

23 October 2015

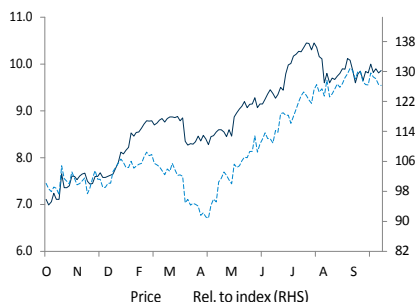
QUEST FOR GROWTH

Robust 3Q15 performance in volatile markets

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE €9.86
TARGET PRICE €10.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 113.7m
Shares outst.	11.5m
Volume (daily)	€ 77,487
Free float	72.9%
Next corporate event	

NAV update 15: 5 November 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 for Growth yesterday reported a loss over 3Q15 of €1.6m or €0.14 per share (NAV €12.12 vs. €12.26 per 1H15), which was already communicated earlier this month. YTD, the profit now stands at a very firm €29.9m (€2.59 p.s.), strongly up vs. last year's €7.6m.

News:

Compared with a very weak and volatile stock market environment (STOXX - 9%) in 3Q15, Quest's result is still strong. With a YTD profit of €29.9m, the ROE stands at an impressive 27.2% (vs. 7.9% FY14 and 8.4% FY13). Quest's monthly NAV updates had already revealed that equity p.s. at end-3Q15 had decreased m/m 1% to €12.12. This last figure marks an increase of 27.2% vs. YE14 stand (after dividend).

In the 3rd quarter, European stock markets had a lacklustre performance. Quest's listed portfolio again managed to substantially outperform most indexes. The gross performance over 9M15 was around 20%, with shooters Sartorius, Nexus, Gerresheimer, Tomra and Fresenius (+40% YTD). In 3Q15, Quest fully divested positions in LEM and Sartorius, realising an astonishing performance of 400% and 200% respectively.

For the unlisted portfolio, the result was mainly bolstered through the sale of Prosonix and the Kiadis IPO (hard lock-up and soft lock-up of 6m each, giving a discount on the carrying book value). Respective impact on NAV p.s. of both transactions was €0.86 and €0.18. From the Capricorn funds, the Cartagena sale was good for the bulk of the result (€0.32 on NAV p.s.). We remind that Punch Powertrain, held by Capricorn Cleantech Fund, is reported to be up for sale. Back in 2010, the fund invested around €6m in the company.

Our View:

The quarterly result is never a surprise: Quest communicates its NAV updates on a monthly basis, hence disclosing indirectly its realised result. The potential for Quest to pay out a (quasi tax-free) dividend is its main stock price driver. On end-September NAV, a potential dividend of €2 (90% payout) is currently in the cards, yielding 20.3% on yesterday's close.

Conclusion:

Based on yesterday's closing prices, we estimate NAV p.s. at €12.5, hovering 21% above the current stock price of €9.86. The 2-year average discount stands at 24.36%. Our Accumulate discount signals a 19.9% discount above yesterday's close.