

**Address by Patrick Pouyanné**  
**Annual Shareholders' Meeting of May 29, 2019**

Ladies and Gentlemen,  
Fellow Shareholders,  
Good morning,

I am delighted to be with you once again for our Annual Shareholders' Meeting.

This key opportunity for dialogue and discussion with our shareholders — and you are out in number again this year — is important for your Board of Directors, for me as your Chairman, and for our Company as a whole. Each year, this meeting gives me a chance to tell you about what we accomplished in the past year and discuss the outlook for your Company going forward.

As you know, our ambition is to become the responsible energy major.

Our purpose, as I described it at last year's Annual Shareholders' Meeting, is to provide as many people as possible with more affordable, more reliable and cleaner energy, by which I mean energy that is respectful of our planet's future.

I'm going to start by going over our results, which illustrate the successful implementation of our strategy, and the major agreement we've just signed with Occidental to acquire Anadarko's assets in Africa. This is our largest acquisition since the Total-Elf merger.

I'll then share with you the main challenges facing us in our drive to become the responsible energy major:

- Combating climate change, and
- Total's corporate social responsibility.

These large-scale challenges are central to our ambition and integrated in our strategy. They concern both our sustainability and our social value. While our commitment in these areas is longstanding, both have a particular resonance today, as can be seen the debates and headlines dominating the news cycle in France, the rest of Europe and the world at large.

Lastly, I will conclude with a few words about our policy for distributing the added value created by your Company and, in particular, the return to you, our shareholders. As you will see, this policy will continue in line with what was announced in 2018.

### **1. 2018: A very good year, with excellent results and major advances in our three core businesses of oil, gas and power.**

With adjusted net income up 28%, exceptional growth of more than 8% in oil and gas production, the highest return on capital employed among the majors (at close to 12%) and an organic pre-dividend breakeven below \$30 per barrel, our 2018 performance is one that can make you proud — proud to be Total shareholders. It's not by chance that being performance-minded is one of our values!

I won't repeat everything Patrick de La Chevardière just told you, but I do want to note that our excellent 2018 results reflect profitable growth in our production and our increased ability to make the most of higher oil prices. We also benefited from continued financial discipline as concerns both our operating costs and capital expenditure.

As you know, the oil price environment is volatile and something over which we have no control. As a result, we need to excel at what we can control, which means our safety, operations, costs and investment choices.

Looking beyond our results, I'd like to remind you of some of the major success stories and flagship projects that shaped 2018:

- Upstream, there was the countercyclical acquisition of Maersk Oil and new offshore licenses in the United Arab Emirates, as well as the start-up of the Kaombo North and Egina deepwater projects in Angola and Nigeria respectively, which you saw in the first video.
- Downstream, we pursued our growth strategy in petrochemicals, launching projects in the United States, Saudi Arabia, South Korea and Algeria. And in Marketing & Services, we continued to expand in strong-growth markets with our entry into Mexico, Brazil, Angola, India and Saudi Arabia.
- In our second business segment, natural gas, 2018 was shaped by the acquisition of Engie's liquefied natural gas (LNG) business and the first deliveries from the impressive Yamal LNG project in Russia, which your Board of Directors visited in October 2018. I heard your reaction to the video, and I think we can applaud the incredible work done by all of the Total and Novatek teams to build this cathedral of modern times. I know that I get a thrill every time I see the footage. This position in the Russian Arctic, in an area that some are calling the "new Qatar," will be expanded with the upcoming Arctic LNG 2 project, in cooperation with our strategic partner Novatek. During the year, we also started up the Ichthys LNG project in Australia.
- Lastly, in our third energy focus, low-carbon electricity, we took a significant step forward in 2018 by acquiring Direct Energie. We're

investing \$1.5 to \$2 billion a year in this area to support our ambition of becoming the responsible energy major.

2018 was a milestone year for us because Total, regularly described as an oil company, has clearly become an energy company that markets oil, gas and low-carbon electricity.

We will continue to implement this strategy with an unwavering focus in 2019 as we benefit from:

- An increase of more than 9% increase in our production, which is exceptional.
- Stable capital investment of between \$15 and \$16 billion.
- A continued reduction in our production costs to reach \$5.50 per barrel, as Patrick de La Chevardière explained earlier.

Note that in the first quarter of 2019, when prices edged down a bit, we delivered the second-best results among the oil majors, ahead of Exxon, Chevron and BP. This demonstrates once again that we are on the right path.

To prepare for the future, we are deploying a clear, shared strategy, notably in our traditional oil and gas businesses. This strategy leverages our strengths, because we believe that this puts us in the best position to create added value for our shareholders. These strengths are the four technologies and businesses in which we excel — deep offshore, liquefied natural gas, petrochemicals and retail networks — and the three geographic areas where we hold leadership positions: Africa, the Middle East and the North Sea.

The recent announcement of the acquisition of Anadarko's African assets from Occidental, in the midst of a takeover battle, demonstrated our agility and ability to seize opportunities. But first and foremost, we were able to do this because we have a clear, shared strategy. Anadarko's assets, which represent more than three billion barrels of reserves and resources that we will acquire for \$8.8 billion — or less than \$3 per barrel — sit squarely at the center of our strategy of playing to our strengths. I'm talking about Africa and LNG in Mozambique, Africa and the deep offshore in Ghana and South Africa and, lastly, Algeria, which enhances our position in North Africa. These assets will strengthen our position as the leading major in Africa — a region with very high potential — and as the world's second-largest LNG player. They will contribute to our production and cash flow growth and help lower our portfolio's breakeven point while allowing us to control our destiny, as we will be operator on two major new projects in Mozambique and Algeria.

This major, gas-heavy transaction will also contribute to our ambition to become the responsible energy major. I now propose to turn our attention to the two important, long-term challenges facing us as we move forward: climate change and corporate social responsibility.

## **2. The challenges facing us to achieve our ambition: climate change and social value.**

Let's take a moment to look at each of the words in our ambition — Becoming the Responsible Energy Major — because each is equally important:

- “Becoming”, first of all. This word expresses movement, ambition and the road that’s still ahead, even though we’ve clearly started down it.
- “Major”: yes, we are a world leader in our industry and we intend to remain one for years to come.
- “Responsible”: we want to make a tangible, positive contribution to economic and social development against the backdrop of climate change, because we believe that the Company is part of the solution.
- “Energy”: here’s the key word. Not oil, not oil and gas, but energy, because our ambition is to invest in and become a leading producer and marketer of all types of energy: oil, gas and power.

### **Climate change: a major challenge at the heart of our strategy.**

Climate change is one of the 21st century’s major challenges, as can be seen in France’s yellow vest protests, various citizen-led movements, NGO initiatives to protect the environment, reports by international experts and events in the political sphere. It is also a crucial issue for us. We see climate change as a source of opportunity, as it is reshaping the energy markets. We are gradually adapting our business portfolio in consequence.

We are continuing to implement our strategy with an eye on the 2040 energy market as envisioned by the International Energy Agency in its Sustainable Development Scenario, which corresponds to a less than 2°C increase in the global average temperature. In 2019, we published for the first time our own scenarios for the energy markets (oil, gas and power), outlining the challenges involved in achieving a below 2°C world as described by the Paris Agreement.

Our strategy is built around four key areas that integrate the challenges of climate change:

- First, **oil** — because people will still need oil for a long time, though no doubt less than they do today. We are concentrating on low breakeven assets to deal with the possibility of stagnant or declining demand while making the most of higher prices. We are also promoting the use of sustainable biofuels.
- Second, **natural gas**, the fossil fuel that produces the least carbon emissions. Here, we are on the offense, notably in liquefied natural gas, the only hydrocarbon slated to see strong growth in the next 20 years under all the different scenarios. In this way, we are creating a real competitive advantage for Total. We want to grow across the gas value chain, from production to sales, just like we've done with oil.
- Third, **low-carbon electricity**, an energy we're investing in and producing from gas and renewables. We intend to make the most of strong growth in global demand for power, which will virtually double in 20 years. The 21st century will be the century of electricity, and we want low-carbon electricity to account for 15% to 20% of our energy mix in 20 years' time. This will be a major shift for our Company.
- Fourth, **carbon sinks**, an area in which we are investing to contribute in a pragmatic, tangible way to a carbon-neutral world. The idea here is to offset the emissions from the oil and gas that our customers will continue to use. We are investing in innovation and commercial scale-up of carbon capture, utilization and storage technologies and developing a new natural carbon sink business within the Group. Starting in 2020, we plan to invest \$100 million a year to preserve forests and wetlands and to restore degraded soil.

As you can see, your Company is clearly engaged in addressing climate issues.

In February 2019, we announced our goal to reduce our absolute greenhouse gas emissions at our operated oil and gas facilities by 15%, from 46 million tons in 2015 to 40 million tons in 2025. I'd remind you that we've reduced those emissions by 25% since 2010, so overall, that will make for a nearly 40% decline over the 2010-2025 period.

In addition, as Patricia Barbizet explained, the Board of Directors is proposing to link part of your Chairman and Chief Executive Officer's variable compensation to this target. If approved, the same condition will apply to Total's top 300 executives.

By staking out a position in fast-growing low-carbon markets, our ambition is to reduce the carbon intensity of the energy products used by our customers by 15% between 2015 and 2030 and by more than 25% by 2040. If our customers change their energy use in tandem with the changes in our offering, we will contribute together, and responsibly, to achieving the targets set out in the Paris Agreement.

The second challenge I want to talk about is **corporate social responsibility**, which is a guarantee of your Company's sustainability.

More than anything, a company is a story of people, of a collective effort to accomplish a mission that has value for society. It would be a mistake to think that the search for profit is the sole focus of a market leader like Total. Profit is an indispensable means for investing and developing over the long term in our industry — the energy industry — and for making a



positive contribution to the social and economic development of the society in which we operate.

With that in mind, I'd like to highlight a number of tangible initiatives that illustrate how your Company is walking the talk when it comes to corporate social responsibility and community engagement.

To make this commitment more effective and visible, we have organized Total Foundation's initiatives into four priority areas of action: road safety, and notably road safety training for young people, which is a major issue for a continent like Africa; forests and climate; youth inclusion and education; and cultural dialogue and heritage.

I can tell you that all four of these focus areas are aligned with our ambition, our history and our values.

One of our recent decisions in connection with our program to promote our cultural heritage was our €100 million donation to help rebuild Notre-Dame cathedral in Paris. This exceptional donation was made through France's Fondation du Patrimoine, of which we have been the main sponsor for many years.

We made this decision because Notre-Dame is much more than a monument. The cathedral is the heart and soul of Paris, a symbol of our culture and a witness to the centuries-long history of France, our home country.

We also made this donation because standing together is one of Total's values. We wanted to do our part in response to the outpouring of emotion triggered by the disaster both in France and around the world.

Lastly, I'd like to emphasize that, in compliance with our Code of Conduct, we made this donation through Fondation du Patrimoine, because it is an organization that is not affiliated with any particular religion. The focus here is cultural heritage, not religion.

Another symbolic example of our community outreach is our work with young people. Youth employment is also a major challenge in France that we want to help address, and for that reason, Total is contributing to training and job opportunities for young people through its support for apprenticeship. Each year, we take on 1,700 work-study participants in France, which corresponds to 5% of our total workforce.

We also participate in citizenship initiatives targeting young people. Total Foundation is contributing to the creation of 100 production schools across France to help school leavers learn to like learning, through doing. Total Foundation is also supporting the creation of a smart industry school in Stains, a suburb north of Paris, to attract and train young people in areas that are recruiting and can give them an on-ramp into the workforce.

I am quite sure that all of these initiatives contribute to our own teams' pride in belonging to Total and to fulfilling their search for meaning in their daily work. Speaking of our teams, I would like to take this opportunity to extend my deepest thanks to them here, in front of you, for their daily contribution to our results, their commitment to our projects and their ability to work together and innovate.

### **3. Distributing the value created by your Company and shareholder return**

Now, I'd like to turn to our policy for distributing the value created by your Company and the return to you, our shareholders.

Becoming the responsible energy major means creating value and, of course, sharing it.

In 2018, we generated around \$40 billion in added value. As the Board of Directors announced, 40% of this, or close to \$16 billion, has been reinvested in the Company to prepare for the future. The remaining 60% has been divided among three main recipients:

- First, our employees, our teams, who delivered these results. They will receive, in different forms, the equivalent of \$10 billion, which corresponds to 25% of the value added created by Total.
- Second, our host countries, where we work, pay income and other taxes and carry out our corporate citizenship initiatives. In 2018, this represented a commitment of \$7 billion, or more than 15% of our value added.
- Third, our shareholders, to whom we have distributed nearly \$8 billion, either in dividends or through share buybacks, representing in all 20% of our value added.

I am pleased today to confirm that we will continue to implement that dynamic shareholder return policy.

I don't need to remind you that Total has offered a higher dividend with an attractive yield of 5.5% a year on average over the past ten years. Our dividend expressed in euros has not declined in 30 years. So I can state here before you that an investment in Total is a safe and profitable one.

In early 2018, your Board of Directors wanted to take advantage of its confidence in our cash flow growth to give you some visibility through a clear shareholder return policy for 2018, 2019 and 2020. I'd even say that your Board of Directors was bold, as it took this step in a relatively volatile oil price environment.

In short, it announced a 10% increase in the dividend over the 2018-2020 period, as well as up to \$5 billion in share buybacks, in order to share the benefits of the oil price upside with you.

This policy, announced in February 2018, has been applied through a dividend of €2.56 per share, up 3.2% from 2017. In addition, we've carried out \$1.5 billion in share buybacks. This is more than the \$1 billion initially planned, because the price of oil in 2018 averaged above \$60.

I confirm that we will continue this trend in 2019 and 2020, and that the plan to acquire Anadarko's African assets will not negatively impact the shareholder return policy. On the contrary, this acquisition will generate positive net cash flow as from 2020, even with crude oil below \$50 a barrel. Additional cash flow of more than \$1 billion will be generated as from 2025 once the Mozambique LNG project comes on stream, contributing to future dividend growth.

So, to sum up, in 2019:

- The dividend will rise 3.1% to €2.64 per share, as the interim dividend payments are already indicating.
- The share buyback policy will continue at the same level of \$1.5 billion at \$60 a barrel, and more if the per-barrel price increases.

This, ladies and gentlemen, is what I wanted to share with you today.

The difficult economic environment we experienced in 2015, 2016 and 2017 made us stronger and more resilient, with a solid balance sheet that has allowed us to seize growth opportunities in line with our

ambition — all of this thanks to the commitment of our dedicated teams and the support we've received from you, our shareholders. The acquisition of Direct Energie in 2018 is one example, as is that of Anadarko's African assets.

As a responsible and engaged corporate citizen, we are determined to meet the stimulating challenges of climate change and corporate social responsibility, as complex as they may be.

We are also determined to keep the Total share highly attractive and by doing so, thank you for your loyalty.

I'd like to finish by asking you to join me, the Board of Directors and the Executive Committee in extending our warmest and sincerest thanks and best wishes to Patrick de La Chevardière, your Chief Financial Officer for the past 12 years, as this is his last Annual Shareholders' Meeting. Thank you for your remarkable work, unwavering commitment and clear-eyed determination. Jean-Pierre Sbraire will pick up where you left off starting this summer.

From all of us, thank you Patrick!