

## UBE Decides to Acquire Urethane Systems Business of LANXESS Deutschland GmbH in Germany—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on UBE Corporation (security code: 4208)'s announcement on its decision to acquire the urethane systems business of LANXESS Deutschland GmbH in Germany.

- (1) On October 3, UBE Corporation (the "Company") announced that it had resolved to acquire all shares of the 9 direct subsidiaries (11 including non-direct subsidiaries) that make up the urethane systems business of LANXESS Deutschland GmbH ("LANXESS") to make them its subsidiaries, and that it had concluded a stock purchase agreement with LANXESS. The acquisition is expected to take place after completing procedures required related to regulatory approvals, etc., and at present, the closing date is scheduled to be in the first half of 2025. The acquisition price (reference) is approximately 460 million EUR (based on the enterprise value of the target business), and the funds for the acquisition are scheduled to be covered by cash on hand and interest-bearing debt.
- (2) In recent years, the Company has been working to transform itself into a corporate group centered on Specialty Chemicals by expanding business through aggressive growth investment in specialty business and shrinking and restructuring its basic business. The urethane systems business, which is the target business of the acquisition this time, is in the downstream of the C1 chemicals chain, which the Company is currently strengthening its business structure mainly in North America, and it can be said that this acquisition will contribute to strengthening the presence of this chain. Although the Company's financial structure is expected to deteriorate slightly due to the financing required for the acquisition, its financial base is sound, with the equity capital amounting to 408.7 billion yen and the debt-to-equity ratio of 0.5x as of the end of the fiscal year ended March 2024, and it has a certain degree of resilience to the burden of growth investments. Therefore, JCR has determined that there is no need to immediately review the ratings following the announcement of the acquisition. JCR will pay attention to the future developments such as outcome of the acquisition, the impact on the business performance including synergies, efforts to improve its financial position following the acquisition.

Shigenobu Tonomura, Takeshi Fujita

### <Reference>

Issuer: UBE Corporation

Long-term Issuer Rating: A      Outlook: Stable

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