



# **Q4 2022 Trading Update**

7 February 2023

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**Operator:** Good day, and thank you for standing by, and welcome to Rubis Q4 2022 Trading Update. At this time, all participants are in listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question, you will need to press star one and one on your telephone. If you would like to withdraw your question, please press star one-one again.

I would now like to hand the conference over to Bruno Krief, CFO. Please go ahead, sir.

## **Rubis Q4 2022 Trading Update**

Bruno Krief

*CFO*

Thank you, and good afternoon, ladies and gentlemen. Good afternoon dear analysts and investors. I'm proud to talk to you today to review the Q4.

### **Highlights**

#### *Market and environmental pressures*

I would say that following a sound H1, which was followed by a healthy Q3, here, now, Q4 is helping us to confirm our strength in delivering a robust operational profit for the full-year 2022, and this despite an extremely volatile environment. I would say, you know, among them:

- lasting rainy season in West Africa, which has disturbed the bitumen segment;
- historical hot winter in Europe affecting the LPG heating season;
- the war in Ukraine generating new risks and disorder in commodity prices. (I remind you, oil price are up 81% for the full year, and 51% on Q4, compared to last year.). Same in liquid fertilisers, that impacted the natural gas feedstock position Vegetable oil also;
- adding the chaos across the forex exchange scene with Nigeria, Kenya, Madagascar high-security depreciating and making difficult to pay for the US-dollar-denominated supplies. All that resulting in a material FX effect full year, and we have the possibility to see that over the H1 already.

I would add to that, more than depressed situation in Haiti, with a collapse in volumes during Q4, hopefully, to recover growth at the end of the year. But, also, of course, a country which deserves a higher risk premium compared to the past.

So, in summary, a year of instability and volatility which then prevents to alter Rubis' capacity of absorbing external shocks. Again, I would say we have to deal with a formidable model in terms of products, country, market metrics, and well-balanced between B2C and B2B.

#### *Africa – a positive turnaround*

So if mid-year was challenging in Kenya, things have now returned to normal. Mid-year was excellent with strong retail volume growth. In other part of the continent in Africa, we were right to trust in Madagascar government to cope with the situation and find an agreement with

the petrol distributors late in Q4, to solve the gap between the caps on price and the cost of supply. So, things are now well in place at the end of the year.

We were confident in Nigeria to negotiate also with customer to pass on the depreciation of the currency on the local billings, so to the customers.

### **Rubis Terminal**

In another part of the Group, Rubis Terminal had a buoyant Q4: again, chemicals with a very high utilisation rate; vegetable oils fertilizers, all the liquid products disturbed by the situation in Eastern Europe, new biofuels contracts commencing in Rotterdam. I would add also to this, generally speaking, higher demand for biofuels and ethanol storage. So, by and large, a very solid growth in storage revenues. In addition to that, we managed to complete the refinancing of the company, of the JV Rubis Terminal, taking advantage of lower interest-bearing bonds compared to the previous one, on a longer duration (7 years), and a bit higher leverage. So, all positive – all green lights.

### **Photosol**

And last, Photosol, or Rubis Photosol, managed to strike some two structural moves: one, at the end of the year, which is taking over a small rooftop operator, which is a segment which is gaining some momentum, and we want to participate to that; and also, we recently signed a corporate PPA with a big distribution level called Leroy Merlin, which has been already published and which is very also promising because this is a segment which is going to grow.

At the same time, we see that Photosol, as many operators in France, is a victim of its success due to the congestion to get construction permits and construction time from the governing bodies, and resulting in some delay from 12-18 months in the materialisation of the pipeline of projects. Anyway, we have a secured portfolio today of a bit over 500 megawatts, so we have just past the threshold of 500 MWp, compared to 462 megawatts – a secured portfolio again – at the end of last year. But this is going to accelerate, of course, after this period of delay and accelerating during the years 2024-26.

### **Rubis Energie**

#### *Retail and Marketing*

Coming back, and shortly, because you have all the figures in detail on the Q4 numbers, you have noticed that total volumes for the Q4, and excluding Haiti, were reported minus 3%. We had also in East Africa, petrol station volumes and profitability, the volume is up 12% in Q4, compared to last year. I would say that at constant perimeter full-year 2022 volumes have now reached 2019 level, while the Q4 volume are just 2% below 2019 if I exclude the aviation.

You have noticed also the growth margin in distribution is very healthy, +11% during the fourth quarter, and full-year +21%.

#### *Support & Services*

Under the chapter of Support & Services, you have noticed a normalisation of profit towards another year of progress.

**Closing Remarks**

So, I think that having reviewed the position, the situation of Rubis: Distribution, Support & Services, Rubis Terminal JV and Photosol, and offered you the general comments on the economics in various countries, I think it's time now for me to leave you and start an exchange and the Q&A session. So thank you for being there, and we are ready with Anna Patrice to answer your questions.

**Q&A**

**Operator:** Ladies and gentlemen, we now begin the question-and-answer session. If you wish to ask a question, please press star one and one on your telephone.

We are now taking our first question. The first question from [inaudible]. Please go ahead, your line is open.

**Bruno Krief:** I don't hear.

**Operator:** We just lost his connection, so we are going ahead with the next question. The next question from Jean-Luc Romain from CIC. Please go ahead.

**Jean-Luc Romain (CIC Market Solutions):** Good afternoon and thank you for taking my question.

**Bruno Krief:** Good afternoon.

**Jean-Luc Romain:** You mentioned a kind of resolution of your problems in Madagascar. Could you come back a little more, in more details on how the – maybe payment arrears would be paid to you? And do you see some light at the end of the tunnel in Haiti, or it's still completely depressed?

**Bruno Krief:** Thank you for your question. Actually, relative to Madagascar, we got an agreement very similar to what had happened back, now, three years ago, where we had to face the same situation with caps on the petrol prices despite the existence of the price regulation or the price system of the government. And I can remember at the time, a few months or quarters later the government came back with a solution, consisting in the possibility to balance the tax we have collected over the past 18 months, because we are talking about an agreement regarding the second-half-2021 to first-half-2022, and so we have the possibility to compensate the money we have lost against the money we have regained from the tax collection. So, this is very simple how it works. And at the moment we are talking now, the current price reflects the market price, so we are back to a sort of normal margin which is regulated. So, this is effective at the end of this year, 2022.

Then, regarding Haiti, I would say a bit better compared to the dramatic situation of safety and blockade of depots that we experienced in October-November. Nevertheless, not a big visibility on the political situation, of course, economic situation, so this is where we are, and no dramatic change. So, this is where we are.

**Jean-Luc Romain:** Thank you very much.

**Operator:** Thank you for your question. As a reminder, if you wish to ask a question, please press star one and one on your telephone. We are now taking the next question. The next question is from Jean-Pascal Rolandez from Funds. Please go ahead.

**Jean-Pascal Rolandez (The L.T. Funds):** Yes. Hello. Thank you very much for these results and congratulations, it shows that the Rubis model is working very well, thanks to its great diversification and active management. There is one only worry I have, which is about Hydrogène de France, do you have any news from Hydrogène de France? Because Photosol seems to be working very well. That seems to be a promising investment even if it was a dear investment, but there doesn't seem to be much noise from Hydrogène de France.

**Bruno Krief:** Thank you for your comment first. Then relative to Hydrogène de France, we have to say that we are not in the same stage of development in hydrogen as in the solar panel, as in the photovoltaic sector which is a bit mature, I would say, of technology, it's very mature, while in the case of hydrogen it's a new world, it's a new technology. Now, Hydrogène de France doesn't need to master the technology because Hydrogène de France is sort of *arrangeur*, off-size bridge in order to generate electricity through the system of the addition of a solar panel – electricity generated by a solar panel – plus an electrolyser, plus a fuel cell and the storage of hydrogen, and the value added is to regulate the problem of intermittence, offering electricity 24 hours in continuity. So, this is the value added of Hydrogène de France.

Now, the reality is that the first-ever project to model that is not yet in operation. It was planned to – it is located in French Guiana. There has been some difficulties – political, social difficulties, and local difficulties, I would say – to start the work, to carry the work, I would say, to bring bulldozers and start the construction. So, we are there.

So, in term of technology, things are ready. We have to sort with the local politics and the local government their authorisation, so it will take some delay. But it is the first-ever project of Hydrogène de France that will exist from earth that will be in operation.

There is, as you know, another project in parallel which is in the Barbados Island. But so far, we have to say, and you are right, that sales revenues for Hydrogène de France is close to zero. It's close to zero because it's a startup. So that's why you cannot value or judge Hydrogène de France. It's probably premature because we are not in the same stage of development. Let's, you know, wait another 12 months, 18 months and see how things evolve. This is where we are.

**Jean-Pascal Rolandez (The L.T. Funds):** Okay. Good. Thank you. And again, congratulations, the Rubis model works.

**Bruno Krief:** Thank you for your comments. Thank you.

**Jean-Pascal Rolandez (The L.T. Funds):** Thank you for your question. There are no further question at the moment. We don't have any other question.

**Bruno Krief:** Okay.

**Anna Patrice:** Wait, I think there is Jean-Luc Romain, who tried to ask a question.

**Operator:** Yes. We are now taking the question from Jean-Luc Romain. Please go ahead.

**Jean-Luc Romain (CIC Market Solutions):** Do you hear me?

**Bruno Krief:** Yes, you're fine.

**Jean-Luc Romain:** Another question regarding volumes. Could you, or really, kind of, qualify if you have seen some numbers – not giving numbers, obviously – January compared to the end of the fourth quarter? Is it on the same trend? Accelerating? Decelerating?

**Bruno Krief:** You mean January compared to the end of the fourth quarter, is it? Is that correct?

**Jean-Luc Romain:** Yeah. Yes.

**Bruno Krief:** We are early February. We should start to get numbers in the coming week, actually. You remember that regarding the winter season and the heating season, it was quite difficult because of the very hot winter we had in December. Things I won't say have not progressed particularly in term of heating season.

**Anna Patrice:** It is improving, actually. Because in Q4, you saw that in Europe the volumes have declined by 7%. What we have seen that the first half of January was quite warm, but the second half, and you can see it also right now in February, it's pretty cold. So we do see some improvement on the volumes for the heating season. So, obviously, it is quite volatile. It's not the end of the Q1, but if the weather continues like this, it should not be as negative for our European volumes as it was the case in Q4 2022.

**Bruno Krief:** Regarding the Caribbean sales, we can say that the end of 2022 is quite some dynamic, and I understand that this trend is still there at the moment we are talking.

**Anna Patrice:** And then if you look at Africa, again, the dynamic is good. We have light our Kenya operations, so the retail in East Africa is doing quite well, so that's the case. You remember that last year, we have seen quite a significant decline in aviation volumes as we optimised our portfolio. So, now that's improving. We see that the pricing is improving, and we are gaining some aviation contracts, so that should also support 2023 plus easy comparison basis for aviation in 2022. And overall, you have seen that the unit profit is going up quite nicely. So our indication is that it's also a continuing trend so far.

**Jean-Luc Romain:** Thank you.

**Operator:** Thank you for your question. As a reminder, if you wish to ask a question, please press star one-one on your telephone.

**Bruno Krief:** Apparently, there is no additional question. It's time to say thank you very much, all, for participating to this discussion.

**Anna Patrice:** If you have any question, please reach out to the IR team.

**Bruno Krief:** Thank you very much. Go well.

[END OF TRANSCRIPT]