Interim report

as of September 30, 2008

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

CONTENTS

Interim management review

The negative trend of financial markets and the lack of liquidity recorded in the last months have made the world macroeconomic scenario vulnerable and sharply shrunk growth prospects. The moves governments have taken to rescue primary financial institutions, besides weighing down on national budgets, seem far from rebuilding consumer and industry confidence and fear is for a protracted recession scenario.

In the third quarter of 2008 the construction sector confirmed the first-half trend with good levels in Central Europe markets and sale volumes still growing in Eastern Europe countries, driven by favorable trading conditions. The economic cycle slowdown consolidated in some mature markets, such as Italy whose trend is more penalizing than what expected at the beginning of the year. In the United States, housing demand is still stagnant and the award of new contracts in the non-residential sector has sharply dropped; moreover adverse weather has negatively impacted sales volumes. The Mexican market records a slowdown in residential building, partly influenced by the US crisis while the country's infrastructure development plans continue.

In the first nine months of 2008, group's cement and clinker volumes at 24.9 million tons are down 4.0% over 2007. Volumes contrasting scenario shows a quite negative trend in mature markets (Italy, the United States) partly offset by Central and Eastern Europe countries; slightly downward is the Mexican market.
Ready-mix concrete volumes reach 12.9 million cubic meters, up 1.6% over 9M-07, thanks to the production restructuring and rationalization plans carried out in Germany and the higher production capacity in the United States following some recent acquisitions.
Compared with 9M-07 cement selling prices in local currency show a favorable dynamics almost everywhere, with outstanding changes in Russia and Ukraine. Conversely in the United States unit average revenues are slightly lower than in the previous year. Ready-mix concrete average unit prices have generally improved. Production costs continue to be under strong pressure, driven by fuel hikes.

Consolidated net sales increase by 4.1% from €2,618.4 million to €2,724.7 million and Ebitda at €738.7 million improves by €19.7 million (+2,7%). Net of non-recurring items, Ebitda would have improved by €6.6 million (+0.9%). Recurring Ebitda to sales margin decreases from 27.4% to 26.6%. Changes in the scope of consolidation account for an increase of €32.1 million in net sales and €1.9 million in Ebitda. Foreign exchange fluctuations negatively impact the two figures by €76.5 million and €24.5 million respectively. Like-for-like net sales and Ebitda would have increased by 5.7% and 5.9% respectively. After amortization and impairment charges for €160.7 million (€144.8 million in 9M-07) Ebit increases to €578.0 million (€574.3 million at September 2007). Finance costs increase from €28.2 million to €52.6 million, mainly due to foreign exchange differences, while

the contribution of the associates accounted for under the equity method has halved (from €11.0 million to €5.5 million).
As a result, profit before tax is down 4.7% (from €557.1 million to €530.9 million) while net profit benefits from a more favorable average tax rate and increases from €355.1 million to €362.9 million (+2.2%). After allotment of minorities, consolidated net profit comes in at €295.1 million (-1.5% versus €299.5 million in 2007).

Ebitda breakdown by geographical area is as follows:

	Year to date		3rd quarter	
EBITDA	Sep-08	Sep-07	Jul-Sep 08	Jul-Sep 07
Italy	121.4	153.4	31.8	55.0
United States	141.2	224.7	68.2	90.8
Mexico	63.3	71.8	21.8	24.9
Germany	76.5	61.5	29.5	25.9
Luxembourg	20.0	14.2	5.3	5.3
The Netherlands	4.7	4.9	0.5	0.8
Czech Republic	57.2	55.3	24.3	23.6
Poland	56.1	40.3	24.6	16.9
Ukraine	57.2	43.4	21.5	20.0
Russia	141.1	49.5	54.4	26.3
Total consolidated	738.7	719.1	281.8	289.6

Cash flow is equal to €523.6 million versus €499.9 million at September 2007. Net debt as of 30 September 2008 amounts to €794.7 million, up €173.5 million over year-end 2007. In the first nine months, the group invested €358.5 million in property, plant and equipment, €185.2 million thereof for capacity expansion projects. Equity investments, equal to €232.1 million mainly relate to the acquisition of a 35% stake in two Algerian cement plants (€110.0 million), of the grinding terminal "Cementi Cairo Srl" based near Savona (€41.0 million) and of 100% of Dorsett Bros. Concrete Supply, Inc. in Houston (€50.5 million) as well as to the purchase of Dyckerhoff AG shares (€17.3 million). As of September 30, 2008, total equity, inclusive of minority interest, stands at €2,807.8 million versus €2,513.4 million as of December 31, 2007. Consequently debt/equity ratio is equal to 0.28 (0.25 at 2007 year-end).

Italy

In the first nine months cement and clinker volumes sold, exports included, are down 13.2%. The construction market continues to show a downward trend, caused by the decline of new house starts and the slowdown of the public sector following investments cuts. The rigorous price policy implemented in the first months of the year has lately given way to a recovery of the market share, with consequent price erosion compared with the good levels of the beginning of 2008. The third quarter was marked by an enduring energy costs inflation which further squeezed income margins. The present weakness of crude oil prices hints however at a turnabout in the forthcoming months.
Also ready-mix concrete sales suffer from the market slowdown, posting a 16.2% decrease with prices in line with inflation.
Overall, net sales in Italy come in at €658.6 million, down 9.8% versus €730.4. million in 9M-07. Ebitda stands at €121.4 million (€153.4 million in 2007, -20.9%), with a decline of Ebitda to sales margin from 21.0% to 17.4%, net of non recurring items.

At the beginning of November the company announced the plan to stop production at the Santarcangelo di Romagna (RN) plant, with the final shut down of the unit on 31 December 2008. Buzzi Unicem reached this decision because the plant, which dates back to 1920, gradually ceased to be competitive during the last few years due to the rising cost of electricity, fuel, transport, spare parts and services. Closing the plant will allow the company to maximize the production capacity in the other Italian plants and cut costs and capital expenditures by approximately €5 million per year on a permanent basis.

Central Europe

In Germany, cement volumes sold are up 4.1%, thanks to a moderate growth of the market, sustained by non residential building, infrastructure works and exports to the Netherlands. Ready-mix concrete sector records a sizeable production growth of 12.8%, including the widening in the scope of consolidation. Cement and ready-mix concrete average unit revenues have improved by 7% and 10% respectively. Net sales in Germany stand at €459.5 million versus €383.5 million in 9M-07. Ebitda is up 24.4%, from €61.5 million in 2007 to €76.5 million.

In Luxembourg cement volumes sold are stable (+0.6%), with slightly higher prices. Overall net sales decrease 2.9%, from €71.5 million to €69.4 million, only due to the change in the scope of consolidation, net of which they would have increased by 6.9%. Ebitda improves from €14.2 million to €20.0 million (+40.8%) but, excluding non-recurring items in both years (gain on disposal of Eurobeton remaining stake in 2008 and provision for losses on disposal of Marbrerie Jaquemart in 2007), Ebitda variance would have been negative for €4.3 million.

In the Netherlands, in the first nine months, volumes sold exceed 0.85 million cubic meters of ready-mix concrete (+18.1% over 2007), with net sales at €103.4 million (+2.4% over 2007) and Ebitda slightly lower than in the previous year (from €4.9 million to €4.7 million).

Eastern Europe
In Poland and the Czech Republic, where our subsidiaries closely cooperate with intercompany sales, volumes sold increase by 9.3% and 1.2% respectively; volumes are sustained also in Ukraine, confirming the first-half growth rate, with an improvement of 7.1%. In Russia and especially in the Urals region, the construction sector continues to boost thanks to commercial investments and infrastructure works, while some possible perceived slowdowns seem to be more attributable to the lack of qualified manpower than to the financial crisis. In such a context, Suchoi Log plant capacity continues to be fully utilized: in the first nine months tons sold have slightly decreased (-1.7%) but the gap recorded at the beginning of the year has been almost recovered.
Average selling prices in local currency improve in all countries and specifically: they show a moderate recovery in the Czech Republic (+5.1%), a significant progress in Poland (+14.4%) and a strong rise in Ukraine (+39.8%) and especially in Russia (+71.4%). Such a rise in prices, besides being due to a carried over effect of the increases occurred during 2007, reflects a favorable variance occurred in the second and third quarter in Poland and Ukraine, and a slight erosion in Russia.
Ready-mix concrete volumes are up 8.5%, driven by all our countries of operations, with selling prices generally improving, especially in Ukraine and Poland.

The progress in volumes and prices has led to a net sales overall increase of 38.2% from €532.6 million to €736.2 million; foreign exchange effect is favorable in Poland and the Czech Republic, unfavorable in Russia and Ukraine, with an overall positive balance of €10.1 million. Ebitda is up 65.4%, from €188.4 million to €311.5 million; the improvement is attributable mainly to Russia, however also Ukraine and Poland show a strong growth. At September year-to-date the expense booked for the assembly of used machinery for the capacity expansion project in Russia amounts to €7.8 million.

United States of America
In the first nine months, cement volumes sold are down 8.2%. The decline is less marked than in the overall market thanks to the positive performance of Texas operations. The strong slowdown in residential construction continues without adequate counteracting from commercial and public building by now also influenced by the deteriorating economic scenario. Some extreme adverse weather conditions (hurricanes) amplified the negative scenario of the period. Despite a growing competition in some areas, the decline in average unit prices is moderate (-2.6%) and in the third quarter they are only slightly lower than in the second one. Ready-

mix concrete volumes increase by 24.8% thanks to a wider scope of consolidation which includes the batching plants acquired at the end of 2007 and during 2008 in Texas, Missouri and Tennessee. Overall net sales come in at €554.5 million versus €646.3 million (-14.2%) and Ebitda is down 37.2% from €224.7 million to €141.2 million. Excluding the effect linked to dollar weakness, the two figures would have decreased by 2.9% and 28.9% respectively.
Ongoing is a restructuring of operations, which has brought to discontinue cement and clinker production at Independence, KS plant and slag grinding at New Orleans, LA with consequent cost reduction expected in 2009. Also the Oglesby, IL cement plant will temporarily cease production, starting from December 1, 2008.

Mexico (50% consolidation)
Moctezuma's cement volumes sold decrease by 2.0%, mainly as a consequence of the slowdown recorded in the third quarter, with average selling prices in local currency improving by about 4%. Ready-mix concrete sales are up 9.3%, with prices in line with the previous year's ones. Net sales and Ebitda translated into euro show a negative trend: net sales decrease by 3.7% (from €160.6 million to €154.7 million) and Ebitda is down 11.9% (from €71.8 million to €63.3 million), with Ebitda to sales margin at 40.9% versus 44.7% in 2007. The result is negatively affected mainly by the cost inflation recorded during the year and by a penalizing translation effect. At constant rate the two figures would have come in at +4.7% and -4.2% respectively.

Outlook

In Italy, volumes are expected to go down by around 10%, with profitability in decline. Compared with the first nine-month average, prices are deteriorating which makes future prospects more uncertain.
In Germany, in a context of slightly positive volumes and average prices in improvement, operating results are very likely to be confirmed on the rise.
In Eastern Europe markets, we expect a good increase of the overall profitability although in the last quarter the trend of growth rates will be less brilliant than in the first nine months.
In the United States of America demand will remain weak, with operating results trend and Ebitda margin coming out similar to those reported at end-September.
In Mexico the outlook is for stable or slightly declining volumes, in a better pricing environment. Profitability is expected to stand at a lower level than the 2007's one. Consequently, at group's level, for the full year 2008 we confirm the expectations set forth in the first half interim report, i.e. the attainment of recurring operating results slightly lower than the ones posted in 2007. Consolidated net profit will likely decrease, due to more penalizing finance costs and to a higher portion attributable to minority interest.

Implementation of the provisions relating to Article 36 of Consob regulation no 16191/2007 as amended.

In compliance with articles 36 and 39 of Consob Regulation no 16191 of October 29, 2007, as amended by Consob Resolution no 16530 of June 25, 2008 (Conditions for the listing of shares of companies having control over companies incorporated and regulated under the laws of a non-EU member State) we remind that the principal elements of the implementation plan prepared by Buzzi Unicem are reported in the Interim financial information as of June 30, 2008.

In relation to what above, Buzzi Unicem has carried out the measures provided by the plan and consequently has implemented the provisions of Article 36 paragraph 1, letters a), b) and c) of the above Consob regulation.
Moreover, subsequently to the preparation of the above plan, during the remaining part of the quarter, Buzzi Unicem has not acquired new subsidiaries based in non-EU member countries.

Casale Monferrato, November 13, 2008

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(in thousands of euro)		
	Sep 30, 2008	Jun 30, 2008	Dec 31, 2007
ASSETS			
Non-current assets			
Goodwill	592.854	556.712	550.369
Other intangible assets	9.901	9.396	9.715
Property, plant and equipment	3.158.408	2.907.180	2.837.601
Investment property	14.559	14.431	13.483
Investment in associates	239.214	235.913	130.083
Available-for-sale financial assets	7.796	7.808	12.382
Deferred income tax assets	30.154	37.471	40.460
Defined benefit plan assets	40.198	36.634	39.572
Derivative financial instruments	–	–	287
Other non-current assets	87.988	85.807	94.034
	4.181.072	**3.891.352**	**3.727.986**
Current assets			
Inventories	337.569	323.785	319.671
Trade receivables	639.357	650.145	534.981
Other receivables	100.524	152.400	138.421
Derivative financial instruments	8.863	2.224	2.985
Available-for-sale financial assets	53	141	14
Cash and cash equivalents	683.463	561.498	760.672
	1.769.829	**1.690.193**	**1.756.744**
Total Assets	**5.950.901**	**5.581.545**	**5.484.730**

	Sep 30, 2008	Jun 30, 2008	Dec 31, 2007
	(in thousands of euro)		
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	123.637	123.637	123.532
Share premium	458.696	458.696	457.059
Other reserves	166.454	37.895	110.150
Retained earnings	1.769.626	1.640.738	1.561.249
Treasury shares	(7.160)	(6.630)	(6.100)
	2.511.253	**2.254.336**	**2.245.890**
Minority interest	**296.499**	**277.180**	**267.537**
Total Equity	**2.807.752**	**2.531.516**	**2.513.427**
LIABILITIES			
Non-current liabilities			
Long-term debt	1.282.643	1.191.039	1.140.368
Employee benefits	318.220	309.860	322.734
Provisions for liabilities and charges	251.977	239.915	230.031
Deferred income tax liabilities	462.921	427.056	451.491
Other non-current liabilities	42.613	15.238	10.907
	2.358.374	**2.183.108**	**2.155.531**
Current liabilities			
Current portion of long-term debt	58.781	49.316	107.024
Short-term debt	32.289	66.916	17.835
Trade payables	302.805	326.672	318.212
Income tax payables	102.432	112.234	108.462
Derivative financial instruments	76.059	127.800	112.278
Other payables	212.409	183.983	151.961
	784.775	**866.921**	**815.772**
Total Liabilities	**3.143.149**	**3.050.029**	**2.971.303**
Total Equity and Liabilities	**5.950.901**	**5.581.545**	**5.484.730**

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	Jul - Sep		Jan - Sep	
	2008	2007	2008	2007
Net sales	**984.977**	**942.611**	**2.724.733**	**2.618.376**
Changes in inventories of finished goods and work in progress	(6.253)	(6.944)	(16.188)	(307)
Other operating income	16.580	14.387	57.531	46.140
Gains on disposal of investments	158	59	7.221	758
Raw materials, supplies and consumables	(378.798)	(344.821)	(1.071.949)	(1.012.744)
Services	(198.305)	(202.602)	(581.630)	(564.597)
Staff costs	(110.149)	(99.496)	(316.292)	(309.373)
Other operating expenses	(26.391)	(13.616)	(64.715)	(59.199)
Operating cash flow (EBITDA)	**281.819**	**289.578**	**738.711**	**719.054**
Depreciation, amortization and impairment charges	(52.326)	(45.769)	(160.675)	(144.792)
Operating profit (EBIT)	**229.493**	**243.809**	**578.036**	**574.262**
Net finance costs	(18.181)	1.467	(52.601)	(28.187)
Equity in earnings of associates	2.065	4.159	5.479	10.997
Profit before tax	**213.377**	**249.435**	**530.914**	**557.072**
Income tax expense	(61.411)	(88.850)	(167.976)	(201.923)
Net profit for the period	**151.966**	**160.585**	**362.938**	**355.149**
Attributable to				
Equity holders of the company	126.398	135.753	295.069	299.501
Minority interest	25.568	24.832	67.869	55.648

CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

	Sep 30, 2008	Jun 30, 2008	Dec 31, 2007
Cash, banks and marketable securities:			
Cash and cash equivalent	683.463	561.499	760.672
Available-for-sale financial assets	53	141	14
Derivative financial instruments	8.864	2.223	2.985
Other current financial receivables	7.299	5.199	40
Short-term debt:			
Current portion of long-term debt	(58.781)	(49.316)	(107.024)
Bank overdrafts and borrowings	(32.290)	(51.823)	(7.716)
Amounts payable to parent companies	-	(15.093)	(10.119)
Derivative financial instruments	(76.059)	(127.800)	(112.278)
Accrued interest expense	(23.009)	(12.359)	(9.770)
Other current financial payables	(5.516)	-	-
Net short-term cash	**504.024**	**312.671**	**516.804**
Long-term financial assets:			
Derivative financial instruments	-	-	287
Other non-current financial receivables	15.274	15.235	2.049
Long-term borrowings:			
Long-term debt	(1.282.643)	(1.191.039)	(1.140.368)
Other non-current financial payables	(31.348)	-	-
Net debt	**(794.693)**	**(863.133)**	**(621.228)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report for the nine months ended 30 September 2008 has been prepared in compliance with art. 154 ter of Legislative Decreee 58/1998 and Consob Regulation no. 11971, as amended. It also conforms with the requirements of the International Financial Reporting Standards (IFRS), issued by the IASB and endorsed by the European Union, and the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, 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, of revenues and expenses and the disclosure of contingent assets and liabilities at the closing date. 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 period in which they change. Income tax expense is recognized based upon the weighted average tax rate expected for the full financial year.

The items of the consolidated income statement and balance sheet at 30 September 2008 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 nine months of 2008 do not alter, overall, in a material way the comparability with the previous period. They mainly refer to the following:

- disposal of our associate investment (20.1%) in Eurobeton Holding, a group based in Luxembourg operating in the sector of concrete products;
- purchase of 100% of Cementi Cairo Srl and its consolidation on a line-by-line basis;
- purchase of 51% of Dyckerhoff Transportbeton Hamburg GmbH and its consolidation on a line-by-line basis;
- consolidation on a line-by-line basis of the 100% subsidiary Béton du Ried SA, starting from beginning of 2008;
- purchase of 100% of Dorsett Bros. Concrete Supply, Inc. based in Houston and its consolidation on a line-by-line basis starting from July 2008;
- purchase of no. 433,731 Dyckerhoff AG's shares, increasing the stake from 88.4% to 89.5% of total share capital (from 96.5% to 96.7% of voting capital);

- subscription of a 50% capital share of Thorcem Srl and its consolidation by the proportional method starting from September 2008;
- acquisition of the remaining 10% stake in Oriónidas SAU;
- acquisition of the remaining 2% stake in ZAO Akmel.

As for the acquisition of Cementi Cairo Srl and Dorsett Bros. Concrete Supply, Inc. the group has not yet completed the process aimed at the application of the purchase method and consequently has initially accounted these business combinations using provisional values.

The 35% interest acquired at the beginning of 2008 in the share capital of the Algerian companies Société des Ciments Hadjar Soud and Société des Ciments Sour El Ghozlane, has been booked at cost and will be valued by the equity method in the financial statements for the full year 2008, upon completion of the process aimed at acquiring accounting data consistent with the principles adopted by the group.

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

* * *

Equity attributable to equity holders of the company is up €265.4 million over 31 December 2007, after dividends paid by the parent company for €87.2 million. The additional change is mainly the result of three separate effects: an increase due to net profit for the period (€295.1 million), an increase associated with the positive changes in translation differences following the strengthening of the dollar against the euro (€64.8 million), a decrease due to the application of the economic entity model to the buyout of minorities (€8.1 million).

Goodwill shows an increase of €42.5 million over the beginning of the year, mainly referred to the value of Cementi Cairo Srl (€3.9 million provisional), Dorsett Bros. Concrete Supply, Inc. (€35.6 million provisional) and Dyckerhoff Transportbeton Hamburg GmbH (€1.7 million), companies which were acquired in the period and consolidated for the first time on a line-by-line basis.

Other non-current liabilities include an amount of €26.4 million corresponding to the present value of the second tranche of the payment for the acquisition of the 100% interest in Dorsett Bros. Concrete Supply, due on 30 November 2010.

The increase of 4.1% in net sales compared to the same period of 2007 is due to favorable trading conditions for 5.8%, to unfavorable currency effect for 2.9% and to additions in the scope of consolidation for 1.2%.

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

(thousands of euro)

	Cement and clinker	*Ready-mix & aggregates*	*Related activities*	*Total*
Italy	331,324	323,505	3,742	**658,571**
Central Europe	517,497	222,358	-	**739,855**
Eastern Europe	336,953	280,245	-	**617,198**
United States of America	437,985	106,797	9,721	**554,503**
Mexico	116,842	37,764	-	**154,606**
	1,740,601	**970,669**	**13,463**	**2,724,733**

The sale of the 20.1% interest in Eurobeton Holding and of the 49% stake in Cave Alto Santerno Srl generated a gain of €7.2 million which was separately reported in the income statement for the period.

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.