

Press Release**THE RESULTS FOR THE FIRST HALF 2007 ARE APPROVED**

- FURTHER GAINS IN THE GROUP'S PROFITABILITY (EBITDA + 28%).
- NET INDEBTEDNESS DECREASES TO 455 MILLION EUROS (- 15%).
- WORK ON THE RENEWABLE ENERGY INVESTMENT PROJECT IS CONTINUING.

Consolidated Financial Highlights of the First Half of 2007

(in millions of euros)	First half 2007	First half 2006	2006/2007 % change
Revenues	1,847.8	1,705.6	+ 8.3%
Revenues (net of raw materials)	469.3	430.0	+ 9.1%
EBITDA	76.5	59.9	+ 27.7%
EBIT	51.01	16.1	+ 216.8%
Profit before taxes and invent. revaluation	34.5	(2.6)	n.m.
Group interest in net profit	66.1	56.3	+ 17.4%
Net indebtedness	455.2 (at 6/30/07)	534.3(at 12/31/06)	- 14.8%

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- In the first half of 2007, revenues totaled 1,847.8 million euros (1,705.6 million euros in the first six months of 2006).
Restated net of the value of raw materials, revenues amount to 469.3 million euros, or 9.1% more than the 430.0 million euros booked in the same period last year.
 - There was a further improvement in the Group's profitability, confirming that the upward trend that started in the second half of 2006 is continuing
EBITDA increased to 76.5 million euros in the second half of 2007, for a gain of 27.7% compared with the same period last year, when EBITDA totaled 59.9 million euros. The ratio of EBITDA to net revenues (net of the value of raw materials) was 16.3% (13.9% in 2006).
The absence of the extraordinary restructuring charges that were incurred in the first half of 2006 accounts in part for the faster growth enjoyed by EBIT, which rose to 51.0 million euros in the first six months of 2007, up from 16.1 million euros last year.
 - The Group interest in consolidated net profit totaled 66.1 million euros in the first half of 2007 compared with 56.3 million euros in the first six months of 2006, when the bottom line included a larger contribution from the revaluation of the raw materials inventory.

- At June 30, 2007, consolidated **net indebtedness** had fallen to 455.2 million euros. The decrease of 79.1 million euros was made possible by the cash flow from operations; in particular by the period's strong earnings and the positive impact of a more streamlined and much shorter financial cycle.
 - Consistent with expectations of continuing favorable economic conditions in Europe, **the Group's operating outlook** remains positive. Despite uncertainties caused by rising raw material prices, the forecast continues to call for the Group to report a further improvement in profitability for the entire 2007, compared with 2006.
 - **The net profit of KME Group SpA** totaled 9.4 million euros in the first half of 2007, as against a loss of 3.7 million euros in the same period last year.
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Florence, September 10, 2007 — The Board of Directors of KME Group S.p.A. approved the Report on Operations of the Company and the Group during the first half of 2007.

The Group reported improved operating results compared with the same period last year, confirming that the growth trend that started in the second half of 2006 is continuing.

In the first six months of 2006, **consolidated revenues** totaled 1,847.8 million euros, or 8.3% more than in the same period a year ago. Restated net of the value of raw materials, revenues show a gain of 9.1%, rising from 430 million euros to 469.3 million euros.

The increase in revenues was made possible by marketing programs implemented by the Group to improve the product mix and raise prices. These programs helped strengthen the Group's market position by enhancing the value of products with greater value added, fostering innovations and the diversification of products and services offered to customers on competitive terms, and expanding in new markets. In this latter area, the focus was on markets in Eastern Europe and Asia, aided in part by recent acquisitions of Chinese companies that are active in the market for high-tech specialty products.

The Group's positive performance was also made possible by more favorable business conditions. Economic growth has become more balanced among the various regions of the world and the outlook remains favorable, even though the rate of expansion has slowed slightly, due mainly to a lower rate of economic growth recorded in the United States and Japan and, to a lesser extent, in Europe.

Favorable conditions in the global economy had an impact on the demand for copper and copper-alloy semifinished goods. In Europe, where the Group has the greatest presence, demand grew at different rates, depending on the geographic region and type of product.

Demand for products used in industrial applications expanded at a healthy pace, particularly in Germany and the rest of Northern Europe, with sales growing strongly in the first three months and slowing down later in the year. The same was true for building products, with sales up

strongly during the first quarter, thanks in part to favorable weather conditions, and softening during the three months that followed.

The growth of the global economy is continuing to drive higher the prices charged for raw materials, including copper, which is the metal most used in the Group's semifinished products. After falling back earlier in the year, copper prices have resumed their sharp upward trend, rising again above US\$8,000 per ton. Extremely high and volatile prices have an impact on demand patterns by creating uncertainty among end users and cause them to maintain only minimal inventories.

The impact of the value of raw materials on the Group's revenues has risen to 75%. This development clearly shows that this component can have a direct effect on the decision making process of customers. However, it also underscores the potential competitive advantage that can be derived by streamlining and optimizing every phase of the procedures by which raw materials are purchased and used in the manufacturing process, which has consistently been the objective of the Group's capital investment programs.

During the first half of 2007, the beneficial impact of the revenue increase was magnified by the positive contribution of the programs that are being implemented in accordance with the Industrial Plan to reorganize and streamline the manufacturing organization.

These programs have produced significant cost savings and increased operating profitability.

EBITDA increased from 59.9 million euros to 76.5 million euros, for a gain of 27.7%, and the ratio of EBITDA to revenues (net of the value of raw materials) improved from 13.9% to 16.3%. EBIT rose from 16.1 million euros to 51 million euros, owing in part to the absence of extraordinary Group restructuring charges, which reduced the amount reported in 2006.

Group interest in net profit was 66.1 million euros, up from 56.3 million euros at June 30, 2006, even though the contribution provided by the revaluation of the raw material inventory (62.8 million euros before taxes) was significantly lower than in the first half of 2006 (101.1 million euros, also before taxes).

Insofar as the balance sheet is concerned, the Group's **net indebtedness** totaled 455.2 million euros at June 30, 2007, for a decrease of 79.1 million euros (-14.8%) compared with the 534.3 million euros owed at December 31, 2006. The decrease in indebtedness was made possible by the cash flow from operations and, in particular, the period's strong earnings and the positive impact of a more streamlined and much shorter financial cycle.

With regard to **expectations of the Group's performance** for the balance of 2007, the operating outlook remains positive, consistent with a forecast of continuing favorable economic conditions in Europe. Despite uncertainties caused by rising raw material prices, projections continue to call for the Group to report a further improvement in profitability for the rest of 2007, compared with 2006.

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As for KME Group S.p.A., in first half of 2007, it earned a net profit of 9.4 million euros, as against a loss of 3.7 million euros in the first six months of 2006.

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Significant events that occurred after June 30, 2007 include the Shareholders' Meeting of August 3, 2007, which approved a motion to distribute to the shareholders unrestricted reserves up to a maximum amount of 1,948,445.10 euros. The distribution will be carried out by spinning off the Company's entire equity investment in KME Green Energy S.r.l., subsequent to the latter being transformed into a corporation.

The distribution will take place based on an allocation ratio of 1 KME Green Energy share for every KME Group common or savings share held.

The KME Green Energy shares will be distributed to eligible recipients on the first stock market trading day after the issuance of the resolution accepting the KME Green Energy shares for trading on a regulated market (which is a condition precedent for the effectiveness of the distribution resolution) or on a different date set by mutual agreement with the relevant regulatory authorities.

KME Green Energy was established on July 3, 2007 at the initiative of the Board of Directors of KME Group, which, in order to take advantage of the opportunities created by the strong growth expected in the green energy market in the coming years, established guidelines for a project that will involve investing in companies that operate in the field of energy and renewable resources.

The project includes securing listing for the KME Green Energy common shares and the KME Green Energy warrants, as defined below, on a regulated market.

KME Green Energy S.p.A. intends to grow to a size large enough to support its expansion at the European level in the area of renewable energy sources. It will pursue this goal by investing in three areas:

1. facilities for the production of energy from renewable sources;
2. products, services and technologies related to the renewable energy industry;
3. financial investments, such as venture capital funding, minority equity positions and mutual fund shares in the renewable energy industry.

The project also calls for the following transactions:

- KME Green Energy will carry out a contributory capital increase of up to 50 million euros through the issuance of common shares, without par value, that will be offered to the holders of KME Green Energy shares, subsequent to the initial distribution. The subscription price of each new share will be equal to its implied par value. "KME Green Energy S.p.A. warrants" will be attached to the new shares free of charge on the basis of 3 KME Green Energy warrants for each newly issued common share. The warrants, which will trade separately of the common shares, will be exercisable on the basis of 1 KME Green Energy common share for each KME Green Energy warrant, at a price equal to the subscription price charged for the abovementioned shares.

- During a second phase, compatibly with conditions in the financial markets and developments in the operations of KME Green Energy, the project may be opened to institutional investors who may have an interest in participating in a larger, 200-million-euro capitalization transaction.

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

Florence, September 10, 2007

The Board of Directors

Annexes

Declaration by the Corporate Accounting Documents Officer

I, the undersigned Marco Miniati, in my capacity as Corporate Accounting Documents Officer of KME Group S.p.A., acting in accordance with the requirements of Article 154 *bis* of Legislative Decree No. 58/1998 (Uniform Finance law), attest that the accounting information contained in this press release concerning the performance of the Company and the Group in the first half of 2007 is consistent with the data in the supporting documents and in the Company's other documents and accounting records.

Florence, September 10, 2007

Marco Miniati
Corporate Accounting Documents Officer

Reclassified Consolidated Income Statement of KME Group SpA (*)

2006 full year recl.	(in millions of euros)	1 st half 2007 recl.	1 st half 2006 recl.	Change	
3.556,8	Gross revenues	1.847,8	1.705,6	8,3%	
(2.709,5)	Raw material costs	(1.378,5)	(1.275,6)	8,1%	
847,3	100% Revenues net of raw material costs	469,3	430,0	100%	9,1%
(347,4)	Labor costs	(182,9)	(177,7)	2,9%	
(373,4)	Other materials and costs	(209,9)	(192,4) (**)	9,1%	
126,5	14,93% EBITDA	76,5	59,9	13,93%	27,7%
(26,5)	Non-recurring income (expense)	1,3	(16,5)	n.m.	
(53,7)	Depreciation and amortization	(26,8)	(27,3)	-1,8%	
46,3	5,46% EBIT	51,0	16,1	3,74%	216,8%
(41,6)	Net financial expense	(16,5)	(18,7) (**)	-11,8%	
0,2	Interest in the result of companies valued by the equity method	0,0	0	n.m.	
4,9	0,58% Adjusted profit before taxes	34,5	-2,6	-0,60%	n.m.
79,1	Impact of IFRS valuation of inventory and LME contracts	62,8	101,1	-37,9%	
84,0	9,91% Profit before taxes	97,3	98,5	22,91%	-1,2%
(4,9)	Current taxes	(10,1)	(4,1)	n.m.	
(27,4)	Deferred taxes	(21,0)	(38,1)	-44,9%	
51,7	6,10% Consolidated net profit	66,2	56,3	13,09%	17,6%
-	Minority interest in net profit	0,2	-	n.m.	
51,7	6,10% Group interest in net profit	66,0	56,3	13,09%	17,2%

(**) For comparison purposes, 2.0 million euros in factoring commissions previously included in net financial expense have been reclassified to this item.

(Data not yet fully audited)

Earnings per share (in euros)	1 st half 2007	1 st half 2006
Basic earnings per share	0,2766	0,5052
Diluted earnings per share	0,2365	0,5052

(*) Breakdown of reclassifications:

The table above presents, in summary form, the consolidated results of the KME Group in the first six months of 2007. The 2006 figures shown in the table below can be compared to the current data because the International Financial Reporting Standards (IAS/IFRSs) were applied to both periods. In order to present a more meaningful picture of the Group's operating performance and make the data more readily comparable over time, certain components of the items used to compute EBITDA and operating income before taxes were reclassified. Specifically:

- Revenues are shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.
- The impact on revenues and, consequently, on EBITDA and EBIT of the change in the accounting principle used to value inventory of raw materials and the effect of valuing London Metal Exchange hedging contracts at fair value was derecognized. It is also important to keep in mind that the adoption of the new international accounting principles required a switch in the method used to value the metal inventory, which was changed from the LIFO method to the weighted average cost method. This change, which was made during a period of rising prices, produced a revaluation of the inventory of raw materials.
- Extraordinary items are shown below the EBITDA line.
- The profit before taxes is shown both including ("adjusted profit before taxes") and excluding the impact of the valuation of the raw material inventory.

(in millions of euros)	<i>1st half</i> <i>2007 IAS</i>	<i>Reclassif.</i>	<i>1st half</i> <i>2007 recl.</i>	
Gross revenues	1,847.8		1,847.8	
Raw material costs	0.0	(1,378.5)	(1,378.5)	
Revenues net of raw material costs	1,847.8	100%	469.3	100%
Labor costs	(182.9)		(182.9)	
Other materials and costs	(1,524.3)	1,314.4	(209.9)	
EBITDA	140.6	7.61%	76.5	16.30%
Non recurring income (expense)	-	1.3	1.3	
Depreciation and amortization	(26.8)		(26.8)	
EBIT	113.8	6.16%	51.0	10.87%
Net financial expense	(16.5)		(16.5)	
Interest in the result of companies valued by the equity method	0.0		0.0	
Adjusted profit before taxes	97.3	5.27%	34.5	7.35%
Impact of IFRS valuation of inventory and LME contracts	0.0	62.8	62.8	
Profit before taxes	97.3	5.27%	97.3	20.73%

(Data not yet fully audited)

**Consolidated Financial Statements of KME Group Spa
at June 30, 2007**

Balance Sheet items classified as current and non-current <i>(in thousands of euros)</i>	At 6/30/07	At 12/31/06
Property, plant and equipment	608,350	619,923
Investment property	15,895	10,591
Goodwill and consolidation difference	114,582	109,840
Other intangible assets	1,521	955
Investments in associates	4,973	4,906
Investments in other companies	245	245
Investments valued by the equity method	-	2,634
Other non-current assets	28,031	29,143
Deferred-tax assets	34,537	44,710
NON-CURRENT ASSETS	808,134	822,947
Inventories	773,529	683,627
Trade receivables	229,632	230,693
Other receivables and current assets	71,715	67,791
Current financial assets	56,446	75,347
Cash and cash equivalents	90,773	162,098
CURRENT ASSETS	1,222,095	1,219,556
TOTAL ASSETS	2,030,229	2,042,503
Share capital	319,739	319,643
Other reserves	2,585	(4)
Treasury stock	(37)	(37)
Parent Company's retained earnings (loss carryforward)	5,917	5,176
Technical consolidation reserves (*)	69,095	25,044
Reserve for first adoption of the IAS-IFRSs	92,518	93,658
Net profit (loss) for the period	66,017	51,785
Group interest in shareholders' equity	555,834	495,265
Minority interest in shareholders' equity	1,626	-
TOTAL SHAREHOLDERS' EQUITY	557,460	495,265
Provisions for employee benefits	166,058	166,904
Deferred-tax liabilities	170,816	160,289
Borrowings and other financial liabilities	495,469	487,353
Other non-current liabilities	7,017	7,721
Provisions for risks and charges	130,492	143,137
NON-CURRENT LIABILITIES	969,852	965,404
Borrowings and other financial liabilities	101,670	279,175
Trade payables	232,095	164,575
Other current liabilities	129,833	108,080
Provisions for risks and charges	39,319	30,004
CURRENT LIABILITIES	502,917	581,834
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,030,229	2,042,503

(*) The Technical consolidation reserves include the retained earnings (loss carryforward), the consolidation reserve and the currency translation reserve.

(Data not yet fully audited)

Separate Financial Statements of KME Group S.p.A.
at June 30, 2007

INCOME STATEMENT (in thousands of euros)	at June 30, 2007	at June 30, 2006	Change
Sales and service revenues	1,436	1,456	(20)
Other revenues	261	246	15
Labor costs	(749)	(400)	(349)
Depreciation, amortization and writedowns	(1)	-	(1)
Other operating expenses	(2,604)	(2,338)	(266)
EBIT	(1,657)	(1,036)	(621)
Net financial income (expense)	4,767	(2,662)	7,429
Profit before taxes	3,110	(3,698)	6,808
Current taxes	3,259	-	3,259
Deferred taxes	3,070	-	3,070
Total income taxes	6,329	-	6,329
Net profit	9,439	(3,698)	13,137

(Data not yet fully audited)

Separate Financial Statements of KME Group S.p.A.
at June 30, 2007

BALANCE SHEET (in thousands of euros)	at 6/30/07	at 12/31/06
Property, plant and equipment	23	-
Investment property	-	2,800
Investments in associates	311,586	310,891
Investments in other companies	129	129
Other non-current assets	22	-
Other non-current financial assets	6,937	22
Deferred-tax assets	3,451	-
NON-CURRENT ASSETS	322,148	313,842
Trade receivables	17,792	10,540
Other receivables and current assets	5,931	5,822
Current financial assets	32,308	67,719
Cash and cash equivalents	1,001	377
CURRENT ASSETS	57,032	84,456
TOTAL ASSETS	379,180	398,298
Share capital	319,739	319,643
Other reserves	744	(963)
Treasury stock	(37)	(37)
Retained earnings (Loss carryforward)	5,918	5,178
Reserve for first adoption of the IAS-IFRSs	1,644	2,784
Stock option reserve	1,841	959
Net profit (loss) for the period	9,439	7,206
SHAREHOLDERS' EQUITY	339,288	334,769
Provisions for employee benefits	361	347
Deferred-tax liabilities	72	-
Borrowings and other financial liabilities	7,519	582
Provisions for risks and charges	3,850	4,101
NON-CURRENT LIABILITIES	11,802	5,030
Borrowings and other financial liabilities	25,779	56,119
Trade payables	971	437
Other current liabilities	1,340	1,943
CURRENT LIABILITIES	28,090	58,499
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	379,180	398,298

(Data not yet fully audited)