

Toshiba's board accepts \$15.2bn buyout offer from JIP

Vocabulary Match

- delisted ● equity ● activist ● binding ● consortium ● resolved ●
- removed ● settled ● group of companies ● investment ● official ● campaigner

Article

Toshiba's board has accepted a buyout offer from Japan Industrial Partners (JIP), a private equity firm, for \$15.2 billion. This would take the company private and into domestic hands, resolving tension with overseas activist shareholders.

However, it is not yet clear if activist funds, which own about a quarter of the company, will be satisfied with the terms. If successful, the deal would be the third-largest M&A transaction globally this year. The consortium includes 20 Japanese firms, such as Orix Corp, Rohm Co, and Chubu Electric Power.

Toshiba has been hit by accounting scandals and heavy losses since 2015 and came close to being delisted. It also owns 40.6% of memory chip maker Kioxia Holdings. The fallout from the company's scandals led to the strategic review and the buyout proposal.

The JIP consortium submitted a binding buyout proposal last month backed by \$10.6 billion in loan commitments from major banks. Toshiba shares have fallen 12% over the past year.

Quiz

1. What would happen to Toshiba if the buyout offer is successful?
2. Why did Toshiba come close to being delisted from the stock exchange?

Conversation

A: With the buyout offer on the table, should we buy more or sell our shares?

B: It's a tough call. The offer is big, but I'm not sure about the terms.

A: What's the risk if we hold onto our shares?

B: If the deal falls through, our shares could tank.

A: But if it succeeds, we could do pretty well, right?

B: Yeah, that's possible. Let's keep an eye on the news for now.

Discussion

1. How do you think the company's scandals affected its decision to accept the offer?
2. What do you think the future holds for Toshiba if the buyout offer is successful?
3. What do you think the advantages and disadvantages are of being a private company?
4. Do you think it's important for companies to have domestic ownership?