Developing a global and profitable LNG portfolio

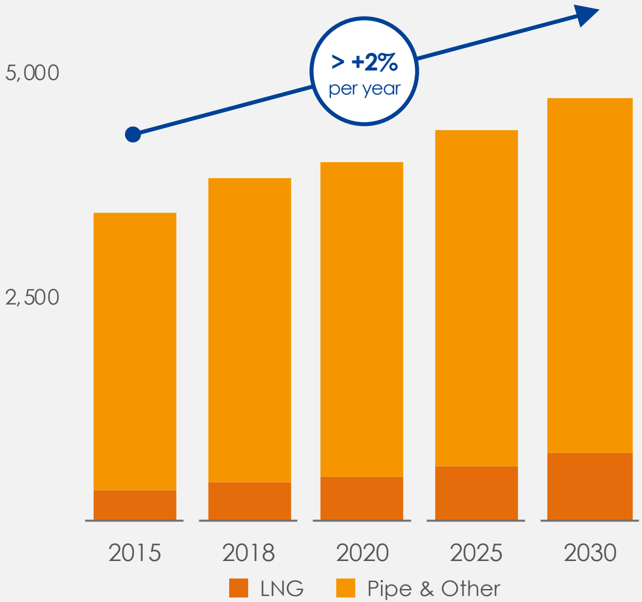
LNG market

Philippe Sauquet

President Gas, Renewables & Power

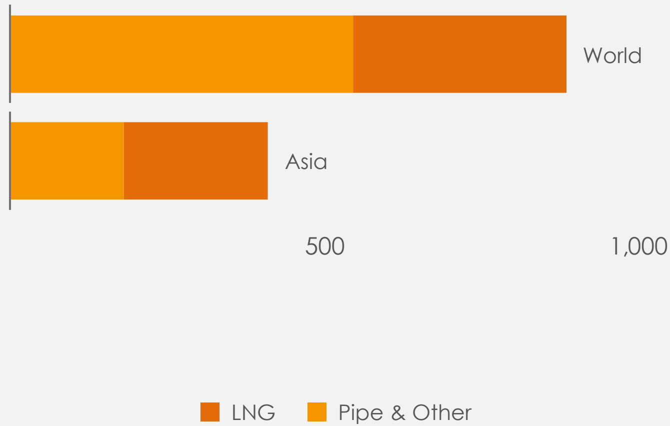
LNG, the engine of gas demand growth

World gas balance
Bcm/y



LNG plays an increasing role in growing demand (> 15% in 2030 vs. 11% in 2018)

2018-2030 incremental gas demand
Bcm

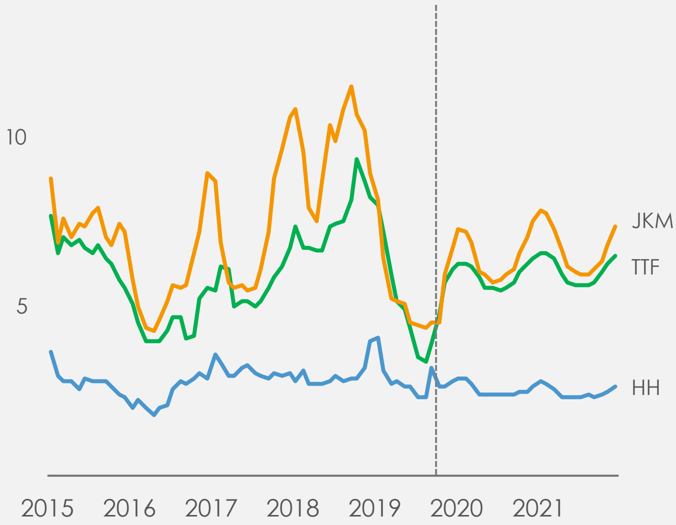


LNG demand growth mainly from Asia

Source: Enerdata, Total Energy Outlook - Momentum

Gas prices
Markets sensitive to supply-demand fundamentals

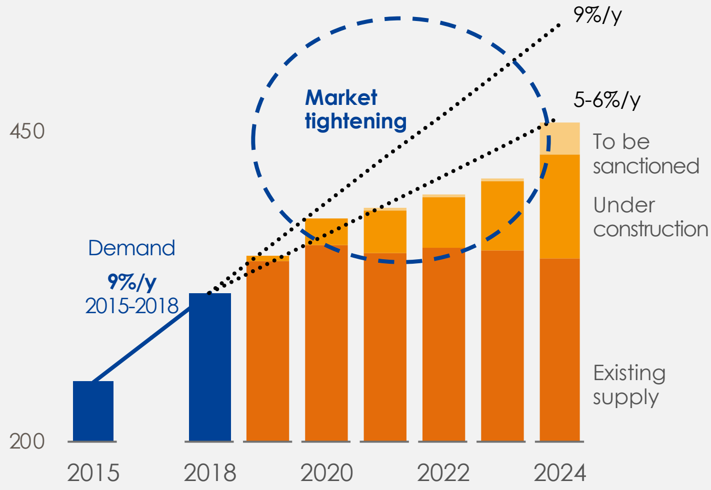
Gas prices
$/Mbtu



Markets anticipate TTF/JKM recovery
with strong growth in LNG demand

Source: Forward 09/13/2019 (NYMEX, ICE, Platts)

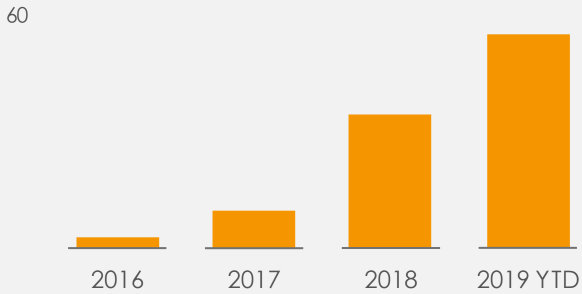
Medium-term LNG supply & demand
Mt/y



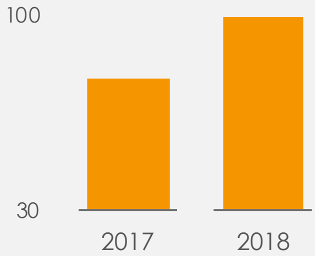
Market tightening 2021+

New trends impacting LNG markets

JKM derivatives – traded volumes
Mt/y



Short-term* & spot trades in LNG Market
Mt/y



Source: GIIGNL
* Short term = < 4 years

2/3 of global LNG sales still sold through long term oil indexed contracts but…

…trend toward commoditization

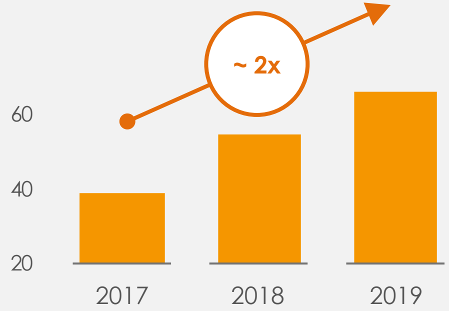
- Long term contracts for Europe indexed to spot gas prices
- Rapid growth in JKM swap derivative market
- Increase in short-term and spot trades: from 27% in 2017 to 32% in 2018
- First LNG Freight Financial swap

Total LNG's portfolio well positioned to benefit from market trends

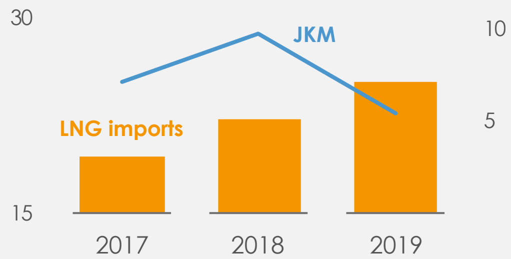
TOTAL

Asia: switch from coal to gas driven by policies
Supported by low prices

China LNG imports
Mt/y



India LNG imports vs. Prices (JKM)
Mt/y and $/Mbtu



China growing LNG customer

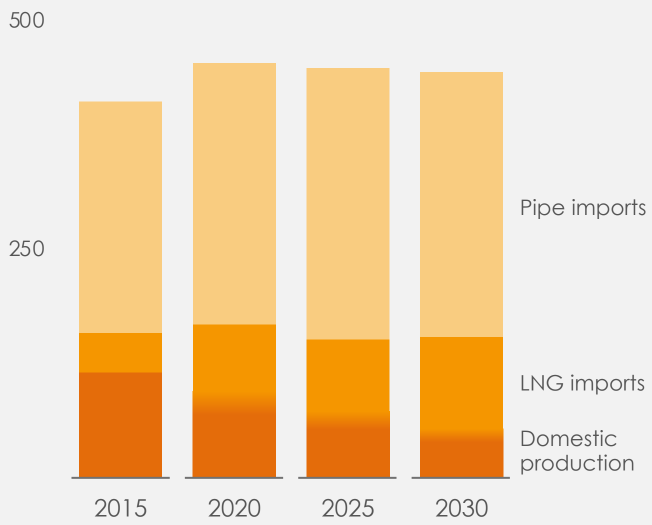
- Ambitious target for share of gas in energy mix of > 15% by 2030
- Air quality policies
- Unbundling of pipe gas operation
- Increasing regas capacity: +50 Mt/y by 2025

India long-term growing LNG customer

- Share of gas in energy mix target: from 7% in 2018 to 15% by 2030
- Investment in gas infrastructure
- Market opening

Opportunity for LNG in Europe

European gas balance
Bcm/y



Source: TOTAL Energy Outlook, Momentum

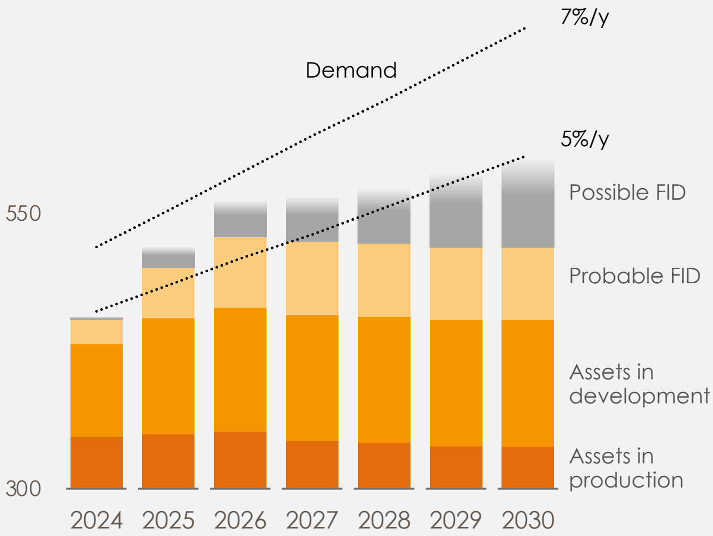
Increasing role of gas with coal and nuclear decommissioning and growth of renewables

Domestic production decreasing

European regas capacity providing **flexibility**

Medium-term LNG supply-demand outlook

LNG supply & demand
Mt/y



Many LNG projects under study but priority to the most competitives ones

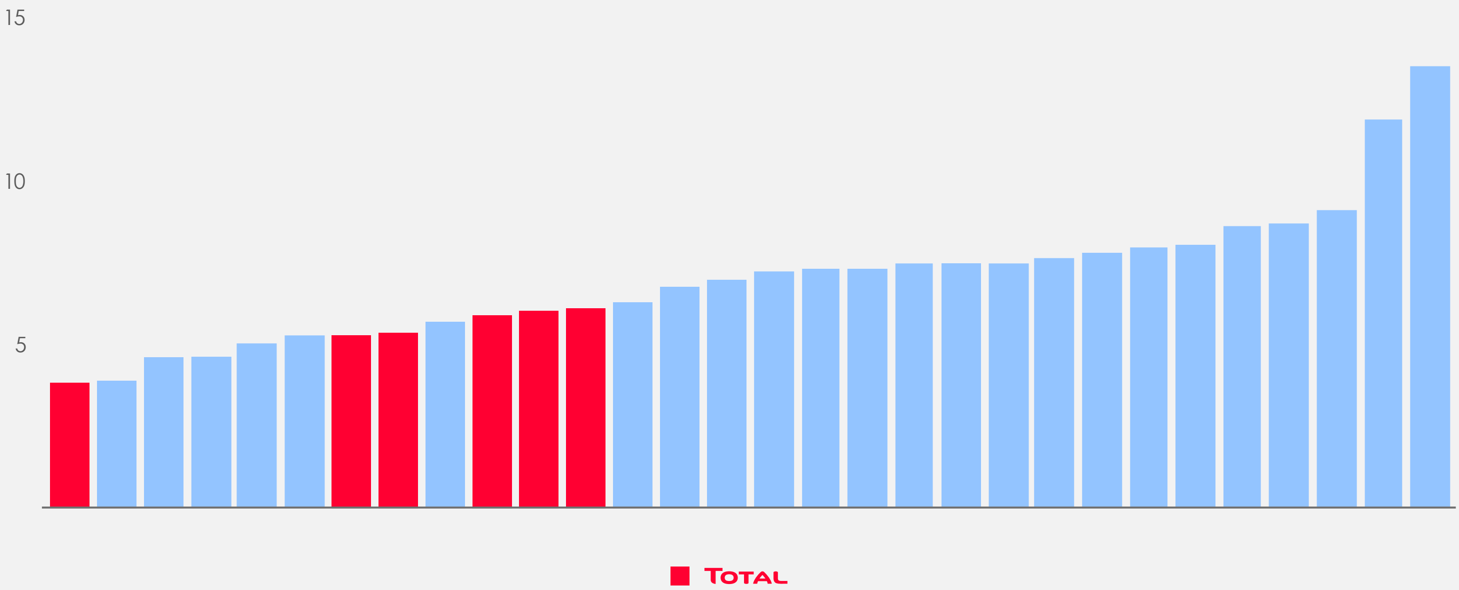
- Present low gas prices challenge new projects
- Advantage for projects with secured long term sales (Mozambique LNG)
- US merchant greenfield projects at risk

Priority to low breakeven projects

Reference: Total Energy Outlook - Momentum

Priority to low breakeven projects

Breakeven - Integrated LNG projects
$/Mbtu – DES Asia – pre-FID and under construction



Source: WoodMackenzie LNG tool, 2019 Q2, Breakeven @10% IRR

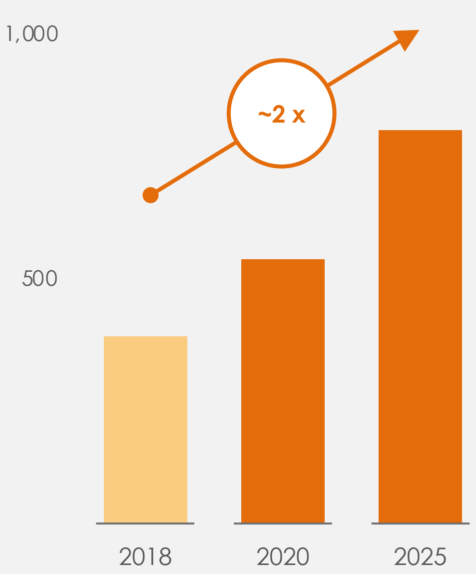
Growing LNG production with competitive projects

Arnaud Breuillac

President Exploration & Production

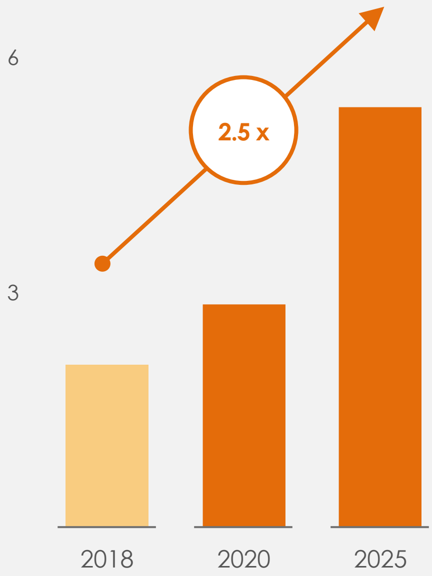
Rapidly expanding LNG

Total integrated gas production
kboe/d



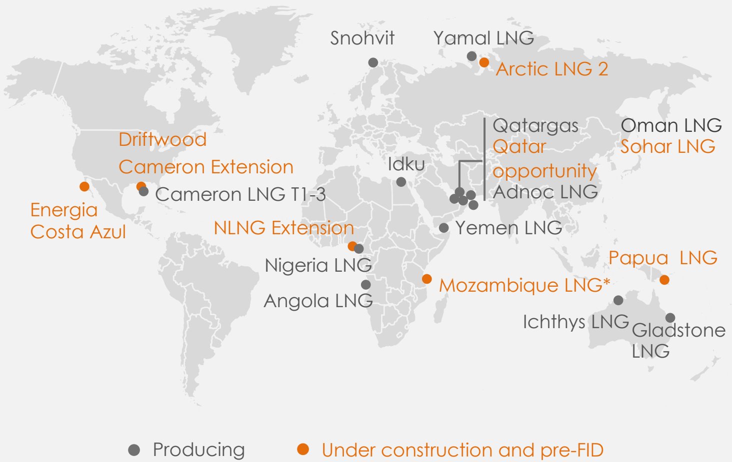
Share of Group production
from **14%** in **2018** to **22%** by **2025**

Integrated gas CFFO
B$ - 60 $/b



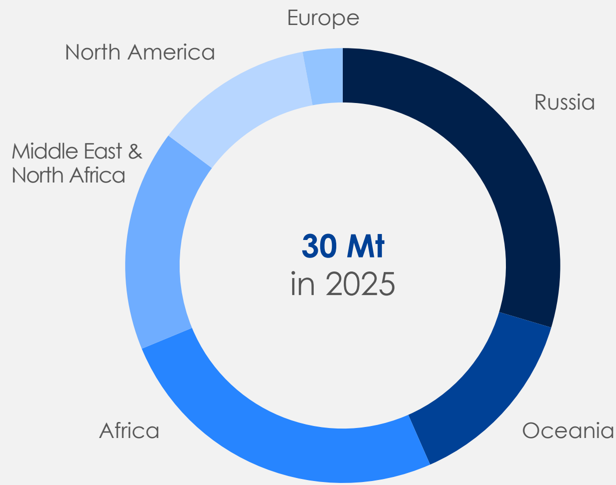
Growing LNG production with competitive projects

LNG assets



* subject to closing

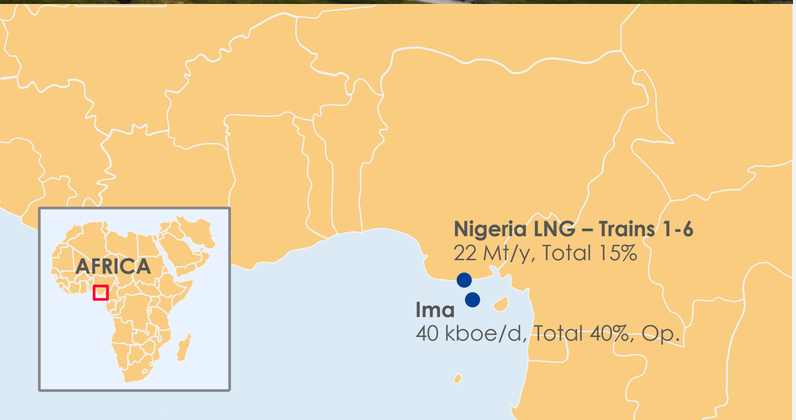
LNG 2025 equity production



Present in all major basins

TOTAL

Leveraging existing Nigeria LNG for a low cost expansion



Valorizing large, low cost Nigerian conventional **gas resources**

- Upstream gas from Ima* offshore field

Adding 7 Mt/y to existing 22 Mt/y plant

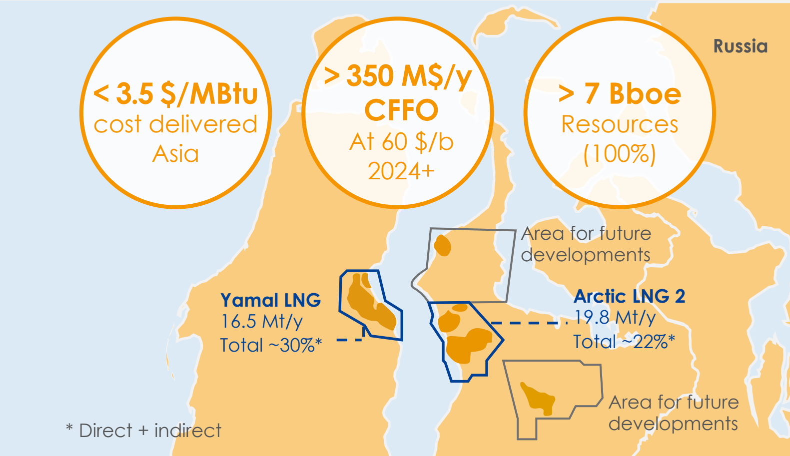
- **Increasing trains 1-6 capacity, adding train 7**
- Optimized **brownfield low cost** development
- **Targeting < 700 $/t**

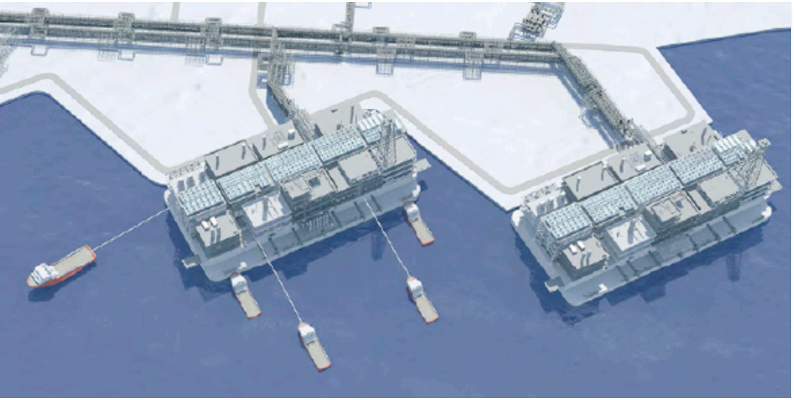
FID by end 2019 – first LNG in 2023

* Future contributor of Nigeria LNG

Arctic LNG 2: in the footstep of Yamal LNG success

Increasing equity production in Russia to ~9 Mt/y by 2025





FID Sept. 2019, first LNG by end-2023

Leveraging **low upstream costs**

Developing **cost effective GBS* design**,
LNG plant **30% lower** unit costs **vs. Yamal LNG**

Significant synergies and shipping optimizations

- Increasing use of **Northern Sea Route**
- **Pooling fleet with Yamal LNG**, building new **Arc7 hybrid designs**
- **New transhipment terminals in Kamchatka** (Asian market-80%) and **Murmansk** (European market-20%)

* Gravity-based structure

North America: building strong liquefaction position

Developing partnership with Sempra

Cameron LNG, US, 16.6%

- Train 1 started, trains 2&3 by mid-2020 (3 x 4.5 Mt/y)
- Cameron LNG brownfield extension under study*
- Low cost shale gas supply

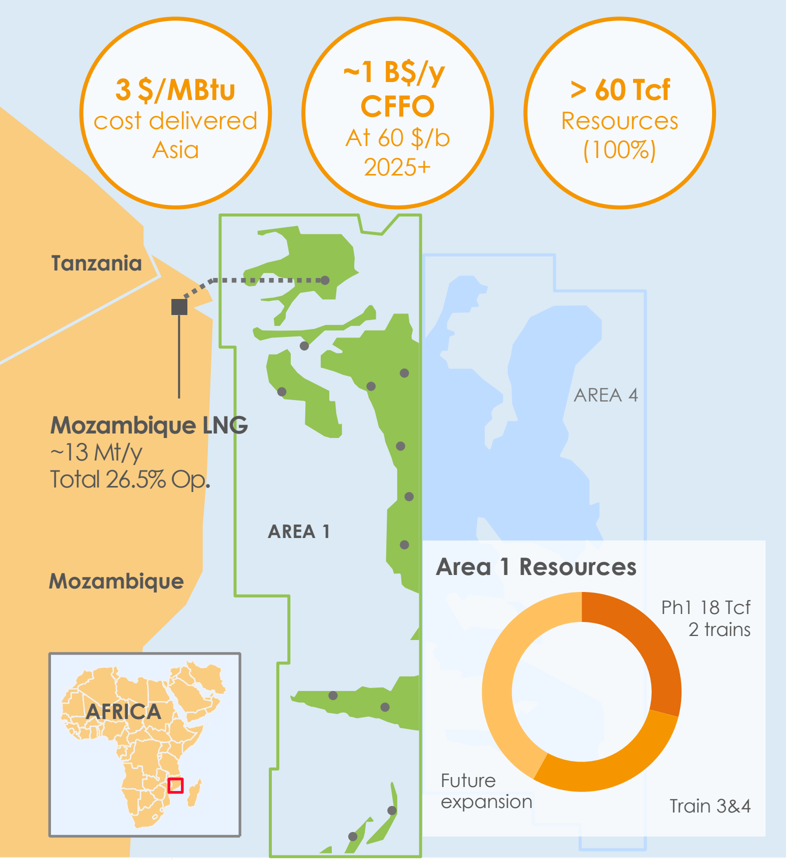
Energia Costa Azul, Baja California, 10-15%

- Competitive brownfield
- Phased development: Ph1 at ~3 Mt/y
- FID turn of 2019
- Low cost shale gas supply from Permian
- Total offtake ~1 Mt/y, strong advantage on shipping cost linked to Asia Pacific location

~3.5 Mt/y equity production by 2025

* FERC/DOE authorizations granted

Mozambique LNG: unlocking world-class gas resources



Giant high quality resources

- Gas composition well adapted to liquefaction
- Well productivity ~30 kboe/d

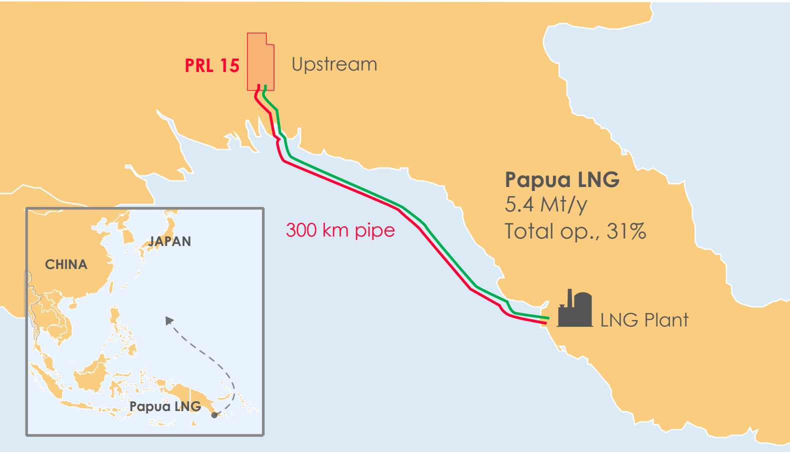
Mozambique LNG: leveraging large scale to lower costs

- Upstream: **subsea to shore**
- **2 x 6.4 Mt/y** LNG plant **< 850 $/t**
- **Onshore synergies** with Rovuma LNG
- **FID June 2019**, first LNG in 2024
- Launching studies on train 3&4 in 2020

~90% volume sold under long term contracts largely **oil indexed**

Note: Subject to closing

Moving forward with attractive Papua LNG project



Favorable reservoir characteristic

- Well productivity ~30 kboe/d

Low cost brownfield LNG extension project

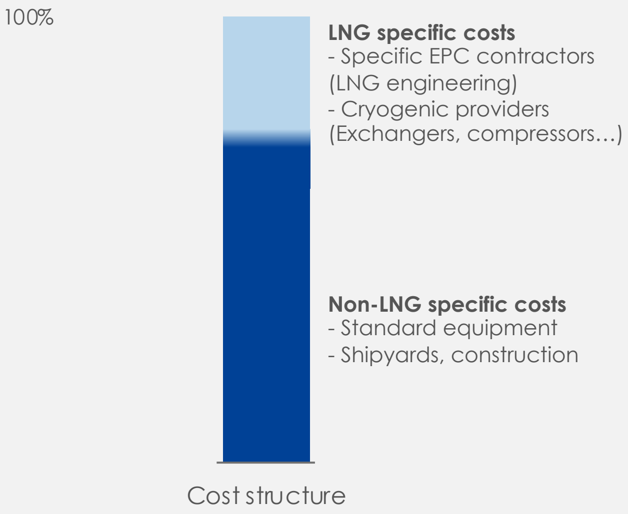
- Maximizing synergies with PNG LNG
- 3 x 2.7 Mt/y project: 2 trains Papua LNG, 1 train PNG LNG

Low shipping costs, close to Asian markets

Targeting FID by 2021

Leveraging favorable market to launch projects

LNG project cost structure
%

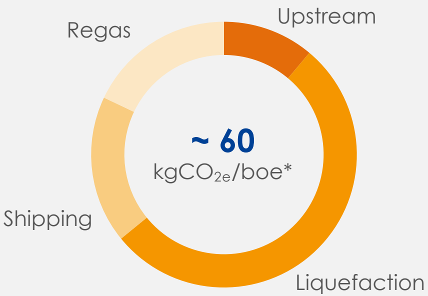


~75% of LNG project costs non-specific to LNG industry

- Significant spare capacity within the supply chain
- Chinese contractors offering competitive alternative for LNG and offshore projects

Reducing LNG GHG footprint

LNG GHG emission breakdown



GHG main contributor

- Liquefaction process itself
- Shipping

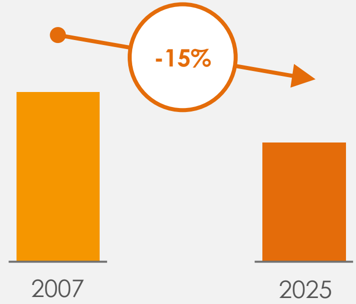
Liquefaction improvement initiatives

Process and operations efficiency: up to 10% GHG reduction

High efficiency turbines: up to 15% GHG reduction

All electric approach (grid, renewable): up to > 50% GHG reduction

Shipping emission by LNG carrier type



Portfolio arbitrage

Improve insulation (membrane technology)

Select **optimized propulsion** (LNG as fuel, low pressure two stroke engine)

Install **reliquefaction systems**

* Scope 1+2 from gas production to regas at terminal

Growing a resilient and profitable LNG portfolio

Laurent Vivier

Senior Vice President Gas

Integrated and diversified along the value chain

Equity production
30 Mt/y in 2025

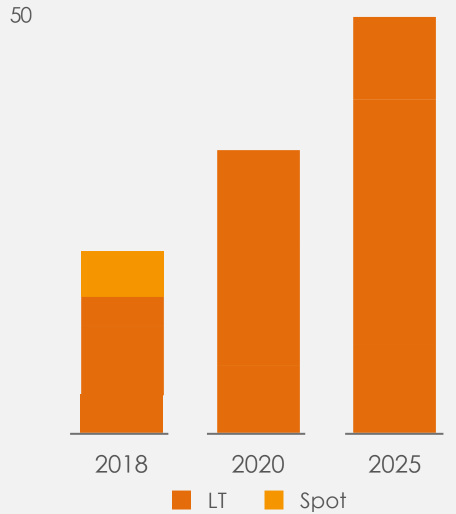
Trading and shipping
Portfolio of 50 Mt/y in 2025
> 20 ships incl. 2 FSRU

Regasification and supply of gas
Capacity of 20 Mt/y
≈ 1.5 million customers in Europe

Development of new markets
FSRUs in emerging market places
LNG bunkering

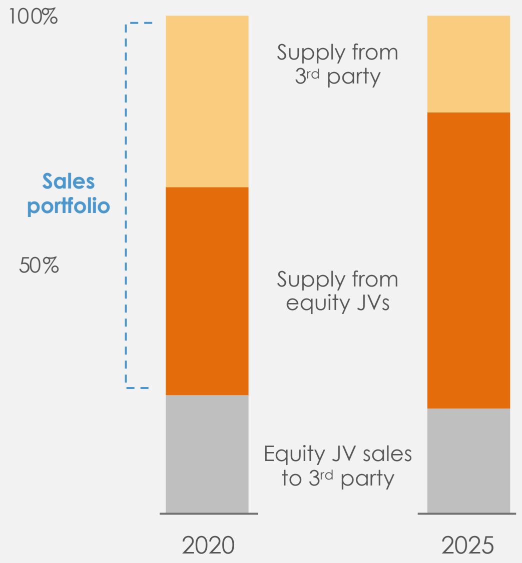
LNG Portfolio: sustainable growth
60% of LNG sales from Group production by 2025

LNG sales
Mt/y



Managing 50 Mt/y by 2025

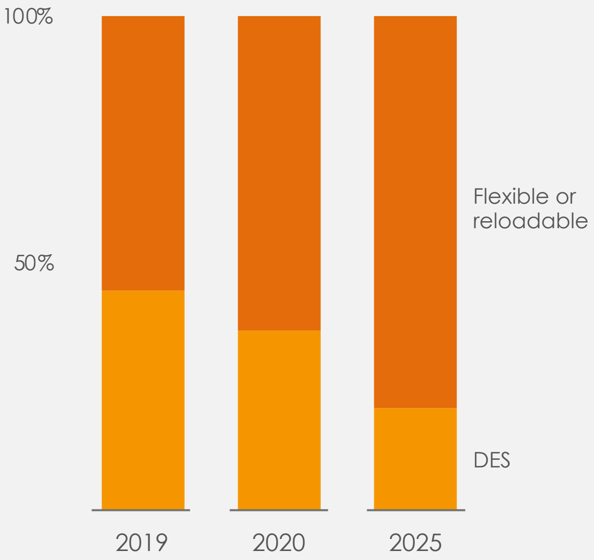
Supply by sources
%



TOTAL

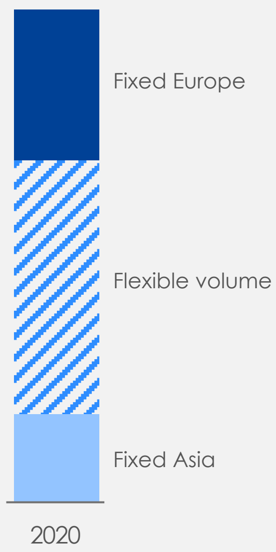
A balanced portfolio open to optimization

Portfolio flexibility



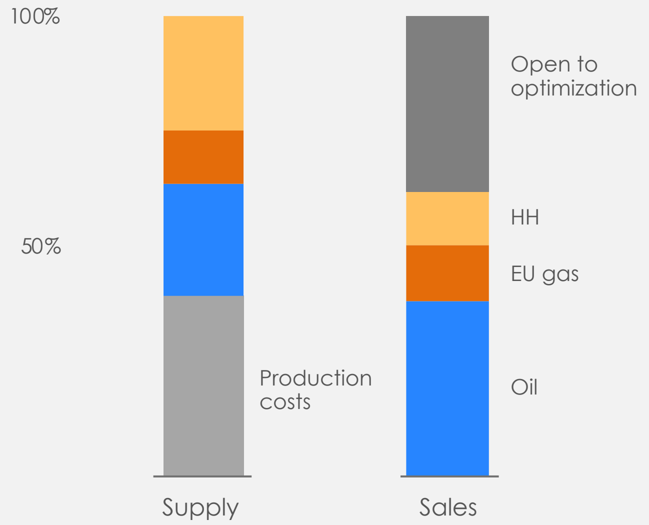
~65% of portfolio has **flexible** destination or is **reloadable in 2020**

Sales destinations
%

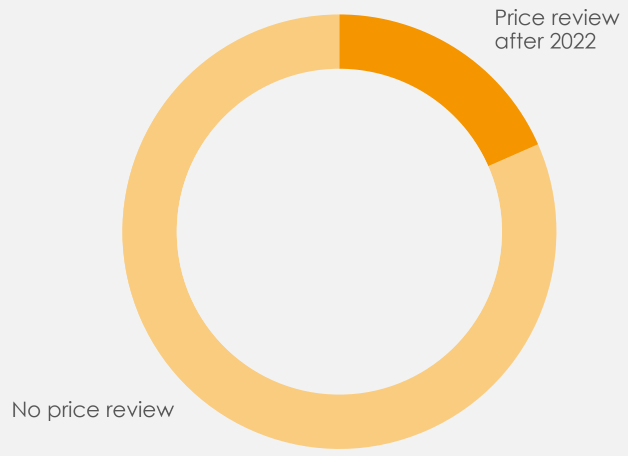


Resilient sales portfolio benefiting from oil price upside

2020 index exposure
%

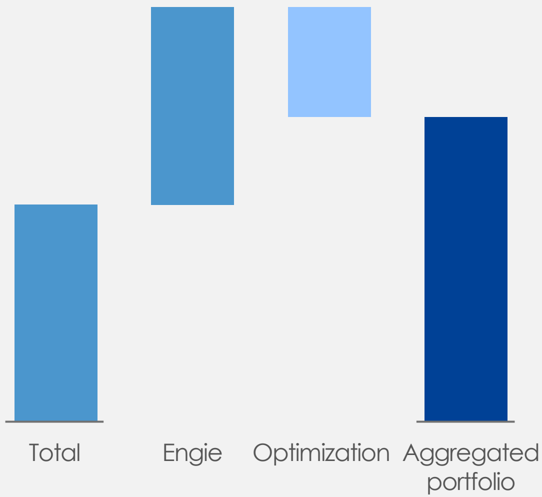


Long term contract price reviews
%



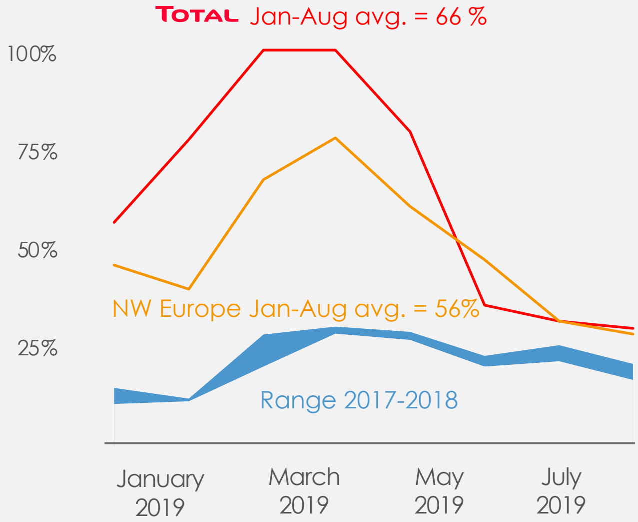
Engie LNG: creating value combining two LNG portfolios

Shipping
Days



Value creation from
optimized shipping **~0.2 \$/Mbtu**

Europe regas utilization
%



Value of monetizing
available regas capacity **~0.25 \$/Mbtu**

New outlets

Accessing new markets through FSRUs and local partnerships

New 2019 sales

Guanghui Energy / China:
SPA 0.7 Mt/y DES from June 2020 for 10 years

Taipower / Taiwan:
MOU/HOA 0.9Mt/y DES from January 2024 for 9 years

Bunkering with CMA CGM 0.6 Mt/y

Republic of Benin

Development of a LNG import FSRU

Supply of up to **0.5 Mt/y**

15 years, starting 2021

TOTAL and AES in Dominican Republic and Panama

Partnership to develop gas-to-power sales

1 Mt/y

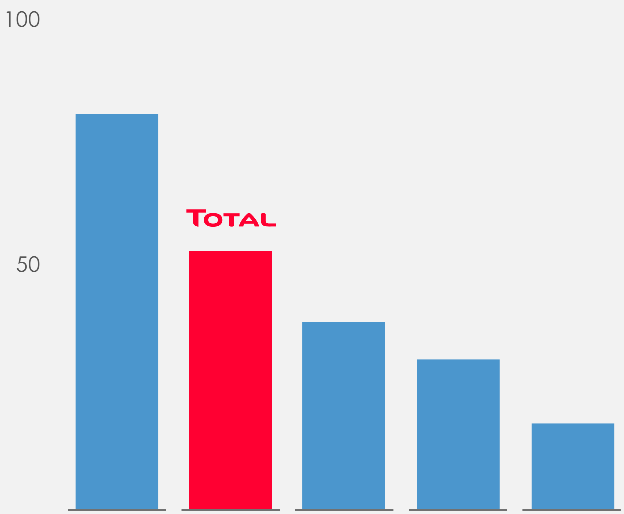
10 years starting 2017

Adani Partnership: leveraging Indian market potential

Regasification terminal of Dhamra LNG – **5 Mt/y**

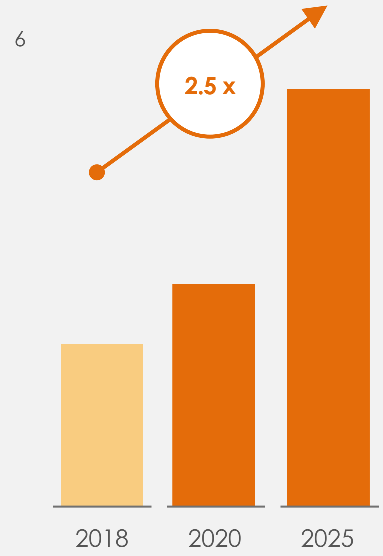
World #2 LNG player worldwide
Integrated LNG

2025 LNG portfolio
Mt/y for Total and Peers*



* BP, Chevron, ExxonMobil, and Shell

Integrated gas CFFO
B$ - 60 $/b



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Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. In addition to IFRS measures, certain alternative performance indicators are presented, such as performance indicators excluding the adjustment items described below (adjusted operating income, adjusted net operating income, adjusted net income), return on equity (ROE), return on average capital employed (ROACE) and gearing ratio. These indicators are meant to facilitate the analysis of the financial performance of TOTAL and the comparison of income between periods. They allow investors to track the measures used internally to manage and measure the performance of the Group. These adjustment items include:

(i) Special items
Due to their unusual nature or particular significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or asset disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

(ii) Inventory valuation effect
The adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments' performance and facilitate the comparability of the segments' performance with those of its competitors.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the statement of income is, depending on the nature of the inventory, determined using either the month-end price differentials between one period and another or the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First-In, First-Out) and the replacement cost.

(iii) Effect of changes in fair value
The effect of changes in fair value presented as an adjustment item reflects for some transactions differences between internal measures of performance used by TOTAL's management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, which future effects are recorded at fair value in Group's internal economic performance. IFRS precludes recognition of this fair value effect.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, excluding the effect of changes in fair value.

Euro amounts presented herein represent dollar amounts converted at the average euro-dollar (€-$) exchange rate for the applicable period and are not the result of financial statements prepared in euros.

This document also contains extra-financial performance indicators, including a carbon intensity indicator for energy products used by Total customers, that measures the average greenhouse gas emissions of those products, from their production to their end use, per unit of energy. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchase (Scope 2), as well as the emissions associated with the use of products by the customers of the Group (Scope 3) which Total does not control (for the definitions of scopes 1, 2 and 3, refer to Total's Registration Document).

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