

22 January 2016

## QUEST FOR GROWTH

### 99% payout, rights issue proposed

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE €10.80  
TARGET PRICE €11.40

**ACCUMULATE**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

|  |         |
|--|---------|
| Bloomberg  | QFG BB  |
| Reuters  | QUFG.BR |
| <a href="http://www.questforgrowth.com">www.questforgrowth.com</a> |         |
| Market Cap   | €124.5m |
| Shares outst.  | 11.5m   |
| Volume (daily)   | €96,648 |
| Free float   | 72.9%   |

Next corporate event

General Assembly 15: 17 March 2016

| (€ 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%  |

**Yves Franco**

+32 2 429 45 04

[yves.franco@kbcsecurities.be](mailto:yves.franco@kbcsecurities.be)

With an ROE of 34.5% (NAV increase from € 9.53 to € 12.81), Quest managed to realise a net result of €37.9m over FY15, one of the best years ever in the history of Quest for Growth. Remind that the profit figure could already have been deduced from the YE15 NAV figure, which was communicated earlier this month. Quest proposes a DPS of €2.73 (net €2.70), thereby paying out almost all profit (total €37.7m, statutory minimum payout 90%). The company will give the opportunity to shareholders to subscribe to a capital increase, whereby 3 existing shares will give the right to 1 new share. A maximum of 3,843,316 ordinary shares can be issued, with the issue price to be decided in due course. Dividend payment is expected on 23 March 2016.

#### News:

Quest's FY15 result was marked by a solid performance of the listed portfolio. Realising a return of 33% is higher than the almost all other EU indices. Strong performers were Fresenius, Gerresheimer, Nexus and UDG Healthcare (>+40%) and Sartorius (>+100%). There were only two negative returns in the portfolio: Init and Bertrandt.

Direct investments in unquoted companies were marked by deals at Prosonix (taken over) and Kiadis Pharma (IPO), which each had a respective NAV impact of €10m and €2.5m. In venture capital, Capricorn ICT Arkiv sold Cartagenia, with a €3.7m impact on Quest's NAV.

As Quest is obliged to pay out (quasi) all of its profit, the company now proposes a capital increase in order to grow its investment power, whereby a maximum of 3,843,316 shares can be issued (1/3rd of the existing number). The dividend amounts should be sufficient to subscribe to the new shares. Three net dividends amount to €8.1. The price of the new shares will be decided upon later on and proposed to an EGM. The notice will appear on 26 January 2016.

#### Our View:

It is logical that a Quest takes the opportunity to ask support from its shareholders after a stellar performance. The stock is currently quoting at relatively high prices, while the capital increase should ensure a solid investment base in the future: the company should be able to take on sufficiently large commitments for its listed and unlisted investments. An issue price of €8.1 would give a maximum cap increase of €31.1m.

#### Conclusion:

Quest pays out almost all its FY15 profit, and will announce further modalities on a capital increase with rights issue later on. 3 existing shares give the right to subscribe to 1 new share. At yesterday's close, we estimate NAV p.s. at €12.04, signalling a 10.3% discount. Accumulate maintained. It will be hard for Quest to replicate the FY15 performance, as a large part of the profit was transaction-driven within the unlisted portfolio, and stock market valuation is not cheap.