

# ENERGY FOR A BETTER WORLD

**Santos**

**Shareholder  
Review 2023**



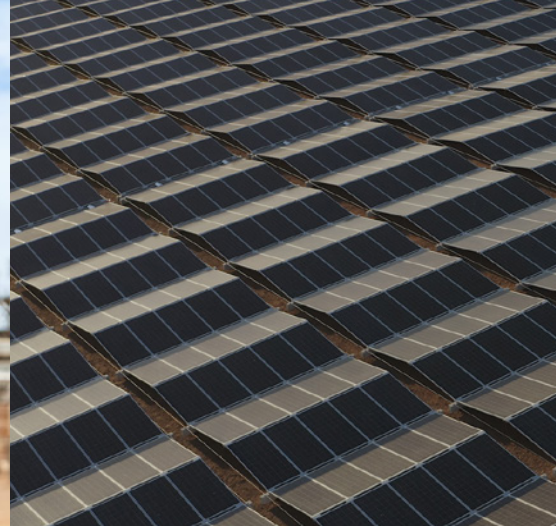


# Santos

## A strategy to deliver long-term shareholder value



Emphasising the need to meet the world's climate goals



96.4 Sales volume  
mmbob

\$5,889 Sales revenue  
US\$million

\$2,128 Free cash flow  
US\$million

26.2 Dividends declared  
US cents per share

Building a profitable and targeted portfolio focused on decarbonising our base business, providing carbon management services and low carbon fuels

Robust operating model supportive of disciplined growth



Annual Report 2023



Santos

Annual Report 2023

# Letter to Shareholders

A Strong operating performance supporting increased returns to shareholders. Optimising our diverse portfolio, maintaining disciplined growth, and exploring strategies to unlock shareholder value.

Dear fellow shareholders,

The year 2023 was another innovative and successful 12 months for Santos as we continue to make strong progress on delivering our strategy through backfilling and sustaining our upstream production and midstream infrastructure and developing the low-carbon fuel opportunities and decarbonisation services the world needs.

## Strong operating performance supporting increased returns to shareholders

Santos delivered annual production of 91.7 mmmboe, sales revenue of US\$5,889 million and free cash flow of more than \$2.1 billion, which is an outstanding achievement in what has been a challenging year.

Our balance sheet is strong with net debt of \$4.2 billion and gearing at 18.4 per cent, excluding leases, at year end.

We announced returns to shareholders by way of dividends of \$852 million for the year and also by completing the remaining \$316 million of our previously announced share buy-back program.

Our Company is now able to generate compelling cash flows to drive shareholder returns, develop major energy and carbon capture and storage (CCS) projects whilst maintaining a strong balance sheet.

## Optimising our diverse portfolio, maintaining disciplined growth, and exploring strategies to unlock shareholder value

Drilling has recommenced at the Barossa field and the project is 66.4 per cent complete with first gas expected in Q3 2025.

Our Pikka project in Alaska continues to progress on time and on budget and reached 37.4% complete at end of 2023.

In Timor-Leste, our Bayu-Undan CCS project FEED is nearing completion after legislation was passed by the Australia Parliament on amendments to London Protocol's for cross border provisions for CO2 export and geological sequestration.

Our strong portfolio has attracted significant interest and we continue to explore opportunities to unlock shareholder value.

## Decarbonisation through CCS and new fuels

In 2023, we have seen significant progress on our Moomba carbon capture and storage (CCS) project in the Cooper Basin, which is now 80 per cent complete.

The 2023 IEA NZE Report says about 6GTpa of storage from CCS will be required by 2050 - that's more than 100 times higher than today's operational capacity.

At Santos, we have been busy getting ahead of the game. In 2023, we signed numerous agreements to investigate carbon capture storage supply chains, essentially laying the foundations for a new Australian industry

where Santos will import CO2 from our Asian partners and store it safely underground to help our region reach its Net Zero goals.

We have also established agreements with several major Asian partners for the development of carbon-neutral e-methane, made by combining green hydrogen with CO2 obtained from carbon capture of industrial emissions or direct air capture.

## Outlook

We enter 2024 focused on executing our strategy to provide the critical energy the world continues to demand, progressing our Climate Transition Action Plan to decarbonise ours and our customers products and deliver sustainable returns to shareholders as a result.

On behalf of the Board and management team we would like to thank you, our shareholders, for your ongoing trust and support.

Yours sincerely,



**KEITH SPENCE**  
Chair



**KEVIN GALLAGHER**  
Managing Director and Chief Executive Officer

“

*Our strong portfolio has attracted significant interest and we continue to explore opportunities to unlock shareholder value.*

”



**KEITH SPENCE**  
Chair

“

*We enter 2024 focused on executing our strategy to provide the critical energy the world continues to demand, progressing our Climate Transition Action Plan to decarbonise ours and our customers products and deliver sustainable returns to shareholders as a result.*

”

**KEVIN GALLAGHER**  
Managing Director and Chief Executive Officer





# Our strategy

Underpinned by a diverse portfolio of high-quality, long-life, low-cost oil and gas assets, Santos seeks to deliver long-term value to shareholders.

## Backfill and sustain

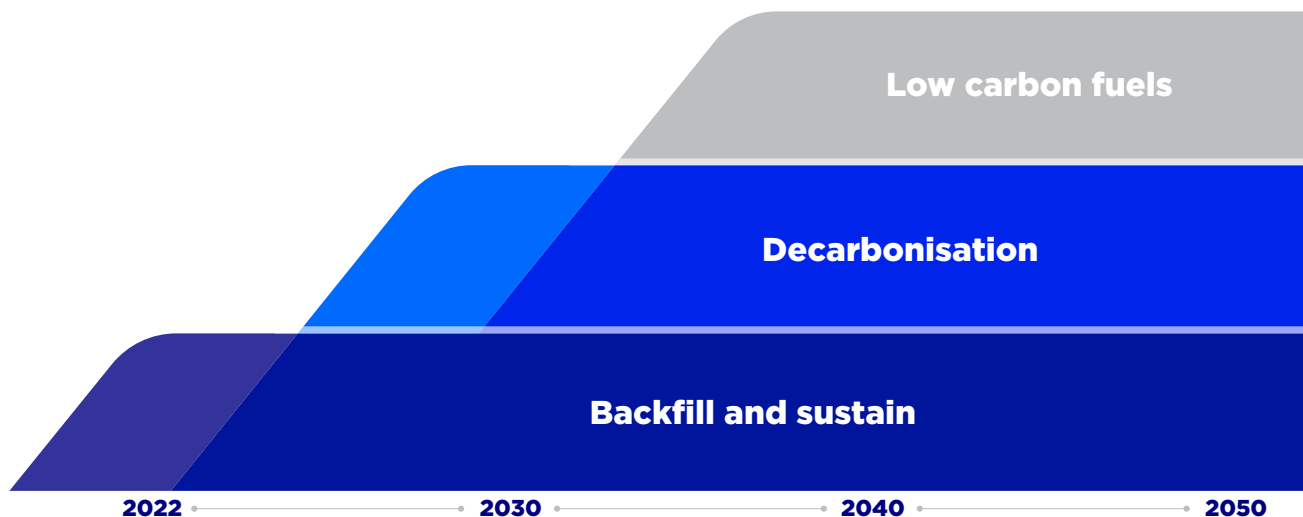
- Backfill our existing assets
- Evolve to a lower capital intensity and shorter cycle capital focused business over time
- Reduce emissions intensity across the portfolio
- Continually improve free cash flow generative portfolio, funding shareholder returns and Santos Energy Solutions growth projects

## Decarbonisation

- Develop our three decarbonisation hubs
- Build new revenue streams from carbon management services
- Investigate other technologies to develop new carbon management solutions

## Low carbon fuels

- Explore new fuel opportunities
- Market led developments, leveraging existing customers
- Disciplined approach to growth



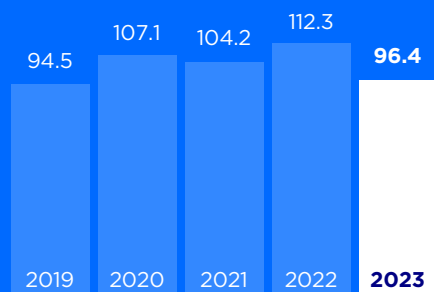
# How we've performed

## Financial overview

 [See Annual Report 2023 for full results](#) →

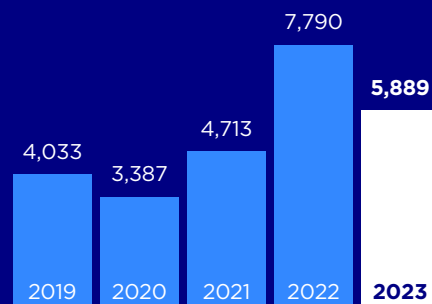
**Sales volume**  
mmboe

96.4



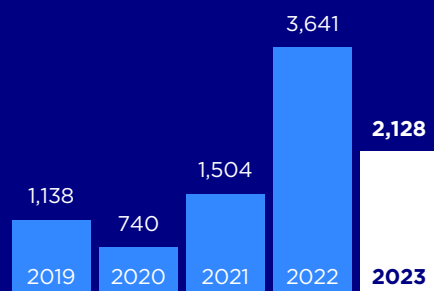
**Sales revenue**  
US\$million

5,889



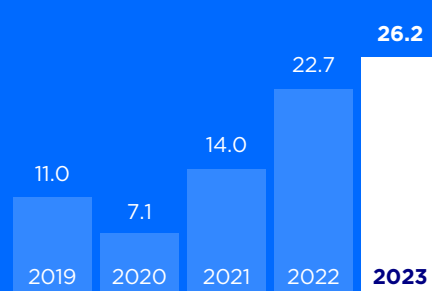
**Free cash flow**  
US\$million

2,128



**Dividends declared**  
US cents per share

26.2



	2019	2020	2021	2022	2023
<b>Sales volume</b> mmboe	94.5	107.1	104.2	112.3	<b>96.4</b>
<b>Production</b> mmboe	75.5	89.0	92.1	103.2	<b>91.7</b>
<b>Average realised oil price</b> US\$ per barrel	72.0	47.7	76.1	110.1	<b>87.6</b>
<b>Net (loss)/profit after tax</b> US\$million	674	(357)	658	2,112	<b>1,416</b>
<b>Underlying net profit after tax</b> US\$million	719	287	946	2,461	<b>1,423</b>
<b>Sales revenue</b> US\$million	4,033	3,387	4,713	7,790	<b>5,889</b>
<b>Operating cash flow</b> US\$million	2,046	1,476	2,272	4,558	<b>3,258</b>
<b>Free cash flow</b> US\$million	1,138	740	1,504	3,641	<b>2,128</b>
<b>EBITDAX</b> US\$million	2,457	1,898	2,805	5,646	<b>4,083</b>
<b>Total assets</b> US\$million	16,509	17,656	30,009	28,856	<b>29,756</b>
<b>Earnings per share</b> US cents	32.4	(17.1)	30.8	63.0	<b>43.4</b>
<b>Dividends declared</b> US cents per share	11.0	7.1	14.0	22.7	<b>26.2</b>
<b>Number of employees</b> Number	2,178	2,722	3,786	3,550	<b>3,864</b>

# Santos Energy Solutions

 [More on Santos Energy Solutions](#) 

Clear strategy to complement core Upstream Gas and Liquids business by building a profitable and targeted portfolio focused on decarbonising our base business, providing carbon management services and low carbon fuels.

## Established high cash flow generating assets

## Commercial opportunity to build new earnings streams providing carbon management services to Santos and third party customers

## Target net-zero scope 1 and scope 2 emissions by 2040



### Midstream infrastructure

Santos has a unique portfolio of strategic midstream infrastructure assets.

The midstream division of our business involves gas processing, storage, transport and liquefaction assets.

Our infrastructure assets include:

- Moomba
- Port Bonython
- Darwin LNG
- Varanus Island
- Devil Creek



### Carbon capture and storage (CCS)

Establishing the following three CCS hubs leveraging existing infrastructure to provide carbon management services:

- Moomba CCS
- Bayu-Undan CCS
- Reindeer CCS



### Carbon solutions

Santos is developing a portfolio of nature-based projects, generating carbon abatements to reduce our net emissions, and supporting the transition toward our 2030 and 2040 emissions reduction targets.



### Low carbon fuels

Santos Energy Solutions will seek to develop low carbon fuels as market and customer demand evolves.

This is a simple but clear strategy that positions us to thrive in the energy transition.



### Asset decarbonisation

The Santos Energy Solutions division will seek to provide decarbonisation services to deliver our net-zero scope 1 and scope 2 emissions target by 2040, as well as offering carbon management services to third parties and develop high-quality carbon offsets through our carbon solutions business.

# Upstream Gas and Liquids Division

 [Read more about our assets](#) 



## Cooper Basin

The Cooper Basin produces natural gas, gas liquids and crude oil. Gas is sold primarily to domestic retailers, industry and for the production of liquefied natural gas, while gas liquids and crude oil are sold in domestic and export markets.

Santos' strategy in the Cooper Basin is to deliver value by being a low-cost business, increasing its reserves position, investing in new technology to lower development and exploration costs and reducing emissions. It also aims to increase utilisation of infrastructure including the Moomba and Port Bonython plants (Santos 66.7 per cent interest). Santos is also focused on reducing emissions by investing in CCS. The Moomba CCS Project took FID in November 2021 with first injection expected in mid 2024.

Asset KPIs	2023	2022
Production (mmboe)	<b>13.6</b>	14.0
Sales volume (mmboe)	<b>13.6</b>	16.6
Revenue (US\$m)	<b>699</b>	1,065
Production cost (US\$/boe)	<b>10.94</b>	9.55
EBITDAX (US\$m)	<b>389</b>	512
Capex (US\$m)	<b>512</b>	419



## Queensland and NSW

The GLNG project in Queensland produces liquefied natural gas (LNG) for export to global markets from the LNG plant at Gladstone. Gas is also sold into the domestic market. Santos has a 30 per cent interest in GLNG. The LNG plant has two LNG trains with a combined capacity of 8.6 mtpa. Production from Train 1 commenced in September 2015, and Train 2 in May 2016. Feed gas is sourced from GLNG's upstream fields, Santos portfolio gas and third-party suppliers. Santos aims to build GLNG gas supply through upstream development, seeking opportunities to extract value from existing infrastructure and drive efficiencies to operate at lowest cost. Santos is also progressing the proposed Narrabri domestic gas project in NSW.

Asset KPIs	2023	2022
Production (mmboe)	<b>13.9</b>	14.0
Sales volume (mmboe)	<b>20.3</b>	20.4
Revenue (US\$m)	<b>1,332</b>	1,538
Production cost (US\$/boe)	<b>6.22</b>	5.67
EBITDAX (US\$m)	<b>795</b>	984
Capex (US\$m)	<b>274</b>	213



## Papua New Guinea

PNG LNG project produces LNG for export to global markets, as well as sales gas and gas liquids, of which Santos has a 42.5% working interest. The LNG plant near Port Moresby has two LNG trains with the combined capacity to produce more than eight million tonnes per annum. Production from both trains commenced in 2014.

The PNG LNG plant produced 8.4 million tonnes of LNG in 2023, and shipped 113 cargoes. Annual LNG production was slightly lower than the previous year (8.6 million tonnes), primarily due to Hides reservoir decline offset by higher Santos operated gas production from Kutubu and SE Gobe fields.

Asset KPIs	2023	2022
Production (mmboe)	<b>40.5</b>	41.9
Sales volume (mmboe)	<b>38.8</b>	39.4
Revenue (US\$m)	<b>2,884</b>	3,459
Production cost (US\$/boe)	<b>6.32</b>	6.73
EBITDAX (US\$m)	<b>2,342</b>	2,920
Capex (US\$m)	<b>477</b>	300



# Upstream Gas and Liquids Division

 [Read more about our assets](#) 



## Northern Australia

Santos' business in Northern Australia and Timor-Leste is focused on the Bayu-Undan field supplying the Darwin LNG (DLNG) project (Santos 43.4 per cent interest).

Production from Bayu-Undan was significantly lower than 2022 due to natural field decline. Production from the field is expected to continue to decline and cease in early 2024. Following FID in 2021, Santos is progressing development of the Barossa gas and condensate project (Santos 50 per cent interest) to backfill DLNG. The project was 66.4 per cent complete at the end of 2023.

The Barossa project is one of the several potential CO<sub>2</sub> sources for Bayu-Undan CCS, and the project is targeting FID in 2025.

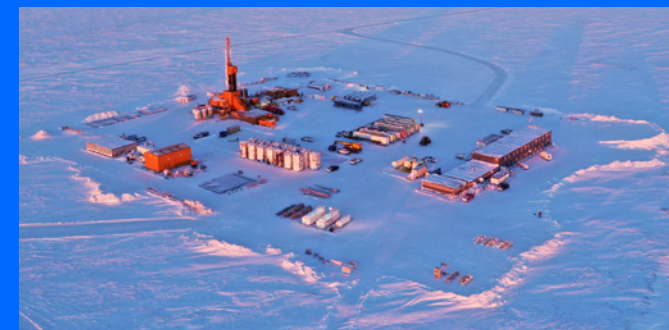
Asset KPIs	2023	2022
Production (mmboe)	<b>2.6</b>	5.5
Sales volume (mmboe)	<b>2.6</b>	5.6
Revenue (US\$m)	<b>141</b>	630
Production cost (US\$/boe)	<b>39.79</b>	25.48
EBITDAX (US\$m)	<b>66</b>	498
Capex (US\$m)	<b>517</b>	549



## Western Australia

Santos is the largest producer of domestic natural gas in Western Australia, and is also a significant producer of oil and natural gas liquids. Santos' assets include 100 per cent ownership and operatorship of the Varanus Island and Devil Creek domestic gas hubs, a 28.6 per cent interest in the Macedon gas hub and a leading position in the highly prospective Bedout Basin. A FID decision on the proposed Dorado integrated oil and gas project (Santos 80 per cent interest) was deferred during 2022, in order to undertake further work on the integrated development concept. Santos continues to work on these plans and is targeting Dorado being FID ready in 2024. Santos is seeking to develop a CCS hub in Western Australia and is working with potential industrial CCS customers in northwest WA.

Asset KPIs	2023	2022
Production (mmboe)	<b>21.1</b>	27.8
Sales volume (mmboe)	<b>21.4</b>	28.8
Revenue (US\$m)	<b>853</b>	1,097
Production cost (US\$/boe)	<b>9.87</b>	7.49
EBITDAX (US\$m)	<b>596</b>	976
Capex (US\$m)	<b>255</b>	384



## Alaska

Santos' assets in Alaska are composed of exploration and development licences, including the Pikka Unit (Santos 51 per cent equity interest), Horseshoe Unit (Santos 51 per cent equity interest) and Quokka Unit (Santos 47.2 per cent equity interest). These are all located on the North Slope of Alaska, which is a world-class oil province with more than 50 years of oil and gas development, and extensive existing infrastructure.

Santos, as operator of the Pikka Unit, took FID to proceed with Pikka Phase 1 in August 2022. Phase 1 of the project is expected to produce 80,000 barrels of oil per day gross, with first oil expected in 2026. Santos is committed to delivering a net-zero project (scope 1 and scope 2, equity share) from first production, and has agreements in place with Alaska Native corporations to deliver nature-based emissions reduction projects.



# Investor information

Santos Limited  
ABN 80 007 550 923

## Registered and head office

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Adelaide SA 5000  
Australia

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Adelaide SA 5001  
Australia

Telephone: +61 8 8116 5000  
Facsimile: +61 8 8116 5050  
Website: [www.santos.com](http://www.santos.com)

## Securities exchange listings (ASX and PNGX)

Ordinary shares code STO

## Board of Directors

**Keith Spence**  
Chair

**Kevin Gallagher**  
Managing Director and Chief Executive Officer

**Yasmin Allen**

**Guy Cowan**

**Eileen Doyle**

**Vanessa Guthrie AO**

**Peter Hearl**

**Janine McArdle**

**Michael Utsler**

**Musje Werror**

## Leadership Team

**Kevin Gallagher**  
Managing Director and Chief Executive Officer

**Michael Abbott**  
Group General Counsel and Executive  
Vice President Environment & Governance

**David Banks**  
Executive Vice President,  
Upstream Gas and Liquids

**Brett Darley**  
Executive Vice President Eastern Australia  
and Papua New Guinea

**Bruce Dingeman**  
Executive Vice President Alaska

**Jodie Hatherly**  
CEO Santos Foundation

**Janette Hewson**  
Executive Vice President, Environment,  
Sustainability & Governance

**Kim Lee**  
Executive Vice President, People & Brand

**Anthea McKinnell**  
Chief Financial Officer

**Anthony Neilson**  
Chief Commercial Officer

**Vincent Santostefano**  
Executive Vice President Western Australia,  
Northern Australia and Timor-Leste

**Alan Stuart-Grant**  
Executive Vice President,  
Santos Energy Solutions

**Steve Trench**  
Executive Vice President Operations  
and Technical Services

**Tracey Winters**  
Chief Strategy Officer and Chief of Staff

For Board and Leadership Team biographies  
go to: [www.santos.com](http://www.santos.com)

## Santos website

To view news announcements,  
company reporting and presentations,  
please visit the Investors page at  
[www.santos.com/investors](http://www.santos.com/investors)

## 2023 Annual Report

To view our 2023 Annual Report please  
visit our website at [www.santos.com](http://www.santos.com) or,  
alternatively, printed copies can be requested  
from the Share Registrar either by email at  
[Web.Queries@computershare.com.au](mailto:Web.Queries@computershare.com.au) or  
by telephoning on 1300 096 259 (within  
Australia) or +61 3 9415 4397 (International).

## Shareholding enquiries

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Melbourne VIC 3001  
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Website: [www.computershare.com.au](http://www.computershare.com.au)

Shareholder Access:  
[computershare.com.au/easyupdate/STO](http://computershare.com.au/easyupdate/STO)

Telephone: 1300 096 259 (within Australia)  
+61 3 9415 4397 (International)

## Investor enquiries

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Adelaide SA 5001

Telephone: +61 8 8116 5000  
Email: [investor.relations@santos.com](mailto:investor.relations@santos.com)  
Website: [www.santos.com](http://www.santos.com)

## 2024 Shareholder calendar

25 Jan 2024 2023 Fourth Quarter Report

21 Feb 2024 2023 Full-year Results

26 Feb 2024 Ex-dividend date for the  
2023 full-year dividend

27 Feb 2024 Record date for the 2023  
full-year dividend

27 Mar 2024 Payment date for the 2023  
full-year dividend

11 Apr 2024 2024 Annual General Meeting

18 Apr 2024 2024 First Quarter Report

18 Jul 2024 2024 Second Quarter Report

18 Aug 2024 2024 Half-year Results

17 Oct 2024 2024 Third Quarter Report

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

## 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 [computershare.com.au/easyupdate/STO](http://computershare.com.au/easyupdate/STO)  
or telephone on 1300 096 259 (within  
Australia) or +61 3 9415 4397 (International)

# Santos

**For more information on how we're performing, key outcomes and future goals, see our additional annual reporting documents:**

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Annual Report 2023



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Sustainability Report 2023



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Corporate Governance Statement 2023

