



11 December 2014

## Santos reduces 2015 capital spend by 25%

Santos has today reduced its projected 2015 capital expenditure to \$2.0 billion from the previous guidance of \$2.7 billion.

Making the announcement, Santos Managing Director & Chief Executive Officer David Knox reaffirmed the strength of Santos' financial position notwithstanding the substantial fall in the oil price and the company's share price in recent weeks.

"We remain on track to realise the cash flow benefits in 2015 and 2016 from our growth investments in recent years," Mr Knox said.

"The PNG LNG project is producing at full capacity. The GLNG project is 90% complete and remains on track for first LNG in the second half of 2015. First commissioning gas is expected to be introduced to the LNG plant before the end of 2014. Offtake agreements are in place with large, well-capitalised buyers."

Santos has a robust funding position with approximately \$2 billion in cash and undrawn debt facilities available as at 30 November 2014.

While Standard & Poor's has reduced its rating of Santos' senior debt this week, the revised BBB rating is the same as the current rating for Origin Energy, Amcor, AGL Energy, Crown Resorts and Boral. S&P in their announcement noted Santos' track record of a conservative funding approach, favourable debt maturity profile and adequate liquidity.

Growth and sustaining capital expenditure in 2015 are now forecast at \$1.4 billion and \$600 million respectively, as outlined on the attached slide. Asset divestments remain under consideration as part of the company's ongoing portfolio management provided fair long term value is realised.

This is a prudent reflection of the revised environment and does not prejudice the company's longer term growth options. 2015 production guidance is maintained at 57 to 64 million barrels of oil equivalent.

"To be clear, the underlying performance of our business remains strong with production continuing to grow in the second half of this year," Mr Knox said.

"The company has no present need or intention to raise equity."

"The current volatile oil price means that Santos is focused on driving operational efficiency, reducing costs, prudently managing capital and making sure our balance sheet remains strong – without making short term reactive decisions that could damage the long term interests of the company or the interests of shareholders."

"We remain committed to restoring value for our shareholders."

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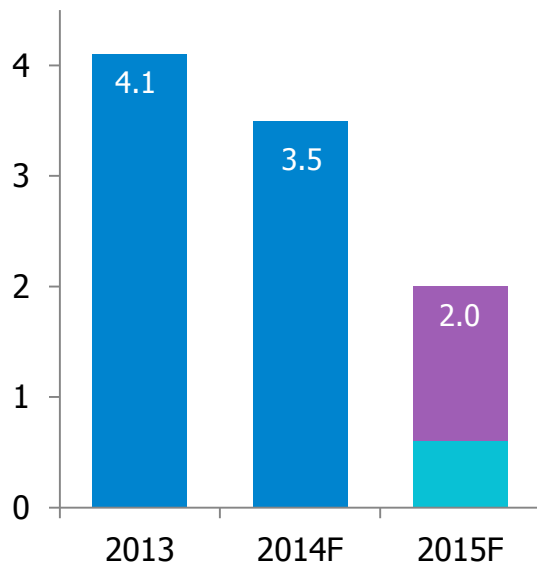
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## Capex guidance

2015 capex reduced by 25% to \$2.0 billion

### Capital expenditure (excludes capitalised interest)

\$billion



#### > 2015 guidance (excluding capitalised interest)

##### ■ Growth ~\$1.4 billion

- GLNG \$700 million
- Cooper gas growth (including CIEP and unconventional) \$300 million
- Exploration \$250 million
- Other (including PNG LNG, Combabula, AAL, Narrabri, WA&NT) \$150 million

##### ■ Sustaining ~\$600 million

- Cooper gas, oil and plant \$450 million
- WA&NT \$100 million
- Other (including EA ex-Cooper, Asia, corporate) \$50 million

#### > 2015 capitalised interest forecast ~\$140 million