

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 March 31, 2006, the **Group's net indebtedness** totaled €663.7 million, or €12.4 million more than a month earlier. The increases of recent months reflect the impact of a steady, further rise in the price of copper, which continues to cause an increase in the working capital of the manufacturing companies, with a corresponding expansion in funding requirements.

Consolidated Financial Position of the Group

(in thousands of euros)	at 3/31/06	at 2/28/06	at 12/31/05	at 12/31/04
<i>Short-term bank debt</i>	263,622	274,642	234,146	516,482
<i>Medium- and long-term bank debt</i>	459,206	459,106	459,379	202,319
<i>Loans payable to unconsolidated Group companies</i>	17,549	18,314	18,472	6,289
Total indebtedness	740,377	752,062	711,997	725,090
<i>Liquid assets</i>	(75,754)	(99,827)	(151,992)	(74,443)
<i>Loans receivable from unconsolidated Group companies</i>	(920)	(920)	(920)	(1,539)
Total liquid assets and loans receivable	(76,674)	(100,747)	(152,912)	(75,982)
Net financial position	663,703	651,315	559,085	649,108

The above amounts are net of factoring transactions that involved the assignment without recourse of trade receivables totaling €1 million at March 31, 2006, €5.3 million at February 28, 2006, €60.3 million at the end of December 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 €48.1 million. Mediobanca is a stockholder of G.I.M. S.p.A., the Group's controlling company, 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 March 2006, about 97% 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 €5.1 million.

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

(in thousands of euros)	at 3/31/06	at 2/28/06	at 12/31/05	at 12/31/04
<i>Short-term bank debt</i>	101	212	123	62,242
<i>Medium- and long-term bank debt</i>	684	684	684	783
<i>Short-term loans payable to the controlling company</i>	15,094	15,342	15,440	3,620
Total indebtedness	15,879	16,238	16,247	66,645
<i>Liquid assets</i>	(5,525)	(274)	(9,378)	(8,443)
<i>Loans receivable from subsidiaries and affiliate</i>	(21,309)	(25,373)	(16,854)	(42,437)
Total liquid assets and loans receivable	(26,834)	(25,647)	(26,232)	(50,880)
Net financial position	(10,955)	(9,409)	(9,985)	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, April 28, 2006

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