

# TECHNOLOGY M&A HIGHLIGHTS

Q2 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



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

**Q2 FY20**  
183 M&A  
TRANSACTIONS  
ACROSS ASIA-PAC  
\$48.6 BILLION

### DEAL ACTIVITY

In Q2 FY2020, the ASIA-PAC region saw a total of 183 transactions with a disclosed deal value of c.A\$48.6bn which is a significant increase on the \$33.4bn in Q2 FY2019. These increases were mainly driven by Japan and South Korea, where deal volume increased by 480% and 72% respectively compared to the corresponding quarter.

Japan's M&A activity has risen in recent years driven by a number of conglomerates restructuring their portfolio of subsidiaries. Approximately 90% of Japan's transactions this quarter were domestic acquisitions aimed at fostering economies of scale.

Domestic acquisitions are expected to decline going forward as industries consolidate and companies look at cross-border opportunities for growth.

### NOTABLE TRANSACTION

The takeover of South Korean smartphone application unicorn company **Woowa Brothers Corp**; operator of Korea's leading food delivery and takeout application, by German company **Delivery Hero SE**; who operate a rival food delivery app, was the largest transaction in this quarter.

**Delivery Hero SE** acquired a 87% stake from existing investors totalling a deal value of c.A\$5.8bn. The remaining 13% will be acquired over a span of four years with **Woowa Brothers Corp** being wholly-owned by **Delivery Hero SE** upon completion.

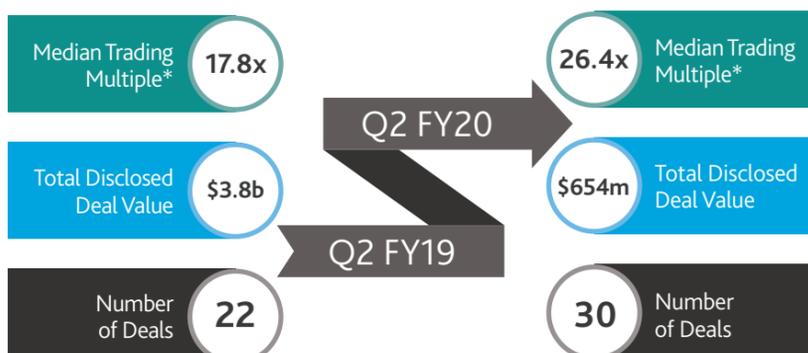
The strategic partnership will help **Woowa Brothers Corp** leverage the global expertise of **Delivery Hero SE** to expand its foothold within Asia whilst strengthening the capabilities of both companies to achieve economies of scale. The companies are also seeking to set up a joint venture in Singapore to further penetrate the Asian market space.

## AUSTRALIA

### TECHNOLOGY M&A ACTIVITY

**Australian Technology M&A activity increased 7% in Q2 FY20**

The mid-market continues to be the epicentre of M&A deal activity in Australia driven by private equity and foreign investment. The number of deals in Australia's technology sector has increased by 36% this quarter compared to the corresponding period in FY19. However, the overall total disclosed deal value has decreased by 83% due to a notably large c.A\$2.3bn transaction that occurred in Q2 FY19.



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

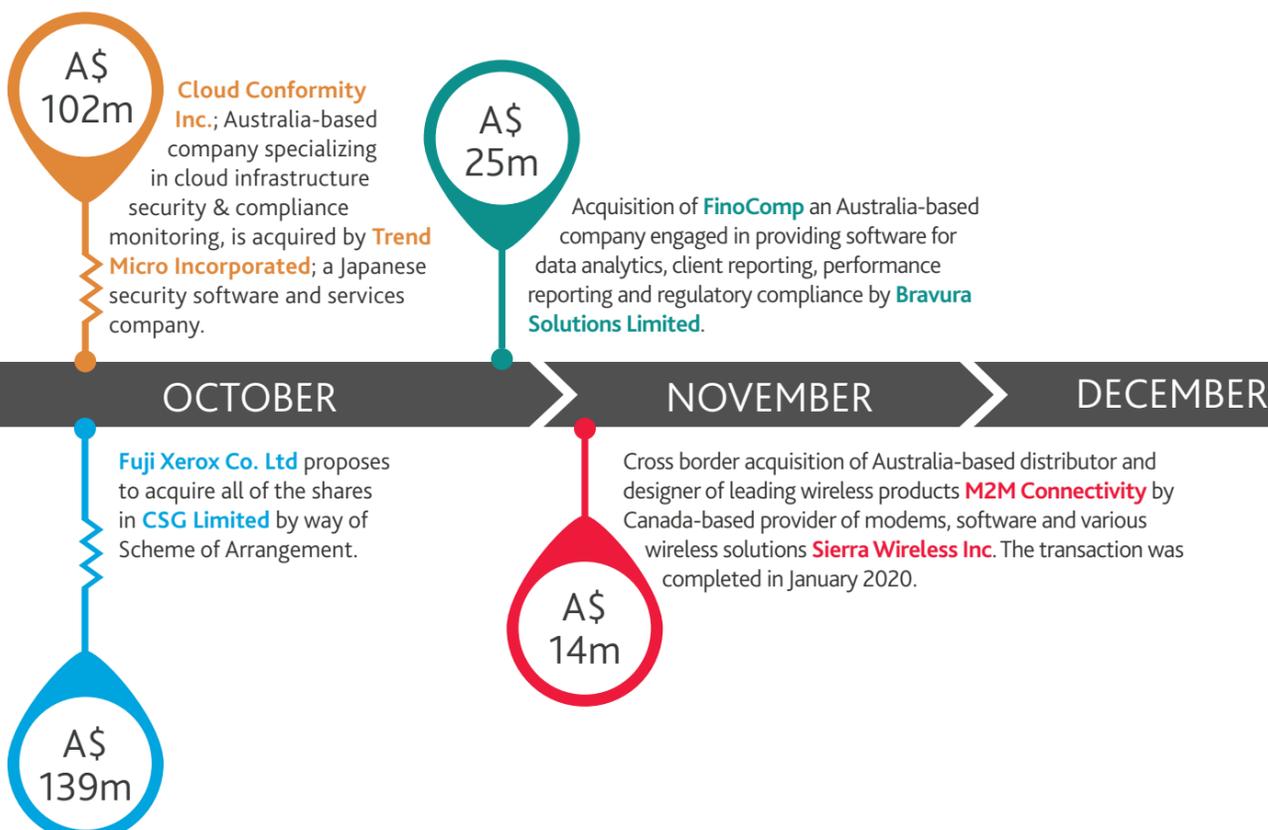
The median trading multiple has increased substantially. Investors and deal makers are beginning to set their sights on the Australian market and recognise the country's huge potential and mid-market opportunity.

With rapid technological disruption and the relentless drive for innovation due to increased competition, technology M&A is expected to increase as established companies are increasingly looking to acquire an emerging or disruptive challenger.

### NOTABLE TRANSACTIONS

The cross-border acquisition of Australia-based communications and technology company **CSG Limited** by Japan-based digital design and manufacturing company **Fuji Xerox Co. Ltd** for a total consideration of A\$139m, was the largest transaction in this quarter. The transaction was executed via its wholly-owned subsidiary **Fuji Xerox Asia Pacific** and was completed in February 2020. The transaction is in line with **Fuji Xerox Co. Ltd's** strategy to create synergy with **CSG Limited** and expand its business with a focus in both Australia and New Zealand.

The acquisition of **FinoComp**; an Australia-based company engaged in providing software for data analytics, client reporting, performance reporting and regulatory compliance 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 \$A25m is another notable transaction in this quarter. **Bravura Solutions Limited** engaged BDO's services to provide due diligence for this transaction.



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