Santos 2017 Full-year results

21 February 2018

Santos

Disclaimer and important notice

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), underlying profit and free cash flow (operating cash flows less investing cash flows net of acquisitions and disposals) 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 21 February 2018 (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 2017. 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. Organic reserves replacement ratio excludes net acquisitions and divestments.
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.

Turnaround delivered ahead of plan

Santos now well-positioned to unlock significant shareholder value and capitalise on a clear strategy to Build and Grow the business

Strengthened the balance sheet	✓
Simplified the portfolio	✓
Reduced costs and increased efficiencies	✓
Advanced significant growth opportunities	✓
Embedded a new disciplined operating model	✓
Delivered a strong operating performance	✓

2017 Full-year highlights

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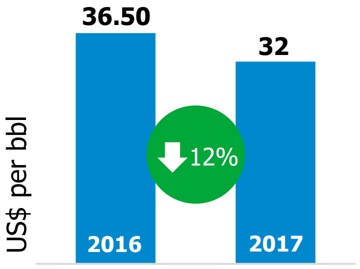
Significant turnaround in business performance

Forecast free cash flow breakeven reduced

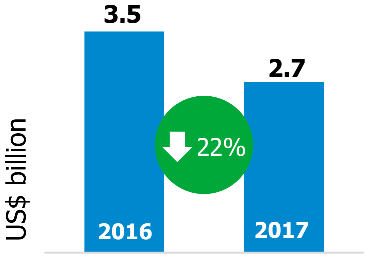
Forecast free cash flow breakeven[1]



- $618 million free cash flow generated
- Focus remains on maximising operating cash flow to reduce debt

Balance sheet strengthened

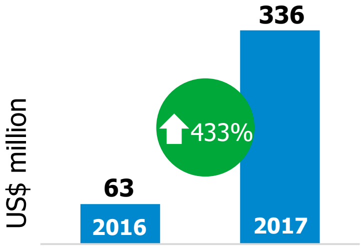
Net debt



- Ample liquidity of $3.2 billion in cash and undrawn bilateral facilities
- Target $2 billion in net debt by the end of 2019
- No final dividend declared

Underlying profit increased

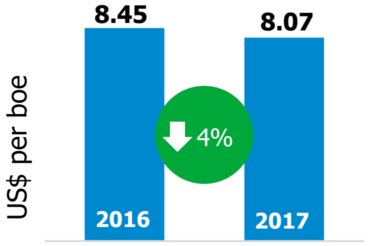
Underlying NPAT



- Underlying profit $273 million higher
- Net loss of $360 million, incorporates previously announced US$689 million after-tax net impairment

Disciplined cost control

Upstream unit production cost



- Cultural shift to lean, focused operations with rigorous cost control
- Proven cost performance supports increasing development activity to unlock future gas supply

[1] Free cash flow breakeven is the average annual oil price in 2017 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, and asset divestitures and acquisitions.

Strong free cash generation

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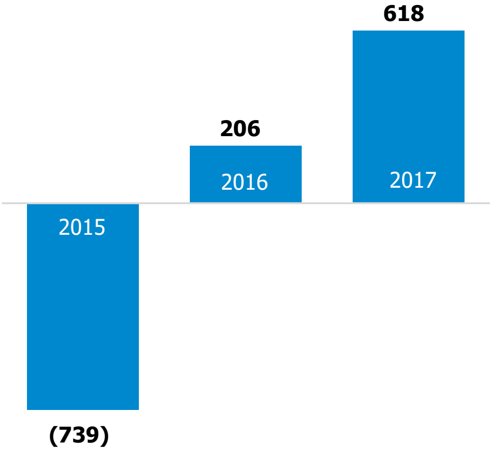
$1.4 billion turnaround in free cash generation in two years

Free cash flow[1]
US$ million



- 2018 forecast free cash flow breakeven ~$36/bbl[2]
  - includes all 2018 forecast capex
- Every $10/bbl increment in oil price above free cash flow breakeven increases free cash flow by $250-300 million per annum
- Priorities for cash allocation
  - Debt repayment
  - Fund exploration
  - Fund growth projects
  - Returns to shareholders

[1] Operating cash flows less investing cash flows net of acquisitions and disposals.
[2] Free cash flow breakeven is the average annual oil price in 2018 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, and asset divestitures and acquisitions.

Build & Grow

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Execute and bring on-line growth opportunities across the core portfolio

BUILD & GROW

NORTHERN AUSTRALIA

+ Barossa field identified as lead candidate for Darwin LNG backfill. FEED targeted for 2Q 2018
+ Development study of Petrel-Tern initiated
+ Crown-Lasseter well positioned for backfill or expansion of existing infrastructure

PNG

+ Further debottlenecking of existing PNG LNG plant
+ PNG LNG expansion
+ Western Area farm-in executed. JV alignment continues to strengthen

QUEENSLAND

+ Commercialise uncontracted Eastern Qld gas
+ Roma East sanctioned
+ Arcadia sanction targeted for 1H 2018
+ Aiming to ramp-up GLNG LNG sales to ~6 mtpa by the end of 2019

NARRABRI

+ EIS submitted and approvals process underway
+ Introduced to core portfolio

COOPER BASIN

+ Expect to drill 70-80 wells in 2018 with 3 rigs to grow production
+ Strong inventory build. >100 E&A opportunities identified
+ Accelerated exploration and appraisal focus

Sustainability

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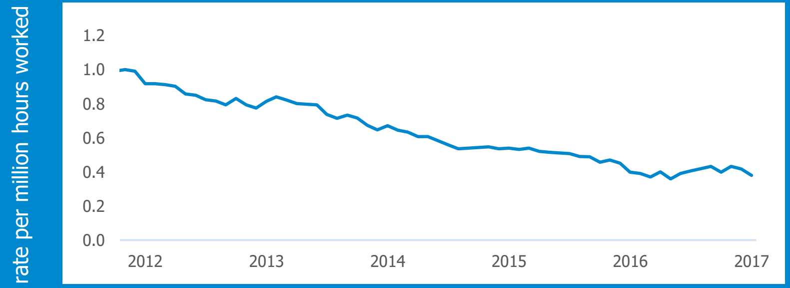
SAFETY & ENVIRONMENT

- Increased focus on process safety and incidents with potential for significant harm
- Continued focus on compliance to safety critical maintenance activities
- Energy Solutions group evaluating and selecting new technologies to reduce emissions and increase gas supply

LOST TIME INJURY FREQUENCY RATE

Three year rolling average (2012 – 2017)



CLIMATE CHANGE & SUSTAINABILITY REPORTING

- Consistently reported our greenhouse gas emissions and sustainability data since 2004
- Inaugural Climate Change Report consistent with TCFD Guidelines published in February 2018

GOVERNANCE, SYSTEMS AND PROCESSES

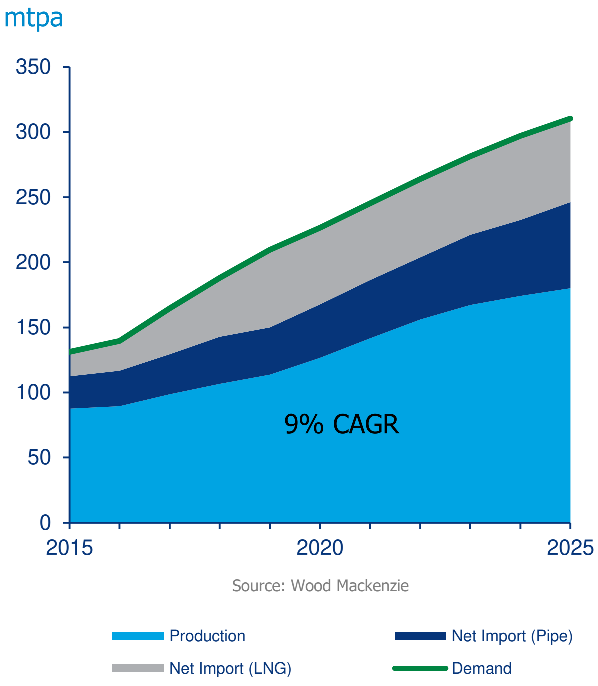
- Strong and streamlined governance structures and processes developed in 2017
- Strengthened risk management processes
- Increased focus on organisational capability development

LNG Marketing and Trading

Santos and ENN Ecological in discussions to establish an LNG trading joint venture

- Builds on the existing strategic relationship between Santos and ENN
- The LNG trading joint venture will:
  - focus on the increasing LNG demand across growing Chinese and international markets
  - give both parties increased access to LNG markets
  - provide access to ENN's Zhoushan import terminal in China
- ENN is one of the largest natural gas distributors in China. ENN invests in and operates gas pipeline infrastructure, vehicle/ship refuelling stations, and the sales and distribution of pipeline gas and LNG
  - ENN to commission the Zhoushan import terminal (3 mtpa capacity) in 2H of 2018
- Targeting definitive JV agreement Q2 2018

Chinese gas demand



Source: Wood Mackenzie

Driving sustainable shareholder value

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Being a low-cost, reliable and high performance business underpins the significant organic growth options across the core portfolio

DISCIPLINED OPERATING MODEL

+ Core portfolio free cash flow breakeven at ≤$40/bbl oil price through the oil price cycle
+ Each core asset free cash flow positive at ≤$40/bbl, pre-major growth spend

CORE LONG-LIFE GAS ASSET PORTFOLIO

+ Core long-life gas assets positioned to provide stable production, pre-major growth opportunities
+ Targeting production growth across all core assets
+ Major growth opportunities:
  + PNG LNG expansion
  + Barossa backfill to Darwin LNG
  + Narrabri Gas Project

MAXIMISE FREE CASH FLOW

+ Priorities for cash allocation
  + Debt repayment
  + Fund exploration
  + Fund growth projects
  + Returns to shareholders

Finance & capital management

Anthony Neilson
CFO

Santos

Financial priorities

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Significant progress in 2017 on our financial priorities

REDUCING COSTS

- Unit upstream production costs $8.07 per boe
  - ↓ $0.38/boe

INCREASING FREE CASH FLOW

- Free cash flow $618 million
  - ↑ $412 million
  - excludes net cash from asset disposals and acquisitions of $96 million

REDUCING DEBT

- Net debt $2.7 billion
  - ↓ $0.8 billion
- Gross debt $4 billion
  - ↓ $1.6 billion

CAPITAL MANAGEMENT

- EURO 1 billion Subordinated Notes redeemed and replaced by $800 million 10-year Reg-S bond
  - Annual interest cost savings of >$40 million per annum
- $600 million ECA facility prepayment

2017 full-year compared to 2016 full-year outcomes

2017 Full-year financial snapshot

Underlying profit up 433% to $336 million. Net loss of $360 million incorporates $703 million after tax net impairment ($689 million taken at half-year results)

US$ million	2017	2016	Change
Product sales	**3,107**	2,594	↑ 20%
EBITDAX	**1,428**	1,199	↑ 19%
Underlying profit[1]	**336**	63	↑ 433%
Net loss after tax	**(360)**	(1,047)	↓ 66%
Operating cash flow	**1,248**	840	↑ 49%
Free cash flow[2]	**618**	206	↑ 200%
Net debt	**2,731**	3,492	↓ 22%

[1] For a reconciliation of 2017 Full-year net loss to underlying profit, refer to Appendix.
[2] Operating cash flow less investing cash flows net of acquisitions and disposals.

Strong free cash flow generation

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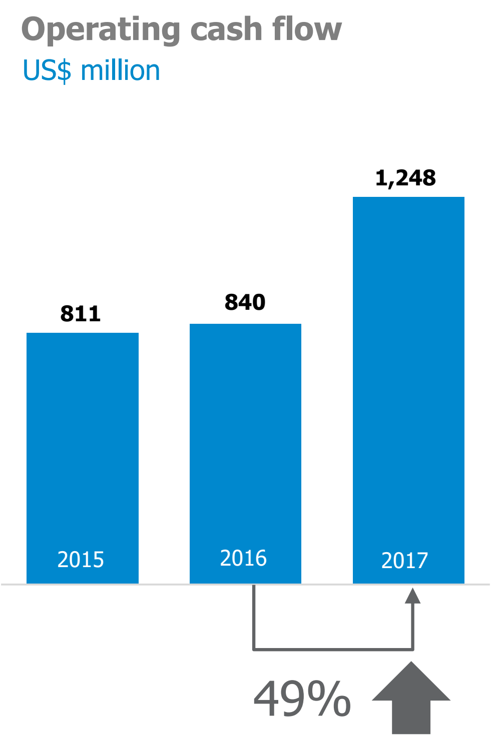
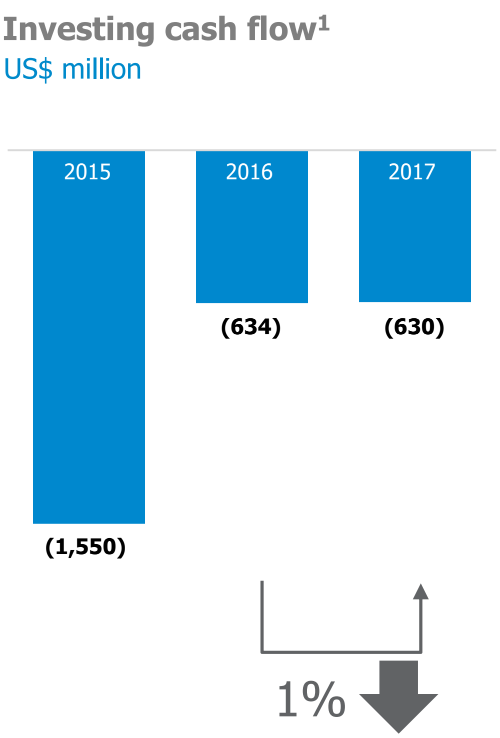
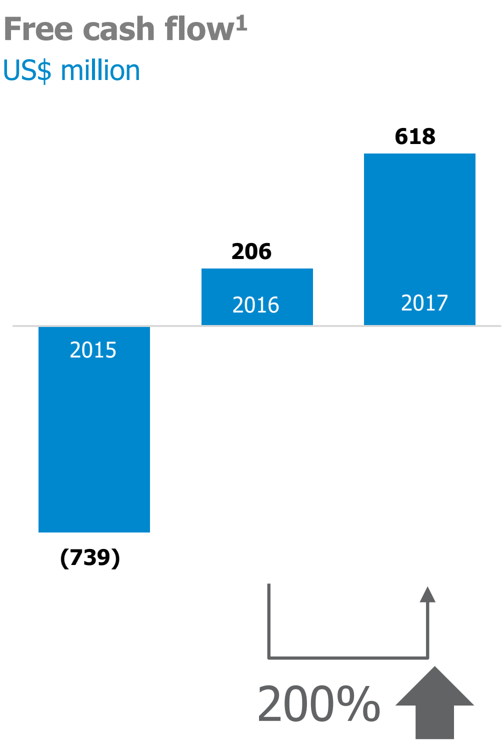
Free cash flow up 200% to $618 million continues trend of improving free cash generation







[1] Excludes acquisitions / divestments

Production and sales volumes

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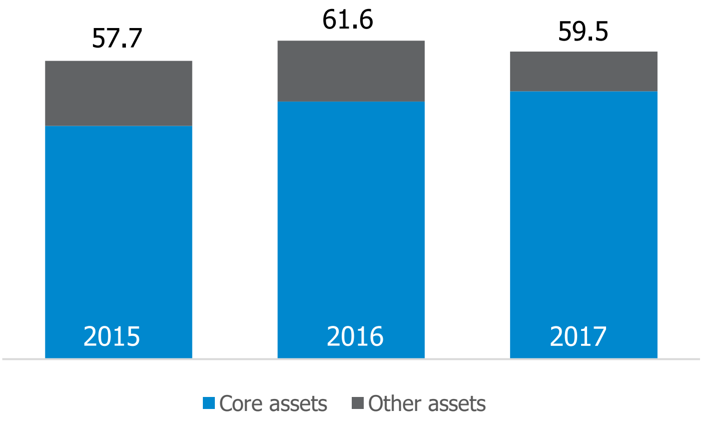
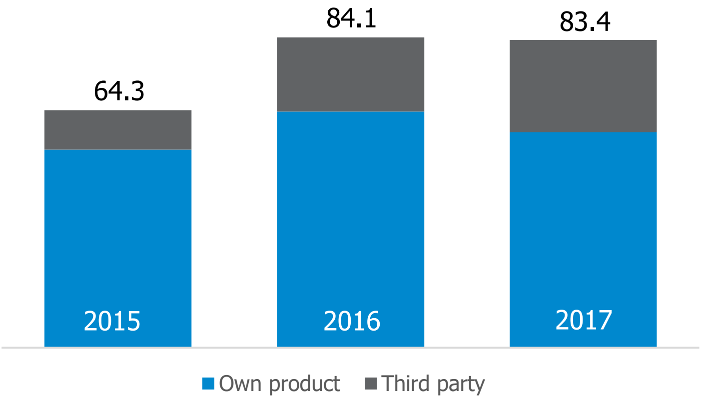
Core asset production 4% higher. Core asset sales volumes 5% higher

Production volume
mmboe



- Core asset production increased 4% to 51.8 mmboe, primarily due to the ramp-up of GLNG
- Production from other assets decreased 35% to 7.7 mmboe primarily due to the sale of the Victorian, Mereenie and Stag assets
- 2018 full-year guidance maintained at 55-60 mmboe

Sales volume
mmboe



- Core asset sales volumes 5% higher at 75.7 mmboe due to increased upstream production and third party purchases
- Other assets 4 mmboe lower primarily due to asset sales
- LNG sales volumes up 10% to a record 3.1 million tonnes due to strong performance from PNG LNG and the ramp-up of GLNG
- 2018 full-year guidance maintained at 72-78 mmboe

Sales revenue

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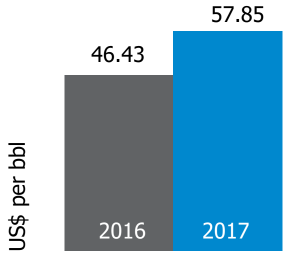
Sales revenue higher due to higher oil and LNG prices, and higher LNG sales volumes

US$ million	2017	2016	Var
Sales Revenue (incl. third party)			
Gas, ethane and liquefied gas	2,205	1,784	24%
Crude oil	579	575	1%
Condensate and naphtha	235	183	28%
Liquefied petroleum gas	88	52	69%
Total[1]	**3,107**	**2,594**	**20%**

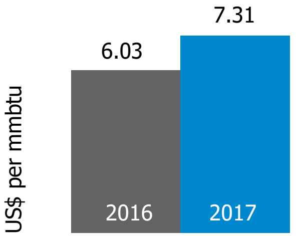
[1] Total product sales include third-party product sales of $926 million (2016: $643 million)

- Sales revenue up 20% to $3.1 billion
- Average realised LNG price up 21% to $7.31/mmbtu
- Higher average realised oil prices (up 25%) offset lower sales volumes
- Condensate sales volumes and average prices both higher

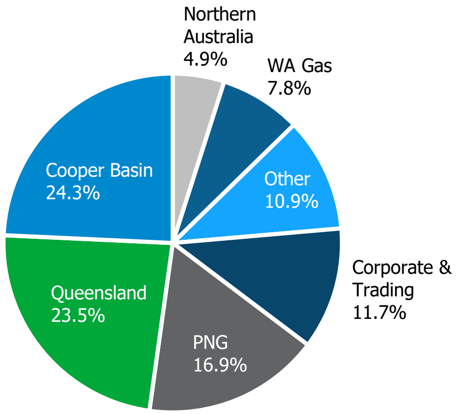
Average realised crude oil price up 25%



Average realised LNG price up 21%



2017 sales revenue by asset



Production costs

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Production costs down 8% primarily due to cost saving initiatives

US$ million	2017	2016	Var
Production costs	**481**	**520**	**(8)%**
Production cost (US$/boe)	**8.07**	**8.45**	**(4)%**
Other operating costs			
LNG plant costs	63	58	9%
Pipeline tariffs, processing tolls & other	181	174	4%
Onerous contract	(16)	29	(155)%
Royalty and excise	64	43	49%
Shipping costs	18	22	(18)%
Total other operating costs	**310**	**326**	**(5)%**
Total	**791**	**846**	**(7)%**

- Unit upstream production costs down 4% to $8.07/boe
  - Cooper Basin down 13% to $9.32/boe
  - Queensland down 8% to $5.92/boe
- LNG plant costs up primarily due to full-year of GLNG T2 in 2017
- Onerous contract provision 155% lower due to M&T optimising infrastructure positions and increased utilisation
- Royalty and excise higher primarily due to higher sales revenue
- 2018 upstream unit cost guidance maintained at $8.2-8.8/boe
  - Planned shutdown activities at PNG LNG and Moomba
  - Stronger AUD/USD exchange rate is providing upward pressure on AUD costs when translated into USD

Financial performance

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EBITDAX up 19% to $1.4 billion. Underlying NPAT up 433% to $336 million

US$ million	2017	2016	Var
Total revenue/income	3,264	2,747	19%
Production costs	(481)	(520)	(8)%
Other operating costs	(310)	(326)	(5)%
Third party product purchases	(696)	(544)	28%
Other[1]	(133)	(178)	(25)%
Foreign exchange (losses)/gains	(153)	34	(550)%
Fair value losses on commodity hedges	(63)	(14)	(350)%
EBITDAX	**1,428**	**1,199**	**19%**
Exploration and evaluation expense	(94)	(138)	(32)%
Depreciation and depletion	(742)	(741)	0%
Impairment losses	(938)	(1,561)	(40)%
Change in future restoration	31	37	(16)%
EBIT	**(315)**	**(1,204)**	**(74)%**
Net finance costs	(270)	(281)	(4)%
Loss before tax	**(585)**	**(1,485)**	**(61)%**
Tax benefit/(expense)	225	438	(49)%
Loss after tax	**(360)**	**(1,047)**	**(66)%**
Underlying profit	**336**	**63**	**433%**

- Revenue up 19% to $3.3 billion due to higher oil and LNG prices, and higher LNG sales volumes
- Lower production costs primarily due to Cooper Basin cost efficiencies and divestment of non-core assets
- Higher third party product purchases reflect ramp-up in GLNG demand and higher Santos portfolio volumes
- Foreign exchange losses in 2017 primarily represent FX movements on revaluations of tax bases which are offset in tax expense, plus FX movements on foreign currency cash balances
- Fair value losses on commodity hedges represent mark-to-market valuation of oil hedge contracts at year-end
- Pre-tax net impairment charge of $938 million primarily due to net impairments taken at half-year

[1] Other includes product stock movement, corporate expenses, other expenses and share of profit of joint ventures

Capital expenditure

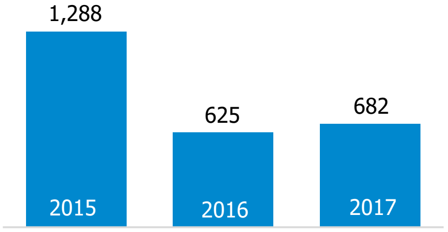
Full-year capex $682 million. 2018 capex guidance maintained at $825-875 million

- Capital expenditure of $682 million
  - includes Muruk acquisition and exploration drilling costs (Exploration)
  - Barossa appraisal drilling (Northern Australia)

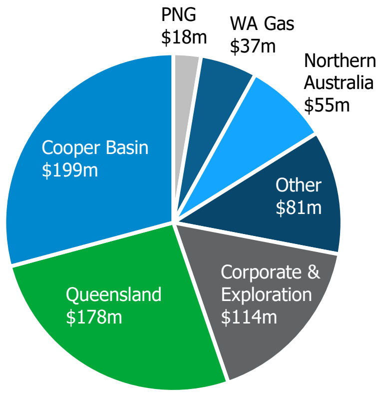
- 2018 capital expenditure guidance maintained at $825-875 million
  - Cooper Basin 3-rig program drilling 70-80 wells
  - GLNG drilling ~250 wells
  - PNG LNG Angore pipeline and surface facilities
  - Northern Australia Bayu-Undan 3-well infill program and Barossa FEED

Capital expenditure[1]

US$ million



2017 Full-year capital expenditure[1]



[1] Capital expenditure incurred includes abandonment expenditure but excludes capitalised interest

Net debt reduced to $2.7 billion

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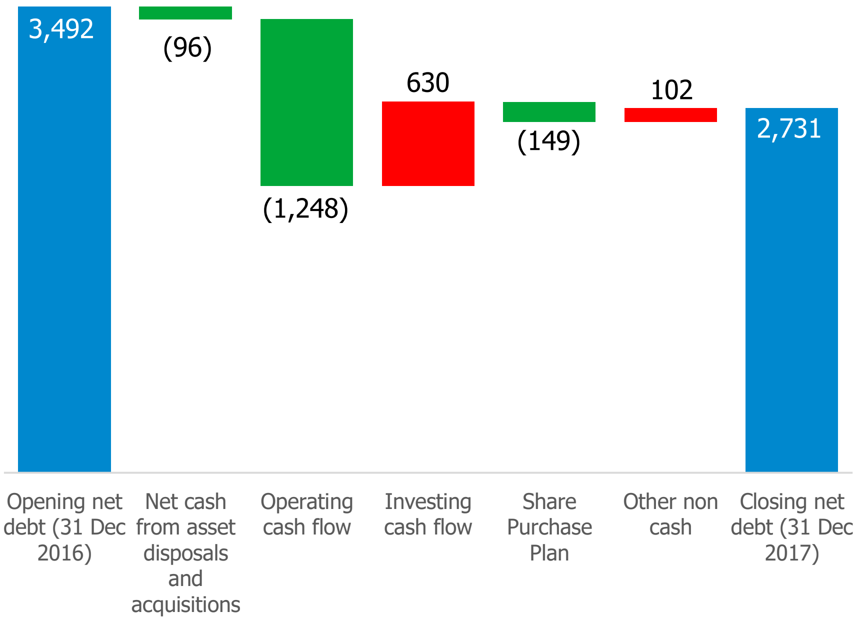
Target $2 billion in net debt by the end of 2019

- Net debt reduced to $2.7 billion[1] through a combination of free cash flow, previously announced asset sales and proceeds from the Share Purchase Plan
- Focus remains on using surplus cash flow for debt reduction
- Gross debt reduced to $4 billion, down $1.6 billion
  - Annual interest cost savings of >$40 million per annum
- S&P BBB- (stable) credit rating
- Liquidity of $3.2 billion[1]
  - $1.2 billion in cash
  - $2 billion in undrawn bi-lateral bank debt facilities

Movement in net debt to 31 December 2017

$ million

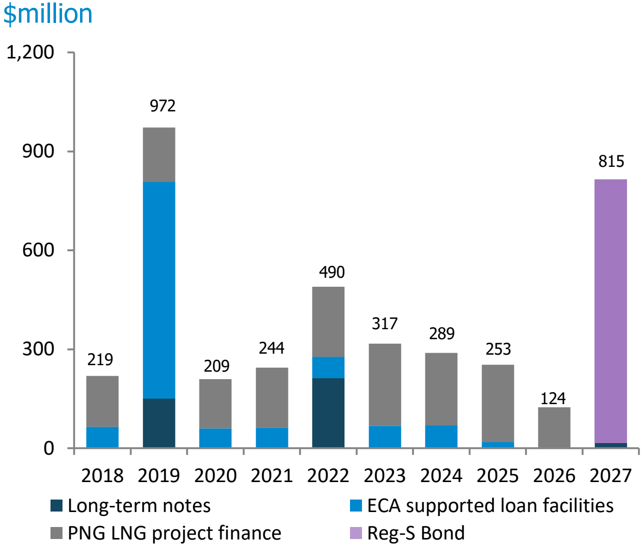


[1] As at 31 December 2017

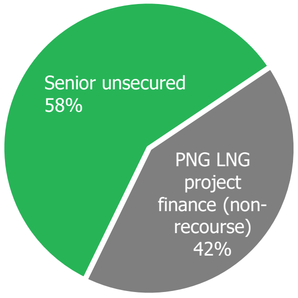
Drawn debt maturity profile

Euro hybrid redeemed and replaced with more efficient long-term debt funding.
Early repayment of $600 million 2019 ECA supported loan facility occurred in 2017

Drawn debt maturity profile as at 31 December 2017[1]

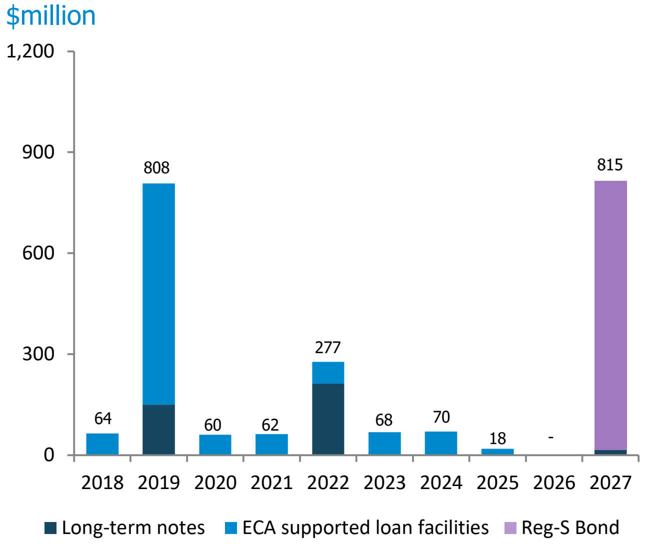


Breakdown of drawn debt facilities as at 31 December 2017[1]



+ Weighted average term to maturity ~5 years

Drawn debt maturity profile excluding PNG LNG as at 31 December 2017[1]



[1] Excludes finance leases and derivatives.

Summary

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In 2018 the focus remains on reducing costs, increasing free cash flow, reducing debt and disciplined capital management

REDUCING COSTS

- Cost out continuing in 2018 for core and non-core assets
- Lower cost base allows increase in activity to build and grow the business

INCREASING FREE CASH FLOW

- Forecast 2018 group free cash flow breakeven expected to be ~$36/bbl oil price
- Disciplined model, all core assets free cash flow breakeven ≤$40/bbl oil price

REDUCING DEBT

- Target $2 billion in net debt by the end of 2019
- Further gross debt reduction through free cash flow

CAPITAL MANAGEMENT

- Capital management strategy in place and continues to target efficient debt funding
- Prudent oil price hedging

Operations review

Kevin Gallagher
Managing Director & CEO

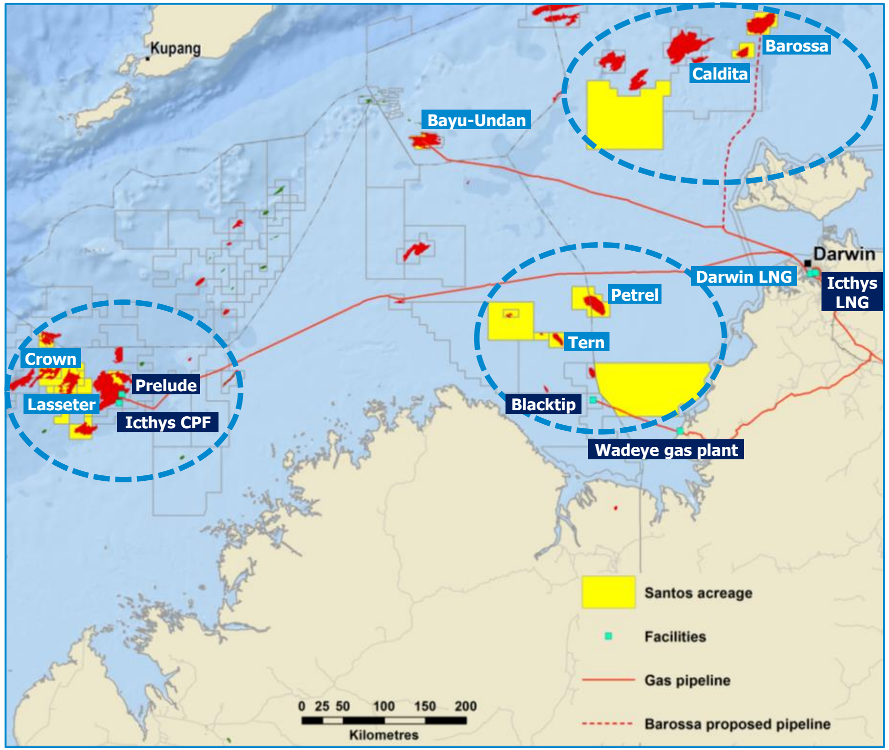
Santos

Northern Australia

Santos

Three significant multi-Tcf resource hubs well positioned for backfill or expansion of existing infrastructure

- Bonaparte Basin
  - Two-well appraisal campaign strengthened Barossa (Santos 25%) as lead candidate for Darwin LNG backfill
    - Significant increase in resource size
    - Brownfield development leveraging existing infrastructure
    - FEED targeted for Q2 2018 and FID in late 2019
  - Development study of Petrel-Tern initiated (Santos 35-40%)
- Browse Basin
  - Retention leases secured over Crown-Lasseter fields (Santos 30% and operator); well positioned for backfill or expansion of existing infrastructure
    - Evaluating monetisation opportunities
  - Material exploration inventory

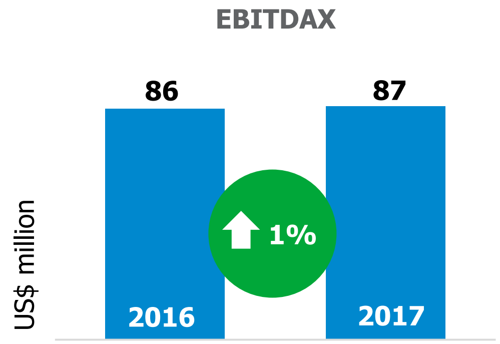


Northern Australia

Strong Darwin LNG performance and successful Barossa appraisal campaign

- Darwin LNG continues to achieve excellent reliability and availability (Santos 11.5%)
  - 51 LNG cargoes shipped in 2017
  - 3.3 million tonnes of LNG produced
- Bayu-Undan in-fill program expected to deliver first gas in Q4 2018
- EBITDAX in-line with prior year
- Capex higher due to successful Barossa two-well appraisal campaign

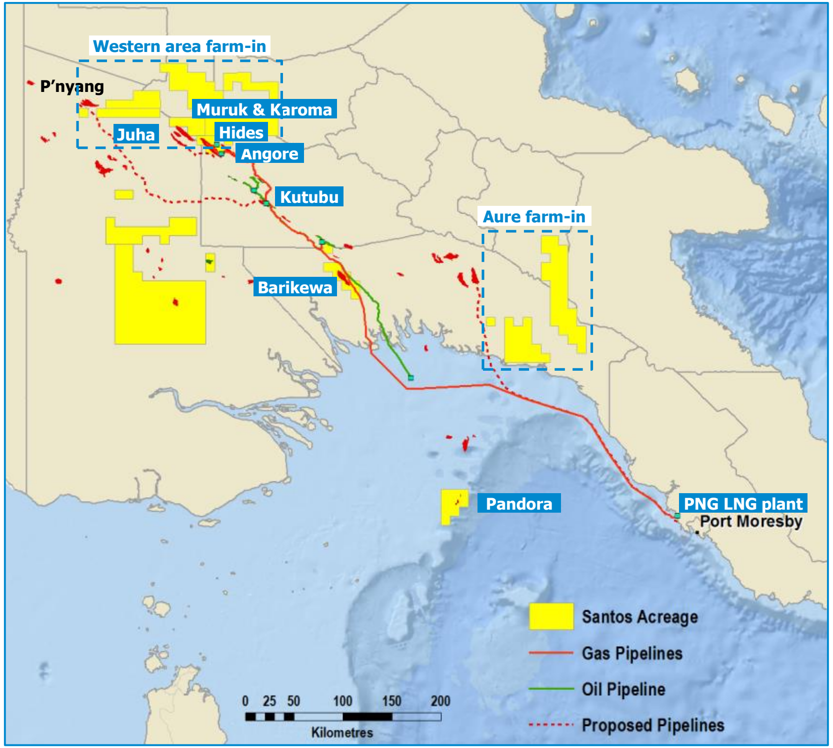
Asset KPIs	2017	2016
Production (mmboe)	4.0	4.2
Sales volume (mmboe)	4.0	4.2
Revenue (US$m)	153	145
Production cost (US$/boe)	18.95	17.58
EBITDAX (US$m)	87	86
Capex (US$m)	55	14



PNG

Well-positioned to participate in PNG LNG expansion

- Muruk appraisal, 21 kilometres from Hides
  - Multi-Tcf contingent resource potential; excellent reservoir quality and flow rates
  - Seismic acquisition over Muruk and adjacent Karoma prospect
  - Muruk 2 appraisal well expected to spud Q2 2018
- Western area farm-in announced Q4 2017 (Santos 20%)[1]
  - Exploration position aligned along the Hides-P'nyang trend with JV partners ExxonMobil and Oil Search
- Aure Fold Belt farm-in announced Q4 2017 (Santos 20%)[1], southeast of the Elk/Antelope fields
- Barikewa appraisal (Santos 40%), 5 kilometres from PNG LNG sales gas pipeline
  - Barikewa 3 appraisal well expected to spud in 2018



[1] Subject to conditions precedent including Government approval

PNG

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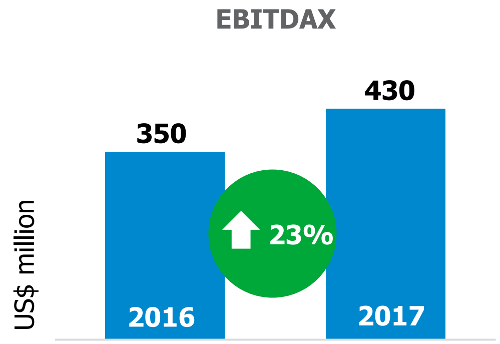
Record PNG LNG performance

- EBITDAX 23% higher due to higher LNG prices, strong operating performance and lower unit costs
  - 110 LNG cargoes shipped in 2017
- PNG LNG maximum day rate of 8.9 mtpa achieved, 30% above nameplate capacity (Santos 13.5%)
  - Further debottlenecking opportunities
  - Continue to work with partners to align interests to support expansion opportunities
- PNG LNG reserves upgrade due to continued strong Hides field performance, including an upgraded condensate forecast, and improved LNG plant performance

Asset KPIs	2017	2016
Production (mmboe)	12.6	12.2
Sales volume (mmboe)	12.0	11.8
Revenue (US$m)	532	444
Production cost (US$/boe)	4.37	4.59
EBITDAX (US$m)	430	350
Capex (US$m)	18	8

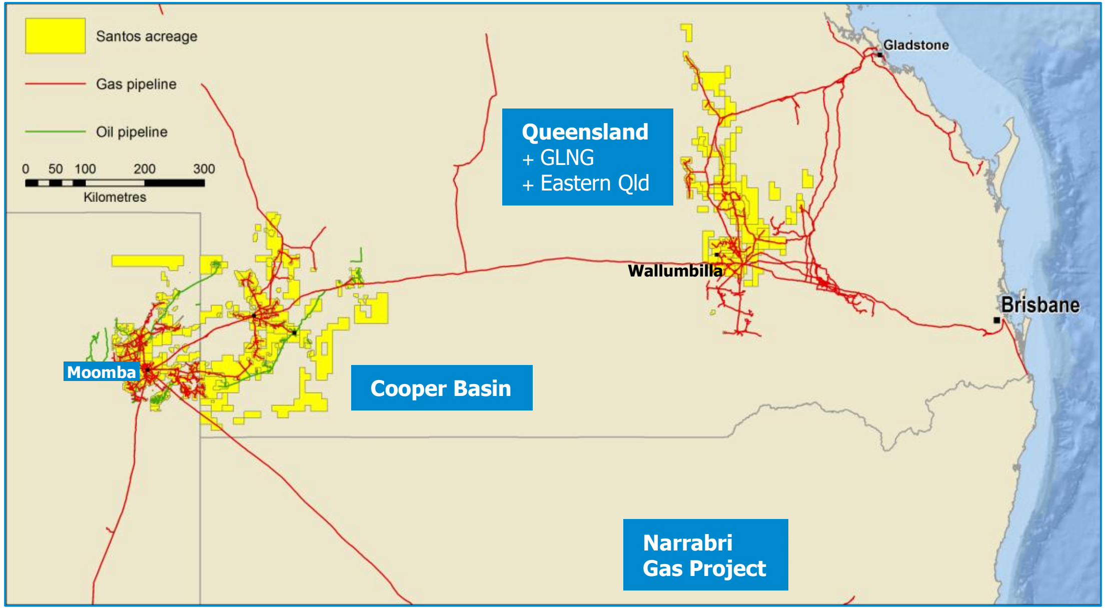


Onshore East Coast Australia

Santos

Australia's lowest-cost onshore operations set to benefit from supplying domestic and export markets

- Sustainable structural cost reductions now embedded
- Lower Cooper Basin costs and increased exploration expected to deliver reserves additions over time
- 2018 drilling activity expected to increase
  - 70-80 wells in the Cooper Basin
  - ~250 wells in GLNG
- Expect to supply ~70 PJ into the East Coast domestic market in 2018
- Medium-term growth opportunities as a result of large uncontracted Eastern Queensland gas reserves
- Strategic infrastructure position and gas storage
- Narrabri introduced to core portfolio



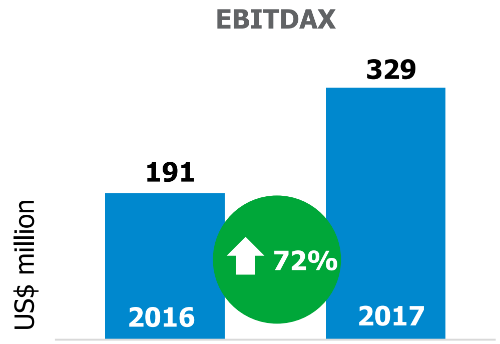
Queensland[1]

Santos

Stronger asset performance due to ramp-up of GLNG and lower costs

- EBITDAX 72% higher due to increased upstream production, higher third-party volumes, lower cost operations and higher LNG prices
- Unit production costs down 8% to $5.92/boe
- Lowest cost onshore operator in Queensland
- Roma drill-complete-connect well costs down 44% to $0.9 million
- GLNG produced 5.2 million tonnes of LNG in 2017 with 89 cargoes shipped
- Roma 2B and 3A projects complete, Scotia CF1 project >70% complete and ahead of schedule
- Roma East development drilling commenced
- Progressing Arcadia development toward sanction by end of 1H 2018
- Agreements executed to evacuate uncontracted Eastern Queensland gas

Asset KPIs	2017	2016
Production (mmboe)	11.5	9.5
Sales volume (mmboe)	22.7	19.2
Revenue (US$m)	764	540
Production cost (US$/boe)	5.92	6.44
EBITDAX (US$m)	329	191
Capex (US$m)	178	228



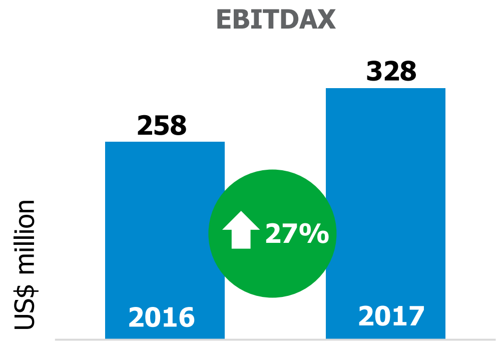
[1] Queensland asset segment was previously called GLNG. The assets included in the segment are unchanged and include the GLNG Joint Venture plus Santos' non-operated interests in Combabula, Ramyard, Spring Gully and Denison.

Cooper Basin

Transformed to low-cost, efficient drill-complete-connect operations

- EBITDAX 27% higher due to lower cost operations, improved productivity and higher oil prices
- Improved drilling cycle times have led to embedded and sustainable cost reductions
- Drill-stimulate-complete gas well costs down 33% to $2.8 million
- Unit production costs down 13% to US$9.32/boe
- Lower costs and renewed exploration focus expected to lead to reserves additions over time
  - 5 mmboe increase in 2P reserves before production in 2017
- Significant progress in identifying new potential growth prospects
  - Moomba South renewed exploration and appraisal focus

Asset KPIs	2017	2016
Production (mmboe)	14.4	15.1
Sales volume (mmboe)	21.0	23.5
Revenue (US$m)	833	768
Production cost (US$/boe)	9.32	10.71
EBITDAX (US$m)	328	258
Capex (US$m)	199	173



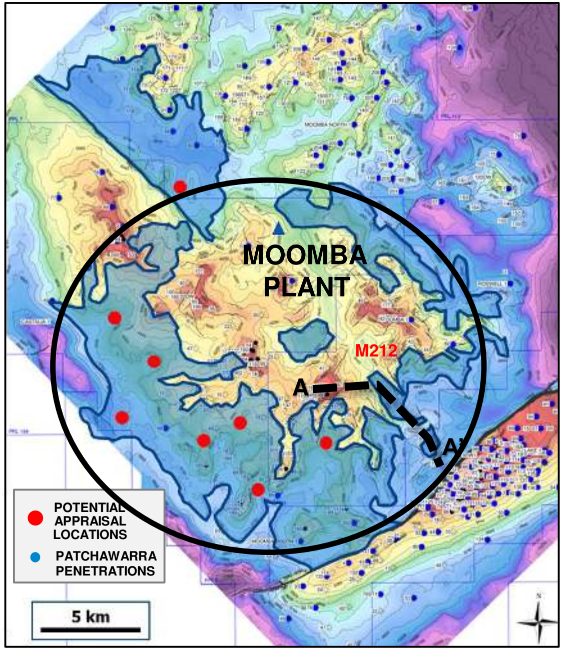
Cooper Basin Growth – Moomba South

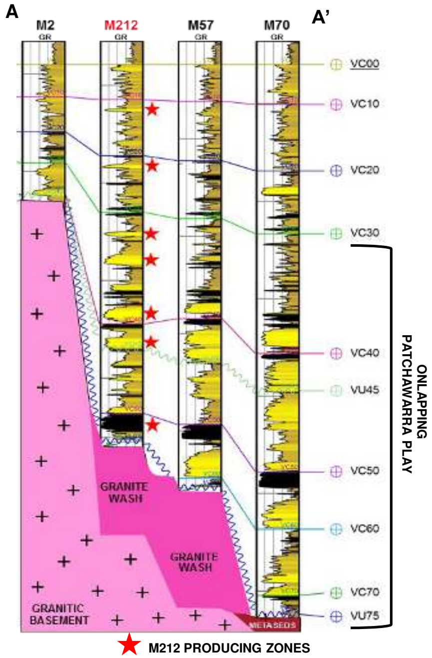
Santos

Renewed exploration and appraisal focus in underexplored areas beneath a mature field. Significant resource potential adjacent to Moomba Plant

- Thick gas-saturated Patchawarra sequence intersected but not developed in historical wells
- Moomba 212 success in 2016 re-invigorates Moomba flank play in underexplored areas of the mature field
- Ongoing appraisal success will enable maturation to reserves
- Low execution costs are an enabler

LOWER PATCHAWARRA VC50 DEPTH STRUCTURE





Western Australia Gas

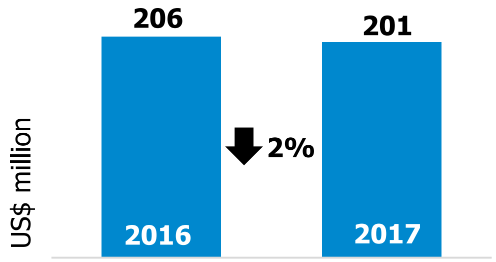
Santos

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

- Higher production, sales volumes and revenues
- Low-cost, high margin conventional domestic gas assets generating strong free cash flow
- Positive market fundamentals
  - Supply deficit emerging from early 2020s
  - Expected that ~50% (1,000 PJ) of forecast market demand needs to be re-contracted during 2019-24
  - Santos has significant uncontracted 2P reserves
  - Signed two new gas sales agreements with Wesfarmers commencing in 2018

Asset KPIs	2017	2016
Production (mmboe)	9.2	8.9
Sales volume (mmboe)	9.4	8.8
Revenue (US$m)	262	184
Production cost (US$/boe)	5.82	5.11
EBITDAX (US$m)	201	206
Capex (US$m)	37	24

EBITDAX

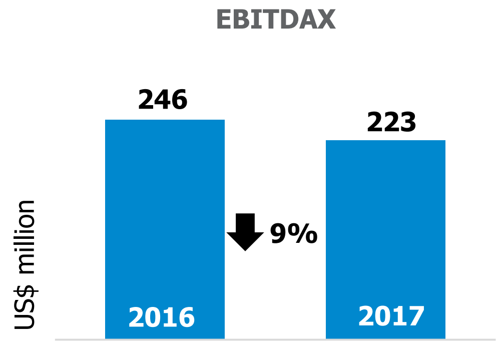


Other assets

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

- Strong performance from Asian assets
  - EBITDAX $177 million
  - Continued strong free cash generation from production of 6.1 mmboe
  - Cost reductions through operating efficiencies and moving to unmanned offshore operations in the Sampang PSC
  - 7 mmboe 2P reserves increase (>100% RRR)
- Production and sales volumes from Australian non-core assets lower primarily due to the sale of the Victorian, Mereenie and Stag assets

Asset KPIs	2017	2016
Production (mmboe)	7.7	11.8
Sales volume (mmboe)	7.7	11.7
Revenue (US$m)	346	411
Production cost (US$/boe)	15.91	14.06
EBITDAX (US$m)	223	246
Capex (US$m)	81	84



2018 strategic priorities

Business focus aligned with the core strategy

Focus on business improvement and operational efficiencies to further reduce costs and maximise operating cash flow

Disciplined allocation of free cash to repay debt and build production levels across core assets

Disciplined exploration and appraisal around core assets

Progress major growth opportunities in core assets

Strengthen and develop Santos' high-performance culture

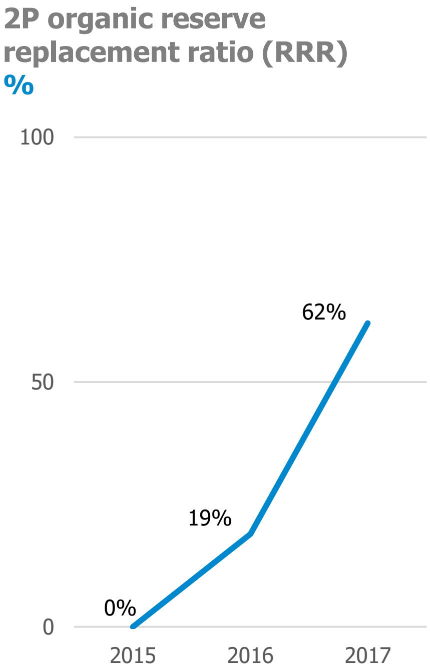
Appendix

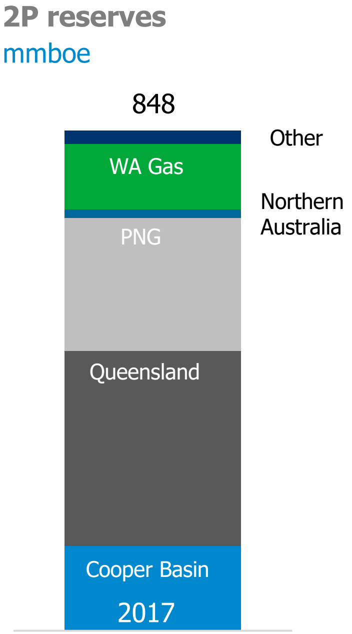
Reserves

Santos

1P reserves increased by 44 mmboe before production (90% organic RRR)
2P reserves increased by 19 mmboe before production (62% organic RRR)

+ Improving trend of 2P organic reserve replacement
+ Developed 2P reserves increased to 57% of total 2P reserves (from 51% in 2016)
+ Reserve upgrades in PNG, Asia, Cooper Basin and WA Gas before 2017 production





Significant items

Santos

Reconciliation of full-year net loss to underlying profit

US$million	2017	2016
Net profit/(loss) after tax	**(360)**	**(1,047)**
Add/(deduct) significant items after tax		
Impairment losses	703	1,101
Net gains on asset sales	(59)	(17)
Other items	52	26
Underlying profit	**336**	**63**

Liquidity and net debt as at 31 December 2017

Santos

$3.2 billion in cash and committed undrawn debt facilities

Liquidity (US$million)		31 Dec 2017	31 Dec 2016
Cash		1,231	2,026
Undrawn bilateral bank debt facilities		2,020	2,313
Total liquidity		**3,251**	**4,339**
Debt (US$million)			
Export credit agency supported loan facilities	Senior, unsecured	1,057	1,734
US Private Placement	Senior, unsecured	424	619
Reg-S bond	Senior, unsecured	783	-
PNG LNG project finance	Non-recourse, secured	1,616	1,749
Euro-denominated hybrid notes	Subordinated	-	1,049
Other	Finance leases and derivatives	82	367
Total debt		**3,962**	**5,518**
Total net debt		**2,731**	**3,492**

2017 Full-year segment results summary

Santos

2017 US$million	Cooper Basin	QLD	PNG	Northern Australia	WA Gas	Other Assets	Corporate explor'n & elimins	Total
Revenue	**833**	**764**	**532**	**153**	**262**	**346**	**282**	**3,172**
Production costs	(134)	(68)	(55)	(75)	(54)	(123)	28	(481)
Other operating costs	(88)	(73)	(46)	-	(20)	(13)	(70)	(310)
Third party product purchases	(200)	(275)	(1)	-	-	-	(220)	(696)
Inter-segment purchases	(1)	(34)	-	-	-	-	35	-
Product stock movement	(58)	23	1	1	(4)	(3)	(5)	(45)
Other income	-	1	2	-	34	43	12	92
Other expenses	(21)	(4)	(3)	(3)	(17)	(26)	(88)	(162)
FX gains and losses	(3)	(5)	-	-	-	(1)	(144)	(153)
Share of profit of joint ventures	-	-	-	11	-	-	-	11
EBITDAX	**328**	**329**	**430**	**87**	**201**	**223**	**(170)**	**1,428**

2016 Full-year segment results summary

Santos

2016 US$million	Cooper Basin	QLD	PNG	Northern Australia	WA Gas	Other Assets	Corporate explor'n & elimins	Total
Revenue	**768**	**540**	**444**	**145**	**184**	**411**	**135**	**2,627**
Production costs	(160)	(61)	(56)	(73)	(46)	(166)	42	(520)
Other operating costs	(77)	(74)	(38)	-	(5)	(16)	(116)	(326)
Third party product purchases	(201)	(142)	(1)	-	-	(3)	(197)	(544)
Inter-segment purchases	(18)	(75)	-	-	-	-	93	-
Product stock movement	(11)	(12)	-	-	3	-	(7)	(27)
Other income	1	14	2	8	73	39	(17)	120
Other expenses	(44)	(8)	(1)	(4)	(6)	(16)	(96)	(175)
FX gains and losses	-	9	-	-	3	(3)	25	34
Share of profit of joint ventures	-	-	-	10	-	-	-	10
EBITDAX	**258**	**191**	**350**	**86**	**206**	**246**	**(138)**	**1,199**

2018 Guidance

Santos

2018 guidance maintained

2018 Guidance	
Sales volumes	72-78 mmboe
Production	55-60 mmboe
Upstream production costs	US$8.2-8.8/boe
DD&A	US$725-775 million
Capital expenditure	US$825-875 million

Capital expenditure guidance includes abandonment expenditure but excludes capitalised interest.

- Production and sales guidance maintained
- Upstream unit cost guidance maintained at $8.2-8.8/boe
  - Higher costs due to planned DLNG/Bayu-Undan shutdown
  - Lower production from PNG LNG and Moomba major shutdowns
  - Lower production from non-core assets
  - Stronger AUD/USD exchange rate is providing upward pressure on AUD costs when translated into USD
- DD&A US$725-775 million
- Capital expenditure guidance maintained

Impairment

Net impairment of $703 million after tax taken in 2017, primarily due to lower oil prices

+ In determining the carrying value of its assets, Santos considers a range of asset and macro assumptions, including oil price, exchange rates, discount rates, production and costs

Brent US$ oil price assumptions	Dec 2017
2018	55
2019	60
2020	65
2021	70
2022	77[1]
2023+	79[1]

[1] US$70/bbl long-term (2017 real) from 2022

Previously announced impairments taken at 2017 half-year:

GLNG: net impairment of $867 million

+ as a result of the changes in assumptions, predominantly lower US$ oil prices

Cooper Basin: positive net write-back of $336 million

+ lower assumed costs and higher assumed development activity and production, supported by significant improvements in drill, stimulate and connect unit cost performance, partially offset by lower US$ oil prices

AAL: net impairment of $149 million

+ lower US$ oil prices

Impairments taken at 2017 full-year:

Other assets: net impairment of $14 million

Oil price hedging

Santos

Oil price hedging provides protection to oil price downside

Open oil price positions	2018	2019
Zero-cost three-way collars (barrels)	11,439,500	-
Brent short call price ($/bbl)	US$60.30	-
Brent long put price ($/bbl)	US$48.48	-
Brent short put price ($/bbl)	US$40.80	-
Zero-cost collars (barrels)	-	3,431,000
Brent long put price ($/bbl)	-	US$45.00
Brent short call price ($/bbl)	-	US$79.27

As at 21 February 2018

2018 Zero-cost three-way collar hedge