

## QUEST FOR GROWTH

1H20: NAV almost flat YTD

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE € 5.48  
TARGET PRICE € 6.50

**BUY**

RATING UNCHANGED

In its semi annual report, Quest reported an NAV of € 7.96 ps for the end of June. This is only 1.9% below the € 8.12 ps at the end of 2019, a strong performance compared to the -12% for the STOXX Europe 600 net return index. Despite its strong performance, the discount increased from 26% to 34% in the same time frame (2Y average: 24%). Taking into account the recent changes of its quoted stakes, we currently estimate the NAV at € 8.1 ps, implying a discount of 32.5%. Looking at Quest's outstanding performance so far, we believe the current discount is unjustified. We hence reiterate our Buy rating and € 6.5 TP.

**News:** In the first 6 months of the year, Quest's underlying value only dropped by a shy 1.9%, outperforming the STOXX Europe 600 net return index by double digit numbers. The gross performance of the listed portfolio was down 7% while the valuation of the fund portfolio slightly increased to € 27.9m (FY19: 27.4m).

The holding also made some shifts within its portfolio, names like Gurit, The Kerry Group, LPKF, Stratec, Tubize and Varta were added while stakes in Aliaxis, AKKA, CFE, EVS, Norma Group, Robertet and Sequana were completely sold. At the beginning of March, the Privak also co-invested € 2m in the private company Prolupin, active in the plant-based protein business. It also did add on investments in Bluebee, Scaled Access and NGdata. Besides, Quest was also able to successfully exit its stake in Bluebee, who was acquired by US based Illumina. In total, the sale had a positive impact on the NAV of € 6m or € 0.35 ps as Quest was invested in the company both directly and through the Capricorn ICT Arkiv Fund.

**Our View:** Quest's strong performance is attributable to a variety of reasons: 1) the privak is active in sectors that performed relatively well during covid-19. The three central areas of investment are Digital Technologies, Healthtech, and Cleatech 2) it was able to book a strong capital gain on Bluebee. 3) The privak actively managed its portfolio in full covid-19 pandemic, switching more exposed stocks like AKKA, CFE, EVS for more defensive names like Tubize, The Kerry Group...

**Investment Case:** Quest first has to recover previous losses before it can pay out a dividend. Although a dividend was not expected anytime soon at the end of March (-20% YTD), the strong recovery in the recent months gives us hope that a dividend might come sooner than expected. Taking into account the forward loss of 9.2m in 2019, we estimate an NAV of around € 8.7 ps at year end would clear previous losses. This is not that far away from our current estimate of € 8.1 ps. As the discount traditionally contracts in the runup to a possible dividend, we believe the current discount of 33% is too high, especially against the 2Y average of 24% and the resilience QfG has shown in the recent months. With 59% of the portfolio consisting of listed stakes, the underlying assets are also relatively liquid. QfG also holds a strong net cash balance of 9.1% NAV. **We reiterate our Buy rating and € 6.5 TP.**



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
<a href="http://www.questforgrowth.com">www.questforgrowth.com</a>	
Market Cap	€ 91.8m
Shares outst.	16.7m
Volume (daily)	€ 65,344
Free float	86.9%

Next corporate event

Results 3Q20: 29 October 2020

€ m	2016	2017	2018
Net result	0.5	27.4	-26.9
Adj. net result	0.5	27.4	-26.9
Basic EPS (€)	0.04	1.81	-1.61
ROE	0.5%	20.3%	-16.6%
Adj. eq. value	8.90	8.90	7.12
Premium/disc.	14.0%	14.0%	15.4%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

**Michiel Declercq**

+32 2 429 12 34

[michiel.declercq@kbcsecurities.be](mailto:michiel.declercq@kbcsecurities.be)

**Guy Sips**

+32 2 429 30 02

[guy.sips@kbcsecurities.be](mailto:guy.sips@kbcsecurities.be)