

**Benetton Board of Directors examines the preliminary results for the first half of 2007**  
**BENETTON GROUP: CONSOLIDATED REVENUES 990 MILLION EURO, UP 10.2%**

- **Consolidated revenues 990 million euro, +10.2% compared with 898 million euro in the first half of 2006**
- **EBITDA 151 million euro (+14.8% compared with 132 million in the same period of 2006), equivalent to 15.3 % of revenues**
- **EBIT 107 million euro (+20.4% compared with 89 million in the first half of 2006), equivalent to 10.8% of revenues**

UNITED COLORS  
OF BENETTON.

Ponzano, August 3, 2007 – The Benetton Group Board of Directors, meeting today, examined the preliminary unaudited results for the first half of 2007.

The key preliminary figures confirm the company's growth objectives in terms of both revenues, +10.2% in the half year compared with the same period in the previous year, and EBIT (+20.4% compared with the first half of 2006).

The definitive results will be examined by the Board on September 12, 2007.

Growth in the apparel segment includes all brands. At present there are 5,540 stores worldwide, an increase of 348 compared with the same period of 2006.

The development is sustained by **United Colors of Benetton Adult** and **United Colors of Benetton Children**, which confirm their growth rates, and by the acceleration of the **Sisley** brand.

Worthy of note are the first positive results from the projects related to Playlife, Sisley and Undercolors, recently launched, whose contribution will continue to increase in the next months.

**Playlife** has received an enthusiastic response from the market following its new positioning and new collection, recording a growth of 30% compared with Spring/Summer 2006.

The target of 30 store openings in 2007 has been exceeded, taking to 50 the number of new stores now forecast for the current year, with the new "Academy" concept.

The **Sisley** projects are also achieving the results expected. In the children's segment, the **Sisley Young** collection, dedicated to young people from 8 to 12 years old, sold in over 1,000 stores, had a positive reception.

The **Sisley Adult** segment will widen its range of products, starting from 2007 Fall/Winter season, with the **Sisley Limited Edition** line, an even

more sophisticated collection for women and men, that will initially be introduced in a selection of 350 stores.

As regards the underwear segment, the **Undercolors** brand registered a growth of 16% of the last Spring/Summer collection compared with the Spring/Summer collection of 2006.

New product projects were also launched in this segment. Along with "Fun" underwear (ironic items), the brand also focussed on a new line, "Charme", enhancing the feminine and sophisticated part of the collection. This is also a key feature of the new furnishing concept "Gloss", currently present in the pilot stores of Rome and Barcelona, and which will be extended worldwide in the next few months.

## **MARKETS**

Regarding geographic areas, development continues in both domestic and international markets.

In Italy, first half sales increased by over 10%.

Continued growth, of around 35%, came from Eastern Europe and Russia. The hundredth United Colors of Benetton store in Russia opened, in fact, in the half year just ended.

Expansion also continues in Asia, in the Indian market in particular, where the completion of the entire Benetton Group range of brands is planned during the next few months, with the opening of Undercolors and Playlife stores.

## **Consolidated results for the first half of 2007**

Group net revenues for the first half of 2007 were 990 million euro, up 92 million (+10.2%) compared with 898 million in the first half of 2006, driven by the apparel segment.

Worthy of particular mention are:

- the trend of revenues to the partner-managed network, positively influenced by good reception of collections in the market and commercial development initiatives;
- growth of sales by directly operated stores, also due to the contribution of the Italian partnership Milano Report, consolidated since August 2006.

The main growth factor is the strong acceleration in volumes (+13% compared with the same period of 2006) with a total of 74 million garments sold for the first half year. A positive contribution also from the product mix, while negative impacts on revenues resulted from exchange differences (for 11 million euro) and the completion of policies to increase margins to the network with the 2007 Spring/Summer collection.

**Gross operating income** as a percentage of revenues is 42.7%, compared with 42.3% in the first half of 2006, from 380 million euro to

423 million euro, favourably influenced, in particular, by managerial efficiency, volumes and mix, and, partially, by the weakness of the dollar.

The **contribution margin** is 355 million euro, against 315 million in the first half of 2006, 35.9% of revenues compared with 35.1%.

**EBIT** increases to 107 million euro, compared with 89 million in the first half of 2006, with a percentage of revenues of 10.8%.

**EBITDA** reaches 15.3% of revenues increasing to 151 million euro against 132 million (14.8%) in the same period of last year. EBITDA from ordinary operations is 145 million euro, equivalent to 14.6% of revenues, compared with 126 million euro in the first half of 2006 (14% of revenues).

### **Outlook for the full year**

For 2007, an improvement in consolidated revenues is forecast compared with forecasts given in the last spring, with growth ranging from 7 to 9%, due to the results of the 2007 Spring/Summer collections and progress of orders for the 2007 Fall/Winter collections.

It is forecast that EBITDA, calculated before non-recurring items, will show an increase of at least 20%, with a percentage of revenues exceeding 15%.

The focus on development through investments, which are forecast around 300 million euro, will continue.

### **Alternative performance indicators**

In this press release, in addition to the conventional financial ratios required by IFRS, some alternative performance indicators are provided in order to permit a better assessment of the Group's profit and financial performance. However, these indicators must not be considered as replacing the conventional ratios required by IFRS.

### **Disclaimer**

*The document includes forward-looking statements, in particular in the section "Outlook for the full year", relative to future events and income and financial operating results of the Benetton Group. These forecasts, by their nature, include an element of risk and uncertainty, since they depend on the outcome of future events and developments. The actual results may differ even quite significantly from those stated due to a multiplicity of factors.*

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