Buzzi Unicem

Interim report as at

March 31, 2012

Buzzi Unicem S.p.A.
Registered Office in Casale Monferrato (AL) – Via Luigi Buzzi 6
Share capital € 123,636,658.80
Company Register of Alessandria no. 00930290044

CONTENTS

Interim management review

In the first quarter of the year 2012, in the different countries where the group operates, cement and ready-mix concrete demand showed a slowdown from the same period a year earlier. Seasonality, with an extremely cold winter, especially during the month of February, had a negative impact mainly in Central Europe countries and in Italy. The sale volumes decline was sharpened by the unfavorable comparison with the same period 2011, which had enjoyed mild and dry weather. Conversely in the United States, the robust growth of deliveries was favored by an unusually warm winter as opposed to a harsh one in the first three months of the previous year. Sale volumes trend was positive also in Mexico and in Eastern Europe, except for the Czech Republic.

World economy in 2012 is expected to grow, but the speed will be very different in the main geographical areas: quite brilliant in BRIC countries, with China however slowing down; weak in the Eurozone, due to the high uncertainty on the development of the sovereign debt crisis; probably better than initially expected in the United States of America, thanks to decreasing unemployment. Inflationary pressures relaxed both in advanced and in emerging countries, but the trend especially in electricity costs is cause for concern.

Group's cement volumes at 5.3 million tons were down 4.0% from the same period a year earlier. Volumes decrease affected mainly Italy and, to a lesser extent, Central Europe while the United States of America, Mexico and Eastern Europe performed rather well. Ready-mix concrete volumes showed a more marked decline and totaled 2.8 million cubic meters, down 12.5% from Q1-11.

Cement selling prices in local currency were higher than in Q1-11, except for Poland. Also in the ready-mix concrete, selling prices overall showed a favorable change compared with the same period a year earlier.

Consolidated net sales declined by 1.3% from €569.4 million to €562.2 million. The decrease stems from an unfavorable volume effect for €23.1 million, partly offset by a positive price effect for €15.9 million. Ebitda stood at €22.4 million, down €20.3 million from Q1-11. Changes in the scope of consolidation and foreign exchange fluctuation accounted for an increase in net sales of €1.7 million and €2.9 million respectively; impact on Ebitda was positive for €0.1 million and negative for €0.5 million respectively. On a like-for-like basis, net sales and Ebitda would have decreased by 2.1% and 42.9%. In this respect we remind that the Q1-11 figure included non-recurring gains for €7.1 million referring to the sale of an investment property in Luxembourg. Net of non-recurring items, Ebitda would have decreased by 32.2%. Moreover in Q1-11 Ebitda included €14.3 million of other operating revenues from the sale of CO2 emission rights, whereas in the first quarter of the current year income relating to the sale or trade of CO_2 emission rights amounted to only €1.8 million. After amortization and depreciation for €56.5 million (€60.9 million in Q1-11) Ebit was negative for €34.1 million (-€18.2 million in 2011). Net finance costs stood at the same level as in the previous year (€27.9 million vs. €28.0 million in 2011). Due to the effects of the factors outlined above, the first quarter 2012 closed with a loss before tax of €64.5 million vs. a loss of €46.7 million at March 2011. After income tax expense, net loss for the period came in at €45.9 million, (€49.9 million being the share attributable to the owners of the company).

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

Net sales

million euro	*Q1-12*	*Q1-11*	*Change abs*
Italy	113.4	131.7	-18.3
United States of America	136.1	113.7	22.4
Germany	115.7	130.9	-15.2
Luxembourg	23.4	27.9	-4.5
Netherlands	21.0	27.4	-6.4
Czech Republic	19.5	28.6	-9.2
Poland	18.5	18.5	-
Ukraine	17.6	12.4	5.2
Russia	40.2	27.6	12.6
Mexico	64.8	58.7	6.2
Eliminations	-8.0	-8.0	-
	562.2	**569.4**	**-7.2**

Ebitda

million euro	*Q1-12*	*Q1-11*	*Change abs*
Italy	-4.8	0.2	-5.0
United States of America	1.0	-9.1	10.2
Germany	-0.4	13.9	-14.3
Luxembourg	-1.4	13.3	-14.7
Netherlands	-1.8	-0.4	-1.4
Czech Republic	-3.0	1.2	-4.1
Poland	-2.0	-0.9	-1.1
Ukraine	-3.9	-2.3	-1.5
Russia	13.7	4.4	9.3
Mexico	24.8	22.4	2.3
	22.4	**42.7**	**-20.3**

Cash flow was equal to €10.6 million (€28.2 million at March 2011). Net debt as at 31 March 2012 amounted to €1,204.6 million, up €61.6 million over year-end 2011. Investments accounted for a total of €35.3 million of the figure (€37.7 million in Q1-11), €12.8 million thereof referring to special projects. As at March 31, 2012, total equity, inclusive of non-controlling interest, stood at €2,791.2 million vs. €2,844.8 million as at December 31, 2011. Consequently debt/equity ratio was equal to 0.43 (0.40 at 2011 year-end).

Italy

After a 0.7% decrease QoQ posted by GDP in the fourth quarter 2011, economic indicators predict a further slowdown in industrial output, although exports should substantially hold steady. Household spending behavior remains cautious, restrained by labor market conditions. Spending in the durables segment continues to be weak and companies' investments suffer from unused overcapacity, weak domestic demand as well as tensions on credit terms. Chances that a recovery will start from the end of the year and continue in 2013 much depend on the financial markets trend and the government bond yields; thus uncertainty remains high on the economic outlook. The estimates published by the Italian cement industry association show that domestic cement deliveries in the first quarter 2012 declined by 24.5% YoY. The decrease in group's sales was substantially in line with that of domestic consumption. Selling prices achieved a good rebound (+25.4%) from the very depressed levels of early 2011. The trend in the ready-mix concrete sector was very difficult, with sale volumes down 23.7% and only slightly higher prices. Overall, net sales came in at €113.4 million, down 13.9% from €131.7 million in Q1-11. Ebitda was negative for €4.8 million vs. a positive of €0.2 million in Q1-11. The 2011 figure however included other operating revenues equal to €6.4 million deriving from the sale of CO_2 emission rights.

Central Europe
Within the euro zone, it is the geographical area less hit by the sovereign debt crisis and structurally more solid. GDP growth prospects for the current year remain lower than those reached in 2011, but a favorable rate of progress is forecast and for the construction sector an increase of about 2% is expected.

In Germany, very cold weather, especially in the month of February, penalized shipments in the first quarter of the year. Cement and ready-mix concrete volumes decreased by 14.1% and 6.8% respectively from the same period of 2011 which however had benefited from favorable weather conditions. Cement selling prices slightly increased (+1.9%). Overall net sales stood at €115.7 million vs. €130.9 million in Q1-11 and Ebitda was negative for €0.4 million from a positive of €13.9 million in the previous year. Other operating revenues from the sale of CO2 emission rights were equal to €1.8 million (€3.9 million in 2011).

In Luxembourg, mainly due to adverse weather conditions, our cement and clinker volumes reported a sizeable decrease (-17.3%) with slightly higher prices (+2.2%). Net sales at €23.4 million, were down 16.0% from €27.9 million in 2011. Ebitda declined to -€1.4 million from +€13.3 million in the previous year. However, the 2011 figure included other operating revenues equal to €4.9 million deriving from the sale of CO2 emission rights vs. nil in the current year and other non-recurring income for €7.1 million for gains on disposal of an investment property.

In the Netherlands, due to harsh climate and slowdown of economic activity, in the first three months, ready-mix concrete volumes sold decreased by 18.6% with lower prices. Net sales declined by 23.2% and Ebitda was negative for €1.8 million (-€0.4 million in 2011).

Eastern Europe
The phase of economic recovery which this geographical area had enjoyed since the second half of 2010 continues. For 2012, estimates hints at a fairly good GDP growth in all the countries where the group operates, apart from the Czech Republic, with expected improvements for the construction sector. In Poland and Ukraine, the completion of the works linked to the European soccer championship helps sustain building materials demand. The beginning of the year was satisfactory for the cement industry and our sales volume that posted a sizeable increase in Poland (+16.7%), Russia (+11.8%) and Ukraine (+6.2%). Conversely, the Czech Republic’s performance was weak with volumes down 25.7%, also due to fewer exports. In Ukraine (+23.4%) and in Russia (+22.8%) the upward trend of prices in local currency which had begun in the second half of 2011 consolidated. In the Czech Republic (+0.9%) and in Poland (-3.3%) average unit revenue dynamics did not show any significant change from

Q1-11. Ready-mix concrete volumes posted a marked decline mainly due to the difficult situation in the Czech Republic.

Overall net sales came in at €94.8 million from €86.4 million in 2011 (+9.7%). The Ebitda realized in the area more than doubled, from €2.4 million in 2011 to €5.0 million in 2012, inclusive of €0.3 million positive effect due to foreign exchange fluctuation.

United States of America
Forecasts on the economy trend in the current year hint at a moderate growth of GDP (+2.2%). The beginning of 2012 showed encouraging macroeconomic signs, in line with the progress already recorded during the fourth quarter of 2011. In the construction sector, expectations for a slight recovery in residential building and, for some segments, also in industrial and commercial construction have become stronger. The recent estimates on cement consumption in the country predict that demand will rise by 3/4% from the previous year.

Thanks to very mild weather in the first three months of 2012 as opposed to the much colder one in 2011, our cement volumes sold were up 15.2%. Average unit prices in local currency improved by 3.2%. Ready-mix concrete output increased by 3.6% with prices on the rise. Overall net sales totaled €136.1 million vs. €113.7 (+19.7%). Foreign exchange effect was favorable for €5.7 million. The above described volume/price mix finally allowed for a turnabout in profitability downward trend; thus Ebitda was positive for €1.0 million (negative for €9.1 million in 2011).

Mexico (50% consolidation)
The results posted in the first three months of the year confirmed that the country's economic context is rather sound. Moctezuma's cement volumes sold increased by 11.0%, with favorable price effect (+5.6% in local currency). Similarly, ready-mix concrete sales posted a fair progress from the previous year (+5.6%), with slightly better prices. Net sales in euro increased by 10.5% from €58.7 million to €64.8 million. Ebitda equally improved (+10.4%) and came in at €24.8 million vs. €22.4 million in 2011. The Mexican peso depreciation (-3.1%) negatively impacted the translations of the results into euro. At constant exchange rate, net sales and Ebitda would have increased by 14.0% and 13.9% respectively.

Outlook
The start of the first quarter 2012 was largely influenced by weather conditions, which were favorable in the United States and, on the contrary, adverse in Central Europe and Italy. The countries in which results might differ to a larger extent from the initial assumptions are Italy, in a negative way, and the United States, in a positive one. After having assessed the actual operating conditions in spring, it will be possible to define more precisely the development of the scenario assumed. Consequently, as of

now, we deem it advisable to confirm for the full year 2012 our expectations of operating results similar to the ones posted in the previous year.

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 press release corresponds to the document results, books and accounting records.

Casale Monferrato, May 11, 2012

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(thousands of euro)	
	Mar 31, 2012	Dec 31, 2011
ASSETS		
Non-current assets		
Goodwill	588.255	588.607
Other intangible assets	10.363	10.245
Property, plant and equipment	3.291.960	3.334.646
Investment property	21.333	21.209
Investment in associates	202.041	207.893
Available-for-sale financial assets	5.273	5.243
Deferred income tax assets	60.574	44.469
Defined benefits plan assets	38.697	41.894
Derivative financial instruments	1.135	1.698
Other non-current assets	59.396	60.350
	4.279.027	**4.316.254**
Current assets		
Inventories	393.697	404.480
Trade receivables	492.510	487.412
Other receivables	109.938	107.050
Available-for-sale financial assets	19	11
Derivative financial instruments	2.278	4.216
Cash and cash equivalents	520.088	592.028
	1.518.530	**1.595.197**
Assets held for sale	16.669	17.421
Total Assets	**5.814.226**	**5.928.872**

	(thousands of euro)	
	Mar 31, 2012	Dec 31, 2011
EQUITY		
Equity attributable to owners of the company		
Share capital	123.637	123.637
Share premium	458.696	458.696
Other reserves	155.350	164.945
Retained earnings	1.825.360	1.875.981
Treasury shares	(6.180)	(6.180)
	2.556.863	**2.617.079**
Non-controlling interest	234.308	227.724
Total Equity	**2.791.171**	**2.844.803**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.282.170	1.247.855
Derivative financial instruments	24.557	13.837
Employee benefits	310.394	315.791
Provisions for liabilities and charges	123.218	121.123
Deferred income tax liabilities	408.338	427.152
Other non-current liabilities	14.064	15.400
	2.162.741	**2.141.158**
Current liabilities		
Current portion of long-term debt	352.955	402.413
Short-term debt	58.973	78.560
Derivative financial instruments	512	151
Trade payables	235.750	263.597
Income tax payables	19.722	19.723
Provisions for liabilities and charges	42.163	42.365
Other payables	150.239	136.102
	860.314	**942.911**
Total Liabilities	**3.023.055**	**3.084.069**
Total Equity and Liabilities	**5.814.226**	**5.928.872**

CONSOLIDATED INCOME STATEMENT

	(thousands of euro)	
	January - March	
	2012	2011
Net sales	**562.230**	**569.404**
Changes in inventories of finished goods and work in progress	(7.308)	(7.192)
Other operating income	14.877	32.456
Raw materials, supplies and consumables	(258.174)	(274.101)
Services	(162.146)	(156.154)
Staff costs	(108.290)	(105.945)
Other operating expenses	(18.828)	(15.766)
Operating cash flow (EBITDA)	**22.361**	**42.702**
Depreciation, amortization and impairment charges	(56.503)	(60.931)
Operating profit (EBIT)	**(34.142)**	**(18.229)**
Gains on disposal of investments	252	558
Finance revenues	29.315	40.447
Finance costs	(57.166)	(68.464)
Equity in earnings of associates	(2.783)	(1.042)
Profit (loss) before tax	**(64.524)**	**(46.730)**
Income tax expense	18.598	13.967
Profit (loss) for the period	**(45.926)**	**(32.763)**
Attributable to:		
Owners of the company	(49.949)	(36.580)
Non-controlling interest	4.023	3.817

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(thousands of euro)	
	January - March	
	2012	2011
Profit (loss) for the period	**(45.926)**	**(32.763)**
Currency translation differences	(2.814)	(99.144)
Income taxes relating to components of other comprehensive income	324	-
Other comprehensive income for the period, net of tax	**(2.490)**	**(99.144)**
Total comprehensive income for the period	**(48.416)**	**(131.907)**
Attributable to:		
Owners of the company	(60.467)	(131.430)
Non-controlling interest	12.051	(477)

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)

	Mar 31, 2012	*Dec 31, 2011*
Cash and short-term financial assets:		
Cash and cash equivalents	520,088	592,028
Derivative financial instruments	2,278	4,216
Other current financial receivables	6,623	7,770
Short-term financial liabilities:		
Current portion of long-term debt	(352,955)	(402,413)
Short-term debt	(58,973)	(78,560)
Derivative financial instruments	(512)	(151)
Other current financial liabilities	(25,503)	(14,647)
Net short-term cash	**91,046**	**108,243**
Long-term financial assets:		
Derivative financial instruments	1,135	1,698
Other non-current financial assets	12,998	12,588
Long-term financial liabilities:		
Long-term debt	(1,282,170)	(1,247,855)
Derivative financial instruments	(24,557)	(13,837)
Other non-current financial liabilities	(3,093)	(3,906)
Net debt	**(1,204,641)**	**(1,143,069)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report for the three months ended 31 March 2012 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 2011, 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 accrued using the tax rate that would be applicable to expected total annual profit or loss.

The items of the consolidated income statement and balance sheet at 31 March 2012 are consistent with the previous year’s corresponding ones.

The changes occurred in the scope of consolidation during the first three months of 2012 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”.

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Equity attributable to owners of the company is down by €60.2 million from 31 December 2011. The change is mainly due to the loss for the period (€49.9 million) and the negative changes in translation differences (€10.5 million), following the weakening of the US dollar against the euro.

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The decrease of 1.3% in net sales compared to the same period of 2011 is due to trading conditions (volumes and prices effect) for 2.1%, to favorable currency effect for 0.5% and to additions in the scope of consolidation for 0.3%.

Segment information

The breakdown of net sales, operating cash flow and operating profit by line of business and by 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 2012							
Segment revenue	112,269	154,253	94,815	136,131	64,818	(56)	562,230
Intersegment revenue	(1)	(188)	–	–	–	189	–
Revenue from external customers	112,268	154,065	94,815	136,131	64,818	133	562,230
Operating cash flow (EBITDA)	(5,068)	(3,573)	4,986	1,042	24,757	217	22,361
Operating profit (EBIT)	(15,280)	(16,161)	(7,723)	(16,663)	21,113	572	(34,142)

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*USA*	*Mexico*	*Unallocated items and adjustments*	*Total*
Three months ended 31 March 2011							
Segment revenue	130,756	179,034	86,393	113,698	58,658	865	569,404
Intersegment revenue	–	(71)	–	–	–	71	–
Revenue from external customers	130,756	178,963	86,393	113,698	58,658	936	569,404
Operating cash flow (EBITDA)	(156)	26,839	2,382	(9,109)	23,092	(346)	42,702
Operating profit (EBIT)	(11,633)	13,829	(12,759)	(26,302)	18,827	(191)	(18,229)

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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.