

# Texaf

## 49% Stake In Petit-Point Building Sold For €5.4m

Diversified Financials | Belgium

**Texaf announced that Congolese insurer SFA Congo and African Rivers Fund IV LP (XSML Capital) have each invested €2.695m and have acquired 49% of the Petit-Pont building in exchange for €5.39m. The transaction generated a capital gain of €2.7m but due to the building being fully consolidated (51% with Texaf), this capital gain will not be reflected in the consolidated accounts. Texaf will continue to manage the building on behalf of the consortium. We see this partial divestment as validation of the quality of Texaf's real estate portfolio while also freeing up additional capital that management will deploy to further develop the Utxafrica compound and Kinsuka Gardens. Currently, we estimate NAVps and TEVps to be €56.5 and €72.6, implying a discount of 50.1% to our TEVps, much higher than the 2yr and 5yr avg. discounts that range between 39-42%. We reiterate our BUY rating and €45.0 TP.**

### News:

- Congolese insurer SFA Congo and African Rivers Fund IV LP (XSML Capital) have each invested €2.695m and have acquired 49% of the Petit-Pont building in exchange for €5.39m.
- The building was built by Texaf during FY22 and comprises of 3,229sqm of leasable area spread across 3 floors. Since inauguration, it has been 100% let to international corporations.
- The transaction generated a capital gain of €2.7m but due to the building being fully consolidated (51% with Texaf), this capital gain will not be reflected in the consolidated accounts.
- Texaf will continue to manage the building on behalf of the consortium.

**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 (%)	3.6	4.0	4.3	4.5
Net asset value per share (NAV)	60.77	62.82	61.23	59.01
P / NAV (%)	(37.47)	(48.42)	(45.13)	(44.08)
Cash & cash equivalents	7.0	5.9	5.5	8.6

Source: KBC Securities

<https://research.kbcsecurities.com>

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Share Price: €36.2  
**Target Price: €45.0**  
 Upside/Downside: 24.3%

**Recommendation: Buy**  
 Previous Recommendation: Buy

### Analyst Details

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### Key Data

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

Market Cap. (m): €132.7  
 Shares Out. (m): 3.7  
 Volume (Daily): 449  
 Free Float: 27.3%  
 Price 12m Hi/Lo: 38.2 / 31.2

Performance	1m	3m	12m
Absolute (%)	-4.2	0.6	11.7
Rel. BEL20	-6.8	-7.9	-17.3

### Next Corporate Event

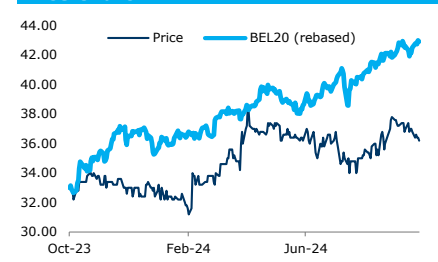
Results - Q3 FY24: 14/11/2024

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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 (%)	3.2	3.6	4.0	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 Oct 21 2024 before market opening.

KBC Securities uses an absolute rating system including terms such as Buy, Accumulate, Hold, Reduce and Sell (see definitions below).

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	48.7	31.6
Accumulate	Expected total return (including dividends) between 0% and 15% over a 6-month period	36.8	27.9
Hold	Expected total return (including dividends) between -5% and 5% over a 6-month period	12.0	28.6
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

Due to external factors and in exceptional cases, KBC Securities allows the use of ratings such as Accept the Offer, Black Out, No Recommendation or Suspended.

Our analysts assign one of those ratings based on their investment outlook and valuation for the concerned stock. The valuation can be based on different methodologies such as DCF (discounted cash flow), absolute multiples, peer group multiples, sum-of-parts or NAV (Net Asset Value). The valuation is reflected in a 6-month target price. Occasionally, the expected total return may fall outside of these ranges because of price movement and/or volatility. Such deviations will be permitted but will be closely monitored. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the report contains more complete information concerning the analyst's view, investors should carefully read the entire report and not infer its contents from the rating alone. KBC Securities may disclose the drafts of its reports to the issuers before their dissemination for the purpose of verifying the accuracy of factual statements, except when the draft includes a rating or a target price. In case the draft has been amended following this disclosure, such amendments will be indicated in the concerned report.

### 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.

### Company Specific Disclosures

- A. KBC Group NV holds more than 0.5% in this company
- B. This company owns more than 5.0% of its own shares

- C. Within the last 12 months, KBC Securities NV has been lead manager or co-lead manager of any publicly disclosed offer of financial instruments of this company
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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

KBC Securities will provide periodic updates on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information.

Only that part of the research note is made available to the issuer (who is the subject of this analysis) which is necessary to properly reconcile the facts. Should this result in real changes a reference is made in the research note.

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