

Yahoo Japan, Line to merge business to form online giant

November 18 2019, by Yuri Kageyama



This Friday, Nov. 15, 2019, photo shows logs of Yahoo Japan and Line Corp. in Tokyo. The online services announced Monday, Nov. 18, 2019, they are merging. The combination in a joint venture through a tender offer will form an online giant with retail services, advertising and other mobile services such as messaging. (Shinji Kita/Kyodo News via AP)

Online services Yahoo Japan and Line Corp. have announced they are merging.

Z Holdings Corp., which owns SoftBank Corp. that operates Yahoo Japan, and Naver Corp. of South Korea, which owns a majority stake in Line, said Monday they are aiming for a final agreement by next month.

The combination in a [joint venture](#) through a tender offer will form an online giant with retail services, advertising and other [mobile services](#) such as messaging.

The combined sales would be the largest among Japanese online business operators, surpassing Rakuten Inc., according to Kyodo News service.

The companies said combining forces will allow them to stay competitive in a drastically changing market, including expansions into robotics and other new areas.

The integration will be carried out equally, according to the companies, but the price is expected to be decided in December.

Discussions had been ongoing between Naver and Z Holdings since June, they said. After a deal is completed, Line will get delisted.

The new company will primarily focus on the Japanese market, seeking to answer to Japan's [social needs](#) such as a shrinking worker population and [natural disasters](#), SoftBank said in a statement.

"Social and industrial conditions surrounding us are changing drastically and daily on a global basis," it said, adding that Japan needs to catch up, and coming together might help.

"Particularly in the internet market, overseas companies, especially those based in the United States and China, are overwhelmingly dominant."

The chief executives of both companies later appeared together at a

Tokyo hotel, wearing ties with the other company's colors—green for Line and red for Yahoo.

They said the companies not only shared similar values but also the same sense of crisis of being dwarfed by American and Chinese rivals, even after the two companies come together, by size in terms of sales, research investment amount and number of employees.

"We both felt we needed to act now to prepare for the future," said Line Chief Executive Takeshi Idezawa.

The merger is planned to be completed by October next year, with the new entity having 10 board members, three from each [company](#) and four outside members, they said.

They said the companies are a good match because they both operate online content and financial services, but can complement each other. Line, for instance, is stronger in messaging and Yahoo in online commerce, they said.

"Yahoo values surprising its users, and Line values wowing its users, and so by coming together we hope to excite our users around the world," said Kentaro Kawabe, chief executive of Z Holdings.

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