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PRESENTATION

Renaud Lions *TotalEnergies SE - SVP Investor Relations*
Good morning, everybody. Welcome to TotalEnergies' Strategy and Outlook. We are delighted to get you today after 2 years in virtual. We have prepared a very exciting program. First of all, we have an application that I invite you to download on your mobile phone. You will get all the information needed for the day, the program, the presentations, the table where you will be seated for lunch and dinner. So please download it.

We have prepared an agenda for today, which we hope will be very exciting. We'll start with our traditional, I would say, Strategy and Outlook presentation by Patrick Pouyanné and Helle Kristoffersen, then we will get a first zoom, which will be focused on our activities in the United States and developing our multi-energy model in the United States. Then we'll get lunch. We'll go back at 1:30 pm for a second deep dive on our integrated LNG portfolio.

And then we'll have a break and we have a new format for you, roundtables. We'll have 2 executive committee members that will animate each of 3 roundtables. We hope it will be very interactive for you. That's the program for the day.

Without further ado, I invite Nicolas Terraz, President, Exploration and Production for a safety moment.

Nicolas Terraz ***TotalEnergies SE – President, Exploration & Production***
Good morning. Safety is a value for TotalEnergies. For the management of the company, one way to demonstrate our commitment to safety is to go on our sites, on our production sites, on our project sites. And there, we can interact with the front-line teams. We can discuss their activities, the risks associated with our activities, and we can carry the safety message. And by going to sites, by taking time to go to sites, we also show to our teams that safety is important and that safety is a value.

So this morning, I just want to share with you an illustration of this. This was in April 2022 for the World Day for Safety, where all the Company's senior managers went to sites in various locations in the U.K., in Denmark, in Congo, et cetera. And we didn't go there alone. We went there with the management of our contractors. One aspect of our safety culture is that we work jointly with our contractors, as our contractors' staff are particularly exposed. So by going together with the management of our contractors, we carry a common message to our teams.

So what did we do on April 29? Well, we launched the deployment of our new Golden Rules, which are a set of very basic rules to prevent injuries at work. These rules were introduced initially in 2010. And this year, we reviewed all our injuries over the past years to improve those rules, and we decided, in fact, to introduce 2 new rules, one on Line of Fire, on how to avoid being exposed when in the line of fire and the second one on Hot Works.

To conclude, I just want to say that, of course, we need to remain humble. We still have injuries in the workplace. Safety is a daily concern and the daily commitment of the company. Thank you for your attention.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Good morning, everyone. It's a real pleasure to be back here at the New York Stock Exchange after 3 years of absence because of COVID. And to meet all of you again in person for this day of presentations and round tables with all my colleagues of the Executive Committee, who are here with me today. So I know that some of you come from as far as the West Coast or even Europe. So thank you all for coming. It's

important that, at this point in the history of the Company, we have the opportunity to meet together.

Yesterday, we had our Annual Macro Energy Outlook, which was presented to you by Helle. She will contribute also today to this Strategy and Outlook presentation with me. Coming back on the short term and medium term for the next 5 years of the evolution of the market, which, of course, have an influence on our Strategy and Outlook. Yesterday, it was our vision down to 2050.

It's quite timely, in fact, that we are presenting this Strategy and Outlook now because our Company, TotalEnergies, is entering in an exciting new era, which is marked, of course, by increased returns, but fundamentally also, a new element: that our financial situation has never been so strong. It's now within our reach to achieve zero gearing or zero net debt, which makes us obviously stronger, more resilient, and gives us a lot of flexibility to implement our transition strategy: to invest, to execute and to deliver it. We will come back on it. But also, of course, to have more flexibility to think our future.

I know that you have some expectations for this presentation and our objective is to answer these expectations. The first expectation, of course, is what about Russia? What is the future of TotalEnergies without Russia? As I told you at the Annual Shareholders' Meeting in May: less Russia, more U.S. Less Russia, and let's be clear, there are no more investment, or any plan to invest in that country, we declared it. And so the choice that we have taken, the deliberate choice for this presentation, is to present the outlook of TotalEnergies without Russia. So all the figures are without Russia because fundamentally, we don't think our future with Russia, but without Russia. So that's the first answer, clear answer. And my motto was "less Russia, more U.S". This is maybe one of the reasons why we are here.

Also, by the way, to recognize that in the last year, we've seen quite an increase in institutional shareholding coming from North America from 35% to 42% by the end of this summer. So maybe here, investors understand better our multi-energy transition, and for sure, oil and gas. So there is also a reason about when I say more U.S., it is not only investors, it's also because the U.S. are for us a playing field, quite a good playing field, for putting in action our strategy.

And Jean-Pierre, our CFO, after my presentation, will present a zoom about our strategy in action in the U.S. with the 2 pillars, which are the LNG on one side and renewables on the other side. We have taken the last years, and again this year, some bold steps here in order to develop our strategy because, really, we think that the U.S. are a land that is fitting very well with both pillars of the strategy, LNG and renewables. So Russia: there is no future with Russia in this presentation.

The second question that you are asking, is what about the LNG business of TotalEnergies without Russia? And that's the second key question. We'll address it. Obviously, you have seen some news coming, quite timely there again. And so I could add that it is "less Russia, more U.S., more Qatar". So you have the question, the answer is there: more Qatar. We have been for many years, it's not only this year: it took us 5 years to reach that point. And in fact, many years, we have many of the executive committee members who spend part of their lives in Qatar, myself, Nicolas, Stéphane. So Qatar is really well known, probably one of the reasons why we have been establishing strong relationships in this country. We have been successful out of the giant 48 million-ton development, which Qatar is planning through North Field East and North Field South. Our stake will be the equivalent of 3.5 million tons, the largest stake among the majors, and we'll come back on it. So less Russia, but more Qatar.

And the third question that’s not the least important for all of you, is what do I do with the pile of cash: what is the return? How do they allocate cash, what is their cash allocation? Of course, it's a very important question, which we'll approach in a very different mood when we have a company which is going down to net zero debt. Of course, it gives more flexibility to think about it. So I will present the new framework of cash allocation that we have established. The Board of Directors has spent 2 meetings in the last ten days, but we started thinking about it in the middle of the year when we realized what was the new framework in which TotalEnergies is moving.

And so we'll deliver to you 2 clear messages. The first is the guidance of returns through the cycles of 35%-40% of cash payout. And the second one is that we implement that from 2022 and using a new instrument, and I will explain to you why we decided that beyond the ordinary dividend, beyond the buybacks, we introduced a special dividend that will be paid to our shareholders in December 2022 of EUR 1 per share.

So that's for my introduction, and then I will embark you in this presentation. Again, I'm not alone here today. And by the way, you will have the opportunity to discuss and meet all my colleagues because we have organized this morning with a presentation, then Jean-Pierre will speak about the U.S., and we'll take the Q&A after these 2 presentations. And then this afternoon, we'll have a Zoom on LNG by Stéphane, but some roundtables on mobility, on our projects and our OneTech organization and around as well our electricity business model with my colleagues of the Executive Committee, and it will be the opportunity for you to discuss and speak directly with them around these roundtables.

- Slide 3 -

I welcome, by the way, there is one new face within the team, who was not there 2 years ago. It's Thierry, who is in front of me. He became in the middle of the COVID, the President for Marketing and Services. And so this afternoon, with Bernard they will be leading the roundtable around mobility. So you will have also the opportunity to meet with him. We have organized a lunch where you are seated because we wanted you to have also the opportunity to discuss with my colleagues.

- Slide 4 -

So just a word about safety. Thank you, Nicolas, for your safety moment. I would say that on safety, the image today is a picture that I will describe as mixed. I had mixed feelings when I saw the slide. Of course, we have a continuous improvement program, an action plan, the one which was described to you by Nicolas, about the golden rules. And we translate that in this line, which is total recordable injury rate, which is going down. Of course, at a level of 0.73, it's becoming tough to go down, but we maintain this continuous improvement and compared to where we were some years ago, even 10 years ago, I think we are among the top of the benchmark. So that's positive. Unfortunately, this picture is tarnished by 3 fatalities that we experienced this year, 2022. It's a terrible result for me. I cannot be happy.

I will be more positive about the presentation, but 3 fatalities is much too high. We suffered one last weekend, a road accident, a gasoline truck driver, who lost control of its truck on the French roads. Transportation was part of our issues 10 years ago. We did not suffer too many fatalities in transportation, but we have one. And 2 other fatalities, one in Burkina Faso where one worker was hit by an electrical arc, – he was on a scaffold, going under a power line. It should never have gone under, but unfortunately, it's a sort of technological accident, which should have been avoided if the rules had been respected. We have reinforced the rules.

And another one in Argentina, where a worker was working in a quarry. In fact, there was a cliff fall, and he lost his life. This is more complex, this one because it's back to the competence of our subcontractors and to supervision. But all that is high, too high. It tarnished our records, and I cannot be happy with it.

After this, I will be more positive in the presentation, but I had to state it. And because the only way to progress in terms of safety is to face reality and to speak up about the problems and to draw the lessons and it's really done.

So now after this introduction, I will leave the floor to Helle, who will come back on the energy markets, and then I will present our strategy.

Helle Kristoffersen ***TotalEnergies SE - President of Strategy & Sustainability***

Thanks, Patrick. Good morning, everyone. It's a pleasure to see you all I would say, in live and not just hear your voices online. Energy markets supported by the energy transition. Yes, indeed. Looking beyond the unprecedented short-term market disruptions, we are finding ourselves in an industry that has to invest in both the energies we are using today and in the energies that will become mainstream tomorrow, knowing that clean energy requires a lot of new infrastructure. So that does indeed provide a very supportive multi-energy outlook for companies like ourselves.

- Slide 6 -

As you know, the V-shaped recovery of 2021 resulted in multiple market tensions in terms of logistics, raw materials, spare parts, components and so on.

And this happened well before the war in Ukraine. These tensions, of course, have only escalated since February 24th. So we are now in a high inflation environment due in particular to soaring energy prices.

Energy security is on the top of the agenda, together with energy affordability. Central banks are trying to counter inflation with more restrictive monetary policies. And I'm sure that you have all followed the various announcements on that front.

So it's honestly a little hard to say what 2023 is going to look like. But you will hear from us that we offer a very solid framework for growth and for cash generation and that we are well placed to benefit from the current environment and from the more secular market trends. So let's look at a couple of markets one by one.

- Slide 7 -

Starting with oil. Oil markets are tight because investments continue to lag demand growth and because spare capacity remains extremely limited. To make a long story short, we're some $100 billion behind the investment levels needed to balance markets. So the message is pretty simple. We need more oil projects. This is all the more true as OPEC+, OPEC and Russia and a handful of other countries continue to manage supply with a lot of discipline. And also U.S. shale producers are focused on the same discipline. The oil product markets are tight as well because of the massive refining capacity reductions that have taken place mostly in the U.S. and in Europe over the last years, and you can see that to the right of this chart.

On top of that, the Atlantic Basin is short on distillate, which has yielded record margins in 2022. And this short will now be amplified by the ban on Russian products, product imports that will be starting in February next year.

- Slide 8 -

Moving on to gas markets. Here, the big structural change is, of course, that the EU is putting an end to its dependency on Russian piped gas which means replacing some 35% to 40% of its gas supplies and which creates a massive call on LNG. In other words, LNG is becoming the cornerstone of energy security in Europe. What we've modeled here to the left is a scenario that assumes zero pipe gas from Russia to Europe next year and onwards. And the 3% decline in European gas demand every year until 2027 because we're showing the markets until that year. So zero Russian pipe gas and 3% decline in demand every year. This creates a need for 100 million tons of LNG, which is equal to 25% of the current LNG demand. So of course, it's an absolute game changer.

Europe is now competing with Asia to attract LNG, which drives up prices to unprecedented levels. We know that there will be demand destruction due to the lack of regas capacity in Europe short term or in Asia because of the high prices. But as you can see to the right, we do expect markets to remain tight for several years. The reason for that is that it's simply impossible for supply to match the step-up in demand overnight.

Most of the new sizable LNG projects will only come on stream in the years 2026, 2027. Once supplies do pick up, the new price floor in Europe is going to be set by the U.S. LNG import cost. So that means a new floor for TTF. One last important point. The European crisis clearly demonstrates the critical role of natural gas in the energy transition. When you don't have any gas or you don't have enough gas, what do you do? You burn coal or you revert to oil.

This is partially what we're seeing in Europe right now or in other parts of the world, in Asia because the LNG goes to Europe. That's bad for the environment, and that's bad for sustainability. And just for memory, keep in mind that 99% of our LNG customers around the world, they do have a net zero ambition. So the role of gas, we think, is heightened by the current crisis, and LNG becomes a very, very attractive market for us.

- Slide 9 -

I'll finish with the power markets. Power is the fastest-growing energy on a global scale. More than 5% in 2021. The market opportunity for solar and wind, in particular, is massive, notably in the EU and in the U.S. with these 2 regions capturing around 40% of our estimated growth in capacity between now and 2030. And this is what is shown to the left on this chart. Of course, there are other excellent markets out there, but we just wanted to flag the importance of the European and American markets.

The accelerated penetration of intermittent renewables (solar and wind) also triggers a need for flexible, dispatchable power solutions, a market where we feel that we are well positioned, and you will hear more about that.

In terms of capital budgets, now I’m moving to the right. According to the IEA, the world is currently investing some $700 billion per year in renewable generation, and that's including hydro, and in power networks. That number would need to increase to $1 billion to $1.5 billion per year starting next year. This is the IEA analysis, for all of us to be on the trajectory matching the pledges of those countries that have committed to carbon neutrality. In other words, and this is what we're showing on the chart, we need to multiply these clean power investments by 1.5 to 2 when spending has only been growing by 3% per annum in the recent years.

So, you may question the feasibility of this uptick in clean power investments but it does certainly create attractive market opportunities for companies like TotalEnergies that have decided to invest in clean power in addition to oil and gas.

And with that, Patrick, I hand it back over to you. Thank you.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
[0:23:44] Thank you, Helle. So let's go into our outlook with a title, as you will notice, that is reversed compared to previous years, it’s first growing shareholder returns while transitioning. And again Russia is excluded from all the future figures.

- Slide 11 -

Just to make the link between Helle’s presentation and our strategy. It is obvious to us that today, our strategy, balanced between Oil, LNG and electricity, matches well with the market trends that Helle described. Over the last years, we developed in the oil business a strategy which is to refocus all our portfolio and to high-grade it on, a low breakeven low-emission portfolio. And so, going down to a breakeven of under $25 per barrel. Of course today, we reap the fruits of this strategy in Oil and I will come back to that in future, but it's the first point.

On LNG, we made an aggressive and big bet, on the fact that it was the growing hydrocarbon market of the future. It's, of course, quite heavy in terms of capital investments, but at the end of the day, this is a large portfolio of LNG, integrated between upstream, midstream, and downstream. I think one of the news from '22 is that all the political leaders in this world are discovering the word “LNG”. They didn't know what it meant, now they know about it. They try to understand the market. It's more complex. But what they recognize is that it's needed for the transition. And I think that's a strong message that we have today. Our company is very well positioned, of course, and I will come back on it without Russia, it was with Russia, it will be without Russia.

And the last market, I will share with you that for us, it was quite a strong belief that electricity is at the core of the transition. If we want to make this energy transition, we will need to develop heavily the electricity market: offer, supply and demand by almost doubling them. So that means there will be some tensions on these markets, including in terms of prices, because the way to grow is to introduce in the supply intermittent sources of energy which means that you create tensions. And from this tension, you create higher prices. I'm surprised about the very high levels that we observe in Europe, which are linked to the exacerbation of the war. But, fundamentally, there is a trend where electricity prices go higher.

This is why, when we think our future in electricity, we don't think of it has a secured revenue with low profitability. We consider it as a capacity to develop a portfolio and a business in the same way we have done it in the past in oil and gas, leveraging our balance sheet and benefitting from the volatility of power markets.

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But as I said, this match is translating into figures. And for us, as I said in my introduction, we are entering a new era. This historic high cash generation of 2022 has an immediate impact on the financial strength of the company. We have divided our net debt by more than two. Down by the end of the first half '22 to under $13 billion of net debt and will be lower by end of the year. Some of you planned that it should be at net zero, in terms of debt, not in terms of climate, by middle of next year. So, I think, of course, it gives us a lot of flexibility.

But the result is not, as I can read in newspapers, coming from the sky: we are today benefiting from much higher cash flows, and I think the chart on the left is quite interesting because it demonstrates that Total is a more profitable, more efficient company than it was in the past.

You can see that we have taken the cash flow was generated in the first half, multiplied it by 2, identifying the European gas surplus. You can see that at the same level of price per barrel we generate $15 billion more cash flows than 10 years ago when the price was above $100 per barrel.

It's a demonstration of the huge efficiency improvements we have made. Thanks to all the work of the teams and the core focus we had on rotating our portfolio on a lower breakeven, and this chart in the middle explains this. Lowering the breakeven from $100 per barrel down to $25, is the result of discipline, in particular, in terms of capital expenditure. But also, the focus on cost control and on efficiency.

That opens for us new perspectives for our future. This time, I don't make a French presentation, I make a U.S. one. I start by the conclusion and then we'll have the demonstration, which is maybe more efficient in terms of marketing. This is what I learned from some of you. I take your advice.

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So I go to the conclusion because it was, the focus of all the Board’s work in the last months and weeks.

Now that we have this balance sheet, how do we think our cash allocation strategy for the future? In fact, I made the remark, we had a different order of allocation in the previous slides. But during the COVID period in 2020, we gave priority already to the dividend because we maintained the dividend and we reduced the CapEx. So I said to the Board, we've done it. It's the way we behave in this room. It's not the way it was written. So maybe we should realign what we say.

By the way, it's much easier today because with a balance sheet which is so strong, we have the flexibility to put first the dividend, the ordinary dividend. What we want is a sustainable dividend through the cycle. That means that any increase in dividend shall be supported by an underlying cash flow growth. Of course, you will see in the presentation that we have at least at $50 per barrel, $4 billion of underlying cash flow growth in the next 5 years. So we will have this support. And this is comforted by, of course, a strong balance sheet and the share buybacks, which, will be translated in some dividend increase.

In '22, we had a guidance that led to the 5% increase of interim dividends. We won’t move it but we are using another instrument that I will describe on this slide.

The second part is capital expenditures. I'm sure that some people will say they lose the discipline. We didn't lose the discipline. It's just quite logic with such a strong balance sheet. But we come back to the previous guidance we had in 2018, which was going up to $18 billion. So, for me, it's just to have the opportunity to realign what we think is a sustainable level of CapEx between $14 billion and $18 billion.

The range is a little larger because it's true that we'll pilot this level according to the cycles because we think the best strategy in terms of CapEx is trying to maintain it through the cycle. The balance sheet will offer us this opportunity. And so, I will explain you how we intend to spend these $14 billion to $18 billion per year.

The balance sheet is strong. Grade A credit rating through the cycles. That was already the guidance. There is no way to change it. We don't give you any guidance of gearing. It would be strange today with a gearing which should go down next to 5% by the end of the year. If we are entering into a world of being net positive in treasury, that would be fine, I'm happy with it and it gives us the flexibility to capture countercyclical opportunities, if any, in the future.

And then, the surplus cash flow. Of course, there is a surplus cash flow and the question was: how do we share it with our shareholders? And also, by the way, with our employees that we do not forget, even if there is no announcement today, there are some discussions and dialogues with them, and I want that to come from the social dialog, not only from the top of the company. It's sharing the surplus. So of course, we have the buybacks. And the question to the Board wass, what do we do when we have very high prices, do we pile up more buybacks? Or do we go for direct cash to our shareholders, the choice which has been done is that -- as we tested some of you, there is, of course, an appetite for buybacks, but also an appetite for cash, I would say.

So, what we will do is combining is both instruments. Why? Because -- and I think maybe it's the most important message. It's the first time, I think, we write it on the slides in TotalEnergies, which is a guidance of cash payout through the cycle, 35%-40%. It's not one figure. It's a range. Don't consider it a limit at 40%, we could go beyond. It's just to tell you that we will monitor the various instruments, dividends and buybacks and special dividend to reach that. And we will apply it as of 2022.

As you probably noticed, after all the announcements until the end of July, we are under 30%. So of course, we had to fill the gap and the gap will be filled by this EUR 1 per share special interim dividend. So, 2022 cash payout will be in the range of 35%-40%, that is the will of the Board. So that's, again, for me, a very important message in the way we think the cash allocation of TotalEnergies for the future.

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Another reward to shareholders: in '23 there will be a sort of special reward to shareholders as we intend to exit our Canadian Oil Sands. These assets, Surmont and Fort Hills, are generating in '22 more than $1.5 billion of cash flow. It's quite a good situation. We think it's the right time to try to get the value out of it.

We are not the best shareholder of these assets because as we have a climate strategy, we don't want to invest in these assets. We declared that in 2019, we made some write-offs, but these assets are there.

After having looked at various solutions, we think that the spin-off, because we have that in our hands: it's up to us to execute it, it does not depend on others, is a solution. We will create a SpinCo to put Surmont and Fort Hills plus the midstream and trading-related activities. We intend to list this Canadian company on the Toronto Stock Exchange, to retain a minority shareholding to smooth the transition, and then to leave it moving as an independent company. Our objective is to be able to submit such a spin-off to the vote of the next Annual Shareholders Meeting in May '23, and our shareholders will get shares of this company, which is quite a good value. So that's another point.

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Then the company itself. Without Russia, without Canada somewhere. Again, that message is the one we delivered to you last September. There is no fundamental change except that the figures we show in terms of Joules are lower because we excluded the Joules from Russia.

But the Joule strategy is around 3 pillars, I would say, let's say, 4 activities, but 3 pillars. One is oil. On oil, we reiterate that we want to maintain this oil engine because this is the cash of the transformation. For the production, on the decade, more or less stable, but let's say, 1.3 million, 1.35 million barrels of oil per day. We have some condensates as well coming from gas, but it's more or less stable.

But on the oil sales, we have a more aggressive strategy because we want to anticipate a lower demand and so to realign our oil sales with our production (our downstream is larger than our upstream). So that's the program for the decade. We are already engaged. We said minus 30% on the oil sales, between 2019 and 2030.

Then we have the gas where growing LNG is at the core of our growth for the future. It will remain, and we want to develop it. You can see that gas sales are becoming larger than oil sales on the decade.

And then you have, the energies of the transition, which are either electrons or new molecules. For the electrons / electricity, we are on the path to go up to 130 Terawatthour per year. And then on the new molecules, we have some focus areas, sustainable aviation fuels, biogas and carbon capture and storage.

So that's, the menu. We need to finance this growth, which by the way, you will notice that the ambition is to continue to grow. It's more energy. It's 4% per year of growth that we target through this strategy.

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In terms of capital investments, the allocation of capital investment is in the range $14 billion to $18 billion, it will be around 45% to maintain all the oil business. That means production but also don't forget refining and our marketing oil business, which we maintain. So that's 45%. 20% for greenfield oil projects and exploration, exploration is around $500 million in our planning.

We have, of course, 20%-25% on LNG and gas. In gas, we introduced, the petrochemicals, which is fundamentally developed on gas, but it's LNG, which is where we dedicate a nice share of our capital investments.

And then for the new energies, it will be a third between Electricity and Renewables and the new molecules. In fact, in this 33%, as it's written on the right, we have also decided that we have the necessity to meet our objectives in terms of emissions and lowering down our Scopes 1 and 2, to increase what we call the carbon reduction program. This is a mix of energy efficiency, of carbon capture, of methane also as we have some commitments. We think that we have to invest around $1 billion per year in this carbon reduction program. It's higher than what we were planning before, but it's an opportunity to meet quicker with our commitments. I will come back on it.

And then again, on the energy transition businesses, in particular, Electricity and Renewables, we will spend in '22 more than $4 billion per year. You have there, the global capital investment strategy to support our transformation for the future.

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Of course, another challenge we'll face is inflation, and we need to keep discipline on costs and efficiency. So first, there is no change in our criteria, it's very fundamental, on the hydrocarbon projects, oil and gas projects. We are sanctioning them on the basis of $50 per barrel, $100 per tonne of CO2 cost. We don't change these assumptions: by the way it's written in our climate resolution, in our say on climate that we submitted to our shareholders, which has been approved at almost 90% last year.

It's thanks to that discipline, that we managed to lower our breakeven, that today, we get some quite high cash flows, I mentioned the additional $15 billion of cash generated at the same price environment. We'll keep the discipline to focus on low-cost projects, less than $20 per barrel or $30 per barrel breakeven, maybe it will be more challenging because we might have some cost inflation in the industry, but it's fundamental for me. That was the main lesson of the years 2007-2014, we need to keep the discipline in the way we sanction new projects.

We have an advantage on the operating expenditures, targeting less than $5 per barrel. It's more and more challenging. But to be honest, with the Canadian Oil Sands assets exiting the company, we'll take a small advantage there. So that will give some margin for Nicolas' and Namita's teams to reach this objective. But it's really keeping this discipline on tight cost control.

And we have a new challenge which is our energy costs: we are benefiting, of course, as we are an energy company from the high prices' environment, but for Bernard Pinatel, when we see some high refining margins in Europe, people talk about, I don't know, $100 per ton. Today, with the gas prices, half of it could disappear in energy cost. I'm exaggerating a little, but $30, $40 per ton just going in that. So, we need to work on that.

First, our colleagues have taken actions. They don't wait. They have shifted more than 50% of natural gas consumption of European refineries to LPGs, which are priced more as an oil product rather than gas. That's the first action. But we think it's also an opportunity for us to put a strong emphasis on energy efficiency, energy savings. We have decided, as we have this additional cash, to launch a worldwide program, dedicating $1 billion for the next 2 years on launching several projects in order to save energy.

It will be a way to control our energy costs. It's also a way to accelerate our emission reduction. I think it's a good investment for positioning the company and even accelerating on the trajectory that we are targeting in terms of combining hydrocarbons and climate change.

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Again, I showed you the conclusion and mentioned it, and I will make the demonstration. In fact, in the last perspective, when we look at our medium-term plan, 5-year plan, what can we see. Again, ‘21 of this chart is including Russia, ‘27 is without Russia. We have a cash flow increase of around $4 billion in quite a moderate environment in terms of assumptions, $50 per barrel, $8 per Million BTU for European gas and Henry Hub is at $3 in that scenario, which would increase if we just shift to $60 and $10 per Million BTU, the additional cash would be $7.5 billion. We have quite a strong upside to oil and gas price.

This underlying cash flow -- which is coming from all the segments, including from Electricity There is $1.5 billion coming from Electricity and Renewables because, the more we invest the more cash will come out of this segment. It is also coming from oil, from LNG, from Downstream and from Electricity and Renewables. This additional cash flow growth, underlying one, will support the sustainable dividend growth for the coming years.

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Our plan is more energy, more cash, but less emissions. This chart is just a summary of all our roadmap for the next 10 years in terms of emissions. There is no change. No announcement today. In fact, we have decided that, as we issue a Sustainability and Climate report every year in March, it will become an annual one. We'll make an annual presentation around this report, like we've done last year, updating the strategy. This chart will be updated by the beginning of next year. In fact, we just signaled the 3 targets that we might update.

One is Scope 1 and 2 net emissions because as I just told you that we are launching an accelerated Energy Efficiency Program, we should see the results and so we will work on it before year-end in order to review this 2025 target, there is a certain logic there. Then, the 2 other targets for '25 are at the request of some shareholders. Remember before the Annual Shareholder Meeting, the Board committed that we would fill all the gaps, including in 2025 what could be the targets for Scope 3 worldwide oil and Scope 3 worldwide emissions.

Honestly, for the last one, I think you have a good chance to find by yourself what will be written in the box. Because, we are strongly committed to the scope 3 intensity, but I don't want to limit the growth of the company because of the Scope 3 absolute value, even if we work hard with our customers, the company objective is to provide more energy to the world, which requires more energy and we will not be limited because of Scope 3 absolute value. The Scope 3 intensity, yes, Scope 3 absolute value no. Yes, on oil, we have a strategy to reduce the sales because we anticipate lower demand. On gas, we have a growth strategy, and we assume it.

I’ve given you the conclusion. Now I’m supposed to make the demonstration. To be honest, year after year, I'm getting older so I will not make the full presentation because my colleagues will help me through their zooms and through their roundtables this afternoon. And so, I just have a few slides. I will not make all the detailed comments, and you will have the opportunity to dig into most of these topics this afternoon.

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So first, gas and LNG because I know that is one of your expectations. How do we leverage? Leveraging is quite easy. The gas price today is high, but how do we develop these integrated LNG positions ? Helle told you, what is happening is a real shock of demand on this market. You know it's a 400 million tons market, we have 10% of this market, by the way, which is seeing a shock of demand of almost 25%, 50 million to 100 million tons coming from Europe.

Of course, the high LNG prices will destroy some demand. That's clear. And we see some countries shifting from that. We also know that it's a business where to invest in new capacities, it takes 5 years. All the Qatar announcements will come on stream by '27, '28, not before. The new U.S. plants, same pattern. So, we have 5 years, where we will have quite a stress. Of course, it depends on the duration of this war, but whatever happens, Europe will never come back to 150 BCM imported from Russia. There is no way, so this demand is there. That's giving us with our integrated position, among the top 3 companies in the world, quite an interesting advantage.

In '22, we will sell more than 40 million tons, excluding Russia. And I think that's proof that our activity is strong. I remind you that we were last year, the first U.S. LNG exporter, and of course, the spread between the Henry Hub, even if Henry Hub is higher, and the European gas price is so high, that there is a benefit there.

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Our European position is not only on regas capacity, where we are holder of the largest capacity, with 18 million tons in Europe of regas capacity. Which have been filled by Stephane and his teams to more than 90%. It was a liability, it's quite an asset today, all these regas capacities. We intend to grow them by bringing 2 FSRUs, one in France, another one in Germany on which we work to try to speed up which is not so easy because of various regulations. I also remind you that among the major companies, we maintain a strong position in the North Sea as a gas producer, in particular in Norway and in the U.K., the Maersk Oil acquisition contributed to that.

We have a production which is more or less stable, around 200,000 barrels equivalent per day of gas production and U.K. and Norway, Denmark, which will increase with the Tyra redevelopment. So of course, this gives us as well a nice position to benefit from these new European gas demand to fill the gap from the Russian gas.

And we have some projects. We have a project, by the way, in the U.K., like the Quad 9 on which we work again because at $8 per Million BTU, even if price is much higher today, it's quite profitable.

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So on LNG. On this chart, the message is that when we look today, Russia represents, more or less, in terms of equity, 5 million tons. We will be able, between today and 2027, to replace all Russia. There's even a little growth. 2027 is a year where we have some projects which will just continue to ramp up like Cameron, like PNG, like many others. So -- when we look at the full ramp-up of the portfolio, we have added again North Field East and North Field South, which will come between 2027, 2028, 2029, we have an increase of production of +40%.

So that is, I think, the answer. I already mentioned, in a previous presentation, that we have a large portfolio of LNG opportunities. We are working on them. Cameron Phase 2 in the U.S., Jean-Pierre will come back on it, is accelerating with our partners, and we will sanction it in 2023. And Papua LNG, we also launched the FEED upstream and we target the sanction next year.

And in Mozambique, I will come back on it. Of course, security is today improving, but yet has to improve before we can restart the project. The project is there, and we are working to see how we can relaunch it.

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Qatar, it's not only a question of growth, it is a question of profitability, obviously, for me, it's more important.

First, I would say that these are quite efficient projects in terms of costs. Upstream + the LNG plant CapEx for North Field East is around $900 per ton, $29 billion for 32 million tons. So you can make the calculation, LNG + upstream. It's quite efficient. And also, these new projects is at 22 kilogram per CO2 per barrel, which is much lower than the traditional 30 -35kg per CO2, I would say, in the LNG business. So that's very important. So it's fitting well with, I would say, our framework for approving new hydrocarbon projects. We are in line with all of these.

In terms of economics, it's quite attractive. First, these 2 projects represent a production over the lives of the projects of around 1.3 billion of barrels of production, it's 30 years, I think. So it's quite long. And there is very low acquisition bonus. I cannot give the detail, but that is quite low. And then there is a cash generation, which will be around $1 billion per year, with a sensitivity, which is given to you for both projects. So that's, again, contributing profitably to the expansion of our LNG business.

And I mentioned to you that it represents a share of 3.5 million tons per year, which will, of course, go to Stéphane’s teams to make the most of the marketing of this 3.5 million tons per year directly by TotalEnergies.

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Stéphane will come back on the detail of the various projects and the way we create value. In the next 5 years, the increase of the cash coming from LNG will be $1 billion per year, without Russia.

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Oil is of course, as I said, maintaining oil, but we can leverage in this type of environment on all the strategy we delivered. Just to remind you, and I think it's good to show that this strategy is really why we make more cash. On Maersk Oil acquisition, we invested $7.5 billion in some good quality assets, Johan Sverdrup in Norway, Berkine in Algeria, Jack in the Gulf of Mexico. And after 5 years in the middle, we have already recouped $9 billion, more than what we have invested.

So you can make the maths and calculate the return of this type of countercyclical acquisition. It works very well, and it's even accelerating.

I would say the same with Brazil. Last year, by the end of December, we decided to acquire some shares in both fields of Sépia and Atapu. We were a little surprised not to have more competition because, in fact, the bonus were representing something like, I think, $2.5 billion, $3 billion. But this year '22, beginning only in May, we'll get $700 million of these assets.

So, getting back in 7 months, 25% of the purchase price. And in Brazil, in fact, we have built since, I would say, last year, 10 years, a position: we reached this year 100,000 barrels per day. It will be 200,000 barrels per day because these assets are growing. The Mero development, but also 2 new FPSOs on Atapu and Sepia. One of them should be sanctioned very quickly, if not both of them, in fact.

And so you can see that in terms of organic net cash flow, it's a country which becomes contributive to our business. Even at $50 per barrel, it represents around $1 billion per year in terms of organic net cash flow and at $80 per barrel, it reaches $2 billion. So that's a position which has been built on oil. And again, it's deepwater, it's a field of knowledge. These are also low cost and low emissions projects. Efficient projects because very large resource base, which is being developed in this deepwater environment.

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We come back with short cycles. I remember that we were mentioning 2018 among the $18 billion that there were some short-cycle projects. With COVID, we have arbitrated them because it was not the right time. So this year, we have relaunched some of them. We have sanctioned many of them in Angola, for example, CLOV Phase 2 and 3, Begonia 3 short-cycle projects have been sanctioned this year.

By the way, you can see on the chart in the middle that in Angola, thanks to all these works on Block 17, we maintain a production of around 400,000 barrels per day going down to 350,000, but it's quite an activity. All this is being done with a CapEx of less than $4 per barrel because these are mainly fundamentally infill wells, so additional subsea development, but linked to existing infrastructure, it's brownfields. So there is a lot of value creation in this deepwater environment when you are able to develop additional reserves on the existing platforms or FPSOs.

We have in our portfolio around 1.5 billion barrels of resources, which could be thirty short-cycle projects have been identified, most of them are oil in fact. And so that, of course, is one of the sources of the acceleration of CapEx, I would say, we will dedicate some CapEx, of course, to these short-cycle, it's the right time to do it. They are flexible, so we can stop and it's part of when I say we will pilot the CapEx level between 14 and 18 B$ in times of low cycle. This is exactly the type of activity that we can arbitrate. The only point is that, of course, they have to be short, including in terms of rig commitments.

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We have also some new oil projects in the portfolio. We have sanctioned, in the beginning of the year, the Uganda project and we are working to deliver it by '25, progressing. It's quite a big project for us, of course, considering the stake that we have in the project. And it will contribute to maintain our oil production because if we want to maintain oil production, as we have a natural decline in oil around 4% to 5%, we need to invest in new greenfields. What Helle said at the macro level is valid for TotalEnergies. There is no miracle. We have another new project because we have made some positive appraisal on Cameia and Golfinho in Angola. It's a new hub with a new FPSO Block 20-21, not as big as the others, 70,000 barrels per day, but profitable, and the intent is to sanction that very soon, beginning '23. We are working with the authorities and it could deliver $500 million of cash flow as well.

And last but not least, we had some success in exploration-- maybe we are leaner in our exploration plan, around $500 millions. But we are also more efficient. We have this the Suriname discoveries. I will answer some questions on it, if you have any. We are working on appraising to launch our first development and we have also in Namibia, it's only one well. I know there is a lot of excitement around this discovery, but I will wait to see the appraisal coming in order to be able to speak about it, but it seems to be quite a very large discovery, or a giant one even.

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So in oil, again, maintaining the production, we exclude Russia. You have the figures for Russia on this chart, but you know them because we report on Russia independently. We have a small increase and a $1 billion, I would say, underlying cash flow, which will feed the increase of our dividend in the future.

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Oil is also a matter of downstream, in refining, in particular, but also we have European petrochemicals on naphta and marketing and services. Of course, as you know, in refining, there is no growth appetite for our company except biorefining, but I will come back on it. Bernard and his teams are working to increase the utilization rate, 2022 from this perspective is improving -- above 80%. It's key, energy efficiency also, and we have some modernization in Donges going on.

Petrochemicals, we have started our new U.S. ethane cracker in Port Arthur. It is also a good asset to benefit from this environment. And I will come back on our investments in low-carbon products because refining and chemicals is an area where we implement on one side, delivering the most out of our assets and on the other side, transitioning to new products, because of growing markets. In particular, in sustainable aviation fuels, where we have already plants and some production, but we target 1.5 million tons per year, which could represent 10% of the market by the end of the decade and also on circular polymers.

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Marketing & Services is also facing its own transition. As I said, we intend to realign our sales to our production, so around 1.3 million, 1.4 million barrels of oil per day, which means that, in order to maintain the value, we are working to develop, in particular, in all our retail stations, the non-petroleum revenues. We target to increase them to represent more than 50%. So that's one of the key focuses for the marketing activities. We are also, of course, investing in new mobility, in particular, in e-mobility. Thierry will be there with Bernard this afternoon to answer all your questions about it. The question there is, of course, to find the right business model, because there are different markets, which are the most profitable ones, in which we monitor our positioning. It's not only a matter for me of number of charging points because I could put plenty of charging points in the street of some cities with having very low revenue.

So be careful about the number of charging points. I think the question is what are the key markets, in particular high power charging points in strategic areas where we need to develop the concept to be able to get some profitability out of these investments. And again, that's an area of development. Globally speaking, we expect over the next 5 years to generate $300 million out of these new businesses on Marketing and Services.

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I mentioned when I was speaking about Bernard’s business, the new molecules that are required for the energy transition which I would say the new molecules business is almost a natural continuity from our oil and gas business. We have biomass, and we have, of course, other types of molecules.

I described what we want to do on the biofuels, which is to focus fundamentally on the sustainable aviation fuels. Why? Because we think that in the long term, liquid fuels will be required for planes, even if there are other ideas and it's the best valuation probably for this market. The key point is to have access to waste and residues. I would say the bottleneck there is the supply. It's not the outlet, it is the supply, which means, by the way, that this market is a good market because if you have less supply than demand, I feel that is good for the economics.

We have made an announcement, in the beginning of the week, in Europe with a German company, to secure waste and residues for feeding our Grandpuits project. We see some integration: if we don't secure that, there is such a competition, but it could become a bottleneck to meet our ambition in terms of growing this business. So we have an innovative scheme where we become shareholder of their waste and residue business, ester fats, and they become shareholders of our projects. It's a way to integrate, but I think it's also a way to grow in that business, and we might replicate in the future of this type of business scheme.

We are quite satisfied to have been able to secure these feedstocks with a strong player. A word about biogas, it's another source of biomass. Biogas, what is interesting is that there, again, we see quite a strong demand. A lot of transportation businesses, either road transportation, trucks, or marine transportation, container shipping, which went to gas, which shifted from oil to gas, are willing to green their gas.

So they are asking for bio-LNG or bio-CNG. And there, again, the supply of biomethane is not so high. So you have a strong push. There are some customers from these transportation businesses, who are ready to pay for having biogas in the ways their goods are transported. We intend to also develop. We have a position in France. Now we're developing activity in the U.S. And we are looking for more in Europe because there is a strong push. And we feel on both sides of the Atlantic, new schemes are supporting the development of these businesses.

Hydrogen and e-fuel, that's for the longer term, but we have taken this year on hydrogen another step, in order to position ourselves on one large project in India on green hydrogen. We'll develop it through phases, Adani has great ambitions, but we need to find the market. There might be a market in India on green urea because the Indian government is subsidizing and importing urea: it's a way for them to have domestic production. We are looking if this platform could be used as well to export green products, either methanol or ammonia, green ammonia to export markets.

And then we are progressing as well on the decarbonization of our refineries. We have just been selected at the European level for our projects in La Mède to decarbonize and make green hydrogen for the full platform, by the way. It's quite a large project of 120 Megawatts, which will require some subsidies, which have been confirmed to us last week by the French government.

Beyond hydrogen, it's e-fuels in which we begin to invest in more pilot projects. Clearly, we will need in the future this type of liquid fuels if we want to make this transition.

So globally, we will invest as I said, 5% to 10% of our CapEx in these new molecules. We are monitoring that, and we expect cash flow generation in 5 years of $0.5 billion to $1 billion coming from SAF and from biogas fundamentally.

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Last part of this, I would say, oil trajectory because when we develop hydrocarbons and we want to also contribute the decarbonization of our customers, it's carbon capture and storage. There are 2 pillars of these CCS developments . One is to reduce the emissions of our own assets, I would say, existing assets.

We work today in Australia, where we have been awarded a license together with our colleagues. We are working on Cameron LNG as well on a carbon sequestration project. We have our own refineries on which we work, like Normandy. And of course, when we look at greenfield projects like in Papua LNG, we went from day 1 to integrate this technology in order to capture emissions on the upstream side, in fact, on this one.

But we also are already considering and not only considering, we have now teams to develop some services to transport and store CO2. Our key target is the North Sea. We are partner of the Northern Lights project, which is a good way to learn and even to develop the markets, to interact with customers. We also intend to develop our own projects, in particular, in the Netherlands with Aramis and in Denmark with the Bifrost project. In the US, and by the way the last Biden law has given quite a strong support to develop CCS in the US, we consider developing this business as well here. So $300 million per year investment.

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The last pillar of the strategy is Electricity and Renewables. There again, there will be, this afternoon, a roundtable with Helle and Stéphane. Just the first message, don't think what we want to do only as renewables. Of course, we are growing our production in renewables. But we consider that the way to get some added value is not to have a protected or secured return on renewables. It is to have an integrated business and to be able to take some merchant risk like we do in oil and gas. When we developed LNG in the past, at the beginning of the history of LNG, we were building a plant only when we had long-term contracts, secured contracts.

Now today, we launch some projects with not all the contracts being secured, because we know that we have the capacity to get value and to face the market from trading and storage. Of course, the balance sheet from this perspective is quite an advantage. So this is a way to think about that. Our objective, is 130 TWh production by 2030. We will need to develop storage, the objective is 5 GW. We also need to have some flexible power plants in our portfolio, gas-fired power plants, in order to manage the intermittencies for the customers, because the customers at the end want firm power.

By the way, we will organize the company so that Stéphane will have on one side somebody in charge of renewables, to produce, a little like E&P in for oil and gas. And on the other side, an electricity person in charge of making this integration, in particular, on the deregulated markets, Europe and the U.S. for us.

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So how do we make value out of renewables? We have built a portfolio of 35 Gigawatts, which is worth around $35 billion by '25. So it's a big asset. I will come back on it. But we've done it, through 2 pillars. One, of course, is trying to be selective on M&A activity. We have 3 key, transactions that we have negotiated: One was Adani Renewables: we paid $2 billion in '21, it's worth today $10 billion. Clearway, we've negotiated an innovative transaction with GIP where we combined cash payments and using half of our shares in SunPower to finance it, giving an aggregated multiple of 9x EBITDA. Clearway wass among the top 5 renewable developers and with a company which is listed, CWEN. It's a good position, we think it's attractive for our shareholders.

We will exercise next year the call option we have on Total Eren, where we own 30%. So we will acquire the 70% at multiples that we were negotiated in 2016 before the hike of the renewables companies.

Last but not least, we have ourselves our own platforms. We have teams to develop projects, in particular in solar and offshore wind. Total Eren will be fully integrated into TotalEnergies, so it will become an operated company by TotalEnergies. Adani and Clearway will remain non-operated. And it's linked to the next slide, just to understand now the model. I know some people ask us, what do you do with all your puzzle of renewables. So now the vision is clear. For us, it's exactly the way we think about that. Again, let's take upstream for oil and gas as a comparison. We have some operated assets. The objective is to have 50-50 between operation and non-operated. So by '25, out of the 35 GW gross installed capacity, 40% will be operated, 60% non-operated. The operated part will continue to grow.

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’22 will deliver the growth of 6 gigawatts that we have announced beginning of the year. So we have yet to deliver 19 gigawatts. We've seen that for next year, the 6 gigawatts are already under construction. In fact, the portfolio is larger than 35 gigawatts. My teams were pushing me to increase the figure, but I want them to deliver 35 gigawatts, it is already big. And as some of the analysts begin to look to this portfolio. It's a portfolio which is worth, by that time, considering the EBITDA, which will be proportionate EBITDA, not far from $3 billion, something around more than $35 billion of value, which is embedded within TotalEnergies.

And you can see also on this slide, this is the split between technologies. By 2025, the offshore wind part is still small because it takes time to deliver. It's more 2030, when this technology will grow. So it's solar and wind. And you can see the spread in the various geographies. Half of the portfolio is developed in U.S.A. and Europe in unregulated markets, in OECD, which are 2 big markets because the support by not only governments but also customers is strong, and we can develop our 30% merchant business model that we have in mind. And half of it will be in other geographies, India representing 20-25%, then the rest of the world. So that's more regulated markets.

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So that means that, at the end, what is of interest for us is to develop an Electricity and Renewables business. We give you the indication that by 2025 production will be 50 TWh. And the increase of cash flow coming from this business between today and '27, is around $1.5 billion of cash flow, and global return on equity is more than 10%. But again, you could ask all the questions on profitability of Electricity and Renewables to Stéphane and Helle.

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So it's the end of my presentation. And just to come back on the business case of TotalEnergies. This slide was presented to you in February or March. We just adapted, in fact, the increasing attractive and sustainable return to shareholders because I think that's the key message that we delivered to you today. 35% -40% payout through the cycles. Cash flow growth will support dividend increase over the next 5 years, comforted by the balance sheet and share buybacks. And we have a strong financial situation, which allows us to accelerate the capital investment strategy to deliver additional cash flows in the future.

And the business model is built on the pillars, fundamentally on hydrocarbons of remaining a low-cost producer, a breakeven at $25 per barrel, continuing to grow in LNG and we have the portfolio to fit that growth, as I showed you, without Russia once again. And in developing these electricity and renewable arms and this new molecules business, where we have some, competitive advantages, one of them being able to manage complexity, it's our DNA, of these projects. And they are not so simple. The larger we go into these projects, the larger they are, the more project management capacity and technology they need, and we have that. It's our DNA. So we feel comfortable by growing quickly in these businesses.

And again, on the electricity value chain, the key will be to manage this business as we've done on oil and gas, accepting and not only accepting, taking the opportunity of the volatile market to improve returns and not remaining in a secured profitability business.

So that's for my presentation. And now I will leave the floor to Jean-Pierre. Jean-Pierre will show you the strategy in action in the U.S., and then we'll take your questions.

Jean-Pierre Sbraire *TotalEnergies SE - CFO*
Thank you. It was obvious being with you tonight or today in New York that we have to present how we develop our multi-energy strategy in the U.S., and as Patrick already mentioned, I think that the U.S. is a perfect illustration of our strategy in action.

- Slide 3 | Focus US -

What is the presence of TotalEnergies in the U.S.? You see here the different activities with the different pillars.

The first one, LNG. For obvious reasons, given the vast natural gas resources in the U.S., the U.S. is positioned to play a dominant role in the coming years in the future growth in the LNG industry. With that in mind, we began building our LNG business here in the U.S. about 10 years ago, mainly through countercyclical acquisitions such as the ENGIE assets and the Toshiba offtake. We built on this position through our partnership with Sempra, at Cameron and Energía Costa Azul, I will come back later on that. Today, TotalEnergies is the leading offtaker and exporter of U.S. LNG and by integrating this leading position into our global LNG portfolio, we have a competitive advantage in the U.S. to Europe trade.

Second pillar, Electricity & Renewables. Over the last 18 months, successive acquisitions and successful bids enable TotalEnergies to take major positions in solar, wind, both onshore and offshore, and storage.

TotalEnergies is well positioned to be in the top 5 renewable power developers in the U.S. with 25 gigawatts of gross power generation by 2030. That means that the U.S. will significantly contribute to the company objective of having 100 gigawatts of power generation by 2030.

Our position here benefited significantly from our recent investment in Clearway Energy, as Patrick already mentioned, which has accelerated our growth trajectory and provided us with a more integrated position in the U.S. It is a balanced portfolio between operated and non-operated assets and an integrated portfolio combining power generation, storage and trading.

Last but not least, our focused oil portfolio, which generated strong cash flows. In the Gulf of Mexico, we have 2 projects, Anchor and Ballymore, and in the downstream, we are further developing our Port-Arthur platform towards high-value petrochemicals with a new ethane cracker and integrations on polymers. LNG and renewables are the core of our multi-energy growth strategy. The U.S. has provided us with ample opportunities in both markets to demonstrate our ability to execute and deliver on this strategy. And we will continue leveraging on LNG and renewables to rebalance our global portfolio towards the U.S., this country becoming a major pole of activities for the company in the coming years.

- Slide 4 | Focus US -

First, focus on LNG. This is a graphic illustration of the different milestones in building our LNG portfolio in the U.S. Our strategy to develop a strong position as U.S. LNG exporter, predates, in fact, the current situation in Europe by more than a decade.

In recent years, TotalEnergies has become the leading exporter of U.S. LNG with more than 10 million tons of long-term U.S. supply, most of which has been exported to Europe in recent times, contributing to the continent’s security of energy supply. The most significant step was the 2018 countercyclical acquisition of the ENGIE LNG assets which led to our entry in the 3 first trains of Cameron LNG projects. I would say the icing on the cake was being paid to take over Toshiba’s long-term offtake from Freeport in 2019.

Having success in building this position, we are benefiting from the unique leverage that it provides. With a Henry Hub indexed supply with a less than $3.5 per MBtu liquefaction costs combined with our fleet of LNG carriers and leading position in European regas capacities, we have been able to profitably leverage this position through our global trading network to supply LNG in Europe at competitive price.

And in the future, we will develop this partnership with 2 new projects but I will come back later on. Thanks to these projects, Cameron LNG and ECA, from our leading position of more than 10 million tons of long-term U.S. supply today, we plan to grow further to 13 million tons by 2025.

- Slide 5 | Focus US -

And it's a good transition to my next slide, zooming on our partnership with Sempra. TotalEnergies entered the Cameron LNG project operated by Sempra through the acquisition of ENGIE Upstream LNG businesses in 2018. Phase 1 of the Cameron Energy project includes 3 trains, as you know, each train having a 4.5 million ton per annum of capacity. We have a stake of 16.6% in this project, and it represents more or less 2.2 million tons of equity production and an offtake from this three first trains of Cameron of around 5 million tons per annum.

And now we are developing 2 additional projects with Sempra with the same equity stake, 16.6%. The first one is in Baja, California, the Energía Costa Azul project, project with a capacity of 3.3 million tons per annum, based on a pre-existing regas terminal and with the supply from the Permian assets. First LNG is expected in 2025. It will add 0.5 million tons of equity production with an offtake of 1.7 million tons, 50% of the volumes.

The second project is increasing capacity in Cameron LNG trains. This expansion, in fact, includes the development of a fourth train and the debottleneck of the existing Trains 1, 2 and 3 with an increase of 5% in terms of capacity. Under the terms of the HoA, TotalEnergies will offtake its equity stake of the new train 4 and 25% of the projected debottlenecked capacity, and it will represent an added equity production of 1.1 million tons and an offtake of 1.2 million tons.

All in all, the development of ECA and expansion of Cameron LNG will contribute to LNG growth from 10 million tons at present time to 13 million tons in the coming years, as already mentioned.

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Turning now to Power. We have accelerated our growth in the U.S. in this strategic business, over the past 2 years, with an integrated portfolio, combining renewable, storage and trading activities. You have here on the slide the different acquisitions, the different transactions made since 2021. In large-scale solar energy, our portfolio includes more or less 8 gigawatts acquired from SunChase Power in 2021 from Core Solar in 2022 plus different projects in partnership with Hanwha Energy.

In solar distributed power generation, TotalEnergies acquired in the first quarter of 2022, the industrial and commercial solar activities of SunPower with the objective to develop more or less 100 megawatts per year of additional capacity.

In offshore wind energy, we have secured 2 leases very recently for a global capacity of 4 gigawatts, I will come back on that. And the recent transaction with Clearway complements this portfolio with 7.7 gigawatts in operation and a portfolio at advanced stage of 15 gigawatts. That means that by 2025, we're concentrated mainly in solar with 8 gigawatts of installed renewable power generation and the mix between operated and non-operated assets.

With the portfolio we have in our hands, our ambition is to grow the U.S. portfolio to more than 25 gigawatts by 2030, that means that the U.S. will amount more or less to 25% of the company global target that Patrick mentioned before of 100 gigawatts by 2030.

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So zooming now on the 25% acquisition of Clearway Energy Group. The transaction was closed, in fact, 2 weeks ago and expands and diversifies in fact, our presence in the U.S. renewable energy and storage markets. With this transaction, TotalEnergies is establishing a major position and is acquiring critical size in the U.S. TotalEnergies becomes the fifth largest renewable power developer in the U.S. with a broader presence in more states, more wind assets in the mix and more skilled people on the job.

Clearway Energy Group develops renewable projects and owns 42% of a listed subsidiary CWEN, into which projects are dropped when they reach commercial operations. The beauty of this transaction is that we're able to generate this opportunity through direct discussions and agreements with GIP. And looking at the numbers, the transaction is clearly a compelling and value-creating deal. We pay $1.6 billion in cash, and we transferred to GIP, 50% of our stake in SunPower. So that means that GIP will become a shareholder of Sunpower at 25%. That means that, in fact, we used our ownership in SunPower to pay partially the transaction, valuating SunPower at more than 30x the EBITDA.

Globally, given the multiple we pay for the CWEN shares, the transaction is valued 9x EBITDA, net for the 2 listed companies. The return on equity is above the 10% hurdle rate that we have set to ourselves for renewable activities.

This is a strong partnership benefiting all parties, both TotalEnergies and GIP. As a part of this partnership, TotalEnergies will contribute to enhance Clearway's growth prospects by providing CWEN in the U.S. with access to its broader trading capacities. Clearway will become for us a privileged vehicle for our own project farm-downs.

And with more projects in the pipeline, the partnership will benefit from access to TotalEnergies' large customer base of corporate PPA.

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At the same time, we are building long-term position in offshore wind. We have already secured long-term leases through 2 tenders for global capacity of 4 gigawatts. The first one through the New York Bight tenders. It's a very long-term lease. It's a 50-year lease, located not very far from here. And with the square miles we have in our hands we will accommodate a generation capacity of 3 gigawatts, enough, in fact, to provide power to about 1 million homes. And the project is expected to come online by 2028.

And the second tender was the North Carolina one. It's a 30-year lease, located 20 nautical miles from the coast, able to generate a capacity of more than 1 gigawatts and the project is expected to come online by 2030. To be clear, we do not intend to keep 100% of these assets in our portfolio to manage the global exposure and to execute our business model, we plan to farm down in the near future, part of these projects. In addition, we are pursuing future opportunities through announced tenders. It's the case in California, Oregon or in the Gulf of Mexico. And we are preparing the upcoming auctions.

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So oil. Our multi-energy strategy includes, of course, oil and gas. And for the time being, it's the main cash flow generator, funding shareholder returns and our future investments in new energies. In the Upstream, our focus here in the U.S. is in the Gulf of Mexico. We have 2 producing assets, 2 producing fields, Tahiti and Jack. And we have 2 projects under development, with Chevron, Anchor and Ballymore. So we anticipate a strong growth from our Gulf of Mexico assets. So you will see that the production is the red part in the graph.

So the production in the Gulf of Mexico is supposed to remain stable between now and 2024. And after that, with the start-up of the 2 fields, Ballymore and Anchor, the production is supposed to triple and to reach something like 75,000 barrels per day by 2026. And the projected 2026 cash flow from our Gulf of Mexico assets is $0.9 billion at $50 per barrel, but $1.4 billion at $80 per barrel. That means that these assets are able to benefit from the upside and have a strong price sensitivity. Onshore, near Dallas, TotalEnergies is an operator in the Barnett shale gas play, with a net production of about 60,000 barrels of oil equivalent per day. The Barnett produces low-cost gas that provides the hedging, in fact, for our Upstream side of our LNG business. And running 1 to 2 rigs over the period 2022-26 on the field, should stabilize the production at the current level around 0.5 Bcf per day, 100%. And very important as well, it's a low-cost gas asset, and we anticipate to reduce methane intensity to less than 0.1% in the coming years.

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Our Downstream business in the U.S. is centered around Port Arthur, 1 of our 6 refining and petrochemicals integrated platforms worldwide. It's a fully owned high conversion, 240,000 barrels per day refinery with a coker unit, enabling to process heavy crude and transform into low-sulfur fuels integrated with a 1 million ton per year mixed feed cracker co-owned with BASF. It is also integrated with our propylene splitter in Mont Belvieu and 3 polymer sites located in Texas or in Louisiana. Thanks to these developments, to this deep conversion and integration, the platform is well positioned to capture the current favorable environment, it generated around $400 million in the first semester of 2022.

The second pillar is a new Ethane cracker and PE projects. Our growth ambition has been directed at high-value petrochemicals as I already mentioned. And we are starting up through our JV 50-50 with Borealis, a new full Ethane-based cracker with a production capacity of 1 million tons per year of ethylene in Port Arthur, as well as a new polyethylene unit in Bayport of capacity about 600,000 tons per year that will complement the existing 400,000 tons per year units and ensure a full monomer/polymer integration. The cracker fully runs on ethane, capturing maximum upside as oil price goes up. And cash flow is anticipated to double with Brent at $80 per barrel versus $50 per barrel.

The last pillar, the Port Arthur refinery and cracker has not only been integrated with Bayport polyethylene sites, but also with our propylene splitter in Mont Belvieu and other polymer production sites. So La Porte, a 1.2 million ton per year polypropylene production sites, it's the largest one in the U.S. and in Carville, Louisiana, an integrated styrene and polystyrene plant with a polystyrene production capacity of 600,000 tons per year. Integration as well as very high utilization rates, enable TotalEnergies to leverage on favorable environments and capture high polymer margins, generating more than $500 million CFFO in 2021. And we expect more or less the same performance in 2022.

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Our U.S. activities benefit from strong leverage to the higher price environment. The first half 2022, I think, is the perfect illustration of that leverage. You have here the comparison between the cash flow generated in 2021 close to $2.4 billion - $2.5 billion. By comparison to our annualized first half 2022, you see that the cash flow increased by more than $1 billion, benefiting in particular from both oil price increase on E&P and very strong refining margins in the first half. And as I already mentioned, in the future, the start-up of the ethane cracker will bring additional leverage to oil prices.

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My last slide, just to summarize our strategy here in the U.S. to grow our multi-energy model. So first message, TotalEnergies is #1 U.S. LNG exporter, and we keep growing this activity. We will be top 5 -- the top 5 renewable power player in the U.S. with more than 25 gigawatt capacity by 2030. We are also growing in oil with oil production tripling to 75,000 barrels per day in 2026, and an additional 1 million ton ethylene production capacity with the ethane cracker startup.

The underlying cash flow will increase by $1 billion from 2021 to 2026, at constant environment, mainly driven by E&P projects and incoming contribution from renewables. Capital allocation is expected to be in the range of $2 billion per year over that period, which is consistent with expanding our activities here, 12% of the company's capital employed is here in the U.S., having grown significantly over the last couple of years, as a result of the acquisitions, the developments that I've already highlighted during this presentation. Last but not least, the U.S. represents an increasing part of our institutional shareholders, 40% end of June. That means an increase by almost 3% compared to end of last year. And we feel that in many ways, U.S. investors understand and appreciate our strategy, we hope so.

To conclude, I will say that the U.S. offers TotalEnergies everything it needs in terms of markets and resources to grow the company here and to develop its multi-energy model. The country will become a major pole of activity for the future. And as Patrick already mentioned, for sure, it will be more U.S. in the company in the coming years. I think it's time now for the Q&A. Thank you.

QUESTIONS AND ANSWERS

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Thank you, Jean-Pierre, for the presentation. Now the floor is yours, we'll answer your questions. Renaud will organize this Q&A.

Renaud Lions ***TotalEnergies SE - SVP of IR***
Yes. Michele, you are the first one.

Michele Della Vigna ***Goldman Sachs Group, Inc., Research Division - Co-Head of European Equity Research & MD***
I wanted to come back to the shareholder returns. And I think it's very welcome today to see a further increase in shareholder returns. But I wanted to understand a little bit better some of the thinking behind the special dividend, especially at a time when, at least on our estimates, the market is severely undervaluing the value of what the TotalEnergies business has created. I was wondering why go down the special dividend route and not a buyback that could take advantage of this valuation dislocation around the shares? And thinking about the macro environment next year, which could be less benign than this year, especially if the global recession gets worse. I was wondering how you think about the special distribution. If you had to scale it down, would you start with scaling down the special dividend or perhaps the buyback? What would be your priorities? And how would your thinking go around it in a more difficult macro environment?

And then last question, I promise, on the shareholder distribution. On the dividend side, you've got a discrepancy in currency between a dividend that is declared in euros and the business, which is clearly dollar-based. And I was wondering if that was something that perhaps you would want to address in the future to make sure that you had better currency consistency between your cash flow and your cash returns. And that was the last part of my question. Thank you, Patrick.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Okay. The last question first. We studied it and it's not possible. We are a French company, and in fact, all our accounts have to be done in euro. And in fact, we have some technicalities: we are obliged to declare the dividend in March, and to organize a general assembly in May. So you have 2 months and exchange rates could move in between. So it's technically difficult because the dividend will have to be always declared in euro. So even if we monitor it in dollar, in the end, we have to convert it in euro.

So we have a problem of exchange risk which is difficult to tackle. The only way would be to convince the French legislators to allow a French company to have its accounts in dollars and then to declare the dividend in dollars, which is allowed when you are in the U.K. or when you are in the Netherlands. It is not in the French law – you know our nationalism in France – so I'm afraid it's technically too complex, to monitor that. Having said that, we took that into account. Part of the answer why we're selecting the special dividend is also to cover the point that this year when we announced a growth of 5% in euro, for our U.S. shareholders, it's a decrease of 10%. So of course, we had a problem. So initially, we wanted a special dividend - or an increase in dividend - to cover that difference.

And then in the discussion came to us: how do we monitor the various instruments. And that's linked to the second question, maybe I have not been clear enough, but the way it's written in the slide is important. The buyback comes before the special dividend. We put special dividend only in case of very high prices, which we face today. The buyback is obviously the first instrument to act because for the company, when you buy back shares, you diminish the burden of dividend, and you support the share value. So it's obvious to us, this is why we put this caveat. It's because we are in a specific situation where we have very high prices, very high returns and cash flows, that we consider this special dividend. To come back to your question, it will be first the dividend, then the buyback and then potentially the special dividend. It's clear in the way it's established in the mindset of the Board.

The first question, that was a debate. But you know the French people are strange people. Honestly, we know that we have to increase. The fundamental discussion was about what is the cash payout we are willing to deliver to our shareholders. And we knew that we were since the beginning of the year, lagging: around 30%, and we know it's very important in the valuation of the company. By the way, it's quite clear when you look at our peers, the higher the cash payout, the better valuation, so it's quite a relationship. So we had this discussion and 35%-40% for me is the important message: it's a range that we target. That's the key message today and through the cycles. And we are comfortable even at $50 per barrel to be able to deliver 35% to 40% of cash flow, which has not been the reality in the history of the company. I know that when we analyze that, we are more under 30%. So we make a step change in the way we look at that: that's the key point.

Then that is the way to do it. To be frank, maybe were a little afraid about seeing taxation on buybacks in Europe. It has been introduced in a law in the U.S., maybe 1%, but it might be crossing the Atlantic, you never know. And when we discuss also with some investors, we saw some direct appetite for cash. So it was a debate, to be clear, and there is a trade-off which has been selected to make a global amount of almost $9.5 billion, $10 billion split between the 2 instruments. But buyback come first, let's be clear in our mind. By the way, I can share with you another information is that, since 2015, we used shares to pay some dividend and to acquire Maersk Oil. We issued 400 million shares and we have already bought back 250 million shares. So by the end of next year at $8 billion, we will have bought back all the shares issued during the period. So dilution will be over and this is also for me, an objective in order to have a clean sheet as soon as possible.

Lydia Rose Emma Rainforth ***Barclays Bank PLC, Research Division - Director & Equity Analyst***
[1:47:42] Two questions, if I could. On the Capex side and the investment part, that $14 billion to $18 billion: how much of it is organic versus inorganic? And related to that, on the cash flow increase: the difference between that cumulatively over 5 years is the best part of $20 billion. How much, in terms of the uplift in cash flow of $4 billion: is that based on the $14 billion Capex or should we expect that with Capex being higher cash flow should also move higher?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
In fact, the figure is almost the same in organic and inorganic because in our plan, we acquire assets, but we divest assets as well. Electricity & Renewables will require to continue to make inorganic acquisitions like we've done. That's clear. Next year, Total Eren will be a new source of investment. But at the same time, we will continue to manage the portfolio because we still have some assets. And by the way, in this type of environment, it's important to continue to manage the portfolio in the way we've done it. So I would say the organic figure is more or less the same as the inorganic one: we consider that there is maybe

$1 billion of net between acquisitions and divestments. Just to give you a figure, to give you an idea. But this is the way to do it. So that's the way to create value.

On the cash flow side, when we make this type of plan it’s fundamentally coming from the organic part. I mean, when we say we generate $4 billion of extra cash at $50 per barrel this is coming from the existing portfolio. There is not in that figure, the results of some acquisitions. So this is neutralized, I would say. Except Total Eren, which is identified.

Christyan Fawzi Malek ***JPMorgan Chase & Co, Research Division - MD and Head of the EMEA Oil & Gas Equity Research***
[1:49:35] Good morning and thank you for an excellent presentation. It's good to see you looking to grow energy in such a holistic way. Two questions. The first on slide 7. Massive underinvestment in oil. The world needs more oil, yet you're pivoting 1/3 of your portfolio towards renewables. I just want to understand why the rush in getting involved in renewables when it's very clear that there's huge amounts of cash flow to make in what is a really profitable fuel and you could accelerate cash flows as a result, and TotalEnergies has been one of the best in exploring and producing oil for many, many years.

And that links to the second question, which is: is there a risk that Shale Version 2.0 is effectively what renewables is? Where you have all the money from God to invest in renewables, everyone is doing it. We see massive inflation and your profitability targets, like the industry, just get pushed out as growth becomes the priority. So I just want to understand how you mitigate that risk particularly in the context of inflation and ability to control that, as we've seen in the past through growth industries.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
First, again, we invest in oil. We have a natural decline of 4% per year in oil. To maintain the production it means that we need to invest in oil. And I think I described to you different projects, oil projects. And by the way, in my view, when I mentioned countercyclical opportunities, it's not the right time for hydrocarbons, but I don't exclude TotalEnergies to acquire – like we've done in Brazil – some hydrocarbon assets, because it's not only renewables, not at all. And last year, we were in the capacity to acquire these assets in Brazil and we captured them.

So it's a balanced strategy. It's not only renewables. It's the fact that we have a strategy where we think that all these 3 energies – oil, LNG/gas and electricity – will need investments. That's true, but our capacity to select the right opportunities in oil and LNG are probably better because we have a long history. I recognize that, and I'm proud of it. And we have built on it. Having said that, on oil when you decide to keep your discipline – we sanction at $50 per barrel, and we want the emissions to lower – it's not the same world that we had in the past. I have some playing fields like Canada, like others, but in which we don't want to invest, like Venezuela.

So it's trying to continue to have the discipline to focus on the playing fields where we can find these assets, and we'll continue to do that. And by the way, it's not fully true that we did not allocate part of the Capex to that because there are short-cycle projects, which will represent $1 billion per year, and it's oil, not renewables. So in the end, this year, it's $12 billion which is dedicated to oil and gas, out of out of $16 billion.

So that's true that compared to before, it's less. It's a choice and it comes to your second question. Again, your question, it's not only a question of renewables, it's a question of electricity value chain. First, I think that in renewables, if you compete with others, you lose money. This is why when you look at the main transactions we've done, it was direct negotiation, trying to establish relationship to find a way to create value. And the Clearway deal, it would have been put on auction by GIP, I think we would have escaped: I spend my time saying to my colleagues : stop losing your time to go to this because we face some competition coming from financial institutions.

We clearly are not ready to pay NPV4, NPV5. So that's important to find a way to create value. What I think is that we have one advantage in that world of electricity – the utilities – it is our balance sheet, provided that we are able to build the different elements of the value chain. We need some gas fire power plants and we need some storage. And of course, we have a trading arm. The merchant part of the business is interesting. Exactly what we've done in oil and gas. So it's not the same approach as looking to secured low-return portfolio. It's not what we think. But we need to have producing assets. If you don't have the producing assets, there is no way to grow the business. So that's the way we think, it's a choice. But I think it's a longer-term choice. But again, like Brazil, it takes maybe 10 years to establish a profitable position. But at the end, we generate a position. You have to consider that we'll find a way to create that position.

And when we say to you, it's more than 10% ROE. This is what we have in our plan. This is the way we select the assets. So again, I know that the reputation of this renewables business is not very high in terms of profitability, but the way we select our portfolio is to fit with our agenda. So that's my answer. It's a good question, by the way I'm not surprised by the question. But it's also true that if we want to keep the discipline on oil, we need to continue to look at our projects at 50$ Brent, because it's not true that we will be at $100 per barrel forever. I don't repeat the same mistake that we've done in the past. That's also part of our agenda.

Martijn Rats ***Morgan Stanley, Research Division - MD and Head of Oil Research***
I only have one question. Quite a lot of what we do is just interpreting the signals that you're sort of sending out and trying to read between the lines a little bit. And an interesting one is the objective to have zero balance sheet gearing. And I think the traditional interpretation of that is somewhat defensive. It feels a bit like battening down the hedges: “we’re in for some tough time, we're better pay down the debt whilst we can”. And I'm sort of just trying to understand the objective to have zero gearing. Is it that you think we're really entering some tough period and it is better to remove the debt from the balance sheet? Or is this more of “well, we can pay down the debt and there'll probably be some opportunities. But really, the debt capacity of Total remains unchanged in the long run”? Can you sort of put the target to have zero debt in a bit of context?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
But even to have positive treasury, I said. So it's not a question of defensive. It's the reality of what is

happening today. I think it is giving a huge flexibility to the way we think about the future, because we know there will be a volatile environment. So again, we would have been in such situation in 2020 when COVID came, we would have not hesitated to continue to deploy the strategy, instead we were obliged to stress. The lesson is that there is volatility. So today, we benefit from very high environment and cash. It's changing a lot the way we think the future of the company and the flexibility we give in particular in both investments and return to our shareholders. Because, again, we know that even if tomorrow price goes down to $50, or if there is a huge financial crisis on the markets - which is possible - we are in a strong situation and we can use the balance sheet to go through the storm, which was not really the case in 2015 when we had quite a pile of debt and 30% of gearing.

So I think that it's not a question of defense. It's a way to be even more offensive on both sides: return to shareholders and investments. So it's something that we did not anticipate. It's why we use the world New Era because we don't think about TotalEnergies in a holistic approach in the same way than before. And I think some of my peers, U.S. peers, were in that situation in 2015. I think it was much more comfortable for them to deploy their strategy than where we were when we were at 30%. That's a lesson. So let's benefit first from this additional surplus cash flows to deleverage the company. So you can see that defensive, I see that more as a capacity to be offensive through the cycles because in an energy company, we invest in the long term. And what is always difficult to manage is volatility in our investment policy.

You dream to be able to go through volatility in your return to shareholders. I remember in this room, in 2019, we announced an increase of dividend of 5%, 6% per year. And then COVID came and we maintained the dividend and it was already an effort, but we scrapped what we announced. And I think is not very good, including for investors. I prefer to have this position to have a sort of message through the cycle, which will be better. Because this is an industry where we need also to be able to face volatility. And investors have seen these companies being able to spend a lot and then not delivering the returns they announced. So this is for me a unique opportunity to enter in a more stable framework. That's what we want to do.

Because we had COVID then we had Russia and we don't know what we'll have next year. Inflation, macro environment, we will face crises. But the company is much stronger with a low balance sheet. So for me, it's maybe defensive, but defensive to be more offensive in fact, to maintain the strategy, to develop the strategy and the returns.

Oswald C. Clint ***Sanford C. Bernstein & Co., LLC., Research Division - Senior Research Analyst***
[2:00:15] The first question, just on renewables again, 10% return on equity. And I just wanted to see if you could tease out an investment like India, Adani, $2 billion in them. I noted recently, one of the credit rating agencies were saying Adani was deeply overleveraged. So I just want to think: how do you convince people that if you pull out that project, that's a 10% return on equity project. Could you walk through the steps of securing that? Who are the customers on the other side that really secure that project, please? And then secondly, just on LNG. I know we're talking about ex-Russia today, but we still have Yamal to think about. I think you pointed to being more or less unhedged in 2023, but how should we think about you placing those cargoes over this 5-year strategic window that you're talking about today, please?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***

On the second question, again, you know the position is: as long as Europe does not sanction the Russian gas, we have no way to escape from this contract. So we execute the contract. What we've done in this presentation is excluding all the cash, which could come because things could change, because as soon as Europe would sanction the Russian gas, we would stop all this contract. We have a contractual clause. So I think that this war unfortunately could last. We are entering into something which is more and more complex. But on these aspects we are monitoring that according to the European regulations and sanctions, and we will obey to that. If we don't have the volumes, we don't have the volumes, that's life, that's a lost opportunity. But I would say there is no way for us to not to obey to all these sanctions. At the same time, as long as there is no sanction, we have no way as well to exit this contract because it's a huge liability.

On the first question, Adani, I think maybe we should explain you the Adani Green model. There are some contracts with some Indian CfDs. And Stephane could answer to that question more extensively. But I think honestly, there is a way to do it, which, by the way, we have begun to do: I'm not sure we'll keep the 20% for long. It is to monetize part of the equity that we invested at $2 billion and that is valued at $10 billion. It's a matter of monitoring that. So it's a source of potential cash. It's not growth, it's not a question of volume. For me, it's a question of developing the value. Having said that, of course, we take care of the position of Adani Green as a company. And I think the balance sheet for me is safe, but maybe Stéphane wants to elaborate on that. Maybe the best would be to give you more information about the portfolio which exists, the existing portfolio.

It's not a pile of debt, they are developing projects which have some revenues, which are, I would say secured, it's in rupia, you take the rupia risk, like always in electricity, you take the local exchange risk. But I'm not uncomfortable with that. Is the valuation of $10 billion for 20%, the right valuation, that I would be more prudent. I'm observing that it’s back to something more fundamental: the markets are valuing a lot this type of renewables companies, the Indian market, by the way, more than others.

But including here, and that means that, as I said one day, it's difficult for us to make any transaction unless we have some specific access to that. So I'm not convinced that the valuation will remain so high for long, but between 2 and 10, you have some room. And I think that if we would like to make a transaction with some of these shares we would accept a lower price. So the 10% on this one, I think it's a question of liquidity of the investment. Because what is true in your model again is that as there is a lot of debt, you don't have much dividend. So this is probably your question. So it's part of our model, and we intend to dedicate part of the holding to ensuring the return.

Bertrand Hodee ***Kepler Cheuvreux, Research Division - Head of Oil and Gas Sector Research***

[2:05:20] One question on the shareholder distribution and the dividend again. I appreciated you move now dividend as #1 priority in your financial framework. But why haven't you raised a step-up given the dollar strength knowing that your cash flow is in dollar? And also why haven't you committed under, I would say, an oil price scenario to a dividend increase, 4%, 5% over the next coming years? I haven't seen any numbers. So you hinted some growth, I think at Q2 conference call, but I didn't see any numbers.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***

Because last time we committed to a special figure, we lost 5%, because it could be perceived as too low. So we are committed to distribute 35% to 40% of the cash flow. We have a cash flow growth, which is giving more: 5%, represent $400 million more or less. So why should I limit you today to 5%? So we just give you a lot of information. So I think it's more important for me and for the Board to have a conviction to deliver 35%-40% of cash flow payout. You know we are French mathematicians, I know. Last time, we've done it, 5% per year, the reaction of the stock market was not so good, because some people think: why do they allocate only 40% of the cash increase to that? Because we are in a world where there is volatility in the market, we are entering into high prices so maybe it will be higher than that. That's the reason why. So I prefer to deliver to you that we'll target 35%-40% of cash flow payout, which is again in the history of the company, a strong commitment to the market, and that we are beginning to deliver. Let's give some flexibility between the various instruments. We put dividend first, like you remark. So it's a strong message, I think. So that's the reason. Very simple. And that's the point.

Amy Wong ***Crédit Suisse AG, Research Division - Research Analyst***

[2:07:54] Thanks for the deep dive on your U.S. operations. Let me switch it over to that a little bit. Just wanted to get your thoughts on the recent Inflation Reduction Act and what that does for your renewables and low carbon business in the U.S. And then the second part of that is I think you mentioned about 12% of your capital employed is in the U.S, so what's your appetite to raise that exposure in this country?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***

Normally, we have a policy, which is not to have more than 10% in one country, because of geopolitical risks. Maybe you have a risk to invest in the U.S.: it's not a geopolitical risk, it's more a legal risk. But again, we have some appetite, on LNG and on renewables, we can do it. Renewables to be honest, we have already in 2 years, made quite a big step. Now I think it's time to deliver all that. So I will be very transparent with you. We identified very quickly the U.S. as a strong market, reinforced by the Biden act by the way. Because it's quite efficient what you do in the U.S.: it's simple and clear, it's through fiscal incentive, you can calculate easily. What you do in the US is not so complex than sometimes in Europe with CFDs and complex mechanisms where the states could come back on their commitment.

Of course, the Biden act has given some perspective of it. But in the U.S., if you want to develop this renewable and electricity business you have to face merchant, to invest in storage and to be along the chain. Otherwise, if you were only limited to renewables it will not be enough. So maybe the next step for us will be to reinforce in the U.S., speaking about flexible power, etc., in order to establish this value chain. LNG, we can do more. We are looking for more opportunities, to be clear. And linked to LNG, there is a question mark for us about gas production. Because if you control your gas cost, it's better than if you buy Henry Hub.

But there is room to do more. I think you have a huge resource base at quite a low cost. We are comfortable with that. And the U.S. are well located to arbitrate between Europe and Asia. So if we have opportunities to go beyond Cameron, we'll do it. It's a question to find the right one, knowing that we don't want to be only offtaker, we like to establish integrated positions. So we want to be equity holder of the plants. We don't want to leave some money to infrastructure funds, which have quite high returns. So that's the position, we are looking into that. I said it's more Qatar and more U.S., when I answered to LNG.

Lucas Oliver Herrmann ***BNP Paribas Exane, Research Division - Head of Oil and Gas Research***
[2:10:59] Two, if I might, Patrick. The first is broadly windfall taxes: how you've incorporated them in the cash flow outlook. I mean conceptually, there's nothing there by 2027, but then it's windfall taxes, so who knows… And the second was just going back to Russia. Firstly, just to be clear: the cash flows that you expect to derive from trading the offtake from Novatek or from Yamal is excluded from these numbers. But secondly, in the real world, that cash flow is still there. So how should we think about the excess that you are generating? The question that ties with that is: are you receiving cash? Do you still expect to be able to receive cash from Novatek, be it by a dividend, from Yamal, be it via dividend, could be it via trading LNG, I think the latter is obvious, but the other 2 just some guidance as we strip everything out in our model.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
But it's not easy to receive some cash. That's why we are prudent as well in our expectations, you know. The financial circuits between Russia and the rest of the world are making it complex for Western companies. To be transparent, yes, we have received something this year, but I see some complexity months after months. I'm not convinced we will continue to have any flows from Russia in the months to come. On Russia, we have been proactive and we don't just wait. We are divesting. We have said that we progressively will exit our business. We have done it on Kharyaga, we have done it on Termokarstovoye. It takes time. Our positioning allows us to find a way to make these transactions. It's why I'm very comfortable not to plan anything with Russia because I'm not convinced that the cash flow that we managed to get at the beginning of the year will continue.

Lucas Oliver Herrmann ***BNP Paribas Exane, Research Division - Head of Oil and Gas Research***
Windfall.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
What is included in all that is the windfall tax from the U.K. because we consider it will be maintained. In fact, the U.K. has lowered taxation when prices were low, they increase it when the prices are high. It's quite impressive what we'll pay this year because the gas price is so high, but of course, the sensitivity that I gave last July, $500 million was...

Jean-Pierre Sbraire ***TotalEnergies SE - CFO***
For $15 per million BTU.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
For $15 per million BTU, but if the price is higher, we'll pay more, obviously, it's quite proportionate. You have this big debate in particular in Europe about windfall taxes. You can see that I'm fighting against the idea that they want to tax refining business: we lost some money. We have some support from some

governments, we have these European initiatives, which, for us, would represent something today around, let's say, EUR 1 billion this year. It seems to be because the legal basis of this Europe initiative is quite narrow. They are using an article of the treaty to make a contribution, it's not a taxation, without the unanimity of the countries which they probably would not get, only to answer to crises, which means that it should not be a permanent one. It's a difficult debate to be honest, because we explain to European policymakers that if they tax more today when we make money, while they want us to invest tomorrow, we will remember that: I was very clear with the French National Assembly.

Having said that, that's the debate, not only in France, but in many countries: they are all looking for money to finance their rebates or blocking the electricity, gas price, subsidizing fossil fuels despite what we explained to the world that it's not a good way to work, but we do it ourselves. And they'd like to finance that. Remember also that all these governments have spent a huge amount of money during the COVID period, not for us because we refused any support for any government, but they want to recover some cash so there is a temptation.

We have to fight against that, and something reasonable has to be the outcome. We prefer clearly a European framework than something which would be country by country, I think it's better. It's a political debate. We have taken on our side some initiatives, for example, the rebates on gasoline price. It's a huge success in France, at least the popularity of TotalEnergies is growing, it's a huge communication investment, it will last only 2 months, it has a cost, but I think it's also a way politically to say, from the customer's point of view, the citizens, they see part of the super profits, which are far from them. The main answer is to explain to them that any taxation will influence the way we allocate our capital.

And to come back to Christyan's question, I think the good answer for all energy companies politically is also to invest in new energies. That's a positive answer to them, by saying: look, we have this cash, but today, we continue to invest more and more. When I'm looking to the French and European companies, with $4 billion this year, we are quite a large investor in this field. Doing that, we can protect the cash flows and try to avoid this type of taxation. And I prefer to keep part of this value in the company rather than out, where it would grow the taxes and state budgets.

Biraj Borkhataria ***RBC Capital Markets, Research Division - Director, Co-Head of European Energy Research Team & Lead Analyst***

[2:17:40] Two questions. The first one is on your LNG business: as you're looking to expand, I was wondering if you can talk about some of the behavior you're seeing from the buyers because there seems to be a bit of a contradiction, particularly with the European buyers on their willingness to sign kind of long-term contracts. And Asian buyers tend to be more price sensitive historically. So any commentary or color on that would be helpful. And the second one is going back to the capital structure, pointing to zero financial debt, but you also have hybrids in the capital structure. I'm wondering if you're thinking about higher for longer commodity prices at least for a couple of years. Are those still required in your capital structure at this point?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***

But our rates are at a 2.4%: cheap equity, why do you want me, when interest rates are going up, not to have this cheap source of capital, I'm not sure to fully understand why I should do that now.

Jean-Pierre Sbraire ***TotalEnergies SE - CFO***
Cheap equity rather than expensive debt.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
On the LNG buyers: yes, it's true. Fundamentally, I strongly believe we will need gas for long on this planet. Maybe it's difficult to say. Even Europe, there is no way to make a reliable electricity power system without combining renewables and gas-fired power plant. You could also use nuclear. Otherwise, you use coal, but you need to have some flexible power plants. It's just a fact. I know some people are saying they would like to get rid of it, but it will take a long time before we can do that. When you discuss with governments, there is politically something strange in that they want to say, no, we'll exit fossil fuel. But the reality today, is that they are so afraid to announce to customers that they could have some limitations in electricity or gas supply, that they are ready to pay any price today.

So I think this is where a company like TotalEnergies must have a longer view. And my long view is that this LNG market is going to continue to develop on the long term because it's connecting the markets. In Europe, one of the demand factors which could disappear in the long term is the industry demand. I'm afraid to see the impact of these high gas prices, high energy prices, on industry in Europe.

And I think we will see some destruction because, I don't know if it's politically correct, but clearly, Russian gas was a source of competitiveness, that low cost in Europe for many industries, not for us. This source disappeared. So I think these manufacturing businesses might relocate their business, by the way also in the U.S. we'll see some trend. That’s part of the question about the assumption of 3% per year of decrease of gas demand is maybe low at this price. If you use 5%, it could go quicker. The other point on this one is the emerging countries, Asian countries are much more sensitive to price.

And that's something which is more complex to maneuver. We might see some demand destruction in Asia because these gas buyers could lose trust in the fact that gas is well fitted for their economies. I'm thinking about India, where paying more than $5, $6, $7 per MBtu is too high, the economy does not support it today. And something we have to be careful about, is that the LNG business is becoming a seller business today. I see some trends on the famous percentage of Brent, 10%, 11%, 12%, I'm beginning to hear 13%, all the way to 14%. All that, maybe it's good in the short term, I'm not sure it's good for the long term.

We have to be careful not to frighten some customers, by the way, a percentage of Brent today is better than linked to JKM or I don't know which gas index. I think, by the way, the lesson for buyers should be to mix Brent and gas index, not to be only related to one. By the way, it's a lesson for Europe as well. In the past, we had some Norwegian gas contracts, which were linked to oil. We decided to move all of them to spot index, to TTF: today, Europe is paying the price, and they want to cap the Norwegian gas price, which is another strange mechanism. The gas demand in Europe, if there is an issue, would be more coming from the manufacturing base for Europe where you could see some destruction rather than some policymakers because, again, there is still some coal in Europe, which has to be shifted to something, and the natural shift is to gas. And when these regas terminals will be built in Germany, maybe there will be too much capacity, but they will use them. And not only to make hydrogen in the long term, gas will come.

Henri Patricot ***UBS Investment Bank, Research Division - Associate Director and Equity Research Analyst***
[2:23:45] Two follow-ups, please. First one, again, on the financial framework, and you commented earlier about the capacity to be offensive with a stronger balance sheet. And I think Patrick during the presentation, you said that 40% that's something that could maybe go above at some point. So how should we think about that with maybe the balance sheet going into net cash then you'd be looking to return more to shareholders? Or do you balance that versus CapEx: is it a soft ceiling on the shareholder return and more of a hard ceiling on CapEx? And then second one, following up on LNG: you mentioned earlier that you're interested in adding capacity in the U.S. Is that just in the U.S. or will you be looking to add to your portfolio also outside of the U.S. on top of what you've already done in Qatar.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
First question, please, we announced 35%-40%, okay? So immediately, we get asked: why don't we do more? Let's stick to what we announced today, which I think is a good step forward for our shareholders. First time the company is committing in writing to that level. Again, I didn't want you to take it when we monitor between both and to take the 40% as a limit. It's why my comment is: it's not a limit. It's just a range that we target. And we don't know exactly what will be the cash flows, we have to monitor that. So that's the spirit of it. So don't take that as a limit. There is no limit. Let's deliver the 35%-40%.

It's already better than what we've done in the past. So it's a positive message. Again, if I am in the world of $100 per barrel for many years, high gas price, your question will be valid. Look, the price per barrel begins to decline. We may enter into recession next year, it's a high possibility, you could have a financial market crisis. So what I'm paid to know, and you as well, is that a linear future is far from what we observed for many years, and that this world is going from one crisis to another crisis. I'm happy to look at what is the situation today, let's see, step by step. And if we can do more, we won't object to that.

The second question was about LNG. Who holds LNG today: if you exclude Russia, you have Qatar, Australia, U.S. and then we have our portfolio with PNG, with Mozambique on which we can work. If there are opportunities today, it's more in the U.S. than elsewhere. I think there are more projects being developed here. It's a question of cost as well because we begin to see some increase in the CapEx, including here because you have a sort of overheating of the Downstream business, because LNG is linked to refining, biorefining. It's the same type of contractors. So you have some overheating. So let's find the right opportunity. And from this perspective, I would say that brownfield projects are better than greenfield because when you have to pay the whole infrastructure it's obviously more expensive. But if you have any ideas, give them to me because we can be proactive on LNG. I'm ready to take your ideas.

Ryan M. Todd ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***
[2:27:25] A question on the renewables business. If we look versus the guidance from a year ago, the CapEx

over the multiyear plan on an annual basis is about $2 billion a year higher. And the gigawatt of capacity add certainly at least on the electricity side and the EBITDA targets are effectively unchanged. So, as we think about the incremental spend versus where we were a year ago, is that predominantly cost inflation that we're seeing? Is it a different mix and where the spend is going? Or is it timing of when the capacity and the EBITDA generation come on stream?

And then maybe one follow-up. You seem fairly comfortable with at least some level of merchant exposure going forward. Can you maybe talk a little bit about your appetite for merchant exposure on the power side and the role of the power trading business. I mean it's certainly profitable as we see in the LNG business, and at a time like today, it's hard for us to forecast certainly. So I guess, appetite for merchant business and trading within that as we think about kind of the certainty around that cash flow stream going forward.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
I'm trying to guess your $2 billion because honestly, it's not linked to inflation. It's more linked to activity, potential activity. I'm not sure to understand where you come with your $2 billion. It's because you take the maximum multiply by 33%, but in the 33%, you don't have only renewables and electricity. Last year where the guidance was given on 25% out of 16 only on renewables and electricity. In fact, you have more or less $1 billion there. You don't have $2 billion. Because as I said, we are also allocating part of this 33% to the carbon reduction program, the energy efficiency and you have the new molecules on which we make some additional investments in biofuels, sustainable aviation fuel or biogas. I think we would have kept 25% in Renewables & Electricity and 5% to 10% in new molecules and other carbon reduction programs if we had given you the split between both. We decided to aggregate them. So it's not linked to inflation.

On the merchant, the idea is more or less what we've done historically in LNG: in the unregulated markets, because it doesn't work in regulated markets, to keep 30% more or less of the portfolio being merchant. And we begin to apply that to some of our portfolio, for example, in the U.K., our first offshore wind farm, Seagreen in Scotland: we decided not to apply for CfD, which were at a very low level. We applied for CfD at a high level because we didn't want to lose some value, and we are comfortable to manage part of this merchant exposure. Of course, we might face some difficulties, but when you commit to the CfD today in Europe or something, let's say, 50 EUR per megawatt hour on average, look at where the market is. So it's fundamentally what do you think is a perspective of this power market, in the U.S. or in Europe, on the longer term, knowing that we have to invest heavily in these markets and that intermittency will create some problems of supply: less wind, not enough solar, less hydro…

So it's becoming a business where volatility is on a pace which is quicker than in oil and gas, which could offer some opportunities. I would also say that when we invest in offshore wind, to come back on your CapEx, offshore wind is more CapEx intensive than the rest of the renewables. That's, by the way, a strategic question where we are not so clear: what is the real amount of offshore wind portfolio we want to have? Because it is like E&P: you explore, you invest money… the cycle on offshore wind is more 8 years, 8 to 10 years than 3 to 5 years like solar or onshore wind. So of course, the exposure in terms of CapEx is higher.

By the way, like Jean-Pierre said in his comments, in the U.S., we will make JV with others, we will not keep a license at 100% because the exposure would be too high. And I prefer in this business like in E&P to have 50% of 2 projects, than 100% of one project in terms of spreading the risk it is much better. And even 3x 33% is better for us than 100% or 2x 50%. So that's also an approach we want to implement.

Peter James Low ***Redburn (Europe) Limited, Research Division - Research Analyst***
[2:32:49] Just a couple of questions on some of the guidance you put out today. So the $4 billion increase in underlying cash flow, you're guiding to by 2027, does that exclude any contribution from oil sands? I'm just trying to understand if it will be higher and closer to the $5 billion you talked about last year without that spin-off. And then the second question was just on the $1 billion carbon footprint reduction programs: to what extent is that investment just offsetting higher energy and carbon prices? Or will there actually be operating cost efficiencies and potential revenues from things like CCS and nature-based solutions that arise from that investment, too?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
So yes, this is excluding oil sands. We consider that oil sands as we announced, we want to make this spin-off. Last year, it was still there, but it's not here. And you have also Russia out. So in fact, when you add Canada plus Russia out, the $4 billion compared to the $5 billion is not unfavorable. And again, we take as assumptions: $50 per barrel, $8 European gas price, which today can be considered as low.

Second question. No, fundamentally, at this horizon, there is not much revenue, it's an investment. But when we invest in energy efficiency, at EUR 100 per ton of ETS in Europe, you save some money at a certain point. All that has a return. Obviously, with the energy costs being higher, we have a benefit on one side, which is on our business side: it's good to control the costs. CCS revenues are rather low: we will invest in some projects, but they will come beyond 2030, so I'm not expecting revenues at this point. But it's important if we can manage our costs, including our CO2 taxation, remember, we use $100 per ton, and by the way, the European market is at that level today.

Irene Himona ***Societe Generale Cross Asset Research - Equity Analyst***
[2:35:20] I had a couple of questions specific to Europe, if I may. Obviously, there is an energy emergency, there is massive intervention, subsidies, windfall taxes, a lot of short-term actions. Is this situation perhaps impacting at all Total’s appetite to grow or not renewables in Europe? So how do you see the European renewables opportunity? And the second question, can you give us a broad number, just a ballpark number for the cost to the company this year of the combined windfall taxes, EU solidarity tax, cost of French discounts, et cetera?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
It's a good question because, honestly, looking at the governments manipulating the electricity market design… we want to understand where they want to land. I'm a little afraid that the short-term panic could let them to take actions which could be detrimental to the global framework, which is not the case in the

U.S., by the way. The appetite to renewables in Europe is limited by the fact that it's more costly to develop there because all the projects are smaller, except offshore wind where you can see some size. The others are smaller.

And so there is a lot of competition, it's smaller, it's less efficient, than in other parts of the world. But again, when I say it's unregulated market, I would like to be sure that the European power market will remain unregulated. I think they don't know themselves, to be honest. So it's a very sensible question, and we have to monitor that.

On the second one, the sum. The U.K. will depend on the gas price, but let's say at the end if we are more a $30 per MBtu than $15, it could be $1 billion. But again, the revenues are higher than the taxation, so we keep part for us: it's the difference between how much do we get, and how much we pay. It could be $1 billion. And the European taxation, as it is framed today, we evaluate that around $1 billion contribution in Germany, Denmark, Italy, Netherlands, Belgium, France, 6 countries. And our voluntary contribution will be around $500 million, more or less. It's becoming a lot of money. But as I declared to National Assembly of France, if there is a taxation, the voluntary contribution might be stopped.

Paul Cheng ***Scotiabank Global Banking and Markets, Research Division - Analyst***
[2:39:00] Two questions. Patrick, can you talk about the inflation pressure you see in your system outside the U.S? Have you seen any major pressure point? Secondly, in the sustainable aviation fuels you're talking about focusing on the feedstock. Just curious that what kind of technology you guys are targeting? Are you using the HEFA [Hydro-processed Esters and Fatty Acids] or that you're trying to use FT [Fischer Tropsch] or other technology and how you're going to be able to acquire that?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Bernard will answer specifically on the technology. On the first question, which was.

Jean-Pierre Sbraire ***TotalEnergies SE - CFO***
Inflation pressure?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Inflation pressure, we see it, of course, in all these renewables, it is a problem of supply chain. The urgency is to develop alternative supply chains to the Chinese one, otherwise we will be trapped. That's clear. But then, again, one way to tackle inflation, as we're implementing it, is to massify the way we purchase solar cells. We are purchasing at a global level for our many projects around the world and we use our purchasing power to make long-term massive purchasing of solar cells in order to diminish the cost. That's a way to do it.

For the time being, we don’t see too much inflation in the oil and gas business, but I suspect it will come as history will repeat itself. Remember, in 2005, when the oil price was beginning to go up, costs were much lower than today. And then, of course, contractors began to say: “we want a share of the cake”. And not only the states who want to have windfall taxes. But it depends on the segments. There has been some consolidation, in particular there is a competition, which frightens me a little, between offshore wind and offshore oil and gas. The same contractors work today for both segments. The reality is that they lose a lot of money in offshore wind, so they begin to be cautious, and it might impact some specific equipment, like heavy lifting capacities, on which we could face inflation.

And I observed that some of our friends in the drilling services announced that they want to increase their price by 10-15%. So it's something that we'll face for sure. That's why we need to act and to deliver a message of discipline. But I can tell you that we are not obliged to accept all inflation. We faced with Nicolas the question of ordering steel for the EACOP pipeline: people explained us that we had to accept a 40% increase or more. We said no, let's wait, we are not in a hurry. And we can cope with it without delaying the project.

We decided to organize a better competition. Let's open the scope of suppliers, not only 1 or 2, and it was probably a tough but wise decision because the price of steel is now decreasing. That is also a lesson for me, taken from the years 2010 to 2015: we were so rushing for volumes that we were ready to accept any cost to achieve the projects. And we ended with white elephants in our portfolio in the '15s. I can name those projects, that were afterwards a burden.

And so, the rush for volume is for me the key thing to avoid. It's true for renewables. It's true for Upstream. This is why I'm a little prudent about increasing oil, to come back to Christyan’s question, which is a perfectly sensible question. But I know that we'll face again inflation. And we must be careful not to rush again for volume. So, I'm more comfortable today to say “I will maintain the production and manage the costs” rather than beginning to say “we have to do it”.

We have this Block 20/21 project in Angola. People start telling me: your $20 per barrel or your $30 per barrel breakeven threshold is too tough. Yes, but discipline is a whole mindset and spirit. So, we are not driven by volume. And that is I think the key lesson we should keep in mind from the year 2010-2015. And otherwise, this inflation to come, we’ll accept it, and the more we accept it, the more we create a vicious circle. That's for me, the duty of the top management of the company, myself and my colleagues. I know it's tough because all our colleagues want to push the projects: they are paid for that. But if we don't respect the budget we consider as right, we have to say: let's wait, the barrels will not disappear.

And we should not underestimate as well that in this business, TotalEnergies is one of the companies which has a purchasing power. They like to receive orders from us. We are a reliable customer for them. And so, we should not underestimate that.

Diversification of the supply chain is clearly something on which we need to work. You know when we embarked in this battery business, I began to see all these raw materials and copper is becoming something we begin to hear from suppliers, as they might face problems to deliver copper for electric cables. It seems that they begin to see a shortage. I don't know if it's true, maybe they invent the shortage to increase the price… But we'll have to become more expert in all these raw materials to be able to challenge them. And it's true, that today we are increasing our dependency on all these minerals.

Bernard Pinatel ***TotalEnergies SE - President of Refining & Chemicals***
To answer the question on the technology for sustainable aviation fuel. That's HEFA, which is the most cost competitive technology. The 2 others you mentioned, alcohol-to-jet there is a factor of 1.5 to 2x more expensive and gasification, the Fischer Tropsch process, is factor 3. So by far, this is the most competitive one.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
HEFA: this is what we invest in.

Sam Margolin ***Wolfe Research – Equity Research Analyst***
[2:47:00] I'll ask about Suriname, because I think you told us to.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
I was trying to avoid the question.

Sam Margolin ***Wolfe Research – Equity Research Analyst***
Well, all right. You read it wrong. Is there a scenario where it's commercialized and developed as a natural gas asset...

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
No. Honestly there is no gas market. If you find it, give me the idea. There is no domestic demand. If you want to go to Trinidad, you have to cross the nice Venezuelan waters, look at the map. No, I think it has to be developed as oil and recycling gas. That's the base scheme on which we work. And the question is to find an oil pool, which allows to develop an efficient oil project. We are drilling, we made a lot of discoveries, but we have a problem of predictivity of the seismic. The appraisal wells are never fitting with our expectations, which is strange. It's the first time. There is a lot of hydrocarbon, and predictivity is important if you want to develop a field. That's the part of the reservoir engineering which is difficult today. But we have some wells going on and the objective is to be able to have a project by middle of the year.

Sam Margolin ***Wolfe Research – Equity Research Analyst***
Sorry, maybe one more because I was short. You had a quarterly result earlier this year where your power margins went down because of price controls but your overall segment results in the gas and power segment were up. And that is good because it demonstrates the value of integration, but it's also good for consumers because you could absorb price controls, whereas an IPP would probably go bankrupt, if they had their margins compressed in half. So the question is, is that benefit recognized by any policy makers and do you anticipate European policy or broader global policy kind of recognizing and making more room for an integrated model because you've had a proof point earlier in the year?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Stéphane, you have an answer, if they recognize anything today?

Stephane Michel ***TotalEnergies SE - President of Gas, Renewables & Power***
I think that there is a recognition that you need to have big players to ensure security of supply to the end consumer and that going through the crisis, many players have disappeared. So I wouldn't be too surprised to see some rules put forward by regulators saying you need to have “x” balance sheet to be able to do that. And so going forward, you should see less competition on the Downstream.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
That's clear. I fully agree. It's a good point. In addition to integration, I think the big difference between us and some of the IPPs is the size of our balance sheet. We are able to absorb this type of shocks. Today, the European markets of gas and power are facing problem of liquidities, because you have huge margin calls. Of course, we, in this business, have some ways to manage all that, that others do not have. Integration is clearly securing some part of it. Having said that, they always make a difference. I'm surprised, strangely, by these policymakers are making a difference between gas and electricity. There is a real difficulty to be honest for them to understand that all that is interconnected. They want to disconnect because electricity is a local energy and gas is a global world market, or continental markets. And in fact, it's really interconnected. You cannot manage one without the other. So this is why our positioning is probably better, I agree.

Jason Daniel Gabelman ***Cowen and Company, LLC, Research Division - Director & Analyst***
[2:51:15] 2 questions, one on the power growth. In this environment, do you see any challenges to growing just given the volatility in power prices and inflation on the cost side? Does it make it more difficult to kind of agree to PPAs and get projects off the ground. And then the other question, just maybe an easy one to answer on cash flow growth. $4 billion a year is what you outlined. If I add up all the numbers from the segments, I get to something closer to $5 billion, maybe above $5 billion. So I don't know if you built in some conservatism in there or if there's some offset? I know you mentioned the U.K. windfall tax, which maybe is not explicitly in any other segments. But any help there as well.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Yes. The second one is quite easy. Yes, we are a little conservative sometimes. But at the same time, I'm pragmatic. I know that it’s 5 years. And yes, it's a little conservative. But as there is no mathematical formula, despite your neighbor’s question, between the cash flow growth and the dividend growth, consider we have room. It's not a mathematical formula, it's not a road map. And again, I would have surprised you in keeping $5 billion without Canada without Russia, it would have been a challenge, to be honest.

The first one. This volatility demonstrates that the PPA business in one where people want fixed price is not a good idea. You need to be a little more imaginative, creative because there is no way for us to take a fixed price PPA on the long term with costs going up and losing part of the upside. So it's back to a normal way to evolve. To think of it as an industry where costs will permanently go down to zero is a wrong idea. It's a wrong idea. All that was subsidized by many people somewhere, and it's not true. So I'm not surprised to see costs going up and then we have cycles everywhere. So that means that when you sign the PPA, you need to have formulas where part of the upside could be shared. PPAs help to secure and launch a project, but we need to find a way for a formula to keep the upside. Stéphane, you want to comment on that?

Stephane Michel ***TotalEnergies SE - President of Gas, Renewables & Power***
No, that's what you say. In the recent PPAs we have signed, we start to see cleverr things than just a fixed price, there is price corridor, sharing the upside on merchant price and so on, that's one. Second, what we see is that clearly PPA prices are increasing because of interest rates and costs, it's coming. And to be honest, even some projects that we have signed, we have been able to renegotiate them, because demand for green PPA is much higher than what the market can offer. So yes, on one side, you have a cost increase. But on the other side, you have a demand growth as well.

Kim Anne-Laure Fustier ***HSBC, Research Division - Analyst of Oil and Gas***
[2:54:58] I was just wondering, in terms of the 100-gigawatt target for renewables by 2030, how much of this target is already secured in your portfolio? And could you perhaps talk about the bridge between where you are today and how to get to the 100 gigawatts? And my second question is on power prices. I mean you disclosed your assumptions on oil prices, gas prices, refining margins, but you don't disclose your assumptions on power prices specifically in Europe, for example. So without talking about specific numbers, are you able to just give general thoughts as to how you view the current forward curve in European power prices, which is at unprecedented levels. And how you think this is going to shake out and particularly the uncoupling between gas and electricity?

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
Power price: we still believe in the connection between power price and marginal prices for the gas-fired power plant. So it's quite easy. When I use $8 per MBtu you can derive what is the electricity price, which is there. You multiplyby 6, and you add the cost of CO2, to reach something like EUR 70 per megawatt hour. But we still consider, despite what I hear, that it's the right way to price electricity.

It might be higher, it's a little conservative, but it's linked to the $8. Why $8 ? I did not comment it. Don't consider we use $8/MBtu, that's why it's conservative because as Helle told you, for the next 3-5 years, with all what we see in Europe - lack of regas capacity and stretched LNG supply - we would be surprised to see $8/Mbtu. $8/Mbtu is more a long-term view. But in a stable world, if you have enough LNG on this planet, then the gas price in Europe should be driven by the cost of U.S. LNG going to Europe. And when you make the math, you find $6, $7, $8, I mean, $8, but it's conservative. $8 which is, by the way, a fundamental shift compared to last year's assumption because last year, we were using something like $5, just because we had Russian gas in the system. When you eliminate Russian gas, you have much more LNG coming to Europe.

So that's changing a lot, of course, these perspectives on European gas. But I would be surprised to see $8 next year. I mean I'm more betting, I don't know, $25 or something like that, than $8. $25/Mbtu means electricity to be around the famous 180 €/MWh that the European want to establish as a sort of ceiling and over which they want to take everything out. By the way, the 180 €/MWh is $25/MBtu, you connect them.

The 100 gigawatts, Stéphane can answer on that. I think we are more around 70 today in our portfolio, 70, okay. It's strong. We have time. But again, my teams wanted to increase it. I said no, I want to keep the capacity to arbitrate between all your projects. By the way, this is a segment where we say no to our teams in renewables. We say more no to our teams in Renewables than in E&P when their projects are not fitting our profitability targets.

But again, as Helle described earlier, in the U.S., there are many opportunities. So we have time to identify the right ones. And what I hope is that we are building on many more people. We begin to have quite a number of direct employees. So I'm waiting for them to have organic growth in order to create value, and so that will be also the engine of the future growth.

Lucas, you have the right to ask a second round of questions. It depends on the question. I might reserve my right to answer.

Lucas Oliver Herrmann ***BNP Paribas Exane, Research Division - Head of Oil and Gas Research***
[2:59:20] Actually, that's probably a sensible approach because it's slightly conceptual, but I think it's reached that point in the meeting. I've got 200 Bcm/y of gas kind of stranded in Russia. I look at an LNG industry that clearly, there's great need for supply at the moment. And you can see a lot of players pushing quite aggressively try and build and construct their projects. Do you worry that there's a point over the next -- lets just call it several years where some kind of a *rapprochement* unsurprisingly is reached between Europe and Russia. And that a good chunk of that 200 Bcm/y -- that stranded gas starts to work its way back in -- and I asked because you can see that 5 to 6 years' time, all this LNG capacity is coming on stream, which people committed to. And then unfortunately, certainly 20-30 Bcm/y, doesn't have to be a big number, just works its way back into Europe and power.

Patrick Pouyanné ***TotalEnergies SE - Chairman & CEO***
It's a political question, this one. My view is if we want to exit from this war and find peace again in our continent, gas business will have to be part of the peace between Russia and Europe, but not at the level it was before, not at 150 bcm, but I will not be surprised to see 50 bcm continuing to flow somewhere. Is it LNG? Is it pipe gas? I don't know. LNG offers more flexibility to everybody rather than pipeline, which, by the way, seems to have some issues. If we are optimistic, I'm not today because the way it developed is quite frightening, I think gas business will come back, but not with the same volume.