

SHARP INCREASE IN EARNINGS DRIVEN BY EXCEPTIONAL ITEMS

LAUNCH OF TEXAF DIGITAL

TEXAF's Board of Directors drew up the company's statutory accounts (in accordance with Belgian law on annual accounts) and consolidated accounts (in accordance with the IFRS standards as adopted in the European Union) on 31 December 2018.

HIGHLIGHTS

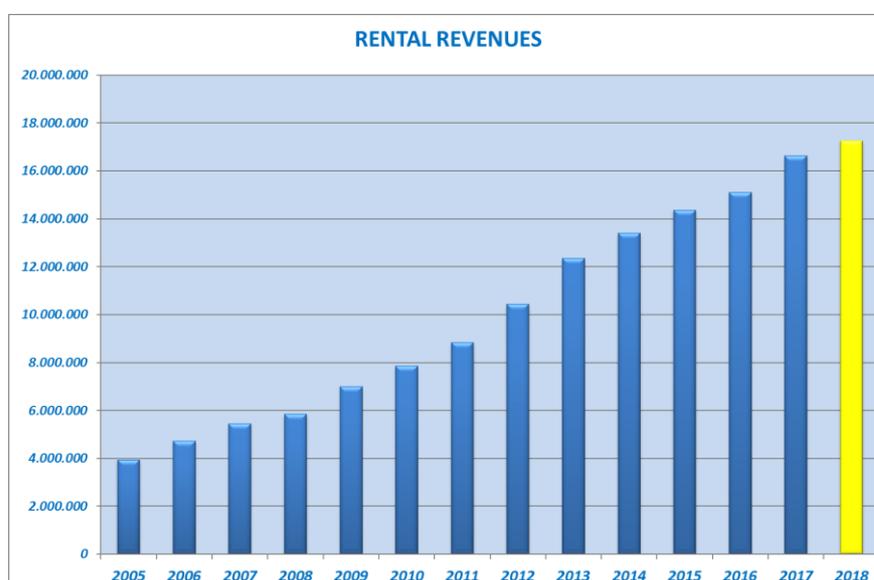
- ✚ In the DRC, 2018 was marked by a wait-and-see approach before the elections were held, after several postponements, at the end of December. Despite being a chaotic process, they took place in a calm atmosphere. The Group hopes that political stability will enable a recovery in public and private investment.
- ✚ In the second half of the financial year, phase I of the "Bois Nobles" (36 housing units) project was delivered. It has not yet made a significant contribution to the result of the **REAL ESTATE** branch, the rental income of which increased by 3% to EUR 17.3 M.
- ✚ Despite stable turnover, the **CARRIGRES** results recovered after a difficult year in 2017 thanks to a high degree of management's responsiveness in reducing operating costs.
- ✚ **TEXAF** posted a consolidated recurring operating result of EUR 7,168 k, an increase of 2% compared to the previous year. After taking non-recurring items into account, essentially the partial payment of an expropriated plot, the operating result increased to EUR 8,699 k (compared to EUR 3,410 k in 2017, which was deteriorated by an exceptional depreciation on the sandstone deposit).
- ✚ Following a reduction in the tax rate on profits from 35 to 30% and the adjustment of the tax revaluation coefficient, the group recognised in profit a decrease of EUR 5,811 k in its deferred taxes resulting in a net result (Group's share) of EUR 12,909 k (vs. EUR 4,542 k in 2017), i.e. EUR 3.64/share. The result before deferred taxes was EUR 7,121 k (vs. EUR 2,295 k)
- ✚ The Group invested EUR 6.2 M in 2018 while reducing its net financial debt to EUR 2.1 M. As has been the case for many years, this investment policy will be pursued in 2019.
- ✚ The proposed dividend increased by 19% to EUR 0.68 net per share.
- ✚ **TEXAF** is convinced that the implementation of digital technologies is becoming a sector of significant economic growth in Africa and has undertaken to invest EUR 1 M in the new venture capital fund PARTECH AFRICA. **TEXAF DIGITAL** will be the start of a new development hub for the Group.

	2014	2015	2016	2017	2018
Recurring operating result	6,938	6,486	6,953	7,020	7,168
As % of turnover	35%	31%	34%	36%	35%

REAL ESTATE ACTIVITIES (excluding costs associated with the holding company)

REAL ESTATE (EUR 000)	2014	2015	2016	2017	2018	Var.
Revenue from ordinary activities	13,588	14,534	15,268	16,730	17,305	3.4%
Recurring operating result	7,247	6,183	7,952	8,861	8,638	-2.5%
Operating result	7,204	5,679	8,100	8,861	10,016	13.0%
Result before deferred taxes	5,522	3,779	5,764	6,141	7,224	17.6%
Net result (Group's share)	4,117	4,256	6,249	7,604	13,148	72.9%

TEXAF SA and its subsidiaries **COTEX**, **UTEXAFRICA** and **IMMOTEX** are developing real estate leasing activities in Kinshasa: residential housing, industrial buildings and offices.



Rentable surface area [m ²]	31/12/2017	31/12/2018
Residential	53,002	57,284
Offices	19,366	19,366
Commercial	3,079	3,079
Warehouses	36,076	36,076
Other	1,177	1,177
TOTAL	112,700	116,982

The first phase of the new “Bois Nobles” project, consisting of 12 houses and 24 apartments, has been progressively delivered from September 2018. It generates an annual rental potential of EUR 1.6 M. To date, all these housing units have been rented.

In 2018, revenues from real estate activities rose by 3% to EUR 17,305 k. At 31 December, the occupancy rate was 98%.

The recurring operating result fell by 2.5% to EUR 8,638 k due to an increase in the maintenance costs for the concession and the legal costs of securing the assets.

As communicated in May, the Group recorded a non-recurring profit of EUR 1,412 k before taxes on the portion of expropriation compensation owed by the Democratic Republic of Congo that had actually been received. Consequently, the operating result increased to EUR 10,016 k (+13%) and the result before deferred taxes to EUR 7,224 k (+ 215%).

A re-estimation of deferred taxes, due to the forthcoming tax rate reduction in the DRC and a divergent trend between the Congolese franc's exchange rate and the tax revaluation coefficient for non-current assets results in a decrease in deferred taxes, which helps to bring the net result (Group's share) to EUR 13,148 K (+73%).

In the summer, the Group will begin the second phase of the "Bois Nobles" project (33 apartments) to be marketed in mid-2020. The "Gardens of Kinsuka" project consisting of 2,000 homes for sale on a 104-hectare plot was held up by the circumstances in the DRC, but will continue in 2019.

CARRIGRES

CARRIGRES (EUR 000)	2014	2015	2016	2017	2018	Var.
Revenue from ordinary activities	5,327	5,071	3,266	1,584	1,612	1.8%
Recurring operating result	1,105	1,451	154	-894	-261	-70.8%
Operating result	863	1,359	74	-4,454	-109	-97.6%
Result before deferred taxes	860	1,407	592	-3,954	248	n.s.
Net result (Group's share)	935	1,554	614	-2,762	335	n.s.

CARRIGRES operates a crushed sandstone quarry located 10 km from the centre of Kinshasa.



Despite an environment that remained very difficult, **CARRIGRES** was able to increase the volume of its activity and restore its results after having experienced a very bad year in 2017.

The volume of sales improved by 30% to 133,000 tonnes but at the cost of a reduction in the average sale price, consequently turnover remained stable at EUR 1,612 k (+ 2%).

A major cost reduction programme made it possible to reduce the recurring operating loss by 71% to EUR -261 k. Due to the capital gain from the disposal of a non-core asset, the operating result was EUR -109 K (compared to EUR -4,454 k in 2017 which was affected by exceptional depreciation of the deposit).

In terms of the result before deferred taxes and the net result (Group's share), **CARRIGRES** returned to profit of EUR 248 k and EUR 335 k respectively.

HOLDING COMPANY

HOLDING COMPANY (EUR 000)	2014	2015	2016	2017	2018	Var.
Revenue from ordinary activities	12	43	5	0	0	n.s.
Recurring operating result	-1,384	-1,149	-1,176	-947	-1,208	27.6%
Operating result	-1,384	-1,149	-2,018	-997	-1,208	21.2%
Result before deferred taxes	-157	-186	-1,228	-96	-351	265.8%
Net result (Group's share)	-351	-354	-1,432	-300	-573	91.1%

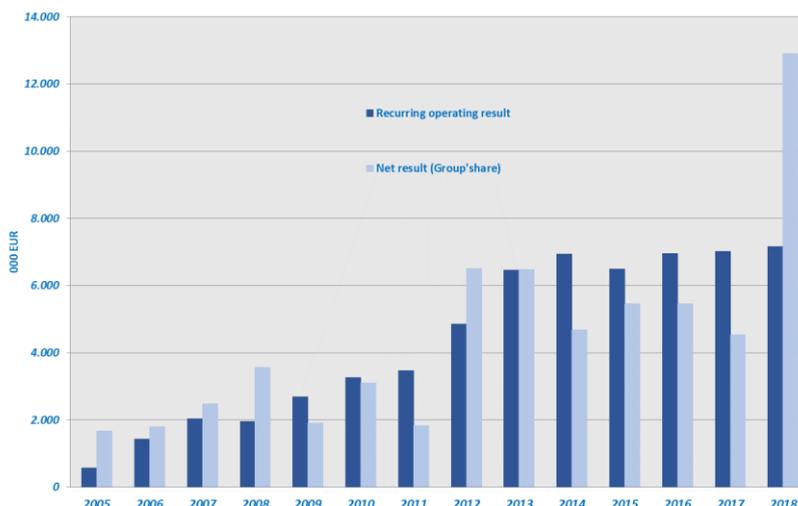
Recurring expenses for the holding company increased to EUR 1,208 k (+27%), after taking into account a provision for variable remuneration.

CONSOLIDATED RESULTS

EUR 000	2014	2015	2016	2017	2018
Revenue from ordinary activities	18,927	19,648	18,392	18,208	18,869
Other recurring operating income	1,167	1,451	1,844	1,493	1,423
Recurring operating expenses	-13,156	-11,501	-10,496	-9,663	-10,180
Recurring EBITDA	10,019	9,598	9,740	10,038	10,111
<i>As % of turnover</i>	50%	45%	48%	51%	50%
Depreciation	-3,081	-3,112	-2,787	-3,018	-2,943
Recurring operating result	6,938	6,486	6,953	7,020	7,168
<i>As % of turnover</i>	35%	31%	34%	36%	35%
Non-recurring operating items	-271	-597	-774	-3,610	1,531
Operating result	6,667	5,889	6,179	3,410	8,699
Financial expenses	-593	-470	-754	-1,190	-438
Result before tax (for continuing operations)	6,080	5,423	5,428	2,220	8,261
Current taxes	322	-255	-73	75	-1,140
Result before deferred taxes	6,402	5,168	5,355	2,295	7,121
<i>As % of turnover</i>	32%	24%	26%	12%	35%
Deferred taxes	-1,610	282	101	2,255	5,811
Net result after tax	4,792	5,450	5,456	4,550	12,932
Consolidated net result (Group's share)	4,685	5,456	5,454	4,542	12,909
Per share					
<i>Recurring operating result (in EUR)</i>	1.96	1.83	1.96	1.98	2.02
<i>Operating result in EUR</i>	1.88	1.66	1.74	0.96	2.45
<i>Consolidated net result (Group's share) in EUR</i>	1.32	1.54	1.54	1.28	3.64
<i>Number of outstanding shares</i>	3,543,700	3,543,700	3,543,700	3,543,700	3,543,700

STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

EUR 000	2014	2015	2016	2017	2018
Result for the financial year	4,792	5,450	5,456	4,550	12,932
Variations (after tax) in revaluation reserves			117		
Variations (after tax) in pension provisions		-126	-16	-52	
COMPREHENSIVE INCOME	4,792	5,324	5,557	4,498	12,932
Allocated to:					
TEXAF shareholders	4,685	5,330	5,549	4,490	12,909
<i>Per share (in EUR)</i>	<i>1.32</i>	<i>1.50</i>	<i>1.57</i>	<i>1.27</i>	<i>3.64</i>
To minority interests	107	-6	8	8	23



The main components of the income statement moved as follows:

- ✚ Revenue from ordinary activities: +4%
 - Rent: EUR 17.3 M (+4%)
 - **CARRIGRES** turnover: EUR 1.6 M (+2%)
- ✚ Other recurring operating income concerns the re-invoicing of expenses and turnover from the compound's restaurant.
- ✚ Recurring operating expenses: -3%
 - Depreciation: EUR 2.9 M (-2.5%)
 - Materials (and stock variations): EUR 1.1 M (-2%)
 - Payroll expenses: EUR 2.8 M (-17%)
 - Other expenses: EUR 5.9 M (+10%)
- ✚ The recurring operating result increased by 2% to EUR 7.2 M.
- ✚ The non-recurring operating items essentially concern (EUR 1.4 M) the capital gain recorded on the first two payments for an expropriation. Indeed, the Democratic Republic of Congo compulsorily purchased a plot of 10,637 m² from **UTEXAFRICA** (part of which is not suitable for development) at the edge of its compound. The fair amount of compensation has been fixed at USD 5.4 M. As a precaution, the Group has recognised the gain solely on the basis of the amounts received on the reporting date, i.e. USD 1.7 M. In addition, **CARRIGRES** realised a capital gain of EUR 0.2 M on the disposal of a non-operating asset.
- ✚ Financial expenses amounted to EUR 438 k (vs. EUR 1,190 k in the previous financial year which included a foreign exchange loss on a VAT credit in Congolese francs).
- ✚ Current taxes amounted to EUR 1,140 k. In 2017, this item was slightly positive due to a reversal of an old tax provision.

- ✚ The 2018 accounts are marked by a very significant reversal of deferred tax of EUR 5.8 M. For the most part, these deferred taxes cover the future tax charge relating to potential capital gains in the event of the disposal of the Group's fixed assets. This potential future charge has fallen sharply on the one hand following a re-estimation of the tax value of these assets in Congolese francs greater than the depreciation of the franc against the euro and, on the other hand, following a reduction in the tax rate on profits in the DRC from 35% to 30% from 2019.
- ✚ In total, the result before deferred taxes was EUR 7.1 M (vs. EUR 2.3 M in 2017) and the consolidated net result (Group's share) EUR 12.9 M (vs. EUR 4.5 M in 2017) or EUR 3.64 per share.

Net financial debt reached EUR 2.1 M as at 31 December 2018, which represents 2.3% of consolidated equity, compared to EUR 5.6 M at the end of 2017.

CONSOLIDATED BALANCE SHEET BEFORE APPROPRIATION OF THE RESULT OF TEXAF SA (EUR 000)

EUR 000	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
NON-CURRENT ASSETS	97,344	103,995	107,866	109,125	112,236
<i>Property, plant and equipment</i>	14,878	14,830	13,728	9,955	9,658
<i>Investment properties</i>	81,644	87,880	93,867	99,100	102,347
<i>Intangibles</i>	32	43	41	23	15
<i>Other financial assets</i>	790	1,242	230	47	217
CURRENT ASSETS	13,129	16,395	13,156	11,129	12,296
<i>Assets available for sale</i>	1,180	1,180	1,180	0	0
<i>Inventories</i>	5,026	6,584	4,905	4,769	4,948
<i>Receivables</i>	1,226	1,491	1,114	1,469	692
<i>Tax assets</i>	731	1,190	1,518	919	807
<i>Cash and cash equivalents</i>	3,984	5,461	3,911	3,674	5,564
<i>Other current assets</i>	982	489	528	298	285
TOTAL ASSETS	110,473	120,390	121,022	120,254	124,531
EQUITY	70,964	74,587	78,099	80,167	90,213
<i>Capital</i>	21,508	21,508	21,508	21,508	21,508
<i>Group's reserves</i>	49,136	52,765	56,278	58,338	68,361
<i>Minority interests</i>	320	314	313	321	344
NON-CURRENT LIABILITIES	31,211	34,531	32,240	30,716	23,426
<i>Deferred tax liabilities</i>	22,215	21,866	21,756	19,810	13,999
<i>Other non-current liabilities</i>	8,996	12,665	10,484	10,906	9,427
CURRENT LIABILITIES	8,298	11,272	10,683	9,371	10,892
<i>Liabilities associated with assets available for sale</i>	337	337	337	0	0
<i>Other current liabilities</i>	7,961	10,935	10,346	9,371	10,892
TOTAL LIABILITIES	110,473	120,390	121,022	120,254	124,531

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

EUR 000	2014	2015	2016	2017	2018
Cash and cash equivalents at the beginning of the year	7,216	3,984	5,461	3,911	3,674
Operating cash-flow after tax	6,229	6,774	8,331	8,704	8,892
Changes in net working capital	14	45	335	2	2,850
Cash flows from operating activities	6,243	6,819	8,666	8,706	11,742
Investments	-8,556	-9,418	-7,441	-6,625	-6,180
Divestments	1,230	17	292	204	764
Cash flows from investment activities	-7,326	-9,401	-7,149	-6,421	-5,416
Dividends	-1,275	-1,701	-2,039	-2,430	-2,886
Change in debt	-374	5,762	-1,028	-92	-1,550
Cash flows from financing activities	-1,649	4,061	-3,067	-2,522	-4,436
Net increase (decrease) of cash and cash equivalents	-2,732	1,479	-1,550	-237	1,890
Value adjustment, currency translation differences and changes of scope	-500	-2	0	0	0
Cash and cash equivalents at year's end	3,984	5,461	3,911	3,674	5,564

AUDITOR'S REPORT ON THE CONSOLIDATED ACCOUNTS

The auditor has confirmed that his work is substantively completed and has not revealed any significant correction that should be included in the consolidated accounting information set out in this press release. However, he draws attention to the risks inherent in the presence of the Group's key assets in the DRC and this country's economic and regulatory environment, as well as the uncertainties this environment places on the valuation of the quarry and the determination of the fair value of investment properties.

TEXAF DIGITAL

The European Union today has an ageing population of 510 million inhabitants; Africa 1.25 billion, 40% of whom are under 15 years old. In 2050, there will be 450 million Europeans and 2.5 billion Africans. The economic challenges associated with this demographic evolution are enormous.

TEXAF considers that the digital revolution is in the process of becoming a significant economic growth sector in Africa because these technologies make it possible to accelerate the stages of development.

Based on this observation, **TEXAF** has therefore decided to invest in innovative African companies in these technologies. An initial EUR 1 M has been invested in the new venture capital fund **PARTECH AFRICA** (<https://partechpartners.com/>).

Through this first investment, the **TEXAF** Group intends to acquire a better understanding of this area of activity in order to be able to invest in companies and turn this approach into a new development hub alongside real estate and sandstone quarrying, whether in co-investment with **PARTECH AFRICA** or directly.

Since the announcement on December 21st, 2018 of its decision to develop a technology hub, there have been many expressions of interest by entrepreneurs in the sector. This convinced **TEXAF** to study the creation, in its facilities in Kinshasa, of a digital campus, which would bring together an incubator and a training centre.

OUTLOOK FOR 2019

- ✚ Phase I of the "Bois Nobles" project will generate rents in a full year, which should automatically increase the recurring operating result of the **REAL ESTATE** branch.
- ✚ For **CARRIGRES**, the forecasts are more uncertain but the company expects to break even on recurring operating result.
- ✚ Overall, the Group is therefore forecasting an increase in the recurring operating result.
- ✚ The Group is pursuing its investment policy in all its branches of activity.

SOCIAL AND CIVIC RESPONSIBILITY

TEXAF is providing its support to development projects in the DRC that are not necessarily directly connected with the group's corporate purpose and that are non-profit-making.

In particular, **TEXAF-BILEMBO** is the Group's showcase through the promotion of Congolese artists and educational activities for adolescents in Kinshasa. Four other associations in the areas of health and education are supported: Ndako Ya Biso, Chirpa, Comequi and Yema-Yema Sankuru.

Since 2012, financial support to these organisations has been submitted for the approval of the General Meeting of Shareholders.

At the next General Meeting, it will be proposed to allocate an amount of EUR 90 k to social projects supported by the Group.

TEXAF and its reference shareholder also support the Royal Museum for Central Africa (Africa Museum), which recently reopened its doors and is an international success. The **TEXAF** Group's contribution amounts to EUR 30 K per year over 3 years and the **TEXAF** Group is the sponsor of an AfricaTube room, a digital platform run by and for young people.

APPROPRIATION OF 2018 EARNINGS

The Board of Directors will propose increasing the dividend to EUR 3,442,451 or EUR 0.97143 (EUR 0.68 **net**) per share, an increase of 19%. This will be payable from May 17th, 2019 subject to submission of coupon no. 8.

FINANCIAL CALENDAR

- Friday 12 April 2019: publication of 2018 annual report
- Friday 10 May 2019: quarterly press release
- Tuesday 14 May 2019 at 11 a.m.: Annual General Meeting
- Friday 17 May 2019: Dividend payment
- Friday 6 September 2019: Publication of half-yearly results
- Friday 8 November 2019: quarterly press release

N.B. Definition of alternative performance indicators

- Non-recurring items: income or expenses that are not expected to be repeated in each accounting year, such as:
 - gain or loss on disposals of non-current assets;
 - allocations or reversals of allocations for write-downs on non-current assets;
 - costs relating to major restructuring, purchase or disposal of a business (e.g. redundancy or plant closure costs, commissions paid to third parties to acquire or dispose of an activity, etc.).
- EBIT: Operating result
- EBITDA: Operating result in which allocations for depreciation are reintegrated
- Turnover: Sum of income from ordinary activities and other recurring operating income

*TEXAF, established in 1925, is the only Euronext-listed industrial, real estate and agricultural investment company having all its activities and subsidiaries to date based in the Democratic Republic of Congo.
The listing of Congolese activities on the stock exchange and the resulting obligations in terms of good governance and transparency constitute a major asset of the Group in the promotion of the formal sector in the DRC.*

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