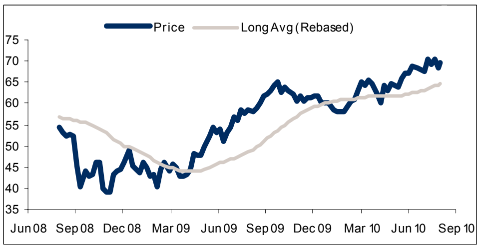
Gilbert Dupont

Groupe Crédit du Nord

RUBIS - BUY

€ 69.60 at 31/08/10
Target : € 85.2 (22.4%)

L/H 12M	€ 55.75/70.90
Vol. 3M	16265 shares/day
Shares Outst.	11 759 669
Mkt Cap.	m€818
Free Float	m€ 635
Market	Euronext B
Sector	Chemicals / Oil
Bloomberg	RUI FP
Isin	FR0000121253
Index	CAC Mid100, SBF 250



Shareholder structure	Capital
Free float	77.6%
Orfim + Halisol	11.6%
Groupe Marcel Dassault	5.4%
FCP Rubis + Directors	3.1%
Columbia Wanger AM	2.3%

Ratios	12/09	12/10e	12/11e	12/12e
PE	16.0	15.1	13.8	12.6
PEG	3.1	2.7	1.4	1.4
P/CF	8.7	7.8	6.9	6.6
EV/Sales	1.1	0.8	0.8	0.7
EV/Cur.Oper.Inc.	12.9	11.8	10.5	9.4
EV/EBIT	13.1	11.8	10.5	9.4
P/BVPS	1.5	1.5	1.4	1.3
Yield	4.1%	4.3%	4.7%	5.2%

Per Share data	12/09	12/10e	12/11e	12/12e
Adjusted EPS (€)	4.36	4.61	5.06	5.51
Chge	*5.1%*	*5.6%*	*9.7%*	*9.1%*
CFPS (€)	8.04	8.98	10.04	10.59
FCFPS (€)	-0.64	-1.99	4.98	5.37
BVPS (€)	45.36	47.81	50.19	52.75
Dividend (€)	2.85	3.01	3.30	3.60

Results	12/09	12/10e	12/11e	12/12e
Sales (m€)	951.9	1216.9	1244.3	1266.8
Var.	*-20.2%*	*27.8%*	*2.3%*	*1.8%*
Cur.Op.Inc./Sales (%	8.2	7.1	7.5	7.8
EBIT/Sales (%)	8.0	7.1	7.5	7.8
EBIT (m€)	76.5	86.6	92.8	98.4
Net att. Profit (m€)	47.2	54.2	59.4	64.8
Var.	*10.5%*	*14.8%*	*9.7%*	*9.1%*
Net Margin (%)	5.2	4.7	5.0	5.3

Financ. struct.	12/09	12/10e	12/11e	12/12e
ROCE (%)	7.3	7.3	8.0	8.6
ROE (%)	9.9	9.8	10.2	10.5
CF (m€)	87.0	105.5	118.1	124.5
FCF (m€)	-7.0	-23.5	58.6	63.1
Net Debt (m€)	181.1	199.4	153.1	105.1
Equity + Min. (m€)	505.3	579.4	610.1	642.7
Gearing (%)	35.8	34.4	25.1	16.4

10/11/2010 : Sales 9 months

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H1 sales + net income + meeting / Resiliency in H1. Growth opportunities confirmed

First half above our forecasts

Rubis' first-half results beat our forecasts. Sales came to €682.8m, up 49.4%, thanks to the sharp hike in propane prices, as well as a 14% expansion in volumes. LPG distribution sales rose by 50.4% (of which +14% in volume), and Rubis Terminal sales by 45.3% (+14% when excluding trading activities).

Recurring operating income rose more modestly, by 8.4%, hit by pressures on LPG distribution margins and the increase in automatic distribution machines (+29%). Even so, this is above our forecast (€45.5m, +0.9%). Net attributable income rose sharply, to €35m, thanks mainly to the booking of €5.1m in exceptional income (negative acquisition goodwill + some provisions) and a sharper-than-expected decline in financing costs.

(€ m)	H1 09	H1 10	% chg.	GD forecast
Sales	456.9	682.8	49.4%	637.7
of which Rubis Energie	368.1	553.8	50.4%	512.6
of which Rubis Terminal	88.8	129.0	45.3%	125.1
Recurring operating income	45.1	48.9	8.4%	45.5
of which Rubis Energie	30.4	29.4	-3.3%	29.2
of which Rubis Terminal	18.7	24.1	28.9%	20.2
of which charges de holding	-4.0	-4.6	15.0%	-4.0
Net attributable income	27.0	35.0	29.5%	27.7

For the first half, net debt came to €199m vs. €556m in equity, which was shored up by €44m (+€28m through dividends paid out in shares and +€18m through a €60m activation of the equity line).

Growth driven by the storage business

The good surprise is from Rubis Terminal, whose recurring operating income rose by 29%, to €24.1m (GD forecast: €20.2m). When restated for the €1.6m impact of a change in consolidation scope in Corsica, the storage division was boosted by continued strong demand in petroleum products (+12%) and an upturn in chemicals activities (+55%), which coincides with the expansion of capacities in Antwerp (up in running in October) and Rotterdam. The tripling of Rotterdam's contribution shows how quickly that region is ramping up (recurring operating income of €2.3m, vs. €0.8m).

As expected, Rubis Energie's recurring operating income fell by 3%, to €29.4m. Performances varied from one region to another (Africa -6%, Caribbean +46% (due mainly to the non-recurrence of strikes that had caused €1.5m in lost business), and Europe -31%), but Rubis' distribution margin nonetheless held up well (falling by just 10%), despite sharp inflation in propane prices.

In light of this good first half and a basis of comparison that should be more favourable in LPG distribution in H2, the target announced at the shareholders' meeting of 5 to 10% growth will probably be surpassed. We are raising our forecasts as follows:

(€ m)	31/12/09	31/12/10 (e)		31/12/11 (e)		31/12/12 (e)	
		before	after	before	after	before	after
Recurring operating income	77.7	82.6	86.6	90.5	92.8	95.9	98.4
EPS (€)	4.4	4.23	4.61	4.73	5.06	5.17	5.51
EPS after/before			9.0%		6.9%		6.6%

Buy rating reiterated with a target price raised to €85.2 (vs. €78.7). Management confirmed that it is reviewing numerous acquisition opportunities.