

# 2018 Annual Shareholders' Meeting





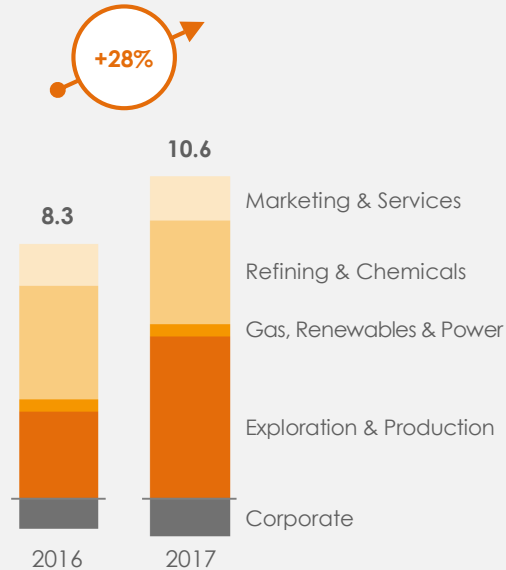
# Group results and performance

Patrick de La Chevardière

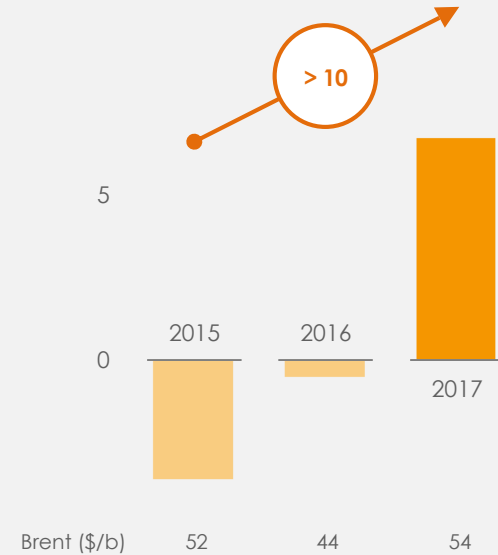
# Solid results and strong cash flow generation in 2017

Best-in-class profitability among majors with ROE > 10%

Adjusted net income  
B\$



Free cash flow  
B\$





# Delivering on objectives

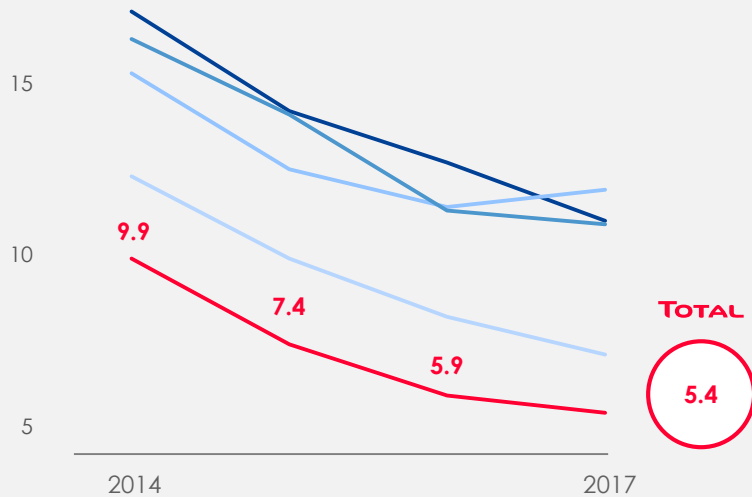
B\$

	2017 Objectives	2017 Realizations	
Organic investments	14-15	<b>14.4</b>	✓
Cost reduction	3.5	<b>3.7</b>	✓
Production growth	> 4%	<b>+5%</b>	✓
Downstream cash flow	~ 7	<b>6.9</b>	✓
Organic pre-dividend breakeven	< 30 \$/b	<b>27 \$/b</b>	✓



# Cost reduction and discipline on investments

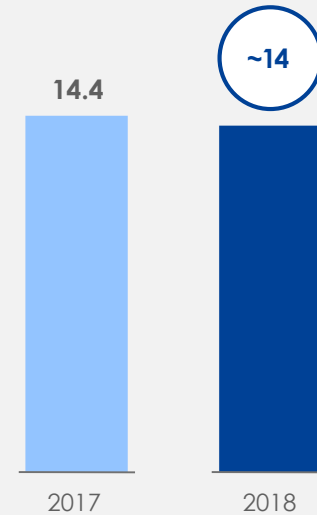
Production costs for Total and peers\*  
\$/boe



Pursuing **cost reduction program** until 2020

\* BP, Chevron, ExxonMobil, Shell – based on public data

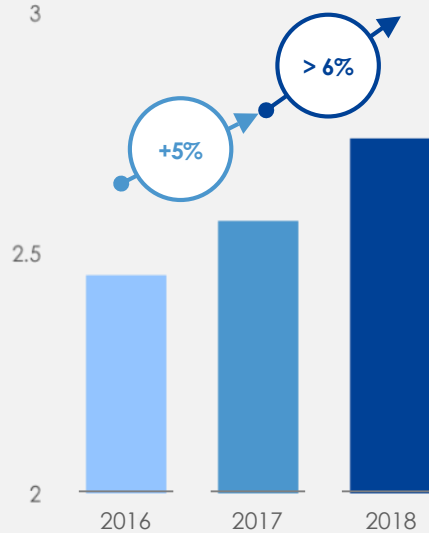
Organic investments  
B\$



# Continuing to deliver strong production growth

In line with 5% CAGR target for 2016-22

Production growth  
Mboe/d



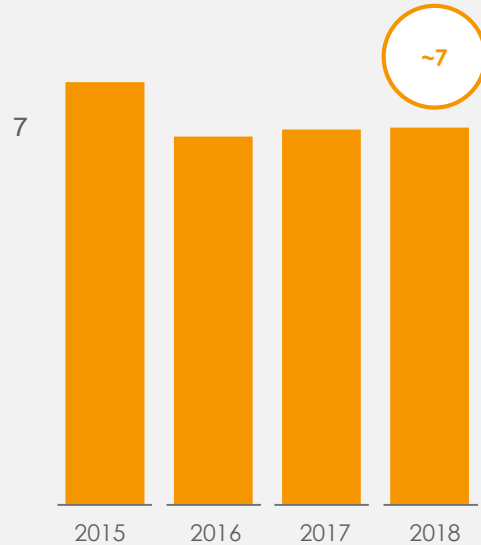
**14 major start-ups** in 2017-18  
Integrating **Maersk Oil** (from March 8th, 2018)



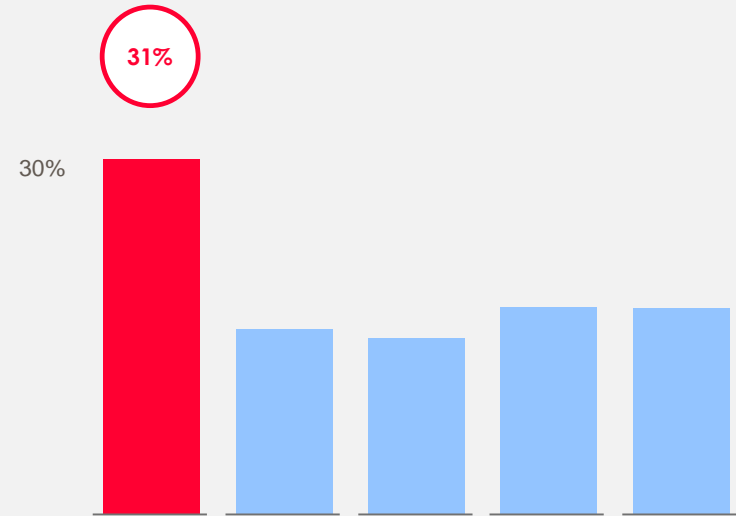
# Downstream continuing to perform

Sustained cash flow from operations

Downstream CFFO  
B\$



Downstream ROACE for Total and peers\*

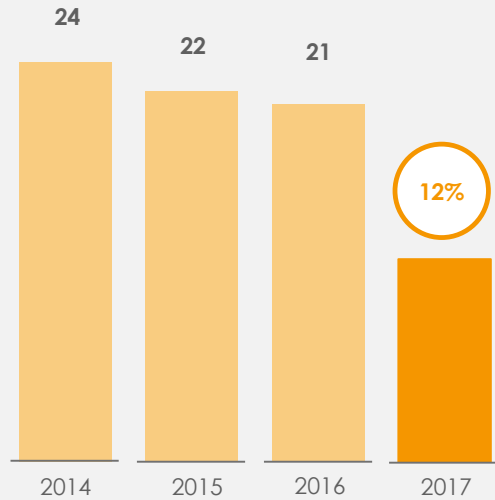


\* Peers : BP, Chevron, ExxonMobil, Shell – based on public data

# Reinforcing Group financial strength

Objective to maintain gearing < 20%

Net-debt-to-capital  
%



Brent (\$/b)

99

52

44

54

**Strong cash flow generation**

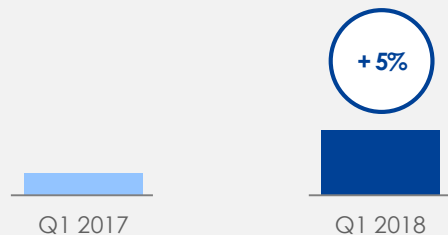
**Disposals of non core assets**



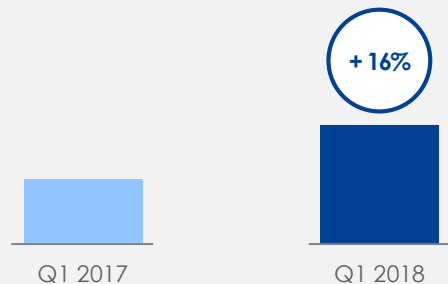
# First quarter 2018 confirms Group's strong momentum

## Record production in a context of oil price rebound

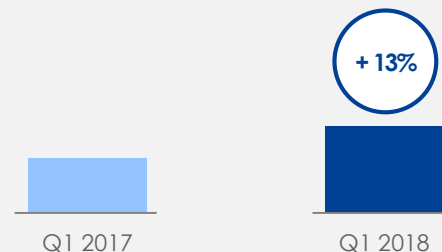
Hydrocarbon production  
(kboe/d)



FFO excl. working capital variations w/o financial charges  
B\$



Adjusted net income  
B\$



Return on equity  
%





# Governance

Patricia Barbizet

# Composition of the Board of Directors

Diversity and complementarity of competencies

 **6** nationalities



 **90%** independent

(excluding the Directors representing employees and employee shareholders)



 **45.5%** women

(excluding the Director representing employees)



Involvement in **climate, sustainable development** and **environment** issues

Competencies in **economy, finance,** and **legal matters**

Expertise in **raw materials** and **transportation** businesses

# An active and involved board of Directors

## Board of Directors



**9** meetings,  
of which 1 exceptional



**93.5%**  
attendance rate



**1** executive meeting chaired  
by the Lead Independent Director

## 4 Specialized Committees

- Audit
- Governance & Ethics
- Compensation
- Strategy & CSR (board decision in July 2017 – the Strategic Committee becomes Strategy & CSR)



**14**  
meetings



**92.5%**  
attendance rate

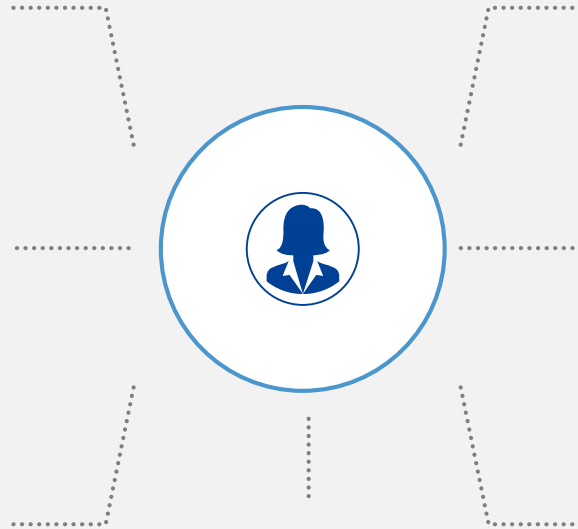
# Duties of the Lead Independent Director

Ensuring a balanced governance

**Ensures corporate governance Code** and Board rules of procedure are respected

**Chairs the governance and ethics committee,** member of **compensation, Strategy & CSR committees**

**Chairs independent Directors meetings**  
(Executive meeting)



**Leads the assesment process** of the functioning of the Board

Ensures prevention of **Directors' conflicts of interests**

Can call **a Board meeting** with a third of its members

Participates to **relations with shareholders** when necessary



# Board involvement in Group's key projects in 2017

The Board of Directors approves most significant projects



# Presentation to the Board of the risk management policy

Risk prevention and management involves everyone

## Risk mapping



Review of the Cybersecurity risk management system (Board meeting in April 2018)

## Dedicated organization

**Defense system** based on:

- Prevention
- Protection of IT systems
- Detection (24/7 monitoring)
- Reaction and crisis management system

Reinforced **safety** on most critical systems

## Control system

(audits, intrusion tests)



# Chairman & CEO compensation

Patricia Barbizet

# Two resolutions regarding the Chairman & CEO compensation

## 11<sup>th</sup> Resolution

Approval of the components of **compensation paid or granted** for year 2017

## 12<sup>th</sup> Resolution

Approval of the **compensation policy** for year 2018

# Components of the compensation policy of the Chairman & CEO

## Annual fixed compensation

Amount set at the beginning of the fiscal year



## Annual variable compensation

Linked to the performance of the past year



## Long-term compensation (Performance shares)

Linked to the results of the next 3 years





# Components of the 2017 compensation of the Chairman & CEO – 11<sup>th</sup> Resolution



In line with the **compensation policy approved by the 2017 shareholders' meeting**  
(12<sup>th</sup> resolution)

# 2017 variable compensation of the Chairman & CEO

The payment of the variable part is subject to the approval of the 11<sup>th</sup> resolution

## Variable part

€2,400,300



**Max.:** 180% of the fixed portion

**Granted: 171.45%**  
of the fixed portion

## Criteria taken into account

	Max. (% of fixed portion)	Granted (% of fixed portion)
<b>Quantifiable objectives</b> (safety, ROE, gearing and adjusted net income per share)	<b>140%</b>	<b>131.45%</b>
<b>Personal contribution</b> (Upstream strategy execution, Downstream outlook, CSR performance)	<b>40%</b>	<b>40%</b>

# 2018 compensation policy

Principles and criteria proposed by the 12<sup>th</sup> resolution

## Annual fixed compensation

€1,400,000

## Annual variable compensation

Maximum: 180%  
of the fixed portion

Subject to performance conditions

## Long-term compensation

### Performance shares

72,000 granted on  
March 14<sup>th</sup>, 2018 subject  
to performance conditions

Amounts **fixed for the full term of the new mandate of the Chairman & CEO** (2018-2020)

# Post-mandate commitments towards Patrick Pouyanné

## Supplementary pension plan

- Pension plan amount: **18.54%** of 2017 annual compensation (fixed and variable)
- No more pension rights to be acquired (> 20 years of service)
- Plan applies to all senior executives within the Company

## Retirement benefit

(subject to **performance conditions**)

**25%** of annual compensation

or

## Forced termination payment

(subject to **performance conditions**)

**2 years** of annual compensation



# Strategy and Outlook

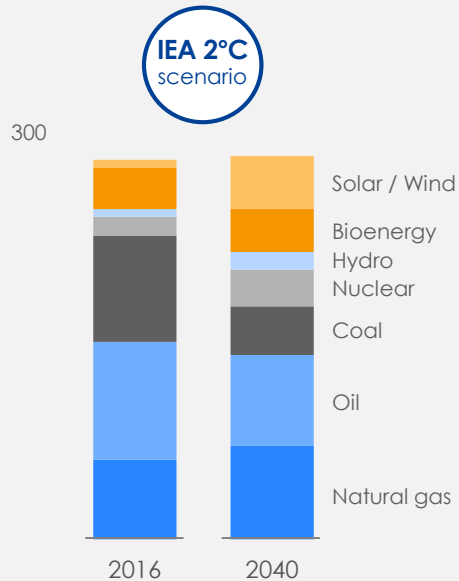
Patrick Pouyanné



# Integrating climate into strategy

## Anticipating market trends

Global energy demand  
Mboe/d



Focusing on  
**oil projects with  
low breakevens**



Expanding along  
**natural gas value  
chain**



Growing  
profitable **low-  
carbon business  
and electricity**



# Strengthening our portfolio in the North Sea

## Maersk Oil acquisition

Johan Sverdrup platform



# World n°2 in Liquefied Natural Gas

Acquisition of Engie LNG assets\* and Yamal LNG start-up

Arctic Lady LNG carrier



\* Subject to approval of competent authorities



# Total, a partner of choice in the Middle-East

## Strengthening our Upstream and Downstream positions

Al-Shaheen platform, Qatar



Satorp refinery, Saudi Arabia



# Integration all along the gas and power value chain

Launching TOTAL Spring and proposed acquisition of Direct Energie





**To become the responsible  
energy major**

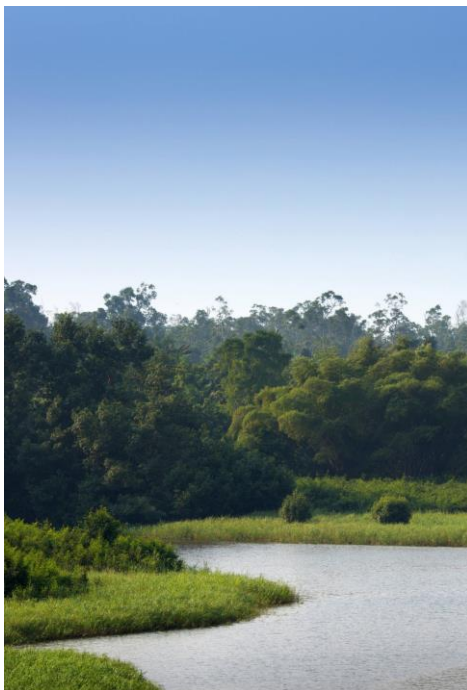
Supplying to our customers **affordable,**  
**safe** and **clean energy**

# Diversity is a key asset for Total





Road Safety



Forests and Climate



Youth inclusion  
and Education



Cultural dialogue  
and Heritage

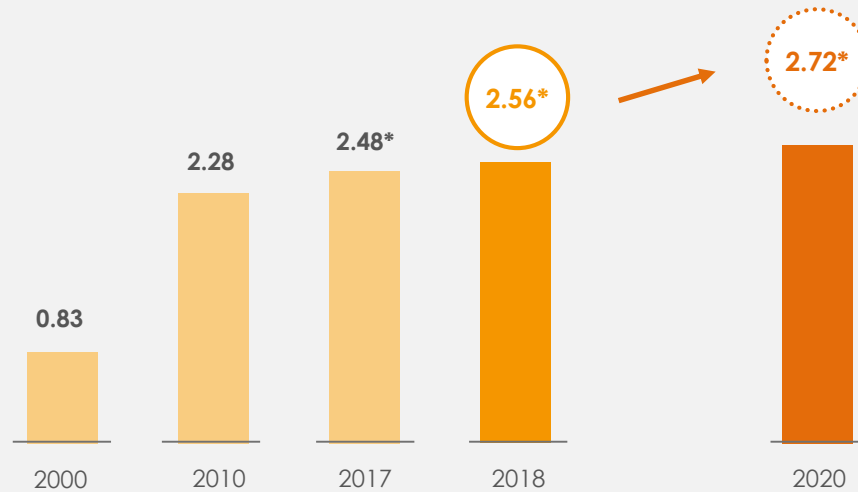
# Clear priorities for cash flow allocation for next 3 years



# Increasing dividend by 10% over 2018-20

An attractive shareholder return policy

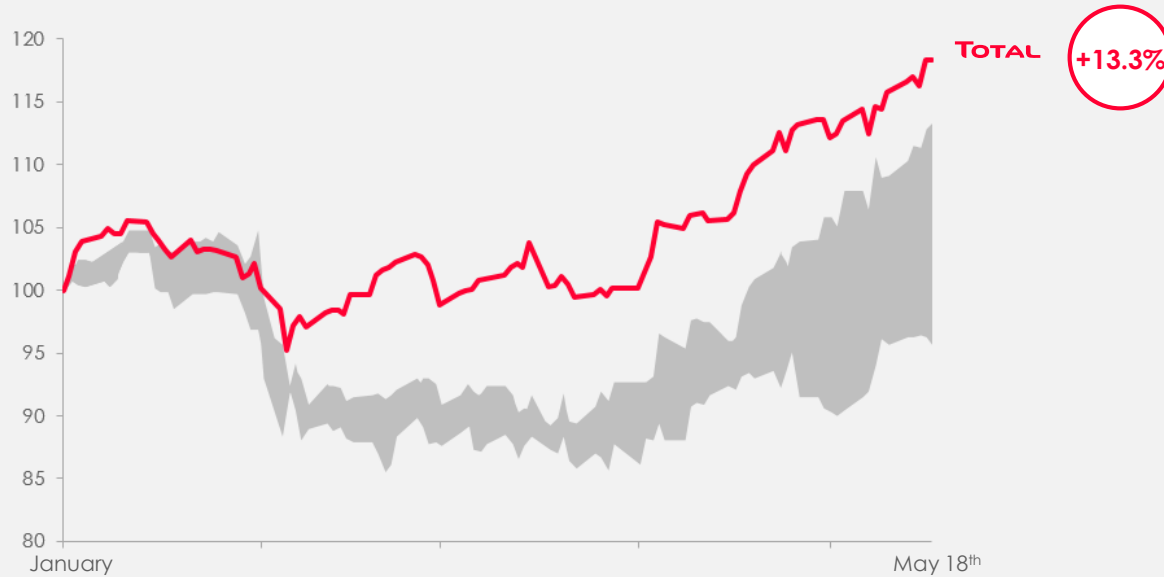
Dividend  
€/share



\* Subject to approvals by Annual Shareholders' Meetings

# Share price at the highest level for the last 10 years

Share price evolution from January 1<sup>st</sup>, 2018 compared to peers\*



\* BP, Shell, Chevron, ExxonMobil – public data



# Disclaimer

This document may contain forward-looking information on the Group (including objectives and trends), as well as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, notably with respect to the financial condition, results of operations, business, strategy and plans of TOTAL. These data do not represent forecasts within the meaning of European Regulation No. 809/2004.

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Neither TOTAL nor any of its subsidiaries assumes any obligation to update publicly any forward-looking information or statement, objectives or trends contained in this document whether as a result of new information, future events or otherwise. Further information on factors, risks and uncertainties that could affect the Company's financial results or the Group's activities is provided in the most recent Registration Document filed by the Company with the French Autorité des Marchés Financiers and annual report on Form 20-F filed with the United States Securities and Exchange Commission ("SEC").

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:

#### (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.

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