

## Supplementary Information – bp week presentation 14-16 September 2020

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

#### Cash costs

Cash costs are a subset of production and manufacturing expenses plus distribution and administration expenses and exclude costs that are classified as non-operating items. They represent the substantial majority of the remaining expenses in these line items but exclude certain costs that are variable, primarily with volumes (such as freight costs).

#### Earnings before interest, depreciation and amortization (EBIDA)

EBIDA is defined as underlying replacement cost (RC) 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. bp believes it is helpful to disclose EBIDA because it reflects how bp measures underlying business delivery.

#### EBIDA – Group

					\$ million
	3Q 19	4Q 19	1Q 20	2Q 20	12 months to 30 June 2020
Profit before interest and tax	874	1,152	(3,734)	(20,813)	(22,521)
Inventory holding (gains) losses, before tax	512	(10)	4,884	(1,088)	4,298
RC profit before interest and tax	1,386	1,142	1,150	(21,901)	(18,223)
Net (favourable) adverse impact of non-operating items and fair value accounting effect, before tax	3,146	3,160	1,242	14,452	22,000
<b>Underlying RC Profit before interest and tax</b>	<b>4,532</b>	<b>4,302</b>	<b>2,392</b>	<b>(7,449)</b>	<b>3,777</b>
<i>Adjusted for:</i>					
Taxation on an underlying RC basis	(1,506)	(955)	(953)	770	(2,644)
Depreciation, depletion and amortization	4,297	4,434	4,059	3,937	16,727
Exploration expenditure written off (EWO), net of non-operating items	115	155	98	7,649	8,017
<b>EBIDA</b>	<b>7,438</b>	<b>7,936</b>	<b>5,596</b>	<b>4,907</b>	<b>25,877</b>

#### EBIDA per share

12 months to 30 June 2020 EBIDA per share is calculated based on the average number of shares of 20.2 billion.

#### Free cash flow

Free cash flow is operating cash flow less net cash used in investing activities and lease liability payments included in financing activities, as presented in the condensed group cash flow statement.

#### Free cash flow (segments)

Free cash flow (segments) is defined as underlying RC profit before interest and tax adjusted to add back depreciation, depletion and amortization (DD&A), and exploration write-offs, less organic capital expenditure.

## Oil and gas measures

### Development costs per barrel of oil equivalent (boe)

Development costs per boe equals development costs divided by the expected ultimate recovery in boe. Development costs are costs incurred after a decision has been taken to develop a reservoir area, including the costs of: (a) drilling, equipping and testing development wells; (b) production platforms, downhole and wellhead equipment, pipelines, production and initial treatment and storage facilities and utility and waste disposal systems; and (c) improved recovery systems and equipment.

### Oil and gas production cost

Production cost is a subset of production and manufacturing expenses. It includes the field and non-field costs associated with lifting, gathering, treating, field processing, integrity and other services/support related to the production of oil and gas, excluding ad valorem and severance taxes.

### Oil and gas unit production cost

Oil and gas unit production cost is 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.

## Oil and gas and refining measures

### Organic capital expenditure

Organic capital expenditure is a subset of capital expenditure. Organic capital expenditure comprises capital expenditure less inorganic capital expenditure.

Organic capital expenditure	2019 \$bn
Downstream – organic capital expenditure	3.0
Less non-refining	-2.0
Refining – organic capital expenditure	1.0
Add Upstream – organic capital expenditure	11.9
<b>Oil and gas and refining organic capital expenditure</b>	<b>12.9</b>

## Refining 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 (FX), turnaround and portfolio impacts.

Downstream underlying earnings growth 2016-19	2016 \$bn	2019 \$bn
Downstream RC profit before interest and tax	5.2	6.5
Net (favourable) adverse impact of non-operating items and fair value accounting effect	0.4	-0.1
<b>Downstream underlying RC profit before interest and tax</b>	<b>5.6</b>	<b>6.4</b>
Earnings growth 2016-19		0.8
Adjustment for FX, refining and petrochemicals environment and normalized turnaround and portfolio impacts		1.5
<b>Underlying earnings growth 2016-19</b>		<b>2.3</b>
Of which:		
Refining		1.3

## Convenience and mobility measures

### Earnings before interest, taxation, depreciation and amortization (EBITDA)

EBITDA is defined as underlying replacement cost (RC) profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items). bp believes it is helpful to disclose EBITDA because it reflects how bp measures underlying business delivery.

EBITDA	2019 \$bn
Downstream – RC profit before interest and tax	6.5
Net (favourable) adverse impact of non-operating items and fair value accounting effect	-0.1
<b>Downstream – underlying RC profit before interest and tax</b>	<b>6.4</b>
Less trading/refining/petrochemicals	-2.6
<b>Convenience &amp; Mobility (C&amp;M) – underlying RC profit before interest and tax</b>	<b>3.8</b>
Add C&M depreciation, depletion and amortization (DD&A)	1.1
<b>C&amp;M EBITDA</b>	<b>4.9</b>

C&M DD&A:

DD&A	2019 \$bn
Downstream – DD&A	2.9
Less trading/refining/petrochemicals	-1.8
C&M DD&A	1.1

### Convenience gross margin

Convenience 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.

Convenience gross margin	2019 \$bn
Fuel marketing RC profit before interest and tax	2.7
Less non-operating items and fair value accounting effects	0.0
Fuel marketing underlying RC profit before interest and tax	2.7
Less fuels marketing fuel gross margin, cash costs, equity-accounted earnings and DD&A	-1.5
<b>Convenience gross margin</b>	<b>1.2</b>

### Return on average capital employed – Convenience & Mobility

Return on average capital employed (ROACE) is underlying replacement cost profit before interest, divided by average capital employed, excluding cash and cash equivalents. bp believes it is helpful to disclose the ROACE because this measure gives an indication of capital efficiency. The nearest GAAP measures of the numerator and denominator are replacement cost profit before interest and tax and average capital employed respectively.

ROACE calculation	2019 \$bn
Convenience & Mobility (C&M) – underlying RC profit before interest and tax	3.8
Less tax (@25%)	-1.0
<b>C&amp;M underlying RC profit post-tax, before interest</b>	<b>2.8</b>
<b>C&amp;M average capital employed</b>	<b>13.4</b>
<b>C&amp;M – ROACE (%)</b>	<b>21%</b>

C&M average capital employed calculation:

Average capital employed	2019 \$bn
Downstream	34.8
Less trading/refining/petrochemicals	-21.4
<b>C&amp;M – average capital employed</b>	<b>13.4</b>

### **Castrol measures**

#### Return on sales – Castrol (Lubricants)

Return on sales is the ratio of underlying RC profit before interest and tax divided by sales and other operating revenues.

Castrol – return on sales	2019 \$bn
Underlying RC profit before interest and tax	1.3
3rd party sales & other operating revenues	6.7
<b>Return on sales</b>	<b>19%</b>