



SN #58

The Shareholders' Newsletter

Fall 2018

Report: Total accelerates its expansion along the gas value chain

Chairman's Message

Dear Shareholders,

At the Investors' Day in New York, on September 25, we presented Total's strategy & outlook and its demonstrated track record of delivering on its objectives including production growth, cost reduction and asset sales. The downstream business continues to provide best-in-class profitability and robust cash generation. The result is a stronger company with a post-dividend breakeven lowered to 50 dollars per barrel, more than halved compared to 2014.

Going forward, Total reaffirms its strong position with:

- Outstanding production growth of 6 to 7% per year, on average, from 2017 to 2020.
- 15 to 17 billion dollars per year of capital investment over the same period.
- An OPEX reduction target of 5 billion dollars per year by 2020 compared to the 2014 base, increased from 3.7 billion dollars in 2017.

Total has taken advantage of the cycle since 2015 to acquire more than 7 billion barrels of oil equivalent of low-breakeven resources, representing 25% of the Upstream portfolio, and significantly high-grading the Group's asset base. The upgraded portfolio has a rich pipeline of major projects to be sanctioned by 2020.



© TOTAL

Total has demonstrated a track record of delivering on its objectives.

Patrick POUYANNÉ

Chairman and Chief Executive Officer of Total

Total integrates climate issues into its strategy and takes into account anticipated market trends. As such the Group will focus on low-breakeven oil projects, expand along the full gas value chain and develop a profitable low-carbon electricity business. The Group's ambition is to reduce the carbon intensity of its energy sales by 15% from 2015 to 2030. Beyond 2030, Total has the ambition to pursue its efforts or possibly to

accelerate them as new technologies become available and public policies are put in place, and reach a reduction of around 25% to 35% by 2040.

The Group has clear visibility on cash flow growth to 2020. At 60 dollars per barrel Brent, cash flow is expected to increase by 7 billion dollars from 2017 to 2020 and return on equity to increase to 12%.

Total is implementing the shareholder return policy announced in February:

- The 2018 interim dividends have been increased by 3.2%, in line with an increase of 10% by 2020.
- In 2018, the Group is buying back 1.5 billion dollars of shares as part of the 5-billion-dollar program from 2018 to 2020.

I look forward to meeting you at the Actionaria exhibition, on November 23, and thank you for your loyalty.



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The Investors' Day presentations given on September 25, 2018 are available on the "Total Investors" application and on total.com > Investors > Results and Investor presentations > Investor Presentation ↗

Total acquires Direct Energie

With the acquisition of Direct Energie, Total is accelerating its development on the natural gas and electricity markets in France and Belgium.

Total holds 100% of the share capital of Direct Energie. On July 6, 2018, the Group first entered into an agreement with the French gas and electricity company's main shareholders to acquire 73.04%* representing approximately 1.4 billion euros. Total then filed a mandatory tender offer and obtained 95.37% of Direct Energie's share capital, allowing the Group to request the squeeze-out procedure.

A major player in the supply of gas and electricity
 With Direct Energie, Total is accelerating its development on the natural gas and electricity supply market, and establishing its leadership as an alternative energy player for B2C and B2B customers in France and Belgium. In these two countries, the 2.6 million** Direct Energie customer sites have now been added to Total's portfolio of 1.5 million**. Targets set for the next five years are ambitious. They include increasing the number of B2C customers from the current 4 million to 7 million by 2023, and gaining

a 13% market share in France and Belgium. In the B2C market, Total aims to supply close to 2 million sites in that same region, representing a 60% increase.

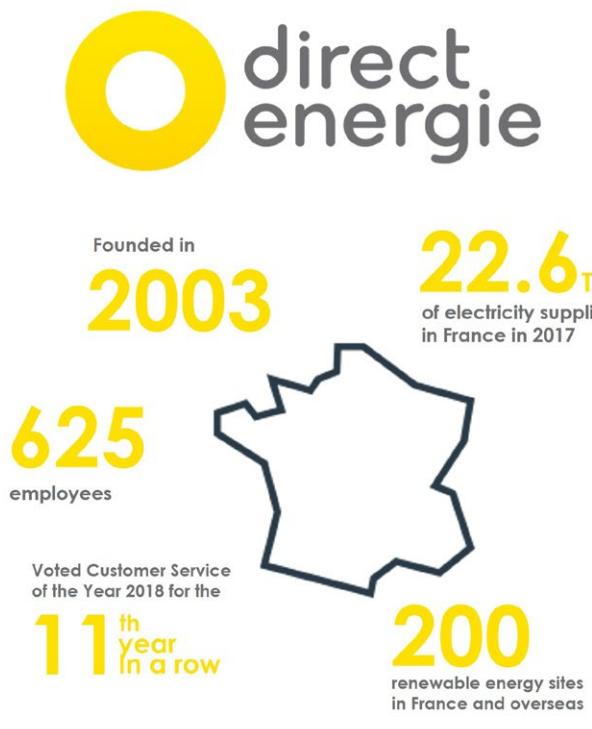
A strengthened position as electricity producer

With Direct Energie, Total is pursuing and amplifying its development in the market of electricity generation. Direct Energy's installed capacity of 1.35 GW** will supplement the Total group's 1.7 GW*** installed capacity. Given the project portfolio of Direct Energie and Total Solar, of Total Eren in emerging countries and Sunpower in the United States, Total aims to have a global capacity of at least 10 GW of installed capacity within five years, either in the form of gas-fired power plants or in the form of renewable electricity capacities.

*On the basis of a capital consisting of 45,608,369 shares as at June 30, 2018, based on information disclosed by Direct Energie on its website.

**Figures as at Dec. 31, 2017

***This figure includes gas power plants acquired from KKR-Energas in October.



Key figures

3rd quarter 2018

4 billion

dollars

Adjusted net income

7.5 billion

dollars

Cash flow generated by operations*

* Debt-adjusted cash flow (DACF)

Highlights



France ↗ Electric mobility

Acquisition of G2mobility, a leading French provider of electric vehicle charging solutions. Total also signed a partnership agreement with Nexans, a longtime shareholder of G2mobility, to accelerate the growth of its electric vehicle charging solutions.



United Kingdom ↗ Gas

Major gas discovery on the Glendronach prospect, located West of the Shetland Islands. Preliminary tests confirm good reservoir quality, permeability and well productivity. Recoverable resources are estimated at about one trillion cubic feet.



Denmark ↗ Acquisition

Agreement signed with Chevron to purchase all the share capital of Chevron Denmark Inc., which holds a 12% interest in the Danish Underground Consortium, a 12% interest in License 8/06 and a 7.5% interest in the Tyra West pipeline.

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. ↗

2,804 thousand

barrels of oil equivalent/day

Hydrocarbon production

18.3%

**Net-debt-to-equity
ratio as at
September 30, 2018**

0.64 €

per share
**3rd quarterly
interim dividend
for fiscal 2018**

4.75%

**Dividend yield
(for the 3rd quarter
2018)**



What do the results of the third quarter 2018 tell us? ↗

Total reported an adjusted net income of 4 billion dollars, a 48% increase from last year, while oil prices rose by 44% to 75 dollars per barrel, supported by supply tensions and the geopolitical context. Debt-adjusted cash flow (DACP) increased by 37% to 7.5 billion dollars and production rose by 8.6% compared to a year ago.

These very good results confirm the Group's ability to take full advantage of the favorable environment and to deliver on its objectives.

What is Total's outlook for the end of this year?

The Upstream is well positioned to profit from the increase in the oil price thanks to projected production growth of the order of 8% in 2018. The Downstream has already generated 4.8 billion dollars of cash flow over the first nine months and is well positioned to achieve its objectives in 2018, confirming its robustness, in spite of volatile European refining margins. In line with announced cash allocation priorities for the period 2018-2020, the Group maintains its discipline on net investments with a projected level of around 16 billion dollars in 2018.

Patrick DE LA CHEVARDIÈRE

Group Chief Financial Officer

Algeria

- ▶ Extension of the Tin Fouyé Tabankort gas field license.
- ▶ Strengthened cooperation with Sonatrach in natural gas and petrochemicals.

Angola

Start-up of Kaombo (see page 8).

Saudi Arabia

Launch of engineering studies to build a giant petrochemical complex with Saudi Aramco.

Australia

Start-up of offshore production and first gas export at the Ichthys LNG project (see page 9).

Canada

Agreement to sell interest in the Joslyn oil sands project.

China

Agreement to sell the polystyrene business.

United States

Final investment decision to build a new polyethylene unit in Bayport in partnership with Borealis and NOVA Chemicals.

France

- ▶ Acquisition of 100% of the share capital of Direct Energie.
- ▶ Agreement with KKR-Energas to acquire two gas-fired combined cycle power plants.
- ▶ Total comes first in the French Energy Regulatory Commission's bidding for small hydraulic power (33% of volumes assigned) and second for solar energy (15% of volumes assigned).
- ▶ Agreement to sell 9.99% stake in the Dunkerque LNG terminal.

India

- ▶ Agreement signed with the Adani Group to develop natural gas and fuel retail activities.
- ▶ Partnership agreement signed with Tata Consultancy Services to create a digital innovation center.

▶ Agreement to sell a 26% equity stake in the Hazira LNG regasification terminal and to sell 0.5 million tons of liquefied natural gas per year to Shell over five years.

World

- ▶ Finalized acquisition of Engie's upstream liquefied natural gas business.
- ▶ First target set by the OGCI to limit the collective methane intensity of its member companies.

Myanmar

Positive appraisal of the Shwe Yee Htun-2 discovery on block A6.

Russia

First shipment of liquefied natural gas from the second liquefaction train of the Yamal LNG facility.

Singapore

Agreement with Pavilion Energy to develop a liquefied natural gas bunker supply chain.

Total accelerates its expansion along the integrated gas value chain

With both acquisitions and organic growth, Total is accelerating its expansion along the gas value chain. Philippe Sauquet, President, Gas, Renewables & Power and Executive Vice President, Strategy & Innovation explains the situation.

Total is accelerating its expansion along the gas value chain. What does that mean for the Group in terms of position and strategy?

I would like to come back to the goal we set for ourselves three years ago. Our ambition is to provide all our customers with affordable, reliable and clean energy, and supply all our customers with the energy they need. This explains our resolve, confirmed at the Investors' Day in New York, on September 25, to strengthen our position not only as a major player in the oil and gas business, but also in low-carbon electricity generation. Electrical power consumption is rapidly growing, driven by the development of digital and storage technologies, including batteries. Since it's not a primary energy, it has to be produced, and low-carbon electricity is produced from gas or renewable sources. We are present in these renewable energies, which are expected to experience strong growth and Liquefied Natural Gas (LNG) is one of the strengths of the Group. The acquisition of Engie's LNG business allowed us to expand even further, reaching a 10% global market share. Gas is the ideal complement to intermittent renewable sources of energy and offers many advantages in that it's abundant, flexible and contributes to reducing atmospheric pollution.



Why has Total decided to be an integrated gas chain player?

One of the main pillars of Total's strategy is to be an integrated player. Commodities on the entire energy supply chain follow cycles, but if we are present along the entire supply chain, the impact of these cycles is more limited. We saw this happen with oil, when its price was halved in 2014-2015. The Upstream segment was under pressure, but our downstream business helped us to resist. We are following the same strategy in the gas chain. Today, our integration

starts quite high upstream on the gas chain that leads all the way to electricity, considering that 60% of all gas is used to generate electricity.

Is Total effectively present today along the entire gas value chain?

Yes, we are present all along the supply chain, from production, through liquefaction, trading & shipping where we hold the second position worldwide for LNG, regasification, where we are the major European player, all the way to gas and electricity marketing. Historically, in the gas business, we were mostly upstream, in production and liquefaction, and not as much downstream, because gas and electricity markets were organized as public service monopolies. But those markets then opened up to competition. Our first step was to purchase Lampiris, which has a strong presence in Belgium and a small one in France. By creating Total Spring, we then developed sales organically on the French market. More recently, we acquired Direct

Energie, which brought us an additional 2.6 million* customers. Today, our base is quite large in France and Belgium, and is expected to grow organically, because the potential for growth is very strong, particularly in France, where historical players still hold 80% of market shares. To supply these end customers, our strategy is to produce a significant share of the electricity they consume ourselves, from gas or renewable sources. That is what we are doing with our different affiliates, which were created either organically, such as Total Solar, or followed acquisitions, such as Total Eren, Direct Energie and Quadran.

Who are Total's competitors on the gas/electricity supply chain and how does the Group compare to them?

We are faced with Utility companies, of course. These are often former public service monopolies, trying to defend their market shares. As far as we are concerned, we are not trying to be monopolies; we consider that competition is natural. Our advantage is to not have old assets to manage such as coal plants. We are not trying to do their job, but we are bringing fresh ideas, thanks in part to digital technologies, which allowed us to make a century's worth of progress in just a few years and develop a low-cost marketing model.

Most of the other oil companies are still unable to imagine their future outside of oil and gas, but they will get to that point eventually. Total is standing out by recognizing the need to act on climate change, and seize growth opportunities in other energies. In this respect, we are considered a "progressive" company.

Are there other markets for gas?

We are seeking to develop new outlets in transportation. To meet this objective, we purchased PitPoint, a Dutch company and third natural gas vehicle fuel operator in Europe, and acquired 25% of Clean Energy, a leading supplier of natural gas for the trucking industry in the United States. We are also developing our activities in maritime transportation. Total signed an LNG supply contract with CMA CGM, a leading shipping group worldwide. LNG as a marine fuel will be boosted by new regulations set to be implemented on January 1, 2020, and designed to reduce air pollution. Besides new uses for gas, we are also trying to develop new gas markets in Africa and Asia, in countries with growing energy needs. China, for example, is becoming a major importer of natural gas and liquefied natural gas following its decision to reduce its dependence on coal.

What is the next step for Total?

The next step is already underway. The transition from a traditional role, as a specialist in oil and gas, to this new Total, on the road to becoming an energy company, with the objective of devoting 15 to 20% of its business to these new activities in 20 years. This is a revolution for the Group. It gives our teams and our shareholders a broad outlook on the future. Our resolve is to do our best in this undertaking, and thereby keep on creating value.

*Figure as at Dec. 31, 2017



Today, Total holds approximately 6% of the French B2C gas and electricity distribution market.

Two major start-ups for Total

Kaombo:

Angola's flagship deep offshore project

Kaombo Norte, located off the coast of Angola, was brought on stream on July 27. It is the first of two Floating Production Storage and Offloading units (FPSO) forming the Kaombo development on block 32. Its twin, Kaombo Sul, is planned to come on stream in 2019. The two FPSOs are expected to achieve a combined average annual production of 230,000 barrels of oil equivalent per day and will contribute to the increase of Total's production by 5% per year on average until 2022.

Kaombo is the biggest deep offshore project recently built. It spans six oil fields (Gengibre, Gindungo, Caril, Canela,

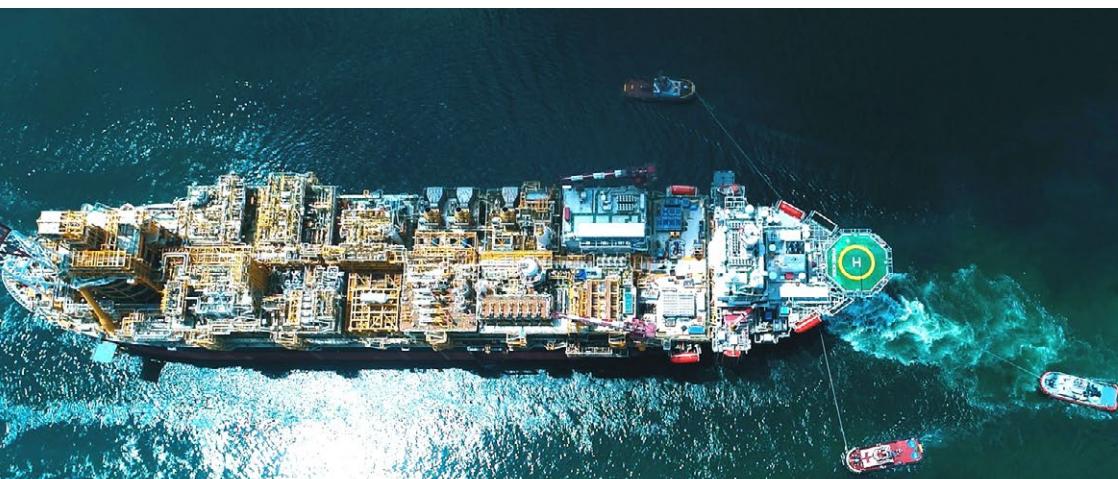
Mostarda and Louro) connected via a 300-kilometer subsea pipeline network. With an estimated 650 million barrels of reserves, Kaombo is also Total's most innovative project. The two FPSOs were converted from two large crude carriers, which is a first for the Group! Kaombo Norte and Kaombo Sul also introduce a latest-generation internal turret mooring system. One of the main benefits of the turret is to solidly anchor the FPSO while allowing it to swivel and remain in the direction of the current. Finally, the associated gas is transported on land to the Angola LNG plant, thereby preventing any routine flaring in formal operating conditions.

Kaombo's ID card

- **2 twin FPSOs, Kaombo Norte and Kaombo Sul, anchored at a depth of 1,650 meters, each with an annual production capacity of 115,000 barrels per day.**
- **Location: deep offshore, in water depths**

ranging from 1,400 to 1,950 meters, 260 km offshore Luanda.

- **Partners: Total (operator) 30%, Sonangol P&P 30%, SSI 20%, Esso 15%, Galp Energia 5%.**



Kaombo Norte FPSO

Ichthys LNG: one of the largest gas and condensate fields in the history of Australia ↗

In October, the first cargo of Liquefied Natural Gas (LNG) from Ichthys LNG left Darwin, in the Northern Territory of Australia, following production start-up of the first offshore well on July 27. Ichthys LNG will develop reserves of more than 3 billion barrels of oil equivalent, including around 500 million barrels of condensate. These reserves will provide markets with a 40-year supply in LNG and condensates. Two offshore facilities were built to meet

that goal: a Floating Production, Storage and Offloading unit (FPSO) for condensate production and export, and a semi-submersible platform (CPF, Central Processing Facility) for gas treatment. Gas from the offshore field is exported via an 890-km-long subsea gas pipeline to the Bladin Point liquefaction plant, located onshore, near Darwin. LNG from Ichthys has already been sold under long-term contracts, mainly to the Asian market.

Ichthys LNG's ID card

- **Partners:** Total 30%, INPEX (operator) 62.245%, CPC Corporation Taiwan (2.625%), Tokyo Gas (1.575%), Osaka Gas (1.2%), Kansai Electric Power (1.2%), JERA (0.735%) and Toho Gas (0.42%).
- **Offshore plants:** a floating production, storage and offloading unit (FPSO) and a semi-submersible platform (CPF, Central Processing Facility) anchored in 250 meters of water, approximately 220 km off the coast of Western Australia.
- **Onshore plant:** a liquefaction plant located at Bladin Point, near Darwin.
- **A subsea pipeline,** 890 kilometers long, connects the CPF to the Bladin Point liquefaction plant.
- **Production capacity:** 8.9 million tons of Liquefied Natural Gas (LNG) per year and 1.65 million tons of Liquefied Petroleum Gas (GPL) per year, along with 100,000 barrels of condensate per day.



Ichthys field

Total Shareholders



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Actionaria 2018 Come and meet Patrick Pouyanné

As in previous years, we will be pleased to welcome you to the Actionaria exhibition, which will take place on November 22 and 23 at the Palais des Congrès in Paris.

Join us on our stand (C 43) to meet the Individual Shareholder Relations team. You can also attend the mini-conferences organized around current themes of interest for the Group. A novelty this year is the possibility to talk

with other Total shareholders in a reserved area.

On Friday, November 23, at 1:00 p.m., you are invited to attend the meeting held in the Blue Room with Patrick Pouyanné, Chairman and Chief Executive Officer of Total.

To obtain entry tickets, please contact us at the following number:

0 800 039 039 Free from a landline



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Taxation Exemption form



If you meet the conditions to be exempted from the single 12.8% flat rate levy on dividends for income tax, do not forget to fill in the exemption form for 2019.

- ▶ If you are a **shareholder with pure registered shares**, log onto the website of Total's authorized agent, BNP Paribas Securities Services (<https://planetshares.bnpparibas.com>), or call BNP Paribas Securities Services toll-free at **0 800 11 70 00** Free from a landline to request the exemption form.
- ▶ If you are a **shareholder with administered registered or bearer shares**, contact your bank or broker to find out the procedure to follow.

The form must be sent back to your bank or broker **before November 30, 2018**.

For further information, you can read the 2018 Shareholder's Guide on total.com, Investors heading > Individual shareholders > Shareholder publications. ↗

2018 dividend ↗

The Board of Directors met on September 19, 2018 and declared a first interim dividend for the 2018 fiscal year of 0.64 euros per share, in accordance with the Board's decision of April 25, 2018, an increase of 3.2% compared to the three interim dividends and the final dividend paid for the 2017 fiscal year.

The ex-dividend date for the first quarterly interim dividend of 0.64 euros per share for fiscal 2018 was September 25 for shareholders and September 21 for ADS holders. Dividend payment or delivery of new shares started on October 12 for shareholders and on October 19 for ADS holders.

The next ex-dividend dates are set for December 18, 2018, March 19, 2019 and June 11, 2019.

Total's Individual Shareholder Relations Department

once again recognized by the Young Shareholders



of students to the company with the most pertinent communication tools. The Young Shareholders' *Palmes d'Or* were introduced in 2016 by the EDHEC Business School and the Federation of individual investors and investors' clubs (F2iC).

On June 28 and for the second time in a row, Total's Individual Shareholder Relations Department won the *Palme d'or* for Communication awarded by the Young Shareholders. This prize is granted by a jury

- **Market capitalization**
on September 28, 2018

149 billion euros

- **Total Share Price ↗**
€53.9
 +23.2%

- **Brent**
75.2 \$/barrel
 +44.3%

- **Refining Margin**
39.9 \$/ton
 -17.2%

- **Euro/Dollar**
1.16
 -0.8%

Averages for the 3rd quarter 2018 – Variations relative to the 3rd quarter 2017

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I INVEST IN THE MAJOR COMMITTED
TO RESPONSIBLE ENERGY

I RECEIVE A DIVIDEND YIELD
OF 5.5% A YEAR⁽¹⁾
AND BENEFIT FROM A DIVIDEND
EXPECTED TO INCREASE BY 10%⁽²⁾

A SOLID BASE
FOR MY PORTFOLIO

**EVERYONE HAS THEIR OWN
REASON FOR INVESTING**



OUR SHAREHOLDER RELATIONS TEAM IS AT YOUR DISPOSAL

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□ [Total Investors application](#)

(1) Average gross dividend yield over the past 10 years, based on the dividend paid out each year and the average market price of Total shares on Euronext Paris for the same year.
Past performance is not a reliable indicator of future performance. Please refer to the Registration Document available on total.com for information associated to our activities.

(2) Subject to approval by the Annual Shareholders' Meetings for fiscal years 2018, 2019 and 2020.