

## Mitsui E&S Holdings Closes A Tender Offer Agreement for Showa Aircraft Shares—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the closing of a tender offer agreement by Mitsui E&S Holdings Co., Ltd. (security code: 7003) for the shares in consolidated subsidiary Showa Aircraft Industry Co., Ltd. (security code: 7404).

- (1) Mitsui E&S Holdings Co., Ltd. (the "Company") announced on January 23 that it has closed an agreement with a tender offeror to tender and have wholly owned subsidiary Mitsui E&S Machinery Co., Ltd. tender all of the common shares they directly or indirectly hold in consolidated subsidiary Showa Aircraft Industry Co., Ltd. ("Showa Aircraft"). The tender offer will be made by BCPE Planet Cayman, L.P. to whom Bain Capital Private Equity, LP provides investment advice. This action was taken as part of the Company's endeavor to dispose of assets under the business revival plan to reinforce the financial and earnings structures. Upon completion of the tender offer, Showa Aircraft will be excluded from the Company's consolidation, and capital and business alliance between the two companies, which was concluded on January 30, 2014, will likely be dissolved. The shares will be transferred for approximately 45.5 billion yen, while the Company will separately receive a special dividend of approximately 13.4 billion yen from Showa Aircraft, inclusive of indirect holdings. The Company states that the impact of this transaction on consolidated performance has been incorporated into the business forecast for the fiscal year ending March 2020, which were released on November 1, 2019.
- (2) JCR announced in November 2019 a downgrade of the long-term issuer rating on the Company from BBB- to BB+ with Stable outlook. Relevant rating decisions factored in the sale of Showa Aircraft shares as part of asset disposal, which thus has a limited impact on the rating. JCR will keep watching the outcome of the transaction, as well as the future direction of the Company's performance and financial position.

Hiroaki Sekiguchi, Takahiko Yamaguchi

### <Reference>

Issuer: Mitsui E&S Holdings Co., Ltd.

Long-term Issuer Rating: BB+      Outlook: Stable

Issuer: Showa Aircraft Industry Co., Ltd.

Long-term Issuer Rating: BBB      Outlook: Stable

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