

Nikkei 23323.93 -0.40% ▼

Hang Seng 26907.19 0.85% ▲

U.S. 10 Yr 1/32 Yield 1.811% ▲

Crude Oil 56.92 -0.23% ▼

Yen 108.57 -0.10% ▼

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TECH

## Yahoo Japan and Chat App Line Agree to Merge

The companies say they aim to leverage each other's large user bases to expand their online businesses



Line is the dominant chat app in Japan and says it has 82 million active monthly users. PHOTO: AKIO KON/BLOOMBERG NEWS

By [Takashi Mochizuki](#)

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TOKYO—Internet portal Yahoo Japan Corp. and chat app Line said Monday they have reached a basic agreement to merge in a deal that includes a \$3.1 billion buyout of Line Corp.'s minority shareholders.

Under the merger terms, a SoftBank Group Corp. subsidiary and Line parent Naver Corp. of South Korea will each hold 50% of a joint-venture company that in turn will control a holding company housing the operations of Yahoo Japan and Line. Media, including The Wall Street Journal, reported last week that the 50-50 arrangement was being studied.

The companies said they aimed to leverage each other's large user bases to expand their online businesses, which include shopping and payment services as well as advertising-supported content. Line is the dominant chat app in Japan and says it has 82 million active monthly users.

The parties to the deal said they hoped to reach a final agreement next month. They said it would require various clearances from authorities.

As part of the deal, SoftBank Group subsidiary SoftBank Corp. and Naver said they would buy all the shares in Line not already owned by Naver at ¥5,200 (\$47.78) a share. Naver owns 72.6% of Line as of Monday. SoftBank Corp. and Naver will pay ¥170 billion (\$1.56 billion) each to buy those Line shares, SoftBank said.

They offered a 13.4% premium to Line's share price before last week's reports about the merger. In Tokyo trading, Line shares closed Monday up 2.2% at ¥5,150.

Under the plan, the company housing the operations of Yahoo Japan and Line will remain publicly listed. Kento Kawabe, chief executive of Yahoo Japan's parent, said the SoftBank-Naver joint venture would hold 65% of that company and the rest would be owned by minority shareholders.

The companies said after the merger they would aim to become "one of the world's leading artificial intelligence technology companies," applying AI to online marketing, e-commerce and digital payments.

Analysts say the merger could allow Yahoo Japan and Line to compete better against rivals in Japan, including Alphabet Inc.'s Google for advertising and Amazon.com Inc. for online shopping. However, competing outside Japan is likely to be harder because other companies already have dominant positions in major markets.

**Write to** Takashi Mochizuki at [takashi.mochizuki@wsj.com](mailto:takashi.mochizuki@wsj.com)