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ASX Announcement

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WOODSIDE REPORTS 2013 HALF-YEAR PROFIT OF $873 MILLION[1]

Woodside today reported a half-year profit after tax of $873 million, underpinned by a 22.5% increase in production and a 7.6% increase in operating revenue. Key to these increases was the full half-year of production from the Pluto LNG Plant. Production of 41.9 million barrels of oil equivalent (MMboe) was a first-half record for the company.

Woodside CEO Peter Coleman said the company's total production was on an upward trajectory due to the strong performance of Pluto LNG since start-up. "It is pleasing to see the increase in production volumes, which have more than offset a changing product mix to drive an increase in sales revenue. Our focus now is to enhance margins and build on the value provided by the base business," Mr Coleman said.

Mr Coleman noted that Woodside continued to execute its strategy to secure new growth opportunities, as evidenced by the company's recent conditional entry into acreage offshore Ireland.

"Our securing of new growth opportunities continues alongside a period of increased returns to shareholders, with a special dividend of US 63 cps and increased dividend payout ratio target announced during the half," Mr Coleman said.

"We have also made good progress with our fellow joint venture participants on reviewing alternative solutions for the Browse LNG Development. As a result, Woodside is now in a position to recommend to the Browse Joint Venture that a phased floating LNG development be selected, enabling the earliest commercialisation of this world-class resource."

Key Points

- **Record first-half production** of 41.9 million barrels of oil equivalent (MMboe) up 22.5%.
- **Record first-half operating revenue** of $2,857 million, up 7.6%, largely due to production from the Pluto LNG Plant, partially offset by weaker commodity prices and the Vincent FPSO being off station in 1H 2013.
- **Reported net profit** of $873 million after tax, up 7.5%, largely due to increased revenues relating to a full half-year of Pluto production and lower tax associated with PRRT augmentation.
- **The balance sheet** is in a strong position with $3.4 billion in cash and undrawn facilities. At the end of the reporting period Woodside's gearing level was 13% and net debt was $2.2 billion.
- **Major project progress:** Woodside has resolved to recommend the Browse Joint Venture participants use floating LNG (FLNG) technology as the development concept to commercialise the three Browse gas fields. Work is ongoing for NWS North Rankin Redevelopment and Greater Western Flank Phase 1, while the Laverda development opportunity continues to mature.
- **Company growth strategy** reinforced with conditional farm-ins to Ireland, completion of farm-ins to Myanmar and securing of two drilling rigs for offshore Western Australia, each on a two year contract starting early 2014.
- **A special dividend** of US 63 cps was paid on 29 May 2013. Going forward the company will target a dividend payout ratio of 80% of underlying net profit after tax.
- **A fully franked interim dividend** of US 83 cents per share (cps) was declared, up 27.7% (1H 2012: US 65 cps).

[1] All dollar amounts are in US dollars unless otherwise stated

Table 1 – Result comparison: 1H 2013 to 1H 2012	1H 2013	1H 2012	Variance %
	MMboe	**MMboe**	
Production volume (MMboe)	41.9	34.2	22.5
Sales volume (MMboe)	41.8	33.1	26.3
	US$M	**US$M**	**Variance %**
Sales revenue	2,790	2,628	6.2
Operating revenue	2,857	2,655	7.6
EBITDAX[(1)]	**2,033**	**1,871**	**8.7**
Exploration and evaluation expensed	(197)	(130)	(51.5)
Depreciation and amortisation	(610)	(444)	(37.4)
EBIT[(2)]	**1,226**	**1,297**	**(5.5)**
Net finance income/(costs)	(85)	(42)	(102.4)
Income tax expense	(326)	(412)	20.9
Petroleum resource rent tax expense	86	(27)	418.5
Total taxes	(240)	(439)	45.3
Non-controlling interest	(28)	(4)	n.m.[(8)]
Reported NPAT (including non-recurring items)	**873**	**812**	**7.5**
Deduct/(add back) non-recurring items:			
Pluto delay mitigation cost	-	(28)[(3)]	n.m.[(8)]
Tax paid on sale of a subsidiary	-	(25)[(4)]	n.m.[(8)]
Gain on sale of Mutineer-Exeter	21	-	n.m.[(8)]
Underlying NPAT (excluding non-recurring items)[(5)]	**852**	**865**	**(1.5)**
Reported earnings per share (US cps)	106	100	6.0
Underlying earnings per share (US cps)[(5)]	104	107	(2.8)
Interim dividend (US cps)	83	65	27.7
Net operating cash flow	1,494	1,495	n.m.(8)
Gearing (%)[(6)]	13.0%	26.4%	50.8
Total debt[(7)]	4,052	5,455	25.7
Cash and cash equivalents	1,805	611	195.4

(1) EBITDAX = earnings before interest, tax, depreciation, amortisation and exploration (includes non-recurring items).
(2) EBIT = earnings before interest and tax (includes non-recurring items).
(3) The $28 million (after tax) relates to arrangements with customers affected by delay in Pluto LNG delivery.
(4) In 1H 2012 Woodside paid a tax assessment from the Timor-Leste Revenue Authority for $25 million in relation to the sale in 2007 of a subsidiary, Woodside Petroleum (TS1) Pty Ltd.
(5) The underlying (non-IFRS) profit is unaudited but is derived from audited accounts by removing the impact of non-recurring items from the reported (IFRS) audited profit.
(6) Gearing = (net debt) divided by (net debt + equity). This non-IFRS number has been derived from audited accounts of IFRS supported debt and equity figures.
(7) Total debt = total interest bearing liabilities.
(8) n.m. = not meaningful

OPERATING PERFORMANCE

Health and Safety, Environment, People
During 1H 2013 Woodside implemented a strategic roadmap to achieve its goal of global top quartile health and safety performance by 2017. Initiatives have included the adoption of specific performance measures for process and personal safety that enable global benchmarking, as well as the implementation of an enhanced health and safety service delivery model to support global operations.

As at 30 June 2013 the Total Recordable Injury Rate was 3.46 per million hours worked which is lower than the comparative period rate of 3.99. Woodside is tracking towards the company target of top quartile performance by 2017.

Pluto LNG – Woodside 90% (operator): Pluto LNG continued to make a strong contribution to Woodside's production and achieved a number of operational milestones during the period. Plant capacity utilisation has been a highlight since start-up. Pluto LNG achieved a utilisation of 85.3% over the period between start-up in May 2012 and end of June 2013.

A planned maintenance shutdown in April and an unplanned shutdown of the train in late June resulted in lower LNG and condensate production than the previous half. Production for the period comprised 1,742,989 tonnes of LNG and 1,271,070 barrels of condensate. Production in the period supported LNG sales revenue of $771.9 million (Woodside share) from long-term contracts and spot sales. Condensate revenue was $132.7 million (Woodside share).

During the half, the fourth vessel in the Pluto LNG fleet was named. The 'Woodside Rogers' completed its maiden voyage in late July 2013. The vessel was named after Woodside's former Chairman Bill Rogers and is the second long-term charter vessel for Pluto LNG. The vessel provides shipping capacity to maximise value from Pluto LNG sales and will support expansion of our LNG trading and shipping business.

In March 2013 the 50th Pluto LNG cargo was delivered.

North West Shelf [1] – Woodside 12.5%-50% [2] (operator): In the first half of the year NWS delivered 119 cargoes of LNG on behalf of the NWS joint venture participants, compared to 111 in the first half of 2012. The increase was due to reduced project and shutdown impacts in 2013.

One of the largest planned shutdowns ever conducted at the Karratha Gas Plant was undertaken in Q2 with more than 2000 personnel on site. The LNG Train 2 shutdown involved large-scale corrosion refurbishment, turbine and compressor overhauls, valve replacements and overhauls, and other required maintenance activities.

In June the NWS Project received environmental approval from the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) to undertake the Fortuna 3D marine seismic survey. The seismic survey will cover 4050 km^2 of NWS acreage and will be the largest ever delivered by the NWS Project.

Australia Oil [1]
Vincent – Woodside 60% (operator): In January the Vincent floating production storage and offloading vessel (FPSO) was taken to Singapore for planned shipyard maintenance. The scheduled refurbishment of the Vincent FPSO has taken longer than planned due to unexpected repairs of the produced water storage tanks. Production is now anticipated to recommence in the fourth quarter of 2013, which would result in a deferral of approximately 1 MMboe (Woodside share). This reduction has been incorporated into the revised production range of 85 to 89 MMboe.

Production volumes for the remaining Australian oil assets were adversely impacted by natural reservoir decline. Infill drilling activities are planned for 2014 to arrest some of this decline.

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[1] Unless otherwise stated production and sales volumes for NWS and Australia Oil are quoted as Woodside share.
[2] Woodside's NWS interests include: NWS Venture 16.67%, Domestic Gas Joint Venture 50%, Incremental Pipeline Gas Joint Venture 16.67%, China LNG Joint Venture 12.50%, CWLH (crude oil) 33.33%.

CAPITAL MANAGEMENT

Funds to support growth

At 30 June 2013, Woodside's balance sheet reflects the lift in operating cash flows from Pluto with a net debt of $2.2 billion down from $4.8 billion at 30 June 2012 and gearing at 13% down from 26.4% at 30 June 2012. Woodside maintained capacity to fund growth with $1.8 billion in cash and $1.6 billion in undrawn debt facilities. The company's average cost of debt at 30 June 2013 was approximately 3.6% per annum on a portfolio basis and 4.4% per annum on a drawn debt basis. Woodside successfully refinanced a $50 million revolving facility in the first half of 2013.

Special Dividend

During 1H 2013, the Board declared a special dividend of US 63 cents per share (cps). The dividend was paid on 29 May 2013 to all shareholders registered on the record date of 6 May 2013. In addition, given Woodside's strong liquidity position and franking credit balance, the Board determined that the company will target a dividend payout ratio of 80% of underlying net profit after tax. Based on current forecasts, this payout ratio is expected to be maintained for several years. This will be reviewed in the event of significant new capital investments or if business performance or external circumstances change materially.

Interim Dividend

A fully-franked interim dividend of US 83 cps was declared, an increase of 27.7% (1H 2012: US 65 cps). The increase in dividend reflects Woodside's strong financial position, increased operating cash flow and reduced short-term capital expenditure outlook. The record date for determining entitlements to the interim dividend is 30 August 2013 with the ex-dividend date being 26 August 2013. The interim dividend will be paid on 25 September 2013.

Credit Rating

At the end of June Standard & Poor's affirmed Woodside's BBB+ credit rating and revised the outlook to positive as a result of strengthened credit metrics.

Investment expenditure

Capital expenditure in the first half of 2013 was $329 million, a 66% reduction from 1H 2012 ($962 million). The decrease was largely driven by lower expenditure at Pluto.

Investment expenditure for 2013 is expected to be $2.3 billion (2012: $1.8 billion), which includes an estimated $1.1 billion expenditure on Leviathan. The expected investment expenditure amount comprises $1.9 billion capital plus $0.4 billion of exploration expenditure.

This estimate is lower than previous guidance largely due to reduced exploration expenditure following the deferral to 2014 of two Outer Canning exploration wells, as well as lower expenditure on the Australian oil assets.

PROJECT UPDATES

NWS

Work continues for the North Rankin Redevelopment and Greater Western Flank Phase 1 projects. The projects are on budget and are scheduled for a 2013 and early 2016 start-up respectively.

Pluto

The Board of Woodside Petroleum Ltd. has approved the Xena field tie-in development, subject to receipt of final environmental and other regulatory approvals. Xena is part of the foundation Pluto LNG Project.

Greater Enfield Area

The company continues to mature the Laverda development opportunity and expects to further define a preferred development concept in 2013. Preliminary interpretation of our appraisal activities further underpins a recoverable resource of greater than 100 MMboe (100% project). The proposed Cimatti-Enfield tieback concept will not be taken forward. Consequently an impairment expense was booked in the first half accounts. Other tie back opportunities for Cimatti are now being evaluated.

Browse LNG Development

In April 2013, Woodside announced that the James Price Point development concept did not meet the company's commercial requirements for a positive final investment decision. Subsequently the Browse Joint Venture participants commenced evaluation of other development concepts to commercialise the Browse resources.

Woodside further announced on 30 April that it had entered into an agreement with Shell that sets out the key principles that would apply if the Browse resources were developed using Shell's FLNG technology.

During the half, the Browse Joint Venture participants applied for a variation to the Browse retention lease conditions.

Subsequent to the end of the reporting period, the Commonwealth – Western Australia Offshore Petroleum Joint Authority approved amendments sought by the Browse Joint Venture participants to Browse Basin retention leases WA-28-R, WA-29-R, WA-30-R, WA-31-R and WA-32-R.

In addition Woodside has resolved to recommend the Browse Joint Venture participants use floating LNG (FLNG) technology as the development concept to commercialise the three Browse gas fields.

Greater Sunrise Development

Woodside seeks tripartite alignment that allows the timely progression of Sunrise LNG for the benefit of all stakeholders. In early 2013 the Timor-Leste Government referred a dispute with the Australian Government, relating to the Treaty on Certain Maritime Arrangements in the Timor Sea, to international arbitration in accordance with the dispute resolution procedure in the Timor Sea Treaty. Subsequently Woodside and the Sunrise Joint Venture participated in a tripartite meeting with both the Australian and Timor-Leste Governments, to discuss the need for alignment of the two governments before the development can proceed.

OPPORTUNITY GENERATION AND OUTLOOK

Woodside continues to execute its three-tiered strategy to build shareholder value by maximising its core business, leveraging its proven capabilities and growing its portfolio.

During the first half, work continued to convert the in-principle agreement to take 30% equity in the Leviathan field into a fully termed agreement. The Israeli Government set out its policy framework for the export of natural gas on 23 June 2013. The Israeli Government maintained its domestic gas reservation for Leviathan at 50%, despite an aggregate increase in reservation volumes for all fields to 60%. Leviathan is a world class asset with gross mean resources of an estimated 18 Tcf of natural gas.

Processing of the Padauk 3D marine seismic survey for Block A-6 in Myanmar continued in the half. Final processing of the data acquired during Q1 2013 is expected in Q1 2014. Woodside plans to acquire more than 1000 km^2 of 3D seismic in the deepwater portion of block AD-7 later in 2013.

Two separate offers to farm-in to offshore blocks located in the prospective Porcupine Basin off Ireland were accepted in the first half of 2013, subject to the execution of fully-termed agreements, completion of due diligence and other necessary approvals. Both offers include any subsequent frontier exploration licenses that are granted in respect of the licensing options.

During the half two drill rig contracts were awarded in order to pursue Woodside's exploration and development opportunities offshore Western Australia. Transocean was awarded a two year contract for the fifth generation dynamically positioned drillship, Deepwater Millennium. The rig is expected to commence in early 2014. Atwood Oceanics was also awarded a two year contract plus a one year option for the third generation moored semisubmersible, Atwood Eagle. The rig is expected to commence mid-year 2014.

The Polly 3D survey completed in May, shooting 7,425km^2 across four 100% equity permits in the Beagle basin.

Production outlook

As announced on 3 July 2013, Woodside's production target for 2013 has been revised to a range of 85 to 89 MMboe (previously 88 to 94 MMboe). There are two principal reasons for the change:

- There was a temporary interruption to Pluto production resulting from an unplanned shutdown of the LNG processing train. The impact is estimated to be a deferral of approximately 2 MMboe (Woodside share).
- The scheduled refurbishment of the Vincent floating production storage and offloading vessel will take longer than expected. Production is now anticipated to recommence in the fourth quarter, which would result in an additional deferral of approximately 1 MMboe (Woodside share).

A copy of the 2013 Half-Year results presentation, this report and the Half-Year Report (incorporating the Appendix 4D) may be accessed on Woodside's website at www.woodside.com.au.

A webcast briefing, including a question and answer session, will be available on our website from 10am WST on 21 August 2013.

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