

Quest For Growth

Belgium/Financial Services

Analyser



Hold

Recommendation unchanged

Share price: EUR 4.44

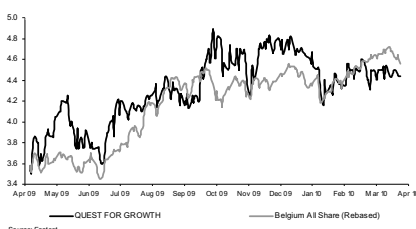
closing price as of 22/04/2010

Reuters/Bloomberg QUGF.BR/QFG BB

Market capitalisation (EURm)	52
Current N° of shares (m)	12
Free float	74%
Daily avg. no. trad. sh. 12 mth	4,240
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.89
Price low 12 mth (EUR)	3.35
Abs. perf. 1 mth	0.91%
Abs. perf. 3 mth	-4.10%
Abs. perf. 12 mth	32.54%

Estimated NAV breakdown (EURm)

Listed shares - ICT	24.1	27%
Listed shares - Pharma & biotech	12.5	14%
Listed shares - Other	22.0	25%
Direct private equity stakes	16.3	18%
Venture Capital funds	8.1	9%
Convertible loan notes & warrants	1.0	1%
Other assets	2.9	3%
Net cash/(debt) position	1.8	2%
Total Net Asset Value	88.8	100%
NAVPS (EUR)	7.559	
Share price*: EUR	4.44	
Discount/(Premium) to NAV	41.3%	



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1Q10 results

The facts: In 1Q10, Quest for Growth (QfG) realised a net profit of EUR 2.1m or EUR 0.18/share, which curiously enough exactly recoups the 1Q09 net loss of EUR -2.1m or EUR -0.18/share. Thanks to a very strong stock market as of 1Q09, QfG reported its 4th consecutive profitable quarter.

Private equity contributed for EUR 0.2m to the net result. QfG also stated that it sees an improvement of the quality of new private equity investment proposals. Moreover, it seems that valuation expectations for companies in search of funding in the private equity market are become increasingly realistic.

Our analysis: Being an investment company, QfG's valuation benchmark is the discount on adjusted NAV and its performance metric is the NAV evolution vs two reference indices. Earlier this month QfG already released a detailed portfolio breakdown showing that during 1Q10 NAV increased to EUR 7.42/share at the end 1Q10, which we compare to EUR 7.25/share at the end of 4Q09 (or +2.44%). QfG underperformed the Nasdaq Composite index (expressed in EUR) and the New Markets 50 index, both considered by the company as the best reference indices. The latter indices increased by 12.94% and 6.66%, respectively. The performance of the Nasdaq Composite in EUR was partly triggered by the rise of the USD against the EUR during 1Q10.

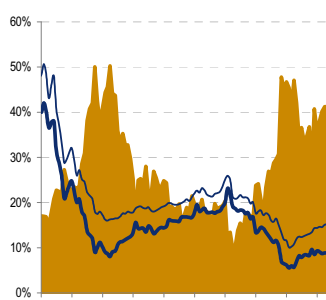
In the course of FY10 QfG prolonged the existing management agreement with Quest Management, that acts as its managing director, for a two year period, from 1 April 2010 till 31 March 2012. QfG will pay a fee of EUR 1.5m (EUR 0.13/share) compared to EUR 1.95m (EUR 0.16/share) previously.

We estimate the current NAV at EUR 88.5m or EUR 7.5/share, which means that at yesterday's close, the corresponding discount amounts to 41%. The share price even accounts a discount of 15% on the value of QfG's listed portfolio +cash (EUR 5.2/share).

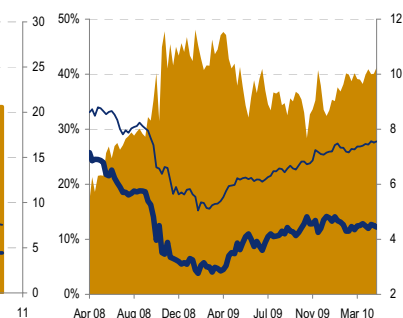
Conclusion & Action: As expected, QfG was able to add an additional positive quarter thanks to good stock market performances. Activity in private equity has remained disappointing in 1Q10. Given the lack of visibility on any exits (and consequently possible capital gains) in QfG's private equity portfolio and notwithstanding the high discount to NAV, we reiterate our Hold rating.

QfG hosts an analysts meeting today at 11:00 am CET.

10 years valuation graph (EUR)



24 months valuation graph



■ : discount to intrinsic value (left scale)
 — : stock price (in EUR, right scale)
 — : intrinsic value (in EUR, right scale)