

QUEST FOR GROWTH

June NAV of € 10.20 ps

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 7.44
TARGET PRICE € 8.30

BUY

RATING UPGRADED

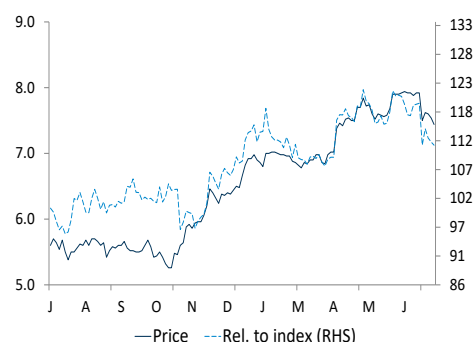
Quest reported an end of June NAV of € 10.20ps, a slight decrease versus May (€ 10.31 ps) that was however largely driven by the € 0.40 ps capital reduction at the end of June. Based on the recent closing prices of the listed assets, we currently estimate Quest's NAV at € 10.09 ps, implying a discount of 26.2%. After applying a discount of approximately 20% to our TEV of € 10.24 ps, we maintain our € 8.30 TP, but increase our rating from Hold to Buy viewing the recent fallback of Quest's share price and upside potential of 11.6%.

News:

- Despite the € 0.4 ps capital reduction at the end of June, Quest's NAV remained stable at € 10.20 ps (end-May: € 10.31 ps)
- On a YTD-basis, Quest's NAV is currently up 11.6% (FY20: € 9.14 ps), and +16.0% including the capital reduction.
- Portfolio rotation in June remained limited, with slight position decreases in Nexus, Abo Wind, Gurit and Steico, while positions in CEWE Stiftung and Pharmagest were slightly increased.

Our View: Quest continues its solid performance in FY21, including some successful exits within its private portfolio earlier this year (Haliidx). With all forward losses being cleared in FY20, and accounting for its strong performance in FY21, chances of a sizable dividend payment next year are becoming more and more likely. This is however based on the assumption of global stock indices closing FY21 near or above today's levels.

Investment case: If momentum in global stock indices continues throughout the year, we believe QfG is well positioned to pay out a sizeable dividend next year as the group was able to clear its forward losses in FY20. As such, we believe a discount of approx. 20% to our TEV of € 10.24 ps is justified. We therefore increase our rating from Hold to Buy and maintain our € 8.3 TP.



Source: Thomson Reuters Datastream

Bloomberg QFG BB
Reuters QUFG.BR
www.questforgrowth.com

Market Cap € 124.6m
Shares outst. 16.7m
Volume (daily) € 81,375
Free float 86.9%

Next corporate event

Results 1H21: 29 July 2021

€ m	2018	2019	2020
Net result	-26.9	16.7	17.1
Adj. net result	-26.9	16.7	17.1
Basic EPS (€)	-1.65	1.00	1.02
ROE	-16.6%	14.0%	12.5%
Adj. eq. value	7.12	8.12	9.14
Premium/disc.	15.4%	27.3%	28.9%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

Michiel Declercq

+32 2 429 18 05

michiel.declercq@kbcsecurities.be

Guy Sips

+32 2 429 30 02

guy.sips@kbcsecurities.be