

14 February 2017

Change in segment reporting

Santos today announced modifications to its segment reporting structure, effective second half 2016. The revised segment structure will be reported in the 31 December 2016 financial report, to be released on 17 February 2017 and comparative disclosures will be restated.

In accordance with AASB 8 Operating Segments and Santos' new strategy announced on 8 December 2016, the Group has identified its operating segments to be the five core assets: Cooper Basin; GLNG; Papua New Guinea (PNG); Northern Australia; and Western Australia (WA) gas, based on the nature and geographical location of the assets. Non-core assets are grouped and reported as Other. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

Segment performance is measured based on earnings before interest, tax, impairment, exploration and evaluation, depletion, depreciation and amortisation (EBITDAX). Corporate and exploration expenditure and inter-segment eliminations are included in the segment disclosure for reconciliation purposes.

The change in segment reporting has no impact on the net profit or loss of the Group. To enable comparisons with prior period performance, historical segment information for the periods ended 31 December 2015 and 30 June 2016 are contained in an appendix to this release. These have been presented in US dollars, the presentation currency of the Group effective 1 January 2016.

The financial information presented in this release has not been audited.

Ends.

Media enquiries

Rob Malinauskas
+61 8 8116 5918/ +61 (0) 438 862 132
robert.malinauskas@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

Santos Limited ABN 80 007 550 923
GPO Box 2455, Adelaide SA 5001
T +61 8 8116 5000 F +61 8 8116 5131
www.santos.com

Appendix I. Year ended 31 December 2015

US\$million	Cooper Basin FY15	GLNG ¹ FY15	PNG FY15	Northern Australia FY15	WA Gas FY15	Other ² FY15	Corporate, exploration & eliminations FY15	Total FY15
Revenue								
Sales to external customers	829	97	559	215	227	452	63	2,442
Inter-segment sales ³	9	22	–	–	–	14	(45)	–
Other revenue from external customers	13	4	7	–	–	7	5	36
Total segment revenue	851	123	566	215	227	473	23	2,478
Costs								
Production costs	(197)	(36)	(61)	(81)	(47)	(215)	40	(597)
Other operating costs	(83)	(25)	(47)	(1)	(4)	(19)	(21)	(200)
Third-party product purchases	(230)	(46)	(2)	–	–	(13)	(67)	(358)
Inter-segment purchases ¹	(26)	(13)	–	–	–	–	39	–
Results								
EBITDAX	293	31	443	143	162	217	165	1,454
Depreciation and depletion	(269)	(82)	(103)	(47)	(74)	(185)	(33)	(793)
Exploration and evaluation expensed	–	–	–	–	–	–	(188)	(188)
Net impairment loss	(1,541)	(454)	–	–	–	(373)	(486)	(2,854)
EBIT	(1,517)	(505)	340	96	88	(341)	(542)	(2,381)
Net finance costs							(217)	(217)
Loss before tax								(2,598)
Income tax benefit							621	621
Royalty-related tax benefit	20	7	–	(14)	(26)	14	23	24
Net loss								(1,953)
Asset additions and acquisitions:								
Exploration and evaluation assets	21	11	24	6	1	43	200	306
Oil and gas assets	503	441	96	22	38	121	–	1,221
	524	452	120	28	39	164	200	1,527

1. GLNG segment also includes Denison, Combabula, Ramyard, Spring Gully and Tardrum.

2. Other segment includes Indonesia, Vietnam, WA Oil, Victoria, NSW and Mereenie.

3. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation.

Appendix 2. Half-year ended 30 June 2016

US\$million	Cooper Basin HY16	GLNG ¹ HY16	PNG HY16	Northern Australia HY16	WA Gas HY16	Other ² HY16	Corporate, exploration & eliminations HY16	Total HY16
Revenue								
Sales to external customers	329	216	207	71	74	201	93	1,191
Inter-segment sales ³	15	6	–	–	–	16	(37)	–
Other revenue from external customers	9	2	3	–	–	–	–	14
Total segment revenue	353	224	210	71	74	217	56	1,205
Costs								
Production costs	(85)	(31)	(26)	(37)	(23)	(91)	20	(273)
Other operating costs	(40)	(35)	(19)	–	(2)	(8)	(66)	(170)
Third-party product purchases	(100)	(57)	(1)	–	–	–	(92)	(250)
Inter-segment purchases ¹	(10)	(35)	–	–	–	–	45	–
Results								
EBITDAX	103	66	165	37	128	90	(98)	491
Depreciation and depletion	(97)	(107)	(52)	(24)	(36)	(66)	(17)	(399)
Exploration and evaluation expensed	–	–	–	–	–	–	(47)	(47)
Net impairment loss	–	(1,500)	–	–	–	(16)	–	(1,516)
EBIT	6	(1,541)	113	13	92	8	(162)	(1,471)
Net finance costs							(131)	(131)
Loss before tax								(1,602)
Income tax benefit							506	506
Royalty-related tax benefit	–	–	–	(1)	(4)	(9)	6	(8)
Net loss								(1,104)
Asset additions and acquisitions:								
Exploration and evaluation assets	8	2	–	(2)	–	29	33	70
Oil and gas assets	130	151	40	4	26	50	–	401
	138	153	40	2	26	79	33	471

1. GLNG segment also includes Denison, Combabula, Ramyard, Spring Gully and Tardrum.

2. Other segment includes Indonesia, Vietnam, WA Oil, Victoria, NSW and Mereenie.

3. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation