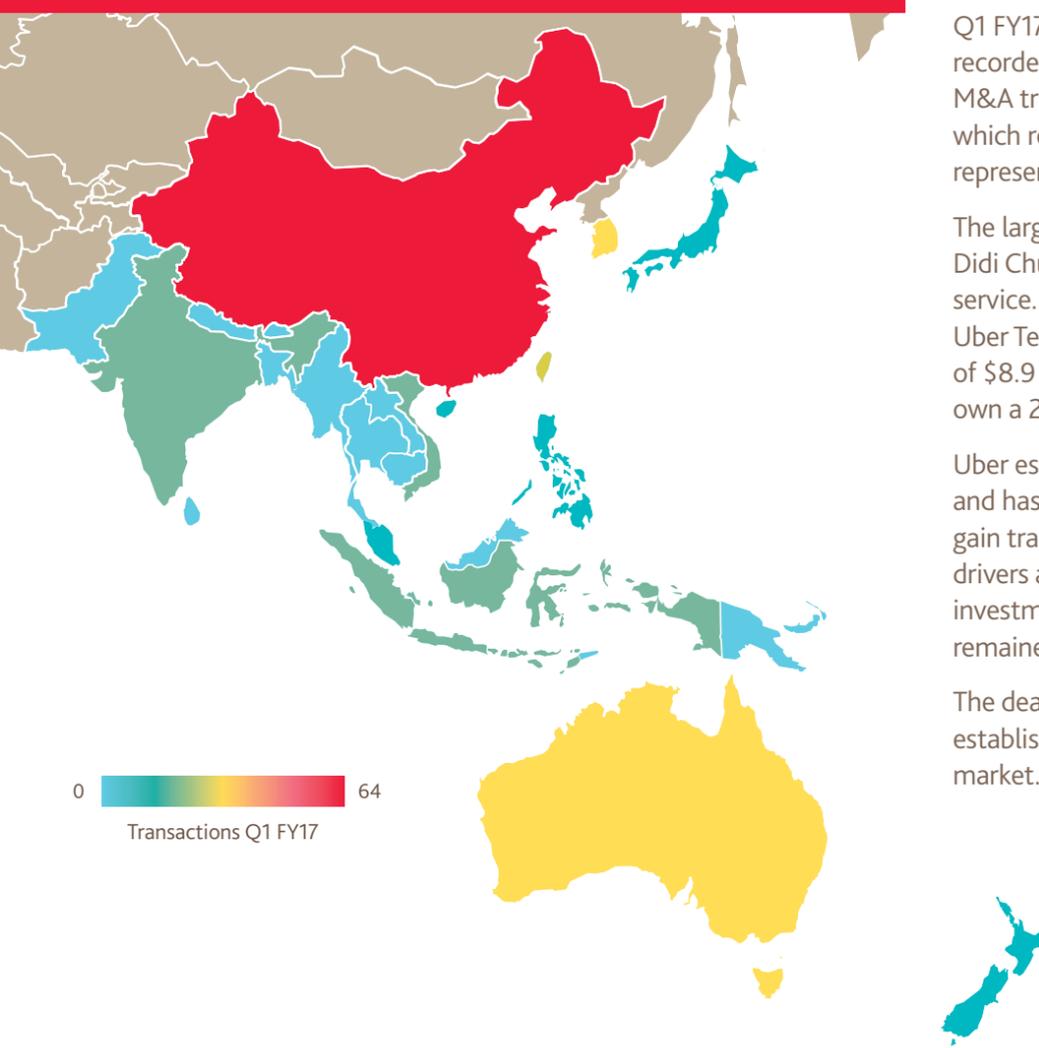


TECHNOLOGY M&A HIGHLIGHTS

This edition of BDO's quarterly TMT M&A Highlights provides a succinct and targeted snapshot of mergers & acquisitions in the Asia region, with a specific focus on Australia.

Q1 FY17

ASIA M&A HEAT MAP



Q1 FY17 saw a total of 137 transactions recorded across Asia totalling \$38.1 billion. M&A transactions were concentrated in China, which recorded a total of 64 announced deals representing over \$26.8 billion in value.

The largest acquisition in the quarter involved Didi Chuxing, China's largest ride hailing service. Didi acquired the China operations of Uber Technologies Inc for a total consideration of \$8.9 billion. As part of the deal, Uber will own a 20% stake in Didi going forward.

Uber established operations in China in 2013 and has spent more than \$1 billion trying to gain traction, by offering subsidies to both drivers and riders. Despite the significant investment by Uber, the Chinese venture has remained loss making since inception.

The deal marks an end to Uber's attempt to establish an independent foothold in the China market.

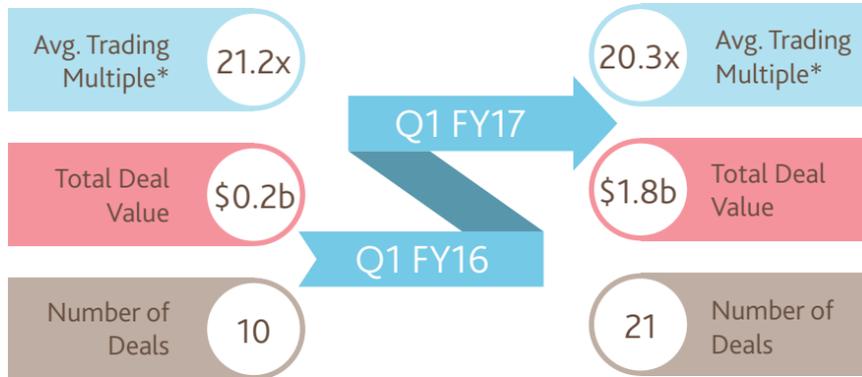
AUSTRALIA

TECHNOLOGY M&A ACTIVITY

Deal activity increased by \$1.2 billion in Q1 FY17

M&A activity increased significantly in Q1 FY17 relative to Q1 FY16 due to a number of larger deals in the quarter. The acquisition of SAI Global Limited and ASG Group made up approximately \$1.5 billion of total M&A deal value in Q1 FY17. Generally, the low Australian dollar and low interest rate environment has amplified M&A activity in Australia.

The average trading multiple for the technology sector decreased slightly to 20.3x EBITDA in Q1 FY17. However, equity valuations for technology companies remain high. Investors recognise the value in disruptive technology that has the potential to change the way people live, work and interact.



*Average EBITDA trading multiple for all ASX listed technology companies with a market capitalisation greater than \$50 million.

NOTABLE TRANSACTIONS

The largest transaction announced during the quarter was the acquisition of SAI Global, a risk management compliance & quality standards company, in a takeover valued at almost \$1.2 billion. SAI Global was purchased by Baring Private Equity Asia, an alternative investment fund manager based in Hong Kong. Barings Private Equity Asia has over \$13 billion in investments spread across 35 companies however this is its first investment in an Australian Company. The acquisition was driven by a strategy to capitalise on the increasing globalisation of intellectual property and information.

Baring Private Equity Asia
to acquire 100% of SAI Global Limited

A\$ 54M
Macquarie Group Limited, 77 Victoria Street Trust and Sandrift Pte Limited
acquired 80.77% of Onthehouse Holdings Limited

EQT Partners AB
acquired 100% of XP Solutions Inc.

Iress Limited
acquired 100% of Financial Synergy Holdings Pty Ltd

Nomura Research Institute
to acquire 100% of ASG Group Ltd



i For global perspectives on technology and media, explore the BDO International Tech and Media Watch Blog

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