

## Taiheiyo Cement Announces Group Medium-Term Business Plan

Taiheiyo Cement Corporation announced that it has formulated a new, group-wide, three-year business plan and has released an overview of the 1-0 (*ichi-maru*: “one-zero”) Medium Term Business Plan covering the fiscal years 2008 (year to 3/09) to 2010 (3/11): -

### Plan overview

#### 1. Vision for the group and basic direction

##### a. Vision

Be a leading Pacific-Rim company.

##### b. Direction

Taiheiyo Cement Group will focus resources on developing its core cement and mineral resources businesses and building a profit structure with balanced contributions from home and overseas operations to maintain the growth trajectory established with the 07 Medium Term Business Plan.

#### 2. Themes

##### a. Japan

###### i) Cement Business

Raise prices to fully cover cost increases.

###### ii) Mineral Resources Business

Shift to a strategy focused on quality (added value) rather than quantity.

##### b. Overseas

###### i) North America

Bolster business foundations by expanding operations vertically and horizontally.

###### ii) Asia

Expand existing business bases and move into growth-promising markets.

##### c. Japan and overseas

i) Expedite identification of and focus on profitable businesses.

#### 3. Management targets (quantitative)

(Consolidated)	FY3/08 (est.)	FY3/11 plan	Change
Net sales	¥932.0bn	¥1,023.0bn	¥91.0bn
Operating income	¥56.0bn	¥79.0bn	¥23.0bn
Ordinary income	¥49.0bn	¥63.0bn	¥14.0bn
Net income	¥22.5bn	¥27.0bn	¥4.5bn
Operating cash flows	¥77.0bn	¥93.0bn	¥16.0bn
Total assets	¥1,274.0bn	¥1,410.0bn	¥136.0bn
Interest-bearing debt	¥610.0bn	¥670.0bn	¥60.0bn
Operating income ratio	6.0%	7.7%	1.7%
ROA	3.8%	4.5%	0.7%
CF to interest-bearing debt ratio	7.9/yr	7.2/yr	-0.7/yr

4. Net sales and operating income by segment (¥bn)

Consolidated: Segment	Net sales			Operating income		
	FY3/08 (E)	FY3/11 (plan)	Change	FY3/08 (E)	FY3/11 (plan)	Change
Cement	574.7	681.8	107.1	42.3	55.1	12.8
Japan	414.2	452.9	38.7	12.7	22.8	10.1
Overseas	160.5	228.9	68.4	29.6	32.3	2.7
Mineral resources	104.7	112.6	7.9	4.5	6.5	2.0
Environmental	68.1	71.9	3.8	3.6	5.5	1.9
Construction materials	109.3	118.4	9.1	1.1	4.6	3.5
Others*	172.7	145.5	-27.2	5.5	8.7	3.2
Totals	1,029.5	1,130.2	100.7	56.9	80.4	23.5
Eliminations/company wide	-97.5	-107.2	-9.7	-0.9	-1.5	-0.6
Totals	932.0	1,023.0	91.0	56.0	79.0	23.0

\* Includes ceramics and electronics businesses

5. Basic direction by segment

**a. Cement business in Japan**

**Projected cement demand**

FY3/09: 56.0 million tons

FY3/10: 57.0 million tons

FY3/11: 57.0 million tons

**Basic direction**

1) Cut costs to strengthen competitiveness

2) Reflect steep fuel cost increases in cement prices

3) Increase reliability, bolster brand power

**b. Cement business overseas**

Strengthen existing businesses in the Pacific-rim region and move into growth-promising new markets:

i) Bolster profitability of existing businesses.

ii) Invest actively to expand businesses.

iii) Improve profitability of trading business.

**c. Mineral resources business**

Maximize effectiveness of the group's rich resources, technologies and infrastructure to expand its businesses and improve profitability.

**d. Environmental business**

Contribute to the conservation of the world's environment and help build a recycling-based society by leveraging the group's cement-manufacturing and environmental technologies, carefully nurtured over many years of experience in these fields, to expand our waste-processing ventures and develop them into more-profitable environmental businesses.

**e. Construction materials business**

Increase sales and profitability.

6. Policy for expediting identification of and focus on profitable businesses

a. Focus resources on core business areas (increase ROA).

b. Strengthen and raise efficiency of group management.

7. Corporate Social Responsibility (CSR) policy

Steadfastly implement measures in line with the group's long-term CSR vision.