

SANTOS LIMITED (STO)

23 AUGUST 2018

RESULTS	Half Year 2018	Half Year 2017	CHANGE
Revenue (US\$m)	1,680	1,449	+16%
EBITDAX (US\$m)	883	718	+23%
EBITDAX Consensus (US\$m)	742.5		
Production volume (Mmboe)	28.0	29.5	-5%
Sales volume (Mmboe)	38.0	40.1	-5%
Underlying profit (US\$m)	217	109	+99%
Interim Dividend (US\$)	0.035	0.00	-

Santos Limited (STO) reports strong result, set to pay first dividend since 2016.

- Santos Limited (STO)** has recorded a stronger than expected half-year profit of US\$217 million as the energy firm's two year turnaround program continues to show results. Santos' profit was also boosted by the sale of its non-core assets in Asia totalling US\$221 million. Sales volumes over the year fell by 5% to 38 million barrels of oil equivalent (mmboe) but this was expected by the market as Santos had flagged the pressures on sales and production from the temporary outage at Santos' Papua New Guinea (PNG) Liquefied Natural Gas (LNG) assets after the PNG Highlands earthquake in February 2018. Santos has a 13.5% interest in PNG LNG. Production and sales were also impacted by planned maintenance at STO's LNG facility in Darwin. Over the year higher oil output from the Cooper Basin boosted sales volumes. Sales revenue increased by 16% to \$1.7 billion, helped by higher oil and LNG prices. The average realised oil price was up 38% to US\$75/bbl (billion barrels of oil) and the average LNG price rose 24% to US\$8.96/mmBtu (million British Thermal Units).
- Cooper Basin *EBITDAX was US\$229 million, 46% higher than the first half of 2017 primarily due to higher sales revenue impacted by higher oil prices, in addition to lower production costs of US\$8.42/boe, down 13%, resulting from cost saving and efficiency initiatives. Santos reported strong cash flows, increasing 22% to US\$367 million and net debt reduced by 17% to \$2.4 billion. Exploration and evaluation expenses fell by 15% to \$45 million, and field costs were well managed at \$243 million. Santos reiterated its sales target of 72-76mmboe for 2018 and its output target of 55-58mmboe.
- On Wednesday 22 August 2018, Santos announced the acquisition of West Australian-based Quadrant Energy for US\$2.15 billion in cash. This will give Santos access to the Dorado oil well, in the offshore basin in North Western Australia. STO said it will pay an interim dividend of \$0.035, on 27 September 2018.

*Earnings before Interest, Taxes, Depreciation (or Depletion), Amortization and Exploration Expense

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