

24 July 2015

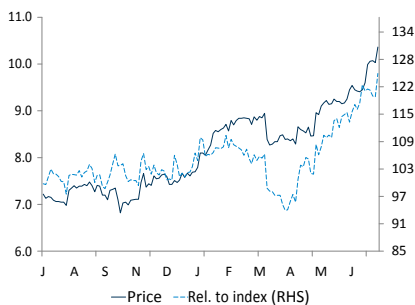
## QUEST FOR GROWTH

### €31.5m 1H15 profit in the bank

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE €10.36  
TARGET PRICE €10.00

**ACCUMULATE**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg QFG BB  
Reuters QUFG.BR  
[www.questforgrowth.com](http://www.questforgrowth.com)  
Market Cap €119.4m  
Shares outst. 11.5m  
Volume (daily) €80,235  
Free float 72.9%  
Next corporate event

NAV update 15: 6 August 2015

(€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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Quest's reported NAV per share of €12.26 by end June (vs. €9.53 ex-div. per YE14) already signalled 1H15 profit to come in at €31.5m, with 2Q15 profit landing at €17.7m. This figure largely outnumbers the €4m realised over 1H14. With reinvestment of the net dividend of €0.7, ROE over 1H15 amounts to 35%. It seems highly likely Quest will be able to declare a dividend over FY15, but no guarantees on its size exist.

#### News:

The discount slightly narrowed over 1H15, from 26% (stock of €7.61 vs. NAV at €10.28) to 24% (stock of 9.27 vs. NAV at €12.26). While 1Q15 performance was mainly spurred by buoyant stock markets, Quest mainly profited from a more favourable M&A/IPO climate for its unlisted participations to secure its 2Q15 profit: exits from Cartagena (+€3.7m on NAV) and Prosonix (+€10m), and the IPO of Kiadis (+€2.1m, after lock-up discount). Realised cap gains of €21.3m over 1H15 stemmed hence for around 70% from 2Q15.

Stock markets were more volatile in 2Q15, mainly due to Greek uncertainties. Nevertheless, the STOXX 600 still shows an 11% increase vs. YE14 levels, with small caps even at +15%. Quest's quoted portfolio did not suffer that much from increased volatility and hence realised 24% return, much higher than then above quoted indices (with Sartorius +67%, Saft +49%, TKH +47%, Melexis +39%). In 2Q15, Zetes and Cenit were added to the portfolio, while FMC, Centrotec and EVS were sold. Quest did not exit the troubled Ducatt participation (unlisted glass manufacturer), but took an impairment on its book value, with a very marginal NAV impact.

Quest's management is hopeful for the European corporate climate, as companies should profit from low oil prices, low interest rates and the expensive USD vs. the EUR. The company admits that even after the stock market correction seen during the Greek turmoil, valuations are still very high. Up to the above factors for companies to realise the anticipated results. Not that many exits should be expected from the unlisted portfolio in 2H15, while (co-)investment activity in unlisted assets will be (jointly) realised through the Capricorn funds.

#### Our View:

At yesterday's closing prices, we estimate NAV per share at €12.5 (17% discount, vs. 2y avg. of 25.6%). On its 1H15 profits, Quest's DPS would stand at €2.3 (100% payout), yielding 22% on yesterday's close. One should remain cautious on stock market sentiment in 2H15, as half year results by no means guarantee similar stock markets for the remainder of the year. The quoted portfolio now accounts for around 53% of NAV, vs. 58% at YE14, signalling a more prudent investment strategy.