

2014 full-year results

Peter Coleman | CEO and Managing Director | 18 February 2015



woodside



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 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, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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.

Sustained strong financial and operating results

❑ Improved safety performance	50% reduction in lost time injuries
❑ Record production	95.1 MMboe
❑ Strong financial result	
▪ Reported NPAT	\$2.414 billion
▪ Return on equity	15.3%
▪ Free cash flow ¹	\$4.168 billion
❑ Robust financial position	
▪ Net cash	\$0.682 billion
▪ Available liquidity	\$6.818 billion
❑ Record full year dividend	US 255 cents per share

Our strategy is delivering results

Maximise core

- ❑ Top quartile LNG reliability
- ❑ Delivered \$560 million in productivity improvement benefits
- ❑ A more efficient, lower cost E&P company

Leverage capability

- ❑ Pluto LNG pricing increased
- ❑ Enhanced marketing
 - Supply: Wheatstone¹, Corpus Christi²
 - Markets: Korea, Singapore, Emerging SE Asia

Grow portfolio

- ❑ Developed new growth areas
 - Enhance existing areas: Wheatstone, Balnaves¹
 - Growth: Kitimat¹, Increased international exploration acreage in six prospective basins (across the Atlantic margins, Sub-Saharan Africa and Australasia)
- ❑ Supplier of reliable energy to Asia using globally diverse competitive resources

1. The acquisition remains subject to regulatory approvals, and joint venture participant consent for the Kitimat LNG project
2. The project is subject to FID and Woodside's obligations are subject to conditions precedent

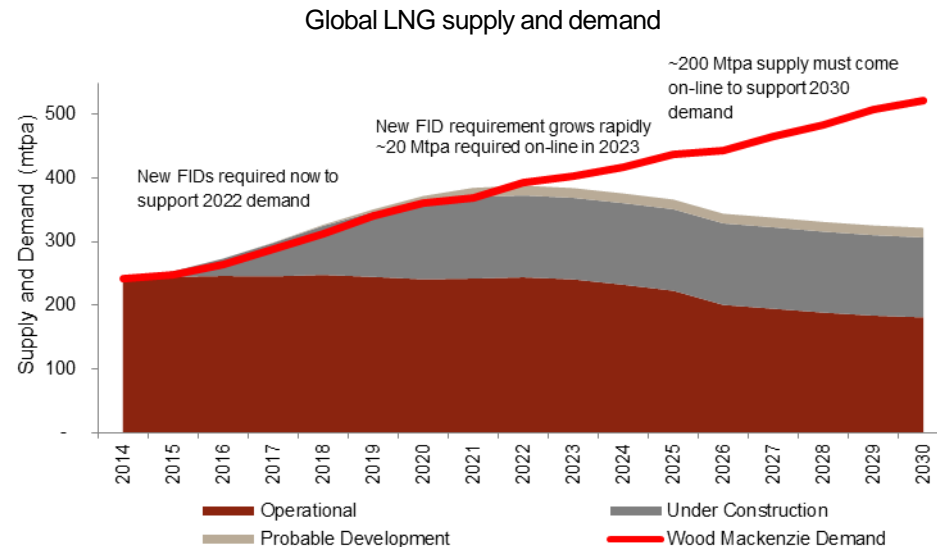
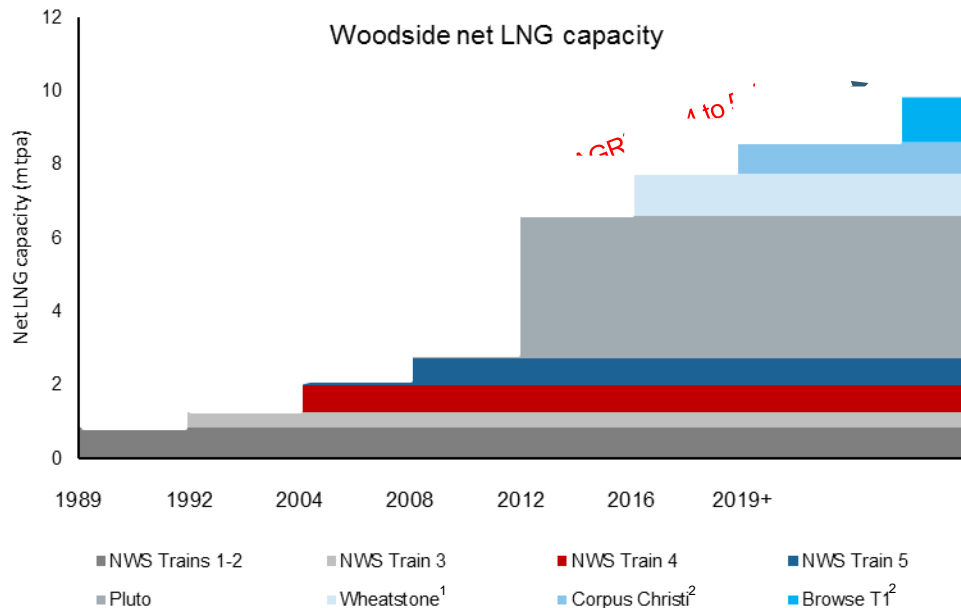
The current low oil price environment may continue for an extended period

- ❑ New dynamics are being tested in the market
 - Unconventional oil
 - OPEC role
- ❑ Near term: Price driven by cost of incremental supply
- ❑ Medium term: Price recovery is required to fund supply replacement
 - Continued demand growth expectation of 2-3% per annum
 - Current price insufficient to attract necessary investment

Business plan revised to reflect an extended low oil price environment

- ❑ Reduced 2015 base business expenditure relative to original plan:
 - operating expenditure down ~ 15%
 - investment expenditure down ~ 20%
- ❑ Organisation efficiencies achieved in 2014, more to come in 2015
- ❑ Driving down cost base for new projects
- ❑ Restructure pricing of service and supply contracts

Existing growth pipeline is well placed to meet expected demand



- ❑ In less than two years we will add Wheatstone¹ volumes to our production capacity
- ❑ Browse², Kitimat¹ and Corpus Christi² ideally placed to meet global demand beyond 2020

2014 full-year results

Lawrie Tremaine | CFO | Financial Results



Record full-year financial results, with increased realised prices, and reduced cost

Income Statement

- ❑ Reported Net Profit after Tax of \$2.414 billion, up 38%
- ❑ Record underlying Net Profit after Tax of \$2.421 billion, up 42%
- ❑ Record underlying earnings per share of US294 cents, up 42%
- ❑ Record operating revenue of \$7.435 billion, up 25%
- ❑ Volume weighted averaged realised prices of \$75.89, up 13%

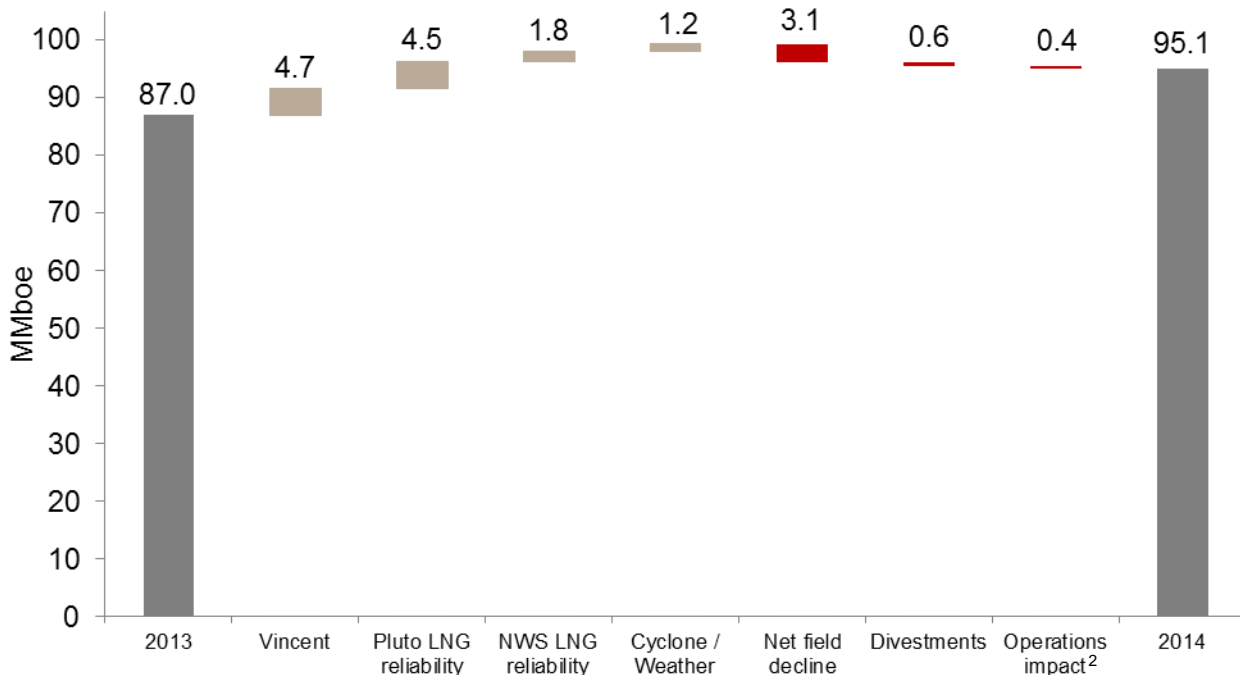
Balance Sheet

- ❑ Net cash of \$0.682 billion, a 144% improvement
- ❑ \$6.818 billion in cash and available debt facilities

Cash Flow

- ❑ Positive free cash flow of \$4.168 billion, up 84%
- ❑ Record final dividend of US144 cents per share, up 40%

Record production of 95.1 MMboe, up 9%, reflecting our focus on reliability

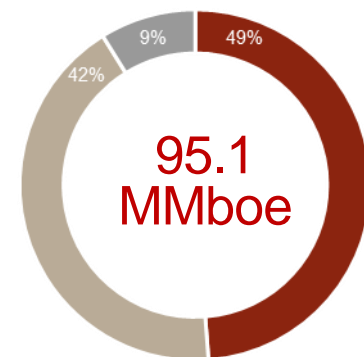


Gains from:

- ☐ Full year of production from the Vincent FPSO
- ☐ Higher reliability at Pluto and NWS
- ☐ Reduced cyclone impact across all our assets

Partially offset by:

- ☐ Net field decline¹



1. Net field decline excludes the impact of Vincent
 2. Operations impact includes changes in maintenance, availability and any other change not mentioned in the chart above

Increased volume weighted average realised pricing from increased oil volumes and LNG re-pricing

Average realised price

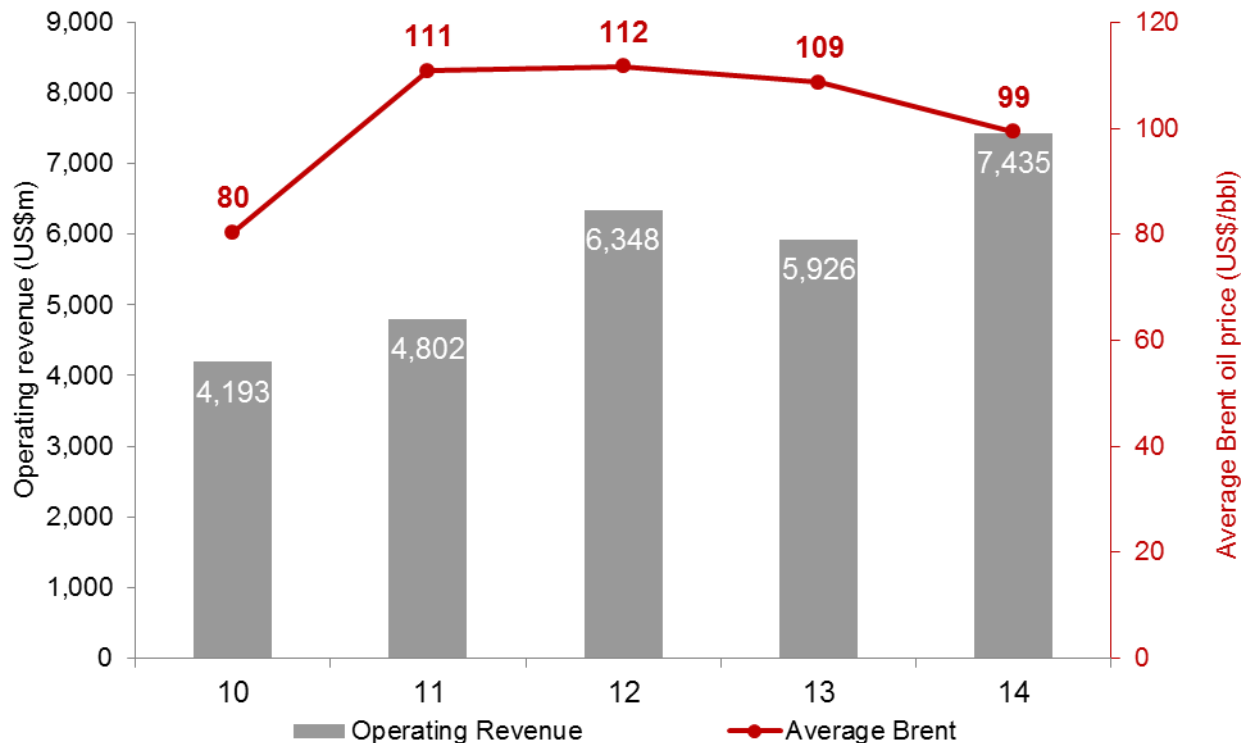
All in US\$/boe	2013	2014	Variance
NWS LNG	77.43	73.46	(3.97)
Pluto LNG	54.52	81.31	26.79
Pipeline natural gas	26.31	28.18	1.87
Condensate	105.04	96.57	(8.47)
LPG	101.71	100.40	(1.31)
Oil	111.29	100.77	(10.52)
Volume weighted average realised prices	67.43	75.89	8.46

❑ Pluto LNG pricing increased 49%:

- Approximately half the volume sold in 1H 2014 was under previous pricing terms
- Full impact of new pricing took effect in 2H 2014

❑ LNG contract pricing was not fully impacted by lower oil price at year end due to pricing formula lag

Record operating revenue of \$7,435 million, up 25%



Increased revenue from:

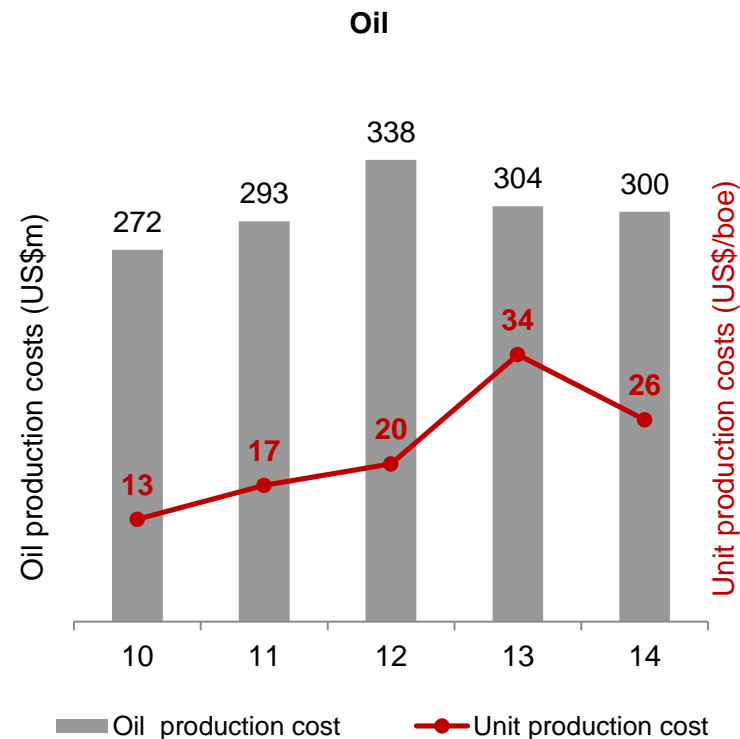
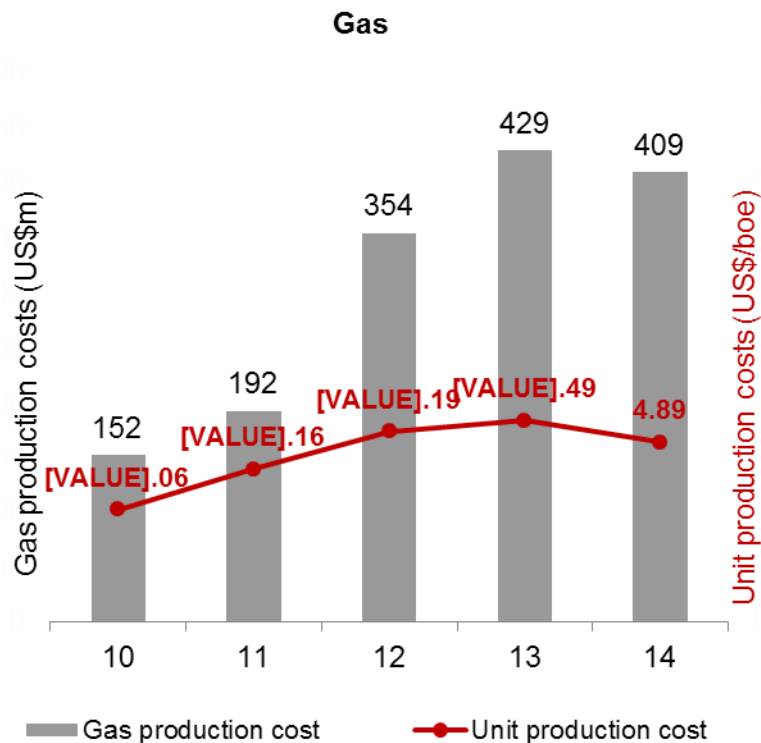
- ❑ Pluto LNG pricing: \$958 million
- ❑ Vincent production: \$486 million
- ❑ Pluto LNG volumes: \$249 million
- ❑ Trading revenue: \$161 million
- ❑ Pluto condensate volumes: \$113 million

Decreased revenue from:

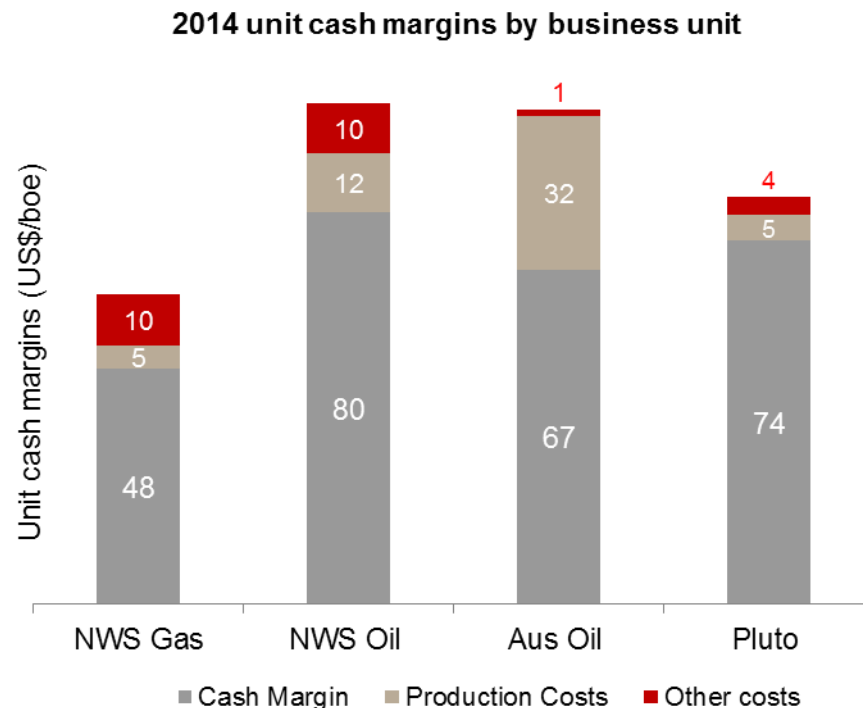
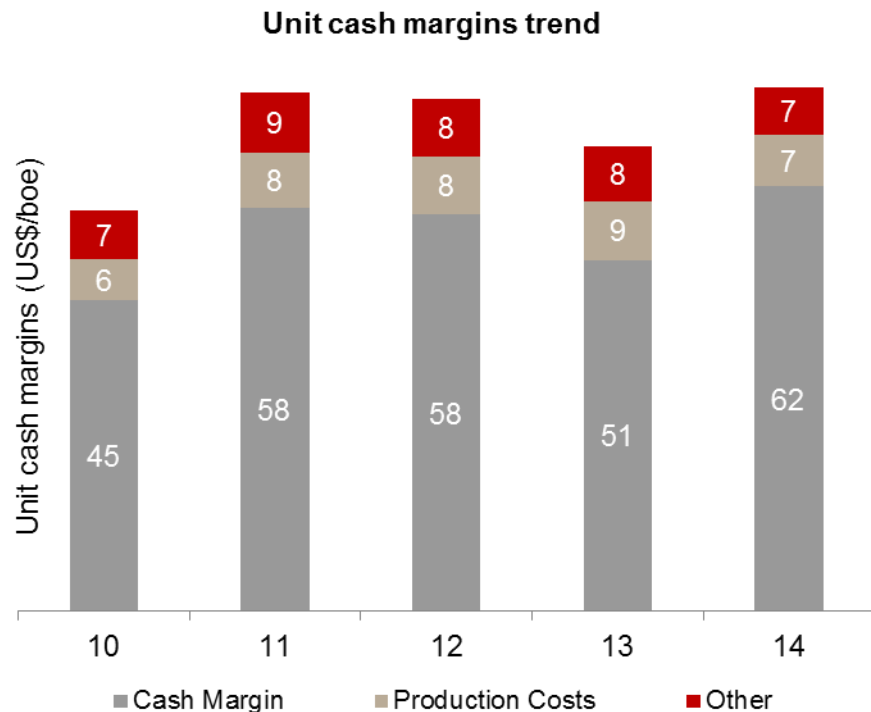
- ❑ Lower average realised prices: \$207 million¹
- ❑ Lower oil volumes: \$180 million²
- ❑ Lower NWS condensate volumes: \$133 million

1. Excluding Pluto and Vincent
2. Excluding Vincent and USA volumes

Reliability and efficiency focus deliver lower unit production costs



Vincent refurbishment and Pluto marketing efforts deliver higher unit cash margins



Improvements delivered \$560 million in benefits in 2014

Targeted benefits by 2016:

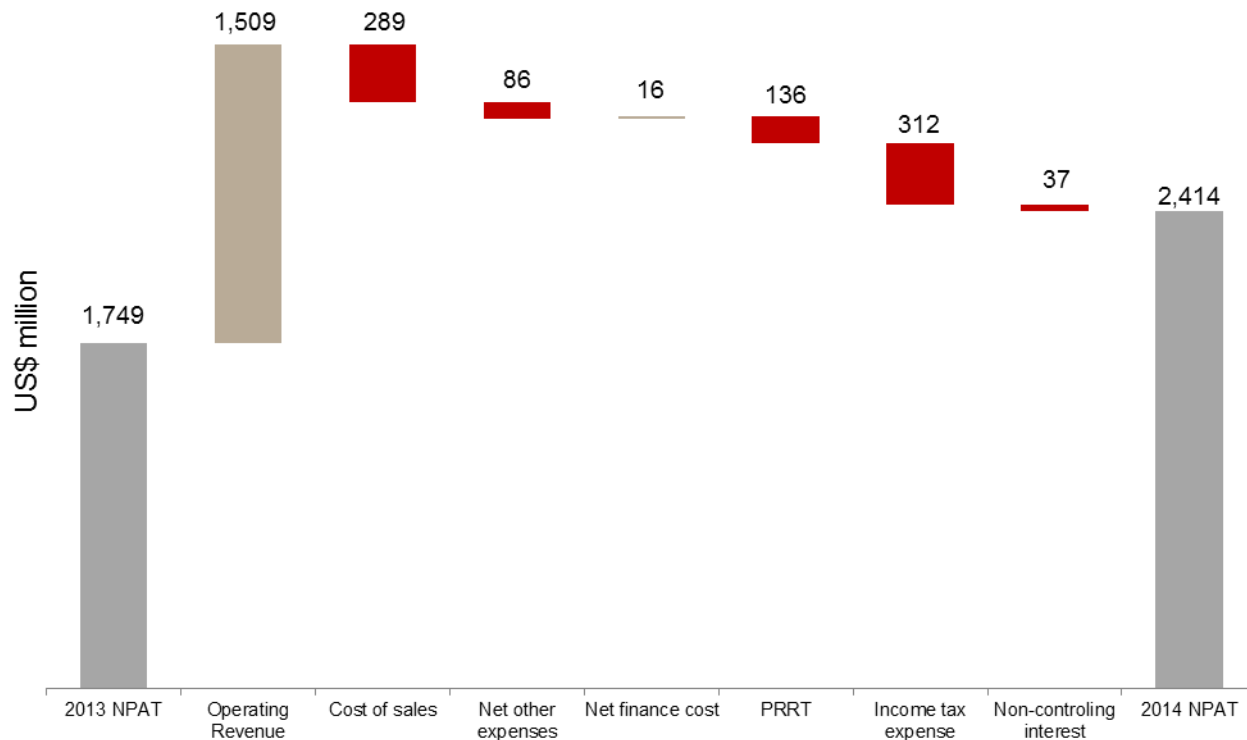
- ☐ 3-5% uplift in production volumes from existing assets
- ☐ 10-20% reduction in external spend
- ☐ 10-20% improvement in process efficiencies
- ☐ 10-20% improvement in organisational efficiencies

2014 improvements:

- ☐ Delivered ~\$330 million benefit from a 4.6% production improvement
- ☐ Delivered ~ \$230 million in capex and opex savings
- ☐ Completed >300 internal improvement projects
- ☐ Removed 320 positions



Reported NPAT of \$2,414 million up 38% on 2013



- ❑ Operating revenue increased predominantly due to Pluto pricing, Vincent production and trading revenue
- ❑ Cost of sales increased due to volume impact on depreciation and amortisation, as well as trading activities
- ❑ Net other expenses reflects additional impairments and a loss on the sale of assets in 2014
- ❑ PRRT and income tax increased due to higher profits before tax

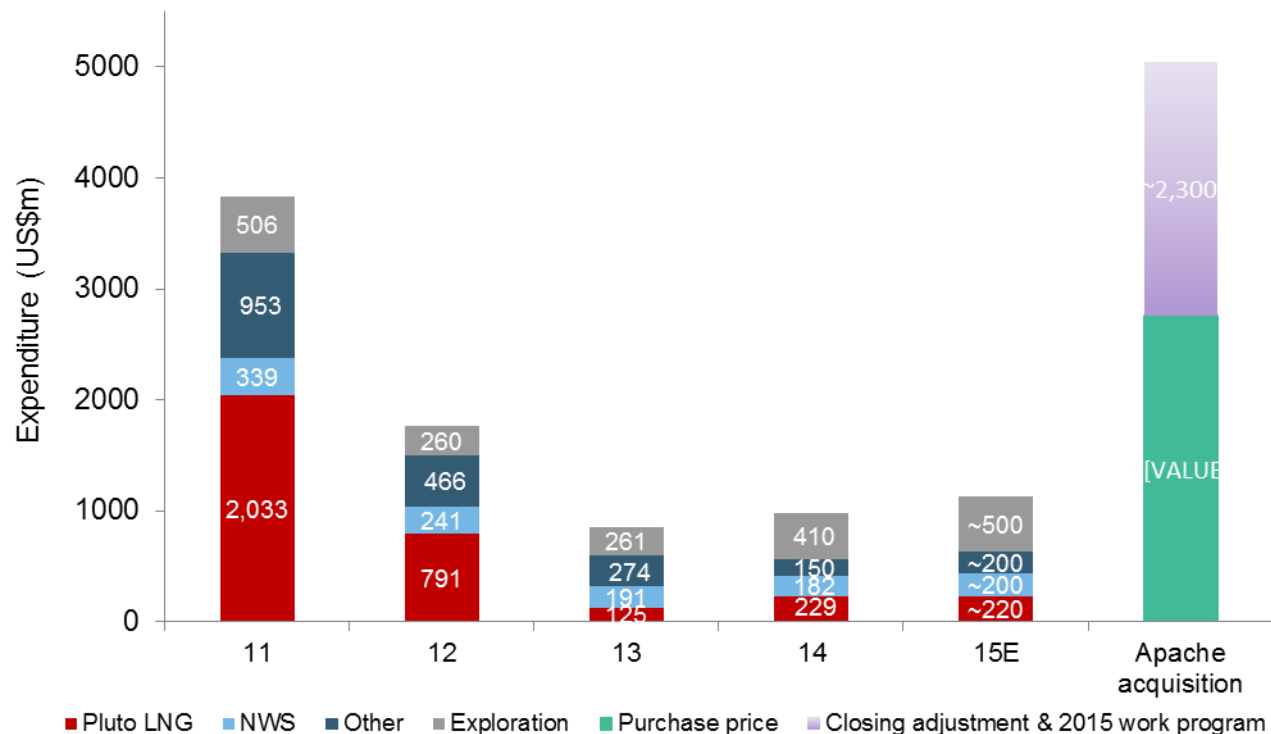
Impairments after tax totalled US\$196 million

2014 Impairments

	Pre-tax US\$m	Post Tax US\$m
Enfield	179	77
Stybarrow	60	25
Laminaria-Corallina	64	27
Vincent	90	38
NWS Oil	41	29
Total	434	196

- Impairments driven mainly by:
 - lower oil price assumption
 - increased restoration estimates

2015 base business investment expenditure reduced ~ 20% relative to original plan



Pluto ~ \$220 million

- Xena development costs, development well
- sustaining capex ~ \$20m

NWS ~ \$200 million

- Greater Western Flank 1 & 2, Persephone, Karratha life extension
- sustaining capex ~ \$30m

Other ~ \$200 million

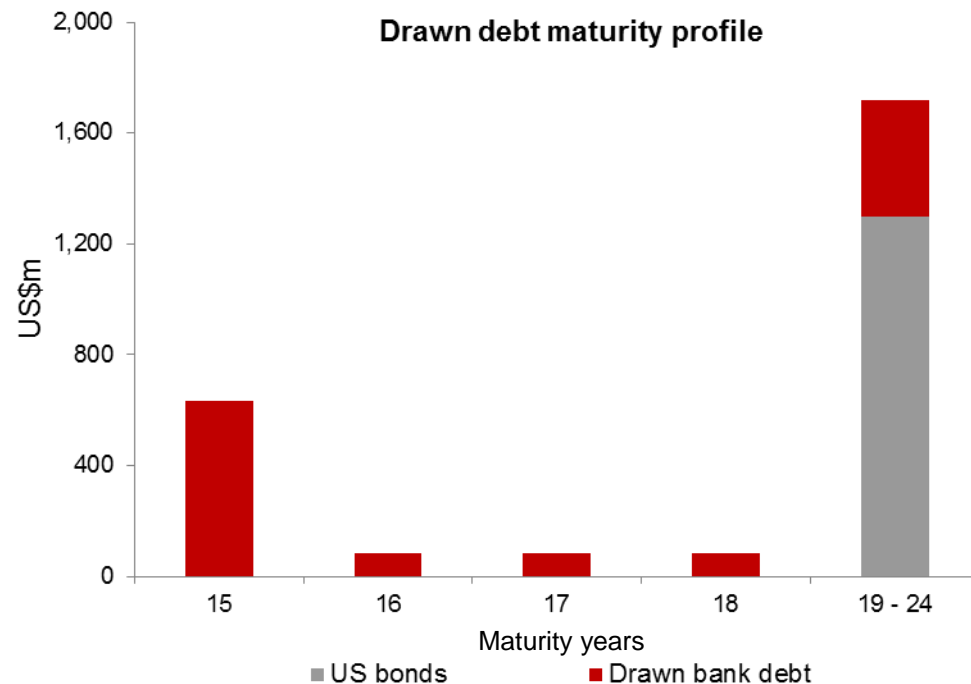
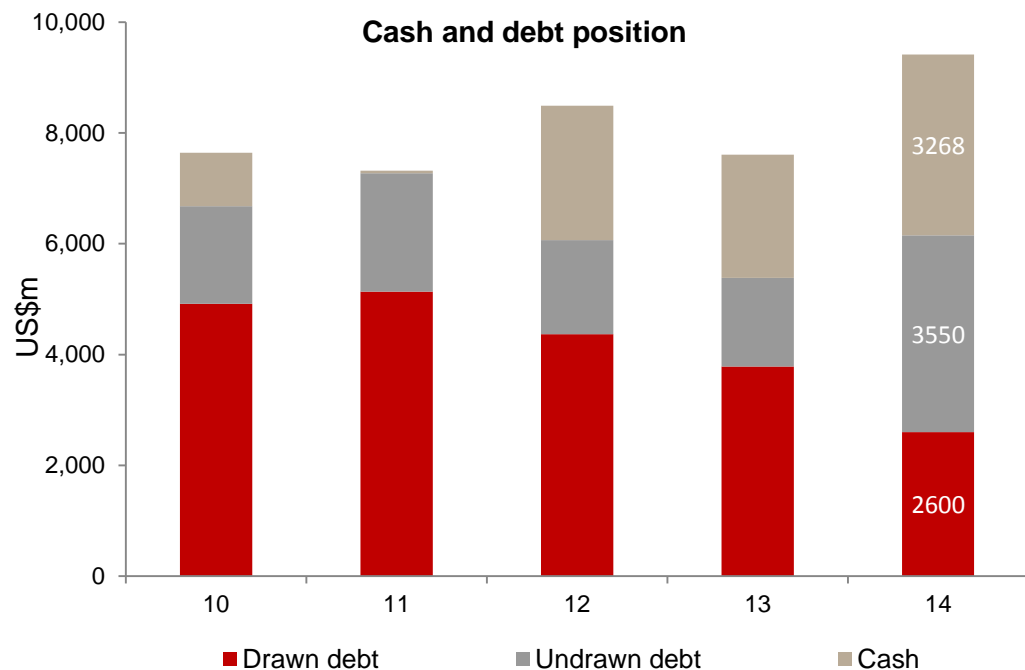
- Predominantly Browse, Vincent Phase IV and Greater Enfield
- Australia oil sustaining capex ~ \$10m

Exploration ~ \$500 million

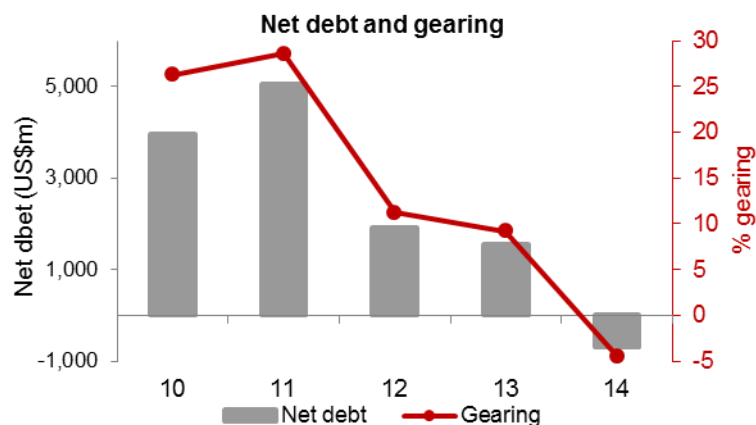
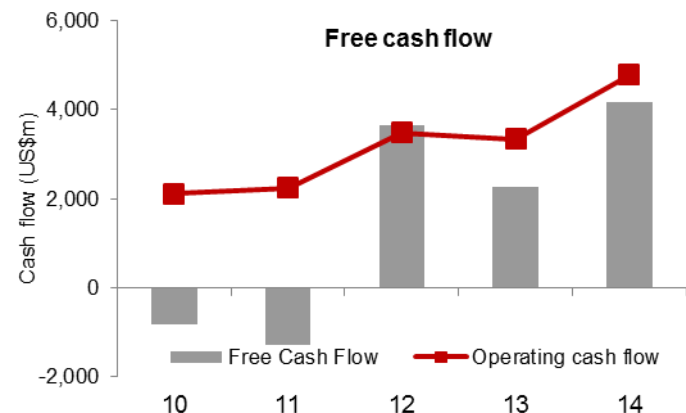
- Drilling and seismic activities - refer to slide 38

1. Figures include capital and all exploration expenditure less capitalised interest
2. The 'Purchase price' and 'Closing adjustment & work program' expenditure is subject to transaction close
3. 'Other' includes Australia Oil, Browse, International, Sunrise and Corporate
4. 2015 estimate includes restoration expenditure
5. All figures are Woodside share

\$6.8 billion in cash and undrawn facilities available to fund growth



Strong balance sheet positions us for growth and enables us to endure a low oil price environment



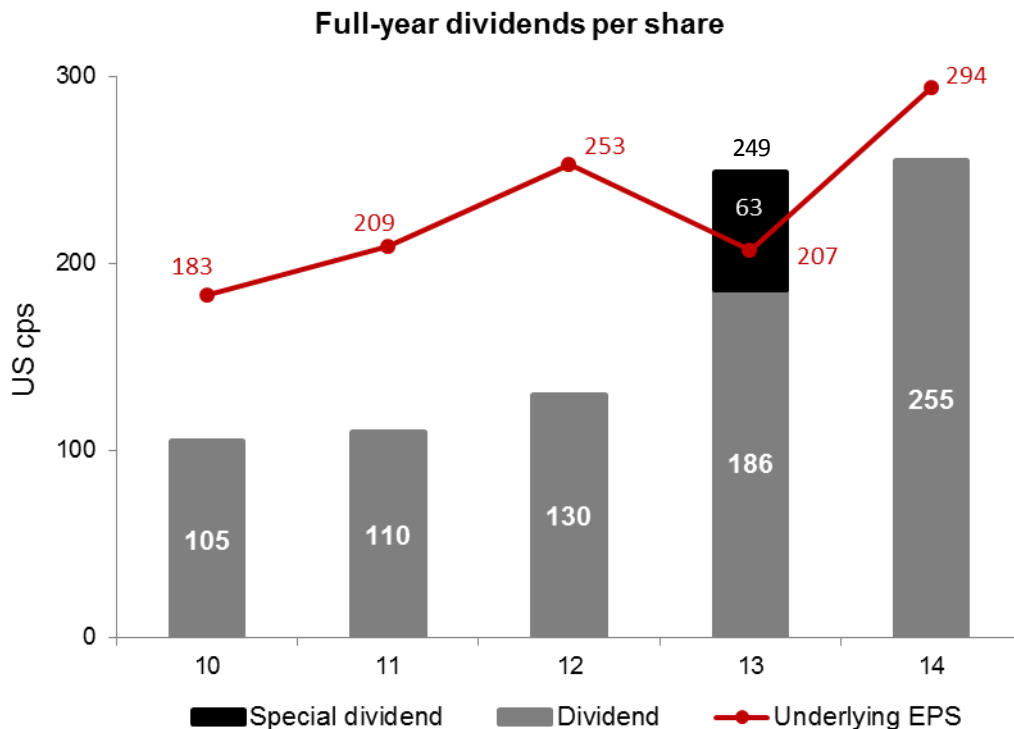
Strong operational performance delivers

- ❑ Over \$10 billion free cash flow in the last 3 years
- ❑ Over \$5.2 billion in dividends declared in the last 3 years
- ❑ Balance sheet and liquidity to fund growth
- ❑ Some protection against a low oil price environment

Prioritise capital to maximise shareholder wealth

1. Debt service
2. Dividends
3. Value-adding growth
4. Return capital as appropriate

Record US144 cent fully franked final dividend, up 40% on 2013 final dividend



- Record full-year dividend of US255 cents per share underpinned by:
 - Record underlying EPS, up 42% from 2013
 - 80% payout ratio
- We expect to maintain the current 80% dividend payout ratio for the foreseeable future¹

1. Subject to the demands of significant new capital investments or further material changes in the business environment

Net impact of impairments added back for dividend calculation

Calculation methodology

	US	2014
Reported NPAT	\$m	2,414
Add loss on asset sales	\$m	7
Underlying NPAT	\$m	2,421
Add back impairments net of tax	\$m	196
Basis for dividend	\$m	2,617
80% payout ratio	\$m	2,094
Full year dividend	cps	255
Deduct interim dividend	cps	111
Final dividend	cps	144

- The 2014 final dividend calculation is based on our underlying profit adjusted for the impact of impairments of oil and gas properties, net of tax

All business units continue to produce strong gross margins

Business Unit performance

		NWS ¹	Pluto	Aus Oil
Production volume	(MMboe)	46.3	40.2	8.4
Operating revenue	(\$million)	2,986	3,440	825
EBITDA ²	(\$million)	2,277	3,131	505
EBIT	(\$million)	1,922	2,310	(163)
Unit production cost	(\$/boe)	5.22	5.06	30.99
Gross margin	(%)	66	67	35

Contribution to operating revenue:

- ☐ NWS, 40%
- ☐ Pluto, 46%
- ☐ Australia Oil, 11%
 - Gross margin increased with Vincent FPSO re-start
 - Impairments had adverse impact
- ☐ Other 3%

1. North West Shelf gas and oil combined

2. Excludes the impacts of impairments

2014 profit and dividend in line with Analyst consensus

		Woodside	Analyst Consensus	Variance
Reported NPAT	US\$m	2,414	2,385	29
Final dividend	US cps	144	141	3

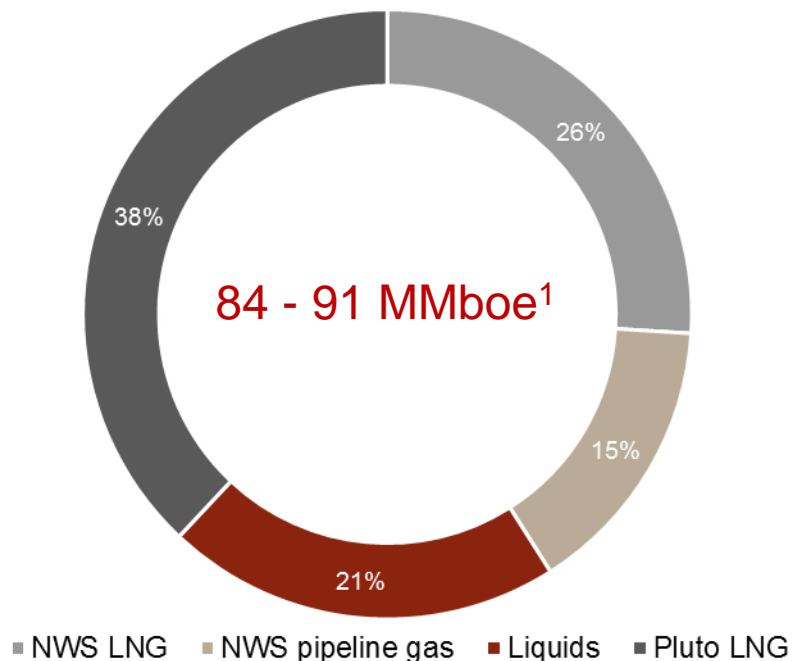
- ❑ NPAT and dividend results are consistent with Analyst expectations
- ❑ Underlying NPAT equates to earnings of US294 cents per share
- ❑ Dividend calculation is based on the underlying NPAT of \$2,421 million plus net impairments of \$196 million

Non-recurring items added back to underlying NPAT to form a record result

	2013 MMboe	2014 MMboe	Variance %
Production volume	87.0	95.1	9
Sales volume	85.7	93.2	9
	US\$m	US\$m	Variance %
Sales revenue	5,776	7,076	23
Operating revenue	5,926	7,435	25
EBITDAX¹	4,460	5,853	31
Exploration and evaluation expensed	(272)	(285)	5
Amortisation of licence acquisition costs	(45)	(21)	(53)
Depreciation and amortisation	(1,218)	(1,441)	18
Impairment of oil and gas properties	(387)	(434)	12
EBIT²	2,538	3,672	45
Net finance revenue/(costs)	(179)	(163)	(9)
Petroleum resource rent tax expense	224	88	(61)
Income tax expense	(769)	(1,081)	41
Total taxes	(545)	(993)	82
Non-controlling interest ³	(65)	(102)	57
Reported NPAT (including non-recurring items)	1,749	2,414	38
<i>Deduct/(add) back non-recurring items:</i>			
Gain on disposal of Mutineer Exeter	21		n.m. ⁴
Gain (loss) on disposal of Gulf of Mexico assets	26	(32)	n.m. ⁴
Timor Leste tax refund		25	n.m. ⁴
Underlying NPAT⁵ (excluding non-recurring items)	1,702	2,421	42

1. *EBITDAX = earnings before interest, tax, depreciation, amortisation, exploration and evaluation costs **and impairments** (includes non-recurring items)*
2. *EBIT = earnings before interest and tax (includes non-recurring items)*
3. *Non-controlling interests represents the 10% of profit attributable to minority interests associated with Pluto operations*
4. *n.m. = not meaningful*
5. *The underlying (non-IFRS) NPAT is unaudited but is derived from auditor reviewed accounts by removing the impact of non-recurring items from the reported (IFRS) auditor reviewed profit*

2015 Production split



Production guidance 2015

- ❑ Target range: 84 to 91 MMboe¹
- ❑ Apache asset purchase² is expected to be 3 to 4 MMboe³ based on a targeted close of 31 March 2015

NPAT sensitivities 2015

- ❑ Brent oil price: A movement of US\$1 is expected to impact NPAT by US\$25 million
- ❑ AUD:USD exchange rate: A decrease of \$0.01 is expected to increase NPAT by US\$5 million

Investment expenditure guidance 2015

- ❑ Investment expenditure in 2015 is expected to be ~ \$6.2 billion (see slide 18)

1. This range does not include production from the Apache asset purchase, which remains subject to close.

2. Estimates of Apache asset production is based on Woodside's analysis of Apache's production data, Woodside will issue a consolidated production range after the transaction has closed.

3. The additional range reflects the inclusion of Balnaves oil production and Kitimat pipeline natural gas production, split approximately 55% Balnaves oil and 45% Kitimat pipeline natural gas.

2014 full-year results

Peter Coleman | CEO and Managing Director | Business update



woodside



Operations

Record production of 95.1 MMboe
Productivity improvement initiatives delivering increased reliability and cost savings

Developments

Completed basis of design work for Browse FLNG
Persephone project approval

Exploration

New acreage in Cameroon, Canada (Nova Scotia), Gabon, Morocco, Myanmar and Tanzania
Toro-1 well gas discovery

People

TRIR¹ improved 37% from 2013
Lost time injury frequency improved 49% from 2013

Marketing

LNG sales contracts signed with Chubu and KOGAS
Binding LNG purchase contract signed with Cheniere Energy²

Portfolio

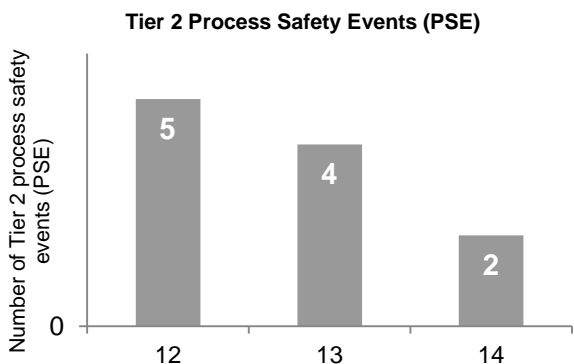
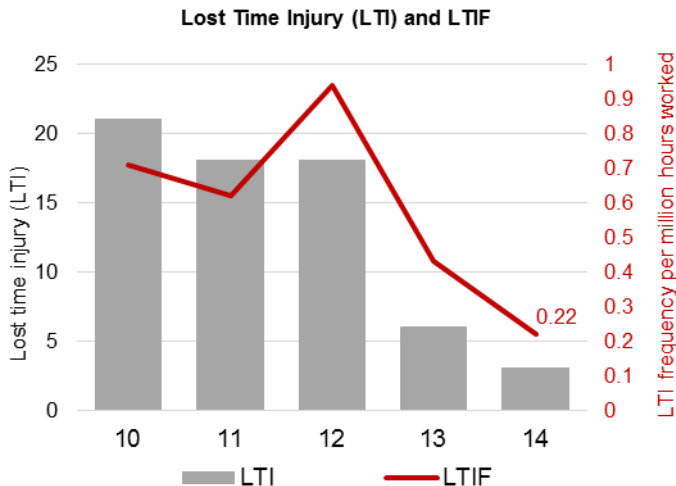
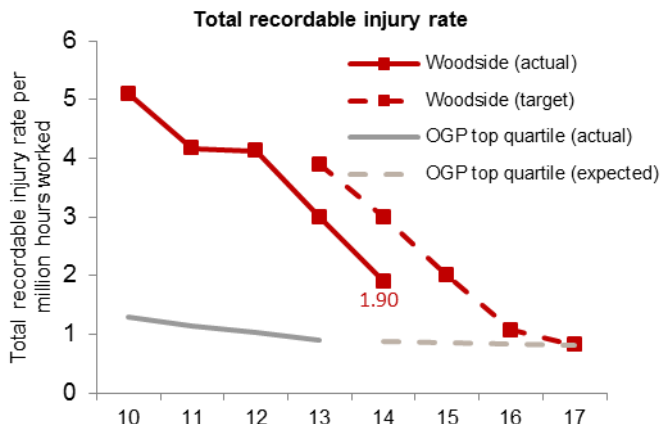
Purchased Apache interests in Wheatstone, Balnaves and Kitimat³
Exited Gulf of Mexico; Terminated Leviathan MoU

1. Refers to total recordable injury rate (TRIR) per million hours worked, which reduced to 1.90 (2014) from 3.00 (2013)

2. Subject to conditions precedent

3. The acquisition of the Apache assets remains subject to transaction close

Substantial progress towards top-quartile performance

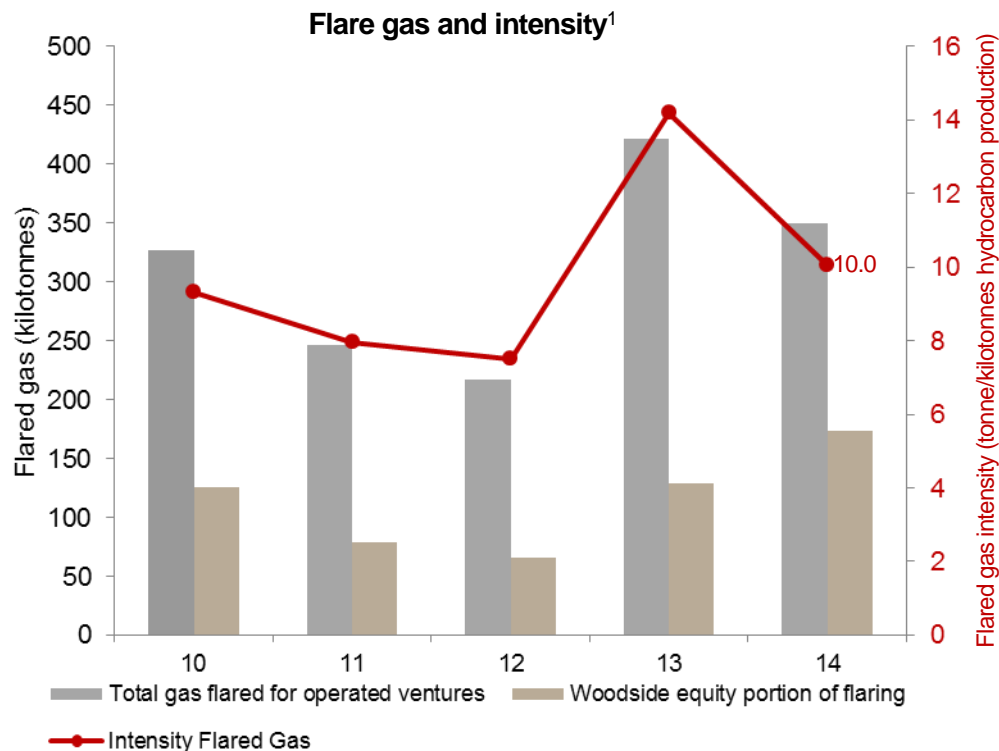


- ❑ 37%¹ reduction in Total Recordable Injury Rate (TRIR)
- ❑ 49%² reduction in Lost Time Injury Frequency (LTIF)
- ❑ 50% reduction in Process Safety Events

1. Total recordable injury rate per million hours worked, which reduced to 1.90 (2014) from 3.00 (2013)

2. Lost time injury frequency per million hours worked, which reduced to 0.22 (2014) from 0.43 (2013)

Committed to protecting the environment and supporting the communities where we operate



Environment

- ❑ Reduced flaring by 29%
- ❑ Completed oil spill preparedness improvement project, enhancing oil spill response capabilities

Communities

- ❑ A\$22.6 million worth of social investment, including A\$10 million to the ANZAC fund²
- ❑ 6,300 volunteering hours by our staff
- ❑ Launched the A\$20 million Woodside Development Fund

1. Excludes project commissioning.

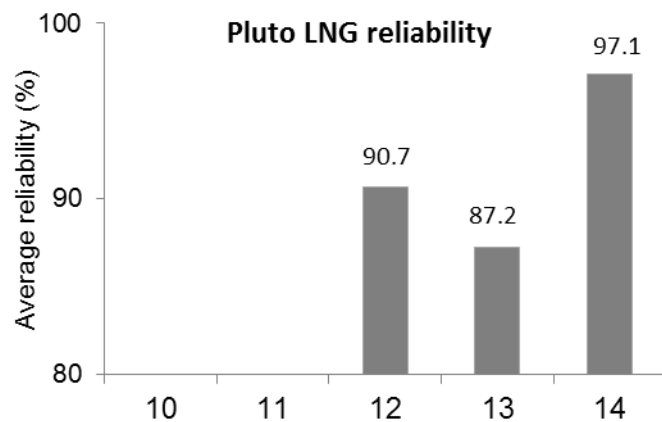
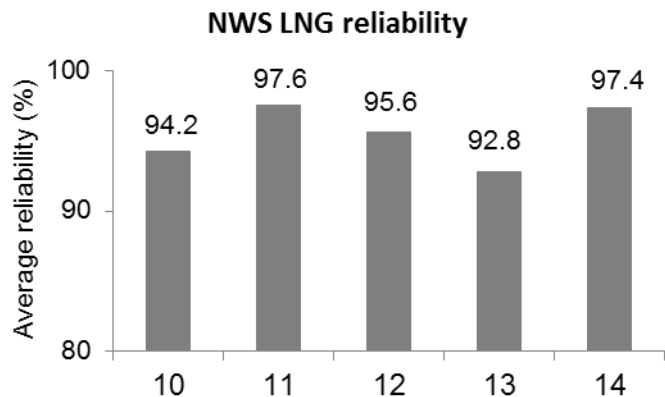
2. Australia New Zealand Army Corps Centenary Public Fund

Growing a culture for a long-term sustainable future



- Graduate intake of 103, a 45% increase on 2013
- Females comprise:
 - 43% of our 2014 graduate recruitment
 - 28% of our workforce

Improving reliability and reducing unit production costs



☐ Top quartile LNG reliability was achieved:

- NWS 97.4%
- Pluto 97.1%

☐ Unit production costs down:

- Oil: US\$25.83/boe, down 24%
- Gas: US\$4.89/boe, down 11%

Driving down cost during oil price downturn



- ☐ Completed technical elements of basis of design
- ☐ Primary approvals significantly progressed
- ☐ Pursuing cost efficiencies for the development
- ☐ FEED targeted for mid-2015, FID 2016

2014

- ✓ Australian Industry Participation Plan approved
- ✓ Retention lease renewal applications submitted
- ✓ Draft Environmental Impact Statement (EIS) published and associated studies completed
- ✓ BOD technical elements completed

2015

- ✓ Submit Preliminary Field Development Plan
- ☐ Retention leases offered
- ☐ Target approval of EIS
- ☐ Complete tender evaluation and assurance
- ☐ Enter FEED
- ☐ Complete Social Impact Management Plans
- ☐ Finalise execute contracts

2016

- ☐ Submit Production Licence applications
- ☐ Approval of final FDP
- ☐ Finalise Browse marketing
- ☐ Target FID

Apache asset acquisition provides growth optionality



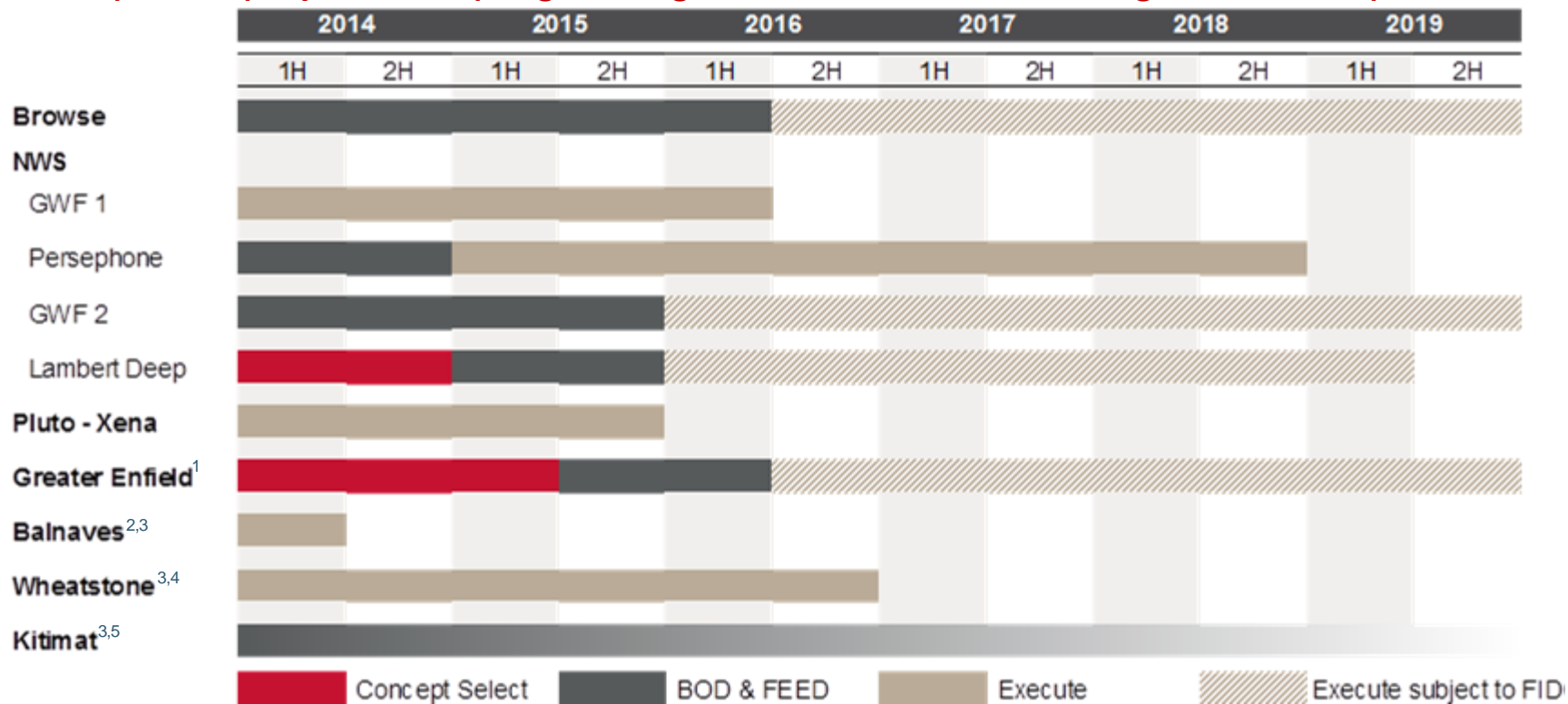
Wheatstone LNG, image courtesy of Chevron Australia

In December 2014, we entered into a binding transaction with Apache Corporation to acquire Apache's Wheatstone LNG and Balnaves oil project interests and Kitimat LNG project interests, for an aggregate purchase price of US\$2.75 billion¹

- ❑ Delivers value-adding growth
- ❑ Demonstrates disciplined capital management
- ❑ Effective date 1 July 2014²
- ❑ Financial close is targeted by end Q1 2015

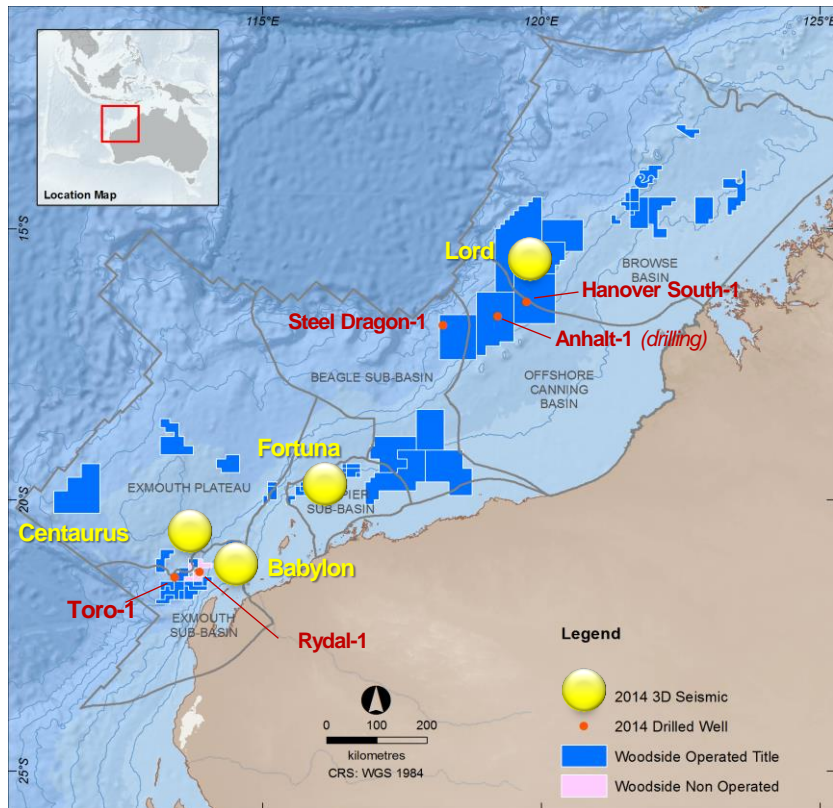
1. Figure will be adjusted for working capital and net cash flows from effective date to closing, representing the estimated subsequent investment in the acquired assets, primarily Wheatstone
2. Subject to regulatory approvals, and joint venture participant consent for the Kitimat LNG project

Development projects are progressing with a focus on reducing unit development cost



1. Phase 1 of Greater Enfield area development (Laverda, Norton and Cimatti) is being re-assessed in light of the current low oil price environment
2. Balnaves commenced production in August 2014
3. Balnaves, Wheatstone and Kitimat are subject to transaction close. Reserves and resources estimates will be provided after the transaction has closed
4. Woodside will supply gas from the Julimar-Brunello fields to the Wheatstone platform
5. FID timing to be advised after the transaction has closed

In 2014 we continued to rebalance and grow our global portfolio

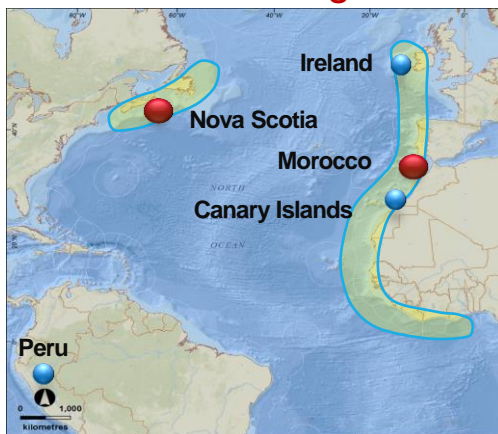


- ❑ Five new country entries:
 - Cameroon, Canada (Nova Scotia), Gabon, Morocco and Tanzania.
- ❑ Consolidated positions in:
 - Myanmar: awarded an additional four blocks¹
 - Morocco: awarded a contract for a reconnaissance licence
- ❑ Discovered gas in Toro-1 well in Exmouth sub-basin permit WA-430-P
- ❑ Acquired 11,678 km² of 3D seismic data in six regions:
 - NWS Fortuna, Centaurus (Exmouth sub-basin), Babylon (Exmouth sub-basin), Lord (Browse basin), Muneo (Korea) and Block AD7 (Myanmar)

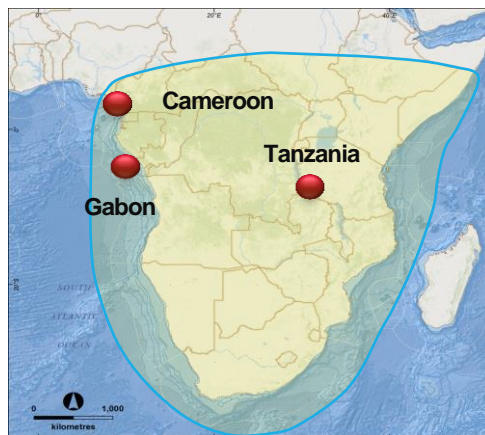
1. Woodside expects execution of the PSC for these blocks in Q1 2015

In 2015 we will look to aggregate and high grade positions in our three focus areas

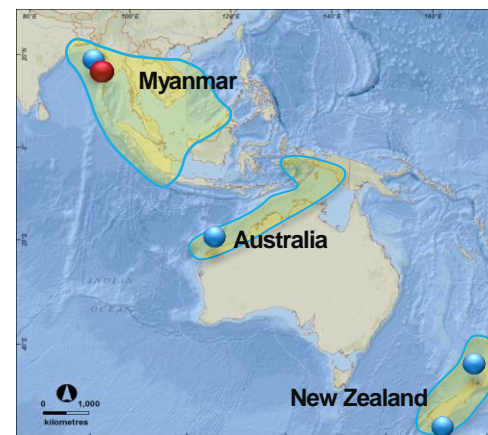
Atlantic Margins



Sub-Saharan Africa



Australasia and SE Asia

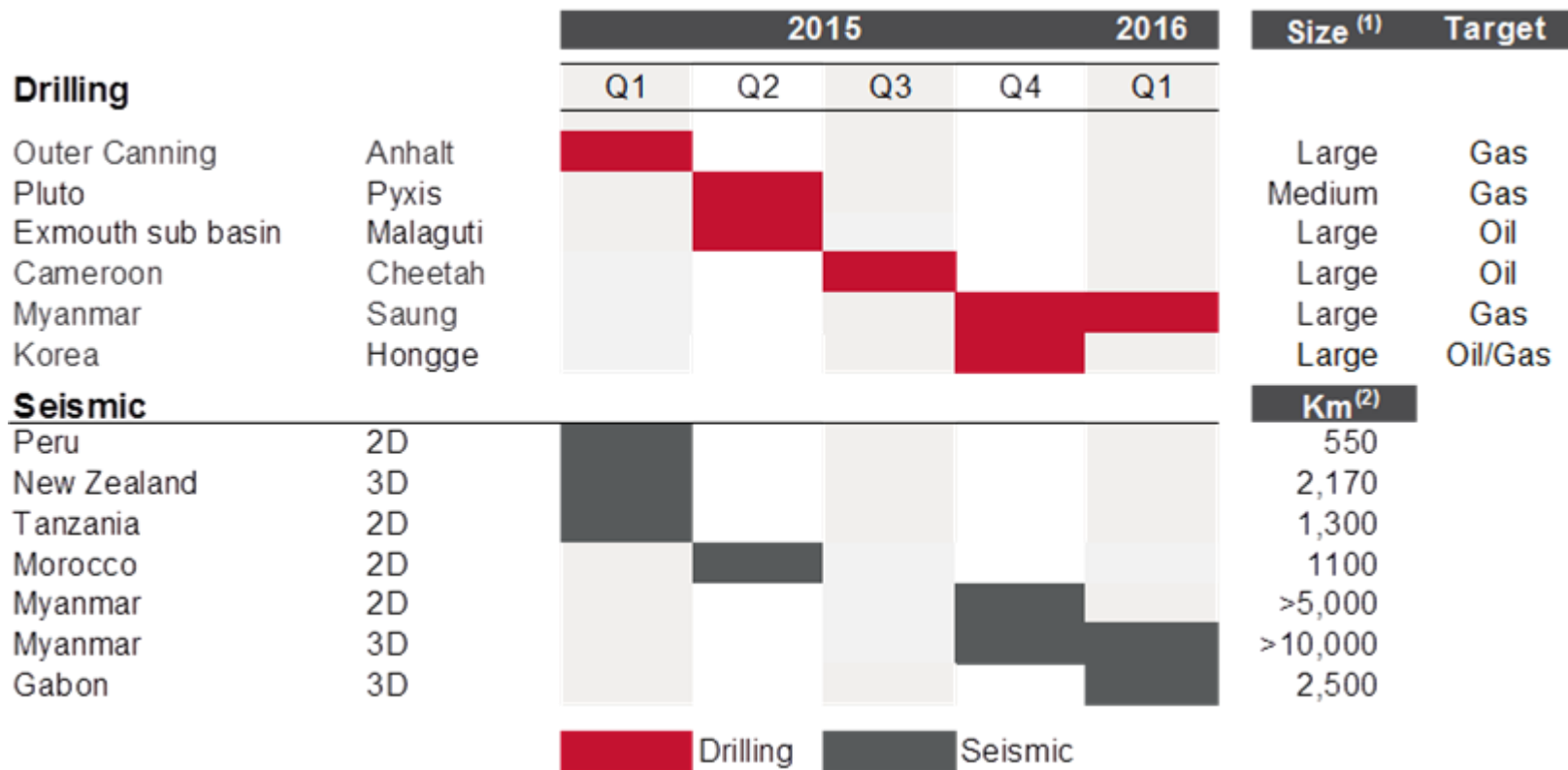


Pre-2014 acreage ●

2014 acquisition ●

- ❑ Aggregate positions around our three existing focus areas
- ❑ Continue to grow and high grade with an emphasis on emerging provinces
- ❑ Up to six wells, three in Australia, one in Cameroon, one in Korea and one in Myanmar
- ❑ Seismic in Morocco, Myanmar, New Zealand, Peru and Tanzania

Drilling activities targeting gas near NWS and Pluto, large oil in Africa and large gas/oil in SE Asia

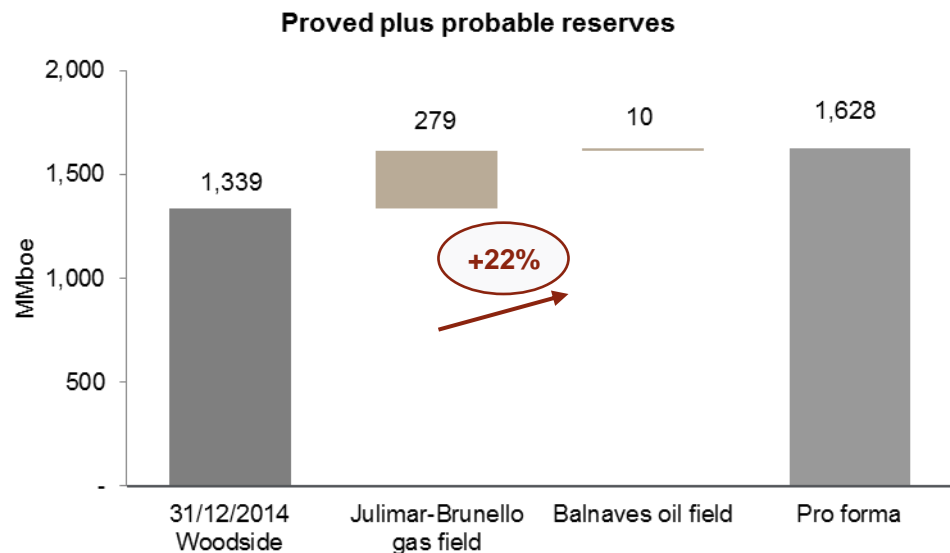


1. Target size: Gross Mean Success Volume 100%, un-risked. Small<20MMboe, Medium>20 MMboe and <100MMboe and Large>100MMboe.

2. 2D seismic is in line km. 3D seismic is in square km

Note: Forecast activity plan as at 18 February and subject to change.

Apache purchase will deliver a reserves uplift



□ The purchase of Apache's interests in Wheatstone and Balnaves is expected to:

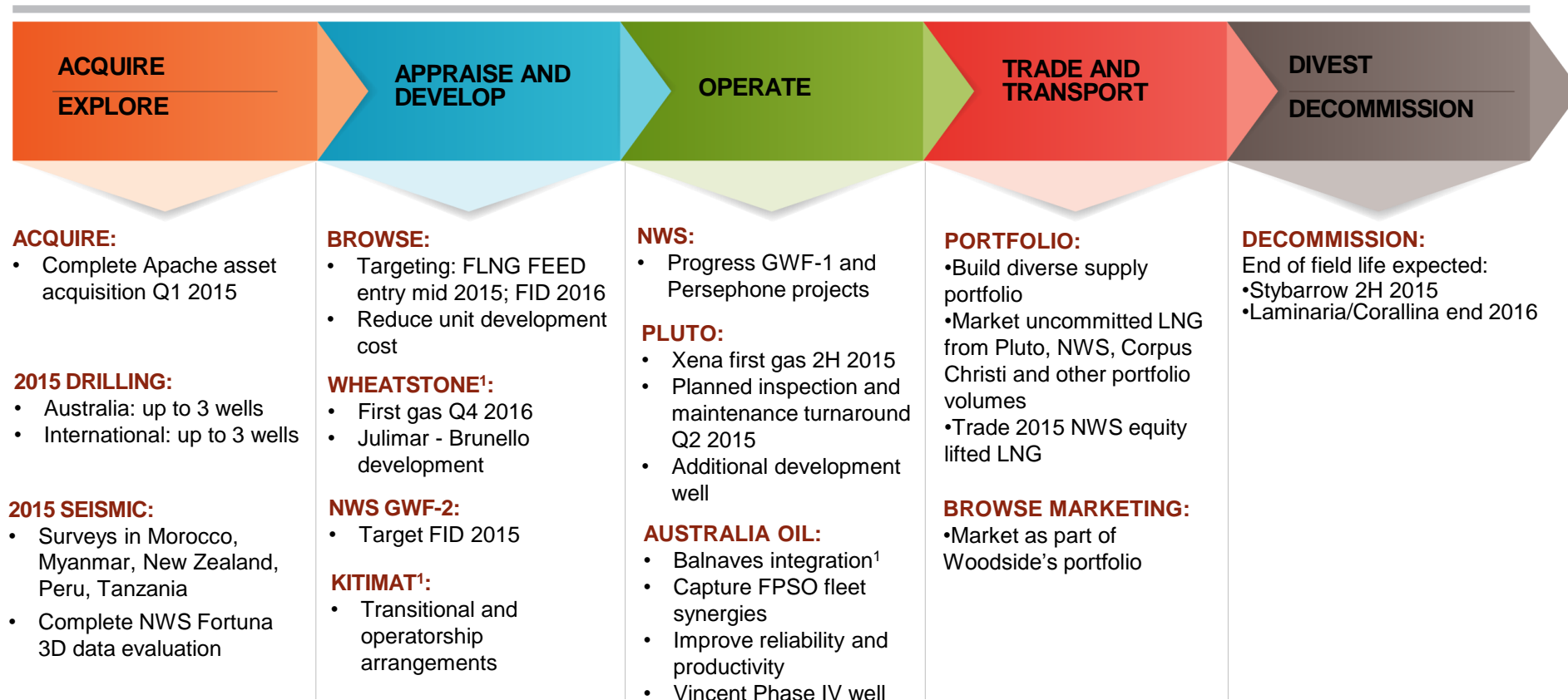
- provide an approximate 22% increase in our 2014 Proved plus Probable reserves
- close by the end of Q1 2015

2P reserves MMboe	Woodside ¹	Acquired ²	Combined
Dry gas	1,168	254	1,422
Condensate	117	25	142
Oil	54	10	64
Total	1,339	289	1,628

1. Woodside reserves as at 31 December 2014

2. Estimates of Apache reserves as at 31 December 2013, based on Apache's disclosed position, Woodside prepared figures will be published after the transaction has closed.

ACTIVITIES ACROSS THE VALUE CHAIN



1. Balnaves, Wheatstone and Kitimat are subject to transaction close.

- ❑ Maintain focus on operational excellence and safety performance
- ❑ Relentlessly drive down and re-set costs within our business
- ❑ Build value-adding growth opportunities, organically and inorganically
- ❑ Aggregate resources around existing focus areas
- ❑ Continue disciplined capital allocation
- ❑ Forward plans reflect extended low oil price environment

1. Unless otherwise stated, all petroleum resource estimates in this presentation are quoted as at the balance date (i.e. 31 December) of Woodside's most recent Annual Report released to ASX and available at www.woodside.com.au/Investors-Media/Annual-Reports, net Woodside share at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius).
2. Woodside reports reserves net of the fuel and flare required for production, processing and transportation up to a reference point. For offshore oil projects, the reference point is defined as the outlet of the Floating Production Storage and offtake Facility (FPSO), while for the onshore gas projects the reference point is defined as the inlet to the downstream (onshore) processing facility.
3. 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.
4. '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.
5. Unless otherwise stated all petroleum resource estimates refer to those estimates set out in the Reserves Statement in Woodside's most recent Annual Report released to ASX and available at www.woodside.com.au/Investors-Media/Annual-Reports. Woodside is not aware of any new information or data that materially affects the information included in the Annual Report. All the material assumptions and technical parameters underpinning the estimates in the Annual Report continue to apply and have not materially changed.
6. 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.