



# ASX Announcement

Thursday, 15 April 2021

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## AGM ADDRESS BY CHAIRMAN RICHARD GOYDER AND CEO PETER COLEMAN

In accordance with the Listing Rules, please see attached announcement relating to the above, for release to the market.

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*This ASX announcement was approved and authorised for release by Woodside's Disclosure Committee.*



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Chairman Richard Goyder

Good afternoon. My name is Richard Goyder and, as Woodside's Chairman, I would like to thank shareholders, Woodside staff and guests for attending today's meeting.

The COVID-19 pandemic is not over yet but it's pleasing that we are able to gather here today. I would also like to welcome those shareholders who cannot be here but are able to watch online.

This is an important event in our company calendar and one that the Board looks forward to every year, as it gives us a chance to hear directly from all our shareholders and respond to your questions.

I'm joined here on stage by CEO Peter Coleman, along with CFO Sherry Duhe and Company Secretary Warren Baillie.

We are joined here in Perth by Meg O'Neill, who the Board has announced will be Acting CEO from next week. I'll talk more about the CEO succession later, but I do want to say that the Board is grateful to Peter for his decade of leadership and pleased that Meg will be acting in the role.

Also here with us in Perth are Directors Frank Cooper and Gene Tilbrook.

Our Directors Larry Archibald, Swee Chen Goh, Chris Haynes, Ian Macfarlane, Ann Pickard and Sarah Ryan are unable to attend due to travel restrictions associated with COVID-19, but are participating via the webcast.

Mark Cunningham, representing our auditors Ernst and Young, is also present.

Just a reminder that as Woodside reports its results in US dollars, any reference to dollars this afternoon will be in US currency unless stated otherwise.

2020 was a tough year for Woodside, as it was for many individuals and businesses.

But there was a lot which we did right during this challenging period.

In 2020, as the world went through a massive shock, we delivered an exceptional operational performance and kept our people safe and COVID-free and our finances robust.

We used time wisely, preparing to progress our growth plans as the market continues to improve. And significantly, we matured our climate strategy, taking steps along our pathway to net zero for our direct emissions by 2050.

When we met last year, we talked about how Woodside was managing the challenges arising from the global pandemic.

I don't want to dwell today on the challenges, but I do want to acknowledge the incredible effort from the Woodside team and thank those who went above and beyond to protect our business through extraordinarily difficult circumstances.

That includes all those who had to spend long periods of time away from home working at our assets in Western Australia's north-west and staff in our international offices in countries severely impacted by the global pandemic.

Our resilience as a business is based on the commitment of our people. And in 2020, our people stepped up.

For the first time in our company's history, annual production topped 100 million barrels of oil equivalent.

And, importantly, we achieved our best ever safety outcomes.

Our underlying profit of \$447 million was smaller than usual but was still a very sound result, given the scale of the challenges. If you recall a year ago, our industry was dealing with the shockwaves arising from the confluence of demand contraction from the pandemic and a price war between OPEC and Russia that resulted in global oversupply of oil.

Our reported loss, of just over \$4 billion, reflects the major writedowns of our assets announced in July. At a time of extreme volatility and uncertainty in global markets, we took a prudent view on the carrying value of those assets.

I know that 2020 was also a tough year for shareholders as our share price reflected the difficult environment I have spoken about, and even though we were able to pay dividends, they were consequently less than in previous years.

We continue to work to build value and progress our plans for the future.

The Board is excited about the world-class Scarborough resource, which can make a very significant contribution to our company's future and to the Australian economy.

Scarborough is a globally competitive project that is located close to core Asian markets – and, crucially, it's a development with a low emissions intensity and very low CO2 content in the reservoir.

Key regulatory approvals are now in place for the development and commercial arrangements are progressing for the proposal to process Scarborough gas through a second LNG Train at Pluto.

We're seeing strong interest in Scarborough from customers and have already contracted half of our expected equity offtake gas.

As we've said before, we will be looking to sell down our stake in Pluto Train 2 and opportunistically assess interest in further investment in the upstream component. We expect there will be strong interest given the high quality of this resource and the forecast robust demand for LNG in the years ahead.

The Board is actively engaged with the senior executive team as the Scarborough Joint Venture progresses towards a target final investment decision later this year.

In Senegal, our team continues to progress the Sangomar Field Development Phase 1, ahead of the development drilling campaign, which is targeted to commence in mid-2021.

We have increased our equity in Sangomar, resulting in a simplified Joint Venture structure and we are looking to simplify the JV further through a current transaction. Our ultimate target is to reduce our equity to 40 to 50%.

While pursuing these near-term growth opportunities in our core business, we are also building our position in new energy, centred on hydrogen and ammonia – products that produce zero emissions at the point of use.

As I've already mentioned, we matured our climate change strategy in 2020 and continued to meet with investors to understand their expectations.

I observed at our last AGM that many of my conversations with our large shareholders began with discussion about climate change and our role in responding to it.

Even in a year when a global pandemic has challenged the world economy, climate change was still of primary concern for our investors.

It's a strategic issue for us and one that our Board is actively engaged with, as we aim to support key United Nations Sustainable Development Goals and the objectives of the Paris Agreement.

We have demonstrated our willingness to listen to our investors, including by continuing to enhance our annual reporting in line with recommendations of the Taskforce on Climate-related Financial Disclosures and publishing a review last year of the climate policy positions of industry associations.

In 2020, we outlined our decarbonisation pathway as we aim for net zero by 2050, targeting a 15% reduction in net equity Scope 1 and 2 emissions by 2025 and a 30% reduction by 2030.

We think our net emissions have peaked and will be declining going forward, barring any major new acquisitions.

We will continue meeting with key shareholders to better understand their expectations ahead of giving shareholders the opportunity next year to vote on our climate reporting.

As we progress our strategy of building on our experience as an LNG producer and doing this in a sustainable way, we want to bring shareholders with us on the journey.

Peter will talk more about what we're doing to deliver the emissions reduction targets and the steps we are taking to mature new energy opportunities that are the right fit for Woodside.

In a year that was challenging for many in our community, Woodside continued to provide valuable support to a range of community partners, making a social contribution totaling more than A\$23 million.

The role that businesses play as part of the community is so important and Woodside does it well, partnering with groups who work with society's most vulnerable people, as well as organisations working across education, culture and the arts.

I saw evidence of that a few weeks ago when my wife and I took a Sunday stroll down the beach and saw scores of kids in coloured caps swimming, paddling and sprinting. Most of them had huge grins on their faces – and all of them were wearing their Woodside Nippers vests thanks to our significant partnership with Surf Lifesaving WA.

In a minute I'll hand over to Peter, but before I do that, I do want to pay tribute to him for his exceptional leadership in the past decade.

Peter and his executive team did a terrific job in protecting Woodside through the challenges of 2020.

The company started the year in a strong position thanks to the disciplined management by Peter and his team. His commitment to prudent capital management and maintaining a strong balance sheet and liquidity has served Woodside well. Under his leadership, Woodside was able to act decisively to manage risk and be ready for future opportunities.

During his decade at Woodside, Peter has demonstrated a track record for safety and operational excellence that is now ingrained in the company's culture.

His commitment to gender equality and a diversified workforce is reflected in the composition of both his leadership team and of the annual graduate intake at Woodside. Under Peter's leadership, we have worked hard to build our engagement with the Indigenous community, including through significant growth in employment.

Peter, on behalf of the Board, thank you for your commitment and service to Woodside since 2011.

The Board was very pleased this week to announce the appointment of Meg O'Neill as Acting CEO while the internal and external search progresses.

It's incumbent on the Board to undertake an extensive international search for such a critical role and we are fortunate to have someone of Meg's exceptionally high calibre ready to lead at this important time.

Meg is a highly talented oil and gas leader with extensive global experience. We have seen this in both her leadership of Woodside's operations and in her current role as Woodside's Executive Vice President Development and Marketing.

The Board is confident that she has the drive and expertise to maintain momentum on Woodside's growth projects.

Woodside has a strong and capable executive team and I know that Meg will be well-supported.

In regards to succession planning and the process the Board is going through, there has been a lot of unfounded speculation. That's not surprising given the prominence of this role, but some of the reports have, frankly, been news even to me.

We are following a very stringent process, as shareholders would expect. That process is well-progressed. We are engaging with quality candidates here in Australia and internationally and while we have not yet reached the stage of making any offers, we feel confident that we will have a strong outcome.

We're also fortunate to have a Board that is rich in industry experience, which is particularly useful as we prepare for significant investment decisions.

Now I'll hand over to Peter Coleman to provide some detail on the operational and financial achievements of the past year and perhaps also some reflections on his decade at the helm.  
Thank you.

#### CEO and Managing Director Peter Coleman

Thank you Richard. And thank you to our shareholders for attending and tuning in today.

It is a privilege to update you on what has been a pivotal year for Woodside.

Not only did we weather the storms of 2020 and set new operational records, but we also did the hard work to progress our plans for our company's future.

It's a future that builds on our decades of experience as a leading LNG producer and draws on our technology expertise to ensure we remain a low-cost, safe, efficient and reliable supplier of energy in a lower-carbon world.

On all the things that we control, we did exceptionally well in 2020.

And when external circumstances challenged us, we rose to the challenge, acting decisively to protect our company.

We maintained a strong balance sheet, finishing the year with excellent liquidity of \$6.7 billion. This was a testament to the effectiveness of the steps we took in March 2020 in response to market conditions, cutting spending and delaying growth projects.

It was pleasing that, in February 2021, our BBB+ investment grade credit rating was reaffirmed by Standard & Poor's, demonstrating that external parties share our confidence in our company's future.

A year ago, our industry was in a very different place, with oil prices plunging to their lowest levels in recent history due to the combined effect of the global pandemic and oversupply resulting from the price war between OPEC and Russia.

The reinstatement of supply management within OPEC + supported a firming in oil prices, which are now back above \$60 a barrel. As the vaccine roll-out proceeds globally, we are likely to see continued recovery in demand in the months ahead.

LNG demand held up well throughout 2020 and continued to grow in the Asia-Pacific region, with spot prices surging to new highs early this year during a cold northern winter.

The robust demand for LNG bodes well as we prepare to progress the proposed Scarborough development, with the Joint Venture working towards a final investment decision in the second half of this year.

We have been able to use the past year to further improve the development concept and the value it offers, increasing the offshore LNG capacity by about 20% to eight million tonnes per annum.

This follows our 2019 breakthrough, when new 3D seismic processing technology revealed the field holds 11.1TCF of gas that can potentially be recovered – a 52% increase on the previous estimated volume.

As activities ramp up, we are working with our contractors and supply chain so our plans can progress at the right time, aligning with a low point in the cost cycle and expectations of strong demand growth in the mid-2020s for clean and affordable energy.

Final costings for project execution will be firmed up with contractors in the next three months based on the optimised design and increased capacity delivered last year.

We've secured key regulatory approvals, including Commonwealth environmental approval, and have been granted production licences. We are working with Government to finalise remaining project development and environmental approvals as we progress towards a final investment decision.

We continue to work with Traditional Custodians to ensure cultural heritage is recognised and respected.

We've also made progress on the future of the North West Shelf Project, as we transition the Karratha Gas Plant into a third-party tolling facility, executing agreements for Pluto and Waitsia gas.

This sets the Karratha Gas Plant up to continue to deliver value and provide opportunities to unlock value from other resources in the future.

We are making the most of existing infrastructure, linking KGP and the Pluto LNG plant via the interconnector pipeline now under construction.

Our development drilling and completions performance has been outstanding as we progress our near-term growth plans. We realised significant cost savings for Julimar-Brunello Phase 2 and Pyxis Hub with no lost time due to COVID-19.

Pyxis Hub is Woodside's deepest water development – at a similar depth to the proposed Scarborough wells – and we achieved “best in basin” performance for these wells. This is an excellent precursor to the proposed drilling program for Scarborough.

In Senegal, we had taken a final investment decision on the Sangomar Field Development Phase 1 in January 2020 and our team has progressed project execution activities, managing the challenges of COVID-19.

In a major milestone for the project, a 323 meter-long oil tanker, or Very Large Crude Carrier, is currently at a shipyard undergoing conversion into a Floating Production Storage and Offloading vessel. Our execution activities were 24% complete by the end of March and we remain on target for first oil in 2023.

I want to make some brief comments about Myanmar, where Woodside commenced activities in 2013 at a time when there was optimism about transition to a stable democracy. The events of recent months are deeply distressing. We condemn the violence and the human rights violations.

We have demobilised and repatriated all non-Myanmar personnel and ceased all exploration activities in country.

We continue to provide support to our employees who are Myanmar nationals. Their safety is of paramount importance to us.

We do not have any direct commercial arrangements with any Tatmadaw-connected organisations, nor do we have any producing assets in Myanmar.

Until we see the outlook for Myanmar and its political stability has improved, we will keep all business decisions under review.

We've already mentioned our exceptional operational performance in 2020, delivering a new company record for production and our best safety outcomes. But we're not resting on our laurels. We know there are challenges ahead.

That's why we have used the past year to put in place targets and programs that harness our expertise in technology to ensure our operations remain competitive.

As I approach the end of my decade at Woodside, I am proud to have played a role in preparing our company for a future in which our industry will need to be low-carbon and high-technology.

In the past three years, we have deliberately shifted our spending from exploration to hydrogen, carbon and technology as opportunities open up in the energy transition.

Through the Operations Transformation initiative we are seeking to improve cost efficiency by 30% over three years, taking bold steps to apply technology and deploy this at scale into our business.

As the energy transition gathers pace globally, it's clear it will no longer be enough to be low-cost. We'll need to earn our place in the energy mix by being low cost *and* low carbon.

In recognition of the centrality of this to our business, I last year appointed as Senior Vice President Climate Dr Tom Ridsdill-Smith, reporting directly to me.

In November, we outlined clear near- and medium-term emissions reduction targets to be achieved through innovation in the design of facilities, efficiencies in operations and the use of quality offsets.

Since the last AGM, our major markets in Japan, China and Korea have all adopted net zero targets of their own. We're working with our customers in those countries on how they deliver their emission reduction and energy transition goals.

Last month we were pleased to deliver our first cargo of carbon offset condensate to commodity trader Trafigura. We are actively working with customers across our LNG, liquids and domestic gas businesses on potential opportunities for carbon management in the marketing of our products.

Our carbon business has been building its portfolio, including planting some 3.6 million trees in Western Australia during 2020.

And we are working to build capability in both hydrogen and ammonia for domestic and export markets.

We have been strategic about which opportunities we pursue, leveraging our own expertise and partnering with leading researchers both in Australia and globally.

Significant milestones on this path include the agreement with Japanese companies JERA Inc, Marubeni Corporation and IHI Corporation to study the large-scale export of hydrogen as ammonia for use decarbonizing coal-fired power generation in Japan.

Through our investment in the HyNET consortium, which is building hydrogen fueling stations in Korea, we are gaining valuable insight into the demand and potential for hydrogen in one of our key export markets.

In June, we will mark the opening of the Woodside Building for Technology and Design at Monash University - a facility that will support innovative approaches to energy technology for years to come. The Woodside Monash Energy Partnership and Futurelab are good examples of how we have invested in developing the expertise to help solve the major challenges confronting society now and in the future.

On that note, I'd observe that Woodside is very well-positioned for the future. We see strong demand for LNG in the years ahead, particularly as countries in the Asia-Pacific region seek to decarbonise, and we think Woodside's proximity and long-standing customer relationships give us an advantage. Beyond this, we have laid the foundation for a new energy business that can scale up as demand for carbon-neutral energy grows.

We're here to talk about the performance of the company and how we've stewarded your shareholdings, so I don't want to spend too much time reflecting on my own experiences.

But I do want to say that time and again the Woodside team has made me immensely proud to lead them. That was true again in 2020, when the team pulled together to deliver impressive outcomes against the odds.

To me, that demonstrated that we have built Woodside into a confident company with a strong future, underpinned by world-class assets and a world-class team.

Over the past decade, we have grown our portfolio from one major asset to three, with the startup of Pluto LNG and of Wheatstone building on the success of the North West Shelf Project. A further two projects are under development in Senegal and Scarborough, positioning our company well for the future.

We have established ourselves as global leaders in the adoption of artificial intelligence and robotics, developing in-house technology that can drive smarter and more efficient operations by creating a virtual replica of an industrial facility.

Our team has also grown and matured into an inclusive, diverse and highly motivated workforce. Almost a third of our workforce is now female, well above the industry average and a marked improvement on a decade ago.

Female representation in middle and senior management has increased significantly and we have achieved a gender balance on our Executive Committee and in our graduate intake.

Our Indigenous Australian workforce has grown from 58 in 2010 to 144 in 2020.

Indigenous cultural recognition and awareness are now core to Woodside's identity and values.

Our team understands the importance of working alongside our community, forging long-term relationships with stakeholders.

I will miss being part of the Woodside team but will watch the AGM as an interested shareholder next year, confident that our company is positioned well for the next steps.

I congratulate Meg on her appointment as Acting CEO and I know she'll be well-supported by an exceptional team.

Thank you.