

PRESS RELEASE

REGULATED INFORMATION

February, 28th 2020

**RECURRING OPERATING RESULT INCREASES BY 9% (EUR 7.8 M)
THANKS TO A CAPITAL GAIN OF EUR 5 M, THE NET RESULT AMOUNTS TO EUR 10.8 M
TEXAF HAS OPENED ITS DIGITAL CAMPUS**

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) as at 31 December 2019.



Texaf Digital Campus

HIGHLIGHTS

- Falling prices for the main mineral exports, negative publicity surrounding the Ebola epidemic and unrest in the east of the country, as well as the length of time taken to form a government, prevented an upturn in growth. However, the new leaders' openness to the rest of the world led to announcements of foreign aid and investment programmes, particularly from the US.
- The new **DIGITAL ACTIVITY** platform was launched with the opening in early 2020 of the **TEXAF DIGITAL CAMPUS**, a space which hosts digital businesses and students studying in that field in Kinshasa.
- Thanks to phase I of the Bois Nobles project, the rents for the **REAL ESTATE ACTIVITY** were up 13% to EUR 19,474 K. The recurring operating result for this activity amounted to EUR 9,300 K (+8%). Two projects are under construction: 33 phase II Bois Nobles apartments and 3,000 m² net of office space, one-third of which is leased on a long-term basis to Brussels Airlines.

- **QUARRYING ACTIVITY (CARRIGRES)** sales rose significantly to EUR 2,460 K (+53%), but are still insufficient to generate satisfactory profitability. The recurring operating loss was reduced to EUR 63 K (compared with EUR 261 K in 2018).
- These developments combined to generate a 9% increase in the recurring operating result to EUR 7,831 K.
- The Group generated a non-recurring result of EUR 5,190 K before tax, essentially due to the sale of 17 ha in Kinsuka (Kinshasa), such that the total operating result amounted to EUR 13,022 K (+50%).
- The net result (Group's share) reached EUR 10,771 K (compared with EUR 12,909 K in 2018, which had benefited from a reversal of deferred taxes for an exceptionally high amount).
- The Board will propose a 19% rise in the dividend to EUR 0.81 net per share. It will also propose that shareholders, who wish to do, so can reinvest this dividend in a capital increase ("optional dividend"). Given the investment potential, S.F.A., which holds 62% of the shares, has already said it will reinvest at least 50% of its dividend.

	2015	2016	2017	2018	2019
Recurring operating result	6,486	6,953	7,020	7,168	7,831
As% of turnover	31%	34%	36%	35%	33%

REAL ESTATE ACTIVITIES

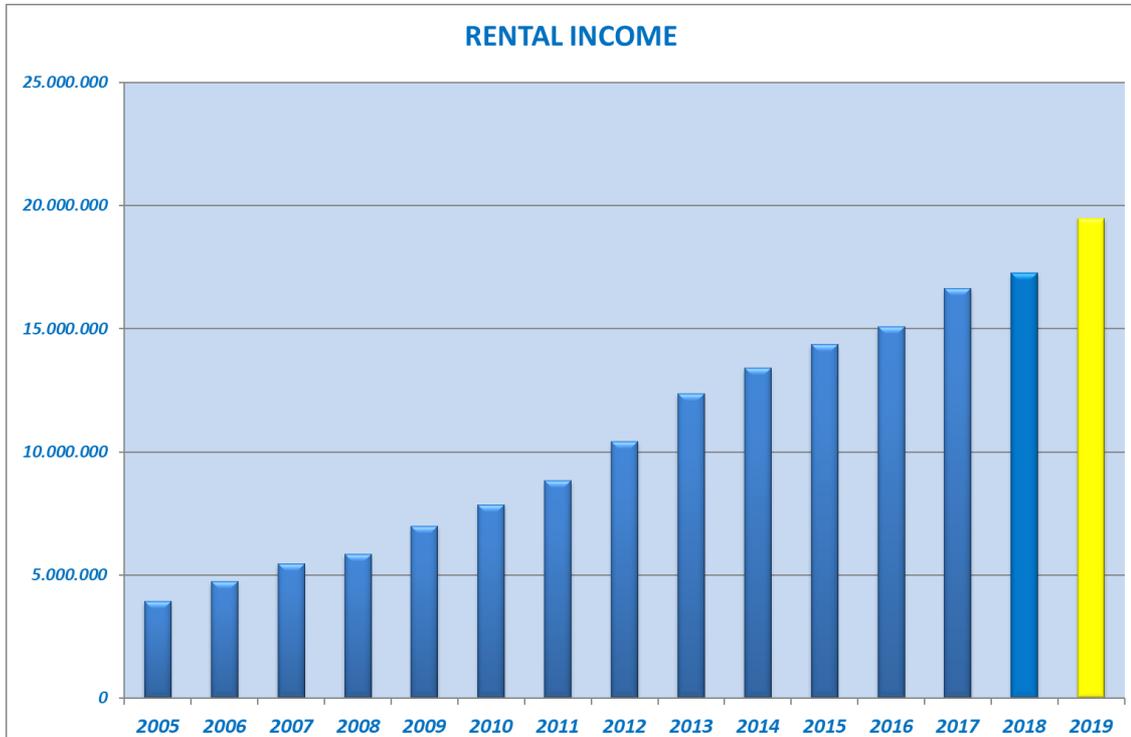
REAL ESTATE (EUR 000)	2015	2016	2017	2018	2019	Var.
Revenue from ordinary activities	14,534	15,268	16,730	17,305	19,230	11.1%
Recurring operating result	6,183	7,952	8,861	8,638	9,300	7.7%
Operating result	5,679	8,100	8,861	10,016	14,420	44.0%
Result before deferred taxes	3,779	5,764	6,141	7,224	10,013	38.6%
Net result (Group's share)	4,256	6,249	7,604	13,148	10,923	-16.9%

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



- Due to 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 over a period of just over half a year, rents increased by 12% to EUR 19,474 K.
- Expenses have risen following the strengthening of the management team and attempts at dispossession, with the latter having led to significant legal and security costs. Furthermore, the doubling of social security contributions and the rise in the dollar have also pushed up these expenses. Consequently, the recurring operating result only increased by 8% to EUR 9,300 K.
- As announced, the Group has sold a 17.2 ha portion (out of a total of 104 ha) of its land in Kinsuka, about 10 kilometres west of Kinshasa city centre, to Société Nationale d'Electricité (SNEL), a public company of the Democratic Republic of Congo. This transaction generated a non-recurring result before tax of EUR 5,121 K, taking the operating result to EUR 14,421 K (+40%).
- The result before deferred taxes came to EUR 10,013 K (+39%), and the net result (Group's share) amounted to EUR 10,923 K (-17%). Specifically, in 2018, this net result benefited from an exceptional re-valuation of deferred taxes that did not occur to the same extent in 2019.
- Two major projects are underway. Firstly, phase II of the Bois Nobles project, which comprises 33 apartments, will be available for lease in early 2021. Secondly, a 3,000 m²-net office building over three levels is under construction on the Petit-Pont plot of land, with delivery planned for the end of 2020. This building, the first level of which has already been leased on a long-term basis to Brussels Airlines, will be Kinshasa's first environmentally responsible building, with solar panels on the roof and reuse of rainwater.
- In addition, in a few weeks' time, the Group's residential clients will benefit from a new fully-equipped gym.

- The design of the Jardins de Kinsuka project (1,500 housing units and related infrastructure on an 87 ha plot of land) has moved from the urban planning phase to the engineering phase.



Rentable surface area [m ²]	31/12/2018	31/12/2019
Residential	57,28	58,484
Offices	19,36	19,366
Retail	3,07	3,079
Warehouses	36,01	36,076
Other	1,17	1,177
TOTAL	116,9	118,182

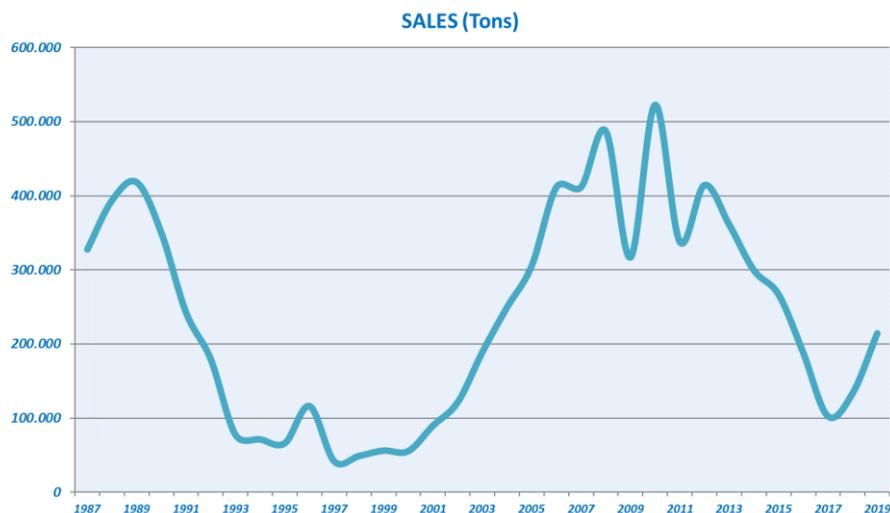
CARRIGRES

CARRIGRES (EUR 000)	2015	2016	2017	2018	2019	Var.
Revenue from ordinary activities	5,071	3,266	1,584	1,612	2,460	52.6%
Recurring operating result	1,451	178	-894	-261	-71	-72.9%
Operating result	1,359	98	-4,454	-109	-69	-36.4%
Result before deferred taxes	1,407	616	-3,954	248	194	-21.6%
Net result (Group's share)	1,554	638	-2,762	335	249	-25.5%

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



- Sales came to 214,000 tonnes, up 60%, and turnover increased by 53% to EUR 2,460 K.
- At the same time, expenditure on equipment maintenance and advertising and marketing increased, and the operating result showed a slight loss down on last year at EUR 63 K on a recurring basis and EUR 62 K in total.
- Taking financial income into account, the result before deferred taxes came to EUR 194 K (-22%) and the net result (Group's share) was EUR 249 K (-25%).



DIGITAL



In a context where internet and mobile apps are developing extremely fast in Africa and where venture capitalists invested USD 2 billion there in 2019, **TEXAF** has created a new business sector, namely investment in the digital economy. Its objective is to be the key private player in the DRC.

- Some 30% of its EUR 1 M commitment 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. This is a 700 m² co-working and training space aimed at digital entrepreneurs and students studying in that field. Notably, it hosts KINSHASA DIGITAL ACADEMY, which offers an intensive seven-month course in web and mobile development or in digital consultancy to 40 learners (80 from September 2020). This initiative has received a particularly warm welcome from both the digital ecosystem and the authorities of the DRC.

HOLDING COMPANY

HOLDING COMPANY (EUR 000)	2015	2016	2017	2018	2019	Var.
Revenue from ordinary activities	43	5	0	0	0	N/A
Recurring operating result	-1,149	-1,176	-947	-1,208	-1,398	15.7%
Operating result	-1,149	-2,018	-997	-1,208	-1,330	10.1%
Result before deferred taxes	-186	-1,228	-96	-351	-592	68.4%
Net result (Group's share)	-354	-1,432	-300	-573	-402	-29.9%

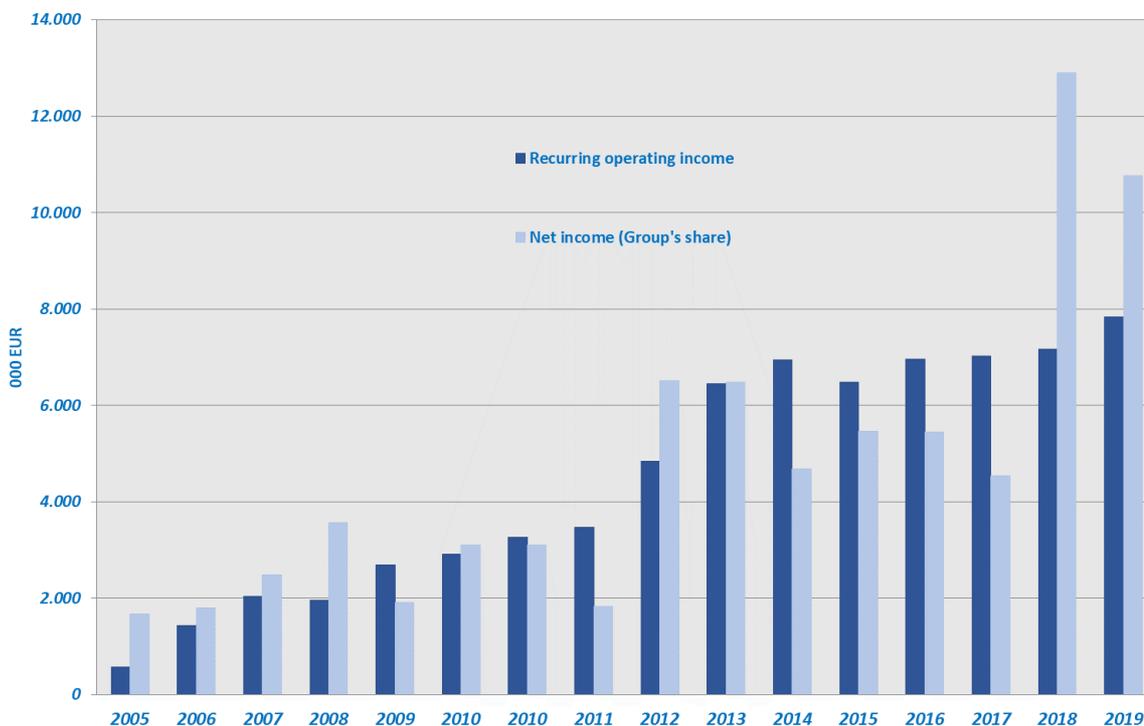
- Expenses totalled EUR 1,387 K, up 15% compared with last year.
- Taking financial income into account, the net result was EUR -402 K (compared with EUR -573 K in 2018).

CONSOLIDATED RESULTS

EUR 000	2015	2016	2017	2018	2019
Revenue from ordinary activities	19,648	18,392	18,208	18,869	21,691
Other recurring operating income	1,451	1,844	1,493	1,423	1,530
Recurring operating expenses	-11,501	-10,496	-9,663	-10,180	-12,008
Recurring EBITDA	9,598	9,740	10,038	10,111	11,213
<i>As% of turnover</i>	45%	48%	51%	50%	48%
Depreciation	-3,112	-2,787	-3,018	-2,943	-3,382
Recurring operating result	6,486	6,953	7,020	7,168	7,831
<i>As% of turnover</i>	31%	34%	36%	35%	34%
Non-recurring operating items	-597	-774	-3,610	1,531	5,190
Operating result	5,889	6,179	3,410	8,699	13,022
Financial income and expenses	-470	-754	-1,190	-438	-223
Result before tax (for continuing operations)	5,423	5,428	2,220	8,261	12,799
Current taxes	-255	-73	75	-1,140	-3,183
Result before deferred taxes	5,168	5,355	2,295	7,121	9,616
<i>As% of turnover</i>	24%	26%	12%	35%	41%
Deferred taxes	282	101	2,255	5,811	1,176
Net result after tax	5,450	5,456	4,550	12,932	10,793
Consolidated net result (Group's share)	5,456	5,454	4,542	12,909	10,771
Per share					
<i>Recurring operating result (in EUR)</i>	1.83	1.96	1.98	2.02	2.21
<i>Operating result in EUR</i>	1.66	1.74	0.96	2.45	3.67
<i>Consolidated net result (Group's share) in EUR</i>	1.54	1.54	1.28	3.64	3.04
<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	2015	2016	2017	2018	2019
Result for the financial year	5,450	5,456	4,550	12,932	10,793
Variations (after tax) in revaluation reserves		117	0		-28
Variations (after tax) in pension provisions	-126	-16	-52		-19
COMPREHENSIVE INCOME	5,324	5,557	4,498	12,932	10,746
Allocated to:					
TEXAF shareholders	5,330	5,549	4,490	12,909	10,724
<i>Per share</i>	1.50	1.57	1.27	3.64	3.03
To minority interests	-6	8	8	23	22



The main components of the income statement evolved as follows:

- The group's turnover increased by 16% thanks to the new rented housing units in Bois Nobles and the additional tonnage sold by **CARRIGRES**. However, recurring operating expenses also increased: the inclusion of Bois Nobles increased depreciation costs to EUR 3,382 K (+15%) while other expenses increased by 20% to EUR 12,241 K for the reasons mentioned above (recruitment and legal costs in real estate, maintenance and marketing at **CARRIGRES**). Overall, the recurring operating result increased by 9% to EUR 7,831 K.
- A capital gain on the sale of part of the land in Kinsuka (Kinshasa) to Société Nationale d'Electricité constitutes almost all the non-recurring items of EUR 5,190 K. These took the total operating result to EUR 13,022 K (compared with EUR 8,699 K the previous year, which benefited from a capital gain on an expropriation).
- Net financial expenses decreased to EUR 223 K (compared with EUR 438 K), as the sale of the land in Kinsuka significantly improved the cash position.
- Tax expenses for 2018 included a positive re-valuation of deferred taxes of EUR 5,811 K; this year, a similar but smaller re-valuation resulted in a reduction in deferred taxes of EUR 1,176 K.
- In total, the net result (Group's share) was EUR 10,771 K, compared with EUR 12,909 K one year before.

CONSOLIDATED BALANCE SHEET BEFORE APPROPRIATION OF THE RESULT OF TEXAF SA

EUR 000	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019
NON-CURRENT ASSETS	103.995	107.866	109.125	112.236	115.252
<i>Property, plant and equipment</i>	14.830	13.728	9.955	9.658	9.911
<i>Investment properties</i>	87.880	93.867	99.100	102.347	105.029
<i>Intangibles</i>	43	41	23	15	9
<i>Other financial assets</i>	1.242	230	47	217	304
CURRENT ASSETS	16.395	13.156	11.129	12.296	15.995
<i>Assets available for sale</i>	1.180	1.180	0	0	0
<i>Inventories</i>	6.584	4.905	4.769	4.948	4.633
<i>Receivables</i>	1.491	1.114	1.469	692	1.312
<i>Tax assets</i>	1.190	1.518	919	807	1.044
<i>Cash and short-term investments</i>	5.461	3.911	3.674	5.564	8.767
<i>Other current assets</i>	489	528	298	285	239
TOTAL ASSETS	120.390	121.022	120.254	124.531	131.247
EQUITY	74.587	78.099	80.167	90.213	97.516
<i>Capital</i>	21.508	21.508	21.508	21.508	21.508
<i>Group's reserves</i>	52.765	56.278	58.338	68.361	75.642
<i>Minority interests</i>	314	313	321	344	366
NON-CURRENT LIABILITIES	34.531	32.240	30.716	23.426	20.052
<i>Deferred tax liabilities</i>	21.866	21.756	19.810	13.999	12.805
<i>Other non-current liabilities</i>	12.665	10.484	10.906	9.427	7.247
CURRENT LIABILITIES	11.272	10.683	9.371	10.892	13.679
<i>Liabilities associated with assets available for sale</i>	337	337	0	0	0
<i>Other current liabilities</i>	10.935	10.346	9.371	10.892	13.679
TOTAL LIABILITIES	120.390	121.022	120.254	124.531	131.247

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR 000	2015	2016	2017	2018	2019
Cash and short-term investments at the beginning of the year	3,984	5,461	3,911	3,674	5,564
Operating cash flow after tax	6,774	8,331	8,704	8,892	10,038
Changes in net working capital	45	335	2	2,850	706
Cash flows from operating activities	6,819	8,666	8,706	11,742	10,744
Investments	-9,418	-7,441	-6,625	-6,180	-7,483
Divestments	17	292	204	764	6,443
Cash flows from investment activities	-9,401	-7,149	-6,421	-5,416	-1,040
Dividends	-1,701	-2,039	-2,430	-2,886	-3,442
Change in debt	5,762	-1,028	-92	-1,550	-3,059
Cash flows from financing activities	4,061	-3,067	-2,522	-4,436	-6,501
Net increase (decrease) of cash and cash equivalents	1,479	-1,550	-237	1,890	3,203
Cash and short-term investments at end of period	5,461	3,911	3,674	5,564	8,767



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.

2020 OUTLOOK

In the absence of new rental spaces available before the end of the year, the 2020 revenues and recurring results of the real estate activity should be close to those of 2019.

At this stage, estimates for the quarrying activity are also close to the 2019 figures.

During its launch phase, the digital domain will show a slight deficit.

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 contribution of the **TEXAF** Group amounts to EUR 30 K per year for three years.

APPROPRIATION OF THE 2019 RESULT

The Board of Directors will propose increasing the dividend to EUR 4,100,567 or EUR 1.15714 (EUR 0.81 **net**) per share, an increase of 19%. This will be payable from 29 May 2020 subject to submission of coupon no. 9. For the first time, the Board will also propose that this dividend be reinvested in whole or in part in a reserved capital increase ("optional dividend"), such that shareholders who wish to do so can participate in financing the Group's growth investments.

FINANCIAL CALENDAR

- Friday 10 April 2020: Publication of 2019 annual report
- Friday 8 May 2020: Quarterly press release
- Tuesday 12 May 2020 at 11 a.m.: Annual General Meeting
- Friday 29 May 2020: Dividend payment
- Friday 4 September 2020: Publication of half-yearly results
- Friday 13 November 2020: 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 listed company with all its activities in the Democratic Republic of Congo. Currently, these are concentrated on property, quarries and the digital domain.

This listing on the stock exchange and the resulting obligations in terms of good governance and transparency constitute a major asset of the Group for its development and for the promotion of the formal sector in the Democratic Republic of Congo.

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