

Rubis SCA Stock Analysis

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Rubis SCA Business Overview

About the business (rubis.fr):

ACTIVITIES AND MARKETS

Rubis, founded in 1990, is an independent French company in the energy sector listed on Euronext Paris (SBF 120). The Group specialises in the Retail & Marketing of fuel, liquefied gas and bitumen from supply to end consumer and the production of renewable electricity.

It operates in over 40 countries across three geographical zones: Europe, Africa and the Caribbean.

ACTIVITIES

Rubis operates in two areas:

- The **Retail & Marketing of fuel** (in service-stations or for professionals), **lubricants, liquefied gases and bitumen**. This is the core business of the Group representing 87% of the consolidated Group revenue in 2021.
- The **logistics behind the Retail & Marketing activity**, through the **Support & Services activity**, grouping together trading-supply and shipping operations. This business represents 13% of the consolidated Group revenue in 2021.

In June 2022, the Group announced the creation of a new subsidiary dedicated to the **Production of photovoltaic electricity** following the acquisition of Photosol France, a specialiste in large ground-based photovoltaic installations, and the acquisition of a stake in HDF Energy, a specialist in hydrogen-electricity.

Rubis also holds a 55% stake in the Rubis Terminal JV, a joint venture deconsolidated in 2020, which provides storage for bulk liquid products (fuels and biofuels, chemical and agri-food products) for commercial and industrial customers.

Rubis is a company focused on distributing fuel, gas, bitumen which are not attractive things to do, but what is perhaps more important is that it does its business also in Africa and the Caribbean where the renewable trends will likely be slower than in the developed world. This means the runway for the business is longer going forward. Plus, they did just acquire 80% of Photosol France - I am usually against acquisitions within hot trends, but I'll check how smart it was later.

RUBIS IN THE WORLD



The strategy for Rubis has been to grow through acquisitions in the sector:

WRITING HISTORY

This timeline highlights key events from 1990 to 1995. It features a central image of a large industrial storage tank with 'VITOGAZ' written on it, and another image of a Rubis storage tank with 'RUBIS' and '401' visible. Navigation arrows are present on the left and right sides.

- 1995**: Rubis shares quoted on the Paris Stock Exchange. Acquisition du dépôt pétrolier de Brest.
- 1994**: Acquisition of the Vitogaz butane and propane distribution business (established in 1939).
- 1993**: Acquisition of the bulk liquid storage business, Rubis Terminal (formerly "CPA," founded in 1877).
- 1990**: "An exciting year" - Creation of Rubis.

WRITING HISTORY

This timeline highlights key events from 1996 to 2004. It features images of a 'BOURSE' sign, a Rubis gas station, a pressure gauge, and industrial storage tanks. Navigation arrows are present on the left and right sides.






- 2004**: Rubis joins new benchmark indices: CAC Mid 100, CAC Mid and Small 190 and SBF 250.
- 2002**: Reinforcement of Rubis Terminal's local positions in Brest, Strasbourg and Rouen.
- 2001**: Rubis Énergie starts operations in Madagascar and the Comoros Islands (acquired in 1999). Acquisition of Propetrol.
- 1998**: Extension of Rubis Terminal's petroleum depots in Brest and Saint-Priest.
- 1996**: Acquisition of the Saint-Priest and Strasbourg petroleum depots... > Find out more about other events ...

WRITING HISTORY







 <p>2010</p> <p>Acquisition of leading service station network from Chevron in the Caribbean...</p> <p>> Find out more about other events ...</p>	<p>2009</p> <p>Extension of storage capacities in Rotterdam...</p> <p>> Find out more about other events ...</p> 	 <p>2008</p> <p>Rubis Terminal moves into Rotterdam...</p> <p>> Find out more about other events ...</p>
 <p>2007</p> <p>Launch of the "Casino" gas cylinder...</p> <p>> Find out more about other events ...</p>	<p>2006</p> <p>Acquisition from Shell of petroleum products distribution activities in Bermuda...</p> <p>> Find out more about other events ...</p> 	<p>2005</p> <p>Acquisition from Shell of SAGF, an LPG and petroleum products distributor operating in the French Antilles and French Guiana</p>

As I mentioned above, they do make acquisitions not concerned by where we are in the cycle, so they did a few acquisitions in the early 2010s which consequently were likely costly as fuels turned into a depression in the late 2010s.

WRITING HISTORY

 <p>2016</p> <p>Acquisition of Bermuda Gas (main LPG retailer in Bermuda)</p>	<p>2015</p> <p>Acquisition of Eres in West Africa and establishment of the "Support & Services" division...</p> <p>> Find out more about other events ...</p>	 <p>2014</p> <p>Rubis completes the acquisition of BP's LPG distribution operations in Portugal...</p> <p>> Find out more about other events ...</p>
 <p>2013</p> <p>Rubis Énergie acquires BP's LPG business in Portugal...</p> <p>> Find out more about other events ...</p>	<p>2012</p> <p>Rubis Énergie acquires Chevron's distribution networks in the Bahamas, Cayman Islands and Turks and Caicos...</p> <p>> Find out more about other events ...</p> 	 <p>2011</p> <p>Rubis Énergie strengthens its operations in Southern Africa</p>

WRITING HISTORY

 <p>2022</p> <p>Rubis acquires 80% of Photosol France, a leading independent solar power producer</p>	<p>2021</p> <p>Rubis invests in renewable energies and becomes the second largest shareholder of HDF Energy (Hydrogène de France) with 18.5% of the capital</p> 	 <p>2020</p> <p>JV for Rubis Terminal and subsequent acquisition of leading Spanish terminalling operator Tepsa...</p> <p>> Find out more about other events ...</p>
 <p>2019</p> <p>Rubis strengthens its positions in East Africa by acquiring #4 player Gulf Energy</p>	<p>2018</p> <p>Take-over bid for KenolKobil, the East African leader in petroleum products distribution...</p> <p>> Find out more about other events ...</p> 	 <p>2017</p> <p>Acquisition of Dinana in Haiti and Galana in Madagascar...</p> <p>> Find out more about other events ...</p>

In short, we could call Rubis a trading business, they buy, store, distribute and then sell their products. Here is the snapshot from the [company presentation](#):

SNAPSHOT
DISTRIBUTING ENERGY FOR EVERYDAY LIFE



Rubis is specialised in the distribution of fuels, liquefied gases and bitumens from supply to end customer

<p>WELL-ESTABLISHED COMPANY</p> <ul style="list-style-type: none"> €2.5bn⁽¹⁾ market cap, 90% free float ≈ 40⁽²⁾ countries across 3 main regions ≈ 4,500⁽²⁾ employees, 50+ nationalities 	<p>RESILIENT BUSINESS MODEL</p> <p>EBIT⁽³⁾ split by region</p> <ul style="list-style-type: none"> Strong cash flow generation > 100% FCF* conversion (2012-2022) Solid track record combining organic and external growth 6% EPS* 10-year CAGR* 12% ROCE* 	<p>OUR VALUE CREATION</p> <ul style="list-style-type: none"> CONTRIBUTION TO LOCAL DEVELOPMENT <ul style="list-style-type: none"> ▪ 98%⁽²⁾ of staff employed locally ▪ Reliable access to everyday energy ▪ Contributing to road infrastructure improvement CLIMATE <ul style="list-style-type: none"> ▪ LPG as a transitional energy in Africa ▪ Promotion of less carbon-intensive energies (biofuels, liquefied gases, etc.) ▪ Industrial collaboration with HDF Energy (hydrogen), entry in photovoltaic energy in France with Photosol acquisition ▪ Responsible operator: 30% reduction target of CO₂ emissions by 2030⁽⁴⁾ SHAREHOLDERS <ul style="list-style-type: none"> ▪ "Dividend aristocrat"⁽⁵⁾ ▪ 8% DPS* CAGR* over 10 years
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The key above is that 50% of the profits come from Africa, so we could call this an African/Caribbean business as just 11% of profits are from Europe. Plus, 74% of profits in Europe are thanks to liquified gas, thus not really an European business.

Let me check the annual report to get a better sense of the strategy, plans and goals but I think I'll use the presentation for a better business overview. I'll read the annual report and then include important things into this report.



They also have 9 ships, a refinery etc..

Support & Services

SUPPLY AND SHIPPING

For its own needs, but also with a view to optimising its resources, Rubis now has 16 vessels to handle all its shipping operations; some of these vessels are owned by the Group (five bitumen tankers, three fuel tankers, as well as two new liquefied gas transport vessels since February 2023), the others being chartered on a time charter basis.

Rubis is a member of the Sea Cargo Charter, an initiative in favour of responsible shipping, greater transparency in climate reporting and better decision-making for the chartering of vessels, in accordance with the United Nations decarbonisation targets and the CO₂ emission reduction targets set in the Group's CSR Roadmap, Think Tomorrow 2022-2025.

REFINING AND STORAGE

The Antilles refinery (SARA), 71%-owned by Rubis Énergie, is located in Martinique and is the sole supplier of fuels to the three French departments in the Americas: French Guiana, Guadeloupe (and its dependencies) and Martinique. The retail prices for products and the profitability of SARA are regulated by the public authorities through a decree. It has a production capacity of 800,000 tonnes per year and produces a full range of products complying with European environmental standards: fuels for road, sea and air mobility, liquefied gas, etc., adapted to local needs. SARA wants to go even further and is positioning itself as both a producer and supplier of low-carbon fuels for land, air and maritime mobility, such as hydrogen and biofuels.

They went into renewables and the goal there is to get 25% of EBITDA from solar.

1 PRESENTATION OF THE GROUP
Business lines

RENEWABLE ELECTRICITY PRODUCTION

RUBIS RENOUVELABLES INCLUDES THE ACTIVITIES OF RUBIS PHOTOSOL, ACQUIRED IN APRIL 2022, AS WELL AS THE 18.5% STAKE IN HDF ENERGY. IN THE MEDIUM TERM, THE OBJECTIVE FOR THIS DIVISION IS TO CONTRIBUTE 25% OF THE GROUP'S EBITDA.



They paid 376 million in cash and also took on debt.

RUBIS BECOMES AN INTEGRATED MULTI-ENERGY GROUP WITH THE ACQUISITION OF PHOTOSOL FRANCE



A leading independent photovoltaic energy producer in France and overseas territories

3.4 GW
pipeline

313 MW
of photovoltaic energy capacities in operation

2nd
Largest independent PV IPP in France

Rationale of the transaction

- Significant market growth
- Solid positioning and recognised expertise of Photosol; leverage on Rubis international footprint
- One more step on the energy transition following HDF Energy cooperation
- Renewables to become a new pillar of Rubis' strategy

Financial terms

- **€376m** cash payment; **€770m** total impact on Rubis' consolidated net financial debt
 - Pro forma leverage <3x net debt/EBITDA; Corporate debt <1.0x in 2025
 - Most of the Photosol's debt at SPV level without recourse
- **80%⁽¹⁾** stake acquired, founders and managers retaining a 20% stake
- Financing through available **cash and debt**
- Current **stable dividend** policy confirmed
- Closing expected in **Q1 2022** subject to obtaining required consents pursuant to the bylaws of Photosol

(1) Final percentage to be decided at the closing of the deal and can vary between 70% and 80% stake for Rubis and 20% and 30% for Photosol's founders and management. TRANSACTION HIGHLIGHT

I personally don't like the Photosol acquisition. They spent, took on debt, will likely spend another 700 million EUR on capex over the next 5 years only to get to 50 to 60 million EUR OF EBITDA by 2027. If we assume a cost of capital of 7%, on a billion totally invested, EBITDA of 70 million means the business isn't profitable at all.... I just hope for the company that it doesn't cost them in impairments, debt issues, as it is unlikely it will create much value.

NEW DIVISION - RENEWABLE ENERGY PHOTOSOL AS A PILLAR WITH EXCELLENT GROWTH OPPORTUNITIES



A leading independent photovoltaic energy producer in France and overseas territories

>3 GW
pipeline

384 MW
of photovoltaic energy capacities in operation

2nd
largest independent PV IPP in France

Rationale of Photosol acquisition

- Renewables to become a new pillar of Rubis' strategy
- Significant market growth
- Solid positioning and recognised expertise of Photosol; leverage on Rubis international footprint
- Founders and managers dedicated to the roadmap execution, retaining a 20% stake

Photosol roadmap

- **384 MW** operating capacity and = **120 MW** under construction/ awarded
- **1 GW** operating capacity by 2026 and **2.5 GW** by 2030
- Accumulated **€0.7bn capex envelope** over 2022-2026
- **€ 65-70 EBITDA** by 2027
- Consolidated from 1 April 2022

Financial terms

- **€338m** cash payment for 80% stake; = **€750m** total impact on Rubis' consolidated net financial debt
 - Proforma leverage <3x net debt/EBITDA; corporate debt <1.0x in 2025
 - Most of the Photosol's debt at SPV level without recourse

The targeted rate of return is 7%, which isn't much as you can't predict the future. But ok, we will see.

PHOTOSOL LEADING FRENCH PHOTOVOLTAIC PLAYER WITH BUOYANT GROWTH AHEAD

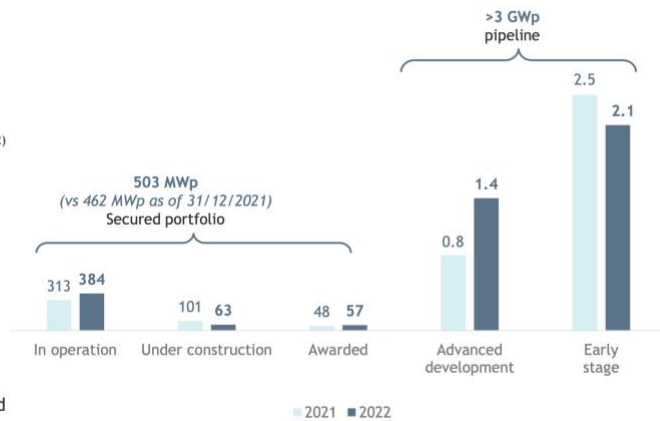


Key figures FY 2022

- 503 MW of secured portfolio⁽¹⁾ and >3 GW project pipeline
- 100% success rate of the submitted CRE tender offers⁽²⁾
- >50% of installed capacities with agrivoltaism
- Strengthening development team (+53%)
- 7-9% targeted IRR

Next steps

- Pipeline development acceleration supported by government legislation initiatives
- New growth opportunities: repowering, regional expansion, Mobexi integration and synergies, corporate PPA



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(1) Secured portfolio consists of capacities in operation, under construction and awarded projects (ready to build) as of 30/06/2022.
(2) 100% success rate with the latest CRE tender offer with 25MWc won by Photosol (summer 2022).

Let's check the other, more important parts of the business. We have retail, terminals and renewables.

ACTIVITIES AND JOINT-VENTURE STRATEGY EVOLUTION



RETAIL & MARKETING - SUPPORT & SERVICES



FOCUS ON CONTINUING DEVELOPMENT AND OPERATIONAL EXCELLENCE/DECARBONISATION

- Distribution of energy and bitumen B2C and B2B
 - LPG - lower carbon-intensive solution in rural areas in Europe, cleaner energy in Africa/Caribbean
 - Service stations - supporting growing mobility demand in Africa and Caribbean
 - Bitumen - road infrastructures in Africa



FROM SUPPLY TO END CUSTOMER
Africa, Caribbean, Europe

RENEWABLE ENERGY



ACCELERATING DEVELOPMENT OF RENEWABLE ENERGY SEGMENT

- Renewable electricity
 - From 384 MW installed capacity as of FY 2022 to 2.5 GW by 2030



RUBIS RENOUVELABLES
France (Photosol), Caribbean (HDF Energy)

RUBIS TERMINAL JV



EXPANSION AND PORTFOLIO OPTIMISATION

- Non-fuel segment >55% of total storage revenues - biofuels, chemicals, agrifood



JOINT-VENTURE
France, Belgium, Spain
The Netherlands

The key retail profit centers are the Caribbean and Africa.

RETAIL & MARKETING (73% OF EBIT⁽¹⁾) 5.5 MILLION CBM OF ANNUAL VOLUMES



Rubis Énergie's Retail & Marketing division is specialised in *the distribution of energy and bitumen across ≈ 40 countries*

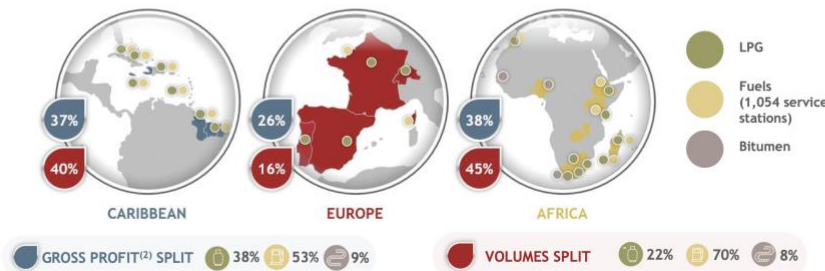
STRONG MARKET POSITION

- Full logistics chain to final user thanks to Rubis' own infrastructure
- Leader in niche markets (region, products) adapted to local demand and balanced across regions

RESILIENT

- Basic consumer need, non correlated to market cycles
- Cost-plus business model protects profitability

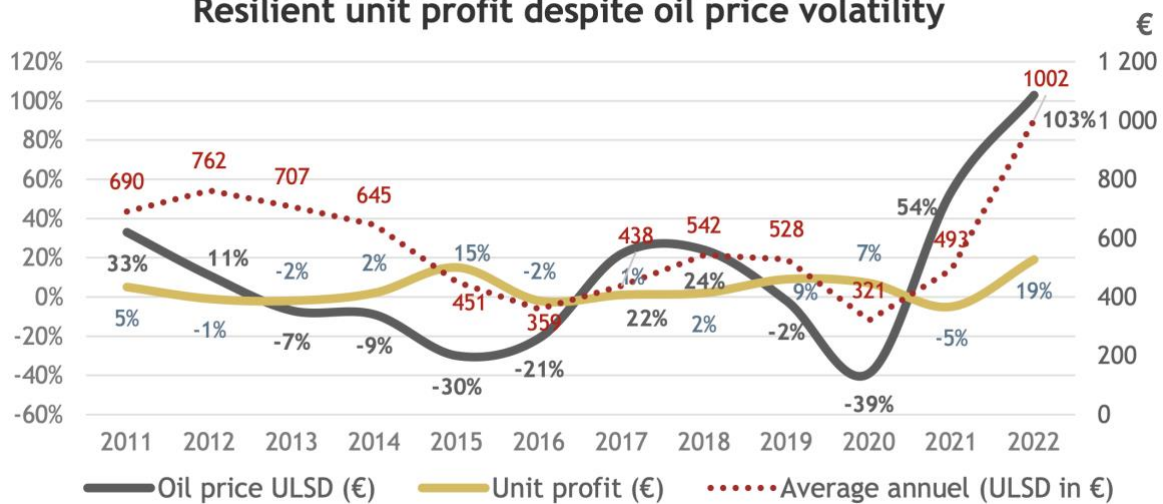
REGIONAL GROSS PROFIT AND VOLUME SPLIT



(1) Group EBIT before Holding costs.
(2) Gross profit adjusted for FX pass through in Nigeria

The retail business has its ups and downs but is mostly resilient to oil prices.

Resilient unit profit despite oil price volatility



Their integration also allows them not to be dependent on others, for example on charter rates for ships.

SUPPORT & SERVICES (27% OF EBIT)



TRADING/SUPPLY AND SHIPPING

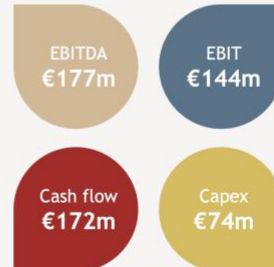
- Niche segments
 - Bitumen in Africa
 - Fuels in the Caribbean region mostly
- 8 owned and 8 chartered vessels



LOGISTICS AND REFINERY

- SARA refinery (71% stake)
 - Sole supplier to French Guiana, Guadeloupe and Martinique
 - Regulated business (9% RoE*)
- Logistics & infrastructures business in Madagascar

KEY FIGURES (FY 2022)



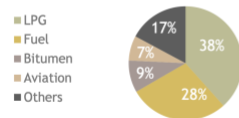
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* See glossary on page 49.

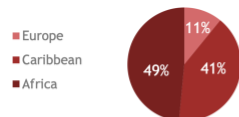
The summary:

RETAIL & MARKETING AND SUPPORT & SERVICES INTEGRATED INFRASTRUCTURE & LOGISTICS PORTFOLIO DIVERSIFICATION

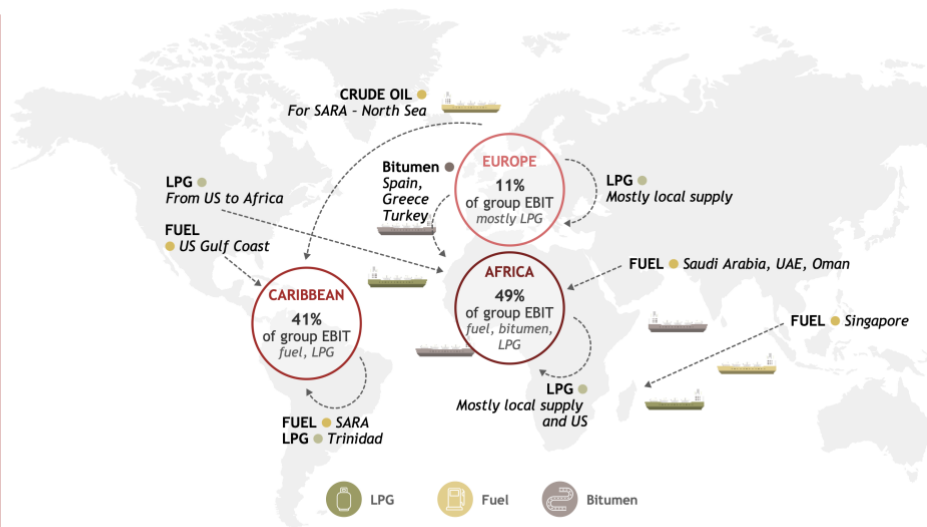
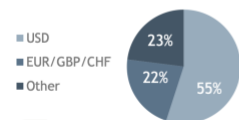
Gross profit by product⁽¹⁾



EBIT by region



Net income by FX

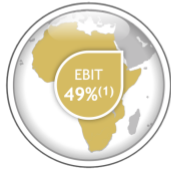


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(1) Gross profit by product only for Retail & Marketing activity, adjusted for FX pass through in Nigeria .

They see most of their growth opportunities coming form Africa and unfortunately solar.

RETAIL & MARKETING AND SUPPORT & SERVICES DIVERSE REGIONS WITH DIFFERENT OPPORTUNITIES



AFRICA
Developing market with growing population and increasing energy consumption per capita

- **LPG:** good prospects as a transitional energy combined with demand growth
- **Bitumen:** boosted by a strong demand for infrastructure (road construction)
- **White products:** optimisation plan in Eastern Africa, growth in per-capita energy consumption and recovery in post-Covid volumes



CARIBBEAN
Fragmented market with strong disparities

- **Service stations:** widely recognised and strong brand image in the islands
- **Recovery of post-Covid volumes and expectation of stabilisation in Haiti**
- **Development in the Greater Caribbean region**



EUROPE
Mature market where Rubis is exposed mostly to LPG (>90% of regional EBIT)

- **Market share gains** with customer-focused approach
- **Innovation** with new applications/products:
 - HVO (biofuel)
 - LPG as motor fuel (autogas)
 - LPG as a substitute to heavy fuel

There is also storage capacity in the JV.

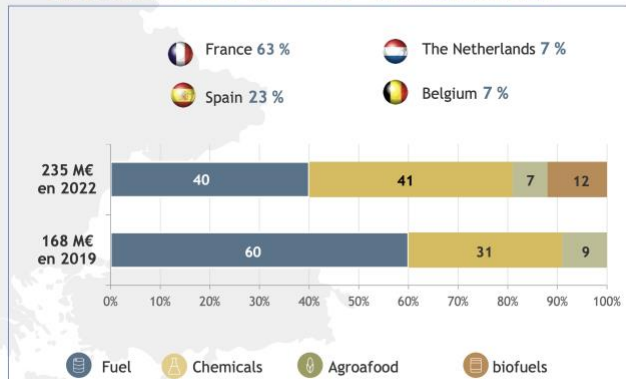
RUBIS TERMINAL JV STORAGE CAPACITY OF 4 MILLION CBM



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(1) Storage revenue with 50% of Antwerp JV.

EVOLVING PRODUCT EXPOSURE - STORAGE REVENUE (1)



The above brings more than 50 million in cash flow for Rubis.

RUBIS TERMINAL JV BULK LIQUID STORAGE



A key link in the energy chain

- **Strategic positioning:** infrastructure quality & geographical position
- **Bespoke services** for demanding clients
- **Strong safety standards** with a zero-incident policy

Business characteristics

- **Fixed-cost business model** with high profitability with EBITDA margin >50%
- **Storage revenues remain stable** as those are rental payments and oil price movement does not influence this segment P&L; **contracts' price inflation indexed**
- **Storage has very limited exposure** to contango/traders activities

JOINT VENTURE'S STRATEGIC MILESTONES

APRIL 2020

- Constitution of the Rubis Terminal JV in partnership with I Squared Capital infrastructure fund:
- Rubis owns 55%, economic interest and joint control
 - Increased financial flexibility to support external growth

NOVEMBER 2020

- Acquisition of Tepsa, leading bulk liquid storage operator in Spain
- FY 2020: sales €55m, adjusted EBITDA €30m
 - Growth acceleration, biofuels market

20

(1) Storage including 50% of Antwerp JV.
 (2) Cash flow = EBITDA - maintenance capex.
 (3) 2022 net debt/EBITDA incl. Antwerp JV net debt and excl. IFRS 16 impact on net debt.

KEY FIGURES

(proforma December 2022)



Let's look how the above fits investing and finances.

Rubis Investment case- finances



INVESTMENT CASE RUBIS VALUE PROPOSITION

RESILIENCE

- **Solid track record**, EPS* CAGR* 6% over the last decade
- **Non-cyclical products** meeting basic needs (mobility, cooking, heating)
- **Strong risk management** (internal control, compliance, insurance, etc.)
- **Partnership** structure ensures long-term view



STRATEGY

- Among top players in niche markets and benefiting from growing demand for energy
- **M&A optionality** with consistent acquisition strategy
- **Well positioned in energy transition** thanks to geographical exposure, product portfolio (LPG) and investments in photovoltaic & hydrogen



RESPONSIBLE APPROACH

- **LPG as transitional energy** in Africa
- **Bitumen activities** support infrastructure projects in Africa
- **Key targets** from CSR Roadmap 2022-2025
 - 30% reduction in CO₂ emissions scopes 1 & 2 (at constant scope)
 - At least 30% women on average in Management Committees in Rubis Énergie and its subsidiaries



SHAREHOLDER RETURN

- **Liquid stock** with €10m daily average trading volumes
- **"Dividend aristocrat"** (has increased its dividend payment for the past 25 consecutive years)
- **Shareholder-friendly dividend policy** with attractive dividend yield and 8% CAGR of dividend per share over the last decade



The business is a slow and steady grower, in niche markets with relatively low competition as investments in oil are not 'cool' anymore. The dividend is strong and they have been increasing the dividend for 25 years now, thus are a "dividend aristocrat".

As said above, growth is expected to come from Africa and solar, where solar should add to earnings by 2027.

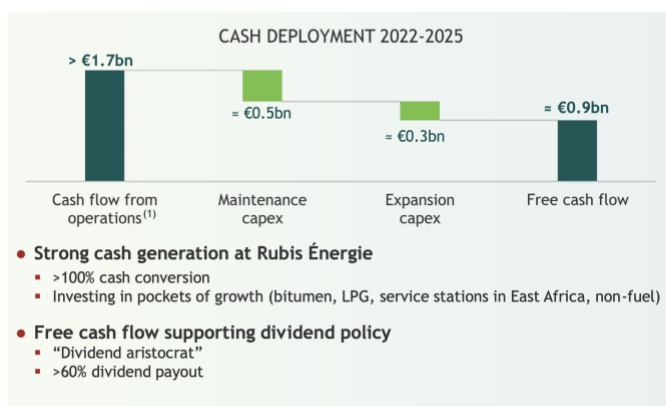
CAPITAL ALLOCATION

SUSTAINING DIVIDEND POLICY, INVESTING IN ORGANIC AND EXTERNAL GROWTH

rubis.fr

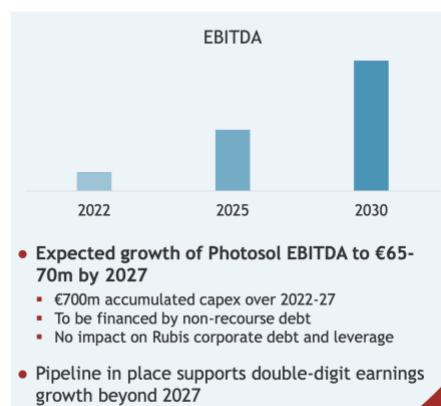


RETAIL & MARKETING - SUPPORT & SERVICES



⁽¹⁾ Cash flow from operations after interest expenses, corporate tax, lease charges and change in working capital.

PHOTOSOL



The plan is to get to 0.9 billion EUR in FCF over 4 years, thus approximately 225 million per year.

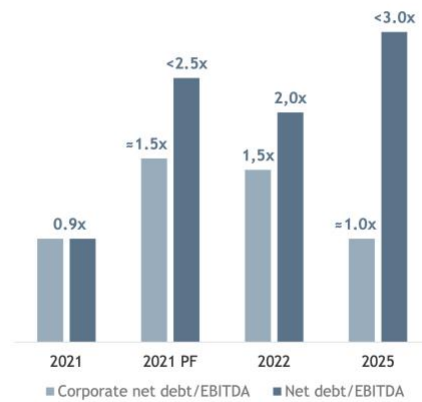


SOLID BALANCE SHEET AND LOW LEVERAGE SUPPORTING SELECTIVE ACQUISITION STRATEGY

External growth

>€2bn spent over the last decade

- Contributed 2/3 of historical earnings growth of 6% EPS CAGR
- €400m financial firepower for bolt-on acquisitions
- Strategic criteria
 - HISTORICAL SEGMENT
niche segments, infrastructure ownership as entry barriers, building market share/ adjacent segments in existing markets
 - DIVERSIFICATION IN RENEWABLES
bolt-on value enhancing acquisitions leveraging on Photosol expertise and complementing product offering and regional exposure
- Targeted returns
 - Double-digit hurdle rate in historical segment to reflect risk profile
 - Lower hurdle rate in the renewable segment given visibility and low risk



They will likely use 400 million EUR to make more acquisitions over time. I hope they will not overpay but wait for the right timing.

Acquisitions have increased revenues and net income over the years.

	INCOME STATEMENT			BALANCE SHEET			CASH FLOW STATEMENT			RATIOS		SEGMENTS	
Income Statement TIKR.com	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	LTM		
Revenues 🔍	2,756.11	2,790.23	2,913.38	3,003.88	3,932.65	4,399.82	5,228.49	3,902.00	4,589.45	7,134.73	7,134.73		
Total Revenues	2,756.11	2,790.23	2,913.38	3,003.88	3,932.65	4,399.82	5,228.49	3,902.00	4,589.45	7,134.73	7,134.73		
% Change YoY 🔍	3.2%	1.2%	4.4%	3.1%	30.9%	11.9%	18.8%	(25.4%)	17.6%	55.5%			
Selling General & Admin Expenses 🔍	(200.96)	(208.89)	(256.98)	(302.02)	(446.48)	(407.98)	(420.50)	(376.89)	(419.85)	(403.40)	(403.40)		
Depreciation & Amortization - (IS) - (Collected)	(60.00)	(67.92)	(105.47)	(113.22)	(126.42)	(78.32)	(122.94)	(140.06)	(136.53)	(167.75)	(167.75)		
Other Operating Expenses	(2,333.03)	(2,346.71)	(2,310.92)	(2,288.97)	(2,991.74)	(3,567.84)	(4,273.40)	(3,019.19)	(3,641.24)	(6,054.56)	(6,054.56)		
Total Operating Expenses	(2,593.98)	(2,623.51)	(2,673.37)	(2,704.21)	(3,564.64)	(4,054.14)	(4,816.84)	(3,536.14)	(4,197.62)	(6,625.71)	(6,625.71)		
Operating Income 🔍	162.13	166.72	240.01	299.68	368.01	345.68	411.65	365.86	391.83	509.01	509.01		
% Change YoY 🔍	10.4%	2.8%	44.0%	24.9%	22.8%	(6.1%)	19.1%	(11.1%)	7.1%	29.9%			
% Operating Margins 🔍	5.9%	6.0%	8.2%	10.0%	9.4%	7.9%	7.9%	9.4%	8.5%	7.1%	7.1%		
Interest Expense 🔍	(12.72)	(12.88)	(16.46)	(17.18)	(20.56)	(18.00)	(30.17)	(28.58)	(30.79)	(52.60)	(52.60)		
Interest and Investment Income	1.38	3.64	4.73	3.59	4.13	1.52	4.22	2.60	6.35	11.87	11.87		
Income (Loss) on Equity Invest.	3.31	1.76	4.98	6.80	3.26			4.27	5.91	5.73	5.73		
Currency Exchange Gains (Loss) 🔍	(5.35)	3.81	0.90	(3.81)	4.17	(9.22)	(11.17)	(8.10)	(13.44)	(77.85)	(77.85)		
Other Non Operating Income (Expenses)	3.24	1.28	2.23	0.64	(1.02)	0.17	1.25	(3.14)	1.98	(2.26)	(2.26)		
EBT Excl. Unusual Items	151.98	164.33	236.39	289.72	357.99	320.16	375.78	332.91	361.84	393.90	393.90		
Merger & Restructuring Charges	(0.15)	(0.43)	(1.82)	(0.34)	(4.04)	(1.07)	(7.33)	(0.09)	(0.27)	(22.38)	(22.38)		
Impairment of Goodwill	0.20	(0.97)	10.90					(46.00)		(40.00)	(40.00)		
Gain (Loss) on Sale of Investments	0.14	0.27	0.12	0.43	2.10	(0.86)	1.20	(24.60)	3.30	(0.00)	(0.00)		
Gain (Loss) on Sale of Assets	0.67	0.96	3.42	2.18	(1.35)	(2.65)	1.60	(0.26)	3.60	4.13	4.13		
Other Unusual Items	2.26	2.50	(7.16)	(0.29)	7.58	(17.98)	(1.28)	(6.97)	1.47	0.11	0.11		
EBT Incl. Unusual Items	155.10	166.66	241.85	291.70	362.28	297.60	369.97	254.99	369.94	335.77	335.77		
Income Tax Expense 🔍	(45.10)	(44.22)	(59.62)	(64.32)	(79.44)	(59.27)	(75.50)	(59.47)	(65.20)	(63.86)	(63.86)		
Earnings From Continuing Operations	110.00	122.44	182.23	227.38	282.84	238.33	294.47	195.52	304.74	271.90	271.90		
Earnings Of Discontinued Operations						32.45	27.97	100.29					
Net Income to Company	110.00	122.44	182.23	227.38	282.84	270.78	322.44	295.81	304.74	271.90	271.90		
Minority Interest	(5.34)	(4.42)	(12.35)	(19.36)	(17.26)	(16.71)	(15.21)	(15.48)	(12.17)	(9.01)	(9.01)		
Net Income	104.66	118.02	169.88	208.02	265.58	254.07	307.23	280.33	292.57	262.90	262.90		
Net Income to Common Incl Extra Items 🔍	104.66	118.02	169.88	208.02	265.58	254.07	307.23	280.33	292.57	262.90	262.90		
% Net Income to Common Incl Extra Items Margins	3.8%	4.2%	5.8%	6.9%	6.8%	5.8%	5.9%	7.2%	6.4%	3.7%	3.7%		
Net Income to Common Excl. Extra Items 🔍	104.66	118.02	169.88	208.02	265.58	221.62	279.26	180.05	292.57	262.90	262.90		
% Net Income to Common Excl. Extra Items Margins	3.8%	4.2%	5.8%	6.9%	6.8%	5.0%	5.3%	4.6%	6.4%	3.7%	3.7%		
Supplementary Data:													
Diluted EPS Excl Extra Items 🔍	1.49	1.52	2.03	2.32	2.84	2.29	2.81	1.75	2.86	2.55	2.55		
% Change YoY 🔍	2.4%	1.9%	34.0%	14.2%	22.5%	(19.2%)	22.3%	(37.7%)	63.3%	(10.6%)			
Weighted Average Diluted Shares Outstanding	70.89	78.19	83.84	89.84	93.54	96.78	99.57	103.37	102.53	103.00	103.00		
% Change YoY 🔍	8.9%	10.3%	7.2%	7.2%	4.1%	3.5%	2.9%	3.8%	(0.8%)	0.5%			
Weighted Average Basic Shares Outstanding	68.18	76.39	82.27	88.52	92.54	95.88	98.47	101.86	102.29	102.88	102.88		
% Change YoY 🔍	9.1%	12.0%	7.7%	7.6%	4.5%	3.6%	2.7%	3.4%	0.4%	0.6%			
Dividends per share	0.98	1.03	1.21	1.34	1.50	1.59	1.75	1.80	1.86	1.92	1.92		

I also see the number of shares going up between 2013 and 2019 where they did some equity issues to finance the acquisitions. Acquisition example from 2013 below:

Rubis to purchase for €115 m bp's lpg retail operations in portugal and to consider an equity issue

0810112013

August 1st, 2013

RUBIS has signed an agreement with BP to purchase its 170 000 tons LPG distribution business in Portugal representing Rubis' Europe based largest single market.

This acquisition clearly fits into Rubis' niche market strategy:

- **Well established business:** having been operating for over 50 years, it is a largely autonomous and well integrated supply and marketing business, benefitting from a high market density across all segments and one of the leading market participants;
- **Strong asset base:** the business has access through JV agreements to the essential import infrastructure to economically supply the market which is structurally dependent on LPG imports, with access to over 65 000 m³ of storage capacity, as well as it's own filling plants and distribution platforms;
- **Significant market presence:** the business secures the majority of sales revenue from the cylinder segment, the most resilient during business cycles;
- **Potential for growth:** coming from the development of the autogas segment, piped LPG to housing estates, as well as developing additional sales in Spain following deregulation.

Despite the economic difficulties in Portugal over the past 3 years, the business has nevertheless shown to be particularly resilient, and the slowdown of the expansion of the natural gas network and the increased competitiveness of LPG verses other fuels indicates further capacity to rebound when the economy stabilizes.

Rubis and BP have signed today the transaction documents, and completion should take place in the first half of 2014 after completing the necessary transaction steps and implementation of IT infrastructure.

The agreed cash and debt free purchase price is €115 million represents an EBITDA multiple of less than 5 based on 2012 earnings and benefits from downward price adjustment mechanism based on future earnings.

In addition to current capital expenditure, developments (Antwerp, Rotterdam and Ceyhan) and acquisitions (Jamaica and Reichstett), over the past year, this latest acquisition brings total cumulative Group's investments or commitments close to €350 million.

With the 400 million available it looks like they don't need to issue shares anymore.

The balance sheet tells me there is a lot of cash, likely the retail part and necessary plus the 400 million for investments and acquisitions. There is a lot of goodwill, that jumped 500 million in 2022 likely due to the Photosol acquisition which is a lot in a high infrastructure business like this. But, you need to finance all these things and there is thus 1.5 billion of debt which is a lot but given the stability of the cash flows, it could be ok, but it still is there.

Balance Sheet TIKR.com	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	LTM
Cash And Equivalents	343.67	410.18	786.46	833.65	825.30	755.97	860.15	1,081.58	874.89	804.91	804.91
Short Term Investments											
Accounts Receivable	228.71	219.86	218.90	243.90	381.45	411.58	461.69	309.05	484.07	635.22	635.22
Other Receivables	90.98	97.08	132.28	147.57	174.12	212.68	171.51	192.26	160.31	171.22	171.22
Inventory	156.83	139.83	207.07	246.62	286.31	347.09	526.63	333.38	543.89	616.01	616.01
Prepaid Expenses	7.57	9.21	14.87	14.06	27.60	18.50	14.57	17.52	18.46	19.89	19.89
Notes Receivable (Collected)	2.48	0.43	0.52	2.01	3.44	0.78	1.25	1.31	0.99	1.14	1.14
Other Current Assets	12.01	0.06	(0.27)	3.17	2.14	0.21	964.64	1.64	3.97	0.45	0.45
Total Current Assets	842.24	876.63	1,359.82	1,490.98	1,700.37	1,746.81	3,000.44	1,936.75	2,086.59	2,248.83	2,248.83
Gross Property Plant And Equipment	1,472.18	1,780.86	2,625.01	2,761.98	3,248.23	3,440.58	2,726.62	2,863.81	3,099.63	3,748.21	3,748.21
Accumulated Depreciation	(745.79)	(939.29)	(1,491.86)	(1,569.89)	(1,773.73)	(1,854.47)	(1,477.44)	(1,544.05)	(1,669.57)	(1,867.68)	(1,867.68)
Net Property Plant And Equipment	726.39	841.56	1,133.15	1,192.09	1,474.50	1,586.11	1,249.17	1,319.76	1,430.07	1,880.53	1,880.53
Goodwill	445.24	563.35	771.24	773.01	1,095.76	1,094.36	1,245.02	1,219.85	1,231.64	1,719.17	1,719.17
Other Intangibles	18.89	13.12	20.22	22.91	41.13	34.35	31.46	31.00	31.57	79.78	79.78
Long-Term Investments	107.35	112.01	124.91	134.86	67.77	128.75	149.46	344.80	411.68	473.46	473.46
Loans Receivable Long-Term	1.67	31.28	36.04	37.97	7.79	11.54	11.00	38.06	41.29	18.59	18.59
Deferred Tax Assets Long-Term (Collected)	4.46	5.44	7.01	12.52	7.03	8.08	15.78	14.41	12.91	18.91	18.91
Other Long-Term Assets	32.07	40.51	74.01	50.26	17.85	41.84	44.75	23.99	16.78	30.77	30.77
Total Assets	2,178.31	2,483.90	3,526.40	3,714.60	4,412.20	4,651.83	5,747.09	4,928.62	5,262.52	6,470.04	6,470.04
Accounts Payable	147.31	131.85	165.96	204.57	296.60	347.87	464.11	284.92	405.33	456.85	456.85
Accrued Expenses	51.39	56.15	102.90	107.72	111.35	127.49	124.94	107.79	119.04	202.35	202.35
Short-Term Borrowings	71.98	81.66	84.48	40.19	45.31	85.19	109.19	96.16	276.49	468.14	468.14
Current Portion of Long-Term Debt	288.54	123.99	168.54	222.28	232.37	256.41	257.69	271.14	231.03	323.36	323.36
Current Portion of Capital Lease Obligations							34.70	30.07	23.74	27.74	27.74
Current Income Taxes Payable	4.66	6.81	7.37	7.34	17.42	14.74	25.89	22.82	23.32	28.77	28.77
Current Unearned Revenue	2.15	2.40	16.18	18.36	36.21	15.05	13.79	4.31	4.37	4.84	4.84
Deferred Tax Liability Current											
Other Current Liabilities	29.17	30.87	65.45	47.56	53.17	56.08	479.46	69.88	77.62	127.43	127.43
Total Current Liabilities	595.18	433.72	610.87	648.01	792.44	902.82	1,509.77	887.09	1,160.94	1,639.48	1,639.48
Long-Term Debt	250.40	511.75	870.13	798.87	1,234.25	1,108.00	1,130.40	894.02	805.67	1,299.61	1,299.61
Capital Leases							148.12	141.12	138.18	196.91	196.91
Unearned Revenue Non Current	2.39	2.24	2.47	2.28	1.79	1.48	1.10	0.90	1.03	1.05	1.05
Pension & Other Post Retirement Benefits	10.98	23.39	34.33	34.60	33.89	33.75	40.96	44.83	39.85	26.61	26.61
Deferred Tax Liability Non-Current	28.00	34.16	51.39	49.60	70.94	72.39	52.00	51.10	63.07	92.48	92.48
Other Non Current Liabilities	127.68	157.83	299.85	194.80	200.46	199.37	271.11	289.23	317.43	353.62	353.62
Total Liabilities	1,014.63	1,163.08	1,869.04	1,728.16	2,333.77	2,317.81	3,153.46	2,308.28	2,526.16	3,609.75	3,609.75
Common Stock	93.23	97.17	108.04	113.64	117.34	121.02	125.22	129.54	128.18	128.69	128.69
Additional Paid In Capital	716.24	771.53	962.40	1,084.25	1,195.96	1,350.70	1,480.13	1,593.90	1,547.24	1,550.12	1,550.12
Retained Earnings	349.18	386.07	387.89	548.00	680.30	725.07	923.92	1,012.31	1,126.41	1,247.25	1,247.25
Treasury Stock	(1.34)	(0.65)	(1.09)	(1.09)	(0.88)		(1.11)	(2.03)	(1.95)	(1.99)	(1.99)
Comprehensive Income and Other	(18.35)	42.84	100.61	112.59	(48.65)		(81.08)	(232.66)	(183.21)	(190.60)	(190.60)
Total Common Equity	1,138.96	1,296.97	1,557.85	1,857.39	1,944.07	2,196.79	2,447.08	2,501.05	2,616.66	2,733.46	2,733.46

The cash flows are interesting and the cash flows are there. 262 million of net income, 170 million of depreciation and around 170 million of maintenance capex leads to around 262 million of FCF. They get 7 to 9% return on their investments, as long as the cost of debt is below 5%, they should do ok. For now interest is low, but as it goes higher, the current portion of long-term debt is high compared to long-term debt, I expect costs of debt are going significantly up, 7% on 1.5 billion is a good 100 million at least.

Operating income after share of net income from joint ventures	+13%	456,610	402,536
Income from cash and cash equivalents		11,868	9,645
Gross interest expense and cost of debt		(42,363)	(22,220)
Cost of net financial debt	5.8 +143%	(30,495)	(12,575)

Cash Flow Statement TIKR.com	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	LTM
Net Income	104.66	118.02	169.88	208.02	265.58	254.07	307.23	280.33	292.57	262.90	262.90
Depreciation, Depletion & Amortization	40.12	61.41	95.47	111.80	123.33	91.49	118.77	136.63	140.75	162.57	162.57
Amortization of Goodwill and Intangible Assets	2.57	0.86	1.25	1.77	2.49	2.65	3.69	3.53	3.86	5.32	5.32
Total Depreciation, Depletion & Amortization	42.69	62.27	96.72	113.58	125.81	94.14	122.46	140.16	144.61	167.89	167.89
(Gain) Loss On Sale of Asset	0.60	(0.96)	(1.48)	(3.82)	1.81	4.86	(0.01)	(84.17)	(0.60)	0.08	0.08
(Income) Loss On Equity Investments	(3.31)	(1.76)	(4.98)	(6.80)	(3.26)	(4.81)	(4.17)	(6.71)	(5.91)	(5.73)	(5.73)
Change in Accounts Receivable									(150.96)	(142.68)	(142.68)
Change In Inventories									(205.28)	(77.34)	(77.34)
Change in Accounts Payable									141.78	188.67	188.67
Change in Other Net Operating Assets	(50.15)	37.95	179.22	(18.29)	(70.76)	(79.49)	(78.10)	132.23			
Other Operating Activities	20.36	15.68	10.34	18.63	8.64	56.72	118.71	27.77	78.44	27.18	27.18
Net Cash From Discontinued Operations							31.80	101.38			
Cash from Operations	114.85	231.19	449.70	311.33	327.82	325.49	497.92	590.99	294.66	420.96	420.96
Capital Expenditure	(100.46)	(111.22)	(143.31)	(162.55)	(205.72)	(232.77)	(229.78)	(245.40)	(205.68)	(258.42)	(258.42)
Sale of Property, Plant, and Equipment	5.55	4.26	4.62	2.80	5.14	4.79	6.92	4.98	8.73	5.94	5.94
Cash Acquisitions	(17.42)	(108.86)	(340.43)	(15.30)	(512.79)	(76.53)	(264.13)	(21.44)	(83.99)	(341.12)	(341.12)
Divestitures	8.00			15.78	69.24	4.32	64.19	175.36	3.46	57.03	57.03
Investment in Marketable and Equity Securities	4.03	(0.33)	1.00	(0.20)	(26.35)	(0.08)	(139.13)	(114.37)	(0.16)	(2.78)	(2.78)
Net (Increase) Decrease in Loans Originated / Sold - Investing	5.90	(25.97)	(32.70)	(6.08)	28.63	3.67	(0.42)	(28.45)	(1.65)	(0.45)	(0.45)
Other Investing Activities	0.02	0.02	0.22	0.27	0.27	0.40	1.46	233.17	20.30	38.67	38.67
Cash from Investing	(94.38)	(242.11)	(510.58)	(165.27)	(641.59)	(296.21)	(560.89)	3.86	(258.98)	(501.12)	(501.12)
Total Debt Issued	83.38	430.43	558.66	237.18	773.10	294.91	601.23	147.02	730.69	1,191.10	1,191.10
Total Debt Repaid	(114.55)	(329.16)	(229.44)	(291.63)	(378.58)	(356.12)	(335.54)	(398.77)	(718.10)	(880.99)	(880.99)
Issuance of Common Stock	187.24	60.69	202.41	127.97	116.45	158.78	134.62	3.86	7.08	3.40	3.40
Repurchase of Common Stock	(0.90)		(0.44)			(0.80)		(0.93)	(153.16)	(0.05)	(0.05)
Common Dividends Paid	(70.87)	(73.16)	(83.93)	(124.90)	(133.01)	(169.27)	(154.52)	(83.34)	(83.58)	(191.06)	(191.06)
Common & Preferred Stock Dividends Paid	(70.87)	(73.16)	(83.93)	(124.90)	(133.01)	(169.27)	(154.52)	(83.34)	(83.58)	(191.06)	(191.06)
Other Financing Activities	(20.17)	(17.71)	(15.62)	(50.76)	(36.31)	(30.47)	(42.27)	(40.45)	(34.11)	(97.49)	(97.49)
Cash from Financing	64.13	71.10	431.64	(102.15)	341.65	(102.96)	203.51	(372.61)	(251.18)	24.92	24.92
Foreign Exchange Rate Adjustments	(2.90)	6.32	5.53	3.29	(36.23)	4.35	(2.04)	(35.13)	8.81	(14.73)	(14.73)
Miscellaneous Cash Flow Adjustments		0.00	(0.00)	(0.00)			(34.32)	34.32			
Net Change in Cash	81.71	66.51	376.28	47.20	(8.35)	(69.33)	104.18	221.43	(206.69)	(69.98)	(69.98)

If I take their calculation of free cash flows, we are at 179 million, on average around 225.

CASH FLOW	2016	2017	2018	2019	2020	2021	2022
Cash flow before change in working capital⁴	316	385	384	526	391	447	380
Change in working capital	-18	-71	-79	-78	132	-214	-31
Cash flow from operations	298	315	305	447	524	233	349
Capex (without Rubis Terminal)	96	134	175	166	219	206	259
o/w maintenance	47	50	83	105	131	133	170
o/w expansion	49	84	93	61	88	73	89
Capex Rubis Terminal	67	48	55				
Free cash flow before expansion capex⁴	227	237	191	309	393	100	179

For me personally, it looks like an interesting business, and it would be interesting without the pile of debt. So, I am not interested in following it closely, but we can discuss a valuation, that implies all going well with debt (most debt is non-recourse debt which means that if the solar plant goes bankrupt, the parent company doesn't have to pay).

Rubis SCA Stock Overview and Valuation

The stock went straight up till 2017, likely on market exuberance on growth, then it went south and we are now back to 2015 levels. But the dividend yield is high, 7.14% and if they can continue to grow the dividend at let's say 3% per year, returns from this should be good. (on top of the dividend, there should be taxes, but I don't know the level in France for this company).

Market Summary > Rubis SCA

25,92 EUR

+ Follow

+21.03 (430.06%) ↑ all time

16 May, 15:36 CEST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	25,74	Mkt cap	2,67B	CDP score	B
High	26,02	P/E ratio	10,16	52-wk high	29,26
Low	25,70	Div yield	7,41%	52-wk low	20,74

If I assume 3% dividend growth ahead, that will depend a lot of debt market conditions and market conditions for their margins, but we can assume 3% going forward on a conservative basis. Expecting a 10% return going forward and a stable 7% dividend yield, the stock is fairly priced now.

[LISTIAI](#)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Terminal Value	Growth rate		
RUBIS DIVIDEND	1,85	1,91	1,96	2,02	2,08	2,14	2,21	2,28	2,34	2,41	2,49	36,21	3%	next 5 years
10%)		1,73	1,62	1,52	1,42	1,33	1,25	1,17	1,09	1,02	0,96	13,96	10%	5 to 10 years
INTRINSIC VALUE		27,08											15,0	Discount rate
														Terminal multiple

Conclusion

Rubis is an interesting business for a diversified portfolio. If I would be managing a diversified portfolio for a pension fund, I would keep a position in this, but I am personally looking for better.

All looks good, the business looks also promising, especially with their foothold in Africa, but the debt is certainly there that wouldn't make me sleep well. They first did issue shares and paid for acquisitions by issuing equity and then as debt was cheap, switched to debt but I don't know how sustainable that is. Of course, if nothing happens great, if there are issues, it can get ugly. Thus, too risky.