

ASX Announcement

Wednesday, 16 August 2017

ASX: WPL
OTC: WOPEY

WOODSIDE RECORDS FIRST HALF PROFIT OF US\$507 MILLION, UP 49%

Woodside has recorded a half-year reported net profit after tax (NPAT) of US\$507 million, 49% higher than H1 2016. Production was 42.2 MMboe and sales revenue was US\$1.76 billion.

The directors have declared an interim dividend of US 49 cents per share.

Woodside CEO Peter Coleman said the company continued to deliver on the long-term plan outlined to investors earlier in the year and was in a strong position heading into the second half of 2017.

“We are progressing the priorities we outlined in our plan to deliver shareholder value across three distinct time horizons.

“Our free cash flow is up 170% from H1 2016 to US\$445 million and our break-even oil price for the half was US\$34 per barrel.

“We look forward to Wheatstone production commencing and remain focused on supporting the operator achieving this in a safe and reliable manner.

“Subsequent to the half we made a third gas discovery in Myanmar, our second in the Southern Rakhine Basin and close to our existing Shwe Yee Htun discovery.

“In Senegal, the RSSD joint venture completed a five well exploration and appraisal campaign and Woodside has been appointed the development lead of the SNE oil field.

“The Burrup Hub is already beginning to take shape, with notable progress across Pluto, the North West Shelf Project and the Browse development. We are progressing concept definition on Pluto LNG expansion; the North West Shelf Project participants have agreed a tolling proposal and started discussions with third party resource owners; and the Browse Joint Venture participants have agreed Browse to NWS as the reference development concept for technical studies.

“Work on our priorities has been underpinned by Woodside’s ongoing commitment to operational excellence, which delivered world-class unit production costs of US\$4.90/boe, 6% lower than H1 2016. Unit production costs for North West Shelf gas products were US\$3.30/boe, 13% lower than H1 2016, and we achieved a portfolio cash margin of 78%.

“We also executed a long-term sales agreement with Pertamina that will see Woodside become a significant supplier of LNG to Indonesia,” he said.

To view a short video of CEO Peter Coleman discussing Woodside’s half-year results, please click the [link](#).

Financial headlines for H1 2017

- Half-year reported NPAT of US\$507 million.
- Portfolio average realised price of US\$43/boe, 10% higher than H1 2016.
- Positive free cash flow of US\$445 million, up 170% from H1 2016.
- Increased net cash flow from operating activities of US\$1.24 billion, up 3% from H1 2016.
- Reduced half-year unit production costs of US\$4.90/boe, 6% lower than H1 2016 and 2% lower than FY 2016.
- Declared an interim dividend of US 49 cents per share.
- Liquidity of US\$2.59 billion available to develop Woodside’s business in line with strategy.
- Maintained a competitive pre-tax portfolio cost of debt of 3.4%.
- Maintained credit ratings of Baa1 and BBB+ from Moody’s and Standard & Poor’s respectively.

Key business activities

Operational excellence

- Improved safety performance with lowest-ever total recordable injury rate (TRIR) and no Tier 1 or Tier 2 process safety events.
- Pluto LNG achieved record daily and weekly production rates during the period, 3% higher than the previous record (Q3 2016), after successfully completing high-rate trials. The high-rate trials demonstrated additional capacity in the LNG train and will inform decision-making on expansion options for Pluto LNG.
- Achieved reliability across the FPSO fleet of over 95%.

Managing risk and volatility

- Entered into a long-term LNG sale and purchase agreement with PT Pertamina (Persero) commencing in 2019 to supply up to 1.1 million tonnes per annum.
- Executed mid-term LNG sale and purchase agreements for up to 16 cargoes from Woodside's portfolio for delivery in the period 2017 – 2019.
- Diversified funding sources by executing a US\$100 million term loan and guarantee facility with Norway's export credit agencies and DNB Bank ASA.

Capturing and building near-term value growth

- Delivering Wheatstone, Greater Enfield and NWS subsea tieback projects which underpin targeted production growth from 2017 to 2020 of approximately 15%.
- Final commissioning of the Wheatstone LNG Train 1 is well advanced and nearing completion. Wheatstone LNG is expected to provide more than 13 MMboe (Woodside share) of annual production once fully operational.
- NWS Project participants agreed a tolling proposal and have commenced discussions with third party resource owners for processing gas through the Karratha Gas Plant.
- Persephone ready for start-up achieved on 25 July 2017, with the project delivered 30% under budget and six months ahead of schedule.
- Continued appraisal of the SNE field in Senegal is further improving confidence in the SNE development plan, targeting first oil in 2021-2023.
- Production testing of the Thalin field in Myanmar established high reservoir deliverability and reservoir properties in line with expectations.
- Pluto LNG expansion studies have commenced; contractors have been engaged to develop concept options.
- Woodside continues to target the selection of a Browse development concept in H2 2017. The Browse Joint Venture is aligned on Browse to NWS as the reference development concept subject to reaching acceptable terms and conditions on the development.

Half-year 2017 results teleconference

A teleconference providing an overview of the half-year 2017 results and a question and answer session will be held at 7.30am AWST (9.30 am AEST) on 16 August 2017. Dial in numbers are listed below. Please quote passcode ID: **5894 0329**.

For locations within **Australia** dial toll-free **1800 123 296**, or toll 02 8038 5221. If you are calling from another country, please use one of the following toll-free dial-in numbers: Canada (1855 5616 766), China (4001 203 085), Hong Kong (800 908 865), India (1800 3010 6141), Japan (0120 477 087), New Zealand (0800 452 782), Singapore (800 616 2288), United Kingdom (0808 234 0757), United States (1855 293 1544). For all other countries or operator assistance, please dial + 61 2 8038 5221.

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

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HALF-YEAR 2017 RESULTS BRIEFING

16 August 2017

Disclaimer and important notice

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.

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.

Peer group refers to Anadarko, Apache, ConocoPhillips, ENI, Hess, Inpex, Marathon Oil, Murphy Oil, Oil Search, Origin Energy, Pioneer, Repsol, Santos, Statoil and Tullow Oil.

Financial headlines

Profit:		Change ¹
Net profit after tax	\$507 million	49% ↑
Interim dividend	49 US cps	44% ↑

Cashflow:

Operating cash flow	\$1,235 million	3% ↑
Free cash flow	\$445 million	170% ↑
Unit production costs	\$4.9/boe	6% ↓
Free cash flow breakeven ² (Dated Brent)	\$34/bbl	

Balance Sheet:

Liquidity	\$2,593 million	30% ↑
Gearing	24%	

1. Comparisons are to the half-year period ended 30 June 2016.

2. Pre-dividend.

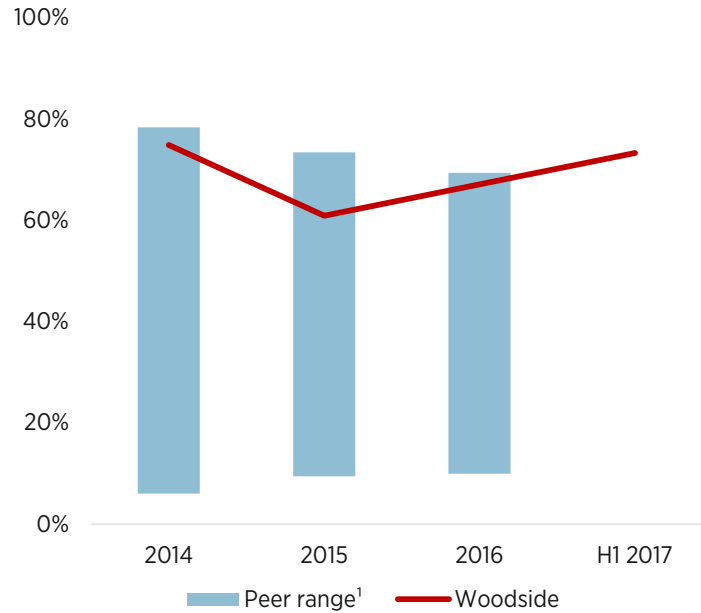
Achievements

Operational excellence	<ul style="list-style-type: none"> + Total recordable injury rate at record low + Record Pluto LNG daily production rate + NWS gas unit production costs down 13% + FPSO reliability of over 95% + Persephone delivered under budget and ahead of schedule
Managing risk and volatility	<ul style="list-style-type: none"> + Entered into long-term LNG SPA with Pertamina + Executed mid-term SPAs for up to 16 cargoes + Breakeven cash cost of sales \$9.6/boe
Near-term value growth	<ul style="list-style-type: none"> + Wheatstone final commissioning nearing completion + NWS tolling proposal agreed and submitted to third parties + Browse JV aligned on Browse to NWS as reference development concept + Progressing Pluto LNG expansion FID + Appointed Development Lead of SNE oil field, appraisal activities continue + Third exploration success offshore Myanmar¹

1. Subsequent to the period.

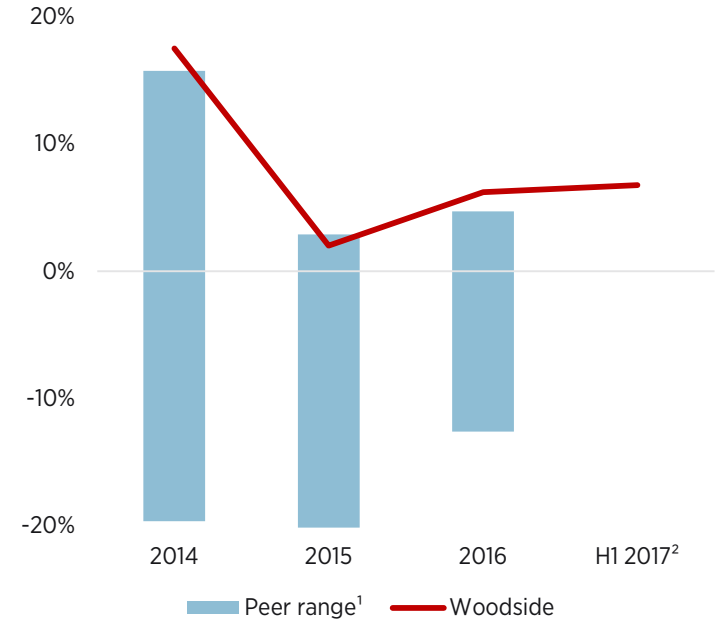
Peer leading performance

EBITDA margin



Source: IHS

Return on average capital employed

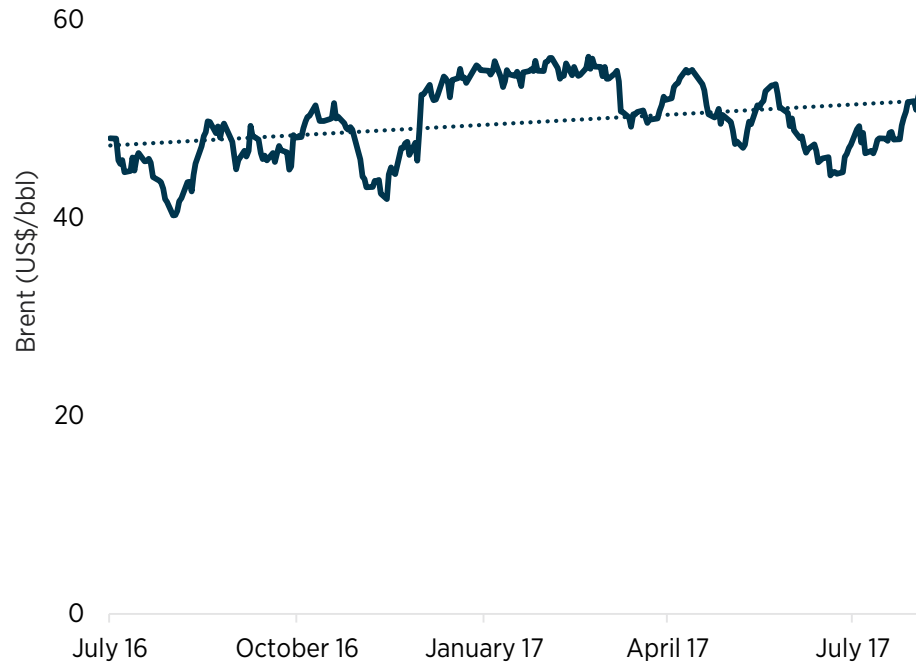


Source: IHS

1. Refer to disclaimer and important notice for peer group. Excludes Inpex. Insufficient peer data for H1 2017.
2. Annualised for comparison purposes.

OVERVIEW

Oil market dynamics

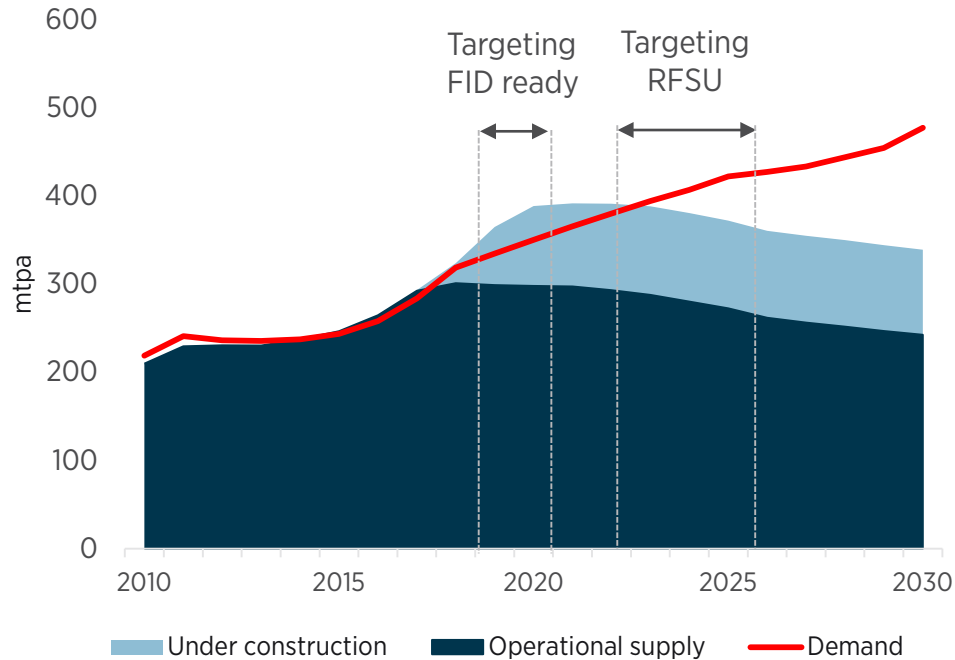


- + Rebalancing in progress
- + Demand growth remains strong
- + Range bound: \$45–60/bbl
- + Business model resilient at low oil prices:
 - + Breakeven cash cost of sales \$9.6/boe
 - + Free cash flow breakeven \$34/bbl¹

1. Pre-dividend.

LNG market dynamics

Global supply and demand outlook



- + Market is well supplied
- + New markets emerging
- + Strong Asian and new buyer demand
- + Low-cost projects leading competition
- + Woodside positioning projects to meet supply window

Asian demand growth

CAGR (2016-2020)

19%
China

35%
Pakistan

6%
Asia Pacific

Strategy delivers value

Horizon I 2017-2021

CASH GENERATION

- + Lower capital intensity developments
- + New revenue streams
- + Preparing for Horizon II growth
- + New growth platforms through exploration
- + Expanding the LNG market

Horizon II 2022-2026

VALUE UNLOCKED

- + Developments leveraging existing infrastructure
- + Growth funded by base business and Horizon I growth
- + Monetise exploration success
- + Increase supply to new and traditional markets

Horizon III 2027+ SUCCESS REPEATED

- + Capital efficient developments
- + Unlock new major hubs



Outstanding base business
Sustainable energy



1. Refer to ASX announcement dated 23 May 2017, Investor Briefing Day, for assumptions and disclaimers.

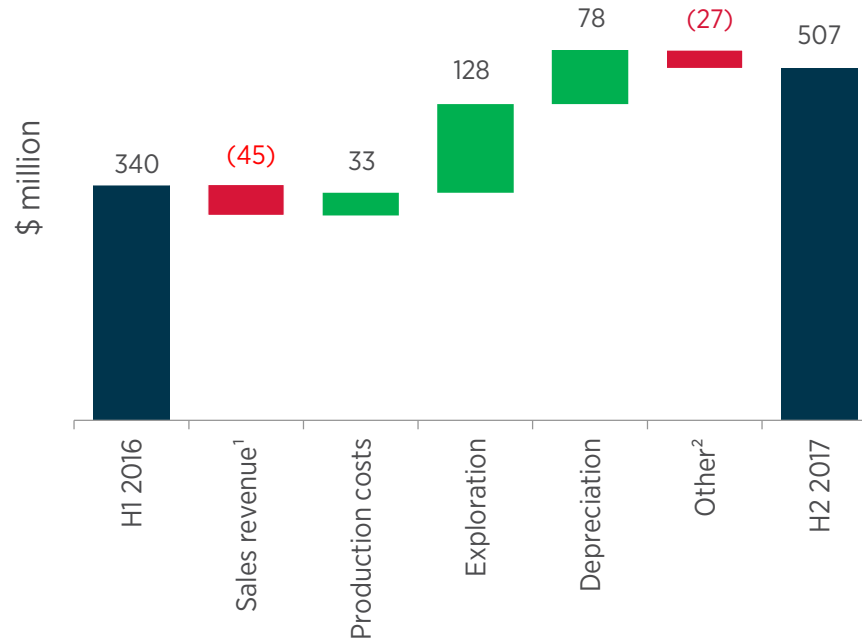
FINANCIAL UPDATE

ANTHEA MCKINNELL

Acting Chief Financial Officer

Increased profit

Reported profit up 49%



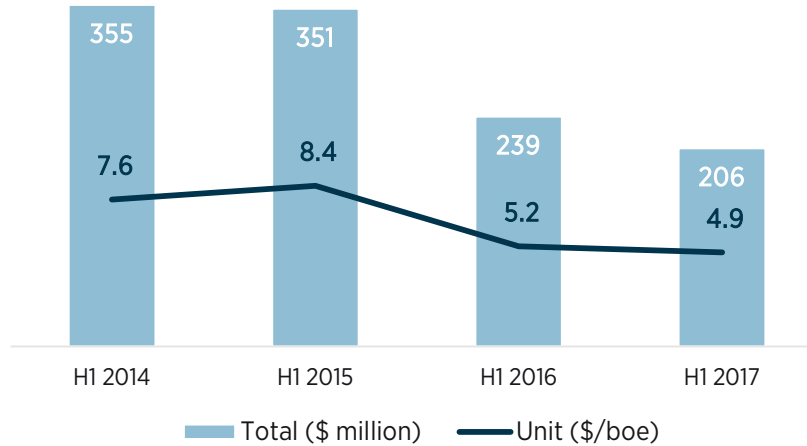
- + Sustained cost reductions
- + Reduced seismic activity and increased appraisal drilling
- + Reduction in depreciation driven by:
 - + Increased Pluto developed reserves
 - + Greater Enfield reserves booking

1. Production for the period was 0.9 MMboe higher than sales due to timing of LNG sales.

2. Other includes foreign exchange losses, lower general, administrative and other costs, net trading margin, PRRT, non-controlling interest, income tax expense.

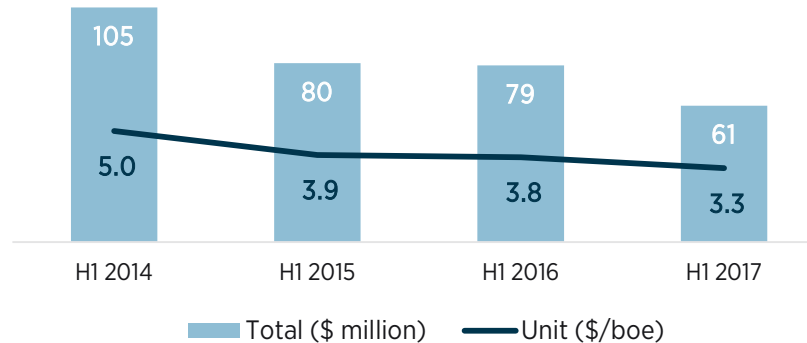
Production costs

Portfolio

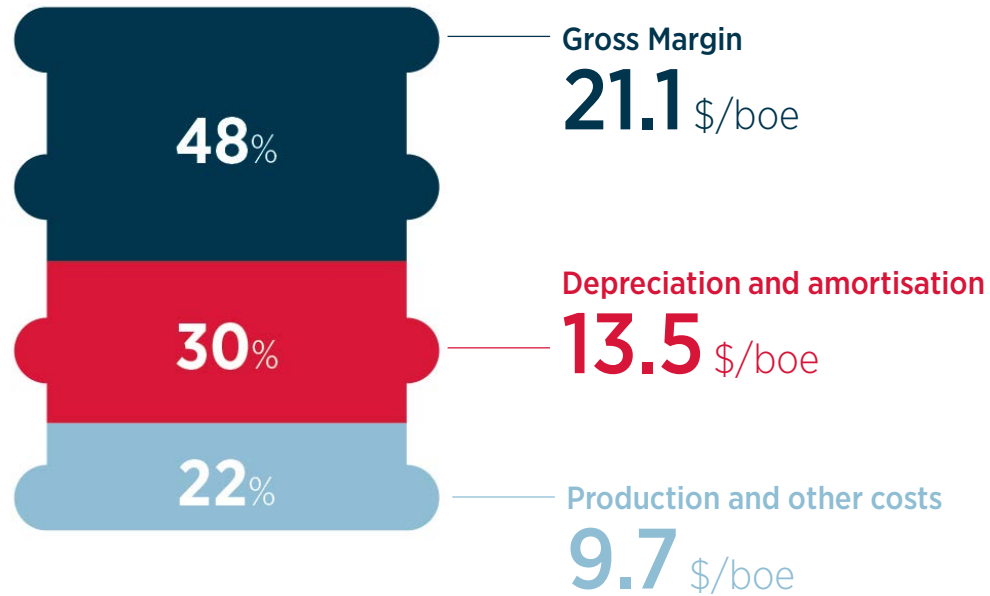


- + Cost reduction trend continues
- + Compared to H1 2014:
 - + Total production costs down \$149 million
 - + Unit production costs down 36%
- + NWS gas unit production cost \$3.3/boe

NWS gas



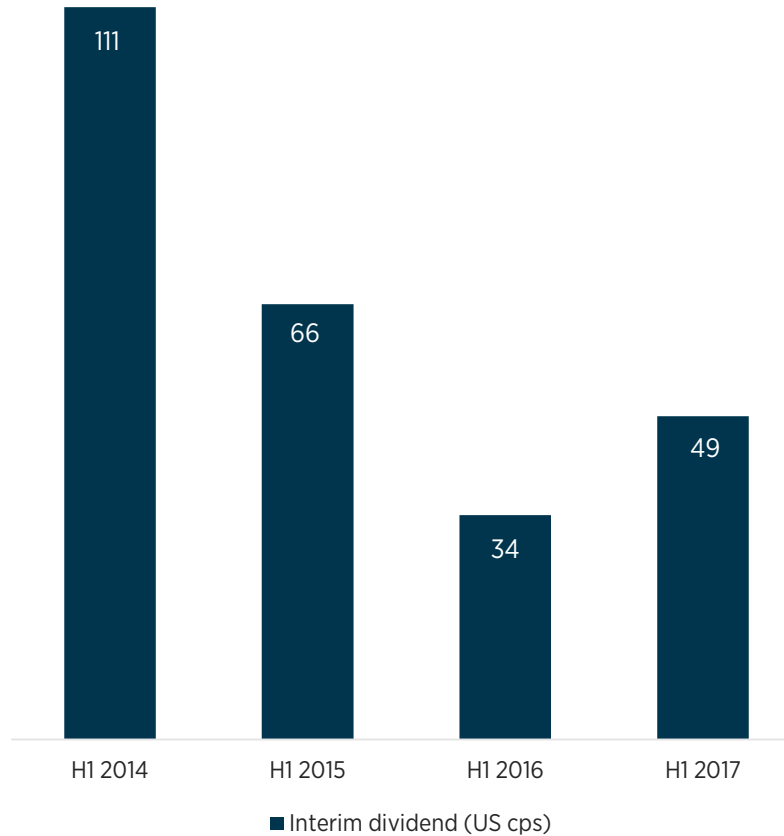
Margin



- + High margin maintained
- + Increased gross margin from 43% in H1 2016

Interim dividend

Interim dividend up 44%¹

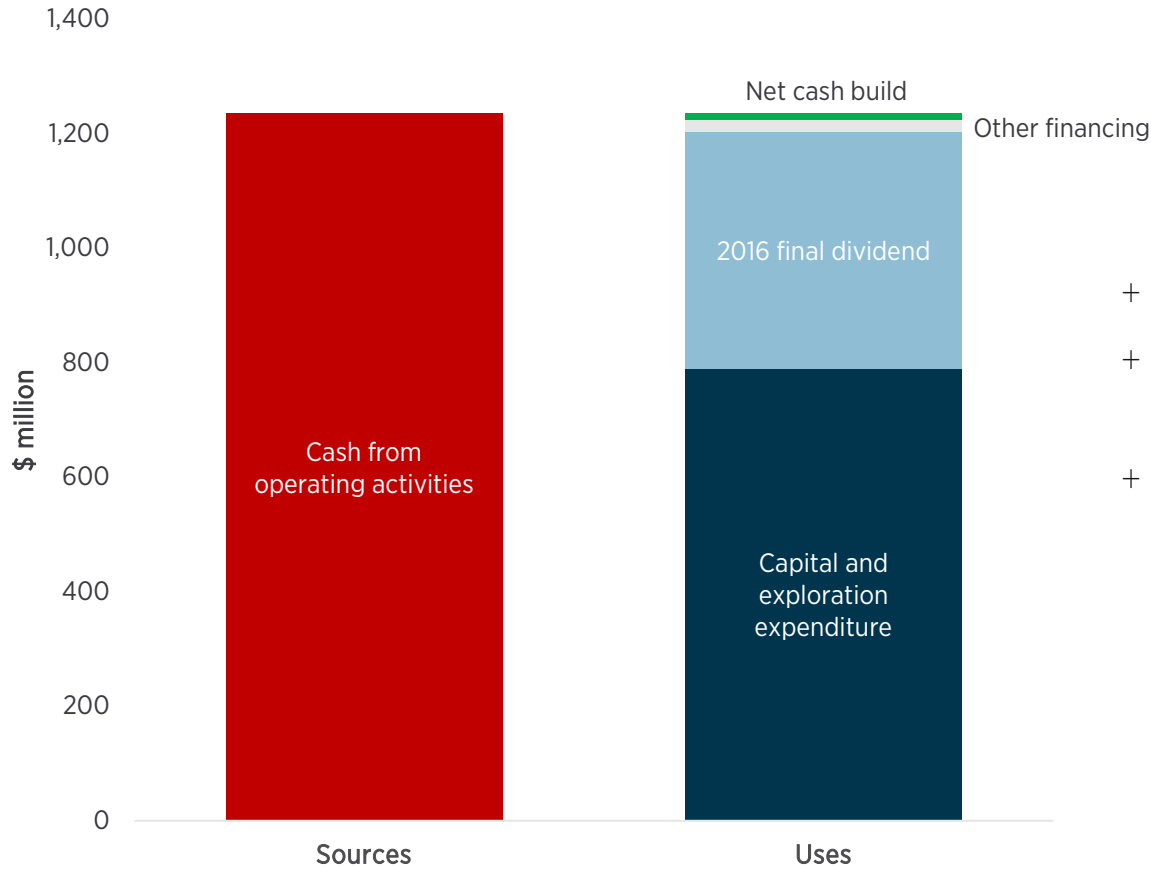


- + US49 cps fully franked interim dividend
- + Dividend payout ratio of 80%

1. Comparison is to half-year period ended 30 June 2016.

Sources and uses of cash

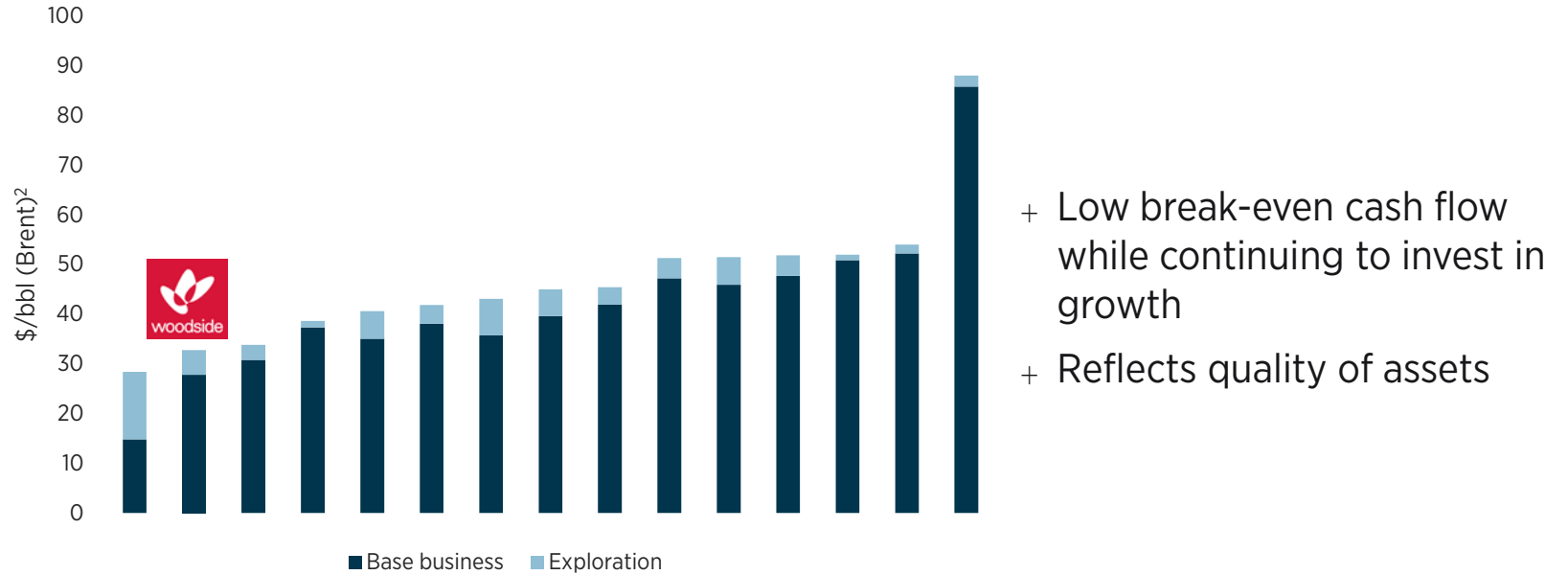
Generating FCF while investing in growth



- + Free cash flow of \$445 million
- + Dividend funded from operating cash flow
- + Demonstrating capital discipline

2017 break-even cash flow

Woodside and peers¹



+ Low break-even cash flow while continuing to invest in growth

+ Reflects quality of assets

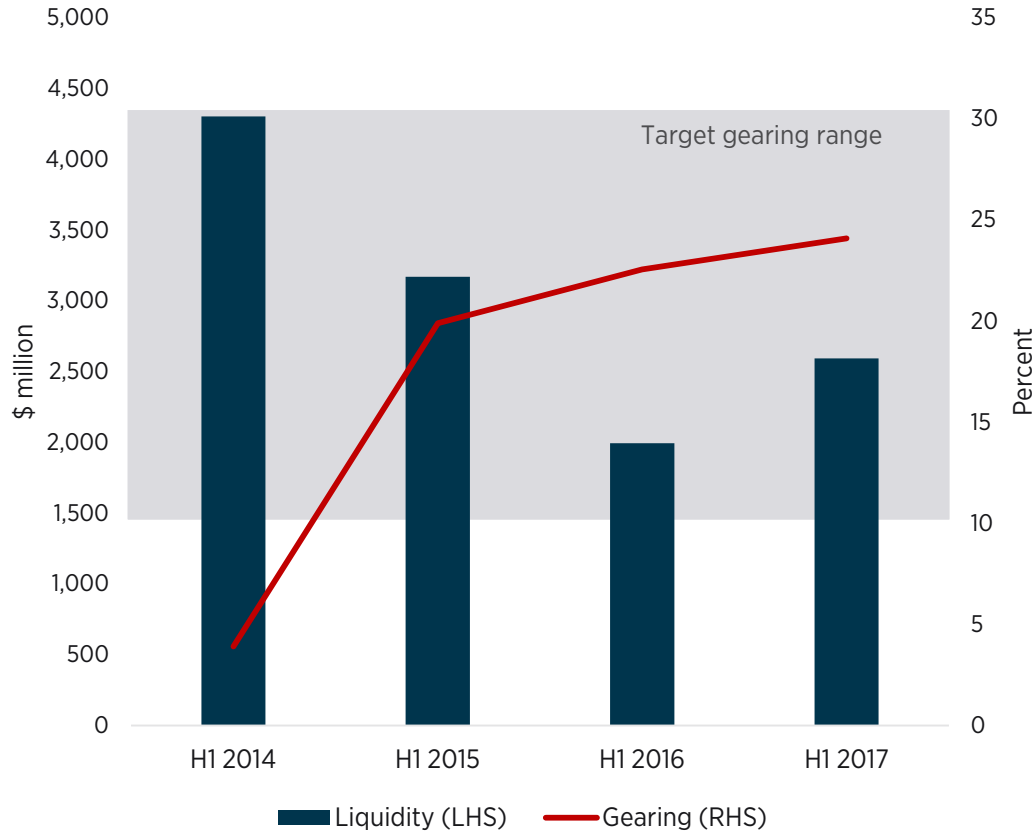
Source: Wood Mackenzie Corporate Benchmarking Tool, Q2 2017

1. Refer to disclaimer and important notice for peer group. Excludes Origin.
 2. Wood Mackenzie estimate of the Brent price required to remain cash flow neutral (accumulate no additional debt) using their full-year 2017 base case activity outlook.



Liquidity and gearing

Strong financial position maintained

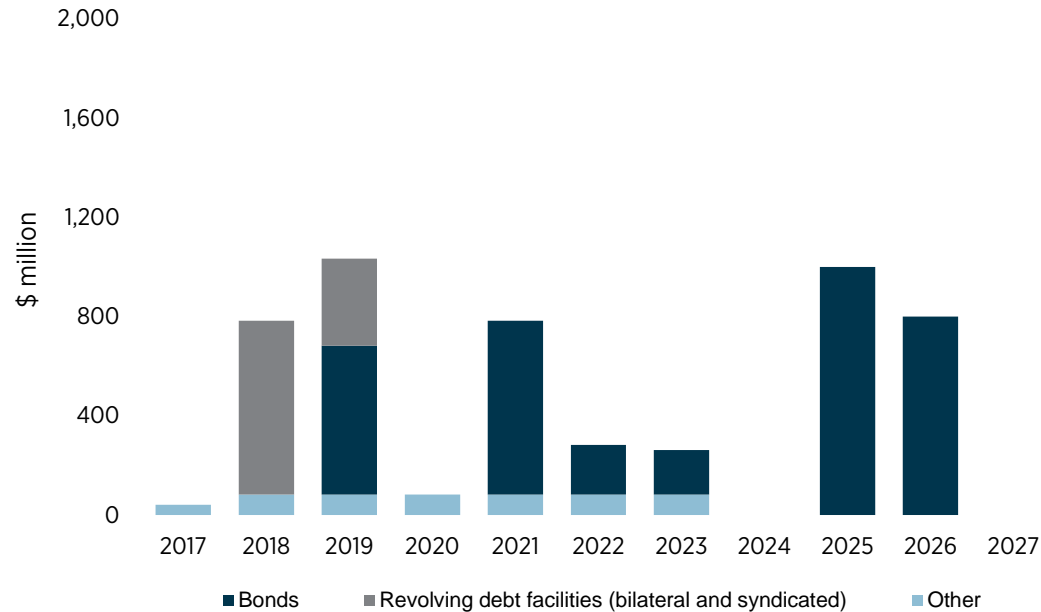


- + Liquidity of \$2.6 billion
- + Gearing at 24%, within target range
- + Strong investment grade credit ratings maintained¹

1. S&P Global BBB+, Moody's Baa1.

Debt maturity profile

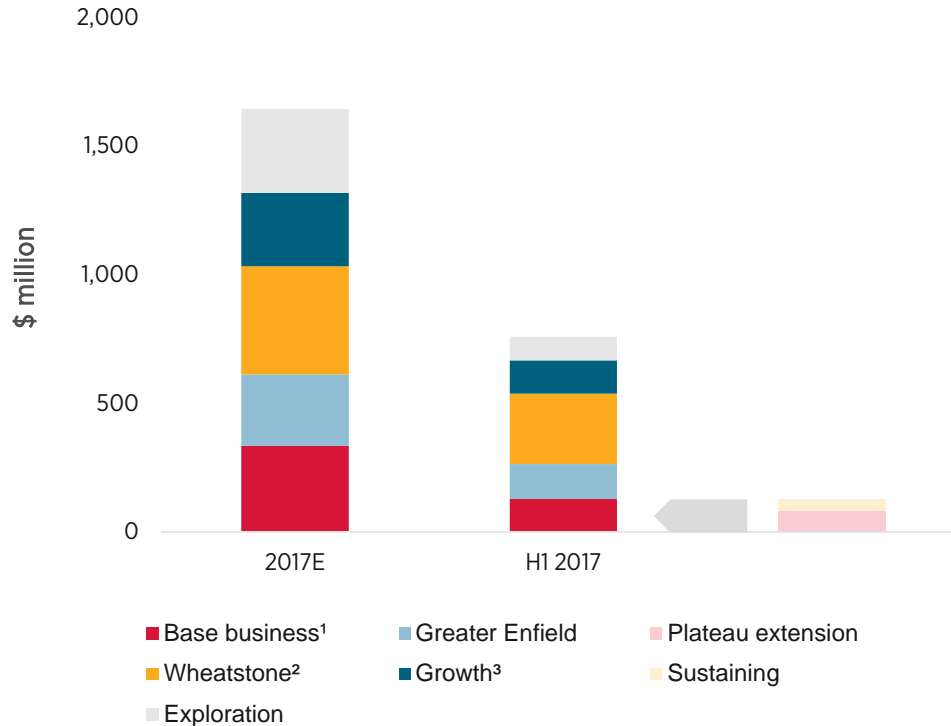
Drawn debt maturity profile



- + Portfolio cost of debt of 3.4%
- + Managing our maturity profile: ¹
 - + Executed \$100 million term loan and guarantee facility with Norwegian Export Credit Agencies and DNB Bank ASA
 - + Executed evergreen options on \$800 million of bilateral facilities

1. Since 1 January 2017.

Investment expenditure



- + 70% of capex invested in sanctioned projects⁴
- + Low base business spend
- + Sustaining capex \$32 million
- + 2017 total investment expenditure estimate unchanged⁵

1. Base business operating assets delivering cash flow during the period, namely Pluto, NWS and Australia Oil.
2. Wheatstone includes Julimar.
3. Growth includes Pluto LNG expansion, Senegal, Browse, Myanmar, Kitimat and other spend.
4. Wheatstone, Greater Enfield and NWS subsea tieback projects.
5. Compared to estimate in Annual Report 2016. Increase in Wheatstone and Growth, offset by reduction in Base business.

2017 PRIORITIES

PETER COLEMAN

Chief Executive Officer and Managing Director

2017 PRIORITIES

Wheatstone



Source: Chevron Australia

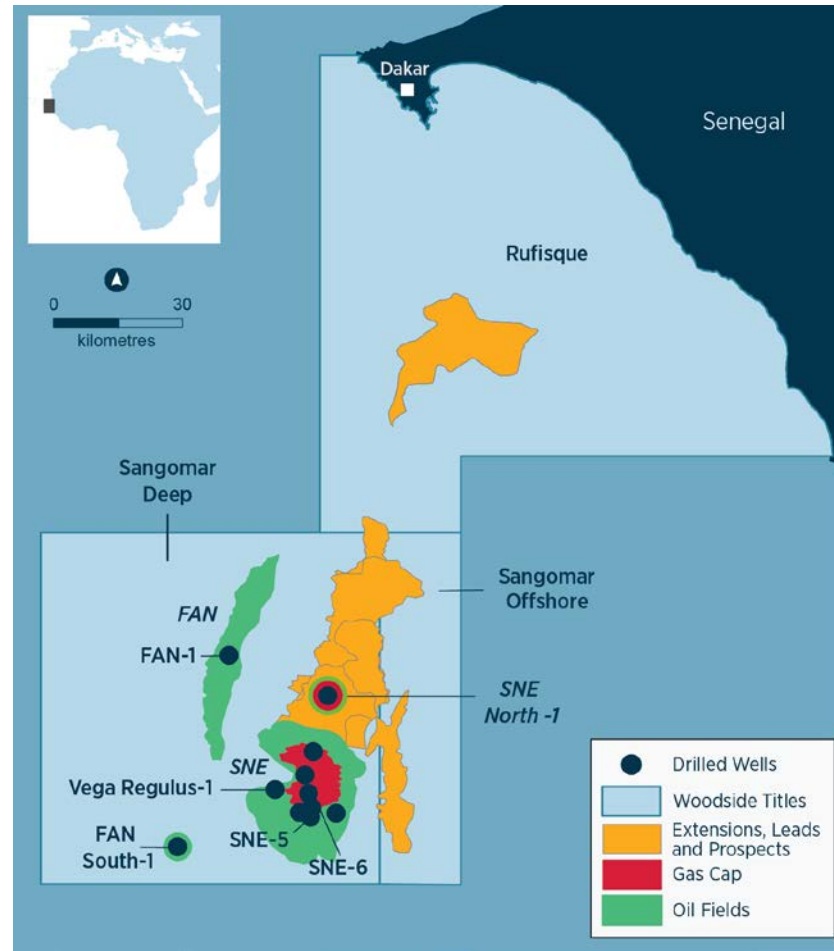
Achieved:

- ✓ Platform operational
 - ✓ Trunkline fully pressurised
 - ✓ Train 1 starting-up
 - ✓ Final commissioning nearing completion
-

Next steps:

- First LNG
- Train 2 and domestic gas 6-8 months after start-up of Train 1

2017 PRIORITIES
Senegal



Achieved:

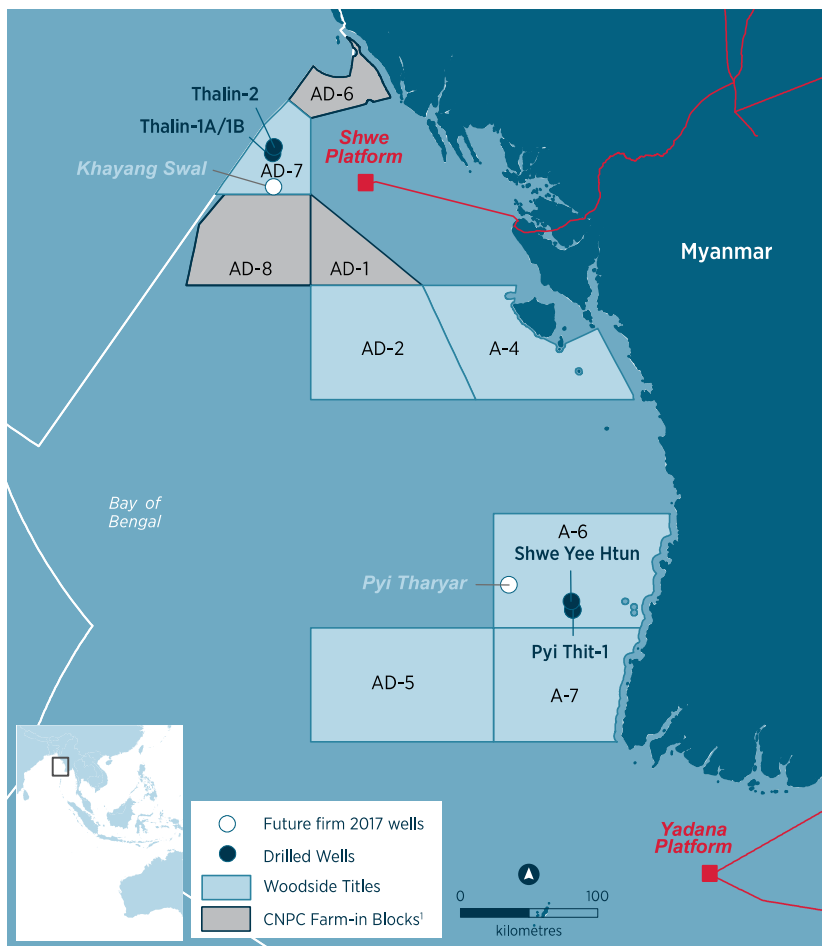
- ✓ Two successful appraisal wells
- ✓ Three exploration wells
- ✓ SNE Development Lead

Next steps:

- Planning transition to operator
- Targeting FEED in 2018

2017 PRIORITIES

Myanmar



1. Subsequent to the period.
 2. Completion of farm-in to Blocks AD-1, AD-6 and AD-8 subject to satisfaction of conditions precedent.

Achieved:

- ✓ Third discovery in the Rakhine Basin (Pyi Thit-1)¹
- ✓ Two Thalin appraisal wells; strong flow rates achieved
- ✓ Acquired three blocks²
- ✓ Added Pyi Tharyar to 2017 drilling campaign

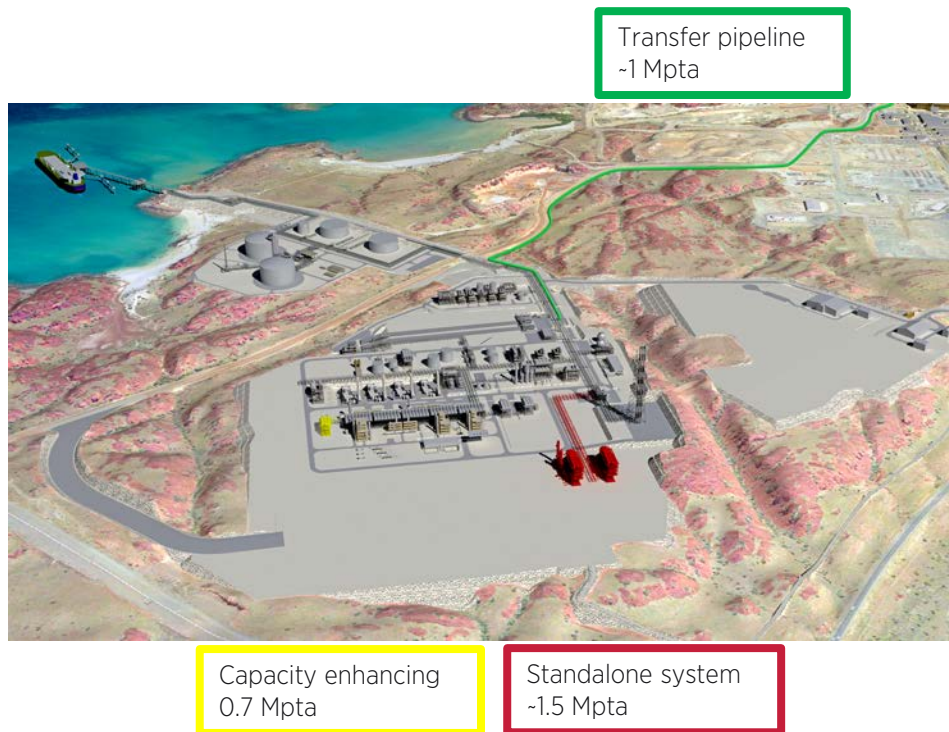
Next steps:

- Drill Pyi Tharyar and Khayang Swal
- Progress development planning

2017 PRIORITIES

Pluto LNG expansion

Expansion options¹



Achieved:

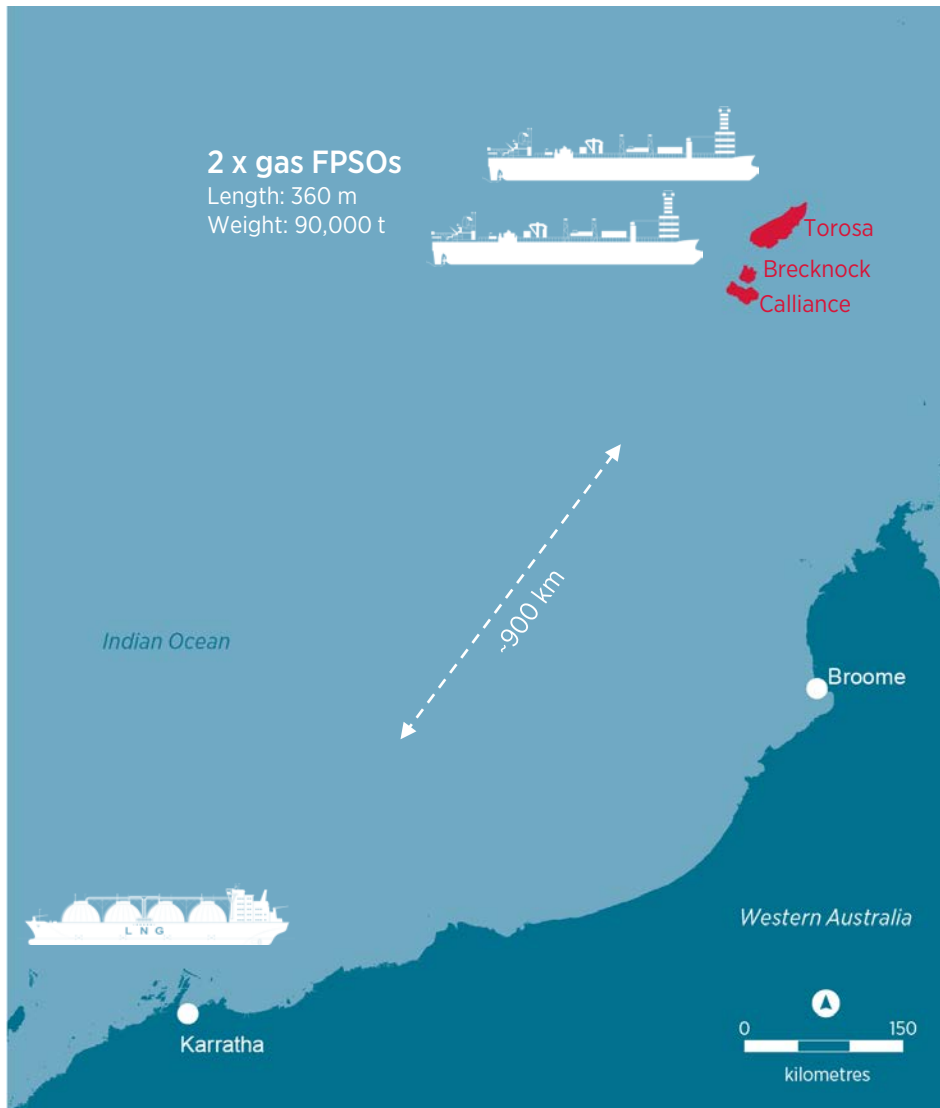
- ✓ Commenced LNG expansion studies
- ✓ Engaged experienced LNG technology contractors
- ✓ EOIs sought for FEED scope
- ✓ Warm high-rate trial confirmed additional available pre-treatment capacity

Next steps:

- Complete concept definition
- Finalise contract execution plan and FID schedule

1. Subject to relevant joint venture participant approvals and agreement being obtained.

Browse



1. Subject to reaching acceptable terms and conditions with the NWS Project and the Governments of Australia and Western Australia.



Achieved:

- ✓ Browse JV aligned on Browse to NWS as reference development concept¹
- ✓ Tolling proposal agreed by NWS and sent to Browse
- ✓ Browse JV and NWS Project progressing joint technical feasibility study

Next steps:

- Targeting concept select H2 2017 and FEED in 2019

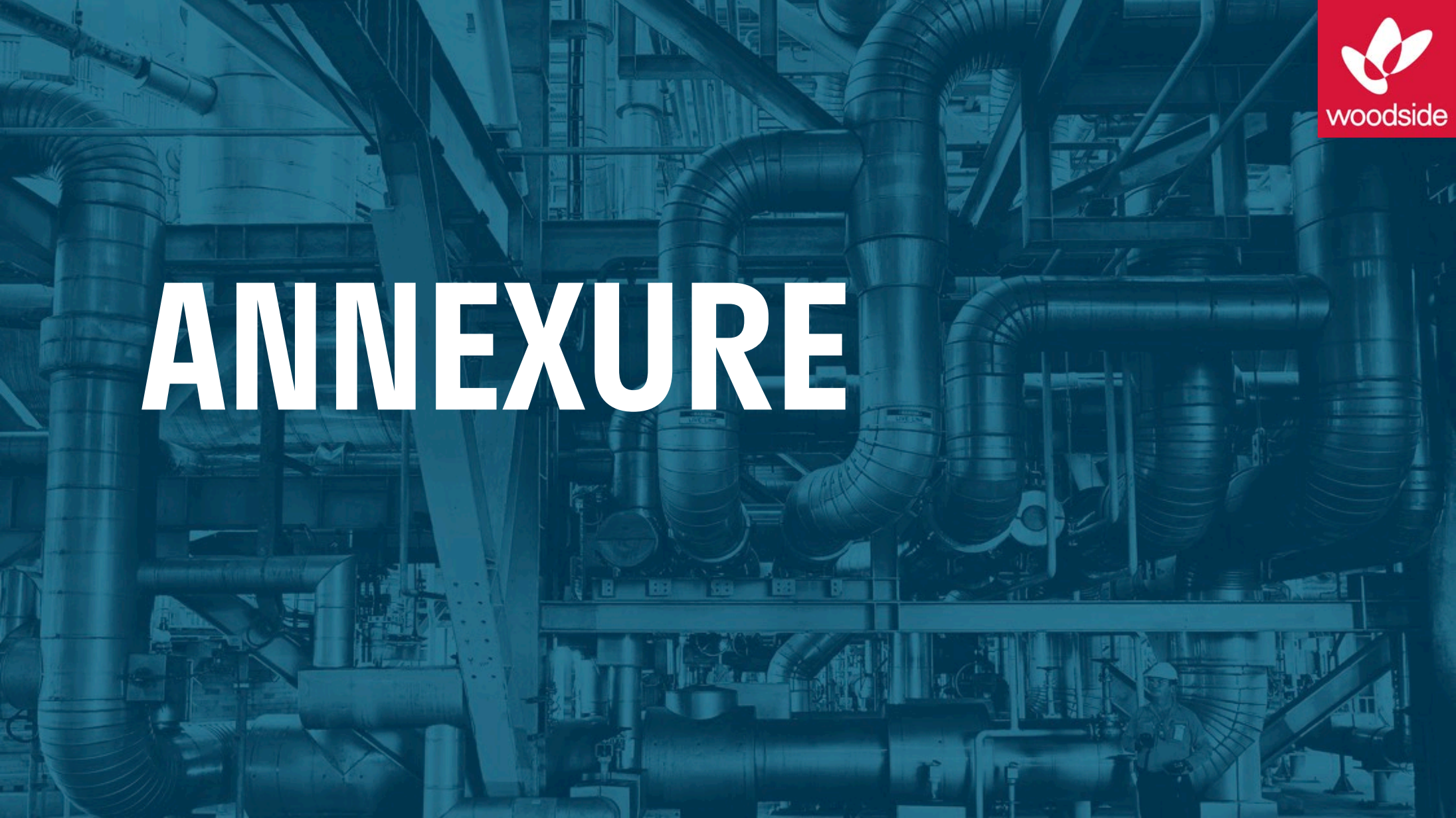
Summary

Generating increasing cash flow and returns from existing business and committed projects

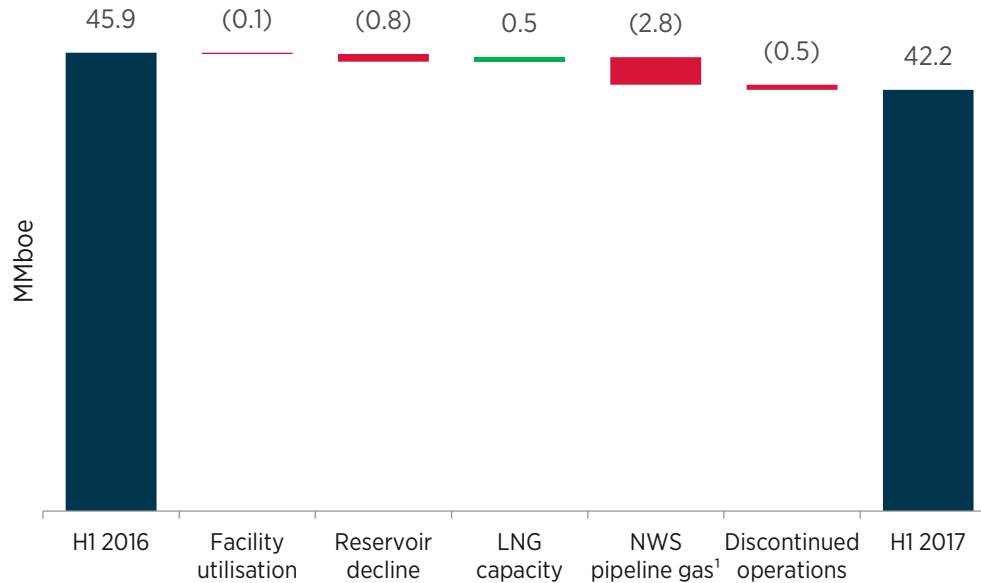
Unlocking value by delivering capital efficient developments to meet growing demand

Maximising the value of existing infrastructure

ANNEXURE



Production reconciliation



- + Higher LNG capacity following Pluto cold high-rate trial
- + NWS pipeline gas lower due to:
 - + Fulfilment of DGJV¹
 - + Lower customer demand

1. The Domestic Gas Joint Venture (DGJV) was fulfilled on 8 May 2017. Woodside's equity share of pipeline gas and associated condensate in the DGJV was 50%. All remaining gas will be sold under the Incremental Pipeline Gas Joint Venture (IPGJV). Woodside's equity share of the IPGJV is 16.67%.

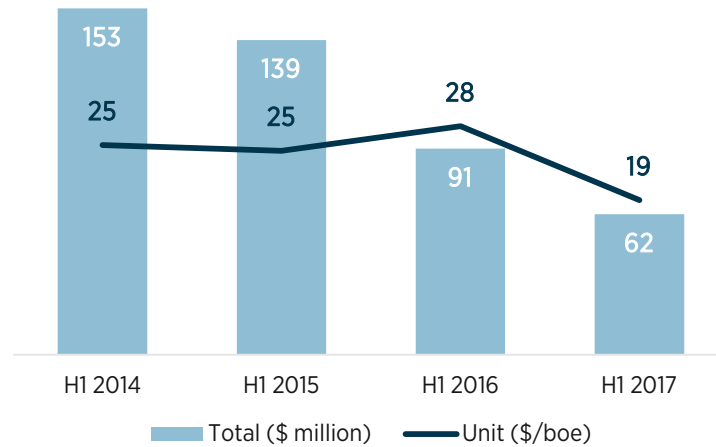
Realised prices

Products	\$/boe		Variance %	Revenue impact \$ million
	H1 2017	H1 2016		
NWS LNG	35	31	13	42
Pluto LNG	49	49	-	(3)
NWS pipeline natural gas	22	20	10	5
Condensate	53	42	26	42
LPG	48	45	7	-
Oil	54	39	38	53
Volume weighted average realised price	43	39	10	139
Average Dated Brent price	52	40	30	
Average 3-month lagged JCC ¹	51	40	28	

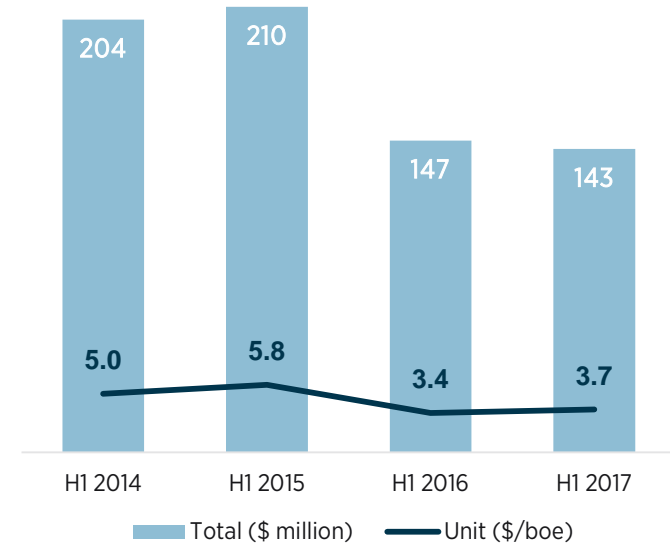
1. Japan Customs-cleared Crude is the average price of customs-cleared crude oil imports into Japan as reported in customs statistics and used as reference price for long-term supply LNG contracts.

Production costs

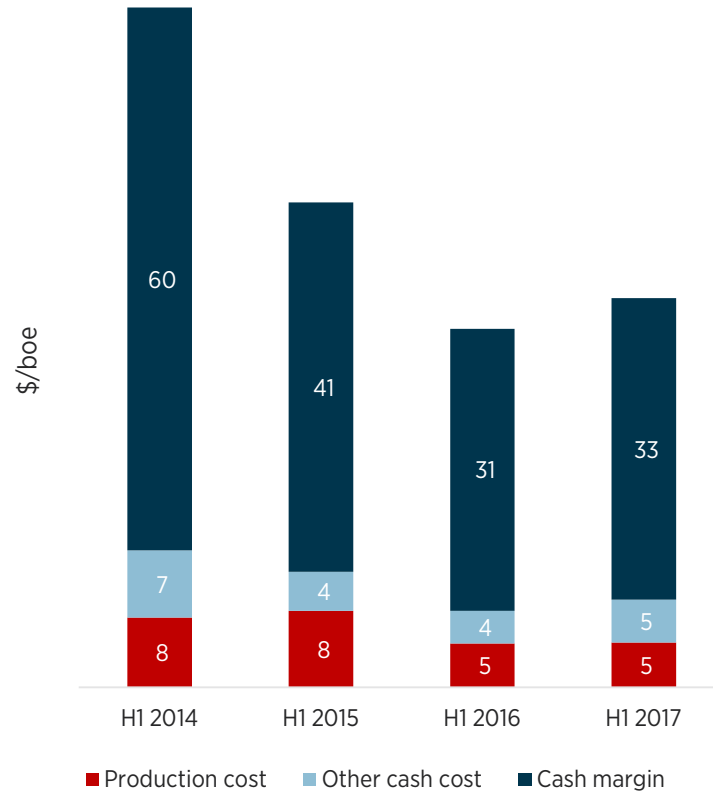
Oil



Gas



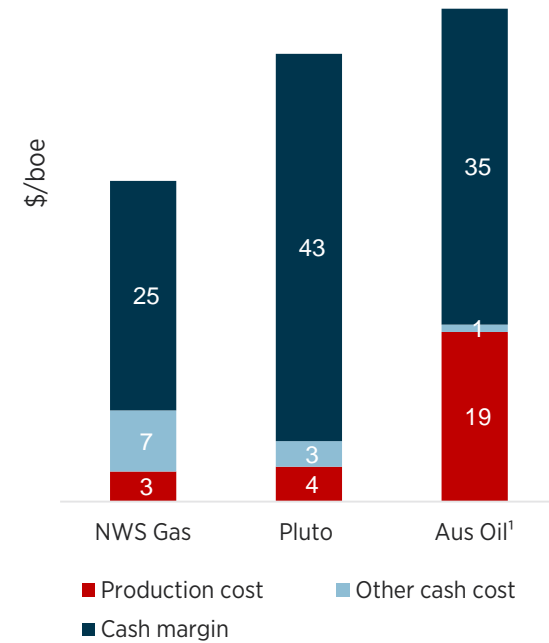
Cash margin



1. Australia Oil includes NWS Oil.



Segments



Segment performance

		<u>NWS</u>	<u>Pluto</u>	<u>Aus Oil¹</u>
Production volume	(MMboe)	18.3	19.8	3.4
Operating revenue	(\$ million)	637	1,027	184
EBITDA	(\$ million)	459	895	122
EBIT	(\$ million)	331	498	76
Unit production cost	(\$/boe)	3.3	3.8	18.6
Gross margin	(%)	52	49	35

1. Australia Oil includes NWS Oil.

Exploration pipeline

2017-2018 drilling activities ¹		2017				2018				Size
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Volume ²
Myanmar Northern Hub	Block AD-7: Thalin-1B	✓								Appraisal
	Block AD-7: Thalin-2		✓							Appraisal
	Block AD-7: Khayang Swal			●						Large
	Blocks AD-1, 8, 6 ³				○					Large
	Appraisal drilling				●					Large
	Appraisal drilling					Up to 2 contingent wells				Appraisal
Myanmar Southern Hub	Block A-6: Pyi Thit-1		✓							Large
	Block A-6: Pyi Tharyar			●						Large
	Block A-7							○		Large
	Block AD-5							○		Large
	Block AD-2							○		Large
	Appraisal drilling					Up to 2 contingent wells				Appraisal
Australia	WA-483-P: Swell-1			●						Large
	WA-404-P: Ferrand					●				Large
	WA-28-P: Achernar							○		Large
Senegal	SNE-5	✓								Appraisal
	SNE-6		✓							Appraisal
	VR-1		✓							Refer to 2017 Half-Year Report
	FAN South-1			✓						Large
	SNE North-1				✓					Large
	Rufisque Offshore						○			Large
Morocco	Rabat Deep: JP1					●			Large	
Gabon ⁴	Luna Muetse: lvela								Large	
Peru	Block 108 exploration							○	Large	

Drilled

✓ Gas

✓ Oil

Firm

● Gas

● Oil

Contingent

○ Gas

○ Oil

- This is a forecast activity plan subject to change due to final approvals, weather conditions and other external circumstances.
- Target size: unrisked gross mean success volume (100% basis). Medium >20 MMboe and <100 MMboe and large >100 MMboe.
- Completion of farm-in to Blocks AD-1, AD-6 and AD-8 subject to satisfaction of conditions precedent.
- Woodside's farm-in to Luna Muetse Block is awaiting final Government approval.

Notes on petroleum resource estimates

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 <http://www.woodside.com.au/Investors-Media/Announcements>, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg 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.

Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil and floating LNG (FLNG) projects, the reference point is defined as the outlet of the floating production storage and offloading (FPSO) vessel, or FLNG facility respectively, while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.

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.

'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.

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 Mr Ian F. 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.