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Strategic Analysis

Meet the Analysts

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Agenda

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I. Introduction

II. External Analysis

III. Internal Analysis

IV. SWOT Analysis

V. Strategic Position and Recommendation

VI. Managerial Implications



HOW CAN BRITISH PETROLEUM SUCCEED IN THE ENERGY TRANSITION?

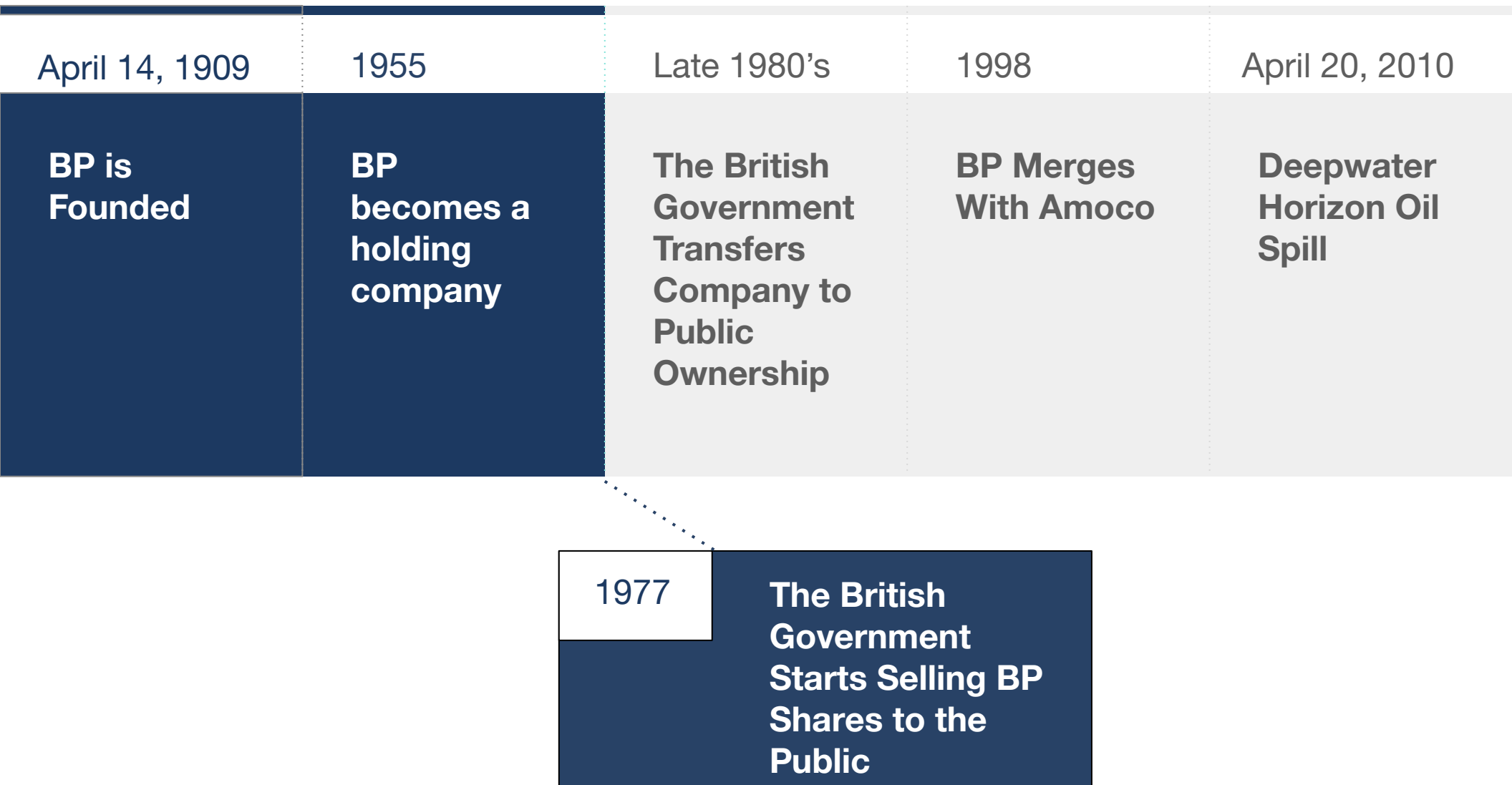




Introduction

British Petroleum: Brief History

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Note: BP Corporate Website



British Petroleum: Key Facts

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Counties of operation	78
Number of employees	73,000
Sales and other operating revenues	\$299 billion
Underlying replacement cost profit	\$12.7 billion
Barrels of oil equivalent produced per day (a)	3.7 billion
Proved reserves (a)	19,945 million barrels of oil equivalent
New exploration access	63,000 square kilometres
Retail sites	Approximately 18,700
Refinery throughputs per day	1.7 million barrels
Petrochemicals produced	11.9 million barrels

Note: (a) Includes BP's share of Rosneft as well as our interest in other equity-accounted entities.

(1) Source: "Key Stats," BP Company Website



British Petroleum: Culture

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Vision

“To have the best competitive corporation, operating and financial performance. To improve, and to be accessible, inclusive and diverse.”

Mission

To, through the core values, “provide a fixed point of reference for the way we operate and behave.”

Business Model

Finding oil & gas

Developing & extracting oil & gas

Transporting & trading


Manufacturing & marketing fuels & products

Generating renewable energy

Venturing

Note:
(1) BP Corporate Website





External Analysis

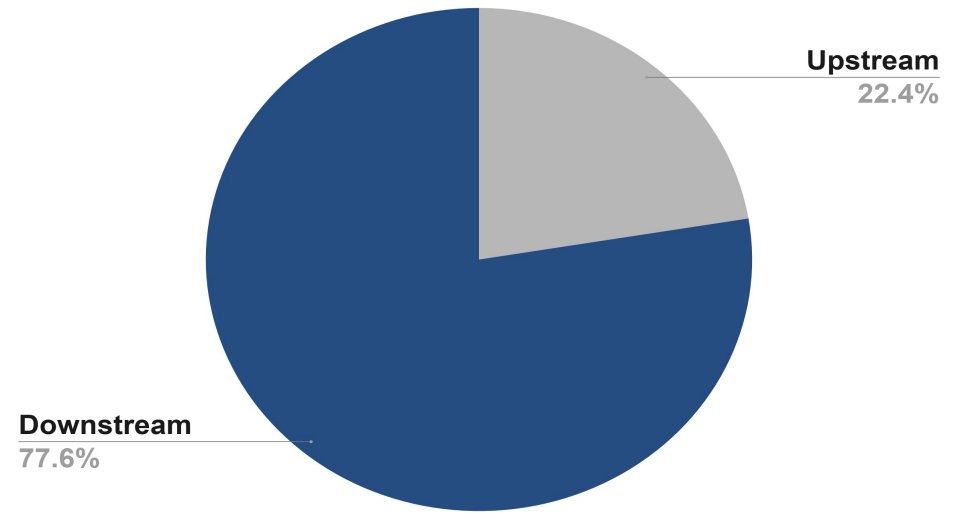
Oil & Gas Industry: Revenue Breakdown

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Overall Industry Breakdown⁽¹⁾

Company	Revenue	Market Share
China PetroChem	535B	6%
CNPC	452B	5%
Sinopec Corp	439B	5%
Royal Dutch Shell	388B	4%
Saudi Arabian Oil	315B	3%
Petrochina	305B	3%
BP Plc	297B	3%

Segment Breakdown (in trillions)



Upstream Breakdown⁽²⁾

Company	Revenue	Market Share
Saudi Arabian Oil	207B	13%
Chevron Corp	158B	10%
Rosneft	75B	5%
Royal Dutch Shell	53B	3%
Lukoil	43B	3%
Total	42B	3%
Petróleos de Venezuela	40B	3%

Downstream Breakdown⁽³⁾

Company	Revenue	Market Share
China PetroChem	506B	9%
Sinopec Corp	409B	7%
CNPC	335B	6%
Royal Dutch Shell	334B	6%
Petrochina	287B	5%
BP Plc	270B	5%
Exxon Mobil	221B	4%

Note: all sources from Bloomberg ICS Function

(1) \$9.19 trillion revenue, 3,775 companies

(2) \$1.63 trillion revenue, 1,606 companies

(3) \$5.565 trillion revenue, 850 companies



Opportunities

Technological

Demographics

Global

Economics

Threats

Natural

Legal

Sociocultural

Economics

Note:

- (1) Source: "Bloomberg ICS Function," *Bloomberg LP*
- (2) Source: "Bloomberg ICS Function," *Bloomberg LP*
- (3) "Global Oil & Gas Exploration & Production." IBIS World

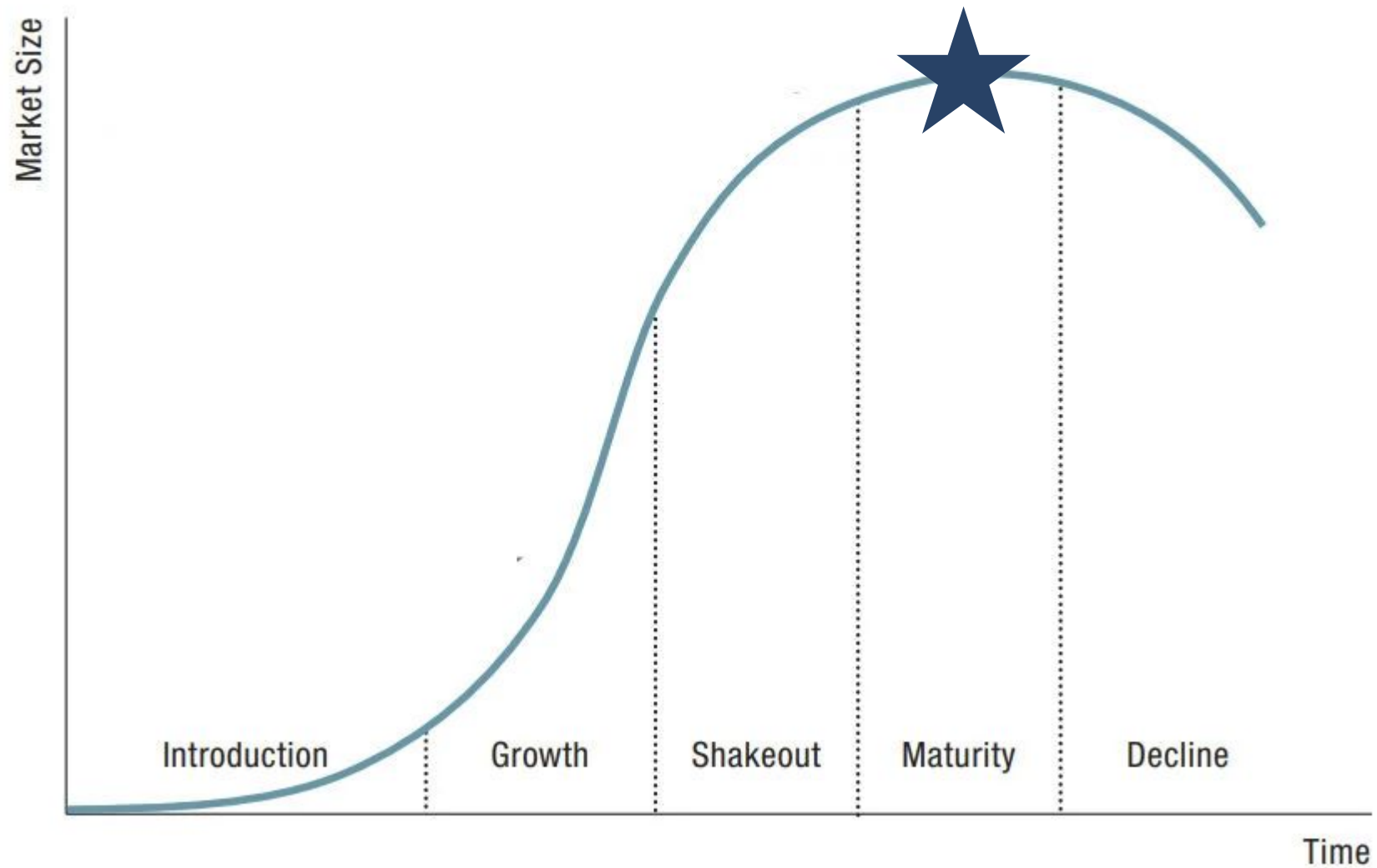
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Competitive Environment

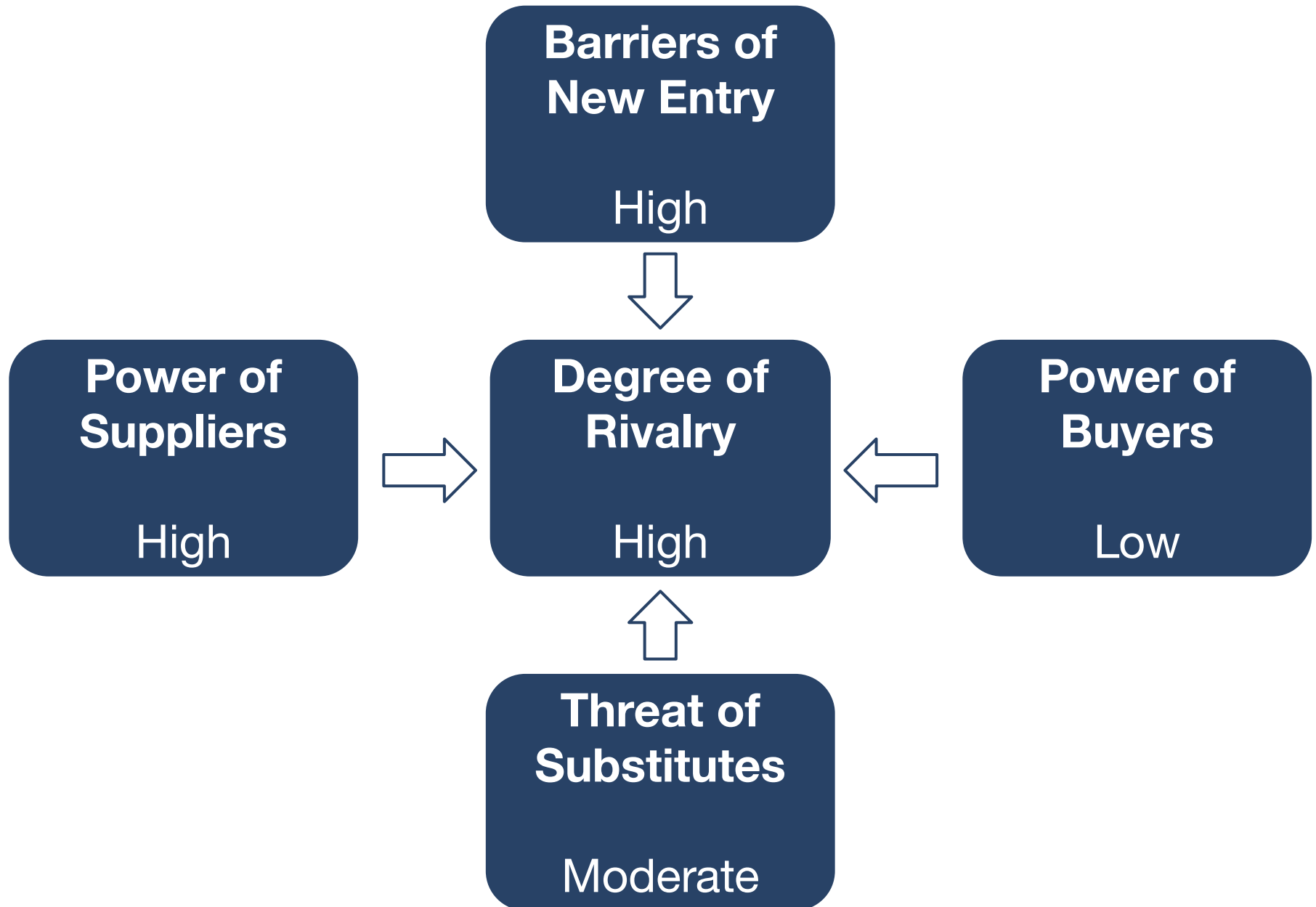
Oil & Gas Industry: Industry Life Cycle

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Oil & Gas Industry: Porter Five Forces

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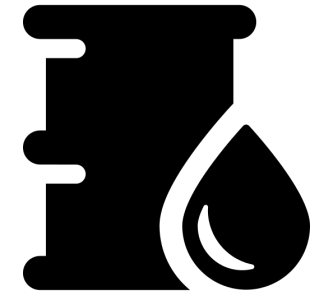
Competitor Environment

Key Success Factor Analysis

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**Barrels of Oil Refined per Day
(Millions)**

1. ExxonMobil (4.72)
2. Shell (2.8)
3. Total (1.85)
4. BP (1.7) ←



**Environmental Disclosure
Score (5YR Average)**

1. BP (64.296) ←
2. Total (56.82)
3. Shell (56.2)



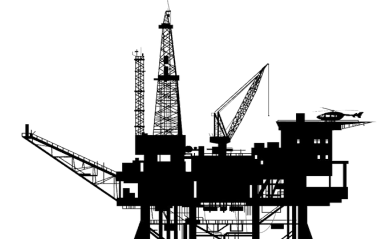
**Global Distribution (# of
Countries)**

1. ExxonMobil (200)
2. Total (130)
3. Chevron (84)
4. BP (78) ←








**Combined Oil & Gas Reserves
(MMBOE) (5YR Average)**

1. ExxonMobil (23103.00)
2. Shell (18714.80)
3. BP (18179.60) ←



Key Success Factor Analysis: Overall Ranking

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01	ExxonMobil	4.55	
02	BP	3.6	
03	Shell	3.3	
04	Total	2.9	
05	Chevron	2.25	

Competitor Dynamics

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Committed to sustainable development

Strategy: Adhere to the energy system transformation. focusing on low- carbon solutions



World's premier petroleum and chemical manufacturing company

Strategy: Focus on new developments worldwide, helping their overall efficiency and environmental standing



Deliver affordable, reliable and ever-cleaner energy

Strategy: Make the world's energy cleaner while also shrinking their environmental footprint



Supply affordable energy to a growing population

Strategy: Invest in natural gas to lessen carbon footprint

Key Financials

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<i>FY2018</i>	Revenue	ROE	ROA	Profit Margin	Debt/Equity
BP	\$226,029,000,000	9.48%	3.36%	15.10%	64.80%
Shell	\$388,379,000,000	11.88%	5.79%	17.25%	37.93%
Total	\$184,106,000,000	11.08%	4.58%	32.00%	43.65%
Chevron	\$158,902,000,000	9.80%	5.84%	12.27%	22.14%
ExxonMobil	\$290,212,000,000	10.98%	6.00%	12.58%	19.04%

(1) Source: Bloomberg RV Function





Internal Analysis



Bob Dudley,
Chief Group Executive



Brian Gilvary,
Chief Financial Officer



Tufan Erginbilgic,
Chief Executive: Downstream



Susan Dio,
*Chairman and
President of BP America*



Bernard Looney,
Chief Executive: Upstream



Dev Sanval,
*Chief Executive: Alternative
Energy*

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Value Chain Analysis

Infrastructure	Technologically Advanced, Geographically Expanded, and Socially Aware				
	Strategy: Diversification of Portfolio ROE= 9.48 ROA= 3.36 Operating in 78 countries CEO: Robert Dudley				
	Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	Service
Human Resources		Work with External Organizations			
Technological Development	Big Data, Drones Methane Monitoring	AI Technology 3,600 Patents \$429MM R&D	In-Vehicle Monitoring Systems and Cameras	BPme for Smartphones	
Procurement	3rd Party Crude RES Polyflow Joint Venture with Bunge	Investments in StoreDot and FreeWire Partnership with Rosneft			
Primary Activities	\$67.81 per Barrel High Cost, Low Revenue E&P	ChargeMaster 1,890 Refining Capability	Pipelines, Ship, Truck, and Rail	18,700 Convenience Partnership Sites	





SWOT **Analysis**

SWOT Overview

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Strengths

S1: Commitment to Sustainability
S2: Geographical Distribution
S3: Investments in high-tech companies
S4: Joint Venture with Bunge
S5: Renewable Fuel Agreement with RES
Polyflow
S6: Commercialization to Plastic Waste
Circularity by 2025

Opportunities

O1: Industrialization of developing
countries
O2: Expected increase of total vehicle
miles in 2019
O3: Clean Energy Research
O4: Pyrolysis Technology

Weaknesses

W1: ROE= 9.48
W2: ROA= 3.36
W3: High cost, Low Revenue E&P

Threats

T1: Increased Natural Disasters
T2: Crude Oil and Natural Gas Price
Fluctuations
T3: Greenhouse Gas Emissions
T4: Oil spills
T5: Government Regulations
T6: Fuel efficiency (& electric cars)

SWOT Orientation

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Turnaround
(overcome weakness)

Defensive
(redirect involvement in product & markets)

Aggressive
(growth)

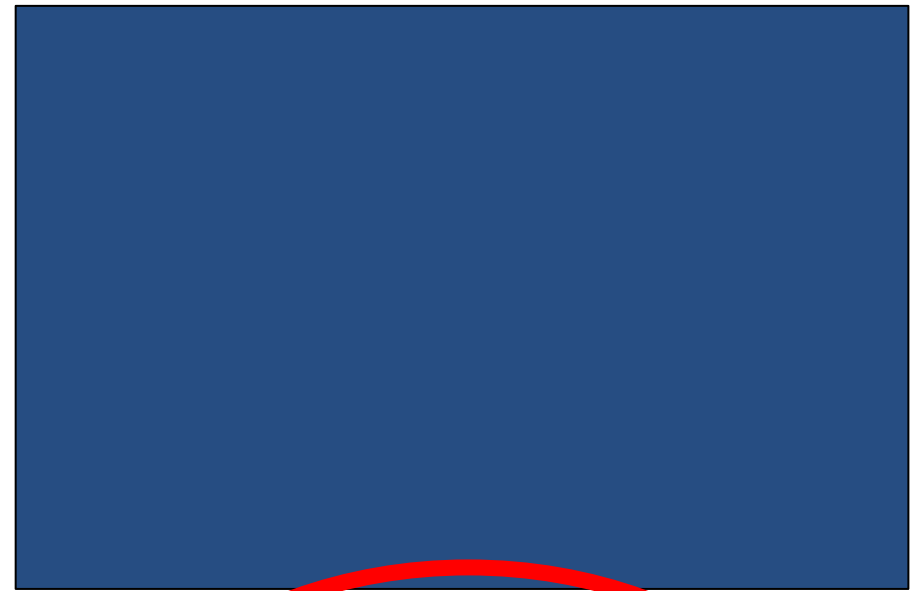
Diversification
(opportunities in other markets)

T

S



R
G



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G



**Redirect Cash Flow
Toward Opportunities**

Related Diversification
Unrelated Diversification
Vertical Integration
Horizontal Integration
Concentrated Growth
Joint Ventures
Strategic Alliances

SWOT Investments

W

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D


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D

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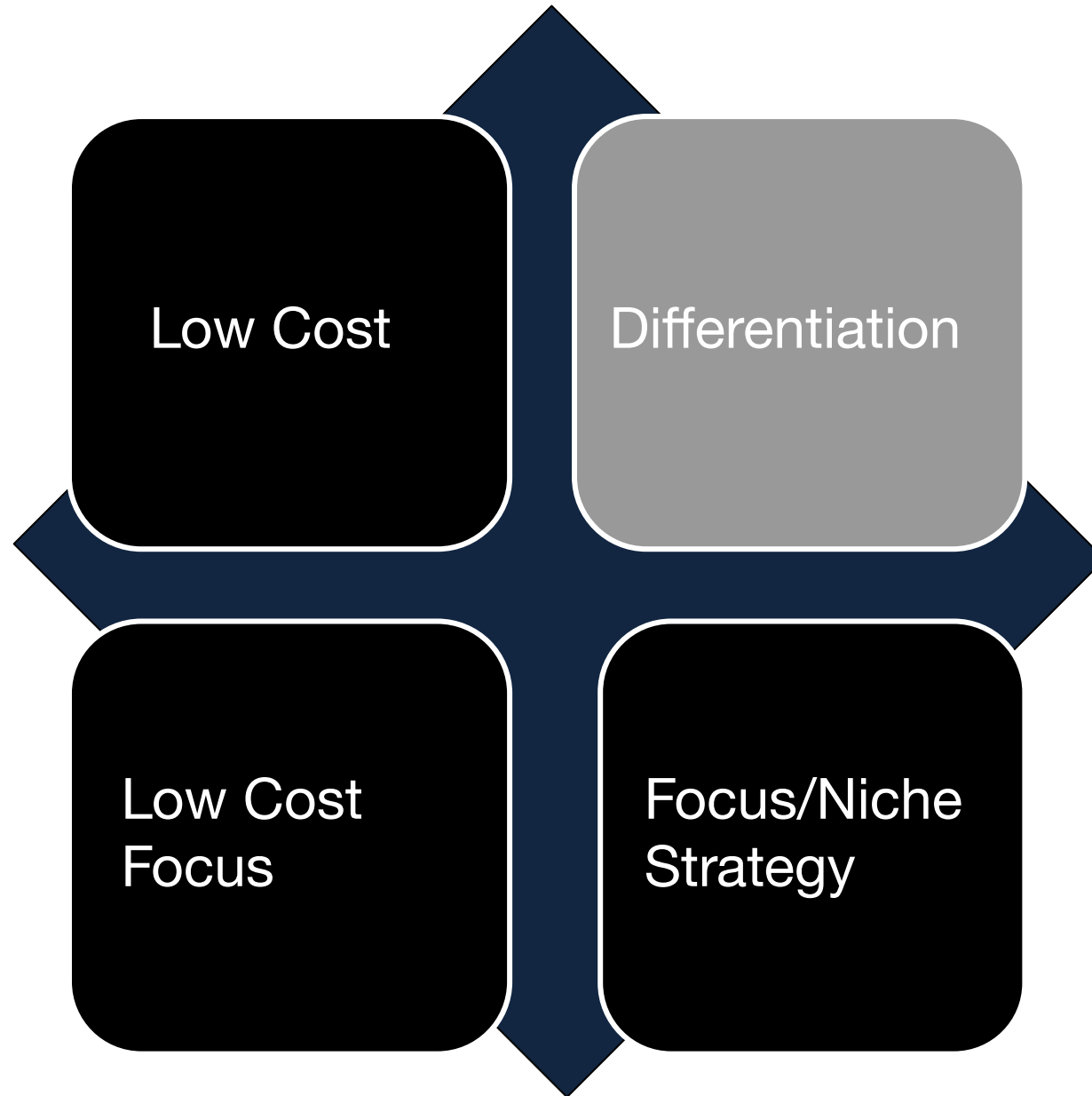
Expand Base
of Operations

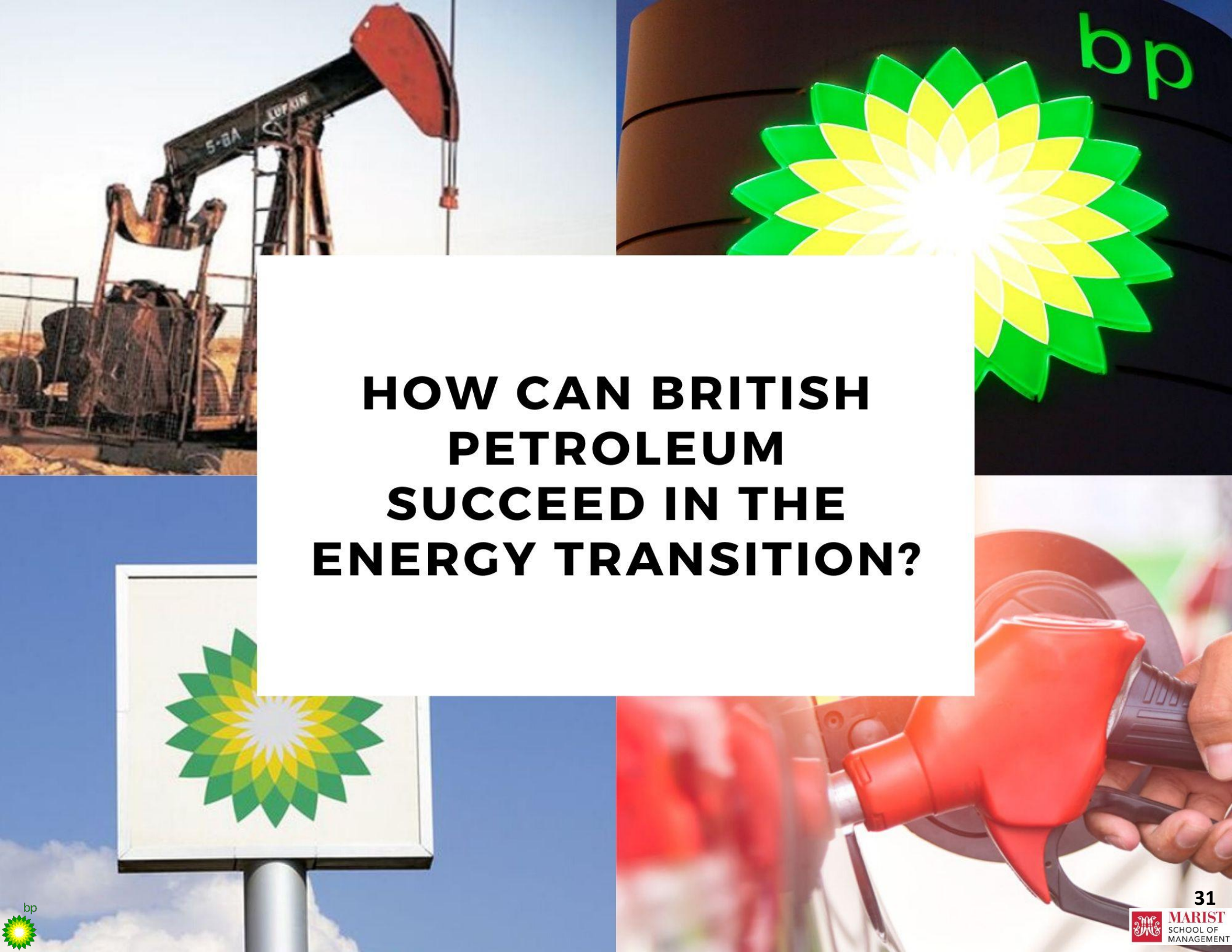
Related Diversification
Vertical Integration
Horizontal Integration
Joint Ventures
Strategic Alliances





Strategic Choice





**HOW CAN BRITISH
PETROLEUM
SUCCEED IN THE
ENERGY TRANSITION?**

Upstream

Joint Venture with RES Polyflow to open a new company specializing in pyrolysis-based technology, located in India

Decrease Spending on E&P

Downstream

Continue R&D spending for downstream efficiency

Expand ChargeMaster into countries with rising electric vehicle demands (i.e. Norway, Canada, New Zealand, etc.)



Managerial Implications

Infrastructure					
	Inbound Logistics	Operations	Outbound Logistics	Marketing & Sales	Service
Human Resources		Explore Ways to Increase Efficiency in Downstream Operations			
Technological Development	70/30 Joint Venture with RES Polyflow in India				
Procurement					
Primary Activities	<p>India Generates 26,000 Tonnes of Plastic per Day</p> <p>Decrease Spending in E & P</p>	<p>Expansion of Chargemaster into Countries with Increasing Demand for Electric Powered Cars</p>		<p>Positive Company Image Due to Sustainability Value</p>	



1

Shareholders

2

Employees

3

Community



QUESTIONS?