

REGULATED INFORMATION

RECURRING OPERATING RESULT INCREASED BY 6% AND SEVERAL NEW PROJECTS IMPLEMENTED

TEXAF's Board of Directors closed the company's consolidated accounts (in accordance with IFRS as adopted in the European Union) on 30 June 2019. These interim accounts have not been audited.

HIGHLIGHTS FOR THE FIRST HALF OF 2019

- The political transition in the DRC is occurring very slowly and in a disorganised manner. Investments and economic growth have not yet recovered due to the fall in prices for the main export ores and the publicity surrounding the Ebola epidemic in the east of the country. However, the Congolese franc exchange rate remains stable.
- **TEXAF** is carrying on with the development of a technology hub in Kinshasa. Here, the construction of a digital campus has begun and a strategic appraisal of digital activity is underway. Similarly, several other real estate projects have been launched, including the construction of 33 apartments and 3,000 m² of office space.
- **UTEXAFRICA** has concluded an agreement with Brussels Airlines for the long-term leasing of premises intended to house its headquarters and its city check-in in Kinshasa. **TEXAF** has, for this purpose, constructed a new building on its so-called "Petit-Pont" plot of land at the corner of the city's main artery, Boulevard du 30 Juin, and Avenue de la Justice.
- Thanks to phase I of the Bois Nobles project, the rents for the **REAL ESTATE ACTIVITY** are up 12% to EUR 9,401 K. The recurring operating result for this activity amounted to EUR 4,728 K (+8%).
- Even though it grew by 21% to EUR 1,002 K, turnover for the **QUARRYING ACTIVITY (CARRIGRES)** remained historically low and, given higher maintenance costs, generated a recurring operating loss of EUR 109 K (vs a profit of EUR 45 K in the 1st half of 2018).
- These two developments combined to generate a 6% increase in the recurring operating result to EUR 4,193 K, including costs associated with the holding company.
- In the 1st half of 2018, the Group had generated a non-recurring result of EUR 1,378 K before tax. For the first 6 months of this year, it has been limited to a capital gain on disposal of EUR 68 K, such that the operating result amounted to EUR 4,261 K (vs EUR 5,331 K one year earlier).
- The net result (Group's share) reached EUR 4,154 K (vs EUR 7,441 K in the 1st half of 2018, which had benefited from a reversal of deferred taxes for an exceptionally high amount).

	2015	2016	2017	2018	2019
Recurring operating result	3,585	3,451	3,597	3,952	4,193
As% of turnover	34%	34%	36%	40%	37%

REAL ESTATE ACTIVITIES

- ◇ Contribution of the real estate activity to the consolidated result (excluding the holding's expenses):

REAL ESTATE (EUR 000)	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Revenue from ordinary activities	6,965	7,480	8,166	8,465	9,501
Recurring operating result	3,225	3,710	4,525	4,375	4,728
Operating result	2,716	3,569	4,525	5,754	4,728
Result before deferred taxes	1,964	2,667	3,229	3,946	3,519
Net result (Group's share)	1,914	2,649	3,070	8,601	4,327

- ◇ **TEXAF SA** and its subsidiaries **COTEX**, **UTEXAFRICA** and **IMMOTEX** are developing building leasing activities in Kinshasa: residential housing, industrial buildings and offices.
- ◇ Rents grew by 12% to EUR 9,501 K. In particular, the 1st phase of the Bois Nobles project, consisting of 12 villas and 24 apartments, generated income throughout the period. In addition, at the end of the half-year period, 6 additional villas were delivered and rented out. In the second half of the year, two new projects have been started: the 2nd phase of Bois Nobles (33 apartments, which will be available in early 2021) and the 3,000 m² Petit-Pont office building, which will be available at the end of 2020. One of the three levels has been leased on a long-term basis to Brussels Airlines.
- ◇ The recurring operating result increased by 8% to EUR 4,728 K. This result was impacted both by an investment to strengthen the management team and by significant legal and security costs. Specifically, certain people, taking advantage of the uncertainties linked to the political transition, have sought to take over the Kinsuka site, forcing the group to react.
- ◇ In the absence of disposal, the operating result was identical to the recurring operating result, i.e. EUR 4,728 K, compared to EUR 5,754 K in the 1st half of 2018 when revenue of USD 1.7 million on an expropriation had been recorded.
- ◇ The result before deferred taxes was EUR 3,519 K (-11%).
- ◇ The net result amounted to EUR 4,327 K vs EUR 8,601 K, benefiting from an exceptional re-valuation of deferred taxes.



Bois Nobles" project houses

- ◇ **TEXAF**, via its subsidiary **UTEXAFRICA**, has concluded an agreement with Brussels Airlines for the long-term leasing of premises intended to house its headquarters and its city check-in in Kinshasa. Brussels Airlines' choice once again confirms that **TEXAF** is a partner that respects the rules of good governance in the DRC.

To this end, **TEXAF** will erect a new building on its so-called "Petit-Pont" plot of land at the corner of the city's main artery, Boulevard du 30 Juin, and Avenue de la Justice. This building will have 3,000 m² spread over three levels, one of which is intended for Brussels Airlines and the other two for the rental market. It will be ready for tenants by the end of 2020.

The building will be part of a high environmental quality approach, including electricity supply by solar panels installed on the roof, a first in Kinshasa. In this connection, it is imperative that the injection into the grid of the power generated is authorised by Société Nationale d'Electricité.



TEXAF DIGITAL

- ◇ **TEXAF** has undertaken, on the site of its subsidiary **COTEX**, the renovation of a 700 m² building which will be operational by the end of 2019 and which will house its first space dedicated to the digital ecosystem in Kinshasa.
- ◇ This represents the 1st stage in the development of the new **DIGITAL TEXAF** activity.



QUARRYING

- ◇ Contribution of the quarrying activity to the consolidated result:

CARRIGRES (EUR 000)	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Revenue from ordinary activities	2,674	1,785	960	826	1,003
Recurring operating result	909	212	-458	45	-109
Operating result	1,037	195	-3,875	45	-109
Result before deferred taxes	995	233	-3,712	202	36
Net result (Group's share)	1,050	250	-2,538	-124	67

- ◇ **CARRIGRES** operates a crushed sandstone quarry located 10 km from the centre of Kinshasa.
- ◇ Here, turnover increased by 21% to EUR 1,003 K. In terms of volume, sales increased by 29%, i.e. 89,000 tonnes, but, as pricing policy remains aggressive, average prices fell.
- ◇ At the same time, expenditure on both equipment maintenance and advertising and marketing increased, such that the operating result fell from a profit of EUR 45 K to a loss of EUR 109 K.
- ◇ The net result returned to profit at EUR 67 K (vs a loss of EUR 124 K), the adjustment of deferred taxes being positive this year.

HOLDING COMPANY

- ◇ Contribution of the holding activity to the consolidated result:

HOLDING COMPANY (EUR 000)	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Revenue from ordinary activities	8	5	0	0	0
Recurring operating result	-562	-471	-470	-468	-426
Operating result	-562	-471	-470	-468	-357
Result before deferred taxes	-203	-291	-308	-186	-129
Net result (Group's share)	-133	-188	-206	-1,036	-240

- ◇ Expenses totalled EUR 428 K, down slightly compared with last year.
- ◇ The net result was EUR -240 K (vs EUR -1,036 K in 2018, a year impacted by an exceptional re-valuation of deferred taxes).

CONSOLIDATED RESULTS FOR TEXAF GROUP (in EUR thousands)

(not audited)

EUR 000	30/06/2017	30/06/2018	30/06/2019
Revenue from ordinary activities	9,079	9,290	10,504
Other recurring operating income	876	689	758
Recurring operating expenses	<u>-4,959</u>	<u>-4,681</u>	<u>-5,422</u>
Recurring EBITDA ⁽¹⁾	4,996	5,298	5,839
	y-1	2%	6%
Depreciation	<u>-1,399</u>	<u>-1,346</u>	<u>-1,646</u>
Recurring operating result (EBIT) ⁽¹⁾	3,597	3,952	4,193
	y-1	4%	10%
Non-recurring operating items	<u>-3,417</u>	<u>1,378</u>	<u>68</u>
Operating result (EBIT) ⁽¹⁾	180	5,331	4,261

	y-1	-95%	2,861%	-20%
Financial income and expenses		<u>-772</u>	<u>-205</u>	<u>-196</u>
Result before tax (for continuing operations)		-592	5,126	4,065
	y-1	-120%	-966%	-21%
Current taxes		<u>-198</u>	<u>-1,164</u>	<u>-640</u>
Result before deferred taxes		-790	3,962	3,425
Deferred taxes		<u>1,120</u>	<u>3,492</u>	<u>738</u>
Net result after tax		330	7,454	4,163
Consolidated net result (Group's share)		326	7,441	4,154
	y-1	-88%	2,183%	-44%
Per share				
<i>Recurring operating result (in EUR)</i>		1,015	1,115	1,183
<i>Operating result in EUR</i>		0,051	1,504	1,202
<i>Consolidated net result (Group's share) in EUR</i>		0,092	2,100	1,172
<i>Number of outstanding shares</i>		3,543,700	3,543,700	3,543,700

(1) EBITDA: EBIT to which depreciation is added but not variations in provisions and write-downs and reversals of write-downs on current assets. EBIT: Net result to which are added current and deferred taxes on the result and financial expenses and income, including changes in exchange rates. Non-recurring items: income or expenses that are not expected to be repeated in each accounting year, such as gain or loss on disposals of non-current assets, write-down or reversal of write-down on non-current assets, costs relating to major restructuring, purchase or disposal of a business (e.g. redundancy or plant closure costs, commissions paid to third parties to acquire or dispose of an activity, etc.).

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME (in EUR thousands)

(not audited)

	30/06/2017	30/06/2018	30/06/2019
Result for the financial year	330	7,454	4,163
Actuarial income and expenses related to post-employment obligations (net of taxes)			-2
Variations (after tax) in revaluation reserves			-28
Comprehensive income	330	7,454	4,133
Allocated to:			
TEXAF shareholders	326	7,441	4,124
To minority interests	4	12	9

CONSOLIDATED BALANCE SHEET (in EUR thousands)

(not audited)

EUR 000	31/12/2017	30/06/2018	30/06/2019
NON-CURRENT ASSETS	109,125	110,081	112,341
<i>Property, plant and equipment</i>	9,955	9,962	9,974
<i>Right of use</i>			159
<i>Investment properties</i>	99,100	100,053	102,027
<i>Intangibles</i>	23	19	13
<i>Other financial assets</i>	47	47	168
CURRENT ASSETS	11,129	12,385	13,128
<i>Inventories</i>	4,769	4,802	4,913
<i>Receivables</i>	1,469	2,626	1,015
<i>Tax assets</i>	919	902	434
<i>Cash and cash equivalents</i>	3,674	3,819	6,567
<i>Other current assets</i>	298	236	200
TOTAL ASSETS	120,254	122,466	125,469
EQUITY	80,167	84,691	90,904
<i>Capital</i>	21,508	21,508	21,508
<i>Group's reserves</i>	58,338	62,849	69,043
<i>Minority interests</i>	321	333	353
NON-CURRENT LIABILITIES	30,716	26,619	21,410
<i>Deferred tax liabilities</i>	19,810	16,318	13,250
<i>Other non-current liabilities</i>	10,906	10,300	8,160
CURRENT LIABILITIES	9,371	11,157	13,155
<i>Current liabilities</i>	9,371	11,157	13,155
TOTAL LIABILITIES	120,254	122,466	125,469

CONDENSED CASH FLOW STATEMENT (in EUR thousands)

(not audited)

EUR 000	30/06/2017	30/06/2018	30/06/2019
Cash and cash equivalents at the beginning of the year	3,911	3,674	5,564
Operating cash-flow after tax	3,831	3,993	5,076
Changes in net working capital	1,913	2,062	2,336
Cash flows from operating activities	5,744	6,055	7,412
Investments	-2,610	-2,350	-1,786
Divestments	192	555	279
Cash flows from investment activities	-2,418	-1,795	-1,507
Dividends	-2,430	-2,886	-3,442
Change in debt	80	-1,229	-1,460
Cash flows from financing activities	-2,350	-4,115	-4,902
Net increase (decrease) of cash and cash equivalents	976	145	1,003
Cash and cash equivalents at end of period	4,887	3,819	6,567
<i>of which Texaf s.a.</i>	<i>1,471</i>	<i>280</i>	<i>997</i>

Comments on consolidated results

The full half-yearly report drawn up in accordance with IAS 34 is available at www.texaf.be

- ◇ The group's turnover increased by 13% thanks to the new rented housing units in Bois Nobles and the additional tonnage sold by **CARRIGRES**. However, recurring operating expenses also increased: the inclusion of Bois Nobles increased depreciation costs to EUR 1,622 K (+20%) while other expenses increased by 16% to EUR 5,449 K for the reasons mentioned above (recruitment and legal costs in real estate, maintenance and marketing at **CARRIGRES**). Overall, the recurring operating result increased by 6% to EUR 4,191 K. The total operating result was very similar at EUR 4,259 K (vs EUR 5,331 K in the 1st half of last year, which benefited from a capital gain on an expropriation).
- ◇ Net financial expenses were EUR 190 K (vs EUR 205 K).
- ◇ Tax expenses for the 1st half of 2018 included a positive re-valuation of deferred taxes of EUR 3,492 K; this year, a similar but smaller re-valuation resulted in a reduction in deferred taxes of EUR 737 K.
- ◇ In total, the net result (Group's share) was EUR 4,154 K, compared to EUR 7,441 K one year before.

EVENTS TAKING PLACE AFTER 30 JUNE 2019 AND OUTLOOK FOR 2019

- ◇ On 23 July, Messrs Philippe Croonenberghs (Chairman), Jean-Philippe Waterschoot (CEO) and Herman De Croo (Honorary Director) were granted an audience with President Félix Tshisekedi. During this very pleasant meeting, the Texaf group had the opportunity to share its growth ambitions in the DRC. The President of the Republic was very receptive and submitted various ideas for our consideration.



- ◇ Several construction projects have been started, mainly the 2nd phase of Bois Nobles (33 apartments) and the Petit-Pont office building (3,000 m²), as well as the Texaf Digital hub (700 m²) and a sports hall for use by residential clients.
- ◇ **IMMOTEX**, a subsidiary of **TEXAF**, sold to the national electricity company (Société Nationale d'Electricité - SNEL), a Democratic Republic of Congo state-owned company, a 17.2 ha portion (out of a total of 104 ha) of its land in Kinsuka, about ten kilometres west of Kinshasa city centre, for a net price very close to the fair value published in the notes to the financial statements. This transaction will enable SNEL to connect the city of Kinshasa to the new Zongo 2 hydroelectric power plant. This sale strengthens the development of the "Jardins de Kinsuka" project, which is to be carried out on the adjacent land. On the one hand, it ensures a stable supply of electricity to this project and, on the other, it is already contributing cash of USD 6.9 million before taxes and a net consolidated result of EUR 3.8 million. In view of this sale, the project has been sized

to approximately 1,500 housing units plus the associated communal facilities (offices, shopping centre, schools, etc.).

- ◇ The recurring operating result both for **CARRIGRES** and the **REAL ESTATE ACTIVITY** for the rest of the year should be of the same order of magnitude as in the 1st half of the year.

FINANCIAL CALENDAR

- ✚ Friday 8 November 2019: Quarterly press release
- ✚ Thursday 28 February 2020: Publication of 2019 annual results
- ✚ Friday 10 April 2020: Publication of 2019 annual report
- ✚ Tuesday 12 May 2020: General Meeting

TEXAF, established in 1925, is the only listed company with all its activities in the Democratic Republic of Congo. Currently, these are concentrated on property, quarries and the digital domain. This listing on the stock exchange and the resulting obligations in terms of good governance and transparency constitute a major asset of the Group for its development and for the promotion of the formal sector in the Democratic Republic of Congo.

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