Santos

20 August 2020

Santos reports 2020 half-year results

Half-year (US$m)	2020	2019	Change
Product sales	**1,668**	1,974	-16%
EBITDAX[1]	**995**	1,260	-21%
Underlying profit[1]	**212**	411	-48%
Net (loss)/profit after tax	**(289)**	388	-174%
Free cash flow[1]	**431**	638	-32%
Interim dividend (UScps)	**2.1**	6.0	-65%

Santos today reported first half free cash flow of US$431 million and underlying profit of US$212 million. The results reflect significantly lower oil prices compared to the previous first-half due to the impact of COVID-19 on global oil demand.

The reported net loss after tax of US$289 million includes the previously announced non-cash impairment due to revised oil price assumptions.

The Board has resolved to pay an interim dividend of US2.1 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.

Given the ongoing uncertain economic impact of COVID combined with the lower oil price environment, the Board determined it was prudent on this occasion to set the interim dividend at the lower end of the target payout range. The Board will review the payout again when it considers the final dividend in February.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the first half of 2020 had delivered record production volumes and strong free cash flow, despite the significantly lower oil prices.

"These results again demonstrate the resilience of our cash-generative operating model in a lower oil price environment and strong operational performance across our diversified asset portfolio. Completion of the ConocoPhillips acquisition in May boosted our production to record levels and we expect even stronger production in the second half.

"Our disciplined operating model enabled us to maintain activities key to sustaining strong operational performance and stable production across all of our core assets, and we are now targeting a free cash flow breakeven oil price of less than US$25 per barrel in 2020.

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“Consistent application of our disciplined operating model continues to deliver cost reductions and efficiencies, with unit production costs down 6 per cent to US$6.81/boe (excluding the ConocoPhillips acquisition).

“The acquisition of ConocoPhillips assets in northern Australia and Timor-Leste was fully-aligned with our growth strategy to build on existing infrastructure positions and delivered operatorship and control of strategic LNG infrastructure at Darwin.

“We were pleased to complete the acquisition in May for a reduced up-front purchase price and the integration of our two businesses is progressing well. Integration savings are being identified and realised rapidly, and we are now targeting the upper end of synergy guidance of US$50-75 million.

“Our balance sheet is strong with over US$3 billion in liquidity and we remain well positioned to leverage our growth opportunities when business conditions improve.

“COVID-19 and the low oil price has presented a challenging time over the past couple of months however our disciplined, low-cost operating model has allowed us to navigate these challenges while remaining well positioned for growth on the other side.

“Santos remains confident that when prices and demand recover, our projects will be better placed than those in our competitor countries to leverage the opportunities that will inevitably re-emerge.

“While FID on the Barossa project was deferred given the uncertain economic impact of COVID-19 combined with the lower oil price environment, since assuming operatorship we have progressed value improvement work targeting reduced project costs. Barossa remains an important project for Santos due to its brownfield nature and its low cost of supply.

“We are also well-progressed on Dorado pre-FEED and aim to take a FEED-entry decision on this exciting project in the second half of 2020.

“The Narrabri gas project was referred to the NSW Independent Planning Commission in June with a determination expected in the third quarter. Narrabri has the potential to supply up to half of NSW’s natural gas demand.

“In the Cooper Basin, our focus on low-cost, efficient operations contributed to stronger production and record liquids throughput as we continue to optimise capital efficiency and identify new opportunities to extract value from our significant midstream infrastructure.

“We are also progressing FEED work for the Moomba carbon capture and storage project, which has the potential to significantly reduce emissions and be an enabler for the production of hydrogen in the future,” Mr Gallagher said.

[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, 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 financial statements which have been subject to review by the auditor. A reconciliation between net loss after tax and underlying profit is provided in the Appendix of the 2020 half-year results presentation released to ASX on 20 August 2020.

Santos

Live webcast

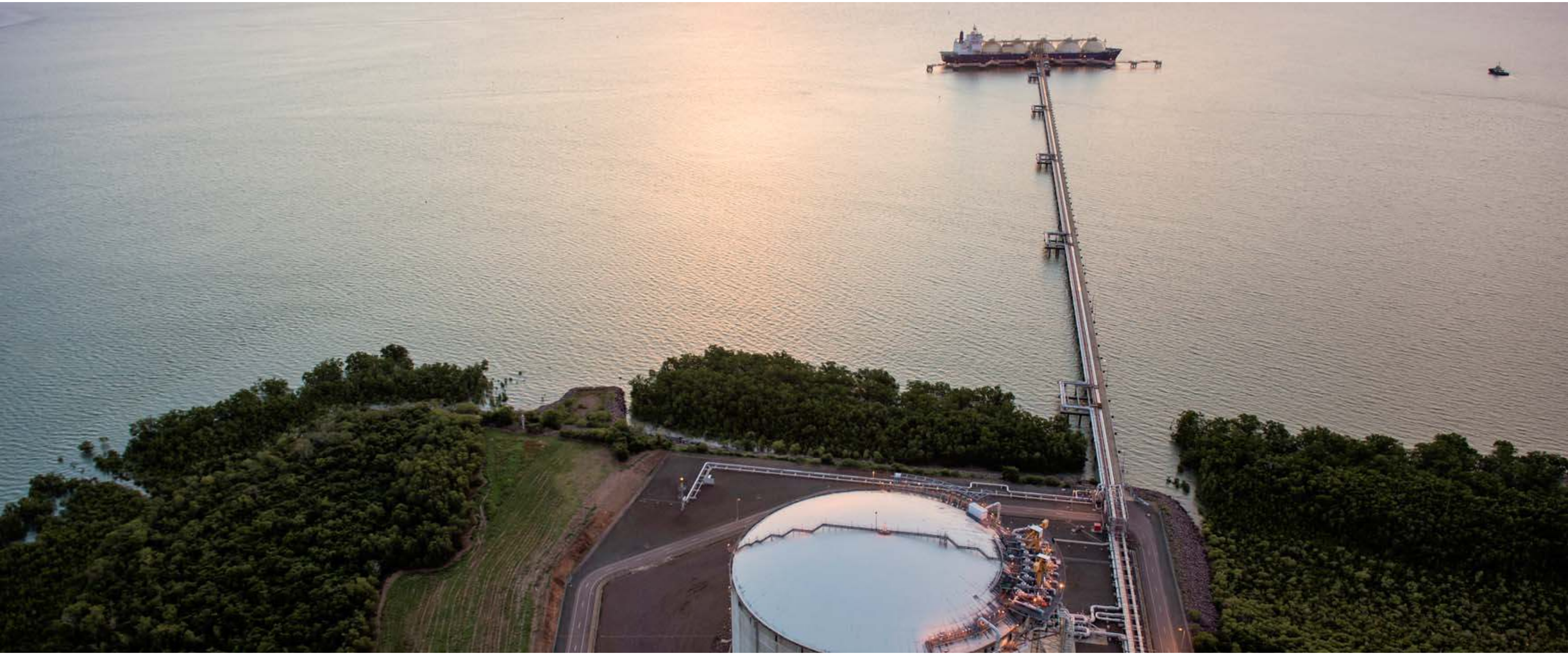
Santos will host a live webcast for analysts and investors today at 11:00am AEST.

To access the live webcast, register on Santos' website at www.santos.com.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.

Santos 2020 half-year results

20 August 2020



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), EBITDA (earnings before interest, tax, depreciation, depletion 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 and major growth capex less lease liability payments) 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 and disposals, impairments, 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 financial statements which have been subject to review by the auditor.

Cover image: Darwin LNG, Wickham Point, Northern Territory

Highlights

Santos

Low-cost, diversified portfolio generating strong cash flow. Growth project optionality maintained for when business conditions improve

Record production and sales volumes ✓

With an even stronger second half expected

Strong free cash flow ✓

Delivered $431 million in the first half

Lowered free cash flow break even oil price ✓

Targeting <$25 per barrel in 2020

Completed ConocoPhillips acquisition ✓

With reduced upfront purchase price

Cooper Basin Carbon Capture and Storage ✓

FEED rapidly progressing on CCS project

Strong balance sheet ✓

Supportive of our growth strategy

2020 half-year results

Santos

Strong operational and cost performance delivered $431 million of free cash flow and $212 million underlying profit. Reported loss includes previously announced impairment

FREE CASH FLOW[1]	REPORTED LOSS AFTER TAX[2]	UNDERLYING PROFIT[2]
$431 million (-32%)	**$(289)** million (-174%)	**$212** million (-48%)

SALES REVENUE	EBITDAX	INTERIM DIVIDEND
$1,668 million (-16%)	**$995** million (-21%)	**2.1c** US cents per share (-65%)

[1] Operating cash flows less investing cash flows (net of acquisitions and disposals and major growth capex) less lease liability payments.

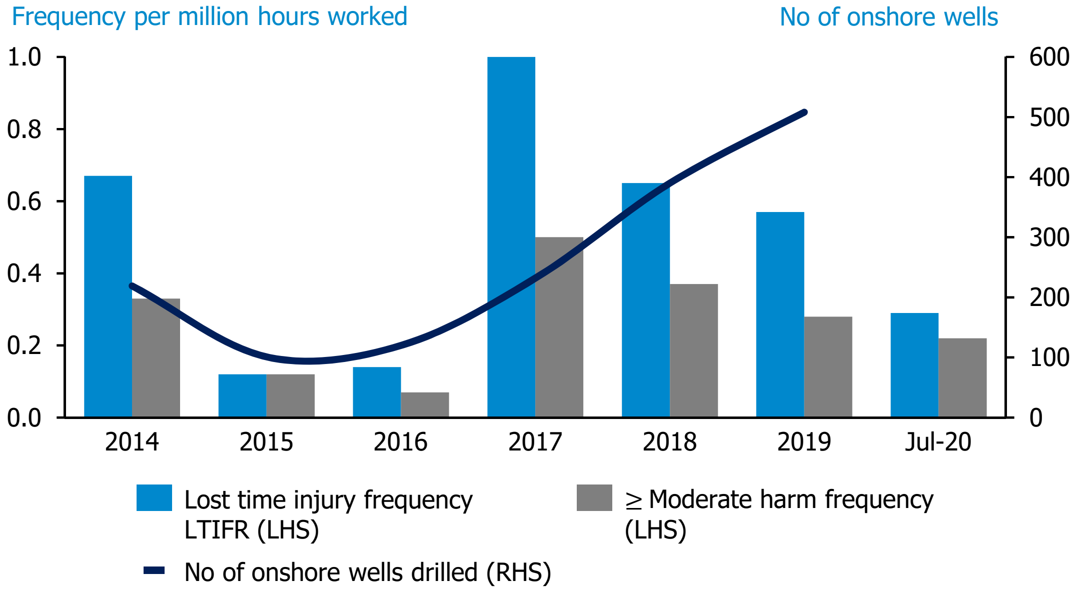
[2] A reconciliation between net loss after tax and underlying profit is provided in the Appendix. Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, hedging and items that are subject to significant variability from one period to the next.

Safety and environment

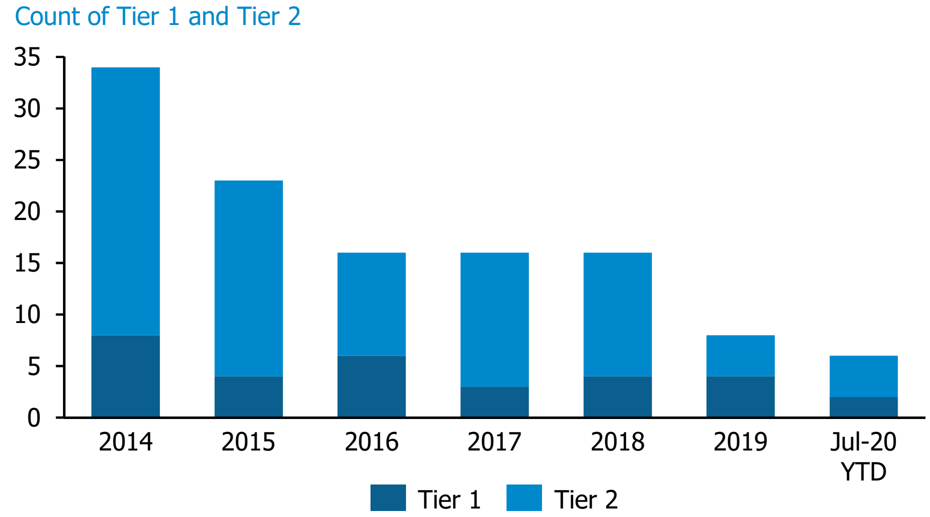
Santos

Ongoing improvement in personal and process safety metrics despite COVID-19

Injury frequency vs activity levels



Loss of containment incidents



+ Implementation of Santos' safety strategy is focused on improving capability and embedding learnings

+ Process Safety focus has delivered a decrease in loss of containment incidents

Sustainability

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For over 65 years, Santos has been safely and sustainably exploring and developing Australia's natural gas resources

Climate	+ In 2018, we set an aspiration to achieve net-zero emissions by 2050 + On track to achieve medium-term emissions targets + Review of industry association memberships
Low-carbon energy	+ Progressing Moomba carbon capture and storage (CCS) to significantly reduce emissions + Concept study commenced for hydrogen production at Moomba utilising CCS
Reporting and disclosure	+ Released third-annual Climate Change Report consistent with the TCFD guidelines + Published Sustainability Performance Report + Released first Modern Slavery Report in June 2020, 12 months ahead of required reporting date

COVID-19 response

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Business continuity through the pandemic

- "Always Safe" is one of Santos' core values
- Everyone across our assets and offices has had to work in new ways over the past months while remaining always safe and maintaining business continuity
- Preventative and response controls defined and in place at offices and field sites
  - Implemented health and hygiene rules including social distancing, self-declaration, temperature measurement and additional cleaning
  - Office personnel working on a rotational basis where needed to ensure social distancing is maintained
  - Non-essential field activities deferred
  - Case management, contact tracing, field extraction
- Operations continuity plans remain in place
- Captured and embedded learnings from COVID including reducing interstate travel for operational sites and adopting virtual meetings via video conference

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Health and Hygiene Rules

Rule 1: Everyone must have a current health self-assessment declaration form

Rule 2: Follow the Santos social distancing requirements by:

- Maintaining separation of at least 1.5m from others
- Limiting the number of people in meeting rooms as directed
- Limiting meeting times to no more than 2 hours
- Limiting the number of people in elevators to 4 people

Rule 3: Everyone must present for temperature screening on entering Santos sites

Rule 4: Regularly wash your hands thoroughly

Rule 5: Complete contact tracing forms in meeting rooms

Prominently displayed at all Santos locations.

Targeting 2020 free cash flow breakeven of <$25 per barrel

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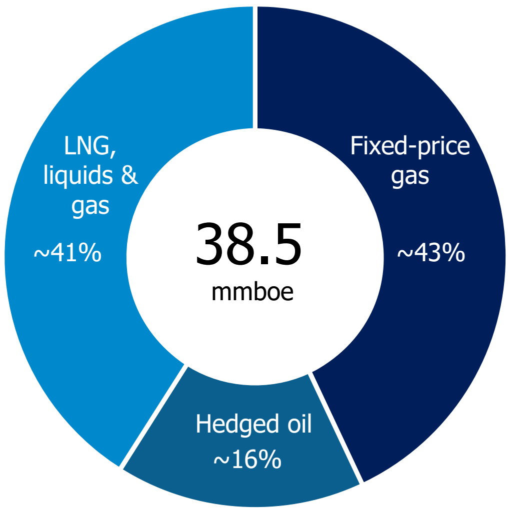
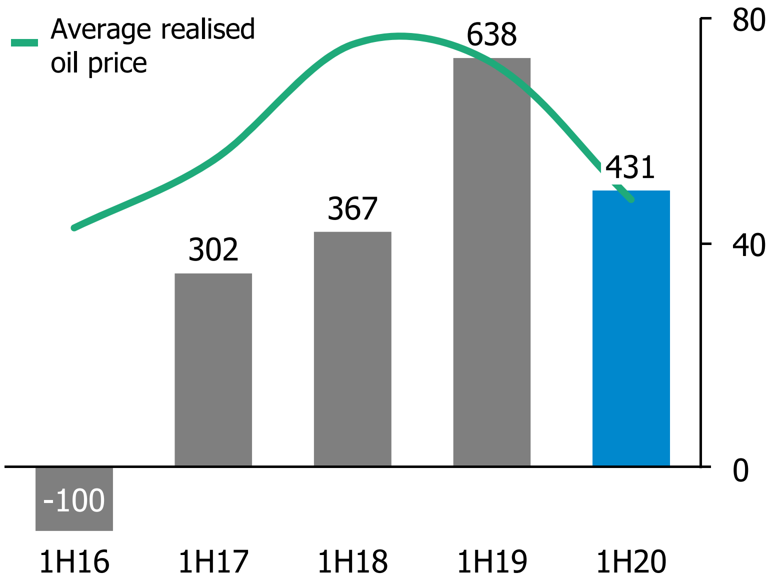
Diversified and balanced portfolio supportive of strong, sustainable free cash flow through the oil price cycle

1H20 production volumes
mmboe



Free cash flow[1]
$ million

Oil price
$/bbl



- First half free cash flow $431 million
- Targeting 2020 forecast free cash flow breakeven of <$25 per barrel[2]
- Diversified and balanced portfolio providing defense through the cycle
  - LNG: Volumes sold predominantly under long-term contracts with only 7% sold into spot market in the first half
  - Domestic gas contracts: Fixed-price, inflation-linked providing stable revenues
  - Hedged oil: 9.7 million barrels hedged for H2 2020 at an average floor price of $38 per barrel with upside participation

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

Finance & capital management

Anthony Neilson
CFO

Santos

Financial discipline

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Our disciplined low-cost operating model is built for these challenging times

Targeting free cash flow breakeven oil price of <$25 per barrel in 2020	+ Lower costs are being realised from a decisive, disciplined response to the COVID-19 pandemic whilst maintaining safety, integrity and 2020 production-related spend + Approximately 60% of production volumes for the second half of 2020 are either fixed-price domestic gas contracts or oil hedged at an average floor price of $38 per barrel
Strong free cash flow and liquidity	+ Strong operational and cost performance delivered $431 million of free cash flow in the first half + Strong balance sheet. Liquidity of over $3 billion, comprising $1.3 billion in cash and $1.9 billion in committed undrawn debt facilities
Growth project optionality maintained	+ Santos-operated Barossa, Dorado and Moomba CCS major growth projects continue to progress toward investment-ready + Narrabri provides another growth opportunity, with a determination expected in the third quarter + Well positioned to leverage growth opportunities when business conditions improve

2020 half-year financial snapshot

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Strong operational and cost performance delivered $431 million of free cash flow. Underlying profit lower due to 34% decrease in the average realised oil price

$ million	1H20	1H19	Change
Product sales revenue	1,668	1,974	-16%
EBITDAX	995	1,260	-21%
Underlying profit[1]	212	411	-48%
Net (loss)/profit after tax	(289)	388	-174%
Operating cash flow	838	1,051	-20%
Free cash flow[2]	431	638	-32%
Interim dividend (UScps)	2.1	6.0	-65%

[1] For a reconciliation of 2020 Half-year net loss after tax to underlying profit, refer to Appendix.
[2] Operating cash flow less investing cash flows (net of acquisitions and disposals and major growth capex) less lease liability payments.

Strong free cash flow generation

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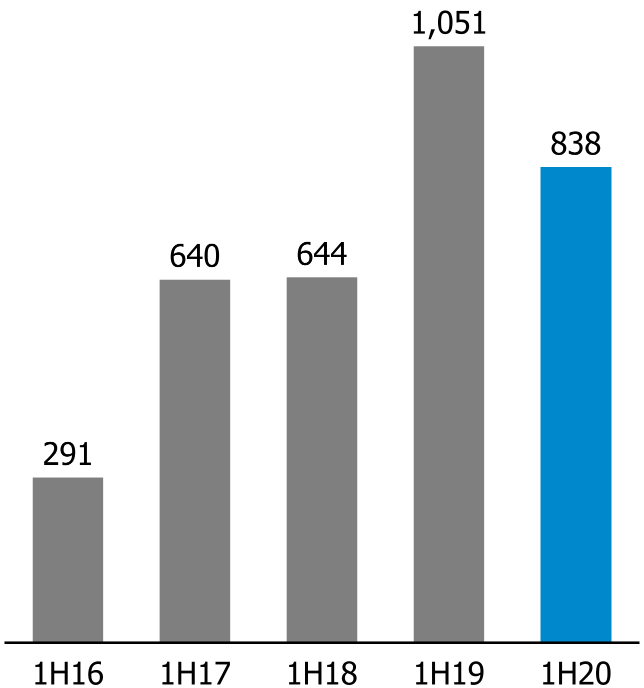
At similar average oil prices to 2016, first half 2020 operating cash flow and free cash flow were each $0.5 billion stronger

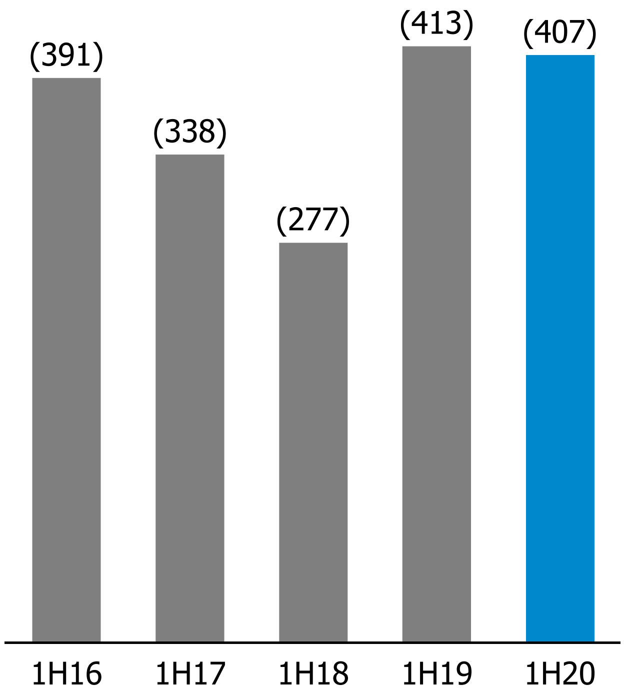
Operating cash flow

$ million



Investing cash flow[1]

$ million

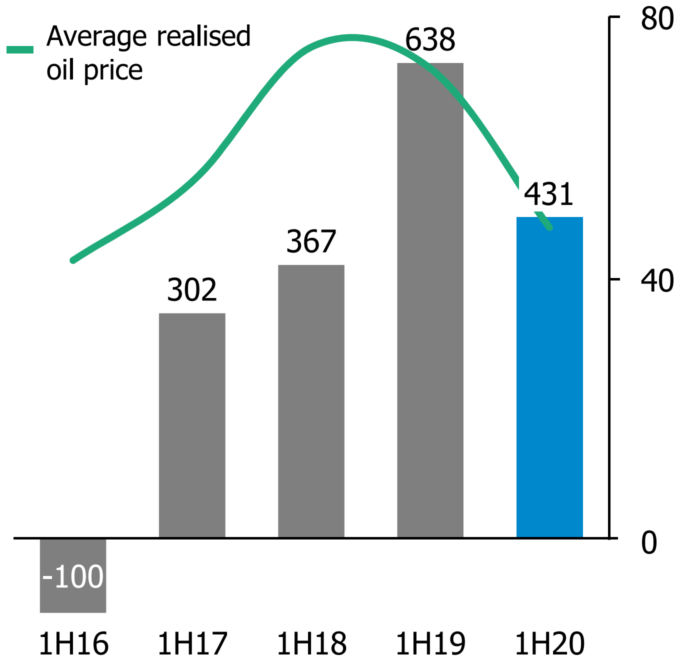


Free cash flow[1]

$ million

Oil price

US$/bbl



[1] Excludes acquisitions / divestments, major growth capex and includes lease liability payments.

Underlying earnings

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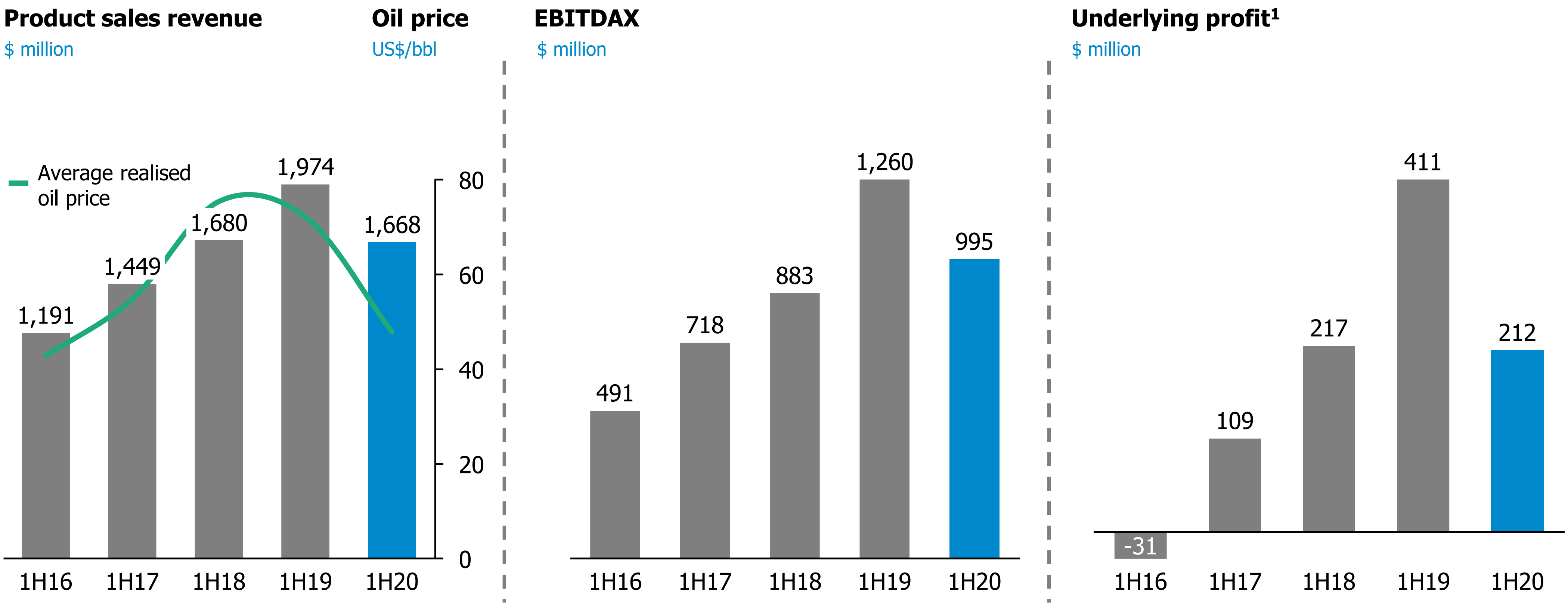
Fixed price domestic gas contracts and strong realised LNG prices shielded first half revenues from lower oil prices

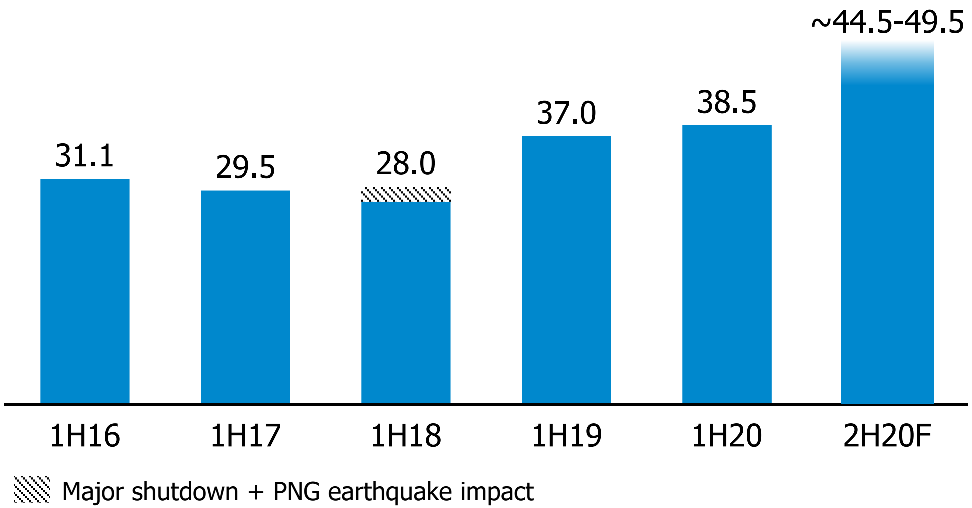


[1] Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, and the impact of hedging.

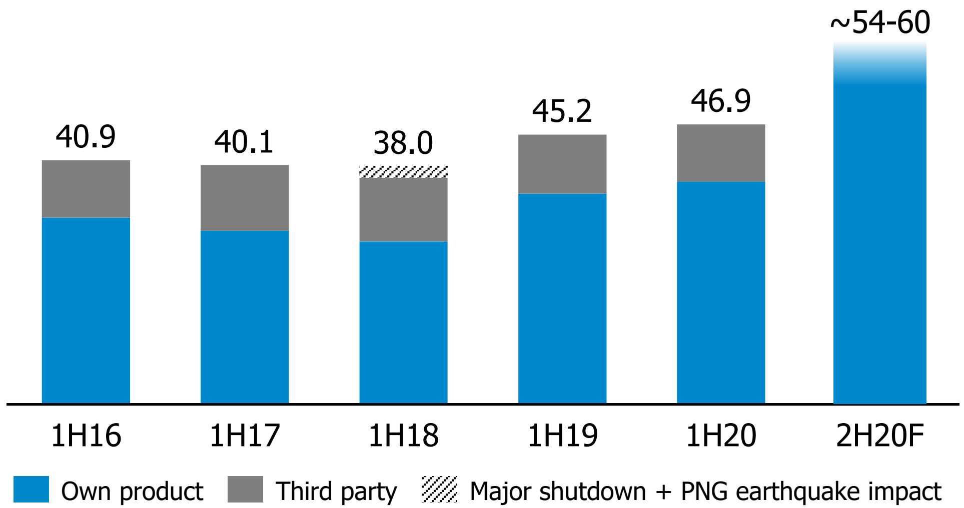
Production and sales volumes

Achieved record half-year production at 38.5 mmboe. Expecting stronger second half due to CoP acquisition and higher WA domestic gas volumes

Half year production
mmboe



Half year sales volume
mmboe



+ Record 1H20 production volumes were driven by increased equity in Bayu-Undan production following completion of the northern Australia and Timor-Leste asset acquisition on 28 May and higher domestic gas production in Western Australia due to commencement of the Alcoa contract in mid June
+ 2020 full-year production guidance maintained at 83-88 mmboe

+ Increased 1H20 production volumes resulted in a corresponding increase in sales volumes for the first half
+ 2020 full-year sales volume guidance maintained at 101-107 mmboe

Production costs

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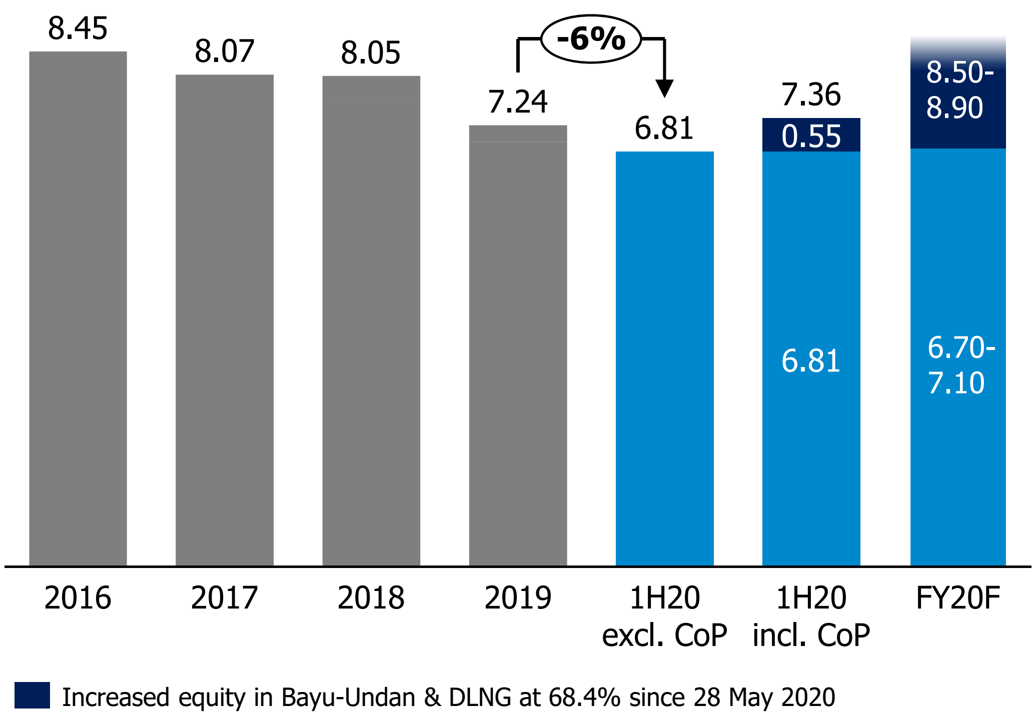
6% reduction in upstream unit production costs (excluding CoP) as cost reduction initiatives announced in March are flowing through

+ Sustained cost improvement and operating efficiencies
+ Upstream production cost guidance for the base business (excluding ConocoPhillips acquisition) is unchanged at $6.70-7.10/boe, consistent with the cost reduction initiatives announced in March
+ 2020 guidance including the ConocoPhillips acquisition is $8.50-8.90/boe
+ Higher guidance is due to Bayu-Undan which is a higher unit upstream production cost ($20/boe in 1H20) compared to the balance of the Santos upstream portfolio

Upstream unit production costs[1]

$/boe



[1] Includes all planned shutdown activity and PNG Earthquake recovery costs.

Cash generative Operating Model continues to drive value

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Diversified portfolio of core assets delivering strong margins despite lower prices

2020 First half results summary[1]

	Cooper Basin	Qld & NSW	PNG	Nth Aust & T-L[2]	WA	Santos
Total revenue $million	471	506	273	146	285	1,728
Production cost $/boe	7.78	5.45	4.85	20.00	6.55	7.36
Capex $million	143	93	26	37	52	372
EBITDAX $million	197	294	224	76	205	995
EBITDAX margin	42%	58%	82%	52%	72%	58%

[1] Corporate segment not shown.
[2] Increased equity in Bayu-Undan & DLNG at 68.4% from 28 May 2020.

- Fixed price domestic gas contracts and strong realised LNG prices shielded first half revenues from lower oil prices
- Cost reductions are occurring across our operated assets, which is reflected in the group upstream unit production cost for Santos' base business. This is partially offset by one-off cost impacts related to managing the response to COVID-19
- Capex 17% lower than 2019 first half. Spend is focused on maintaining activity programs for safety, asset integrity and production
- Group EBITDAX margin maintained at 58% and all assets generated strong EBITDAX despite lower oil prices

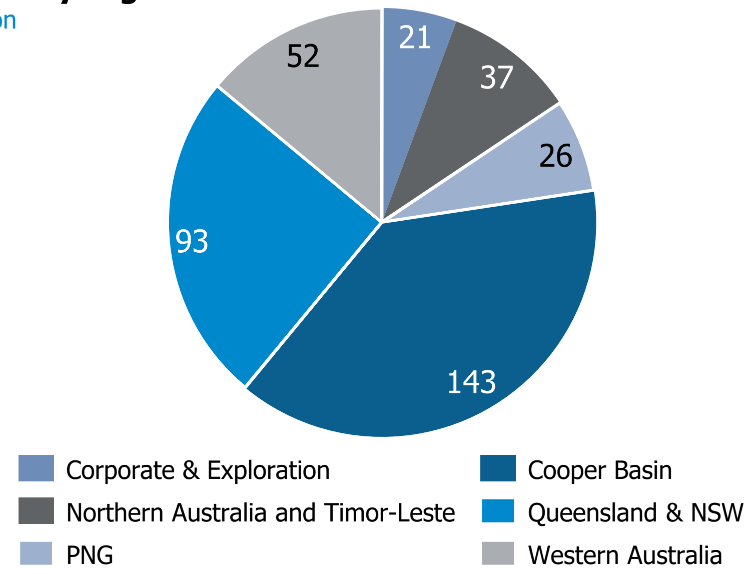
Capital expenditure

2020 guidance maintained at ~$750m for sustaining capex and ~$150m for major growth

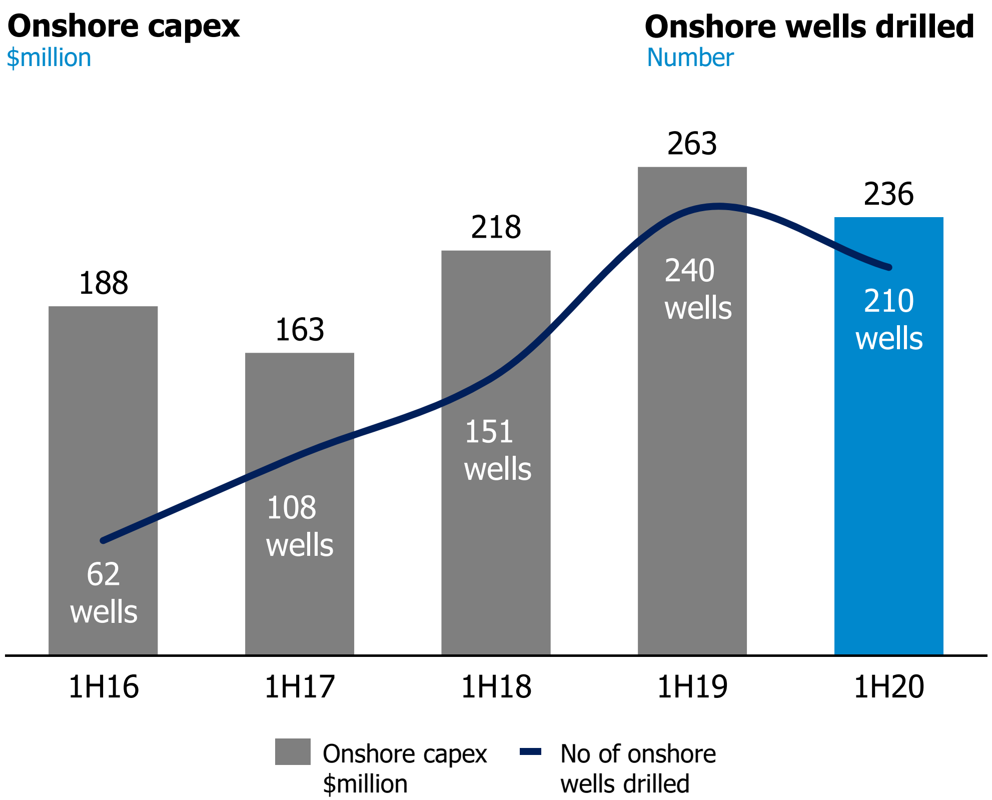
1H20 capital expenditure $372 million[1]

- Comprising $330m sustaining and $42m major growth, predominantly related to the Barossa project
- 53 wells drilled in the Cooper Basin
- 157 wells drilled across the GLNG acreage

Capex by segment
$million



Starting to drill more horizontal onshore wells



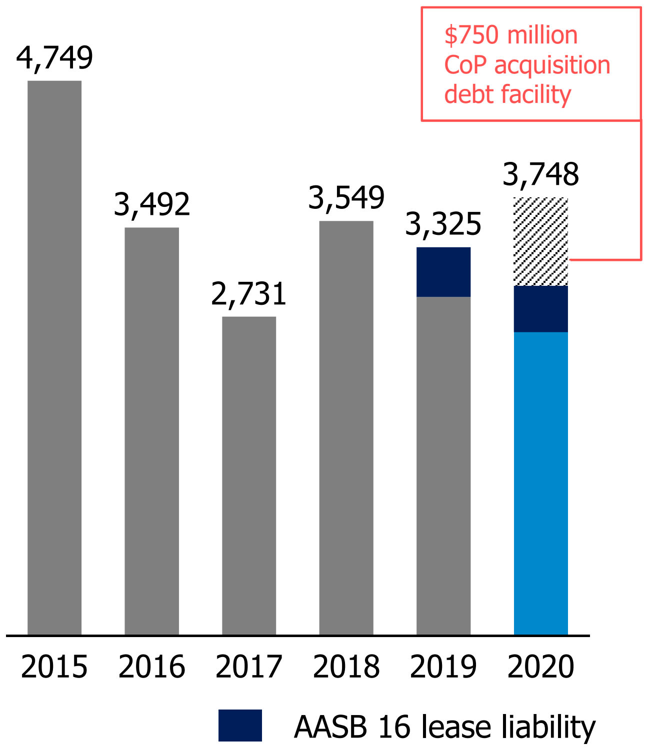
[1] Capital expenditure incurred includes abandonment expenditure but excludes capitalised interest

Debt and liquidity

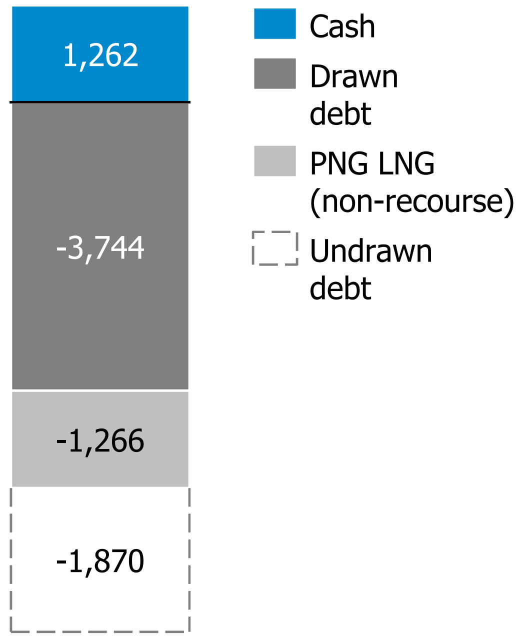
Net debt $3,748 million. Ample liquidity of over $3 billion

- Net debt $3,748 million (includes $399 million AASB 16 lease liabilities) including CoP acquisition, as at 30 June 2020
- Gearing 34% (including AASB 16 & impairment)
- Oil price hedging provides protection to downside
- Ample liquidity in place
  - $1,262 million in cash
  - $1,870 million in committed undrawn debt facilities
- Debt covenants have sufficient headroom and are not under threat at current oil prices for a number of years
- Flexibility to optimise the broader Santos asset portfolio through strategically aligned farm-outs and disposals

Net debt
$million



Cash, debt and undrawn debt facilities at 30 June 2020[1]
$million



[1] Drawn debt includes $399 million AASB 16 lease liabilities

Drawn debt maturity profile

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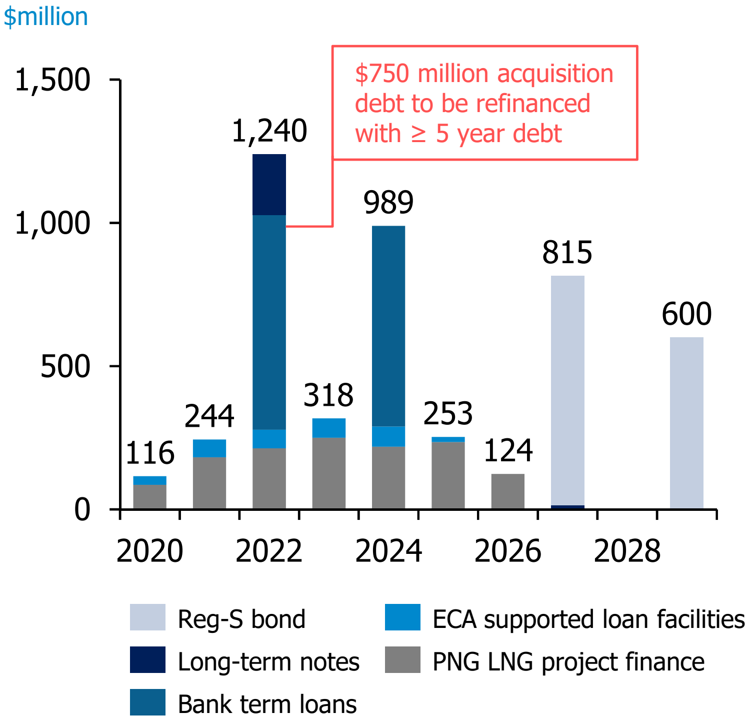
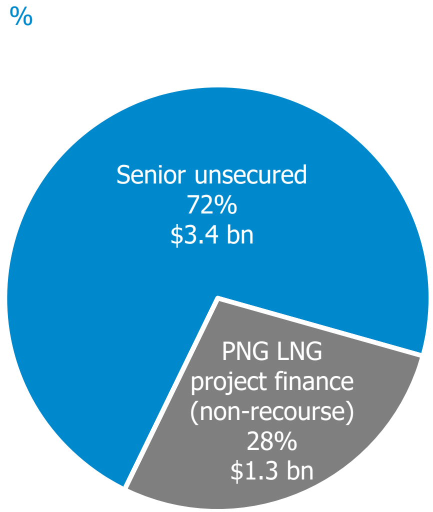
CoP acquisition facility due 2022 to be re-financed with ≥ 5 year debt. Debt markets are strong, liquid and very supportive. No other material near-term maturities

Drawn debt maturity profile[1]

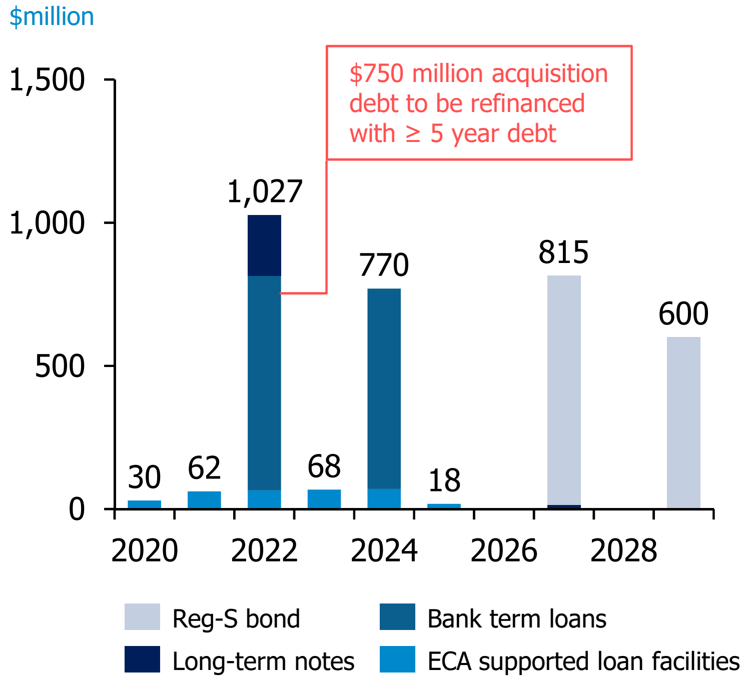


Breakdown of drawn debt facilities[1]



+ Weighted average term to maturity ~4.4 years

Drawn debt maturity profile excluding PNG LNG project finance[1]



[1] As at 30 June 2020. Excludes leases and derivatives.

ConocoPhillips integration update

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The integration of the ConocoPhillips' Western Australian business into Santos is progressing well. Expecting upper end of $50-75 million per annum synergy guidance

Integration process

+ Leveraging in-house integration team and expertise from the successful integration of Quadrant Energy in 2019
+ COVID-19 has had minimal impact on the integration program, which remains on-track
+ Integration costs have a minor impact on the 1H results, with completion occurring in late May

Synergy delivery

+ The integration benefits have started to be realised. Early savings are from removing corporate overhead costs
+ The program is in advanced stages of delivering an integrated organisation structure aimed at removing duplication
+ Optimisation opportunities are emerging across operations
+ Savings are being identified and delivered rapidly. Expecting upper end of synergy guidance ($50-75 million per annum pre-tax)

Gladstone LNG

Darwin LNG

Asset performance

Kevin Gallagher

Managing Director & CEO

Five core assets

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Diversified portfolio of core assets, each with major growth opportunities and flexibility on commitment timing

Santos-operated asset hubs

Western Australia

Cooper Basin

QLD & NSW

Northern Australia and Timor-Leste

Non-operated asset

PNG

Cash-generative assets with growth optionality when market conditions are supportive

+ Strong base business with diversified and steady production, and all assets are free cash flow breakeven <$35 per barrel, excluding major growth

+ All major growth projects are Santos-operated, except PNG

+ Operatorship allows for flexibility on growth commitment timing

Offshore conventional business

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Following commencement of the 12-year, fixed-price US$ denominated Alcoa contract in mid June, Santos now supplies ~50% of Western Australia's domestic gas requirements

Strong cash margin, low-cost operating business

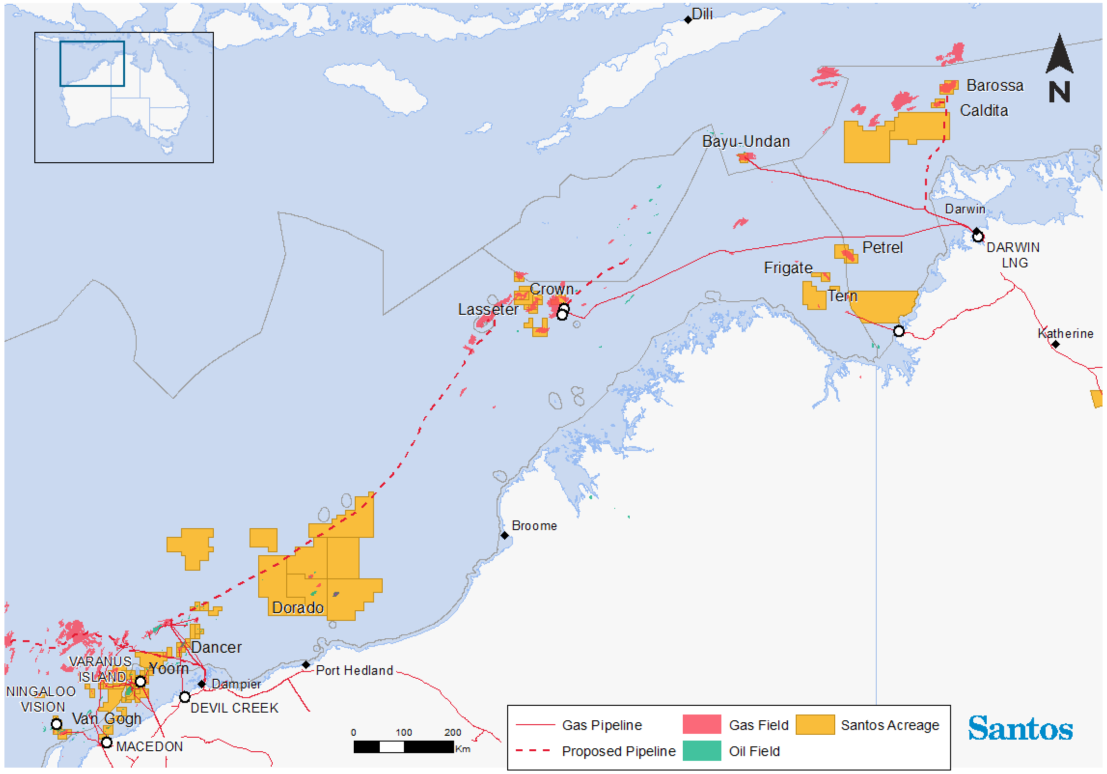
+ WA EBITDAX margin maintained at 72% highlighting benefit of fixed price domestic gas contracts
+ WA unit production cost $6.55 per boe, down 10%

Portfolio of high quality infill projects

+ Located near existing infrastructure
+ Lower-cost brownfield projects with short payback periods

Growth project optionality maintained for Barossa and Dorado

+ Since assuming Barossa operatorship, value engineering work has progressed targeting reduced project cost, including assessment of both purchase and lease options for the FPSO
+ Dorado FEED entry targeted in 2H 2020 and FID in 2021, subject to market conditions



Gas and oil infill and tieback opportunities

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Lower cost brownfield, short-cycle projects

Van Gogh: Phase 2 oil infill

+ Three dual lateral wells targeting undrained parts of the field
+ First infill oil production targeted for late 2021
+ Ningaloo Vision FPSO currently in a Singapore shipyard for planned maintenance and expected to be back on-station in 1Q 2021

Spartan: Backfill to Varanus Island

+ Single well subsea development
+ FID targeted for 4Q 2020. Potential to defer FID to early 2021 due to strong performance of existing producing fields

Bayu-Undan: Infill to extend field life

+ Planning for another phase of infill drilling is being advanced to optimise field recovery and extend life and Darwin LNG production
+ Program consists of 3 additional wells including two platform wells and one subsea well

Ningaloo Vision FPSO

Varanus Island Gas Processing Facility

Bayu-Undan Platform

Barossa development

Santos

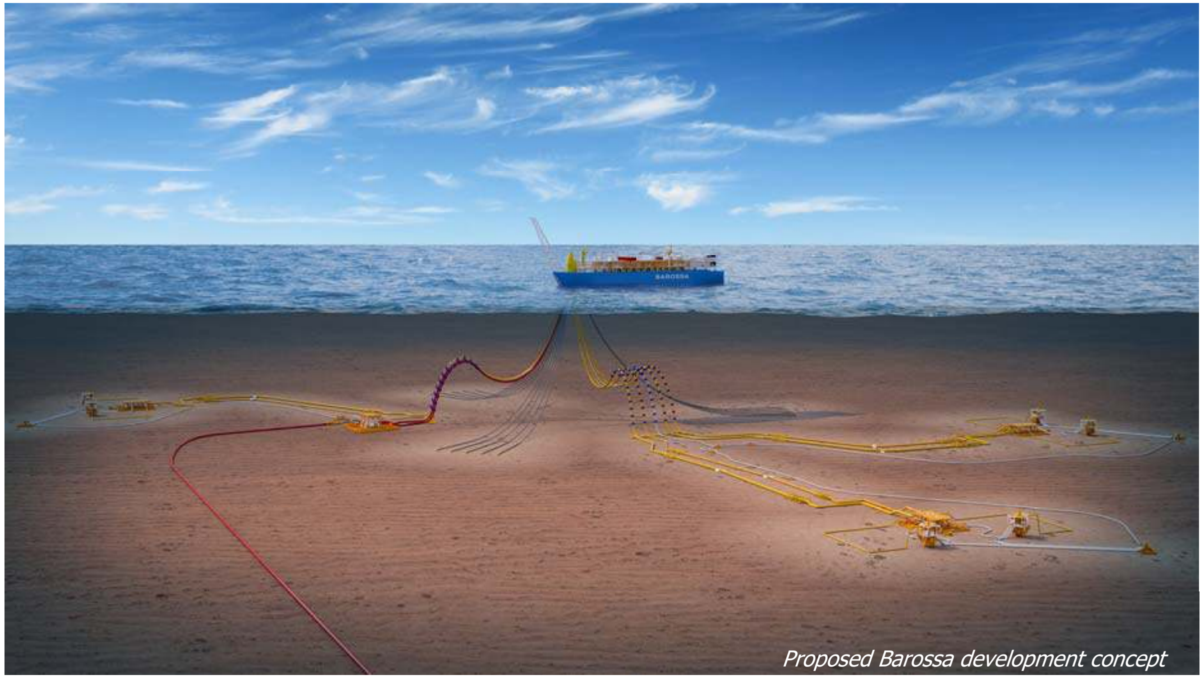
Value improvement work underway targeting reduced project costs. Targeting FID-ready by end 2020, subject to business conditions

Barossa development

- FID deferred, major contracts sustained and 2020 expenditure minimised
- Undertaking value engineering to reduce cost
- Reviewing lease versus buy options for FPSO

Joint venture alignment

- Santos targeting a ~40% interest in Barossa
- LOI signed for sell down of 12.5% interest in Barossa to DLNG partner JERA
- Binding agreement to sell a 25% interest in DLNG and Bayu-Undan to SK E&S for $390 million
- Advanced discussions with other parties for Barossa project equity and LNG offtake
- Finalising processing agreement with DLNG for Barossa



Proposed Barossa development concept

Dorado development

Santos

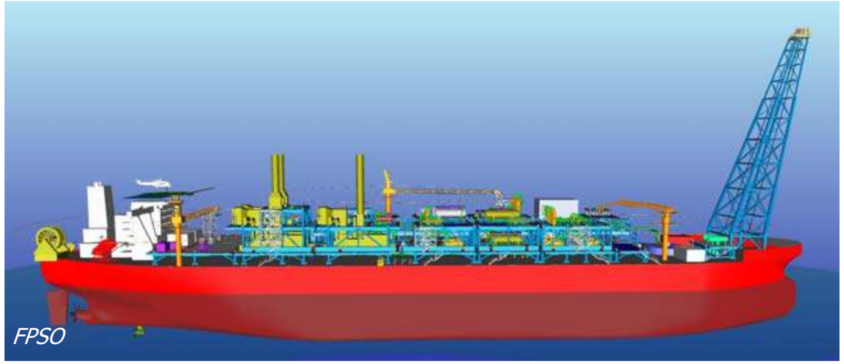
Competitive pre-FEED for FPSO and tendering for wellhead platform underway to support FEED entry in 2H 2020. FID targeted for 2021, subject to business conditions

Dorado development concept

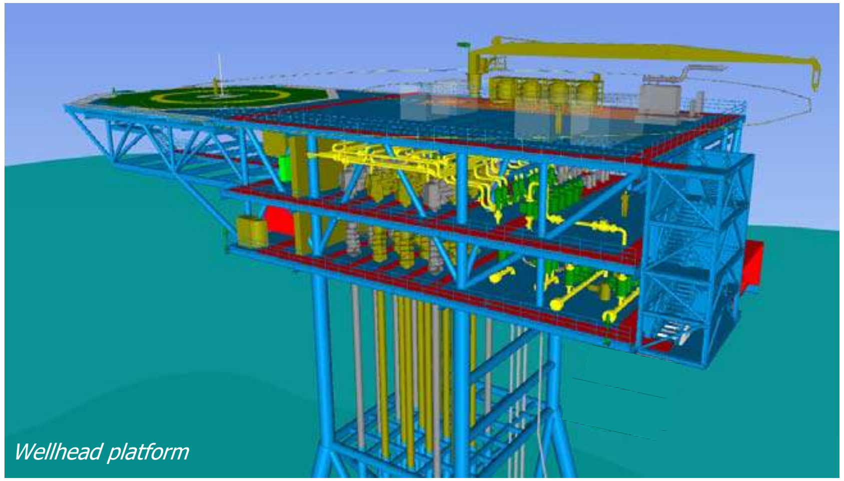
- Shallow water depth allows for simple wellhead platform (WHP) and FPSO
- Initial phase of oil and condensate development with gas re-injection to support enhanced oil recovery
- Estimated initial gross oil production rate expected to be between 75-100 kbbl per day[1]

Pre-FEED phase well progressed

- FPSO pre-FEED competition progressing with three FPSO providers, including assessment of lease and buy options
- Tendering for Engineering, Procurement, Construction and Installation (EPCI) of wellhead platform commenced
- Preparation of Offshore Project Proposal (OPP) and Field Development Plan (FDP) underway
- FEED entry targeted in 2H 2020 and FID in 2021, subject to business conditions



FPSO



Wellhead platform

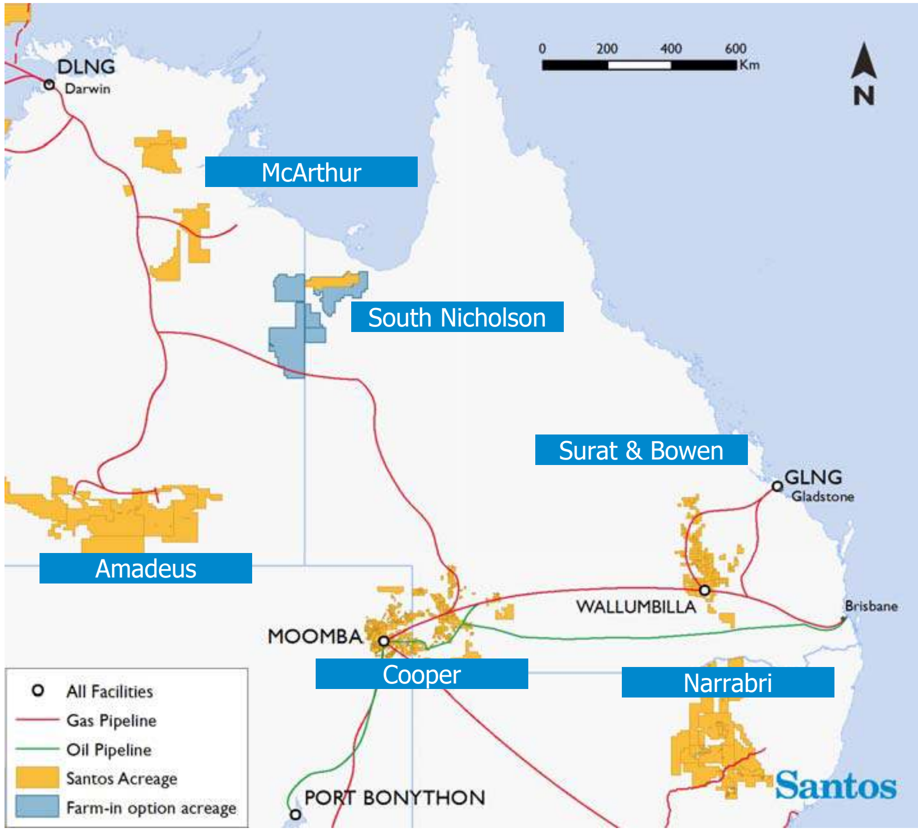
[1] Subject to concept select and detailed front-end engineering and design.

Integrated onshore business with market optionality

Santos

Onshore assets connected to domestic markets and long-term Asian demand for LNG

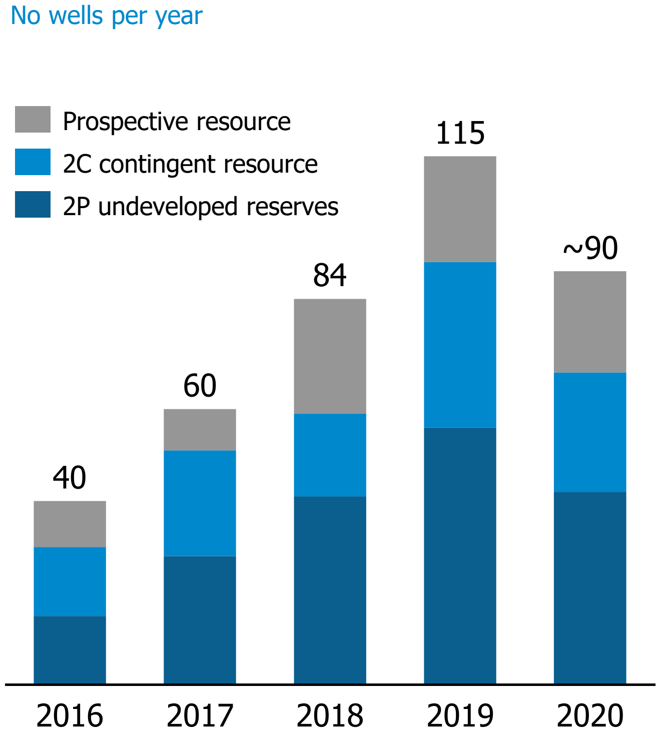
Australia's lowest cost onshore operator	+ Growth self-funded by low-cost disciplined operating model + Driving capital efficiency to unlock oil and previously uneconomic contingent gas resources
Cooper Basin high value swing producer	+ Pilot horizontal drilling program delivering promising results with initial production rates increasing 3-5 times compared to nearby vertical wells + Moomba carbon capture and storage project, targeting FID-ready by end of 2020 + Concept engineering study commenced on a hydrogen future
GLNG	+ Record upstream GLNG production + Expecting LNG sales of 5.9-6.1 million tonnes in 2020
Narrabri EIS determination expected Q320	+ Project referred to the NSW Independent Planning Commission with a determination expected in the third quarter



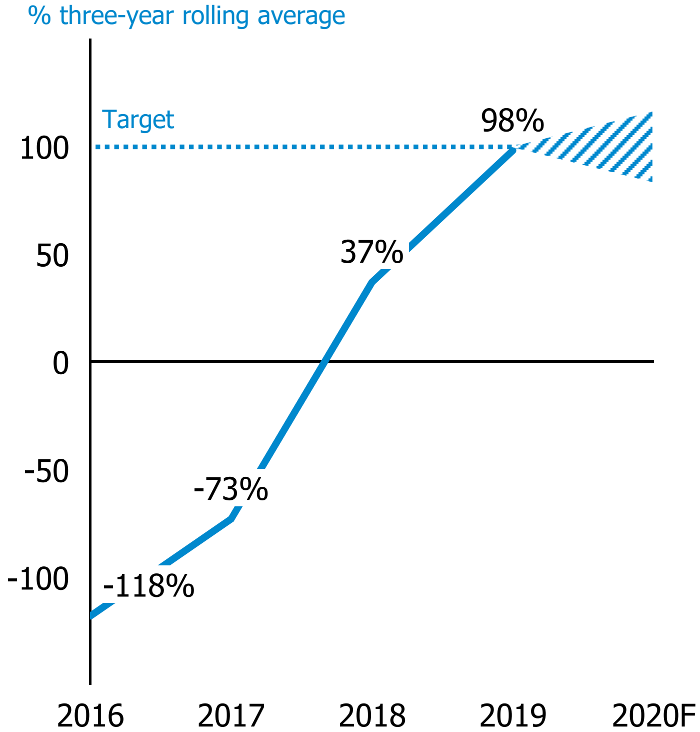
Cooper Basin operating model

Self-funded growth in reserves and production

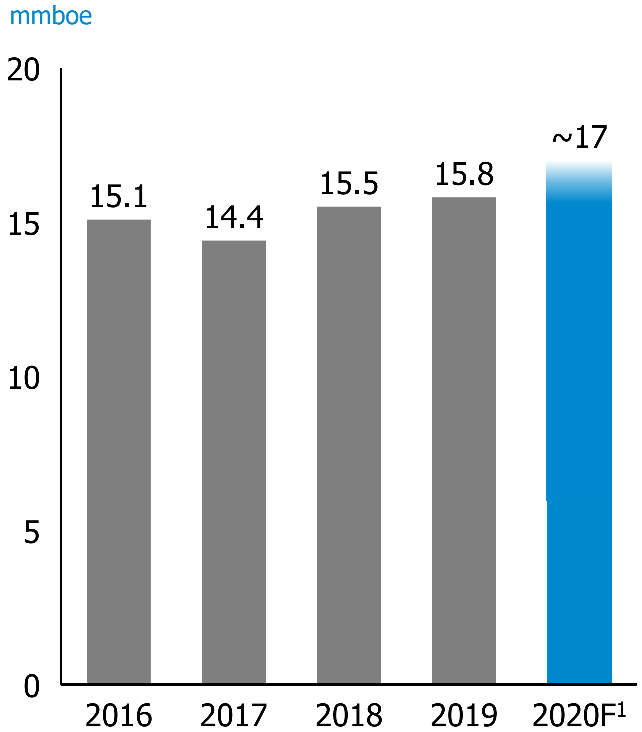
Wells drilled
Targeting ~90[1] wells in 2020, including 6 horizontal wells



2P reserves replacement ratio
Targeting >100% RRR on three year rolling average



Production volume
Targeting ~17-19 mmboe by 2025



[1] Number of wells drilled may vary based on well type and joint venture participation.

[1] Annualised based on 1H20 Cooper Basin production of 8.5 mmboe.

Cooper Basin value optimisation

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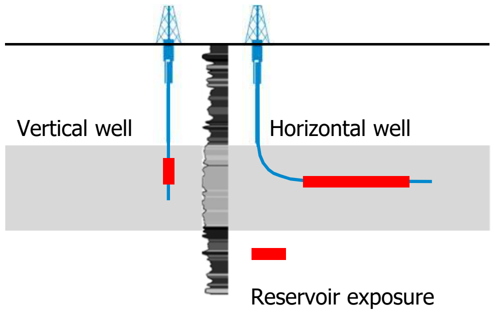
Capital efficiency focus and optimise infrastructure

Promising initial results from horizontal wells

+ First well in the program was Santos' longest Cooper Basin gas horizontal at 1,513m
+ Initial production rate increases of 3-5 times compared to nearby vertical wells

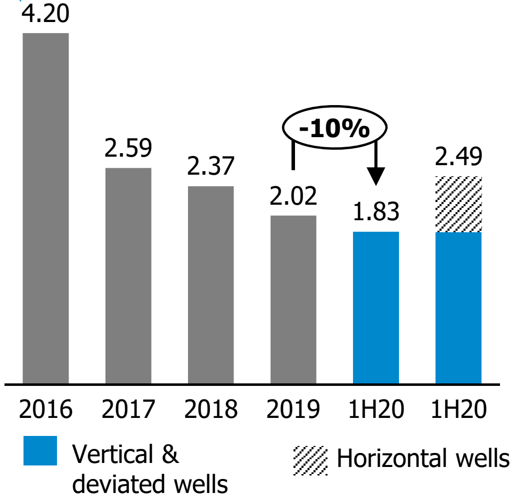


Improved capital efficiency through advances in drilling technology

+ Further 10% cost decrease for vertical and deviated gas wells

Cooper Basin well cost[1]

$million



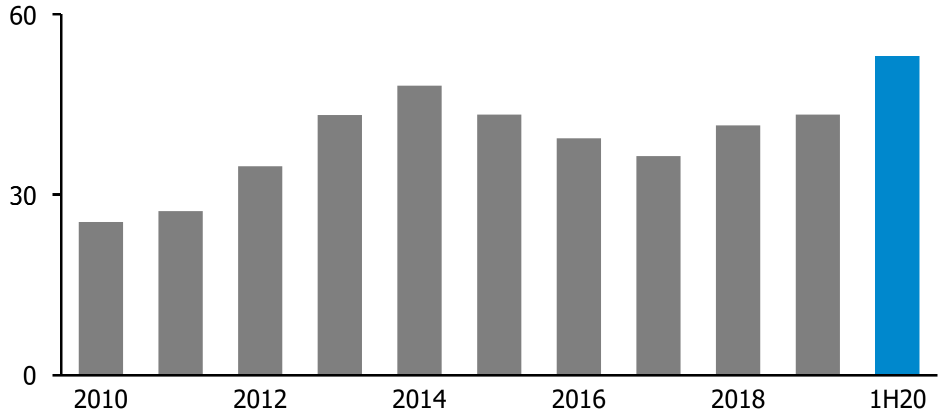
[1] Includes vertical, deviated and horizontal gas development wells (drill, stimulate, complete).

Increasing Cooper Basin infrastructure utilisation

+ Record total liquids throughput at Port Bonython
+ Highest total gas throughput at Moomba plant in 10 years

Port Bonython liquids total throughput

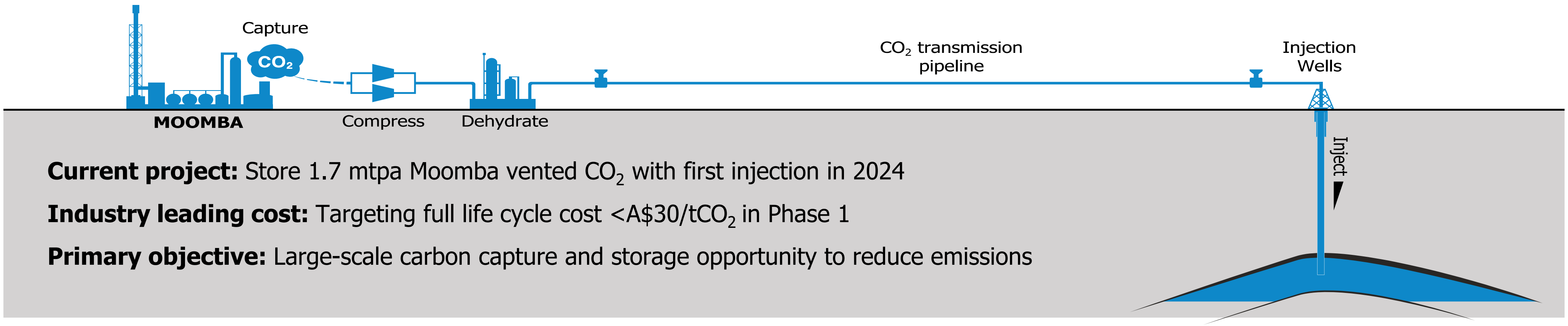
kboe/d



Moomba carbon capture and storage

Santos

1.7 mtpa CCS project rapidly progressing in FEED and targeting FID-ready by end-2020



Current project: Store 1.7 mtpa Moomba vented CO_2 with first injection in 2024

Industry leading cost: Targeting full life cycle cost <A$30/t$CO_2$ in Phase 1

Primary objective: Large-scale carbon capture and storage opportunity to reduce emissions

Cooper Basin uniquely placed for low cost CCS

- Existing separated industrial CO_2 source at Moomba gas plant
- Long-term experience with gas injection
- Depleted reservoirs with proven rock seal

Project milestones

- Mid-FEED project assurance complete
- CO_2 injection trial Q4 2020
- FID-ready by end of 2020 with project capex estimated at ~US$125-155m gross

Potential enabler for hydrogen

- Capture CO_2 from blue hydrogen production
- Concept study commenced for hydrogen production in the Cooper Basin

Queensland

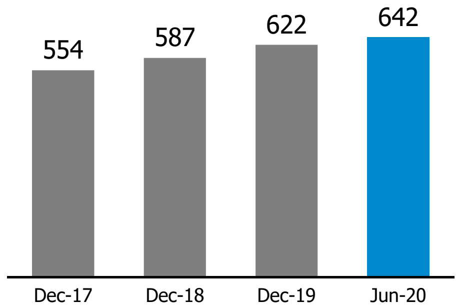
Record upstream GLNG production driven by strong ramp at Roma and Arcadia

Strong gas production

- Record upstream gas production
- Despite DQT, GLNG maintained upstream equity gas through underground storage injection and managing flexible third party supply

GLNG sales gas production

TJ/d (gross)

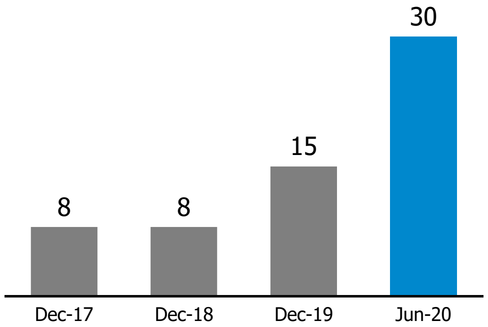


Arcadia production growing

- Production increased by 100% to 30 TJ/d
- Production ramp-up faster than expected
- Drilling complete in the Arcadia Valley project with all 148 wells on line
- Sanction to on line in 17 months

Arcadia sales gas production

TJ/d (gross)

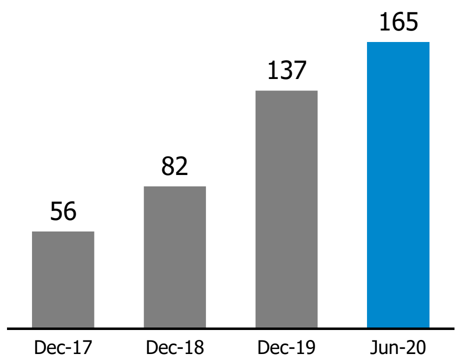


Strong Roma ramp-up

- Gas production continues to build
- All 424 Roma East wells connected and on line

Roma sales gas production

TJ/d (gross)

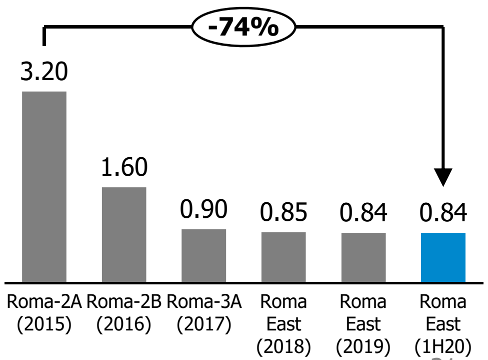


Maintaining well cost discipline

- Drilling complete in the Roma East project
- Drilling underway for next phase of Roma development comprising ~250 wells

Roma well cost – GLNG[1]

$million



[1] Drill, complete, connect.

Narrabri gas project

Strong demand for natural gas in New South Wales

100% of Narrabri gas earmarked for the domestic market

+ Gas supply MOUs signed with Perdaman, Brickworks and Weston Energy
+ Near-term supply to local industry
+ Current Narrabri production supplies Wilga Park Power Station powering the equivalent of >32,000 homes in North West NSW

IPC review and EIS approval process nearing completion

+ Independent Planning Commission review commenced in July 2020
+ Determination expected Q3 2020

Appraisal plans defined for phased development

+ 12-18 months appraisal
+ Planning for 150 TJ/d phased development
+ Application of Santos' disciplined low-cost operating model leveraging onshore development experience to create additional value

Wilga Park Power Station generation capacity 22MW

Summary

Santos

Low-cost, diversified portfolio generating strong cash flow. Growth project optionality maintained for when business conditions improve

Record production and sales volumes ✓	Strong free cash flow ✓	Lowered free cash flow break even oil price ✓
With an even stronger second half expected	Delivered $431 million in the first half	Targeting <$25 per barrel in 2020
Completed ConocoPhillips acquisition ✓	**Cooper Basin Carbon Capture and Storage ✓**	**Strong balance sheet ✓**
With reduced upfront purchase price	FEED rapidly progressing on CCS project	Supportive of our growth strategy

Appendix

Financial performance

Santos

EBITDAX down 21% to $995 million. Underlying profit down 48% to $212 million

$million	1H20	1H19	Variance
Total revenue	1,728	2,043	(15%)
Production costs	(284)	(273)	4%
Other operating costs	(132)	(145)	(9%)
Third party product purchases	(309)	(403)	(23%)
Other[1]	(8)	38	nm
EBITDAX	**995**	**1,260**	(21%)
Exploration and evaluation expense	(25)	(28)	(11%)
EBITDA	**970**	**1,232**	(21%)
Depreciation and depletion	(486)	(460)	6%
Impairment losses	(756)	(38)	nm
Change in future restoration	5	2	150%
EBIT	**(267)**	**736**	(136%)
Net finance costs	(124)	(146)	(15%)
Profit before tax	**(391)**	**590**	(166%)
Tax (expense)/benefit	102	(202)	(150%)
Profit after tax	**(289)**	**388**	(174%)
Underlying profit	**212**	**411**	(48%)

+ Total revenue down 15% due lower average LNG and liquids prices as a result of the COVID-19 pandemic. This is partially offset by higher domestic gas and LNG sales volumes
+ Average realised oil price down 34% to $47.83/bbl and average realised LNG price down 14% to $8.57/mmBtu
+ Lower unit production costs/boe down 6% to $6.81/boe (excluding CoP acquisition)
+ Revised oil price assumptions from the effects of the COVID-19 pandemic on energy market demand resulted in a net non-cash impairment charge of $756 million before tax of GLNG and exploration assets in the Cooper and Amadeus Basins
+ Effective tax rate 35%, including royalty-related taxes but excluding impairment

[1] Other includes product stock movement, corporate expenses, other expenses, other income and share of profit of associates.
nm denotes not meaningful.

Sales revenue

Santos

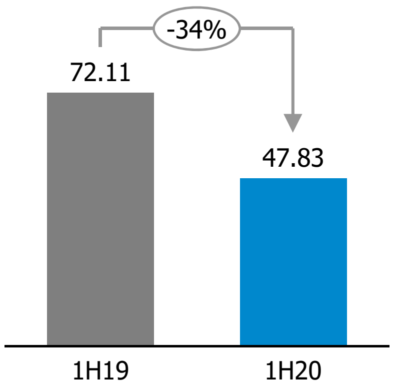
Fixed-price domestic gas portfolio cushions impact of lower oil prices

$million	1H20	1H19	Variance
Sales Revenue (incl. third party)			
Gas, ethane and liquefied gas	1,253	1,364	(8%)
Crude oil	274	402	(32%)
Condensate and naphtha	102	161	(37%)
Liquefied petroleum gas	39	47	(17%)
Total[1]	**1,668**	**1,974**	**(16%)**

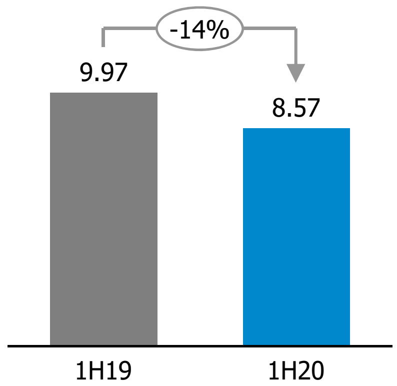
[1] Total product sales include third-party product sales of $408 million (2019: $475 million)

- Sales revenue down 16% to $1.7 billion
- Average realised oil price down 34% to $47.83/bbl
- Average realised LNG price down 14% to $8.57/mmBtu

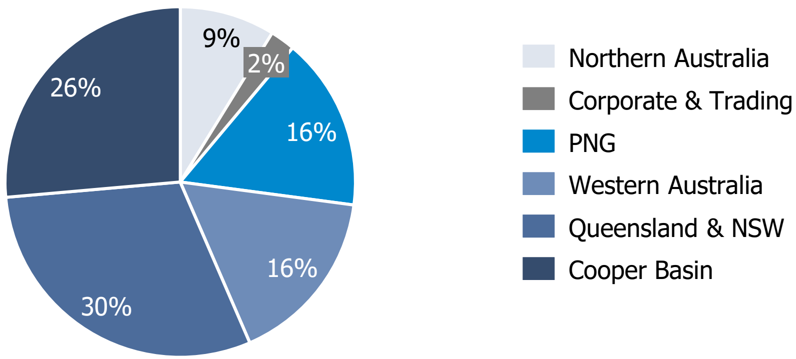
Average realised crude oil price
US$/bbl



Average realised LNG price
US$/mmBtu



1H20 sales revenue by asset
%



Free cash flow

Santos

Calculation of 2020 first-half free cash flow

$million	1H20
Operating cash flows	**838**
Deduct Investing cash flows	(1,119)
Add Net acquisitions and disposals	709
Add Major growth capex[1]	48
Deduct Lease liability payments	(45)
Free cash flow	**431**

Lease liability payments are now treated as financing cash flows under AASB 16. To ensure like-for-like comparisons with prior periods, the definition of free cash flow has been updated to operating cash flows less investing cash flows (net of acquisition and disposal payments and major growth capex) less lease liability payments.

Free cash flow is a non-IFRS measure that is presented to provide an understanding of the performance of Santos' operations. The non-IFRS information is unaudited however the numbers have been extracted from the financial statements which have been subject to review by the auditor.

[1] Including $6m of capitalised interest.

Significant items

Santos

Reconciliation of half-year net (loss)/profit to underlying profit

$million	1H20	1H19
Net (loss)/profit after tax	**(289)**	**388**
Add/(deduct) significant items after tax		
Impairment losses	526	26
Net gains on asset sales	-	(7)
Fair value gains on hedges	(27)	4
One-off acquisition and disposal costs	2	-
Underlying profit	**212**	**411**

Liquidity and net debt as at 30 June 2020

Santos

Net debt $3,748 million. Ample liquidity of over $3 billion

Liquidity ($million)		30 Jun 2020	31 Dec 2019
Cash		1,262	1,067
Undrawn bilateral bank debt facilities		1,870	1,870
Total liquidity		**3,132**	**2,937**
Debt ($million)			
Export credit agency supported loan facilities	Senior, unsecured	313	343
Bank term loan facilities	Senior, unsecured	1,443	695
US Private Placement	Senior, unsecured	257	255
Reg-S bond	Senior, unsecured	1,381	1,380
PNG LNG project finance	Non-recourse, secured	1,266	1,323
Leases[1]	Leases	399	425
Other	Derivatives	(49)	(29)
Total debt		**5,010**	**4,392**
Total net debt		**3,748**	**3,325**

[1]AASB 16 adopted 1 January 2019.

2020 guidance

Santos

2020 guidance maintained

2020 guidance item	Guidance
Production (mmboe)	83-88 mmboe
Sales volumes (mmboe)	101-107 mmboe
Capital expenditure – base ($m)	~750 million
Capital expenditure – major growth ($m)	~150 million
Upstream production costs (base business)[1]	6.70-7.10/boe
Upstream production costs (incl CoP acquisition)[2]	8.50-8.90/boe

[1] Base business excluding ConocoPhillips acquisition but including all planned shutdown activity and PNG LNG earthquake recovery costs.
[2] Santos portfolio total including ConocoPhillips acquisition (Bayu-Undan/Darwin LNG at 68.4% interest from 28 May 2020) and all planned shutdown activity and PNG LNG earthquake recovery costs.

2020 half-year segment results summary

Santos

US$million	Cooper Basin	Queensland & NSW	PNG	Northern Australia[1]	Western Australia	Corporate explor'n & elimins	Total
Revenue	**471**	**506**	**273**	**146**	**285**	**47**	**1,728**
Production costs	(66)	(36)	(32)	(71)	(88)	9	(284)
Other operating costs	(27)	(39)	(19)	-	(2)	(45)	(132)
Third party product purchases	(142)	(119)	-	-	-	(48)	(309)
Inter-segment purchases	-	(29)	-	-	-	29	-
Product stock movement	(40)	(8)	1	(1)	15	-	(33)
Other income	4	16	7	-	3	-	30
Other expenses	(6)	(1)	(6)	(16)	(12)	(6)	(47)
FX gains and losses	3	4	-	-	4	(26)	(15)
Fair value gains on hedges	-	-	-	-	-	39	39
Share of profit of associates[1]	-	-	-	18	-	-	18
EBITDAX	**197**	**294**	**224**	**76**	**205**	**(1)**	**995**

[1] Increased equity in Bayu-Undan and Darwin LNG at 68.4% from 28 May 2020.

2019 half-year segment results summary

Santos

US$million	Cooper Basin	Queensland & NSW	PNG	Northern Australia	Western Australia	Corporate explor'n & elimins	Total
Revenue	**568**	**522**	**328**	**85**	**437**	**103**	**2,043**
Production costs	(61)	(33)	(37)	(35)	(114)	7	(273)
Other operating costs	(41)	(39)	(24)	-	(3)	(38)	(145)
Third party product purchases	(194)	(119)	-	-	-	(90)	(403)
Inter-segment purchases	(1)	(36)	-	-	-	37	-
Product stock movement	22	1	8	(2)	21	-	50
Other income	8	28	12	-	-	7	55
Other expenses	(11)	(3)	(4)	(1)	(28)	(16)	(63)
FX gains and losses	1	-	-	-	1	(3)	(1)
Fair value losses on hedges	-	-	-	-	-	(6)	(6)
Share of profit of associates	-	-	-	3	-	-	3
EBITDAX	**291**	**321**	**283**	**50**	**314**	**1**	**1,260**

Oil price hedging

Santos

Oil price hedging provides protection to oil price downside

Hedging positions	Unit	H2 2020	2021
Volume hedged	mmbbl	9.7	5.4
Average weighted price - floor	US$/bbl	38	40
Average weighted price - ceiling	US$/bbl	49	51