

Texaf

€250K Investment In Afriwise & Partnership ST Digital

Diversified Financials | Belgium

Texaf has invested €250K as part of Afriwise's in its latest financing round. Afriwise is an AI-driven legal platform for African and Middle Eastern markets. Afriwise will establish a team who will work out of Silikin Village and will focus on expanding the company's database of African laws and regulations. Additionally, ST Digital, a leading African cloud services provider, will expand in the DRC by partnering with the OADC Texaf – Kinshasa data centre. This will help ST Digital cater to the growing demand for content due to rapidly spreading connectivity to internet. We welcome both advancements as Texaf is ramping up investments in the African tech space that has immense potential while being able to commercialise the 1st phase of the newly built datacentre. We keep our BUY rating and €45.0 TP.

News:

- Texaf has invested €250K in Afriwise, an AI-driven legal platform for African and Middle Eastern markets. Texaf's stake in the company is currently unknown.
- Afriwise was founded by Steven De Backer. With a team of 26 FTEs, Afriwise has built a comprehensive data base of commercial law across 25 markets in Africa and the Middle East and is continuously expanding into new countries.
- The investment in Afriwise is the first direct tech investment that Texaf has made.
- ST Digital expanded into the DRC by partnering with OADC Texaf – Kinshasa data centre to drive content delivery.
- The need for content consumption has been rising across the DRC and in Kinshasa specifically and this partnership will give ST Digital an edge when it comes to catering the growing need for content.
- Also, this implies that Texaf's datacentre, while not fully complete, is already able to attract interest from big industry players and should be able to commercialise the entire capacity bring in a several additional millions in future revenue.

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 (%)	3.5	3.9	4.3	4.5
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: €36.6
Target Price: €45.0
 Upside/Downside: 23.0%

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): €134.2
 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 (%)	4.6	0.5	8.3
Rel. BEL20	0.6	-9.2	-7.1

Next Corporate Event

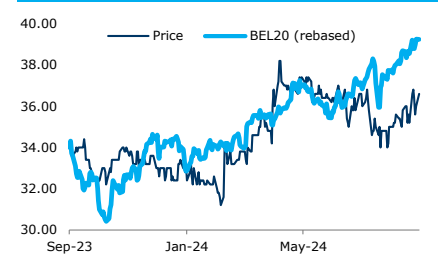
Results - Q3 FY24:

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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 (%)	3.2	3.5	3.9	4.3	4.5

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 19 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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- B. This company owns more than 5.0% of its own shares

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- E. KBC Securities NV makes a market and/or is liquidity provider for this company

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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