

Press Release

S.M.I. – Società Metallurgica Italiana S.p.A.

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This press release has been issued to comply with the regular reporting requirement set forth in a Consob letter dated April 14, 2004.

At February 28, 2005, the **Group's net indebtedness** totaled €544.7 million, or €54 million less than at the end of January 2005.

The Group's level of indebtedness at the end of February 2005, is beginning to reflect the positive impact of the recapitalization process that got under way the same month. The entire transaction, which is being carried out through a capital increase by the controlling company, G.I.M. S.p.A., amounts to €152.4 million. As explained in greater detail later in this press release, the abovementioned capital increase has already generated proceeds of €76.6 million for S.M.I.

The structure of the Group's indebtedness reflects the rescheduling of the existing positions to medium-term maturities, as stipulated in the agreements signed on February 1, 2005 with the Group's lender banks.

Consolidated Financial Position of the Group

| (in thousands of euros) | at 2/28/05 | at 1/31/05 | at 12/31/04 | at 6/30/04 |
|---|------------|------------|-------------|------------|
| <i>Short-term bank debt</i> | 69,798 | 473,206 | 458,036 | 436,611 |
| <i>Medium- and long-term bank debt</i> | 502,899 | 198,378 | 195,492 | 239,643 |
| <i>Loans payable to unconsolidated Group companies</i> | 9,753 | 6,225 | 6,289 | 6,688 |
| <i>Total indebtedness</i> | 582,450 | 677,809 | 659,817 | 682,942 |
| <i>Liquid assets</i> | (36,725) | (78,101) | (74,443) | (26,145) |
| <i>Loans receivable from unconsolidated Group companies</i> | (970) | (970) | (1,539) | (1,229) |
| <i>Total liquid assets and loans receivable</i> | (37,695) | (79,071) | (75,982) | (27,374) |
| <i>Net financial position</i> | 544,755 | 598,738 | 583,835 | 655,568 |

The above amounts are net of factoring transactions that involved the assignment with recourse of receivables totaling €117.7 million at the end of June 2004, €107.0 million at the end of December 2004, €96.3 million at the end of January 2005 and €99 million at the end of February 2005.

The Group's bank debt includes a medium-term financing facility provided to KM Europa Metal AG by a group of banks that includes Mediobanca, whose share of the facility is €50 million. Mediobanca is a stockholder of the controlling company, G.I.M. S.p.A., (with an interest equal to 1.87% of the common shares) and is a party to the G.I.M. Stockholder Agreement, which covers 65.98% of the common shares.

At the end of February 2005, 85% of this facility had been drawn down.

All social security and tax payments have been made on time.

With regard to commercial obligations, past due positions total €5.7 million.

Net Financial Position of S.M.I. S.p.A., the Group's Parent Company

| (in thousands of euros) | at 2/28/05 | at 1/31/05 | at 12/31/04 | at 6/30/04 |
|--|----------------|---------------|---------------|---------------|
| <i>Short-term bank debt</i> | 180 | 62,320 | 62,242 | 61,048 |
| <i>Medium- and long-term bank debt</i> | 783 | 783 | 783 | 878 |
| <i>Loans payable to the controlling company</i> | 7,715 | 3,510 | 3,620 | 3,735 |
| <i>Total indebtedness</i> | 8,678 | 66,613 | 66,645 | 65,661 |
| <i>Liquid assets</i> | (6,633) | (7,921) | (8,443) | (6,245) |
| <i>Loans receivable from subsidiaries and affiliates</i> | (3,317) | (42,437) | (42,437) | (40,114) |
| <i>Total liquid assets and loans receivable</i> | (9,950) | (50,358) | (50,880) | (46,359) |
| <i>Net financial position</i> | (1,272) | 16,255 | 15,765 | 19,302 |

Group Financial Restructuring Plan

New information about the status of the Financial Restructuring Plan, which had been updated in the press release issued on February 28, 2005, shows that the second stage of the capital increase that the Stockholders' Meeting of the controlling company, G.I.M. S.p.A., approved on January 31, 2005 got under way on March 14, 2005. The deadline for exercising the option rights is April 4, 2005.

The total recapitalization transaction amounts to €152.4 million. It is being carried out in two stages:

- a capital increase reserved for Intek S.p.A. amounting to €29.4 million, with 44,130,347 free warrants attached, which was completed on February 4, 2005;
- a capital increase of €123.0 million, with 61,519,227 free warrants attached, carried out through a rights offering available to all stockholders, including Intek.

If all warrants are exercised, the total capital increase will amount to €258 million.

On February 8, 2005, as previously agreed, the stockholders who are parties to the G.I.M. Stockholder Agreement, among them Intek, disbursed their pro rata shares of an advance on the future subscription of the second portion of the capital increase described above. The total amount contributed was €69.6 million.

On February 9, 2005, the companies of the Group carried out a series of financial transactions designed to channel the funds generated by the G.I.M. S.p.A. capital increase to the operating companies and to consolidate the individual debt positions with the indebtedness of KM Europa Metal AG, a wholly owned German subsidiary that heads the Group's manufacturing units. Within the framework of these transactions, which are described in a special Prospectus that should be consulted for additional information, G.I.M. S.p.A. provided a €76.6-million subordinated stockholder loan to S.M.I. S.p.A., which, in turn, provided a €58.4-million advance on future capital contributions to its KM Europa Metal AG subsidiary.

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

Florence, March 31, 2005

S.M.I.-Società Metallurgica Italiana S.p.A.