

## IN A CHALLENGING POLITICAL AND ECONOMIC CONTEXT, DESPITE A WRITE-DOWN ON i-FINANCE AND A SHARP REDUCTION IN ACTIVITY AT CARRIGRES, TEXAF INCREASES ITS RECURRING OPERATING RESULT BY 7%

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 as adopted in the European Union) on 31 December 2016.

The Board wishes to point out that the company's assets are located in the Democratic Republic of Congo (DRC) and that the specific environment of the country entails certain risks. Accounts were drawn up based on the assumption of stability in the social-economic and regulatory environment.

### HIGHLIGHTS

- ✚ The economic slowdown in the DRC, under way since 2014, is worsening, leading to a fall in mining and oil-related activities and a subsequent decrease in revenue for the Congolese state. On the one hand this is affecting the Group through lower public and private investment, meaning less demand for crushed sandstone, and on the other through the problems public bodies and their suppliers are having in paying invoices. For the first time in years, the Congolese franc has lost ground against the dollar (-28% between the end of 2015 and the end of 2016) and the situation of the country's foreign exchange reserves is cause for concern.
- ✚ In the **REAL ESTATE** branch, rental revenues rose by 5% to EUR 15.3 M. Thirty-three new apartments were put on the market in September and October 2016, 13 of which remain available to date.
- ✚ As a result of the economic slowdown, activity at **CARRIGRES** was at its lowest in over 10 years with a 36% decline in turnover compared to 2015 at EUR 3.3 M. There are no signs of recovery at this stage.
- ✚ The 10% stake in **i-FINANCE** was written down for its total value of EUR 812 K as a result of the losses incurred by this microfinance institution.
- ✚ In total, the Group had a consolidated recurring operating result of EUR 6,953 K, up by 7%. Including non-recurring elements, the operating result increased by 5% to EUR 6,179 K.
- ✚ The net result (Group's share) was virtually unchanged at EUR 5,454 K, compared to EUR 5,456 K in 2015.
- ✚ The Group invested EUR 7.1 M in 2016 while maintaining its net financial debt at EUR 5.0 M, which represents 6.4% of equity at book value.

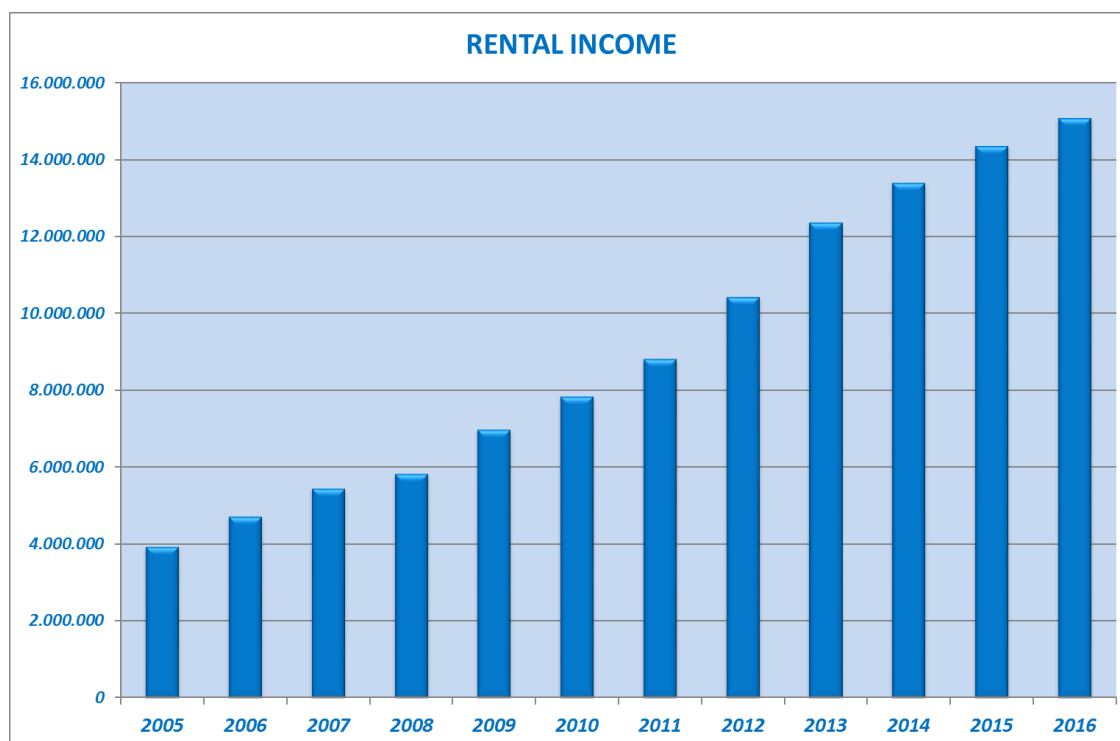
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Recurring operating result	4,849	6,457	6,938	6,486	6,953
As % of turnover	27%	33%	35%	31%	33%

## REAL ESTATE ACTIVITIES (including the costs associated with the holding company)

REAL ESTATE (EUR 000)	2010	2011	2012	2013	2014	2015	2016	Var.
Revenue from ordinary activities	7,752	8,818	10,404	12,360	13,600	14,577	15,273	4.8%
Recurring operating result	2,379	2,447	3,196	4,686	5,832	5,034	6,799	35.1%
Operating result	2,319	2,829	3,138	4,638	5,804	4,530	6,105*	34.8%
Net result	2,842	1,321	4,505	5,195	3,857	3,896	4,842*	24.3%
Net result (Group's share)	2,773	1,270	3,457	4,725	3,750	3,902	4,840*	24.0%

\*: including a write-down of EUR 812 K on the stake in i-Finance

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



	2015	2016
	Rented surface area [m <sup>2</sup> ]	Rented surface area [m <sup>2</sup> ]
Residential	45,493	53,002
Offices	19,366	19,366
Retail	3,079	3,079
Warehouses	36,076	36,076
Other	1,177	1,177
<b>TOTAL</b>	<b>105,191</b>	<b>112,700</b>

A new project named “Clos des Musiciens” was put on the market. It consists of 4 building totalling 33 two- or three-bedroom apartments that were put up for rent in September and October 2016. For the first time since the launching of new real estate projects, there are some vacancies (13 of the 33 apartments are still available).

In 2017, the investment policy will continue with the development of an area of former warehouses vacated in 2015 by an international agency. This project, named “Bois Nobles”, will eventually comprise 82 housing units. An initial phase of 12 villas and 24 apartments will be implemented this year for delivery in the first half of 2018. This represents a EUR 10 M investment.

In total, the revenues from real estate activities rose by 5% to EUR 15,273 K.

The recurring operating result grew significantly by 35% to EUR 6,799 K due to cost control measures and the end of the depreciation period for several old buildings. This amount includes costs associated with the holding company of EUR 990 K.

However, net non-recurring expenses of EUR 694 K reduced the operating result. This amount includes costs associated with the holding company amounting to EUR 812 K, namely the full write-down of the stake in i-Finance. Consequently, the operating result grew by 35% to EUR 6,105 K.

The net result (Group’s share) increased by 24% to EUR 4,839 K. This slower growth of the net result is largely attributable to foreign exchange losses.

## CARRIGRES

CARRIGRES (EUR 000)	2010	2011	2012	2013	2014	2015	2016	Var.
Revenue from ordinary activities	6,601	4,845	6,844	6,260	5,327	5,071	3,266	-35.6%
Recurring operating result	883	1,024	1,653	1,770	1,105	1,451	536	-63.1%
Operating result	961	942	1,563	1,769	863	1,359	456	-66.4%
Net result	496	855	1,946	1,754	935	1,554	614	-60.5%
Net result (Group’s share)	496	855	1,946	1,754	935	1,554	614	-60.5%

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

**CARRIGRES** continues to be adversely affected by the slowdown of the economy and the lack of new road projects in the Kinshasa region. Its turnover fell by 36% year on year to EUR 3,266 K.

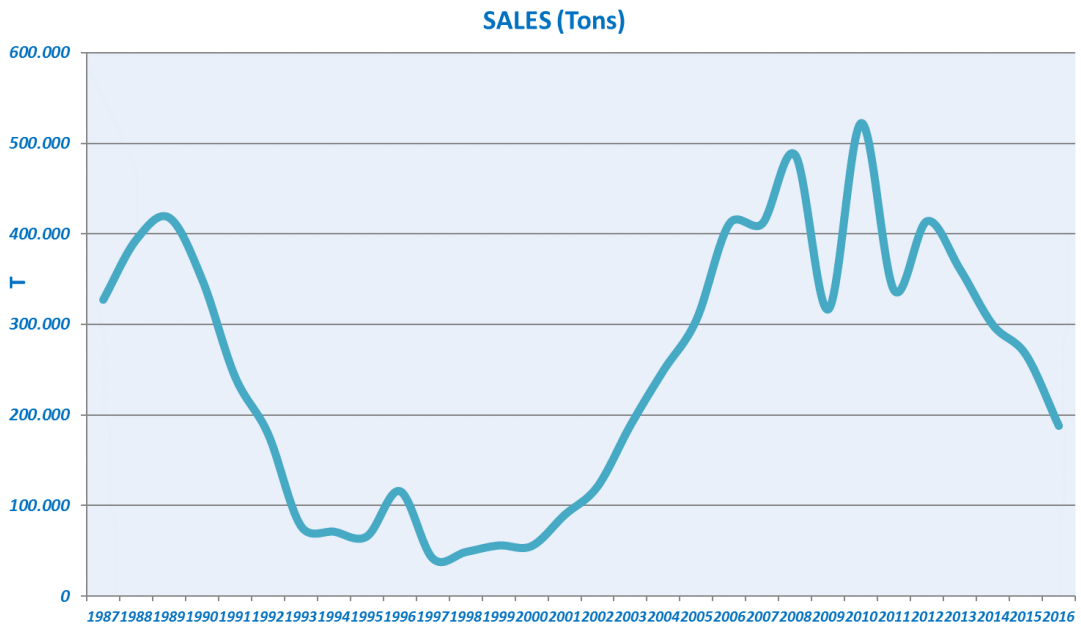
At 188,000 tonnes, sales were at their lowest since 2003 when the country emerged from years of war. The combination of political uncertainty and low State revenues led to a sharp decline in investments.

Consequently, the recurring operating result dropped by 63% to EUR 536 K and the operating result by 66% to EUR 456 K. In order to better comply with the IAS 16 standard, the depreciation of the deposit is now being done per tonne instead of pro rata temporis, this change having a positive impact of EUR 203 K. The net result, which benefited from the income of the cash position, fell by 60% to EUR 614 K.

At this stage, the company does not expect any improvement in 2017.

# TEXAF

SOCIETE ANONYME - NAAMLOZE VENNOOTSCHAP



## i-FINANCE

**i-FINANCE**, the microfinance institution in which **TEXAF** has a 10% stake, was adversely affected by a significant deterioration in the quality of its portfolio following a number of irregularities. The management severely limited the granting of new loans while it restructured the lending activity, meaning revenues were much lower than initially expected. After writing-off non-performing loans, the credit portfolio amounted to USD 5 M at the end of 2016 (compared to 12 M at the end of 2015). Due to these losses, the company has to be recapitalised, and **TEXAF** decided to fully write down its stake of EUR 812 K.

## CONSOLIDATED RESULTS

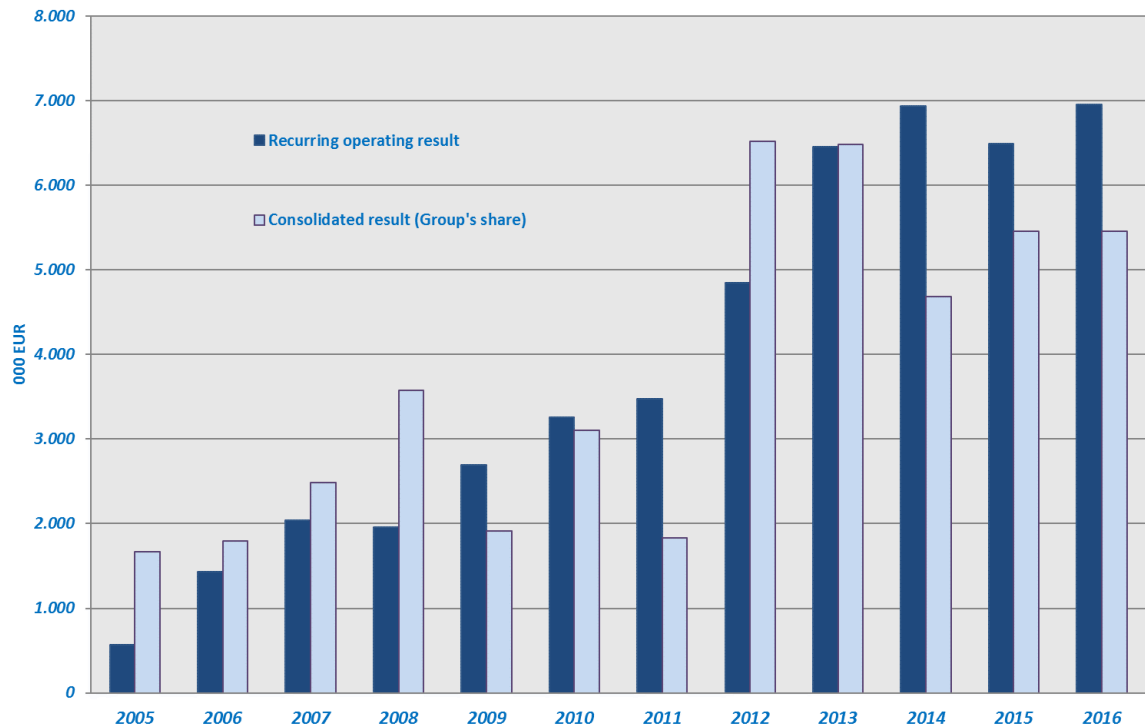
Accounts were drawn up in accordance with IFRS.

EUR 000	2012	2013	2014	2015	2016
Revenue from ordinary activities	17,248	18,619	18,927	19,648	18,392
Other recurring operating income	860	960	1,167	1,451	1,844
Recurring operating expenses	-10,526	-10,139	-10,075	-11,501	-10,496
<b>Recurring EBITDA *</b>	<b>7,582</b>	<b>9,440</b>	<b>10,019</b>	<b>9,598</b>	<b>9,740</b>
y-1	25%	25%	6%	-4%	1%
Depreciation	-2,733	-2,983	-3,081	-3,112	-2,787
<b>Recurring operating result</b>	<b>4,849</b>	<b>6,457</b>	<b>6,938</b>	<b>6,486</b>	<b>6,953</b>
y-1	40%	33%	7%	-7%	7%
Other non-recurring operating items	-148	-50	-271	-597	-774
<b>Operating result</b>	<b>4,701</b>	<b>6,407</b>	<b>6,667</b>	<b>5,889</b>	<b>6,179</b>
y-1	25%	36%	4%	-12%	5%
Financial expenses	-171	-194	-593	-470	-754
Other non-operating income	28	2,799	6	4	3
<b>Results before tax (for continuing operations)</b>	<b>4,558</b>	<b>9,012</b>	<b>6,080</b>	<b>5,423</b>	<b>5,428</b>
y-1	31%	98%	-33%	-11%	0%
Taxes	1,893	-2,063	-1,288	27	28
Results from discontinued operations	1,113	0	0	0	0
<b>Net result after tax</b>	<b>7,564</b>	<b>6,949</b>	<b>4,792</b>	<b>5,450</b>	<b>5,456</b>
y-1	376%	-8%	-31%	14%	0%
<b>Consolidated net result (Group's share)</b>	<b>6,516</b>	<b>6,479</b>	<b>4,685</b>	<b>5,456</b>	<b>5,454</b>
y-1	256%	-1%	-28%	16%	0%
<b>Per share</b>					
Operating result in EUR	1.47	2.01	1.88	1.66	1.74
Consolidated net result (Group's share) in EUR	2.04	2.03	1.32	1.54	1.54
Number of outstanding shares	3,189,330	3,189,330	3,543,700	3,543,700	3,543,700

\*: Recurring EBITDA: recurring operating result plus depreciation

## STATEMENT OF COMPREHENSIVE CONSOLIDATED INCOME

EUR 000	2012	2013	2014	2015	2016
<b>Result for the financial year</b>	<b>7,564</b>	<b>6,949</b>	<b>4,792</b>	<b>5,450</b>	<b>5,456</b>
Variations (after tax) in revaluation reserves					117
Variations (after tax) in pension provisions	-	-		-126	-16
<b>COMPREHENSIVE INCOME</b>	<b>7,564</b>	<b>6,949</b>	<b>4,792</b>	<b>5,324</b>	<b>5,557</b>
<b>Allocated to:</b>					
<b>TEXAF shareholders</b>	<b>6,516</b>	<b>6,479</b>	<b>4,685</b>	<b>5,330</b>	<b>5,549</b>
Per share	2.04	2.03	1.32	1.50	1.57
Minority interests	1,048	470	107	-6	8



- ✚ Revenue from ordinary activities: - 6%
  - rents: EUR 15.1 M (+5%)
  - **CARRIGRES** turnover: EUR 3.3 M (-36%)
- ✚ Other recurring operating income concerns the re-invoicing of costs, turnover from the compound's restaurant and miscellaneous sales.
- ✚ Recurring operating expenses: -9%
  - Depreciation: EUR 2.8 M (-10%)
  - Materials (and stock variations): EUR 1.3 M (-35%)
  - Payroll expenses: EUR 3.5 M (-8%)
  - Other expenses: EUR 5.7 M (+3%)
- ✚ The recurring operating result increased by 7% to EUR 6.9 M.
- ✚ The non-recurring operating elements mainly concern the write-down of the stake in **i-FINANCE** (EUR 812 K). The remainder of this item mainly comprises write-downs and reversals of write-downs on commercial debts, as well as non-recurring adjustments.
- ✚ The net consolidated result (Group's share) amounts to EUR 5.5 M, i.e. EUR 1.54 per share. This result is virtually identical to that of 2015, due in particular to foreign exchange losses on tax assets in Congolese francs.

Net financial debt had reached EUR 5.0 M at 31 December 2016, which represents 6.4% of equity at book value, compared to EUR 4.5 M at the end of 2015.

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

EUR 000	31.12.2012	31.12.2013	31.12.2014	31.12.2015	31.12.2016
<b>NON-CURRENT ASSETS</b>	<b>89,541</b>	<b>92,749</b>	<b>97,344</b>	<b>103,995</b>	<b>107,866</b>
<i>Property, plant and equipment</i>	14,377	14,216	14,878	14,830	13,728
<i>Investment properties</i>	75,081	77,158	81,644	87,880	93,867
<i>Intangibles</i>	53	42	32	43	41
<i>Other financial assets</i>	30	1,333	790	1,242	230
<b>CURRENT ASSETS</b>	<b>11,822</b>	<b>15,213</b>	<b>13,129</b>	<b>16,395</b>	<b>13,156</b>
<i>Assets available for sale</i>	-	-	1,180	1,180	1,180
<i>Inventories</i>	3,745	4,516	5,026	6,584	4,905
<i>Receivables</i>	2,087	2,171	1,226	1,491	1,114
<i>Tax assets</i>	302	634	731	1,190	1,518
<i>Cash and cash equivalents</i>	4,465	7,216	3,984	5,461	3,911
<i>Other current assets</i>	1,223	676	982	489	528
<b>TOTAL ASSETS</b>	<b>101,363</b>	<b>107,962</b>	<b>110,473</b>	<b>120,390</b>	<b>121,022</b>
<b>EQUITY</b>	<b>60,681</b>	<b>66,728</b>	<b>70,964</b>	<b>74,587</b>	<b>78,099</b>
<i>Capital</i>	7,857	7,857	21,508	21,508	21,508
<i>Group's reserves</i>	43,854	49,429	49,136	52,765	56,278
<i>Minority interests</i>	8,970	9,442	320	314	313
<b>NON-CURRENT LIABILITIES</b>	<b>31,619</b>	<b>30,883</b>	<b>31,211</b>	<b>34,531</b>	<b>32,240</b>
<i>Deferred income tax liabilities</i>	23,308	22,874	22,215	21,866	21,756
<i>Other non-current liabilities</i>	8,311	8,009	8,996	12,665	10,484
<b>CURRENT LIABILITIES</b>	<b>9,063</b>	<b>10,351</b>	<b>8,298</b>	<b>11,272</b>	<b>10,683</b>
<i>Liabilities available for sale</i>	-	-	337	337	337
<i>Other current liabilities</i>	9,063	10,351	7,961	10,935	10,346
<b>TOTAL LIABILITIES</b>	<b>101,363</b>	<b>107,962</b>	<b>110,473</b>	<b>120,390</b>	<b>121,022</b>

## CONDENSED CONSOLIDATED CASH-FLOW STATEMENT

EUR 000	2012	2013	2014	2015	2016
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,574</b>	<b>4,465</b>	<b>7,216</b>	<b>3,984</b>	<b>5,461</b>
Cash flows from operating activities	5,956	7,099	6,243	6,819	8,666
Cash flows from investment activities	-4,184	-3,275	-7,326	-9,401	-7,149
Cash flows from financing activities	-881	-1,081	-1,649	4,061	-3,067
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>891</b>	<b>2,743</b>	<b>-2,732</b>	<b>1,479</b>	<b>-1,550</b>
Fair value adjustment of cash and cash equivalents, currency translation differences and entities entering/leaving the scope of consolidation	-	8	-500	-2	0
<b>Cash and cash equivalents at year's end</b>	<b>4,465</b>	<b>7,216</b>	<b>3,984</b>	<b>5,461</b>	<b>3,911</b>

## 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 management's comments in this press release concerning the risks inherent in the presence of the Group's key assets in the DRC and this country's economic and regulatory environment, and to the potential impact of the decline in activity at Carrigrès on the valuation of the quarry.

## GOVERNANCE

At the end of the General Meeting of 9<sup>th</sup> May the Board will appoint Jean-Philippe Waterschoot as CEO further to a proposal from Philippe Croonenberghs, who has held this position for 20 years. Philippe Croonenberghs will become the Chairman of the Group in agreement with Dominique Moorkens, the current Chairman, who will become Vice-Chairman.

Jean-Philippe Waterschoot (1963) is a civil engineer by training. He joined the Group in 1989 and worked his way through the ranks, mainly at Utexafrica in Kinshasa. Since 2000 he has been Director and General Manager residing in the DRC. He was the architect of the implementation of the change in the Group's business model, which today primarily focuses on real estate. Jean-Philippe Waterschoot is a director of several economic and charitable organisations in Kinshasa. He is an Economic Diplomacy Adviser to the Belgian Embassy in Kinshasa.

The Board of Directors will propose the renewal of the mandates of Philippe Croonenberghs (1950), Christophe Evers (1960), Michel Gallez (1958) and Pascale Tytgat (1960) for a period of 4 years. Regarding Mr Herman De Croo (1937), whose mandate has also expired, there will be a proposal to renew it for a period of 2 years.

The Board will propose appointing Ms Charlotte Croonenberghs (1989) to the role of non-independent Director. She holds a master's degree in law (Leuven). After various internships (Alpro, Beiersdorf), including 4 months in the political and economic division at the Belgian Embassy in Bangkok, she obtained a Master's degree with honours in International & European Business (MEB) from ESCP Europe (Paris & London). She is currently a Product Manager at L'Oréal.

## OUTLOOK FOR 2017

- ✚ Current investments in the real estate branch will only produce rents in 2018, but rental revenues should nevertheless continue to grow beyond EUR 16 M in 2017 with the renting of the "Clos des Musiciens" (33 apartments) project for a full year, and the same applies for the recurring operating result.
- ✚ Given the lack of road projects and the sluggishness of investments, CARRIGRES is anticipating turnover and a result of the same order as in 2015.
- ✚ There was no political clarification in the DRC in 2016 and this will continue to adversely affect the economic climate in 2017. Nevertheless, provided the environment does not deteriorate further, the Group has decided to maintain both its investment policy and dividend policy since it is confident about the medium-term outlook for the country, notwithstanding the gloomy and uncertain climate. Overall, provided there are no unforeseen events, the Group expects a rise in the recurring operating result.

## SOCIAL AND CIVIC RESPONSIBILITY

TEXAF is continuing to support 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 teen-agers in Kinshasa. Four other projects in the areas of health and education are supported: Africa Kids, Chirpa, Comequi and Yema-Yema Sankuru.

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



During the next Meeting there will be a proposal to increase the percentage of the Group's after-tax profit allocated to the continuation of this policy of support from 1% to 1.5%, i.e. EUR 82 K.

## APPROPRIATION OF 2016 EARNINGS

In line with its policy of annual dividend growth, the Board will propose increasing it by 20% per share and to distribute EUR 2,429,965, or EUR 0.6857 (EUR 0.48 **net**) per share, payable from 19<sup>th</sup> May 2017 on presentation of a no. 6 coupon.

## STOCK-EXCHANGE NEWS

On 21<sup>st</sup> February, Euronext launched a new index, promoting European family-owned businesses, the Euronext Family Business Index. This index is made up of 90 French, Belgian, Dutch and Portuguese family companies, including 30 small capitalizations ("C compartment"), being the highest ranking companies in terms of daily turnover. TEXAF is included in this index with a weight of 0.5%.

## FINANCIAL CALENDAR

- Tuesday, 9 May 2017 at 11 a.m.: Annual General Meeting
- Friday, 12 May 2017: Quarterly press release
- Friday, 19 May 2017: Dividend payment
- Wednesday, 6 September 2017: Publication of half-yearly results
- Friday, 10 November 2017: Quarterly press release
- Mid-February 2018: Publication of 2017 annual results

*TEXAF, established in 1925, is the only Euronext-listed industrial, real estate and agricultural investment company having all of 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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