



KME Group S.p.A.

PRESS RELEASE

**Project of the Merger
of Intek S.p.A. in KME Group S.p.A. deposited today**

Firenze, January 31st, 2012 - The shareholders' are advised that the project of the merger of Intek S.p.A. in KME Group S.p.A. has been today legally deposited at the Registered Office in Florence and Turin.

The project of the merger has been deposited on January 27, 2012 at Company's headquarters in Florence, Via dei Barucci, 2 and in Ivrea, Via Camillo Olivetti, n. 8 (also at Intek headquarters in Milan, Foro Bonaparte, n. 44).

It is also available at Borsa Italiana S.p.A. and at Company website www.kme.com, "Investor relations, Public Exchange Offer" area and at www.itk.it.

This press release is available at the Companies' websites, www.kme.com and www.itk.it.

Annexes:

1. Reclassifications Made and Reconciliations. Alternative Performance Indicators
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Reclassifications Made and Reconciliations to the IFRS Accounting Principles

In the comments of operating results provided below, some of the operating and financial data provided in this press release 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 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, 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 on the 2010 data of the different measurement and presentation criteria used.

Reclassified Income Statement

(in millions of euros)	2010 IFRS		Reclassifi- cations	Restate- ments	2010 RECLASS.
Gross revenues	2,718.7	100.0%			2,718.7
Raw material costs	-		(1,960.3)		(1,960.3)
Revenues net of raw material costs	-				758.4
Labor costs	(332.9)		1.2		(331.7)
Other materials and costs	(2,300.2)		1,973.2	(20.6)	(347.7)
EBITDA (*)	85.5	3.1%			79.0
Depreciation and amortization	(50.6)		6.0		(44.6)
EBIT	34.9	1.3%			34.4
Net financial expense	(21.3)		5.9		(15.4)
Result before extraordinary items	13.6	0.5%			19.0
Extraordinary income (expense)	-		(26.0)		(26.0)
Impact of IFRS valuation of inventory and financial instruments	-			20.6	20.6
Income taxes on IFRS valuation of inventory and financial instruments	-			(2.6)	(2.6)
Current taxes	(4.2)		-		(4.2)
Deferred taxes	(15.0)		-	2.6	(12.4)
Net result (IFRS inventory)	(5.6)	-0.2%			(5.6)
Interest in the result of companies valued by the equity method	(10.7)				(10.7)
Net result of discontinued operations	(1.4)				(1.4)
Consolidated net result	(17.7)	-0.7%			(17.7)
Minority interest in net result	0.5				0.5
Group interest in net result	(18.3)	-0.67%			(18.3)

The reclassified indicators described above are used in the review of the Group's operating results provided below, 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 debt, as described above.

KME Group - Consolidated Income Statement
Reclassified Income Statement

(in millions of euros)	2010 RECLASS.		2009 RECLASS.		% change
Gross revenues	2,718.7		1,949.4		39.5%
Raw material costs	(1,960.3)		(1,285.9)		52.4%
Revenues net of raw material costs	758.4	100%	663.5	100%	14.3%
Labor costs	(331.7)		(300.8)		10.3%
Other materials and costs	(347.7)		(317.4)		9.5%
EBITDA (*)	79.0	10.4%	45.3	6.8%	n.m.
Depreciation and amortization	(44.6)		(53.6)		-16.9%
EBIT	34.4	4.5%	(8.3)	-1.3%	n.m.
Net financial expense	(15.4)		(14.6)		5.5%
Result before extraordinary items	19.0	2.5%	(22.9)	-3.5%	n.m.
Extraordinary income (expense)	(26.0)		2.9		n.m.
Impact of IFRS valuation of inventory and financial instruments	20.6		4.5		n.m.
Income taxes on IFRS valuation of inventory and financial instruments	(2.6)		1.6		n.m.
Current taxes	(4.2)		(10.2)		-58.8%
Deferred taxes	(12.4)		0.7		n.m.
Net result (IFRS inventory)	(5.6)	-0.7%	(23.4)	-3.5%	n.m.
Interest in the result of companies valued by the equity method	(10.7)		-		n.m.
Net result of discontinued operations	(1.4)		-		n.m.
Consolidated net result	(17.7)	-2.3%	(23.4)	-3.5%	-24.2%
Minority interest in net result	0.5		0.5		
Group interest in net result	(18.3)	-2.41%	(23.9)	-3.60%	-23.5%

Earnings per share (in euros):	12/31/10	12/31/09
basic profit (loss) per share	(0.0526)	(0.0663)
diluted profit (loss) per share	(0.0526)	(0.0663)

The Independent Auditors have not completed their review of the data provided above.

(*) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is an indicator that is not mentioned in the IFRS accounting principles. However, it 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.

Consolidated Statement of Financial Position

(in thousands of euros)	12/31/10	12/31/09
Property, plant and equipment	583,873	594,217
Investment property	28,603	23,728
Goodwill and consolidation difference	114,582	114,897
Other intangible assets	3,490	3,528
Investments in associates	17,301	6,526
Investments in other companies	1,908	258
Investments valued by the equity method	21,951	3,958
Other non-current assets	25,501	28,878
Non-current financial assets	115,686	111,923
Deferred-tax assets	47,033	34,867
NON-CURRENT ASSETS	959,928	922,780
Inventories	622,054	469,512
Trade receivables	146,505	140,129
Other receivables and current assets	26,180	27,186
Current financial assets	140,242	100,912
Cash and cash equivalents	39,751	108,964
Current assets held for sale	86,393	-
CURRENT ASSETS	1,061,125	846,703
TOTAL ASSETS	2,021,053	1,769,483
Share capital	297,014	250,015
Other reserves	189,572	174,082
Treasury stock	(2,888)	(2,888)
Retained earnings (loss carryforward)	15,191	14,395
Technical consolidation reserve	(29,267)	8,135
Reserve for other components of the Comprehensive Income Statement	794	65
Net profit (loss) for the year	(18,351)	(23,929)
Group interest in shareholders' equity	452,065	419,875
Minority interest in shareholders' equity	4,952	2,928
TOTAL SHAREHOLDERS' EQUITY	457,017	422,803
Provisions for employee benefits	152,757	152,382
Deferred-tax liabilities	138,135	111,550
Borrowings and other financial liabilities	316,875	363,075
Other non-current liabilities	13,740	14,266
Provisions for risks and charges	137,240	136,113
NON-CURRENT LIABILITIES	758,747	777,386
Borrowings and other financial liabilities	197,841	237,980
Trade payables	410,772	209,657
Other current liabilities	103,501	94,714
Provisions for risks and charges	24,910	26,943
Current liabilities held for sale	68,265	-
CURRENT LIABILITIES	805,289	569,294
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,021,053	1,769,483

Consolidated Comprehensive Income Statement

(in thousands of euros)	12/31/10	12/31/09
Sales and service revenues	2,718,666	1,949,367
Change in inventories of finished goods and semifinished products	13,485	(23,085)
Capitalization of internally produced assets	2,712	1,823
Other operating income	20,734	21,482
Purchases and change in inventory of raw materials	(2,015,961)	(1,320,573)
Labor costs	(332,921)	(301,914)
Depreciation, amortization, impairment losses and writedowns	(50,562)	(56,743)
Other operating expenses	(321,218)	(270,969)
EBIT	34,935	(612)
Financial income	10,730	14,211
Financial expense	(32,063)	(29,136)
Result of companies valued by the equity method	(10,735)	-
Result before taxes	2,867	(15,537)
Current taxes	(4,185)	(10,179)
Deferred taxes	(15,047)	2,288
Total income taxes	(19,232)	(7,891)
Net result of continuing operations	(16,365)	(23,428)
Net result of discontinued operations	(1,442)	-
Result for the period	(17,807)	(23,428)
Other components of the comprehensive income statement:		
Gains/(Losses) on the conversion of foreign financial statements	1,086	(625)
Net change in cash flow hedge reserve	(448)	-
Revaluation of property (IAS 40 P.61)	1,501	-
Taxes on other components of the comprehensive income statement	(347)	-
Other components of the comprehensive income statement net of tax effect	1,792	(625)
Total comprehensive income for the period	(16,015)	(24,053)
Result attributable to:		
minority interest	544	501
shareholders of the Parent Company	(18,351)	(23,929)
Result for the period	(17,807)	(23,428)
Total comprehensive income for the period attributable to:		
minority interest	216	(102)
shareholders of the Parent Company	(16,230)	(23,951)
Total comprehensive income for the period	(16,015)	(24,053)

The Independent Auditors have not completed their review of the data provided above.

Comprehensive Income Statement (amounts in euros)	2010	2009
Sales and service revenues	2,839,000	2,839,000
Other revenues	1,002,721	16,506
Labor costs	(680,045)	(726,399)
Depreciation, amortization and writedowns	(12,040)	(8,032)
Other operating expenses	(5,536,423)	(5,395,192)
EBIT	(2,386,787)	(3,274,117)
Financial income	86,350,690	13,122,909
Financial expense	(21,704,242)	(4,508,662)
Result before taxes	62,259,662	5,340,130
Current taxes	(404,884)	(3,049,862)
Deferred taxes	(754,101)	1,339,107
Total income taxes	(1,158,985)	(1,710,755)
Net result of continuing operations	61,100,677	3,629,375
Net result of discontinued operations	-	-
Result for the period	61,100,677	3,629,375
Components of the comprehensive income statement:	-	-
Taxes on other components of the comprehensive income statement	-	-
Total other components of the comprehensive income statement net of tax effect	-	-
Total comprehensive income for the period	61,100,677	3,629,375

The Independent Auditors have not completed their review of the data provided above.

Consolidated Statement of Financial Position (amounts in euros)	At 12/31/10	At 12/31/09
Property, plant and equipment	216,933	162,727
Investments in associates	423,021,585	312,566,288
Other financial assets	65,995,295	58,880,541
Deferred-tax assets	2,468,816	2,197,484
NON-CURRENT ASSETS	491,702,629	373,807,040
Trade receivables	5,776	89,064
Other receivables and current assets	469,903	1,192,590
Current financial assets	139,120,125	101,957,331
Cash and cash equivalents	250,511	402,887
Current assets held for sale	30,000,000	-
CURRENT ASSETS	169,846,316	103,641,872
TOTAL ASSETS	661,548,945	477,448,912
Share capital	297,013,585	250,014,923
Other reserves	91,601,028	76,331,753
Treasury stock	(2,887,602)	(2,887,603)
Retained earnings (loss carryforward)	15,191,120	14,394,985
Reserve for stock options	7,184,835	6,941,919
Net profit (loss) for the year	61,100,677	3,629,375
TOTAL SHAREHOLDERS' EQUITY	469,203,642	348,425,352
Provisions for employee benefits	161,586	156,230
Deferred-tax liabilities	89,534	-
Borrowings and other financial liabilities	82,604,252	63,287,197
Other non-current liabilities	1,797,455	1,446,454
Provisions for risks and charges	2,440,368	2,789,368
NON-CURRENT LIABILITIES	87,093,195	67,679,249
Borrowings and other financial liabilities	103,433,087	57,303,062
Trade payables	329,505	701,807
Other current liabilities	1,489,515	3,339,442
Current liabilities held for sale	0	-
CURRENT LIABILITIES	105,252,108	61,344,311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	661,548,945	477,448,912

The Independent Auditors have not completed their review of the data provided above.