Buzzi Unicem

Interim report as at

September 30, 2011

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

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Interim management review

The global economy's pace of growth has abruptly cooled since the middle of the current year. During the third quarter, mature countries' activities slowed down, held back by temporary factors relating to energy costs but also by persistent weakness of employment, more stringent budget policies and widespread uncertainty on financial imbalances solving. Conversely, key emerging markets, although decelerating, have overall maintained a robust growth rate. International agencies have revised downward their growth outlook for 2011 and 2012. In the euro area, sovereign debt crisis has deepened, embracing also Italy and Spain. Against such emergencies, measures were adopted to reinforce the financial support capacity entrusted to the so called European Financial Stability Facility. The weakening of the economic situation might turn out of short duration, however stagnation could be lengthened by restrictive budget policies and possibly new financial tensions.

The construction industry maintained a buoyant growth trend in the emerging countries, confirmed the positive course in Central Europe but was still penalized by the persistent weakness of the real estate sector in the United States and to an even higher extent in Italy.

In the first nine months of the year 2011, group's cement and clinker volumes stood at 21.5 million tons, up 7.3% from the same period a year earlier. An improvement was reported in all countries of operations, apart from the United States of America where volumes remained virtually stable and Italy, which posted an impressive contraction during the third quarter. In many markets of presence, deliveries grew by a double-digit percentage, namely in Russia, the Czech Republic, Ukraine, Luxembourg, Mexico and Germany. Ready-mix concrete volumes at 11.3 million cubic meters, were up 6.0% from 9M-10; quite general positive trend could more than offset the slight decrease posted in Mexico and the much more marked decline in Italy.

Cement selling prices development in local currency remained favorable in Ukraine and Mexico. In Italy and Russia the trend changed from the negative sign reported till the end of June to the positive sign of September year-to-date. Marginally the same happened in Poland. A slight decrease was reported in Luxembourg and Germany whereas a stronger contraction occurred in the United States and especially in the Czech Republic, the latter being penalized by higher exports to Poland.
Ready-mix concrete prices increased in Poland, Ukraine and Mexico, were stable in Italy, Germany, the United States and decreased in the Czech Republic and the Netherlands.
Production costs continued to be impacted by the increases of energy factors. To be remarked that the cost trend of our main fossil fuel (petcoke) during the third quarter began to shift. In the markets where capacity

utilization is improving, per-unit manufacturing costs were able to benefit from greater economies of scale.

Consolidated net sales increased by 5.5% from €1,999.5 million to €2,109.4 million and EBITDA stood at €330.0 million, up €3.6 million (+1.1%). Net of non-recurring items EBITDA would have declined by €3.4 million (-1.1%). Thus recurring EBITDA to sales margin contracted from 16.3% to 15.6%. Foreign exchange fluctuations accounted for a decrease of €34.4 million in net sales and €3.8 million in EBITDA, due to the weakening of the dollar and of the emerging countries currencies (Czech koruna excepted). Like-for-like, net sales and EBITDA would have increased by 6.0% and 1.1% respectively. After depreciation, amortization and impairment charges of €176.6 million (€171.6 million in 9M-10), EBIT amounted to €153.5 million (€154.8 million in 2010). Net finance costs decreased from €72.1 million to €68.2 million; lower was the contribution from equity-accounted associates (€1.5 million versus €4.8 million). Profit before tax stood at €87.4 million versus €87.7 million at September 2010 (-0.3%). The income statement closed with a net profit for the period down by 24.5% to €60.6 million (€80.2 million in 2010, inclusive of €22.4 million non-recurring income for release of a provision for tax claims), of which €38.6 million attributable to owners of the company (vs. €59.6 million in 9M-10).

EBITDA breakdown by geographical area is as follows:

EBITDA	Year to date		Third quarter	
million euro	Sep-11	Sep-10	Jul-Sep 11	Jul-Sep 10
Italy	8.3	40.3	1.4	(0.6)
United States ofAmerica	40.7	69.3	25.0	34.3
Germany	78.4	63.4	33.8	31.1
Luxembourg	26.4	12.0	5.1	6.4
Netherlands	1.9	—	0.1	(0.6)
Czech Republic	29.6	27.0	14.6	15.3
Poland	29.2	27.6	14.2	14.9
Ukraine	5.9	(5.0)	5.0	2.1
Russia	47.8	32.1	27.2	13.6
Mexico	61.9	59.7	20.5	20.6
Total consolidated	330.0	326.4	146.9	137.1

Cash flow was equal to €237.1 million (€251.8 million at September 2010). Net debt as at September 30, 2011 amounted to €1,195.7 million, down €71.2 million over year-end 2010. In the first nine months, the group invested a total of €115.8 million in property, plant and equipment, €37.7 million thereof for expansion projects. As at September 30, 2011, total equity, inclusive of minority interest, stood at €2,766.0 million versus

€2,803.7 million as at December 31, 2010. Consequently debt/equity ratio was equal to 0.43 (0.45 at 2010 year-end).

Italy

In the second quarter of 2011 GDP progressed by 0.3% QoQ, after two quarters of substantial stagnation. Exports continued to be the main drivers of growth. Domestic demand was weak and consumer spending slightly improved. Italian economy's growth was affected by the slowdown of the global economy and, since summer months, by the strong tensions on sovereign debt market. Short-term outlook for industry and households is turning more and more pessimistic. In September consumer price index grew to 3.1% partially affected by VAT increase. After the summer, government bonds 10-year gross yield reached all-time highs since the introduction of the euro. Italian banks and companies' CDS spreads rose considerably and stock market suffered from the effects of an intensifying sovereign debt crisis as well as the fear of domestic and global economic slowdown. In summer, in response to the tensions on financial markets, the government passed two packages of corrective measures for public accounts over the four years 2011-2014. After the timid recovery recorded at the beginning of the year, construction investments dropped again. In the second quarter business was weak also in the non-residential segment, with a sharp contraction in commercial building; prospects for the second half of the year have turned negative.

Our sales volumes of cement and clinker, including export, reported a 9.4% decline from the same period a year earlier, accrued mainly during the last quarter. Selling prices started to strengthen, posting a 4.0% increase over 9M-10. Ready-mix concrete sales were down 11.8% with virtually stable prices compared with September 2010. On the costs front, the fuels and energy unfavorable trend continued to have a strong impact. Overall net sales in Italy came in at €429.5 million, down 8.4% versus €469.2 million in the previous year. EBITDA stood at €8.3 million versus €40.3 million in 2010 (-79.5%). During the first nine months, the company achieved other operating revenues equal to €13.5 million (€29.5 million in 2010) from the sale of CO_2 emission rights which, based on the output expected, were estimated to be surplus to requirements. Recurring EBITDA to sales margin decreased to 1.9% from 8.6% in 2010.

Central Europe
In the first six months German economy posted a 1.6% progress. The recent GDP estimates, revised downward by the International Monetary Fund after the summer, point to a growth of 2.7% in the current year and 1.3% in 2012. Foreign trade dynamism continued to underpin industrial output, although the unexpected worsening of global economy development prospects and the financial turbulences slowed down the pace. In the construction sector, after the excellent start of the year, investments remained sustained especially in the residential and non-residential segment. In the first nine months, cement volumes sold grew by 13.4% from the same period a year earlier, with slightly lower prices (-1.5%). Ready-mix concrete sector recorded a sale increase of 30.1%, favored by the addition in the scope of consolidation following the acquisition of "SIBO" group, while prices showed slight contraction (-0.8%). Overall net sales stood at €486.6 million versus €412.9 million in 9M-10 and EBITDA increased by 23.6%, from €63.4 million to €78.4 million. During the first nine months, the company achieved other operating revenues equal to €3.9 million from the sale of CO2 emission rights which, based on the output expected, were estimated to be surplus to requirements (€4.7 million in 2010).

Luxembourg consolidated the progress achieved after a very favorable first half of the year. In the first nine months, volumes sold, inclusive of internal sales, increased by 23.7% with slightly lower average unit revenues (-2.6%). Overall net sales improved from €69.8 million to €86.3 million (+23.6%) and EBITDA rose from €12.0 million to €26.4 million. The strong increase was due for €4.9 million to other operating revenues arising from the sale of CO2 emission rights which, based on the output expected, were estimated to be surplus to requirements and for €7.1 million to other non-recurring gains on disposal of an investment property.

In the Netherlands, volumes sold reached 0.72 million cubic meters of ready-mix concrete (+6.5% versus 9M-10), with net sales amounting to €83.4 million and EBITDA at €1.9 million, greater than the one posted in the previous year.

Eastern Europe
Construction investments in the area confirmed a very positive dynamics. In Russia, where International Monetary Fund predicts a GDP growth equal to +4.3% for the current year, Suchoi Log cement factory continued to run at very high capacity, closing the nine months with a volume progress of 40.4% from the beginning of the year. In Ukraine, despite the more volatile economic context, cement sales confirmed the first-half indications which led to a 25.1% increase in the nine months. Also in the Czech Republic cement sale volumes progressed, although at a slower pace than in the previous quarters, posting a 31.0% increase from the beginning of the year. During summer months, the Polish cement plant ran at full capacity and at the end of September deliveries increase stood at +3.8%. Cement average

selling price in local currency remained stable or improved: Russia +3.4%, Ukraine +13.9%, Poland +0.7%; the only exception was the Czech Republic (-12.7%), penalized to some extent by higher exports to Poland. Ready-mix concrete sales in the area were brilliant (+15.3%); prices showed a positive trend, apart from the Czech Republic where a slight decrease was recorded.
Overall net sales, driven mainly by volumes but also by the favorable price effect, increased by 21.6%, from €375.2 million to €456.1 million; EBITDA progressed by 37.7%, from €81.7 million to €112.5 million. The Czech koruna appreciation (+4.3%) and the other local currencies devaluation (zloty -0.4%, hryvnia -7.2%, ruble -1.8%) negatively impacted net sales for €3.7 million and EBITDA for €0.2 million.

United States of America
During the third quarter industrial output slightly progressed, but household consumption was weak, held back by lower disposable income. The still high unemployment rate, the persistent slackness of real estate market and the decline of public spending hampered economic growth. The International Monetary Fund recently revised downward GDP trend estimates for the current year(+1.5%) and for 2012 (+1.8%).
In this setting of slow recovery, group's cement volumes sold at the end of September were down 0.7% from 9M-10, whereas ready-mix concrete output increased by 2.9%. The trend in cement average selling prices in local currency continued to be penalizing (-6.2%) but not as much in the ready-mix concrete sector (+0.1%). Overall net sales totaled €416.0 million versus €452.1 million and EBITDA decreased from €69.3 million to €40.7 million (-41.3%). The dollar weakness negatively impacted the two figures for €28.6 million and €2.8 million respectively. The profitability deterioration was attributable not only to the above volumes and prices trend, but also to the cost increases of energy factors and logistics, and the higher incidence of unit fixed costs due to underutilization of production capacity.

Mexico (50% consolidation)
The country's economy, after a favorable start in 2011, keeps a constant pace of growth. International Monetary Fund predicts a GDP growth of 3.8% for the whole year 2011 and 3.6% for 2012. Building-related activities, driven also by conspicuous infrastructure investments, guarantee a context of good growth. In the first nine months, Corporación Moctezuma's cement volumes increased by 14.7%, also thanks to the positive contribution of the new plant in Apazapan. Selling prices in local currency showed a favorable trend (+2.9%). Ready-mix concrete sales slightly contracted (-3.6%) but prices progressed by 5.7%. Net sales increased by 13.7%, from €155.6 million to €176.9 million, and EBITDA was up 3.7%, from €59.7 million to €61.9 million. The devaluation of the Mexican peso negatively impacted the translation of the results into euro; at constant foreign exchange rate, net sales and EBITDA would have increased by 15.1% and 4.9% respectively.

Outlook

In Italy, although selling price environment is now positive, serious structural problems make recovery of sales and consequently profitability unlikely in the last quarter of the year.

Central Europe should close 2011 with net sales on the rise, driven by volume effect, and operating results in improvement from the previous year.

In Eastern Europe, thanks to a recovery of the construction cycle which seems to be well set and to the higher production efficiency stemming from the investment plans recently concluded, we expect to close the current year with much better results.

In the United States of America, where cement demand is still sluggish, the low utilization of production capacity narrows the possibilities to pursue some price improvement. Consequently we estimate that recurring EBITDA will be in sharp decline.

In Mexico, prospects for the full year organic growth are positive, but the recent devaluation of the currency is partially jeopardizing such trend. Results are however expected in improvement.

Overall, based on the results reported in the third quarter, which confirm the 2-speed trend of our regional operations, we can reiterate for the full financial year 2011 the forecast of better recurring operating results compared with the previous year.

Casale Monferrato, November 11, 2011

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(thousands of euro)		
	Sep 30, 2011	Jun 30, 2010	Dec 31, 2010
ASSETS			
Non-current assets			
Goodwill	585,724	584,711	586,180
Other intangible assets	10,170	10,692	11,282
Property, plant and equipment	3,282,894	3,251,643	3,477,712
Investment property	17,611	17,706	19,093
Investments in associates	211,682	202,853	216,505
Available-for-sale financial assets	5,683	5,545	5,524
Deferred income tax assets	48,180	48,328	40,082
Defined benefit plan assets	41,757	40,530	41,882
Derivative financial instruments	1,892	-	2,630
Other non-current assets	63,732	52,938	69,000
	4,269,325	**4,214,946**	**4,469,890**
Current assets			
Inventories	367,829	372,738	394,760
Trade receivables	525,339	524,118	451,025
Other receivables	109,199	127,758	138,010
Available-for-sale financial assets	11	10	11
Derivative financial instruments	2,583	75	1,859
Cash and cash equivalents	443,160	305,388	396,459
	1,448,121	**1,330,087**	**1,382,124**
Assets held for sale	16,072	48,833	3,250
Total Assets	**5,733,518**	**5,593,866**	**5,855,264**

	(thousands of euro)		
	Sep 30, 2011	Jun 30, 2010	Dec 31, 2010
EQUITY			
Capital and reserves attributable to owners of the company			
Share capital	123,637	123,637	123,637
Share premium	458,696	458,696	458,696
Other reserves	91,200	37,153	157,499
Retained earnings	1,884,690	1,824,214	1,828,581
Treasury shares	(6,180)	(6,180)	(6,986)
	2,552,043	**2,437,520**	**2,561,427**
Non-controlling interest	214,000	235,986	242,252
Total Equity	**2,766,043**	**2,673,506**	**2,803,679**
LIABILITIES			
Non-current liabilities			
Long-term debt	1,391,310	1,321,930	1,458,850
Derivative financial instruments	21,289	44,485	28,991
Employee benefits	311,959	306,409	318,002
Provisions for liabilities and charges	119,714	118,787	119,531
Deferred income tax liabilities	426,002	400,615	442,291
Other non-current liabilities	17,545	17,275	18,278
	2,287,819	**2,209,501**	**2,385,943**
Current liabilities			
Current portion of long-term debt	184,992	189,727	175,718
Short-term debt	30,299	1,085	2,198
Derivative financial instruments	1,518	4,418	1,317
Trade payables	234,883	292,744	278,576
Income tax payables	22,725	24,359	15,857
Provisions for liabilities and charges	34,949	37,583	52,352
Other payables	170,290	160,943	139,624
	679,656	**710,859**	**665,642**
Total Liabilities	**2,967,475**	**2,920,360**	**3,051,585**
Total Equity and Liabilities	**5,733,518**	**5,593,866**	**5,855,264**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

	July-September		January-September	
	2011	2010	2011	2010
Net sales	**770,001**	**772,286**	**2,109,352**	**1,999,515**
Changes in inventories of finished goods and work in progress	(13,689)	(14,619)	(27,738)	(35,386)
Other operating income	15,209	15,248	74,715	79,251
Raw materials, supplies and consumables	(316,083)	(326,642)	(927,025)	(851,521)
Services	(186,026)	(182,986)	(525,499)	(491,237)
Staff costs	(105,004)	(110,417)	(319,756)	(322,717)
Other operating expenses	(17,496)	(15,736)	(54,000)	(51,493)
Operating cash flow (EBITDA)	**146,912**	**137,134**	**330,049**	**326,412**
Depreciation, amortization and impairment charges	(55,897)	(55,344)	(176,559)	(171,575)
Operating profit (EBIT)	**91,015**	**81,790**	**153,490**	**154,837**
Gains on disposal of investments	(1)	-	595	110
Finance revenues	2,734	53,050	51,234	89,068
Finance costs	(24,901)	(75,249)	(119,402)	(161,179)
Equity in earnings of associates	2,452	1,791	1,530	4,840
Profit before tax	**71,299**	**61,382**	**87,447**	**87,676**
Income tax expense	(22,639)	1,855	(26,870)	(7,462)
Profit for the period	**48,660**	**63,237**	**60,577**	**80,214**
Attributable to:				
Owners of the company	38,918	54,473	38,588	59,611
Non-controlling interest	9,741	8,764	21,989	20,603

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(thousands of euro)			
	July-September		January-September	
	2011	2010	2011	2010
Profit for the period	**48,660**	**63,237**	**60,577**	**80,214**
Currency translation differences	45,284	(224,976)	(82,771)	131,817
Income taxes relating to components of other comprehensive income	(529)	-	250	-
Other comprehensive income for the period, net of tax	**44,755**	**(224,976)**	**(82,521)**	**131,817**
Total comprehensive income for the period	**93,415**	**(161,739)**	**(21,944)**	**212,031**
Attributable to:				
Owners of the company	92,292	(153,045)	(29,782)	176,997
Non-controlling interest	1,123	(8,694)	7,838	35,034

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)

	Sep 30, 2011	Jun 30, 2010	Dec 31, 2010
Cash and short-term financial assets:			
- Cash & cash equivalents	443,160	305,388	396,459
- Derivative financial instruments	2,583	75	1,859
- Other current financial receivables	7,171	8,459	8,155
Short-term financial liabilities:			
- Current portion of long-term debt	(184,992)	(189,727)	(175,637)
- Short-term debt	(30,299)	(1,085)	(2,279)
- Derivative financial instruments	(1,518)	(4,418)	(1,317)
- Other current financial liabilities	(30,440)	(26,349)	(15,452)
Net short-term cash	**205,665**	**92,343**	**211,788**
Long-term financial assets:			
- Derivative financial instruments	1,892	-	2,630
- Other non-current financial liabilities	13,031	12,377	10,176
Long-term financial liabilities:			
- Long-term debt	(1,391,310)	(1,321,930)	(1,458,850)
- Derivative financial instruments	(21,289)	(44,485)	(28,991)
- Other non-current financial liabilities	(3,717)	(3,562)	(3,687)
Net debt	**(1,195,728)**	**(1,265,257)**	**(1,266,934)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report for the nine months ended 30 September 2011 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 2010, 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 30 September 2011 are consistent with the previous year's corresponding ones.

The changes occurred in the scope of consolidation during the first nine months of 2011 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 €9.4 million from 31 December 2010. The change is mainly the result of three separate effects: an increase due to profit for the period (€38.6 million), an increase in transactions for purchases from non-controlling interest after the acquisition of control for €21.8 million, a decrease associated with negative changes in translation differences following the weakening of the main currencies of the countries where the group operates against the euro (€68.4 million).

The increase of 5.5% in net sales compared to the same period of 2010 is due to favorable trading conditions (volumes and prices effect) for 5.9%, to unfavorable currency effect for 1.7% and to additions in the scope of consolidation for 1.3%.

Segment information

The breakdown of net sales, operating cash flow and o 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*
Nine months ended 30 September 2011							
Net sales	426,337	633,002	456,107	415,980	176,863	1,063	2,109,352
Intersegment revenue	-	(1,700)	-	-	-	1,700	-
Revenue from external customers	426,337	631,302	456,107	415,980	176,863	2,763	2,109,352
Operating cash flow	7,118	106,683	112,465	40,728	62,350	705	330,049
Operating profit	(26,286)	67,955	71,787	(10,997)	49,852	1,179	153,490

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*USA*	*Mexico*	*Unallocated items and adjustments*	*Total*
Nine months ended 30 September 2010							
Net sales	467,950	548,536	375,206	452,111	155,568	144	1,999,515
Intersegment revenue	(168)	(818)	-	-	-	986	-
Revenue from external customers	467,782	547,718	375,206	452,111	155,568	1,130	1,999,515
Operating cash flow	40,789	75,408	81,654	69,347	59,864	(651)	326,412
Operating profit	5,555	35,748	57,556	10,197	50,647	(4,866)	154,837

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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.