



# TAIHEIYO CEMENT NEWS LETTER

August 9, 2022

## **Purchase of Cement and Related Business Assets (hereinafter, “Business Assets”) in the Western United States from Martin Marietta Materials, Inc.**

**Taiheiyo Cement Corporation (Headquartered in Bunkyo-ku, Tokyo; Masafumi Fushihara, President & Representative Director, hereinafter, “Taiheiyo Cement”) is pleased to announce that its consolidated subsidiary, CalPortland Company (Headquartered in California, USA, hereinafter, “CPC”) has reached an agreement with Martin Marietta Materials, Inc. (Headquartered in North Carolina, USA, hereinafter, “MM”) to purchase certain cement assets in the Western United States from MM.**

**The acquisition of the Business Assets is contingent on the expiration of certain regulatory review waiting periods by the relevant government authorities.**

We expect the U.S. cement business to continue to have strong demand from the private sector in view of projected economic growth and chronic housing shortages going forward. Additionally, we expect the infrastructure demands to accelerate as a result of the passing of the more than \$1 trillion infrastructure investment bill by the US Congress. Further, California is likely to have even greater growth because it will host the 2028 Los Angeles Olympics. The planned acquisition of MM assets is intended to ensure that we capture this increased demand. It is an essential element in maximizing our future corporate value.

Under these conditions, CPC has decided to acquire the following assets to further expand its supply capacity.

### 1. Overview of the Asset Acquisition

**Business Assets:** The Tehachapi Cement Plant (California) and two related cement distribution terminals for which CPC has had preferential negotiation rights.

**Purchase price:** US\$350 million.

### 2. Purpose of the Asset Acquisition

The acquisition will enable CPC to build a supply system that can meet the growing demand for cement in the Western United States. The acquisition will also enable CPC to further reduce CO<sub>2</sub> emissions intensity at the Tehachapi Plant, by: (i) improving plant facility management; (ii) increasing the plant’s operating rate; and (iii) further converting production to blended cement.

As a result, we expect steady growth in revenue and profits for the Taiheiyo Cement Group’s U.S. cement businesses, which in turn will contribute to the achievement of the medium-term management plan from fiscal years 2022 to 2024.

### 3. Overview of CPC

Business Name	CalPortland Company
Address	1490 Rubidoux Boulevard, Jurupa Valley, CA U.S.A.
Title and name of representative	Allen Hamblen, President & CEO
Business Description	Manufacture and sale of cement, ready mixed concrete, aggregates, and asphalt
Investment Structure	100% of holding share by subsidiary of Taiheiyo Cement
Cement Production Base	California: Mojave Plant, Oro Grande Plant, Redding Plant Arizona: Rillito Plant

### 4. Overview of MM

Business Name	Martin Marietta Materials, Inc.
Address	4123 Parklake Avenue, Raleigh, NC U.S.A.
Title and name of representative	C. Howard Nye, Chairman, President and CEO
Business Description	Manufacture and sale of aggregates, cement, ready mixed concrete, and asphalt

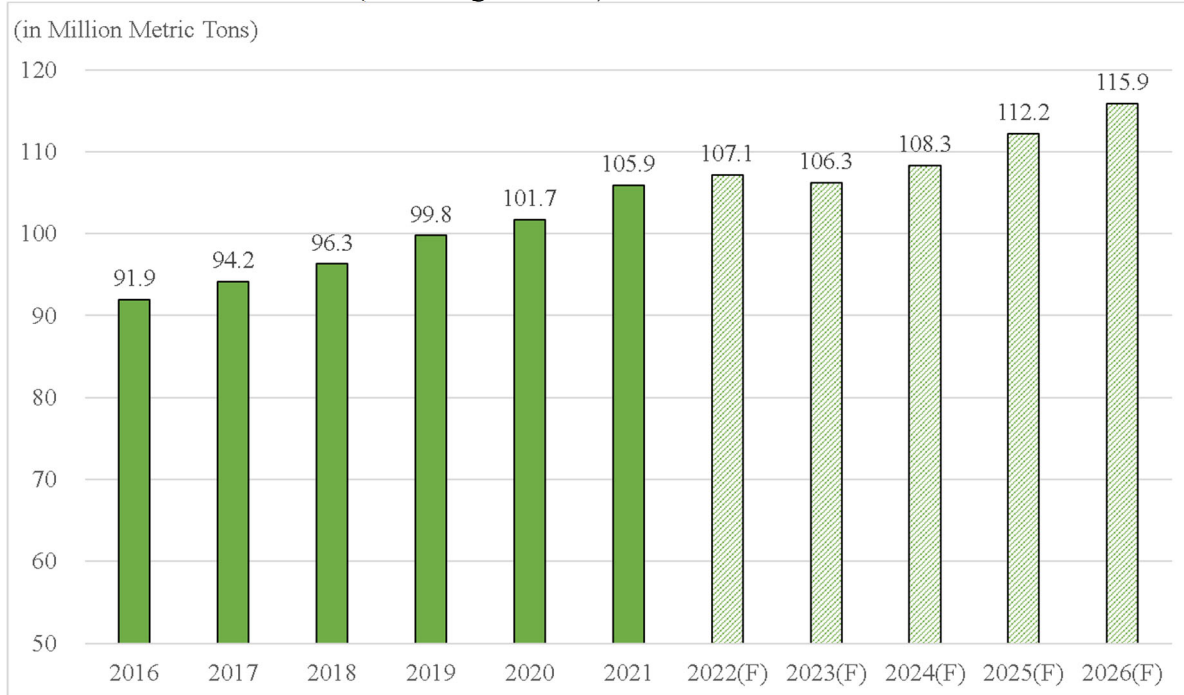
### 5. Estimated Schedule

Execution of the Asset Purchase Agreement: August 9, 2022

Acquisition of the assets: Anticipated in Taiheiyo's fourth quarter of fiscal year 2023 ending March 31, 2023

Note: The closing of this acquisition is subject to the expiration of the waiting periods for review by the relevant government authorities.

<Cement Demand of USA (including forecast)>



Data Source : Portland Cement Association

<CPC Plants and Main Terminal Locations>

