2015 full-year results briefing

Peter Coleman | Chief Executive Officer and Managing Director

17 February 2016

Disclaimer and important notice

This presentation contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable as at the date of this presentation but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. Readers are cautioned not to place undue reliance on these forward looking statements. No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct. We do not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

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 messages

A resilient business model

- Strong **balance sheet**
- Maintaining **liquidity** and flexibility
- Relentless focus on **productivity and reliability**
- Executing our strategy and **delivering on what we control**

Achievements

Delivered operating and development commitments

- Achieved second highest production result, 92.2 MMboe
- Improved safety performance by ~60% since 2012
- Met project deliverables

Achieved reserves and resources growth

- 2P Reserves replacement ratio 276%
- 2P reserves up 13%; 2C contingent resources up ~150%
- Gas discoveries at Pluto and in Myanmar

Continued financial discipline

- Break-even cash cost of sales reduced to ~$11/boe
- Strong liquidity: $1.7 billion available, raised $4.1 billion
- Low capital commitments; negligible debt maturities in 2016 and 2017

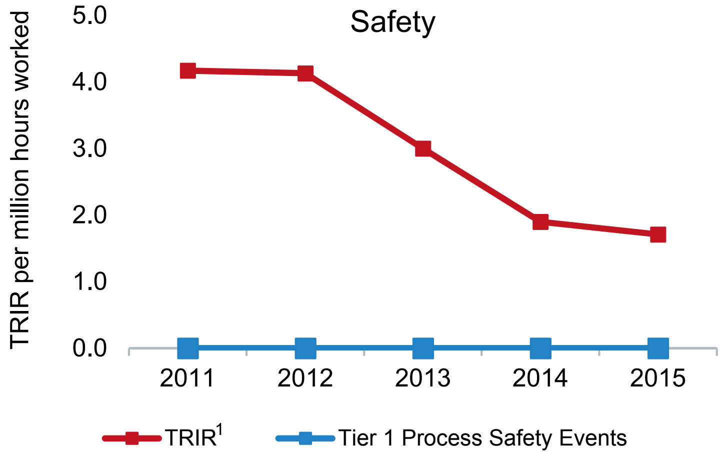
Financial headlines

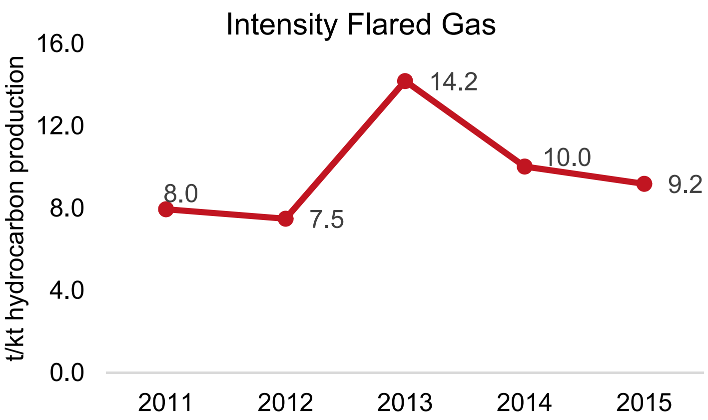
Profit:	US$ million[1]
Net profit after tax (NPAT)	26
NPAT excluding one-off non-cash items[2]	1,126
Full-year dividend	109 cps[3]
Cashflow:	
Operating cash flow	2,376
Break-even cash cost of sales	~$11/boe
Unit production costs	$6.8/boe
Balance Sheet (31 December 2015):	
Available funds (cash and undrawn facilities)	1,722
Net debt	4,319
New and refinanced facilities	4,100
Gearing[4]	23%

1. *Unless otherwise stated*
2. *Woodside's financial reporting complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS). The NPAT adjusted for one-off non-cash items (non-IFRS) is unaudited but is derived from auditor reviewed accounts by removing the impact of impairments, deferred tax asset de-recognition and onerous lease costs from the reported (IFRS) auditor reviewed profit. Woodside believes the non-IFRS profit reflects a more meaningful measure of the company's underlying performance.*
3. *US cents per share*
4. *Gearing calculation: Net Debt/(Net Debt + Net Equity)*

Safety and Environment

Continued multi-year progress to top-quartile international performance





- No Tier 1 process safety events
- TRIR improved ~60% over 4 years
- Peak intensity flared gas improved since 2013 due to better plant performance
- No environmental incidents, reduced from four in 2014

1. *Total recordable injury rate per million hours worked, which reduced to 1.71 (2015) from 1.90 (2014)*

Strategy is delivering value

Managing the things we control

		2011	2015
Dividends	Cps	110	109
Unit production cost	$/boe	7.51	6.83
Contingent Resources (2C)	MMboe	2,137	4,398
Production	MMboe	64.6	92.2
kBoe/FTE[1]		16.7	26.9
Exploration acreage	km^2	114,000	222,000
Projects		Pluto	Wheatstone

- $7 billion fully franked dividends over five years
- Unit production cost down 9%
- Contingent resources up 106%
- Production up 43%
- kBoe/FTE up 60%
- Exploration acreage up 95%

1. *Production in thousands of Boe produced per full time equivalent*

2015 – choices made

Our response to a changing environment demonstrates resilience of our strategy

Responded to external environment

- Reduced cost; reduced staff; reorganised; froze wages

Maintained balance sheet strength

- Refinanced, reducing the cost of debt
- Maintained strong liquidity buffer

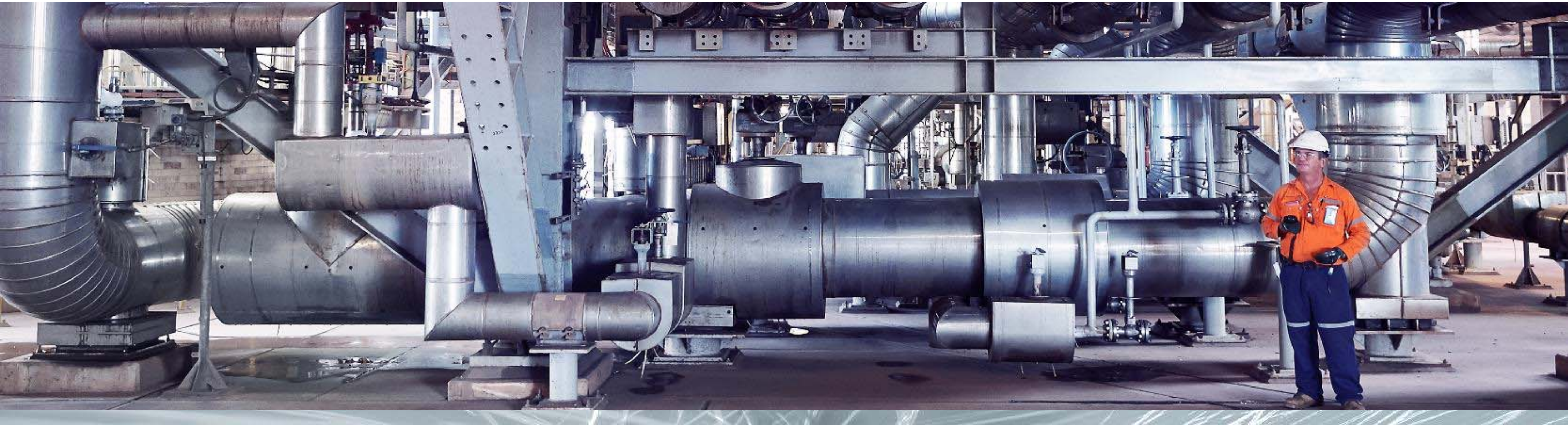
Implemented strategy

- Delivered projects
- Enhanced LNG capacity; reduced cost
- Integrated acquired assets
- Expanded exploration and marketing

2016/2017

Maintaining resilience

- Maintain a strong balance sheet
- Business planning based on $35/bbl oil
- DRP reactivated to preserve cash
- Continue implementing our strategy
- Prudent decisions to support credit rating

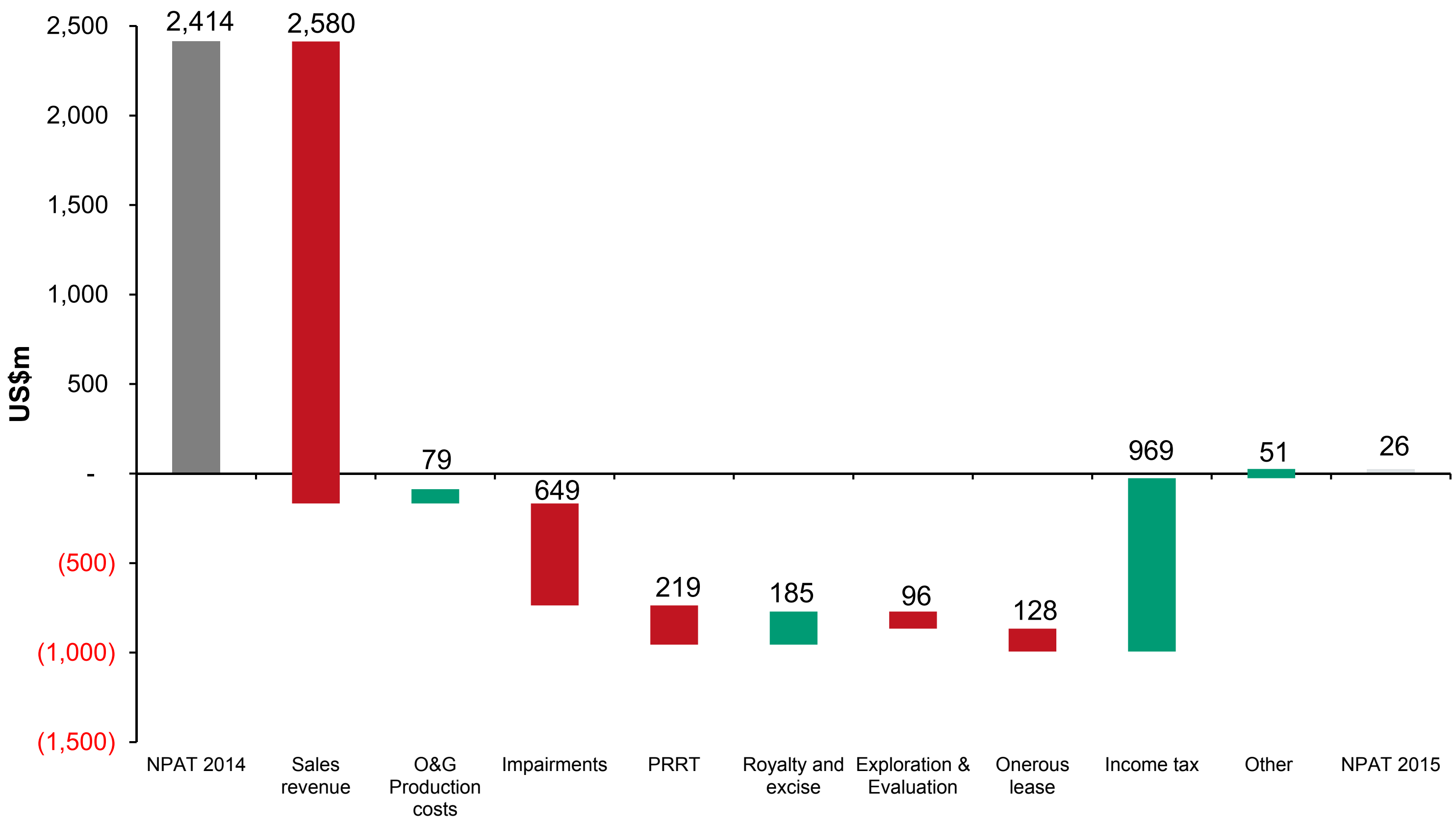


Financial management

Lawrie Tremaine | Chief Financial Officer

Reported profit

Reduction due to lower commodity prices and impairments



Revenue down 36%

- Oil prices down 46%
- Oil price impact partly offset by LNG contracts

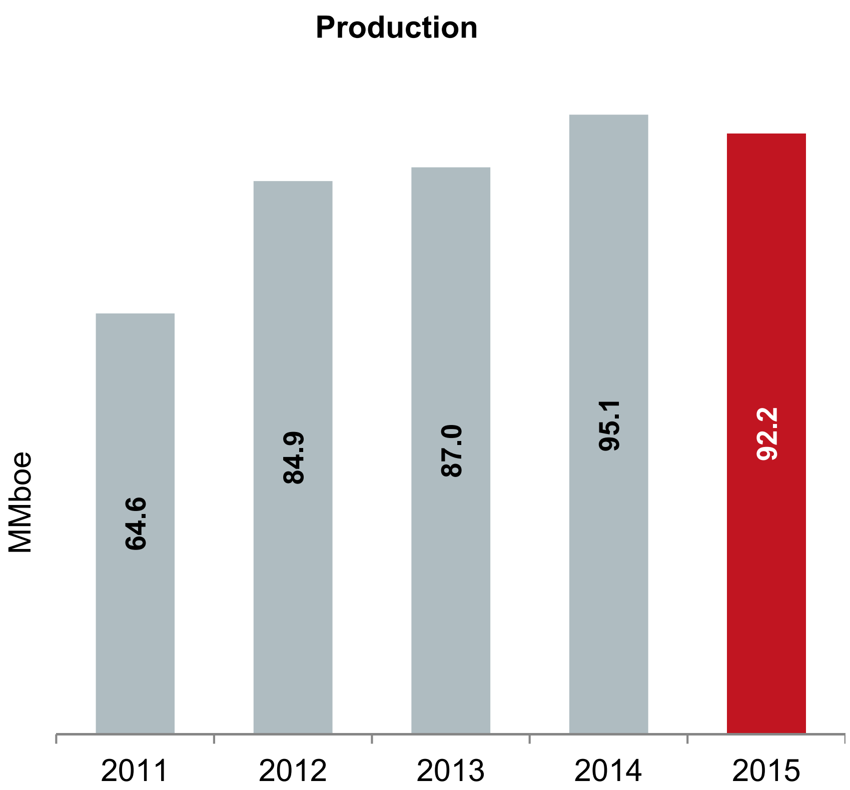
One off non-cash charges:

- Asset impairments $1,083m (2014 $434m)
- PRRT DTA[1] reversal $363m
- Balnaves onerous lease $128m

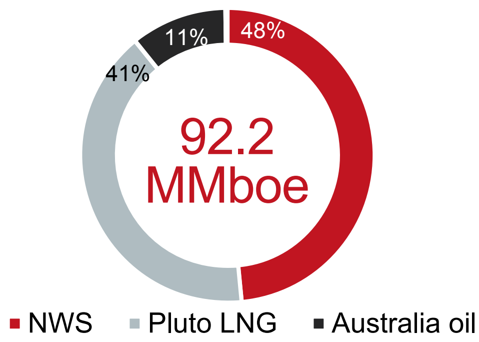
1. Deferred tax asset impacting PRRT by $363 million

Production

Our second highest result of 92.2 MMboe, down 3% from 2014 record

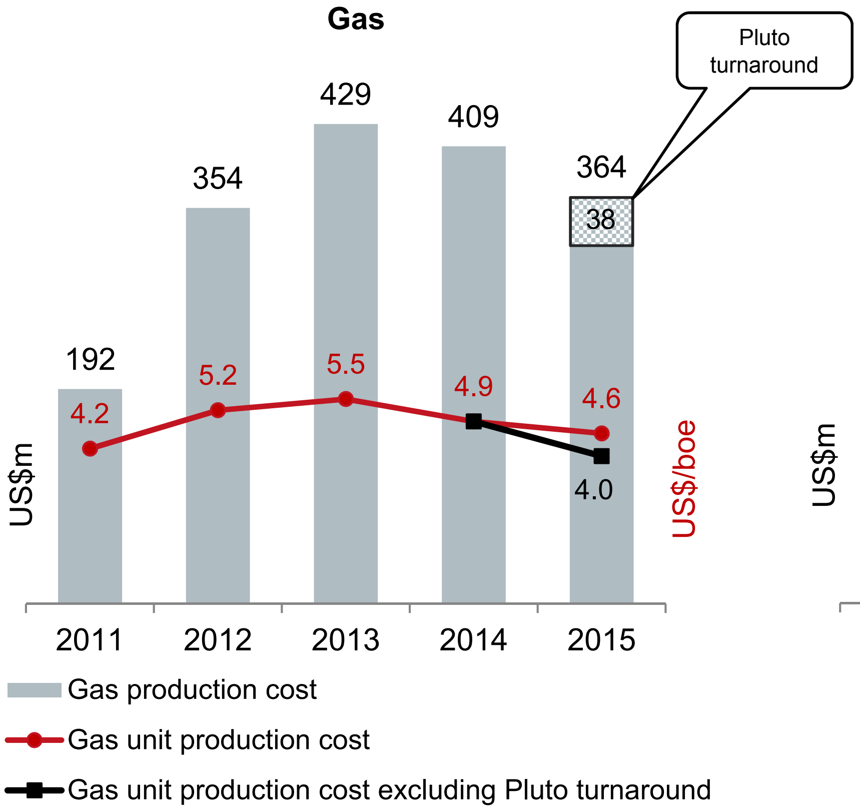


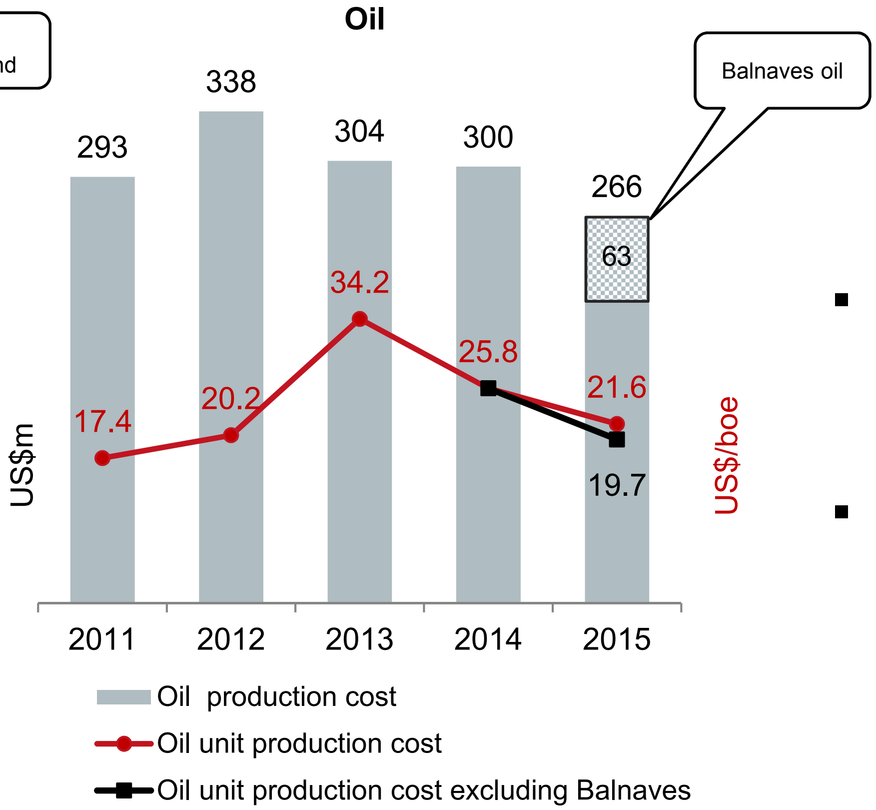
- Pluto turnaround executed ahead of plan
- Increased LNG plant capacity
  - NWS increased from 16.3 to 16.7 mtpa
  - Pluto delivered annualised production equivalent to 4.9mtpa in Q4 2015
- Resilient: overcame significant adverse events



Unit production costs

Continued cost reduction over the past three years

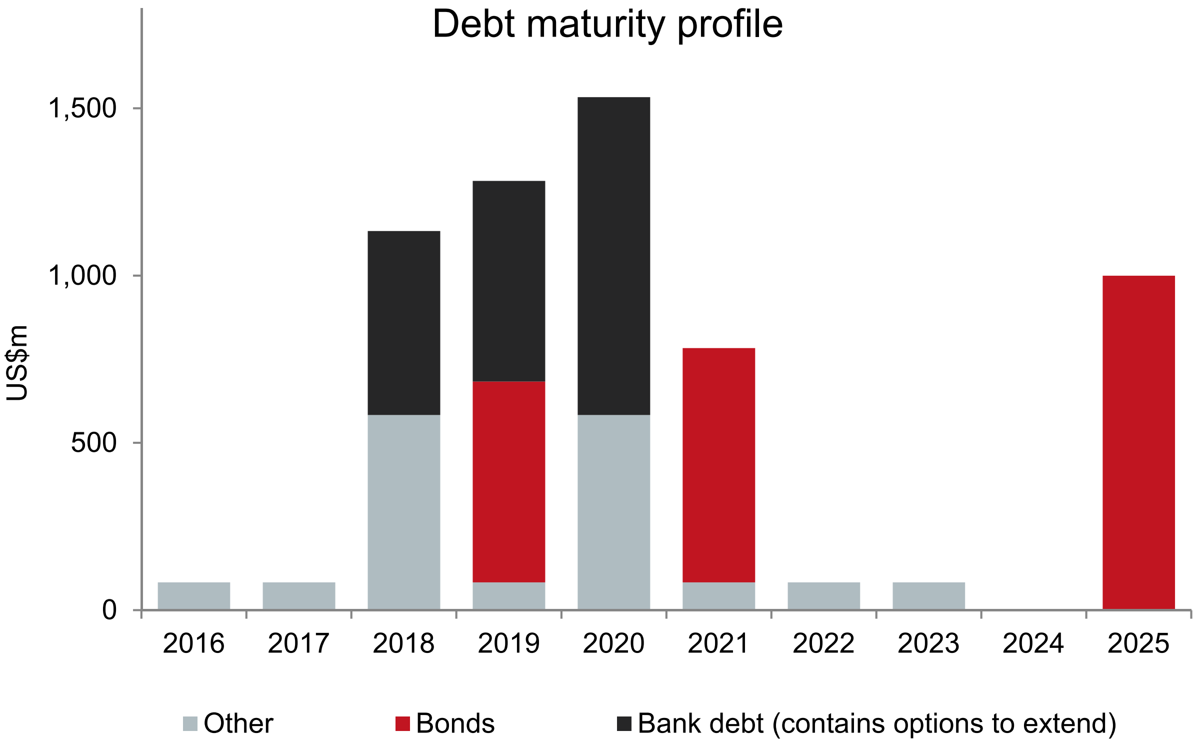




- Gas impacted by NWS outage and Pluto turnaround
- Oil impacted by Balnaves

Liquidity

Negligible debt maturities in 2016 and 2017



- Raised $4.1 billion of new and refinanced debt in 2015
- Pre-tax portfolio cost of debt 2.9% p.a. at December 2015
- $1.7 billion in cash and undrawn facilities at end 2015
- Dividend Reinvestment Plan (DRP) reactivated for the 2015 final dividend
- Targeting liquidity of $2 billion by end 2016 in response to continuing low oil price environment

Productivity program

>$700 million in benefits in 2015

	Target	2015	
Volume	3-5% ⇧	9%[1] ⬆	Production volume increases through reliability and capacity improvements provided more than half the benefits
External Spend	10-20% ⇩	20%[2] ⬇	Expenditure savings are at the top end of the expected range
People, Performance & Organisation	10-20% improvement	16% ⬇	Removed ~650 positions over 2 years
Process	10-20% improvement		Completed >5,900 internal improvement projects

1. *Relative to our average performance for 2010 to 2013*
2. *Opex relative to our 2013 actual expenditure, capex relative to our 2013 forward plans*

Business update

Wheatstone

Julimar on schedule, Wheatstone delayed but LNG contracts can be met

- Impairment reflects lower short and long term oil price assumptions

Julimar Project[1]:

- 80% complete at 31 December
- Targeting ready for start up 2H 2016

Wheatstone Project[2]:

- Over 65%[3] complete
- Targeting first LNG in mid-2017
- All train 1 modules delivered to site

1. Operator: Woodside

2. Shared facilities, Woodside non-operator

3. Source: Chevron as at 29 January 2016

Greater Enfield

Our focus is on delivering value improvements

Oil development via Ngujima-Yin FPSO

Key 2015 activities:

- Entered FEED phase in August 2015
- Issued preliminary FDP[1]

Future activities:

- Technical activities and value improvement
- Further cost saving sought
- Targeting to be ready for FID in late 2016

1. *Field Development Plan*

Browse FLNG Development

Browse working hard to deliver an economically robust project

Key 2015 activities:

- Entered FEED
- Granted Commonwealth and State retention lease renewals

Future activities:

- Require further cost reductions
- Must be NPV positive at low price assumptions

Global exploration strategy

Maturing and high grading prospects

Rebalancing portfolio

- Considerable progress made
- Reduced exposure to frontier and increased exposure to emerging acreage (proven hydrocarbon systems with upside potential)

High-grading

- Exiting/reducing exposure to low prospectivity acreage (Australia and Tanzania)
- Entering prospective acreage (Ireland, Morocco, Gabon, Cameroon, Canada)

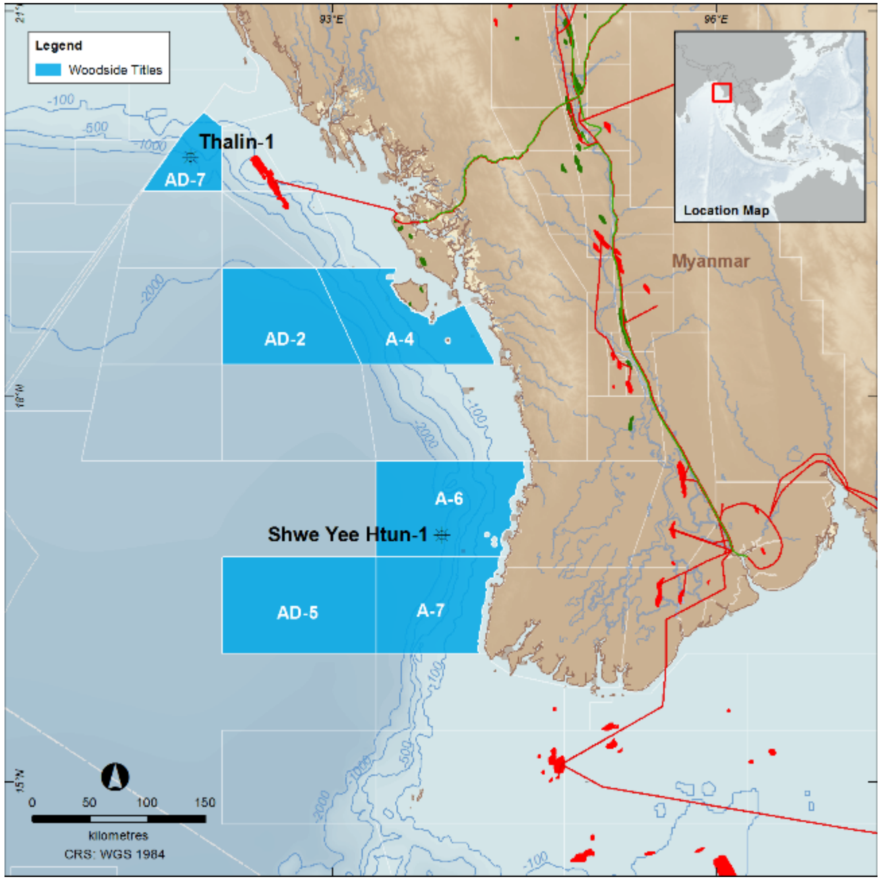
Strengthening position

- Two discoveries in Myanmar (Shwe Yee Htun, Thalin)
- Discovery in Australia (Pyxis)
- New play proven in Korea (Hongge)

Disciplined control of expenditure to maximise exploration returns

Myanmar

Back to back discoveries: a key portfolio focus area off to a great start

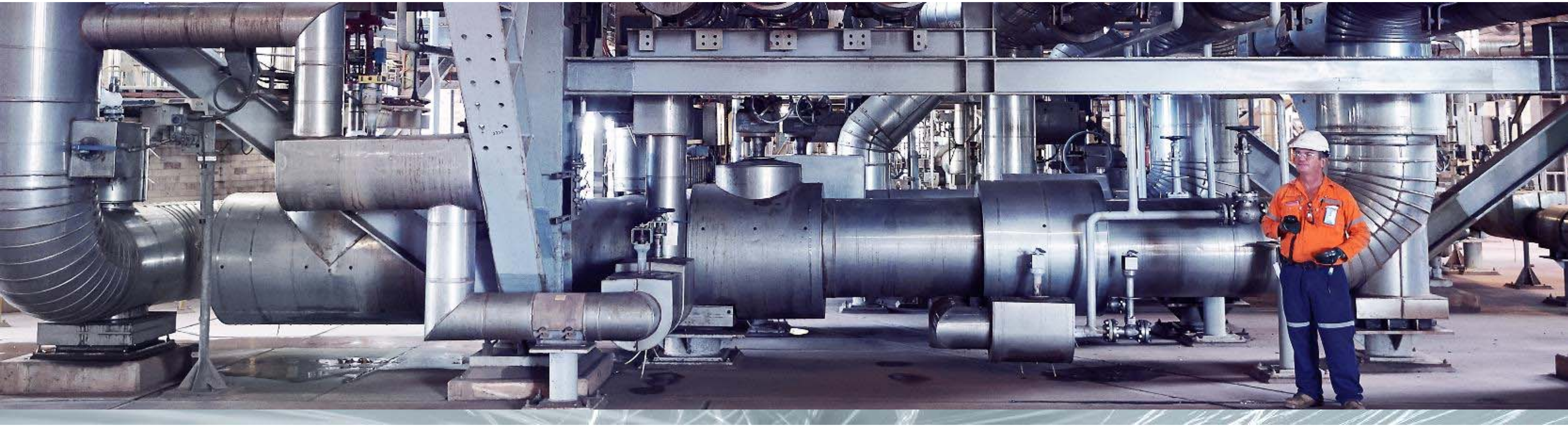


- Early mover strategy delivers 47,000 km^2 acreage
- Diversity in play type and commercialisation options
- Material equity position and strong partnerships
- Discoveries in A-6 and AD-7 establishing basin credentials
- Shwe field infrastructure 60km from Thalin-1A
- 31,750km^2 3D being acquired to accelerate portfolio build

Recap

A resilient business model

- Strong **balance sheet**
- Maintaining **liquidity** and flexibility
- Relentless focus on **productivity and reliability**
- Executing our strategy and **delivering on what we control**

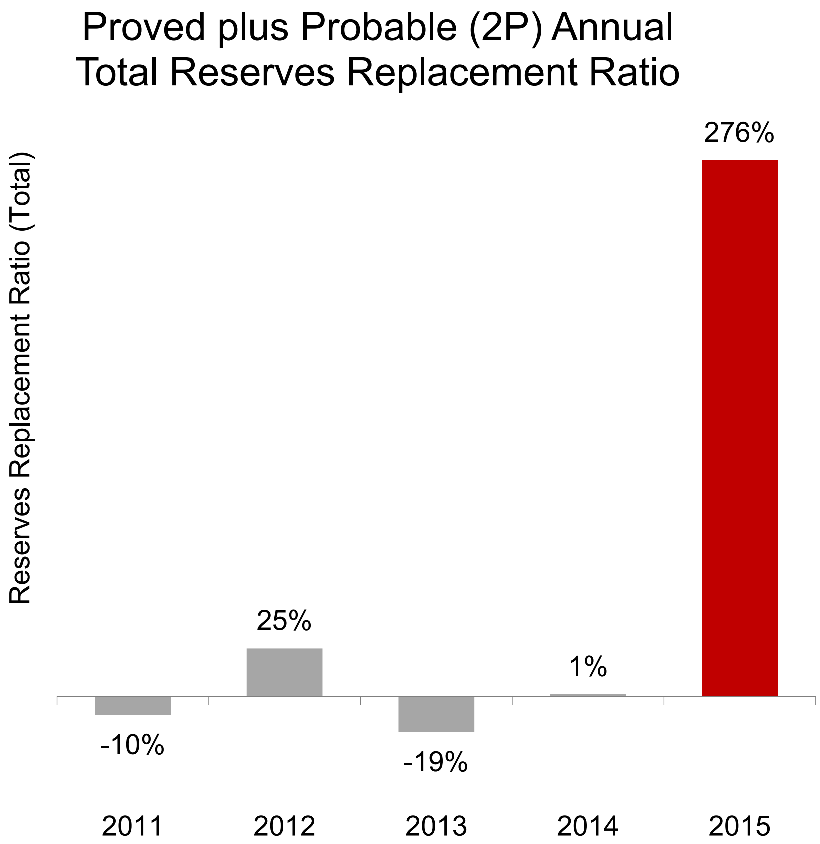


Appendix 1

Business activities

Reserves and resources

Reserves Replacement Ratio of 276%

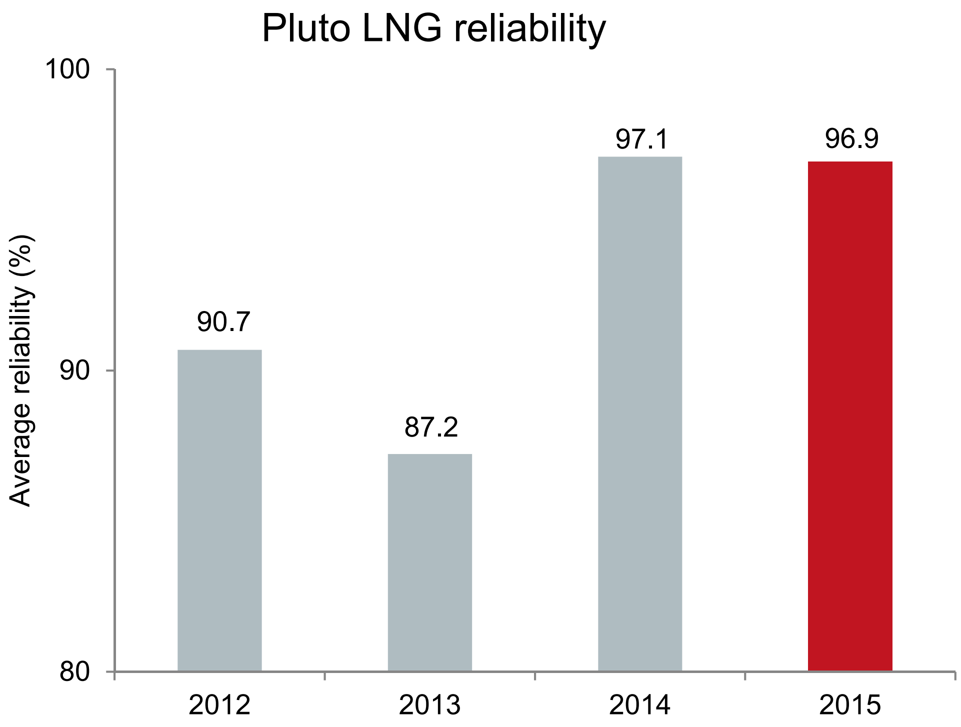


Increased reserves and contingent resources

- 2P reserves up 12.7% to 1,508 MMboe
- 2C contingent resources up 152% to 4,398 MMboe

Reliability and Capacity

Increasing reliability and capacity



Reliability:

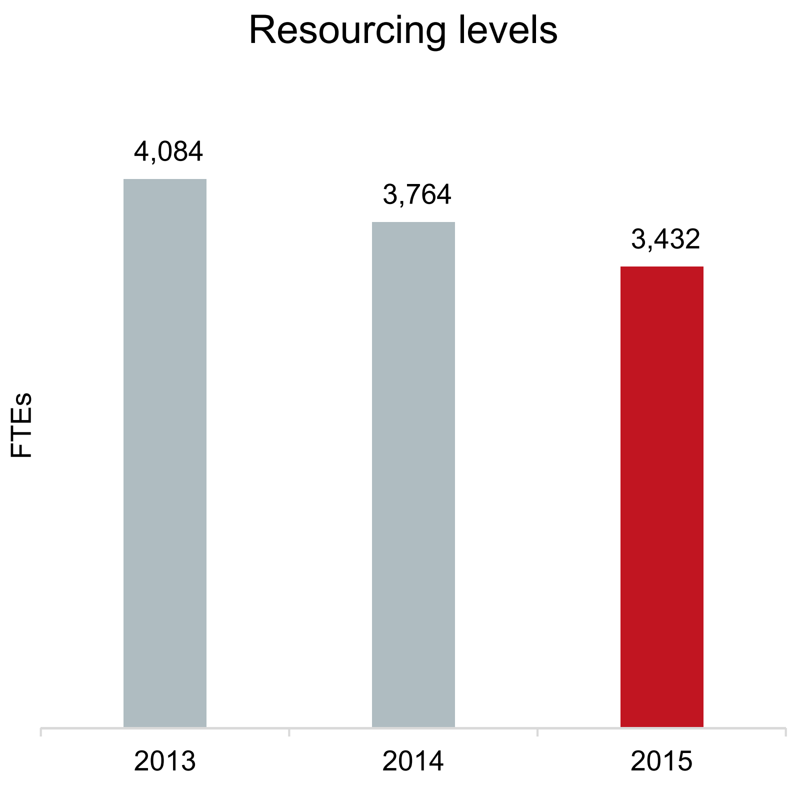
- Pluto achieved top-quartile performance
- NWS impacted by electrical incident

LNG production capacity:

- NWS increased from 16.3 to 16.7 mtpa
- Pluto delivered annualised production equivalent to 4.9mtpa in Q4 2015

People

Continuing to grow a culture for a long-term sustainable future



- Reduction of 652 FTE's in two years
- 2015 graduate intake of 108, up 5% on 2014
- Females comprise:
  - 49% of graduate intake
  - 28% of our workforce

NWS

High investment return tie-back projects extend NWS plateau

GWF-1:

- First gas received from Goodwyn GH field in late 2015
- Tidepole field production in early 2017
- Unit development costs (UDC[1]) of ~US$7.00/boe

Persephone:

- Scheduled start-up early 2018
- UDC[1] of ~US$7.70/boe

GWF-2:

- Scheduled start-up 2H 2019
- UDC[1] of ~US$6.20/boe

1. *UDC = development cost / reserves developed*

Kitimat LNG

Appraising the Liard resource

The Liard and Horn River basins cover more than 620,000 acres and hold significant potential
Image courtesy of Chevron Canada

Key 2015 activities:

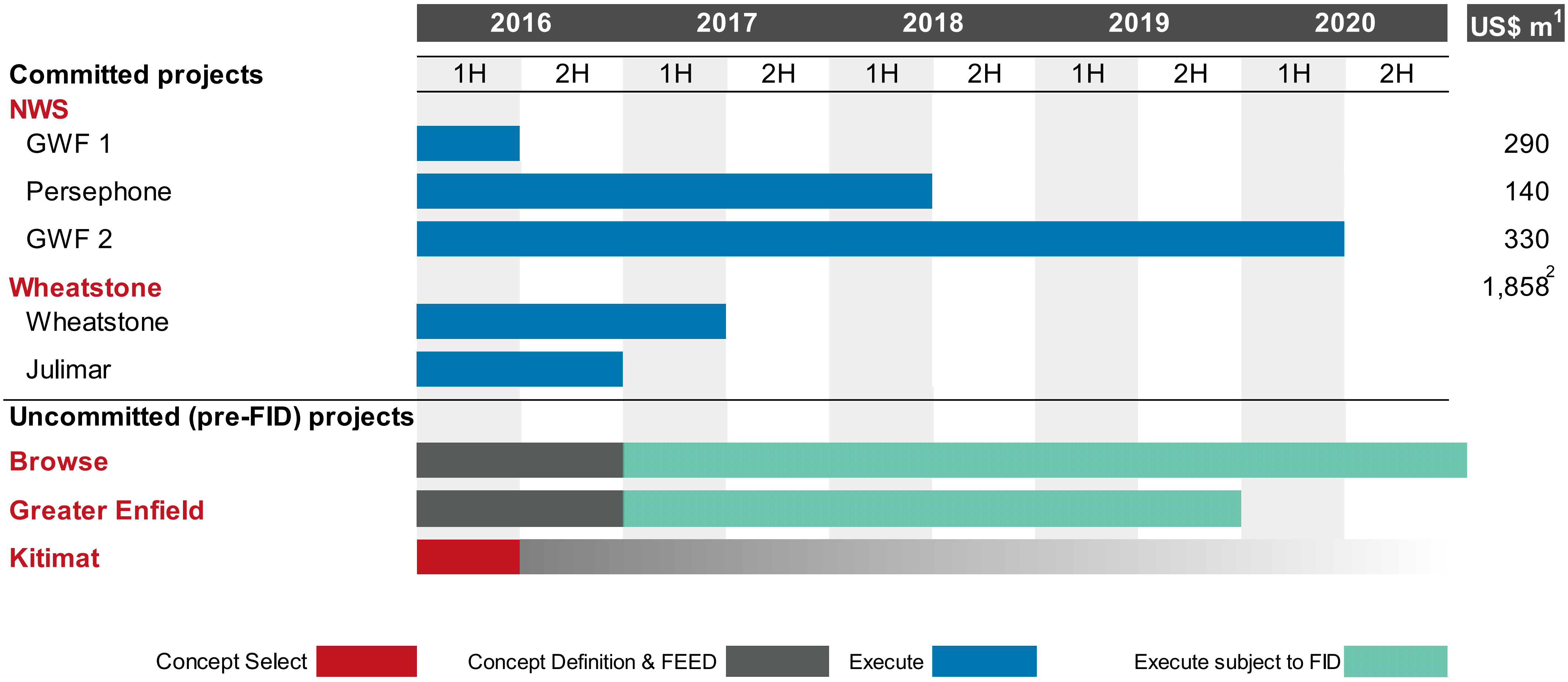
- Drilled four appraisal wells in Liard basin
- Completed two proof of concept wells each with over a 2,250 m horizontal length
- Wells being brought on-line with early flow rates in line with expectations

Key focus areas to progress the project:

- Drill-out North Pad in Laird basin
- Complete a further proof of concept well
- Improve LNG concept for LNG plant at Bish Cove
- First Nations, government and community support

Development pipeline

Currently few commitments after 2016



1. *Total project cost – Woodside share*
2. *Development expenditure post "acquisition and working capital adjustment"*

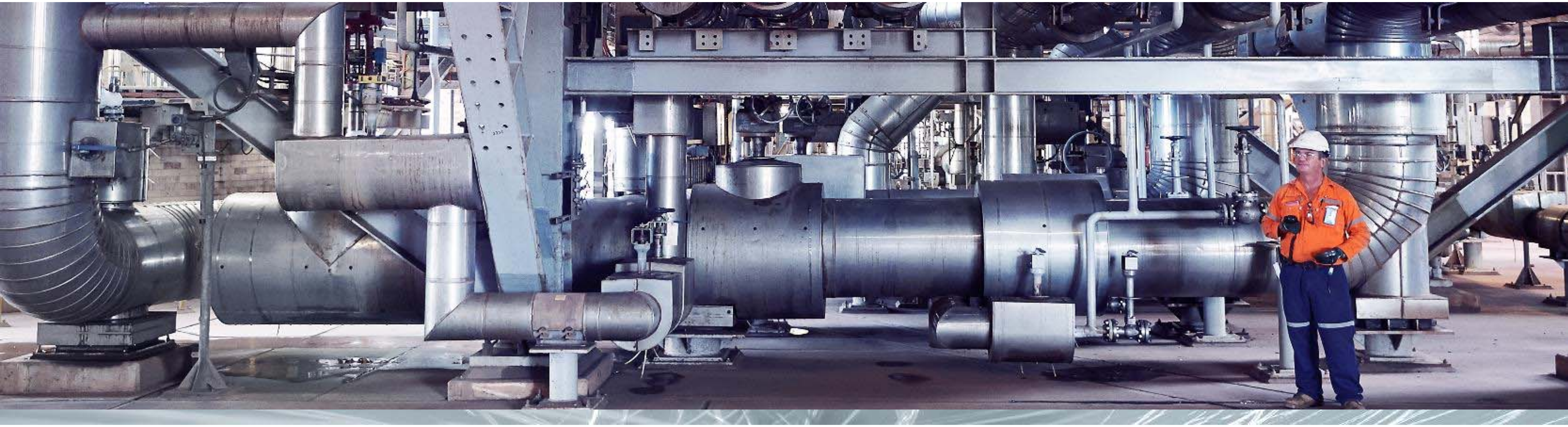
Global exploration pipeline

Drilling and seismic activities maturing with low commitments

		2016				2017		Size[1]	Target
Drilling		Q1	Q2	Q3	Q4	Q1	Q2		
Australia									
Beagle Basin	Skippy Rock							Medium	Oil
	Stokes[4]							Small	Oil
WA-483-P	Swell							Large	Gas
International									
Myanmar	Thalin							Large	Gas
	A-6 TBA[3]							Large	Gas
	A-6 TBA[3]							Large	Gas
Seismic								Km[2]	
Gabon	3D							2,500	
Myanmar	2D							1,230	
Myanmar	3D							31,750	
Ireland	3D							2,200	

Drilling subject to joint venture approval — Drilling — Seismic

1. Target size: Gross Mean Success Volume 100%, un-risked. Small <20 MMboe, Medium >20 MMboe and <100 MMboe and Large >100 MMboe.
2. 2D seismic is in line km. 3D seismic is in sq km.
3. Myamar A-6 wells in 2017 are subject to joint-venture approval.
4. The Stokes prospect will be drilled via a side track from the Skippy Rock well.

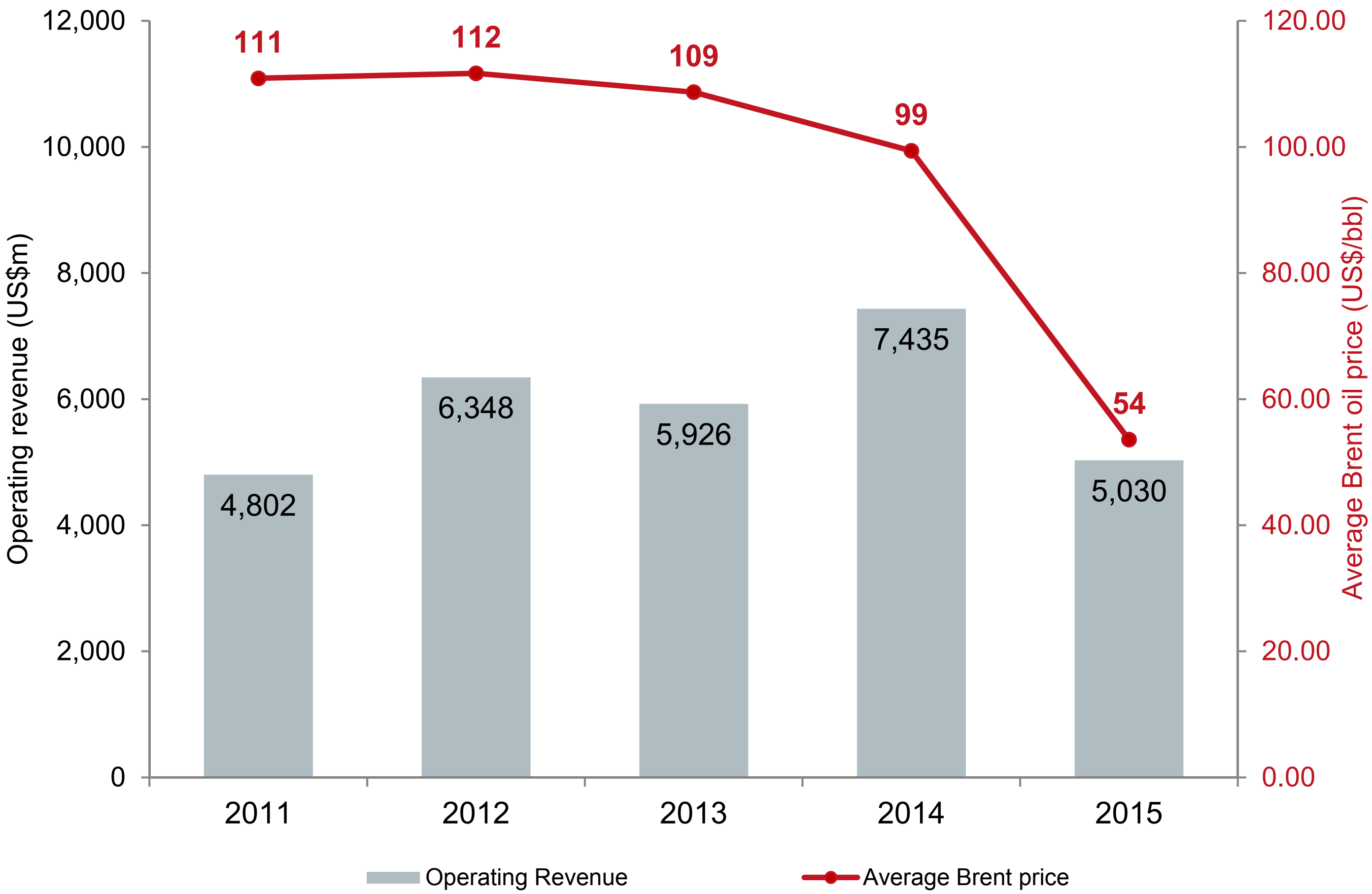


Appendix 2

Financial Annexure

Operating revenue

Operating revenue of $5,030 million – down 32%, Brent oil price down 46%



Decreased revenue from:

- Price impact: $2,393 million
- Volume impact: $120 million
- FX and other impact: $85 million

Increased revenue from:

- Trading: $193 million

Product pricing

LNG contracts provide some protection against a ~50% oil price reduction

Products	US$/boe 2015	US$/boe 2014	% Variance	US$m Revenue impact
NWS LNG	45	73	(38)	(636)
Pluto LNG	59	81	(27)	(776)
Pipeline natural gas	22	28	(21)	(15)
Condensate	50	97	(48)	(395)
LPG	50	100	(50)	(33)
Oil	52	101	(49)	(538)
Volume weighted average realised prices	**49**	**76**	(36)	(2,393)
Brent average price	54	99	(46)	
Average 3 month lagged JCC	66	111	(40)	

LNG price change reflects:

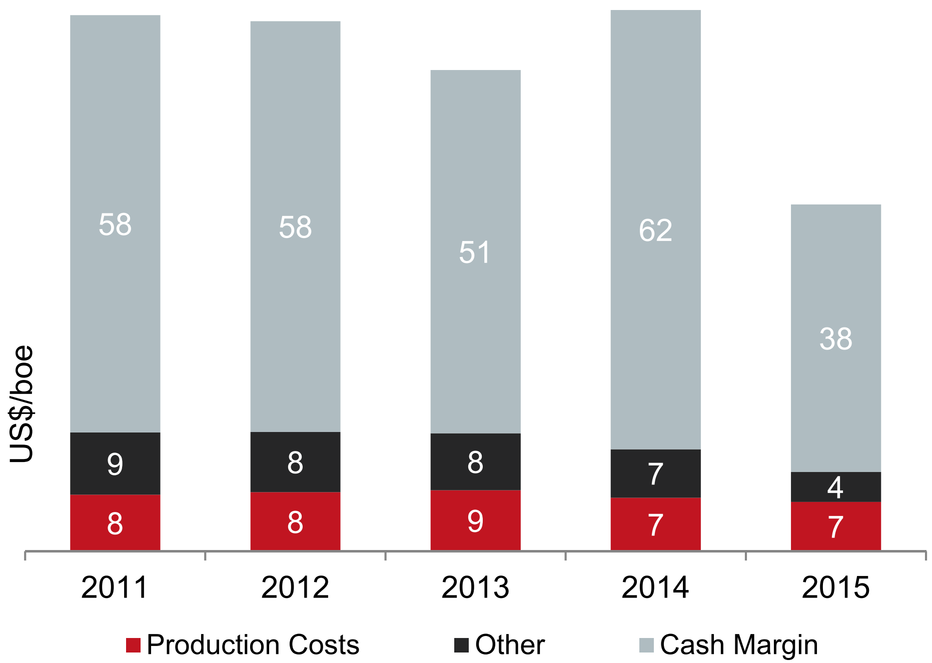
- Pluto 2014 price review[1]
- Downside price protection
- LNG pricing lag to JCC[2]

1. *Pluto LNG realised pricing improved when its first price review became effective in Q2 2014, resulting in a lower decline in 2015 relative to NWS LNG*
2. *Japanese Customs Cleared price*

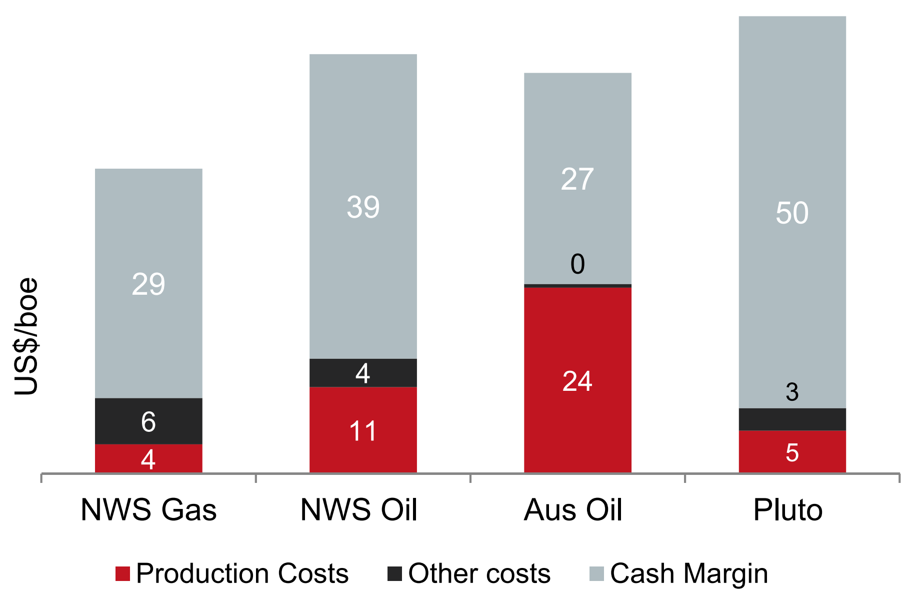
Cash costs and margins

Low LNG cash costs of sales drive continued strong cash margins

Weighted average unit cash margins trend

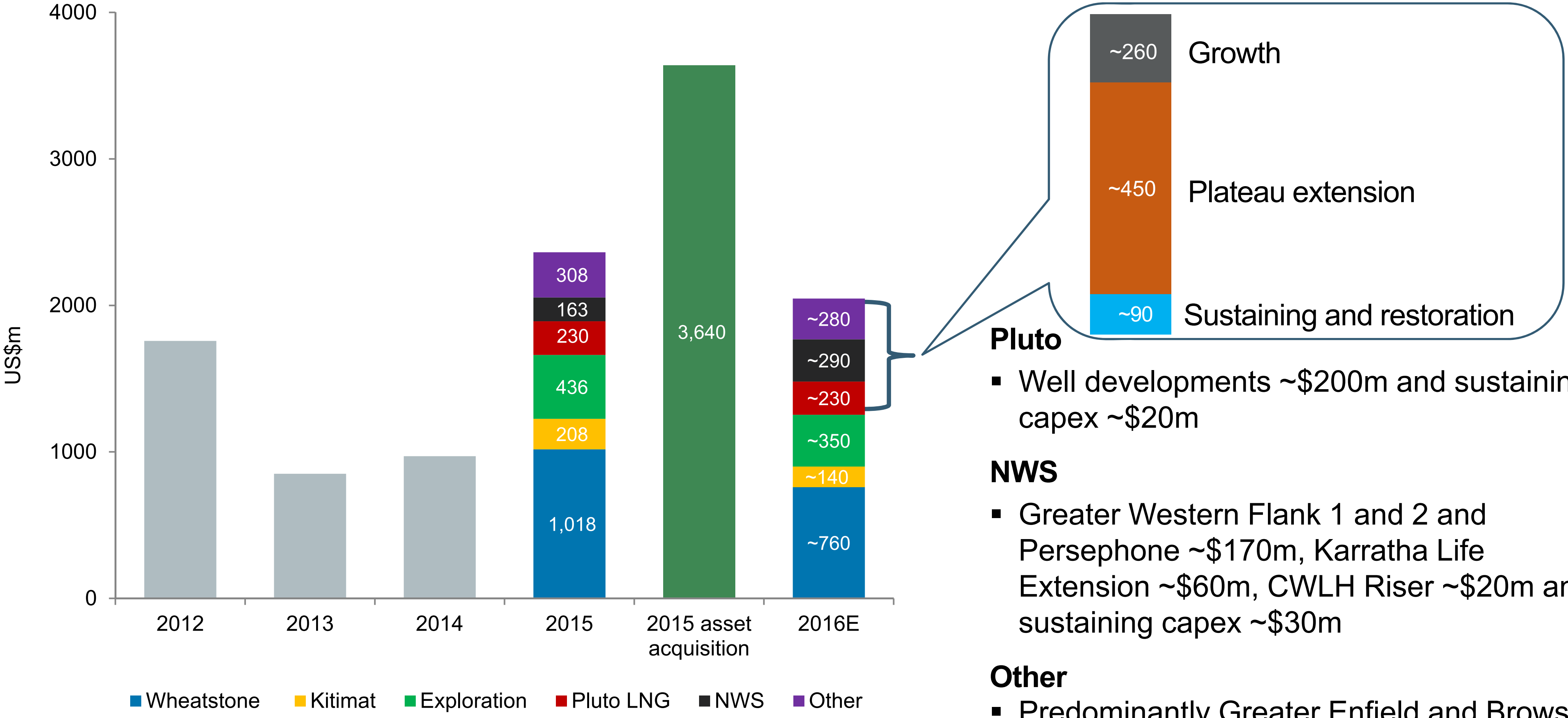


2015 unit cash margins by business unit



- *"Other costs" includes royalty and excise, shipping and direct sales costs, carbon costs and insurance; excludes Onerous lease E&E, G&A, 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*

Investment expenditure



Pluto

- Well developments ~$200m and sustaining capex ~$20m

NWS

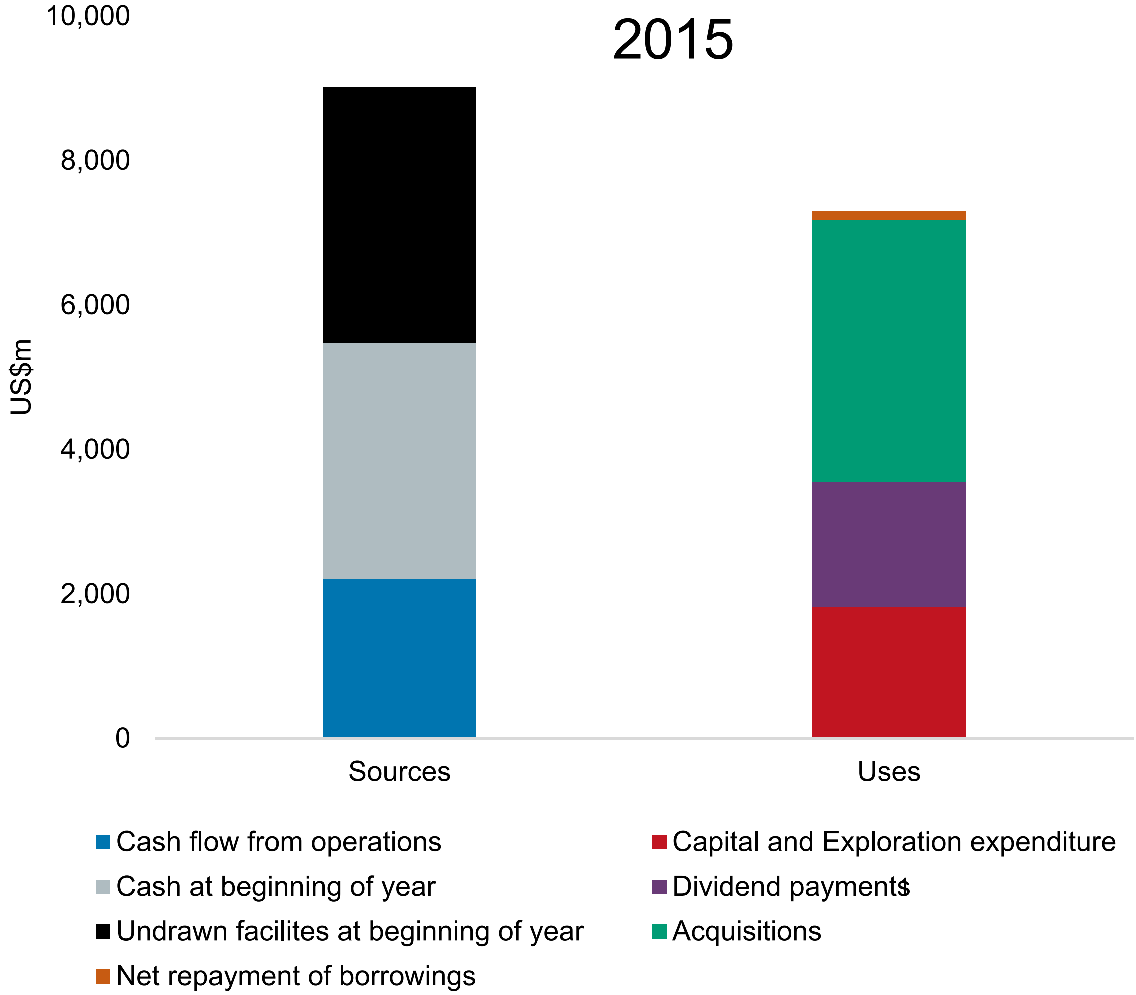
- Greater Western Flank 1 and 2 and Persephone ~$170m, Karratha Life Extension ~$60m, CWLH Riser ~$20m and sustaining capex ~$30m

Other

- Predominantly Greater Enfield and Browse

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

Sources and uses of cash

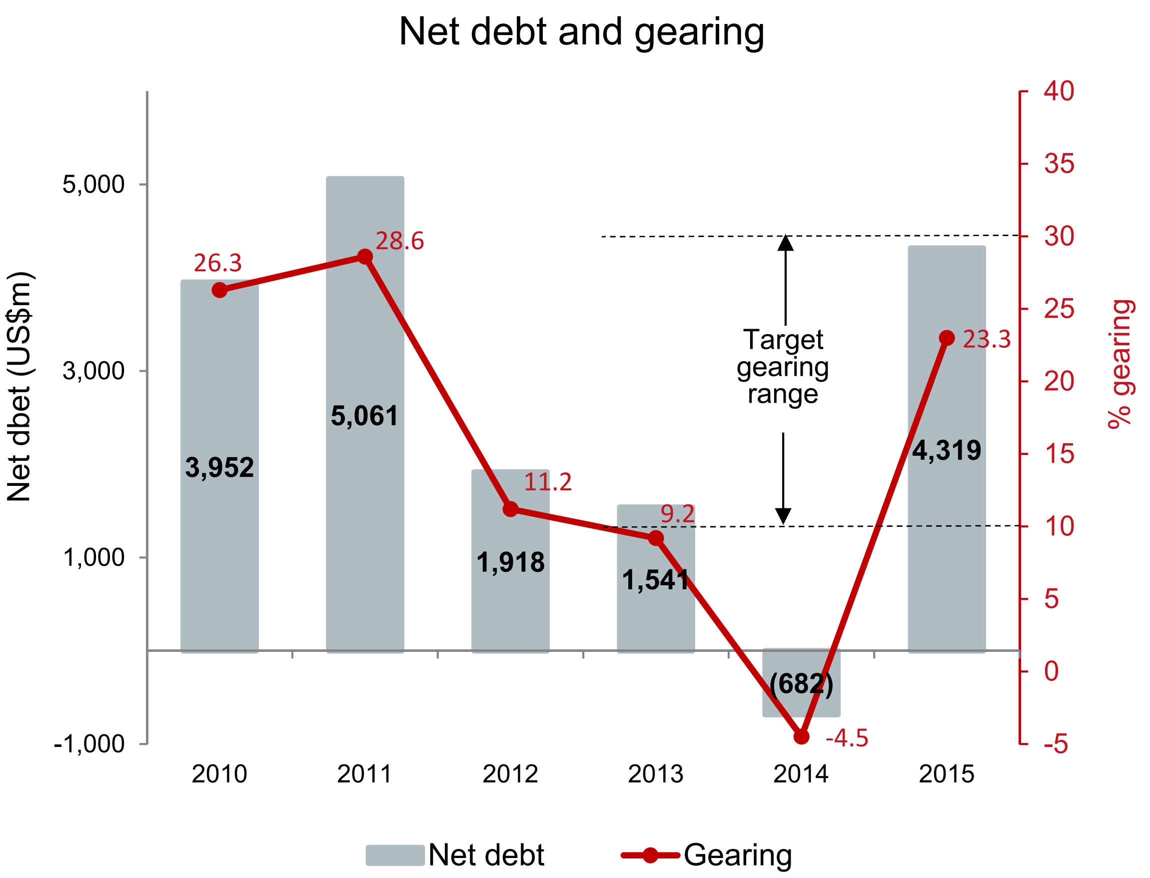


1. *2014 final dividend and 2015 interim dividend*

- 2016 cash flow from operations is expected to exceed committed investment expenditure, notwithstanding current prices

Capital management

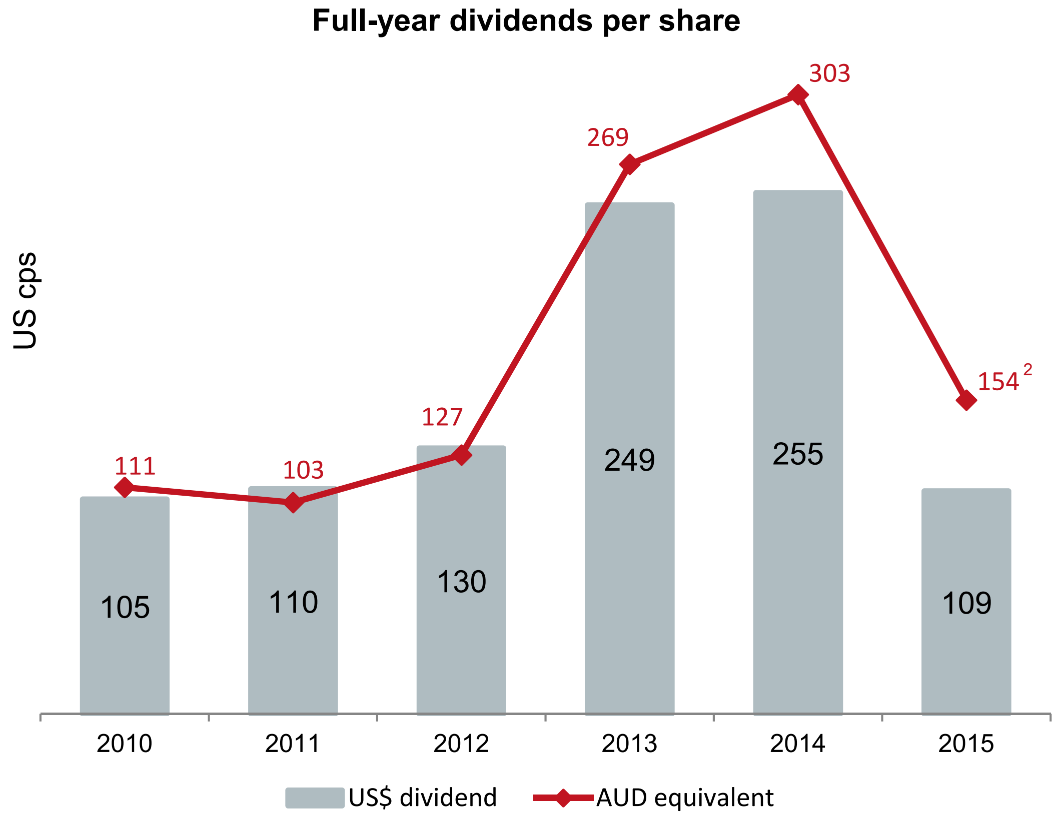
Gearing within target range of 10% - 30% following acquisition of assets



- Acquisition of Wheatstone, Balnaves and Kitimat interests increased gearing to 23%

Dividend

US43 cents per share fully franked final dividend



- Final dividend of US43 cps[1]
- Full year dividend of US109 cps[1] (AUD154 cps)[2]
- Represents an 80% payout ratio
- Dividend Reinvestment Plan reactivated

Note: The dividend is calculated on the reported NPAT adjusted for one-off non-cash items. The impact of these items (impairments, deferred tax asset de-recognition and onerous lease costs) are removed from the reported profit.

1. *cps – cents per share*
2. *Estimate based on a final dividend being converted at an exchange rate of 0.70. Actual rate will be determined and advised on 26 February 2016*

Dividend calculation

2015 NPAT adjusted for one-off non-cash items

Calculation of dividend	Pre-tax (US$ millions)	Post tax (US$ millions)
Reported full year NPAT		26
Adjustments:		
Impairment of oil & gas properties	1,083	756
Pluto PRRT DTA de-recognition	363	254
Balnaves FPSO Onerous lease	128	90
Profit for Dividend		1,126
Final Dividend – 80% payout ratio		901
		US cents per share
Total Dividend per share		109
Less: 2015 interim dividend paid		66
2015 final dividend		43

Impairments of oil and gas properties

Impairments after tax totalled US$756 million

2015 Impairments	US$m	
	Pre-tax	**Post-tax**
Enfield	18	8
Balnaves	10	7
Laminaria-Corallina	(95)	(40)
Vincent	85	36
NWS Oil	200	139
Wheatstone	865	606
Total	**1,083**	**756**
Other adjustments:		
DTA de-recognition	363	254
Onerous lease	128	90

- Oil price assumptions:
  - 2016-2018: 31 December forward curve
  - 2019-2020: Woodside forecast
  - 2021 onwards: $75/bbl real 2016 escalated at 2%
- Impairments mostly driven by reduction in our short and long term price assumptions
- Laminaria-Corallina write back due to sale of asset

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)	44.7	37.5	9.8
Operating revenue	($million)	1,788	2,377	510
EBITDA[2]	($million)	1,333	2,051	249[3]
EBIT	($million)	797	1,198	(204)
Unit production cost	($/boe)	4.2	5.5	24
Gross margin	(%)	55	50	(37)

- NWS and Pluto margins remain substantial even in a low price environment
- Mature Australian oil assets were cash positive
- Impairments and onerous lease to Australia Oil assets impacts EBIT

1. *North West Shelf gas and oil combined*
2. *EBITDA excludes impairments and amortisation of permit acquisition costs*
3. *Excludes onerous lease costs*

Consensus

2015 NPAT adjusted for one-off non-cash items and dividend ahead of consensus

		Woodside	Analyst consensus	Variance
NPAT adjusted for one-off non-cash items	$m	1,126	1,012	114
Final dividend	US cps	43	32	11

Notes on Petroleum Resource Estimates

Notes on Petroleum Resource Estimates

1. Unless otherwise stated, all petroleum resource estimates are quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at http://www.woodside.com.au/Investors-Media/Announcements, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius). Woodside is not aware of any new information or data that materially affects the information included in the Reserves Statement. All the material assumptions and technical parameters underpinning the estimates in the Reserves Statement continue to apply and have not materially changed.
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 (FPSO) vessel, 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. 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.