

## TEXAF

### Stable results in volatile environment

FINANCIAL SERVICES  
BELGIUM

CURRENT PRICE € 35.20  
TARGET PRICE €

**UNDER REVIEW**  
RATING UNCHANGED

**Texaf's 2020 results were relatively stable, despite Covid-19 and a deterioration of the business environment in the DRC. Rental income remained flat y/y, while revenues from Carrigres increased 4% y/y. For the first time in five years, the Board has decided to propose a dividend which is 'only' up 11% compared to last year. Shareholders were used to an annual 20% increase. We assume Co wants to preserve cash to fund upcoming future developments. However, we lack guidance or visibility on this at the moment. UNDER REVIEW**

#### Financials proof resilient business model

Overall revenues came in at €21.9m, flat compared to the year before (€21.7m). Recurring operating result landed at €7.9m (2019: €7.8m). Rental income totalled €19.3m (2019: €19.2m). The recurring operating result from RE activities slightly decreased by 2.5%, mainly due to negative exchange differences. Both volumes (+5%) and revenues (+4%) from Carrigres were up, despite the compulsory closing of some large construction sites due to Covid-19 induced lockdowns. For the first time, Texaf reported revenues from their Digital activities (29k). Admitting the negligible contribution to the overall topline, management reiterates its belief in future growth potential.

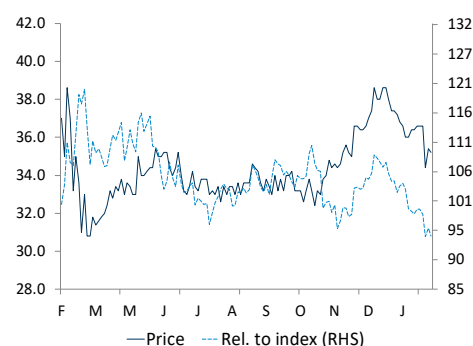
#### Covid-19 has no major impacts

In terms of operations, Texaf mentions that the deterioration in the business environment and the safety of property in the DRC persists. Management remains regarding this as a major concern, driving a sharp increase in legal and security costs. Covid-19 didn't impact Texaf's business very heavily, apart from some delays in projects from customers (Carrigres) and in the delivery from the Bois Nobles II project. Despite the turbulent environment and Covid, Texaf could officially open the "Petit Pont" building in December 2020, the first eco-responsible building in Kinshasa. Today, they report an occupancy rate of 90%, with one of the tenants being Brussels Airlines.

#### Slower dividend growth: Saving cash for larger developments

The Board will propose a dividend of €0.90 per share, an 11% increase compared to 2019. Over the last five years, Texaf increased its dividend with c. 20% per annum. They intend to increase their cash reserves to finance future, larger projects. The Board will also propose to shareholders to reinvest their dividend by a capital increase ('optional dividend'). In 2020, 66% of this net dividend was reinvested.

**Our View:** We welcome the fact that Texaf managed to deliver relatively stable results in a stormy business environment. However, we are missing guidance on projects in the near future. The Bois Nobles II project will be delivered soon, after which Texaf has nothing left in the pipeline. Management mentions that they are studying several investment projects, but nothing concrete. Looking to the mid and long-term, the lower dividend growth opens up possibilities for the further development of their available landbank, given the difficulties Texaf has to access bank debt. At this moment we are still reviewing our financial model assumptions.



Source: Thomson Reuters Datastream

Bloomberg: TEXTF BB  
Reuters: TEXTB.BR

[www.texaf.be](http://www.texaf.be)

Market Cap: €124.7m  
Shares outst.: 3.5m  
Volume (daily): €19,723  
Free float: 27.7%

Next corporate event  
Results 1Q21: 7 May 2021

#### € th

Sales  
REBITDA  
Net earnings  
Adj. EPS (€)  
P/E (x)  
EV/REBITDA  
FCF yield  
Dividend yield

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