

QUEST FOR GROWTH

1Q21 NAV jumps 8.1% to € 9.88 ps

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 7.70
TARGET PRICE € 8.00

ACCUMULATE

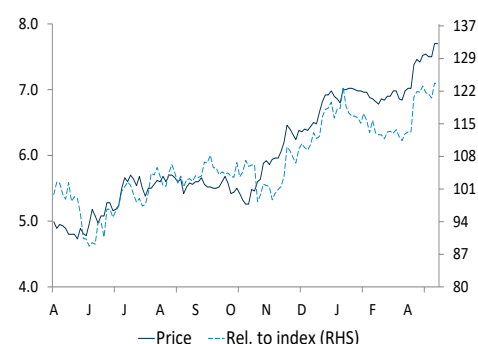
RATING UNCHANGED

In the first quarter, Quest reported a NAV of € 9.88 ps, up 8.1% YTD. This comes as no surprise as the group already reported the end of March NAV in its monthly update. Net profit totalled € 12.4m (€ 0.74 ps), compared to a loss of € 27m (€ -1.60ps) in the first quarter of 2020. Taking into account the latest closing prices of the listed portfolio, we currently estimate the NAV at 10.0ps, implying a discount of 22.8% (2Y avg: 28.4%; 5Y avg: 18.8%). Based on our TEV of € 10.2 ps and discount of around 20%, we reiterate our Accumulate rating and € 8.0 TP.

News:

- QfG reported a NAV of € 9.88ps, up 8.1% YTD (FY20: € 9.14 ps). This is in line with the STOXX Europe600 Net Return index (+8.2%), its benchmark index.
- It is estimated that the listed portfolio returned +7%, the stake in LPKF was completely sold while there was partial profit-taking in CEWE, Pharmagest, Steico and Umicore. On the buy side, a position in Melexis was added to the portfolio.
- The value of the unlisted and fund portfolio increased by approximately € 3m or € 0.18 ps.
- For the unlisted portfolio, QfG made a € 1.5m investment in REIN4CED together with the Capricorn Sustainable Chemistry fund. Follow-up investments took place in NGDATA and Scaled Access, together with the Capricorn ICT Arkiv fund.
- For the fund portfolio, the Health-tech fund made a follow up investment in Mainstay Medical while the stake in Diagenode was sold to American Hologic. On the back of the sale, the fund wants to implement a capital reduction, for which Quest will receive approx. € 1.6m. Overall, the Health-Tech fund contributed more than € 1m to the results. For the Sustainable Chemistry fund, new investments took place in Trillium Renewable Chemicals, active in the renewable raw materials market, and REIN4CED, a manufacturer of lightweight bicycle frames.
- Quest also stated that the portfolio of unlisted investments will be further expanded.
- As a reminder, QfG will distribute € 0.40 ps in June via a capital reduction.

Our View: As usual, the quarterly update does not contain any major surprises. Based on the latest closing prices of the listed portfolio, we derive a TEV of € 10.2 ps. After applying a discount of around 20%, we reiterate our Accumulate rating and € 8.0 TP.



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 128.9m
Shares outst.	16.7m
Volume (daily)	€ 86,383
Free float	86.9%

Next corporate event

Results 1H21: 29 July 2021

€ m	2018	2019	2020
Net result	-26.9	16.7	17.1
Adj. net result	-26.9	16.7	17.1
Basic EPS (€)	-1.65	1.00	1.02
ROE	-16.6%	14.0%	12.5%
Adj. eq. value	7.12	8.12	9.14
Premium/disc.	15.4%	27.3%	28.9%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

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