

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

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Press Release

- The Board of Directors reviewed and approved the Report on the Group's operations in the first nine months of 2005.
- The negative business environment that prevails in the European economy is continuing to constrain the European demand for copper and copper-alloy semifinished goods, both in the market for industrial applications and in the construction products business. Demand is also being dampened by uncertainty over future developments, as the price of copper remains high, posting fresh increases. As a result, customers continue to defer capital spending plans.
- In the first nine months of 2005, **revenues** totaled €1,595.6 million. Net of the impact of fluctuations in the copper price, revenues amounted to €573.1 million, a decrease of €85.7 million (- 13%) compared with the same period last year.
- **Consolidated EBITDA**, which amounted to €64.8 million, or 11.3% of net revenues, were lower by €23.3 million (- 26.4%).
- **Consolidated income before taxes** totaled €9.7 million (income of €44.7 million at September 30, 2004).
- The business outlook for the balance of the year is closely tied to forecasts of market conditions.
The cost cutting and efficiency enhancing programs implemented to lower the breakeven point are beginning to produce their first positive results, but their full benefit will be felt only in the coming months. Over the short term, the impact of these programs will not be enough to offset all of the revenue losses caused by weak demand, which is also preventing producers from transferring the sharp increases they have incurred in production costs, especially energy and transportation, to sales prices.

The goal of reporting 2005 year-end results that are in line with those of 2004 is no longer attainable. However, the Group is reaffirming its intermediate objective of gradually increasing EBITDA to about 16% to 18% of net revenues.

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

Florence, November 9, 2005

The Board of Directors