Quarterly Report as of

March 31, 2007

Buzzi Unicem S.p.A.
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Capital stock € 123,327,322.80
Chamber of Commerce of Alessandria no. 00930290044

CONTENTS

REVIEW OF OPERATIONS

Operating and financial results

In our sector, especially in the market areas having a continental climate, the fist quarter of the year is highly influenced by seasonability. In such a period usually outside temperature and rain strongly reduce site activities and plant scheduled maintenance operations are concentrated.

In the first three months of 2007 the construction market was sustained in all European countries of Buzzi Unicem operations, favoured by mild weather conditions, with temperatures much higher than average. Conversely, in the United States the enduring weakness of residential building combined with the harsh weather, which negatively affected the construction sector. The Mexican market recorded a good growth, although at a slower pace compared with the previous year.
Compared with 1Q 06, selling prices in local currency show a favorable development in nearly all markets, except for Italy, Czech Republic and Mexico where average unit revenues are in line with the previous year. Production costs continue to be under strong pressure, driven by fuel hikes.

Group cement volumes at 7.1 million tons are up 13.0%. In all markets volumes record a sizeable increase, apart from the United States where they are down 12.6%. The highest contribution comes from the Eastern Europe countries, followed by Luxembourg, Germany, Italy and Mexico. Ready-mix concrete volumes reach 3.6 million cubic meters, +9.6% over 1Q 06: the trend was negative in the United States (-13.1%) and, to a lesser extent, in Italy (-1.7%) while all the other areas of operation fared well.

Consolidated net sales increase by 9.3% from €637.0 million to €696.3 million and Ebitda by €11.0 million to €130.7 million (+9.2%). Net of non-recurring items, Ebitda would have improved by €13.7 million (+11.7%). Changes in the scope of consolidation reduce net sales by €5.3 million and Ebitda by €2.8 million. Foreign exchange negatively impacts the two figures for €25.4 million and €6.8 million respectively. After amortization and depreciation for €49.1 million (€48.8 million in 1Q 06) Ebit increases to €81.6 million (€70.8 million in 2006). Finance costs strongly decrease over 1Q 06, from €22.2 million to €9.9 million thanks to the decrease of net debt, to the yield improvement obtainable from available cash and the positive contribution of the more volatile components (foreign exchange differences, derivative financial instruments). As a result, profit before taxes goes from €47.8 million to €73.0 million and net profit comes in at €50.3 million (€34.4 million at March 2006), €40.7 million thereof attributable to the equity holders of the company and €9.6 million to minority interest.

Ebitda breakdown by geographical area is as follows:

million euro	*1 Q 07*	*1 Q 06*	*Change 07/06*
Italy	40.9	38.8	2.1
United States of America	33.7	51.3	(17.7)
Germany	3.3	(2.1)	5.4
Luxembourg	2.1	1.2	0.9
Czech Republic	7.3	3.5	3.8
Poland	5.3	(1.5)	6.8
Ukraine	7.0	(0.2)	7.2
Russia	8.1	4.7	3.5
Mexico	22.9	24.1	(1.1)
	130.7	**119.7**	**11.0**

Cash flow amounts to €99.4 million (€83.2 million in 2006). As of March 31, 2007 net debt stands at €734.9 million, +€125.9 million versus 2006 year-end; the worsening is mainly due to the outflow for the purchase of Dyckerhoff's minorities. In the first three months of the year the group invested €65.1 million in capex.
As of March 31, 2007, total equity, inclusive of minorities, stands at €2,285.6 million versus €2,425.4 million as of December 31, 2006. Consequently debt/equity ratio is equal to 0.32 (0.25 at 2006 year-end).

Italy

In the first three months cement volumes are up 11.5% with stable prices. Ready-mix concrete sales suffer from the ordinary market stagnation. Uncertain is the support from public works for the rest of the year, since the government has "frozen" the new sites opening. Prices are slightly higher which however cannot fully offset the expected hike in costs. Overall, net sales in Italy come in at €234.7 million, up 4.8% versus €224.0 million in 1Q 06. Ebitda stands at €40.9 million (+5.5%).

Germany and Luxembourg

In Germany, cement sales are up 26.8%, thanks to a finally resilient market and to a very favorable y-o-y comparison (mild weather). Ready-mix concrete volumes record a sizeable increase (+31.3%). Both cement and ready-mix concrete average unit prices have improved.
Net sales in Germany stand at €99.5 million versus €79.6 million in 1Q 06. Ebitda increases by €5.4 million, from -€2.1 million in 2006 to €3.3 million. Net of non-recurring items, a €4.7 million improvement would have been posted.

In Luxembourg cement volumes show a very positive trend (+60.9%). Overall net sales increase to €20.7 million versus €13.3 million in 2006. Ebitda at €2.1 million is up €0.9 million (€1.2 million in 2006). Net of non-recurring income (gain from Eurobeton disposal in 2006), the increase would have amounted to €4.3 million.

Central Eastern Europe

Driven by Poland, Ukraine, Czech Republic and Russia, cement sales in the area are up 55.2%, boosted by exceptionally mild weather conditions. Prices in local currency show a very positive trend in Ukraine and Russia and, to a lesser extent, in Poland, while they are virtually unchanged in the Czech Republic. Ready-mix concrete volumes contribute to this very good performance, with a 64.7% increase thanks to Poland, Czech Republic and the operations' expansion in Ukraine. Net sales and Ebitda increase respectively by 87.2% (from €61.6 million to €115.3 million) and by 330.1% (from €6.5 million to €27.8 million). The improvement is attributable to all countries, but mostly to Ukraine and Poland.

United States of America

In the first three months, group cement sales are down 12.6%. The slowdown in residential construction continued and was amplified by adverse weather conditions compared with the previous year which conversely had benefited from a mild climate. Average unit prices however remain stable at 2006 year-end level. Ready-mix concrete volumes decrease by 13.1% over 1Q 06. Net sales come in at €175.6 million versus €210.6 million (-16.6%) and Ebitda is down 34.4% from €51.3 million to €33.7 million. Excluding the negative effects linked to dollar weakness, the two figures would have decreased by 9.1% and 28.5% respectively.

Mexico (50% consolidation)

Moctezuma's cement sales increase by 17.7% thanks to the contribution of Cerritos new production line. Average selling prices in local currency are virtually unchanged. Ready-mix concrete sales are up 12.8%, with prices slightly higher than in 1Q 06, in any case below inflation rate of the period. Net sales and Ebitda translated into euro show a divergent trend: net sales increase by 4.5% (from €49.0 million to €51.2 million) while Ebitda is down 4.7% (from €24.1 million to €22.9 million). Margin erosion is partly due to a change in sales mix, from bagged cement (with higher margins) to bulk cement. Foreign exchange negatively impact net sales for €6.8 million and Ebitda for €3.1 million. At constant rate the two figures would have increased by 18.5% and 8.1% respectively.

Outlook for operations

The first quarter results are very promising but, due to seasonability impact, they cannot be considered as very representative of the whole year trend. However we may reasonably expect that the market conditions recorded in the first quarter in the different geographical areas will continue for the rest

of the year and the negative and/or positive changes in volumes, prices and results will tend to be less marked.
Consequently, for the current year, the group expect to attain operating results, net of non-recurring items, consistent with the very satisfactory ones posted in 2006.

Casale Monferrato, May 11, 2007

for the Board of Directors
Alessandro Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

	(thousands of euro)	
	31.03.2007	31.12.2006
ASSETS		
Non-current assets		
Goodwill	540.298	540.350
Other intangible assets	6.300	5.765
Property, plant and equipment	2.864.148	2.876.099
Investment property	13.962	13.997
Investments in associates	160.193	157.111
Available-for-sale financial assets	17.091	5.223
Deferred income tax assets	66.867	61.443
Derivative financial instruments	202	192
Other non-current assets	94.936	104.036
	3.763.997	**3.764.216**
Current assets		
Inventories	299.609	290.839
Trade receivables	534.561	549.610
Other receivables	75.457	67.628
Derivative financial instruments	758	848
Available-for-sale financial assets	211.329	192.570
Cash and cash equivalents	482.585	514.798
	1.604.299	**1.616.293**
Total Assets	**5.368.296**	**5.380.509**

	(thousands of euro)	
	31.03.2007	31.12.2006
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	123.326	123.209
Share premium	454.712	452.885
Other reserves	288.239	305.160
Retained earnings	1.193.235	1.221.430
Treasury shares	(3.269)	(3.269)
	2.056.243	**2.099.415**
Minority interest	**229.356**	**325.966**
Total Equity	**2.285.599**	**2.425.381**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.204.748	1.140.098
Derivative financial instruments	5.000	5.000
Employee benefits	318.447	319.982
Provisions for liabilities and charges	246.162	242.752
Deferred income tax liabilities	499.474	505.354
Other non-current liabilities	11.135	12.689
	2.284.966	**2.225.875**
Current liabilities		
Current portion of long-term debt	90.752	35.318
Banks overdrafts and borrowings	33.317	52.991
Trade payables	305.699	311.298
Income tax payables	125.210	120.476
Derivative financial instruments	75.806	78.330
Other payables	166.947	130.840
	797.731	**729.253**
Total Liabilities	**3.082.697**	**2.955.128**
Total Equity and Liabilities	**5.368.296**	**5.380.509**

CONSOLIDATED INCOME STATEMENT

	(thousands of euro)	
	January - March	
	2007	2006
Net sales	**696.342**	**637.047**
Changes in inventories, finished goods and works in progress	2.885	(16.850)
Other operating income	10.931	27.416
Gains on disposal of investments	-	3.355
Raw materials, supplies and consumables	296.056	250.394
Services	167.156	152.332
Staff costs	96.664	100.264
Other operating expenses	19.606	28.297
Operating cash flow (EBITDA)	**130.676**	**119.681**
Depreciation, amortization and impairment charges	49.061	48.835
Operating profit (EBIT)	**81.615**	**70.846**
Net finance costs	(9.920)	(22.242)
Equity in earnings of associates	1.295	(844)
Profit before tax	**72.990**	**47.760**
Income tax expense	(22.697)	(13.410)
Net profit	**50.293**	**34.350**
Attribuitable to		
Equity holders of the Company	40.732	29.091
Minority interest	9.561	5.259

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)

	31.03.2007	31.12.2006
Cash, banks and marketable securities:		
– Cash and cash equivalents	482.585	514.798
– Available-for-sale financial assets	211.329	192.570
– Derivative financial instruments	758	848
– Other current financial receivables	-	-
Short-term debt:		
– Current portion of long-term debt	(90.752)	(35.318)
– Banks overdrafts and borrowings	(33.317)	(52.991)
– Derivative financial instruments	(75.806)	(78.330)
– Accrued interest expense	(24.017)	(8.988)
Net short-term cash	**470.780**	**532.589**
Long-term financial assets:		
– Derivative financial instruments	202	192
– Other non-current financial receivables	3.892	3.365
Long-term borrowings:		
– Long-term debt	(1.204.748)	(1.140.098)
– Derivative financial instruments	(5.000)	(5.000)
Net debt	**(734.874)**	**(608.952)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of March 31, 2007 have been prepared in accordance with the international accounting standards (IFRS) issued by the IASB and endorsed by the European Union, as required by Consob Regulation no. 11971 of May 14, 1999 as amended. They are consistent with the booking and valuation criteria adopted in the drawing-up of the financial statements as of December 31, 2006 to which please refer for additional information. The contents of this report meet the principles set forth in Annex 3D to Consob Regulation no. 11971.

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 in the future 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 year in which they change.

The figures of the consolidated income statement and balance sheet at March 31, 2007 are comparable with the previous year's corresponding ones, since they are presented as well in accordance with the international accounting standards issued by the IASB and endorsed by the European Union.

In the first three months of the year, the changes occurred in the group's scope of consolidation are not material for comparative purposes.

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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Equity attributable to the equity holders of the company is down €43.2 million over December 31, 2006. The change is mainly the result of three separate effects: an increase due to net profit for the period (€40.7 million), a decrease due to the application of the economic entity model to the partial buyout of Dyckerhoff's minorities (€63,0 million) and a decrease associated with the negative changes in translation differences following the strengthening of the dollar against the euro (€22.2 million).

In the first three months of the year 2007 net sales come in at €696.3 million. The 9.3% increase compared to 1Q 06 is due to unfavorable currency effect for 4.8%, unfavorable changes in the scope of consolidation for 0.8% and favorable trading environment for 14.1%.

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

(thousands of euro)

	Cement & clinker	*Ready-mix & aggregates*	*Related activities*	*TOTAL*
Italy	*108,031*	*125,619*	*1,048*	*234,698*
Western Europe	*81,859*	*37,617*	□	*119,476*
Central-Eastern Europe	*77,605*	*37,780*	□	*115,385*
United States of America	*141,792*	*30,851*	*2,986*	*175,629*
Mexico	*39,806*	*11,348*	□	*51,154*
	449,093	***243,215***	***4,034***	***696,342***