

PRESS RELEASE

## **Ermenegildo Zegna Group: 2005 turnover reaches 713 million Euro (+12,5%), Return to double-digit growth**

**Retail sales primary driver of growth; turnover up in Asia (+26%) with China at +41%, Russia (+27%) and North America (+14%). Positive signals from Europe as well (+13%), in particular Germany (+31%). The year ended December 31, 2005 also showed renewed growth in “travel retail” (+16%).**

*Milan, January 10, 2006* – Ermenegildo Zegna Group ended the year 2005 with turnover reaching 713 million Euro, an increase of 12.5% over the previous year. Contributing decisively to this result were retail sales linked directly to the Zegna brand, which at current exchange rates grew by 17% overall, with results varying somewhat by geography but broadly positive in Asia (China +41%, Japan +18% and South Korea +29%), Russia (+27%), North America (+14%), Latin America (+19%) and Europe (+13%). Zegna Group retail sales in Germany in particular grew by 31%.

Reinforcement of Zegna-only points of sale proved particularly significant in the course of 2005 as well. Overall, the number of monobrand points of sale rose from 408 to 473, while those managed directly by the Group increased from 167 to 187. Among the most significant openings were brand boutiques in Hamburg, Brussels, Las Vegas, Shanghai, Hangzhou, Seoul and Moscow.

Clothing products and accessories, including sales under the Agnona brand, account for 90% of consolidated 2005 turnover, with fabrics contributing the remaining 10%. Significant growth in sales of leather products (+20%) came from Zefer (the joint venture with Ferragamo) and Longhi. Perfumery products produced under license by YSL Beauté, in particular Z Zegna, also showed good results.

*“Zegna Group results in 2005,” said **Ermenegildo Zegna**, who shares the role of Group CEO with his cousin **Paolo**, “were better than we had forecast at the beginning of the year. Excluding extraordinary events that cannot be prevented, growth in 2006 can be expected to continue at a double-digit rate. Relatively speaking, the best results in terms of percentage were in China, in Russia and, in particular, in Germany, notwithstanding the lackluster performance of consumer goods in the German market. In terms of absolute value the most gratifying results came, despite the continuing strength of the Euro, from the USA and Japan, where we have 40 points of sale. In 2006 we expect to see a positive contribution from eyeglasses produced under license by De Rigo, and hope that the positive trend continues in ‘travel retail’ (+16%), by which we mean sales related to an uptake in international travel by tourists, above all from the emerging markets.”*

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