Lubricants – continued growth and attractive returns

Mandhir Singh – COO BP Lubricants
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A global business with a portfolio built for growth

Cars

Bikes

Commercial vehicles

Industrial

Marine & Energy
Castrol lubricants – continued growth

Sources of differentiation

- Strong brands
- Differentiated technology
- Customer relationships

Underlying earnings growth

- ≥$0.6bn
- $bn

2016
- Growth countries
- Premium lubricants

2021

Sources of differentiation:

- Lubricants growth≥$0.6bn still to come

Notes:
(1) At 2016 foreign exchange environment
(2) Excludes growth countries
Strong brands

Leading brands

Power brands create advantage in focus segments

End-users more loyal to Castrol\(^1\)

<table>
<thead>
<tr>
<th>Loyalty</th>
<th>Shell</th>
<th>Mobil</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>74</td>
<td>66</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Familiarity</th>
<th>Shell</th>
<th>Mobil</th>
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<td>72</td>
<td>57</td>
<td>55</td>
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</table>

\(^1\) 2015 Millward Brown Brand Health study comprising US, Australia, Vietnam, Indonesia, India, China, Turkey & Russia markets
Solving customer problems with differentiated technology

Gross margin from unique or first to market product launches

$\text{m}$

- $\sim$200\text{m} gross margin in 2016\(^1\) from unique or first to market product launches

(1) Launched since 2013 at 2016 foreign exchange environment
Truly loyal customers drive competitive advantage

Landscape of >2,000 Distributors
~15,000 SALES PEOPLE

> 150,000 INDEPENDENT WORKSHOPS

60% of our customers are truly loyal

**Access**

- **5%** Accessible
- **8%** Loyalty to competition
- **17%** High Risk

**Loyal**

- **60%** Truly Loyal
- **24%** Trapped

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(1) Castrol Customer Heartbeat 2016 survey
Well positioned in key growth countries

**Key growth countries**

**Car & motorcycle lubricant volumes CAGR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market²</th>
<th>Castrol</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-16</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>2016-21</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Key growth countries earnings**

$bn

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2016</th>
<th>2021</th>
</tr>
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<tbody>
<tr>
<td>2011-16</td>
<td>0.4</td>
<td>0.8</td>
<td>1.2</td>
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</tr>
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(1) Key growth countries: China, India, Vietnam, Brazil, Mexico, Russia, Indonesia, Kingdom of Saudi Arabia, Thailand, Turkey
(2) Source: Kline & Company
(3) At 2016 foreign exchange environment
Product & brand portfolio positioned to premium lubricants

**Premium products\(^1\) volume CAGR**

- **Market\(^2\)**
- **Castrol**

![Chart showing CAGR for Market and Castrol from 2011-16 to 2016-21 with Castrol consistently above the market.]

**Portfolio quality and brand strength\(^3\)**

*Unit gross margin $/litre*

![Chart showing unit gross margin for Castrol and Competition from 2010 to 2016, with Castrol consistently above the competition.]

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1. Source: Jagger Advisory LLC
2. Source: Kline & Company
3. Source: Jagger Advisory LLC

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(1) Premium products: low-viscosity engine oils (0W, 5W)
(2) Source: Kline & Company
(3) Source: Jagger Advisory LLC
Longer term growth

ACCELERATE LUBRICANTS

MOBILITY

DIGITAL

LOWER CARBON

THE WORLD’S FIRST CO₂ NEUTRAL ENGINE OIL
Continued growth and attractive returns

**STRONG BRANDS**

- >$0.6bn Lubricants growth\(^1\) still to come 2016-21

**LOYAL CUSTOMERS**

**DIFFERENTIATED TECHNOLOGY**

**STRONG GROWTH MARKET AND PREMIUM PRODUCT POSITIONS**

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\(^1\) At 2016 foreign exchange environment