

**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 October 31, 2005, the **Group's net indebtedness** totaled €564.8 million, or €14.9 million more than a month earlier.

**Consolidated Financial Position of the Group**

(in thousands of euros)	at 10/31/05	at 9/30/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	217,731	199,093	199,999	516,482
<i>Medium- and long-term bank debt</i>	482,332	482,233	486,643	202,319
<i>Loans payable to unconsolidated Group companies</i>	16,475	17,136	16,669	6,289
<i>Total indebtedness</i>	716,538	698,462	703,311	725,090
<i>Liquid assets</i>	(150,820)	(147,555)	(168,842)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(960)	(970)	(971)	(1,539)
<i>Total liquid assets and loans receivable</i>	(151,780)	(148,525)	(169,813)	(75,982)
<b><i>Net financial position</i></b>	<b>564,758</b>	<b>549,937</b>	<b>533,498</b>	<b>649,108</b>

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €44.6 million at the end of October 2005, €37.1 million at the end of September 2005, €57.7 million at the end of June 2005 and €46.6 at the end of December 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 €30-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 October 2005, about 90% 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 €0.9 million.

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

(in thousands of euros)	at 10/31/05	at 9/30/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	120	116	110	62,242
<i>Medium- and long-term bank debt</i>	684	783	783	783
<i>Short-term loans payable to the controlling company</i>	13,393	14,167	13,465	3,620
<i>Total indebtedness</i>	14,197	15,066	14,358	66,645
<i>Liquid assets</i>	(5,188)	(112)	(192)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(14,928)	(15,059)	(14,372)	(42,437)
<i>Total liquid assets and loans receivable</i>	(20,116)	(15,171)	(14,564)	(50,880)
<b><i>Net financial position</i></b>	<b>(5,919)</b>	<b>(105)</b>	<b>(206)</b>	<b>15,765</b>
<i>Subordinated stockholder loan from G.I.M. S.p.A.</i>	130,000	130,000	130,000	0

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

Florence, November 30, 2005

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