



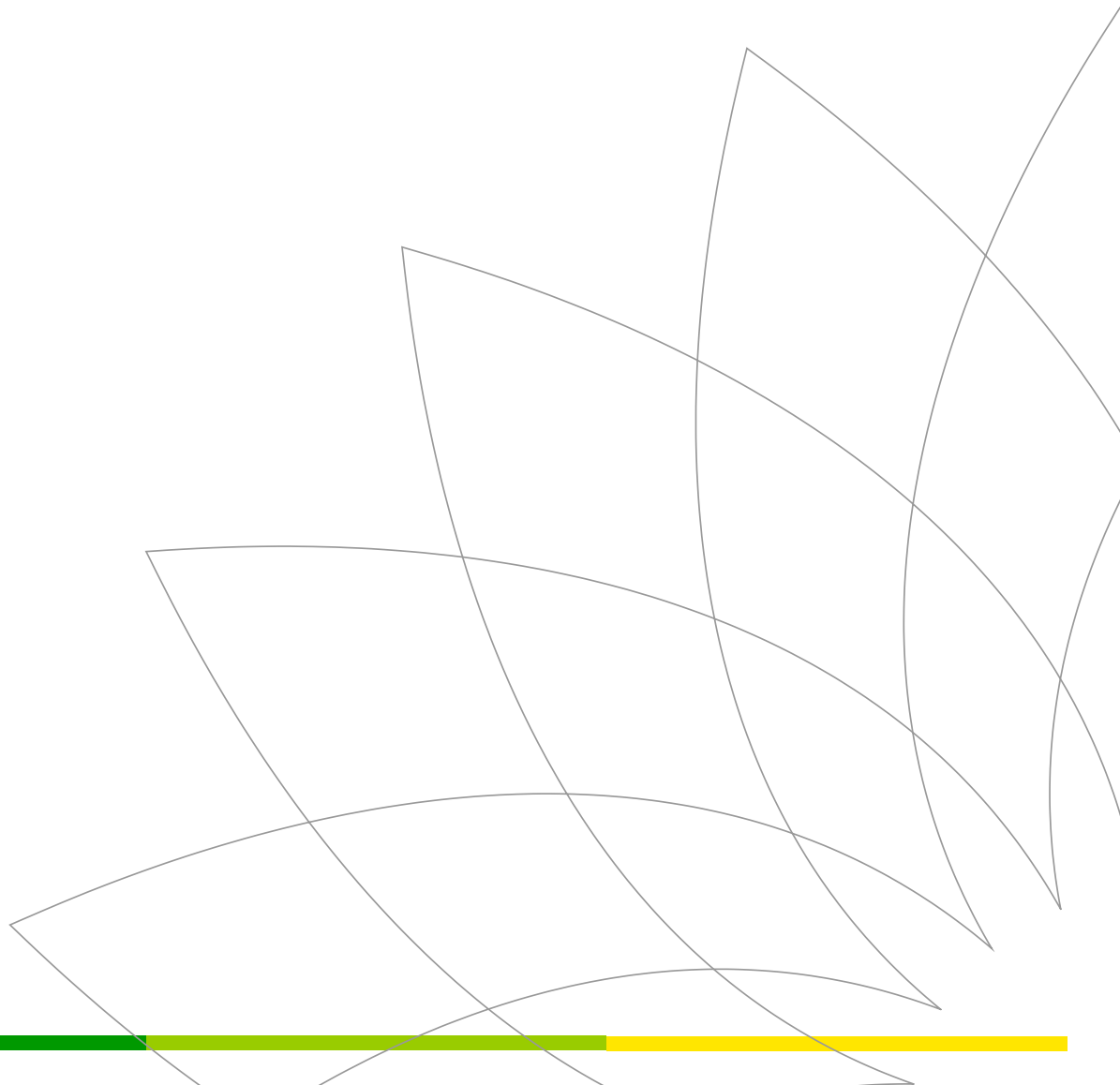
# Firing on all cylinders

Bob Dudley

Group chief executive

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21 May 2018



Thank you Carl-Henric.

Let me echo those words about the BP team.

I think we have the best in the business and I see that all around the globe.

It's a privilege to work with them - as it has been working with you.

We still have you on board until the end of the year, so we are not saying goodbye just yet.

I would like to say this though.

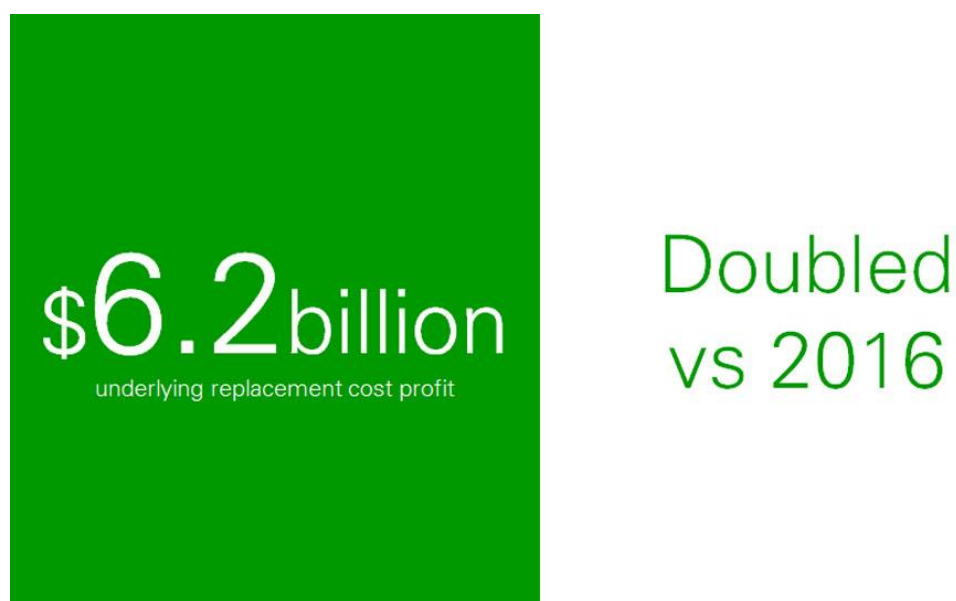
A big company like BP is similar to a big ship – it needs a great captain at the helm.

We needed one of these for the past 8 years and we've certainly had one.

You have guided us through some stormy waters - steered a safe passage - and helped to set us on a new course for the future.

Now it's full steam ahead.

We are generating momentum right across BP and there's no greater tribute to his chairmanship than that.



Our underlying profit for 2017 was more than double the previous year and earlier this month we reported our highest quarterly earnings for three years.

Oil prices have gone up around 50 per cent compared with a year ago. That obviously helps. But our performance reflects much more than the uplift in prices.

More barrels  
with better  
value



Last year was one of our busiest ever, starting up 7 major projects on time and under budget as a whole.

That contributed to an increase in our Upstream production last quarter of 14% year on year.

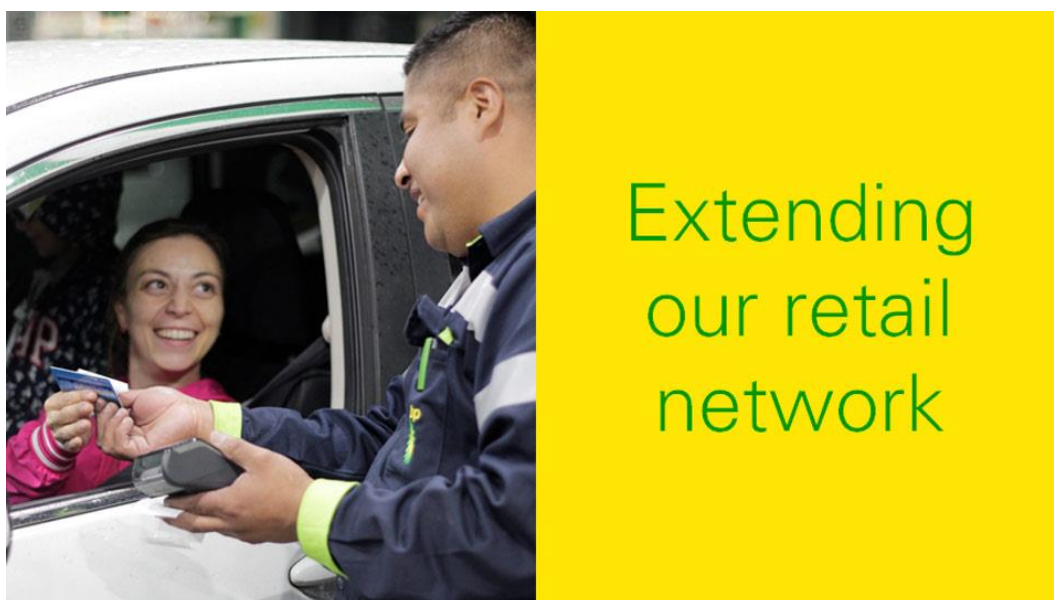
Most importantly, we're adding value not just volume. Margins on our major projects out to 2021 average more than a third higher compared with 2015's base production.

More barrels  
with better  
value



At this meeting last year I talked about how we were the first international company into the Mexican retail market.

Now we've got over 200 sites open and we're well on the way to our target of 1,500 by 2021.



We're back in solar in a new and exciting way having joined forces with Europe's leading solar developer to create the Lightsource BP partnership.

We're already helping extend Lightsource's global reach with a deal to invest in renewable projects in India.



Upstream, Downstream and in our Alternative Energy business we're firing on all cylinders.

We're back to growth and pursuing new opportunities.

And we're looking to reward the trust and confidence that you, our shareholders, have shown in BP through some tough years.

I've said this before and I mean it - we appreciate your support.

We are already five quarters into the 5-year plan we rolled out last year and we have been moving with real pace.

Next month we'll be announcing first gas flowing to Turkey from our massive Shah Deniz project in the Caspian – flowing through new pipelines that we're building to take gas onto Europe.

That will be our second start-up of the year, following our Atoll project in Egypt in March, and we've got four more on the way by the end of the year.



Our Upstream team is doing a great job under Bernard Looney's leadership.

We're executing our new projects well and continuously improving our core business, which is important in a world that gets more competitive every day.



We're finding new ways to run our routine operations more reliably and efficiently – and that adds up to a healthier, stronger bottom line.

Just to give you an example, when you start producing from a reservoir, you expect the amount of oil or gas you can pump to go down over time.



It's one of the reasons why we need to keep on exploring and finding new resources.

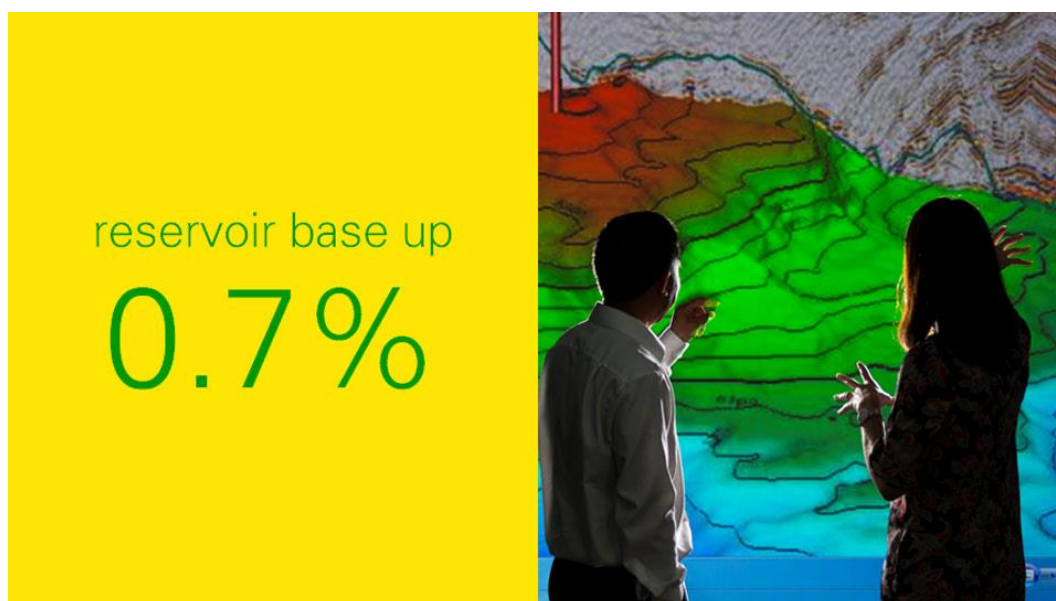
It makes sense that reservoirs run down. It's called the decline rate and it typically means production falls by around 3 to 5 per cent each year.

Last year, Bernard's team turned that natural law of the industry on its head.

Our base production didn't go down at all in 2017 and was actually up by 0.7 per cent at the end of year.

That's a remarkable achievement, so I'm not going to guarantee we can do that every year.

But it's a great example of how we are improving reliability and improving efficiency, and it's happening all over the BP.



We're seeing the impact in our Downstream business as well, where Tufan Erginbilgic's team have been doing a terrific job.

We've got 11 refineries around the globe and they've been running consistently at around 95 per cent availability quarter after quarter.

Our petrochemicals plant in Zhuhai in China is one of the most advanced in the world. It's just set another new production record.

Our new premium fuels are proving to be really popular. Global sales went up 6 per cent last year and keep going up – up another 5 per cent last quarter.

That level of performance has contributed to our best year ever for Downstream earnings.

# Best year ever for Downstream



You may have heard recently about some of the exciting things we're doing with fast charging for electric vehicles or producing lower carbon jet fuel for aeroplanes from household waste.

With our technical expertise, our relationships and our retail network around the world we see huge potential for BP in the mobility revolution and we have a lot of interesting plans to unveil in the weeks and months ahead – and even later this week.

I hope you agree it's a really exciting time for your company.

We are growing, and we're growing safely and in a disciplined and responsible way.

Safety is always the top priority.

Discipline is important because the world is more competitive than ever – and as I said, we're highly focused on it.

We're keeping a tight grip on costs as we grow – so for example, our unit production costs in the Upstream have nearly halved since 2013.

We're also being disciplined as we invest - working to make sure we only do so in ways that support our goal of increasing returns to you, our shareholders, over time.





Responsibility is important because of our commitment to advancing a lower carbon future.

We were among the first companies to recognise the possibility of climate change more than 20 years ago, and to start taking action.

We set up a renewables business.

Not everything we tried worked out first time, as you'll probably know - solar and hydrogen in particular.

But we have learned a lot over the years.

We still have large wind and biofuels businesses from those days.

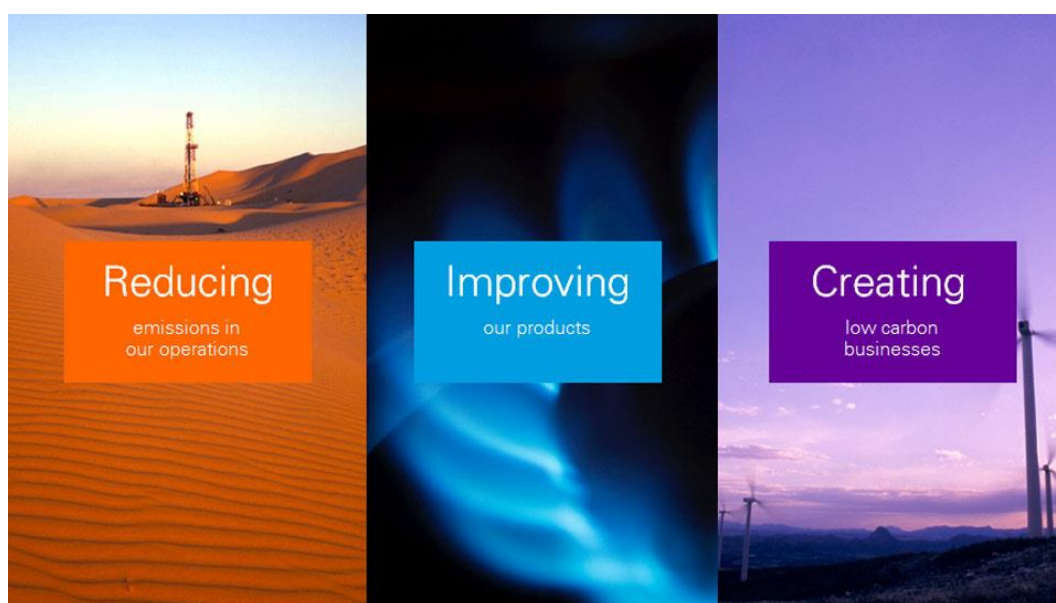
Our experience has informed the approach that we are taking today.

Now the whole of BP – not just our alternative energy business - is focused on the dual challenge of meeting growing global demand for energy while reducing greenhouse gas emissions.

We're still investing in renewables - as we recently did to create the Lightsource BP partnership.

We're also asking every part of our business to contribute to our lower carbon ambition. We set out the approach in some detail last month, in a report called Advancing the Energy Transition.

As Carl-Henric mentioned, we're calling our approach Reduce-Improve-Create, or R-I-C.



Reduce refers to our plans to reduce emissions in our operations.

We've set a target of 3.5 million tonnes of greenhouse gas emissions reductions by 2025 and we'll do that through improved energy efficiency, fewer methane emissions and reduced flaring.

So these will be permanent reductions.

We're also heavily focused on controlling methane leaks, with an industry-leading target of 0.2 per cent.

That is endorsed as a really significant step for emissions reductions by respected authorities like The Nature Conservancy, the Environmental Defense Fund and Princeton University.

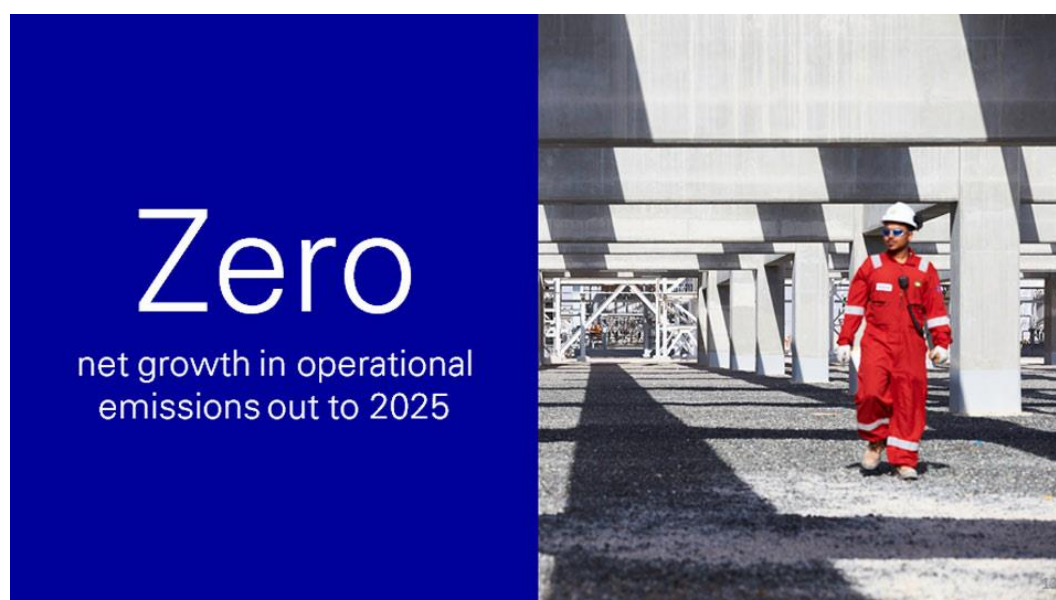
After Reduce comes Improve, and we'll keep supplying products that can improve our customers' carbon footprints.

That includes increasing the proportion of gas in our portfolio as a cleaner alternative to coal and a perfect partner for renewables.

We've already got a portfolio of products that help to lower emissions - like our advanced fuels and lubricants - and we're developing new, lower carbon options all the time, from reducing the amount of packaging to converting household waste into jet fuel for airplanes.

Finally, we have Create - and we'll be investing up to half-a-billion dollars a year into finding and developing new low carbon activities and businesses - from batteries to biofuels to a process that turns carbon dioxide into concrete.

Put all that together and you have a path forward that will see us reducing emissions in our operations, improving our products and creating low carbon businesses.



To back up our commitment we have set ourselves a target of a zero net increase in our operational emissions out to 2025.

In other words, BP will grow, which you will want, but.....our net emissions will not grow.

Each year we'll check our emissions, and offset any increase above 2015 levels not covered by our sustainable reductions activity.

I think all of us look around and see the world we know changing fast.

There's a lot of uncertainty about the future and what it will look like.

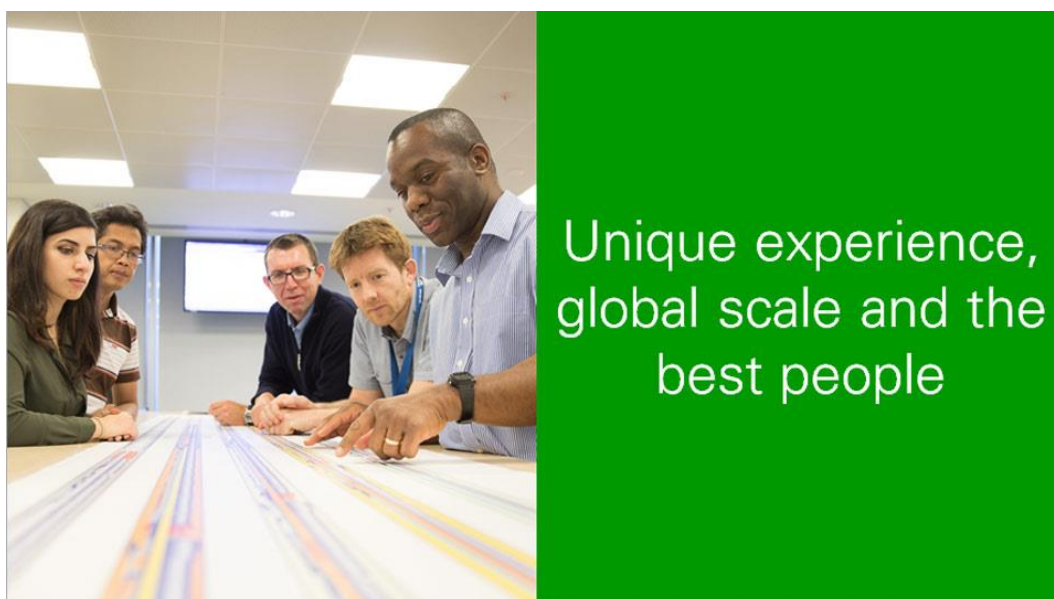
Where's the energy going to come from?

What's the role of oil and gas in that future?

How do companies like BP help those parts of the world looking to grow...

...and at the same time help to meet the demands of society for lower emissions and better air quality?

That is a major challenge. But it is also a golden opportunity for a company like BP – a company with unique experience, global scale, and some of the very best people in the business.



Unique experience,  
global scale and the  
best people

Thanks to the vision of Carl-Henric and the Board - and to the commitment of the BP team - we are in great shape for the opportunities ahead.

It's an exciting time for the company and I know the new chairman shares that sense of excitement.

I hope you do too, and thank you again for all your support for BP.