

Industry: Oil and gas

Company of the petrochemical and energy sector based in France, and with presence in more than 130 countries. It is the largest company in the Euro zone by turnover. Its business units have become the chain of the oil industry: exploration, production, prospection, refining, distribution, commerce and Marine transport. **October 3, 2018.**

\$169,28 billion**Total revenue 2017**

- Dividend Yield: 4.8%
- Market Capitalization: \$ 143.63 Billion
- Large Cap
- Beta 60 months = 1.13 (Mercado= 1)
- Low risk.

Economic Perspectives**Projections of the Gas and Oil Industry**

The global growth of the estimated Product for 2019 is 3.8%, showing solid and sustainable growth in the long term. It is consistent with the growth of the second semester that was 4% in the United States. There is also high and sustained growth in Asia and Europe, with a substantial rebound of exports of raw materials. The increase in fiscal spending in the United States (Fiscal expansion) has a positive impact on production and demand for raw materials, including oil. The recovery of the expected production will cause an increase in the productivity and profitability of companies worldwide.

It must be taken into account that the United States is an active market for TOTAL S.A.

An increase in the volume of investment (increase in exploration and oil production) is expected for 2019 and 2020 to meet this increase in global demand for basic products, incorporating relevant technological improvements, increasing the efficiency of the companies in the sector, impacting on Greater profitability (Increase in profits).

The price of Brent oil is estimated at 85.50 USD, current price 82.72 USD, which is equivalent to a projected increase of 3.33%; the Texas WTI barrel would remain stable for 2019 at 73.25 USD. According to OPEC sources, the market is going towards equilibrium.

A reduction in credit and fiscal policy (low public spending) is expected in the long term, with the increase of US protectionism towards China and its response, which would alter world economic conditions (high commercial risk). The risk of changing economic perspectives in the long term takes more consideration; however, in the medium term the economic conditions and the oil industry are very favorable, and with an increasing tendency.

GDP global growth 2019 3.80% | **Oil industry growth 2019 3.33%**

Financial analysis**Situation of the company**

The company has a consistent sales revenue since 2014, with an increase of 16.55% in 2017 compared to 2016. Profits in the last year grew by 2,093.00 million USD. The dividend of the year 2017 is of 2.48 Euros, granting a good dividend yield, without losing sight of the growth strategy, where the company has a long-term investment program of 17,000.00 Million USD per year until 2020. The company has a solid operational performance at the efficiency level of its main activities, with a percentage reduction of 2 points. Efficiency is greater due to the incorporation of state-of-the-art technology.

Relevant information

Key data per year.	2017	2016	2015	2014
Revenue (in millions of dollars)	149.099	127.295	143.421	212.018
Profits (in millions of dollars)	8.299	6.206	4.786	4.250
Margin profit	5,56%	4,85%	3,33%	2,00%
ROA (Return on Assets)	3,42%	2,68%	2,13%	1,84%
ROE (Return on equity)	7,27%	6,10%	5,01%	4,54%
Earnings per Common Share	3,34	2,51	2,16	1,86
Average earnings per share for the last 4 years \$2,40 (USD)				

Financial projections Total SA. Expectations of growth 2019

Sales growth of 11.64% is expected, explained by a sustained increase in world growth, which demands a greater quantity of petroleum products. The long-term objective of the company is to maintain a constant debt-equity ratio, making the company maintain or reduce its financial risk (lower risk when paying its debts, more liquidity or money available to face difficulties). An increase in sales together with greater efficiency in operations, leads to lower costs, increasing the profit margin, higher estimated profits. Increase in the value of the company.

A repurchase of shares is estimated by Total S.A. of USD 5,000 million until 2020, increasing the demand for the share, producing an increase in the price.

Estimated price at 2 years 76.16 USD per ordinary share, 17.35% higher than the current price.

Low volatility risk.

\$ 166.454 M

Total revenue 2018

\$9.265 M

Projected net income 2018

5,57%

Profit margin

\$ 3,75

Earnings per share 2018

\$ 3,38

Dividend projection

4,98%

Dividend Yield projection

\$ 26.353,73 M

Operating cash flow

\$2.413,73 M

Free cash flow 2018

\$11.757,92 M

Estimated EBIT

\$926,5 M

Estimated investment

\$28.836 M

Estimated cost and expenses

18,04 PER

Price to earnings ratio

64,90

Current price 10/3/2018

 **+ 8,85%**

Estimated growth

70,64

12-Month Price Target