

6 May 2010

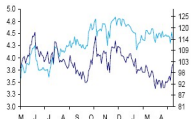
QUEST FOR GROWTH

TP and rating increase following April NAV update

INVESTMENT COMPANIES
BELGIUM

CURRENT PRICE € 4.39
TARGET PRICE € 5.50

BUY
RATING UPGRADED



— Price — Rel. to Index (RHS)

Source: Thomson Financial Datastream

Bloomberg	OFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 51.8m
Shares outst.	11.8m
Volume (daily)	€ 19,928
Free float	90.6%

Next corporate event

NAV update 10: 4 June 2010

(€ m)	2007	2008	2009
Net result	0.6	-48.4	18.1
Adj. net result	0.6	-48.4	18.1
Basic EPS (€)	0.05	-4.11	1.53
ROE	0.6%	-41.8%	26.8%
Adj. eq. value	9.87	9.87	7.25
Premium/disc.	14.9%	14.9%	35.9%
DPS (€)	0.05	0.00	0.00
Dividend yield	0.6%	0.0%	0.0%

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News:

NAV at end-April increased to € 7.56 per share, versus € 7.42 at end-March (+1.9% m/m, +4.3% YTD). The stock increased a tad to € 4.50 (+2.3% m/m, -3.2% YTD), due to which the discount remained more or less level with the end-March reading at 40.48%.

Quest made some changes to its listed portfolio, upping stakes in Unit 4 Agresso, Roche Holdings, Intech, Pfeiffer and Centrotec and lowering positions in Wirecard, Séloger, TKH group, Andritz, Arcadis and Vestas Wind Systems.. Quest didn't add new investments to the ranks, but disposed entirely of its Tandberg stake (which was subject to a takeover offer by Cisco). Combined, the listed portfolio totals € 56.5m and accounts for 61.5% of NAV. Listed assets break down in Software & Services (14.7%), Technology & Hardware (10.2%), Pharma & Biotech (4.6%), Healthcare Equipment (2.8%), Electrical & Engineering (16.1%) and Materials (5.6%). Quoted/unquoted assets (i.e. Movetis) account for 7.4% of NAV.

The value of the direct Private Equity stakes wasn't subject to some adjustments as well. Quest halved the carrying value of Active Circle (from € 0.8m to € 0.4m) and converted the £ 0.28m Sphere Medical loan note into equity (this was already confirmed on the 1Q10 analyst meeting). The valuation of most of the 3rd Party funds was adjusted to reflect YE09 standing: valuation in general remained steady with previously reported levels. The direct and indirect PE portfolios are valued at a respective € 16.4m and € 8.3m. Combined, PE stakes account for € 24.7m, or 26.75% of adjusted equity.

We currently estimate net cash at € 9.1m (9.9% of NAV), which includes the valuation of options and other items on the balance sheet.

Our View:

The official NAV figure still hovers south of our NAV estimate, due to a lock-up discount to the Movetis stake that shaves off around € 0.7 p.s. of the official NAV estimate. We are disappointed about the negative valuation adjustment at the level of Active Circle investment, but in general continue to believe that the underlying valuation of PE portfolio is stable.

Conclusion:

Based on yesterday's closing prices, we estimate adjusted equity value per share at € 7.82. We note that despite a broad number of past writedowns in the Private Equity portfolio and the fact that it has few options to create value via exits (IPO or trade sale), valuations are still undemanding: Quest's NAV performance relative to its stock price and its benchmark indices has held up quite well; the discount currently hovers a tad below 44%. We therefore decided to increase our TP from € 5.25 to € 5.5, which reduces the implied discount versus NAV to 30%. The upside potential from current trading levels amounts to 25%, which prompted us to increase our rating from Accumulate to Buy.