PRESS RELEASE

THE BOARD OF DIRECTORS REVIEWED THE PERFORMANCE OF THE GROUP'S OPERATION AT SEPTEMBER 30, 2012

CONSOLIDATED REVENUE FOR THE FIRST NINE MONTHS TOTALS 1,982.5 MILLION EUROS; 547.5 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (614.8 MILLION EUROS AT SEPTEMBER 30, 2011) POSITIVE EFFECT OF PRICING CHANGES; SALES VOLUMES DECLINE

EBITDA TOTAL 37.7 MILLION EUROS (75.5 MILLION EUROS AT SEPTEMBER 30, 2011)

CONSOLIDATED NET LOSS OF 35.7 MILLION EUROS AFTER 16.9 MILLION EUROS IN CHARGES FOR RESTRUCTURING PLANS AND 3.4 MILLION EUROS IN LOSSES OF INVESTEE COMPANIES CONSOLIDATED BY THE EQUITY METHOD

OPERATING NET DEBT AMOUNTS TO 228.3 MILLION EUROS, UNCHANGED COMPARED WITH THE LEVEL AT JUNE 30, 2012

SHAREHOLDERS' EQUITY TOTALS 349.1 MILLION EUROS

Florence, November 13, 2012 – 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 nine months of 2012.

Overview of the Group's results in the first nine months of 2012

(in millions of Euros)	*9 months 2012*	*9 months 2011*
Revenue	**1,982.5**	**2,323.6**
Revenue (net of raw materials)	**547.5**	**614.8**
EBITDA	**37.7**	**75.5**
EBIT	**3.6**	**42.6**
Profit before nonrecurring items	**(14.5)**	**30.9**
Nonrecurring income/(expense)	***(16.9)***	***4.0***
Impact of IFRS measured inventories	***(0.3)***	***4.3***
Losses of companies valued by equity method	***(3.4)***	***(3.3)***
Consolidated loss before taxes attributable to owners of Parent	**(35.7)**	**35.8**
Reclassified net debt	**228.3** ***(at 9/30/12))***	**197.6** ***(at 12/31/11)***
Participatory financial instruments	**46.1** ***(at 9/30/12))***	**---** ***(at 12/31/11)***
Shareholders' equity	**349.1** ***(at 9/30/12)12)***	**431.0** ***(at 12/31/11)***

- **Consolidated revenue** totaled 1,982.5 million euros in the first nine months of 2012, down 14.7% compared with 2011, when it amounted to 2,323.6 million euros.
  This decrease reflects the impact of a reduction in sales volumes (- 14.3%) and lower average raw material prices. Net of the value of raw materials, the revenue amount shows a decreases of 10.9%, falling from 614.8 million euros to 547.5 million euro; a comparison with the trend in unit sales shows the effect of higher prices and of a product mix with a greater value-added component.

- **EBITDA** totaled 37.7 million euros at September 30, 2012, for a decrease of 50.0% compared with the 75.5 million euros earned in the first nine months of 2011.
  EBITDA for the third quarter of 2012 were lower than those reported in the previous two quarters, confirming that the deterioration in profitability of recent months is continuing.
  On a relative basis, the ratio of EBITDA to net revenue contracted from 12.3% in the first nine months of 2011 to 8% in the first half of 2012 and 6.9% in the first nine months of 2012.

- **EBIT** decreased to 3.6 million euros (42.6 million euros in 2011).

- The **loss before nonrecurring items** amounted to 14.5 million euros (profit of 30.9 million euros at September 30, 2011).

- **Net nonrecurring expense,** which totaled 16.9 million euros, refers mainly to charges for additional programs to restructure and streamline production units in the Copper Sector. The benefits of these programs will be felt over the coming months.

- The **after-tax effect of valuing raw material inventories and commitments** at current prices, as required by IFRS accounting principles, was negative by 0.3 million euros (positive by 4.3 million euros at September 30, 2011) due to the different prices of raw copper during the two periods under comparison.

- The **consolidated loss before taxes attributable to the owners of the Parent** amounted to 35.7 million euros (profit of 35.8 million euros in 2011).
  This amount is after losses from investee companies consolidated by the equity method totaling 3.4 million euros, which include 0.2 million euros for the Group's interest in the loss reported by ErgyCapital S.p.A., and 3.2 million euros for the Group's interest in the loss incurred by Cobra A.T. S.p.A. in the first nine months of 2012.

- On the balance sheet side, the **net financial position** was negative by 275.0 million euros at September 30, 2012 (negative by 197.6 million euros at the end of December 2011 and negative by 229.1 million euros at June 30, 2012).
  The rise in debt in the third quarter of 2012 is due exclusively to the issuance of participatory financial instruments with a carrying amount of 46.1 million euros, offered in exchange for the common shares tendered in acceptance of the Public Exchange Offer launched in July 2012. Net of this component, at September 30, 2012, the level of operating net debt was the same as the end of June 2012.

- Consolidated **shareholders' equity** totaled 349.1 million euros at September 30, 2012 (431.0 million euros at December 31, 2011). This reduction reflects the utilization of available reserves to cover the retirement of treasury shares tendered in acceptance of the Public Exchange Offer of

July 2012, in exchange for which the Company issued participatory debt financial instruments with a carrying amount of 46.1 million euros.

- As for the **business outlook,** following a first half of the year that saw a continuation of the decline in sales that started in the second half of 2011 and a third quarter that further confirmed this trend, the projections for the coming months provide no indication of an upturn. Therefore, the operating result for the full year will be lower than in the previous year.
  The adoption of programs to streamline the manufacturing and organizational structure, including both completed and ongoing projects, will enable the Group to enhance its competitiveness, which is a prerequisite for resuming the path towards better operating results when a more favorable environment is reestablished in the various markets in which it operates.

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Marco Miniati, the Corporate Accounting Documents Officer, acting pursuant to 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 on the results from operations at September 30, 2012 is consistent with the data in the supporting documents and in the Company's books of accounts and other accounting records.

The interim report on operations, which was not audited, was prepared in accordance with international IFRS principles. 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.

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).

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The Board of Directors