bp capital
markets days

Bernard Looney
Chief executive officer
Cautionary statement

Forward-looking statements - cautionary statement

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

In particular, the following, among other statements, are all forward looking in nature: bp’s new strategy to focus on low-carbon electricity and energy, convenience and mobility, cost and carbon resilient and focused hydrocarbons, including statements regarding its expectations to reduce capital intensity including reducing development costs to around $9 a barrel, lower oil and gas production 40% from current levels by 2030 through active portfolio management, develop around 5GW of net renewable generating capacity by 2030, increase plant reliability by 1.6% by 2025, hold base decline to between 3 and 5%, build partnerships with countries, cities and industries in decarbonisation efforts and to amplify value through these partnerships, the integration of energy systems along and across value chains and digital and innovation; bp’s new ambition to be a net zero company by 2050 or sooner, including statements regarding its aims for emissions reductions across operations; plans and expectations regarding major projects, including to bring 8 major projects online before the end of 2021 that will add to a wave of higher margin production; expectations and plans for the joint venture with Reliance; expectations regarding bp’s entry into offshore wind including the completion of the announced transaction with Equinor; plans and expectations to achieve returns from the renewables portfolio in the 8-10% range and to optimise the portfolio further; bp’s expectations regarding shifts in energy markets, including growth of renewables; and bp’s new financial frame to support a shift in allocating capital towards low carbon and other energy transition activities and for the combination of strategy and financial frame to provide a coherent and compelling investor proposition and create long-term value for bp’s shareholders, including statements regarding bp’s disciplined priorities for capital allocation, maintaining financial discipline with a rigorous business plan, strengthening the balance sheet, maintaining strict discipline on capital spending delivering strong and growing returns, with ROACE rising to 12-14% in 2025 and achieving underlying cashflow growth of 5-6% through 2025, employing more than 20% of capital in the energy transition by 2025 and 30% by 2030, resetting to a resilient level of dividend per ordinary share per quarter subject to the board’s decision each quarter and a commitment to share buybacks; and to drive growth in EBIDA per share at an average compounded annual growth rate of 7-9% to 2025 supported by the share buyback commitment.

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 significant drop in the oil price, the impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products as well as the specific factors identified in the discussions accompanying such forward-looking statements; changes in consumer preferences and societal expectations; the pace of development and adoption of alternative energy solutions; the receipt of relevant third party and/or regulatory approvals; the timing and impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products; and a commitment to share buybacks; and to involve drive growth in EBIDA per share at an average compounded annual growth rate of 7-9% to 2025 supported by the share buyback commitment.
Our strategy – an IEC delivering solutions for customers

**Low carbon electricity and energy**
- Low carbon electricity
- Integrated gas
- Bio-energy
- Hydrogen and CCUS

**Convenience and mobility**
- Advancing growth markets
- Redefining convenience
- Next-gen mobility

**Resilient and focused hydrocarbons**
- Continued rigour in safety and operations
- Driving emissions down
- Focused upstream and refining portfolio

Integrating energy systems
Partnering with countries, cities and industries
Driving digital and innovation

A sustainability frame linking our purpose and Net Zero ambition
A coherent approach to capital allocation with a clear set of priorities for the uses of cash

A resilient balance sheet with a strong investment grade credit rating

A disciplined approach to investment with clear criteria and a rigorous process

**Resilient dividend**
- Deleverage
- Invest in transition
- Invest in resilient hydrocarbons
- Commitment to buyback >60% surplus

**Deleverage to $35bn**
- Maintain strong investment grade rating

**$13-15bn until net debt <$35bn**
- $14-16bn thereafter
  - Includes inorganics

**2021-5 business plan**

**Strong growth in EBIDA**¹
- per share
  - 7-9% CAGR³

**Strong and improving ROACE**⁴
- 12-14%⁵

**Investing at scale in the energy transition**
- >20% capital employed⁵

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¹ EBIDA: underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), less taxation on an underlying replacement cost basis
² Buyback modelled across a range of share prices; EBIDA after impact of planned divestments
³ CAGR: compound annual growth rate, 2H19/1H20 to 2025; $50-60/bbl (2020, real)
⁴ ROACE: return on average capital employed as defined in bp’s 2019 annual report; $50-60/bbl (2020, real)
⁵ By 2025
Our investor proposition

1. Resilient dividend of 5.25 cents per share per quarter¹

2. >60% surplus cash as share buybacks²

3. 7-9% EBIDA³ per share CAGR⁴

4. Growing ROACE to 12-14%⁵

5. >20% capital employed in transition⁶

Committed distributions

Profitable growth

Sustainable value

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¹ Dividend per ordinary share per quarter, intended to remain fixed at this level, subject to board discretion each quarter.

² At least 60% of surplus cash as buyback after having reached $35bn Net Debt and subject to maintaining a strong investment grade credit rating.

³ EBIDA: underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), less taxation on an underlying RC basis.

⁴ 2H19/1H20-2025, $50-60/bbl Brent (2020 real), at bp planning assumptions.

⁵ ROACE: return on average capital employed as defined in bp’s 2019 annual report, by 2025, $50-60/bbl (2020 real), at bp planning assumptions.

⁶ By 2025.
1. Why is reducing oil and gas production 40% by 2030 the right thing to do?
2. How will we transition our cashflow from hydrocarbons to low carbon over the next decade?
3. How achievable is your renewable ambition?
4. Can we deliver the 8-10% returns from renewables?
5. Why bp, what is our competitive advantage really?
The team

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EVP, people & culture

Dev Sanyal  
EVP, gas & low carbon energy

Bernard Looney  
Chief executive officer

Giulia Chierchia  
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