

21 February 2019

Santos reports record annual underlying profit of \$727 million and record free cash flow of \$1,006 million

Full-year (US\$m)	2018	2017	Change
Product sales	3,660	3,100	↑ 18%
EBITDAX ¹	2,160	1,428	↑ 51%
Underlying profit ¹	727	318	↑ 129%
Net profit/(loss) after tax	630	(360)	↑ nm
Free cash flow ¹	1,006	618	↑ 63%
Final dividend (UScps)	6.2	-	↑ 6.2cps

nm denotes not meaningful

Santos today announced its full-year results for 2018, reporting both record underlying profit and record free cash flow.

The Board has resolved to pay a final dividend of US6.2 cents per share fully-franked. This brings full-year dividends to US9.7 cents fully-franked per share.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: “Today’s announcement of full-year results demonstrates delivery of our strategy to drive sustainable shareholder value by establishing a low-cost, high-performance operating model that generates strong cash flows through the oil price cycle.”

“Santos has delivered strong financial results for 2018 with EBITDAX¹ up 51% to a record US\$2.2 billion and free cash flow¹ up 63% to a record of more than US\$1 billion. Underlying profit¹ after tax more than doubled to a record US\$727 million. Santos is now on a firm path to grow production and reserves.”

Mr Gallagher said the recent completion of the acquisition of Quadrant Energy will provide a significant boost in Santos’ production in 2019, with the company targeting production of between 71 and 78 mmboe.

“The acquisition, combined with organic reserves additions, contributed to strong reserves growth in 2018 with 2P reserves increasing by 20% to over one billion barrels of oil equivalent. Contingent resources increased to 1.8 billion barrels.

“Consistent application of our disciplined operating model continued to deliver cost reductions and efficiencies, with underlying production costs² down 6% to US\$7.62/boe and further reductions in well costs, confirming Santos as Australia’s lowest cost onshore operator.

Media enquiries

Daniela Ritorto
+61 8 8116 5167 / +61 (0) 455 319 770
daniela.ritorto@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@santos.com

Santos Limited

ABN 80 007 550 923
GPO Box 2455, Adelaide SA 5001
T +61 8 8116 5000 F +61 8 8116 5131
www.santos.com

“In the Cooper Basin, our focus on low-cost, efficient operations has contributed to 8% production growth in 2018, including our highest daily oil production rates since 2009. Drilling activity increased 40% over the course of the year to 85 wells and a fourth drilling rig was added.

“In line with our plans to grow the Cooper Basin, we successfully executed the Moomba South phase 1 appraisal drilling campaign, the first of several large scale project appraisal programs focused on delivering resource conversion to support future production growth.

“At GLNG, our low-cost, efficient operations continue to support a development plan to unlock more gas over time. In 2018, we drilled a record 305 wells, 77% higher than 2017. During the year the 480-well Roma East field development was sanctioned with 121 wells drilled by year-end and the Scotia CF1 field project delivered one year ahead of schedule and 16% under budget. The 148-well Arcadia Phase 1 development was also sanctioned during the year with the first wells due on-line in the first quarter of 2019.

“In Northern Australia, Darwin LNG remains an important and strategic infrastructure project for the future development of onshore and offshore resources. Plant performance in 2018 was again strong with LNG production higher than 2017.

“The Barossa project is being progressed as the lead candidate to backfill Darwin LNG with a final investment decision targeted by late 2019 or early 2020.

“In PNG, plant upgrades resulted in a record daily production rate equivalent to 9.2 mtpa being achieved in the second half of the year.

“PNG LNG expansion opportunities continue to be progressed with provisional results from the Muruk-2 appraisal well indicating the objective Toro reservoir is likely hydrocarbon bearing.”

“In September, we completed the sale of our non-core Asian assets. The sale was consistent with our strategy to realise value from late-life non-core assets,” Mr Gallagher said.

Final dividend

The Board has resolved to pay a 2018 final dividend of US6.2 cents per share fully-franked, in line with the company’s sustainable dividend policy which targets a range of 10% to 30% payout of free cash flow.

The final dividend will be paid on 28 March 2019 to registered shareholders as at the record date of 27 February 2019.

Santos dividends are determined and declared in US dollars and paid to shareholders in Australian dollars. Currency conversion for the final dividend will be based on the exchange rate on the record date of 27 February 2019. The Dividend Reinvestment Plan will not be offered for the 2018 final dividend.

Conference call and live webcast

Santos will host a conference call and live webcast for analysts and investors today at 11:00am AEDT.

Dial-in numbers for the conference call are listed below. Please quote passcode ID: **7547579**.

For locations within Australia dial toll-free 1800 123 296 or toll 02 8038 5221.

For other countries, please use one of the following toll-free numbers: Canada (1855 5616 766); China (4001 203 085); Hong Kong SAR (800 908 865); India (1800 2666 836); Japan (0120 994 669); New Zealand (0800 452 782); Singapore (800 616 2288); United Kingdom (0808 234 0757); United States (1855 293 1544). For all other countries or operator assistance, please call +61 2 8038 5221.

The webcast will be available on Santos' website from 11:00am AEDT at www.santos.com.

Ends.

¹ EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), 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, commodity hedging as well as items that are subject to significant variability from one period to the next. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements. A reconciliation between net profit after tax and underlying profit is provided in the Appendix of the 2019 Full-year results presentation released to ASX on 21 February 2019.

² Excluding the impact of shutdowns.