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Sumitomo Electric Industries Announces Tender Offer for Sumitomo Riko–No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the tender offer (TOB) by Sumitomo Electric Industries, Ltd. (security code: 5802) aimed at making Sumitomo Riko Company Limited (security code: 5191) a wholly-owned subsidiary.

(1) Sumitomo Electric Industries, Ltd. (The Company) announced today that its Board of Directors decided to acquire the common stock of Sumitomo Riko Company Limited, a listed consolidated subsidiary, through a tender offer, aiming to make it a wholly-owned subsidiary. This move is expected to enhance the Group's overall capabilities in the automotive parts area and increase the corporate value of the Group by establishing a more integrated business management structure than before.

(2) This action aligns with the management policy of pursuing growth in each existing business segment and is considered beneficial for strengthening the automotive-related business. The acquisition price is expected to be approximately 130 billion yen at most, and an increase in net interest-bearing debt is expected. However, considering the Company's substantial equity base, the financial impact will not be significant. JCR judges that an immediate review of the rating is unnecessary and will monitor the status of realizing synergies through the establishment of an integrated business management structure.

Akio Kamimura, Akihiro Kondo

<Reference>
Issuer: Sumitomo Electric Industries, Ltd.
Long-term Issuer Rating: AA　　Outlook: Stable

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