

28 April 2017

THIS DOCUMENT HAS NOT BEEN PRODUCED BY KBC SECURITIES USA, INC.

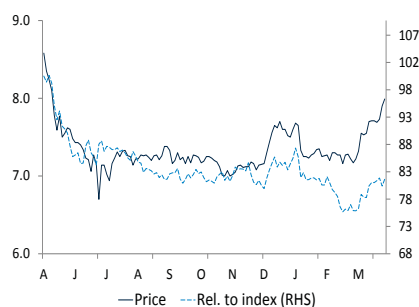
## QUEST FOR GROWTH

### Solid Q1 update

EQUITY INVESTMENT INSTRUMENTS  
BELGIUM

CURRENT PRICE €7.99  
TARGET PRICE €8.50

**HOLD**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

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

Market Cap €92.1m  
Shares outst. 11.5m  
Volume (daily) €160,070  
Free float 72.9%

Next corporate event

Results 3Q17: 26 October 2017

(€m)	2014	2015	2016
Net result	8.7	37.9	
Adj. net result	8.7	37.9	
Basic EPS (€)	0.76	3.29	
ROE	7.9%	34.5%	
Adj. eq. value	10.28	10.81	
Premium/disc.	26.0%	-5.5%	
DPS (€)	0.72	3.72	0.00
Dividend yield	9.5%	32.6%	

Cédric Duinslaeger

+32 2 429 00 55

cedric.duinslaeger@kbcsecurities.be

**News:**

Quest for growth reported an end-March NAV of €9.93 p.s., compared to €8.91 p.s. at the end of last quarter. QfG booked a result of €15.5m, compared to a loss of 3.9m in 1Q16. By the end of March it was trading at a 26% discount to the €7.33 share price. Earlier this week QfG announced several changes in its structure due to the new Privak legislation.

**Our View:**

QfG listed share portfolio has seen a strong start of FY17, riding on the overall solid Q1 stock market performance. CFE, Jensen, Group, Melexis and Technotrans (representing 10% of QfG's NAV) have seen a rise of over 20% in the last three months, Umicore (-1%) and Bertrand's (-3%) shares on the other side have slightly decreased in value. Combined the listed portfolio's gross performance lies at approximately 8%.

In 1Q17 QfG sold (13K) SAP, TKH Group (7.5K), Melexis (15K), Fresenius (7.5K), Nexus (4K), UDG Healthcare (60K), Kadis Pharma (120K), CFE (3K), Jensen Group (2.5K), Technotrans (1.6K) and increased its position in EVS (+37.5K), Gerresheimer (+70K), Andritz (+6K), Aliaxis (+6.9K), Corbion (+20K), Kingspan (+20K) and Umicore (+18K). QfG also bought some portfolio protection through DAX put options (€48.3K).

Unlisted investment Avantium raised €103m in its IPO on 15/03/17. The shares are under a 360-day lock-up and are valued in the portfolio with a 18% discount reducing monthly by 1.5%, hence having no significant impact on NAV. VC investment Ogeda (part of Capricorn Health-tech) was sold to Astellas Pharma, creating an expected positive impact of €8.6m or €0.57 per share for QfG. We recall that there is a variable amount (€300m of the total €800m) of the sale price depending on attainment of certain milestones for the product fezolinetant.

**New Privak legislation:**

Due to the new regulations regarding Private privaks, QfG has made a few structural changes, with the main items being the possibility to declare a choice dividend and management fee being set at 1% of the company share capital (currently €337,827 per quarter).

**Conclusion:**

QfG has seen a solid 1Q17. The sale of Ogeda and the positive stock market have pushed its NAV upwards. Based on yesterday's market prices we raise our target price from €8.1 to €8.5 p.s., representing a 16.5% discount to adjusted NAV of €10.14 p.s. .