

Quest For Growth

Belgium/Financial Services

Analyser



Accumulate

Recommendation unchanged

Share price: EUR 6.09

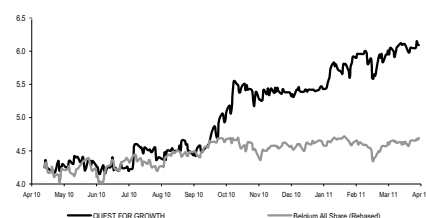
closing price as of 28/04/2011

Reuters/Bloomberg

QUFG.BR/QUFG.BB

Market capitalisation (EURm)	72
Current N° of shares (m)	12
Free float	76%
Daily avg. no. trad. sh. 12 mth	13,242
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	6.15
Price low 12 mth (EUR)	4.15
Abs. perf. 1 mth	2.35%
Abs. perf. 3 mth	12.15%
Abs. perf. 12 mth	41.30%

Estimated	NAV	breakdown	12/11	12/11
Listed shares	-		27.	25%
Listed shares	-	Pharma &	9.	9%
Listed shares	-		29.	27%
Direct private equity			15.	15%
Venture Capital			15.	14%
Convertible loan notes &			0.	0%
Other assets			8.	8%
Net cash/(debt) position			1.	1%
Total Net Asset			107.	100%
NAVPS (EUR)			9.28	nm
Share price*			6.0	
Discount to NAV			-34.4%	



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1Q11 results

The facts: In 1Q11, Quest for Growth (QfG) realised a net profit of EUR 0.9m or EUR 0.07/share vs. EUR 2.1m (EUR 0.18/share) in 1Q10. As private equity did not contribute to the net result, the latter was only derived from the listed portfolio.

Our analysis: Being an investment company, QfG's valuation benchmark is the discount on adjusted NAV and its performance metric is the NAV evolution vs. reference indices. Earlier this month QfG already released a detailed portfolio breakdown showing that during 1Q11 NAV increased to EUR 9.06/share at end 1Q11, which is to compare to EUR 8.99/share at the end 4Q10 (+0.78%). QfG share price (+12.05%) outperformed the Nasdaq Composite (expressed in EUR ; -1.26%) and the New Markets 50 index (+8.33%).

In the course of FY11, in the context of the existing investment commitment in the Capricorn Cleantech Fund, it has been decided to invest an additional EUR 1.1m directly into Ducatt, a new portfolio company of the fund. The Belgian Ducatt is a spin out of Emgo, a 50/50 JV between Osram and Philips Lighting, the manufacturing of high-quality glass for the photovoltaic industry.

Two other positive elements to remind:

- Due to the NAV increase in 2010, the EUR 1.5m management fee fell from 1.75% of AuM to 1.41% at 31-Dec-10. In accordance with the current Managing Directors Agreement, the BoD re-evaluated the management fee and decided to keep it unchanged.
- The QfG EGM of 17-Mar-11 approved the reintroduction of "authorised capital" and mandated the BoD to decide for a possible cancellation of 259k treasury shares.

Conclusion & Action: QfG was able to add an additional positive quarter thanks to good stock market performances, while activity in private equity has remained disappointing. We estimate the current NAV at EUR 107.1m or EUR 9.29/share, which means that at yesterday's close, the corresponding discount amounts to – 34%. Although we lack visibility on any exits (and consequently possible capital gains) in QfG's private equity portfolio, given the improving M&A activity overall and because of the above average discount to NAV (see chart below), we maintain our Accumulate rating and TP of EUR 6.80.

QfG hosts an analysts meeting today at 11:00 am CET.

