

# TECHNOLOGY M&A HIGHLIGHTS

Q4 FY17

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

## ASIA M&A HEAT MAP



**Q4 FY16**  
138 M&A  
TRANSACTIONS  
ACROSS ASIA  
\$41.6 BILLION

**Q4 FY17**  
142 M&A  
TRANSACTIONS  
ACROSS ASIA  
\$37.6 BILLION

M&A activity slowed across Asia in Q4 FY17. Lofty valuations within the technology sector have prompted large corporates to reconsider investment strategies. Expansion via acquisition is an expensive strategy and Management are questioning whether capital can be better deployed elsewhere.

One of the largest transactions announced in the quarter took place in India. India is currently the world's fastest growing economy and is perceived as a business friendly regime for investors.

Indian e-commerce giant Flipkart raised \$1.9 billion in funding at a post money valuation of over \$17 billion. The deal included some big name investors such as Microsoft and eBay who are seeking to gain indirect entry to the Indian market.

The funds raised by Flipkart will be used to finance rapid expansion in one of the world's fastest growing online marketplaces. India's 'online' population is tipped to increase to over 450 million people by the end of 2017.

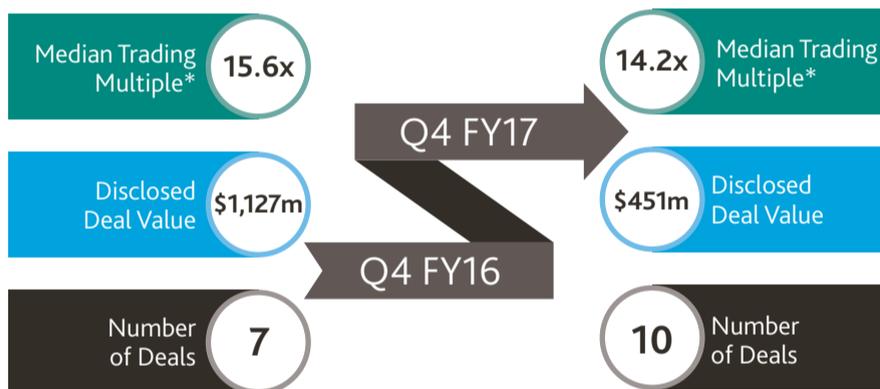
## AUSTRALIA

### TECHNOLOGY M&A ACTIVITY

#### M&A activity decreased in Q4 FY17

Experts have attributed the decrease to uncertainty regarding the future direction of interest rates both globally and in Australia. Central banks across the world have held interest rates at historic lows since the global financial crisis.

However recent interest rate increases in the USA have prompted central banks to reconsider future monetary policy. This has caused concerns in the investment community that the era of 'cheap credit' is ending and the future cost of financing M&A activity is unclear.

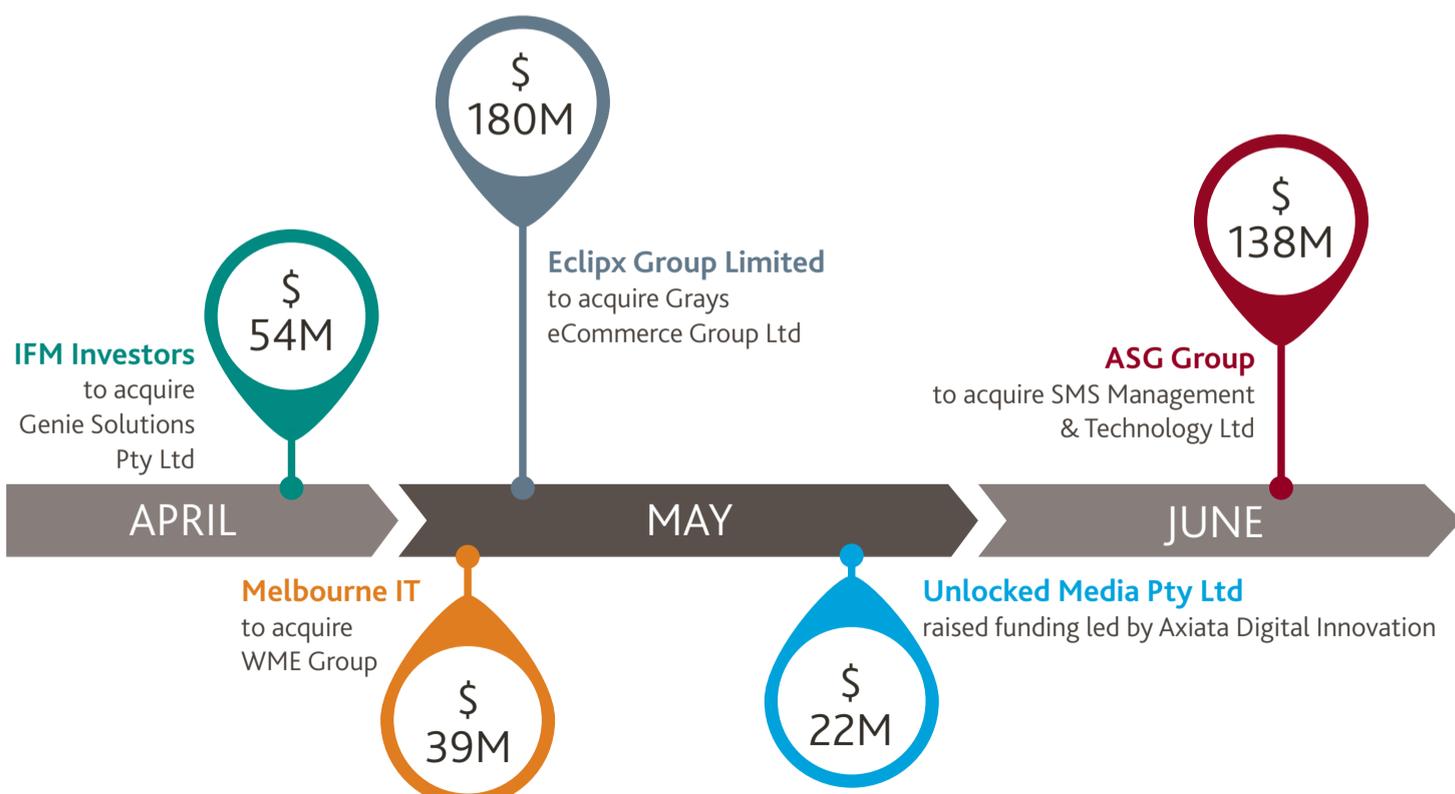


\*Median EBITDA trading multiple for all ASX listed technology companies with market capitalisation greater than \$50 million.

### NOTABLE TRANSACTIONS

An interesting transaction announced during the quarter involved the acquisition of health technology enterprise, Genie Solutions, by Melbourne based fund manager, IFM Investors, for \$54 million. Genie Solutions is a leading software provider for medical specialists and claims to have penetrated 50% of the Australian market.

Private equity funds are finding software platform providers highly attractive due to the scalability of the businesses and high profit margins.



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