Interim report

as of March 31, 2010

Buzzi Unicem S.p.A.
Registered Office: Casale Monferrato (AL) – Via Luigi Buzzi 6
Capital stock € 123,636,658.80
Chamber of Commerce of Alessandria no. 00930290044

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Interim management review

In the first quarter of the year 2010, in the different countries where the group operates, construction investments failed to show any clear signs of recovery. Cement and ready-mix concrete demand remained weak as compared with the same period a year earlier, with the strongest contraction reported in Italy, the United States and Eastern Europe countries. Sales volumes were penalized by an exceptionally harsh winter not only in Continental Europe, but also in geographical areas which are usually less affected by seasonability, such as the state of Texas (USA). Within the quarter, March showed a remarkable improvement over the two previous months, thanks to better weather conditions and, perhaps, to a stabilization of the underlying demand. The deflationary context which has been going on since the second half of 2009 allowed for a reduction in production costs linked to fuel, mainly in Italy, the United States and Mexico and to a lesser extent in Central and Eastern Europe (apart from Russia where an increase was recorded). Conversely, electric power cost decreased in Italy, Central Europe and Ukraine, while in the other countries reported an unfavorable trend. After the strong devaluation suffered in 2009, the emerging countries' currencies strengthened, with a positive effect on the translation of results into euro. The dollar instead was slightly negative, since it compares with the first quarter 2009 when foreign exchange was more favorable than the year average.

The general uncertainty on the timing and real possibility of the next economic recovery reflects on the investment choices of the operators, thus affecting private and industrial building. Moreover the troubles of several central Governments on the public debt front, besides restraining investment possibilities and demand stimulus, make the stabilization of the financial and credit world and consequently of the real economy more difficult.

In the first three months of the year, group's cement volumes at 4.4 million tons were down 19.6% from the same period a year earlier. Volumes scenario showed a contraction in all countries of group's operations and especially in the United States, Italy, Ukraine and the Czech Republic. Ready-mix concrete volumes totalled 2.6 million cubic meters, down 14.1% from 1Q-09. The downturn was especially remarkable in Eastern Europe while in the other countries sales decline was more contained; Mexico only closed the quarter positively, posting a 7% progress in the sector.

The further slowdown of demand caused some pressure on selling prices in various geographical areas. A negative trend was recorded in Italy, the United States, Russia, the Czech Republic and Poland. Conversely in Germany, Luxembourg, Ukraine and Mexico pricing situation remained stable or slightly improved. Also in the ready-mix concrete in general, selling prices trend was negative, due to a stronger and stronger competition among the producers on the few work orders available.

Consolidated net sales decreased by 21.7% from €587.3 million to €459.6 million; volumes and prices effects, both unfavorable, accounted for €98.8 million and €21.3 million respectively; Ebitda stood at €13.9 million, down €25.4 million from 1Q-09 (-64.6%). In the quarter, Ebitda to sales margin contracted from 6.7% to 3.0%. Changes in the scope of consolidation and foreign exchange fluctuation accounted for a decrease in net sales of €0.4 million and €0.6 million respectively. Ebitda instead was positively impacted by €0.9 million and €1.9 million respectively. Like-for-like net sales and Ebitda would have decreased by 21.6% and 70.0% respectively. The plans implemented to increase productivity and operating efficiency have started to show positive effects on the cost structure, but such an effort has been temporarily frustrated by the negative trend in selling prices and the low capacity utilization, due to seasonability and contingent reasons. After amortization and depreciation for €54.2 million (€51.4 million in 1Q-09) Ebit was negative for €40.3 million (-€12.1 million in 2009). Net financial expenses at €33.5 million were slightly up from €32.5 million in 2009. The unfavorable change, due to the increase of net debt and the contextual decrease of available cash yields, was offset by a more favorable net effect of the more volatile components of the financial charges (foreign exchange differences, derivative valuation). As a result, the first quarter 2010 closed with a loss before tax of €74.4 million versus €45.3 million at March 2009. After income tax expense, net loss came in at €50.2 million (€52.9 million being the amount attributable to the owners of the company).

Net sales and Ebitda breakdown by geographical area is as follows:

Net sales

million euro	*1Q-10*	*1Q-09*	*Change abs*
Italy	136.2	175.8	-39.6
United States of America	105.4	149.9	-44.5
Germany	81.9	100.7	-18.9
Luxembourg	15.2	14.9	+0.3
Netherlands	18.8	24.1	-5.3
Czech Republic	17.7	26.0	-8.3
Poland	12.4	17.5	-5.1
Ukraine	6.9	12.3	-5.3
Russia	22.7	24.3	-1.5
Mexico	45.4	46.4	-1.0
	459.6	**587.3**	**-127.7**

Ebitda

million euro	*1Q-10*	*1Q-09*	*Change abs*
Italy	6.5	5.7	+0.8
United States of America	-5.6	14.2	-19.8
Germany	-1.8	-1.4	-0.4
Luxembourg	-3.4	-2.2	-1.1
Netherlands	-1.4	-0.5	-0.9
Czech Republic	-0.2	1.4	-1.6
Poland	-1.9	2.3	-4.3
Ukraine	-3.0	-6.1	+3.1
Russia	7.6	9.7	-2.1
Mexico	17.0	16.2	+0.8
	13.9	**39.3**	**-25.4**

Cash flow was equal to €4.0 million (€11.0 million at March 2009). Net debt as of 31 March 2010 amounted to €1,319.7 million, up €110.5 million over year-end 2009. Investments accounted for a total of €90.3 million of the figure, €67.7 million thereof for the progress of the capacity expansion projects in Russia, Ukraine and Mexico. As of March 31, 2010, total equity, inclusive of minority interest, stood at €2,834.4 million versus €2,712.4 million as of December 31, 2009. Consequently debt/equity ratio was equal to 0.47 (0.45 at 2009 year-end).

Italy

The country's economic trend for the years 2010-2011 is estimated to slightly improve, which a GDP growth expected at around 1%. The industrial production in the first months of the year reported a positive growth compared with 2009 (+2.7% in February) but, for the time being, the extent of the progress remains modest and limited to some sectors. The construction industry remained under pressure and group sales reported a decline of 21.0%. Deliveries contraction, worse than the national average, was further penalized by the comparison with a first quarter 2009 when our sales had been especially brilliant. Selling prices decreased by 9.9%, with a downward trend through the quarter, as a sign of a complex competitive environment featuring an excess production capacity which is putting profitability under strong pressure. Ready-mix concrete was less penalized, with sales volumes down 10.6% and slightly lower prices. Overall, net sales in Italy came in at €136.2 million, down 22.5% versus €175.8 million in 1Q-09. Ebitda stood at €6.5 million (€5.7 million in 2009, +14.1%). During the quarter the company realized other operating revenues equal to €7.6 million deriving from the sale of CO_2 emission rights which, based on the output expected, were estimated to be surplus to requirements.

Central Europe

The upturn in foreign trade could bring the first positive effects to German industrial production as early as in 2010. However GDP growth prospects remain confined to around 1.2%, while unemployment rate will not likely show any clear turnabout in the next two years. Thus recovery appears to be gradual also in the construction sector. The year 2010 began with a quite weak level of activities and with cement and ready-mix concrete volumes decreasing by 17.0% and 11.0% from the same period of 2009. Deliveries were strongly influenced by weather conditions in January and February, while in March they were virtually stable from an year earlier. Cement selling prices were slightly down (-1.1%). Overall net sales stood at €81.9 million versus €100.7 million in 1Q-09 and Ebitda decreased from-€1.4 million to -€1.8 million. During the quarter the company realized other operating revenues equal to €2.5 million deriving from the sale of CO2 emission rights which, based on the output expected, were estimated to be surplus to requirements.

In Luxembourg cement and clinker volumes reported a slight contraction (-2.1%), in a positive selling price environment (+3.9%). Thanks to the new cement grinding mill installed at the Esch-sur-Alzette plant, the improvement of the sales mix showed the first effects already in the first quarter, with net sales reaching €15.2 million, up 2.0% from €14.9 million in 2009. Ebitda conversely declined by €1.1 million, from -€2.2 million to -€3.4 million, mainly as a consequence of higher maintenance costs.

In the Netherlands, in the first three months, volumes sold dropped by 21.8%, with slightly higher prices. Consequently net sales declined by 22.2% and Ebitda was negative for €1.4 million (-€0.5 million in 2009).

Eastern Europe

The phase of recession which had affected this geographical area since the fourth quarter of 2008, should show a turnabout starting already from 2010. Estimates hints at a GDP growth in all the countries where the group operates, with significant changes in Ukraine and Russia (+3.7% and +4.0% respectively), which allow to foresee a favorable impact on the construction sector. In spite of that, the beginning of the year was negative for the cement industry, mainly due to bad weather conditions which strongly restrained building activities. Cement sales posted a sizeable contraction in Ukraine (-41,9%), the Czech Republic (-32.6%) and Poland (-22.7%). In Russia, deliveries, although lower by 7.5% than the previous year's ones, recorded an improving trend through the quarter. Average selling prices in local currency decreased in Russia (-9.8%), Poland (-6.6%), the Czech Republic (-5.7%) and were up in Ukraine (+7.7%). Demand weakness had repercussions also on ready-mix concrete volumes and selling prices, which contracted in all countries where the group operates.

Overall net sales came in at €59.8 million from €79.8 million in 2009 (-25.1%). The Ebitda realized in the area shrank by €4.8 million from €7.3 million in 2009 to €2.5 million in 2010. The profitability deterioration was due to the low utilization of the production capacity, with a consequent higher product costs per unit. Conversely foreign exchange was favorable (Czech koruna +6.2%, zloty +11.3%, ruble +7.0%), except for the Ukrainian currency, which was 6.4% lower than in 1Q-09.

In Ukraine the investment project to switch from natural gas to coal at both production sites will be completed, as scheduled, in the second quarter of 2010 with immediate economic benefits. In Russia, the new dry-process production line at Suchoi-Log is going to open in the first ten days of August. The new capacity is expected to be straightaway utilized at a very high and consequently optimal rate, in partial replacement of the existing one.

United States of America
Based on the major international observers' estimates the economy should resume significant rates of growth in 2010 (+3.1%) However, in the first three months of the year, the construction sector continued to show signs of weakness. The expected decline in industrial and commercial building was not followed by an actual turnabout in the residential sector, while public spending in infrastructures, although on the rise, shows difficulty in gaining speed. Consequently demand contraction was still sizeable, also due to adverse weather which delayed the opening or progress of building yards.

In this scenario, group's cement volumes sold were down 23.2% while average unit prices in local currency declined by 7.7%. Ready-mix concrete sales dropped by 12.8% with prices also in decline. Volumes trend was penalized vs. 1Q-09 by the lack of some major work orders. Overall net sales totalled €105.4 million versus €149.9 million (-29.7%). Foreign exchange effect was unfavorable for €6.6 million. Volumes and selling prices contraction negatively impacted US operations' profitability. Ebitda consequently was negative for €5.6 million vs. a positive value of €14.2 million in 2009 (-€19.8 million).

Mexico (50% consolidation)
In 2010 the key economic indicators are expected to turn in positive, first of all GDP (+4.2%). However in the first quarter of the year, Moctezuma's cement volumes sold decreased by 11.0%, with average selling prices in local currency in slight improvement (+2.6%). Ready-mix concrete sales were up 7.0%, in a declining prices environment. Net sales in euro showed only a slight decrease (-2.1%) from €46.4 million to €45.4 million. Ebitda instead was up 4.7% to €17.0 million vs. €16.2 million in 2009. Mexican operations' Ebitda to sales margin improved from 1Q-09 reaching 37.4%. The Mexican peso appreciation (+5.6%) positively impacted the

translations of the results into euro. At constant exchange rate net sales and Ebitda would have decreased by 7.6% and 1.2% respectively.
The construction of the new cement plant of Apazapan, in the State of Veracruz, is progressing on schedule, with coming on stream slated for October next.

Outlook
The first quarter of 2010 showed a decline in economic results, due to the contraction of sales volumes and the consequent weakening of prices in many countries where the group operates. The adverse weather conditions had surely a decisive impact on building activities. With the coming of spring and summer we might reasonably expect a quite neat recovery of demand at consolidated level. However, although, on the one end, volumes will probably improve, on the other end, a positive pricing development seems unlikely, mainly in countries such as Italy, the United States of America and Russia which feature intense competition and substantial excess production capacity.

The development of trading conditions in the forthcoming months will allow a better visibility on the 2010 likely scenario. Based on the first quarter unsatisfactory trend, for the current year we deem it advisable to confirm the expectations of operating results and net profit lower than the ones posted in the previous year.

Casale Monferrato, May 12, 2010

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(in thousands of euro)	
	Mar 31, 2010	Dec 31, 2009
ASSETS		
Non-current assets		
Goodwill	567,929	565,655
Other intangible assets	14,453	14,113
Property, plant and equipment	3,588,175	3,411,174
Investment property	15,041	14,834
Investments in associates	233,610	227,167
Available-for-sale financial assets	5,710	6,108
Deferred income tax assets	67,187	44,997
Defined benefits plan assets	48,245	46,782
Derivative financial instruments	3,118	250
Other non-current assets	83,017	81,793
	4,626,485	**4,412,873**
Current assets		
Inventories	391,388	387,061
Trade receivables	452,913	436,245
Other receivables	140,449	124,513
Available-for-sale financial assets	1,025	1,024
Derivative financial instruments	836	782
Cash and cash equivalents	571,238	696,965
	1,557,849	**1,646,590**
Total Assets	**6,184,334**	**6,059,463**

	(in thousands of euro)	
	Mar 31, 2010	Dec 31, 2009
EQUITY		
Capital and reserves attributable to owners of the company		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	165,784	10,604
Retained earnings	1,856,127	1,910,690
Treasury shares	(7,671)	(7,671)
	2,596,573	**2,495,956**
Minority interest	237,836	216,418
Total Equity	**2,834,409**	**2,712,374**
LIABILITIES		
Non-current liabilities		
Long-term debt	1,432,255	1,448,713
Derivative financial instruments	40,123	58,552
Employee benefits	319,090	314,754
Provisions for liabilities and charges	141,593	137,014
Deferred income tax liabilities	495,490	462,285
Other non-current liabilities	15,495	15,350
	2,444,046	**2,436,668**
Current liabilities		
Current portion of long-term debt	368,152	354,655
Short-term debt	580	7,789
Derivative financial instruments	12,215	14,604
Trade payables	242,033	265,667
Income tax payables	27,280	40,681
Provision for liabilities and charges	47,868	49,460
Other payables	207,751	177,565
	905,879	**910,421**
Total Liabilities	**3,349,925**	**3,347,089**
Total Equity and Liabilities	**6,184,334**	**6,059,463**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	January - March 2010	2009
Net sales	**459,629**	**587,348**
Changes in inventories of finished goods and work in progress	(17,088)	(15,914)
Other operating income	24,466	11,178
Raw materials, supplies and consumables	(204,350)	(264,738)
Services	(132,472)	(154,810)
Staff costs	(100,434)	(106,276)
Other operating expenses	(15,828)	(17,454)
Operating cash flow (EBITDA)	**13,923**	**39,334**
Depreciation, amortization and impairment charges	(54,194)	(51,442)
Operating profit (EBIT)	**(40,271)**	**(12,108)**
Gains on disposal of investments	10	1
Finance revenues	42,833	40,996
Finance costs	(76,341)	(73,480)
Equity in earnings of associates	(582)	(661)
Profit (loss) before tax	**(74,351)**	**(45,252)**
Income tax expense	24,148	4,817
Profit (loss) for the period	**(50,203)**	**(40,435)**
Attributable to		
Owners of the company	(52,867)	(42,994)
Minority interest	2,664	2,559

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euro)

	January - March 2010	2009
Profit (loss) for the period	**(50,203)**	**(40,435)**
Currency translation differences	173,820	36,186
Income taxes relating to components of other comprehensive income	—	—
Other comprehensive income for the period, net of tax	**173,820**	**36,186**
Total comprehensive income for the period	**123,617**	**(4,249)**
Attributable to:		
Owners of the company	101,119	(4,388)
Minority interest	22,498	139

CONSOLIDATED NET FINANCIAL POSITION

		(in thousands of euro)
	Mar 31, 2010	Dec 31, 2009
Cash and short-term financial assets:		
Cash and cash-equivalents	571,238	696,965
Derivative financial instruments	836	782
Other current financial receivables	8,397	8,560
Short-term financial liabilities:		
Current portion of long-term debt	(368,152)	(354,655)
Bank overdrafts and borrowing	(580)	(7,789)
Other current financial liabilities	(60,325)	(42,818)
Derivative financial instruments	(12,215)	(14,604)
Net short-term cash (debt)	**139,199**	**286,441**
Long-term financial assets:		
Derivative financial instruments	3,118	250
Other non-current financial receivables	15,249	15,889
Long-term financial liabilities:		
Long-term debt	(1,432,255)	(1,448,713)
Derivative financial instruments	(40,123)	(58,552)
Other non-current financial liabilities	(4,929)	(4,575)
Net debt	**(1,319,741)**	**(1,209,260)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report for the three months ended 31 March 2010 has been drawn up in compliance with art. 154 ter of Legislative Decree 58/1998. It has been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, and the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, to which please refer for additional information.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the closing date and the reported amounts of revenues and expenses for the period. In case in the future such estimates and assumptions, based on the best knowledge of the management, should significantly differ from the actual circumstances, they would be modified accordingly in the relevant period in which they change. Income tax expense is recognized based upon the best estimate of the weighted average tax rate expected for the full financial year.

The items of the consolidated income statement and balance sheet at 31 March 2010 are consistent with the previous year's corresponding ones, which are reported for comparison.

The changes occurred in the scope of consolidation during the first three months of 2010 do not alter, overall, in a material way the comparability with the previous period.

For the outlook please refer to the section "Interim management review". Transactions with related parties were carried out at market conditions.

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Equity attributable to owners of the company is up €100.6 million from 31 December 2009. The change is mainly the result of two separate effects: a decrease due to loss for the period (€52.9 million), an increase associated with the positive changes in translation differences following the weakening of the euro against the main currencies (€154.0 million).

* * *

The decrease of 21.7% in net sales compared to the same period of 2009 is due to unfavorable trading conditions for -21.6%, to unfavorable currency effect for -0.1% and to changes in the scope of consolidation for 0.1%.

The breakdown of net sales by line of business and geographical area is the following:

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*USA*	*Mexico*	*Unallocated items and adjustments*	*Total*
Three months ended 31 March 2010							
Segment revenue	134,405	112,848	59,781	105,413	45,448	1,734	459,629
Intersegment revenue	(22)	(56)	-	-	-	78	-
Revenues from external customers	134,383	112,792	59,781	105,413	45,448	1,812	459,629
Operating profit	(5,308)	(19,405)	(5,252)	(24,237)	14,134	(203)	(40,271)

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*USA*	*Mexico*	*Unallocated items and adjustments*	*Total*
Three months ended 31 March 2009							
Segment revenue	172,635	135,407	79,785	149,898	46,436	3,187	587,348
Intersegment revenue	(22)	(209)	-	-	-	231	-
Revenues from external customers	172,613	135,198	79,785	149,898	46,436	3,418	587,348
Operating profit	(4,691)	(16,725)	352	(3,373)	13,655	(1,326)	(12,108)

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The manager responsible for preparing the company's financial reports, Silvio Picca, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this interim report corresponds to the document results, books and accounting records.