Integrating climate into strategy

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Integrating climate into strategy
Taking into account anticipated market trends

Global energy demand
Mboe/d

IEA 2°C scenario*

300

Renewables
Nuclear
Coal
Oil
Natural gas

2016
2040

* IEA Sustainable Development Scenario

Focusing on oil projects with low breakeven

Expanding along the gas value chain

Developing profitable & sizeable low carbon electricity business

2018 Investor Day – Integrating climate into strategy
Improving our operations

30% reduction of GHG emissions since 2010 on operated production

Energy Efficiency improvement

- Objective: -1% / year 2010-17: 10% reduction achieved
- Reducing E&P Flaring: zero routine flaring by 2030 2010-17: > 80% reduction achieved
- R&C: 300 M$ capex investment plan to improve energy efficiency

Methane

- 2017 Upstream emission intensity < 0.3%
- Reducing sustainably this intensity below 0.2%

Carbon price

- CO₂ price embedded in investment decisions
Integrating along the gas value chain
Market leader in a growing gas market

2015-30 LNG demand
Mt/y

- 500
- +5% per year

2015 2020 2025 2030

Other
Middle East
Europe
Rest of Asia
China
Japan
Korea
Taiwan

2nd LNG player
- 40 Mt/y managed in 2020
- 10% market share
- Well positioned on key producing areas

Creating new LNG markets
- Developing LNG to Power through FSRU in emerging countries
- Pioneer in LNG for transportation
  - Bunkering: CMA-CGM
  - Road transportation: Clean Energy

Gas Marketing
- Develop B2B and B2C gas marketing
Developing a profitable low carbon electricity business

2015-40 electricity generation TWh

- Solar, wind and gas: x 2.5 over 2015-40
  - Solar: +9-13%/y
  - Wind: +6-9%/y
  - Gas: +2-3%/y

Low carbon power generation
- Early positioning with Sunpower
- Over 10 GW within 5 years from CCGT and renewables

Batteries to support renewables, developing Saft in Energy Storage Systems

Marketing electricity
- 15% market share B2C in France and Belgium by 2023 (vs. 6% and 9% in 2017)

* Gas and renewables. Source: IEA scenarios - SDS, NPS, CPS
Further decarbonating our hydrocarbon products

#1 European biofuel distributor in 2017 with 2.4 Mt/y

Starting-up HVO production in La Mède (500 kt/y, 12% of HVO market share in Europe)

Exploring biogas opportunities

Supportive government policies

- Next generation biofuels (BioTfuel)
- Open innovation through start-ups (TEV)

5% per year
Towards carbon compensation for the long run

**Carbon sinks mandatory** to reach zero net emissions by second half of the century

**CCUS:** looking for profitable business model
- 10% of R&D program
- Successful pilot in Lacq
- Investing in Northern Lights project, Norway
- Contributing to OGCI climate fund

**Forests**
- Investing in preservation of forests, mangrove and humid zones (Total Foundation)
Carbon Intensity indicator of our energy sales
Weighted average of scope 1+2+3 emissions of all energy products sold

- Production
  - Oil
  - Gas
  - Renewables
  - CCGT
  - Solar panels, Batteries

- Transformation
  - Refining
  - Liquefaction

- Sales
  - Oil products
  - LNG
  - Pipe Gas
  - Electricity

Emissions from our facilities: 10% (Scopes 1 & 2) + 90% (Scope 3)
Reducing carbon intensity of our energy sales
Responsible contribution to tackle climate challenge

Carbon intensity
Base 100 in 2015 (75 gCO₂/kbtu)

Further improving our operations efficiency
Growing in natural gas
Developing low carbon electricity
Increasing biofuels
Investing in carbon sinks (CCUS & forests) post-2030

Possible Sales Mix 2040
Natural gas: 45-55%
Oil (incl.biofuels): 30-40%
Low carbon electricity: 15-20%

2015 2030 2040

NPS: New Policy scenario ~2.7°C by 2100
SDS: Sustainable Development scenario ~2°C by 2100
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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. In addition to IFRS measures, certain alternative performance indicators are presented, such as performance indicators excluding the adjustment items described below (adjusted operating income, adjusted net operating income, adjusted net income), return on equity (ROE), return on average capital employed (ROACE) and gearing ratio. These indicators are meant to facilitate the analysis of the financial performance of TOTAL and the comparison of income between periods. They allow investors to track the measures used internally to manage and measure the performance of the Group. These adjustment items include:

(i) Special items
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.

(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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