SN#57
The Shareholders' Newsletter
Special Annual Shareholders' Meeting Edition
Summer 2018
A large number of you attended our annual Shareholders’ Meeting held on June 1. We wish to thank you for the patience you showed in spite of the unfortunate events that we had to adapt to. The Shareholders’ Meeting is important for shareholder democracy because it is a unique opportunity to deliver a message to you on what has been accomplished and our prospects for the future.

Our fundamentals are sound, as confirmed by our 2017 results:
• Return on equity above 10%.
• Return on capital employed in the Downstream segment of more than 30%.
• Net-debt-to-capital ratio of 12%.
• Cash flow after organic investments of 6.7 billion dollars.
• 20% increase in our hydrocarbon production between 2014 and 2017.

In 2017, we resolutely implemented our counter-cyclical investment strategy and took advantage of a favorable environment to acquire assets such as Maersk Oil and Engie’s liquefied natural gas business. We are also maintaining strict discipline on costs and investments and are therefore fully equipped to capture the benefit of higher prices while being protected in the event of a renewed downturn.

In that context, we are pursuing our ambition to “become the responsible energy major” and fulfill our mission of providing affordable, clean and reliable energy to the world’s growing population.

The integration of climate considerations has led us to define three strategic areas:
• Focusing on oil projects with low breakeven.
• Expanding along the gas value chain.
• Growing profitable low carbon businesses.

Our social and environmental responsibility is also central to our ambition, because a company is essentially a human and collective undertaking that strives to make a useful contribution to society. To give more efficiency and visibility to the collective societal efforts of the Group, we have organized them under the banner of the Total Foundation around four priority engagement themes: road safety, forests and climate, youth inclusion and education, cultures and heritage. Our objective is to create shared value wherever we are present.

Our resolve is also to share value with you, who have chosen to invest in Total. In that respect, the first interim dividend for 2018 will be raised by 3.2% to 0.64 euros per share, in line with our 10% growth target for the 2018-2020 period. To further share with you the benefits realized from higher oil prices, we have started to buy back shares to meet our goal of 5 billion dollars in share buyback over three years.

I wish to thank you for your continued loyalty and trust.
Total is pursuing growth in petrochemicals on its major integrated platforms

Total is strengthening the competitiveness of its major integrated refining and petrochemical platforms by making the best use of its efficient industrial plants and capturing the global growth in petrochemicals. Here is an update on recent investments and projects announced in the United States, South Korea, Saudi Arabia and Algeria.

Two major investments were announced to increase the competitiveness of two of the six major integrated refining and petrochemical platforms operated entirely or in part by Total. These investments were made in petrochemical activities to take full benefit of advantaged gas feedstock and to supply growth markets, particularly Asia.

In February 2018, Total, Borealis and NOVA Chemicals signed definitive agreements to form a joint venture (JV) in petrochemicals in Texas, in the United States. Total will own 50% of the joint venture that will include three major facilities: an existing polyethylene unit and a new polyethylene unit located in Bayport, and an ethane steam cracker with a one million-ton capacity per year in Port Arthur. The ethane steam cracker, representing an investment of 1.7 billion dollars, is currently under construction and will be integrated into the Total refinery with the objective of creating synergies. Thanks to this project, Total will take advantage of low-cost U.S. gas and become a major player in the polyethylene market in the United States.

After a first investment of 450 million dollars in April 2017, Hanwha Total Petrochemical announced in December 2017, its intention to invest a further 300 million dollars to expand its integrated platform Daesan, located in South Korea. The 50/50 joint venture between Hanwha and Total will increase the site’s polyethylene capacity by more than 50%. This project will make it possible to capture margin across the platform’s full value chain and provide the fast-growing Asian market with high-added-value polymers.

In addition to these major investments already approved, Total has announced two more significant projects. In April 2018, Total signed a memorandum of understanding with Saudi Aramco to build a giant petrochemical complex in Jubail, Saudi Arabia. The complex will be integrated downstream of the Satorp refinery, in a move designed to fully exploit operational synergies. The Satorp refinery, with a 440,000 barrel-per-day capacity, is recognized as being one of the most efficient in the world. The petrochemical complex is a project representing an investment of around 5 billion dollars, and will comprise a steam cracker with a capacity of 1.5 million tons per year of ethylene, and related high-added-value petrochemical units.

In May 2018, Total signed an agreement with Sonatrach to launch the engineering studies for a petrochemical project in Arzew, western Algeria. The project represents an investment of around 1.4 billion dollars by the two partners, who are planning to start the front-end engineering and design (FEED) this summer, subject to approval by the relevant Algerian regulatory authorities. The site’s polypropylene production will supply in priority the local and Mediterranean market, and Total will be responsible for commercializing the rest of the production in Europe.

All of these projects and investments illustrate Total’s strategy of maximizing the integration of its large refining and petrochemical platforms and of expanding its petrochemical operations to take advantage of a growth rate above 3% per year in the polymer market.
« In the first quarter of 2018, cash flow after organic investments increased by more than 50% from last year." »

**Highlights**

Key figures for the 1st quarter 2018

- **2.9 billion dollars**
  Adjusted net income

- **5.7 billion dollars**
  Cash flow generated by operations*

**Hydrocarbon production**

- **2,703 thousand barrels of oil equivalent/day**
  +5% vs. 1st quarter 2017

- **15.1%**
  Net-debt-to-capital ratio as of March 31, 2018

- **2.48 €/share**
  2017 dividend

- **5.3%**
  Dividend yield (for the 1st quarter 2018, based on a 2017 dividend of €2.48)

*Debt-adjusted cash flow (DACF)*

**Europe**

Gas & electricity

Signature of an agreement for the proposed acquisition of Direct Energie. Through this transaction, Total is actively pursuing its development in electricity and gas generation and marketing in France and Belgium. This project is part of the Group’s strategy to expand along the entire gas-electricity value chain and to develop low-carbon energies.

**Angola**

Exploration & Production

Strengthened cooperation with Sonangol and final investment decision to launch the Zinia 2 deep offshore development in Block 17, 150 kilometers offshore Angola. The Zinia 2 project will have a production capacity of 40,000 barrels per day, sustaining production of the Pazflor field, on stream since 2011.
Oil prices rebounded in the first quarter of 2018 and the Brent price rose to an average of 67 dollars per barrel. Was the Group able to take advantage of this environment?

Absolutely. The Group’s adjusted net income and debt-adjusted cash flow (DACF) continued to increase, achieving 2.9 (+13%)* and 5.7 billion dollars (+16%)* respectively. Exploration & Production reported a yearly increase in its adjusted net operating income of close to 60%. At the end of the first quarter of 2018, return on equity for the past 12 months was 10%.

What are the main highlights of the first months of this year?

In the Upstream, our production reached a record level of more than 2.7 million barrels of oil equivalent per day, an increase of more than 5% from a year ago. Notable drivers included the ramp-ups of new projects (Yamal LNG and Moho Nord) as well as the contribution of new assets (Maersk Oil, Al Shaheen). In the Downstream, we finalized a joint venture with Borealis and Nova Chemicals in the United States and signed an agreement to build a giant petrochemical complex integrated into the Satorp refinery in Saudi Arabia. We also announced our project to acquire Direct Energie in order to reach a critical size in the gas and electricity market.

* compared to a year ago.
Highlights of the Shareholders’ Meeting

At the Annual Shareholders’ Meeting on June 1, 2018, the 19 resolutions approved by the Board of Directors were adopted by a large majority. Here is an overview of the resolutions that concern the Board of Directors and the dividend.

Renewal of the Board of Directors

The terms of Mr. Patrick Pouyanné, Mr. Patrick Artus and Ms. Anne-Marie Idrac were renewed for a three-year period. As before, the Board of Directors is composed of 12 members. Six of them are women and five are non-French nationals.

Renewal of Mr. Patrick Pouyanné as Chairman and Chief Executive Officer.

Total’s Board of Directors met at the close of the Shareholders’ Meeting on June 1, 2018, and decided unanimously to re-appoint Mr. Patrick Pouyanné as Chairman and Chief Executive Officer for the length of his new three-year term as a Director. Mr. Patrick Pouyanné has been your Chief Executive Officer since October 22, 2014, and your Chairman and Chief Executive Officer since December 19, 2015.

We deeply regret the demonstration held during the Shareholders’ Meeting on June 1 at the Palais des Congrès in Paris, which is totally contrary to the values of dialogue and mutual respect upheld by the Group. By allowing a person representing the activist organizations to speak, Total demonstrated its desire to maintain a dialogue without giving in to the pressure to postpone the Shareholders’ Meeting. Conscious that the Palais des Congrès did not offer all the guarantees to be expected by the participants in terms of security and access control, the Group is looking into other possible venues and will keep you informed in the next Shareholders’ Newsletter.

We thank all the shareholders in attendance for their support and trust, which allowed us to continue the Shareholders’ Meeting to the end.

The presentations and speeches of Patrick Pouyanné, Patrick de La Chevardière and Patricia Barbizet, and answers to written questions are available on total.com, under the heading Investors > Annual Shareholders’ meetings.

Key figures as at June 1, 2018 – Variations relative to January 2, 2018

Market capitalization estimate on June 1, 2018

140.3 billion euros

Total Share Price

€52.73

+14.5%
An increasing dividend, payable in cash or in shares

In keeping with its competitive shareholder return policy, Total has once again increased its dividend. For fiscal 2017, it was set at €2.48 per share, up 1.2% compared to the 2016 dividend of €2.45 per share. The 2017 final dividend is set at €0.62 per share. The ex-dividend date was June 11, 2018 and was paid on June 28, 2018.

The shareholders also approved the resolution on the option for payment in shares of one or more possible interim dividends for 2018, as proposed by the Board of Directors.

Gross dividend yield of 5.4% in 2017.

Stable or rising dividend, every year for the last 35 years.

Quarterly dividend payment.

Dividend payment in shares or in cash.

### Upcoming events

- **July 26, 2018**
  - Results of the second quarter and first semester 2018
- **September 18, 2018**
  - InvestorDagen exhibition in Copenhagen (Denmark)
- **September 25, 2018**
  - Strategy & Outlook Presentation 2018 in New York (USA)
- **October 08, 2018**
  - Shareholders’ Meeting in Dijon
- **October 12, 2018**
  - Participation to the “Rencontres Patrimoniales du Particulier” in Paris
- **October 26, 2018**
  - Third quarter 2018 results
- **November 22 and 23, 2018**
  - Actionaria investor fair in Paris

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<th>Year</th>
<th>Dividend (€)</th>
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<td>2000</td>
<td>0.83</td>
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<tr>
<td>2010</td>
<td>2.28</td>
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<tr>
<td>2017</td>
<td>2.48</td>
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- **Brent** 74.88$/barrel +12.5%
- **Refining Margin** 43.3$/ton +58.6%
- **Euro/Dollar** 1.17 -3.3%

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Share price, results, news
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