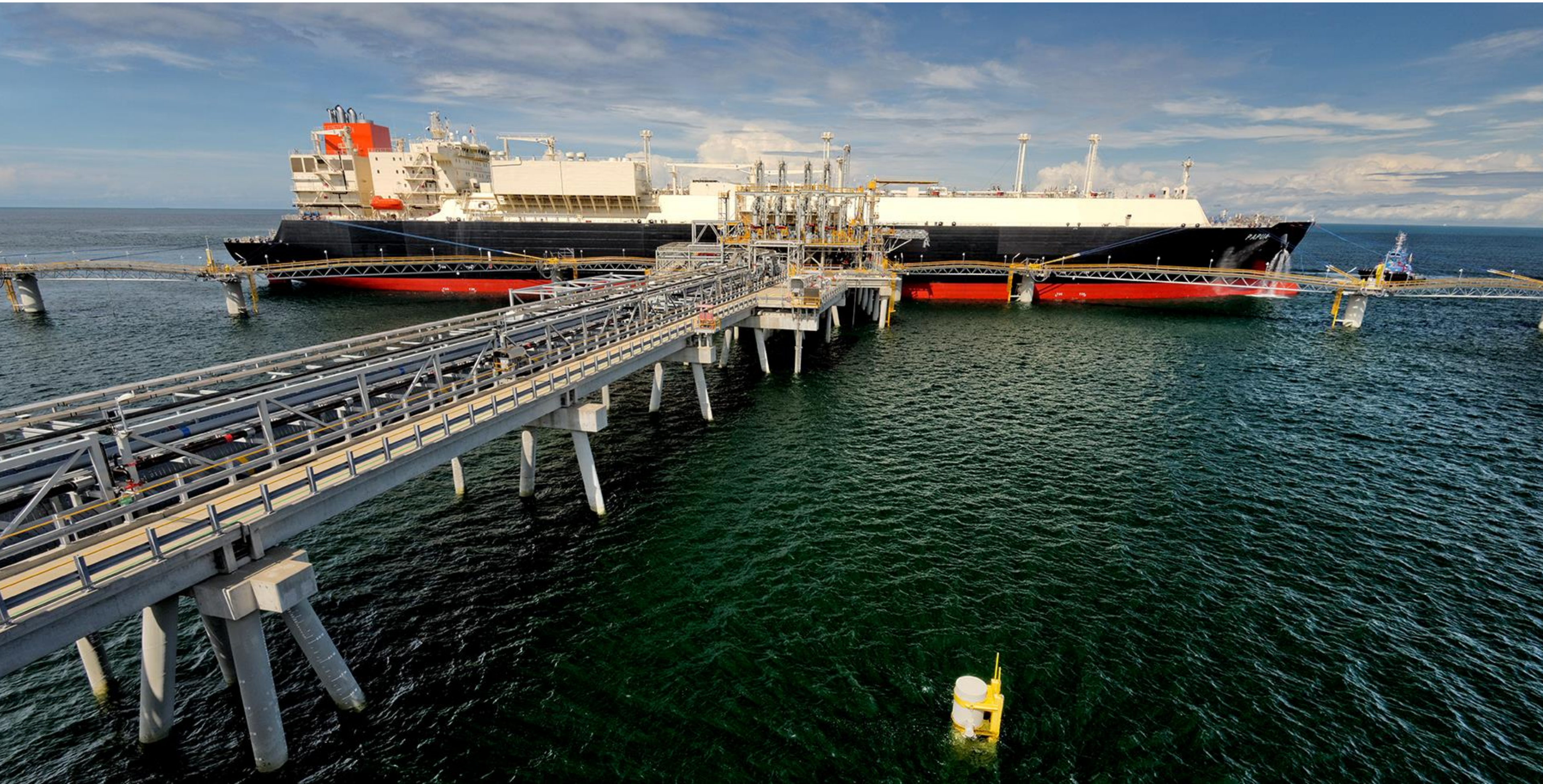
# 2016 Full-year results

17 February 2017

Santos



# Disclaimer and important notice

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This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or $ in this document are to United States currency, unless otherwise stated.

EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), EBIT (earnings before interest and tax) and underlying profit are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations.  Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments and fluctuations in exchange rates.  The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

This presentation refers to estimates of petroleum reserves contained in Santos' Annual Report released to the ASX on 17 February 2017 (Annual Reserves Statement). Santos confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Statement continue to apply and have not materially changed.

The estimates of petroleum reserves contained in this presentation are as at 31 December 2016.  Santos prepares its petroleum reserves estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE).  Unless otherwise stated, all references to petroleum reserves quantities in this presentation are Santos' net share.  Reference points for Santos' petroleum reserves and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.  Petroleum reserves are typically prepared by deterministic methods with support from probabilistic methods. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production.  Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe.

# Overview

Kevin Gallagher
Managing Director and CEO

Santos

# Santos strategy

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Create shareholder value by becoming a low-cost, reliable and high performance business

**Transform**

- New leadership team and simplified operating model to deliver a low-cost, reliable and high performance business
- Focus on five core long-life natural gas assets

**Build**

- Identify and develop growth opportunities, including exploration, across the five core long-life natural gas assets
- Maximise production, drive down costs and increase gas supply

**Grow**

- Execute and bring on-line growth opportunities across the core portfolio
- Focused exploration strategy to identify new high-value gas targets
- Find and unlock sixth core long-life natural gas asset

# 2016 in review

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Strong progress made to stabilise the business, reduce costs and strengthen the balance sheet.

## Stabilise the business

+ Excom appointed
+ Focus on strong technical leadership
+ New operating model established
+ CEO asset review
+ Decision making and planning processes centralised
+ Strong safety performance maintained
+ Low-cost, high performance mindset progressing
+ Free cash flow positive for each of the last eight months

## Reduce costs

+ Free cash flow breakeven reduced to US$36.50/bbl
+ Capital expenditure down 51% to US$625 million
+ Unit upstream production costs down 18% to US$8.45 per boe
+ Headcount reduced by 580 positions in 2016

## Strengthen the balance sheet

+ A$1,040 million institutional placement, followed by SPP in 2017 raising an additional A$201 million
+ Asset sales proceeds of US$447 million received
+ Net debt reduced by US$1.3 billion
+ Oil hedging strategy implemented
+ Sale of Victorian assets and Mereenie announced, sale of Stag completed[1]

[1] Sale of Victorian assets (excluding Minerva) completed in January 2017.

# 2016 Full-year financial snapshot

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Net loss of US$1,047 million, after US$1.1 billion after tax GLNG impairment at half-year.
EBITDAX down 18% to US$1,199 million and Underlying NPAT up 29% to US$63 million

| Operating cash flow | Net debt | Free cash flow breakeven | Unit upstream production costs |
|---|---|---|---|
| US$857 million | US$3.5 billion | US$36.50/bbl | US$8.45/boe |
| ↑ US$46 million on 2015 | ↓ US$1.3 billion on 2015 | ↓ US$10.5/bbl in 2016 | ↓ US$1.9/boe on 2015 |

| Capital Expenditure | Net loss | Underlying profit | EBITDAX |
|---|---|---|---|
| US$625 million | US$1,047 million | US$63 million | US$1,199 million |
| ↓ US$663 million on 2015 | incorporates GLNG impairment at half-year of US$1,050 million after tax | ↑ US$14 million on 2015 | ↓ US$255 million on 2015 |

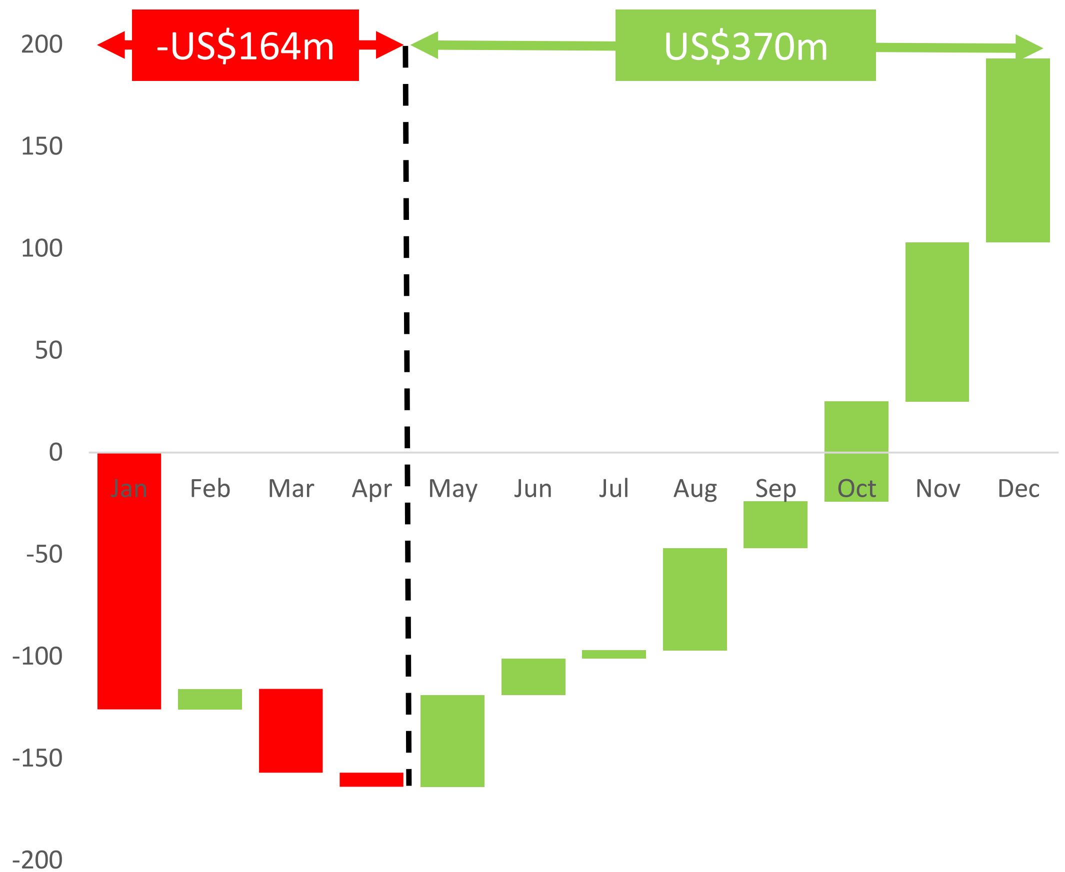
For a reconciliation of 2016 full-year net loss to underlying profit, refer to Appendix.

# Turnaround strategy starting to deliver

## Free cash flow breakeven reduced to US$36.50/bbl

- US$370 million in free cash flow (before asset sales) over last eight months of 2016
- Strong operating performance in 2016
  - Sales volumes of 84.1 mmboe above the upper end of guidance (81-83 mmboe)
  - Production of 61.6 mmboe towards the upper end of guidance (60-62 mmboe)
  - Upstream unit production cost of US$8.45/boe is below guidance

**2016 free cash flow (before asset sales) by month**
US$million




Free cash flow breakeven is the average annual oil price in 2016 at which cash flows from operating activities equals cash flows from investing activities. Excludes one-off restructuring and redundancy costs and asset divestitures.

# Institutional placement and SPP

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Institutional placement and share purchase plan successfully raised A$1.24 billion
Proceeds to be used to strengthen the balance sheet and pursue growth opportunities that are aligned to the core business and strategic plan

## Strengthen the balance sheet

+ Net debt reduced to US$3.5 billion as at 31 December 2016 (before SPP)
+ Gearing reduced to 33% (before SPP)
+ S&P revised the outlook on Santos' BBB- credit rating to stable from negative
+ Financial flexibility to manage debt maturities
+ Operate business sustainably in a US$40 to US$60/bbl oil price environment

## Pursue growth opportunities

+ Financial flexibility to take advantage of growth opportunities that are aligned with the core business
+ Papua New Guinea
    + expansion of PNG LNG likely and details evolving
+ Northern Australia
    + Barossa-Caldita well positioned for Darwin LNG backfill

# Strong safety performance has been maintained

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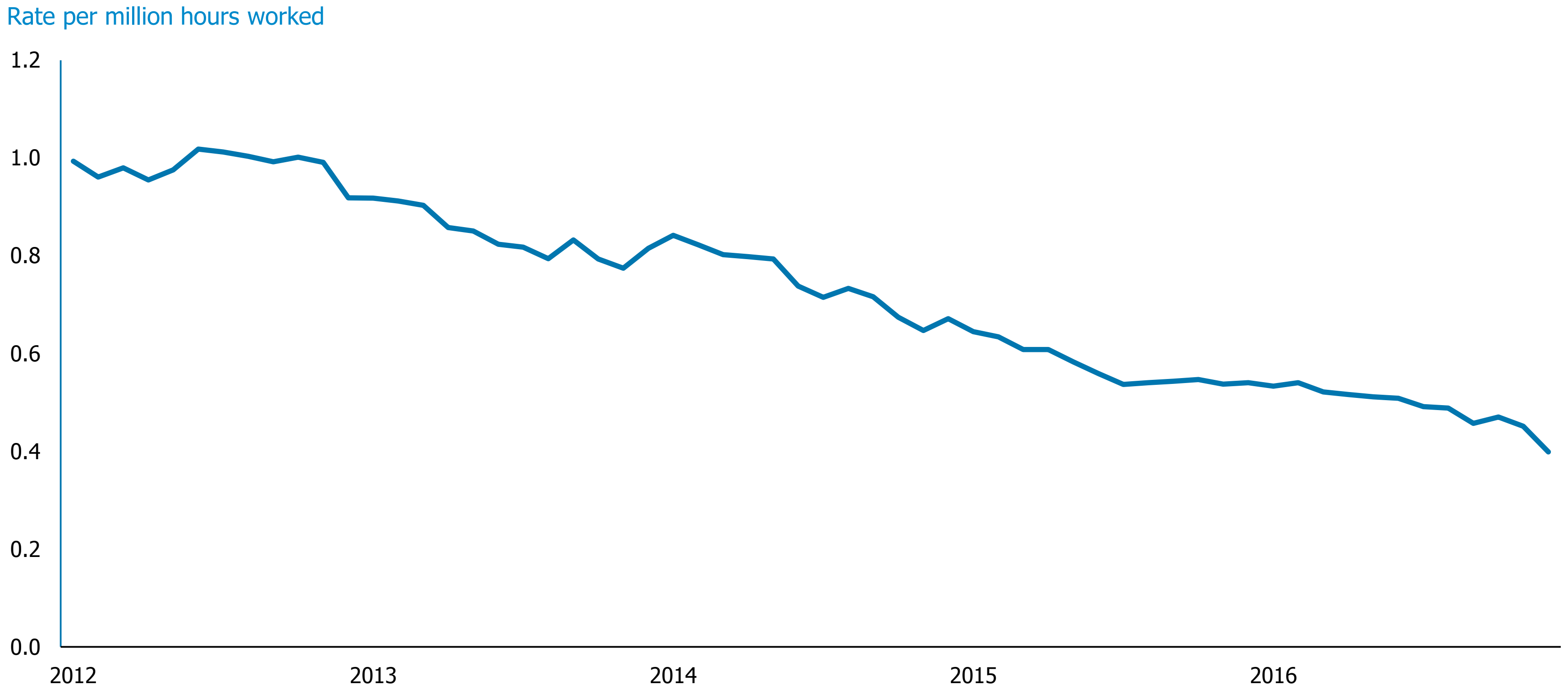
Lowest three-year rolling average lost time injury frequency rate (LTIFR) in five years, with a number of operations achieving record LTI-free periods

**Lost Time Injury Frequency Rate three year rolling average**
2012 – 2016



# 2016 Full-year financial results

Anthony Neilson
CFO

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# Financial priorities

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Focus on reducing costs, increasing free cash flow, debt reduction and capital management

| | |
|---|---|
| Reducing costs | + Unit production cost/boe down 18% to US$8.45/boe<br>+ Capex down 51% to US$625 million |
| Increasing free cash flow | + US$635 million positive free cash flow (including net asset sale proceeds of US$429 million) in 2016, up from US$781 million negative free cash flow in 2015<br>+ Free cash flow breakeven US$36.50/bbl |
| Reducing debt | + Net debt reduced to US$3.5 billion through asset sales, free cash flow and institutional placement. SPP completed in January 2017 reduces net debt further<br>+ Gearing reduced from 39% to 33% (before SPP) |
| Capital management | + Placement and SPP completed raising A$1.24 billion<br>+ Capital management strategy in place and being implemented<br>+ Hedging commenced for oil price protection |

# Financial performance

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## EBITDAX down 18% to US$1,199 million. Underlying NPAT up 29% to US$63 million

| US$ million | Full-year 2016 | Full-year 2015 | Var |
|---|---|---|---|
| Product sales revenue | 2,594 | 2,442 | 6% |
| Other revenue/income | 153 | 45 | 240% |
| Production costs | (520) | (597) | (13)% |
| Other operating costs | (326) | (200) | 63% |
| Third party product purchases | (544) | (358) | 52% |
| Product stock movement | (27) | 63 | nm |
| Other[1] | (131) | 59 | nm |
| **EBITDAX** | **1,199** | **1,454** | **(18)%** |
| Exploration and evaluation expense | (138) | (188) | (27)% |
| Depreciation and depletion | (741) | (793) | (7)% |
| Impairment losses | (1,561) | (2,854) | nm |
| Change in future restoration | 37 | - | nm |
| **EBIT** | **(1,204)** | **(2,381)** | **nm** |
| Net finance costs | (281) | (217) | 29% |
| **Loss before tax** | **(1,485)** | **(2,598)** | **nm** |
| Tax benefit/(expense) | 438 | 645 | nm |
| **Loss after tax** | **(1,047)** | **(1,953)** | **nm** |
| **Underlying profit** | **63** | **49** | **29%** |

+ Revenue up 6% to US$2.6 billion due to higher sales volumes partially offset by lower oil and LNG prices
+ Higher other revenue mainly due to a settlement under a revised gas sales agreement in WA
+ Higher other operating costs reflect higher pipeline charges due to higher third party gas purchases
+ Higher third party products purchases reflect ramp-up in GLNG demand
+ DD&A US$8.8/boe sold, down 29% on a per unit basis
+ Pre-tax net impairment charge of US$1,561 million, primarily due to GLNG impairment of US$1.5 billion taken at half-year
+ Higher net finance costs reflect lower average net debt levels more than offset by lower capitalised interest

[1] Includes foreign exchange gains and losses, corporate expenses, other expenses and share of profit of joint ventures.
nm = not meaningful

# Production

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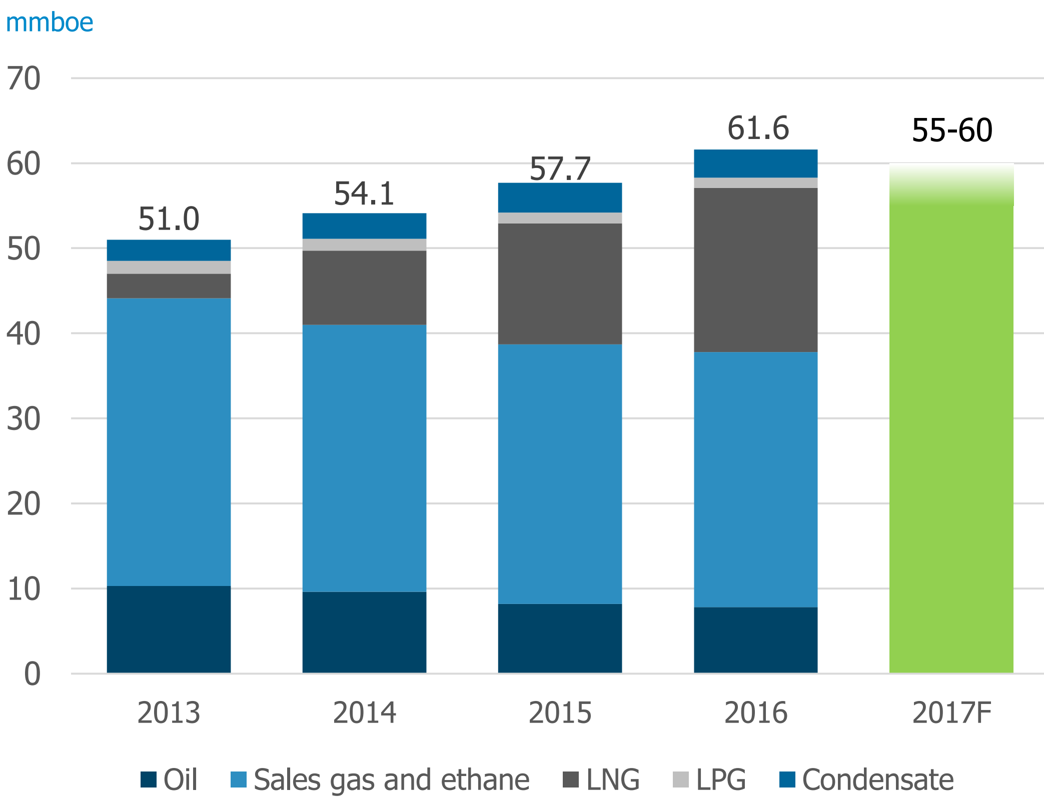
## Record annual production of 61.6 mmboe due to growth in LNG volumes




- Highest annual production due to ramp-up of GLNG and strong performance from core assets
- 2017 guidance 55-60 mmboe, influenced by:
  - asset sales, -2.8 mmboe (Victoria, Stag, Mereenie)
  - natural field decline, -3.5 mmboe (Cooper, Indonesia, Vietnam)
  - higher GLNG and WA Gas production, +2 mmboe

# Sales volumes

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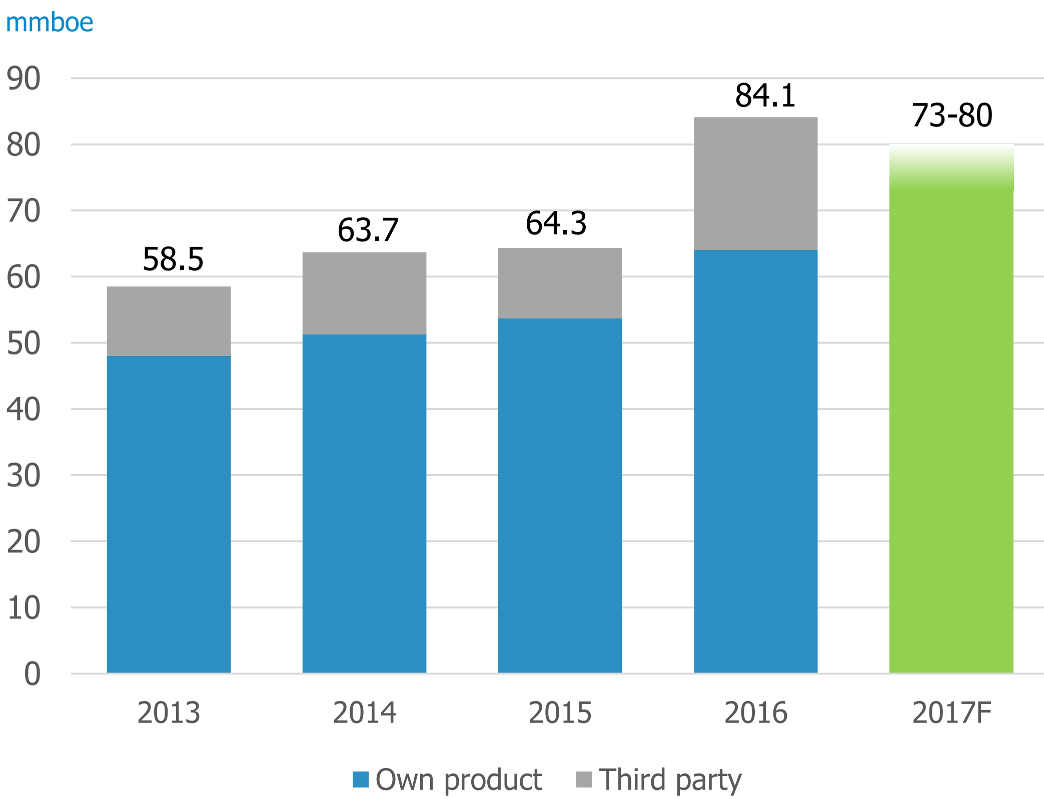
Record annual sales volumes of 84.1 mmboe due to growth in gas and LNG sales volumes




- Highest annual sales volumes due to ramp-up of GLNG own and third party sales and strong performance from PNG LNG
- 2017 guidance 73-80 mmboe, influenced by:
  - asset sales and natural field decline
  - partially offset by higher GLNG and WA Gas volumes

# Sales revenue

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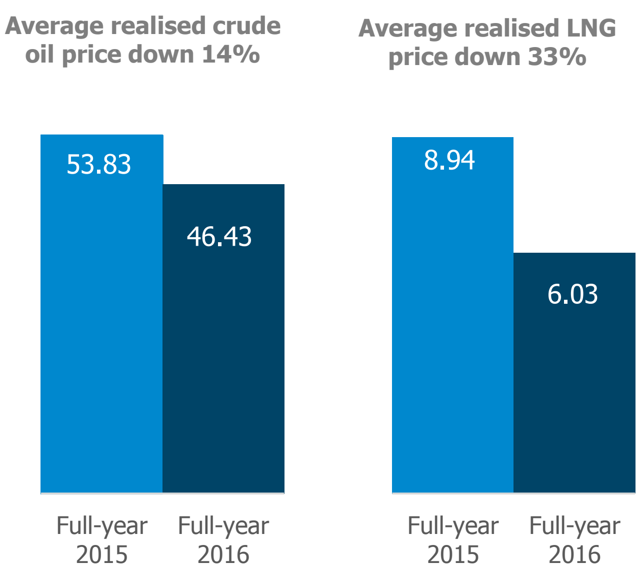
## Sales revenue up due to higher gas and LNG sales volumes, offset by lower prices

| US$ million | Full-year 2016 | Full-year 2015 | Var |
|---|---|---|---|
| **Sales Revenue (incl. third party)** | | | |
| Sales gas and ethane | 897 | 746 | 20% |
| LNG | 887 | 696 | 27% |
| Crude oil | 575 | 740 | (22)% |
| Condensate | 183 | 183 | 0% |
| LPG | 52 | 77 | (32)% |
| **Total** | **2,594** | **2,442** | **6%** |

+ Higher sales revenues due to higher gas and LNG volumes, partially offset by lower prices and third party crude volumes



# Production costs

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## Upstream unit production costs down 18% to US$8.45/boe

| US$ million | Full-year 2016 | Full-year 2015 | Var |
|---|---|---|---|
| **Production costs** | **520** | **597** | **(13)%** |
| **Production cost (US$/boe)** | **8.45** | **10.35** | **(18)%** |
| **Other operating costs** | | | |
| LNG plant costs | 58 | 29 | 100% |
| Pipeline tariffs, processing tolls & other | 174 | 106 | 64% |
| Onerous contract | 29 | - | nm |
| Royalty and excise | 43 | 42 | 2% |
| Shipping costs | 22 | 23 | (4)% |
| **Total other operating costs** | **326** | **200** | **63%** |
| **Total** | **846** | **797** | **6%** |

- Upstream unit production costs down 18% to US$8.45/boe
  - GLNG down 26%
  - PNG LNG down 12%
  - Cooper Basin down 15%
- LNG plant costs higher due to GLNG T1 online for full-year and T2 for 7 months in 2016
- Pipeline tariffs, processing tolls and other expenses US$68 million higher
  - Higher pipeline capacity charges following increased volumes of Santos portfolio gas to GLNG
  - Expecting a similar level of tariffs and tolls in 2017
- Recognition of an onerous contract for gas pipeline capacity (US$29 million)
  - Excluding the onerous contract, total costs up 2%

# Capital expenditure

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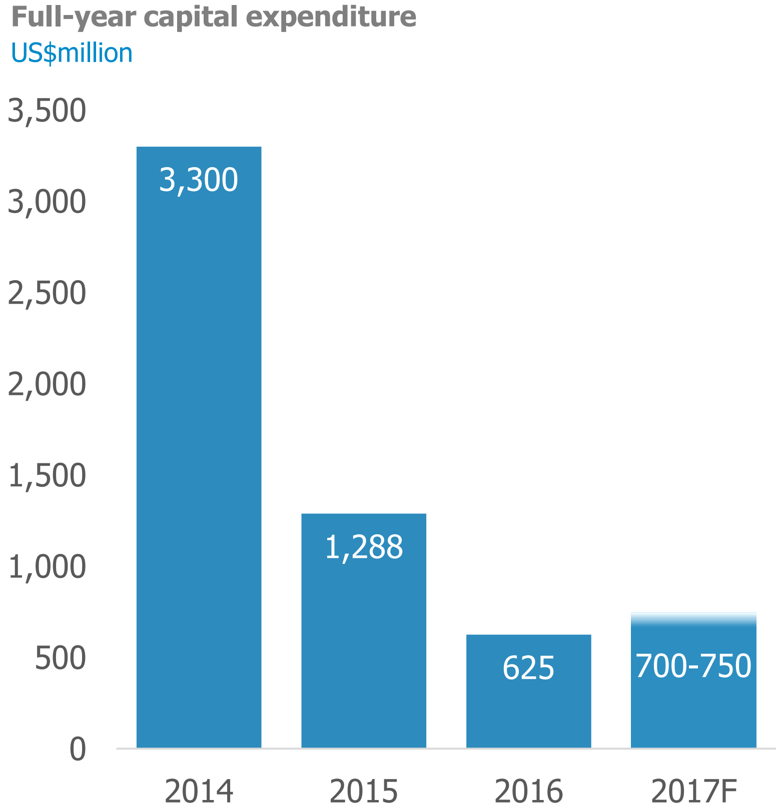
## 2016 capex down 51% to US$625 million
## 2017 capex guidance maintained at US$700-750 million




Capital expenditure guidance includes abandonment expenditure but excludes capitalised interest.

- 2016 capex 51% lower due to
  - Completion of GLNG
  - Completion of PNG LNG development drilling
  - Drilling efficiencies in Cooper and GLNG
- Drilled 39 gas wells in the Cooper (up 25%) in 2016 at US$4.2 million average per well (down 13%)
- Forecasting higher Cooper and GLNG upstream development activity in 2017, at lower unit cost
  - 47 Cooper gas wells in 2017 with 2 rigs
  - GLNG drilling rig count increasing from 1 to 3 by Q2, forecast drills 130-150 in 2017
- Progress Barossa-Caldita as candidate for DLNG backfill with 2 Barossa appraisal wells in 2017
- PNG exploration with further activity on Muruk discovery

# Cash flow

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US$635 million in free cash flow before funding, including US$429 million net proceeds from asset sales. Free cash flow breakeven reduced to US$36.50/bbl

| US$million | Full-year 2016 | Full-year 2015 | Var |
|---|---|---|---|
| **Operating cash flow** | **857** | **811** | **6%** |
| Net cash from disposals/acquisitions | 429 | (42) | nm |
| Investing cash flow | (651) | (1,550) | (58)% |
| **Free cash flow** | **635** | **(781)** | **nm** |
| **Cash at year end** | **2,026** | **839** | **141%** |

- Operating cash flow up 6% to US$857 million
- Net proceeds from asset sales in 2016 include Kipper, Stag and pastoral holdings in the Cooper Basin
  - Victoria and Mereenie asset sales (~US$80 million proceeds in aggregate) complete in 2017
- US$635 million in free cash flow before funding
- US$1.2 billion net increase in cash in 2016 (before SPP)

# Debt reduction

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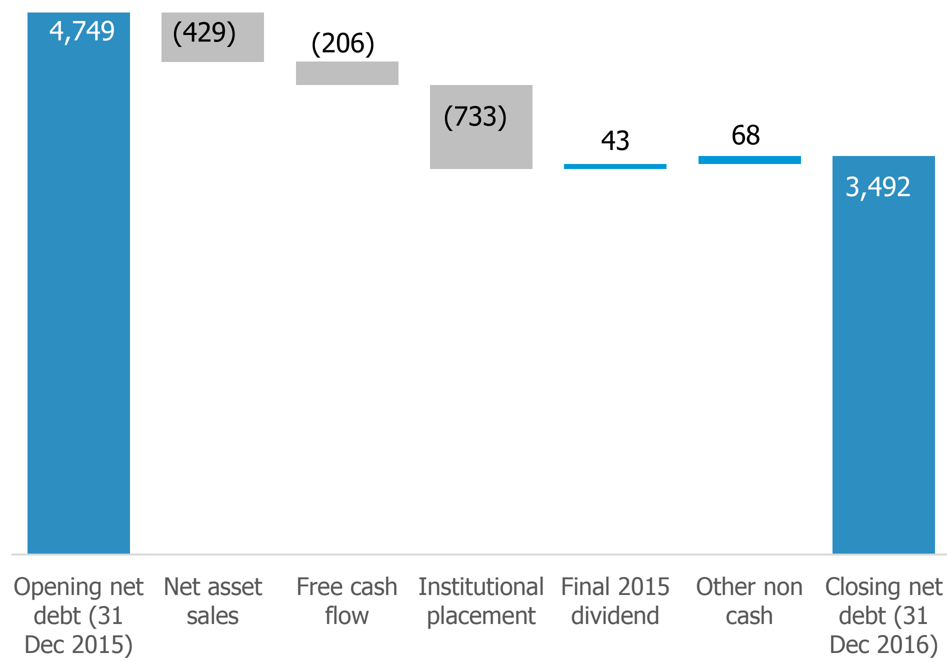
## Net debt reduced to US$3.5 billion as at December 2016. Gearing reduced to 33% Balance sheet strengthened. Refinancing capability and capacity improved

- Placement in December 2016 plus completed SPP provide flexibility for refinancing debt maturities
- S&P revised outlook on Santos' BBB- credit rating to stable from negative
- Target further US$1.5 billion reduction in net debt by the end of 2019 through free cash flow, sale of non-core assets and monetisation of infrastructure assets
- Targeting gearing of ~20% in the medium term

**2016 movement in net debt**
US$million



# Debt structure provides flexibility

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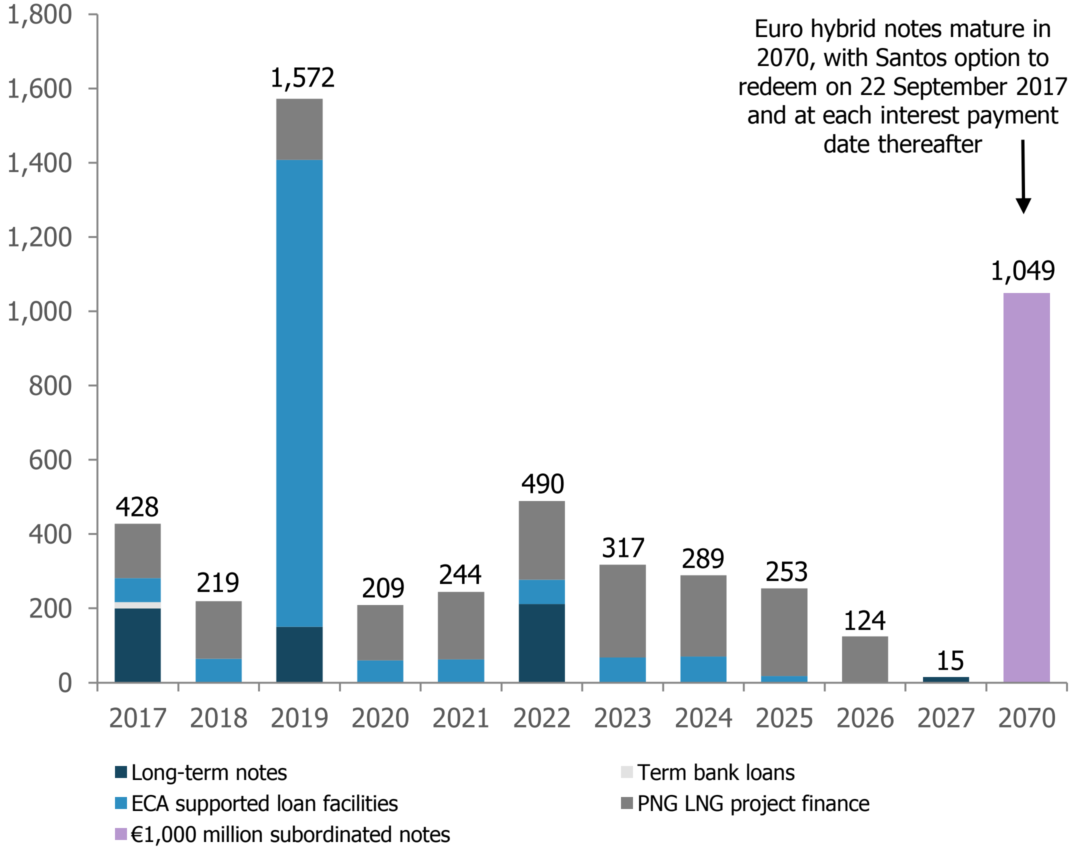
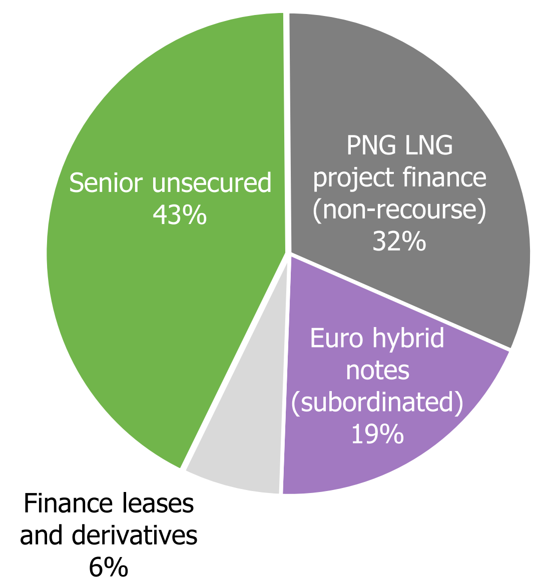
## Refinancing and terming-out maturities will commence in 2017

**Drawn debt maturity profile as at 31 December 2016[1]**
US$million




**Breakdown of drawn debt facilities as at 31 December 2016**




[1] Excludes finance leases and derivatives (including cross-currency swap related to Euro hybrid note, $US349 million maturing in September 2017). Refer to Appendix.

# Hedging reduces impact of commodity price volatility

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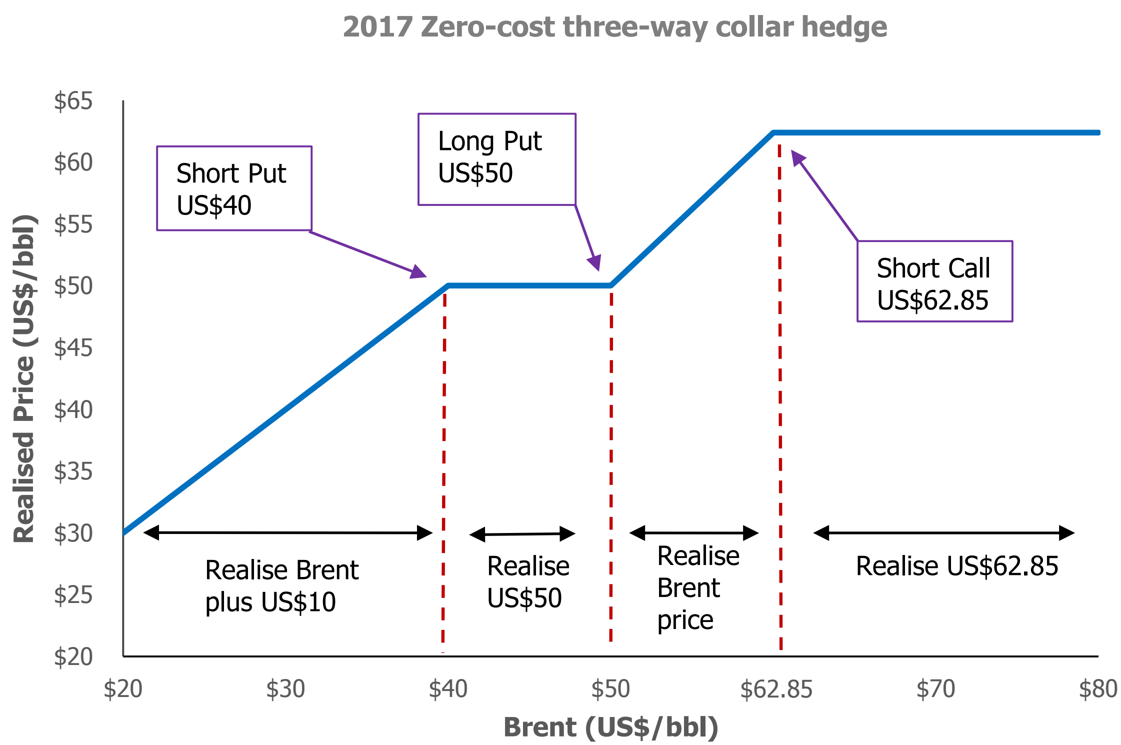
## Significant oil price leverage remains

- 11 million barrels hedged in 2017 using zero-cost three-way collars
- ~30% of oil-linked production hedged for 2017
- Hedging structure provides downside protection to low oil prices and sustaining capex, while maintaining reasonable upside participation



# Operations review

Kevin Gallagher
Managing Director and CEO

# Focus on five core long-life natural gas assets

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Portfolio simplification to drive improved performance and further productivity gains

### Cooper Basin

- Build production
- Increase utilisation of plant
- Target lowest cost operations

### GLNG

- Build gas supply
- Extract value from infrastructure
- Target lowest cost operations

### PNG

- Strengthen position
- Work with partners to align interests and support PNG LNG expansion

### Northern Australia

- Large resource base
- Work with partners to progress DLNG backfill and expansion opportunities

### WA Gas

- Robust domestic gas demand
- Successful discoveries in 2016

# Cooper Basin

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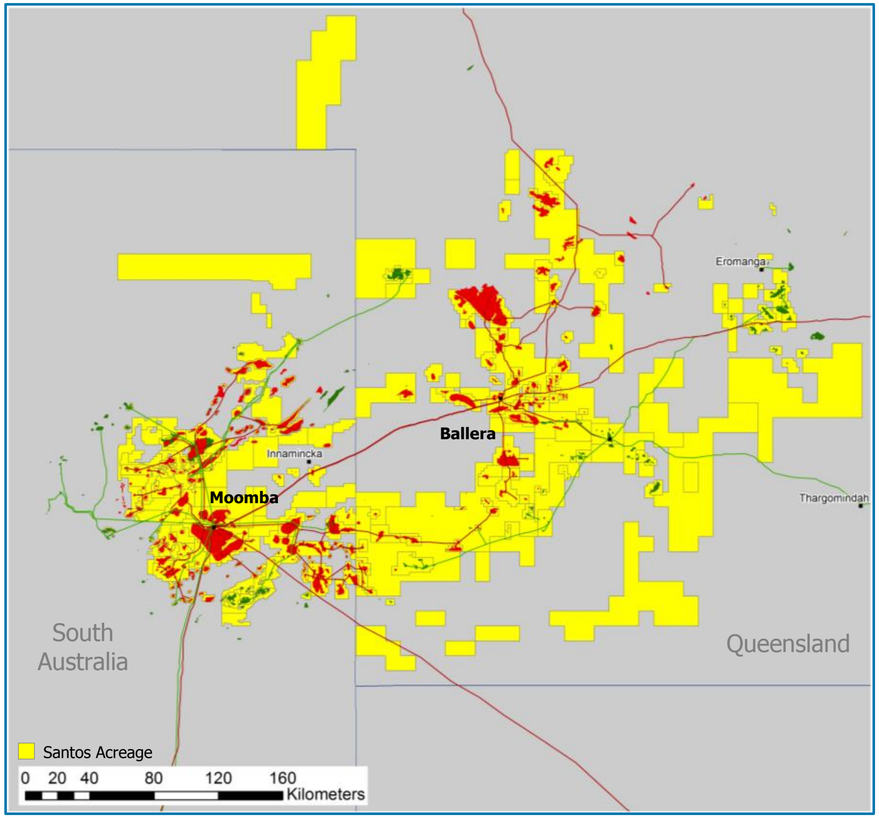
## Delivering a low cost, cash flow positive business

| Asset KPIs | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 15.1 | 15.5 |
| Sales volume (mmboe) | 23.5 | 20.8 |
| Revenue (US$m) | 768 | 851 |
| Production cost (US$/boe) | 10.7 | 12.7 |
| EBITDAX (US$m) | 265 | 293 |
| Capex (US$m) | 173 | 440 |

- Cooper Basin cash flow positive in 2016 (+US$100m)
- Unit production cost down 15% to US$10.7/boe
- Capex down 61% to US$173 million; 39 wells (up 26%) drilled with two rigs
- Gas well cost down 12% to US$4.2 million per well average (drill, stimulate, complete)
- Forecasting 47 wells in 2017 with two rigs at US$3.2 million per well (drill, stimulate, complete)

**Cooper Basin**



# GLNG

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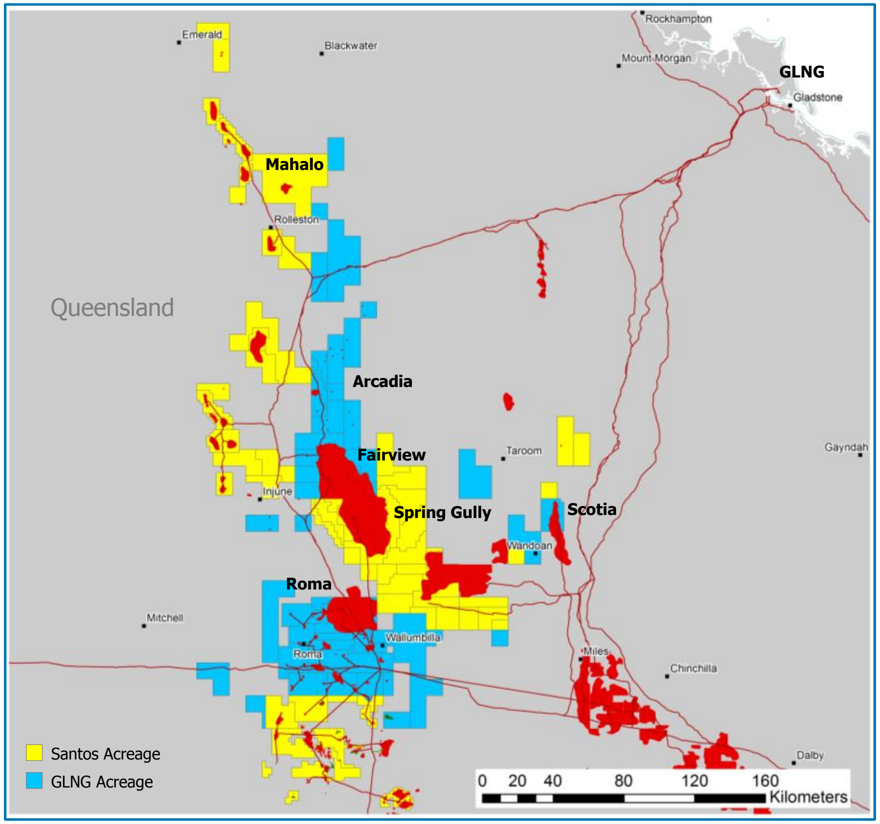
## Transforming GLNG to deliver steady-state operations and a cash flow positive business
## Aiming to ramp-up GLNG LNG sales from current levels to ~6mtpa over three years

| Asset KPIs[1] | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 9.5 | 4.2 |
| Sales volume (mmboe) | 19.8 | 5.5 |
| Revenue (US$m) | 540 | 123 |
| Production cost (US$/boe) | 6.4 | 8.6 |
| EBITDAX (US$m) | 183 | 31 |
| Capex (US$m) | 228 | 406 |

+ Train 2 start-up delivered to schedule in May 2016
+ Construction project completed and custody of entire LNG plant received in October 2016
+ Unit production cost down 26% to US$6.4/boe
+ Capex down 43% to US$228 million, including US$78 million on the LNG plant (complete)
+ GLNG drilling rig count increasing from 1 to 3 by Q217; forecasting 130-150 wells in 2017 at US$1.5 million per well
+ Raslie remediation progressing with positive results

**GLNG**




[1] GLNG Asset results include GLNG Joint Venture plus Combabula, Ramyard, Spring Gully, Dension and Tardrum.

# PNG

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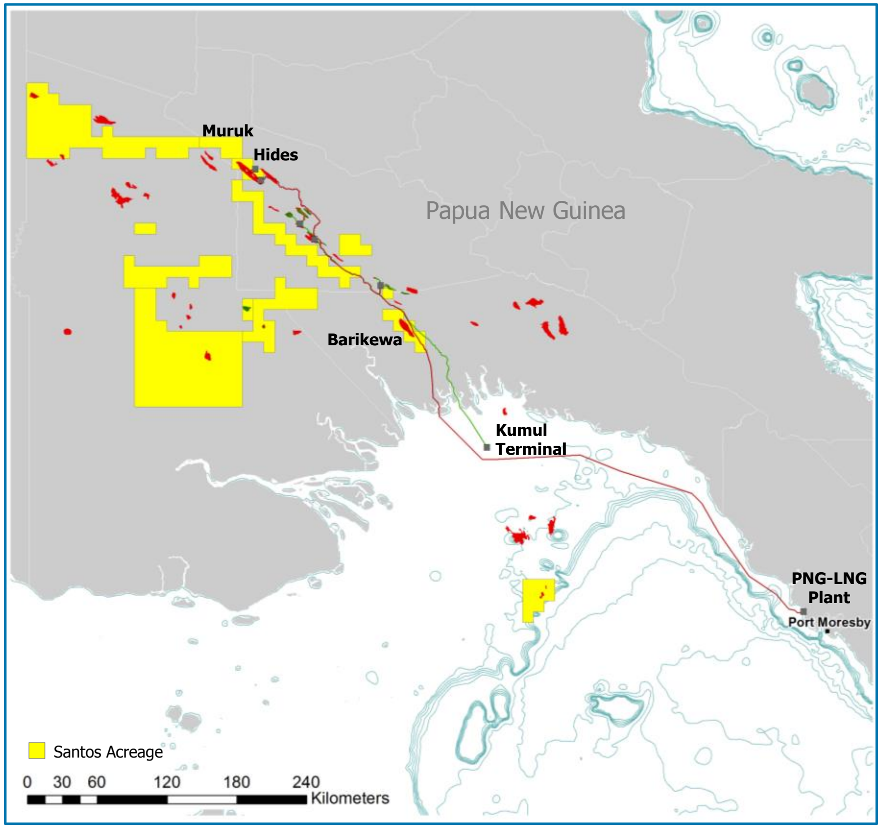
## Independent resource certification supports extended LNG production at current plateau rates
## Muruk discovery (Santos 20%) appraisal underway

| Asset KPIs | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 11.9 | 11.4 |
| Sales volume (mmboe) | 11.8 | 10.9 |
| Revenue (US$m) | 444 | 566 |
| Production cost (US$/boe) | 4.6 | 5.3 |
| EBITDAX (US$m) | 350 | 443 |
| Capex (US$m) | 8 | 144 |

- Excellent PNG LNG operating performance: ~8.3mtpa annualised production rate in Q4 2016 compared to nameplate capacity of 6.9mtpa
- EBITDAX lower due to lower oil prices
- Expansion of PNG LNG likely and details evolving
- Discussions continue on mechanism of incorporating P'nyang into PNG LNG
- Drilling and evaluation operations continuing on the Muruk discovery

PNG



# Northern Australia

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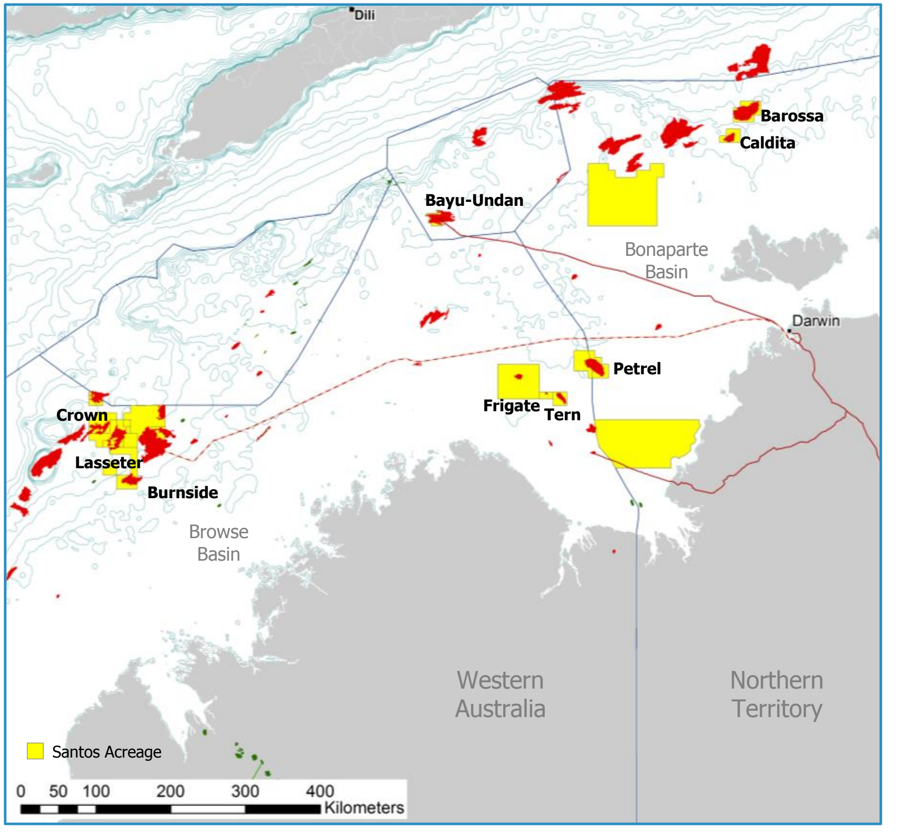
## Extensive discovered resource to backfill and expand existing LNG infrastructure
## Barossa appraisal commenced with first of two wells spudded

| Asset KPIs | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 4.2 | 4.3 |
| Sales volume (mmboe) | 4.2 | 4.3 |
| Revenue (US$m) | 145 | 215 |
| Production cost (US$/boe) | 17.6 | 18.9 |
| EBITDAX (US$m) | 86 | 143 |
| Capex (US$m) | 14 | 30 |

+ Excellent DLNG operating performance
+ EBITDAX lower due to lower oil prices
+ Barossa-Caldita being progressed as lead candidate for DLNG backfill; first of 2 Barossa appraisal wells spudded
+ FID for next phase of Bayu-Undan infill well development planned for 1H 2017
+ Santos' extensive discovered resource position includes Crown-Lasseter (30%) and Petrel-Tern (35-40%)

Northern Australia



# WA Gas

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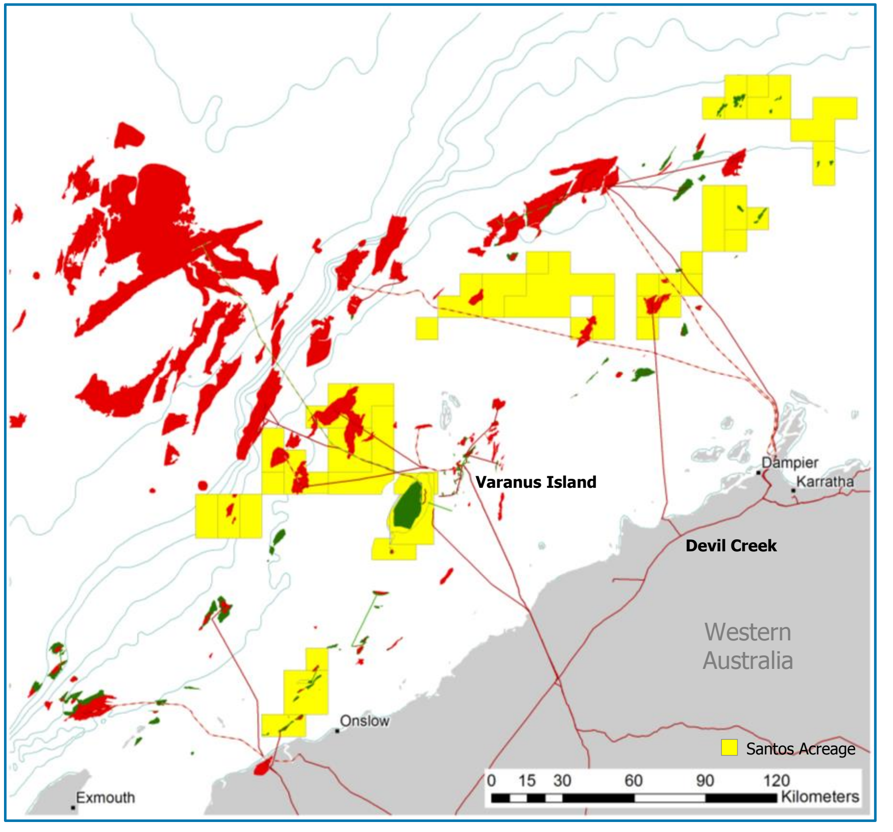
## Low cost operations with capacity and reserves to meet short and long-term demand

| Asset KPIs | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 8.9 | 9.4 |
| Sales volume (mmboe) | 8.8 | 9.4 |
| Revenue (US$m) | 184 | 227 |
| Production cost (US$/boe) | 5.1 | 5.0 |
| EBITDAX (US$m) | 210 | 162 |
| Capex (US$m) | 13 | 34 |

+ Production and sales volumes slightly lower due to lower customer nominations
+ 2016 EBITDAX includes a settlement under a revised gas sales agreement
+ Resource build for long-term backfill supported by successful near field discoveries at Davis and Spartan
+ Future projects include Varanus Island inlet compression and tieback of Spar-2 to increase gas deliverability

WA Gas



# Non-core assets

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Packaged and run separately for value as a standalone business
Portfolio to be continually optimised to maximise value

| Asset KPIs | 2016 | 2015 |
|---|---|---|
| Production (mmboe) | 11.7 | 12.7 |
| Sales volume (mmboe) | 11.7 | 12.9 |
| Revenue (US$m) | 411 | 473 |
| Production cost (US$/boe) | 14.1 | 17.1 |
| EBITDAX (US$m) | 217 | 217 |
| Capex (US$m) | 50 | 44 |

+ Stag (WA Oil) sold in November 2016. Victoria and Mereenie sold with completion dates in 2017. These assets combined contributed 2.8 mmboe production in 2016
+ Unit production cost down 18% to US$14.1/boe
  + Vietnam down 27%
  + WA Oil down 20%

| Non-core assets | | |
|---|---|---|
| Asia | Onshore Australia | Offshore Australia |
| + Indonesia<br>+ Vietnam<br>+ Malaysia<br>+ Bangladesh | + Narrabri<br>+ Mereenie (sold) | + WA Oil<br>+ Victoria (sold) |

# Reserves

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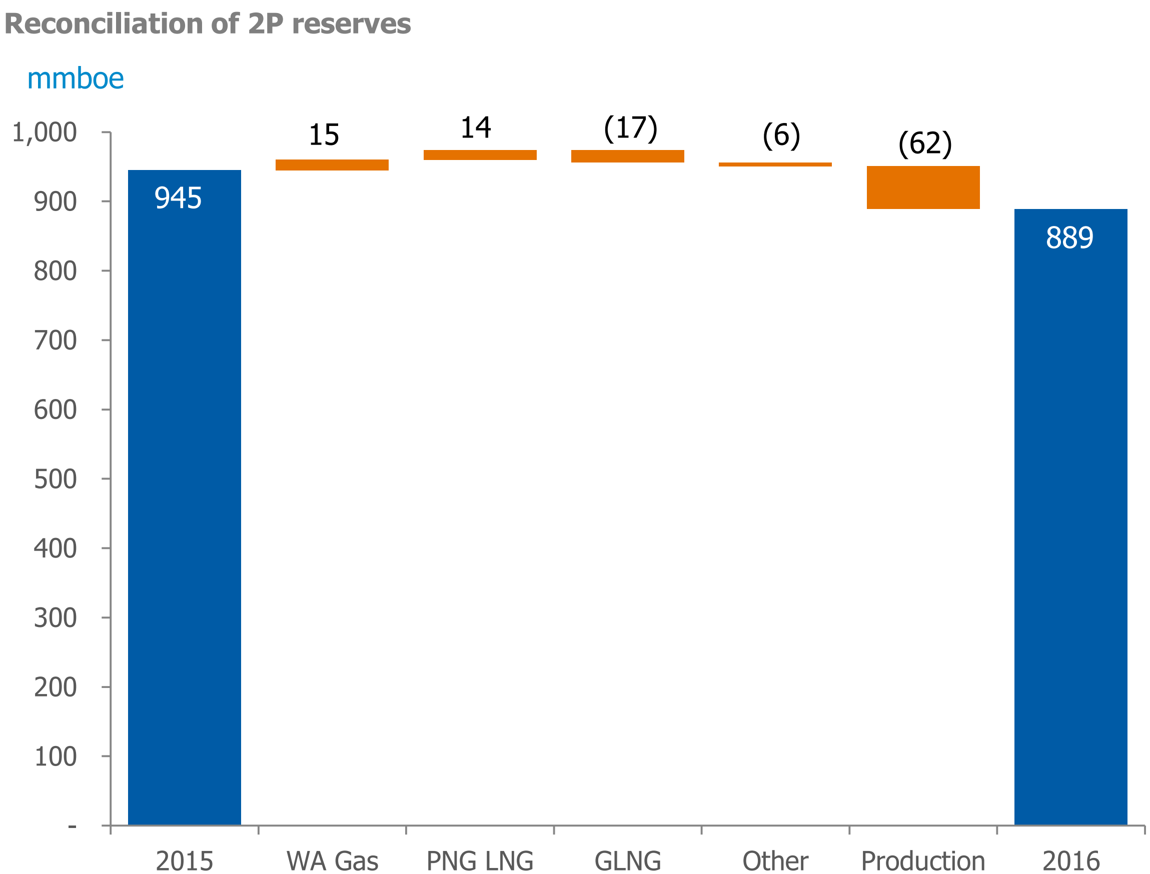
## 1P reserves increased by 61 mmboe before production (106% organic RRR)
## 2P reserves increased by 6 mmboe before production (19% organic RRR)




- Higher WA Gas due to reserves upgrade at Reindeer
- Higher PNG LNG due to positive Hides field performance and reduced FFV forecast
  - PNG LNG has recently undergone an independent (NSAI) contingent resource certification, supporting extended production at current plateau rates
  - Santos has not incorporated the NSAI review in its year-end 2016 PNG LNG reserve and resource estimates
- Higher GLNG 2P reserves and 2C contingent resources combined
  - 2P reserves were 3% lower before production, primarily due to revisions to field development plans
  - No change in the Raslie area of Roma, where remediation plans are progressing
- Cooper Basin and Northern Australia reserves maintained before production

For further information, refer to the Reserves Statement contained in the 2016 Annual Report released to ASX on 17 February 2017.
RRR = Reserves replacement ratio. Other includes Cooper Basin, Northern Australia and Other assets.

# Summary

Santos

## Disciplined, focused strategy to drive shareholder value

| | |
|---|---|
| Turnaround | + Free cash flow breakeven reduced to US$36.50/bbl[1]<br>+ Free cash flow positive for last eight months of 2016 |
| Portfolio simplification | + Five core long-life natural gas assets at the heart of a disciplined, focused strategy, each with significant upside |
| Oil Price Leverage | + Operating cash flow leverage of US$300 million in 2017 for a US$10/bbl oil price movement[2] |

[1] Free cash flow breakeven is the average annual oil price in 2016 at which cash flows from operating activities equals cash flows from investing activities. Excludes one-off restructuring and redundancy costs and asset divestitures.
[2] 2017 OCF leverage calculated using US$50-US$62.85/bbl oil price range where realised oil price is achieved under 2017 zero-cost three-way-collar hedge.

# 2016 Full-year results

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## Appendix

# Significant items

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## Reconciliation of full-year net loss to underlying profit

| US$million | Full-year 2016 | Full-year 2015 |
| --- | --- | --- |
| **Net profit/(loss) after tax** | (1,047) | (1,953) |
| Add/(deduct) significant items after tax | | |
| Impairment losses | 1,101 | 2,014 |
| Net gains on asset sales | (17) | (1) |
| Other | 26 | (11) |
| **Underlying profit** | 63 | 49 |

# 2016 Segment results summary

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| Full-year 2016 US$million | Cooper Basin | GLNG | PNG | Northern Australia | WA Gas | Other Assets | Corporate explor'n & elimins | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **768** | **540** | **444** | **145** | **184** | **411** | **135** | **2,627** |
| Production costs | (162) | (61) | (56) | (73) | (45) | (164) | 41 | (520) |
| Other operating costs | (77) | (74) | (38) | - | (5) | (16) | (116) | (326) |
| Third party product purchases | (201) | (142) | (2) | - | - | (3) | (196) | (544) |
| Inter-segment purchases | (18) | (75) | - | - | - | - | 93 | - |
| Product stock movement | (11) | (12) | - | - | 3 | - | (7) | (27) |
| Other income | 10 | 5 | 2 | 8 | 76 | 9 | 10 | 120 |
| Other expenses | (44) | (7) | - | (4) | (6) | (18) | (96) | (175) |
| FX gains and losses | - | 9 | - | - | 3 | (2) | 24 | 34 |
| Share of profit of joint ventures | - | - | - | 10 | - | - | - | 10 |
| **EBITDAX** | **265** | **183** | **350** | **86** | **210** | **217** | **(112)** | **1,199** |

# 2015 Segment results summary

Santos

| Full-year 2015 US$million | Cooper Basin | GLNG | PNG | Northern Australia | WA Gas | Other Assets | Corporate explor'n & elimins | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **851** | **123** | **566** | **215** | **227** | **473** | **23** | **2,478** |
| 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 | (26) | (13) | - | - | - | - | 39 | - |
| Product stock movement | 27 | 16 | (4) | - | - | 10 | 14 | 63 |
| Other income | (1) | - | 1 | - | 7 | (1) | 3 | 9 |
| Other expenses | (45) | (5) | (10) | - | (19) | (21) | (47) | (147) |
| FX gains and losses | (3) | 17 | - | - | (2) | 3 | 181 | 196 |
| Share of profit of joint ventures | - | - | - | 10 | - | - | - | 10 |
| **EBITDAX** | **293** | **31** | **443** | **143** | **162** | **217** | **165** | **1,454** |

# Liquidity and net debt

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## US$4.3 billion in cash and committed undrawn debt facilities as at 31 December 2016

| Liquidity (US$million) | | 31 Dec 2016 | 31 Dec 2015 |
|---|---|---|---|
| Cash | | 2,026 | 839 |
| Undrawn bilateral bank debt facilities | | 2,313 | 2,637 |
| **Total liquidity** | | **4,339** | **3,476** |
| Debt (US$million) | | | |
| Export credit agency supported loan facilities | Senior, unsecured | 1,735 | 1,744 |
| US Private Placement | Senior, unsecured | 618 | 603 |
| PNG LNG project finance | Non-recourse | 1,749 | 1,869 |
| Euro-denominated hybrid notes | Subordinated | 1,072 | 1,146 |
| Other | Finance leases and derivatives[1] | 344 | 226 |
| **Total debt** | | **5,518** | **5,588** |
| **Total net debt** | | **3,492** | **4,749** |

[1] Includes lease liabilities, interest rate and cross-currency swaps, and commodity derivatives.

# 2017 Guidance

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After adjusting for asset sales, 2017 sales volumes expected to be between 73 and 80 mmboe and production to be between 55 and 60 mmboe

| 2017 Guidance | |
|---|---|
| Sales volumes | 73-80 mmboe |
| Production | 55-60 mmboe |
| Upstream production costs | US$8-8.50/boe |
| DD&A | US$700-750 million |
| Capital expenditure | US$700-750 million |

| Capex (US$million) | 2017F |
|---|---|
| Cooper Basin | 200-225 |
| GLNG - upstream | 150-175[1] |
| GLNG – pipeline and plant | 20 |
| PNG | 30 |
| Northern Australia | 60 |
| WA gas | 60 |
| Exploration | 110 |
| Non-core assets | 70[2] |
| **Total capital expenditure** | **700-750** |

- 2017 Sales and production volumes influenced by:
  - asset sales, -2.8 mmboe (Victoria, Stag, Mereenie)
  - natural field decline, -3.5 mmboe (primarily Cooper, Indonesia, Vietnam)
  - higher GLNG and WA Gas production, +2 mmboe

Capital expenditure guidance includes abandonment expenditure but excludes capitalised interest.

[1] GLNG upstream includes Santos share of Combabula and Spring Gully
[2] Includes 2017 forecast Thevenard abandonment expenditure (~$US40 million)