

# TECHNOLOGY M&A HIGHLIGHTS

Q2 FY19

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



**Q2 FY19**  
**146 M&A**  
**TRANSACTIONS**  
**ACROSS ASIA**  
**\$33.4 BILLION**

**Q2 FY18**  
**157 M&A**  
**TRANSACTIONS**  
**ACROSS ASIA**  
**\$12.0 BILLION**

One of the largest transactions announced in the quarter involved the private placement funding round for Beijing Byte Dance Technology Co., Ltd, the China-based owner and operator of popular mobile applications Toutiao and TikTok for US\$3bn. Toutiao is one of China's largest mobile platforms, utilising artificial intelligence to deliver bespoke news feeds to their user base of over 500 million monthly active users.

The round of funding was announced by a consortium of investors led by Japan-based telecommunications company Softbank Group with US-based private equity firms Kohlberg Kravis Roberts & Co and General Atlantic Service Company L.P.

The reported post money valuation of Beijing Byte Dance Technology Co., Ltd of US\$75bn makes it one of the world's biggest privately backed start-ups, eclipsing popular ride-sharing company, Uber, at US\$72bn. The company plans to use the proceeds to accelerate international expansion plans and to develop new business growth locally and abroad.

## AUSTRALIA

### TECHNOLOGY M&A ACTIVITY

In Australia, M&A activity increased in Q2 FY19.

Australian M&A activity measured by both value and volume of deals, increased in Q2 FY19 when compared to Q2 FY18. This was driven by the acquisition of Australia-based business management software company, MYOB Group Limited for AU\$2bn.

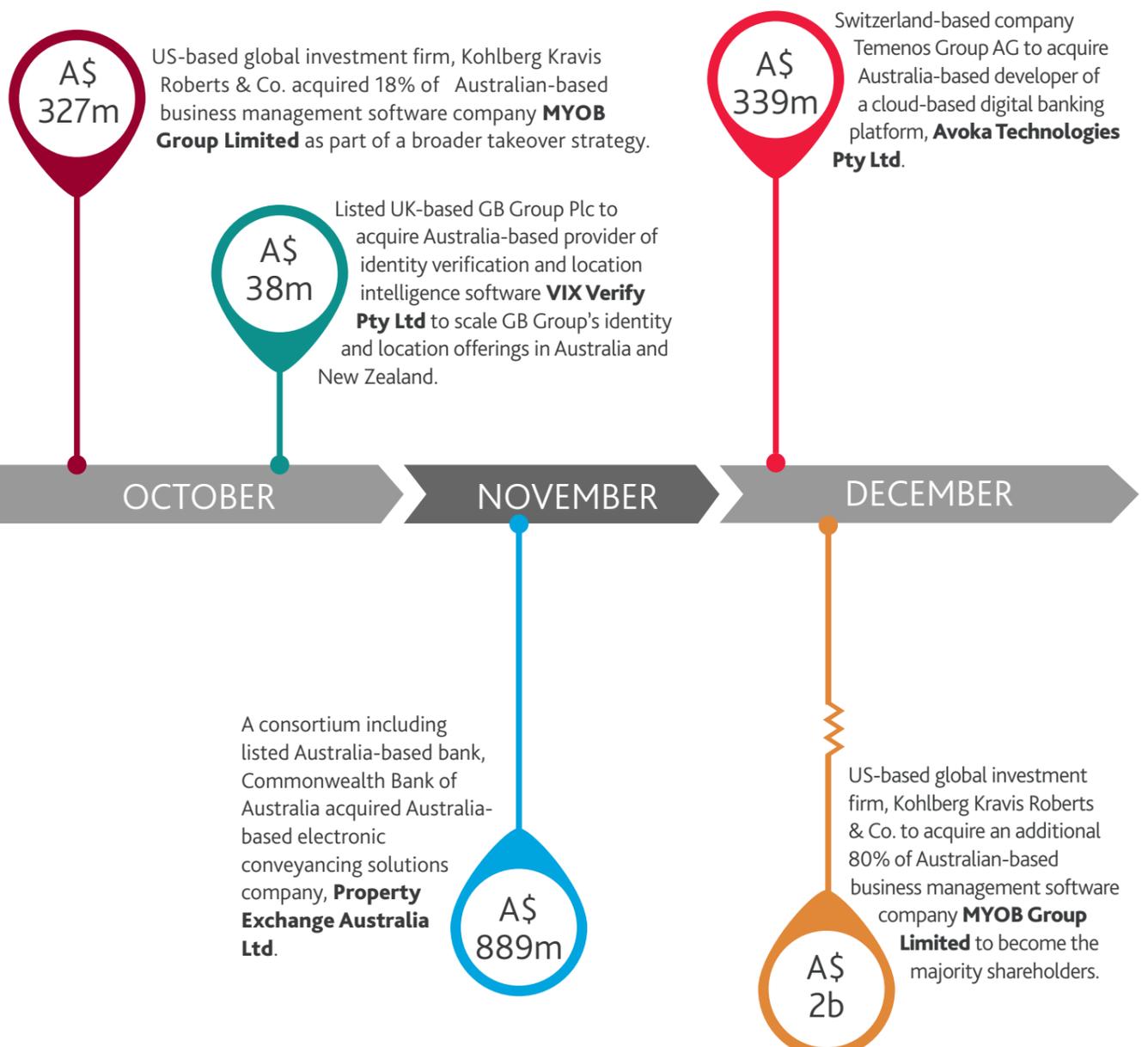
Economic and market forces such as the ongoing US-China trade war and the US-led tech stock market correction in 2H 2018 has not impacted Australian technology M&A activity as dramatically as the rest of Asia.

The weakening of the Australian dollar and relatively stable interest rates, relative to the US has resulted in Australian tech assets being cheaper with regards to equity capital markets and debt capital markets. This has resulted in the increasing interest in Australian tech start-ups over the last two quarters being driven by US based companies.

Notable sub-sectors generating interest across the globe include Australian software-as-a-service businesses and players in emerging technologies such as quantum computing.

### NOTABLE TRANSACTIONS

A notable transaction announced during this quarter involved the acquisition of Australian-based business management software solutions company, MYOB Group Limited by global investment firm, Kohlberg Kravis Roberts & Co. (KKR). Two separate transactions occurred which resulted in KKR acquiring 18% and 80% respectively in Q2 2019. Upon completion, this would be one of KKR's largest acquisitions in Australia, adding to their portfolio of 10 technology-driven businesses in the Asia-Pacific region.



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