Quarterly report

as of March 31, 2006

Buzzi Unicem SpA

Registered Office: Casale Monferrato (AL) - Via Luigi Buzzi 6

Capital Stock € 118,476,586.20

Chamber of Commerce of Alessandria no. 00930290044

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REVIEW OF OPERATIONS

Operating and financial results

As known, the first quarter of the year is not sufficiently representative of full-year trends since it is highly influenced by seasonality and by the concentration in the period of plant maintenance operations. This apart, in the first three months of 2006 the company reported a remarkable improvement in sales, operating result and net profit.

Group's cement volumes are up 4.3% to 6.3 million tons. The improvement is due to the United States, which enjoyed a very favorable weather, Mexico and Central-Eastern Europe markets. Volumes are slightly down in Italy while the decline is heavier in Germany and Luxembourg which suffered from very adverse weather conditions which lasted till April.
Ready-mix concrete volumes reach 3.3 million cubic meters, +6.8% thanks to the good trend recorded in Italy, United States and Mexico.

Consolidated net sales increase to €637,0 million (+17.7% vs. €541.3 in 1Q-05) thanks to the United States, Mexico and Central-Eastern Europe; net of foreign currencies effects, positive for €28.2 million, and Eurobeton disposal, which reduced net sales by €11.9 million, a 15.0% increase would have been posted.
Ebitda totals €119.7 million versus €86.9 million in 1Q-05. The €32.8 million increase is due for €7.8 million to foreign exchange. Ebitda in the first quarter 2006 includes non-recurring items for €3.6 million, €3.4 million thereof related to gains on the sale of Eurobeton. In the same period of 2005, non-recurring items amounted to €10.2 million, €9.8 million thereof for Glens Falls disposal. Excluding these non-recurring items, Ebitda comes in at €116.1 million, +51.6% versus €76.6 million in 1Q-05.

After amortizations and depreciation for €48.8 million (€49.6 million in 1Q-05) Ebit increases to €70.8 million. (€37.3 million in 2005).
Finance costs decrease from €48.8 million to €22.2 million thanks to lower expenses on foreign exchange fluctuation. As a consequence, profit before taxes stands at €47.8 million versus a loss of €14.5 million in 2005. Income statement reports a net profit of €34.4 million, of which €5.3 million minority interest and €29.1 million attributable to equity holders of the Company.

Ebitda breakdown by geographical area is as follows:

(million euro)

EBITDA	*1Q-06 IFRS*	*1Q-05 IFRS*	*change absolute*
Italy	38.8	36.8	2.0
United States	51.3	35.7	15.6
Mexico	24.1	16.7	7.3
Germany	(2.1)	(3.5)	1.4
Luxembourg	1.2	(0.3)	1.5
Czech Republic	3.5	2.1	1.3
Poland	(1.5)	(2.1)	0.6
Ukraine	(0.2)	(0.2)	–
Russia	4.7	1.6	3.1
Total	**119.7**	**86.9**	**32.8**

Cash flow stands at €83.2 million (€28.7 million in 1Q-05). In the quarter, the group invested €41.4 million in property, plant and equipment.
As of March 31, 2006, net debt amounts to €1,038.5 million, (€1,051.3 million at year-end 2005). Total equity, inclusive of minorities, stands at €2,216.1 million versus €2,230.1 as of December 31, 2005. Consequently debt/equity ratio at March 31, 2006 is equal to 0.47, in line with 2005 year-end.

Italy
In the first three months of the year, cement volumes decrease by 1.5%, while ready-mix concrete sales are up 8.9%. The average unit prices recovery continued and it is hoped it will remain steady throughout the year so as to at least partially offset the hikes in energy and raw materials costs already occurred in the first quarter and the expected fuel rises.
Overall net sales in Italy amount to €224,0 million, up 8.5% versus €206.4 million in 1Q-05; Ebitda increases 5.4%, from €36.8 million to €38.8 million.

Germany and Luxembourg
Central Europe suffered from a very harsh and long winter which lasted through April, thus highly penalizing activities in the building sector. Consequently, in Germany cement sales are down 7.5% (-5.6% in the ready-mix concrete sector) while in Luxembourg a 3.9% decrease is recorded. In spite of lower volumes, which however are expected to be recovered in the remaining part of the year, average unit revenues have shown some slight recovery. Net sales in Germany stand at €79.6 million, in line with 2005, while Ebitda is negative for €2.1 million (-€3.5 million in 2005).

In Luxembourg, after Eurobeton disposal which accounts for a €11.9 million decrease, net sales stand at €13.3 million versus €24.9 million in the previous year. Ebitda, negative for €0.3 million in 1Q-05, comes in at €1.2 million, €3.4 million thereof for gains related to the above disposal.

Central-Eastern Europe
Cement sales in the area are up 13.9%. Performance is good in all markets of operation. In the first part of the year also selling prices in local currency confirm an overall positive trend.
Ready-mix concrete sales are up 3.3% mainly thanks to Czech Republic and Ukraine contribution.
Net sales and Ebitda amount to €61.6 million (+35.6% vs. €45.4 million in 1Q-05) and €6.5 million (€1.5 million in 1Q-05) respectively.

United States of America
In the first three months of the year, the group's served markets enjoyed a very favorable weather, which allowed building activities to continue at a very high pace, unusual for the season. Consequently cement sales are up 9.2% and ready-mix concrete volumes increase by 16.6%. Selling prices have further improved.
Net sales stand at $253.4 million ($198.3 million in 1Q-05, +27.7%) and Ebitda reaches $61.7 million versus $46.8 million in 2005 ($12.0 million thereof related to Glens Falls disposal). Translated into euro, net sales and Ebitda increase by 39.3% (from €151.2 million to €210.6 million) and 43.7% (from €35.7 million to €51.3 million) respectively.

Mexico (50% consolidation)
In the first quarter, cement sales increase by 19.0% and ready-mix concrete sales are up 5.5%. In both sectors, average selling prices in local currency are higher than at the end of 2005.
Net sales and Ebitda in local currency improve by 21.1% and 24.9% respectively. The peso's strengthening has favored the translation into euro: net sales come in at €49.0 million, up 39.3% versus €35.1 million in 1Q-05 and Ebitda increases to €24.1 million (from €16.7 million, +43.7%).
At the end of March, fully on schedule, Cerritos second production line came successfully on stream; a contribution to the group's results is expected as early as 2006.

Subsequent events
On April 10, 2006 Moody's rating agency upgraded from "stable" to "positive" the outlook of the subsidiary Dyckerhoff, based on the company's improved economic and financial situation. Dyckerhoff long-term rating is still "Ba1".

Outlook for operations
In view of the general positive trend of the markets, full year operating results are expected to improve; however the progress could be weakened by renewed pressures on fuel and energy costs and by a possible strengthening of the euro against the currencies of the countries where the company operates.

Casale Monferrato, May 11, 2006

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(thousands of euro)	
	31.03.2006	31.12.2005
ASSETS		
Non-current assets		
Goodwill	543.329	543.722
Other intangible assets	5.186	5.672
Property, plant and equipment	3.050.123	3.135.400
Investment property	7.712	7.759
Investments in associates	179.067	180.344
Available-for-sale investments	5.611	5.135
Deferred income tax assets	114.471	117.449
Derivative financial instruments	107	537
Other non-current assets	131.635	114.969
	4.037.241	**4.110.987**
Current assets		
Inventories	266.596	296.050
Trade receivables	515.872	500.582
Other receivables	100.636	97.892
Derivative financial instruments	66	3.200
Available-for-sale financial assets	218.605	149.485
Cash and cash equivalents	297.402	364.931
	1.399.177	**1.412.140**
Total Assets	**5.436.418**	**5.523.127**

	31.03.2006	31.12.2005
	(thousands of euro)	
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	118.456	118.270
Paid-in capital	378.832	375.932
Other reserves	513.500	556.701
Retained earnings	880.289	850.499
less, Treasury shares	(17.507)	(17.507)
	1.873.570	**1.883.895**
Minority interest	**342.567**	**346.225**
Total Equity	**2.216.137**	**2.230.120**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.402.696	1.434.773
Derivative financial instruments	10.716	11.308
Employee benefits	331.672	339.859
Provisions for liabilities and charges	242.489	232.008
Deferred income tax liabilities	552.350	587.309
Other non-current liabilities	11.176	12.550
	2.551.099	**2.617.807**
Current liabilities		
Current portion of long-term debt	18.685	19.118
Bank overdrafts and borrowings	55.775	71.453
Trade payables	282.194	281.254
Income tax payables	93.258	111.866
Derivative financial instruments	47.444	30.077
Other payables	171.826	161.432
	669.182	**675.200**
Total Liabilities	**3.220.281**	**3.293.007**
Total Equity and Liabilities	**5.436.418**	**5.523.127**

CONSOLIDATED INCOME STATEMENT

	(thousands of euro)	
	January - March	
	2006	2005
Net sales	**637.047**	**541.300**
Changes in inventories of finished goods and work in progress	(16.850)	(2.147)
Other operating income	27.416	9.683
Gains on disposal of investments	3.355	10.487
Raw materials, supplies and consumables	250.394	222.928
Services	152.332	136.388
Staff costs	100.264	97.266
Other operating expenses	28.297	15.865
Operating cash flow (EBITDA)	**119.681**	**86.876**
Depreciation, amortization and impairment charges	48.835	49.622
Operating profit (EBIT)	**70.846**	**37.254**
Finance costs, net	(22.242)	(48.766)
Equity in earnings of associates	(844)	(3.010)
Profit before tax	**47.760**	**(14.522)**
Income tax expense	(13.410)	(6.387)
Net profit	**34.350**	**(20.909)**
Attributable to:		
Equity holders of the Company	29.091	(17.835)
Minority interest	5.259	(3.074)

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)

	31.03.2006 IFRS	*31.12.2005 IFRS*
Cash, banks and marketable securities	518,473	520,471
Short-term debt	(148,805)	(131,129)
Net short-term cash	**369,668**	**389,342**
Long-term assets	5,289	5,464
Long-term debt	(1,413,412)	(1,446,081)
Net financial position	**(1,038,455)**	**(1,051,275)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of March 31, 2006 have been prepared, for what concerns the booking and valuation criteria, according to international accounting standards issued by the IASB and endorsed by the European Union, as required by Consob Issuer Regulation (Regolamento Emittenti) no. 11971 of May 14, 1999 as amended: The international accounting standards were already used in *First Time Adoption* (FTA) and in the drawing-up of the financial statements as of December 31, 2005 to which please refer for additional information.

The contents of this report are consistent with the principles set forth in Annex 3D to Issuer Regulation no. 11971, pursuant to Consob resolution no. 14990 of April 14, 2005.

The preparation of the interim financial report required the formulation by the management of some estimates and assumptions which could impact revenues, costs, assets and liabilities, as well as contingent assets and liabilities at the balance sheet date. In case these estimates and assumptions, based on the best valuation of the management, should significantly differ from the actual circumstances, they would be modified accordingly in the relevant year in which they change.

The figures of the consolidated income statement and balance sheet at March 31, 2006 are comparable with the January-March 2005 corresponding ones, since they are presented as well in accordance with the international accounting standards issued by the International Accounting Standard Board and endorsed by the European Union.

In the first three months of the year, no major changes have occurred in the group's scope of consolidation, except for the sale of the majority interest in Eurobeton S.A. (Luxembourg), effected at the beginning of the year and some minor changes within Dyckerhoff.
For the outlook for operations please refer to the section "Review of operations".
Transactions with related parties were carried out at market conditions.

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At March 31, 2006 equity attributable to the equity holders of the Company is down €10.3 million over December 31, 2005. The decrease derives for €51.8 million from negative changes in translation differences, mitigated by the net profit reported in the period and by a capital increase following conversion of the existing convertible bond by €3.1million.

In the first three months of the year 2006 net sales come in at €637.0 million. The 17.7% increase over 1Q-05 is due for 4.6% to positive fx exchange, for 15.0% to the favourable trading environment and for 1.9% to reduction in scope of consolidation.

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

(in thousands of euro)

	Cement & clinker	*Ready-mix &aggregates*	*Related activities*	*TOTAL*
Italy	96,310	126,901	820	**224,031**
Western Europe	58,330	33,454	–	**91,784**
Central-Eastern Europe	39,551	22,095	–	**61,646**
United States of America	174,185	32,940	3,505	**210,630**
Mexico	37,621	11,335	–	**48,956**
	405,997	**226,725**	**4,325**	**637,047**