

## Astellas Pharma Acquires US Biotechnology Firm—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on acquisition of U.S. Audentes by Astellas Pharma Inc. (security code: 4503).

- (1) Astellas Pharma Inc. (the “Company”) on December 3 announced that it reached agreement with U.S. biotechnology firm Audentes Therapeutics, Inc. (“Audentes”) on its acquisition and concluded the contract. The acquisition process is to be completed in the first quarter of 2020 (calendar year). The acquisition amount approximately USD 3 billion is planned to be financed through the Company’s existing commitment line contracts, etc. As of September 30, 2019, the Company’s total equity attributable to owners of the parent was 1.2 trillion yen and the equity ratio attributable to owners of the parent was 65.5%. Its target core operating profit (operating profit excluding non-recurring items) in its company plan for the fiscal year ending March 2020 is 264 billion yen. Although the acquisition will increase interest-bearing debt, the Company’s favorable financial position will likely be maintained. With its strong cash flow generating ability, there is no concern about debt redemption. Accordingly, JCR sees that the acquisition has only a limited impact on the rating on the Company.
- (2) Audentes is focusing on the research and development (R&D) of gene therapeutic medication targeting neuromuscular diseases. Its most developed product candidate AT132 is currently in the phase 1/2 clinical trial. Its drug application is assumed to be submitted in mid-2020 in the U.S. and the latter half of 2020 in Europe, at the earliest. Through acquisition of Audentes, the Company will add gene therapy to its areas of focus for R&D. As well as observing the progress of development and business contribution of AT132, JCR will examine whether the acquisition can lead to the building of stronger development pipeline and the speeding-up of development from a medium- to long-term perspective.

Akihisa Motonishi, Yosuke Sato

### <Reference>

Issuer: Astellas Pharma Inc.

Long-term Issuer Rating: AA+p      Outlook: Stable

### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a “Nationally Recognized Statistical Rating Organization” with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.