

26 October 2012

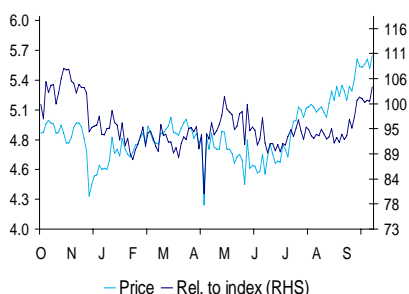
Quest for Growth

3Q12: €6.1m net profit vs €14.2m loss in 3Q11

Equity Investment Instruments
Belgium

Current price €5.50
Target price €6.00

Buy
Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€64.8m
Shares outst.	11.8m
Volume (daily)	€41,199
Free float	90.6%

Next corporate event

Analyst Meeting 12: 26 October 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:

Quest's 3Q12 net profit amounted to €6.1m (€0.53 p.s.). This brings the 9M12 result to €11.9m (€1.03 p.s.), compared with a loss of €12.3m for the same period last year. The quarterly trading update is never really a surprise as Quest communicates its NAV on a monthly basis. We maintain our TP and rating.

News:

Quest's monthly NAV updates already revealed that the end-of-September NAV stood at €8.93 p.s. YTD, this implies an increase of 13%, compared to a stock increase of 12%.

The company's activity in the listed portfolio segment in September centred on the Medical Equipment & Technology Hardware segments. The group made new investments in Tomra Systems and Fresenius. The company also upped stakes in LPKF Laser & Electronics, Gerresheimer, Arcadis, Imtech and Melexis, while stakes in Init Innovation, Sphere Medical, United Drug and Andritz were lowered. Moreover, all the remaining shares in Unit4 were sold with an attractive capital gain and Quest agreed to tender its 3% stake in Transics in the takeover bid by Tavares.

In August, Mapper Litography (0.6% of NAV) announced an investment round of €80m, led by the Russian group Rusnano. QfG had its loan notes, previously written off, converted into equity. Hence, €0.6m unrealised capital losses booked on this investment have been withdrawn.

The Capricorn Health-tech Fund announced in September its fourth investment: Mainstay Medical Ltd., an Iris company developing products against chronic pain in the back.

Our View:

The 3Q12 net profit reduces carried-over losses on the balance sheet to €7.4m (vs. €19.3m at 1H12). As long as these losses remain on the balance sheet, Quest is legally prohibited to pay out a dividend. Given the improvement in results, and should Quest be able to keep up this trend, investors might see a dividend over FY13 (pay-out in FY14). Quest's carried-over losses of €7.4m compares to an estimated NAV of €101.6m. A return on equity of 7.28% is necessary to wipe out the losses.

Conclusion:

Based on yesterday's closing prices, we estimate Quest's adjusted equity value at €8.81 p.s., which implies a discount of 37.58% compared to the share price. The upside potential of a €5.5 stock price versus our TP of €6 equals 9.09%. We maintain our buy rating.