

BENETTON GROUP BOARD OF DIRECTORS REVIEWS PRELIMINARY 2009 RESULTS

- **Consolidated revenues €2,050 million (-2.8% currency neutral)**
- **Strong revenue growth in emerging markets: +15% currency neutral**
- **Net profit higher than forecast: over €120 million**
- **Significant net cash generation: +€120 million**
- **Improved net financial position at Dec. 31, 2009: €570 million (€689 million at Dec. 31, 2008)**

Ponzano, January 28, 2010 – The Board of Directors of Benetton Group met today to review key preliminary data for 2009^(*). Complete and final results will be examined and approved by the Board at its meeting of March 18.

All comparisons of revenue with 2008 are presented at constant exchange rates, unless noted otherwise.

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OF BENETTON.

Revenue performance

Preliminary revenues for 2009 confirm a marginal decrease to €2,050 million, compared to the €2,128 million achieved in the record year 2008 (-2.8% currency neutral; -3.6% at current rates): an impressive result in light of the acute decline in the domestic and international economy. The strength of the Group's brands and the constant support of its numerous partners allowed Benetton to reply swiftly and effectively to the changing scenarios encountered during the year in its individual markets around the world.

More specifically, the Textile segment increased revenues by €8 million on the previous year, for a total of €102 million (+8%), while Apparel segment sales were €1,948 million down €85 million (-3%) against 2008.

During the fourth quarter of 2009, direct sales on a like-for-like basis confirmed the trend of the preceding nine months, although there was a clear improvement in December, which slightly outperformed the same month in 2008.

(*) Preliminary figures, not yet certified

Looking at revenues by geographical area, **Europe** showed a reduction of 4%.

Sales were up or essentially stable in the **other geographical areas**, with varied performance in the Group's key markets as described in detail below.

In established markets, which have suffered most from the current economic crisis, the trend was satisfactory in Italy, the Group's largest market—which performed better than the other established markets, thanks to the swift response of the company and the decisive contribution of its capillary network of partners.

Emerging markets enjoyed strong overall growth of 15% at constant exchange rates, with particularly positive results in Asia: India, up by almost 50%, driven by new openings in major cities and by a positive like-for-like performance at directly owned stores, and Turkey, where despite a slowdown due to the difficult local economy, Benetton increased its market share by repositioning its most important stores and opening an innovative flagship store in Istanbul in October. In China, the Group is reaching completion of its profile refocus, supported by new store openings in prime locations and areas with growth potential.

The development program in Mexico made strong progress, doubling since 2008, with vibrant growth of brand presence, driven by an intensive agenda of openings in major cities and malls. Like-for-like results by directly owned stores and department store corners were positive.

Income statement

On the basis of earnings figures for the first nine months and preliminary fourth quarter results, Benetton expects to confirm for FY09 an **operating profit before non-recurring charges** of about 11% of revenues (11.9% the previous year). Major factors behind this result are the pursuit of increasing supply chain efficiencies, ongoing attention to quality and optimization of industrial costs in support of the gross margin, together with the success of efforts to reduce structural costs.

As for **net profit**, Benetton expects to exceed initial forecasts with a profit of over €120 million. This result was achieved thanks to actions employed to improve cash generation, offsetting non-recurring charges and the expected increase in taxes with a steep reduction in financial expenses.

Balance sheet

Notable improvement of the net financial position was achieved thanks to cash generation of almost €120 million in 2009, which significantly reduced indebtedness to €570 million. This was possible thanks to the

effective management of all levers (receivables, payables and inventory), which led to a substantial decrease in net working capital, despite an ambitious program of investments.

Outlook

Early indications for 2010 suggest continued uncertainty as to when and how the economy will recover, especially in the geographical areas of most interest to the Group. Therefore, Benetton expects this year's spring/summer collections to perform in line with recent trends, while in the second half of the year—given today's macroeconomic forecasts—demand should be more energetic in the Group's main markets and could generate positive effects starting with the 2010 fall/winter collections.

With this in mind, while Benetton will continue to invest in store restyling, brand support and improvement of the sales network, it will focus on boosting efficiency and containing costs. Further reduction of general expenses and structural costs will also remain a priority.

Benetton CEO Gerolamo Caccia Dominioni commented, *"we are satisfied with the results achieved in a difficult 2009. Particularly significant was the ability of the company to combine a focus on investments for development with rigorous action on costs, sourcing and support to the network. Through these actions we were able to sustain the Group's profitability, over and above plans generated at the start of the year, guaranteeing, furthermore, excellent results with respect to cash generation."*

Declaration by the manager responsible for preparing the company's financial reports

The manager responsible for preparing the company's financial reports, Alberto Nathansohn, declares, pursuant to paragraph 2 of Article 154-*bis* of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Disclaimer

This document includes forward-looking statements, specifically in the section entitled "Outlook for the year", relating to future events and operating, economic and financial results of the Benetton Group. By their nature, such forecasts contain an element of risk and uncertainty, because they depend on the occurrence of future events and developments. The actual results may differ significantly from those announced for a number of reasons.

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