

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 March 31, 2005, the **Group's net indebtedness** totaled €571.1 million, €26.4 million more than at February 28, 2005.

The Group's level of indebtedness is beginning to show the positive impact of the Group's recapitalization, which in February had already generated proceeds of €76.6 million for S.M.I. The entire recapitalization of the controlling company, G.I.M. S.p.A., amounts to €152.4 million.

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 3/31/05	at 2/28/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	80,816	69,798	458,036	436,611
<i>Medium- and long-term bank debt</i>	502,542	502,899	195,492	239,643
<i>Loans payable to unconsolidated Group companies</i>	13,671	9,753	6,289	6,688
<i>Total indebtedness</i>	597,029	582,450	659,817	682,942
<i>Liquid assets</i>	(24,990)	(36,725)	(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>	(25,960)	(37,695)	(75,982)	(27,374)
<i>Net financial position</i>	571,069	544,755	583,835	655,568

The above amounts are net of factoring transactions that involved the assignment with non recourse of receivables totaling €103.6 at the end of March 2005, €99 million at the end of February 2005, €107.0 million at the end of December 2004 and €117.7 million at the end of June 2004.

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., and is a party to the G.I.M. Stockholder Agreement, with an interest equal to 2.69% of the common shares.

At the end of March 2005, 86% of bank facilities had been drawn down.
All social security and tax payments have been made on time.
With regard to commercial obligations, past due positions total €1.01 million.

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

(in thousands of euros)	at 3/31/05	at 2/28/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	95	180	62.242	61.048
<i>Medium- and long-term bank debt</i>	783	783	783	878
<i>Loans payable to the controlling company</i>	10.762	7.715	3.620	3.735
<i>Total indebtedness</i>	11.640	8.678	66.645	65.661
<i>Liquid assets</i>	(1.440)	(6.633)	(8.443)	(6.245)
<i>Loans receivable from subsidiaries and affiliates</i>	(12.155)	(3.317)	(42.437)	(40.114)
<i>Total liquid assets and loans receivable</i>	(13.595)	(9.950)	(50.880)	(46.359)
<i>Net financial position</i>	(1.955)	(1.272)	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 March 31, 2005, shows that the capital increase that the Stockholders' Meeting of the controlling company, G.I.M. S.p.A., approved on January 31, 2005 was completed on April 15, 2005. The capital increase was fully subscribed.

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 concentrate the bank debt positions in 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 €130-million subordinated stockholder loan (due in seven years) to S.M.I. S.p.A., which, in turn, provided a €111.8-million advance on future capital contributions to its KM Europa Metal AG subsidiary. These two transactions were finalized in April, following the completion of the capital increase.

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

Florence, April 28, 2005

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