

Press Release

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

ABI Code 107673 – 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 December 31, 2005, the **Group's net indebtedness** totaled €58.7 million, or €38.8 million less than a month earlier.

Consolidated Financial Position of the Group

(in thousands of euros)	at 12/31/05	at 11/30/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	239,514	244,194	199,999	516,482
<i>Medium- and long-term bank debt</i>	459,780	481,682	486,643	202,319
<i>Loans payable to unconsolidated Group companies</i>	18,023	16,051	16,669	6,289
Total indebtedness	717,317	741,927	703,311	725,090
<i>Liquid assets</i>	(157,724)	(143,462)	(168,842)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(920)	(920)	(971)	(1,539)
Total liquid assets and loans receivable	(158,644)	(144,382)	(169,813)	(75,982)
Net financial position	558,673	597,545	533,498	649,108

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €60.3 million at the end of December 2005, €49.1 million at the end of November 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 December 2005, about 94% 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 €3.9 million.

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

(in thousands of euros)	at 12/31/05	at 11/30/05	at 6/30/05	at 12/31/04
<i>Short-term bank debt</i>	123	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>	15,440	13,066	13,465	3,620
<i>Total indebtedness</i>	16,247	13,870	14,358	66,645
<i>Liquid assets</i>	(9,378)	(9,946)	(192)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(16,854)	(14,986)	(14,372)	(42,437)
<i>Total liquid assets and loans receivable</i>	(26,232)	(24,932)	(14,564)	(50,880)
<i>Net financial position</i>	(9,985)	(11,062)	(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, January 31, 2006

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