

FY 2011 Financial Results

March 15th, 2012



This document has been prepared by Benetton Group solely for the use at investor and analyst meetings. This document does not constitute an offer or invitation to purchase or subscribe any shares and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

As well known, on 3 March 2012, Edizione S.r.l. ("**Offeror**") has published the offer document ("**Offer Document**") relating to the voluntary public tender offer launched on all the ordinary shares of Benetton Group representing the whole Benetton Group S.p.A.'s share capital not held, directly or indirectly, by the Offeror ("**Offer**"), in compliance with the provisions of article 102, paragraph 3 of Legislative Decree no. 58 of 24 February 1998, ("**Italian Financial Act**") and of article 37-ter of the implementation regulation of the Italian Financial Act, regarding the rules for issuers, adopted by Consob in resolution 11971/1999 ("**Consob Regulation**").

Due to the fact that the Offer is currently pending, Benetton Group shall not answer to any question relating to the Offer and, more generally, shall not make any statement in connection thereto. The view of Benetton Group on the Offer has already been disclosed to the public through the "issuer's communication", which has been published on 3 March 2012 as an attachment to the Offer Document, pursuant to article 103, paragraph 3 of the Italian Financial Act and article 39 of the Consob Regulation.

Financial Highlights



Highlights

UNITED COLORS
OF BENETTON.

€M

Revenues

2,032	2011
2,053	2010

- ✓ Performance reported: -1.0%.
- ✓ Performance currency neutral: -0.3%.
Negative impact from currency: -14€ mio.
- ✓ Emerging markets: double digit growth.

% Ordinary Ebit on Sales

7.3%	2011
8.6%	2010

- ✓ Costs pressure: large negative impact.
- ✓ Operating expenses actions: remarkable SG&A reduction.
- ✓ Negative one-time costs and positive impact from currency.

Net Income

73	2011
102	2010

- ✓ Negative impact from currency hedging (-10€ mio), compared with positive impact last year (+12€ mio)
Lower tax rate (35.4%) vs. last year (38.7%).
- ✓

Net Debt

548	2011
486	2010

- ✓ Net Debt increase.
- ✓ Q4 11: NWC improvement.
- ✓ Commercial investments dedicated to the network.

Revenues & Business Analysis



Revenues

UNITED COLORS
OF BENETTON.

€M

	2010	2011	Ch. %	Ch. % C.N.
Revenues	2,053	2,032	-1.0%	-0.3%

Performance reported: -1.0%.

Performance currency neutral: -0.3%.

Negative impact from currency: -14€ mio.

**Developing and Fast Growth Countries:
double digit growth.**

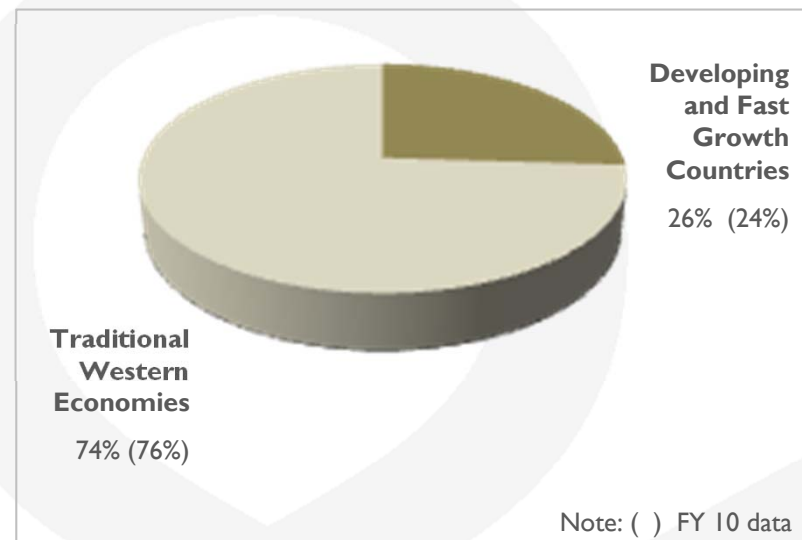


Geographical Revenues

UNITED COLORS OF BENETTON.

€M

	2010	2011
Total Revenues	2,053	2,032
	Reported	C.N.
Overall Performance	-1.0%	-0.3%
Developing and Fast Growth Countries	+7%	+10%
Traditional Western Economies	-4%	-4%



Bruxelles, Rue Neuve



Santiago, Av. Goyenechea

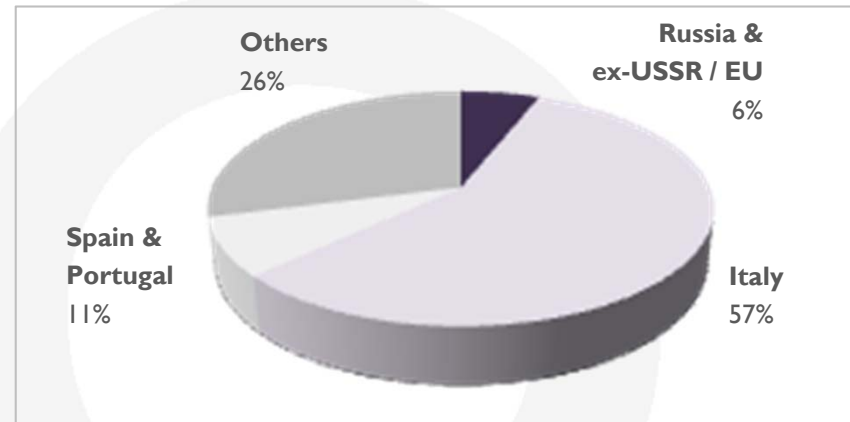


Slovenia, Ljubljana

Revenues - Europe

€M

	Revenues	% on total Revenues
Europe	1,606	79%
	Reported	C.N.
Performance	-2%	-2%



The Mediterranean

Italy: narrow decrease, in line with European performance. Trend improvement in the last quarter.

Iberian Peninsula: sales decrease (-4%), driven by limited decline in Spain (-3%) and notable shrink in Portugal (-9%).

Greece: significant fall in revenues (-16%); less negative trend in the last few months.

Continental Europe

Sales up in Germany (+6%) and Austria, highlighting increasing trend performance. Positive results in UK.

Russia & ex-USSR / EU

Amazing growth in Russia (+25%) and ex-USSR / EU countries (+19%).

Extensive presence, supported from initial development in Tier II Cities. Total store network accounting more than 170 stores.

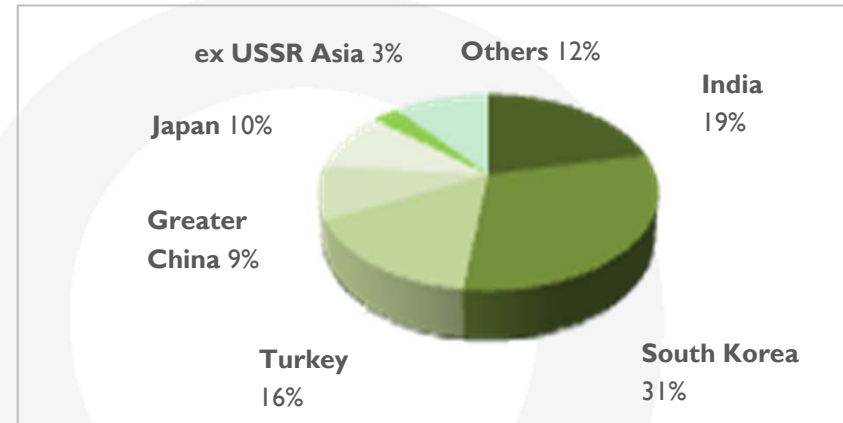
Commercial proposals development, targeting high potential segments: initiatives dedicated to kids and man.

Door-to-door Project: delivery improvement, thanks to new merchandise shipments organization.

Revenues - Asia

€M

	Revenues	% on total Revenues
Asia	333	16%
	Reported	C.N.
Performance	+2%	+6%



Outstanding double digit revenues' increase in India (+11%), South Korea (+11%), ex-USSR Asian Countries (+24%) and Middle East.

LFL growth in Greater China, driven by double digit increase in China and positive results in Hong Kong and Taiwan.

Negative performance in Japan and on-going decreasing results in South East Asia.

Turkey

LFL increase, showing double digit growth in the 2nd half 2011.

Dedicated collection approach introduced in A/W 11 and local sourcing raise, to offset increasing duties.

India

Network: extensive presence with ~480 stores in over 100 towns across the nation, both in Tier I, II and III cities. More than 90 openings in 2011, mainly in secondary cities and South-East Area.

Largely completed DOS transfer to third parties' management: ~150 stores from Q1 10.

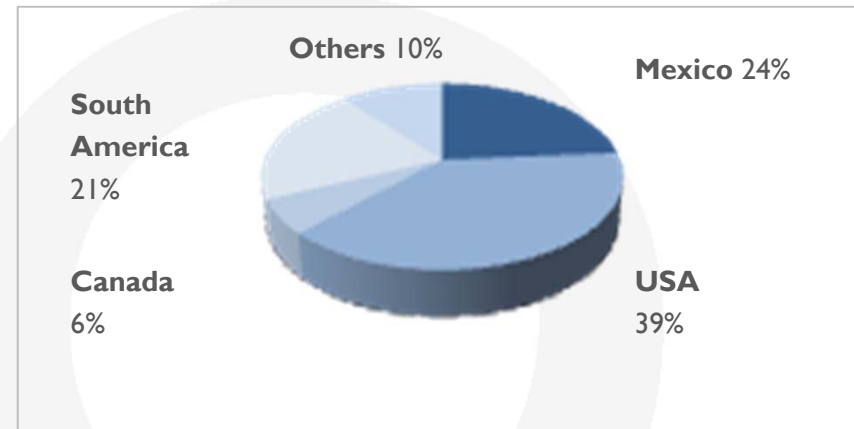
Store traffic and average ticket increase, driven by total look offer and dedicated collections.

Market opportunity and potential of Kids and Sisley:
~ 50 dedicated stores already opened.

Revenues - Americas

€M

	Revenues	% on total Revenues
Americas	80	4%
	Reported	C.N.
Performance	+2%	+6%



USA & Canada

Revenues decrease: negative impact from refocusing activities and stores closing.

Comparable sales improvement in the last part of 2011.

South America

Performance up +42%, driven by stores network development and new openings in malls and department stores.

Mexico

Network: more than 25 DOS and ~230 corners in Department Stores, including more than 30 openings in 2011.

Healthy growth, showing a performance up over 20%.

Comparable sales: double digit increase.

Local partnership renewed and extended in March 2011.

Revenues by channel

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€M

	2010	2011	Ch. %	Ch. % CN
Total Revenues	2,053	2,032	-1.0%	-0.3%
Apparel	1,948	1,913	-1.8%	-1.1%
<i>Wholesale</i>	1,475	1,459	-1.1%	-0.6%
<i>Directly Operated Sales</i>	473	454	-4.0%	-2.7%
Textile	105	119	+14.1%	+14.1%

Apparel Revenues

Collections Trend



Performance

A/W 11: positive collections performance (+2%).

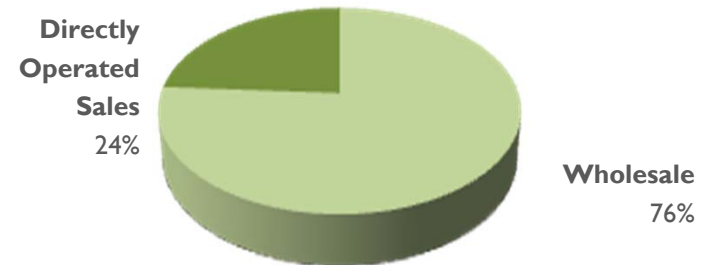
S/S 12: slight decrease expected.

New in-season product initiatives: positive impact on 2011 collections, supporting trend expected in next proposals.

Drivers

Slight price/mix improvement and resilient volumes performance: S/S 12 drivers are confirming previous trends.

Apparel Revenues by channel



Wholesale

Revenues in line with previous year, on the back of collections trend and deliveries in line with commercial requests.

Directly Operated Sales

LFL: flat performance in Q4 11, showing an improvement trend compared with 9M 11 results.

FY 11 comparable results: slight decrease (-2%), supported by positive performance in emerging markets.

FY 11 channel results: excluding currency impact and DOS transfer in India to third parties management, the 2011 performance is slightly positive.

Brands & Collections

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UCB 50%
(52%)



S I S L E Y



Sisley 16%
(16%)



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S I S L E Y



UCB Kids & Sisley Young

Kids 32%
(30%)



Playlife



Playlife 2%
(2%)



Note: () FY 10 data

Brands: initiatives

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Brand & Values



United Colors of Benetton

UNHATE: New worldwide institutional communication campaign in Fall 11.

Lana Sutra: Communication of Benetton Values through the dialogue with the world of art from September 2011.

Sisley

Definition of the new Independent lifestyle philosophy, supported by a new communication campaign.

Brand & Product



United Colors of Benetton

Special Collections proposals.
Dedicated collection development.
Product innovation and research.

UCB Kids

Updated collection structure.
Product line and offer increase.

Sisley

Fashion content & affordable pieces increase in collection proposals.

Brand & Store



United Colors of Benetton

New openings and refurbishment of existing stores with the new concept "Lissoni".

Sisley & Playlife

Introduction of new store concept at the end of 2011.

New communication vehicles, approaching New Media and Digital applications.

Brands & Values

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United Colors of Benetton



UNHATE - The new worldwide communication campaign, with the aim of contrasting the culture of hatred and promote brand values, as tolerance and peace, through ironic and provocative images.

In the first days of the UNHATE campaign, global participation placed it among the top five topic trends worldwide on both Twitter and Google, with Facebook fan numbers increasing by 60%; over 3000 articles published and more than 600 television reports in 60 countries around the world.

UNHATE Foundation: new Benetton Group foundation, strengthening the group's social responsibility strategy, through on-going initiatives.

Lana Sutra - Dialogue with the world of art, proposing targeted communication initiatives.

15 art pieces installation in selected flagship, conceived as a homage to love, covered by coloured wool threads, emphasizing two key elements of the brand DNA.

Brands & Product

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UCB



Management strengthening , adding new roles and people in creative and merchandising structure.

Offering Structure: Special Collections adopted starting from S/S 11.
On-going roll-out and new total look deliveries in S/S 12 collections.

Product innovation and research: new exclusive knitwear proposals, representative of Group heritage.

Sisley



Collections offer renewal adopted from S/S 12, segmenting product offer by function and style.

Launch of targeted product initiatives, supporting brand values and improving brand identity.

Identification of the key product categories, highlighted in new store concept.

UCB Kids



Reviewed offering structure, starting from S/S 12.

Cosmopolitan mood for collection proposals.
Remarkable growth driven by product offer and initiatives adopted in international markets.

Brands & Store

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United Colors of Benetton



On-going roll-out of “Lissoni” concept, spread in over 30 Countries. New display approach proposed.



Sisley



Introduction of the new concept store: first opening in September. New format adopted for openings and refurbishments.



Playlife



“Welcome Home”: development of the new innovative store concept and shopping experience, based on a multi-brand store approach.



Innovation & Experimentation

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Live Windows

Creation of innovative sales spaces, supported by continuous experimentation with new technologies:
“Benetton Live Windows project.”

Use of the latest technologies, introduced in the main flagship stores, creating an innovative consumer experience.



The “Studios”

New area in the headquarter, dedicated to development activities related to the Store:

New concept development.

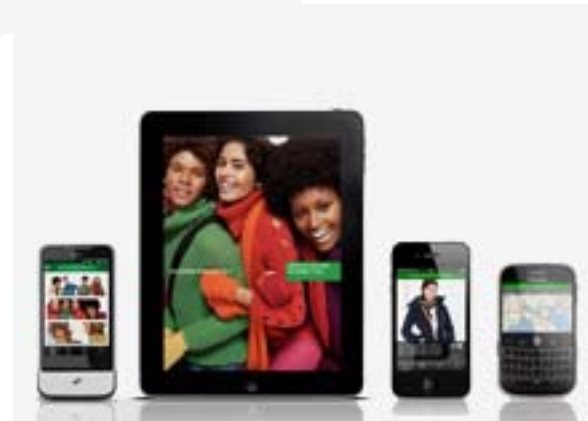
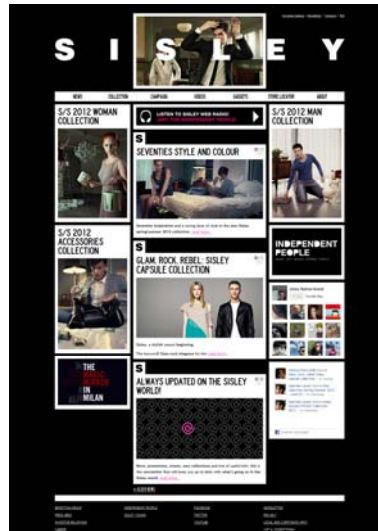
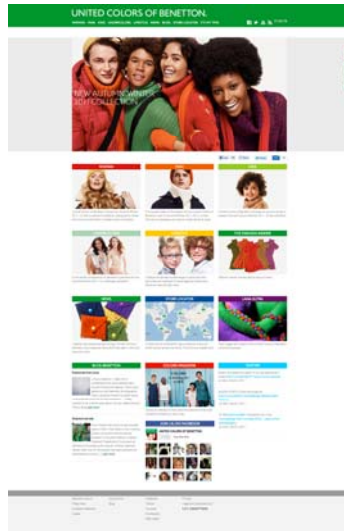
Visual merchandising activities.

Innovative selling space project.

Catwalk & Products Presentation.

Brands & Multiple Digital Initiatives

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Product websites

Complete restyling of the product websites for all Group brands - United Colors of Benetton, Sisley and Playlife.

Creation of two international blogs : United Blogs of Benetton & IndependentPeople for Sisley.

benettongroup.com

Launch of the new-look *benettongroup.com*, a portal for all institutional areas and innovative Investor Relations section, entirely revised and enhanced with new sections & functions.

Applications

Launch of product and corporate applications for iPhone, iPad, BlackBerry and Android.

Facebook: more than 1.000.000 fans at year end, compared with 250.000 at the beginning of 2011.

P&L Analysis



Profit & Loss

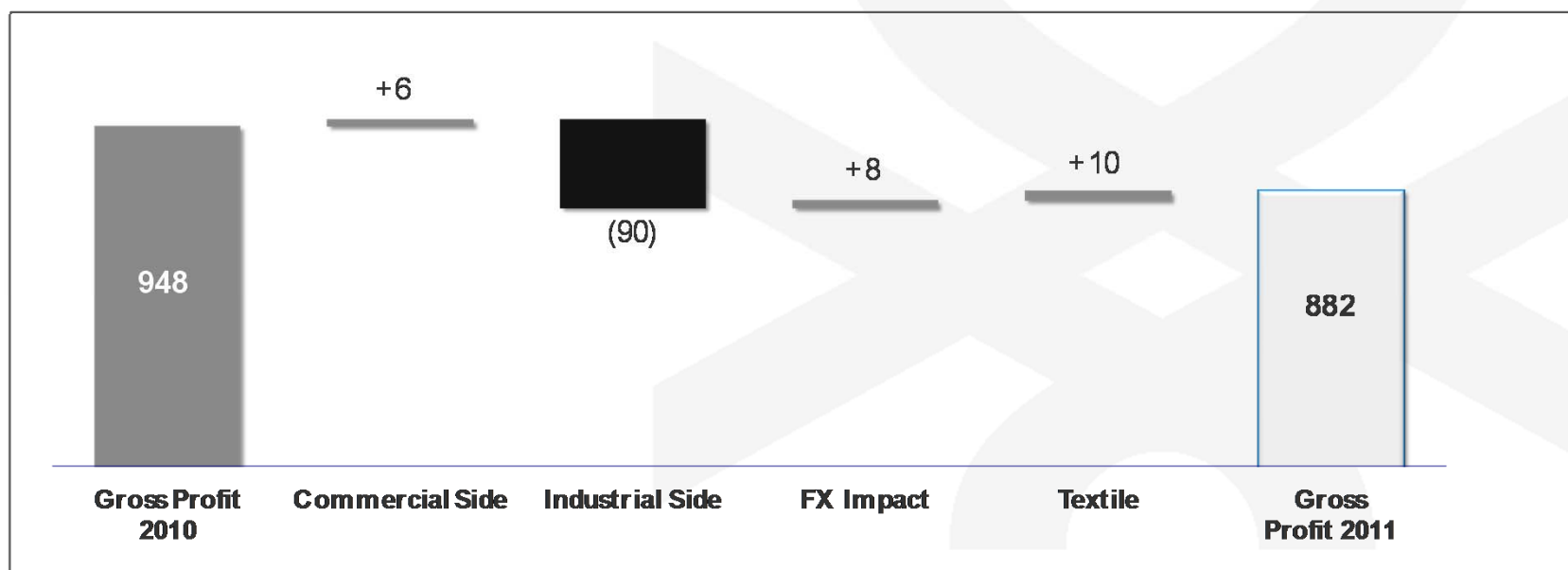
UNITED COLORS
OF BENETTON.

€M

	2010	2011	Ch % 2011 vs 2010
Revenues	2,053	2,032	-1.0%
Gross Profit	948	882	-6.9%
%	46.2%	43.4%	
Contribution Margin	789	724	-8.2%
%	38.4%	35.6%	
SGA	-581	-570	-1.8%
Ordinary EBIT	208	154	-26.2%
%	10.1%	7.6%	
Non recurring items	-32	-5	
EBIT	176	149	-15.4%
%	8.6%	7.3%	
Profit Before Taxation	168	119	-28.8%
Net income	102	73	-28.3%
%	5.0%	3.6%	
Ordinary EBITDA	311	256	-17.6%
%	15.2%	12.6%	

Gross Profit Analysis

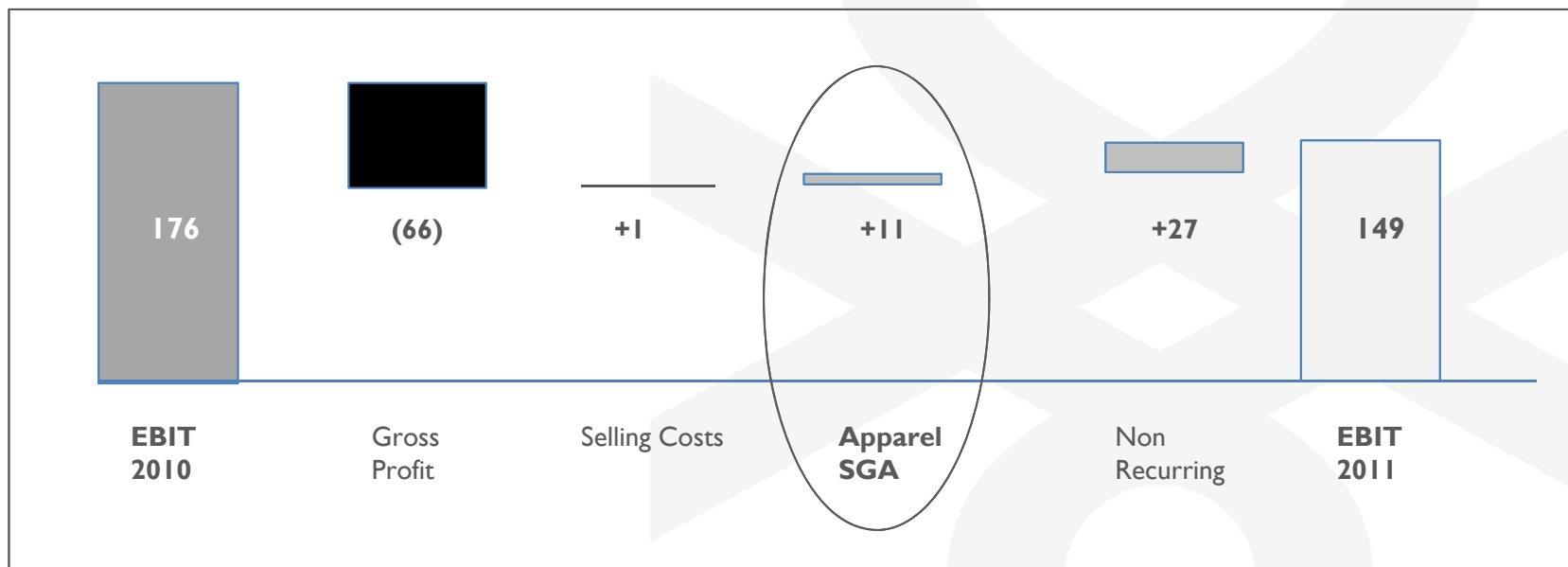
	2010	2011	Ch %	Ch % CN
Gross Profit	948	882	-6.9%	-7.7%
% on Revenues	46.2%	43.4%	-280bp	-340 bp



Ebit Analysis

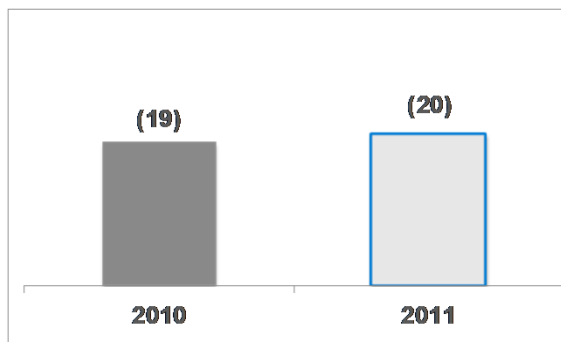
€M

	One-off	Ordinary Ebit	Reported EBIT	% on revenues
2010	(32)	208	176	8.6%
2011	(5)	154	149	7.3%

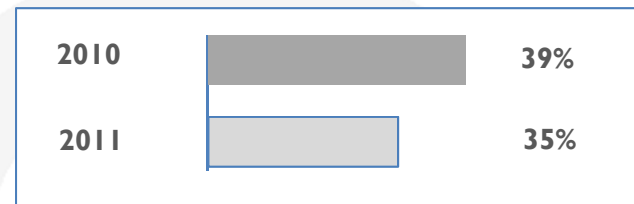


Financial Cost & Net Income Analysis

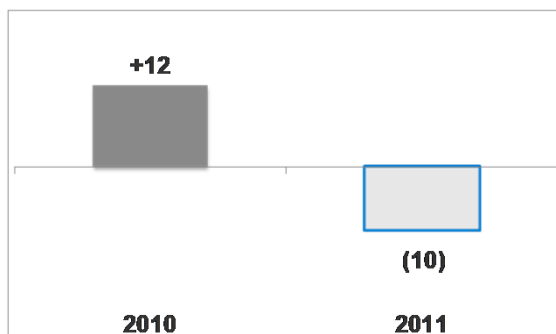
Financial expenses



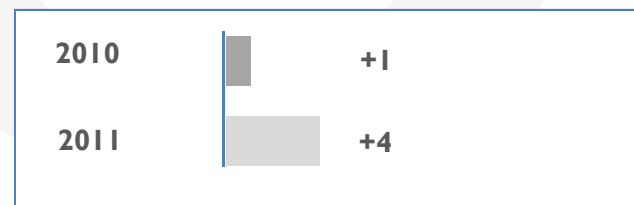
Tax Rate



Currency hedging



Minority Interests



	2010	2011	Ch %
P.B.T.	168	119	-28.8%
% on Revenues	8.2%	5.9%	

	2010	2011	Ch %
Net Income	102	73	-28.3%
% on Revenues	5.0%	3.6%	

Balance Sheet & Cash Flow Analysis



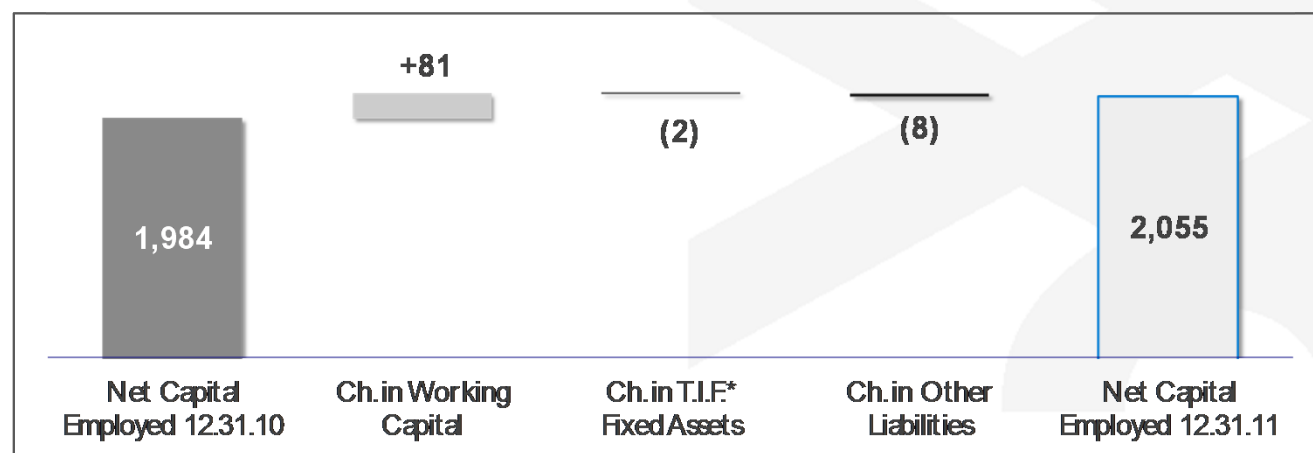
Net Capital Employed

	12.31.2010	12.31.2011	Ch
Working Capital	622	703	81
Asset to be sold	10	5	-5
Tang. and Intang. fixed assets	1,314	1,317	3
Financial fixed assets	25	20	-5
Other assets/(liabilities)	13	10	-3
Net Capital Employed	1,984	2,055	71

financed by

Net Indebtedness	486	548	62
Total Shareholders' Equity	1,498	1,507	9

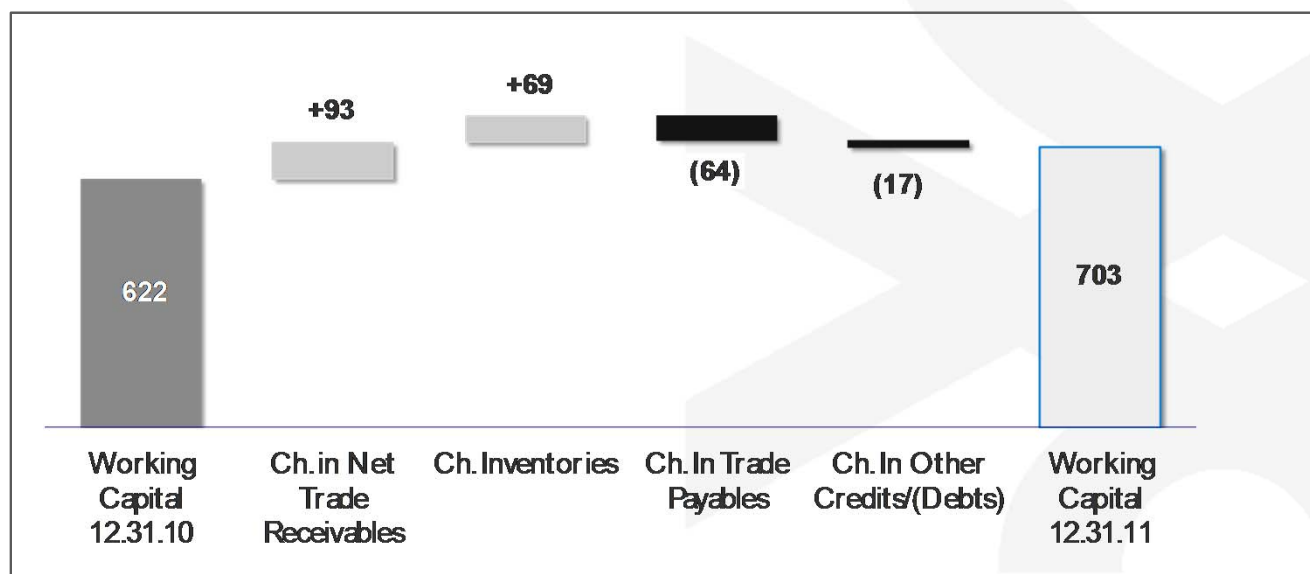
Net Capital Employed Analysis



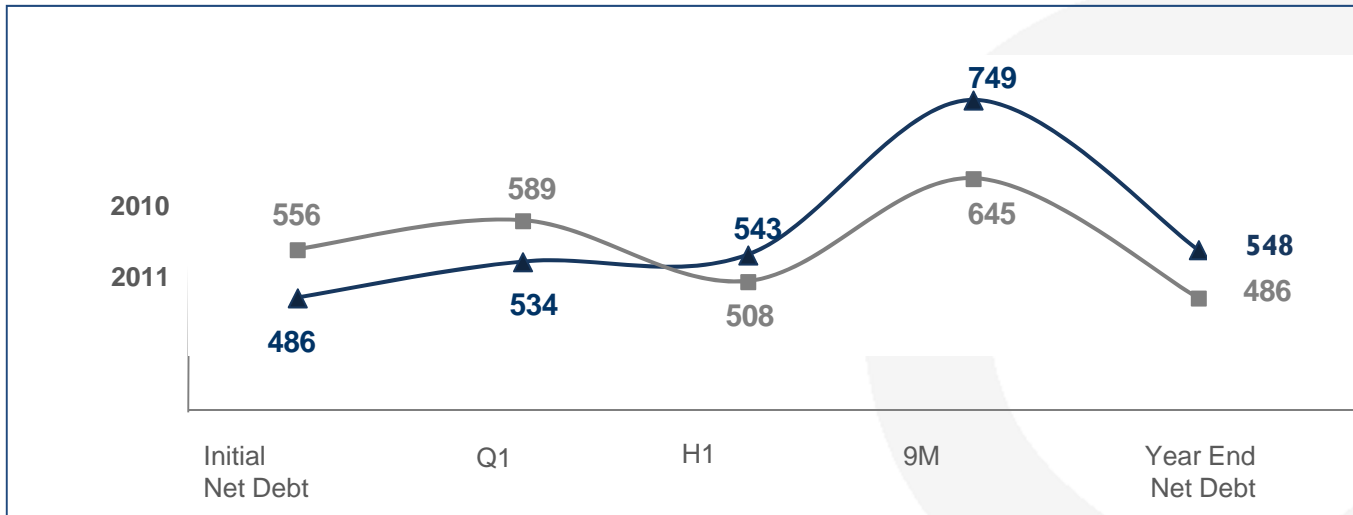
(*) T.I.F.: Tangible, Intangible and Financial Fixed Assets

Working Capital

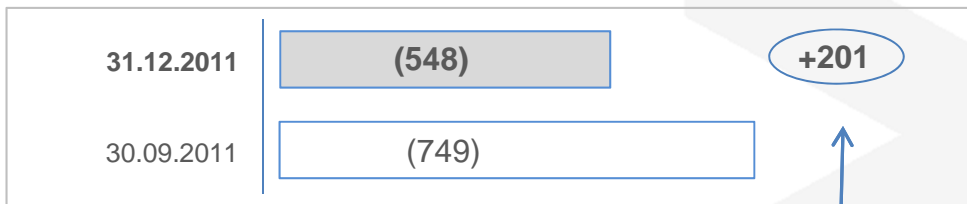
	12.31.2010	12.31.2011	Ch
Working Capital	622	703	81
Net trade receivables	804	897	93
Inventories	293	362	69
(Trade payables)	-442	-506	-64
Other credits/(debts)	-33	-50	-17



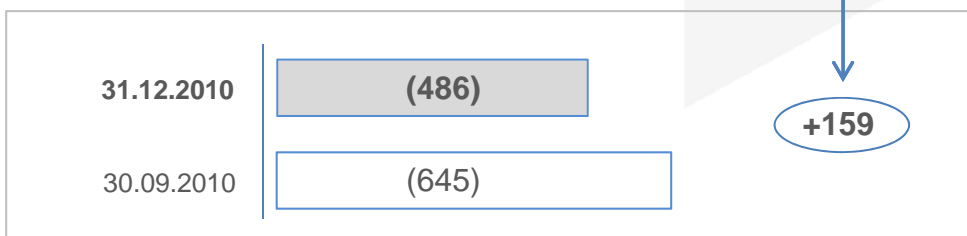
Net Debt



Net Debt Increase.
 - On-going investments.
 - NWC increase.
 - Shares buy-back programme.



**Net debt and Cash Flow Generation:
4th quarter analysis.**

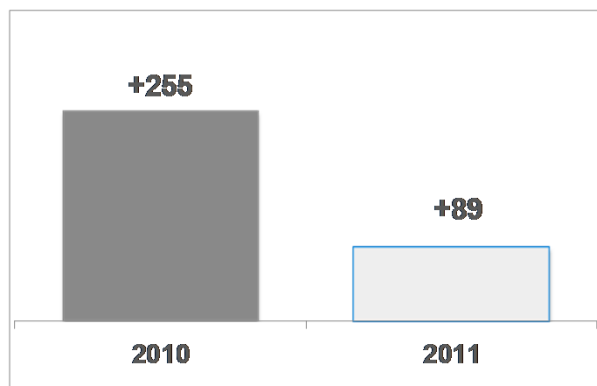


Cash flow improvement in the last part of 2011 vs. 2010, including NWC control and reduction

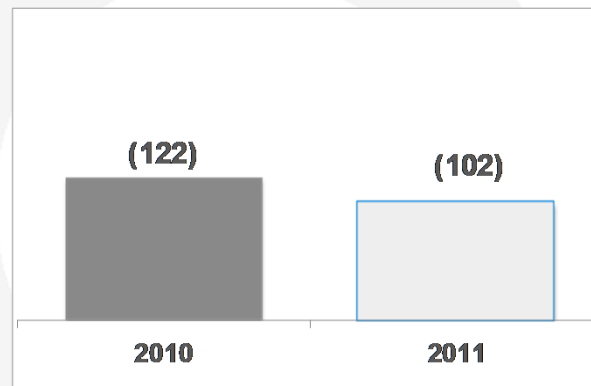
Cash Flow

€M

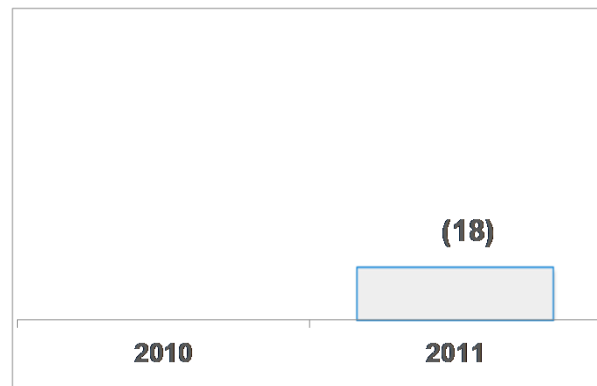
Net cash flow from operating activities



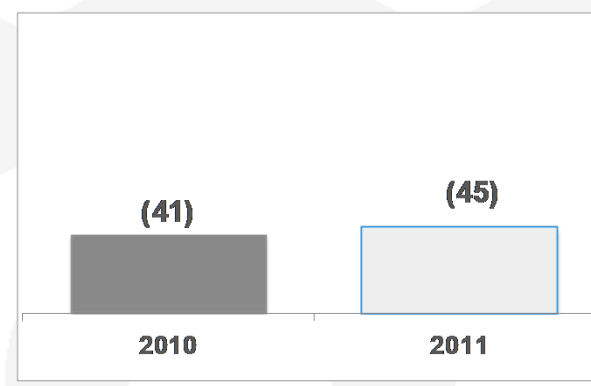
Net cash flow from Investment activities



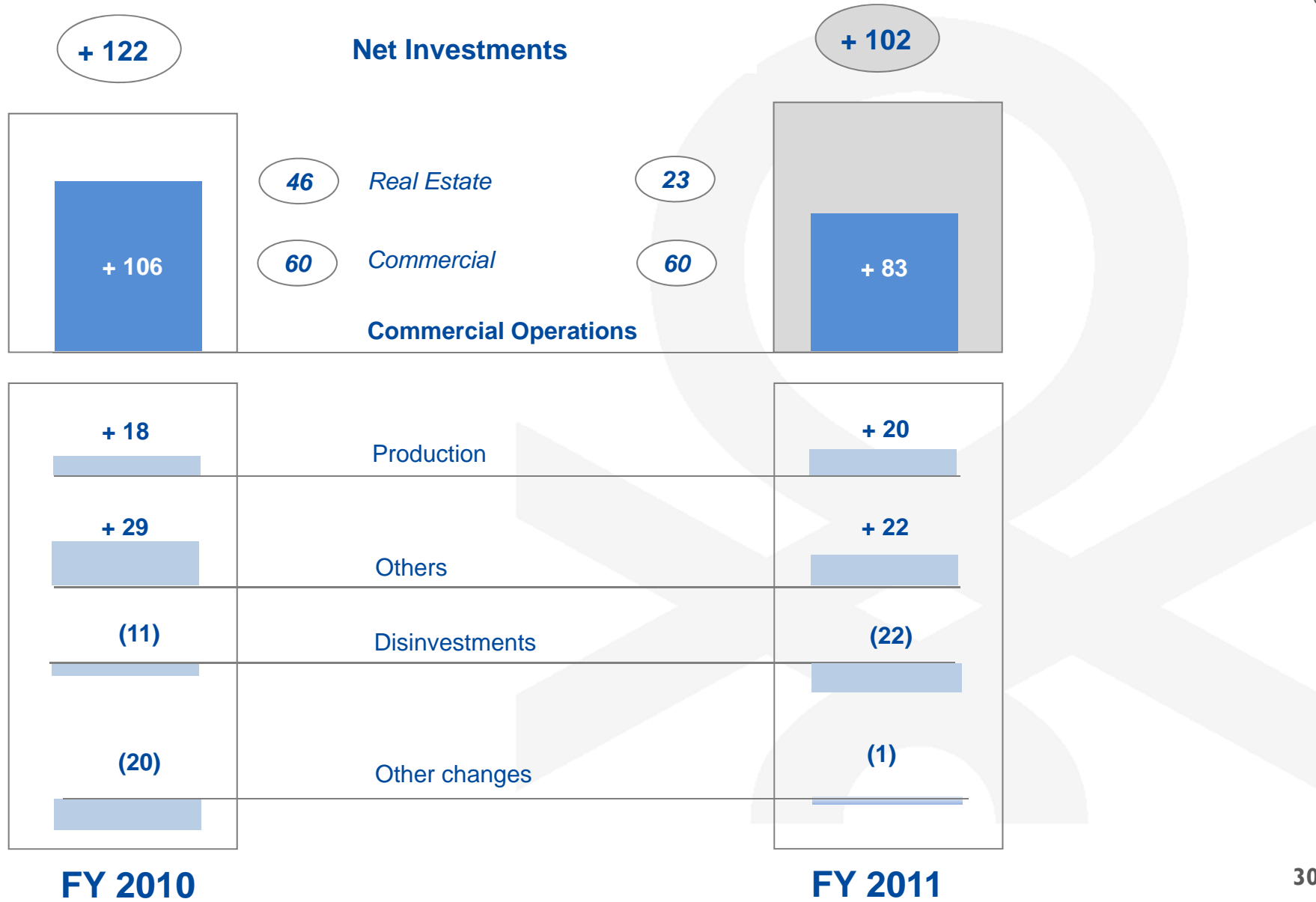
Treasury Shares



Dividends




Net Investments




Looking forward



Macroeconomic assumption

 Risky environment and challenging scenario; weakening outlook for the euro area and slower trend for the Mediterranean Countries.

Downside household consumption in consolidated countries and tight credit access.

 Emerging market outperforming again other markets in 2012.

New Initiatives

Development and introduction of new initiatives, supporting on-going growth stimulation.

Focus on increasing brands' visibility in most important and trendiest cities worldwide.

Set-up of markets priority and leverage on new channel opportunities.


Strategic Focus

Strengthening growth stimulation activities, focusing on three cornerstones:


- ✓ Focus on brand building.
- ✓ Enhancing and improving product.
- ✓ Continuous renewal of store network.

Raise the appeal of the point of sales, creating an innovative consumer experience and focusing on sell-out performance and store's profitability.

Profitability

 Cost inflation: raw material pressure, mostly in the first part of 2012, as cotton and wool level at product order placement.

Labour cost pressure in selected Group Sourcing Regions.

 Sourcing flexibility, facing cost pressure, and increasing efficiency through product category allocation.
On-going initiatives related to cost control.

Annex



Consolidated Balance Sheet & Working Capital

UNITED COLORS
OF BENETTON.

€M

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Other credits/(debts)	-33	-50	-17

Net Book Value of Land & Building

UNITED COLORS
OF BENETTON.

€M

Land and Building	12.31.2010	12.31.2011	Ch
Commercial	657	648	-9
Industrial	104	112	8
Other	19	19	0
Total	780	779	-1

Commercial	12.31.2010	12.31.2011	Ch
Italy	166	164	-2
Russia-Ex USSR	149	146	-3
France	106	104	-2
Spain	66	67	1
Japan	42	45	3
Portugal	28	28	0
Belgium	18	17	-1
Turkey	18	15	-3
Austria	15	15	0
Iran	16	14	-2
USA	15	16	1
India	10	9	-1
Kosovo	4	4	0
Switzerland	2	2	0
Mongolia	2	2	0
Total	657	648	-9

Statement of Consolidated Cash Flow

UNITED COLORS
OF BENETTON.

€M

	2010	2011
Cash from operating act. before changes in Working Cap	331	270
Change in Working Capital	-3	-117
Interests paid/received - Foreign currency gains/(losses)	-9	-30
Payment of taxes	-64	-34
Net Cash Flow from operating activities	255	89
Net Operating Assets	-115	-103
Financial Fixed Assets	-7	1
Net Cash Flow from investment activities	-122	-102
Free Cash Flow	133	-13
Payment of dividends	-41	-45
Purchase of treasury shares	0	-18
Surplus/(Deficit)	92	-76

Credit Facilities available as of December 31st, 2011

Term loans

400€ m (2007-2012)

3 Term loans

Current Position

Fully drawn

100€ m BNL
150€ m Unicredit
150€ m Intesa Sanpaolo

*Cost: Euribor 1/2/3/6 months + 20/50 bp**

250€ m (2010-2015)

Club Deal

Current Position

Fully drawn

50€ m BNL
50€ m Credit Agricole
50€ m Cassa di Risparmio
del Veneto
50€ m Mediobanca
50€ m Unicredit

*Cost: Euribor 1/2/3/6 months + 150/250 bp**

5.000Jpy m (2011-2014)

Term loan

Current Position

Fully drawn

5.000Jpy m
Development
Bank of Japan

Cost: Libor Jpy 6 months + 65 bp

Covenant**

		2011
EBITDA / Net Fin. Exp.	min 4	13.3 x
N.D / EBITDA	max 3.5	2.1 x

* Depending on the ratio N.D./EBITDA

** Covenants calculated every six months

Credit Facilities available as of December 31st, 2011

Revolving Credit Facilities

60€ m (2009-2014)

Committed credit facility

Current Position

Not drawn

Cost: Euribor 1/2/3/6 months + 150/250 bp*

60€ m
Banca Pop.Vicenza

150€ m (2010-2015)

Committed credit facility
(Club deal)

Current Position

Not drawn

Cost: Euribor 1/2/3/6 months + 150/250 bp*

30€ m BNL
30€ m Credit Agricole
30€ m Unicredit
30€ m Cassa di Risparmio
del Veneto
30€ m Mediobanca

EBITDA /
Net Fin. Exp.

min 4

2011

13.3 x

N.D /
EBITDA

max 3.5

2.1 x

Covenant**

Uncommitted Credit Facilities

440€ m

Uncommitted credit facilities

Current Position

Drawn for 35€ m

Cost: Interbank (or prime) rate + spread

* Depending on the ratio N.D./EBITDA

** Covenants calculated every six months

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