

TEXAF

FY19 results, EBITDA +11%

FINANCIAL SERVICES
BELGIUM

CURRENT PRICE € 36.00
TARGET PRICE € 36.00

HOLD
RATING UNCHANGED

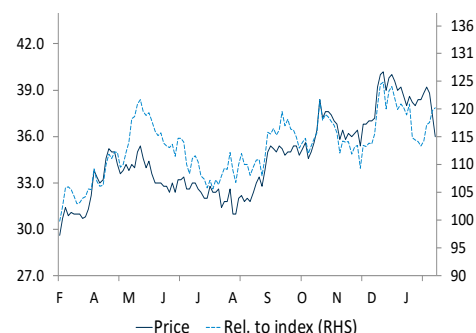
Texaf published this morning its FY19 decent results with consolidated revenues at € 21.7m +15% yoy, REBITDA at € 11.2m, +11%, leading to a 48% EBITDA -200bp. Some margin pressure as Co speaks about attempts at dispossession, which led to significant legal and security costs increases. Also doubling of social security contributions and USD movements were unfavourable. Main contributor to growth were the real estate activities, the Sandstone Quarry "CARRIGRES" did improve its operating loss and operates close to break even. Group operating result improved 9.2% to € 7.8m (33% operating margin -200bp yoy), including the € 5.1m book profit on the sale of 7.2 ha of Kinsuka land position (16.5% of total concession), operating result increased to € 13.0m +49% yoy. All in all EPS (recurring) came in at € 2.21, +9.4% yoy. Co proposes a dividend of € 0.81 +19% yoy. Dividends will be a "choice dividend" main shareholder S.F.A. (62% Croonenberghs) committed to take € 0.89m or 50% of its divi entitlement in stock. We rate the shares **HOLD**

Real estate activities: Rent increased 12% yoy to € 19.5m on the back of the full-year rental of the 12 villas and 24 apartments from the 1st phase of the Bois Nobles project and the rental of six additional villas. Operating results increased only 8% to € 9.3m after incurring significant legal and security costs increases and doubling of social security contributions. As previously announced Texaf booked a book profit of € 5.121m on the sale of 7.2ha of its Kinsuka land position (16.5% of total concession). Net result was down 17% to € 10.9m that was due to the exceptional re-valuation of deferred taxes that did not occur to the same extent in 2019 (results before differed taxes and including XO increased 39% to € 10.0m. Two major projects are underway, phase II of the Bois Nobles project (33 apartments, will be available for lease in early 2021). Secondly, a 3,000 m2-net office building (three levels) is under construction on the Petit-Pont plot of land (delivery planned YE20). The first level of which has already been leased on a long-term basis to Brussels Airlines. FY19 investment properties amounted to € 105m +2.6% yoy. NAV p/s

Sandstone quarry CARRIGRES: Revenue from these activities increased 53% to € 2.5m, 214k tonnes +60% (still at low levels vs 2010 peak of >500k) and operates at break-even levels of € -69k (FY18 € -109k). Activities are very much dependant on international aid projects concerning the building of roads. We would expect similar profitability levels for FY21.

Texaf Digital: Some 30% of the previously commitment € 1m in the Partech Africa fund was called, and the fund invested in nine African start-ups. In January 2020, the TEXAF DIGITAL CAMPUS opened its doors in Kinshasa.

Outlook: Management guides for a 2020 flat revenues and results of the Rental income. Also the quarrying activity are expected close to the 2019 figures. During its launch phase, the digital domain will show a slight deficit.



Source: Thomson Reuters Datastream

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| Bloomberg | TEXF BB |
| Reuters | TEXB.BR |
| www.texaf.be | |
| Market Cap | € 127.6m |
| Shares outst. | 3.5m |
| Volume (daily) | € 24,818 |
| 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) | 22.2 | | |
| EV/REBITDA | 13.0 | | |
| FCF yield | -1.0% | | |
| Dividend yield | 3.3% | | |

Wido Jongman
+32 2 417 40 90
wido.jongman@kbcsecurities.be

Joachim Vansanten
+32 2 429 08 92
joachim.vansanten@kbcsecurities.be