

**Benetton Board of Directors approves the Financial Results for the first half 2000**

**GROWTH IN CLOTHING SECTOR VOLUMES (+8%) AND CONSOLIDATED NET INCOME (+147%)**

**Full year turnover expected to pass the 4,000 billion lire mark.**

Ponzano, 12th September, 2000. Considerable growth in activity in the clothing sector, with volumes up by over 8 per cent; growth in net income of 147 per cent and cash flow almost doubled, due also to extraordinary income: these are the most significant results of the Benetton Group for the first half of the year 2000, approved today by the Board of Directors.

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OF BENETTON.

The important results in the clothing sector were achieved evenly across the major markets, influenced both a policy of price containment and by an ever more efficient and flexible system for the supply of products throughout the season, in timely response to client requirements.

The program for the opening of megastores, including those directly managed by the Group, in prestigious buildings in historic and commercial centres of major world cities is strongly accelerating. Amongst others, the Moscow megastore has been opened and three new directly managed locations: in Hamburg, one of the largest Benetton megastores in Germany; Milan, specialising in women's wear; and Rome, in the dynamic commercial area in the new Termini Station. In parallel to the development of larger stores, there has been a reduction in the number of smaller size stores

Revenues of 1,900 billion lire in the first half year, compared with 1,915 billion in the same period of 1999, take into account the deconsolidation of Benetton Formula and SAB (Socks and Accessories Benetton), whose income from sponsorships and extra-circuit sales had contributed a total of more than 80 billion to turnover in the first half of 1999. Revenues include the activities of the sports sector, stable following the slight slowdown registered in the first quarter.

Consolidated net income for the first half 2000 rose to 334 billion lire compared with 135 billion in the corresponding period of 1999 (+ 147%); this included 185 billion lire of extraordinary net income, mainly arising from the sale of Benetton Formula. The gross operating income was 858 billion lire compared with 840 billion in the first half of 1999. Income from operations of 319 billion improved by around 44 billion. Cash flow generated by the Group amounted to 424 billion lire compared with 225 billion, influenced positively also by the extraordinary income.

In the first half 2000, dividends for total 360 billion lire were paid and investments for over 200 billion lire were made, more than half of which were dedicated to the investment program in properties which will become operative megastores during the next year. In consideration of these factors, net indebtedness rose to 1,082 billion lire, compared to 576 billion at 31<sup>st</sup> December, 1999. Stockholders equity at 30th June, 2000 was 2,141 billion lire, against 2,161 billion at the end 1999, after the distribution of dividends.

Group income and balance sheet performance to 30th June, 2000 makes it possible to forecast year end results which are substantially in line with pre-established objectives. Revenues in particular should exceed the 4,000 billion lire mark and consolidated net income, net of the impact of extraordinary elements, should confirm the increase registered in the first six months, due to the constant improvement in efficiency which has had a positive impact on gross operating income and income from operations.

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## Consolidated income statement

in billions of Lire	1 <sup>st</sup> half 2000	%	1 <sup>st</sup> half 1999	%	Change	%
Revenues	1,900.0	100.0	1,915.2	100.0	(15.2)	(0.8)
Cost of sales	(1,042.0)	(54.8)	(1,074.8)	(56.1)	32.8	(3.0)
Gross operating income	858.0	45.2	840.4	43.9	17.6	2.1
Variable selling costs	(130.3)	(6.9)	(132.3)	(6.9)	2.0	(1.5)
Contribution margin	727.7	38.3	708.1	37.0	19.6	2.8
General and administrative expenses	(409.1)	(21.5)	(433.3)	(22.6)	24.2	(5.6)
Income from operations	318.6	16.8	274.8	14.4	43.8	15.9
Losses on foreign exchange	(22.4)	(1.2)	(1.8)	(0.1)	(20.6)	n.s.
Financial charges, net	(19.2)	(1.0)	(11.6)	(0.6)	(7.6)	65.5
Extraordinary income (expenses)	185.1	9.8	(11.0)	(0.6)	196.1	n.s.
Income before taxes	462.1	24.3	250.4	13.1	211.7	84.5
Income taxes	(125.1)	(6.6)	(112.5)	(5.9)	(12.6)	11.2
Income attributable to minority interests	(2.9)	(0.2)	(2.7)	(0.1)	(0.2)	7.4
Net income	334.1	17.6	135.2	7.1	198.9	n.s.

## Financial position

in billions of Lire	06.30.2000	12.31.1999	Change	06.30.1999
Working capital	1,698	1,434	264	1,597
Total capital employed	3,245	2,757	488	2,829
Net indebtedness	1,082	576	506	532
Shareholders' equity	2,141	2,161	(20)	2,263
Minority interests	22	20	2	34

## Summary statement of cash flows

in billions of Lire	1 <sup>st</sup> half 2000	1 <sup>st</sup> half 1999
Self-financing	272.6	369.3
Change in working capital	(280.6)	(260.7)
Net operating and financial investments	(167.5)	(139.0)
Sale of investments	240.9	5.6
Payment of dividends	(360.8)	(100.7)
Payment of taxes	(205.5)	(24.4)
<b>Net financial/(requirement) surplus</b>	<b>(500.9)</b>	<b>(149.9)</b>