

# Santos Limited STO

**Mkt Cap \$Mil** \$8,608  
**Style Box™** **Close Price \$** 4.85 (23-Aug-2016)

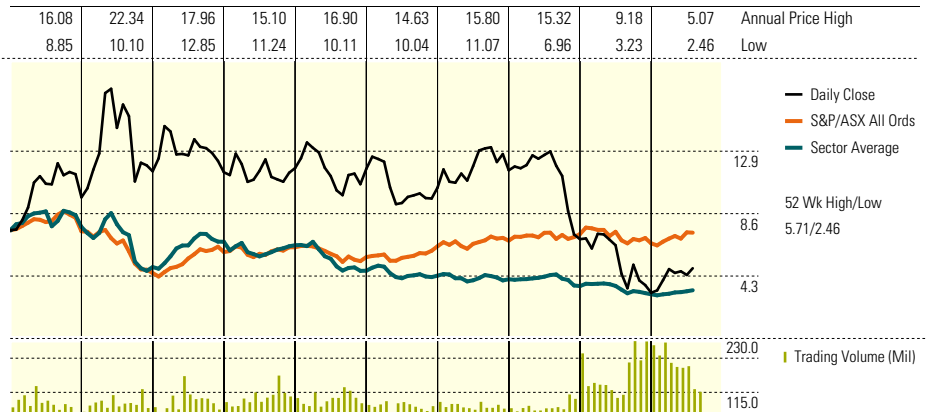
Telephone: +61 8 8116 5000  
 Website: www.santos.com  
 Address: 60 Flinders St  
 Adelaide SA 5000

## Business Summary as at 14 Apr 2016

Santos Limited (STO) operates in the exploration, development, production, transportation and marketing of hydrocarbons. Santos produces natural gas to Australian, Indonesian and other Asian markets, and develops oil and liquids businesses in Australia, Indonesia and Vietnam. Santos also focuses on transformational liquefied natural gas (LNG) strategy and has interests in four LNG projects in Australia.

**Production Operations:** Santos has interests in three main areas, including Eastern Australia, WA and NT, and Asia Pacific. Eastern Australia includes Cooper Basin, Southern Australia, Queensland CSG, Queensland Conventional, and New South Wales CSG; WA and NT include Carnarvon, Bonaparte and Amadeus; and Asia Pacific includes Papua New Guinea, Indonesia and Vietnam. The current productions are obtained from Cooper Basin, Denison/Scotia/Spring Gully, Narrabri, GLNG, Otway, Carnarvon, Bayu-Undan/Darwin LNG, Indonesia, Vietnam, and Bangladesh. In FY15, Santos's total production was 57.1mmboe. The 2P (proven plus probable) reserve stands at circa 945 mmboe and 2C contingent resources of 1853 mmboe.

**Shares Issued Mil** 1774.75  
**Morningstar Sector** Energy  
**Morningstar Industry** Oil & Gas E&P  
**GICS Industry Group** Energy



	12-07	12-08	12-09	12-10	12-11	12-12	12-13	12-14	12-15	08-16*	Performance
16.08	22.34	17.96	15.10	16.90	14.63	15.80	15.32	9.18	5.07	Annual Price High	
8.85	10.10	12.85	11.24	10.11	10.04	11.07	6.96	3.23	2.46	Low	
12.9										52 Wk High/Low	
8.6										5.71/2.46	
4.3										Current	
230.0										Trading Volume (Mil)	
115.0											
48.01	8.13	5.40	-3.59	-4.74	-7.14	34.75	-42.23	-46.29	10.19	Total Return %	
30.04	48.52	-34.17	-7.78	7.43	-25.98	15.10	-47.32	-50.42	—	+/- Market	
16.51	14.97	46.61	29.34	24.08	24.65	28.21	15.14	-0.78	—	Price/Earnings	
18.98	12.28	12.23	14.27	13.83	13.19	15.30	16.12	15.53	18.40	Market P/E	
4.55	4.08	5.89	5.46	4.78	3.72	4.48	2.30	1.31	1.72	Price/Sales	
2.50	1.94	1.68	1.51	1.29	1.14	1.39	0.86	0.64	0.84	Price/Book	
6.11	5.92	11.81	6.98	9.78	8.26	9.57	5.14	-1.68	-1.45	Price/Cash Flow	
8274	8696	11721	11506	11560	10669	14222	8116	6500	8608	Market Cap \$Mil	
2.83	2.82	2.98	2.81	2.45	2.70	2.05	4.24	5.43	4.12	Dividend Yield%	
2475	2789	2243	2321	2619	3287	3641	4037	3246	—	Operating Revenue \$Mil	
64.98	65.05	51.36	79.36	53.99	46.03	47.87	45.41	-184.04	—	EBITDA Margin %	
849	1150	533	642	773	740	855	845	—	—	EBIT \$Mil	
34.30	41.25	23.76	27.66	29.52	22.51	23.48	20.93	-216.67	—	EBIT Margin %	
548	612	247	376	453	432	504	533	—	—	NPAT Before Abs \$Mil	
441	1612	424	500	753	519	516	-935	—	—	Reported Net Profit \$Mil	
68.76	79.85	26.33	39.03	44.27	39.22	45.17	47.46	-472.75	—	Earnings Per Share ¢	
591	591	779	839	888	955	967	978	1152	—	Shares Mil	
4.54	5.35	7.29	7.57	8.27	8.49	9.15	8.34	5.78	—	Book Value Per Share \$	
1214	1473	1155	1267	1253	1658	1628	1843	1094	—	Oper Cash Flow \$Mil	
—	—	—	—	—	—	—	—	—	—	Cap Spending \$Mil	
-157	326	—	605	—	—	—	—	—	—	Free Cash Flow \$Mil	
8.95	7.34	2.78	3.41	3.30	2.78	2.66	2.75	-23.89	—	Return on Assets %	
16.57	15.71	3.55	4.94	5.05	4.61	4.93	5.66	-53.38	—	Return on Equity %	
22.16	21.93	11.01	16.20	17.30	13.14	13.84	13.20	-167.78	—	Net Margin %	
33.81	28.45	19.74	16.86	16.56	19.30	17.67	18.07	14.80	—	Asset Turnover %	
221.12	218.88	163.07	181.10	176.44	181.90	201.81	237.38	214.92	—	Financial Leverage %	
105	-324	363	-293	65	-189	-103	-329	704	—	Working Capital \$Mil	
1993	2356	1649	2787	3092	3689	5582	7925	7211	—	Long-Term Debt \$Mil	
3311	4478	6967	7603	8963	9365	10212	9413	10202	—	Total Equity \$Mil	
57.26	20.13	-6.13	-15.28	-0.79	16.58	50.21	79.43	61.43	—	Net Debt/Equity %	

Key Dates				Major Shareholders No. of shares [Mil]	
Fiscal Year End	31 Dec 2016	Listing Date	12 Oct 1954	Wang Yusuo (210)	
AGM	04 May 2016	DRIP	Active		

Dividend History			Consensus out of 4 analysts			
	Final	Interim	Price/Earnings	Current	2016E	2017E
Dividend Ex Date	24 Feb 2016	26 Aug 2015	Dividend Yield %	4.12	—	0.27
Dividend Pay Date	30 Mar 2016	30 Sep 2015	EPS(\$)	-4.73	0.12	0.14
DPS ¢	5.00	15.00	DPS(\$)	0.2	0	0.01
Franking %	100	100				

\*Represents financial year to date - the day after last financial year to a day before publication date.

# Investment Detail Disclosure

## Research Methodology

### Currency

All figures for stocks listed on Australian Stock Exchange are in Australian dollars and all figures for stocks listed on New Zealand Stock Exchange are in New Zealand dollars.

### Business Description

A brief description of the company's operations and activities. This information is updated every six months or on the release of important information about the company.

### Market Capitalisation \$ mil

The market value of the company's equity capital. This is calculated by multiplying the number of common shares by the current price. Other classes of equity such as preference shares are normally not included, except in certain cases where the shares are "quasi-ordinary". The most prominent example of this is News Corporation (NWS), where we do include their preferred limited voting ordinary shares in our calculation of market value.

### Style

The Morningstar Style consists of nine categories that provide an overview of the investment strategy. The style is comprised of a combination of market capitalization of the security and the investment style (value, blend, or growth).

### Last Price

Stock price shown represents the market price of the stock as of the most recent close of trading as at the release date noted at the top of the investment detail page.

### Shares Issued

Current number of ordinary shares listed on the Australian/New Zealand Stock Exchange.

### Sector

*Morningstar Sector* : based on Morningstar global equity classification, each equity is mapped into one of 148 industries. This mapping is based on publicly available information about each company and Morningstar Equity Analyst input. Industries are grouped into 69 industry groups and subsequently mapped into one of the 11 sectors. Industry and sector information are available for companies on all major global exchanges.

*GI/CS Sector* : Based on Standard & Poor's Global Industry Classification. All companies listed on the Australian/New Zealand Stock Exchange are grouped into one of 24 industry sectors. This classification is used to compute sector averages and industry peers.

### Performance

Total Return represents shareholders' gains from a stock over a given period of time (YTD, one month, three month, one-, three-, and five year). Total return includes both capital gains and losses and dividend payments. It is calculated by taking the change in the stock's price as of the close of trading of the respective period, assuming the reinvestment of all dividends, then dividing by the initial stock price, and expressing the result as a percentage. Returns for periods longer than one year are annualized. Returns do not include brokerage commission or the effects of taxation.

### Financials

Revenue and Margin line items will depend on the type of company selected – i.e. Industrial, Bank, Insurance, Property or Listed Investment Company. Net Profit \$Mil

represents net operating profit after tax, minorities, preference dividends, significant, and non-recurring items (NPAT). Earnings Per Share \$ is NPAT divided by the weighted average number of ordinary shares on issue during the year. Book Value Per Share \$ is a company's common stock equity as it appears on a balance sheet divided by the number of shares outstanding. Oper Cash Flow \$Mil is net cash flow after paying suppliers, employees, interest expense and tax paid from receipts from customers, dividends and interest received. Cap Spending \$ Mil is money spent to acquire or upgrade physical assets such as buildings and machinery. Free Cash Flow \$Mil is the amount of cash that a company has left over after it has paid all of its expenses, including investments (Oper Cash Flow minus Cap Spending and dividends).

### Avg no. of Shares

The weighted average number of ordinary shares during the financial year. This figure is used to calculate basic earnings per shares (EPS).

### Profitability

Return on Assets % (ROA) is the percentage a company earns on its assets in a given year. It is measured by dividing NPAT before abnormals by total assets. Return on Equity % (ROE) is the percentage a company earns on its total equity in a given year. The calculation is NPAT before abnormals divided by shareholder equity. Net Margin % is A measure of profitability and is equal to NPAT divided by revenues from the same period. Asset Turnover represents how many dollars in revenue a company has generated per each dollar of assets. It is calculated by dividing total revenues for the period by total assets for the same period. Financial leverage is calculated by dividing total assets by total shareholders' equity.

### Financial Health

Working Capital \$Mil is current assets minus current liabilities. Working capital measures how much in liquid assets a company has available to build its business. Long-Term Debt \$Mil includes loans and obligations with a maturity of longer than one year, usually accompanied by interest payments. Total Equity \$Mil is ownership interest in a corporation in the form of common stock or preferred stock. It also refers to total assets minus total liabilities, in which case it is also referred to as shareholder's equity or net worth or book value. Debt/equity ratio is equal to short-term and long-term debt minus cash divided by common shareholders' equity.

### Valuation

Price/Earnings (PE) is the current price divided by the company's trailing 12-month earnings per share. Price/Book (PB) is the most recent stock price divided by the most recent book value per share. Price/Sales (PS) is the current price divided by the company's sales per share over the trailing 12 months. Price/Cash Flow (PC) is the most recent price divided by the cash flow per share of the latest fiscal year.

### Key Dates

Fiscal Year End is the date in which the company closes its books for the previous 12-month period over which a company budgets its spending. AGM is the annual company gathering, usually held at the end of each fiscal year, at which the previous year and the outlook for the future are discussed and directors are elected by common shareholders. Listing Date defines the date the companies share price was first quoted on the stock exchange. DRP is

the dividend reinvestment plan offered by some corporations enabling shareholders to automatically reinvest cash dividends and capital gains distributions, thereby accumulating more stock without paying brokerage commissions.

### Consensus

Current(latest actual) Price/Earnings, Dividend Yield, EPS and DPS are provided for reference. Forecasts are indicated by 'E' and are available for forward years only. Both actual and forecast EPS are presented on a pre-goodwill amortization basis.

### Dividend History

Dividend Ex-Date is the first day of the ex-dividend period. If an investor does not own the stock before the ex-date, he or she will be ineligible for the dividend payout. Dividend Pay Date is the date on which the dividend will actually be paid to shareholders. DPS ¢ is Total dividend for the year, divided by the number of shares ranked for dividend. Franking % shows the percentage of the dividend which contains a dividend imputation credit.

### Major Shareholders

The 3 largest shareholders (individuals or companies) and the number of voting shares they are entitled to.