

TEXAF

1HY20 results

FINANCIAL SERVICES
BELGIUM

CURRENT PRICE € 34.40
TARGET PRICE €

UNDER REVIEW
RATING UNCHANGED

Texaf reported 1HY20 results this morning which were slightly above our expectations on the back of return to profits of the cyclical quarrying activities. COVID comments were in line with expectations however due to fire damages Co sees loss of rental income in 2HY20, this is unexpected. UNDER REVIEW

1HY20 results: Revs increased 4.3% to € 10.959m. REBITDA increased +7.5% to € 6.280m, PBT increased 11% to € 4.515m. Net profit (group share) declined however with 24% to € 3.154m. The decline is wholly due to an allocation to deferred taxes (1HY2019: + € 0.738m vs 1HY20 - € 0.462m), this was due to an annual general regulatory revaluation of the tax values of assets in Congolese francs being taken into account. This effect has not been repeated in 2020.

The rents for the RE activities and its recurring operating result increased by 3% to € 9.797m and by 3% to € 4.865m, resulting in a flat operating margin of 49.7%. About 50% of the increase is due to the 2019 delivery of apartments in the "Bois Nobles" project on UTEX.

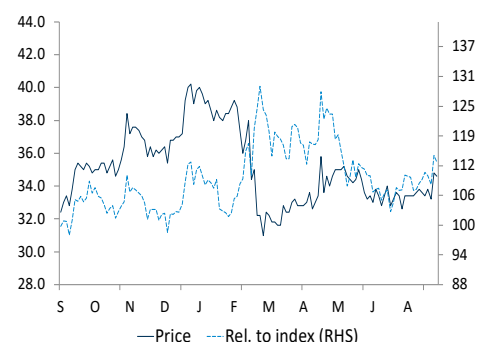
Revs generated by the quarrying activities (CARRIGRES) increased +18% to € 1.186m and the recurring operating result returned to profit at EUR 244 k (vs. - EUR 109 k over the same period in 2019).

The balance sheet (virtually debt free) remains strong, and trade receivables were virtually flat indicating no problems with rent collection.

Events after June 30: On August 8, a fire destroyed a warehouse leased to an international organization and severely damaged nearby offices. Fortunately, no casualties were reported. These buildings generated € 0.650m in annual rents (3.3% of annual exp. rent). The group has taken steps to obtain compensation.

COVID-19 remarks: Management explicitly mentions that the deterioration in the business environment and the safety of property continues to be a major concern in the DRC. Next to that Co mentions the to be expected delays on running projects. The ongoing construction projects of Bois Nobles II (33 apartments) and Petit-Pont (3,000 m2 net of offices) had to be suspended in April, May and June as a result of the lockdowns. The expected delivery of Bois Nobles II has therefore been put back to April 2021. The Petit-Pont office building, which is partly leased to Brussels Airlines and will be the city's first eco-responsible building incorporating, among other things, solar panels, will be available in November 2020.

Outlook: 2HY20, Co exp the result for CARRIGRES in line with 1HY20. For real estate activity, the closure of the DRC's borders until 15 August, the general restrictions on international travel and the fire are likely to lead to rental vacancies that could affect 5% of potential rents, i.e. a possible reduction in revenues of around € 0.5m (c.a. 5% of 2HY group rental income).



Source: Thomson Reuters Datastream

Bloomberg TEXF BB
Reuters TEXB.BR

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Market Cap € 121.9m
Shares outst. 3.5m
Volume (daily) € 27,469
Free float 27.7%

Next corporate event

€ th	2019E	2019E	2019E
Sales	21,303		
REBITDA	12,227		
Net earnings	5,753		
Adj. EPS (€)	1.62		
P/E (x)	21.2		
EV/REBITDA	12.5		
FCF yield	-1.0%		
Dividend yield	3.4%		

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