

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 November 30, 2005, the **Group's net indebtedness** totaled €97.5 million, or €32.8 million more than a month earlier. A further rise in the price of copper is the main reason for this increase.

Consolidated Financial Position of the Group

(in thousands of euros)	at 11/30/05	at 10/31/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	244,194	217,731	199,999	516,482
<i>Medium- and long-term bank debt</i>	481,682	482,332	486,643	202,319
<i>Loans payable to unconsolidated Group companies</i>	16,051	16,475	16,669	6,289
<i>Total indebtedness</i>	741,927	716,538	703,311	725,090
<i>Liquid assets</i>	(143,462)	(150,820)	(168,842)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(920)	(960)	(971)	(1,539)
<i>Total liquid assets and loans receivable</i>	(144,382)	(151,780)	(169,813)	(75,982)
<i>Net financial position</i>	597,545	564,758	533,498	649,108

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €49.1 million at the end of November 2005, €44.6 million at the end of October 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 €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 November 2005, about 92% 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 €1.7 million.

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

(in thousands of euros)	at 11/30/05	at 10/31/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	120	120	110	62,242
<i>Medium- and long-term bank debt</i>	684	684	783	783
<i>Short-term loans payable to the controlling company</i>	13,066	13,393	13,465	3,620
<i>Total indebtedness</i>	13,870	14,197	14,358	66,645
<i>Liquid assets</i>	(9,946)	(5,188)	(192)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(14,986)	(14,928)	(14,372)	(42,437)
<i>Total liquid assets and loans receivable</i>	(24,932)	(20,116)	(14,564)	(50,880)
<i>Net financial position</i>	(11,062)	(5,919)	(206)	15,765
<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, where additional information may also be obtained.

Florence, December 30, 2005

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