

**PRESS RELEASE**

**S.M.I. – SOCIETA' METALLURGICA ITALIANA S.p.A.**

- **Revenues to €742 million: +49.1% compared with the first quarter of 2005 (+7.5% net of the value of raw materials).**
- **EBITDA of €28.1 million: +49.5% compared with the first quarter of 2005.**
- **Consolidated profit before taxes of €39.7 million (loss of €8.1 million in the first quarter of 2005). This improvement of €47.8 million includes a €36-million revaluation of the raw materials inventory.**
- **Consolidated net borrowings total €663.7 million at March 31, 2006.**

The Board of Directors reviewed and approved the **Report on the Group's Operations in the First Quarter of 2006.**

During the first three months of 2006, **revenues** totaled €742 million. The increase of 49.1% over the amount reported in the same period last year reflects an primarily an increase in the value of raw materials. Net of this component, revenues show an improvement of 7.5%, rising from €193.8 million to €208.3 million.

**EBITDA**, which increased by 49.5% to €28.1 million, were equal to 13.5% of revenues, net of the value of raw materials (9.7% at March 31, 2005).

**Consolidated profit before taxes** rose to €39.7 million, as against a loss of €8.1 million in 2005. This improvement of €47.8 million includes the impact of a €36-million revaluation of the raw materials inventory, which became necessary to account for the sharp rise in their prices in the first quarter, and the adoption of the valuation methods required by the IFRS/IAS accounting principles.

At the end of March 2006, the **Group's net indebtedness** totaled €663.7 million (+€105 million over the balance owed at December 31, 2005) The rise in the price of raw materials caused an increase in the working capital of the manufacturing companies, with a corresponding expansion in funding requirements.

**The operating results showed a measurable improvement in the first quarter of 2006.** This positive development reflects a healthy increase in sales, made possible by better economic conditions in Europe, as well as the success of marketing programs implemented by the Group and the full beneficial impact of the measures carried out to reorganize and streamline the manufacturing organization in accordance with the guidelines of the Industrial Plan.

The Group's operating **outlook** remains positive, even though tensions in the raw materials markets make it difficult to provide a reliable forecast. The continuing high, and still rising, price of copper is causing customer to delay further their purchase commitments and creates uncertainty in the marketplace.

\* \* \*

The Consolidated Quarterly Report at March 31, 2006 is attached.

Florence, May 11, 2006

The Board of Directors

\* \* \*

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

For additional information contact:  
Community – Consulenza nella comunicazione  
Auro Palomba  
Roberto Patriarca  
Tel. 02-89404231  
Cell. 335-6509568