2023 half-yearly results

07 September 2023

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The presentation of results began at 6:00 PM.

Jacques Riou: Good evening everyone and welcome to this presentation of the Rubis Group's results for the first half of 2023.

By way of introduction, I will share with you some general considerations regarding our positioning on our various markets and the cash-flow allocation mechanism used within the Group, before giving the floor to Clarisse Gobin-Swiecznik, who will present the Group's operations and results in detail in the first half of the year.

Today we welcome Robin Ucelli, co-founder and president of Photosol, and Bruno Krief, who will go into more detail in the Group's accounts; we will move on to questions after the conclusion delivered by Clarisse Gobin-Swiecznik.

As a reminder, the Group, as it currently stands, after profound changes, in particular in 2022, operates three business lines, all within the same field: energy, specifically, the production, distribution and storage of energy, which have been structural to the Group for many years. Distribution business includes Retail & Marketing and Support & Services, which includes shipping, trading, and the operation of a certain number of common infrastructures on behalf of third parties. The Group operates in more than 40 countries, on three continents: in Europe, in America, more specifically in the Caribbean, and in Africa.

In this field, we distribute a wide range of products, mainly LPG, which is a low-carbon gas, and a variety of fuels, notably *via* service-station networks. We also have a major subsidiary in Africa specialising in the distribution of bitumen. As regards the Renewable Electricity Production business, through Rubis Photosol, we have a large French, and soon European, platform dedicated to the production of photovoltaic energy, and a stake in HDF Energy, which gives us access to certain operations combining, in the Caribbean zone, photovoltaic and hydrogen storage.

Today, we own installed capacity of nearly 400 MWp, a 3.8 GWp pipeline, and are very largely active in France, which is the original market of Photosol, while breakthroughs are being made, in 2023, in Italy, Spain, and Poland. The bulk of the assets and EBITDA come from the Group's traditional activities, while the Renewable piece is a rapidly-expanding business, with a contribution to EBITDA or assets that is naturally lower for the time being. In addition, we own 55% of the Rubis Terminal business (accounted for under equity method), which specialises in the storage of liquid products, primarily chemicals, biofuels, agribusiness liquids and petroleum products, which have come to account for a minority of the whole in recent years.

What are our markets? We have shown the markets on which we operate, along with the fundamentals, in particular the expected growth in volume on each of these different markets. The Group's interest lies in the portfolio effect, which enables us to operate on three continents and 40 countries, a very large number of markets with different structures, different segments and customer bases that enable us to secure the Group's good resistance.

In Africa, we are very good in LPG, a transition energy that enables a shift from the use of paraffin, wood, or charcoal and is therefore a real improvement for users in the everyday.

We also operate service stations and can be found on all categories of fuels or lubricants, which benefit from the development of mobility, population growth and the emergence of a middle class. In Africa, we are also present in bitumen in order to respond to the immense needs of the infrastructure sector on that continent. These markets, in volume terms, are growing between 2.5% and 3.5% where fuel is concerned, and between 5% and 10% as regards bitumen, depending on the situations.

In the Caribbean, we operate in LPG, on a market that is growing by 1% to 3%, and in fuels, where volumes are growing by 2% to 3% per year. Some geographies are particularly active today in this part of the world, including Guyana and Suriname, where we are investing; this region of the world benefits from the proximity and wealth of the United States, Canada, and increasingly Brazil, through tourism and financial services.

Lastly, in Europe, LPG is a market experiencing moderate negative growth that remains extremely attractive for its cash-flow generation and profitability. To varying degrees, depending on the investments made in renewable electricity in Europe by 2022, we will now have a greater presence in green energies than in carbon-based energies; we have access to truly impressive market growth in renewable energies, of at least 15% to 20% per year.

Lastly, the fundamentals that explain the Group's excellent resilience in the face of all external shocks are that we meet the basic needs of different populations, which in many regions are growing, as is purchasing power, with the emergence of a middle class.

Here is our **cash flow allocation plan**: annual cash flow generation amounts to approximately €450 million; the first forms of use, which we fully intend to fulfil, is the distribution of dividends. For more than 25 years now, the Group has always paid out a dividend, the amount of which has always increased -- and there is no question of forgoing it this year. The second use consists of investments in margin protection and maintenance, amounting to €150 million for Rubis Énergie.

This leaves €100 million available, an amount that can be used in a number of ways. Take the following example: €40 million of the cash flow would be dedicated to developing Rubis Énergie's activities, which would then, over a full year, lead to investments of close to €100 million, thanks to the leverage effect that typically amounts to 50% in this area of activity. The remaining €60 million are allocated to green electricity investments, opening up access to leverage of nearly 85%, and thus making it possible to finance nearly €400 million of investment in this area.

By the end of the decade, Rubis Énergie's development will have been accelerated by nearly €600 million in investments, taking into account the external growth transactions, while €3 billion will have helped support the strong development of green electricity markets. In this area, we have adjusted our target upward, aiming for an increase of 0.5 GWp today to 1 GWp in installed capacity by 2025, on which no in-depth change is possible. A small part will be added to the external markets, but between now and 2030, we expect 3.5 GWp, of which 2.5 in France and the rest in the other European markets. The cumulative investment curve shows this figure as amounting to nearly €2.7 billion, with a leverage rate of 85%. By the end of the period, the share of EBITDA from Photosol is expected to amount to at least 25% for the Group, while maintaining investment discipline, with a Project IRR target of 6% or 8% and a minimum non-recourse debt target of 75% or 80%.

In conclusion, we consider that this will take place without having to call on our shareholders, all the while maintaining a debt-to-EBITDA ratio of less than 2. Our balance sheet and financial position remain solid.

Clarisse Gobin-Swiecznik: Good evening everyone.

Let’s talk about the **highlights** of the first half of 2023 and the financial performance of the Group to which Bruno Krief will come back later.

The key takeaway is a sharp increase in the first half of the year, despite significant foreign exchange losses for the Group: we reported an increase in EBITDA of 30% over the period, restated for several exceptional items, in particular repayments of shortfalls, mainly from the Malagasy government and a margin inflated by exchange rate effects in Nigeria. Our increase in EBITDA is around 15%, quite a remarkable level. We suffered significant negative currency effects, mainly in Nigeria and Kenya, totalling around €55 million on a net basis.

At the same time, the Group's net profit was up 8% on last year, excluding the sale of our Rubis Terminal operations in Turkey in the first half of 2022. The balance sheet remains healthy, with indebtedness slightly down to 1.6 x excluding Rubis Photosol's non-recourse debt, and a slightly higher level of Capex, due in particular to the acquisition of three new vessels at Support & Services (Rubis Énergie) and the integration of Rubis Photosol over a full half-year. The increase in our capital expenditure illustrates our determination to expand all our activities, Energy Distribution and Renewable Electricity Production. Cash generation remains high, with cash flow from operations up 3%.

We are absolutely satisfied with this performance, which again illustrates our ability to deliver, even in the turbulent environment that prevailed in some of our geographies.

What is our operational performance by business line?

In the **Energy Distribution business**, volumes increased by 1.4% compared with the First half of 2022, which also showed steady business for the Group. In our product mix, LPG and bitumen account for 30% of our volumes; LPG is a transitional energy in most of the countries where we operate, as a substitute for charcoal or paraffin; bitumen is not intended to be consumed and, once set, does not emit CO_2. Rubis Énergie's gross margin was up by 4% and the unit margin once again increased, by 2.4%, this half-year.

As one of the stand-out events, I mentioned the investment in three vessels: we acquired full ownership of two LPG carriers, used on a time-charter basis, and a bitumen carrier, specially designed for our operations in Nigeria.

As regards **Renewable Electricity Production**, our assets in operation and electricity production are up, by 19% and 16% respectively, with a portfolio of secured projects 26% higher than at the end of 2022. We have made our first major investment for Rubis Photosol in Italy, through a portfolio of 10 photovoltaic and agrivoltaic projects, totalling nearly 100 MWp, it being specified that the acquisition of each of these projects is conditional on achieving the ready-to-build stage. We have already acquired two projects, and more will be added by the end of the year. In addition, development agreements have been signed with Spanish and Polish developers to speed up Rubis Photosol's development in various European countries.

Let's turn now to our **Energy Distribution business**, which now accounts for the majority of our earnings: our LPG, fuel and bitumen distribution businesses delivered very solid performance in the first half of 2023, with strong growth in EBIT. Still in first place in terms of EBIT generation, excluding exceptional items, **Africa** saw its profitability increase slightly in the first half of the year, after a particularly high 2022 financial year; this strong performance highlights the effectiveness of the investment plan in Eastern Africa launched in 2020, where we continue to improve our network, the rebranding programme having reached 90% of its achievement rate, and the rationalisation of the customer portfolio in this area.

In bitumen, business was slightly below our expectations, mainly due to the elections taking place in Nigeria, which caused delays in decisions to launch infrastructure works; we are hopeful that this will be resolved in the second half of the year, once the rainy season is over.

In the **Caribbean** region, despite stable volumes and a drop in volumes in Haiti, we generated strong EBIT growth of 27%. All the region's market segments performed well, with the retail segment up sharply in Jamaica and in the Eastern Caribbean region, which includes Barbados, thanks in part to the optimisation of service-station networks and growth in non-fuel revenues.

In **Europe**, demand was relatively stable in LPG in the first half of the year; we note fine performance in the bulk segment in Portugal and Morocco, where, as it is not performing as strongly as the others, we must continue to gain market share.

The **Support & Services activity** continues to grow, driven mainly by the shipping business. The first half of 2023 is driven by very good performance in bitumen trading, which offset bitumen distribution slightly below expectations in Western Africa due to the elections in Nigeria. This is a perfect example of our agility in using shipping, distribution and trading: when the level of operations is lower, we can engage in more trading.

In addition to these financial aspects, let's touch on **Corporate Social Responsibility (CSR)**: the Sea Cargo Charter has published its first report, in which Rubis Énergie features as a contributor and has identified all its shipping emissions. This first process made it possible to identify the items in detail in order to define an action plan dedicated to shipping. Monitoring has been updated for the annual indicators in our roadmap, and the plan is progressing in line with the objectives set by the Group; we noted a fall in our CO_2 emissions in scopes 1 and 2, in line with our internal decarbonisation trajectory. With regard to social responsibility, we recently published our new Code of Ethics, which has been provided to all the employees and is available on our website.

As regards the storage business and the **Rubis Terminal joint venture**, business performed very well over the period, with revenue growth of 16% and EBITDA up by 19%, across all three of our geographical areas, with 16% growth in France, due in particular to the closure of certain refineries during the strikes, 7% in Spain, where biofuel and chemical product storage demand is very high, and 30% in the ARA zone, stemming from the commissioning of new storage capacity and new biofuel contracts.

Consistent with the Rubis Terminal joint venture's CSR strategy, the proportion of biofuel and chemical storage continues to grow to meet decarbonisation targets.

Robin Ucelli: Good evening, everyone.

I'd like to talk about **Rubis Photosol's** first year within the Rubis Group, which has been one of strong growth on the French market and penetration of new markets.

In **France**, we recorded a sharp increase of almost 23% in our installed base between June 2022 and June 2023, from 313 MWp to 394 MWp in operation; we expect this to exceed 450 MWp by the end of the year. At the same time, the pipeline, *i.e.*, projects, not yet at the ready-to-build stage, also grew substantially, from 3.3 GWp to 3.8 GWp between June 2022 and June 2023, and is projected to reach almost 4 GWp by the end of 2023. This sharp growth in our assets has come alongside an increase in our teams: in almost 18 months, the number of employees has doubled and we expect to be at around 180 employees by the end of 2023, all across France, as we have opened five new regional branches since joining the Group, and are thus able to develop projects throughout the country.

Alongside its traditional activities, Rubis Photosol also wanted to diversify its offer in France, as these two salient examples illustrate. The first is the entry into the **corporate PPA** market, the first having been signed at the beginning of 2023 with Leroy Merlin, for 38 MWp, for a period of 20 years, on assets in the Charente region, and we now have a portfolio of around 100 MWp under negotiation with various counterparties. The second prominent example is the development of a rooftop offering: in November 2022, we acquired Mobexi, which will enable Rubis Photosol to tackle a new market segment, that of small roofs.

Alongside the acceleration on the French market, Rubis Photosol has expanded rapidly abroad, in Italy, Spain and Poland.

In **Italy**, we acquired an initial portfolio of 100 MWp, of which 25 are already at the ready-to-build stage and the remaining 75 MWp should be ready within the next 18 months. At the same time, we are developing a platform with teams to develop greenfield projects, with the aim of tripling the portfolio acquired in this geographical area by 2030.

In **Spain**, we signed several partnerships with local developers and secured key interconnections for our development; the pipeline in Spain now stands at around 70 MWp after six months of development.

In **Poland**, we created a joint venture with local partners in the first quarter of 2023.

In these three countries, which could joined by others in the very near future, the ambition and strategy consists of concurrently making acquisitions of projects that are at an advanced stage, in order to accelerate the growth, and developing greenfield projects by creating development platforms as a matter of standard process. This growth in France and abroad would not have been possible without financing; this is why at the beginning of 2023, we signed a €115 million financing agreement with leading French banks to be supported in our development.

Briefly now about **Mobexi**, acquired in November 2022, which enables Rubis Photosol to significantly bring its offer forward. Previously, Rubis Photosol was focused on large projects on the ground, between 5 and 50 MWp per project; with this acquisition, we can address a new market segment, namely, small rooftop installations, between 100 kWp and 3 MWp. The distinction should be made between three market sub-segments:

- the traditional agricultural shelter, Mobexi's legacy business, yet on which Rubis Photosol will maintain most of the assets;
- C&I and local authorities, to which we will offer prosumer solutions;
- and car park shelters, sub-segment known to Rubis Photosol, which has developed projects in the past on parking lots, particularly in Alsace, in a theme park, and Montluçon, but which will now be able to meet the demand for smaller parking lots. The Government intends to truly develop this sub-segment of the market, since, pursuant to the law, all car parks with more than 80 spaces must now be equipped with an energy shelter; other measures be added to this to promote the development of the small installation market.

The acquisition of Mobexi also stemmed from the Group's need to respond to certain requests from customers, who were looking for photovoltaic solutions for rooftops or small farms. Since the beginning of the year, Rubis Photosol has set up several joint ventures with Group subsidiaries to this end, including SRPP, Rubis Antilles Guyane; the aim of these partnerships is to create portfolios of around 10 MWp. By 2030, with Mobexi, this new market is expected to account for 5% to 10% of the volume installed by Rubis Photosol.

Where did the **portfolio** stand as of June 2023? The assets in operation increased by 23% between June 2022 and June 2023, reaching more than 450 MWp by the end of 2023. The secured portfolio, *i.e.,* projects in operation, projects under construction and ready-to-build projects, rose from 477 MWp in June 2022 to 640 MWp in June 2023, including the 25 MWp in Italy. The pipeline, which grew from 3.4 GWp to 3.8 GWp in the last year, is around six times the size of our secured fleet, and will serve as a pillar for growth in future years, during which there is no cause for concern about our development.

Let's take a closer look at the last six months and the development and shifting of assets into different categories: in terms of operational projects, only 11 MWp, *i.e.*, two projects, have been commissioned, which reflects the longer administrative and connection timescales, but the processes should speed up between now and the end of the year and in 2024.

As far as projects under construction are concerned, in June 2023 we stood at 96 MWp; six new projects went into construction in the first half of the year, making for a total of 43 MWp. The ready-to-build projects total 151 MWp, including 25 MWp in Italy; six new projects have come on stream, totalling 112 MWp. We are expecting good news in the coming weeks, both in France and in Europe.

What's also interesting is the average size of the projects, with the six projects under construction amounting to 43 MWp and the six ready-to-build projects 113 MWp. This illustrates the clear trend in the type of projects managed by Rubis Photosol, which have more than doubled in size in just a few years, from 8 to 10 MWp, to 20 MWp for those reaching the ready-to-build stage.

I will conclude my presentation with the Sauvigny-les-Bois project, for which we were granted a building permit in 2023 and which illustrates Rubis Photosol's development strategy. This project got under way in 2020, with construction scheduled to start in 2024 or early 2025. It perfectly illustrates Rubis Photosol's expertise and strategy in agrivoltaics, as it will benefit from a sheep farm. It should be noted that 170 MWp of the 390 MWp in the Rubis Photosol portfolio are already in agricultural photovoltaic projects, which illustrates our know-how on this sector. We want to pick up the pace in this segment, to which seven or eight employees are dedicated full-time and in which we have entered into partnerships with the agricultural world, and which is the subject of a dedicated website, photosol-agri.fr.

In 2024, as part of this project, we will be working in two directions, including financing, *i.e.*, €30-35 million in Capex, for 50 MWp, with €30 million in debt and a leverage of almost 90%, and a maturity probably of 20 years. At the same time, we will be working on the resale of the electricity, along two lines: pipelines on the one hand, and CRE contracts on the other.

Bruno Krief: Thank you.

We will now turn to the **financial results**, already largely addressed, and mainly to the highlights of the income statement. As in the second half of 2022, in the first half of 2023 we note a deformation in the sense that there is a strong increase in operating parameters, such as EBITDA or operating profit, offset by fairly significant exchange rate losses.

The operating results, *i.e.,* the increase in volumes and the good performance on margins, have enabled us to generate an earnings surplus, which will enable us to withstand the exchange rate shock, and a net profit that is up by 1%, and by 8% adjusted for exceptional items, in particular the capital gains from 2022. Growth in the first half of 2023 amounted to 8%.

To come back to the significant growth in our operating parameters, specifically 30% and 32% in terms of EBITDA and EBIT, we have instituted a mechanism with the customers in **Nigeria** to which we sell bitumen, whereby we inflate their invoices to take account of the anticipated exchange losses that we will experience when we receive payment. This situation was due to the fact that for a long time, the country was home to a number of different exchange rates, including an official one from the central bank, bank exchange rates and others on the secondary market that were almost officially accepted. However, there were also considerable discrepancies, which is why the new president decided on 8 June 2023 to unify these rates so that there would be just one, which is more or less equivalent to a devaluation. This also means that there is now a form of exchange rate truth and that the foreign investors who refused to inject money into Nigeria will now be more comfortable investing there, as the cost of investment will be paid at the right price. In other words, what happened on 8 June was ultimately a good thing; admittedly, it cost Rubis €15 million in exchange rate effects in the income statement, but that was neutralised.

A second factor that impacted the income statement was the reimbursement by countries such as **Madagascar** of revenue shortfalls arising from the non-application of the price formula since the end of 2021, on account of the very sharp rise in the price per barrel and the political decision by these governments to preserve the population's purchasing power by capping prices, which had a negative impact on the income statement. These governments had pledged that such a measure would be temporary and, 18 months later, they have effectively offset the effects that we had suffered.

The income statement also shows a sharp increase in the contribution of companies accounted for using the equity method, €6 million compared with €12 million in 2022, a figure made up largely of a capital gain on the sale of assets in Turkey; in 2023, we returned to the current levels, doubled compared to last year, regarding the contribution of Rubis Terminal, and adjusted for these non-recurring items. You will also note that financial expenses have risen sharply, as a result of the transition from a virtually zero interest rate to the increase in Euribor, or elsewhere in dollars. As a result of these factors, the financial expenses rose from €16 million to €36 million, nevertheless showing an average interest rate on debt of less than 3%.

In the 'Forex Financial Service' line, the figure of €80 million in foreign exchange losses needs to be compared with €20 million at the same time last year, which is the same level we recorded in the second half of 2022, adjusted for the €25 million that impacted the income statement, at the level of EBITDA or EBIT; the actual loss is thus only €55 million.

The tax rate amounted to 16%, due to the strong performance of the regions where tax rates are low, in particular Support & Services, and the Caribbean region, resulting in a net profit (Group share) of €171 million, or 1%, which, adjusted for non-recurring items, is +8%.

You have also been provided with a breakdown of the growth in operating profit between 2022 and 2023: you can note the strong contribution from Africa, in particular following the neutralisation of losses due to exchange rate effects, and the very good recurring contribution from the Caribbean region, with gains in volumes, margins and market share. In Europe, this is mainly due to LPG, a more mature market, affected by the climate, *i.e.,* a mild winter, and stock effects, which impacted the contribution in the first half of the year. In addition, the Support & Services activity, third-party supply, trading and shipping business, posted a sharp increase, to nearly €20 million. Lastly, the contribution of Rubis Renouvelable, still nascent, stems in particular from all the investments made and announces significant growth and development prospects.

This brings us to €323 million in operating income in the first half of 2023.

Let’s discuss the **financial situation**: the balance sheet is structurally sound, and our company has the means to finance its investments, its growth, and the distribution of dividends. We ended the period with a Group debt level of €1.5 billion, giving a debt to EBITDA ratio of 2. Adjusted for the non-recourse debt housed in the solar power plants, the ratio is 1.6 x the corresponding EBITDA. Cash flow from operations was up 3%, and the change in working capital requirement, which was significantly reduced by €170 million in 2022, was further reduced by €48 million in the first half of 2023. Consequently, we are once again in a position to finance investment, growth and the distribution of dividends.

Clarisse Gobin-Swiecznik: We will now present the **main conclusions** of the first half of 2023.

We experienced a truly solid first half, which illustrates the relevance of our diversification strategy, both in terms of products and geographical regions. Despite considerable exchange rate losses, net profit, excluding the disposal of Turkey, increased by 8%, while strong cash generation enabled us to confirm our targets for increasing the dividend. Rubis Photosol's ambitions for 2025 and 2030 have been revised upwards, and the European development plan opens up new growth prospects for this entity.

Also of note are: the update to the CSR roadmap and institution of an operational process in line with the Group's objectives; the publication of the first Sea Cargo Charter report for the shipping component of Rubis Énergie; and an initial carbon audit being carried out at Rubis Photosol with a first CSR roadmap integrated into the Group before 2025.

What is the **outlook** for the rest of 2023?

With regard to bitumen, now that the Nigerian elections have passed, business is expected to return to a steady level after the rainy season; with regard to LPG, no surprises are likely, whether in Europe or in Africa. With regard to fuels, business is expected to continue to grow at a high pace in the Caribbean and Africa, as well as revenues excluding fuel.

Some of the areas of uncertainty identified and liable to challenge our estimates include: the possible deterioration of the situation in Haiti, which would be bad news, although the impact would remain limited given the current level; and any further fluctuations in the exchange rate that might impact the results of the second half of 2023.

Consequently, for the first time, we are in a position to estimate that, barring a major deterioration in market conditions, our 2023 EBITDA should fluctuate between €690 million and €730 million, under current exchange conditions, in line with the current consensus. It should be noted that the first half of 2023 includes €50 million in exceptional items, which will not be repeated in the second half. The growth in our dividend has also been confirmed, and we will come back to you in 2024 to present the Group's ambitions and medium-term financial trajectory at a Capital Market Day.

Thank you for your attention.

Question & Answer session

How do you explain the fact that Rubis Photosol's EBITDA has remained at 25% despite the revised outlook for Rubis Photosol?

Jacques Riou: This 25% EBITDA percentage for Rubis Photosol is a minimum, and Rubis Photosol's contribution to the Group's total EBITDA will reach at least this level by 2030. At this stage, we cannot be more precise; the figure of 3.5 GWp installed by 2030 is an ambition, and not a firm objective.

Question regarding the situation in Haiti

Jacques Riou: The situation remains extremely difficult at the social, political and security levels; however, we continue to operate, in downgraded mode, in the country, where we continue to provide the essential, *i.e.,* telecom stations, for example. Sales in volume terms have fallen sharply, by 30%, over the period. Nonetheless, due to an improvement in margins and Forex type factors, we recorded a better contribution in the first half from Haiti than in the first half of 2022.

Question regarding the bitumen activities in Gabon

Jacques Riou: This is a country which we entered recently, where the business accounts for around 3% of Rubis' overall activities in the field of bitumen.

Question regarding the possible buy-back of Rubis shares by the Group, which considers itself undervalued

Jacques Riou: We are not buying back our own shares, because we want to build a Rubis group that will perform extremely well in the years to come, with strong growth, cash generation and dividend payments. We need to set to work on this now, particularly in photovoltaics, where we need to invest, as we continue to do at Rubis Énergie, where much remains to be done and where demand is growing, in pure carbon products, or, as we increasingly hope, in biofuels.

How can the adjusted EBIT on ordinary activities have grown by 21%, while the adjusted gross margin rose by only 4%? Is it because the adjusted sum used as the basis for calculation is not the same for these two indicators?

Bruno Krief: Yes, the gross margin is up by 2%, but the EBIT before non-recurring items includes specific items such as the fact that we have lowered our selling prices in Nigeria by €25 million, which increased the EBIT or EBITDA. The margin growth reported is adjusted for overbilled products in Nigeria. If we were to take into account the gross margin as it appears, it would increase by 18% rather than 2%, so it's consistent.

Question regarding electricity production, which posted negative EBIT in the first half of 2023, and the Group's expectations between now and the end of the year.

Bruno Krief: The contribution to EBIT is obviously heavy with many factors; we base it on the generation of EBITDA, but have to take into account the substantial depreciation and amortisation charges, which deduct from current operating income in the accounts. It's a constant, and a fairly standard way of presenting the financial statements of renewable energies.

Jacques Riou: That's quite right, and especially in high-growth companies.

Bruno Krief: Yes. What you need to remember is that this is an average-sized project in terms of project IRR, at 7 or 8%. Thanks to the considerable *leverage* from these facilities, which can reach up to 95%, the project IRR can shift from 8% to a much higher IRR on invested equity, at least twice the initial level, or sometimes more. This is what needs to be kept in mind when reading and analysing the performance of the business in renewable energy, making it different from the traditional business.

Question regarding cooperation projects with HDF Energy

Clarisse Gobin-Swiecznik: We have two projects under development, one in French Guiana, the spearhead for HDF and in which Meridiam, with 60% and SARA with 30% are the main shareholders; the construction of this historic project has now resumed after the rainy season, and commissioning is expected in 18 months.

The other project, which is located in Barbados, in which Rubis Caribbean is a 51% shareholder, is currently running quite normally, with a number of conditions still to be met before construction can begin.

Question relating to Forex issues and why these charges cannot be passed on to the customers in Kenya, when this is done in Nigeria

Jacques Riou: The two countries are in different situations; the generation of these Forex charges is the result of two different mechanisms.

In Nigeria, we are dealing with a free market, where we address our customers directly; we conduct negotiations there and manage to pass on the burden we are facing in this area.

In Kenya, the model is different, the markets are regulated, and the Forex burden stems from a different mechanism: there, we cannot find the dollars needed to pay for purchases of products on the international market. As a result, we have to borrow dollars, either through the banking system or from suppliers, which gives us exposure to the dollar: as much as we try to reduce the latter, it still leads to losses.

That said, the situation in Kenya has improved. Since the spring, the Kenyan government has negotiated directly for imports of petroleum products with various Middle Eastern countries; these products are then sold to operators in local Kenyan currency. Consequently, for the past few months and for a few months to come, unless this agreement is renewed, our Forex problems will be alleviated.

Bruno Krief: I would like to reassure our listeners on the issue of foreign exchange, which has caused €80 million in losses on the income statement.

As Jacques Riou said, the second half of the year looks much more positive, as we have more or less settled the unknown in Kenya, where, since the start of the year, we have massively converted local shilling cash into dollars to repay dollar advances. As a result, we have considerably reduced our exposure to foreign exchange risks in Kenya until the end of the year.

In Nigeria, the tough blow -- namely the reunification of rates or devaluation, which produced an immediate spot effect -- is behind us. The fact that there is now only one rate means that we can pass on the exchange rate effects directly to the customer, as we do everywhere else in the world. In the second half of 2023, we will not be in the same situation as in the second half of 2022 and the first half of 2023.

Question on the potential impact of rising interest rates on leverage for electricity projects

Robin Ucelli: You need to distinguish between two categories of projects: those already in operation, which already have bank financing, at least 80% covered, and on which the impact of rising rates would be marginal; and new projects. In this case, when we respond to a CRE call for tenders, we determine a rate based on the new economic situation (inflation and rise of interest rates), and the impact of interest rates is reflected in the new rates.

Over the last two years or so, we have seen an increase in tariffs in CRE calls for tenders, from 5.5 cents per kW to 8 cents, to take account of inflation and the rise in interest rates.

There is thus no immediate impact on projects, with the exception of a few projects that are experiencing a scissor effect, *i.e.,* that have secured a feed-in tariff but have not yet finalised their debt. This was the case for some projects in 2022, for which the Government had made provision for a derogation, enabling energy to be sold on the market for a certain period of time in order to compensate for the loss linked to the increase in rates or inflation.

Question on the impact of the recent rebound in oil prices on the unit margin in the second half of 2023

How do you explain the doubling of the financial result? What currency effect should we expect in Nigeria in the second half of 2023 after the €25 million in the first half?

Jacques Riou: As oil prices rise, the situation becomes less favourable for our petroleum products distribution business, since we then have to pass on the increases to our customers, bearing in mind that in the majority of volumes, margins are regulated; in these conditions, the pass-through of price increases to customers is automatic. Conversely, when oil prices fall, we can manage our margins all the while passing on the fall to our customers.

This makes it difficult to give you an accurate appraisal, because we generally manage to pass the effects on to the international markets within a few weeks, so long as there are no sharp changes in price, which is not the case today.

Bruno Krief: What you see in the income statement is the neutralisation of exchange rate losses by an excess margin due to the existence of several exchange rates. Thanks to the reunification of exchange rates, this mechanism will no longer apply, and as a result there will gradually be virtually no excess margin, and at the same time, fewer exchange rate losses.

We saw this in July and August 2023; this has been the trend since the devaluation on 8 June, and we are confident about the future in Nigeria and also in Kenya, where we were faced with the scarcity of the dollar. This is why the teams at Rubis Énergie have made sure to find a way to convert shillings into dollars and, in so doing, considerably reduce the shilling balance and reimburse bank overdrafts in dollars; as a result, we are no longer exposed to foreign exchange risk in Kenya.

Jacques Riou: Thank you for your attention.

The presentation concluded at 7:15 PM.