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BP PLC
Form 6-K
April 29, 2003

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 29 April, 2003

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

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

BP p.l.c.

Group Results

First Quarter 2003

London 29 April 2003

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FOR IMMEDIATE RELEASE

 RECORD RESULT, UP 136% - STRONG CASH FLOW
 =====

| | | | | 1Q |
|--|-------|-------|-------|-------|
| | | | | 2003 |
| | 1Q | 4Q | 1Q | vs.1Q |
| \$ million | 2003 | 2002 | 2002 | 2002 |
| | ===== | | | |
| Replacement cost profit before exceptional items | 3,128 | 1,697 | 924 | |
| Special items(a) | (27) | 416 | 120 | |
| Acquisition amortization(b) | 628 | 522 | 538 | |
| | ----- | | | |
| Pro forma result adjusted for special items | 3,729 | 2,635 | 1,582 | 136% |
| | ===== | | | |
| - per ordinary share (pence) | 10.44 | 7.61 | 4.94 | |
| - per ordinary share (cents) | 16.70 | 11.78 | 7.06 | 137% |
| - per ADS (dollars) | 1.00 | 0.71 | 0.42 | |
| | ===== | | | |

- o BP's first quarter pro forma result, adjusted for special items, was a record \$3,729 million compared with \$1,582 million a year ago, an increase of 136%. The result per ADS exceeds \$1.00 for the first time. Replacement cost profit before exceptional items for the quarter was \$3,128 million compared with \$924 million a year ago.

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- o The first quarter trading environment was significantly more favourable than a year ago for both Exploration and Production and Refining and Marketing.
- o Improved volumes and cost efficiencies are reflected in the first quarter results.
- o Net cash inflow for the quarter was \$3.2 billion compared with an outflow of \$2.4 billion a year ago, reflecting higher cash flow from operating activities, higher disposal proceeds and lower acquisitions. Net cash flow from operating activities was \$6.0 billion compared with \$3.6 billion a year ago.
- o The pro forma ratio of net debt to net debt plus equity was 24% at the end of the quarter.
- o Return on average capital employed for the quarter, on a pro forma basis adjusted for special items, was 20%, compared with 10% a year ago.
- o The quarterly dividend is 6.25 cents per share (\$0.375 per ADS) compared with 5.75 cents per share a year ago, an increase of 8.7%. In sterling terms, the quarterly dividend is 3.947 pence per share compared with 4.051 pence per share a year ago, a decrease of 2.6%. The company repurchased for cancellation 155 million of its own shares during the quarter, at a cost of \$999 million.

BP Group Chief Executive, Lord Browne, said:

"This is a strong quarterly result. Strategy continues to be implemented with growth on track and strong performance delivery. Cash flow is robust, providing the opportunity for a good shareholder return

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through dividends and share buybacks."

The pro forma result, adjusted for special items, has been derived from the group's reported UK GAAP accounting information but is not in itself a recognized UK or US GAAP measure. This financial performance information and measures derived therefrom, shown above and elsewhere in the document, are provided in order to enable investors to evaluate better both BP's current performance, in the context of past performance, and its performance against that of its competitors.

- (a) The special items refer to non-recurring charges and credits. The special items for the first quarter are restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing and tax restructuring benefits.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

Summary Quarterly Results

Exploration and Production's first quarter result was double that of a year ago, reflecting higher average realizations.

In Gas, Power and Renewables, the result reflects improvement in the marketing and trading and natural gas liquids businesses, partly offset by the absence of the Ruhrgas contribution.

The Refining and Marketing result increased significantly compared to a year ago due to higher worldwide refining margins and improved retail margins, particularly in the USA.

The Chemicals result was flat compared with the prior quarter, with higher volumes and lower costs offset by weaker margins due to higher feedstock costs, particularly in Europe.

Interest expense for the quarter was \$220 million, compared to \$317 million

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excluding bond redemption charges for the prior quarter, reflecting lower average debt. In addition, the prior quarter included the impact of revaluing certain provisions at a lower interest rate.

The pro forma effective tax rate on replacement cost profit, before exceptional items, and adjusted for special items, was 34%. The special items in the quarter include tax restructuring benefits.

Capital expenditure was \$2.9 billion for the quarter; there were no acquisitions. Disposal proceeds were \$2.5 billion.

Net debt at the end of the quarter was \$17.7 billion. The pro forma ratio of net debt to net debt plus equity was 24%, compared with 28% at the end of 2002.

Net special and exceptional items before tax were a \$237 million credit.

The commentaries above and following are based on the pro forma replacement cost operating results, before exceptional items, adjusted for special items.

Reconciliation of Reported Results to Pro Forma Results Adjusted for Special Items

| | | | | Pro forma Result | | |
|------------|----------|------------|-----------|------------------|------|------|
| | | | | adjusted for | | |
| | | | | special items | | |
| | | | | ----- | | |
| | Reported | Acq. | Special | 1Q | 4Q | 1Q |
| \$ million | Earnings | Amort. (a) | Items (b) | 2003 | 2002 | 2002 |
| | | | | | | |
| | | | | ----- | | |

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| | | | | | | |
|---------------------------------------|---------|-----|-------|---------|---------|-------|
| Exploration and Production | 4,326 | 423 | 139 | 4,888 | 3,666 | 2,400 |
| Gas, Power and Renewables | 194 | - | - | 194 | 72 | 111 |
| Refining and Marketing | 631 | 205 | 18 | 854 | 587 | 287 |
| Chemicals | 139 | - | - | 139 | 139 | 108 |
| Other businesses and corporate | (165) | - | - | (165) | (146) | (125) |
| | ----- | | | | | |
| RC operating profit | 5,125 | 628 | 157 | 5,910 | 4,318 | 2,781 |
| | ----- | | | | | |
| Interest expense | (220) | - | - | (220) | (317) | (333) |
| Taxation | (1,751) | - | (184) | (1,935) | (1,360) | (857) |
| MSI | (26) | - | - | (26) | (6) | (9) |
| | ----- | | | | | |
| RC profit before exceptional items | 3,128 | 628 | (27) | 3,729 | 2,635 | 1,582 |
| | ===== | | | | | |
| Exceptional items before tax | 394 | | | | | |
| Taxation on exceptional items | (54) | | | | | |
| | ----- | | | | | |
| RC profit after exceptional items | 3,468 | | | | | |
| Stock holding gains (losses) | 799 | | | | | |
| | ----- | | | | | |
| HC profit | 4,267 | | | | | |
| | ===== | | | | | |

(a) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

(b) The special items refer to non-recurring charges and credits. The

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special items for the first quarter are restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing and tax restructuring benefits.

Operating Results

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|---|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| Replacement cost operating profit (\$m) | 5,125 | 3,181 | 2,058 |
| | ----- | | |
| Replacement cost profit before exceptional items (\$m) | 3,128 | 1,697 | 924 |
| | ----- | | |
| Profit (loss) after exceptional items (\$m) | | | |
| Replacement cost | 3,468 | 825 | 854 |
| Historical cost | 4,267 | 651 | 1,296 |
| | ----- | | |
| Per ordinary share (cents) | | | |
| Pro forma result adjusted for special items | 16.70 | 11.78 | 7.06 |
| RC profit before exceptional items | 14.01 | 7.58 | 4.12 |
| HC profit after exceptional items | 19.11 | 2.92 | 5.78 |
| | | | |
| Per ADS (cents) | | | |
| Pro forma result adjusted for special items | 100.20 | 70.68 | 42.36 |
| RC profit before exceptional items | 84.06 | 45.48 | 24.72 |

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| | | | |
|-----------------------------------|--------|-------|-------|
| HC profit after exceptional items | 114.66 | 17.52 | 34.68 |
| | ===== | | |

Exploration and Production

| | 1Q | 4Q | 1Q |
|---|-------|-------|-------|
| \$ million | 2003 | 2002 | 2002 |
| | ===== | | |
| Replacement cost operating profit | 4,326 | 3,248 | 1,928 |
| Special items | 139 | 99 | 127 |
| Acquisition amortization | 423 | 319 | 345 |
| | ----- | | |
| Pro forma operating result adjusted for special items | 4,888 | 3,666 | 2,400 |
| | ===== | | |
| Results include: | | | |
| Exploration expense | 112 | 179 | 124 |
| Of which: | | | |
| Exploration expenditure written off | 50 | 124 | 59 |
| | ===== | | |
| Crude oil and natural gas liquids production (mb/d) (Net of Royalties) | | | |
| UK | 471 | 472 | 482 |
| Rest of Europe | 95 | 96 | 104 |
| USA | 773 | 756 | 760 |
| Rest of World | 724 | 725 | 643 |
| | ----- | | |
| Total liquids production | 2,063 | 2,049 | 1,989 |

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| | | | |
|---|-------|-------|-------|
| ===== | | | |
| Natural gas production(a) | | | |
| (mmcf/d) (Net of royalties) | | | |
| UK | 1,798 | 1,752 | 1,628 |
| Rest of Europe | 131 | 140 | 162 |
| USA | 3,437 | 3,360 | 3,561 |
| Rest of World | 3,651 | 3,684 | 3,395 |
| ----- | | | |
| Total natural gas production | 9,017 | 8,936 | 8,746 |
| ===== | | | |
| Average liquids realizations(b) (\$/bbl) | | | |
| UK | 30.67 | 26.54 | 20.67 |
| USA | 29.36 | 23.28 | 17.26 |
| Rest of World | 29.48 | 25.06 | 18.63 |
| BP Average | 29.82 | 24.78 | 18.77 |
| ===== | | | |
| Average oil marker prices (\$/bbl) | | | |
| Brent | 31.47 | 26.88 | 21.13 |
| West Texas Intermediate | 34.00 | 28.31 | 21.54 |
| Alaska North Slope US West Coast | 33.16 | 26.86 | 19.76 |
| ===== | | | |
| Average natural gas realizations (\$/mcf) | | | |
| UK | 3.32 | 2.88 | 3.12 |
| USA | 5.27 | 3.31 | 2.13 |
| Rest of World | 2.70 | 2.40 | 1.93 |
| BP Average | 3.87 | 2.87 | 2.27 |
| ===== | | | |
| Average natural gas marker prices | | | |
| Henry Hub gas price(c) (\$/mmbtu) | 6.53 | 3.99 | 2.35 |
| UK Gas - National Balancing Point (p/therm) | 21.28 | 19.09 | 19.22 |
| ===== | | | |

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- (a) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.
- (b) Crude oil and natural gas liquids.
- (c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma result for the first quarter, adjusted for special items, was \$4,888 million, double that of the first quarter of 2002. Special charges are \$90 million in respect of our restructuring activities in North America and the UK and a \$49 million write-down of the Viscount asset in the North Sea. The acquisition amortization charge included accelerated amortization of \$103 million due to the impairment of the Yacheng field in China.

The result for the quarter benefited from strong realizations, with liquids up \$11.05/bbl and natural gas up \$1.60/mcf on a year ago. North American natural gas realizations lagged the increase in the Henry Hub marker price, as the effects of cold weather and low inventories were partly offset by an increase in regional differentials caused by pipeline constraints. The improved realizations were partly mitigated by a charge of \$125 million for Unrealized Profit in Stock (UPIS) to remove the additional upstream margin from downstream inventories following an increase in the Alaska North Slope oil price. This compares to a charge of \$56 million in the equivalent quarter last year.

On 1 April, two new discoveries were announced in Angola's deep offshore Block 17: Acacia-1 and Hortensia-1. During the quarter we approved the Shah Deniz project in Azerbaijan, Greater Plutonio and Dalia in Angola and Rhum in the North Sea.

First quarter production was a record, increasing by over 3% to 3,618 mboe/d compared with a year ago as a result of the ramp up of production in the Deepwater Gulf of Mexico and Trinidad as new projects continue to be added, and the impact of our increased interest in Sidanco, partly offset by declines in mature areas. The impact of acquisition and divestment activity over the past year has had a broadly neutral effect on the quarter on quarter comparison.

In support of improved returns in all stages of the life cycle and to enhance value, we completed in the quarter the divestment of shallow water Gulf of Mexico assets to Apache and the exchange of our interest in Block A-18 in the Malaysia Thailand Joint Development Area for Amerada Hess's interests in Colombia. In addition, we completed the sale of other US assets. On 2 April, we

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completed the sale of the Forties oil field in the North Sea to Apache. In February, we announced agreements with Perenco to sell a package of North Sea gas production assets and interests in Boqueron and Desarrollo Zuli Occidental (DZO) in Venezuela.

In February, we called our \$420 million Exchangeable Bonds which were exchangeable for Lukoil ADSs. Bondholders converted to ADSs before the redemption date. This transaction completed the monetization of our stake in the Russian oil company Lukoil. The stake in Lukoil was obtained through the acquisition of ARCO.

Repsol exercised their option in January to acquire a further 20% of our upstream interests in Trinidad. Our interest in BP Trinidad and Tobago LLC is now 70% and the transaction provides further leverage to access the gas markets and growth opportunities in Spain. We also sold 12.5% of the Tangguh liquefied natural gas project to China National Offshore Oil Corporation as part of our strategy to serve gas markets in Southern China.

Gas, Power and Renewables

| | 1Q | 4Q | 1Q |
|---|--------|--------|-------|
| \$ million | 2003 | 2002 | 2002 |
| ===== | | | |
| Replacement cost operating profit | 194 | 72 | 111 |
| Special items | - | - | - |
| Acquisition amortization | - | - | - |
| ----- | | | |
| Pro forma operating result adjusted for special items | 194 | 72 | 111 |
| ===== | | | |
| Gas sales volumes (mmcf/d) | | | |
| UK | 3,215 | 2,715 | 2,619 |
| Rest of Europe | 473 | 442 | 413 |
| USA | 11,734 | 10,723 | 8,733 |
| Rest of World | 11,553 | 10,659 | 9,289 |

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| | | | |
|--------------------------|--------|--------|--------|
| | ----- | | |
| Total gas sales volumes | 26,975 | 24,539 | 21,054 |
| | ===== | | |
| NGL sales volumes (mb/d) | | | |
| UK | - | - | - |
| Rest of Europe | - | - | - |
| USA | 126 | 262 | 153 |
| Rest of World | 232 | 244 | 231 |
| | ----- | | |
| Total NGL sales volumes | 358 | 506 | 384 |
| | ===== | | |

Gas, Power and Renewables

The pro forma result for the first quarter was \$194 million compared with \$111 million a year ago. The result reflects improved marketing and trading and natural gas liquids performance, partly offset by the absence of a contribution from Ruhrgas.

Marketing margins were up significantly in North America as a result of prolonged cold weather in the northeast and midwest markets and an unusually large draw-down of gas in storage. In addition, North American gas volumes were 35% above the same period last year. The global LNG business continued to grow profitably as supply and shipping flexibility allowed the capture of additional business in Asia and the USA. In Spain, the Bilbao electricity generation plant (BP 25%) was commissioned as part of our gas to power strategy. The LNG ship British Innovator was delivered on 29 March.

The first quarter natural gas liquids result was up due to higher liquids prices and improved margins on winter propane sales, partly offset by the negative processing margins that resulted from gas prices increasing more than liquids prices.

In Renewables, our solar business launched a new branded offer in California in the USA.

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Refining and Marketing

| | 1Q | 4Q | 1Q |
|--|-------|-------|-------|
| \$ million | 2003 | 2002 | 2002 |
| | ===== | | |
| Replacement cost operating profit | 631 | (36) | 68 |
| Special items | 18 | 420 | 26 |
| Acquisition amortization | 205 | 203 | 193 |
| | ----- | | |
| Pro forma operating result adjusted for special items | 854 | 587 | 287 |
| | ===== | | |
| Refinery throughputs (mb/d) | | | |
| UK | 377 | 392 | 392 |
| Rest of Europe | 954 | 959 | 833 |
| USA | 1,302 | 1,439 | 1,394 |
| Rest of World | 391 | 367 | 375 |
| | ----- | | |
| Total throughput | 3,024 | 3,157 | 2,994 |
| | ===== | | |
| Oil sales volumes (mb/d) | | | |
| Refined products | | | |
| UK | 279 | 269 | 256 |
| Rest of Europe | 1,318 | 1,541 | 1,275 |
| USA | 1,751 | 1,875 | 1,834 |
| Rest of World | 645 | 611 | 600 |
| | ----- | | |

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| | | | |
|-----------------------------|--------|--------|--------|
| Total marketing sales | 3,993 | 4,296 | 3,965 |
| Trading/supply sales | 2,811 | 2,064 | 2,535 |
| | ----- | | |
| Total refined product sales | 6,804 | 6,360 | 6,500 |
| Crude oil | 4,529 | 5,314 | 4,809 |
| | ----- | | |
| Total oil sales | 11,333 | 11,674 | 11,309 |
| | ===== | | |

Global Indicator Refining Margin(a) (mb/d)

| | | | |
|------------|-------|------|------|
| NWE | 3.70 | 2.19 | 0.09 |
| USGC | 6.14 | 2.98 | 2.04 |
| Midwest | 4.14 | 4.09 | 2.06 |
| USWC | 6.77 | 3.95 | 5.43 |
| Singapore | 2.98 | 1.41 | 0.21 |
| BP Average | 4.52 | 2.76 | 1.64 |
| | ===== | | |

(a) The Global Indicator Refining Margin (GIM) is the average of seven regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity.

Refining and Marketing

The pro forma result for the first quarter, after adjusting for special items, was \$854 million, compared with \$287 million a year ago. The special charge of \$18 million for the quarter relates to ongoing Veba integration costs.

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The increase in the result reflects improved worldwide refining margins, with some offset from higher utility costs. Refining throughputs increased by 1%. During the quarter, BP commissioned three new clean fuels units.

The marketing environment reflected margins at normal levels, with US retail margins significantly up from the depressed levels of a year ago. Marketing volumes were flat compared with a year ago.

During the quarter, an additional 600 sites were reimaged, bringing the total number of sites with the BP Helios to some 11,000 worldwide.

Chemicals

| | 1Q | 4Q | 1Q |
|--|--------|-------|-------|
| \$ million | 2003 | 2002 | 2002 |
| | ===== | | |
| Replacement cost operating profit | 139 | 104 | 76 |
| Special items | - | 35 | 32 |
| Acquisition amortization | - | - | - |
| | ----- | | |
| Pro forma operating result adjusted for special items | 139 | 139 | 108 |
| | ===== | | |
| Chemicals Indicator Margin(a) (\$/te) | 90 (b) | 108 | 80 |
| | ===== | | |
| Chemicals production (kte) | | | |
| UK | 869 | 698 | 829 |
| Rest of Europe | 2,763 | 2,679 | 2,583 |
| USA | 2,536 | 2,447 | 2,489 |
| Rest of World | 812 | 785 | 710 |

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Total production

6,980 6,609 6,611
=====

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally based product margins. It is based on market data collected by Nexant (formerly Chem Systems) in their quarterly market analyses, then weighted based on BP's product portfolio. While it does not cover our entire portfolio, it includes a broad range of products. Among the products and businesses covered in the CIM are the olefins and derivatives, the aromatics and derivatives, linear alpha-olefins (LAOs), acetic acid, vinyl acetate monomers and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins (PAOs), anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.

(b) Provisional. The data for the first quarter is based on two months' actuals and one month of provisional data.

Chemicals

Chemicals' pro forma result for the first quarter was \$139 million, flat compared with the fourth quarter of 2002, after adjusting for special items. The result reflects margin pressure from higher feedstock costs for most of the quarter, particularly in Europe, offset by higher volumes and lower costs. The first quarter result was an increase of \$31 million over the same quarter last year due to better margins, increased production and improved unit costs.

Chemicals production of 6,980 thousand tonnes in the first quarter was a record and 371 thousand tonnes above the previous quarter. Higher production was due to increased plant utilization and one of our new Asian PTA plants coming on stream.

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During the quarter, we continued to reduce cash fixed costs per tonne of capacity through planned cost reductions.

As part of the ongoing restructuring of our portfolio, we completed the divestment of the two remaining Burmah Castrol chemicals businesses, Fosroc Mining and Sericol. We also announced our intention to divest our speciality intermediates business (trimellitic anhydride, purified isophthalic acid (PIA) and maleic anhydride) based in Joliet, Illinois in the USA, plus the economic interest in our European PIA business.

Other Businesses and Corporate

| \$ million | 1Q 2003 | 4Q 2002 | 1Q 2002 |
|--|------------|------------|------------|
| | ===== | | |
| Replacement cost operating loss | (165) | (207) | (125) |
| Special items | - | 61 | - |
| Acquisition amortization | - | - | - |
| | ----- | | |
| Pro forma operating result adjusted for special items | (165) | (146) | (125) |
| | ===== | | |

Other businesses and corporate comprises Finance, the group's coal asset and aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities.

Exceptional Items

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| | 1Q | 4Q | 1Q |
|--|------|-------|-------|
| \$ million | 2003 | 2002 | 2002 |
| ===== | | | |
| Profit (loss) on sale of fixed assets and businesses or termination of operations | 394 | (893) | (109) |
| Taxation (charge) credit | (54) | 21 | 39 |
| ----- | | | |
| Exceptional items after taxation | 340 | (872) | (70) |
| ===== | | | |

Exceptional items for the first quarter principally relate to net gains from the sale of certain upstream interests.

2003 Dividends

| | 1Q | 4Q | 1Q |
|-------------------------------|----------|----------|----------|
| | 2003 | 2002 | 2002 |
| ===== | | | |
| Dividends per ordinary share | | | |
| cents | 6.25 | 6.25 | 5.75 |
| pence | 3.947 | 3.815 | 4.051 |
| Dividends per ADS (cents) | 37.5 | 37.5 | 34.5 |
| ----- | | | |

BP today announced a first quarterly dividend for 2003 of 6.25 cents per ordinary share. Holders of ordinary shares will receive 3.947 pence per share and holders of American Depository Receipts (ADRs) \$0.375 per ADS share. The dividend is payable on 9 June to shareholders on the register on 16 May. Participants in the Dividend Reinvestment Plan (DRIP) or the DRIP facility in the US Direct Access Plan will receive the dividend in the form of shares, also on 9 June. The second quarter 2003 results and dividend will be announced on 29 July.

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Outlook

BP Group Chief Executive, Lord Browne, concluded:

"World economic activity has remained weak during the first quarter with few signs of an imminent recovery. Confidence has declined in the USA, Europe and more recently in parts of Asia. OECD industrial production has remained essentially flat.

"Oil markets have been driven by the impact of war in Iraq, together with the loss of Venezuelan and Nigerian exports and a cold winter in the northern hemisphere. Dated Brent averaged \$31.47/bbl in the first quarter. OECD commercial oil inventories declined to record lows in February in terms of forward days' cover, but appear to have stabilized recently. Rising OPEC production from the middle of the first quarter compensated for the loss of Iraqi exports. Crude prices have since fallen back to around \$25/bbl. Oil supplies have proven adequate even without the release of strategic stocks. The prospect for prices depends upon a particularly wide range of uncertainties which include the timing and level of the return of Iraqi oil exports and the extent to which OPEC's earlier production increases are reversed.

"US natural gas prices have fallen back from the high levels of the first quarter (Henry Hub first of month index average of \$6.53/mmBtu) after the end of the winter heating season. Prices remain above fuel oil parity in face of the challenge to refill gas in storage while production continues to fall. The opening of new pipeline infrastructure later in the second quarter has the potential to narrow differentials in the Rockies.

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"Refining margins have begun the second quarter somewhat below the average for the first quarter (BP GIM \$4.52/bbl) but remain firm in most regions. OECD commercial product inventories are at five year lows and may continue to underpin refining fundamentals in the short term. Retail margins strengthened towards the end of the first quarter, although prices to the consumer are now falling in line with product prices.

"Chemicals margins have been sharply lower than in the fourth quarter of last year, due to feedstock costs rising more rapidly than prices for the majority of petrochemical products. Recent declines in oil prices have begun to restore margins although weak demand conditions persist.

"Consistent with our financial framework and plan for the year, we expect capital investment to be in the range of \$14 to 14.5 billion, excluding acquisitions. This excludes the initial cash payment due on completion of the TNK-BP transaction, expected to complete in the summer. We expect gearing to return to the lower half of our 25-35% target range following this transaction."

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding future performance, prices, margins, returns, dividends, capital expenditure, investments, divestments, gearing, BP's asset portfolio and changes in it, timing of pending transactions, share repurchases, and other trend projections. Forward looking statements by their nature involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry

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product supply, demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; and wars and acts of terrorism or sabotage. For more information you should refer to our Annual Report and Accounts 2002 and our Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

BP p.l.c. and Subsidiaries

Summarized Group Results

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|---|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Exploration and Production | 4,326 | 3,248 | 1,928 |
| Gas, Power and Renewables | 194 | 72 | 111 |
| Refining and Marketing | 631 | (36) | 68 |
| Chemicals | 139 | 104 | 76 |
| Other businesses and corporate | (165) | (207) | (125) |
| | ----- | | |
| Total replacement cost operating profit | 5,125 | 3,181 | 2,058 |
| Profit (loss) on sale of fixed assets and businesses or termination of operations (Note 3) | 394 | (893) | (109) |

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| | | | |
|---|-------|-------|-------|
| | ----- | | |
| Replacement cost profit before interest and tax | 5,519 | 2,288 | 1,949 |
| Stock holding gains (losses) (Note 5) | 799 | (174) | 473 |
| | ----- | | |
| Historical cost profit before interest and tax | 6,318 | 2,114 | 2,422 |
| Interest expense (Note 6) | 220 | 332 | 333 |
| | ----- | | |
| Profit before taxation | 6,098 | 1,782 | 2,089 |
| Taxation (Note 7) | 1,805 | 1,125 | 753 |
| | ----- | | |
| Profit after taxation | 4,293 | 657 | 1,336 |
| Minority shareholders' interest | 26 | 6 | 40 |
| | ----- | | |
| Profit for the period | 4,267 | 651 | 1,296 |
| | ===== | | |
| Distribution to shareholders | 1,386 | 1,398 | 1,290 |
| | ----- | | |
| Earnings per ordinary share - cents | | | |
| Basic | 19.11 | 2.92 | 5.78 |
| Diluted | 19.05 | 2.92 | 5.75 |
| | ===== | | |

Replacement Cost Results

| | | | |
|--|-------|-----|-------|
| Historical cost profit for the period | 4,267 | 651 | 1,296 |
| Stock holding (gains) losses net of minority shareholders' interest | (799) | 174 | (442) |
| | ----- | | |
| Replacement cost profit for the period | 3,468 | 825 | 854 |
| Exceptional items (net of tax) | (340) | 872 | 70 |

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| | | | | |
|---|-------|-------|------|--|
| | ----- | | | |
| Replacement cost profit before exceptional items | 3,128 | 1,697 | 924 | |
| | ----- | | | |
| Earnings per ordinary share - cents | | | | |
| On replacement cost profit before exceptional items | 14.01 | 7.58 | 4.12 | |
| | ===== | | | |

Summarized Group Balance Sheet

| | 31 March | 31 December | | |
|---|------------|-------------|--|--|
| | 2003 | 2002 | | |
| | ===== | | | |
| | \$ million | | | |
| Fixed assets | | | | |
| Intangible assets | 14,190 | 15,566 | | |
| Tangible assets | 88,223 | 87,682 | | |
| Investments | 10,248 | 10,811 | | |
| | ----- | | | |
| | 112,661 | 114,059 | | |
| | ----- | | | |
| Current assets | | | | |
| Stocks | 9,874 | 10,181 | | |
| Debtors | 39,058 | 33,150 | | |
| Investments | 228 | 215 | | |
| Cash at bank and in hand | 1,151 | 1,520 | | |
| | ----- | | | |
| | 50,311 | 45,066 | | |
| Creditors - amounts falling due within one year | | | | |

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| | | |
|--|---------|---------|
| Finance debt | 6,400 | 10,086 |
| Other creditors | 40,614 | 36,215 |
| | ----- | |
| Net current assets (liabilities) | 3,297 | (1,235) |
| | ----- | |
| Total assets less current liabilities | 115,958 | 112,824 |
| | | |
| Creditors - amounts falling due | | |
| after more than one year | | |
| Finance debt | 12,642 | 11,922 |
| Other creditors | 3,411 | 3,455 |
| Provisions for liabilities and charges | | |
| Deferred taxation | 13,686 | 13,514 |
| Other provisions | 14,096 | 13,886 |
| | ----- | |
| Net assets | 72,123 | 70,047 |
| Minority shareholders' interest - equity | 1,047 | 638 |
| | ----- | |
| BP shareholders' interest | 71,076 | 69,409 |
| | ===== | |

Movement in BP shareholders' interest:

\$ million

| | |
|--|---------|
| At 31 December 2002 | 69,409 |
| Profit for the period | 4,267 |
| Distribution to shareholders | (1,386) |
| Currency translation differences (net of tax) | (282) |
| Issue of ordinary share capital for employee share schemes | 67 |
| Repurchase of ordinary share capital | (999) |
| | ----- |
| At 31 March 2003 | 71,076 |

=====

Summarized Group Cash Flow Statement

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Net cash inflow from operating activities (a) | 5,961 | 6,197 | 3,636 |
| | ----- | | |
| Dividends from joint ventures | 13 | 69 | 83 |
| | ----- | | |
| Dividends from associated undertakings | 55 | 65 | 53 |
| | ----- | | |
| Servicing of finance and returns on investments | | | |
| Interest received | 31 | 63 | 48 |
| Interest paid | (207) | (335) | (309) |
| Dividends received | 6 | 38 | 2 |
| Dividends paid to minority shareholders | (2) | (11) | (13) |
| | ----- | | |
| Net cash outflow from servicing of finance and returns on investments | (172) | (245) | (272) |
| | ----- | | |
| Taxation | | | |
| UK corporation tax | (312) | (419) | (187) |
| Overseas tax | (320) | (642) | (258) |

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| | | | |
|---|---------|---------|---------|
| | ----- | | |
| Tax paid | (632) | (1,061) | (445) |
| | ----- | | |
| Capital expenditure and financial investment | | | |
| Payments for fixed assets | (2,877) | (3,544) | (2,799) |
| Proceeds from the sale of fixed assets | 2,317 | 726 | 317 |
| | ----- | | |
| Net cash outflow for capital expenditure and financial investment | (560) | (2,818) | (2,482) |
| | ----- | | |
| Acquisitions and disposals | | | |
| Investments in associated undertakings | (186) | (215) | (143) |
| Acquisitions, net of cash acquired | - | (28) | (1,550) |
| Net investment in joint ventures | (14) | (217) | (46) |
| Proceeds from the sale of businesses | 160 | 304 | 31 |
| | ----- | | |
| Net cash outflow for acquisitions and disposals | (40) | (156) | (1,708) |
| | ----- | | |
| Equity dividends paid | (1,397) | (1,340) | (1,288) |
| | ----- | | |
| Net cash inflow (outflow) | 3,228 | 711 | (2,423) |
| | ===== | | |
| Financing (b) | 3,593 | 304 | (2,283) |
| Management of liquid resources | 13 | (56) | (165) |
| (Decrease) increase in cash | (378) | 463 | 25 |
| | ----- | | |
| | 3,228 | 711 | (2,423) |
| | ===== | | |

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Analysis of Cash Flow

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| <p>(a) Reconciliation of historical cost profit before interest and tax to net cash inflow from operating activities</p> | | | |
| Historical cost profit before interest and tax | 6,318 | 2,114 | 2,422 |
| Depreciation and amounts provided | 2,709 | 2,515 | 2,153 |
| Exploration expenditure written off | 50 | 124 | 59 |
| Share of profits of joint ventures and associated undertakings | (304) | (250) | (256) |
| Interest and other income | (48) | (115) | (63) |
| (Profit) loss on sale of fixed assets and businesses | (394) | 895 | 109 |
| Charge for provisions | 202 | 451 | 169 |
| Utilization of provisions | (228) | (424) | (238) |
| Decrease (increase) in stocks | 376 | (63) | (496) |
| Increase in debtors | (6,935) | (269) | (410) |
| Increase in creditors | 4,215 | 1,219 | 187 |
| | ----- | | |
| Net cash inflow from operating activities | 5,961 | 6,197 | 3,636 |
| | ===== | | |

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(b) Financing

| | | | |
|---|---------|---------|---------|
| Long-term borrowing | (1,015) | (651) | (1,746) |
| Repayments of long-term borrowing | 403 | 905 | 234 |
| Short-term borrowing | (626) | (3,970) | (3,499) |
| Repayments of short-term borrowing | 3,899 | 4,037 | 2,819 |
| | ----- | | |
| | 2,661 | 321 | (2,192) |
| Issue of ordinary share capital for employee share schemes | (67) | (17) | (91) |
| Repurchase of ordinary share capital | 999 | - | - |
| | ----- | | |
| Net cash outflow (inflow) from financing | 3,593 | 304 | (2,283) |
| | ===== | | |

Capital Expenditure and Acquisitions

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--|--------------------------|---------------------------|--------------------------|
| | ===== | | |

\$ million

By business

Exploration and Production

| | | | |
|----------------|-----|-------|-------|
| UK | 196 | 177 | 261 |
| Rest of Europe | 51 | 73 | 71 |
| USA | 966 | 1,079 | 1,167 |

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| | | | |
|--------------------------------|-------|-------|-------|
| Rest of World | 924 | 1,244 | 814 |
| | ----- | | |
| | 2,137 | 2,573 | 2,313 |
| | ----- | | |
| Gas, Power and Renewables | | | |
| UK | 8 | - | 16 |
| Rest of Europe | 15 | 41 | 4 |
| USA | 38 | 60 | 16 |
| Rest of World | 7 | 22 | 10 |
| | ----- | | |
| | 68 | 123 | 46 |
| | ----- | | |
| Refining and Marketing | | | |
| UK | 73 | 163 | 76 |
| Rest of Europe(a) | 104 | 273 | 2,732 |
| USA | 336 | 430 | 303 |
| Rest of World | 24 | 180 | 26 |
| | ----- | | |
| | 537 | 1,046 | 3,137 |
| | ----- | | |
| Chemicals | | | |
| UK | - | 57 | 8 |
| Rest of Europe | 31 | 10 | 45 |
| USA | 46 | 116 | 42 |
| Rest of World | 19 | 102 | 93 |
| | ----- | | |
| | 96 | 285 | 188 |
| | ----- | | |
| Other businesses and corporate | | | |
| | 36 | 61 | 52 |
| | ----- | | |
| | 2,874 | 4,088 | 5,736 |

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=====

By geographical area

| | | | |
|----------------|-------|-------|-------|
| UK | 301 | 434 | 409 |
| Rest of Europe | 202 | 398 | 2,852 |
| USA | 1,396 | 1,708 | 1,531 |
| Rest of World | 975 | 1,548 | 944 |
| | ----- | | |
| | 2,874 | 4,088 | 5,736 |
| | ===== | | |

(a) 1Q 2002 included the acquisition of 51% of Veba.

US dollar/Sterling exchange rates

| | | | |
|-----------------------------|-------|------|------|
| Average rate for the period | 1.60 | 1.57 | 1.43 |
| Period-end rate | 1.57 | 1.60 | 1.42 |
| | ===== | | |

Analysis of Replacement Cost Operating Profit

| | | |
|---------|---------|---------|
| First | Fourth | First |
| Quarter | Quarter | Quarter |
| 2003 | 2002 | 2002 |
| ===== | | |

\$ million

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By business

Exploration and Production

| | | | |
|----------------|-------|-------|-------|
| UK | 1,134 | 965 | 727 |
| Rest of Europe | 193 | 177 | 152 |
| USA | 1,805 | 1,081 | 322 |
| Rest of World | 1,194 | 1,025 | 727 |
| | ----- | | |
| | 4,326 | 3,248 | 1,928 |
| | ----- | | |

Gas, Power and Renewables

| | | | |
|----------------|-------|------|------|
| UK | 3 | (31) | 2 |
| Rest of Europe | (9) | 1 | 47 |
| USA | 36 | 9 | (25) |
| Rest of World | 164 | 93 | 87 |
| | ----- | | |
| | 194 | 72 | 111 |
| | ----- | | |

Refining and Marketing

| | | | |
|----------------|-------|-------|-------|
| UK | 26 | (155) | (124) |
| Rest of Europe | 337 | (53) | 139 |
| USA | 97 | 80 | (79) |
| Rest of World | 171 | 92 | 132 |
| | ----- | | |
| | 631 | (36) | 68 |
| | ----- | | |

Chemicals

| | | | |
|----------------|------|------|------|
| UK | (34) | (47) | (31) |
| Rest of Europe | 88 | 65 | 47 |
| USA | 42 | 37 | 23 |
| Rest of World | 43 | 49 | 37 |

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| | | | | |
|--------------------------------|-------|-------|-------|-------|
| | ----- | | | |
| | | 139 | 104 | 76 |
| | ----- | | | |
| Other businesses and corporate | | (165) | (207) | (125) |
| | ----- | | | |
| | | 5,125 | 3,181 | 2,058 |
| | ===== | | | |

By geographical area

| | | | | |
|----------------|-------|-------|-------|-------|
| UK | | 1,053 | 793 | 530 |
| Rest of Europe | | 602 | 171 | 386 |
| USA | | 1,882 | 957 | 158 |
| Rest of World | | 1,588 | 1,260 | 984 |
| | ----- | | | |
| | | 5,125 | 3,181 | 2,058 |
| | ===== | | | |

Included above:

| | | | | |
|---|-------|-----|-----|-----|
| Share of profits of joint ventures | | 117 | 83 | 70 |
| Share of profits of associated undertakings | | 180 | 161 | 188 |
| | ----- | | | |
| | | 297 | 244 | 258 |
| | ===== | | | |

Notes

1. Turnover

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| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|----------------------------------|--------------------------|---------------------------|--------------------------|
| ===== | | | |
| \$ million | | | |
| By business | | | |
| Exploration and Production | 9,068 | 7,356 | 5,638 |
| Gas, Power and Renewables | 17,998 | 12,041 | 7,768 |
| Refining and Marketing | 41,435 | 33,443 | 24,889 |
| Chemicals | 3,938 | 3,118 | 2,642 |
| Other businesses and corporate | 111 | 131 | 135 |
| ----- | | | |
| | 72,550 | 56,089 | 41,072 |
| Less: sales between businesses | 8,762 | 6,367 | 4,782 |
| ----- | | | |
| Group excluding JVs | 63,788 | 49,722 | 36,290 |
| Share of sales by joint ventures | 398 | 413 | 279 |
| ----- | | | |
| | 64,186 | 50,135 | 36,569 |
| ===== | | | |
| By geographical area | | | |
| Group excluding JVs | | | |
| UK | 15,427 | 13,084 | 10,995 |
| Rest of Europe | 13,022 | 11,720 | 9,119 |
| USA | 31,098 | 22,573 | 15,265 |
| Rest of World | 13,736 | 10,845 | 6,984 |
| ----- | | | |
| | 73,283 | 58,222 | 42,363 |
| Less: sales between areas | 9,495 | 8,500 | 6,073 |
| ----- | | | |

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63,788 49,722 36,290

Notes

2. Operating profits are after charging:

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|---------------------------|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Exploration expense | | | |
| UK | 3 | 1 | 6 |
| Rest of Europe | 4 | 6 | 23 |
| USA | 37 | 30 | 42 |
| Rest of World | 68 | 142 | 53 |
| | ----- | | |
| | 112 | 179 | 124 |
| | ===== | | |
| Production taxes (a) | | | |
| UK petroleum revenue tax | 133 | 64 | 63 |
| Overseas production taxes | 371 | 298 | 184 |
| | ----- | | |
| | 504 | 362 | 247 |
| | ===== | | |

(a) Production taxes are charged against Exploration and Production's operating profit and are not included in the charge for taxation in Note 7.

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3. Analysis of exceptional items

| | | | |
|--|------|---------|-------|
| Exploration and Production | 433 | (1,133) | 5 |
| Gas, Power and Renewables | - | (33) | - |
| Refining and Marketing | (52) | 365 | (45) |
| Chemicals | 7 | (122) | (60) |
| Other businesses and corporate | 6 | 30 | (9) |
| ----- | | | |
| Profit (loss) on sale of fixed assets and businesses or termination of operations | 394 | (893) | (109) |
| Taxation (charge) credit | (54) | 21 | 39 |
| ----- | | | |
| Exceptional items after taxation | 340 | (872) | (70) |
| ===== | | | |

4. Replacement cost profit

Replacement cost profits reflect the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from the historical cost profit stock holding gains and losses.

Notes

5. Stock holding gains (losses)

First Fourth First

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| | Quarter | Quarter | Quarter |
|---------------------------------|------------|---------|---------|
| | 2003 | 2002 | 2002 |
| | ===== | | |
| | \$ million | | |
| Exploration and Production | 6 | (2) | 3 |
| Gas, Power and Renewables | 27 | 41 | 4 |
| Refining and Marketing | 620 | (201) | 495 |
| Chemicals | 146 | (12) | (29) |
| | ----- | | |
| | 799 | (174) | 473 |
| Minority shareholders' interest | - | - | 31 |
| | ----- | | |
| | 799 | (174) | 442 |
| | ===== | | |

6. Interest expense

| | | | |
|--|-------|------|------|
| Group interest payable(a) | 187 | 248 | 267 |
| Capitalized | (34) | (33) | (15) |
| | ----- | | |
| | 153 | 215 | 252 |
| Joint ventures | 13 | 14 | 14 |
| Associated undertakings | 10 | 19 | 24 |
| Unwinding of discount on provisions | 44 | 42 | 43 |
| Change in discount rate for provisions | - | 42 | - |
| | ----- | | |
| | 220 | 332 | 333 |
| | ===== | | |

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(a) Includes charges relating to the
early redemption of debt.

- 15 -

7. Charge for taxation

Current 1,581 1,112 533

Deferred 224 13 220

1,805 1,125 753

=====

UK 485 366 189

Overseas 1,320 759 564

1,805 1,125 753

=====

Notes

8. Analysis of changes in net debt

First Fourth First
Quarter Quarter Quarter
2003 2002 2002

=====

\$ million

Opening balance

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| | | | |
|---|--------|--------|---------|
| Finance debt | 22,008 | 22,276 | 21,417 |
| Less: Cash | 1,520 | 1,005 | 1,358 |
| Current asset investments | 215 | 285 | 450 |
| | ----- | | |
| Opening net debt | 20,273 | 20,986 | 19,609 |
| | ----- | | |
| Closing balance | | | |
| Finance debt | 19,042 | 22,008 | 24,531 |
| Less: Cash | 1,151 | 1,520 | 1,379 |
| Current asset investments | 228 | 215 | 286 |
| | ----- | | |
| Closing net debt | 17,663 | 20,273 | 22,866 |
| | ----- | | |
| Decrease (increase) in net debt | 2,610 | 713 | (3,257) |
| | ===== | | |
| Movement in cash/bank overdrafts | (378) | 463 | 25 |
| Increase(decrease) in current asset investments | 13 | (56) | (165) |
| Net cash outflow (inflow) from financing (excluding share capital) | 2,661 | 321 | (2,192) |
| Exchange of Exchangeable Bonds for Lukoil American Depositary Shares | 420 | - | - |
| Other movements | 64 | 19 | 25 |
| Debt acquired | - | (3) | (999) |
| | ----- | | |
| Movement in net debt before exchange effects | 2,780 | 744 | (3,306) |
| Exchange adjustments | (170) | (31) | 49 |
| | ----- | | |
| Decrease (increase) in net debt | 2,610 | 713 | (3,257) |
| | ===== | | |

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Notes

9. Consolidated statement of cash flows presented on a US GAAP format

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Operating activities | | | |
| Profit after taxation | 4,293 | 657 | 1,336 |
| Adjustments to reconcile profits after tax to net cash provided by operating activities: | | | |
| Depreciation and amounts provided | 2,709 | 2,515 | 2,153 |
| Exploration expenditure written off | 50 | 124 | 59 |
| Share of profit of joint ventures and associates less dividends received | (148) | (8) | (17) |
| (Profit) loss on sale of businesses and fixed assets | (394) | 895 | 109 |
| Working capital movement (see analysis below) | (1,475) | 907 | (669) |
| Deferred taxation | 224 | 13 | 220 |
| Other | 2 | (33) | (108) |
| | ----- | | |
| Net cash provided by operating activities | 5,261 | 5,070 | 3,083 |
| | ----- | | |

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Investing activities

| | | | |
|---------------------------------------|---------|---------|---------|
| Capital expenditures | (2,911) | (3,577) | (2,814) |
| Acquisitions, net of cash acquired | - | (28) | (1,550) |
| Investment in associated undertakings | (186) | (215) | (143) |
| Net investment in joint ventures | (14) | (217) | (46) |
| Proceeds from disposal of assets | 2,477 | 1,030 | 348 |
| | ----- | | |
| Net cash used in investing activities | (634) | (3,007) | (4,205) |
| | ----- | | |

Notes

9. Consolidated statement of cash flows presented on a US GAAP format

(continued)

| First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--------------------------|---------------------------|--------------------------|
|--------------------------|---------------------------|--------------------------|

=====

\$ million

Financing activities

| | | | |
|---|---------|-------|-------|
| Net proceeds from shares issued (repurchased) | (932) | 17 | 91 |
| Proceeds from long-term financing | 1,015 | 651 | 1,746 |
| Repayments of long-term financing | (403) | (905) | (234) |
| Net increase (decrease) in short-term debt | (3,273) | (67) | 680 |

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| | | | |
|---|---------|---------|---------|
| Dividends paid - BP shareholders | (1,397) | (1,340) | (1,288) |
| - Minority shareholders | (2) | (11) | (13) |
| | ----- | | |
| Net cash used in financing activities | (4,992) | (1,655) | (982) |
| | ----- | | |
| Currency translation differences relating to cash and cash equivalents | 9 | 37 | (3) |
| | ----- | | |
| (Decrease) increase in cash and cash equivalents | (356) | 445 | (143) |
| | ----- | | |
| Cash and cash equivalents at beginning of period | 1,735 | 1,290 | 1,808 |
| | ----- | | |
| Cash and cash equivalents at end of period | 1,379 | 1,735 | 1,665 |
| | ----- | | |
| Analysis of working capital movement | | | |
| Decrease (increase) in stocks | 376 | (63) | (496) |
| Increase in debtors | (6,946) | (271) | (443) |
| Increase in creditors | 5,095 | 1,241 | 270 |
| | ----- | | |
| Total working capital movement | (1,475) | 907 | (669) |
| | ===== | | |

Notes

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10. Ordinary shares

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|-----------------------------------|--------------------------|---------------------------|--------------------------|
| ===== | | | |
| shares thousand | | | |
| Shares in issue at period end (a) | 22,241,895 | 22,378,651 | 22,456,493 |
| Average number of shares | | | |
| Outstanding (b) | 22,326,486 | 22,351,122 | 22,402,868 |

(a) Each BP ADS represents six BP Ordinary Shares.

(b) Excludes shares held by the Employee Share Ownership Plan.

11. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2002 Annual Report and Accounts were approved by a duly appointed and authorized committee of the Board of Directors on 11 February 2003, but have not yet been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

Contacts

London

New York

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| | | |
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BP p.l.c.
 Group Results
 First Quarter 2003

London 29 April 2003

INVESTOR RELATIONS SUPPLEMENT

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR SPECIAL ITEMS (a) AND
 ACQUISITION AMORTIZATION (b)

| | | | |
|--|---------|---------|---------|
| | First | Fourth | First |
| | Quarter | Quarter | Quarter |
| | 2003 | 2002 | 2002 |

=====

\$ million

| | | | |
|----------------------------|-------|-------|-----|
| Exploration and Production | | | |
| UK | 1,220 | 1,011 | 809 |
| Rest of Europe | 193 | 177 | 152 |

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| | | | |
|------------------------------------|-------|-------|-------|
| USA | 2,145 | 1,421 | 665 |
| Rest of World | 1,330 | 1,057 | 774 |
| | ----- | | |
| | 4,888 | 3,666 | 2,400 |
| | ----- | | |
| Gas, Power and Renewables | | | |
| UK | 3 | (31) | 2 |
| Rest of Europe | (9) | 1 | 47 |
| USA | 36 | 9 | (25) |
| Rest of World | 164 | 93 | 87 |
| | ----- | | |
| | 194 | 72 | 111 |
| | ----- | | |
| Refining and Marketing | | | |
| UK | 136 | (21) | (27) |
| Rest of Europe | 355 | 225 | 165 |
| USA | 192 | 235 | 17 |
| Rest of World | 171 | 148 | 132 |
| | ----- | | |
| | 854 | 587 | 287 |
| | ----- | | |
| Chemicals | | | |
| UK | (34) | (26) | (31) |
| Rest of Europe | 88 | 74 | 49 |
| USA | 42 | 42 | 53 |
| Rest of World | 43 | 49 | 37 |
| | ----- | | |
| | 139 | 139 | 108 |
| | ----- | | |
| Other businesses and corporate | | | |
| UK | (76) | 81 | (44) |

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| | | | |
|----------------|-------|-------|-------|
| Rest of Europe | (7) | (18) | 1 |
| USA | (98) | (210) | (83) |
| Rest of World | 16 | 1 | 1 |
| | ----- | | |
| | (165) | (146) | (125) |
| | ----- | | |
| | 5,910 | 4,318 | 2,781 |
| | ===== | | |

- (a) The special items refer to non-recurring charges and credits. The special items for the first quarter are restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing and tax restructuring benefits.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

PER SHARE AMOUNTS

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|---|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| Shares in issue at period end (thousand) | 22,241,895 | 22,378,651 | 22,456,493 |
| - ADS equivalent (thousand) | 3,706,983 | 3,729,775 | 3,742,749 |

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Average number of shares outstanding

| | | | |
|-----------------------------|------------|------------|------------|
| (thousand) * | 22,326,486 | 22,351,122 | 22,402,868 |
| - ADS equivalent (thousand) | 3,721,081 | 3,725,187 | 3,733,811 |

Replacement cost profit after

| | | | |
|-------------------------|-------|------|------|
| exceptional items (\$m) | 3,468 | 825 | 854 |
| cents/ordinary share | 15.53 | 3.69 | 3.81 |
| dollars/ADS | 0.93 | 0.22 | 0.23 |

Replacement cost profit before

| | | | |
|-------------------------|-------|-------|------|
| exceptional items (\$m) | 3,128 | 1,697 | 924 |
| cents/ordinary share | 14.01 | 7.58 | 4.12 |
| dollars/ADS | 0.84 | 0.45 | 0.25 |

Pro forma result adjusted for

| | | | |
|----------------------|-------|-------|-------|
| special items (\$m) | 3,729 | 2,635 | 1,582 |
| cents/ordinary share | 16.70 | 11.78 | 7.06 |
| dollars/ADS | 1.00 | 0.71 | 0.42 |

* Excludes shares held by the Employee Share Ownership Plans.

ACQUISITION AMORTIZATION BY BUSINESS

| | | |
|---------|---------|---------|
| First | Fourth | First |
| Quarter | Quarter | Quarter |
| 2003 | 2002 | 2002 |

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| ===== | | | |
|--------------------------------|-------|-----|-----|
| \$ million | | | |
| Exploration and Production | | | |
| UK | 33 | 41 | 32 |
| USA | 259 | 246 | 281 |
| Rest of World | 131 | 32 | 32 |
| | ----- | | |
| | 423 | 319 | 345 |
| | ----- | | |
| Refining and Marketing | | | |
| UK | 110 | 107 | 97 |
| USA | 95 | 96 | 96 |
| | ----- | | |
| | 205 | 203 | 193 |
| | ----- | | |
| Total acquisition amortization | 628 | 522 | 538 |
| | ===== | | |

SPECIAL ITEMS BY BUSINESS (PRE-TAX)

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|----------------------------|--------------------------|---------------------------|--------------------------|
| ===== | | | |
| \$ million | | | |
| Exploration and Production | | | |
| UK | 53 | 5 | 50 |

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| | | | |
|---------------------------|-------|-----|-----|
| Rest of Europe | - | - | - |
| USA | 81 | 94 | 62 |
| Rest of World | 5 | - | 15 |
| | ----- | | |
| | 139 | 99 | 127 |
| | ----- | | |
| Gas, Power and Renewables | | | |
| UK | - | - | - |
| Rest of Europe | - | - | - |
| USA | - | - | - |
| Rest of World | - | - | - |
| | ----- | | |
| | - | - | - |
| | ----- | | |
| Refining and Marketing | | | |
| UK | - | 27 | - |
| Rest of Europe | 18 | 278 | 26 |
| USA | - | 59 | - |
| Rest of World | - | 56 | - |
| | ----- | | |
| | 18 | 420 | 26 |
| | ----- | | |
| Chemicals | | | |
| UK | - | 21 | - |
| Rest of Europe | - | 9 | 2 |
| USA | - | 5 | 30 |
| Rest of World | - | - | - |
| | ----- | | |

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| | | | |
|-------------------------------------|-----|-----|-----|
| | - | 35 | 32 |
| ----- | | | |
| Other businesses and corporate | | | |
| UK | - | 20 | - |
| Rest of Europe | - | 1 | - |
| USA | - | 40 | - |
| Rest of World | - | - | - |
| ----- | | | |
| | - | 61 | - |
| ----- | | | |
| Total special items before interest | 157 | 615 | 185 |
| Interest - bond redemption charges | - | 15 | - |
| ----- | | | |
| Total | 157 | 630 | 185 |
| ===== | | | |

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)
TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

| \$ million | Reported Earnings | Acquisition Amortization | pro forma result adjusted for | |
|----------------------------|----------------------|-----------------------------|----------------------------------|------------------|
| | | | Special Items (a) | special items |
| ===== | | | | |
| 4Q 2002 | | | | |
| Exploration and Production | 3,248 | 319 | 99 | 3,666 |
| Gas, Power and Renewables | 72 | - | - | 72 |

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| | | | | |
|-------------------------------|---------|-----|-------|---------|
| Refining and Marketing | (36) | 203 | 420 | 587 |
| Chemicals | 104 | - | 35 | 139 |
| Other businesses & corporate | (207) | - | 61 | (146) |
| ----- | | | | |
| RC operating profit | 3,181 | 522 | 615 | 4,318 |
| ----- | | | | |
| Interest expense | (332) | - | 15 | (317) |
| Taxation | (1,146) | - | (214) | (1,360) |
| MSI | (6) | - | - | (6) |
| ----- | | | | |
| RC profit before | | | | |
| exceptional items | 1,697 | 522 | 416 | 2,635 |
| ===== | | | | |
| Exceptional items before tax | (893) | | | |
| Taxation on exceptional items | 21 | | | |
| ----- | | | | |
| RC profit after | | | | |
| exceptional items | 825 | | | |
| Stock holding gains (losses) | (174) | | | |
| ----- | | | | |
| HC profit | 651 | | | |
| ===== | | | | |
| 1Q 2002 | | | | |
| Exploration and Production | 1,928 | 345 | 127 | 2,400 |
| Gas, Power and Renewables | 111 | - | - | 111 |
| Refining and Marketing | 68 | 193 | 26 | 287 |
| Chemicals | 76 | - | 32 | 108 |
| Other businesses & corporate | (125) | - | - | (125) |
| ----- | | | | |
| RC operating profit | 2,058 | 538 | 185 | 2,781 |

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| | | | | |
|-------------------------------|-------|-----|------|-------|
| | ----- | | | |
| Interest expense | (333) | - | - | (333) |
| Taxation | (792) | - | (65) | (857) |
| MSI | (9) | - | - | (9) |
| | ----- | | | |
| RC profit before | | | | |
| exceptional items | 924 | 538 | 120 | 1,582 |
| | ===== | | | |
| Exceptional items before tax | (109) | | | |
| Taxation on exceptional items | 39 | | | |
| | ----- | | | |
| RC profit after | | | | |
| exceptional items | 854 | | | |
| Stock holding gains (losses) | 442 | | | |
| | ----- | | | |
| HC profit | 1,296 | | | |
| | ===== | | | |

(a) The special items refer to non-recurring charges and credits. The special items for the fourth quarter 2002 include an asset write-down in Exploration and Production, integration and restructuring costs and an impairment charge in Refining and Marketing, integration and restructuring costs in Chemicals, provisions to cover future rental payments on surplus leasehold property and environmental charges in Other businesses and corporate, and a bond redemption charge. The special items for the first quarter 2002 comprise restructuring charges for Upstream and Chemicals, Veba, Solvay and Erdolchemie integration costs and litigation costs.

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REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR
NON-CASH CHARGES AND CERTAIN OTHER ITEMS

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|--|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Replacement cost operating profit (reported) (a) | 5,125 | 3,181 | 2,058 |
| Depreciation and amounts provided (b) | 2,709 | 2,515 | 2,153 |
| Exploration expenditure written off | 50 | 124 | 59 |
| Dividends from JVs and associates less share of RCOP | (229) | (110) | (122) |
| Dividends paid to minority shareholders | (2) | (11) | (13) |
| Adjust provisions to cash basis (c) | (26) | 27 | (69) |
| Adjust interest and other income to cash basis (d) | (11) | (14) | (13) |
| | ----- | | |
| | 7,616 | 5,712 | 4,053 |
| Tax paid adjusted for certain items* | (650) | (1,199) | (592) |
| | ----- | | |
| Adjusted RCOP after tax paid | 6,966 | 4,513 | 3,461 |
| | ----- | | |
| * Calculation of tax paid adjusted for certain items | | | |
| Cash tax paid | (632) | (1,061) | (445) |
| Tax charge on exceptional items | 54 | (21) | (39) |
| Tax shield assumption + | (72) | (117) | (108) |
| | ----- | | |
| | (650) | (1,199) | (592) |

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+ Calculation of tax shield assumption

| | | | |
|-------------------------|-------|-------|-------|
| Interest paid | (207) | (335) | (309) |
| Tax rate assumption (e) | 35% | 35% | 35% |
| | (72) | (117) | (108) |

- (a) Total replacement cost operating profit is before exceptional items, stock holding gains and losses and interest expense.
- (b) Includes depreciation and amortization relating to the fixed asset revaluation adjustment and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.
- (c) Calculated as the net of charge for provisions and utilization of provisions.
- (d) Calculated as interest and other income, less interest received and dividends received from the group cash flow statement.
- (e) Deemed tax rate for tax shield adjustment is equal to the US statutory tax rate.

RETURN ON AVERAGE CAPITAL EMPLOYED

| First Quarter | Fourth Quarter | First Quarter |
|---------------|----------------|---------------|
| 2003 | 2002 | 2002 |
| ===== | | |
| \$ million | | |

Replacement cost basis

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| | | | |
|--|--------|--------|--------|
| RC profit before exceptional items | 3,128 | 1,697 | 924 |
| Interest + | 99 | 140 | 164 |
| Minority shareholders' interest | 26 | 6 | 9 |
| | ----- | | |
| Adjusted RC profit | 3,253 | 1,843 | 1,097 |
| | ===== | | |
| Average Capital Employed | 91,610 | 91,767 | 89,594 |
| | ----- | | |
| ROACE - replacement cost basis | 14.2% | 8.0% | 4.9% |
| | ----- | | |
| Pro forma basis | | | |
| Adjusted RC profit | 3,253 | 1,843 | 1,097 |
| Acquisition amortization | 628 | 522 | 538 |
| Special items (post tax) | (27) | 406 | 120 |
| | ----- | | |
| Average capital employed | 91,610 | 91,767 | 89,594 |
| Average capital employed acquisition adjustment | 15,940 | 16,903 | 18,590 |
| | ----- | | |
| Average capital employed (pro forma basis) | 75,670 | 74,864 | 71,004 |
| | ----- | | |
| ROACE - Pro forma basis adjusted for special items | 20.4% | 14.8% | 9.9% |
| | ----- | | |
| Historical cost basis | | | |
| Historical cost profit after exceptional items | 4,267 | 651 | 1,296 |
| Interest + | 99 | 140 | 164 |
| Minority shareholders' interest | 26 | 6 | 40 |
| | ----- | | |
| Adjusted historical cost profit | 4,392 | 797 | 1,500 |
| | ===== | | |

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| | | | |
|--|--------|--------|--------|
| Average capital employed | 91,610 | 91,767 | 89,594 |
| ROACE - historical cost basis after exceptionals | 19.2% | 3.5% | 6.7% |

+ Excludes interest on joint venture and associated undertakings debt as well as unwinding of discount on provisions and effect of change in discount rate on provisions, and is on a post-tax basis, using a deemed tax rate equal to the US statutory tax rate.

NET DEBT RATIO - NET DEBT: NET DEBT + EQUITY

| | First Quarter 2003 | Fourth Quarter 2002 | First Quarter 2002 |
|------------------------------------|--------------------------|---------------------------|--------------------------|
| | ===== | | |
| | \$ million | | |
| Gross debt | 19,042 | 22,008 | 24,531 |
| Cash and current asset investments | 1,379 | 1,735 | 1,665 |
| | ----- | | |
| Net debt | 17,663 | 20,273 | 22,866 |
| | ===== | | |
| Equity | 72,123 | 70,047 | 67,481 |
| Net debt ratio | 20% | 22% | 25% |
| | ----- | | |
| Acquisition adjustment | 15,208 | 16,672 | 18,297 |
| | ----- | | |
| Net debt ratio - pro forma basis | 24% | 28% | 32% |

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END

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BP p.l.c.
(Registrant)

Dated: 29 April, 2003

/s/ D. J. PEARL
.....
D. J. PEARL
Deputy Company Secretary