

2019

Tax Contribution Report



Beach Energy Limited
ABN 20 007 617 969

Message from the Chief Financial Officer

Dear Readers,

I am pleased to present the Beach Energy Tax Contribution Report for the financial year ended 30 June 2019.

This report follows the recommendations outlined in the Board of Taxation's Tax Transparency Code and demonstrates Beach Energy Ltd's support of the public interest in the integrity of tax systems, and enhanced disclosure of taxes paid.

In the 2019 financial year, Beach Energy Ltd reported tax, royalties and other payments to governments of \$512.4m and an effective income tax rate of 30.5%.



This significant contribution of tax and royalty revenue gives governments the opportunity to provide essential services and invest in their communities for the future.

We look forward to continuing to make a positive contribution.

Morné Engelbrecht
Chief Financial Officer

June 2020

5 producing
basins across
**Australia and
New Zealand**

\$810.4
million

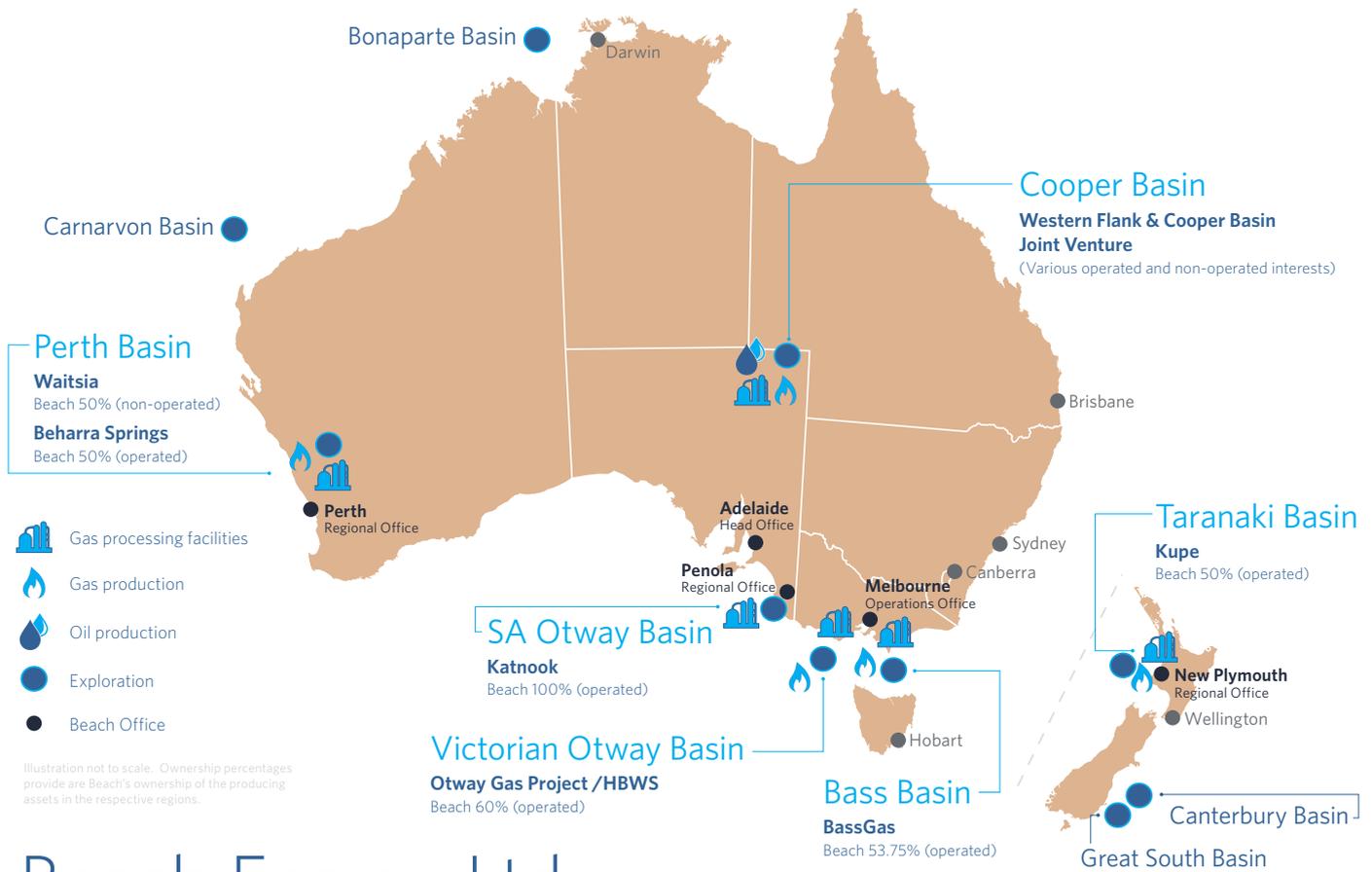
GLOBAL ACCOUNTING
PROFIT IN **FY19**

\$512.4
million

TAXES PAID IN
AUS & NZ IN **FY19**

GLOBAL EFFECTIVE
TAX RATE IN **FY19**

30.5%



Beach Energy Ltd

Beach Energy Ltd is an ASX listed, oil and gas, exploration and production company headquartered in Adelaide, South Australia.

Founded in 1961, it has operated and non-operated, onshore and offshore, oil and gas production from five producing basins across Australia and New Zealand and is a key supplier of gas into the Australian east coast gas market. Beach's asset portfolio includes ownership interests in strategic oil and gas infrastructure, such as the Moomba processing facility and Otway Gas Plant, as well as a suite of high potential exploration prospects. Beach is focused on maintaining the highest health, safety and environmental standards.

Beach also has a major gas business comprising operated and non-operated, onshore and offshore assets across five producing basins that supply gas to the Australian west coast and east coast markets and the New Zealand market. With its Cooper Basin, offshore Otway Basin and Bass Basin producing assets, Beach supplied approximately 15% of Australian east coast domestic gas demand in FY19.

Beach has established a world-class operated oil business on the Western Flank of the Cooper Basin, and has grown to become Australia's largest onshore

oil producer. We have an active operated drilling program focused on key Western Flank play fairways, and we continue to develop and appraise our acreage across the Cooper Basin.

In addition to its producing assets, Beach has exploration permits in the onshore and offshore Otway basin and offshore Bonaparte, Browse and Carnarvon basins in Australia and the Canterbury Basin in New Zealand.

Beach continues to pursue growth opportunities within Australia and nearby which align with its strategy, satisfy strict capital allocation criteria, and demonstrate clear potential for shareholder value creation.

Beach is also committed to engaging positively with the local communities in which it operates, providing local employment, as well as partnerships with a range of clubs and organisations. Beach is committed to sustainability and improvement of social, environmental and economic outcomes for the benefit of all stakeholders.

Financial reports are available on the company's website: www.beachenergy.com.au

All amounts disclosed in this report are in AUD.



Tax policy, tax strategy and governance

Beach Energy, together with its 100% controlled Australian subsidiaries, has formed a tax consolidated group for Australian income tax purposes, with Beach Energy Limited as the head company.

The Beach Energy group:

- Recognises its responsibility to pay tax to all revenue authorities globally according to the tax rules and legislation of the jurisdictions in which it operates;
- Manages tax risk in the same manner as any other operational risk;
- Employs staff with appropriate qualifications and experience to manage its tax obligations;
- Engages with revenue authorities, including the Australian Taxation Office and New Zealand Inland Revenue, in a transparent and cooperative manner; and
- Takes a conservative approach to tax planning and ensures that transactions are managed with a low level of tax risk.

Income taxes

The income tax expense (ITE) disclosed in the Annual Report is calculated based on Australian Accounting Standards.

In any income year it is expected that there will be differences between ITE calculated in the Annual Report, and the total cash taxes paid to a relevant taxation authority during that same income year.

A number of factors contribute to this difference, including the timing of corporate tax instalments made to relevant tax authorities, and a number of taxes excluded from ITE such as government royalties, fringe benefits tax, payroll taxes and employee related taxes.

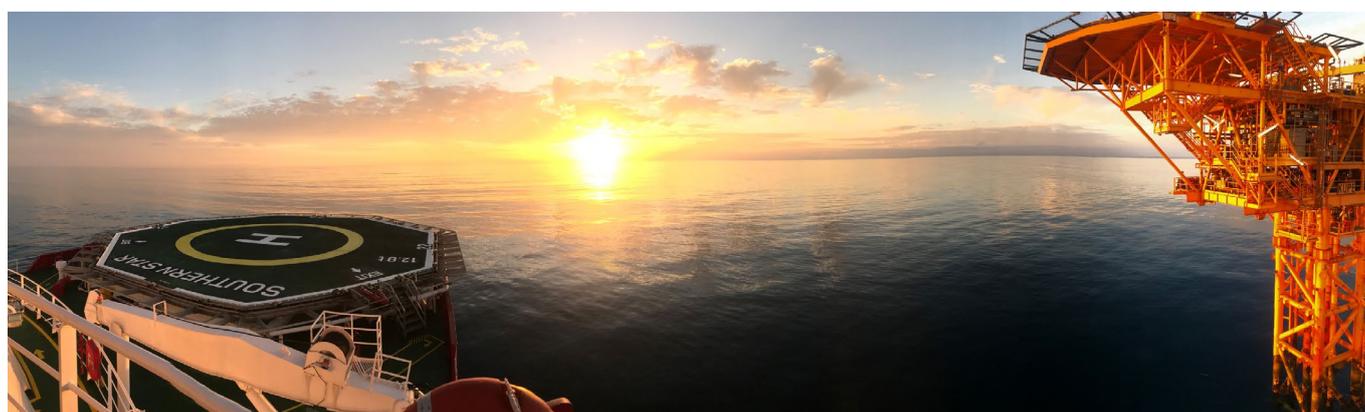


Global reconciliation of accounting profit to income tax expense (\$m)	2019	2018
Global accounting profit	810.4	283.5
Income tax on profit at 30%	243.1	85.0
Non-deductible expenditure	0.7	5.2
Losses of controlled foreign entities not recognised	2.0	0.2
Sale of investments	-	(1.6)
Impact of tax rates applicable outside Australia	(1.6)	(0.6)
Recognition/derecognition of tax losses	2.8	(1.7)
Non-assessable income	-	(5.0)
(Over)/under provision prior years	(13.9)	3.2
Income tax expense reported in Annual Report	233.1	84.7
Adjusted for amounts relating to other years	13.9	(3.2)
Income tax expense in the year	247.0	81.5

Effective tax rates (%)	2019	2018
Global	30.5	28.7
Australia	31.2	28.8
New Zealand	28.5	25.3

Global reconciliation of income tax expense to income tax payable (\$m)	2019	2018
Income tax expense for current year reported in Annual Report	233.1	84.7
Temporary differences between accounting and tax treatment		
Accounting depreciation	158.0	94.4
Accounting gain on disposal of assets	(10.2)	(6.8)
Accounting impairment of assets	-	26.5
Accounting net impact of contract assets and liabilities arising on acquisition of Lattice and Toyota Tsusho interests, including related interest expense	(31.3)	-
Accounting foreign exchange losses/(gains)	2.1	(0.3)
Tax deductible exploration costs	(28.7)	(26.4)
Tax depreciation	(87.0)	(73.3)
Tax gain on disposal of assets	11.1	0.5
Other	(1.5)	1.7
Tax losses utilised	(3.1)	-
Income tax payable for the year	242.5	101.0

Global reconciliation of income tax payable to income tax paid (\$m)	2019	2018
Income tax payable for the year	242.5	101.0
Income tax paid for the year	(33.6)	(8.0)
(Under)/over provision for prior years	(7.5)	7.2
Balance of income tax payable as at 30 June 2019 reported in Annual Report	201.4	100.2
Income tax paid for the year	33.6	8.0
Income tax paid for prior years in the year	97.5	6.1
Income taxes paid reported in Annual Report	131.1	14.1

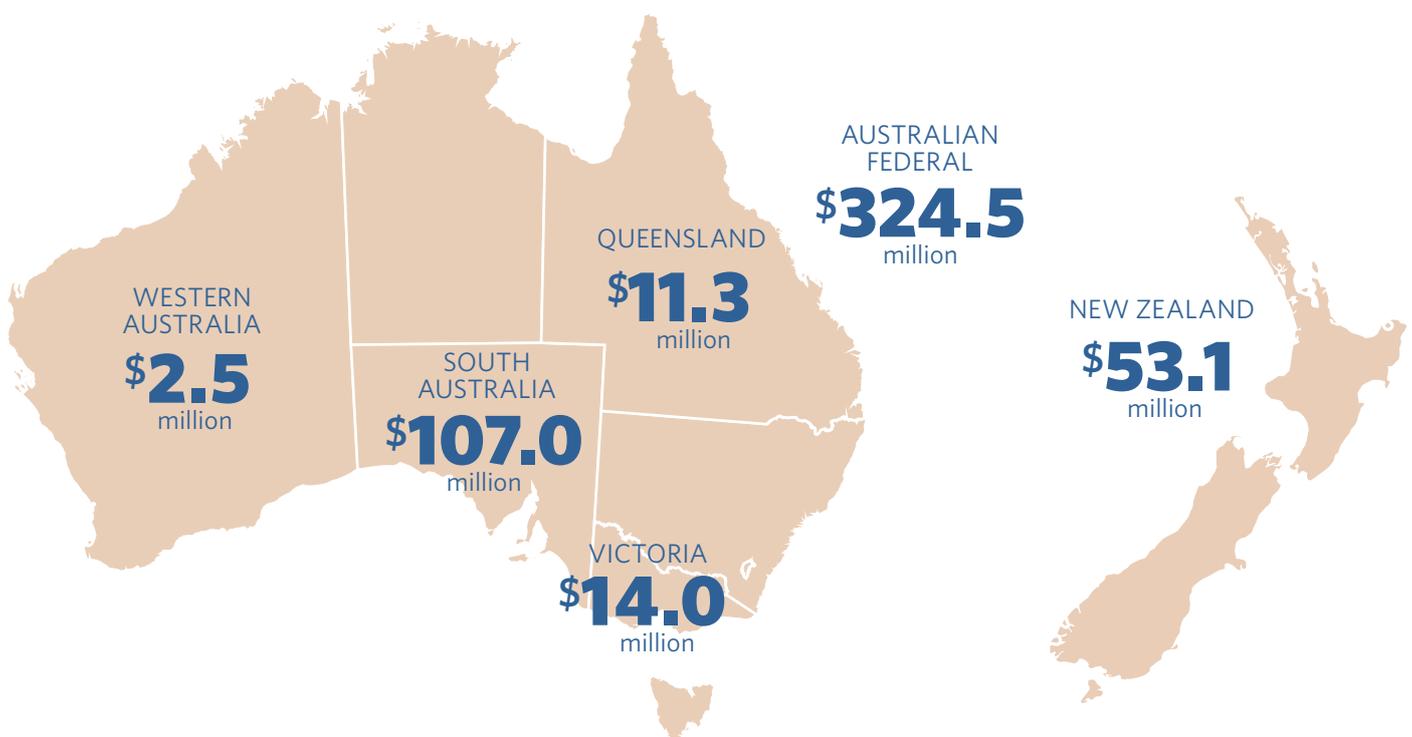


Tax contributions

The following is a summary of Beach's tax contributions paid to tax authorities for the 2019 financial year. The amounts include payments made to the Australian Taxation Office, New Zealand Inland Revenue and other tax and revenue authorities for taxes due on its own behalf and in respect of tax withheld on behalf of others.



- Corporate income tax
- Government royalties
- Gross GST
- Employee payroll taxes withheld
- Other taxes



Tax contributions (\$m)	Corporate income tax	Government royalties	Gross GST*	Employee payroll taxes withheld	Other taxes - FBT, Stamp duty, payroll tax	Total
Australia	114.3	121.6	179.6	30.2	13.6	459.3
New Zealand	16.8	20.5	13.3	2.5	-	53.1
Total	131.1	142.1	192.9	32.7	13.6	512.4

*Gross GST represents the GST collected on sales. Input tax credits refunded for GST paid on supplies were \$89.5m.

Beach also paid \$4.9m in 'production payment' royalties to native title holders on its operated oil production in Australia.

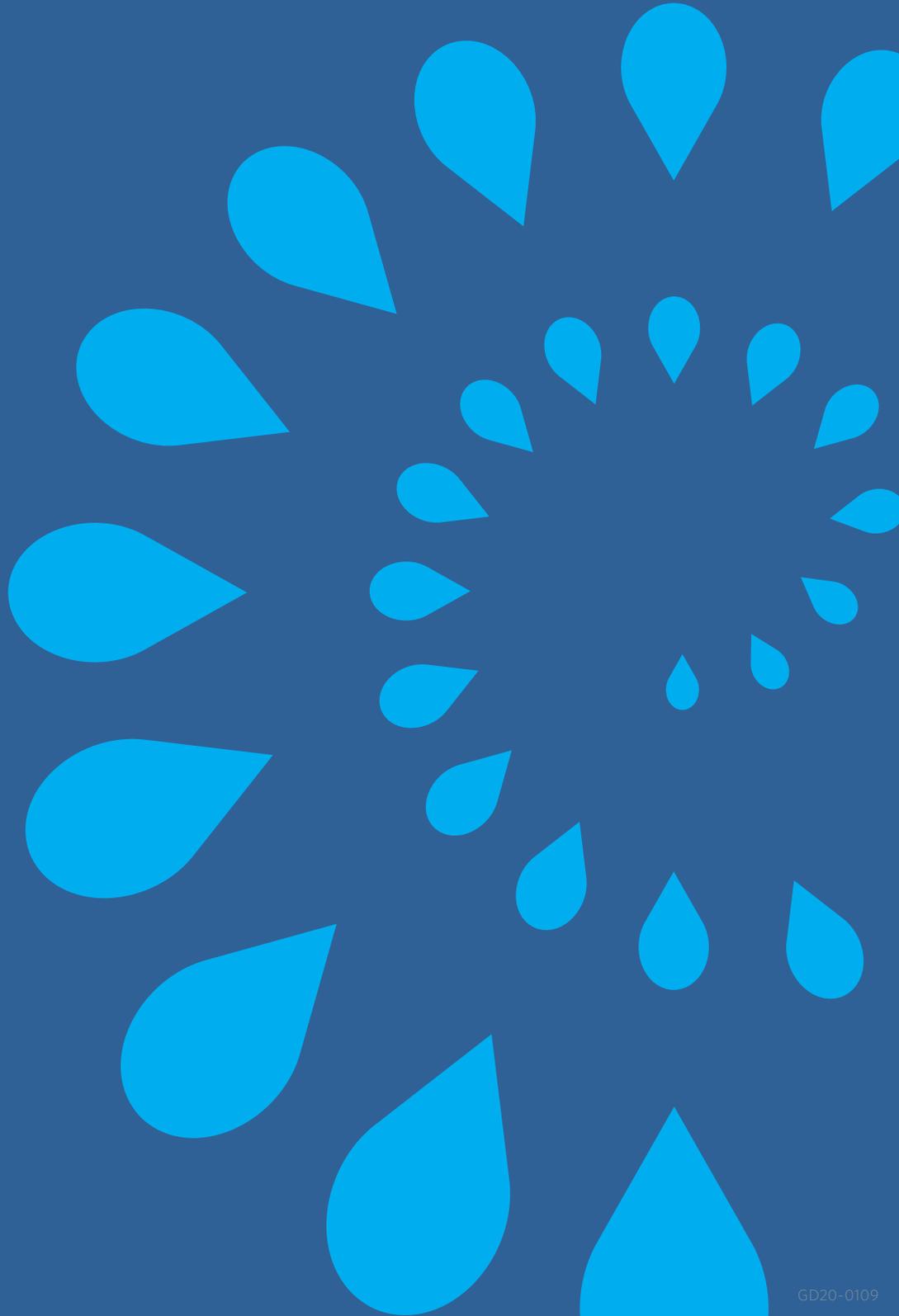
International related party dealings

Beach predominantly carries on business in Australia with funding sourced from unrelated independent financial institutions. Our international related party dealings are predominantly limited to dealings with our subsidiaries in New Zealand through the provision of technical services and inter-company loans to fund business activities. We strictly adhere to global transfer pricing legislation in the jurisdictions in which we operate.

We disclose our transactions through the lodgement of our tax returns and other disclosures to revenue authorities. We also comply with the Organisation for Economic Co-operation and Development (OECD) country-by-country reporting requirements, which have been recently implemented in each of the countries in which we operate. This information provides tax authorities with details of how we operate our business and conduct our tax affairs around the world.



LIBERTY



Beach Energy Head Office
Level 8, 80 Flinders Street,
Adelaide SA 5000

(08) 8338 2833
info@beachenergy.com.au

beachenergy.com.au