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PRESENTATION

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Good morning, good afternoon or good evening, wherever you are on the planet, and thank you to attend this new session of our Strategy and Outlook for TotalEnergies. I am today together with the Executive Committee. I will introduce them to you a little after. But first, I would like to tell you that today's presentation comes at a turning point for the company. It is the first one under our new name, TotalEnergies and our new colors. Just 1 year ago, we were coping with a deep crisis. Plenty of uncertainties on three fronts. The oil prices, which have turned around for now. The global pandemic, which is on its way to be sorted out, thanks to vaccination, we hope so. And climate change, which for sure, remains at the forefront. A year later, after weathering the storm and emerging stronger, while



keeping the trust of our shareholders, we are moving forward towards achieving our sustainable development ambitions for a just energy transition and a carbon-neutral future.

We have a strong conviction. The world is changing at an accelerating rate, and this means that we must evolve and quickly seize opportunities to grow the companies in new areas, new energies or we risk being left behind. Energy is indeed reinventing itself, and so are we. Leveraging our skills and global presence to provide more energy, reduce emissions and be always more sustainable. Our ambition is to be a leader in the energy transition and to play a positive role for society and the environment, i.e., to produce more energy with less emissions.


More energy flowing from natural gas, LNG, which plays a key role in the energy transition has demonstrated this day with the growing demand for LNG, more than 10% per year for the last 7 years. And more energy flowing from renewable electricity as Power is the form of energy benefiting the most from the fight against climate change. Less emissions, as we have the ambition to get to net-zero together with society for both our Scope 1 and 2 emissions from our worldwide operated activities, but also for the Scope 3 emissions of our worldwide customers.

Our vision is to secure a future for the company. That takes us from our first 100-year anniversary coming up in a few years, all the way to our second centennial celebration. All that is a matter of sustainability, key to creating long-term value for our shareholders. This vision was supported by 92% of our shareholders as of the last general meeting. And this gives us a strong encouragement to execute it. Our strategy is a balanced approach that takes full advantage of the assets and expertise we have accumulated.

We are transforming the company to create long-term value for our stakeholders, but we are transforming while combining energy transition and shareholder return. We will not abandon or sacrifice value. And by leveraging our present portfolio, we will generate the significant cash flow needed to achieve our ambitions for the coming years. For the future, our expertise will turn increasingly to new energies, becoming 1 of the top 5 renewable power producers in the world by the end of the decade and from there on to biofuels, hydrogen, synthetic fuels.

There is enthusiastic support inside TotalEnergies for this profound transformation that we have embarked on. We are, by the way, rewarded with an environment today that is fast-moving and dynamic, with economies reopening, oil prices rebounding and notably in Asia and Europe, gas prices hitting record highs. Our oil and gas portfolio is capturing these upsides. The company is firing on all cylinders. The balance sheet is strong and the cash is flowing. We are committed to sharing the surplus of revenues above \$60 per barrel with our shareholders. And considering the current high prices for oil and natural gas, we plan a \$1.5 billion buyback for the fourth quarter of 2021. And our outlook for strong sustainable cash flow growth over the coming years supports future increases of the dividend.

Our objective today for this presentation is not to revise profoundly our long-term or medium-term outlook. But to give you more insights on its execution and to convince you that our transformation to a multi-energy company secures for TotalEnergies, the lasting role as a leader in the rapidly evolving energy



industry for the benefit of all our stakeholders. As you understood, sustainability is at the core of our strategy, of our projects, and our operations. We have decided within TotalEnergies to create a new ritual. Before, each meeting was starting with a safety moment. Now each meeting in the morning is starting with a safety moment. But in the afternoon, it's starting with a sustainability moment. And so, as we are in the afternoon here in Paris, you will have now the sustainability moment to launch this meeting.

(sustainability moment video)

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*


Yes. I think it was a good example, combining, by the way, CO2, climate change and biodiversity. These 2 key topics for our planet. So again, I'm happy to welcome you today. I am together with the 7 members of the executive committee. They are with me. You have, from right to left, you have Nicolas Terraz, our new E&P President, you have Helle Kristoffersen, you know her well, she changed positions, President for Strategy and Sustainability. I don't introduce Jean-Pierre Sbraire, our CFO. Then we have Alexis Vovk that you know already, President, Marketing and Services. Namita Shah, she has changed also positions. She's now President for OneTech. You will have the opportunity to listen to her, and she's supervising also the People and Social Engagement division. And we have Bernard Pinatel, our President for Refining & Chemicals. And the last one joined recently as well the Executive Committee, Stéphane Michel, President for Gas, Renewables and Power.

So in this presentation, it's not -- it's a presentation which will be a multi-voice one. So you will have the opportunity to hear 6 of the 8 members of the executive committees. Helle, you heard here yesterday, and Jean-Pierre is not punished, but this time, he has worked hard to prepare all that with his teams, but he will, of course, participate in the Q&A, but he will not describe himself as well, but you have the opportunity to listen to him quite regularly for the results.

So I will launch this presentation. And again, first slide, is this one combining security, safety, sorry, and sustainability because, in fact, these 2 concepts, you understand are going hand in hand. We want to elevate sustainability at the same level of importance in the company. Safety is a value. We consider that operational excellence, safety, sustainable development go hand in hand.

And on this slide, before to speak a little about safety, just to remind you what are the principle of actions that we are developing within the TotalEnergies as a sustainable company. Of course, the respect of human rights is a cornerstone of our code of conduct. We have zero tolerance against corruption and fraud in this company. And the last principle of actions, which is quite important as a rule of conduct in our engagement with society, whatever the subject will be is transparency.

And through this presentation, I think we will try to translate what it means transparency by discussing some hot topics that we are confronted sometimes. Safety, as I said, and this is, by the way, I never comment on this presentation as TotalEnergies is willing to become a multi-energy company, a broad energy company. We are not only -- even if we are classified as an oil and gas company, we will benchmark ourselves, you will see that in 2, 3, 4 different slides, not only against our peers in oil and gas, our major



peers, but also against some of the largest utilities as we think that we want to enter into that field, and we will explain how and why we think we can develop some profitable business in the field of electricity, renewable electricity.


So on this slide of safety, you can see that, by the way, the records coming in terms of safety by oil and gas companies is lower than the ones of utilities, quite much lower. And that TotalEnergies has embarked in a continuous journey of improvement. We have improved our total recorded injury rate by 20% last 3 years. And the other important information in my eyes on this slide is that -- we have -- there are no facilities within the company for more than 400 days now over the past 12 months, which means that this target of no fatality is possible, I touch some wood, I think it will be many, many, many, many other days without any fatalities, but I think it's important to underline it because life of our people is our most precious asset.

So after that, let's see, as I said in my introduction, and this is, I think, the fundamental reason why we move from Total to TotalEnergies with these new colors and this new logo. Energy is reinventing itself because of climate change, because of technology, because we want to change the world system to decarbonize it, and so are we as well. And I would say the plan, the program we propose to our shareholders, to our stakeholders is fundamentally articulated about the 3 main axes, which is more energy, growing population, population needs more energy. And TotalEnergies as an energy producer wants to supply more energy, but less emissions, less carbon. So that means that at the same time, decarbonizing this energy. And because it's part of the journey to make a just transition, we need to put it in a framework of sustainability, so always more sustainable.

And I will now explain you the 3 key, I would say, messages around these 3 thematics. But before just to tell you more concretely what it means, and I would not describe you the full menu. But it means that, in fact, we are building a multi-energy company to benefit all our stakeholders who developing in 7 different energies. There are 7 symbols, now, oil, natural gas, renewable electricity, biomass, hydrogen. My colleagues will give you the details of the menu. Nicolas, Bernard and Alexis will come back on all and the new energies that they could develop. Stéphane will come back on natural gas and as well hydrogen and biogas. I will come back myself on the renewable and electricity at the end of the presentation. So I will not detail the strategy. We'll have all the details within these slides. Just to remind you that this strategy of being a major player in the energy transition has been supported by our shareholders at the last general assembly of shareholders by more than 92% through a resolution, which was proposed by the Board, which was the ambition for sustainability and climate and I think the key importance. So thank you for the support. And I think, of course, for us, it is the road map that we want now to execute.

So the more energy first, can be described through this slide. We already shared with you these objectives. So again, we will more dig in the details, but I think it's important to repeat - the next decade, the target is to increase our production of energies by 30%, mainly driven by 2 pillars: LNG on one side, and electricity on the other side.

I know there are some debates about the role of the gas in the energy transition, but we have this strong conviction that gas has a key role in the energy transition. And I would say that what is happening this year




is even reinforcing my conviction. Stéphane will come back on it. So we intend to grow this production of LNG by 30% in the next 5 years, double it in the next 10 years. Electricity from renewables is the other pillar. For the oil, in fact, our intent is to follow, in fact, I would say, the evolution of oil markets. Oil production from TotalEnergies will peak during the decade and then begin to decline slowly going through the market. So that's, I would say, the key message of this slide. But again, our strategy is to sustainably grow is not at all to decrease.

The second one is to the sales. On the sales side, at the same time, we'll have gas and electricity sales, which will continue to grow, growing with our production, by the way, together. But on the liquids part, on the oil products there, we will have, I would say, a more proactive strategy, which is to adapt, to anticipate on the market decrease for oil products, which will come, because we are first, and you know it, quite exposed to Europe, and Europe is probably the primary market, the primary continent where energy transition will take place. ICE ban by 2035, et cetera. But also because within Total, and Bernard and Alexis will remind you of that, we today sell more and we refine more than what we produce. And so what we intend to do is to realign our sales of oil products and refining capacities on our production of oil during the decade. So – That's true that when we speak about transformation, I think it's symbolized by the 4 figures which are on the right of this slide. At the end of the decade, our intent, our strategy is to fundamentally change the sales mix of TotalEnergies. Today, it's predominantly oil products. Tomorrow, it will be 30% oil, 50% gas, 15% electricity and 5% biomass & hydrogen.

To execute this strategy, and I think it's probably one of the most simple but most important slides of the presentation, we need, of course, to invest. And this slide describes the capital investment strategy, which will fund this energy transition for TotalEnergies.

We will invest for the next 5 years, \$13-\$15 billion per year. Because it's a planning which is well supported by, I would say, a price of \$50 per barrel and which we are comfortable not only to maintain on one part, the assets that we have in hydrocarbons, but also to grow on both pillars that I described, renewable electricity and LNG. So you can -- just to have in mind, \$13-\$15 billion as an average, 50% of it is dedicated to what we need to maintain, I would say, the assets and the production, mainly the oil assets, it's through upstream and downstream; and the other 50% globally is for growth. Growing by 30% of production, as I described it. Half of this growth, so 25%, let's say, \$3 billion per year is for Renewables and Electricity. And the over half is for LNG, hydrogen, biomass, et cetera. So that's the picture and the way -- and when people ask us, are you aligned towards your ambition to get to net-zero, I think this is the answer. We allocate a 1/4 of our investments to, I would say, 0 carbon energies. And we put another 1/4 on what we consider as key to make this transition possible, which is natural gas.

This slide is in the introduction, we selected it to put it here is about Iraq. Because Iraq, that is a project that we announced a few weeks ago, beginning of the month is, in fact, the proof that this transformation is possible. That we can move from an oil company to a multi-energy company and that there are some competitive advantages, some that we can leverage in order to put into action this concept from moving from an oil and gas company to a broad energy company.




Iraq is at the core of a region where we have a clear large footprint, number one, among the IOCs, which is the Middle East. Of course, you could think that when we go to Iraq, we think to oil. And in fact, what we've done in Iraq is to go to discuss there with the authorities about fundamentally their main I would say, issue, which is today to provide electricity to their citizens. It's a country, plenty of resources and there is a lack of electricity.

And for any people who experience some days in Iraq, it's the reality for everybody. So what we propose them is, first, to gather some gas, which today is flared, which is wasted energy in order to, I would say, process it and to recover it and to feed some gas-fired power plants, which are available. By the way, by doing that, we will eliminate 100 million tons of CO2 emissions over the next 25 years. So first project, gas to power.

Power means also being able to develop solar or renewables. It's a very flat land, very -- a lot of space in Iraq, finding the grid, we identify it. So 1-gigawatt of solar energy, another way to produce electricity. Of course, it's also a matter and we looked to how can we produce more gas. So we went to the Ratawi field, which is an oil field on which we can enhance the gas production and the oil production, let's be clear. But this hydrocarbon development fits perfectly well with our objectives, as Nicolas will explain you, a very low level of emissions per barrel, 9 kilos of CO2 per barrel, very low cost of hydrocarbons.

So that's 3 pillars. And there is a fourth one, which is, as you know, in Iraq, there is - it's an area which is under water stress. There is a lack of water, in particular, for maintaining pressure in the oil fields. So we will build a seawater intake, a large one, 5 million-barrel water per day, which will be transferred then to Basra Oil Company in order to bring some water to the country, which is looking for. So all that makes, I would say, a clear sustainable multi-energy model. And I think it's a proof that we can use our strengths to deploy this model. Of course, you ask what about the profitability of all that I would like to say first that, of course, if we make this move, which represents a global investment of \$10 billion, I know that there is a \$27 billion, which has been reported by some agencies but it was -- it is a sum of CapEx and OpEx about -- on 25 years. So keep in mind, \$10 billion. It's already quite a large stake. We, of course, it's not -- it will not be done under the Technical Service Contract that, by the way, TotalEnergies did not really accept in 2008, 2010. So we have been able with the authorities to develop a win-win framework through what they call a Development and Production Contract Round 5, DPC. I think that somewhere, if you look, WoodMac said that it has the flavor of PSC, but it's a DPC, with, I would say, royalty, cost recovery, profit sharing with the revenues coming from oil, gas condensate, NGLs. And so, it's a very, I would say, it's a contract with whom we are very comfortable to invest. And of course, which will be a win-win project, which means also for Iraq and for TotalEnergies.

What we intend to do, by the way, another characteristics of the framework is that we will be paid in oil liftings for all these revenues, including for the electricity sales. We intend to keep 40% to 50% interest. We are underway to identify some partners, when we'll be ready, we'll come back to you. The planning for this project is to be able to find to sanction it before year-end fully. Now that we have the contractual -- the contract in place we are working to go to the next steps.




So that was more energy. And we have a nice example of broadening our scope of energies. Now of course, the second aspect is less emissions. Again, I'm coming back to what we have submitted to our shareholders, which is to get to net zero at a worldwide basis by 2050 together with society. Two ambitions there. So the first one is to get to net-zero on our operated activities, Scope 1 and 2. And the second one is to get to net-zero for indirect emissions, the emission of our customers, the scope 3. In front of these 2 ambitions by 2050, we put some clear objectives by 2030 and our commitment I can say, commitment is to reach these objectives. And this is what we will work hard with the Executive Committee along the next years, the next 10 years.

The first one is on the Scope 1 and 2 to reduce by 40% these emissions. The second one for Scope 3 is to have lower scope 3 by 2030 and 2015. I remind you that we will increase our sales by 15%. All that will be possible because fundamentally, we shift the content of our sales and the carbon intensity of our sales by -- and we will reduce it by more than 20%.

So I will not enter into all the details of these slides because it's also for being able to discuss it during our future discussions with you. Just to let you know that this program of reducing Scope 1 and 2 is since last year, well taken into -- is well on board by all our teams. We have developed in the last years, a strong, I would say, low carbon culture with our CO2 fighters quad. They are tracking CO2 all around the operations. Of course, we reduced relentlessly methane. I will come back on it. There is a management of portfolio, which could help as well to contribute to this reduction.

And last but not least, for residual emissions only, because the priority is, of course, to avoid and to reduce once we have reduced, then residual emissions, we can use carbon sinks. So we are on the way to reach our target, and we will report to you year after year about it. Just a word about carbon sinks. It's quite a heavy slide, but it's just to show you that it 2 parts there. There are the carbon storage, I would say -- developing carbon storage. We have, in particular, in the North Sea. We are a partner of 3 projects, Northern Lights, Aramis, which has been announced recently in the Netherlands together with Shell and Dutch partners. And we are also a partner in the Northern Endurance partnership in the U.K. as a heritage, I would say, of an initiative of the OGCI. So we are working on these projects to develop, I would say, at least 5 million tons of CO2 per year of storage capacity in TotalEnergies share.

The other aspect of our work, it's about Nature-Based Solutions. I think you had the opportunity to listen to our colleague, Adrien Henry last February. So I will not be long on it. We are progressing. We gave you an example of Congo. And there, again, our objective is to get -- to have a sustainable basis of high standard carbon credits by 2030, of at least 5 million tons per year. Sustainable means, that during the next 10 years, we'll accumulate these carbon credits step after step, projects after projects, being sure that they are high standards and Adrien Henry is very keen on it, in order for them to be able to offset part of the emissions on a long-term vision. These activities, by the way, a comment, are now under the responsibility of Nicolas because we wanted that each division, business division of the company, must have its share of the, I would say, the carbon journey and road map. And obviously, when we speak about carbon storage, E&P is well positioned. And for nature-based solutions, it's maybe less obvious to you, but in fact, the reality, is there is a lot of synergy because it's to leverage our worldwide presence in many countries like



in Sub-Saharan Africa or elsewhere on the planet, where we want not only to produce oil and gas reserves, but we have opportunities also to create some nature-based carbon sinks.

Scope 3 now is the other part of the ambition, our customers' indirect emissions. Of course, for that, we'll have to work hand in hand with customers. Just this scheme to explain you, in fact, the basics. The basics is that on one side, we continue to grow our energy production. So our sales will grow 15%. So in fact, the 400 million tons of CO2 emission Scope 3 in 2015, if they were only, I would say, hydrocarbons would be at something like 500 million tons. But at the same time, because we are broadening the scope of our energies, we decarbonize our sales, but at least carbon intensity will lower by more than 20% on the decade. And so that results that will be of, we will manage to have lower emissions in 2030 than 2015. But again, in fact, what we didn't put on this slide is the fact that we are eliminating, avoiding for the same amount of energy being sold to customers we are avoiding 100 million tons of CO2 in fact, which is, in fact, the message that we must keep in mind as well.


To do that, I said it will be done with proactive actions with our customers. And I think it's a strong message. It's not waiting for. We are in a position where we consider because energy transition, as I always repeat, is first fundamentally, not only a matter of supply, a matter of demand.

We'll manage this transition if we can change the demand for energies of our customers, their behaviors. That means that converting them to renewables. And for that, it helps, by the way, by selling them corporate PPAs we'll come back on it to give decarbonized energy to our customers, but also to convince them to substitute from oil products to over alternatives like we do, and you know that we are committed not to sell any more fuel oil to produce electricity.

And then, of course, there is a key segment, which is transportation. Alexis will come back on that. But for us, this is a part where we are selling most of our products and working hard and you've seen yesterday that we have announced a strategic alliance with Safran, with the aviation industry, with the shipping industry, the car manufacturing industry, it's very important in order to be able to deliver to them the new energies that were required to decarbonize their own road map.

A last word about Europe. I don't know why people think that our commitment and ambition is only on Europe, no, it's not true. Not true at all. It's a worldwide ambition there again, but for Europe, we consider that we are in a specific position. First, we are a European company. Europe has engaged in the green deal. Clearly, this continent will be at the forefront of the transition. We see that as a big - a very huge opportunity for us because it's obliged us to move quicker than elsewhere.

And so to, in fact, have our teams be more agile investing in our continent in our framework that we know better, by the way, in new energies. So we support, let's be clear, TotalEnergies, we welcome the "fit for 55" package. We think that the Commission is right to promote the generalization of carbon price, to promote the massive development of renewables, to promote strong infrastructure development required for charging points, hydrogen networks and also, of course, to promote fuel mandates, low carbon renewable ones, if we want to accelerate the transport decarbonization.



So all these tools are there. So we will work with them positively as an opportunity. And it's why we have said to ourselves because we want to be -- to contribute directly to the green deal and to this target "Fit for 55" that between 2015 and 2030, we will reduce our emissions in Europe by 30%. So it's an additional, I would say, contribution of Total to Europe.

The last part of the program: so more energy, less emission, always more sustainable. It's probably new to you. I spoke a lot about sustainability. It's because, in fact, when we think with our Board about what is the fundamental vision of TotalEnergies for us, not only about tackling the climate change, but also to embed that in what we call a more global approach, a sustainable approach to just transition, I would say. And that led us to develop, and we will do it in the company, as I said through the sustainability moment, to develop a more comprehensive approach to sustainability and to, in particular, think and this is what we will deploy in the coming years, again, to elevate sustainability at the same level of safety, in the company.


And to integrate the SDGs into our strategy, projects, operations. Of course, obviously, providing sustainable and affordable energy is just fundamental. We just committed this week to the UN, for an energy compact, that part of this energy will be dedicated to emerging countries among our ambition. But it's also not only the planet, planet for energy, planned for environmental performance, where we need to take care of uses of scarce natural resources. It's also planet and people.

And I think when we think the transition, we must have these 2 key elements in mind, planet and people. People, our colleagues, our employees, obviously, as a responsible employer and operator, but the people around us, the communities with whom we work as well. And in fact, it's creating value for -- and sharing prosperity for -- with our communities in our regions. So all that is a program, which is what we call committed to a just energy transition. And I think the debate that we can observe today with the hike of the energy price will put again the spotlight on this concept, which I think is just fundamental.

We cannot change the system, the energy system of the planet against the people, even if it's major, it's absolutely fundamental for the planet, the survival of the planet, we need to put everybody on board and take care of everybody everywhere. So when we go to there from sustainability, of course, when we speak to financial investors, we speak about ESG, I must say that among the IOC peers, TotalEnergies is recognized as one of the leaders. There are different classification on this slide. You can see that we are I think, 5 out of 4 times we are #1, and we are among the top 3.

But there again, we want to progress, and to progress I said on safety that we have better record than utilities. On this one, the utilities when we look to the results are a little which is good. it's a challenge. So we -- on this chart, we not only put the score of TotalEnergies, but the average course of utilities. And I see that as a way to continue to progress on these matters.

And so this is, for me, the real benchmark for tomorrow to consider that we can be at the same level and



recognized at the same level in terms of ESG performance than these peers. All that is going through transparency. We have decided that it's important that our investors, our stakeholders by the way, more largely, know what happens within Total. It's a very large company. So we contribute to different reports through different frameworks. There are a lot of them. Maybe one day, some people will think to unify all that, but -- It's not our issue. We don't wait for unification. We prefer to disclose the data so that people can evaluate our performance.


And for me, by the way, this reporting is also a way to progress internally. Because when you have a new question to ask, people could say, okay, it's a burden to answer. The one way to look at it is, first, why do we have the question? Second, can we be better on it? And for example, we've had recently some question marks about "do we have, or do you have a decent wage or decent living wage?". Can you ensure that within the whole company, you have decent living wage? That question came in some of this reporting.

We just took the decision by the end of 2022, this will be the case in all the company, we will take care that everywhere in the company, all our employees will have what we call a decent living wage wherever they are. So that's the type of things which helps. Okay. But everything is not perfect. When you speak about sustainability, I'm to be clear, we have TotalEnergies. We are involved in many operations. And so what I will do now maybe is not so -- it's quite original. I will speak about -- and I will not enter into all the details, but we have decided to put on the table because I think it's part of this idea of sustainable company and transparency, all hot the topics that we are facing. And I would like to have less, but I have hot topics around the planet, that's the reality of the company.

And so, just -- and I think it will be good also to have all this presentation to support the discussion we have with our investors and stakeholders. The first one, of course, came in 2021: is the case of Myanmar. Again, I will not give you all the details, but I'll be very clear that this is, of course, taken very, very seriously. We condemn clearly, all the human rights abuse, which could have been -- have taken place in Myanmar since the military coup. We have taken immediately all the decisions we could take easily to stop, I would say, investing for the future in the country, but we were facing a clear dilemma because we are producing gas. And the dilemma was, can we derive millions of people of electricity.

Can we take the risk that some of our people there could be exposed to forced labor or to criminal charges if we don't pay taxes. Honestly, you can answer, yes, easily in our armchair in Paris. It's more complex on the ground. So we took some decisions. There are maybe not shared, but we took some, I would say, brave decision, including the fact that we are depriving ourselves from any dividend cash distribution from the pipeline so that there is no cash coming from this pipeline to the national company of Myanmar.

We also said that for the rest, we need to pay our taxes because we consider that respect of contracts, is just a fundamental ethics behavior. But when we pay a tax, taxation to the government, we'll pay the same amount to NGOs working in Myanmar. This will be fully transparent: from third quarter results, we will publish every quarter what we pay to government as taxes and that we will pay donations as well. So that's what I can say, I will not be longer on it.



Second hot topic is our project in Uganda. It's a major project in Lake Albert integrated project. And it's a major project because when you see the size of it, in particular, the significant in-country value to Uganda and Tanzania it will create. We should never forget that. We don't do that just for ourselves. Most of the value of such a project is going to the countries, not only through the taxes, but also through jobs. More than 60,000 jobs will be created during the works, more than 3,000 jobs when we'll be in operations, development skills attracting also other investments in the country.


This project, as you know, is well on track. We signed fundamental agreements with both governments for the pipeline in April. Now the 2 parliaments are enacting the laws, transforming this agreement into, I would say, regulatory framework and fiscal framework. This will be done before year-end. We have given conditional awards of contract to all the contractors so that we can execute once all this paperwork will be done. And our Chinese partner, CNOOC is doing the same on Kingfisher and we work hand in hand. Of course, we know that there are some -- I would say there are some challenges.

It's an onshore project, land acquisition is a challenge, and biodiversity is a challenge in such a nice environment. We took that, of course, very seriously. People have some doubts. I invite everybody to come and visit our operations. We have, of course, we are applying the highest standards, IFC standards when we speak about land acquisition under supervision of third parties. We have published all the studies about it, taking on board all recommendation from NGOs.

We have finalized a land acquisition for the Upstream Tilenga facilities, and we are on the way to do it for the pipeline. On the biodiversity side, there again, first let's avoid and reduce. So the first strong decision we have taken at the Executive Committee and the Board level is to minimize the footprint of the projects within the Murchison Falls National Park. We were -- the footprint of the license was 10% of the park. We have relinquished 90% of it, keeping footprint less than 1% of the park. The second part is that we are working as well with some experts, and I thank the IUCN experts to work with us, by the way, on chimpanzees and we have the intent also to work to introduce the black rhinoceros in Uganda. And also to improve the development of the park resources. So at the end, the commitment is to be net positive. So that's a real action. And I think that this project, Lake Albert integrated project will be again a demonstration of our capacity to put sustainability at the heart of our projects.

Biodiversity - I just changed - I would just like to remind you that last year, we took a certain number of commitments. We think seriously to that. So this is a program. We have some areas of exclusion. We have some commitments to be net positive on special areas. We are reviewing not only the new projects, but the existing sites. So, you can share that, but it's a comprehensive approach, which is promoted and within the company. Again, we understand perfectly that biodiversity is also a major threat for our planet. And we want to take that into account in the way we work. That doesn't mean that we renounce to make projects, it means that we have to embed biodiversity immediately when we begin a project and to look at all the challenges.

About biodiversity, one of the hot topics of controversy we faced was about palm oil, that true. We studied that very carefully. We managed to develop alternative feedstock from palm oil for biorefinery. So, we



announced a strong decision that from 2023 we will not use any more palm oil in any of the facilities of TotalEnergies. I'm happy to see that some of the companies involved in biofuels have also announced the same type of commitment by 2023. All that oblige to be innovative but the teams of Bernard - and he will come back on it - have been in order, again, to find alternative feedstock. And there is there a positive momentum to develop this type of biofuels. Our conviction is that we need to get out of the 1G and to look more to waste and residues for the future if we want to develop this business.

Another case for biodiversity is the Arctic. It is gaining momentum. So you know we are involved. Novatek is the operator in projects in Arctic, Arctic 2 in particular. We'll publish this week. All there again, principal of transparency, we'll publish all the studies we have done, the plans and programs we have in place. I would like to say to everybody that in fact, all that has been possible and we have clearly elevated the level of all these studies and programs, in particular, thanks to the close cooperation with export credit agencies and lenders. All these financial institutions are willing also to be at the forefront of biodiversity. So it's a close cooperation and the fact that we can have around the table, some Western financial institution is, in my view, very important because, again, it helped us to upgrade the level of commitment we take for such projects. I will not detail all the actions which are on the slide, but it's taken very seriously by the way, because for Russian, contrary to what some people think, the Arctic is also a preserved area. They are very proud of it. And when they think to invest there, they are taking care of the biodiversity, including of the people and the communities who are living there.

Another case, when we speak about ESG, of course, is Methane. It's more linked to the -- there are debates about methane. What I can tell you is that we took that within TotalEnergies at the top of our priorities. We have already minimized and I'm not sure we can measure less than that: the methane intensity in our operating gas assets is less than 0.1%. We have reduced by 50% our emissions. Our plan is to reduce it again by 20% in the next 5 years. Our emissions are at 64,000 tons of methane, you have some examples of projects on it and some actions that we can take. So this is a matter which can be done.

And the last case I would like to introduce because when we speak about "CC", we speak about the planet, as I said, I speak about communities, but the people are important. I said our employees are important. And of course, for me, diversity is just fundamental. It's a matter of collective intelligence. That's true that in our, I would say, oil and gas company, traditionally, the I would say, the share of the women within the management was not as high as it should have been within the company.

There was an imbalance, I recognize it: look the figures in 2014. We have progressed from, I would say, an average of 16% to 25%. We are not yet there because we have 35, a third of the execs in the company are women, so I want to reach that level at least. And so the next target is 30% by 2025. I think it's important.

And speaking about people, it gives me the opportunity to leave the floor to Namita. Not only because she's in charge of people and social engagement, also President of OneTech, and she will explain you. Because this transformation we want to do can be done only together with our people. So Namita floor is yours.



Namita Shah *TotalEnergies SE – President, OneTech*

Thank you, Patrick. So indeed, we cannot close out this first chapter of the presentation without talking about our people. Building a sustainable multi-energy company is an incredible opportunity for all the women and men who are working on our sites and our offices across the world. And this transformation, we will be doing with our people. What that means is that we will be putting in place a program, which is going to enable a just transition for our employees.


It begins, of course, with listening. Listening by many different means possible to the hopes and the aspirations and the opportunities of our employees and what they see in a multi-energy company. Also listening to their doubt and ensuring that we provide the support that they need at every step of this transformation at every level of the organization, whether they are managers or operational staff on the ground.

It is going to be especially important that our employees are informed and that we have informed employees. It means that the employees must be able in order to participate in a multi-energy company, what all these new energies mean? What it means to have projects that are taking into account the energy transition. What it means to be a sustainable company. And what climate ambition is. It is via concrete projects and discussions and presentations and information at all levels from peer to peer, from meeting, from talking and explaining energies, which are not within the business unit of the place where our employees work today, that they will be able to develop the culture of a sustainable and a multi-energy company and also to develop themselves, their careers, within this transformation.

We will be putting in place an enhanced learning program. Each employee will have the ability to gain knowledge in an energy in which they do not have a core competency today. And our objective is to be able to redeploy the engineering and the technical staff that we have today, to accompany the growth of the sustainable multi-energy company. This has already started. It has started because on the first of September, we put in place an organization called OneTech of which I am the President, where we pulled together over 3,300 engineers, researchers and technicians from the different business units, as you know them, from the exploration and production branch, from the refining and chemicals from marketing services, from gas renewables and power under the OneTech umbrella.

This OneTech organization is the heart. It's the engine of the transformation of the company. It is going to enable us to adapt to the new company industrial activities. It is going to help us, help our employees better develop their competencies in this new context and therefore, to retain them. And of course, to attract new talents. Combining people who come from so many different experiences and backgrounds and putting together our research and development teams with our industrial operations on the ground helps to both foster and accelerate innovation, which is going to be vital for our progress in some of the new energies that we are looking at.

This will also give us the ability to mobilize our human resources, our technical resources as we do with our financial resources, to mobilize these resources to work on the most strategic and the value-added topics that we need at the time -- at every point in time. And last but not least, it is going to be able to



accelerate our capacity to deliver the carbon footprint reduction solutions that we need to put in place to meet our climate ambition.

Everything that I am saying to you is not a pipe dream. And this slide is really to show to you that it is a reality that the talents and the competencies that we have in our organization today, our talents and competencies that we will be able to use to create the energy company, the multi-energy company that we want to put in place for tomorrow. Already, experts coming from the exploration and production projects in floating structures, in metocean data specialists are working on developing and managing our new offshore wind projects.


Our engineers from refining and chemicals on process and chemical processes are working on building an E Fuels road map. Our LNG experts in cryogenics are teaming up with our engineers from refining and chemicals to work on hydrogen and hydrogen options. And geologists and drillers who had been working in the exploration area are now looking at how to use their competencies to help us build and grow our carbon capture and storage businesses.

So all this is a reality. We have started, the teams are together, the teams understand what it means to be able to leverage their skills to be able to build this multi-energy company. And as you all know, last and not least, we do have a world-class expertise in project management, which we can now use to deploy across the development of the solar portfolio that we have built over these past years and our upcoming offshore wind portfolios as well. And talking about world-class expertise in project management. I will now hand the floor over to Nicolas.

Nicolas Terraz *TotalEnergies SE – President, Exploration & Production*

I'll present to you how it is contributing to our multi-energy company, and I will start with a brief snapshot of the oil demand and supply. This was presented by Helle yesterday. We see the liquid demand reach a peak in the decade. And you see the chart here. We forecast the oil demand to continue growing to the mid of the decade before starting to decline. What's important is on the supply side, the conventional oil decline is approximately 4% per year. And now if we take into account all the brownfield developments and the existing facilities, all these workovers, infill well development, tieback development, The decline of the conventional oil capacity or production base can be reduced to 2% per year. Still 2% per year is 2 million barrels per year of capacity, only 10 million barrels per year after 5 years of reduction in capacity. So, taking into account this decline, today, we estimate that 3 million to 5 million barrels per day of the new greenfield conventional capacity needs to be sanctioned by the end of 2022 to meet the 25 demand. So, the range is 3 to 5 million barrels per day is basically depending on the shale gas growth, which is quite dependent on the oil price assumption. So, 3 5 million barrels per day is a lot of capacity when we compare it to the weekly average of new greenfield capacity sanctioned over the past 5 years. It was since 2015, about 1.5 million barrels per day every year. So, what we see here is that meeting the liquids demand in the coming years requires quite a lot of investment.

Now turning to TotalEnergies upstream production. And Patrick has touched on this, but what we expect to grow our upstream production of 3% per year between 2021 and 2026. So, in this growth, we see here



first oil, which is the red part. And we see our oil production growing to 2025 and before reaching a peak and plateauing, and this is in line with the demand situation. But more fundamentally, the growth of our upstream production will be driven by growth in gas and particularly in LNG. And we forecast the growth in our LNG production of 6% per year in the next 5 years. And Stephane will give more details in the presentation on this. This forecast of upstream production in 2026 includes Mozambique LNG production only in 2026. And this relies on the assumption that the project activity will review in 2022. So next year, if there was a further delay in Mozambique LNG project, the growth rate would be reduced by 0.5 point, so from 3% to 2.5% per year to 2026.


Now, in order to deliver this production, on the red part of the upstream production curve, we are targeting specific investments, which are in line with the company ambition. And in line with the company ambition means low-cost, low emission projects. So low cost in practice, the company has defined precise criteria. Low-cost means Capex plus Opex below \$20 per barrel equivalent or an after-tax breakeven below \$30 per barrel for all our new projects. That's low cost.

Low emissions in practice, it means that all the new projects are being screened or need to contribute to a reduction of the greenhouse gas emission intensity of our portfolio. So, all the new projects basically need to have an emission intensity below the average of the portfolio currently or at the time of the sanction. So here, you see on the slide, 3 projects which are illustrative of these investments, generating strong cash flow for the company, but also in line with the ambition: Mero in Brazil, Lake Albert development in Uganda and Ratawi in Iraq. So just a few words on each of the 3.

Mero in Brazil is illustrative of these deep-water projects with very large resources, very high productivity. We see here that on Mero will reach 600,000 barrel per day of production, four FPSOs. The last part actually was sanctioned just a couple of months ago. First oil, pretty much 1 FPSO per year between 2022 and 2025. And you see Capex plus Opex in line with the criteria, greenhouse gas at a very good level, 15 kilograms of CO₂ equivalent per BOE compared to about 20 last year for our EP portfolio.

Now our Lake Albert development in Uganda, Patrick have talked about it. Again, onshore development, large resources, over 1 billion barrels to be developed. A project that's expected to start in 2025 with a production of 260 kbd. You see again the Capex and Opex below \$20 per barrel. The GHG emission intensity of this project is very low. The reason why it's very low is because a lot of work has been done to include in the design of this Uganda project a number of units that allow to get the greenhouse gas intensity at a very good level. I will just mention 2. The first one is extraction of LPGs in the upstream part to be able to use very lean gas as fuel gas. And the second one is the solarization of the pipeline to supply part of the power requirements for the pumping station on the heat tracing.

Ratawi in Iraq, again, Patrick talked about it. What we see here is a project with a very low technical cost, Opex and Capex below \$10 per barrel or about half of Capex, half on Opex. Greenhouse gas emission are at an excellent level, 9-kilogram per CO₂ per barrel in addition to the greenhouse gas emissions that will be avoided by the valorization of the gas that is currently flared on other fields.



So, what is common to all these projects is that they deliver very strong cash flows between \$800 million per year and \$1 billion per year for each of them from their first oil with a significant upside at high prices. And of course, these projects, what is also a common feature to them is that they will be implemented, and they are implemented in a responsible manner, so in a manner that takes into account the best environmental standards and also a lot of attention to the in-country value and the benefit to the local communities.

Now high grading our portfolio is, of course, focusing on low-cost low emissions projects for our investment, but it's also the management of the portfolio. You see on the map here, the 2020/2021 divestment activity. So, if you count, you have 12 divestment projects over 2 years. So, it's about a project every 2 months, to make it simple. On those divestments, they are in line with the strategy on assets with high technical cost, high emission intensity. You have the figures on the slide. On average, these divestments, they represent \$29 per barrel of technical cost and close to 50 kilograms of CO₂ equivalent per barrel for the divested assets.

This divestment program generates \$2 billion of proceeds and contributes to improving the portfolio in terms of cost and emissions. On one point, we are continuing to focus on to maintain very competitive Opex per barrel, targeting \$5 Opex per barrel for our entire portfolio in the next year, which is to maintain, in fact, the level where we are today.


So, let me now turn to cash. What you see here on the chart is the cash flow from operations of the EP segment over the next 5 years, '22-'26 on the net investment of EP. So, the result is that we expect the free cash flow above \$5 billion per year at \$50 per barrel, with a significant oil price leverage you see it on the chart and with the ability to protect this cash flow in case of low price, thanks to the flexibility on Capex that the company has demonstrated several times, and lastly, in 2020. Just to give you an illustration, in 2020, during the COVID pandemic, we went from 30 operated rigs to 20 operated rigs in just 2 months. Now in fact, we are rather in a phase where we are remobilizing some rigs to take advantage of the context. For those cash flows, a key lever is a short cycle project, which gives a lot of upside and also a lot of flexibility. So, the short cycle project is basically those investments that can be decided on where first oil will occur in less than 2 years after the investment decision.

Today, we have 1 billion-barrel of reserves as short-cycle Capex that can be sanctioned. Those projects, they represent very low technical cost, \$4 per barrel of Capex on average. They are also low emissions because they don't require the construction of new processing facility. So, they are well in line with the ambition, and they will contribute to the strong cash flow profit.

I wanted to conclude by this, showing that EP is a cash engine, and I will now hand over to Bernard for the downstream part of it.

Bernard Pinatel TotalEnergies SE – President, Refining & Chemicals

Thank you, Nicolas. So, let's turn now to downstream. As Patrick explained earlier in this presentation, our oil product sales will be lower by 30% in 2030 compared to 2019, reflecting a lower market demand,



notably in Europe. So, it's obvious we have to anticipate and to adapt. What does that mean? First, it means that we have to adapt our integrated value chain, notably in Europe, where we have most of our refining capacity.

As you see on the chart today, we sell more oil product than what we refine. And our refining capacity is larger than our oil production. With sales getting lower, we will have to adapt, obviously, our refining capacity so that by 2030, sales and refining capacity will match our oil production level. But adaptation means also that we have to work on our portfolio mix.

We review our sales to arbitrate the lowest margin ones. And Alexis will give you more details in a few minutes about that. It also means that we will promote our low carbon sales notably growing the biofuels, and I will come back to this in a couple of minutes. Adapting to a lower demand will obviously translate into reduction of our Scope 3 emissions but that will not be at the expense of a net cash flow generation as the adaptation will mainly target the highest breakeven points assets, and of course, as I explained, the low-margin oil product sales.


So, what I would like to do now is maybe to give you a little bit more detail on how we will adapt our refining capacity. Over the past few years, you know it, the European demand has been eroding and this trend is going to accelerate with the Fit for 55 package. And of course, we expect the oil product demand to drop by 30% in the next decade in Europe. So, we have been constantly adapting our refining capacity. As you see, we managed to reduce this capacity by 700,000 barrels a day over the last 10 years. And our most recent moves have been the reconversion of Grandpuits into a zero-crude platform in 2020 and the sale of our Lindsey Oil refinery in 2021. So, we are doing the job, as you see, and we will keep doing it.

So, adapting our footprint is a key challenge, but there is a second key challenge for downstream that we need to address, which is to redeploy, to seize new growth opportunities because we are not in a declining mode and what I would like to know to do now is to illustrate this point in the next few slides.

So, let's start first with biofuels, which is a great business opportunity. Biofuels today emit less than 50% of CO₂ compared to the fossil fuels. So, it's a readily available solution to decarbonize transportation, road transportation today and aviation very soon. Therefore, biofuels benefit, of course, from a very favorable regulatory support, and we expect this market to double in the next 10 years.

In the biofuels market, we have identified a very attractive segment, the renewable diesel. It's an attractive one because it's a premium grade, commanding high margin, so a profitable one. We have entered into this market 3 years ago in 2019 with the conversion of La Mède into a biorefinery. And the next step is going to be Grandpuits in 2024, aimed at producing biojet. Of course, we have more projects in the pipe. Our target is by 2025 to produce 2 to 3 million tons of renewable diesel and biojet.

We also see synthetic fuels as an attractive business opportunity. It was discussed yesterday during the TotalEnergies outlook at length. It's a great opportunity combining green hydrogen and CO₂ to provide synthetic fuels is the next market for renewable fuels, and we intend to be active in this field as well.



So, I was mentioning hydrogen. Hydrogen is, of course, a key opportunity for refiners because as you know, refiners are large consumers of hydrogen, the so-called grey Hydrogen made from natural gas. The issue there is that when you produce 1 ton of grey hydrogen, you emit 10 tons of CO₂. So, decarbonizing this grey hydrogen, of course, is critical for refiners. The EU Green deal creates a favorable framework to do it. And of course, we want to leverage it.

Our target is to decarbonize the 300,000 tons of grey hydrogen we use in our refineries to have it clean by 2030 and that would represent a 3 million ton of CO₂ reduction. As you see on the left-hand side, I'm not going to detail all of this, but we have projects, all our refineries in Europe have a project to move from grey to blue or green hydrogen. Last but not least, as we become a player in the field of blue and green hydrogen, we also intend to size the business opportunities linked to new hydrogen applications created by the Green deal.

Now I would like to move to the last business opportunity, which is a great one for downstream, petrochemicals. It's a growing market. You know it. It's growing by more than 3% a year. It's realized on sound basic, the demographics, the emerging middle class, megatrends around the energy efficiency, polymers being lightweight materials. They help reduce the CO₂ emission of transportation. And of course, we see now more and more traction around the circular economy and the plastic recycling, which gives an additional business opportunity. As you see on the left-hand side, we have been investigating and investing in this market very significantly over the last few years, always relying on a very few key principles to secure profitable business cases.


We leverage our integrated platforms. We leverage cheap feedstocks such as ethane or propane. Ethane in the case of our JV in the U.S. or propane in South Korea, where import U.S. propane or in Nigeria or cheap gas in Saudi Arabia. And for all these projects, we also stick to a key principle, which is to keep the balance in terms of integration between monomers and polymers.

We also see the dynamics around the circular economy as an attractive growth opportunity, and you see on the chart our 2 most recent projects, the one in Grandpuits, where we will have, by 2023, our very first advanced recycling unit in France. And of course, our leading position in the field of biopolymer made out of sugar. We have made the first move in Thailand in 2018 through a joint venture with our partner, Corbion. And we are now moving to the next step with a new capacity, we doubled the capacity with a new unit in Grandpuits as well in France. Our target is to have 30% of recycled polymer by 2030.

And as you see on the chart, Petchem will bring a very significant cash contribution to the company with initial cash contribution of close to \$0.5 billion by 2026 when all these projects will have started up. So, I'm going to stop here now, and I would like to leave the floor to Alexey who will tell you more now in the field of transportation and mobility.

Alexis Vovk TotalEnergies SE - President, Marketing & Services

Thank you, Bernard.



The transport sector represents approximately 1/4 of worldwide CO₂ emissions. So decarbonizing transport is key to fight climate change and meet our target of reducing Scope 3 emission of our customers worldwide. Each transport segment is very different and requires a variety of solutions, and I will briefly present them to you now.

First, we are increasing biofuel sales. For our clients using biofuels mean a decrease of their CO₂ emissions without having to replace the vehicles. Our first commitment then is to make biofuels more available. One example of this is that we have become, for example, the leader in France with more than 800 stations offering E85, which is a gasoline with up to 85% of biocomponents.

More generally, by 2025, in line with the growth of our renewable diesel production, our ambition is to sell 7 to 8 million tons of biofuels per year worldwide, which means that we will actually double our sales compared to 2019.


Second, we are working hard to ease the customer journey and the energy transition for those clients switching to electric vehicles by providing them with the infrastructure they need. For that, we aim to operate 150,000 charge points by 2025. This will be a mix of different type of installation, but it includes 500 stations or dedicated charging hubs with superfast charges. With these charges located in urban areas and along main road corridors, we offer a solution for both long-distance trips and for intensive urban users such as taxis or last mile delivery vehicles. For heavy-duty vehicles, we provide electric or hydrogen solution in particular for captive fleets. And here, we are partnering with truck manufacturers to develop them. We also propose gas mobility solutions with an infrastructure of 400 natural gas service station in Europe in addition to the 500 we have in the U.S. through our stake in Clean Energy. Important to note that we'll increase the share of biomethane in these networks to further decrease the carbon intensity of gas for mobility.

For the Marine sector, we are developing our sales of Marine LNG, meaning our customers can immediately reduce their greenhouse gases by up to 23% and at the same time, improving air quality. We are extending our supply network to have a worldwide presence adapted to our client needs. After Rotterdam in 2020, Marseille by the end of this year, we will operate a bunkering vessel in Singapore next year. Major companies like CMA, CGM or MSC have partnered with us, and you should see us sell more than 1 million tons of bunker LNG by 2025.

Finally, regarding Aviation, we will be producing and selling Biojet primarily from our Grandpuits platform. Our ambition here is to produce and sell at least 200,000 tons of biojet per year from 2024 until it comes to maturity. And here too, partnership like the one we have signed with Safran are key to these developments.

This plan will contribute to decarbonizing the transport sector and accompanying our customers in the energy transition they represent a commitment of \$1.5 billion over the next 5 years and through substitution, they will contribute to avoid 13 million tons of CO₂ per year.

So, decarbonizing the energy mix of our customers will significantly contribute to meeting our objective of



reducing Scope 3 emission in Europe by 30% in absolute terms between 2015 and 2030. But to go further, we will be selective concerning the sales of the remaining oil products. We have reviewed our portfolio, identifying sales with low margins, high CO₂ emissions and a lower carbon fuel alternative. With these criteria in mind, we have already made significant decisions.

First, we will favor direct client relationship with tailor-made solutions and aim to eliminate low-margin sales to reseller where our performance as a responsible energy company is not a strong competitive advantage. Second, in Aviation, for example, we'll focus on high-value airport locations while preserving a worldwide coverage. And third, from 2025, we'll stop selling heavy fuel oil for power generation because alternative exists, such as natural gas, biofuels, or renewables, and we will accompany our customers towards this. And maybe as a reminder, we have already stopped selling high sulfur fuel oil for shipping for 2 years.


So, you will see a decrease in our oil product sales, especially in Europe, but this will happen with minimum impact on our net cash flows. Arbitration will be done on low-margin sales while Capex will be directed to growth activities and new energies.

Mobility is moving fast towards electricity, and the company has positioned itself along its value chain with the production of batteries and secondly, by developing an EV charging infrastructure.

On batteries, 1 year ago, we announced the creation of ACC, a joint venture with Stellantis for the development of high-performance battery modules. A year later, we've just announced that Mercedes-Benz is joining ACC as an equal partner and that the 2030 capacity target will be raised from 48 to 120 gigawatt hour. This is equivalent to 2.5 million electric vehicles per year, allowing ACC to reach 10% market share in Europe. In China, Saft partnered with Tianneng 2019 in order to develop the production of lithium-ion batteries with a focus on 2-wheelers, increasing the footprint in the market, which should represent 40% of the global demand in 2025.

As for charge points, we intend to operate 150,000 by 2025. Some will be obviously at our service station when they are on the move, the EV drivers have the same expectation as drivers of conventional vehicles: reliability, availability and speed. Hence, the 500 sites I mentioned earlier, equipped with fast and superfast chargers as time to charge will be a determining factor. They will also be at our B2B customer locations, but also on the street through public concession. And here, there is a definite focus on major cities. Over the last 18 months, TotalEnergies have already secured 30,000 charge points through concession with emblematic cities. In Europe, we are now present in and around Amsterdam as well as in Paris, London, or Antwerp. And in Asia, we have recently secured a strong position in Singapore and though not a public concession, we have announced this morning the setting up of a JV with China 3 Gorges to develop more than 11,000 fast charging points in Hubei.

Last, along the value chain, the ability to offer 100% renewable electricity, along with our expertise in mobility gives us a strong advantage to succeed as a major player in electric mobility.



The Marketing & Services strategy is clearly to maximize value while we transition towards low-carbon energies. It's realized on 4 strong pillars.

In the retail network, our assets and our leadership position in Western Europe and Africa are a strong base to develop true one-stop shops to generate substantial nonfuel revenues regardless of what type of vehicles they drive, drivers need services, even more so for EV drivers who will have to say a bit longer to recharge the car. By 2025, we predict retail nonfuel activities will represent more than 40% of our cash flow from operations in Europe compared to 1/3 today.

In the B2B, we will capitalize on our assets of 1 million strong customer base. Indeed, our customers also have energy transition concerned. So, by offering them multi-energy solutions and innovative mobility products we are, and we remain the partner of reference in that transition.

Lubricants remains a strong pillar of our strategy and will grow value through premium product in the automotive, including EV fluids and also in the industry sector where we target niche market.

And as for the fourth pillar, I have developed it in my previous slides, the development of new energy, obviously. These 4 pillars will contribute to the continuous growth of our cash flow from operations by \$100 million per year over the next 5 years, and new energies will start to contribute around \$100 million towards the end of the period.


So, to conclude this section on oil, what a great story to write, transforming our product mix and partnering with our customers in the energy transition journey while delivering a strong performance. And I will now hand over to Stephane, who will develop our strategy on gas.

Stéphane Michel *TotalEnergies SE - President, Gas, Renewables & Power*

So after the oil part, I will lead you through the gas part or the energy of the transition. As Helle Kristoffersen has shown yesterday, we are indeed convinced that gas has a major role to play in this transition, because it's twice less emissive than coal for power generation and it's the most efficient way to manage and mitigate intermittency of renewables. So it's an obvious choice for fast-growing economy, like China, to address the challenge of more energy and less emission. In this context, it's not a surprise to see that the LNG market has grown at a 10% rate, so very fast, in the last 5 years from 250 million tons to 350 million tons in 2020.

And we are convinced that this growth is going to continue to at least 5% to 7% per year in the next 5 years. This growth is coming from Asia, notably China, where it's quite impressive. Despite the COVID, in 2020, the consumption was higher than in 2019. And if we look since the start of the year, the growth between '19 and '21 is an impressive 35%, and it's taking place both in residential and commercial power generation and industry.

So we are convinced that this trend will go on for the next 5 to 10 years. And it's going to be followed by other countries in Asia. In front of this demand, you have additional supply coming from notably the U.S. and Russia in the next 5 years. But we see in the chart that those volumes will find easily their place in the



market. So we are quite positive on the balance between supply and demand on the LNG market.


In this context of growing market, TotalEnergies wants to grow. First, we can base this growth on a very strong portfolio of assets, fully integrated along the value chain: an equity production of around 20 million tons well diversified between Middle East, Russia, Asia and the U.S., on one side, a fleet of 20 vessels chartered in the long term, 20 million tons of regasification in Europe and some long-term sales, notably in Asia and Latin America. This strong portfolio allows us to size all the opportunities of arbitrage, and we see them currently in the market because we can either send our LNG to Europe or Asia.

We can optimize the freight, and we can as well integrate all those flow with our pipe presence in Europe and our presence on the gas and electricity market. So as usually says Patrick, we want to build on our strengths and LNG is a strength, and that's why we want to grow that business. And as you can see, we want to do that by increasing our portfolio by 30% between 2020 and 2025, to reach 50 million tons. How to do that? On one side by raising production on the other side by raising sales.

So in production, it was mentioned by Nicolas before, we have today a portfolio of lower than 20 million tons of production. And that production is going to grow, thanks to the projects that have already been sanctioned. Obviously, Arctic LNG 2 in Russia, but as well Costa Azul our Mexican project, the debottlenecking of the Train 7 in Nigeria and obviously Mozambique. So we are confident that production of our own portfolio will grow to roughly 23 million tons in 2025 and more with Mozambique coming onstream, as mentioned by Nicolas. So, a strong growth for the next 5 years, but as well some resources that have already been identified and on which we will be able to build our growth beyond 2026 and those reserves being either in Russia or in Mozambique, and as well to mention our project with Papua LNG, in Papua New Guinea. But as well, for example, the debottlenecking of our plant with Sempra in the U.S., Cameron. So a strong growth of our own production.

On the sales part, beyond our traditional contract with the usual buyers in Japan, in Korea or in China, we want as well to broaden our base of customers and to diversify our outlet. We have worked a lot in the previous months to do that. First, in India, by the JV we have with Adani, where we are going to supply the JV with Adani to develop gas sales in India. So up to 3 million tons of LNG to fuel 20 city gas distributions and a network of CNG station. In China, where we partner with Shenergy, the electricity and gas distribution company of the region of Shanghai, where we are going to supply LNG and as well support the development of LNG distribution by truck in the region. And in Brazil, with Compass, we are supporting the development of a new import terminal in Sao Paulo and support the development of sales. And definitely, we want to grow that business and to extend it, both in terms of size and in terms of geographies. Another aspect of our effort to develop LNG is what we do on bunkering, where we have now several customers, the first one being CMA-CGM that we supply with bunker LNG, notably in France, rated in France in Dunkirk and Marseille and in Rotterdam. And we see that as a growing market on which we want to extend our presence internationally.

So to summarize, that should allow us to increase our sales from 38 million tons in 2020 and 40 million tons in 2021 to the 50 million tons I mentioned in 2025 with a part of our production, our integration along



the value chain increasing over time, as you can see that the supply from third party will remain pretty much constant.

In terms of cash, that should allow us to increase the cash flow generation by around 30% to reach this \$4 billion level, plus or minus depending on the level of oil price taken. And that increase is going to come obviously from new volume, new assets and an improvement of the supply contract we have as well. Obviously, that portfolio will be sensitive to gas price. And we have shown on that chart the sensitivity of the cash flow to a \$5 increase on both NBP and JKM. That sensitivity is coming from 2 sides. One, which is linked to our production assets, which obviously are sensitive to gas price. And on the other side, the part coming from our trading portfolio, where it basically allows normally to capture the difference between the NBP and JKM and Henry Hub assuming in that case, because it depends on our hedging policy, that all the curve move as a spot.


Obviously, all that wouldn't be possible if we are not exemplary in terms of CO2 emission. And that's why we want as well to work on the decarbonization of the LNG chain. One first, priority on the methane emission reduction along the value chain. Second, on our LNG plant, where we want to raise energy efficiency where we want to develop project of sequestration of the native CO2, and it's going to take place because of our project we are currently studying in Russia, in Qatar, in the U.S. and as well by increasing the electrification of those plants, where the electricity will be generated by renewable energy, both solar and wind.

And the last part of our action is to renew our long-term fleet because we see that new vessels today are issuing 40% less CO2 than all vessels. So we want to renew that fleet to improve its efficiency. All in all, all those actions should help us reduce the full chain intensity by 20% by 2030.

Beyond natural gas, we want as well to develop our sale of biogas. So, we have started that activity this year by the acquisition of Fonroche in France, and we want now to scale up that activity in Europe to reach 1.3 terawatt of sales, so that remains limited, but still, and in the U.S. with our JV with Clean Energy, where we want to invest in renewable production to supply the network of 550 stations where Clean Energy, of which we are a shareholder, is supplying bio CNG and bio LNG to trucks. And in Europe, beyond France to try to develop additional projects based on the expertise of Fonroche.

Finally, and that will be my conclusion. A word on hydrogen. As you know, there is a lot of announcement pilot project and interest for the various authorities on hydrogen. On that subject, our ambition is clearly to be a pioneer in mass production of Clean hydrogen with two ideas in mind. The first one, as mentioned by Bernard, is first to be able to cover our own demand on refining. So we have a project of green hydrogen production for our own consumption of hydrogen in Europe, where we would be providing for sure the green electron coming from wind and solar and selectively invest on some of those projects.

Beyond that, we are convinced that if hydrogen developed you will have to produce massively hydrogen, and it will be done in countries where the hydrogen can be competitive. And so we are looking at projects of either blue hydrogen and ammonia where you have very cost-competitive gas and huge capacity of CO2



storage. And one perfect example is clearly Russia where we could be partnering with Novatek. That's one. And the second aspect is green hydrogen, where you need to find countries where you can have huge production of both solar and wind to ensure a good load factor of few electrolyzers. And so that's what we are as well looking for with the idea that green hydrogen will mean a lot of renewable energy, and you see, obviously, the synergy of that part of our business for us. I leave the floor now to Patrick as Patrick will present you our ambition in this domain.

Patrick Pouyanné *TotalEnergies SE – Chairman & CEO*

Thank you, Stephane. I will speak about renewable electricity not because Stephane is not able to do it, but just because we consider that this the really new part of all our new businesses, and the part where we really broadened and built this sustainable company we want to build. It's important that I'm trying to share with you our ambition in it. The renewables and it's probably the part where most of the questions will come also.


So the idea is, as you know, to scale profitable global business on renewables and electricity. First, it's a big market, a huge market. And I'm always smiling when people tell me "you have many competitors". In fact, the reality is that if really we are all serious about climate change, and we all know and it's repeated in each report of the United Nations, massive investments in renewable are required everywhere. So there is an anticipation in the momentum scenario, at least an increase of 3,000 gigawatts of capacity in the next decade of solar, onshore wind, offshore wind

And when TotalEnergies speak about 100 gigawatts by the decade coming from 10 gigawatts, that means that we are targeting 3% of this increase, which, of course, is ambitious, but we want to be in this renewable field as a major company as we are today in oil and gas. So first point.

Second point, renewables is a reality now in the company. I would say, 3 years ago, we had less than 1 gigawatt. This year, we'll end by more than 10 gigawatts, maybe next to 11 gigawatts. So it's a reality in many countries. It's no more only projections, figures, Excel files. We have many projects. So we begin small ones, large ones as well. We begin to be confronted like Namita said to the execution of these large projects like in Qatar. We learn, and we will learn more and more because we have many of them. And also in offshore wind we have a project in Scotland, one in Taiwan. So it's a reality.

And in fact, the reality is not only on what we are building now and producing but also on the portfolio. The portfolio, we announced last year an objective of 35 gigawatts by 2025. In fact, we have already a little more in our hand, but we stick to this project, and this is the main task for Stephane and his teams to execute to develop, to build this project. And in renewables, at the end, executing, building, you face also communities and you have some stakeholders. So that's the point. So we have the portfolio, it's largely derisked, with more than 65% of this portfolio being already covered by PPAs.

Some projects will be developed partly with some merchant risk, by the way, not all of it. After having grown this year by at least 3 gigawatts, from next year, it will be a regular increase of 6 gigawatt per year.



So that's the way we see the growing from 10 to 35 gigawatts, three-four times 10 gigawatts, and this is in our hands, up to us now to develop it.

Then beyond it, we speak about 100 gigawatts. So how do we intend? Some people say it's very ambitious. Again, yes, it's 3% of the increase of capacity worldwide, which is being planned. But in fact, we think that we have built the engine to develop 6 gigawatts per year. So if we continue, it's an additional 30 gigawatts for the following 5 years. And then we will leverage some of our strengths. And we have 2 strengths on which we want to leverage.


The first one is building on the TotalEnergies global footprint, I will come back on it, to address new markets for renewables and new countries. The second one is building on for offshore wind. Namita mentioned some expertise. And when we work today, these projects have a longer time of development, it will come between '25 and 2030. And the third pillar will be to continue to be very selective on M&A. I remind everybody that this year, we have invested \$2 billion in Adani Green in India, and they are worth \$5 billion today. So if we are patient, smart and selective, we can find a nice way to create value through M&A. Again, more looking to developers rather than existing assets, obviously.

So if I'm coming back on these 3 pillars, first one worldwide presence. We have launched an initiative. We are recruiting, in fact, a network of what we call "renewable explorers" where we will not look for, sorry Nicolas, for oil and gas, these ones, b will be located the same offices. It's leveraging on our presence, on our knowledge countries. So we have already recruited 50% or 60% of them, located people in different geographies. You see Africa, South America, Asia, where we have maybe less competition, but there is a potential for renewables.

And that is, I think, quite unique to do that, compared to some of our competitors in the utility field, which are more focused on less geographies, Atlantic basins. So that's a way not only to grow but also to grow profitably because what we have observed, with the last discussion in Iraq, is that when you come smart, you have the capacity, you are well known by the authorities, they trust you and you can leverage it to grow also in renewables and power in a profitable way. So that's the first one.

The second one, again, is offshore wind. That's true that we are late in this business. I must recognize it's a little strange, but that's history. Having said that, in the last 18 months, we already built a portfolio of 6 gigawatts of projects in Europe, Asia, mainly. We are taken now seriously by many players. So we begin to have some Tier 1 players who are coming to us, and that's good because we think that the offshore wind, considering the large CapEx involved requires partnerships. Sharing risks is just important. So we'll partner in Denmark with Iberdrola, in the U.S. on the East Coast with EnBW. And so we are fine with these partnerships which will accelerate our growth. We have clearly there some competitive advantages to bring to the market: our floating technology expertise, our capacity of managing large projects and the supply chain, the offshore logistics and of course our financial capacities.

The third pillar to develop, and I think it's an activity which we grow and it's one of the success of 2021, is to become more active on the corporate PPAs. I mean now that we have a large portfolio, it's much easier for us to leverage our global footprint, going to our suppliers, our customers to sell them some renewable




electricity, green electricity. We have done it first for ourselves between the renewable division of Stephane and the Refining & Chemicals division with large PPAs. It obliged everybody in the company, including the trading arm to think about it, to structure it. And now this model can be developed, we have already announced some corporate PPAs with companies like Amazon, Microsoft, Merck, Air Liquide, Orange. And it's a nice way for event for our suppliers to tell them: “you supply us services, but now we will supply to you electricity”. So it balances more the relationship. The target is to sell at least 20 terawatt hours of this type of PPA, which will represent something like, I think, 10 gigawatts. So growth. How do we grow? You have the answer, leveraging of different strengths.

The second question we have is: “why is it profitable? You tell us it is profitable, we have some doubts”. In fact, to be clear, we tell you, and we stick to that, that we want to develop a portfolio of renewables with an objective of return on equity above 10%. We are facing 2 different markets, I think. We are facing what we call the deregulated markets, the U.S., for example, where there is a lot of competition, where the market is moving more to merchant market where it's true that the returns, even post farm-downs, could be lower than 10%. We recognize that. But it's also markets where you can leverage the integration, I think, more easily. And that's why one of the mission, that Stephane is developing today, is growing his trading teams in Europe, in the U.S. because there, there will be some imbalances. And you need to be able to tackle to have some assets to have some storage assets as well and to aggregate different assets. So there is there some value to derive from integration, through trading. And it has to be added on the top of what the projects will return to us. It's also markets where you could leverage corporate PPA opportunities.

And then you have the other markets, the one that renewable explorers will look for, which are what I call the regulated markets, where it's fundamentally more a matter of finding the projects, then you will have some PPA with counterpart. Of course, you have a risk on the counterpart, but you don't have to be fully integrated. This type of markets, if you are smart, you come as an early player, give you more than 15%, I would say. So the mix at the end of our portfolio is above 10%, and we stick to this target. And this is what we have today in our hands. I remind you that our business model, and we also stick to it because we think it's a matter of risk management, is to identify the project, to develop the project. We put some debt on the project. And then when the project is developed, we farm down 50%. Not only it enhances a return on it, but more than that, it also derisks partly the projects. That's the business model we will develop. So at the end, when we say we'll have developed and financed 100 gigawatts of gross capacity, in net production we will have the result of 50 gigawatts, in terms of net production in our figures.

It's a little complex slide. We tried to develop the strategy, which proves that we evolve. But in fact, it shows you the way we see us along the value chain from producing electricity, trading aggregation, we could have added storage, to developing customer portfolio. I think when you look to Europe, clearly, we want to be along the full value chain. We think that in Europe, even if today renewables are developed in many countries through PPAs it begins to be, like in the Netherlands, like in Germany, more through merchant markets. And you need to have the capacity to optimize these assets. And that's good to be along the full value chain like, by the way, we have done in oil and gas. The U.S. is another deregulated market. We are new to it. So there, we approach it mainly for the three elements. We will see in the future if we need to develop on both parts of the chain.



In the other markets, the regulated ones, like I described, when you go to India, when you go to Iraq, you can concentrate on producing from renewables. You could use maybe your portfolio if you want to go together with some large global companies to sell them some corporate PPAs. So this is the way we intend to develop and to integrate renewables and electricity, mainly on deregulated market with integration, not on the other ones.


So what does it give in terms of figures? Just because all that are good words, you have the growth, you have the profitability index. But on the next 5 years, we intend to grow our production up to more than 50 terawatt hours. This represents more or less equivalent of 200,000 barrels per day, just to give you a magnitude. This will deliver, and it's more important to you, cash flow from operation of around \$2 billion by '25, net operating income of \$1.5 billion, proportionate EBITDA, because all that will be partly in SMEs of \$3.5 billion, to give you the magnitude. And we will have invested in the period around \$15 billion of net investments. With the leverage, it represents gross investments of around \$35 billion.

So this means that by '25, investing \$3 billion cash flow from operation \$2 billion. There is still a deficit. But now when we invest in oil and gas in a new country, generally, it takes 10 years before to see exploration, appraisal, development and payback. So what we target, and clearly in our model it works, is to be net cash positive by 2030, maybe a little before, but let's say, by 2030, growing to 100 gigawatts.

Now I'm taking the combination of all what we said, and thank you to all of you, Nicolas, to Bernard, Alexis, Stephane, Namita to have described all the assets. So I will the make sum up with one message today. We, in TotalEnergies, are aiming clearly to combine the energy transition, which we think absolutely necessary to contribute and to participate to ensure the sustainability in the company, and the shareholder return. And I think we have demonstrated last year in 2020, in the worst possible crisis that we have known, that we were able to maintain the dividend and at the same time, I would say, to continue to invest in this renewable and power in a large way. We maintained the CapEx. This is what we intend to do for the future.

Why are we able to do that despite a strong competition? Which is a question we have. This benchmark shows you in terms of EBITDA generation, cash flow generation and in terms of balance sheet, the gearing, what is TotalEnergies compared to major oil and gas companies but also major utilities. And what you can just see with the size of the bars, without digging into the details, is that clearly a company like TotalEnergies is #3 in terms of cash flow generation. So a strong cash machine and is also among the two best in terms of low gearing. So a very strong balance sheet. And you can see that, by the way, most of the oil and gas companies are above the utility on both segments. It gives me the strong conviction that .even if we are newcomer in this field, fundamentally, we are well armed to be able to be among the leading players of the energy transition in the coming 10 years.

So we will invest, but we'll invest with discipline. We don't want -- it's not a volume over value, let's be clear. We have also from the last 6 years as CEO with the volatility we face, we think it's better to plan our CapEx, frankly, on something which is quite stable. We've -- we took a \$50 per barrel as a way to measure it. \$13 billion, \$15 billion. I described you the capital investment strategy, 50% in maintenance, 50% in growth with \$3 billion in renewables and electricity.



We have enough to make this growth as we proposed due. And so this is what we employ. You can see the impact, by the way, of the capital investment strategy I described to you on the capital employed on the various segments of the company. Of course, TotalEnergies is not a small company, it's a huge one. We have \$140 billion of capital employed. But what is interesting in this chart is a trend. And you can see that the trend is in line with (inaudible). When we say that we transition, we transition. You see the red line, which is E&P outside of energy is declining. You see the LNG continuing to grow. And at the end, the Renewable & Electricity is a green line is almost by -- in 5 years at the level of capital employed (inaudible) downstream to the company.


So we are, I think, putting the money according to the ambition and what we have to be, again, is to become a sustainable company and coping with our ambition to go to thrive to net 0. The discipline also is on OpEx. I must say that maybe it seems odd to you and the barrel is at \$80 per barrel, but again, it's a lesson learned. Last year, everybody was speaking about cost and savings. So we should not forget, even in February, when we made the presentation, we were more in that mood. Things are changing quickly. The teams are mobilized. We will deliver the \$1.6 billion. But it's also true that today, we hear about more inflation with logistics, et cetera but it's important because these savings are supported by some fundamental actions on the digital factory, the OneTech organization, highgrading the portfolio, which was -- we didn't make too much noise during 2 years, but in fact, we have seen that asset by asset, we have worked hardly.

We have worked because selling 12 assets is as much complex to sell. I would say a big one, but it's done. So this is, I would say, and I encourage the teams in TotalEnergies to continue to work on it because this is a fundamental part of our business.

We need to be disciplined on the cost. Then CapEx, the cash flow. We confirm today with 1-year delay. I will be very honest, but we will be able to deliver the \$5 billion of underlying cash flow growth from '21 to '26. So 1 year delay is obviously linked to the delay on Mozambique. I will be even more transparent to you that if Mozambique does not restart by '22. And you know that we do not control all the situation, a security situation in Cabo Delgado. This would impact the '26 target by \$500 million, which does not change the fundamental message there is that, in fact and that the growth is coming like you can see, not only for -- it's coming from renewables and power for \$1.5 billion; from LNG, \$1 billion to \$1.5 billion, depending on Mozambique; also from the downstream between Alexis and Bernard explain you that they plan to grow by \$1 billion. And then we have some oil projects, Uganda, plus Iraq plus (inaudible) Brazil, which will compensate partly the natural decline to provide another \$1 billion.

So these are all these projects, most of them are sanctioned. We need to execute all that. And that will, of course, this underlying cash flow growth will support the future increase of dividend, as I said, in July.

Another message here, we are raising, thanks to the quality of the portfolio and the work by the way, which is done in terms of high grading this portfolio, divesting some assets to upgrade the return on capital. We were mentioning in our previous presentation, more than 10%. We have -- with the assets we have, we can reach more than 12% at \$50 from 2025 despite the famous renewables, which are supposed to



decrease the profitability. So it's a proof. But our model is from this virtue in this model. Another message there, you see the impact of \$10 per barrel, \$3.2 billion, no change, so capturing the upside.

We are more and more exposed to positively, I would say, to the gas spot prices. If NBP and JKM, both of them increase by \$1 it should represent an increase of cash flows from \$600 million. \$10 per barrel is more or less \$1.5 per million btu. That means \$1 billion outcome. So this is also an important message that growing in LNG with more of our portfolio being exposed to this spot index represent a potential upside as well.

So having said all that, we go to what is important. When I say combining energy transition return to shareholders, this is a way of the cash flow allocation priorities. Capex is a priority, but within a disciplined framework, \$13 billion-\$15 billion, not more. Renewables power, we will guarantee them, I would say, \$3 billion per year. So that's the first part. And this is okay to make this transition.

The second is dividend. You know that we have supported it through the cycle. I just mentioned to you that definitely our aim is to deliver in coming years some long-term cash flow growth, and that will support future increase for dividend.

The balance sheet, we have been keen to give a certain priority to maintain, of course, a grade A credit rating. Again, it's an advantage in the competition when we go to electricity compared to peers. So, we want to keep this advantage, gearing at 22%.

And last but not least, we announced end of July that we are willing to share surplus revenues with our shareholders above \$60. Today, I know that you have made some math, most of you, we said it may be \$900 million, \$1 billion, \$1.2 billion. What I announced to you, it will be \$1.5 billion. Not because I changed the 30%, but just because the natural gas price are rocketing. And so, we have obviously some additional revenues from gas. I need to give instruction to my CFO, I will not keep the moving target week after week. So, the decision has been taken to give him a target to buy back \$1.5 billion of shares for the last quarter. And then we see what the momentum on the hydrocarbon prices will be for next year.

So, I would like to conclude this presentation, which has been very colorful, I can see, like the colors of the logo. I hope you like the modernization of the slide by this line. On this slide, TotalEnergies investment case and what we propose to you. I think on the left side, clearly, we have demonstrated in the last 5-6 years for different up and downs in the hydrocarbon price that we are quite resilient. We have a strong balance sheet with low cost of debt. We have a strong and reliable cash generation. We are supporting the dividend through the cycle. So, the resilience is demonstrated.

We are also, and I would like to insist today able to capture the upside of higher energy prices. We are a low-cost producer. We have a production growth in our portfolio. And again, we have an increased leverage to gas markets. So that, I would say, the part of the hydrocarbon patch, which is fundamental because it's feeding, in fact, the cash flows, the engine to make this transformation possible.

On the other side, I think the business model, and we have described it to you to build a sustainable business model. We are really engaged in this transformation with clear targets, already established

portfolio, and we will deliver on renewable, and electricity, recognized in this field as an ESG leader. We think really that we have some competitive advantage to prosper in the electricity world. I mentioned that to you again. In particular, our global footprint, giving us access to new geographies, we have less competition and also the management of large-scale projects.

And this investment case, of course, supports attractive returns to shareholders. We have a high dividend yield, maybe a little high, but we will be patient to see the rerating of the share. We have, again, a long-term underlying growth if we support future dividend increase. And we have a policy which is put in place in order to share surplus from hydrocarbon upside through buybacks. So that concludes my presentation. But before to go to the Q&A session and thank you for your patience. But we have been through many voices, but in a dynamic way. I would like for to thank again all the people who contributed to this presentation under the leadership of Jean-Pierre, in particular Ladislav our IR President. A word to Ladislav because it's the end of his assignment. He came twice in his position. Thank you Ladislav. It will be our assigned representative in Washington to reward him for his dedication to the company. Renaud Lions because of COVID, maybe not all of you know him will take his seat. Renaud has already been there for the last 3-4 months, so he's learning a lot. And also, to thank all the team we worked with: Bertrand, Edouard, Frederic, Benoit and Olivier. So, thank you for all that. I know it's tough to support all the executive committee to make such presentation. So, thank you, and again, for the quality of it. So now we will listen to your question for the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from the line of Michele Della Vigna from Goldman Sachs.

Michele Della Vigna *Goldman Sachs Group, Inc., Research Division - Co-Head of European Equity Research & MD*

Perfect. Thank you very much for the very thorough and interesting presentation. I had 2 questions, if I may. The first 1 is on your CapEx guidance. You've reduced the top end of the guidance from \$16 billion to \$15 billion while increasing the spend on renewables and the energy transition. That certainly is a strong sign of capital discipline. But I was wondering if you could perhaps shed some light into some of the moving parts in that and perhaps less capital will go into the coming years and what you were thinking 1 year ago. And then my second question is about cash return to shareholders. It's certainly very good news to see \$1.5 billion of buyback in the fourth quarter. At this level of share price, it's certainly hugely accretive. But I was wondering how should we think about the framework for next year? The macro is uncertain, but seems to be going into a very good direction. You have effectively a cash breakeven at \$50 per barrel and you have huge exposure to gas prices which are increasing substantially above your \$5 per Mcf NBP price. So we continue to think that longer term, you want to distribute above 4% -- sorry, 40% of your cash flow to shareholders between dividends and buybacks, and you will think about the right balance between those 2? Or how should we start thinking about next year for that?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

What is good with you, Michele, when we announce something, you want the future. On the first one, let's be clear. In fact, I've said everything in the presentation. When we were speaking \$13- \$16 billion, to be honest, you need \$60 per barrel to support it when I'm looking to the financial model. And again, it's maybe a lesson of what we have experienced last year. But we prefer to plan our CapEx to be sustainable at \$50 rather than \$60. Maybe it's only \$1 billion less. Okay, it obliges us to think, if we want to be consistent with the ambition that we have announced and in particular, when we speak about the downstream. We have made our CapEx consistent, for example, when we say we will reduce our oil product sales, that means that I need to invest less or to be more selective in the way we approach the development of networks. That's one example. We will continue to invest in some networks, but not necessarily in all the geographies as we were planning one year ago. So that's one example. So it's some choices at the end of the day, there is a consistency between the trajectory on the Scope 1, 2 and 3 and the CapEx for the hydrocarbons part. If we are spending more, that will create an inconsistency. Let's be clear. The way we manage that, and I think it has been very well explained to you by Bernard and Alexis, we make choices, which have little impact, minimizing the impact on the net cash flow because. There are also CapEx, which were allocated to assets. When you look at the net generation of cash, it was not so big.

So what is more important, by the way, for you as a shareholder, is not only the amount of investment, but the net cash generated by these investments. So that's the explanation. And again, we have made some few choices, but these choices are consistent with our trajectory.


The second one, I think I said everything. You know that we told you that the dividend and the yield of the dividend today is around 7%, quite high. We said, and we repeat today that an increase will have to be supported by, I would say, some long-term sustainable cash flow growth. We'll have some next year. We'll see the way it will -- we will plan that. We'll come back to you beginning of next year on it. We also said in July that in terms of return of surplus cash flow we use a up to 40% objective. So the combination of all that is between 30% and 40% when you make the math. You will have no more insights than that. But again, what I can say to you, to your customers, if you want to convince investors is that, first, TotalEnergies did never decrease this dividend during 30 years and on the top of it, as you said, I think we gave you some indications that we are more exposed than others to upside from the gas side. If we have more revenues, then we will return more to our shareholders. And I think to signal through the \$1.5 billion is in that direction, considering the upside on the gas price that we experienced this year.

Operator

The next question comes from the line of Christyan Malek from JPMorgan.

Christyan Fawzi Malek *JPMorgan Chase & Co, Research Division - MD and Head of the EMEA Oil & Gas Equity Research*

This is Christyan Malek. And look, congratulations on an extremely comprehensive outlook. And Patrick, it's clear to see the strategies to be everything to everybody in your sale of energy to customers. But it does seem your upstream outlook and specifically oil seems to mirror your view on sort of peak oil demand through the decade. So while clearly, we're biased towards our own views in an oil super cycle, if that



scenario were to play out, through a much delayed peak, is there a danger that your cash return may become less competitive compared to those that have planned for an increased quantum of oil barrels to reflect the peak in oil demand post 2030 sort of more in line with OPEC thinking today? My second question relates to plans to potentially harvest or carve out the renewables business. I noticed a number of comparisons to utility sector, which I think is absolutely right. But the reality is that the clean energy business sits within a large conglomerate.

And if the equity market decides whatever reason, it's not willing to value a hybrid business model, to reflect the revaluation of the low carbon business. At what point would you consider carving out a small portion of that business in the form of a listing? Or would farm downs be a potential route to harvest them?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Christyan, the way we approach this transition: I didn't plan the CapEx for 10 years. We planned the CapEx for 5 years, let's be clear. And obviously, we will monitor that precisely. I think we have demonstrated, and again, look at the latest project : It's a global project in Iraq, we are able to move on electricity, gas and oil. So we did not say no to oil. What we said, and I think we have a specific hedge in some geographies: we are looking for low-cost oil. So my teams in E&P do not have a mandate to stop looking for more oil. They have the mandate to look for oil, which is low cost and low emissions. The planet can offer opportunities. So again, we gave you a sort of trajectory, the reality is that we are quite pragmatic.

And we'll see at which pace this market will evolve. Helle explained you different scenarios. By the way, Nicolas showed a slide, which was at the end: there was a spread against the landing point in 2030. So we have to monitor that. We did never say that voluntarily, we decrease oil, I never said that. We said that we are pragmatic. We monitor it. And if we have good projects like the one we are finding in Iraq, we will develop it. I mean, that's clear. So I mean, I'm not afraid by this aspect because, again, it's a matter of being selective, but monitoring according to the way the demand will evolve. So the second one, of course, is a traditional question. You are right to ask a question. I mean we have to be patient. I think we have embarked in TotalEnergies. We know that we could be perceived as an energy conglomerate.

But my answer to you is that you should buy the shares today, they are not so high. In 2025, if really there is no rerating then a spin-off of 35 gigawatt. When you see the valuation of renewables, I think my shareholders will be super happy. And so buy the shares, keep them, trust us and either the conglomerate will be rerated, which when I observe what happened to others some time to time, it's a matter of being stubborn.

Or then, we'll have to take actions. But let's be clear, it's not a question mark today because today. In 2025, there was an important figure. We will invest \$3 billion and have \$2 billion of cash flow. That vehicle could work. Today we invest 3, but we have 0 cash or almost nothing, \$300 million. So why should I go to the market to spin off, to access, to ask money to the market. I could just finance ourselves with a quite a low cost. So we are comfortable, and the options will be there on the table. But again, I hope that in the meantime, this idea of the transition and that players can do these different synergies, will be absorbed and agreed by the market. We'll see.

Christyan Fawzi Malek JPMorgan Chase & Co, Research Division - MD and Head of the EMEA Oil & Gas Equity Research

So one follow-up. If you were to flex CapEx higher in the context of stronger oil demand, would that be within the \$13 billion to \$15 billion envelope? Or would you consider raising it above \$15 billion.

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

No, because I don't think that you need to plan with \$80 per barrel. It's a mistake. Each time we have done that, I've done it myself to be honest, I've done it in 2017, 2018, where I remember, we announced you we have invested '17, '18 and then price went down. So I think, honestly, energy transition is somewhere putting more volatility in these markets. Because we create interactions between the different energies, and it's quite complex to fully see the value chain. I'm not sure that none of us would have bet 3 or 6 months ago that the natural gas price will be today at \$20 per million Btu. So I mean, we need to be humble.

And I think I prefer to manage the company by, again, being disciplined on CapEx, returning to shareholders when we have upsides and managing the plan. So no, we do not intend to suddenly increase the CapEx because we have more money, we'll see. Let's see. It's difficult. Again, in February, at the beginning of the year, we were more looking to \$40 or \$50 than \$70, \$80. So I think we need to monitor that carefully rather than changing our mind every 6 months

Operator

The next question comes from the line of Pauline Lecoursonnois, EOS at Federated Hermes


Pauline Lecoursonnois - EOS at Federated Hermes

Thank you very much for this very helpful and informative investor day. Yesterday, during the presentation of your latest energy outlook model, you touched on key differences with the IEA net 0 by 2050 scenario such as more gas and a different oil trajectory. Also a limitation of climate change to 1.7 degrees. And you mentioned the important role you already in place in your investment decisions. I was curious to know if it will also result in a review of your existing emissions reduction targets. And I'll say this model is reflected in the assumptions and estimates used in your financial statements, for example, when estimating the life used in calculating asset retirement obligation. And finally, regarding the oil-related investments, should we deduct that it will also be for oil that 50% will go to maintenance and 50% to new developments?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

No, Helle will come back to you. In fact, we didn't say 1.7 degree. We presented yesterday what we call the Rupture scenario and stating that this one well below 2 degrees was 1.7, 1.8. And we made another an alternative, which is called Rupture plus. And this is the one which makes 1.5 degrees, which is the one to be compared to the IEA net 0. So you have to look to all what we said. So we never said 1.7. We said different scenarios 2.2-2.4, 1.7-1.8 and 1.5. So that's the first point.

Second, the role of oil investment and review of strategy investment. I mean, again, you know and we said



it yesterday, that yes, we disagree. There is one point where we do not understand, and I would like to know, by the way, how the IEA managed to reduce the demand for oil in 2030 to 70 million barrel of oil per day. Because this is their trajectory. We do not see, and if somebody can explain me where it comes from, I would be very happy to listen to it and maybe it will influence our strategy. What would be the technologies or the change of demand patterns, which could lead to reduce this demand for oil by 30% in 10 years.

I don't see it. The technology we all mentioned is shifting ICE to EVs. This is 2035, not before. So again, in our scenario, we see a decrease for oil demand by around 10%, but not by 30%. And if 10% then, that means that we need to continue to invest selectively, like I said, selectively, in some oil projects. And so we'll continue to make selective investments, which will allow us to be on the safe way. Because it's in fact safe to be low cost and lower emissions. That's the way we look at it. The value in retirement expense, I think we have exchanged with you several letters, but maybe Jean-Pierre wants to say something about it.

Jean-Pierre Sbraire *TotalEnergies SE - CFO*

Yes. So we have done the scenario after the drop in prices in mid-2020. So we have an increasing price till a plateau between 2025 and 2030 and afterwards, declining to \$50 by 2050. So that's fully coherent with the vision we have regarding the oil demand over the next decade.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

This value has been adjusted last year. We'll not adjust it every year. What we made in our statements, if I remember very correctly, we give the sensitivity of a change of the long-term oil price on the potential asset value, and it's quite minimum. So you have all the data. And by the way, I know that the French stock market authorities have made their 5-year annual review of our financial statements, in particular on all these assumptions. And if I understand correctly the letter I received, they seem to be fine with what we have done, 30 pages of exchanges. So I mean, we are ready to also to explain to you what we do. The last one, I'm not sure to have understood the question, to be honest, on the 50-50 maintenance growth.

Pauline Lecoursonnois - *EOS at Federated Hermes*

Yes, it's because in your presentation today, you mentioned 50% in growth and 50% in maintenance. So I wonder if it also applies to oil.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

No, no, no. I said, globally, the \$13 billion, \$15 billion are split. Oil: there is no growth, it's mainly maintenance. The schematic was clear. What we call maintenance is maintaining. It's a company which will not grow anymore. We would keep the company as it is. No ambition to grow our energy production or energy supplies. We need 7 billion, 8 billion, 7 billion to maintain it as a plateau. That was a left part of the cake that we show you. The other part, and I said clearly, the 50% growth is half for Renewable & Electricity, half for natural gas

Pauline Lecoursonnois - EOS at Federated Hermes

If we call it “new developments” does it make a difference?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

I cannot answer to a question, which is today not the reality.

Operator

The next question comes from the line of Oswald Clint from Bernstein.


Oswald C. Clint Sanford C. Bernstein & Co., LLC., Research Division - Senior Research Analyst

Thank you very much, everyone. Great new data today and certainly across the new and old businesses. And the good thing over the last year or so is we can use, or at least we can use the data, start to work out the free cash flows by business line and really do long-term this kind of cash flow modeling and really to get to the value of the company, the value of the shares. And the interesting thing when I do that is I seem to be getting a minus 5% decline in terms of a terminal growth rate that's embedded into share price, just thinking about cash flow growth beyond 2030.

I'm assuming people trust you for the next 5, 6, 7 years because you've -- I mean, Total have been very good in terms of guiding in terms of numbers. So I mean it's clear that beyond this plan today, which is well laid out, that the market is still worried about some collapse in your free cash flow beyond that period. And I just wanted to get your thoughts on that comment or maybe how you would start by convincing us that suddenly things don't untangle post-2030, please? And then secondly, a lot of really good data this morning on the electricity sales growing threefold by 2030. I guess my question is here is in terms of a risk. I mean lots of capital into generation. We're recycling the capital. We're adding new generation, everybody is. And I wanted to ask about transmission. And my concern is it just can't cope or follow the same pace, especially considering things like permitting, et cetera. So I wanted to get a sense of how critical transmission access is for you to physically deliver your electricity.

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

Thank you for your comment, Oswald. Positive comments. We do not describe to you the future post 2030. What I would say to investors is that I don't know why they worry because, again, when you look at the way we manage our transition, yes, on one side, we definitely grow our renewable and electricity business. But on the other side, when you look at the hydrocarbon price or hydrocarbon, we continue, I would say, to offer a trajectory which is growing on the LNG side. And Stephane mentioned different projects, which are feeding the growth 2020-30. And in fact, there is more to come beyond as we have some positions like Russia, Mozambique, where we can continue to move on, there will be more projects to come with our partners. At a certain point, planning post-2030 becomes to be a little more an excel file. But in terms of assets, we continue to look for assets to feed this growth. And on the oil side, there again, I repeat that we said that we have a peak in the decade. At the end, we are landing more or less to the point where we are today, a little lower. We will continue to look for opportunities like the one in Brazil, like one in Iraq. So you will see Total active in some oil opportunities to fit the future portfolio for oil and gas. So it's a



matter again on oil of selectivity. And so then we have to be smarter than before to be able to identify the opportunities. But I'm comfortable. Iraq has demonstrated, and we might participate to Brazil auctions if it fits again with our profitability or cost per barrel and our emissions targets.

A question on the transmission. Maybe I will leave the floor to Stephane on the transmission part.

Stephane Michel *TotalEnergies SE – President, Gas, Renewables & Power*

Yes. On the transmission part, it's a really valid question and it's something that on each investment we are doing on renewable, we look closely at. Now the situation is really varying depending on the country where you invest. I would say that in Europe, globally, it's less of a concern. It can be in some region in the U.S. where you have development and where you definitely need to invest on the transmission yourself, if you want that to happen. But in some region of the U.S., not all the region of the U.S.

And it's a key question. If I look at the Iraqi subject where we are going to develop 1 gigawatt, that's clearly something that we look at seriously. What I would say is that with the growth we plan, I don't see that as a limiting factor for the time being over the 5, 10 years apart from some very specific location after we will see.

Then there is another way to answer the question is that if you develop at the same time, solar and wind and if you increase like we look at on every project, the battery capacity as well, that's a way as well to answer part of the problem.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

I think the question you asked, Oswald, just a general comment, is a valid question. But more globally for all of us, I know that some of our colleagues in the utility are advocating the fact that at a certain point, we will not be able to grow all the renewables at a scale that Green 55 is planning because we could face a real difficulty of transmission system.

But from this perspective, I would say it will be the same for all the competitors in Europe. So it might be, I would say, a global issue. Is it an issue for us as TotalEnergies? It's something on which we need to take care. And again, it depends on geographies. I think it's very different. And the fact the way we want to develop and grow in this field looking to a global footprint gives us different opportunities.

So there is not one answer, but I know that the situation in India, for example, there are today some discussions about underground transmission lines, et caetera. But it will be the same for all competitors. I think to build the 3,000 gigawatts extra capacity, in the next 10 years, probably we'll face obstacle after obstacle globally, but TotalEnergies has no reason to be penalized from this point of view.

Operator

The next question comes from the line of Lydia Rainforth from Barclays.



Lydia Rose Emma Rainforth Barclays Bank PLC, Research Division - Director & Equity Analyst

I do like the colors. Two questions, if I could, please. The first one on renewables and the returns there. It does look like the bottom end of that return range has fallen to 4% to 6%, I think, from 5% to 6% before and yet the cash flow numbers and the net income numbers actually, if anything, slightly higher. So I'm just wondering if you can talk us through that.

And then the second part was on the carbon offsets and the idea of basically, if I look at it nature-based solutions, you're spending \$100 million a year by 2030, you're expecting that to be, I think, more than 5 million tonnes per year. And equally on the carbon capture side, it's again \$100 million a year with 5 million tonnes to catch per year by 2030. And I'm just surprised that those 2 amounts are pretty much exactly the same. So you're not seeing a difference in the pricing between the next base solutions side?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

The second question, it is really separate. There is \$100 million for NBS and you have an amount which today is \$100 million in for CCS. So it's 100 plus 100. So two different topics. The objective is not the same. When we develop carbon storages, it might be for us. It might be for others, for some customers.

We develop a capacity of carbon storage in Norway, in Aramis, in the U.K. Some of it will be used by, Bernard, maybe to take CO₂ out of his H₂ production. For decarbonizing our refineries, but some of it might be available as a business, offered to our customers. We could imagine that when we say that we want to go hand in hand with customers, some of them steal manufacturers will ask us. Okay, we have some capacities.

It's why we do not integrate the 5 million tonnes of carbon storage when we speak about Scope 1 & 2. We do not integrate that. It is something additional. It is another business: again, part for us, part for others.

The NBS on the contrary is clearly for us only. We will not share that. It is purely dedicated to offset scope 1&2 emission. We do not intend to use these carbon credits, high standard carbon credits for customers to be exchanged on voluntary carbon markets, which is a different topic. So I hope I clarify this question.

The first one, no, I think you remarked that we put an 8% on the deregulated markets, and we put also 15% on the other one. So you know we said the average is above 10%. There is no change - I'm not sure we have much higher flow numbers. Cash flow numbers, again, today, are more certain. As I said during the presentation, the 35 gigawatts of projects are, I would say, firm at 80% or 90% today. So we know what we have put behind.

In the meantime, we have invested. So we have the figures. We know what we are able to deliver. We have the model. To be clear, honest and frank with you, Lydia : if we have been so able to speak about EBITDA, net result, cash flow is because we have a global confidence in the different projects and the model that the teams are proposing us. So I consider that what we propose to you as cash flow numbers on renewables and electricity are correct. And thank you for the colors.



Operator

The next question comes from the line of Alastair Syme from Citi.

Alastair Roderick Syme *Citigroup Inc. Exchange Research - Research Analyst*

A couple of comments. On slide 70, I missed - apologies - what you said on the interpretation of 2025 and 2026. Is all the move in cash flow related to Mozambique because I thought you said Mozambique is only \$0.5 billion of cash flow in 2026. So, apologies if I got that wrong.

Secondly, I was wondering why you chose -- why you are choosing to do partnerships in renewables? I know partnerships have been a big feature to oil business for years as a derisking tool. Why follow the same model in renewables for the risk profile is a bit different? I understand where they might come about where you're sort of farming into projects, but many of your bids, in say the U.K. and France, have had the partners included at a grassroots level, including some private equity players? Just interesting perspective on that, please?


Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Okay. First question, to clarify, I just told you that the 2026 figures and bar you have on Slide 71, include Mozambique LNG started beginning of the year. So, it includes \$500 million of cash flow from Mozambique LNG. The +\$5 billion includes this \$500 million. This supposes that we are able to remobilize people next year, 2021 to 2022, beginning next year. We'll see.

There are some positive evolutions on the ground, but it has to be consolidated. There is a war. So, we will not remobilize to re-demobilize. That's clear. So, if we are not able to remobilize beginning next year, this will delay Mozambique LNG, this \$500 million could go to 2027. So, I wanted just to make a warning so that things are clear between us. But again, the conclusion, \$4.5 billion or \$5 billion is not fundamental. This will not change the cash flow growth profile, may there be a delay. So that's the other point.

The second question is related, I think, to offshore wind, if I understand, because this is where we put some partnerships. I think, yes, that is true because when you bid to acquire seabed rights in the U.K. or tomorrow in the U.S., that's not for free. I will tell you. And this model where you first bid for seabed rights, then you go to find the electricity price for PPA, there is a risk. So, I think sharing this risk with some or another company makes me more comfortable.

I prefer, honestly, and I understand what you said, maybe it's better to farm down later. But there is another reason, to be honest, also with you. We are late in this business. And you know in offshore wind, what we have observed, not true for floating offshore because it's still early stage. But in the fixed bottom competition, you have some players like Macquarie, I must recognize. This is why we have partnered with them: we made, by the way, an interesting partnership with Macquarie. We went together in the U.K. and Scotland, and because they were interested in our floating expertise, we develop that in Korea with them. So it's a win-win.



But we must recognize that it's also true that some players who have spent 2, 3, 4 years to accumulate data on some specific locations are well better positioned to bid. Not the case when you come late, and you don't have the same capacity. So that's why we are looking for partners to be able to cope with the fact that we were late in this business on certain geographies. And that's the reason why.

Maybe Stephane wants to add something on this one.

Stephane Michel *TotalEnergies SE – President, Gas, Renewables & Power*

And in addition to what you said, Patrick, I think that especially in offshore wind, that still remain industrial projects with some risk on which it's good to be able to have partners as well to get the most experience to mitigate them.

Alastair Roderick Syme *Citigroup Inc. Exchange Research - Research Analyst*

Patrick, so can I come back to the first question. I sort of quite understand why the bar in 2026 seems to move up more than \$0.5 billion? Is there something else that's in there between the 2 years?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Between 2025 and 2026, you have other projects coming in 2026. You don't have only Mozambique, in fact. In '26, you have Ratawi, if you look at the presentation today. And you have also a project in Angola, which is Block 20/21. So, there is an increase between '25 and '26, which is, yes, the delay of Mozambique from '25 to '26 compared to last year. But for new projects which have been introduced last year for 2026, since we were only looking at 2025 you didn't have any data. New projects: in particular Iraq and again, a project in Angola where we acquired an offshore project Block 20/21, on which, by the way, we have made a positive appraisal this year. So, we'll move on. So, these are the reasons why you have an increase, additional projects as well.

Operator

The next question comes from the line of Biraj Borkhataria from RBC.

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

Question on the upstream. You highlighted on the short-cycle optionality and one of the slides that you reactivated 6 rigs or plan to reactivate 6 rigs. Could you talk about where you're increasing activity and any details around the production impact or payback periods of those investments? I know you don't plan on \$80/b oil. But given you say sort of \$4 per boe capital intensity, short-cycle project, is there anything more you can do that?

And then the second question is just a very quick clarification. Did you buyback any shares in Q3 at all?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

Second question, I think I answered because I told you I gave instruction for Q4. So that means there was nothing in Q3. And by the way, I think Jean-Pierre cannot buy before end of October, as we are entering a “shadow” period. So, we cannot buy today. So, nothing has been done in Q3. So, we keep all that for Q4.

Nicolas, the countries where you want to reactivate your rigs, I suppose there is Angola, what else?

Nicolas Terraz TotalEnergies SE – President, Exploration & Production

Yes. Typically, in Angola, we went back to 2 rigs. We went from 3 to 0 and back to 2. Same in Nigeria, we have 2 rigs working. We just completed some infill drilling on OML130. Totally different example, for instance, Barnett, we are considering remobilizing. So, basically, pretty much in the locations where we have the short cycles available.

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

But just to complement that, Biraj, I think we are still under COVID in certain countries. So, we can remobilize from a pure, I would say, economic analysis. But we have also at the management level in mind that teams in some geographies are still under, I would say, sanitary constraints. And so we are permanently monitoring that with the MDs of these affiliates and we ask them: are you sure you can really onboard additional rigs without jeopardizing safety?

We have identified these short cycles, if we see the oil price being maintained, we will continue to activate that. So it's a matter of remobilizing. Like I think Nicolas explained, it's easier to demobilize rather than remobilize, like always in this type of case. But we clearly gave some signals to our teams that they can think today to remobilize, and they are doing it, but that takes a little time in the COVID environment.

Operator

The next question comes from line of Irene Himona from Societe Generale.

Irene Himona Societe Generale Cross Asset Research - Equity Analyst

I had 2 questions, please. Firstly, a question on the One Tech people organization. I realize it's early days yet, but can you perhaps talk a little bit about some of the obstacles perhaps to completely retraining what a very skilled personnel areas of expertise and to successfully changing those?

And then secondly, a question on 2 of the 7 areas, hydrogen and biofuels. If you can share with us some of the risks in those areas, in particular, green hydrogen, how do you see the technical risks to scaling up and to making it cost competitive? And then on biofuels, any concerns you have perhaps on risks to feedstock availability needed to meet the regulated levels?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

Okay. Namita, first one, One Tech, then I think that Bernard can take the biofuel.



Namita Shah *TotalEnergies SE – President, OneTech*

So as far as retraining professionals is concerned, one of the words that you used, Irene, was completely retraining. And I think that's something that I wouldn't use, the word "completely retraining". I think we have a couple of things going on. We are in the process of identifying a number of skills they know that can be used in other businesses, and that was the purpose a little bit of my third slide.

In the trajectory that has been shown by my colleagues, we're not reducing our activities in oil and gas. And so there is still a significant amount of work for the colleagues who have those kinds of skills. And as far as our new businesses are concerned, what we have also looked at is selectively recruiting where we know that we need either to go fast, and we will not be able to rescale immediately or where we don't have those competencies at all. But our plan in terms of reskilling and upskilling is to use the time that we have in terms of the trajectory of the businesses to gradually make -- to identify gradually what we need to do and to develop that over the next 5-year period to make sure that we give the right opportunities for rescaling.

I'd say the biggest obstacle today is really to show our employees that the skills that they have are actually for a large part, quite easily transferable into a large part of our new businesses. And the fact of keeping people together and keeping them informed and exposing them to new businesses, gives them a great deal of confidence that they have the wherewithal to transfer their skills to some of our new businesses.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Yes. I think honestly, with One Tech there was another idea. It is that as renewables and electricity business was growing, we had a choice either to create a new manufacturing division within GRP or not to do that, but to propose to integrate, to use part of the competencies to grow it gradually, I would say. So there are a lot of synergies in process, technologies. And all these guys, it's easy to use them immediately without reskilling them.

Of course, it will come to geologists one day, but we still have some reservoir to manage. We continue to explore. So we need people. Having said that: you probably know that we have proposed to some of our colleagues a sort of voluntary redundancy plan, where 1,100 people have elected. And it's clear that there are some parts of the company like geology, where we don't think we will recruit a lot because we prefer to adapt.

But again, your question is right, but it's not so massive because this is the interest for me to preempt to begin early stage so that we can adapt gradually and prepare the future not to be in the wall and suddenly to say we have a big problem. It's not the way. It's not in the DNA of TotalEnergies, I would say. We prefer to make it gradually and to anticipate and to put on board the people.

Biofuels. Obstacles to feedstock for biofuels, that's a good question, Bernard.

Bernard Pinatel *TotalEnergies SE – President, Refining & Chemicals*

So there is, of course, more and more debate about the so-called first generation feedstock, which competes with food application. So, the market is clearly moving more and more towards waste and residue, which are used cooking oil or animal fat. So that's a type of resources everybody is looking for. So there's a competition for that type of feedstock. It's clear.

The way you mitigate the risk is, of course, to be as flexible as possible to be able to process as many types of waste and residues as possible. And this is what we are in the process of doing because we learn as we entered the market a couple of years ago. We also leverage our trading arm, who is able to source more and more alternative feedstocks. But it's true that there is a competition for waste and residues.

And as we said yesterday, if you remember, we see biofuels more as an intermediary step between oil and tomorrow synthetic fuels. Synthetic fuel is more towards 2030. By the way, you saw that in "Fit for 55" package, the European Commission has set a sub-mandate for e-fuels: 0.7% - out of my head - starting in 2030. So there will be, I would say, a first step to close this gap that will be around biofuels and waste & residues, and then we will come to the fuels.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Well, your question is good, Irene. I think there is a limitation somewhere but we'll see what the policymakers may do. There's in particular a contradiction in Europe between no 1G and increasing targets for biofuels because there is the question of waste and residues. And the 2G, as you know, the 2G technologies for the time being are quite immature, in fact. So this is why we are looking for e-fuels.


Hydrogen complexity, I think there is a lot of things to say. The most complex part is that it's expensive. That's clear. So, hydrogen is a matter of being able to combine on one side, a very low-cost source of energy, electricity. So, it's a matter of optimizing your wind and solar production or your nuclear production when you are in France. Plus then you have the electrolyzer farm, I would say.

Stephane, do you have any hints that you want to say some specific points on the technical risk? So the question for me will be if we want to scale down the cost, we need to find the customers, we will be able to scale up the project in order to make mass production. But Stephane?

Stephane Michel *TotalEnergies SE – President, Gas, Renewables & Power*

As you mentioned, Patrick, the first thing is that you have to scale up the electrolyzer capacity because today, you are talking about tens of megawatts. For a simple project, as the one we plan on refining to supply green hydrogen for refining, you are talking 200 megawatts. So that's one order of magnitude. And if you really want to be at scale, you will need to multiply that by 10. So first, a challenge on electrolyzer.

Second, as you say, a challenge on the integration between renewable on one side and electrolyzer on the other side. You have to work on the fit because on one side, you have something intermittent and on the other side, you want to produce 100% of the time.



And the last question will be if you end up with land constraint, notably in Europe, that means that green hydrogen will have to come from abroad and be produced elsewhere and then you have to work on the logistics cost and chain. And so that's a lot of challenges to be addressed to imagine a full hydrogen industry at scale.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Okay. Next question.

Operator

And the next question comes from the line of Martijn Rats from Morgan Stanley.

Martijn Rats *Morgan Stanley, Research Division - MD and Head of Oil Research*

Can I first say that I feel like you've presented there a pretty broad set of plans? I mean you covered a lot of ground and given us a lot of complexity to digest, but it's been pretty comprehensive. I want to ask you 2 things.

First of all, it seems to me that expanding into the renewables, the biofuels, hydrogen, everything you talked about is mostly a matter of -- well, project management, but perhaps less but technology and innovation. But I still wanted to ask the question to do all of the things that you talked about today, does Total has all the technologies in-house or is there still a piece of innovation to be done and part of the puzzle to be filled in from that perspective?


And then secondly, I wanted to ask you somewhat of an old-school question about the upstream, but I was wondering if you can give us an update on Suriname and the pace of development that we could see -- you could expect there? And also how Suriname fits into the plan that you presented today?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Suriname, I think, we are appraising. We have made 5 discoveries, I think. For the time being, the appraisal of the discovery is a little challenging. So that means that, in fact, as you know, we are finding a lot of hydrocarbons, but we are looking to quickly develop a pool of oil and without too much gas because we will not flare the gas, obviously, that does not fit at all. Flaring gas is not possible neither for TotalEnergies nor for Apache.

And so that means that if we have to tackle the gas, it makes the development more complex because you have to find an outlet for gas. And Suriname, Guyana are not big markets. So, at this stage, we continue, we still have a lot of things to drill. We have at least 2 or 3 very good exploration targets, and we continue to appraise in parallel. One rig is exploring. One rig is appraising. But for the time being, the pool of oil that we are looking to launch, I would say, a quick development is not identified, even if there are 2 important, I would say, appraisal wells to come.

Second, on the first one. Of course, it's a lot of project management. A big massive hydrogen plant is not so different from a big LNG plant, in fact, I mean, fundamentally. There are some pieces of innovation,



which we do not manage. Like Stephane said, H₂ tanker, there are a lot of things to be done, because the liquefaction point, the temperature of liquefaction, is much lower than LNG's. So, you clearly have some innovation to be done, but project management is important.

I just would like to clarify, we have a very clear plan on renewables, solar and wind. We have opened other chapters: biogas, biofuels. Biofuels, I think, we see a strong synergy between converting the refining plants and growing this business. It's a way to adapt, to convert. Biogas is new to us. We have acquired some assets. We look at it, and we'll see.

It does not mean that everything will grow in the conglomerate at the same pace. And I consider that we have a clear vision of what we want to do in, for example, renewable power. I'm not too clear today about the size of the business we will develop in biogas or tomorrow in hydrogen. By the way, for hydrogen today, we are clear about greening or decarbonizing the refining hydrogen, but it's small quantities.

On massive scale projects, I think the idea we have is to identify 1 or 2 big pilot projects - 1 blue hydrogen and 1 green hydrogen - in order to be involved, to learn and then to see what the uptakes are. A lot of people are thinking about that a little theoretically. My view and my experience are: let's embark in and find the conditions, and we have some ideas. Maybe we'll come back to you sooner than later. But when we will have some, I would say, clear ideas on some projects with figures, we will come back to you to answer your questions. But don't consider we'll do everything on hydrogen. Obviously, we'll have to find some experts in electrolyzer. It's not so complex to find. I mean, there are plenty of nice companies to deliver that.

Operator

The next question comes from line of Christopher Kuplent from Bank of America.

Christopher Kuplent *BofA Securities, Research Division - Head of European Energy Equity Research*

I have 3, and I promise they'll be quick. The first one, I just wonder, Patrick, whether you could talk about the dividend payout policy. You've rebranded the company and yet your excess free cash flow is paid out linked to Brent. Now we all appreciate that Brent is still an important cash flow driver, but I wonder whether you thought there may be another payout ratio concept that you might include going forward to make it a bit more straightforward?

Second question on the return on equity that you've highlighted has gone up, but I haven't noticed your cash flow outlook going up at the same time for 2025. So can you maybe explain to us what's happening to this denominator? Is your return on equity growing because of the numerator or because of denominator shrinking faster thanks to your buybacks and higher expected payout levels?

And my third question is just a confirmation. I know your CapEx budget is always including a net of inorganics. Do you think that will be a wash? Or do you plan for these inorganics to always be positive even after disposal proceeds?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

The last question I have the answer, it's minus 1, I think. We intend to sell a little more than what we acquire. So, there is a plus and minus. It's a little negative so it's a wash in your language, I think. But again, it's part also of, I would say, the trajectory that we have on some assets, as it was mentioned in the oil assets, downstream mainly.

The second question, I'll leave it to Jean-Pierre, the ROE going up?

Jean-Pierre Sbraire *TotalEnergies SE - CFO*

It's clearly in line with growing net income, of course, because the denominator will remain more or less the same.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

So, you have the explanation. And the dividend policy, I did not understand at all the question because I don't think we have ever expressed a policy in terms of dividend linked to Brent. I mean, since I'm CEO, I'm even sure I never expressed it. So, the only thing we have done for the first time is to express the amount of buyback as the sharing of surplus revenues beyond \$60 per barrel.

Obviously, it's because we consider that this upside is more linked to hydrocarbon business where we have some upside rather than to the other businesses. So, I know where you want me to go with expressing a shareholder return payout policy and percentage of, I don't know, cash flows or the results. We didn't but it's not linked to the Brent. So it's not the way we manage it. That's all I can tell you.

Christopher Kuplent *BofA Securities, Research Division - Head of European Energy Equity Research*

Okay. And Jean-Pierre, just a quick confirmation. So your net income expectations have gone up, but your cash flow expectations into 2025 has largely remained the same compared to last year, yes. So cash conversion is going down from net income to cash flow?

Jean-Pierre Sbraire *TotalEnergies SE - CFO*

Yes. So you have more or less the same trend regarding CFFO and the net income. And so that explained the...

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*


I suggest, Chris, that you call Ladislav and his team, and they will answer more specifically to your question.

Operator

The next question comes from the line of Lucas Herrmann from Exane.

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

A couple, if I might, on gas. Firstly, you've given us an indication of the sensitivity of the overall portfolio to changes in gas prices, you've used \$5 and \$6.5. If I look at the forward curve for either NBP or JKM



today, and I appreciate it's the forward curve, but let's just say we use that. Current price is around \$18 or sort of \$13 higher than in the assumptions you make. And if I apply that to your sensitivity, I would say that cash flow next year would be broadly \$7 billion higher than the numbers that you've guided us towards supporting this presentation before. Why is that calculation not going to work, leaving aside abstract comments?

And secondly, just staying with gas, do you want to talk at all about markets what you're seeing, particularly given the robust view you've got on LNG growth, which is, I would say, pretty hard to reconcile with prices standing where they are today? But just your thoughts on the gas market more globally, Patrick, and how you see things developing?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

I don't understand your math because I think we gave a sensitivity around \$250-\$300 million per million BTU, if I'm correct, I'm sure. So times 13, it would be \$3 billion, not \$7 billion. So I don't know where the \$7 billion is coming from. By the way, it's a little more complex than that. And Stéphane can explain you that, in fact, when you manage the gas portfolio, you are hedging part of it. So it's not -- so Stéphane, can you explain it, please?


Stéphane Michel *TotalEnergies SE - President, Gas, Renewables & Power*

Yes. As I mentioned in the sensitivity, you had 2 package: you had the 1 that was linked to the production assets and which is increasing with the sensitivity mentioned and which will be linked to the price nature. And then you have the trading portfolio aspect, which is hedged forward. So it's clear that if you want to see the sensitivity, that means that all the forward curves have to move in parallel with the spot price, which we see in the current market is not the case because the spot price is much higher than the forward curve. That's one. And then you will materialize that sensitivity when you are going to roll over your hedge.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

So to be clear and to clarify for everybody because part of the sensitivity is linked purely to the production, either for Norway, U.K., the fact that we have some pipe gas, which is sold at index price. So obviously, this production is following the curve, okay? We have also part of the LNG portfolio, but it's a minor part, it's something like 10%, 15% of our LNG sales, which are linked to this index. So that represents half of the sensitivity. So it's the \$250 million, as mentioned, \$300-\$250 million this year, next year. It's increasing a little because as we are developing the LNG portfolio in the future, this part will increase. That's the dynamic.

Then there is another part, which is the one which is mentioned by Stéphane, which is not only linked to an absolute value of the increase. It's more the relative value between Henry Hub, the Asia and Europe. So that's the game on which, because we have different positions - in fact, we are short Henry Hub and we are longer on the other ones - we can make some optimization, if I understood correctly. So that's why your math does not match: you cannot just multiply it like that because you have some time effect and some hedging effects.



The second one: growth in the global market, 2 comments. First, what I observed is that for the last 7 years now in a row, we have more than 10% growth. Even last year, by the way, when the crisis was there, we had a growth. It was not 10%, but it was not far, 8%, I think. We had strong growth. So I know that everybody tried to plan, even my economists and my market analysts, they told me, "Oh, it's 4% to 5% for the future". This time, we wrote 5% to 7% because we are always behind. And I think it's one of the issue.

Of course, there are some key countries in front of us. One of them is obviously China. And I was looking carefully, by the way, to the demand, which has been announced by Sinopec, CNPC, the increase of Chinese demand for the next 20 years. They plan an average of 3.5% per year on 20 years. The domestic production for the time being does not grow a lot. Still, of course, there is a risk that this could be honestly, damaged with high prices.

As a strong LNG player, I'm afraid that I'm not very happy with what is happening because when you discuss and we are investing in India, for example, in LNG, obviously, you don't have a market in India for \$15 or \$20 LNG. And that could even damage the confidence of people to invest for having, for using LNG. I think of Pakistan, these are the first countries which reacted very quickly.

Beyond China, we need to look to where the growth for LNG will come from. These are the countries. So these countries, obviously, will require probably, and I can think that the discussion with customers in these countries might become more complex, like, for example, the customers in bunkering fuel. When people came to shift from fuel oil to LNG, and suddenly, you see the price going up, that could damage this emerging demand. So that's an element which we will have to observe. By the way I would like to make another comment, Lucas. If you look carefully at the slides we were providing to you in 2018, 2019, we were announcing in all our slides, you can look at it. All the market was about too much supply by 2025, and we were putting a slide each year where we are showing that. But maybe there will be too much in '25, but not enough in '22, '23. So there is no surprise to me in what is happening today, unfortunately. I mean '21 is 1 year earlier than expected because of the hike of the demand. But I'm thinking it's quite, it's easy, in fact, to look, and '25 is no more '25 because the COVID last year postponed some of the projects. So it's more '26, '27.

The reality is that, and the more I observe the market, LNG is benefiting and natural gas is one of the energy transition because we need, at the end, even in Europe, to explain that. I'm looking to some comments in newspapers by policymakers, who are quite astonishing. They do not understand why the price of electricity in Europe is going up. It's just because when you have less wind and less renewables, you need to activate some what we call manageable source of electricity, which are gas-fired power plants. And these ones, obviously, the market price will go to the marginal cost of producing electricity. So yes, it's true that today, the electricity in Europe is driven by the gas-fired power plant because we have to activate it and you have the gas price plus the CO2 price, it increased the cost of electricity. So that's the point on LNG growth. So my view is that, yes, there is a robust growth. But let's be careful, it could be damaged if price remain high.

Operator

The next question comes from the line of Bertrand Hodee from Kepler Cheuvreux.

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

Yes. Thank you for the very detailed presentation and some quite inspiring topic, especially on the just transition. I have 2 questions, if I may. One on natural gas sensitivity coming back on Lucas' question and the second one on shareholder return.

So on natural gas sensitivity, so I clearly understand the upstream part. It's \$250 million to \$300 million. As for the JKM part or I would say, your spot LNG exposure in a way, we are unable to know your position of hedging in advance. So my question is very simple. I have \$7 next year in NBP and 7-point something in JKM or a bit more. If I were to rise by \$10 per MBTU next year assumption, ballpark is plus \$3 billion, okay? And it's not plus 6 because we have no idea of your trading position, except if you have 100%, I would say, of your excess supply contracted that will be exposed to spot. That is my first question.

The second question is the buyback rules that you set for 2021 was, in my view, very, very clever. How should we understand 2022? I know you don't want to commit on dividends and this, I understand. But is that buyback rule of 40% of excess cash flow at 60%\$, which is a comfortable environment for TotalEnergies could be applied again in 2022?

Patrick Pouyanné TotalEnergies SE - Chairman & CEO

The second question is easy. The answer is yes. I think that the cash allocation table is not dated. We put the rule, and we just said Q4 '21 is 1.5. And second question, the answer is yes. We intend to continue. And if we face this type of environment, I think we think normal, we share the surplus with our shareholders. I think they have been patient. It's part of the model. So I have no problem. So, answer is that.

On the dividend, I just told you that if cash flow is growing, dividend will be supported. That will all be supported by long-term cash flow growth. Let's be clear. It's not because you have \$70, that suddenly, the dividend will be high. But what we will analyze, like we've done this year, what is the cash flow, which is linked to \$50 to \$50 development to \$60 to \$60 environment because we have higher growth production because we have new projects coming on stream. You have an increase of the underlying cash flow growth. And this one will be reflected in the dividend. And I think we gave you many indications today, and then up to you to guess and then up to the Board, by the way, to decide.

And you know in the same way that last year, the Board of TotalEnergies did not overreact in the first quarter, second quarter and third quarter. I think today, it will not overreact obviously, by announcing a new policy just because we look at the screen, we see \$80 per barrel. So I think the message is very clear. We are on the trajectory that we will continue to increase the sustainable long-term cash flow, and that will be translated in the growth of our dividend in future years. Buybacks you have the rule which has been proposed.

Net gas sensitivity, I mean, if you have \$7, you multiply 7 by 250, and you have the answer. You have \$10. You want to have \$10...

Jean-Pierre Sbraire *TotalEnergies SE - CFO*

\$10 instead of \$7, so a difference of 3.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

\$3, it makes more or less \$1 billion.

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

My question was: should we be conservative to just apply your sensitivity given on NBP, which is very straightforward. It's based on your upstream gas production. As for the sensitivity on JKM that you've provided as well, this is more, I would say, a question mark because we don't know your hedging position and your real spot exposure -- even if we know that your spot LNG exposure is growing. So on paper, you should benefit from that, but it's difficult to model in terms of timing.

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

So take the surplus and guess that it's positive. Today, we gave you everything, again, from the assets, either pipe gas in Europe plus the share of LNG, which is linked to sensitivity, take if you want \$300 million. Some people will tell you \$278 million or another figure, but let's take \$300 million, okay? So you have it. Then you will have some extra revenues coming from this capacity to arbitrage. But to obtain a figure for my traders, I can tell you, I will send you in Geneva and you are better than me.

So it's what I can tell. Again, it's clear that this type of environment, as Stéphane explained you, is quite positive. And I can tell you that you will see in the third quarter results already some positive impacts, not on the asset side because the asset side is quite clear, and we gave you some hints, but on the trading side. I think that Gas Renewables and Power results for Q3 will be above the historic records that we have observed before. I'm sure about it. It's just now a challenge for Stéphane and for the traders.


Operator

The next question comes from the line of Paul Cheng from Scotiabank.

Paul Cheng *Scotiabank Global Banking and Markets, Research Division - Analyst*

Two quick questions and then a request. The first question, Patrick, have you and the Board ever considered using variable dividend instead of buyback as the alternative vehicle to distribute the excess cash, given over the past 12, 18 months in the U.S. a lot of investors has been warming up to the variable dividend? So I want to see that whether you guys think it may fit into Total's model?

Secondly, you have indicated that by 2030, you're going to reduce your refining capacity to match the production -- oil production. So do you have a percentage that how much of that extra capacity that you're going to reduce is going to be converted into biorefinery and that -- and what percentage is going to be shut down? And then what percentage is for divestment?



And then the request, given you're going to spend about \$3 billion a year in the renewable electricity business. And you also gave in your presentation a very clear financial objective by 2030, have the management considered to break out the renewable electricity and as a stand-alone segment to be reported? And by doing so, that I think that will substantially increase the probability, Total will be able to get credit for that operation because that the people can actually see quarter in, quarter out, what is the result?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

The last question, I understand it. I think we have already, every quarter, disclosed a lot of figures. At this stage, I prefer to keep it as it is. But I take the question and I'm not sure, we will not wait 2025 to make what you want. It's a matter of growing. I want that to be sizeable enough and stable enough. I mean, honestly, we are giving a lot of data quarter-over-quarter. And so people who want to evaluate the value of this portfolio, have a lot of information. So today, it's premature, but we keep that in mind.

The first question, no, honestly, all that is very fashionable on the other side of the Atlantic. Sometimes it's buybacks, sometimes variable dividend. You know in Europe, we are a little late to think to that. Honestly, I mean, we never consider that as a way. We don't want to, I mean, I don't see a big difference. But today, honestly, I see a difference. From a pure company point of view with the level of the share today, the buyback is more efficient. From our point of view, the share is quite cheap. So it's better to make a buyback.

The third question: we cannot enter into all these details. I mean, the model, which is, as we said, to transform some refineries in biorefineries works well, then as we answered to Irene it's a matter of finding the feedstocks and the markets, I would say no. Bernard?

Bernard Pinatel *TotalEnergies SE - President, Refining & Chemicals*


I mean the model we have followed so far has been to convert not to shut down because it's part also of our social responsibility to reposition the assets we have towards the new markets. So it's more converting than shutting down. After, as we said, we have -- on the slide we showed on Page 38, the few years were 2019. And in the meantime, we have also been active on Grandpuits and Lindsey which are an additional 200,000 barrels a day. So you mean we are moving into the right direction from that standpoint, but it's more converting than just shutting down and with no repositioning for our people and the assets.

Operator

The next question comes from the line of James Hubbard from Deutsche Bank.

James Richard Hubbard *Deutsche Bank AG, Research Division - Research Analyst*

Just 1 question, easy. And it's -- I listened in yesterday, of course, and the momentum scenario makes perfect sense to me, and it clearly drives your strategy you can draw a line from the conclusions of that to today's presentation. And in my view, it's probably right. It's probably at this point in time, the most pragmatic view to take, given the NDCs we have and the laws as they are around the world, especially Europe and U.S. But things change.



And in case lawmakers do get their act together in the coming few years and enact regulations that cause something closer to your Rupture scenario or even maybe not net-zero 2050, maybe that's out of reach, but something between rupture and net-zero 2050, it seems to me the downsides for a large oil company talking about 2.4 degree C and flat oil production for another 9 years are significant. So I'm not thinking about stranded assets, I'm thinking about from society and from investors. So I'm wondering to what extent have you prepared this strategy? Did you contemplate, when it comes to oil production lease, thinking about some scenario towards Rupture rather than Momentum? And hence, talking about an explicit targeted decline in oil production by the end of the decade rather than this is flat scenario you've come up with?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

First, the question will be, in case you have an acceleration to Rupture, again, at which pace, we are not Saudi Arabia, I would love to be, but we are not. I mean, it's a question we don't have very long reserves in front of us. The average duration of the reserves that TotalEnergies has is 20 years. So this is the answer. I have 20 years in front of me. I don't have 40 years. So even when we invest in projects by 2040, if we don't -- we will -- it will decline easily.

And the second answer is that, again, we are very strict on the way we invest in oil, these low-cost barrels. What I'm sure is that you will continue to evolve. So if your portfolio is positioned on low-cost producer, I think it was an important figure, which is \$5 per barrel of OpEx on which we are keen to maintain and the way we invest less than \$20 per barrel. That means that the portfolio will remain, I would say, producible and not stranded.

I think the strategy -- the way we manage the oil investments is some people will tell us you don't invest enough. In case you have more demand then you will not benefit from it. But on the other case, if you have an acceleration of the lower demand, we could be stranded. So my view is that we try and that's the most complex part of the equation we have, to find, to tune the right balance between continuing to serve our customers and on the other side, preparing various options.

What is true is that when we make some choices in the downstream to reduce the footprint and not to benefit from potentially some markets because we decide not to expand as we were planning before, then we lose some opportunities. In terms of value, it's not the same amount of money. So I'm not afraid with the way we pilot the choice in the new investments, but Rupture would happen contrary to, if not Momentum.

We did not express a choice. We just wanted through the presentation to show and by the way, Momentum even to happen, everybody has to be sure that they will execute NDCs. So I mean, I think our strategy on is resilient to both scenarios, again, because, as long as we stay stringent on the way we select the oil projects.

James Richard Hubbard *Deutsche Bank AG, Research Division - Research Analyst*

Okay. Could I ask a follow-up, please?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

Yes. Yes. Go ahead.

James Richard Hubbard *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Sorry. I guess putting it another way, if the market derates oil production to say 3x forward earnings at some point in 2 years, would you consider what oil production you actually want in your mix in that scenario and maybe accelerate oil sales in that case?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

No.

Operator

And the final question comes from the line of Jason Gabelman from Cowen.


Jason Daniel Gabelman *Cowen and Company, LLC, Research Division - Director & Analyst*

I wanted to ask 1 question on the E&P business and 1 on renewables. On E&P, if I go to I think it's Slide 5 or 6. One of the first slides, it does look like production is moving modestly higher from Slide 6. So it looks like production is moving modestly higher from 2019 to 2025. And I would imagine the production that's coming online is higher margin because it's lower cost versus the legacy production that's facing the decline. So I was anticipating some of the cash flow growth from now to 2025 would be from that E&P business, but that doesn't seem to be the case. And I'm wondering if I'm misinterpreting something or if you're layering in some divestments or if something else is going on?

And then the second question on the renewable power business. In February, you provided some detail on the trends your PPA contracts and it showed pressure in those prices as would be expected, just given all the investments more -- or sorry, declining values in those PPAs. Can you just update us on where those PPA contracts have trended since then? And if they're still moving lower, how do you reconcile that with the increase in cash flow guidance for that business despite keeping the power generation outlook flat?

Patrick Pouyanné *TotalEnergies SE - Chairman & CEO*

The PPA prices were declining because the costs are declining. In fact, what you have in our portfolio, you have historic PPAs because we inherited from and others when we acquired these companies from historic PPAs. But at that time, the cost of the project was also much higher. So in fact, the question is not absolute PPA price. It is the margin, the difference between the PPA price and the cost of the projects. But by the way, these elements will be updated. I don't know if we do that every quarter, every year. We do it every quarter. To answer to your question, Jason, I think Bertrand and Ladislav and his team will send you the figures because it's updated regularly. So we have nothing to hide. We think it's good for the market. But honestly, there is no inconsistency and the trend, we did not see an acceleration of the decrease in PPAs. Today, in fact, the reality in the renewable market, you have an inflation. So I will be interested to observe what will be the impact of the inflation on the future PPAs at which level people will bid, it might go in the reverse way.



Now E&P, as I said, among the \$5 billion, I mentioned there was \$1 billion coming from E&P. It's also true that I said I answered to a question that we are acquiring, we are divesting. And so part of it will come from E&P. It's clear. So we will continue to high-grade I would say, or to be selective in the portfolio, in line with the strategy.

So you have a natural decline from some oil fields. Also some divestment will be done. So at the end of the day, part of the increase is coming from E&P around \$1 billion. But part of the increase coming from new projects, yes, you're right, the \$3 billion is erased because you have to fight around against the natural decline. And we have also planned in the way we think that we might divest some assets.

I understand this is the last question.

Operator

Yes, it was. It was the final question for today.

Patrick Pouyanné *TotalEnergies SE – Chairman & CEO*

And so thank you very much to all of you. Thank you for your attendance. It was a long session. I know that the presentation was quite exhaustive, but I think it was also the opportunity for us to continue to explain what TotalEnergies wants to become.

I think I did not have many questions on the sustainability part, but I'm sure it will feed a lot of a discussion we will have in the coming weeks with investors as we will go around.

Thank you again for your attendance. Thank you for the quality of the questions. And again, thank you to all the team for having put all that together. And thank you to my colleagues of the Executive Committee for their presentation today. And I hope to see you all of you very soon. Thank you. Goodbye.
