

Tencent Music Entertainment Group (NYS) | Private Company Profile

General Information

pbID: 185834-26

Description

Developer of a music streaming services platform designed to help creators post and share music and other audio files. The company's platform facilitates in uploading, recording, promoting and sharing originally created sounds to share music privately with their friends or publicly to blogs, sites and social networks, enabling them to distribute their work as well as the consumers to discover it.

Company Status (as of 03-Sep-2018)

The company is planning to spin out of Tencent Holdings and go public on the New York stock exchange under an undisclosed ticker symbol as of May 31, 2018. The expected offering amount is \$30 billion. Previously, the company received \$10 million of financing from Access Industries in January 2018. SonyATV Music Publishing and Universal Music Group also participated in the round. The company is being actively tracked by PitchBook.

Entity Types	Private Company Acquirer	Universe	Private Equity
Also Known As	TME	Parent Company	Tencent Holdings
Formerly Known As	China Music	Primary Industry	Application Software
Business Status	Generating Revenue	Other Industries	Entertainment Software
Ownership Status	In IPO Registration	Verticals	TMT, AudioTech
Financing Status	Private Equity-Backed		

Contact Information

Primary Contact

[Cussion Pang](#)

Chief Executive Officer

Primary Office

China

Top 5 Similar Companies

#	Name	Competitor Financing Status	HQ Location	Growth Rate	Size Multiple	Last Financing Date/Type	Last Financing Amount
1	Bubbl	Formerly Accelerator/Incubator backed	New York, NY			2018/M&A	
2	Qluge	Accelerator/Incubator Backed	Stavanger, Norway	0.00%	0.20x	Accelerator/Inc	
3	SoundCloud	Venture Capital-Backed	Berlin, Germany	0.10%	5,254.40x	2017/Series F	\$169.50M

4	Xingtone	Venture Capital-Backed	Studio City, CA	0.46%	8.15x	2006/Series B	\$2.30M
5	Patari	Accelerator/Incubator Backed	Lahore, Pakistan	1.32%	117.62x	2016/Seed	\$0.20M

Current Executives (1)

Name	Title	Board Seats	Office	Phone	Email
Cussion Pang	Chief Executive Officer		China		

Deal History (5)

#	Deal Type	Date	Amount	Post-Val	Status	Stage
5.	IPO	31-May-2018	\$30.00B ^E		Announced	Generating Revenue
4.	Corporate	01-Jan-2018	\$10.00M		Completed	Generating Revenue
3.	Secondary Transaction - Private	15-Dec-2017		\$12.50B	Completed	Generating Revenue
2.	Merger/Acquisition	13-Jul-2016	\$1.19B	\$2.70B	Completed	Generating Revenue
1.	Buyout/LBO	01-Jan-2014	\$60.00M	\$60.00M	Completed	Generating Revenue

† Indicates an Add-On
E Estimated

Deal #5: IPO, \$30B, Announced/In Progress; 31-May-2018

Deal Types	IPO, Spin-Off	Financing Status	Private Equity-Backed	CEO/Lead Mgt	Cussion Pang
Deal Amount	\$30.00B ^E	Financing Source	Public Investment	Site	China
Deal Status	Announced/In Progress			Business Status	Generating Revenue
Deal Date	31-May-2018				

Deal Synopsis

The company is planning to spin out of Tencent Holdings and go public on the New York stock exchange under an undisclosed ticker symbol as of May 31, 2018. The expected offering amount is \$30 billion.

‡ Not necessarily a summation of individual debt figures
** Does not include grant funding
E Estimated

Sellers/Exiters (6)

#	Seller/Exiter Name	Partial/Full	Comments
1.	Access Industries		
2.	PAG		

3. [SonyATV Music Publishing](#)

4. [Spotify](#)

5. [Tencent Holdings](#)

6. [Universal Music Group](#)

E Estimated

Advisors (3)

#	Advisor Name	Service Type	Hired By	Comments
1.	Bank of America Merrill Lynch	Underwriter	Tencent Music Entertainment Group	
2.	Morgan Stanley	Underwriter	Tencent Music Entertainment Group	
3.	The Goldman Sachs Group	Underwriter	Tencent Music Entertainment Group	

IPO Information

Original Registration Date	31-May-2018
Current Registration Status	In Registration
Current Registration Status Date	31-May-2018
Exchange	New York Stock Exchange

Stock Info

Type of Stock Common

E Shares Sought and Price Per Share calculated using the Weighted Average Method

Financials

Financials - Fiscal Year 2017

All Financials in thousands, USD

Deal Multiples		Income Statement		Balance Sheet
Deal Size / Net Income	132.16	Total Revenue	999,600	
Deal Size / Revenue	30.01			
Cash Flow		Ratios		Multiples*
		Revenue % Growth	40.0%	

Data Origination

Original	Yes
Calculated	Yes

Deal #4: Corporate, \$10M, Completed; 01-Jan-2018

Deal Types	Corporate	Financing Status	Private Equity-Backed	CEO/Lead Mgt	Cussion Pang
Deal Amount	\$10.00M	Financing Source	Corporate	Site	China
Deal Status	Completed			Business Status	Generating Revenue
Deal Date	01-Jan-2018				

Deal Synopsis

The company received \$10 million of financing from Access Industries in January 2018. SonyATV Music Publishing and Universal Music Group also participated in the round.

‡ Not necessarily a summation of individual debt figures

** Does not include grant funding

E Estimated

Investors (1)

Investor Name	Status	Lead/Sole	Comments
1. Access Industries	New Investor	Yes	Amount: \$10.00M

E Estimated

Advisors (1)

#	Advisor Name	Service Type	Hired By	Comments
1.	O'Melveny & Myers	Legal Advisor	Access Industries	

Financials

Financials - Fiscal Year 2017

All Financials in thousands, USD

Deal Multiples		Income Statement		Balance Sheet
Deal Size / Net Income	0.04	Total Revenue	999,600	
Deal Size / Revenue	0.01			
Cash Flow		Ratios		Multiples*
		Revenue % Growth	40.0%	

Data Origination

Original	Yes
Calculated	Yes

Deal #3: Secondary Transaction - Private, Completed; 15-Dec-2017

Deal Types	Secondary Transaction - Private	Financing Status	Private Equity-Backed	Post Valuation	\$12.50B
Deal Status	Completed	Financing Source	Corporate	CEO/Lead Mgt	Cussion Pang
Deal Date	15-Dec-2017			Site	China
% Acquired	10.00%			Business Status	Generating Revenue

Deal Synopsis

A 10% minority stake in the company was acquired by Spotify on December 15, 2017 for an undisclosed amount.

‡ Not necessarily a summation of individual debt figures

** Does not include grant funding

E Estimated

Investors (1)

Investor Name	Status	Lead/Sole	Comments
1. Spotify	New Investor	Yes	

E Estimated

Advisors (1)

#	Advisor Name	Service Type	Hired By	Comments
1.	Simpson Thacher & Bartlett	Legal Advisor	Spotify	Lead Partner: Alan Klein JD

Stock Info

% Owned by Buyer After 10.00%

E Shares Sought and Price Per Share calculated using the Weighted Average Method

Financials

Financials - Fiscal Year 2017

All Financials in thousands, USD

Deal Multiples		Income Statement		Balance Sheet	
Valuation / Net Income	55.07	Total Revenue	999,600		
Valuation / Revenue	12.51				
Cash Flow		Ratios		Multiples*	
		Revenue % Growth	40.0%		

Data Origination

Original	Yes
Calculated	Yes

Deal #2: Merger/Acquisition, \$1.19B, Completed; 13-Jul-2016

Deal Types	Merger/Acquisition	Financing Status	Private Equity-Backed	Post Valuation	\$2.70B
Deal Amount	\$1.19B	Financing Source	Corporate	CEO/Lead Mgt	Cussion Pang
Deal Status	Completed			Site	China
Deal Date	13-Jul-2016			Business Status	Generating Revenue
% Acquired	44.00%				

Deal Synopsis

Tencent Holdings (HKG: 00700) acquired a 44% stake in the company for \$1.188 billion on July 13, 2016. After the transaction, Tencent Holdings owns a 60% stake in the company.

‡ Not necessarily a summation of individual debt figures

** Does not include grant funding

E Estimated

Investors (1)

Investor Name	Status	Lead/Sole	Comments
1. Tencent Holdings	Acquirer	Yes	Amount: \$1.19B Form of Payment: Cash

E Estimated

Sellers/Exiters (1)

#	Seller/Exiter Name	Partial/Full	Comments
1.	PAG	Partial	

E Estimated

Stock Info

% Owned by Buyer Before	16.00%
% Owned by Buyer After	60.00%

E Shares Sought and Price Per Share calculated using the Weighted Average Method

Financials

Financials - Fiscal Year 2016

All Financials in thousands, USD

Deal Multiples		Income Statement		Balance Sheet	
Valuation / Net Income	31.76	Total Revenue	714,000		
Valuation / Revenue	3.78				
Deal Size / Net Income	13.98				
Deal Size / Revenue	1.66				
Implied EV / Net Income	31.76				
Implied EV / Revenue	3.78				
Cash Flow		Ratios		Multiples*	
Data Origination					
Original	Yes				
Calculated	Yes				

Deal #1: Buyout/LBO, \$60M, Completed; 01-Jan-2014

Deal Types	Buyout/LBO	Financing Status	Private Equity-Backed	Post Valuation	\$60.00M
Deal Amount	\$60.00M	Financing Source	Private Equity	CEO/Lead Mgt	Cussion Pang
Deal Status	Completed			Site	China
Deal Date	01-Jan-2014			Business Status	Generating Revenue
% Acquired	100.00%				

Deal Synopsis

The company was acquired by PAG and Tencent Holdings through a \$60 million LBO in 2014 for an undisclosed sum.

‡ Not necessarily a summation of individual debt figures

** Does not include grant funding

E Estimated

Investors (2)

Investor Name	Status	Lead/Sole	Comments
1. PAG	New Investor	No	Fund 1: PAG Asia II
2. Tencent Holdings	Acquirer	No	

E Estimated

Investors (6)

Active Investors (5)

Name	Investor Type	Holding	Investor Since	Board	Related Deals
Access Industries	Corporation	Minority	Jan 2018		#4. Corporate : New Investor, Jan 2018, \$10.00M #5. IPO : Seller, May 2018, \$30.00B
Spotify	Corporation	Minority	Dec 2017		#3. Secondary Transaction - Private : New Investor, Dec 2017 #5. IPO : Seller, May 2018, \$30.00B
PAG	Asset Manager	Minority	Jan 2014		#1. Buyout/LBO : New Investor, Jan 2014, \$60.00M #2. Merger/Acquisition : Seller, Jul 2016, \$1.19B #5. IPO : Seller, May 2018, \$30.00B
SonyATV Music Publishing	Corporation	Minority			#5. IPO : Seller, May 2018, \$30.00B
Universal Music Group	Corporation	Minority			#5. IPO : Seller, May 2018, \$30.00B

Acquirer (1)

Name	Investor Type	Related Deals
Tencent Holdings	Corporation	#1. Buyout/LBO : New Investor, Jan 2014, \$60.00M #2. Merger/Acquisition : Follow-on, Jul 2016, \$1.19B #5. IPO : Seller, May 2018, \$30.00B

Service Providers

Service on a Deal (5)

Service Provider Name	Service Provided	Service To	Deal Date	Deal #	Comments
Bank of America Merrill Lynch	Underwriter	Tencent Music Entertainment Group	31-May-2018	5	
Morgan Stanley	Underwriter	Tencent Music Entertainment Group	31-May-2018	5	
The Goldman Sachs Group	Underwriter	Tencent Music Entertainment Group	31-May-2018	5	
O'Melveny & Myers	Legal Advisor	Access Industries	01-Jan-2018	4	
Simpson Thacher & Bartlett	Legal Advisor	Spotify	15-Dec-2017	3	

Lead Partners on Deals (1)

Service Providers - Buy Side (1)

Name	All Deals	Title	Representing	Deals	Phone	Email
Alan Klein JD	17	Partner, Mergers & Acquisitions	Simpson Thacher & Bartlett	#3. Secondary Transaction - Private: Dec 2017, Completed	+1 (212) 455-3188	

Investments | Buy Side (2)

Company Name	Deal Date	Deal Type	Deal Size	Co-Investors	Company Stage	Industry	Lead Partner
KTVme	01-Apr-2018	Early Stage VC (Series B)	\$19.06M	3	Generating Revenue	Movies, Music and Entertainment	
*Spotify	08-Dec-2017	Secondary Transaction - Private		2	Profitable	Entertainment Software	

† Indicates an Add-On
 E Estimated
 x Investor Exited Deal

Affiliates

Parent Company (1)

Name	Industry	Location	Year Founded
Tencent Holdings	Application Software	Shenzhen, China	1998

Sister Companies (9)

Name	Industry	Location	Year Founded
Miniclip	Entertainment Software	Neuchâtel, Switzerland	2001
Riot Games	Entertainment Software	Los Angeles, CA	2006
ZAM	Information Services (B2C)	Los Angeles, CA	2006
Grinding Gear Games	Entertainment Software	Auckland, New Zealand	2006
Supercell	Entertainment Software	Helsinki, Finland	2010
Tencent Thailand	Media and Information Services (B2B)	Bangkok, Thailand	1998
Flymeal	Application Software	Fort McMurray, Canada	
Tencent Industry Win-Win Fund	Corporate Venture Capital	Shenzhen, China	2011

Financials

Key Metrics (TTM) Amounts in thousands, USD (except Ratios, Multiples & per share items)	12 Months Ending Dec 2018 Start: 31-Dec-2017 End: 31-Dec-2018	12 Months Ending Dec 2017 Start: 31-Dec-2016 End: 31-Dec-2017	12 Months Ending Dec 2016 Start: 31-Dec-2015 End: 31-Dec-2016
Income Statement			
Total Revenue	2,600,000	999,600	714,000
Ratios			
Revenue % Growth	160.1%	40.0%	
Data Origination			
Preliminary	No	No	No
Original	Yes	Yes	Yes
Restated	No	No	No
Calculated	Yes	Yes	Yes

News

[Tencent Music set to IPO in October, with expected \\$30bn valuation](#)

NewsNow | 27-Aug-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Morgan Stanley](#), [NASDAQ](#), [New York Stock Exchange](#), [The Goldman Sachs Group](#)**[US Investors Reportedly Value Tencent Music At Around \\$30B](#)**

US Investors Reportedly Value Tencent Music At Around \$30B

China Money Network | 27-Aug-2018

Tagged entities: [Alibaba Group](#)**[Hong Kong stocks end higher amid upbeat company earnings, led by casino groups; Cathay Pacific drifts lower after first half loss](#)**

Hong Kong's stock market rose for a third day after a slew of robust corporate earnings announcements and the rebound in the Chinese currency. Mainland Chinese markets fell however as worries over...

South China Morning Post | 08-Aug-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Anhui Sun Create Electronics](#), [Cathay Pacific Airways](#), [Galaxy Entertainment Group](#), [Post Community Credit Union](#), [Sunac China Holdings](#), [Tencent Holdings](#)**[Spotify Technology S.A. : Announces Financial Results for Second Quarter 2018](#)**

net (139 ... | juillet 26, 2018

4-traders | 26-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Tencent Holdings](#)**[Second season of 'The Rap of China' returns to promote 'positive' rap music featuring 'Chinese elements'](#)**

Earlier this year, Chinese Hip Hop music experienced an unexpected downturn after critics accused the genre of promoting misogyny and drug use. Now it looks like the genre might finally be making an official comeback as popular music competition s...

Global Times | 12-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[5 Things to Know About Tencent Music Entertainment's IPO](#)

NewsNow | 12-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[Tech giant's disappointing debut casts a cloud over Chinese IPOs in Hong Kong](#)

NewsNow | 11-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Bloomberg](#), [China Renaissance](#), [MCM Partners](#), [Razer](#), [Ryan Roberts](#), [Tencent Holdings](#), [Xiao Jia Li JD](#)

[Knight Bridge Investment Consultants Limited - Announces Planned Access to Tencent Music Entertainment IPO in New York](#)

It was announced just a few days ago, Tencent Holdings Ltd plans to list its music streaming service in New York before the end of 2018.

Alternative Emerging Investor | 10-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[Tencent Music to go public in US](#)

Tencent Music, the operator of a streaming platform that's majority-owned by Chinese internet giant Tencent, has announced plans to conduct an IPO in the US. Tencent's own stock is listed in Hong Kong. Earlier reports of the offering indicated the...

PitchBook | 10-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Access Industries](#), [Bank of America Merrill Lynch](#), [Spotify](#), [Tencent Holdings](#)

[Tencent's music streaming unit to list shares in US bourse](#)

Tencent Holdings Ltd's plan to spin off its music-streaming unit and list shares in the United States marks the fresh revival of an industry that has often been plagued by piracy, industry experts said.

China Daily | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[Tencent \(TCEHY\) Stock Closes up 2.3% on Big Music and Gaming News](#)

Chinese tech giant Tencent (TCEHY) made headlines Monday with news that it is preparing a US IPO of its music business, along with reports that it is expanding its international gaming presence through the launch of its own international PC market...

Zacks | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Anglo-Austrian Patisserie](#), [Apple](#), [China Literature](#), [Facebook](#), [South China Morning Post](#), [Spotify](#), [Twitter](#), [Ubisoft Entertainment](#)

[China's music-streaming Tencent seeks IPO in U.S.](#)

NewsNow | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [South China Morning Post](#)

[IPO Watch: Tencent Finds Its Voice](#)

BEIJING (dpa-AFX) - Tencent, one of the largest tech companies in China, is planning to spin off its online music business and list its shares in the U.S. Tencent, in a statement, said it will list

FinanzNachrichten | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[Tencent To List Online Music Arm In U.S.](#)

Chinese tech giant Tencent Holdings Ltd. said it plans to list its online music business in the U.S. In a statement through the Hong Kong Stock Exchange, Tencent said it plans to spin off its online music entertainment business on a U.

RTT News | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Spotify](#)

[Tencent to spin off its music business and list its shares in the U.S.](#)

Tencent to spin off its music business and list its shares in the U.S.

VentureBeat | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#)

[Tencent Music gets go-ahead for US flotation](#)

Tencent Holdings is planning to list its digital music distribution arm in the US, according to a filing with the Hong Kong Stock Exchange on Sunday.

Global Capital Asia | 09-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Tencent Holdings](#)

[Tencent Proposes A Spin-off: Tencent Music To File A Separate US IPO](#)

Tencent Proposes A Spin-off: Tencent Music To File A Separate US IPO

China Money Network | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Alibaba Group](#)

[Tencent seeks to list online music unit in U.S.](#)

Chinese internet giant Tencent Holdings Ltd said it is looking to spin off and list its online music business, China's biggest music-streaming company, in the United States.

Thomson Buyouts | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Spotify](#), [Tencent Holdings](#)

[Tencent seeks to list its music arm in the US](#)

NewsNow | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Alibaba Group](#), [Apple](#), [Bank of America Merrill Lynch](#), [Dcci](#), [Morgan Stanley](#), [Singtel](#), [Sony](#), [The Goldman Sachs Group](#)

[Tencent to spin off online music unit in US](#)

Companies & Markets News -HONG KONG (REUTERS) - Tencent Holdings has submitted a proposal to the Stock Exchange of Hong Kong to seek a separate listing of its online music entertainment business on a recognised stock exchange in the United States....

The Straits Times | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Tencent Holdings](#)

[Tencent streaming spinoff to list shares in U.S. amid music industry comeback](#)

The planned IPO, which could raise at least \$1 billion, will let American investors bet on the Chinese market for music-streaming services, which have brought new life to a business that's been plagued by piracy.

Los Angeles Times | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Bloomberg](#), [Osprey Media \(Three Weekly Newspapers and a Speciality Wine Magazine\)](#)

[Tencent to spin-off online music unit Tencent Music for US listing](#)

Tencent, the Chinese social media and gaming juggernaut, has proposed to spin-off its online music streaming business Tencent Music for a separate listing in the US, which could also profit Spotify...

South China Morning Post | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [China Literature](#), [Spotify](#)

[Tencent plans US listing of music unit](#)

NewsNow | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Alibaba Group](#), [Tencent Holdings](#)

[Tencent plots IPO for its online music business](#)

NewsNow | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Bloomberg](#)

[Tencent Plans Spinoff, U.S. Listing of Online Music Business](#)

NewsNow | 08-Jul-2018

Tagged entities: [Tencent Music Entertainment Group](#), [Bloomberg](#), [Huatai Securities](#)

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