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Anish Kapadia - Palissy Advisors

PRESENTATION

Renaud Lions - TotalEnergies SE - Senior VP, Investor Relations

Good afternoon, everybody, and good morning to those connecting from the US. Welcome to TotalEnergies' 2024 Results and 2025 Objectives meeting. We are in the City of London today, and I hope you will appreciate that we have brought the sun in London today with us, and that you will also appreciate the view. For those who wish to follow us live, you may connect through our website TotalEnergies.com. Concerning the programme of the day, we will start with the presentation of 2024 Results with Jean-Pierre, after which we will move to the Outlook presentation for 2025 with Patrick. The presentation should last one hour and we will then move to the Q&A session, where you will, of course, be able to ask any questions you wish. A dedicated line is open, as usual, for individuals who could not attend, and we will, from time to time, bring online questions to the floor. We should finish around 4:15 or 4:30. Before beginning with our journey today, I invite Stéphane Michel, our President of Gas and Power, to the stage, to launch the meeting with a safety sequence.

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

2024 Results & 2025 Objectives - Transcript

Good afternoon, everyone. As you are aware, TotalEnergies is building an Integrated Power pillar. Like any other industrial activity, this new development comes with new HSE risk. One of them is the risk of fire and explosion while operating our battery energy storage system, or BESS. In the industry, around 15 incidents occur each year. The most serious one last year was in March, in Japan, where several firefighters were injured by an explosion. Within TotalEnergies, our last incident occurred in 2023, fortunately without injury. Since then, we have worked on battery design specifications with our battery affiliate, Saft, which happens to be one the top 5 BESS suppliers in the world. Thanks to their know-how, we have been able to include new innovative safety barriers that you can see on the slide by adding early detection of thermal runaway, to prevent fire to spread, adding as well a water fire-suppression system in addition to the passive one, and by adding extra ventilation to avoid the risk of explosion. In addition, we are now systematically implementing dedicated training for firefighters on how to fight battery fires because it is quite specific. Thanks to all of this, we are confident that we can develop our multi-gigawatt battery pipeline while protecting our people and limiting the risk on our assets.

That covers the battery topic, and that is a good transition for our 2024 Results presentation. The first one is the result on the TRIR, as you can see on the chart on the left side of the slide that we are continuing progressing and you can see we are in the lower, if not the best of our peers in terms of comparison. And then you have the right part of the comparison where we have introduced Integrated Power TRIR, in comparison with industry peers, we have been able to progress from above 1.5 in terms of TRIR in 2020 to 0.78 today, hence positioning us at the leading edge in the industry of Integrated Power. As aforementioned, we achieved this progression through our work on technological risk and as well by working on behavioural safety, with two things including the way we operated our facilities and second the way we build them because we have a huge exposure to construction manhours. That was for Safety.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

With us in the room you have other executive members, so that you can identify them: Nicolas Terraz for E&P, Vincent Stoquart for Refining & Chemicals, Bernard Pinatel for Marketing & Services, Aurélien Hamelle for Strategy & Sustainability, and Namita Shah for OneTech. Helle Kristoffersen is in Japan, so she is not with us in London, but she is probably listening to us. Jean-Pierre, the floor is now yours.

Jean-Pierre Sbraire - TotalEnergies SE - CFO

Thank you. It is a pleasure to be here today to present our 2024 results and main achievements of the year. As you know, our balanced and consistent strategy is anchored on two pillars: Oil and Gas, mainly LNG, on the one hand, and Integrated Power on the other. We made significant progress in 2024 in executing this strategy, and in anchoring free cashflow growth on both pillars.

Let us begin with highlights of the 2024 year. Concerning Oil & Gas, we started production at five major projects including Mero-2 and Mero-3 deep-offshore in Brazil, Akpo West in Nigeria, Anchor in the Gulf of Mexico in the US, and Fenix in Argentina. We launched four major oil projects: GranMorgu in Suriname, Atapu-2 and Sepia-2 another two offshore projects in Brazil, and Kaminho in Angola. We are progressing in Namibia, where we are working towards sanctioning a first oil development, that Patrick will present more details on later on.

Regarding LNG business, we further de-risked our exposure to spot gas prices, in accordance with the strategy we presented to you during the CMD in New York in October, meaning we continue to successfully market our LNG volumes by signing several new mid-term contracts with Asian buyers, representing, in 2024, more than six million tonnes per year, mostly with an oil indexation. Secondly, we increased upstream gas integration in the US by acquiring interests in dry gas assets in the Eagle Ford play, in Texas. We also launched the Marsa LNG project in Oman and became a significant gas operator in Malaysia through the acquisition of 100% of SapuraOMV, which provides us with LNG pricing exposure and a platform for future low-cost, low-carbon growth in terms of production. In summary, on the Oil & Gas pillar, we anchored our upstream production growth forecast of 3% per year through 2030 in a cash-accretive way and record a proved reserves replacement ratio above 150%, one of our records in TotalEnergies' history.

Moving now to the second pillar, Integrated Power. We were very active in 2024. You see on this slide some of the highlights of the year. Main highlights of the year will be presented on later. But very important, here is that we reached our cashflow target to have a CFFO above $2.5 billion, as we now stand at $2.6 billion in 2024; a highly positive achievement.

Let us move to the figures, we believe the Company delivered once again solid results in 2024, in a softer price environment compared to the previous year of 2023. The Company generated almost $30 billion; $29.9 billion of CFFO, coming from all the different businesses and you see here the contribution of each segment to this cash flow generation. First E&P contributed very strongly to this performance, with a $17 billion cashflow generated, benefiting from the oil project start-ups I already mentioned. Integrated LNG business performed with a cashflow of $4.9 billion, which was negatively impacted by lower average LNG prices compared to the year before and low market volatility during the first three quarters of the year, which impacted gas trading results. But on the positive side, however, Q4 results showed an LNG trading performance back to Q4 2023 levels. I will make a zoom on that later. Integrated Power continued its track record of strong performance through the year with high cashflow year-over-year, $2.6 billion in

2024. Downstream cashflow reflects a globally weak margin environment, particularly in Europe, with refining margins down by almost 45% year-over-year, after the two exceptional years we had benefitted from in 2022 and 2023, in relation with the Russian crisis. We also suffered from operational issues in some of our refineries, especially in France and the US. However, you can see that Downstream cashflow remained above $6 billion, at $6.1 billion, demonstrating the resilience of the Company's integrated Downstream model.

Moving to the results themselves, we posted an adjusted net-income of $18.3 billion, and an IFRS result at $15.8 billion, taking into account mostly the impairments recorded over the course of the year on Sunpower and the exit of some exploration leases in South-Africa, in relation with our exit from these blocks, fair value adjustments and inventory variation effects. In terms of profitability, we observed a return on equity (ROE) at 15.8% and a return on capital employed (ROACE) at 14.8% in 2024, making TotalEnergies, once again, the number one in terms of ROACE among our peers.

In terms of investments you see the figures, we invested $17.8 billion, in the range we gave to you between $17 and $18 billion. On the shareholder returns side, we continued to increase the dividends, with a distribution of $7.7 billion in 2024. We also executed the $2 billion buyback programme per quarter, leading to $8 billion of buybacks when all 2024 quarters are considered. Globally, this means that 2024 payout reached 50%. It is very important to notice that this attractive shareholder distribution was achieved while keeping a very strong balance sheet. We see here that the gearing at year-end 2024 at 8.3%, or around 9.5% when normalised, because this 8.3% figure benefited indeed from positive working capital impacts worth $1.5 billion. In summary, we maintained a fortress balance-sheet while increasing the shareholder return in 2024.

On the investment side, we remained disciplined in 2024, as evidenced by our net investment figure being within the guidance $17 to $18 billion, at $17.8 billion for 2024. We continue to be highly selective in the projects we sanction or invest in, selecting low-cost, high-return, low-emission projects and projects that are resilient through cycles. Patrick will come back to that later for 2025.

As you can see with the pie, TotalEnergies presents a balanced growth strategy, with 1/3 of 2024 Capex allocated to new Oil & Gas projects and $4.8 billion allocated to low-carbon energies, mainly Integrated Power projects with $4 billion. We remain active in portfolio management, using selective M&A to enhance, to high-grade our portfolio. 2024 net Capex consisted of $16.4 billion of organic Capex but also to $4.6 billion in acquisitions and $3.2 billion in divestments. That means that we remain highly active on this M&A side. I previously described our focused acquisition on the upstream side and on Integrated Power, we are focused on key deregulated markets such as the US, the UK and Germany and I will come back to that later as well.

2024 divestments included, in the upstream, our exit from Brunei through the sale of our E&P subsidiary in Brunei and in Downstream, the closing of the second part of the deal with Couche-Tard with the sale of retail stations in Belgium, the Netherlands, and Luxemburg. Within Integrated Power, we note several divestments, in line with our strategy, to farm down our projects at COD when production is ready to start. Just to give you two examples, solar and battery projects in the US were closed last December, and 50% of our interests in Seagreen offshore wind project in the UK.

Let us now discuss each business segment in further detail. 2024, I believe, showcased the depth of our upstream portfolio, which is full of attractive growth opportunities translated into project sanctions delivering high return and robust reserves replacements. You have here the list of the main projects sanctioned in 2024: four main projects on the Oil side and two on the Gas and LNG side. These projects anchor 3% per year accretive production growth through 2030. It is important to notice that we have already de-risked project costs by signing largely lump-sum EPC contracts for these projects.

A chart on the right-hand side of the slide highlights TotalEnergies' compelling investment case, we already have the resources necessary to grow underlying production and cash which will ultimately support dividend growth and attractive shareholder returns. Said differently, there is no need for us to make large M&A to fill any potential gap. Given our consistent strategy, we continue to explore and develop upstream business and have maintained a strong and consistent proved reserve life index of approximately 12 years since 2018. You see here the index for 2024 at 12.4 years and it was 11.7 in 2023. This improvement over the previous year is clearly in contrast to our peers, who posted declines. This means that TotalEnergies and Exxon are leading the peer-group by a wide margin in terms of portfolio longevity, with a key advantage in a depletion business, and supporting cashflow into the next decade. In addition, proved and probable reserves figures indicate a period of 18.5 years. In other words, we are not a shrinking company and have been replacing reserves at a much faster rate than we have been depleting them, and at a faster pace in comparison to some of our peers. In 2024, our reserve replacement ratio was at a robust 157% up from an already strong figure of 141% in 2023. The vast majority here was achieved through organic growth, which translates into a strong organic reserve replacement ratio of 150%. These reserve replacement figures again demonstrate clearly, once again, the depth of our portfolio and our success in replenishing it year after year.

Moving to the Integrated LNG business, as shown on the graph at the bottom left of the slide, end-of-year results for the first quarter were the highest, and benefited from improved market conditions, meaning more volatility and higher price. Adjusted net operating income increased 35% sequentially, and as a result, we have returned to our Q4 2023 level at over $1.4 billion, the blue bar that you see on the chart at the lower left. This performance was driven by a 6% higher hydrocarbon production for LNG, an average LNG price of above 10 $/Mbtu, and ultimately, an LNG trading result that was able to capture higher market volatility. Although this rebound during the fourth quarter, 2024 overall full-year results were negatively impacted by low gas-price volatility due to the mild 2023/2024 winter, high stock levels, particularly at the start of the year, low demand, and limited trading opportunities due to a globally balanced global LNG market.

Our expectations for 2025 are as follows. As you can see in the top left chart, a colder 2024/2025 winter and low end-of-season storage is expected. The end as well of the Russia-Ukraine transit agreement, to use the pipeline to import Russian gas is also a factor which will contribute to a tightening of the market. Tightness in Europe should lead to more competition between Europe and Asia to attract or capture additional LNG vessels, resulting in increased arbitrage opportunities for flexible cargoes between the US, Europe, and Asia. This should benefit TotalEnergies, given our dominant regas position in Europe and our large position as an LNG exporter from the US. We are #1 as you know in that matter

Moving now to our Integrated Power business, 2024 represented a continuation of our multi-year track record of performance in that business. So definitely a growing business. You see her ethe progress that we made between 2021 and 2024. We have grown Integrated Power into a business which is now yielding strong results and have been able to increase cashflow by almost four times over the period 2021-2024, once again reaching our objective of above $2.5 billion cashflow in 2024. ROACE increased from 7% to 10%, which was the target we set for the year. In 2024, the Company further enhanced integration in deregulated markets through flexible asset acquisitions. We acquired CCGTs in the US and UK for the year for three GW and additionally increased storage capacity through the acquisition of Kyon, a major player in the German BESS market at the middle of year. We have also been active in consolidating our renewable portfolio as part of our farm-down strategy in Integrated Power, as mentioned in the introduction. We successfully farmed down the equivalent of 1.2 GW of renewable and battery projects, resulting in $1 billion of Capex being recycled with more than 10% return. In addition, the Company acquired VSB, a German-based renewable project developer with a sizeable 18 GW pipeline, mainly in Germany, France and Poland, with closing expected this year. In addition, in 2024, we strengthened our differentiated market offering of Clean Firm Power. For example, you have here two examples, we captured premium prices by contracting 3 TWh of Clean Firm Power to large industrials and big tech companies and through the acquisition of Quadra, a renewable power aggregator in Germany, the Company will be able to maximize the value of merchant exposure in deregulated markets.

On the emissions front, 2024 achievements show that we are ahead of our objectives as you see here in the table. Operated Scope 1 and 2 emissions are down 36% compared to 2015, and on an absolute level, you see the figures, Scope 1 and 2 on operated facilities in 2024 were at 34 million tons, compared to our target of having less than 38.8 million tons of CO_2 and reflecting, year-over-year, two opposite trends: on the one hand, a further decline in our operating Oil & Gas facilities, reflecting emission reduction initiatives undertaken in recent years, and on the other hand, the impact of the integration of the new CCGT, as aforementioned to you, such as the acquisitions we made in 2024 in the US and in the UK.

Concerning methane, our 50% reduction target, objective to reduce by 50% the methane emissions on our operations compared to the level we had in 2020, was achieved a year early with 2024 operated methane emissions being now -55% compared to 2020 levels. We achieved this thanks to a continuous decrease in flaring and fugitive emissions in particular in E&P. You have here the example of Gabon where we eliminated routine flaring two years earlier than we anticipated. We will continue to reduce operated methane emissions and set a new target for 2025 of -60%, compared to our 2020 reference. To achieve this, several actions will be taken. Firstly, we decided last year to deploy continuous detection systems across all operated assets in the Company, meaning that in 2025 more than 13 000 pieces of equipment for continuous methane tracking will be deployed, and further technological improvements will be implemented to further reduce methane emissions. You have here some examples to switch gas instrumentation to air or to replace flare tips.

Last but not least, we reduced our lifecycle carbon intensity by 17% in comparison to 2015; a better result than our initial target of 14%. This indicator reflects, as you know, the amount of CO2 emitted per unit of energy sold, which matters in our industry. This indicator perfectly translates the evolution of our energy mix and the implementation of our strategy: more energy with less emissions.

Finally, concerning benchmarking, positioning, and the relative performance of TotalEnergies in comparison to our peers, on four important metrics including proved reserves life index, upstream production costs, ROACE (return on capital employed) and dividend per share growth. As already mentioned, our strategy has remained consistent and allows us to deliver strong results and remain well-positioned amongst our competition. Starting with the upstream, our reserves life index increased, as aforementioned, from 11.7 years in 2023 to a very robust 12.4 years in 2024. We are on par with ExxonMobil and ahead of the remaining peers, reflecting once again the depth of our portfolio. We have the necessary resources on hand to continue to grow production and underlying cashflow for years to come, and once again, we do not require big M&A to do so. Concerning upstream production costs, TotalEnergies has consistently reported the lowest upstream production cost, the OPEX per barrel, with 2024 figure below 5 $/boe. This is of course a competitive advantage that we want to keep, which allows the Company to be resilient even in a low-price environment. In terms of profitability, we are pleased to report that, again, in 2024, TotalEnergies ranked number one in ROACE among our peers; the third consecutive year that we have achieved such performance, again demonstrating that it is possible to be both the most profitable player while being a leader in the energy transition. On the dividend side, it is the last graph about the dividend per share growth, TotalEnergies is positioned in second place, with 25% growth over the last five years, reflecting our strong commitment towards our shareholders. TotalEnergies maintained, as you know, its dividends through the COVID crisis, which was not the case for all our peers, some of our peers decided to cut the dividend at that time, and our dividend growth is underpinned by the Company deep upstream portfolio and strong free-cashflow outlook, and balance-sheet once again with 8.3% gearing end-of-2024 or around 9.5% after normalisation. With that benchmark, I leave the floor to Patrick to present the 2025 outlook.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Thank you, Jean-Pierre, for these 2024 figures, which people say is less than before, but the two years before were exceptional and for us it was the first largest results in this history of the Company, so it's still a good year. In fact, again, I said that in 2023 and 2022, after the exceptional years we were entering into a new era because the balance sheet was completely de-leveraged, and the succession in the last three years it has been easier for us to implement the strategy that we have decided because we went into a world in which we had more capacity to deploy it. And that's what we've done in 2024. Jean-Pierre said several times that we have a deep portfolio of plenty of good opportunities. What I will show you is that in 2025, what we want to do is not only to grow but to deliver additional free cashflow, which are the most important. That is why we've selected this title of: "Delivering accretive growth and resilient shareholder returns." That is the program for 2025.

To say a few words about the markets. The oil markets, people talk to me that it's volatile. But when you look at the figure it's a little stable, in fact the line is quite flat. It was flat in a higher way last year than this year, but in fact we can say that with two different environments, in 2023 still a very high increase in demand because of the end of the COVID recovery in China. In 2024, the full year the market was more bearish about demand. In the end it was only 0.8 Mboe/d, but all the expectations on the supply side did not materialise as anticipated. And finally at the end, OPEC+ has done a good job to maintain the price above 70-75 $/b. Looking to 2025, the IEA says +1.1 Mboe/d growth of oil demand, which will be higher than in 2024, and is more or less the average, a little less than the 1% that we observe over 20 years. The good news from 2024 was the increase in oil demand in India was as big as the one in China. We have a new engine of oil demand growth in the world. India is moving to more infrastructure and a more manufacturing business model than the one we had in mind.

On the supply side, 2025 strong supply from Non-OPEC and the US administration is willing to push production up. US liquids production in 2024 increased by 0.7 Mboe/d, and when we speak about liquids it's more NGLs than oil because most of the liquids production in the US is coming from the increase in gas and all the associated NGLs. Oil has increased by 0.3, we plan for 0.2-0.3 in 2025. We have that in mind. We benefit from growth in Brazil, ourselves, Guyana as well. We are not there, we do not intend to be, we are next door in Suriname. We'll see in the market there will be debate in 2025 between the US administration and OPEC+, will be an interesting debate to observe. We have been a little cautious in the way we have approached the year, we put all the results and forecasts based on 70 $/b, we are more at 80, but if I can do it at 70 I could do it even easier at 80, so you will have some sensitivity in the presentation.

On gas, things are quite different. Last year in 2024, we had very good weather during last winter or mild weather, and we exited the winter of 2024 with high inventories. The full first half of the year we observed quite low volatility in the gas market, around 8-9 $/Mbtu for TTE during six months because there was no real need to replenish all storage, storage was high. That did not help the capacity, not only the absolute price was lower but also lower volatility, which did not help our gas trading to perform. For 2025, as you can see the weather, in Europe at least, is much colder, and you have another element that is not only weather but also now the transit through the Ukraine from Russian gas has been stopped. So, it creates another tension in terms of supplying gas to Europe. We observe that today, we are already still two months before the end of the winter and we have depleted quite well the storage. And it is reflected in the forward curve for Q2 2025, with forward gas at 16 $/Mbtu, above 15 $/Mbtu. We anticipate clearly more volatility in

2025, higher prices. People could say there will be additional LNG capacity, it's quite limited. When we make the maths in 2025 we evaluate that at about 20 million tonnes of new capacity coming on stream, which makes 5%. It does not change the fundamental trend. You will see probably again more competition between European buyers who need to replenish their inventories and Asian buyers. Hence, for us, two spreads that are fundamental: TTF-Henry Hub and JKM-TTF because of the arbitration. With the volumes that we have in the US and regas capacity in Europe, we can benefit from more arbitration when these spreads are going higher. That's what we anticipate, we'll see, for 2025. Two different environments clearly for Gas/LNG and Oil.

Our KPIs for 2025, our objectives, I will speak about growth, but of course growth is not enough: we need also to deliver more free cashflow, more volume, more energy, less emissions and growing free cash. Globally, our energy production, when I compare Oil & Gas and electrons, we'll grow by 5%. We'll contribute to the global supply for the people of this planet, 5%. More than 3% growth in Oil & Gas, and more than 20% on the electricity side. We will reach more than 50 TWh, half-way to our 2030 objective. The electricity production from TotalEnergies will represent 10% of our Oil & Gas production in 2025. For the ones who want to see how the transition is in March, it is. It is reality. It is becoming for me a sizeable business. With the achievements over the past five years, we are on the roadmap and quite a success. That's the key.

Refining, Vincent will do his most with his teams to have a better utilisation rate. LNG sales, above 40 million tonnes, we don't have new LNG plants coming on stream, so we should be in the range of what we achieved, 40-45.

Renewable gross installed capacity, we set this target of 35 GW by the end of 2025 in 2020. I will come back on it, we will be there at 35 GW. We have 26 GW by the end of 2024 and have exactly 9 GW which are being built today, 8.9, so maybe 0.1 will miss, which are being built, it's reality, it's not just an objective. It's a matter to deliver this capacity. More and more myself and the Board have attached more and more importance to the production of electricity because the results are more linked to the production than the gross capacity of renewables.

Less emissions, yes, we continue to make it part of our global agenda. We need to produce more hydrocarbons but with less emissions. For Scope 1 and Scope 2, we have set an objective of less than 37 million tonnes. You can say it's not ambitious enough, but we have one difficulty that we face is that we have more gas-fired power plants in our portfolio that we acquired in 2024 in the UK and US. They will run and if it is colder in France then we will have a higher utilization rate, so more CO_2. What is important for us is to see the decrease in oil and gas operations. 35 million tons in 2023 and 34 million tons in 2024. This should be 33 million tons in 2025.

In methane, we are clearly a leader in this part. It is an easy way for me and the Oil & Gas industry to have a real contribution to diminishing this greenhouse gas. It is in our hands, it's stopping flaring and stopping venting. Things which are not high tech, closed flare. We have really embarked the whole company. Nicolas is really very strong about it. He is a master of closed flare all over our installations, setting all these continuous equipment for detection of methane, like for oil. We want to be leaders and the teams are motivated. Last but not least, because it is the marker of our transition strategy, which is the carbon intensity of the sales of energy. We have reduced this by 17%. We are quicker than on our roadmap because have delivered the electrons which are decarbonizing part of our sales.

Last but not least, because we want to grow free cashflow, we have selected three indicators and I will give you some others in the presentation. Production costs at less than 5 $/boe. We don't need to have a big cost-saving plan, but we are permanently maintaining. Honestly, the fact that we have been able, for the past three years, despite the inflation that we faced, to maintain this less than 5 $/boe, is maybe not spectacular, but it is. While other companies from my peers have engaged in large cost-saving plans, we have done it between 2015 and 2020. We have the benefit and today we are strong with the team, who are very efficient to manage this 5 $/boe.

The Capex, I will come back on it, I'm sure you will have questions. $17-17.5 billion is the range and CFFO of more than $29 billion at 70 $/b. We've done $29.9 billion at 80 $/b in 2024, so it's quite an improvement. Some additional cash flow and the objective of my presentation is to tell you where it will come from so that you can certify that all of the balance of the business model and the strong returns that we intend to deliver to shareholders are in safe hands, which is true.

On Capex, it's true that we gave you guidance of $18 billion in New York on organic Capex. Today, we came with organic Capex of $17 billion, so a reduction, and a global Capex, including M&A, of $17-17.5 billion. Why? In fact because we've worked. To be clear, all the growth accretive projects will be developed as planned. There is no reduction on any of the nice opportunities we have in our portfolio, so I am completely on the line of Darren Woods from that perspective, no change. But at the same time, we have many projects. With Nicolas and we reviewed all that with the teams, not to overstretch the teams by continuing to invest in small projects but focusing the whole company to deliver these large accretive projects, that's the program. It had us in the upstream to find 500 M$ of small projects, which in the end it's 50 plus 50 plus 50, but it's sort of a dispersion and refocusing. We know we have a workforce and cannot ask them to do everything at the same time. It does not impair the global production profile we have delivered to you. But it's a question of streamlining and focusing the team, being efficient on how we spend cash.

The other decision we took was in the low carbon molecules. It is a little lighter. It's was 900 M$ in the report of 2024 and it's only 500 M$ in the budget. We drew some lessons and we consider today that it is better in some businesses like EV charging or biogas, to have leverage through equity. We don't see enough returns in all of that, to be honest. Allocation of full equity of the Company, is not our priority. We drew some lessons. It doesn't mean that we don't continue to do it but we moved to some business models with less capital intensity, it's not major.

On SAF molecules, we continue. The budget, we have a big project in Grandpuits with Vincent's team, which will end before year-end. So it's the end of the project. We've done the top, so that's why also. 500 M$ for low carbon molecules is reduced because we drew some lessons. It doesn't mean that we will not continue the SAF strategy. It means that we are allocating our equity in the best way. That's the reason why we came down to $17-17.5 billion. We still have, in case of challenging market conditions, we have identified another $1 billion that we could decide to arbitrate during the year. At this stage, it's not necessary. Oil is at 80 $/b, 75-80 $/b, so it's not that situation. It's also true that compared to September, we continue to execute lumpsum EPC contracts. A lot of them are largely lumpsum. So we have security and we have a good vision of 2025 of what we will spend. If there are overruns, it's not in 2025 but more 2028. So I hope there will not be. But it's also why we are confident. It's good work, it's an effort. Continuing to streamline even more when you have a large portfolio of opportunities is good discipline.

I announced to you a growth of more than 3% for the upstream growth for Oil & Gas. Here you have a list of the new projects and new productions that represent 150,000 boe/d. What is remarkable on this chart is that six of the eight projects have already started, so it's mainly a matter of ramp-ups. We have two projects which have to come on stream, Ballymore in the Gulf of Mexico and Mero-4 in Brazil, where by the way, the operator is a little more optimistic than ourselves, so it's good. There are other characteristics on this slide, you have three gas projects, Fenix, Tyra, and Jerun in Malaysia, you have five oil projects, which are important for the next slide. TotalEnergies is operating four, Petrobras three, and Chevron two. So we rely on two other big operators, but nice operators. I am quite comfortable with this figure of more than 3% because it's mainly ramp ups and we are on the way to deliver.

Of course, it's more important, it's not just about growing production, it's additional cashflow. That's the good news, the important news when we look at this slide is that the growth of more than 3% in upstream production will be translated in terms of CFFO by an increase of more than 8%. In fact, this portfolio of projects, in Brazil and the

Gulf of Mexico, are accretive. That means that for the same amount of Capex, in fact more or less the same between the two years in organic Capex, you will have an increase of $1.5 billion of free cash which will come with this growth. This is good news, and why we at the Board are confident in returns to shareholders and have decided again to increase the dividends by another 7% and the final dividend by 7.6%. That's important that within TotalEnergies it's value over volume. It's not just growing but also delivering more free cashflow.

One of the countries that is successful from this perspective that will contribute to this additional free cash is Brazil. Brazil is becoming in 2025 the number one country in our portfolio in terms of CFFO. It's new. Since 2015, we have built a portfolio and today have eight fields producing 180 000 boe/d. It's a successful story. It's quite interesting to build such a position. The average margin at 70 $/b is about 35 $/b. In Brazil we'll continue to invest because we have two other projects that we sanctioned in 2024: Sepia-2 and Atapu-2, which will contribute to additional free cash in 2030. The free cash in 2025 at 70 $/b will be $1.4 billion and 10 $/b will add another 400 M$. So it's a strong position that we have built since 2015. Again, we operate Lapa. Petrobras is our operator on most of that. And we have access when you look to the history of the cost of access to all this resource, it was quite a low countercyclical cost of access. We did not discover them. But through the deals we have done with Petrobras since 2015, 2016, then the TOR rounds that we participated with low competition, it's a good demonstration on how to build a strong position in a new country. We have also some exploration potential, and we continue to look to that.

Another country in which I want to touch a point because I'm sure we will have plenty of questions, is Namibia, so I prefer to pre-empt the questions. Our friends have made some decisions. To be clear, we share the same partner, and we have the data. We have some data-sharing agreements between our friends and ourselves. So, we can compare. It's true that we were probably more lucky or our explorers are better. They selected a block where clearly the Venus discovery has better petrophysical characteristics. The oil-in-place density of 10-20 MBo/km^2 compared to the adjacent discovery which was less than 5. It's a thick reservoir of 80-120m. Permeability is not very high, I will come back to it. But it's 2-4mD compared to less than 1. So, all that makes the commerciality of this discovery achievable, it is in our hands. We are working on it and that's why we don't make any write-offs because on the contrary we want to transform this discovery into production. So probably we are there at the heart of the system in the western part of the Namibia Orange Basin.

There are some challenges, it doesn't mean it's not challenging. Yes, the permeability is not high. There is a high GOR. Our GOR in our license is lower than the neighbouring one, 500 against 700. Still again, that means that the challenge, is that I remind you that we don't flare. We have a no-flaring policy. We have re-inject gas in the low permeability matrix, which means that the plateau that we average will be lower considering. But it will be a very long plateau and a slow decline along the years. So, we are designing today a project of 150 000 barrels of oil per day production. It's a very light oil, 45 API, which is very good for its value, with a long shallow decline after the plateau. The other challenge is 3 000m water depth in the water and is 300 km from the coast, but I mention them because it's not really impacting. Our objective, I will not tell you less than 20 $/boe, but today we are confident we can reach 20 $/boe of development costs, and also of course we continue to minimize our greenhouse gas emissions. We are targeting 15kg of CO_2 per barrel on this development.

On this one, the plan is to move forward. We apply the same ideas as on Suriname, taking the FPSO with contractors' standards, which have been quite efficient in terms of managing the cost. They are some ideas to optimize the design of the FPSO, the contractors. I don't promise you to sanction it by year-end, I know it's an internal objective. I'm more about the beginning, I would say the first half of 2026. But it's an important project, it's a good project on which we are working. It's good news for Namibia and of course for TotalEnergies.

Our neighbours in the North, we are not surprised by their results because the last well we drilled, Tamboti, was not good. So we are not surprised that the neighbour to the North didn't make any discovery. It's quite consistent. We are in the centre of this ecosystem. I would like to add that we have some potential to continue to explore. It's not the end. Venus is the focus of the engineering and project teams. But we will drill I think during the second quarter. The rig is on its way to Marula, which is a big prospect that you can see south of Venus. We have another on this block in Namibia, which is called Olympe on the next block. It's a different thematic, but it might be an interesting exploration to drill. We plan to do it either the end of 2025 or the beginning of 2026 because we would like to have a full campaign between Olympe and then continuing in South Africa. We took some positions in the Orange Basin on the South African side where we have two prospects to be drilled. One is called Volstruis and the other one is Nayla. The permitting process in South Africa is a little longer than in some other countries. The idea is that in end-2025 and 2026 is to have a rig coming and to drill these three exploration wells. An important year for Namibia for progressing on the project.

On Integrated LNG, I will not come back on all the comments of Jean-Pierre will explain to you, and I mentioned it, on the environment for gas price. Yes, we think we might have a better environment, not only in absolute terms but also in terms of volatility. If we maintain the performance of the fourth quarter, the target is to come back, after a year we were at $4.9 billion of cash flow, to come back to target $6 billion, not more, but let's target $6 billion. Stéphane and his teams are taking actions. 2025 is also a year for us where we have to progress a number of LNG projects which will come on stream in 2026. It is the case of Energia Costa Azul in Mexico and North Field East in Qatar, mainly, NLNG T7 in Nigeria will be the end of 2026, so little impact on 2026 performance and more for 2027. As you can see, we have six LNG projects that are being built. This is another part of the execution efforts of the teams of TotalEnergies. Last but not least, a lot has been done in 2024 with the strategy of securing some Brent-related contracts with Asian buyers successfully. It has been done, 6 million tonnes, a very good achievement. We will continue to work on it because if we have opportunities as we think the market might soften by the end of the decade, it is a good way to take benefit of it if we have some good contracts that are oil related.

A word about Integrated Power, on this slide there are only a few figures. I would say, again, this year 2025 electrons production will represent 10% of the Oil & Gas production, a good block on our roadmap, halfway to the 2030 objective. In terms of CFFO, we say $2.5-3 billion, we made $2.6 billion in 2024. We have benefited in 2024 and in 2023 from some hedges that we had done because of the high electricity price in 2022. We don't have them in 2025. But we have additional production and new gas-fired power plants. So, we are confident that we could meet again these objectives in terms of our cash generation. It's not written but maintaining the 10% return on capital employed and even increasing it is of course on the roadmap of Stéphane and his teams.

On the downstream, it is clear that the landscape has changed. You have on the left the European Refining Margin, quite an important KPI. The environment has changed in the middle of the year. You can see in grey the minimum and the maximum in 2018-2021 before the war. You have where we were in 2022-2023, largely above but it was a historic market and we benefitted from it. In 2024, we are back to sort of a normalisation. A little low because 25 $/t is the breakeven. I prefer 35 $/t as we are optimistic, we have met the budget at 35 $/t. But maybe if there are tariffs on Canadian crude oil, maybe we can reach it. Yesterday it was at 40 $/t, so it's not impossible. Sometimes you have some events on this planet that can help you, you don't control everything. But what we should do, that is why we have a target of $7 billion downstream compared to the $6.1 billion this year because there was also some miss on the operational side, which we estimate at a less than $1 billion. But we hope, and Vincent and his teams are really motivated to eliminate this miss, a very poor performance on Donges, which was not running well. We are hoping it will be running again from March. We had some issues on the cracker in Normandy because there was a technological accident independent on our will but which affected us. This has been solved and we are back to normality. Port Arthur as well, has also been quite a challenge for years. And we have changed the management, and we hope they will deliver better returns. I would say it is a matter of coming back to fundamentals, of course, discipline on costs but also delivering the energy efficiency saving program, which should deliver 100 M$, and of course plant availability.

That is the refining, this downstream segment is helped by the performance of Marketing and Trading. Marketing is quite remarkable because, we sold quite a large portion of our German, Dutch, Belgian networks. In fact, the cash flow from Marketing in 2024 was at $2.3 billion, exactly the same at $2.3 billion with these networks. We sold them for $3.2 billion and in the meantime, I have seen no impact on the cash flow generated by the division, so that is quite remarkable, and I can congratulate the teams of Bernard. In the end, you could tell me that we would have done 100 M$ more but I like the idea that we cashed in these networks in an environment where they were not strategic assets and, in the end, we continue the performance. Trading is doing well as well and that is why we target $7 billion, is an improvement, but we have some good reasons, it is not just a margin assumption. It is fundamentally solving the operational issues that we had and continuing to deliver on Marketing and Trading, which are resilient.

The Board of Directors looked at it and we have growth in free cash flow in front of us and I mentioned $1.5 billion additional free cash coming at 70 $/b from the upstream growth in 2025. We are planning for $10 billion, so it is a step between 2024 and 2030. We are confident about this, our balance sheet is strong and for the third year in a row the Board of Directors decided to increase the dividend by 7%. That is not for the full exercise, it is paid dividend per year, which is why you see 7.2% because what is paid in a year is a combination of two exercises and some interim dividends. In fact, over the last three years we have increased the dividend by more than 20%, which I think is quite a good return for our shareholders. We have translated the euros per share because our dividend is denominated in euros per shares and this chart was prepared for dollar investors. By the way, they benefitted from higher growth at 1.1 in the last two years, compared to 1.04-1.05, but the average for US investors for 2022-2025 compared to the 7.1% for European investors would be between 6.5% - 7.8%. It depends on the exchange rate, but it is also a nice upgrade.

On the buyback, this is a strange chart, maybe a Mondrian chart, but we have bars of $2 billion. I told you in New York that we want to maintain the $2 billion assuming reasonable market conditions and they are very reasonable, so we are maintaining the $2 billion. I know that there you had some question marks after the third quarter results analysis but generally, when we announce something, we are consistent and now what we are doing. Of course, it has been reinforced by the strong, low gearing at the end of the year. By the end of the year we knew that there would be a way to return this draw on the working capital and we will try to find a way to normalise it around the quarter because there were some fiscal effects. 8.3% of gearing is low but I remind you that we had 7% at the end of 2022, 5% at the end of 2023, 8.5% at the end of 2024, so the track record below 10% is quite well established in this company. I want to be clear, we have some room, and I can confirm that the intention is to maintain this $2 billion of buyback per quarter. We have done the maths, as you can see on the chart on the left and at 70$/b, we told you we would generate more than $29 billion. Yes, we have a deficit and of course lower Capex, which is helping the balance, which is around $33 billion, so there is a gap of $4 billion, which represent 2%-3% of gearing increase. It is less than 2.5% of gearing increase at 70 $/b and at 80 $/b it is almost nothing, so in fact, considering the sensitivity you have $1 billion. I think the equation is completely affordable with a strong balance sheet and that is why I can confirm that we intend to maintain this $2 billion per quarter as I told you in New York. You have the sensitivity on this chart, which has fundamentally not changed.

To end my presentation, I think we showed you this chart in New York, ‘More energy, less emissions, growing free cash’. We have just introduced the year 2025 to remind you of our framework, that is to grow energy production by 4% per year over the six years through 2030. We will do 5% in 2025, and electrons, which should represent 20% will be halfway in 2025 at 10%, less emissions and growing cash flow, which I think is very important. What is remarkable is, as you can see, that at 70 $/b, 12 $/Mbtu TTF and 35 $/t ERM, which is more or less 10 $/b only difference from 2024, we could deliver the same free cash at 70 $/b in 2025 as at 80 $/b in 2024, but an additional $3 billion at 80 $/b in 2025. It is coming, and that is a strong message I want you to keep in mind, we are growing but we are growing for value and through accretive growth and additional free cash flow to feed the returns to our shareholders.

The last slide has not changed, it is very consistent in TotalEnergies, and I strongly believe in the energy world that consistency is of the essence in terms of strategy. Resilience is very important and, as a result of hard work from all the teams, we have a very deep upstream portfolio, which you have seen in these 157% renewal reserves after 141% last year, which will anchor the growth of our production through 2030. We have a good position on LNG, we are well positioned with the US, with the European position to benefit from arbitrage, which is what Stéphane's teams are doing. Integrated Power is on the way and the roadmap we set, and I gave you all the elements of the financial framework to support this strategy.

Thank you for your attention. With Jean-Pierre and all the Executive Committee members in the room, I will be happy to answer your questions.

QUESTIONS AND ANSWERS

Renaud Lions - TotalEnergies SE - Senior VP, Investor Relations

Let us move on to the Q&A.

Henri Tarr - Berenberg

In Namibia, I think you mentioned Tamboti perhaps not living up to expectations, so could you give a bit more colour on that, that would be great?

On the LNG business what flexibility do you have this year in terms of cargoes that are available to drive that incremental cash flow in Integrated LNG?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Do you want to answer the question on Tamboti, Nicolas? You need to take a microphone.

Nicolas Terraz - TotalEnergies SE - President, Exploration & Production

There was an oil pool at Tamboti, and we performed a test of the well. Permeability was low, lower than Venus, as Patrick explained, moving to the North, and the well did flow but it was limited, so it was basically less good than Venus.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

It is not commercial so we cannot envisage connecting Tamboti to Venus, the game is over on Tamboti. In fact, we knew it was a risk because when we drilled one of the Venus appraisal wells, we saw some degradation in the North, but we wanted to drill it because it was a sizeable prospect in case it could be additional. However, I would say that the petrophysics are poor and in the same type of range as what some of our colleagues have written-off. We know the limits on the north and the west, so we are continuing to look at the rest of the block.

Stéphane, do you want to answer the question on the flexibility in your portfolio? Stéphane is there.

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

When it comes to the flexibility in our portfolio, as you know, our supply mainly comes from the US and those volumes can either go to Europe or Asia. As Patrick mentioned, the spread between JKM and TTF should be quite volatile because of low stock in Europe so we expect people to fight for that LNG, so we will be able to divert the cargo depending on the best market from that US position.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

When we have a long-term contract, we are generally clauses to divert the cargoes with profit sharing, so it is quite flexible, in fact, it is an advantage to be a portfolio Company. I remind you that we have the regas capacity in Europe, 20 million tons, to take all this LNG. So the infrastructure helps us from this point of view.

Michele Della Vigna - Goldman Sachs

Two questions if I may. Tariffs are clearly a very hot topic at the moment, and you have exposure to various parts of the US energy value chain, renewables, LNG plants. Is there any area where you would see potential tariffs as being inflationary from your Capex perspective? I am thinking especially about the value chain of the LNG plants but also perhaps some parts of your downstream business there as well.

Second, there is a big debate on gas, summer in Europe, with Germany potentially forcing 90% inventories by the end of the summer. Do you see the market being able to do that or a potential repeat of 2022 with hard competition on price with Asia?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

For me, the second one is clear and why I gave my message. I think with the situation of European storage if we are too aggressive about replenishing it and we do not give them a bit more time. The situation is not exactly the same for Germany because we have more regas terminals whereas in 2022 we were all afraid and trying to put in maximum storage because of a lack of infrastructure. In the meantime, we have built some, we have brought some floating units and in Germany you have 5 million tons of capacity but we also have one in France, so we have more infrastructure so I think the situation should be a little more- However, if we try to rush, the only way to do that is to take the LNG from Asia and to pay more and that could be inflationary. Today, I think there is a risk of that, and it is not good for our European customers, although it is not necessarily bad for a European LNG player like TotalEnergies. However, we have built some infrastructures so the Europeans should take that into consideration. In 2022, it was not just that we were afraid, we also had a lack of regas capacity on the continent but today we added some, not everything, but we have more. My message is that we could have higher gas prices and tensions and that is why the arbitrage from the US, which could even be greater because the Panama Channel could be another element in the puzzle.

As I said to the Board yesterday, we are entering a new world with tariffs, none of us have ever worked in a world of tariffs or tariff wars. That was the old world, and we have built a global world with almost no tariffs, and we thought everything was easy to move. I think we have pragmatic guys who are able to take decisions and change their minds, which is good leadership, when you are able to see that at some points. It is true we could have some difficulties, there are some value chains, not only for refining or downstream but also car manufacturing where a lot of spare parts are moving across the border between Mexico and the US, so you could have this strain, which is not good news. There could also be some good effects for European refiners, which will benefit if there is a tariff on heavy crude oil in Canada. There might be some effects but at the end of the day, I think the US administration will be pragmatic in the interests of the businesspeople. Fundamentally, it is a country where business comes first, more than in Europe where we can shout, and they do not listen to us much, unless we take strong decisions. In the US, they are more open to that, including the President. I think today you have, I think 2025 will be a little shaky so let us be ready but maybe the best for us is not to take decisions too quickly and go the wrong way, but to observe what policies will remain in place. By the way, it is the same for the fiscal policy in the US for renewables, let us see what happens in Congress. This morning Stéphane gave me a map of the Federal land that is forbidden for onshore wind and there is none at all in Texas, it is the Rockies, it is the part of the Federal land and when we cross in the history of the US they went beyond the Rockies. My view is that we need to observe, not to overreact and in the next six months we will get the answers to a lot of questions about the enthusiasms of the new administration. It is true, we might have to adapt and everything we have designed, the supply chains, not just in our industry but in all industries, has been in a world with no or very limited tariffs. If you suddenly disrupt that you could have bad effects but maybe also some good ones on the other side. Let us observe but I take your point, and I said to the Board yesterday, we are there, and we have to be very adaptable and react, to look at it.

Martijn Rats - Morgan Stanley

I want to ask you about Suriname. In a recent bond offering, Staatsolie in Suriname suggested a level of Capex for the project that was perhaps a little slightly higher than what we generally understood. I wondered if you had a comment on that, whether you are comfortable with the Capex in Suriname.

The other thing I wanted to ask you is about trading. It is a bit of an open-ended question but, of course, trading was very profitable generally in the industry in 2022, 2023, came down a lot in 2024 but it is hard to know exactly how much. Can you say a bit about the earnings evolution of Trading has been and more broadly what your ambitions are in that business going forward and how you see it changing?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

I do not know about Staatsolie, but the budget is $10.5 billion, as we mentioned in September, and there is no change at all. They have a small production and maybe Staatsolie is using it to leverage some cash, I do not know, and you would have to ask them that question. There is no change at all, there is no impact, and we are very close to them and monitoring them. There are no new element compared to the budget we gave you.

There are different things on trading. We have been quite open with you on the gas trading, on the oil trading, it is true it was an incredible year in 2022 but 2024 was also a good year on our side, lower but strong and even higher than it was before 2022, 2021 when I compare the results, so I think the teams have adapted. It is really linked to the volatility of the markets, traders complain when things are flat because they do not know what to do and they do not like that, when it is a bit more like the Rocky Mountains, they are happy. I am not sure I am completely with them on that. As I said, they are strong contributors and we do not ask them to take more risks, it is up to them to manage their business and if they get better results, they get better paid so they have strong motivation. Just to be clear, there was no miss on the oil side

Biraj Borkhataria – RBC

I have a question for Stéphane on Integrated Power. There is a lot of excitement around data centres and the associated power demand, and I wondered if you could give your perspective on what you are hearing from the customers, what they are looking for. In particular, could you do a little compare and contrast across the regions you are in, the US, Northwest Europe and maybe Asia?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Stéphane might have something to add but I have several comments. First, on our side our business model, Integrated Power, is linked to the combination of renewable and flexible assets. We strongly believe that this market, what we call Clean Firm Power, we have managed to sell and be effective and we have sold 3.3 TWh per year at this stage to different customers and of that, 25% is to GAFA so we are beginning to get into that market. There is more to be done and the figure I gave you is for when we sell as TotalEnergies, if I add the Clearway sales, because we also have non-operated assets with Clearway, it is 7 TWh per year, so we do benefit somewhere from this market.

However, we are not in the infrastructure business, and we are not targeting investments in gas-fired powerplants in a big part of data centres, which is a sort of infrastructure with infrastructure level returns, a sort of regulated business. We still have some discussions with hyperscalers about how to combine renewables, gas-fired powerplants, peakers, and batteries. In fact, renewables lower the cost because they help to lower the price in the end for the PPA, so it is a source of cheaper electricity. Of course, since they want 24/7 reliability, we need to combine it with CCGT, peakers and batteries, which is a combination where we think we can provide electricity that is reliable as well as cheaper. That is honestly what they want, today, they want a lot of volume, and they are all shouting that they do not have enough but I am not sure they will want it if it is expensive.

I have been listening to the concept that has been coming up in the US about big data parks combining several gigawatts plus. We were discussing it again with Stéphane yesterday, in our dialogue with hyperscalers they attach a lot of value to the reliability and that is not only the result of having a park that is independent of the grid because that does not mean it is a reliable system. Some hyperscalers we have discussed this with are willing to also have a grid connection that you could draw electricity from in case of unreliable supply from your own sources. This integrated business we are in is more about benefitting from the assets than just building capacities as an infrastructure and maybe Stéphane would like to add to my comments. We have looked at it but more in the dynamic of what we call Integrated Power and Clean Firm Power.

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

Just to add something about the geography to what Patrick has said. There is a clear focus on the US first and, in particular, in Texas where we have a large presence, as Patrick mentioned, where we can offer a plan of peaker, CCGT and battery. We are also starting to see interest in some European countries, notably Germany, where we have tried to develop our presence. The good thing as well in the US is that there is a clear focus on time to market and one way to be able to deliver on the 2028/29 target is clearly to use existing pipe and assets under construction, otherwise it is going to be quite challenging to deliver on time.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

I understand that your idea is that today, when you build some new farms, you try to have connections in both ways.

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

That is for the day after tomorrow rather than tomorrow. Any project we do now we try to leave some land so that we can accommodate data centres and at the same time we ask for the grid connection to supply the grid and ask to be able to withdraw the power. As Patrick mentioned, they need to be connected to the grid for reliability reasons and the idea is that if you can only build that on “beyond-the-meter” is probably not going to work.

Christopher Kuplent - Bank of America

Patrick, I think you have been powerfully presenting how busy you are growing organically but nevertheless, I wanted to ask you where do you think it is most attractive today to buy rather than to build? Where do you see the biggest opportunities in the M&A market considering your ambitions all the way into 2030?

I am afraid someone has got to ask you about Mozambique, and the 2030 numbers you presented in October included Mozambique, what can you give us as an update?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

We do not need M&A, we have organic growth, today is not the right time and I think we can sell, and we have a divestment programme. At 70 $/b to 80 $/b per barrel it is not the right time to buy. As you know, we will look again if we continue to have opportunities for TotalEnergies to continue to replenish US shale gas. We have done two deals but we need more so that remains clearly a priority for me if there are good opportunities. We have teams looking around today and trying to be imaginative and creative. There are some shale oil producers with a lot of associated gas with a mostly negative value so there might be a way to make a deal, and we are working with some of them. This remains and Henry Hub is quite low today so this type of things are quite accessible. Otherwise, we do not have a big need, and we are working on other ideas.

We will continue to acquire for Integrated Power, but it is more about recycling capital because this year, as Jean-Pierre said, it is a good achievement, we sold 1.2 GW farming down, so recycling $1 billion. To be honest, the target was closer to 2 GW than 1.2 GW. I remember the internal targets, Jean-Pierre has said it is a good achievement, he is nice with all his colleagues but in fact, we were more targeting 2 GW. We know what we missed, it was two countries where we almost closed and then in the end, we had an issue with the buyer, so we decided not close it. 2 GW per year is recycling $2 billion per year. That is why we are already at a plateau in terms of Capex in Integrated Power even if we want to continue to grow. For me, it is a matter now, the model must continue to recycle this capital to be able to grow the assets, that is fundamental. On this one I would say it is quite obvious what we are targeting. In Germany we have to target one or two gas-fired powerplants and then we will have the full value chain, and in the US, PJM and things like that. However, in the US today, because of the hyperscalers, the gas-fired powerplants are so expensive we are lucky to go beyond, so we will wait and see. Today, it is very fashionable, it could come back but it is this type of examples, not big deals. By the way, Stéphane has already consumed quite a lot of his M&A acquisition budget with the VSB deal but I can tell you, it is a business where we have a lot of ideas. It is good for me because we can be selective and fundamentally on this M&A Integrated Power, we increasingly know exactly what we want to achieve, and the teams are very enthusiastic. However, I am not sure that solar in Ireland was the team’s best idea. Apologies to the Irish in the room, I have nothing against the Irish but there are some strange ideas sometimes.

On Mozambique, it is more important, I met the President, it was in the press, at the beginning of last week, last Monday, when I was there to discuss his views. The good news is that there is a huge continuity in terms of the security setup. The energy minister was already there before, he was previously head of the agency, the defence minister, etc. are all the same people, so I would say there is continuity regarding these Mozambique LNG projects and the surroundings, and a will of continuity. The type of security, the agreements with other countries will remain in place and I would say they are dedicated to bringing their best efforts to the project. As you know, it is public, we have had a discussion with some credit export agencies, and I think the one that will be solved quickly is on the other side of the Atlantic. I would be surprised if President Trump’s administration would be against an LNG project they have approved four years ago, so I think it is a question of weeks. This is important because it was a big part of the credit export and we set up with Anadarko, which was almost $5 billion and once we have this piece, the financing is done. I would remind some of the other credit exporter agencies, in fact all of them but two have approved, that they have signed a contract and that we gave them a lot of money, so I am ready to exercise all my contractual rights, not me but Mozambique LNG shareholders because we are only 26%.

On the project side the question is to be able not only to appraise the security on Afungi, which is fine, and we have no doubts about the peninsula where we want to build, it is even better than it was before because everything has been reinforced, so I have no problem. For me, the question is more around the security of the region, and we are looking at the reality and want to see some improvement on this part. On the contractor side, they are all ready to start up again and we told you the project is around $20 billion and there is no change there. It is true that we have gone through months and to be honest, in summer last year we did not anticipate these difficulties with credit export agencies in particular, because there were no signals. Then it gets into politics, and we are victims of that. However, from my point of view it is back on track, and it is a matter of weeks.

That is where we are. We told you 2029, if we lose six months it will be 2029-2030 but the idea is to be able to do the project. To answer your question precisely, in our roadmap in 2030 it is 3 million tons of LNG, so it is important, but we have other options to activate in our portfolio. We do not have in our plans Train 4 for Rio Grande, or Train 5. We have enough, the depth of the portfolio and the optionality we have on the LNG side. In the base case, it may be Mozambique but if it is not, it might be something else. From this perspective, I think we have different cards we can play, and it is more the value I want to have not just the volume. We are working hard on Papua LNG, and I am sure there will be a question on that, and I would say we have strongly united our forces with Exxon Mobil together to find new ideas to relaunch the tender. Again, we are not desperate to do the project, but we are working hard to get it back on track at acceptable Capex to deliver some value. I think all the offers will come in by September 2025 so we should be able to take decisions but again, on this one, the forces of the two companies are aligned and working together, which is good for us.

Lydia Rainforth - Barclays

My first question is on Capex because if I think about the change from September, the Capex side was probably the big change. Going back to that, at what point did you decide you actually needed to take it down from $18 billion to that $17-17.5 billion? That being lumpsum are the contractors still happy to do that going forward and I think you are working with them differently?

And the second one was, coming back to the downstream side and the operational issues we have seen there. That obviously isn’t unexpected, these things happen but are you looking at anything that may be more systemic and that you need to go back and look at some of the processes you have in place?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

I will let Vincent explain what he wants to put in place on the availability of the plants. To be clear, it is also that we have old refineries, and I am not a big fan of investing in plenty of big new refineries, in particular in Europe, so it means we have also a question of reliability. It does not mean that we do not have a systemic plan, but Vincent will share with you the action plan he is putting in place with his colleagues and his teams.

On the first one, it is not a big change, $0.75 billion out of $17 billion, but maybe you were all surprised because you all thought we would go above it, and you do not believe us, but you should. I have been the CEO in front of you for 10 years and I do not think I have missed much on these sorts of things, so you should believe us and not plan that we will go beyond. In fact, we have done our job, and I told you the truth, there was something voluntary on some of these low-carbon molecules where we are starting to have our EV charging and we want to be more frugal in the way we allocate our capital. Not the programme could be developed, it is the question of how we finance all that. The other part is being pragmatic, we have a number of people, and we cannot overstretch them because then it is a question of safety and execution. We had some subsidiaries, like Angola, where they clearly have a lot of things to do so we looked at the plate and said that maybe it was a bit too much. We decided to arbitrate and focus on delivering Kaminho and the key matters. Our people have a bottom-up approach and then you try to be reasonable. We came to that conclusion, and I think it is a good discipline. Again, all the opportunities bringing additional cash have been preserved. When you spend $18 billion it is not a huge management exercise to find 500 M$, it is a question of maintaining the idea and it is important because, we now have had three years in a row at 80 $/b, increasing some Capex and discipline could be more difficult somewhere. The fact that we are having this debate is important and it is also true, that the commitment to what we told you in September about the buyback is taken into account by everybody, which is also part of the margins we want to have. It shows you have an impact on us when you make some comments, we listen to our shareholders and to our investors, which is good.

Vincent Stoquart - TotalEnergies SE - President, Refining & Chemicals

We have a clear plan on availability and to keep it short, first we have very good refineries as well, and we realised that there had not been full implementation of experience sharing. For example, the Port Arthur refinery in the US is alone there and we want to take the best from the best players in Europe, such as Antwerp, and be sure that it is implemented in Port Arthur. We have changed the management and have brought in people from Europe, and we are already seeing the plan delivering the first results.

The second axis in terms of organisation in what I would call the bad players, is that we often see in maintenance, for instance, that people working on more long-term improvements are cannibalised by the short-term when there are issues. We need to ensure that these two teams are clearly separated and that these particular plans, for instance at Donges, are carried out and that they are not always fixing issues, rather than working on the long-term. We have also realised that in some plans people could focus on the particular refinery equipment that brings the best margin and focusing on the high value margin units rather than looking at everything. Last but not least, which is very concrete and pragmatic, I think that today digital is ready to bring value, we have solutions, and we can improve valorisation, for instance, for the products in the refineries, thanks to these tools.

That is keeping it short but there are plenty of things.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

If you look at the chart, Lydia, you have two years of easy profits that came out of the blue. When I was running the refineries business, I would never have thought I would have 100 $/t of margin. That is why in the end it is back to the fundamentals and to the things that we are claiming, it is no criticism, it is just with very high results you lose parts, and you have a succession of events. You cannot ignore it you have to react and that is the business but for me, it is not systemic, it is a question of getting things back to normal and I hope we will get the results. I am reasonably optimistic on this one.

Lucas Herrmann - BNP Paribas Exane

On liquidity, US share, how have things moved, where have you gone to in terms of the intent to improve it?

Second, I have a horrible feeling I will wake up one day, we will probably all know about it beforehand and find that Russia-Ukraine has been resolved. Can you just give a reminder of what the position is in terms of legacy dividend and legacy flows you could potentially recoup over and above regaining access to the cash flows and existing assets?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

It is not a question of double listing, I remind you that what we want to do is to have only one class of shares, only one, and the introductory market is Paris. These shares might be traded on both markets from 9:00 am to 17:30 pm (CET) in Paris, I think and from 03:30 pm to 10:00 pm (CET) in New York, so it is a continuous listing of the same class of shares. At the beginning it is transforming the ADRs into shares, so it is not a double listing, it is not two classes of shares and in fact, fundamentally, the stock value and when the two markets are open at the same time, and it is just linked by the exchange rate. It is the way it works, it is not a double listing, it is one listing, more a continuous listing which, yes, does open access to shares on the US side not ADRs, which have a cost, etc. When it comes to where we are, we have been working hard, a lot of technicalities with Euroclear and DTCC, which I would say are the two transfer agents in this system, and we also have some banks working with us. Technical solutions have been found for all the issues so we know if we could vote, perceive taxation, etc. All that is done and now we need to go to the legal part, so we have entered a new phase to translate that into legal documents. That means that we are working on it, and I do not anticipate a blocking point, but you know it all has to be done. The good news is that we know have to do this continuous trading on both markets, interacting, but we have to translate that into contracts so that our counterparts do not only have our topics to solve, so there are a lot of things to do. Our objective, let us be clear, is to do it in 2025, maybe the end of 2025 and we would be worried if we do not do it in 2025, but we will have more visibility in the next six months. Technically, we have found all the solutions to the technical questions we had, including the one, for example, that in France when you buy and sell a share you have to pay 0.3% tax, which should be applied to purchases and sales on the US market. It is a small detail that is not a small detail so the question of how we implement that has required some developments with different intermediaries, etc., but we have the solution, so we know have to secure that. That is the type of things we are doing, it is not big issues just a sum of technical details, so we are making progress. Again, the Board unanimously supports this whole move, and it is a continuous listing of the shares between the two markets, which are primarily introduced in Paris.

I do not remember the figure on Russia anymore, I know we have around $1 billion somewhere in the system. To be honest, they have disappeared from my mind. I see from your question that you are optimistic about that, but you know, we have not had any dividends from Novatek for almost a year, they are somewhere there. They have a funny law in Russia that is floating that if you do not take your dividends after three years, you could lose them and they could make it one year; it is not very friendly for foreign investors. Today, everything is frozen from our point of view, Yamal continues to work, and we continue to exercise, the contract for Yamal works, and we will see about the rest. The shares for the assets are somewhere but we did not integrate anything in 2025. More to the point is the question of when there will be enough LNG capacity in the US, in 2027, where the Europeans might decide that they could get rid of Russian LNG. In the meantime, the 100 days of President Trump, I would applaud if manages, it would not only solve a lot of things for not only for TotalEnergies but for everybody, which is more important than for us. Again, there is no

Russia story in any of the figures you have seen, except the Yamal flows. As you know, since we do not hedge Yamal, we have an issue with the prices and when they were low in 2024, the Yamal performance was not as good as the previous year and that was also part of the impact. The Yamal 2024 contract performance was not as good in 2024 as in 2023 just because we are more on the spot but if the price comes back, it could be.

Irene Himona – Bernstein

My first question is on biofuels, an industry which had its economics deteriorated substantially last year, a lot of your peers are cancelling, withdrawing and impairing and there are some valid concerns that we will not have the SAF capacity needed by airlines in 2030. You have obviously converted a number of your units. What do you think needs to happen for that business to economically scale itself up over the next three or four years.

My second question is specific to this quarter, on working capital, we have seen a systematic release of material amounts of cash in Q3 2023, in Q4 2024. Can we anticipate that happening in the future, what is driving it? What is happening there?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Jean-Pierre is the expert of working capital, but I will try to help him. First, on the SAF there are different ways to produce SAF. The easy way, the cheapest way, is to go from lipids, used cooking oil, animal fats, different wastes, palm oil, etc. These ones are profitable, and we need to continue to invest in them because we have these mandates and we could have a shortage. Then, you have other projects, which for me, are more critical, where we have not invested today. They are methanol to jet or going to e-SAF, green hydrogen, which are all complex and expensive. In fact, they are not meeting customer demand because the airlines are complaining but they want the cheapest option. In my view, we can meet the mandate by 2030-2035, just by remaining on the cheapest technology. I understand why some people are cancelling some projects, which seem to be on the high side of the capital intensity. On the other side, I think the difficulty is that it is a regulated market so sometimes you have highs and lows. In 2024, the HVOs were quite low-priced and suddenly you saw a depression because the Scandinavian countries changed their rules of the game. This year, in 2024, Germany is helping everybody because they have decided that all the inventories we had in our bio quotas, have disappeared, so there is suddenly a shortage, and the price is going up. That is the difficulty with this market, and you have to navigate it. There is a nice way to make SAF with co-processing and that is also the reason why there have been some cancellations. The airline industry has allowed us to do this because it was just a normative debate. Can you make SAF with coprocessing, where you inject used cooking oil into a refinery, you produce kerosene and can you make the mass balance to see if what you have produced is SAF. It is not a real SAF but it is SAF by aggregation. They have decided, in July, last summer, that it is acceptable because it is much cheaper. Of course, by doing that they have pushed back the other big projects that are delivering real SAF, like the one we will produce, which are more expensive, because they were afraid that they could not have enough SAF, and they are cheaper. I think co-processing has taken quite a good space in the market and that is also why I think some of our colleagues have said why they should continue to invest in greenfield projects if they can produce these products just by combining products in their own refineries. That means the game has changed and that is a difficulty with these molecules, which are very regulated, they changed the way you accept the things, so you have this market and that is why, investing in Capex you need to be clear, you can do it but on the most efficient projects. I continue to be convinced that it is certainly not going to be greenfield for us, it is just transforming into biofuels all the old, unprofitable refineries in declining European markets. For me, that is a good thing to do and the condition to do that, and that is one difficulty, is to find a way to integrate the upstream because then there is a value in all this used cooking oil, animal fats, etc. We have built a partnership with a German company, SARIA, on Grandpuits and we exploring extending this partnership to other projects because the integration is the way to secure the value chain. It is not just about being the transformer of a feedstock, which could go high and an outlet that could go down, it could be a complete squeeze and that is the economic difficulty. Again, I am not afraid, I think you have a game there. The airline companies are shouting that they lack SAF because they want the price to go down to provoke overcapacity, it is a commodity business. In fact, in the maths when you make the market, I am more afraid to have overcapacity than undercapacity by 2030. For them, the game is to say, look we have a shortage. The conclusion is that in Europe we face another difficulty, which I discussed with a Commissioner in Brussels, which is today we are importing SAF from China because airline companies say there is a shortage. When you import from China you have to be sure they meet all the criteria we do in Europe. Investing in new units in Europe when you have all these imports of SAF allowed from China does not make much sense. It is a big difficulty for me on these molecules, there are plenty of regulated elements that make the investment decision not easy, but at the same time, let us move. It is clearly a complex market, but it is market, and I think we have some good cards to play on this one if we put the integration together, low Capex and being serious about it. For us, it will not be a major source of revenues, and I do not expect it to be billions of free cash. However, it helps me transform some losses, as we have done in La Mède where we went from minus 100 M$ a year to plus 30 M$, then it is fine and it is worth making the investment because we have jobs, etc., and that is fine, that is the objective.

Working capital, it is good to make it by the end of the year and I know we have some systematic fiscal issues. For example, we have to pay a big chunk of taxes at the end of the first quarter in Norway.

Jean-Pierre Sbraire - TotalEnergies SE - CFO

What is clear is that we do our outmost to make sure that there is no cash belonging to the Company outside the Company, particularly for year-end, but during my speech I mentioned that at the end of this year we benefitted from exceptional elements, mainly tax. For example, we are supposed to receive the bill from the German authorities in relation to capital gains tax we generated when we closed the deal at the end of 2023. We were supposed to receive the bill in the course of the fourth quarter and we have not. There is no miracle. We received the bill so we will pay it in the first quarter of 2025.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Having said that, it is clear that the objective is to try to normalize these flows. I am on the same page as you because I would prefer to see that as a normalization. I think we have drawn some lessons from that. You can consider that, by the end of each year, you can trust you will have more or less a stable situation for your models and your maths and that we are able to do it. We have done it three years in a row, we know the recipe and we can repeat it.

Doug Leggate - Wolfe Research

Patrick, earlier you talked about oil at 70 $/b, 80 $/b not being a good time to buy things but maybe a good time to sell. What have you assumed in your +3% growth target for 2030, what are the criteria? I can think of a couple of examples, as you are expanding your margins, you still have the UK, where there is a windfall tax, you have Libya that is growing and has a 93% tax. What do you think about the things offsetting your margin expansion and what are your criteria for disposals.

My following up question is on Suriname. You talked about exploration in Namibia, but not about the exploration plans in Suriname, can you elaborate?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Both good questions. We continue to divest some assets and in 2025 we plan to sell Nigerian onshore assets, and it is on its way to be closed and it will be done, which represents 800 M$ to 900 M$ of cash in, so it is a big bill. We have worked on the UK in different ways to try to find a way to combine fiscal losses with our tax bill, but we were not successful, we had a few issues with some partners. We are continuing to work on it, and I am very open, it is not a question of barrels, if there are opportunities to save $1 billion of taxation we will do it, value is more important.

I disagree on Libya, I think it is more of a long-term position and there is a lot of oil to be developed, not with the present terms but we are currently negotiating so we are working on it, and I think we can improve the tax rate in Libya heavily. It is a country where it is very easy to develop with a cost per barrel that is nothing, it is onshore with a huge amount of oil, so I will not forget this position because the contracts are high tax today. They will have to be improved if Libya wants to develop its reserves one day and that is the debate we are having with the authorities today, it is a matter of continuing.

To be honest, I see little future in the UK, and by the way, it is a country where we will not explore because of what has happened to our friends who have explored and made discoveries and now there is a debate over the right to develop them. For me, it is not possible to put some exploration money into a country where I am not sure I will get a development license, and I would have to go to court. I prefer to explore in countries where I am convinced, I will get the development if I make a discovery, which is the normal rule of the game.

We have some exploration in Suriname, and we are completely focused, and I think we plan to drill one well in Block 64, which is another block. We have two things. The way we have discussed with the authorities, what we called the development area of Krabdagu, in fact, the development area is covering all our discoveries, all the trends, within the PSC. If we want to explore, to appraise, we will offset the cost on the production. So, we have secured and because I'm sure we will have to come back on some of the discoveries we have done to better appraise, to reconnect, etc. So, there is some potential. And then we have another block where we are interested to explore and drill this year. So we didn't mention that, but – we have taken also, by the way – it's not in public – two blocks, two licenses in Nigeria, in the Niger Delta recently in a round. In the Niger Delta, in Nigeria there was no exploration for 10 years. We managed to reopen the box and it's one of the most prolific delta in the world, so there are still things to be explored. So, Suriname it's more, the Block 64 is not the same trend. It's more frontier exploration. But then we have to come back on what we have already discovered and appraised.

Matthew Lofting - JPMorgan Chase & Co

Thanks for taking the questions. Just two quick ones. First, Patrick, I wanted to follow up on the comments you made earlier on trading and just ask specifically on Integrated LNG or gas trading if you can share a sense of the contribution that you've embedded into 2025 cash flow and financial targets, given the comments you made earlier on the gas market, perhaps, for example, relative to 2024.

And then second, 35 GW of renewable capacity in Integrated Power for this year strikes me that's incredibly impressive delivery on a target that was set five years ago, given the global backdrop over the course of the last five years. When you think forward though, for the second half of the decade, has the Company's view on the pace and best sources of growth changed at all, given the inflation and the supply chain challenges that the industry continues to see in some segments, at least, of renewable generation?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Okay. In fact, the improvement you have, going from $4.9 billion to a target of $6 billion in Integrated LNG cash flow, part of it will come from absolute prices, which are higher, but consider that there is an improvement on the trading gas of $500 million, coming back to levels which were more in line. I say that under the eyes of Stéphane, who is approving, so it's fine. He has to deliver. But it's fine. That's the idea. Again, so that's an improvement that we expect. So, part will come from, the volumes which are being developed. We have a little more volume, but also part of it is trading back to more volatility. And again, what we observe on the market beginning of 2025 is giving us trust this should be achievable by our teams. Maybe they'll do more. We'll encourage them.

On the 35 GW. We have a large pipeline of 70 GW. It's the US, Brazil, India, Europe, that's the key markets where we think we can deploy. My question for me… What is more important is, again, a sizable business going to this 100 TWh by 2030, more than 100. I think it's very important that we have a sizable business and we are on track because we are investing $4 billion per year to develop it. Renewable is a big part of it. We have this magic figure of 100 GW. We have the pipeline. Do we want to develop all that? It will depend, of course, on the value of all what is coming. There are permanently opportunities, and, in fact, we can find a partner.

By the way, honestly, the gross capacity for me, if I'm investing gross capacity in Ireland, I will have a big number, but not a lot of results, I can tell you, because it's running only 11% of the time. So, solar in Ireland makes volumes. It's not very expensive, but the result is not there. So, be careful about the volume idea in particular, in the different markets. Where I am convinced there will be a continued growth in the US, for sure, and in some big countries in Europe, like Germany and others, where we have a good chance to continue to grow. So, I'm optimistic that we'll have a segment which will produce more than 100 TWh by 2030.

Renewable capacity, the gross one, let's see how it's going, knowing that we have also some partners. We are growing it. India will represent, I think, 15 GW, 15 to 20 GW, but all of them are not equal, And, you know, it's that type of thing. So, we will continue to invest in Integrated Power. We have this $ 4 billion per year as the metric which we will maintain. The way we split it between the batteries, for example, will be more important in our mix than they were when we set the 100 GW target. We need more batteries. It's quite clear to us. But battery is also a way to enhance the profitability and the returns on renewables and gas plants. So, that mix is moving, and we are adapting ourselves to these conditions.

Kim Fustier - HSBC

Hi, thanks for taking my question. Firstly, I wanted to ask a quick follow-up on Yamal. In the past couple of months, the US and the EU have sanctioned a carrier shipping LNG from Yamal. Is this affecting your ability to offtake cargoes from Yamal at all?

Secondly, on US offshore wind, I think you said back in November that you're pausing your US offshore project called Attentive Energy, and you said that's a four-year pause. So, I'm just curious whether that's reflected in your low carbon Capex figure. And then I'm just curious to hear your thoughts on your involvement in projects that are exposed to, you know, at the mercy of political winds that can shift every four years. Thank you.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Okay, that's life, but the concession is for 50 years. No, to be clear, that means that, yes, we don't spend. By the way, we had a development team of 50 or 60 people in New York. They will be down to five. So, it's very active, you know. I think it will come one day. Let's be patient, again, on this one. So, there is a year of development in offshore wind around 30 M$ per year. So, it does not fundamentally change. In the meantime, we have taken more licenses in Germany, where I don't expect this type of change of policy. I think it will go through, there will be a change of chancellor, a change of government majority. I don't see a change on this strategy, on this policy.

Yamal, I'm not sure. I don't remember. Aurélien is the expert, or Nicolas. I didn't see any impact on Yamal on any sanction. I've seen some impact on Arctic 2 for sure, but by the way, Arctic 2, we don't invest and we are not there. On Yamal, I have no, I don't see. Stéphane? No, I don't know which cargoe you are thinking about, but we have no impact on Yamal from our side. We didn't see it. But Aurélien, you can answer, but I don't have that in mind. I can tell you, we monitor the Russian sanctions every two weeks, so we have a permanent session.

Aurélien Hamelle - TotalEnergies SE - President, Strategy & Sustainability

Yes, indeed, I was going to say, for the last three years now, we've been monitoring every two weeks.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Every two weeks, we spend 30 minutes on this topic.

Aurélien Hamelle - TotalEnergies SE - President, Strategy & Sustainability

So, there's no sanctions. There are sanctions affecting Arctic LNG 2 and the value chain of Arctic LNG 2, the supply chain of Arctic LNG 2. That, yes, correct, and actually we've declared force majeure and taken the consequences of that, but not on Yamal, not at all actually. And the ships are not under sanctions for Yamal.

Anish Kapadia - Palissy Advisors

Hi, it's Anish Kapadia from Palissy Advisors. I had a question around your net debt and interest costs. So, when I look at the reported net debt versus, when you add back some of the other items like the hybrids, the leases, the factoring of receivables, your net debt is then, you know, a lot higher, potentially $30 billion plus higher. So, I was just wondering if you're still, you know, when you think about all the other claims on the assets, you're still comfortable with that debt level increasing. And from an interest and financing cost perspective, can you give a sense of what the increase in financing costs is in 2025 in terms of the combination of traditional debt, hybrids, and the factoring of receivables, just, you know, given you've been re-terming your debt at a higher level? Thanks.

Jean-Pierre Sbraire - TotalEnergies SE - CFO

We benefited from very low-cost debt because most of the debt was fixed before the interest rate increased. To give you one figure, it's largely below 4% the cost of debt we have at present time. And hybrids, it's something completely different. We decided to make some liability management regarding hybrids. But at the present time, we consider that as a long term component in our balance sheet. So that's why we decided to renew, to make some liability management and to renew the tranche that is supposed to mature next, in February in fact. It's what we did during the fourth quarter. But honestly, most of the debt is fixed, so we do not see any strong increase this year compared to the previous year.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

No, there is no increase in our planning for 2025 of the cost of debt. And I don't see an increase of the debt. And again, except what we said about the potential impact of the $3 billion that we mentioned. Okay, we have to go to maybe the phone. Paul Cheng?

Paul Cheng - Scotiabank

Hi. Thank you. Patrick, I think you haven't talked about on the AI adoption. Do you believe that AI adoption will be an important factor for you in terms of driving down the cost and improving the efficiency over the next, say, two or three years? And where you see is the biggest opportunity, if that is the case, and how much is your investment going to be?

The second question is – sorry, just one second – the second question is that is the US administration – I know you're saying that we should watch and see – but clearly that they become less friendly to some of the renewable. I think, ideologically, that they are lesser friendly to the renewable energy and that they want to promote more drilling in the onshore and also offshore Gulf of Mexico. Supposedly that will make more leases available. Has it changed in the way that how you may want to allocate your capital, especially on the Gulf of Mexico, and also for the US renewable power business? Thank you.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Okay. On AI, Vincent gave some hints. I don't know if Namita is there. She wants to have some complement on it. What I can tell you is that we are – it's important – we will establish in the organisation of Namita, which is called OneTech, we will have a specialised line reporting to her about all these digital and AI, I would say, tools. We strongly believe it's a way to, not only a way to be more efficient. Does it deliver in the next two, three years? I'm not fully sure. It's programmes. We will develop what we call a "digital plant program" in order to digitally look more systematically. We are thinking to make some strong investments with some – we are discussing today with some companies in order to be able to connect all the real-time data which are in our different plants, either all the refineries or the FPSOs, to, in order to connect them and to develop some reverse modelling for advanced processing control. We believe, strongly believe that there is a lot of things to win with advanced process control, the APC.

You know, in our industry, we try to mimic the physical equation, which is difficult, and it's difficult to adapt. There is obviously a very strong improvement potential with AI if you can make, based on data, reverse modelling very accelerated and changing conditions. It's an obvious way. So, these ones, we have decided at the end of the year, at the Executive Committee level, to invest in this segment, to make these connections across the Company, and to invest, including in terms of developing these, I would say, AI models. So that's clear. Does it deliver quickly? I hope so. But we will – it's clearly on the top of the agenda, and in the OneTech organisation will be directly reporting to Namita as an individual, I would say, line. Today it was in different segments, different divisions. We want to regroup and to have a clear leader, and to drive this move to AI and digital.

On the US, Gulf of Mexico has always been part of our agenda. You know, you mentioned, this year, I mentioned that there are two projects, Ballymore and Anchor, which are, where are contributing. But it's true that we decided to give up on, five years ago on one project because we didn't see the way to develop it in a profitable way. And we are not operators. We became non-operators. But we can – I'm completely on the way to – I think that there is still some good exploration potential in the US, and we have some discussions with some potential partners to invest in Gulf of Mexico exploration. It's something on which we are ready, but more as non-operators than operators, because finding a lot of money to establish a position is not really the best way to optimise our costs.

On the renewable, okay, I know, and I listen, like you, to the images or to the slogans. Having said that, if I just remind you that during the first presidency of President Trump the solar, for example, was still supported in terms of fiscal support. Not at 30% or 40%, but 20-24%, which honestly, for me, is an acceptable level. So, I mean it is, and I will be, I think the debate at the Congress, at the Senate between these congressmen and the administration will be interesting, because again, in many of these states, which are also Republican states, they see some interest to develop these renewables. I remind you that the grid infrastructure in the US is not so strong, so it's a way also to complement it.

So, I mean, I'm optimistic about the fact that it should not impair dramatically the way we envisage the future in the US, not only renewables, but gas-fired power plants, which, of course, are encouraged, or batteries. I remind you that we made the investment in Clearway before the IRA. Then the IRA came, so it was a sort of additional profit to our investment, and the investment we've done in Clearway is in line with our expectations, so we are fine. It was even better. Big thanks to the IRA. If we are back to our previous terms, it has not, it does not fundamentally change the way we see the development of this power. But again, the world is not only renewables. It's Integrated Power, and the last investment we've done in these gas plants are really quite profitable. So, there are ways to – electricity demand, fundamentally, will grow. So, the question is, how do you meet this electricity demand in the future years? And all these data centres, hyperscalers, they want to have that tomorrow. It will take a little more time, but we – so it's a good business when you have a strong demand. It's worth to continue to find ways to invest in it, just fundamentally.

Henri Patricot - UBS

Yes, Henri Patricot from UBS. Thank you for the update. Just one question, going back to the organic Capex guidance and the move from $18 billion to $17 billion, because if we go back to the October presentation, you're also expecting $18 billion next year in 2026. So, I was just wondering, you know, to what extent the changes that you've put through for this year are kind of structural, and can see, again, similar organic Capex in 2026, or whether the lower spending on some of the small projects you talk about have a sort of impact on some of the projetcs.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

You have to wait for September, year by year. It's a good question. Again, you can take $17-$18 billion, if you want, for 2026, instead of $18 billion. I'm not sure it changes fundamentally the attractiveness of the share of TotalEnergies, but to help you.

Bertrand Hodée - Kepler Cheuvreux

Yes, hello. One, two questions left on the LNG side. The first one, on your LNG strategy, the idea, as you highlighted it in October is to convert Henry Hub into Brent when it comes to your LNG offtakes. At 2 $/Mbtu Henry Hub and Brent 80 $/b Brent it works perfectly, but it works less so at 4 $/Mbtu Henry Hub and Brent 70 $/b, and it does not work at all at 60 $/b. My concern is not, obviously, for 2025, given current LNG dynamics and high spot LNG prices, but it's more beyond. How do you intend to mitigate an outcome where you will have much higher Henry Hub than you have anticipated?

And the second question is more very short term on the LNG. Last year, at 7-8$/Mbtu we saw a surge in India LNG spot demand, Chinese LNG spot demand. Now that we are at 14-15 $/Mbtu, do you see a reverse impact in LNG demand destruction in Asia?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

No, but again, we have a view on this market by 2027-2030. The reality of this LNG market is that there will be some increase of capacity of 100 million tons, so 30%. It's a reality, and maybe it could drive the Henry Hub high, but it will drive the LNG price low. So, the best protection is to move to Brent because, again, on the oil, I would be surprised to see oil establishing at 50-60 $/b for long by the end of this decade. You know, at 50 $/b, you don't have a lot of shale oil producers investing, they are already disciplined at 70 $/b, so at 60 $/b, so, and the decline is 20% per year. So, I think the fundamental of all these oil markets is stronger than what could happen on the LNG one.

If the Henry Hub is much higher, what is the answer that we need to bring on TotalEnergies side is to produce more in the US, to have more US gas production. That's the best protection for me. That's why we have made two deals, and we continue, in answer to our friends, that it's part, for me, fundamental. We need to fill this gap in our portfolio to have more exposure to domestic, to shale gas, to gas, because to face a situation where you have exactly what you describe, higher Henry Hub price and lower LNG, that's clear. So, this one, I agree, and we intend by continuing to do what we've done in 2025, continuing to stack some different opportunities in order to reach more or less 1.5 Bcf/d.

Demand destruction at higher prices in China and India? I would say, I would be, the country which surprised me in 2024 is India, in fact. India has increased its demand. I saw the figure this morning, 28 million tons in 2023, with a price which was not so low. In fact, they are buying. You know, five years ago, I think, the same answer would have said 5-6 $/Mbtu. Today, they bought at 10 $/Mbtu, more or less, during the year, and an increase of demand. So, India is investing in some gas infrastructure. What will be the reaction at 15-16 $/Mbtu? But again, 15-16 $/Mbtu maybe it's for a year, but demand destruction, no. Cautiousness, yes, and probably it will be a good incentive for these buyers to go again to Brent, which I think is, they are more confident and less volatile, in fact, from gas. Do you want to add something, Stéphane, on this one?

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

No, as you just said, Patrick, India was very strong last year, and so far, based on what I see from January, we don't see a sharp decline of Indian consumption. So, we have to wait for a few months to see if at 16 $/Mbtu that starts or not, but yet, it's not the case.

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

They will be reactive if the price remains high in 2025, but is it structural? My answer is no.

Yeah, you had raised your hand. You had a question. I stopped you because Bertrand was coming. So, Lucas, if you want. If you want to ask your last question, to be the last star.

Lucas Herrmann - BNP Paribas Exane

I've got to stand up. It was just a follow up question. It was simply, why do you factor, out of interest? Why do you use factoring as a process? What's the logic in terms of debt factoring? It was going back to Anish's question earlier. Was there a particular logic to it?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

It's not a decision made by the holding level, corporate level.

Business by business. You know, we are a de-centralised organization, operational. We just control that it remains cheap. If it's not cheap, we say no. We control the costs.

Renaud Lions - TotalEnergies SE - Senior VP, Investor Relations

Any last word, maybe, Patrick?

Patrick Pouyanné - TotalEnergies SE - Chairman & CEO

Thank you. I think, thank you for all your attendance, first. I don't know. Renaud loves to go higher and higher in London. I don't know if there is a message for the stock price, maybe.

We should go higher and higher. So, I don't know if there is another one to visit next year. Personally, I was, the one of last year, for me, was a little better because I had a view. This year, I had a view on tubes there, on industries.

So, but maybe there is a third one. So, again, thank you for having attended. I think, honestly, our case is quite simple. We have, and the year 2024, this last quarter, have reinforced all the fundamentals. And I don't think you would have a lot of surprise on negative ones in 2025 from our Company. Thank you.

There will be a presentation by Aurélien on March 27. It will be a one man show by Aurélien and a Q&A. So, for those who want to attend on the Sustainability and Climate report, Aurélien will do that on the 27th, the afternoon, I think. Thank you.