

Woodside Petroleum Ltd.

**2019 Annual General Meeting
Thursday, 2 May 2019**

Chairman Richard Goyder

Good afternoon and welcome to Woodside's 2019 Annual General Meeting.

This is my first AGM as Chairman of Woodside and I am looking forward to hearing directly from our shareholders. None of the company's achievements over the past 65 years would have been possible without you and those who invested before you, right back to those who purchased the original shares for 5 shillings each in 1954.

I would like to begin by thanking my predecessor Michael Chaney, who maintained a focus on shareholder value through his twelve years as Chairman. It is an honour to take on this role at a time when Woodside is embarking on a growth phase that will build on our history as the pioneer of LNG in Australia, ensuring a bright future for the company and benefiting the nation.

The AGM is an important occasion in our company's calendar, allowing us to engage directly with our shareholders and giving them the opportunity to talk to the Board and senior management.

I want to use the time available to make sure you, our shareholders, can ask the questions you want to ask about a range of issues. It has been a busy year for Woodside and we have a lot of ground to cover today.

The past year was characterised by real progress on Woodside's growth plans, while the company maintained operational excellence across the base business and delivered strong financial results.

Net profit after tax increased by 28% in 2018, to more than US\$1.36 billion. This meant we were again in a position to increase our fully-franked dividend, to US144 cents per share. It is gratifying that we have been able to return value to shareholders while also planning for growth.

I know Peter will talk in detail about progress on Woodside's proposals to develop the Scarborough and Browse resources through the Pluto LNG facility and the Karratha Gas Plant and connect those two facilities.

I would like to talk about why those growth plans matter.

They matter to our company and shareholders because these plans maximize the value of our assets and deliver extra LNG right at a time when a global supply gap is emerging.

They matter to our communities - and to Australia - because they will deliver jobs, economic growth, taxation revenue and the provision of a reliable energy source.

And our growth plans matter to the world because natural gas is crucial to setting the world on a sustainable energy path. Energy demand is set to rise in coming decades right at the time when we need greenhouse gas emissions to fall in line with the Paris Agreement.

The world will need more energy with fewer emissions. To achieve this, we will need natural gas to replace higher emissions fuels and to support the take-up of renewables.

For these reasons, global LNG trade is expected to double over the next 20 years. Our proposed growth projects can be part of the global response to the dual challenges of extending access to modern energy while reducing emissions.

Those challenges are particularly evident in Asian markets that Woodside is well-placed to supply and where the contribution of LNG to cleaner air quality is also a major drawcard.

As we approach big investment decisions, the Board is thinking deeply and critically about the company's future in the decades to come. We are thinking not only about the global role of LNG in a cleaner energy mix but also about what steps Woodside can take to mitigate environmental impacts from our own operations. And we are applying a longer-term lens as we consider the role our company plays in providing reliable, affordable and sustainable energy in the decades ahead.

We want to ensure your company continues to be sustainable in every sense – environmentally, financially and socially.

I'll refrain from commenting today on the current federal political contest, but regardless of the election outcome, Australia will need responsible policy that supports long-term sustainable development. To be effective, that policy must be determined at the national level, in support of international action.

Woodside calculates that the Burrup Hub growth projects we are considering can support up to 5000 direct jobs in the construction phase and sustain an average of 2000 direct jobs in steady state operations, plus thousands more throughout the supply chain.

These projects are vital to the region around Karratha, which is the home of Woodside's operations and where the company is seeking to build its residential workforce while creating opportunities for local suppliers and contractors and for Indigenous employment.

Our proposals for the Burrup Hub would secure a bright future for Karratha and deliver significant benefits to Western Australia and the nation.

The national benefits include billions of dollars in taxation revenue in the decades ahead. There has been some recent commentary around the tax contribution of our industry. Let me be clear: as an Australian company, Woodside pays its taxes, amounting to A\$894 million in taxation and royalties in Australia in 2018 and A\$4.9 billion over the past five years.

On behalf of the Board, I would like to take this opportunity to thank Melinda Cilento for her diligence and commitment as a Director for just over a decade. The Board will in due course appoint Melinda's replacement and will seek shareholder approval at our next annual general meeting. In selecting a new director, we are guided by a commitment to diversity and a strong focus on capabilities to ensure the Board is well-equipped to fulfil its governance responsibilities.

As has been noted in some of the recent commentary around corporate governance in Australia, it is vital that a Board is aware, prepared and engaged on emerging risks and confident to challenge management in the best interests of the company.

I would also like to thank CEO Peter Coleman and his team for their hard work in 2018, sustaining excellent base business while preparing for growth. It was the first year of the new executive remuneration arrangements, with the outcomes outlined in detail in the annual report.

Your company has some great opportunities within reach. We are thinking strategically about those opportunities and the future of Woodside.

With decades of experience, access to new resources and facilities to develop them, Woodside is well-positioned as more and more countries in our region turn to LNG to meet the world's growing energy needs in a sustainable way. Thank you.

I will now hand over to Peter to talk more about Woodside's achievements in the past year and our plans for the future.

CEO and Managing Director Peter Coleman

Thank you Richard, and good afternoon everybody.

This is a year of milestones for Woodside.

- 65 years ago we first listed as a company.
- 35 years ago we started supplying gas to Western Australian customers.
- And 30 years ago we began exporting LNG to Asian markets.

Now we are recognized as a world leader in LNG supply and are pursuing a growth strategy that will increase our production right at the time when the world needs more LNG.

I'll talk shortly about the momentum that is building around those growth plans as we head towards final investment decisions next year on Scarborough, the expansion of the Pluto LNG facility, and Browse.

But first, let me recap on the excellent year we had in our base business, which was reflected in our strong financial results. We increased free cash flow to \$1.52 billion and Richard has already mentioned the increase in profit. The full-year dividend increased by 47%.

Our results were supported by sustained low operated LNG unit production costs, of \$3.60 per barrel of oil equivalent, as well as higher sales revenues due to higher realized prices. Production grew 8%, to 91.4 million barrels of oil equivalent.

Wheatstone exceeded expectations for LNG production – and started domestic gas production this year. The North West Shelf project marked the delivery of its 5000th cargo.

We continued to focus on strengthening our safety culture, achieving a low total recordable injury rate of 1.32 per million work hours.

Our expertise in project execution was again evident as we delivered Greater Western Flank Phase 2 six months ahead of schedule and \$630 million under total budget. That's a feather in our cap as we head into a growth phase.

Greater Enfield is expected to come online later this year.

The next instalment in our growth story will come from Senegal, where we transitioned to operator in 2018 and secured environmental approvals. We have this year awarded several contracts for the first phase of the offshore SNE development and are targeting FID as early as possible in the second half of 2019 to accommodate approvals and funding activities, and first oil in 2022.

In Myanmar, two further gas discoveries in 2018 enhanced the commercial prospects of the acreage.

At the AGM last year, I talked about the concept of the Burrup Hub, describing it as bold but simple. Bold because of the scale of it, supporting the development of some 20 to 25 trillion cubic feet of gross dry gas resources, which is more than the entire volume processed through the Karratha Gas Plant since its startup in 1984. And simple because it relies on proven facilities and Woodside operates all relevant resources and assets.

In the past year, we have made concrete progress on our proposals to develop those facilities into an integrated regional LNG production centre.

Our strategy is straight-forward: using Woodside's strong balance sheet to capture assets and start to develop them to take advantage of the low point in the cost cycle and prepare for the emerging supply gap.

We are already seeing the benefits of that approach as we engage contractors and begin to secure market support.

Let me sketch out the progress thus far, starting with our proposal to develop the Scarborough resources through the Pluto LNG facility.

After increasing our equity in Scarborough to 75% in early 2018, we assumed operatorship and have awarded engineering contracts for the upstream development.

We have selected an expansion concept for Pluto LNG and begun engineering work on the second liquefaction train.

Crucially, we have begun to lock in both local and international customers, including a Heads of Agreement signed last month with growing Chinese gas distributor and retailer ENN group for 1 million tonne per annum for ten years, starting from 2025.

There has also been strong interest from potential equity partners.

Our proposal to process the Browse resources through the North West Shelf Project's Karratha Gas Plant took a big step forward with the signing of a landmark preliminary tolling agreement between the two Joint Ventures.

We are working with our Joint Venture partners to convert that into a final agreement, transforming KGP into a toll processing facility, so it can continue to operate long after the North West Shelf gas fields go into decline.

It makes sense for Woodside, as operator of both Joint Ventures, because it optimizes the emerging capacity in KGP and provides a cost-effective approach for LNG production from Browse.

Opening up the facilities to other players also maximises value for Western Australia, facilitating the potential development of smaller gas reserves that would otherwise be stranded.

And we are taking this opportunity to think about how we can do things better, whether through integrating renewables and batteries into powering our facilities, or through applying digital technologies to improve the monitoring of our operations.

We have recently opened the Pluto LNG truck loading facility that will supply LNG for use in remote power generation and transport in the Pilbara and beyond, reducing emissions by replacing diesel fuel.

We are working to improve energy efficiency in our operations, but the reality is there is limited scope to reduce emissions. We are developing options for offsetting emissions, but it is important there is an holistic approach that takes account of the emissions reductions that are secured globally when our product displaces higher emissions fuels.

The International Energy Agency reported recently that coal-to-gas switching helped avert 95 Million tonnes of CO2 emissions in 2018. Without this, the increase in global emissions would have been more than 15% greater. There was rapid growth in renewables – but not fast enough to meet the increased demand for electricity around the world. Gas emerged as the fuel of choice, accounting for nearly 45% of the increase in total energy demand.

Richard has already explained why we expect rising demand for LNG in the decades ahead as the world needs more energy and cleaner energy.

Of course, we are not the only company to recognise this. Other projects are progressing around the world. We have an advantage in using existing facilities, but we face stiff competition. The biggest benefits will accrue to those who are ready to deliver the extra supply when it is needed.

That's why we're moving quickly to take advantage of the opportunities in front of us.

You may have heard me talk in the past year about the longer-term opportunities as we consider how Woodside's expertise in the production and transportation of gas could underpin our future participation in hydrogen supply. That's something that we see as reaching commercial scale after 2030, so we are taking steps now to understand the potential of that market.

Our company has a proud past, but we are focused on the future. I said at the start that this was a year of milestones for Woodside. But the real milestones that I want to hit are the ones in front of us as we progress our growth strategy to deliver a bright future for our company and benefits for our communities, our country and our customers. Thank you.