ASX Announcement

Thursday, 23 February 2017

ASX: WPL
OTC: WOPEY

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2016 FULL-YEAR RESULTS – MEDIA TELECONFERENCE

On Wednesday, 22 February 2017 at 6.30am AWST Woodside hosted a 2016 Full-Year Results media teleconference.

The transcript of the briefing is attached.

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Company: Woodside Petroleum Ltd
Title: 2016 Full-Year Results presentation
Date: 22 February 2017

This document should be read in conjunction with Woodside's 2016 Preliminary Financial Statements and associated presentation pack which is available on the company's website, www.woodside.com.au.

Start of Transcript

Peter Coleman: Thank you and good morning, everyone. Thanks for joining us. With me on the call this morning is our CFO, Lawrie Tremaine and I do appreciate the media dialling in on this call, I know it's a busy time of the morning in the reporting season so we've got a few competing needs here today.

It's been a busy year for us at Woodside. We've boosted our production, we've grown our portfolio and we've set ourselves some very exciting and challenging goals for 2017. You will see our standard disclaimer on slide 2 and just a quick reminder that this presentation does contain some forward looking statements and that all of our reported numbers are in US dollars unless otherwise stated.

With that, we'll kick off on slide 3 with our financial headlines and you'll see our net profit after tax of $868 million delivers a fully franked dividend of $0.83 per share to our shareholders over the entire year. A strong result through really what's been a low point in the commodity cycle for us in 2016. Our net cash flow from operating activities increased to $2.6 billion, and free cash to $114 million. We increased both operating cash flow and free cash flow even though realised prices were down almost 20% on the previous year. At the same time our gearing remained at around 24% and within our target range and we remain one of the very few of our peer group that was able to maintain its credit rating through the low point of the commodity cycle, something that I know we're proud of and Lawrie is very proud of as well, and he'll maybe get some questions on that later.

Moving to slide 4, I think it's fair to say that in 2016 we delivered operational excellence, we successfully managed risks and volatility and we added near-term value growth to our portfolio. Our overall production climbed to 94.9 million barrels of oil equivalent in 2016, the second highest level on record, and our Pluto facility achieved record LNG production. Our increased focus on cost efficiencies and reliability was reflected in a 28% reduction in our unit production costs and nothing demonstrates this better than our record low Pluto unit production costs of just $3.30 per BOE. We also increased our portfolio gross margins to 45%, something that we're very proud of.

In a tough external environment we completed the majority of our North West Shelf price reviews at traditional levels and signed a heads of agreement for long-term supply of LNG to Pertamina. Near-term value growth was also significantly bolstered. Early in 2016 we announced play extending discoveries in Myanmar and during the year completed significant acquisitions in Senegal and Australia at an average acquisition cost of just $1.10 per BOE. Together these discoveries and acquisitions have added more than 30 years of resources to our portfolio when we add that of course to the acquisitions that we made the prior year.

Construction and commissioning at Wheatstone train 1 is nearing completion with first production expected mid year and this will be followed by train 2 and domestic gas production in 2018. We also sanctioned the Greater Enfield project which is pleasing and that's targeted for first oil in 2019. You can see we continue to improve our safety and environmental performances, the key look throughs to any oil and gas company. You can see that's outlined on slide 5. It's also particularly good to see our flared gas emissions down for a third year in a row with a 33% reduction from 2015.

Of course this was a result of our improved onshore facility reliability and sustained improvement of turn around practices.

Peer comparisons are on slide 6 and we highlight that we're delivering well above our competitors on what we think are a couple of the very key business measures over the long-term which are return on average capital employed and of course the dividend yield that we provide to our shareholders.

We've successfully managed risk and volatility through the cycle and are in a strong position as the oil markets re-balance through 2017. Added to this is the LNG market dynamic on slide 8 and you can see emerging markets and opportunities to create new fuel markets, coupled with strong longer term demand forecasts, show that the LNG market will continue to grow through the next decade.

Turning to LNG contracting on slide 9 and many of you have asked these questions over time, in 2017 88% of expected LNG production has been sold under oil-linked term contracts and I do want to note that we're still seeing demand in the market for oil linked LNG pricing.

Operational excellence and managing risk and volatility will remain core to our approach to delivering value for shareholders and as you can see on slide 10, alongside these fundamentals we're continuously building near-term value growth and expect about a 15% increase in production from 2017 through 2020. In 2017, you'll hear me talk about our priorities being Wheatstone, Senegal, Myanmar and Pluto.

When fully operational Wheatstone will add more than 13 million barrels of oil equivalent to our annual production in our portfolio. This year we're supporting the operator to execute a flawless start-up of train 1 and details about Wheatstone are on slide 21 in the pack.

Next the SNE oil field in Senegal, a two well appraisal program is underway to improve our understanding of the reservoir and inform development planning ahead of first oil between 2021 and 2023. In Myanmar we're about to start a significant drilling program that includes a minimum of two appraisal and two exploration wells with scope for an additional three wells this year. In fact, the rig arrives on site in Myanmar this week. This program will improve our understanding of the resource base and of course assist in identifying a path to commerciality in Myanmar.

Closer to home on slide 24, we're evaluating opportunities to maximise our investment in Pluto by undertaking further capacity enhancements and mid to large scale expansion. We are also looking at how we create value through accelerating development time frames and production, capturing unallocated resources from the Carnarvon and Browse Basins and creating new markets. Woodside is in a unique and fortunate position in the Pilbara having equity in both key onshore infrastructure and offshore resources. In fact, we're the only company that has equity in both of the largest undeveloped offshore resources and then also the two onshore plants that have the earliest expansion opportunity.

As part of our drive to grow the LNG field market we're finalising plans to support supplying LNG from Pluto to fuel the local mining and marine sectors and should have a truck loading facility completed on that site by the end of this year. To bring these opportunities together we're planning to create a Burrup hub that maximises value from infrastructure and investment.

To recap on 2016, our production performance, reduction in operating costs, improved margins and the progress of our key projects delivered value for shareholders, despite the challenging external environment. Before I open up for questions, I just want to mention that this will be Lawrie Tremaine's last results briefing with Woodside and I want to recognise that Lawrie has played a key leadership role at Woodside as CFO for the past six years. He really has been instrumental in navigating the company through a period of significant volatility. He's had an unswerving focus on balance sheet resilience and leaves us in a strong position in 2017. So we wish Lawrie all the best.

With that, I'll open up to questions.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question you need to press star one on your telephone and wait for your name to be announced. If you wish to cancel your request you need to press the pound or hash key.

Once again that is star one on your telephone and wait for your name to be announced. Your first question comes from the line of Angela Macdonald-Smith from *The Australian*. Please ask your question.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Hi, yes, from the AFR actually. Look, Peter I just wanted some thoughts about where you are with the gas for Pluto expansion and what your thinking is as to where that will come from? Are you thinking about Scarborough or is it like a re-think of Browse or third party gas or what? Thanks.

Peter Coleman: Yes, there are actually two parts to that, Angela. The first one is in the near-term we're looking at what we can do to accelerate the tail of Pluto, that's meaning bring that gas that's very long dated and bringing it forward. We've done a lot of work over the last two years to give ourselves confidence or more confidence in the Pluto resource. As you're aware last year we drilled a well, the A5 side track. We've run 4D seismic over the field and we've also, through the expansion or additional developments with Xena and so forth, now have a much better understanding of the field and the reservoir.

That's given us confidence, together with an addition of two exploration wells in our program over the next 12 months, to start to seriously consider a small debottlenecking, or what we call a small expansion project, to start to bring forward gas from the back end of Pluto. So that's the first part of it and you'll hear more about that as we go through the year. We're targeting to give investors a more complete update at our investor briefing day. The second part then is capturing the big gas. We've always called this big ORO and it's not big ORO any more because Woodside is actually an equity participant in both the two large undeveloped gas resources out there, being Scarborough and of course Browse.

The Pluto site is advantaged as you know. It has capacity in the offshore system. It has an additional one train of capacity, one conventional train of capacity in that system and so it's readily expandable at the site. There are environmental approvals and site preparation already in place for three trains at Pluto. So it's readily expandable at site, we're looking now to be competitive with the other option for those resources of course being floating LNG. So I think the opportunities are in front of us, we're in a unique position because we would say we're in a basin master position in many respects because we're actually the major equity owner in the four assets that need to be pulled together being Pluto, North West Shelf, Browse and of course Scarborough.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Okay and just in relation to that, yes, there's been a bit of talk around about like how strong I guess the LNG market was last year and demand and prices in December, et cetera, what's your latest thinking about what it's looking like for the demand outlook over the next few years?

Peter Coleman: Look, the mid to long-term demand outlook really hasn't changed and we've always said that this period, through 2018, maybe into early 2019, would be a period where there would be more supply coming into the market than known demand was there. The reality is demand is taking up supply and so new markets are being created as fast as supply is coming into the market. So there's actually not a supply overhanging market and it's really because of the advent of FSRUs and the fact that they can come in very quickly. It's actually taking demand into the market, and you're seeing switching of course occur as well. So there's no stockpiling in this business, Angela, which is much different to the crude oil business. You don't have ships floating out at sea working on large or long arbitrage positions on it. It's pretty much going to market as quickly as it's produced.

In the short-term, the reason we're looking at a Pluto expansion, which will be a smaller scale, is we think in the short-term, at least over the next two, three, four years, most of the expansions will be smaller scale, meaning in the less than 2 million tonne range, probably in the 1 million to 2 million tonne range. For a portfolio player like Woodside, the advantage of that sort of expansion size is of course we don't need market. We can actually sell it into our portfolio and get it away. So it gets back to this point where we now start to control the timing of development, which has always been a challenge in the LNG business. So actually we're quite excited by what the market provides at the moment with all these new buyers coming in.

Angela Macdonald-Smith (Australian Financial Review, Journalist): Okay, thanks.

Operator: Your next question comes from the line of Sonali Paul from Reuters. Please ask your question.

Sonali Paul (Reuters, Journalist): Hi Peter and Lawrie. Just following up first of all on the expansion prospects for Pluto, what sort of timing are we looking at, and also what sort of costs would you be envisioning for mid-scale or large-scale expansion?

Peter Coleman: Well the first part, Sonali, will be mid-scale expansion. Then of course the large-scale we'll capture hopefully over the next couple of years. So you'll hear a lot more about the small-scale expansion as we go through this year. We hope to finalise the concept select on that by around the third quarter of this year. So we're doing the work now. We've got some ideas that we're pursuing. We're hoping to finalise the concept select by the middle of - sorry, the third quarter of this year.

The cost for that expansion is very competitive on global numbers. We expect to be able to expand Pluto at numbers similar to what you're seeing some of the Gulf Coast plants being expanded at. That then puts us into a very competitive situation globally to get that away. But it's smaller volumes. It's not the big huge trains that people have been used to. As I said, it will be in that 1 million to 1.5 million tonnes sort of expansion size is what we're looking at.

Sonali Paul (Reuters, Journalist): Okay, thanks.

Operator: Your next question comes from the line of Perry Williams from Bloomberg. Please ask your question.

Perry Williams (Bloomberg, Journalist): Hi Peter and Lawrie. Just a couple of quick ones. Just again on Pluto, just to be clear, is it a de-bottlenecking? Is it a new train in terms of the mid-scale expansion? I just wasn't quite clear on that.

Peter Coleman: Yeah, good question for clarification, Perry. In fact we're looking at those two options. There is a de-bottlenecking option where we add - you can call it de-bottlenecking, but we actually need to add some physical plant to it. But it's quite modest. Or there's an option where we simply say from a reliability point of view, and to get just a little bit more, we can go out to what we call a commoditised train, meaning an off the shelf package that is readily available in the market place today, and simply plug it in. So we're looking at both those options. We're not looking at the big stick sort of options. We're looking at something that can be brought to market very quickly, something that can - we call it an expansion, but you might call it a super de-bottleneck.

Perry Williams (Bloomberg, Journalist): Yeah, okay. Where did the idea for this come from? Is this something you've seen elsewhere in other markets?

Peter Coleman: No, it's typical for what we should be doing in this business. So once the infrastructure is built, typically what you do is you should be looking at de-bottlenecking opportunities. So that's what we went back to. How it was created was going back to the reservoir and really understanding what the deliverability of the reservoir is, getting comfortable with that, and then basically saying goodness, if I put this now into an overall strategy, which includes the total Carnarvon Basin, I actually am incentivised to bring gas forward into my sales mix, because it then frees up the plant - a beautiful plant, to be able to take on new resources from the mid-20s onwards, so from 2025 onwards.

So we said look, there's two opportunities here. One is to actually accelerate and bring forward; at the same time when you do that you actually free up potential opportunity in that 2025 space. Once you do that now you're competing for those other gas resources of Browse and Scarborough.

Perry Williams (Bloomberg, Journalist): Yeah, great. Sorry, just the final part of that, I mean I take it you'd only get to the 1 million to 1.5 million tonnes a year through the commoditised train, not through the de-bottlenecking option?

Peter Coleman: The de-bottlenecking would be just under 1 million. The commoditised train is in that 1 million to 1.5 million. So that's where the increment is, and that's the decision we need to make. There's a slight timing difference between the two in being able to bring it to market, but it's relatively short. So the key thing is we'll be doing what we call a high rate test in the plant some time in the second quarter. That will be testing all of the elements of the plant system, and that will then inform us as to whether the best path is to de-bottleneck or whether to put a small expansion train in.

Perry Williams (Bloomberg, Journalist): Yeah, okay, great. Just also in terms of looking forward a little bit more, backfill for North West Shelf, I realise that's a few years away, but has there been any more thoughts on that, and how you'll tackle that in the years to come?

Peter Coleman: Clearly in the frame, so no, the North West Shelf partners are working to provide the resource owners that I described, both Browse and Scarborough, and previously Hess as was documented, with tolling arrangements and cost structures for getting that product through the plant. So as I said, Woodside is in a unique position, notwithstanding the fire walls we need to put in place, but we can see as a resource owner in all of those projects where the best place to go is, and we think we have an opportunity to do what's been done elsewhere, I must say, and avoid maybe some of the opportunities that have been missed elsewhere as well, and bring all of this together, which is why you'll start to hear us talking about the creation of a hub at the Burrup, which includes bringing those resources in, which includes getting LNG into the domestic market to allow it to fuel ships, to allow it to fuel mining trucks and locomotives and so forth.

Perry Williams (Bloomberg, Journalist): You're referring to Gladstone there?

Peter Coleman: I think it's been documented and talked about a lot as to where there's been inefficient use of capital. I think industry needs to look at it. Woodside has reflected on the learnings, but there's also other projects in the proximity or in the region that are working hard to bring resources together and benefit from the existing infrastructure. I think that's the future to be honest. It's about infrastructure sharing, and it's about taking a sensible approach to that sharing and making sure the capital is used as efficiently as it should be.

Perry Williams (Bloomberg, Journalist): Okay great, thank you.

Operator: Your next question comes from the line of Kevin Morrison from Argus Media. Please ask your question.

Kevin Morrison (Argus Media, Journalist): Yes, good morning. Just a question on the demand outlook for the global energy markets on slide 8, saying that the additional 16 million tonnes capacity is required to meet annual demands. That demand, is that new demand, or is that replacing LNG supply that's been exhausted?

Peter Coleman: Kevin, there's a little bit of both in that. So our numbers are more conservative than you'll find others put out there in the market. We're kind of at the low end of - like you'll see some of the published numbers out there. But it includes both a net demand so demand going out of the - sorry, supply going out of the market, and then also new demand coming into the market.

What I would point out - we think we're at the conservative end of this - it is a lot of this is driven by macro-economic trends and assumptions around macro-economics and energy use as a function of GDP. Government policy is the big game changer in all of this, and government policy is often driven by the needs of the population. That comes down to things like - things that are harder to measure the impact of, things like the demand to reduce greenhouse gases, things like the demand to clean up the air and reduce particulates emissions and so forth.

So I would say there's early signals of game changers here, and the first of those of course being the International Maritime Organization's ruling in December of last year to change shipping fleet globally from a 3.5% sulphur fuel to a 0.5% sulphur fuel by 2020. That has potential to be a game changer, and you would have seen that we've already entered into a joint industry study agreement with the three big miners in Australia to look at the impacts and the opportunity that provides.

To put it into context, in China, the bus fleet - if the Chinese chose to change all of their buses to compressed natural gas overnight, that's 20 million tonnes straight away in the market place. So there's a lot of opportunity here for government policy to change this demand quite rapidly. We see more upside to this than we do downside at this point.

Kevin Morrison (Argus Media, Journalist): All right, so just touching on that government policy, you made some comments last year in regards to - with greenhouse gas emissions and gas replacing coal. I mean it's obviously very contested from the coal industry. Where do you see that moving? Obviously domestically there's been a big push by the coal industry to come up with a new marketing brand for coal, and the government seems to be playing alongside with that. So it doesn't seem - certainly not a lot of movement here. How do you see that more on a global place?

Peter Coleman: Kevin, we're not in the business of driving coal out of the mix at all. In fact we've been very clear on the record, we think to ensure safe, reliable and affordable energy you need to have all sources coming into the mix. The world needs to move away from picking carbon winners in this space. There's too much of that going on at the moment. You can see what that leads to when you have an over-reliance on one source of energy at the expense of others.

So we firmly believe that all energy sources need to be in the mix. Our pitch on this though is let's get it in the right proportions and in the right use. The challenges that we saw a couple of years ago were that other energy sources were growing disproportionately in that mix, and our view is that gas in particular needs to have a significant part of that mix, maybe up to 30% of the energy mix in advanced economies, those that have secure energy systems.

Kevin Morrison (Argus Media, Journalist): That's for power generation, you mean, not the totality of the…

Peter Coleman: No, it would be in the totality because - power gen is the obvious one that's easiest to measure and people focus on, but the reality is gas can do things that other fossil fuels can't, and it's certainly something that's a great replacement for maybe the high emissions end of the liquid fuel market. So we think gas really has a role in there in all its different forms. The key there - and we've seen it across all of our activities around the world - is once we make it available, we make it in quantities that's available, make it reliable and so make it affordable. It really is the fuel of choice and people will go for gas time and time again. So we just see that market expanding particularly - as we've already indicated - in the transportation fleet and in the small business usage of gas.

Kevin Morrison (Argus Media, Journalist): Okay, I mean just going back to my original question, can you just sort of break down that AUD16 million in terms of how much it would be net new and how much would be just replacement of existing?

Peter Coleman: Well, not off the top of my head Kevin. The guys will get back to you…

Kevin Morrison (Argus Media, Journalist): Sure, all right, thanks.

Peter Coleman: The marketers will get back to you and we'll tell you exactly how that breakdown is.

Operator: Your next question comes from the line of Russell Searancke from Upstream. Please ask your question.

Russell Searancke (Upstream, Journalist): Good morning Peter. Just to go back to Pluto. Can I just be clear here that we're talking about - that you are talking about a potential two phase expansion. So the first phase would be taking your own gas, the second phase your own gas and/or potentially other gas?

Peter Coleman: Beautiful Russell, you've knocked it out of the park. So yes, the first phase is really looking at the existing Pluto gas. So the gas that currently exists within the Pluto permit areas is the first phase. So the second phase then is an opportunity to both grow and expand Pluto, and there's a couple of opportunities there that we're pursuing over the next two years. One of those of course I've mentioned this morning being Scarborough and Browse, and Pluto will be competing for those resources to come in. We also - Woodside and our partners - will be drilling two exploration wells. One called Swell this year, the partner there is KUFPEC. Then the second one is Ferrand, of which Woodside is 100%. We'll drill that in the middle of next year. Both those wells have been approved internally and the contract and the drilling rig is all in place. They're multi TCF type opportunities that we're pursuing. So you can see we're now starting build a number of options for us to bring it in, which gives us the confidence now that we can move forward into serious planning and start some of the pre-engineering work on this.

Russell Searancke (Upstream, Journalist): OK, well, that's fantastic, that's exciting. The Sunrise project, what can you say about the zoning about that for you in terms of there's been some progress there on the political front. So what do you see as an ideal outcome of the negotiations on the boundary and - yes - what do you see as the ideal outcome?

Peter Coleman: Look the ideal outcome really is both governments being comfortable with whatever is finally agreed. Because that's the key for us as the resource developer is that you want to make sure that whatever is ultimately agreed, that both governments are very comfortable with that to the extent that they feel like they can move forward together. That's what gives us the confidence to move forward. What you don't want is the situation where one government feels aggrieved in the process, and I think that's probably what's led us to this point now. So if we can get to a point where both governments feel very comfortable with the outcome then I think that's tremendous for the project.

Russell Searancke (Upstream, Journalist): Woodside's still fully committed to Sunrise?

Peter Coleman: Oh, absolutely. We continue to remind the government - both governments - that Sunrise is one of the most competitive resources globally on a cost of development. It's also very liquids rich, so as distinct from some of the other developments in the region that don't benefit from liquid production, Sunrise does. So in that context we very much look forward to moving forward on Sunrise if we could.

Russell Searancke (Upstream, Journalist): The PSCs, my understanding based on your fourth quarter is that the PSCs are still alive and well - I believe that still goes on for another 10 years.

Peter Coleman: Yes, look, off the top of my head I'm not sure on the exact term. But the PSCs are alive and well and both governments - particularly the Timorese - have gone to lengths to assure us that they are in place. Of course we're going to have to look at the back end of those PSCs and any discussions around that post resolution of the maritime boundaries will need to include what we think will need to be a life period of those PSCs that reflects the life of the project.

Russell Searancke (Upstream, Journalist): Okay, thank you.

Peter Coleman: All right, thanks.

Operator: Your next question comes from the line of Peter Williams from WA Newspapers. Please ask your question.

Peter Williams (WA Newspapers, Journalist): Hi Peter. Can I just ask, this plan for creating a Burrup hub the expansion there, does that suggest that Woodside is leaning towards the onshore processing option for Browse?

Peter Coleman: It's a good question Peter. I mentioned previously that we need to keep commercial tension on this, and we also need to make sure that we get the very best development. So both Browse and Scarborough at the moment have a floating LNG case as their preferred development. What we're saying is, we want to knuckle down, pull all of this together and make the case that an onshore development should be a very competitive case that the joint venture partners in both those resources seriously consider.

So I'd say at the moment we're starting from behind, because FLNG is the preferred case at this point. I think it's up to the joint venture partners in both those onshore assets - being the North West Shelf and Pluto - as I mentioned, we have the advantage that we are in both, to put our best foot forward and make sure that we provide the most compelling cases we can to get those resources coming that way. So that's what we're about. If we don't, then the option will be floating, and if so we need to work hard on it. It's not a given at this point, but equally our view is that it's a huge opportunity to be able to more efficiently utilise the infrastructure and that opportunity is presenting itself with the ullage in the North West Shelf, but it comes in post - in the early 2020s, or the spare capacity post 2020. Then of course, as I mentioned previously, we're looking for options to bring forward free capacity in Pluto as well to be able to compete.

Peter Williams (WA Newspapers, Journalist): So it'd be your preference or would be Woodside's preference to have onshore processing for Browse if it was competitive.

Peter Coleman: Well, our preference is to get the best commercial outcome. That's what we're really about. So it's the best commercial outcome, and then of course you look at technology risk and execution risk and so forth. But I think the key is, let's get the best commercial outcome first before we say what our preference is. Because otherwise you start moving down a path that's not commercially driven. It needs to be commercially driven first and foremost, and the best commercial outcome.

Peter Williams (WA Newspapers, Journalist): Okay, can I just ask one more question of Lawrie? If you wouldn't mind answering why you decided to make the move to Origin Energy and when you expect to take up that appointment?

Lawrie Tremaine: Hi Peter. Yes, look, I've had a great time at Woodside, and have been given an enormous amount of opportunity over the years. But it's been 10 years now, and so put simply, I think it's time for me to take on another challenge and that's the start and end of it. Peter and I are still talking about when exactly I'll move across, so you'll have to wait, just as I do.

Peter Williams (WA Newspapers, Journalist): All right, was there a personal preference there to be based in Sydney, did that have anything to do with it?

Lawrie Tremaine: No it really is about the opportunity Peter. I know everyone's looking for some other reason, but the fact is 10 years at Woodside, I think I leave the company now in a very strong position, both within the groups that I have been leading for at least the last six (years), but also from the opportunity set Woodside has got. So that's what I leave behind. What I move to is a slightly different business, particularly around the gas and power markets are part of Origin. So that's exciting, and obviously there are some challenges there which I'm looking forward to.

Peter Williams (WA Newspapers, Journalist): Thanks a lot Lawrie, thanks guys.

Peter Coleman: Yes, Peter, if I can jump in, Lawrie leaves us in really good shape. So as you've seen from the results this year and the strength of our balance sheet, the financing that we've put in place over the next few years, the timing is obviously good for Lawrie, but it's also for Woodside, it's a good time to make a transition if a transition ever has to take place. So it's good for us. We've got strong internal candidates for the role. We'll obviously - because of the importance of it - we'll go externally as well and test the market. We've always got to test the quality of our people against the external market, and we're confident that they'll compete strongly for the role. We're in no hurry to move Lawrie out the door so - and as far as I know, he doesn't have any plans to go sit on the beach for a while. So no, we're going to work him up as long as makes sense for both of us and we can make an orderly transition.

Peter Williams (WA Newspapers, Journalist): Okay, great, thank you.

Operator: Your last question comes from the line of Andrew White from *The Australian* newspaper. Please ask your question.

Andrew White (The Australian, Journalist): Hi Peter, thanks for your time. I just wanted to ask, with AGL looking at building an LNG import terminal to service the East Coast gas market, I'm just wondering what do you make of the opportunities on the eastern seaboard, and what sort of plans do you have - if any - to address them?

Peter Coleman: That's a good question. Look, it's a difficult market for us to understand at the moment to be honest with you. Obviously we've done some work on it to try and understand it, but it's a market that I'd say is characterised, it's very much dominated by a small number of export producers. It's undergone - and then it's got a relatively small domestic market demand. It has undergone significant changes in the last three years, so it's probably not surprising that some of the issues that you see now have arisen simply because of the fundamental change in the market dynamics and where the gas is flowing. Then also some of the market power that some of those users have - both on a production side, and then also being able to access the market and buy third party gas. So there's a lot of change going on, I'd say there's some really big players in the room now moving large quantities of gas fairly aggressively that we didn't see before.

For a company like Woodside, we'd like to see that settle down before we make any decisions about whether we participate in that market. Of course if somebody builds an import facility that it's obviously been discussed in the press, Woodside will be there vying to buy that facility with market based pricing. So we've got the gas if people put the facilities in place.

Andrew White (The Australian, Journalist): Yes, okay, thank you.

Operator: There are no further question at this time. I would like to hand the call back to your speaker, please continue.

Peter Coleman: All right, look, again thanks everybody this morning for taking the time out with us. We've got investors later in the morning, but we always think it's important to have a one-on-one discussion so to speak with the media beforehand. Again I hope you get something valuable out of this. As you've seen, Woodside has really turned around the business in the last 12 to 24 months in a period that's been very, very difficult for the industry. I think the results speak for themselves.

But it's not just about the past; it's also about the future. We've been very busy in building our future. We're a fundamentally different company to the one we were five years ago, and the opportunity set in front of us now is very much world class. So we look forward to giving you progress as we go through the year on those four major priorities that we have, being of course Wheatstone, Senegal, Myanmar and Pluto.

Again, thanks very much for your interest this morning and I'm sure we'll catch up over the next few days and weeks.

End of Transcript