

# Quest For Growth

Belgium/Financial Services

Analysers



## Buy

Recommendation unchanged

**Share price: EUR 5.46**

closing price as of 27/01/2011

Reuters/Bloomberg	QUFG.BR/QFG.BB
Market capitalisation (EURm)	64
Current N° of shares (m)	12
Free float	76%
Daily avg. no. trad. sh. 12 mth	10,170
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	5.55
Price low 12 mth (EUR)	4.15
Abs. perf. 1 mth	1.49%
Abs. perf. 3 mth	10.75%
Abs. perf. 12 mth	19.74%

### Estimated NAV breakdown (EUR m)

Listed stakes	64.2	60.3%
Private equity	22.8	21.4%
Venture Fund	13.1	12.3%
Cash & other	6.3	5.9%
Total NAV	106.5	100.0%
NAVps (EUR)	9.03	
Share price (EUR)	5.46	
Discount to NAV	-39.6%	



### Analyst(s):

Hans D'Haese, Bank Degroof  
 hans.dhaese@degroof.be  
 +32 (0) 2 287 9223

## FY10 release

**The facts:** Yesterday after market Quest for Growth (QfG) published a FY10 net result of EUR 20.6m or EUR 1.74/share (ROE of 24.1% since 31-Dec-09), to be compared to a net result of EUR 18.1m or EUR -1.53/share in FY09

**Our analysis:** FY10 was in line with our EUR 20.6m estimate. QfG already earlier this month released a detailed portfolio breakdown showing a NAV/share, which is the main valuation metric, of EUR 8.99 at the end of Dec-10.

We recall that QfG posted a 9M10 net result of EUR 13.2m or EUR 1.12/share, implying that in **4Q10 the company was very positive** with a gain of EUR 7.4m. The positive result was mainly attributable to the **quoted portfolio**.

In the **unquoted portfolio** we noticed only one striking change. QfG invested EUR 3.75m (3.5% of present NAV) in **Capricorn Health-Tech** fund and the addition of a new commitment of EUR 11.25m (10.6% of present NAV) in the same fund. Together this represents 14.1% of the current fund size. Capricorn Health-tech fund will focus on human health-technology investments in Europe. Health-tech relates to the prevention, the diagnosis and the treatment of diseases.

**The FY10 result is also very satisfying in relative terms:** QfG's FY10 ROE amounted to +24.1%, to be compared with a return of +26.0% and +13.2% for the Nasdaq Composite index (in EUR) and the Bloomberg New Markets 50 index, respectively. However, the apparent outperformance of the Nasdaq was due to the increase of the USD vs. the EUR (the ex-forex performance was +17%). Over 4Q10, QfG showed a ROE of 7.5%, vs. 14.4% for the Nasdaq Composite (in EUR) and 6.1% for the Bloomberg New Markets 50.

The FY10 net result in addition to the FY09 result of EUR 18.1m still do not compensate the FY08 loss (EUR -48.4m). The balance sheet after appropriation of the result shows a transferred loss of EUR 6.0m on 31-Dec-10. Therefore and as expected, **no FY10 dividend will be proposed** to the AGM of 17-Mar-11. A positive FY11 would however give perspective to a possible dividend pay-out early 2012, which could lead to a lower discount in the course of 2011.

**Conclusion & Action:** QfG posted a FY10e result in line with expectations. The improving M&A environment and higher transaction multiples gives perspective on a better exit environment in 2011 and possibly capital gains on unlisted assets (directly held equity stakes account for 15% of NAV).

Our estimated NAV amounts to EUR 106.1m or EUR 9.03/share. Hence, at yesterday's close QfG traded at an attractive discount to NAV of -39.6%, far above the 5-years average historical discount of -29% and much higher than the average discount of Belgian peers of -28%. We maintain our Buy rating and will release a full comment early next week.

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