2015 half-year results briefing

Peter Coleman | Chief Executive Officer and Managing Director

19 August 2015

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All references to dollars, cents or $ in this presentation are to US currency, unless otherwise stated.

References to “Woodside” may be references to Woodside Petroleum Ltd. or its applicable subsidiaries.

Key achievements

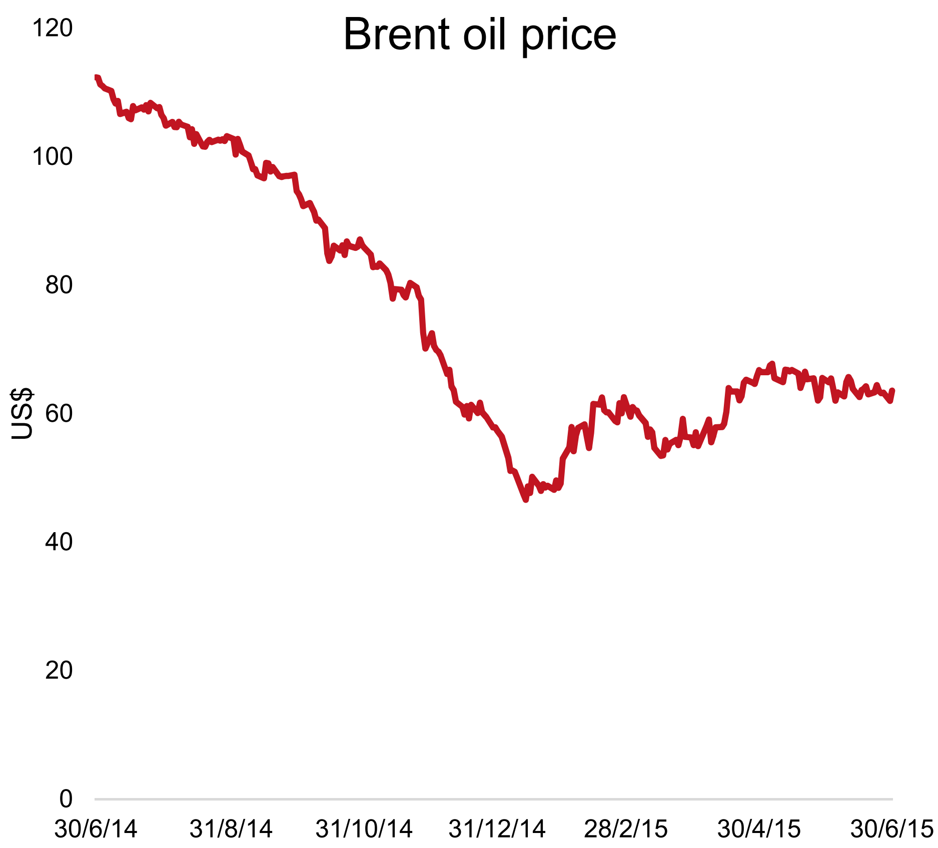
- Delivered on our operating and investment commitments
- Entered FEED for Browse, FID targeted 2H 2016, accelerated Greater Enfield
- Increased 2P reserves (19.5%, 260.9 MMboe), 2C contingent resources (151%, 2,632 MMboe) by acquisition
- Discovered additional 2C contingent resources of 68 MMboe (net) for Pluto with the Pyxis-1 exploration well
- Refinanced $3.75 billion debt, decreased pre-tax portfolio cost of debt to 2.6% pa

Financial headlines

	US$ million unless otherwise stated
Operating revenue	2,556
Reported Net Profit after Tax	679
Reported earnings	US83 cps[1]
Interim dividend	US66 cps[1]
Operating cash flow	1,083
Net debt	$3.8 billion
Gearing	20%

1. cps – cents per share

Business environment – 1H 2015



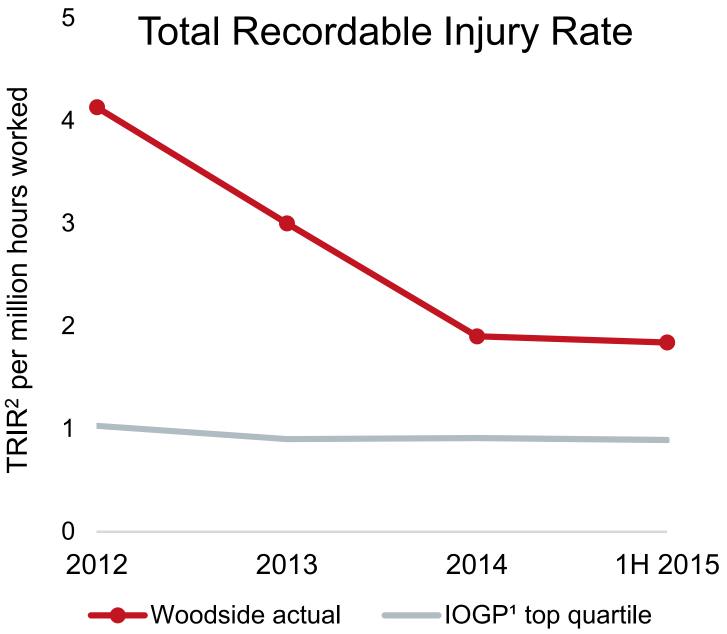
- Oil market likely to remain oversupplied through 2016
- 2015 world oil demand growth 1.4 mbd; double 2014 growth
- Oil market rebalancing gradually
- Spot prices for LNG to Asia have softened
- China’s economy continues to slow; less energy intensive

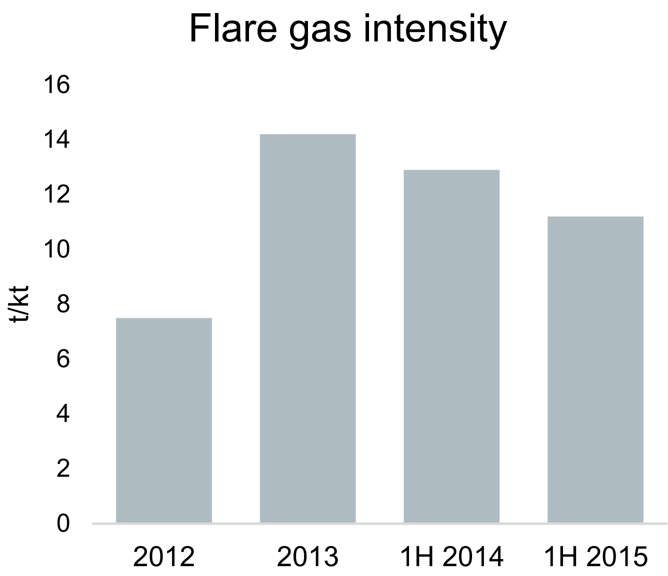
Woodside’s resilient business model

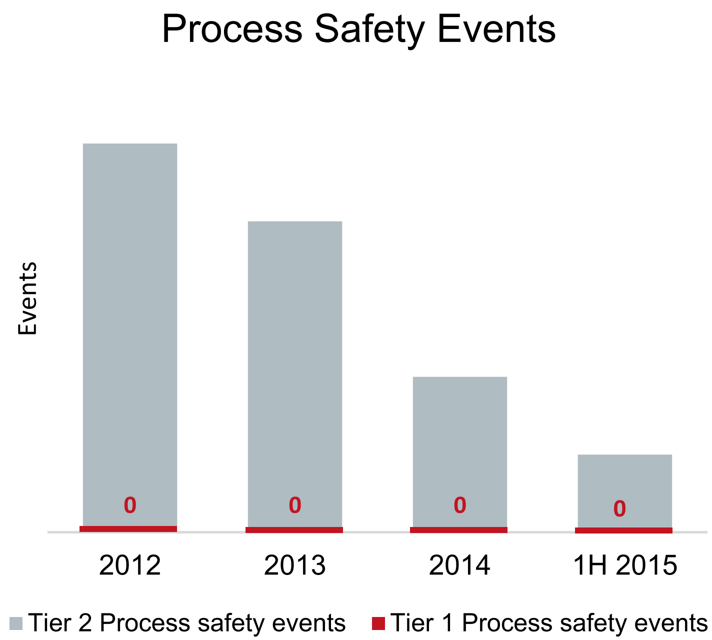
- Continued strong cash flows
- Low capital commitments and accelerating cost reductions
- Existing LNG contracts provide solid base
- Positioned to provide yield and growth

Safety and environment

Unrelenting focus on achieving top-quartile performance







1. *International Association of Oil and Gas Producers*
2. *Total recordable injury rate per million hours worked, which reduced to 1.84 (1H 2015) from 1.90 (2014)*

Financial management

Lawrie Tremaine | Chief Financial Officer

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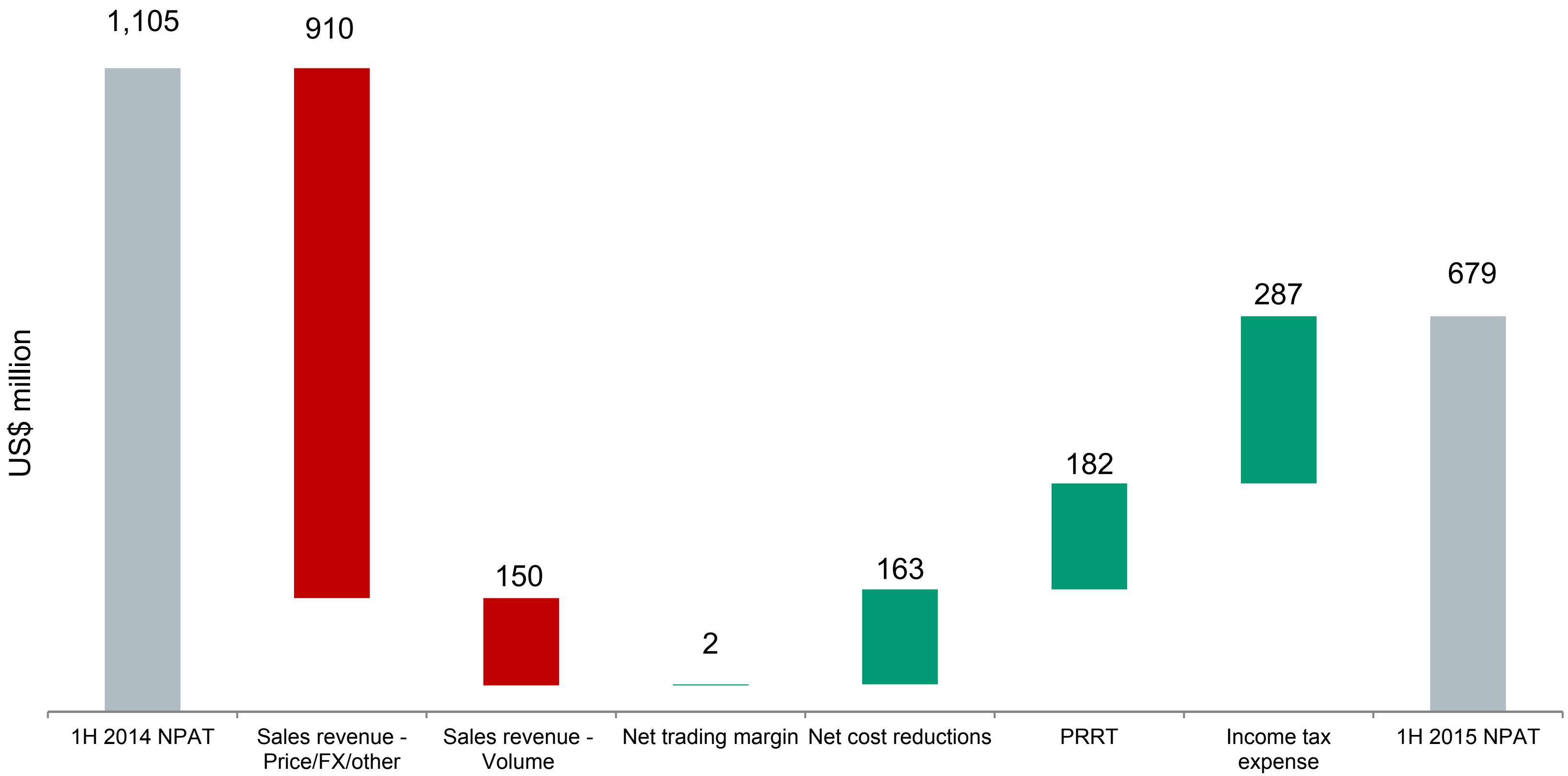
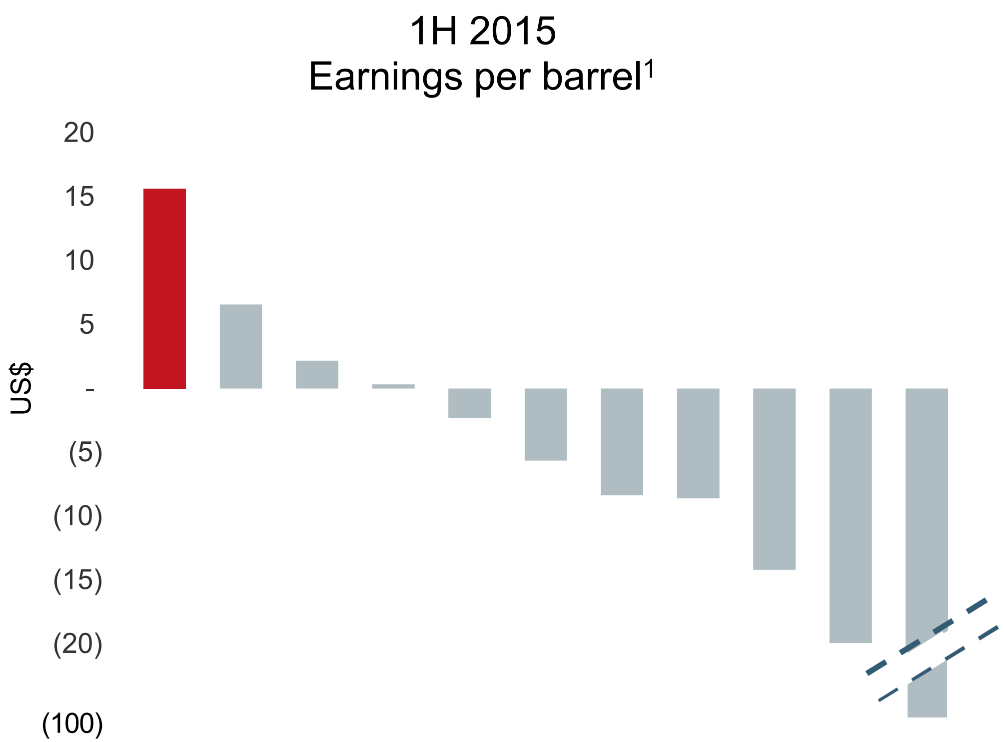
Reported profit - 1H 2014 vs. 1H 2015

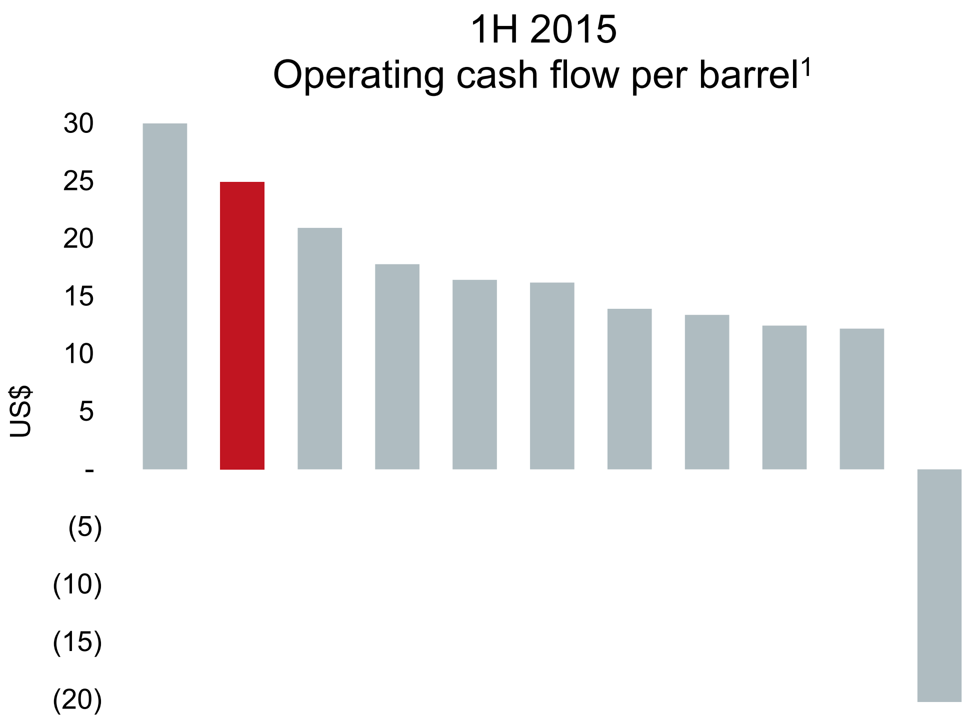
First half reported profit of $679 million down 39% on 1H 2014



Competitive financial performance

Peer leading earnings per barrel for 1H 2015



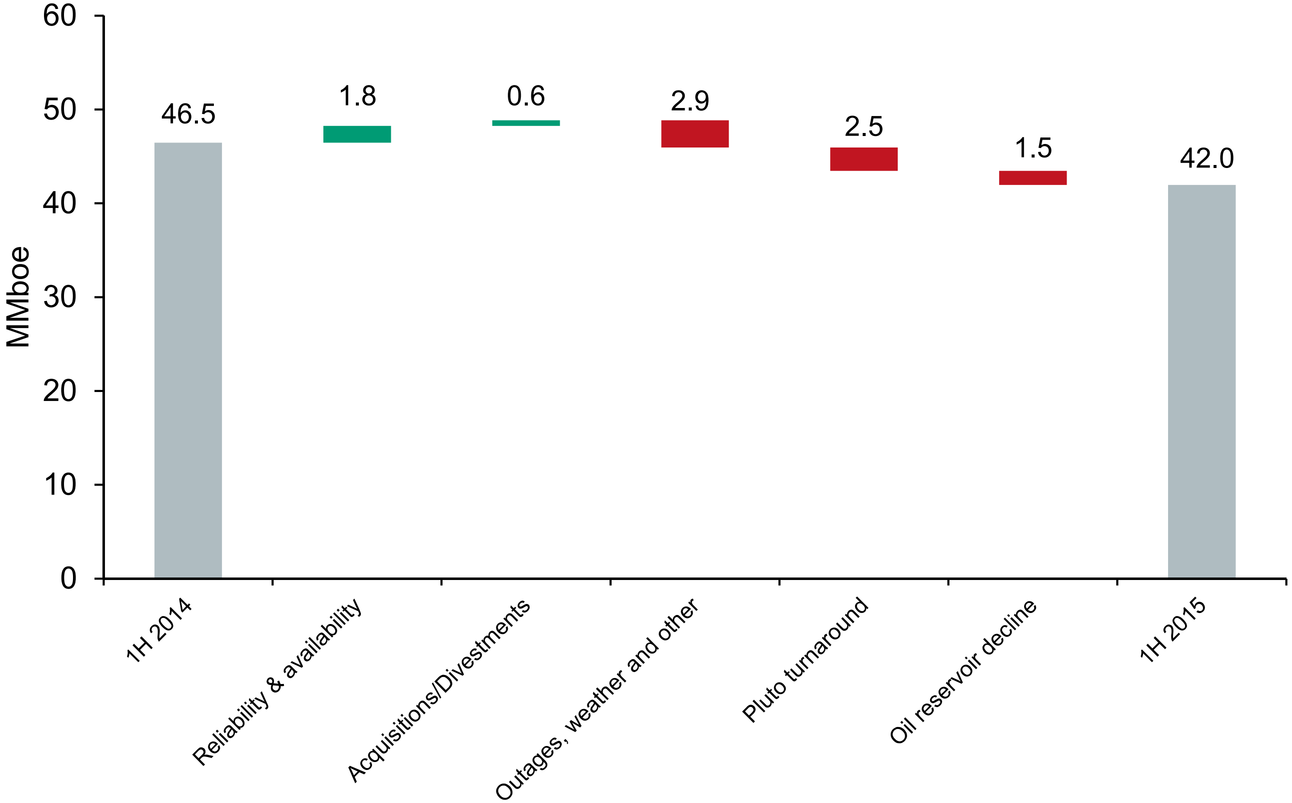


Peers, reported as at 17 August 2015 | Woodside

1. *Comparison against Woodside's Peer Group (as defined in the 2014 Annual Report) that have reported 1H 2015 results as at 17 August 2015*

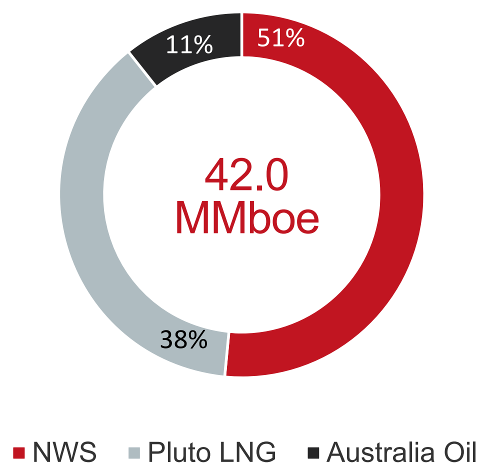
Production

First half production of 42.0 MMboe down 10% from 1H 2014



2015 guidance unchanged, 86-94 MMboe

- Pluto turnaround ten days, 30% ahead of schedule
- Continued reliability improvement
- Adverse cyclone impacts



"Reliability & availability" improvements on oil assets and NWS
"Outages, weather and other" includes changes in maintenance, reliability, asset interruptions and any other change not shown separately

Product pricing

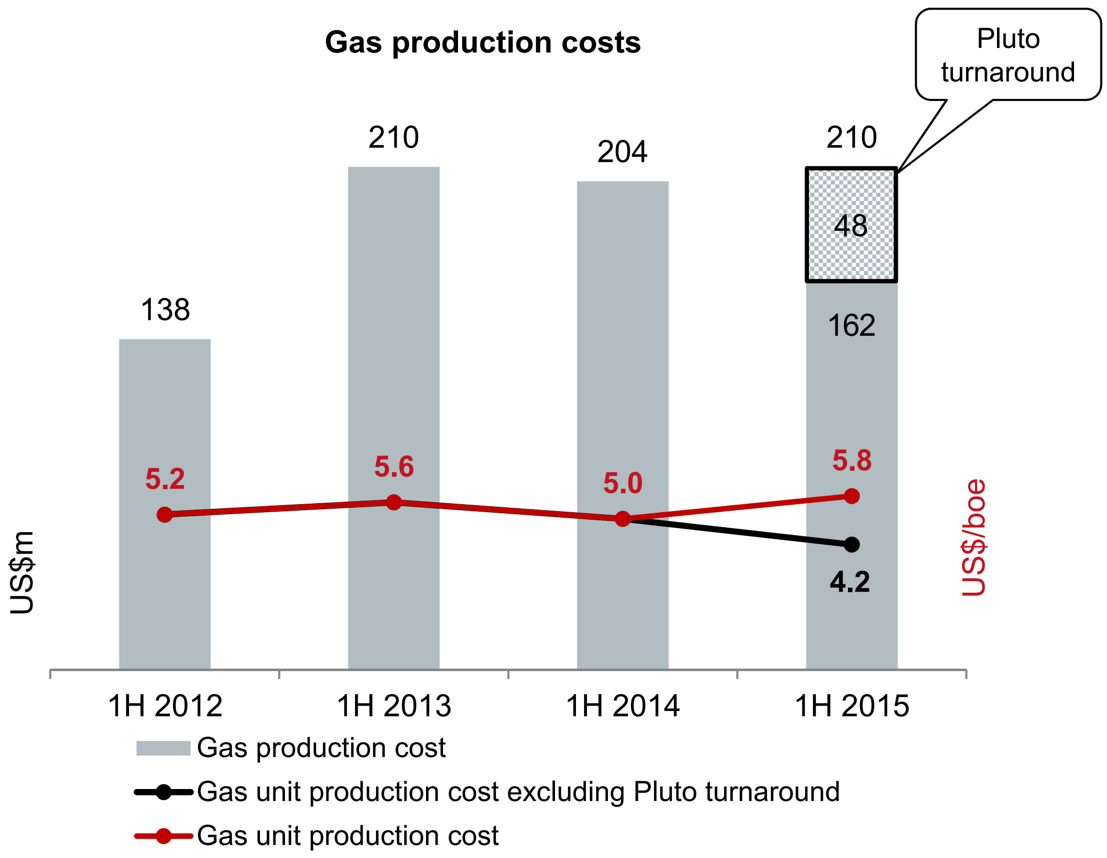
Products	US$/boe 1H 2015	US$/boe 1H 2014	% Variance	US$m Revenue impact
NWS LNG	48	77	(38%)	(310)
Pluto LNG	67	70	(4%)	(45)
Pipeline natural gas	23	31	(26%)	(27)
Condensate	53	108	(51%)	(206)
LPG	56	108	(48%)	(18)
Oil	59	111	(47%)	(259)
Volume weighted average realised prices	**53**	**75**	(29%)	
Brent average price	**59**	**109**	(46%)	

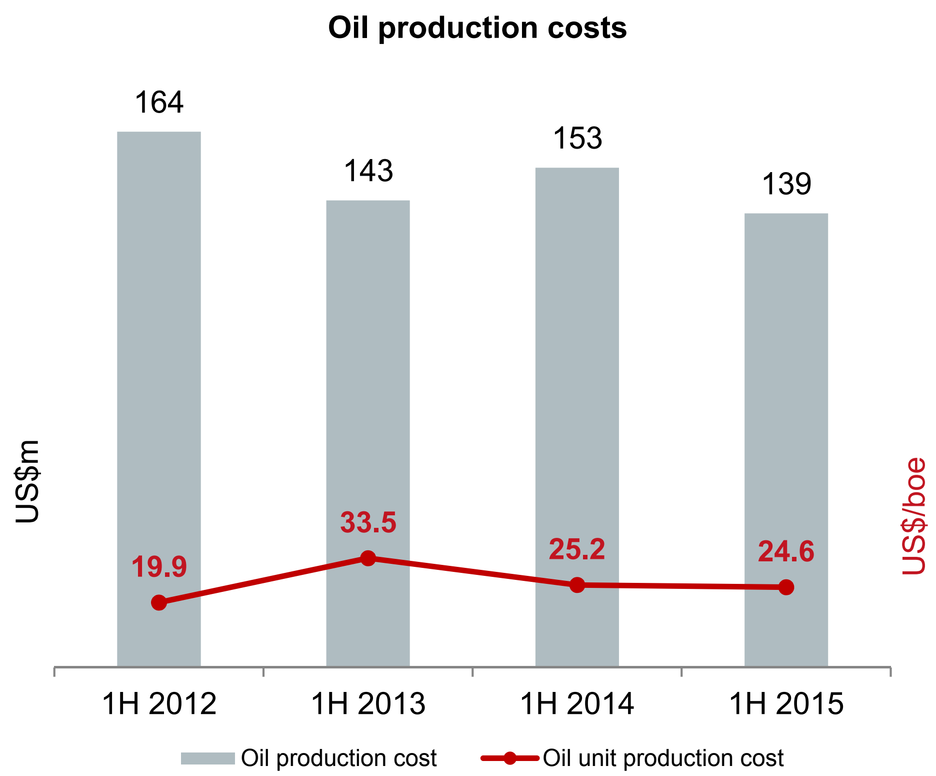
- Pluto price change reflects
  - full half impact of price review
  - LNG pricing lag to JCC[1]

1. *Japanese Customs Cleared price*

Unit production costs

Success in delivering cost reduction





Productivity program is delivering

External spend optimised
Target: 10 to 20% reduction in external spend

Savings	2014	2015E
Opex	$139m	~$115m
Capex	$94m	~$180m

Volume maximised
Target: 3 to 5% uplift in volumes from existing assets

- Improved plant reliability and reduced turnaround times resulted in 4.6% improvement in 2014
- Target to sustain performance in 2015
- 30% reduction in Pluto turnaround duration in 2015

Organisation streamlined
Target: 10 to 20% improvement in efficiency

- Organisation savings ~ 20%
- Leaner, fewer layers (8 to 7) and greater spans of control (5 to 6.5)
- Culture changing, expanding continuous improvement mindset

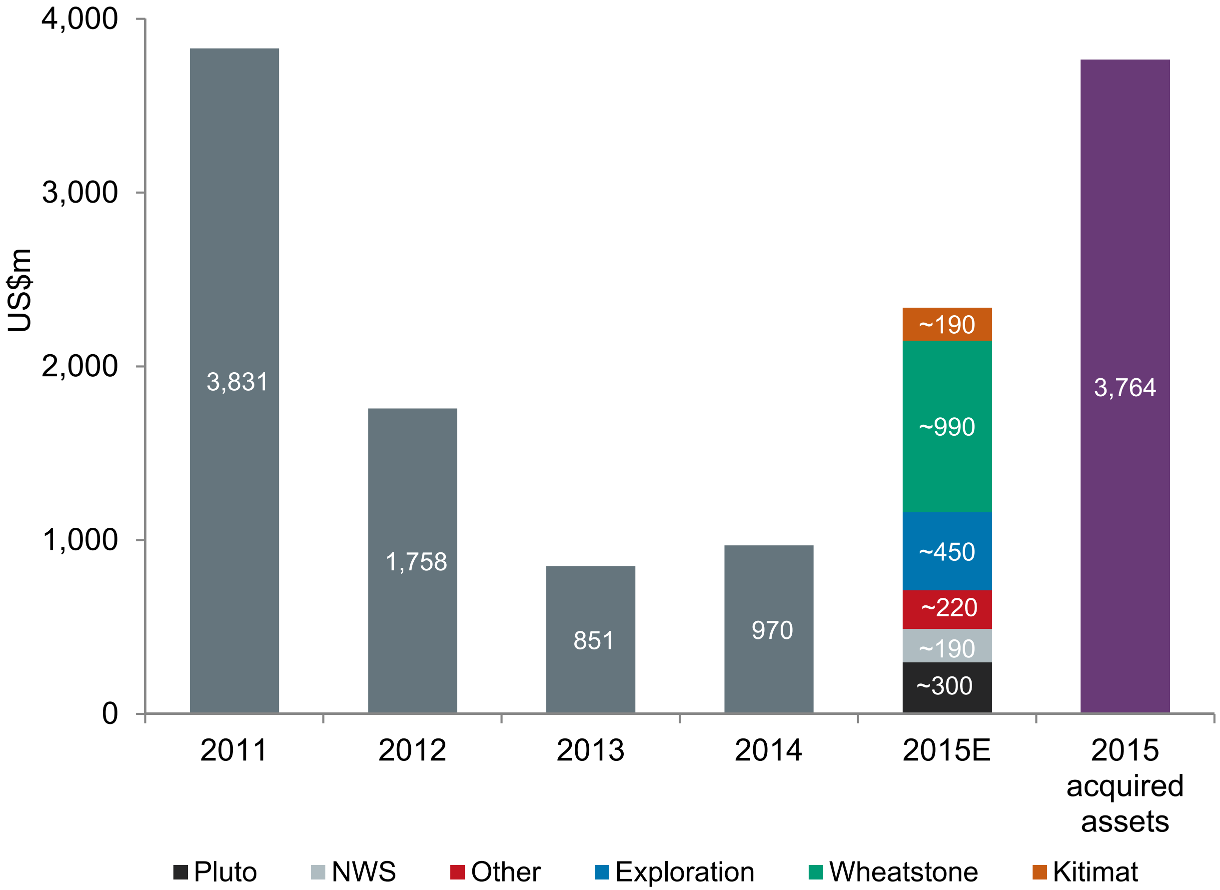
Processes simplified
Target: 10 to 20% improvement in efficiency

Targeted improvement projects delivering results:

Examples:

- Engineering Standards: 3-5% reduction in future capex
- Pluto LNG operating model: saving A$20m pa
- Inventory optimisation: saving >A$50m (100%) over coming 3 years

Investment expenditure



Pluto
- Well developments ~$200m, Xena development costs ~$40m and sustaining capex ~$20m

NWS
- Greater Western Flank and Persephone ~$100m, Karratha Life Extension ~$50m and sustaining capex ~$30m

Acquired assets
- Purchase price $2,750m, closing adjustment $921m, transaction costs $93m (including stamp duty)

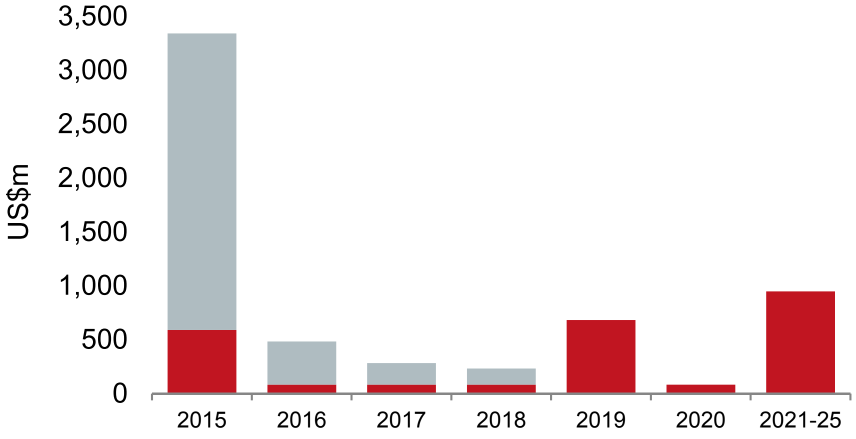
Wheatstone
- Julimar Project, platform, trunkline and onshore plant

Kitimat
- Appraisal well drilling in Liard Basin

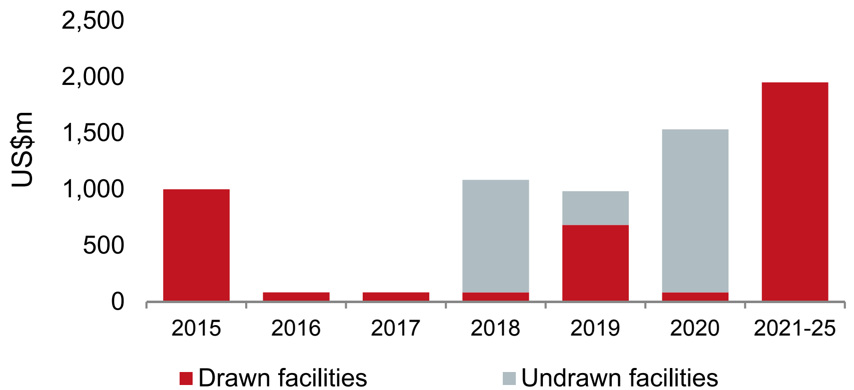
- *"Other" includes Australia Oil, Browse, International, Sunrise and Corporate*
- *Chart includes capital, exploration and restoration expenditure and excludes capitalised interest*

Liquidity

Debt maturity profile at 31 January 2015



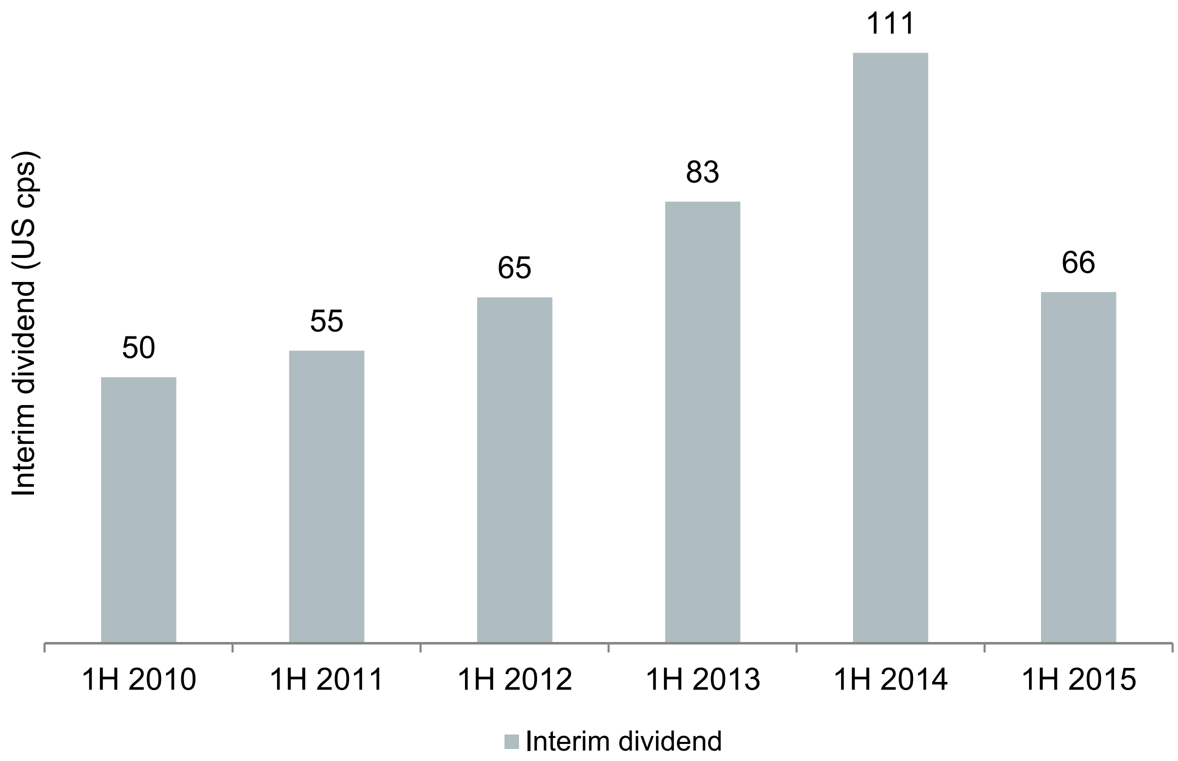
Debt maturity profile at 31 July 2015



- $3.75 billion refinanced via bond and bank markets in 2015
- Continued strong debt market support
- $3.2 billion in cash and undrawn facilities as at 30 June 2015
- 2015 refinancing activity almost complete
- Pre-tax portfolio cost of debt decreased: 2.6% p.a. at June 2015 from 3.4% p.a. in June 2014
- Standard & Poor's and Moody's credit ratings unchanged at BBB+ (stable) and Baa1 (stable) respectively

Dividend

First half US66 cents per share fully franked interim dividend



- Represents an 80% payout ratio

Strategy update

Peter Coleman | Chief Executive Officer and Managing Director

Browse FLNG Development

Browse FLNG Development entered FEED in June

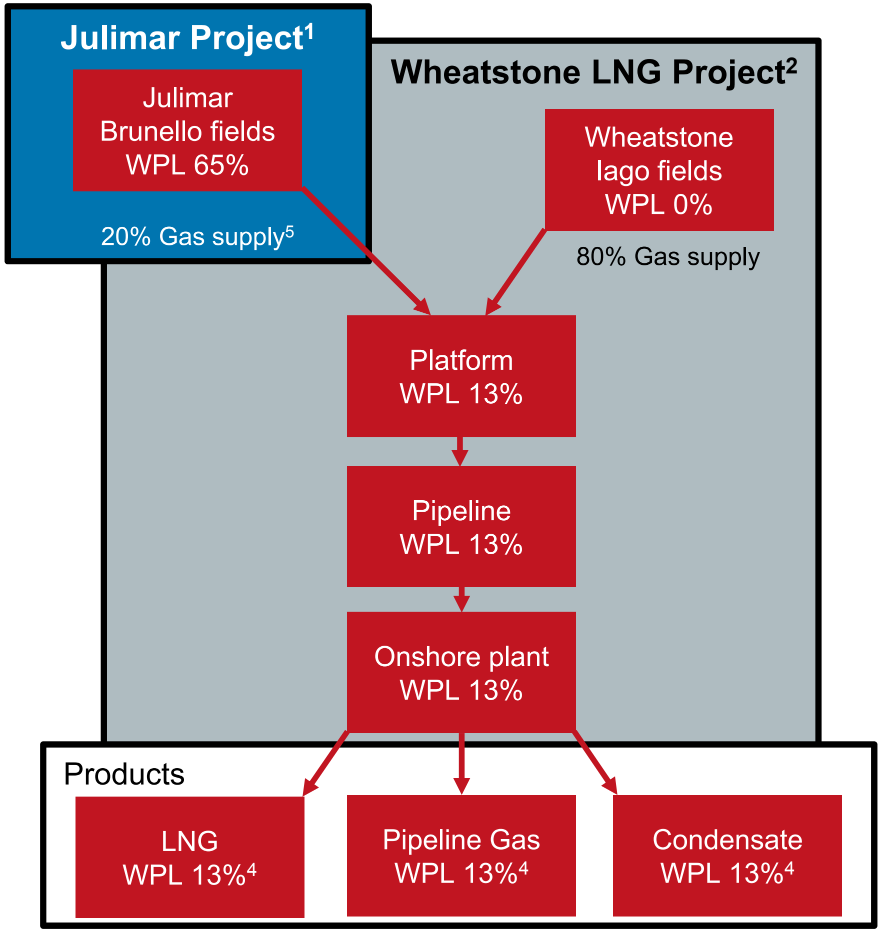
Browse FLNG FEED signing ceremony

- FID targeted for 2H 2016
- Activities are ongoing to finalise technical definition
- Pursuing cost reductions
- Progressing regulatory approvals

2014	2015	2016
✔ Approved Australian Industry Participation ✔ Submitted Retention Lease renewal applications ✔ Published Draft Environmental Impact Statement (EIS) and completed associated studies ✔ Completed BOD technical elements	✓ Submit preliminary Field Development Plan ✓ Renew Retention Leases ✓ Complete tender evaluation and assurance ✓ Enter FEED ✓ Approval of EIS ☐ Finalise Execute phase contracts ☐ Browse marketed on portfolio basis	☐ Submit Production and Infrastructure Licence applications ☐ Approval of final Field Development Plan ☐ Finalise Browse marketing ☐ Target FID

Wheatstone LNG

Project progressing to plan



Julimar Project[1]:

- 65% complete at 31 July
- Targeting ready for start up 2H 2016

Wheatstone LNG Project[2]:

- Over 65%[3] complete
- Targeting first gas in late 2016
- Forecast expenditure unchanged from purchase economics
- LNG offtake ~80% contracted
- Platform installed, hook up in progress
- Civil works for Train 1 and common utilities complete
- All gas turbine generators and compressors installed
- Domestic gas pipeline installation complete
- Marine offloading facility fully operational

1. Operator: Woodside
2. Shared facilities, Woodside non-operator
3. Source: Chevron as at 31 July 2015
4. Depends on supply gas composition
5. Woodside's 65% share of the Julimar Project's 20% gas supply equates to 13% of the gas supply to the Wheatstone onshore plant

Kitimat LNG

Appraising the Liard resource

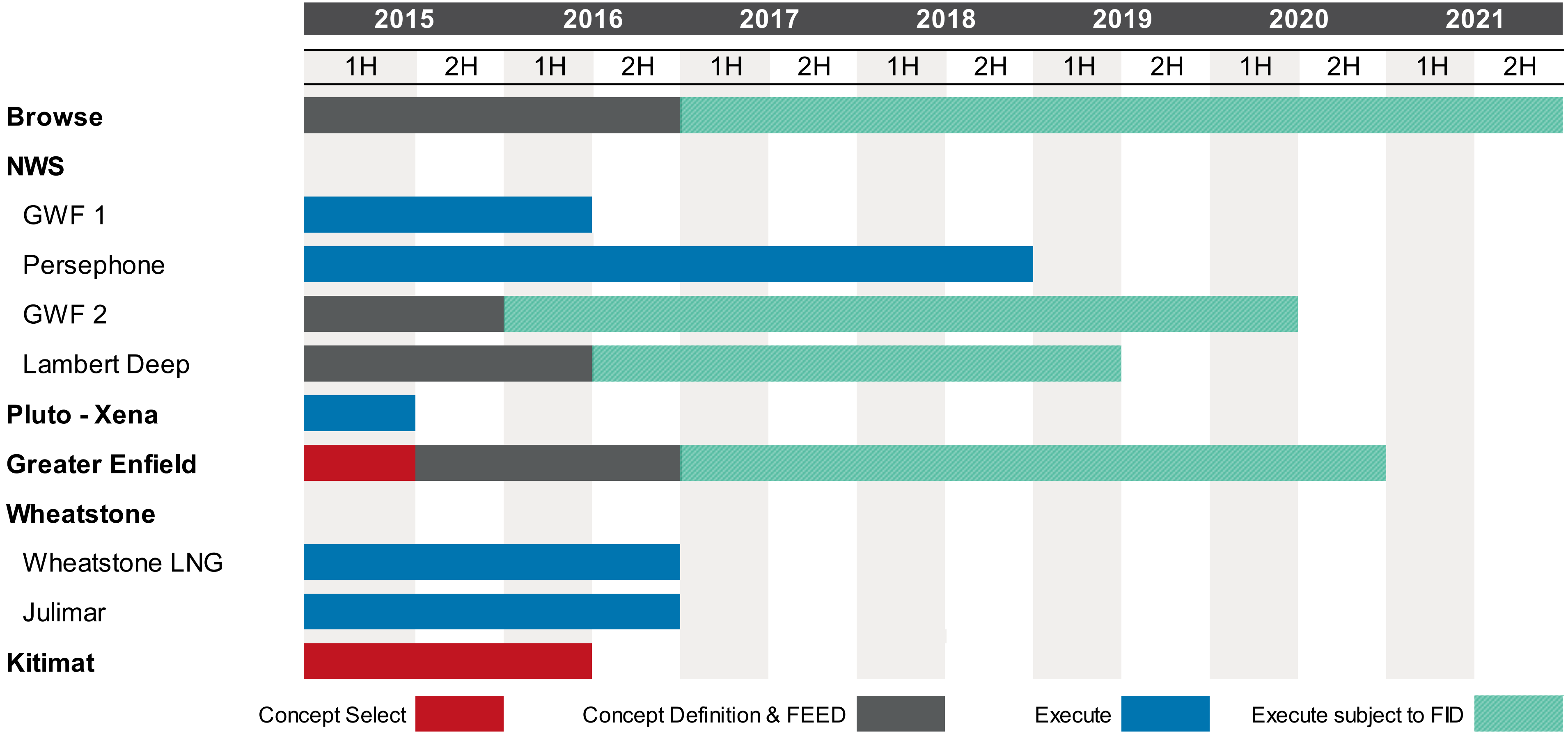
Western Canadian Sedimentary Basin – Image courtesy of Chevron Canada

Key focus areas to progress the project:

- Appraisal drilling of the Liard Basin
- Cost competitive LNG facility
- First Nations support for upstream, Pacific Trail Pipeline route, LNG plant and export route
- A competitive and stable fiscal framework
- Securing LNG sales ahead of FID

Development pipeline

Development projects are progressing to plan



Global exploration

Exploration drilling success in 1H 2015

The Deepwater Millennium Drillship was used to drill the Pyxis-1 well

- Discovered additional 2C Contingent resource of 68 MMboe (net) for Pluto with the Pyxis-1 exploration well
- Cameroon: currently drilling Cheetah-1 well
- Republic of Korea: preparations underway to drill Hongge-1 well in Q4
- Myanmar: preparations underway to drill the Shwe Yee Htun well in Q4

Global exploration pipeline

Drilling and seismic activities demonstrate strategy execution

		2015		2016				Size
Drilling[1]		Q3	Q4	Q1	Q2	Q3	Q4	Volume[2]
Exmouth sub-basin	Malaguti							Dry hole
	Swell							Large
Beagle Basin	Skippy Rocks							Medium
	TBA							Medium
Cameroon	Cheetah							Large
Myanmar	Shwe Yee Htun							Large
	Tha Lim							Large
Korea	Hongge							Large
Peru	TBA							Large

Seismic		Q3	Q4	Q1	Q2	Q3	Q4	**Km/Sq Km**[3]
Gabon	3D							2,500
Myanmar	2D							1,230
Myanmar	3D							28,320
Morocco	2D							1,074
Ireland	3D							2,200

1. The drilling program remains subject to final approvals.
2. Target size: Gross Mean Success Volume 100%, un-risked. Small<20MMboe, Medium>20 MMboe and <100MMboe and Large>100MMboe.
3. Km refers to 2D seismic; Sq Km refers to 3D seismic
Note: This is a forecast activity plan subject to change due to rig availability, weather conditions and other external circumstances

Priorities 2H 2015 and beyond

- Unrelenting focus on safety performance and operational excellence
- Drive down Browse costs to enable FID, target 2H 2016
- Deliver Julimar Project 2H 2016
- Execute Browse LNG sales agreements to enable FID
- Drill three high impact exploration wells in 2H 2015
- Disciplined capital management

Financial annexure

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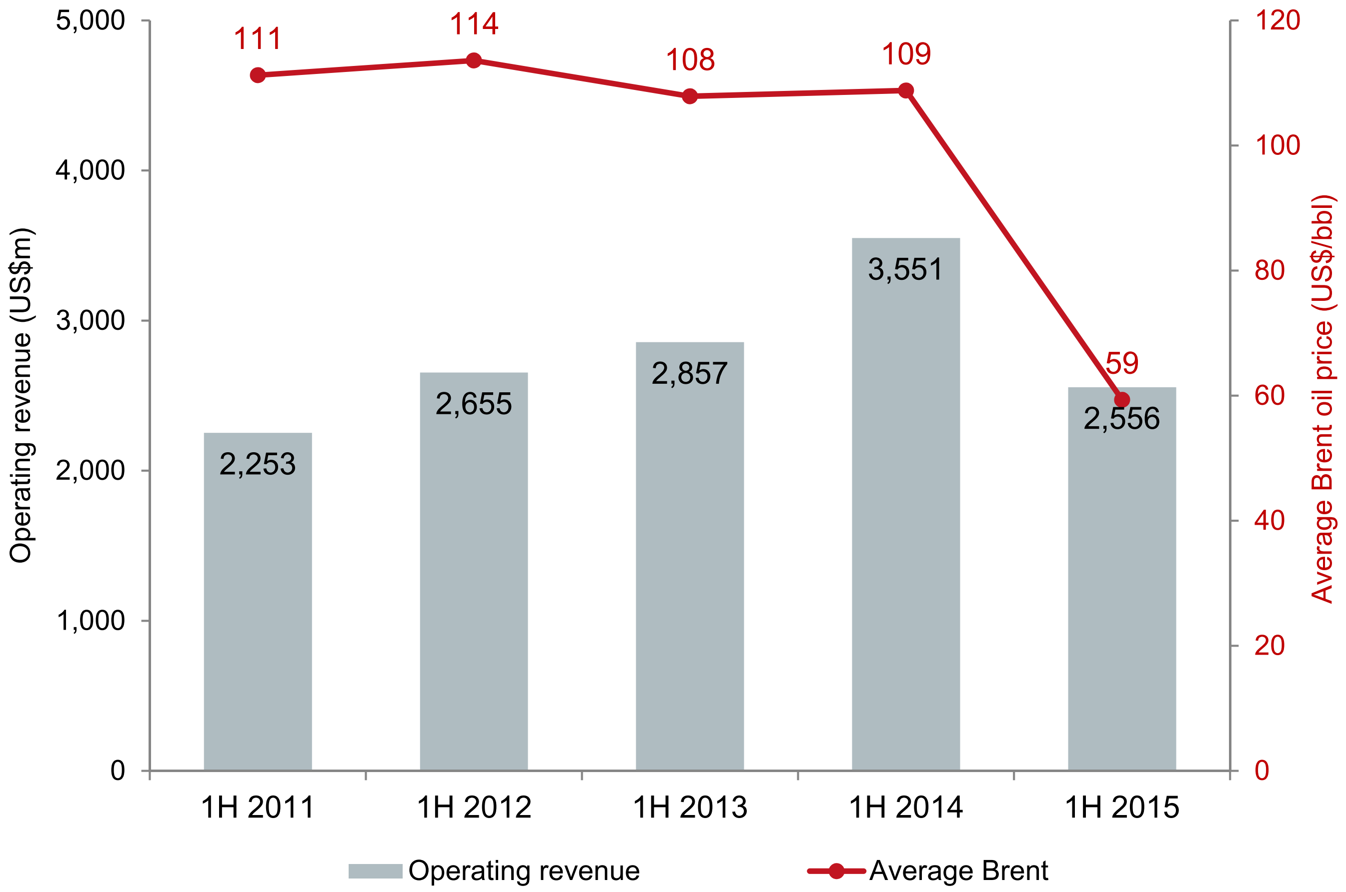
Operating revenue

First half operating revenue of $2,556 million – down 28%, Brent oil price down 46%



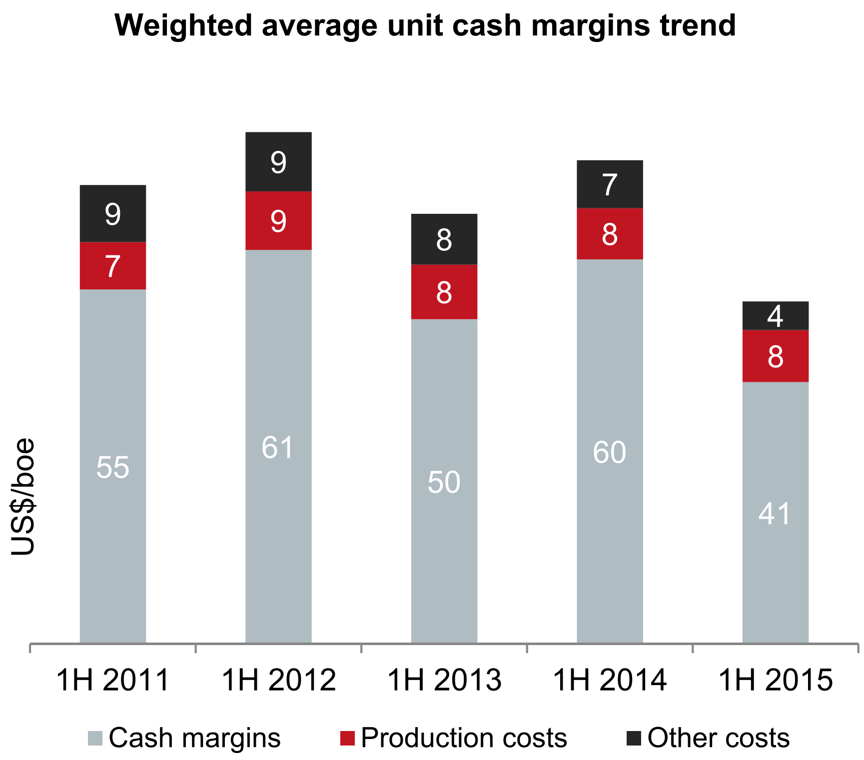
Decreased revenue from:

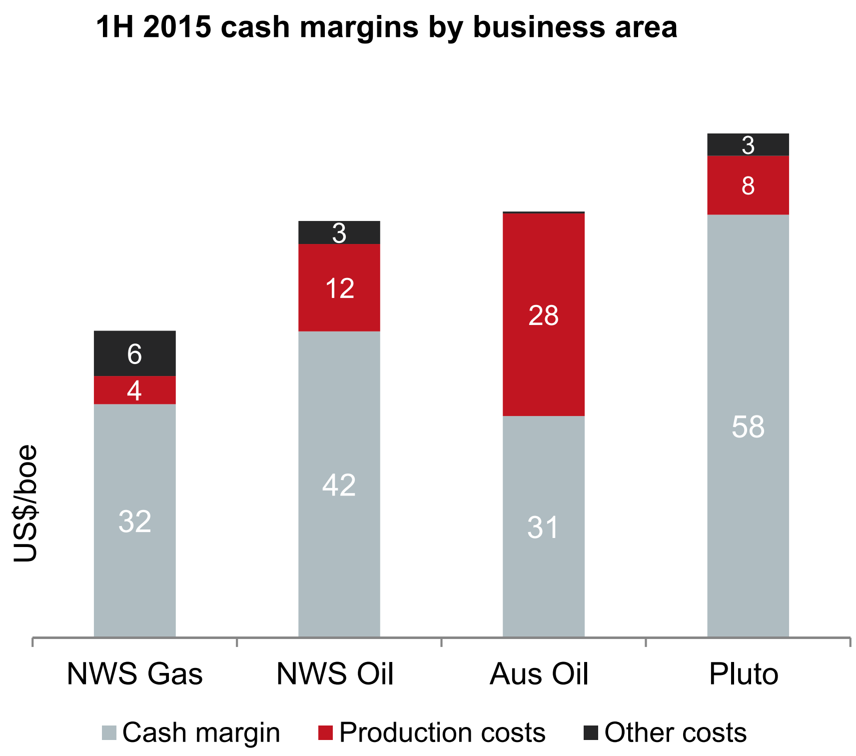
- Price impact: $865 million
- Volume impact: $150 million
- FX and other impact: $45 million

Increased revenue from:

- Trading: $65 million

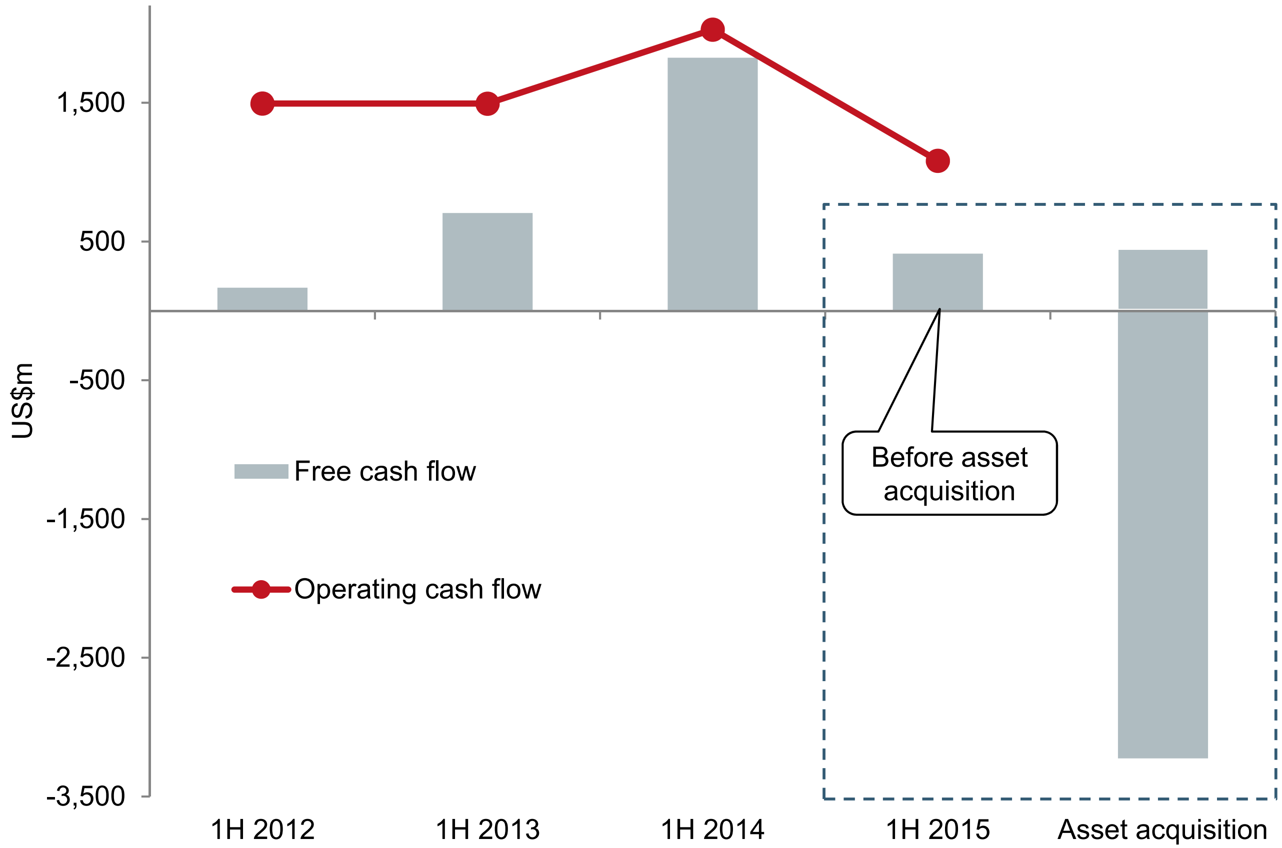
Gross unit cash margins





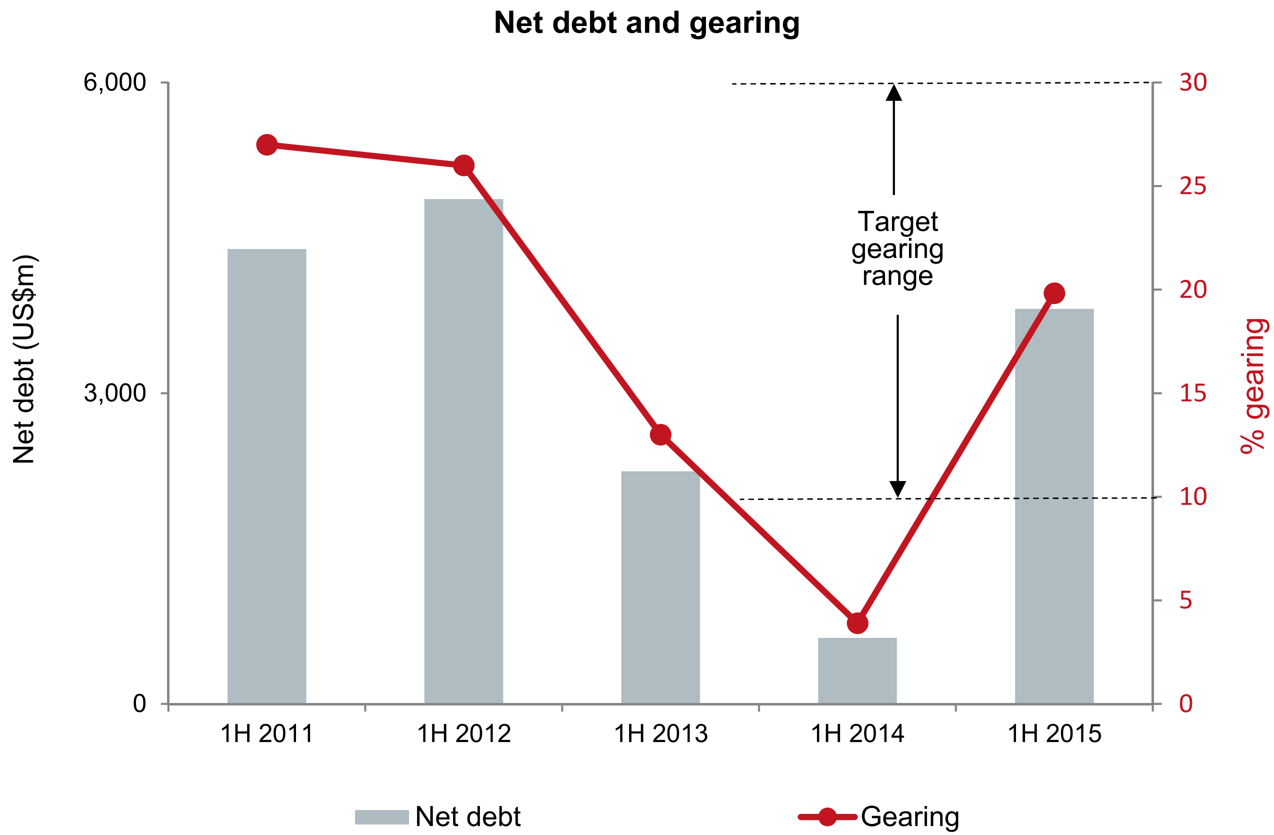
- *"Other costs" includes royalty and excise, shipping and direct sales costs, carbon costs and insurance; excludes E&E, DD&A, PRRT and income tax*
- *NWS Gas includes LNG, LPG, pipeline natural gas and condensate; Pluto includes LNG and condensate*
- *Height of bars reflects realised prices*

Cash flow trend



Capital management

Gearing within target range of 10% - 30% following acquisition of assets



Segment performance

NWS and Pluto contribute the majority of EBITDA and are robust to low prices

Business Unit performance

		NWS[1]	Pluto	Aus Oil
Production volume	(MMboe)	21.6	15.9	4.5
Operating revenue	($million)	935	1,185	264
EBITDA	($million)	703	982	135
EBIT	($million)	540	591	48
Unit production cost	($/boe)	4.4	8.1	28
Gross margin	(%)	58	49	16

- NWS and Pluto margins remain substantial even in a low price environment
- Mature Australia Oil assets impacted more by lower realised pricing

1. *North West Shelf gas and oil combined*

Consensus

1H 2015 profit and dividend in line with consensus

		Woodside	Analyst consensus	Variance
Reported NPAT	$m	679	678	1
Final dividend	US cps	66	65	1

- NPAT and dividend results consistent with market expectations

Underlying NPAT reconciliation

	1H 2015 MMboe	1H 2014 MMboe	Variance %
Production volume	42.0	46.5	(9.7)
Sales volume	43.4	44.7	(2.9)
	US$m	**US$m**	**Variance %**
Sales revenue	2,305	3,354	(31.3)
Operating revenue	2,556	3,551	(28.0)
EBITDAX[1]	**1,783**	**2,736**	**(34.8)**
Exploration and evaluation expensed	(185)	(146)	26.7
Depreciation and amortisation	(651)	(703)	(7.4)
EBIT[2]	**947**	**1,887**	**(49.8)**
Net finance revenue/(costs)	(53)	(89)	(40.4)
Petroleum Resource Rent Tax expense	93	(89)	(204.5)
Income tax expense	(273)	(560)	(51.3)
Total taxes	(180)	(649)	(72.3)
Non-controlling interest[3]	(35)	(44)	(20.5)
Reported NPAT (including non-recurring items)	**679**	**1,105**	**(38.6)**
(Deduct)/add back non-recurring items:			
Loss on disposal of Woodside USA assets	-	31	n.m. [4]
Underlying NPAT[5] (excluding non-recurring items)	**679**	**1,136**	**(40.2)**

1. *EBITDAX = earnings before interest, tax, depreciation, amortisation, exploration and evaluation (includes non-recurring items)*
2. *EBIT = earnings before interest and tax (includes non-recurring items)*
3. *Non-controlling interests represents the 10% of profit attributable to minority interests associated with Pluto operations*
4. *n.m. = not meaningful*
5. *The underlying (non-IFRS) NPAT is unaudited but is derived from auditor reviewed accounts by removing the impact of non-recurring items from the reported (IFRS) auditor reviewed profit*

Notes on Petroleum Resource Estimates

Notes on Petroleum Resource Estimates:

1. Unless otherwise stated, all petroleum resource estimates in this presentation are quoted as at the balance date (i.e. 31 December) of Woodside's most recent Annual Report released to ASX and available at www.woodside.com.au/Investors-Media/Annual-Reports, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius).

2. Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects, the reference point is defined as the outlet of the Floating Production Storage and Offloading Facility (FPSO), while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.

3. Woodside uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company or region level are aggregated by arithmetic summation by category. Note that the aggregated Proved level may be a very conservative estimate due to the portfolio effects of arithmetic summation.

4. 'MMboe' means millions (10^6) of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Woodside is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.

5. Unless otherwise stated all petroleum resource estimates refer to those estimates set out in the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at www.woodside.com.au/Investors-Media/Annual-Reports. All the material assumptions and technical parameters underpinning the estimates in the Annual Report continue to apply and have not materially changed. All petroleum resource estimates related to the Pyxis-1 discovery are disclosed in this release and those related to acquisition are referred to in the 10 April 2015 ASX announcement.

6. The estimates of petroleum resources are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by Mr Ian F. Sylvester, Woodside's Vice President Reservoir Management, who is a full-time employee of the company and a member of the Society of Petroleum Engineers. Mr Sylvester's qualifications include a Master of Engineering (Petroleum Engineering) from Imperial College, University of London, England, and more than 20 years of relevant experience.

Pyxis (gas):

1. Reported as at the date of this release, the Pyxis field net Contingent resource estimate (2C) is 366 Bcf Dry gas and 3.5 MMbbl of condensate (gross (100%) 407 Bcf Dry gas and 3.9 MMbbl of condensate), estimated using probabilistic methods. The Contingent resource volume is reported at the 'Best Estimate' (P50) confidence level.
2. The Contingent resource estimate is based on technical evaluation of subsurface data and wireline logging results from the Pyxis-1 exploration well.
3. The proposed development concept is a subsea tie-back to existing Pluto-Xena infrastructure.
4. The key contingencies that prevent the resource from being booked as reserves is the requirement for further evaluation work to be undertaken to assess the technical and commercial maturity.
5. The reported Contingent resource estimates are based on the use of already developed technology.
6. Woodside is 90% equity owner of production licence WA-34-L.