

Macquarie Australia Conference

Kevin Gallagher, Managing Director and Chief Executive Officer
5 May 2020

Santos



Disclaimer and important notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or \$ in this document are to United States currency, unless otherwise stated.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.

Cover image: Devil Creek gas plant, Western Australia

COVID-19 response and business update

No confirmed cases within Santos operations. Assurance and verification controls implemented

- + Dedicated and centralised Pandemic Task Force
- + Preventative controls defined and in place
 - + social distancing, self-declaration, temperature measurement, additional cleaning
 - + office personnel have been working from home, phased return to the office now commenced
 - + non-essential field activities have been deferred
- + Response controls defined and in place
 - + case management, contact tracing, field extraction
- + Operations continuity plans in place



Temperature testing at Santos' Adelaide office

COVID-19 response and business update

Strong financial measures taken without compromising health, safety, asset integrity or production

2020 CAPITAL EXPENDITURE

↓ \$550 million

2020 CASH PRODUCTION COSTS

↓ \$50 million

**2020 TARGET FREE CASH FLOW
BREAKEVEN OIL PRICE¹**

US\$25 per barrel

¹ Free cash flow breakeven is the average annual oil price at which cash flows from operating activities (after hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, asset divestitures and acquisitions, major growth capex and lease liability payments.

Balance sheet remains strong

Well-positioned in a lower oil price environment

AMPLE LIQUIDITY¹

> \$3 billion

- + \$1.15 billion in cash
- + \$1.9 billion in committed undrawn debt facilities

SIGNIFICANT 2020 PRICING PROTECTION²

- ~70% of 2020 forecast production volumes are either:
- + fixed price domestic gas sales contracts, or
- + oil hedged at an average floor price of US\$39/bbl

NET DEBT & GEARING³

- + Net debt \$3.1 billion, including ~\$400 million in AASB16 lease liabilities
- + Gearing 29%

CREDIT RATING REAFFIRMED⁴

S&P Global Ratings reaffirmed Santos' investment grade credit rating with stable outlook

¹ As at 31 March 2020 (excludes \$750 million in committed two-year acquisition debt to fund the acquisition of ConocoPhillips northern Australia and Timor-Leste interests)

² 1 April – 31 December 2020

³ As at 31 March 2020

⁴ Announced 24 March 2020

Strong operating performance

Low-cost, reliable and high performance business through the cycle

STRATEGY UNCHANGED

- + **Focus on safe, low-cost, efficient operations**
- + **Disciplined operating model provides the framework to drive value**
- + **Leverage existing assets and infrastructure**

STRONG FIRST QUARTER 2020 OPERATING PERFORMANCE

- + **\$265 million of free cash flow**
- + **Highest Cooper Basin gas production in 9 years**
- + **GLNG produced at an annualised rate of 6.4 mtpa**

SANTOS IN CONTROL OF CAPITAL EXPENDITURE PROFILE

- + **All major capital projects are yet to take final investment decisions**
- + **Opportunity to further optimise development plans in the current environment**

Delivers operatorship of high quality portfolio of assets and strategic LNG infrastructure

Completion

- + Acquisition expected to complete in the first half of 2020, subject to third-party consents and regulatory approvals
- + Santos' interest in Bayu-Undan/Darwin LNG to increase to 68.4% at completion significantly boosting production and cash flows

Funding

- + Net funding requirement ~\$800 million before any sell-down of interests
- + Fully-funded from current cash and \$750 million committed two-year acquisition debt

Barossa FID

- + FID deferred until business conditions improve
- + Brownfield, low cost of supply project
- + Opportunity to further optimise the development in the current environment

Partner sell-down & alignment

- + Agreement to sell-down 25% of Bayu-Undan / Darwin LNG to SK E&S for \$390 million announced¹
- + Letter of intent signed to sell-down a 12.5% interest in Barossa to JERA²
- + Following announced sell-downs, Santos to hold 43.4% interest in Bayu-Undan / Darwin LNG and 50% interest in Barossa
- + Targeting a final ownership level of around 40% in Barossa



Acquisition delivers operatorship and control of a high quality portfolio of low-cost, long-life assets and strategic infrastructure

¹ Refer to ASX release dated 12 March 2020

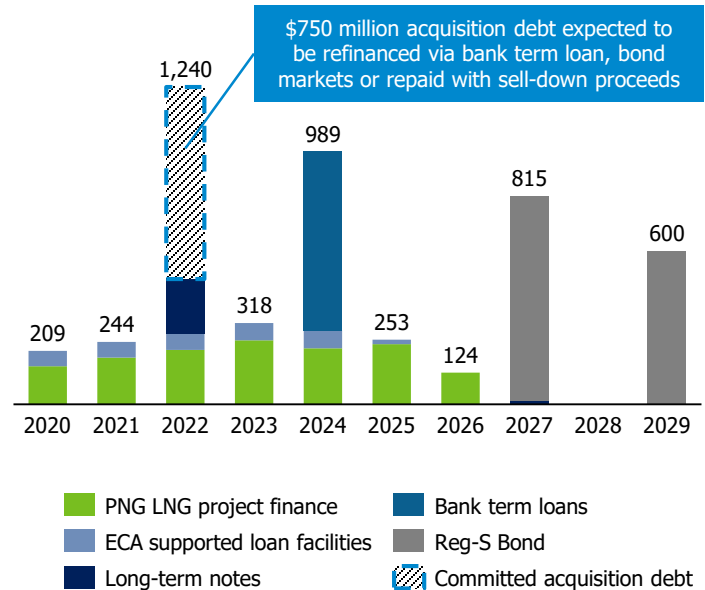
² Refer to ASX release dated 16 April 2020

No material near-term debt maturities. ConocoPhillips acquisition fully-funded

- + No material near-term debt maturities
 - + PNG LNG non-recourse project finance is funded from project cash flows
- + Debt covenants have sufficient headroom and are not under threat at current oil prices for a number of years
- + ConocoPhillips acquisition net funding requirement ~\$800 million before any sell-down of interests in Bayu-Undan/Darwin LNG or Barossa
 - + fully-funded from current cash and \$750m committed two-year acquisition debt
- + Diversified and balanced portfolio provides
 - + flexibility to optimise asset equity levels, and
 - + potential to unlock value and increase returns from our significant infrastructure assets

Drawn debt maturity profile¹

\$million



¹ As at 31 December 2019. Excludes leases and derivatives. PNG LNG non-recourse project finance is funded from project cash flows.

Strong financial measures taken without compromising health, safety or asset integrity.
Santos well positioned in a lower oil price environment

Comprehensive COVID-19 health, safety and business continuity plans in place	✓
\$550 million (38%) reduction in 2020 capital expenditure	✓
\$50 million reduction in 2020 cash production costs	✓
Target 2020 free cash flow breakeven oil price US\$25 per barrel	✓
Balance sheet remains strong. S&P investment grade credit rating reaffirmed	✓
Significant 2020 pricing protection: ~70% of forecast production fixed-price	✓
Santos in control of capital expenditure profile. Barossa FID deferred	✓

Santos