

Rating: Buy  
 S&P 500: 1466

## Total S.A. Constructive Russo-French Interdependence

<i>Symbol</i>	TOT	<i>Ebitda Next Twelve Months ending 6/30/08 (US\$mm)</i>	36,600
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	78.77	<i>Natural Gas and Oil Production/Ebitda (%)</i>	75
<i>Pricing Date</i>	8/1/07	<i>Adjusted Reserves/Production NTM</i>	9.7
<i>Shares (mm)</i>	2278	<i>EV/Ebitda</i>	5.7
<i>Market Capitalization (US\$mm)</i>	179,000	<i>PV/Ebitda</i>	6.4
<i>Debt (US\$mm)</i>	30,000	<i>Undeveloped Reserves (%)</i>	50
<i>Enterprise Value (EV) (US\$mm)</i>	210,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	33.10
<i>Present Value (PV) (US\$mm)</i>	233,000	<i>Present Value Proven Reserves(US\$/boe)</i>	15.28
<i>Net Present Value (US\$/share)</i>	89	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.55
<i>Debt/Present Value</i>	0.13	<i>Earnings Next Twelve Months (US\$/sh)</i>	7.75
<i>McDep Ratio - EV/PV</i>	0.90	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	3.3	<i>Indicated Annual Dividend (US\$/sh)</i>	2.56

Note: Estimated cash flow and earnings tied to one-year futures prices for oil.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Estimated present value presumes a long-term price for oil of US\$66 a barrel and natural gas, \$11 a million btu.

For historical analysis of TOT since 2004 see [www.mcdep.com/1tot.htm](http://www.mcdep.com/1tot.htm)

### Summary and Recommendation

Buy-recommended **Total (TOT)** offers unlevered appreciation potential of 11% to estimated net present value (NPV) of \$89 a share revised up from \$80 a share on May 29 when we raised long-term oil price to \$66 a barrel from \$60. Reporting second quarter results on August 2, the euro oil champion benefited proportionately more from oil price and less from downstream (Other) than mega cap peers in unlevered cash flow (Ebitda) (see table [Next Twelve Months Operating and Financial Estimates](#)). Concentration of NPV on natural gas at 28%, all Rest of World, exceeds peers that range from 11%-21% (see table [Functional Cash Flow and Present Value](#)). We are heartened that with the help of Presidents Sarkozy and Putin, Total and Gazprom have agreed to jointly develop Shtokman, the Arctic natural gas mastodon. Concurrently the Russian company may own a piece of Gaz de France in what has to be a constructive development in international energy cooperation for economic growth and investor profit. Energy values continue in an upward trend despite volatility of short-term quotes (see chart [Six-Year Commodity Price Meter](#)). Total stock continues in an upward trend as well trading above its 200-day average.

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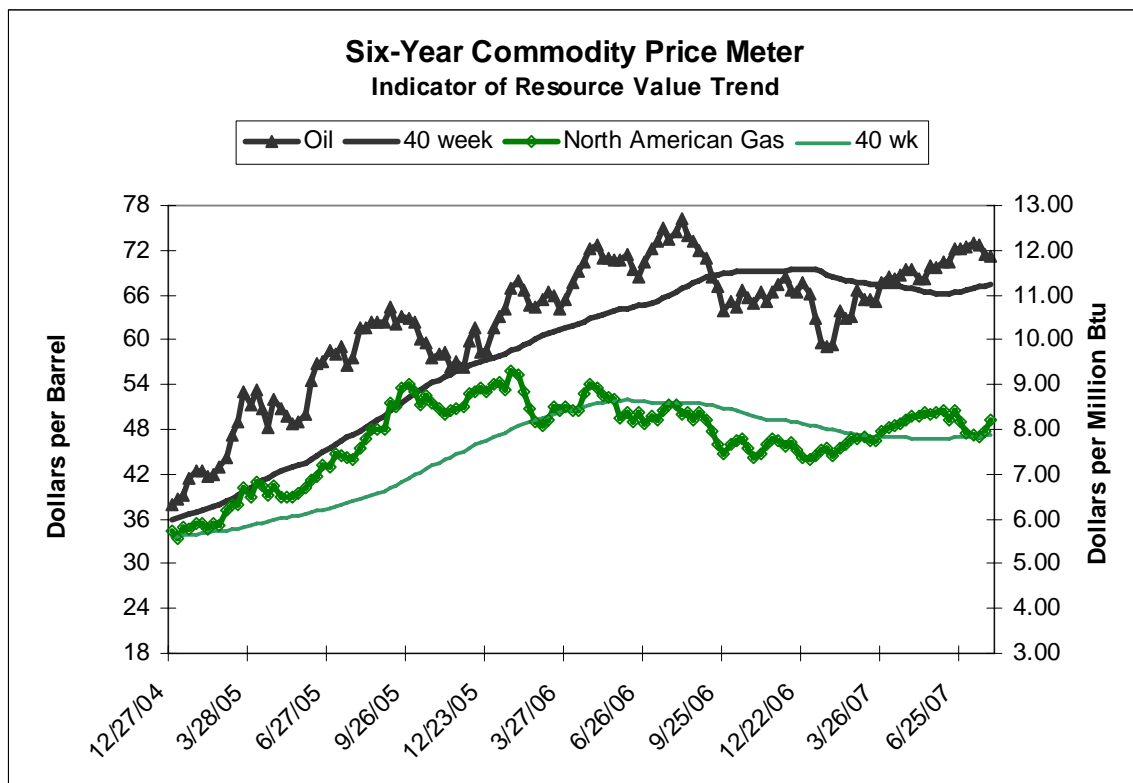
**Total S.A.**  
**Next Twelve Months Operating and Financial Estimates**

	<i>Q2</i>	<i>Q3</i>	<i>Year</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Next Twelve Months</i>
	<i>6/30/06</i>	<i>9/30/06</i>	<i>2006</i>	<i>3/31/07</i>	<i>6/30/07</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007E</i>	<i>6/30/08</i>
<b>Volume</b>									
Natural Gas (mmcf)	4,501	4,411	<b>4,674</b>	4,781	4,599	4,411	4,989	<b>4,695</b>	<b>4,695</b>
Oil (mbd)	1,466	1,485	<b>1,506</b>	1,551	1,475	1,475	1,475	<b>1,494</b>	<b>1,475</b>
Total gas & oil (mmb)	202	204	<b>834</b>	211	204	203	212	<b>831</b>	<b>824</b>
Total gas & oil (mbd)	2,216	2,220	<b>2,285</b>	2,348	2,242	2,210	2,307	<b>2,276</b>	<b>2,257</b>
<b>Price</b>									
Dollar (euro/\$)	1.26	1.27	<b>1.26</b>	1.31	1.35	1.37	1.37	<b>1.35</b>	<b>1.37</b>
Natural gas (\$/mmbtu)	5.75	5.59	<b>5.93</b>	5.69	5.75	5.59	6.16	<b>5.81</b>	<b>5.81</b>
Oil (\$/bbl)									
WTI Cushing	70.47	70.42	<b>66.05</b>	58.08	64.91	75.91	75.47	<b>68.59</b>	<b>74.50</b>
Brent	69.60	69.50	<b>65.13</b>	57.80	68.80	80.47	79.99	<b>71.77</b>	<b>68.54</b>
Company	66.20	65.40	<b>61.84</b>	55.00	65.70	76.84	76.39	<b>68.27</b>	<b>75.42</b>
Total gas & oil (\$/bbl)	55.47	54.85	<b>52.89</b>	47.92	55.03	62.44	62.17	<b>56.78</b>	<b>61.36</b>
NY Harbor 3-2-1 (\$/bbl)	15.39	11.67	<b>10.50</b>	11.68	24.96	12.67	8.80	<b>14.53</b>	<b>12.12</b>
Europe (\$/t)	38.30	28.70	<b>28.90</b>	33.00	42.80	21.41	14.87	<b>28.02</b>	<b>20.48</b>
<b>Revenue (mmeuro)</b>									
Natural gas	1,872	1,780	<b>8,061</b>	1,868	1,783	1,656	2,064	<b>7,370</b>	<b>7,263</b>
Oil	7,019	7,012	<b>27,078</b>	5,858	6,532	7,611	7,566	<b>27,568</b>	<b>29,639</b>
Total production	8,891	8,792	<b>35,139</b>	7,726	8,315	9,267	9,630	<b>34,938</b>	<b>36,903</b>
Other	26,877	24,736	<b>99,052</b>	23,951	25,184	25,184	25,184	<b>99,503</b>	<b>100,737</b>
Total	35,768	33,528	<b>134,191</b>	31,677	33,499	34,451	34,814	<b>134,442</b>	<b>137,639</b>
<b>Expense</b>									
Production	3,960	4,146	<b>16,223</b>	3,248	3,551	4,027	4,208	<b>15,033</b>	<b>16,146</b>
Other	25,164	22,979	<b>92,421</b>	22,182	23,452	23,427	23,632	<b>92,693</b>	<b>93,927</b>
<b>Ebitda (mmeuro)</b>									
Production	4,931	4,646	<b>18,916</b>	4,478	4,764	5,004	5,200	<b>19,447</b>	<b>19,927</b>
Other	1,713	1,757	<b>6,631</b>	1,769	1,732	1,757	1,552	<b>6,810</b>	<b>6,810</b>
Total Ebitda	6,644	6,403	<b>25,547</b>	6,247	6,496	6,761	6,752	<b>26,257</b>	<b>26,737</b>
Exploration	146	159	<b>634</b>	214	255	255	255	<b>979</b>	<b>1,020</b>
Deprec., Deplet., & Amort.	1,212	1,299	<b>5,109</b>	1,300	1,365	1,365	1,365	<b>5,395</b>	<b>5,460</b>
Excess tax and other	(1,386)	(1,407)	<b>(5,711)</b>	(996)	(880)				
<b>Operating Income</b>									
Upstream	5,376	5,000	<b>20,307</b>	4,275	4,440				
Downstream	1,036	1,002	<b>3,644</b>	973	1,004				
Chemicals	260	350	<b>1,294</b>	381	312				
Total operating income	6,672	6,352	<b>25,515</b>	5,729	5,756				
Excess tax and other	1,386	1,407	<b>5,711</b>	996	880				
<b>Ebit</b>	5,286	4,945	<b>19,804</b>	4,733	4,876	5,141	5,132	<b>19,883</b>	<b>20,257</b>
Interest	104	164	<b>424</b>	136	110	110	110	<b>466</b>	<b>440</b>
<b>Ebt</b>	5,182	4,781	<b>19,380</b>	4,597	4,766	5,031	5,022	<b>19,417</b>	<b>19,817</b>
Income Tax	1,814	1,673	<b>6,783</b>	1,609	1,668	1,761	1,758	<b>6,796</b>	<b>6,936</b>
<b>Net Income (mmeuro)</b>	3,368	3,108	<b>12,597</b>	2,988	3,098	3,270	3,264	<b>12,621</b>	<b>12,881</b>
<b>Shares (millions)</b>	2,323	2,302	<b>2,314</b>	2,281	2,278	2,278	2,278	<b>2,279</b>	<b>2,278</b>
Per share (euro)	1.45	1.35	<b>5.45</b>	1.31	1.36	1.44	1.43	<b>5.54</b>	<b>5.65</b>
Ebitda Margin (E&P)	55%	53%	<b>54%</b>	58%	57%	54%	54%	<b>56%</b>	<b>54%</b>
Tax Rate	35%	35%	<b>35%</b>	35%	35%	35%	35%	<b>35%</b>	<b>35%</b>

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**Total**  
**Functional Cash Flow and Present Value**

	<i>NTM Ebitda</i> <i>(US\$mm)</i>	<i>Adjusted</i> <i>R/P</i>	<i>PV/</i> <i>Ebitda</i>	<i>Present</i> <i>Value</i> <i>(US\$mm)</i>	
Rest of World Natural Gas	9,460	11.1	6.9	65,000	28%
Oil	17,820	9.0	6.6	118,000	51%
Downstream	9,320		5.4	50,000	21%
	36,600	9.7	6.4	233,000	100%
Debt (US\$mm)				30,000	
Net Present Value (US\$mm)				203,000	
Shares (mm)				2,278	
Net Present Value - Standard Estimate (US\$/sh)				89	
Net Present Value - Approximation by Correlation (US\$/sh)				89	



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