

ASX/Media Release

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Fitch affirms Santos' investment grade credit rating

Santos welcomes Fitch Ratings' (Fitch) decision to reaffirm Santos' 'BBB' credit rating with stable outlook.

Fitch noted "Santos' ratings reflect its strong business profile, driven by solid exposure to long-term domestic gas fixed-price contracts, which provides greater revenue stability than peers in the 'BBB' category. It also considers the company's diversified assets across onshore and offshore basins in Australia, Timor Leste, USA and Papua New Guinea (PNG), with reasonable proven (1P) reserve life of 11 years."

Fitch confirmed their forecast that "Santos' shareholder distributions will increase with its new capital allocation framework. Santos targets a payout ratio of at least 60 per cent and up to 100 per cent of all in FCF through dividends and share buybacks from 2026, when its two major growth projects are completed. In 2024, it paid USD991 million in common dividends, or around 53 per cent of Fitch-calculated FCF. It plans to balance the higher distributions with limits on annual capex and investments in growth to support balance-sheet strength and a gearing target of 15-25 per cent."

Santos is proud to see the recognition of our disciplined low-cost operating model, with Fitch noting "Santos maintained low Fitch-calculated unit production costs despite industry cost inflation" and "... aims to cut overheads by USD150 million". Fitch believes "...the expected cost reductions will support Santos' above-average cash netback (2024: USD34/boe) despite our projection for lower commodity prices."

"The confirmation from Fitch of Santos' BBB (stable) rating is an outcome of the disciplined low-cost operating model we have implemented and maintained since 2016 making us more resilient through the oil price cycle. This model has allowed Santos to invest in major growth projects that will support increased production and strong shareholder returns into the future," Santos Managing Director and Chief Executive Officer Mr Gallagher said.

"Santos' investment-grade credit ratings provide access to a broad range of liquid global debt capital markets, and this rating is further evidence of our strong balance sheet," Mr Gallagher said.

Santos is currently rated BBB- with stable outlook from S&P Global ratings, and Baa3 with stable outlook from Moody's Investors Service.

A link to the Fitch ratings report can be found [here](#).

Ends.

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

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