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TEXAF

How will the situation in DR Congo evolve?

FINANCIAL SERVICES
BELGIUM

CURRENT PRICE € 33.70
TARGET PRICE € 45.00

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg TEXF BB
Reuters TEXB.BR
www.texaf.be

Market Cap € 119.4m
Shares outst. 3.5m
Volume (daily) € 22,644
Free float 27.7%

Next corporate event

Results 1H16: 6 September 2016

(€ th)	2015	2016E	2017E
Sales	19,648	20,400	22,366
REBITDA	8,989	10,609	11,668
Net earnings	5,450	5,364	5,827
Adj. EPS (€)	1.54	1.51	1.64
P/E (x)	22.4	22.3	20.5
EV/REBITDA	16.6	14.0	13.0
FCF Yield	-2.1%	-0.1%	-0.7%
Dividend yield	1.7%	2.0%	2.5%

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Texaf will release its HY results on Tuesday, 6 September, before market.

News:

The real estate segment (78% of total revenues) is expected to record 6.5% sales growth to € 7.6m driven by the full contribution of new apartments and limited rental inflation.

However, the lower economic activity and political instability is expected to weigh on turnover of Carrigrès (22% of total), leading us to expect a 24% drop in revenues for this segment to € 2.0m, mainly driven by lower volume.

We therefore bank on a 4.1% decrease in recurring operating profit y/y to € 3.4m and 4.3% decrease in net result to € 2.72m.

Our View:

We look forward to hearing an update regarding the situation in the DR Congo as this impacts Carrigrès volume generation directly. The lower economic activity results in less tax income for the government and therefore less infrastructure investments, while the delay in new political elections, causes international investors to withdraw.

The real estate portfolio and its developments are expected to remain largely unabated by the ongoing uncertainties.

Conclusion:

We continue to believe that Texaf is undervalued. The real estate portfolio holds more value than reflected in today's share price. We stick to our Buy rating and € 45 PT.