

Sumitomo Electric Industries Announced TOB for Listed Consolidated Subsidiaries—No Immediate Impact on the Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on a tender offer ("TOB") by Sumitomo Electric Industries, Ltd. (security code: 5802) to make its listed consolidated subsidiaries wholly owned.

- (1) Sumitomo Electric Industries, Ltd. (the "Company") announced on February 2 that it has resolved at the Board of Directors meeting to acquire the common stock of Nissin Electric Co., Ltd. (security code: 6641) and TECHNO ASSOCIE Co., Ltd. (security code: 8249) through a tender offer to make the two companies wholly owned subsidiaries. By building a better integrated business management system than ever, it believes that the ability to offer solutions for customers will be enhanced through the merging and combining of core technologies of Nissin Electric for power infrastructure systems, while the Sumitomo Electric Group as a whole will improve the added value and expand the sales revenue in the electronics and automotive businesses by taking advantage of the unique sales capabilities and broad supplier and processing networks of TECHNO ASSOCIE.
- (2) The Company is striving to achieve growth in existing business segments under the medium-term business plan, and the above transaction appears to be made in line with the plan. The TOB will amount to over 100 billion yen for the two companies combined, which is expected to add to net interest-bearing debt. Even so, given the Company's sufficient equity capital, this will probably not have any major financial impact. JCR thus considers it not necessary to immediately review the rating and will keep an eye on the status of synergy creation though the development of the integrated business management system.

Mikiya Kubota, Akio Kamimura

<Reference>

Issuer: Sumitomo Electric Industries, Ltd.

Long-term Issuer Rating: AA Outlook: Stable

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