Biggest ever investment and record exits

Last year Halder made its largest ever investment and made two further acquisitions. In an economic environment which continues to be weak, Halder invested € 32.3 million compared to € 21.2 million in 2001. Even though potential buyers and investors are acting cautiously and banks are still highly selective in providing financing, Halder exited six companies – more than ever before. The Group's 2002 divestment proceeds totaled € 26.2 million.

Halder, with its local teams in the Netherlands and Germany, has been specializing in management buy-outs in the small- and medium-sized enterprises (SME) sector for more than 15 years and has particular experience with family-run companies. Since its formation in the 1980s Halder has acquired interests in more than 100 companies with an aggregate investment volume of more than € 300 million.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Industry/Service Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badenia Bettcomfort GmbH &amp; Co. KG (D)</td>
<td>Duvets and pillows</td>
</tr>
<tr>
<td>Belair B.V. (NL)</td>
<td>Tour operator</td>
</tr>
<tr>
<td>Bopack N.V. (B)</td>
<td>Self-adhesive labels</td>
</tr>
<tr>
<td>Care4Data Group N.V. (B)</td>
<td>IT data media</td>
</tr>
<tr>
<td>Essanelle Hair Group AG (D)</td>
<td>Hairdresser’s salon chain</td>
</tr>
<tr>
<td>Euretco N.V. (NL)</td>
<td>Wholesale cooperative for clothes and furniture</td>
</tr>
<tr>
<td>FCS Control Systems B.V. (NL)</td>
<td>Test systems for aviation and car industry</td>
</tr>
<tr>
<td>Gealan Holding GmbH (D)</td>
<td>PVC window profiles systems</td>
</tr>
<tr>
<td>Geka-brush GmbH (D)</td>
<td>Cosmetic brushes and packs</td>
</tr>
<tr>
<td>Goffin N.V. (B)</td>
<td>Financial services</td>
</tr>
<tr>
<td>GHE (Gruppo Happich-Ellamp) S.p.A. (I)</td>
<td>Equipment parts for commercial vehicles</td>
</tr>
<tr>
<td>Konrad Hornschuch AG (D)</td>
<td>Foils, synthetic leather, laminates</td>
</tr>
<tr>
<td>Les Margerides Groupe (F)</td>
<td>Blades and accessories for lawn mowers</td>
</tr>
<tr>
<td>M&amp;G Holding B.V. (NL)</td>
<td>Flue gas systems for central heating</td>
</tr>
<tr>
<td>Meister Benelux S.A. (B)</td>
<td>Precision components</td>
</tr>
<tr>
<td>Novagraaf Holding B.V. (NL)</td>
<td>Trademarks and patents advisor</td>
</tr>
<tr>
<td>Pril B.V. (NL)</td>
<td>DIY products wholesaler</td>
</tr>
<tr>
<td>Single Temperiertechnik GmbH (D)</td>
<td>Temperature control systems</td>
</tr>
<tr>
<td>Tissage de Kalken N.V. (B)</td>
<td>Interior textiles</td>
</tr>
<tr>
<td>Wichard Groupe (F)</td>
<td>Marine hardware, precision forgings</td>
</tr>
</tbody>
</table>
Investors

AON Corporation (USA)
AXA Levensverzekeringen N.V. (NL)
BankAmerica Capital Corporation (USA)
Bedrijfspensioenfonds voor de Bouwnijverheid (NL)
Bedrijfspensioenfonds voor de Metaalindustrie (NL)
BHF-BANK AG (D)
Co-operative Insurance Society Ltd. (UK)
Dela Natura Uitvaartverzekeringen N.V. (NL)
GENERALI Verzekeringsgroep nv (NL)
Greater Manchester Pension Fund (UK)
HarbourVest Partners (USA)
IBM (Nederland) Pensioenfonds (NL)
Merseyside Pension Fund (UK)
N.V. Interpolis (NL)
Onderlinge Waarborgmaatschappij Aanvullingsfonds OZ Zorgverzekeringen U.A. (NL)
Pensioenfonds Agfa-Gevaert vzw (B)
Pensioenfonds Akzo Nobel (NL)
Pensioenfonds voor het beroepspervoer over de weg (NL)
Pensioenfonds Rabobankorganisatie (NL)
PGGM (NL)
Private Equity Holding AG - Swiss Life Private Equity Partners (CH)
ProLog Beteiligungsgesellschaft mbH (D)
Shell Pensioenfonds (NL)
Stichting Levi Lassen (NL)
Stichting Unilever Pensioenfonds “Progress” (NL)
Strathclyde Pension Fund (UK)
Verizon Asset Management Company (USA)
Market consolidation – opportunity for success

Strong consolidation trend

According to forecasts, eurozone countries cannot count on short-term economic recovery. They are not only faced with a weak global economy – experts in some European countries also point to the overdue reform of the labor market and social systems. In addition to these macroeconomic factors, the banks also play a key role. The credit policy of the banks is now generally more restrictive, which in turn increases the pressure on individual companies to restructure and on sectors of industry to consolidate.

In this environment, private equity investors are also feeling the crunch. A series of companies have already left the private equity market after their hopes of rapid success were dashed. Some companies lacked patience and knowledge of the continental European markets and their corporate cultures. However, also established investors have retreated from certain market segments – which means that fierce competition among investors has gradually weakened and the private equity environment has become quite attractive. Interest in Europe is focusing in particular on buy-outs, which have not only attracted significantly more capital than other types of transactions, but whose absolute volume has also leapt from €10.9 billion in 2001 to €17.7 billion in 2002. This represents 65% of all funds invested by private equity investors in Europe (45% in 2001).

Excellent investment opportunities

The number of SMEs looking for equity capital as part of a buy-out or expansion financing is still relatively low but remains stable for Halder during all phases of the economy – also during the recent turbulent years. The number of investment opportunities examined by Halder in the Netherlands and Germany was more than 30% higher in crisis-plagued 2002 than in 1999 when the economy was booming.

The figures are proof: a difficult economy offers opportunities.

On the one hand investors have become more risk-conscious and increasingly selective when taking investment decisions. On the other hand, business plans have sobered up substantially. The euphoric growth in the days of the New Economy is a thing of the past. The banks’ caution is supporting the move towards realistic company valuations and conservative financing.

Despite, or rather due to, the general sobriety Halder believes that this environment offers excellent investment opportunities. The consolidation pressure within some industries is also making it easier for Halder to find the market’s winners. Halder is not looking for short-term success but for the companies’ value to grow over the long term. The investments made today are structured to bear fruit over

<table>
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<tr>
<th>Key figures (in € million)</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment volume (cumulative)</td>
<td>165.6</td>
<td>203.4</td>
<td>247.2</td>
<td>268.4</td>
<td>300.7</td>
</tr>
<tr>
<td>Divestment revenues (cumulative)</td>
<td>145.4</td>
<td>186.0</td>
<td>232.0</td>
<td>233.8</td>
<td>260.0</td>
</tr>
<tr>
<td>Investments (p.a.)</td>
<td>24.1</td>
<td>37.8</td>
<td>43.8</td>
<td>21.2</td>
<td>32.3</td>
</tr>
<tr>
<td>Divestment revenues (p.a.)</td>
<td>26.1</td>
<td>40.6</td>
<td>46.0</td>
<td>1.8</td>
<td>26.2</td>
</tr>
<tr>
<td>Portfolio companies (at year-end)</td>
<td>25</td>
<td>22</td>
<td>23</td>
<td>24</td>
<td>21</td>
</tr>
</tbody>
</table>
several years, and could also receive an additional boost from an improvement in the economic climate and further market consolidation.

**Largest investment**

Halder made three investments in 2002 – one each in the Netherlands, Germany and France. The Halder Group’s largest investment to date was the acquisition of Gealan Holding GmbH, one of Europe’s most successful manufacturers of plastic window and door profiles. Gealan is growing against the trend in a market which is the subject of ongoing consolidation and which has been declining in Germany since 1995. Gealan is a typical investment for Halder. The formerly family-run group solved the problem of finding a suitable successor via a management buy-out.

At Halder’s Dutch investment, FCS Control Systems, the objective is to implement a growth strategy for the company. The former Fokker spin-off designs, develops, and implements systems to simulate force characteristics required for example by flight simulators. FCS is growing fast and is targeting the automotive industry for further expansion. At Wichard in France, Halder co-invested into another management succession solution. The MBI manager is further expanding the well-known marine hardware manufacturer’s position.

With six divestitures in a single year, Halder also broke a record. The Group sold its interests in, for example, RMF, Altrex and Tootal, thus dissolving the portfolio of the Halder III fund on schedule. The exit proceeds totaled € 26.2 million. This also includes the partial exit of the Happich Group, which is now part of the Italian-German GHE (Gruppo Happich-Ellamp) S.p.A.

**2003: Selective investment activity**

The underlying economic conditions in Europe have not changed compared to 2002. On the contrary, economists and politicians have downscaled their economic growth forecasts further. The market is still being forced to take a defensive stance and Halder will continue its strategy of making investments in profitable companies – and will capitalize on its experience in investing in well-established family companies. Halder believes that it has excellent opportunities for increasing its investment activities in view of the consolidation trend in a number of industry sectors.
Halder buy-out fund for Germany

Halder is in the process of launching a buy-out fund for Germany which will focus on family owned SMEs. The fund’s target size is €150 million. The fund has been set up for ten years – allowing Halder to continue its tried-and-trusted strategy on the German market.

Investors can benefit from and with Halder – because Halder has experience and success in investing in family-run SMEs.

In Germany there are more than 11,000 primarily family-run companies with sales ranging from €25 million to €125 million. For many years this potential has spurred equity investors to look into the German market. However, as yet any hopes of finding large number of transactions have regularly been disappointed. The German market continues to be regarded as difficult to enter given the patience and persistence required to gain acceptance by the Mittelstand companies and their advisors. In spite of this, however, Halder has been able to invest in SMEs every year since starting activities in Germany in 1991 has continuously divested portfolio companies successfully.

During the course of more than a decade, Halder invested in 46 companies with its Halder III and IV funds, of which 26 were based in Benelux, 17 in Germany and 3 in France. 74% of these investments were buy-outs, and half of these were acquisitions of family companies. This means that Halder has a strong affinity with these companies’ specific culture and also knows how to ensure that they remain successful once they change hands.

The private equity culture in Germany is still not as well developed as it is in the Netherlands or the United Kingdom. At the same time it is becoming more and more important as the banks’ increasingly restrictive credit policies and the far-reaching corrections on the equity markets are forcing SMEs to change – including in the way they finance their business and obtain capital.
The way Halder works

Ownership succession, expansion and spin-offs

Halder provides medium-sized businesses with equity capital. Its focus is on firms with positive earnings and sales of between € 20 million and € 200 million, which are run by a professional management team. Usually, management holds a stake in the company. Investments are geared towards expansion financing, ownership succession, the spin-off of business divisions from large companies or other changes in the shareholder structure.

MBOs

Many investments take the form of a management buy-out. The total size of such transactions may reach € 150 million, with Halder providing up to € 30 million in equity capital. For larger transactions, Halder works with co-investors.

Long-term goals

The investment objective is to increase the portfolio company’s value over the long term. Halder puts no emphasis on current return such as dividend payments.

Advice based on experience

In addition to providing equity capital as a financial investor, Halder supports portfolio companies with advice and know-how gained from investing in more than 100 companies. Typically, Halder is represented on the Supervisory Board, but does not interfere in day-to-day management.

Active since 1983, Halder is part of the Euronext-listed GIMV-group since 2000. GIMV is Belgium’s most important venture capital provider and also an international market player. As per 31 December 2002, GIMV’s consolidated equity capital amounted to € 602.0 million and its net asset value to € 819.2 million. Within the GIMV-group, Halder is the specialist for mid-market buy-outs.

Mutual interests

In management buy-outs, the existing management takes ownership in the company in which they are employed by investing capital together with Halder.

Investment managers at Halder commit personal capital to every investment – thus ensuring parallel interests of all parties to the investment.

Portfolio structure by country

- Germany 51%
- Netherlands 25%
- Belgium 19%
- Others 5%

Basis: Capital invested
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