

BP PLC  
Form 6-K  
February 06, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

for the period ended 31 December 2017  
Commission File Number 1-06262

BP p.l.c.  
(Translation of registrant's name into English)

1 ST JAMES'S SQUARE, LONDON, SW1Y 4PD, ENGLAND  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

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registrant is submitting the  
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THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE PROSPECTUS INCLUDED IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NOS. 333-208478 AND 333-208478-01) OF BP CAPITAL MARKETS p.l.c. AND BP p.l.c.; THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-67206) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-79399) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-103924) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123482) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-123483) OF BP p.l.c., THE

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REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131583) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-131584) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-132619) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146868) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146870) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-146873) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-173136) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-177423) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-179406) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186462) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-186463) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-199015) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-200794) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-200795) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-207188) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-207189) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-210316) OF BP p.l.c., THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-210318) OF BP p.l.c., AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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BP p.l.c. and subsidiaries

Form 6-K for the period ended 31 December 2017<sup>(a)</sup>

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In this Form 6-K, references to the full year 2017 and full year 2016 refer to full year periods ended  
<sup>(a)</sup> 31 December 2017 and 31 December 2016 respectively. References to the fourth quarter 2017 and fourth quarter 2016 refer to the three-month periods ended 31 December 2017 and 31 December 2016 respectively.

This discussion should be read in conjunction with the consolidated financial statements and related notes provided  
<sup>(b)</sup> elsewhere in this Form 6-K and with the information, including the consolidated financial statements and related notes, in BP's Annual Report on Form 20-F for the year ended 31 December 2016.

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## Group results fourth quarter and full year 2017

## Full year

## Highlights

Profit for the full year and fourth quarter was \$3.4 billion and \$27 million respectively, compared with \$115 million and \$497 million for the same periods in 2016. Underlying replacement cost profit\* was \$6.2 billion for full year 2017 and \$2.1 billion for the fourth quarter, compared with \$2.6 billion and \$400 million for full year and fourth quarter 2016 respectively.

Operating cash flow\* for 2017 was \$18.9 billion, after post-tax Gulf of Mexico oil spill expenditure of \$5.2 billion, compared with \$10.7 billion, after post-tax Gulf of Mexico oil spill expenditure of \$6.9 billion in 2016.

Downstream earnings were very strong with underlying replacement cost profit of \$7.0 billion, 24% higher than 2016 and replacement cost profit of \$7.2 billion, 40% higher than 2016.

Operational reliability was high, with refining availability\* and Upstream BP-operated plant reliability\* both 95%.

Seven new major projects\* delivered, boosting oil and gas production. Upstream production, excluding BP's share of Rosneft production, was 12% higher than 2016, the highest since 2010. Including Rosneft, production was 3.6 million barrels of oil equivalent a day, 10% higher than 2016. Oil and gas realizations were 25% higher.

Exploration delivered the most successful year for BP since 2004.

Dividend unchanged at 10 cents per share.

BP began share buybacks in the fourth quarter, spending \$343 million, fully offsetting the dilution from scrip dividends issued in the third quarter.

Non-operating items in the fourth quarter, which are excluded from underlying profit\*, included a \$0.9 billion charge for US tax changes and a \$1.7 billion post-tax charge relating to a further provision for claims associated with the oil spill.

Financial summary	Fourth quarter 2017	Fourth quarter 2016	Year 2017	Year 2016
\$ million	27	497	3,389	115
Profit for the period <sup>(a)</sup>	27	497	3,389	115
Inventory holding (gains) losses*, before tax	(816)	(601)	(853)	(1,597)
Taxation charge (credit) on inventory holding gains and losses	206	176	225	483
RC profit (loss)*	(583)	72	2,761	(999)
Net (favourable) adverse impact of non-operating items* and fair value accounting effects*, before tax	2,559	481	3,730	6,746
Taxation charge (credit) on non-operating items and fair value accounting effects	131	(153)	(325)	(3,162)
Underlying RC profit	2,107	400	6,166	2,585
Profit per ordinary share (cents)	0.14	2.62	17.20	0.61
Profit per ADS (dollars)	0.01	0.16	1.03	0.04
RC profit (loss) per ordinary share (cents)*	(2.94)	0.38	14.02	(5.33)
RC profit (loss) per ADS (dollars)	(0.18)	0.02	0.84	(0.32)
Underlying RC profit per ordinary share (cents)*	10.64	2.11	31.31	13.79
Underlying RC profit per ADS (dollars)	0.64	0.13	1.88	0.83

<sup>(a)</sup> Profit attributable to BP shareholders.

\* See definitions in the Glossary on page 34. RC profit (loss), underlying RC profit and organic capital expenditure are non-GAAP measures.

The commentary above and following should be read in conjunction with the cautionary statement on page 37.



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Group headlines

Earnings

BP's profit for the fourth quarter and full year was \$27 million and \$3,389 million respectively, compared with \$497 million and \$115 million for the same periods in 2016.

For the full year, replacement cost (RC) profit was \$2,761 million, compared with a loss of \$999 million in 2016.

Underlying RC profit was \$6,166 million, compared with \$2,585 million in 2016. Underlying RC profit is after adjusting for a net charge for non-operating items of \$3,309 million and net adverse fair value accounting effects of \$96 million (both on a post-tax basis).

For the fourth quarter, RC loss was \$583 million, compared with a profit of \$72 million for the same period in 2016.

Underlying RC profit was \$2,107 million compared with \$400 million for the same period in 2016. Underlying RC profit is after adjusting for a net charge for non-operating items of \$2,515 million and net adverse fair value accounting effects of \$175 million (both on a post-tax basis).

See further information on page 5.

Depreciation, depletion and amortization

The charge for depreciation, depletion and amortization was \$15.6 billion in 2017, compared with \$14.5 billion in 2016. In 2018, we expect the charge to be higher than 2017.

Non-operating items

Non-operating items amounted to a charge of \$2,325 million pre-tax and \$2,515 million post-tax for the quarter and a charge of \$3,622 million pre-tax and \$3,309 million post-tax for the full year. The post-tax non-operating charge for the fourth quarter includes a charge of \$1.7 billion relating to business economic loss and other claims associated with the Gulf of Mexico oil spill (see Note 2 on page 19) and a \$0.9 billion deferred tax charge following the change in the US tax rate. See further information on page 28.

Effective tax rate

The effective tax rate (ETR) on the profit or loss for the fourth quarter and full year was 95% and 52% respectively, compared with 12% and 107% for the same periods in 2016.

The ETR on RC profit or loss\* for the fourth quarter and full year was significantly impacted by the effect of non-operating items and therefore it is not a meaningful measure.

The adjusted ETR\* is calculated by eliminating the impact of non-operating items, which for the fourth quarter includes a one-off deferred tax charge in respect of the revaluation of deferred tax assets and liabilities following the reduction in the US federal corporate income tax rate from 35% to 21% enacted in December 2017; fair value accounting effects; and the impact of a reduction in the UK supplementary tax charge in the third quarter of 2016.

The adjusted ETR for the fourth quarter and full year was 27% and 38% respectively, compared with 10% and 23% for the same periods in 2016. The adjusted ETR for the fourth quarter 2017 reflects a benefit from the reassessment of the recognition of deferred tax assets. The adjusted ETR for the fourth quarter 2016 was impacted by a high proportion of equity-accounted income (which is reported net of tax in the income statement) within RC profit, and reflected a benefit from the reassessment of the recognition of deferred tax assets and other items, partly offset by charges for foreign exchange impacts.

The adjusted ETR for the full year is higher than last year predominantly due to changes in the geographical mix of profits notably the impact of the renewal of our interest in the Abu Dhabi onshore oil concession. In the current environment, and assuming no further reassessment of the

recognition of deferred tax assets, the adjusted ETR in 2018 is expected to be above 40%. ETR on RC profit or loss and adjusted ETR are non-GAAP measures.

Dividend

BP today announced a quarterly dividend of 10.00 cents per ordinary share (\$0.600 per ADS), which is expected to be paid on 29 March 2018. The corresponding amount in sterling will be announced on 19 March 2018. See page 25 for further information.

Share buybacks

BP recommenced a share buyback programme in the fourth quarter to offset the dilution of the scrip issue and repurchased 51 million ordinary shares at a cost of \$343 million, including fees and stamp duty, during the fourth quarter of 2017.

Operating cash flow\*

Operating cash flow for the fourth quarter and full year was \$5.9 billion and \$18.9 billion respectively, after post-tax expenditure relating to the Gulf of Mexico oil spill of \$0.3 billion and \$5.2 billion. For the same periods in 2016 the equivalent amounts were \$2.4 billion and \$10.7 billion, after post-tax Gulf of Mexico oil spill expenditure of \$2.0 billion and \$6.9 billion.

Capital expenditure\*

Total capital expenditure for the fourth quarter and full year was \$4.8 billion and \$17.8 billion respectively, compared with \$4.9 billion and \$17.5 billion for the same periods in 2016.

Organic capital expenditure\* for the fourth quarter and full year was \$4.6 billion and \$16.5 billion respectively, compared with \$4.5 billion and \$16.7 billion for the same periods in 2016. In 2018, we expect organic capital expenditure to be in the range of \$15-16 billion.

Inorganic capital expenditure\* for the fourth quarter and full year was \$0.2 billion and \$1.3 billion respectively, compared with \$0.4 billion and \$0.8 billion for the same periods in 2016.

See page 27 for further information.

Divestment and other proceeds

Total divestment and other proceeds for the year were \$4.3 billion including proceeds of \$0.8 billion received in relation to the initial public offering of BP Midstream Partners LP's common units. Divestment proceeds\* were \$2.5 billion for the fourth quarter and \$3.4 billion for the full year, compared with \$0.5 billion and \$2.6 billion for the same periods in 2016. In 2018, divestments are expected to be in the range of \$2-3 billion.

Debt

Gross debt at 31 December 2017 was \$63.2 billion compared with \$58.3 billion a year ago. The ratio of gross debt to gross debt plus equity at 31 December 2017 was 38.6%, compared with 37.6% a year ago.

Net debt\* at 31 December 2017 was \$37.8 billion, compared with \$35.5 billion a year ago. The net debt ratio\* at 31 December 2017 was 27.4%, compared with 26.8% a year ago. We continue to target a net debt ratio in the range of 20-30%. Net debt and the net debt ratio are non-GAAP measures. See page 25 for more information.

Reserves replacement ratio\*

The reserves replacement ratio on a combined basis of subsidiaries and equity-accounted entities was estimated at 143%<sup>(a)</sup> for the year.

<sup>(a)</sup> Includes estimated reserves data for Rosneft. The reserves replacement ratio will be finalized and reported in BP Annual Report and Form 20-F 2017.

The commentary above and following should be read in conjunction with the cautionary statement on page 37.

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Analysis of underlying RC profit before interest and tax  
Fourth Fourth  
quarterquarter Year Year  
\$ million 2017 2016 2017