Benetton's Board of Directors approves the 1995 financial statements
GROUP REVENUES APPROACH LIRE 3,000 BILLION (+ 5.4%)
Net income 5% ahead. Net borrowing halved during the year. Proposed dividend up 6% to Lire 425.

UNITED COLORS OF BENETTON.

Treviso, Italy, March 28, 1996. Consolidated revenues of Lire 2,940 billion (+ 5.4%); consolidated net income in excess of Lire 220 billion (approximately + 5%); operating income at Lire 444 billion (+14.2%); net borrowing at Lire 140 billion, less than half that of the previous year; over 15% growth in the sales of '012', the fastest growing label for the second year running. These are the highlights of Benetton Group's 1995 results, reflected in the financial statements approved at today's Board meeting. The Board will propose a dividend of Lire 425 per share, a rise of more than 6% on the previous year, to the Stockholders' Meeting called for April 30. The dividend will be payable from May 20, 1996.

Consolidated gross margin improved further to Lire 1,218 billion (41.4% of revenues). Operating income reached Lire 444 billion, compared with Lire 389 billion in 1994; its incidence on revenues rising from 13.9% to 15.1%. Despite higher interest rates, the ratio of net interest expenses to revenues was little changed (at 1.6%). The Group's net borrowing fell to less than half the total at the end of 1994, decreasing from Lire 303 billion to Lire 140 billion. Consolidated stockholders' equity rose by approximately Lire 153 billion to Lire 1,657 billion.

1995's highly satisfactory figures are the first results of a program of corporate renewal which began three years ago. In addition to price cutting, this program has involved investment in the manufacturing base and distribution network, combined with measures to raise efficiency and product quality. Changes range from the development of more flexible and demand-oriented collections, to initiatives favoring the reduction of inventories, including at store level. The program will continue over the next few years, enabling the Group to consolidate its presence in world markets through increased internationalization and competitiveness.

Particular growth in the Group's activities in 1995 was registered in Europe (where revenues rose by 7.6% overall) and in the Far East (+7.6%). Growth of '012' sales continued, consolidating the label's strong position in the childrenswear sector, with a rise of over 15%.

Despite a drop in share price in early 1995, with a year-low of Lire 14,000 in March - the stock later rose back to earlier levels, at approximately Lire 19,000, despite a falling stockmarket. The Board will be seeking shareholders' approval authorizing Directors to purchase up to a maximum of 2 million Group shares.

Programs aimed at updating and upgrading the Group's manufacturing base continued during 1995. The total investment of over Lire 200 billion during the last three years is tangible proof of the determination to consolidate Benetton's European manufacturing presence, particularly in Italy. The cotton garment manufacturing facility at Castrette was completed at the end of July, just 8 months after the start of work. This represented the final stage of a program which has created one of the most advanced manufacturing complexes of its kind in the world, with a covered surface area of 190,000 square meters. The entire complex - which also includes an outerwear manufacturing facility, a woolens plant, and an automated distribution center - operates as part of an integrated system which combines the use of cutting-edge automation technology with a high degree of operating flexibility.

Relevant developments during 1995 included the set-up of automated garment handling through a sophisticated packaging system which provides automatic, error-free optimization of package content. In parallel, the final stage of the Robostore 2000 project was completed, enabling the automatic matching of outgoing loads to specific vehicles, and dividing shipments not only according to geographical destination, but also to individual client. The garment sorting center's warehousing capacity was also enlarged as part of a program to extend the range of products handled by optimizing loading operations, reducing human intervention, and raising output capacity.

Continued expansion in international markets involved steady consolidation of the Group's presence in China and India, together with an increase in activities in Thailand, Indonesia and elsewhere in South East Asia. Expansion was also boosted by licensing activities and product diversification. The Group's agreement with electronics giant Motorola, for instance, led to the production and distribution of a colorful line of beepers sold under the Benetton brand. The phased introduction of these pagers in Europe has started in those countries where a "no-charge, no-subscription" service was already available (the UK, Germany and Portugal).

The year also saw the restructuring of the cosmetics sector, based on a series of agreements for manufacture and distribution under license. The first of these has been finalized with Oscar, a Korean company belonging to the Pacific Corporation Group, a market leader with revenues of US$700 million; leading to the creation of "Beauté Benetton", a new line to be marketed throughout the Far East from the second half of 1996.