

Quest For Growth

Belgium/Financial Services

Analysers



Accumulate

Recommendation unchanged

Share price: EUR 4.30

closing price as of 07/06/2010

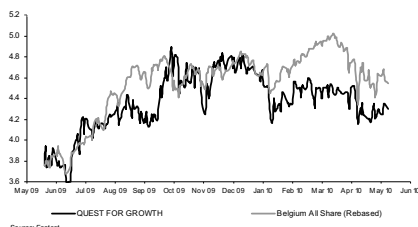
Reuters/Bloomberg

QUFG.BR/QFG.BB

Market capitalisation (EURm)	51
Current N° of shares (m)	12
Free float	74%
Daily avg. no. trad. sh. 12 mth	4,696
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.89
Price low 12 mth (EUR)	3.60
Abs. perf. 1 mth	3.61%
Abs. perf. 3 mth	-4.23%
Abs. perf. 12 mth	2.38%

Estimated NAV breakdown (EURm)

Listed shares - ICT	18.7	21%
Listed shares - Pharma & biotech	13.1	15%
Listed shares - Other	21.5	24%
Direct private equity stakes	19.9	23%
Venture Capital funds	8.4	10%
Convertible loan notes & warrants	1.1	1%
Other assets	1.5	2%
Net cash/(debt) position	4.1	5%
Total Net Asset Value	88.3	100%
NAVPS (EUR)	7.428	
Share price*: EUR	4.30	
Discount/(Premium) to NAV	42.1%	



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Detailed NAV update – announcement of investment in the Dutch company Anteryon

The facts: Quest for Growth (QfG) released its NAV at the end of May and announced it has invested EUR 1m into Anteryon, a Dutch private company. Anteryon is the world leader in wafer-based, miniature optical module production for mobile phone cameras and laser projection.

QfG joins an investment round led by Qualcomm. BNP Paribas Private Equity, as existing shareholder of Anteryon, also participates in this strategic investment. Investment funds will be used for Anteryon's production facility expansion and its WaferOptics® optical module production technology (wafer-scale production of micro-optics for miniature camera and laser projection modules).

Terms of the investment are not disclosed.

Our analysis: QfG announced a NAV/share of EUR 7.48, down -1.1% vs EUR 7.56 at the end of April, but up 3.2% vs. EUR 7.25 at 31 Dec. 2009. In the course of last month, QfG reduced very slightly its shareholdings in INIT and LEM Holding. Stakes in Unit 4 Agresso, TKH Group, Teva Pharmaceutical, Arcadis, Faiveley, Imtech, SMA Solar and Centrotec have been increased. QfG also added three new lines to its portfolio. It invested in the Belgian Econocom (IT and telecom services), the French Parrot (wireless products manufacturer) and the Dutch Accell Group (development, production and sales of bicycles, bicycle parts and accessories and fitness equipment).

QfG's private equity portfolio has suffered from slack in the M&A market for a long time. The company was unable to land a new private equity investment since October 2008. We welcome this new investment, even though it is a relatively small one which will account for only 1.1% of NAV (EUR 0.08/share) and 3.4% of the private equity portfolio (direct stakes and VC funds).

Conclusion & Action: *The announcement of the Anteryon deal and the recent disposal of QfG's stake in CoreOptics illustrate that M&A activity seems to pick up (though slowly) and that the company should be able to create additional capital gains.*

Our adjusted equity value estimate amounts to EUR 7.43/share, of which EUR 4.55/share in listed shares (we do not apply any illiquidity discount to the shareholding in Movetis, as QfG does). At the present share price an investor only pays for the listed portfolio and so QfG's net cash position and the portfolio of unlisted assets and the venture capital funds, together worth EUR 2.88/share, are for free.

The discount currently amounts to 42.1%, which we believe to be unjustifiably high. Given the cheap valuation and an improving M&A climate, which can lead to additional capital gains, we recently become positive on the company. We today confirm our Accumulate rating.