

SoftBank Group's JPY 4.5 Trillion Program — Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on SoftBank Group Corp. (security code: 9984)'s JPY 4.5 trillion yen program to repurchase shares and reduce debt.

- (1) SoftBank Group Corp. ("SBG") on March 23 announced that its Board of Directors has approved the sale or monetization of up to JPY 4.5 trillion of assets held by SBG and authorized the repurchase of up to JPY 2 trillion yen of SBG common stock with the balance to be used for debt redemptions, bond buybacks and increase of cash reserves. The transactions will be executed over the next 4 quarters. SBG says that the significant debt reductions including bond buybacks will further strengthen its balance sheet. The newly authorized program is in addition to the JPY 500 billion share repurchase program SBG announced on March 13, 2020. Currently, SBG has more than JPY 27 trillion of assets and JPY 1.7 trillion of cash on its balance sheet.
- (2) The repurchase of share means monetization of SBG's excellent assets and outflow of those monetized funds. The reduction of highly liquid excellent assets will generate a financially negative impact. The funds other than those to be used for repurchase of shares, on the other hand, will be used for reduction of debt and increase of cash reserves. The expected progress of reduction of net interest-bearing debt will generate a financially positive impact. Given that the funds to be raised through the sale of its assets, etc. are to be used for repurchase of shares, reduction of debt, etc., and the ratio of the funds to be used for repurchase of shares and debt reduction to the total fund amount of JPY 4.5 trillion, JCR sees that it is highly likely that its LTV (ratio of net interest-bearing debt to the value of shareholdings) standing at 18% announced on March 23 by SBG will improve. There will be no change to its financial polity that it controls its LTV at below 25%, even if this program is carried out. JCR sees that SBG will keep certain financial stability and that the impact of the program on the rating will be limited.

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<Reference>

Issuer: SoftBank Group Corp.

Long-term Issuer Rating: A- Outlook: Stable

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