

Our highlights

Shareholder Review **2020**

Record production

89.0m mboe

Strong free cash flow

\$740m

Dividends (cents per share)

US7.1c

A clear pathway to net zero emissions by 2040

Santos

Santos has a number of natural advantages to deliver carbon capture and storage at scale and zero-emissions hydrogen from our position in the Cooper Basin

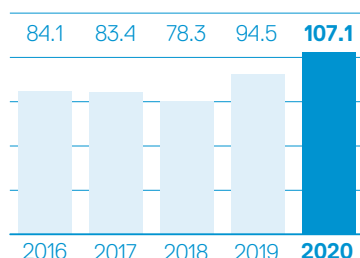


Financial Overview

Sales volume

mmboe

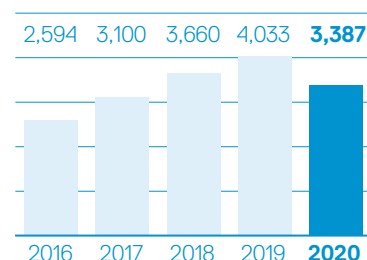
107.1



Sales revenue

US\$million

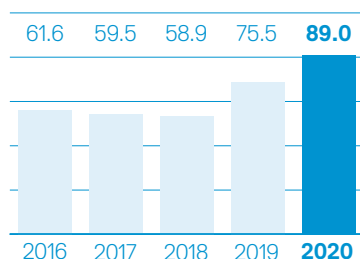
3,387



Production volume

mmboe

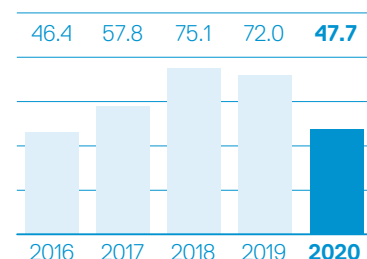
89.0



Average realised oil price

US\$ per barrel

47.7



2020 Results

		2016	2017	2018	2019	2020
Sales volume	mmboe	84.1	83.4	78.3	94.5	107.1
Production	mmboe	61.6	59.5	58.9	75.5	89.0
Average realised oil price	US\$ per barrel	46.4	57.8	75.1	72.0	47.7
Net (loss)/profit after tax	US\$million	(1,047)	(360)	630	674	(357)
Underlying net profit after tax	US\$million	75	318	727	719	287
Sales revenue	US\$million	2,594	3,100	3,660	4,033	3,387
Operating cash flow	US\$million	840	1,248	1,578	2,046	1,476
Free cash flow	US\$million	206	618	1,006	1,138	740
EBITDAX	US\$million	1,199	1,428	2,160	2,457	1,898
Total assets	US\$million	15,262	13,706	16,811	16,509	17,656
Earnings per share	US cents	(58.2)	(17.3)	30.2	32.4	(17.1)
Dividends declared	US cps	–	–	9.7	11.0	7.1
Number of employees		2,366	2,080	2,190	2,178	2,722

Message from the Chairman and Managing Director and Chief Executive Officer



KEITH SPENCE
Chairman



KEVIN GALLAGHER
Managing Director and
Chief Executive Officer

Dear Shareholder,

Despite challenging conditions and lower commodity prices, as a result of lower demand during the global pandemic, Santos has delivered another year of record annual production and strong free cash flow.

In 2020, the base business delivered:

- Annual production of 89.0 mmmboe which is a record for Santos and 18% above the prior year.
- US\$740 million in free cash flow and a free cash flow breakeven oil price of US\$24 per barrel (before hedging) and US\$17 per barrel (after hedging).
- The Board declared a final dividend of US5.0 cents per share, fully franked, bringing the total dividend for 2020 to US7.1 cents per share, which is consistent with the Company's free cash flow-based dividend policy.

The resilience of our business is best highlighted through free cash flow generation. The business generated 3.5 times more in free cash flow than it did in 2016 at similar oil prices, resulting in US\$740 million for the full year. This is a testament to our consistent successful strategy, our disciplined low-cost operating model and our diversified portfolio of long-life natural gas assets.

Consistent and successful strategy

Our Transform, Build and Grow strategy has not changed since its implementation in 2016. The clarity of this strategy and consistency of execution over the past five years have been critical in growing the business and driving shareholder value.

Disciplined, low-cost operating model continues to drive value

This strategy is supported by Santos' disciplined operating model which is designed to deliver strong and consistent free cash flow through the commodity price cycle. The operating model sets a framework where each core asset is required to be free cash flow positive at an oil price less than US\$35 per barrel. Importantly, the portfolio, including corporate costs, also needs to generate free cash flow at this price.

Disciplined and phased growth to 120 mmmboe

In 2020, significant milestones were achieved on the world-class Barossa LNG project including the signing of a binding long-term LNG offtake agreement with Mitsubishi at a price based on Platts Japan Korea Marker (JKM) and execution of the gas transportation and processing agreements with Darwin LNG. Consents were also received for our sell-downs to SK E&S. Barossa is on-track for a final investment decision in the first half of 2021. Two other major growth projects, Dorado and Narrabri, will be phased, consistent with our disciplined approach to capital management and the operating model, as we target annual production of 120 mmmboe.



Through large-scale carbon capture and storage, world-leading nature-based offsets, increased use of renewables and energy efficiency projects, Santos will continue to be a leading clean fuels company at the forefront of the energy transition to a lower-carbon future.



New ambitious roadmap to net zero emissions by 2040

In December 2020, we announced ambitious new industry-leading emission reduction targets. Importantly, our net zero by 2040 target is supported by a transition roadmap which is clear and credible. Core to the decarbonisation strategy for our existing business is the Moomba carbon capture and storage (CCS) project. Once operational, the project will inject 1.7 million tonnes of carbon dioxide per year, providing a step-change in emission reduction.

In addition to reducing our own emissions, Santos has committed to working with our customers to reduce their emissions. In the near term, this means switching from heavier emitting fuels, such as coal and diesel, to cleaner fuels such as natural gas. Longer term, Santos' strategy will focus on zero-emissions hydrogen enabled by CCS, which can be scaled-up across the Cooper Basin. The Cooper Basin has a natural competitive advantage in delivering zero-emissions hydrogen including existing infrastructure, access to produced water, natural gas and existing pipeline connections to domestic and export markets.

In summary, Santos is in a strong position. Our consistent and successful strategy combined with our disciplined, low-cost operating model continue to drive performance across our diversified asset portfolio and position us for disciplined growth.

On behalf of the Board and Management team, we would like to thank you, our shareholders, for your continued trust and support.

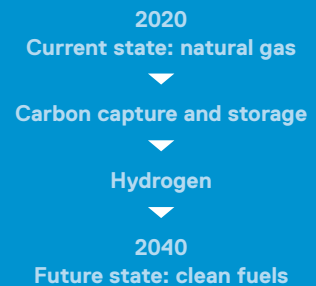
Yours sincerely,

KEITH SPENCE
Chairman

KEVIN GALLAGHER
Managing Director
and Chief Executive Officer

MARKET-LED ENERGY TRANSITION TO CLEANER FUELS

Santos is a clean fuels business that will transition from natural gas to hydrogen as our customers transition over the next two decades



2025 target

Reduce emissions >5% across the Cooper Basin and Queensland operations

Ahead of plan

2030 target

Reduce Scope 1 and 2 absolute emissions by 26–30% by 2030 from 2020 baseline

New target

2030 Scope 3 emissions target

Santos will actively work with customers to reduce their Scope 1 and 2 emissions by >1 mtCO₂e per year by 2030

2040 target

Net zero Scope 1 and 2 absolute emissions by 2040

 For more on our 2040 plan go to:
www.santos.com

Our Asset Performance

Five core long-life asset hubs



WESTERN AUSTRALIA

As the largest producer of domestic gas in Western Australia, gas production and sales were strong, offsetting the impact of the Ningaloo Vision FPSO being off station for nine months. Work continues on the pre-FEED phase for the Dorado project, with FEED entry planned for the first half of 2021 and FID in the first half of 2022 for the Phase 1 oil project.



COOPER BASIN

Annual production increased by 6% to 16.8 mmboe, the third consecutive annual rise in production. The Cooper Basin gas horizontal well pilot program continues to deliver positive results. The wells online to date are achieving on average five times greater initial production rate and forecast reserves outcomes, compared to relevant offset vertical wells, for on average three times the cost.



NORTHERN AUSTRALIA AND TIMOR-LESTE

In May 2020, the acquisition of ConocoPhillips' northern Australia assets was completed. Significant milestones were achieved on the Barossa Project, which will backfill Darwin LNG. These included signing a binding long-term LNG offtake agreement and execution of the gas processing agreements with Darwin LNG. Consents were also received for our sell-downs to SK E&S. Barossa is on-track for a final investment decision in the first half of 2021.



QUEENSLAND AND NEW SOUTH WALES

Gross GLNG-operated upstream sales gas production increased to 660 TJ/day at the end of the year. Consistent production growth from the Roma and Arcadia fields drove the increase, supported by reliable production from the Arcadia and Fairview fields. GLNG delivered 6 million tonnes per annum (mtpa) annualised sales.

State and federal approval was received for Narrabri allowing two years of appraisal drilling to commence.



PAPUA NEW GUINEA

Record production since project start-up was achieved in 2020 with 8.8 million tonnes of LNG produced and 115 cargoes loaded during the year. The asset consistently delivers above nameplate production and continues to be the lowest unit cost asset in the portfolio with future gas backfill options.

ASSET KPIs	2020	2019
Production (mmboe)	31.1	30.9
Sales volume (mmboe)	31.1	30.4
Revenue (\$m)	742	955
Production cost (\$/boe)	6.34	7.30
EBITDAX (\$m)	546	684
Capex (\$m)	171	270

ASSET KPIs	2020	2019
Production (mmboe)	16.8	15.8
Sales volume (mmboe)	24.2	23.2
Revenue (\$m)	919	1,164
Production cost (\$/boe)	7.80	7.77
EBITDAX (\$m)	390	529
Capex (\$m)	313	308

ASSET KPIs	2020	2019
Production (mmboe)	14.5	3.1
Sales volume (mmboe)	14.6	3.1
Revenue (\$m)	466	165
Production cost (\$/boe)	19.59	21.75
EBITDAX (\$m)	205	102
Capex (\$m)	93	50

ASSET KPIs	2020	2019
Production (mmboe)	13.4	13.0
Sales volume (mmboe)	22.0	22.4
Revenue (\$m)	793	1,055
Production cost (\$/boe)	5.70	5.51
EBITDAX (\$m)	428	624
Capex (\$m)	193	260

ASSET KPIs	2020	2019
Production (mmboe)	13.2	12.8
Sales volume (mmboe)	12.5	12.1
Revenue (\$m)	451	663
Production cost (\$/boe)	4.21	6.23
EBITDAX (\$m)	354	540
Capex (\$m)	39	51

Investor information

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SECURITIES EXCHANGE LISTING

STO

BOARD OF DIRECTORS

Keith Spence Chairman
Kevin Gallagher Managing Director and Chief Executive Officer
Yasmin Allen
Guy Cowan
Hock Goh
Dr Vanessa Guthrie
Peter Hearl
Janine McArdle
Eugene Shi

LEADERSHIP TEAM

Kevin Gallagher Managing Director and Chief Executive Officer
David Banks Chief Operations Officer
Brett Darley Executive Vice President Offshore Oil and Gas
Jodie Hatherly Vice President Environment, Social Responsibility and Governance
Angus Jaffray Executive Vice President People and Culture
Anthony Neilson Chief Financial Officer
Jane Norman Chief of Staff and Vice President Strategy
Rob Simpson Executive Vice President Onshore Oil and Gas
Petter Udem Executive Vice President Commercial
Tracey Winters Strategic Adviser External Affairs
Brett Woods Executive Vice President Midstream Infrastructure and Low Carbon Operations

 For Board and Leadership Team biographies go to:
www.santos.com

SANTOS WEBSITE

To view news announcements, company reporting and presentations, please visit the Investors page at www.santos.com/investors

2020 ANNUAL REPORT

To view a copy of our 2020 Annual Report please visit our website at www.santos.com or alternatively, printed copies can be requested from the Share Registrar either by email at santos@boardroomlimited.com.au or by telephone on 1300 096 259 (within Australia) or +61 2 8016 2832 (International)

SHAREHOLDING ENQUIRIES

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UPDATE YOUR DETAILS ONLINE

To update your address, payment instructions, dividend reinvestment plan options, tax file number, e-communication preferences, email address and more, please visit

www.investorserve.com.au or telephone on 1300 096 259 (within Australia) or +61 2 8016 2832 (International)

SHAREHOLDER CALENDAR

2020 Fourth quarter report	21 Jan 2021	Annual General Meeting	15 Apr 2021
2020 Full-year results	18 Feb 2021	2021 First quarter report	22 Apr 2021
Ex-dividend date for the 2020 full-year dividend	23 Feb 2021	2021 Second quarter report	22 Jul 2021
Record date for the 2020 full-year dividend	24 Feb 2021	2021 Half-year results	18 Aug 2021
Payment date for the 2020 full-year dividend	25 Mar 2021	2021 Third quarter report	21 Oct 2021

* Interim dividend dates will be posted to the Santos website. Dates are subject to change.