2016 half-year results briefing

Peter Coleman | Chief Executive Officer and Managing Director | 19 August 2016

woodside

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.

Peer group refers to Anadarko, Apache, ConocoPhillips, ENI, Hess, Inpex, Marathon Oil, Murphy Oil, Oil Search, Origin Energy, Pioneer, Repsol, Santos, Statoil and Tullow Oil.

Achievements

Strong performance across the business

Operational excellence

- Increased production guidance to 90–95 MMboe
- Production up 9% on 1H 2015
- Unit production costs down 38% on 1H 2015

Managing risk and volatility

- Targeting to commit 85–90% of expected 2017–18 production to term contracts
- Executed ten NWS LNG contract price reviews
- Extended debt maturity profile and increased liquidity buffer

Building near-term value growth

- Discovered 2.4 Tcf of recoverable gas from back-to-back discoveries in Myanmar[1]
- Approved the Greater Enfield Project, developing 2P oil reserves of 41 MMbbl
- Building prospective exploration portfolio with increased exposure to emerging basins and oil
- Agreed to acquire a 35% interest in the 560 MMbbl SNE oil field with exploration upside[2]

1. Refer to ASX dated 20 May 2016, Woodside books contingent resource in Myanmar. Combined Woodside net economic interest 469 Bcf (83 MMboe), based on Woodside's 40% interest in the two discoveries.
2. Refer to ASX dated 14 July 2016, Woodside agrees to acquire ConocoPhillips' interests in Senegal. Subject to completion including Government of Senegal approval.

Financial headlines

woodside

Strong operations and cash flow

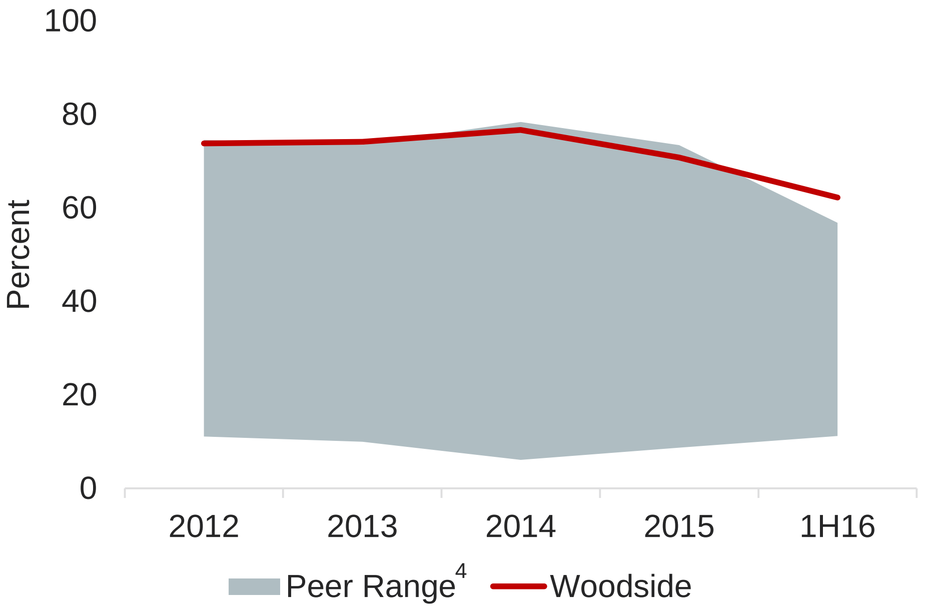
Profit:	**US$m[1]**
Net profit after tax (NPAT)	340
Interim dividend	34 cps[2]
Cashflow:	
Operating cash flow	1,124
Break-even cash cost of sales	~$9/boe
Unit production costs	$5.2/boe
Balance Sheet (30 June 2016):	
Available funds (cash and undrawn facilities)	1,993
Net debt	4,253
Gearing[3]	22.5%

1. Unless otherwise stated.
2. US cents per share.
3. Gearing calculation: Net Debt/(Net Debt + Net Equity).

Peer comparison

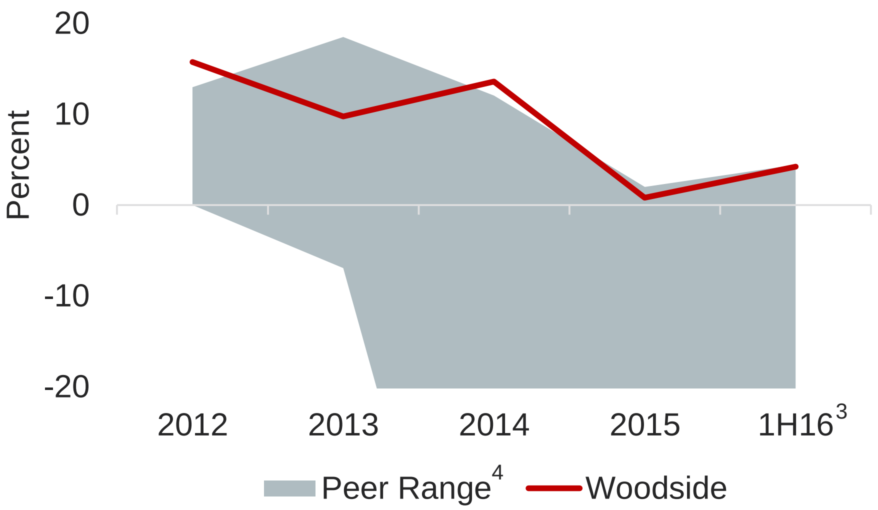
Peer-leading margins across the business cycle

EBITDA margin[1]



Source: IHS

Return on capital employed[2]

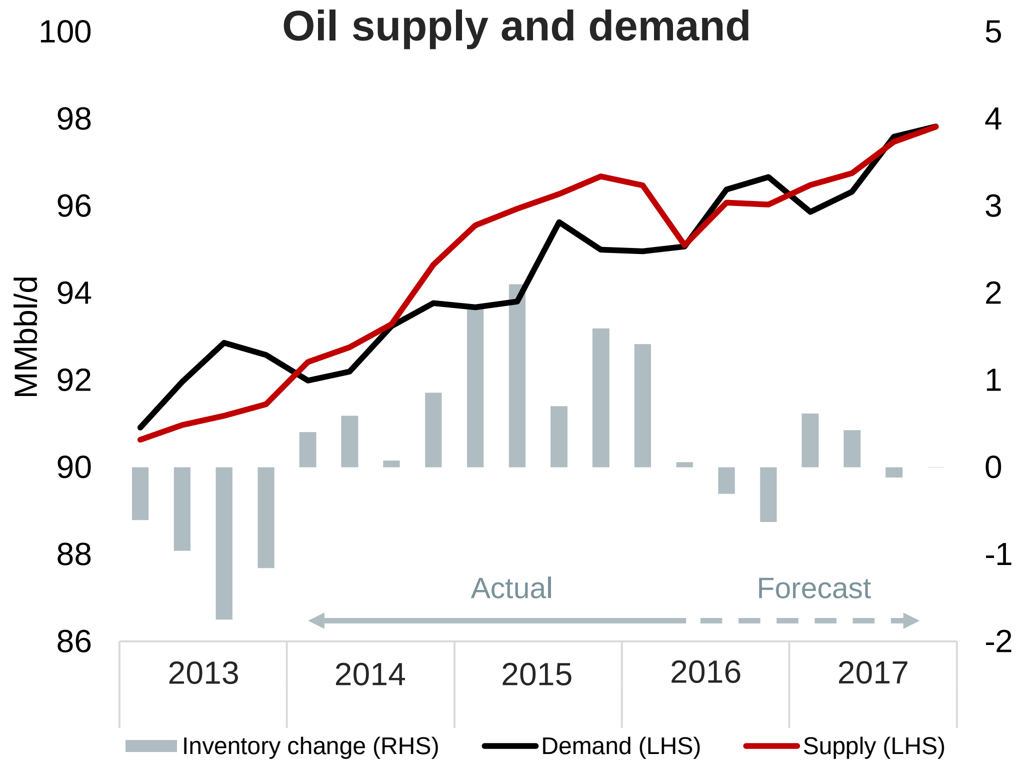


Source: IHS

1. EBITDA margin is the earnings before interest, tax, depreciation and amortisation as a percentage of operating revenue.
2. Return on capital employed calculation: Net income + Non-controlling interest + [Finance costs x (100 – Effective tax rate)] / [(Current capital employed + Prior capital employed) / 2].
3. 1H16 return has been annualised for comparison purposes.
4. 1H16 includes peers that have reported 1H 2016 results as of 18 August 2016.

Oil market dynamics

Market conditions creating opportunities



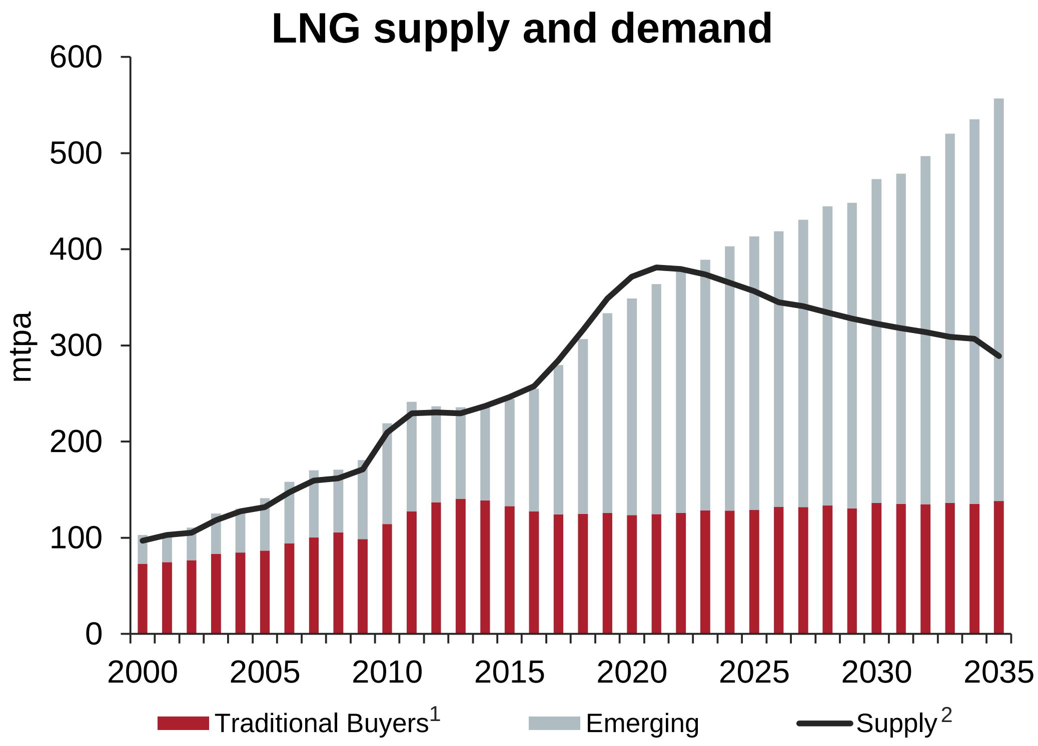
Source: IHS

- Re-balancing underway
- Continued price volatility in the short-term
- Competitors retreating from international acreage to onshore US
- Exploration and development costs down
- New project breakevens reducing

LNG market dynamics

woodside

New supply sanction required from 2018 to meet market demand



Source: Wood Mackenzie LTD Q2 2016

Demand

- Traditional markets well supplied
- Growth from emerging buyers enabled by:
  - Lower prices
  - New technologies and business models

Supply

- Sanction of additional ~20 mtpa capacity required annually to meet demand
- Since start of 2016:
  - 3.8 mtpa sanctioned
  - 39.4 mtpa deferred

1. Traditional Buyers include Japan, Korea and Taiwan.
2. Operational and under construction projects only.

Near-term value growth

Committed to earliest commercialisation of growth opportunities

Developing ~400 MMboe[1] commencing production 2016 to 2020

- Wheatstone LNG: First LNG from Train 1 expected mid-2017; Train 2 expected 6-8 months thereafter[2]
- NWS extension projects (GWF-2, Persephone): Progressing on budget and ahead of schedule
- Greater Enfield: Targeting first oil mid-2019, more than 24,000 bbl/d[3]

Building the resource base

- Myanmar: Appraising discovered resources, targeting near-term commercial development
- High impact wells to be drilled 2017–18
- Pursue asset acquisitions, building on existing regional focus areas

1. Woodside share, 2P reserves.
2. Source: Chevron second quarter 2016 earnings 29 July 2016.
3. Woodside share.

Financial management

Lawrie Tremaine | Chief Financial Officer

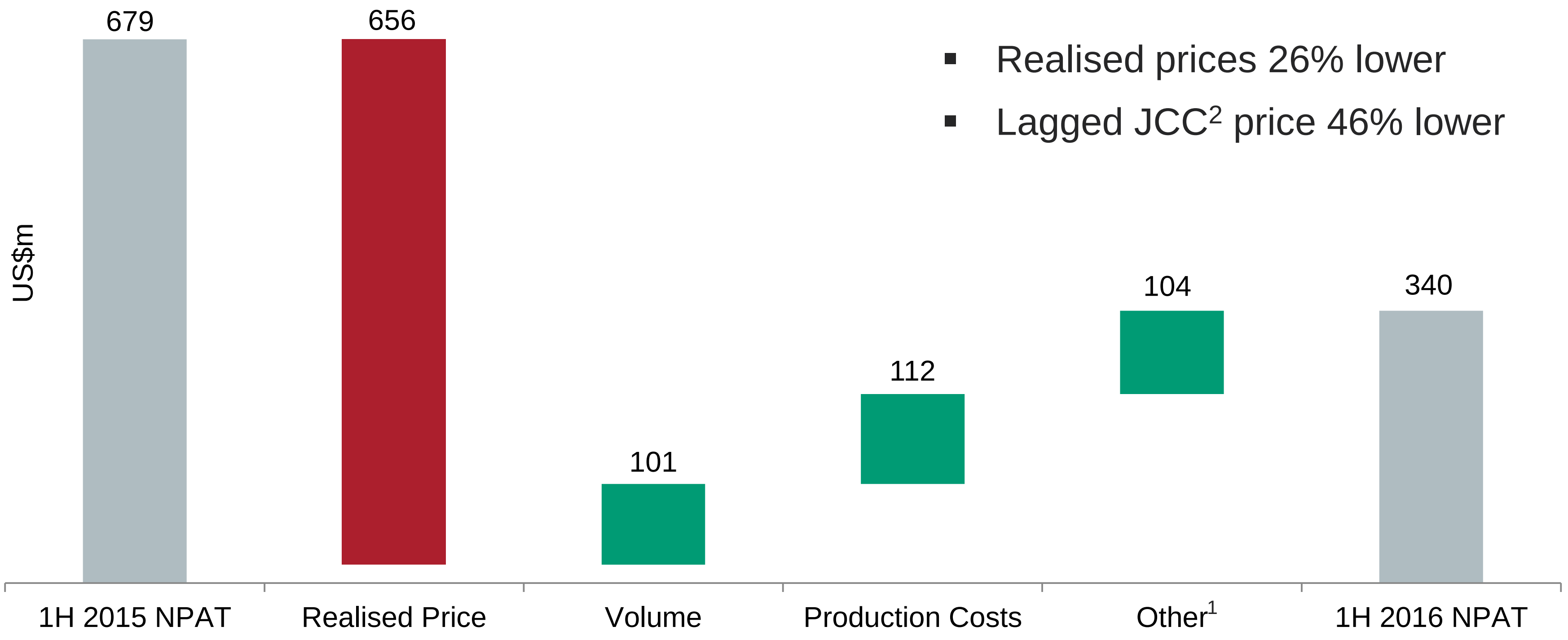
woodside

Reported profit

woodside

Operational performance partially offsetting oil price impacts

Net profit reconciliation



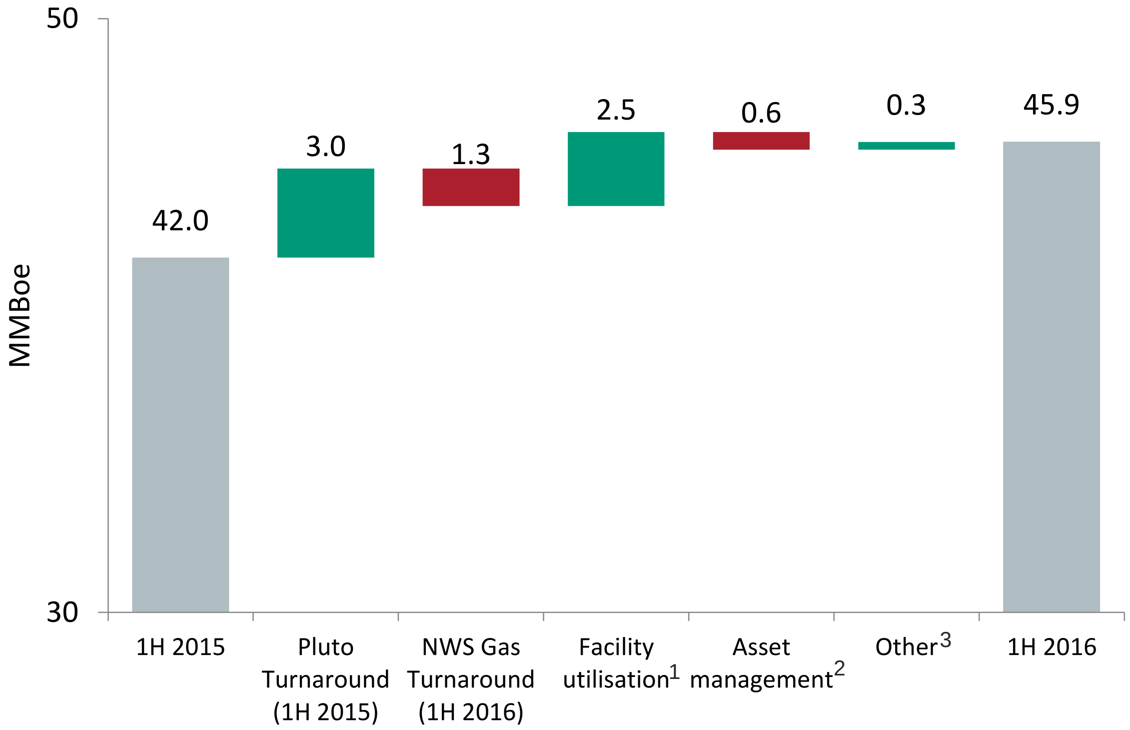
- Realised prices 26% lower
- Lagged JCC[2] price 46% lower

1. Includes net trading margin, net finance costs, PRRT, income tax, non-controlling interest, price review outcomes and other costs of sales.
2. Japanese Crude Cocktail is the average price of customs-cleared crude oil imports into Japan, JCC lagged by 3 months

Production

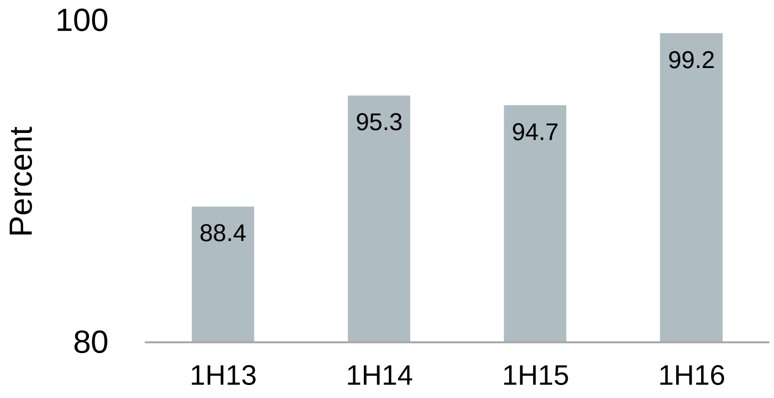
Improving capacity and reliability

Production reconciliation



- 2016 production guidance increased to 90–95 MMboe
- Pluto annualised loaded LNG production rate of 4.9 mtpa, 14% above original design capacity

Pluto LNG reliability



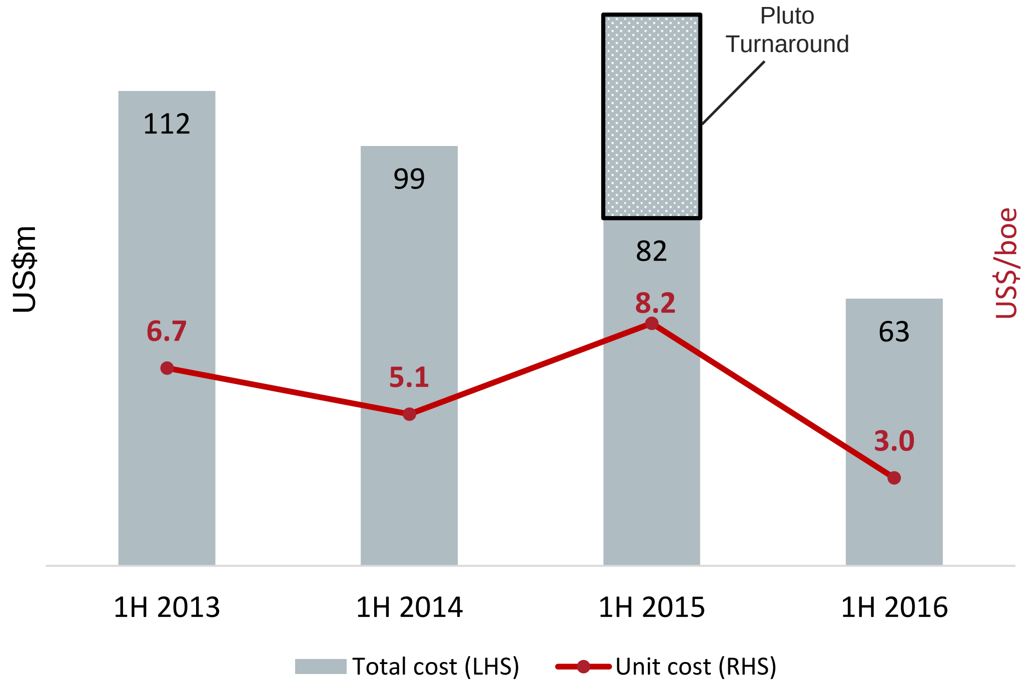
1. Facility utilisation includes the impact of higher LNG capacity and variances in facility reliability, availability and utilisation.
2. Asset management includes cessation of production at Stybarrow and Balnaves and sale of our interest in Laminaria-Corallina Joint Venture.
3. Other includes natural reservoir decline, Canada pipeline gas, Vincent Phase IV and GWF-1 wells and NWS pipeline gas demand.

Pluto production costs

woodside

Delivering on productivity and efficiency improvements at Pluto

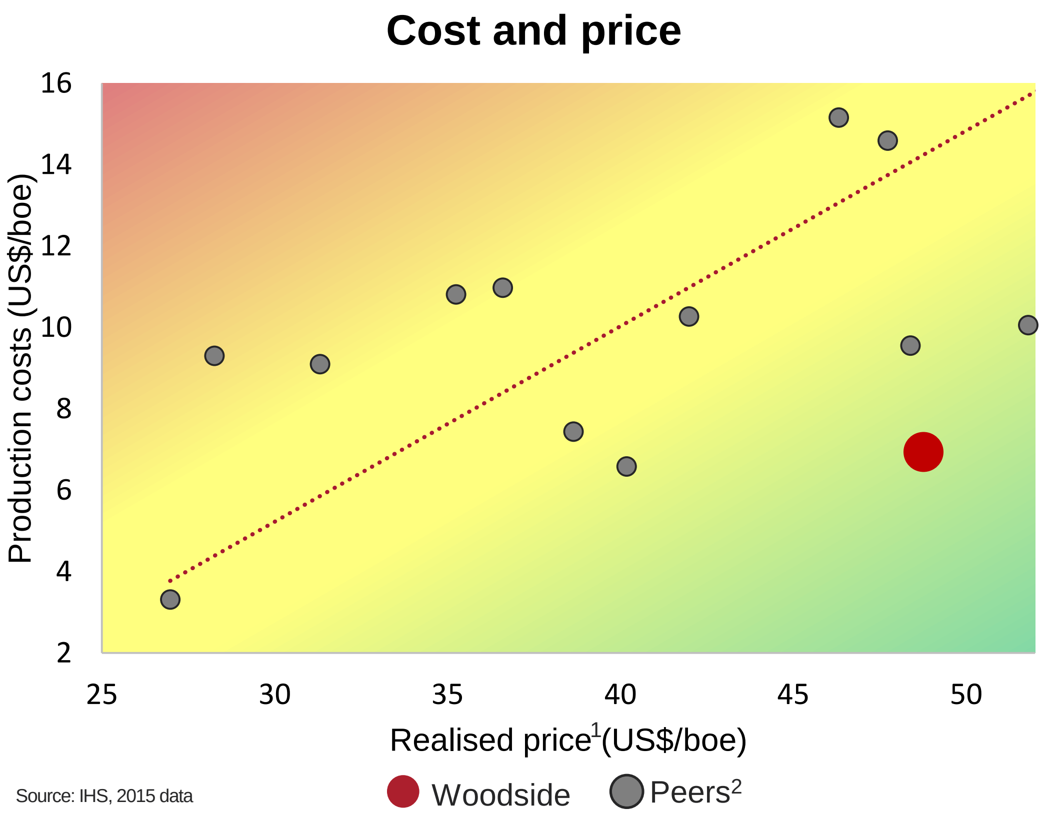
Total and unit production costs



- Sustained structural cost reductions
- 55% improvement in unit costs from 1H 2013 to 1H 2016

Peer-leading margins

Low costs, high realisations



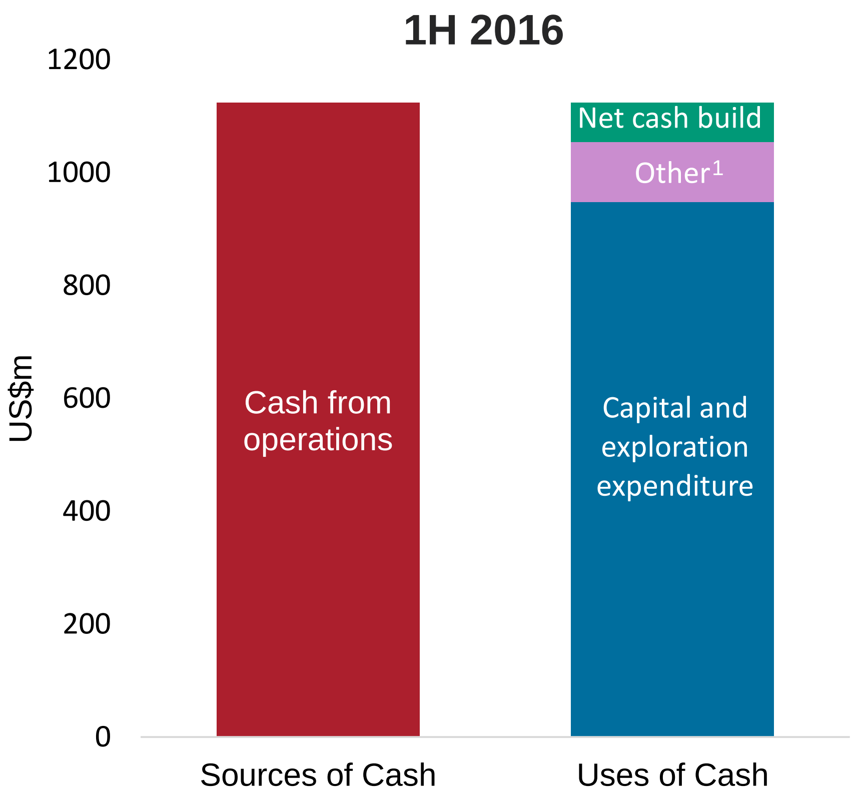
Source: IHS, 2015 data

- Strong realised pricing achieved through LNG contract portfolio
- Quality assets and operational excellence delivering low unit cost outcomes

1. Realised prices include a mixture of DES and FOB sales and are impacted by company specific product mix.
2. Data not available for two peers.

Sources and uses of cash

Generating surplus free cash while continuing to invest in growth



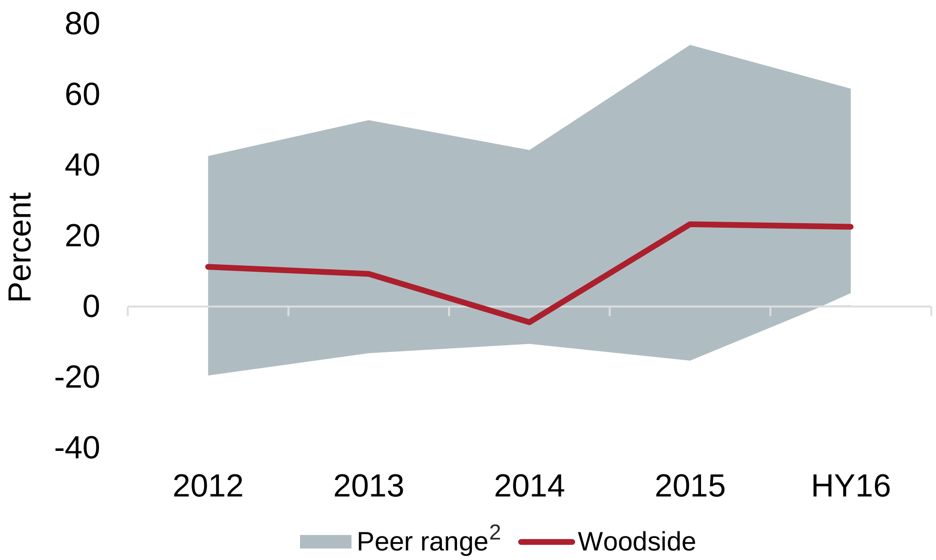
- $162 million of Free Cash Flow generated[2]
- First half capital expenditure mainly Wheatstone and NWS plateau extension

1. Other includes contributions to non-controlling interests, payments on disposal of oil and gas properties, dividends net of DRP and effects of exchange rate changes.
2. Calculated as net cash from operating activities less net cash used in investing activities.

Financial advantages

Well positioned to fund growth

Gearing[1]

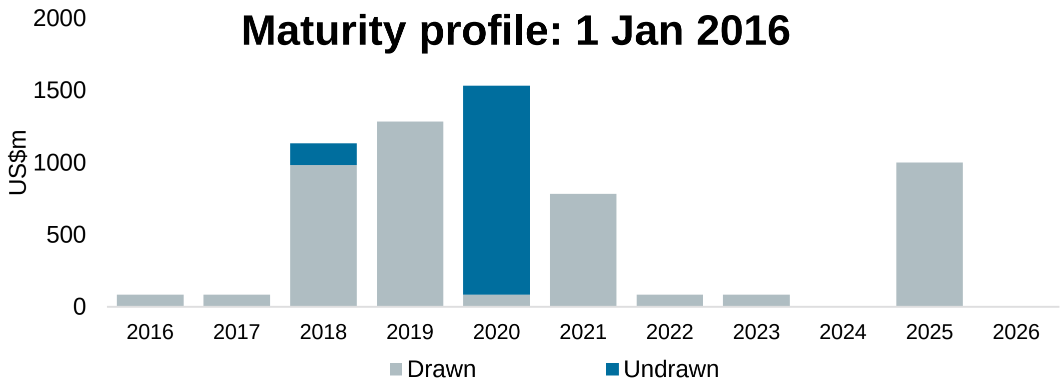


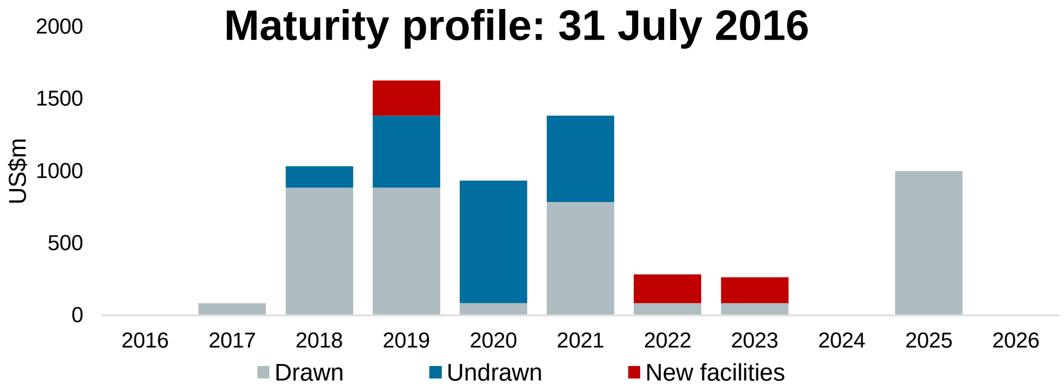
- Financial flexibility to invest through cycle
- Strong financial position reflects quality of assets and performance of base business
- Maintained gearing within 10–30% target range

1. Gearing is defined as Net Debt / (Net Debt + Net Equity). Peer data estimated on a consistent basis with Woodside and based on public data.
2. 1H16 includes peers that have reported 1H 2016 results as of 18 August 2016.

Liquidity

Managing our debt obligations





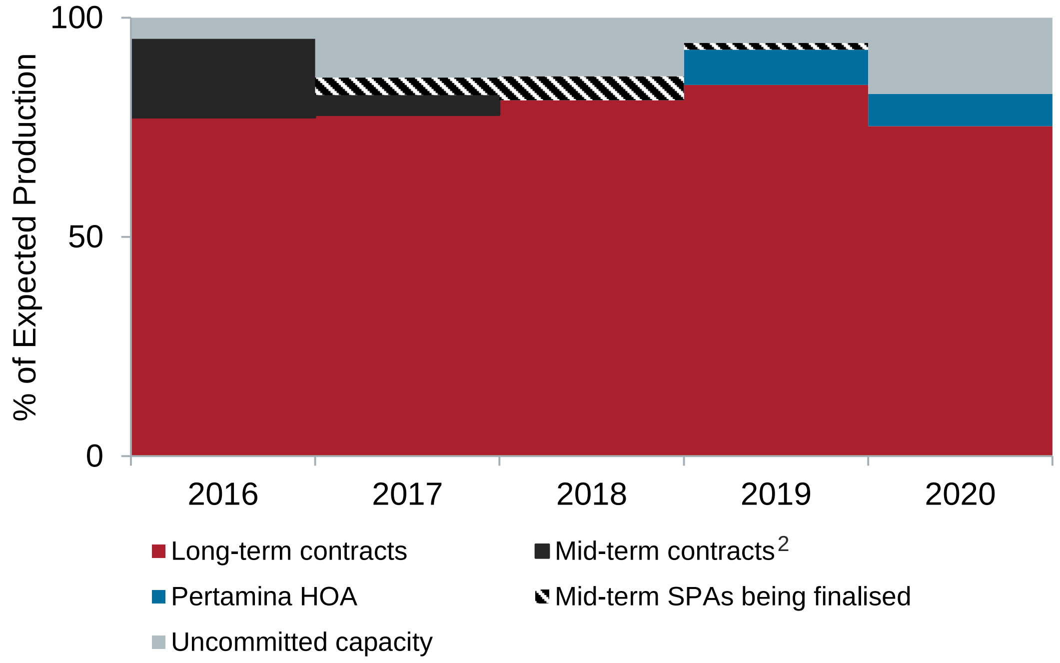
- Secured over $600 million in funding at competitive rates
- Liquidity of $2 billion at HY16
- Diversifying funding sources
- Negligible near-term maturities and plan to further extend maturities by end 2017
- Credit ratings affirmed at BBB+[1] and Baa1[1]

1. S&P and Moody's respectively, negative outlook.

LNG contracts

Mid-term SPAs being put in place to reduce spot exposure

Woodside Equity LNG[1]



- Target 85-90% of expected production in term take-or-pay contracts
- HoA in place for long-term supply to Pertamina
- Mid-term sales of 12-20 cargoes during the period 2017-2019 progressing:
  - SPAs being finalised for up to half
  - Expect remainder finalised by year end
- Maximum exposure to buyer DQT[3] ~5% of expected production during 2016–2020
  - Buyer DQT in 1H16 <1% of production
- Seller volume flexibilities available 2016–2020

1. Includes Pluto, NWS, excludes Wheatstone.
2. Mid Term Contracts with KOGAS, Chubu Electric, Kansai Electric.
3. DQT: downward quantity tolerance.

Review of Business Activities

Mike Utsler | Chief Operations Officer

Source: Chevron Australia

Wheatstone

On track for mid-2017 first LNG cargo

Source: Chevron Australia

Reservoir development and Julimar Project

- Julimar Project[1] 98% complete - on track and under estimate at acquisition
- Drilling campaign complete

Offshore facilities

- Wheatstone Platform hook-up and commissioning is progressing

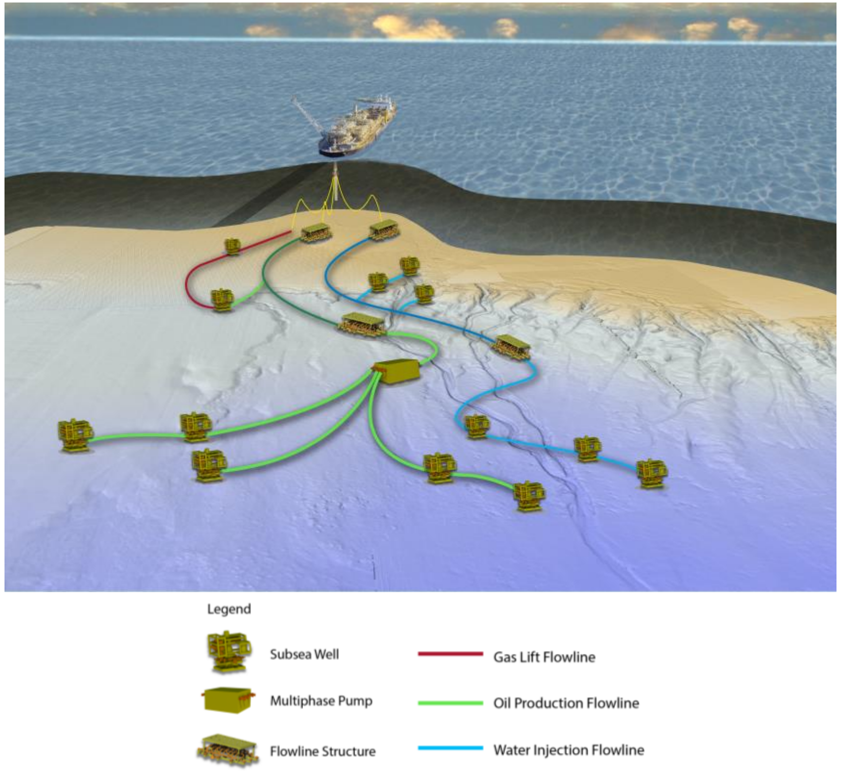
Onshore LNG and domgas facilities

- First LNG cargo mid-2017[2]; Train 2, 6-8 months later[2]
- Sales contracts priced close to market peak
- Secondments into start-up team
- EPC contractor Bechtel delivered smooth start-ups for Curtis Island LNG Projects

1. Woodside is the Operator of the Julimar Project.
2. Source: Chevron second quarter 2016 earnings 29 July 2016.

Greater Enfield

Strong cash margins, leveraging existing infrastructure

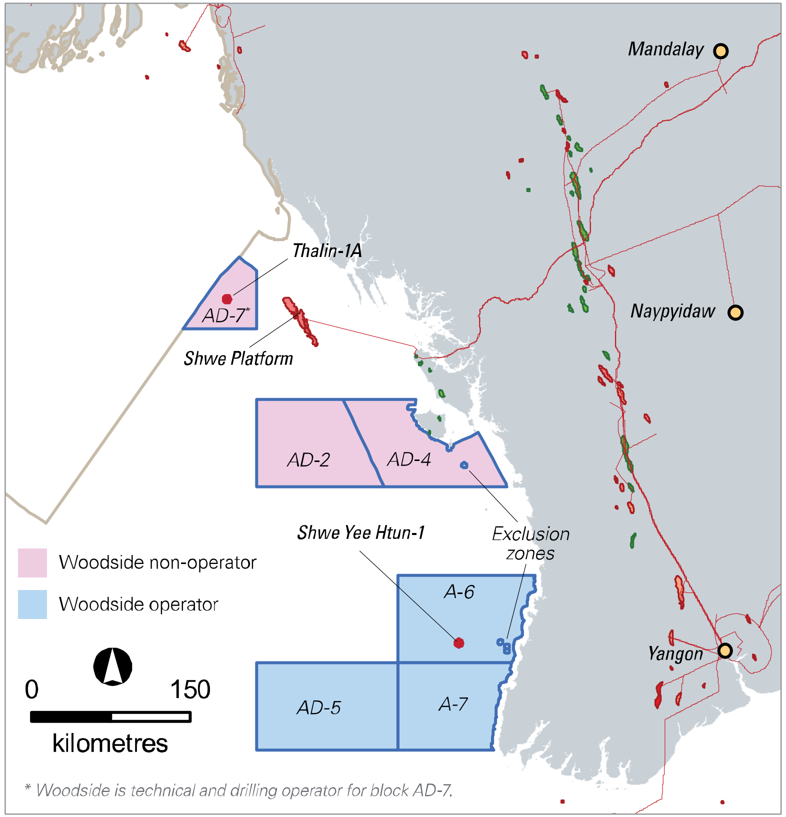


- Developing 41 MMbbls of 2P oil reserves[1]
- Subsea tie-back to Ngujima-Yin FPSO (Vincent field)
- Low incremental cash costs through utilisation of existing infrastructure:
  - Production costs US$30–40 million per annum[1]
  - Negligible sustaining capital and other cash costs[2]
- First oil mid-2019, >24,000 bbl/d[1] post ramp up
- Received approval to combine the two production licences for PRRT purposes

1. Woodside share.
2. Other cash costs include estimated insurance, shipping and direct sales, general, administrative and other costs.

Myanmar

Rapid resource delineation

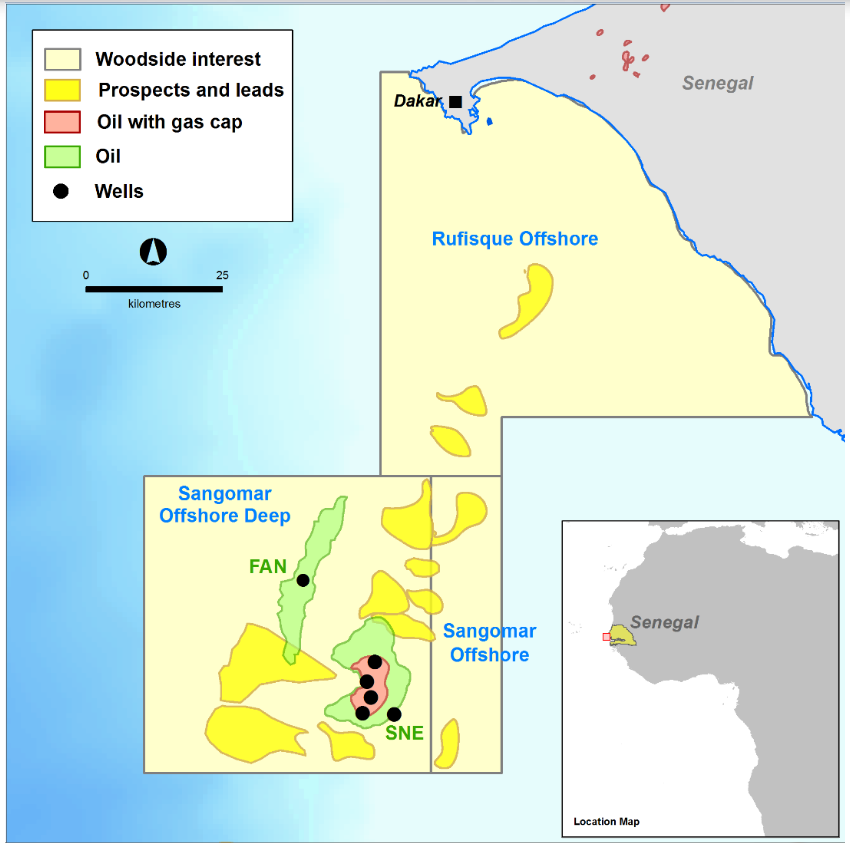


- Material position in emerging basin
- 2.4 Tcf, 2C gross (100%)[1] gas discoveries at Shwe Yee Htun-1 and Thalin-1A
- Subsea tieback option via Shwe platform[2]
- Significant drilling campaign in 2017 with four firm wells and two contingent wells[2]
- 31,500 sq.km of 3D seismic complete, fast tracked data identifies features of interest

1. Refer to ASX Announcement dated 20 May 2016. Woodside's estimated net economic interest in the contingent resource is approximately 209 Bcf dry gas (Shwe Yee Htun) in Block A-6 and 260 Bcf dry gas (Thalin) in Block AD-7. These estimates are highly dependent on realised gas prices, government participation rights, government share of profit and royalties under Woodside's 40% interest in the respective PSCs and the outcome of future commercial arrangements.
2. Subject to joint venture and government approval.

Senegal

World-class asset with significant future exploration upside



Source: IHS and Woodside

- Agreed to acquire a 35% interest in the 560 MMbbl SNE oil field with exploration upside[1]
- Development planning underway with line of sight to near term oil production
- Leverages our capabilities in deep water drilling, subsea infrastructure and FPSO vessels
- Acquisition is subject to completion including Government of Senegal approval
- Completion targeted by year-end 2016

1. Refer to ASX dated 14 July 2016, Woodside agrees to acquire ConocoPhillips' interests in Senegal.

Global exploration strategy

Set to deliver future growth options

Portfolio balance

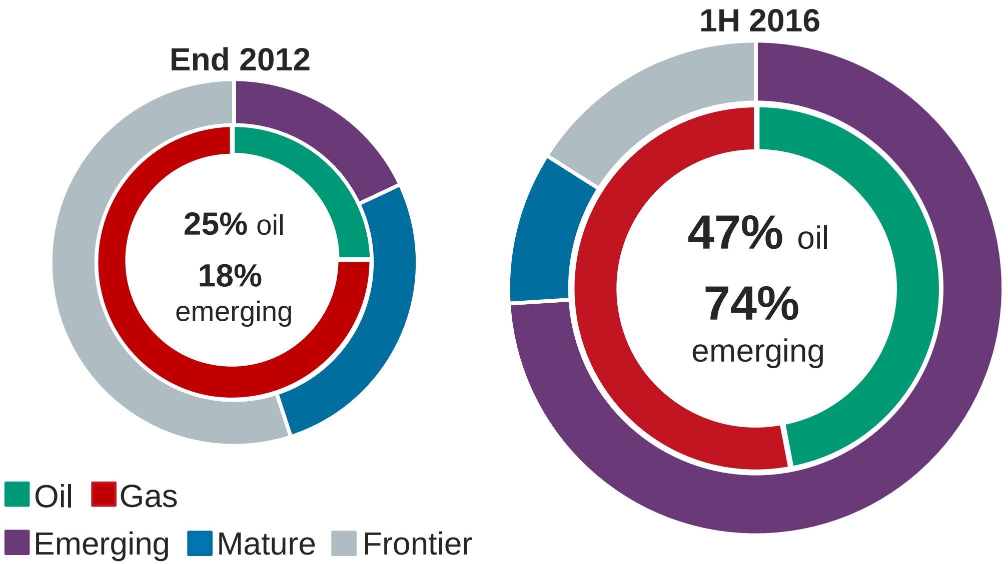


Chart area: relative unrisked net mean success volume[1]

- Increased exposure to emerging basins and oil
- Significant increase in net unrisked mean success volume since 2012
- Growth a result of commitment to:
  - Continual high grading of portfolio
  - Capturing quality acreage in emerging basins
- Emphasis of strategy is shifting from predominantly portfolio growth to execution

1. Net unrisked mean success volume is the sum of the mean recoverable estimates in case of exploration success from all identified leads and prospects in the exploration portfolio.

Key messages

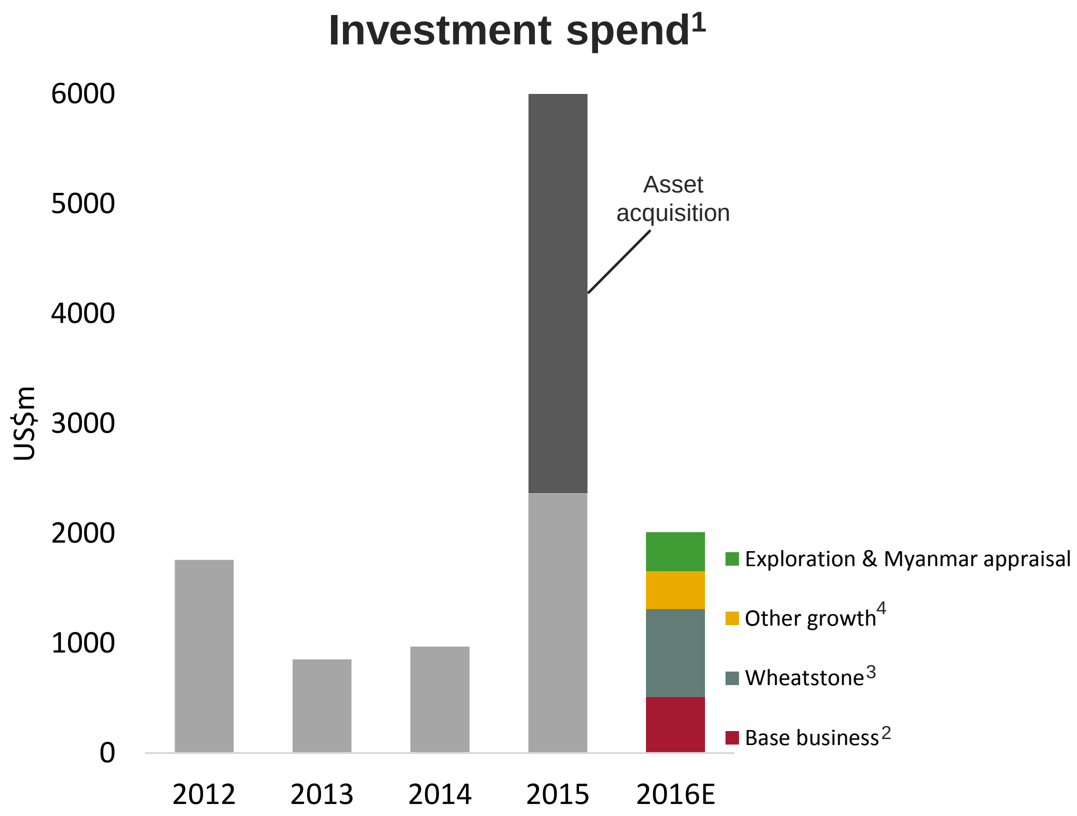
Strong performance across the business

- **Operations excellence**
- **Managing risk and volatility**
- **Building near-term value growth**

Annexure

Investment spend

Investing in growth



- Maintain 2016 investment spend guidance of ~$2 billion[1]
- Base business spend trending down
- Continuing to invest in growth

1. Excludes investment spend related to agreement to acquire ConocoPhillips' interests in Senegal.
2. Base Business includes Pluto, NWS, Australian Oil and Corporate.
3. Wheatstone includes Julimar.
4. Other Growth includes Greater Enfield, Kitimat and Browse.

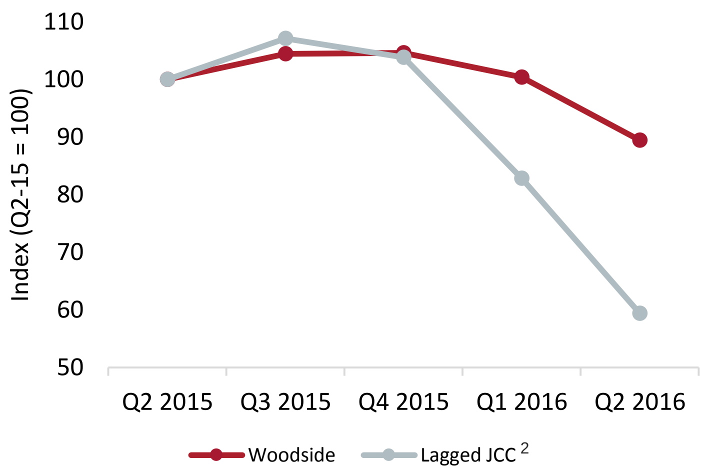
Product pricing

woodside

First half realised prices 26% lower

Products	US$/boe 1H 2016	1H 2015	% Variance	US$m Revenue impact
NWS LNG[1]	31	49	(37%)	(183)
Pluto LNG	49	67	(27%)	(351)
Pipeline natural gas	20	23	(13%)	(2)
Condensate	42	53	(21%)	(43)
LPG	45	56	(20%)	(4)
Oil	39	59	(34%)	(73)
Average realised prices	**39**	**53**	(26%)	
Benchmark Prices				
Brent average price	41	59	(31%)	
Lagged JCC[2]	40	73	(46%)	

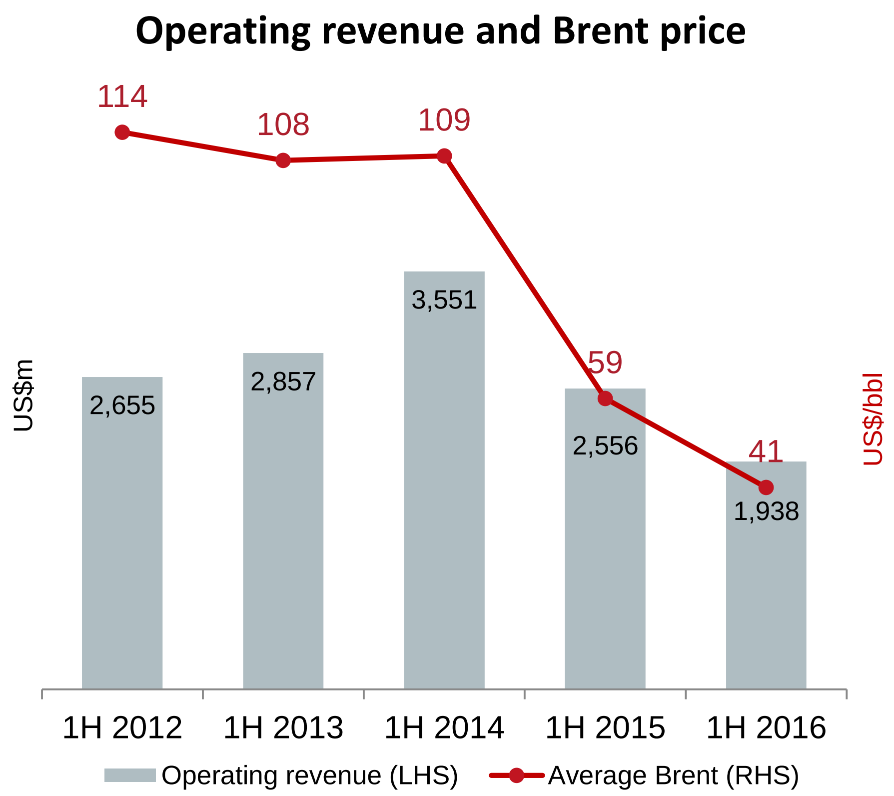
LNG realised pricing vs JCC



1. Excludes price review adjustments.
2. Japanese Crude Cocktail is the average price of customs-cleared crude oil imports into Japan, JCC lagged by 3 months.

Operating revenue

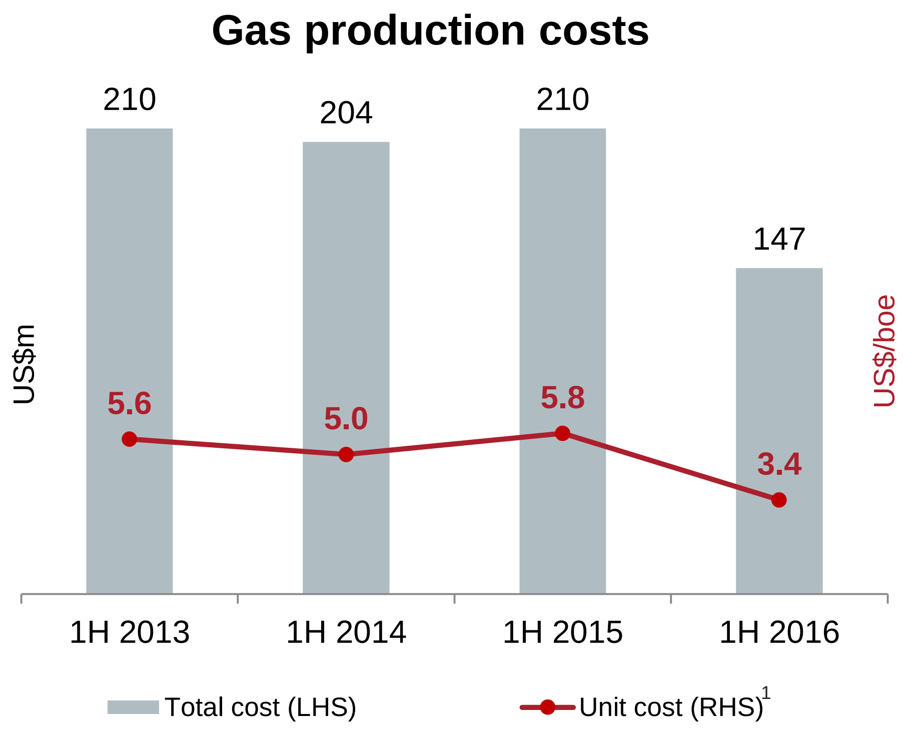
Operating revenue impacted by oil price trend

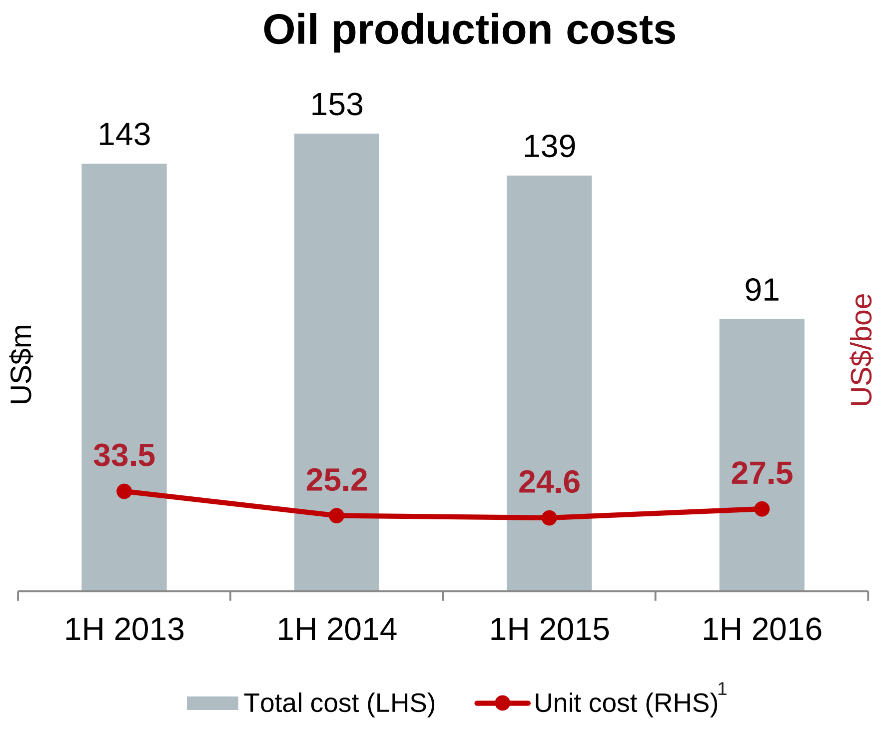


- 1H 2016 operating revenue 24% lower than 1H 2015
- Decrease primarily due to lower realised prices, partially offset by:
  - Higher sales volume
  - NWS LNG price review outcomes
  - Processing and services revenue
- Brent oil price fell 31% in same period

Unit production costs

Lower production costs reflecting simplification and efficiency



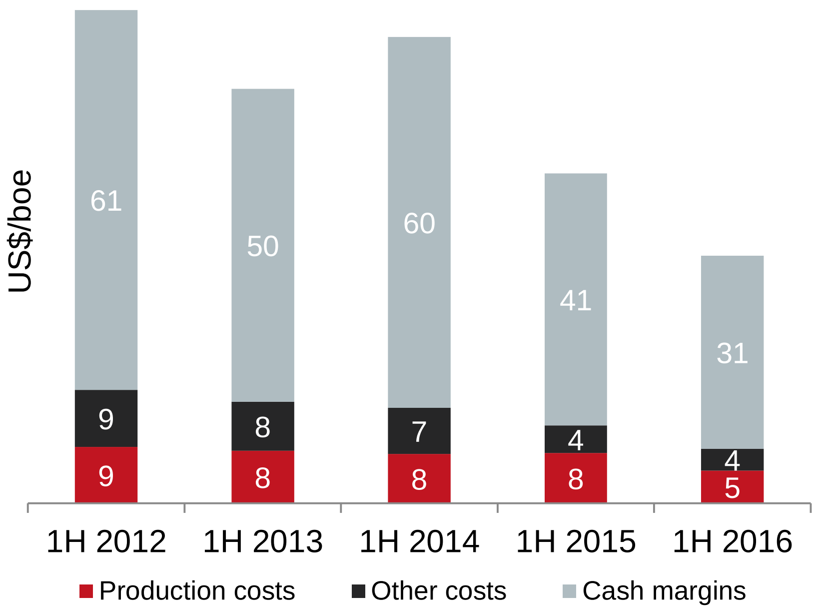


1. Based on production volume.

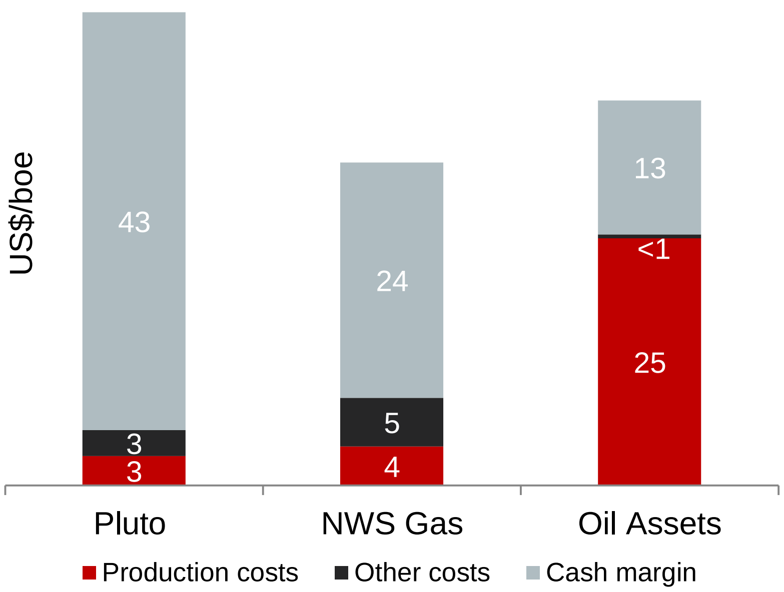
Cash costs and margins

Strong cash delivery from core assets

Cash margins[1]



1H 2016 cash margins[1]



1. Based on sales volume, height of bars reflects realised prices.

Segment performance

NWS and Pluto margins remain substantial even in a low price environment

Business Unit performance		NWS[1]	Pluto	Aus Oil[2]
Production volume	(MMboe)	20.5	21.2	3.2
Operating revenue	($million)	651	1,116	135
EBITDA	($million)	459	938	73
EBIT	($million)	332	467	24
Unit production cost	($/boe)	4.9	3.0	22.0
Gross margin	(%)	51	44	4

1. North West Shelf gas and oil combined.
2. Aus Oil includes Vincent, Enfield, Laminaria-Corralina and Balnaves.

Trading operations

Trading operations have generated significant value

Trading Reconciliation	US$m
Trading revenue	31
Trading costs	(50)
Gross loss from third party trading	**(19)**
Add: Optimisation opportunities	15
Add: Exercising seller options	11
Add: Other	4
Gross profit from Trading	**11**

Exploration pipeline

Shifting from portfolio growth to execution as we enter phase of high impact drilling

2016–2017 DRILLING AND SEISMIC ACTIVITIES		2016		2017				SIZE
Drilling[1]		Q3	Q4	Q1	Q2	Q3	Q4	Volume[2]
Myanmar	Block AD-7 Thalin appraisal			G	G	Ⓖ		Large
	Block A-6 exploration				G		Ⓖ	Large
	Block AD-7 exploration					G		Large
Australia	WA-483-P Swell				G			Medium
	NWS Fortuna						Ⓖ	Medium
AGC Profond[3]	AGC Profond block exploration						O	Large
Morocco Rabat Deep	RD 1					Ⓞ		Large
Gabon – Luna Muetse[3]	Luna Muetse block exploration						O	Large
Seismic		Q3	Q4	Q1	Q2	Q3	Q4	km²
Ireland	3D	S						2,392

G O Drilling (gas/oil) Ⓖ Ⓞ Contingent drilling (gas/oil) S Seismic

Notes: This is a forecast activity plan subject to change due to rig availability, weather conditions and other external circumstances..

1. The drilling program remains subject to final approvals.
2. Target size: gross mean success volume 100%, unrisked. Small <20 MMboe, Medium >20 MMboe and <100 MMboe and Large >100 MMboe.
3. Acquisition of interests 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). Except as outlined herein, 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. This 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.