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QUEST FOR GROWTH

Difficult markets lead to €4m loss in 1H16

EQUITY INVESTMENT INSTRUMENTS

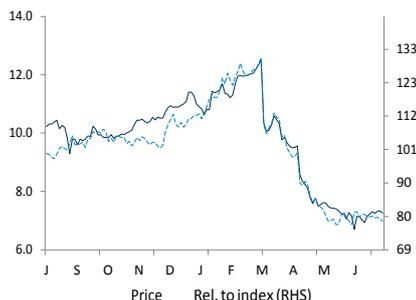
BELGIUM

CURRENT PRICE €7.26

TARGET PRICE €7.70

HOLD

RATING UNCHANGED



Source: Thomson Reuters Datastream

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

Market Cap €83.7m
 Shares outst. 11.5m
 Volume (daily) €109,299
 Free float 72.9%

Next corporate event

NAV update 16: 4 August 2016

(€m)	2013	2014	2015
Net result	18.5	8.7	37.9
Adj. net result	18.5	8.7	37.9
Basic EPS (€)	1.60	0.76	3.29
ROE	17.3%	7.9%	34.5%
Adj. eq. value	10.87	10.28	10.81
Premium/disc.	24.5%	26.0%	-5.5%
DPS (€)	1.18	0.72	3.72
Dividend yield	14.4%	9.5%	32.6%

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Quest's reported NAV per share of €8.67 by end June already signalled a 1H16 loss of €4.0m, when comparing it to the €8.93 NAV stance per end 2015 (corrected for dividend payment and capital increase). The loss compares to the 1H15 realised profit of €31m, which was particularly spurred by its unlisted investments in a supportive IPO/M&A environment. In a very difficult market environment, Quest's ROE amounted to -3.4%, and compares to a 1H15 ROE of 35%.

1H16 activity: Over 1H16, Quest's NAV discount increased, from 11% to 18%. Stock market volatility was high, and experienced weaknesses in the start (concerns global economies, esp. China) and towards the end of the half year (Brexit referendum outcome).

Amid the concerns, Quest's listed portfolio upheld operations pretty well as usually, with a 3% decline, which can be compared to the STOXX Europe 600 index and small cap indices (at -10% and -12% resp.). Biggest dogs in the portfolio were CFE (-23%), Bertrandt (-19%) and TKH (-16%). Biggest positive contributors were Umicore (+22%), Pharmagest (+20%) and Melexis (+14). Saft (+33%) recorded the strongest increase, thanks to a takeover bid of Total. Following Quest's capital increase in May, new shares were added to the portfolio: Jensen Group (BE), Kingspan (UK), Corbion (NL), Ablynx (NL) and Norma (GE).

What concerns the unquoted part of Quest's portfolio, the company participated in Avantium's capital increase in late March.

Regarding the venture funds portfolio, the most notable events were the sale of Punch Powertrain to the Chinese group Yinyi (Capricorn Cleantech Fund), and the negative test results at Nexstim (Capricorn Health-tech Fund). Both had a limited impact on Quest's NAV.

Capital increase: Quest's conducted capital increase in May yielded the company with €25.4m new capital through the issuance of 3,626,019 shares at €7. The proceeds will be deployed in all three pillars: co-investments in unquoted companies in conjunction with the Capricorn venture funds, a new commitment in the Capricorn Sustainable Chemistry Fund (successor Capricorn Cleantech Fund) and the quoted portfolio.

Outlook and conclusion: Compared to a year ago, the stock market environment did not improve at all: both the US and the EU economy are showing a more mixed picture, while the Brexit outcome might extend that period. At yesterday's closing price, we estimate Quest's NAV per share to be €8.9, at a current discount of 18.6%. Our €7.7 target price signals a 13.7% discount, and compares to a 2y average of 18.8%. We maintain our Hold rating, as the uncertain stock market environment will continue to weigh on the stock's sentiment.