CHAPTER

.2

Activity report

2.1 Activity report for the 2021 financial year

Rubis Group

Despite an environment marked by the persistence of the health crisis, the extreme volatility of energy prices and inflationary pressures, the Group once again demonstrated the solidity of its business model, succeeding in generating growth of 4% in its net income, Group share and 7% in its cash flow (excluding Rubis Terminal) compared to 2020. Adjusted net income, Group share (excluding non-recurring items, IFRS 2 expenses and the contribution of Rubis Terminal) is almost back to the pre-pandemic level (record level observed in 2019), despite the constraints that weighed on overall mobility.

2021 is also the year of a major strategic shift with a significant acquisition announced in the photovoltaic sector and a development in hydrogen, bringing Rubis directly into the energy transition.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

(in millions of euros)	2021	2020	2019	2021 *vs* 2020	2021 *vs* 2019
Revenue	4,589	3,902	5,228	+18%	-12%
EBITDA	**532**	**506**	**524**	**+5%**	**+2%**
EBIT, of which	**392**	**366**	**412**	**+7%**	**-5%**
• *Retail & Marketing*	*289*	*269*	*324*	*+8%*	*-11%*
• *Support & Services*	*123*	*120*	*108*	*+2%*	*+13%*
Net income, Group share, of which	**293**	**280**	**307**	**+4%**	**-5%**
• *Net income from continuing operations, Group share*	*293*	*180*	*279*	*+62%*	*+5%*
• *Net income from assets held for sale, Group share*	-	*100*	*28*	*NA*	*NA*
Net income, Group share excluding non-recurring items, IFRS 2 expense and excluding Rubis Terminal	288	247	291	+16%	-1%
Cash flow excluding Rubis Terminal	465	433	461	+7%	+1%
Capital expenditure excluding Rubis Terminal	206	219	168		
Net financial debt (NFD)	438	180	637		
NFD/EBITDA excluding IFRS 16	0.9	0.4	1.3		
Diluted earnings per share	€2.86	€2.72	€3.09	+5%	-7%
Dividend per share	€1.86*	€1.80	€1.75	+3%	+6%

** Amount proposed to the Shareholders' Meeting of 9 June 2022.*

The Group's multi-country and multi-segment positioning as well as its dual midstream/downstream structure made it possible to overcome difficulties of all kinds, while the Rubis Terminal JV once again demonstrated its resilience and successfully consolidated its subsidiary Tepsa in Spain, enabling it to generate 6% growth in EBITDA excluding Turkey.

The Group retains the capacity for recovery with:

- the gradual return of pre-Covid volumes, particularly in the Caribbean, where tourism and aviation are still at half of 2019 volumes;
- the growth potential in East Africa thanks to the investments made;
- the return to a normalised situation in Madagascar;
- the stabilisation of the situation in Haiti.

The Group's financial position at the end of the financial year remained solid, with a ratio of net debt to gross operating profit of less than 1. After the acquisition of Photosol, this same ratio is estimated at 2.5 times, reduced to 1.7 by adjusting the project debt (without recourse).

CONDENSED BALANCE SHEET

(in millions of euros)	30/12/2021	31/12/2020
Total equity, of which	2,736	2,620
• *Group share*	*2,617*	*2,501*
Cash	875	1,082
Financial debt excluding lease liabilities	1,313	1,261
Net financial debt*	438	180
Net debt/equity* ratio	16%	7%
Net debt/EBITDA* ratio	0.9	0.4

** Excluding IFRS 16.*

Overall, Rubis generated cash flow of €465 million (+7% compared to 2020, excluding Rubis Terminal). Unlike the 2020 financial year, the upward trend in supply prices generated a change in working capital of €191 million, bringing operating cash flow to €274 million.

Investments are in line with the Group's long-term trend, at €205 million and are split two-thirds for maintenance and one-third for growth. An amount of €79 million was invested in HDF Energy (Hydrogène de France), with a 18.5% stake, coupled with an industrial agreement.

Lastly, €153 million was allocated to a share buyback programme for cancellation of shares.

As of 31 December 2021, financial debt, excluding lease liabilities, mainly consisted of borrowings from credit institutions for a total amount of €1,014 million, of which €228 million maturing in less than one year, and €276 million in bank overdrafts. Given the Group's net debt to shareholders' equity ratio as of 31 December 2021 and its cash flow, the repayment of this debt is not likely to be put at risk due to a breach of covenants. The net increase in financial debt compared to 31 December 2020 is mainly explained by the share buyback programme (€153 million), the investment in HDF Energy (€79 million) and the increase in the working capital requirement (€191 million).

ANALYSIS OF CHANGES IN THE NET FINANCIAL POSITION

(in millions of euros)	
Financial position (excluding lease liabilities) as of 31 December 2020	**(180)**
Cash flow	465
Change in working capital (including taxes paid)	(191)
Group investments	(205)
Net acquisitions of financial assets	(81)
Other net investment flows mainly related to Rubis Terminal	20
Change in loans, advances and other flows (including lease liabilities)	(25)
Dividends paid out to shareholders and minority interests	(97)
Share buyback (capital decrease)	(153)
Capital increase	7
Impact of change in scope of consolidation and exchange rates	2
Financial position (excluding lease liabilities) as of 31 December 2021	**(438)**

Retail & Marketing activity

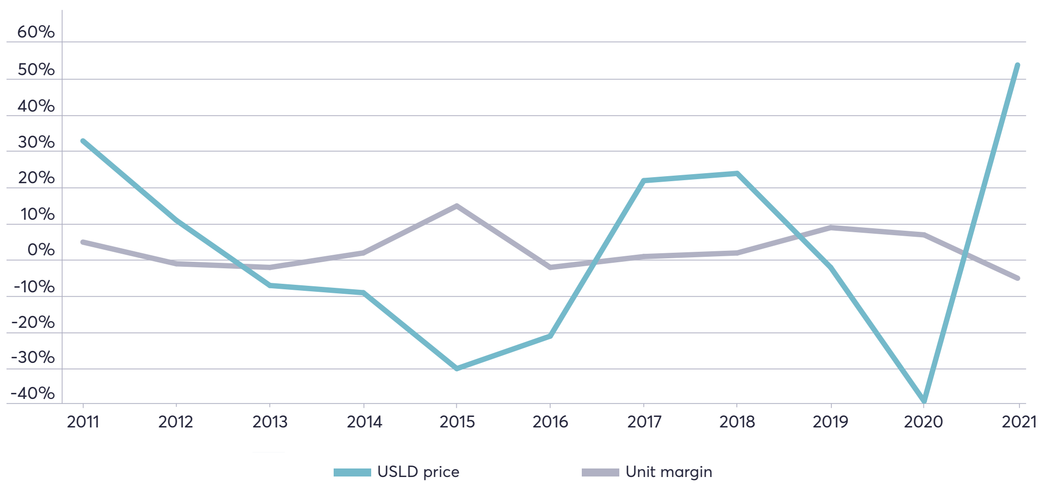
The Retail & Marketing activity includes all fuel distribution activities (service station networks), liquefied gas, bitumen, commercial heating oil, aviation and marine fuels and lubricants in three geographical areas: Europe, the Caribbean and Africa.

Prices of petroleum products

Diesel prices (in USD) were up by 59% compared to 2020 with high volatility during the financial year. This change weighed on unit margins, which were down 5% compared to 2020 and 3% compared to 2019.

Generally speaking, Rubis operates in markets that allow it to transfer price volatility to the end customer (price formula systems or no constraints at all on prices), and as such to keep its margins stable over the long term.

MARGIN WITH LOW EXPOSURE TO THE VOLATILITY OF OIL PRICES



Summary of sales volumes in the 2021 financial year

Retail distribution volumes increased by 7% compared to 2020. Despite aviation volumes still down significantly compared to 2019, these volumes are close to the level achieved before the pandemic, thanks to the resilience of LPG sales and the strong growth in bitumen sales.

CHANGE IN VOLUMES SOLD BY REGION 2019-2021

(in '000 m³)	2021	2020	2019	2021 vs 2020	2021 vs 2019*	2021 vs 2019* excluding aviation
Europe	872	816	900	+7%	-3%	-3%
Caribbean	2,070	1,963	2,298	+5%	-10%	-4%
Africa	2,459	2,269	2,296	+8%	+11%	+12%
TOTAL	**5,401**	**5,049**	**5,494**	**+7%**	**-3%**	**+1%**

** 2021 vs. 2019 excluding East Africa following the restructuring of the contract portfolio in 2019/2020.*

Through its 31 profit centres, the activity recorded retail distribution volumes of 5.4 million m^3 during the period (+7%).

These volumes were spread across the three regions – Europe (16%), the Caribbean (38%) and Africa (46%) – offering the Group valuable diversity in terms of climate, economy (emerging countries and developed economies) and by type of end use (residential, transport, industry, utilities, aviation, marine, lubricants).

By product category, volumes break down as follows: 68% for all fuel oils (automotive fuel, aviation, non-road diesel and lubricants), 23% for LPG and 9% for bitumen.

Sales margin

The gross sales margin reached €633 million, an increase of 2%, but still below the record level of 2019, due to the pandemic and the decrease in the contribution from Haiti. After a strong increase in the unit margin in 2020 due to the fall in oil prices, the unit margin in 2021 was down by 5% compared to 2020, but nevertheless remained above the levels of 2019 for Africa and Europe.

GROSS RETAIL & MARKETING MARGIN

(in millions of euros)	2021	2020	2019	2021 *vs* 2020	2021 *vs* 2019
Europe	195	193	192	+1%	+1%
Caribbean	207	208	267	-1%	-22%
Africa	231	218	203	+6%	+14%
TOTAL	**633**	**620**	**662**	**+2%**	**-4%**

RETAIL & MARKETING UNIT MARGIN

(in €/m^3)	2021	2020	2019	2021 *vs* 2020	2021 *vs* 2019
Europe	223	237	213	-6%	+5%
Caribbean	100	106	116	-6%	-14%
Africa	94	96	88	-2%	+6%
TOTAL	**117**	**123**	**120**	**-5%**	**-3%**

Retail & Marketing results

EBITDA and EBIT operating aggregates recorded increases of 5% and 8% respectively in 2021 without, however, returning to the level reached in 2019 (down by 6 and 11% respectively).

RESULTS OF THE RETAIL & MARKETING ACTIVITY AS OF 31 DECEMBER 2021

(in millions of euros)	2021	2020	2019	2021 *vs* 2020	2021 *vs* 2019
Volumes distributed ('000 m^3)	5,401	5,049	5,494	+7%	-2%
Revenue	3,993	3,334	4,383	+20%	-9%
EBITDA	387	370	413	+5%	-6%
EBIT	289	269	324	+8%	-11%
Cash flow	320	308	351	+4%	-9%
Investments	159	135	109		

Europe, thanks to its LPG positioning, recorded an EBIT of €71 million, up 16% compared to 2020 and above the pre-Covid level (€62 million).

The Caribbean region recorded a significant improvement in the second half of 2021, driven by the recovery in the tourism/aviation sector. The situation in Haiti remained tense, but showed signs of stabilisation at the end of the financial year. In total, EBIT reached €82 million, compared to €80 million in 2020.

Finally, **Africa** recorded an excellent annual performance with an EBIT of €136 million (+6% *vs* 2020). The increase in volumes and the contribution of Kenya, thanks to the actions undertaken (commercial investments and rebranding) and the strong recovery in results in Réunion Island are the main factors behind this performance.

BREAKDOWN OF EBIT BY REGION

(in millions of euros)	2021	2020	2019	2021 vs 2020	2021 vs 2019
Europe	71	61	61	+16%	+15%
Caribbean	82	80	139	+3%	-41%
Africa	136	128	123	+6%	+10%
TOTAL	**289**	**269**	**324**	**+8%**	**-11%**

Capital expenditure totalled €159 million over the financial year, spread across the 27 operating subsidiaries. It covered recurring investments in service stations, terminals, tanks, cylinders and customer facilities, aimed principally at bolstering market share growth, as well as investments in facility maintenance.

Europe

Spain – France – Channel Islands – Portugal – Switzerland

RESULTS OF THE EUROPE SUB-GROUP AS OF 31 DECEMBER 2021

(in millions of euros)	2021	2020	2019	2021 vs 2020	2021 vs 2019
Volumes distributed ('000 m^3)	872	816	900	+7%	-3%
Revenue	682	551	659	+24%	+3%
EBITDA	105	96	97	+10%	+9%
EBIT	71	61	62	+16%	+14%
Investments	30	39	28		

The Europe zone has the Group's strongest liquefied gas positioning (≈75% of volumes) and in turn, greater residential demand, which explains its lower exposure to health restrictions.

The climate index indicates more severe winter months in 2021 compared to 2020, at 17%. This factor, combined with the lower restrictions, explains the good performance of volumes over the period at +7%.

However, the environment of a sharp increase in supply prices (+59%) weighed on unit margins, which crumbled by 6%. Lastly, a depressed base effect in 2020, due in particular to negative inventory effects, explains the 16% increase in EBIT, exceeding the level of 2019 (+14%).

Caribbean

French Antilles and French Guiana – Bermuda – Eastern Caribbean – Guyana – Haiti – Jamaica – Suriname – Western Caribbean

RESULTS OF THE CARIBBEAN SUB-GROUP AS OF 31 DECEMBER 2021

(in millions of euros)	2021	2020	2019	2021 vs 2020	2021 vs 2019
Volumes distributed ('000 m^3)	2,070	1,963	2,298	+5%	-10%
Revenue	1,649	1,333	1,851	+24%	-11%
EBITDA	114	115	167	-1%	-32%
EBIT	82	80	139	+3%	-41%
Investments	49	34	46		

A total of 19 facilities distribute fuel locally (400 service stations, aviation, commercial, LPG, lubricants and bitumen).

The Caribbean zone recorded a recovery in its volumes of 5% after the sharp decline (-15%) in 2020. Although there was a strong recovery (+34%), aviation volumes remained at almost half of the volumes sold before the pandemic. The other segments continued to recover, with the exception of the LPG sector affected by the exceptional situation in Haiti. The economic, political and security conditions in Haiti remained difficult. Excluding Haiti, the EBIT for the Caribbean region increased by 20%.

Africa

West Africa (bitumen activity) – Southern Africa – East Africa – Réunion Island – Madagascar – Morocco

RESULTS OF THE AFRICA SUB-GROUP AS OF 31 DECEMBER 2021

(in millions of euros)	2021	2020	2019	2021 vs 2020	2021 vs 2019
Volumes distributed ('000 m^3)	2,459	2,269	2,296	+8%	+7%
Revenue	1,662	1,450	1,874	+15%	-11%
EBITDA	167	159	148	+5%	+13%
EBIT	136	128	123	+6%	+10%
Investments	80	62	36		

Income was up sharply with the exception of Madagascar in petroleum products distribution (price structure) and the bitumen sector (end of advantageous supply contracts).

In Madagascar, the freezing of the price structure at a time when international prices were rising strongly penalised distribution margins and results. The public authorities recognise the shortfall in the profession and are working to implement compensation measures.

The bitumen sector continued to experience good commercial developments (volumes: +33%) but was nevertheless penalised by the return to normal supply conditions after a 2020 financial year which had benefited from particularly advantageous contracts.

In East Africa, results (EBIT) continued to improve at +38%, despite a chaotic year due to chronic lockdowns; the service station renovation programme including rebranding and the opening of associated stores is being accelerated (171 stations have been renovated out of a network of around 400) with tangible results in terms of footfall at points of sale and average unit flows.

Support & Services activity

Madagascar – Martinique (SARA) – Haiti – Barbados and Dubai (trading) – Shipping

RESULTS OF THE SUPPORT & SERVICES ACTIVITY AS OF 31 DECEMBER

(in millions of euros)	2021	2020	2019	2021 vs 2020	2021 vs 2019
Revenue	596	568	845	+5%	-29%
EBITDA	165	158	131	+4%	+26%
EBIT	123	120	108	+2%	+13%
• *SARA*	*26*	*44*	*39*	*-41%*	*-34%*
• *Support & Services*	*97*	*76*	*68*	*+28%*	*+43%*
Cash flow	155	140	119	+10%	+30%
Investments	46	84	57		

This sub-group includes Rubis Énergie's supply tools for petroleum products and bitumen:

- the 71% interest in the refinery in the French Antilles (SARA);
- the trading-supply activity, active in white products in the Caribbean (Barbados) and especially in bitumen in the Africa/Middle East region with an operational head office in Dubai;
- in support-logistics, the shipping activity (15 vessels, of which six fully-owned) and "storage and pipe" in Madagascar.

The results of the SARA refinery experienced high volatility between 2019 and 2021, notably due to the work related to the Major Shutdown and remain regulated by a formula guaranteeing a return of 9% on equity. The 2020-2021 average contribution of €35 million in EBIT is in line with previous financial years.

The contribution of the Support & Services activity (excluding SARA) was €97 million (+28%) and breaks down as follows:

- the volumes handled in trading-supply show an increase in unit margins, while shipping benefited from the combined effect of better freight rates, investments in new vessels and the development of bitumen sales in Africa;
- port services and pipe activities in Madagascar resumed their normal pace, after a 2020 financial year affected by the pandemic-related restrictions.

Contribution of the Rubis Terminal JV

Against the Covid background, the Rubis Terminal JV demonstrated exceptional resilience, recording a 6% increase in its EBITDA to €121 million including in *proforma* the Spanish subsidiary Tepsa over 12 months in 2020 and excluding Turkey.

In January 2022, Rubis Terminal finalised the disposal of its activity in Turkey, thus refocusing its activities in Europe and reducing the volatility of its results. Excluding Turkey, storage revenues increased by 5%, of which +7% for petroleum products, driven by demand for biofuels in Spain (+46%). The trend in chemical storage remained firm (+4%), particularly in the ARA (Amsterdam, Rotterdam, Antwerp) zone. Spain, for its first full year of contribution, was up by 6%. Turkey, sold in early 2022, was down by 26% due to the absence of contango.

The average capacity utilisation rate rose to 93% compared to 91.5%.

COMMERCIAL AND FINANCIAL RESULTS OF THE RUBIS TERMINAL JV OUTSIDE TURKEY

(in millions of euros)	2021	2020 PF	Change
Storage services (incl. 50% of the Antwerp JV), of which	**222**	**212**	**+5%**
Petroleum products	*122*	*114*	*+8%*
• *of which biofuels*	*22*	*15*	*+46%*
Chemical products	*88*	*85*	*+4%*
Agrifood products	*13*	*14*	*-6%*
Breakdown by country			
France	*115*	*112*	*+2%*
Spain	*59*	*55*	*+6%*
ARA	*50*	*45*	*+11%*
EBITDA (incl. 50% of the Antwerp JV)	**121**	**114**	**+6%**

** Proforma base including Tepsa from 01/01/2020.*

The cost structure was well managed (+1.4%), generating EBITDA of €121 million, up 6% compared to 2020 *proforma*.

Investments during the financial year represented €58 million (including 50% of Antwerp) compared to €71 million and can be broken down as follows:

- maintenance investments in the consolidated scope: €27 million compared to €32 million;
- development investments in the consolidated scope: €31 million compared to €40 million.

RECONCILIATION OF RUBIS TERMINAL'S OPERATING INCOME WITH THE SHARE OF THE JV INCOME

(in millions of euros)	2021 (12 months)	2020 (8 months)
Operating income	53.6	39.3
Interest expense	38.0	19.7
Tax	5.1	(9.0)
Total net income	6.7	9.4
Share RT JV income attributable to Rubis	**4.7**	**4.3**
Dividend paid to Rubis	18.9	-
Value of the investment at Rubis SCA	304.6	316.6

The free cash flow after tax, financial expenses and maintenance investment amounted to €50 million on an annual basis, which, compared to total equity of €554 million, gives a cash return of 9%.

Appendix

RECONCILIATION OF NET INCOME, GROUP SHARE TO ADJUSTED NET INCOME, GROUP SHARE

(in millions of euros)	2021	2020	2019	2021 *vs* 2020	2021 *vs* 2019
Net income, Group share	293	280	307	+4%	-5%
Net income from discontinued operations		(17)	(28)		
Contribution from equity associates (Rubis Terminal JV)	(5)	(4)			
Contribution from equity associates (CLC Portugal)	(1)				
Management share-based payments(1)	4	9	5		
Capital gain on disposal (Rubis Terminal)		(83)			
Goodwill impairment (Haiti)		46			
Impairment of financial assets(2)		17			
Expenses due to the acquisition of KenolKobil and other scope effects(3)			6		
Capital gain on asset disposals	(3)				
NET INCOME, GROUP SHARE, EXCLUDING NON-RECURRING ITEMS AND RUBIS TERMINAL JV	**288**	**247**	**291**	**+16%**	**-1%**

(1) Neutralised due to volatility, with no tax effect.
(2) Impairment of financial assets €24.6 million (net after tax: €16.7 million).
(3) Of which expenses due to the KenolKobil acquisition €7 million (net after tax: €5 million).

BREAKDOWN OF NET DEBT/EBITDA EXCLUDING IFRS 16

(in millions of euros)	2021	2020	2019
Net financial debt (NFD)	438	180	637
EBITDA	532	506	524
Lease expenses IFRS 16	(42)	(44)	(27)
EBITDA excluding IFRS 16	490	462	497
NFD/EBITDA EXCLUDING IFRS 16	**0.9**	**0.4**	**1.3**

Due to rounding, the sum of figures in these tables and other documents may not exactly add up to totals and percentages may not accurately reflect absolute values.

2.2 Events after the reporting period

INVESTMENT IN RENEWSTABLE® BARBADOS

In February 2022, as part of the strategic agreement set up between Rubis and HDF Energy, the Group acquired 51% of the shares of Renewstable® Barbados set up by HDF Energy in Barbados. It is the largest electricity production and hydrogen storage project in the Caribbean to date. This hybrid power plant will provide electricity from solar energy and hydrogen.

CONFLICT IN UKRAINE

The Group does not carry out any transactions in Ukraine or Russia and has no assets in these countries. In addition, it does not source from Ukrainian or Russian suppliers. To date, the Group has not identified any direct exposure to this risk.

2.3 Other significant event since the authorisation for publication of the financial statements by the Supervisory Board

PHOTOSOL FRANCE

On 17 December 2021, Rubis announced the acquisition of Photosol France, one of the independent leaders in photovoltaic energy in France.

Following the completion of the acquisition on 14 April 2022, Rubis holds 80% of Photosol, while the remaining 20% is kept by Photosol's founders and management. This transaction creates the foundation for the development of the Group's activities in the renewable energy segment, alongside the historical energy distribution activities via Rubis Énergie (Retail & Marketing and Support & Services) and bulk liquid storage via the Rubis Terminal JV.

This new business unit should benefit from Photosol's strong presence in France and Rubis' international positioning.

Photosol is one of the leading independent developers and producers of renewable electricity in France with a capacity of 330 MW in operation, 145 MW under construction, an over 3 GW pipeline in projects as at the end of March 2022, and has more than 80 employees.

By retaining a 20% stake, Photosol's founders and senior managers remain committed to the company's development and pursue the objective of increasing installed capacity to 1 GW by 2025 and 2.5 GW by 2030, ensuring compound annual growth of EBITDA (1) of 40% over the 2022-2025 period.

Terms of the transaction and financial impact:

- Cash payment of €385 million for an 80% stake, full consolidation of Photosol's net debt of €362 million, with a total impact on Rubis' consolidated net financial debt of €747 million euros proforma 2021.
- The acquisition is fully financed by debt, resulting in a net debt/proforma EBITDA ratio of less than 2.5x.
- In the short term, the acquisition will not have a significant impact on earnings per share (EPS), but Photosol's EBITDA and contribution to profit will accelerate in the medium and long term.

(1) Estimated annual EBITDA of Photosol of €25 million in 2022 (excluding IFRS 2 and IFRS 16), consolidated by Rubis from 1 April 2022 (over nine months in 2022).


ERES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BUS


BAHAMA BLUE