

4 April 2014

QUEST FOR GROWTH

NAV decreases 12.5% m/m; TP maintained

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 7.86
TARGET PRICE € 8.00

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg QFG BB
Reuters QUFG.BR

www.questforgrowth.com

Market Cap € 92.7m
Shares outst. 11.8m
Volume (daily) € 47,312
Free float 90.6%

Next corporate event

(€ m)	2011	2012	2013
Net result	-13.3	15.7	18.5
Adj. net result	-13.3	0.0	18.5
Basic EPS (€)	-1.15	1.36	1.60
ROE	-12.6%	17.2%	17.3%
Adj. eq. value	7.88	9.26	10.87
Premium/disc.	39.7%	38.4%	24.5%
DPS (€)	0.00	0.00	1.18
Dividend yield	0.0%	0.0%	14.4%

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Quest's end-March NAV decreased from € 11.22 to € 9.82 p.s. (-12.5%), while its share price decreased to a smaller extent (-10.4%) over the same period, from € 8.85 to € 7.93 (end-February discount of 21.1% vs. end-March discount of 19.2%). The drop in NAV does not come as a surprise, given that a substantial amount of cash left the company in dividend payments. We maintain our TP and rating at € 8 and Hold respectively.

News:

NAV at end-March comes in at € 9.82 p.s., versus € 11.22 p.s. at end-February. As the share price decreased a bit less (-10.4% vs. -12.5%), we see the discount to NAV decrease from 21.1% to 19.2%.

In March, Quest sold 75,000 of its 900,786 shares (-7.7%) in UDG Healthcare, the Irish outsourcer of healthcare services. Besides this sale, the company partially divested its stake in Melexis (-11%), Nemetschek (-2.9%), Arcadis (-12.5%), SAFT Groupe (-7.8%) and Schaltbau Holding (-2.4%).

Next to that, the investment company opted to invest in 5 other quoted participations: SAP (+3.9%), Nexus (+3.3%), Pharmagest Interactive (+2%), Bertrand (+5.5%) and Centrotec (+2%).

The listed portfolio at yesterday's prices now totals € 70.8m, down from € 71.9m at end-February. This currently accounts for 61.9% of the NAV. The portfolio can be broken down in Software & Services (10.4% of NAV), Technology Hardware (8.1% of NAV), Semiconductors (3.1% of NAV), Pharma & Biotech (0.7% of NAV), Healthcare Equipment & Services (15.6% of NAV) and Materials (4.9% of NAV). The Privak firm is most exposed to the Electrical & Engineering sector, which accounts for 19.6% of NAV.

Private Equity investments increased little to a total of € 18.2m, coming from € 18.1m last month. The valuation of 3rd Party funds remained level with end-February reading at € 8.23m. Capricorn Private Equity Funds saw its value stay equal the course of February, at € 7.73m. Combined, the PE stakes are valued at € 34.2m, representing 29.8% of NAV.

We estimate net cash at € 9.5m (8.3% of NAV), which includes the valuation of options and other items on the balance sheet. This is much lower than the previous number of € 24m, due to the dividend payment at the end of March. If we leave the same number in our model, NAV p.s. ends up at € 11.19, in line with the end-February figure.

Conclusion:

Taking the end-March update into account, NAV p.s. comes in at € 9.93. We believe Quest currently is fairly priced vs. its NAV estimates, with a current discount of 20.8%. KBCS's TP of € 8 and hold rating are maintained. Versus yesterday's closing price of € 7.86, there is upward potential of 1.78%.