ASX Announcement

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Woodside Petroleum Ltd.
ACN 004 898 962
Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia
www.woodside.com.au

WOODSIDE RECORDS FIRST HALF PROFIT OF US$340 MILLION, PRODUCTION UP 9% AND UNIT PRODUCTION COSTS 38% LOWER

Woodside has recorded a half-year reported net profit after tax (NPAT) of US$340 million, underpinned by production of 45.9 MMboe, 9% higher than 1H 2015. Operating revenue for the period was US$1.9 billion.

Half-year reported NPAT was 50% lower than for 1H 2015 mainly due to lower prices, with benchmark oil prices[1] falling 46% from 1H 2015 to 1H 2016.

Continued focus on driving business efficiencies delivered world-class unit production costs of US$5.2/boe, 38% lower than in 1H 2015.

Woodside CEO Peter Coleman said the company was in a strong financial position and continued to prioritise value growth while delivering peer-leading returns.

"Our operational performance is world class with LNG production consistently exceeding original design capacity. Combined with the low cost of our operations and a continued focus on cost reduction we are in a robust position as oil price forecasts improve into 2017.

"Our pre-tax cost of debt remains at a competitive 2.9% with only US$125 million in debt facilities maturing before 2018. We continue to extend our debt maturity profile and further diversify our debt investor base to fund committed expenditure and growth.

"Moving forward, we will add significant production volumes from Wheatstone LNG to our portfolio in mid-2017 and further low-cost production from the Greater Enfield Project in 2019. Work continues on North West Shelf plateau extension projects with GWF-2 on track for start-up in the second half of 2019.

"We also see near-term opportunities to commercialise the SNE discovery in Senegal.

"In Myanmar we made back-to-back discoveries, increasing our contingent resources by 83 MMboe. Both discoveries are located close to existing infrastructure and markets and we are working through development options with significant appraisal work scheduled for next year.

"We have also been successful in rebalancing our global exploration portfolio and plan to drill a series of wells in 2017," he said.

Financial headlines for 1H 2016

- Half-year reported NPAT of US$340 million.
- Portfolio average realised LNG price of US$7.66/MMbtu.
- Half-year unit production costs of US$5.2/boe, 38% lower than 1H 2015.
- Increased cash flow from operating activities of US$1.1 billion, up 4% from 1H 2015.
- Positive free cash flow of US$162 million.
- Declared an interim dividend of 34 cents per share. The Dividend Reinvestment Plan has been suspended for the interim dividend.
- Liquidity buffer of US$2.0 billion provides funds for additional growth and protects against future volatility.
- Credit ratings of Baa1 and BBB+ were reaffirmed by Moody's and Standard & Poor's respectively.

1. Three month lagged Japan Customs-cleared Crude (JCC).

Key business activities

Operational excellence

- Increased 2016 production guidance to 90–95 MMboe. This includes the impact of the sale of the Northern Endeavour FPSO facility and cessation of oil production at Balnaves.
- Production of 45.9 MMboe, 9% higher than 1H 2015, while reducing unit production costs by 38%.
- Pluto LNG annualised production rate of 4.9 mtpa was 14% higher than expected capacity at time of FID. The asset continued to achieve top-quartile reliability of 99.2% during the half.
- Executed major North West Shelf (NWS) Project planned onshore and offshore turnaround ahead of schedule and on budget. The NWS Train 4 turnaround was delivered in 23 days, 8 days ahead of schedule.

Managing risk profile

- Signed a heads of agreement with Pertamina for the supply of 0.5 to 1.0 mtpa of LNG commencing in 2019 for a period of 15–20 years. The heads of agreement remains conditional on the negotiation and execution of a fully termed LNG sale and purchase agreement (SPA).
- De-risked 2017 to 2018 revenue stream with 85–90% of expected production now either committed under term contracts or subject to finalisation of SPAs.
- Executed ten additional NWS LNG contract price reviews and continue to work with customers to achieve mutually beneficial outcomes. Price review outcomes maintained strong oil price linkage and Woodside achieved approximately US$50 million in additional reconciliation payments and other commercial benefits.
- Executed agreements necessary to enable equity lifting of NWS uncommitted LNG and domestic gas volumes. Uncontracted LNG and domestic gas volumes have been equity lifted from 1 July 2016. This provides additional portfolio scale and flexibility. Existing sales contracts will continue to be managed jointly on behalf of the NWS Project participants.
- Added one LNG carrier to our shipping fleet in the first quarter, increasing it to four comprising two portfolio vessels and two dedicated Pluto vessels. The expanded shipping fleet provides additional capacity and flexibility to manage a diversifying customer base including in Egypt and India.
- Pre-tax portfolio cost of debt remains competitive at 2.9%.
- Extended debt maturity profile with only US$125 million in debt facilities maturing before 2018.
- Subsequent to the half, further diversified debt investor base via issuances under the Global Medium Term Notes (GMTN) programme.

Capturing and building near-term value growth

- The Wheatstone Project (Woodside 13%, non-operator) construction and commissioning activities are progressing consistent with previous guidance of first LNG from Train 1 mid-2017. First LNG production from Train 2 is expected 6-8 months later. LNG site productivity improvements since the beginning of the year provide confidence in the current schedule. The operator will provide an update on shared facility and downstream plant cost and joint venture budget in due course.
- The Julimar Project (Woodside 65%, operator) is progressing to plan to be ready for start-up in 2H 2016 and the cost outlook remains below our estimate at acquisition.
- NWS Project plateau extension work is progressing well. The Persephone Project remains on budget with a revised earlier start-up expected in 2H 2017 and the Greater Western Flank Phase 2 Project remains on track for start-up in 2H 2019.
- Approved Greater Enfield Project, developing oil reserves (2P) of 41 MMbbl Woodside share (69 MMbbl, 100%) as a tie-back to the Ngujima-Yin FPSO, targeting first oil mid-2019.
- Discoveries offshore Myanmar in Block A-6 (Shwe Yee Htun-1) and Block AD-7 (Thalin-1A) increased contingent resources (2C) by 83 MMboe Woodside share.

- Entered agreement to acquire a 65% participating interest and operatorship of AGC Profond Block in Senegal – Guinea-Bissau.[2]
- On 14 July 2016, Woodside agreed to acquire ConocoPhillips Senegal B.V., a company that holds a 35% interest in the 560 MMbbl SNE deep water oil discovery (100%, at the 2C confidence level).[3]
- Expanded acreage position offshore Gabon by acquiring a 40% interest in the Luna Muetse Block.[4]
- Entered into a Project Development Agreement with Sempra LNG & Midstream to continue assessment of a potential 10 mtpa natural gas liquefaction facility in Port Arthur, Texas.
- The Kitimat LNG Project in British Columbia continued progressing work on reducing capital cost. Appraisal drilling of the Liard resource (30 Tcf 2C, 100%) continued with extended production testing of two wells currently underway. Well performance is exceeding initial expectations. Further well testing will be undertaken in the second half.
- Pursuing a phased development concept to maximise value of the Browse Development.
- Entered FEED with the Equus project participants to process third party gas resources through the NWS.

2016 half year results teleconference

A teleconference providing an overview of the half-year 2016 results and a question and answer session will be held at 7.30am AWST (9.30am AEST) on 19 August 2016. Dial in numbers are listed below. Please quote passcode ID: **4018 2031**.

For locations within **Australia** dial toll-free **1800 123 296,** or toll 02 8038 5221.

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2. Subject to satisfaction of conditions precedent.
3. Subject to Government of Senegal approval and any applicable pre-emption.
4. Subject to satisfaction of conditions precedent.

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. Subsequent to the Reserves Statement dated 31 December 2015, by ASX Announcements dated 20 May 2016, Woodside: (i) increased its estimate of contingent resource (2C) by 83 MMboe as a result of the ShweYee Htun and Thalin fields and (ii) reduced its estimate of contingent resource (2C) by 1 MMboe as a result of a revision of its estimate of contingent resource (2C) relating to the Laverda and Cimatti fields. By ASX Announcement dated 27 June 2016, Woodside increased its reserves (2P) by 41 MMboe (and decreased its estimate of contingent resource (2C) by 41 MMboe) in conjunction with the final investment decision to proceed with the Greater Enfield Oil Development. The decision to proceed increased proved reserves (1P) by 30 MMboe.
3. 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.
4. 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.
5. '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.
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.

Contacts:

MEDIA

Michelle Grady
W: +61 8 9348 5995
M: +61 418 938 660
E: michelle.grady@woodside.com.au

INVESTORS

Craig Ashton
W: +61 8 9348 6214
M: +61 417 180 640
E: investor@woodside.com.au