23 April 2025

Woodside Energy Group Ltd. / WDS.AX
Energy / Integrated Oil & Gas
Australia's Largest Oil & Gas Producer
Current Price: $20.48 | Target: $23.40

WDS: LNG Growth Leader with Inflection Point Approaching

Q1 2025 Results Analysis

Executive Summary

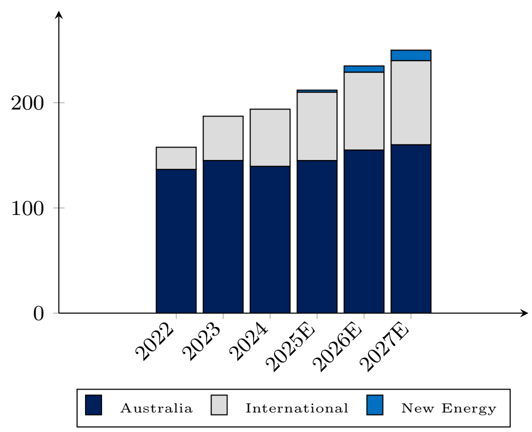
Woodside Energy delivered strong operational performance in Q1 2025 with production of 49.1 MMboe (546 Mboe/day), up 9% year-on-year despite weather impacts at North West Shelf and unplanned outages at Pluto. Quarterly revenue of $3,315 million increased 13% year-on-year, driven by Sangomar production and higher gas hub-linked prices, though down 5% quarter-on-quarter due to lower production volumes. Sangomar achieved exceptional production of 78 thousand barrels per day at nearly 98% reliability, demonstrating Woodside's project execution capabilities and contributing to the company's strategic transformation toward a two-hemisphere portfolio.

The company continues to make significant progress on its major growth projects with Beaumont New Ammonia at 90% completion (targeting H2 2025 startup), Scarborough Energy Project at 82% completion (targeting H2 2026 first LNG cargo), and Trion at 26% completion (targeting 2028 first oil). These projects position Woodside for substantial production growth and free cash flow expansion over the next three years, supplemented by strategic partnerships like the recently announced Stonepeak agreement for Louisiana LNG, which provides $5.7 billion in accelerated capital contributions.

Woodside's balanced approach to energy transition combines traditional hydrocarbon development with emerging decarbonization technologies, leveraging its core competencies while preparing for a lower-carbon future. The company's geographic diversification strategy continues with international assets representing 28.1% of total production, up from 22.5% in 2023, reducing Australian regulatory exposure while capturing premium pricing in both Atlantic and Pacific basins.

The market has begun to recognize Woodside's value proposition, with the share price improving to $20.48 from $15.29 earlier this year. This 34% appreciation reflects growing investor confidence in the company's project execution and strategic positioning, though our target price of $23.40 still indicates 14% upside potential as the market continues to gradually appreciate Woodside's imminent growth trajectory, industry-leading margins (70% EBITDA margin), and strategic positioning in premium Asian LNG markets.

Production by Segment (MMboe)



Outlook

Woodside Energy is positioned for substantial transformation as major projects reach completion and new production comes online. The company's outlook features accelerating production growth, expanding margins, and enhanced free cash flow, supported by strong LNG demand in Asian markets.

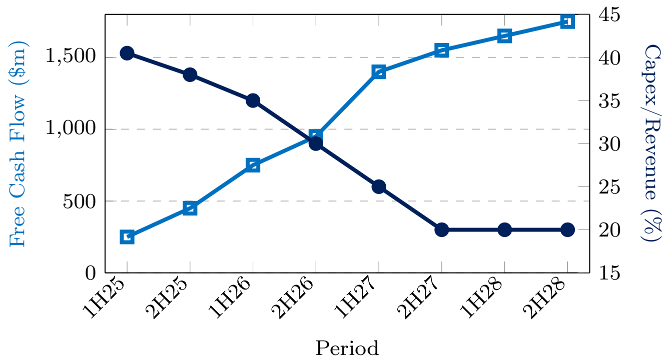
Production is expected to increase from 193.9 MMboe in 2024 to approximately 250 MMboe by 2030, a 4-5% CAGR as guided by management. This growth will be driven by three key projects: Scarborough Energy Project (82% complete), targeting first LNG cargo in H2 2026; Trion (26% complete), scheduled for first oil in 2028; and Beaumont New Ammonia (90% complete), targeting production in H2 2025. The company maintains its 2025 full-year guidance of 186-196 MMboe despite Q1 weather impacts.

Free cash flow is projected to transform dramatically from $100 million in 2024 to over $3 billion annually by 2028-2030, driven by increased production, lower unit costs, and reduced capital expenditure. Capital intensity is expected to decline from 40-41% of revenue in 2024-2025 to approximately 20% by H2 2027.

The Louisiana LNG partnership with Stonepeak enhances financial flexibility, with Stonepeak providing $5.7 billion toward development and contributing 75% of project capital expenditure in 2025-2026. This reduces Woodside's near-term capital burden while maintaining strategic control.

Woodside's outlook is supported by strong LNG demand in Asia and industry-wide delays in new LNG supply, with approximately 30 Mtpa shifted from 2026-2029 to 2030-2033, creating a favorable window for Woodside's projects.

Free Cash Flow & Capex Intensity Projection



Valuations

Our primary valuation approach for Woodside utilizes a Discounted Cash Flow (DCF) methodology, which most appropriately captures the company's approaching inflection point in production and cash flow generation, as well as the long-term value of its diverse portfolio spanning Australia, the United States, and West Africa. This approach is complemented by multiple-based analyses using EV/EBITDA, P/E, and precedent transactions to provide a comprehensive perspective on Woodside's value.

Methodology	Implied Price Per Share
DCF - Base Case	$23.40
DCF - Bull Case	$29.50
DCF - Bear Case	$17.80
EV/EBITDA Multiple - NTM	$16.60
P/E Multiple - NTM	$18.00
PEG Ratio (P/E to Growth)	$19.80
Precedent Transactions	$21.20
Implied Valuation Range	**$19.50 - $23.00**
Current Share Price	**$20.48**
Up/Downside to Base Case	**+14%**

Our DCF valuation yields a base case of $23.40 per share, representing 14% upside from the current share price of $20.48. While the market has begun to recognize Woodside's value proposition with a 34% share price appreciation from $15.29 earlier this year, we believe further upside remains as the company demonstrates progress on its major growth projects. Our base case assumes 4.5% CAGR production growth through 2030, long-term oil prices of $78/bbl (2024 real terms with 2.0% inflation), expansion of EBITDA margins from 69% to 72% as new projects reach steady-state, and successful execution of major growth projects (Scarborough, Trion, and Louisiana LNG).

The recent share price improvement suggests the market is beginning to recognize what our multiple-based valuations indicate, with EV/EBITDA (NTM) at $16.60 and P/E (NTM) at $18.00 now eclipsed by the current trading price. The market appears to be gradually shifting from a near-term focus to a longer-term view that better appreciates Woodside's growth portfolio, though full recognition of the company's intrinsic value remains unrealized. Precedent transactions analysis at $21.20 per share still indicates potential for additional upside as strategic value becomes increasingly apparent.

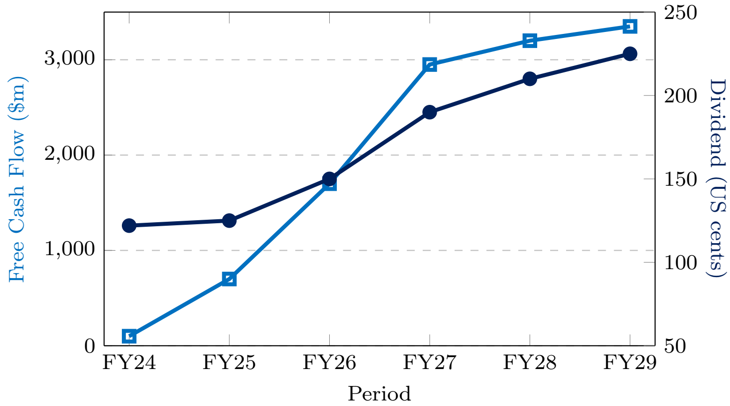
Our DCF model employs a weighted average cost of capital (WACC) of 10.6%, reflecting Woodside's risk profile across multiple jurisdictions. This calculation incorporates a risk-free rate of 4.2%, equity risk premium of 5.5%, levered beta of 1.2, size premium of 0.5%, and company-specific premium of 1.0% capturing project execution risk and energy transition uncertainty. For terminal value calculation, we apply a conservative perpetual growth rate of 2.0% (below global GDP forecasts) to normalized terminal year free cash flow of $3.5 billion.

Sensitivity Factor	Change	Share Price Impact
Oil Price (Long-term)	±$5/bbl	±$2.00
LNG Price (Realized)	±10%	±$2.80-3.30
Production Growth (2030)	±5%	±$1.40-1.65
WACC	±50bps	±$1.20-1.45
Terminal Growth Rate	±50bps	±$1.15-1.40
Scarborough Timing	±6 months	±$0.95-1.15

Our scenario analysis highlights significant valuation sensitivity to key variables. In the bull case ($29.50 per share), we assume higher oil prices ($85/bbl), accelerated project delivery, and premium pricing for lower-carbon LNG and ammonia. This scenario reflects potential upside from industry-wide LNG project delays creating a favorable supply-demand dynamic through the late 2020s. Conversely, the bear case ($17.80 per share) assumes weaker commodity prices ($65/bbl), project delays, and margin compression. Notably, the current share price of $20.48 has moved well above our bear case scenario, suggesting the market is gaining confidence in Woodside's execution capability and strategic positioning.

The primary debate centers on the timing and magnitude of the cash flow inflection from major projects, energy transition impacts on long-term asset values, and the strategic value of geographic diversification. The recent share price appreciation suggests the market is increasingly recognizing the value of Woodside's growth pipeline, though we believe additional upside remains as major projects approach completion and the free cash flow transformation becomes more apparent.

Cash Earnings & Dividend Projection



Free cash flow is projected to expand dramatically from approximately $700 million in 2025 to $1,700 million in 2026, $2,950 million in 2027, and exceeding $3.2 billion annually by 2028. This step-change improvement will be driven by three key factors: production growth of approximately 30% by 2030 compared to 2024 levels, declining unit production costs, and a significant reduction in capital expenditure from 40-41% of revenue in 2024-2025 to approximately 20% by 2027.

The relationship between NOPAT and free cash flow undergoes a significant inflection, with FCF as a percentage of NOPAT improving from 79.2% in H1-2025 to over 143.8% by H2-2027, demonstrating the company's transformation from cash consumer to cash generator. This enhanced cash flow profile will support Woodside's dividend policy, with dividends projected to increase from 122 US cents in 2024 to approximately 225 US cents by 2029, maintaining the company's 80% payout ratio at the upper end of the 50-80% target range.

Woodside's free cash flow resilience is underpinned by industry-leading margins (70% EBITDA margin, 82% cash margin), providing significant downside protection in volatile commodity markets. The company's hedging program for 2025 includes approximately 30 MMboe at an average price of $78.7 per barrel, with approximately 25% delivered by the end of Q1 2025. This prudent risk management approach, combined with geographic and product diversification, enhances the reliability of Woodside's cash flow trajectory.

From a capital perspective, Woodside maintains a strong position with gearing of 17.9% as of FY2024, within the company's target range of 10-20%. While this may temporarily increase above the target range during the current investment cycle, the significant free cash flow expansion expected from 2026 onwards will support rapid deleveraging while maintaining the dividend. The Stonepeak partnership for Louisiana LNG further enhances financial flexibility, with accelerated capital contributions freeing up resources for other strategic initiatives and shareholder returns.

About the Company

Woodside Energy Group Ltd. (ASX: WDS) is Australia's largest independent oil and gas company, founded in 1954 and celebrating its 70th anniversary in 2024. Publicly traded on the Australian Securities Exchange (ASX), the New York Stock Exchange (NYSE), and the London Stock Exchange (LSE), Woodside has a market capitalization of approximately $29 billion. The company operates a diverse global portfolio of assets across Australia, the United States, Trinidad and Tobago, Senegal, Mexico, Timor-Leste, and Canada, with a strategic focus on LNG production complemented by oil assets, domestic gas operations, and emerging investments in new energy opportunities.

Woodside's business model centers on the exploration, development, production, and sale of hydrocarbons across the value chain. The company generates revenue primarily through four product streams: LNG (48.6% of 2024 revenue), crude oil and condensate (37.1%), pipeline gas (10.2%), and natural gas liquids (2.3%), with additional revenue from processing services. Woodside employs a capital management framework that balances investment in growth projects, debt management, and shareholder returns, typically targeting a 50-80% dividend payout ratio with a strong focus on maintaining an investment-grade credit rating.

The company is led by CEO and Managing Director Meg O'Neill, who demonstrates strong operational focus and strategic vision for navigating the energy transition. The Board is chaired by Richard Goyder, AO, and includes directors with diverse industry experience. In 2024, the leadership team oversaw record production levels and made significant strategic moves, including the acquisitions of Louisiana LNG and Beaumont New Ammonia, reinforcing their commitment to both the traditional LNG business and new energy opportunities.

Woodside operates in both upstream exploration and production and midstream processing, with strategic infrastructure assets including the Pluto LNG facility, Karratha Gas Plant, and multiple floating production storage and offloading (FPSO) vessels. The company's key customers include major energy companies in Asia, particularly Japan, Korea, Taiwan, and China, where Woodside has secured multiple long-term LNG supply agreements. Woodside's geographic proximity to Asian markets provides a significant competitive advantage in terms of shipping costs and supply chain efficiency.

The company's strategic direction focuses on thriving through the energy transition by developing a low-cost, lower-carbon, profitable, resilient, and diversified portfolio. This is evidenced by investments in traditional hydrocarbon projects like Scarborough and Trion, alongside new energy initiatives like Beaumont New Ammonia. Woodside's approach balances near-term cash generation with positioning for longer-term energy market evolution, leveraging its technical expertise and project execution capabilities across both traditional and emerging energy segments.

Tailwinds

LNG Supply Constraints: Industry-wide delays in LNG projects have created a favorable supply window for Woodside, with approximately 30 Mtpa of capacity shifted from 2026-2029 to 2030-2033. This timing aligns with Woodside's Scarborough (82% complete) and Louisiana LNG projects, enhancing their market potential. These constraints occur amid strong demand growth in Asia, where the IEA's 2024 Outlook increased modeled 2050 LNG demand across all scenarios. Woodside's proximity to Asian markets, premium LNG quality, and strong contracts (with China Resources Gas and Uniper) position it to capitalize on this favorable supply-demand dynamic.

Project Execution Excellence: Woodside has demonstrated superior project execution, evidenced by Sangomar reaching nameplate capacity within nine weeks and maintaining 97.6% reliability in Q1 2025. This track record de-risks the company's growth pipeline, with advanced completion of Scarborough (82%), Beaumont New Ammonia (90%), and progress on Trion (26%). The third Barossa well shows better-than-expected results, suggesting future production may exceed projections. This execution excellence enhances returns on capital and accelerates cash flow generation, supporting both growth investments and shareholder returns.

Geographic Diversification: Woodside's international segment has expanded from 13.4% of production in 2022 to 28.1% in 2024, potentially exceeding 35% by 2027. This reduces Australian regulatory exposure while capturing premium pricing in both Atlantic and Pacific basins. The two-hemisphere strategy advances with Louisiana LNG adding Atlantic presence, Sangomar performing strongly in West Africa, and Trion progressing in Mexico. This balanced portfolio enhances market access, reduces jurisdiction risk, and provides natural hedging against regional price differentials, improving resilience against country-specific policy shifts.

Premium Margins & Cost Discipline: Woodside delivers industry-leading margins (70% EBITDA, 82% cash) in 2024, exceeding both regional peers (55-60%) and global majors (60-65%). This reflects operational discipline and advantaged assets, with unit costs improving to $8.1/boe despite inflation. The low-cost model provides downside protection in volatile markets. As capital intensity declines from 40-41% in 2024-2025 to approximately 20% by 2027, this operational excellence will enhance shareholder returns through the company's 80% dividend payout ratio.

Headwinds

Commodity Price Volatility: Woodside faces exposure to oil and LNG price fluctuations, with every $5/bbl change in long-term Brent assumptions generating approximately 8-9% change in valuation. While the company has protective measures through hedging (30 MMboe for 2025) and long-term contracts (with increasing gas hub exposure of 25.4% in Q1 2025), sustained price weakness would constrain cash flow and valuation. This risk is partially mitigated by industry-leading margins and efficiency initiatives. The company's shift toward a balanced portfolio between oil and gas provides some natural hedging, as assets like Sangomar and Trion can offset LNG market volatility.

Execution Risk Across Multiple Projects: Woodside's growth strategy depends on successfully executing several capital-intensive projects simultaneously: Scarborough (82% complete), Trion (26%), Beaumont New Ammonia (90%), and Louisiana LNG (targeting FID in 2025). Despite proven execution with Sangomar, these concurrent developments create risk of cost overruns, delays, or production underperformance. Particularly concerning is Scarborough, Woodside's most significant near-term initiative, which faces potential challenges with subsea installation. This risk is partially mitigated by the advanced completion status and Woodside's project management expertise.

Energy Transition Timing: Woodside operates at the intersection of traditional hydrocarbons and emerging decarbonization technologies, facing accelerating transition dynamics that could threaten long-term demand for core products. The company balances maximizing returns from existing assets ($42.6 billion in oil and gas properties) while investing in lower-carbon opportunities like Beaumont New Ammonia. This dual approach creates allocation challenges if transition accelerates faster than anticipated. Woodside's emissions reduction (14% below baseline) shows commitment to transition preparation, but uncertainty around timing and policy evolution creates long-term strategic challenges.

Australian Regulatory Exposure: Despite increasing diversification, Woodside maintains substantial Australian exposure (64.8% of revenue and 71.9% of production in 2024).

The Petroleum Resource Rent Tax deductions cap and potential climate policy adjustments create uncertainty for long-term economics. While both major parties recognize gas's role in energy transition, policy evolution remains unpredictable. This risk is partially mitigated by accelerating geographic diversification, but concentration of core infrastructure in Australia means this exposure will persist as a significant consideration.

Competitors

Competitor	Competitive Positioning
Santos	Second largest Australian producer; More diversified geographically with PNG and Alaska assets; Comparable Australian LNG exposure but lower margins; More advanced carbon initiatives with operational Moomba CCS; Less international LNG marketing capability
Shell	Global scale with market-leading LNG position; Advanced trading and optimization capabilities; Diversified upstream/downstream portfolio; Higher corporate overhead; Complex organizational structure; Competing capital allocation priorities
Chevron	Major positions in Australian LNG (Gorgon, Wheatstone); Strong balance sheet; Vertically integrated operations; Higher capital intensity; More conservative on energy transition; US-centric decision making
TotalEnergies	Aggressive energy transition investments; Global LNG portfolio; Integrated trading operations; European regulatory exposure; Higher political risk in some development regions

Woodside occupies a unique middle-ground position in the global LNG competitive landscape, larger than regional players like Santos but smaller than supermajors like Shell, Chevron, and TotalEnergies. This positioning offers advantages of organizational agility without sacrificing financial capacity for major projects. The company's clear strategic focus on LNG with select new energy investments contrasts with both Santos's more Australia-centric approach and the supermajors' broader portfolios spanning the entire hydrocarbon value chain.

Woodside's industry-leading 70% EBITDA margin demonstrates superior operational efficiency compared to peers, while its strategic geographic advantage of proximity to Asian markets supports its competitive positioning. Its recent acquisitions of Louisiana LNG and Beaumont New Ammonia indicate an emerging two-hemisphere strategy (Pacific and Atlantic basins) that more closely resembles the global majors' approach. However, Woodside remains more exposed to Australian regulatory changes than more geographically diversified competitors, and lacks the downstream integration that helps insulate supermajors from commodity price volatility.

Compared to its most direct Australian competitor, Santos, Woodside offers greater scale, superior margins, and more advanced international diversification, particularly in LNG. While Santos has taken a lead in carbon capture and storage with its operational Moomba CCS project, Woodside's approach to energy transition through new energy products like hydrogen and ammonia provides a different path to sustainability. Both companies face similar challenges in balancing traditional hydrocarbon development with energy transition positioning, though Woodside's superior balance sheet strength and operational cash flow generation provide greater financial flexibility for this strategic balancing act.

Within the competitive landscape, Woodside's strategic positioning emphasizes its operational excellence, project execution capabilities, and premium access to Asian markets. This focused approach offers potential advantages in capital efficiency and market responsiveness compared to more diversified competitors, though execution across multiple complex initiatives remains challenging in a competitive global environment.

Results Summary

Woodside delivered strong operational performance in Q1 2025, with production of 49.1 MMboe (546 Mboe/day), up 9% from Q1 2024 due to the addition of Sangomar production, which started in July 2024. Quarterly production was down 4% from Q4 2024 due to weather impacts at North West Shelf and unplanned outages at Pluto, though partially offset by higher production at Shenzi and Atlantis. Quarterly revenue of $3,315 million increased 13% year-on-year but decreased 5% quarter-on-quarter due to lower production volumes and lower oil-linked prices.

Key Metrics	Q1 2025	Q4 2024	Q1 2024
Revenue ($m)	3,315	3,484	2,945
Production (MMboe)	49.1	51.4	44.9
Sales Volume (MMboe)	50.2	54.1	45.6
Average Realized Price ($/boe)	65	63	63
Capital Expenditure ($m)	1,806	2,681	1,158
LNG Reliability - Pluto	89.9%	N/A	N/A
LNG Reliability - NWS	96.5%	N/A	N/A
Sangomar Production (Mbbl/d)	78	75.5	-
Sangomar Reliability	97.6%	94%	-

A key highlight of the quarter was the exceptional performance from Sangomar, which achieved production of 78 thousand barrels per day (Woodside share) at 97.6% reliability. Based on positive response observed in S400 oil producers from water injection, contingent resources were migrated to developed reserves, adding 7.1 million barrels to 1P reserves and 16.1 million barrels to 2P reserves (Woodside share). As a result, Woodside expects Sangomar's depreciation, depletion, and amortization rate for 2025 to decrease by 5-10% from its 2024 rate of approximately $56/boe.

LNG reliability showed mixed results, with Pluto achieving 89.9% reliability due to three unplanned train outages, while North West Shelf maintained strong performance at 96.5% reliability despite weather challenges. The company successfully utilized the Pluto-KGP Interconnector to process additional volumes through the North West Shelf during Pluto downtime, demonstrating operational flexibility that partially mitigated production impacts.

The company made significant progress on its marketing efforts, with 25.4% of produced LNG sold at prices linked to gas hub indices, realizing a 23% premium compared to oil-linked pricing. This represents 9.4% of Woodside's total equity production, with full-year guidance maintained at 28-35% of produced LNG. Additionally, Woodside signed a long-term sale and purchase agreement with China Resources Gas International Limited for supply of approximately 0.6 million tonnes of LNG per year over 15 years on a delivered basis, commencing in 2027.

Subsequent to the quarter, the company announced two significant strategic developments: a partnership with Stonepeak for the sale of a 40% equity interest in Louisiana LNG Infrastructure LLC, with Stonepeak providing $5.7 billion towards the foundation development on an accelerated basis; and LNG sale and purchase agreements with Uniper for the supply of up to 2 million tonnes per annum over a combination of terms lasting until 2039.

Performance by Segment

Woodside's segment performance in Q1 2025 reveals significant variations across its diversified portfolio, with each region facing distinct operational dynamics and market conditions.

Segment	Revenue ($m)	QoQ Change	YoY Change	Production (MMboe)	QoQ Change	YoY Change
Australia	1,827	-8.8%	-8.5%	31.4	-9.2%	-7.3%
International	1,098	+8.2%	+67.4%	17.7	+5.1%	+59.9%
Marketing	312	-23.9%	+37.4%	-	-	-
Other	78	+39.3%	+18.2%	-	-	-
Total	**3,315**	**-4.9%**	**+12.6%**	**49.1**	**-4.6%**	**+9.3%**

Australia Segment: The Australia segment experienced production challenges in Q1 2025, with volumes declining 9.2% quarter-on-quarter and 7.3% year-on-year to 31.4 MMboe. This decline reflected a combination of weather impacts at North West Shelf, unplanned outages at Pluto, and natural field decline, particularly at Bass Strait and the North West Shelf. Revenue declined 8.8% quarter-on-quarter to $1,827 million, though the segment maintained strong operational performance where possible, with North West Shelf achieving 96.5% LNG reliability despite challenging weather conditions. The Pluto-KGP Interconnector played a crucial role in optimizing production during facility downtime, demonstrating the operational flexibility and integration of Woodside's Australian assets.

International Segment: The International segment continued its strong growth trajectory, with revenue increasing 8.2% quarter-on-quarter and 67.4% year-on-year to $1,098 million. Production grew 5.1% quarter-on-quarter and 59.9% year-on-year to 17.7 MMboe, driven by exceptional performance from Sangomar at 78 thousand barrels per day with 97.6% reliability. The segment also benefited from strong performance at Shenzi, supported by a well returning to production in late 2024 and ongoing optimization efforts, and at Atlantis following successful well intervention campaigns. This robust performance underscores the growing importance of international assets within Woodside's portfolio, now representing 36.1% of total production compared to 32.8% in Q4 2024 and just 24.6% in Q1 2024.

Marketing Segment: Marketing revenue declined 23.9% quarter-on-quarter to $312 million, primarily reflecting seasonal factors and market dynamics. However, the segment achieved a 37.4% increase year-on-year, demonstrating its growing strategic importance. A key achievement was securing 25.4% of produced LNG at prices linked to gas hub indices, realizing a 23% premium compared to oil-linked pricing. The segment also continued to strengthen Woodside's contract position with the China Resources agreement and subsequent Uniper deal, building a robust foundation for future revenue growth as new supply from Scarborough and Louisiana LNG comes online.

Project Development Status: Woodside maintained strong progress across its project portfolio in Q1 2025. The Beaumont New Ammonia Project reached 90% completion, with pre-commissioning activities expected to commence in Q2 2025 and first production targeted for H2 2025. The Scarborough Energy Project advanced to 82% completion, with the floating production unit hull exiting its second dry dock and the topsides loaded onto a transport barge in readiness for integration activities. The Trion Project reached 26% completion, with the first steel cut for the three FPU topside modules in Korea and fabrication progressing on schedule. These advancements support Woodside's production growth trajectory and impending free cash flow transformation.

Balance Sheet & Financial Position

Balance Sheet ($m)	**FY2024**	**FY2023**	**YoY**
Total Assets	61,264	55,361	+10.7%
Total Liabilities	25,865	20,962	+23.4%
Net Assets/Equity	35,399	34,399	+2.9%
Cash and Cash Equivalents	3,923	1,749	+124.3%
Debt	11,620	6,498	+78.8%
Net Debt	7,697	4,749	+62.1%
Gearing Ratio	17.9%	12.1%	+5.8pp
Liquidity	6,723	N/A	N/A
Key Financial Metrics			
Operating Revenue	13,179	13,994	-5.8%
EBITDA excl. impairment	9,276	9,363	-0.9%
EBIT	4,514	3,307	+36.5%
NPAT	3,573	1,660	+115.2%
Underlying NPAT	2,880	3,320	-13.3%
EBITDA Margin	70%	67%	+3.0pp
Cash Margin	82%	80%	+2.0pp
Cash Flow ($m)			
Operating Cash Flow	5,847	6,145	-4.8%
Investing Cash Flow	(5,747)	(5,585)	+2.9%
Financing Cash Flow	2,101	(5,000)	NM
Free Cash Flow	100	560	-82.1%
Capital Expenditure	5,306	5,736	-7.5%
Dividends Distributed	2,449	4,253	-42.4%

Woodside maintained a strong financial position at the end of FY2024, with net debt of $7.70 billion, representing a gearing ratio of 17.9% within the company's target range of 10-20%. While gearing increased from 12.1% at the end of FY2023, this reflects the company's strategic investments in growth projects, particularly Louisiana LNG and Beaumont New Ammonia. Liquidity remained robust at $6.72 billion, providing significant financial flexibility for ongoing project development.

The company's Q1 2025 update shows further strength in this position, with liquidity of $7.30 billion reported following the payment of the 2024 final dividend on April 2, 2025. During the quarter, Woodside entered into two $1,500 million short-term liquidity facilities, repaid a $1,000 million bond that matured during the quarter, and drew $800 million from available liquidity debt facilities, demonstrating proactive management of the company's capital structure.

Operating performance in FY2024 showed resilience despite challenging market conditions, with operating revenue of $13,179 million (down 5.8% year-on-year) reflecting lower average realized prices across product categories (down 7.3% to $64/boe). However, EBITDA margins improved to 70% (from 67% in FY2023) and cash margins strengthened to 82% (from 80%), demonstrating exceptional operational efficiency and cost control. This margin expansion occurred despite the challenging price environment, highlighting Woodside's operational excellence and disciplined cost management.

Cash flow metrics reflected the company's investment phase, with operating cash flow of $5,847 million (down 4.8% year-on-year) and investing cash flow of $5,747 million (up 2.9%), resulting in free cash flow of $100 million. This temporary free cash flow moderation is expected during the company's peak capital expenditure period, with significant improvement projected as major projects come online and capital intensity declines. Despite the constrained free cash flow, Woodside maintained its commitment to shareholder returns with dividends of $2,449 million distributed during FY2024, representing an 80% payout ratio at the upper end of the company's 50-80% target range.

The recent Stonepeak partnership for Louisiana LNG represents a significant enhancement to Woodside's financial position, with Stonepeak providing $5.7 billion towards the foundation development on an accelerated basis, contributing 75% of the project capital expenditure in both 2025 and 2026. This arrangement substantially reduces Woodside's near-term capital burden while maintaining strategic control of a transformative project, enhancing financial flexibility for other growth initiatives and potentially supporting increased shareholder returns.

Key Project Status

Project	Complete	Start	Strategic Importance
Beaumont New Ammonia	90%	H2 2025	First major new energy project; positions Woodside in lower-carbon markets; potential to abate up to 1.6 million tonnes CO_2-e per annum when CCS is online
Scarborough Energy Project	82%	H2 2026	Critical growth project; significantly lower CO_2 content (0.1%); 8 Mtpa LNG production capacity; enhances premium LNG position
Trion	26%	2028	Major deepwater project offshore Mexico; adds significant oil-weighted production; diversifies portfolio away from Australia
Louisiana LNG	Pre-FID	2028+	Positions Woodside as global LNG player across both Atlantic and Pacific basins; 27.6 Mtpa potential capacity; transformative scale
Sangomar	100%	Operational (July 2024)	First major international oil development; exceeding performance expectations with 97.6% reliability; reserve additions through successful water injection
Greater Western Flank Phase 4	Pre-FID	Post-2028	Five-well subsea tie-back to existing NWS offshore facilities; supports domestic gas delivery during forecast shortfall; FID planned for H2 2025

Woodside is advancing a diverse portfolio of development projects across both traditional hydrocarbon production and new energy initiatives, with several major growth projects nearing completion.

The Beaumont New Ammonia Project represents Woodside's most advanced new energy initiative at 90% complete and on track for first production in H2 2025. Pre-commissioning activities are expected to commence in Q2 2025, with the site anticipated to switch from temporary to permanent power in the same quarter. This project positions Woodside in the growing market for lower-carbon ammonia and demonstrates the company's commitment to diversifying beyond traditional hydrocarbons.

The Scarborough Energy Project is 82% complete and progressing toward first LNG cargo in H2 2026. The floating production unit hull has exited its second dry dock, and the topsides have been loaded onto a transport barge in readiness for integration activities. Installation of the subsea production risers has commenced, pre-installation of the FPU mooring chains has been completed, and batch drilling of the intermediate sections of the development wells has concluded. The project's lower carbon intensity (0.1% CO_2) provides environmental advantages compared to many competing LNG developments.

The Trion Project has reached 26% completion and remains on track for first oil in 2028. Recent milestones include the first steel cut for the three FPU topside modules in Korea and the floating storage and offloading facility disconnectable turret mooring system in China. Fabrication is progressing on schedule, including the manufacturing of subsea equipment. This project represents a significant step in Woodside's international expansion and adds substantial oil-weighted production to balance the company's LNG-dominated portfolio.

Louisiana LNG continues to progress under a limited notice to proceed with Bechtel, with site works including dry excavation, clearing, area drainage improvements, mud mat installation, sheet piling, and concrete work. All high-value orders and major purchase orders for trains 1 and 2 have been released, with orders for train 3 also placed. The Stonepeak partnership, announced in April 2025, provides significant financial enhancement to the project through $5.7 billion in accelerated capital contributions, supporting Woodside's progression toward FID on the three-train foundation development.

Sangomar, which achieved first oil in July 2024, continues to exceed performance expectations with production of 78 thousand barrels per day (Woodside share) at 97.6% reliability. The successful water injection program has enabled the migration of contingent resources to developed reserves, adding 7.1 million barrels to 1P reserves and 16.1 million barrels to 2P reserves (Woodside share). This operational success validates Woodside's project execution capabilities and provides confidence in the company's ability to deliver its broader growth portfolio.

Financial Forecasts

Income Statement ($m)	FY24A	FY25E	FY26E	FY27E	FY28E	FY29E
Revenue	13,179	13,442	14,786	16,560	17,553	18,255
Growth (%)	-5.8%	+2.0%	+10.0%	+12.0%	+6.0%	+4.0%
EBITDA	9,276	9,273	10,350	11,843	12,639	13,144
EBITDA Margin (%)	70.0%	69.0%	70.0%	71.5%	72.0%	72.0%
Depreciation	4,762	4,703	5,029	5,461	5,793	6,024
EBIT	4,514	4,570	5,321	6,382	6,846	7,120
EBIT Margin (%)	34.3%	34.0%	36.0%	38.5%	39.0%	39.0%
Tax Expense	723	824	1,011	1,276	1,369	1,424
Net Profit After Tax	3,573	3,648	4,182	5,106	5,461	5,680
Underlying NPAT	2,880	3,225	3,982	4,942	5,292	5,502
EPS (US cents)	188.5	192.0	220.1	268.7	287.4	299.0
Cash Flow & Balance Sheet						
NOPAT	3,750	3,745	4,310	5,106	5,461	5,680
D&A	4,762	4,703	5,029	5,461	5,793	6,024
Capex	5,306	5,500	4,400	3,312	3,511	3,651
Capex/Revenue (%)	40.3%	40.9%	29.8%	20.0%	20.0%	20.0%
Free Cash Flow	100	700	1,700	2,950	3,200	3,350
FCF/NOPAT (%)	2.7%	18.7%	39.4%	57.8%	58.6%	59.0%
Dividends (US cents)	122	125	150	190	210	225
Payout Ratio (%)	80.0%	78.0%	75.5%	76.8%	78.5%	80.0%
Net Debt	7,697	9,800	9,600	8,200	6,500	4,750
Gearing (%)	17.9%	22.0%	21.0%	18.0%	14.0%	10.0%
Operational KPIs						
Production (MMboe)	193.9	191.0	210.0	230.0	240.0	245.0
Production Growth (%)	+3.6%	-1.5%	+9.9%	+9.5%	+4.3%	+2.1%
Unit Production Cost ($/boe)	8.1	8.8	8.3	7.8	7.6	7.5
LNG Volume (Mtpa)	16.1	16.3	18.0	21.0	21.5	22.0
Average Realized Price ($/boe)	63.6	65.5	68.0	69.5	70.5	71.5
ROIC (%)	4.8%	4.7%	5.3%	6.1%	6.5%	6.7%

Our financial forecasts reflect Woodside's transformation journey, with significant improvements driven by major project deliveries and ongoing operational efficiency initiatives. The most significant inflection points include:

1. **FY25-27 Revenue Growth**: Revenue is projected to increase 2% in FY25, accelerating to 10% in FY26 and 12% in FY27 as Beaumont New Ammonia (H2 2025), Scarborough (H2 2026), and Trion (2028) progressively come online, driving production growth from 191 MMboe in FY25 to 230 MMboe in FY27.

2. **Progressive Margin Expansion**: EBITDA margin is forecast to temporarily moderate to 69.0% in FY25 before expanding to 72.0% by FY28 as lower-cost production from new projects and operational efficiency initiatives take effect.

3. **Capex Reduction**: Capital expenditure is projected to peak at $5.5 billion in FY25 before declining significantly to $4.4 billion in FY26 and reaching a sustainable level of approximately 20% of revenue from FY27 onwards, substantially enhanced by the Stonepeak partnership for Louisiana LNG.

4. **Free Cash Flow Transformation**: Free cash flow expands dramatically from $700 million in FY25 to $1.7 billion in FY26, $2.95 billion in FY27, and exceeding $3.2 billion annually thereafter, representing a fundamental transformation in Woodside's financial profile.

5. **Deleveraging & Shareholder Returns**: Net debt peaks at $9.8 billion in FY25 before progressive deleveraging reduces gearing from 22.0% to 10.0% by FY29, while dividends increase from 125 US cents in FY25 to 225 US cents by FY29, maintaining the company's commitment to returning at least 80% of underlying profits to shareholders.

End of Report