



TOTAL

JDA#53

The Shareholders' Newsletter

Report // Middle East

Spring 2017

Chairman's Message

"In 2016, Total had the highest profitability among the majors."

Patrick **POUYANNÉ**

Chairman and Chief Executive Officer of Total



Dear Shareholders,

In 2016, prices were highly volatile, fluctuating between 27 and 58 dollars per barrel, with an average of 44 dollars for the year. In this difficult environment, the Group demonstrated its resilience by generating adjusted net income of \$8.3 billion, and had the highest profitability among the majors due to the strength of its integrated model and the commitment of its teams to reduce the breakeven.

The Upstream segment reported an outstanding production growth of more than 14% over the last two years and 4.5% in 2016. The Group strengthened its positions in the Middle East by entering the Al-Shaheen field in Qatar, and in the US with the acquisition of shale gas assets. Total is preparing future growth with the signing of major deals in Brazil with Petrobras, in Uganda on the Lake Albert project, and in Iran on the giant South Pars 11 project. Exploration delivered promising results, with two major discoveries in the US (North Platte) and Nigeria (Owowo).

Despite lower refining margins, the Downstream segment once again achieved its objectives, thereby demonstrating that its results are sustainable, with ROACE above 30%, the highest among the majors. Refining & Chemicals segment's results were

underpinned by the strong performance of its Asia and Middle East integrated platforms, and Marketing & Services by growth in retail and lubricants.

Financial discipline was successfully maintained across all business segments, contributing to the Group's financial strength. In 2016, investments amounted to 18.3 billion dollars (including resource acquisitions). Cost savings reached 2.8 billion dollars, exceeding the objective of 2.4 billion dollars. Production costs were reduced to 5.9 dollars per barrel of oil equivalent, compared to 9.9 in 2014.

Given the confidence in the Group's strength and prospects for cash flow growth, the Board of Directors is proposing a 2016 dividend of 2.45 euros, corresponding to a remaining dividend payment of 0.62 euro per share, a 1.6% increase compared to the previous three quarterly dividends.

I look forward to seeing you at the next Annual Shareholders' meeting to be held on May 26, at the Palais des Congrès in Paris.

We thank you for your faithful support.

CONTENTS

Chairman's Message


Perspective: *Ivory Coast*

Highlights

Report: *Middle East*

Total shareholders

- ▶ p. 2
- ▶ p. 3
- ▶ pp. 4-5
- ▶ pp. 6-9
- ▶ pp. 10-11

The "2016 Results & Outlook" presentation is available on the "Total Investors" app and online at total.com under the heading Shareholders > Results. 

An offshore regasification plant in Ivory Coast

Total was awarded the contract to develop and operate a Liquefied Natural Gas (LNG) import terminal in Ivory Coast by proposing the use of a floating storage and regasification unit. A first for the Group that reflects its strategy to create new LNG markets by investing in downstream operations of the gas supply chain.

While domestic gas demand is rising, the Ivorian gas production is declining. Nevertheless, Ivory Coast is determined to double its power generation capacity by 2020, and therefore needs gas to supply its power plants.

Total was selected to operate this innovative project on the strength of its competitive integrated offer. The Group will supply LNG volumes from its global portfolio and build an import terminal that will include a Floating Storage and Regasification Unit (FSRU) and the pipelines to carry gas to Abidjan's existing and future power plants.

In practice, this means that LNG carriers will connect to the FSRU and unload the LNG which is stored in liquid form temporarily, before being converted back to gas onboard and then sent by pipeline to onshore

facilities.

This technology is experiencing a boom and stimulating the LNG market by enabling new countries to import LNG.

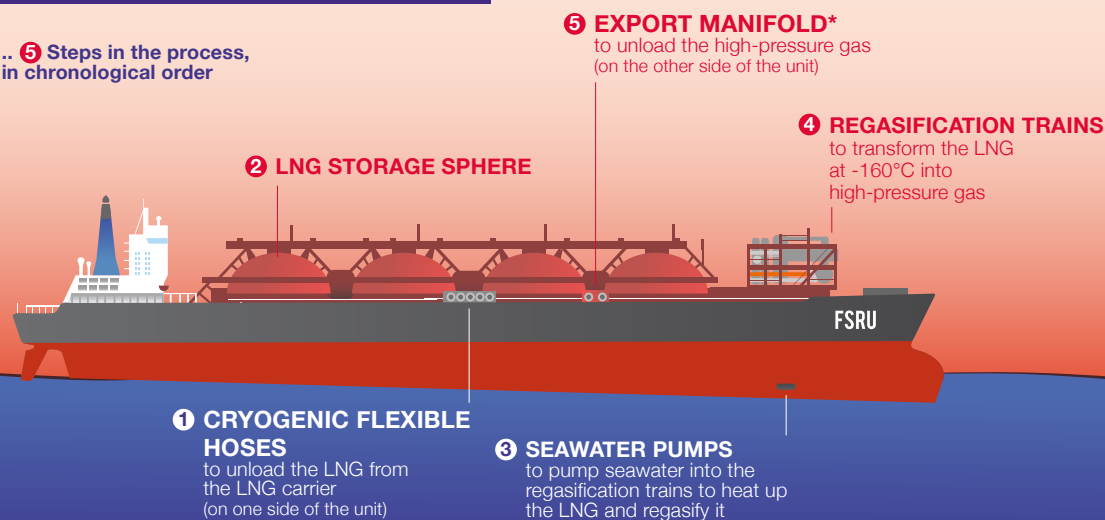
Moored to a docking facility or out at sea, built from scratch or from converted LNG carriers, FSRUs offer

many advantages. Compared to onshore regasification terminals, they are usually more cost-efficient because they can be built in another country where equipment and know-how are available. They are also time efficient: it takes one to three years to bring them on stream versus four to six years for onshore facilities.

This project, due to enter in production in mid-2018, will enable Ivory Coast to meet the growing domestic and regional demand for gas and power. Ivory Coast could be a stepping stone to access neighboring markets and become the first LNG import hub in West Africa. The project helps Total cement its expertise, and could create similar new opportunities on the continent. It also perfectly illustrates Total's strategy to develop new gas markets by unlocking access to LNG for fast-growing economies.

How an FSRU operates

1 ... 5 Steps in the process, in chronological order



*All the pipes and valves that carry the gas.

Highlights

"The Group is signing major deals to prepare for future growth."

2016 Key Figures

8.3 billion dollars

Adjusted net income

Hydrocarbon production

2,452 thousand barrels

of oil equivalent/day

27%

Net debt-to-equity ratio as at
December 31, 2016

2.45 €/share*

2016 dividend

5%

Dividend yield
(2016 average)

Brazil

Partnership

Signature of a strategic alliance agreement with Petrobras. The partnership covers upstream and downstream activities in Brazil as well as international opportunities. Total and Petrobras will combine their expertise in deep offshore and develop joint activities in the gas and power sectors in Brazil.



Data as at December 31, 2016

*Subject to approval by the Annual Shareholders' Meeting on
May 26, 2017

World Partnership

The OGCI Climate Investments fund was created by 10 member companies of the OGCI (Oil and Gas Climate Initiative). They announced a 1 billion dollars investment to accelerate the development and deployment of innovative low-emission technologies.



Azerbaijan

Signature of an agreement to develop the Absheron discovery with SOCAR (national company).

France

- ▶ Divestment of the 29% interest held in the *Société du Pipeline Méditerranée Rhône*.
- ▶ Partnership with Suez to recycle cooking oil into biofuel.

Iran

Signature of a Heads of Agreement for the development of phase 11 of the giant South Pars gas field.

Ivory Coast

Operatorship awarded in the LNG terminal project.

Mexico

Licenses awarded on three deep offshore exploration blocks.

Norway

Sale of a 15% interest in Gina Krog.

Thailand

Creation of a joint venture in bioplastics with Corbion (Dutch company specialized in high-performance bio-based products).

Uganda

Agreement with Tullow to acquire an additional 21.57% share in the Lake Albert project.

USA

- ▶ Acquisition of a 23% interest in Tellurian (company specialized in natural gas liquefaction and export) to develop an integrated gas project.
- ▶ Successful North Platte appraisal in the Gulf of Mexico.

World

- ▶ Launch of a program to install solar pannels on 5,000 service stations.
- ▶ Sale of Atotech, the specialty chemicals affiliate, for 3.2 billion dollars.
- ▶ Signature of a memorandum of understanding with CMA CGM to prepare for the new environmental regulations in the shipping industry.
- ▶ Support to the Breakthrough Energy Ventures (BEV) fund, launched by Bill Gates, to finance clean technologies and produce low-carbon energy.

To find all press releases and learn more about the e-mail alert system which notifies you of each new press release, please visit our website total.com under the heading Media.

What are the takeaways of the Group's 2016 results?

In 2016, oil prices were once again highly volatile. Thanks to the collective effort to reduce costs and the efficiency of its integrated model, the Group generated adjusted net income of 8.3 billion dollars and achieved the highest profitability among the majors. Above all, the Group has emerged stronger, and is now ideally positioned to seize new market opportunities.

So what is the outlook for the coming years?

In the Upstream, the Group plans to take advantage of the favorable cost environment by launching around 10 projects over the next 18 months and adding attractive resources to its portfolio. In the Downstream, Refining & Chemicals has boosted its performance through restructuring and will continue to benefit from its integrated platforms. The Marketing & Services segment is pursuing its cash generation growth strategy by leveraging its strong position in high-potential markets. Finally, financial discipline will be maintained and the savings program stepped up, with a 3.5 billion dollar objective in 2017.

Patrick
DE LA CHEVARDIÈRE
Group Chief Financial Officer

Report

The Middle East, a strategic zone for Total

The Middle East is right at the heart of the global oil scene, and is Total's historic birthplace. For almost a century now, through all its activities there, Total has proved its status as a partner capable of creating added value for host States. In the last few years, the Exploration & Production (E&P) and the Refining & Chemicals (R&C) segments have strengthened their presence in the region.

Interview with Stéphane Michel and Jean-Jacques Mosconi



Stéphane Michel

Senior Vice President
Middle East / North
Africa
Exploration & Production

Jean-Jacques Mosconi

Senior Vice President
Orient Refining &
Petrochemicals

The Middle East is a strategic region for Total. What does it represent for your activities?

Stéphane Michel

Total was born in the Middle East with the discovery of Kirkuk in Iraq in 1927.

All our business segments are present in this very profitable region that contributes more than 20% of E&P's results for less than 10% of its capital employed. It also accounts for 20% of the Group's production, i.e. close to 500,000 barrels per day in 2016.

E&P has developed a strong presence in the United Arab Emirates and in Qatar, and is active in Yemen, Iraq, Iran, Oman and Kuwait.

Jean-Jacques Mosconi

In terms of refining and petrochemicals, the region is not only ideally located to supply Asia, but also for commercial

arbitrations between Europe and Asia. Two of our six world-class integrated platforms are in the Middle East.

We have a 40-year presence in petrochemicals in Qatar. In Saudi Arabia, our industrial presence is more recent and concentrated in the state-of-the-art Jubail refinery.

What are the specific features of the area?

Jean-Jacques Mosconi

In the Middle East, we have access to a wide range of resources at a low cost, which is a key aspect of our strategy. But the geopolitical situation is complex and could have an impact on the safety of our employees. Our safety management systems on site are effective and with the support of the Group.

Stéphane Michel

We had to leave countries such as Syria or stop some of our activities in Libya and Yemen. Yet we have managed to keep our assets in Yemen, and hope to be able to restart them one day.

Our operating model is another feature specific to the Middle East. Most of our assets are operated by joint ventures with national companies where the strength of our relationship is crucial.

Total has made a massive come-back in the Middle East in the last few years. What are the main projects underway?

Jean-Jacques Mosconi

R&C made its entry in Qatar when QAPCO (Qatar Petrochemical Company), Total's first petrochemical affiliate in the country, was created. The colossal quantities of Emirati gas, from which ethane is extracted, served to build a strong petrochemical industry. We now hold shares in two of the world's largest ethane crackers and in two condensate splitters with an overall capacity of 300,000 barrels per day. In Saudi Arabia, negotiations for Jubail started in 2005. Construction of the refinery operated by SATORP (Saudi Aramco Total Refining and Petrochemical – Total 37.5%) began in 2010 and the plant has been operational since 2013. We enjoy an excellent relationship with Saudi Aramco and have obtained very strong financial results. The initial capacity of 400,000 barrels per day was reached in 2015. A debottlenecking* project is currently under study to reach 460,000 barrels per day by 2020, and a major petrochemical extension is also being evaluated.

Stéphane Michel

Over the last two years, we consolidated and strengthened our positions through three major achievements.

Early in 2015, Abu Dhabi awarded Total 10% for 40 years in

the new ADCO concession. These onshore fields produces 1.6 million barrels and will account for nearly 7% of the Group's production.

Then, in July 2016, we won the Al-Shaheen contract in Qatar, an offshore field producing 300,000 barrels per day, which represents half of the country's oil production. Starting in July 2017, we will hold a 30% interest for 25 years.

And finally Iran, last November.

The latest news is indeed the return to Iran.

Stéphane Michel

We recently signed a Heads of Agreement for a 20-year contract to develop and produce the South Pars field. Total is the first major to return to Iran to develop phase 11 of the largest gas field in the world, with a production capacity of 370,000 barrels of oil equivalent per day. We are now working on transforming this HoA into a formal agreement and are examining further opportunities.

Jean-Jacques Mosconi

With respect to R&C, discussions are underway with an Iranian partner to develop a world-scale ethane cracker, given that Iran is the third-largest gas producer in the world.

What is the strategy for each of your branches in that region?

Stéphane Michel

We intend to continue to optimize our assets and renew contracts nearing expiry (Adma in 2018 and Qatargas in 2021). We also need to seize development opportunities that arise as we develop resources already discovered, such as in Iran, or as we pursue exploration activities, such as those in the eastern Mediterranean Sea, while focusing on gas and low production cost resources.

Jean-Jacques Mosconi

We are looking for development opportunities in petrochemicals rather than refining, as growth prospects there are more promising than for oil products. Via QAPCO, we are candidates for a Brownfield** project for the construction on the current site of a new ethane-based unit with a 750,000 ton capacity.

The context is highly competitive, due in part to national companies that sometimes seek to regain the lead on shared projects. For that reason, we need to establish win-win partnerships and demonstrate the added value we can bring in the management of major projects, access to markets and technical expertise.

The region places high value on the transfer of technology and know-how.

Stéphane Michel

I agree. Our joint ventures with national companies encourage the transfer of technology. We have a research center in Qatar and many partnerships in the United Arab Emirates and Saudi Arabia. We also collaborate with the French Petroleum Institute (IFP), among others, in offering the younger generations complete training cycles. In the United Arab Emirates, we created in 2008 the Total Academy, to give unqualified young Emiratis the opportunity to follow courses in preparation for different jobs in the oil sector.

Jean-Jacques Mosconi

SATORP employs 1,200 people, excluding contractors. We are proud to contribute to the technological and societal development of the countries where we work.

**Modification of an installation to increase its production capacity.*

***Development from existing units or fields.*

Other branches of Total in the Middle East...

Marketing & Services



Service-stations:

Jordan (173) and Lebanon (186)



Production of lubricants:

Dubai (240,000 tons) and Saudi Arabia (45,000 tons)

Gas, Renewables & Power



Shams 1 concentrated solar power plant:

Abu Dhabi



Taweelah A1 gas power plant:

Abu Dhabi

Zoom

80 years in Qatar

The strong and longstanding partnership Total has developed with Qatar dates back to 1936 and is exceptional among the majors. Total holds first-class assets at every stage of the oil and gas value chain in this country that has considerable gas resources due to the North Field*, the largest gas field in the world.

Total has played a central role in the history of oil in Qatar. Starting with the discovery of Dukhan, the country's first oil field, in 1939, projects have multiplied: petrochemicals with QAPCO in 1974, LNG with Qatargas in 1984, discovery of the Al Khalij oil field in 1991, the first gas pipeline project in the Persian Gulf with Dolphin in 2007, start-up of the Ras Laffan refinery in 2009, etc.

Some of Total's industrial sites in Qatar rank among the world's finest in the sector. Through its joint ventures with Qatar Petroleum (QAPCO in 1974, then QATOFIN in 2002), Total holds shares in several petrochemical plants.

In Ras Laffan, Total built an ethane cracker with a capacity to produce 1.3 million tons of ethylene per year, and a condensate splitter that produces naphtha, diesel and jet fuel that meet international specifications. The Group also holds a 10% share in the condensate refinery, and 10% in Ras Laffan 2, inaugurated in February, which doubled the site's capacity to nearly 300,000 barrels per day.

In Mesaieed, installations include an ethane cracker with a capacity of 850,000 per year, alongside several polymer units. Total has also entered a partnership with Chevron Phillips Chemicals on one of the largest polymer sites in the Middle East.

E&P also has many projects. In 2016, one of the Group's achievements was to obtain a 30% interest for 25 years in the giant Al-Shaheen field. With 40 billion barrels of reserves, the field is one of the 10 largest oil discoveries in the last 30 years.

In 2016, Total celebrated the 80th anniversary of its presence in Qatar. Today, the Group's objective is to maintain this trust-based relationship by meeting the country's expectations in terms of operational excellence and contributing to its socioeconomic development.

*The field is called North Field in Qatar and South Pars in Iran.



Ras Laffan ethane cracker



Al-Shaheen drilling platform

Total in Qatar - Key Dates



1939

Discovery of Dukhan,
the country's first oil field



1974

Creation of QAPCO,
the petrochemicals affiliate



1984

Launch of the LNG
Qatargas plant



1991

Discovery of Al Khalij



2007

Start-up of the Dolphin
gas pipeline project



2009

Start-up of the Ras Laffan
(LR1) refinery



2016

Start-up of the second
splitter (LR2)



Total Shareholders



Two trophies awarded to Total by *Le Revenu*

On December 1, 2016, the French magazine, *Le Revenu*, awarded two of its Golden Trophies to Total's Shareholder Relations Department for Best Shareholder Relations and Best Shareholders' Meeting among the 40 largest companies on the Paris stock exchange (CAC 40).

Le Revenu pointed out that in addition to its attractive dividend policy, Total provides its shareholders with quality communication and regular opportunities to meet, besides being the only company of the CAC 40 to have a Shareholder Relations Department certified ISO 9001.



2017 Annual Shareholders' Meeting, remember the e-notification

Our Annual Shareholders' Meeting will be held on May 26, 2017 at 10:00 a.m. at the Palais des Congrès, in Paris.

Regardless of the number or type of shares you own, you are invited to attend in person, vote or be represented by the Chairman or the person of your choice.

If you are a registered shareholder and wish to be notified as early as possible, you may request notification by email. Log onto Planetshares, select > My personal information > My subscriptions, then select the heading Convocation by email to General Shareholders' meetings; or send an email to BNP Paribas Securities Services. You have until April 21, 2017 to submit your request.

Whether you are notified by email or regular mail, you can request your admission card, submit your voting instructions or appoint a representative:

- ▶ by returning the form attached to your notification;
- ▶ or by logging onto the VOTACCESS voting platform on the Planetshares website or your bank's website.

2017 dividends

Subject to the upcoming approval of the Board of Directors and the Shareholders' Meeting, the ex-dividend dates for the quarterly interim dividends and remaining dividend for fiscal year 2017 will be as follows:

- ▶ First interim dividend: September 25, 2017
- ▶ Second interim dividend: December 19, 2017
- ▶ Third interim dividend: March 19, 2018
- ▶ Remaining dividend: June 11, 2018



French Solidarity wealth tax

If you are due to pay the French Solidarity wealth tax, you have the choice of declaring in 2017:

- ▶ either the closing price on December 30, 2016, i.e. €48.72;
- ▶ or the average of the closure prices on the Stock Exchange for the last 30 trading sessions 2016, namely: €46.22.

Averages for 2016 - Variations relative to 2015



Market capitalization
on December 31, 2016

118.4 billion \$



Total Share Price 

42.46 €

-5.2 %





Special webzine

« Annual results 2016 »



Consult the webzine, on total.com, under the Individual Shareholders' section.

This issue features the presentation of the Group's results for 2016 and its outlook for the future. You can also watch a video showing how Total imagines what a refining & petrochemical plant of the future might look like.

Your contacts

For any questions you may have here about Total shares, to give us your feedback on the information provided or to change your personal data*, you can contact our department:

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* Your personal data is treated in accordance with the law and you are entitled to access, amend or object to it by contacting our Shareholder Relations Department.



Upcoming events

- ▶ **April 07, 2017** First quarter 2017 results
- ▶ **May 26, 2017** Annual Shareholders' Meeting in Paris
- ▶ **June 05, 2017** Ex-dividend date for remaining 2016 dividend*
- ▶ **June 19, 2017** Shareholders' Meeting in Biarritz
- ▶ **June 28, 2017** Shareholders' Meeting in La Rochelle

* Subject to approval by the Annual Shareholders' Meeting on May 26, 2017



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Brent
43.7 \$/barrel
-17 %

Refining Margin
34.1 \$/ton
-30 %

Dollar/Euro
1.11
stable



SHARE MORE THAN YOUR SHARES

Transfer ownership of your Total shares to your loved ones and allow them to benefit from the Group's growth prospects, its attractive dividend policy, and services tailored to our shareholders, while taking advantage of the tax benefits associated with a donation.



If you decide to transfer ownership of your shares, send us a request and we will offer you a gift-card to make your donation more tangible.

Do not hesitate to contact us at **0 800 039 039** Service 6 toll free
or send an email to actionnairesindividuels@total.com

