

## TotalEnergies

# Why choose when you can have both? Quality as well as Value

Reiterate Rating: BUY | PO: 74.00 EUR | Price: 58.39 EUR

## Key takeaways

- We only fine-tune our estimates in the wake of TotalEnergies' 4Q23 results slightly missing our more bullish expectations.
- Our PO remains unchanged at EUR74, implying >25% upside potential. At our updated estimates, TTE trades on 13% FCF 2024.
- We see no relative premium despite TTE's quality edge over peers - whether in strategic / financial / dividend consistency

## Surprised about no surprises?

While Big Oil updates alongside 4Q23 results have created share price volatility largely around shareholder distribution updates ahead of expectations (e.g. at [Shell](#), [BP](#), [OMV](#)), As we expected (see our [Big Oil 4Q23 Playbook](#) warning of more misses), Visible Alpha consensus has so far had a tough Big Oil earnings season (the only beat coming from Shell). So while TTE yesterday joined the ranks of slightly light 4Q23 results, no parallel surprise announcements on cash returns should not surprise, in our view. After all, TTE has built the most dependable track record of shareholder distributions among its peers – while at the same time sitting on one of the strongest balance sheets (see Exhibit 2) as well as the most valuable Renewable portfolio of all Big Oils (BofA NPV >\$35bn).

## No valuation premium for premium resilience?

We reiterate our Buy rating and continue to see TTE as one of our Big Oil top picks – in what we expect to be a more challenging year for the sector: [2024 Year Ahead: Greater resilience to command greater premium](#)). And yet, our updated estimates see TTE trade at 13% FCF for 2024 – amongst the highest in the sector despite its superior resilience.

## Balance sheet resilience vs. M&A appetite

We believe TTE is unlikely to use its strong balance sheet for significant inorganic growth (which will continue to include add-on deals financed mostly by disposals – which we expect to deliver >\$2bn proceeds in FY24 from transactions announced in 2023).

Estimates (Dec) (USD)	2022A	2023A	2024E	2025E	2026E
EPS (Adjusted Diluted)	14.1	9.52	11.2	11.6	10.7
EPS Change (YoY)	106.7%	-32.5%	17.7%	3.8%	-8.1%
Dividend / Share	4.00	3.25	3.56	4.05	4.44
ADR EPS (Adjusted Diluted - US\$)	14.1	9.52	11.2	11.6	10.7
ADR Dividend / Share (US\$)	4.00	3.25	3.56	4.05	4.44
Valuation (Dec)					
P/E	4.42x	6.77x	5.60x	5.40x	5.88x
Dividend Yield	6.37%	5.18%	5.66%	6.45%	7.06%
EV / EBITDA*	2.96x	4.01x	3.90x	4.01x	4.76x
Free Cash Flow Yield*	20.3%	12.1%	15.3%	16.0%	17.0%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 6.

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**Refer to important disclosures on page 7 to 10. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.**

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Timestamp: 08 February 2024 01:19AM EST

08 February 2024

## Equity

### Key Changes

(US\$)	Previous	Current
2024E EPS	10.78	11.21
2025E EPS	11.58	11.63
2026E EPS	NA	10.68
2024E DPS	3.52	3.56

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## Stock Data

Price (Common / ADR)	58.39 EUR / 63.05 USD
Price Objective	74.00 EUR / 81.00 USD
Date Established	7-Dec-2023 / 7-Dec-2023
Investment Opinion	B-1-7 / B-1-7
52-Week Range	50.55 EUR-64.80 EUR
Market Value (mn)	149,169 EUR
Shares Outstanding (mn)	2,554.7 / 2,554.7
Average Daily Value (mn)	224.76 USD
Free Float	98.2%
BofA Ticker / Exchange	TTFNF / ENP
BofA Ticker / Exchange	TTE / NYS
Bloomberg / Reuters	TTE FP / TTEF.PA
ROE (2024E)	21.3%
Net Dbt to Eqty (Dec-2023A)	19.1%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

# iQprofile<sup>SM</sup> TotalEnergies

Key Income Statement Data (Dec)	2022A	2023A	2024E	2025E	2026E
(US\$ Millions)					
Sales	390,519	336,056	298,283	301,438	279,830
EBITDA Adjusted	62,838	46,315	47,668	46,390	39,092
Depreciation & Amortization	(12,221)	(12,762)	(12,071)	(12,862)	(13,400)
EBIT Adjusted	50,522	34,303	35,597	33,528	25,692
Net Interest & Other Income	(7,267)	2,661	3,669	4,479	5,075
Tax Expense / Benefit	(22,242)	(13,301)	(13,193)	(12,616)	(8,720)
Net Income (Adjusted)	36,281	23,176	25,773	25,091	21,747
Average Fully Diluted Shares Outstanding	2,572	2,434	2,300	2,158	2,036

<b>Key Cash Flow Statement Data</b>					
Net Income (Reported)	20,526	21,384	25,773	25,091	21,747
Depreciation & Amortization	12,221	12,762	12,071	12,862	13,400
Change in Working Capital	(870)	4,544	(2,751)	(52.7)	228
Deferred Taxation Charge	0	0	0	0	0
Other CFO	15,490	1,989	1,155	1,089	1,027
<b>Cash Flow from Operations</b>	<b>47,367</b>	<b>40,679</b>	<b>36,249</b>	<b>38,989</b>	<b>36,402</b>
Capital Expenditure	(15,690)	(17,722)	(16,977)	(17,477)	(17,477)
(Acquisition) / Disposal of Investments	(1,184)	2,151	1,355	0	0
Other CFI	1,758	(883)	(800)	(800)	(800)
<b>Cash Flow from Investing</b>	<b>(15,116)</b>	<b>(16,454)</b>	<b>(16,422)</b>	<b>(18,277)</b>	<b>(18,277)</b>
Share Issue / (Repurchase)	(7,341)	(8,784)	(9,534)	(9,506)	(7,494)
Cost of Dividends Paid	(10,522)	(7,828)	(8,160)	(8,707)	(9,038)
Increase (decrease) debt	(3,781)	(10,698)	(9,396)	(2,500)	(1,593)
Other CFF	3,737	9,591	9,396	2,500	1,593
<b>Cash Flow from Financing</b>	<b>(17,907)</b>	<b>(17,719)</b>	<b>(17,694)</b>	<b>(18,212)</b>	<b>(16,532)</b>
<b>Total Cash Flow (CFO + CFI + CFF)</b>	<b>14,344</b>	<b>6,506</b>	<b>2,133</b>	<b>2,500</b>	<b>1,593</b>
FX and other changes to cash	(2,660)	(12,269)	(9,396)	(2,500)	(1,593)
Change in Cash	11,684	(5,763)	(7,263)	0	0
Change in Net Debt	(15,465)	(4,935)	(2,133)	(2,500)	(1,593)
Net Debt	27,740	22,805	20,672	18,172	16,579

<b>Key Balance Sheet Data</b>					
Property, Plant & Equipment	107,101	108,916	112,015	116,171	119,802
Goodwill	8,650	8,650	8,650	8,650	8,650
Other Intangibles	23,281	24,433	24,433	24,433	24,433
Other Non-Current Assets	39,108	42,126	42,522	42,992	43,511
Trade Receivables	24,378	23,442	20,873	21,136	19,997
Cash & Equivalents	33,026	27,263	20,000	20,000	20,000
Other Current Assets	68,320	48,824	48,292	48,529	47,504
Total Assets	303,864	283,654	276,785	281,912	283,896
Long-Term Debt	45,264	40,478	31,082	28,582	26,989
Other Non-Current Liabilities	34,252	34,938	34,938	34,938	34,938
Short-Term Debt	15,502	9,590	9,590	9,590	9,590
Other Current Liabilities	94,276	79,195	73,343	73,791	71,854
Total Liabilities	189,294	164,201	148,953	146,901	143,371
Total Equity	114,570	119,453	127,832	135,010	140,525
Total Equity & Liabilities	303,864	283,654	276,785	281,912	283,896

<b>Business Performance*</b>					
Return On Capital Employed	12.2%	10.6%	12.0%	11.3%	9.16%
Return On Equity	32.5%	20.3%	21.3%	19.5%	16.1%
Operating Margin	13.4%	9.02%	10.6%	9.57%	7.33%
Free Cash Flow (MM)	32,547	18,413	22,023	21,565	21,565

<b>Quality of Earnings*</b>					
Cash Realization Ratio	1.31x	1.76x	1.41x	1.55x	1.67x
Asset Replacement Ratio	1.28x	1.39x	1.41x	1.36x	1.30x
Tax Rate	51.4%	38.2%	33.6%	33.2%	28.3%
Net Debt/Equity	24.2%	19.1%	16.2%	13.5%	11.8%
Interest Cover	NM	46.9x	44.7x	42.1x	32.3x

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Sector

Oils

## Company Description

TotalEnergies SE is one of the world's largest oil and gas companies. Activities cover upstream exploration and production and downstream refining, chemicals and marketing.

## Investment Rationale

We like TotalEnergies's more defensive profile, thanks to a higher-quality portfolio (lower breakeven oil price, coupled with longer-cycle Upstream portfolio) and TotalEnergies's well-funded balance sheet (21% gearing by year-end 2022 even after treating hybrid bonds as debt). We see attractive upside potential on both an absolute basis and compared to peers on our preferred metric of FCF yields.

## Stock Data

Shares / ADR	1.00
Price to Book Value	1.1x

## Key Changes

(US\$)	Previous	Current
2024E EPS	10.78	11.21
2025E EPS	11.58	11.63
2026E EPS	NA	10.68
2024E DPS	3.52	3.56

# 4Q23 results digest

## Clean earnings and cash flow slightly miss consensus

Clean net income of \$5.2bn vs. company-collected consensus at \$5.3bn / VA consensus \$5.8bn / BofA \$5.8bn (3Q23 was \$6.6bn): Divisional results broadly inline with company-collected consensus, but miss VA consensus and BofA in all divisions.

CFFO of \$8.5bn (before >\$7bn working capital inflows – VA consensus had assumed \$1bn inflows) close to VA consensus \$8.6bn / BofA \$8.7bn (3Q23 was \$9.3bn).

FCF after working capital changes (and after ~\$6.1bn organic capex) therefore did not cover quarterly payments of TTE's ~\$2bn ordinary dividend and ~\$3bn share buybacks. However, given working capital inflows and disposal proceeds, net debt is down to \$6bn from \$17bn after 3Q23.

Quarterly DPS raised by 6.8% to €0.79 (we assumed a 7.5% increase but a quarter later) – TTE had raised DPS by +7% at the start of 2023.

### Exhibit 1: 4Q23 results vs. history and vs. expectations (\$m)

TTE missed our expectations for net income due to weakness in upstream, marketing & services and a larger corporate loss

Adj.	4Q23A	4Q22A	3Q23A	YoY	QoQ	BofA 4Q23E	VA Cons. 4Q23E	C-C Cons. 4Q23E	4Q23A vs. BofA	4Q23A vs. Cons.
E&P + iGR&P	4,785	6,417	4,986	(25%)	(4%)	4,870	5,150	4,800	(2%)	(7%)
Refining & Chemicals	633	1,487	1,399	(57%)	(55%)	1,082	862	600	(42%)	(27%)
Marketing & Services	306	334	423	(8%)	(28%)	339	360	300	(10%)	(15%)
Corporate	(178)	(25)	80	n.m.	n.m.	(55)	(71)		224%	152%
<b>(=) Net operating income</b>	<b>5,546</b>	<b>8,213</b>	<b>6,888</b>	<b>(32%)</b>	<b>(19%)</b>	<b>6,236</b>	<b>6,477</b>	<b>5,700</b>	<b>(11%)</b>	<b>(14%)</b>
(+) Net cost of net debt	(265)	(442)	(305)	(40%)	(13%)	(294)	(365)		(10%)	(27%)
(-) Non-controlling interests	26	(210)	(14)	n.m.	n.m.	(101)	74		(126%)	(65%)
<b>(=) Net income</b>	<b>5,307</b>	<b>7,561</b>	<b>6,569</b>	<b>(30%)</b>	<b>(19%)</b>	<b>5,841</b>	<b>5,794</b>	<b>5,300</b>	<b>(9%)</b>	<b>(8%)</b>
Diluted EPS (\$/share)	2.16	2.97	2.63	(27%)	(18%)	2.44			(11%)	
DPS (EUR/share)	0.79	1.74	0.74	(55%)	7%	0.74			7%	
Effective tax rate	47%	42%	34%			40%				
OCF (before working capital changes)	8,500	9,135	9,340	(7%)	(9%)	8,688	8,562		(2%)	
OCF (after working capital changes)	16,150	5,618	9,496	187%	70%	9,198	9,510			
Total Upstream volumes (kboepd)	2,462	2,812	2,476	(12.4%)	(0.6%)	2,450	2,454		1%	
Average liquids realizations (\$/bbl)	80.2	80.6	78.9	(0%)	2%	80.2	78.6			
Average natural gas realizations (\$/tcf)	6.17	12.74	5.47	(52%)	13%	6.17	7.13			
ERVCM (\$/t)	50.1	73.6	95.1	(32%)	(47%)	50.1	59.8			

Source: BofA Global Research estimates, company report, Visible Alpha

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## Outlook mostly unchanged from September CMD

TTE continues to intend to distribute >40% of CFFO to shareholders in the medium-term with a \$2bn buyback in 1Q24. We continue to expect an increase in TTE's share buyback cadence to total ~\$9bn in 2024 (vs VA at \$7.5bn). Capex guidance of \$17-18bn for FY24 was unchanged – we expect organic capex of ~\$17bn.

### New guidance for 1Q24

New 1Q24 guidance for achieved LNG prices \$10/mbtu (flat from 4Q23). New 1Q24 / FY24 guidance for Upstream production expected >2.4mboepd / +2% excluding Canada disposal impact (vs. VA consensus of 2.46mboepd).



# Attractively priced vs. peers

## Any FCF yield metric makes TTE shine vs. peers

Exhibit 2 not only shows relative valuation metrics but also includes our gearing calculations (including IFRS16 liabilities as well as treating hybrid bonds as debt).

We model TTE will de-gear by another 5pp 2023-25 (despite assuming a partial net working capital reversal into 2024) – underlining why we believe its higher FCF yields 2024-25 (whether calculated on market cap or enterprise value) are mispriced:

### Exhibit 2: European Big Oil valuation matrix

We still see valuation dislocations across the European Big Oils – especially when considering greater leverage

	FCF Yield			FCF/Enterprise Value (EV)			Gearing			Dividend Yield			Total distribution yield		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
BP	11%	12%	12%	7%	8%	7%	35%	37%	37%	5%	5%	5%	12%	12%	11%
Shell	9%	14%	14%	7%	11%	12%	19%	17%	14%	4%	4%	4%	11%	11%	11%
TotalEnergies	12%	13%	13%	10%	11%	11%	18%	16%	14%	5%	5%	5%	10%	11%	11%
Equinor	12%	5%	10%	12%	5%	9%	-12%	7%	9%	14%	9%	5%	21%	16%	12%
Repsol	9%	7%	6%	7%	5%	4%	13%	15%	16%	5%	5%	5%	14%	10%	11%
OMV	6%	5%	5%	4%	4%	3%	15%	15%	17%	13%	13%	11%	13%	13%	11%
Galp	7%	3%	3%	6%	2%	2%	32%	36%	39%	4%	4%	4%	9%	7%	6%
Eni	12%	10%	10%	9%	7%	7%	24%	24%	24%	7%	7%	7%	11%	9%	10%
<b>Average</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>18%</b>	<b>21%</b>	<b>21%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>13%</b>	<b>11%</b>	<b>10%</b>

Source: BofA Global Research

Note: Gearing calculation uses net debt including IFRS16 leases and hybrid bonds

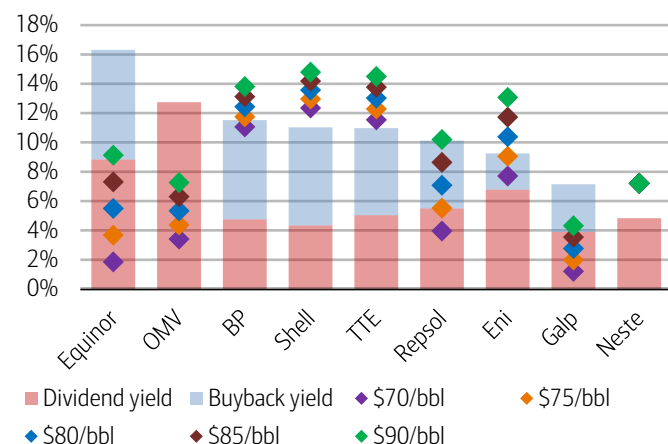
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## Resilience? FCF protected at various oil & gas prices

We believe Exhibit 6 and Exhibit 7 eloquently make our case why TTE is one of the more resilient FCF propositions – under a variety of commodity price assumptions. As a result, we also see its FCF cash return cover as leading in the sector:

### Exhibit 3: FCF yields at various Brent prices vs 2024 payout yields

Equinor does not cover its cash returns organically at our base case \$80/bbl Brent



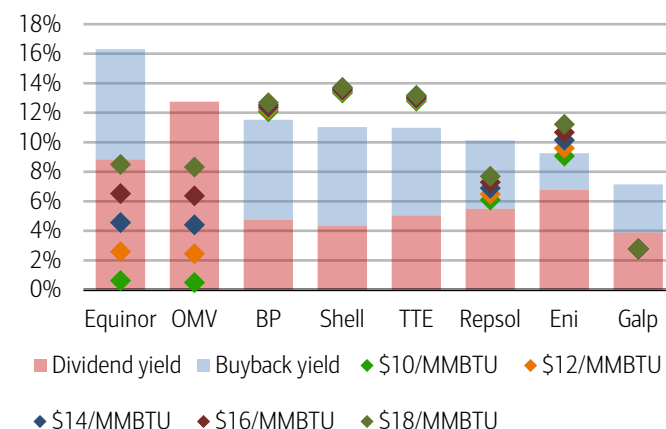
Source: BofA Global Research

Assuming our \$15/MMBTU Dutch TTF base case

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### Exhibit 4: FCF yields at various European gas prices vs 2024 payout yields

Equinor is significantly more sensitive to a move in gas prices vs peers



Source: BofA Global Research

Assuming our \$80/bbl Brent base case

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## Price objective basis & risk

### TotalEnergies (TTFNF / TTE)

Our PO of EUR74/share (ADR US\$81) is based on our bottom-up cash flow model and resultant sum-of-the-parts valuation. Our sum-if-the-parts (SOTP) valuation uses discounted cash flow (DCF) valuation for TotalEnergies's sub-divisions based on differentiated discount rates: 9.1% for Refining and Marketing & Services, 5.2% for Renewables as well as 8.8% for Corporate (assuming a zero perpetuity growth rate for all). Our divisional DCF valuations are usually based on perpetuity assumptions beyond 2030 - except for TotalEnergies's E&P assets: Here we run a "depletion DCF" (at a 8.5% discount rate) and disregard both the income and capex attributable to future prospects (effectively assuming these are value neutral) while using our long-term Brent oil price assumption of \$70/bbl.

Risks (upward and downward) to our PO are sharp moves in refining margins, oil and gas prices as well as the USD. Other risks are unanticipated government intervention and regulation, expropriation risk, project execution/oil spill/environmental risk, bankruptcy risk, litigation risk, M&A risk and the general risk of increased taxes and tariffs. In addition, our PO is subject to significant exploration success or lack thereof, general risks of changes in taxes and tariffs as well as fluctuating capex costs.

## Analyst Certification

I, Christopher Kuplent, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

BofA Securities is currently acting as financial advisor to PTT Exploration & Production PCL in connection with its potential acquisition of 25.5% stake in Seagreen Offshore Wind Farm, which was announced on December 22, 2023.

### EMEA - Oil & Gas Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Capricorn Energy	CRNZD	CNE LN	Matthew Smith
	Energiean	EERGF	ENOG LN	Matthew Smith
	Energiean	XMQFF	ENOG IT	Matthew Smith
	Equinor ASA	STOHF	EQNR NO	Christopher Kuplent
	Equinor ASA	EQNR	EQNR US	Christopher Kuplent
	Harbour Energy	PMOIF	HBR LN	Matthew Smith
	Kosmos Energy	KOS	KOS US	Matthew Smith
	Kosmos Energy	XKELF	KOS LN	Matthew Smith
	Neste	NTOIY	NTOIY US	Christopher Kuplent
	Neste	NTOIF	NESTE FH	Christopher Kuplent
	Saipem	SAPMF	SPM IM	Christopher Kuplent
	Shell plc	SHEL	SHEL US	Christopher Kuplent
	Shell Plc	RYDAF	SHEL LN	Christopher Kuplent
	TotalEnergies	TTFNF	TTE FP	Christopher Kuplent
	TotalEnergies	TTE	TTE US	Christopher Kuplent
	Vallourec	VLouF	VK FP	Joseph Charuy
<b>NEUTRAL</b>				
	Aker Solutions	AKRTF	AKSO NO	Christopher Kuplent
	BP plc	BP	BP US	Christopher Kuplent
	BP plc	BPAQF	BP/ LN	Christopher Kuplent
	Eni	E	E US	Matthew Smith
	Eni	EIPAF	ENI IM	Matthew Smith
	EnQuest	ENQUF	ENQ LN	Matthew Smith



## EMEA - Oil &amp; Gas Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Ithaca Energy plc	XMFYF	ITH LN	Matthew Smith
	Tenaris	TNRSF	TEN IM	Joseph Charuy
	Tenaris	TS	TS US	Joseph Charuy
	Var Energi	XGZNF	VAR NO	Matthew Smith
<b>UNDERPERFORM</b>				
	Aker BP	DETNF	AKRBP NO	Matthew Smith
	Galp Energia	GLPEF	GALP PL	Matthew Smith
	OMV	OMVJF	OMV AV	Matthew Smith
	OMV	OMVKY	OMVKY US	Matthew Smith
	Repsol	REPLY	REPLY US	Matthew Smith
	Repsol	REPLY	REP SQ	Matthew Smith
	Subsea 7 SA	ACGYF	SUBC NO	Christopher Kuplent
	Technip Energies	THNPF	TE FP	Christopher Kuplent
	Technip Energies	THNPY	THNPY US	Christopher Kuplent
	Tullow Oil	TUWLF	TLW LN	Matthew Smith

iQmethod<sup>SM</sup> Measures Definitions

## Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

## Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

## Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

## Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

## Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

## Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

## Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

## Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

## Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

iQmethod<sup>SM</sup> is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

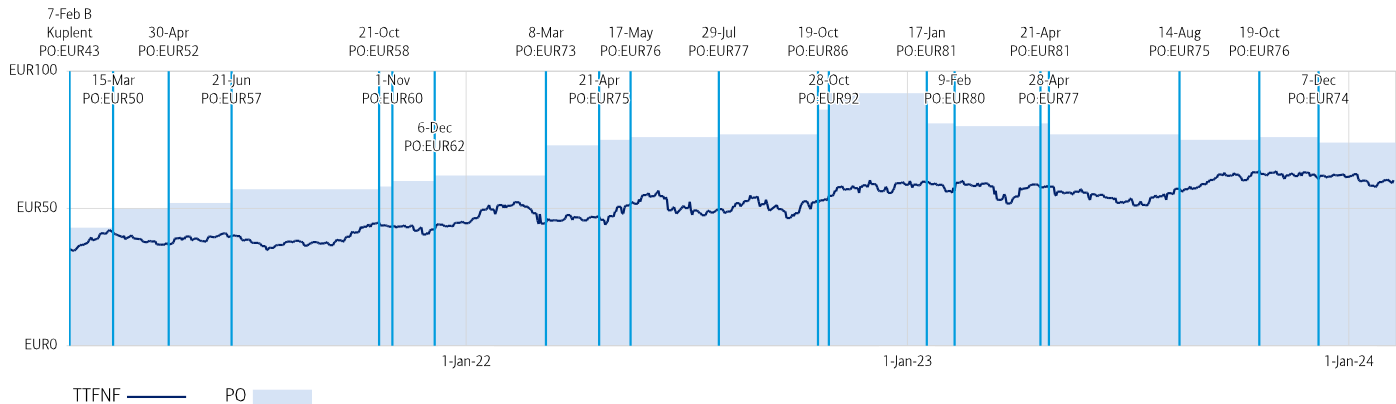
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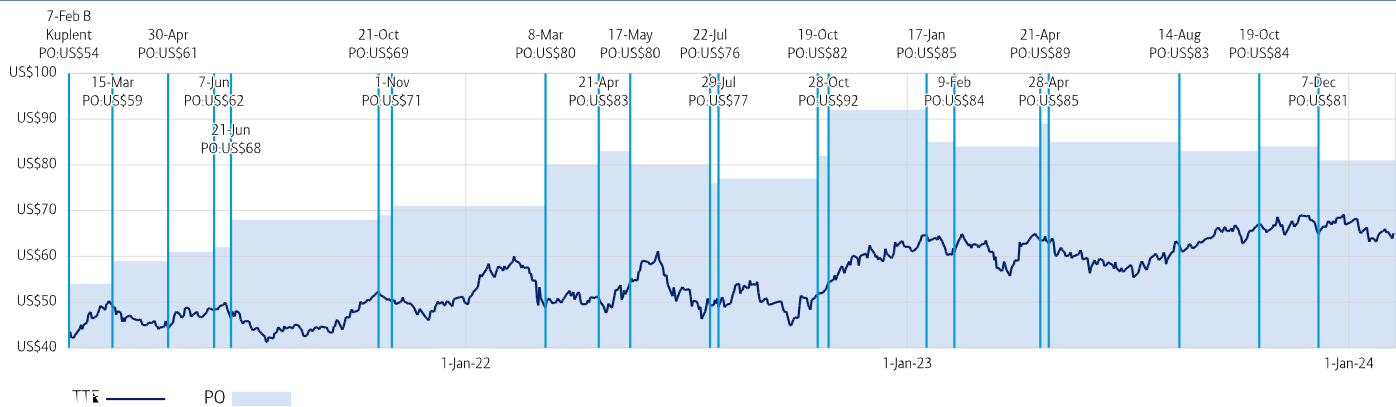
### TotalEnergies (TTFNF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### TotalEnergies (TTE) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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### Equity Investment Rating Distribution: Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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