bp

BP 3Q 2019
Results

29 October 2019

Good morning and welcome to BP's third quarter 2019 results presentation. I'm Craig Marshall, BP's head of investor relations, and I am here today with Brian Gilvary, our chief financial officer.

Before we begin today's presentation, please take a moment to review our cautionary statement.

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA') and the general doctrine of cautionary statements, BP is providing the following cautionary statement. This presentation and the associated slides and discussion contain forward-looking statements – that is, statements related to future, not past events and circumstances – with respect to the financial condition, results of operations and business of BP and certain of the expectations, intentions, plans and objectives of BP with respect to these items, in particular statements regarding expectations related to the world economy, future oil and gas prices and global energy supply and demand including with respect to oil, natural gas, marine diesel and very low sulphur fuel; expectations regarding refining margins and light-heavy crude spreads in 2020; plans and expectations regarding the energy transition, including BP's strategy and intention to progress low-carbon ambitions; plans and expectations regarding emissions reduction targets and methane intensity; plans and expectations regarding share buybacks, including to offset the impact of dilution from the issuance of scrip dividends; plans to produce 900,000 boed from new major projects by 2021; expectations regarding Upstream reported production in the fourth quarter of 2019, seasonal maintenance and turnaround activity; expectations regarding the Downstream refining margins and turnaround activity in 2019; plans and expectations regarding the announced sale of BP's interests in Alaska to a subsidiary of Hilcorp Energy, including the completion of the sale and expected timing and proceeds thereof; plans and expectations regarding the joint venture with Reliance Industries, including to grow the retail network in India from around 1,400 to 5,500 sites over the next five years; plans and expectations regarding the joint venture with DiDi to develop electric vehicle charging infrastructure across China; plans and expectations regarding the creation of a new joint venture with Zhejiang Petroleum and Chemical Corporation; plans and expectations regarding the installation of 400 ultra-fast chargers at BP Chargemaster's retail sites; plans and expectations regarding BP Infinia; plans and expectations regarding Lightsource BP and the ambition to develop 10 gigawatts of solar capacity by 2023; plans and expectations with respect to Upstream projects, including the start-up of Raven around the end of the year; expectations regarding BP's strategic plan and financial frame including organic capital expenditure, organic free cash flow and operating cash flow, the DD&A charge, Gulf of Mexico oil spill payments, cost and capital discipline, the Other Businesses and Corporate average underlying quarterly charge, and the 2019 underlying effective tax rate; plans and expectations to deliver returns exceeding 10% by 2021 at a $55 per barrel real price assumption; plans and expectations relating to divestments and disposals, including that around $10 billion of divestment transactions will be announced by the end of 2019; plans and expectations to deploy continuous methane measurement across new BP-operated major oil and gas processing projects; expectations that net debt levels will reduce and that gearing will remain above the target 20-30% range before moving towards the middle of the target range of 20-30% through 2020; and plans and expectations with respect to dividends including scrip dividends and the dividend reinvestment plans.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of BP. Actual results may differ materially from those expressed in such statements, depending on a variety of factors, including: the specific factors identified in the discussions accompanying such forward-looking statements; the receipt of relevant third party and/or regulatory approvals; the timing and level of maintenance and/or turnaround activity; the timing and volume of refinery additions and outages; the timing of bringing new fields onstream; the timing, quantum and nature of certain acquisitions and divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA effects; operational and safety problems; potential lapses in product quality; economic and financial market conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought or imposed; the actions of prosecutors, regulatory authorities and courts; delays in the processes for resolving claims; amounts ultimately payable and timing of payments relating to the Gulf of Mexico oil spill; exchange rate fluctuations; development and use of new technology; recruitment and retention of a skilled workforce; the success or otherwise of partnering; the actions of competitors, trading partners, contractors, subcontractors, creditors, rating agencies and others; our access to future credit resources; business disruption and crisis management; the impact on our reputation of ethical misconduct and non-compliance with regulatory obligations; trading losses; major uninsured losses; decisions by Rosneft's management and board of directors; the actions of contractors; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism; cyber-attacks or sabotage; and other factors discussed under "Risk factors" in BP Annual Report and Form 20-F 2018 as filed with the US Securities and Exchange Commission.

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

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

October 2019

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

Now, over to Brian.

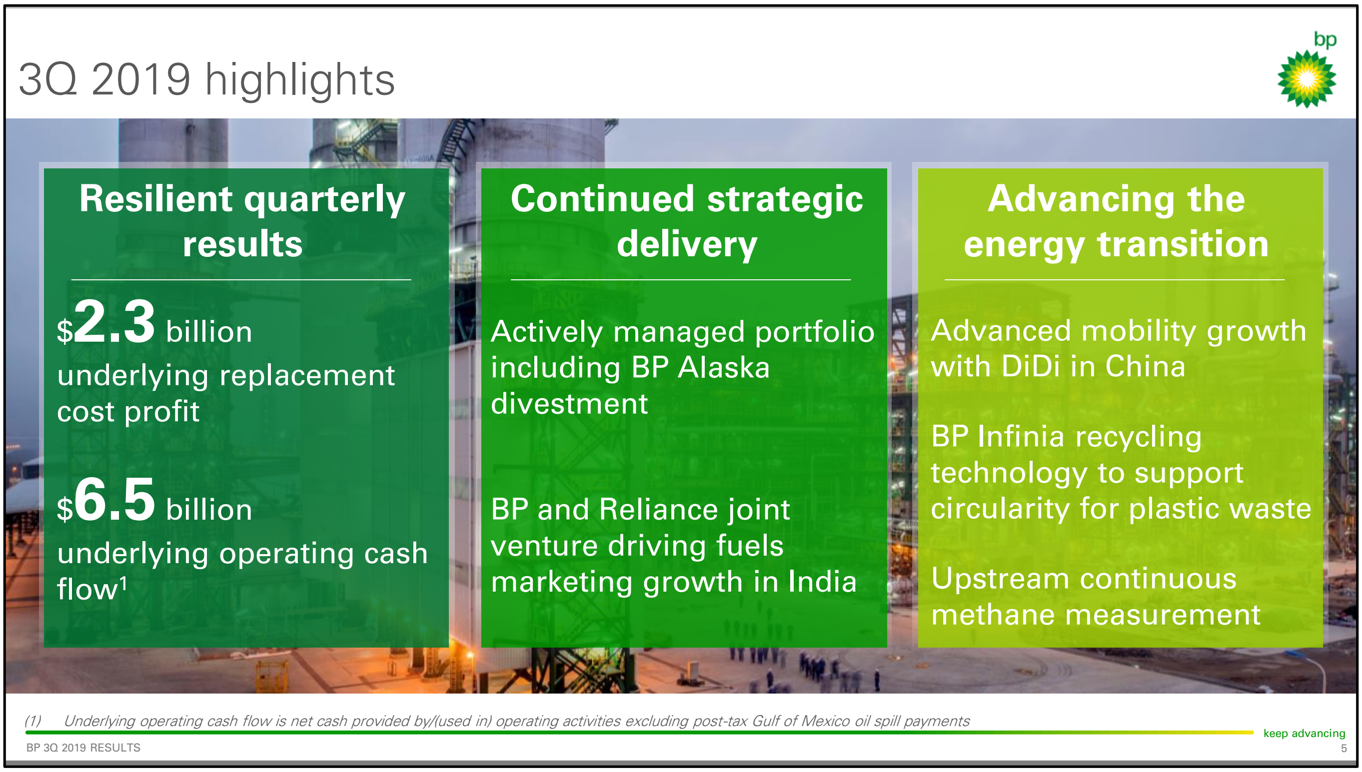
Thank you Craig and good morning everyone.

It's been another resilient quarter, despite the ongoing market and geopolitical volatility. Our businesses are performing well, we have delivered a strong set of underlying results, and we are continuing to advance our strategic agenda.

As you'll be aware the Board announced earlier this month that Bob will retire as CEO, with Bernard taking over following our fourth quarter results in February of next year.

Bob has had an exceptional career over the last 40 years, and his time as CEO has been one of great success. He has steered us through some of our most turbulent times, including Deepwater Horizon and rebuilt BP as a stronger, safer company, and most recently has led the charge on the energy transition. His dedication as CEO and member of the Board earned the respect of not only those at BP but also amongst the wider industry and business community. It has been a privilege to work alongside him, and I'm sure I speak on behalf of many both inside and outside BP, when I say he will be greatly missed.

But, with Bob's retirement comes a new chapter for BP. Bernard will take over as CEO and member of the Board bringing deep experience of the industry and a strong track record as chief executive of the Upstream. I know that he will lead our company with the same level of dedication and focus, through what is sure to be a transformational phase for BP.



Turning then to highlights, and first to financial results.

We reported underlying replacement cost profit for the third quarter of $2.3 billion, coupled with strong underlying operating cash flow of $6.5 billion, including a $100 million working capital release.

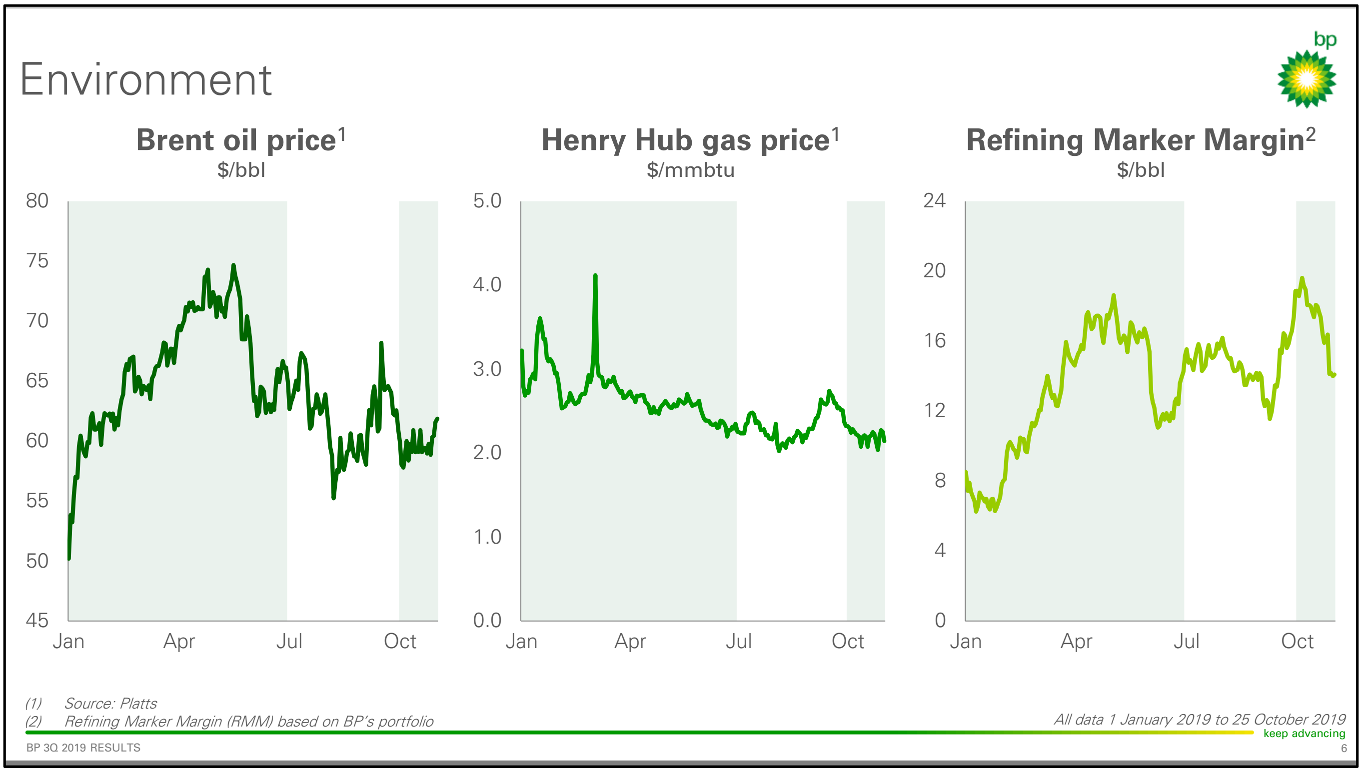
Turning to strategic progress, where we continue to see real momentum. We continue to actively manage our portfolio for value, focusing our attention on the most competitive opportunities for the Group. Consistent with this, we recently announced the sale of our Alaska business to Hilcorp for $5.6 billion. This represents the end of a long history in the state, but the proceeds will provide a material contribution towards our target of over $10 billion of divestments, and supports the ongoing deleveraging of our balance sheet.

In the Downstream, we continue to progress our fuels marketing growth strategy, agreeing a new joint venture with Reliance Industries. This includes a retail service station network and aviation fuels business across India. It builds on Reliance's retail network, with plans to grow from around 1,400 sites to 5,500 over the next five years in one of the world's fastest growing fuels markets.

The energy transition also remains front of mind. We announced a further expansion in China through a joint venture with DiDi, the world's leading mobile transportation platform, to develop electric vehicle charging infrastructure across the country. By combining our global retail capability and EV charging expertise with DiDi's large and growing customer base, we have an exciting opportunity to further develop our advanced mobility agenda in the world's largest electric vehicle market.

And we announced last week, the development of BP Infinia, an enhanced recycling technology capable of processing particularly hard-to-recycle plastic waste into recycled feedstock, supporting a stronger circular economy in the polyester industry.

Finally, in an industry first, we plan to deploy continuous methane measurement, across our new, BP operated, major oil and gas processing projects. This move is part of our wider strategy to tackle methane emissions in our operations. It is ultimately aimed at delivering and improving on BP's performance in reducing our methane intensity.



Looking now at the broader macro environment.

Brent crude prices averaged $62 per barrel in the third quarter compared to $69 per barrel in the second quarter. Following the attack on the facilities in Saudi Arabia, prices temporarily spiked, although this was short lived due to a faster than expected recovery in Saudi production. Prices were also tempered by rising trade tensions and increasing concerns over demand growth.

Forward pricing is expected to continue to be influenced by a number of competing supply and demand factors, including future OPEC plus production strategy, impacts from any further unplanned outages, US tight oil production performance, and the extent of the global economic slowdown.

Turning to gas prices. The Henry Hub gas price fell to $2.20 per million British Thermal Units in the third quarter. This was driven by rapid growth in natural gas production, and by storage levels returning to their historical range. Asian and European spot prices were weighed down by continuing rapid growth in LNG exports, averaging $4.70 and $3.30 per million British Thermal Units respectively.

Looking ahead, we expect natural gas markets to remain oversupplied through 2021. The combination of slower economic growth, slower Asian LNG demand growth, and new LNG projects starting up, is expected to result in some LNG export capacity being curtailed or underutilised.

BP's global refining marker margin dropped to $14.70 per barrel in the third quarter, slightly lower than the second quarter. This was driven by weak demand growth, which led to a build-up of product inventories despite high levels of refinery maintenance around the world. The Brent-WTI differential narrowed in the third quarter as new Permian takeaway capacity eased logistics constraints, and the WTI-WCS differential remained narrow, due to tight heavy crude markets and ongoing production cuts in Alberta.

Looking to 2020, margins and light-heavy crude differentials are expected to be supported by increased demand for marine diesel and very low sulphur fuel oil needed to meet the IMO's new MARPOL bunker fuel specifications. Brent-WTI is expected to narrow further, as new pipeline capacity comes on stream out of the Permian.

3Q 2019 results summary

$bn	3Q18[4]	2Q19	3Q19[4]
Underlying replacement cost profit	3.8	2.8	2.3
Underlying operating cash flow[1]	6.6	8.2	6.5
Underlying RCPBIT[2]			
Upstream	4.0	3.4	2.1
Downstream	2.1	1.4	1.9
Rosneft[3]	0.9	0.6	0.8
Other businesses and corporate	(0.3)	(0.3)	(0.3)
Underlying earnings per share (cents)	19.2	13.8	11.1
Dividend paid per share (cents)	10.25	10.25	10.25
Dividend declared per share (cents)	10.25	10.25	10.25

3Q 2019 vs 2Q 2019

- Lower liquids and gas realisations
- Adverse weather impacts on production
- Higher tax rate
- Lower refining turnarounds
- 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
(4) 3Q18 has not been restated following the adoption of IFRS 16, 3Q19 impacts are disclosed in the appendix

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Now, moving to our results in more detail.

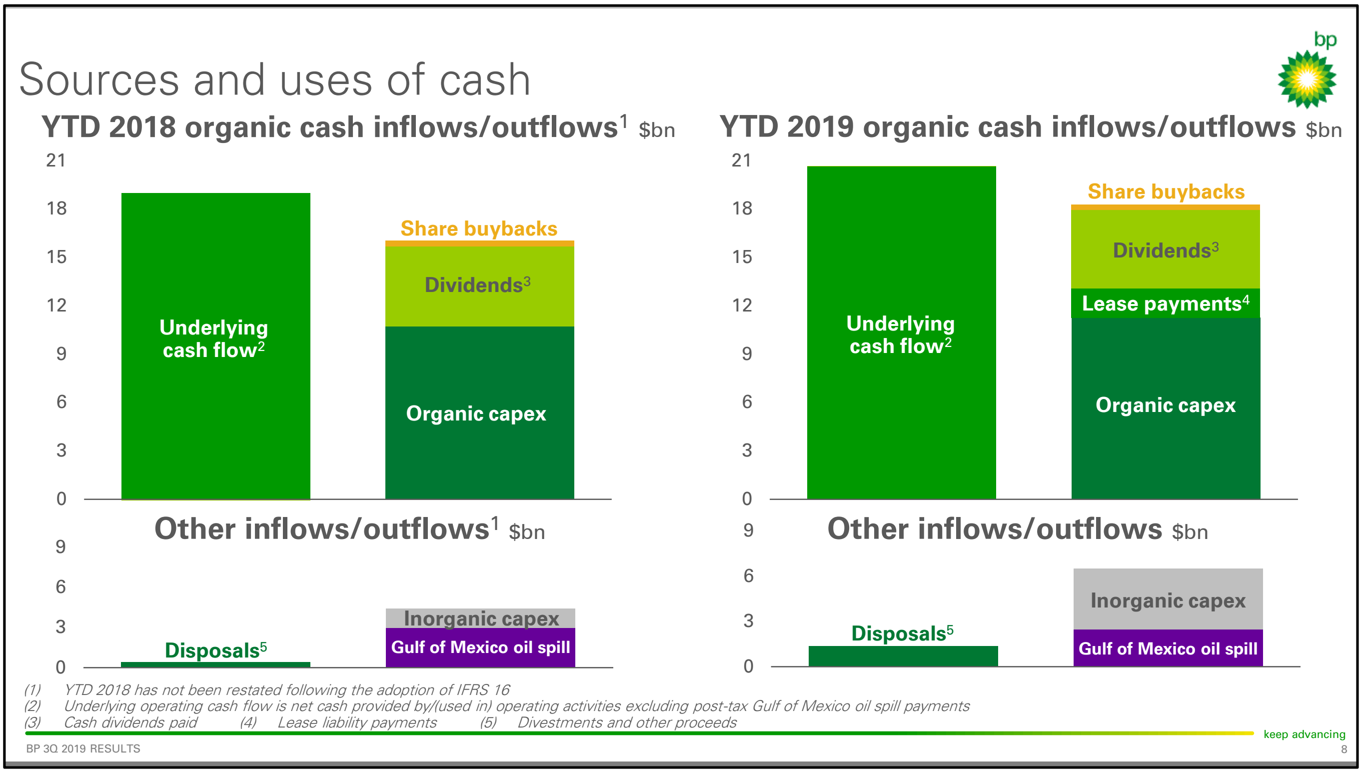
BP's third quarter underlying replacement cost profit was $2.3 billion, compared to $3.8 billion a year ago and $2.8 billion in the second quarter of this year.

The underlying effective tax rate for the quarter was lower than previously indicated, mainly due to higher than expected estimated Rosneft earnings, and a lower than expected impact from the Upstream profit mix.

Compared to a year ago the result reflects lower Upstream liquids and gas realisations as well as lower production, due to adverse weather impacts and maintenance activities, lower US heavy crude differentials and a higher tax rate.

Compared to the second quarter, the result reflects lower Upstream liquids and gas realisations, adverse weather impacts on production and a higher tax rate. This was partly offset by lower refining turnarounds and a higher Rosneft contribution.

The third quarter dividend, payable in the fourth quarter, remains unchanged at 10.25 cents per ordinary share.



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

Excluding oil spill related outgoings, underlying operating cash flow was $20.6 billion for the first nine months, of which $6.5 billion was generated in the third quarter. This included a working capital release of $600 million for the first nine months, of which $100 million was in the third quarter.

Organic capital expenditure was $3.9 billion in the third quarter and $11.3 billion for the first nine months of 2019.

Turning to inorganic cash flows. In the first nine months divestment and other proceeds totalled $1.4 billion. We made post-tax Gulf of Mexico payments of $2.5 billion, and inorganic capital expenditure was $4.0 billion, including final payments to BHP of $3.5 billion.

Through our share buyback programme, we bought back 52 million ordinary shares in the first nine months of 2019, at a cost of $340 million. So far in the fourth quarter, we have purchased a further 80 million shares at a cost of $500 million.

At the end of the third quarter net debt stabilised and was flat versus the second quarter at $46.5 billion. Following the non-cash impairment charge taken in the quarter, and related impact on equity, gearing was slightly higher than the second quarter at 31.7%.

Turning now to some operational highlights.

In the Upstream, we have brought 23 of the 35 planned major projects online since 2016. We continue to make good progress towards the delivery of 900 thousand barrels of oil equivalent per day of new major projects production by the end of 2021. Raven, the third stage of the West Nile Delta development in Egypt, is expected to start-up around the end of the year.

So far this year, we have taken Final Investment Decisions on five projects; most of which are in high margin advantaged oil regions. In exploration, we have had access awarded in nine countries. And, in the third quarter, we won two licenses in the prolific Santos and Campos basin offshore Brazil, with other access in Australia, the Gulf of Mexico and Oman.

We are also making good progress on activities to reduce our emissions:

– Our $100 million Carbon Fund has so far approved 12 projects, all focused on delivering new greenhouse gas emission reductions in BP's existing oil and gas operations; and

– We have rolled out methane measurement technology in five countries with more planned by the end of the year. In the US, we are using drones and hand-held cameras to identify and reduce methane emissions in the US Lower 48, including in the Permian, where we are designing new facilities and retrofitting existing facilities to effectively reduce routine flaring over time.

In the Downstream, we have also made good strategic progress.

In addition to the new joint venture with Reliance in India, we have continued to expand our convenience retail network. In Germany we opened our 500th REWE to Go site, delivering a strong customer value proposition and differentiated returns.

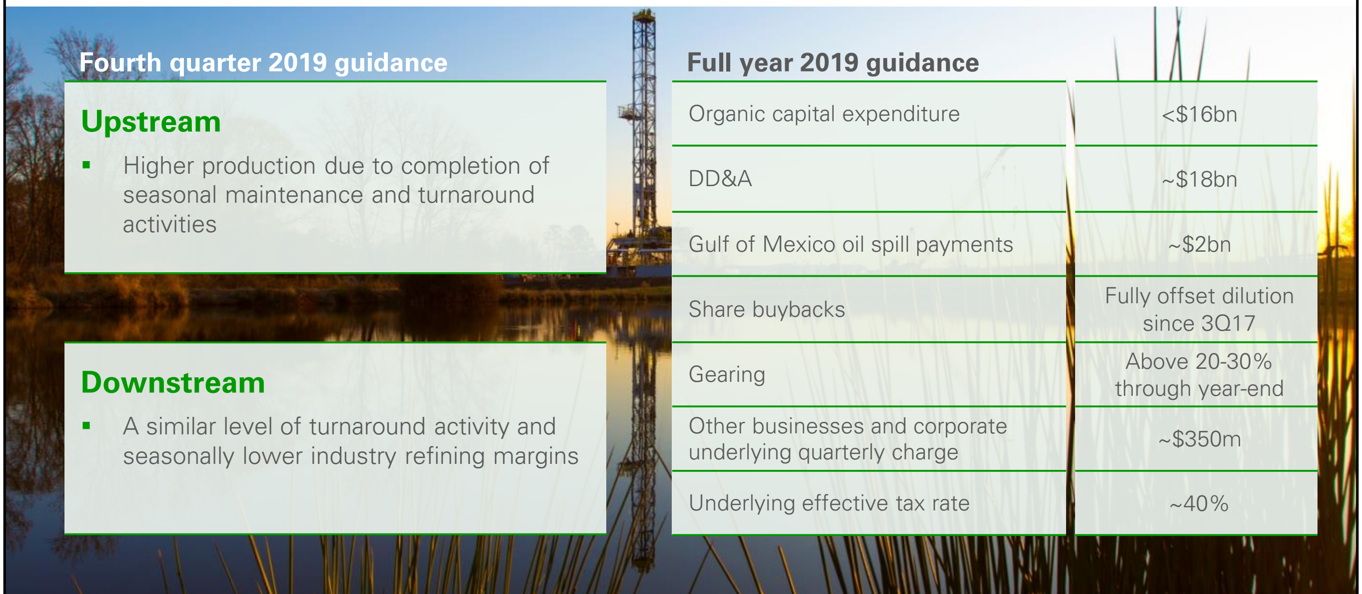
In Manufacturing, Solomon refining availability for the quarter stood at 96% with record quarterly throughput at our Whiting and Cherry Point refineries in the United States.

In Petrochemicals, we signed a memorandum of understanding with Zhejiang Petroleum and Chemical Corporation. Together, we will explore the creation of a new joint venture for a one million tonne per annum acetic acid plant in China, utilising BP's proprietary technology.

In the UK, BP Chargemaster launched 150 kilowatt ultra-fast electric vehicle chargers at our BP retail sites. This marks the start of our roll-out of more than 400 ultra-fast chargers across the country in the next two years. This, together with the joint venture agreement in China with DiDi, further underpins our ambition to be market leader in these countries, with the fastest, most convenient electric vehicle networks.

And finally, Lightsource BP has added around 600 megawatts to its project portfolio through a number of deals, including in the United States and Spain. These deals further progress Lightsource BP towards its stated ambition to develop 10 gigawatts of solar capacity by 2023.

2019 guidance



Looking to guidance for the fourth quarter of 2019. In the Downstream we expect a similar level of turnaround activity and seasonally lower industry refining margins compared to the third quarter. In the Upstream, we expect production to be higher than the third quarter following the completion of seasonal maintenance and turnaround activities.

For the full-year we now expect organic capital expenditure to be below $16 billion, reflecting a continued focus on capital discipline and efficiency of spend.

As indicated, we expect gearing to remain above the top end of our target 20-30% range through year-end, reflecting the impact of the non-cash impairment charges taken this quarter.

The remainder of our full-year guidance is unchanged:

– The DD&A charge is expected to be around $18 billion;

– Gulf of Mexico oil spill payments are expected to be around $2 billion, net of tax adjustments expected in the fourth quarter;

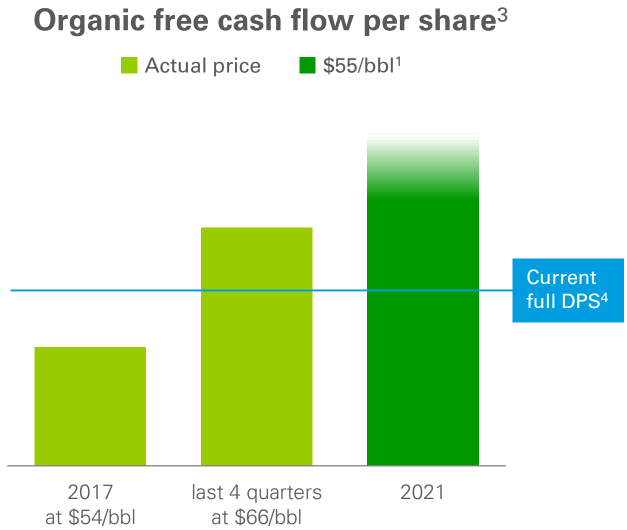
– We expect to continue our share buyback programme, and to fully offset the impact of scrip dilution since the third quarter of 2017, by the end of this year. Since recommencing the programme in the fourth-quarter of 2017, the total number of shares bought back stands at 230 million at a cost of $1.5 billion;

– In Other Businesses and Corporate, the average underlying quarterly charge is expected to be around $350 million; and

– In the current environment, we continue to expect the underlying effective tax rate to be around 40%.

Medium term financial frame

	2019 – 2021
Cost and capital discipline	$15-17bn p.a. organic capital expenditure
Divestments	>$10bn through 2019/2020
Gearing	20-30%
Returns	>10% ROACE by 2021 at $55/bbl[1]
Distributions	Progressive dividend and share buyback programme[2]



(1) Brent oil prices 2017 real (2) Share buyback programme expected to fully offset dilution since 3Q17 by end of 2019 (3) Organic free cash flow: operating cash flow excluding Gulf of Mexico oil spill payments less organic capital expenditure and lease liability payments. In USD cents per ordinary share, based on BP planning assumptions, last four quarters represents the period 4Q18-3Q19 (4) DPS: dividend per ordinary share at current dividend rate of 10.25 cents per share per quarter

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We approach the end of 2019 with a clear focus on executing the strategy we laid out almost three years ago. We are making tangible progress across the business segments towards achieving our strategic milestones, all of which is underpinned by a resilient financial frame.

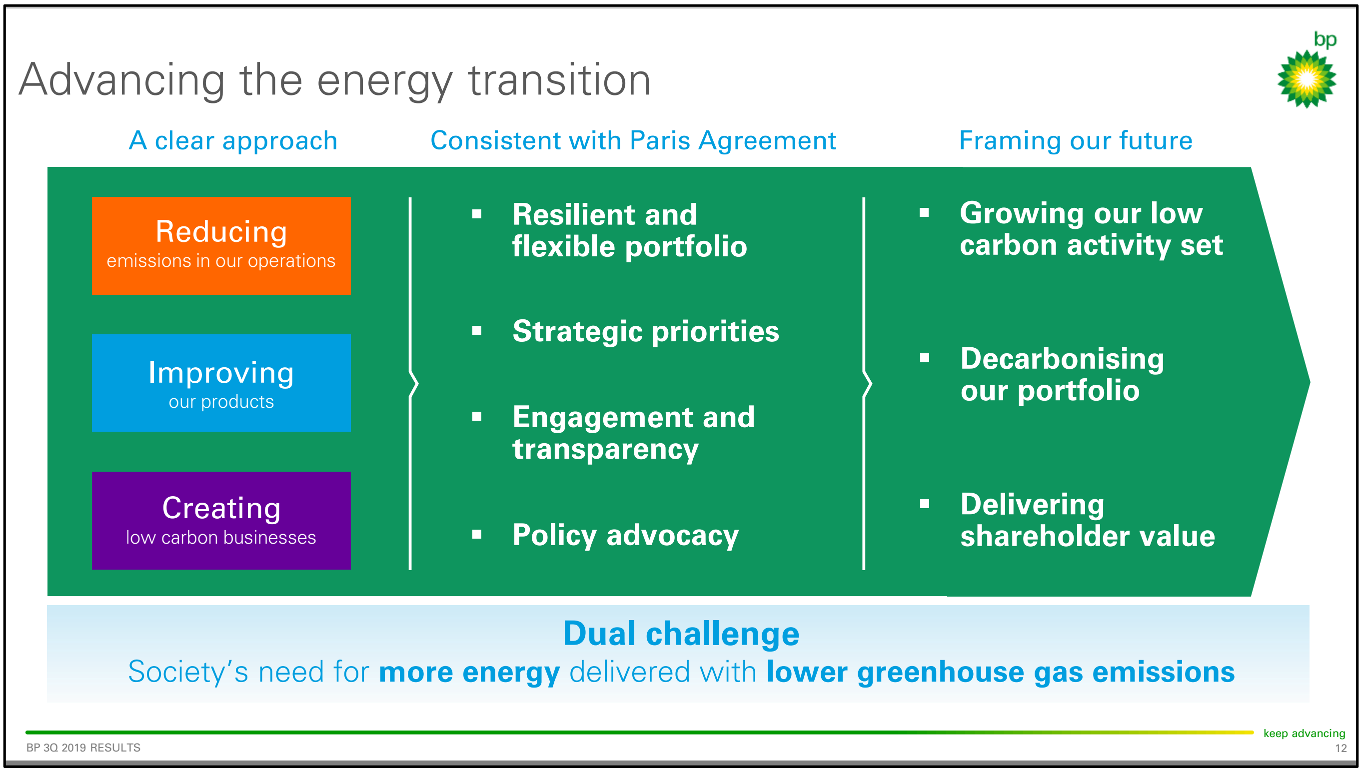
We have made significant progress on the programme to deliver greater than $10 billion of divestment proceeds through 2019 and 2020. As indicated, we now expect to have announced around $10 billion of transactions by the end of 2019.

Assuming recent average oil prices, and in line with expected growth in free cash flow and receipt of divestment proceeds, we continue to expect net debt levels to reduce and gearing to move towards the middle of our targeted range of 20-30% through 2020.

With the continued momentum across the business, and confidence in our medium-term financial frame, we have announced a suspension of the scrip dividend programme. This is effective for the third quarter dividend announced today, payable in the fourth quarter. We do not anticipate offering a scrip election for the foreseeable future; however, we will retain the option to do so, subject to continuing shareholder authority.

In addition, and acknowledging that many of our shareholders value having the option to receive shares in place of a cash dividend, we are reinstating a dividend reinvestment plan. Subject to election, this will allow some shareholders to reinvest their cash dividend to buy shares in the market.

And as net debt and gearing reduces, we remain committed to growing distributions to shareholders in line with sustainable free cash flow growth over the long-term.



Before I close, I'd like to reinforce a few points about BP's approach to the energy transition.

In early 2017 we laid out our current strategy, which is underpinned by safe and reliable operations. Since then we have established a clear track record of operational and financial delivery, which has created a strong foundation for us to advance our low carbon agenda.

We are doing this while also responding to a rapidly changing energy landscape, with growing expectations for us to adapt at pace to changing demands from stakeholders. At our AGM in May, we supported a resolution brought by a group of shareholders seeking to broaden our reporting on how our strategy is consistent with the goals of the Paris Agreement.

A lot of work has already been done and we expect to report on this ahead of next year's AGM. In summary however, we continue to be committed to managing our portfolio for value, and investing with discipline in flexible and resilient options, which together support our broader strategy in remaining consistent with the goals of the Paris Agreement.

We are doing a lot, but there is more to do. We know the world is not on a sustainable path, and requires a faster transition to a low carbon energy system – and we have an important role to play. As we advance the energy transition, and with the announcement of Bob's retirement and Bernard's succession as CEO, we will now move our proposed event in November to early next year.

Thanks for listening, and let me now turnover to questions.

Q&A

Brian Gilvary
Chief Financial Officer

Craig Marshall
Head of Investor Relations

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Appendix

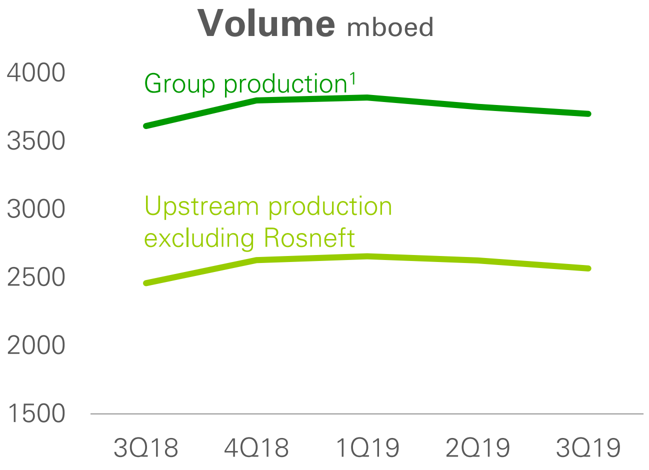
BP 3Q 2019
Results

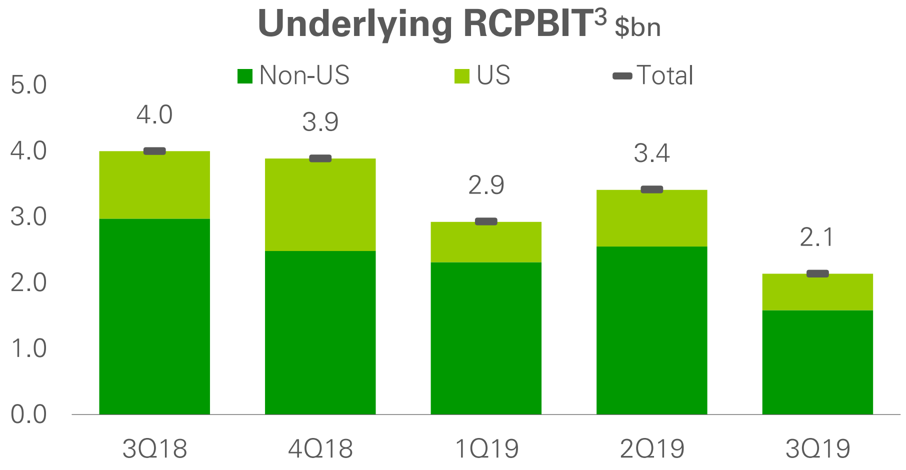
3Q 2019 summary

$bn	3Q18[6]	2Q19	3Q19	% Y-o-Y[6]	% Q-o-Q
Upstream	4.0	3.4	2.1		
Downstream	2.1	1.4	1.9		
Other businesses and corporate	(0.3)	(0.3)	(0.3)		
Underlying business RCPBIT[1]	**5.8**	**4.5**	**3.7**	**(36%)**	**(18%)**
Rosneft[2]	0.9	0.6	0.8		
Consolidation adjustment – unrealised profit in inventory	0.1	0.0	0.0		
Underlying RCPBIT[1]	**6.7**	**5.2**	**4.5**	**(33%)**	**(12%)**
Finance costs[3]	(0.6)	(0.8)	(0.8)		
Tax	(2.2)	(1.5)	(1.5)		
Minority interest	(0.1)	(0.1)	(0.0)		
Underlying replacement cost profit	**3.8**	**2.8**	**2.3**	**(41%)**	**(20%)**
Adjusted effective tax rate[4]	36%	34%	40%		
Underlying operating cash flow[5]	6.6	8.2	6.5	(2%)	(21%)
Underlying earnings per share (cents)	19.2	13.8	11.1	(42%)	(20%)
Dividend paid per share (cents)	10.25	10.25	10.25	0%	0%
Dividend declared per share (cents)	10.25	10.25	10.25	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 effective tax rate on replacement cost profit adjusted to remove the effects of non-operating items and fair value accounting effects
(5) Underlying operating cash flow is net cash provided by/(used in) operating activities excluding post-tax Gulf of Mexico oil spill payments
(6) 3Q18 has not been restated following the adoption of IFRS 16

Upstream





Realisations[2]	3Q18	2Q19	3Q19
Liquids ($/bbl)	70	63	56
Gas ($/mcf)	3.9	3.4	3.1

3Q 2019 vs 2Q 2019

- Lower liquids and gas realisations
- Lower gas marketing and trading; and
- Lower production due to Hurricane Barry in the US Gulf of Mexico

(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]

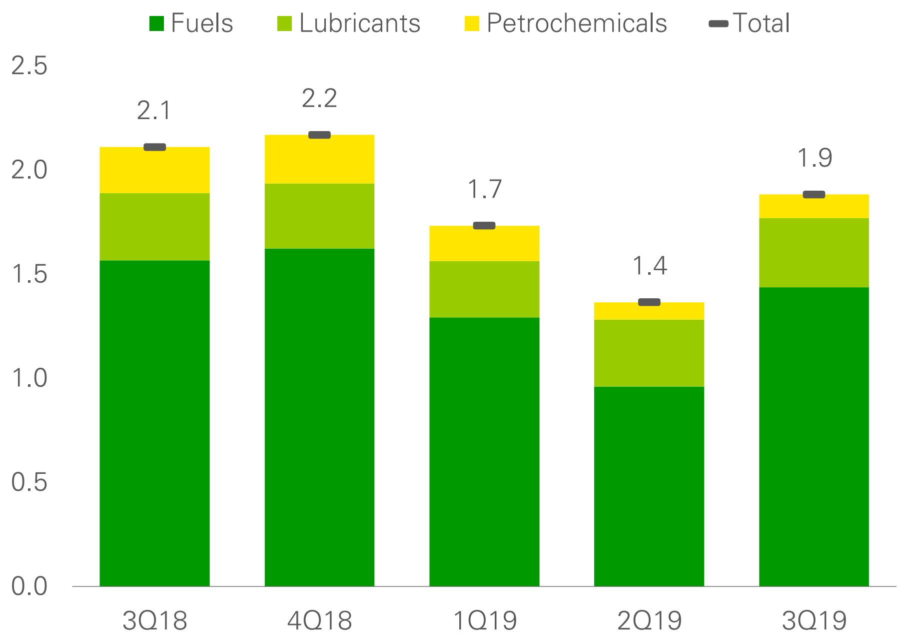
2Q19: 93%

Refining environment	3Q18	2Q19	3Q19
RMM ($/bbl)	14.7	15.2	14.7

3Q 2019 vs 2Q 2019

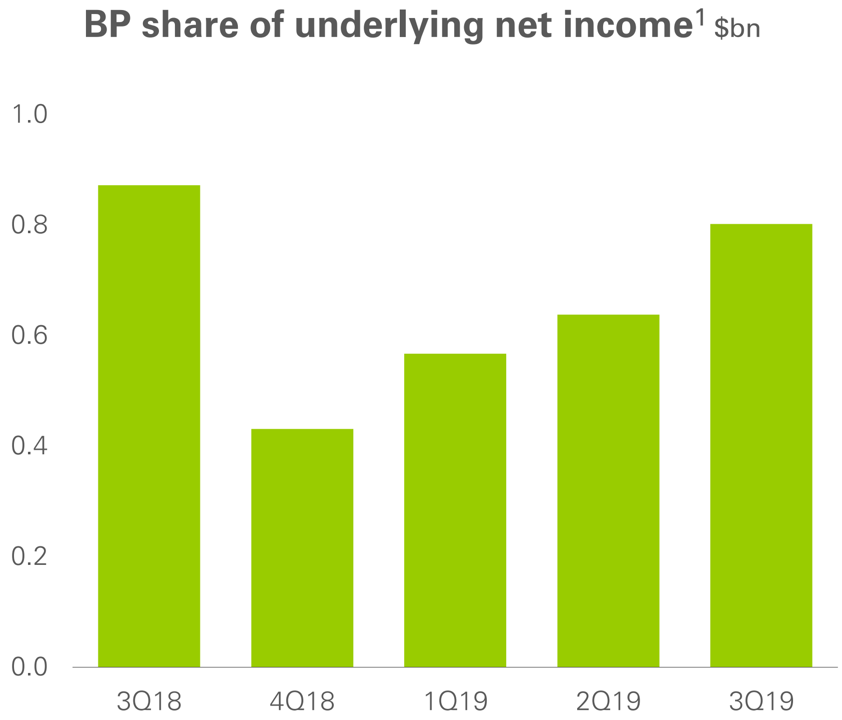
- A lower level of turnaround activity
- A strong contribution from supply and trading
- Higher fuels marketing earnings
- Strong refining availability

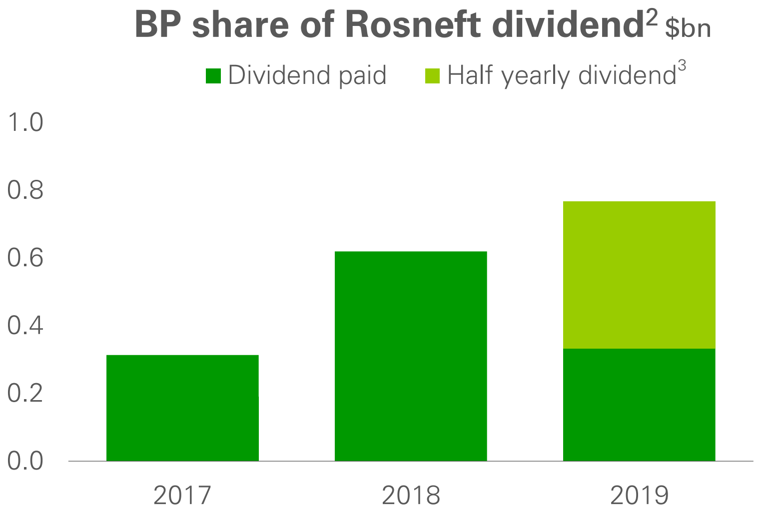
Underlying RCPBIT[2] $bn



(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





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BP share of Rosneft production[4]

(1) *On a replacement cost basis and adjusted for non-operating items; 3Q19 represents BP estimate*
(2) *From 2018, represents BP's share of 50% of Rosneft's IFRS net profit, 2017 includes full year 2016 dividend and dividend relating to first half of 2017*
(3) *Estimate of half yearly dividend related to 1H19, representing BP's share of 50% of Rosneft's IFRS net profit, expected to be paid in the fourth quarter*
(4) *Average daily production for 3Q19*

IFRS 16 – 3Q19 impact

Balance sheet[1]	Income statement	Cash flow	Key metrics
Right-of-use assets $9.0bn	Operating lease expenses ~$0.6bn ⬇	Operating cash flow ~$0.5bn ⬆	Gearing 31.7%
Lease liabilities $9.6bn	DD&A $0.5bn ⬆	Capital expenditure ~$0.1bn ⬇	Unit production costs $0.39/boe ⬇
	Interest charge $0.1bn ⬆	Lease payments $0.6bn ⬆	ROACE minor negative impact[2]
	Negligible impact on replacement cost profit	**No impact on free cash flow**	

(1) Closing balance at end of 3Q 2019
(2) ROACE metric disclosed as part of full year financial results

The BP proposition

Safer	Safe, reliable and efficient execution →
Fit for the future	A distinctive portfolio fit for a changing world →
Focused on returns	Value based, disciplined investment and cost focus →

Growing sustainable free cash flow and distributions to shareholders over the long-term