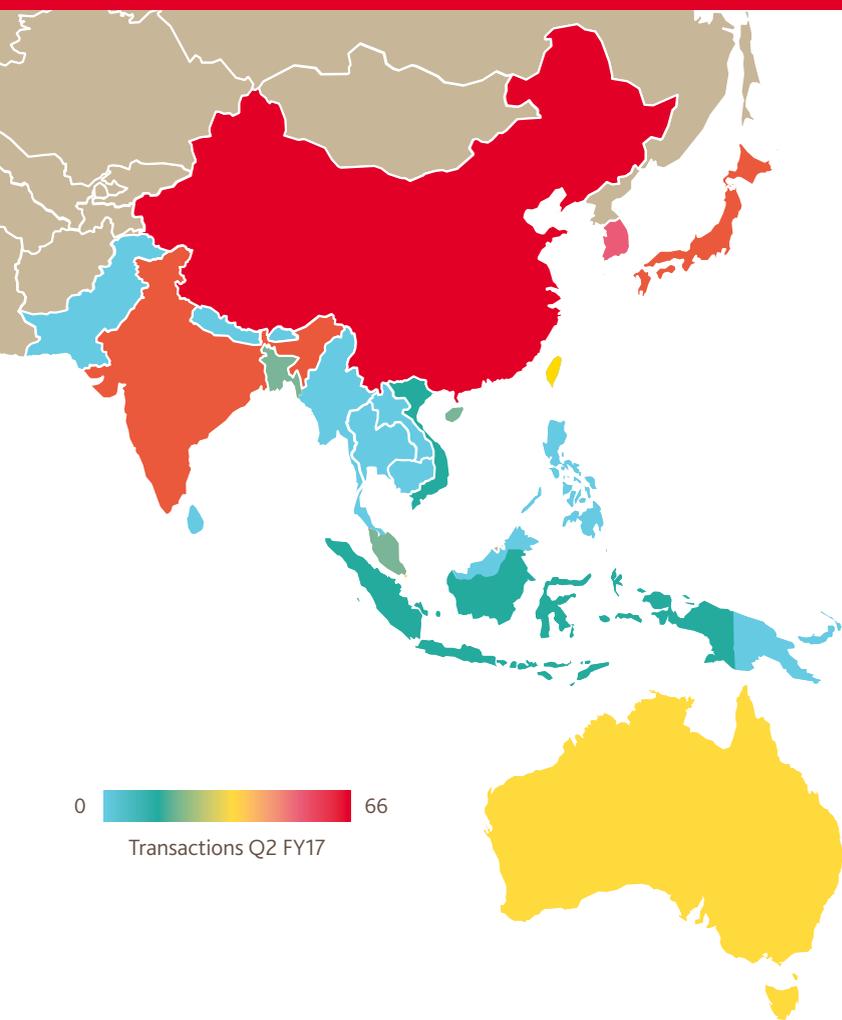


BDO's quarterly Technology M&A Highlights provides a succinct and targeted snapshot of M&A activity in the Asia region, with a specific focus on Australia.

## ASIA M&A HEAT MAP



Q2 FY17 saw a total of 146 transactions recorded across Asia totalling \$14.5 billion. This is a considerable decrease on Q2 FY16 M&A activity which recorded \$57.1 billion.

Investor uncertainty was a key theme of the quarter reflecting a surprise USA election result which has called future global trade policies into question. Concerns surrounding possible future protectionist policies has prompted corporations to revisit future strategic plans.

M&A transactions were concentrated in China, which recorded a total of 66 announced deals representing over \$8.1 billion in value.

The largest acquisition in the quarter involved the purchase of Heptagon Micro Optics for \$1.1 billion. Heptagon Micro Optics is a global provider of micro optics and optical sensing solutions for smart devices.

The company is based in Singapore and has over 830 employees including 120 engineers and 500 manufacturing staff.

The acquisition was completed by ams AG, a global semiconductor manufacturer and provider of optical sensor solutions based in Austria. The acquisition is expected to yield significant operational synergies and create a global leader in end-to-end optical sensing solutions. The transaction is subject to regulatory approval and consists of an upfront consideration in cash and shares with a substantial deferred earn-out consideration.

## AUSTRALIA

### TECHNOLOGY M&A ACTIVITY

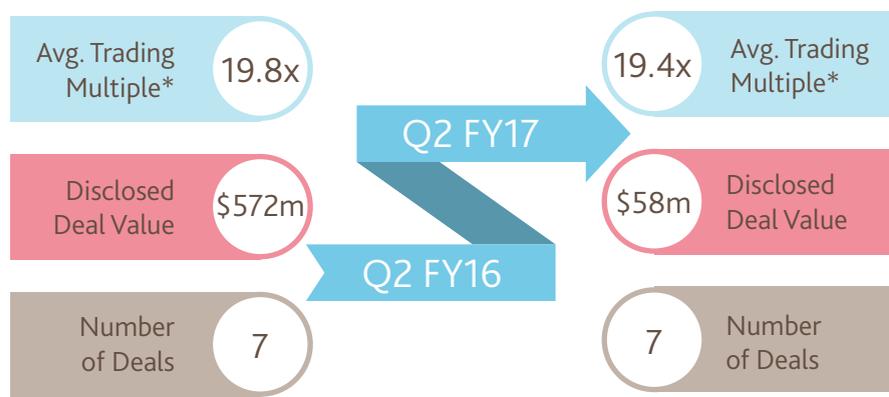
M&A activity declined by 90% to \$58m in Q2 FY17 due to uncertain economic conditions

M&A activity took a massive hit during Q2 FY17, down almost 90% on the corresponding period in 2016. Market analysts have attributed the slowdown in M&A activity to uncertainty surrounding future economic policies. In particular, a surprise election result in the USA highlighted the potential impact of future global trade policies on corporate earnings.

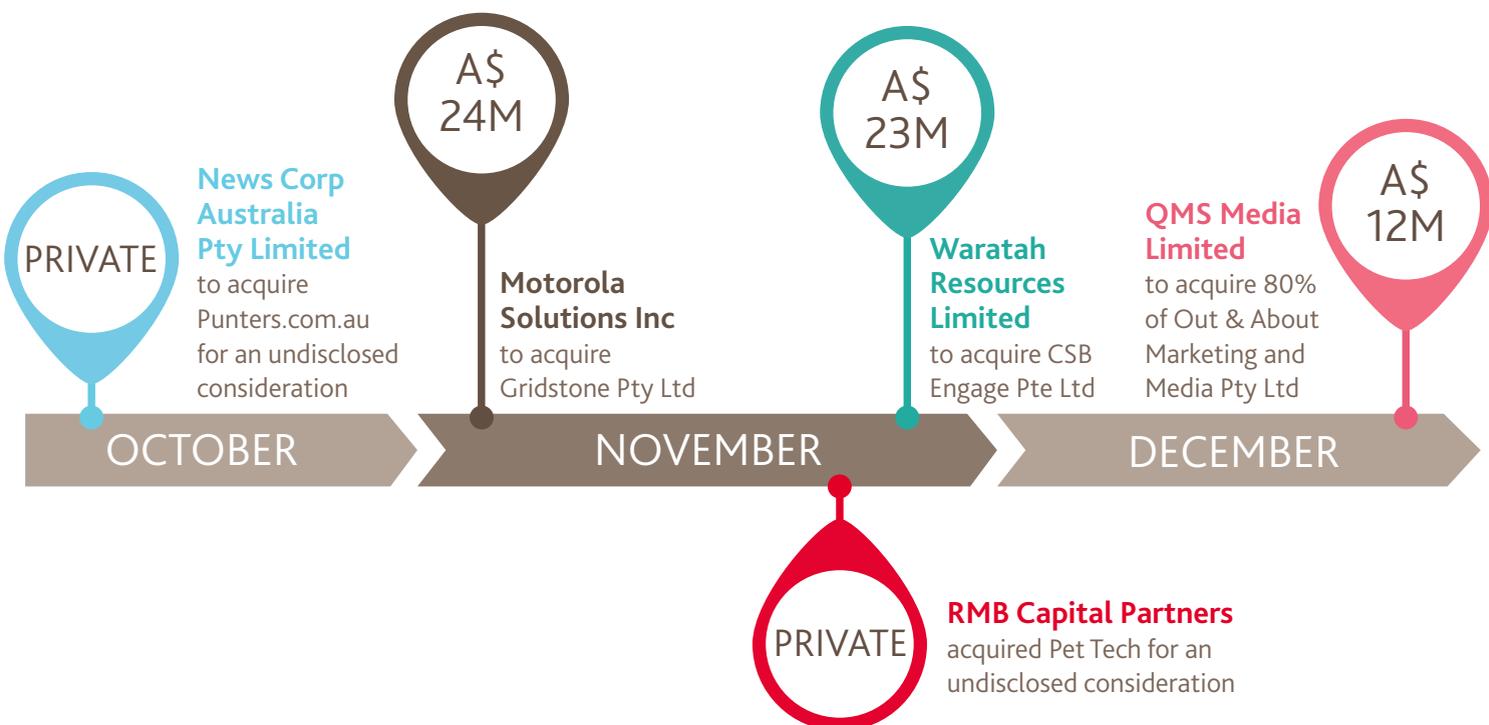
Equity valuations in the technology industry remain elevated. Investors recognise disruptive technologies have the potential to change the way people live, work and interact which translates into higher returns for shareholders.

### NOTABLE TRANSACTIONS

The largest transaction announced during the quarter was Motorola Solutions acquisition of Gridstone Pty Ltd, a mobility solutions provider for public safety agencies, governments and enterprise, for \$23.5 million. The acquisition was driven by a strategy to acquire key capabilities within the mobility solutions sector which can be coupled with Motorola's existing capabilities and hardware.



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



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