

Texaf

1H FY24: Strong Execution Across Core Businesses

Diversified Financials | Belgium

Rental revenue came in at €12.5m, up 9.4% thanks to the launch of a portion of the project 'Promenade des Artistes' of which 69 apartments (85%) were let during 1H. On a like-for-like basis, rental revenue grew by 3.8% while achieving almost full occupancy (97%). During 1H, Siliikin Village Phase III (6,000sqm of furnished offices) was also made operation and 95% of private office spaces have been let already. Despite a difficult market, Carrigres booked revenues of €2.8m, up 2.5% compared to previous high achieved during FY23-end. Recurring EBITDA rose by 5% to €7.4m while net result rose by 12.8% to 4.4m. We continue to believe that Texaf holds an unmatched dominant position within the high-end RE rental market in Kinshasa while steadily building exposure to technology projects. We reiterate our BUY rating and €45.0 TP.

Highlights – 1H FY24:

- Rental revenues rose by 9.4% to €12.5m thanks to the partial launch of 'Promenade des Artistes' of which 69 apartments (85%) were let during 1H FY24.
- Siliikin Village Phase III (6,000sqm of furnished offices) was made operation and 95% of private office spaces have been let already.
- Despite a difficult market, Carrigres revenues reached an all-time high of €2.8m, up 2.5% vs. FY23-end.
- Consolidated revenues of the group rose by 8% to €15.3m.
- The 1st international-standard data centre in the DRC, developed in partnership with the WIOCC group was opened in August and is generating considerable interest from both local and international players.

Our View: Texaf's top line should benefit from the steady completion and commercialisation of the new RE projects that are in the pipeline. However, the 'Kinsuka Garden City' project will be, in our opinion, the major catalyst for the stock should Texaf be able to successfully find a partner and commercialise within the stipulated timeframe. Added to this, the sandstone quarry should keep benefitting from rising prices and future infrastructural development across the DRC.

Investment Case: Texaf's equity story currently hinges on the performance of its 'Real Estate' division (95.0%+ of total portfolio) which currently is engaged in renting residential/office spaces in DRC. Texaf's high-quality residential/office space rental offering in Kinshasa is among only a hand-few and will continue to be in high demand with the expat community, government institutions and corporates, and international organisations looking for secure, modern, and high-quality accommodations/offices with access to several amenities. Also, Texaf's rental income is highly stable (80.0%+ coming from local/international organisations and corporates) and occupancy has averaged 97.0%+ over the last 5-year period. The sandstone quarry should benefit from the steady development of the DRC and opportunistic exploitation of fluctuations in prices. Added to this, the 'Digital' division has immense growth potential over the LT as Texaf has partnered with Partech (PE and VC firm) by committing capital - this opens up opportunities to co-invest in potential future African unicorns

Year To:	2020A	2021A	2022A	2023A
Sales & operating income	23.3	24.8	29.5	31.3
Profit/loss from operating activities	8.0	8.1	8.9	9.9
Net Profit (group share)	4.6	5.2	8.4	11.6
Diluted EPS	1.27	1.42	2.28	3.18
Dividend per share (€)	1.29	1.43	1.57	1.64
Dividend yield (%)	3.7	4.1	4.5	4.7
Net asset value per share (NAV)	60.77	62.82	61.23	59.01
P / NAV (x)	(0.37)	(0.48)	(0.45)	(0.44)
Cash & cash equivalents	7.0	5.9	5.5	8.6

Source: KBC Securities

<https://research.kbcsecurities.com>

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Share Price: €35.2
Target Price: €45.0
 Upside/Downside: 27.8%

Recommendation: Buy
 Previous Recommendation: Buy

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Key Data

Bloomberg: TEXTF BB
 Reuters: TEXTB.BR
 URL: <https://www.texaf.be/>

Market Cap. (m): €129.1
 Shares Out. (m): 3.7
 Volume (Daily): 445
 Free Float: 27.3%
 Price 12m Hi/Lo: 38.2 / 31.2

Performance	1m	3m	12m
Absolute (%)	1.1	-3.3	4.8
Rel. BEL20	-3.1	-10.2	-9.3

Next Corporate Event

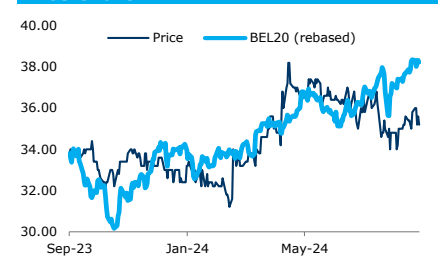
Results - Q3 FY24: 14/11/2024

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Price Chart



Source: Refinitiv Datastream

FINANCIAL DATA

Income Statement (€)	2019A	2020A	2021A	2022A	2023A
Sales & operating income	23.2	23.3	24.8	29.5	31.3
Profit/loss from operating activities	7.9	8.0	8.1	8.9	9.9
Profit/loss before tax	12.8	6.1	7.9	8.6	15.5
Net Profit (group share)	10.8	4.6	5.2	8.4	11.6

Source: KBC Securities

Balance Sheet (€)	2019A	2020A	2021A	2022A	2023A
Cash & equivalents	8.8	7.0	5.9	5.5	8.6
Total assets	131.2	128.9	135.2	148.9	166.7
Equity attributable to holders of the parent	97.2	99.5	102.6	106.3	111.8
Financial debt	4.3	2.0	2.8	11.8	19.3
Total liabilities	131.2	128.9	135.2	148.9	166.7

Source: KBC Securities

Cash Flow Statement (€)	2019A	2020A	2021A	2022A	2023A
Cash flow from operating activities	10.7	8.6	9.6	13.2	9.7
Cash flow from investments	(1.0)	(5.8)	(8.9)	(17.4)	(8.6)
Cash flow from financing	(6.5)	(4.6)	(1.8)	3.7	2.2
Change in cash & equivalents	3.2	(1.8)	(1.0)	(0.5)	3.3

Source: KBC Securities

Per Share Data (€)	2019A	2020A	2021A	2022A	2023A
Outstanding shares	3.5	3.6	3.7	3.7	3.7
Outstanding shares - diluted	3.5	3.6	3.7	3.7	3.7
Basic EPS	3.05	1.27	1.42	2.28	3.18
Diluted EPS	3.05	1.27	1.42	2.28	3.18
Dividend per share	1.16	1.29	1.43	1.57	1.64

Source: KBC Securities

Valuation Data	2019A	2020A	2021A	2022A	2023A
Market capitalisation (€m)	131.8	136.9	118.8	123.2	121.0
Dividend yield (%)	3.3	3.7	4.1	4.5	4.7

Source: KBC Securities

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The company disclosures can also be consulted on our website

<https://research.kbcsecurities.com/portal/portal.html#!/disclosures>

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This publication has been finalised on Sep 8 2024 before market opening.

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Stock Rating	Definition	% Of Cov Universe	% IB Client in Last Year
Buy	Expected total return (including dividends) of 10% or more over a 6-month period	48.2	30.9
Accumulate	Expected total return (including dividends) between 0% and 15% over a 6-month period	35.1	22.5
Hold	Expected total return (including dividends) between -5% and 5% over a 6-month period	14.0	37.5
Reduce	Expected total return (including dividends) between -15% and 0% over a 6-month period	2.6	0.0
Sell	Expected total return (including dividends) of -10% or worse over a 6-month period	0.0	0.0

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Business Description for: Texaf

Texaf is holding company headquartered in Brussels, Belgium - however, all of the company's businesses operate in Congo. Texaf has 3 business divisions namely 'Real Estate', 'Industry', and 'Digital'. The 'Real Estate' division is mainly engaged in developing and renting out residential units and business spaces, the 'Industry' division comprises a sandstone quarry, and the 'Digital' division is currently comprised of investments in Partech Africa Fund I and II.

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Subject Company	Relevant disclosure(s) if any
Texaf	D,E

The price target for Texaf is based on the following parameters:

Texaf's equity story currently hinges on the performance of its 'Real Estate' division (95.0%+ of total portfolio) which currently is engaged in renting residential/office spaces in DRC. Texaf's high-quality residential/office space rental offering in Kinshasa is among only a hand-few and will continue to be in high demand with the expat community, government institutions and corporates, and international organisations looking for secure, modern, and high-quality accommodations/offices with access to several amenities. Also, Texaf's rental income is highly stable (80.0%+ coming from local/international organisations and corporates) and occupancy has averaged 97.0%+ over the last 5-year period. The sandstone quarry should benefit from the steady development of the DRC and opportunistic exploitation of fluctuations in prices. Added to this, the 'Digital' division has immense growth potential over the LT as Texaf has partnered with Partech (PE and VC firm) by committing capital - this opens up opportunities to co-invest in potential future African unicorns.

The risks which may impede the achievement of our price target for Texaf are:

- 1) Texaf's land bank has become the target of land grabbers (local politicians & elites) who might try to prevent development on the land.
- 2) Texaf might not be able to develop on its land bank due to not being able to find a suitable partner.
- 3) Downward revision of Texaf's real estate portfolio.
- 4) Texaf not being able to sell its undevelopable land or having to sell the land at a steep discount.

Below is an overview of the stock ratings and target price history in the last 12 months for the stock(s) described in this report. Rating and price history is delayed by 1 month.

Company	Date	Rating	Target Price
Texaf	Nov 2 2023	Buy	45.00

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