

6 mei 2013

QUEST FOR GROWTH

End of April NAV -0.2%

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE €6.75
TARGET PRICE €7.30

ACCUMULATE
RATING DOWNGRADED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 79.6m
Shares outst.	11.8m
Volume (daily)	€ 36,003
Free float	90.6%

Next corporate event

(€ m)	2010	2011	2012
Net result	20.6	-13.3	15.7
Adj. net result	20.6	-13.3	0.0
Basic EPS (€)	1.74	-1.15	1.36
ROE	24.1%	-12.6%	17.2%
Adj. eq. value	8.99	7.88	9.26
Premium/disc.	42.9%	39.7%	38.4%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

Jan-Willem Billiet

+32 2 429 45 04
janwillem.billiet@kbcsecurities.be

Tom Simonts

+32 2 429 37 22
tom.simonts@kbcsecurities.be

Summary:

Quest's end-of-April NAV decreased from € 9.68 to € 9.66 p.s., while its stock followed suit with a decrease from € 6.63 to € 6.55 (32.19% discount). New investments were made in Sartorius, Bertrandt and RTL while provisions remained level m/m. We lower to Accumulate and maintain our € 7.3 TP.

News:

NAV at end-April moved down to € 9.66 p.s., versus € 9.68 at end-March. The stock followed suit and ended the month at € 6.55 (-1.2% m/m), due to which the discount increased slightly to 32.19% (end-March 2013: 31.51%).

- Quest showed activity in April across all its sectors/markets. The company upped stakes in Econocom, SAP, Barco, Tomra, Melexis, Andritz and Centrotec while stakes in Nemetschek, United Drug and Arcadis were lowered. Combined, the listed portfolio at current prices totals € 69.4m and accounts for 62% of NAV. Listed assets break down in Software & Services (11.85%), Technology & Hardware (12.51%), Healthcare Equipment (14.12%), Semiconductors (2.76%), Electrical & Engineering (15.54%) and Materials & Others (3.39%).
- Quest took new positions in Sartorius, Bertrandt and RTL.
- The aggregated value of the direct Private Equity investments (€ 19.8m, excl. provisions) rose marginally compared to end-of-March. The total amount of provisions remained level at € 3.17m (3% of NAV). Capital invested into various 3rd party investment funds totalled € 9.52. All PE assets are carried at € 36.65m (32.6% of NAV).
- We estimate net cash at € 6.34m (5.6% of NAV), which includes the valuation of options and other items as well as € 3.17m of the said provisions. Commitments total € 18.11m (47% of all PE investments).

Conclusion:

Based on yesterday's close, we estimate NAV at € 9.75 p.s. with a 30.74% discount. The implied discount of our € 7.3 TP vs. the target equity value is 25.09%. We believe this implied discount is warranted given that a FY13 dividend is within reach. Quest managed to exchange its carried-over losses in 1Q13 for a net profit of € 4.86m. This brings the annualized results to € 1.3m. However, extrapolating the current trend to the remainder of the year is a tricky exercise. Monthly NAV updates are not the de facto stock price drivers, but the potential for a dividend payment certainly is. As the upside potential vs current levels equals 8.15% we lower our rating to Accumulate.