

ASX Announcement

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WOODSIDE ACHIEVES FULL YEAR PROFIT OF US\$2.414 BILLION

Woodside has achieved a full year reported net profit after tax (NPAT) of US\$2.414 billion and a record underlying NPAT of US\$2.421 billion, underpinned by record production of 95.1 MMboe and record operating revenue of US\$7.435 billion.

Financial headlines

- Reported NPAT of US\$2.414 billion, up 38% on 2013 (US\$1.749 billion), the second highest in the company's history, exceeded only by the 2012 result, which was enhanced by the Browse partial equity sale.
- Record underlying NPAT of US\$2.421 billion¹, up 42% on 2013 (US\$1.702 billion) and up 17% on the previous record of US\$2.061 billion in 2012.
- Record operating revenue of US\$7.435 billion, up 25% from 2013 (US\$5.926 billion).
- Positive free cash flow of US\$4.168 billion, up 84% from 2013 (US\$2.271 billion).
- Earnings per share (EPS) on a reported basis of US293 cents per share (cps), up 38% from 2013 (US213 cps).
- Record Underlying EPS of US294 cps, up 42% from 2013 (US207 cps).
- Record final dividend of US144 cps, up 40% from 2013 (US103 cps).
- Record full year dividends of US255 cps, up 2% from 2013 (US249 cps).
- Available funds of US\$6.818 billion (cash of US\$3.268 billion and available debt facilities of US\$3.550 billion).
- Net cash of US\$682 million, up US\$2.223 billion from 2013 (Net debt of US\$1.541 billion).
- Average realised prices of US\$75.89/boe, up 13% from 2013 (US\$67.43/boe).
- Oil unit production costs of US\$25.83/boe, down 24% from 2013 (US\$34.18/boe).
- Gas unit production costs of US\$4.89/boe, down 11% from 2013 (US\$5.49/boe).

Woodside CEO Peter Coleman said the results reflected Woodside's rigorous approach to improving facility reliability and achieving cost savings across the business.

"Our 2014 reported profit increased 38 per cent on the previous year, reflecting record production and higher realised prices. Our focus on lowering cost structures is evidenced in unit production costs decreasing. Continuous improvement in driving business efficiencies will remain our priority in the current challenging market conditions," he said.

Mr Coleman said the company had significantly progressed its global growth strategy throughout the year, re-balancing its exploration portfolio, developing marketing and trading opportunities and through the proposed acquisition of key Apache interests.

"We have made significant progress in building our global exploration portfolio in emerging petroleum provinces in parallel with increasing supply optionality for customers. The world-class Wheatstone, Balnaves and Kitimat interests will provide value-enhancing opportunities that complement our existing portfolio."

¹ Woodside's financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The underlying (non-IFRS) profit is unaudited but is derived from auditor reviewed accounts by removing the impact of non-recurring items from the reported (IFRS) auditor reviewed profit. Woodside believes the non-IFRS profit reflects a more meaningful measure of the company's underlying performance.

Woodside reaffirmed its 2015 production target range of 84 to 91 MMboe. This range does not include production from the Apache asset purchase² which is expected to be 3 to 4 MMboe³ based on a targeted transaction close date of 31 March 2015. The additional range reflects the inclusion of Balnaves oil production and Kitimat pipeline natural gas production, split approximately 55% Balnaves oil and 45% Kitimat pipeline natural gas. An updated production target range will be issued after the transaction has closed.

Key Business Achievements

- Record production of 95.1 MMboe, up 9% on 2013 (87.0 MMboe). The result was primarily due to higher reliability at North West Shelf (NWS) and Pluto as well as additional Vincent production.
- Lost time injury frequency per million hours worked was 0.22 in 2014, down from 0.43 in 2013, an improvement of 49%.
- Total Recordable Injury Rate per million hours worked was 1.90 in 2014, down from 3.00 in 2013, an improvement of 37%.
- Entered into a binding transaction to acquire Apache's Wheatstone LNG, Balnaves oil and Kitimat LNG project interests, for an aggregate purchase price of US\$2.75 billion.
- Productivity program initiatives delivered \$560 million in benefits in 2014.
- New exploration acreage acquired in Cameroon, Canada (Nova Scotia), Gabon, Morocco, Myanmar and Tanzania.
- Recommended exploration drilling in Australia with the Toro-1 well in the Exmouth sub-basin resulting in a gas discovery.
- Completed six 3D marine seismic surveys covering 11,678km².
- Completed basis of design for the Browse FLNG Development.
- The NWS project participants approved the Persephone Project off the north-west coast of Australia.
- Signed a Sales and Purchase Agreement (SPA) with Chubu Electric Power Co. Inc. for the sale of up to approximately 1.5 million tonnes of LNG over a three year period commencing in April 2014.
- Signed an SPA with Korea Gas Corporation for the sale of up to approximately 2.2 million tonnes of LNG over a three year period commencing in April 2014.
- Signed an SPA with Cheniere Energy to purchase approximately 0.85 million tonnes of LNG per annum for a period of twenty years upon the start-up of the second train at the LNG export facility being developed near Corpus Christi, Texas. Cargoes to Woodside from Train 2 are expected to start in 2019 (the agreement is subject to conditions).
- Signed a Heads of Agreement with Singapore-based Pavilion Gas to supply up to 0.56 million tonnes per annum of LNG from our portfolio for a term of 13 years starting in 2020.
- Signed a Sole Proponent Agreement with the Government of British Columbia to access land at Grassy Point to undertake feasibility studies for a potential LNG development.

Sustainable Development Report

Woodside's 2014 Sustainable Development Report will be released to the ASX in March and available on Woodside's website (www.woodside.com.au) thereafter.

Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, Woodside Petroleum Ltd advises that its Annual General Meeting will be held in Perth, Western Australia on Thursday, 16 April 2015.

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² The acquisition remains subject to regulatory approvals and joint venture participant consent for the Kitimat LNG project.

³ Estimates of Apache asset production is based on Woodside's analysis of Apache's production data, Woodside will issue a consolidated production range after the transaction has closed.