# From IOC to IEC




## bp third quarter 2021

Financial results presentation

2 November 2021


Good morning everyone and welcome to bp's third quarter 2021 results presentation.

I'm here today with Bernard Looney, chief executive officer and Murray Auchincloss, chief financial officer.

Before we begin today, let me draw your attention to our cautionary statement.

# 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 impact of LNG contracts on adjusting items and underlying replacement cost profit; expectations regarding the COVID-19 pandemic, including its risks, impacts, consequences, duration, continued restrictions, challenges, bp's response, the impact on bp's financial performance (including cash flows and net debt), operations and credit losses, and the impact on the trading environment, oil and gas prices, and global GDP; expectations regarding the shape of the COVID-19 recovery and the pace of transition to a lower-carbon economy and energy system; plans, expectations and assumptions regarding oil and gas demand, supply or prices, the timing of production of reserves, or decision making by OPEC+; expectations regarding refining margins, refinery utilization rates and product demand; expectations regarding bp's future financial performance and cash flows; expectations regarding future upstream production and project ramp-up; expectations regarding supply shortages; expectations with respect to completion of transactions and the timing and amount of proceeds of agreed disposals; expectations with regards to bp's transformation to an IEC; plans and expectations regarding bp's financial framework; expectations regarding price assumptions used in accounting estimates; bp's plans and expectations regarding the allocation of surplus cash flow; plans regarding the amount and timing of share buybacks; expectations regarding future quarterly dividends and share buybacks; expectations that bp's balanced portfolio will enable it to capture the benefit of the strong commodity environment; plans and expectations regarding net debt; plans and expectations regarding a resilient dividend; plans and expectations regarding bp's credit rating, including in respect of maintaining a strong investment grade credit rating; plans and expectations regarding capital discipline; expectations regarding bp's development of hydrogen and CCUS projects, including those in the East Coast Cluster; plans and expectations regarding the implications of the energy transition for bp; plans and expectations for bp's work on EV charging, including plans to drive up utilisation rates and increase footfall at bp's convenience stores; plans and expectations to deliver a target of 20 gigawatts of developed renewables to FID by 2025; expectations of disposal proceeds of $6 to 7 billion by end 2021; plans and expectations of around $13 billion capital expenditure in 2021; plans and expectations to grow EBITDA while reducing emissions; expectations regarding the impact of high-margin hydrocarbon projects on EBITDA growth; plans and expectations regarding the Mad Dog Phase 2 and Raven projects; plans and expectations to continue to drive margin and returns by prioritising projects around existing infrastructure; expectations of strong performance in newer major projects; plans and expectations of further improvement towards bp's 2025 target of 96% for both reliability and availability; plans to nearly double EBITDA from around $5 billion in 2019 and generate returns of 15-20%; expectations regarding the rebranding and growth of the existing network of Jio-bp's Reliance fuel stations in India; expectations regarding the strength of bp's Castrol, convenience, and mobility businesses in China; plans and expectations regarding bp's ability to reach 20 gigawatts of developed capacity to FID net to bp by 2025; plans and expectations regarding Lightsource bp's increased growth target of 25 gigawatts developed to FID by 2025; plans and expectations regarding core hydrogen markets, developments for the Aberdeen City Council, removal of UK industrial cluster CO2 emissions and developments and projects with H2Teesside and NZT Power; plans and expectations regarding joint ventures, partnerships and other collaborations with Daimler, BMW Group, Reliance (Jio), Masdar, and ADNOC of UAE.

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; developments in policy, law, regulation, technology and markets, including societal and investor sentiment, related to the issue of climate change; 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 and continued base oil and additive supply shortages; 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 "Risk factors" in bp Annual Report and Form 20-F 2020 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.

November 2021

*** For items marked with an asterisk throughout this document, definitions are provided in the glossary**



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.

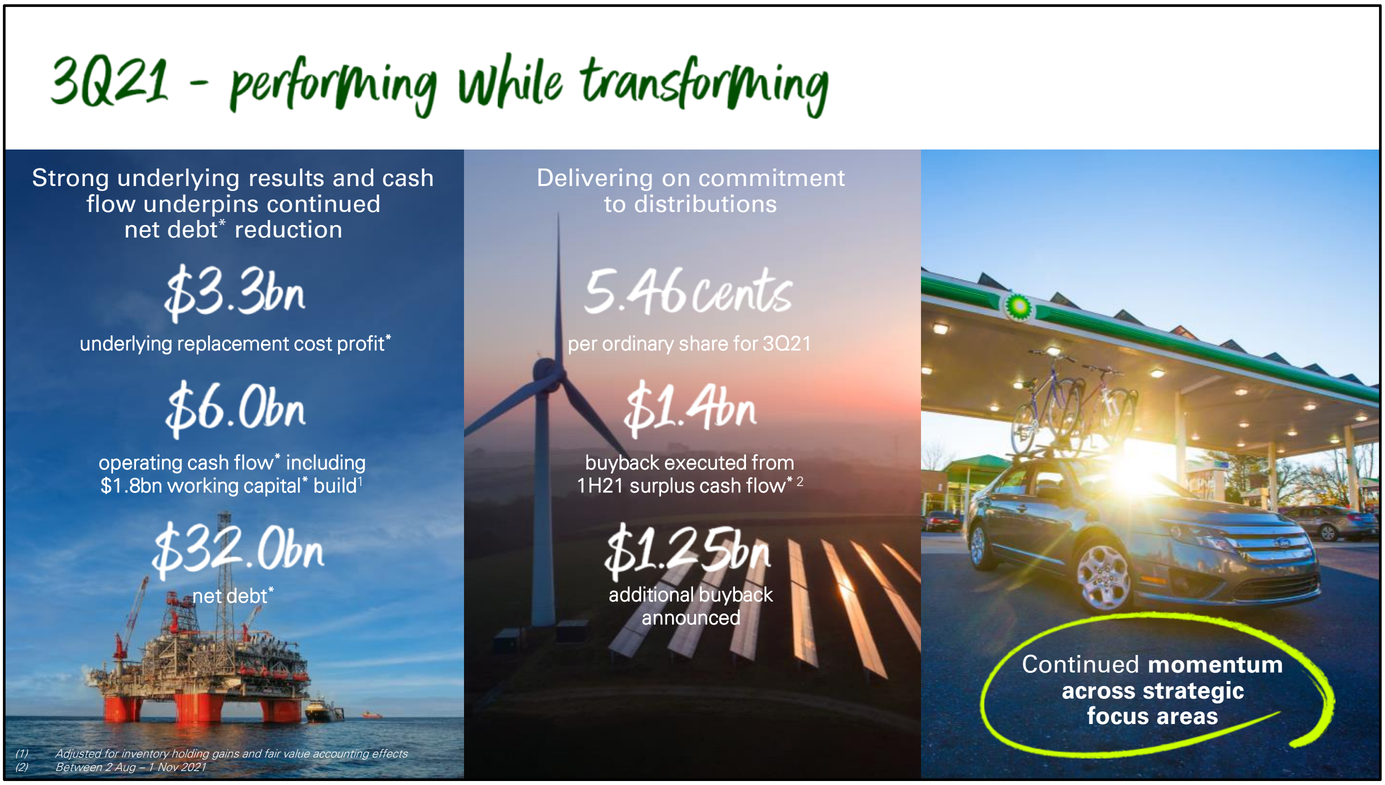
Bernard Looney

Chief executive officer

Thanks Craig,

And welcome everyone - it is great to have you join us.

I'm going to start with a summary of our results before Murray takes you through the detail. I'll then share some operational and strategic highlights and we will then take your questions.




Today we are reporting another quarter of strong strategic delivery and underlying financial progress:

– Our businesses are running well - maintaining their focus on safe and reliable operations;

– Our portfolio is capturing the benefit of the strong commodity environment; and

– Our overall results show how our continued focus on 'performing while transforming' is delivering value for our shareholders today – strengthening our balance sheet, growing distributions – while at the same time investing with discipline in our strategic transformation.

For the quarter:

– Underlying replacement cost profit was $3.3 billion;

– Operating cash flow was $6 billion – which includes a working capital build of $1.8 billion; and

– Net debt fell for the sixth consecutive quarter to reach $32 billion.

Next, to distributions, where we continue to deliver on our commitment to shareholders:

– A resilient dividend is our first priority within the financial frame, and for the third quarter bp has declared a dividend of 5.46 cents per ordinary share, unchanged following the 4% increase announced with our second quarter results;

– We have completed the $1.4 billion share buyback from first half 2021 surplus cash flow; and

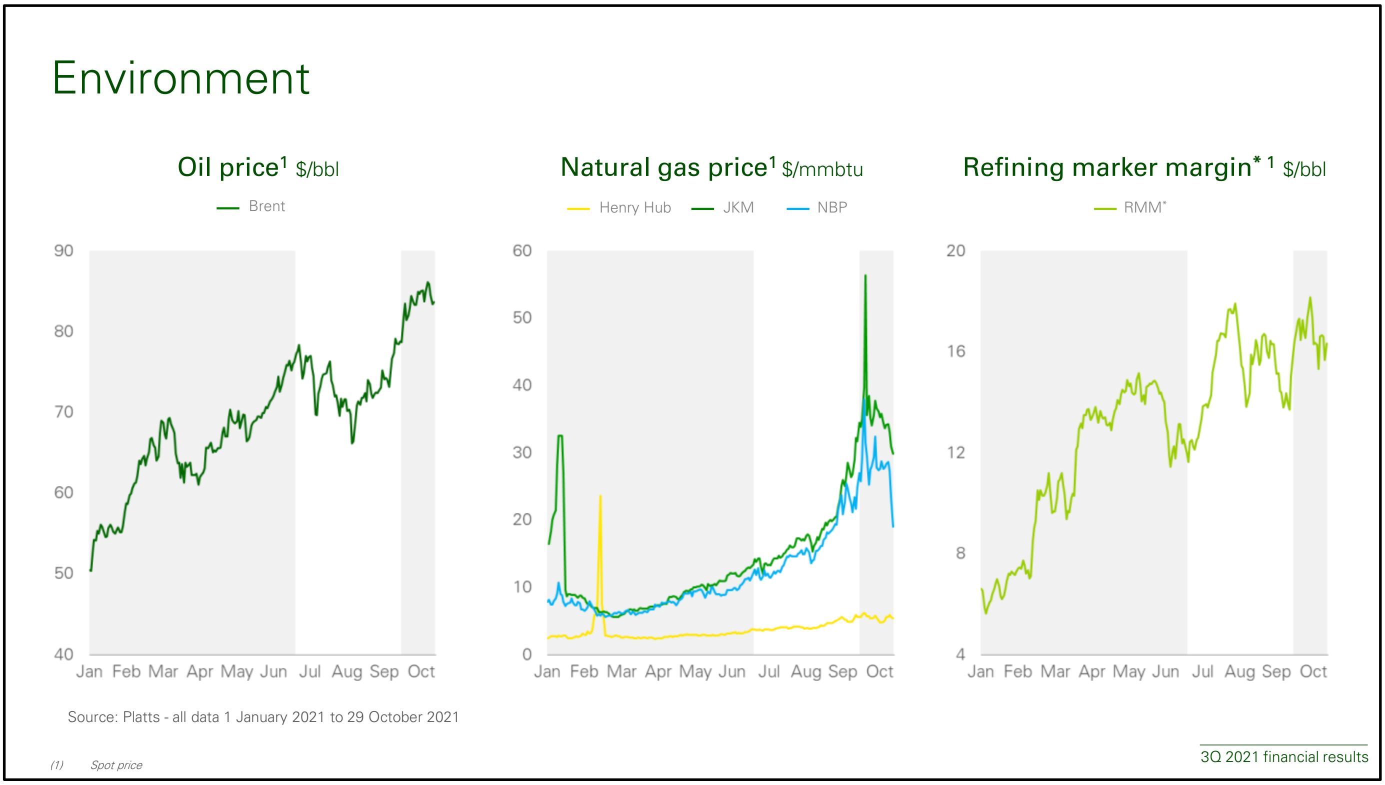
– Have today announced plans to buyback $1.25 billion of shares, which we expect to complete by the time of our fourth quarter results.

We have also seen continued momentum across each of our strategic focus areas.

I'll come back to talk about these and other highlights later in the presentation but for now, let me hand over to Murray.

Murray Auchincloss

Chief financial officer




Thanks Bernard.

Let's begin with macro environment.

Oil prices have continued to increase, with Brent rising 7% to average $74 per barrel in the third quarter and moving above $80 per barrel in recent weeks. This reflects the strong rebound in oil demand as the impact of COVID eases as well as the measured increases in OPEC+ supply. As a result inventories have reduced back toward pre-pandemic levels.

As we look ahead to the end of the year, we expect oil prices to be supported by continued inventory draw-down, with the potential for additional demand from gas to oil switching.

Gas markets were very strong in the quarter.

Henry Hub averaged $4.30 per million British thermal units up from $2.90 per million British thermal units in the second quarter as capital discipline continued to limit US gas production growth and Hurricane Ida led to production curtailments.

In international markets, average NBP and JKM prices rose by around 85% compared to the second quarter. This reflects a tight LNG market driven by strong Asian demand growth, LNG supply outages, depleted European gas storage and uncertainty over Russian pipeline imports.

We expect gas markets will remain tight during the period of peak winter demand.

Looking to refining. The increase in industry refining margins was supported by Hurricane Ida related disruptions in early September. In the third quarter bp's average

RMM rose by 11% to $15.20 per barrel. This was mainly due to seasonal demand rebound. Realised margins also benefitted from wider North American heavy crude oil differentials.

In the fourth quarter, industry refining margins are expected to be lower compared to the third quarter driven by seasonal demand.

## 3Q21 underlying results summary

| $bn | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| Underlying RCPBIT* | 1.2 | 4.7 | 5.9 |
| Gas & low carbon energy | 0.5 | 1.2 | 1.8 |
| Oil production & operations | 0.4 | 2.2 | 2.5 |
| Customers & products | 0.6 | 0.8 | 1.2 |
| Rosneft* | (0.2) | 0.7 | 0.9 |
| Other businesses and corporate | (0.1) | (0.3) | (0.4) |
| Consolidation adjustment - UPII* | 0.0 | (0.0) | (0.0) |
| Underlying replacement cost profit* | 0.1 | 2.8 | 3.3 |
| Operating cash flow* | 5.2 | 5.4 | 6.0 |
| Capital expenditure* | (3.6) | (2.5) | (2.9) |
| Divestment and other proceeds | 0.6 | 0.2 | 0.3 |
| Net issue (repurchase) of shares | 0.0 | (0.5) | (0.9) |
| Net debt* | 40.4 | 32.7 | 32.0 |
| Announced dividend per ordinary share (cents per share) | 5.25 | 5.46 | 5.46 |

**3Q 2021 vs 2Q 2021**

- Higher oil and gas realisations*
- Higher refining availability* and throughput, enabling the capture of a stronger environment
- Stronger gas marketing and trading
- Higher underlying tax charge

3Q 2021 financial results

Moving to results.

In the third quarter we reported an IFRS loss of $2.5 billion.

After adjusting items of $6.3 billion, we reported an underlying replacement cost profit of $3.3 billion, compared to $2.8 billion last quarter.

Adjusting items included fair value accounting effects of $6.1 billion, primarily due to the exceptional increase in forward gas prices towards the end of the quarter.

Under IFRS, reported earnings include the mark-to-market of hedges used to risk-manage LNG contracts, but not the physical LNG contracts themselves. This mismatch at the end of the third quarter is expected to unwind if prices decline and as cargoes are delivered. The underlying result removes this mismatch, consistent with how bp risk manages its LNG portfolio.

Turning to business group performance, compared to the second quarter:

– In gas & low carbon energy the result benefitted from higher gas realisations and a stronger gas marketing and trading result;

– In oil production & operations the result reflects higher liquids and gas realisations but was impacted by the effect of Hurricane Ida on our Gulf of Mexico production in the quarter; and

– In customers & products, the products business returned to profit driven by higher refining availability and throughput enabling the capture of the stronger refining environment, partly offset by increased energy prices. The result also benefited from a higher contribution from oil trading. And the customers result was supported by higher retail and aviation volumes, strong convenience and fuel margin management, offset by higher wage costs and increased digital and marketing investment.

For the third quarter, bp has announced a dividend of 5.46 cents per ordinary share, payable in the fourth quarter.

# Cash flow and balance sheet

### 3Q21 highlights

$6.0bn operating cash flow* including

- $1.8bn working capital*[1] build

$300m disposal proceeds*

- $5.4bn YTD with $6-7bn expected by end-21

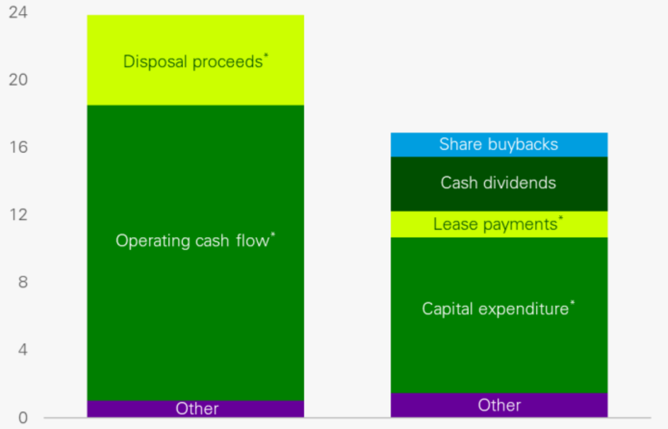
$900m surplus cash flow*

$1.4bn buyback from 1H21 surplus cash flow* completed

- $900m executed during 3Q21

$32.0bn net debt* at end-3Q21

### 9M21 cash inflows/outflows $bn




(1) Adjusted for inventory holding gains and fair value accounting effects



Turning to cash flow and the balance sheet.

Operating cash flow was $6 billion in the third quarter. This included a working capital build of $1.8 billion after adjusting for inventory holding gains and fair value accounting effects.

Capital expenditure was $2.9 billion.

And disposal proceeds were $300 million bringing year-to-date receipts to $5.4 billion by the end of the third quarter. We now expect to realise disposal proceeds of around $6 to $7 billion by the end of 2021.

Reflecting the strong underlying cash flow delivery, and after working capital movements, third quarter surplus cash flow was $900 million.

With second quarter results, bp announced the intention to buyback $1.4 billion of shares from surplus cash flow generated in the first half of 2021. This programme has been completed, with $900 million executed during the third quarter.

Recognising these factors, net debt fell for the sixth consecutive quarter to reach $32 billion at the end of the third quarter and has now been reduced by $7 billion since the start of this year.

## Financial frame – a clear hierarchy of priorities

**#1 Resilient dividend**

5.46¢

per ordinary share for 3Q21

Capacity for annual increase of the dividend per ordinary share of ~4% through 2025 at ~$60/bbl

**#2 Strong investment grade credit rating**

40%

2021 surplus cash flow*

Plan to allocate 40% 2021 surplus cash flow* to further strengthen balance sheet

**#3, #4 Disciplined investment allocation**

~$13bn

2021 capital expenditure*

2022-2025: $14-16bn

| #3 | #4 |
|---|---|
| ~$5-7bn per year | ~$9bn per year |
| Low carbon electricity & energy and convenience & mobility | Resilient & focused hydrocarbons |

**#5 Share buybacks**

60%

2021 surplus cash flow*1

Announced plan to execute $1.25bn prior to 4Q21 results

Commitment to allocate ≥60% surplus cash flow*1 to share buybacks and expect to average ~$1.0bn per quarter through 2025 at ~$60/bbl

2021 total YTD2: $1.9bn

(1) Subject to maintaining a strong investment grade credit rating

(2) Includes: $500m completed in 2Q21 to offset dilution from vesting of awards under employee share schemes and $1.4bn from 1H21 surplus cash flow*

3Q 2021 financial results

Our financial frame has established a clear set of principles and priorities for our uses of capital – these remain unchanged – with a resilient dividend our first priority.

Our second priority is to maintain a strong investment grade credit rating. I'm pleased with the progress we have made on debt reduction and we continue to plan to allocate 40% of 2021 surplus cash flow to further strengthen the balance sheet.

Despite the backdrop of higher commodity prices, we remain focused on capital discipline and our third and fourth priorities for capital expenditure remain unchanged. We continue to expect to spend around $13 billion in 2021.

Finally, subject to maintaining a strong investment grade credit rating, and considering the cumulative level of and outlook for surplus cash flow, the board remains committed to using 60% of 2021 surplus cash flow for share buybacks.

Recognising third quarter surplus cash flow of $900 million, and reflecting our confidence in the outlook, bp intends to execute a further buyback of $1.25 billion prior to fourth quarter results.

And we expect to outline plans for the final tranche of buybacks from 2021 surplus cash flow with our fourth quarter results.

Based on bp's current forecasts, at around $60 per barrel Brent and subject to the board's discretion each quarter, we continue to expect to be able to deliver a buyback of around $1 billion per quarter on average, with upside at higher prices, and to have capacity for an annual dividend increase of around 4% through 2025.

Taken together, we remain focused on delivering strong per share growth consistent with our proposition to shareholders.

Thank you very much for listening.

Bernard, back to you.

Bernard Looney
Chief executive officer

## Resilient and focused hydrocarbons

Achieved target of 900 thousand barrels per day of new major project* production by 2021

- 34 major projects* delivered in six years
- On average ~15% under budget

Building resilience in our portfolio

- 3Q21 upstream plant reliability* 95.4%
- 3Q21 refining availability* 95.6%
- Permian methane flaring intensity reduced by >90% since acquiring the assets


Thanks Murray,

So turning now to look at operational and strategic highlights – and we continue to make disciplined progress, underpinning our confidence in the targets we have laid out last year.

Looking first at hydrocarbons. We are building a higher quality and more resilient business. Growing EBITDA from a smaller, higher-margin and price-leveraged portfolio, whilst at the same time reducing emissions.

In 2016 we first outlined an ambitious plan to grow production from new high-margin major projects.

And with two major projects coming online in the third quarter – Thunder Horse South Expansion Phase 2 and Matapal – we have now hit our target of delivering 900 thousand barrels of oil equivalent per day by 2021.

This – I hope you will agree – is a fantastic achievement – and a great example of us doing as we say. Executing our strategy and building real momentum:

- 34 projects;
- 11 countries;
- Over 250 million hours;
- With more than $36 billion of capital expenditure net to bp;
- And all executed on average on schedule and importantly around 15% below

budget.

Why is this so important?

First, these high margin barrels will help drive EBITDA growth as we high-grade our portfolio. And there is more to come. In 2022 we plan to start-up the high-margin Mad Dog Phase 2 project in the Gulf of Mexico – further expanding our footprint in one of our core regions – with substantial price leverage. And we expect to further drive margin and returns by prioritising projects around existing infrastructure.

Second, as we've discussed before, our single operating model is allowing us to leverage these world-class project execution capabilities across our existing business and into new areas. And it is also helping drive resilience across our operating assets – improving reliability, lowering emissions and maximising value.

Compared to the second quarter, upstream plant reliability improved by around 1% to reach 95.4%, underpinned by strong performance in some newer major projects such as Raven in Egypt. Refining availability was also higher, up 2%. We continue to expect further improvement towards our 2025 target of 96% for both reliability and availability.

And we are in action reducing emissions.

Take BPX as an example.

Through focused investment since acquiring the assets, the team has cut Permian methane flaring intensity by over 90% to less than 1% by the end of the third quarter 2021. These actions are key to our BPX strategy, helping improve the sustainability of our operations while also yielding attractive returns.

## Convenience and mobility

Redefining convenience

- Record YTD convenience gross margin*
- Increased basket value[1]

Advancing next-gen mobility

- Continued roll-out of rapid and ultra-fast charging points
- 45% increase in electron sales versus 2Q21

Expanding in growth markets

- Jio-bp opens first branded site in India
- Record YTD underlying earnings in China

(1) Nine months 2021 vs. nine months 2019


In convenience and mobility we aim to nearly double EBITDA by 2030 from around $5 billion in 2019 and generate returns of 15-20%, and we continue to make strong progress across our three focus areas.

First, we are re-defining our convenience offer. Compared to the same quarter last year:

- We have increased the number of strategic convenience sites by 8%;
- Our BPme customers, who typically spend twice as much as non-app users, have increased by around 50%;

And since 2019, our basket value is higher in key markets, for example in the UK and in the US at Thorntons, it has grown by more than 20%.

Together, these factors have underpinned our record year-to-date convenience gross margin delivery.

Next, in next-gen mobility:

- Nearly half our EV charging points are now either rapid or ultra-fast;
- Our utilisation rates are increasing, with electron sales 45% higher than last quarter; and
- Our Digital Charging Solutions partnership with Daimler and BMW Group completed in October. This is expected to connect EV drivers across Europe to our network of charging points, drive up utilisation rates and increase footfall at our convenience stores.

And finally, we continue to expand in growth markets.

In the last few weeks, Jio-bp – our Indian fuels and mobility joint venture with Reliance – opened their first 'mobility station', providing a fully integrated customer offer; including:

- High-quality fuels;
- EV charging points;
- Tailored convenience offers, including our Wild Bean Cafe; and
- Castrol products and services.

The Jio-bp brand builds on a well-established partnership in India, further combining the knowledge, expertise and experience of bp and Reliance Industries to create an unmatched and distinctive customer experience. The existing network of 1,400 Reliance fuel stations will be rebranded to Jio-bp in the coming months.

And, in China, our record year to date underlying earnings were driven by the strength of our Castrol brand and our convenience and mobility businesses.

## Low carbon electricity and energy

Increasing confidence in 2025 target of 20GW developed renewables to FID*

- 3Q21 pipeline of 23GW
- Lightsource bp increases its target to 25GW developed by 2025

Building foundations to deliver hydrogen and CCUS strategy

- Developing an integrated hydrogen energy system with Aberdeen City Council
- East Coast Cluster bid selected by UK government

bp, Masdar and ADNOC agree strategic partnership

- Clean energy solutions in UK and UAE


Finally low carbon, where we continue to build capability and scale with capital discipline and a focus on returns.

In renewables, we have growing confidence in our ability to develop 20 gigawatts to FID, net to bp, by 2025:

– First, compared to the second quarter, our pipeline has grown by 2 gigawatts to 23 gigawatts, driven by continued growth in Lightsource bp's projects portfolio; and

– Second, Lightsource bp has increased its growth target by 25%, now planning 25 gigawatts developed to FID by 2025.

In hydrogen and CCUS, we are taking early steps to create a distinctive position, aiming for a 10% share in core hydrogen markets by 2030.

Alongside projects in Australia and Europe we have made several recent announcements in the UK.

Last week, bp was selected by Aberdeen City Council to develop, build and operate the first scalable, green hydrogen production hub in Scotland.

And, earlier in October, the UK government selected the East Coast Cluster as one of the first two CCUS projects in the country.

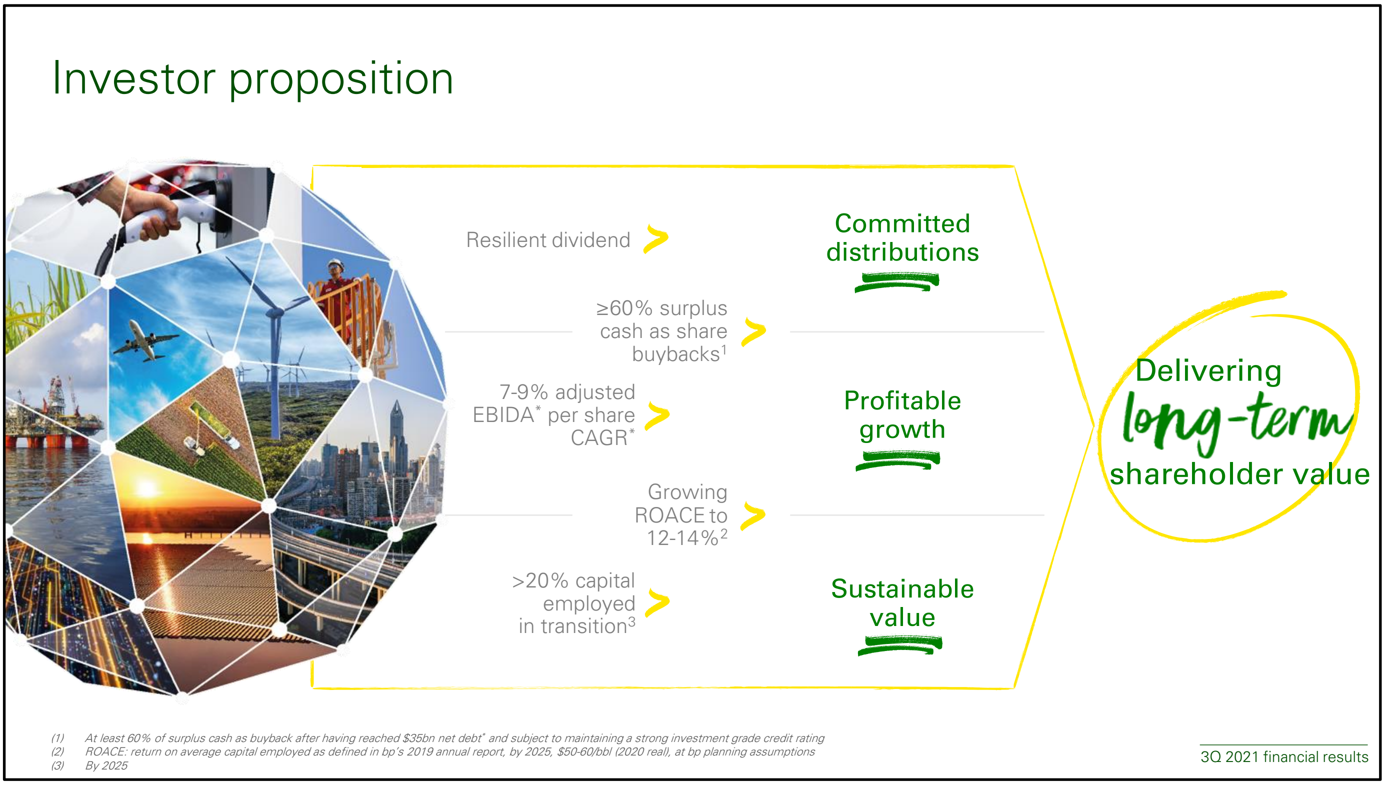
The successful bid was managed by the bp-led Northern Endurance Partnership, which will also develop the CCUS infrastructure.

bp also operates two further projects, H2 Teesside and Net Zero Teesside Power, that are integrated with the East Coast Cluster and key to our hydrogen strategy.

And we are in action elsewhere.

In September we announced a strategic partnership with Masdar and ADNOC in the UAE where bp has a substantial business and a long-standing relationship. Together we plan to develop a range of low carbon energy projects for the UK and the UAE with a particular focus on hydrogen and CCUS.

These examples demonstrate how we are leveraging mutually beneficial partnerships, deep project experience and global reach across the energy sector to build scale and presence in low carbon.




So to briefly summarise.

I hope you'll agree that today's results tell a story of continued strong underlying financial performance and strategic progress:

- We are driving value from a more resilient and focused hydrocarbons portfolio – leveraged to the stronger price environment;
- We continue to grow our established convenience and mobility businesses; and
- We are investing with discipline in low carbon, laying the foundation for a material business that can generate stable, long-term returns.

It is still early days of course, but the team is doing a great job – and we believe the combination of financial delivery and strategic momentum presents a compelling investor proposition:

- One that is purpose-led and performance-driven;
- Is resilient to market cycles in the near-term and is expected to grow sustainable value in the long-term;
- That delivers returns for shareholders today and transforms bp for tomorrow.

This is what we mean by 'performing while transforming' and it is what we are laser focused on.

And with that, Murray, Craig and I will be pleased to take any questions you have.

# Q&A

# Appendix

# Guidance

## Full year 2021

| | |
|---|---|
| Capital expenditure* | ~$13bn |
| DD&A | Similar level to 2020 |
| Divestment and other proceeds | $6-7bn |
| Gulf of Mexico oil spill payments | ~$1.5bn pre-tax |
| OB&C* underlying annual charge | $1.2-1.4bn, quarterly charges may vary quarter to quarter. |
| Underlying effective tax rate*1 | Below 35% |
| Reported upstream production (ex. Rosneft) | Lower than 2020 due to ongoing divestment programme. |
| Underlying production* (ex. Rosneft) | Slightly higher than 2020, with 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. |

*(1) Underlying effective tax rate* is sensitive to the impact that volatility in the current price environment may have on the geographical mix of the group's profits and losses*

## 4Q21 vs 3Q21

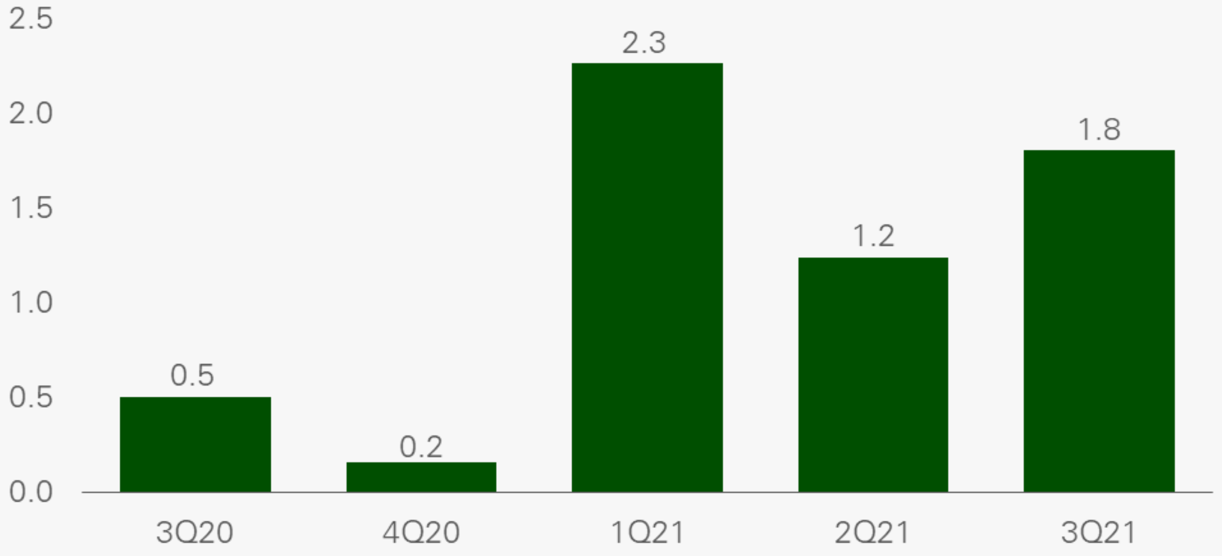
- Looking ahead, we expect fourth quarter reported upstream production to be higher than the third quarter reflecting major project* ramp-up, mainly in gas regions, recovery from seasonal maintenance activity and continuing impacts from Hurricane Ida on our non-operated production in the US Gulf of Mexico. Within this, we expect production from both oil production & operations and gas & low carbon to be higher.
- In our customer businesses, we expect lower product demand due to seasonal impacts and continued base oil tightness and additive supply shortages in Castrol. In products, refining margins are expected to be lower in the fourth quarter driven by seasonal demand and we expect energy prices to remain under pressure and maintenance activity to remain high.

# Gas and low carbon energy

| | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| **Production volume** | | | |
| Liquids (mbd) | 92 | 109 | 109 |
| Natural gas (mmcfd) | 4,343 | 4,440 | 4,520 |
| Total hydrocarbons (mboed) | 841 | 875 | 889 |
| **Average realisations*** | | | |
| Liquids ($/bbl) | 37.77 | 61.69 | 66.39 |
| Natural gas ($/mcf) | 2.99 | 4.14 | 5.26 |
| Total hydrocarbons ($/boe) | 19.64 | 28.97 | 34.91 |
| **Selected financial metrics ($bn)** | | | |
| Adjusted EBITDA* | 1.3 | 2.4 | 3.1 |
| Capital expenditure* – gas | 0.9 | 0.7 | 0.7 |
| Capital expenditure* – low carbon | 0.0 | 0.0 | 0.3 |
| **Operational metrics (GW, bp net)** | | | |
| Installed renewables capacity* | 1.2 | 1.6 | 1.7 |
| Developed renewables to FID* | 3.1 | 3.5[1] | 3.6 |
| Renewables pipeline* | N/A | 21.2 | 23.3 |

(1) *An amendment of 0.2GW has been made to the amount presented for the second quarter 2021 (previously Developed renewables to FID* 3.7GW)*

## Underlying RCPBIT* $bn



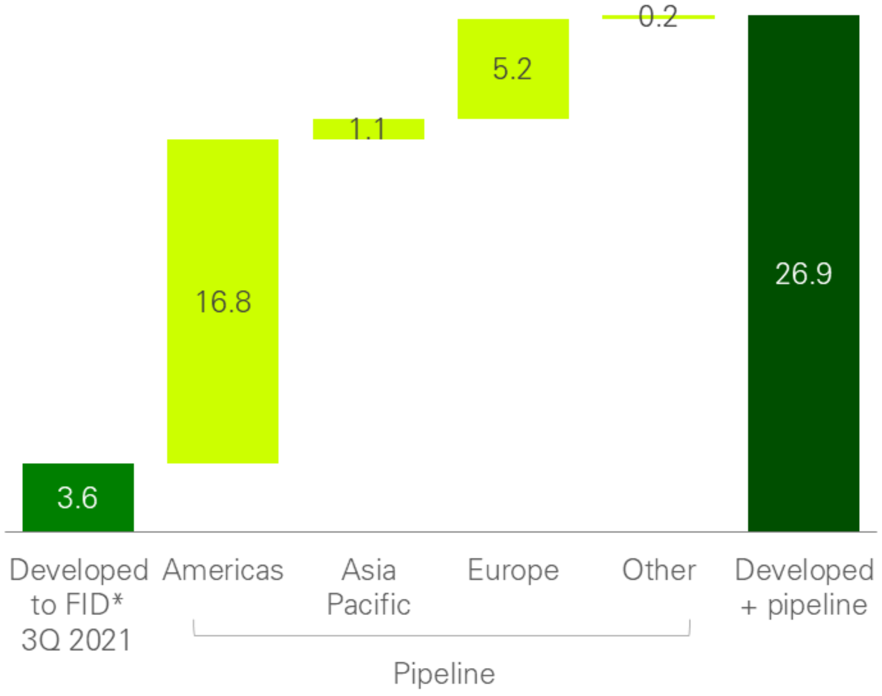

## 3Q 2021 vs 2Q 2021

- Higher realisations* and increased volumes driven by major project* ramp-up
- Stronger gas marketing and trading performance

# Gas and low carbon energy

## Building scale and capability with capital discipline and a returns focus

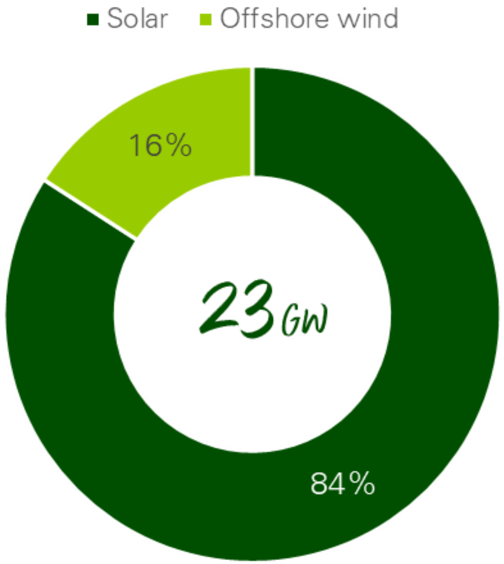
### Developed renewables to FID* and renewables pipeline* bp net, GW




- Developed and pipeline 2GW higher than 2Q21, driven by increase in Lightsource bp pipeline
- 36 projects developed to FID* with Lightsource bp with weighted average expected IRR of 8 – 10%

### Renewables pipeline*

by technology bp net




### Renewables hopper*

bp net

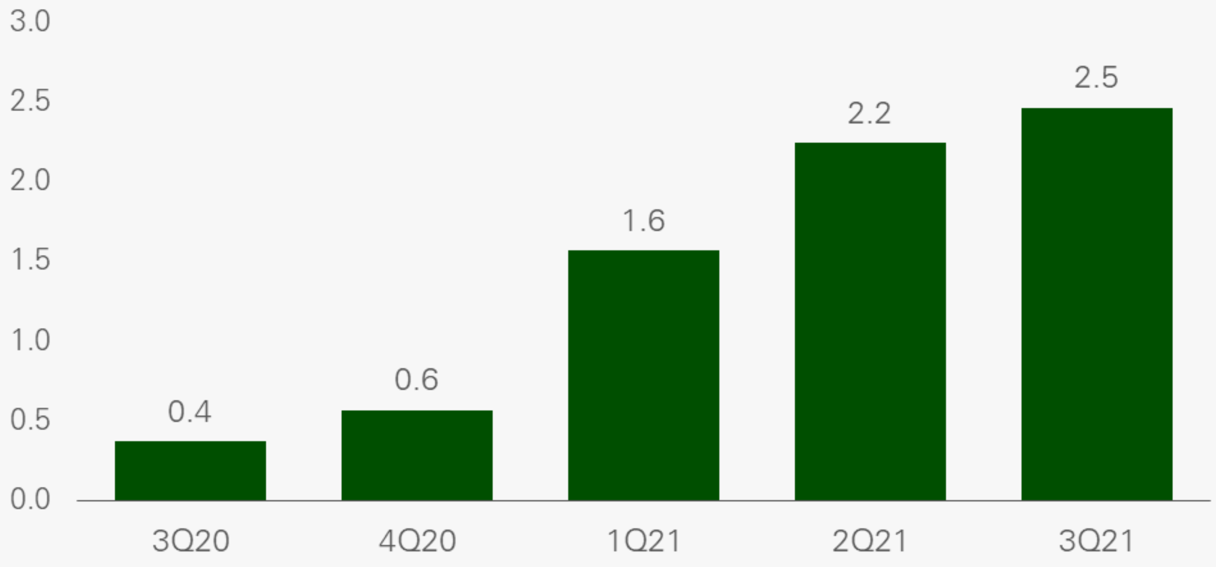

active projects

# Oil production and operations

| | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| **Production volume[1]** | | | |
| Liquids (mbd) | 1,037 | 938 | 975 |
| Natural gas (mmcfd) | 2,115 | 1,786 | 1,961 |
| Total hydrocarbons (mboed) | 1,402 | 1,245 | 1,313 |
| **Average realisations*** | | | |
| Liquids ($/bbl) | 38.21 | 60.55 | 65.53 |
| Natural gas ($/mcf) | 1.42 | 3.90 | 5.61 |
| Total hydrocarbons ($/boe) | 31.21 | 52.47 | 57.72 |
| **Selected financial metrics ($bn)** | | | |
| Exploration write-offs | (0.0) | 0.0 | 0.0 |
| Adjusted EBITDA* | 2.2 | 3.8 | 4.2 |
| Capital expenditure* | 1.1 | 1.1 | 1.1 |
| **Combined upstream** | | | |
| Oil and gas production[1] (mboed) | 2,243 | 2,120 | 2,202 |
| bp average realisation* ($/boe) | 26.42 | 41.84 | 47.57 |
| Unit production costs* [1,2] ($/boe) | 6.30 | 7.33 | 6.96 |
| bp-operated plant reliability* [2] (%) | 93.8 | 93.7 | 94.3 |

(1) *Excluding Rosneft*
(2) *On a year-to-date basis*

## Underlying RCPBIT* $bn




## 3Q 2021 vs 2Q 2021

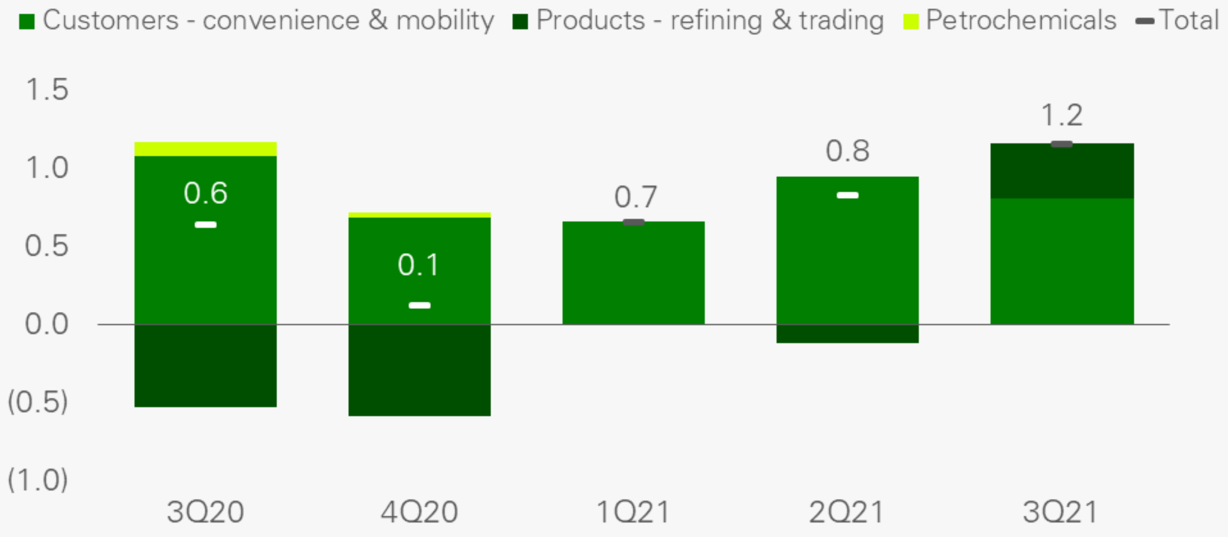
- Higher liquids and gas realisations*
- Impacted by Hurricane Ida in US Gulf of Mexico

# Customers and products

| | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| **Customers – convenience & mobility** | | | |
| Customers – convenience & mobility adjusted EBITDA* | 1.4 | 1.3 | 1.1 |
| *Castrol[1] adjusted EBITDA** | *0.4* | *0.3* | *0.3* |
| Capital expenditure* | 1.3 | 0.3 | 0.3 |
| bp retail sites* – total[2] | 20,550 | 20,300 | 20,350 |
| bp retail sites in growth markets* [2] | 2,700 | 2,700 | 2,650 |
| Strategic convenience sites* [2] | 1,900 | 2,000 | 2,050 |
| Marketing sales of refined products (mb/d)[3] | 2,789 | 2,853 | 2,993 |
| **Products – refining & trading** | | | |
| Adjusted EBITDA* | (0.1) | 0.3 | 0.8 |
| Capital expenditure* | 0.2 | 0.3 | 0.3 |
| **Refining environment** | | | |
| RMM* ($/bbl) | 6.2 | 13.7 | 15.2 |
| Refining throughputs (mb/d) | 1,587 | 1,507 | 1,622 |
| Refining availability* (%) | 96.2 | 93.5 | 95.6 |

*(1) Castrol is included in customers – convenience & mobility*
*(2) Reported to the nearest 50*
*(3) Comparative information for 2020 has been restated for the changes to net presentation of revenues and purchases relating to physically settled derivative contracts effective 1 January 2021. For more information see SEA - note 1 basis of preparation - voluntary change in accounting policy*

## Underlying RCPBIT* $bn




## 3Q 2021 vs 2Q 2021

Customers

- Strong convenience and fuel margin management despite rising crude prices
- Higher retail and aviation volumes

*Offset by*

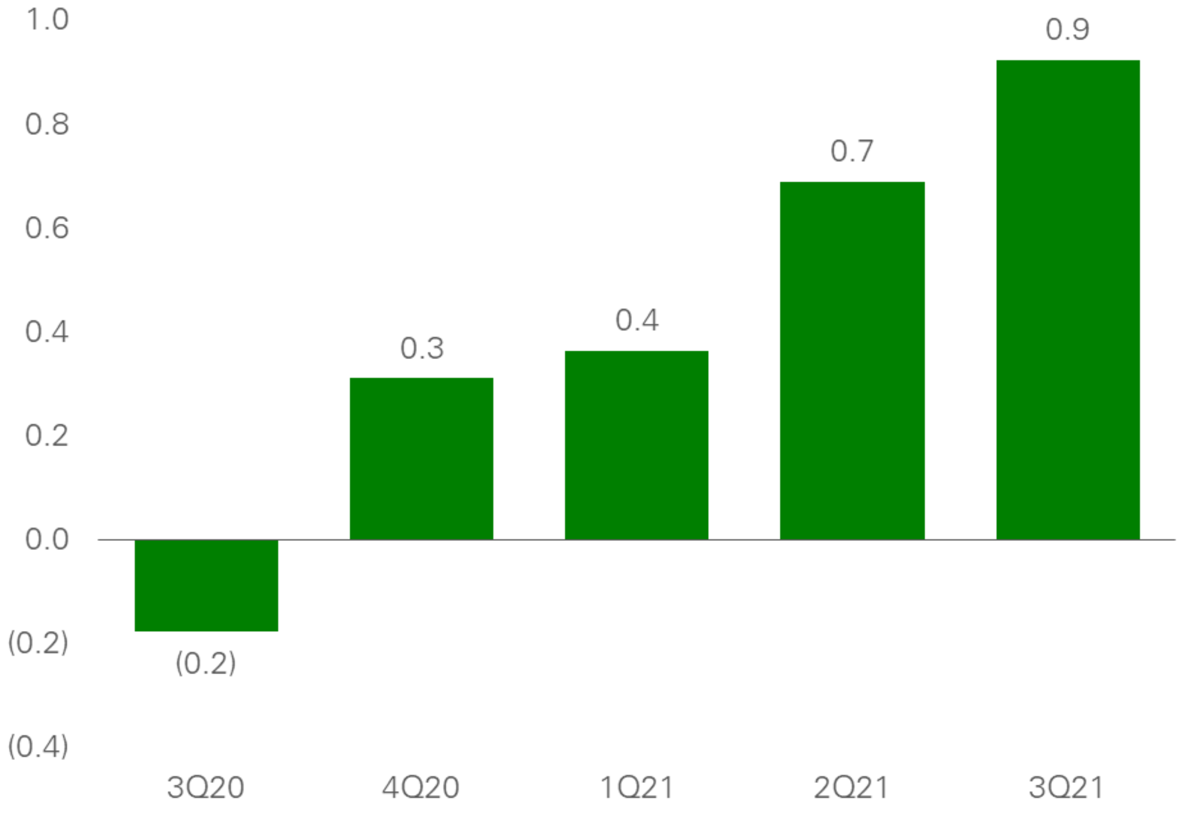
- Higher wage costs and increased digital and marketing investment

Products

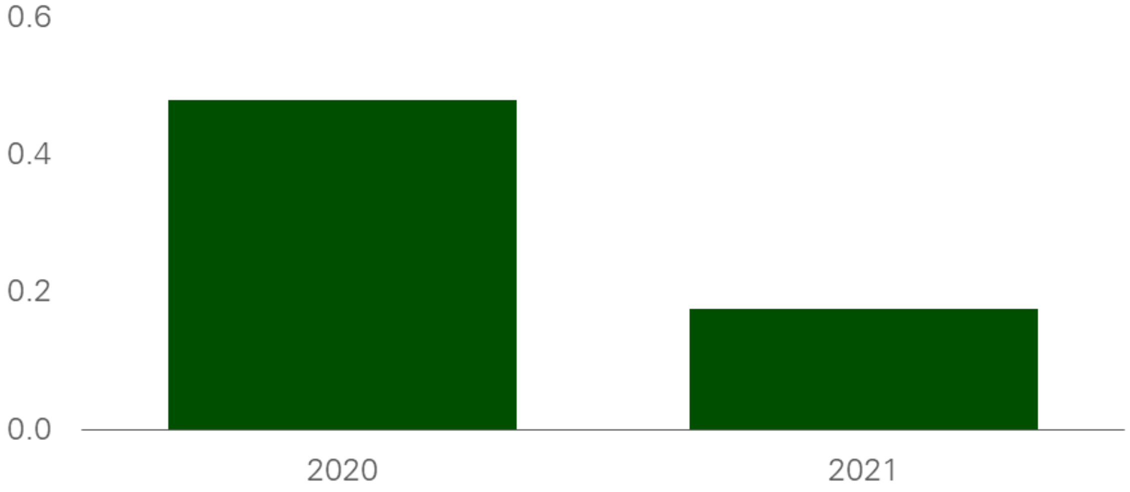
- In refining, higher availability and throughput, enabling the capture of the stronger environment, partly offset by increased energy prices
- Higher contribution from oil trading

# Rosneft

## bp share of underlying net income* $bn




## bp share of Rosneft dividend* $bn




| | 3Q20 | 2Q21 | 3Q21 |
|---|---|---|---|
| **bp share of production volume** | | | |
| Liquids (mbd) | 858 | 858 | 876 |
| Natural gas (mmcfd) | 1,260 | 1,374 | 1,418 |
| Total hydrocarbons (mboed) | 1,075 | 1,095 | 1,120 |

# Glossary

# Glossary

| | |
|---|---|
| Adjusted EBIDA/EBIDA | Underlying replacement cost profit before interest and tax*, add back depreciation, depletion and amortisation and exploration expenditure written-off (net of adjusting items*), less taxation on an underlying RC basis. |
| Adjusted EBIDA per share CAGR/EBIDA per share CAGR | 2H19/1H20-2025, $50-60/bbl Brent (2020 real), at bp planning assumptions. |
| Adjusted EBITDA/EBITDA | Replacement cost (RC) profit before interest and tax, excluding net adjusting items*, adding back depreciation, depletion and amortisation and exploration write-offs (net of adjusting items*). |
| Adjusting items | Include gains and losses on the sale of businesses and fixed assets, impairments, environmental and other provisions, restructuring, integration and rationalisation costs, fair value accounting effects, costs relating to the Gulf of Mexico oil spill and other items. Adjusting items within equity-accounted earnings are reported net of incremental income tax reported by the equity-accounted entity. Adjusting items are used as a reconciling adjustment to derive underlying RC profit or loss and related underlying measures which are non-GAAP measures. |
| bp-operated plant reliability | Calculated taking 100% less the ratio of total unplanned plant deferrals divided by installed production capacity. Unplanned plant deferrals are associated with the topside plant and where applicable the subsea equipment (excluding wells and reservoir). Unplanned plant deferrals include breakdowns, which does not include Gulf of Mexico weather related downtime. |
| bp share of Rosneft dividend | From 2018, represents bp's share of 50% of Rosneft's IFRS net profit. |
| bp share of underlying net income | On a replacement cost basis and adjusted for adjusting items*; 3Q21 represents bp estimate. |

| | |
|---|---|
| Capital expenditure | Total cash capital expenditure as stated in the condensed group cash flow statement. Capital expenditure for the operating segments and customers & products businesses is presented on the same basis. |
| Consolidation adjustment – UPII | Unrealised profit in inventory arising on inter-segment transactions. |
| Convenience gross margin | Calculated as RC profit before interest and tax for the customers & products segment, excluding RC profit before interest and tax for the refining & trading and petrochemicals businesses, and adjusting items* for the convenience & mobility business to derive underlying RC profit before interest and tax for the convenience & mobility business; subtracting underlying RC profit before interest and tax for the Castrol business; adding back depreciation, depletion and amortisation, production and manufacturing, distribution and administration expenses for convenience & mobility (excluding Castrol); subtracting earnings from equity-accounted entities in the convenience & mobility business (excluding Castrol) and gross margin for the retail fuels, next-gen, aviation, B2B and midstream businesses. |
| Developed renewables to FID | Total generating capacity for assets developed to FID by all entities where bp has an equity share (proportionate to equity share). If asset is subsequently sold bp will continue to record capacity as developed to FID. If bp equity share increases developed capacity to FID will increase proportionately to share increase for any assets where bp held equity at the point of FID. |
| Disposal proceeds | Divestments and other proceeds. |
| Hopper | Renewables hopper comprises of project opportunities from the point of initial evaluation until they are either stopped or become part of the renewable pipeline. |

# Glossary

| | |
|---|---|
| Installed renewables capacity | bp's share of capacity for operating assets owned by entities where bp has an equity share. |
| Lease payments | Lease liability payments. |
| Major projects | Have a bp net investment of at least $250 million, or are considered to be of strategic importance to bp or of a high degree of complexity. |
| Net debt | Calculated as finance debt, as shown in the balance sheet, plus the fair value of associated derivative financial instruments that are used to hedge foreign currency exchange and interest rate risks relating to finance debt, for which hedge accounting is applied, less cash and cash equivalents. Net debt does not include accrued interest, which is reported within other receivables and other payables on the balance sheet and for which the associated cash flows are presented as operating cash flows in the group cash flow statement. |
| OB&C | Other businesses and corporate. |
| Operating cash flow | Net cash provided by (used in) operating activities as stated in the condensed group cash flow statement. |
| Realisations | Realisations are the result of dividing revenue generated from hydrocarbon sales, excluding revenue generated from purchases made for resale and royalty volumes, by revenue generating hydrocarbon production volumes. Revenue generating hydrocarbon production reflects the bp share of production as adjusted for any production which does not generate revenue. Adjustments may include losses due to shrinkage, amounts consumed during processing, and contractual or regulatory host committed volumes such as royalties. |
| Refining availability | Represents Solomon Associates' operational availability for bp-operated refineries, which is defined as the percentage of the year that a unit is available for processing after subtracting the annualised time lost due to turnaround activity and all planned mechanical, process and regulatory downtime. |
| Refining marker margin (RMM) | Average of regional indicator margins weighted for bp's crude refining capacity in each region. Each regional marker margin is based on product yields and a marker crude oil deemed appropriate for the region. The regional indicator margins may not be representative of the margins achieved by bp in any period because of bp's particular refinery configurations and crude and product slate. |
| Renewables pipeline | Renewables pipeline includes projects that have achieved pre-set milestone criteria. |
| Retail sites | Include sites operated by dealers, jobbers, franchisees or brand licensees or joint venture (JV) partners, under the bp brand. These may move to and from the bp brand as their fuel supply agreement or brand licence agreement expires and are renegotiated in the normal course of business. Retail sites are primarily branded bp, ARCO, Amoco, Aral and Thorntons, and also includes sites in India through our Jio-bp JV. |
| Retail sites in growth markets | Retail sites that are either bp branded or co-branded with our partners in China, Mexico and Indonesia and also include sites in India through our Jio-bp JV. |
| ROACE | Return on average capital employed as defined in bp's 2020 annual report. |
| Rosneft underlying RCPBIT | bp's adjusted share of Rosneft's earnings after Rosneft's own finance costs, taxation and non-controlling interests is included in the bp group income statement within profit before interest and taxation. For each year-to-date period it is calculated by translating the amounts reported in Russian roubles into US dollars using the average exchange rate for the year to date. |

# Glossary

| | |
|---|---|
| Strategic convenience sites | Retail sites, within the bp portfolio, which both sell bp branded fuel and carry one of the strategic convenience brands (e.g. M&S, Rewe to Go). To be considered a strategic convenience brand the convenience offer should be a strategic differentiator in the market in which it operates. Strategic convenience site count includes sites under a pilot phase. |
| Surplus cash flow | Refers to the net surplus of sources of cash over uses of cash, after reaching the $35 billion net debt target. Sources of cash include net cash provided by operating activities, cash provided from investing activities and cash receipts relating to transactions involving non-controlling interests. Uses of cash include lease liability payments, payments on perpetual hybrid bond, dividends paid, cash capital expenditure, the cash cost of share buybacks to offset the dilution from vesting of awards under employee share schemes, cash payments relating to transactions involving non-controlling interests and currency translation differences relating to cash and cash equivalents as presented on the condensed group cash flow statement. |
| Underlying effective tax rate | Calculated by dividing taxation on an underlying replacement cost (RC) basis by underlying RC profit or loss before tax. Taxation on an underlying RC basis for the group is calculated as taxation as stated on the group income statement adjusted for taxation on inventory holding gains and losses and total taxation on adjusting items*. |
| Underlying production | 2021 underlying production, when compared with 2020, is production after adjusting for acquisitions and divestments, curtailments, and entitlement impacts in our production-sharing agreements/contracts and technical service contract. |
| Unit production costs | Calculated as production cost divided by units of production. Production cost does not include ad valorem and severance taxes. Units of production are barrels for liquids and thousands of cubic feet for gas. Amounts disclosed are for bp subsidiaries only and do not include bp's share of equity-accounted entities. |
| Underlying replacement cost profit | Replacement cost profit or loss* after excluding net adjusting items* and related taxation. |
| Underlying replacement cost profit or loss before interest and tax (RCPBIT) | Underlying RC profit or loss before interest and tax for the operating segments or customers & products businesses is calculated as RC profit or loss including profit or loss attributable to non-controlling interests before interest and tax for the operating segments and excluding net adjusting items* for the respective operating segment or business. |
| Working capital | Movements in inventories and other current and non-current assets and liabilities as reported in the condensed group cash flow statement.<br><br>Change in working capital adjusted for inventory holding gains/losses and fair value accounting effects is a non-GAAP measure. It is calculated by adjusting for inventory holding gains/losses reported in the period and from the second quarter onwards, it is also adjusted for fair value accounting effects reported within adjusting items* for the period. This represents what would have been reported as movements in inventories and other current and non-current assets and liabilities, if the starting point in determining net cash provided by operating activities had been underlying replacement cost profit rather than profit for the period. The nearest equivalent measure on an IFRS basis for this is movements in inventories and other current and non-current assets and liabilities.<br><br>bp utilises various arrangements in order to manage its working capital including discounting of receivables and, in the supply and trading business, the active management of supplier payment terms, inventory and collateral. |