

6 December 2010

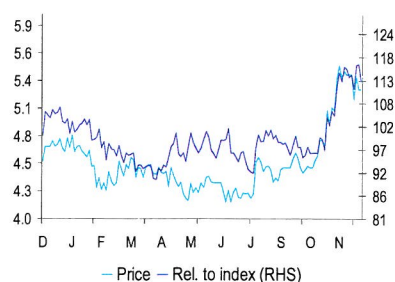
## QUEST FOR GROWTH

### November update: NAV increases, discount drops

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE € 5.42  
TARGET PRICE € 6.10

**BUY**  
RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg QFG BB  
Reuters QUFG.BR  
[www.questforgrowth.com](http://www.questforgrowth.com)  
Market Cap € 63.9m  
Shares outst. 11.8m  
Volume (daily) € 52,697  
Free float 90.6%

Next corporate event

NAV update 10: 5 January 2011

(€ 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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#### Summary:

Quest's end-of-November update unveiled that NAV increased lightly to € 8.66, its highest level since May 2008, while the stock has risen to € 5.27 (39.1% discount). TP and Buy rating maintained.

#### News:

NAV at end-November increased to € 8.66 p.s., versus € 8.60 at end-October (+0.7% m/m, +19.4% YTD). The stock increased to € 5.27 (+3.5% m/m, +9.5% YTD), due to which the discount decreased to 39.1% (end-October: 40.8%).

Quest's activity in November mainly centred on increasing several existing stakes in its listed portfolio. The company upped stakes in EVS, Teva Pharmaceuticals, Stratec Biomedical, Phoenix Solar and SMA Solar. Positions in LEM Holding and Pfeffier Vacuum Technology were lowered. A new investment was made in Leguide.com, while stakes in Wirecard and TKH Group were sold altogether. Combined, the listed portfolio at current prices totals € 61.7m and accounts for 59.4% of NAV. Listed assets break down in Software & Services (14.5%), Technology & Hardware (9.4%), Pharma & Biotech (5.8%), Healthcare Equipment (3.5%), Electrical & Engineering (17.8%) and Materials & Others (8.5%). Quest following the sale no longer has Quoted/Unquoted assets on its balance sheet.

The aggregated value of the direct Private Equity stakes remained stable in November. The valuation of the 3rd Party funds decreased as a result of cash payments made by investment funds such as CETP I and Life Sciences Partners III, due to which the direct and indirect PE portfolios are currently valued at a respective € 16.2m and € 9.3m. Combined, PE stakes account for € 25.5m, or 24.5% of adjusted equity value.

We estimate net cash at € 11.8m (11.3% of NAV), which includes the valuation of options and other items on the balance sheet.

#### Conclusion:

Based on Friday's close, we estimate adjusted equity value p.s. at € 8.81. We note that despite a broad number of writedowns in the PE portfolio in the past and the fact that Quest has few options to create value via exits (IPO or trade sale), the stock's valuation remains very undemanding: Quest's NAV performance relative to its stock price has been strong in FY10 (+19.4%), but the discount nevertheless continues to hover around 40%. Our TP leaves upside potential of 12.5% (after implying a 30% discount to NAV). We continue advising to Buy the stock.