

# TECHNOLOGY M&A HIGHLIGHTS

Q3 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



**Q3 FY19**  
97 M&A  
TRANSACTIONS  
ACROSS ASIA-PAC  
\$20.5 BILLION



**Q3 FY20**  
111 M&A  
TRANSACTIONS  
ACROSS ASIA-PAC  
\$21.5 BILLION

### DEAL ACTIVITY

Overall, deal activity increased in Q3 FY20, when compared with Q3 FY19 in the ASIA-PAC region. This was due to a marked increase in activity in Australia, but across the region early signs of a decline were noted. While deal volume increased by 14% to 111 transactions, in contrast, disclosed deal value only increased 5% to \$A21.5bn – highlighting lower valuations (and uncertainty). Decreases in disclosed deal value were also noted in China and Singapore by 19% and 33% respectively from the corresponding quarter in FY2019.

The slowdown in China and Singapore M&A activity reflects the impact of COVID-19. After its discovery in December 2019, the outbreak has led to a global pandemic which has increased stock market volatility to levels last seen prior to the global financial crisis.

Investments are expected to decline in the near term as companies enter survival mode to take stock of the pandemic and its impact. However, the pandemic is expected to stimulate technology investment, particularly in the fields of remote working, employee engagement, business continuity, and digital client services.

### NOTABLE TRANSACTION

The largest transaction in this quarter is the acquisition of **eNett International (Singapore) Pte. Ltd.**; a leading provider of integrated B2B payment solutions for the travel industry, by UK-based leading financial technology service provider, **WEX Inc.** from **Travelport Worldwide Limited** for a total consideration of \$A2.5bn. The transaction also includes the acquisition of B2B payment solutions provider, **Optal Limited**, from private shareholders. The transaction is expected to be complete in mid-2020.

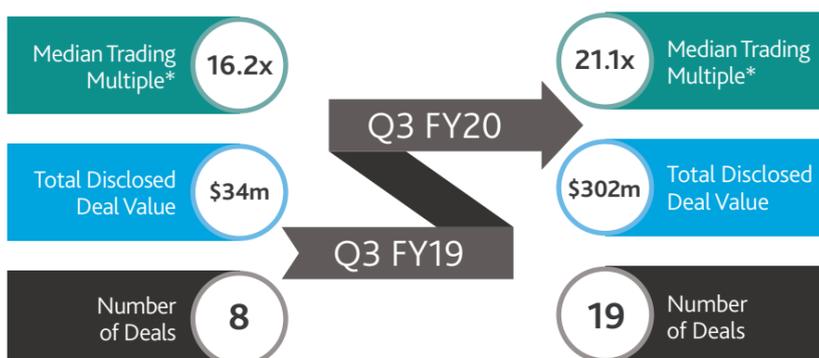
**Optal Limited** and **eNett International (Singapore) Pte. Ltd.**'s expertise and complementary product portfolio will strengthen **WEX Inc.**'s position in the global travel market. The transaction is expected to accelerate **WEX Inc.**'s growth and diversify its business geographically in order to create a powerhouse in the global travel industry.

## AUSTRALIA

### TECHNOLOGY M&A ACTIVITY

**Australian Technology M&A activity increased 138% in Q3 FY20**

The number of deals in Australia's technology sector has increased by 138% this quarter compared to the corresponding quarter in FY2019. Disclosed deal value has also increased by an enormous 788% with the median trading multiple for listed companies continued to increase indicating that appetite for Australian technology companies remains strong. For instance, Xero (ASX:XRO), the cloud-based accounting software company, was trading at 187x LTM EBITDA at the end of March 2020.



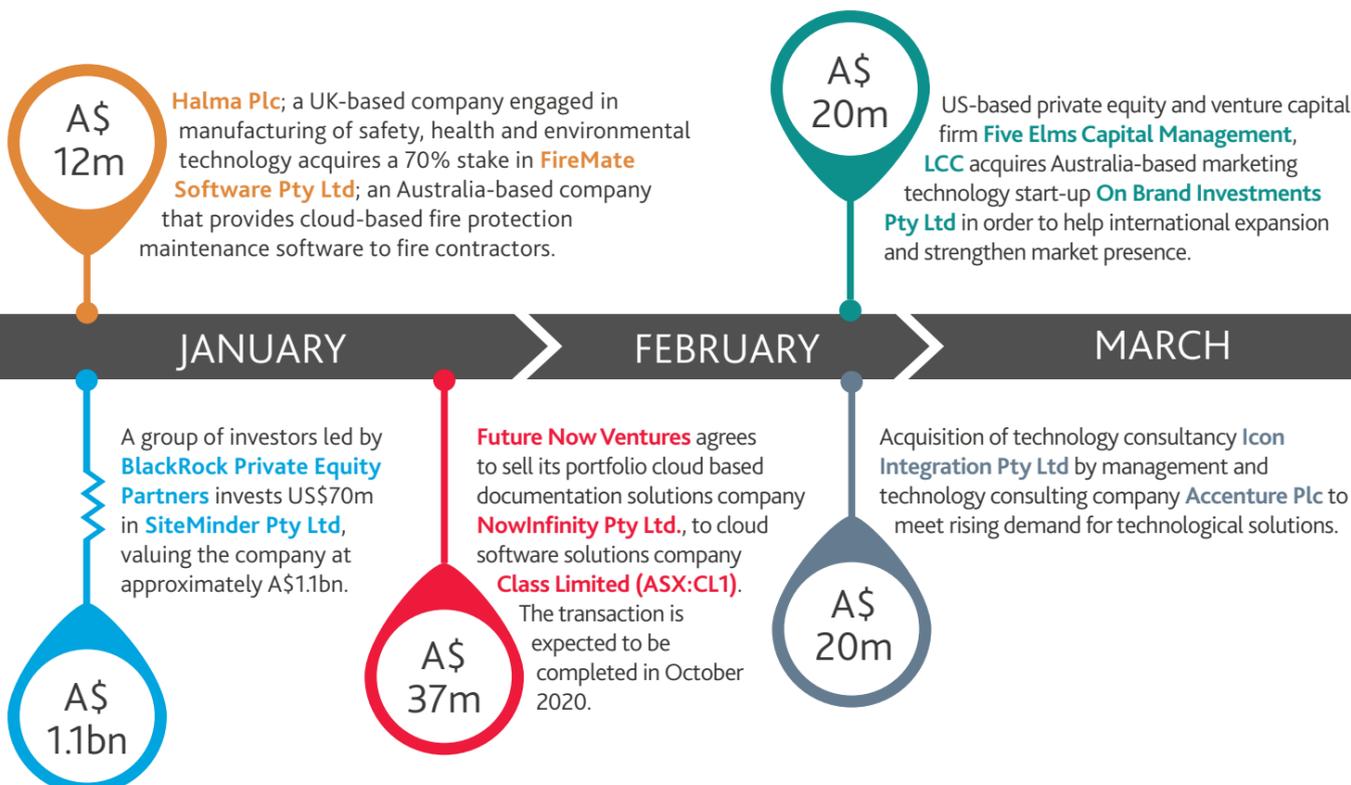
\*Median EBITDA/Enterprise value trading multiple for all ASX listed technology companies with market capitalisation greater than \$50 million.

While deal activity for the quarter remained high we expect deal activity to decline in the next quarter as companies become harder to value in these uncertain times. We have observed material declines in stocks in reaction to the uncertainty and fear around the pandemic. The Australian government has even tightened its rules on foreign takeovers in order to protect domestic companies from predatory buyers.

### NOTABLE TRANSACTIONS

Hotel booking company **SiteMinder Pty Ltd**'s capital raise from international and Australian investors led by equity funds managed by **BlackRock Private Equity Partners** was the largest transaction of the quarter. The group of investors included **Australian Super Pty Ltd**, **Ellerston JAADE Private Asset Fund** and **Pendal Group Limited**.

The business provides the core technology that connects hotels' back-end systems to those of the booking websites such as Agoda and Booking.com. The capital raising will help **SiteMinder Pty Ltd** maintain its global market leader position and fuel its growth and innovation through product development and international expansion, particularly across Europe.



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