

PRESS RELEASE

2006 PRELIMINARY CONSOLIDATED DATA

- Consolidated revenues of 3,550 million euros (2,176 million euros in 2005).
- EBITDA of 132 million euros, + 42% compared with 2005.
- Net indebtedness of 535 million euros at December 31, 2006.
- Further progress in profitability is expected in the first quarter of 2007.

The Board of Directors of KME Group S.p.A. reviewed the preliminary operating results for 2006.

Consolidated revenues grew by 63% compared with the previous year, rising from 2,176 million euros to 3,550 million euros. Higher raw material prices account for a significant portion of this improvement.

Net of the value of raw materials, revenues were up 11,7%, increasing from 758 million euros to 847 million euros.

An improving sales trend and the positive impact of industrial rationalization programs provided a significant boost to the Group's profitability.

EBITDA⁽¹⁾ increased to 132 million euros, or 42% more than the 92.8 million euros earned in 2005. In 2006, the ratio of EBITDA to revenues (net of the value of raw materials) was 15,6%, compared with 12.2% the previous year.

The implementation of an industrial plan designed to increase the Group's competitiveness is continuing. This goal is being pursued both by refocusing the manufacturing organization — in this area, an agreement has been reached to close the Serifontaine plant in France gradually during the first half of 2007 — and by leveraging the value of innovative products and expanding the Group's presence in the international markets. An example of the Group's efforts in this area is the recent agreement for the purchase of a controlling interest in DD Heavy Machinery Co. Ltd. in China.

On the balance sheet side, the Group's **net indebtedness**⁽¹⁾ totaled 535 million euros at December 31, 2006.

About expectations, a further progress in profitability is expected in the first quarter of 2007.

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

Florence, February 15, 2007

The Board of Directors

(1) This press release makes reference to “alternative performance indicators” (EBITDA and net indebtedness) that are not reflected in the IFRS/IAS accounting principles. The meaning and content of these indicators is provided below:

- *EBITDA: This indicator measures operating performance. It is computed by adding depreciation and nonrecurring charges to income from operations and subtracting the revaluation of the inventory of raw materials.*
- *Net indebtedness: This is a financial structure indicator. It is equal to total borrowings less cash (and cash equivalents) and the factoring transactions of trade receivables assigned without recourse.*