

27 September 2011

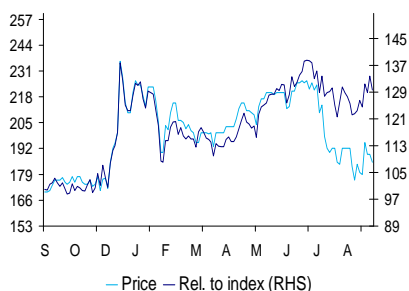
TEXAF

Sheltered from debt crisis

FINANCIAL SERVICES
BELGIUM

CURRENT PRICE €185.00
TARGET PRICE €235.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg TEXF BB
Reuters TEXB.BR

www.texaf.be

Market Cap €59.0m
Shares outst. 0.3m
Volume (daily) €12,137
Free float 20.0%

Next corporate event

Results FY11: 16 February 2012

(€ th)	2010	2011E	2012E
Sales	16,389	16,150	17,270
REBITDA	5,666	6,874	7,458
Net earnings	3,104	2,460	2,803
Adj. EPS (€)	4.08	7.71	8.79
P/E (x)	40.3	24.0	21.0
EV/REBITDA	16.0	14.0	12.9
FCF Yield	2.4%	-0.2%	1.7%
Dividend yield	1.4%	1.4%	1.5%

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News:

Texaf published a trading update yesterday. Immotex, the 50.01% subsidiary converted an industrial building into offices. The project includes 2,471m². The offices will be rented by an international organization from 1 November onwards.

The construction of two additional apartment buildings of Utexafrica (99% stake) was completed during the summer. Together with the above mentioned office project, the group rental income will rise to more than €10m on an annualized bases from November onwards. This compares with €7.8m during 2010.

Further development potential:

The group has 13 hectares left to develop in the centre of Kinshasa and 100 hectares in the suburbs. As a reminder, another conversion project in the former industrial area, of 23,000m² is still under discussion with an international organisation.

Carrigrès: back to normal:

Profitability of the sandstone quarry is back to normal after technical difficulties with the primary crusher and frequent cuts in the electric power supply.

Conclusion:

Texaf is a defensive stock during the current debt crisis given the group's net cash position and the absence of a sophisticated banking system in the Democratic Republic of Congo (DRC). Last year, rental properties represented about 80% of the group's EBIT. The occupancy rate of Texaf's properties is 100% and rental income is denominated in €. Tenants include international organizations such as the MONUC (UN), corporations and expats. The macro-economic environment remains relatively stable with 6.5% growth expected this year. However inflation has picked up this year due to higher food and petrol prices. The presidential elections are planned for November 2011.

We'll fine-tune our forecasts. Unchanged Accumulate rating and €235 target.