

PRESS RELEASE

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CAD IT: BRILLIANT SECOND QUARTER RESULTS FOR 2003

CAD IT closes the second quarter of 2003 with a production value of €15.75 million and a gross operational margin of 27%, compared to 23% of the second quarter 2002 (+18%)

The net financial position stands at €11 million after dividend payments of approximately €29 million

The Board of Directors of CAD IT SpA, leader in the Italian financial software market, has approved the second quarterly report for 2003, which shows an 18% growth in the **gross operational margin (EBITDA)** compared to the second quarter of 2002.

The **quarterly report** at the 30 June 2003 states the following consolidated data:

- a **production value** of €15.75 million compared to €13.32 million in the first quarter of 2003 showing a slight increase with respect to the same quarter of the previous year (then €15.71 million), it was the best quarter of 2002;
- a **gross operational margin (EBITDA)** of €4.25 million, corresponding to 27% of the production value compared to €3.62 million (23% on production value) in the second quarter of 2002, an increase of 81% with respect to the previous quarter (€2.34 million);
- an **operational result (EBIT)** of €3.20 million (20% of the production value), increasing by 19% compared to that of the second quarter in 2002 (then equal to €2.68 million), shows a 128/% increase if compared to the previous quarter (€1.41 million).
- a **pre-tax profit (EBT)** of €2.97 million, more than the same quarter of the previous year despite the lower receivable interests (€135,000 compared to €440,000 in the second quarter of 2002).

During the second quarter of 2003, the Group has continued investing in Research and Development to enrich the range of products on offer but, at the same time, has put into effect the policy of cost curbing for services (-11% compared to the second quarter of 2002) which was announced at the beginning of 2003, limiting the use of external staff. The investments in R&D, mostly due to internal staff costs, were entirely expensed by the financial period in question.

Furthermore, CAD IT reports that the **consolidated net financial position** at 30th June 2003 was €10.98 million. The cash flow generated by business during the first quarter was equal to €9 million compared to €3.9 million in the first quarter of 2002. The outlay of cash from investments absorbed in material assets, which in 2002 had involved an expenditure of €5.3 million, has practically finished with the completion of the new technological centre

in Verona (headquarters of CAD IT), at a further benefit to the net financial position of the subsequent periods.

The President of CAD IT, Giuseppe Dal Cortivo, said: "From every aspect this quarter has surpassed the second quarter of 2002 which was, on the whole, the best of the entire year. We have started to reap the results of the intense Research and Development activity that we financed last year and which still continues thanks to the sale of reliable and innovative solutions, which are able to generate high investment returns for our clients.

During the first quarter of this year we have generated a cash flow from our normal activities which has more than doubled compared to the end of the first quarter of 2002, confirming our estimations made at the beginning of the year."

The CAD IT Group

The CAD IT Group has developed and distributed information systems for the banking sector and small and medium sized companies for over 20 years. CAD IT's offers include standard and personalized applicative packages, software maintenance, updating, consultancy and training.

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted by 50% of Italian banking outlets.

In addition, the Group boasts a long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

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