



3 October 2011

### Belgian Portfolio & Holding Companies

In this report we provide an update on 13 Belgian holding and portfolio companies with **aggregate net assets of EUR 25bn**. The consolidated gross assets (portfolio value, excluding leverage) of our universe amount to over EUR 26bn. Companies under coverage that are featured in this report are Ackermans & van Haaren (AvH), Brederode, Compagnie du Bois Sauvage (CBS), Groupe Bruxelles Lambert (GBL), Gimv, KBC Ancora, Luxempart, Quest for Growth (QfG), RHJ International (RHJI), Solvac and Financière de Tubize. The overview tables in this document also include some not-rated Belgian holding companies that have a very low velocity or for which we lack sufficient information in order to update properly and timely our valuation models and appropriately disclose a recommendation: Sofina and Henex.

At present our universe is **traded at a median discount of 35%**. This compares to the 5-years and 12 months historical discount of Belgian holding & portfolio companies of 27%. The financial crisis of course highlighted the cyclical nature of NAV volatility. While equity markets proved to be very vulnerable to a sharp slowdown in global economic growth this undoubtedly impacted NAV evolution (aggregate NAV is down 19% QoQ), causing ever more uncertainty and **discount expansion** (3 months ago the median discount was 32%).

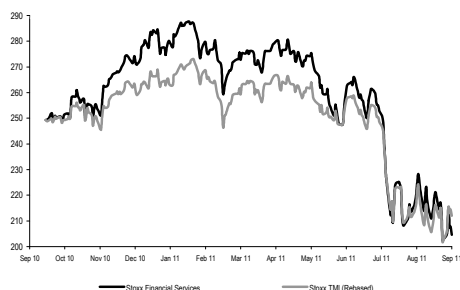
### Focus: return

The companies in this report show attractive long term returns.

We added two tables that feature the annualised evolution of NAV and share prices of the holding & portfolio companies in our universe over one year, three years, five years, ten years and since 1990 (the start of our database). Given that some companies distribute a very generous dividend, while others prefer to keep their cash on board, we compared the performances based on the reinvestment of gross dividends and possible capital reductions. Strikingly, the **annualised 10-year average performance of the companies in our sample was 7.5%**, which compares favourable with the performance of the Belgian stock market (Belgian All Shares Return Index) of 2.9% and the European stock market (DJ EuroSTOXX 50 Return Index) of -1.4%.

### Top Picks

We maintain our Buy rating on Financière de Tubize, a one-asset company that is solely invested in the Belgian pharma company UCB. Furthermore, we maintain our Accumulate ratings on six companies (although there were some switches) and Hold on three. Our preferred top-three list – **Financière de Tubize, Quest for Growth and RHJ International**: what one can call our recommended portfolio – is summarised in the table on the left.



### Sector Top Picks

Stock	Rating	TP
Financière de Tubize	Buy	EUR 38.0
Quest for Growth	Accumulate	EUR 6.1
RHJ International	Accumulate	EUR 4.9

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## Recommendations and Target Prices

Company	Country	Rec.	Price (EUR)	Target Price (EUR)	Upside potential	Market cap EUR (m)
Ackermans & van Haaren	BE	Accumulate	53.06	61.00	15.0%	1,777
Bois Sauvage	BE	Hold	182.50	209.00	14.5%	289
Brederode	BE	Hold	17.73	19.00	7.2%	543
Financiere de Tubize	BE	Buy	24.45	38.00	55.4%	1,091
GBL	BE	Accumulate	52.96	61.00	15.2%	8,546
Gimv	BE	Accumulate	36.74	39.00	6.2%	851
Henex	BE	Not rated	43.50	NA	NR	618
KBC Ancora	BE	Hold	6.27	7.80	24.4%	491
Luxempart	LU	Accumulate	20.99	23.00	9.6%	503
Quest for Growth	BE	Accumulate	5.00	6.10	22.0%	58
RHJ International	BE	Accumulate	3.87	4.90	26.6%	331
Sofina	BE	Not rated	62.58	NA	NR	2,222
Solvac	BE	Not rated	84.99	102.00	20.0%	1,300
<b>Mkt cap total (EUR) &amp; Weighted averages</b>						<b>nm</b>

Source : Company data, Bloomberg, Bank Degroof – ESN Research estimates

## Sector valuation

Company	Discount to NAV	12m Avg Discount	5Yr Avg Discount	Dividend yield
Ackermans & van Haaren	-20.4%	-16.1%	-18.6%	2.9%
Bois Sauvage	-31.4%	-31.5%	-27.6%	3.7%
Brederode	-38.0%	-34.9%	-30.1%	3.2%
Financiere de Tubize	-40.7%	-34.2%	-28.9%	2.0%
GBL	-19.3%	-25.5%	-26.5%	4.8%
Gimv	-11.8%	-12.8%	-14.9%	6.7%
Henex	-21.0%	-22.0%	-26.2%	2.0%
KBC Ancora	-42.5%	-37.5%	-20.0%	0.0%
Luxempart	-38.3%	-34.2%	-32.3%	3.2%
Quest for Growth	-37.5%	-37.8%	-31.5%	0.0%
RHJ International	-42.3%	-33.4%	-36.5%	0.0%
Sofina	-35.9%	-34.2%	-32.1%	3.0%
Solvac	-24.3%	-26.9%	-24.9%	5.1%
<b>Weighted averages</b>	<b>-25.0%</b>	<b>-26.7%</b>	<b>-26.2%</b>	<b>3.9%</b>

Source : Company data, Bloomberg, Bank Degroof – ESN Research estimates

## Economic return

Annualised - gross divid. reinvested		Economic return								
Company name		1 year Rank	3 year Rank	5 year Rank	10 year Rank	'90-present Rank				
Portfolio companies	Ackermans & van Haaren	-1.3%	7	-5.0%	10	2.2%	3			
	Bois Sauvage	3.8%	3	-1.5%	7	-2.6%	5	6.9%	1	
	Gimv	1.1%	6	-2.0%	9	2.3%	2	3.0%	5	
	Luxempart	3.4%	4	3.3%	3	8.8%	1	6.0%	3	
	Quest for Growth	-1.5%	8	2.0%	4	-2.9%	6	-3.5%	8	
	RHJ International	-34.7%	12	-22.3%	12	-17.5%	10			
	Brederode	6.3%	2	4.0%	2					
	GBL	-16.6%	11	-8.1%	11	-6.9%	9	0.9%	6	8.4%
	Sofina	-2.6%	9	-0.8%	6	1.6%	4	4.6%	4	9.6%
	Henex	3.0%	5	0.1%	5					
Single-asset companies	KBC Ancora	-58.9%	13	-42.5%	13	-32.0%	11			
	Solvac	-6.3%	10	-1.6%	8	-4.6%	7	6.4%	2	6.9%
	Financiere de Tubize	36.1%	1	15.0%	1	-6.4%	8	-1.2%	7	11.8%
	Average	-5.3%		-4.6%		-5.3%		2.9%		9.2%
	Median	-1.3%		-1.5%		-2.9%		3.8%		9.0%
	Portfolio companies (average)	-3.9%		-3.0%		-1.9%		3.0%		9.0%
	One-asset companies (average)	-9.7%		-9.7%		-14.3%		2.6%		9.3%

Source : Company data, Bank Degroof – ESN Research estimates

Note : Economic return is annualised performance of Net Asset Value with gross dividends reinvested

## Share price return

Annualised - gross divid. reinvested		Share price return								
Company name		1 year Rank	3 year Rank	5 year Rank	10 year Rank	'90-present Rank				
Portfolio companies	Ackermans & van Haaren	-7.3%	10	-3.0%	11	1.0%	3	8.3%	6	11.4%
	Bois Sauvage	21.0%	1	-0.1%	7	-3.4%	6	8.4%	5	9.5%
	Gimv	2.9%	6	9.6%	2	2.3%	2	8.4%	4	
	Luxempart	-1.9%	8	0.6%	6	6.4%	1	9.7%	1	
	Quest for Growth	13.1%	3	-1.4%	10	-7.6%	10	-4.6%	11	
	RHJ International	-36.0%	12	-15.1%	12	-23.5%	12			
	Brederode	7.0%	5	3.3%	4	-6.0%	9	1.8%	9	7.6%
	GBL	-10.1%	11	-0.3%	8	-5.8%	8	2.9%	8	7.7%
	Sofina	-1.3%	7	0.8%	5	-2.1%	4	6.8%	7	9.5%
	Henex	7.4%	4	5.5%	3	-2.1%	5	9.6%	2	11.2%
Single-asset companies	KBC Ancora	-61.0%	13	-48.4%	13	-37.7%	13	-8.8%	12	
	Solvac	-5.5%	9	-0.5%	9	-4.1%	7	8.6%	3	8.5%
	Financiere de Tubize	19.1%	2	9.9%	1	-11.1%	11	-1.5%	10	11.4%
	Average	-4.0%		-3.0%		-7.2%		4.1%		9.6%
	Median	-1.3%		-0.1%		-4.1%		7.5%		9.5%
	Portfolio companies (average)	-0.5%		0.0%		-4.1%		5.7%		9.5%
	One-asset companies (average)	-15.8%		-13.0%		-17.6%		-0.5%		10.0%
Belgian All Shares Return Index	-11.1%		-2.9%		-7.8%		2.9%		5.6%	
DJ EuroSTOXX50 Return Index	-10.0%		-3.1%		-6.4%		-1.4%		N.A.	

Source : Bloomberg, Bank Degroof – ESN Research

# QUEST FOR GROWTH



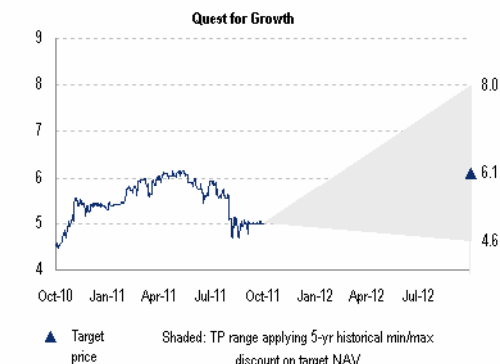
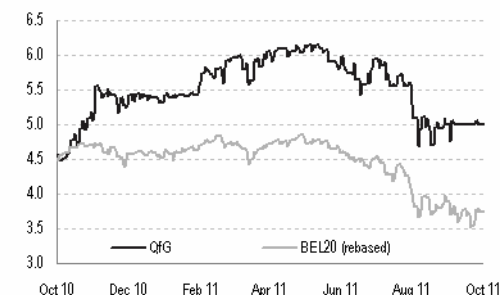
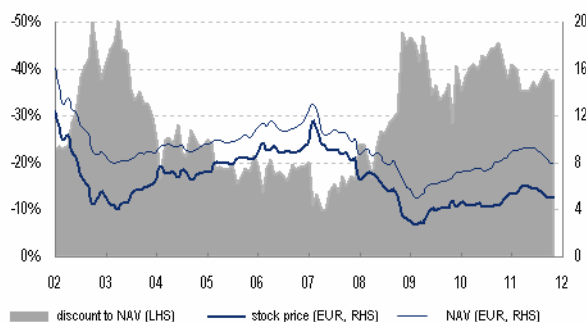
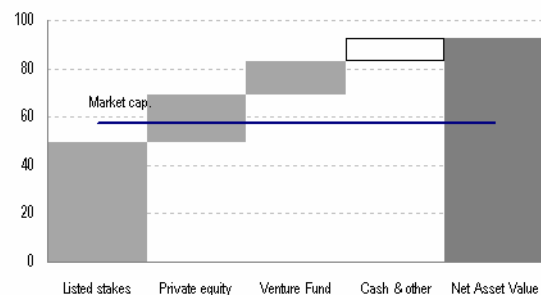
**Accumulate**      Target price (EUR): **6.1**      Up / (Down)-side: **22%**      Bloomberg / Reuters code : **QFG BB / QUG6.BR**

d.d. 30/09/2011	Price (EUR)	NAVps est. (EUR)	Discount	Latest published NAV (EUR m)	Date
Quest for Growth	5.00	8.00	-37.5%	96	31-Aug-11

NAV breakdown (EUR)	NAV, m	NAV	GAV	Adj. NAV, m	NAV
Listed stakes	50	54%	60%	59	58%
Private equity	20	21%	24%	20	19%
Venture Fund	14	15%	17%	14	14%
<b>Gross Asset Value</b>	<b>83</b>	<b>90%</b>	<b>100%</b>	<b>92</b>	<b>91%</b>
Cash & other	9	10%		9	9%
Taxes					
<b>Net Asset Value</b>	<b>92</b>	<b>100%</b>		<b>102</b>	<b>100%</b>

Note: Adj. NAV is based on ESN Research target prices for underlying assets

Key data			
Market cap, EUR m	58	Local index	BEL20
Free float	71%	BEL20 member	No
Free float Mcap, EUR m	41	Next AGM	Mar-12
Daily avg. no. trad. sh. 12 mth	13,620	Velocity	43.2%
Daily avg. trad. vol. 12 mth, EUR m	0.1	5yr avg economic return	-2.9%
Performance 5d	0.0%	Dividend yld (trailing 12m)	NR
Performance 1w	0.0%	5yr avg historic discount	-31.5%
Performance 1m	-15.8%	12m avg historical discount	-37.8%



Shareholders top-5	Capital	Votes
Dexia Insurance Belgium	12%	12%
Laxey Partners Ltd	10%	10%
Financial & Investment Mgmt Group	5%	5%
Treasury shares	0%	

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Description: Quest for Growth (QFG) invests in growth companies with the objective of converting capital gains into tax-free income through the Privak structure. The largest part of the portfolio is invested in growth companies listed on European stock exchanges (Euronext, London SE, Deutsche Börse, etc.) and other regulated markets. The balance is invested in unquoted companies working towards an introduction to a stock exchange or trade sale within 36 months. Investments in start-ups or early stage companies are allowed but remain rather exceptional.

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The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

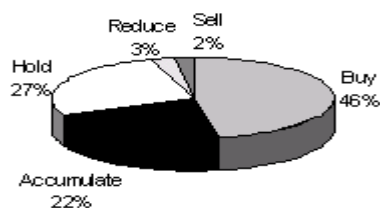
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

ESN Ratings Breakdown

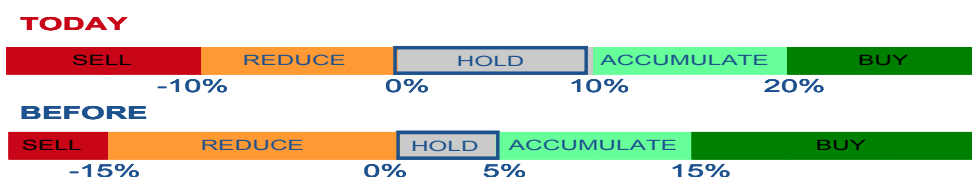


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Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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