

7 March 2014

QUEST FOR GROWTH

Cashing in on Econocom

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 8.94
TARGET PRICE € 8.30

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 105.4m
Shares outst.	11.8m
Volume (daily)	€ 48,225
Free float	90.6%

Next corporate event

General Assembly 13: 20 March 2014

(€ 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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Quest's end-February NAV increased from € 10.91 to € 11.22 p.s. (+2.84%), while its share price increased to a smaller extent (+2.31%) over the same period, from € 8.65 to € 8.85 (discount 26.8%). We maintain our TP and rating at € 8.3 and Hold respectively.

News:

NAV at end-February comes in at € 11.22 p.s., versus € 10.91 p.s. at end-January. As the share price increased a bit less (2.3% vs. 2.8%), we see the discount to NAV increase from 26.1% to 26.8%.

In February, Quest bought its first 30,000 shares in FMC, a US chemical company. FMC is included and classified in the 'Materials' segment of Quest. The stake in Econocom, the digital service company, was further reduced by 29%, with Quest currently holding 387,921 shares. We remind that Quest made its first Econocom investments in May 2010 at a € 2.8 share price. With the stock trading at € 8.85 by the end of February, Quest made an attractive return on the investment.

Next to that, the investment company opted to cash in on 7 other quoted participations: Init Innovation (-10.6%), Tomra Systems (-5.7%), Gerresheimer (-12.1%), Nexus (-3.2%), Pharmagest Interactive (-18.0%), Arcadis (-5.9%) and Schaltbau Holding (-4.0%). Participations in Nemetschek (+5.1%), EVS Broadcast Equipment (+12.5%), Andritz (+6.7%), Bertrandt (+9.8%) and Centrotec (+3.2%) have increased in February.

The listed portfolio at yesterday's prices now totals € 71.9m, up from € 69.8m at end-January. This currently accounts for 55.3% of the NAV. The portfolio can be broken down in Software & Services (9.0% of NAV), Technology Hardware (7.0% of NAV), Semiconductors (3.3% of NAV), Pharma & Biotech (0.6% of NAV), Healthcare Equipment & Services (13.9% of NAV) and Materials (3.7% of NAV). The Privak firm is most exposed to the Electrical & Engineering sector, which accounts for 17.8% of NAV.

Private Equity investments increased little to a total of € 18.1m, coming from € 17.9m last month. The valuation of 3rd Party funds remained level with end-January reading at € 8.23m. Capricorn Private Equity Funds saw its value decrease a bit over the course of February, from € 7.88m to € 7.73m. Combined, the PE stakes are valued at € 34.0m, representing 26.2% of NAV.

We estimate net cash at € 24.0m (18.5% of NAV), which includes the valuation of options and other items on the balance sheet.

Conclusion:

Taking the end-February update into account, NAV p.s. comes in at € 11.26. We believe Quest currently is fairly priced vs. its NAV estimates, with a current discount of 20.6%. KBCS's TP of € 8.3 and hold rating are maintained. Versus yesterday's closing price, there is downward potential of 7.16%.