

Press Release

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

ABI Code 107673 – www.smi.it

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

The data provided below were previewed in part in the Report on Operations at March 31, 2004, which was approved on May 11, 2005. This Report should be consulted for additional information.

At April 30, 2005, the **Group's net indebtedness** totaled €492.6 million, or €91.2 million less than at December 31, 2004.

The financial position reflects the impact of the Group's recapitalization, which was approved by the Stockholders' Meeting of the controlling company G.I.M. S.p.A. on January 31, 2005. The recapitalization, which was carried out by increasing the Company's capital stock by €152.4 million and concurrently issuing 105.6 million warrants, was completed on April 15, 2005 and the share issue was fully subscribed.

Within the framework of financial transactions designed to channel the funds generated by the abovementioned capital increase to the operating companies, G.I.M. S.p.A. provided a €130-million subordinated stockholder loan to S.M.I. S.p.A.

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 4/30/05	at 3/31/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	122,507	80,816	458,036	436,611
<i>Medium- and long-term bank debt</i>	502,193	502,542	195,492	239,643
<i>Loans payable to unconsolidated Group companies</i>	12,868	13,671	6,289	6,688
<i>Total indebtedness</i>	637,568	597,029	659,817	682,942
<i>Liquid assets</i>	(144,036)	(24,990)	(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>	(145,006)	(25,960)	(75,982)	(27,374)
<i>Net financial position</i>	492,562	571,069	583,835	655,568

The above amounts are net of factoring transactions that involved the assignment with recourse of trade receivables totaling €102.6 million at the end of April 2005, €103.6 million at the end of March 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 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 April 2005, about 89% 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 €5.9 million.

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

(in thousands of euros)	at 4/30/05	at 3/31/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	110	95	62.242	61.048
<i>Medium- and long-term bank debt</i>	783	783	783	878
<i>Loans payable to the controlling company</i>	9.759	10.762	3.620	3.735
Total indebtedness	10.652	11.640	66.645	65.661
<i>Liquid assets</i>	(83)	(1.440)	(8.443)	(6.245)
<i>Loans receivable from subsidiaries and affiliates</i>	(12.155)	(12.155)	(42.437)	(40.114)
Total liquid assets and loans receivable	(12.238)	(13.595)	(50.880)	(46.359)
Net financial position	(1.586)	(1.955)	15.765	19.302
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130.000	76.600	0	0

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

Florence, May 31, 2005

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