

8 June 2010

QUEST FOR GROWTH

CoreOptics deal boosts NAV, Anteryon joins ranks

INVESTMENT COMPANIES

BELGIUM

CURRENT PRICE € 4.30

TARGET PRICE € 5.50

BUY

RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg QFG BB
Reuters QUFG.BR
www.questforgrowth.com

Market Cap € 50.7m
Shares outst. 11.8m
Volume (daily) € 20,365
Free float 90.6%

Next corporate event

NAV update 10: 2 July 2010

(€ m)	2007	2008	2009
Net result	0.6	-48.4	18.1
Adj. net result	0.6	-48.4	18.1
Basic EPS (€)	0.05	-4.11	1.53
ROE	0.6%	-41.8%	26.8%
Adj. eq. value	9.87	9.87	7.25
Premium/disc.	14.9%	14.9%	35.9%
DPS (€)	0.05	0.00	0.00
Dividend yield	0.6%	0.0%	0.0%

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News:

NAV at end-May declined to € 7.48 per share, versus € 7.56 at end-April (1-1.1% m/m, +3.2% YTD). The stock mimicked the movement and declined to € 4.25 (-5.6% m/m, -8.6% YTD), due to which the discount increased even further to 43.2% (end-April; 40.48%).

Quest made quite a number of changes to its listed portfolio, mainly upping stakes in existing portfolio companies: Unit 4 Agresso, TKH Group, Teva Pharma, Arcadis, Faiveley, SMA Solar and Centrotec. Quest lowered positions in INIT and added new investments to the ranks as well: Econocom, Parrot and Accel Group. It disposed entirely of its stake in Seloger.com (Tandberg was tendered to Cisco's takeover offer). Combined, the listed portfolio totals € 52.4m and accounts for 59.3% of NAV. Listed assets break down in Software & Services (14.3%), Technology & Hardware (6.9%), Pharma & Biotech (5.9%), Healthcare Equipment (2.7%), Electrical & Engineering (16.4%) and Materials & Others (6.9%). Quoted/unquoted assets (i.e. Movetis) account for 6.3% of NAV.

The value of the direct Private Equity stakes wasn't subject to adjustments. Our SOTP model no longer lists the CoreOptics stake (as this is in the process of being sold), but includes Dutch micro-optics firm Anteryon, in which Quest yesterday invested € 1m alongside Qualcomm. Anteryon designs and produces micro-optics and refractive-optics, enabling wafer-based production and integration of optics for miniature camera and laser projection modules. It was spun out of electronics firm Philips in 2006. The fresh capital will be used on Anteryon's WaferOptics optical module production technology and the company's Asia production facility expansion.

The valuation of the 3rd Party funds remained level with end-April reading as well, while Quest answered a € 0.12m capital call from Capricorn Cleantech Fund. The direct and indirect PE portfolios are valued at a respective € 16.1m and € 8.4m. Combined, PE stakes account for € 24.5m, or 27.8% of adjusted equity.

We estimate net cash at € 9.5m (10.7% of NAV), which includes the valuation of options and other items on the balance sheet.

Conclusion:

We estimate adjusted equity value p.s. at € 7.50. We note that despite a broad number of writedowns in the PE portfolio in the past and the fact that it has few options to create value via exits (IPO or trade sale), the stock's valuation is very undemanding: Quest's NAV performance relative to its stock price and its benchmark indices has held up quite well; the discount currently hovers a tad below 44%. The upside potential from current trading levels amounts to 28%.