

## News - Mid Caps

Price (10 June 2010)	EUR66.0
Market cap./Free float (EURm)	714.2/553.5
EV (EURm)	924.3
3m avg. volume (EURm)	1.2
Reuters/Bloomberg	RUBF.PA/RUI FP

Financial data	12/09	12/10e	12/11e	12/12e
Adjusted EPS (EUR)	4.40	4.61	5.61	6.44
EPS - IBES (EUR)	4.35	4.74	5.30	5.94
Net dividend (EUR)	2.85	3.12	3.80	4.36
Sales (EURm)	951.9	1,243	1,292	1,326
Adjusted EBIT (EURm)	77.7	86.8	104.3	117.9
Adj. net profit (EURm)	48.1	53.2	64.7	74.3
Adj. net debt / EBITDA (x)	1.6	1.7	1.4	1.1

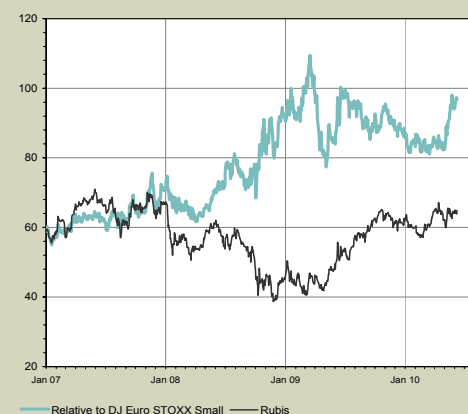
Stockmarket ratios*	12/09	12/10e	12/11e	12/12e
P/E (x)	12.0	14.3	11.8	10.2
P/BV (x)	1.2	1.4	1.3	1.3
Net yield (%)	5.4	4.7	5.8	6.6
FCF yield (%)	0.7	0.6	6.0	9.9
EV/Sales (x)	0.8	0.7	0.7	0.7
EV/EBITDA (x)	6.6	7.4	6.3	5.5
EV/EBIT (x)	9.5	10.6	8.8	7.6

\* Yearly average price for FY ended 12/09

Performance* (%)	1w	1m	3m	12m
Absolute	2	5	10	24
Rel. Oil & Gas	6	16	25	28
Rel. DJ Euro STOXX Small	2	11	18	4

\* In listing currency, with dividend reinvested

## Price relative to DJ Euro STOXX Small



## Outperform

Target price	EUR82 (+24%)
Sector rating	Outperform

## Feedback from AGM: all systems go

## ► FY guidance reiterated: too cautious in our view, room for upgrades

Management reiterated its target of growing Rubis's net profit by 5-10% in 2010. This looks too cautious in our view (+13%e): Q1 was particularly strong (pure storage revenues up 12%, LPG volumes up 14%) despite very tough comps, LPG car registrations remain impressive (c.35k YTD vs a total of 25k in 2009) and the recent decrease in propane prices (from USD800/tonne at the beginning of 2010 to less than USD600 today) should help limit the decline in Rubis Energie's gross margin per tonne (-5%e after -10% in Q1). Therefore, we believe there is still room for consensus upgrades (net profit up 8%).

## ► M&amp;A: getting closer to announcements after a "too quiet" 18 months

Based on our estimates, Rubis has spent only EUR5m on acquisitions since 2009, which is very little (and disappointing to some investors) compared with the past. Management was quite clear yesterday: with the exception of Total, all the oil majors are looking to divest their downstream assets and this process is accelerating (+ BP's recent issues). With prices now moving closer to Rubis's criteria (5-7x EBITDA), we believe acquisitions should be announced in the next 3-6 months. Assuming Rubis uses EUR200m of its EUR300m financial capacity in the next four years, our core 2013 EPS estimate could rise up to 13%. Rubis's limited partnership status (and its management's track record) gives us a high degree of confidence that it will not overpay for acquisitions.

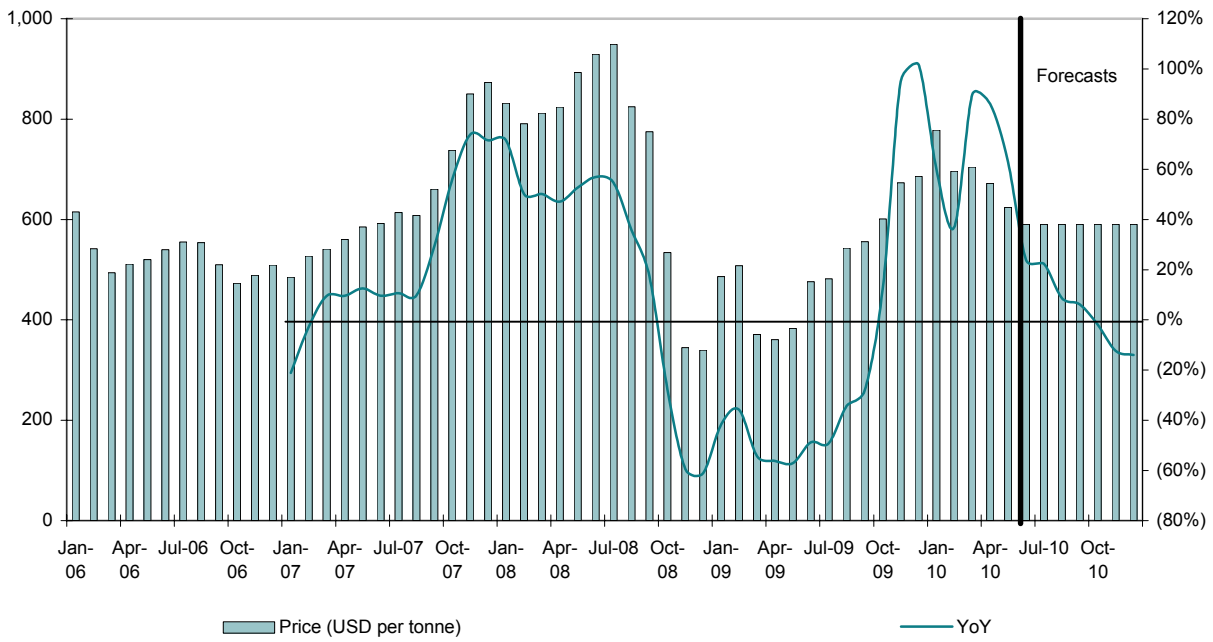
## ► Resilience, growth, positive news flow – Outperform rating reiterated

In these choppy markets (economic uncertainties + issues at oil majors), what Rubis has to offer is unique: resilience (EPS CAGR of +9% in 1998-2009 with only one year of decline as the company mainly addresses basic needs), an EPS growth acceleration (+14%e EPS CAGR over the next three years), positive news flow in the form of M&A (which has historically been a strong driver of Rubis's share price), consensus upgrades (Exane's average 2011/12 EPS estimates are 14% above consensus) and potential entry into the SBF120 index (no. 99 in terms of free float).

Charles-Henri De-Mortemart  
 (+33) 1 42 99 52 18  
 charles-henri.De-Mortemart@exane.com

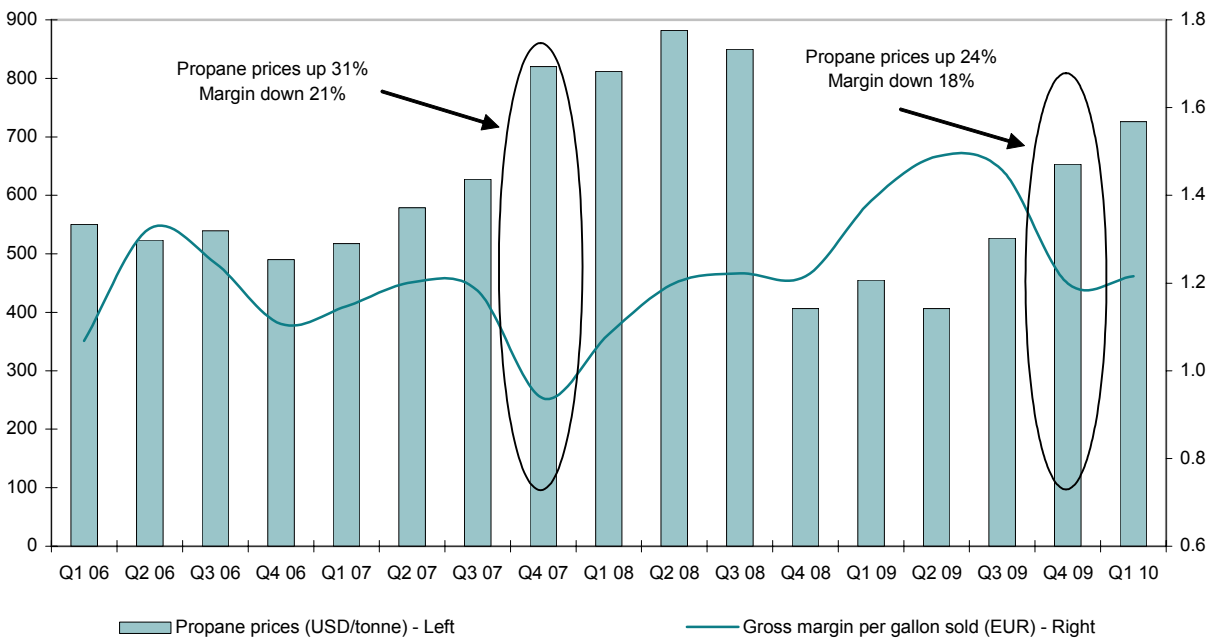
Nicolas Gindre (+33) 1 42 99 52 66  
 Pierre Bernardin +33 1 42 99 51 28  
 Fabien El Haik (+33) 1 44 95 53 72  
 Laurent Gelebart, CFA (+33) 1 44 95 21 56  
 exanebnppmidcaps@exanebnpparibas.com

**Figure 1: Propane prices (USD/tonne)**



Source: Exane BNP Paribas

**Figure 2: UGI Corp. International Propane's profitability (81%e of volumes from Antargaz\*)**



\* Antargaz has a 22% share of the French LPG market.

Source: UGI, Exane BNP Paribas

## Funding Analysis

### Rubis

Gross cash position at 31 Dec. 09	99				
<b>EURm</b>	<b>Dec. 10</b>	<b>Dec. 11</b>	<b>Dec. 12</b>	<b>Dec. 13</b>	<b>Dec. 14</b>
FCF	4	44	73	82	91
Gross debt reimbursements	(96)	(34)	(34)	(34)	(84)
New funds (debt, capital, divestment)					
Other cash outflows (acquisitions etc)					
Dividend base case	(33)	(36)	(43)	(49)	(53)
Share buybacks	0	0	0	0	0
<b>SURPLUS/(SHORTFALL)</b>					
Annual	(26)	(26)	(4)	(0)	(45)
<b>Cumulative</b>	<b>(26)</b>	<b>(51)</b>	<b>(55)</b>	<b>(56)</b>	<b>(100)</b>
Annual if div is 0 from Dec. 10	na	10	40	49	8
<b>Cumulative if div is 0 from Dec. 10</b>	<b>na</b>	<b>(16)</b>	<b>24</b>	<b>73</b>	<b>81</b>
<b>Available credit lines <sup>1</sup></b>					
<b>Covenant(s):</b>	Gearing < 100% Net debt / EBITDA < 3.5x				
Gearing <sup>2</sup>	40%	36%	29%	22%	15%
Net Debt / EBITDA <sup>2</sup>	1.7x	1.4x	1.1x	0.8x	0.6x

<sup>1</sup> Credit Lines Comment

<sup>2</sup> Ratio based on our estimates

► Rubis' leverage remains reasonable (gearing at 36% end-2009, net debt/EBITDA expected at 1.7x end 2010) given the resilience of its two divisions (basic needs, long-term contracts). The company has a credit facility still available for an average maturity of 5 years (EUR200m at 60bps above Euribor). (Comment updated on 07 May. 10)

Source: Exane BNP Paribas estimates

## Forthcoming events

Date	Event
10 Aug. 2010	Q2 2010 Sales
31 Aug. 2010	H1 2010 Results
10 Nov. 2010	Q3 2010 Sales
10 Feb. 2011	Q4 2010 Sales

**Commitment of transparency** (see [www.exane.com/disclosureequitiesuk](http://www.exane.com/disclosureequitiesuk) for details. Complete disclosures available on [www.exane.com/compliance](http://www.exane.com/compliance))

Exane is independent of BNP Paribas (BNPP) and the agreement between the two companies is structured to guarantee the independence of Exane's research, published under the brand name "Exane BNP Paribas". Nevertheless, to respect a principle of transparency, we separately identify potential conflicts of interest with BNPP regarding the company/(ies) covered by this research document.

#### Exane

Investment banking	Distributor	Liquidity provider	Corporate links	Analyst's personal interest	Equity stake		Amended after Disclosure to company	Additional material conflicts
					US Law	French Law		
NO	NO	NO	NO	NO	NO	NO	NO	NO

Source: Exane

#### BNP Paribas

Potential conflicts of interest: None.

Source: BNP Paribas

Price at 10 Jun. 10 / Target Price

**EUR66.0 / EUR82 +24%**

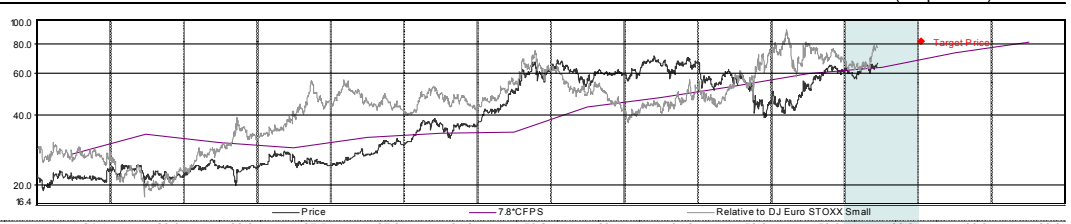
Reuters / Bloomberg: RUBF.PA / RUI.FP

Analyst: Charles-Henri De-Mortemart (+33) 1 42 99 52 18

**RUBIS (Outperform)**

Oil & Gas (Outperform) - France

Company Highlights			
Enterprise value	EURm		
Market capitalisation	924		
Free float	714		
3m average volume	554		
	1		
<b>Performance (*)</b>			
	1m	3m	12m
Absolute	5%	10%	24%
Rel. Sector	16%	25%	28%
Rel. DJ Euro STOXX	11%	18%	4%
12m H/L (EUR)	: 67.2 -2% / 50.5 +31%		
<b>CAGR</b>			
	1999/2010	2010/2012	
EPS restated (**)	8%	18%	
CFPS	8%	13%	



Price (yearly avg from Dec. 99 to Dec. 09)	21.4	22.6	23.6	25.5	27.6	34.9	50.8	60.4	64.3	53.3	53.0	66.0	66.0	66.0
<b>PER SHARE DATA (EUR)</b>														
No of shares year end, basic, (m)	5.151	5.194	5.422	6.027	6.587	6.847	8.425	8.718	9.935	10.296	10.822	10.822	10.822	10.822
Average no of shares, diluted, excl. treasury stocks (m)	5.250	5.292	5.520	6.126	6.686	7.006	7.304	8.817	9.772	10.511	11.123	11.529	11.529	11.529
EPS reported	1.93	3.71	2.28	2.22	2.37	2.31	2.78	3.62	4.31	4.30	4.59	4.91	5.98	6.86
EPS restated	1.93	3.71	2.24	2.16	2.26	2.15	2.58	3.50	3.60	4.15	4.40	4.61	5.61	6.44
% change	18.7%	91.9%	(39.7%)	(3.5%)	4.5%	(4.8%)	20.3%	35.5%	2.9%	15.3%	6.0%	4.8%	21.8%	14.7%
CFPS	3.48	4.24	3.88	3.70	4.07	4.25	4.30	5.54	6.04	6.79	7.66	8.16	9.45	10.44
Book value (BVPS) (a)	33.7	35.1	35.4	36.0	34.7	33.5	36.3	38.0	41.9	43.1	45.4	47.2	49.9	52.8
Net dividend	1.15	1.24	1.30	1.37	1.42	1.50	1.90	2.14	2.45	2.65	2.85	3.12	3.80	4.36

<b>STOCK MARKET RATIOS</b>														
YEARLY AVERAGE PRICES for end Dec. 99 to Dec. 09														
	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10e	Dec. 11e	Dec. 12e
P / E (P/ EPS restated)	11.1x	6.1x	10.6x	11.8x	12.2x	16.3x	19.7x	17.3x	17.9x	12.9x	12.0x	14.3x	11.8x	10.2x
P / E relative to DJ Euro STOXX Small			39%	85%	69%	80%	101%	106%	108%	149%	157%	134%		
P / CF	6.1x	5.3x	6.1x	6.9x	6.8x	8.2x	11.8x	10.9x	10.6x	7.9x	6.9x	8.1x	7.0x	6.3x
FCF yield	(2.4%)	(7.0%)	13.4%	(0.8%)	9.5%	6.1%	5.8%	2.0%	(2.1%)	(8.8%)	0.7%	0.6%	6.0%	9.9%
P / BVPS	0.63x	0.64x	0.67x	0.71x	0.79x	1.04x	1.40x	1.59x	1.53x	1.24x	1.17x	1.40x	1.32x	1.25x
Net yield	5.4%	5.5%	5.5%	5.4%	5.1%	4.3%	3.7%	3.5%	3.8%	5.0%	5.4%	4.7%	5.8%	6.6%
Payout	59.5%	33.5%	58.1%	63.5%	63.0%	69.9%	73.6%	61.2%	68.1%	63.9%	64.8%	67.7%	67.7%	67.7%
EV / Sales	0.65x	0.54x	0.66x	0.70x	0.72x	0.77x	1.05x	0.82x	0.81x	0.60x	0.78x	0.74x	0.71x	0.68x
EV / Restated EBITDA	4.3x	5.4x	5.7x	6.1x	5.7x	4.4x	8.0x	9.5x	8.7x	7.3x	6.6x	7.4x	6.3x	5.5x
EV / Restated EBIT	6.5x	8.8x	8.7x	10.0x	10.1x	6.3x	10.8x	13.6x	12.9x	9.8x	9.5x	10.6x	8.8x	7.6x
EV / OpFCF	30.8x	NC	6.8x	25.1x	9.2x	6.5x	10.0x	23.3x	71.5x	NC	25.2x	28.2x	11.8x	8.1x
EV / Capital employed (incl. gross goodwill)	0.6x	0.7x	0.8x	0.8x	0.8x	1.0x	1.2x	1.4x	1.3x	1.1x	1.1x	1.2x	1.2x	1.1x

<b>ENTERPRISE VALUE (EURm)</b>														
Market cap	110	117	127	152	178	234	388	518	599	539	560	714	714	714
+ Adjusted net debt	27	79	108	93	76	49	96	82	93	175	181	210	202	172
+ Other liabilities and commitments	0	0	0	0	0	2	5	6	9	10	12	13	14	15
+ Revalued minority interests	48	32	49	50	51	52	14	13	14	14	17	17	21	25
- Revalued investments	33	27	36	22	21	141	136	20	23	29	30	30	30	30

<b>P &amp; L HIGHLIGHTS (EURm)</b>														
Switch to IFRS data from FY ended 12/04														
	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10e	Dec. 11e	Dec. 12e
<b>Sales</b>	234.9	374.8	376.2	389.6	396.8	255.5	350.2	728.5	851.9	1,192.3	951.9	1,243.3	1,292.4	1,326.3
<b>Restated EBITDA (b)</b>	35.1	37.1	43.5	45.1	49.6	44.6	46.1	62.9	79.5	97.3	111.4	125.1	146.1	161.6
Depreciation	(11.9)	(14.3)	(15.0)	(17.7)	(21.4)	(13.5)	(12.0)	(18.7)	(25.8)	(24.9)	(33.7)	(38.2)	(41.7)	(43.7)
<b>Restated EBIT (b) (**)</b>	23.2	22.8	28.5	27.4	28.2	31.1	34.0	44.2	53.7	72.5	77.7	86.8	104.3	117.9
Reported operating profit (loss)	23.2	22.8	28.5	27.4	28.2	31.6	34.5	44.2	57.3	72.1	76.5	86.8	104.3	117.9
Net financial income (charges)	0.3	(2.8)	(6.1)	(5.1)	(5.1)	(3.8)	(2.1)	(3.7)	(6.5)	(8.6)	(6.9)	(8.4)	(8.9)	(8.4)
Affiliates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Other	(0.1)	9.2	(0.7)	1.3	0.0	2.4	1.7	3.2	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(9.0)	(5.2)	(6.9)	(7.5)	(4.6)	(10.8)	(11.3)	(11.5)	(11.0)	(18.5)	(19.7)	(22.2)	(27.1)	(31.1)
Minorities	(4.5)	(4.6)	(2.6)	(3.1)	(3.5)	(4.1)	(3.8)	(1.7)	(2.2)	(2.3)	(2.7)	(3.0)	(3.7)	(4.2)
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-
Net attributable profit reported	9.9	19.3	12.1	13.0	15.0	15.2	19.0	30.5	37.5	42.7	47.2	53.2	64.7	74.3
<b>Net attributable profit restated (c)</b>	9.9	19.3	12.1	13.0	15.0	14.9	18.7	30.5	34.7	43.0	48.1	53.2	64.7	74.3

<b>CASH FLOW HIGHLIGHTS (EURm)</b>														
	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10e	Dec. 11e	Dec. 12e
<b>EBITDA (reported)</b>	35.1	37.1	43.5	45.1	49.7	45.1	46.5	62.9	83.1	97.0	110.2	125.1	146.1	161.6
<b>EBITDA adjustment (b)</b>	0.0	0.0	0.0	0.0	(0.0)	(0.5)	(0.5)	0.0	(3.6)	0.4	1.2	0.0	0.0	0.0
Other items	(0.1)	(1.7)	(4.7)	(4.7)	(7.2)	6.0	5.0	3.4	5.7	1.7	2.9	3.0	3.0	3.0
Change in WCR	(9.5)	(18.5)	23.9	(8.5)	15.8	(4.2)	5.5	2.7	(12.9)	(23.8)	3.6	(1.3)	(3.1)	(2.1)
<b>Operating cash flow</b>	25.4	16.8	62.7	31.9	58.2	46.5	56.6	68.9	72.2	75.2	117.9	126.8	146.0	162.5
Capex	(20.5)	(19.4)	(26.1)	(21.0)	(27.4)	(16.3)	(19.9)	(43.2)	(62.5)	(99.3)	(88.6)	(94.0)	(68.2)	(51.9)
<b>Operating free cash flow (OpFCF)</b>	4.9	(2.5)	36.6	10.9	30.8	30.1	36.7	25.8	9.7	(24.1)	29.3	32.8	77.8	110.6
Net financial items + tax paid	(8.8)	(8.0)	(13.0)	(12.6)	(9.0)	(12.8)	(13.5)	(15.0)	(22.8)	(24.6)	(25.3)	(28.7)	(34.0)	(37.5)
<b>Free cash flow</b>	(3.8)	(10.5)	23.6	(1.7)	21.8	17.3	23.2	10.8	(13.1)	(48.6)	4.0	4.1	43.8	73.1
Net financial investments & acquisitions	(41.2)	(16.0)	(10.4)	3.4	(0.2)	(9.3)	(118.3)	10.2	(42.2)	(22.5)	(4.3)	0.0	0.0	0.0
Other	26.0	(18.6)	(37.6)	1.2	(0.0)	24.7	(8.0)	(0.1)	(1.8)	(0.4)	1.5	0.0	0.0	0.0
Capital increase (decrease)	0.0	2.5	3.4	22.4	6.5	8.5	69.5	13.0	66.0	18.4	22.0	0.0	0.0	0.0
Dividends paid	(9.5)	(9.1)	(8.5)	(10.4)	(10.9)	(13.7)	(13.9)	(19.7)	(20.5)	(28.3)	(29.4)	(33.0)	(35.9)	(43.2)
<b>Increase (decrease) in net financial debt</b>	28.5	51.8	29.4	(14.9)	(17.3)	(27.6)	47.6	(14.2)	11.6	81.4	6.2	28.9	(7.9)	(29.9)
<b>Cash flow, group share</b>	18	22	21	22	27	30	31	48	59	71	84	94	109	120

<b>BALANCE SHEET HIGHLIGHTS (EURm)</b>														
	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10e	Dec. 11e	Dec. 12e
Fixed operating assets, incl. gross goodwill	301	322	355	370	379	302	392	459	571	661	716	772	799	807
WCR	(51)	(26)	(28)	(22)	(32)	(103)	(88)	(29)	(34)	(26)	(28)	(27)	(24)	(22)
<b>Capital employed, incl. gross goodwill</b>	250	295	327	348	348	198	304	430	537	635	688	745	775	785
Shareholders' funds, group share	173	182	192	217	229	229	306	331	416	444	491	511	540	571
Minorities	76	50	49	50	51	52	14	13	14	14	14	17	21	25
Provisions/ Other liabilities	6	10	13	8	10	10	23	24	36	31	32	37	42	47
<b>Net financial debt (cash)</b>	27	79	108	93	76	49	96	82	93	175	181	210	202	172

<b>FINANCIAL RATIOS (%)</b>														
	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07	Dec. 08	Dec. 09	Dec. 10e	Dec. 11e	Dec. 12e
Sales (% change)	27.3%	59.5%	0.4%	3.6%	1.8%	(35.6%)	37.1%	108.0%	16.9%	40.0%	(20.2%)	30.6%	3.9%	2.6%
Organic sales growth	8.2%	22.0%	0.3%	3.6%	1.8%	4.2%	25.2%	7.2%	2.1%	30.1%	30.1%	27.0%	3.9%	2.6%
Restated EBIT (% change) (**)	19.1%	(2.0%)	25.1%	(3.6%)	2.8%	10.2%	9.4%	29.8%	21.5%	35.0%	7.3%	11.7%	20.1%	13.0%
Restated attributable net profit (% change) (**)	18.6%	93.8%	(37.0%)	7.2%	14.8%	(0.3%)	25.6%	62.7%	13.8%	23.9%	11.9%	10.6%	21.8%	14.7%
Personnel costs / Sales	7.7%													