

## QUEST FOR GROWTH

Uptick in unquoted portfolio of €0.18 ps.

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE € 7.16  
TARGET PRICE € 8.00

### ACCUMULATE

RATING UNCHANGED

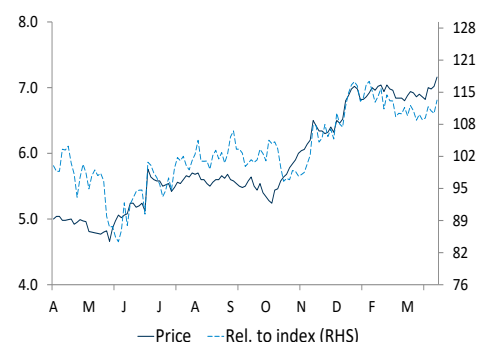
Prior to the monthly NAV update that will be published later this week (Thursday after-close), Qfg released a statement in which it highlighted positive developments in the unquoted companies and VC-fund segment for a total amount of approximately € 3m or € 0.18 ps. Based on the latest reported portfolio composition (end-February), this would increase our estimated NAV from € 9.55 ps to € 9.73 ps and TEV from € 9.73ps to € 9.91 ps, implying a discount of 26.4% (2Y average: 28.4%). The estimated NAV of € 9.73 ps further indicates a 6.5% improvement YTD (FY19: € 9.14 ps). We reiterate our Accumulate rating but increase our TP from € 7.2 to € 8.0 ps.

#### News:

- In February, Diagenode was acquired by the American Hologic for € 130m. Together with other positive trends in Capricorn Health-tech Fund, this had a positive impact on the results of Quest for Growth amounting to more than € 1 m. The uptick was already included in the monthly NAV release for the month of February.
- Other positive developments led to further valuation adjustments in the unquoted companies and venture capital funds segments in March. Among other things, an amount of approximately € 3m or € 0.18ps was added to the net asset value of 31 March 2021 under the heading 'Value adjustments unquoted companies and venture capital funds'.
- This net asset value will be published on Thursday, 8 April 2021. Further explanation of these trends will be provided as soon as more information is available and may be made public.

**View:** although the € 1.2m valuation increase for the Capricorn Health-tech fund was already included in our model, we see the further valuation adjustments of approximately € 3m as a nice surprise, especially knowing that Quest already had some successful exits in FY20 (sale Bluebee to Illumina), hereby building a track record. To put things into perspective, the total € 4.2m valuation increase for the private portfolio corresponds to a return of approximately 10% on the unquoted assets.

**Investment case:** based on the solid performance of the portfolio so far and clearance of transferred losses in FY20, we are on the right track for a potential dividend payment in 2022. Further accounting for the strong track record over the past months and proposed distribution of € 0.40ps in the form of a capital reduction, we believe a lower discount of 20% is warranted as discounts historically contracted in the runup to dividend payments (capital reduction in this case). We therefore reiterate our Accumulate rating but increase our TP from € 7.2 to € 8.0ps, implying a 20% discount to our TEV of € 9.91ps.



Source: Thomson Reuters Datastream

Bloomberg QFG BB  
Reuters QUFG.BR

[www.questforgrowth.com](http://www.questforgrowth.com)

Market Cap € 119.9m  
Shares outst. 16.7m  
Volume (daily) € 76,465  
Free float 86.9%

Next corporate event  
Results 1Q21: 29 April 2021

€ 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%

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