

TECHNOLOGY M&A HIGHLIGHTS

Q1 FY20

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

ASIA M&A HEAT MAP



Q1 FY19
174 M&A
TRANSACTIONS
ACROSS ASIA
\$33.9 BILLION

Q1 FY20
133 M&A
TRANSACTIONS
ACROSS ASIA
\$27 BILLION

DEAL ACTIVITY

Q1 FY2020 saw a total deal volume of 133 transactions recorded across the ASIA-PAC region with a total disclosed deal value of c.A\$27.1bn. This represented an overall 24% decrease in deal volume compared to the corresponding quarter in 2019.

These observed declines can be attributed to the global ripple effects caused by technological tensions and the on-going economic conflict between the world's two largest national economies; China and the United States. M&A activity in China dropped by 39% compared to the corresponding quarter in 2019.

NOTABLE TRANSACTION

One of the largest transactions in the quarter involved two Japan-based companies engaged in e-commerce. Z Holdings Corporation's acquired a 50.1% stake over ZOZO, Inc., totalling a deal value of c.A\$5.5bn.

The takeover comes at a time of change in Japanese technology, where online retailing companies are looking to expand their service offerings with wireless telecom services and embarking on an aggressive push into fashion.

ZOZO, Inc.'s mall Zozotown controls nearly 50% of Japan's e-commerce market for mid to high-end fashion and provides Z Holdings Corporation an opportunity to be a market leader in Japan's online fashion space.

AUSTRALIA

TECHNOLOGY M&A ACTIVITY

Australian Technology M&A activity increased 3% in Q1 FY20

The emerging trend of cross-sector convergence and industry consolidations has continued to drive M&A activity in Australia.

Although the number of deals in Australia's technology sector this quarter have decreased compared to the corresponding period in 2019, the overall total disclosed deal value has increased by 3%.

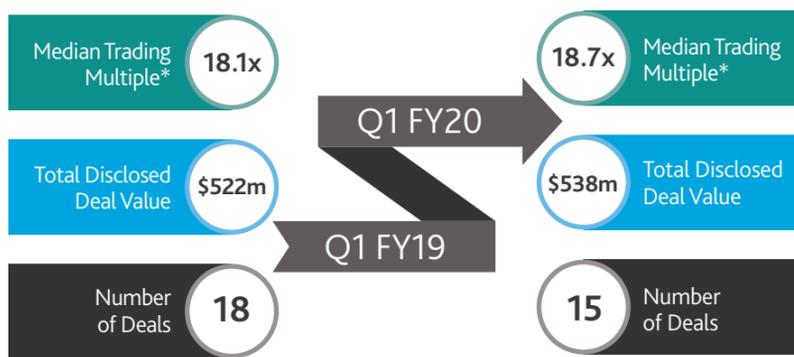
The median trading multiple has remained relatively stable. Investors recognise the value in disruptive technology and how it has the potential to change the way people live, work and interact, which ultimately translates into higher return for shareholders.

Technology M&A is expected to remain robust over the new financial year as companies are seeking to enhance their service and product offerings with technology based solutions to remain on the cutting edge of their industry.

NOTABLE TRANSACTIONS

The largest deal in this quarter involved the cross border acquisition of **GBST Holdings Limited** (ASX: GBT), an Australia-based ASX-listed provider of specialist market access and transaction processing solutions, by **FNZ (UK) Ltd**, a UK-based provider of technology and administration for a consideration of A\$252m. The takeover is in line with GBST Holdings Limited's global strategy to improve investment and retirement outcomes for all customers and will help the company to expand its product and service offering in both wealth management and capital markets.

Another notable transaction in this quarter is the acquisition of **Midwinter Financial Services Pty Ltd**, an Australia-based company engaged in providing financial planning software, by Australian-based **Bravura Solutions Limited** (ASX: BVP), a company engaged in the provision of wealth management applications and professional services, for a cash consideration of \$A50m. Bravura Solutions Limited engaged BDO's services to provide due diligence for this transaction.



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

Accenture Plc, an Ireland-based management consulting, technology and outsourcing company, acquires **Analytics8 LP**, an Australia-based big data and analytics company from an Australia-based private investor.

A\$ 25m

A\$ 32m

Acquisition of **Midwinter Financial Services Pty Ltd** from **Village Roadshow Limited** by **Bravura Solutions Limited**.

JULY

AUGUST

SEPTEMBER

GBST Holdings Limited accepts takeover bid from **FNZ (UK) Ltd**.

MOQ Limited (ASX: MOQ), an Australia based provider of software and service solutions acquires **WARDY IT Solutions**, an Australian company providing solution in SQL Server technologies.

Armitage Associates, an Australia-based investment firm acquires 80% stake in **Droppoint Australia Pty Limited**, an Australia-based software provider for inventory management.

A\$ 252m

A\$ 14m

A\$ 8m



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