

**Press Release**

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

ABI Code 107673 – [www.smi.it](http://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.

At May 31, 2005, the **Group's net indebtedness** totaled €490.9 million, about the same as at the end of the previous month.

**Consolidated Financial Position of the Group**

(in thousands of euros)	at 5/31/05	at 4/30/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	129,494	122,507	458,036	436,611
<i>Medium- and long-term bank debt</i>	502,147	502,193	195,492	239,643
<i>Loans payable to unconsolidated Group companies</i>	13,660	12,868	6,289	6,688
<i>Total indebtedness</i>	645,301	637,568	659,817	682,942
<i>Liquid assets</i>	(153,406)	(144,036)	(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>	(154,376)	(145,006)	(75,982)	(27,374)
<b><i>Net financial position</i></b>	<b>490,925</b>	<b>492,562</b>	<b>583,835</b>	<b>655,568</b>

The above amounts are net of factoring transactions that involved the assignment with recourse of trade receivables totaling €96.4 million at the end of May 2005, €102.6 million at the end of April 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. (S.M.I.'s controlling company) 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 May 2005, about 91% 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 totaled €8.8 million.

As part of a series of financial transactions carried out to channel the funds generated by the G.I.M. S.p.A. 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.

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

(in thousands of euros)	at 5/31/05	at 4/30/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	110	110	62,242	61,048
<i>Medium- and long-term bank debt</i>	783	783	783	878
<i>Loans payable to the controlling company</i>	10,201	9,759	3,620	3,735
<i>Total indebtedness</i>	11,094	10,652	66,645	65,661
<i>Liquid assets</i>	(71)	(83)	(8,443)	(6,245)
<i>Loans receivable from subsidiaries and affiliates</i>	(12,565)	(12,155)	(42,437)	(40,114)
<i>Total liquid assets and loans receivable</i>	(12,636)	(12,238)	(50,880)	(46,359)
<b><i>Net financial position</i></b>	<b>(1,542)</b>	<b>(1,586)</b>	<b>15,765</b>	<b>19,302</b>
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130,000	130,000	0	0

\* \* \*

This press release is available at the Company website, [www.smi.it](http://www.smi.it), where additional information may also be obtained.

Florence, June 30, 2005

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