Paris, 17 September 2020, 5:35 pm

GREAT RESILIENCE IN THE FACE OF COVID

EBITDA: down 11%

NET INCOME: down 11%

The first half of 2020 was profoundly affected by the impact of Covid. This was particularly true in Q2, with sales of all products marketed by Rubis Énergie down 42% during their lowest point in April. This was followed by a gradual return to normality in the beginning of July as the lockdown was eased.

The sharp drop in oil prices from mid-March onwards immediately resulted in negative inventory effects, from which there was a partial recovery at the end of Q2, and in a tightening of margins on the distribution side.

These developments, whose magnitude was extraordinary, had a €43 million impact on the gross distribution margin in Q2 alone.

Overall, the business ultimately demonstrated great resilience thanks to the Group's multi-segment and midstream/downstream positioning. Indeed, the LPG, residential and agrifood sectors held up very well at a time when aviation was particularly exposed, while retail/trading exposure demonstrated its cyclical complementarity, with strong growth in the trading-supply of bitumen, in particular, but also in storage, which clearly benefited from the return of the contango.

The financial statements reporting an 11% fall in both EBITDA and net income (Group share).

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2020

(in millions of euro)	2020	2019	Change	Change at constant scope
Revenue	2,051	2,583	-21%	-32%
EBITDA	240	271	-11%	-15%
EBIT, of which	170	215	-21%	-24%
Rubis Énergie	*130*	*176*	-26%	-29%
Rubis Support and Services	*52*	*51*	2%	*2%*
Net income, Group share, of which	139	157	-11%	-30%
Net income from continuing operations, Group share	*39*	*143*	*-73%*	
Net income from operations held for sale, Group share	*100*	*14*	*633%*	
Cash flow	208	248	-16%	
Capital expenditure	129	109		

The contribution of the Rubis Terminal joint venture (JV) was recognized under operations held for sale until the end of April, and under the equity method as of 1 May. In a world hit by Covid, the Rubis Terminal JV demonstrated a great deal of resilience, reporting a slight increase in EBITDA (+2%): the lockdown led to a 70% drop in fuel consumption in France, reducing the revenues generated from depot turnover, while the return of the contango created high demand for capacity and led to the signing of new contracts, notably in Turkey.

The Group's income statement recognizes the €83 million in capital gains made from the sale of 45% of Rubis Terminal under operations held for sale, while other operating income and expenses totalled -€74 million and related notably to (i) an impairment loss of €46 million recognized for the petroleum product distribution business (Caribbean), which resulted from the political and economic developments that occurred in Haiti in the first half of 2020, and (ii) a €24.6 million impairment loss on financial assets, for which the company has determined a significantly increased credit risk, based on a multi-factor analysis that takes into account the local political and economic climate, in particular. In total, net income (Group share) was down 11%, to €139 million.

Rubis's financial position as of 30 June indicates that the Group is virtually debt-free, with €52 million in financial debt, compared with €637 million as of 31 December 2019, thanks to Rubis Terminal's restructuring and a sharp fall in working capital requirements.

RUBIS ÉNERGIE: fuel distribution

The Rubis Énergie division is responsible for the final distribution of all fuel, LPG and bitumen products in the three regions: Europe, Caribbean and Africa.

Diesel fuel prices were down 38% compared with the first half of 2019, with a severe downturn as of January 2020. The current environment remains conducive to improved margins, while contributing to an increase in customer purchasing power.

General business operations were very much dominated by the strong negative impact of Covid. The most resilient sectors have been those that cater most closely to the needs of end consumers, such as the residential LPG cylinder and mini-bulk segments. Morocco has been more deeply affected by Covid, with both tourism and the productive sectors being directly exposed. In Madagascar, although cylinder LPG has held up well, bulk LPG deliveries to the mining sector continue to suffer due to the complete shutdown of facilities.

Land (gas stations) and air transport were directly exposed to the widespread lockdown, with aviation still in crisis having experienced a 50% drop in global traffic (-71% and -66% at Rubis, respectively, as of end-June and end-August).

CHANGE IN THE VOLUMES SOLD BY REGION IN H1 2020

(in '000 m³)	H1 - 2020	H1 - 2019	Change	Change at constant scope
Europe	402	465	-14%	-14%
Caribbean	966	1,138	-15%	-15%
Africa	1,111	1,006	10%	-22%
TOTAL	2,479	2,610	-5%	-17%

At €307 million, the gross sales margin for all products combined was down 9%, with the unit margin growing 3% (on a like-for-like basis) driven by changes in fuel product prices.

SALES MARGIN OF RUBIS ÉNERGIE FOR FINAL DISTRIBUTION

	Gross margin *(in €m)*	Breakdown	Change	Gross margin *(in €/m³)*	Change at constant scope
Europe	98	32%	-5%	244	10%
Caribbean	112	36%	-14%	116	2%
Africa	97	32%	-8%	87	-5%
TOTAL	307	100%	-9%	124	3%

The most material impact on the change in the gross margin during the second quarter was caused by the drop in consumption and sales volumes. Of the €44 million like-for-like drop in the gross distribution margin in Q2, 97% is attributable to the fall in volumes. On the whole, the effects of inventory write-downs were offset by gains when oil product prices recovered, as well as by increases in unit margins in regions where prices are not regulated. The worst impact was felt in the area of white goods, and notably aviation, where the sharp drop in sales did not allow for normal inventory turnover.

In total, Rubis Énergie generated EBIT of €130 million, a fall of 26%.

RUBIS SUPPORT AND SERVICES: refining, trading-supply and shipping

The results of the SARA refinery are governed by the application of a decree setting profitability at 9% of shareholders' equity.

The trading-supply-shipping business processed a volume of 547,000 m^3, thus contributing EBIT of €38 million (+24%). This growth was mainly driven by bitumen trading-supply operations, which took advantage of a favourable context and, more generally, an increase in unit margins.

CONTRIBUTION OF THE RUBIS TERMINAL JV: storage of liquid products

The contribution of the Rubis Terminal JV appears under operations held for sale up until the effective disposal of the shareholding. This includes a net income contribution (€17 million) and capital gains on disposal (€83 million). It is recognized under the equity method (€2.6 million) for the two months (May and June) during which the JV was effectively operating.

In a world hit by Covid, the Rubis Terminal JV demonstrated a great deal of resilience, reporting a slight increase in EBITDA (including 50% Antwerp) to €43 million (+2%): the lockdown led to a 70% drop in fuel consumption in France, reducing the revenues generated from depot turnover, while the return of the contango created high demand for capacity and led to the signing of new contracts, notably in Turkey.

After refinancing, the net income (Group share) of the Rubis Terminal JV totalled €11 million, down 12%.

After closing on 30 June, the Rubis Terminal JV signed a protocol for the acquisition of TEPSA, the market leader in storage in Spain (900,000 m^3), generating EBITDA of €28 million and strengthening Rubis Terminal's positions in chemicals with an opening in the Mediterranean. The transaction is set to be finalized in the fourth quarter.

Outlook

Barring a new lockdown period similar to that which affected the Group's sales in Q2, business should continue to return to normal levels over the second half of the year.

Bolstered by its strong financial position, the Group will continue to explore development opportunities, both through organic and external growth.

At its meeting of 17 September, the company's Supervisory Board examined the interim financial statements for the period ended 30 June 2020, after approval by the Statutory Auditors.

<u>Next publication:</u>

Third quarter revenues on 5 November 2020 (after trading closes)

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