


BP **Downstream** Investor Day

June 2017

bp

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilise the 'safe harbour' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), 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 – 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 plans and expectations regarding rebalancing BP's financial framework; plans and expectations for sustainable growth over the long term, expectations that capital expenditure will remain in the range of $15-17 billion annually and gearing will remain in the range of 20-30%; plans to grow sustainable free cash flow; plans to sustain BP's dividend and to address dilution from the undiscounted scrip dividend alternative and expectations regarding growth in shareholder distributions over the long term; plans to deliver $13 to $14 billion of pre-tax free cash flow in 2021 in the Upstream and expectations that new projects will average approximately 35% better margins than the 2015 portfolio. In the Downstream, plans and expectations in relation to capex, volumes growth, higher margins, earnings growth and cash cost reductions; plans to reduce the number of roles by 6,500 from 2014 to 2018; expectations that the Downstream business will deliver $9-10 billion of free cash flow in 2021 with returns of around 20%; estimates of increase in energy demand and demand growth for BP's primary products; BP's strategy to grow certain of its downstream businesses; plans to improve the cash breakeven performance of the petrochemicals business, to grow sales volumes and increase plant utilisation; plans to take BP's refining portfolio to top quartile industry performance for availability and expectations of the increase in the percentage of advantaged feedstock BP processes. 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; 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; 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; 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 2016 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.

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Tufan Erginbilgic – Downstream Chief Executive

Good morning everyone and let me add my welcome. I am delighted that you could all join us.

I have all of my Downstream leadership team with me, and will introduce them in a moment, but let me start with why we asked you to join us today.

We want to take this opportunity to build on the Downstream strategy I presented as part of the BP investor update in February.

We will give you a deeper insight into BP's Downstream business: how we are organised: how we manage our fuels, lubricants and petrochemicals businesses. And we will take you through our strategy, forward projections, sources of differentiation and key drivers that underpin the material growth potential we see across all of our businesses.

We also want to take advantage of the fact that we are here in Pangbourne, one of our world-class Fuels and Lubricants technology centre. In these centres our scientists and engineers develop our leading products and offers - from development and testing, right through to the formulation of products. So, an ideal opportunity for you to see the facilities and some of our projects first hand.

You will also meet with my leadership team. They will take you through each of our businesses and associated growth projections.

Our intention is that you should leave with a much clearer understanding of the plans we have in place for Downstream and what you can expect to see in terms of our future delivery and growth.

There will also be lots of opportunity for you to ask questions. We look forward to engaging with all of you. And of course, we hope you enjoy your day with us.

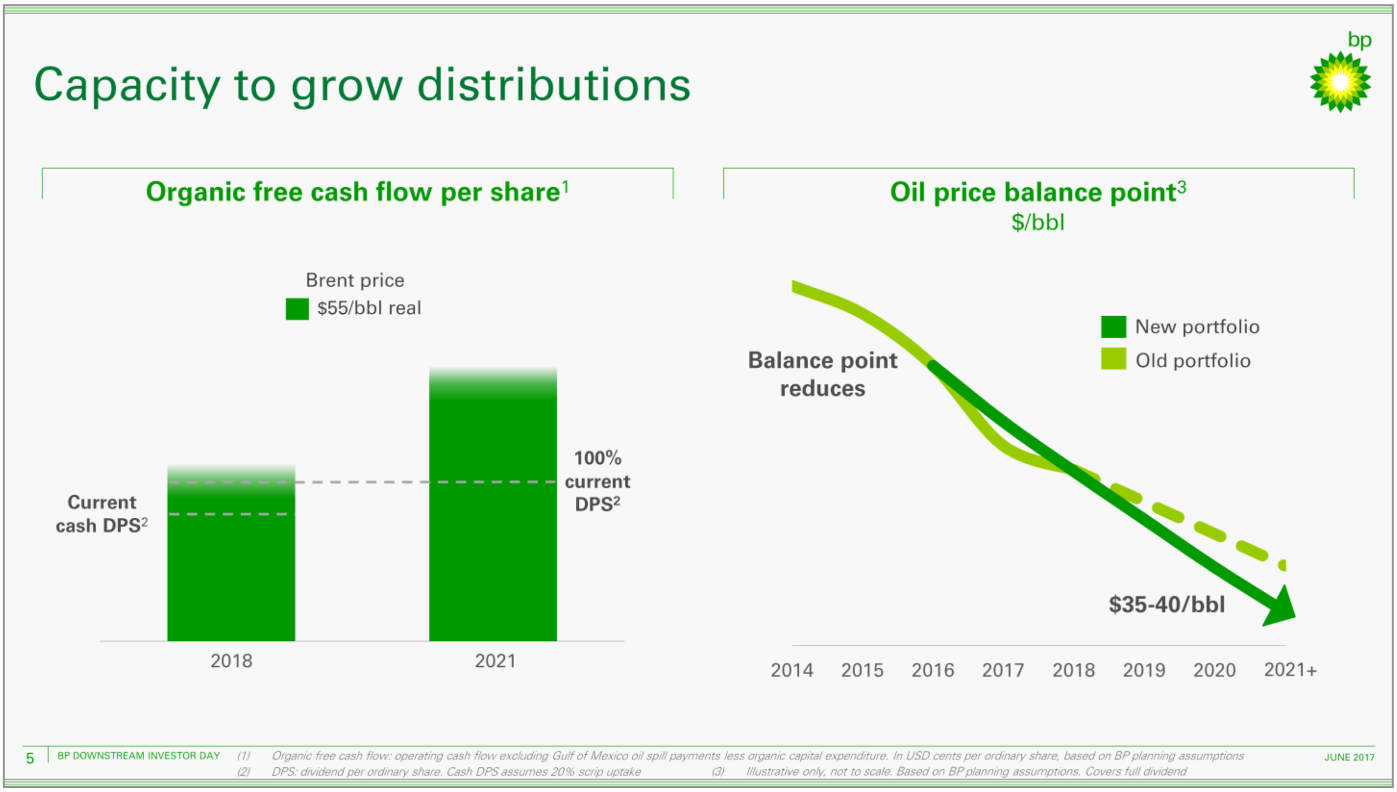
Let me start with a slide that Bob used at our strategy update in February which sets out what you can expect from BP. On the screen is our proposition to you as shareholders. It is:

First, always executing in a way that is safe, reliable and efficient.

Second, continuing to build a portfolio that is distinctive but also fit for the future. A portfolio that builds on our strong resource base. Which positions us to be resilient and competitive in any environment and delivers sustainable growth over the long term.

Third, staying firmly focused on delivering competitive returns. We believe this is about making the right choices, maintaining discipline over our capital spend and ensuring sustainable cost efficiency in every part of our business.

All of this underpins our objective of growing sustainable free cash flow and distributions to shareholders over the long term.



Across the Group our focus on this is underpinned by a strong and flexible financial frame.

Through our continued focus on execution, we expect to deliver material growth in free cash flow, which does not rely on materially higher oil prices, but is driven by a combination of underlying momentum in operating cash flow from Upstream and Downstream, coupled with strong capital discipline across the Group.

In the Upstream, Bernard and the team laid out a plan to deliver $13-14 billion of pre-tax free cash flow in 2021, substantially driven by:

- The ramp-up of our major projects as well as the average 35% higher operating cash margins of the new project pipeline compared to our 2015 portfolio; and
- The impact of the recent portfolio additions which deliver incremental free cash flow over the longer term.
- While maintaining a strong focus on capital discipline, alongside on-going operating efficiency and modernisation.

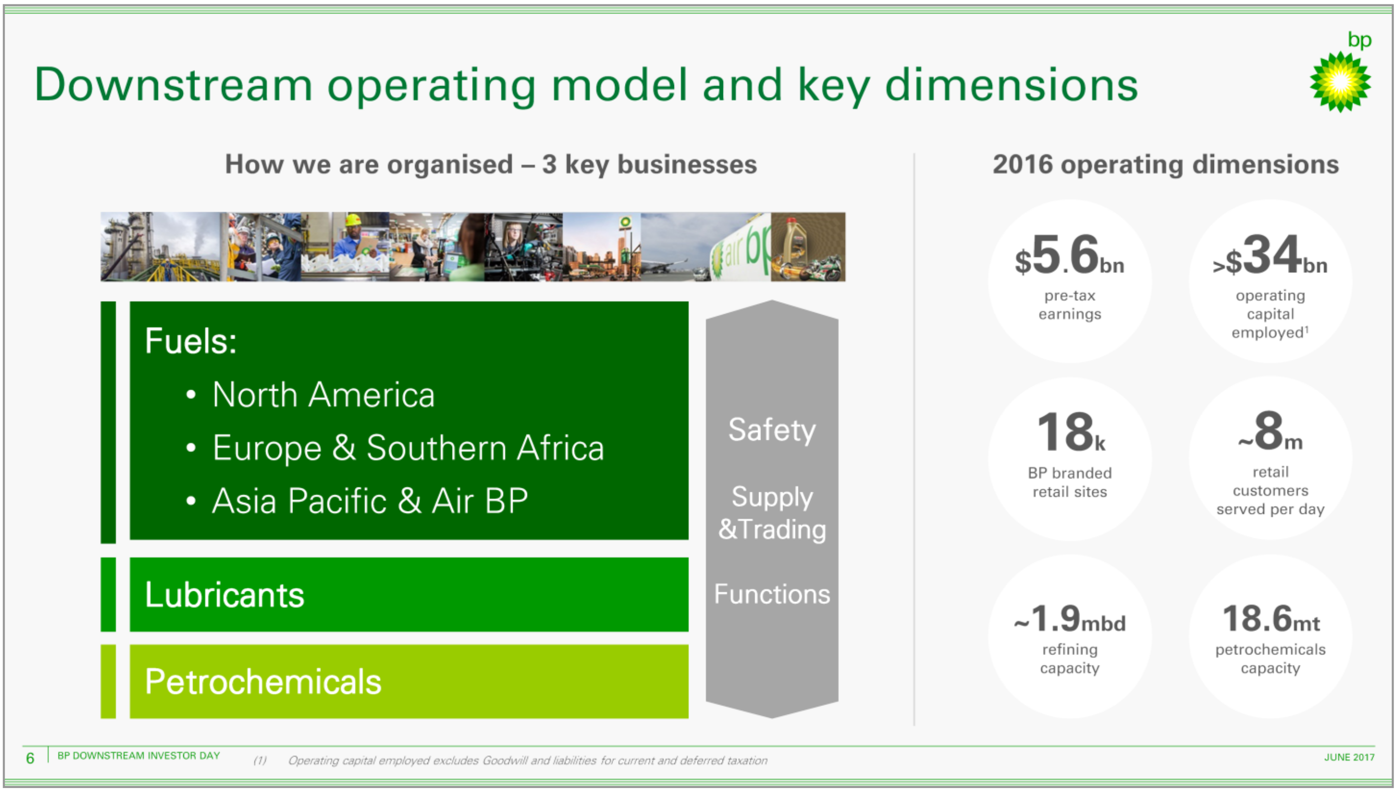
Today we will focus on the Downstream. We will take you through Downstream's growth plans and how this drives pre-tax free cash flow of $9-10 billion in 2021.

We will maintain a strong and flexible balance sheet. With gearing in a 20-30% target band and Group organic capex within a range of $15-17 billion per annum, with Downstream in the range around $3 billion per annum. Expenditure in individual years could vary and we will optimise the spend levels across the businesses to ensure the optimal outcome for the Group, all within the $15-17 billion framework.

And, as always, we will work to ensure that the dividend can be sustained by the underlying cash generation of our businesses over time. With the growth we see in both of our businesses, we expect the oil price cash balance point to fall steadily to around $35-40 per barrel, by 2021.

With organic free cash flow growing we would look, in the first instance, to address the dilution that arises from the undiscounted scrip dividend alternative we currently have in place.

We would then aim to balance disciplined investment for even stronger growth with our objective of growing distributions to shareholders over the long term.



Now let me move to Downstream and provide you with a brief overview of our business.

We are organised into three key businesses – fuels, lubricants and petrochemicals.

Fuels include our refineries, logistics networks and fuels marketing businesses, which, together with Supply and Trading, make up our integrated Fuels Value Chains. The Fuels businesses are structured regionally, covering North America, Europe and Southern Africa, and Asia Pacific. The largest part of our fuels marketing business is retail, where we have around 18,000 sites across 19 countries. We also have a significant global aviation business, Air BP, which is one of the largest participants in the global aviation market.

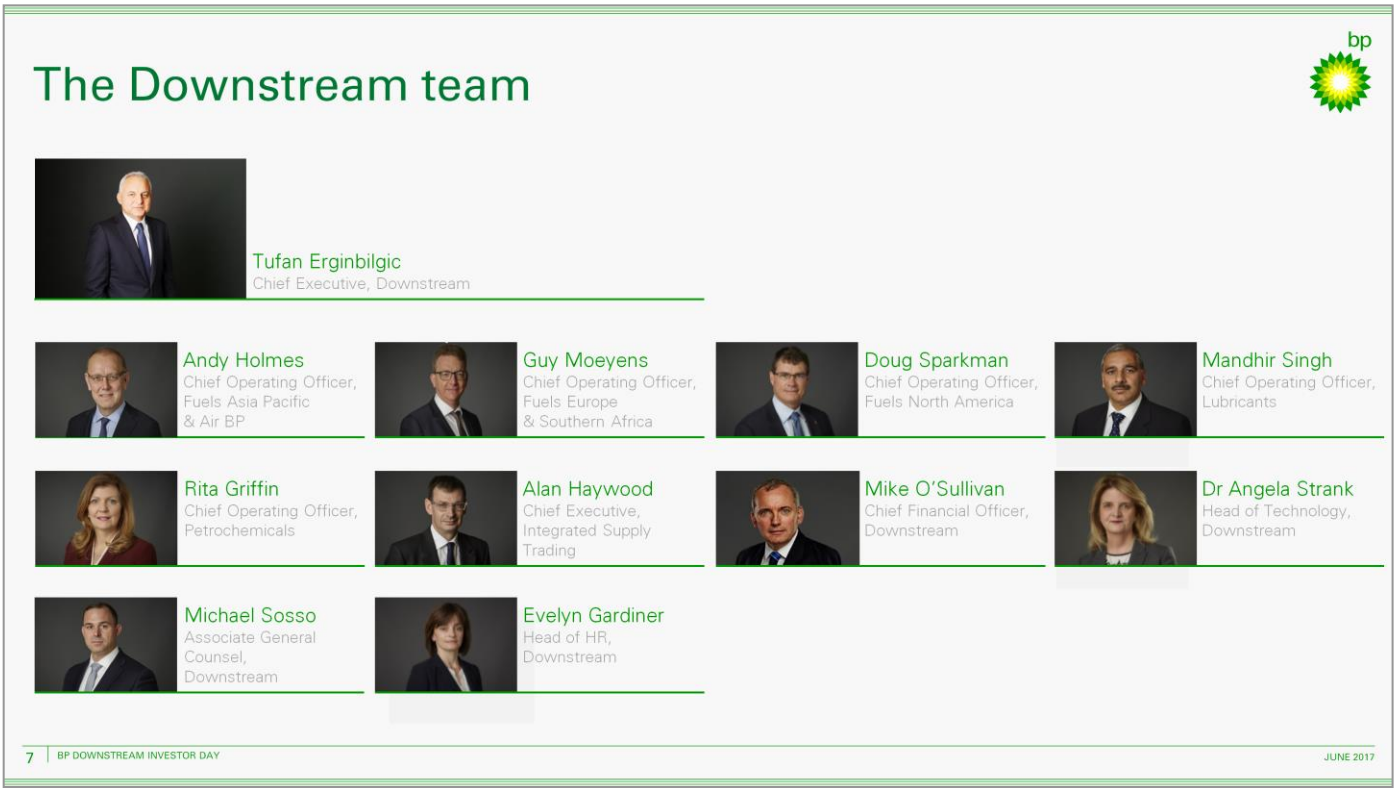
Lubricants and Petrochemicals are global businesses.

Our Lubricants business has some of the strongest brands in the industry built on a heritage of over 100 years. We manufacture and market Lubricants and related products and services to the automotive, industrial, marine and energy markets across the world. We have a brand presence in around 120 countries and a portfolio which includes billion dollar brands.

And in our Petrochemicals business we manufacture and market multiple products across the world utilising our world-class technology which delivers industry-leading cost positions.

We have reshaped the Downstream portfolio to have competitively advantaged businesses covering both marketing and manufacturing. And as you can see from just a selection of our operating dimensions shown on the screen, we have scale, reach and balance across our portfolio.

Now, before I go any further, let me introduce my leadership team to you.



As I introduce people I will ask them to stand. Their bios are also included in your Attendee briefing pack.

Andy, let's start with you.

Andy Holmes leads our Fuels business in the Asia Pacific region and our global aviation business, Air BP.

Guy Moeyens, our Fuels business in Europe and Southern Africa.

Doug Sparkman, our Fuels business in North America.

Mandhir Singh, our global Lubricants business.

Rita Griffin, global Petrochemicals.

Alan Haywood, Chief Executive of Supply & Trading.

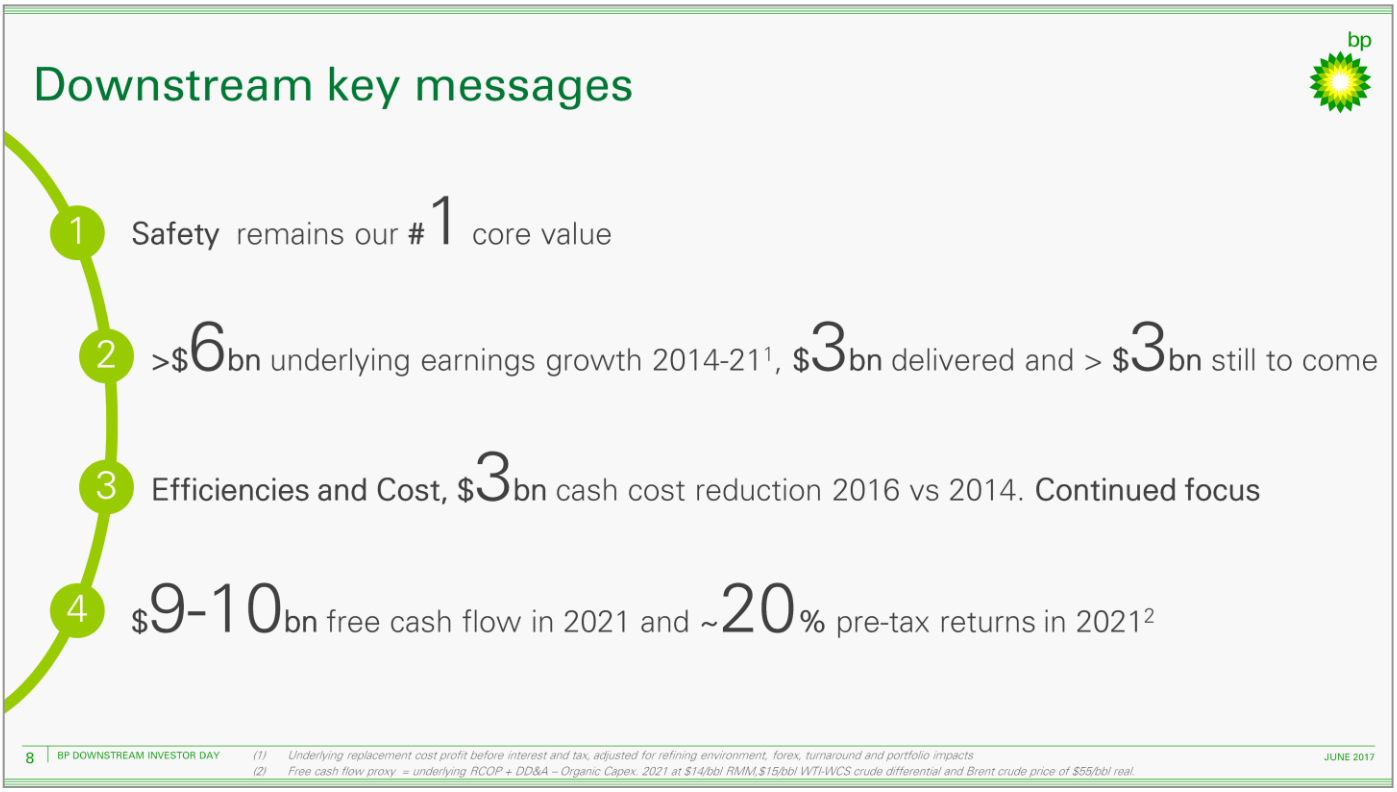
Mike O'Sullivan, Chief Financial Officer for Downstream.

Angela Strank, Head of Downstream Technology and BP's Chief Scientist. Angela also has accountability for safety and operational risk in Downstream.

Michael Sosso, associate General Counsel for Downstream.

And finally, Evelyn Gardiner, who is the head of Human Resources for Downstream.

I have enormous confidence in the leadership team and in the wider Downstream team. You will have the opportunity throughout the day to meet the team and get to know them better.



As part of the BP Group strategy update in February I outlined some key messages for Downstream. Let me remind you of these:

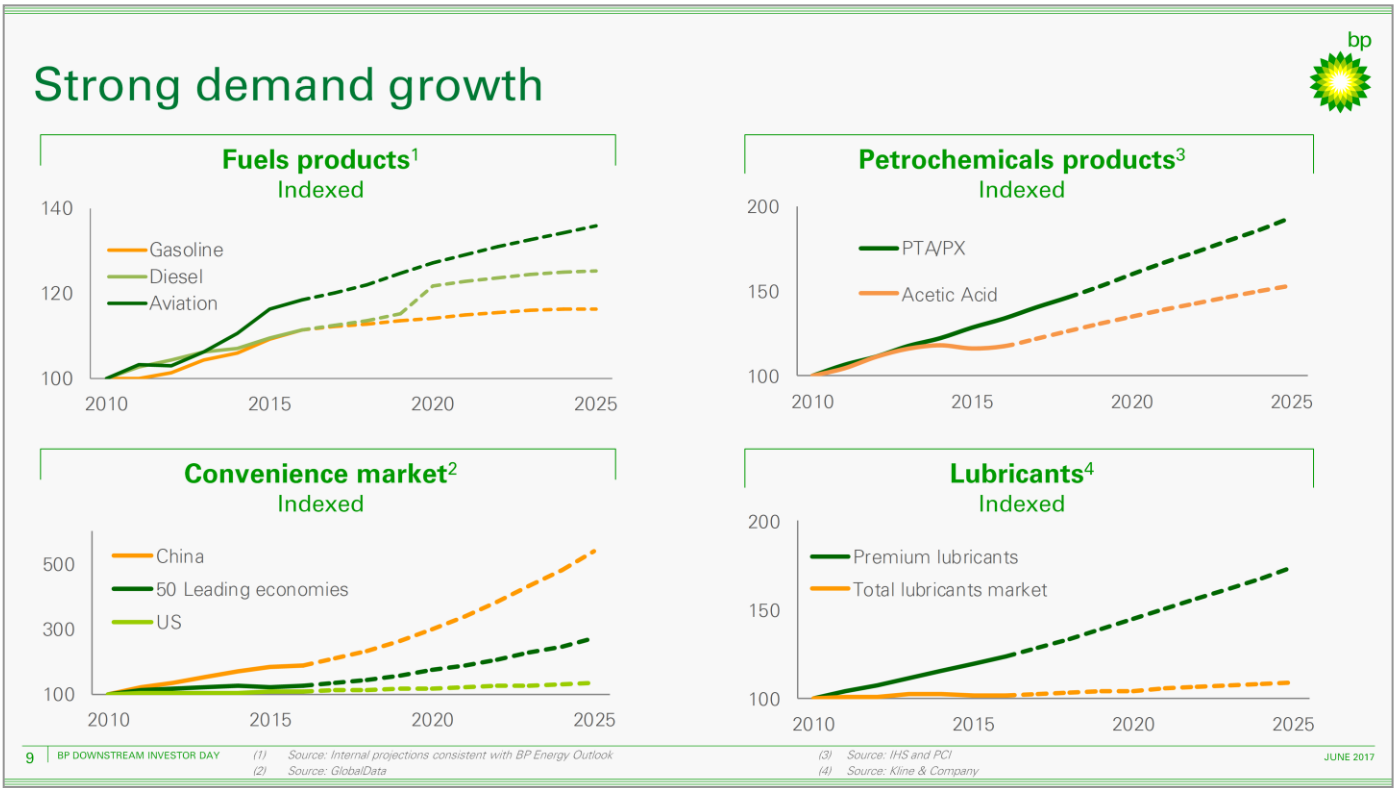
– Safety will always remain our core value and first priority;

– We have plans in place to grow underlying earnings by more than $6 billion by 2021 compared to 2014. In the last two years we have already delivered $3 billion and there is more than $3 billion still to come;

– We have already reduced cash costs by $3 billion in the two years since 2014 and we will maintain a cost discipline focus going forward; and

– We plan to grow free cash flow to $9 to $10 billion with returns of around 20% in 2021.

In a moment I will go through the plans we have in place to underpin this delivery.



But before I do that, it is important to set out the context of the markets we operate in.

Starting at the macro level. Over the next 20 years global GDP is forecast to almost double, driven by the fast growing emerging economies, as more than two billion people are lifted from low incomes. This rising prosperity and a growing middle class consumer base, as well as population growth, supports an increase in global energy demand and continued demand growth for our primary products.

Let me step you through forecast demand growth out to 2025 for fuels, the convenience market as well as petrochemicals and lubricants products.

I will start with fuels. The chart on the top left shows future demand growth for gasoline, diesel and aviation fuel.

Demand for gasoline and diesel is expected to grow by around 0.5% and 1.3% per annum respectively to 2025. This demand is fuelled by GDP and population growth, as well as growth in the vehicle parc, which we expect to nearly double to 2.3 billion cars and trucks by 2035. These factors are forecast to more than offset any gains from vehicle efficiency, including the emergence of electric vehicles, which would help ensure demand for global oil continues to grow.

For aviation fuels, demand is projected to grow at around 1.5% per annum to 2025. Passenger traffic is forecast to grow at around 3.7% per annum to 2035, effectively doubling in size over the next twenty years.

Moving to retail and convenience food and grocery market. This is a material and growing market. In 50 of the leading economies of the world, which represents over 90% of global GDP, this market has grown by around 4% per annum since 2010 and it is projected to grow by over 8% per annum to 2025. With new purchasing habits of a growing urban, mobile and middle class consumer base fueling this growth.

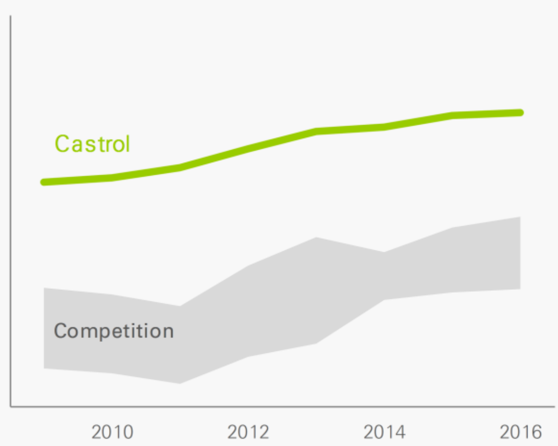
Moving to petrochemicals, if you look to the top right hand chart, you can see that petrochemicals demand growth for our primary products, Purified Terephthalic Acid, or PTA, Paraxylene, PX, and Acetic Acid, is strong. Again, driven by the growing middle class consumer base. Demand growth has averaged 4-6% per annum since 2010 and industry analysts forecast continued demand growth in this range to 2025.

And in the lubricants market, demand for premium products, a strong segment for us, is forecast to grow at around 4% per annum, which is faster than the overall lubricants market. This growth is driven by higher specifications for use in new vehicles, more efficient engines and demand for better performing lubricants.

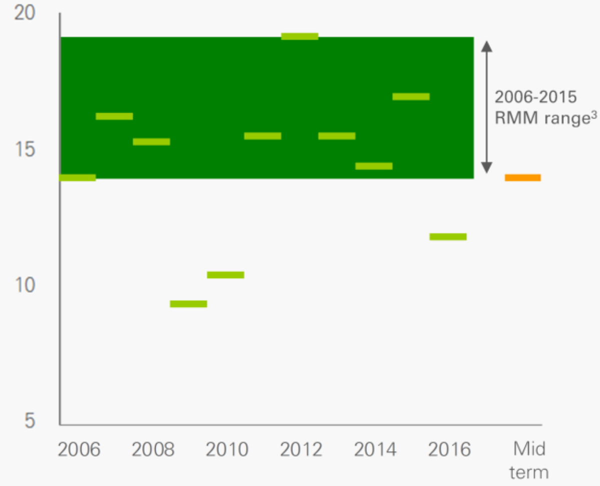
As you can see, there is growth across all the markets in which our businesses operate.

Margins remain robust

Continued growth in unit margins[1]
Unit margin $/litre



Planning assumption at bottom end of range
BP Refining Marker Margin[2] $/bbl



(1) Source: Jagger Advisory LLC
(2) BP Refining Marker Margin as published on bp.com
(3) Excludes global financial crisis (2009 & 2010)

Turning to margins:

For both Lubricants and Fuel, a growing mix of premium products help support overall higher margins.

You can see from the chart on the left how industry margins in Lubricants have grown. You can also see how, with our differentiated business and high premium product mix of 43%, we outperform the competition.

It is similar in fuels. Our premium volumes and margins have also grown. In Australia, for example, our premium gasoline volumes have grown more than three times faster than the market over the last two years.

Moving now to refining margins. The BP Refining Marker Margin, RMM, has averaged above $14 per barrel over the past 11 years.

If you look to the chart on the right you can see that in 8 of these 11 years the RMM has been near or above this average. The exceptions being during the financial crisis of 2009 and 2010 and last year when stocks built to record levels. Excluding these years, the RMM averaged over $15 per barrel.

Year-to-date we have seen product inventories begin to reduce, reflecting continued demand growth and leading to a stronger RMM in the first half of this year compared to last year.

The future projections we will share with you today are based on a nominal RMM of $14 per barrel. One that is at the bottom end of the historical range.

Before I turn to our individual business growth plans let me remind you of our strategy and how it underpins the delivery of our targets. Our strategy is to:

- Deliver underlying performance improvement and growth to expand earnings potential, improve resilience; and

- Further build competitively advantaged businesses across Downstream.

Our strategy focuses on five key priorities.

Safety, as I mentioned, is our core value and first priority.

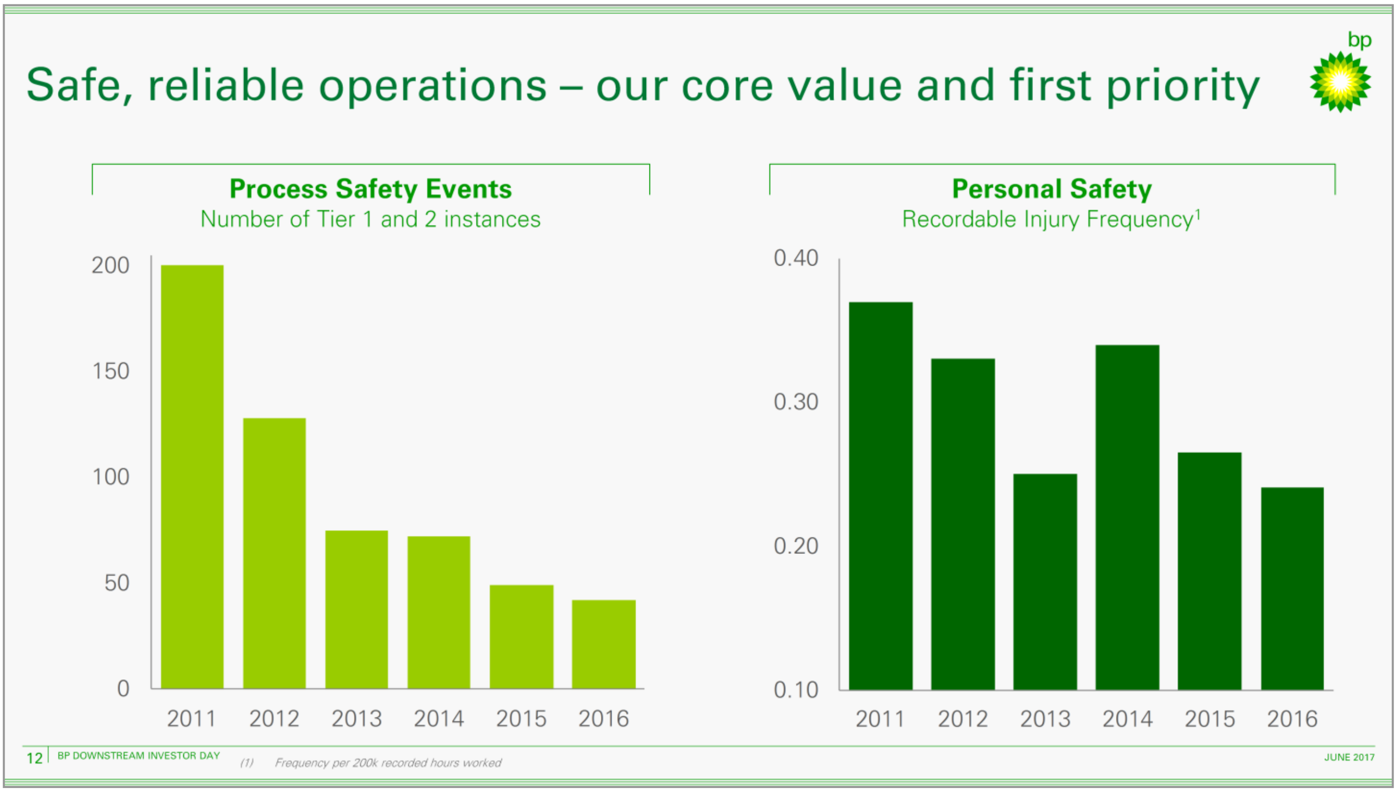
Second, our fuels marketing and lubricants businesses are differentiated and high returning. Our strategy is to grow these businesses in important global markets. We have plans in place to grow underlying earnings across our marketing businesses by more than $2 billion by 2021 compared to 2016.

Third, advantaged manufacturing; we have a top quartile refining business and our plans improve it further. In petrochemicals we are improving the cash breakeven performance of the business. Our plans grow underlying earnings across manufacturing by more than $1 billion by 2021.

Fourth , efficiency and simplification programmes. These remain central to what we do and we will continue to deliver efficiencies and rigorously manage costs.

And finally, we are developing new products, offers and pursuing new business models that support the transition to a lower carbon and digitally enabled future over the long-term.

Now let me take you through each of these in more detail.



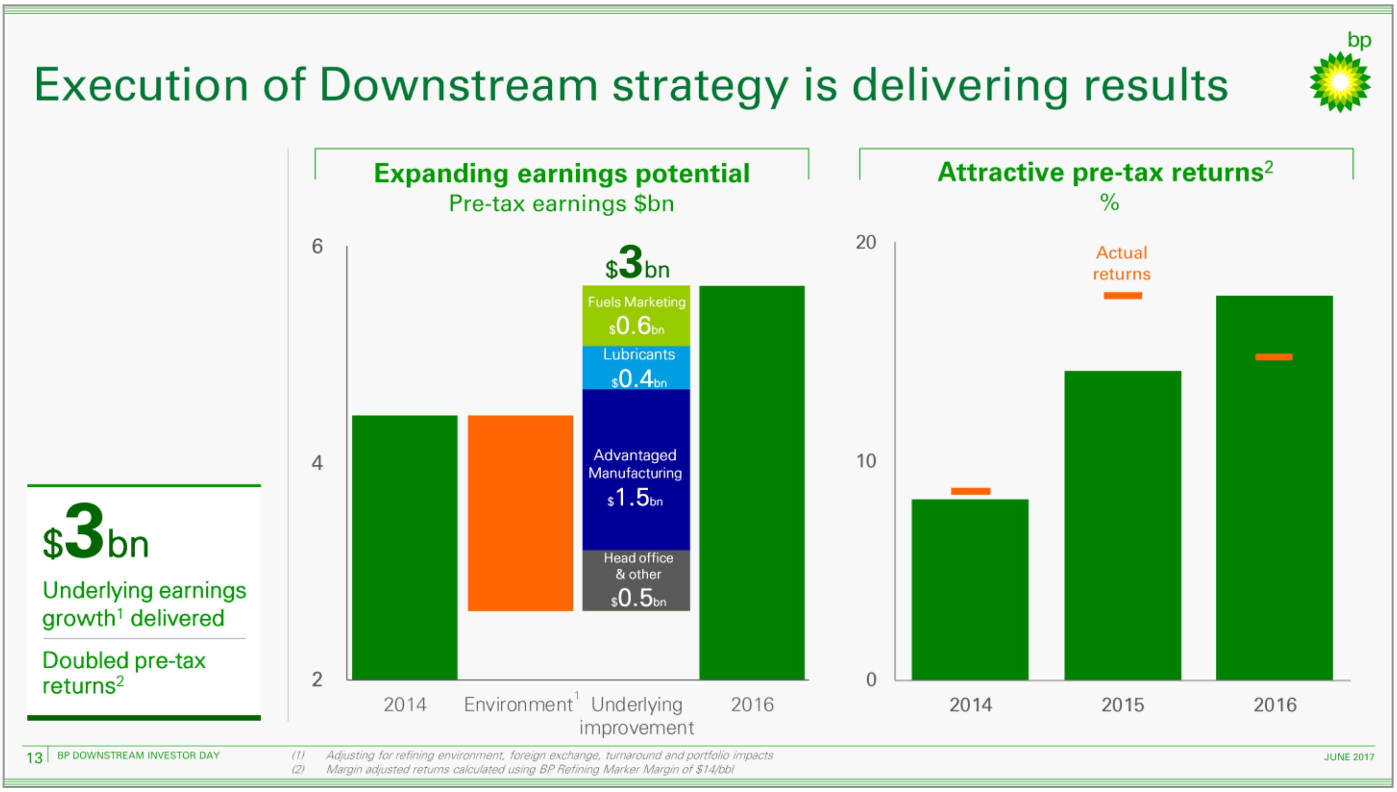
Safety is central to what we do.

Today we have a Downstream business that is safer. We have seen multi-year improvements in both process and personal safety and, in 2016, we delivered our best overall safety performance on record.

In process safety we have seen a continuous reduction in our Tier 1 and 2 events. Since 2011 they have reduced by approximately 80%.

In personal safety, our Recordable Injury Frequency is also improving. 2016 levels were some 35% better than 2011.

While these results are encouraging we will continue to strive to improve safety further.



Let me now turn to financial performance where you can see our strategy is delivering with our strong track record of performance improvement.

We have delivered $3 billion of underlying earnings growth in the last 2 years. This underlying earnings growth is across all of our businesses as you can see in the left-hand chart:

– $600 million from Fuels Marketing;

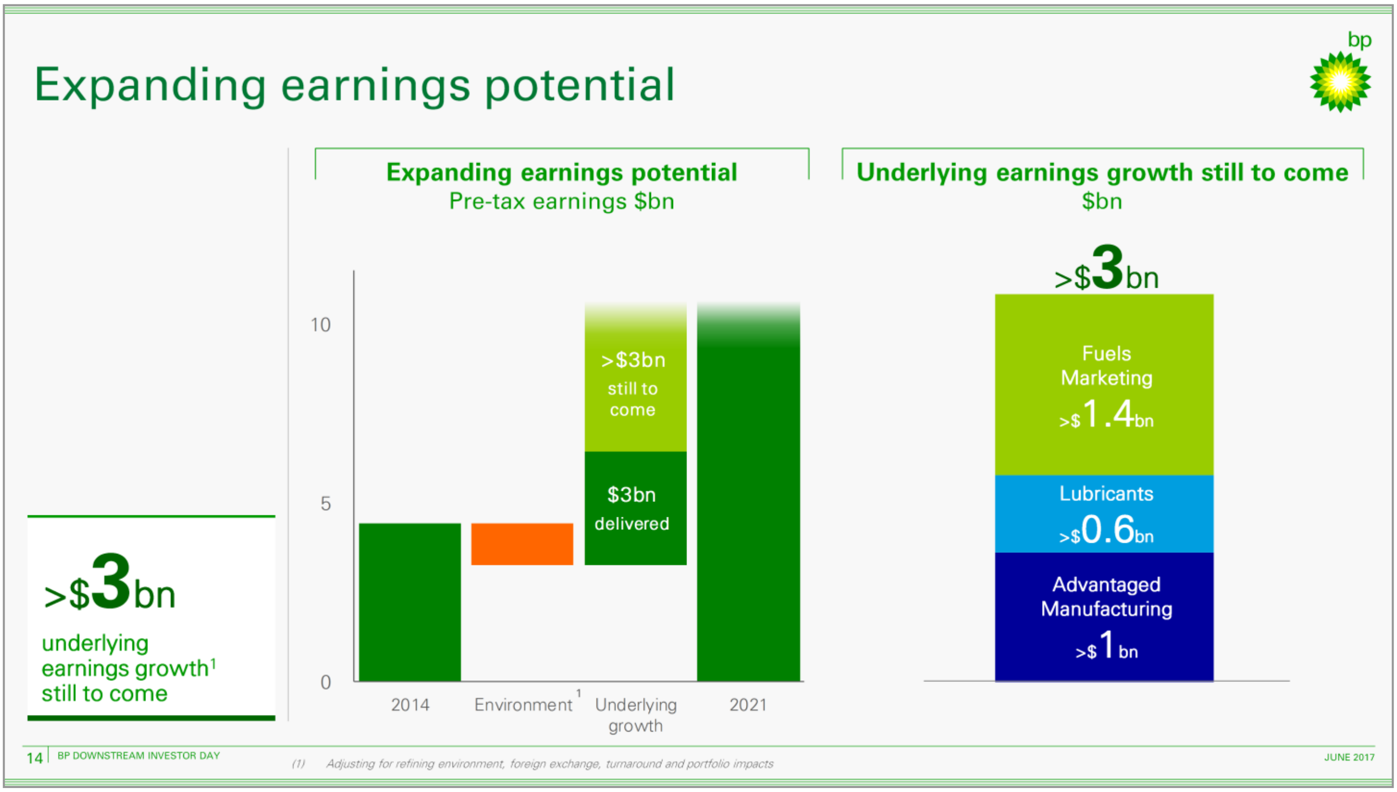
– $400 million from Lubricants;

– $1.5 billion, from manufacturing, more than $1 billion of which was from Refining and $400 million from Petrochemicals; and

– Downstream head office and functions being the majority of the remaining $500 million.

As a result of this performance improvement our full year earnings in 2016 of $5.6 billion were more than 25% higher than 2014 despite the refining environment being significantly weaker and indeed, one of the weakest in the last 10 years.

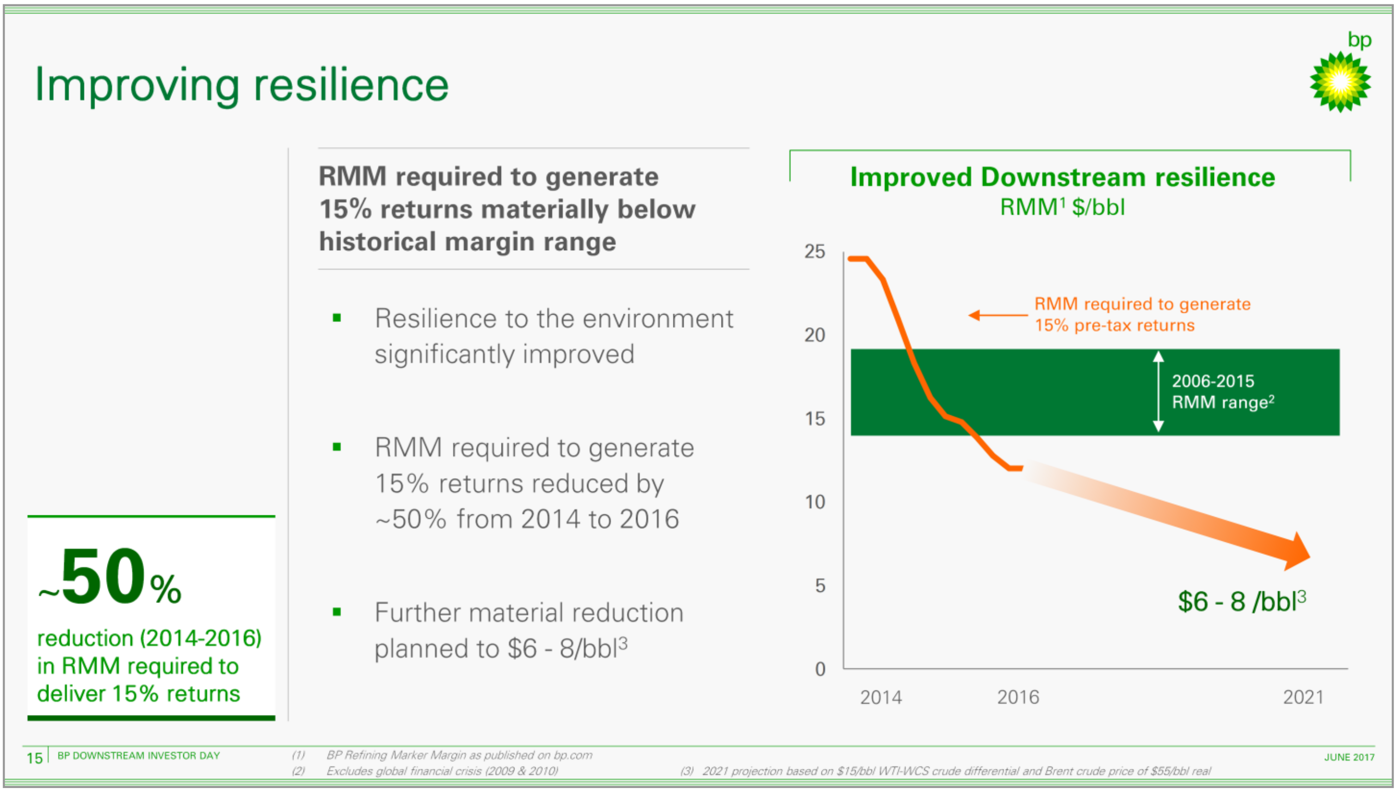
And, as you can see from the chart on the right, returns more than doubled when measured at a constant refining margin. Indeed, 2016 returns on a reported basis was our second best result on record, after 2015, and this was delivered when refining margins were weak.



The execution of our strategy supports the further expansion of our earnings potential. In addition to the $3 billion of earnings growth already delivered between 2014 and 2016, our plans are to deliver more than $3 billion further underlying earnings growth over the next 5 years.

I will take you through the drivers of this growth in a minute, but as you can see from the right hand chart, the sources of this growth to 2021 are:

- more than $1.4 billion from Fuels Marketing,
- more than $600 million from Lubricants and
- more than $1 billion from Manufacturing.

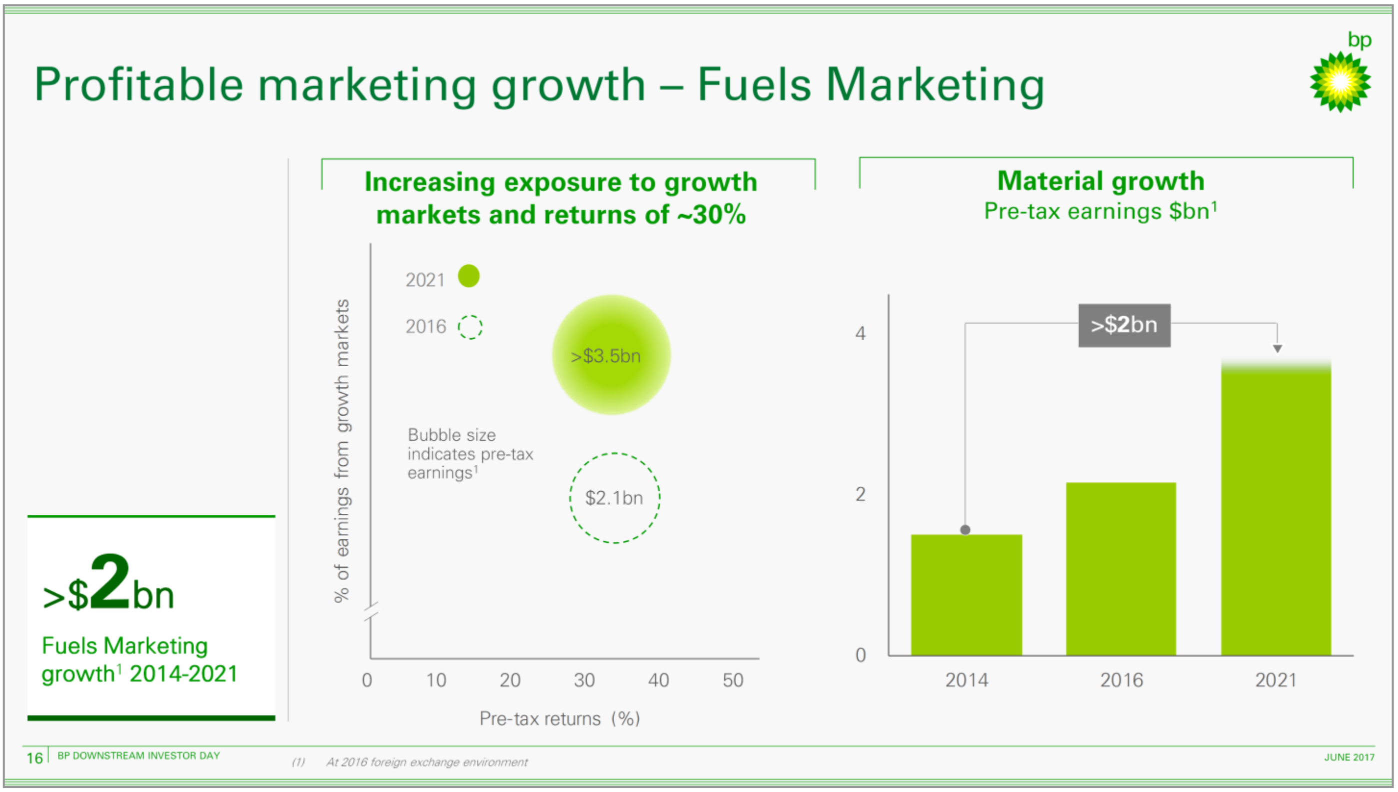


By expanding our earnings potential we have materially improved the resilience of the business to the environment.

The level of refining margin we require to generate a Downstream pre-tax return of 15% has reduced by about half between 2014 and 2016, enabling us to deliver pre-tax returns of 15% last year despite the refining margins being well below the historic range.

Looking forward, our plans to grow underlying earnings improve this further, reducing the RMM required to around $6-8 per barrel. That is approximately halving it again compared to 2016, which further improves the resilience of our Downstream business.

Let me now take you through in detail the growth plans we have for each of our businesses.



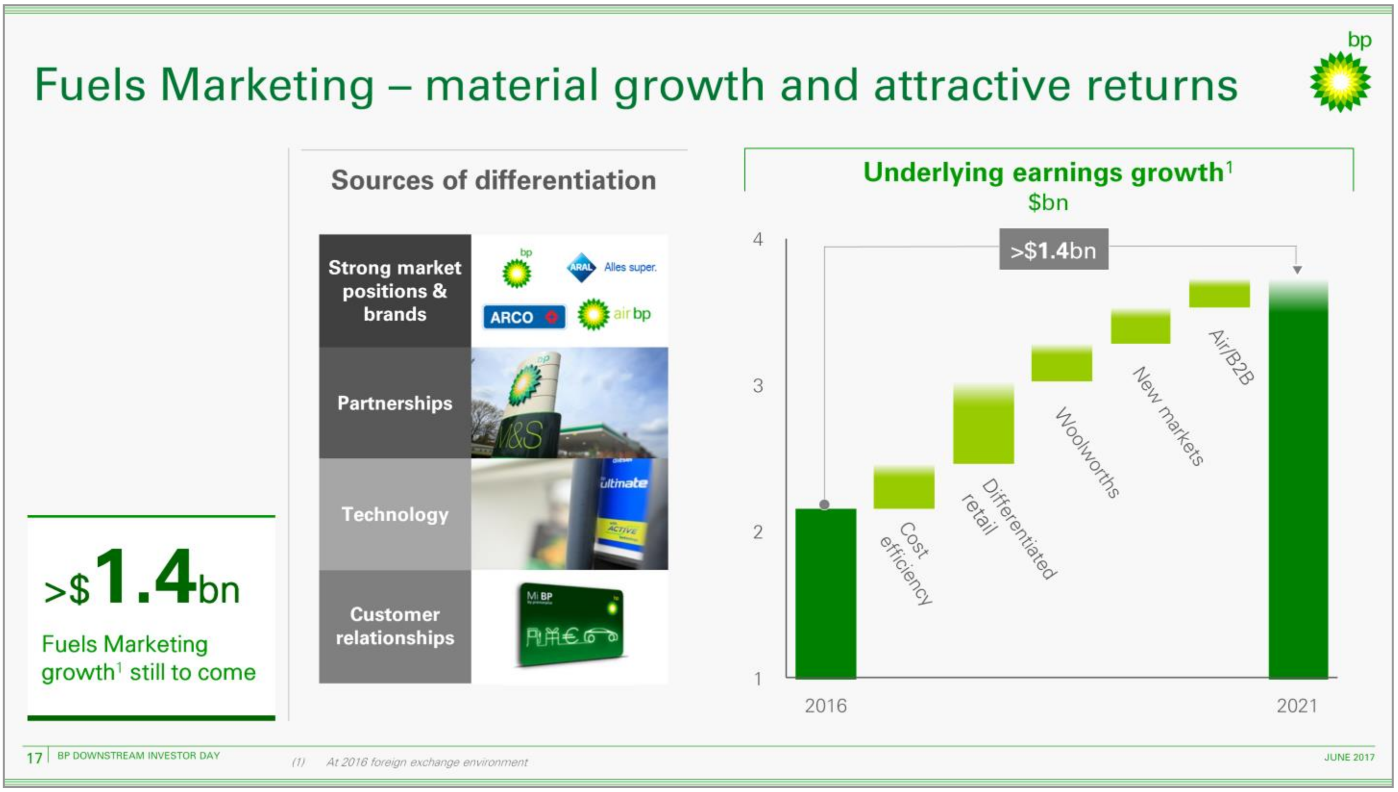
I will start with fuels marketing. As a reminder the business includes retail, B2B fuels and aviation fuels.

It is a material and differentiated business with earnings in 2016 of $2.1 billion and returns of around 30%.

As you can see from the chart on the left, it also has increasing exposure to growth markets and significant growth potential, which we expect to achieve while still delivering highly attractive returns.

We have grown the earnings of this business by approximately 20% per annum between 2014 and 2016 at constant currencies, delivering $600 million of underlying earnings growth. And we plan to continue to grow earnings by more than $1.4 billion by 2021, a growth of around 10% per annum to 2021.

Turning to the drivers of this Fuels Marketing growth.



The chart on the right shows the underpinnings of earnings growth still to come of the more than $1.4 billion.

First, across all parts of Fuels Marketing we will continue to maintain a rigorous focus on cost management and efficiencies. We have on-going efficiency programs in place across the business which will more than offset inflation, allowing cost savings to fall directly to the bottom line.

Second, let me now move to retail, which is the most material part of the fuels marketing business.

We have a differentiated retail offer through our strong market positions, brands and distinctive customer offers. This is underpinned by the strength of our retail convenience partnerships, technology, such as our premium fuels and use of digital, as well as our customer relationships.

Our retail network is ranked better than industry average for site throughput. In most of the markets where we operate we hold one of the top three positions in relation to market share. And we have a high quality of earnings due to having both leading fuels as well as convenience offers.

Our retail convenience partnership model is very successful. We have the expertise and “know-how” to deliver leading offers through our major partnerships around the world. It is a proven model for us.

For those of you who are UK based, you will probably be familiar with our offer partnered with Marks and Spencer. I spoke about this back in February, highlighting that through our BP owned and operated network and distinctive offers, such as store, fuel and loyalty, we deliver earnings growth and differential results. It is a model which is highly successful in other countries too, such as Germany and South Africa. In Germany, the profitability of our “Aral REWE to Go” offer is estimated to be about 3 times that of the industry comparator.

We have plans in place to grow our convenience partnerships sites by around 2,000 over the next 5 years, of which around 20% will be new sites to BP. In addition to this we plan to expand partnership sites over time in new growth markets such as in Mexico.

Technology and customer relationships also underpin our offers. Fuels and loyalty are just 2 examples. In 2016 we launched our new premium BP Ultimate fuels with ACTIVE technology. Our biggest fuel launch in a decade. Margins from premium fuels in some of our key markets are about double that of our standard grade. Last year premium fuels sales were more than 10% higher than the prior year and our plans are to continue to grow these volumes.

We also have strong relationships with our customers through our loyalty programmes which give us access to a database of around 50 million customers worldwide. Data shows loyalty card customers come back more often and they spend more per visit. Surveys show that in most of our markets we have more attractive reward programmes than competitors.

In summary, we see significant earnings growth from our differentiated retail offer with around 50% of this coming from the continued roll out of our convenience partnerships model, 15% from our premium fuels and loyalty offers and the remainder generated by network growth in our existing markets.

The third driver of earnings growth is our planned retail network acquisition and new strategic partnership with Woolworths in Australia, which is subject to regulatory approval. By bringing together Woolworths’ retail network, high quality food products, loyalty program and our expertise in fuels and convenience offers we expect to deliver significant incremental value.

Fourth are our plans to expand our footprint in new material growth markets such as Mexico, India, Indonesia and China. BP already has a presence in each of these markets which gives us local market knowledge and capability to be successful. In Mexico we were the first international oil company to open a branded network since the deregulation of the fuels market began in 2013. Our plans are to grow our retail network across these new growth markets by more than

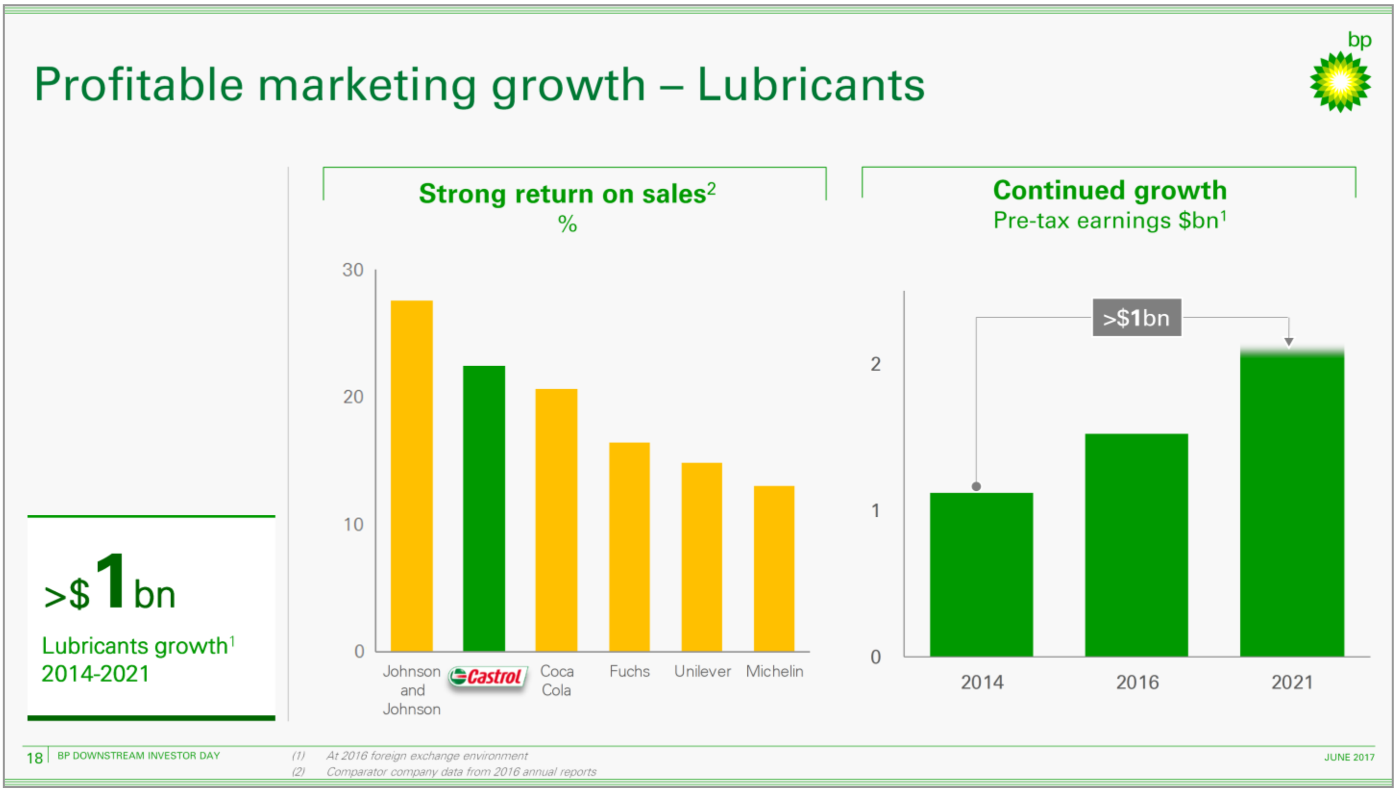
3,000 sites by 2021.

Next, B2B fuels and Air BP.

Our B2B business is highly integrated with supply and trading. We believe the integrated manner in which we run this business is a source of competitive advantage.

And, our Air BP business is differentiated through its strong market positions, brand strength, partnerships, technology and customer relationships. It also has good exposure to growth markets and global reach with one of the leading market positions in terms of volume share.

Guy and Andy will provide additional detail around each of these areas during the fuels marketing breakout session.

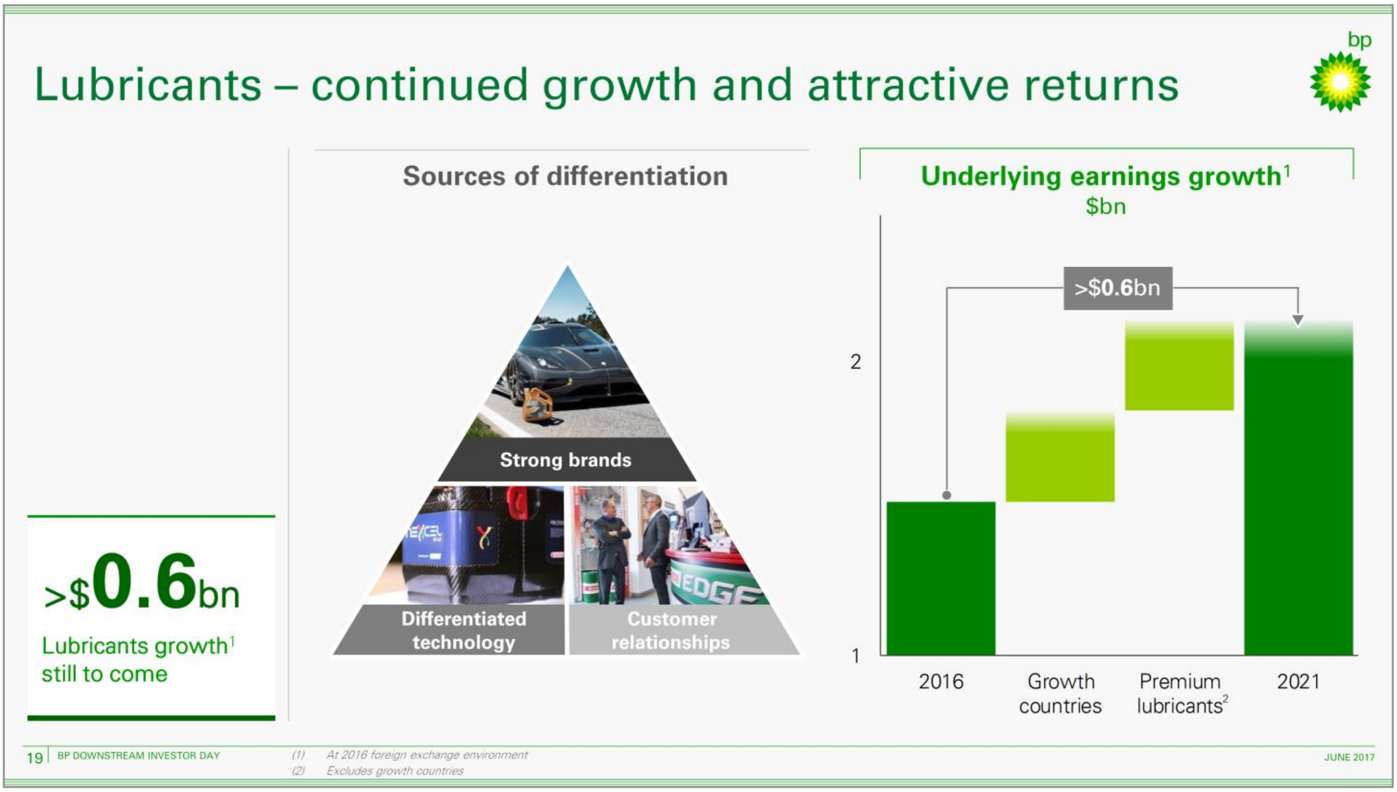


Moving to our Lubricants business; this is a business which is also differentiated. Similar to Fuels Marketing it consistently delivers highly attractive returns, has good exposure to growth markets and has a track record of delivery.

If you look to the chart on the left you can see how our differentiation drives highly competitive returns on sales versus that of other leading consumer companies. For Lubricants we use returns on sales as a competitive benchmark as it is a more relevant measure for FMCG companies due to their relatively low capital employed structure.

Lubricants also has good exposure to growth markets. Around 60% of its earnings came from growth markets in 2016 and we expect this to increase further by 2021.

Between 2014 and 2016 the underlying earnings of the business have grown by $400 million at constant currencies, and we expect more than $600 million earnings growth still to come by 2021.



Lubricants' earnings growth and highly attractive returns are underpinned by its sources of differentiation. These support our earnings expansion in the two key areas – growth markets and the growing premium segment.

So let me first take you through our sources of differentiation which are:

– Strong brands,

– Technology; and

– Customer relationships.

Lubricants has strong, leading brands which are known throughout the world. Customers are more loyal to our brands, such as Castrol Edge, GTX and Magnatec, than competitor brands.

Our products and services are underpinned by a robust pipeline of technology development. Technology which responds to consumer trends as well as low carbon and engine developments. In many instances we are first to market with products which meet evolving customer needs.

We build strong customer relationships. We work alongside and partner with major OEMs, such as Land Rover, TATA and Volkswagen, to develop and deliver leading offers. We have a network of more than 2,000 distributors and around 150,000 independent workshops to service our customers.

These sources of differentiation have driven increased earnings in our growth markets and premium lubricants positions. We expect this to continue.

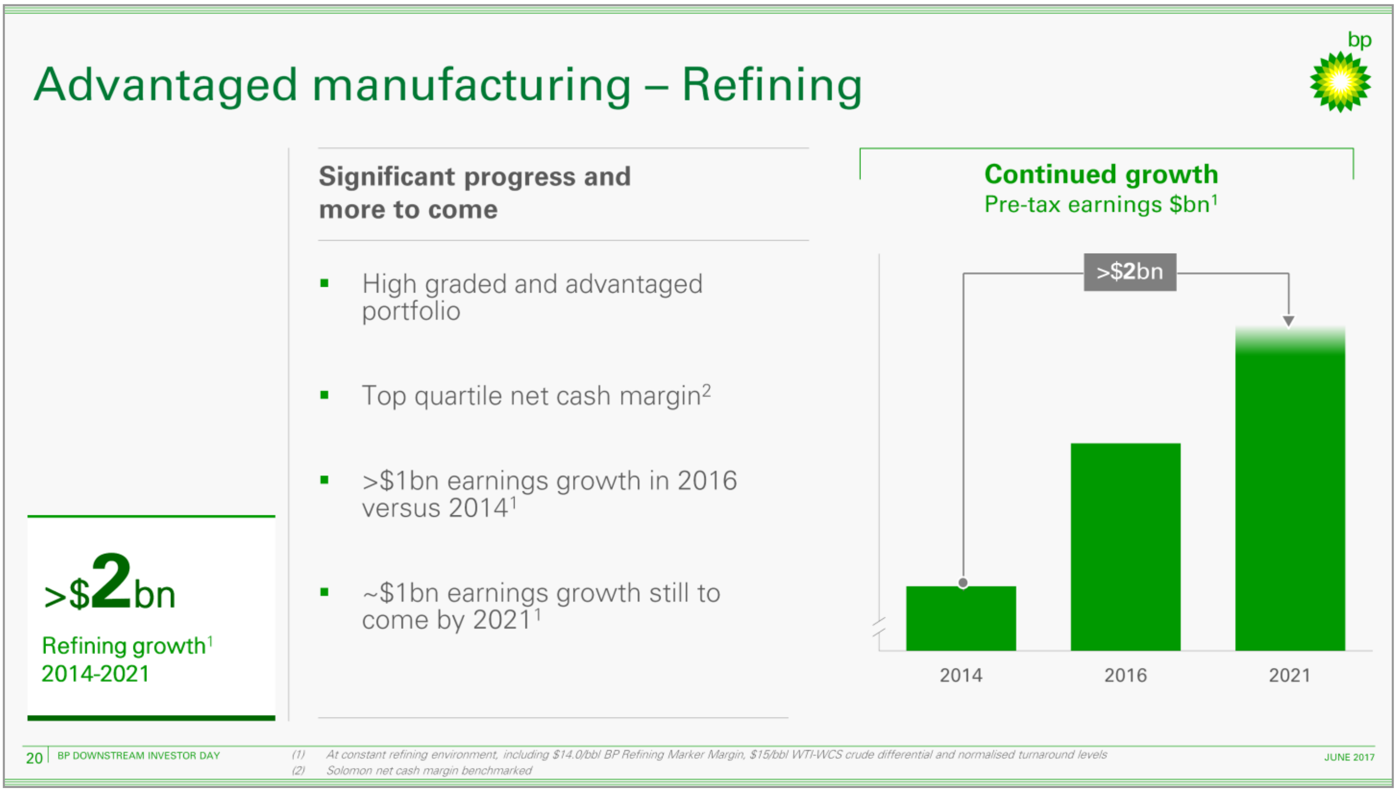
Starting with growth markets, over the last 6 years the total volume of lubricants sold in growth markets has increased by around 2%. In comparison, over the same period our volume growth has been more than three times higher in these markets.

And between 2014 and 2016, our underlying earnings from these markets increased by around 35% at constant currencies.

And as I mentioned earlier, demand for premium lubricants continues to grow faster than the total market. This growing demand for premium products supports quality of earnings growth. We have grown the proportion of our premium volume from 37% to 43% between 2012 and 2016 and our plans are to grow it further.

Continuing to expand earnings growth from growth markets and premium volumes supports our future growth of more than $600 million by 2021. And we will deliver this growth while rigorously managing costs. The efficiency programs we have in place offset inflationary pressure, ensuring the cost base continues to be tightly managed.

Mandhir will provide additional detail around each of these areas during the Lubricants breakout session later today.

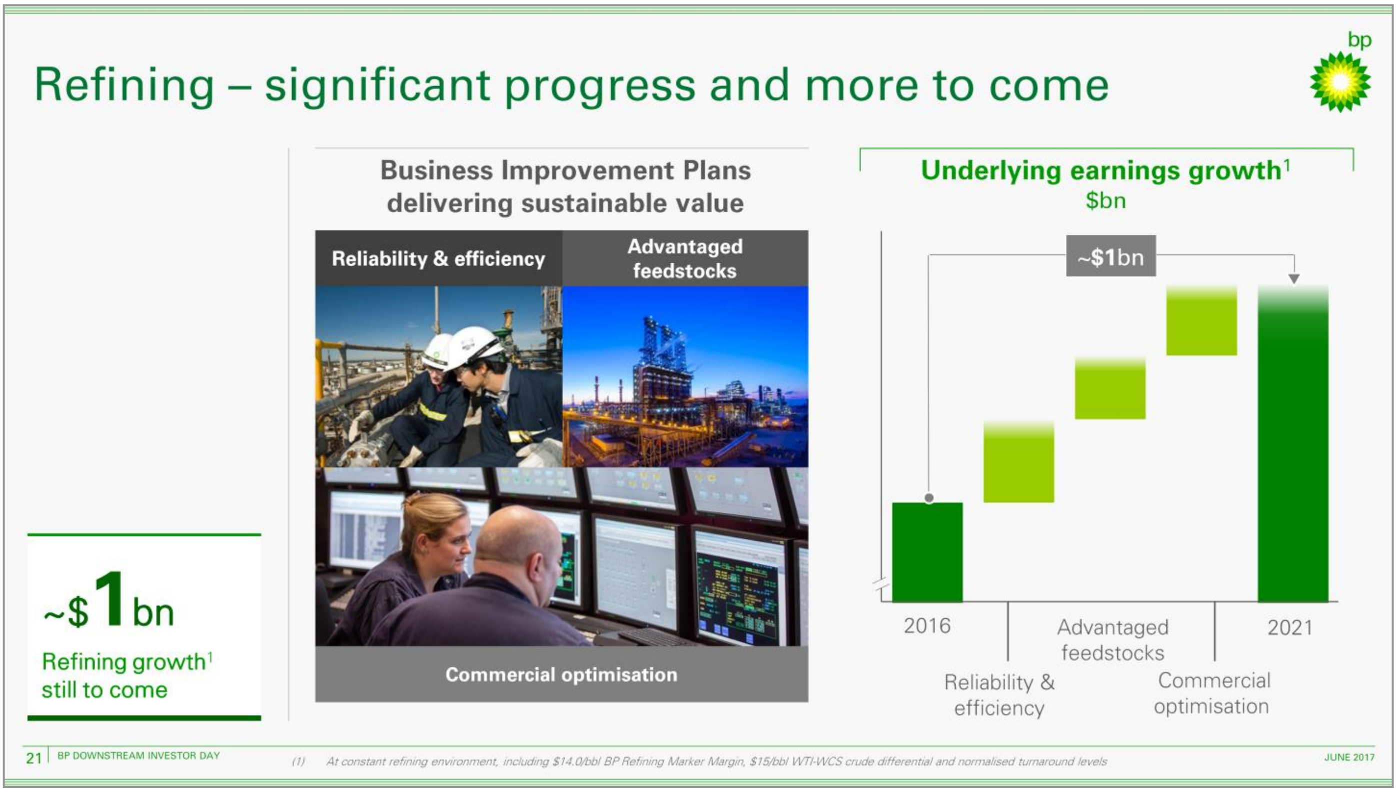


Let me now turn to our manufacturing businesses, starting with Refining.

We have a high-graded, focused and advantaged portfolio.

Our refining portfolio is ranked within the top quartile of net cash margin when compared to the most recent Solomon benchmarking study. This means we are delivering leading competitive profitability. And our plans are to further strengthen this position.

Refining earnings have grown by more than $1 billion between 2014 and 2016 at a constant refining environment, and there is around another $1 billion still to come by 2021.



This additional $1 billion will come from the delivery of our refining multi-year business improvement programs, BIPs. These are globally consistent programs that are implemented locally at each of our sites and staffed by world class capability.

The earnings growth will come from BIP programs already underway. Programs which have already helped drive the expansion of refining earnings by over $1 billion between 2014 and 2016. The track record is there. The programs are:

- Operating reliability and efficiency;
- Advantaged feedstocks; and
- Commercial optimisation.

Starting with reliability and efficiency. Reliability is the foundation of our refining business. Having sites available means less unplanned downtime and more opportunities to optimise performance. In 2016 Solomon availability was more than 95% and we have plans to improve it further. Plans which will take our portfolio to top quartile industry performance for availability.

And costs will remain a key focus area with further efficiency benefits embedded in our future plans. Each refinery has costs efficiency programs in place. Let me give you just one example. Non-energy costs account for more than 70% of our total refining costs. We have plans in action which improve our non-energy costs by around 15% by 2021 compared to 2016, which more than offsets the impact of inflation.

Second is advantaged feedstocks: leveraging our advantaged locations, supply capability and configurations to process cheaper, discounted crudes.

Our three US refineries have access to Canadian crudes which typically price at a discount to other crudes. These refineries are also location advantaged versus Gulf Coast refineries due to Canadian crude supply proximity. Our European and Australian refineries also have advantaged locations and configurations. Most are located where they can more easily and cheaply access advantaged feedstocks or global product markets. For example, our Lingen refinery in Germany is strategically located and can process discounted local crudes. And our refinery in Kwinana is the only refinery on the West coast of Australia, and is the largest in the country.

We expect the percentage of advantaged feedstocks we process to increase from 37% to around 45% of our total throughput from 2016 to 2021.

And third is commercial optimisation. This programme aims to maximize value from our assets by capturing opportunities in every step of the value chain from crude selection through to yield optimisation as well as utilisation improvements. Feedstock flexibility also enables us to further optimise our crude slate depending on the relative crude differentials - an important capability given today's volatile energy markets.

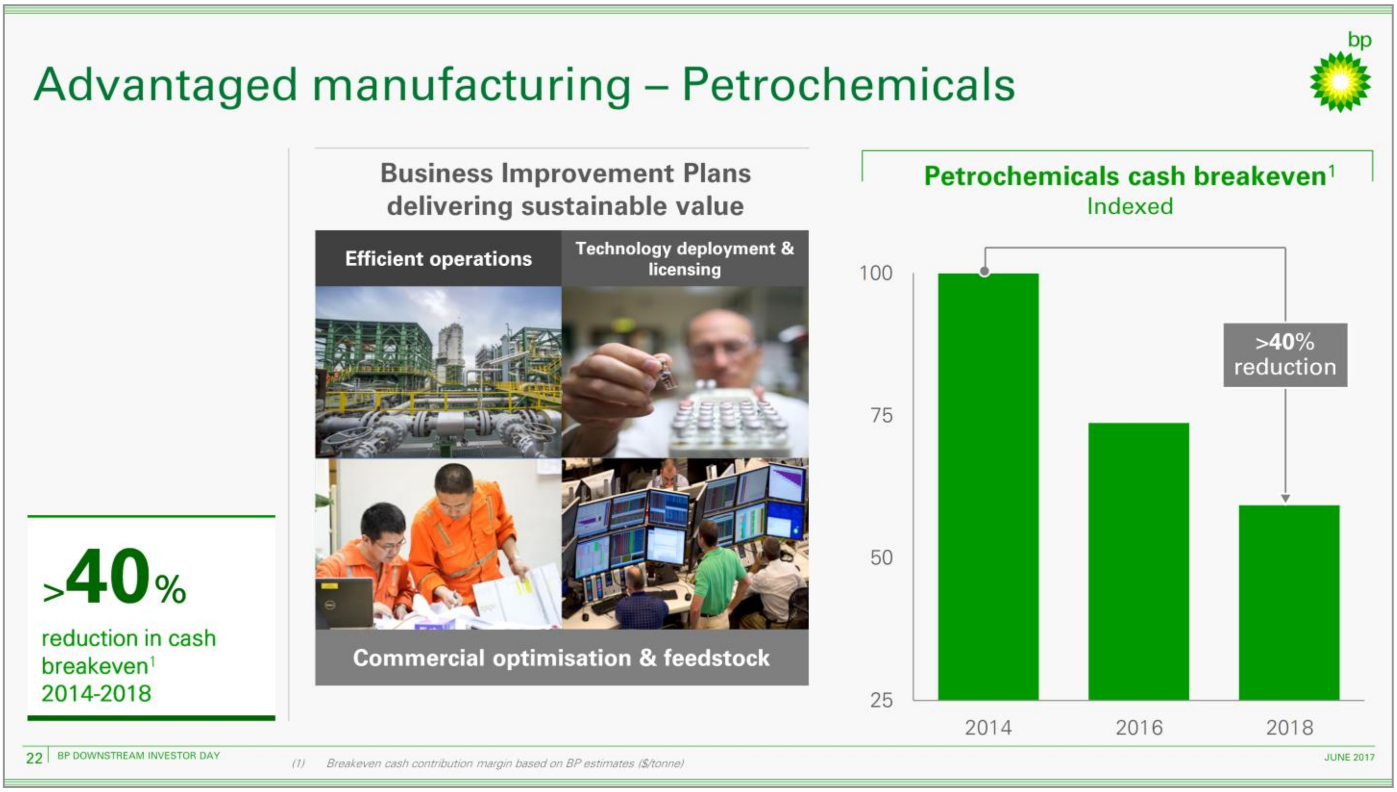
Our industry leading capability and integration with supply and trading in this area, I believe, are a source of competitive advantage.

Campaign planning is just one example of this in action- where through systematically managing the stability of the crude feed, utilisation can be improved. Improved campaign planning was a significant contributor to improving the utilisation of our refinery in Australia from 4th quartile in 2014 to 1st quartile in 2016.

Our commercial optimisation program supports an improvement of around 70 cents per barrel in our net cash margin from 2016 to 2021.

All of these BIP activities will help continue to drive underlying earnings growth, making our refining portfolio even more competitive.

Doug will provide additional detail around each of these programs during the manufacturing breakout session.



Moving to Petrochemicals.

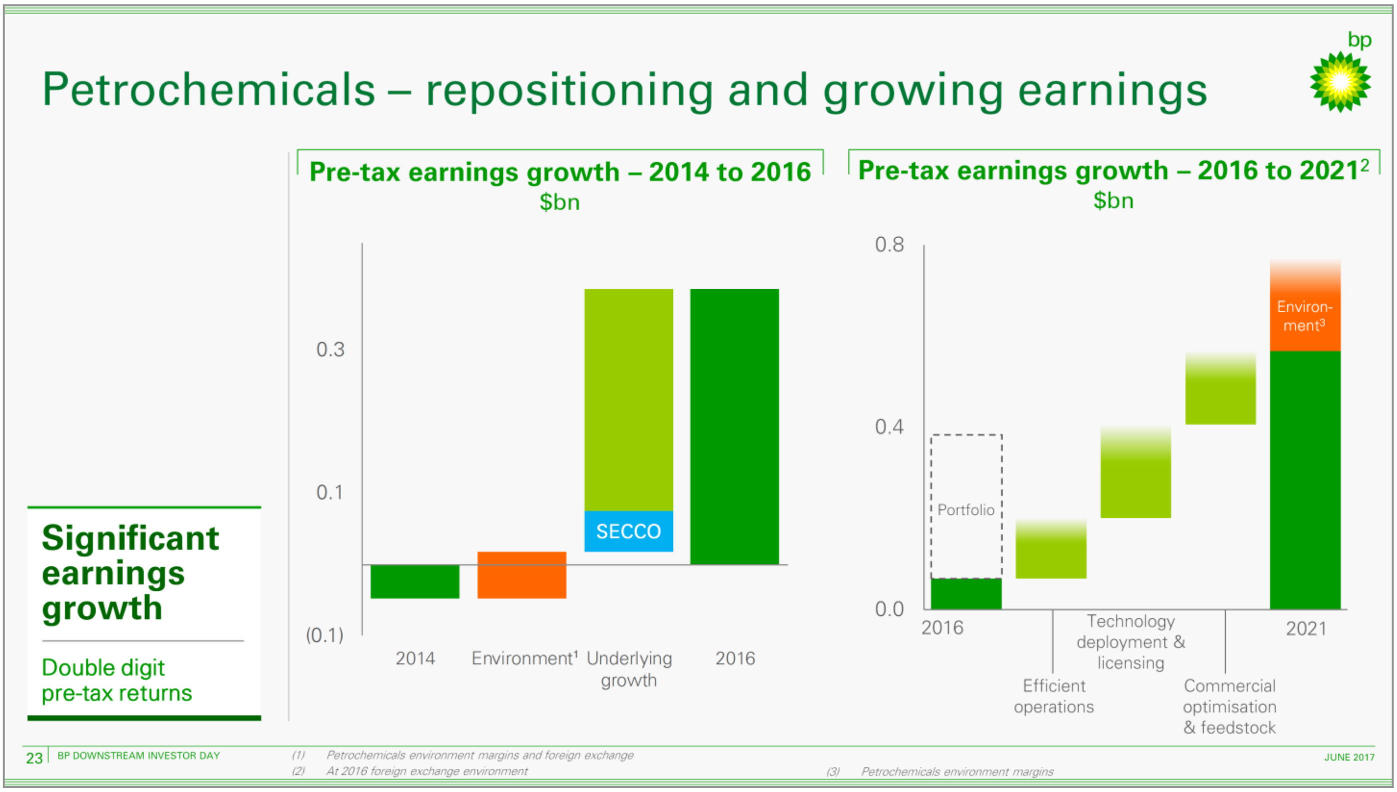
In Petrochemicals we have an increasingly competitive business in a growing market. Over the last few years the environment has been challenging, in part due to over-supply. However, as I mentioned, demand growth for our primary products, aromatics and acetyls, is strong. Since 2010 it has averaged 4-6% per annum and forecasts are for continued demand growth in this range out to 2025.

Against this backdrop, we are leveraging our industry leading technology to make the business more efficient and more competitive. For example, our latest Zhuhai PTA unit in China, now operates with industry leading cost efficiency and environmental performance.

In a cyclical industry like petrochemicals, reducing cash breakeven is key to improving resilience to environmental volatility. Since 2014 we have reduced the cash breakeven of the business by 27% which has been critical to the delivery of $400 million of earnings growth over this period. And we see further opportunities. We plan to further reduce breakeven, for it to be more than 40% lower by the end of next year compared to 2014.

Our multi-year business improvement plans, BIPs, underpin the earnings growth we expect to deliver by 2021. Our programs are:

- Efficient operations;
- Deploying our industry leading technology and licensing; and
- Commercial optimisation and feedstock.



Before I cover these programs let me first cover in more detail the $400 million petrochemicals earnings growth we have delivered over the last two years.

Between 2014 and 2016 the margin environment was largely flat with material margin upside in olefins and derivatives being offset by aromatics and acetyls margin weakness. Meaning, the earnings improvement petrochemicals delivered has been largely underlying. You can see from the chart on the left the vast majority, indeed about 85% of the underlying earnings improvement delivered in the last 2 years was from the aromatics and acetyls businesses.

The actions we have taken to drive the earnings growth include strengthening operating performance, reliability increased by 3% in the period, as well as commercial optimisation, feedstock and cost efficiency improvements. We also repositioned the portfolio to focus on areas where we have leading proprietary technologies and competitive advantage. In line with this, we recently announced our intention to divest our interest in our SECCO joint venture in China. While the joint venture has been a successful and profitable investment for us, we believe it has greater long-term value in someone else's portfolio.

We expect the significant impact to the earnings of our petrochemicals business from this divestment to be offset over time by continued underlying earnings growth and that the business will deliver double digit returns over the next couple of years. The chart on the right sets out where this growth will come from.

Let me step you through the detail, starting with efficient operations.

We have a multi-year cost efficiency program in place. Indeed, in the two years since 2014 we have already reduced the cash cost per tonne of product produced by over 20% and we have plans to reduce it by a further 20% by 2021 versus 2016. And we are well underway to deliver this. For example, headcount is planned to reduce by around 15% by 2021, bringing the total reduction since 2014 to almost 40% and our plans improve maintenance costs from third/forth quartile to at least second quartile by 2021.

Second, technology deployment and licensing. Our PTA technology has a $60 per tonne advantage versus conventional technology as well as distinctive environmental performance. Variable costs are on average 20% lower post –technology deployment. And the full benefit from the recent roll out of our new and best technology at our plants is still to be fully realised.

We not only utilise our technologies in our own plants but we also monetise it through licencing. This is a growing income stream. And one where we have a strong track record of delivery. We have won around 80% of all PTA and PX licenses awarded in the last five years.

And third, commercial optimisation and feedstock. We will benefit from sales growth due in part to market growth but we are also expanding our customer base as well as improving our customer mix. Our plan is to grow sales volume in aromatics and acetyls by more than 10% in the next five years and thereby increase our plant utilisation to 90% by 2021, seven percentage points higher than 2016.

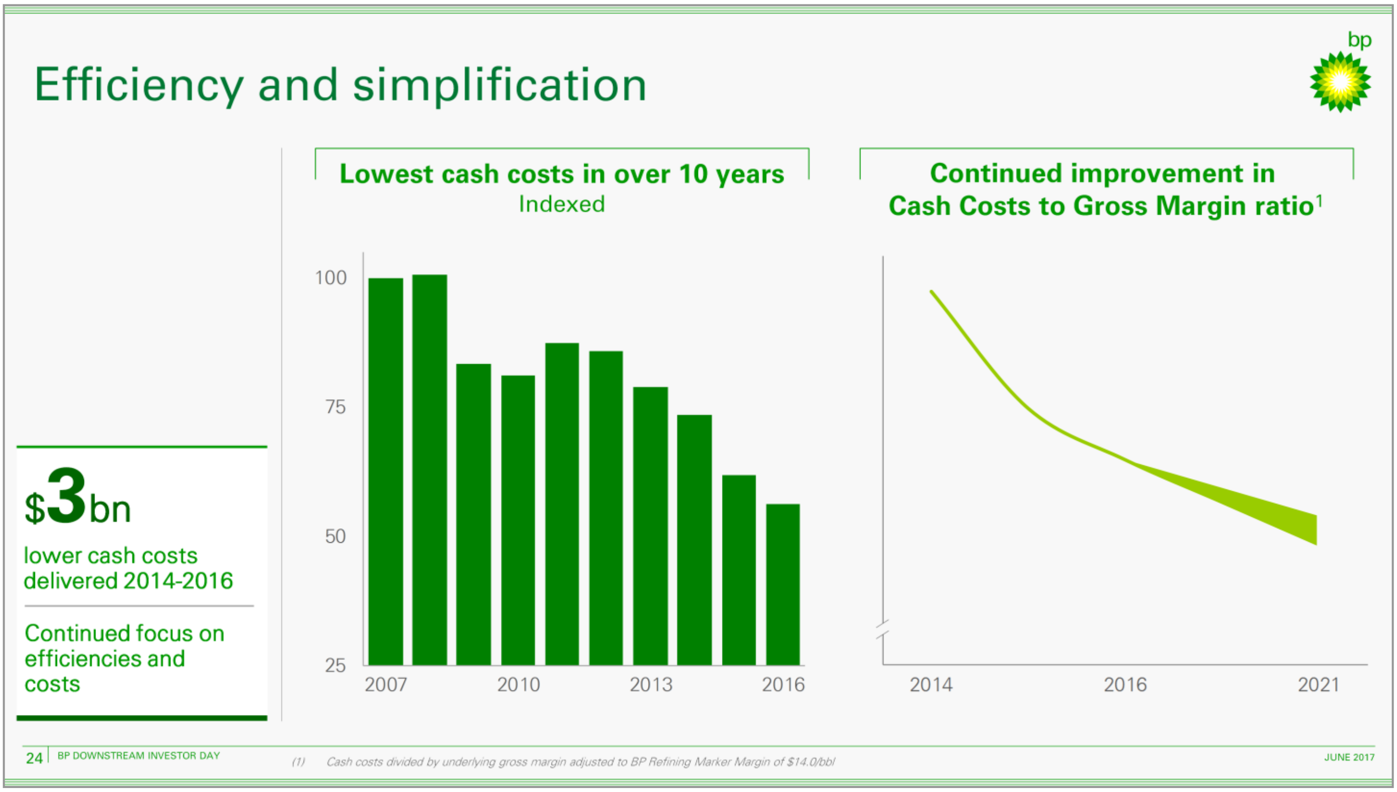
We are also increasing our access to competitive feedstocks. For example, we are diversifying our supplier base and working in close partnership with our supply and trading organisation, which will be a new source of margin capture.

Over the last two years we have repositioned our portfolio to be more resilient to the environment and we have grown underlying earnings by $0.4 billion. The actions we are taking, along with our access to market growth, positions us strongly for the future.

And with no new significant capacity builds in China in the last two years and with global demand expected to outstrip capacity growth over the next few years, utilisation rates are forecast to increase which should support improved margins. Indeed, acetic acid margins in China have already improved by 25% year-to-date compared to the same period last year.

We have detailed programs in place which, even in a similar environment to today, deliver underlying earnings growth and double digit returns over the next couple of years. This will create optionality to invest in this growing market.

Rita will take you through this in more detail.



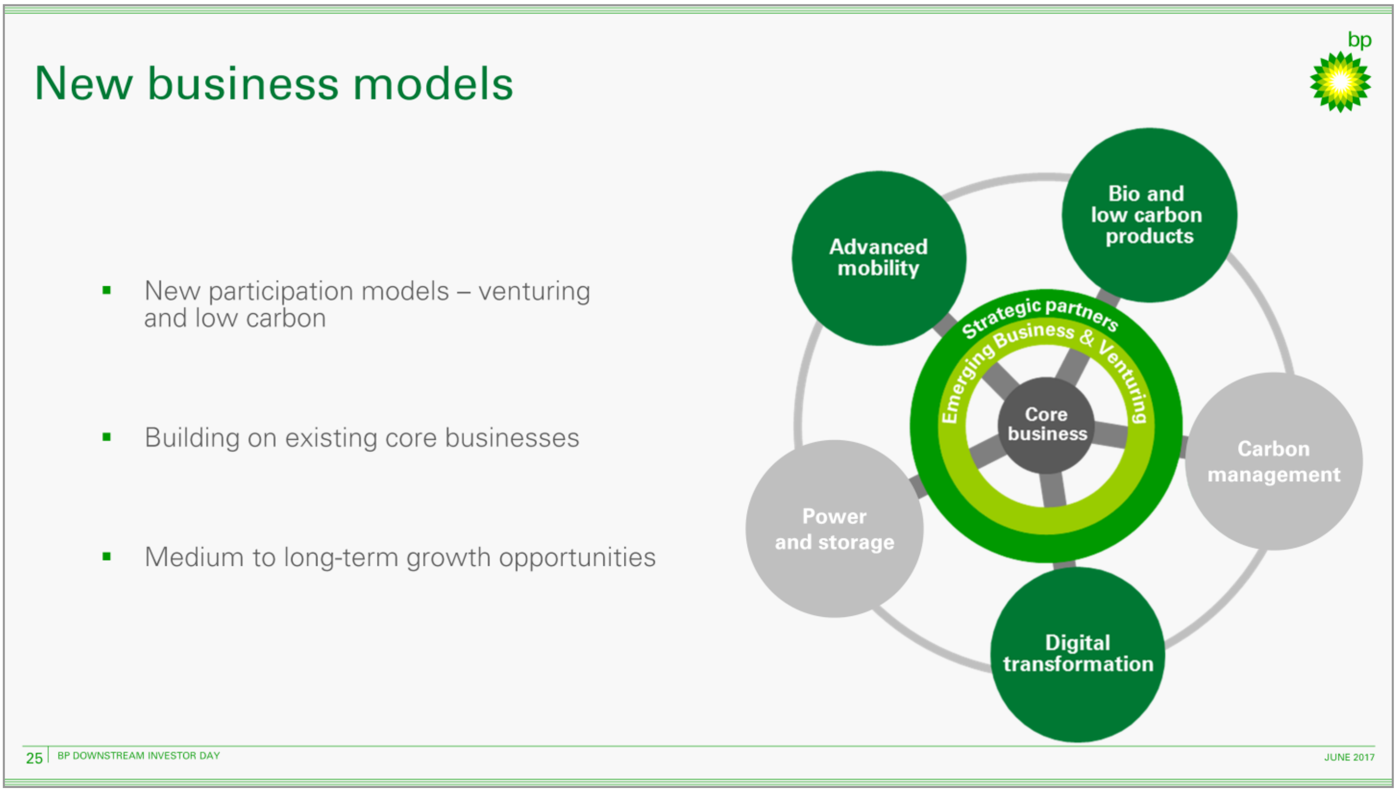
Turning to efficiency and simplification, the progress we have made over the past two years has driven our cash costs down to their lowest level in more than 10 years. As I mentioned earlier, our cash costs in 2016 were $3 billion lower than in 2014.

Third party spend continues to reduce and we are now a simpler organisation. There are more than 50 simplification and efficiency programs in action that cover all parts of Downstream.

As part of our efforts to simplify and streamline the business, by the end of 2016 we had already reduced the number of roles across Downstream by more than 5000 versus 2014. This is a year ahead of schedule. And we have plans in place that reduce this further, to 6,500 by the end of 2018.

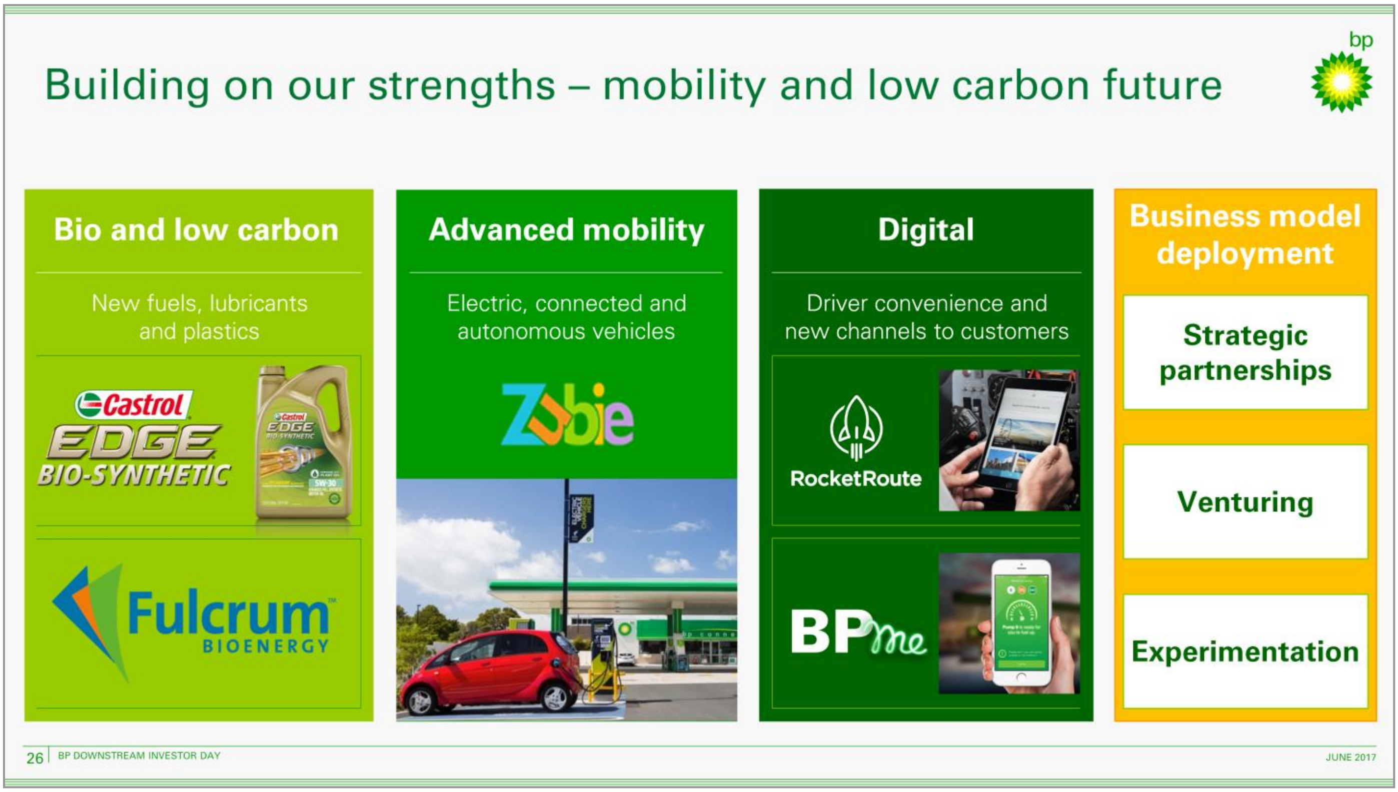
As you can see from the chart on the right, all of this has supported a material improvement in our ratio of cash costs to gross margin since 2014. This is a metric we use to help run the business and measure its competitiveness.

We will continue to maintain a rigorous focus on cost management and efficiencies while capturing profit growth opportunities.



Now let me move to the longer term and to the new business models BP are actively developing to transition our business to a low carbon future and to leverage key world trends. These are across five areas which are shown on the slide and three of these sit with Downstream:

- Bio and low carbon products;
- Advanced mobility; and
- Digital.



We have a clear strategic frame to develop new customer offers in mobility and to transition our business towards a lower carbon future over the long term covering these 3 focus areas.

We plan to create differentiated offers that build on our capabilities, retail assets and brand strengths and which represent material and scalable business options in each of these areas.

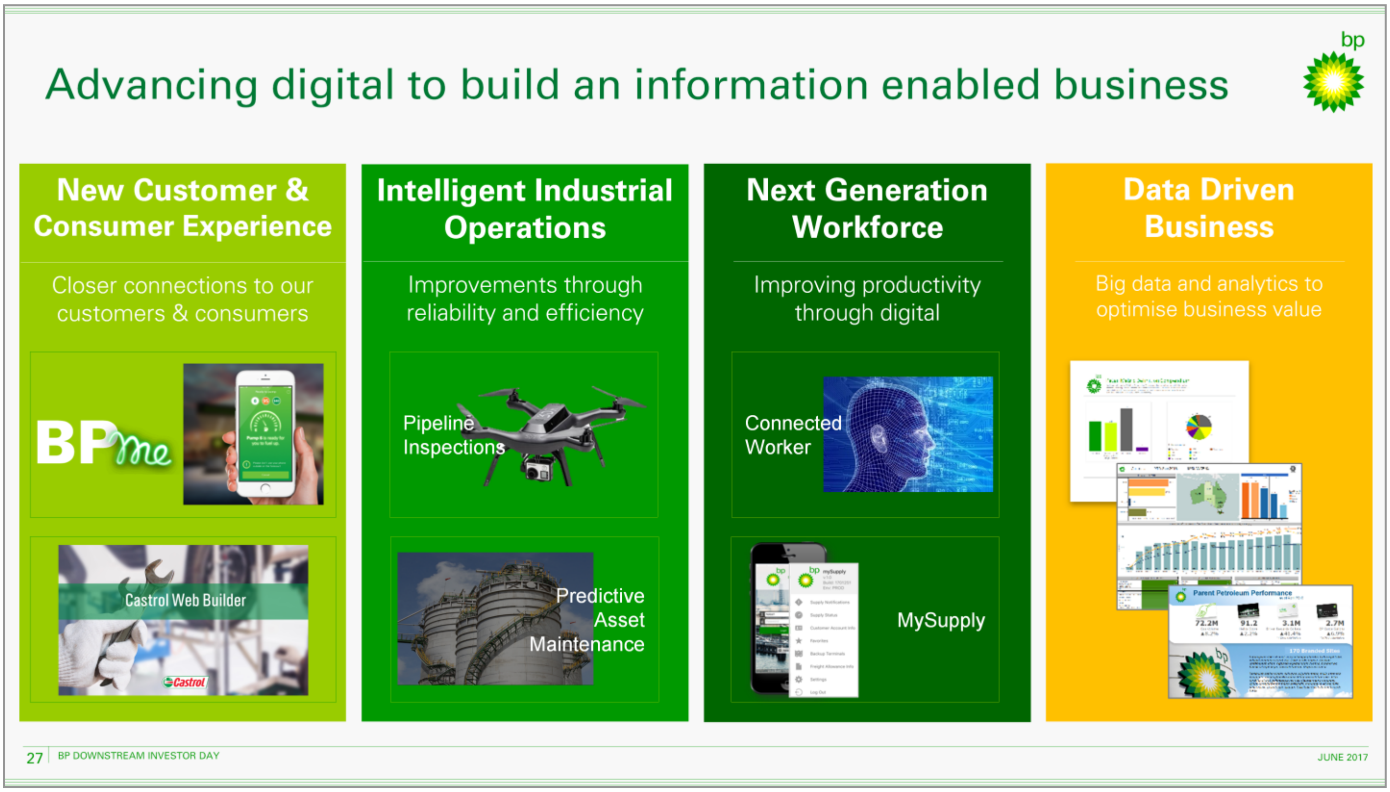
To deliver these offers we will build new business models through new strategic partnerships, innovative ventures and experimentation. Let me take you through some of the progress we are making.

In the first area of bio and low carbon products, Castrol have recently launched a new 'bio' variant of Castrol Edge and Castrol Magnatec with 25% of the oil derived from plant sources. We have also invested in a company called Biosynthetic Technologies. A company that produces renewable base oils for lubricants. And through our venture investment in Fulcrum Bioenergy we are involved in making bio-jet from municipal solid waste.

In the second area, Advanced Mobility, we are exploring opportunities presented by electrification, connected cars and autonomous vehicles.

We already have electric car charging facilities at selected petrol stations such as in Auckland, New Zealand, as shown on the slide, where the charging facilities have been developed in partnership with Vector, New Zealand's largest distributor of electricity and gas. We are looking to learn from these installations as we explore the best model for us to pursue across our global network.

And the third area, Digital.



Digital enables our business strategy and new customer offers.

In this area, we execute our agenda against the framework you see on the screen:

- New Customer and Consumer Experience;
- Intelligent Industrial Operations;
- Next Generation Workforce; and
- Being a Data Driven Business.

We are using digital to:

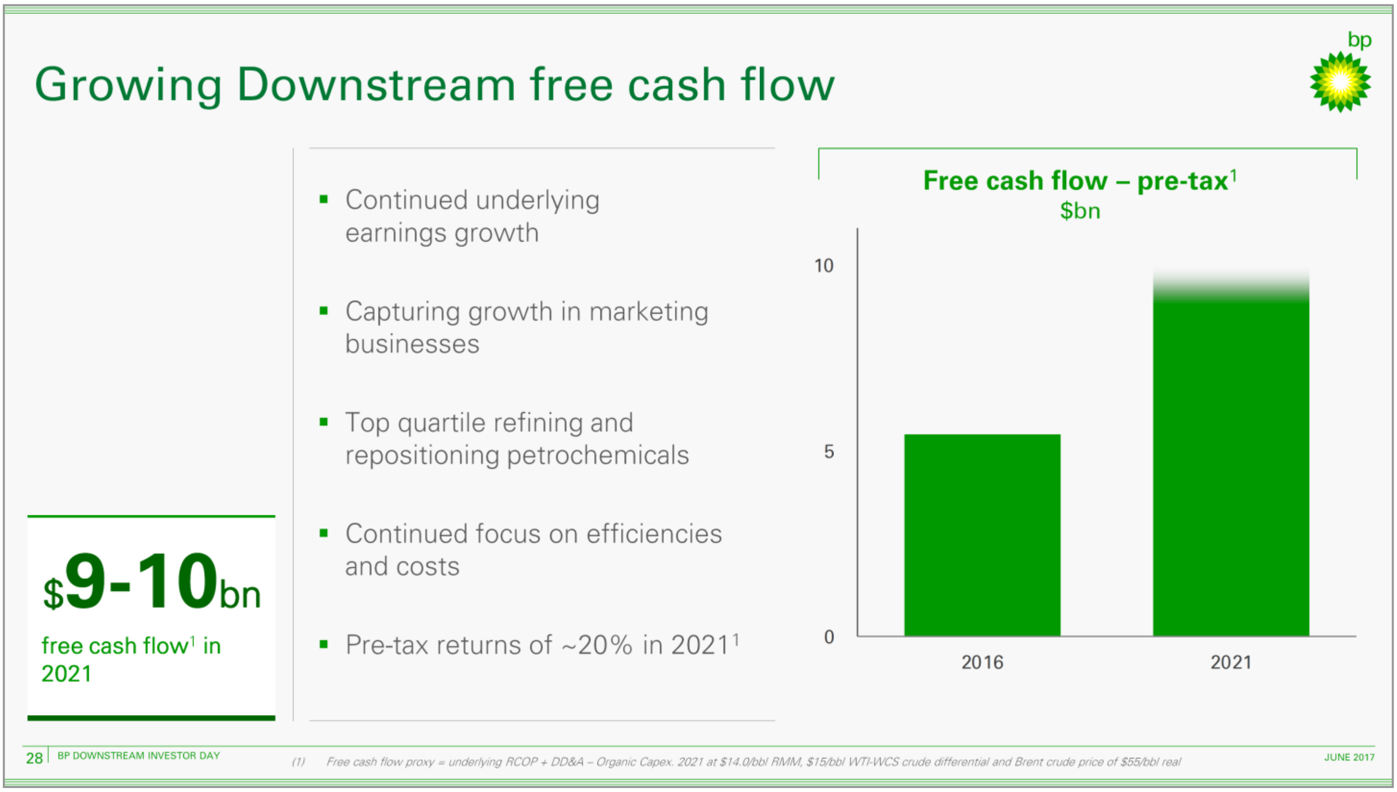
- create closer connections to our customers and consumers; and
- better understand consumer behaviours and patterns to create personalised offers.

An example is BPMe, an app from our retail platform which allows customers to find their most convenient BP service station and pay for their fuel from within their vehicle. And we are building a range of future offers such as the ability to pre-order food and drinks from our convenience stores.

For Industrial Operations, we are leveraging digital to deliver improvements in reliability and efficiency for operations teams in the field through, for example, sensors, drones and predictive modelling. This includes the use of drones for pipeline inspections and remote monitoring, and use of sensors for digital TAR execution tracking.

In the area of Next Generation Workforce, our employee digital experience is focused on significantly improving productivity and faster decision making. This is not only through using the latest, consumer grade devices and software, but also ensuring that information is available across all devices (mobile, laptop, tablet), anywhere, anytime.

And finally, in Data Driven Business, we see the future as a data enabled business where we can access, report and develop insights faster and seamlessly without the need for manual intervention and report generation.



Let me now summarize. I have shared a lot of information with you. I hope I have left you with a good understanding that our Downstream business has a track record of performance delivery, is now more resilient to the environment and has material growth potential.

The actions we are taking will further improve the competitiveness of our businesses.

Due to their differentiation, our marketing businesses have material growth potential and highly attractive returns. Across marketing we expect to grow underlying earnings by more than $2 billion by 2021 compared to 2016.

We are already in the top quartile of the refining net cash margin industry benchmark and we have robust programs in place to further strengthen this position and to continue to grow the profitability of our refining business.

In Petrochemicals, we have improved performance and are ahead of our target to reduce the cash breakeven, and there is more to come, making the business more resilient and supporting further earnings growth.

Across manufacturing we expect to grow underlying earnings by more than $1 billion by 2021 compared to 2016.

And all of this we will do while rigorously managing costs and delivering efficiencies

Taking all of this together, we expect Downstream to deliver between $9-10 billion of free cash flow, with returns of around 20% in 2021.

We have spent much of this morning going through our growth plans to 2021, but our plans also underpin our longer term growth momentum; our growth beyond 2021.

If you look to the left hand side of the slide you can see just some of the programs we are progressing.

Our growth beyond 2021 will come from a continuation and "scaling-up" of our current programs already in place as well as newer business models and offers which we are already starting to put in place.

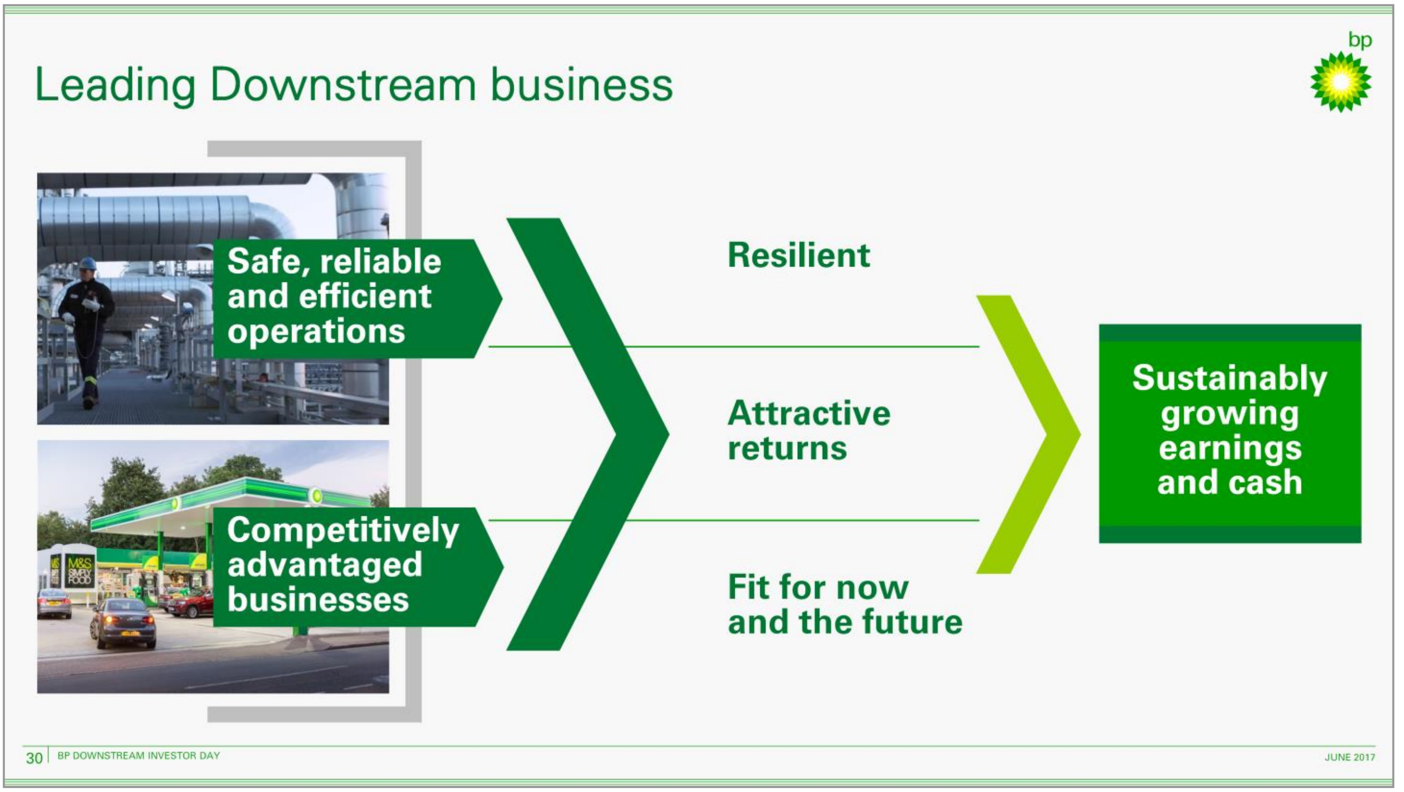
Programs of work underway such as new market growth for retail and aviation, expanding lubricants growth country earnings, the continued roll-out of our convenience partnership model in marketing and selective growth investments in our manufacturing portfolio, all support medium and longer term growth.

We also have the optionality to invest and grow earnings in the growing petrochemicals market.

Additionally, we are developing new business models and offers to deliver material growth over longer-term. Including, for example, the adoption of Lubricant's Nexcel, as well as our bio, low carbon and mobility offers along with digital, which will allow us to respond and capitalise on changing world trends. Material growth from these will be in the longer horizon, beyond 2021.

We are building the foundations for these opportunities now so that we can capture the longer term growth potential they provide.

Our strategy is clear and fit for both the medium and longer term future.



In closing, let me tell you how I think about our Downstream business and how it enables significant earnings and cash flow growth over the medium and longer term.

The safe, reliable and efficient execution of our strategy across our already competitively advantaged businesses creates an ever-more resilient business.

Our key programs delivery will bring further differentiation, making each business even more competitively advantaged and help ensure Downstream continues to deliver highly attractive returns.

In a changing world, our strategy is building a Downstream business fit for now and the future.

All of which results in significant sustainable growth in earnings and cash.

I am very confident and excited by the opportunities I see across Downstream. We have expertise, know-how and a great leadership team who will deliver this.

Now, let me open up for questions.