

Benetton Board approves the Financial Results as of 30th September 2000

GROWTH IN CLOTHING SECTOR TURNOVER (+4,3%)

AND CONSOLIDATED NET INCOME (+98 %)

Full year turnover forecast at 4,000 billion lire (US\$1.8 billion)

UNITED COLORS
OF BENETTON.

Ponzano, 13th November, 2000. Growth in activity in the clothing sector, with its turnover up by 4.3 per cent ; 98 per cent growth in net income and cash flow up to 513 billion lire (US\$ 232 million), compared with 320 billion (US\$ 145 million) in the first nine months of '99, due also to extraordinary income: these are the most significant results of the Benetton Group as of 30th September, approved today by the Board of Directors.

Consolidated revenues for the first nine months have increased to 2,800 billion lire (US\$ 1.27 billion) compared with 2,789 billion (US\$ 1.26 billion) in the same period of '99, taking into account the deconsolidation of the activities of Benetton Formula and SAB - Socks and Accessories Benetton - for a total of 110 billion lire (US\$ 50 million).

During the last three months, commercial initiatives included the launch of the new site dedicated to on-line shopping THEEX.IT, and the opening of new megastores, for example in Milan and Moscow, which will generate benefits for the turnover as early as next year. Additionally, in December megastores in Kobe and Tokyo will be inaugurated, the latter in the heart of the Japanese capital, with a total area of 3,000 m².

Consolidated net income in the nine months was 377.3 billion lire (US\$ 171 million), compared with 190.6 billion (US\$ 86 million) in the corresponding period of '99 (+98%), including net extraordinary income arising mainly from the sale of the company Benetton Formula (F1). Gross operating income was confirmed at the significant level of 44.4 per cent of revenues, thanks to the combined effect, registered principally in the clothing sector, of a reduction of average suggested retail prices, the increase in volumes and the consequent improvements in efficiency obtained. Cash flow generated by the Group amounted to over 513 billion lire (US\$ 232 million) compared with 320 billion (US\$ 145 million), due also to the extraordinary income.

In the first nine months of the year, dividends were paid totaling 361 billion (US\$ 163 million) lire and investments of approximately 300 billion (US\$ 136 million) were made. As a result of these items, net indebtedness rose to around 1,300 billion lire (US\$ 588 million), 576 billion (US\$ 261 million) at December 31, 1999. This value is expected to significantly decrease by the end of the year. Stockholders' equity at 30th September 2000 was 2,211 billion lire (US\$ 1.0 billion) compared with 2,161 billion (US\$ 978 million) at the end of 1999.

Regarding the third quarter 2000, revenues rose by 26 billion lire (US\$ 12 million) compared with the same period in '99, reaching 900 billion (US\$ 407 million). Gross operating income, at 42.8 per cent; net income for the quarter was 43 billion lire (US\$ 19 million).

Group income and balance sheet performance to September 30, 2000 make it possible to forecast consolidated revenues of 4,000 billion lire (US\$ 1.8 billion) at year end, compared with 3,838 (US\$ 1.7 billion) in 1999, taking into account the deconsolidation of Benetton Formula and SAB activities. The improvement of the gross operating income and income from operations in the first nine months confirm the forecast for the year 2000 of growth in normalized net income (net of the impact of extraordinary items) of 10 per cent.

For further information: +39 0422 519036