

INFRONEER HD Announces Plans for a Tender Offer for Sumitomo Mitsui Construction—No Immediate Impact on Rating; JCR Will Monitor Future Financial Leverage

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement by INFRONEER Holdings Inc. (security code: 5076) of its plan to make a tender offer for Sumitomo Mitsui Construction Co., Ltd. (security code: 1821).

- (1) On May 14, INFRONEER Holdings Inc. (the Company) announced its plan to make a tender offer for Sumitomo Mitsui Construction Co., Ltd. Following the completion of necessary procedures and responses under competition laws overseas, it plans to commence the tender offer, currently intending to commence around early July 2025. The minimum number of shares to be purchased is 66.67%, ownership ratio, and if the transaction is completed, Sumitomo Mitsui Construction is expected to become a wholly owned subsidiary of the Company, following a series of procedures. The tender offer price is 600 yen per share, with the purchase price expected to be 94.1 billion yen. The objective of this transaction is to strengthen the engineering capabilities, which will serve as a driving force for differentiation as an "Integrated Infrastructure Service Company," the Company as a group aims to become. Mitsui Sumitomo Construction has strong technical capabilities in fields such as bridges, high-rise buildings, and prestressed concrete, and JCR believes that this transaction, if it succeeds, will contribute to enhancing the Company's group engineering capabilities.
- (2) JCR has determined that there is no immediate need to revise the Company's rating even if this transaction is completed. This is because regarding Sumitomo Mitsui Construction, (i) a full recovery of profits is expected once the handover of specific large-scale construction projects is completed; (ii) soundness of its assets is high with net interest-bearing debt (as of March 31, 2025: 6.3 billion yen) being small, resulting in low financial risk. On the other hand, the Group of the Company plans to actively pursue growth investments centered on infrastructure operations. JCR believes that if financial leverage were to significantly rise, downward pressure on the rating could intensify, and JCR will monitor the mid-term conditions of financial management.

Mikiya Kubota, Yasuhiro Shimoda

<Reference>

Issuer: INFRONEER Holdings Inc.

Long-term Issuer Rating: A+ Outlook: Stable

Issuer: Sumitomo Mitsui Construction Co., Ltd.

Long-term Issuer Rating: #BBB+/Positive

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