



2021 Q3 revenue

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Bruno Krief: Welcome everybody, good evening, very pleased to have this opportunity to comment the Q3 numbers that you have just received. You have noticed that we are back to pre-Covid levels in terms of volumes. And at the same time underlying profits or unit margins are robust in this period despite the sharp increase in supply prices. The engine of Rubis is running quite well in all aspects - Rubis Énergie, Rubis Support & Services and our JV Rubis Terminal.

I would say that within an environment characterised by rising oil prices and the continuing Covid-19 impact here and there at differentiated level at different continents and places, general developments are solid. And volumes at the Rubis Distribution branch that is distribution of petroleum products and bitumen are up 9% compared to same period last year and 1% compared to 2019 which is pre-Covid situation. And this period is adjusted for the changes in the portfolio business in the aviation contracts linked to the African operations.

Following what we have already commented at H1 2021, aviation is still recovering with some 50% increase over last year and we have seen strong tourism activity in the Caribbean region. Despite that it is still considerably below 2019 volumes, we are not fully recovered despite strong increase vs 2020. Global volumes and excluding aviation are showing good performance with +7% vs 2020 and +5% vs 2019.

Despite situation in terms of supply conditions when oil prices have increased dramatically over the past six months or year over year – doubling or 80% increase – we have enjoyed stable unit profit when adjusted for exceptionally favourable supply conditions last year in bitumen business and price freeze in Madagascar more recently. In Madagascar we have already experienced such a situation which at the end of the day was clarified with positive final rounds with the government.

This is for the volumes and the unit margin at Rubis Énergie.

Regarding Support & Services, which as you know is a strong contributor to the profit, we have enjoyed strong increase in revenues and strong and much better product mix in terms of various categories, segments of products traded and also we had shipping revenues making that total revenues and contribution of Support & Services are in-line with what we have already experienced since the beginning of the year, that is double digit increase.

Rubis Terminal JV did quite well with quite high capacity utilisation rate – 94% 9M 2021 vs 89% last year over cumulated nine months. And I would say that all the regions participated to this performance – France, Spain and ARA region. Turkey, where it was characterised by strong contango last year, as you know contango has moved to backwardation and as a result revenues are declining. Though Turkey represent less than 7% of total contribution within Rubis Terminal.

I won't comment the sales in million euro as this is nominal and does not give idea of general trends. You can simply know that consolidated revenues are up 30%.

You have been communicated with the table showing by region changes both year over year and compare to 2019 – so before and after Covid situation. Both are in positive territories: 9% total volume vs last year and 1% vs 2019 excluding East Africa as I have explained. And if we exclude all aviation we are 5% above vs 2019.

So I would say that in terms of the outlook which we have commented in the press release. We have given full year guidance during H1 2021 and we don't have any reasons to modify or change what we have communicated at that time. We are still within the trends that we had in H1 and we are quite confident in the final outcome.

We also put in place additional financing which is an equity line that you will shortly see the details in the press. It is very comparable to what we have done regularly over the past five years to add besides cash flow, besides the existing cash pile, an additional instrument in case we have to face structural and powerful acquisition and which can help us to raise money rapidly.

On ESG again we have been very active in-line with what has been placed in the past two years. And so we have joined as you know the UN Global Compact in August 2021, we are waiting for the CDP rating coming soon by the end of this year. We have published our anti-corruption guide. So we are all in front and busy on meeting all the constraints oriented to ESG.

So these are the main points that I would like to share with you. Maybe it is time to open the discussion altogether and I will be pleased to answer your questions.

Questions & answers

Participant 1: Good evening Bruno, hope you can hear me. First, could you pls start with Madagascar situation – what is happening in this country. It is not the first time if I remember well. Do you have any guarantees from the local authorities to repay the loss of profits coming from the freeze decision for pricing.

Bruno Krief: The good news is that it is not the first time. You might remember that between 2018-19 we have faced similar situation and government that was committed to take actions to help the distributors to recover and effectively committed and outcome was as expected. So we had this two or three years ago. We are again in this situation, the government is conscious that it cannot keep accumulating debt vis-à-vis fuel distributors and this could be part of the discussion between IMF and World Bank. So it has already happened in the past and the outcome was fine, so this is where we are and we have no reason to worry more than three years ago. As you know we have a solid situation as a fuel retailer and as LPG operator and distributor with substantial market share in this country and we have invested materially in this country and economy and we are long term investor, meaning that we are confident the government is conscious and will take the appropriate actions towards the fuel distributors.

Participant 1: Ok, and now when I look at your guidance for 2021 and in terms of net contribution for Rubis Énergie. What does it mean to the net profit at the Group level, I mean you were at EUR280m last year, should we expect slight decrease for this year?

Bruno Krief: It is too early to discuss the result for the full year, we have a meeting in March to discuss that. I can reiterate what we have already told you that we are confident that Rubis Énergie will meet its guidance of improved profits in 2021 compared to 2020. And I reiterate the case for the rest of P&L which is we have to take into consideration PPA (purchase price allocation) at Rubis Terminal level and some non-cash provisions, items at Rubis level. What is important is that the engine which is generating the cash flow and the profits which is Rubis Énergie and Rubis Support & Services and at the cash flow generation at Rubis Terminal – they are there.

Participant 1: Last question – why do you need extra facilities for the acquisitions, as you are talking about new equity line. I was checking your balance sheet, you have more than EUR900m gross cash position at the end of June 2021. What is the min level of cash you need at the balance sheet to operate correctly...

Bruno Krief: You know it is not only existing cash position, it is also liquidity of the balance sheet, it is also the cash immediately available and the flexibility. We could look at potential development both within the core business and also investments in the new area which could be renewable energy sector. So for that we need strong cash position besides the borrowing capacities plus the possibility to increase it through equity line. This is an option, it is not of course the cash, the money immediately at the balance sheet, this is an instrument like a call to raise more money at any moment only if we need it to finance a material acquisition over the next two to three years. And you know that this is critical to have beside you the cash capability. So this is an additional tool that comes with the existing cash that you mentioned, with the borrowing capacity that is already committed and with the cash generation. It is not

new as you know. We have used this kind of instrument in the past. And it is very powerful when you need last hundred million euros to complete an acquisition.

Participant 1: So historically you have already financed part of acquisitions thanks to equity line?

Bruno Krief: It was part of the instruments that we had in hand, we may use it or we may not use it depending on the size of the future acquisition. But if we are short in the programme of the development we would be very happy to find up to EUR100m-150m additional cash that we can raise easily and rapidly. It brings in case you need it a formidable boost and it is better to have it than not to have it. For the shareholders there are no new shares created at the moment when the line is put in place, it is only when we draw the line when there is increase in total number of shares.

Since there is the discipline to use it only to use when there is a new additional perimeter bringing more cash flow and profit, it should be at the end of the day earning per share enhancing, otherwise we won't draw the line.

Participant 1: And why the equity line was not put in the place before?

Bruno Krief: We have to have shareholder resolution, it was voted last June. Then October, November to put this in place and time has come to put this in place. So it will be in place quite shortly

Participant 1: Thank you very much for your answers

Participant 2: On bitumen you have mentioned South Africa. What progress are you making to extend it to the Eastern Africa where there are road construction programmes.

Bruno Krief: Bitumen as you know we were developing first in the Western Africa, starting from Nigeria. Over the past three years we have developed in the countries like Cameroon, Gabon, we have also developed in Togo sub-region (including Guinea, Ghana) We have recently took advantage of the situation in South Africa where bitumen turned short compared to the long position in the past, when the country was exporting bitumen. But the problem in the refining sector in South Africa was with the closures of the refineries that has made that the country became short. So we took this opportunity to enter this area. This is a big market. It is a big industrial market with roads and infrastructure. So it is important for us to be there. Regarding Eastern Africa. Of course we are committed to develop in this area along with the fuel and the LPG and we have advantage of having strong base of Rubis petroleum operations. The only problem that prevents us from developing in Eastern Africa bitumen is the regime of sanctions towards Iran. And as you know most (95-100%) of supply in Eastern Africa comes from Iran. And this is not possible for us to be a competitive player in this place because we have to supply from Mediterranean or other areas and at the premium which won't help to have appropriate returns.

So we are ready, we are also ready to operate as soon as situation changes. But for the moment we are waiting.

Participant 2: Thank you

Participant 3: Thank you and good evening Bruno and thanks for giving the unit margins development by regions. Can I ask about unit margins trends in the Caribbean, there were some delays in the implementation in formula in H1 2021. So what are the trends in Q3 in the Caribbean.

Bruno Krief: As expected it is better, so it is in positive territory in terms of percentage changes. This is where we are. Situation is back to normal and we are able to pass on to the customer the lag in changing prices. So this helps to have flat unit margins in Q3 2021 vs Q3 2020 as we have announced on the Group level.

Participant 3: And to come back to question on the guidance, so I understand that the net profit contribution from Rubis Énergie should increase. It is difficult to reconcile this guidance with the reported net profit. So maybe you could talk on the EBIT or EBITDA level? Do you expect EBITDA to grow in 2021 vs 2020?

Bruno Krief: It is too early to discuss again full set of numbers for the full year. Maximum we can give is the general view – better contribution of Rubis Énergie (Distribution and Support & Services), we announced also that Rubis Terminal is making a progress in profits but there will be amortisation of goodwill linked to the acquisition of Spanish operations Tepsa that will impact the contribution but it is non-cash impact plus we have seen at Rubis level some non-cash items linked to the employee stock compensation, company savings plans that have already affected H1 2021. But having said that it is too early to comment full set of aggregates of 2021, still I don't have them in hands.

Participant 3: Thank you and the final question on the equity line – what is the max potential dilution of new shares as a result?

Bruno Krief: This is what the shareholders voted last June – this is the max number of shares is 4.5 million new shares, this is the max number that has been authorised. And you will see when the agreement is set with the banks all the details related to this thing. This is completely in-line with the resolution talking about 4.5 million shares.

Participant 3: Ok, thank you very much.

Participant 4: Good evening all, I might have one on Support & Services division. Could you please give us some colour how much intra-group revenues were there vs last year when there was a lot of trading activities in bitumen for retail & marketing division in Africa?

Bruno Krief: We have published the total revenues of EUR184m during Q3 2021 which is almost double vs last year. Of course this is nominal value as this is linked also to the oil prices that have increased between 70-90% over the same period. Then you have mixed of products that is present within Rubis Support & Services between fuels, LPG, bitumen and between the different regions. We managed to get a better product mix which resulted in higher unit margin again in Support & Services compared to last year. As you know Support & Services is strong contributor within the Group, its profitability has been increasing over the last three years. You have seen result in the H1 2021 well increasing and 3rd quarter is in-line with what we have experienced in H1 – continued strong increase in profitability and contribution.

Participant 4: I was wondering if part of the volumes that are distributed through Support & Services if they go to Rubis Retail & Marketing division in Africa and in the Caribbean.

Bruno Krief: On the consolidated reporting basis we exclude intra-revenues so there is special treatment for the intra-group revenues. What is reported here is the number revenues outside the Group, the net revenues outside the Group. And it comprises not only the products traded but also some services like logistics and shipping.

Participant 4: Ok, many thanks

Participant 5: Hi, good afternoon, I just wanted to come back to 2021 guidance and compare with 2019 numbers. My understanding is that in 2019 you had EUR20m or maybe higher profits in Haiti that won't repeat this year. And as an offset you have bitumen that is doing very well and I was hoping maybe EUR10m higher contribution this year. I am just trying to see if these numbers still hold or if any of these two buckets are doing better or worse. And then I have another follow up question.

Bruno Krief: Again, we are not here to comment the future set of results for the FY 2021 compared to 2020 or to 2019 simply because I don't have the set of numbers in front of me. We are here to comment Q3 2021 sales numbers and volumes. We reiterated the guidance for FY 2021. But I think time will come in March to discuss full set of numbers. Now you say Haiti in 2019 reported certain amount of contribution and very likely this year it will be lower – this is true. And if you look at H1 2021 we have clearly explained the reason for that. But at the same time the situation of Rubis between 2019 and 2021 has changed. We will have less profits in Haiti, but more profits in the newly acquired perimeter which is Eastern Africa, we will have more contribution coming from the bitumen segment in general comparing to 2019 and some other areas including Europe where there will be some progress because we are gaining market share, we are trying to manage better and generate more cash from this part of the world. At this stage it is very difficult for me to go further in comments relative to full year.

Participant 5: I remember that you have launched share buyback. Could you please update on your thoughts given where the share price is?

Bruno Krief: Yes, we have launched beginning of January 2021 first tranche and then another tranche in mid of July that also came to an end. All in all we have spent EUR145m or EUR150m to simplify in relation to this programme. The programme has been voted in December 2020 for the total amount of EUR250m max amount within the period of 18 months. It is in the hands of the management of Rubis to decide within the period of 18 months starting December 2020 if we go further or if we decide to stop the programme at EUR150m. We have made some investments this year. I can remind you that we have invested some EUR80m in Hydrogen company making us the 2nd largest shareholder of the Hydrogène de France. And the cash we have will be used in priority for the development and acquisitions. So the priority is for the development. So we need to manage this authorisation of the share buyback between the fundamental priority which is the development and the share buyback. Share buyback came to fine tune the number of shares and pilot the earnings per share.

Participant 5: Last question on the state of reopening of the market. I understood that you were held by some lockdowns this year. Are all the markets open now or you have some countries that are locked down?

Bruno Krief: We have still here and there some countries which could be in lockdown for two or three weeks, it could be Uganda, Cayman Island, Jamaica, everything is not in the full control. It was also the case in the French Overseas territories during the summer – French Antilles or La Reunion. We had some lockdowns last summer. Situation has now recovered and came back to normal. But I would not talk about situation as retrieved to 100% normality. But the sales, volumes have. That means that we were able to increase the sales, volumes despite Covid.

Participant 5: Ok, thank you.

Bruno Krief: Thank you very much all for being with Rubis and discussing this set of results.

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