

Press Release

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

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

At June 30, 2005, the **Group's net indebtedness** totaled €463.9 million, or €27 million less than at the end of the previous month.

Consolidated Financial Position of the Group

(in thousands of euros)	at 6/30/05	at 5/31/05	at 12/31/04	at 6/30/04
<i>Short-term bank debt</i>	138,364	129,494	458,036	436,611
<i>Medium- and long-term bank debt</i>	478,650	502,147	195,492	239,643
<i>Loans payable to unconsolidated Group companies</i>	16,669	13,660	6,289	6,688
Total indebtedness	633,683	645,301	659,817	682,942
<i>Liquid assets</i>	(168,842)	(153,406)	(74,443)	(26,145)
<i>Loans receivable from unconsolidated Group companies</i>	(971)	(970)	(1,539)	(1,229)
Total liquid assets and loans receivable	(169,813)	(154,376)	(75,982)	(27,374)
Net financial position	463,870	490,925	583,835	655,568

The above amounts are net of factoring transactions that involved the assignment with recourse of trade receivables totaling €116.4 million at the end of June 2005, €96.4 million at the end of May 2005, €107.0 million at the end of December 2004 and €117.7 million at the end of June 2004.

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.

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 June 2005, about 89% of available bank facilities had been drawn down.

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

With regard to commercial obligations, accounts payable totaled €6.1 million.

An update on the progress made in implementing the Group's Industrial Plan was provided in the quarterly report at March 31, 2005. Developments that occurred subsequently will be reviewed in the semiannual report at June 30, 2005, which will be discussed at a meeting scheduled for September 9, 2005.

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

(in thousands of euros)	at 6/30/05	at 5/31/05	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>	13,465	10,201	3,620	3,735
Total indebtedness	14,358	11,094	66,645	65,661
<i>Liquid assets</i>	(192)	(71)	(8,443)	(6,245)
<i>Loans receivable from subsidiaries and affiliates</i>	(14,372)	(12,565)	(42,437)	(40,114)
Total liquid assets and loans receivable	(14,564)	(12,636)	(50,880)	(46,359)
Net financial position	(206)	(1,542)	15,765	19,302
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130,000	130,000	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, July 29, 2005

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