

BP PLC
Form 6-K
August 01, 2017

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

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

for the period ended August 2017

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 Form 20-F or Form 40-F.

Form 20-F Form 40-F
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Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.

Yes No
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FOR IMMEDIATE RELEASE
London 1 August 2017

BP p.l.c. Group results
Second quarter and half year 2017(a)

For a printer friendly copy of this announcement, please click on the link below to open a PDF version:http://www.rns-pdf.londonstockexchange.com/rns/6610M_-2017-7-31.pdf

Highlights Solid first half; strong operations, strong cash flow.

Underlying replacement cost (RC) profit* for the second quarter was \$0.7 billion.

Second-quarter operating cash flow, excluding Gulf of Mexico oil spill payments*, was \$6.9 billion. Including these payments, operating cash flow* for the quarter was \$4.9 billion.

Dividend unchanged at 10 cents per share.

Second-quarter Upstream production was 10% higher than in the same period in 2016; first-half production was 6% higher.

Upstream major projects on track; two new projects sanctioned in quarter; significant gas discoveries in Senegal and Trinidad announced; \$753 million exploration write-off, predominantly in Angola.

In Downstream, first-half fuels marketing earnings around 20% higher than in the first half of 2016.

Financial summary
Second quarter 2017
See chart on PDF

	Second quarter 2017	First quarter 2017	Second quarter 2016	First half 2017	First half 2016
\$ million					
Profit (loss) for the period(b)	144	1,449	(1,419)	1,593	(2,002)
Inventory holding (gains) losses*, net of tax	409	(37)	(828)	372	(730)
RC profit (loss)*	553	1,412	(2,247)	1,965	(2,732)
Net (favourable) unfavourable impact of non-operating items* and fair value accounting effects*, net of tax	131	98	2,967	229	3,984
Underlying RC profit	684	1,510	720	2,194	1,252
RC profit (loss) per ordinary share (cents)*	2.80	7.23	(12.03)	10.02	(14.71)
RC profit (loss) per ADS (dollars)	0.17	0.43	(0.72)	0.60	(0.88)
Underlying RC profit per ordinary share (cents)*	3.47	7.74	3.85	11.19	6.73
Underlying RC profit per ADS (dollars)	0.21	0.46	0.23	0.67	0.40

(a) This results announcement also represents BP's half-yearly financial report (see page 12).

(b) Profit attributable to BP shareholders.

Bob Dudley – Group chief executive:

“We continue to position BP for the new oil price environment, with a continued tight focus on costs, efficiency and discipline in capital spending. We delivered strong operational performance in the first half of 2017 and have

considerable strategic momentum coming into the rest of the year and 2018, with rising production from our new Upstream projects and marketing growth in the Downstream.”

Brian Gilvary – Chief financial officer:

“Cash flow was strong in the first half – organic cash flow* exceeded organic capital expenditure* and dividends paid. While net debt* rose primarily due to Gulf of Mexico payments, we expect this will improve over the second half as these payments decline and divestment proceeds come in towards the end of the year.”

* See definitions in the Glossary on page 32. RC profit (loss), underlying RC profit, cash flow excluding Gulf of Mexico oil spill payments, organic capital expenditure and net debt are non-GAAP measures.

The commentary above and following should be read in conjunction with the cautionary statement on page 35.

Top of page 2

BP p.l.c. Group results

Second quarter and half year 2017

Group headlines

Earnings

BP’s profit for the second quarter and half year was \$144 million and \$1,593 million respectively, compared with a loss of \$1,419 million and a loss of \$2,002 million for the same periods in 2016.

The second-quarter replacement cost (RC) profit was \$553 million, compared with a loss of \$2,247 million for the same period in 2016. After adjusting for a net charge for non-operating items of \$215 million and net favourable fair value accounting effects of \$84 million (both on a post-tax basis), underlying RC profit for the second quarter was \$684 million, compared with \$720 million for the same period in 2016.

For the half year, RC profit was \$1,965 million, compared with a loss of \$2,732 million a year ago. After adjusting for a net charge for non-operating items of \$520 million and net favourable fair value accounting effects of \$291 million (both on a post-tax basis), underlying RC profit for the half year was \$2,194 million, compared with \$1,252 million for the same period in 2016.

See further information on page 3.

Non-operating items

Non-operating items amounted to a charge of \$359 million pre-tax and \$215 million post-tax for the quarter and a charge of \$912 million pre-tax and

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 22 September 2017. The corresponding amount in sterling will be announced on 12 September 2017. See page 24 for further information.

Operating cash flow*

Excluding post-tax amounts related to the Gulf of Mexico oil spill, operating cash flow* for the second quarter and half year was \$6.9 billion and \$11.3 billion respectively, compared with \$5.3 billion and \$8.3 billion for the same periods in 2016. Including amounts relating to the Gulf of Mexico oil spill, operating cash flow for the second quarter and half year was \$4.9 billion and \$7.0 billion respectively, compared with \$3.9 billion and \$5.8 billion for the same periods in 2016.

Capital expenditure*

Organic capital expenditure* for the second quarter and half year was \$4.3 billion and \$7.9 billion respectively, compared with \$4.2 billion and \$8.7 billion for the same periods in 2016.

Inorganic capital expenditure* for the second quarter and half year was \$0.1 billion and \$0.7 billion respectively, compared with \$0.3 billion for both periods in 2016.

Organic and inorganic capital expenditure are non-GAAP measures. See page 26 for further information.

\$520 million post-tax for the half year.

The Gulf of Mexico oil spill charge before interest and tax for the second quarter was \$347 million to reflect the latest estimate for claims, including business economic loss claims, and associated administration costs. In addition, the half year also reflects an impairment charge in the first quarter due to the divestment of certain Upstream assets.

Effective tax rate

The effective tax rate (ETR) on RC profit or loss* for the second quarter and half year was 63% and 43% respectively, compared with 51% and 49% for the same periods in 2016. Adjusting for non-operating items and fair value accounting effects, the adjusted ETR* for the second quarter and half year was 60% and 45% respectively, compared with 21% and 20% for the same periods in 2016.

The adjusted ETR for the second quarter and half year is higher than a year ago mainly due to the exploration write-offs and changes in the mix of profits, notably the impact of the renewal of our interest in the Abu Dhabi onshore oil concession. We now expect the full year adjusted ETR to be above 40%.

Divestment proceeds*

Divestment proceeds were \$0.5 billion for the second quarter and \$0.7 billion for the half year, compared with \$0.4 billion and \$1.6 billion for the same periods in 2016.

Net debt*

Net debt at 30 June 2017 was \$39.8 billion, compared with \$30.9 billion a year ago. The net debt ratio* at 30 June 2017 was 28.8%, compared with 24.7% a year ago. Net debt and the net debt ratio are non-GAAP measures. See page 25 for more information.

Top of page 3

BP p.l.c. Group results

Second quarter and half year 2017

Analysis of underlying RC profit before interest and tax

\$ million	Second quarter 2017	First quarter 2017	Second quarter 2016	First half 2017	First half 2016
Underlying RC profit before interest and tax*					
Upstream	710	1,370	29	2,080	(718)
Downstream	1,413	1,742	1,513	3,155	3,326
Rosneft	279	99	246	378	312
Other businesses and corporate	(366)	(440)	(376)	(806)	(554)
Consolidation adjustment – UPII*	135	(68)	(121)	67	(81)
Underlying RC profit before interest and tax	2,171	2,703	1,291	4,874	2,285
Finance costs and net finance expense relating to pensions and other post-retirement benefits	(420)	(387)	(337)	(807)	(654)
Taxation on an underlying RC basis	(1,055)	(763)	(205)	(1,818)	(325)
Non-controlling interests	(12)	(43)	(29)	(55)	(54)
Underlying RC profit attributable to BP					

shareholders	684	1,510	720	2,194	1,252
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Reconciliations of underlying RC profit or loss to the nearest equivalent IFRS measure are provided on page 1 for the group and on pages 6-11 for the segments.

Analysis of RC profit (loss) before interest and tax and reconciliation to profit (loss) for the period

	Second quarter 2017	First quarter 2017	Second quarter 2016	First half 2017	First half 2016
\$ million					
RC profit (loss) before interest and tax*					
Upstream	795	1,256	(109)	2,051	(1,314)
Downstream	1,567	1,706	1,405	3,273	3,285
Rosneft	279	99	246	378	312
Other businesses and corporate(a)	(721)	(431)	(5,525)	(1,152)	(6,599)
Consolidation adjustment – UPII	135	(68)	(121)	67	(81)
RC profit (loss) before interest and tax	2,055	2,562	(4,104)	4,617	(4,397)
Finance costs and net finance expense relating to pensions and other post-retirement benefits	(541)	(513)	(460)	(1,054)	(900)
Taxation on a RC basis	(949)	(594)	2,346	(1,543)	2,619
Non-controlling interests	(12)	(43)	(29)	(55)	(54)
RC profit (loss) attributable to BP shareholders	553	1,412	(2,247)	1,965	(2,732)
Inventory holding gains (losses)	(586)	66	1,188	(520)	1,056
Taxation (charge) credit on inventory holding gains and losses	177	(29)	(360)	148	(326)
Profit (loss) for the period attributable to BP shareholders	144	1,449	(1,419)	1,593	(2,002)

(a) Includes costs related to the Gulf of Mexico oil spill. See page 11 and also Note 2 from page 19 for further information on the accounting for the Gulf of Mexico oil spill.

Top of page 4

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Second quarter and half year 2017