

22 June 2011

QUEST FOR GROWTH

Upgrade to Buy on excessive stock price drop

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 5.56
TARGET PRICE € 6.70

BUY
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg QFG BB
Reuters QUFG.BR

www.questforgrowth.com

Market Cap € 65.5m
Shares outst. 11.8m
Volume (daily) € 72,732
Free float 90.6%

Next corporate event

(€ 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:

We decided to upgrade our TP to Buy from Accumulate, while confirming our € 6.7 TP. This decision solely reflects the fact that the stock's recent drop isn't warranted by a decline of the portfolio's underlying asset value.

Our view:

Despite Quest's stock price soared since the beginning of 2011 in a clear outperformance vis-à-vis major international indices and Quest's direct benchmarks, the current stock price is far from what we believe to be defensible. Clearly, the stock's limited liquidity and absence of short-term triggers do not work in favour of the market valuation, but based on yesterday's close we estimate adjusted equity value p.s. at € 9.1 (€ 105m). The corresponding discount amounts to a stunning 38.9%. Our TP implies a 26.4% discount to this NAV level and leaves 20.5% upside. We have promoted Quest for Growth to our Top Pick list of our Holding and Investment Companies coverage scope, flanking Ackermans, Kardan and RHJ International.