

Woodside Energy Group Ltd (WDS)

Investor Profile Analysis

Current Price: \$20.48 — Target Price: \$23.40 (+14.3%)

Match Score Overview

INCOME	★★★ 65%
VALUE	★★★ 75%
GROWTH	★★★ 75%
QUALITY	★★★ 80%
THEMATIC	★★★ 68%

At A Glance Metrics

Fundamental	Value	Notes
Company	Woodside Energy Group Ltd	Australia's Largest Oil & Gas Producer
Ticker	WDS.AX	Australian Securities Exchange
Market Cap	\$29 billion	Based on \$20.48 share price
Q1 2025 Revenue	\$3,315 million	+13% YoY, -5% QoQ
EBITDA (FY2024)	\$9,276 million	EBITDA margin of 70%
Production	49.1 mmboe (Q1 2025)	+9.3% YoY, -4.6% QoQ
Free Cash Flow (FY2024)	\$100 million	Significant growth expected (to \$2.95B by 2027)
Gearing	17.9%	Within target range of 10-20%
Major Projects	Beaumont (90%), Scarborough (82%), Trion (26%)	Strong execution across portfolio

★★★ INCOME INVESTOR PROFILE (65%)

Performance Rating

Woodside offers moderate alignment with income investor requirements. The company currently provides a consistent dividend with a payout ratio at the higher end of its 50-80% target range. While the immediate yield may not be as high as some energy sector peers, Woodside’s projected free cash flow expansion from \$700 million in 2025 to \$2.95 billion by 2027 creates a compelling dividend growth trajectory for patient investors. The company’s commitment to maintaining its high payout ratio through this period of cash flow transformation supports a positive outlook for income-focused investors.

Primary Metrics Analysis

Metric	Value	Benchmark	Rating	Trend
Current Dividend Yield	~4.3%	5-6% (Energy sector avg)	★★	↑
Dividend Coverage	>100%	>125% (Sustainable)	★★	↑
Free Cash Flow	\$100M (FY2024)	Positive (Threshold)	★★★	↑
FCF Projection	\$3.2B by 2028	Growing (Benchmark)	★★★	↑
Payout Ratio Policy	50-80% target (80% actual)	Defined policy (Benchmark)	★★★	→

Risk Assessment Matrix

Risk Factor	Impact	Probability
Commodity Price Volatility	High	Medium
Project Execution Delays	Medium	Low
Capital Intensity Persistence	High	Low
Energy Transition Disruption	Medium	Medium
Geopolitical Disruption	Medium	Low

Why This Profile Fits/Doesn’t Fit

Woodside demonstrates moderate alignment with income investor requirements. The company maintains a consistent dividend policy with a stable 80% payout ratio at the high end of its 50-80% target range. The current dividend yield of approximately 4.3% falls slightly below the energy sector average of 5-6%, but offers stability in a volatile commodity market, with dividends distributed in FY2024 despite constrained free cash flow.

The projected free cash flow expansion from \$700 million in 2025 to \$1.7 billion in 2026 and \$2.95 billion by 2027 as capital intensity declines from over 40% to approximately 20% of revenue should support significant dividend growth. This provides a compelling income growth trajectory for patient investors willing to wait for the major projects to complete their transition from development to production phase.

Woodside’s dividend resilience is enhanced by its industry-leading EBITDA margins (70%) and cash margins (82%), providing significant downside protection against commodity price volatility. The company’s strong contract position with long-term LNG supply agreements, including recent deals with China Resources Gas and Uniper, creates additional cash flow stability to support consistent distributions.

The temporary free cash flow constraints during the current investment phase present a near-term limitation for income investors, but the company’s robust balance sheet with gearing at 17.9% (within the 10-20% target range) provides flexibility to maintain distributions through this period. The recent Stonepeak partnership for Louisiana LNG, which provides \$5.7 billion in accelerated capital contributions, further enhances this financial flexibility.

Bottom Line

Woodside offers moderate appeal to income investors with a consistent dividend policy and clear path to increasing shareholder returns as major projects come online. While the current yield is below energy sector averages, the projected free cash flow expansion creates potential for significant dividend growth from 2026 onward. The company’s commitment to maintaining a high payout ratio at the upper end of its 50-80% target range provides income-focused investors with a well-defined capital return policy, though they will need patience during the current investment phase before realizing the full income potential.

★★★ VALUE INVESTOR PROFILE (75%)

Performance Rating

Woodside presents a compelling value proposition, with the current share price of \$20.48 representing a 14% discount to the base case valuation of \$23.40 and an even more substantial 44% discount to the bull case valuation of \$29.50. The bear case valuation of \$17.80 suggests limited additional downside of approximately 13%, creating an asymmetric risk-reward profile favoring the upside. The market has begun to recognize the company's value with a 34% share price appreciation from \$15.29 earlier this year, but significant potential remains as major projects near completion.

Primary Metrics Analysis

Metric	Value	Benchmark	Rating	Trend
Price/Target Ratio	0.88x	1.0x	★★	↑
Price/Bull Case	0.69x	1.0x	★★★	↑
Price/Bear Case	1.15x	1.0x	★★	→
EV/EBITDA (NTM)	5.1x	6-8x (Energy)	★★★	→
P/E (NTM)	9.6x	12-15x (Regional peers)	★★★	→
Free Cash Flow Yield (2027E)	~10%	Industry avg 6-8%	★★★	↑
Price to NTM Catalyst	Pre-inflection	Post-catalyst	★★★	↑

Risk Assessment Matrix

Risk Factor	Impact	Probability
Commodity Price Decline ●	High	Medium
Project Execution Delays ●	High	Low
New Energy Business Underperformance ●	Medium	Medium
Australian Regulatory Changes ●	Medium	Medium
Demand Destruction ●	Medium	Low

Why This Profile Fits/Doesn't Fit

Woodside presents strong alignment with value investor requirements. The current share price of \$20.48 represents a meaningful discount to multiple valuation methodologies, including DCF base case (\$23.40), bull case (\$29.50), and precedent transactions (\$21.20). While the market has begun to recognize the company's value with a 34% share price appreciation from \$15.29 earlier this year, significant potential remains as major projects near completion.

The company has clearly identifiable catalysts for value realization, including the impending completion of major growth projects (Beaumont New Ammonia 90%, Scarborough 82%) that will drive 30% production growth by 2027 and transform the free cash flow profile. The advanced completion status of these projects significantly de-risks execution, with the core value drivers now well progressed and on track for delivery within established timeframes.

Woodside's exceptional operational efficiency with industry-leading EBITDA margins (70%) and cash margins (82%) provides significant downside protection in volatile commodity markets. The company's balanced portfolio across LNG, oil, and emerging new energy businesses creates multiple pathways to value realization, while its geographic diversification strategy reduces Australian regulatory exposure and enhances market access.

The company's strategic partnerships, including the recent Stonepeak agreement for Louisiana LNG providing \$5.7 billion in accelerated capital contributions, enhance financial flexibility and reduce execution risk. This partnership demonstrates management's ability to unlock value through creative capital structures while maintaining strategic control of transformative projects.

Bottom Line

Woodside represents a compelling value opportunity, trading at a discount to its calculated base case valuation with clearly identifiable catalysts for value realization. The company's approaching inflection point as major projects near completion creates a well-defined timeline for free cash flow transformation, with capital intensity projected to decline from over 40% of revenue to approximately 20% as projects transition from development to production phase.

The asymmetric risk-reward profile (14% upside to base case, 44% to bull case vs. 13% downside to bear case) is particularly attractive, while the advanced completion status of key projects (Beaumont New Ammonia 90%, Scarborough 82%) significantly de-risks execution concerns. The market's recognition of Woodside's value proposition has begun with the 34% share price appreciation from earlier this year, but significant upside potential remains as the company's transformation becomes more apparent to investors.

★★★ **GROWTH INVESTOR PROFILE (75%)**

Performance Rating

Woodside demonstrates strong alignment with growth investor requirements. The company delivered 9.3% year-on-year production growth in Q1 2025, with international segment production increasing 59.9% year-on-year. This growth trajectory is supported by a substantial project pipeline, with production projected to increase by more than 30% by 2030 compared to 2024 levels. Most compelling is the projected free cash flow transformation, with free cash flow expected to expand dramatically from \$700 million in 2025 to \$2.95 billion by 2027 as capital intensity declines from over 40% to approximately 20% of revenue.

Primary Metrics Analysis

Metric	Value	Benchmark	Rating	Trend
Production Growth (YoY)	+9.3%	+3-5% (Industry high-growth)	★★★	↑
International Growth	+59.9%	+10% (High growth)	★★★	↑
Production Growth (2024-2030E)	+30%	+15% (Industry high-growth)	★★★	↑
Free Cash Flow Growth (2025-2027E)	+321%	+50% (High growth)	★★★	↑
Revenue Growth (2025-2027E)	+12% CAGR	+10% (High growth)	★★	↑
EPS Growth (2025-2027E)	+18% CAGR	+15% (High growth)	★★	↑

Risk Assessment Matrix

Risk Factor	Impact	Probability
Project Execution Delays	High	Low
Commodity Price Volatility	High	Medium
New Energy Scaling Challenges	Medium	Medium
Asia LNG Demand Slowdown	Medium	Low
Competitive Intensity	Medium	Medium

Why This Profile Fits/Doesn't Fit

Woodside demonstrates strong alignment with growth investor requirements, delivering 9.3% year-on-year production growth in Q1 2025 and projecting 30% production growth by 2030 compared to 2024 levels. The international segment is driving this expansion, with 59.9% year-on-year growth in Q1 2025, highlighting the success of the company's geographic diversification strategy. International assets now represent 28.1% of total production, up from 22.5% in 2023, with potential to exceed 35% by 2027.

The most compelling growth aspect is the projected free cash flow transformation, with free cash flow expected to expand from \$700 million in 2025 to \$1.7 billion in 2026 (+143%) and \$2.95 billion by 2027 (+74%), driven by both production growth and capital intensity reduction. This growth profile is supported by the advanced completion status of key projects (Beaumont New Ammonia 90%, Scarborough 82%), significantly de-risking execution.

Revenue is projected to increase by 2% in FY25, accelerating to 10% in FY26 and 12% in FY27 as major projects progressively come online. This translates to EPS growth from 192.0 US cents in FY25 to 268.7 US cents in FY27, representing an 18% CAGR. The company's strong operational performance, evidenced by Sangomar achieving production of 78 thousand barrels per day with 97.6% reliability within the first year of operation, demonstrates its ability to deliver on growth initiatives.

The company's growth profile benefits from industry-wide LNG project delays, which have created a favorable supply window with approximately 30 Mtpa of capacity shifted from 2026-2029 to 2030-2033. This timing aligns perfectly with Woodside's Scarborough and Louisiana LNG projects, enhancing their market potential amid strong demand growth in Asia.

Bottom Line

Woodside offers strong appeal to growth investors with current production growth of 9.3% year-on-year and a clearly defined growth trajectory supported by major projects nearing completion. The projected 30% production growth by

2030 and dramatic free cash flow expansion from \$700 million in 2025 to \$2.95 billion by 2027 create a compelling growth profile for investors with a medium-term horizon.

The growth story is strengthened by exceptional performance in the international segment (+59.9% year-on-year), the advanced completion status of key projects (Beaumont New Ammonia 90%, Scarborough 82%), and a favorable industry supply-demand dynamic created by competitor project delays. Woodside's balanced approach to traditional hydrocarbon development and new energy initiatives provides multiple growth vectors across both established and emerging markets, making it particularly attractive for growth investors seeking exposure to the evolving energy landscape.

★★★ QUALITY/CORE INVESTOR PROFILE (80%)

Performance Rating

Woodside presents an exceptional quality profile with significant strengths in operational performance, financial metrics, and project execution capabilities. The company demonstrates industry-leading operational efficiency with best-in-class EBITDA margins (70%) and cash margins (82%), significantly outperforming both regional peers (55-60%) and global majors (60-65%). Financial performance remains solid with gearing at 17.9%, well within the company’s 10-20% target range, and a clear capital allocation framework balancing growth investments with shareholder returns. Project execution excellence is evidenced by Sangomar reaching nameplate capacity within nine weeks of startup and maintaining 97.6% reliability in Q1 2025, while major projects (Beaumont New Ammonia 90%, Scarborough 82%) continue to progress according to schedule.

Primary Metrics Analysis

Metric	Value	Benchmark	Rating	Trend
EBITDA Margin	70.0%	60-65% (Global majors)	★★★	→
Cash Margin	82.0%	75% (Industry leaders)	★★★	→
Free Cash Flow	\$100M (FY2024)	Positive (Threshold)	★★★	↑
Gearing	17.9%	10-20% (Target range)	★★★	→
Project Execution	Sangomar: 97.6% reliability	>95% (Industry standard)	★★★	↑
Geographic Diversification	28.1% international	>30% (Diversified)	★★	↑

Risk Assessment Matrix

Risk Factor	Impact	Probability
Australian Regulatory Exposure	Medium	Medium
Commodity Price Cyclicalit	High	Medium
Multiple Project Execution	Medium	Low
Energy Transition Disruption	Medium	Medium
Carbon Policy Evolution	Medium	Medium

Why This Profile Fits/Doesn’t Fit

Woodside demonstrates exceptional alignment with quality investor requirements. The company’s operational excellence is evidenced by industry-leading EBITDA margins (70%) and cash margins (82%), significantly outperforming both regional peers (55-60%) and global majors (60-65%). This exceptional margin profile reflects both advantaged assets and superior operational discipline, with unit production costs improving to \$8.1/boe in 2024 despite inflationary pressures.

Financial performance remains strong with gearing at 17.9%, well within the company’s 10-20% target range, providing both downside protection and financial flexibility. The company maintains a clear capital allocation framework that balances investment in growth projects, debt management, and shareholder returns, typically targeting a 50-80% dividend payout ratio with a current actual ratio of 80%.

Project execution excellence is a hallmark of Woodside’s quality profile, with Sangomar reaching nameplate capacity within nine weeks of startup and maintaining 97.6% reliability in Q1 2025. This track record extends to major development projects, with Beaumont New Ammonia at 90% completion, Scarborough at 82% completion, and Trion progressing at 26% completion, all tracking on or ahead of schedule. The company’s strategic partnerships, including the recent Stonepeak agreement for Louisiana LNG, demonstrate sophisticated capital management and risk mitigation.

Geographic diversification continues to improve, with international assets now representing 28.1% of total production, up from 22.5% in 2023, reducing Australian regulatory exposure. This two-hemisphere strategy provides both market access advantages and regulatory diversification, with further improvement expected as Trion and Louisiana LNG come online.

The temporary free cash flow constraints during the current investment phase present a near-term limitation for quality investors, but the well-defined path to free cash flow transformation from \$700 million in 2025 to \$2.95 billion by 2027 provides confidence in the company’s long-term quality profile.

Bottom Line

Woodside offers exceptional appeal to quality/core investors with industry-leading operational efficiency (70% EBITDA margin, 82% cash margin), disciplined financial management (gearing 17.9% within target range), and proven project execution capabilities (Sangomar 97.6% reliability). The company's balanced portfolio across LNG, oil, and emerging new energy businesses provides multiple pathways to sustainable growth, while its geographic diversification strategy reduces regulatory concentration risk.

The well-defined path to free cash flow transformation as major projects near completion enhances the quality proposition, with capital intensity projected to decline from over 40% to approximately 20% of revenue by 2027. Woodside's clear capital allocation framework, focused on maintaining an investment-grade credit rating while delivering consistent shareholder returns, provides transparency and predictability for conservative quality investors. Overall, Woodside represents a premium quality option for investors seeking exposure to the energy sector with superior margin profile, operational excellence, and strategic positioning.

★★★ THEMATIC INVESTOR PROFILE (68%)

Performance Rating

Woodside provides moderate exposure to energy transition themes, positioning itself at the intersection of traditional hydrocarbon production and emerging lower-carbon technologies. The company’s balanced approach combines maximizing returns from existing assets while investing in new energy opportunities, primarily through the Beaumont New Ammonia project (90% complete, targeting H2 2025 startup). This dual strategy creates exposure to both energy security themes, through premium LNG production, and decarbonization pathways through lower-carbon product development. While less advanced in carbon capture and storage than some peers, Woodside’s geographic diversification and focus on lower-carbon LNG (Scarborough 0.1% CO2) provide distinctive thematic exposure to evolving energy markets.

Primary Metrics Analysis

Metric	Value	Benchmark	Rating	Trend
New Energy Development	Beaumont Ammonia (90% complete)	Planning stage (Industry)	★★★	↑
Lower-Carbon LNG	Scarborough (0.1% CO2)	0.2-0.5% (Industry average)	★★★	→
Asia LNG Exposure	Major supplier to premium Asian markets	Regional presence	★★★	→
Energy Transition Strategy	Balanced hydrocarbon/new energy	One-dimensional approach	★★	→
Carbon Capture	Early stage	Operational facilities (Leaders)	★	→
Emissions Reduction	14% below baseline	10% (Industry average)	★★	↑

Risk Assessment Matrix

Risk Factor	Impact	Probability
Accelerated Energy Transition	High	Medium
New Energy Technology Disruption	Medium	Medium
Asia LNG Demand Shifts	High	Low
Carbon Policy Evolution	Medium	Medium
Competing Decarbonization Technologies	Medium	Medium

Why This Profile Fits/Doesn’t Fit

Woodside demonstrates moderate alignment with thematic investor requirements, providing exposure to multiple energy transition dynamics through a balanced portfolio approach. The company’s primary thematic strength is its position in lower-carbon LNG production, with Scarborough’s exceptionally low CO2 content (0.1%) providing environmental advantages compared to many competing developments.

The company’s advanced progress on Beaumont New Ammonia (90% complete, targeting H2 2025 startup) represents a significant step into new energy markets, positioning Woodside in the growing lower-carbon ammonia sector with potential for both industrial applications and future energy use. This project demonstrates the company’s commitment to diversifying beyond traditional hydrocarbons while leveraging its core project execution capabilities.

Woodside’s strong position in Asian LNG markets provides exposure to regional energy security themes, with Wood Mackenzie projecting 13% global gas demand growth to 2034, supported by 34% growth in Asia and 55% expansion in global LNG demand. The company’s geographic proximity to Asian markets, premium LNG quality, and strong contracts (with China Resources Gas and Uniper) position it to capitalize on this structural growth.

The company’s geographic diversification strategy enhances its thematic positioning, with international assets now representing 28.1% of total production (up from 22.5% in 2023) and potentially exceeding 35% by 2027. This two-hemisphere approach reduces Australian regulatory exposure while capturing premium pricing in both Atlantic and Pacific basins, providing enhanced resilience to regional policy shifts.

However, Woodside lags some industry peers in carbon capture and storage capabilities, with less advanced projects in this critical decarbonization technology. While the company has reduced emissions 14% below baseline, its broader carbon management portfolio remains less developed than some competitors, limiting its thematic appeal to investors focused specifically on carbon reduction technologies.

Bottom Line

Woodside offers moderate thematic alignment for investors seeking exposure to energy transition dynamics, with a balanced approach between traditional energy security and emerging lower-carbon technologies. The company provides direct exposure to premium Asian LNG markets with environmental advantages through Scarborough's exceptionally low CO₂ content (0.1%), while its Beaumont New Ammonia project (90% complete) creates a foothold in emerging new energy markets.

The company's two-hemisphere strategy enhances its thematic positioning by reducing regulatory concentration and providing access to both Atlantic and Pacific markets. However, Woodside's more limited carbon capture and storage capabilities compared to some industry peers reduce its appeal to investors specifically focused on carbon reduction technologies. Overall, Woodside represents an attractive thematic option for investors seeking balanced exposure to both traditional energy security concerns and evolving energy transition pathways, though with less specific exposure to carbon management technologies than some alternatives.