

cdb web tech

Semi-Annual Report

Borsa Italiana - Milan, 1st October 2001

CDB WEB TECH – www.cdbwebtech.com

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- CDB Web Tech is an investment company investing worldwide in Information & Communication Technology (ICT) companies. These companies are focused on technology, services and applications for the telecommunications and internet
- CDB Web Tech was founded in March 2000 by formal spin-off from Aedes S.p.A. (a publicly traded Company on the Borsa di Milano). There was no placement or IPO. After the spin-off Aedes' shareholders were allotted 8 CDB Web Tech ordinary shares for every 5 Aedes ordinary or saving shares

- CDB Web Tech acquires equity stakes in ICT companies either
 - Through specialised vehicles: venture capital funds, private equity funds, technology hedge fundsor
 - Co-investing directly with venture capital funds
- CDB Web Tech believes in the great potential of creating value through the development of new technology within ICT

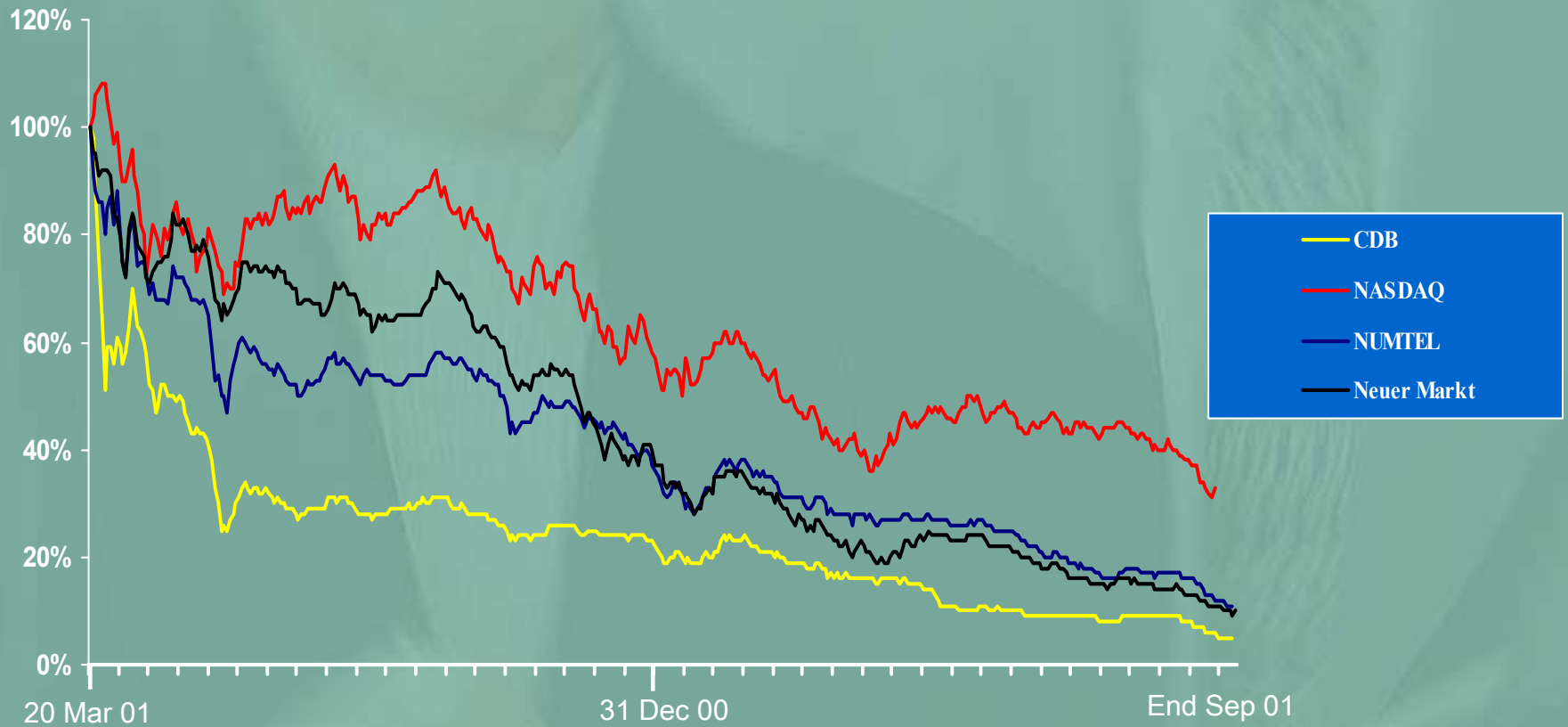
CDB Web Tech's uniqueness arises from:

- Investing in companies in the “Net or new economy” and it is not a new economy company that risks going “out of business”
- Being listed after a spin-off from a previously listed company. There was no allocation of shares and it was not listed by IPO
- Approximately 45% of its shares floating

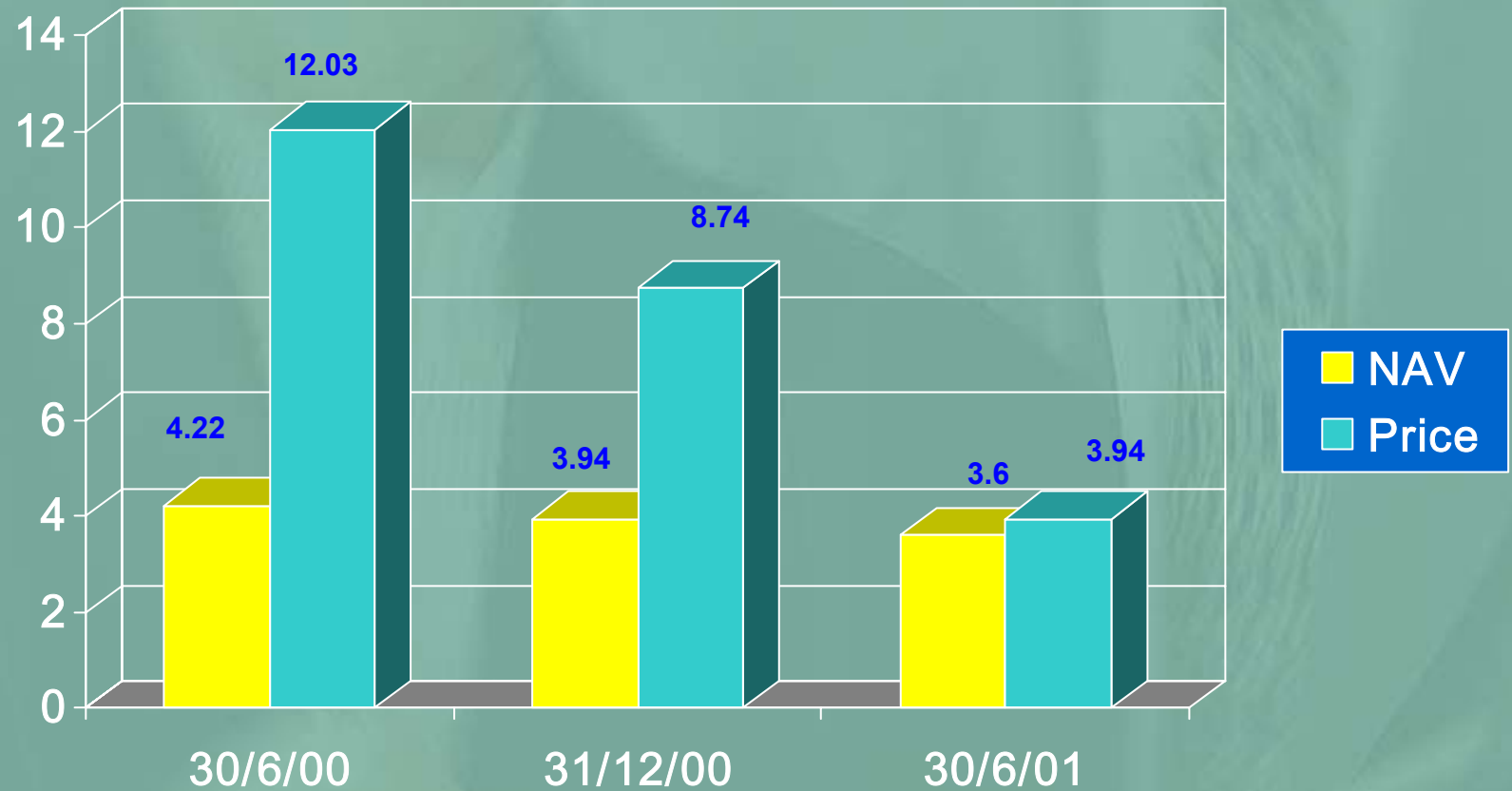
- As there was no IPO there was no initial price; the share price has always been determined by the market and not by the Company
- On the first day of listing (20th March, 2000) a capital increase of € 6,46 per share was agreed versus the official stock price of € 42,73 per share

Stock Trend

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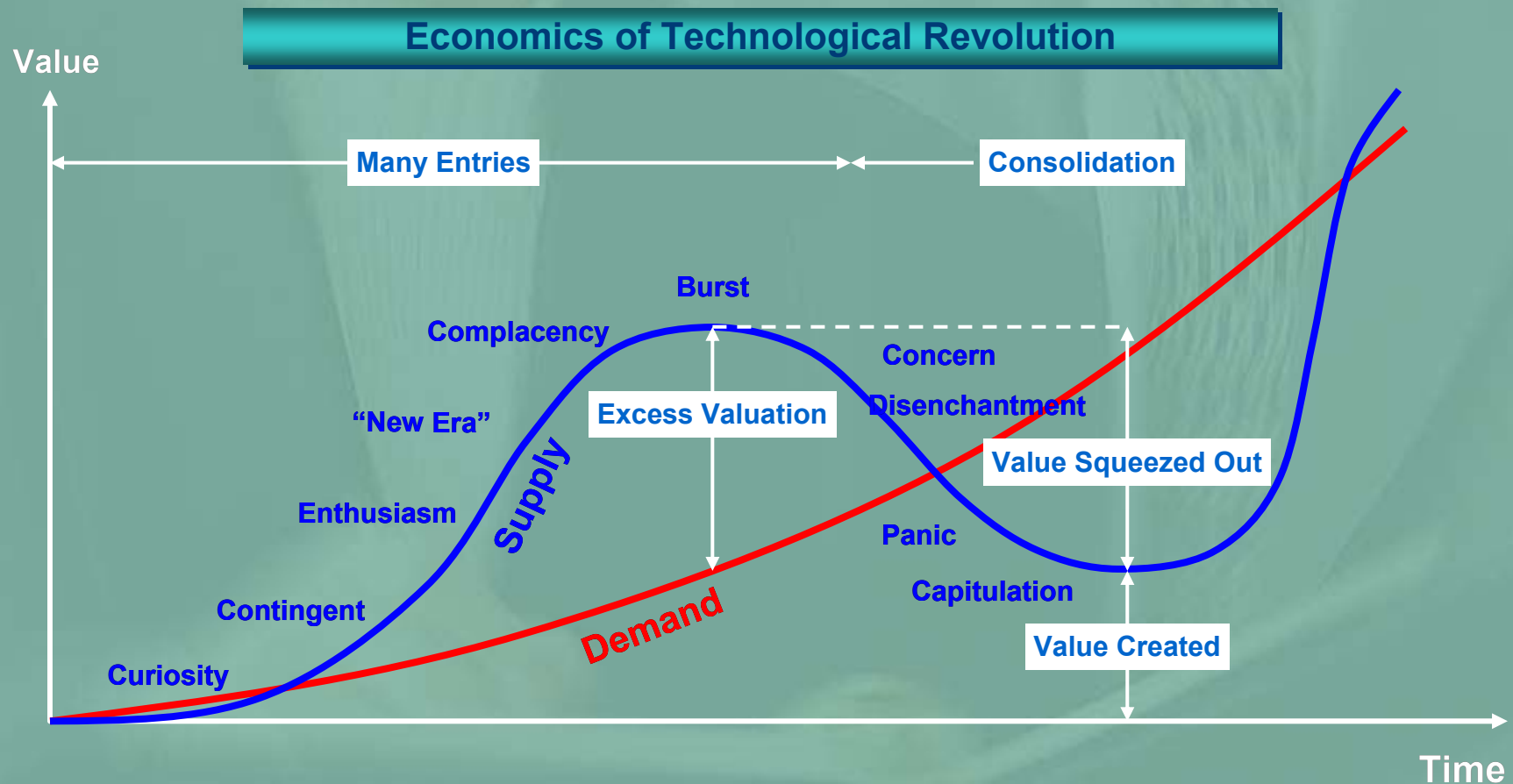


NAV and Stock Price



The ICT Market

In the ICT Market as in all technological revolutions, a speculative phenomenon overlapped inflating the values of technology companies followed by a downfall in the market and, as a consequence, a resizing of the values



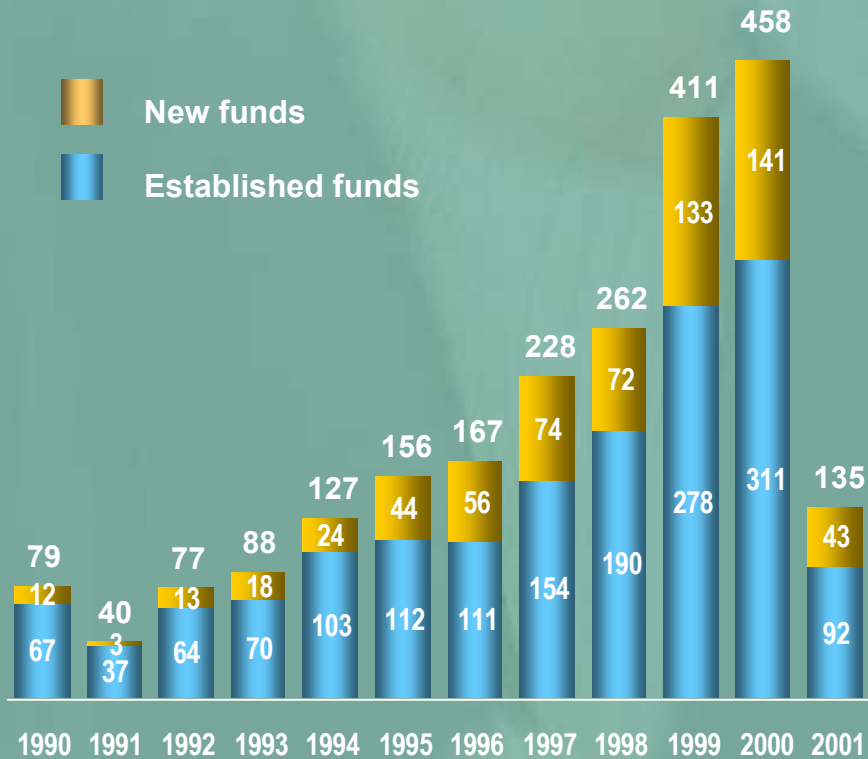
- Private Equity and Venture Capital markets are undergoing a severe adjustment process as a consequence of the adjustment in valuations of the Public Markets
- Furthermore
 - The current IPO window is shut
 - The Trade Sale market is showing minimal activity due to the crisis involving all technology vendors
 - This environment is likely to exist until mid 2003
- Going forward, do not expect the Venture Capital returns of 1998-2000
 - They were an anomaly

- The majority of Venture Capital funds will report negative returns in 2001
- The Darwinian process is working itself through the Venture Capital and Private Equity marketplace
 - At high speed, bringing discipline and focus
 - Venture firms facing numerous write downs/offers

Venture Capital Statistics

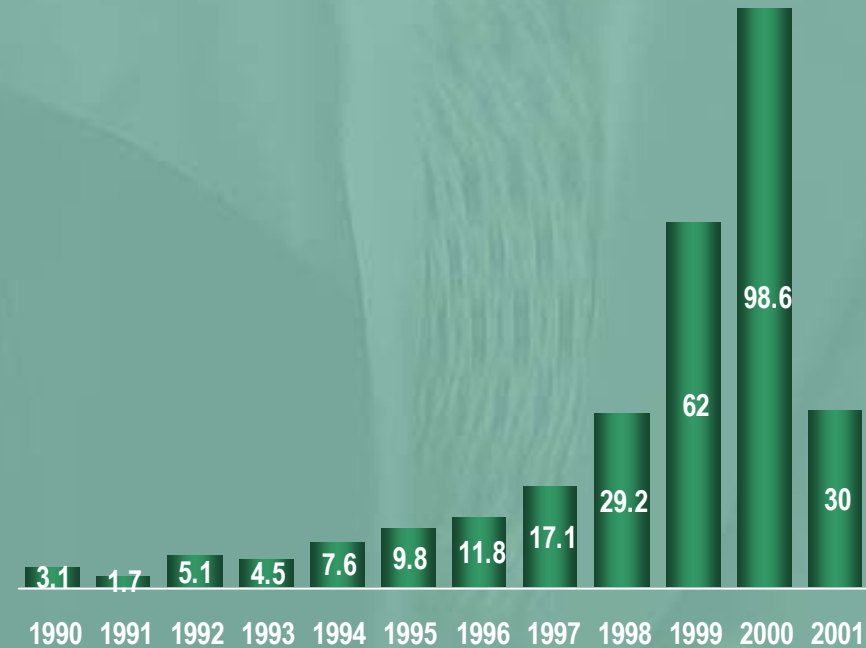
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Number of Funds, USA



Source: Venture Economics

Venture Capital Commitments, USA (US\$ BN)



Source: Venture Economics

Venture Capital Statistics (II)

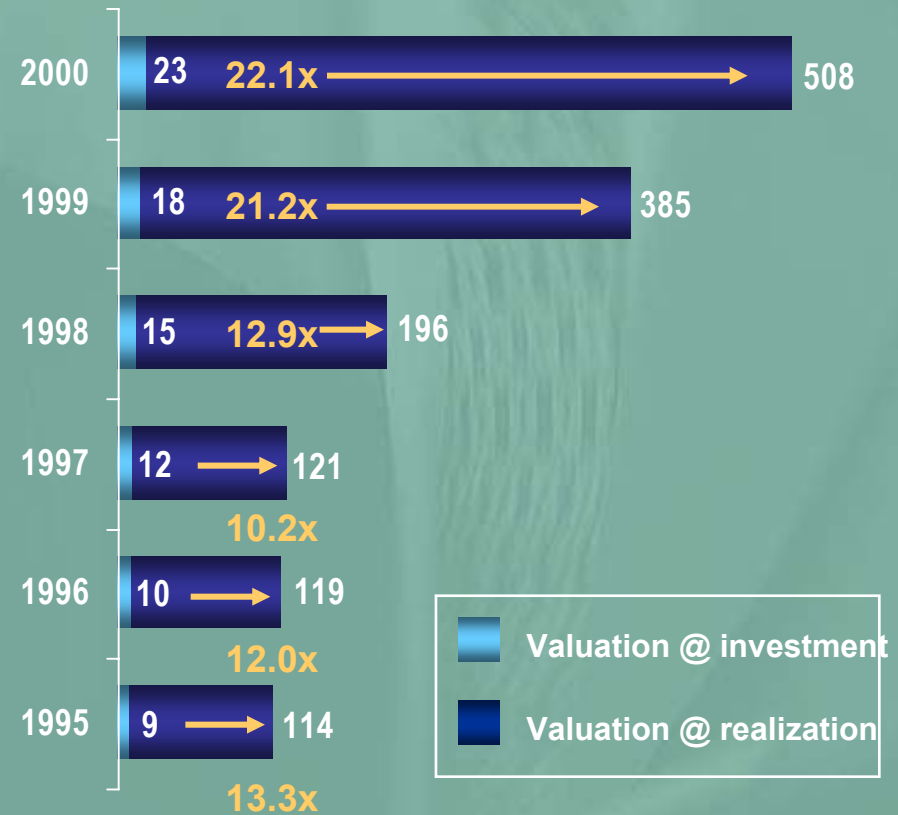
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IPOs of Venture Backed Companies in the US



Source: VentureEconomics, NVCA

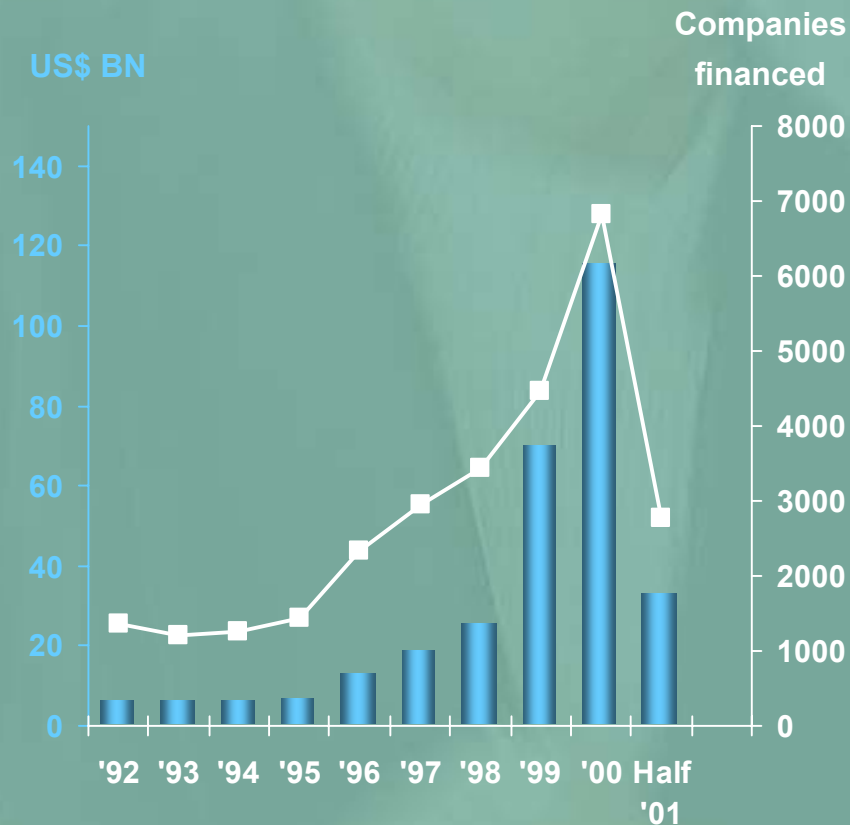
Realization Multiple (US\$ million)



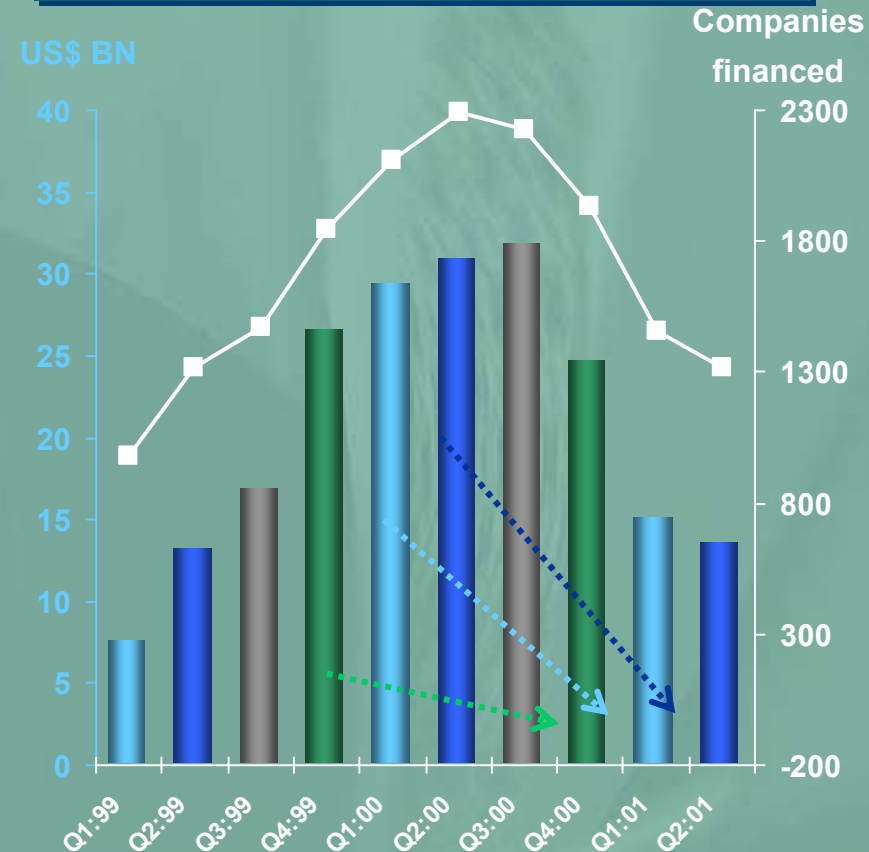
Source: Horsley Bridge

Venture Capital Statistics (III)

Venture Capital Investments, USA



Venture Capital Investments, USA: Quarterly Comparison 1999-2001

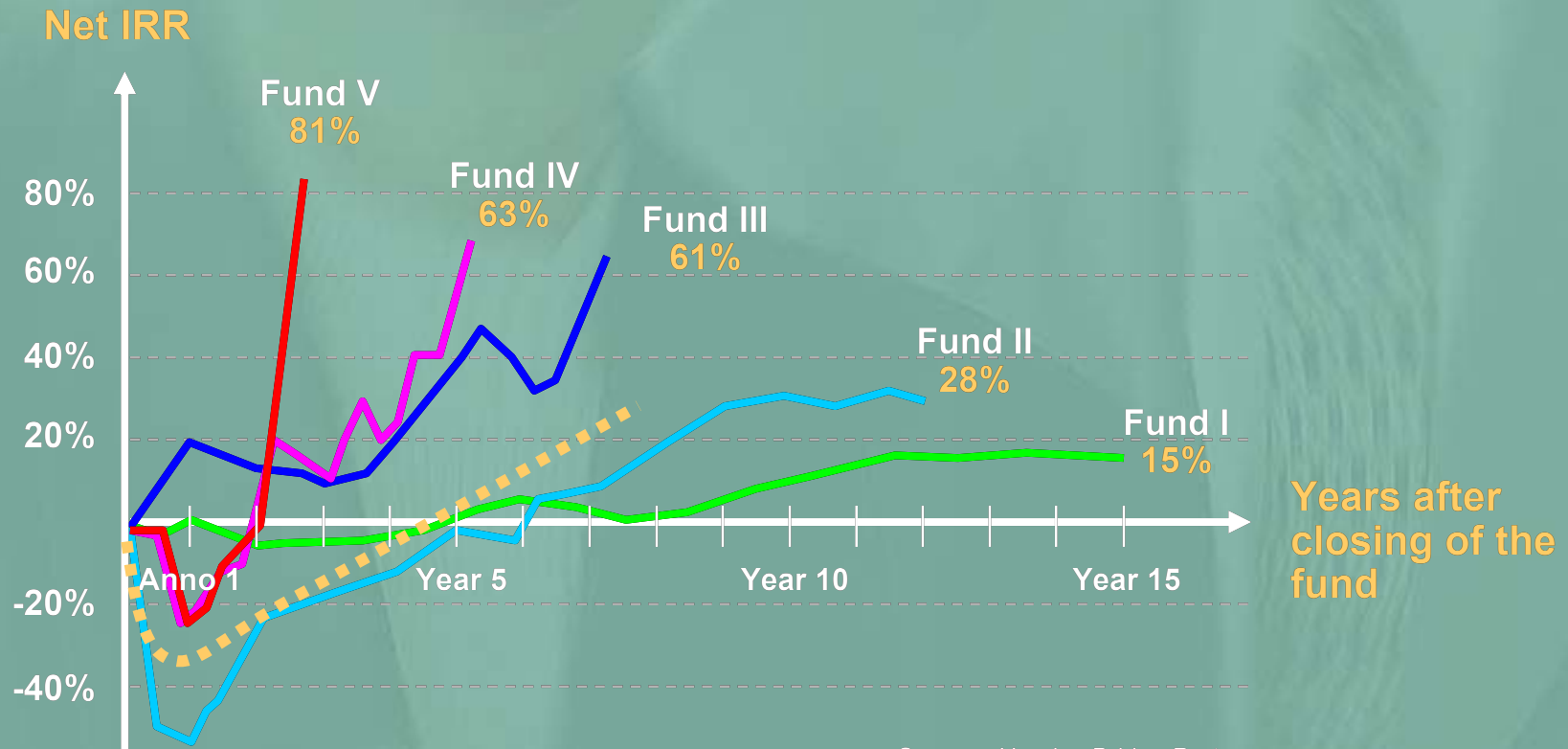


Source:
Venture
Economics

Venture Capital Investment Rate Has Significantly Slowed Down

Venture Capital Cycle: Net IRRs

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Expect Longer Investment and Realization Cycles

Investments (book value)

Financial Investments and Commitments

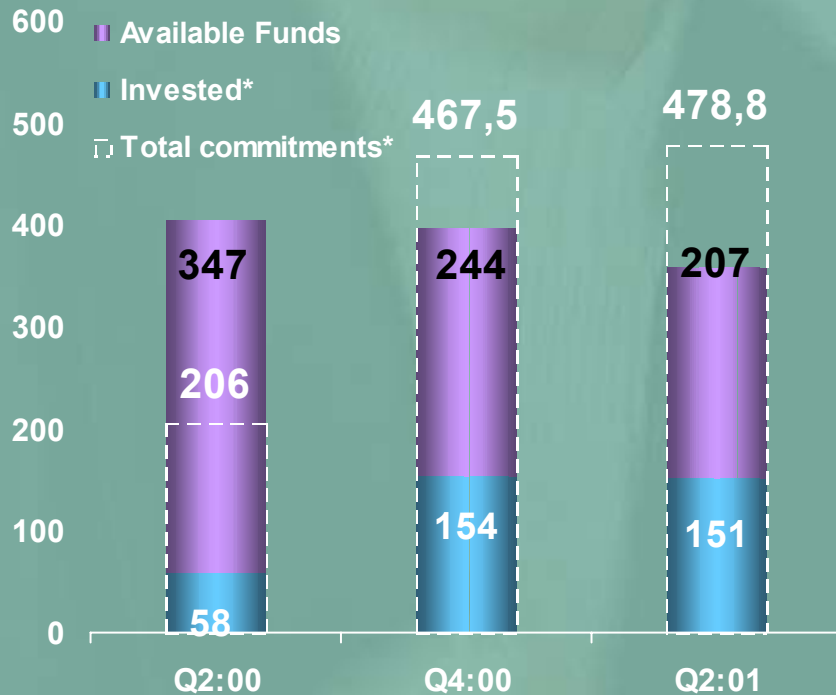
<i>Euro Millions</i>	30 June 2001		31 December 2000		Variation	
	<i>Nr.</i>	<i>Amount</i>	<i>Nr.</i>	<i>Amount</i>	<i>Nr.</i>	<i>%</i>
<i>Direct Investments</i>	24	43,6	24	54,5	-	-19,90
<i>Venture Capital Investments</i>	54	107,0	45	99,0	+9	+8,03
<i>Hedge Funds</i>	13	56,5	17	77,5	-4	-27,11
<i>Crossover Funds</i>	1	0,7	2	13,1	-1	-94,88
Total Investments	-	207,8	-	244,1	-	-14,89
<i>Venture Capital: Residual Commitments</i>	51	328,2	49	314,0	+2	+4,51

Distribution as at 30th, June 2001

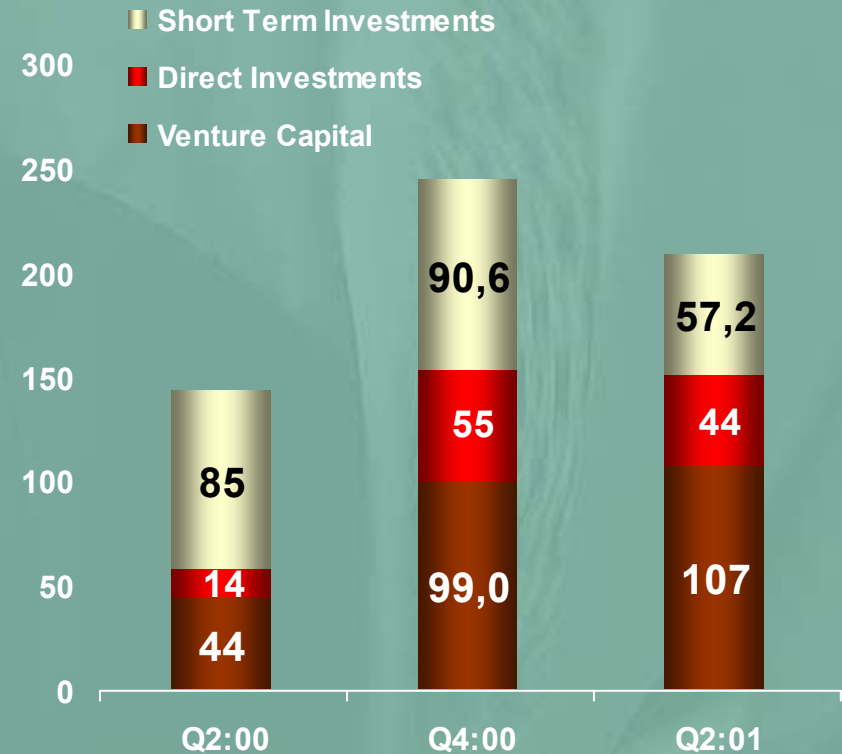
<i>Fund</i>	<i>Company (IPO or Acquire)</i>	<i>Capital Invested (000 Euro)</i>	<i>Net realised Appreciation</i>	<i>Date of Distribution</i>
<i>Meritech I</i>	<i>AVICI Systems (IPO)</i>	<i>53,5</i>	<i>28,1</i>	<i>January</i>
<i>Meritech I</i>	<i>Corvis Corpor. (IPO)</i>	<i>530,9</i>	<i>642,8</i>	<i>January</i>
<i>Sequoia Capital X</i>	<i>SwitchOn Network (PMC-Sierra)</i>	<i>15,2</i>	<i>134,6</i>	<i>January</i>
<i>Jerusalem V.P.III</i>	<i>Chromatis Networks (Lucent Corp.)</i>	<i>90,1</i>	<i>521,2</i>	<i>February</i>
<i>Jerusalem V.P. III</i>	<i>Chromatis Networks (Lucent Corp.)</i>	<i>7,5</i>	<i>44,1</i>	<i>February</i>
<i>Benchmark Fund IV</i>	<i>Catapullse (Rational Software)</i>	<i>47,1</i>	<i>189,0</i>	<i>March</i>
<i>Benchmark Fund IV</i>	<i>Catapullse (Rational Software)</i>	<i>57,6</i>	<i>116,5</i>	<i>March</i>
<i>Pequot P.E. III</i>	<i>Embolis Protection (Boston Scientific Corp)</i>	<i>78,7</i>	<i>40,6</i>	<i>April</i>
<i>Sequoia Capital IX</i>	<i>VxTel (Intel Corp.)</i>	<i>38,8</i>	<i>323,6</i>	<i>April</i>
<i>Total Euro/000</i>		<i>919,4</i>	<i>2040,5</i>	

Investment Activity

Aggregate Investments (€ million)



Portfolio (€ million)

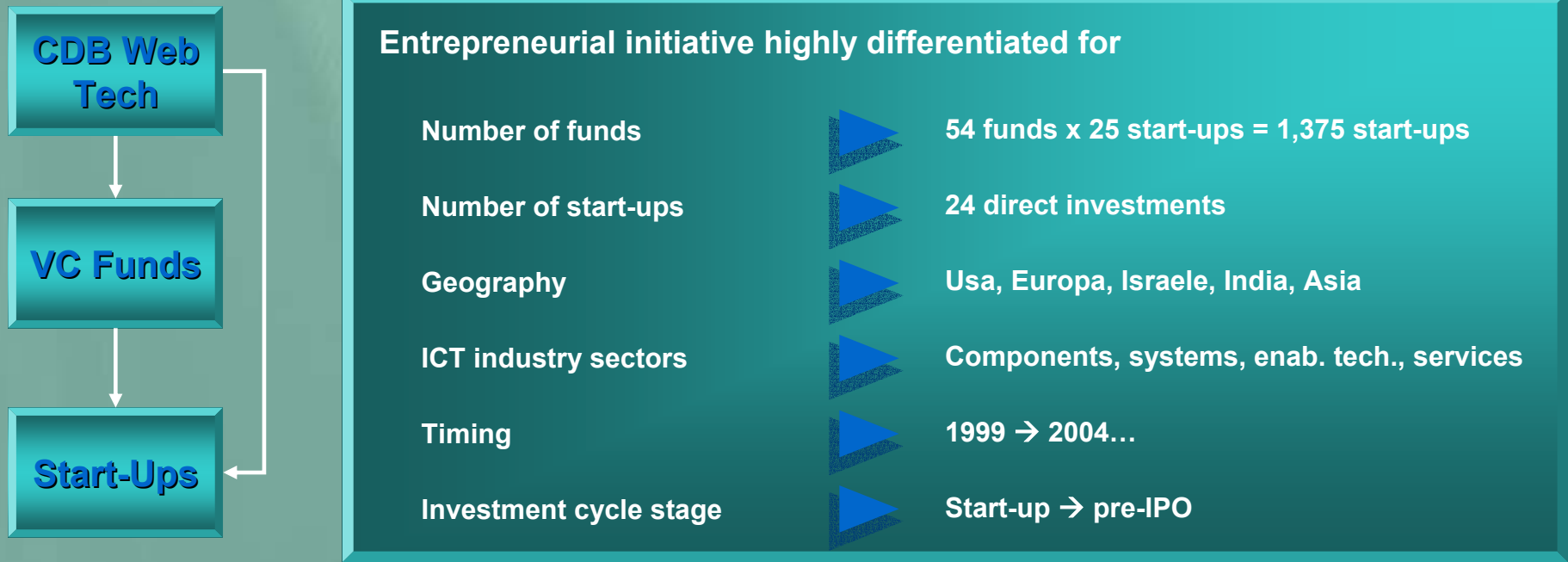


* Venture Capital funds and Direct Investments

CDB Web Tech's Model

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CDB Web Tech is a highly diversified model



The Model is Validated

■ Committed to 54 to Venture Capital funds

- We are very confident in the large majority of the funds (invested in 5 of top 10 funds worldwide)⁽¹⁾
- As at June 30th, 2001 a devaluation of € 20 million has been made to mark the book value to the NAV reported by the funds
- Our VC funds have called 28% of committed capital as at June 30th, 2001
- According to the current capital call rate and assuming no distributions, we have funds to meet commitments throughout 2003

■ Invested in 24 start-ups

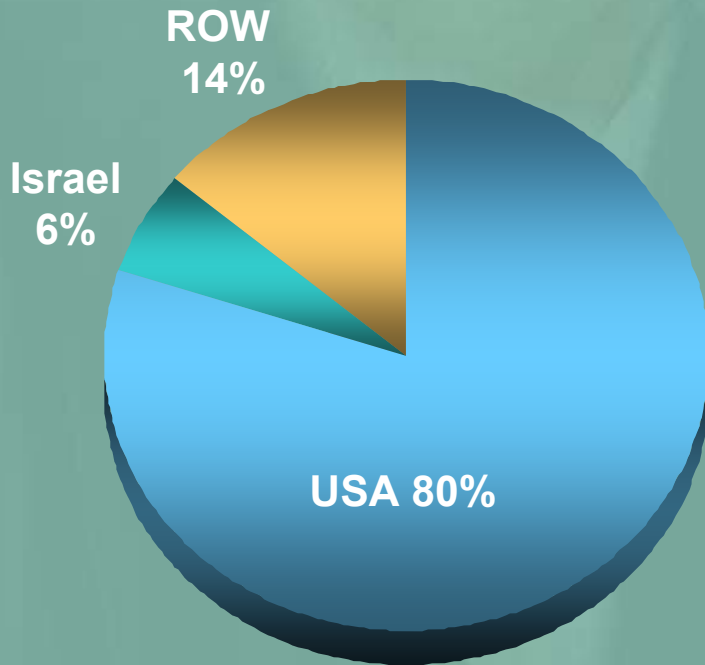
- As at June 30th, 2001 the portfolio value has been adjusted by € 14,9 million due to a write off and some write downs

■ Invested in 13 hedge funds and in 1 crossover fund (Amerindo)

- As at June 30th, 2001 the portfolio value has been adjusted by € 5,8 million

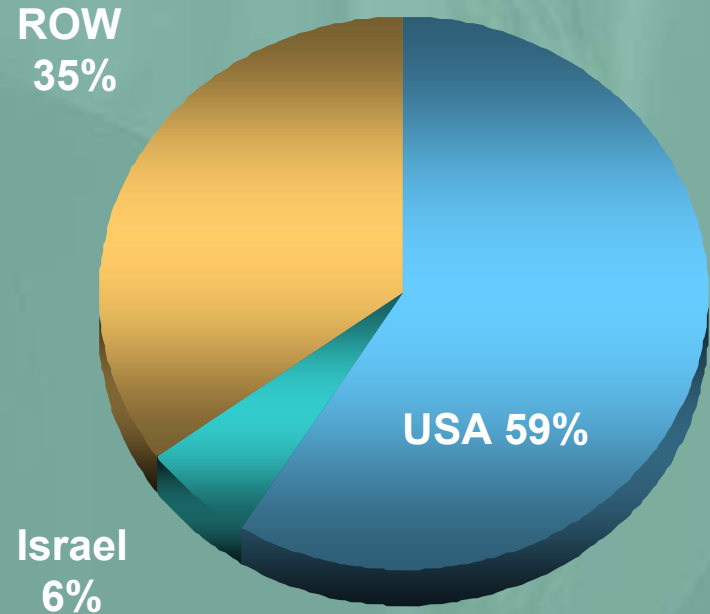
Geographical Breakdown

Venture Capital Funds (Q2:01)



**Total invested:
€130 Million**

Direct Investments (Q2:01)



**Total invested:
€59,5 Million**

Venture Capital Portfolio

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WEST COAST

VENTURE CAPITAL

- ACCEL INTERNET IV
- BAY PARTNERS X
- BENCHMARK FOUNDERS IV
- BLUESTREAM VENTURES
- CRESCENDO IV
- DFJ VII
- DOLL III
- HUMMER WINBLAD IV & V
- INFINITY I
- NEA X
- NOKIA VENTURES II
- SEQUOIA CAPITAL IX & X
- SEVIN ROSEN FUND VIII
- SIERRA VIII
- TRIDENT CAPITAL FUND V
- VANTAGE POINT IV

PRIVATE EQUITY

- BOWMAN PRIVATE EQUITY II
- DFJ E-PLANET
- FRANCISCO PARTNERS
- MERITECH I & II
- TCV IV
- THOMAS WEISEL CP

EAST COAST

VENTURE CAPITAL

- CHARLES RIVER X
- DAWNTREADER II (WIT)
- DRAPER ATLANTIC II
- NORTHBRIDGE V
- OAK X
- PEQUOT VP II
- SIGNAL LAKE II

PRIVATE EQUITY

- BAKER II
- PEQUOT PE II & III
- QUADRANGLE CAPITAL

EUROPA – VC

- ACCEL EUROPE
- AMADEUS II
- BENCHMARK EUROPE
- CRESCENDO IV
- DFJ E-PLANET
- DOUGHTY HANSON
- ETF
- NEXIT INFOCOM
- NOKIA VENTURES II
- POND VP II

ASIA - VC

- CARLYLE ASIA I
- DFJ E-PLANET

ISRAELE – VC

- BENCHMARK ISRAEL
- ISRAEL SEED PARTNERS IV
- JVP III & IV
- PORTVIEW
- SEQUOIA CAPITAL SEED II

INDIA - VC

- WESTBRIDGE I
- CHRYSALIS RAGA
- SPG INFINITY

Invested

28%

Committed

100%



Q4:1999

Today






3-5 years

Portfolio Companies (I)

ICT Components







	Description	Area	Financing	Other Investors
	Fabless provider of communications integrated circuits (AMD spin-off)	USA	Series A	Francisco Partners, Austin, TPG, Sprout, Austin Ventures, CSFB, MSDW, Tiburon
	Optical components, incl. tunable lasers	USA	Series C	Crescendo, Cisco, Intel

ICT Systems

	3G-IP's convergence technology for cellular network backbones	Israel/USA	Series B	Sequoia, Intel, Soros, KPN/Qwest
	In-building and shadow area coverage	Israel/USA	Series C	Apax, Israel Seed Partners, Orion AIG
	Intelligent optical switch/routing	Israel/USA	Promissory note	Jerusalem Venture Partners
	Switch/routers for high-bandwidth security and traffic management	USA	Series C	Sequoia, TPG, Lucent
	Carrier grade IP terabit network routers	USA	Series D	Crescendo, Lightspeed, Comventures, Bay Partners, Worldview, Global Crossing








Portfolio Companies (II)

Enabling Technologies & SW

	Description	Area	Financing	Other Investors
	M-commerce technology platform	Germany	2 nd round	Apax, Nokia, Viventures
	Service level management solutions	UK/USA	Series B	Pond, GE Equity
	Advanced wireless messaging applications and infrastructure	USA	Series C	Nexit, Cirlab!, NetNet Ventures
	Technology platform for capital markets B2B transactions	USA	Series C	Accel, AIG, ABN Amro, Bain
	IP billing & service management system	Israel/USA	Series E	Jerusalem VP, 3i, Siemens
	ITC technology for distributed call centers	USA	Series H	Accel, Oak, Kleiner Perkins, Charles River

Portfolio Companies (III)

Services

	Description	Area	Financing	Other Investors
	Wireless broadband service provider	USA	Series B	Crescendo, Battery, Sevin Rosen
	Managed hosting services	Australia	Private placement	Archer Group, Query, Inv. Co. Of China
	Multimedia, outsourced CRM	USA	Series D	Accel, Benchmark
	Wireless games and entertainment	Finland	Series B	Nokia, Carlyle, Softbank
	Voice activated portal for Internet based information	USA	Series D	Kleiner Perkins, Benchmark, AT&T
	Wireless Web services	USA	Series A	Barksdale, Spectrum, 3i, Mercury Interactive
	IP and security consulting	Israel	Series A	Israel Seed Partners, Bezeq, Ampal

Financial Highlights

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P&L

<i>Euro Millions</i>	30 June 2001	31 December 2000
	€	€
Net Financial Income	6,71	3,24
Adj. to Financial Assets	(43,12)	(10,46)
Operating Costs	(2,37)	(6,88)
Pretax Income	(39,06)	(14,11)

Financial Highlights

Assets

<u>LONG TERM Assets</u>	<i>Euro Millions</i>
Intangible	0,40
Tangible	0,37
Financial	208,66
Total long term	209,43
<u>CURRENT Assets</u>	
Accounts receivable	31,30
Financial assets	2,68
Cash & equivalents	116,95
Total current	150,93
Accruals	0,81
TOTAL Assets	361,17

Liabilities & Equity

	<i>Euro Millions</i>
Shareholders Equity	358,14
Debt & Liabilities	3,03
TOTAL L & E	361,17

Consolidated Net Financial Position (per activity)

<i>Euro Millions</i>	30 June 2001	31 December 2000
	€	€
Cash, Banks	117,0	140,1
Financial Credits	30,3	1,7
Securities	2,7	11,2
Financial Debts	0,0	0,0
Total Net Financial Position	150,0	153,0

- CDB Web Tech is developing a new line of business: asset management
 - To leverage its expertise in the private equity marketplace
 - To leverage the relationships/access with primary venture capital funds and hedge funds managers worldwide
- CDB Web Tech is co-developing with Banca Intermobiliare: Web Tech SGR
 - Web Tech SGR has been authorised by Bank of Italy
 - Planning to launch two funds of funds for high net worth individuals in Q4 2001: venture capital and hedge funds

- **Technology value:** CDB Web Tech believes there is an enormous potential of value created through development of innovative ICT
- **Business:** CDB Web Tech, through the most qualified venture capital funds, gives a chance to be invested in technology companies with no risk of being “out of business” as the investment is diversified by company (a range of over 1000 firms), development stage, subsector, geography and lead investors
- **Market Opportunities:** CDB Web Tech has currently funded only 28% of its aggregate commitments in VC funds. This leaves the majority of the future commitments at value dictated by current market conditions, therefore being in a strong position to take advantage of the “bursting of the stock market bubble”
- **NAV:** as at 30th, June 2001 CDB Web Tech has depreciated the value of investments to the NAV reported by the funds, considering that these investments undergo (i.e. J curve) a loss of value in their initial phase