# Presentation of
# CDC Group Business Plan
# for the 2006 – 2008 period

**Milan - November 16, 2005**

# CORPORATE OVERVIEW AND JOINT VENTURE WITH UNICOOP FIRENZE

# Mission

## To spread simple technologies

***Since 1986 CDC is a leading player of the Italian computer technology market***

# Corporate highlights

- ✓ Italian leading manufacturer and distributor of Information Technology products, with 2004 consolidated revenues for € 550 Million
- ✓ 2004 consolidated net profit equal to € 10 Million
- ✓ 650 employees (CDC Group)
- ✓ Trademarks (CDC, Dex, Kraun) and brands (Computer Discount) awareness
- ✓ First Italian IT player with a total coverage of Italian country via its distribution network (31 Cash & Carry) and its retail chains (over 200 shops under "Computer Discount" brand and 100 corner under "Compy" brand)
- ✓ Late entry in the retail market of consumer electronics through a joint venture with Unicoop Firenze (improving)

# Assets of CDC Group

- ✓ Distribution network, including 31 Cash & Carry (directly owned), with more than 30,000 dealers
- ✓ First Italian IT retailer, targeting SoHo and small business customers: over 200 stores under "Computer Discount" brand (of which 40 directly owned) and 100 shops within specialized consumer electronics stores
- ✓ Trademarks and brands awareness (CDC, Dex, Kraun, Computer Discount, Compy)
- ✓ Own brand products of digital technology (CDC, Kraun, Inkdrops) including Personal Computers, monitors and accessories

# Specific characters of CDC

**Skills**

- R&D skills
- Quality of products/processes
- Historical expertise of own brand products
- Logistic efficiency

**Relationships**

- DIRECT DISTRIBUTION agreements with main ICT international vendors

**Structure**

- Commercial format
- Policies of Channel/Brand
- Market shares
- Economic and Financial fastness

**Communication**

- Communication activities
- Customer faithfulness
- Events on Italian country

# Skills

✓ **CDC laboratory dedicated to R&D**

- **design of technical specifications of products**
- **suppliers scouting on foreign markets**
- **certification of functional quality of product**

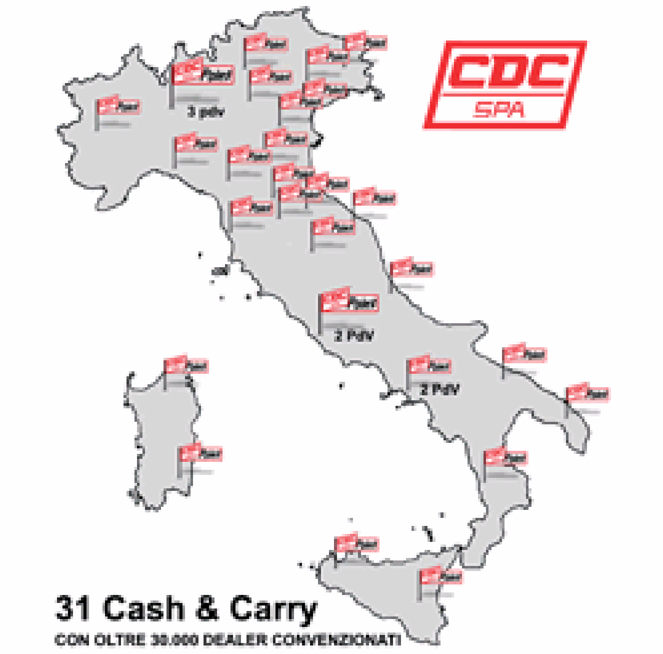
✓ **CDC laboratory dedicated to Quality**

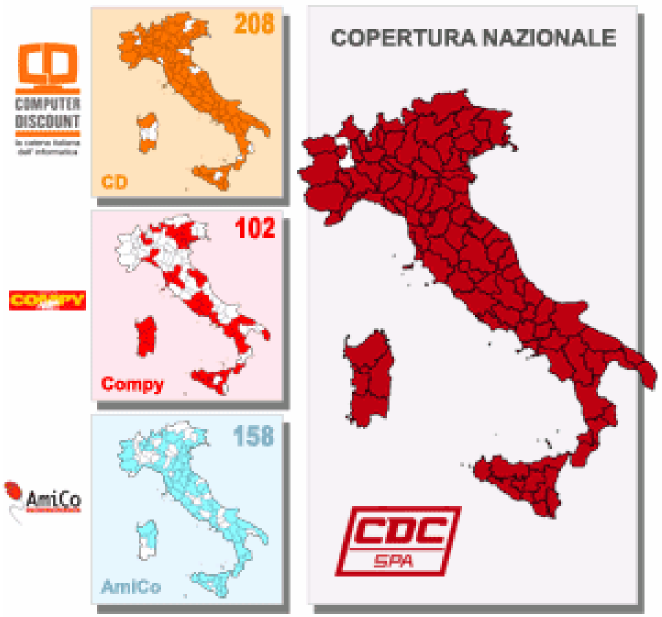
- **product certification (CE, environment, etc.)**
- **processes certification (Vision 2000 since 2002)**
- **identification of all products through a code having only one meaning**

✓ **Purchase of ICT and Consumer Electronics products (30 units)**

- **categories of products checked by market specialists**
- **management of import of own brand products from Far East**
- **management of agreements with main international ICT Vendor**

# Sales network




- ✓ **31 Cash & Carry directly owned by CDC S.p.A. as of September 30, 2005**
- ✓ **First Italian Cash & Carry network, with about 150 employees and more than 30,000 customers served (IT dealers and VAR)**
- ✓ **Selling surfaces between 500/1,000 square meters, with average revenues for € 10 mln**
- ✓ **2005 revenues of Cash&Carry expected equal to € 265 mln (more than € 300 mln including e-commerce B2B)**

- ✓ **Over 200 IT specialized Shops under "Computer Discount" brand (of which 40 directly owned by CDC, located in the main Italian cities)**
- ✓ **Over 100 IT Shops within specialized consumer electronics stores in the all Italian country**
- ✓ **2 Superstore under "Compy" brand**
- ✓ **Over 150 dealers affiliated Amico**
- ✓ **2005 revenues expected equal to more than € 260 mln (retail network + Amico)**

# The Compy Superstore project till today

- ✓ Creation of a new player in the consumer electronics market, fully owned by Italian companies, able to compete with foreign corporation of this market

- ✓ Implementation of the joint venture, for 15 years (renewable), between two market leaders - Unicoop Firenze and CDC – in order to manage the Compy Superstore project

- ✓ The company vehicle of partnership was CDC Superstore S.r.l. (currently fully owned by CDC) that at present manages two shops under "Compy Superstore" brand: the first opened on September inside the retail park Romagna Center (Forlì-Cesena), the second in province of Pisa

- ✓ Acceleration of Compy Superstore project, launched from CDC, thanks to the market positioning of Unicoop Firenze and to its skills in the development area (quantity and quality of location)

# The partner: Unicoop Firenze

- ✓ Unicoop Firenze is a leading in the Italian Mass Merchandising sector, with a 2004 turnover of about € 2 billion and 1 million of members

- ✓ Unicoop Firenze works in the central Italian country through its network including 6 hypermarkets, 41 supermarkets and 45 minimarkets, with over 7,000 employees

- ✓ Unicoop Firenze, via the joint venture with the German corporation OBI, owned the B.B.C. company that manages a network of over 30 medium-large sized outlets (over 2,500 square meters) under “OBI” brand, covering all Italian market, specialized in the bricolage, building trade and gardening markets

- ✓ Skills brought in the project: scouting, selection, fitting out and development of medium-large sized retail outlets, also inside hypermarkets and retail parks under “Coop” brand; members and customers served

# The partnership agreement

- ✓ CDC will sell to Unicoop Firenze, before December 31, 2005, a 52% stake in CDC Superstore for a price equal to the shareholders' equity value increased by a premium, preliminarily estimated in € 1.5 mln, corresponding to 52% of start-up costs of the Compy Superstore project incurred by CDC Group until the transaction closing

- ✓ CDC will retain a 48% stake in the company representing the vehicle of the partnership and which will be renamed Compy Superstore

- ✓ CDC will sell to Compy Superstore the brand Compy for a price of € 2.5 mln

- ✓ Compy Superstore will buy exclusively from CDC, throughout all the 15 years of the partnership, all its ICT products and its products included in areas converging to the IT (audio-video-telecom)

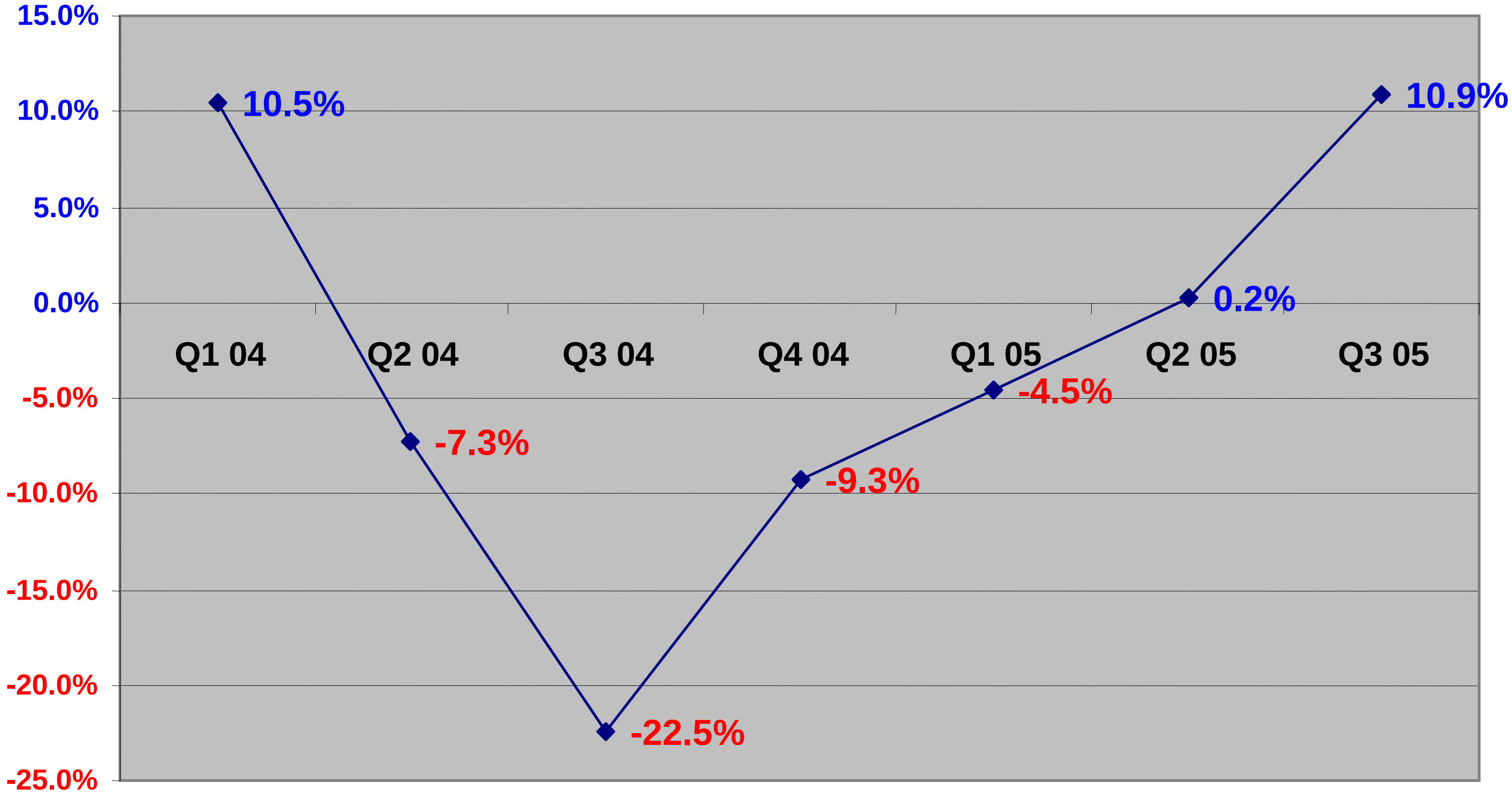
- ✓ CDC and Unicoop Firenze signed a Memorandum of Understanding for the development of joint commercial initiatives for the Unicoop Firenze network and its members and the development of further activities

# Governance agreements of Compy Superstore company

- ✓ The Board of Directors of Compy Superstore will be formed by 5 members, of which 3 appointed by Unicoop Firenze and 2 by CDC
- ✓ The Chairman and the Managing Director with responsibility for the stores development of Compy Superstore will be designated by Unicoop Firenze
- ✓ CDC will appoint the Vice Chairman and the Managing Director with responsibility for commercial and ordinary management of Compy Superstore
- ✓ Management by CDC, for the joint venture, of marketing, purchase and information system services

# RESULTS AS OF 09/30/05 AND 2006 – 2008 STRATEGY

# Quarterly Report as of September 30, 2005: revenues trend



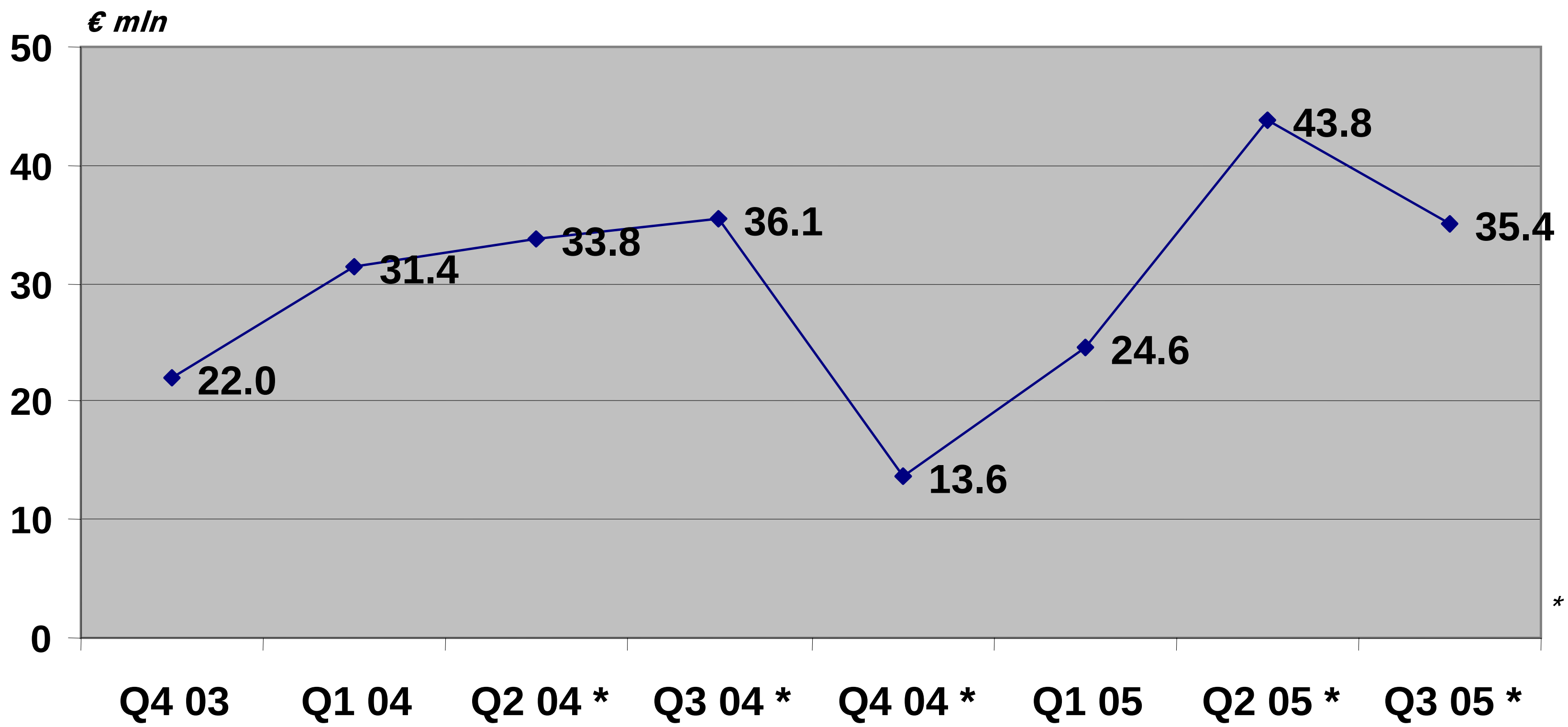

- ✓ During the Q3 2005, consolidated revenues increased by 11%, in line with the forecast, thanks to the positive performance of all sales areas (distribution and retail)
- ✓ Recovered the gap in revenues accumulated during the Q1 2005 compared to the Q1 2004. Consolidated revenues as of 09/30/05 was equal to € 373.3 mln, increasing by 1% compared to € 369 mln as of 09/30/04
- ✓ During the Q4 2005 we expected a growth by 14%

# Quarterly Report as of September 30, 2005: economic results

| Consolidated (€x1000) | 09/30/2004 (Ifrs) | 09/30/2005 (Ifrs) |
|---|---|---|
| **Revenues** | **369,013** | **373,309** |
| **Gross margin** | **44,206** | **46,839** |
| | *12.0%* | *12.6%* |
| Other operating costs | (14,198) | (21,426) |
| Payroll cost | (14,682) | (16,611) |
| **EBITDA** | **15,326** | **8,802** |
| | *4.15%* | *2.36%* |
| Amortization, depreciation and write-down | (5,509) | (4,625) |
| **EBIT** | **9,817** | **4,177** |
| | *2.66%* | *1.12%* |
| Net financial expenses and Net exchange differences | (1,478) | (2,220) |
| **PBT** | **8,339** | **1,957** |
| | *2.26%* | *0.52%* |
| Net income (loss) attributable to minority interests | (37) | 15 |
| Taxes | (2,464) | (1,939) |
| **Net profit** | **5,838** | **33** |

- ✓ **As of 09/30/2005 the net profit decreased for over € 5 mln compared to 2004; this decrease was mainly matured during the First Half of the year**
- ✓ **The profitability of the Third Quarter reflects the seasonality of business, stressed by the start-up of CDC Superstore (company fully consolidated as of September 30, 2005, whit a loss during the first nine months of the year equal to € 2 million, of which € 1.5 million in the only third quarter of the year)**

# Quarterly Report as of September 30, 2005: trend of Net Financial Position




** Estimate with new Ifrs*

- ✓ **Net Financial Position as of September 30, 2005 was equal to € 35.4 mln, slightly decreasing compared to September 30, 2004 and strongly better than the NFP at 06/30/05**
- ✓ **Recovered the growth of Net Financial Position recorded at 06/30/05, that was mainly due to the seasonality of business, the payment of taxes for € 6.6 mln (on June 2005) and the dividend distribution for € 6.8 mln (on May 2005)**

# Target for the 2005 Year

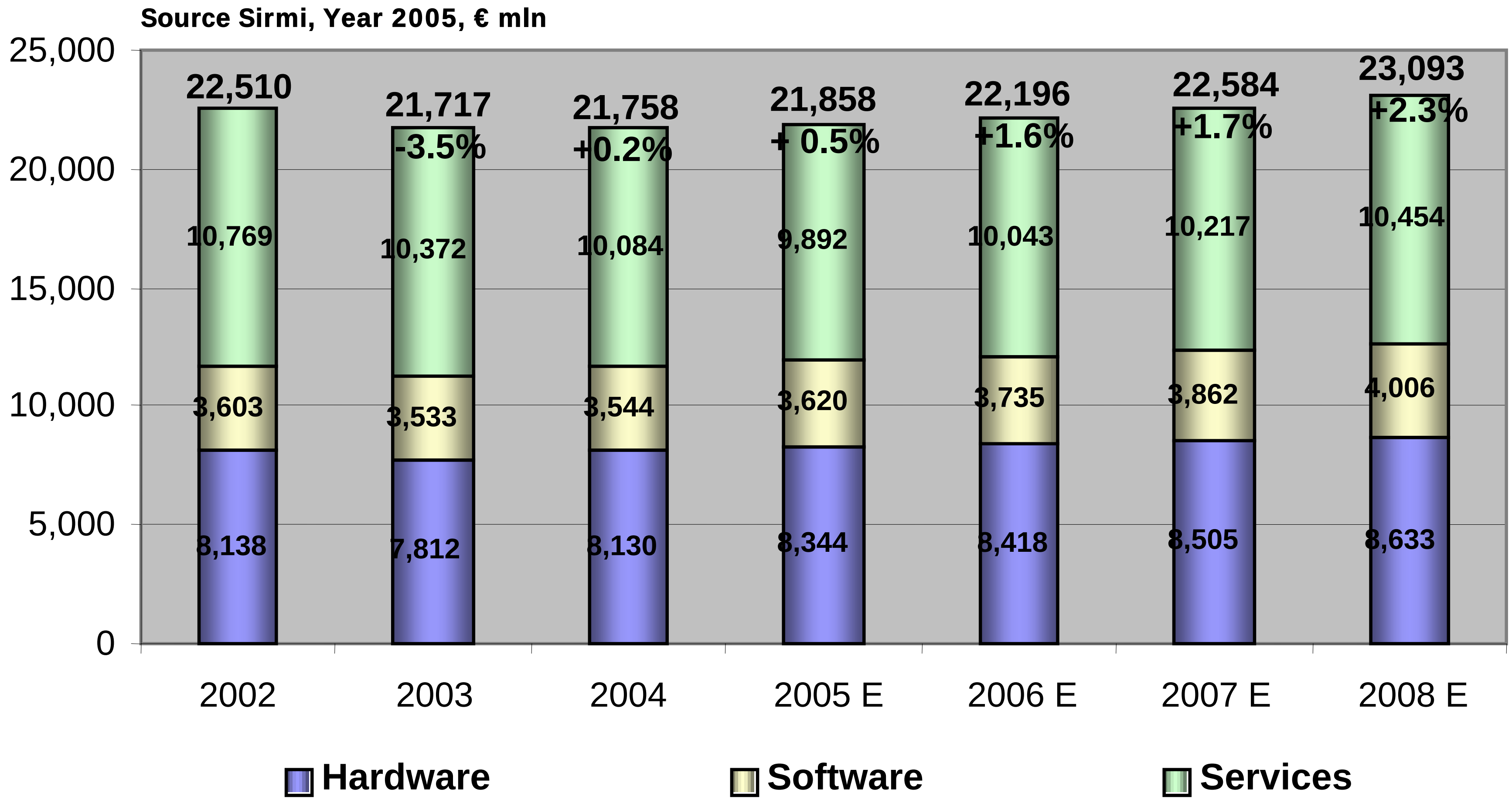
| *Consolidated (€x1000)* | 09/30/2005 (Ifrs) | Q4 2005 | 2005 Full Year | Range of target 05 |
|---|---|---|---|---|
| **Revenues** | **373,309** | **210,691** | **584,000** | **570,000 – 600,000** |
| **Gross margin** | **46,839** | **29,811** | **76,650** | |
| | *12.6%* | *14.1%* | *13.1%* | |
| Other operating costs | (21,426) | (8,774) | (30,200) | |
| Payroll cost | (16,611) | (6,489) | (23,100) | |
| **EBITDA** | **8,802** | **14,548** | **23,350** | **22,400 – 25,000** |
| | *2.4%* | *6.9%* | *4.0%* | |
| Amortization, depreciation and write-down | (4,625) | (1,775) | (6,400) | |
| **EBIT** | **4,177** | **12,773** | **16,950** | **16,000 – 18,500** |
| | *1.1%* | *6.1%* | *2.9%* | |
| Net financial expenses and Net exchange differences | (2,221) | (279) | (2,500) | |
| **PBT** | **1,956** | **12,494** | **14,450** | **13,500 – 16,000** |
| | *0.5%* | *5.9%* | *2.5%* | |
| Taxes | (1,923) | (4,998) | (5,450) | |
| **Net profit** | **33** | **7,496** | **9,000** | **8,000 – 10,000** |

**Also thanks to the capital gains deriving from the recent partnership with Unicoop Firenze, CDC confirmed the profit target for the full year 2005, already announced to the market:**

**- consolidated revenues between € 570 and € 600 mln**

**- consolidated net profit between € 8 and 10 mln**

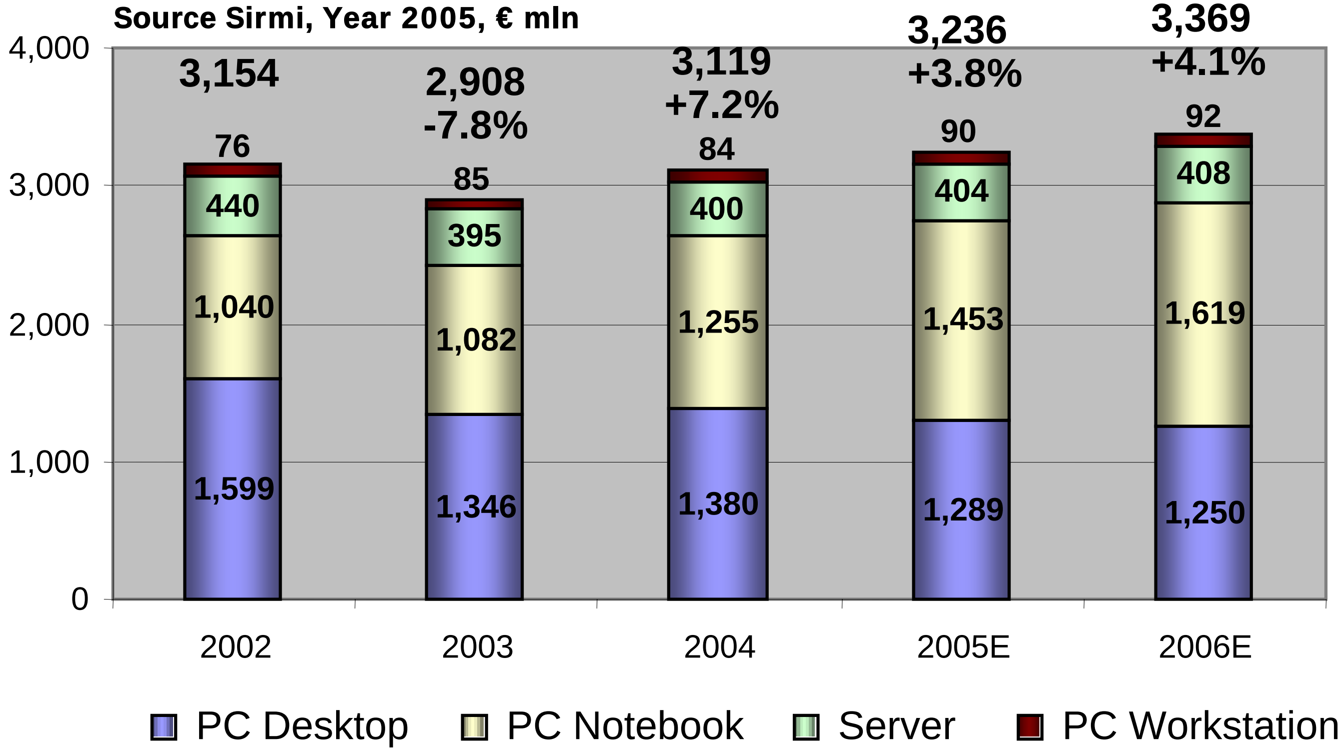
# Scenario 2006-08: IT Italian market (value)




- ✓ The IT Italian market (consisting for about 40% of hardware), after two years of decline (2002-2003) is expected slightly increasing during the 2006-2008 period (CAGR equal to 2%)
- ✓ The trend of hardware segment results substantially in line with the total IT Italian market

# Scenario 2006-08: PC Italian market (value) by categories of products

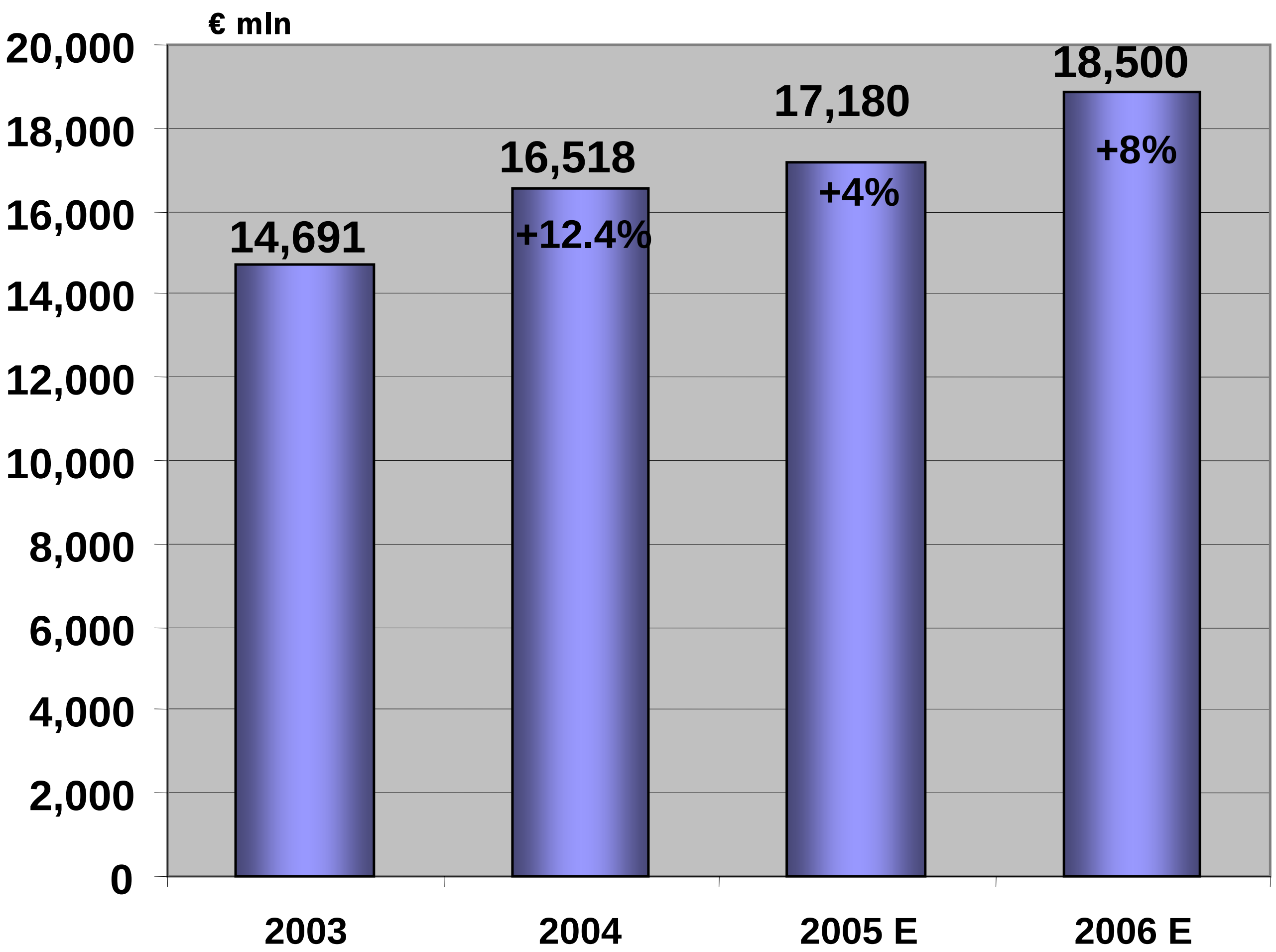
| € mln | 2002 | 2003 | 2004 | 2005E | 2006E | Δ 03/02 | Δ 04/03 | Δ 05/04 | Δ 06/05 |
|---|---|---|---|---|---|---|---|---|---|
| *Consumer Desktop* | *579* | *468* | *465* | *452* | *448* | *-19.2%* | *-0.6%* | *-2.7%* | *-1.0%* |
| *Commercial Desktop* | *1,020* | *878* | *915* | *836* | *801* | *-13.9%* | *4.2%* | *-8.6%* | *-4.2%* |
| Total Desktop | 1,599 | 1,346 | 1,380 | 1,289 | 1,250 | -15.8% | 2.6% | -6.6% | -3.1% |
| *Consumer Notebook* | *261* | *340* | *438* | *515* | *576* | *30.5%* | *28.7%* | *17.7%* | *11.7%* |
| *Commercial Notebook* | *779* | *742* | *817* | *938* | *1,043* | *-4.8%* | *10.2%* | *14.7%* | *11.3%* |
| Total Notebook | 1,040 | 1,082 | 1,255 | 1,453 | 1,619 | 4.0% | 16.0% | 15.8% | 11.4% |
| PC Server | 440 | 395 | 400 | 404 | 408 | -10.2% | 1.1% | 1.2% | 0.9% |
| PC Workstation | 76 | 85 | 84 | 90 | 92 | 12.9% | -1.4% | 7.0% | 2.3% |
| **Total PC** | **3,154** | **2,908** | **3,119** | **3,236** | **3,369** | **-7.8%** | **7.2%** | **3.8%** | **4.1%** |




- ✓ **After the strong decrease of 2003, during the 2004 the PC market recorded a net trend inversion increasing by 7.2% in value**
- ✓ **During the 2005 is expected the "overtaking", as value, from PC notebook to desktop**
- ✓ **CAGR 2005-06 of PC market expected equal to 4% (value)**

# Scenario: consumer electronics market (value)

*Source: GFK, year 2005 (data of 2003-04 period)*
*CDC processing (estimate of 2005-06 period)*




**Revenues trend of consumer electronics market strongly increasing (+12.4% in 2004)**

**Growth, even if lower compared to previous years, forecasted for 2005 year, despite a not favourable situation**

**We expected an higher increase during the 2006 year, thanks to the growth of video category**

# Strategic targets 2006 – 2008 by business unit (SBU)

**SBU – Distribution:**

- Focus on captive Cash & Carry channel by continuing the development of the store network (opening of 5 new stores during the 2006-08 period, for a total number amounting to 36 units)
- Extension of categories range in areas converging with Information Technology (audio, video, telecom) already started during 2005
- Development of B2B revenues, by increasing customers' share of wallet

**SBU – Retail Sales:**

- Strengthen the Computer Discount chain, focusing on specializations and IT services for SoHo and high-spending consumer segments
- Aid and management of the new format of medium-large sized outlets under "Compy Superstore" brand, in partnership with Unicoop Firenze
- Coverage of mass merchandising channel, by using the synergies with Unicoop

**SBU – Direct Sales:**

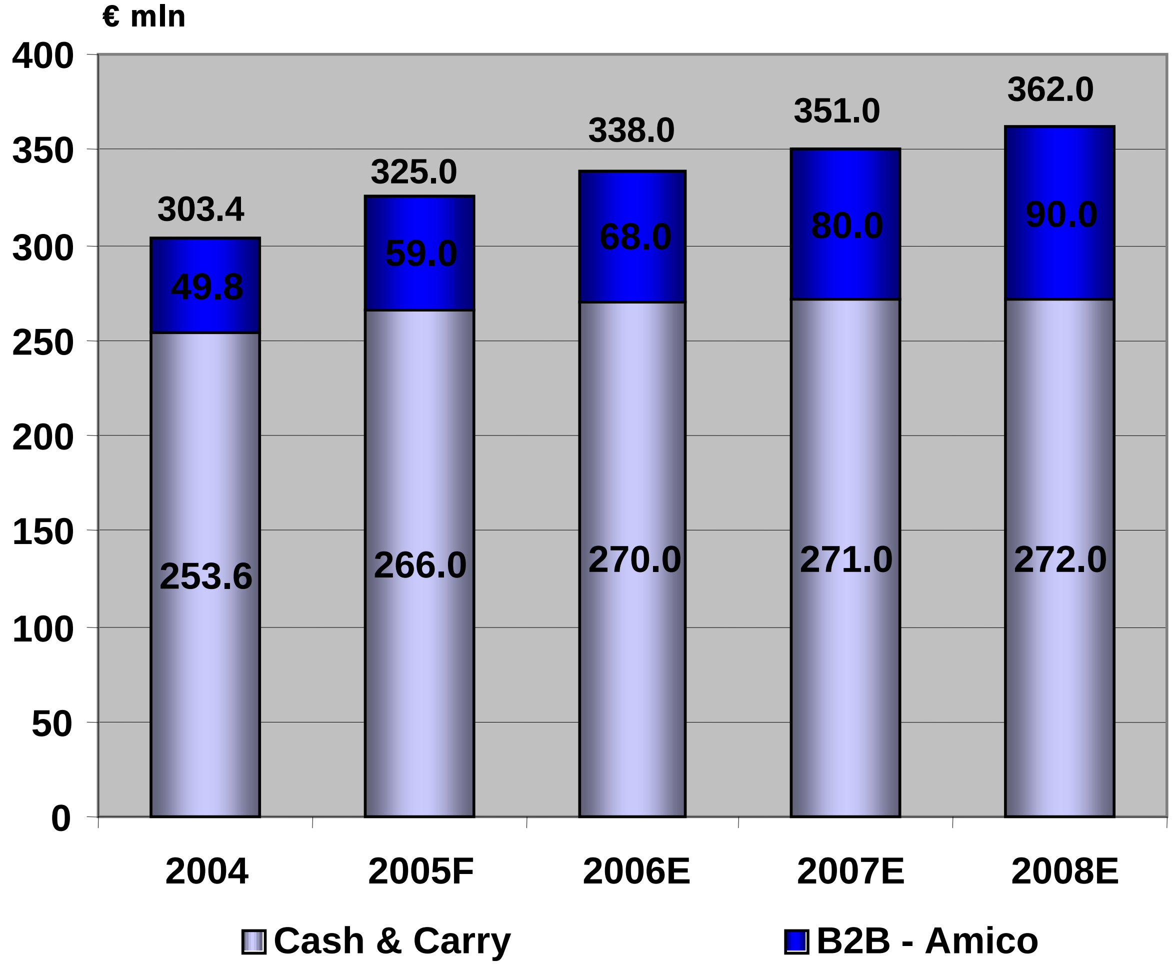
- Bid for major public sector tenders
- Focus on own brand products

**CAGR 2006-2008 of revenues equal to 6.5%, through an internal growth, despite a market expected slightly increasing (+2%) during the 2006-2008 period**

# SBU Distribution: strategic targets 2006 – 2008

- ✓ Opening of 5 Cash & Carry outlets over 2006-2008 period (in addition to 3 outlets already opened in 2005, for a total number amounting to 36 Cash&Carry at December 31, 2008)
- ✓ Extension of categories range in areas converging with Information Technology (audio, video, telecom)
- ✓ Leverage: deferred payments ratio on sales unchanged at 50%
- ✓ Revenues 2006 – 2008: target 2008 of € 362 mln, of which the 75% reached via the captive Cash & Carry channel

**CAGR 2006 – 2008: +4% as SBU (of which +15% from B2B-Amico)**



# SBU Retail Sales: strategic targets 2006 – 2008

**Computer Discount**

✓ Stable revenues, during the period under review, amounting to € 132 mln, with an average shops number equal to 175 units (compared to 200 shops till today)

✓ Focus on SoHo and high-spending consumer segments

✓ Development of revenues deriving from customized services and solutions

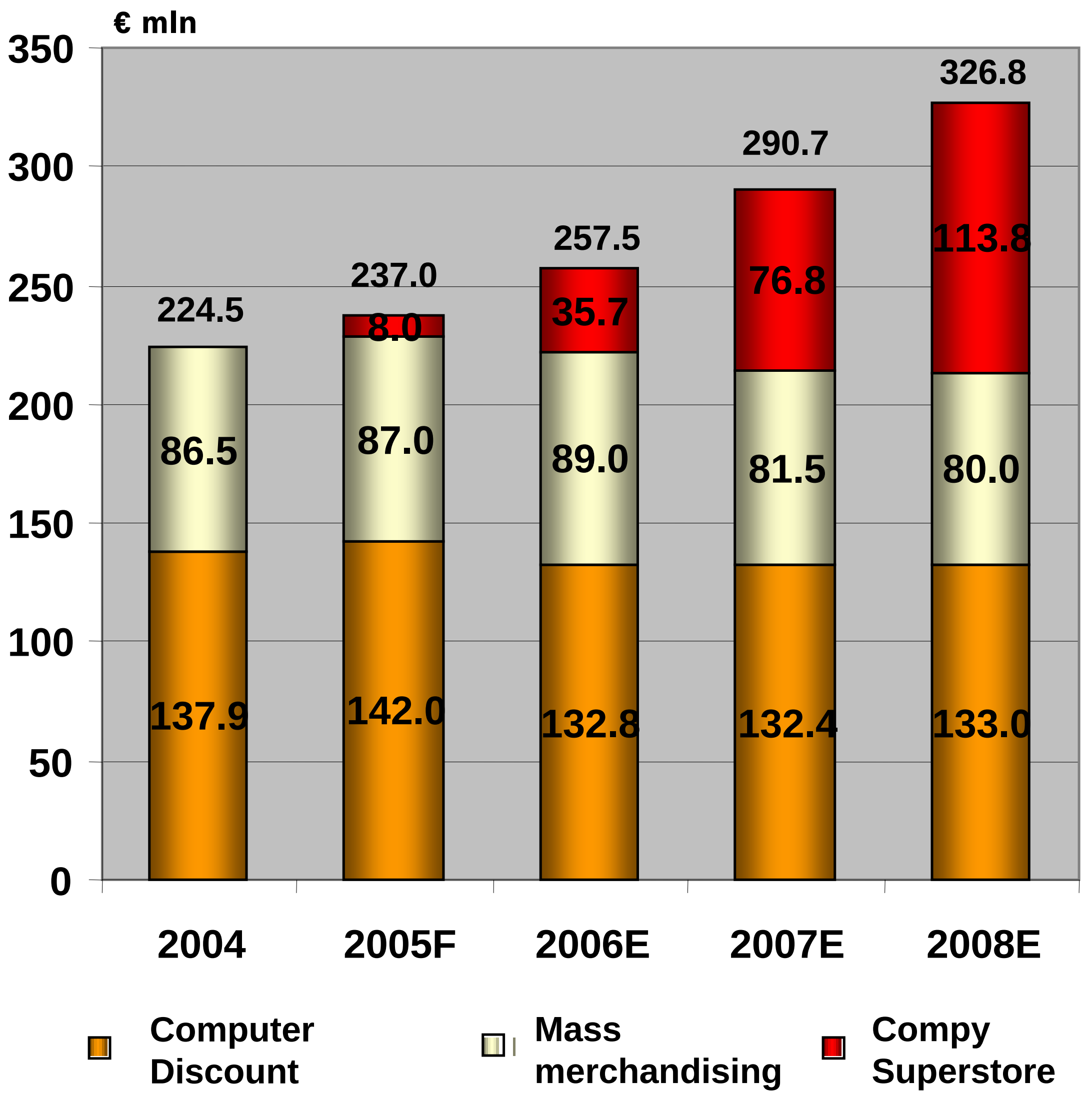
**Mass merchandising**

✓ Development of revenues to mass merchandising also thanks to the agreement with Unicoop Firenze

**Compy Superstore**

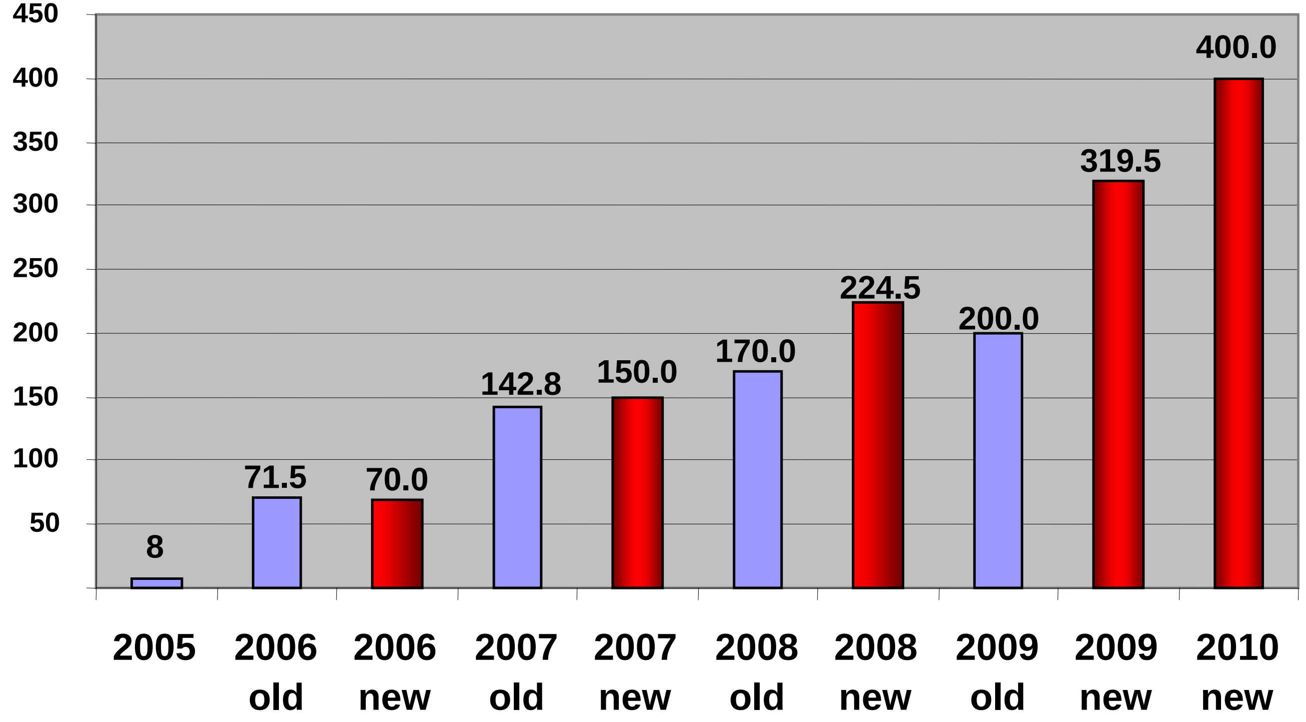
✓ Sell in revenues (ICT products) to the joint venture Compy Superstore, managed via the partnership with Unicoop Firenze

**CAGR 2006 – 2008: +11%, fully due to Compy Superstore**



# Targets of Compy Superstore project

Revenues of Joint Venture CDC - Compy Superstore, € mln




- ✓ **Acceleration of Compy Superstore project thanks to the partnership with Unicoop Firenze. We foresee about 30 openings during the 2006-2010 period compared to 16 openings of previous business plan**
- ✓ **Target 2007, 2008 and 2009 revised with a significant growth, with revenues target for 2010 equal to € 400 mln (compared to the previous target for 2009 of € 200 mln)**
- ✓ **Stores mainly located in leased building, also inside structures owned by Unicoop Firenze**
- ✓ **After the loss forecasted in 2006 year (for about € 1.5 mln), in 2007 and 2008 we expected that the joint venture will achieve net profits for € 1.5 mln and € 3 mln respectively**

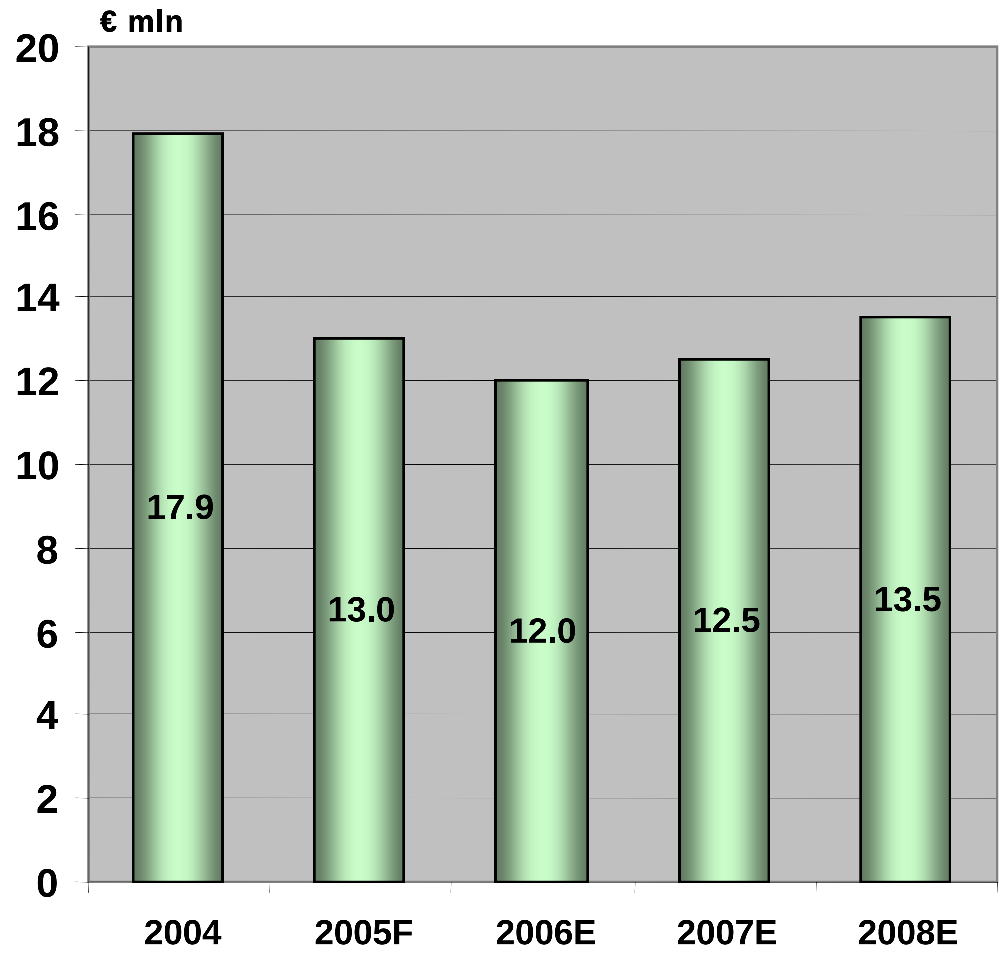
# SBU Direct Sales: strategic targets 2006 – 2008

**CAGR 2006 – 2008: +1% excluding Consip tender award**

✓ Revenues stable at the value recorded in the 2004-2005 period

✓ Revenues planning does not include Consip tender award

✓ Penetration in the corporate and finance business (representing about the 30% of total PC Italian market) thanks to the trade of own brand products (PC, monitor, accessories)



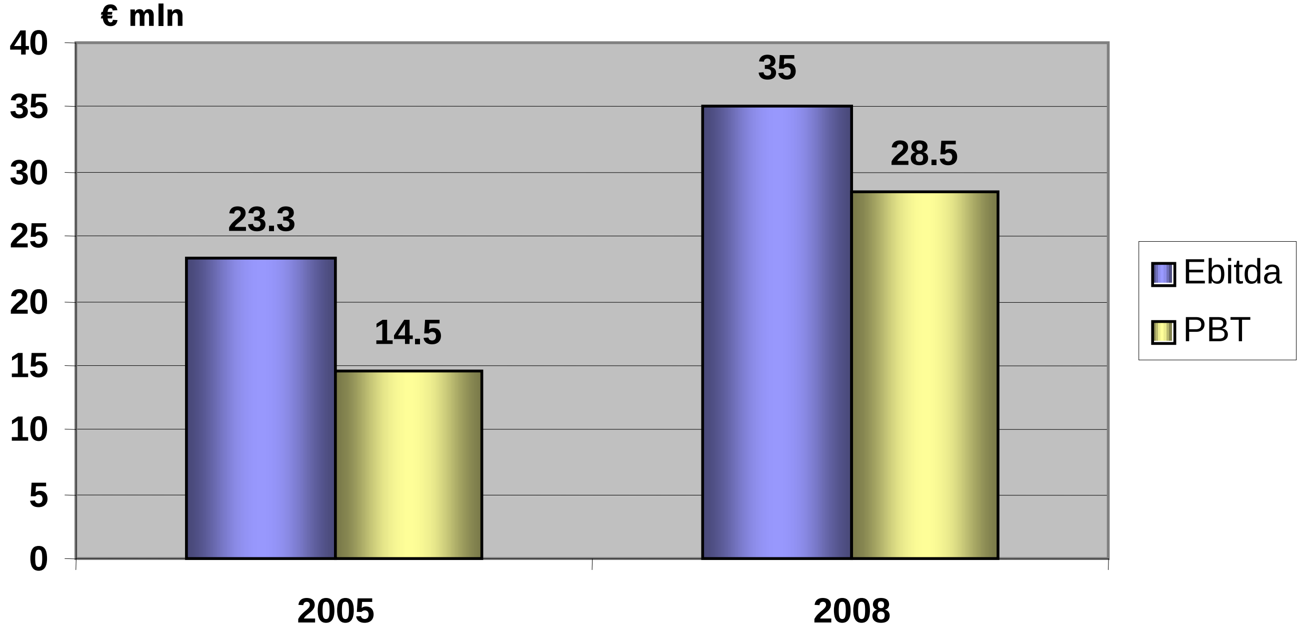
# 2006 – 2008 FINANCIAL TARGETS

# Business Plan 2006 - 2008: main financial targets

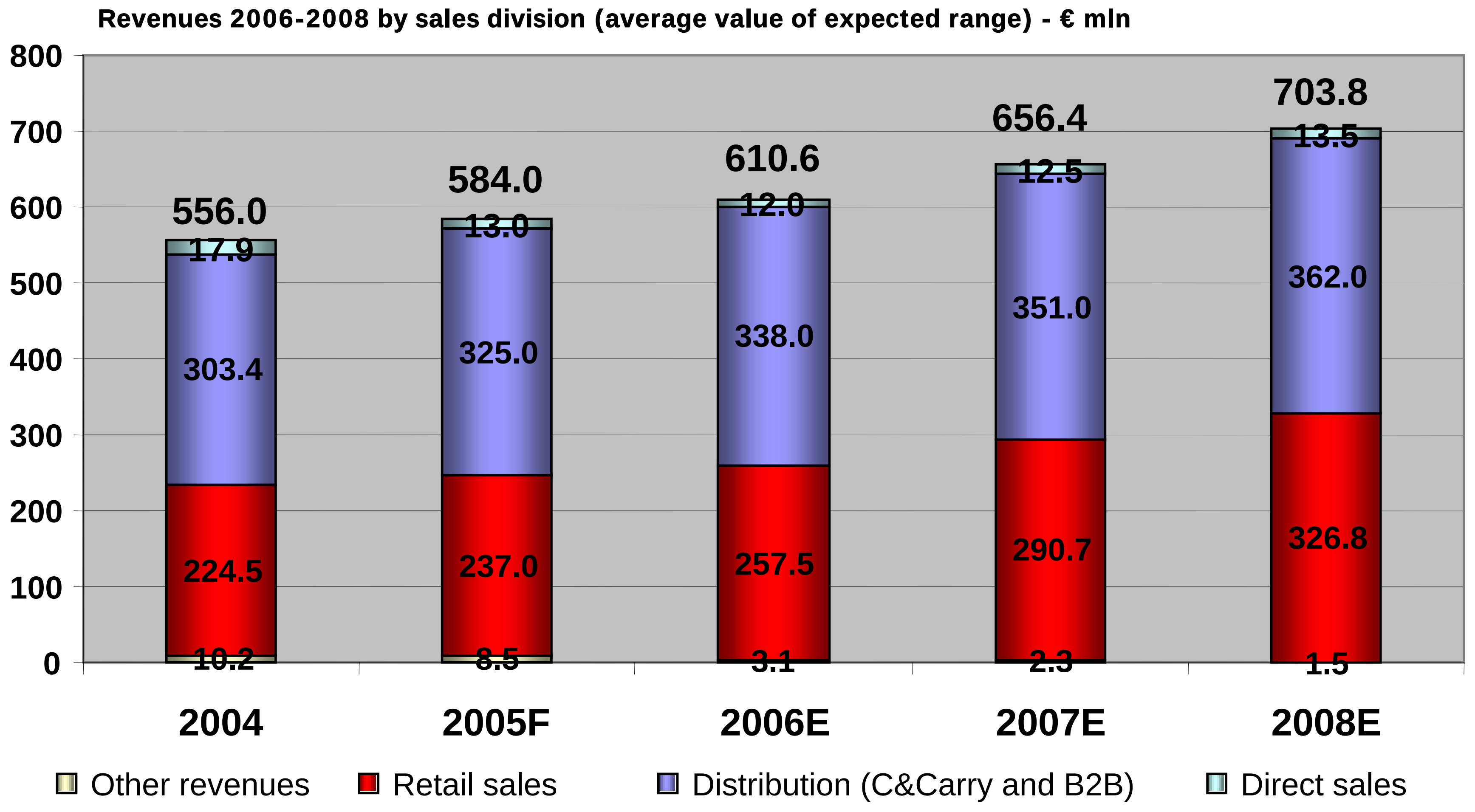
| Forecast 2005 | Target 2008 |
|---|---|
| ✓ Revenues: € 584 mln | ✓ Revenues: € 705 mln |
| ✓ Ebitda: € 23.3 mln (4.0% on sales) | ✓ Ebitda: € 35.0 mln (5.0% on sales) |
| ✓ PBT: € 14.5 mln (2.5% on sales) | ✓ PBT: € 28.5 mln (4.0% on sales) |
| ✓ NFP: € 31.0 mln (average) | ✓ NFP: € 19 mln (average) |
| ✓ NFP/revenues: 5.0% | ✓ NFP/revenues: 3.0% |
| ✓ D/E: 0.5 | ✓ D/E: 0.23 |

**Ebitda Margin from 4.0% to 5.0%**

**PBT Margin from 2.5% to 4.0%**



# Business Plan 2006 - 2008: revenues target by sales division




- ✓ **6.5% CAGR in consolidated revenues over the 2006–2008 period**
- ✓ **Retail sales, including sell in to Compy Superstore, will be the SBU with the higher growth of revenues (CAGR over 10%)**
- ✓ **The SBU distribution increasing by 4% per year, with a 2008 target of € 362 mln**

# Business Plan 2006 - 2008: main profit target

| Euro mln | 2005F | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| Revenues from sales | 570-600 | 600-620 | 640-670 | 690-720 |
| EBITDA | 22.4-25 | 25-27 | 29.5-31.5 | 34-36 |
| EBIT | 16-18.5 | 20-22 | 25-27 | 29-31 |
| Net profit | 8-10 | 10-11 | 14-15 | 17-18 |

- ✓ Confirmed 2005 net profit target inside the range € 8 - 10 mln
- ✓ Decrease of net profit target for 2006 (new target between € 10 - 11 mln) and 2007 (new target between € 14 - 15 mln), compared to the target of previous business plan equal to € 17 mln (2006) and € 20 mln (2007)
- ✓ New target of 2008 net profit between € 17 - 18 mln

# Business Plan 2006 - 2008: drivers of business

| € mln | Drivers | 2005F | 2006 | 2007 | 2008 | CAGR 2006-08 |
|---|---|---|---|---|---|---|
| **Revenues from sales** | Distribution sales growth<br>(5 new C&C)<br>Sell In Compy Superstore increase | **570-600** | **610.0** | **655.0** | **705.0** | **6.4%** |
| **EBITDA** | Gross margin consolidation<br>(sales mix of products)<br>Scale economies | **22.2 - 25.0** | **26<br>(4.3%)** | **30.5<br>(4.7%)** | **35<br>(5.0%)** | **14.0%** |
| **Net profit** | Control of net financial expenses<br>Profit from equity investment in Compy Superstore | **8.0 - 10.0** | **10.5** | **14.5** | **17.5** | **24.8%** |
| **EPS** | CAGR > 20% | **0.65 - 0.81** | **0.86** | **1.18** | **1.43** | **24.8%** |

# Business Plan 2006 - 2008: leverage to create value

**Operating costs reduction: decrease of operating costs ratio on sales from 9.1% in 2005 to 7.7% in 2008**

| % on sales | 2005F | 2006E | 2007E | 2008E |
|---|---|---|---|---|
| Operating costs | 5.17% | 5.26% | 4.79% | 4.38% |
| Payroll cost | 3.96% | 3.66% | 3.46% | 3.33% |
| **Total** | **9.13%** | **8.92%** | **8.25%** | **7.71%** |

**On September 2005 the CDC Group launched an optimization plan of human resource Utilization.**

**Deconsolidation of company CDC Superstore and of operating costs related.**

**Higher use of scale economies related to the revenues growth expected.**

**Result of equity investment (48%) in Compy Superstore (joint venture with Unicoop Firenze)**

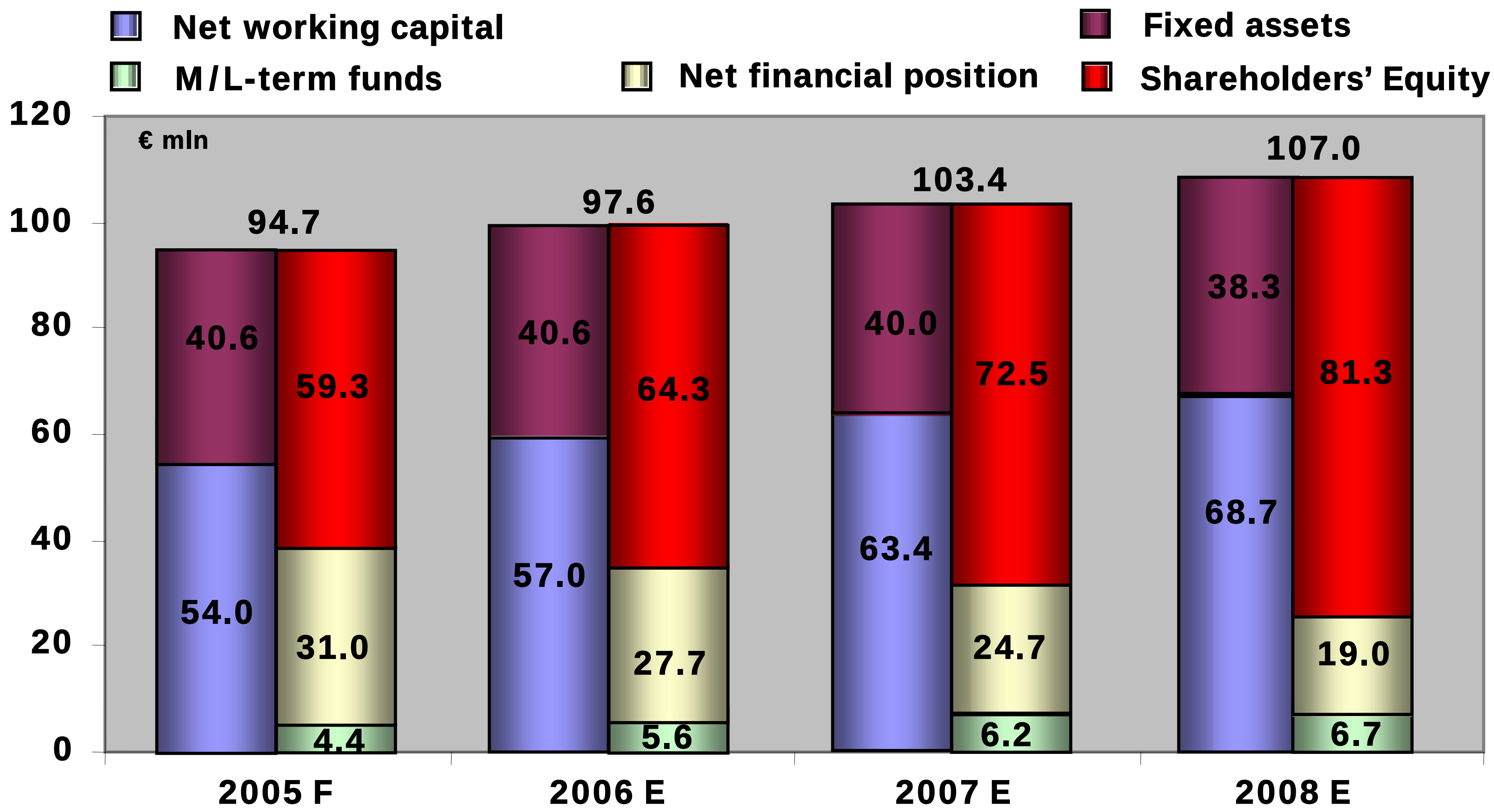
| Equity investment | 2006E | 2007E | 2008E |
|---|---|---|---|
| Net result of JV (€ mln) | (1.50) | 1.50 | 3.00 |
| CDC share (48%) | (0.72) | 0.72 | 1.44 |

# Business Plan 2006 - 2008: economic target of CDC Group

| Consolidated (€x1000) | 2005F | 2006E | 2007E | 2008E |
|---|---|---|---|---|
| **Revenues** | **584,000** | **610,594** | **656,419** | **703,820** |
| **Gross margin** | **76,650** | **80,719** | **84,705** | **89,124** |
| | *13.1%* | *13.2%* | *12.9%* | *12.7%* |
| Other operating costs | (30,200) | (32,089) | (31,422) | (30,841) |
| Payroll cost | (23,100) | (22,360) | (22,701) | (23,409) |
| **EBITDA** | **23,350** | **26,271** | **30,581** | **34,874** |
| | *4.00%* | *4.30%* | *4.66%* | *4.96%* |
| Amortization & depreciation | (6,400) | (5,073) | (4,634) | (4,578) |
| **EBIT** | **16,950** | **21,197** | **25,948** | **30,297** |
| | *2.90%* | *3.47%* | *3.95%* | *4.30%* |
| Net financial expenses and Equity investments | (2,500) | (3,550) | (2,412) | (1,799) |
| **PBT** | **14,450** | **17,647** | **23,535** | **28,498** |
| | *2.47%* | *2.89%* | *3.59%* | *4.05%* |
| Taxes | (5,450) | (7,147) | (9,035) | (10,998) |
| **Net profit** | **9,000** | **10,500** | **14,500** | **17,500** |
| | *1.5%* | *1.7%* | *2.2%* | *2.5%* |

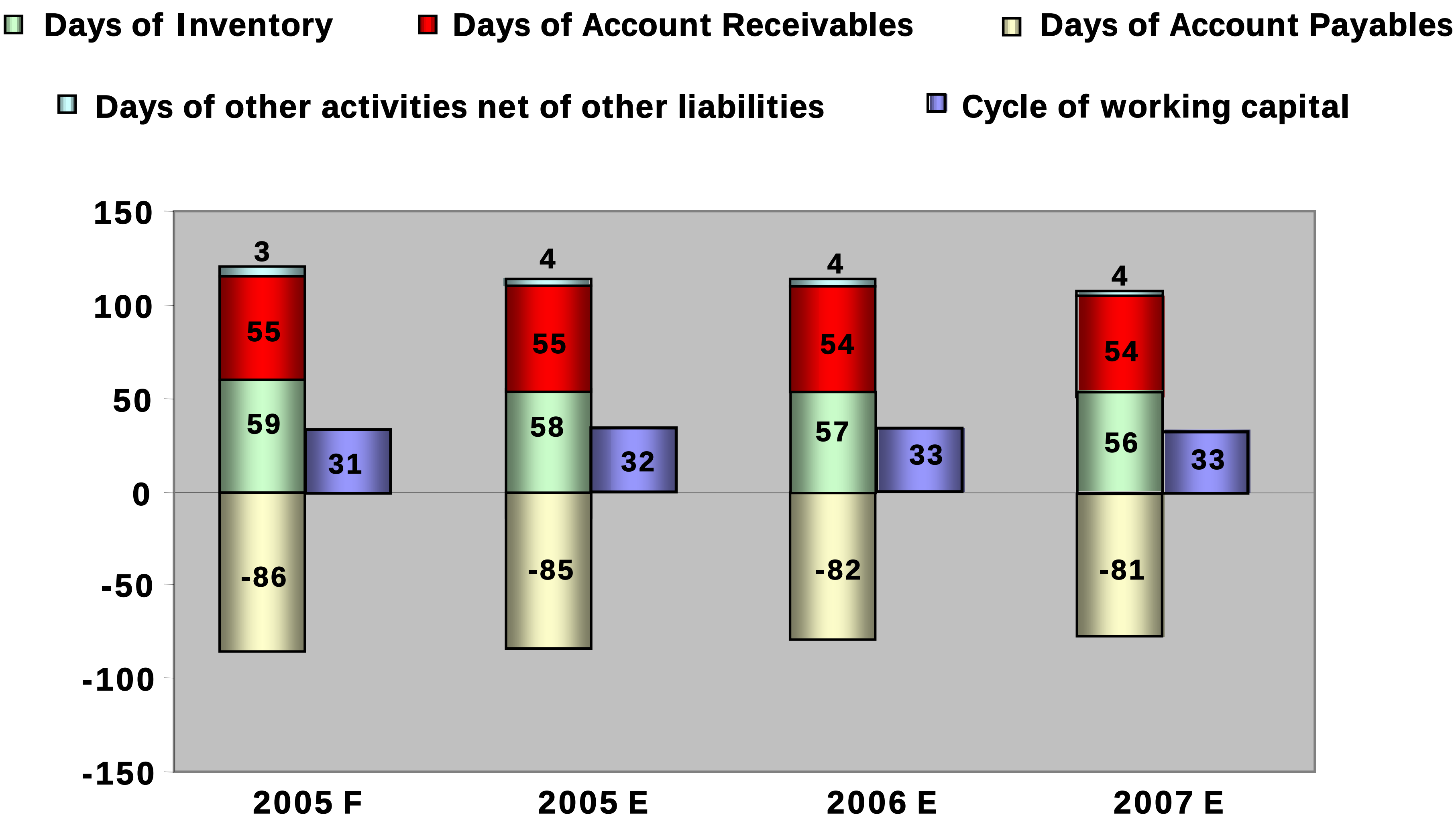
- ✓ **Operating costs ratio on sales reduction from 9.1% in 2005F to 7.7% in 2008**
- ✓ **Growth of consolidated Ebitda margin from 4.0% in 2005F to 5.0% in 2008**
- ✓ **Net profit ratio on sales increase from 1.5% (2005F) to 2.5% (2008)**

# CDC Group: assets and liabilities targets 2006 – 2008 (average annual value)




- ✓ Trend of Shareholders' Equity including a pay-out ratio of 60% during the business plan period
- ✓ Average annual investments equal to € 3 mln during the 2006 – 2008 period
- ✓ The CDC Superstore company is not included in the basis of consolidation (financial investment for € 5 mln during the 2005-06 period in order to underwrite capital addition of JV)

# Working capital cycle of CDC Group: 2006–2008 targets (average annual value)




- ✓ Maintenance of efficiency in working capital management of CDC Group
- ✓ Working capital cycle between 32 - 33 days during the business plan period

# 2006 – 2008 returns for shareholders

| | 2004 A | 2005 F | 2006 E | 2007 E | 2008 E |
|---|---|---|---|---|---|
| Consolidated Net Profit | € 10.7 mln | € 8-10 mln | € 10.5 mln | € 14.5 mln | € 17.5 mln |
| Number of Shares | 12,263,992 | | | | |
| EPS | € 0.87 | € 0.74 | € 0.86 | € 1.18 | € 1.43 |
| DPS | € 0.56 | € 0.44 | € 0.51 | € 0.71 | € 0.81 |

- ✓ CAGR EPS over 20% during the 2006-2008 period
- ✓ DPS allowed for a pay out ratio of 60%
- ✓ The dividend distribution relating to net profit of 2005-2008 years is subject to the resolution of Board of Directors and Shareholders' Meeting of CDC