

Bain hoping to settle with Western Digital on Toshiba deal

October 5 2017, by Yuri Kageyama



Yuji Sugimoto, the Japan head of Bain Capital, speaks during a press conference in Tokyo, Thursday, Oct. 5, 2017. The investment fund heading the consortium buying the memory chip business of Toshiba Corp. said Thursday it will try to reach a speedy settlement with Western Digital, the U.S. joint venture partner of Toshiba that is opposing the sale.(AP Photo/Yuri Kageyama)

The investment fund heading the consortium that plans to buy Toshiba Corp.'s memory chip business said Thursday it will try to reach a speedy

settlement with Western Digital, the U.S. joint venture partner of Toshiba that is opposing the sale.

Yuji Sugimoto, the Japan head of Bain Capital, said the 2 trillion yen (\$18 billion) deal Toshiba agreed to last month with a consortium led by Bain will go ahead despite Western Digital's efforts to stop it through litigation.

He told reporters at a Tokyo hotel that Western Digital remains an important partner, and a speedy resolution will benefit both sides. He declined to elaborate, saying litigation was ongoing.

"Even partners may develop differences," Sugimoto said.

The consortium aims to list the NAND flash-memory SanDisk joint venture business on the Tokyo Stock Exchange within several years, Sugimoto said.

Tokyo-based Toshiba, suffering massive losses over its nuclear business, sorely needs the sale to survive. Its U.S. nuclear operations at Westinghouse Electric Co. filed for bankruptcy earlier this year.

Sugimoto promised to protect jobs at the memory business, noting that the basic management there now will stay, and new workers will be hired to keep up with technological advances.

Competition from Samsung of South Korea is a major threat, he acknowledged, and not falling behind in technology remains critical.



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"It is a fantastic company," Sugimoto said of Toshiba's memory business.

Additional investments are planned at several billion dollars a year, mainly through the cash generated from the operations, he added.

Bain's consortium includes Apple Inc., which Sugimoto said was a major customer as well as a partner, and Dell Technologies Capital as U.S. investors. They will not acquire common stock or voting rights over the business.

Other participants in the consortium include SK Hynix of South Korea, which will invest 395 billion yen (\$3.5 billion).

Japanese companies will hold 50.1 percent of the common stock in the consortium's special company, as Toshiba will be investing 350 billion yen and (\$3.1 billion) and medical technology company Hoya Corp. will invest 27 billion yen (\$239 million).



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The share transfer is to close by the end of March next year, according

to Bain Capital and Toshiba.

Toshiba Memory will also receive another 600 billion yen (\$5.3 billion) in financing from banks.

Toshiba's massive red ink began with reactors it has been building in the U.S. which are still unfinished, partly because of beefed-up safety regulations following the 2011 Fukushima nuclear disaster in northeastern Japan. Toshiba's earnings reports initially failed to get endorsements from its auditors, but the auditors signed off in August.



In this April 11, 2017, file photo, Toshiba Corp.'s President Satoshi Tsunakawa bows during a press conference at the company's headquarters in Tokyo. The investment fund heading the consortium buying the memory chip business of Toshiba Corp. said Thursday, Oct. 5, 2017, it will try to reach a speedy

settlement with Western Digital, the U.S. joint venture partner of Toshiba that is opposing the sale. (AP Photo/Shizuo Kambayashi, File)

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Citation: Bain hoping to settle with Western Digital on Toshiba deal (2017, October 5) retrieved 28 April 2024 from <https://phys.org/news/2017-10-bain-aims-western-digital-toshiba.html>

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