Growing in the LNG integrated value chain

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Strong LNG demand growth driven by Asia
Constructive government policies

2015-30 LNG demand
Mt/y

2015-30 LNG supply
Mt/y

LNG demand: +10% in 2017,
China LNG demand: +50% in 1H18 vs. 1H17

Opportunity for low breakeven projects post-2020
Growing commoditization of LNG markets
Arbitrage opportunities arising between US, Europe & Asia

Atlantic basin already highly liquid ...

... while Asian market is developing rapidly
Building a worldclass integrated LNG portfolio
Leveraging size and flexibility across the value chain in all major basins

- Production & Liquefaction
  20 Mt/y of LNG

- Trading & Shipping
  40 Mt/y portfolio, 18 vessels

- Regasification
  20 Mt/y capacity

- Gas & Power Marketing
  ~6 M customers in Europe
  CCGTs in emerging countries

2020 data
Russia: Capitalizing on giant low cost resources
Ramping up Yamal production, pursuing Arctic LNG 2 project

Yamal LNG, 17.4 Mt/y, 30%*

- Trains 1&2 producing, T3 start up early 2019
- Train 4 adding further 0.9 Mt/y
- > 4 Bboe low cost reserves
- 480 kboe/d production
- ~85% of LNG sales indexed to oil

Arctic LNG 2, 20 Mt/y, 22%*

- Unlocking 7 Bboe low cost resources
- 600 kboe/d production
- Targeting to reduce Yamal costs by 30%
- Opportunity to participate in future projects in the area

* Direct and indirect

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Pacific Basin: Leveraging proximity to Asian markets
Starting up Ichthys, progressing Papua LNG

- First gas offshore July 2018
- > 3 Bboe reserves with large liquid content
- 100 kb/d of condensate production
- All LNG sales indexed to oil

- Unlocking 1 Bboe reserves
- Sharing benefits brownfield synergies
- Low shipping costs due to proximity to Asia
- Targeting 5 $/Mbtu cost for LNG delivered to Asia
Middle East & Africa: Pursuing brownfield expansions
Expanding Nigeria LNG, building on partnership with Qatar

NLNG T7, 7.5 Mt/y (15%)

- Unlocking ~1.5 Bboe of reserves
- Competitive brownfield expansion
- Targeting cost of 5 $/Mbtu for LNG delivered to Asia

Qatar expansion opportunity

- > 80 years of partnership
- Legacy partner in Qatar Gas 1 & 2
- Extensive knowledge of North Dome field
USA: Building strong position in liquefaction
Developing Cameron LNG, shareholder in Tellurian

Cameron T1-T3, 13.5 Mt/y, 16.6%
- Starting up 2 trains in 2019, 3rd in 2020
- Low cost shale gas
- Tolling accord enabling integration along the value chain

Cameron T4-T5, 9 Mt/y, 16.6%
- Competitive brownfield expansion
- Building on strong partnership
- FERC/DOE authorizations granted for trains 4&5

Tellurian opportunity
- 23% of Tellurian shares acquired in 2017
- Integrated project
- Low cost modular concept

USA: Building strong position in liquefaction
Developing Cameron LNG, shareholder in Tellurian
Maintaining well balanced trading portfolio
Solid portfolio of long term contracts

Trading portfolio
Mt/y in 2020

- Supply
- Liquefaction
- 3rd party purchases
- Regas access
- 3rd party sales

Long term contract price reviews

- Price review before 2022
- Price review after 2022
- No price review

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Differentiated portfolio providing competitive edge
Capturing value by combining destination flexibility, large fleet & regas access

Portfolilo Flexibility

LNG Portfolio
Mt/y

Flexible or reloadable

2017  2020

~65% of portfolio has flexible destination or is reloadable

Shipping Fleet

US to Asia unit freight cost
$/Mbtu

2.5
1.0

2006  2020

TOTAL vessels commissioning date

> 60% reduction in freight cost for new-builds since 2006

Regasification / Reloading

Cargoes reloaded from Europe
No. of cargoes

20

2016  2017  2018

20 Mt/y regas capacity offers reloading optionality
Seizing arbitrage opportunities
Leveraging trading expertise in physical and paper markets

Dynamic physical trading
Example of a spot cargo optimization

Arbitrage opportunities
Example of US cargo arbitration between Asia & Europe

Swapping sources, vessels & destinations

Constantly adjusting to highest value market
World #2 LNG player
Integrated LNG delivering 3 B$ of CFFO by 2020

2020 LNG portfolio
Mt/y for Total and Peers*

Integrated Gas CFFO at 60 $/b
B$

* BP, Chevron, ExxonMobil and Shell

Capturing value through integration
(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.

Euro amounts presented herein represent dollar amounts converted at the average euro-dollar (€-$) exchange rate for the applicable period and are not the result of financial statements prepared in euros.

This document also contains extra-financial performance indicators, including a carbon intensity indicator for TOTAL energy sales that measures the weighted average greenhouse gas emissions of energy products sold by TOTAL, from their production in TOTAL facilities to their end use by TOTAL customers. This carbon intensity indicator covers, besides direct GHG emissions of TOTAL (scope 1), indirect GHG emissions (scopes 2 and 3) that TOTAL does not control (for the definitions of scopes 1, 2 and 3, refer to Total’s Registration Document).

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