

Quest For Growth

Belgium/Financial Services

Analysers



Buy

Recommendation unchanged

Share price: EUR 4.93

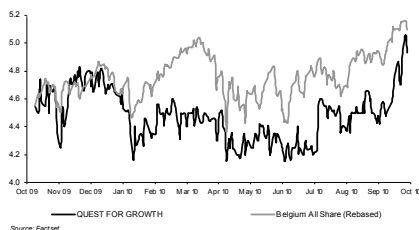
closing price as of 27/10/2010

Reuters/Bloomberg QJFG.BR/QJFG.BB

Market capitalisation (EURm)	58
Current N° of shares (m)	12
Free float	76%
Daily avg. no. trad. sh. 12 mth	8,478
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	5.06
Price low 12 mth (EUR)	4.15
Abs. perf. 1 mth	10.79%
Abs. perf. 3 mth	16.00%
Abs. perf. 12 mth	6.94%

Estimated NAV breakdown (EURm)

Listed shares - ICT	22.	23
Listed shares - Pharma & biotech	8.	9
Listed shares - Other	25.	25
Direct private equity stakes	16.	17
Venture Capital funds	10.	10
Convertible loan notes & warrants	0.	0
Other assets	1.	1
Net cash/(debt) position	13.	14
Total Net Asset Value	99.	100
NAVPS	8.39	
Share price*: EUR	4.9	
(Discount)/Premium to NAV	-	



3Q10 results: excellent performance, though still trading at an excessive discount to NAV

The facts: In 3Q10, Quest for Growth (QfG) realised a net profit of EUR 11.8m or EUR 1.00/share (vs. EUR 5.1m or EUR 0.43/share in 3Q09). The 9m10 result amounts to EUR 13m (EUR 1.12/share).

Our analysis: QfG already earlier this month released a very detailed portfolio breakdown showing that during 3Q10 NAV/share has increased to EUR 8.37 at the end of 3Q10, to be compared to EUR 7.36/share at the end of 2Q10.

The QoQ evolution of QfG's NAV should be compared to the performance of its main benchmarks. QoQ and YTD QfG largely exceeded the returns of its two reference indices, the Bloomberg New Markets 50 and the Nasdaq Composite (in EUR). YTD, the Bloomberg New Markets 50 Index has increased 6.72% (+3.41% QoQ) and the Nasdaq Composite in EUR gained 10.18% (+0.97% QoQ). In that same timeframe QfG's NAV was up 15.47% (+13.52% QoQ).

As the quoted portfolio booked a provisional result over the year of almost +15%, the main explanation for the outperformance is the contribution from Movetis. The value of the latter in QfG's books increased by EUR 4.5m after the take-over bid at EUR 19/share made by Shire. In the portfolio of VC funds, the investments via Carlyle Europe Technology Partners showed substantial added values.

As QfG's balance sheet at 31-Dec-09 still contained EUR 26.6m of *Loss to be appropriated*, which mainly originated from FY08, we expect the company not to pay a dividend over FY10e.

Conclusion & Action: As expected, QfG enjoyed a further improvement of the stock market and posted a 3Q10 net result of EUR 11.8m (EUR1.00/share). The YTD and QTD NAV evolution was outstanding, mainly thanks to the take-over bid on Movetis made by Shire.

We estimate the current NAV at EUR 99.0m or EUR 8.40/share, which means that at yesterday's close the share traded at an excessive discount of -41.0%. We deem this is due to stock overhang created by Laxey Partners, which end September filed a lowering of its shareholding (from 12.0% to 9.9%). Even after the recent strong share price performance we reiterate our Buy recommendation (see also our company report titled "Upgrade to Buy", dd. 14-Oct-10).

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

Analyst(s):

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