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# Texaf

## Q3 FY23: Strong Results; Core Business Unimpacted By Uncertain Macro

Diversified Financials | Belgium

During Q3 FY23, Texaf booked €5.8m worth of rental income, up 5.0% YoY while construction of the 2 upcoming projects namely 'Silikin Village Phase III' (6000.0 sqm of furnished office space) and 'Promenade des Artistes' (94 apartment units) had progressed without any hindrances. Revenue from Carrigres (sandstone quarry) came in at €2.0m, up 10.0% YoY – while volumes sold were lower on YoY basis, average selling price was 23.0%+ higher (thanks to better product-mix) and thus, more than compensated for the lower volumes. Texaf Digital has completely leased its current office, co-working and meeting room space(s) and 'OADC Texaf Digital' (joint-venture with the WIOCC Group) will open the first ever tier-3 data centre in the DRC during early FY24. Over the long-term, we believe that Texaf's revenues from its real estate activities will keep rising steadily due to the rental of new developments and an increase in the number of rentable units while over the medium to long-term, initiation of work on the 'Kinsuka Garden City' project will be a major catalyst for the stock should Texaf be able to partner up with large-scale developers either domestic or international. Added to this, the sandstone quarry should keep benefitting from rising prices and the future infrastructural development to take place in the DRC. We reiterate our BUY rating and €45.0 TP.

### Highlights – Q3 FY23:

- Rental revenue rose by 5.0% YoY and came in at €5.8m.
- Revenue from Carrigres rose by 10.0% YoY and came in at €2.0m – while volumes sold were lower, average selling price was 23.0%+ higher and thus, more than compensated for the lower volumes.
- OADC Texaf Digital will open the first ever tier-3 data centre in the DRC during early FY24.

**Our View:** Texaf's core rental business remains unimpacted by the uncertain macroeconomic situation thanks to its dominant position in Kinshasa, differentiation from rest of players in the market, favourable tenant-mix, and low debt and net-debt ratios. This should enable Texaf to concentrate on the 'Kinsuka Garden City' project – progress made on this front will be a major catalyst for the stock.

**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:	2019A	2020A	2021A	2022A
Sales & operating income	23.2	23.3	24.8	29.5
Profit/loss from operating activities	7.9	8.0	8.1	8.9
Net Profit (group share)	10.8	4.6	5.2	8.4
Diluted EPS	3.0	1.27	1.42	2.28
Dividend per share (€)	1.2	1.29	1.43	1.57
Dividend yield (%)	3.5	3.9	4.3	4.7
Net asset value per share (NAV)	52.4	60.77	62.82	61.23
P / NAV (x)	(29.0)	(0.37)	(0.48)	(0.45)
Cash & cash equivalents	8.8	7.0	5.9	5.5

Source: KBC Securities

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Share Price: €33.4  
**Target Price: €45.0**  
Upside/Downside: 34.7%

**Recommendation: Buy**  
Previous Recommendation: Buy

### Analyst Details

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### Key Data

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

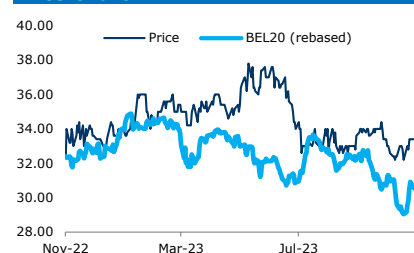
Market Cap. (m): €122.5  
Shares Out. (m): 3.7  
Volume (Daily): 407  
Free Float: 27.3%  
Price 12m Hi/Lo: 37.8 / 32.2

Performance	1m	3m	12m
Absolute (%)	0.0	-1.8	3.1
Rel. BEL20	0.7	5.1	7.3

### Next Corporate Event

Results - FY23: 23/02/2024

### Price Chart



Source: Refinitiv Datastream