Results for the first half '99 approved by the Board of Directors
GROWTH IN BENETTON INCOME EXTRAORDINARY DIVIDEND OF 8.8 US cents (165 LIRE) PER SHARE PROPOSED

UNITED COLORS OF BENETTON.

Ponzano, 30 September, 1999. The Benetton Group Board of Directors has today approved the results for the first half of 1999 which closed with an increased consolidated net income of $72.1 million (135,2 billion lire) compared to last year's $64.2 million (120,3 billion lire). Revenues reached $1.02 billion (1,915 billion lire), a figure that takes in account the de-consolidation, equal to around $26.7 million (50 billion lire), of revenues of some minor companies no longer considered strategically significant.

The Board of Directors, during a second meeting, has also decided to propose to the Stockholders' Meeting, called for the 16th of November 1999, the payment of an extraordinary dividend of $160 million (300 billion lire), equal to 8.8 US cents (165 lire) per share and payable from the 29th of November 1999

The decision represents the first step of a policy centring particular attention on shareholders, that in the year 2000, could provide for the distribution of a total dividend amounting, indicatively, to $186.7 million (350 billion lire). This trend, continuing into 2001 within the limits of performance of future financial years, should bring a significant increase in the pay-out ratio.

The new dividend policy, as set out, will allow to maintain a total debt/cash flow ratio such as to guarantee an implicit rating of a "Single A" company (which implies a strong capability to pay interest and reimburse capital); and to sustain the policy of investments in the commercial sector to be achieved by a marked strengthening of the distribution network. It will also permit to preserve a significant self-financing capacity to continue development strategies over the next few financial years.

The greater level of remuneration of share capital is made possible by the strong increase in stockholders' equity recorded over the last five years, achieved in the context of high interest rates which discouraged borrowing. The launch of the euro and the resultant, significant reduction in the cost of money, are now incentives to seek an optimisation of the capital structure that allows the achievement of medium term objectives settled by the company, and also the promotion of greater value creation.

In the first half of the year, gross margin rose to $448 million (840 billion lire), compared to $431.5 million (809 billion lire) at the end of the first half of 1998, equivalent to 43.9% of the turnover. Operating income is $146.7 million (275 billion lire) (14.4% of turnover) compared to $120.6 million (226 billion lire). Group's cash flow at the end of the first six months of 1999 is equal to $120 million (225 billion lire) compared to $113.1 million (212 billion lire) during the same period in 1998 and the consolidated stockholders' equity increased to more than $1.2 billion (2,263 billion lire) from $1.18 billion (2,219 billion lire) at the end of 1998. Net borrowing was $283.8 million (532 billion lire), compared to

$201.6 million (378 billion lire) at the end of 1998. It was $370.7 million (695 billion lire) at the 30 June, 1998.

For the end of the year it is forecast to obtain revenues in line with those achieved in 1998 and significantly higher profits compare to those reached in the previous financial year.

The "casual" sector's activities in the first six months of the year showed an increase in sales of 5 million garments due, above all, to the group's capacity to quickly respond to world market opportunities through a flexible production and distribution system, able to rapidly react to industry's changes. On the commercial side, acquisitions of prestigious high profile properties have continued, particularly in cities' historic centres.

During the first half of 1999 the reorganisation programme of the sport division has been completed, which allowed a considerable improvement in performance and contributed to the achievement of the half year results. After an in-depth reorganisation of the American subsidiaries, completed in the first half of the year, the Benetton sports division has now a commercial structure focused on three centres, in Europe, America and Asia. The marketing, production and research strategic activities for Nordica, Rollerblade, Prince and Killer Loop sports brands are co-ordinated from the Group's high-tech centre in Italy.

Consolidated Statement of Income

in billions of lire	1st half 1999	%	1st half 1998	%	Change	%
Total revenues	1,915.2	100.0	1,962.9	100.0	(47.7)	(2.4)
Cost of sales	(1,074.8)	(56.1)	(1,153.7)	(58.8)	78.9	(6.8)
Gross margin	840.4	43.9	809.2	41.2	31.2	3.8
Distribution and sales commission	(132.3)	(6.9)	(120.1)	(6.1)	(12.2)	10.1
Contribution margin	708.1	37.0	689.1	35.1	19.0	2.8
General expenses	(433.3)	(22.6)	(463.3)	(23.6)	30.0	(6.5)
Income from operations	274.8	14.4	225.8	11.5	49.0	21.7
Net losses on foreign exchange	(1.8)	(0.1)	(5.3)	(0.3)	3.5	(65.0)
Net financial charges	(11.6)	(0.6)	(20.6)	(1.0)	9.0	(43.7)
Other expense, net	(11.0)	(0.6)	(3.6)	(0.2)	(7.4)	n.s.
Income before taxes and minority interests	250.4	13.1	196.3	10.0	54.1	27.6
Income taxes	(112.5)	(5.9)	(75.3)	(3.8)	(37.2)	49.4
Minority interests	(2.7)	(0.1)	(0.7)	(0.1)	(2.0)	n.s.
Net income	135.2	7.1	120.3	6.1	14.9	12.4

Financial position

in billions of lire	06.30.1999	12.31.1998	Change	06.30.1998
Working capital	1,597	1,365	232	1,526
Total capital employed	2,829	2,628	201	2,781
Net indebtness	532	378	154	695
Stockholders' equity	2,263	2,219	44	2,052
Minority interests	34	31	3	34

Consolidated Cash flows

in billions of lire	1st half 1999	1st half 1998
Self-financing	369.3	301.3
Change in working capital	(260.7)	107.4
Net operating and financial investment	(133.4)	(353.2)
Payment of dividends	(100.7)	(97.7)
Payment of taxes	(24.4)	(144.3)
Net financing requirement	(149.9)	(186.5)