

## TEXAF

### 1Q21 trading update

FINANCIAL SERVICES  
BELGIUM

CURRENT PRICE € 35.40  
TARGET PRICE € 44.00

**BUY**

RATING UNCHANGED

**1Q21 trading update reads a little light vs 1HY21 KBCS estimates. We were modelling for some growth in 1HY21 which already looked challenging given the FY20 comments of management with regards to the letting hindered by COVID measures. This is something we see as temporary and therefore has not a huge impact on our valuation assumptions. Likely we will lower our near term profit assumptions but this does not change our view on the case. We regard the deal with Credendo as very interesting and wonder if this would be a possible model to also finance a future development of "Les Jardins de Kinsuka"**

**News:** This morning Texaf issued a very brief trading update on 1Q21 results. As usual Co only gives some brief comments on developments during the quarter and little financial details. It states that 1Q21 top-line income for the RE activities (rental of residential properties and office space in Kinshasa) came in at € 4.7m -5% yoy. Reflecting increased vacancies caused by the lockdown and closure of borders until August 2020. Management already mentioned this at time of the FY20 results publication, vacancies were at one point c.a. 10% but have progressively improved to currently 6%. With regards to new developments, as expected, the first of three buildings (3 x 11 apartments) of the "Bois Nobles II" project has just been delivered, the remaining units will be delivered before the end of June.

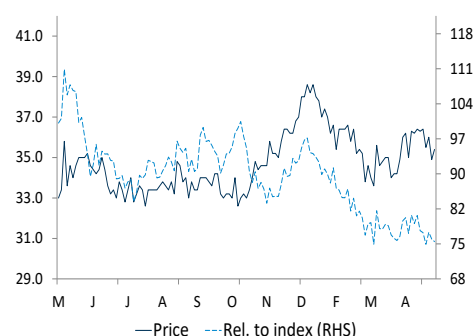
The sandstone activities (CARRIGRES) 1Q21 revenues declined 45% to € 0.4m as production was hindered to almost a standstill in 1Q21 (monthly average of 7 kT) due to the difficulty of obtaining spare parts during this period. It resumed in April on a basis of 26 kT.

With regards to the DIGITAL activities Co mentions that work has started for the rehabilitation of 1,000 m2 of offices and meeting rooms for start-ups and digital initiatives to be delivered by the start of 3Q21.

Interestingly TEXAF has been able to attract a loan of € 2m from Belfius Bank which has been insured against political risks by Credendo. This is a European credit insurance group providing guarantees to Belgian companies with international operations. The insurance leads to significant lower debt financing costs.

#### Investment Case

Texaf offers unique unleveraged exposure to a high yielding and quality real estate portfolio in combination with huge undervalued development options. The main trigger to unlock this value is finding a finance and construction partnership to develop the large potential project "Les Jardins de Kinsuka". Based on a SOTP and a DCF we see at least 30% upside and rate the shares BUY.



Source: Thomson Reuters Datastream

Bloomberg                    TEXF BB  
Reuters                        TEXB.BR  
[www.texaf.be](http://www.texaf.be)

Market Cap                    € 127.6m  
Shares outst.                 3.7m  
Volume (daily)               € 16,683  
Free float                     28.9%

Next corporate event

Results 1H21: 3 September 2021

€ th	2020	2021E	2022E
Sales	21,868	23,957	24,735
REBITDA	11,662	12,470	12,952
Net earnings	4,580	6,672	6,942
Adj. EPS (€)	1.28	1.83	1.87
P/E (x)	27.1	19.3	18.9
EV/REBITDA	11.0	10.3	10.2
FCF yield	2.0%	5.8%	1.1%
Dividend yield	3.7%	4.0%	4.5%

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