

BENETTON BOARD EXAMINES THE PRELIMINARY RESULTS FOR 2007

2007 preliminary results

- **Consolidated revenues 2,085 million euro, up 9%**
- **EBIT 243 million euro (+35%)**
- **Net income 145 million euro (+16%)**
- **Ordinary EBITDA up by over 27%**

Ponzano, 21 February 2008 – The Benetton Group Board meeting today viewed the preliminary results for the 2007 financial year (*), pending availability of final numbers which will be examined and approved by the Board of Directors on 19 March 2008.

2007 preliminary results showed a 9.1% growth in consolidated revenues to 2,085 million euro compared with 1,911 million in 2006.

Also positive were EBIT, up by over 35% to 243 million euro, and net income, which was 145 million euro for the year (+16.3%). Ordinary EBITDA reached 337 million euro (+27.6% compared with 2006), 16.2% of revenues against 13.8% in the previous year.

Net capital expenditure in 2007 was 225 million euro and the net financial position was 475 million euro.

Today's Board meeting also analyzed the management forecast for the current year. Sales growth estimates were set between 6% and 8% (on a like for like basis).

Net income and EBITDA are forecast to grow over 7% in 2008.

Capex of around 250 million euro is also planned for the current year, in *operations* and in strategic and priority markets for the acceleration of future growth.

Net financial indebtedness is forecast around 650 million euro at the end of 2008.

The Board also resolved to request the *Management Board of the Frankfurt Stock Exchange* to terminate the listing of the company's ordinary shares on the German stock market. The Company's shares will continue to be listed in Italy and traded in the Computerized Share Market of the Borsa Italiana S.p.A.

In the year just closed, the Group's brands and the international markets in which the company operates performed as follows:

Brands

In 2007, United Colors of Benetton Adult grew by 9.0% as a result of the expansion of the collections offered to specific market segments. Collections for men, in particular, generated a positive response from consumers, achieving, during 2007, the medium-term development target of 20 per cent of total brand sales. This was attributable also to the first dedicated stores and specific corners, both designed to highlight the quality and completeness of the Benetton offer for men.

In terms of the plan to diversify the offer by age band, United Colors of Benetton Children (+15% in the year) focused on prenatal and baby wear for children up to five years old. The new Benetton Baby sign was introduced, which identifies a series of stores dedicated to babies and new mothers. In 2008, the opening of 50 new stores is planned, in a setting carefully designed for this type of purchase and to enhance the products offered.

The Accessories segment, identified as one of the drivers for future growth, saw the introduction in Rome of the first fully dedicated store, with elegant interiors and refined design. The strategy for opening new Accessory stores, UCB and Sisley, includes a widening of the offer in 2008, in particular with the inclusion of high-end products.

With an increase in sales of around 6% in 2007, Sisley confirmed the growth expectations associated with the new "glamour" identity of the brand, supported by an incisive program of new store openings in Italy and abroad: around 50 new locations in the year.

Sisley's glamour image is characterized by a new style of communication which, through the lens of Scandinavian photographer Camilla Akrans, emphasizes and strengthens the sophisticated and international spirit of the brand.

The structure of Sisley collections in 2007 was further focused on early deliveries, with an increase in "trend" proposals during the season. Over 50% of the Sisley collections will be developed in shorter time periods, in order to support the fashion image of the brand and its positioning. The "Sisley Limited Edition" project was also introduced, a limited set of special articles for women and men, featuring extreme elegance and refinement. The brand also created the "Sisley Young" line, for youngsters who are passionate about fashion. Both projects aim to take advantage of business opportunities offered by consumer segments attracted by refined and out of the ordinary products.

The new Gloss concept of the Undercolors store network, dedicated to underwear, nightwear and beachwear, was successfully launched in 35 stores in Europe, effectively enhancing the various product lines: from the cheerful and cheeky *Fun* underwear to the deliberate sensuality of *Clean Sensuality*. Sales of the brand rose by 12% in the year. Development of the network will continue in 2008 with over 30 new locations in the Spring/Summer, some with large floor areas to accommodate the full range of the offer.

The growth of Playlife (+23%) resulted from a global project to redefine the positioning of the brand, with a more clear-cut identity inspired by the world of the American college, translated into a new logo and a new store concept, attentive to the eco-compatibility of the furnishings. In 2007, 40 new stores were opened in Italy and Mediterranean Countries, in addition to the commencement of restyling of existing stores

Markets

In 2007, the Benetton Group continued a significant upward trend in both mature and emerging markets, winning new consumer segments in the former and increasing penetration in the latter. The traditional ability to view the world as a single large market has been combined with careful consideration of the different economic, social and cultural realities in individual markets, adapting the business model, strategy and growth projects to the specific needs of each.

Alongside the continuous identification of growth opportunities in established markets, five priority growth areas were identified: India, Turkey, Eastern European countries, Mexico and China.

The increase in revenues in Europe exceeded 12% compared with 2006, with particularly significant results in Italy (+11%), Spain (+11%), Greece (+24%), Portugal (+11%) and France (+15%).

A very high growth rate was achieved in Russia – over 40% – as in all Eastern European and ex-Soviet Union Countries in general. In Russia, the hundredth store was opened at the beginning of 2007 and there are now more than 150 stores in the ex-Soviet Union, with significant plans for new openings, particularly of large stores.

In Asian markets, of strategic priority, excellent growth was achieved in India (+58%) which has 140 United Colors of Benetton stores and has seen the opening of the first shops dedicated to children and Undercolors. The success of United Colors of Benetton in this market has been confirmed by independent research, commissioned by the prestigious daily newspaper “Times of India”, which showed it to be the most popular label with young and demanding Indian consumers.

Furthermore, an agreement was signed in September with the Indian Tata Group for development of the Sisley brand in the country, providing for the first openings in Hyderabad and Bangalore. This is a strategic cooperation agreement, not only because it establishes a privileged relationship with such a large well-established Indian company, but because it confirms Benetton’s ability for creating partnerships with qualified entrepreneurs, a driving force of its success.

Declaration by the manager responsible for the preparation of company accounting documents

The manager responsible for the preparation of company accounting documents, Emilio Foà, declares, in accordance with paragraph 2 of article 154 bis of the Tax Consolidation Act that the accounting information included in this press release corresponds with the documentary results, books and accounting records.

(*) Preliminary values, not yet audited

Disclaimer

This document includes forward-looking statements, in particular in the future outlook section, 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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