

# Quest For Growth

Belgium/Financial Services

Analysers



## Hold

Recommendation unchanged

**Share price: EUR 4.67**

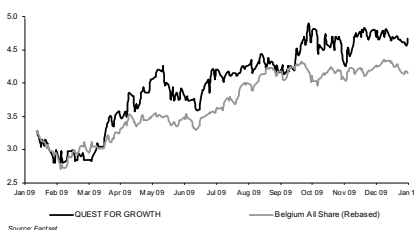
closing price as of 28/01/2010

Reuters/Bloomberg QUGG.BR/QFG.BB

<b>Market capitalisation (EURm)</b>	55
Current N° of shares (m)	12
<b>Free float</b>	74%
Daily avg. no. trad. sh. 12 mth	3,499
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.89
Price low 12 mth (EUR)	2.76
Abs. perf. 1 mth	-2.71%
Abs. perf. 3 mth	1.30%
Abs. perf. 12 mth	68.59%

### Estimated NAV breakdown (EURm)

Listed shares - ICT	24.0	28%
Listed shares - Pharma & biotech	11.0	13%
Listed shares - Other	20.3	24%
Direct private equity stakes	16.3	19%
Venture Capital funds	8.2	10%
Convertible loan notes & warrants	1.0	1%
Other assets	1.5	2%
Net cash/(debt) position	4.0	5%
<b>Total Net Asset Value</b>	<b>86.4</b>	<b>100%</b>
<b>NAVPS (EUR)</b>	<b>7.331</b>	
Share price*: EUR	4.67	
<b>Discount/(Premium) to NAV</b>	<b>36.3%</b>	



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## FY09 net result of EUR 18m

**The facts:** Quest for Growth (QfG) already earlier this month released a detailed portfolio breakdown showing a NAV per share at the end of December 2009 of EUR 7.25, 0.8% above our estimate of EUR 7.19. Yesterday after market QfG published a FY09 net result of EUR 18.1m or EUR 1.53 per share (ROE of 26.8% since 31 Dec. 2008), to be compared to a net loss of EUR 48.4m or EUR -4.10 per share in FY08.

### Our analysis:

We recall that QfG for 9m09 posted a net result of EUR 5.1m or EUR 0.43 per share, implying that in **4Q09 the company was very positive** with a gain of EUR 13.0m.

The positive result was almost fully attributable to the **quoted portfolio**, which outperformed the reference indices used by QfG to evaluate its own performance.

The **unquoted portfolio** remained nearly unchanged although in the course of 2H09 the exit market started to improve slowly with an IPO market that appeared to be reopening. In Dec. 2009 QfG portfolio company Movetis raised EUR 85m in the first significant IPO in the European Life Sciences sector since early 2008. QfG had invested EUR 2.5m in Movetis. Taking into account yesterday's stock price and the discount for the lock-up agreement, the value of the Movetis shares amounts to EUR 5.9m or 6.8 % of total NAV.

Despite the very satisfying result in absolute figures, **the relative performance over FY09 remained below the reference indices:** QfG's FY09 ROE amounted to 26.8%, to be compared with a return of 39.0% and 37.9% for the Nasdaq Composite index (in EUR) and the Bloomberg New Markets 50 index, respectively. Over 4Q09 results however, QfG outperformed the indices with a ROE of 9.8%, vs. 8.7% for the Nasdaq Composite (in EUR) and 3.7% for the Bloomberg New Markets 50.

The FY09 net result does not compensate the FY08 loss: the balance sheet after appropriation of the result shows a transferred loss of EUR 26m on 31 Dec. 2009. Therefore and as expected, **no dividend will be proposed** to the AGM of 18 March 2010.

**Conclusion & Action:** *The improving M&A environment and higher transaction multiples gives perspective on a better exit environment in 2010 and possibly capital gains on unlisted assets (directly held: 20% of NAV%).*

*Based on yesterday's closing prices, our estimated NAV amounts to EUR 86.4m or EUR 4.67 per share. Hence, at yesterday's close QfG was traded a discount to NAV of 36.3%, which is below the average discount over 12 months (38%) and much higher than the average discount of Belgian peers of 28%. We maintain our "Hold" rating and will review our assessment after today's analysts' meeting, scheduled at 11:00 am CET.*