
2022 Half-year results
Santos

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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, carbon emissions reduction and associated technology risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals, conduct of joint venture participants and contractual counterparties and cost estimates. The forward-looking information in this presentation is based on management's current expectations and reflects judgements, assumptions, estimates and other information available as at the date of this document and/or the date of Santos' planning processes. Except as required by applicable regulations or by law, Santos does not undertake any obligation to publicly update or review any forward looking statements, whether as a result of new information or future events. Forward looking statements speak only as of the date of this presentation or the date planning process assumptions were adopted, as relevant. Our strategies and targets will adapt given the dynamic conditions in which we operate; it should not be assumed that any particular strategies, targets or implementation measures are inflexible or frozen in time. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward looking information contained in this presentation. Forward looking statements do not represent guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Santos' control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation.

All references to dollars, cents or $ in this document are to United States currency, unless otherwise stated.

Underlying profit, EBITDAX (earnings before interest, tax, depreciation, depletion, exploration and evaluation expensed, change in future restoration assumptions and impairment) and free cash flow (operating cash flows less investing cash flows net of acquisitions and disposals and major project capex, less lease liability payments) are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. 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. 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, costs associated with asset divestitures and acquisitions, major project capex and lease liability payments.

Santos prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Pikka Phase 1 reserve estimates are based on Santos technical evaluation and have been determined using combination of deterministic and probabilistic methods. The Pikka Phase 1 project will develop oil from 32 leases within the greater Pikka Unit. The reference point is the entry to the common carrier Pikka pipeline. Pikka Phase 1 2P undeveloped oil reserves are estimated at 165 mmbbl Santos share at 51% interest and net of 18.67% royalties.

The reserves and resources information in this presentation is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mark Ireland, who is a full-time employee of Santos and is a member of the SPE. Mr Ireland meets the requirements of a QPRRE and is qualified in accordance with ASX Listing Rule 5.41. 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; 1 barrel of crude oil equals 1 boe.

Cover image: Alaska appraisal drilling

2022 Half-year results highlights

Strong free cash flow driving higher returns

Free cash flow [1] ▲ 199%

$1,708 million

Profit after tax [2] ▲ 230%

$1,167 million

Underlying profit [2] ▲ 300%

$1,267 million

Sales revenue ▲ 85%

$3,766 million

EBITDAX ▲ 122%

$2,731 million

Interim dividend plus buybacks [3]

$605 million

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 profit after tax and underlying profit is provided in the Appendix. Underlying profit excludes the impacts of costs associated with asset acquisitions and disposals, impairments, commodity (oil) hedging and items that are subject to significant variability from one period to the next.
3. Includes interim unfranked dividend of $255 million and on-market share buyback of $350 million, comprising $250 million buyback announced on 20 April 2022 plus an additional $100 million announced on 17 August 2022.

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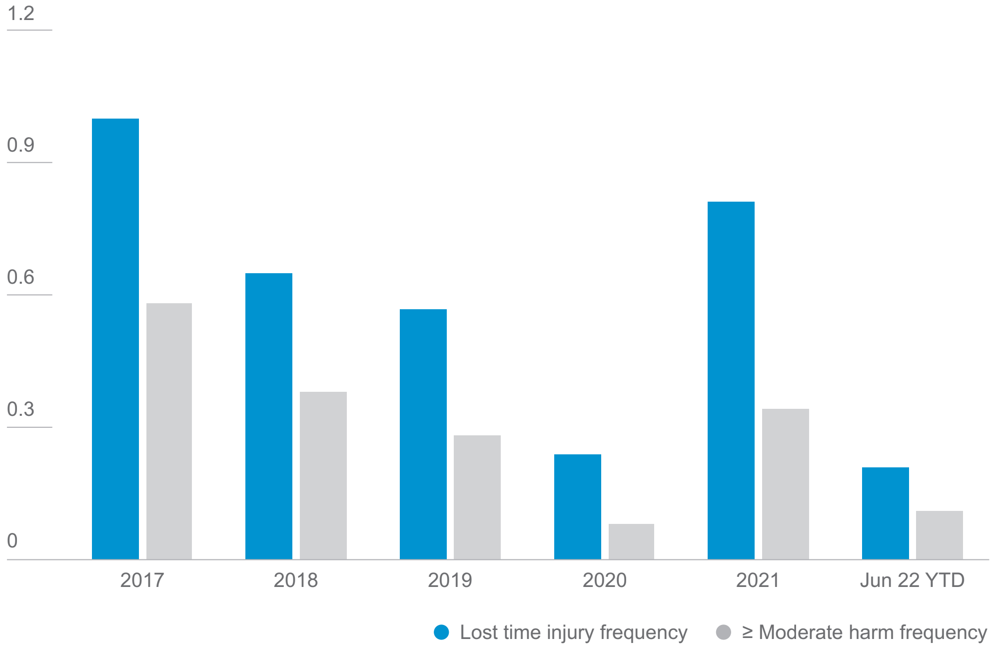
Health, safety and environment

Personal safety performance is improving in the first half of 2022

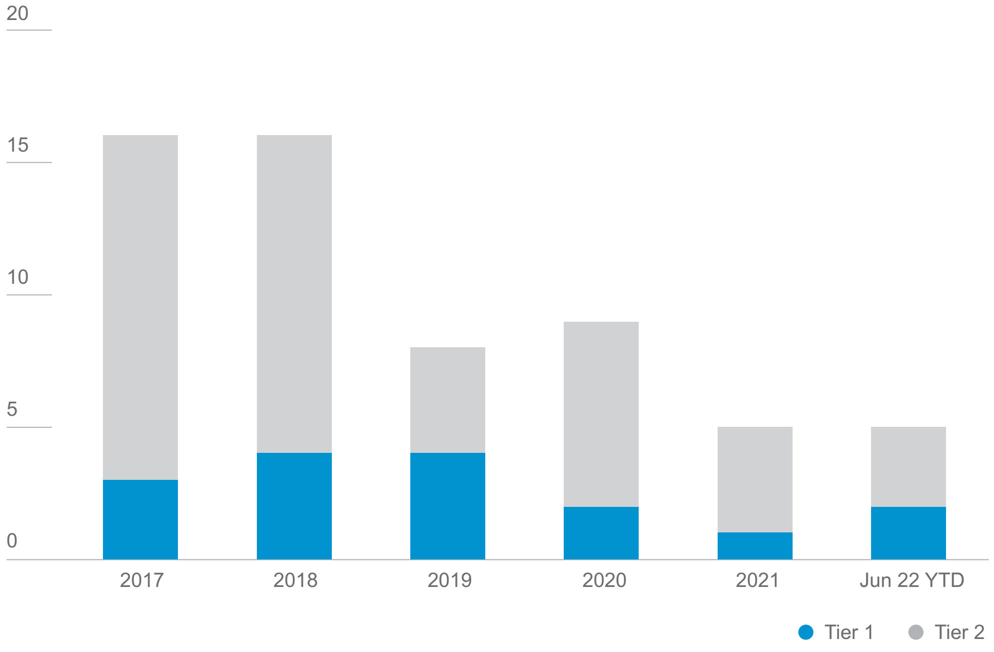
Injury frequency

Number of injuries per million hours worked



Loss of containment

Number of Tier 1 and Tier 2 incidents



2022 First-half achievements

Improved portfolio diversification, disciplined project and cost management, and increased returns to shareholders

Portfolio optimisation nearing completion

- Completed sell-down of Barossa to JERA for $327 million
- Advanced discussions with shortlisted parties for the sale of 5% in PNG LNG with expected proceeds in line with market consensus valuation

Disciplined and phased development

- Pikka Phase 1 sanctioned with first oil expected in 2026
- Upside in further Bedout appraisal and optimisation of the integrated Dorado development concept

Project and cost discipline

- Barossa project is 43% complete and Moomba CCS is 20% complete
- Production cost and capex guidance reduced
- Achieved annual merger synergies of $106 million and guidance range increased to $110-125 million

Disciplined capital management

- Board approved new capital management framework targeting increased returns to shareholders
- On-market share buyback increased to $350 million [1]
- Strengthened balance sheet with 22.5% gearing at end June

1. Includes $250 million buyback announced on 20 April 2022 plus an additional on-market share buyback of $100 million announced on 17 August 2022.

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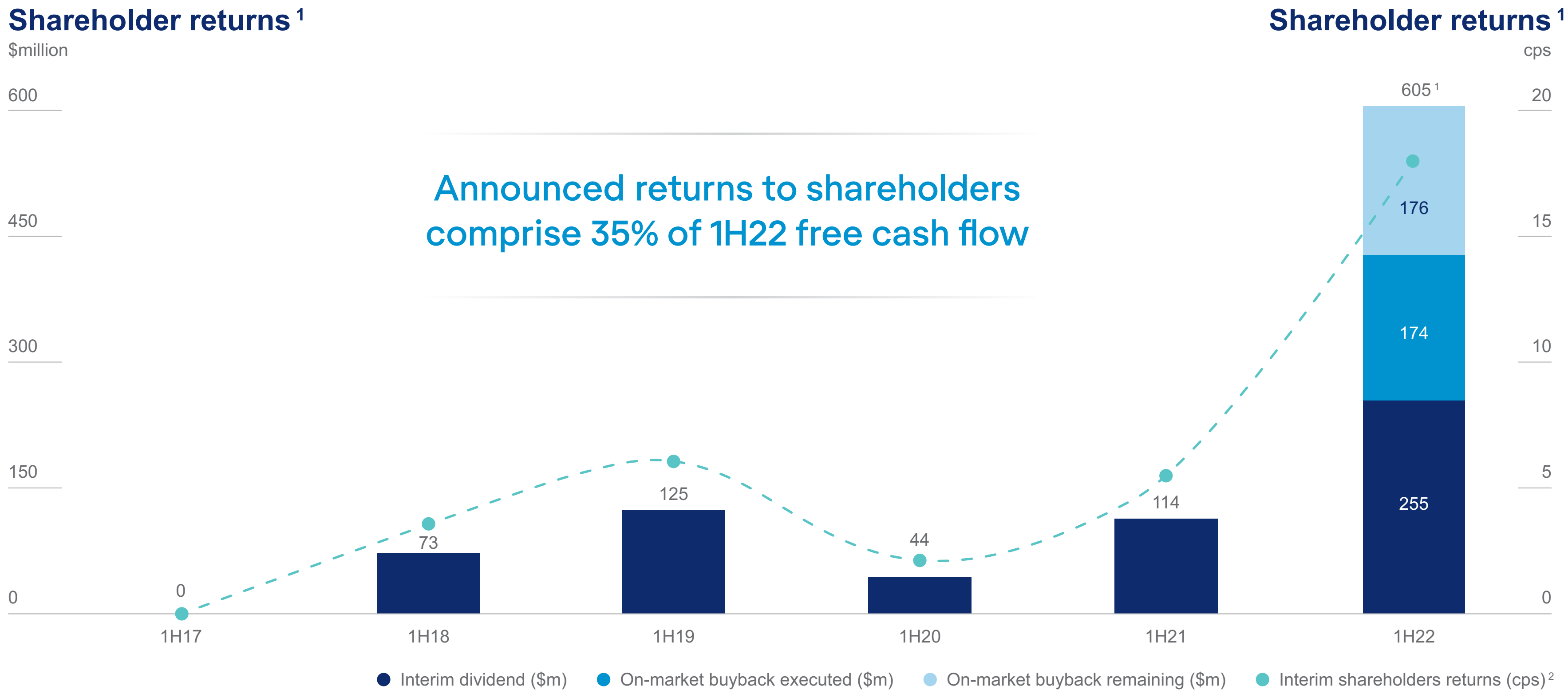
Capital management framework delivering increased returns

$605m in shareholder returns. Interim dividend increased by 38% to US7.6 cents per share and on-market buyback increased from $250m to $350m with $174m completed in the first half



1. On-market share buyback totals $350 million and comprises $250 million buyback announced on 20 April 2022 plus an additional on-market share buyback of $100 million announced on 17 August 2022.
2. Includes $350 million on-market buyback in 2022.

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Cash sources and uses to 2030

~$16-27 billion in forecast cash available for returns to shareholders and investing in development projects to 2030 at $65-$100 per barrel long term oil price range

2022-2030 Forecast cash sources and uses [1]

Surplus cash available for returns to shareholders under capital management framework, investing in development projects and climate transition action plan projects

~$7 billion including Barossa, Moomba CCS, Pikka Phase 1, Darwin Life Extension, Angore, committed and expected backfill projects and energy efficiency projects

1. Refer to disclaimer for forward-looking statements. Forecast free cash flow includes expected asset sell-down proceeds. Assumes committed major projects including Pikka Phase 1 at 51% and 5% sell-down of PNG LNG.

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Pikka Phase 1 FID

Low emissions intensity unabated and low cost of supply project located in a world-class oil-producing province with low sovereign risk and internationally-competitive investment environment

Pikka Phase 1 project overview

- Santos committed to a net-zero project (scope 1 and 2, equity share)
- Strong support from key stakeholders, including the State and landowners
- ~19% IRR at $60 long-term oil price

Pikka Phase 1 project	
Development plan	Optimised using existing pipeline capacity, single small footprint drilling pad and electrified field operations
Carbon neutral project	Santos committed to delivering a net-zero project from first oil (Scope 1 and 2, equity share)
First oil	2026
Nameplate capacity	80,000 barrels of oil per day gross
2P Reserves	▸ 397 mmbbl gross pre-royalty ▸ 165 mmbbl Santos-share at 51% interest (net of 18.67% state and overriding royalties)
Capex to nameplate capacity	▸ $2.6 billion gross (2022 real) ▸ $1.3 billion Santos-share at 51% interest
Annual opex	~$150 million gross
Forecast IRR	~19% @ $60 long-term oil price
Lifecycle breakeven oil price	~$40 per barrel including cost of carbon abatement

Alaska appraisal drilling

Trans-Alaska pipeline

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Capital discipline for major projects

Disciplined and phased investment to drive superior shareholder returns

	Dorado Oil and Gas Project	Narrabri Gas Project
		
Overview	▸ Liquids-rich, low CO2 gas resource with nearfield Pavo tieback	▸ Domestic gas project which will supply the east coast market
Next steps	▸ Upside in further Bedout appraisal and optimisation of the integrated development concept ▸ Inflationary cost environment and supply chain uncertainty does not support FID in 2022	▸ No significant capex expected until FID ▸ Targeting first gas from phase 1 in 2026
Regulatory approvals	▸ Production licence awarded ▸ Stage 2 assessment of Offshore Project Proposal progressing with NOPSEMA	▸ Acquired Hunter Gas Pipeline Pty Ltd which owns an approved underground gas pipeline route from Wallumbilla in Queensland to Newcastle in New South Wales

A global energy company

Compelling investment proposition to deliver long term value to shareholders

Top-10 global independent[1] with a balanced and diversified portfolio

Long-life production weighted to gas and LNG

Clear pathway to decarbonise the business, develop cleaner fuels projects and achieve net-zero by 2040

Investor participation in oil price upside through capital management framework

Strong balance sheet to fund sustainable production and the energy transition

1. Based on Santos analysis of Wood Mackenzie data.

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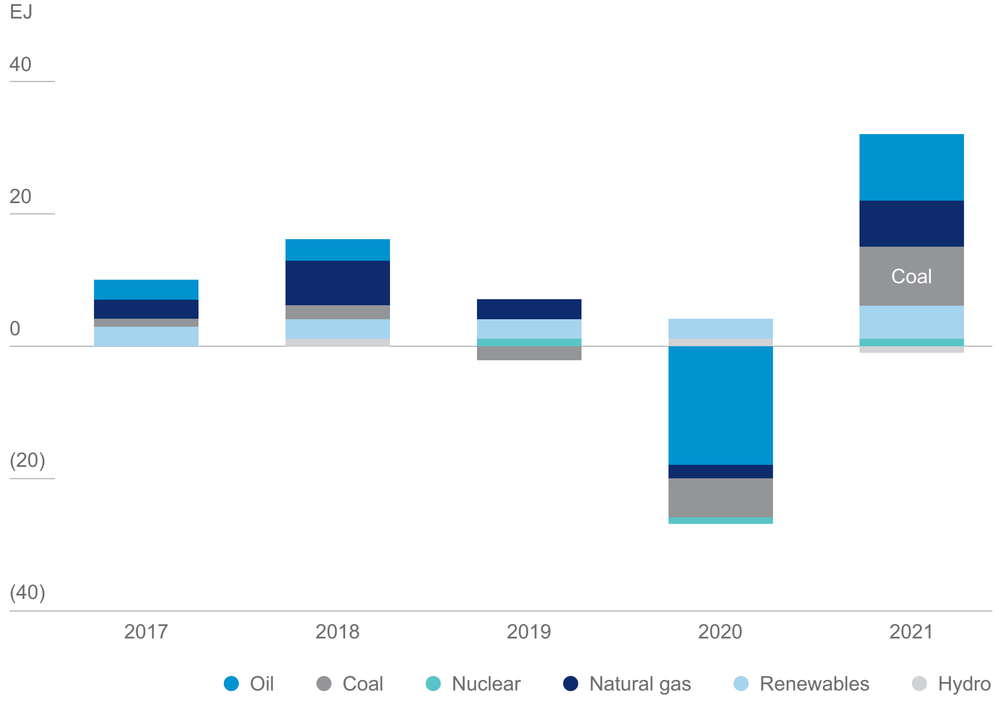
Energy security and the role of natural gas

Lack of investment in new OECD oil and gas supply has led to global shortages and seen the world turn to coal

- Reversal in global progress towards achieving universal access to clean and affordable energy
- In 2021, global energy demand returned to pre-COVID levels, underinvestment in gas supply saw a 9% increase in coal-fired electricity generation to a global all-time high
- Gains from coal-to-gas switching were reversed with CO2 emissions from energy combustion and industrial processes have never been higher
- According to the World Health Organisation there are now more people in the world without access to reliable electricity than before the pandemic

Change in primary global energy by fuel type [1]



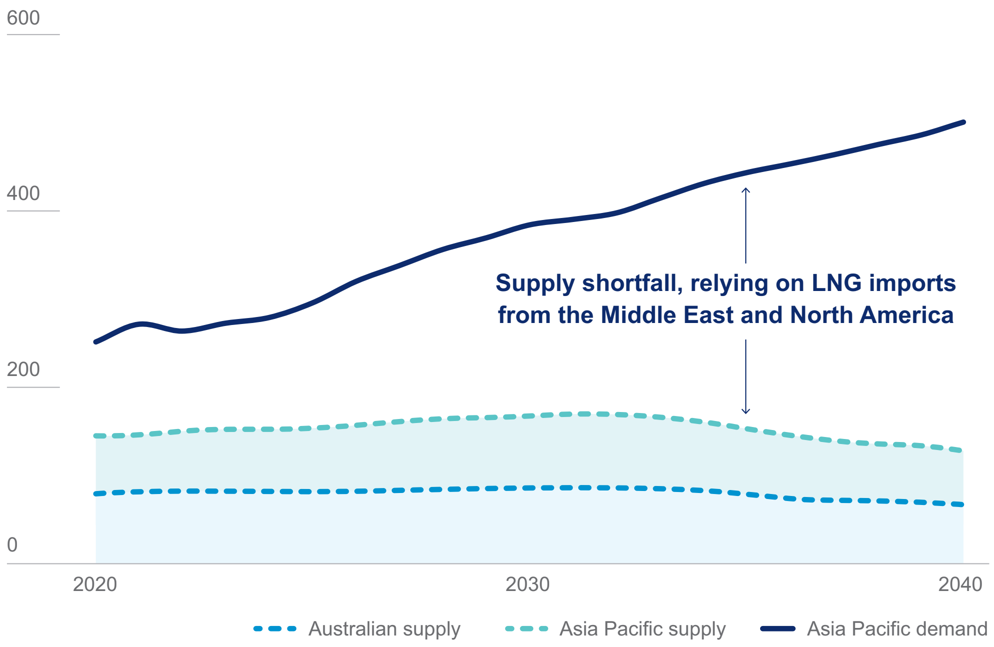
1. BP Statistical Review of World Energy, 2022.

Asia Pacific LNG demand expected to double by 2040

Santos is a leading global independent LNG supplier and well-positioned to benefit from increasing demand

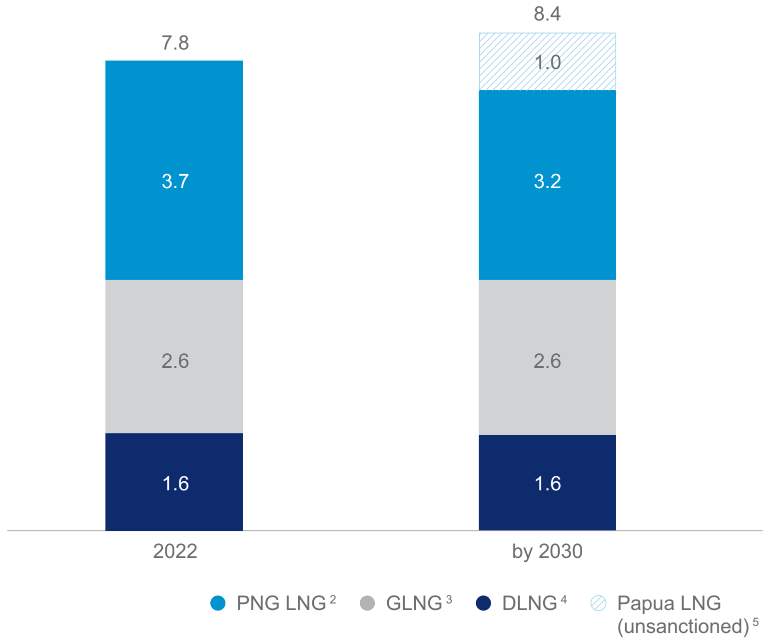
Asia Pacific LNG supply and demand[1]

Mtpa



Santos net share LNG capacity

Mtpa



1. Source: Wood Mackenzie LNG Data Tool Q2 2022.
2. PNG LNG assumes 8.6 Mtpa reflecting the average capacity utilised since 2016 and 42.5% working interest in 2022 and post sell-down working interest of 37.5% in 2030.
3. GLNG assumes 8.6 Mtpa capacity and 30% working interest.
4. DLNG assumes 3.7 Mtpa capacity and 43.4% working interest.
5. Papua LNG assumes 5.4 Mtpa capacity and 17.7% working interest.

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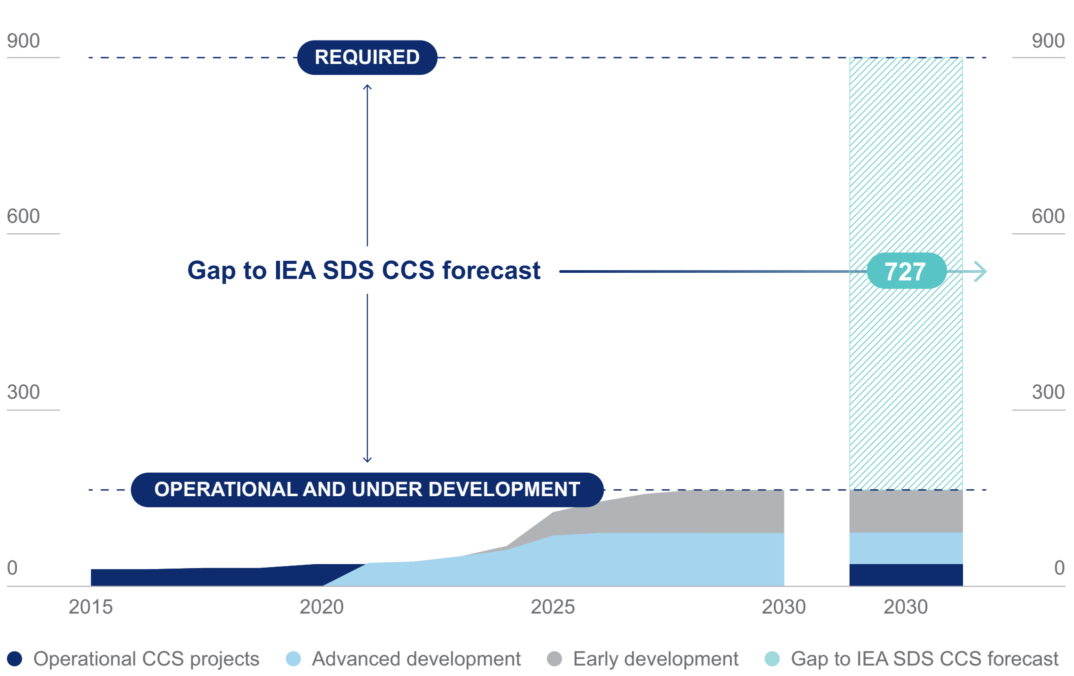
Large scale-up of CCS required to meet world's climate objectives

CCS is proven technology that is critical to reduce emissions at scale as the world transitions

Global forecast CCS capacity [1] / Global CCS forecast, IEA SDS [2]



Progress on global CCS

- 133 commercial CCS projects operational or under development
- *"Currently, global rates of CCS deployment are far below those in modelled pathways limiting global warming to 1.5°C or 2°C."* IPCC
- New US Inflation Reduction Act significantly increases incentives with tax credits for CCS now up to \$85/tCO2, DAC up to \$180/tCO2
- Jennifer Granholm, US Energy Secretary: *"The only plausible pathways to net-zero involve carbon management solutions – carbon capture and storage, direct air capture"*

Santos 1H 2022 decarbonisation milestones

- 3 x decarbonisation hubs established
- Executed variety of MOUs with technology providers, customers and third party facility operators to decarbonise their operations
- ~100 mtCO2 contingent storage resources booked in the Cooper Basin
- Bayu-Undan CCS FEED entry
- CSIRO Direct Air Capture pilot on track for 2023
- Working with customers to explore decarbonisation opportunities in WA, including carbon capture and storage

1. Global CCS Institute, Global Status of CCS 2021. Estimates are based on maximum project capacity. Includes Santos analysis.
2. International Energy Agency, World Energy Outlook 2021.

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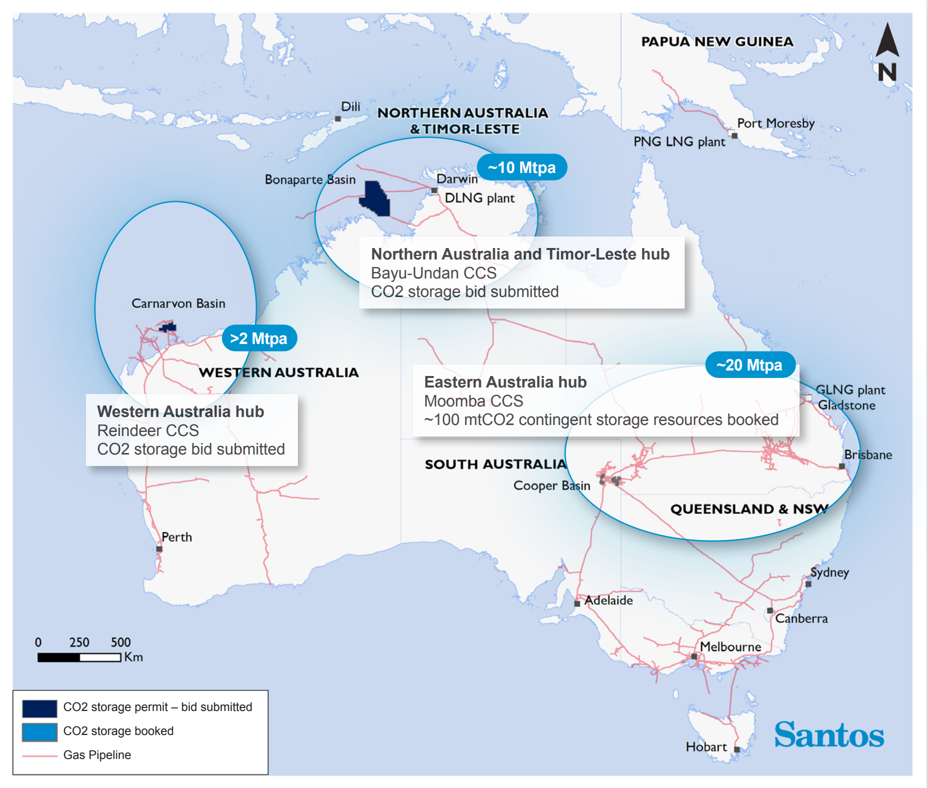
Three Santos-operated CCS and clean fuels hubs

Three CCS hubs enable generation of carbon credits, provision of carbon services, clean fuel production and potential for direct air capture

	Eastern Australia Hub	Northern Australia & Timor-Leste Hub	Western Australia Hub
Annual injection capacity, MtCO2e	~20	~10	>2
Reservoir type	Depleted gas	Depleted gas	Depleted gas
First injection timing estimate	2024	2027	2028
Net capex, $million	~$110m	Subject to FEED	Subject to FEED
Santos CO2 storage	✔	✔	✔
Third party CO2 storage	✔	✔	✔
Repurpose existing infrastructure	✔	✔	✔
Enabling hydrogen and ammonia	✔	✔	✔

Recent bid on CO2 storage permits in the offshore Carnarvon and Bonaparte basins for potential carbon sequestration



Finance and Capital Management

Anthea McKinnell
Chief Financial Officer

LNG offtake in Papua New Guinea

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2022 First-half financial summary

Record financial results and increased returns to shareholders

Strong financial results

- Sales revenue $3.8 billion, up 85%
- Free cash flow $1.7 billion, up 199%
- Underlying profit $1.3 billion, up 300%

Increased returns to shareholders

- Investor participation in oil price upside. Announced returns to shareholders comprise 35% of 1H22 free cash flow
- Interim dividend of US7.6 cps, up 38%
- On-market buyback increased to $350 million with $174 million completed in first half

Optimising debt maturity profile

- Syndicated debt refinancing is well progressed and will result in no significant debt maturities until 2027 [1]
- Committed to retaining investment grade rating

Strengthened balance sheet

- $1 billion reduction in net debt over the last six months
- 45% of total drawn debt portfolio (excluding leases) is PNG LNG non-recourse project debt which is expected to be repaid in 2026
- Strong cash flows supported rapid de-gearing to 22.5%

1. Excluding PNG LNG project finance which is financed using project cash flows.

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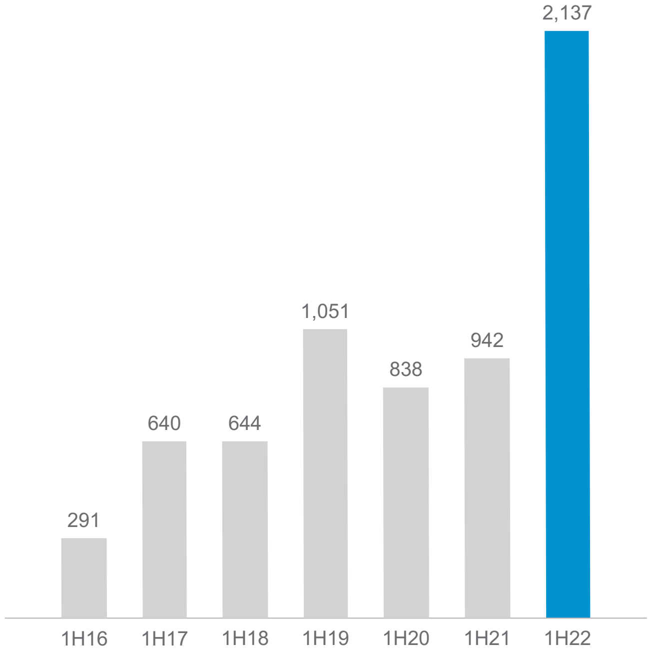
Strong free cash flow generation

Free cash flow $1.7 billion, up 199%

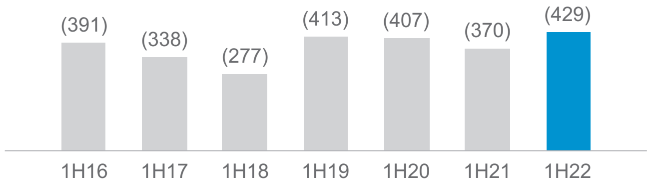
Operating cash flow

$million



Investing cash flow [1]

$million

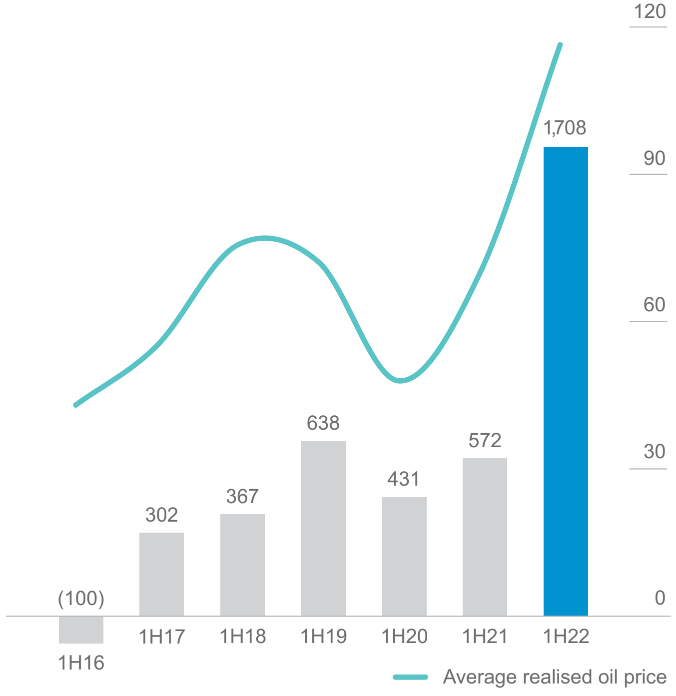


Free cash flow [1]

$million

Oil price

$/bbl



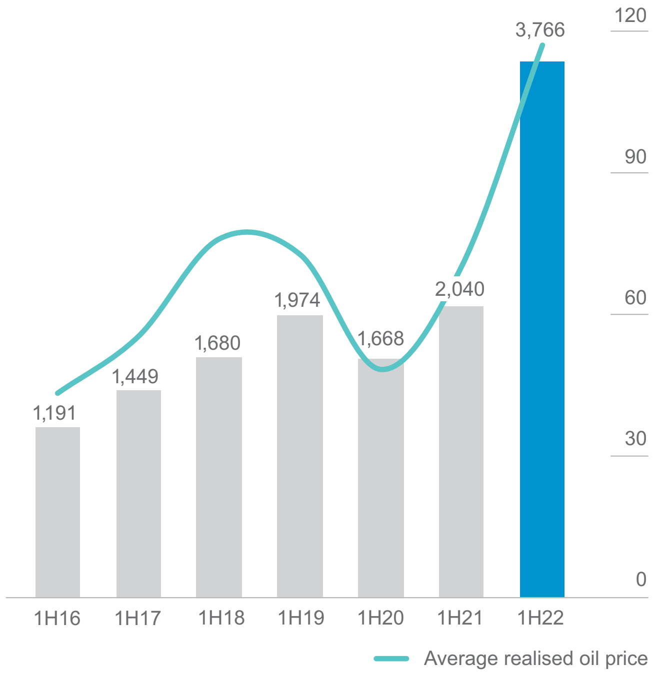
1. Excludes acquisitions / divestments, major growth capex and includes lease liability payments.

Underlying earnings

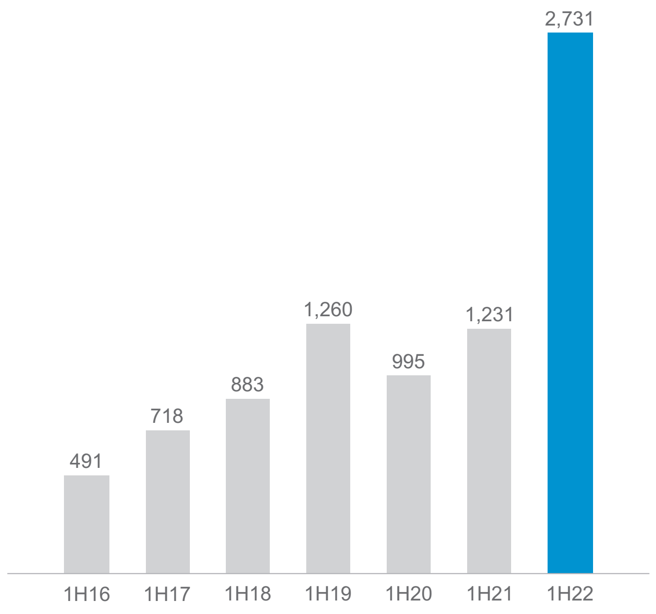
EBITDAX more than doubled to $2.7 billion and underlying profit up 300%

Product sales revenue
$million

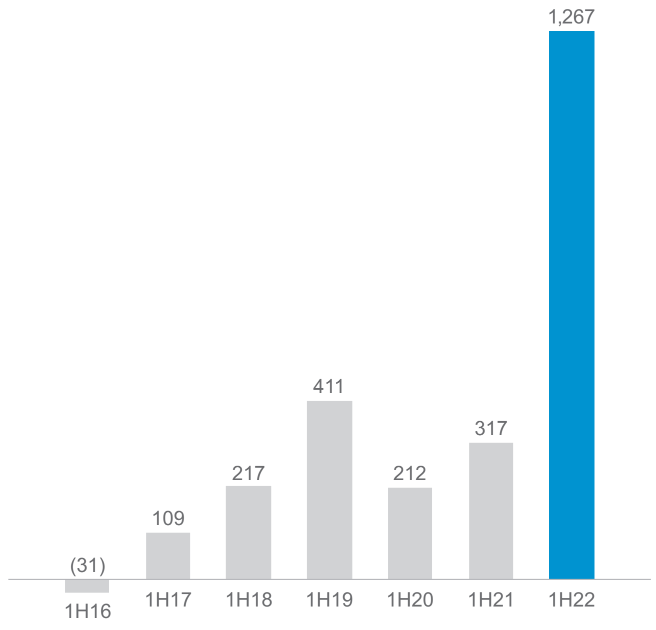
Oil price
$/bbl



EBITDAX
$million



Underlying profit[1]
$million



1. Underlying profit excludes the impacts of costs associated with asset acquisitions and disposals, impairments, commodity (oil) hedging and items that are subject to significant variability from one period to the next.

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Cash generative operating model continues to drive value

EBITDAX margin improved due to higher commodity prices and the addition of PNG interests following the merger

2022 Half-year results summary[1]

	Cooper Basin	Queensland & NSW	PNG	Northern Australia & Timor-Leste	Western Australia	Santos
Total revenue ($million)	552	701	1,632	294	600	**3,843**
Production cost ($/boe)	10.16	6.02	6.81	24.89	8.21	**8.16**
Capex ($million)	161	80	133	284	183	**889**
EBITDAX ($million)	234	468	1,363	216	603	**2,731**
EBITDAX (margin)	42%	67%	84%	73%	100%	**71%**

- Group EBITDAX margin increased to over 70%
- Increase in unit production costs due to lower volumes in some assets
- WA EBITDAX includes $150 million gain on an embedded derivative in a domestic gas sales agreement

1. Corporate segment not shown.

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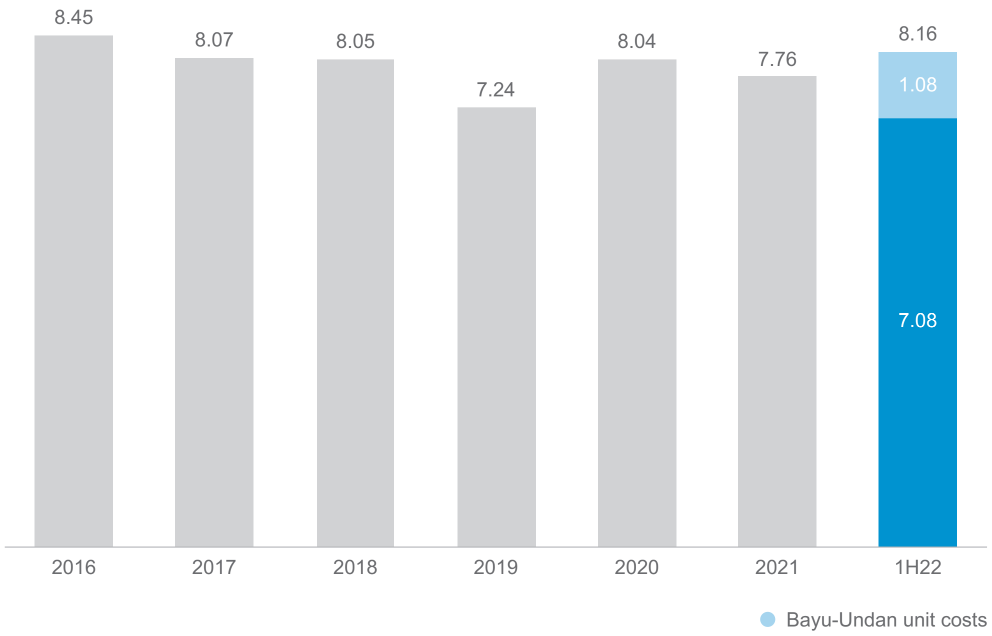
Production costs

2022 guidance maintained at $7.90-8.30/boe

- Unit production costs increased by 5% to $8.16/boe, primarily due to Bayu-Undan natural field decline
  - Excluding Bayu-Undan, unit production costs were $7.08/boe
- Other factors influencing unit costs
  - Lower Cooper Basin production
  - PNG LNG in-line with last year but higher volumes from operated oil fields increase average PNG segment unit costs
  - Higher unit costs in WA primarily due to Ningaloo Vision FPSO being online for full half-year
  - Offset by favourable FX variance on AUD-denominated costs

Upstream unit production costs [1]

$/boe



1. Includes all planned shutdown activity and PNG earthquake recovery costs.

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Capital expenditure

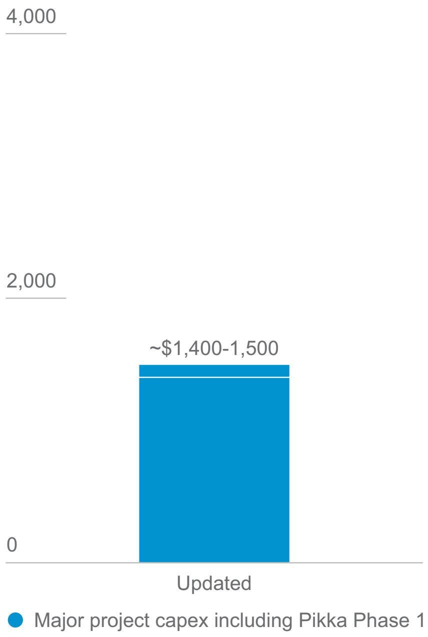
Sufficient free cash flow generated in 1H 2022 to fund major projects and shareholder returns

Disciplined capital allocation

- 2022 sustaining capex including restoration is unchanged at ~$1,100 million
- 2022 major capex guidance reduced to ~$1,400-1,500 million, including Pikka Phase 1 FID
- Pikka Phase 1 gross capex $2.6 billion, Santos net share at 51%, $1.3 billion over 4 years
  - Equivalent to ~four months free cash flow at 1H 2022 average commodity prices

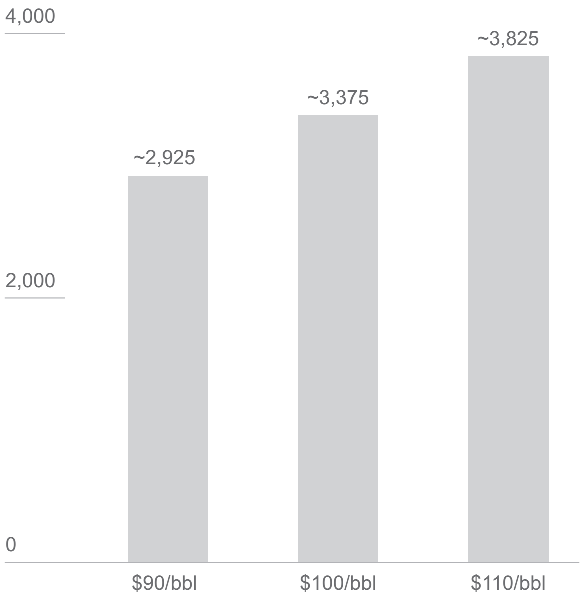
2022 Major project guidance

$million



2022 Free cash flow sensitivity [1]

$million



1. Forecast free cash flow based on sensitivity of ~$450 million for each $10/bbl above forecast free cash flow breakeven of <$25/bbl in 2022. Excludes hedging.

Capital management framework

Disciplined operating model | **Five core gas producing asset hubs**

Sustaining capital

Target free cash flow breakeven at <$35 per barrel

Free cash flow

Maintain strong balance sheet

- Target gearing range <25%
- Maintain investment grade credit rating

Returns to shareholders

- Base: 10-30% payout of free cash flow at average Brent oil prices up to $65 per barrel [1]
- Additional returns: at least 40% of incremental free cash flow above an average oil price of $65 per barrel [1]

Invest in major projects

- Disciplined and phased investment around existing infrastructure

Invest in the energy transition

- Investments must meet return hurdles and be underpinned by customer demand

1. Average Dated Brent oil price for any given period. Free cash flow is operating cash flows less investing cash flows net of acquisitions and disposals and major growth capital expenditure, less lease liability payments. The Board will have the discretion to adjust free cash flow for individually material items.

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Application of capital management framework

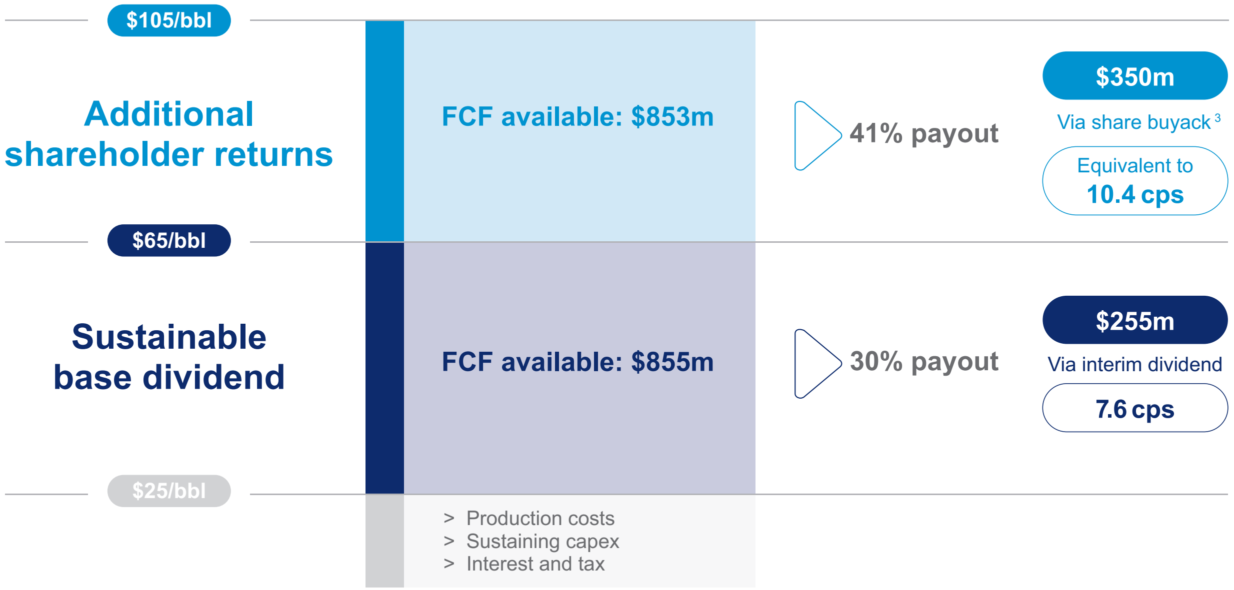
Investor participation in oil price upside for the first half of 2022

1H22 average dated brent [1]

$/bbl

1H22 shareholder returns [2]

$million



Key 1H 2022 metrics

- Forecast 2022 free cash flow breakeven $25/barrel
- Average Dated Brent $105/barrel
- Actual free cash flow $1.7 billion
- Shareholder returns are calculated as a proportion of the free cash flow generated up to and above $65 per barrel average Dated Brent oil price [2]

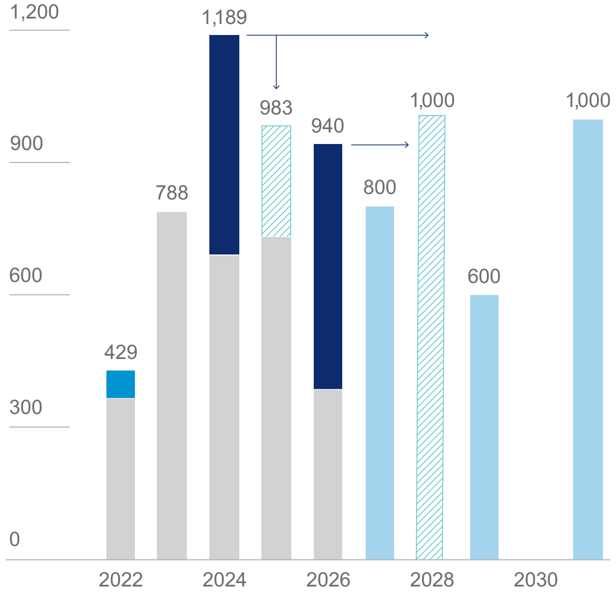
1. Average Dated Brent oil price for any given period. Free cash flow is operating cash flows less investing cash flows net of acquisitions and disposals and major growth capital expenditure, less lease liability payments. The Board will have the discretion to adjust free cash flow for individually material items.
2. 1H22 shareholder return calculation:
   > Free cash flow for base dividend: (65-25)/(105-25) * $1.7 billion = $855 million 30% payout = $255 million.
   > Free cash flow for additional shareholder return: (105-65)/(105-25) * $1.7 billion = $853 million 41% payout = $350 million.
3. $350 million on-market buyback is inclusive of the initial on-market buyback announced in April 2022, of which $174 million had been completed by the end of June 2022. Santos intends to return the remaining $176 million to shareholders via on-market share buyback during the remainder of 2022.

Optimised debt maturity profile

Syndicated debt refinancing well progressed, resulting in no significant debt maturities until 2027[1]

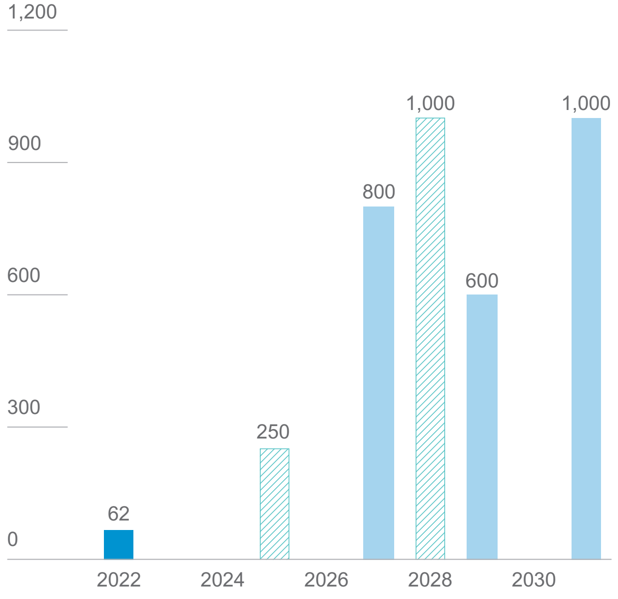
Drawn debt maturity profile at 17 August[2]

$million



Drawn debt maturity profile excluding PNG LNG project finance, post re-financing[2]

$million



Refinance syndicated facility · Bank loans (to be refinanced) · Long-term notes · Reg-S/144A bond · PNG LNG project finance

Events subsequent to 30 June 2022

- $150 million 2022 long-term notes have been repaid
- $15 million 2027 long-term notes have been repaid

Refinancing activities

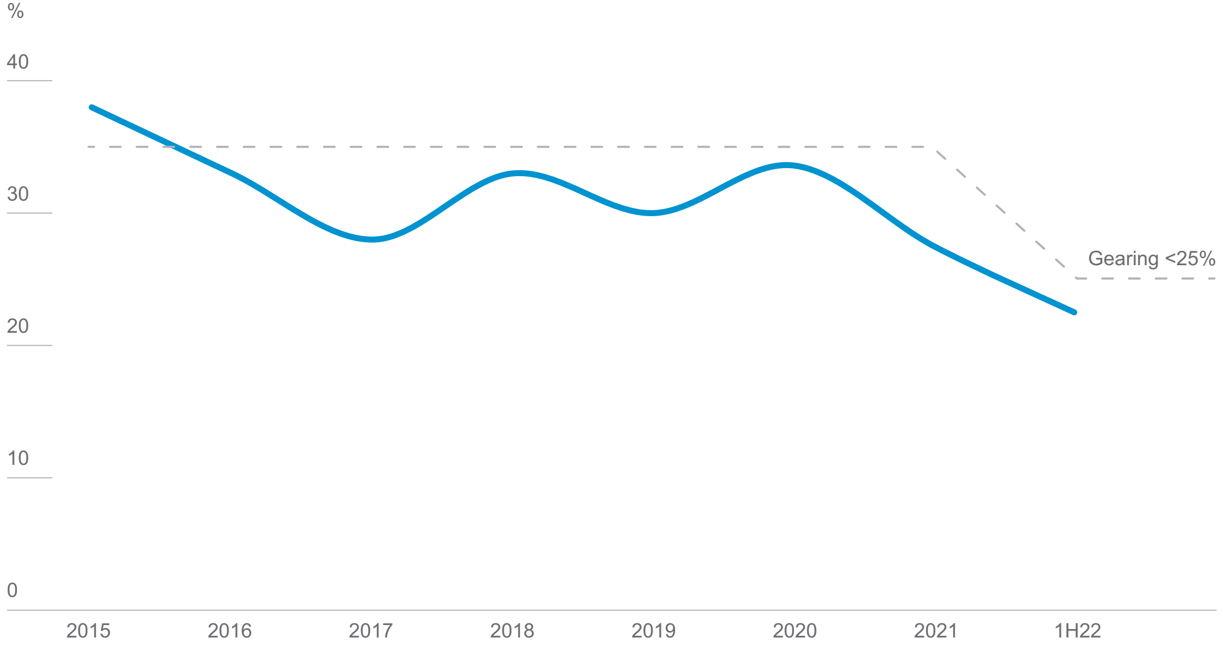
- Refinancing of 2024 and 2026 syndicated term loans well progressed[3]

1. Excluding PNG LNG project finance which is serviced from project cash flows.
2. Revolving Syndicated Facilities shown may be drawn or undrawn subject to business requirements.
3. Subject to execution of documentation and satisfaction of typical conditions precedent.

Reduced gearing and strengthened balance sheet

Strong free cash flows have supported rapid de-gearing to 22.5% at 30 June 2022

Gearing



New capital management framework

- Targeting gearing <25%

Commitment to maintain investment grade credit rating

- S&P: BBB – (stable)
- Fitch: BBB (stable)
- Moody's: Baa3 (stable)

Strong liquidity and debt position [1]

- Liquidity in place of $5,415 million comprising $3,350 million in cash and $2,065 million in committed undrawn debt facilities
- Net debt of $4,151 million
- $1 billion decrease since December 2021

1. As at 30 June 2022.

2022 Half-year results

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