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QUEST FOR GROWTH

Soaring EU markets yield €13.8m 1Q15 profit

EQUITY INVESTMENT INSTRUMENTS

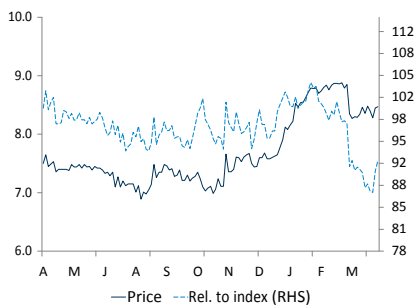
BELGIUM

CURRENT PRICE €8.47

TARGET PRICE €8.60

HOLD

RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€97.6m
Shares outst.	11.5m
Volume (daily)	€54,974
Free float	72.9%
Next corporate event	

(€m)	2012	2013	2014
Net result	15.7	18.5	8.7
Adj. net result	0.0	18.5	8.7
Basic EPS (€)	1.36	1.60	0.76
ROE	17.2%	17.3%	7.9%
Adj. eq. value	9.26	10.87	10.28
Premium/disc.	38.4%	24.5%	26.0%
DPS (€)	0.00	1.18	0.72
Dividend yield	0.0%	14.4%	9.5%

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2015 was off for a splendid start, showing profit of €13.8m (1Q14: 3.35m), or €1.20 p.s. NAV p.s. at end 1Q15 stood at €10.73 (already communicated), which compares to an (ex-div) standing of €9.53 at YE14. The stock ended the quarter at €8.29 (22.7% discount), rising from €7.61 at YE14 (25.8% discount). We hence saw a narrowing of the discount, a typical pattern in the anticipation of a dividend payment (ex-div of €0.72 DPS was on March 26).

News:

Buoyant stock markets pushed NAV per share up 4.9%, vs. a stock price performance of 8.9%, hence showing a tighter discount of 22.7% (2-year average of 26.6%). When excluding the dividend liability per YE14 from NAV, the intrinsic value rose 12.6%. This compares with a 16% return on the STOXX Europe 600 and the STOXX Europe Small 200 indices. Especially the European markets were helped by the ECB's monetary policy, resulting in a very attractive IPO environment. American markets performed somewhat less, but the USD rose 13% in value vs. YE14. The €13.8m profit (€1.20 p.s.) results in a stock price return of 18%.

The listed portfolio totalled an impressive return of 23% over the quarter, better than the above listed indices. Major upswings came from Melexis, Saft, Kendrion, Nexus and UDG Healthcare, while no participation reported a decline over the quarter. CFE and Docdata were added to the portfolio, while Nemetschek was removed (+400% performance since entrance 8y ago, or an annualised 23%). Quest invested €2m in 1Q15, together with the Capricorn Cleantech Fund, in Green Biologics. Similar investments have already been undertaken in FRX and Avantium. Other co-investments with Capricorn funds are Ducatt and Epigan. The fund business had a small positive result, thanks to value adjustments.

In its outlook, the company states fundamentals for European economies are good (ECB stimulus, low oil and expensive USD), but valuations are at their highest point in 10 years. For 2015, Quest foresees further investment activity in its Capricorn funds: Capricorn ICT Arkiv and Capricorn Health-tech Fund.

Our View:

We welcome the nice result over 1Q15, and (again) see Quest's listed portfolio outperform major stock indices. We are cautious on where stock markets will head, but admit yield investors currently have few alternatives. We remind that the current figures do not guarantee any dividend payout, as this will be based on the FY performance of the company.

Conclusion:

We currently estimate NAV at €10.83, showing a current discount of 21.8%. By applying a 20% discount (2-year average of 26.6%), which we deem justified given the portfolio's performance and current stock market climate, we arrive at our €8.6 TP. We see little upside of 1.55% vs. yesterday's close, justifying our Hold rating.