

BENETTON GROUP APPROVES THREE-YEAR PROGRAM TO REFOCUS BUSINESS STRUCTURE AROUND ITS BRANDS

Ponzano Veneto, Italy. November 28, 2013. Benetton Group's Board of Directors today approved a three-year program that refocuses its business structure around its brands.

The program is designed to allow the Group's brands for significantly improved competitiveness in the market through an innovative rethinking of the structure that supports them and that provides maximum alignment with each brand's objectives. Additionally, the program follows and completes the process of rethinking, refocusing and re-launching the business initially launched in 2012 and that it is now starting to give its first results, including improved cash-flow generation and disposal of a limited number of store locations no longer in line with the positioning of Group's brands.

UNITED COLORS
OF BENETTON.

The three-year program approved today provides for the set up of three distinct entities: the first will focus on the brands, the second on manufacturing and the third on real estate management. All three entities will be directly controlled by Edizione S.r.l., the holding of the Benetton family. This is the evolution of a model and approach already rewarded by the financial markets at the time of Benetton Group's initial stock exchange listing.

As a result of the new structure of the business, Benetton Group's brands, which are amongst the most renowned and appreciated in the world, will be able to respond with increased effectiveness to ever-changing market scenarios. United Colors of Benetton and Sisley are, in fact, particularly strong brands with very high levels of awareness across all key markets for apparel, including emerging markets.

Within this context, for the entity dedicated to the brands the refocusing of the strategy will be chiefly represented by the following elements:

- an increasingly marked separation of the way in which the two main Benetton Group brands operate within the different competitive arenas of the market;
- investments focused on directly-owned key and flagship stores;
- further development of new retail concepts;
- a strong geographic focus to target key markets;
- further progressive development of the potential of accessories and licenses, such as the agreement recently announced with Puig for fragrances.

The manufacturing entity will be mainly dedicated to serving the Group's brands, through its first-rate existing production platforms in Serbia, Tunisia and Italy.

The real estate management entity will be allowed to maximize returns from store locations that are either no longer strategic for the Group or no longer in line with the sales format through which Benetton Group's brands operate in the market.

The key objective of this program is to maintain turnover substantially unchanged by the end of its third year, by offsetting exits from no longer strategic countries with like-for-like sales growth, and to improve profitability.

Alessandro Benetton, Chairman of Benetton Group, said: "From the outset, we laid out a strategy for rethinking our business based on discontinuity and renewal, of course without forgetting our rich history. Today we see certain early signs that the strategy is starting paying off, even if we are still only at the beginning of the journey and the market environment remains uncertain. Our efforts are focused on recovering profitability by simplifying the business model and focusing on our brands."

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