

3 July 2015

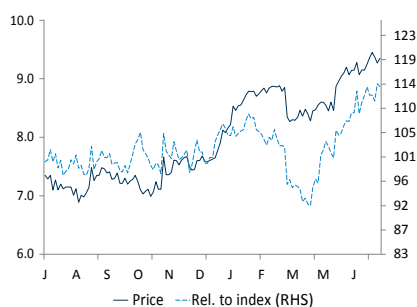
## QUEST FOR GROWTH

### Resilient NAV signals strong 1H15 performance

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE €9.35  
TARGET PRICE €10.00

**ACCUMULATE**  
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg QFG BB  
Reuters QUFG.BR  
[www.questforgrowth.com](http://www.questforgrowth.com)

Market Cap €107.8m  
Shares outst. 11.5m  
Volume (daily) €69,445  
Free float 72.9%

Next corporate event

Results 1H15: 23 July 2015

(€m)	2012	2013	2014
Net result	15.7	18.5	8.7
Adj. net result	0.0	18.5	8.7
Basic EPS (€)	1.36	1.60	0.76
ROE	17.2%	17.3%	7.9%
Adj. eq. value	9.26	10.87	10.28
Premium/disc.	38.4%	24.5%	26.0%
DPS (€)	0.00	1.18	0.72
Dividend yield	0.0%	14.4%	9.5%

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Quest's end June NAV update signals NAV per share at €12.26 (discount of 24.38% vs. 25.78% end May). The big difference vs. last reported NAV is the exclusion of Prosonix from the list of participations (sale to Circassia Pharmaceuticals), resulting in a cash pile increase and extra investments in debt securities. Portfolio company Kiadis had its first listing date yesterday (2/7/15), resulting in a positive NAV effect of €2.1m (incl. liquidity discount due to 12 month lock-up period), or €0.18 per Quest share. At yesterday's closing prices, we estimate Quest's NAV per share at €12.3. We increase our TP to €10 (from €8.6), and up our rating to Accumulate (from Hold).

**News:** In June, Quest's NAV increased very marginally from €12.22 to €12.26, showing a discount of 24.38% (widening again somewhat after the March dividend payment, 2-year average at 25.58%). Over the month, Quest's most notable moves include an augmentation of its participation in UDG Healthcare with 30% (now at 2.4% of NAV), and a decrease in the Arcadis stake by 25% (now at 1.7% of NAV).

The German company Cenit (only 0.82% of NAV) was added to the 'Software & Services' segment, while the Centrotec participation was cleared from the books (1.04% of NAV). Cenit is a German company, active in software and consultancy, mainly for the financial and manufacturing industry. The Ducatt participation (non-quoted) also disappeared from the books. The company active in the glass industry reported a FY14 loss of €5m, and was rumoured to be looking for an extra investment partner.

At yesterday's closing prices, we estimate NAV at €141.85m. Both the cash position as the portion of commercial paper in the portfolio increased, to €9.57m and €18.25m respectively (vs. €5.81m and €13.5m last month). New debt instruments in the portfolio are Puratos and Eandis notes.

The quoted part of Quest's portfolio currently accounts for 47% of the portfolio, while the direct private equity investments stand at 9.82%. Capricorn and 3rd party funds respectively account for 8.96% and 4.23%.

**Our View:** It is clear that at current stock market levels, an increase vs. the YE14 NAV of €9.53 (excl. div.) seems imminent. Next to that, Quest's NAV has been supported by various capital market transactions YTD, such as Cartagena, Prosonix and Kiadis. With official NAV at €12.26 by end June, a substantial dividend payment is in reach (€2.3 DPS). One should remain cautious on stock market sentiment in 2H15, as half year results by no means guarantee similar stock markets for the remainder of the year.

**Conclusion:** Quest is able to maintain its strong NAV throughout the year, which translates in a grand cru 1H15. The portfolio became somewhat more defensive due to the Prosonix sale, but we nevertheless saw net investment activity in the listed part of the portfolio, showing confidence in today's stock markets. We increase our TP from €8.6 to €10, and go from Hold to Accumulate.