

Results for the first half of 2001 approved by the Benetton board
CONSOLIDATED REVENUES INCREASED BY 6.4 PER CENT
Significant increase in clothing volumes, up 9.0%, normalized net
income slightly down

Ponzano, 12 September 2001. Growth in turnover, up by 6.4 per cent, and in clothing volumes, 9.0 per cent higher; normalized net income slightly down and increased self-financing: these were the most significant results for the Benetton Group in the first half of 2001, approved today by the Board of Directors.

UNITED COLORS
OF BENETTON.

The first half of 2001 produced consolidated revenues of 1,044 million euro, with an increase of 6.4 per cent compared with the same period in 2000 (981 million euro). The increase, which confirms the positive trend for the year, was achieved in spite of ever greater competition in the sector and, in general, the slow-down in the growth rate of the world economy. The result was influenced by the unsatisfactory trend in the sports sector, in which turnover for the half year was down by around 15 million euro, although this was a better than average performance for the sports equipment market in Europe.

In the first six months of the year, in order to support and consolidate the significant clothing division growth, up-sizing of the sales network has continued at an accelerated rate, in parallel with the closure of small stores no longer meeting market needs. The new openings program will reach its peak in the next few months, with the inauguration, concurrently with presentation of the fall-winter collection, of numerous new megastores, some directly managed, in various major world cities, including Paris (2 addresses), London (2), New York (3), Madrid (2), Barcelona and Lisbon. Supporting the growth in the sales network, ever greater capacity to respond to market needs and timing has been achieved on the production front, in particular in terms of speed of product restocking. On the collection front the new fashion brand THE HIP SITE, aimed at teen-agers, has also been launched to cover a market segment in significant expansion, with a planned presence of over 100 sales outlets divided between dedicated stores and in-store corners (some in Benetton megastores), all over Europe.

Normalized net income, which excludes net extraordinary expenses, was more than 65 million euro in the first half of 2001 against 77 million euro in the first six months of 2000 (normalized, in particular, for capital gains resulting from the sale of Benetton Formula). Gross operating income was 447 million euro against 443 million in the first half of 2000; income from operations, of 140 million euro, was 13.4 per cent of turnover. Self-financing generated was 166 million euro, more than 25 million euro higher than the previous year.

In the first half of the year, dividends were paid totalling 84 million euro and significant investments were made exceeding 143 million euro, of which over 90 million (in addition to around 390 million invested in previous financial years) was dedicated to the purchase, modernisation and restoration of buildings, with the objective of further increasing the area destined for commercial use. As a result of these items and of the

seasonal nature of the business, net debt rose to 754 million euro, from 536 million euro at the end of the 2000 financial year, with a forecast reduction, by the end of the year, to 650-700 million euro. Shareholders' equity at 30 June 2001 was 1,156 million euro against 1,175 million at the end of the 2000 financial year, taking into account the above-mentioned distribution of dividends.

For year-end 2001 an increase in turnover compared with year end 2000 and net income in line with the normalized level achieved in the last financial year are forecast, in spite of the volatility of world markets and the severe reduction in the principal sports sectors in which the company operates.

During the Board Meeting, the Internal Audit Committee, composed of Reginald Bartholomew, Gianni Mion and Ulrich Weiss and the Compensation Committee, composed of Luigi Arturo Bianchi, Angelo Tantazzi and Ulrich Weiss, were constituted, in accordance with the Directors' Report on Corporate Governance.

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Consolidated Group results (in millions of Euro)

Consolidated income statement

in millions of Euro	1 st half 2001	%	1 st half 2000	%	Change	%
Revenues	1,043.9	100.0	981.3	100.0	62.6	6.4
Cost of sales	(596.8)	(57.2)	(538.2)	(54.8)	(58.6)	10.9
Gross operating income	447.1	42.8	443.1	45.2	4.0	0.9
Variable selling costs	(73.2)	(7.0)	(67.3)	(6.9)	(5.9)	8.8
Contribution margin	373.9	35.8	375.8	38.3	(1.9)	(0.5)
General and administrative expenses	(233.7)	(22.4)	(211.3)	(21.5)	(22.4)	10.6
Income from operations	140.2	13.4	164.5	16.8	(24.3)	(14.8)
Losses on foreign exchange	(4.3)	(0.4)	(11.5)	(1.2)	7.2	(62.6)
Financial charges, net	(22.1)	(2.1)	(9.9)	(1.0)	(12.2)	n.s.
Extraordinary income (expenses)	(12.0)	(1.2)	95.6	9.8	(107.6)	n.s.
Income before taxes	101.8	9.7	238.7	24.4	(136.9)	(57.4)
Income taxes	(46.1)	(4.4)	(64.6)	(6.6)	18.5	(28.6)
Income attributable to minority interests	(1.7)	(0.1)	(1.5)	(0.2)	(0.2)	13.3
Net income	54.0	5.2	172.6	17.6	(118.6)	(68.7)
Normalized net income	65.7	6.3	77.0	7.9	(11.3)	(14.6)

Financial position

in millions of Euro	06.30.2001	12.31.2000	Change	06.30.2000
Working capital	916	772	144	877
Total capital employed	1,923	1,723	200	1,676
Net indebtedness	754	536	218	559
Shareholders' equity	1,156	1,175	(19)	1,106
Minority interests	13	12	1	11

Summary statement of cash flows

in millions of Euro	1 st half 2001	1 st half 2000
Self-financing	166	141
Change in working capital	(149)	(145)
Net operating and financial investments	(121)	(87)
Sale of investments	-	124
Payment of dividends	(84)	(186)
Payment of taxes	(33)	(106)
Net financial requirements	(221)	(259)

Six month results solely relating to Benetton Group S.p.A.
(in millions of Euro)

Benetton Group S.p.A.

(in millions of Euro)	1 st Half 2001	%	1 st Half 2000	%	Change	%
Revenues	1,004.5	100.0	898.2	100.0	106.3	11.8
Cost of sales	(681.2)	(67.8)	(578.9)	(64.5)	(102.3)	17.7
Gross operating income	323.3	32.2	319.3	35.5	4.0	1.3
Variable selling costs & General Expenses	(199.0)	(19.8)	(180.8)	(20.1)	(18.2)	10.1
Income from operations	124.3	12.4	138.5	15.4	(14.2)	(10.2)
Foreign exchange & Financial charges, net	(27.7)	(2.8)	(24.9)	(2.8)	(2.8)	11.2
Extraordinary income (expenses)	(0.4)	0.0	(12.8)	(1.4)	12.4	(97.1)
Income taxes	(44.2)	(4.4)	(48.3)	(5.4)	4.1	(8.5)
Net income	52.0	5.2	52.5	5.8	(0.5)	(0.9)

Financial position

(in millions of Euro)	06.30.2001	12.31.2000	06.30.2000
Working capital	706.3	502.0	639.4
Total capital employed	1,546.9	1,249.6	1,260.2
Net indebtedness	1,052.0	722.6	813.2
Shareholders' equity	494.9	527.0	447.0