

23 December 2014

TEXAF

Preparing the next leap forward

FINANCIAL SERVICES
BELGIUM

CURRENT PRICE €30.05
TARGET PRICE €35.00

BUY
RATING UNCHANGED

Performance over	1M	3M	12M
Absolute	-1%	-10%	-14%
Rel. BEL20	-3%	-12%	-25%
12m Hi/Lo	€ 42.00/28.80		
Bloomberg	TEXF BB		
Reuters	TEXB.BR		
Market Cap	€ 106m		
Next corporate event			
www.texaf.be			

FY/e 31.12	2013	2014E	2015E	2016E
Sales (€ th)	18,619	18,690	18,452	21,236
REBITDA (€ th)	9,435	10,499	10,280	12,012
Net earnings (€ th)	6,479	5,126	5,318	6,116
Diluted adj. EPS (€)	1.48	1.60	1.50	1.73
Dividend (€)	0.40	0.48	0.58	0.70
P/E	20.51	18.80	20.02	17.41
EV/REBITDA	13.64	12.53	13.35	11.77
Free cash flow yield	2.1%	-0.9%	-3.8%	-2.1%
Dividend yield	1.3%	1.6%	1.9%	2.3%

Source: KBC Securities

For the next 7 years, the group has identified projects involving €95m of investment and €22m of annual rent once complete. In other words, the top line of the Real Estate division is set to rise by about 160% in 2014-2021. The group will finance this ambitious investment program through the disposal of non-core assets, operating cash flow and bank loans. A bond issue is also an option. The planned projects are located on the prime land that Texaf owns in the centre of Kinshasa. In the next two years the group will build 33 new apartments. Another project involves a state-of-the-art office building (9,000m²). The Real Estate division is looking to reinforce its management team with a sales manager, a construction manager and a facilities manager.

OTHER HIGHLIGHTS

- **Revised estimates.** Our adjusted EPS estimates for 2014, 2015 and 2016 are upped by respectively 18.5%, 4.2% and 11.6%.
- **29% drop since peak.** Texaf's share price peaked at € 42 on 13 May 2014 when it emerged that a third party was offering € 19.5m for Imbakin. Imbakin's sole asset is a € 51m second ranking receivable on DRC. The receivable originates from the sentencing of the Republic of Zaire in 1996 to pay an expropriation indemnity of € 63m. Cobepa has a first ranking receivable of € 12m for the financing that it provided to Texaf in 2001. The offer represented € 6.11 per Texaf share. The spin-off of Imbakin was approved by the AGM but suspended by a Brussels Court following a unilateral application by Cobepa. The share price came under pressure when the potential buyer withdrew his offer. The share price was also dampened at the end of August by disappointing revenues at Carrigrès (-17% in 1H14) and the withdrawal of a major tenant.
- **Upgrade to BUY.** We consider the negative share price reaction excessive. The missed chance to sell Imbakin represents € 6.11/share or 14.5% of the peak price. Carrigrès sales trend improved in 2H14 and the withdrawal of a major tenant allows the group to prepare for the next leap in rental growth. We therefore upgrade our rating from HOLD to BUY. No change to our target price of € 35.

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AFRICA – A CONTINENT WITH GREAT POTENTIAL DESPITE CHALLENGES

Africa offers plentiful investment opportunities because of demographic growth, the expanding middle class, urbanisation and plentiful natural resources. The African middle class is expected to grow from about 15 million households in 2014 to more than 40 million by 2030 (source: Standard Bank Research). Note also that Africa represents about 60% of the world's undeveloped arable land.

Democratic Republic of Congo (DRC) has a lot of catching up to do. In 2013 GDP per capita was \$ 454 compared with \$ 6,618 in South Africa (source: World Bank and PWC). DRC's GDP is growing by 8-9% in 2012-2017.

REAL ESTATE: PREPARING NEXT PHASE OF EXPANSION

Texaf owns 52 ha of land in the centre of Kinshasa and 104 ha 10km from the centre. The following table gives an overview of the real estate portfolio. Rental space increased by 5% CAGR between 2008 and 2014E.

TEXAF GROUP – RENTED OUT PROPERTIES

	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	CAGR 2008- 2016
Residential (m²)	27,812	31,277	31,397	34,762	34,762	40,431	41,841	45,509	53,006	8%
Villas (units)	35	35	36	36	36	35	35	35	35	0%
Apartments (units)	89	104	104	119	119	160	165	185	218	12%
Offices (m²)	11,929	12,283	12,783	16,001	16,941	16,945	17,923	16,758	16,758	4%
Retail (m²)	4,360	5,511	5,511	5,510	5,510	4,848	4,848	4,848	4,848	1%
Industrial (m²)	29,145	33,698	33,007	32,452	34,319	34,682	34,632	16,980	16,980	-7%
TOTAL RENTED (m²)	73,246	82,769	82,698	88,725	91,532	99,906	99,244	84,095	91,592	3%
% change		13%	0%	7%	3%	6%	2%	-15%	9%	

Source: Texaf, KBC Securities

UTEXAFRICA SITE



Source: Google

NEW APARTMENT COMPLEX



Source: Texaf

Real Estate revenues rose by 8% to € 6.57m in 1H14 thanks to 24 new apartments and new office space. EBIT rose by 22% to € 2.80m. We bank on 9% top line growth for the full year. Top line growth is set to slow next year due to the partial withdrawal of a major tenant. This will dampen rental income by € 1.28m in 2015, but it should be offset by income from new projects as demand for residential projects is still very strong

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TEXAF - REAL ESTATE DIVISION

€ th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Revenues	4,260	4,970	5,565	6,525	6,896	7,752	8,818	10,404	12,359	13,500	14,300	15,700
% change		17%	12%	17%	6%	12%	14%	18%	19%	9%	6%	10%
Operating profits	2,564	1,986	3,000	1,967	2,141	2,319	2,829	3,138	4,638	6,100	6,035	6,751
% of sales	60%	40%	54%	30%	31%	30%	32%	30%	38%	45%	42%	43%

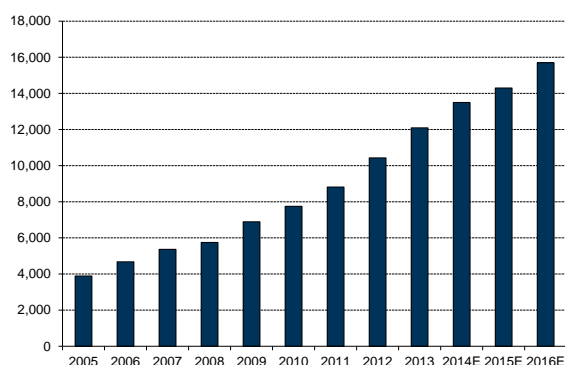
Source: Texaf, KBC Securities

The **Utexaf/Texaf** site that is located along the river comprises 35 rental villas, 165 apartments, a swimming pool, sport facilities and a restaurant. The occupation rate of the residential properties is close to 100%. The site also includes 4,848m² of commercial space, 10,500m² warehouses and 1,550m² offices. The construction of 33 new apartments (4 buildings of 2-3 bedroom units) will start next year and will involve €8m capex. The 33 units should generate €1.6m annual rent implying an average monthly rent of €4,000 per apartment.

The former textile factory site (14 ha) which is owned by **Immotex** (100% subsidiary as from 13 May 2014) is adjacent to the Utexaf/Texaf site. Today 12,850m² office space and 12,850m² of warehouse space are let. There are plans to build residential and commercial properties and offices on this attractive location. Immotex also owns 104 ha 10km from the centre of Kinshasa. The group is developing an ambitious urbanization plan for this site including the construction of houses for the Congolese middle class.

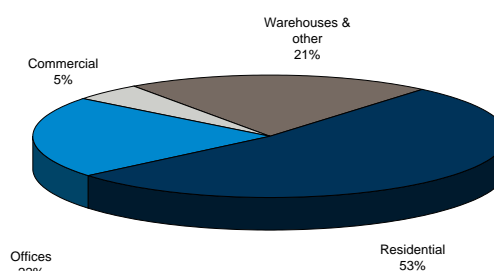
Cotex owns 3.2 ha across the road from the Utexaf/Texaf site. The site currently has 6,300m² of office and 10,300m² of warehousing space. One of the main tenants (an international organisation) has decided to move a large part of its team to eastern DRC at the beginning of 2015. Management sees it as an opportunity to redevelop the site. The rent per m² paid by the international organisation is low because it relates to old warehouses. There are preliminary plans to build a 9,000 m² state-of-the-art office building on this site. The 8-9 floor building will require €11m in capex of which €6m in 2015 and should take about 24 months to build. Annualized rental income should reach €2.5m or €265/m² implying a pay-back period of 4-5 years. Several potential tenants including an embassy have shown interest. Management believes that the building will be let as soon as construction is complete.

RENTAL INCOME (€th)



Source: Texaf, KBC Securities

BREAKDOWN OF RENTAL INCOME 2013



Source: Texaf

The real estate market remains attractive in Kinshasa because of the shortage of quality offices and residential properties. Real estate developers tend to let upscale residential properties rather than sell them because of the high rental yields. The table on the following page summarizes the prime rents (monthly) and yields that prevail in Kinshasa.

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REAL ESTATE IN KINSHASA

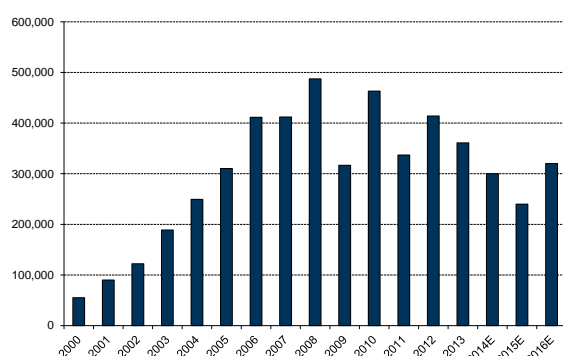
	Prime rents (monthly)	Prime yields
Offices	\$ 35/m ²	11%
Commercial properties	\$ 45/m ²	12%
Industrial	\$ 8/m ²	14%
Residential	\$ 8,000 for a 4-room home	9%

Source: Knight Frank

CARRIGRES

Carrigrès owns a crushed sandstone quarry in Kinsuka 10km from the centre of Kinshasa. The reserves are estimated at 25 million tonnes, representing at least 50 years of production. Carrigrès is ideally positioned to benefit from infrastructure works. A new (French) manager will start on 1 January.

CARRIGRES SALES VOLUMES (TONNES th)



Source: Texaf, KBC Securities

CARRIGRES



Source: Texaf

Carrigrès' revenues declined by 17% to €2.51m in 1H14 following the completion of a major road building project in April and a slowdown in the construction sector. Production was halted for several weeks for refurbishments, leading to a 4% drop in production volumes to 201,000 tonnes. EBIT declined by 32% to €0.48m. Management reacted by restructuring the business and cutting costs. The negative sales trend decelerated to 6% in 3Q14. The operating margins are set to improve significantly in 2015 thanks to the cost saving measures that were implemented in 2014. To err on the conservative side, we've pencilled in a 20% decline in volumes next year.

CARRIGRES

	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Tonnes (th)	411	487	317	463	337	414	361	300	240	320
% change	0%	18%	-35%	46%	-27%	23%	-13%	-17%	-20%	+33%
Price per tonne (€)	13.5	15.7	15.5	14.3	14.4	16.5	17.3	17.3	17.3	17.3
% change	15%	16%	-1%	-8%	1%	15%	5%	0%	0%	0%
Sales (€ th)	5,537	7,628	4,916	6,601	4,845	6,844	6,260	5,190	4,152	5,536
% change	15%	38%	-36%	34%	-27%	41%	-8%	-17%	-20%	33%
Operating profits before mgt fees*	1,219	2,741	1,089	961	942	1,563	1,769	1,090	1,246	1,661
% of sales	22%	36%	22%	15%	19%	23%	28%	21%	30%	30%

Source: Texaf, KBC Securities

* no management fees since 2009

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OTHER ACTIVITIES

Texaf seeks to diversify its activities in DRC. The group has a 10% stake (\$ 1m contribution) in i-Finance, a micro-finance company that started its activities on 17 September 2014 with the opening of its first branch. Two more branches will be opened in 1Q15. Other shareholders include three investors (Incofin, Triodos, Responsibility) that are specialised in microfinance and African families of entrepreneurs.

The group is also looking at opportunities in the agricultural sector. Texaf has a 94.1% stake in La Cottonnière, a cotton company that has been inactive since 1991 due to the war that raged in DRC. This subsidiary has concessions totalling 1,200 hectares in Sankuru, the South of Kasai and Maniema. Texaf has also a 100% stake in Estagrigo which owns 100 hectares of idle land in South Kivu and North Kantanga.

OUTLOOK

Our adjusted EPS estimates for 2014, 2015 and 2016 are upped by respectively 18.5%, 4.2% and 11.6%.

TEXAF

€ th	2012	2013	2014E Old	2014E New	2015E Old	2015E New	2016E Old	2016E New
Sales	17,248	18,619	18,300	18,690	18,900	18,452	20,700	21,236
REBITA	4,909	6,452	6,600	7,690	7,366	7,280	8,125	8,412
EBIT	4,701	9,171	6,600	7,190	7,366	7,280	8,125	8,412
Net financial result	-121	-180	-400	-300	-750	-400	-1,000	-500
Other	-22	21	-	-	-	-	-	-
Pretax results	4,558	9,012	6,200	6,890	6,616	6,880	7,125	7,912
Taxes	1,893	-2,063	-1,407	-1,564	-1,502	-1,562	-1,617	-1,796
Tax rate	41.5%	-22.9%	-22.7%	-22.7%	-22.7%	-22.7%	-22.7%	-22.7%
Minorities (Immotex)	-1,048	-470	-200	-200	-	-	-	-
Discontinued operations	1,113	-	-	-	-	-	-	-
Net profits	6,516	6,479	4,593	5,126	5,114	5,318	5,508	6,116
% change	256%	-0.6%	-29.1%	-20.9%	11.4%	3.8%	7.7%	15.0%
Current net profits	3,003	4,714	4,593	5,451	5,114	5,318	5,508	6,116
% change	56.7%	57.0%	-2.6%	15.6%	11.4%	-2.4%	7.7%	15.0%
Adjusted EPS (€)	0.94	1.48	1.35	1.60	1.44	1.50	1.55	1.73
% change	56.7%	57.0%	-8.9%	8.1%	7.2%	-6.1%	7.7%	15.0%

Source: Texaf, KBC Securities

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The following table provides divisional sales and operating profits. The Real Estate division also includes the corporate overhead costs of the group. Last year's EBIT included a €2.76m disposal gain.

TEXAF GROUP

€ th	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Turnover										
Real Estate	5,565	6,525	6,918	7,752	8,818	10,404	12,359	13,500	14,300	15,700
Mécelco	1,050	1,834	1,736	2,036						
Carrigrès			4,916	6,601	4,845	6,844	6,260	5,190	4,152	5,536
Intra-company			-22							
Total	6,615	8,359	13,548	16,389	13,663	17,248	18,619	18,690	18,452	21,236
Turnover growth										
Real Estate	12.0%	17.3%	6.0%	12.1%	13.8%	18.0%	18.8%	9.2%	5.9%	9.8%
Mécelco	62.5%	74.7%	-5.3%	17.3%						
Carrigrès				34.3%	-26.6%	41.3%	-8.5%	-17.1%	-20.0%	33.3%
Total	17.9%	26.4%	62.1%	21.0%	-16.6%	26.2%	7.9%	0.4%	-1.3%	15.1%
Operating profits										
Real Estate	3,000	1,967	2,118	2,318	2,829	3,138	4,638	6,100	6,035	6,751
Mécelco	-115	2,784	-401	-328						
Carrigrès			1,112	962	924	1,563	1,769	1,090	1,246	1,661
Other (e.g. disposal gains)	-29	-	571	-4			2,764			
Total	2,856	4,751	3,400	2,948	3,771	4,701	9,171	7,190	7,280	8,412
Operating margin										
Real Estate	53.9%	30.1%	30.6%	29.9%	32.1%	30.2%	37.5%	45.2%	42.2%	43.0%
Mécelco	-11.0%	151.8%	-23.1%	-16.1%						
Carrigrès			22.6%	14.6%	19.4%	22.8%	28.3%	21.2%	30.0%	30.0%
Total	43.2%	56.8%	20.9%	18.0%	27.6%	27.3%	49.3%	38.5%	39.5%	39.6%

Source: Texaf, KBC Securities

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VALUATION

We have applied the sum-of-the-parts method to value Texaf. Valuation multiples such as P/E and EV/EBITDA are irrelevant because they don't reflect the hidden value of the land bank that doesn't generate income. We've used a 10% yield to value rental properties. We've assumed a value of €436/m² for the bare land at the top location in Kinshasa and €34/m² for the CPA site located 10km from Kinshasa. Last year Texaf sold 7,236 m² for \$4.1m next to the Utxafrica site. This transaction implied a price of €436/m². Note that the Belgian state has recently sold a site that is close to the Utxafrica and Cotex sites for about €800/m².

We arrive at €51/share or €41/share after applying a 20% discount for the country risk and illiquidity of the stock. These estimates reflect the situation at the end of 2016. Our current target price (€35) reflects a discount rate of 8%.

VALUATION TEXAF

€m		Comment
Rental income 2016E	15.7	
Value rental properties (1)	157.0	10% yield
Bare land (m ²) at the centre of Kinshasa	131,598	
Value of bare land at the centre of Kinshasa (2)	57.4	€ 436/m ²
Bare land (m ²) at 10km from the centre	728,522	
Value of bare land at 10km from centre (3)	24.8	€ 34/m ²
Market value real estate (1) + (2) + (3)	239.1	
Book value (31.12.13)	77.2	
Capital gains tax	56.7	35%
Market value real estate after tax	182.5	
Carrigrès	11.4	EV/EBITDA of 6x for 2014
Net debt 31.12.15E	-9.4	
Pensions	-0.1	
Rental guarantees	-2.4	
Equity value Texaf group	182.0	
20% country risk and illiquidity discount	-36.4	
Adjusted equity value	145.6	
Value per share (€)	41.1	3,543,700 shares after 13 May 2014

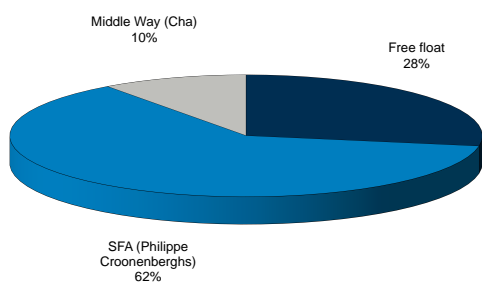
Source: Texaf, KBC Securities

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EQUITY

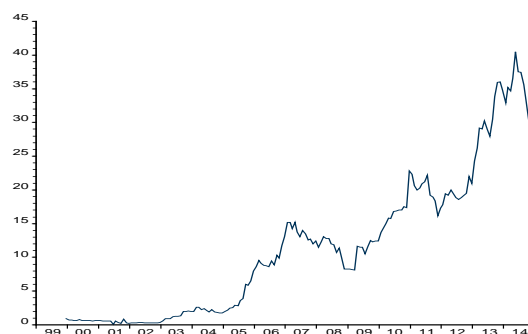
There are 3,543,700 shares outstanding. Société Financière Africaine (SFA) detains 2,206,760 shares or 62.27% of the total. SFA was established by Philippe Croonenberghs at the time of the MBO in June 2002. He controls 100% of SFA. Middle Way Ltd detains 354,370 shares implying a 10% stake. Middle Way is 100% controlled by Member Investments Ltd. The economic beneficiary of Member Investments Ltd is CCM Trust (Cayman) Ltd, a trust of the Hong-Kong based Cha family.

SHAREHOLDER STRUCTURE



Source: Texaf

TEXAF: SHARE PRICE EVOLUTION (€)



Source: Thomson Reuters Datastream

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FINANCIAL DATA

Income statement (€th)	2009	2010	2011	2012	2013	2014E	2015E	2016E
Sales	13,548	16,389	13,663	17,248	18,619	18,690	18,452	21,236
Gross profit	11,627	12,863	11,911	14,734	16,373	16,790	16,552	19,336
EBIT	3,400	2,952	3,771	4,701	9,171	7,190	7,280	8,412
Pre-tax earnings	3,142	2,820	3,489	4,558	9,012	6,890	6,880	7,912
Net earnings	1,915	3,104	1,831	6,516	6,479	5,126	5,318	6,116
EBITDA	5,687	5,593	6,467	7,642	12,199	10,499	10,280	12,012
REBITDA	5,757	5,670	6,311	7,642	9,435	10,499	10,280	12,012
REBITA	3,411	3,088	3,708	4,909	6,452	7,690	7,280	8,412
Balance sheet (€th)	2009	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	0	0	0	53	42	42	42	42
Tangible assets	80,227	82,773	87,126	89,458	91,374	95,165	104,565	113,365
Financial assets	21	25	31	30	1,333	1,333	1,333	1,333
Net other assets & liabilities	-4,332	-3,344	-3,465	-4,540	-5,882	-3,842	-3,809	-4,199
Net working capital	1,948	3,760	2,078	4,042	3,728	4,209	4,219	4,101
Net debt	-2,755	-654	987	113	-2,655	-395	5,235	9,352
Provisions	29,756	30,828	30,898	28,249	26,522	26,526	26,543	26,554
Minorities	8,471	8,148	7,797	8,970	9,442	295	295	295
Equity	42,392	44,892	46,088	51,711	57,286	70,481	74,277	78,442
Capital employed	77,843	83,189	85,917	89,013	89,262	95,574	105,017	113,310
TOTAL ASSETS	92,079	96,029	97,668	101,363	107,962	109,126	116,761	124,863
Cash flow statement (€th)	2009	2010	2011	2012	2013	2014E	2015E	2016E
Cash flow from operations	4,019	5,648	7,005	5,956	7,099	6,115	8,301	10,133
Net capital expenditure	-3,828	-4,385	-7,512	-5,237	-5,065	-7,100	-12,400	-12,400
Free cash-flow	191	1,263	-507	719	2,034	-985	-4,099	-2,267
Acquisitions / disposals	-1,252	-2,700	-300	1,039	3,097	0	0	0
Dividend payments	-953	-612	-736	-893	-1,063	-1,276	-1,531	-1,850
Shares issues	0	0	0	0	0	0	0	0
New borrowings / reimbursements	1,314	2,290	363	12	-18	-861	3,900	3,000
Other	20	-80	-110	15	-1,299	0	0	0
CHANGE IN CASH & EQUIVALENTS	-680	161	-1,290	892	2,751	-3,121	-1,730	-1,117
Performance criteria	2009	2010	2011	2012	2013	2014E	2015E	2016E
Sales growth	62.1%	21.0%	-16.6%	26.2%	7.9%	0.4%	-1.3%	15.1%
Gross margin	85.8%	78.5%	87.2%	85.4%	87.9%	89.8%	89.7%	91.1%
REBITDA margin	42.5%	34.6%	46.2%	44.3%	50.7%	56.2%	55.7%	56.6%
REBITA margin	25.2%	18.8%	27.1%	28.5%	34.7%	41.1%	39.5%	39.6%
EBIT margin	25.1%	18.0%	27.6%	27.3%	49.3%	38.5%	39.5%	39.6%
Net debt / Equity + Minorities	-5.4%	-1.2%	1.8%	0.2%	-4.0%	-0.6%	7.0%	11.9%
Net debt / EBITDA	-0.48	-0.12	0.15	0.01	-0.22	-0.04	0.51	0.78
EBITDA / net interest	74.83	96.43	45.22	63.16	67.77	35.00	25.70	24.02
Pay-out ratio	32.0%	23.7%	48.8%	16.2%	19.7%	29.9%	34.8%	36.5%
= Return on Equity (avg)	4.8%	7.1%	4.0%	13.3%	11.9%	8.0%	7.3%	8.0%
Return on Capital Employed	2.8%	1.6%	2.8%	7.6%	7.9%	6.0%	5.6%	6.0%
Per share data (€)	2009	2010	2011	2012	2013	2014E	2015E	2016E
weighted average # shares, diluted	3,189,33	3,189,33	3,189,33	3,189,33	3,189,33	3,410,81	3,543,70	3,543,70
Basic EPS	0.60	0.97	0.57	2.04	2.03	1.50	1.50	1.73
Diluted EPS	0.60	0.97	0.57	2.04	2.03	1.50	1.50	1.73
Diluted, adjusted EPS	0.56	0.41	0.60	0.94	1.48	1.60	1.50	1.73
Net book value / share	13.29	14.08	14.45	16.21	17.96	19.89	20.96	22.14
Free cash flow / share	0.06	0.40	-0.16	0.23	0.64	-0.28	-1.16	-0.64
Dividend (€)	0.19	0.23	0.28	0.33	0.40	0.48	0.58	0.70
Valuation data	2009	2010	2011	2012	2013	2014E	2015E	2016E
Reference share price (€)	10.82	16.45	19.80	19.40	30.32	30.05	30.05	30.05
Reference market capitalisation	34,511.7	52,467.7	63,136.0	61,869.8	96,687.7	106,488.	106,488.	106,488.
Enterprise value (€th)	69,962.7	90,764.7	102,965.	99,171.8	128,663.	131,581.	137,228.	141,356.
P/E	19.4	40.3	32.9	20.6	20.5	18.8	20.0	17.4
EV/sales	5.2	5.5	7.5	5.7	6.9	7.0	7.4	6.7
EV/EBITDA	12.3	16.2	15.9	13.0	10.5	12.5	13.3	11.8
EV/Capital employed	0.9	1.1	1.2	1.1	1.4	1.4	1.3	1.2
P/ NBV	0.8	1.2	1.4	1.2	1.7	1.5	1.4	1.4
Free cash flow yield	0.6%	2.4%	-0.8%	1.2%	2.1%	-0.9%	-3.8%	-2.1%
Dividend yield	1.8%	1.4%	1.4%	1.7%	1.3%	1.6%	1.9%	2.3%

Source: KBC Securities

*Historic valuation data are based on historic prices

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

	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

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.

Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	23.70%	0.00%
ACCUMULATE	35.60%	0.00%
HOLD	37.30%	0.00%
REDUCE	1.70%	0.00%
SELL	1.70%	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
2014-12-22	Buy	€ 35.00
2014-08-29	Hold	€ 35.00
2014-06-20	Hold	€ 40.00
2014-05-13	Accumulate	€ 46.00
2014-04-09	Accumulate	€ 40.00

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

KBC Securities makes a market and/or is liquidity provider for Texaf.

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