

Press Release**KME Group S.p.A**ABI Code 107673 – www.kmegroup.it

This press release is being issued to comply with the regular reporting requirement set forth in a Consob letter dated April 14, 2004.

At May 31, 2006, the **Group's net indebtedness** totaled €632.3 million, or €9.4 million less than a month earlier.

The increases compared with the end of 2005 reflect the impact of a rise in the price of copper, which caused an increase in the value of the assets included in the working capital of the manufacturing companies, with a corresponding expansion in funding requirements. In June, in response to this situation, the Group executed agreements with its lenders that expanded its credit lines by a total of €100 million.

Consolidated Financial Position of the Group

(Euro / 000)	al 31.5.06	al 30.4.06	al 31.3.06	al 31.12.05	al 31.12.04
<i>Debiti verso banche a breve termine</i>	224.109	234.154	263.622	234.146	516.482
<i>Debiti verso banche a medio lungo termine</i>	459.196	458.896	459.206	459.379	202.319
<i>Debiti finanziari vs/soc. del Gruppo non consolidate</i>	17.082	17.904	17.549	18.472	6.289
<i>Totale debiti finanziari</i>	700.387	710.954	740.377	711.997	725.090
<i>Liquidità</i>	(67.141)	(68.343)	(75.754)	(151.992)	(74.443)
<i>Crediti finanziari vs/soc. del Gruppo non consolidate</i>	(920)	(920)	(920)	(920)	(1.539)
<i>Totale liquidità e crediti finanziari</i>	(68.061)	(69.263)	(76.674)	(152.912)	(75.982)
<i>Totale posizione finanziaria netta</i>	632.326	641.691	663.703	559.085	649.108

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €149.6 million at May 31, 2006, €128.7 million at April 30, 2006, €81 million at March 31, 2006, €60.3 million at the end of December 2005 and €46.6 at the end of December 2004.

As part of a series of financial transactions carried out to channel the funds generated by the G.I.M. S.p.A. capital increase to the operating companies, the Parent Company G.I.M. S.p.A. provided a €130-million subordinated stockholder loan to KME Group S.p.A.

The Group's bank debt includes a medium-term financing facility provided to KM Europa Metal AG by a group of banks that includes Mediobanca, whose share of the facility is €48.1 million.

Mediobanca is a stockholder of the Parent Company G.I.M. S.p.A. and is a party to the G.I.M. Stockholder Agreement, with an interest equal to 2.69% of the common shares.

At the end of May 2006, about 98% of available bank facilities had been drawn down. The Group's liquid assets totaled €67.1 million.

All social security and tax payments have been made on time.

With regard to commercial obligations, accounts payable totaled €4.9 million.

Net Financial Position of KME Group S.p.A., the Group's Parent Company

(Euro / 000)	al 31.5.06	al 30.4.06	al 31.3.06	al 31.12.05	al 31.12.04
<i>Debiti verso banche a breve termine</i>	100	101	101	123	62.242
<i>Debiti verso banche a medio lungo termine</i>	684	684	684	684	783
<i>Debiti finanziari a breve termine verso controllante</i>	13.768	14.829	15.094	15.440	3.620
<i>Totale debiti finanziari</i>	14.552	15.614	15.879	16.247	66.645
<i>Liquidità</i>	(1.939)	(1.874)	(5.525)	(9.378)	(8.443)
<i>Crediti finanziari verso controllate e collegate</i>	(23.081)	(23.786)	(21.309)	(16.854)	(42.437)
<i>Totale liquidità e crediti finanziari</i>	(25.020)	(25.660)	(26.834)	(26.232)	(50.880)
<i>Totale posizione finanziaria netta</i>	(10.468)	(10.046)	(10.955)	(9.985)	15.765
<i>Finanziamento soci subordinato da GIM S.p.A</i>	130.000	130.000	130.000	130.000	0

* * *

This press release is available at the Company website, www.kmegroup.it, where additional information may also be obtained.

Florence, June 30, 2006

KME Group S.p.A.

For additional information:
 Community –Consulenza nella comunicazione
 Auro Palomba
 Roberto Patriarca
 Tel. +39-02-89404231
 Cell. +39+335-6509568