

8 September 2011

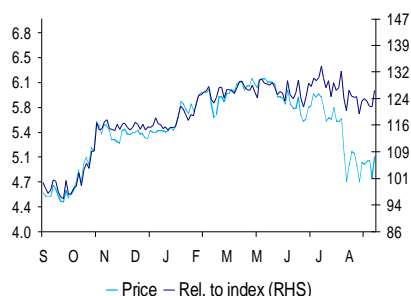
QUEST FOR GROWTH

August NAV down 7.2% YTD despite sell-off

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE €5.05
TARGET PRICE €6.70

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€59.5m
Shares outst.	11.8m
Volume (daily)	€66,824
Free float	90.6%

Next corporate event

NAV update 11: 5 October 2011

(€ m)	2008	2009	2010
Net result	-48.4	18.1	20.6
Adj. net result	-48.4	18.1	20.6
Basic EPS (€)	-4.11	1.53	1.74
ROE	-41.8%	26.8%	24.1%
Adj. eq. value	9.87	7.25	8.99
Premium/disc.	14.9%	35.9%	42.9%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

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Summary:

End-of-August NAV declined to €8.34 p.s., while the stock dropped to €5.09 (38.9% discount). Based on yesterday's close, we stick to our Buy rating and €6.7 TP.

News:

NAV dropped substantially to €8.34 p.s., versus €8.91 at end-July (-6.4% m/m, -7.2% YTD). The stock moved lower as well and ended the month at €5.09 (-8.3% m/m, -4.1% YTD), due to which the discount increased to 38.97% (end-December 2010: 40.93%).

Quest's activity in the listed portfolio segment in August was buoyant and resulted in the adjustment of a broad number of the portfolio's constituents. The company upped stakes in Docdata, Econocom, INIT Innovation, Unit4, Faively, Imtech, Schaltbau Holding and Wacker Chemie, while stakes in Nemetschek, Mobotix, Teva Pharmaceuticals, Arcadis and Umicore were lowered. Quest added Melexis as a new investment in the "Semiconductors" segment, while removing Roche Holdings. Combined, the listed portfolio at current prices totals €53.2m and accounts for 54.8% of NAV. Listed assets break down in Software & Services (16.8%), Technology & Hardware (9.7%), Pharma & Biotech (2.9%), Healthcare Equipment (3.5%), Electrical & Engineering (13.3%) and Materials & Others (7.3%).

The aggregated value of the direct Private Equity stakes remained unchanged vis-à-vis the end-of-August NAV update. Valuations of Quest's 3rd party investment funds were shifted adjusted to reflect end-1H11 valuation, generally coming in a bit lower versus previous carrying values. The direct and indirect PE portfolios are valued at a respective €18.1m and €13.7 m. Combined, they account for €31.8m, or 32.7% of adjusted equity value.

We estimate net cash at €9.4m (9.7% of NAV), which includes the valuation of options and other items on the balance sheet and which marks a substantial m/m increase.

Our View:

Despite last month's sell-off in the markets that pushed indices roughly 20% below YE10 levels, Quest's stock price "only" dropped 4.1%, which is a clear outperformance vis-à-vis major international indices and Quest's direct benchmarks. NAV meanwhile dropped to an estimated €8.42 per share based on yesterday's close, marking a rough 6.7% YTD drop. As NAV is implicitly bound to the evolution of stock market valuations, forecasting to which extent further weakness in the market will affect NAV is impossible.

Conclusion:

We currently estimate adjusted equity value p.s. at €8.42 (€97.1m) and note that the discount stands at 40.0%. Though lower valuations reduced the implied discount in our €6.7 TP to 20.4%, we decided not to make adjustments to either TP or rating.