

Supplementary Information – First quarter 2021

The information below has been provided to enhance understanding of the terminology and performance measures that have been used in the accompanying presentations.

Group measures

The following measures or associated adjustments are defined in Glossary on pages 33-38 of our first-quarter 2021 results announcement:

- Adjusting EBITDA.
- Adjusting items.
- Capital expenditure.
- Convenience gross margin
- Consolidation adjustment – UPII.
- Net debt.
- Underlying RC profit or loss.

Cash costs

Cash costs is a non-GAAP measure and a subset of production and manufacturing expenses plus distribution and administration expenses and excludes costs that are classified as adjusting items. They represent the substantial majority of the remaining expenses in these line items but exclude certain costs that are variable, primarily with volumes (such as freight costs). Management believes that cash costs is a performance measure that provides investors with useful information regarding the company's financial performance because it considers these expenses to be the principal operating and overhead expenses that are most directly under their control although they also include certain foreign exchange and commodity price effects.

\$ million	Year 2020	Year 2019
Income statement data		
Production and manufacturing expenses	22,494	21,815
Distribution and administration expenses	10,397	11,057
	32,891	32,872
Adjusted for certain adjusting items		
Gulf of Mexico oil spill	255	319
Other items	1,096	68
	31,540	32,485
Adjusted for certain variable costs		
Transportation and shipping costs	8,964	7,664
Other variable costs	4,060	3,894
Cash costs	18,516	20,927

Earnings before interest, depreciation and amortization (EBIDA)

EBIDA is defined as underlying replacement cost (RC) profit before interest and tax, add back depreciation, depletion and amortization and exploration expenditure written-off (net of adjusting items), less taxation on an underlying RC basis. bp believes it is helpful to disclose EBIDA because it reflects how bp measures underlying business delivery.

Adjusted EBIDA – Group

\$ million	Year 2020	Year 2019
Profit (loss) before interest and tax	(21,740)	11,706
Inventory holding (gains) losses, before tax	2,868	(667)
RC profit before interest and tax	(18,872)	11,039
Net (favourable) adverse impact of adjusting items, before tax	16,024	7,752
Underlying RC Profit before interest and tax	(2,848)	18,791
Adjusted for:		
Taxation on an underlying RC basis	(743)	(5,596)
Depreciation, depletion and amortization	14,889	17,780
Exploration expenditure written off (EWO), net of adjusting items	7,946	631
Adjusted EBIDA	19,244	31,606

Adjusted EBIDA per share

Adjusted EBIDA per share is calculated based on the shares in issue at 31 December 2020 of 20.3 billion (2019 20.2 billion).

Return on average capital employed (ROACE)

Return on average capital employed (ROACE) is a non-GAAP measure and is underlying replacement cost profit, after adding back non-controlling interest and interest expense net of tax, divided by average capital employed (total equity plus finance debt), excluding cash and cash equivalents and goodwill. Interest expense is finance costs excluding lease interest and the unwinding of the discount on provisions and other payables before tax. bp believes it is helpful to disclose the ROACE because this measure gives an indication of the company's capital efficiency. The nearest GAAP measures of the numerator and denominator are profit or loss for the period attributable to bp shareholders and total equity respectively.

\$ million	Year 2020	Year 2019
Profit (loss) for the year attributable to bp shareholders	(20,305)	4,026
Inventory holding (gains) losses, net of tax	2,201	(511)
Adjusting items, after taxation	12,414	6,475
Underlying replacement cost (RC) profit	(5,690)	9,990
Interest expense, net of tax	1,402	1,744
Non-controlling interests	(424)	164
Adjusted underlying RC profit	(4,712)	11,898
Total equity	85,568	100,708
Finance debt	72,664	67,724
Capital employed (2020 average \$163,332 million, 2019 average \$167,556 million)	158,232	168,432
Less: Goodwill	12,480	11,868
Cash and cash equivalents	31,111	22,472
	114,641	134,092
Average capital employed (excluding goodwill and cash and cash equivalents)	124,367	133,050
ROACE	(3.8)%	8.9 %

Underlying effective tax rate (ETR)

The underlying ETR is calculated by dividing taxation on an underlying RC basis by underlying RC profit or loss before tax. Taxation on an underlying RC basis is taxation on a RC basis for the period adjusted for taxation on adjusting items.

Effective tax rate

%	First quarter 2021	Fourth quarter 2020	First quarter 2020
ETR on profit or loss	25	(36)	3
Adjusted for inventory holding gains or losses	1	(105)	277
ETR on RC profit or loss	26	(141)	280
Adjusted for adjusting items	4	181	(225)
Underlying ETR	30	40	55