

Toshiba says it will 'support' \$15 bn takeover bid

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Toshiba once symbolized Japan's tech prowess but has recently faced scandals, financial troubles and high-level resignations.

Troubled Japanese conglomerate Toshiba said Thursday it will "support" a \$15 billion takeover bid by a consortium led by investment fund Japan

Industrial Partners.

The long-awaited move follows years of turmoil for the company, which once symbolized Japan's tech prowess but has more recently faced scandals, financial trouble and high-level resignations.

The engineering giant remained cautious in a statement issued after a board meeting, however, saying it would ask a special committee to review the deal, before recommending how its shareholders proceed.

"At this point, the board... expresses our support for the tender offer if it is commenced," it said.

"However, the board has also passed a resolution to not go as far as to recommend it at this point."

Toshiba, which produces everything from rice cookers to medical equipment and nuclear plants, said it would likely take four months before the takeover bid gets underway.

The JIP-led consortium includes 17 Japanese businesses and six Japanese financial institutions which are investing in or issuing loans for the deal.

When approved under global competition laws, the acquisition—worth nearly two trillion yen (\$15 billion)—is expected to take the engineering giant private.

Nearly two years ago, a bombshell buyout offer from private equity fund CVC Capital Partners put a question mark over the future for Toshiba.

The ensuing saga has been closely watched in business circles for clues on what could become of other huge, diversified conglomerates in Japan and elsewhere.

After the CVC offer was dropped, plans were floated to split the company up and spin off its device segment—meeting stiff opposition from some investors.

Several shareholders argued that a spin-off would only add to Toshiba's woes by creating more managerial posts at smaller units, rather than improving the firm's governance.

But that plan was rejected last year at an extraordinary shareholder meeting, dealing a blow to management as deadlock reigned over the next steps for the company.

Mio Kato, an analyst at Lightstream Research who publishes on Smartkarma, said the takeover was "probably a better alternative than trying 50 different strategic plans over the next two years".

"More than anything, if the buyout can finally provide some continuity and stability that is probably more needed than anything else," he said.

Toshiba can trace its history back to 1875, when its forerunner operated as a telegraph factory in Tokyo.

It grew into a vast conglomerate, but has been rocked by turbulence since 2015 when a profit-padding scandal erupted.

That led to huge losses, followed by a recovery that brought pressure from new activist shareholders.

Foreign investors have kept Toshiba afloat, but have also pushed for faster growth and a clearer long-term strategy.

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