

10 April 2012

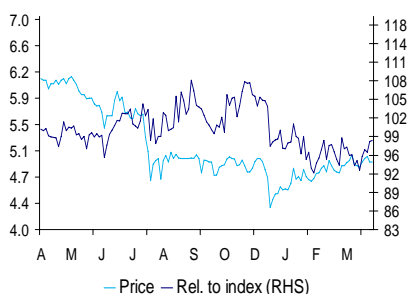
Quest for Growth

March NAV p.s. at €8.44, despite extra provisions

Equity Investment Instruments
Belgium

Current price € 4.95
Target price € 6.00

Buy
Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€58.4m
Shares outst.	11.8m
Volume (daily)	€39,584
Free float	90.6%

Next corporate event

Results 1Q12: 26 April 2012

(€ m)	2009	2010	2011
Net result	18.1	20.6	-13.3
Adj. net result	18.1	20.6	-13.3
Basic EPS (€)	1.53	1.74	-1.15
ROE	26.8%	24.1%	-12.6%
Adj. eq. value	7.25	8.99	7.88
Premium/disc.	35.9%	42.9%	39.7%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

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Summary:

March 2012 NAV increased to € 8.44 p.s., vs. a YE11 reading of € 7.90, supported by an upward movement of equity markets but hampered by an additional € 0.75m provision related to potentially impairing part of the direct Private Equity portfolio. We stick to Buy and €6 TP (21% upside potential).

News:

March NAV increased to € 8.44 p.s., versus € 8.44 at end-February (+0.7% m/m, +6.8% YTD). The stock moved up slightly and ended the month at €5.0 (+4.0% m/m, +5.3% YTD), due to which the discount decreased a tad to 40.76% (end-February 2012: 42.60%, 2-yr average: 39.72%).

Quest's activity in the listed portfolio segment included across the board changes. Stakes were upped in Econocom, Schaltbau Holding, Andritz and Arcadis, while positions in Unit4, LEM Holding and United Drug were lowered. Quest disposed of its entire Wacker Chemie stake. Combined, the listed portfolio currently totals €53.5m and accounts for 55.3% of NAV. Listed assets break down in Software & Services (17.2%), Technology & Hardware (5.6%), Pharma & Biotech (1.2%), Healthcare Equipment (8.6%), Semiconductors (1.7%), Electrical & Engineering (15.0%) and Materials & Others (5.1%). Quoted/unquoted assets (Sphere Medical) weigh 0.9%.

The aggregated value of the direct Private Equity stakes remained level vis-à-vis end-of-February, while capital invested into various 3rd party investment funds moved sideways despite all valuations are now based on YE11 date and a limited amount of committed capital was called during 1Q12. However, Quest allocated an additional € 0.75m provision to the already provisioned €2.5m, which is aimed at covering potential, future impairments at the level of the direct Private Equity portfolio. Excluding these provisions, the direct and indirect PE portfolios are valued at a resp. € 13.2m and €14.7m and total for €32.9m (33.9% of NAV). Pending commitments total € 16.1m and account for 49% of the combined carrying value of the PE portfolio.

We estimate net cash at € 2.81 m (2.9% of NAV), which includes the valuation of options and other BS items and € 3.25m of the said provisions.

Our View:

We currently estimate NAV p.s. at € 8.40. The YTD performance of both Quest's stock price and NAV hovers slightly above the DJ Eurostoxx50's return, despite provisioning an additional € 0.75m for potential PE losses. We voiced our concern regarding these provisions before, as they underscore the uncertain quality of the directly held PE portfolio and make that the latter offers few to no triggers for unlocking value out. However, the stock's valuation remains undemanding despite the current 41% discount lingers more or less in line with the 2-year average of 39.7%. We applied a 30% discount in our € 6.0 TP, which leaves upside potential of 20%. Items that continue to hold back the stock are the lack of dividend visibility as well as a recent bout of provisions. Abiding well is the wrapping up of the merger between Capricorn VP and Quest Management.

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SOTP MODEL – BASED ON CLOSING PRICES OF 6 APRIL 2012

Description	Sector/market	BB	Shares held	Recent change	Last price	Crncy	% of NAV	Valuation (€m)
Quoted companies								
Software & Services								
DOCDATA	Euronext Amsterdam	DOCD NA	65,000	0	11.7	€	17.24%	16.69
ECONOCOM	Euronext Brussels	ECONB BB	180,263	17,700	17.1	€	3.18%	3.08
INIT	Deutsche Börse	IXX GY	106,178	0	18.2	€	2.00%	1.93
LEGUIDE.COM	Euronext Paris	ALGUI FP	80,000	0	19.1	€	1.58%	1.53
NEMETSCHKE	Deutsche Börse	NEM GR	132,500	0	32.4	€	4.44%	4.29
PHARMAGEST INTERACTIVE	Euronext Paris	PHA FP	40,000	0	46.8	€	1.47%	1.87
TRANSICS	Euronext Brussels	TRAN BB	250,000	0	7.0	€	1.81%	1.75
UNIT4	Euronext Amsterdam	UNIT4 NA	70,330	-5,000	21.0	€	1.52%	1.48
Technology Hardware								
EVS BROADCAST	Euronext Brussels	EVS BB	90,000	0	38.9	€	3.62%	3.50
LEM HOLDING	Zwitzerland	LEHN SW	4,869	-341	475.0	CHF	1.99%	1.92
Pharma & Biotech								
TEVA PHARMACEUTICAL	Nasdaq	TEVA US	60,000	0	44.5	USD	2.10%	2.03
Health Care Equipment &								
GERRESHEIMER	Deutsche Börse		50,000	0	33.2	€	1.72%	1.66
NEXUS	Deutsche Börse		170,000	0	8.4	€	1.47%	1.43
SPHERE MEDICAL HOLDING	AIM		930,031	0	0.8	£	0.92%	0.89
STRATEC BIOMEDICAL	Deutsche Börse		40,000	0	32.3	€	1.33%	1.29
UNITED DRUG	Dublin		1,391,786	-100,000	2.2	€	3.13%	3.03
Electrical & Engineering								
ANDRITZ	Vienna		55,000	-2,500	72.6	€	4.31%	4.17
ARCADIS	Euronext Amsterdam	ARCAD NA	215,000	-10,000	15.2	€	3.53%	3.42
FAIVELEY	Euronext Paris	LEY FP	27,500		49.4	€	1.40%	1.36
IMTECH	Euronext Amsterdam	IM NA	147,555	-7,500	22.7	€	3.46%	3.35
KENDRION	Euronext Amsterdam		61,500		19.1	€	1.21%	1.17
SCHALTBAU HOLDING	Deutsche Börse	SLT GY	12,777		82.2	€	1.08%	1.05
Semiconductors								
MELEXIS	Euronext Brussels	MELE BB	125,133	5,000	13.2	€	1.71%	1.65
Materials								
CENTROTEC	Deutsche Börse	CEV GY	65,000		12.6	€	0.85%	0.82
UMICORE	Euronext Brussels	UMI BB	100,000		41.0	€	4.24%	4.10
Other sectors								
							7.81%	7.56
Loan notes & CP								
Private Equity Funds								
			Asset type	Invested	Committed			
				1.50		€	33.96%	32.87
Semiconductors			equity	1.50		€	1.55%	1.50
CAPRICORN CLEANTECH CO			Technology hardware	1.07		€	1.11%	1.07
CARTAGENIA			Software & Services	0.63		€	0.65%	0.63
CLEAR2PAY			Software & Services	5.57		€	5.75%	5.57
IDEA			Pharma & Biotech	0.16		€	0.17%	0.16
KIADIS			Pharma & Biotech	2.24		€	2.31%	2.24
MAGWELL			Software & Services	0.43		€	0.44%	0.43
PROSONIX			Pharma & Biotech	2.63		£	2.72%	2.63
SYNTAXIN			Pharma & Biotech	2.43		£	2.51%	2.43
TCLAND			Pharma & Biotech	1.50		€	1.55%	1.50
THIRD PARTY INV FUNDS			Various	14.72	16.11	€	15.21%	14.72
Portfolio							97.10%	93.99
Net cash (incl. others & options)							2.90%	2.81
Adjusted equity value							100.00%	96.80
Number of shares (outstanding)								
Treasury shares (for remuneration purposes, resale, collateral,...)							0.00%	0
Treasury shares (available for cancellation)							0.00%	0
Number of shares (for per share calculation)								11,529,950
Quest for Growth last price								4.95
Adjusted equity value p.s.								8.40
Current discount								41.04%
Target prices								
Target equity value								96.80
Target equity value p.s.								8.40
Discount to target equity value								41.04%

KBCS has a BUY recommendation and a €6 target price.

The upside potential versus a stock price of €4.95 equals 21.21%.

The implied discount of our €6 target price vs. the target equity value is 28.53%.

Source: KBC Securities

10 April 2012

FINANCIAL DATA

Income statement (€m)	2006	2007	2008	2009	2010	2011
Sales & operating income	0.0	0.0	0.0	0.0	0.0	0.0
Result from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from financing activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Share of result from associates	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	1.0	2.0
Minorities	0.0	0.0	0.0	0.0	1.0	2.0
Net result	21.5	0.6	-48.4	18.1	20.6	-13.3
Adj. net result	21.5	0.6	-48.4	18.1	20.6	-13.3
Balance sheet (€m)	2006	2007	2008	2009	2010	2011
Intangible assets & goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Participations acc. for under equity method	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	117.6	116.5	67.7	85.6	106.1	91.2
Equity attributable to holders of the parent	95.9	115.8	67.4	85.4	106.0	91.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Financial debt	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	117.6	116.5	67.7	85.6	106.1	91.2
Net debt	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow statement (€m)	2006	2007	2008	2009	2010	2011
Cash flow from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid (consolidated)	0.0	0.0	0.0	0.0	0.0	0.0
Other cash flow from financing	0.0	0.0	0.0	0.0	0.0	0.0
Fx and changes to the consolidation scope	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash & cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Per share data (€)	2006	2007	2008	2009	2010	2011
Year-end share price (€)	10.00	8.40	3.15	4.65	5.31	4.75
Year-end market cap (€m)	94.6	99.0	37.1	54.8	62.6	56.0
weighted average # shares	9,459,073	11,789,255	11,789,255	11,789,255	11,789,255	11,529,950
weighted average # shares, diluted	9,459,073	11,789,255	11,789,255	11,789,255	11,789,255	11,529,950
Basic EPS (€)	2.28	0.05	-4.11	1.53	1.74	-1.15
Diluted EPS (€)	2.28	0.05	-4.11	1.53	1.74	-1.15
NBV (€)	10.1	9.8	5.7	7.2	9.0	7.7
Adj. eq. value	12.4	9.9	9.9	7.3	9.0	7.9
Premium/disc.	19.49%	14.89%	14.89%	35.86%	42.94%	39.72%
DPS (€)	1.94	0.05	0.00	0.00	0.00	0.00
Dividend yield	19.40%	0.60%	0.00%	0.00%	0.00%	0.00%
Ratios	2006	2007	2008	2009	2010	2011
ROE	20.87%	0.65%	-41.81%	26.83%	24.07%	-12.56%
Total return	20.4%	3.4%	-61.9%	47.6%	14.2%	-10.5%
Pay-out ratio (adjusted net result)	100.0%	93.4%	0.0%	0.0%	0.0%	0.0%
P/E	4.39	159.57	-	3.03	3.04	-
P/NBV	0.99	0.86	0.55	0.64	0.59	0.61
Statutory data	2006	2007	2008	2009	2010	2011
Result from operating activities	20.7	0.3	-48.6	16.9	19.4	-15.2
Result from financing activities	0.9	0.3	0.2	1.2	1.2	1.9
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss before tax	21.5	0.6	-48.4	18.1	20.6	-13.3
Dividend paid (statutory)	-21.5	-0.6	0.0	0.0	0.0	0.0
Financial assets	117.3	116.1	67.1	85.1	104.9	90.0
Other assets	0.3	0.4	0.6	0.5	0.3	1.2
Total assets	117.6	116.5	67.7	85.6	107.1	93.2
Capital and reserves	95.9	115.8	67.4	85.4	106.0	91.1
Provisions and deferred taxation	0.0	0.0	0.0	0.0	1.0	2.0
Liabilities	21.6	0.7	0.3	0.1	0.1	0.1
Total assets	117.6	116.5	67.7	85.6	107.1	93.2

Source: KBC Securities

*Historic valuation data are based on historic prices

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	Definition
BUY	Expected total return (including dividends) of 10% or more over a 6-month period
ACCUMULATE	Expected total return (including dividends) between 0% and 15% over a 6-month period
HOLD	Expected total return (including dividends) between -5% and 5% over a 6-month period
REDUCE	Expected total return (including dividends) between -15% and 0% over a 6-month period
SELL	Expected total return (including dividends) of -10% or worse over a 6-month period

Due to external factors and in exceptional cases, KBC Securities allows the use of ratings such as Accept the Offer, Black Out, No Recommendation or Suspended.

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Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	29.30%	28.57%
ACCUMULATE	40.70%	42.86%
HOLD	26.80%	28.57%
REDUCE	2.40%	0.00%
SELL	0.80%	0.00%

Quest for Growth is a Belgian investment company focused on listed and unlisted growth companies with the objective of converting capital gains into tax-free income through the Privak-structure.

The price target for Quest for Growth is based on following parameters: Estimated Equity Value (NAV)

The risks which may impede the achievement of our price target are: high correlation with technology markets and sensitive to stock market fluctuations, no recurring profit, need to successfully exit unlisted investments, growth is hampered by regularity payout of realised capital gains

Below is an overview of the stock ratings and target price history in the last 12 months for the stock described in this report.

Date	Rating	Target price
27-JAN-12	Buy	€ 6.00
06-OCT-11	Accumulate	€ 6.00
22-JUN-11	Buy	€ 6.70
29-APR-11	Accumulate	€ 6.70

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