



**CDC S.p.A.
Presentation to the
Financial Community**

Milan - March 2, 2006



Leonardo Pagni – Managing Director

**MARKET SCENARIO AND RESULTS OF CDC GROUP
AS OF DECEMBER 31, 2005**

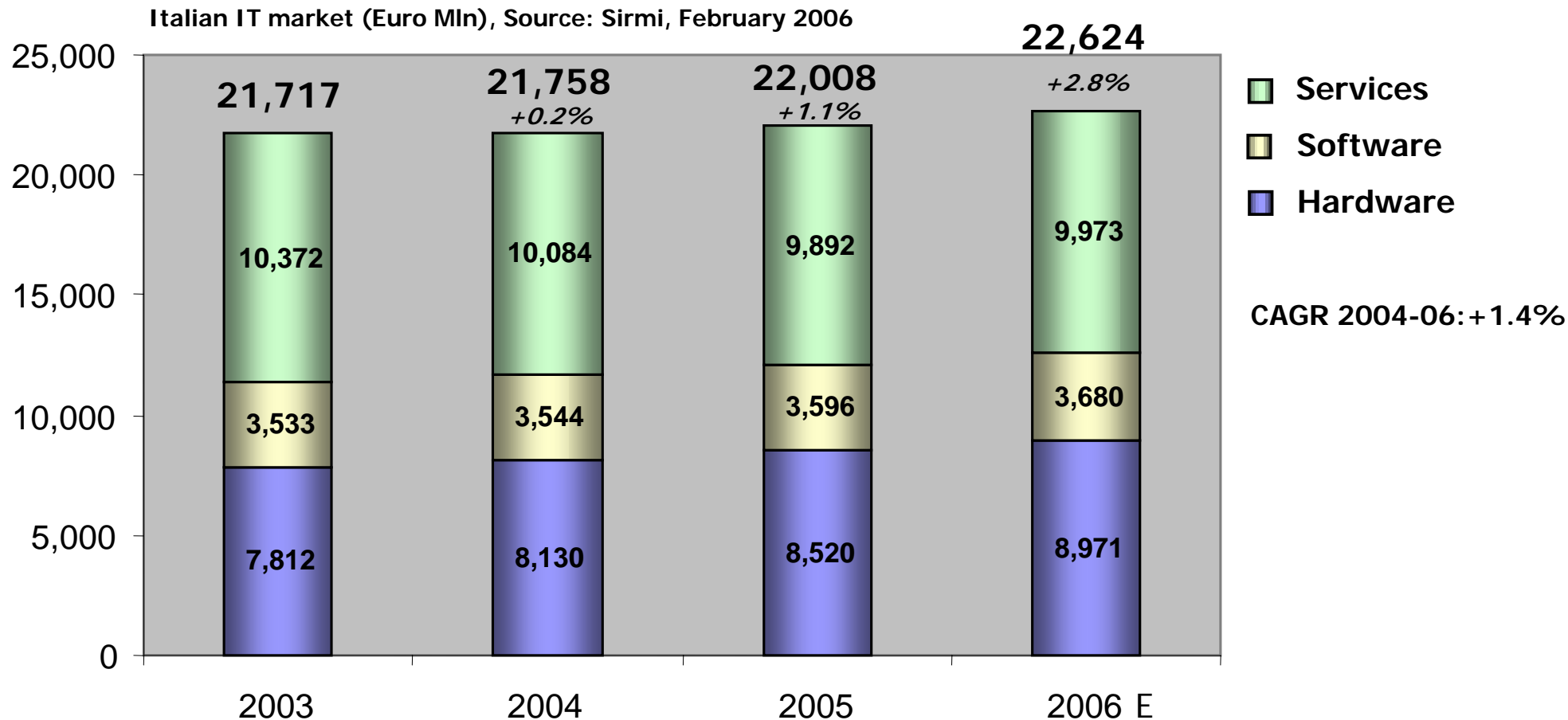


Corporate highlights

- ✓ **One of the main Italian manufacturer and distributor of Information Technology products and digital technology**
- ✓ **2005 consolidated revenues of € 570 Million**
- ✓ **Over 650 employees as of December 31st, 2005 (CDC Group)**
- ✓ **Trademarks and brands (CDC, Computer Discount) awareness**
- ✓ **Own brand products (CDC, Kraun, Inkdrops) for PCs, monitors and accessories**



Italian IT market: trend 2003-06

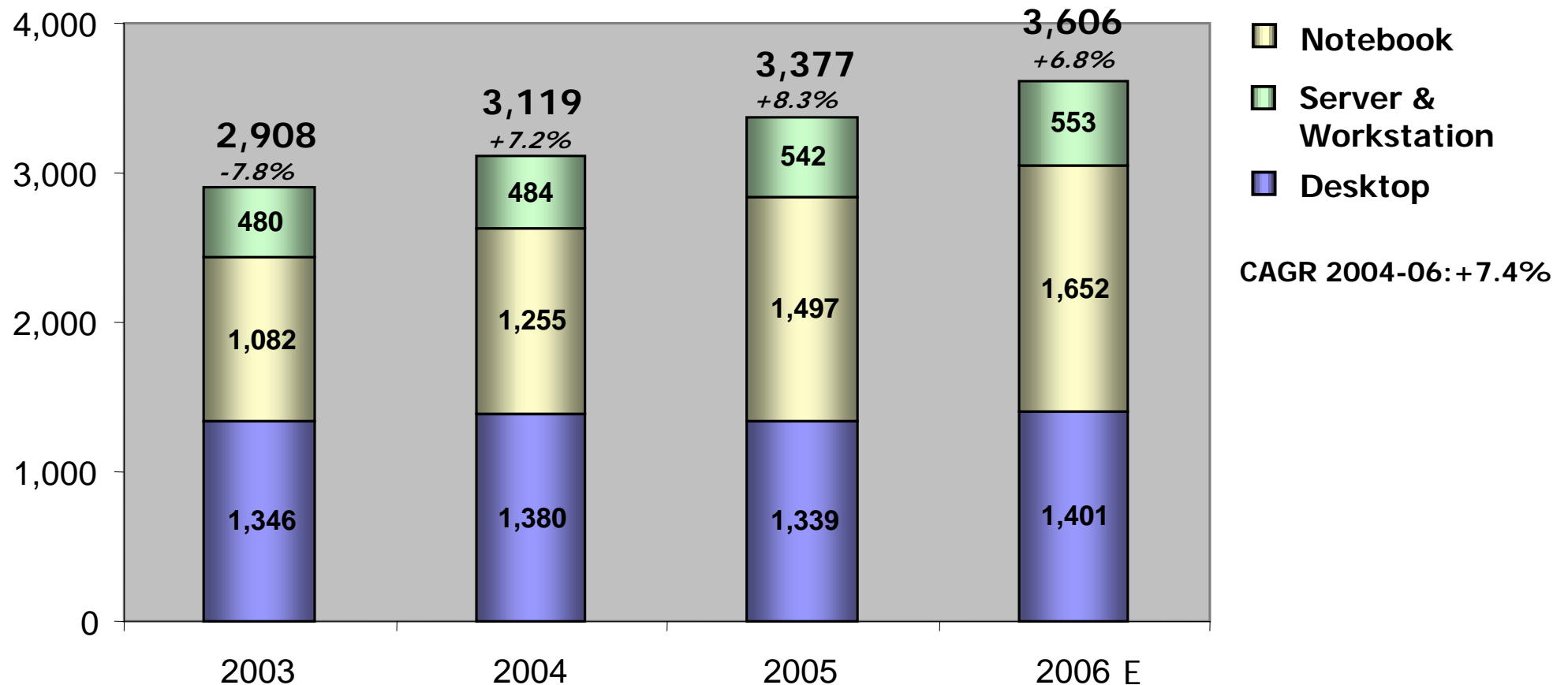


- ✓ The Italian IT market grew by 1.1% in 2005 (data in value), slightly increasing after two years of decline (2002-2003) and the firmness of 2004
- ✓ In 2005 the hardware segment registered the best performance (+4.8%), whereas services decreased by 1.9%
- ✓ 2.8% growth expected for the 2006 year, mainly driven by hardware segment (+5.3%)



Italian PC market: trend 2003-06

Italian PC market (Euro Mln), Source: Sirmi, February 2006



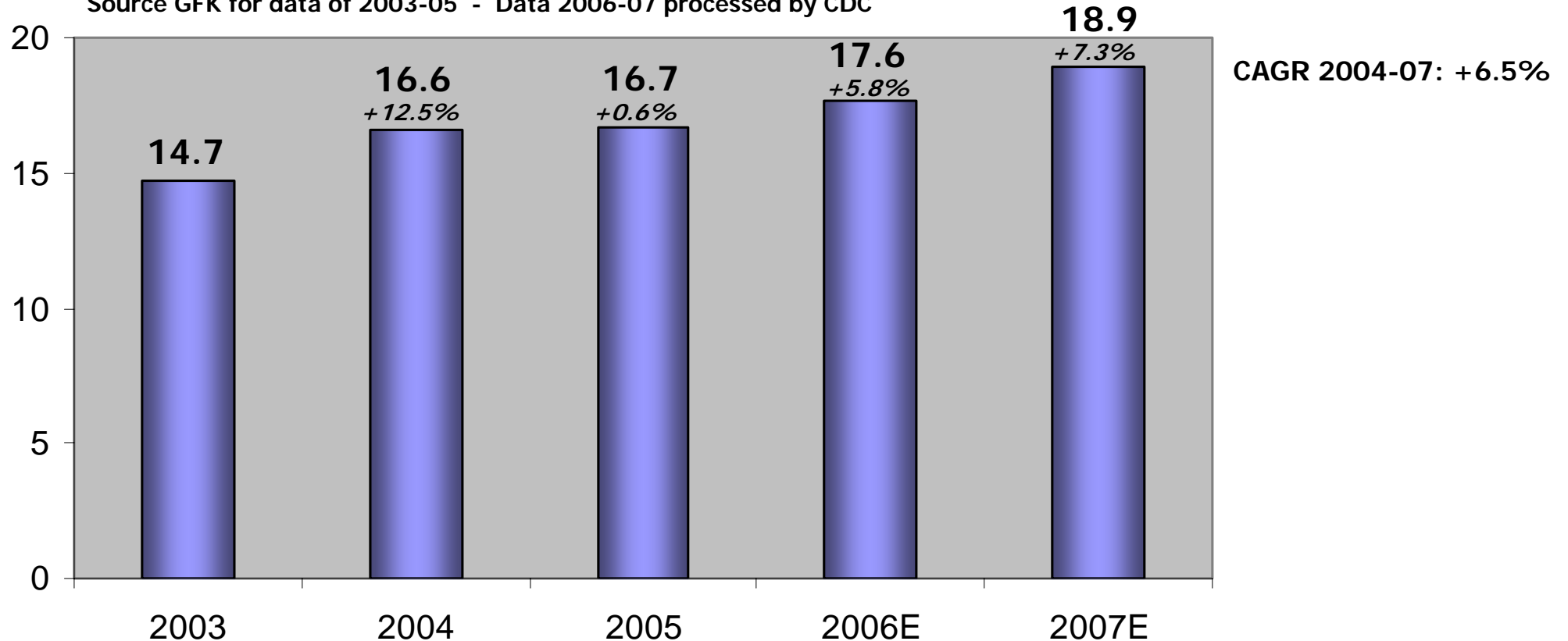
- ✓ The Italian PC market (+8.3% in 2005, data in value) go on with the growth started in 2004 and which we expected will also continue in 2006 (+6.8% compared to 2005)
- ✓ The market is mainly driven by notebook segment (+19% in 2005, +15% CAGR 2004-06) which, for the first time in 2005, exceeded in value the desktop segment (-3% in 2005, +1.3% CAGR 2004-06) as market share



Italian Consumer Electronics market: trend 2003-06

End-user expenses, Euro MLD

Source GFK for data of 2003-05 - Data 2006-07 processed by CDC



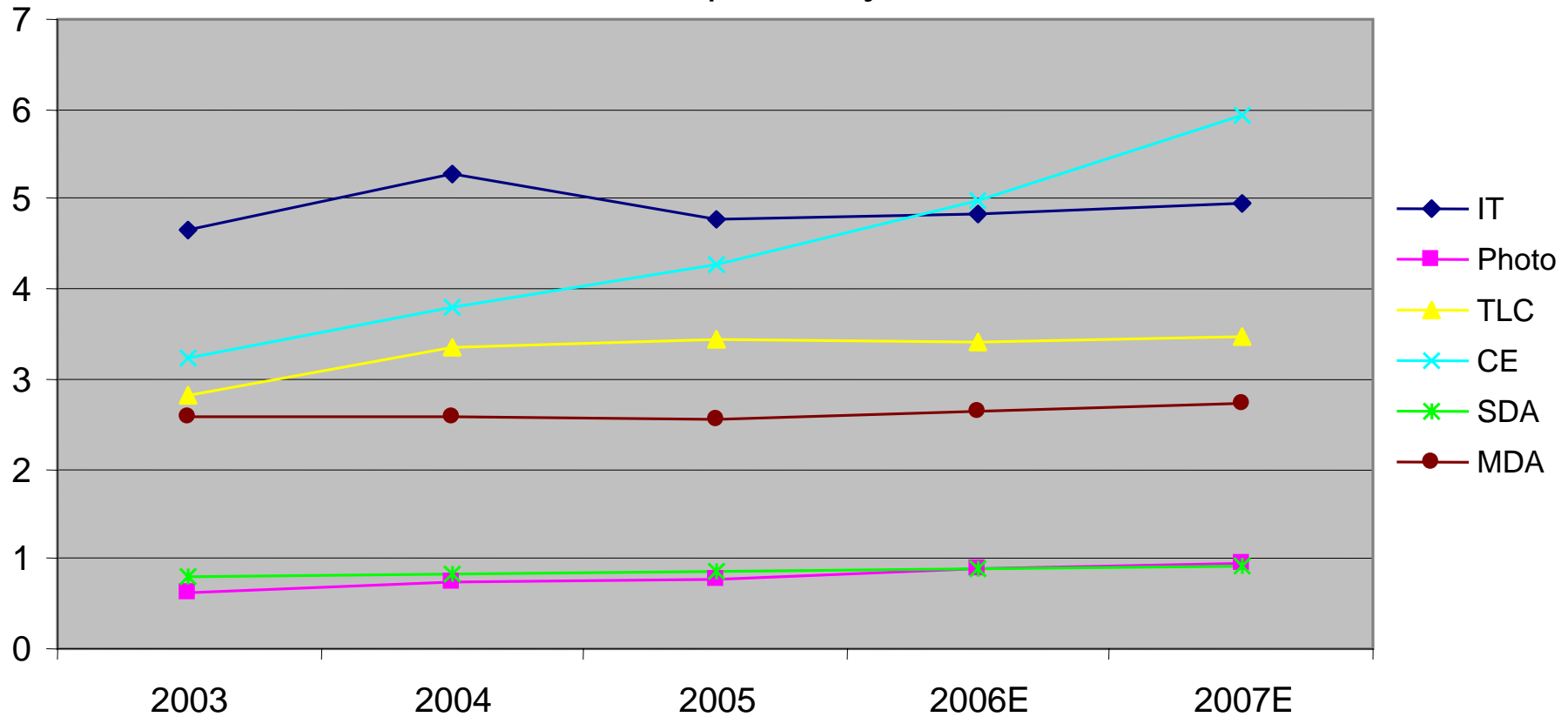
- ✓ After the strong increase registered in the 2004 year (+12.5%), the Italian consumer electronics market was substantially stable during 2005 (+0.6%, data in value)
- ✓ For the two-year period 2006-07 we expected a fast growth (+6.6% per year) driven by Consumer Electronics segment (video, audio, media storage)
- ✓ Since 2005 CDC works in this market via outlets operating under Compy Superstore brand (these outlets are managed in joint venture with Unicoop Firenze)



Italian Consumer Electronics market: trend 2003-06 by segment

End-user expenses, Euro MLD

Source GFK for data of 2003-05 - Data 2006-07 processed by CDC



- ✓ This market was driven by the Consumer Electronics area (+12% in 2005, +18% CAGR 2006-07) which, in 2006 year, will take from IT segment the leadership in terms of market share
- ✓ For the two-year period 2006-07 we expected a fast growth of photo segment (+10%) and a recovery of SDA/MDA segments (about +3%)



Consolidated results as of December 31, 2005

Consolidated (Euro thousand)	2004	2005	2005 F
Revenues	551,621	570,209	584,000
Gross margin	65,692 11.9%	71,325 12.5%	76,650 13.1%
Other operating costs	(19,625)	(30,763)	(30,200)
Payroll cost	(20,580)	(23,456)	(23,100)
EBITDA	25,487 4.62%	17,105 3.00%	23,350 4.00%
Amortization, depreciation and write-down	(7,962)	(7,282) -	6,400.00
EBIT	17,525 3.18%	9,823 1.72%	16,950 2.90%
Net financial expenses and Equity Investments	(1,578)	(2,631) -	2,500.00
PBT	15,947 2.89%	7,192 1.26%	14,450 2.47%
Taxes	(5,215)	(4,945)	(5,450)
Net income (loss) attributable to minority interests	(23)	21	-
Net profit	10,709	2,268	9,000

- ✓ As of December 31, 2005 the profitability decreased both compared to the 2004 year and to the 2005 forecast, mainly due to the unfavourable trend of gross margin during the last months of the year
- ✓ As of 12/31/05 the Gross Margin was equal to € 71.3 mln (12.5% on sales), against € 65.7 mln (11.9% on sales) as of 12/31/04 and the target of forecast equal to € 76.65 mln (13.1% on sales). The decrease compared to the forecast was due for € 3.6 mln to the smaller per cent margin and for € 1.7 mln to smaller revenues
- ✓ Ebitda 2005 equal to € 17.1 mln, compared to a forecast 2005 of € 23.35 mln
- ✓ After taxes for € 4.9 mln (€ 5.2 mln in 2004), the 2005 net profit was equal to € 2.3 mln



Basis factors of decrease of profitability as of December 31, 2005

- **Gross margin** as of December 31, 2005, gross of marketing contributions (which are classified inside of operating cost) was equal to € 79.5 mln compared to a forecast 2005 of more than € 85 mln. The smaller gross margin was mainly due to the unfavourable trend of sales mix during the last months of the year
- **Growth of operating costs** (payroll costs and services costs) deriving from investments related to the development of sales network
- **Start-up of project Superstore.** The Income Statement of CDC as of December 31, 2005 fully included the CDC Superstore S.r.l. company (now renamed Compy Superstore S.r.l.), operating in the distribution of consumer electronics products; on December 28, 2005 CDC sold to Unicoop Firenze the control stock of this company. Net of capital gain deriving both from the transfer of Compy brand to Compy Superstore company and from the transfer of a 52% stake in Compy Superstore company to Unicoop Firenze, the project weighed on consolidated Ebit for about € 1 mln
- **Extraordinary costs.** The Income Statement as of December 31, 2005 included higher provisions for risk and charges compared to the 2005 forecast for about € 1 mln



Actions carried out during the 2005 year

➤ **Development of sales network of CDC Group with start-up costs of points of sale included in the Income Statement**

- 3 openings of Cash & Carry (Lecce, Cosenza, Napoli 2)
- experience and launch of new format of consumer electronics outlets Compy Superstore (2 openings in H2 2005)
- increase of the network of affiliated Amico (from 141 to 153 units)
- decrease of shops' number under "Computer Discount" brand, with about 200 shops at 12/31/05

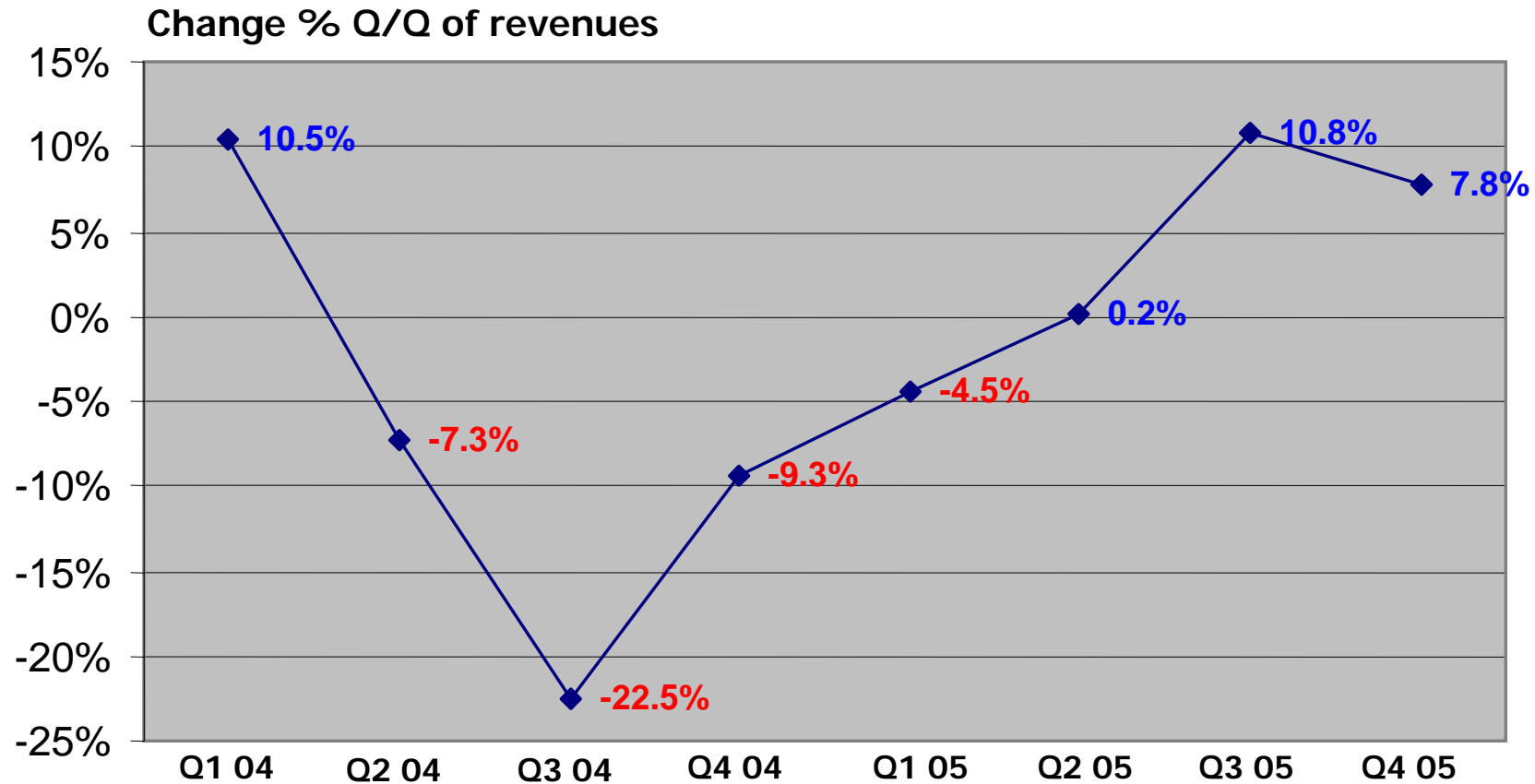
➤ **Revenues: positive trend of revenues during the second half of 2005 (growth equal to about 8%), after a feeble start in the first half of 2005**

➤ **Partnership with Unicoop Firenze relating to the project Compy Superstore.** On December 2005 was executed a partnership with Unicoop Firenze (main Italian mass-merchandising co-operative society) in order to development in joint venture the consumer electronics chain Compy Superstore. On December 2005 Unicoop Firenze purchased from CDC a 52% stake of CDC Superstore S.r.l. company (now renamed Compy Superstore). The agreement, among other things, provides: (i) Compy Superstore will buy exclusively from CDC all ICT products; (ii) the development of supplies of ICT products from CDC to Unicoop Firenze. The partnership will allow Compy Superstore to reach location included in shopping centre owned by Unicoop Firenze

➤ **Further reduction of net financial position.** Hardening of consolidated balance sheet, keeping the efficiency level reached during previous years in the management of working capital



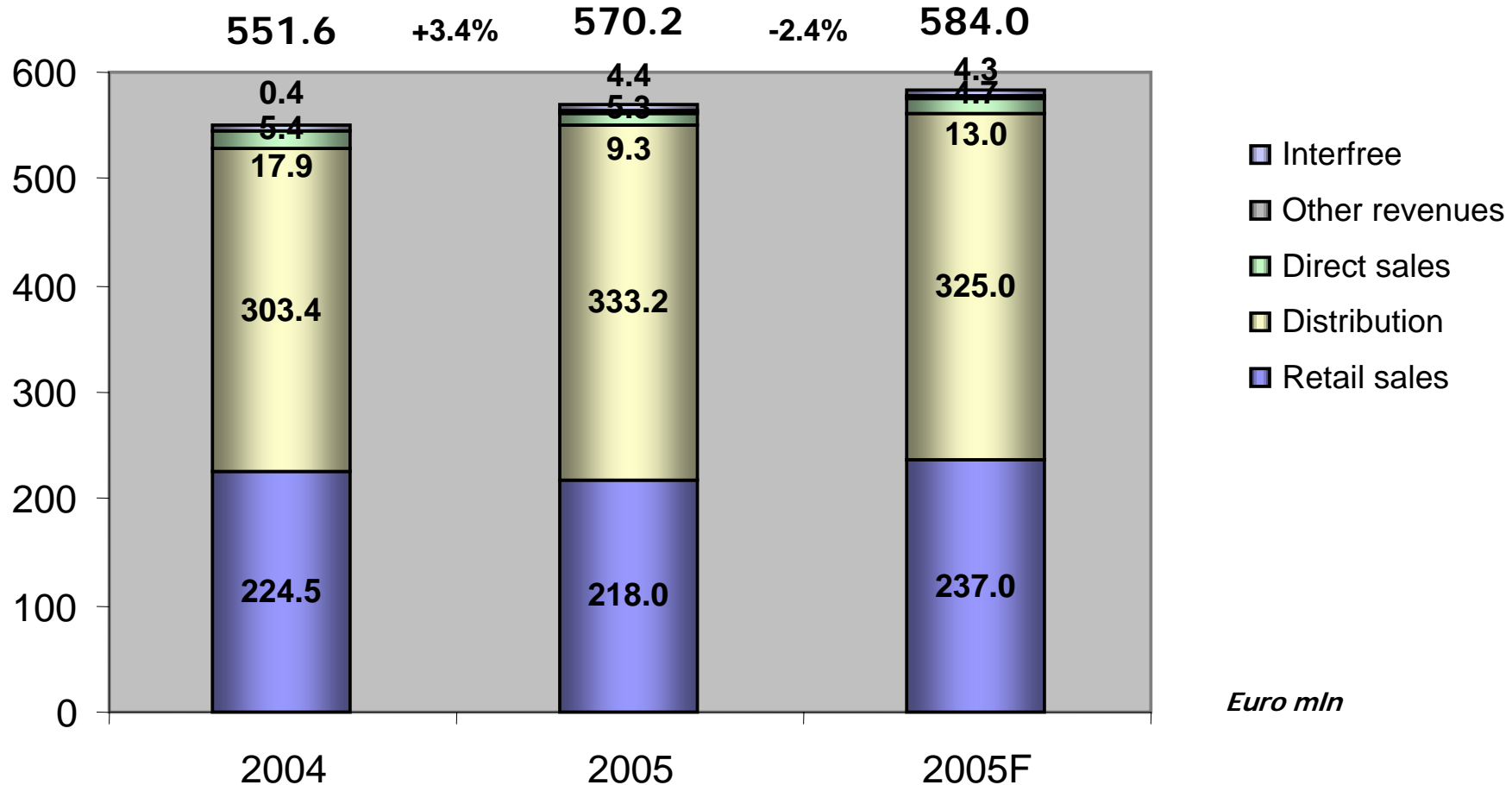
Revenues growth during the 2005 year



- ✓ The feeble performance during the first half of 2005 (-2.4%) was counterbalanced by the growth of the second half, with revenues increases respectively equal to 10.8% and 7.8% in the third and fourth quarter of 2005
- ✓ The positive trend of second half of 2005 continued during the first two months of 2006, with an increase by about 7% compared to the same period of 2005



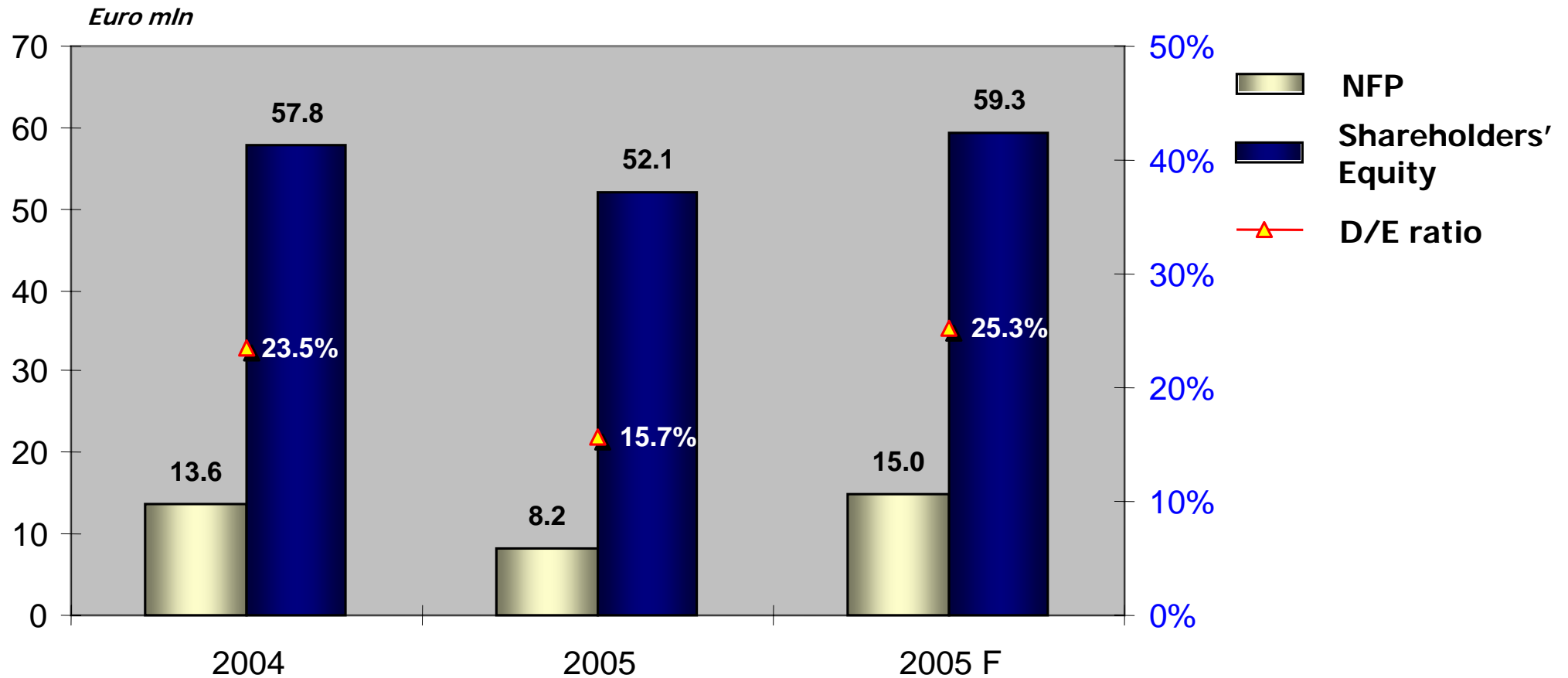
Breakdown of consolidated revenues 2005 by sales division



- ✓ Growth of consolidated revenues (+3.4% in the full year), driven by the Distribution/Cash & Carry area (+10% in the full year, +15% in the only last quarter), which reached total revenues for € 333 mln as of December 31, 2005



Reduction of Net Financial Position as of 12/31/05



✓ As of 12/31/05 the Net Financial Position decreases both compared to 12/31/04 (-40%, € 8.2 mln against € 13.6 mln) and to the forecast 2005 (target between € 10 mln and € 20 mln)

✓ Debt / Equity ratio as of 12/31/05 decreased at 15%



**Alessandro Fabbroni – Finance and
Corporate Planning Director**

2006 ECONOMIC AND FINANCIAL TARGETS



Guidelines of business plan for the 2006 year

Targets of business plan 2006-2008 showed on November 16, 2005

Data in Euro mln	2004A	2005A	2006E	2007E	2008E
Revenues	551	570	600-620	640-670	690-720
EBITDA	25.4	17.1	25-27	29.5-31.5	34-36
	4.6%	3.0%	4.4%	4.7%	5.0%
EBIT	17.5	9.8	20-22	25-27	29-31
	3.2%	1.7%	3.4%	4.0%	4.3%
PBT	15.9	7.1	16.5-18.5	22-24	26-28
Net Profit	10.7	2.3	10-11	14-15	17-18

- ✓ Revenues forecasted equal to € 610 mln (range of target € 600 – 620 mln), increasing by 7% compared to € 570 mln reached in 2005 year
- ✓ Recovery of profitability expected during 2006 (as EBITDA Margin) thanks to following actions:
 - (i) Higher scale economies deriving from revenues growth
 - (ii) Operating costs reduction which are forecasted stable as absolute value during the 2006 year, totalling € 54 mln



Actions in order to increase the profitability in the 2006 year: revenues growth

Sales channel	Sales network			
	12-31-03	12-31-04	12-31-05	12-31-06
Cash & Carry	26	28	31	33
Dealers affiliated Amico	118	141	153	168
Computer discount	245	218	203	190
Affiliated Corner of Consumer Electronics	121	99	101	100
Compy Superstore	0	0	2	4*
Total	510	486	490	491

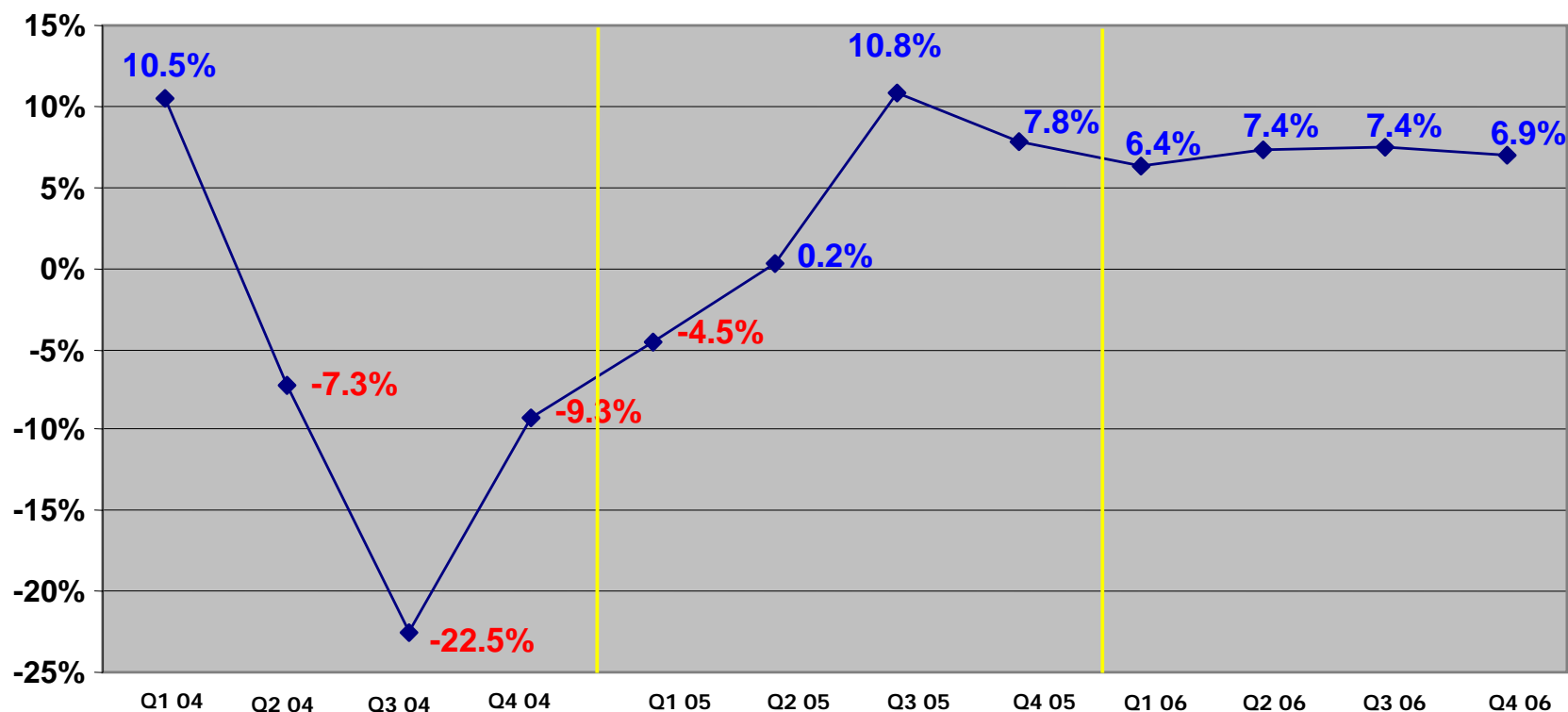
* Preliminary estimate (outlet of related company Compy Superstore S.r.l.). The development plan of Compy Superstore is under re-elaboration with Unicoop Firenze and it will be available on April 2006

- ✓ Actions relating to the development of sales network carried out during the 2005 year which will draw on 2006 revenues:
 - 3 openings of Cash & Carry (Lecce, Cosenza, Napoli 2)
 - increase of the network of affiliated Amico (from 141 to 153 units)
 - launch and testing of new format of consumer electronics outlets Compy Superstore (2 openings in H2 2005) in partnership with Unicoop Firenze
- ✓ Actions relating to the development of sales network during the 2006 year :
 - 2 openings of Cash & Carry
 - increase of units of dealers affiliated Amico (15 new affiliations)
 - progress of Compy Superstore project in partnership with Unicoop Firenze
 - maintenance of the number of 190 shops operating under Computer Discount brand



Actions in order to increase the profitability in the 2006 year: revenues growth

Change % Q/Q of revenues



- ✓ Target 2006 of consolidated revenues equal to € 610 mln, increasing by 7% compared to 2005, which could be achieved also considering:
 - growth of revenues reached during the second half of 2005 (+8%)
 - growth of revenues achieved during the two first months of 2006 (+7%), mainly due to the distribution division



Actions in order to increase the profitability in the 2006 year: revenues growth

Targets of 2006 revenues growth by sales division

Euro mln	2004	2005	Change %	2006E	Change %
Retail sales	225	218	-3%	257	18%
Distribution/Cash&Carry	303	333	10%	338	1%
Direct sales	18	9	-48%	12	29%
Other revenues/internet	5	9	80%	3	-67%
Total	551	570	3.4%	610	7%

- ✓ **Distribution/Cash & Carry:** area with a strong recovery of revenues compared to the budget (during the two first months of 2006 growth equal to 15%)
- ✓ **Growth expected in the Retail area** (consisting of Computer Discount channel and Mass Merchandising channel, including sell-in revenues to related company Compy Superstore), due to the progress of Compy Superstore project and to the partnership with Unicoop Firenze. During the two first months of 2006 the trend was still feeble



Actions in order to recovery the profitability in the 2006 year: operating costs reduction

Targets 2006 as operating costs

Data in Euro thousand	2005	2006E
Revenues	570,000	610,000
Coop rebate marketing	(8,247)	(6,225)
Gross marketing costs	11,200	10,477
Shipping and logistics	4,789	5,093
Emoluments paid to corporate officers	2,812	2,573
Utilities	1,594	1,697
Lease expenses	5,323	5,356
Other operating costs	13,292	13,119
Payroll cost	23,456	22,360
Total net operating costs	54,219	54,449
Ratio on sales	9.5%	8.9%

✓ Operating costs, net of coop rebate (contributions for partial hedging of gross marketing costs), are forecasted unchanged (€ 54.4 mln) in 2006 compared to 2005, with a recovery in terms of ratio on sales (from 9.5% to 8.9%)

✓ 2006E gross operating costs equal to € 61.6 mln compared to € 62.5 mln in 2005 (10.1% on sales against 11%)

✓ The 2006 target reflects: (i) deconsolidation, since 1/1/06, of Compy Superstore, that in 2005 drew for € 4.5 mln, of which € 0.8 mln as payroll cost; (ii) actions in order to reduce service costs and other operating costs for about € 2 mln compared to 2005



Actions in order to recovery the profitability in the 2006 year: use of scale economies

The 2006-2008 business plan forecasts a progressive decrease of operating costs ratio on sales, from 9.5% in 2005 to 8.9% in 2006 until 7.7% in 2008

% on sales	2005A	2006E	2007E	2008E
Operating costs	5.40%	5.26%	4.79%	4.38%
Payroll cost	4.10%	3.66%	3.46%	3.33%
Total	9.50%	8.92%	8.25%	7.71%

Optimization plan of use of Group's human resources passed on September 2005

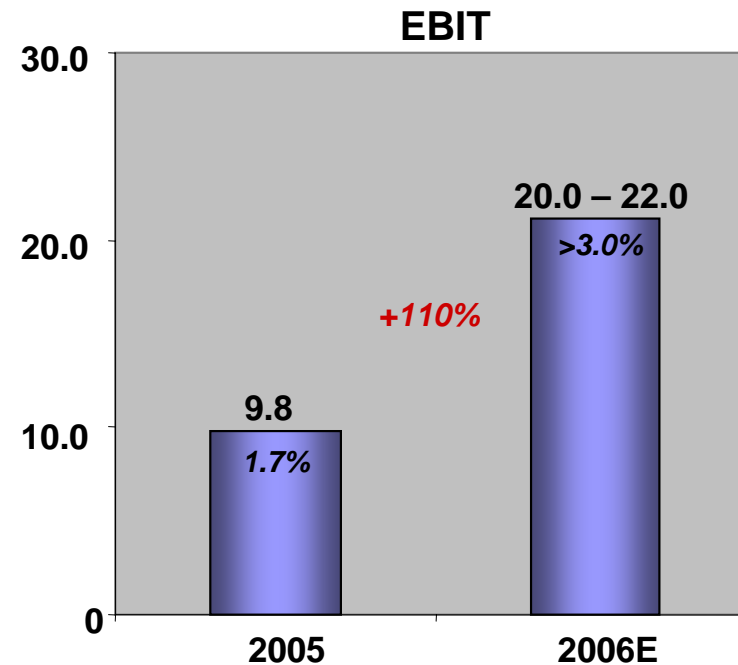
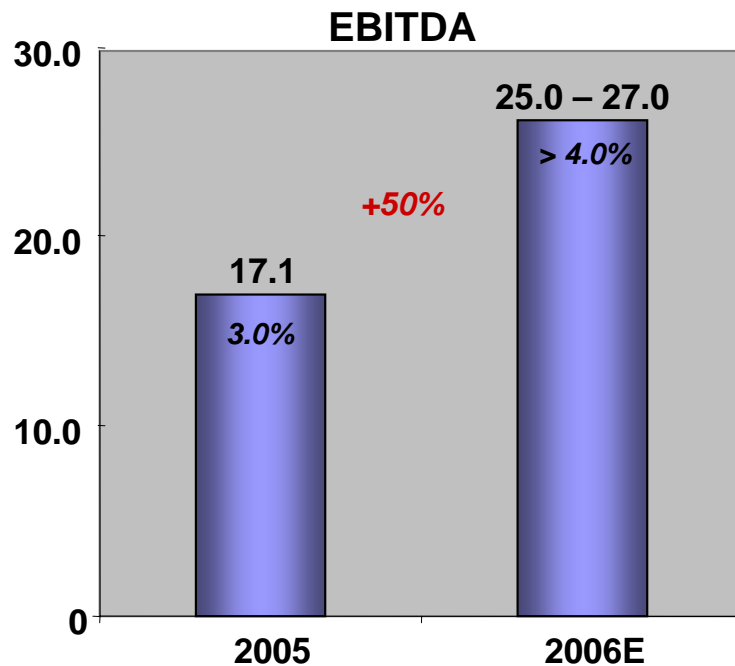
Deconsolidation of CDC Superstore company and related operating costs

Growing exploitation of scale economies due to the revenues growth expected



2006 consolidated target of profitability - summary

Euro mln

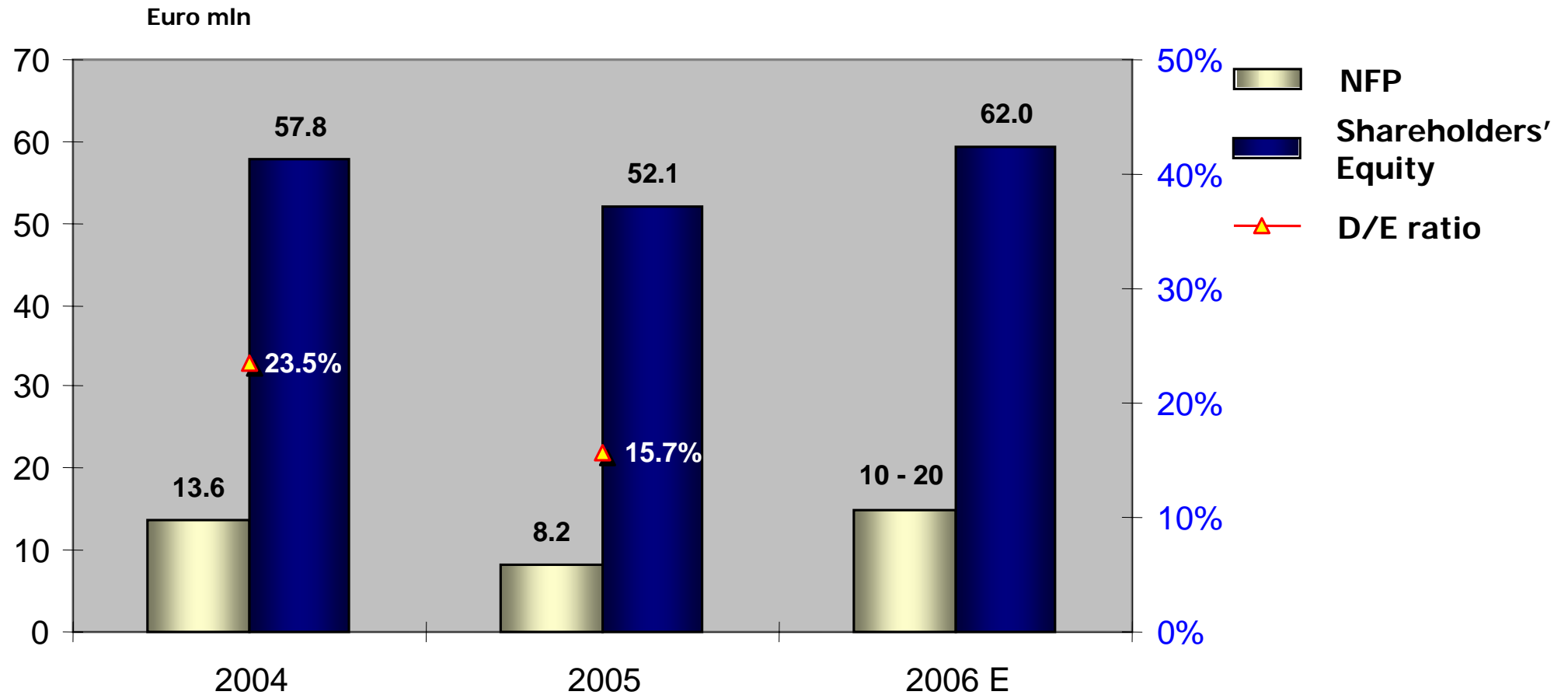


✓ Target 2006

- To continue the revenues growth and to increase market share of CDC Group
- To bring again the profitability at the level achieved in 2004, with an EBITDA margin about equal to 4% and an EBIT margin higher than 3%



2006 consolidated financial target - summary



- ✓ 2006 targets will achieve keeping the net financial position at excellent level reached in last the three years
- ✓ In 2006 we forecast investments amounting to € 5.0 mln (of which € 2.5 mln relating to Compy Superstore project)



Dividend policy and buy back plan

- ✓ During the meeting held on February 14, 2006 the Board of Directors decided: (i) not to proceed with the dividend distribution on 2005 net profit; (ii) to carry out an Open Market Stock Buy Back Plan, according to the resolution adopted by the General Shareholders' Meeting on April 2005.
- ✓ Terms of Stock Buy Back Plan adopted by the Board of Directors :
 - timing: March 1– 28, 2006
 - trading volume: up to a maximum of 300,000 shares and a countervalue of € 2.0 mln
 - maximum price: euro 10.5 per share
 - the maximum number of CDC's ordinary shares that may be bought on any trading day will not exceed 25% of the total daily trade and not more than 35,000 shares
 - the own shares acquired will not be available until the date of the Annual General Meeting of the Shareholders to approve 2005 Annual Report (April 27, 2006)



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