

Supplementary Information - Second quarter 2019

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations.

Group measures

The following non-GAAP measures or associated adjustments are defined in Glossary on pages 35-38 of our second-quarter 2019 results announcement:

- Free cash flow.
- Gearing.
- Inorganic capital expenditure.
- Non-operating items.
- Organic capital expenditure.
- Underlying cash flow
- Underlying RC profit or loss.
- Working capital.

Adjusted effective tax rate (ETR)

The adjusted ETR is calculated by dividing taxation on an underlying RC basis by underlying RC profit or loss before tax. Taxation on an underlying RC basis is taxation on a RC basis for the period adjusted for taxation on non-operating items and fair value accounting effects.

Effective tax rate

| | Second quarter 2019 | First quarter 2019 | Second quarter 2018 |
|--|---------------------|--------------------|---------------------|
| % | | | |
| ETR on profit or loss | 40 | 37 | 42 |
| Adjusted for inventory holding gains or losses | (1) | 5 | 7 |
| ETR on RC profit or loss | 39 | 42 | 49 |
| Adjusted for non-operating items and fair value accounting effects | (5) | (2) | (7) |
| Adjusted ETR | 34 | 40 | 42 |

Lease liability payments of principal

Lease liability payments of principal are reported as financing activities in the group cash flow statement.

| | Second quarter 2019 |
|--------------|---------------------|
| \$billion | |
| Upstream | 0.3 |
| Downstream | 0.2 |
| OB&C | 0.1 |
| Total | 0.6 |

Organic free cash flow

Organic free cash flow is operating cash flow less organic capital expenditure. Organic free cash flow excludes any post-tax impacts from the Gulf of Mexico oil spill.

Organic free cash flow per share

Organic free cash flow per share is organic free cash flow divided by the estimated number of shares in issue at the end of the year.

Downstream measures

Downstream underlying earnings growth

Downstream underlying earnings growth is defined as the change in underlying RC profit before interest and tax, after adjusting for the impact of refining and petrochemicals environment, foreign exchange, turnaround and portfolio impacts.

Sub-segment underlying RC profit before interest and tax

| Earnings | Fuels marketing | | | |
|---|-----------------|--------------|--------------|-------------------------------------|
| | 1H18 \$bn | 1H19 \$bn | 2016 \$bn | 12 months to 30 June '19 \$bn |
| RC profit before interest and tax | 1.0 | 1.2 | 2.1 | 2.8 |
| Non-operating items and fair value accounting effects | 0.1 | 0.0 | 0.0 | 0.1 |
| Underlying RC profit before interest and tax | 1.1 | 1.2 | 2.2 | 2.9 |
| Forex and portfolio adjustment to 2019 conditions | (0.1) | | (0.1) | |
| Earnings adjusted to 2019 conditions | 1.0 | 1.2 | 2.0 | 2.9 |

**Underlying earnings growth - constant forex & portfolio
1H19 vs 1H18**

17%

**Underlying earnings growth - constant forex & portfolio 12 months
to 30 June '19 vs 2016**

44%

Non-fuel gross margin

Retail non-fuels gross margin comprises store gross margin as well as other merchandise and service contribution, not considered as retail fuels or store gross margin, received from the retail service stations operated under a BP brand.

| Non fuel gross margin | 2016 \$bn | 12 months to 30 June '19 \$bn |
|---|--------------|-------------------------------------|
| Fuels marketing RC profit before interest and tax | 2.1 | 2.8 |
| Non-operating items and fair value accounting effects | 0.0 | 0.1 |
| Fuels marketing Underlying RC profit before interest & tax | 2.2 | 2.9 |
| Fuels marketing fuel gross margin, cash costs, equity accounted earnings and DD&A | 1.1 | 1.7 |
| Retail non-fuel gross margin | 1.1 | 1.2 |

Non-fuel gross margin 12 months to 1H19 vs 2016

12%