

QUEST FOR GROWTH

FY18 Results, NAV at €7.12 p.s., down 33.5% y/y

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 6.16
TARGET PRICE € 6.90

HOLD

RATING UNCHANGED

Yesterday, Quest published its FY18 annual results. NAV came in 33.5% lower y/y at € 7.12 p.s. (FY17: € 10.71), providing a RoE of -18.35%. The discount at YE18 decreased to 15.46% from 17.75% at the end of 2017 (currently 17.7%). Quest reported a net loss of € 26.9m (FY17: +€ 27.4m) which breaks down in an unrealised loss of € 22.1m (FY17: +€ 34.5m) and a realised loss of € 4.4m (FY17: -€ 6.7m), representing 81.9% and 16.0% of the total loss respectively. Quest does not propose a dividend.

Listed portfolio:

We saw a weak stock market performance over FY18 with the STOXX Europe 600 and the STOXX Europe small 200 net return indices losing respectively 10.8% and 12.9%. Quest's listed portfolio decreased more than 20%, underperforming the STOXX Europe 600 net return index for the first time in six consecutive years. The strongest declining stocks were Technotrans, Exel Industries, USU Software and Melexis, each losing over 35% of value.

Eight stocks were removed from the portfolio, namely: Axway, Gerresheimer, Accell Group, Avantium, Bertrandt, Corbion, Stratec, Biomedical and Tomra. Akka Technologies, Steico, ForFarmers and Nedap were added.

Unlisted portfolio:

Quest invested in c-Lecta, together with Capricorn Sustainable Chemistry Fund for an amount of c. € 2.25m. The company furthermore made a joint investment with Capricorn ICT Arkiv in miaa Guard. On top of that € 2m was invested in Miracor and a follow-up investment of c. € 1m was made in HaliDX. Loans have been provided to Sequana Medical, FRX Polymers and Bluebee.

VC Fund investments

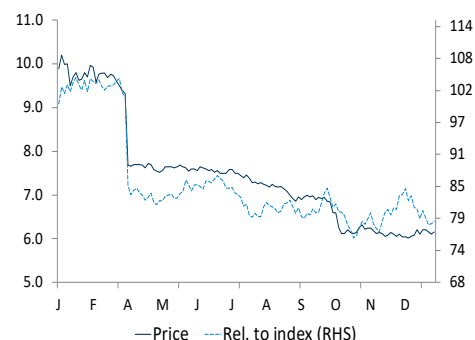
Quest increased its investment in Capricorn Sustainable Chemistry Fund by € 5m to a total amount of € 20m. Three new investments were made with the fund, namely DMC, c-Lecta and Black Bear. Capricorn ICT Arkiv invested in miaa Guard and sold Noona Healthcare to Varian.

Conclusion:

We saw a weak year for Quest, mainly coming from a weak performance of its listed portfolio. We only see moderate upside potential in the short term, as current discount (17.7%) is in line with the two year average (16.6%).

Lower stock prices might lead to interesting long-term investment opportunities, which is reflected by global consensus target prices of Quest's listed investments, indicating a 16% upside potential to Quest's NAV. However, an uptake in the listed portfolio will greatly depend on macroeconomic and geopolitical factors.

We estimate NAV at € 7.41, representing a 17.71% discount. Hold confirmed.



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 71.0m
Shares outst.	11.5m
Volume (daily)	€ 67,470
Free float	72.9%

Next corporate event

Results 1Q19: 25 April 2019

€ m	2015	2016	2017
Net result	37.9	-0.4	24.4
Adj. net result	37.9	-0.4	24.4
Basic EPS (€)	3.29	-0.03	1.61
ROE	34.5%	-0.4%	18.0%
Adj. eq. value	10.81	8.90	8.90
Premium/disc.	-5.5%	14.0%	14.0%
DPS (€)	3.72	0.00	0.00
Dividend yield	32.6%	0.0%	0.0%

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