

5 August 2013

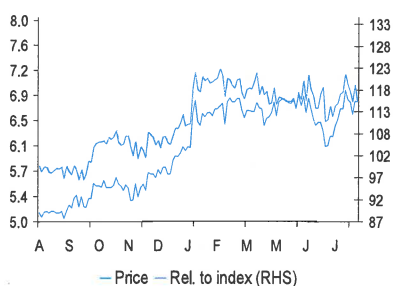
QUEST FOR GROWTH

2.2% increase in end-of-July NAV

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 6.74
TARGET PRICE € 7.30

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg QFG BB
Reuters QUFG.BR
www.questforgrowth.com

Market Cap € 79.5m
Shares outst. 11.8m
Volume (daily) € 35,369
Free float 90.6%

Next corporate event

Results 3Q13: 24 October 2013

(€ 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%

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Summary:

Quest's end-of-July NAV increased from € 9.75 to € 9.97 p.s., while its stock followed suit with an increase from € 6.11 to € 6.65 (33.30% discount). No new investments were made while stakes in Syntaxin and Sphere Medical were removed from the portfolio. Rating and TP maintained

News:

NAV at end-July moved up to € 9.97 p.s., versus € 9.75 at end-June. The stock followed suit and ended the month at € 6.65 (8.8% m/m), due to which the discount decreased to 33.3% (end-June 2013: 37.33%).

- Quest showed activity in July across all its sectors/markets. The company upped stakes in Init Innovation, SAP, Barco, U Blox, Galencia, Sartorius, Andritz and Bertrandt while stakes in EVS, LPKF, United drug, Arcadis and Umicore were lowered. Combined, the listed portfolio at current prices totals € 69.45m and accounts for 60% of NAV. Listed assets break down in Software & Services (11%), Technology & Hardware (11%), Healthcare Equipment (14%), Semiconductors (3%), Electrical & Engineering (18%), Pharma & Biotech (2%) and Materials & Others (3%).
- Quest took no new positions while Syntaxin and Sphere Medial was exited.
- The aggregated value of the direct Private Equity investments (€ 15.6m, excl. provisions) decreased compared to € 18.0m at the end-of-June as Syntaxin was exited. The total amount of provisions remained level at € 0.6m (0.5% of NAV). Capital invested into various 3rd party investment funds totalled € 10.0m. All PE assets are carried at € 33.2m (29% of NAV).
- We estimate net cash at € 12.24m (10.66% of NAV), which includes the valuation of options and other items as well as € 0.6m of the said provisions. Commitments total € 18.5m (56% of all PE investments).

Conclusion:

Based on yesterday's close, we estimate NAV at € 9.96 p.s. with a 32.35% discount. The implied discount of our € 7.3 TP vs. the target equity value is 26.7%. We believe this implied discount is warranted given that a FY13 dividend is within reach as carried over losses have been switched for an annualised carried over profit of € 1.97m (versus € 1.3m at 1Q13). 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 versus current levels equals 9.6% we maintain our Accumulate rating.