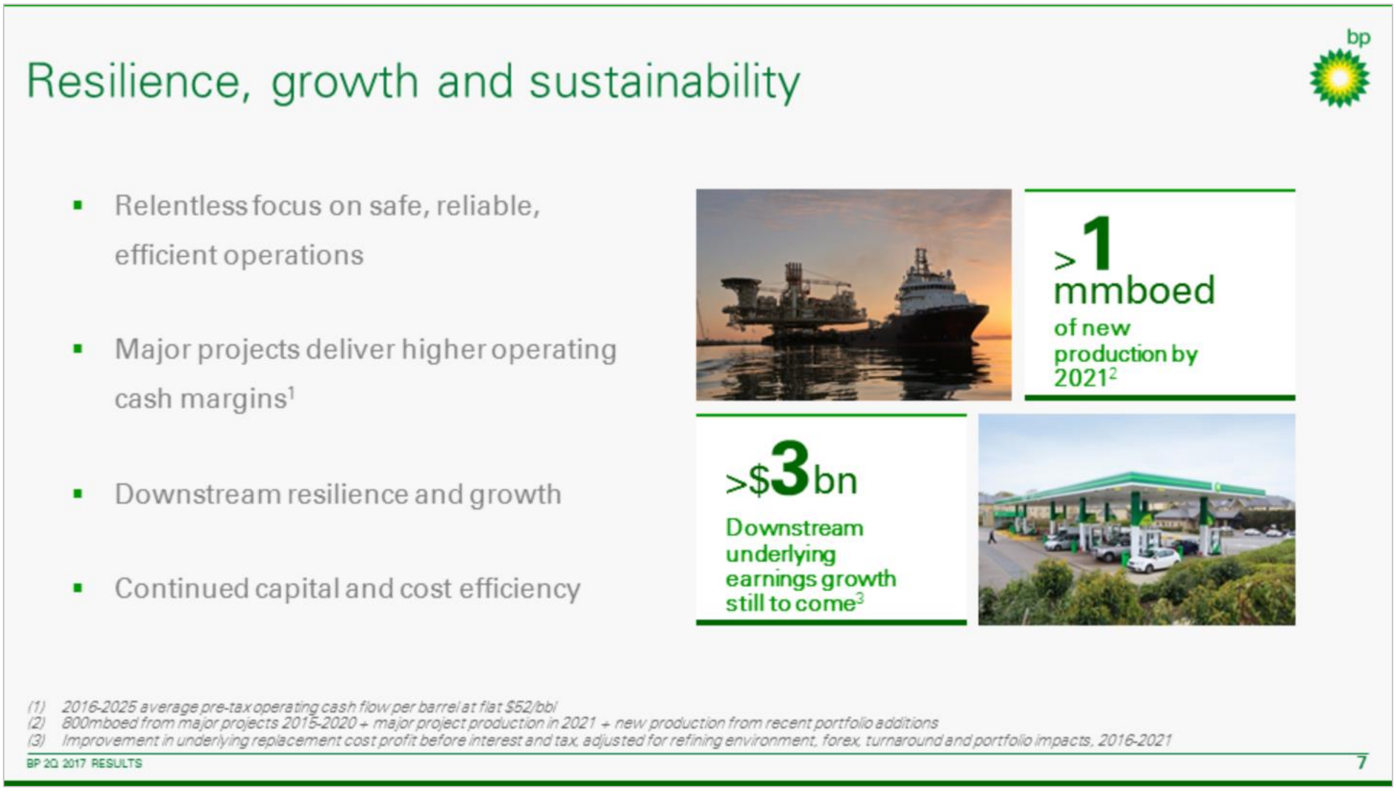
So starting with the macro.

After a stronger start to the year, Brent oil prices declined in the second quarter. Continuing high inventories and recovering production in the United States and Libya put pressure on prices, despite the extension of the OPEC production cuts through the first quarter of 2018 announced in May.

Looking over the course of the year, demand for oil is expected to remain robust, and increase by an above-average 1.5 million barrels per day this year, supported by continued recovery in GDP growth and supported by sustained lower oil prices.

At the same time non-OPEC supply, after declining last year, is expected to increase by 700 thousand barrels per day this year driven largely by the recovery in US tight oil production. Compliance among the OPEC and non-OPEC countries participating in production cuts remains strong and we expect this to continue at least through the period of agreement to March 2018.

Putting this all together OECD inventories appear to be declining, moving us towards a more balanced position, although there remains a lot of uncertainties around the timing of that and around the longer term outlook.



It is a tough environment and it could remain that way for some time. But we are building a business that is resilient to these changing conditions, we're operating effectively, and we are advancing the strategic plans we laid out to you in February. That means we are getting back to growth and securing our future over the longer term.

The foundation for everything we do is a relentless focus on safe and reliable operations – you will always hear us talk about that. Keeping our people and operations safe remains our top priority and number one value. It also underpins our growth plans and supports the delivery of reliable and sustainable cash flow.

Across the Group we expect strong growth over the next five years. In the Upstream, we are on track to add more than 1 million barrels per day of new oil equivalent production by 2021 from 2016. Around 800 thousand barrels per day net to BP is expected to come from our major projects by the end of the decade with an additional 200 thousand barrels a day coming from our recent portfolio additions. Our new projects should deliver on average 35% better operating cash margins compared to the base portfolio in 2015 and around 20%, on average, lower development costs. This makes us increasingly resilient to the environment as we look to move the portfolio even lower down the cost curve.

In the Downstream, we expect to see more than $3 billion in sustainable underlying earnings growth by 2021, in addition to the $3 billion improvement delivered since 2014. We laid out our strategies for marketing and advantaged manufacturing in some detail at our recent Downstream Day in June, where we illustrated the differentiated and very competitive drivers of future value in this business.

So I am confident in the plans we have set out to deliver disciplined growth. Before Brian takes you through a reminder of our financial frame I want to briefly emphasise a few key points.

First is that we continue to maintain a strict focus on capital and cost discipline – that is essential in everything we do.

Second, we are changing the way we think about how we operate. We've come a long way over the last few years to become simpler and more streamlined and we continue to learn from others, including outside our industry.

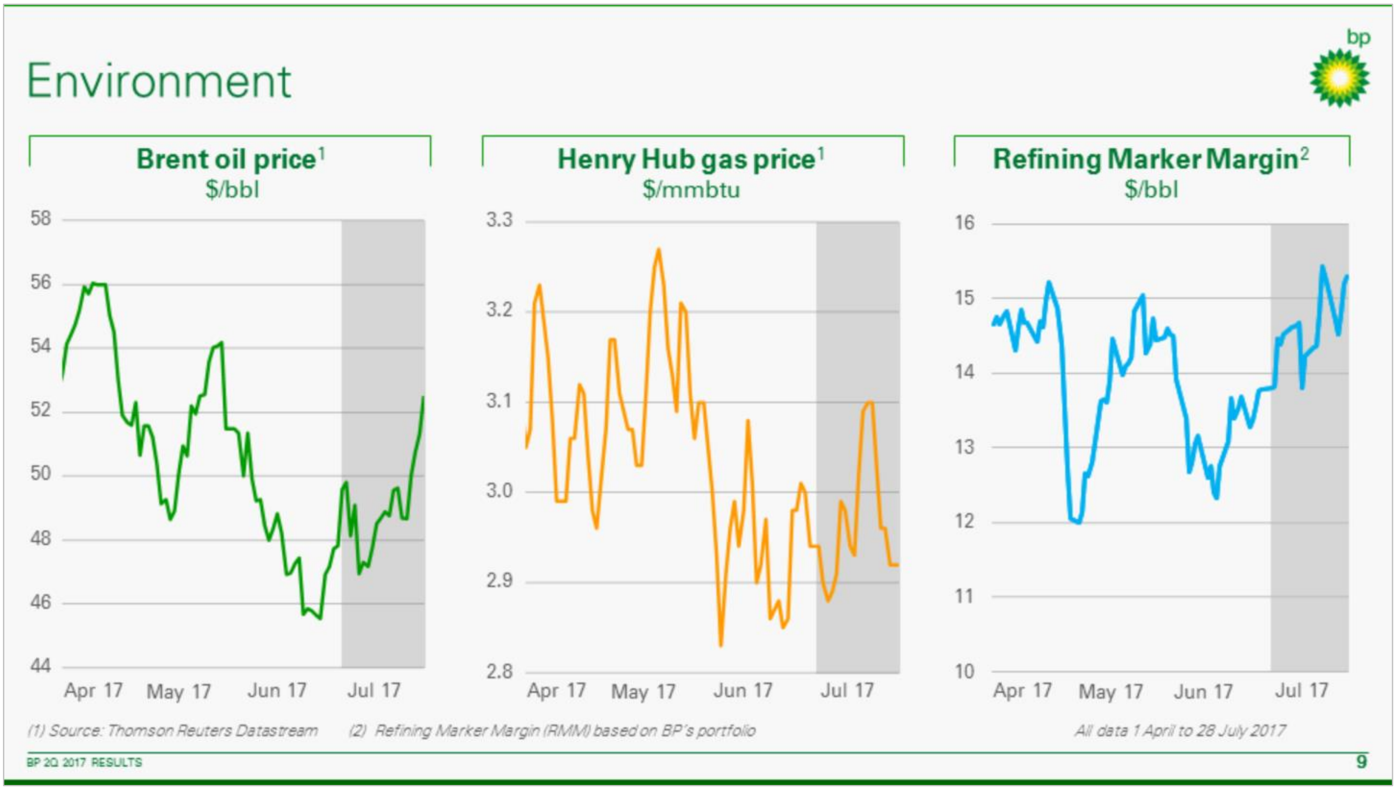
And third, we are making big strides in modernisation, implementing digital and cutting-edge technology across our businesses.

We need to do all of these things well to ensure we remain competitive in any price environment and I'm confident that the steps we are taking will be enduring into the future.

So with that, let me hand it over to Brian to take you through the results.


BP 2Q 2017 RESULTS
Brian Gilvary
Chief Financial Officer
bp

Thanks Bob.



Turning to the environment.

Brent crude averaged $50 per barrel in the second quarter, compared to $54 per barrel in the first quarter of 2017 and $46 per barrel a year ago. The recent price movement reflects increased production from Libya, Nigeria and the United States moderated by the extended OPEC production cuts.

Henry Hub gas prices averaged $3.20 per million British Thermal Units in the second quarter, compared to $3.30 in the first quarter and $2.00 a year ago.

The global refining marker margin showed seasonal improvements, the second quarter averaged $13.80 per barrel, compared to $11.70 per barrel in the first quarter and $13.80 per barrel last year.

2Q 2017 Summary

$bn	2Q16	1Q17	2Q17	% Y-o-Y	% Q-o-Q
Upstream	0.0	1.4	0.7		
Downstream	1.5	1.7	1.4		
Other businesses & corporate	(0.4)	(0.4)	(0.4)		
Underlying business RCPBIT[1]	**1.2**	**2.7**	**1.8**	**51%**	**(34%)**
Rosneft[2]	0.2	0.1	0.3		
Consolidation adjustment - unrealised profit in inventory	(0.1)	(0.1)	0.1		
Underlying RCPBIT[1]	**1.3**	**2.7**	**2.2**	**68%**	**(20%)**
Finance costs[3]	(0.3)	(0.4)	(0.4)		
Tax	(0.2)	(0.8)	(1.1)		
Minority interest	(0.0)	(0.0)	(0.0)		
Underlying replacement cost profit	**0.7**	**1.5**	**0.7**	**(5%)**	**(55%)**
Underlying operating cash flow[4]	**5.5**	**4.4**	**6.9**	**26%**	**57%**
Underlying earnings per share (cents)	**3.9**	**7.7**	**3.5**	**(10%)**	**(55%)**
Dividend paid per share (cents)	**10**	**10**	**10**	**0%**	**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 operating cash flow is net cash provided by/(used in) operating activities excluding pre-tax Deepwater Horizon payments

Turning now to the results for the Group.

BP's second-quarter underlying replacement cost profit was $680 million, around 5% lower than the same period a year ago and 55% lower than the first quarter of 2017.

Compared to a year ago, the result reflects:

- Higher exploration write-offs; and
- A lower contribution from oil supply and trading.

Partly offset by:

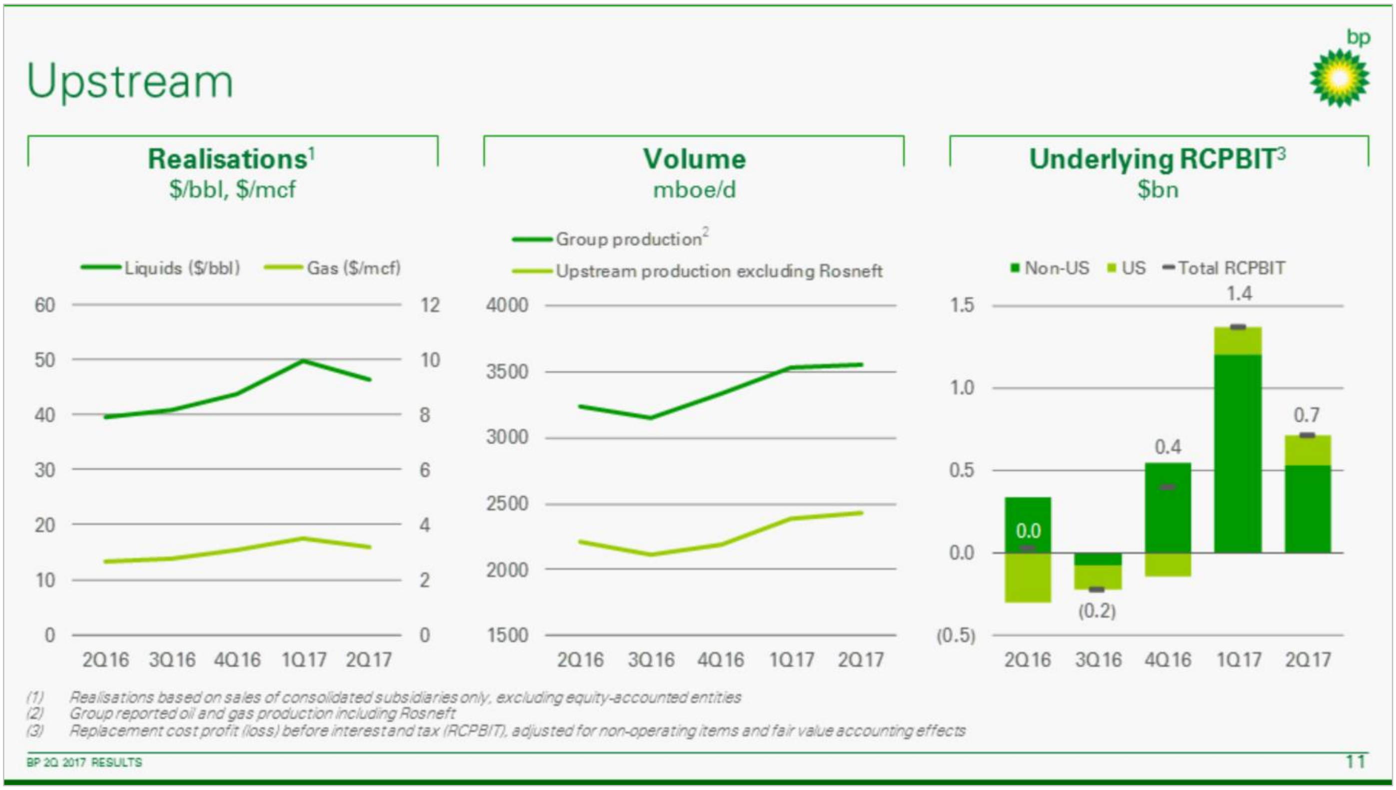
- Higher Upstream liquids and gas realisations; and
- Higher Upstream production.

Compared to the previous quarter, the result reflects:

- Lower Upstream liquids realisations;
- Higher exploration write-offs; and
- A weaker contribution from oil supply and trading.

Second-quarter underlying operating cash flow, which excludes Gulf of Mexico oil spill payments, was $6.9 billion.

The second-quarter dividend, payable in the third quarter of 2017, remains unchanged at 10 cents per ordinary share.



In Upstream, the underlying second quarter replacement cost profit before interest and tax of $710 million compares with $30 million a year ago and $1.4 billion in the first quarter of 2017.

Compared to the second quarter of 2016, the result reflects:

– Higher liquids and gas realisations;

– The impact of the Abu Dhabi concession renewal; and

– Higher production from major project start-ups.

Partly offset by:

– Higher non-cash exploration write-offs largely in Angola and higher depreciation, depletion and amortization.

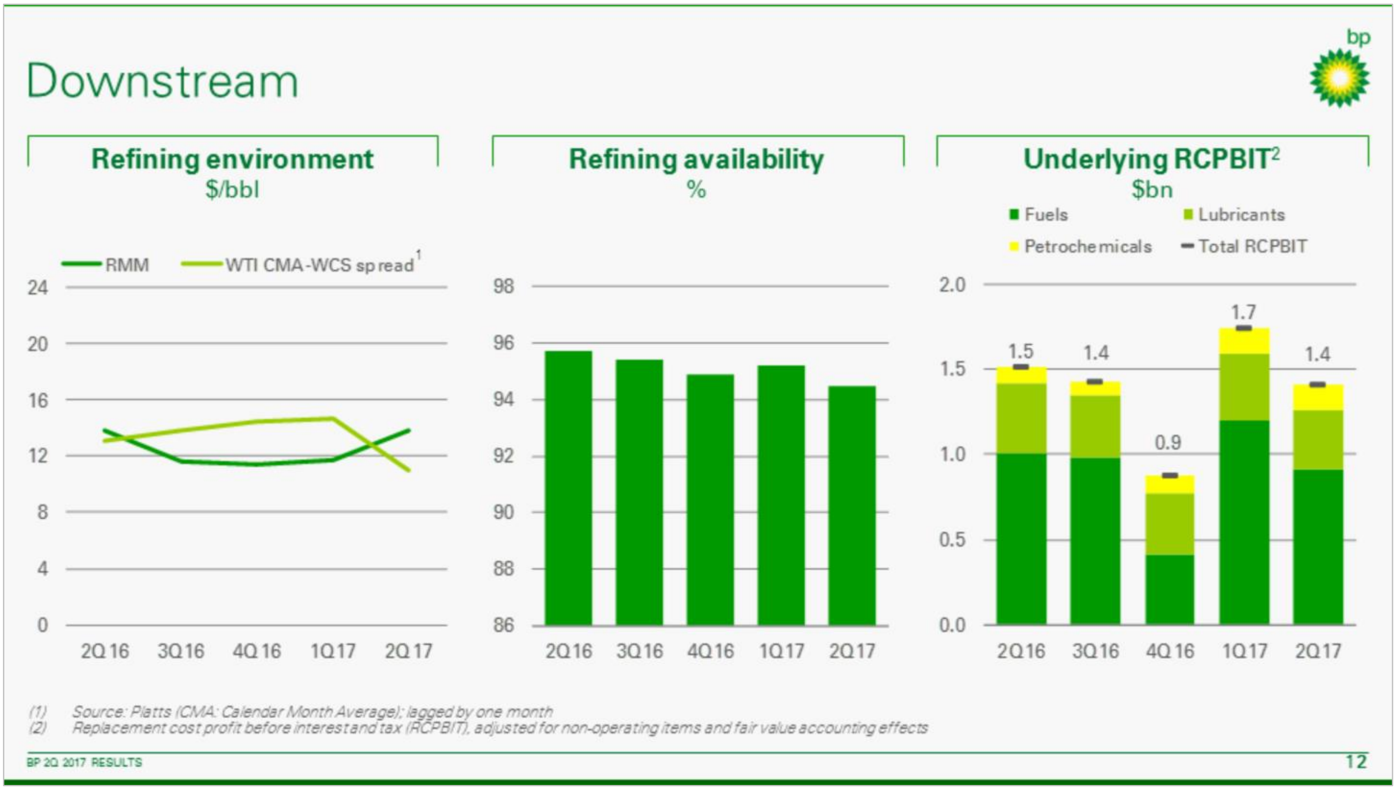
Total production for the Group was 3.6 million barrels of oil equivalent per day for the quarter. Excluding Rosneft, second quarter reported production was 2.4 million barrels per day, 10% higher than a year ago. After adjusting for entitlement and portfolio impacts, underlying production increased by 7% with the ramp up of major projects.

Compared to the first quarter, the result reflects:

– Higher exploration write-offs; and

– Lower liquids realisations.

Looking ahead, we expect third-quarter 2017 reported production to be broadly flat with the second quarter with the continued ramp-up of major projects offset by seasonal turnaround and maintenance activities.



Turning to Downstream, the second-quarter underlying replacement cost profit before interest and tax was $1.4 billion compared with $1.5 billion a year ago and $1.7 billion in the first quarter.

The Fuels business reported an underlying replacement cost profit before interest and tax of $910 million in the second quarter, compared with $1.0 billion in the same quarter last year and $1.2 billion in the first quarter.

Compared to a year ago the result reflects:

- Continued fuels marketing growth, bringing the half year result to around 20% above the same period last year; and
- Increased refining commercial optimisation.

This was more than offset by:

- A significantly lower contribution from supply and trading; and
- Higher level of turnaround activity.

Compared to the first quarter, the result reflects:

- Higher fuels marketing earnings; and
- Improved industry refining margins largely offset by narrower North American heavy crude oil differentials and product mix impacts.

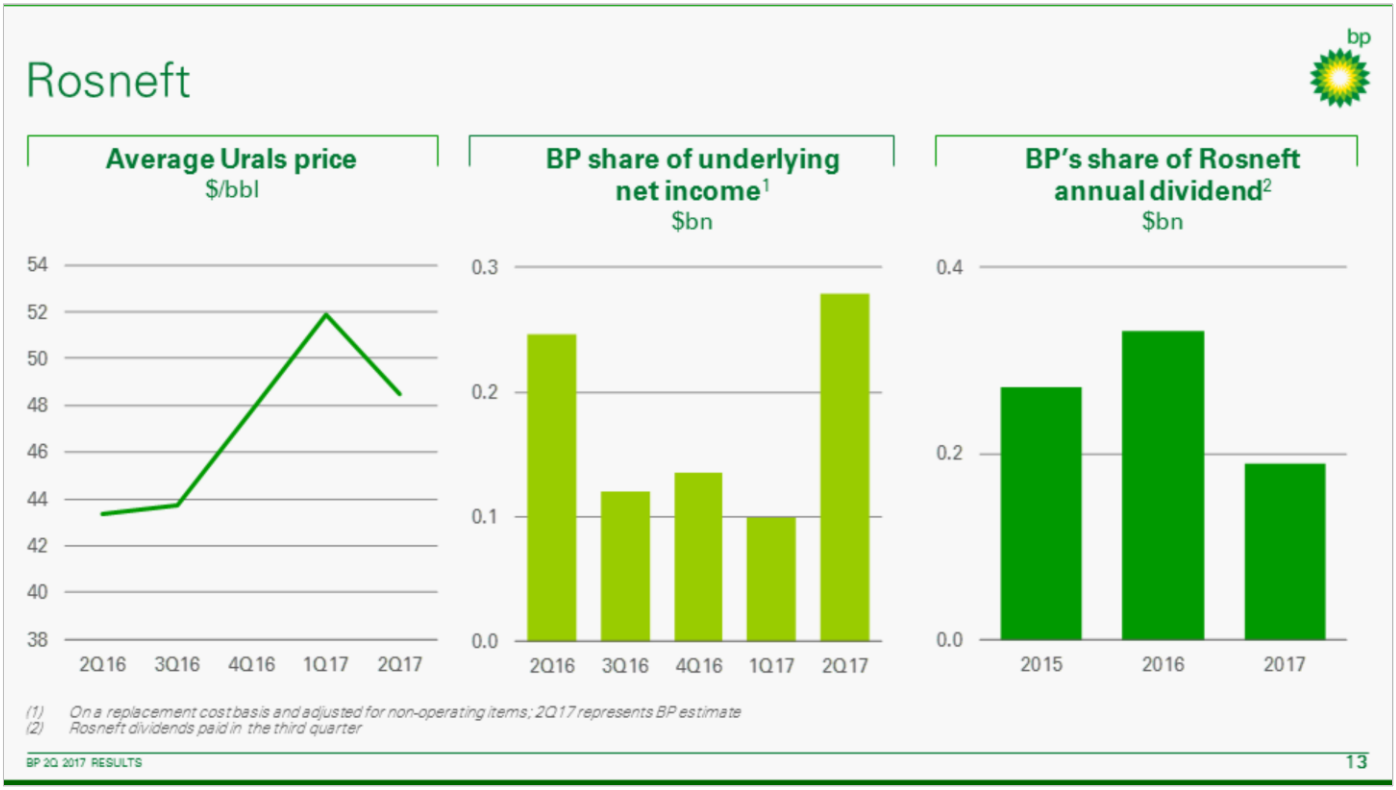
This, however, was more than offset by:

- A weaker supply and trading contribution; and
- A higher level of turnaround activity.

The Lubricants business reported an underlying replacement cost profit of $360 million in the second quarter, compared with $410 million a year ago and $390 million in the first quarter.

The Petrochemicals business reported an underlying replacement cost profit of $150 million in the second quarter, compared with $90 million a year ago and $150 million in the first quarter.

In the third quarter, we expect a similar level of industry refining margins and that North American heavy crude oil differentials will remain under pressure.



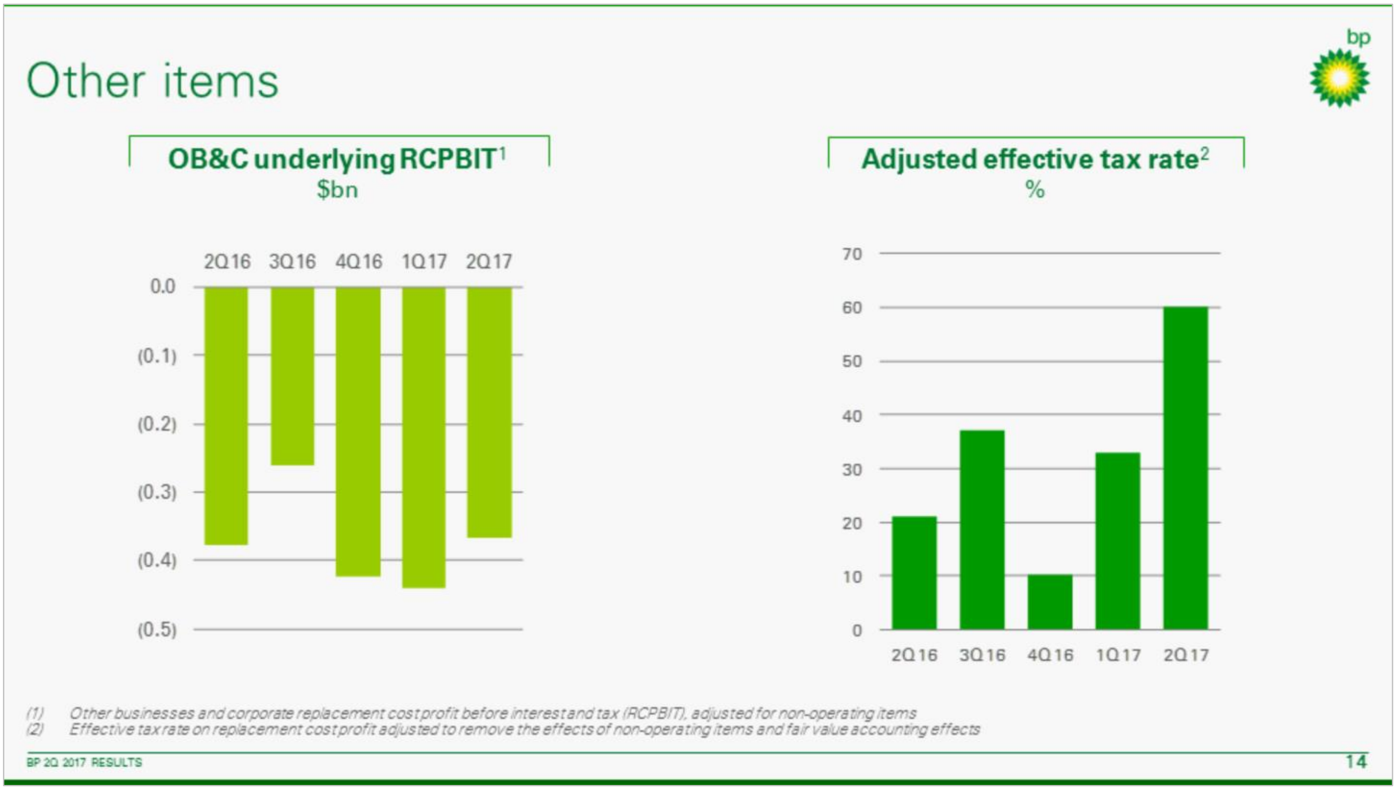
Turning to Rosneft.

Based on preliminary estimates, we have recognised $280 million as BP's share of Rosneft's underlying net income for the second quarter compared to $245 million a year ago and $100 million in the first quarter of 2017. Compared with a year ago, the estimate reflects a higher Urals price partially offset by lower duty lag benefit.

Our estimate of BP's share of Rosneft's production for the second quarter is 1.1 million barrels of oil equivalent per day, an increase of 9% compared with a year ago and roughly flat compared with the previous quarter. The increase compared with last year reflects the completion of recent acquisitions and new fields coming online.

In July we received our share of the Rosneft dividend which amounted to $190 million after all taxes. This dividend represents 35% of Rosneft's IFRS net income for 2016.

Further details will be available when Rosneft report their second-quarter results.

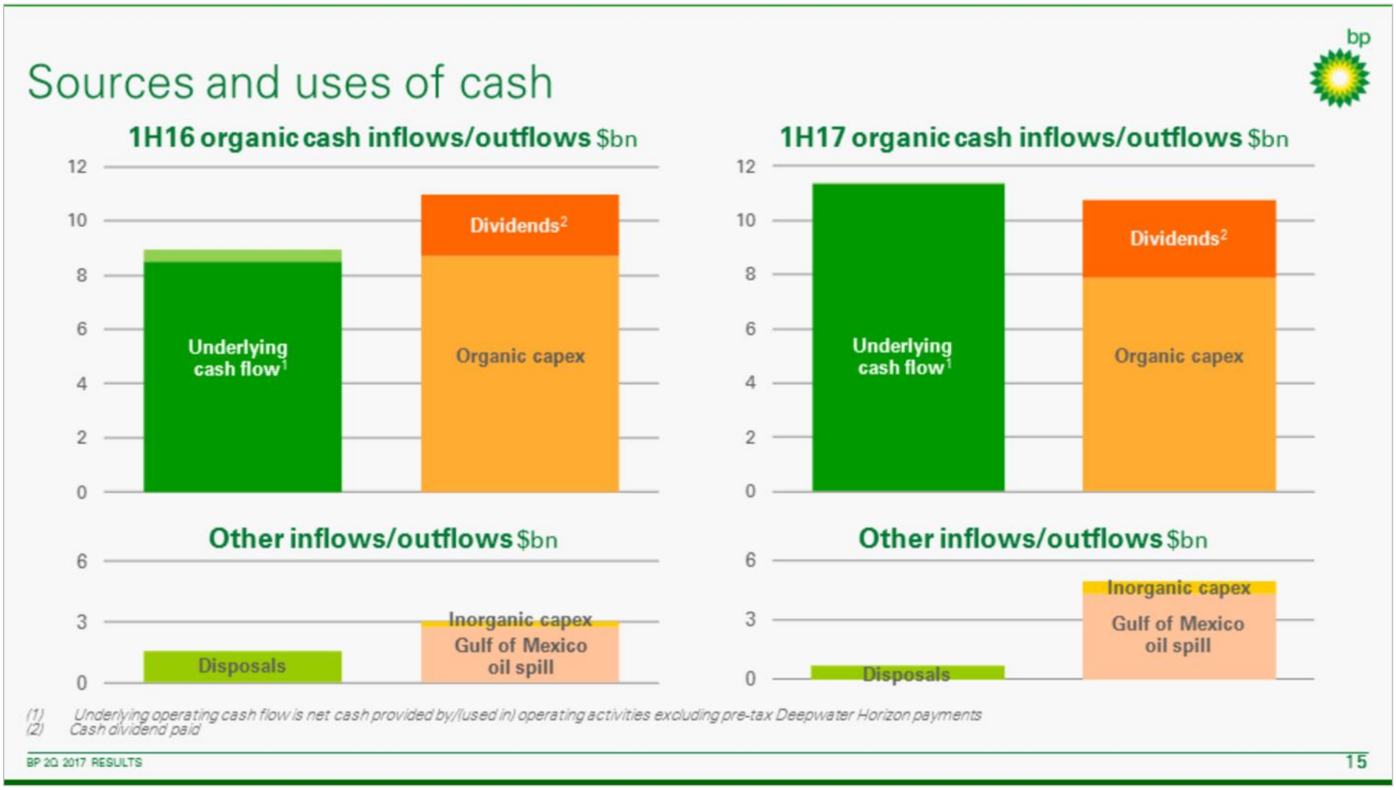


In Other Businesses and Corporate, we reported a pre-tax underlying replacement cost charge of $370 million for the second quarter. We continue to expect the average underlying quarterly charge for the year to be around $350 million, although this may fluctuate between individual quarters due to foreign exchange impacts.

A non-operating pre-tax charge of $350 million was also taken in the quarter, reflecting the latest estimate for Gulf of Mexico oil spill claims and associated administration costs. This is in addition to the ongoing unwind of discounting effects on the provision which have no impact on cash.

The adjusted effective tax rate for the second quarter was 60% and is higher than a year ago mainly due to the Angola exploration write-off which receives no tax relief and the Abu Dhabi concession renewal.

In the current environment we now expect the full-year underlying effective tax rate to be tracking above 40% due to exploration write-offs in the first half of the year.



Looking next at cash flow, this slide compares our sources and uses of cash in the first half of 2017 to the same period a year ago. As Bob said, we balanced our sources and uses of cash organically, as shown on the top right chart.

Excluding pre-tax oil spill related outgoings, underlying operating cash flow was $11.3 billion for the first half, of which $6.9 billion was generated in the second quarter. This includes a modest net working capital release of $110 million in the first half, with $1.4 billion in the second quarter.

Organic capital expenditure was $7.9 billion in the first half and $4.3 billion in the second quarter.

Net debt at the end of the quarter was $39.8 billion and gearing was at 28.8%, within our 20-30% target band. The increase was primarily due to Gulf of Mexico oil spill payments, but we expect an improvement over the second half as payments decline and divestment proceeds come in towards the end of the year.

Financial framework

- Momentum in underlying operating cash flow
  - Upstream: major projects ramp-up
  - Downstream: underlying performance improvement and marketing growth
  - Continuous efficiency improvement and transformation
- Disciplined Group capital frame – flexible to a changing environment

	2017	2018 - 2021
Organic capital expenditure	$15 - 17bn with flexibility at lower end	$15 - 17bn p.a. with flexibility at lower end
Divestments	$4.5 - 5.5bn	Typically $2 - 3bn p.a.
Deepwater Horizon cash payments	$4.5 - 5.5bn	~$2bn in 2018 Stepping down thereafter

Now, turning to a reminder of the key elements of our financial frame, and our overall objective of growing sustainable free cash flow.

Starting with the organic cash flows.

As you have seen this quarter underlying operating cash flow is robust despite the lower trend in oil prices relative to the previous quarter. This reflects the steady operational progress within our businesses and reversal of the first quarter working capital build. With three of the seven project start-ups planned for this year already online we expect the ongoing execution and ramp-up of our project pipeline, along with ongoing underlying performance improvement in the Downstream, to continue to drive operating cash delivery for the Group into 2018 and beyond.

Operating cash flow will also continue to reflect the focus on continuous efficiency improvement and transformation taking place across the Group. Non-operating restructuring charges have continued into 2017 although we expect the cash flow impact to be lower than last year.

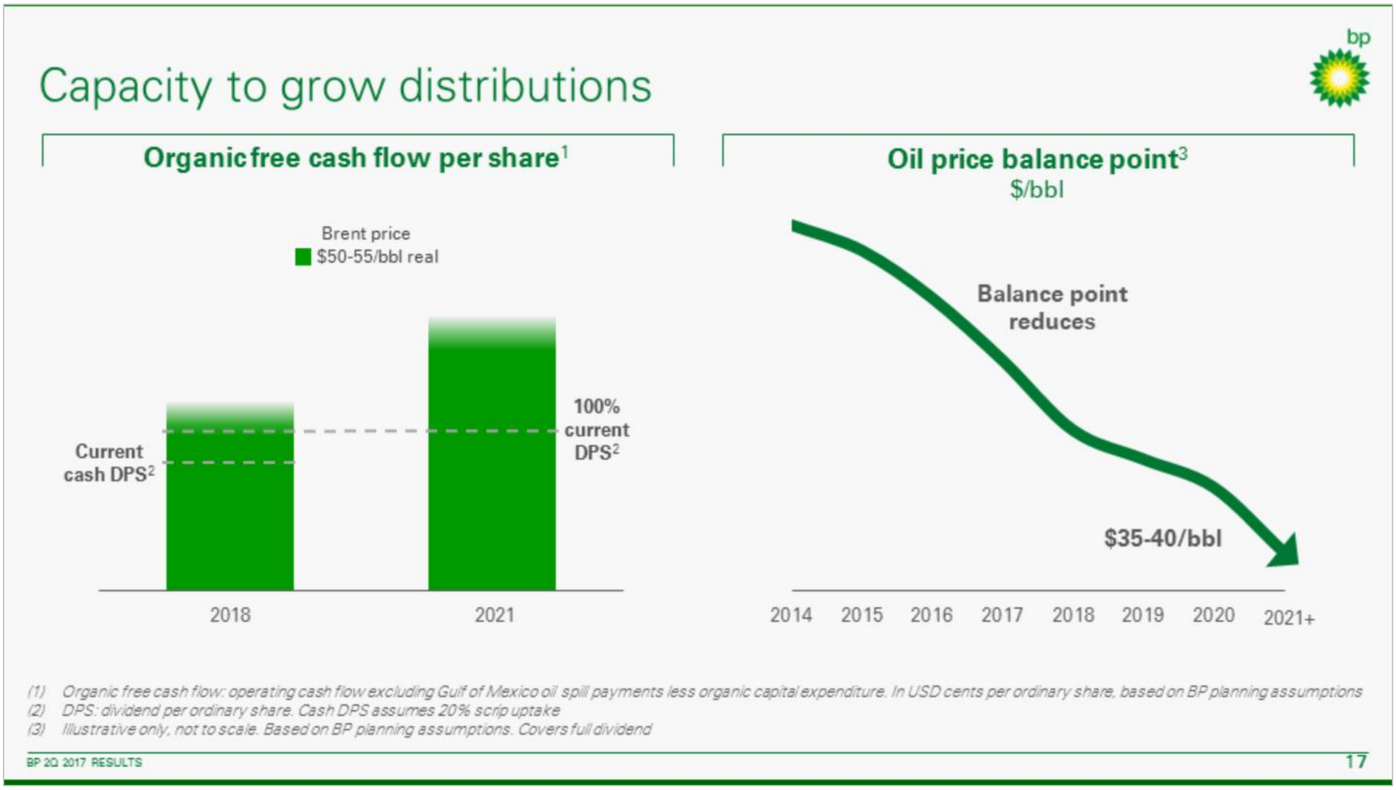
Looking out to 2021, our overall capital investment plan remains unchanged from those we laid out in February. We expect organic capital expenditure for the Group to fall within a $15-17 billion per annum frame. At the upper end we would expect not to exceed $17 billion in any one year and we will be very disciplined about that. The lower end represents the ready flexibility we have to tighten capital expenditure during periods of lower oil prices, without materially impacting our growth objectives. So we would expect our capital expenditure for 2018 to be at the low end of this range should oil prices remain around $50 per barrel. However, and I do want this point to be clear, this is <u>not</u> a floor. To the degree that oil prices remain structurally lower, we would continue to drive capital efficiency towards a sustainably lower investment frame for the overall portfolio going forward.

Over the medium term, the underlying momentum in our businesses coupled with the discipline in our capital frame supports growing free cash flow for the group at oil prices well below where they are today – and I will come back to that in a moment.

For inorganic cash flow, 2017 was always going to be a year with Deepwater Horizon payments heavily loaded to the first half and divestment proceeds to the back end of the year.

Deepwater Horizon cash payments were $4.3 billion in the first half and are expected to be between $4.5-5.5 billion for the full year. Total Deepwater Horizon cash payments are then estimated to fall to around $2 billion in 2018, and to step down to a little over $1 billion per annum from 2019 onwards.

Divestments are expected to be in the range of $4.5–5.5 billion for this year with disposal proceeds weighted towards the second half. Longer term we expect divestments to reduce to a more typical $2-3 billion per annum while also remaining a lever for optimising our portfolio and creating additional flexibility within the financial frame if required.



Turning now to our progress in balancing the cash flows of the Group.

Our aim has been to re-establish a balance in our financial framework where operating cash flow covers capital expenditure and the current dividend at the prevailing oil price.

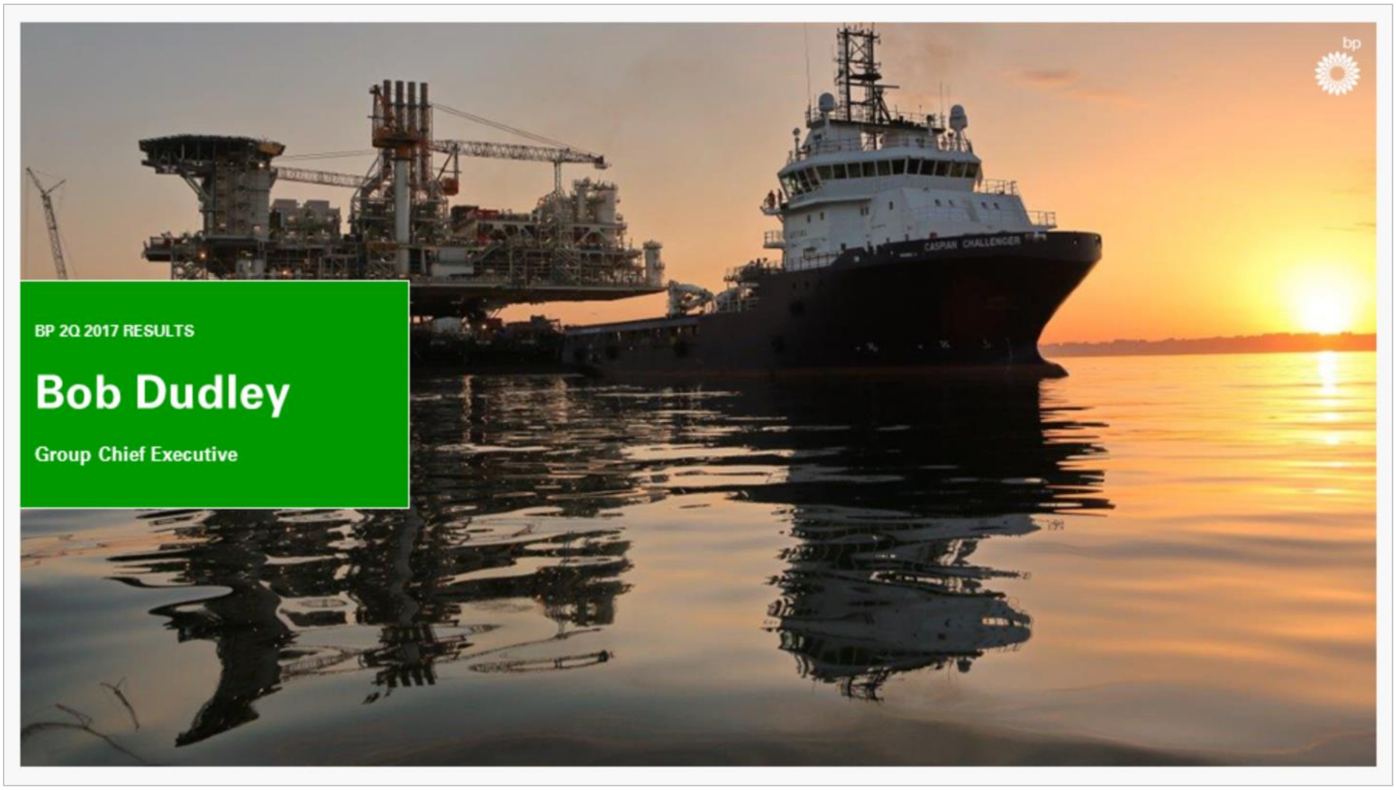
In the first half of 2017 we made good progress in balancing organic cash flows. Underlying operating cash flow after organic capex and cash dividends was $600 million in surplus - at an average Brent price of $52 per barrel, with broadly neutral working capital. So we were balanced comfortably below $50 per barrel.

Despite oil prices remaining unsettled we have made strong progress in rebalancing our financial frame, allowing us to maintain our dividend with confidence.

Our balance sheet is resilient. For the time being we retain the option of scrip as an un-discounted alternative to our cash dividend while continuing to target gearing within a 20-30% band. At Brent oil prices below $50 per barrel, as already discussed, we would look to further optimise capital expenditure. We have confidence in the Group's near-term ability to recalibrate to sustained sub-$50 oil prices as we bring on strong growth in both our businesses. Looking out to 2021 we expect our organic cash balance point to reduce steadily to around $35-40 per barrel, reflecting the material improvements in free cash flow expected in both the Upstream and the Downstream.

Beyond 2018, we expect organic free cash flow to start to grow in a constant price environment, supported by the further ramp-up of our new slate of Upstream project start-ups and underlying performance coupled with strong marketing growth in the Downstream. Once surplus free cash flow is being generated, we would look in the first instance to address the dilution that arises from the scrip dividend alternative. We will then aim to ensure the right balance between disciplined investment and distributions growth, depending on the context and outlook at the time.

Let me now hand you back to Bob.



Thanks Brian.

Let me briefly now update you on progress across our two main segments as it has been a very eventful quarter with more to come as we get into the second half of the year.

I'll start with the Upstream, and you will have heard us talk before about 2017 as a very significant year for BP.

That is proving to be the case.

We have already started up three of our seven major projects for the year. Two more are imminent.

We've made a lot of progress in resetting our cost base over the last few years and we expect that trend to continue. This year we expect unit production costs to be more than 40% lower than in 2013. Around 75% of these cost reductions are from efficiency, so these should be sustainable in the longer term. Beyond this we are pushing ahead with some really transformational changes as we digitize the business at pace. This stretches from subsurface modelling to wells construction to plant operations and all the way to electronic procurement.

We expect to deliver $13-14 billion of pre-tax free cash flow in 2021, based on our February assumption of $55 per barrel. This is underpinned by 5% per annum average production growth, continued declining unit production costs and improved capital efficiency.

Looking beyond 2021, we have improved both our capacity for growth as well as the quality of that growth. We believe in the strength of our portfolio, which is balanced, increasingly competitive, and positioned to reflect changing energy trends. We always look to grow value and returns, not just volume and we will deliver this through continued optimization of our resources through our Area Development Planning process, the recent acquisitions, as well as our Modernisation and Transformation agenda.

Looking specifically at performance so far this year, we have maintained our discipline in operations while delivering effectively on the programme of new projects.

As I just mentioned, three of our seven major projects are already online.

In March, West Nile Delta - Taurus/Libra in Egypt started-up eight months ahead of schedule and with production 20% above plan.

In April, Trinidad Onshore Compression was delivered under budget.

And in May, we started Quad 204 in the North Sea. This is a significant oil project which included the construction and installation of the world's largest harsh water FPSO vessel, the Glen Lyon.

Persephone off the coast of Western Australia is in the final stages of commissioning and is on track to come online in 3Q.

In Trinidad, the Juniper facility is progressing through final commissioning activities and start-up is expected in the coming weeks.

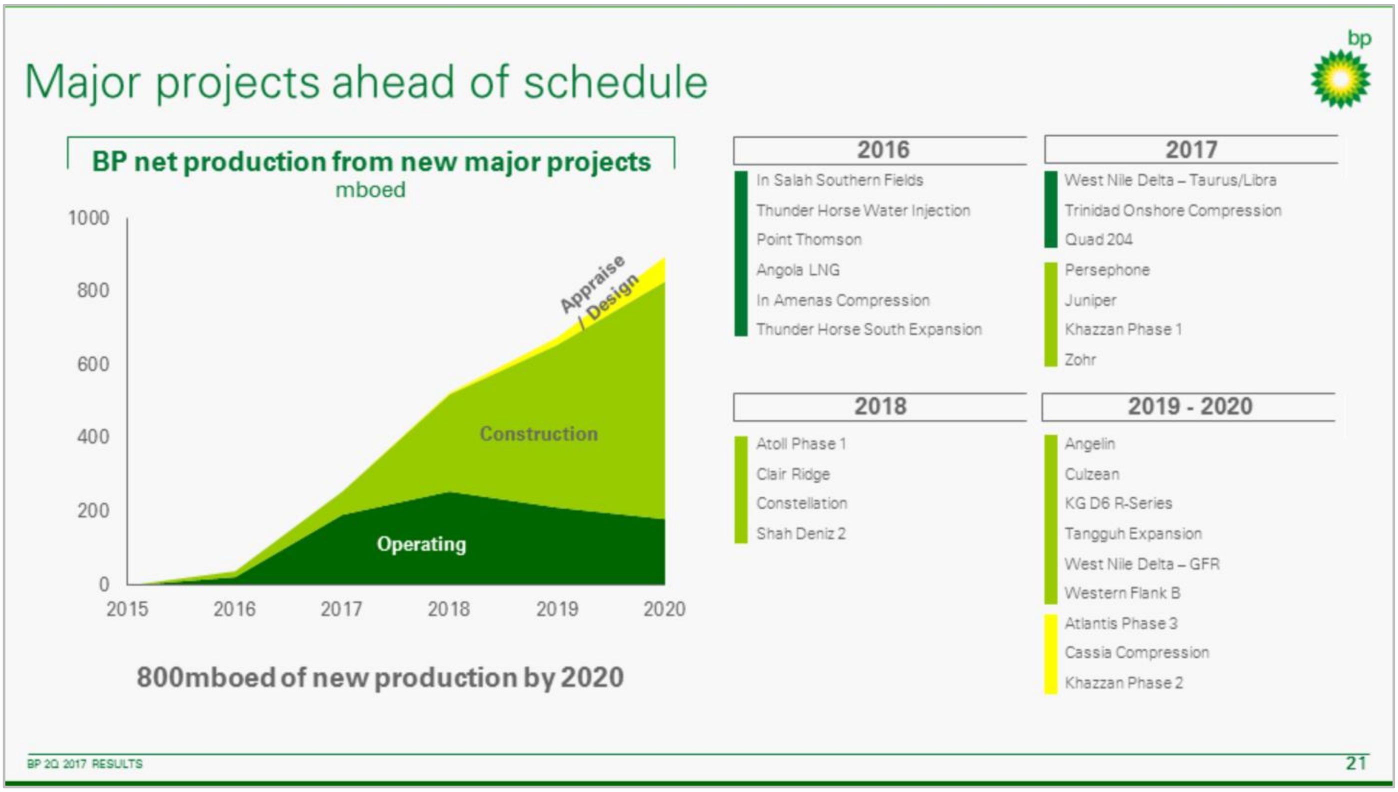
That leaves two more for 2017 and we remain on track to have Khazzan Phase 1 in Oman and Zohr in Egypt on line by the end of the year.

We continued to see strong operating performance on our operated assets this quarter. We completed one turnaround in the first half and preparations are underway to start four turnarounds in the third quarter.

As for production, excluding Rosneft, this quarter it was 10% higher than the second quarter of 2016, driven by the renewal of the ADCO concession in 4Q16, as well as the start-up of our major projects, and good underlying performance of our assets. And our unit production costs were 18% lower in the first half of 2017 compared with the same period in 2016.

This year we have also had four significant discoveries, which support the strategic shift we are making. Results from the Savannah and Macadamia exploration wells offshore Trinidad indicate an estimated 2 trillion cubic feet of gas in place to underpin new developments in these areas.

Also in offshore Senegal, BP along with joint venture partner Kosmos Energy announced in May a major gas discovery at the Yakaar well. This well further confirms our belief that offshore Mauritania and Senegal is a world-class hydrocarbon basin and marks an important step in building BP's new business in this important region.



Looking out to 2020, our major projects are a significant part of our growth wedge to the end of this decade and beyond. The 800 thousand barrels per day of new projects production by 2020 is firmly on track with the portfolio under construction ahead of schedule and around 15% under budget.

You will see the impact of our 2017 major projects towards the back end of the year, with production ramping up as we go into 2018.

During the second quarter, we sanctioned the R Series deep water gas project in Block KGD6 off the east coast of India. This is the first of three planned projects in the block that are expected to be developed in an integrated manner. We have also sanctioned the Angelin offshore gas project in Trinidad.

Looking further ahead, we have a strong portfolio that we continue to optimise and test against our hurdle rates. And that gives us a lot of options, with only the best and most competitive going forward to FID within the discipline of our capital frame.

So we've made a lot of progress already this year in the Upstream. We're right on course with where we want to be with the execution of our current set of projects. And we're progressing in a very disciplined way with our plans for future growth.

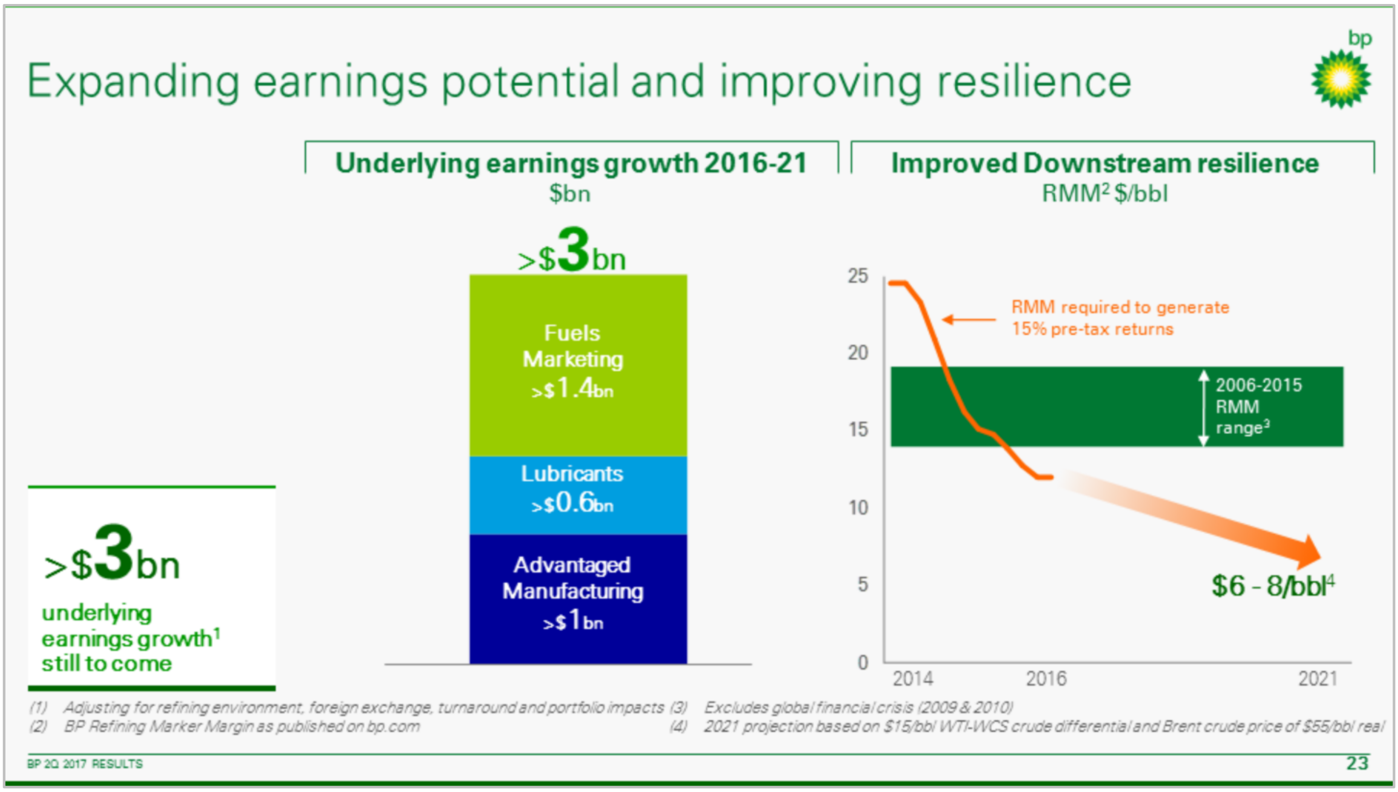
Now turning to the Downstream, I'll start with a reminder of some key messages Tufan set out as part of the recent Downstream investor day.

The disciplined execution of our strategy is delivering results. $3 billion of underlying earnings growth has already been delivered in the 2 years since 2014 and plans are in place for more than $3 billion of further growth by 2021.

Growth is expected to continue to come from our marketing businesses which are differentiated and high returning and our strategy is to grow these businesses in important global markets. We also expect further growth from manufacturing, where we continue to build a top quartile refining business and improve the cash breakeven performance of our petrochemicals business.

Efficiency and simplification remains central to earnings delivery. Cash costs in 2016 were some $3 billion lower than in 2014 and at their lowest level in more than 10 years. And, we will continue to focus rigorously on cost management and efficiencies.

Taking all of this together, we expect to deliver between $9-10 billion of pre-tax free cash flow with returns of around 20% in the Downstream in 2021.



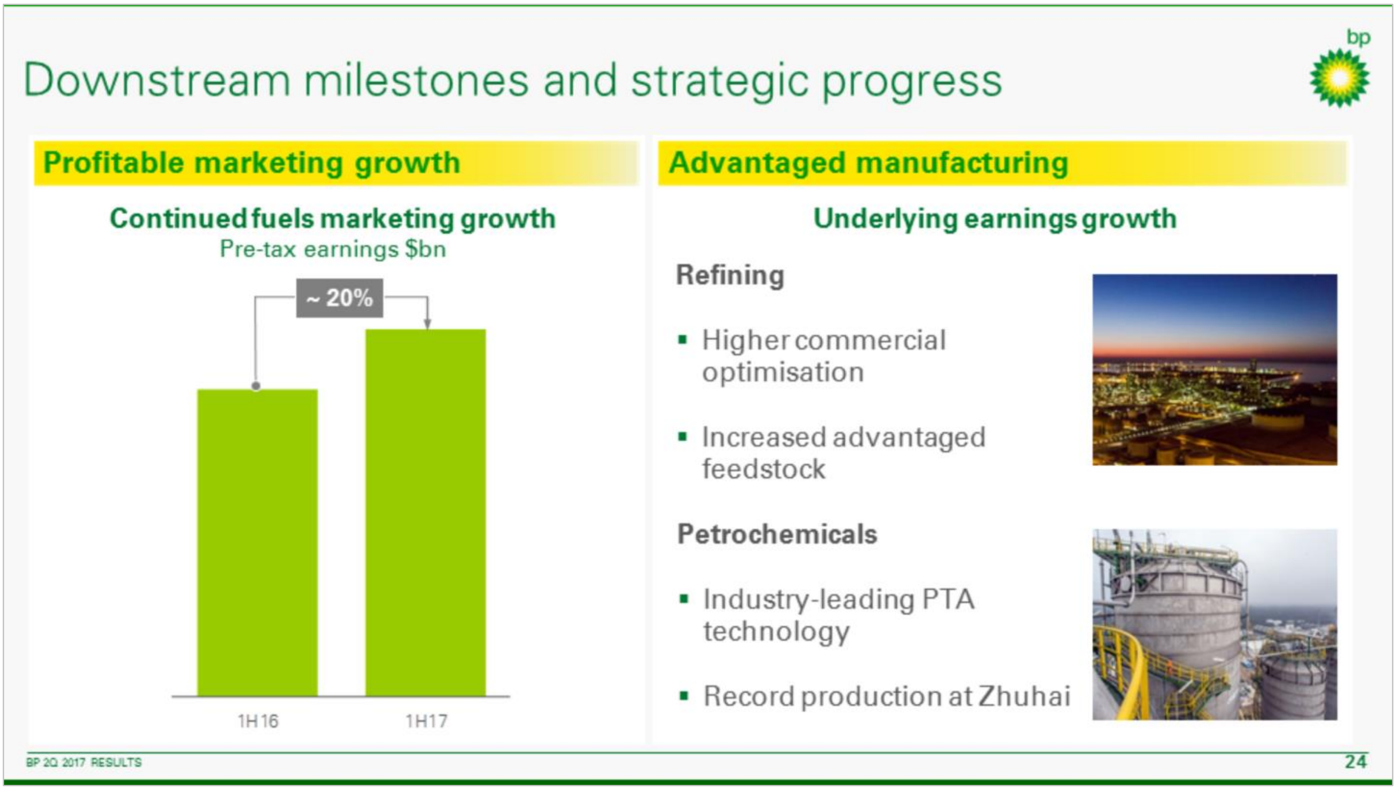
The chart on the left shows the detail of where we plan to deliver more than $3 billion of future earnings growth.

As you can see, it is expected to come from all businesses.

Each of our Downstream businesses are differentiated and it is their sources of competitive differentiation which underpin our detailed growth plans.

And, by expanding our earnings potential we will also further improve the resilience of the business. You can see from the right hand chart how we have already made significant progress – materially reducing the refining margin required to deliver Downstream pre-tax returns of 15% over the last two years and how our plans will improve this even further.

In a changing world, our strategy is building a Downstream business which is fit for now and the future.



Now turning to progress so far this year. We continue to grow underlying earnings in both marketing and manufacturing, with continued strong delivery against the strategy.

In fuels marketing, earnings have grown by around 20% in the first half of 2017 compared to 2016. We have continued the rollout of our convenience partnerships model, with around 90 sites added so far this year. And premium fuels volumes have grown by 7% year-on-year.

In Mexico, we were the first international oil company to enter the fuel retail market since deregulation, and volumes across our sites have more than doubled during the first months of trading.

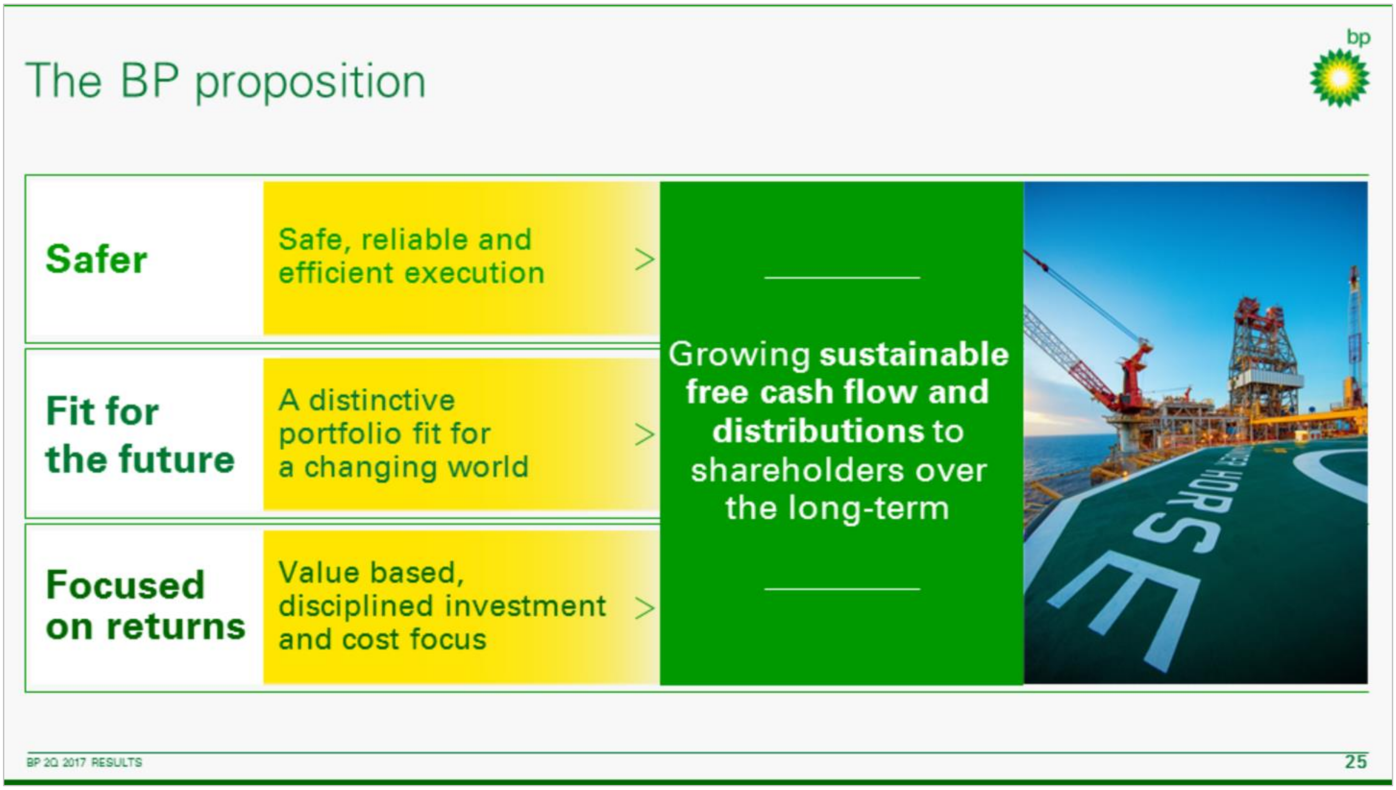
And in India, we signed a memorandum of understanding with Reliance Industries to jointly explore options to develop differentiated retail and aviation fuels, mobility and advanced low carbon energy businesses.

In Lubricants, we secured a new agreement to become the exclusive premium lubricants brand retailed by Kroger, the largest supermarket chain in the United States. We also successfully renewed our strategic partnership and supply agreements with a number of major vehicle manufacturers.

And in manufacturing, underlying earnings have grown in both Refining and Petrochemicals during the first half of the year.

In Refining, we grew the value of commercial optimisation compared with last year and increased the level of advantaged feedstock processed in the US. In Petrochemicals, following the upgrade at our Cooper River plant in the US, our industry leading technology is now operational at all our key PTA sites. We also delivered record production levels at our plant in Zhuhai, China during the first half of the year.

So, in Downstream, we have a clear strategy which we are executing well. You can see this in the results across our marketing and manufacturing businesses. And, I’m confident we will continue to see further growth into the future.



To briefly summarise.

In February we laid out a very clear strategy for building resilience and competitiveness today, along with growth plans that are highly responsive to the changes that are taking place in the longer-term picture for global energy.

These plans are in action and we have seen this in the solid operational delivery in the first half of 2017.

- We are building a track record of strong and reliable operational performance;
- We are right on track with a really busy programme of projects in the Upstream;
- We have real momentum in all of our Downstream businesses; and
- We are maintaining our capital discipline as well as the focus on bringing our costs down in a long-term, sustainable way.

So we believe we have an investment proposition that works in the near term and over the longer term horizons.

All of this supports our principal aim of growing sustainable free cash flow and distributions to shareholders over the long term.

On that note, thank you for listening, and we'll now open up for questions.

Q&A

Bob Dudley

Group Chief Executive

Brian Gilvary

Chief Financial Officer

Jess Mitchell

Group Head of Investor Relations