

6 December 2012

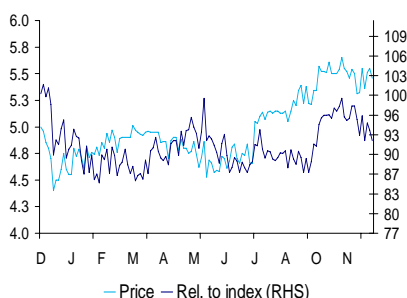
Quest for Growth

Slight increase in end-of-November NAV

Equity Investment Instruments
Belgium

Current price €5.65
Target price €6.40

Buy
Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€66.6m
Shares outst.	11.8m
Volume (daily)	€42,375
Free float	90.6%

Next corporate event

NAV update 12: 4 January 2013

(€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 end-of-November NAV increased a tad to €9.09 p.s., while its stock declined from €5.65 to €5.55 (38.9% discount). No new investments or divestments were made apart from upping and lowering stakes in several stocks. We reiterate our Buy rating and up our TP from €6.0 to €6.4.

News:

NAV at end-November moved up to €9.09 p.s., versus €8.90 at end-October (+2.1% m/m, +15.1% YTD). The stock did not followed suit and ended the month at €5.55 (-1.8% m/m, +16.8% YTD), due to which the discount increased to 38.94% (end-October 2012: 36.52%).

- Quest's activity in the listed portfolio segment in November centred on the Software & Services and Technology Hardware segments. The company upped stakes in Econocom, INIT Innovation, EVS, LPKF Laser & Electronics, Tomra Systems, Fresenius, Centrotec and Umicore while stakes in SAP and Andritz were lowered. Combined, the listed portfolio at current prices totals €62.82m and accounts for 59.5% of NAV. Listed assets break down in Software & Services (11.85%), Technology & Hardware (9.66%), Pharma & Biotech (1.8%), Healthcare Equipment (12.95%), Semiconductors (1.95%), Electrical & Engineering (18.04%) and Materials & Others (3.3%).
- The aggregated value of the direct Private Equity investments (€21.05m, excl. provisions) rose a tad compared to end-of-October. The total amount of provisions increased from €4.33m to €4.45m (4.2% of NAV). Capital invested into various 3rd party investment funds totalled €10.2m.. All PE assets are carried at €36.3m (34.4% of NAV).
- We estimate net cash at €6.34m (6% of NAV), which includes the valuation of options and other items as well as €4.45m of the said provisions. Commitments total €15.93m (43.9% of all PE investments).

Conclusion:

Both Quest's stock (+16.8%) and NAV (+15.1%) outperformed European equity markets (DJ EuroStoxx50: +5.2%) on a YTD-basis, but the stock's valuation remains very undemanding nevertheless; the current 38.9% discount (based on NAV p.s. of €9.09) remains substantial when compared to its historical average (9-year avg: 29.9%). We up our target price to €6.4, which implies a 30% discount. This leaves 13.3% upside potential. Items that hold back the stock are the lack of dividend visibility and few triggers to unlock value (such as an IPO or trade sales).

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SOTP MODEL – BASED ON CLOSING PRICES OF 5 DECEMBER 2012

Description	Sector/market	BB	Shares held	Recent change	Last price	Crncy	% of NAV	Valuation (€m)
Quoted companies							11.85%	12.50
Software & Services								
ECONOCOM	Euronext Brussels	ECON BB	787,260	27,247	5.1	€	3.78%	3.99
INIT	Deutsche Börse	IXX GY	110,000	15,000	23.5	€	2.45%	2.59
NEMETSCHKE	Deutsche Börse	NEM GR	113,000	0	32.4	€	3.47%	3.66
SAP	Deutsche Börse	SAP GR	37,500	-7,500	60.5	€	2.15%	2.27
Technology Hardware								
EVS BROADCAST	Euronext Brussels	EVS BB	102,000	2,000	43.7	€	4.22%	4.45
LEM HOLDING	Zwitzerland	LEHN SW	4,869	0	497.0	CHF	1.90%	2.00
LPKF LASER & ELECTRONICS	Deutsche Börse	LPK GR	110,000	15,000	16.1	€	1.68%	1.77
TOMRA SYSTEMS	Oslo Stock Exchange	TOM NO	300,000	75,000	48.1	NOK	1.86%	1.96
Pharma & Biotech								
TEVA PHARMACEUTICAL	Nasdaq	TEVA US	60,000	0	41.5	USD	1.81%	1.91
Health Care Equipmen								
FRESENIUS	Deutsche Börse	FRE GR	25,000	10,000	87.8	€	2.08%	2.20
GERRESHEIMER	Deutsche Börse		70,000	0	39.4	€	2.61%	2.76
NEXUS	Deutsche Börse		225,000	0	9.1	€	1.94%	2.05
PHARMAGEST INTERACTIVE	Euronext Paris		40,000	0	58.0	€	2.20%	2.32
SPHERE MEDICAL HOLDING	AIM		810,031	0	0.7	£	0.67%	0.70
UNITED DRUG	Dublin		1,250,786	0	2.9	€	3.45%	3.64
Electrical & Engineering								
ANDRITZ	Vienna		95,000	-2,500	49.0	€	4.42%	4.66
ARCADIS	Euronext Amsterdam		250,000	0	17.5	€	4.15%	4.38
CENTROTEC	Deutsche Börse	CEV GY	80,000	15,000	13.1	€	0.99%	1.05
FAIVELEY	Euronext Paris	LEY FP	25,000	0	47.1	€	1.12%	1.18
IMTECH	Euronext Amsterdam	IM NA	180,000	0	17.6	€	3.00%	3.17
KENDRION	Euronext Amsterdam		104,860	0	16.0	€	1.59%	1.68
SAFT GROUPE	Euronext Paris	SAFT FP	70,000	0	17.3	€	1.15%	1.21
SCHALTBAU HOLDING	Deutsche Börse	SLT GY	58,000	0	29.6	€	1.63%	1.72
Semiconductors								
MELEXIS	Euronext Brussels		169,455	0	12.1	€	1.95%	2.06
Materials								
UMICORE	Euronext Brussels	UMI BB	88,000	5,000	39.4	€	3.29%	3.47
Other sectors								
							0.00%	0.00
Direct Private Equity Investments			Asset type	Invested	Committed		19.95%	21.05
AC CAPITAL	Software & Services		equity	0.20		€	0.19%	0.20
ANTERYON	Semiconductors		equity	1.50		€	1.42%	1.50
CARTAGENIA	Software & Services		equity	1.25		€	1.18%	1.25
CLEAR2PAY	Software & Services		equity	5.57		€	5.28%	5.57
IDEA	Pharma & Biotech		equity	0.16		€	0.16%	0.16
KIADIS	Pharma & Biotech		equity	2.87		€	2.72%	2.87
MAGWEL	Software & Services		equity	0.43		€	0.41%	0.43
MAPPER LITHOGRAPHY	Pharma & Biotech		equity	0.61		€	0.57%	0.61
PROSONIX	Pharma & Biotech		equity	3.23		£	3.06%	3.23
SYNTAXIN	Pharma & Biotech		equity	2.46		£	2.34%	2.46
TCLAND	Pharma & Biotech		equity	2.76		€	2.62%	2.76
Capricorn Private Equity Funds & .				5.08	12.88		4.77%	5.08
CAPRICORN CLEANTECH FUND	Funds & Div. Cpies		equity	1.09	0.38	€	1.02%	1.09
CAPRICORN HEALTH-TECH FUNI	Funds & Div. Cpies		equity	2.87	11.25	€	2.70%	2.87
CAPRICORN CLEANTECH CO-INV.	Technology hardware		equity	1.12	1.26	€	1.05%	1.12
3rd Party Private Equity Funds				10.20	3.05	€	9.67%	10.20
Portfolio							93.99%	99.15
Net cash (incl. others & options)							6.01%	6.34
Adjusted equity value							100.00%	105.50
Number of shares (outstanding)								11,529,950
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								5.65
Adjusted equity value p.s.								9.15
Current discount								38.25%
Target prices								
Target equity value								105.50
Target equity value p.s.								9.15
Discount to target equity value								38.25%

KBCS has a BUY recommendation and a €6.4 target price.

The upside potential versus a stock price of €5.65 equals 13.27%.

The implied discount of our €6.4 target price vs. the target equity value is 30.05%.

Source: KBC Securities

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FINANCIAL DATA

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

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Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	30.60%	0.00%
ACCUMULATE	28.90%	0.00%
HOLD	38.80%	0.00%
REDUCE	0.80%	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

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