

Sumitomo Mitsui Finance and Leasing Entered Container Leasing Business—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Sumitomo Mitsui Finance and Leasing Company, Limited (security code: -)'s entering the container leasing business.

- (1) Sumitomo Mitsui Finance and Leasing Company, Limited (the Company) announced today that it had entered the container leasing business by establishing a joint venture with Brookfield Corporation (Brookfield), a global infrastructure fund, with the aim of acquiring assets held by Triton International Limited (Triton), the largest container leasing company under the umbrella of Brookfield. The Company has entered into a partnership agreement with Brookfield and Triton, and it plans to create a new core business by utilizing the global platforms of both companies.
- (2) JCR evaluates the fact that the Company's business portfolio will become more diversified. The Company has a particularly strong competitive advantage in the transportation and real estate businesses. The transportation business is centered on SMBC Aviation Capital, the world's top-class aircraft leasing company, and it accounts for the majority of the Company's assets and earnings. Given the size of the container leasing market and the collaboration with the industry's largest player, JCR believes that there is much room for the Company to expand its leasing business in the future. On March 10, it announced that it would acquire Macquarie Rotorcraft Limited, a helicopter leasing company, and this, together with the entering into the container business, will diversify the earnings sources of the transportation business and mitigate the impact of changes in the airline-related markets on the business performance.
- (3) The Company will have to bear a considerable investment burden as a result of this transaction and other factors. However, on March 17, SMBC Aviation Capital received insurance settlement proceeds of USD 445 million from some insurance companies for aircraft leased to Russian airlines, and the Company has revised upwards its earnings forecast for the fiscal year ending March 2025. JCR believes that the financial impact of the series of investments will be limited, as the Company will be able to significantly increase its retained earnings.

Hidekazu Sakai, Tsuyoshi Ohishi, and Nozomi Haramiishi

<Reference>

Issuer: Sumitomo Mitsui Finance and Leasing Company, Limited

Long-term Issuer Rating: AA Outlook: Stable

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