

6 October 2011

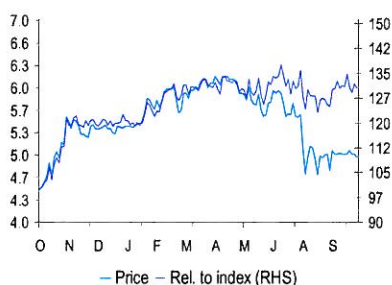
## QUEST FOR GROWTH

### € 1.4m provision and weak markets bite into NAV

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE € 4.96  
TARGET PRICE € 6.00

**ACCUMULATE**  
RATING DOWNGRADED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 58.5m
Shares outst.	11.8m
Volume (daily)	€ 61,428
Free float	90.6%

Next corporate event

Results 3Q11: 27 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-September NAV declined to € 7.99 p.s., while the stock dropped to € 5.00 (37.4% discount). Reflecting a € 1.4m provision for unrealised losses and weak equity markets that provide no trigger for unlocking value, we lower our TP from € 6.7 to € 6.0 and move from Buy to Accumulate.

#### News:

NAV dropped substantially to € 7.99 p.s., versus € 8.34 at end-September (-4.2% m/m, -11.1% YTD). The stock moved lower as well and ended the month at € 5.00 (1.8% m/m, -5.8% YTD), due to which the discount dropped a tad to 37.42% (end-December 2010: 40.93%).

Quest's activity in the listed portfolio segment resulted in the adjustment of a number of the portfolio's constituents. The company upped stakes in Docdata, Unit4, Melexis and Umicore, while stakes in Nemetschek, Mobotix, Andritz, Imtech and Accell Group were lowered. Quest fully sold its stake in Hewlett Packard. Combined, the listed portfolio at current prices totals € 46.7m and accounts for 51.4% of NAV. Listed assets break down in Software & Services (17.3%), Technology & Hardware (6.8%), Pharma & Biotech (2.8%), Healthcare Equipment (3.7%), Electrical & Engineering (13.9%) and Materials & Others (5.9%).

The aggregated value of the direct Private Equity stakes remained largely unchanged vis-à-vis the end-of-September NAV update. Invested capital into various 3rd party investment funds changed as a result of capital calls, as most carrying values were kept steady at 1H11. Quest announced a € 1.25m investment in Cartagena (as part of a € 2.2m funding round), which develops and markets software for the worldwide market of genetic labs. The investment's proceeds will be used for further market development, setting up a US-office and investing into a new product line. The direct and indirect PE portfolios are valued at resp. € 18.8m and € 14.1 m and – combined – account for € 32.9m (or 36.2% of NAV).

We estimate net cash at € 8.5m (9.3% of NAV), which includes the valuation of options and other items on the balance sheet. This figure also includes € 1.4m of new provisions related to unrealised (potential) losses in the direct PE portfolio. Clearly, we are not optimistic on seeing such provisions popping up, even though the transparency of doing so is to be welcomed.

#### Our View:

Despite very depressed markets, Quest's stock price "only" dropped 5.8% on a YTD basis, which is a clear outperformance vis-à-vis major international indices and Quest's direct benchmarks. The same goes for NAV, which dropped "only" 11.1% on a YTD-basis as well. As NAV is implicitly bound to the evolution of stock market valuations, triggers for unlocking value are completely gone and the € 1.4m provision took a bite out of NAV, we are reducing our rating from Buy to Accumulate as we lower our TP to € 6.0