PRESS RELEASE

THE BOARD OF DIRECTORS REVIEWED THE PERFORMANCE OF THE GROUP'S OPERATION AT JUNE 30, 2011

CONSOLIDATED REVENUES FOR THE FIRST HALF OF 2011 TOTAL 1,595.7 MILLION EUROS; 421.4 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (375.1 MILLION EUROS AT JUNE 30, 2010)

EBITDA GROW TO 50.7 MILLION EUROS (42.9 MILLION EUROS IN 2010) THE GROUP'S OPERATING PROFITABILITY CONTINUES TO IMPROVE (+18.2%)

PROFIT BEFORE TAXES (NON-IFRS INVENTORY) AMOUNTS TO 16.6 MILLION EUROS (7.6 MILLION EUROS IN 2010), AFTER NONRECURRING CHARGES OF 6.4 MILLION EUROS FOR PROGRAMS TO RESTRUCTURE PRODUCTION UNITS

CONSOLIDATED NET PROFIT TOTALS 25 MILLION EUROS (PROFIT OF 38 MILLION EUROS IN 2010), AFTER RECOGNITION OF A SMALLER POSITIVE EFFECT GENERATED BY VALUING THE RAW MATERIAL INVENTORY IN ACCORDANCE WITH IFRS ACCOUNTING PRINCIPLES

CONSOLIDATED NET DEBT DECREASES TO 80.4 MILLION EUROS AT JUNE 30, 2011 (223.9 MILLION EUROS AT DECEMBER 31, 2010)

SHAREHOLDERS' EQUITY TOTALS 470 MILLION EUROS

Florence, August 4, 2011 — The Board of Directors of KME Group S.p.A. reviewed and approved the Report on Operations and the condensed financial statements for the first half of 2011.

Consolidated Financial Highlights

(in millions of euros)	First half 2011	First half 2010
Revenues	1,595.7	1,369.9
Revenues (net of raw materials)	421.4	375.1
EBITDA	50.7	42.9
EBIT	28.2	15.0
Profit (Loss) before extraordinary items	23.0	5.0
Extraordinary income/(expense)	*(6.4)*	*2.6*
Profit before taxes (non-IFRS inventory)	*16.6*	*7.6*
Impact of IFRS valuation of inventory	*18.5*	*41.4*
Losses of companies valued by equity method	*(0.6)*	*(1.8)*
Discontinued operations	*(0.6)*	*(0.8)*
Income taxes	*(9.0)*	*(8.4)*
Consolidated net profit	25.0	38.0
Net debt	80.4 at 6/30/11	223.9 at 12/31/10
Shareholders' equity	469.7 at 6/30/11	452.1 at 12/31/10

- **Consolidated revenues** totaled 1,595.7 million euros in the first half of 2011 (1,369.9 million euros in 2010).
  The increase in revenues reflects in part the impact of higher raw material prices. Restated net of the value of raw materials, the revenues amount is 421.4 million euros, or 12.3% more than the net revenues of 375.1 million euros booked in 2010. When viewed in comparison with the gain in unit sales (+0.9%), the revenue increase shows the effect of higher prices and of a product mix with a greater value-added component.

- **EBITDA(*)** grew to 50.7 million euros in the first half of 2011, compared with 42.9 million euros in 2010, for a year-over-year gain of 18.2%.
  The increase in profitability is also apparent when the data are viewed on a relative basis, with the ratio of EBITDA to net revenues improving to 12.0% (11.4% in 2010).

- **EBIT**(*) rose to 28.2 million euros (15.0 million euros in 2010).

- The **profit before extraordinary items**(*) amounted to 23.0 million euros (5.0 million euros in 2010).

- **Net extraordinary expense** (6.4 million euros at June 30, 2011) includes 20 million euros for additional programs to restructure and streamline production units in the copper area, offset in part by the positive effect on the income statement of a reduction in the structural inventory.

- The **profit before taxes (non-IFRS inventory)** totaled 16.6 million euros (7.6 million euros at June 30, 2010).

- The positive effect of **valuing the raw material inventory and commitments** at current prices, as required by IFRS accounting principles, decreased from 41.4 million euros in 2010 to 18.5 million euros in 2011, due to different raw copper prices during the two periods that are being compared.

- The **consolidated profit**(*) after taxes amounted to 25.0 million euros (38.0 million euros in 2010), after losses from companies consolidated by the equity method that include 0.6 million euros for the Group's interest in the loss reported by ErgyCapital S.p.A. and 0.6 million euros for the Group's interest in the loss reported by Drive Rent S.p.A.

- On the balance sheet side, **consolidated net debt(*)** totaled 80.4 million euros at June 30, 2011 (223.9 million euros at December 31, 2010). This decrease was achieved by further reducing working capital funding requirements and optimizing the management of payment-term extensions, primarily with suppliers of raw materials.

- **Consolidated shareholders' equity** amounted to 469.7 million euros (452.1 million euros at December 31, 2010).

- As for the **business outlook,** provided that recent developments do not trigger a reversal of the current economic trends, management confirms that it expects to report for the full current year a further improvement in operating results compared 2010.

Note: This press release contains reclassifications of the income statement data and uses some alternative performance indicators that are not contemplated in the IFRS accounting principles. The meaning and content of these reclassifications and performance indicators is discussed in the Annexes.

(*) An explanation of the reclassifications of the data listed above is provided in the Annexes to this press release.

Operating Performance of the Group in the First Half of 2011

Prior to proceeding with a review of the Group's operating performance, an updated overview of the Group's corporate structure that shows the investment sectors of KME Group S.p.A. is provided below.

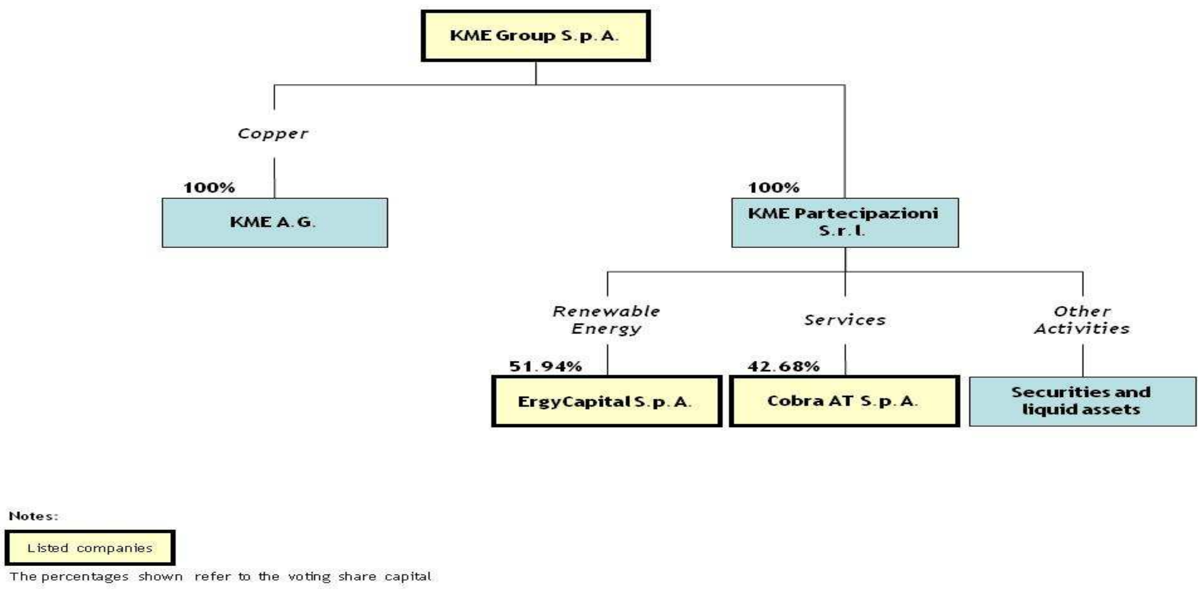
In addition to its traditional activities in the "**copper**" sector, which encompass the production and distribution of copper and copper-alloy semifinished products (headed by the German subsidiary **KME A.G.**) and continue to be its core business, the Group's investments include the new sectors of "**renewable energy sources**" and energy conservation, which is headed by **ErgyCapital S.p.A.,** and integrated "**services**" in the field of risk management in connection with the possession, ownership and use of motor vehicles, which is headed by **Cobra A.T. S.p.A.** as of July 1, 2011.

These new investment sectors and sundry activities are held by **KME Partecipazioni S.r.l.**, a wholly-owned subsidiary of the Group.

The carrying amounts of the investment held by KME Group S.p.A. are 385 million euros for the "copper" sector, 32 million euros for the "renewable energy source" sector and 30 million euros for the "service" sector.

In the consolidated financial statements of KME Group S.p.A., the results for the period of ErgyCapital S.p.A. are accounted for in accordance with the equity method, while those of Drive Rent S.p.A. (a company absorbed by Cobra A.T. S.p.A. as of July 1, 2011) are reflected in the semiannual consolidated financial statements under the line item "discontinued operations" due to the approval of a merger proposal on March 15, 2011. Consequently, the accounting data for the period resulting from line-by-line consolidation refer to the companies engaged in Group's core business, i.e., the sector of copper and copper-alloy semifinished products, and KME Group S.p.A., the Group's Parent Company.

Overview of the Group's Corporate Structure



The pace of expansion of the global economy gradually slowed during the first half of 2011, due to a sharp contraction in activity in Japan and weakness in the United States. The economies of the emerging countries continued to grow, but the restrictive measures implemented by monetary authorities could undermine their upward momentum in the future.

In Europe, which is the area where the Group is most active, economic growth continued to be uneven. It was still high in Germany, as construction activity rebounded from a contraction caused by inclement weather earlier in the year and investments in plant and equipment increased, weak in France and Italy, and negative in Spain.

The outlook is clouded by concerns arising from ongoing uncertainty about the prospects for the sovereign debt of various countries, which are weighing on the financial markets and the effects of which pose the risk of spreading to the real economy and triggering a negative spiral that would quickly undermine a continuation of the recovery.

In a macroeconomic environment characterized by an upturn in economic activity that is still tentative and by widespread causes of uncertainty, the KME Group is continuing to implement internal programs to restructure and stimulate the growth of its companies in the various investment sectors, with the aim of increasing their competitiveness and restore their profitability sufficiently to provide an adequate return on invested capital.

The programs launched to streamline the operating units in the copper sector pursue the twin objectives of refocusing the activities of the manufacturing and distribution operations, in order to strengthen their business diversification, and optimizing costs at all levels. These programs are being implemented concurrently with the adoption of an organizational structure designed in accordance with flexible operating models that respond quickly to change and are intensely focused on customer and market needs.
The program to continuously improve the operating performance of corporate processes, which is being carried out consistent with an Operational Excellence approach by leveraging the benefits of team work, problems solving skills and the pursuit of innovation, is aimed at empowering employees, reducing areas of inefficiency, optimizing the management of working capital and delivering customer satisfaction, while at the same time paying the utmost attention to the safety of workplaces.
In the sales area, a series of programs are being implemented to strengthen the foundations of the Group's business diversification, focusing on innovative solutions, promoting new applications for its products and expanding its distribution presence in all target markets, including both traditional markets and emerging markets with attractive growth opportunities.

The companies that are at the helm of the new investment sectors are also engaged in implementing radical reorganization programs.

In the second half of 2010, ErgyCapital S.p.A. began the process of redefining the mission of its group and downsizing its operations through the closure of operating locations and a reduction in staff levels, with an attendant significant decrease in operating expenses. These programs began to produce a positive effect during the first six months of 2011.
Insofar as business strategy is concerned, given the high level of uncertainty that developed in the photovoltaic industry following the enactment of new incentive regulations, the company identified biogas and geothermal energy as two business areas that offer more attractive growth opportunities. In the photovoltaic areas, it chose the strategy of maximizing the value of some of its authorized projects, while disposing of the remainder.
The aim of this new strategic approach is to restore the company's profitability and financial balance, which are the prerequisites for effectively developing collaboration/aggregation opportunities with other parties in the renewable energy sector, which could hasten the company's expansion and boost value creation.

Drive Rent S.p.A. approved and implemented, effective July 1, 2011, a major corporate/industrial restructuring transaction consisting of the merger by absorption of Drive Rent S.p.A. into COBRA Automotive Technologies S.p.A., a company based in Varese, which is the holding company of a group listed on Borsa Italiana with a leadership position in the sector of car alarms and vehicle security systems based on the use of information technology and satellite technology.
KME Group S.p.A. owns a 42.7% interest in the new entity resulting from this transaction, which helped lay the groundwork for an expansion of vehicle management services and enhanced the value of the new entity by combining the services, products and distinctive knowhow of the two groups that executed this merger.

* * *

The industrial and commercial programs implemented strengthened the competitiveness of the KME Group, enabling it to take advantage of a more favorable market environment to increase sales volumes, gradually realign prices and, consequently, significantly improve its profitability compared with the previous year.

Consolidated revenues totaled 1,595.7 million euros in the first half of 2011, for a gain of 16.5% compared with the 1,369.9 million euros booked in the same period last year.
Higher raw material prices account in part for this improvement. Restated net of the value of raw materials, revenues show an increase of 12.3%, rising from 375.1 million euros to 421.4 million euros. When viewed in comparison with the gain in unit sales, which was equal to 0.9%, the revenue increase shows the effect of higher prices and of a product mix with a greater value-added component.

EBITDA(*) totaled 50.7 million euros at June 30, 2011, or 18.2% more than the 42.9 million euros earned in 2010.

The increase in profitability is also apparent when the data are viewed on a relative basis, with the ratio of EBITDA to net revenues improving from 11.4% in the first half of 2010 to 12.0% in the same period in 2011.

The **profit before extraordinary items**(*) amounted to 23.0 million euros (5.0 million euros at June 30, 2010). Please note that, at the end of 2010, the Company, with the support of independent consultants, carried out a reassessment of the remaining useful lives of major items of plant and machinery, as a result of which depreciation and amortization expense decreased by about 5 million euros in the first half of 2011.

Extraordinary expense, which totaled 6.4 million euros, includes 20 million for additional programs to restructure and streamline the Group's industrial operations in the copper sector, offset in part by the positive effect on the income statement of a reduction in the structural inventory.

The **profit after extraordinary items (non-IFRS inventory)** totaled 16.6 million euros (7.6 million euros at June 30, 2010).

Net of the applicable tax impact, the **effect of valuing the raw material inventory and commitments at current prices,(*)** as required by IFRS accounting principles, decreased from 41.4 million euros at June 30, 2010 to 18.5 million euros in 2011, due to different raw copper prices during the two periods that are being compared.

The **consolidated profit** after taxes amounted to 25.0 million euros (38.0 million euros at June 30, 2010).
The reported amount is after losses from companies consolidated by the equity method that include 0.6 million euros for the Group's interest in the loss reported by ErgyCapital S.p.A. and a loss form 0.6 million euros from discontinued operations, corresponding to the Group's interest in the loss reported by Drive Rent S.p.A.

On the balance sheet side, **net debt** totaled 80.4 million euros at June 30, 2011 (223.9 million euros at December 31, 2010). This decrease was achieved by optimizing the use of extended payment terms, particularly with regard to suppliers

Consolidated shareholders' equity amounted to 469.7 million euros (452.1 million euros at December 31, 2010).

(*) Reclassified indicators the computation of which is explained in the section of this press release entitled "Operating Performance of the Group."

Copper Sector

Demand for **copper and copper-alloy semifinished products in the construction industry** (the consolidated revenues generated in this area account for about one-third of total revenues) continues to be characterized by an underlying weakness, fueled in part by the negative effect of the high level and volatility of raw copper prices and the resulting uncertainty weighing on spending decisions by users.
Building renovation, an area un which the products of the KME Group are extensively used, is a more stable business than new construction, which was particularly hard hit in the 2009 recession and began to show signs of turnaround only in Germany at the beginning of this year, while holding steady in France and Great Britain and continuing to contract in Spain and Italy.

In response to this scenario, the KME Group continued to promote integrated and innovative solutions through its KME Architectural Solutions. Projects carried out consistent with this approach include the joint venture recently established with ZAHNER Architectural Metals of Kansas City, USA, to provide architects and artists with original, cutting-edge solutions for metal exterior-wall coverings, and the KME Design line recently unveiled at the Milan Furniture Show. This new line was developed to make available to designers in the interior furnishings business next generation surfaces that can be used for coverings and objects made of copper or copper alloys, available in a number of variations for different applications and aesthetic effects.

In the market segment of **brass bars** for bathroom faucets and heating systems, the sales trend was up in the first half of 2011.

Demand for **semifinished products for the industrial sector** (the consolidated revenues generated in this area account for about two-thirds of total revenues) showed that the upturn of recent quarters is continuing, particularly in the case of products for the manufacturing sector (automotive, mechanical engineering, electronics) in the German market.
Sales of **tubing for industrial applications** held relatively, while orders for **specialty products** continued to improve, particularly for ingot molds and copper bars.

For a review of the copper sector's operating and financial performance, please see the accounting data resulting from line-by-line consolidation, the entire amount of which, as explained at the beginning of this Report, refers to the copper sector and KME Group S.p.A., the Group's Parent Company.

The **capital expenditures** of the sector's manufacturing units totaled 15.7 million euros in the first half of 2011 (12.5 million euros in 2010).

At June 30, 2011, the copper sector had 6,383 employees (6,471 employees at the end of 2010).

With regard to project involving the **marketing of scrap metal,** which was launched in 2009 with the aim of diversifying the Group's activities upstream of its traditional production of semifinished goods and establishing a European network of companies engaged in recovering, processing and distributing scrap metal, the Company decided to increase to 100% the interest it held in its Metalbuyer S.p.A. Italian subsidiary in order to reorganize its market presence and accelerate the exploitation of synergies with other investee companies.
As for the interest held in Valika S.a.s., which was raised to 30% in 2010 by exercising a contractual call option, the implementation of programs to grow the company's activities is progressing satisfactorily, as is the collaboration with the French partner.

Renewable Energy Source Sector

In the first half of 2011, the ErgyCapital Group reported revenues of 8.9 million euros, in line with the amount booked in the first six months of 2010.

Consolidated **EBITDA,** positive by 2.8 million euros, were up sharply compared with the same period last year (positive EBITDA of 0.4 million euros). The following three main factors account for this improvement:

- The completion of the restructuring program launched in 2010, which, by closing some operational locations, concentrating all resources at a single facility and concurrently downsizing the staff, drastically reduced overhead, cutting it by more than 50% compared with the same period last year;
- Higher revenues from the production of electric power (+55%), made possible by an increase in the number of photovoltaic systems in operation and a solid performance by all generating facilities;
- Steady growth by the geothermal operating sector, which increased revenues by about 9% compared with the same period last year.

The **result for the period** reflects a consolidated net loss of 1.2 million euros (compared with a net loss of 3.9 million euros in the first half of 2010).
It is worth mentioning that profitability improved significantly in the second quarter of 2011: EBITDA were positive by 2.7 million euros (compared with EBITDA of 0.8 million euros in the second quarter of 2010 and 0.1 million euros in the first quarter of 2011) enabling the ErgyCapital Group to report a net profit for the quarter.

The **net financial position** totaled 77.0 million euros compared with 65.5 million euros at December 31, 2010. This change is the net result of the following factors: 1.9 million euros for an increase in liabilities resulting from financing received to fund investments in the photovoltaic area, net of repayments, and the biogas area (3.9 million euros), net of the change in the fair value of derivatives hedging interest rates (0.5 million euros), and 4.2 million euros for a decrease in cash and cash equivalents.

As for the **business outlook,** operating results for the second half of 2011 are expected to show a significant improvement compared with the same period last year, thanks to positive performances by the generating facilities in operation and the reduction in overhead resulting from the now completed corporate restructuring process.

For additional information about the operating performance of ErgyCapital S.p.A., please consult the documents published by the company.

As mentioned at the beginning of this press release, the semiannual results of the ErgyCapital Group are shown in the consolidated income statement under the line item "Losses of companies valued by the equity method."

Service Sector

Drive Rent S.p.A., a 90%-owned subsidiary of the KME Group, is the holding company of the Drive Group, which operates the following businesses: long-term rental of motor vehicles, management of vehicle fleets, rental of loaner vehicles to automotive repair shops and management of corporate guest facilities.

In the first half of 2011, the Sector continued to gradually downsize its activities in the long-term rental of automobiles, in anticipation of exiting this business later this year.

The management of vehicles fleets continued to feel the negative impact of the crisis in the automotive industry, with no measurable signs of a recovery in Italy.
The Drive Group was able to minimize the reduction in business volume, holding it to a smaller percentage than that of the market as a whole, thanks to contracts signed in recent months.
Profit margins improved, compared with the previous year, owing to the termination of some contracts with corporate customers that generated little or no profit.

The volume of activity was less than anticipated in the management of loaner vehicles to automotive repair and body shops, which includes long-term vehicle rentals to the repair and body shops, due to the ongoing difficulties faced by businesses in this area. However, margins improved, thanks to a change in the mix of services sold, with an increase in the supply of vehicle management services and a reduction in long-term rentals of loaner vehicles to the network.

The Easydriver Car Services España S.L.U. subsidiary reported a positive result that exceeded expectations in the first half of 2011, despite the persistence of crisis conditions in the Spanish market. However, projections for 2011 continue to be conditioned by the overall trend of the local economy.

In first half of 2011, the consolidated **revenues** of the Drive Group totaled 23.5 million euros (29.8 million euros in the same period in 2010). The decrease in revenues is due mainly to the termination, at the end of 2010, of a contract with a top industrial group, which, however, did not cause a reduction in the Drive Group's average profitability. Specifically, despite the decrease in revenues, **EBITDA** totaled 2.8 million euros, substantially in line with the amount earned in the first half of 2010 (2.6 million euros) and the **net loss** for the period narrowed to 0.6 million euros, compared with a net loss of 0.8 million euros in the first six months of 2010.

At June 30, 2011, the net financial position showed a consolidated **net debt** of 13.2 million euros (17.5 million euros at the end of 2010).

At June 30, 2011, the Drive Group had 249 **employees** (251 employees at December 31, 2010).

It is worth mentioning that, on November 30, 2010, the Board of Directors of Drive Rent S.p.A. approved a corporate/industrial restructuring transaction calling for the merger by absorption of Drive Rent into Cobra Automotive Technologies S.p.A., which is the holding company of a group listed on Borsa Italiana with a leadership position in the sector of car alarms and vehicle security systems based on the use of information technology and satellite technology. This transaction will enable the resulting entity to offer to common and different groups of customers (including individual motorists, corporate fleets, leasing companies, carmakers and insurance companies) the services and electronic products already available (cross selling activities), as well as, and more importantly, new services and products developed by combining the distinctive knowhow of the two groups.
On March 15, 2011, the merger proposal was submitted to and approved by the Shareholders' Meetings of Drive Rent and Cobra Automotive Technologies and the transaction closed on June 14, 2011, effective as of July 1, 2011.
Additional information about the merger is available in the relevant documents published on the websites of both companies and Borsa Italiana S.p.A.

As mentioned at the beginning of this press release, the results of the Drive Group for the first half of 2011 are shown in the consolidated financial statements under the line item "discontinued operations," due to its planned merger with Cobra S.p.A.

The Semiannual Financial Report at June 30, 2011, which is the subject of an independent audit currently in the completion phase, will be filed within the statutory deadline at the Company's registered office and with Borsa Italiana S.p.A. These documents will be available upon request and will be posted on the Company website: www.kme.com.

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Marco Miniati, the Corporate Accounting Documents Officer, acting in accordance with the requirements of Article 154 bis, *Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), declares that the accounting information contained in this press release is consistent with the data in the supporting documents and in the Company's books of accounts and other accounting records.*

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This press release is available on the Company website, www.kme.com. Additional information may also be obtained directly from the Company (telephone number +39 055.4411454; e-mail investor.relations@kme.com).

The Board of Directors

Annexes:

1) Reclassifications Made and Reconciliations to the IFRS Accounting Principles
2) Reclassified Consolidated Income Statement
3) Consolidated Statement of Financial Position
4) Consolidated Statement of Cash Flows

Annex 1

Reclassifications Made and Reconciliations to the IFRS Accounting Principles

In the comments of the Group's operating results provided in this press release, some of the operating and financial data used are based on accounting principles that differ in some respects from the IFRS principles, mainly in terms of measurement and presentation. More specifically:

1. *Revenues are also shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.*
2. *When valuing the ending inventory of the copper and copper-alloy semifinished product sector, the portion representing the structural inventory (i.e., the portion of the inventory that was not set aside to fill customer orders) was valued by the LIFO method. The portion of inventory set aside for customer orders was valued based on the value of the corresponding orders, which is deemed to be the realizable value. Under the IFRS method, the inventory is valued at the lower of the cost computed by the FIFO method or net realizable value. The IFRS principles also require that inventory buy and sell commitments and the corresponding hedges executed on the LME be disclosed separately and shown in the financial statements as financial instruments measured at fair value.*

   The IFRS principles, by not allowing the measurement of the Sector's ending inventory by the LIFO method, which is the method used for internal management controlling activities, introduced an exogenous economic component the variability of which makes it impossible to compare homogeneous data for different periods and does not allow an accurate presentation of the actual results from operations.
3. *Extraordinary items are shown below the EBITDA line.*

The table that follows shows the impact of the different measurement and presentation criteria used on the data for the first half of 2011.

(in millions of euros)	**First half 2011 IFRS**		**Reclassifi-cations**	**Restate-ments**	**First half 2011 reclass.**	
Gross revenues	1,595.7	**100.0%**			1,595.7	
Raw material costs	-		(1,174.3)		(1,174.3)	
Revenues net of raw material costs	**-**				**421.4**	**100%**
Labor costs	(177.2)		4.2		(173.0)	
Other materials and costs	(1,347.9)		1,178.6	(28.5)	(197.7)	
EBITDA (*)	**70.6**	**4.4%**			**50.7**	**12.0%**
Depreciation and amortization	(22.4)		-		(22.4)	
EBIT	**48.2**	**3.0%**			**28.2**	**6.7%**
Net financial expense	(3.1)		(2.1)		(5.2)	
Result before extraordinary items	**45.1**	**2.8%**			**23.0**	**5.5%**
Extraordinary income / (expense)	-		(6.4)		(6.4)	
Impact of IFRS valuation of inventory and financial instruments	-			28.5	28.5	
Income taxes on IFRS valuation of inventory and financial instruments	-			(10.0)	(10.0)	
Current taxes	(4.9)		-		(4.9)	
Deferred taxes	(14.1)			10.0	(4.1)	
Net result (IFRS inventory)	**26.1**	**1.6%**			**26.1**	**6.2%**
Interest in the result of companies valued by the equity method	(0.6)				(0.6)	
Net result of discontinued operations	(0.6)				(0.6)	
Consolidated net result	**25.0**	**1.6%**			**25.0**	**5.9%**
Minority interest in net result	(0.4)				(0.4)	
Group interest in net result	**25.4**	***1.59%***			**25.4**	***6.03%***

The reclassified indicators described above are used in the review of the Group's operating results, because they are deemed to be more representative of the Group's actual operating and financial performance.

Alternative Performance Indicators

EBITDA

This indicator provides a useful yardstick to assess the Group's operating performance. It is an intermediate income statement item equal to EBIT before deducting depreciation and amortization and extraordinary items.

Net Financial Debt

This indicator is used to evaluate the financial structure. It is equal to gross borrowings less cash and cash equivalents and other financial receivables.

Net Invested Capital

Net invested capital is defined as the sum of Non-current assets and Current assets, net of Current liabilities, except for the items used to compute Net financial debt, as described above.

Annex 2

Reclassified Income Statement

2010 full year reclass.	(in millions of euros)	First half 2011 reclass.		First half 2010 reclass.		% change
2,718.7	Gross revenues	1,595.7		1,369.9		16.5%
(1,960.3)	Raw material costs	(1,174.3)		(994.8)		18.0%
758.4	**Revenues net of raw material costs**	**421.4**	**100%**	**375.1**	**100%**	***12.3%***
(331.7)	Labor costs	(173.0)		(170.8)		1.3%
(347.7)	Other materials and costs	(197.7)		(161.4)		22.5%
79.0	**EBITDA (*)**	**50.7**	**12.0%**	**42.9**	**11.4%**	***18.1%***
(44.6)	Depreciation and amortization	(22.4)		(27.9)		-19.6%
34.4	**EBIT**	**28.2**	**6.7%**	**15.0**	**4.0%**	***88.2%***
(15.4)	Net financial expense	(5.2)		(10.0)		-48.0%
19.0	**Result before extraordinary items**	**23.0**	**5.5%**	**5.0**	**1.3%**	***360.0%***
(26.0)	Extraordinary income / (expense)	(6.4)		2.6		n.m.
20.6	Impact of IFRS valuation of inventory and financial instruments	28.5		51.6		-44.8%
(2.6)	Income taxes on IFRS valuation of inventory and financial instruments	(10.0)		(10.2)		-2.0%
(4.2)	Current taxes	(4.9)		(7.9)		-38.0%
(12.4)	Deferred taxes	(4.1)		(0.5)		n.m.
(5.6)	**Net result (IFRS inventory)**	**26.1**	**6.2%**	**40.6**	**10.8%**	***-35.7%***
(10.7)	Interest in the result of companies valued by the equity method	(0.6)		(1.8)		n.m.
(1.4)	Net result of discontinued operations	(0.6)		(0.8)		n.m.
(17.7)	**Consolidated net result**	**25.0**	**5.9%**	**38.0**	**10.1%**	**-34.3%**
0.5	Minority interest in net result	(0.4)		0.5		
(18.2)	**Group interest in net result**	**25.4**	***6.03%***	**37.5**	***10.00%***	***-32.2%***

Annex 3

Consolidated Statement of Financial Position

(in thousands of euros)	6/30/11	12/31/10
Property, plant and equipment	575,811	583,873
Investment property	28,631	28,603
Goodwill and consolidation difference	114,582	114,582
Other intangible assets	3,235	3,490
Investments in associates	23,468	17,301
Investments in other companies	258	1,908
Investments valued by the equity method	20,253	21,951
Other non-current assets	25,897	25,501
Non-current financial assets	116,175	115,686
Deferred-tax assets	29,770	47,033
NON-CURRENT ASSETS	**938,080**	**959,928**
Inventories	640,701	622,054
Trade receivables	146,229	146,505
Other receivables and current assets	34,895	26,180
Current financial assets	186,337	140,242
Cash and cash equivalents	84,212	39,751
Current assets held for sale	72,961	86,393
CURRENT ASSETS	**1,165,335**	**1,061,125**
TOTAL ASSETS	**2,103,415**	**2,021,053**
Share capital	297,014	297,014
Other reserves	186,221	189,572
Treasury stock	(2,680)	(2,888)
Retained earnings (Loss carryforward)	72,188	15,191
Technical consolidation reserve	(109,742)	(29,267)
Reserve for other components of the Comprehensive Income Statement	1,258	794
Net profit / (loss) for the period	25,395	(18,351)
Group interest in shareholders' equity	**469,654**	**452,065**
Minority interest in shareholders' equity	4,301	4,952
TOTAL SHAREHOLDERS' EQUITY	**473,955**	**457,017**
Provisions for employee benefits	151,713	152,757
Deferred-tax liabilities	135,171	138,135
Borrowings and other financial liabilities	330,450	316,875
Other non-current liabilities	13,426	13,740
Provisions for risks and charges	143,622	137,240
NON-CURRENT LIABILITIES	**774,382**	**758,747**
Borrowings and other financial liabilities	132,512	197,841
Trade payables	506,379	410,772
Other current liabilities	129,467	103,501
Provisions for risks and charges	31,310	24,910
Current liabilities held for sale	55,410	68,265
CURRENT LIABILITIES	**855,078**	**805,289**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,103,415**	**2,021,053**

Annex 4

Consolidated Statement of Cash Flows by the Indirect Method

(in thousands of euros)	6/30/11	6/30/10
(A) Cash and cash equivalents at the beginning of the year	**39,751**	**108,964**
Profit before taxes	44,536	57,338
Depreciation and amortization	22,781	28,496
Writedowns of current assets	3,795	1,897
Writedowns (Revaluations) of non-current asset other than financial assets	(338)	(268)
Writedowns (Revaluations) of current/non-current financial assets	-	367
Losses (Gains) on non-current assets	137	(446)
Changes in pension funds, provision for termination indemnities and stock optio	178	(39)
Changes in provisions for risks and charges	13,005	(5,864)
Decrease (Increase) in inventory	(19,870)	(46,519)
Interest in the result of companies valued by the equity method	580	1,820
(Increases) Decreases in current receivables	(13,485)	(33,958)
Increases (Decreases) in current payables	122,631	174,222
Currency translation effect	682	(1,135)
Decreases (Increases) in LME contracts and metal commitments	(60,409)	(41,779)
Taxes paid	(5,247)	(8,436)
(B) Cash flow from operating activities	**108,976**	**125,696**
(Increases) in property, plant and equipment and intangibles	(15,411)	(12,981)
Decreases in property, plant and equipment and intangibles	621	808
(Increases) Decreases in equity investments	(3,339)	(22,023)
(Increases) Decreases in financial assets held for sale	-	-
Increases/Decreases of other non-current assets/liabilities	(316)	935
Dividends received	271	258
(C) Cash flow used in investing activities	**(18,174)**	**(33,003)**
Contributory increase in shareholders' equity	-	13
(Purchases) Sales of treasury stock	226	-
Increases (Decreases) in current and non-current financial debt	5,399	(58,749)
(Increase) Decreases in current and non-current financial receivables	(44,131)	(84,056)
Dividend payments and distributions of earnings	(7,990)	(2,651)
(D) Cash flow used in financing activities	**(46,496)**	**(145,443)**
(E) Change in cash and cash equivalents (B)+(C)+(D)	**44,306**	**(52,750)**
(F) Effect of change in scope of consolidation	**-**	**5,742**
(G) Total cash flow generated / (absorbed by) discontinued operations	**154**	**(1,789)**
(H) Cash and cash equivalents at the end of the period (A)+(E)+(F)+(G)	**84,211**	**60,167**