Growing Marketing & Services

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The SEC permits oil and gas companies, in their filings with the SEC, to separately disclose proved, probable and possible reserves that a company has determined in accordance with SEC rules. We may use certain terms in this presentation, such as resources, that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 20-F, File No. 1-10888, available from us at 2, PlaceJeanMillier – Arche NordCoupole/Regnault- 92078Paris-La Défense Cedex, France, or at our website: total.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or on the SEC’s website: sec.gov.

Due to their unusual nature or particular significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or asset disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. Performance indicators excluding the adjustment items such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods. These adjustment items include:

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(ii) Inventory valuation effect
The adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments’ performance and facilitate the comparability of the segments’ performance with those of its competitors.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the statement of income is, depending on the nature of the inventory, determined using either the month-end price differentials between one period and another or the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First-In, First-Out) and the replacement cost.

(iii) Effect of changes in fair value
The effect of changes in fair value presented as an adjustment item reflects for some transactions differences between internal measures of performance used by TOTAL’s management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, which future effects are recorded at fair value in Group’s internal economic performance. IFRS precludes recognition of this fair value effect.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, excluding the effect of changes in fair value.

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Growing Marketing & Services
Building on strong positions in Europe, expanding in Africa and Asia

#2 IOC in retail outside North America
Number of retail stations*

- For Total, BP, Chevron, ExxonMobil and Shell

#4 in lubricants (inland) and growing
2008-15 market shares evolution*

- For Total, BP, Chevron, ExxonMobil and Shell

Source: IHS

Lubricants Retail 10 countries generating 75% of results
+50% Marketing & Services free cash flow by 2022
Continuing to grow a well diversified, non-cyclical source of cash flow

2022 M&S organic free cash flow
B$

+100 M$ per year

2012  2017  2022

2022 M&S cash flow from operations
B$

2.5 B$

America
Europe
Africa
Asia
Middle-East
Increasing retail cash flow by ~300 M$

Leading portfolio delivering >25% return

Retail cash flow from operations

$B$

2017

2022

>5% per year

4 levers to increase retail cash flow

- Capturing market growth
- Improving performance, expanding premium fuels
- Maximizing non-fuel revenues
- Expanding network
Further improving retail margins
Excellium, premium quality supporting sales and margins

Deploying high return Excellium rapidly
50 countries by end-2022

- >20% extra margin*
- >50 countries by 2022
- >80% of stations by 2022

* On average compared to standard products, margins vary by markets.
Further improving retail margins
Leveraging extensive footprint and partnerships to accelerate non-fuel growth

Non-fuel activities turnover

- Food
- Car wash & servicing
- Shops

3 B$ per year

Attractive in-house offer and strong local partnerships

- 5000 Shops
- 2000 Restaurants & cafés
- 2000 Car wash
Capturing growth opportunities in Europe
Expanding AS24, Total network dedicated to heavy duty vehicles

AS24 network
Number of truck service stations

- 1,000
- +50%

2010 2016 2022

Dedicated network **expanding to the east**

Global service offer to logistic companies

- >900 Stations
- 28 Countries
- +5%/y Sales

France Western Europe Eastern Europe

>900 Stations 28 Countries +5%/y Sales

AS24 network

2017 Field Trip
Capturing growth opportunities in Europe
Positioning in new fuels

**Natural gas for vehicles**

Becoming European **market leader by 2022**
Deploying Pitpoint technology in >300 stations

**Electricity**

Installing **high power charging points**
>300 service stations, 1 in every 150 km
Leadership in Africa delivering results
Outpacing fast growing market

Top 5 retailers in Africa
2016 number of service stations

M&S Africa cash flow from operations
B$

African market growing at 2.5% per year
Leader, on track to reach 20% market share

Leveraging critical mass
Premium fuel & services supporting margin

2017 Field Trip
Increasing lubricants cash flow by ~200 M$

Balanced portfolio delivering ROACE >25%

Lubricants cash flow from operations  B$

0.8

>6% per year

2017  2022

4 levers to grow lubricants cash flow

- Capturing market growth
- Improving performance, strengthening supply chain
- Building on ~20% premium sales
- Increasing marketing footprint

Increasing marketing footprint
Lubricants leading M&S growth in Asia Middle East
40% of lubricants CFFO generated in Asia-ME, strong retail opportunities

Growing Asia Middle East footprint

11 lubricant blending plants, 3 worldclass hubs
Pakistan retail JV 13% market share
Vietnam #2 in LPG
>30% market share in Pacific islands

Major lubricants hub
Lubricant blending plants
Lubricants/retail sales

+50% lubricant blending capacity 2014-16
Asian retail doubled 2014-16

M&S Asia-ME cash flow from operations M$

2017
2019
2022

500

10% CAGR

Sales increasing by ~10% per year
Differentiating by technology and proximity

Lubricants leading M&S growth in Asia Middle East
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M&S Asia-ME cash flow from operations M$

2017
2019
2022

500

10% CAGR

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M&S Asia-ME cash flow from operations M$

2017
2019
2022

500

10% CAGR

Sales increasing by ~10% per year
Differentiating by technology and proximity
 Increasing M&S organic free cash flow by 50%  
Well diversified, non-cyclical source of cash flow  

M&S organic free cash flow  
B$  

1.0  
+100 M$ per year  

2012  
2017  
2022  

Expanding retail and lubricants  

1 B$  
Free cash flow in 2017  

+0.5 B$  
Free cash flow 2017-22  

>20% ROACE