

# Texaf

## Project Commercialisation In 1H24 To Bolster Top Line Growth

Diversified Financials | Belgium

During FY23, revenue came in at €31.3m implying a growth of 6.3% which was mainly driven by an almost 100.0% occupancy rate and indexation built into rental contracts. 3 main projects will start contributing to Texaf's top line during 1H24. Promenade des Artistes will add 94 apartments to Texaf's existing 332 and these units were quickly absorbed by the market. Silikin Village III (6,000 sqm) is already 85.0% reserved and Open Access Data Centre will become first operational data centre in DRC to meet international standards. Carrigres saw revenues rise by 18.0% driven by a strong demand and due to better pricing/product mix. We believe that, over the LT, 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 – FY23:

- Net income came in at €11.7m (€3.2ps), up 39.4% YoY.
- Lfl rental income grew by 5.0% and came in at €23.2m (vs €22.1m during FY22).
- Despite a -4.0% decrease in volumes sold (365,303 Mt), Carrigres saw revenues jump by 18.0% thanks to strong demand and better pricing/product mix.
- Open Access Data Center will become operational during 1H24 and will be the 1<sup>st</sup> in DRC to adhere to international standards while Silikin Village III (6,000 sqm) is already 85.0% reserved and will open in 1H24.
- Promenade des Artistes (94 apartments/6 buildings) has a FY rent potential of €4.3m – the 1<sup>st</sup> building was fully pre-let and has been delivered. The next 3 buildings are also fully pre-let and will be delivered during the coming weeks.
- **Both Promenade des Artistes and Silikin Village III have the potential to increase Texaf's rental income by €7.3m (+30.0%).**
- **FY23 gross dividend to be raised by +5.0% YoY to €1.62ps (€1.15 net).**

**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:	2020A	2021A	2022A	2023A
Sales & operating income	23.3	24.8	29.5	31.3
Profit/loss from operating activities	8.0	8.1	8.9	9.9
Net Profit (group share)	4.6	5.2	8.4	11.6
Diluted EPS	1.27	1.42	2.28	3.18
Dividend per share (€)	1.29	1.43	1.57	1.65
Dividend yield (%)	4.1	4.6	5.0	5.3
Net asset value per share (NAV)	60.77	62.82	61.23	64.41
P / NAV (x)	(0.37)	(0.48)	(0.45)	(0.49)
Cash & cash equivalents	7.0	5.9	5.5	8.6

Source: KBC Securities

<https://research.kbcsecurities.com>

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Share Price: €31.2  
**Target Price: €45.0**  
 Upside/Downside: 44.2%

**Recommendation: Buy**  
 Previous Recommendation: Buy

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### Key Data

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

Market Cap. (m): €114.4  
 Shares Out. (m): 3.7  
 Volume (Daily): 401  
 Free Float: 27.3%  
 Price 12m Hi/Lo: 37.8 / 31.2

Performance	1m	3m	12m
Absolute (%)	-5.5	-6.0	-12.4
Rel. BEL20	-6.5	-9.6	-8.5

### Next Corporate Event

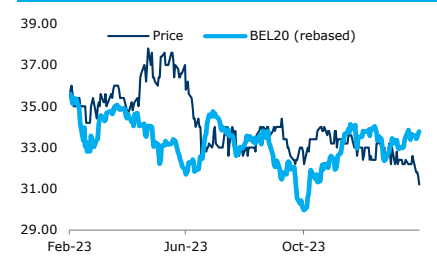
Results - Q1 FY24: 12/04/2024

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### Price Chart



Source: Refinitiv Datastream

## FINANCIAL DATA

Income Statement (€)	2019A	2020A	2021A	2022A	2023A
Sales & operating income	23.2	23.3	24.8	29.5	31.3
Profit/loss from operating activities	7.9	8.0	8.1	8.9	9.9
Profit/loss before tax	12.8	6.1	7.9	8.6	15.5
Net Profit (group share)	10.8	4.6	5.2	8.4	11.6

Source: KBC Securities

Balance Sheet (€)	2019A	2020A	2021A	2022A	2023A
Cash & equivalents	8.8	7.0	5.9	5.5	8.6
Total assets	131.2	128.9	135.2	148.9	166.7
Equity attributable to holders of the parent	97.2	99.5	102.6	106.3	111.8
Financial debt	4.3	2.0	2.8	11.8	15.0
Total liabilities	131.2	128.9	135.2	148.9	166.7

Source: KBC Securities

Cash Flow Statement (€)	2019A	2020A	2021A	2022A	2023A
Cash flow from operating activities	10.7	8.6	9.6	13.2	9.7
Cash flow from investments	(1.0)	(5.8)	(8.9)	(17.4)	(8.6)
Cash flow from financing	(6.5)	(4.6)	(1.8)	3.7	2.2
Change in cash & equivalents	3.2	(1.8)	(1.0)	(0.5)	3.4

Source: KBC Securities

Per Share Data (€)	2019A	2020A	2021A	2022A	2023A
Outstanding shares	3.5	3.6	3.7	3.7	3.7
Outstanding shares - diluted	3.5	3.6	3.7	3.7	3.7
Basic EPS	3.05	1.27	1.42	2.28	3.18
Diluted EPS	3.05	1.27	1.42	2.28	3.18
Dividend per share	1.16	1.29	1.43	1.57	1.65

Source: KBC Securities

Valuation Data	2019A	2020A	2021A	2022A	2023A
Market capitalisation (€m)	131.8	136.9	118.8	123.2	121.0
Dividend yield (%)	3.7	4.1	4.6	5.0	5.3

Source: KBC Securities

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