ASX Announcement

Thursday, 13 August 2020

ASX: WPL
OTC: WOPEY

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WOODSIDE HALF-YEAR 2020 RESULTS

The first half of 2020 has been characterised by unprecedented disruptions to Woodside's operations and markets in Australia and around the world. Despite these challenges, Woodside achieved its highest ever first-half production and is on track to meet its guidance for increased output in 2020.

Woodside has recorded a half-year reported net loss after tax of US$4,067 million, principally due to the impairment losses and onerous contract provision announced on 14 July 2020. Underlying net profit after tax was $303 million. Production in the first half was 50.1 MMboe and operating revenue was $1,907 million.

The directors have declared an interim dividend of 26 US cents per share (cps), representing an approximately 80% payout ratio of underlying net profit after tax. The dividend reinvestment plan remains active, allowing eligible shareholders to reinvest their dividends directly into shares at a 1.5% discount.

Woodside CEO Peter Coleman said the company and its people had proved their resilience and adaptability over the course of the first half.

"I would rate the external conditions created this year by the COVID-19 pandemic and oversupply in global oil and gas markets as the most difficult I've seen in nearly four decades in the industry.

"Woodside began 2020 in a strong financial position, built over the previous two years as we prepared for a period of increased capital spending. This position has been consolidated through the first half thanks to the strong performance of our high-reliability, low-cost operations.

"Our balance sheet strength and disciplined approach to capital management ensures we can deliver appropriate returns to shareholders. It also allows us to progress our existing strategic growth plans, and provides optionality to pursue the right external opportunities, should they arise.

"Woodside's operational performance during the first half was nothing short of outstanding. In February, we successfully weathered Tropical Cyclone Damien - the most severe storm ever to pass over our Western Australian facilities - with very limited impact on production.

"In the immediate wake of Damien, we faced the emerging challenge of COVID-19, requiring us to take swift and decisive action to protect our workforce, communities and operations, and ensure safe and secure gas supplies to customers in Western Australia and overseas.

"The record production achieved in the half is a credit to our people's ongoing commitment to sustained operational excellence, helping Woodside deliver underlying net profit after tax of $303 million, despite the challenging market conditions.

"Oil and gas prices were negatively impacted by the confluence of geopolitical dynamics, global economic uncertainty and energy demand destruction brought about by the COVID-19 pandemic. Oil price fell as much as 80% from the start of the year and LNG spot prices have seen historic lows.

"In response to the pandemic and lower oil and gas prices we have taken the difficult decisions needed to guarantee the financial integrity of Woodside's business: cutting planned total expenditure in 2020 by 50% and delaying final investment decisions (FIDs) on our Scarborough, Pluto Train 2 and Browse developments.

"Woodside remains committed to developing the Scarborough and Browse gas resources through our proposed Burrup Hub and has continued work on commercial agreements and regulatory approvals to ensure we are ready to take FIDs when investment conditions improve.

"Milestones were reached for our near-term growth projects during the half. We achieved FID and began execution of Sangomar Field Development Phase 1 in Senegal and the North West Shelf's Greater Western Flank Phase 3, as well as continuing work on Pyxis Hub and Julimar-Brunello Phase 2 offshore Western Australia," he said.

Financial headlines for H1 2020

- Net loss after tax of $4,067 million.
- Underlying net profit after tax of $303 million.
- Positive free cash flow of $264 million.
- Liquidity of $7,552 million, increased 43% from H1 2019.
- Secured additional debt funding through the completion of a seven-year $600 million syndicated facility.
- Declared an interim dividend of 26 US cents per share.
- Strong credit ratings of Baa1 and BBB+ were reaffirmed by Moody's and S&P Global respectively with a negative outlook.

Key business activities

Outstanding base business

- Delivered record first-half production of 50.1 MMboe and operating revenue of $1,907 million.
- Achieved strong LNG production performance, including approximately 98% reliability at NWS Project and Pluto LNG.
- Achieved low unit production cost of $4.5/boe across our portfolio.
- Implemented controls to protect our people and assets from the COVID-19 pandemic.

Delivering a clear plan

- Achieved FID on Sangomar Field Development Phase 1 in January 2020.
- Deferred major capital expenditure in response to lower oil and gas prices, with FIDs for Scarborough and Pluto Train 2 now targeted for H2 2021 and Browse from 2023.

Half-year results teleconference

A teleconference providing an overview of the half-year 2020 results and a question and answer session will be hosted by Peter Coleman and Woodside CFO Sherry Duhe at 7.30am AWST (9.30am AEST) on Thursday, 13 August 2020.

We recommend participants pre-register 5 to 10 minutes prior to the conference call via the following link:

https://s1.c-conf.com/diamondpass/10007666-invite.html

Following pre-registration, participants will receive the teleconference details and a unique access passcode.

The half-year results briefing pack follows this announcement and will be referred to during the conference call.

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This ASX announcement was approved and authorised for release by Woodside's Disclosure Committee.

Woodside

HALF-YEAR RESULTS BRIEFING 2020

13 AUGUST 2020

Disclaimer and important notice

Disclaimer and risks

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, changes in accounting standards, 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.

Notes on petroleum resources 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 https://www.woodside.com.au/investors/reports-publications, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 degrees 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. The Reserves Statement dated 31 December 2019 has been subsequently updated by ASX announcements dated 26 February 2020 and 14 July 2020.
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) facility, 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 Ian 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.

Other important information

- 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.

Cover page image: The Woodside operated North West Shelf Project's Karratha Gas Plant.

Demonstrated resilience

DECISIVE ACTION

- Significant expenditure reduction
- Deferred FIDs on Scarborough, Pluto Train 2 and Browse
- Business continuity through COVID-19
- Impairment losses and onerous contract provision

OPERATIONAL EXCELLENCE

- Record first-half production
- Strong operated LNG reliability
- $3.8/boe gas unit production cost
- Production guidance unchanged

FINANCIAL RESULTS

- $(4,067) million net profit after tax
- $303 million underlying net profit after tax
- 26 cps dividend declared

Improving external environment

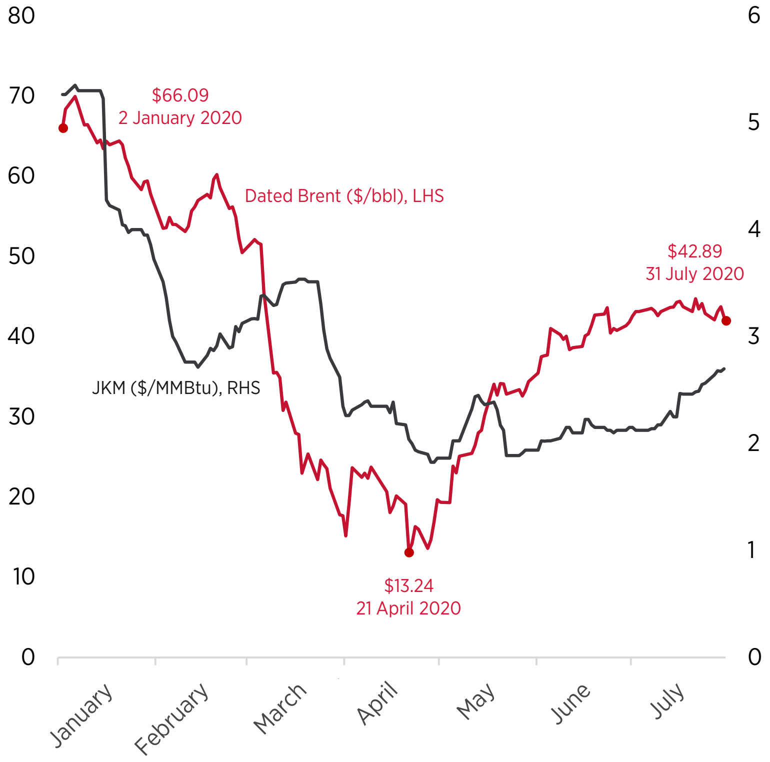
REDUCED DEMAND

+ Immediate global economic contraction
+ Travel restrictions
+ Reduced industrial activity
+ Recovery underway

LOWER OIL PRICE

+ Initial 80% fall in oil price, recovering to 65% of pre-COVID level[1]
+ Record low LNG spot price
+ Geopolitical supply tensions
+ No LNG projects sanctioned

Challenging market conditions



Source: Platts.

1. Based on Dated Brent of $66.09 on 2 January 2020, $13.24 on 21 April 2020 and $42.89 on 31 July 2020.

Compelling operational performance

RELIABLE PRODUCTION

+ Record first-half production of 50.1 MMboe
+ Outstanding safety outcomes
+ Continued product delivery

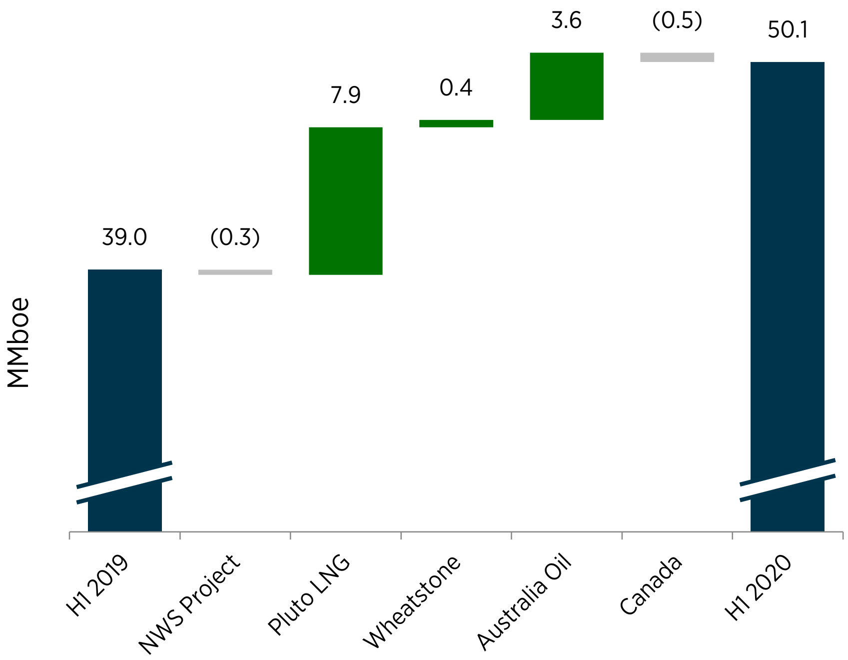
EXPENDITURE REDUCTION

+ Sector leading response
+ Reduced operating and investment expenditure
+ FIDs deferred

BALANCE SHEET MANAGEMENT

+ Impairment losses and onerous contract provision
+ Improved liquidity position

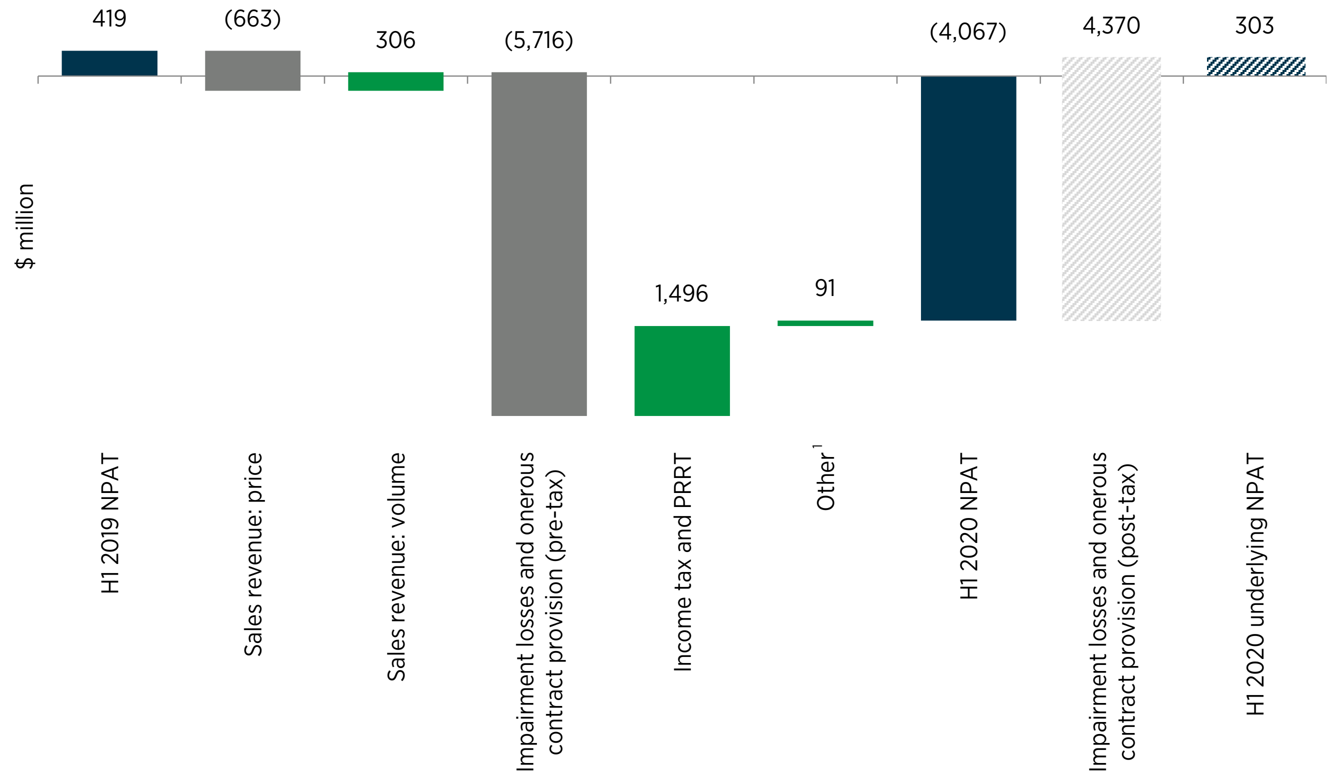
Record first-half production



Asset value review

- Non-cash impact
- Oil and gas properties impairment losses principally driven by lower oil price assumptions to 2025

NPAT key drivers



1. Other contains production costs, depreciation and amortisation, exploration and evaluation, trading and other hydrocarbon costs (excluding onerous contract provision), restoration, finance costs and foreign exchange movements.

Sangomar

ACHIEVED FID

- Project execution activities commenced
  - VLCC tanker purchased
  - Detailed design work ongoing
  - Subsea tree assembly commenced
  - Long-lead items awarded
- Processing high definition 3D seismic data

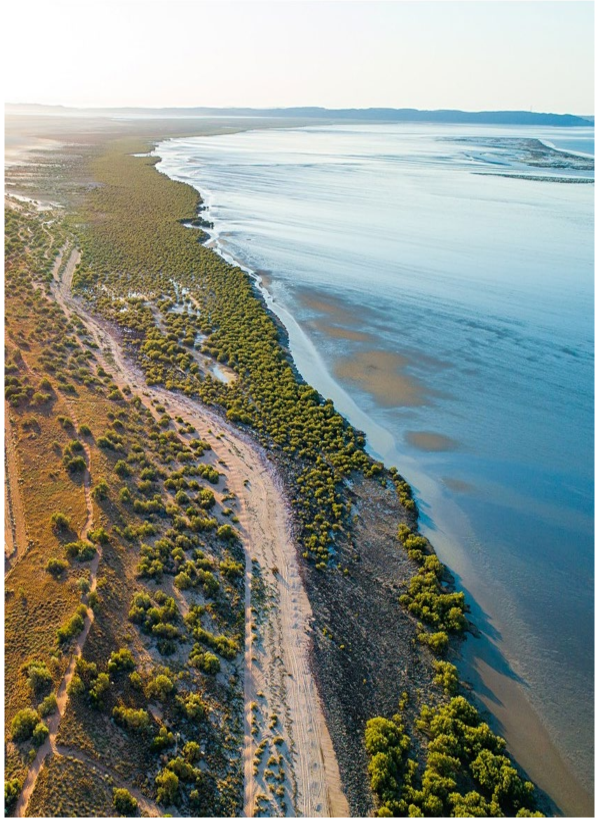
Targeting first oil in 2023

Conceptual image, not to scale.

Value creation

WELL POSITIONED

+ Tough decisions implemented
+ Strong balance sheet
+ Ongoing review of inorganic growth opportunities
+ Pursuing sustainable outcomes



SCARBOROUGH

+ Capital-efficient development
+ Reviewing potential increase of upstream processing capacity
+ Progressing commercial agreements and regulatory approvals
+ Joint venture aligned on targeted FID in H2 2021

Sustainability

CLIMATE

+ 6.2% improvement in energy efficiency performance against 2016 baseline
+ Commenced first phase of tree planting under Greening Australia partnership
+ Review of industry association memberships

NEW ENERGY

+ Progressing development of market and supply chains for hydrogen and ammonia
+ Joint study with Japanese consortium to examine large-scale export of hydrogen
+ Shortlisted to apply for funding from the Australian Renewable Energy Agency for two hydrogen projects

ESG RATINGS

+ Maintained 'AAA' leader rating in the Morgan Stanley Capital International (MSCI) ESG ratings for sixth consecutive year
+ Sustainalytics ESG risk rating improved, now ranked in top 2% of oil and gas producers globally

FINANCIAL UPDATE

Demonstrated resilience

MARKETS

+ Reduction in oil price and LNG spot price
+ Reduction in US Treasury and Australian Government bond rates

IMPACTS

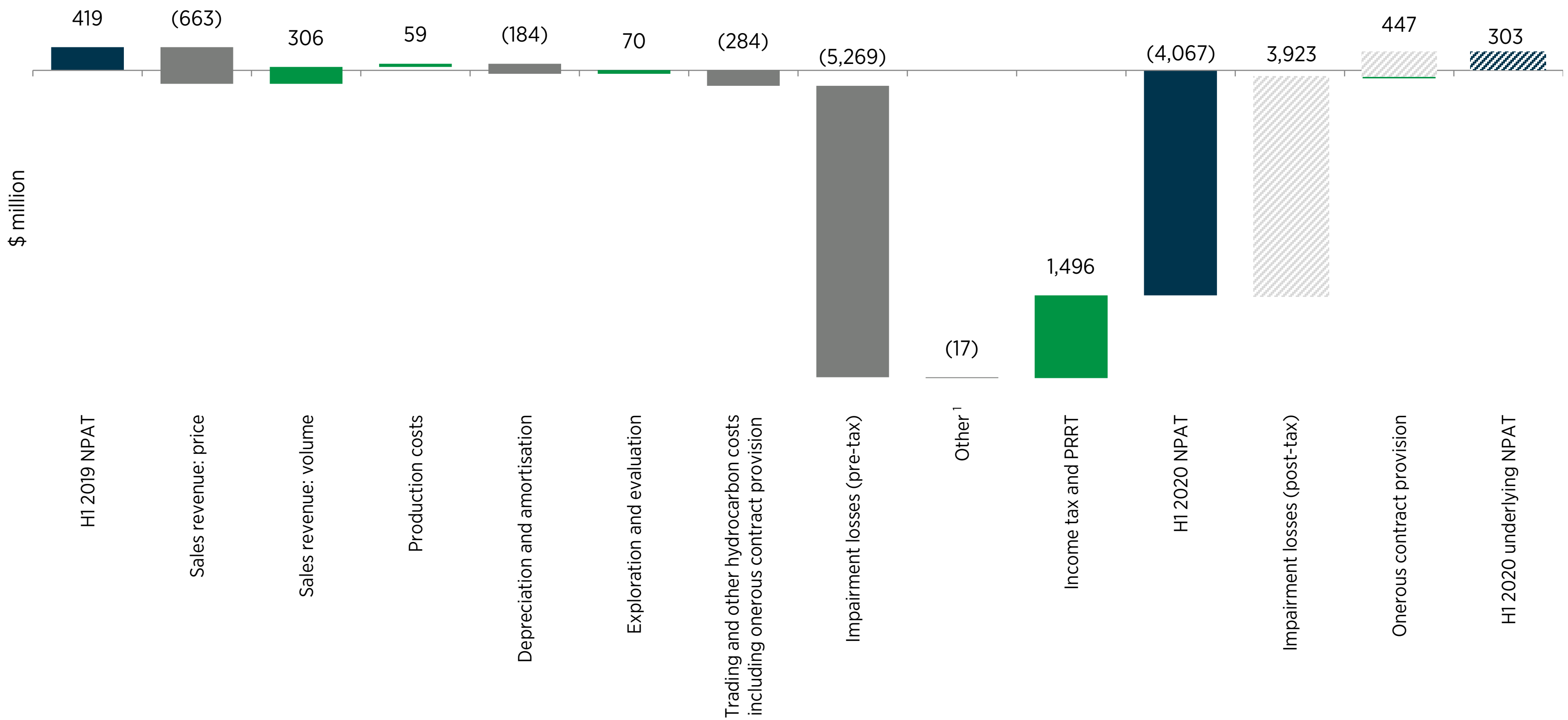
+ Lower realised price
+ Increased spot sales
+ Increased revenue volatility

ACTIONS

+ Reduced investment and total expenditure
+ Executed hedge transactions

Strong balance sheet and liquidity maintained

Net profit after tax reconciliation

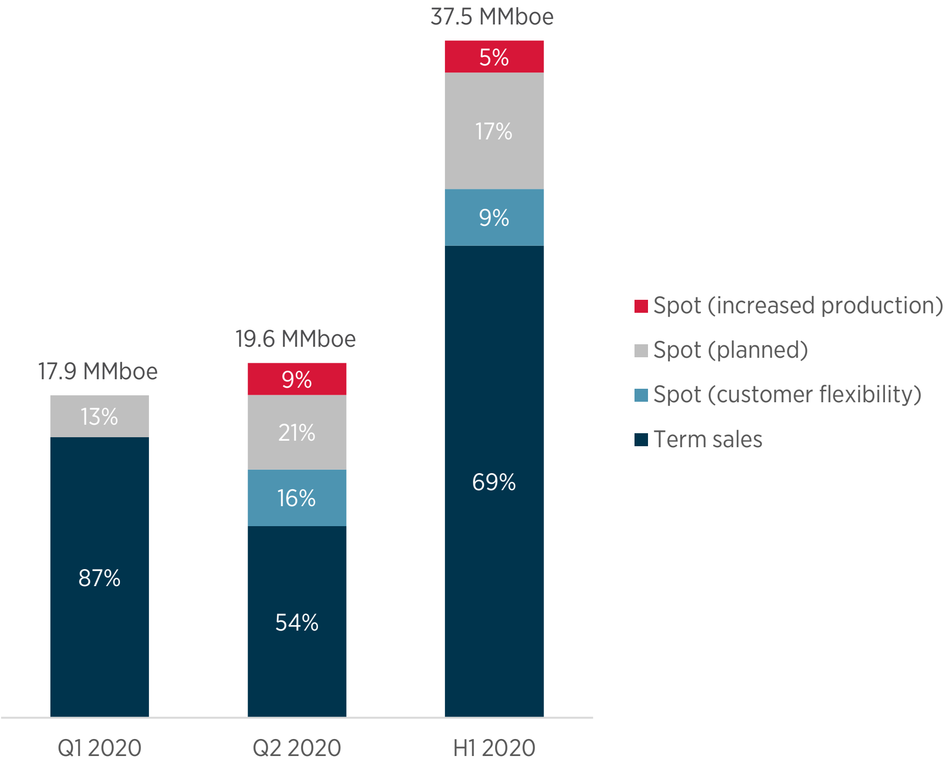


1. Other items include restoration, finance costs, foreign exchange movements and other individually immaterial items.

Balanced contract portfolio

+ 13% spot sales in Q1 2020
+ Spot sales above plan in Q2 2020 driven by:
  - Increased LNG production
  - Customers exercising contractual flexibility
+ 31% spot sales in H1 2020
+ Full-year 2020 spot sales expected to be approximately 25 – 30%

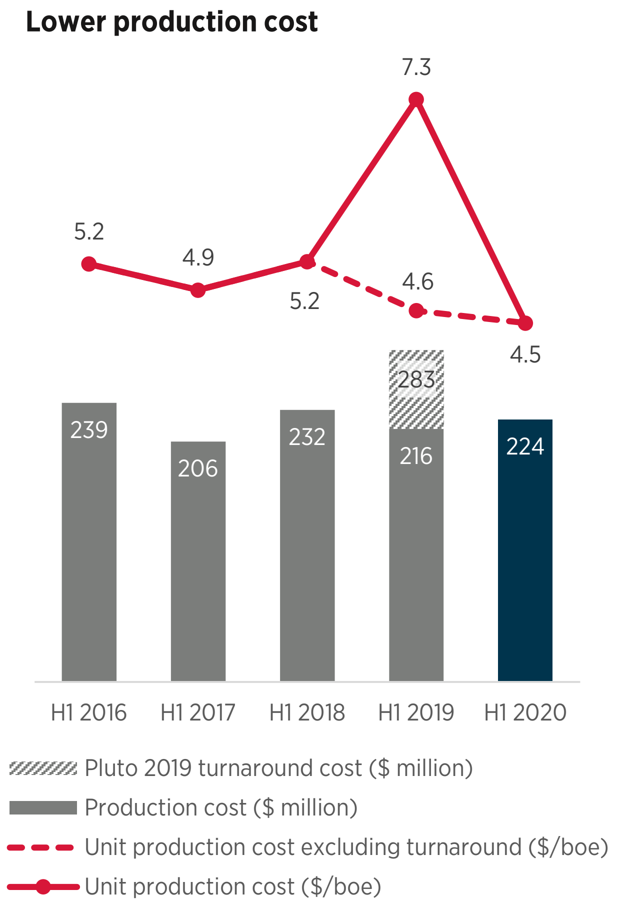
Produced LNG sales volumes and cargo mix

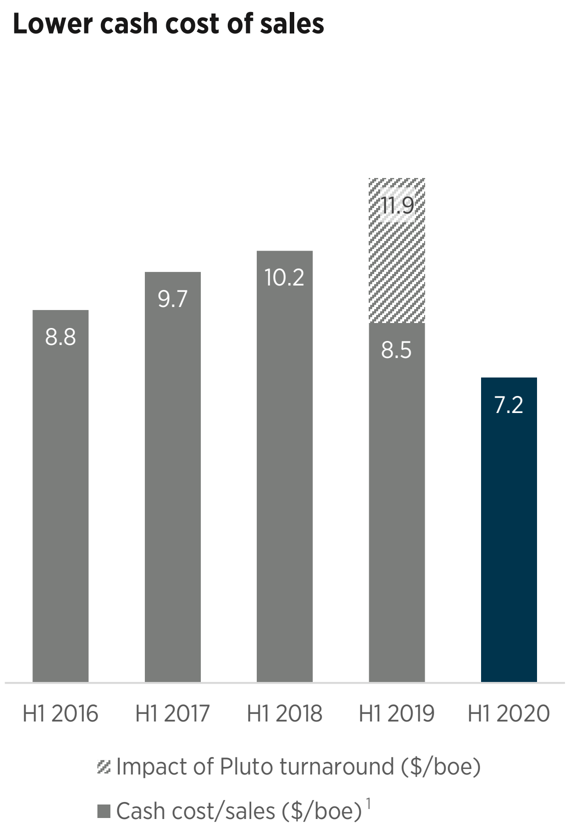


1. Spot sales are produced LNG cargoes sold on the spot market.

Reduced unit production cost

- $3.8/boe LNG unit production cost:
  - Increased production
  - Re-phased non-essential maintenance
  - Reduced subsea activity
- Includes full half of Greater Enfield production



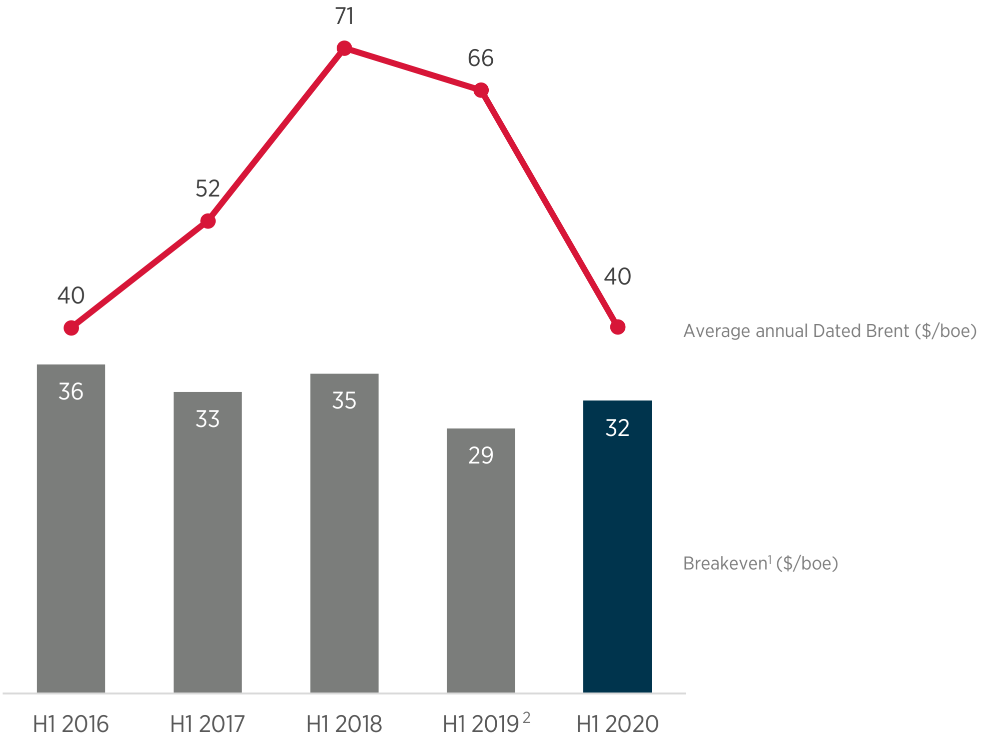


1. Cash costs includes production costs, royalties and excise, insurance, shipping and direct sales costs, and applies only to produced hydrocarbons.

Low breakeven price

+ Prudent expenditure management
+ Continuing execution of Sangomar Phase 1, Pyxis Hub, Julimar-Brunello Phase 2 and Greater Western Flank Phase 3

Breakeven cash flow

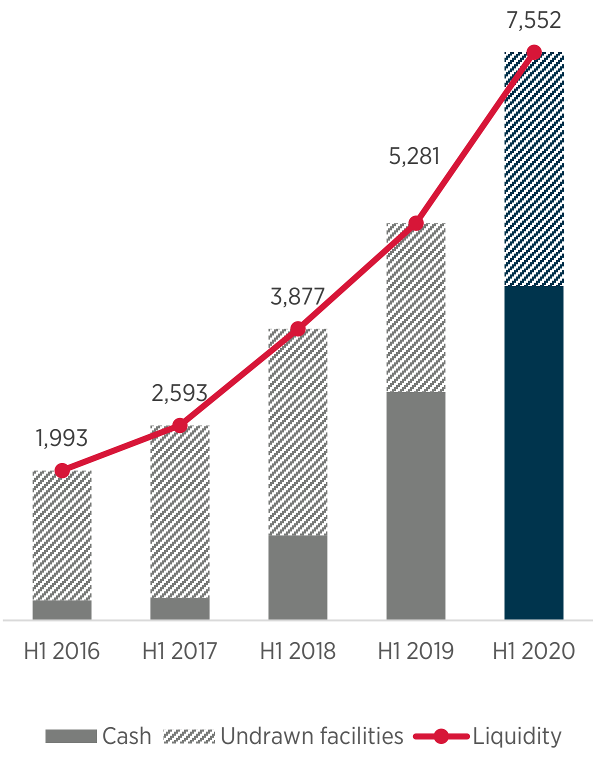


1. Dated Brent price at which the cash flow from operating activities would have equalled cash flow from investing activities (pre-dividend). Excludes acquisitions.
2. H1 2019 has been restated to include revenue and volumes from the sale of purchased hydrocarbons to be consistent with treatment in H1 2020.

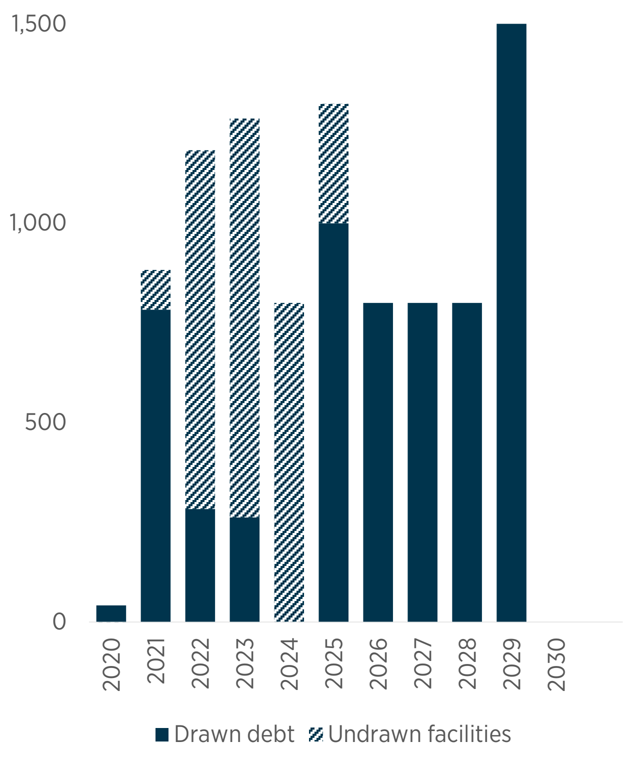
Proactive capital management

- Active cash preservation
- Maximising optionality
- Balanced debt maturity profile
  - 19.4% gearing
  - 3.0% portfolio cost of debt
  - 4.9 years portfolio weighted average term to maturity
- Executed $600m syndicated debt facility
- Credit ratings re-affirmed

Cash and cash equivalents ($ million)



Debt maturity ($ million)

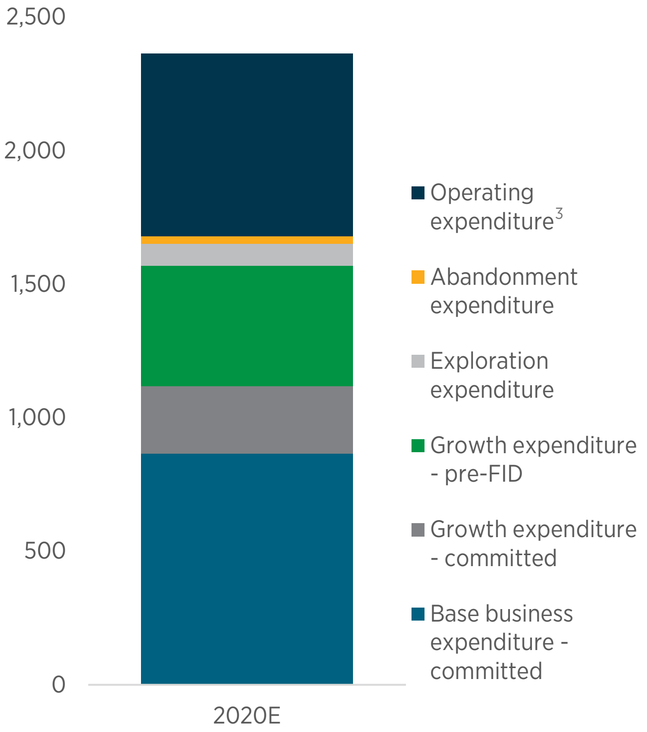


2020 guidance

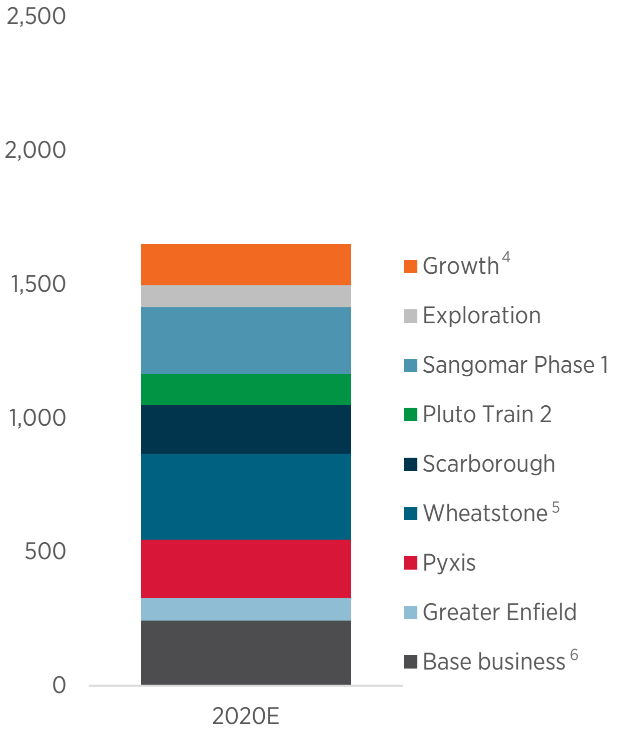
Production guidance unchanged
97 – 103 MMboe

	MMboe
LNG	74 – 77
Liquids[1]	18 – 20
Australian domestic gas	4 – 5
Other[2]	1
Total	**97 – 103**

Total expenditure guidance unchanged
~$2,400 million



Investment expenditure guidance reduced
$1,500 – 1,700 million



1. Liquids includes oil and condensate.
2. Other includes LPG and other domestic gas.
3. Operating expenditure excludes shipping and trading.
4. Growth includes Browse, Pluto-KGP Interconnector, Kitimat, Myanmar A-6 and other spend.
5. Wheatstone expenditure is for the execution of Julimar-Brunello Phase 2.
6. Base business includes Pluto LNG, NWS Project, Australia Oil and Corporate.

SUMMARY

Advantaged position

EXTERNAL ENVIRONMENT

- Early signs of recovery
  - Economic activity increasing
  - Expecting prices to firm
  - Supply and demand rebalancing
- Emerging opportunities
  - Resource owners revisiting strategy
  - Ongoing sustainability overlay

WOODSIDE ADVANTAGES

- Resilient base business
- Strong free cash flow and liquidity
- Fully funded capital commitments
- Attractive equity positions in the right projects
- Well positioned to opportunistically grow
- Actively future-proofing our business

Key messages

Outstanding operational performance

Robust cash flow and balance sheet

Prudently executing committed capital projects

Significant progress in new energy and carbon

Pursuing value-creating opportunities

ANNEXURE

Realised price

Products	H1 2020 ($/boe)	H1 2019 ($/boe)	Variance (%)	Revenue impact ($ million)
LNG[1,2,3]	37	52	(27)	(550)
Domestic gas	14	14	4	1
Condensate	38	61	(39)	(114)
Oil	39	69	(43)	-
LPG	-	63	(100)	-
Volume-weighted average	36	51	(29)	(663)
Average Dated Brent	40	66	(39)	
Average 3-month lagged JCC	67	70	(5)	

1. H1 2020 includes price review adjustments completed during the period.
2. Includes an amount recognised in other income reflecting the arrangements governing Wheatstone LNG sales.
3. H1 2019 has been restated to include revenue and volumes from the sale of purchased hydrocarbons to be consistent with treatment in H1 2020.

Corporate performance

		H1 2020	H1 2019
Production volume	MMboe	50.1	39.0
Operating revenue	$ million	1,907	2,260
EBITDA	$ million	(4,295)	1,462
EBIT	$ million	(5,242)	699
Net finance costs	$ million	(124)	(105)
Taxes	$ million	1,328	(168)
Non-controlling interest	$ million	29	7
NPAT	$ million	(4,067)	419

Segment performance

		NWS	Pluto	Australia Oil	Wheatstone
Production volume	MMboe	16.5	22.1	4.3	7.2
Operating revenue	$ million	554	902	156	268
EBITDA	$ million	(48)	(536)	(606)	(1,168)
EBIT	$ million	(184)	(964)	(776)	(1,328)
Cash margin	%	75	86	65	83
Gross margin	%	50	36	(53)	21

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