

MORNING NEWS MIDCAPS

EQUITY RESEARCH

01 September 2011

Oil & Gas downstream

Rubis

RUBF.PA / RUI@FP

Buy

H1 11 earnings

Proven capacity to protect the margin

H1 11 EBIT expanded by 20% to €58m, exceeding expectations. The storage activities did not perform as well as we expected but this was offset by a very robust margin on LPG volumes despite higher costs. 2011 attributable net profit guidance reiterated: €70m (+25%).

- We remain at Buy on Rubis with a €46.5 target price calculated from DCF and peer comparison models. The company is still delivering **solid growth** and this will continue thanks to expanded storage capacity in the ARA region, the integration of new assets (Turkey in 2012) and still significant acquisition capacity.
- Management said it is **confident the group will generate €70m attributable net profit** (up 24%) in 2011 and enjoy further solid growth in 2012 thanks to new acquisitions, especially the stake in the Ceyhan terminal in Turkey which is expected to be finalised in early 2012. It also announced that it has just negotiated a deal on **land adjacent to its Rotterdam terminal which will enable it to double the size of its initial project** (in the long term). H2 11 will be boosted by the integration of the distribution assets taken over from Chevron in the French West Indies in July and the additional stake in the SARA refinery (up from 24% to 36%) bought in late August. We still see attributable net profit reaching €71m in 2011.
- **H1 11 EBIT expanded by 20% to €58m, beating our forecast (€56m)**. The contribution from Rubis Terminal disappointed, shrinking by 5% to €23m. It was penalised by an **unfavourable weather index** (17% warmer in France), which reduced fuel outflows, and by the costs of starting up the new Anvers terminal. Rubis Energie posted a very solid contribution, up 38% at €40m. It was driven by an **8% rise in the LPG unit margin** despite higher supply prices, while volumes were 4% lower because of the mild winter. All in all, adjusted attributable net profit rose by 18% to €36m (+8% like-for-like).
- Rubis is still **actively looking for acquisition opportunities** and has €300m in undrawn credit lines and a new equity line (€66m at current prices) for this purpose. For the time being, there are no ongoing investment plans requiring the company to tap into this source of equity, and EPS accretion remains one of management's priorities. Despite spending €116m on acquisitions in H1 11, the gearing ratio fell to 28% (vs. 45% at end-2010) thanks to dividends paid in shares (€45m) and a €32m capital increase via the previous equity line.

Analyst(s)

Julien Laurent (33 1) 58 55 05 38
 Hager Bouali (33 1) 58 55 05 29
 Anne Pumir (33 1) 58 55 05 20
 Alain Parent (33 1) 58 55 21 82

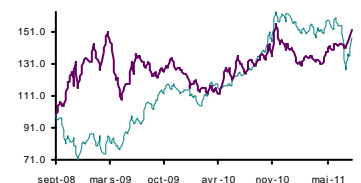
Price	08/31/2011	€39.92
Target		€46.50
Upside		16.5%

Performance	1m	12m	1 Jan
Absolute	-1.8%	14.7%	-8.4%
Sector	-10.4%	1.7%	-11.8%
DJS Small200	-9.6%	1.4%	-14.1%

Market capitalisation	€1.2bn
Free float	83.0%
Hallsol	6.0%
Daily volume	€2m

on 31/12	2011e	2012e	2013e
EPS (€)	2.42	2.72	2.89
Revision	-	-	-
Change	4.3%	12.7%	6.2%

P/E (x)	16.5	14.7	13.8
P/CF (x)	10.1	8.6	8.0
EV/EBIT (x)	14.0	12.0	11.3
EV/EBITDA (x)	10.0	8.4	7.8
Net yield	4.0%	4.4%	4.7%
FCF yield	-1.0%	1.9%	3.1%



Source : Natixis

Equity Markets equity.natixis.com

Bloomberg access NXSE

Distribution of this report in the United States. See important disclosures at the end of this report.

EQUITY MARKETS

Financial Data on 31/12

Rubis

Breakdown by activity (€m)	2009	2010	2011e	2012e	2013e	CAGR 10/13
Turnover	952.7	1,449.8	2,062.8	2,523.6	3,292.9	31.4%
Rubis Energie	763.3	1,163.0	1,797.2	2,242.7	2,998.4	37.1%
Rubis Terminal	189.4	286.8	265.6	280.9	294.5	0.9%
Adjusted operating profit	76.5	87.8	113.7	133.3	141.2	17.1%
Rubis Energie	45.4	47.6	72.5	86.3	88.3	22.9%
Rubis Terminal	37.8	48.6	48.1	55.0	59.9	7.2%
Corporate	-6.7	-8.4	-7.0	-8.0	-7.0	5.7%
Adjusted operating margin	8.0%	6.1%	5.5%	5.3%	4.3%	
Rubis Energie	5.9%	4.1%	4.0%	3.8%	2.9%	
Rubis Terminal	20.0%	16.9%	18.1%	19.6%	20.3%	
Profit & loss statement (€m)	2009	2010	2011e	2012e	2013e	CAGR 10/13
Turnover	951.9	1,449.8	2,062.8	2,523.6	3,292.9	31.4%
<i>Change</i>	<i>-20.2%</i>	<i>52.3%</i>	<i>42.3%</i>	<i>22.3%</i>	<i>30.5%</i>	
Organic growth	-	-	-	-	-	
EBITDA	111.8	127.1	159.1	191.0	204.3	17.1%
<i>Change</i>	<i>14.7%</i>	<i>13.7%</i>	<i>25.2%</i>	<i>20.1%</i>	<i>7.0%</i>	
EBIT	76.5	87.8	113.7	133.3	141.2	17.1%
<i>Change</i>	<i>6.1%</i>	<i>14.8%</i>	<i>29.4%</i>	<i>17.3%</i>	<i>5.9%</i>	
Adjusted EBIT	76.5	87.8	113.7	133.3	141.2	17.1%
<i>Change</i>	<i>6.1%</i>	<i>14.8%</i>	<i>29.4%</i>	<i>17.3%</i>	<i>5.9%</i>	
Operating margin	8.0%	6.1%	5.5%	5.3%	4.3%	
Financial items	-6.9	-3.6	-11.3	-16.4	-16.6	
Pre-tax profit on ordinary activities	69.6	84.2	102.3	116.9	124.6	13.9%
Exceptional items	0.0	0.0	0.0	0.0	0.0	
Corporate tax	-19.7	-24.0	-27.8	-30.4	-33.0	
Goodwill amortisation/ impairment	-	-	-	-	-	
Equity associates	0.0	0.0	0.0	0.0	0.0	
Minority interests	-2.7	-3.9	-3.9	-3.9	-3.9	
Net profit on divested activities	-	-	-	-	-	
Reported net profit	47.2	56.4	70.6	82.6	87.7	15.9%
<i>Change</i>	<i>10.6%</i>	<i>19.4%</i>	<i>25.3%</i>	<i>17.0%</i>	<i>6.2%</i>	
Adjusted net profit	47.2	56.4	70.6	82.6	87.7	15.9%
<i>Change</i>	<i>10.6%</i>	<i>19.4%</i>	<i>25.3%</i>	<i>17.0%</i>	<i>6.2%</i>	
Cash flow statement (€m)	2009	2010	2011e	2012e	2013e	CAGR 10/13
Cash flow from operations	87.0	98.5	116.1	140.3	150.9	15.3%
Net Investments	-88.6	-115.8	-124.0	-117.9	-112.9	-0.9%
Decrease (Increase) in WCR	3.6	-3.4	-4.1	0.0	0.0	
Free cash flow	2.1	-20.7	-12.1	22.5	38.0	na
Acquisitions	-3.9	-56.2	-238.7	0.0	0.0	
Dividend	-29.5	-39.0	-27.1	-47.3	-53.7	11.2%
Capital increase	21.7	196.1	0.0	0.0	0.0	
Divestments	0.8	9.6	41.4	0.0	0.0	
Miscellaneous	2.8	-58.5	9.0	15.8	17.9	
Increase (Decrease) in cash	-6.2	31.4	-227.5	-9.0	2.2	
Net debt	181.1	149.7	377.2	386.2	384.0	
Gearing	35.8%	20.4%	45.0%	39.6%	34.1%	

This document may mention valuation methods, which are defined as follows:

1/ Peer comparison method: valuation multiples for the company in question are compared with those of a sample of companies in the same sector, or with a similar financial profile. The sample average acts as a valuation benchmark, to which the analyst can, where necessary, apply discounts or premiums resulting from his/her perception of the company's specific features (legal status, growth outlook, profitability, etc.).

2/ NAV method: Net asset value is an assessment of the market value of the assets on a company's balance sheet using the method that the analyst deems most relevant.

3/ Sum of the parts method: this method involves valuing each of the company's businesses separately using the most appropriate valuation methods for each, and then adding them together.

4/ DCF method: the discounted cash flow method involves assessing the current value of cash that a company will generate in the future. The analyst draws up cash flow projections based on his/her assumptions and models. The discount rate used is the average weighted cost of capital, which equates to the company's cost of debt and the theoretical cost of equity as estimated by the analyst, and weighted by the proportion of each of these two components in the company's financing.

5/ Method based on transaction multiples: with this valuation method, the company's multiples are compared with those seen in transactions involving groups with a similar business profile.

6/ Dividend discount method: with this method, the analyst establishes the present value of dividends to be paid to shareholders by the company, using a projection of dividend payments and an appropriate discount rate (generally the economic cost of equity).

7/ EVA method: with the Economic Value Added method, the analyst determines the additional level of profitability generated annually by a company on its assets relative to its cost of capital (difference also known as value creation). This additional profitability can then be discounted over the coming years using a rate corresponding to the weighted average cost of capital, and the resulting amount is added to the net asset value.

* Up to 04/30/2010, Natixis ratings covered the next six months and were as follows:

Buy	upside of 15% to market and high-quality fundamentals.
Add	upside of 0-15% and/or high risk.
Reduce	downside of 0-15%.
Sell	downside of more than 15% and/or high risks on business and financial fundamentals.

From 05/01/2010, Natixis ratings cover the next six months and are as follows:

Buy	upside over 10%
Neutral	upside between +10% and -10%
Reduce	downside of more than -10% and/or high risks on business and financial fundamentals.

At 09/01/2011, Natixis ratings and the proportion of total stocks for which its parent company Natixis has provided investment services over the past 12 months break down as follows:

	Companies covered	Corporate companies
Buy	49.85%	2.09%
Neutral	36.72%	0.90%
Reduce	10.45%	0.30%

Reference prices are based on closing prices.

The information contained in these publications is exclusively intended for a client base consisting of professionals or qualified investors. It is sent to you by way of information and cannot be divulged to a third party without the prior consent of Natixis. It cannot be considered under any circumstances as an offer to sell, or a solicitation of any offer to buy financial instruments. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past and simulated performances offer no guarantee as to future performances. Any opinions offered herein reflect our current judgement and may change without notice. Natixis cannot be held responsible for the consequences of any decision made with regard to the information contained in those documents. Natixis has set up due procedures for the separation of activities, notably in order to prevent conflicts of interest between the research activities and its other activities. Details of these 'information barriers' are available on request from the head of compliance. On the date of those reports, Natixis and/or one of its subsidiaries may be in a conflict of interest with the issuer mentioned herein. In particular, it may be that Natixis or any person or company linked thereto, their respective directors and/or representatives and/or employees, have invested on their own account in, or act or intend to act, in the next twelve months, as an advisor, provider of liquidity, market maker, or corporate banker (and notably for underwriting transactions, placements or connected transactions), for a company discussed in this report.

This research may be disseminated from the United Kingdom by Natixis, London Branch, which is authorised by the ACP and subject to limited regulation by the Financial Services Authority. Details about the extent of regulation by the Financial Services Authority are available from the London Branch on request.

The transfer / distribution of this document in Germany is done by / under the responsibility of Natixis Zweigniederlassung Deutschland. NATIXIS is authorized by the ACP and regulated by BaFin (Bundesanstalt für Finanzdienstleistungsaufsicht) for the conduct of its business in Germany.

Natixis is authorised by the ACP and regulated by Bank of Spain and the CNMV for the conduct of its business in Spain.

Natixis is authorised by the ACP and regulated by Bank of Italy and the CONSOB (Commissione Nazionale per le Società e la Borsa) for the conduct of its business in Italy.

Natixis, a foreign bank and broker-dealer, makes this research report available solely for distribution in the United States to major U.S. institutional investors as defined in Rule 15a-6 under the U.S. Securities Act of 1934. This document shall not be distributed to any other persons in the United States. All major U.S. institutional investors receiving this document shall not distribute the original nor a copy thereof to any other person in the United States. Natixis Bleichroeder LLC a U.S. registered broker-dealer and member of FINRA is a subsidiary of Natixis. Natixis has no officers or employees in common with Natixis Bleichroeder LLC. Natixis Bleichroeder LLC did not participate in the preparation of this research report and as such assumes no responsibility for its content. This research report has been prepared and reviewed by research analysts employed by Natixis, who are not associated persons of Natixis Bleichroeder LLC and are not registered or qualified as research analysts with FINRA, and are not subject to the rules of the FINRA. In order to receive any additional information about or to effect a transaction in any security or financial instrument mentioned herein, please contact a registered representative Natixis Bleichroeder LLC 9 West 57th Street, New York, NY 10105.