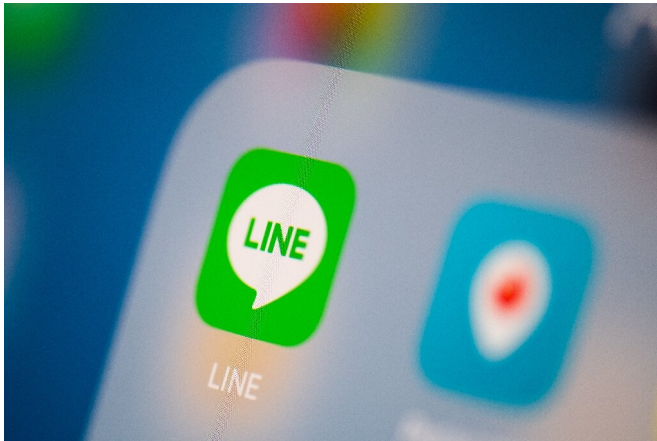


SoftBank's Yahoo Japan to merge with Line app operator

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Line was launched in 2011 after Japan's quake-tsunami disaster damaged telecoms infrastructure

Japan's Softbank said Monday it will merge its Z Holdings unit—formerly called Yahoo Japan—with popular chat app Line in a multibillion-dollar deal it hopes will help it better compete against big guns in the digital services sector such as Amazon.

The tie-up will create a tech giant worth \$30 billion, with Softbank and South Korea's Naver Corp, which owns a majority stake in Line, to offer shareholders 5,200 yen a share.

Once the deal expected in October next year is agreed, the new company will delist with each side holding a 50 percent stake.

SoftBank holds about 44 percent of Z Holdings while Naver owns 73 percent of Line. The two expect to spend 170 billion yen (\$1.56 billion) each on the bid.

"(Yahoo Japan) was a rival firm with a similar vision. But today we made a very big decision to take each other's hands," LINE chief executive Takeshi Idezawa told reporters at a joint press

conference.

"The word 'one team' trended after the Rugby World Cup in Japan. We'll also aim to make the strongest one team," Z Holdings CEO Kentaro Kawabe said.

The company heads said they decided to merge because they shared the same "sense of crisis".

"The IT industry has a structure of 'winner takes all'... we're much smaller even as a merged company in every aspect such as operating profit and R&D compared to US firms," Idezawa said.

Kawabe described how the merger could help with some of the issues facing Japan, such as labour shortages and natural disasters.

"The population in Japan will decline... and productivity will drop, which can be solved with IT. We can also save more lives in case of disaster," he said.

Line was launched in 2011 after Japan's massive quake-tsunami damaged telecoms infrastructure.

It combines features from Facebook, Skype and WhatsApp with games and a mobile-payment service.

SoftBank and Line have increasingly competed in fields such as digital payments, while both firms have also been investing in AI to improve their services.

Shares in Line ended up more than two percent in Tokyo on Monday, while Z Holdings rose more than one percent.

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