

## Kintetsu Group HD Announces Tender Offer for Kintetsu World Express—Limited Impact on Creditworthiness

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the "announcement on commencement of a tender offer for Kintetsu World Express, Inc. (security code: 9375)" released by Kintetsu Group Holdings Co., Ltd. (security code: 9041).

- (1) Kintetsu Group Holdings Co., Ltd. (the "Company") announced on May 13 that it will implement a tender offer for Kintetsu World Express, Inc. ("KWE"). The Company is the largest shareholder of KWE, holding 44.1% of the number of shares issued as of March 31, 2022. KWE expressed its agreement to the tender offer on the same date, and the Company intends to acquire all shares outstanding of KWE.
- (2) If the tender offer was completed, the Company's balance of interest-bearing debts is expected to increase with acquisition of KWE shares. However, given the status of cash flow generation capacity of KWE, among others, impacts on the Company's financial indicators will be limited, in JCR's judgement. In addition, through the tender offer completion, a large amount of goodwill relative to the size of the Company's equity capital is assumed to be booked, but, at this point, the possibility seems to be low that a large amount of impairment risk on goodwill will be revealed. This is mainly thanks to the fact that KWE in recent years has implemented various measures to enhance its earning capacity as the whole group, which brought results, among others. Based on the above, JCR judged that the impacts that the tender offer will affect the Company's creditworthiness are currently limited. JCR will pay attention to changes in the business environment surrounding KWE and its contribution to Kintetsu Group's profit growth. JCR also intends to continue to follow up on the improvement status of the earnings of APL Logistics Ltd., which KWE made into a wholly-owned subsidiary in May 2015.

Akio Kamimura, Naoki Kato

### <Reference>

Issuer: Kintetsu Group Holdings Co., Ltd.

Long-term Issuer Rating: BBB+      Outlook: Stable

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