
Positioned for success

Shareholder Review 2021

Santos



Message from the Chair and Managing Director and Chief Executive Officer



KEITH SPENCE
Chair



KEVIN GALLAGHER
Managing Director and
Chief Executive Officer

Dear Shareholder,

The past year has been a truly remarkable one for Santos. The successful merger with Oil Search Limited, which completed in December 2021, has transformed Santos into a company with the size and scale necessary to fund sustainable growth, the transition to a lower carbon future and deliver returns for shareholders.

Santos now has a diversified portfolio of long-life, low-cost assets leveraged to strengthening global demand for energy. Had the merger been in place for all of 2021, the combined asset portfolio would have generated more than US\$2.3 billion in free cash flow for the year. This asset portfolio combined with our disciplined, low-cost operating model and unrivalled growth opportunities, support our vision of becoming a global leader in the energy transition.

In 2022, we plan to further optimise the portfolio, reduce gearing and conduct a review of the capital management framework including returns to shareholders.

Consistent and successful strategy delivers record cash flow and higher dividends

Our clear and consistent strategy delivered strong results in 2021, including:

- Completion of the merger with Oil Search Limited.
- Record annual production, sales revenue, free cash flow and underlying net profit after tax.
- Final investment decisions on the Barossa LNG and Moomba CCS projects.
- The Board resolved to pay a final dividend of US8.5 cents per share, franked to 70 per cent, bringing the total dividend for 2021 to US14 cents per share, up 97 per cent.

The dividend equates to 20 per cent of full-year proforma free cash flow for the merged entity less dividends paid in the first half by both companies, in-line with Santos' sustainable dividend policy which targets a range of 10 per cent to 30 per cent payout of free cash flow.

Consistent with our strategy, our next stage of growth will be disciplined and phased. In 2021, the Barossa LNG project was sanctioned. Barossa will supply gas to the Santos-operated Darwin LNG plant and is a world-class LNG project with a very competitive cost of supply into Asian markets. The project remains on track for first production in the first half of 2025.

Santos is playing a constructive role in the energy transition

The world continues to demand reliable, sustainable and affordable energy. Through decarbonising today's base business while investing in clean fuel projects and technologies of the future, Santos is committed to delivering net-zero equity Scope 1 and 2 emissions by 2040. We will initially focus on lower-carbon technologies

where we have a competitive advantage. Our infrastructure-led carbon capture and storage (CCS) strategy potentially provides more than 30 million tonnes per annum of carbon dioxide storage capacity.

The first critical step was taking the final investment decision on Phase 1 of the Moomba CCS development, located in the Cooper Basin in Australia. This project will inject 1.7 million tonnes of carbon dioxide per year and is on track for first injection to commence in 2024. The Moomba CCS project is one of the world's lowest cost CCS projects and an important enabler in the transition to cleaner energy and clean fuels such as hydrogen and ammonia as well as potential carbon removal technologies such as direct air capture.

In summary, Santos has now developed into a major Australian energy producer with a portfolio of high-quality, long-life, low-cost assets across Australia, Timor-Leste, Papua New Guinea and North America. The portfolio is diversified, resilient and well positioned to benefit from recovering commodity prices. This portfolio provides a strong platform to deliver both sustainable growth and shareholder returns as we transition to a lower-carbon future.

On behalf of the Board and Management team we acknowledge you, our shareholders, for your continued trust and support.

Yours sincerely,

KEITH SPENCE
Chair

KEVIN GALLAGHER
Managing Director
and Chief Executive Officer

Key growth milestones

Barossa

Final investment decision

Moomba

Final investment decision

Oil Search

Successful merger

Cover images (clockwise from left):
Darwin LNG Facility, Australia.
Moomba Processing Facility, Australia.
Hela Province, Papua New Guinea.

*Our Moomba CCS project
is a critical step in
decarbonising natural
gas on the path to
cleaner energy.*



Port Bonython Processing Facility, Australia



Drilling rig, Papua New Guinea.



*Santos and Oil Search
are stronger together.
As one company, we have
increased scale and capacity
to drive a disciplined,
low-cost operating model
with unrivalled growth
opportunities over
the next decade.*

Financial overview

Sales volume

mmboe

104.2

| | |
|-------------|--------------|
| 2017 | 83.4 |
| 2018 | 78.3 |
| 2019 | 94.5 |
| 2020 | 107.1 |
| 2021 | 104.2 |

Sales revenue

US\$million

4,713

| | |
|-------------|--------------|
| 2017 | 3,100 |
| 2018 | 3,660 |
| 2019 | 4,033 |
| 2020 | 3,387 |
| 2021 | 4,713 |

Average realised oil price

US\$ per barrel

76.1

| | |
|-------------|-------------|
| 2017 | 57.8 |
| 2018 | 75.1 |
| 2019 | 72.0 |
| 2020 | 47.7 |
| 2021 | 76.1 |

Free cash flow

US\$million

1,504

| | |
|-------------|--------------|
| 2017 | 618 |
| 2018 | 1,006 |
| 2019 | 1,138 |
| 2020 | 740 |
| 2021 | 1,504 |

2021 results

| | | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------------|--------------------|--------|--------|--------|--------|---------------|
| Sales volume | mmboe | 83.4 | 78.3 | 94.5 | 107.1 | 104.2 |
| Production | mmboe | 59.5 | 58.9 | 75.5 | 89.0 | 92.1 |
| Average realised oil price | US\$ per barrel | 57.8 | 75.1 | 72.0 | 47.7 | 76.1 |
| Net (loss)/profit after tax | US\$million | (360) | 630 | 674 | (357) | 658 |
| Underlying net profit after tax | US\$million | 318 | 727 | 719 | 287 | 946 |
| Sales revenue | US\$million | 3,100 | 3,660 | 4,033 | 3,387 | 4,713 |
| Operating cash flow | US\$million | 1,248 | 1,578 | 2,046 | 1,476 | 2,272 |
| Free cash flow | US\$million | 618 | 1,006 | 1,138 | 740 | 1,504 |
| EBITDAX | US\$million | 1,428 | 2,160 | 2,457 | 1,898 | 2,805 |
| Total assets | US\$million | 13,706 | 16,811 | 16,509 | 17,656 | 30,009 |
| Earnings per share | US cents | (17.3) | 30.2 | 32.4 | (17.1) | 30.8 |
| Dividends declared | US cents per share | – | 9.7 | 11.0 | 7.1 | 14.0 |
| Number of employees | Number | 2,080 | 2,190 | 2,178 | 2,722 | 3,786 |

2021 asset performance



Western Australia

Annual production was 6 per cent higher than the previous year, primarily due to the commencement of a new 12-year contract with Alcoa in June 2020. Crude oil production was 3.5 mmbbl, higher than the previous year due to the Ningaloo Vision FPSO (Van Gogh, Coniston and Novara fields) returning from planned shipyard maintenance combined with initial production from two infill wells drilled on the Van Gogh field.



Cooper Basin

Cooper Basin sales gas and ethane production of 63.8 petajoules (PJ) was 7 per cent lower than the previous year (68.5 PJ) due to lower drilling activity as a result of the impact of COVID-19 on joint venture budgets. Oil production was also lower due to lower drilling activity and natural field decline. A fourth drilling rig was added to the program in the middle of 2021.



Northern Australia and Timor-Leste

The Darwin LNG plant has a single LNG train with a capacity of 3.7 mtpa. The plant produced 3.2 million tonnes of LNG in 2021, 5 per cent higher than 2020, and shipped 45 cargoes.

In March 2021, Santos announced the final investment decision to proceed with the Barossa gas and condensate project to backfill DLNG. The project was 20 per cent complete at the end of 2021 with first gas production expected in the first half of 2025.



Queensland and New South Wales

GLNG produced a record 6.3 million tonnes of LNG in 2021 and shipped 109 cargoes. Annual LNG production was higher than the previous year at 6.0 million tonnes due to the ramp-up in GLNG upstream equity gas supply.

Santos is also progressing the proposed Narrabri domestic gas project in NSW. The project received environmental approvals from the state and federal governments in 2020, and Santos plans to commence an appraisal program in 2022.



Papua New Guinea

Strong production was maintained from PNG LNG with 8.4 million tonnes of LNG produced and 110 cargoes shipped during the year.

The Papua LNG project is a proposed two-train LNG expansion with a planned capacity of 5.6 million tonnes of LNG per annum. In 2021, the project continued to progress technical, commercial, regulatory, social and environmental planning activities. A decision to enter FEED is planned for 2022.



North America

The merger brought assets in Alaska into Santos' portfolio. The Pikka Phase 1 project is targeting a gross production rate of approximately 80,000 barrels of oil per day. FEED and assurance activities were nearing completion at the end of 2021.

| ASSET KPIs | 2021 | 2020 |
|----------------------------|--------------|------|
| Production (mmbobe) | 33.7 | 31.1 |
| Sales volume (mmbobe) | 33.2 | 31.1 |
| Revenue (US\$m) | 1,105 | 742 |
| Production cost (US\$/boe) | 6.38 | 6.34 |
| EBITDAX (US\$m) | 851 | 546 |
| Capex (US\$m) | 316 | 171 |

| ASSET KPIs | 2021 | 2020 |
|----------------------------|--------------|------|
| Production (mmbobe) | 15.3 | 16.8 |
| Sales volume (mmbobe) | 20.2 | 24.2 |
| Revenue (US\$m) | 1,000 | 919 |
| Production cost (US\$/boe) | 9.35 | 7.80 |
| EBITDAX (US\$m) | 423 | 390 |
| Capex (US\$m) | 329 | 313 |

| ASSET KPIs | 2021 | 2020 |
|----------------------------|--------------|-------|
| Production (mmbobe) | 15.2 | 14.5 |
| Sales volume (mmbobe) | 15.3 | 14.6 |
| Revenue (US\$m) | 903 | 466 |
| Production cost (US\$/boe) | 15.37 | 19.59 |
| EBITDAX (US\$m) | 728 | 205 |
| Capex (US\$m) | 377 | 93 |

| ASSET KPIs | 2021 | 2020 |
|----------------------------|-------------|------|
| Production (mmbobe) | 13.7 | 13.4 |
| Sales volume (mmbobe) | 22.1 | 22.0 |
| Revenue (US\$m) | 973 | 793 |
| Production cost (US\$/boe) | 5.79 | 5.70 |
| EBITDAX (US\$m) | 525 | 428 |
| Capex (US\$m) | 195 | 193 |

| ASSET KPIs ¹ | 2021 | 2020 |
|----------------------------|-------------|------|
| Production (mmbobe) | 14.2 | 13.2 |
| Sales volume (mmbobe) | 13.4 | 12.5 |
| Revenue (US\$m) | 736 | 451 |
| Production cost (US\$/boe) | 4.69 | 4.21 |
| EBITDAX (US\$m) | 615 | 354 |
| Capex (US\$m) | 34 | 39 |

¹ Includes the Oil Search PNG assets in the results of the merged company from 11 December 2021.



Investor information

Santos Limited

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Securities exchange listings (ASX and PNGX)

STO

Board of Directors as at 31 December 2021

| | |
|--------------------|---|
| Keith Spence | Chair |
| Kevin Gallagher | Managing Director and Chief Executive Officer |
| Yasmin Allen | |
| Guy Cowan | |
| Eileen Doyle | |
| Hock Goh | |
| Vanessa Guthrie AO | |
| Peter Hearl | |
| Janine McArdle | |
| Musje Werror | |

Leadership team

| | |
|------------------|--|
| Kevin Gallagher | Managing Director and Chief Executive Officer |
| David Banks | Chief Technical and Marketing Officer |
| Brett Darley | Chief Operating Officer, Upstream Oil and Gas |
| Beverley East | Vice President People, Culture and Corporate Affairs |
| Jodie Hatherly | Vice President ESG and Legal |
| Angus Jaffray | Group Executive Transformation, Integration and Corporate Projects |
| Anthea McKinnell | Chief Financial Officer |
| Anthony Neilson | Chief Commercial Officer |
| Jane Norman | Vice President Strategy and Business Development |
| Tracey Winters | Strategic Adviser External Affairs |
| Brett Woods | Chief Operating Officer, Midstream Infrastructure and Clean Fuels |

For Board and Leadership Team biographies go to: www.santos.com

Shareholder calendar

| | | | |
|--|-------------|-----------------------------|-------------|
| 2021 Fourth Quarter Report | 20 Jan 2022 | 2022 Annual General Meeting | 3 May 2022 |
| 2021 Full-year Results | 16 Feb 2022 | 2022 First Quarter Report | 21 Apr 2022 |
| Ex-dividend date for the 2021 full-year dividend | 21 Feb 2022 | 2022 Second Quarter Report | 21 Jul 2022 |
| Record date for the 2021 full-year dividend | 22 Feb 2022 | 2022 Half-year Results | 17 Aug 2022 |
| Payment date for the 2021 full-year dividend | 24 Mar 2022 | 2022 Third Quarter Report | 20 Oct 2022 |

* Interim dividend dates will be posted to the Santos website. Dates are subject to change.

Santos website

To view news announcements, company reporting and presentations, please visit the Investors page at www.santos.com/investors

2021 Annual Report

To view a copy of our 2021 Annual Report please visit our website at www.santos.com or alternatively, printed copies can be requested from the Share Registrar either by email at Web.Queries@computershare.com.au or by telephone on 1300 096 259 (within Australia) or +61 3 9415 4397 (International)

Shareholding enquiries

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Update your details online

To update your address, payment instructions, dividend reinvestment plan options, tax file number, e-communication preferences, email address and more, please visit www.computershare.com.au/easyupdate/STO or telephone on 1300 096 259 (within Australia) or +61 3 9415 4397 (International)