

INFRONEER HD Announces Share Acquisition of Swing Corporation, a Leading Water Treatment Engineering Company—No Immediate Impact on Rating. Watch the Future Financial Leverage

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of Share Acquisition of Swing Corporation by INFRONEER Holdings Inc. (security code: 5076).

- (1) On April 14, INFRONEER Holdings Inc. (the "Company") announced that it would acquire shares of Swing Corporation ("Swing"), a leading water treatment engineering company, which EBARA CORPORATION, JGC HOLDINGS CORPORATION and Mitsubishi Corporation invest in, to make Swing a wholly owned subsidiary. The closing date is scheduled to be July 1 and planned share acquisition price is 91.2 billion yen. The Swing Group is a provider of EPC and O&M services for water treatment facilities and has one of the top-class track record of operations, 300 locations nationwide. As for the Company Group, it has developed its business field in the area of water treatment and is making efforts for the concession business. Recently it has been awarded contracts of the industrial water supply operation in Osaka City and water supply and sewerage system operation in Miura City, Kanagawa Prefecture.
- (2) Even though this share acquisition materialized, JCR does not conclude that immediate review on the Company's rating is necessary. Although scheduled share acquisition price and the goodwill will be substantial, JCR considered the following facts in reaching the above conclusion: i) the Company Group's business performance has been steady; ii) certain financial control has been made through hybrid finance to date and others; iii) stable performance contribution of Swing can be expected; and vi) this share acquisition enables the Company to manage planning, construction, maintenance / management and operation of water and sewerage seamlessly and appears to contribute strengthening the competitiveness in the concession business of water treatment field. That said, where the financial leverage will further rise due in part to future growth investment, JCR considers this will place downward pressure on the Company's rating; therefore, will watch the financial management situation over the medium-term.

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<Reference>

Issuer: INFRONEER Holdings Inc.

Long-term Issuer Rating: A+ Outlook: Stable

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