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ASX Announcement

Wednesday, 15 August 2018

ASX: WPL
OTC: WOPEY

WOODSIDE RECORDS FIRST HALF PROFIT OF US$541 MILLION

Woodside has recorded a half-year reported net profit after tax (NPAT) of $541 million. Higher production and sales revenue delivered operating cash flow of $1,540 million, a 25% increase on H1 2017.

The directors have declared an interim dividend of US 53 cents per share.

Woodside CEO Peter Coleman said the company has a clear plan to deliver growth across our three time horizons.

"We are executing our strategy, preparing to enter a growth and construction phase for our significant Western Australian gas developments and progressing our international opportunities.

"During the first half we delivered positive free cash flow while acquiring additional equity in the Scarborough gas resource and investing to deliver the near-term growth which will contribute to targeted production of approximately 100 MMboe in 2020.

"First half NPAT was impacted by the timing of finance costs and exploration expense, and taxes. The increased interim dividend of 53 US cents per share reflects the strong operating cash flow for the half.

"Our base business has performed strongly, with Pluto LNG exceeding 99% reliability. Wheatstone LNG Train 1 has achieved above nameplate production rates and Train 2 is ramping up as planned. These results underpin an increase in the 2018 annual production guidance to a range of 87 to 91 MMboe.

"Our Greater Western Flank 2 and Greater Enfield projects have progressed toward anticipated start ups in early and mid-2019 respectively.

"In Senegal, we received tender responses supporting the SNE Field Development-Phase 1 and are aiming to enter the development's front-end engineering and design phase in the second half of this year.

"During the first half we initiated contractor engagement for the Scarborough FEED phase, targeted to begin in late 2018. The proposed development of Scarborough, with the gas to be processed at our proposed Pluto LNG Train 2, would take advantage of the expected global LNG supply gap from the early 2020s.

"Subsequent to the half, alignment was reached between the North West Shelf participants on non-binding key commercial terms and pricing for processing third-party gas through NWS infrastructure.

"This is a key step towards us realising our vision for a Burrup Hub, which would unlock the future value of the NWS. We expect to reach a preliminary tolling agreement between the NWS Project participants and Browse Joint Venture in Q3 2018.

"Investment expenditure for 2018 is expected to be between $2,000 and $2,050 million, which includes the acquisition of an increased interest in Scarborough in the first half. Production costs per barrel of oil equivalent across all operating assets for 2018 are expected to be between $5.50 and $5.80," he said.

Financial headlines for H1 2018

- Reported NPAT of $541 million; underlying NPAT of $566 million, 11% higher than H1 2017.
- Achieved sales revenue of $2,251 million, 27% higher than H1 2017.
- Delivered operating cash flow of $1,540 million, 25% higher than H1 2017.
- Maintained low NWS Project and Pluto LNG unit production costs of $3.6/boe.
- Generated free cash flow of $363 million while investing in growth and completing the Scarborough acquisition.
- Increased liquidity to $3,877 million to support delivery of our growth plans.
- Declared an interim dividend of US 53 cents per share.

Key business activities

Outstanding base business

- Delivered production of 44.3 MMboe, 5% higher than H1 2017.
- Increased 2018 production guidance from 85-90 MMboe to 87-91 MMboe.
- Exceeded 99% reliability at Pluto LNG.
- Increased Pluto LNG capacity to 4.9 Mtpa (100% project), 14% higher than original design capacity.
- Achieved steady production from Wheatstone Train 1, demonstrating production above nameplate capacity, and commenced production from Wheatstone Train 2.
- Executed NWS integrated onshore and offshore turnaround.

Delivering a clear plan across three horizons

- Announced and completed the acquisition of an additional 50% interest in Scarborough, and assumed operatorship.
- Executed a A$2.5 billion equity raising to support Scarborough and the SNE Field Development-Phase 1 to RFSU and Browse to FID.
- Issued request for proposals to major suppliers for initial onshore engineering and execution planning for the proposed Pluto LNG brownfield expansion.
- Entered a non-binding MOU for the supply of approximately 125 TJ/d of domestic gas over 20-25 years underpinned by the proposed Scarborough development.
- Progressed the Greater Western Flank Phase 2 and Greater Enfield projects.
- Reached alignment between the NWS Project participants on non-binding key commercial terms and pricing for processing third-party gas through NWS infrastructure. A preliminary tolling agreement is expected between NWS Project participants and the Browse Joint Venture in Q3 2018.
- Received tender responses for key contracts supporting the SNE Field Development-Phase 1, offshore Senegal.

Half-year 2018 results teleconference

A teleconference providing an overview of the half-year 2018 results and a question and answer session will be held at 7.30am AWST (9.30am AEST) on 15 August 2018. Dial in numbers are listed below. Please quote passcode ID: **1177369**.

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 teleconference.

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HALF-YEAR 2018 RESULTS BRIEFING

15 August 2018

Woodside

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.

Woodside adopted AASB 15 as of 1 January 2018. Revenue and sales figures, and the resulting impact on other financials metrics, have been restated accordingly for all comparative periods within this presentation. Refer to Note E.4 on page 30 of the Half-Year Report 2018 for further information.

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.

Financial headlines

Net profit after tax	Operating cash flow	Free cash flow
$541 MILLION	$1,540 MILLION	$363 MILLION

Gearing	Liquidity	Interim dividend
15%	$3.9 BILLION	53 US cents per share
As at 30 June 2018	As at 30 June 2018	

Woodside

A roadmap for our business

HORIZON I 2017–2021 — CASH GENERATION

- ✓ Lower capital intensity developments
- ✓ New revenue streams
- ✓ Preparing for Horizon II growth
- ✓ New growth platforms through exploration and acquisitions
- ✓ 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 and acquisition 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

Outstanding base business

Production

44.3 MMboe

5% increase on H1 2017

LNG reliability

99%

Pluto LNG

Unit production cost

$**3.6**/boe

Pluto LNG, NWS Project

Wheatstone

EXCEEDING

nameplate capacity

2018 production guidance

87-91 MMboe

Increased from 85–90 MMboe

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Delivering committed growth

WHEATSTONE

+ Train 1 exceeding nameplate capacity
+ Train 2 ramped up faster than planned
+ Expected to deliver over 13 MMboe in 2020[2]

GREATER WESTERN FLANK PHASE 2

+ 92% complete[1]
+ Targeting start up in Q1 2019
+ Forecast final cost 30% under FID budget

GREATER ENFIELD

+ 65% complete[1]
+ Targeting first oil mid-2019
+ Expected to deliver over 10 MMboe in 2020[2]

Targeting **~100 MMboe** annual production in 2020[2]

1. As at 31 July 2018.
2. Targeted production is not guidance. Based on current project schedules.

A clear plan to execute our strategy

SCARBOROUGH

- Increased equity and assumed operatorship
- MOU for domestic gas supply
- Awarded contracts for concept definition phase
- Initiated contractor engagement for FEED phase
- Completed geophysical survey for pipeline route

BROWSE

- NWS Project alignment on key terms and pricing for tolling
- Expected Browse-NWS toll <$2/MMbtu[1]
- Progressed joint technical studies with NWS Project
- Reduced subsea, well and pipeline costs
- Tendering contracts for concept definition phase

SENEGAL

- Evaluating tender responses for key contracts
- Capital cost reductions approaching 10% are being progressed and secured
- Submitted draft Environmental and Social Impact Assessment Report
- Submitted SNE and FAN Field Development Evaluation Report

1. Real terms 2018. Browse-NWS toll is subject to agreement between the NWS Project participants and the Browse Joint Venture. Indicative toll is based on assumptions applicable to the proposed Browse development through NWS Project facilities, including current cost estimates and assumed level of utilisation of NWS Project facilities by Browse resources. Browse-NWS toll actually payable in the future may differ from this indicative toll.

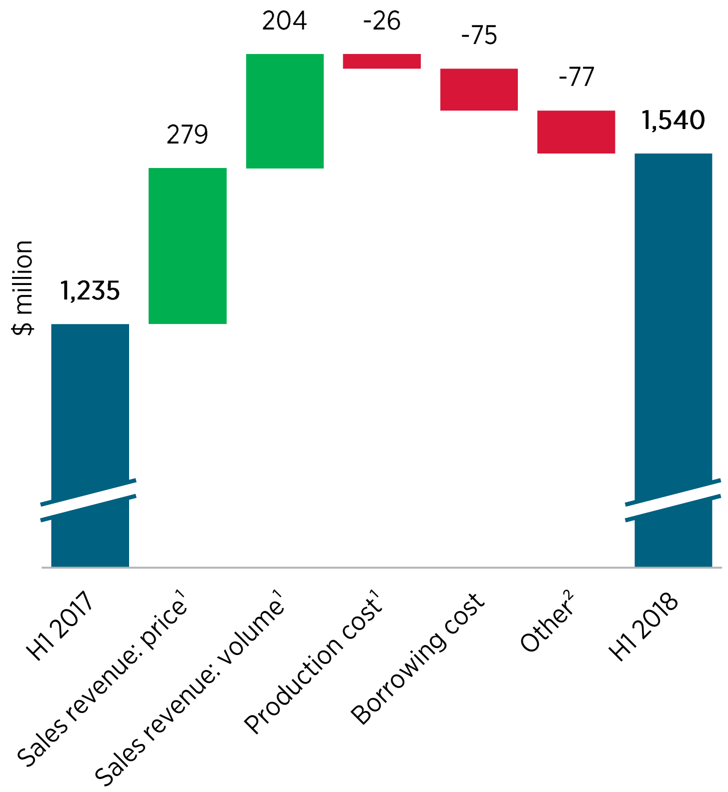
FINANCIAL UPDATE

SHERRY DUHE
Executive Vice President and Chief Financial Officer

Woodside

Increasing cash flow

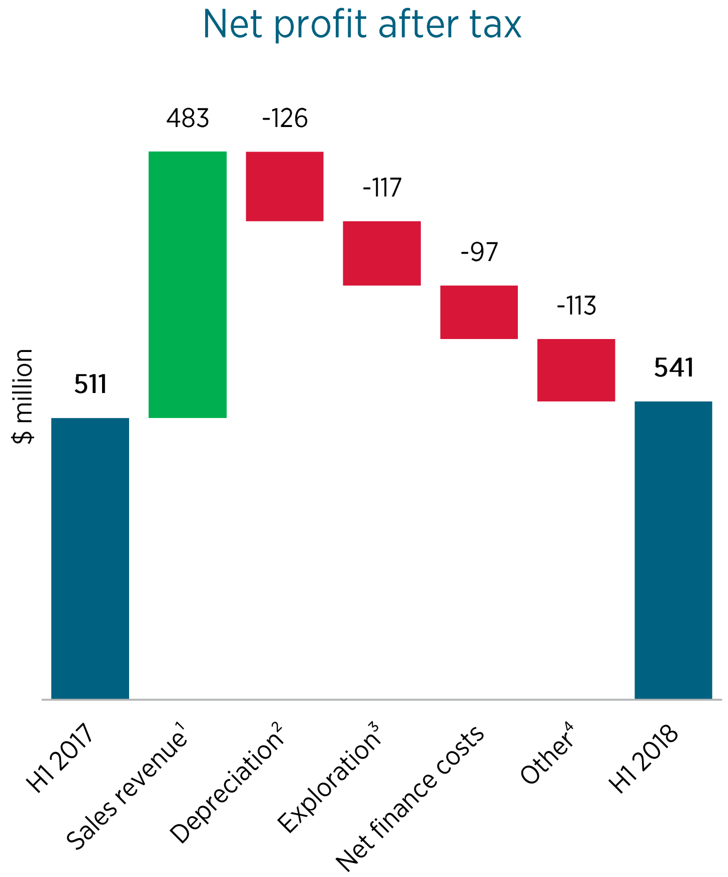
Net cash from operating activities



+ 25% increase in net cash from operations
+ Increased earnings driven by higher production and realised prices
+ Production costs remain competitive

1. Based on movements in the consolidated income statement.
2. Comprised primarily of payments for royalties and excise, taxes and working capital.

Higher profit

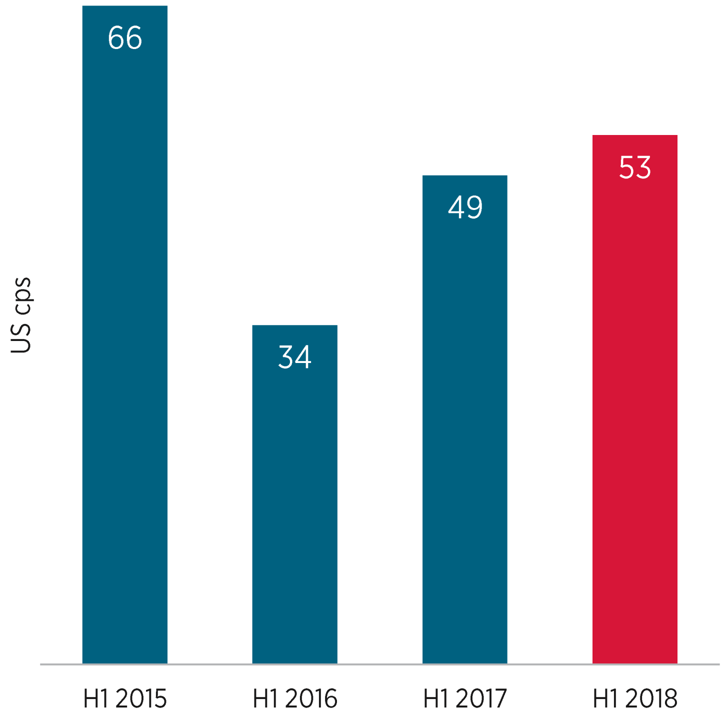


+ Increased production volumes and higher realised prices
+ Depreciation impacted by Wheatstone start up, Pluto year-end 2017 reserves revisions and higher production
+ Significant international exploration drilling campaign completed
+ Net finance costs impacted by start up of Wheatstone and one-off costs associated with early bond redemption

1. Price and volume impact.
2. Oil and gas properties depreciation and amortisation.
3. Includes exploration and evaluation expenditure, amortisation and write-offs.
4. Comprised primarily of production costs, inventory movement and taxes.

Increased dividend

Fully-franked interim dividend



20%

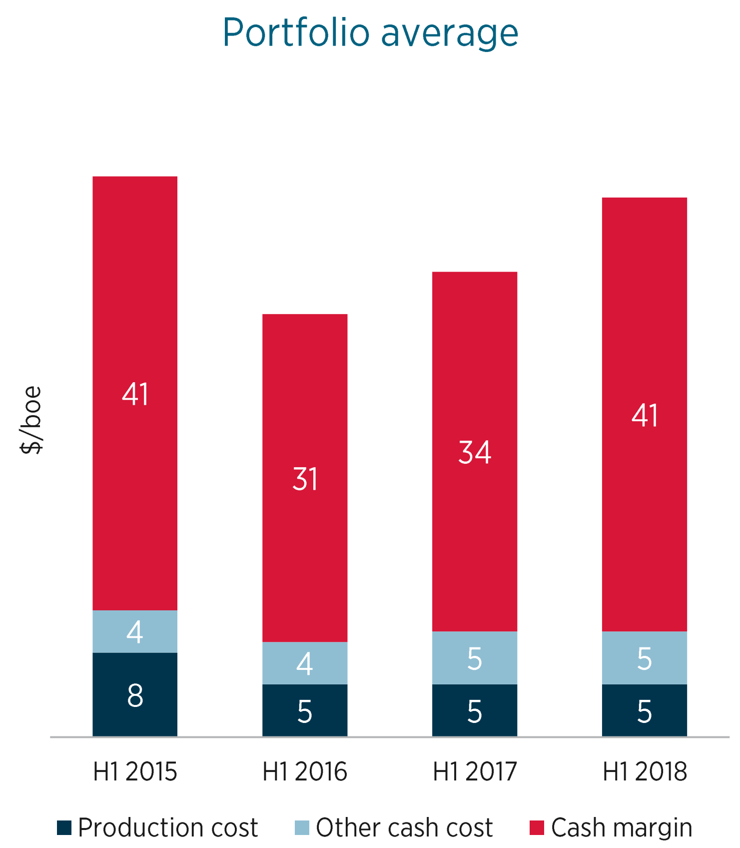
Total distributions up on H1 2017[1]

1. The value of the interim dividend payment has increased from $413 million in 2017 to $496 million in 2018.

Strong margins

+ Portfolio unit production cost $5.2/boe:
  - Start up of Wheatstone LNG
  - Natural reservoir decline from oil facilities
+ Maintained NWS Project and Pluto LNG unit production costs of $3.6/boe

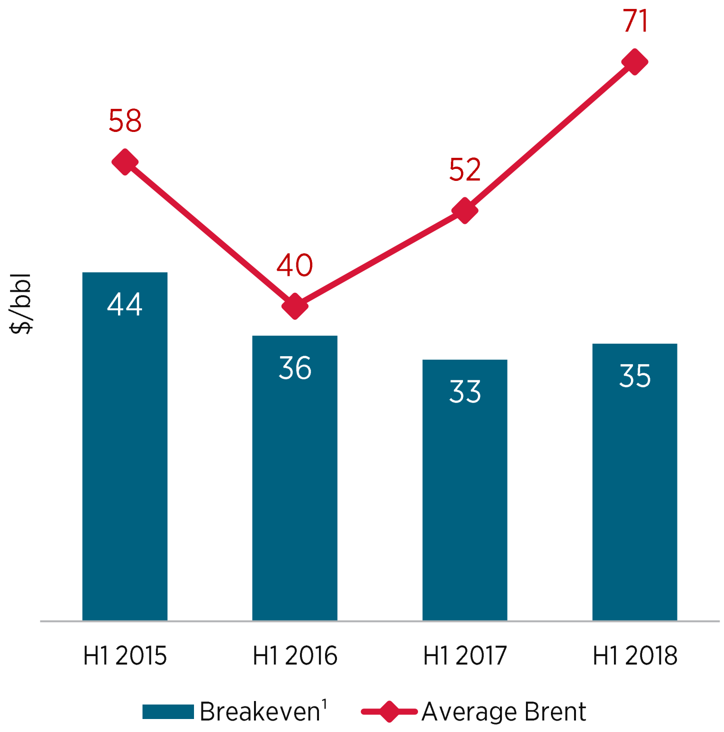
Increasing cash margin



+ Maintaining cash costs as realised prices increase

Free cash flow

Breakeven versus average Brent

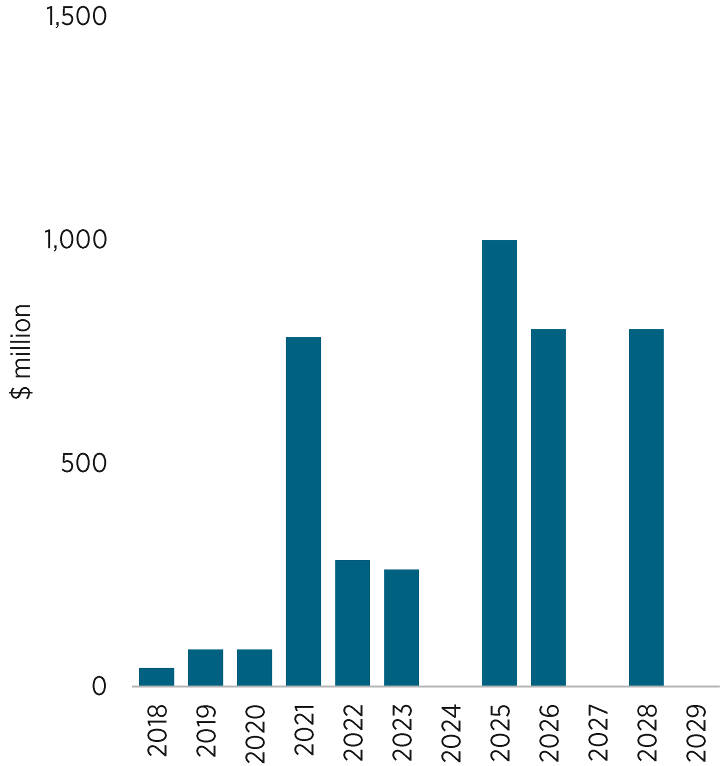


- Free cash flow positive and investing in growth
- Maintaining capital discipline as prices increase

1. Dated Brent price at which H1 2018 cash flow from operating activities would have equalled cash flow from investing activities (pre-dividend). Excludes acquisitions. H1 2018 cash flow breakeven including Scarborough acquisition is $54/bbl.

Debt profile to fund growth

Drawn debt maturity profile



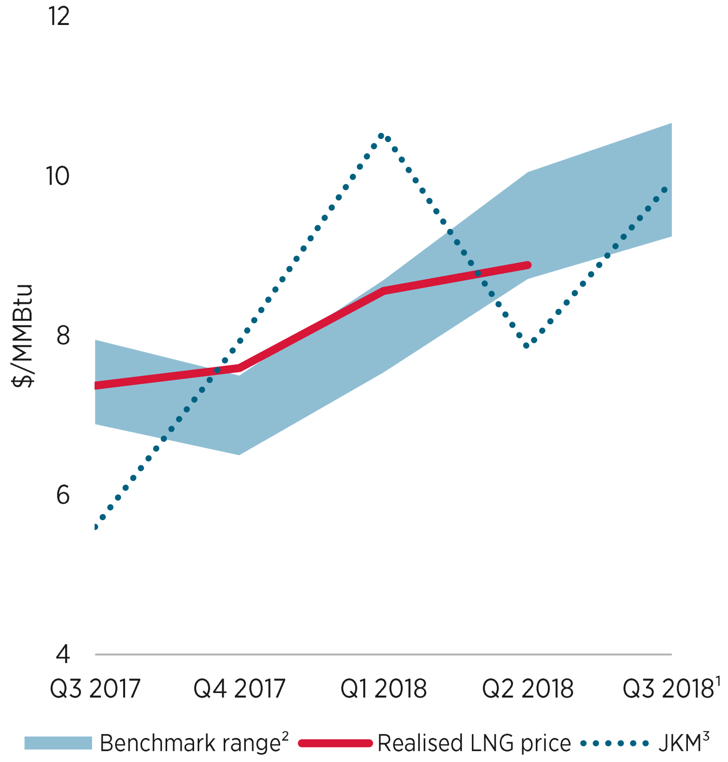
As at 30 June 2018

+ Prudent management of debt:
  - Redeemed ten-year $600m unsecured bond
  - Cancelled two five-year bilateral facilities
+ Portfolio cost of debt of 3.6%
+ Portfolio average term to maturity of 4.7 years
+ Strong credit ratings of BBB+ (S&P) and Baa1 (Moody's) re-affirmed[1]

1. Stable outlook.

Strengthening realised price

Realised LNG price versus price markers



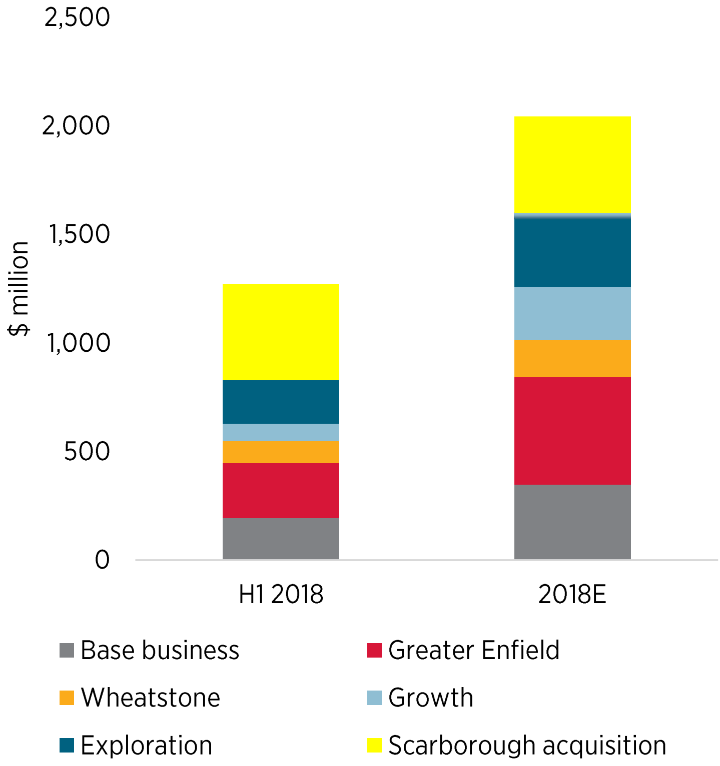
Source: Petroleum Association of Japan, Platts

+ Realised LNG prices influenced by:
  - Strong early production for Wheatstone increasing proportion of spot sales
  - Spot price seasonality; peaks during Asian winter
  - Delivery basis and customer mix
  - S-curves and pricing mechanisms
+ Q3 realised LNG price anticipated to increase given increasing lagged JCC and spot LNG prices

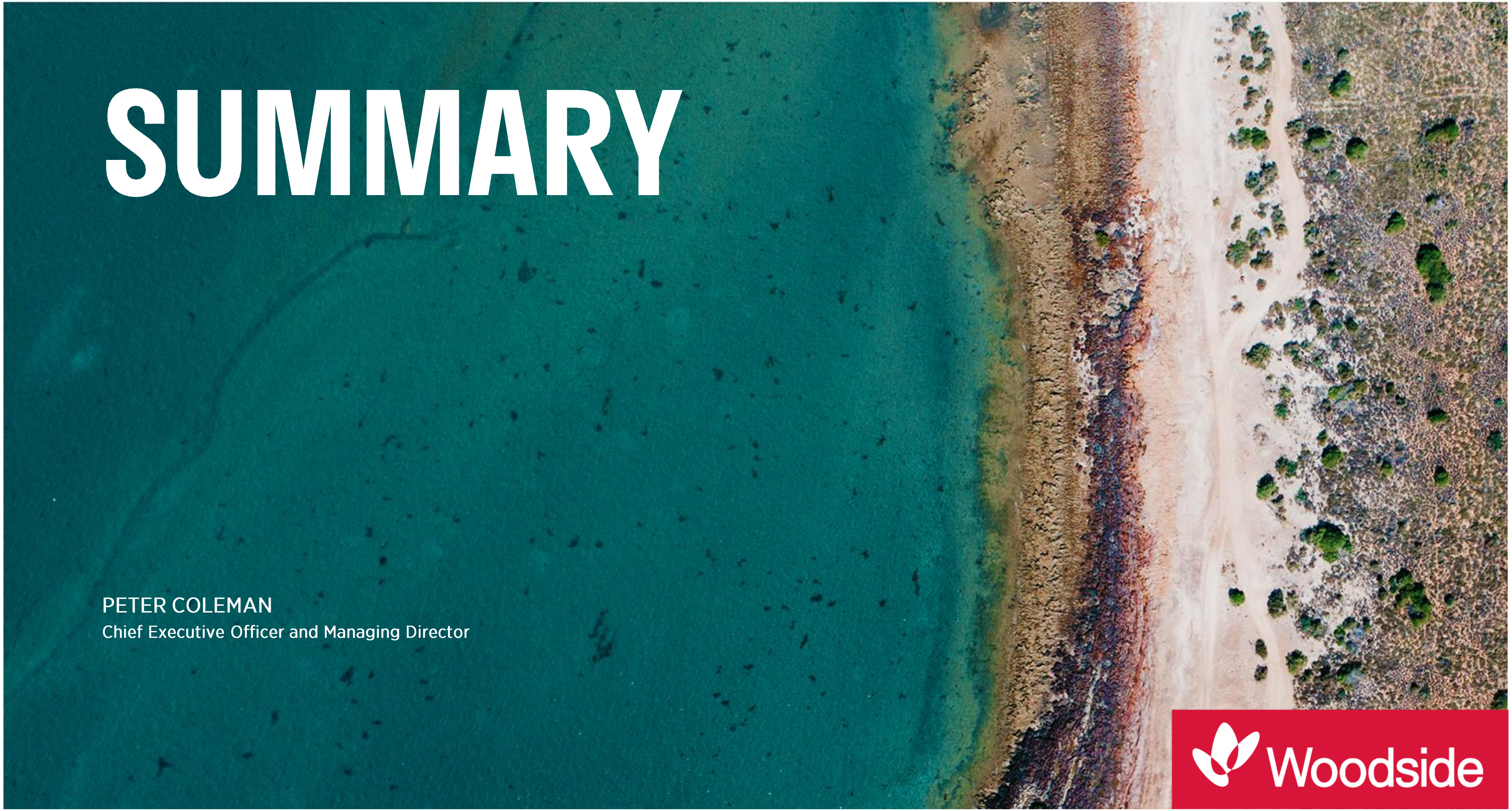
1. As at 10 August 2018.
2. Calculated as 13–15% of three-month lagged Japan Customs-cleared Crude (JCC). Lagged JCC is the typical reference price for long-term LNG contracts.
3. Japan Korea Marker. JKM is the benchmark spot price assessment for physical LNG cargoes delivered into North Asia.

Investment expenditure

H1 expenditure and full-year guidance



+ Full-year investment expenditure guidance remains unchanged
+ H1 2018 includes Scarborough acquisition
+ Sustaining capex $39 million for Pluto LNG and NWS Project combined
+ Anticipated annual exploration expenditure:
  - $310 - 340 million for 2018
  - ~$200 - 250 million for future years



SUMMARY

PETER COLEMAN
Chief Executive Officer and Managing Director

H2 2018 activities and milestones

SCARBOROUGH AND PLUTO TRAIN 2	Concept select	Concept definition	FEED readiness
BROWSE	Concept definition entry	Preliminary tolling agreement between the Browse Joint Venture and the NWS Project participants	Commence activities to support award of gas FPSO engineering, pipeline route survey and metocean survey contracts
SENEGAL	Submit final Environmental and Social Impact Assessment	Submit Exploitation Plan	FEED entry

Woodside targets. Subject to all necessary joint venture approvals, regulatory approvals, and/or commercial arrangements being finalised.

Compelling investment proposition

OUTSTANDING BASE BUSINESS

- Higher production; increased guidance
- Maintained low operating cost
- Strong financial position

NEAR-TERM PRODUCTION GROWTH

- Delivering projects on budget and schedule
- ~100 MMboe targeted in 2020[1]

MATERIAL GROWTH OPPORTUNITES ADVANCED

- Scarborough
- Browse
- SNE-Phase 1

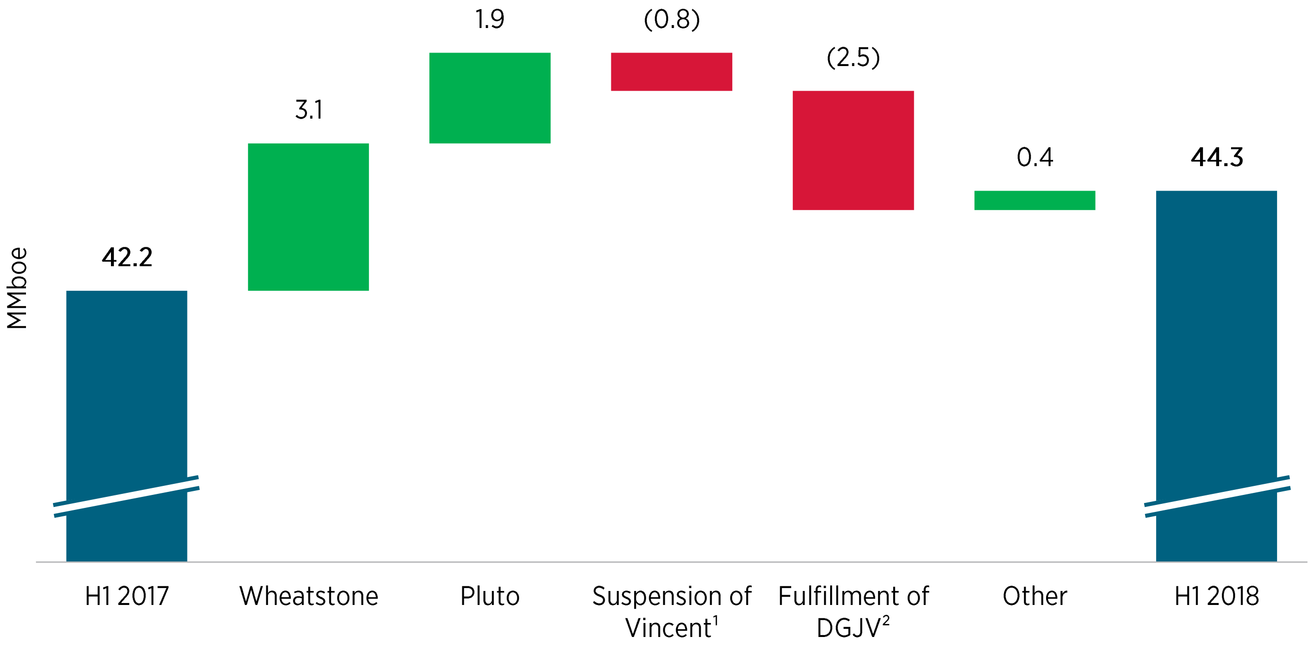
VALUE TO SHAREHOLDERS

- Increased dividend and cash flow

1. Targeted production is not guidance. Based on current project schedules.

ANNEXURE

Production reconciliation



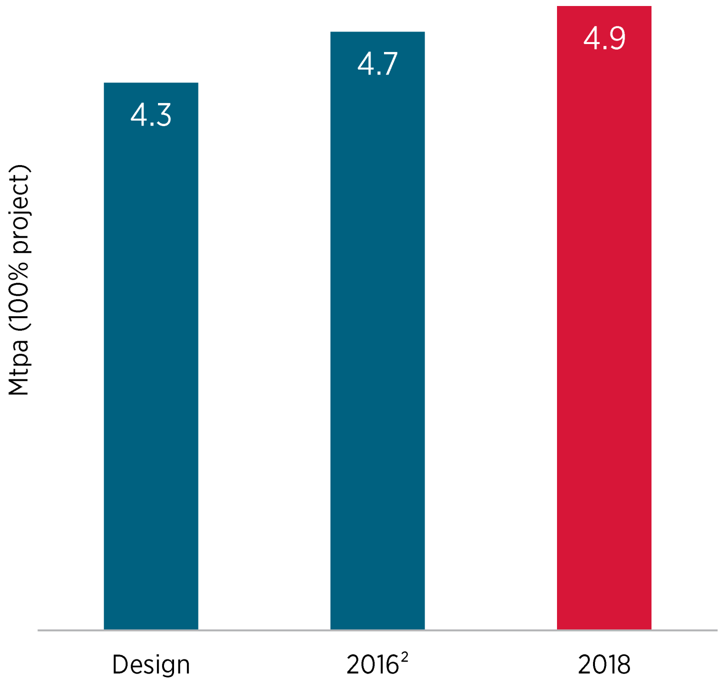
1. The Ngujima-Yin FPSO, which has been producing from the Vincent oil field, suspended operations on 1 May 2018 for maintenance and fabrication activities ahead of Greater Enfield start up in mid-2019.
2. Woodside equity share of NWS domestic gas and associated condensate in the Domestic Gas Joint Venture (DGJV) was 50%. The DGJV production entitlement was fulfilled on 8 May 2017. Woodside's share of NWS domestic gas and associated condensate following fulfillment of the DGJV production entitlement is 16.67%.

HIGHER PRODUCTION DRIVEN BY WHEATSTONE START UP AND PLUTO RELIABILITY

ANNEXURE

Increasing Pluto LNG capacity

LNG capacity[1]



+ Increased 14% from design capacity
+ Higher throughput supported by process optimisation and improved technology
+ Increased utilisation due to reliability and turnaround optimisation

1. Loadable LNG over average train turnaround cycle including forecast onshore scheduled and unscheduled shutdowns. Loadable LNG, excluding the impact of turnarounds and onshore scheduled and unscheduled shutdowns, is 5.2 Mtpa. All figures are net of onshore boil off gas losses.
2. ASX Announcement dated 20 May 2016, 2016 Investor Briefing Day.

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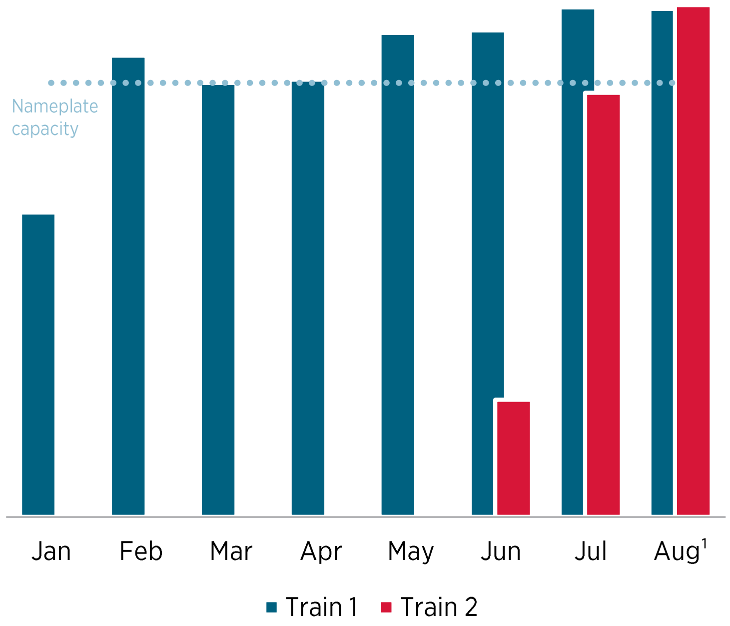
Wheatstone performance

2018 monthly average LNG production



Train 1

- Reliability above plan
- Trip-free for over 100 days
- Continues to exceed nameplate capacity

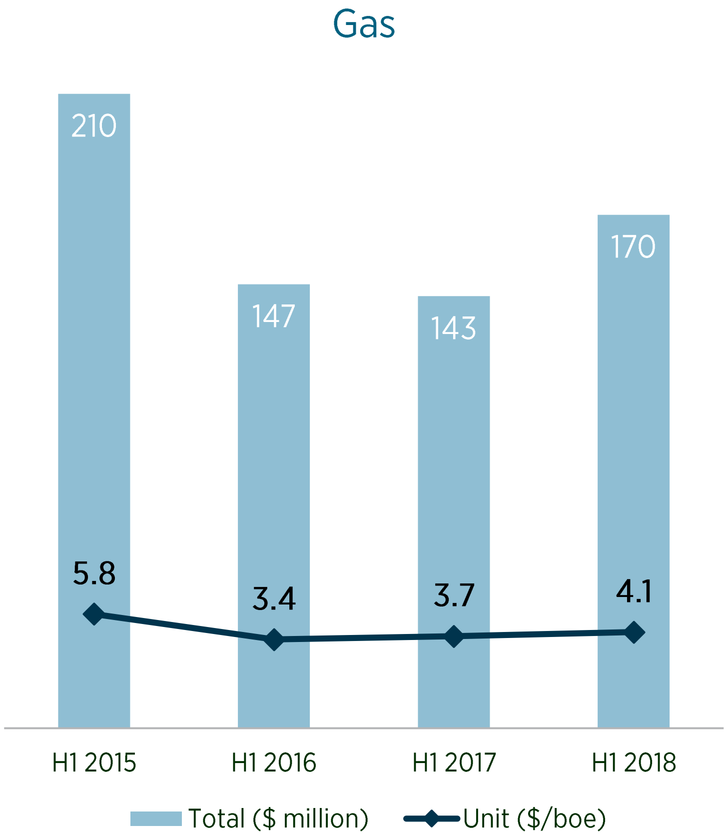
Train 2

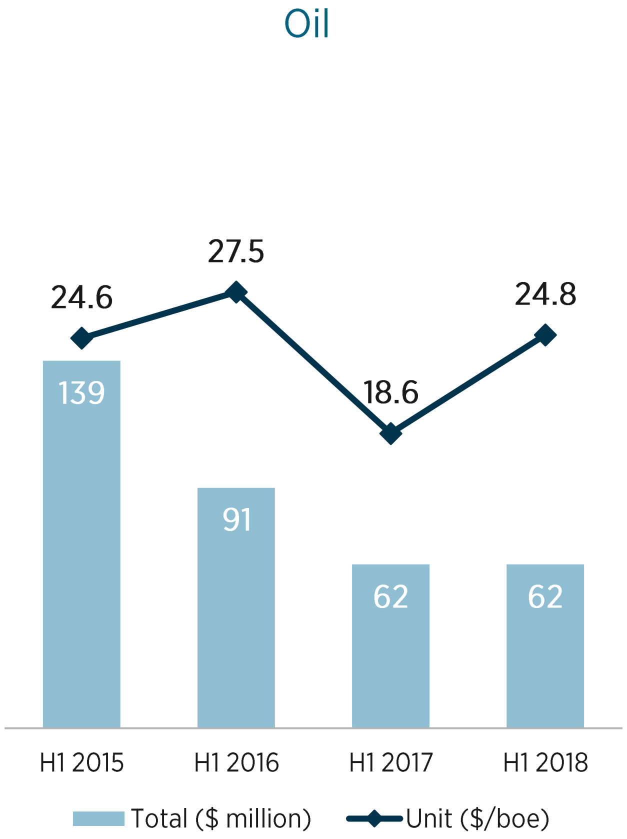
- Rapidly transitioned to steady-state
- Start-up strainer fouling significantly less than Train 1

1. Month-to-date average as at 10 August 2018. LNG Train 2 will be shutdown to remove start-up strainers in mid-August 2018.

EXPECTED TO CONTINUE TO EXCEED NAMEPLATE CAPACITY

Production costs





Realised prices

Products	H1 2018 ($/boe)	H1 2017 ($/boe)	Variance (%)	Revenue impact ($ million)
NWS LNG	45	37	22	96
Pluto LNG	53	49	8	82
Wheatstone LNG	51	-	-	-
Australia domestic gas	19	23	(17)	(12)
Canada domestic gas	5	10	(50)	(3)
Condensate	72	53	36	70
LPG	69	48	44	7
Oil	70	54	30	39
Volume-weighted average	51	43	19	279
Average Dated Brent	71	52	37	-
Average 3-month lagged JCC	63	51	24	-

Corporate performance

		H1 2018	H1 2017
Production volume	(MMboe)	44.3	42.2
Operating revenue	($ million)	2,388	1,877
EBITDA	($ million)	1,718	1,375
EBIT	($ million)	987	788
Net finance costs	($ million)	117	20
Taxes	($ million)	277	212
Non-controlling interest	($ million)	52	45
NPAT	($ million)	541	511

Segment performance

		NWS	Pluto	Aus Oil	Wheatstone
Production volume	(MMboe)	16.5	21.6	2.5	3.1
Operating revenue	($ million)	700	1,336	178	166
EBITDA	($ million)	507	1,138	109	128
EBIT	($ million)	370	702	71	42
Cash margin	%	73	87	63	74
Gross margin	%	52	53	37	24

2018 guidance

	H1 ACTUAL	FULL-YEAR GUIDANCE	COMMENTS ON FULL-YEAR GUIDANCE
Production (MMboe)	44.3	87-91	+ Increase driven by the first half performance of Pluto LNG, Wheatstone LNG and the FPSO facilities
Investment expenditure ($ million)	1,269	2,000-2,050	+ Includes Scarborough acquisition + Exploration expenditure anticipated to be $310-340 million. Future full-year exploration expenditure anticipated to be ~$200-250 million
Unit production cost ($/boe)	5.2	5.5-5.8	+ Impacted by Wheatstone LNG and Vincent maintenance + NWS Project and Pluto LNG unit production costs maintained
Oil and gas properties depreciation and amortisation ($ million)	697	1,400-1,470	+ Updated in line with increased production guidance
Net finance costs ($ million)	117	160-200	+ Lower capitalisation of Wheatstone borrowing costs + One-off costs associated with early bond redemption + Interest income on proceeds from equity raising

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ANNEXURE

2018 exploration and appraisal drilling

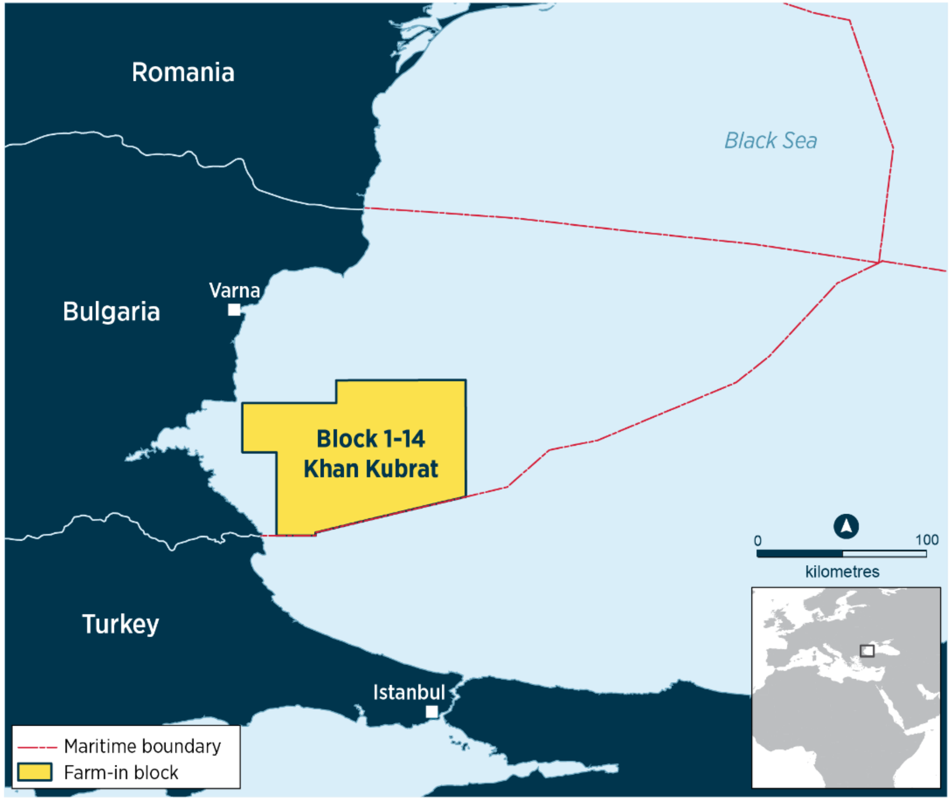
	COUNTRY	WELL	STATUS
H1 2018	Australia	Ferrand-1	Gas discovery. Aggregated development potential with WA-404-P discoveries. Enhanced prospectivity for surrounding Woodside acreage
H1 2018	Myanmar	Aung Siddhi-1 AD-1 Northern Hub	Gas discovery. Potential for development through existing infrastructure. Enhanced prospectivity for surrounding Woodside acreage
H1 2018	Myanmar	Dhana Hlaing-1 A-7 Southern Hub	Non-commercial[1]
H1 2018	Gabon	Boudji-1	Intersected 90 m gross oil and gas column. Non-commercial due to water depth and associated development cost[1]
H1 2018	Gabon	Ivela-1	Intersected 78 m gross oil column. Non-commercial due to water depth and associated development cost[1]
H1 2018	Morocco	Rabat Deep-1	Possible oil indications. Non-commercial[1]
H2 2018	Myanmar	Shwe Yee Htun appraisal A-6 Southern Hub	Spudded 20 July 2018. Appraising volume, deliverability and connectivity of the Shwe Yee Htun gas discovery
H2 2018	Peru	Boca Satipo Este-1X	Due to spud September 2018. Targeting oil

1. Based on Woodside's evaluation and commercial thresholds.

Woodside

ANNEXURE

Bulgarian opportunity



+ Farm-in agreement with Shell[1]
+ 30% participating interest
+ Emerging oil and gas province
+ Aligned with deep water capabilities
+ Close to existing infrastructure and markets
+ Planning to drill in Q2 2019

1. Transaction with Shell International Exploration and Development Italia S.p.a. is subject to satisfaction of conditions precedent.

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.

Subsequent to the Reserves Statement dated 31 December 2017, Woodside's contingent resources have been updated by ASX announcements dated 29 March 2018 (in respect of Greater Scarborough resources) and 23 May 2018 (in respect of Greater Browse resources).

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

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