Resilient and focused hydrocarbons

Gordon Birrell

EVP, production and operations

Cautionary statement

Forward-looking statements - cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA') and the general doctrine of cautionary statements, bp is providing the following cautionary statement: The discussion in this results announcement contains certain forecasts, projections and forward-looking statements - that is, statements related to future, not past events and circumstances - with respect to the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements may generally, but not always, be identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see', 'focus on' or similar expressions.

In particular, the following, among other statements, are all forward looking in nature: bp's new sustainability frame focusing on net zero, people and planet, including statements regarding targets and aims for 2025, 2030 and 2050 with respect to operational emissions, carbon content of its oil and gas operations, the carbon intensity of products bp sells, methane measurement at major oil and gas processing sites by 2023 and subsequent reductions of methane intensity of operations including 2025 targets, and aims to increase the proportion and amount of investment into non-oil and gas businesses over time; bp's new strategy to focus on low-carbon electricity and energy, convenience and mobility, cost and carbon resilient and focused hydrocarbons, including statements regarding integrating energy systems, partnering with countries, cities and industries and driving digital and innovation; aims with respect to resilient and focused hydrocarbons, including plans to maintain rigour and safety in operations, drive down emissions and to focus the oil, gas and refining portfolio; plans and expectations for the new Production and Operation operating model to drive a safer, agile and resilient business by centralising resources, digitalisation and adopting an agile organisational structure; ambition to eliminate Tier 1 process safety events and life changing injuries and the strategy to deliver on this ambition; plans and expectations to maximise throughput and revenue through production management in oil and gas assets and refinery business improvement plans, including to deliver more than 96% refining availability by 2025, first quartile net cash margin in the portfolio and second quartile or better non-energy cash costs as measured by Solomon and to ultimately reduce refining throughput to around 1.5 mboed by 2025; plans and expectations to transform $3bn per annum of maintenance and inspection spend; plans and expectations to drive efficiency and reliability to grow value, including to deliver $1.5bn of annual cost savings in the hydrocarbon business by 2023 and to achieve oil and gas plant reliability, well reliability and refining availability targets by 2025 and 2030; plans and expectations regarding the hydrocarbon portfolio and investment approach, including statements regarding expected capital expenditure and paybacks from 2021 through 2025, investment hurdles and total proved reserves to production ratio; plans and expectations for the focused approach to exploration, including to not enter new countries, focus on new hubs in existing production areas and near hub tiebacks, decrease exploration capital to $350-400m, build on a track record in near-hub exploration and to add 350mmboe and $1.2bn of value in near-hub exploration; plans and expectations with respect to major projects, including to deliver 900mboed from major projects by the end of 2021 and start-up new major projects from 2020 through 2023+; aim to leverage existing infrastructure in oil investment options through tie-backs and infills; ambition to drive value through integrated downstream gas and to high-grade the next phase of gas investment; plans and expectations to drive a resilient production outlook through investment decisions, with respect to the oil and gas production balance and to achieve gas and liquids production targets by 2025; plans and expectations with respect to Upstream production, including to meet targets for Upstream production and unit production costs by 2025 and 2030, to grow in key high-margin regions, to divest around 600 mboed by 2025 and to maintain managed base decline at 3-5% to 2025; plans and expectations to grow EBITDA to 2025; and expectations regarding world oil and gas supply and demand.

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 extent and duration of the impact of current market conditions including the significant drop in the oil price, the impact of COVID-19, overall global economic and business conditions impacting our business and demand for our products as well as the specific factors identified in the discussions accompanying such forward-looking statements; changes in consumer preferences and societal expectations; the pace of development and adoption of alternative energy solutions; 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; the timing of bringing new fields onstream; the timing, quantum and nature of certain acquisitions and divestments; future levels of industry product supply, demand and pricing, including supply growth in North America; OPEC quota restrictions; PSA and TSC 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; amounts ultimately payable and timing of payments relating to the Gulf of Mexico oil spill; 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; decisions by Rosneft's management and board of directors; 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 elsewhere in this report, and under "Risk factors" in bp Annual Report and Form 20-F 2019 as filed with the US Securities and Exchange Commission.

This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov.

September 2020

Our strategy – an IEC delivering solutions for customers

Low carbon electricity and energy

- Low carbon electricity
- Integrated gas
- Bio-energy
- Hydrogen and CCUS

Convenience and mobility

- Advancing growth markets
- Redefining convenience
- Next-gen mobility

Resilient and focused hydrocarbons

- Continued rigour in safety and operations
- Driving emissions down
- Focused upstream and refining portfolio

Integrating energy systems

Partnering with countries, cities and industries

Driving digital and innovation

A sustainability frame linking our purpose and Net Zero ambition

bp 2030 aims – resilient and focused hydrocarbons

Continued rigour in safety and operations

- Eliminate tier 1 process safety events and life-changing injuries
- >**96**% oil and gas plant reliability[1] and refining availability[1]
- Oil and gas production costs to ~$6/boe[1] by 2025

Driving emissions down

- >**15**Mte reduction in Aim 1
- >**125**Mte reduction in Aim 2
- **Reductions** from electrification, energy efficiency, reduced flaring and portfolio
- **Methane measurement** by 2023 per Aim 4

Focused oil, gas and refining portfolio

- Selective investment in a deep resource hopper
- Divest non-core assets
- ~**1.5**mmboed[2] oil and gas production
- Strong platform in Russia through Rosneft
- ~**1.2**mmbbl/d refining throughput
- **Top quartile** refining margins

Unchanged HSSE goals: No accidents, no harm to people, no damage to the environment

(1) bp-operated (2) Excludes Rosneft

A new organisation… …and a new operating model

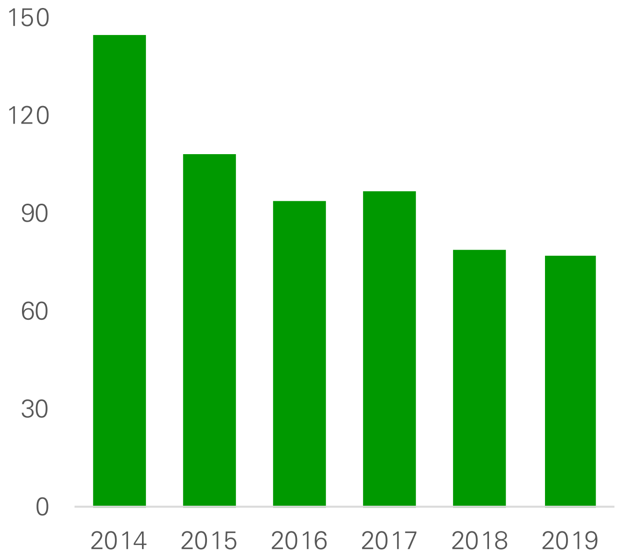
Centralised and standardised ('bp Solutions')

Digitally enabled

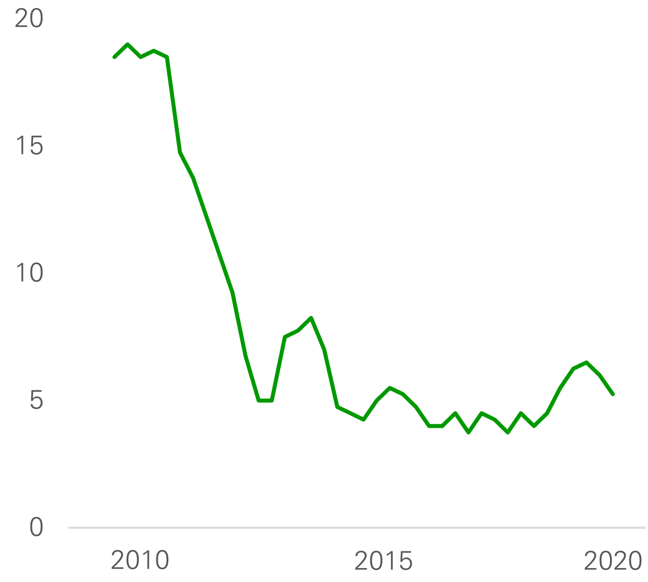
Agile structure and ways of working

Ambition – no Tier 1 process safety events or life changing injuries

Days away from work cases[1]



PSE Tier 1 incidents[2] – 4Q rolling average



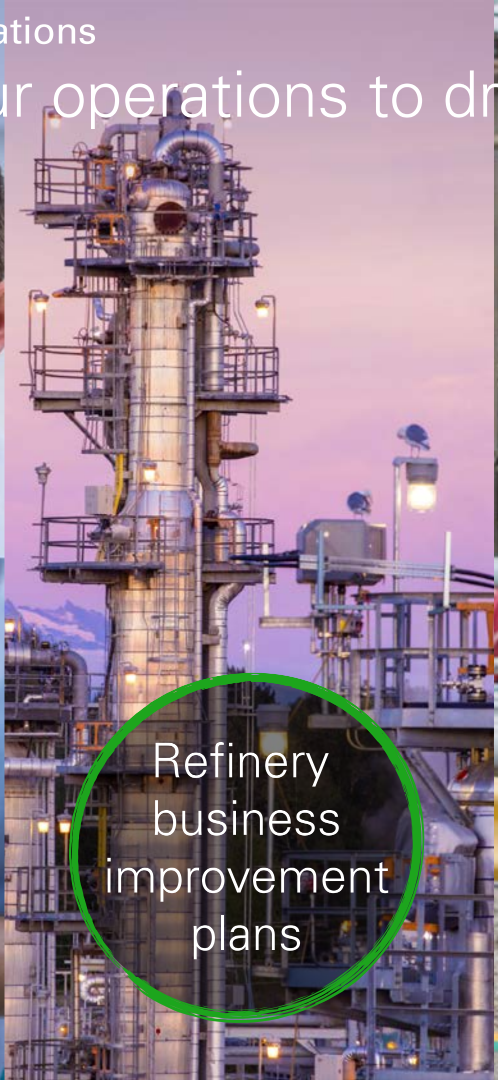
- Rigour in OMS[3]
- Reinforce care and openness
- Transform learning
- More engineering barriers
- Real-time risk management
- Predictive asset integrity

(1) *bp group data*
(2) *Tier 1 Process Safety Events (PSE) per quarter, bp group totals, quarterly rolling average*
(3) *Operating management system*

Rigour in safety and operations

Transforming our operations to drive efficiency

Oil and gas production management



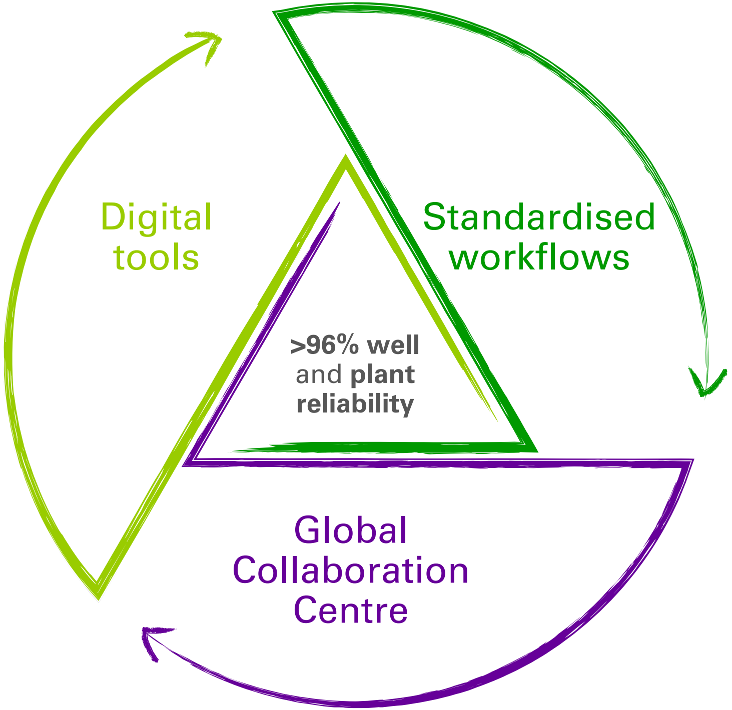
Refinery business improvement plans

Work preparation and execution

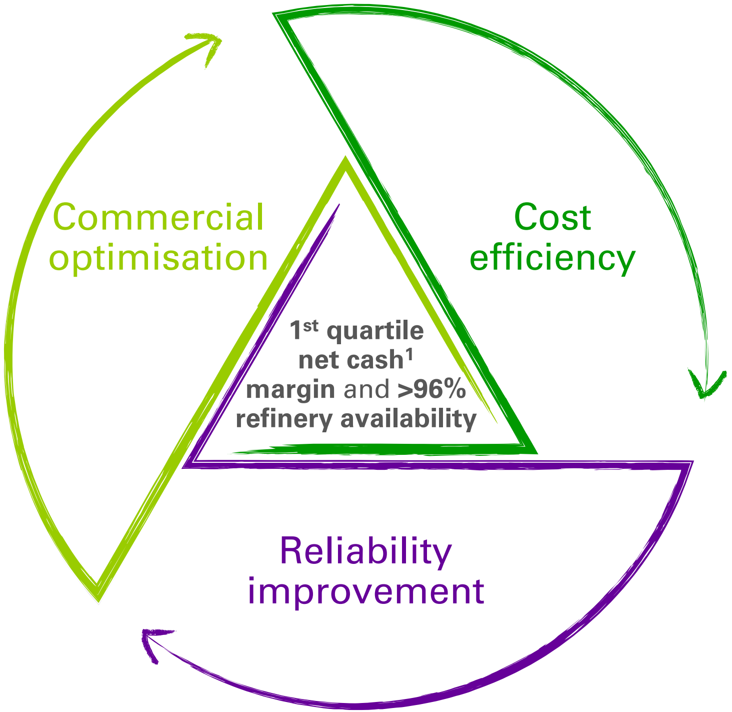
Reimagining inspection

Maximising throughput and revenue

Oil and gas production management
Maximising production delivery



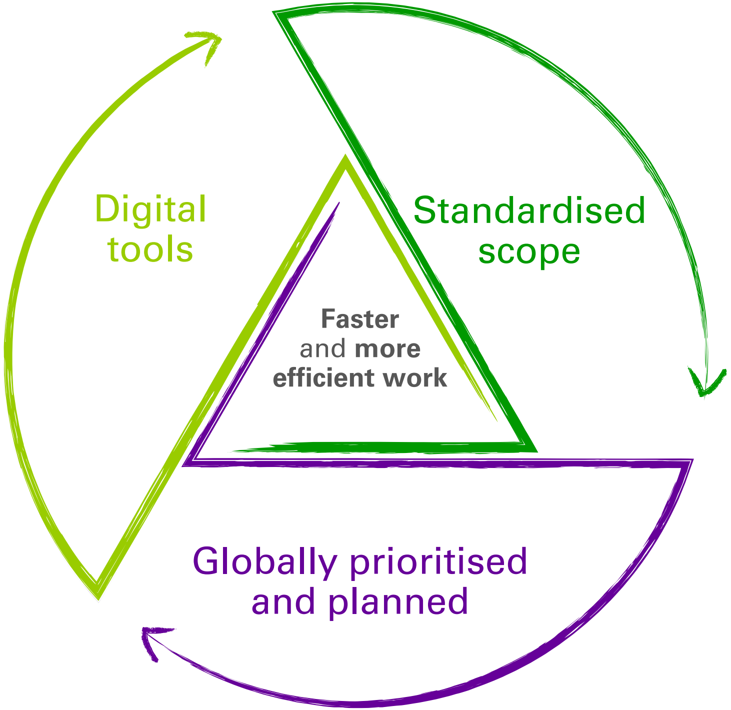
Refinery business improvement plans
Delivering competitiveness



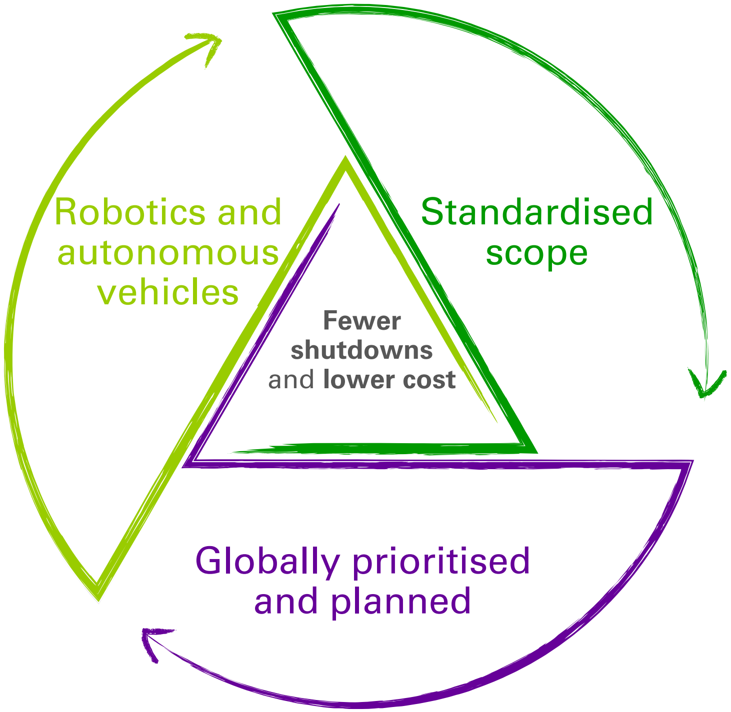
(1) Solomon net cash margin benchmarked

Transforming $3bn p.a. of maintenance and inspection spend

Work preparation and execution



Reimagining inspection



Driving efficiency and reliability to grow value

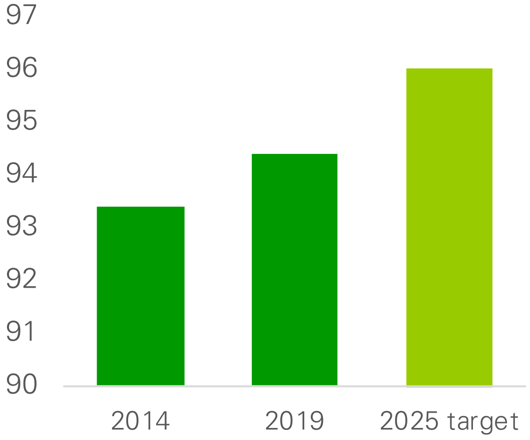
>$1.5bn

of annual cost savings in our hydrocarbon business by 2023[1]

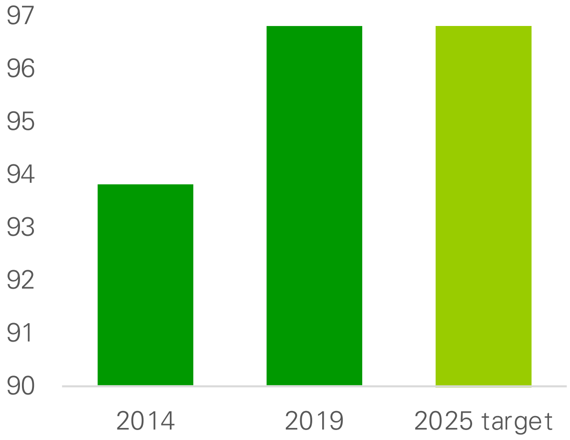
96%

oil and gas plant and wells reliability and refining availability by 2025[2]

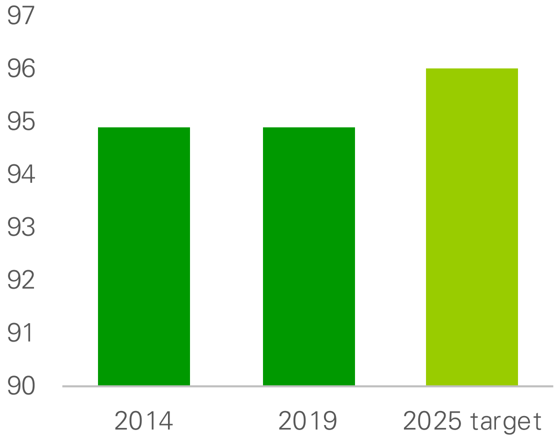
Oil and gas plant reliability[2] %



Well reliability[2] %



Refining availability[2] %



(1) Net to bp, versus 2019

(2) bp-operated. Organic basis. 2025 excludes announced divestments

Delivering Aim 1 and 4 reductions

A track record of delivery

>3.9Mte
sustainable emissions reductions delivered since 2016, six years early

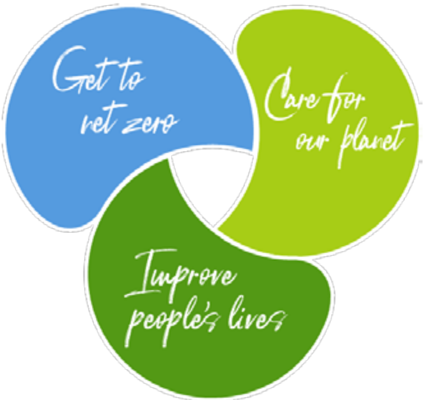
<0.20%
methane intensity target delivered using existing protocols

Focusing our delivery

Strengthening our capability

Integrating new solutions

Supporting our sustainability frame



Guided by our aims and targets

Net Zero operations

20%
by 2025

30-35%
by 2030

Reducing Methane

0.20%
using our measured approach by 2025

with **50%** reduction to follow

A strong portfolio with opportunities to transform

Rosneft – a material investment with good strategic fit

Aligned with bp strategy

- Resilient hydrocarbon production
- Low cost of supply ~$3/boe operating cost[1]
- Tax regime supports resource development
- Strategic co-operation includes HSE, gas, seismic

Reducing environmental impact

- Committed to UN's Sustainable Development Goals
- 3.1Mte CO_2e reduction[2]
- 14% energy efficiency improvement[2]
- Oil and gas fugitive methane emissions down 73%[3]

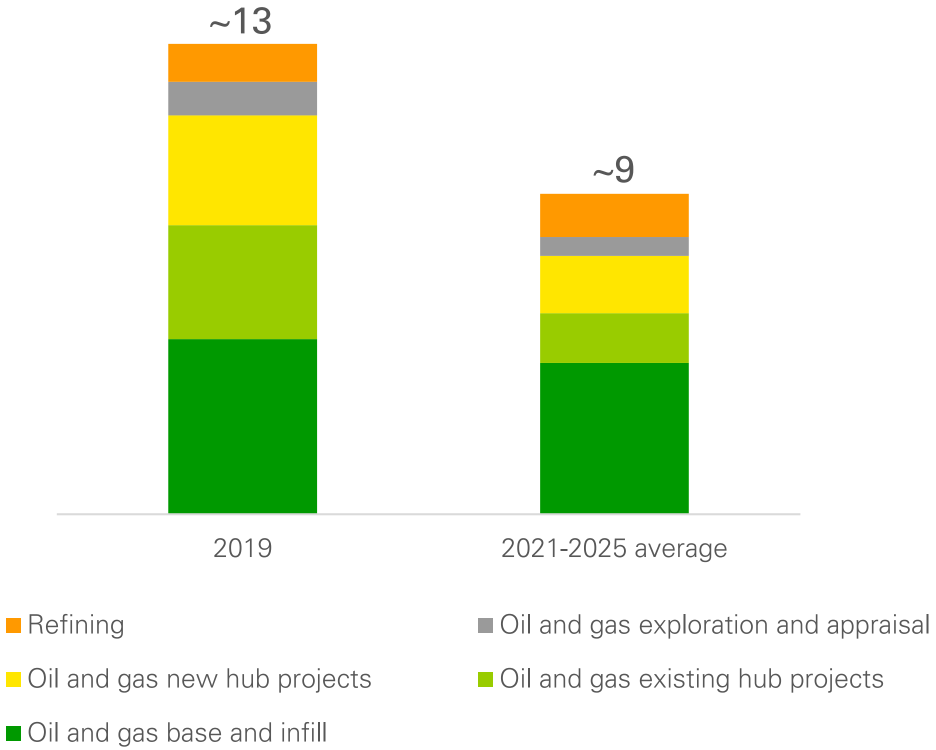
Material contribution

- $785m dividend received in 2019
- $3.95bn dividend paid since 2013
- 1.1mmboed production and ~8bn boe proved reserves[4]

(1) 2019 in-year cost
(2) 2018 and 2019 combined
(3) 2019 versus 2018
(4) 2019 production and year-end reserves

Disciplined investment with clear criteria

Capital expenditure[1] $bn



Investment hurdles[2]

Oil	<10 years
Gas	<15 years
Refining	<10 years

(1) Organic cash capital expenditure

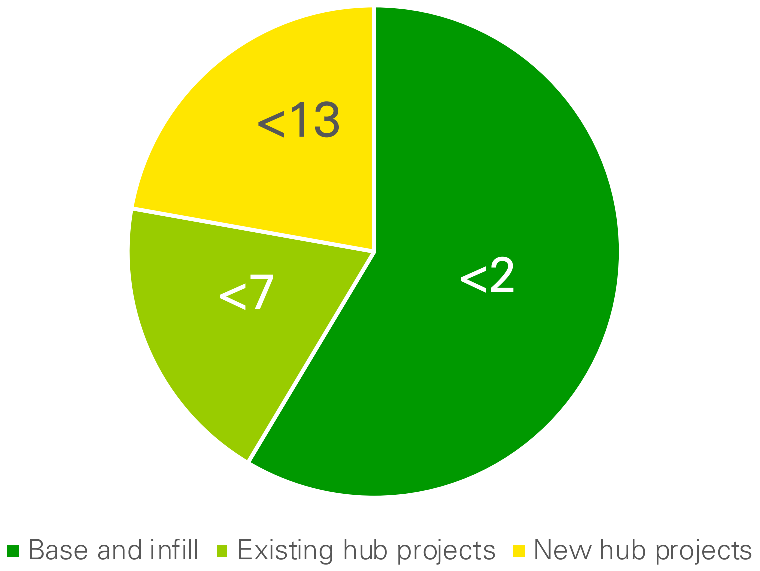
(2) Discounted payback at central investment appraisal price case including carbon price

A deep hopper of attractive investment options

- 6bn boe booked PD reserves
- 16bn boe of resources[1]
- Development cost ~$9/boe[2]
- Average payback[3] ~5 years
- Driving value through choice
- Proved R/P declining – aligned with strategy

Paybacks on 2021-2025 capital expenditure

years[3]



(1) *Currently selected in business plan*
(2) *Point forward development capital divided by total proved developed reserves additions*
(3) *Exploration and refining excluded, payback at bp cost of capital and central investment appraisal price case including carbon price*

A focused approach to exploration

No new country entry

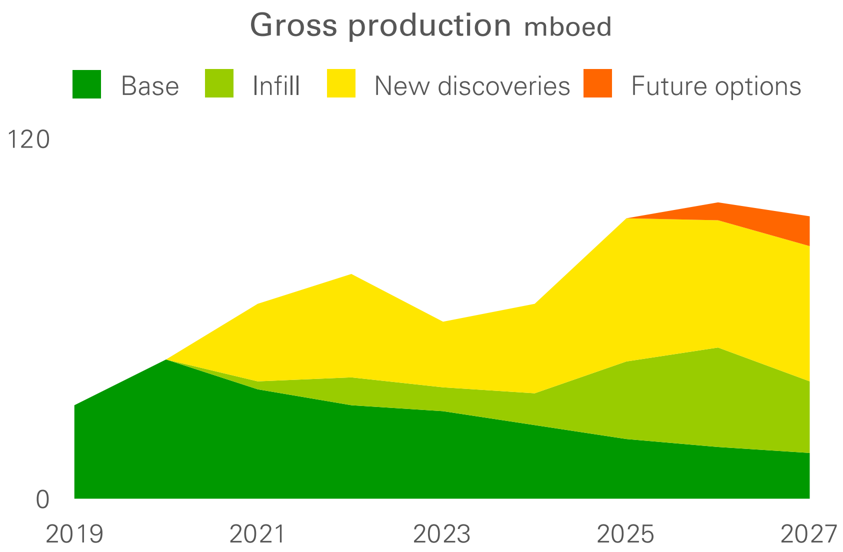
Focus on new hubs in existing producing areas and near hub tiebacks

Overall exploration capital declining to $350-400m

Building on a great track record in near-hub exploration

350mmboe and $1.2bn of value added in near-hub exploration[1]

Case study: Na Kika, US Gulf of Mexico

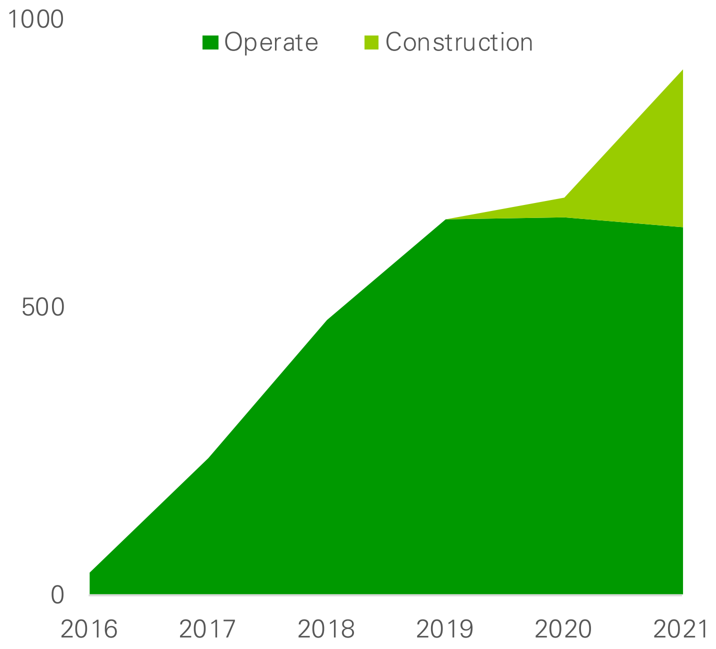


6 commercial discoveries in the last 3 years with finding cost <$2/bbl

(1) *2016 to mid-2020; NPV at at $50 bbl (2015 real and cost of capital after deducting E&A spend)*

Major projects on track for 900mboed in 2021

Major project production[1] mboed



Track record of delivery

25 major projects online

Producing 700mboed at end-2Q 2020

Delivering 900mboed by end-2021

2020
- Atlantis Ph3
- KG D6 R-Series
- Vorlich
- Raven
- Khazzan Phase 2

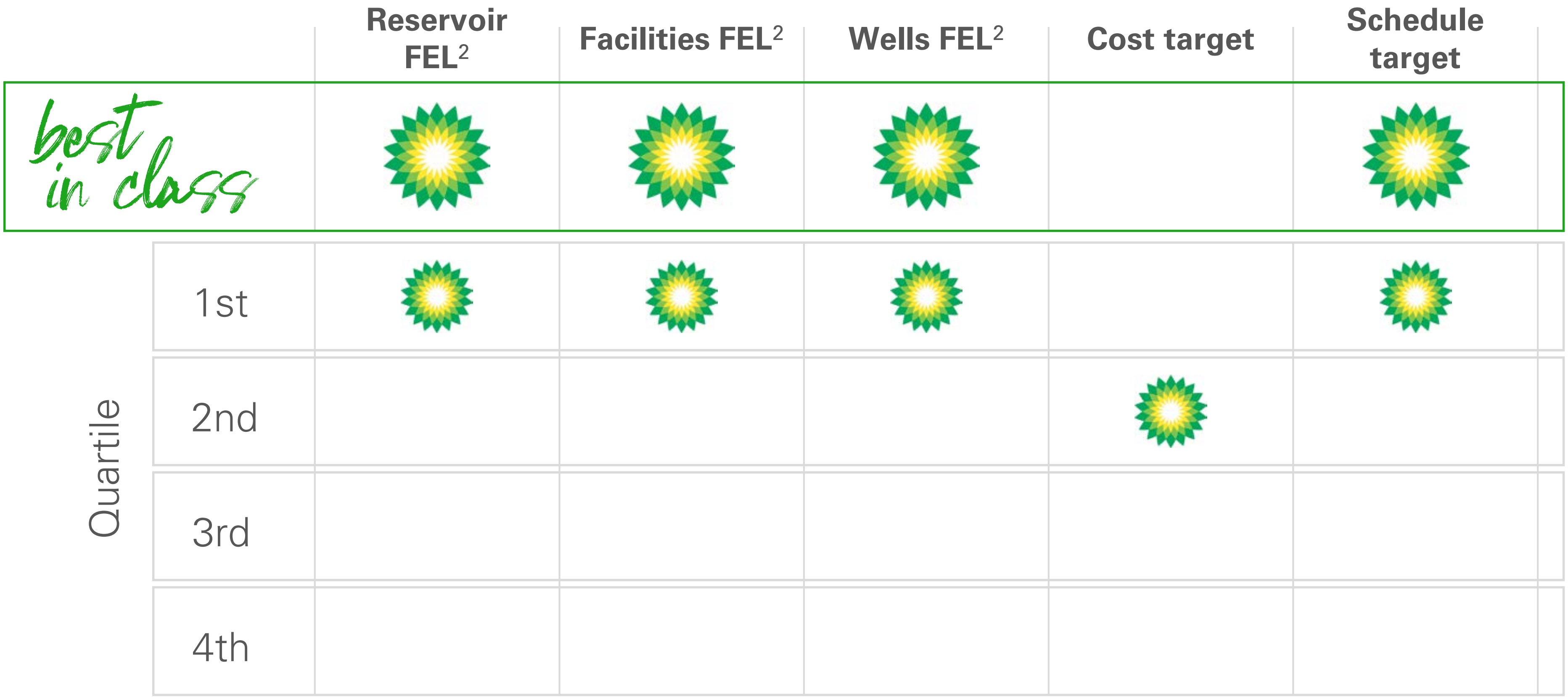
2021
- KG D6 Satellites
- Thunder Horse South Expansion Phase 2
- Manuel
- Zinia 2

2022
- Mad Dog Ph2
- Herschel
- KG D6 MJ
- Matapal
- Platina
- Tangguh Expansion
- Cassia Compression

2023+
- ACE
- GTA Phase 1
- Cypre
- Seagull

(1) Organic basis, pre-divestments

Project delivery underpinned by best in class preparation[1]



(1) *Independent Project Analysis, Inc. annual benchmarking consortium 2020 (UIBC 2020) meeting, bp ongoing projects*
(2) *Front end loadiing*

Oil investment options leveraging existing infrastructure

- Existing hub
- New hub

BPX Energy
- Permian stacked horizons
- Austin Chalk
- Infill drilling

US Gulf of Mexico

Atlantis
- Drill Center 1, 2 and 3 Expansions
- Major Facility Expansion

Mad Dog
- North West Water Injection
- South West Expansion

Na Kika
- Fourier Deep
- Herschel expansion

Thunder Horse
- North Hopper
- South Hopper
- Shallow Development Phase 2

Infill Drilling
- Operated hubs
- Non-operated hubs

UK & Norway
- Clair S
- Murlach
- UK infill drilling
- NOAKA
- Johan Sverdrup Phase 2
- Norway infill drilling

Angola
- B31 PAJ
- B18/31 infill drilling
- B15/17 infill drilling

Russia
- Taas Infill drilling

Azerbaijan
- Infill drilling

Middle East
- Rumaila infill drilling
- ADCO infill drilling

Driving value through integrated downstream gas

Resource portfolio

- Balance
- Resilience

Midstream optimisation

- Merchant LNG
- Equity LNG
- Trading

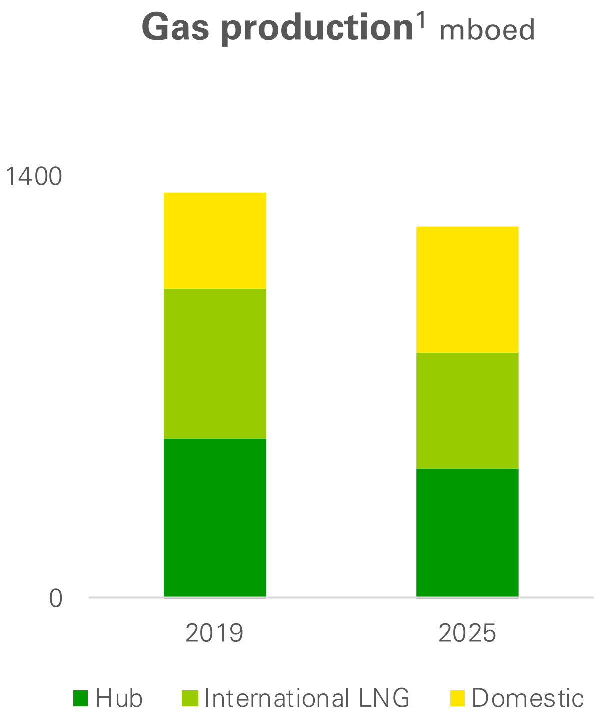
Downstream customer access

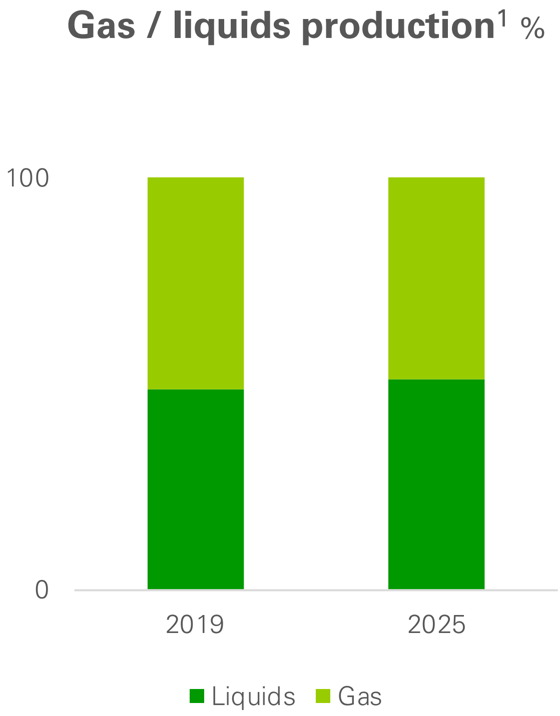
- Infrastructure access
- Downstream markets
- Commercial and industrial offers

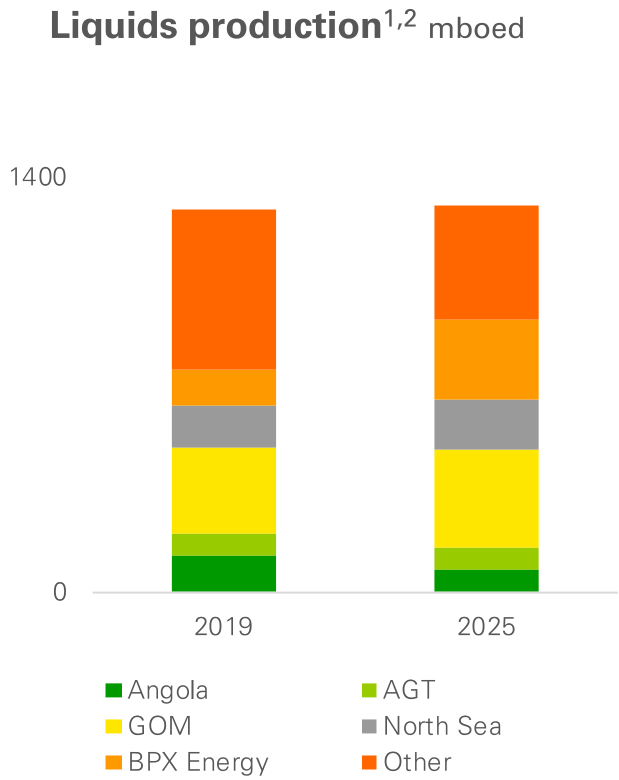
High-grading the next phase of gas investment

- Domestic markets
- International markets

Investment decisions drive resilient production outlook







(1) 2025 excludes announced divestments

(2) Oil plus natural gas liquids (NGLs)

BPX Energy – high quality US onshore position

bpx energy

Transformation ahead of plan

- 2021 synergies expected to be ~15% ahead of $350m target
- High-graded oil focus in Permian and east Eagle Ford
- High-graded gas focus in west Eagle Ford and Haynesville
- Exited 2 legacy basins

High quality resource development

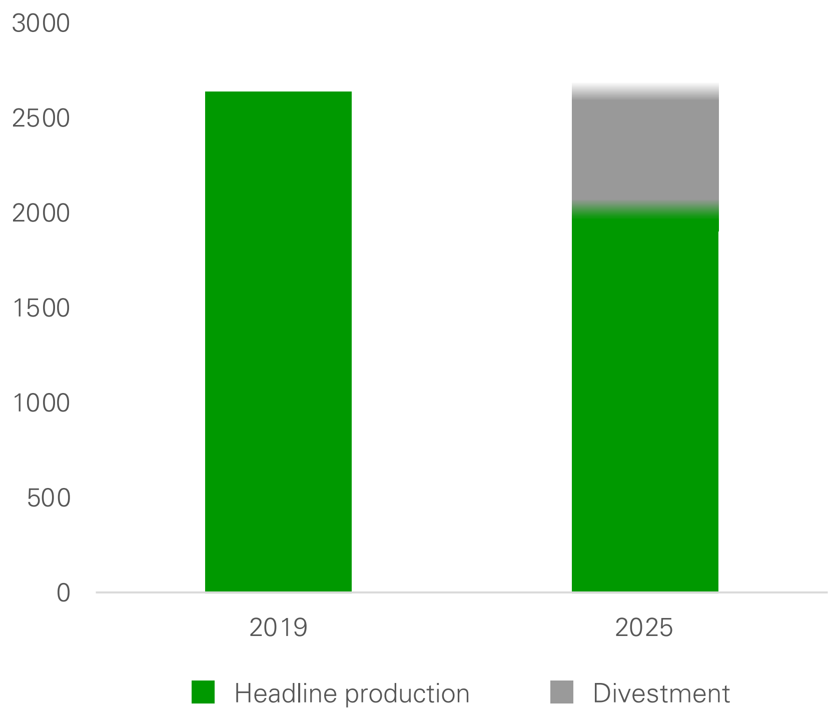
- Early success appraising additional zones in the Permian and Eagle Ford
- Targeting >30% post-tax returns at $45/bbl WTI and $2.50/mmBtu Henry Hub

Delivering growth with flexibility

- Short-term capital reduced to preserve cash in low price environment
- Business breaks even at $35/bbl WTI and $3/mmBtu Henry Hub in 2021

Major projects and key regions offset base decline

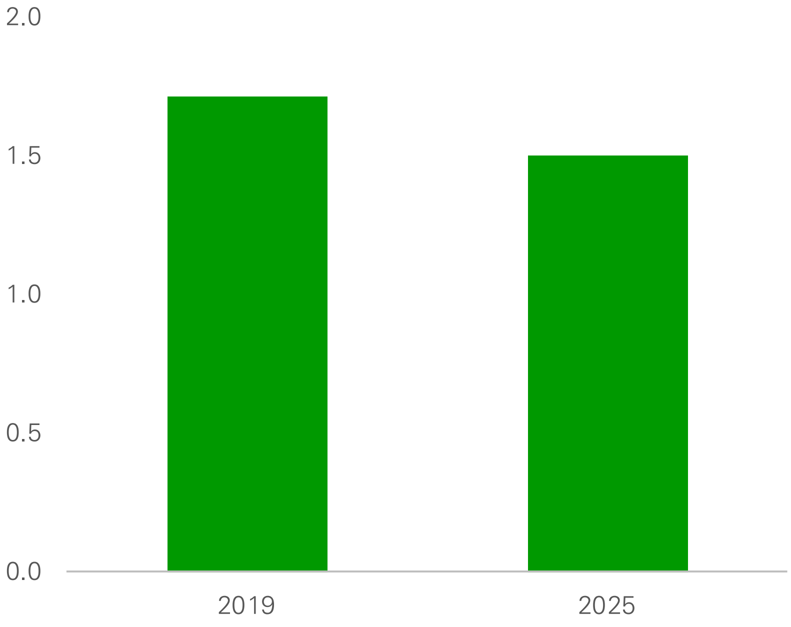
Production mboed



- 900mboed from major projects by end-2021
- Growing in key high-margin regions such as BPX Energy and Gulf of Mexico
- Managed base decline maintained at 3-5%

A resilient and high-graded refining portfolio

Refining throughput mmbbl/d



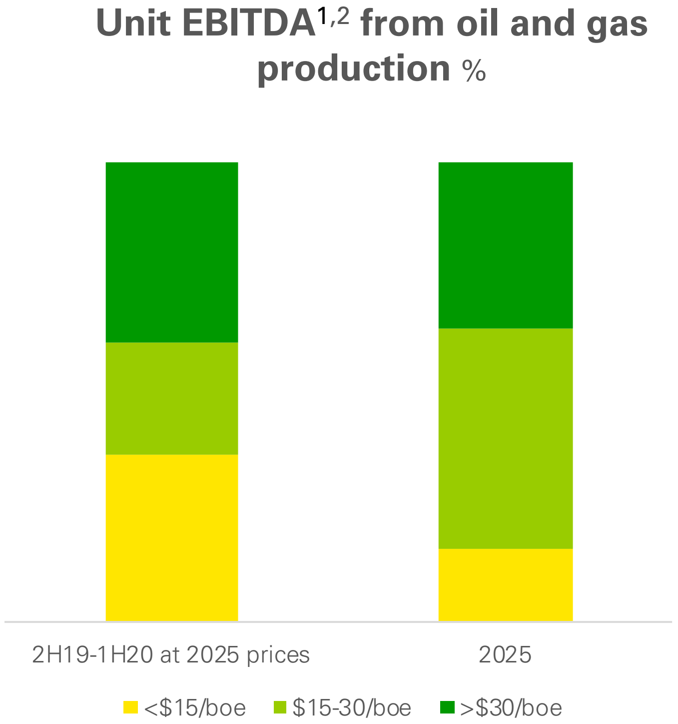
Success factors

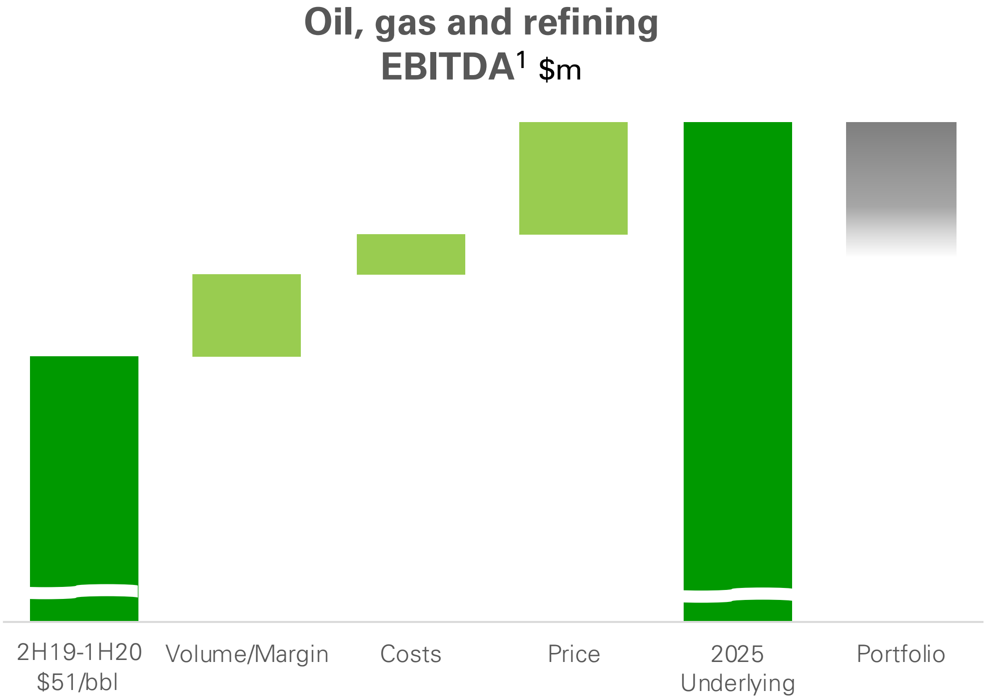
- Advantaged configuration
- Reliability and efficiency
- Advantaged crude
- Commercial optimisation
- Intelligent operations

Top quartile Net Cash Margin[1]

(1) *Solomon net cash margin benchmarked*

Growing EBITDA from a high-graded, higher margin portfolio





(1) *EBITDA: underlying replacement cost profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of non-operating items), excluding trading. At $50/bbl Brent (2020, real) and $3.00/mmbtu Henry Hub (2020, real), RMM $12/bbl (2020, real)*

(2) *2025 reflects planned divestments*

Maximising value from a resilient and focused portfolio

	2019	2025	2030
Upstream production (mboed)	2.6	~2	~1.5
Unit production costs ($/boe)	~7	~6	
Plant reliability (%)	94	96	>96
Refining throughput (mmbbl/d)	1.7	<1.5	~1.2
Refining availability (%)	~95	96	>96
Capital expenditure ($bn)	~13	~9	

Resilient and focused hydrocarbons

- Aiming to eliminate life changing injuries and the most serious process safety events
- Reducing emissions aligned with bp aims
- While delivering the energy the world needs
- Transforming operations and cost efficiency
- Resilient portfolio through investment efficiency and high-grading
- Growing EBITDA to 2025