Creditreform Corporate Issuer / Issue Rating

Total S.A.

Creditreform Rating

Rating object	Rating information	
Total S.A. Creditreform ID: FNR0000000233 Incorporation: 28 March 1924 Based in: Courbevoie, France (Main) Industry: Oil and gas CEO: Patrick Pouyanné Rating objects: Long-term Corporate Issuer Rating: Total S.A. Long-term Corporate Issuer Rating: Total Capital S.A. Long-term Corporate Issuer Rating: Total Capital International S.A. Long-term Local Currency (LT LC) Senior Unsecured Issues	Corporate Issuer Rating: **AA- / stable**	Type: Initial rating unsolicited
	LT Senior Unsecured Issues, LC: **AA- / stable**	Other: **n.r.**
	Rating date: 7 November 2019 Monitoring until: withdrawal of the rating Initial rating: www.creditreform-rating.de Rating methodology: CRA "Corporate Ratings" CRA "Non-Financial Corporate Issue Ratings" CRA "Rating Criteria and Definitions" Rating history: www.creditreform-rating.de	

Content

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Summary

Company

Total S.A. (hereinafter referred to as Total, the Company, or the Group) is a multinational integrated oil and gas company headquartered in La Défense, Courbevoie, and which operates in more than 130 countries on five continents. The Group's business covers the entire oil and gas value chain and includes both the upstream (exploration and production) and downstream activities (liquefaction, refining, petrochemicals, transportation and trading, as well as distribution of petroleum products to the end customer). This business model enables the Company to create synergies and to stabilize its earnings and financial position through creating additional value, which complements its upstream segment, generally vulnerable to oil prices. In line with global energy transition trends, Total has been increasing its engagement in renewable energies and low-carbon energy distribution. Based on market capitalization[1], the Company ranks fourth among the world's largest oil companies.

In 2018, with more than 104,000 employees worldwide, Total achieved consolidated revenues from sales of USD 184,106 million (2017: USD 149,099 million) and a consolidated net income of USD 11,550 million (2017: USD 8,299 million).

Rating result

The current rating of AA- attests Total S.A. a very high level of creditworthiness, which represents a low default risk.

The rating result of Total S.A. reflects its large size, stable market position, sustainably strong earnings capacity, sound investment and financial policies, as well as its solid liquidity. The Company's activities comprise the upstream and downstream businesses and are geographically very well-diversified, whereby the processing facilities and distribution of petroleum products are chiefly concentrated in Europe. In the 2018 financial year, as well as in 2019, the Group managed to significantly increase its production based on a range of new projects and start-ups in the Exploration & Production segment, while focusing on maintaining a solid pre-dividend

[1] As of 31 December 2018

breakeven. To date, Total has largely covered its investments, dividend payments, and payments related to the share buyback program from its operating cash flows. In 2018-2019, the Company has managed to generate significant savings through operational optimizations. The downstream activities Refining & Chemicals and Marketing & Services contribute to the positive results, generating additional cash flows and helping to offset negative developments in crude oil and natural gas prices. The Company has been preparing to the global shift in energy mix and expanding into relatively new businesses, such as low carbon electricity generation, energy efficiency projects and especially LNG. The exposure to global economic cycles, the volatile oil and gas prices over whose development the Company has no influence, as well as volatile refining margins, put a strain on our current rating assessment.

Outlook

The one-year outlook of the rating is stable. This outlook is based on our expectation of a generally stable development, underpinned mainly by production growth resulting from the new projects and ramp-ups, as well as from intensified LNG-activities. We expect that the Company will be able to maintain its solid financials and to implement its strategy and shareholder return policy based on further efficiency optimizations, maintaining a solid breakeven price, as well as through controlled capex.

Relevant rating factors

Table 1: Financials of Total S.A. (Group) I Source: Total S.A. annual financial report 2018 standardized by CRA

Total S.A. Selected key figures of the financial statement analysis Basis: Annual financial report of 31.12. (IFRS, Group)	CRA standardized figures[2]	
	2017	**2018**
Sales (million USD)	149,099	184,106
EBITDA (million USD)	26,827	30,799
EBIT (million USD)	10,532	16,582
EAT (million USD)	8,299	11,550
EAT after transfer (million USD)	8,631	11,446
Total assets (million USD)	236,711	246,012
Equity ratio (%)	50.25	48.31
Capital lock-up period (days)	64.82	51.81
Short-term capital lock-up (%)	19.99	19.31
Net total debt / EBITDA adj. (factor)	3.49	3.32
Ratio of interest expenses to total debt (%)	1.35	1.79
Return on Investment (%)	4.15	5.56

Excerpts from the financial key figures analysis 2018

+ Increased sales
+ Improved profitability
+ Net total debt / EBITDA+

- Equity ratio
- Interest expenses to total debt

[2] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Please note:
General rating factors summarize the key issues that – according to the analysts as per the date of the rating – have a significant or long-term impact on the rating, positive (+) as well as negative (-).

General rating factors

+ Strong global market position, significant scale
+ Good geographical diversification
+ Sustainable integrated business model with diversified up- and downstream activities
+ Diversified hydrocarbon resource base
+ Sufficient amount of proved reserves
+ Clear strategy, focused on maintaining solid financials
+ High efficiency and solid level of pre-dividend breakeven

– Exposure to economic cycles
– Volatile commodity prices
– Valuation risks
– Highly competitive market
– Regulatory risks
– Country risks, especially in upstream activities
– High investment requirements
– Foreign exchange risks

Current rating factors are the key factors that have, in addition to the underlying rating factors, an impact on the current rating.

Current rating factors (rating 2019)

+ Strong financials in 2018 and 2019 (9 months)
+ Increased production
+ Expansion in LNG business
+ Cost savings

– Substantial dividend payments and cash outflows related to the share buyback program
– Exceptional costs

Prospective rating factors are factors and possible events that – according to the analysts as per the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings, if they occurred. This is not a full list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

Prospective rating factors

+ Potential from proved undeveloped reserves
+ New projects and joint ventures in renewables and green technologies
+ Further realization of savings, including recently announced plan to increase costs savings by USD 1 billion by 2023 vs. 2020

– Deterioration of the global economic situation and political instabilities
– Decrease in oil and gas prices
– Increase in capex
– Shift in global energy mix

Best-case scenario	AA
Worst-case scenario:	A+

Please note:

The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

Best-case scenario

In our best-case scenario for one year, we assume a rating of AA. This could be the case if the Company generates improved operative results following further increase in production while maintaining its low pre-dividend breakeven and implementing of planned cost reductions. We assume a generally stable global economic environment with no significant decrease in oil and gas prices.

Worst-case scenario

In our worst-case scenario for one year, we assume a rating of A+. This could be the case if Total's key financials deteriorate following a decrease in oil and gas prices or a weakening of global demand for oil/gas, as well because of significant increase in capex and debt.

Business development and outlook

In 2018, the Group achieved a significant increase in revenues from sales by 23.5% to USD 184,106 million (2017: USD 149,099 million), and an increase of net income by 32.6% to USD 11,446 million (2017: USD 8,631 million). This development reflects the generally favorable market environment, with the rise of average oil price in 2018 to USD 71/barrel compared to USD 54/barrel in the previous year, though the prices were volatile. On the other hand, it has been the effect of the Company strengthening its upstream segment following the start-up of a range of new projects and an increase of its combined hydrocarbon production by 8.6% to 2,775 kboe/d[3] (2017: 2,566 kboe/d). Furthermore, the Group achieved cost reductions of USD 4.2 billion.

The adjustments connected to one-off and valuation effects, amounting together to USD 2,113 million, negatively affected the consolidated net income. The adjustments mainly concerned an after-tax inventory effect, an impairment on Ichthys (LNG project, Australia) related to the sale of a partial interest by the Group, and the impairment of production facilities by SunPower (an American company based in California). The Group reported an adjusted net income of USD 13,559 million, an increase by 28% (2017: USD 10,578 million).

Table 2: The development of business of Total S.A.. Source: Registration Document 2018 of Total S.A. 2018 and Q3 2019

Total S.A.				
In million USD	2017	2018	Q3 2018	Q3 2019
Revenues from sales	149,099	184,106	156,868	151,036
Net income	8,631	11,446	10,370	8,789
Net adj. income	10,578	13,559	10,717	8,857
Cash flow from operating activities	22,319	24,703	14,063	18,086

In the **Exploration and Production Segment**, which encompasses the Group's oil and gas exploration, and production activities in more than 50 countries, the market conditions were favorable with the average realized price of liquids increasing by 28% (USD 64.2/b vs. USD 50.2/b),

[3] kboe/d stands for kilo barrel of oil equivalent per day, e.g. 1,000 barrel of oil equivalent (boe), which is a unit of energy based on the approximate energy released by burning one barrel (42 US gallons or 158.9873 liters) of crude oil.

and the average realized gas price by 17% (USD 4.78/Mbtu vs. USD 4.08/Mbtu). Liquids and natural gas represented approximately 56% and 44% of the Company's overall production respectively in 2018. The Group managed to significantly increase its daily oil production after ramping up new projects such as Yamal LNG (Russia), Moho Nord (Congo), Fort Hills (Canada), Kashagan (Kazakhstan), Kaombo Norte (Angola) and Ichthys (Australia). In 2018, the Group put a total of 10 major projects into production. In addition, the Group acquired assets in Brazil, Libya and the United States, extended its assets in Abu Dhabi, and closed the acquisition of Mærsk Oil, which has assets in ten countries. As of 31 December 2018, the Group had proved reserves of 12,050 Mboe[4] which were distributed between Europe and Central Asia (36.8%), the Middle East and North Africa (26.3%), the Americas (16.1%), Africa (13.8%), and Asia-Pacific (7%). Based on the 2018 average production rate, Total's proved and probable reserves have a reserve life of approximately 20 years.

The **Gas, Renewables & Power** segment comprises the Group's activities connected to the development of downstream gas, including LNG business, and low carbon electricity, as well as the energy efficiency and carbon capture businesses. The business model covers the full value chain along the gas and power business, including generation, transportation, marketing, distribution and storage, and ensures market outlets for the Company's gas production. The increases in sales and adjusted net operating income were chiefly due to the favorable performance of LNG and gas/power trading activities. Total completed two major acquisitions in 2018, notably LNG division of Engie and Direct Énergie, one of the major French gas and electricity providers, as well as the acquisition of two combined-cycle natural gas power plants in France.

The segment **Refining & Chemicals** encompasses refining, base petrochemicals (olefins and aromatics), polymer derivatives (polyethylene, polypropylene, polystyrene and hydrocarbon resins), the transformation of biomass, and the transformation of elastomers (Hutchinson). The refinery capacities are mostly concentrated in Western Europe (almost 71% of the refinery capacity). The Group's petrochemical operations are adjacent and/or integrated within its refining operations through pipelines. The refinery throughput increased slightly in 2018, amounting to 1,852 Kb/d (2017: 1,827 Kb/d). The lower throughput in Europe (1,365 Kb/d vs. 1,391 Kb/d) was due to maintenance work, especially at Antwerp, which was offset by positive development in the rest of the world (487 Kb/d vs. 436 Kb/d). Total's refining capacity was 2,021 kb/d as of 31 December 2018, the same level as in 2017. The European Refining Margin Indicator (ERMI[5]) decreased by 21% to USD 32.3/t, chiefly against the background of rising crude oil prices; this was the main reason for the lower adjusted net operating income for the segment (USD 3,379 million, 2017: USD 3,790 million), despite the rise in non-group sales.

The **Marketing & Services** segment covers the supply and marketing activities of oil products and services in more than 130 countries worldwide with more than 14,000 service stations under the brand of Total. In 2018, sales in this segment amounted to 1,801 kb/d, an increase of 1% (2017: 1,779 kb/d), whereby the decrease in Europe (1,001 kb/d vs. 1,049 kb/d), mainly resulted from the sale of TotalErg in Italy, was offset by increased sales in the rest of the world (800 kb/d vs. 730 kb/d). The increase in non-group sales by 21% was mainly price-induced. The adjusted net operating income decreased slightly by 1%, to USD 1,652 million (2017: USD 1,676 million).

4 Based on SEC (U.S. Securities and Exchange Commission), Brent at USD 71.43/b.

5 A Group indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe that processes a mix of crude oil and other inputs.

The Group's gross investments amounted to USD 22,185 million (2017: USD 16,896 million), of which approximately 69% were investments pertaining to the acquisition and development of new hydrocarbon production facilities, the maintenance of existing facilities, and exploration activities in the Exploration & Production sector. The number of acquisitions was significantly higher in 2018 (USD 8,314 million, 2017: USD 1,476 million). The majority of these were in connection with the extension of licenses in Nigeria, the acquisition of a network of service stations in Brazil, the acquisitions of Direct Énergie, Engie's LNG business, interests in the Iara and Lapa fields in Brazil, as well as two new 40- year offshore concessions in Abu Dhabi. The divestments amounted to USD 5.2 billion in 2018 (2017: USD 4.2 billion), and the net investments USD 15.6 billion (2017: USD 11.6 billion).

The market environment in 2019 has not been as favorable as in 2018, with an average decrease in the Brent price to USD 64.6/b (-10%) and a decrease in gas prices in Europe and Asia of about 37% to USD 4.8/Mbtu. The Group continues to maintain its pre-dividend breakeven price below USD 30/b through cost reductions, selective engagements in profitable projects, and splitting up less efficient ones. According to the interim reports, the Group will reach cumulative savings of more than USD 4.7 billion in 2019, whereby net investments will remain under USD 18 billion (2018: USD 15.5 billion). The amount of divestments is planned at the previous year's level (approx. USD 5.0 billion). As a result of the new projects initiated in 2018 and some already started in 2019, especially in Angola, UK, Norway and Brazil, a production growth of around 9% in 2019 has become evident. The Company continues to develop its integrated gas and low carbon electricity chains. In September 2019, Total announced the closing of the acquisition of Anadarko's 26.5% operated interest in the Mozambique LNG project for a purchase price of USD 3.9 billion. In line with the strategy of expanding its position in LNG, Total plans the start-up of further new LNG trains (liquefaction and purification facilities) in Russia and Cameroon. Thanks to its integrated business model and diversified portfolio of refining and chemical operations supported by a stable Marketing & Services segment, the Group has managed to generate solid results despite the weaker environment in 2019. For the first nine months of 2019, the Company generated revenues from sales of USD 133 billion (2018 9M: USD 138 billion) and a consolidated net income of USD 8.8 billion (2018 9M: USD 10.4 billion). The cash flow from operations increased for the first nine months of 2019 to USD 18.1 billion (2018 9M: USD 14.1 billion).

For the period between 2018 and 2021, the Company expects to increase production by 5% yearly on average through renewing reserves and exploration with recent discoveries in North Sea, South Africa and Guyana and access to discovered resources. After a stable period of 2022-23, production growth in the years afterwards is targeted at more than 3% p.a., and should be mostly driven by LNG-projects. The Company plans significant additional contributions to cash flow from downstream business with Refining&Chemicals focusing on growing petrochemicals using low cost feedstock on integrated platforms and Marketing & Services expanding in large fast growing markets.

Given an overall stable economic, political and regulatory environment, and taking into consideration the Company's intensified investments in a range of diverse projects all over the world, we expect that the Company will be able to maintain solid production growth which will support its strong earnings capacity. Thanks to Total's integrated business model, which covers the entire range of the oil, gas and power generation value chain, it is able to either offset or partially offset risks related to volatile commodity prices. Additionally, the Group's policy of selective investments and divestments along with cost savings and efficiency-enhancing programs, as well as its growing engagement in electricity and LNG, help to ensure sustainable growth and sufficient profitability from the medium- and long-term perspectives.

Structural risk

Total S.A. is one of the worldwide largest publicly-traded integrated oil and gas companies. Its shares are distributed between Black Rock (6.1% of share capital), Group employees (4.8%), with the rest of the shares (89.1%) representing free float shareholding. The Company is listed on the Euronext Paris, Euronext Brussels, London Stock Exchange and the New York Stock Exchange.

As of 31 December 2018, the Group's structure comprised 1,191 consolidated entities, of which 145 were accounted for at-equity. Total S.A. is the Group's parent company, acting as a holding company and determining the Group's strategy. The Group's operations are conducted through subsidiaries that are directly or indirectly owned by Total S.A. and through stakes in joint- ventures. Total holds stakes in a limited number of companies that issue financial instruments in France or abroad, or whose financial instruments are listed in France or abroad. These companies are mainly the Group's financing vehicles or the operational subsidiaries in its business segments, in particular in Africa.

The Group's main governing body is the Board of Directors, which determines its strategic orientations and supervises their implementation. It approves investment and divestment operations when they exceed 3% of the Group's equity, and examines all matters related to the proper running of the Company. It monitors the management of both financial and non- financial matters, and ensures the quality of information provided to shareholders and to financial markets. The Board of Directors relies on the work of four committees: the Audit Committee, the Governance and Ethics Committee, the Compensation Committee and the Strategy & Corporate Social Responsibility (CSR) Committee. The Board of Directors is composed of 12 directors, including the CEO, who is also the chairman of the Board of Directors, nine independent directors, a director representing employee shareholders, and a director representing employees.

On an operational level, the Group's businesses are organized into business segments: Exploration & Production; integrated Gas, Renewables & Power[6]; Refining & Chemicals; and Marketing & Services. Corporate functional divisions, such as accounting, purchasing, information systems, training, human resources administration, and facilities management form a specific branch, Total Global Services (TGS).

Total operates in more than 130 countries and employs 104,460 staff. Europe has historically represented the core market of Total, with 33% of its hydrocarbon production and approx. 37% of its proved reserves, as well as in terms of refinery throughput (74%) and marketing and services activities (56%). In terms of hydrocarbon production, Africa, the Middle East, and North Africa (with 24% of hydrocarbon production each) remain historically important and well-developed regions. The Company has been extending its geographical presence through increased engagements in all of its business segments in the Americas, Asia and Russia, in the case of the latter notably in the LNG division. The Company's geographical diversification is, on the one hand, a competitive strength of Total, enabling availability of resources, distribution of market risks, realization of synergies, and enhancement of production efficiency. On the other hand, the widespread geographical diversification of the Group requires a high degree of organization, and entails risks associated with local legal, political, cultural and social particularities, as well as

[6] Since 2019, earlier Gas, Renewables&Power

risks related to access to resources. We assume that the Group's structure supports the implementation and monitoring of its strategy in accordance with the specific legislation and regulatory frameworks in the countries in which the Group operates.

Based on publicly available information, we assume sufficiently developed structures with regard to risk management, accounting, and controlling, as well as other administrative and operational functional areas. Noteworthy are also risks related to the Company's acquisitions, including financing risks and risks of integration of acquired companies or projects into the Group. The size of the Company and its major global position are advantages in our view, facilitating good access to financial markets and enabling the establishment of state-of-the-art technology.

Business risk

The Group's activities and its results are subject to a range of risk factors, especially changes in crude oil and natural gas prices, refining and marketing margins, as well as exchange rates, particularly in the value of the euro compared to the dollar.

The Company does not have any influence on the oil and natural gas prices, which are dependent on a variety of factors such as general global and regional economic developments and financial conditions, demand for energy, political circumstances in resource-producing regions, OPEC activities, as well as the availability and cost of new technologies and the regulation environment.

Generally, a decline in hydrocarbon prices has a negative effect on the Group's results due to a decrease in revenues from oil and gas production. On the other hand, higher prices could negatively impact demand for the Group's products. The impact of changes in crude oil and gas prices on downstream operations depends on the time when the prices of finished products adjust to reflect these changes. Prolonged periods of low oil and gas prices could additionally lead to a necessity of revaluation of the Group's assets and oil and gas reserves. The majority of Total's natural gas production is sold under long-term contracts; however, most of its North American and United Kingdom production, as well as part of its production from Denmark, the Netherlands, Norway and Russia, is sold on the spot market, and is vulnerable to price volatility.

Total has implemented an integrated business model, combining the upstream and downstream activities with operations along the whole oil and gas value chain, including hydrocarbon production, refinery of crude oil, liquefaction, production of petroleum products, as well as the sale of petroleum products through its wide network of marketing & sales stations and distribution of power and gas to end-customers. This business model facilitates the creation of synergies between different activities and of additional value, helps to generate additional cash flows from processing, and hence to compensate the volatility of oil and gas prices.

The growing initiatives aimed at climate and biodiversity protection, decarbonizsation of the industry and energy production could lead to a lower demand for Total's products or to a tightening of regulations (such as CO_2 emission quotas in Europe), thus negatively affecting Total's production efficiency and financial situation. In order to take issues related to climate change into account in its strategy, the Company is focusing its oil investments on low breakeven projects, developing the production of gas, notably of LNG-business, integrating a CO_2 price in its investment decisions, and developing expertise in technologies for carbon capture, use and storage. Total has been integrating new technologies such as biomass to fuel, biomass to polymers as well as recycling, in its downstream activities and is promoting hybrid solutions for end customers combining hydrocarbons and renewables, with carbon intensity that shall gradually decrease.

We consider the general market conditions to be favourable for Total in a medium-term perspective, taking into consideration the overall growing demand for energy, especially in developing countries and growing economies such as China and India. The demand for petrol, diesel and fuel oil are expected to decrease in the medium-term perspective, following the electrification of mobility and the transition to environmentally-friendly heating. Simultaneously, the growing demand for natural gas as a less CO_2-intensive fossil substitute for oil in the period of realignment in the global energy market is expected. Total has intensified its engagement in natural gas production and in LNG business and has extended its activities on the gas market to the end customer. After the closing of the acquisition of Anadarko's share in Mozambique LNG project, Total is the second-largest private global LNG player, with a worldwide market share of 10%. The growing global population continues to stimulate the demand for plastics and petroleum products, despite worldwide initiatives of recycling and limiting their usage. As a large-scale company and thanks to its integrated business model, Total is able to generate stable cash flows and to stand out regional or global economic downturns and price volatilities, as well as to generate sufficient resources to develop new products and integrate new technologies in order to adapt to changing global market conditions.

Financial risks

Total S.A. prepares its consolidated annual statements as of 31 December 2018 in accordance with IFRS. For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. We deducted the goodwill shown on the balance sheet from the equity by 50%, suggesting a certain recoverability of goodwill.

Against the background of the positive operating development over recent years, especially in the financial year 2018 with a particularly favorable overall market environment, as well as its sound financing policy, the Group shows solid financials. As of 31 December 2018, the Creditreform adjusted equity ratio stood at a solid 48.31% (2017: 50.25%). The reason for the decrease was mainly the negative impact of the currency transformation adjustments (USD -3,405 million) as well as share buyback and dividend payments. Based primarily on this development and on the Creditreform specific adjustments (partially subtraction of Goodwill in the amount of USD 4,087 million), the Creditreform asset coverage ratio also decreased to 95.83% (2017: 104.36%). The Company has a very solid earnings and debt servicing capacity with an EBITDA of USD 30.8 billion in 2018 (2017: USD 26.8 billion) and cash flow from operating activities of USD 24.7 billion (2017: USD 22.319 billion), which is also reflected in its sound Net total Debt / EBITDA adj. of 3.32 (2017: 3.49). The ratio of interest expenses to total debt amounted to 1.79 (2017: 1.35) and is solid in our view.

Along with the cash flow from operating activities, which is the main source of the Company's financing, Total uses bond market and credit financing sources. Non-current financial debt totaled USD 40,129 million as of 31 December 2018, of which 51% had a maturity of over five years. Current financial debt, consisting mainly of commercial paper, treasury bills and drawings on bank loans, amounted to USD 13,306 million. Total uses a range of programs for the non-recourse sale of receivables with different banks. As of 31 December 2018, the net total value of receivables sold amounted to USD 6,856 million, alongside reverse factoring of USD 289 million.

As of 31 December 2018, the Company had a robust liquidity position with USD 28 billion of cash and cash equivalents (30 September 2019: USD 27 billion) and a total amount of confirmed lines of credit granted by international banks to Total S.A. and Group companies of USD 13,191 million, of which USD 12,599 million was unused.

In order to manage its exposure to changes in interest rates and foreign exchange rates, Total uses derivative instruments, mainly interest rate and cross-currency swaps.

The general financial objectives for the 2019-2023 period include a capital investment program of USD 16-18 billion (net Capex) per year, a net-debt-to- capital ratio (net debt / shareholders' equity + net debt) below 20% and maintaining of a credit rating of A. As of 31 December 2018, the net-debt-to-capital ratio amounted to 15.5%. Excluding leases, this ratio amounted to 17.2% as of 30 September 2019 (17.3% as of 30 September 2018). The Group is targeting an increase in cash flow of around USD 1 billion per year, more than USD 5 billion by 2025.

Total continues to implement its shareholder return policy, initially announced in February 2018, and defined in September 2019 a new guidance of increasing the dividend by 5-6% per year (instead of previously announced 3%). In terms of this program, Total also plans to buy back USD 5 billion in shares. In 2019, the Company intends to buy back a total of USD 1.75 billion of its shares, achieving a cumulative projected amount of USD 3.25 billion by the end of the year.

Overall, we see no significant short- or medium-term financial risks for Total. The Group disposes of an adequate liquidity, undrawn credit lines, as well as a comfortable debt maturities profile that gives the Company financial flexibility, together with proven capital market access. The cash flow generation is sufficient in our view for covering the Company's investment plans and plans regarding the dividend payments and share buyback program.

Issue rating

Further issuer ratings

In addition to the rating of Total S.A., the following Issuers and their issues, have been rated.

- Total Capital S.A.
- Total Capital International S.A.

Issuer rating of Total Capital S.A.

Total Capital S.A. ("the Issuer") is a wholly-owned subsidiary (with the exception of six shares held by directors of Total Capital S.A.) of Total S.A., which was incorporated in France on 15 December 1999 and is governed by French law. The Issuer's principal business is to act as a finance company on behalf of the Total Group by issuing debt securities and commercial paper. The development of the business of Total Capital S.A. is largely determined by the financial requirements of the Group's companies both in France and abroad. As a wholly-owned subsidiary of Total S.A., the Issuer is dependent on the performance of the Group and the ability of its members to generate sufficient income to satisfy its payment obligations to other capital market participants. The Issuer's financial statements are fully consolidated in the financial statements of the Group. For these reasons, we derive the rating of Total Capital S.A. from the unsolicited corporate issuer rating of Total S.A., e.g. AA- with stable outlook.

Issuer rating of Total Capital International S.A.

Total Capital International S.A. ("the Issuer") is a wholly-owned subsidiary (with the exception of five shares hold by directors of Total Capital International S.A.) of Total S.A., which was incorporated in France on 13 December 2004 and is governed by French law. The Issuer's principal business is to act as a finance company on behalf of the Total Group by issuing debt securities. The development of the business of Total Capital International S.A. is largely determined by the financial requirements of the Group's companies both in France and abroad. As a wholly-owned subsidiary of Total S.A., the Issuer is dependent on the performance of the Group and the ability of its members to generate sufficient income to satisfy its payment obligations to other capital market participants. The Issuer's financial statements are fully consolidated in the financial statements of the Group. For these reasons, we derive the rating of Total Capital S.A. from the unsolicited corporate issuer rating of Total S.A., e.g. AA- with stable outlook.

Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured notes, denominated in euro, issued by Total S.A., Total Capital S.A., and Total Capital International S.A. (Issuers), which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued under the EMTN programme with its latest prospectus from 20 May 2019 and the supplements from 13 August 2019 and from . This EMTN programme amounts to EUR 40 billion. The notes and coupons under the EMTN programme constitute unsubordinated, unsecured obligations of the Issuers, and rank at least equally with all other present and future unsecured obligations of the issuers.

Corporate issue rating result

We have provided the debt securities issued by Total Capital S.A. and Total Capital International S.A. with a rating of AA- / stable. The decision is mainly based on the corporate rating of Total S.A. and takes into account the specific credit enhancement of the notes, namely the guarantee of Total S.A., which has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Total Capital S.A. and Total Capital International S.A. under the notes, receipts and coupons. Other types of debt instruments or issues denominated in other currencies have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Overview

Table 3: Overview of CRA Ratings I Source: CRA

Rating objects	Details	
	Date	Rating
Total S.A. (Issuer)	7 November 2019	AA- / stable
Total Capital S.A. (Issuer)	7 November 2019	AA- / stable
Total Capital International S.A. (Issuer)	7 November 2019	AA- / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues	7 November 2019	AA- / stable
Other	--	n.r.

Table 4: Overview of 2019 Euro Medium Note Programme I Source: Base prospectus from 20 May 2019

Overview 2018 EMTN Programme			
Volume	EUR 40,000,000,000	Maturity	Depending on the respective bond
Issuer / Guarantor	Total S.A. (Guarantor) Total Capital S.A. Total Capital International S.A.	Coupon	Depending on the respective bond
Arranger	Citigroup	Currency	Depending on the respective bond
Credit enhancement	none	ISIN	Depending on the respective bond

All future LT LC senior unsecured notes that will be issued by Total S.A., Total Capital S.A. and Total Capital International S.A. and that have similar conditions to the current EMTN programme, denominated in euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN programme. Notes issued under the programme in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. For the time being, other emission classes or programmes and issues not denominated in euro will not be assessed.

Financial ratio analysis

Table 5: Financial key ratios I Source: Total S.A. consolidated annual report 2018, structured by CRA

Asset structure	2015	2016	2017	2018
Fixed asset intensity (%)	66.12	66.08	62.43	66.54
Asset turnover	0.68	0.58	0.60	0.78
Asset coverage ratio (%)	98.34	98.32	104.36	95.83
Liquid funds to total assets (%)	10.57	10.88	14.02	11.34
Capital structure				
Equity ratio (%)	46.99	47.64	50.25	48.31
Short-term-debt ratio (%)	23.15	24.19	23.96	25.30
Long-term-debt ratio (%)	18.03	17.33	14.90	15.46
Capital lock-up period (in days)	53.26	66.27	64.82	51.81
Trade-accounts-payable ratio (%)	9.50	10.28	11.19	10.62
Short-term capital lock-up (%)	20.71	24.26	19.99	19.31
Gearing	0.90	0.87	0.71	0.84
Leverage	2.15	2.11	2.05	2.03
FinancialsStability				
Cash flow margin (%)	15.12	15.08	12.29	15.62
Cash flow ROI (%)	9.85	8.54	7.74	11.69
Total debt / EBITDA adj.	5.74	6.12	4.86	4.26
Net total debt / EBITDA adj.	4.60	4.85	3.49	3.32
ROCE (%)	1.65	3.90	5.74	10.82
Total debt repayment period	-4.15	5.88	5.47	3.61
Profitability				
Gross profit margin (%)	32.60	34.82	33.33	31.66
EBIT interest coverage	4.75	4.82	6.64	7.27
EBITDA interest coverage	22.91	16.48	16.90	13.50
Ratio of personnel costs to total costs (%)	5.64	6.44	5.36	4.94
Ratio of material costs to total costs (%)	67.40	65.18	66.67	68.34
Cost income ratio (%)	96.79	95.57	93.11	91.08
Ratio of interest expenses to total debt (%)	0.85	1.00	1.35	1.79
Return on investment (%)	2.57	3.23	4.15	5.56
Return on equity (%)	4.87	5.98	6.86	9.95
Net profit margin (%)	3.34	4.85	5.57	6.27
Operating margin (%)	3.29	4.48	7.06	9.01
Liquidity				
Cash ratio (%)	45.65	44.98	58.52	44.84
Quick ratio (%)	112.05	104.73	120.67	104.31
Current ratio (%)	146.33	140.18	156.83	132.26

Appendix

Rating history

The rating history is available under:
https://www.creditreform-rating.de/de/ratings/published-ratings/

Table 6: Corporate issuer Rating of Total S.A.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	07.11.2019	www.creditreform-rating.de	Withdrawal of the rating	AA- / stable

Table 7: Corporate issuer Rating of Total Capital S.A.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	07.11.2019	www.creditreform-rating.de	Withdrawal of the rating	AA- / stable

Table 8: Corporate Issuer Rating of Total Capital International S.A.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	07.11.2019	www.creditreform-rating.de	Withdrawal of the rating	AA- / stable

Table 9: LT LC Senior Unsecured issues issued by Total S.A., Total Capital S.A, and Total Capital International S.A.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	07.11.2019	www.creditreform-rating.de	Withdrawal of the rating	AA- / stable

Regulatory requirements

The present rating[7] is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The rating was conducted based on Creditreform Rating AG's "Corporate Ratings" methodology, the "Non-Financial Corporate Issue Rating" methodology, as well as on the "Rating Criteria and Definitions".

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies. A complete description of Creditreform Rating AG's rating methodologies and Creditreform Rating AG's basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

This rating was carried out by analysts Elena Damijan (e.damijan@creditreform-rating.de) and Rouven Weber (r.weber@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

[7] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

On 7 November 2019, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 11 November 2019. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

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Please note:

This report exists in an English version only.

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No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

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Corporate issuer rating:

1. Annual report

2. Website

3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

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Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

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