

7 February 2011

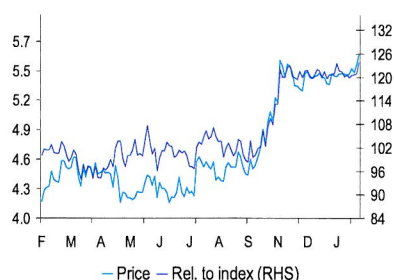
QUEST FOR GROWTH

January NAV hovers steady at € 8.95 p.s.

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 5.74
TARGET PRICE € 6.30

BUY
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 67.7m
Shares outst.	11.8m
Volume (daily)	€ 61,987
Free float	90.6%

Next corporate event

General Assembly 10: 17 March 2011

(€ m)	2008	2009	2010
Net result	-48.4	18.1	20.6
Adj. net result	-48.4	18.1	20.6
Basic EPS (€)	-4.11	1.53	1.74
ROE	-41.8%	26.8%	24.1%
Adj. eq. value	9.87	7.25	8.99
Premium/disc.	14.9%	35.9%	42.9%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

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Summary:

Quest's end-of-January unveiled that NAV hovered steady at € 8.95, while the stock rose to € 5.44 (39.2% discount). TP and Buy rating maintained.

News:

NAV at end-January moved sideways to € 8.95 p.s., versus € 8.99 at end-December (-0.4% m/m, -0.4% YTD). The stock increased to € 5.44 (+2.4% m/m, +2.4% YTD), due to which the discount decreased lightly to 39.2% (end-December: 40.9%).

Quest's activity in January centred on increasing several existing stakes in its listed portfolio. The company upped stakes in Econocom, INIT, Pharmagest Interactive, Pfeiffer Vacuum Technology and Faiveley. Its position in LEM Holding was lowered. Combined, the listed portfolio at current prices totals € 61.7m and accounts for 61.9% of NAV. Listed assets break down in Software & Services (16.8%), Technology & Hardware (7.3%), Pharma & Biotech (6.1%), Healthcare Equipment (4.3%), Electrical & Engineering (17.1%) and Materials & Others (9.5%).

The aggregated value of the direct Private Equity stakes was affected by a valuation adjustment of Quest's stake in Sphere Medical, which at € 0.42m is carried at half of its previous valuation. The valuation of the 3rd Party funds increased as a result of commitment calls made by investment funds such as Capricorn Cleantech Fund (€ 0.12m), Life Science Partners IV (€ 0.18m) and Vertex (€ 0.09m), due to which the direct and indirect PE portfolios are currently valued at a respective € 16.0m and € 13.3m. Combined, PE stakes account for € 29.24m, or 28.2% of adjusted equity value.

We estimate net cash at € 3.56m (3.4% of NAV), which includes the valuation of options and other items on the balance sheet. Also, we do no longer attach a valuation to the 2.2% treasury shares that Quest holds, as an upcoming EGM will decide (and approve) of their proposed cancellation. Coincidentally, we also reduced the number of outstanding shares by an equal amount.

Conclusion:

Based on Friday's close, we estimate adjusted equity value p.s. at € 9.00 and note that the discount has been reduced to 36.2% as the stock finally broke through the € 5.5 barrier. With upside potential still amounting to 10%, we hold on to our € 6.3 TP reiterate our Buy rating. Note that our TP is conservative as it implies a 30% discount to NAV; any increase in stock market levels should therefore filter rather quickly through tot NAV.