

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 January 31, 2006, the **Group's net indebtedness** totaled €98.3 million, or €9.6 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 1/31/06	at 12/31/05	at 11/30/05	at 12/31/04
<i>Short-term bank debt</i>	245,083	239,514	244,194	516,482
<i>Medium- and long-term bank debt</i>	459,609	459,780	481,682	202,319
<i>Loans payable to unconsolidated Group companies</i>	18,764	18,023	16,051	6,289
Total indebtedness	723,456	717,317	741,927	725,090
<i>Liquid assets</i>	(124,190)	(157,724)	(143,462)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(920)	(920)	(920)	(1,539)
Total liquid assets and loans receivable	(125,110)	(158,644)	(144,382)	(75,982)
Net financial position	598,346	558,673	597,545	649,108

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €4.8 million at January 31, 2006, €0.3 million at the end of December 2005, €9.1 million at the end of November 2005 and €6.6 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 January 2006, about 95% 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 €2.7 million.

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

(in thousands of euros)	at 1/31/06	at 12/31/05	at 11/30/05	at 12/31/04
<i>Short-term bank debt</i>	123	123	120	62,242
<i>Medium- and long-term bank debt</i>	684	684	684	783
<i>Short-term loans payable to the controlling company</i>	15,340	15,440	13,066	3,620
Total indebtedness	16,147	16,247	13,870	66,645
<i>Liquid assets</i>	(8,596)	(9,378)	(9,946)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(16,881)	(16,854)	(14,986)	(42,437)
Total liquid assets and loans receivable	(25,477)	(26,232)	(24,932)	(50,880)
Net financial position	(9,330)	(9,985)	(11,062)	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, February 28, 2006

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