

ITOCHU's Tender Offer for Shares in FamilyMart—No Immediate Impact on Rating; JCR Will Pay Attention to the Investment Effects

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on start of tender offer by a subsidiary of ITOCHU Corporation (security code: 8001) for shares in FamilyMart Co., Ltd.

- (1) ITOCHU Corporation (the "Company") announced on July 8 that it has resolved to acquire shares in FamilyMart Co., Ltd. ("FamilyMart") through tender offer by its subsidiary (99% ownership ratio). After a series of transactions, all of the FamilyMart's shares will be owned by the Company with approximately 94.70% shares, The National Federation of Agricultural Cooperative Association and The Norinchukin Bank together with 4.90% shares, and Tokyo Century Corporation with approximately 0.40% shares, and FamilyMart will become a privately held company. The Company is creating new businesses and developing new customers, fully leveraging business bases of the group companies which have strengths in the consumer sector. FamilyMart plays a central role for these initiatives. The Company plans to accelerate strengthening its relations and creation of synergies with FamilyMart through additional share acquisition.
- (2) The Company will bear a financial burden of more than 520 billion yen for the acquisition of additional shares. Its net interest-bearing debt will increase and the increase will have impact on the financial indicators such as net DER. In light of the financial strength, however, JCR does not consider that the Company's rating should be immediately reviewed. Although there have been the COVID-19 pandemic impact to date, its cash flow generating ability centering on the non-resource sector is stable, and JCR sees that the temporarily affected financial structure will gradually improve. The Company will have to create return that can match the additional investment through measures including enhancement of relationship with FamilyMart. JCR will pay attention to the realization of future synergistic effects.

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<Reference>

Issuer: ITOCHU Corporation

Long-term Issuer Rating: AA Outlook: Stable

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