

# STARK CORPORATION PLC

No. 2/2022  
30 May 2022

## CORPORATES

**Company Rating:** BBB+  
**CreditAlert:** Negative

**Last Review Date:** 01/12/21

### Company Rating History:

Date	Rating	Outlook/Alert
26/03/2021	BBB+	Stable

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## RATIONALE

TRIS Rating has placed the company rating on STARK Corporation PLC's (STARK) on CreditAlert with a "Negative" implication. The rating action follows STARK's announcement on 23 May 2022 of its intention to acquire the entire shares of LEONI Kabel GmbH and LEONISCHE Holding Inc. from LEONI AG. The transaction cost is expected to not exceed EUR560 million (equivalent to about THB20.6 billion). The company plans to fund the acquisition by not higher than USD500 million debt (or about THB17.3 billion) and the rest by internally generated cash and/or capital injection. The transaction will need to be approved by STARK's shareholders at a meeting scheduled for 12 October 2022. The transaction is expected to be completed within November 2022, subject to regulatory approvals.

LEONI Kabel and LEONISCHE are Business Group Automotive Cable Solutions (BG AM) of Leoni AG. BG AM is one of the market leaders in automotive standard, special and charging cables. It has a production network comprising 10 plants in seven countries mainly in Europe.

TRIS Rating views that the acquisition will strengthen STARK's business profile, enlarging business scale with a broader product coverage and geographical diversification. We view the acquisition will enable STARK's entry into the automotive cable market, and capture growth opportunities in the electric vehicle (EV) industry in Europe and America.

On the other hand, TRIS Rating considers that the acquisition would have impact on STARK's financial profile. The company plans to finance the transaction with a debt portion of 75%. We estimate the acquisition would raise STARK's outstanding debt, significantly lifting its financial leverage to a higher level.

We expect to resolve the CreditAlert once the transaction is completed, and we have thoroughly assessed the full impact of the acquisition on STARK's credit profile.

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**RELATED CRITERIA**

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- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Rating Methodology – Corporate, 26 July 2019

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**STARK Corporation PLC (STARK)**

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<b>Company Rating:</b>	<b>BBB+</b>
<b>CreditAlert:</b>	<b>Negative</b>

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**TRIS Rating Co., Ltd.**

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