

# Texaf

5 June 2008

## China: DRC's saviour?

**Investment Companies**
**Belgium**

Performance over	1m	3m	12m
<b>Absolute</b>	-4%	0%	-6%
<b>Rel. BEL20</b>	2%	-1%	19%
<b>12m Hi/Lo</b>	€ 142.00/115.00		
<b>Reuters</b>	TEXB.BR		
<b>Bloomberg</b>	TEXTF.BB		
<b>Market Cap</b>	€ 40m		
<b>Next corporate event</b>			
Results 1H08: 28 August 2008			

**Current price** € 125.00

**Target price** € 160.00

**Accumulate**

Rating Unchanged

FY/e 31.12	2007	2008E	2009E	2010E
<b>Sales (€th)</b>	6,615.0	7,550.0	9,637.0	12,784.0
<b>REBITDA (€th)</b>	2,504.0	2,723.0	3,910.7	5,391.9
<b>Net earnings (€th)</b>	2,485.0	3,855.6	2,886.2	3,561.6
<b>Diluted adj. EPS (€)</b>	6.36	6.78	9.05	11.17
<b>Dividend (€)</b>	1.32	1.58	1.90	2.28
<b>P/E</b>	21.3	18.4	13.8	11.2
<b>EV/REBITDA</b>	26.1	24.0	17.1	12.3
<b>Free cash flow yield</b>	2.1%	1.7%	-3.7%	1.5%
<b>Dividend yield</b>	1.1%	1.3%	1.5%	1.8%

Source: KBC Securities

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**Description:** Texaf, a former subsidiary of Cobepa, is a Belgian investment company with real estate, industrial and financial interests in the Democratic Republic of Congo (DRC), whose revival the group is playing an active role in.

**Investment arguments**

- The group is ideally placed to benefit from the economic recovery of the Democratic Republic of Congo
- Texaf has ample investment opportunities including the development of the former textile factory site
- The group is reinforcing its teams. REBIT is set to decline this year on the back of higher personnel costs
- The stock is trading at a significant discount versus the sum-of-the-parts valuation

**China and the Democratic Republic of Congo (DRC) are tightening their economic links, as the Asian giant seeks to secure energy and mineral resources for its booming economy. DRC is granting mining concessions to the Chinese, who provide financing for infrastructure works. The group's quarrying activities and metal/mechanics workshop place it in an ideal position to benefit from the upturn in infrastructure works. Texaf's real estate activities should also benefit from the strong economic growth prospects of DRC. The development of the former textile factory site, the three apartment buildings of Alta Invest and the 106 ha of the CPA site will require project know-how, construction capacity and financial clout. Texaf will therefore need to find partners and fresh financial resources to realize these projects. REBIT is expected to decline by €0.2m or by 12% to €1.8m this year, mainly on the back of a €0.3m rise in recurring personnel costs caused by the recruitment drive aimed at advancing the group's real estate projects. We've lowered our FY08 rental income assumption for Immotex because the removal of the equipment from the former textile factory is taking longer than expected. Our recurring EPS forecast for 2008 has also been lowered by 4% to €6.78. We raised our FY09 EPS forecast by 7% however to reflect the turnaround at Mécélco and Carrigrès. Our target price of €160 represents a 15% discount versus a conservative sum-of-the-parts valuation. We reiterate our Accumulate recommendation.**

## China: DRC's saviour?

Mineral- and energy-rich Africa is enticing fast-growing China, which is busy securing energy and mineral resources for its booming economy. Africa also provides a market for Chinese exports.

The Chinese are being welcomed by the DRC government, because unlike Western countries like Belgium, China has not criticised DRC's domestic politics. Moreover, China offers a comprehensive package deal including trade, investment and development aid. China plans to invest in infrastructure works in DRC in order to facilitate the export of minerals and the import of finished goods. The state-owned China Exim Bank offers loans at advantageous interest rates on condition that Chinese companies carry out the construction works, preferably with Chinese workers. China will receive resources rather than cash for the reimbursement of the loans. One example is a recently-signed deal that grants mining concessions to the Chinese. Note that DRC has 50% of worldwide cobalt reserves, more than 10% of the copper reserves and 30% of the diamond reserves.

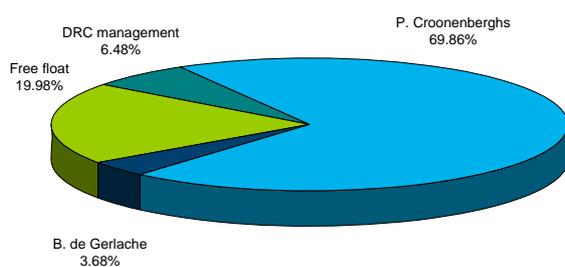
DRC's economic outlook remains favourable for 2008-2009, despite persisting weaknesses in the management of public finances. The IMF forecasts 8.8% economic growth in 2008 and 11.6% in 2009. Inflation reached 15% in 1Q08.

The country risk remains high because of the absence of a proper legal system and the lack of a fiscal and administrative framework. The absence of a proper legal system also encourages illegal occupation and corruption. According to "Doing Business", DRC has the lowest investment attractiveness score out of 178 countries.

## Equity

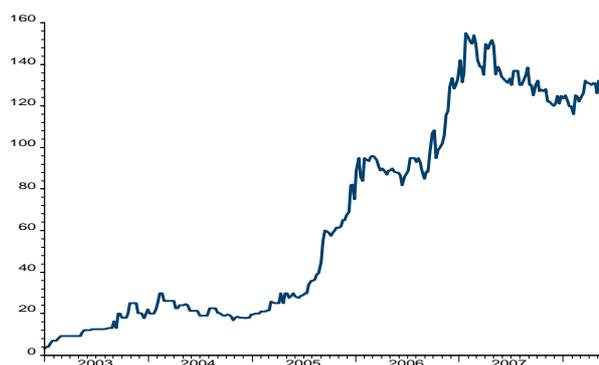
The number of outstanding shares equals 318,933. Société Financière Africaine (SFA) detains 234,539 or 73.54% of the total. SFA was established by Philippe Croonenberghs (CEO) at the time of the MBO in June 2002. Mr Croonenberghs owns a 95% stake in SFA and board member Bernard de Gerlache holds the remaining 5%. The DRC-based management team holds 6.48%.

### Shareholder structure



Source: Company

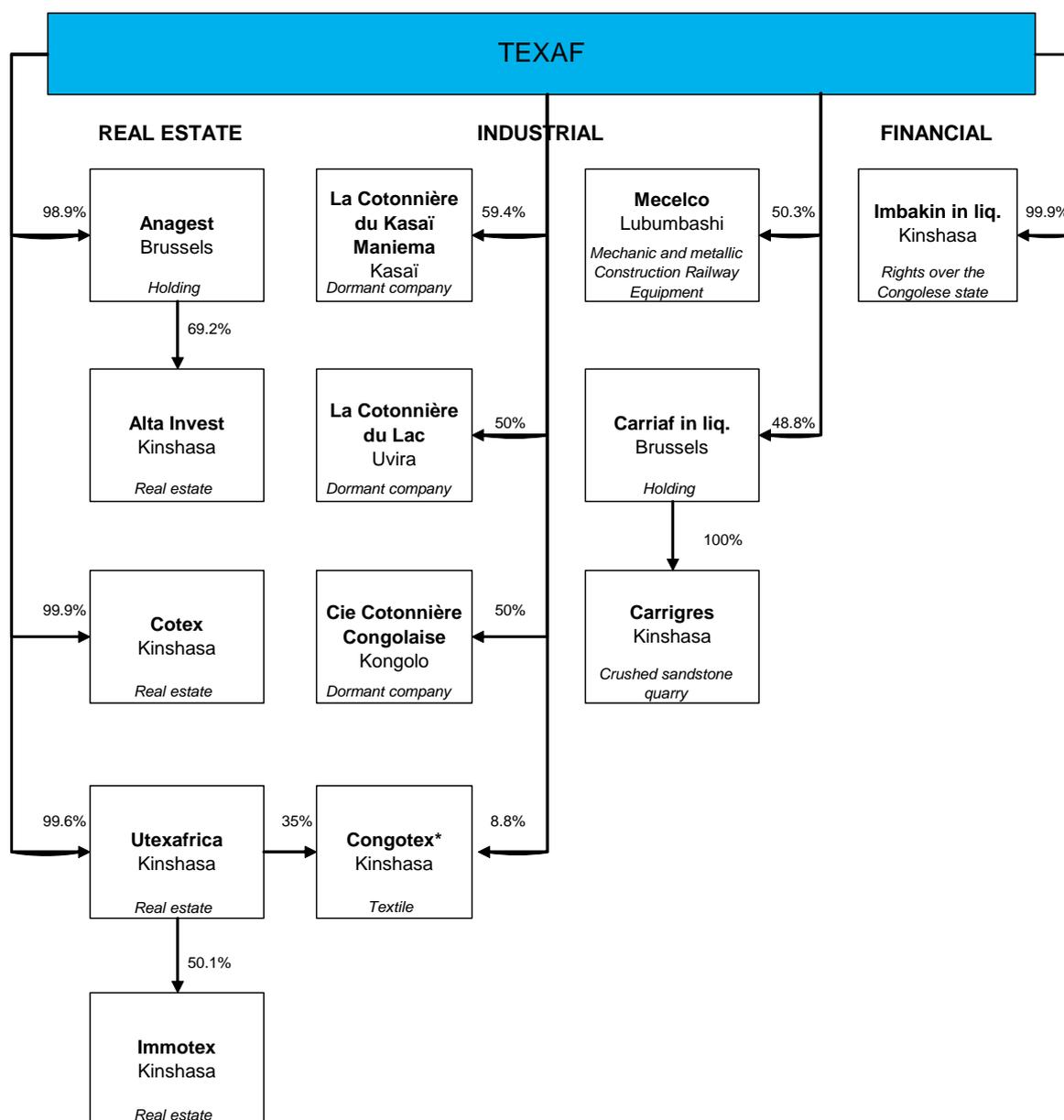
### Share price evolution



Source: Thomson Financial Datastream

## Corporate structure

The group has three types of activity: industrial, real estate and financial. The real estate portfolio contains assets in several of Kinshasa's top locations. The industrial activities include a quarry (Carrigrès) and a metal/mechanics workshop (Mécelco). The Congolese state owes €62m (excluding interest) to Imbakin, a 99.9% subsidiary of Texaf.



\* in liquidation

## Real estate

The following table gives an overview of Texaf's property portfolio. The group's rental income (including 100% Immotex) progressed by 15% in 2007. Rental rates remained firm despite a high level of residential construction.

Texaf's real estate portfolio					
	% stake	Land m <sup>2</sup>	Units	Let space m <sup>2</sup>	Rental income '07
<b>Utexafrica site</b>					
<i>Of which fully owned:</i>	99.6%*	273,825			
Residential			86 apts + 35 villas	27,473	2,836,165
Offices & warehouses				19,347	1,035,429
<b>Total</b>				<b>46,820</b>	<b>3,871,624</b>
<i>of which Immotex:</i>	50.1%	141,184			
Offices & warehouses				93,792	452,477
<b>Total</b>				<b>93,792</b>	<b>452,477</b>
<b>Cotex site</b>					
	100%	32,442			
Villas			1	187	10,500
Offices & warehouses				16,169	940,715
<b>Total</b>				<b>16,356</b>	<b>951,215</b>
<b>Matindus site</b>					
	100%	2,023			
Apartments			2	254	33,528
Offices & warehouses				1,769	108,508
<b>Total</b>				<b>2,023</b>	<b>142,036</b>
<b>CPA site</b>					
	50.1%	1,057,522			
Villas			15	3,763	13,154
Industrial buildings				23,344	-
<b>Total</b>				<b>27,107</b>	<b>13,154</b>
<b>Alta Invest site</b>					
	70%	14,186			
Apartments			92	17,452	-
<b>Total</b>				<b>17,452</b>	<b>-</b>
<b>Fometro site</b>					
	100%	3,465			
Studios			9	381	-
Offices				472	-
<b>Total</b>				<b>853</b>	<b>-</b>
<b>TOTAL</b>		<b>1,524,647</b>	<b>240</b>	<b>204,403</b>	<b>5,430,506</b>

Source: Company

\* stake owned by Utexafrica and Utex

The Utexafrica site comprises the former textile factory and properties that belong to Utexafrica, Immotex and Texaf. As Kinshasa's centre has expanded, this land has become a prime location, being close to the embassies and business centre. The construction of a swimming pool and clubhouse will be completed this year. As the occupancy rate of the residential properties is 100%, Utexafrica is planning the construction of six apartment buildings comprising 48 apartments. The building work will take 36 months and cost €10m. Potential rental income is expected to exceed €2m annually. Cotex is renovating and converting 1,900m<sup>2</sup> of office space, of which 1,180m<sup>2</sup> last year and the remainder this year.

Texaf and the Cha group have a stake of respectively 50.1% and 49.9% in Immotex. The latter owns the textile factory (14 hectares) which is located on the Utexafrica site. Last year, a decision was made to discontinue the loss-making textile activities (Congotex). The removal and disposal of the equipment by the liquidator is taking longer than expected. Immotex started to let out a small part of the industrial buildings without major renovation works. Immotex is facing the problem of illegal squatting and attempts by squatters to parcel out its 106ha CPA site that is located in Kinsuka, about 10km from Kinshasa.

#### Utexafrica site: apartment building



Source: Company

#### Utexafrica site



Source: Google

Early June 2007, Texaf announced the acquisition of Atenor's 85.3% stake in Anagest for €0.5m, lifting Texaf's total stake from 13.6% to 98.9%. The Congolese state and Anagest own respectively 30.76% and 69.24% of Alta Invest, a Congolese company that owns three apartment buildings ("Immeubles Sabena") in a much sought-after neighbourhood of Kinshasa. The properties are comprised of 84 apartments and 8 studios with a total living surface of 17,452m<sup>2</sup>. Alta Invest received the assets from the Congolese state as compensation for an old receivable, but they do not yet generate rental income. At first, Texaf will try to take over the management of the buildings. Texaf has plans to renovate the properties but this will require the departure of the tenants. Anagest and Alta Invest have been fully consolidated by Texaf since 3 June 2007.

## Sandstone quarry

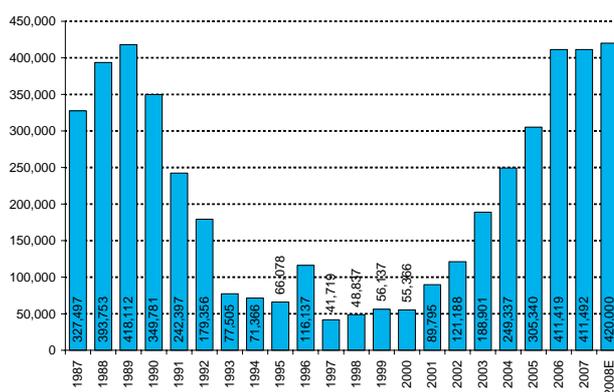
Carrigrès' volumes were stable in 2007 despite adverse weather conditions during the first semester and power failures. Net profits (group share) fell from €0.205m in 2006 to €0.174m in 2007. Part of this decline is due to the weaker dollar and the fact that selling prices were denominated in \$. This year, management is focused on improving profitability rather than volume growth. Margins improved notably in 1Q08. Carrigrès should benefit from a pick-up in infrastructure works over the coming years.

### The Carrigrès quarrying site



Source: Company

### Carrigrès sales volumes (tonnes)



Source: Company

### Carrigrès

	2005	2006	2007	2008E
Tonnes (th)	305	411	411	420
Sales (€ th)	3,835	4,817	5,537	6,100
Operating profits before mgt fees	1,475	1,127	1,219	2,150
Management fees	300	650	650	650
Operating profits after mgt fees	1,175	477	569	1,500
Net profits after mgt fees*	267	205	174	450

Source: Company, KBC Securities

\*Texaf's share

### Metal/mechanics workshop

A new manager has been in charge at the Lubumbashi workshop since March 2007. The number of railway wagons serviced almost doubled last year despite difficulties related to the sourcing of spare parts. The production of metallic tanks (40% of sales) is also up sharply. Net losses (group share) fell from €0.286m in 2006 to €0.196m in 2007. The following table shows our forecasts for 2008 excluding the non-recurring gain on the disposal of trade receivables. The company is expected to realize operating profits of €95m before a non-recurring provision of €160m.

### Mécelco

	2005	2006	2007	2008E
Sales (€ th)	342	646	1,050	1,450
Operating profits	-307	-305	-115	-65*
Net profits group share	-313	-286	-196	-40*

Source: Company, KBC Securities

\* before recovery receivables

Early this year, Mécélco was able to sell the \$ 8.1m in previously written-off trade receivables on Gécamines, the state owned mining company, for a net amount of \$ 4.6m. The total contribution to net profits (group share) is expected to reach € 1.9m based on a \$/€ exchange rate of 1.55.

The cash inflow should accelerate the development of Mécélco, which is ideally positioned to benefit from the economic turnaround in Katanga. Sales are expected to rise by 38% from € 1.05m in 2007 to € 1.45m in 2008. Management is aiming at € 5m or more by 2012. The buildings are large enough to accommodate the planned growth. Today, Mécélco employs 150 employees.

## Imbakin

Texaf owns 99.9% of Imbakin. In 1997, a court ruled that the Congolese state owes Imbakin € 64m following the nationalization of land in 1961. The first € 12m will go to Cobepa as compensation for its financial support in 2001. A substantial cash payment seems improbable, but a payment in kind (e.g. factories, plantations, buildings) is likely. Texaf started to negotiate with the government to recover the outstanding debt but little progress has been made so far.

## Cotton companies

Texaf has a stake in three former cotton companies in Kasai, Kivu and North Katanga. They have been inactive since 1991 due to the destruction of infrastructure during the war and pillage. Following the closure of the last textile factories in DRC, a re-activation of the cotton activities is no longer conceivable. Moreover, rail and other transport infrastructure would need to be restored. However, the massive aid flowing in from Chinese investors might alter this situation. Texaf might one day develop agricultural activities such as corn on the sites.

## FY07 review

Revenues rose by € 1.005m or by 18% to € 6.615m thanks to the € 0.404m (+63%) rise in Mécélco's turnover, the full consolidation of Immotex since 1 August 2007 and the € 0.458m (+10%) rise in rental income of the other real estate subsidiaries. Immotex is fully consolidated following the purchase of 1 Immotex share from Cha group. Up to 1 August 2007, Immotex was included using equity accounting. The company contributed € 0.162m to Texaf's top line in 2007.

<b>Texaf: 2007 results</b>				
<b>€ th</b>	<b>2006</b>	<b>2007</b>	<b>% change</b>	<b>KBC Sec</b>
Turnover	5,610	6,615	18%	6,580
REBIT	1,430	2,043	43%	2,192
Non-recurring	245	813		62
EBIT	1,675	2,856	71%	2,254
Financial result	16	9		35
Pretax	1,691	2,865	69%	2,289
Taxes	55	-463		-600
Associates	15	207		279
Minorities	28	288		290
Other incl discontinued	2	-412		-
Net profits	1,791	2,485	39%	2,258
Current net profits	1,644	2,027	23%	2,221

Source: Company, KBC Securities

REBIT rose by 43% to € 2.043m and EBIT was up 71%. Non-recurring items (€0.813m) included the recovery of rents owed by the army and the recovery of debt owed by the Congolese state. The contribution from associates (equity accounting) includes Carrigrès, Congotex (textile company that is being liquidated) and Immotex (fully consolidated since 1 August 2007). The negative result from discontinued operations (€-0.416m) is related to the discontinued textile activities. Current net profits (group share) rose by 23% to € 2.027m.

## Outlook

We have revised our REBIT forecast for 2008 downwards from €3,064m to € 1,798m for the following reasons:

- The liquidation of the textile factory and the removal of the equipment are taking longer than anticipated. Our old forecasts were based on the assumption that the site would generate about € 1.3m in rental income this year. We've revised this estimate downwards to € 0.6m.
- The group's recurring personnel costs are expected to rise by 26% or € 0.36m to € 1.76m this year. Cotex is hiring personnel to reinforce its own construction team in response to the current shortage in construction capacity in DRC. Personnel costs are also set to rise in 2008 as a result of bonuses that had not been provisioned for in 2007. The reinforcement of the management team will also result lead to higher costs.
- Our REBIT forecast for Mécelco has also been revised downward as turnover growth is being dampened by a shortage in spare parts for railway wagons. These parts are supplied by SNCC, the rail company that operates services in Eastern DRC. Whereas previously we were counting on 49% turnover growth, we now assume a 38% increase.

<b>Texaf group: forecasts</b>						
€th	2007	2008E Old	2008E New	2009E Old	2009E New	2010E New
Sales	6,615	8,500	7,550	11,157	9,637	12,784
Recurring operating profits	2,043	3,064	1,798	3,564	2,890	4,070
Non-recurring items	813	321	2,702	66	-	-
Reported operating profits	2,856	3,385	4,500	3,630	2,890	4,070
Financial results	9	50	-100	35	-100	-130
Pretax profits	2,865	3,435	4,400	3,665	2,790	3,940
Equity accounting	207	390	790	545	869	956
Taxes	-463	-893	-360	-953	-558	-788
Other incl discontinued	-412	-	-	-	-	-
Minorities	288	-490	-974	-517	-215	-546
Net profits	2,485	2,442	3,856	2,740	2,886	3,562
Current net profits	2,027	2,249	2,164	2,701	2,886	3,562
Current EPS	6.36	7.05	6.78	8.47	9.05	11.17
% change	23.3%	10.8%	-3.3%	20.1%	33.4%	23.4%

Source: Company, KBC Securities

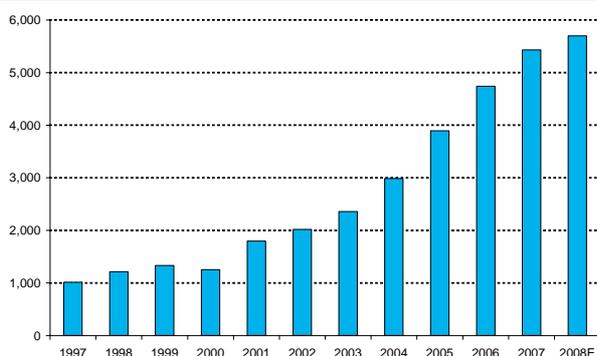
The reported results should be boosted this year by the above-mentioned disposal of Mécelco's receivables on Gécamines. This transaction should have a positive impact of € 1.9m in net profits (group share) this year.

Texaf announced in a trading update dated 19 May that Carrigrès' production rose slightly but that margins improved significantly during 1Q08 thanks to improved production management. Having previously expressed its selling prices in \$, Carrigrès started to invoice in €. This switch was accompanied by an upward revision of selling prices.

We've assumed that for the time being, the closed textile factory will be rented out as a warehouse and that no significant investment will be needed. The industrial buildings (89,000m<sup>2</sup>) are located on a prime location close to the new centre of Kinshasa. We believe that Texaf will eventually build offices or residential property on this location, a scenario that could lift rental income to as much as €20m.

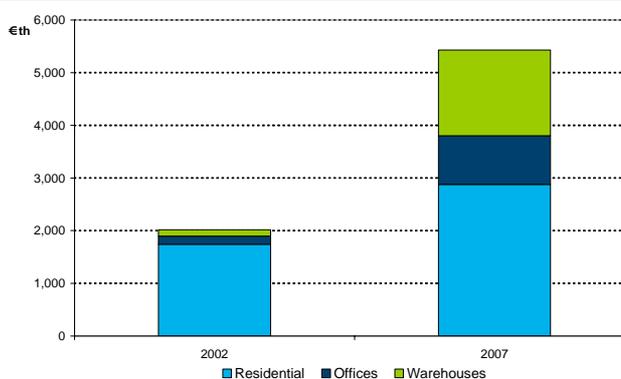
Texaf's rental income (including 100% of Immotex) is expected to rise 5% to reach €5.7m in 2007, up from €2.0m in 2002. The upside potential is significant. The conversion of the former textile factory and the renovation of Alta Invest's apartment buildings could generate €18m in additional rental income. Other smaller projects could add another €5-6m. Texaf will need to look for partners for the large projects in order to diversify the risk profile of its portfolio. Moreover, it is difficult to obtain loans in DRC.

### Rental income (€th)



Source: Company, KBC Securities

### Breakdown rental income



Source: Company, KBC Securities

### Potential projects

€m	Capex	Incremental annual rental income
Alta Invest	6.1	2.3
Conversion textile factory	62.0	15.5
Other smaller projects	22.4	5.6
<b>Total</b>	<b>90.5</b>	<b>23.4</b>

Source: KBC Securities, Company

## Valuation

We arrive at an equity value of €59.86m and a value per share of €188, which reflects the market value of the properties excluding Alta Invest. We've not included Alta Vista in our valuation because its assets do not yet generate rental income. Mécelco, the mechanics/metal workshop, sold its \$ 8.1m receivable for a net amount of \$ 4.6m or € 1.9m after tax group share. We've not attributed any value to Mécelco's underlying business because the company was still loss-making in 2007. To value Carrigrès, the sandstone quarry, we've applied a free cash flow yield of 20% to our free cash flow estimate for FY08.

Valuation Texaf		
	€m	Comment
<b>REAL ESTATE</b>		
<b>Net book value real estate activities 31.12.07 (1)</b>	<b>41.81</b>	
<b>Utexafrica, Cotex, Texaf, Matindus, Fom (100%)</b>		
Book value of tangible fixed assets	33.33	
Estimated market value	51.44	273,825m <sup>2</sup> + 32,442m <sup>2</sup> + 2,023m <sup>2</sup> + 3,465m <sup>2</sup> at € 165/m <sup>2</sup>
Capital gains taxes	-7.24	
<b>After tax value adjustment (2)</b>	<b>10.87</b>	
<b>Immotex (50%)</b>		
Estimated market value CPA site	10.58	1,057,522m <sup>2</sup> at € 10/m <sup>2</sup>
Estimated market value former textile factory site	23.10	141,184m <sup>2</sup> in top location at € 165/m <sup>2</sup> .
Capital gains taxes (40%)	-3.13	
Texaf's stake in net proceeds	15.31	
Book value Immotex in Texaf's books	14.90	
<b>After tax adjustment (3)</b>	<b>0.41</b>	
<b>Adjusted book value real estate activities (4)</b>	<b>53.08</b>	(1) + (2) + (3)
<b>METAL/MECHANICS WORKSHOP</b>		
<b>Mécelco</b>		
Texaf's share - trade receivables Gécamines (5)	1.90	Disposal \$ 8.1m receivable: € 1.9m group share after tax
<b>SANDSTONE QUARRY</b>		
<b>Carrigrès</b>		
Free cash flow forecast Carrigrès FY08	2.00	Net profit+deprec-capex+management fee
Free cash flow yield	20%	High yield to reflect country risk
Implied equity value	10.00	
<b>Value of Texaf's stake in Carrigrès (6)</b>	<b>4.88</b>	48.8% stake
<b>Equity value Texaf group</b>	<b>59.86</b>	(4) + (5) + (6)
Number of shares	318,933	
<b>Value per share (€)</b>	<b>188</b>	

Source: Company, KBC Securities

## Financial data

Income statement (€th)	2005	2006	2007	2008E	2009E	2010E
Sales	4,602.0	5,610.5	6,615.0	7,550.0	9,637.0	12,784.0
Gross profit	3,979.0	4,999.5	6,064.0	6,960.0	8,359.5	10,063.2
EBIT	2,257.0	1,675.0	2,856.0	4,500.0	2,890.0	4,070.0
Pre-tax earnings	2,183.0	1,691.0	2,865.0	4,400.0	2,790.0	3,940.0
Net earnings	1,665.0	1,791.0	2,485.0	3,855.6	2,886.2	3,561.6
EBITDA	2,797.0	2,279.0	3,317.0	5,425.0	3,910.7	5,391.9
REBITDA	1,109.0	2,034.0	2,504.0	2,723.0	3,910.7	5,391.9
REBITA	465.0	1,390.0	1,789.0	1,798.0	2,890.0	4,070.0
Balance sheet (€th)	2005	2006	2007	2008E	2009E	2010E
Intangible assets	-	-	-	-	-	-
Tangible assets	34,310.0	34,014.0	62,059.0	65,764.0	69,923.3	73,051.4
Financial assets	9,213.0	9,026.0	1,476.0	2,266.0	3,135.0	4,090.9
Net other assets & liabilities	-1,574.0	-2,037.3	-1,258.0	-1,475.0	-1,805.3	-2,271.1
Net working capital	-480.0	-200.5	-750.0	-843.6	-947.5	-1,062.4
Net debt	-1,649.0	-3,221.2	-2,863.0	-3,103.0	-1,108.4	-1,110.7
Provisions	12,402.0	12,012.2	21,848.0	21,863.4	21,867.1	21,871.1
Minorities	38.0	35.2	8,066.0	9,040.4	9,255.2	9,801.5
Equity	30,678.0	31,976.2	34,476.0	37,910.6	40,291.6	43,247.0
Capital employed	32,256.0	31,776.2	60,051.0	63,445.4	67,170.6	69,717.9
TOTAL ASSETS	46,695.0	47,771.9	69,820.0	74,757.1	78,026.9	82,389.3
Cash flow statement (€th)	2005	2006	2007	2008E	2009E	2010E
Cash flow from operations	1,346.0	2,460.0	2,978.0	5,291.0	3,690.6	5,058.6
Net capital expenditure	-515.0	-484.0	-2,148.0	-4,630.0	-5,180.0	-4,450.0
Free cash-flow	831.0	1,976.0	830.0	661.0	-1,489.4	608.6
Acquisitions / disposals	-367.0	2.0	-310.0	0.0	0.0	0.0
Dividend payments	0.0	-316.0	-350.0	-421.0	-505.2	-606.2
Shares issues	0.0	0.0	0.0	0.0	0.0	0.0
New borrowings / reimbursements	57.0	-43.0	964.0	0.0	0.0	0.0
Other	95.0	0.0	-680.0	0.0	0.0	0.0
CHANGE IN CASH & EQUIVALENTS	616.0	1,619.0	454.0	240.0	-1,994.6	2.3
Performance criteria	2005	2006	2007	2008E	2009E	2010E
Sales growth	-	21.9%	17.9%	14.1%	27.6%	32.7%
Gross margin	86.5%	89.1%	91.7%	92.2%	86.7%	78.7%
REBITDA margin	24.1%	36.3%	37.9%	36.1%	40.6%	42.2%
REBITA margin	10.1%	24.8%	27.0%	23.8%	30.0%	31.8%
EBIT margin	49.0%	29.9%	43.2%	59.6%	30.0%	31.8%
Net debt / Equity + Minorities	-5.4%	-10.1%	-6.7%	-6.6%	-2.2%	-2.1%
Net debt / EBITDA	-0.59	-1.41	-0.86	-0.57	-0.28	-0.21
EBITDA / net interest	37.80	-142.44	-368.56	54.25	39.11	41.48
Pay-out ratio	19.2%	19.5%	16.9%	13.1%	21.0%	20.4%
= Return on Equity (avg)	-	5.7%	7.5%	10.7%	7.4%	8.5%
Return on Capital Employed (avg)	-	4.2%	5.0%	5.8%	3.5%	4.8%
Per share data (€)	2005	2006	2007	2008E	2009E	2010E
weighted average # shares, diluted	318,933	318,933	318,933	318,933	318,933	318,933
Basic EPS	5.22	5.62	7.79	12.09	9.05	11.17
Diluted EPS	5.22	5.62	7.79	12.09	9.05	11.17
Diluted, adjusted EPS	1.88	5.15	6.36	6.78	9.05	11.17
Net book value / share	96.19	100.26	108.10	118.87	126.33	135.60
Free cash flow / share	2.61	6.20	2.60	2.07	-4.67	1.91
Dividend (€)	1.00	1.10	1.32	1.58	1.90	2.28
Valuation data	2005	2006	2007	2008E	2009E	2010E
Reference share price (€)	40.06	97.21	135.42	125.00	125.00	125.00
Reference market capitalisation (€)	12,776.1	31,003.2	43,189.3	39,866.6	39,866.6	39,866.6
Enterprise value (€th)	14,354.1	30,803.4	68,764.3	65,401.3	66,745.6	66,337.6
P/E	21.3	18.9	21.3	18.4	13.8	11.2
EV/sales	9.0	7.1	9.9	8.7	6.9	5.2
EV/EBITDA	14.8	17.4	19.7	12.1	17.1	12.3
EV/Capital employed	1.3	1.2	1.1	1.0	1.0	1.0
P/ NBV	1.3	1.2	1.2	1.1	1.0	0.9
Free cash flow yield	2.1%	5.0%	2.1%	1.7%	-3.7%	1.5%
Dividend yield	0.8%	0.9%	1.1%	1.3%	1.5%	1.8%

Source: KBC Securities

\*Historic valuation data are based on historic prices

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Stock rating	Definition
BUY	Expected total return (including dividends) of 10% or more over a 6-month period
ACCUMULATE	Expected total return (including dividends) between 0% and 15% over a 6-month period
HOLD	Expected total return (including dividends) between -5% and 5% over a 6-month period
REDUCE	Expected total return (including dividends) between -15% and 0% over a 6-month period
SELL	Expected total return (including dividends) of -10% or worse over a 6-month period

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Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	51.60%	0.00%
ACCUMULATE	38.10%	0.00%
HOLD	4.00%	0.00%
REDUCE	5.60%	0.00%
SELL	0.80%	0.00%

Texaf, a former subsidiary of Cobepa, is a Belgian investment company with real estate, industrial and financial interests in the Democratic Republic of Congo (DRC), whose revival the group is playing an active role in.

The price target for Texaf is based on following parameters: Sum of Parts

The risks which may impede the achievement of our price target are: High country risk related to the Democratic Republic of Congo including civil wars, social and political unrest, lack of a fiscal and administrative framework and nationalizations.

Below is an overview of the stock ratings and target price history in the last 12 months for the stock described in this report.

Date	Rating	Target price
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