



### IN THIS EDITION

#### 1 President's Letter

Dirk Boogmans

#### 2 New BVA Members

BVA Agenda 2005  
Benelux Venture Capital Summit

#### 3 FillFactory: a snapshot of one of the most successful European VC exits in 2004

By Marc Lambrechts

#### 5 News from our members

#### 10 BVA – Seminars

## President's Letter

Dear friends

The year 2005 is already a few months old. For our sector this year should bring a confirmation of the market upturn we experienced last year.

The 2005 figures of which we dispose, show that the sector is gradually moving out of the difficult period. This can be seen at the level of investments carried out, as well as on the level of return achieved.

Even in the venture capital area we notice a slight improvement. The early stage investments nevertheless remain somewhat worrying. These investments are of great importance if we want to ensure our economical growth. Our politicians seem to have understood this message. On the federal as well as on the regional level initiatives were announced to provide additional means for innovation and more specifically seed financing. We are happy to see that the different governments finally show their interest.

Let's hope however that the implementation will happen soon and that these initiatives will be coordinated sufficiently with our sector as well.

These initiatives must be directed primarily towards those activities which are complimentary to the private sector.

We are also happy that, after having been announced for several years, the ARKImedes project can be launched in Flanders. The large number of candidates from the sector show that this initiative can without a doubt bring a contribution to the offer of private equity and venture capital in Flanders.

BVA.news is the Belgian Venturing Association's newsletter; it appears three times a year.

Your suggestions, remarks and questions are more than welcome: please email them to [info@bva.be](mailto:info@bva.be)

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In the future the BVA wants to profile itself even more as the representative of our sector on all levels. It is within that framework that we have reacted to the code Buysse for private companies. As a professional organization we have an interest in having the best possible corporate governance within our investee companies. Hence we want to support this code Buysse as much as possible and we have made some suggestions for improvement starting from the experience of our members.

Finally I wish to invite every member to attend the activities of the BVA. After all, they are organized for all members. We also invite you to forward us all suggestions regarding specific themes that could be treated in the future.

Dirk Boogmans

## New BVA Members

The BVA is pleased to welcome 3 new full members:

- **ARKimedes:** Hooikaai 55  
1000 Brussels  
Mr. Thomas Fiers  
Tel. +32 (0)2 229 52 43
- **Sydes:** Gossetlaan 32  
1702 Groot-Bijgaarden  
Mr. Marc Appel  
Tel. +32 (0)2 467 49 20
- **Synapsis:** Avenue Reine Astrid 92  
1310 La Hulpe  
Mrs. Nathalie Engels  
Tel. +32 (0)2 655 00 00

## BVA Agenda 2005

- May**
  - Tuesday, 31 May  
Workshop 'The relationship Investor-Management'
- June**
  - Wednesday, 8 June  
BM + PM (10.00 @ De Warande)
  - Thursday, 9 June  
Annual BVA Press Conference
- September**
  - Wednesday, 7 September  
BM + PM (10.00 @ De Warande)
  - casual day
- October**
  - Workshop 3
- November**
  - Wednesday, 9 November  
BM (10.00 @ Tiberghien)
  - Workshop 4
- December**
  - Wednesday, 7 December  
BM + PM (10.00 @ De Warande)

## Benelux Venture Capital Summit

On **February 16** the **4th Benelux Venture Capital Summit** was held at the KBC Offices in Brussels. We would like to thank all the participants in the preparation and the panel discussions, as well as all the sponsors for making it a real success. The Summit's spirit reflected the renewed optimism that has entered our sector.

We are proud to announce that the **5th Benelux Venture Capital Summit** will be held On **February 22, 2006**, in the KBC Offices, Havenlaan 2, 1000 Brussels. As usual, the Summit will be co-organized between Europe Unlimited and the BVA.

Continued on page 10

# FillFactory: a snapshot of one of the most successful European VC exits in 2004

**Marc Lambrechts**

*Senior Investment Manager Capricorn Venture Partners*

On August 4, 2004 FillFactory NV was acquired by Cypress Semiconductor (NYSE: CY) for a total transaction value of USD 100 million. This transaction ranks in the top 12 M&A deals of technology-based venture-backed companies of 2004 and provides venture-grade returns to all its shareholders.

The following table – based on research from Prelude Trust in the VentureSource database, press releases of the respective companies and estimates of investor return – highlights the superior performance of this Belgian company. Its success story is the result of the hard work and perseverance of the FillFactory management and personnel, supported by its investors and advisors and more specifically the BVA members IT-Partners, Capricorn Venture Partners, ING, Deloitte and indirectly Linklaters.

	<i>Company</i>	<i>Origin</i>	<i>Acquirer</i>	<i>Date</i>	<i>Transaction Value</i>	<i>Estimate of cumulated venture financing</i>	<i>Reported VC returns</i>
1	Kelkoo	France	Yahoo	Mar-04	\$ 579M	\$ 31M	6x
2	KVS	UK	Veritas	Sep-04	\$ 225M	\$ 37M	
3	SuSE	Germany	Novell	Jan-04	\$ 210M	\$ 30-60M	
4	Active Hotels	UK	Priceline.com	Sep-04	\$ 161M	£ 3.7M	10.5x
5	Alphamosaic	UK	Broadcom	Sep-04	\$ 123M	\$ 31.4M	2.5x - 3.7x
6	Element5	Germany	Digital River	Apr-04	\$ 120M	NA	
7	FillFactory	Belgium	Cypress	Aug-04	\$ 100M	€ 5.6M	10x, IRR 80%
8	Magic4	UK	Openwave	Aug-04	\$ 83M	\$ 13.8	6x
9	Microcell	Finland	Flextronics	Jan-04	\$ 80M	NA	
10	Eontec	Ireland	Siebel	Apr-04	\$ 70M	\$ 35M	
11	DRI	UK	Invitrogen	Oct-04	\$ 65M	\$ 16M	2.5x
12	Spine Next	France	Abbott Labs	Oct-04	\$ 60M	\$ 12M	

## *A short investor perspective history*

FillFactory NV (Mechelen) was established in December 1999 as a spin-off of IMEC, a world-leading independent research centre in nanoelectronics and nanotechnology based in Leuven.

FillFactory develops, produces and markets a variety of high-performance custom-designed and standard products for some of the industry's most advanced digital photography, high-speed imaging, machine vision and automotive applications, all based on patented technologies and know-how built up over more than 15 years.

In actual fact, the research on image sensors goes back to 1975, when Gilbert Declerk, now President and CEO of IMEC, started research activities in the field of charge-coupled devices at the ESAT laboratories of the K.U. Leuven. The CCD activities within ESAT subsequently were transferred to IMEC, when IMEC itself was started in 1984.

In the mid-eighties, Bart Dierickx, currently the CTO of FillFactory, started the development of CMOS imagers at IMEC. His research resulted in a first generation of CMOS imagers known as the FUGA generation, first introduced in 1987 for applications in the field of high-energy physics. In 1994, the research of the imager group resulted in the FUGA15, a 512x512 logarithmic pixel random-access imager. In 1996, a 4-megapixel FUGA22 for machine vision was developed, which, with its 12 million transistors, was most likely the largest ASIC at that time. In March 1996, C-CAM Technologies NV was incorporated with the objective to distribute the FUGA series of image sensors, while research continued at IMEC. However, the company failed and went out of business in early 1999.

In 1997, a new generation of sensors, the IBIS integrating active pixel imager with fill factor enhancement technology was introduced by IMEC. This technological breakthrough is the foundation of FillFactory's success. To commercialise this technology and to spin-out the

entire image sensor group from IMEC, Luc De Mey, an entrepreneur external to IMEC, was attracted. In cooperation with Lou Hermans, VP Sales and Marketing at FillFactory, who at that time was one of the people responsible for business development within IMEC, Luc wrote a new business plan and initiated the -at that time difficult- search for investors.

In December 1999, FillFactory NV was incorporated by its founders and in the beginning of 2000 a first venture capital round was closed. FillFactory's initial capitalization amounted to approximately BEF 183 million / € 4.5 million. The round was led by IT-Partners (Paul Verdurme) and Prelude Trust PLC (Robert Hook). The other investors included the funds advised by Capricorn Venture Partners, Partners @ Venture, Dow Ventures and MCC Sofipa. Jointly, the investors contributed to this round with an investment of € 3.7 million and all patents, the active projects, know-how and goodwill were contributed by IMEC in kind for a value of € 750,000. Moreover, the management made an additional investment at the same terms and conditions. The entire IMEC team working on image sensors joined FillFactory from day one.

In the period that followed, FillFactory realised several "first-in-the-world" milestones; a sample:

- November 2000: the gigapixel per second barrier is broken: FillFactory realises a 1000 frames/s 1024x1024 pixel imager with synchronous shutter;
- September 2002: Kodak announces the DCS Pro 14n digital SLR camera at Photokina, equipped with a FillFactory 14 megapixel 35mm sensor, an industry record at the time;
- November 2002: a two gigapixel per second imager, the 800 x 600 x 4800Hz sensor for VRI's Phantom V7.0 camera;
- February 2004: the new Kodak's DCS Pro SLR 35 mm professional camera incorporates a newly developed 14 megapixel sensor with improved performance. This camera is made available with a Nikon or a Canon lens mount.

In the years that follow, the company continues to grow and systematically achieves or outperforms its business plan. Some numbers: the company started with 11 employees and in 2000, the first year of its existence, FillFactory achieved a revenue of € 2.5 million. In 2003 the company grew to a revenue of € 17.7 million with 42 people. FillFactory realised in that year an EBIT of € 2.4 million.

For a start-up, FillFactory could present strong financials and a healthy and well-managed cash position. At the moment the Kodak project went into production (Q1-2003), FillFactory needed additional working capital, which FillFactory's bank (ING) was prepared to provide in the form of a loan, under the condition that the shareholders of the company contributed an additional € 1.8 million. This contribution was structured as a loan that was converted with interest into equity in Q4-2003.

This need for working capital triggered the discussion on FillFactory's strategic options and, after a beauty parade of a selected group of advisors in June 2003, ING Corporate Finance in London was retained to review Fillfactory's strategic alternatives. This ultimately resulted in the trade sale of FillFactory to Cypress, which will be discussed below.

### *The FillFactory business model explained*

FillFactory offers to its customers a mix of solutions: design services, production of custom imagers or off-the-shelf components.

The business model of FillFactory is well-tuned to the design cycle for an image sensor. This design cycle can be simplified as follows:

1. specification according to customer requirements
2. design of the specific sensor
3. test production
4. qualification of the test sensor in cooperation with the customer
5. volume production at a wafer fab
6. packaging
7. testing and quality assurance
8. delivery to the customer

FillFactory is renowned for its custom designs with multi-megapixel resolution, extended dynamic range and very high readout speeds. Revenue is generated by selling a high-margin project executed by the FillFactory design engineers, followed by a recurrent stream of license-based fees from the moment the customer takes the imager into volume production. The high-margin and volume-based license fee is justified by the strong patented key technology required to realise quality image sensors with a.o. a very high fill factor (i.e. the surface of the sensor which is sensitive to light).

Continued on page 11

**News from our members**

17 November 2004

**Norkom Technologies acquires European risk management firm DATA4S**

*Consolidation of two European players establishes Norkom as the leading European provider of Risk Management, Compliance & Financial Crime solutions for the Financial Services sector.*

Norkom Technologies and DATA4s announced a definitive agreement under which Norkom acquires all DATA4s shares. Under the terms of the deal the acquisition of DATA4S was primarily paid for through new shares from Norkom. The new combined entity will operate under the Norkom name and brand. This transaction joins two of the strongest-performing companies in enterprise risk management and compliance software, with highly complementary products, distribution channels, and talent pools.

**Contact:** Jo Breesch  
Tel. 0032-3-443.02.40

1 December 2004

**Sowalfin Business Angel Guarantee scheme**

Business Angels' utility in the financing and support of young companies with a strong potential, creating high added value and new employments results from a diagnosis, made in Belgium and in Europe in general, of a market's deficiency to finance start up's as well as of a lack of management capacity and experience of young entrepreneurs.

Access to financing means is the essential condition with companies' creation and development, and more generally with entrepreneurship's growth. It often remains the main barrier for new entrepreneurs and small and medium-sized companies in development or growing phase. It is thus complementarily and in coordination with the usual financing means considered by the entrepreneurs that the Business angel finds his place.

Within this framework, in order to increase the granting but also the intensity of these private financings, an envelope of 13 million euros intended to partially guarantee investments (capital or subordinated loan) made by Business Angels in SME amounting to between EUR 25.000 and EUR 150.000 has been dedicated by SOWALFIN to this guarantee scheme. The guarantee partially covers the final loss of the Business Angel (in case of bankruptcy or liquidation of the company) during 5 years following the investment as follows:

Year 1: 50%  
Year 2: 50%  
Year 3: 50%  
Year 4: 40%  
Year 5: 30%

The commission due by the Business Angel amounts to 5% of the investment if paid in once or to 1.25% of the investment during five years if paid annually.

Taking into account the average level of investments made in SME by Business Angels, this measure would allow the concretization of approximately 250 projects (this number is not an ultimate goal in itself) on a 10 years horizon.

The new guarantee scheme should involve an increase in the invested amounts and especially in the number of financed companies. This financial leverage (and not a simple reduction of the investors' risk) has to be considered as the first measure's objective. Our wish in the implementation of this guarantee scheme is to work in harmony with the Business Angels networks on projects with high added value in Wallonia according to working methods uniformly defined in dialogue with our partners who are the Business Angels networks.

As of today, a general agreement has already been signed with three Business Angels Networks investing in Wallonia. Contacts with other networks should eventually lead to further agreements in the coming weeks.

**Contact:** Jean-Pierre Di Bartolomeo  
Tel. 0032-4-230.57.74

8 December 2004

**GIMV subsidiary Halder sells stake in Gealan to AXA Private Equity and realises capital gain of 79 million euro**

GIMV announces that its Halder subsidiary in Germany has sold its stake in Gealan through a secondary buy-out to several funds advised by Axa Private Equity. On November 16th GIMV already announced that it was negotiating on a partial or full realization of its German Gealan investment. The transaction is now concluded but is still subject to approval of the German anti-trust authorities. GIMV will reinvest a small amount for a 10% stake in the new buyout company.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

22 December 2004

## Sale of participation in Gealan approved by German anti-trust authorities

GIMV announces that the German anti-trust authorities have given their approval on the sale of its stake in Gealan. Through its Halder subsidiary in Germany GIMV had sold its stake in Gealan through a secondary buy-out to several funds advised by Axa Private Equity. The transaction is approved and GIMV received the proceeds, which confirms the sale and allows GIMV to realize the net capital gain of 79.0 million euro in the financial year 2004. The sale will raise GIMV's net asset value by 34.6 million euro (or 1.49 euro per GIMV share) compared to the net asset value published on November 26th 2004.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

5 January 2005

## LBO fund Platina Limited Partnership acquires 60% stake in Mikit France

Mikit France is the country's leading builder of individual houses «ready-to-finish» through its 120-strong franchise network. To accelerate its strong growth of recent years, it has partnered with LBO fund Platina Limited Partnership, advised by Platina Finance Ltd.

The present transaction amounted to around EUR 20m. Maurice Penaruiz retains a 40% interest in the acquisition vehicle, Domosys SAS, of which he is the CEO, and Platina has the remaining 60%. Domosys SAS holds 100% of the equity of Mikit France. EUR 10.4m LBO debt was arranged and underwritten by Crédit Agricole Centre Loire (Thierry Ottan).

**Contact:** Karim Dhanani  
Tel. 0044-20-7467 3190

6 January 2005

## Johan Buyle joins the Belgian office (Antwerp) of AlInvest Partners

On 3 January 2005, Johan Buyle joined the Antwerp office of AlInvest Partners as senior investment manager for the buy out activities. In this capacity, Johan will focus on buyout opportunities of Belgian mid market companies. Johan gained corporate banking and acquisition finance experience while working for 14 years for the Generale Bank/Fortis Group. In his last job before joining AlInvest Partners, Johan was Deputy Director Global Metals Industry leading a team of 10 professionals based in various offices throughout Europe. Before, he was senior manager Acquisition Finance, involved in the financing of various European buy out transactions including the acquisition of the UCB spin-off 'Taminco' (a Belgian chemical company now majority owned by AlInvest Partners). Johan holds a Masters Degree in Applied Economics from the University of Antwerp. He also completed a number of specialized (post graduate) courses including Financial Management at the EHSAL European University College Brussels.

**Contact:** Hilde Famaey  
Tel. 0032-3-286.99.30

6 January 2005

## GIMV et Chris De Wolf invest in Management Buy-In of Rejo cva and Pellicula nv

Rejo and Pellicula, respectively producers of seasonings and food ingredients for the meat industry, have been acquired by buy-in manager Chris De Wolf and investment company GIMV. The two enterprises' complementarity and Chris De Wolf's know-how create new opportunities for the new group, under the name of SFINC.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

14 January 2005

## GIMV and Uni-Venture invest in first capital round of Austrian MEDIORNET

GIMV and Uni-Venture together concluded the first capital round, totalling 1.5 million euro, of the Austrian company MEDIORNET GmbH. GIMV participated as lead investor with an investment of 1 million euro while co-investor Uni-Venture invested 0.5 million euro.



### Origo Management

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Email: info@origomanagement.be • www.origomanagement.be

MEDIORNET GmbH is an early-stage Multimedia Technology company, which was created in 2003, and focuses on access, switching and transport systems for the professional multimedia market. MEDIORNET GmbH will use the funds of this capital round for its further product and market development.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

17 January 2005

## **GIMV acquires Dutch Geveke Werktuigbouw and Belgian Proquip and Geveke Climate Technology through management buy-out**

GIMV announces that its Dutch business unit Corporate Investment Netherlands (Halder) has acquired Geveke Werktuigbouw BV, Proquip NV and Geveke Climate Technology NV through a management buy-out together with the present management team. The 3 companies will be fully owned by GIMV and the management team. No financial details on this transaction will be published.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

17 January 2005

## **Theo Dilissen joins Advisory Board of Waterland Private Equity Investments**

Waterland Private Equity Investments reinforces its Advisory Board with Mr Theo Dilissen, current Chairman of Belgian telecoms group Belgacom.

**Contact:** Theo Dilissen  
Tel. 0032-3-218.21.36

20 January 2005

## **GIMV ICT reacts to growing demand for early stage capital**

The venture capital market for ICT investments continued its recovery in 2004. Two clear signs of this recovery are the growing demand for capital for early stage ICT companies and the reviving exit market, primarily via mergers and acquisitions. GIMV ICT took advantage of this trend to invest in 2004 in four early stage companies. At the same time GIMV sold its participations in IP GlobalCare, Option and Telos Technology.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

26 January 2005

## **Gevaert neemt participatie in Mapper Lithography**

De Antwerpse investeringsvennootschap Gevaert NV maakt bekend dat ze eind vorig jaar een beperkte participatie heeft genomen in het Nederlandse Mapper Lithography B.V. Mapper werd opgericht in de periferie van de Technische Universiteit Delft. Het bedrijf ontwikkelt nieuwe technologie die beantwoordt aan de verderschrijdende schaalverkleining in de chip-productie. De oplossingen van Mapper bieden over enige jaren mogelijk een alternatief voor de klassieke productiemethoden die stilaan op hun technische grenzen botsen. Mapper sloot eind vorig jaar een nieuwe financieringsronde met succes af. "De marktvalidatie van de technologie van Mapper begint stilaan vorm te krijgen. Daarnaast onderscheidt Mapper zich van alternatieve spelers door zijn professionele organisatie en management.", aldus Bart Van Aelst, Senior Investment Manager bij Gevaert

**Contact:** Bart Van Aelst  
Tel. 0032-3-443.02.21

26 January 2005

## **Wim Haring**

Per January 1, 2005 Wim Haring has been promoted to investment director with Waterland Private Equity Investments.

As investment manager with the firm he shared responsibility for the Waterland investments is a.o. funeral services, receivables management and care-/retirement homes.

**Contact:** Wim Haring  
Tel. 0031-35-694.16.80

26 January 2005

## **GIMV achieves record profit of EUR 272.5 million in 2004**

For 2004 GIMV achieved very strong results with a net profit (limited consolidation – part of the group) of EUR 272.5 million. This figure reflects the successful sale of a number of shareholdings making use of favourable market conditions. During the year 2004 GIMV sold its stake in Barco, BMT, Crucell, Deme, Exelixis, Gealan, Macrae Food Group, Kazintel, Kinopolis, Option, Telos Technology and others for a total net capital gain of

EUR 303.4 million. Net write-downs on the portfolio in 2004 amounted to EUR 13.7 million. During 2004 GIMV invested EUR 93.9 million, mainly in new participations. Since the beginning of 2005, GIMV has already invested EUR 10.2 million. It also had a successful final closing of its Halder-GIMV Germany fund at EUR 155 million, with GIMV itself investing EUR 34 million.

The Board of Directors will propose an additional dividend of EUR 1.65 to the General Shareholders' Meeting. This is 11,5% higher than the dividend of EUR 1.48 euro, which GIMV paid during the 2004 calendar year.

GIMV's net asset value at 31 December 2004 amounted to EUR 986.6 million or EUR 42.57 per share. Compared to its share price of EUR 37.52 on 31 December 2004, the GIMV share is trading at an 11.9% discount.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

26 January 2005

### **Lex Douze**

Per January 1, 2005 Lex Douze has been promoted to principal with Waterland Private Equity Investments. As investment director with the firm he shared responsibility for the Waterland investments is a.o. Adventure Travel, Financial Staffing and mobile SMS Services.

**Contact:** Lex Douze  
Tel. 0031-35-694.16.80

9 February 2005

### **S.R.I.B. / BRUFICOM successfully completes offering of shares in MOBISTAR**

S.R.I.B. / BRUFICOM announces that today it successfully completed the offering of 1.94 million shares of MOBISTAR by way of an accelerated bookbuild. The shares were offered to institutional investors in Belgium and internationally in the form of a private placement. The size of the offering represents the entire holding of S.R.I.B. / BRUFICOM which is equivalent to 3.06% of shares outstanding. The final offer price was set at EUR 67.0.

**Contact:** Eddy Van Gelder  
Tel. 0032-2-548.22.11

16 February 2005

### **Gevaert verstrekt groeifinanciering aan MSP**

De Antwerpse investeringsvennootschap Gevaert NV tekent in op een achtergestelde obligatielening van 2 miljoen EUR van het informaticadienstenbedrijf MSP uit Kontich. Gevaert verwerft tevens het recht om in een latere fase toe te treden tot het kapitaal van MSP. Door een financiële partner aan te trekken, wenst MSP zich klaar te maken om een nieuwe fase in haar groei aan te vatten. De markt van de informaticadiensten komt uit een diep dal, maar alleen de sterkere spelers zijn goed geplaatst om op duurzame wijze van het herstel in de sector te profiteren.

**Contact:** Jo Breesch  
Tel. 0032-3-443.02.40

4 March 2005

### **Philippe Vercruyssen and Didier Guennoc join Origo Management**

Origo Management has expanded its team with Philippe Vercruyssen and Didier Guennoc.

Philippe Vercruyssen has 10 years of experience in the Venture Capital and Private Equity sector, first as a Senior Investment Manager at Fortis Private Equity and later as the Head of US investments for FLV Fund, where he was responsible for the fund's US operations. He also held positions at Spector Photo Group and Accenture.

Didier Guennoc comes from EVCA where he developed and led both the public affairs and research departments. He dealt with the measurement of the performance of European funds and various public affairs issues, including the campaign triggered by the Basel II Accord. At Origo, Didier will focus on advising General Partners on their investor relations and Limited Partners on their asset allocation strategy. Didier will also continue to advise EVCA in different areas.

**Contact:** Philippe Vercruyssen  
Tel. +32-(0)15-29 70 02  
Didier Guennoc  
Tel. +32-(0)15-29 70 03

10 March 2005

## **GIMV sells its stake in LMS International**

GIMV announces that it has now fully sold its stake in LMS International. This sale follows a partial exit in September 2004. The transition to IFRS means that this transaction will not impact GIMV's 2005 earnings.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

17 March 2005

## **Key figures of the statutory consolidation for the 2004 financial year**

In addition to the figures of its limited consolidation, GIMV also publishes those of the statutory legal consolidation. In this way GIMV produces two sets of consolidated annual accounts. The primary difference between the two consolidations resides in the fact that a number of participations – in 2004 Barco NV, Konrad Hornschuch AG and Gealan Holding GmbH – are accounted for in the legal consolidation using the equity method. In this way the investment is included for an amount corresponding to the share in the equity to which the shareholding is entitled, after eliminating any dividends. GIMV's share in the earnings of these companies is shown under 'Share in the result of companies accounted for by the equity method - profits (losses) account'. In the limited consolidation, the same companies are recorded at acquisition value. The net group profit reported by the limited consolidation method amounts to 272.5 euros million, by the legal consolidation method it is 222.0 million euros.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

17 March 2005

## **E-Capital investeert in Gevaert Bandweverij NV, textielonderneming actief als bandweverij voor de kledingsector**

GEVAERT BANDWEVERIJ, opgericht in 1899, is een producent van (niet-)elastische textielbanden voor de kledingsector en de industrie (technisch textiel). De belangrijkste productgroepen zijn centuurband, bretelband, textielband voor mannenondergoed en broeksband. De onderneming is gevestigd in Deinze, en meer dan 90% van de omzet wordt gerealiseerd in het buitenland. Door de ontwikkeling van nieuwe

producten, sectoren en afzetmarkten heeft de onderneming een omzetgroei gerealiseerd van meer dan 80% over de laatste vier jaren.

De bestaande privé-aandeelhouders van Gevaert Bandweverij hebben, ter ondersteuning van de verdere groei en ter voorbereiding van de verdere toekomst en opvolging, E-Capital laten toetreden tot het kapitaal van de onderneming. E-Capital heeft duidelijk de ambitie om Gevaert Bandweverij financieel en zakelijk te ondersteunen om de verdere verwachte omzetgroei te realiseren in de bestaande producten evenals in nieuwe productontwikkelingen.

**Contact:** Eric van Zuijlen  
Tel. 0032-2-642.20.01

11 April 2005

## **GIMV invests USD 10 million in Israeli venture capital fund Genesis Partners III**

GIMV announces that it has committed USD 10 million to Genesis Partners III. The Israeli based fund focuses on ICT start-ups in Israel. Furthermore GIMV will allocate another USD 10 million for co-investment opportunities together with the fund. This investment reflects the first steps of GIMV on the high potential Israeli VC market.

**Contact:** Frank De Leenheer  
Tel. 0032-3-290.22.90

11 April 2005

## **PwC announces the publication of a guide on Private Equity in Belgium**

The aim of this book is to share with the reader the insights of the PricewaterhouseCoopers M&A team into the complex and frequently perplexing range of permutations and factors that play a role in the decision-making processes surrounding a buy-out deal, highlighting the pitfalls and boons that each can offer.

This booklet can only be applied for via the website w and is not available in bookshops.

14 April 2005

## GIMV invests 7 million euros in the 20-million-euro funding round for technology company Metris in Leuven

GIMV invests 7 million euros in Metris, a spin-off from the Catholic University of Leuven (KUL). GIMV's investment is part of 20 million euros new funding. Beside GIMV as lead investor, other current shareholders of Metris also participate.

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## Rudy De Hainaut en Gevaert verwerven De Facto Image Building

Rudy De Hainaut en Gevaert hebben de acquisitie afgerond van De Facto Image Building, een gespecialiseerd bureau in creatieve en efficiënte HR-communicatie. Rudy De Hainaut wordt de nieuwe gedelegeerd bestuurder van De Facto Image Building. Gevaert zal als financiële partner het bedrijf en het management ondersteunen. De nieuwe aandeelhouders hebben de intentie om het bestaande team te behouden en selectief uit te breiden en te versterken. Rudy De Hainaut en Gevaert wensen De Facto Image Building uit te bouwen tot een leidende groep binnen het communicatie-en servicemarketinglandschap. De acquisitie van gespecialiseerde nichespelers staat daarbij hoog op de prioriteitenlijst.

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We hope that next year's Summit will be as highly appreciated as this year's was. We are looking forward to welcoming you there, so **SAVE THE DATE!**

Anybody who is willing to participate in the preparation, take part in the Advisory Board, or has suggestions on the content or potential speakers, please contact Peter Van den Brande (p).

### BVA – Seminars

On **April 14**, the BVA and KPMG Corporate Finance organized a workshop on the new **International Valuation Guidelines for Venture Capital and Private Equity**, developed by EVCA, AFIC and BVCA. These guidelines replace the former EVCA Valuation Guidelines for reporting periods starting January 1, 2005. **Didier Guennoc** first explained the changes to the guidelines, after which **Koen Fierens** and **Jorn De Neve** illustrated these changes on five cases.

The next workshop will be held on **May 31**, 2005 at the GIMV offices in Antwerp. It will deal with the relationship between the investor and the portfolio companies' management. **Philippe Lowette**, an recognized expert on board room dynamics, will lead the workshop. The workshop will start at 18h00.

Continued from page 4

## FillFactory: a snapshot of one of the most successful European VC exits in 2004

With its proprietary know-how and technology, FillFactory produces CMOS (complementary metal oxide semiconductor) image sensors with a picture quality equal to or better than the conventional CCD (charge coupled device) chips, and with all the advantages of CMOS technology, including lower power consumption, lower production costs and integration of electronic functions together with the sensor on one chip.

Before the acquisition, FillFactory chose not to address the consumer-oriented market segments, but rather to focus on the high-end market by offering to its customers design capabilities for specific highly demanding market needs as encountered in the medical market, machine vision, space, science, automotive and professional photography applications.

After the design phase, FillFactory itself can take care of the production and supply of the imagers or, in the case the customer itself decides to take care of the production, FillFactory can count on additional licence fees per sensor. For specific applications such as imagers for the medical market, FillFactory supplies subsystems or modules based on their imagers, including optics.

In this way, FillFactory is active in the complete cycle, from specification to delivery. The team works in close cooperation with wafer fabs such as X-Fab, TSMC, AMIS and Tower Semiconductor and other specialised packaging companies for the production of the CMOS imagers.

Based on its vast experience, the company has also developed a range of off-the-shelf standard image sensors that are incorporated by camera builders into their products and are distributed internationally via a network of distributors.

Initially the revenue mix consisted mainly of custom designs. At the end of 2003, however 35% of revenue came from custom nonrecurring engineering projects, more than 50% of the revenue was derived from custom imager production and 15% from off-the-shelf components.

With the acquisition by Cypress, the company's business model will be extended with sensors for mass markets such as cell phones and for automotive applications. As announced in an investor presentation by Cypress at the end of 2004, the revenue of image sensors within Cypress

is expected to increase from \$40 M in 2004 to \$200 million in 2008.

### *On the FillFactory – Cypress transaction*

As mentioned earlier, in the summer of 2003, ING Corporate Finance (Xavier Moreels and Nigel Daly) was retained to review FillFactory's strategic alternatives. The different options included a 'business as usual' scenario, an accelerated growth scenario requiring an additional financing round (internal, external or by strategic investor) or a trade sale. After thorough analysis, the option for a trade sale was chosen by the shareholders and the management as the preferred one, with the accelerated growth option as an approved back-up scenario. ING Corporate Finance acted as sole financial adviser to FillFactory's shareholders and organised a controlled auction resulting in several attractive offers for the company. A selective and well-researched group of potential acquirers was contacted, such as companies active in CCD imagers and in semiconductors, camera manufacturers and players in the industrial vision or medical fields.

The best fit was found with Cypress Semiconductor. The process for making CMOS imagers is highly similar to that of manufacturing memories, one of the products of the foundries of Cypress. In addition, Cypress is active in the cell phone and automotive markets, two market segments expected to benefit from an increased use of CMOS imagers at an annual growth rate of more than 40% through 2008. The goal of the acquisition is to complement the high-end activities of FillFactory with consumer-driven volume markets supported by Cypress low-cost high-volume manufacturing capabilities and world-wide sales and marketing channels.

The acquisition was announced on June 22, 2004 and closed on August 4, 2004 for a total cash consideration of USD 100 million. Baker & McKenzie (Peter Leys) acted as the legal advisor for the FillFactory shareholders and Wilson Sonsini Goodrich & Rosati (Todd Cleary) as the outside counsel for Cypress Semiconductor, locally supported by Linklaters. The auditor of FillFactory is Geert Verstraeten from Deloitte & Partners.

As reported by Prelude Ventures -who invested at the same term and conditions as IT Partners, Partners@Venture and

the funds advised by Capricorn Venture Partners- in their press-release, a multiple of more than ten times its investment and an IRR of 80% per annum was realised. As is customary for this type of transaction, a small part of the proceeds are kept in escrow as guarantee for the representations and warranties given.

From an investors point of view, we believe that in addition to the excellent performance of the management team and the FillFactory personnel, this stellar accomplishment can be attributed to the following success factors:

- Its focus on diversified high-end markets made the company less sensitive to the typical cycles in the microelectronics industry;
- A unique business model based on a high-margin project business with recurrent revenue potential, moving over time to a fabless company with unique in-house testing and quality assurance;
- A strong patent portfolio contributed in kind by IMEC at the start, subsequently strengthened with own research;
- The rapid bootstrapping by the active projects transferred from IMEC to FillFactory;
- Solid financials and a strong cash position.

Some potential deal breakers encountered are also worth mentioning, as lessons for the future:

- FillFactory was Cypress' first acquisition in Europe. This burdened the acquirer with a lot of legal concerns, resulting in delays in the closing process and hence nervousness within the FillFactory shareholders group;
- Some customer contracts, containing change of control clauses, required renegotiation with the customer before final closing.

### *Post-closing events and after-sales service*

Each VC exit begs the question: "did we sell at the right time and at right price?" In this context, it is interesting to note that after the closing in August 2004 the competitive landscape changed substantially:

- On August 24, 2004, Eastman Kodak Company purchased the CMOS imaging business of National Semiconductor;
- On September 16, 2004, Eastman Kodak Company and IBM announced their collaboration on the development and manufacture of CMOS image sensors to power mass-market consumer products, such as digital still cameras and camera phones;

- On February 14, 2005, Cypress Semiconductor acquired SmaL Camera Technologies. SmaL's solutions are built around proprietary low-power, wide dynamic range CMOS image sensor and controller ASICs. SmaL is being integrated into the same division as FillFactory and will be reporting to Luc De Mey, FillFactory's President & CEO, now also President of Cypress's Image Sensor Division.
- Dalsa, a Canadian manufacturer of CCD and CMOS imager and acquirer of the Philips CCD division in Eindhoven, during its Annual Meeting of Shareholders on March 24, 2005, stressed that they established a CMOS Image Sensor Business Unit;
- MagnaChip Semiconductor Ltd., a Korean semiconductor company, disclosed on March 29, 2005, that it had signed a definitive agreement to acquire IC Media Corp., a California-based developer of CMOS image sensors for an undisclosed amount.
- On April 22, 2005 Cypress achieved first silicon on a 9-megapixel CMOS image sensor designed by the FillFactory team and fabricated at Cypress's production facility in Minnesota. The sensor targets state-of-the-art digital still cameras.

It is good to see that, through the acquisition, FillFactory has succeeded in strengthening its market position and is ready for an enhanced and international growth strategy. As an investor community, we now have to reflect on how -as part of the after-sales service- we can help the company to grow and on how we can reinforce the long-term viability of the Cypress division in Mechelen.

*Source and for more information see:*

*www.fillfactory.com,  
www.cypress.com,  
www.tijd.be,  
www.bits-chips.nl,  
www.trends.be,  
www.kodak.com*