

10 April 2014

## TEXAF

### Taking full control of prime sites

 FINANCIAL SERVICES  
 BELGIUM

 CURRENT PRICE €34.50  
 TARGET PRICE €40.00

**ACCUMULATE**  
 RATING UPGRADED

Performance over	1M	3M	12M
Absolute	-2%	3%	21%
Rel. BEL20	-3%	-3%	0%
12m Hi/Lo	€ 36.60/27.36		
Bloomberg	TEXF BB		
Reuters	TEXB.BR		
Market Cap	€ 110m		
Next corporate event			
Ex. General Meeting : 13 May 2014			
www.texaf.be			

FY/e 31.12	2013	2014E	2015E	2016E
Sales (€ th)	18,619	20,081	21,500	23,300
REBITDA (€ th)	9,435	10,409	11,809	13,109
Net earnings (€ th)	6,479	5,056	5,836	6,416
Diluted adj. EPS (€)	1.48	1.50	1.65	1.81
Dividend (€)	0.40	0.48	0.58	0.70
P/E	20.51	23.07	20.95	19.06
EV/REBITDA	13.64	14.48	12.88	11.66
Free cash flow yield	2.1%	-3.4%	0.1%	0.9%
Dividend yield	1.3%	1.4%	1.7%	2.0%

Source: KBC Securities

An EGM will take place on 13 May to vote on the Imbakin spin-off and the contribution of Group Cha's stake in Immotex combined with a capital increase. Texaf's stake in Immotex will rise from 50.1% to 100% as a result of this. Immotex owns a 14 ha site of a former textile factory at a prime location of Kinshasa and a 104 ha site 10km from the centre. Taking full control of Immotex will facilitate the allocation of financial resources and speed up the development of the sites. There are already concrete plans to build rental properties (residential, offices, commercial) on the former textile factory site. The group is looking into the possibility of building houses for the local middle class on the site that is located 10km from the centre. These houses will probably be sold rather than let. Group Cha will have a 10% stake in Texaf following the capital increase. The operation with Cha should be EPS accretive (5-6%) as from 2015.

### OTHER HIGHLIGHTS

- Spin-off of Imbakin.** The group will spin-off Imbakin prior to the operation with Group Cha. Shareholders of Texaf will receive 1 share in Imbakin Holding SA for every Texaf share. Imbakin's shares will be traded OTC. The Congolese state owes Imbakin € 63m excluding interest, following the expropriation of land in 1964. The net receivable amounts to € 51m because the first € 12m will go to Cobepa for its financial support in 2001. In addition to the receivable, Imbakin Holding SA will have a cash position of € 0.5m.
- Significant growth potential.** The deal with Cha will facilitate and speed up the development of Immotex's sites. Texaf has a solid balance sheet, with gross cash and net cash at end-2013 of respectively € 7.2m and € 2.6m. It has also become easier to obtain loans for real estate projects in the Democratic Republic of Congo.
- Conclusion.** We increase our adjusted EPS forecasts for 2014 and 2015 by respectively 4.2% and 6.5%. Rental income is set to rise by 12% this year thanks to additional rental space. Our forecasts reflect the above-mentioned deal with Group Cha. We raise our rating from Hold to Accumulate and our target price from € 38.4 to € 40.0. The sum-of-the-parts valuation generates a value of € 41.7/share after deduction of a 20% country risk and illiquidity discount.

### ANALYSTS

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**DEMOCRATIC REPUBLIC OF CONGO**

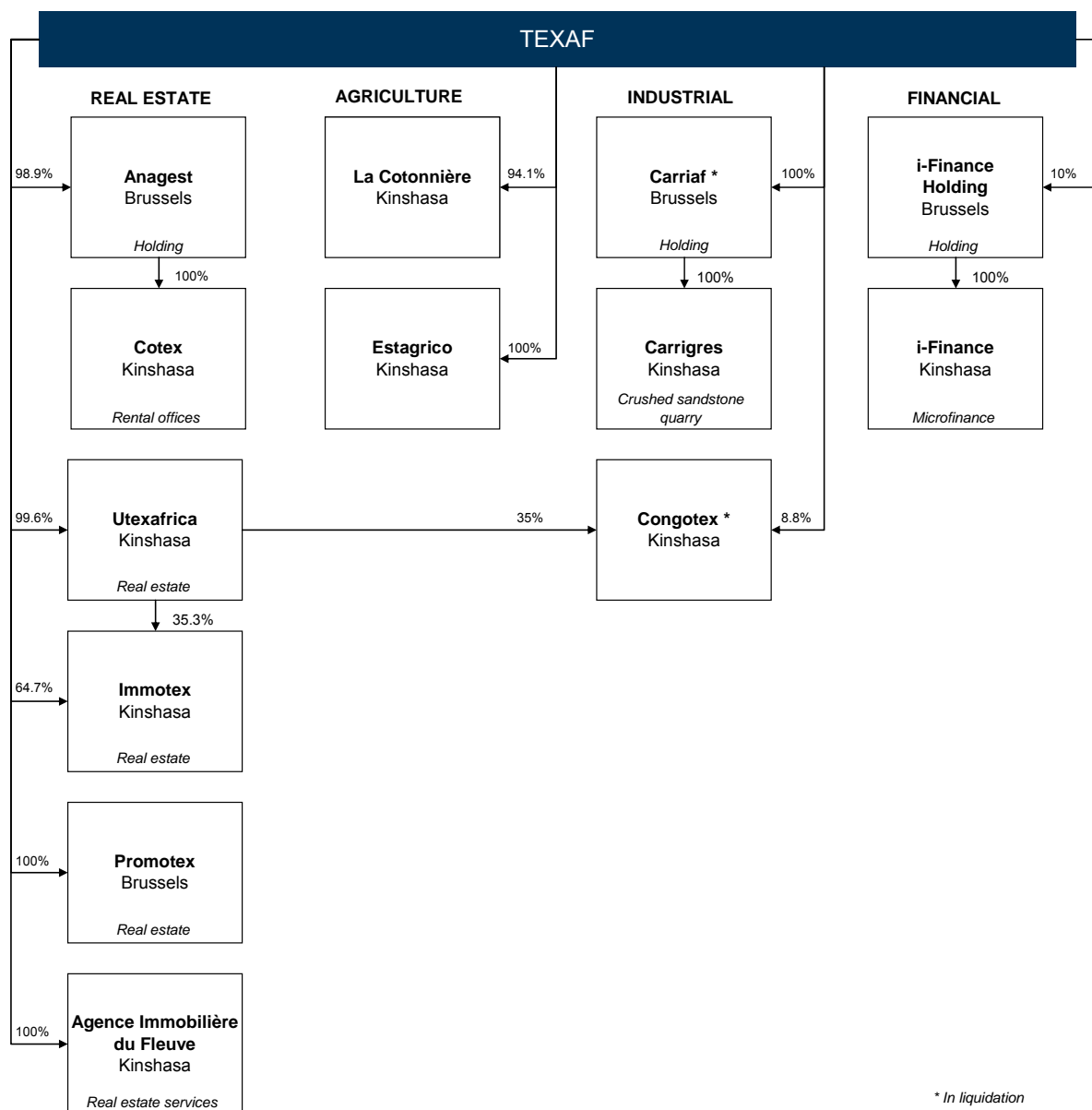
DRC's GDP rose by 7.5% in 2013 (source: Worldbank) fuelled by higher output of the copper mines. Inflation (1.1%) is under control and the CDF/\$ exchange rate is relatively stable. The victory of the army over the main rebel group (M23) has reinforced the position of the government and the confidence of the population.

The World Bank expects GDP growth of 7.5% in 2014 and 7.4% in 2015.

**TEXAF IN A NUTSHELL**

Texaf was founded in 1925 by a group of industrialists from Renaix (Belgium) with the aim of building a textile factory in Congo and cultivating local cotton. In 1934, Crédit Anversois took control of the company. Cobepa became the majority shareholder in 1987. In 2002, Philippe Croonenberghs took over Texaf from Cobepa through an MBO.

**CORPORATE STRUCTURE AFTER 13 MAY 2014**



Source: Texaf

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Texaf focuses on real estate, quarrying and agriculture in the Democratic Republic of Congo (DRC). Its real estate portfolio contains assets in several of Kinshasa's top locations.

In the past 5 years, the group has generated € 30m cash flow from operations. Total investments amounted to € 33m during the same period.

## REAL ESTATE

Texaf owns 52 ha of land in the centre of Kinshasa and 104 ha 10km from the centre. All of Texaf's real estate assets are leasehold properties. Most of Texaf's leaseholds or concessions mature in 2025 or beyond. The cost of renewing the concessions is low. The group's rented space and divisional top line has grown by respectively 6.3% and 16.1% (CAGR) over the past 5 years. Rental income is outpacing the growth of rental space because of conversions of warehouses into offices, renovation of apartments and the growing share of new buildings.

The **Utexaf/Texaf** site that is located along the river comprises 35 rental villas, 160 apartments, a swimming pool, sport facilities and a restaurant. The occupation rate of the residential properties is close to 100%. The site also includes 4,848m<sup>2</sup> of commercial space, 10,500m<sup>2</sup> warehouses and 1,550m<sup>2</sup> offices.

### UTEXAFRICA SITE



Source: Google

### NEW APARTMENT COMPLEX



Source: Texaf

The former textile factory site (14 ha) which is owned by Immotex (100% subsidiary as from 13 May 2014) is adjacent to the Utexaf/Texaf site. It includes 90,000m<sup>2</sup> of office space and warehouses. In 2013, 11,000m<sup>2</sup> office space and 14,500m<sup>2</sup> of warehouse space was let. There are plans to build residential and commercial properties and offices on this attractive location. Immotex also owns 104 ha 10km from the centre of Kinshasa. The group is developing an ambitious urbanization plan for this site including the construction of houses for the Congolese middle class.

**Cotex** owns 3.2 ha across the road from the Utexaf/Texaf site. The site currently has 4,750m<sup>2</sup> of office and 11,297m<sup>2</sup> of industrial space which is being let to the MONUSCO (United Nations).

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## TEXAF GROUP – RENTED OUT PROPERTIES

	2008	2009	2010	2011	2012	2013	2014E	CAGR 2008-2014
<b>Residential (m<sup>2</sup>)</b>	<b>27,609</b>	<b>31,074</b>	<b>31,194</b>	<b>34,559</b>	<b>34,762</b>	<b>39,838</b>	<b>41,800</b>	<b>7.2%</b>
Villas (units)	35	35	36	36	36	35	35	
Apartments (units)	89	104	104	119	119	160	165	
<b>Offices (m<sup>2</sup>)</b>	<b>11,929</b>	<b>12,283</b>	<b>12,783</b>	<b>16,001</b>	<b>16,941</b>	<b>19,425</b>	<b>20,485</b>	<b>9.4%</b>
<b>Commercial (m<sup>2</sup>)</b>	<b>4,360</b>	<b>5,511</b>	<b>5,511</b>	<b>5,510</b>	<b>5,510</b>	<b>4,848</b>	<b>4,848</b>	<b>1.8%</b>
<b>Warehouses (m<sup>2</sup>)</b>	<b>29,145</b>	<b>33,698</b>	<b>33,007</b>	<b>32,452</b>	<b>34,341</b>	<b>34,744</b>	<b>34,294</b>	<b>2.7%</b>
<b>Other (m<sup>2</sup>)</b>					<b>338</b>	<b>338</b>	<b>338</b>	
<b>TOTAL RENTED (m<sup>2</sup>)</b>	<b>73,043</b>	<b>82,566</b>	<b>82,495</b>	<b>88,522</b>	<b>91,892</b>	<b>99,193</b>	<b>101,765</b>	<b>5.7%</b>
% change		13%	0%	7%	4%	8%	3%	

Source: Texaf, KBC Securities

Plans to construct a prestigious office building on the “Petit Pont” site (3,500 m<sup>2</sup>) are being hampered by legal disputes.

Divisional revenues rose by 19% to € 12.36m in 2013 thanks to the addition of new apartments. Divisional operating profits rose by 48% to € 4.6m excluding the € 2.8m gain related to the disposal of a piece of land. The disposal gain amounted to € 1.8m after tax. Residential properties made up 40% of the total surface that has been let and 53% of rental revenues.

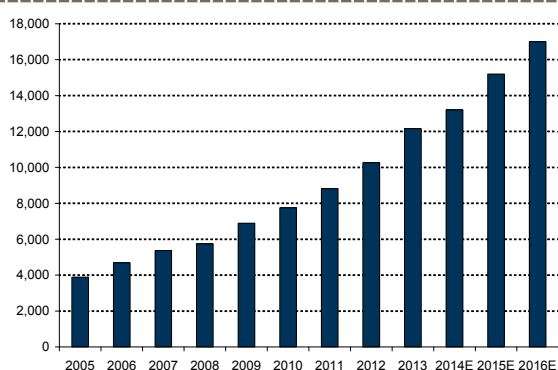
Investments this year include the construction of 7 buildings totalling 28 apartments of 2-4 rooms. Two buildings should be ready for letting in 2H14 and the remaining 5 next year. Immotex is developing an additional 5,500m<sup>2</sup> of office space of which 1,000m<sup>2</sup> will become available in 2H14.

## REAL ESTATE

€ th	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Revenues	4,260	4,970	5,565	6,525	6,896	7,752	8,818	10,404	12,359	13,781	15,200	17,000
% change		17%	12%	17%	6%	12%	14%	18%	19%	12%	10%	12%
Operating profits	2,564	1,986	3,000	1,967	2,141	2,319	2,829	3,138	4,638	5,600	6,700	7,700
% of sales	60%	40%	54%	30%	31%	30%	32%	30%	38%	41%	44%	45%

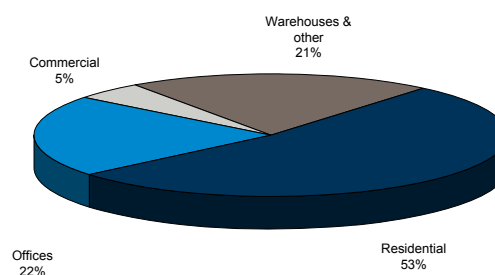
Source: Texaf, KBC Securities

## RENTAL INCOME (€th)



Source: Texaf, KBC Securities

## BREAKDOWN OF RENTAL INCOME 2013



Source: Texaf

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The real estate market remains attractive in Kinshasa because of the shortage of quality offices and residential properties. Real estate developers tend to let upscale residential properties rather than sell them because of the high rental yields. The following table summarizes the prime rents (monthly) and yields that prevail in Kinshasa.

**REAL ESTATE IN KINSHASA**

	Prime rents (monthly)	Prime yields
Offices	\$ 35/m <sup>2</sup>	11%
Commercial properties	\$ 45/m <sup>2</sup>	12%
Industrial	\$ 8/m <sup>2</sup>	14%
Residential	\$ 8,000 for a 4-room home	9%

Source: Knight Frank

**CARRIGRÈS**

Carrigrès owns a crushed sandstone quarry in Kinsuka 10km from the centre of Kinshasa. The reserves are estimated at 25 million tonnes, representing at least 50 years of production. Carrigrès is ideally positioned to benefit from infrastructure works.

Demand for sandstone remained strong last year thanks to a major infrastructure project (“la route des Poids Lourds”) which will be finalized this month. Revenues fell by 8.5% to € 6.26m and the EBIT margin increased from 22.8% to 28.3%. EBIT improved from € 1.56m in 2012 to € 1.77m in 2013. The Japanese firm Kitano Construction represented about 1/3 of Carrigrès’ turnover in 2013.

At the beginning of 2014, the quarrying zone of Carrigrès was expanded by 5 ha to 54 ha, which boosts reserves by 5.9 million tonnes to 25 million. Production suffered in February and March from a mechanical breakdown.

**CARRIGRES**

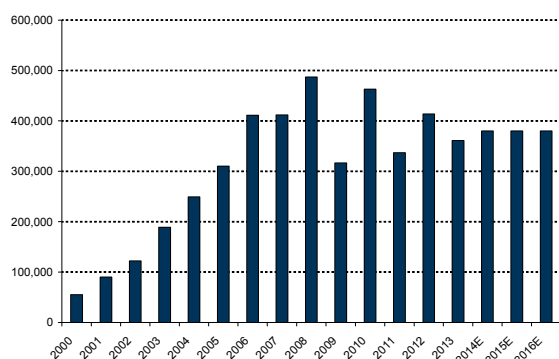
	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Tonnes (th)	411	487	317	463	337	414	361	380	380	380
% change	0%	18%	-35%	46%	-27%	23%	-13%	5%	Flat	Flat
Price per tonne (€)	13.5	15.7	15.5	14.3	14.4	16.5	17.3	16.6	16.6	16.6
% change	15%	16%	-1%	-8%	1%	15%	5%	-4%	Flat	Flat
Sales (€ th)	5,537	7,628	4,916	6,601	4,845	6,844	6,260	6,300	6,300	6,300
% change	15%	38%	-36%	34%	-27%	41%	-8%	1%	Flat	Flat
Operating profits before mgt fees*	1,219	2,741	1,089	961	942	1,563	1,769	1,600	1,600	1,600
% of sales	22%	36%	22%	15%	19%	23%	28%	25%	25%	25%

Source: Texaf, KBC Securities

\* no management fees since 2009

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## CARRIGRES SALES VOLUMES (TONNES)



Source: Texaf, KBC Securities

## CARRIGRES



Source: Texaf

## OTHER ACTIVITIES

Texaf is shareholder of two agriculture companies. La Cottonnière has a presence in Sankuru, Southern Eastern Kasai and Maniema. Earlier this year, Texaf increased the capital of La Cottonnière by € 2.1m, thereby raising its stake to 94%. Estagrigo is present in Southern Kivu and Northern Katanga. Estagrigo has started to test the production of rubber in partnership with the local population of Sankuru.

Texaf contributed \$ 1m to the establishment of a new microfinance company (i-FINANCE) in DRC. Texaf's stake in i-FINANCE equals 10%. Other shareholders include three investors (Incofin, Triodos, Responsability) that are specialised in microfinance and African families of entrepreneurs.

## OUTLOOK

We increase our adjusted EPS forecasts for 2014 and 2015 by respectively 4.2% and 6.5%. An EGM will be held on 13 May to vote on the spin-off of Imbakin and the contribution of Group Cha's stake in Immotex. The Congolese state owes Imbakin € 63m excluding interest, following the expropriation of land in 1964. The net receivable amounts to € 51m because the first € 12m will go to Cobepa for its financial support in 2001. The operation with Cha should be EPS accretive (5-6%) in 2015.

## TEXAF

€ th	2012	2013	2014E Old	2014E New	2015E Old	2015E New	2016E New
Sales	17,248	18,619	19,500	20,081	21,500	21,500	23,300
REBITA	4,909	6,452	6,900	7,200	8,100	8,300	9,300
EBIT	4,701	9,171	6,900	7,200	8,100	8,300	9,300
Net financial result	-121	-180	-250	-400	-950	-750	-1,000
Other	-22	21	-	-	-	-	-
Pretax results	4,558	9,012	6,650	6,800	7,150	7,550	8,300
Taxes	1,893	-2,063	-1,600	-1,544	-1,716	-1,714	-1,884
Tax rate	41.5%	-22.9%	-24.1%	-22.7%	-24.0%	-22.7%	-22.7%
Minorities (Immotex)	-1,048	-0,470	-	-200	-	-	-
Discontinued operations	1,113	-	-	-	-	-	-
Net profits	6,516	6,479	5,050	5,056	5,434	5,836	6,416
% change	256%	-0.6%	-22.1%	-22.0%	7.6%	15.4%	9.9%
Adjusted EPS (€)	0.94	1.48	1.44	1.50	1.55	1.65	1.81
% change	56.7%	55.8%	-2.0%	1.2%	7.6%	10.1%	9.9%

Source: Texaf, KBC Securities

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The following table provides divisional sales and operating profits. The Real Estate division also includes the corporate overhead costs of the group. Last year's EBIT included a € 2.76m disposal gain. Our forecasts are based on the pipeline of new rental properties.

## TEXAF GROUP

€ th	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
<b>Turnover</b>										
Real Estate	5,565	6,525	6,918	7,752	8,818	10,404	12,359	13,781	15,200	17,000
Mécelco	1,050	1,834	1,736	2,036						
Carrigrès			4,916	6,601	4,845	6,844	6,260	6,300	6,300	6,300
Intra-company			-22							
<b>Total</b>	<b>6,615</b>	<b>8,359</b>	<b>13,548</b>	<b>16,389</b>	<b>13,663</b>	<b>17,248</b>	<b>18,619</b>	<b>20,081</b>	<b>21,500</b>	<b>23,300</b>
<b>Turnover growth</b>										
Real Estate	12.0%	17.3%	6.0%	12.1%	13.8%	18.0%	18.8%	11.5%	10.3%	11.8%
Mécelco	62.5%	74.7%	-5.3%	17.3%						
Carrigrès				34.3%	-26.6%	41.3%	-8.5%	0.6%	0.0%	0.0%
<b>Total</b>	<b>17.9%</b>	<b>26.4%</b>	<b>62.1%</b>	<b>21.0%</b>	<b>-16.6%</b>	<b>26.2%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>7.1%</b>	<b>8.4%</b>
<b>Operating profits</b>										
Real Estate	3,000	1,967	2,118	2,318	2,829	3,138	4,638	5,600	6,700	7,700
Mécelco	-115	2,784	-401	-328						
Carrigrès			1,112	962	924	1,563	1,769	1,600	1,600	1,600
Other (e.g. disposal gains)	-29	-	571	-4			2,764			
<b>Total</b>	<b>2,856</b>	<b>4,751</b>	<b>3,400</b>	<b>2,948</b>	<b>3,771</b>	<b>4,701</b>	<b>9,171</b>	<b>7,200</b>	<b>8,300</b>	<b>9,300</b>
<b>Operating margin</b>										
Real Estate	53.9%	30.1%	30.6%	29.9%	32.1%	30.2%	37.5%	40.6%	44.1%	45.3%
Mécelco	-11.0%	151.8%	-23.1%	-16.1%						
Carrigrès			22.6%	14.6%	19.4%	22.8%	28.3%	29.0%	29.0%	29.0%
<b>Total</b>	<b>43.2%</b>	<b>56.8%</b>	<b>20.9%</b>	<b>18.0%</b>	<b>27.6%</b>	<b>27.3%</b>	<b>49.3%</b>	<b>35.9%</b>	<b>38.6%</b>	<b>39.9%</b>

Source: Texaf, KBC Securities

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## VALUATION

The following table reflects the situation after the spin-off of Imbakin, the contribution of Cha's stake in Immotex and the capital increase. We have applied the sum-of-the-parts method to value Texaf. Valuation multiples such as P/E and EV/EBITDA are irrelevant because they don't reflect the hidden value of the land bank that doesn't generate income. We've used the yields of the Knight Frank report (see page 5) to value the properties that generate rental income. We've assumed a value of € 436/m<sup>2</sup> for the bare land at the top location in Kinshasa and € 34/m<sup>2</sup> for the CPA site located 10km from Kinshasa. Last year Texaf sold 7,236 m<sup>2</sup> for \$ 4.1m next to the Utrexfrica site. This transaction implied a price of € 436/m<sup>2</sup>. We arrive at € 52/share or € 42/share after applying a 20% discount for the country risk and illiquidity of the stock.

## VALUATION TEXAF

€ m		Comment
Rental income 2014E	13.5	
Value rental properties (1)	131.5	10% yield
Bare land (m <sup>2</sup> ) at the centre of Kinshasa	143,000	
Value of bare land at the centre of Kinshasa (2)	62.4	€ 436/m <sup>2</sup>
Bare land (m <sup>2</sup> ) at 10km from the centre	728,522	
Value of bare land at 10km from centre (3)	24.8	€ 34/m <sup>2</sup>
<b>Market value real estate (1) + (2) + (3)</b>	<b>218.7</b>	
Book value (31.12.13)	77.2	
Capital gains tax	49.5	35%
<b>Market value real estate after tax</b>	<b>169.1</b>	
Carrigrès	15.9	EV/EBITDA of 6x for 2013
Net cash 31.12.13	2.6	
Pensions	-0.1	
Rental guarantees	-2.6	
<b>Equity value Texaf group</b>	<b>184.9</b>	
20% country risk and illiquidity discount	-37.0	
<b>Adjusted equity value</b>	<b>147.9</b>	
<b>Value per share (€)</b>	<b>41.7</b>	3,543,700 shares after 13 May

Source: Texaf, KBC Securities



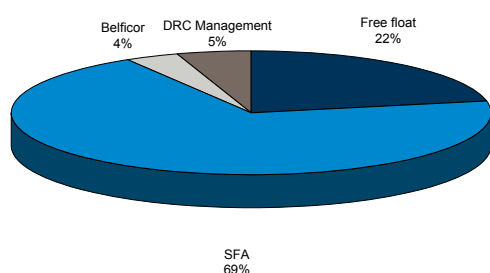
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**EQUITY**

There are currently 3,189,330 shares outstanding. On 27 August 2013, Société Financière Africaine (SFA) detained 2,206,760 shares or 69.19% of the total. SFA was established by Philippe Croonenberghs at the time of the MBO in June 2002. He controls 100% of SFA. Management in DRC (Mr Jean-Philippe Waterschoot and Mr Albert Yuma) and Mr Bernard de Gerlache de Gomery (through Belficor) held respectively 4.89% and 3.84%. There is a 22% free float.

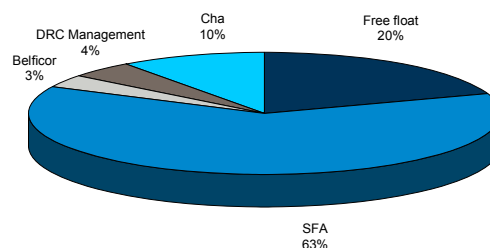
On 13 May 2014, an EGM will be held to approve the spin-off of Imbakin and the increase of the group's capital through the contribution of 49.9% in Immotex by Middle Way Ltd. Group Cha (Hong Kong) and Vlisco (the Netherlands) have a stake of respectively 84% and 16% in Middle Way Ltd. The number of outstanding shares will rise by 11.1% to 3,543,700. SFA's stake will decline to 62.27%.

**SHAREHOLDER STRUCTURE ON 27 AUGUST 2013**



Source: Texaf

**SHAREHOLDER STRUCTURE POST CHA DEAL**



Source: Texaf

**TEXAF'S SHARE PRICE (€)**



Source: Thomson Reuters Datastream



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## FINANCIAL DATA

Income statement (€th)	2011	2012	2013	2014E	2015E	2016E
Sales	13,663	17,248	18,619	20,081	21,500	23,300
Gross profit	11,911	14,734	16,373	17,835	19,254	21,054
EBIT	3,771	4,701	9,171	7,200	8,300	9,300
Pre-tax earnings	3,489	4,558	9,012	6,800	7,550	8,300
Net earnings	1,831	6,516	6,479	5,056	5,836	6,416
EBITDA	6,467	7,642	12,199	10,409	11,809	13,109
REBITDA	6,311	7,642	9,435	10,409	11,809	13,109
REBITA	3,708	4,909	6,452	7,200	8,300	9,300
Balance sheet (€th)	2011	2012	2013	2014E	2015E	2016E
Intangible assets	-	53	42	42	42	42
Tangible assets	87,126	89,458	91,374	101,365	107,656	113,647
Financial assets	31	30	1,333	1,333	1,333	1,333
Net other assets & liabilities	-3,465	-4,540	-5,882	-6,397	-6,897	-7,531
Net working capital	2,078	4,042	3,728	3,666	3,606	3,530
Net debt	987	113	-2,655	3,272	4,694	5,404
Provisions	30,898	28,249	26,522	26,528	26,533	26,537
Minorities	7,797	8,970	9,442	0	0	0
Equity	46,088	51,711	57,286	70,209	74,514	79,080
Capital employed	85,917	89,013	89,262	98,676	104,407	109,688
TOTAL ASSETS	97,668	101,363	107,962	116,246	125,329	134,881
Cash flow statement (€th)	2011	2012	2013	2014E	2015E	2016E
Cash flow from operations	7,005	5,956	7,099	9,048	9,910	10,940
Net capital expenditure	-7,512	-5,237	-5,065	-13,200	-9,800	-9,800
Free cash-flow	-507	719	2,034	-4,152	110	1,140
Acquisitions / disposals	-300	1,039	3,097	0	0	0
Dividend payments	-736	-893	-1,063	-1,276	-1,531	-1,850
Shares issues	0	0	0	0	0	0
New borrowings / reimbursements	363	12	-18	4,000	4,000	4,000
Other	-110	15	-1,299	-500	0	0
CHANGE IN CASH & EQUIVALENTS	-1,290	892	2,751	-1,927	2,579	3,290
Performance criteria	2011	2012	2013	2014E	2015E	2016E
Sales growth	-16.6%	26.2%	7.9%	7.9%	7.1%	8.4%
Gross margin	87.2%	85.4%	87.9%	88.8%	89.6%	90.4%
REBITDA margin	46.2%	44.3%	50.7%	51.8%	54.9%	56.3%
REBITA margin	27.1%	28.5%	34.7%	35.9%	38.6%	39.9%
EBIT margin	27.6%	27.3%	49.3%	35.9%	38.6%	39.9%
Net debt / Equity + Minorities	1.8%	0.2%	-4.0%	4.7%	6.3%	6.8%
Net debt / EBITDA	0.15	0.01	-0.22	0.31	0.40	0.41
EBITDA / net interest	33.34	63.16	67.77	26.02	15.75	13.11
Pay-out ratio	48.7%	16.2%	19.7%	30.3%	31.7%	34.8%
= Return on Equity (avg)	4.0%	13.3%	11.9%	7.9%	8.1%	8.4%
Return on Capital Employed (avg)	2.8%	7.6%	7.9%	5.9%	6.3%	6.7%
Per share data (€)	2011	2012	2013	2014E	2015E	2016E
weighted average # shares, diluted	3,189,330	3,189,330	3,189,330	3,381,280	3,543,700	3,543,700
Basic EPS	0.57	2.04	2.03	1.50	1.65	1.81
Diluted EPS	0.57	2.04	2.03	1.50	1.65	1.81
Diluted, adjusted EPS	0.60	0.94	1.48	1.50	1.65	1.81
Net book value / share	14.45	16.21	17.96	19.81	21.03	22.32
Free cash flow / share	-0.16	0.23	0.64	-1.17	0.03	0.32
Dividend (€)	0.28	0.33	0.40	0.48	0.58	0.70
Valuation data	2011	2012	2013	2014E	2015E	2016E
Reference share price (€)	19.80	19.40	30.32	34.50	34.50	34.50
Reference market capitalisation (€ th)	63,136.0	61,869.8	96,687.7	122,257.7	122,257.7	122,257.7
Enterprise value (€ th)	102,965.0	99,171.8	128,663.7	150,725.3	152,151.0	152,865.8
P/E	32.9	20.6	20.5	23.1	20.9	19.1
EV/sales	7.5	5.7	6.9	7.5	7.1	6.6
EV/EBITDA	15.9	13.0	10.5	14.5	12.9	11.7
EV/Capital employed	1.2	1.1	1.4	1.5	1.5	1.4
P/ NBV	1.4	1.2	1.7	1.7	1.6	1.5
Free cash flow yield	-0.8%	1.2%	2.1%	-3.4%	0.1%	0.9%
Dividend yield	1.4%	1.7%	1.3%	1.4%	1.7%	2.0%

Source: KBC Securities

\*Historic valuation data are based on historic prices

10 April 2014

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	Definition
BUY	Expected total return (including dividends) of 10% or more over a 6-month period
ACCUMULATE	Expected total return (including dividends) between 0% and 15% over a 6-month period
HOLD	Expected total return (including dividends) between -5% and 5% over a 6-month period
REDUCE	Expected total return (including dividends) between -15% and 0% over a 6-month period
SELL	Expected total return (including dividends) of -10% or worse over a 6-month period

Due to external factors and in exceptional cases, KBC Securities allows the use of ratings such as Accept the Offer, Black Out, No Recommendation or Suspended.

Our analysts assign one of those ratings based on their investment outlook and valuation for the concerned stock. The valuation can be based on different methodologies such as DCF (discounted cash flow), absolute multiples, peer group multiples, sum-of-parts or NAV (Net Asset Value). The valuation is reflected in a 6-month target price. Occasionally, the expected total return may fall outside of these ranges because of price movement and/or volatility. Such deviations will be permitted but will be closely monitored. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the report contains more complete information concerning the analyst's view, investors should carefully read the entire report and not infer its contents from the rating alone. KBC Securities may disclose the drafts of its reports to the issuers before their dissemination for the purpose of verifying the accuracy of factual statements, except when the draft includes a rating or a target price. In case the draft has been amended following this disclosure, such amendments will be indicated in the concerned report.

Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	21.90%	0.00%
ACCUMULATE	31.60%	0.00%
HOLD	41.20%	0.00%
REDUCE	4.40%	0.00%
SELL	0.90%	0.00%

Texaf, a former subsidiary of Cobepa, is a Belgian investment company with real estate, industrial and financial interests in the Democratic Republic of Congo (DRC), whose revival the group is playing an active role in.

The price target for Texaf is based on following parameters: Sum of Parts

The risks which may impede the achievement of our price target are: High country risk related to the Democratic Republic of Congo including civil wars, social and political unrest, lack of a fiscal and administrative framework and nationalizations.

Below is an overview of the stock ratings and target price history in the last 12 months for the stock described in this report.

Date	Rating	Target price
09-APR-14	Accumulate	€ 40.00
22-NOV-13	Hold	€ 38.40
29-AUG-13	Accumulate	€ 33.60
30-JUL-13	Accumulate	€ 32.80

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10 April 2014

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