

Weekly News Digest #42

18

of announced deals

\$10B+

announced deals' size

15

of closed deals



UPDATE: in line with Tencent plans, Huya & DouYu has entered into an agreement to merge

Chinese live game streaming platforms **Huya (NYSE: HUYA)** and **DouYu (NASDAQ: DOYU)**, has entered into a stock-for-stock merger agreement, creating a game-streaming giant with \$10B+ market cap — something Chinese video game giant **Tencent (HKG: 0700)** has been planning since August.

Additionally, Tencent will assign its interest in-game live streaming brand **Penguin e-Sports** to DouYu for \$500m with plans to combine all three platforms in one — creating the largest streaming business in China with over 330 million MAU combined. While benefiting from market consolidation (lowering payments to streamers) and cost synergies (R&D, G&A, marketing) as the result of the merger, the combined entity can also improve the user engagement level and monetization capabilities leveraging its relationship with Tencent.

Upon completion of the deal in H1 2021, DouYu will become a wholly-owned subsidiary of Huya and will be delisted from NASDAQ, becoming a privately-held company. Post-deal, shareholders of DouYu and Huya will each hold ~50% shares in the combined entity with Tencent being the largest shareholder and having 67.5% voting power.

Tencent is also an investor in video streaming service Bilibili (~12% share) which also provides live-streaming services and operates a video game publishing business as well. Worth noting that the current LoL Championship is streamed by Huya, DouYu, Penguin eSports, and Bilibili with the latter having exclusive commentary rights and a substantially larger watching audience than peers.



Rockstar Games has acquired Ruffian Games

US-based video game publisher and developer **Rockstar Games**, a subsidiary of **Take-Two Interactive (NASDAQ: TTWO)**, has announced the acquisition of Scotland-based PC and console games developer **Ruffian Games** for an undisclosed sum. The studio will operate as Rockstar Dundee and will be led by its founders.

Founded in 2008, Ruffian Games, which is known for the development of Crackdown series, has already worked with Rockstar in the past on such games as Manhunt and Grand Theft Auto series. Ruffian also has a history with Microsoft taking part in the development of several titles for Xbox Kinect and was among the developers of Halo: The Master Chief Collection. Such experience is sure to come in handy

for Rockstar, which is most likely aiming to increase its next-gen production capacity.



Playtika has filed for IPO at \$10B+ valuation

Israel-based mobile game developer and publisher **Playtika** has confidentially filed for IPO. Playtika is known for its social casino and casual mobile games portfolio with over 30 million MAU.

The sources said that Playtika plans to raise over \$1B with the expected valuation of at least \$10B later this year or early in 2021. IPO should result in a high return to Alpha Frontier, which has acquired Playtika for \$4.4B in 2016.

Over the last 3 years, the company has been an active buyer with such acquisitions as German mobile studio Wooga (2018), Austrian studio Supertreat (2019), and Finland-based Seriously (2019).

Notable Transactions

Online gaming platform **Roblox** has confirmed its filing for IPO on the U.S. stock market. The company's expected valuation is about \$8B, which is two times higher than valuation at the beginning of this year in Series G round led by Andreessen Horowitz.

Seoul-based mobile game developer and publisher **Com2us** acquires 100% of German game development studio **Out of the Park Developments**, mostly known for their Out of the Park Baseball PC series (currently aiming mobile platforms). This is the first abroad acquisition for Com2us.

EVOS Esports' parent company **Attention Holdings** has raised \$12m in its Series B round, led by Korea Investment Partners with participation from existing shareholders and new investors.

Florida-based wholesale music and movies distributor **Alliance Entertainment** has acquired video game rental service GameFly, which should lead to the expansion of the GameFly's offerings.

San Francisco-based **Vungle** has acquired mobile advertisement firm AlgoLift for an undisclosed sum. The companies are likely to be preparing for the consequences of the coming IDFA changes.

Elo Entertainment, an advanced data analytics company behind esports statistics tool DotaBuff, has acquired Speedrun.com, an online platform for speedrun leaderboards and guides.

Singapore-based provider of game development services **Virtuos** has acquired Los Angeles-based animation support studio CounterPunch Studios for an undisclosed fee.

Australian-based esports platform **Mogul** raised \$5.7m through the oversubscribed share placement to support its international growth and the search for new beneficial partnerships.

Toronto-based free-to-play mobile game publisher **PopReach** has received \$5m of strategic investment from Alibaba Group's **New Insight Incentive Plan Company**.

MY.GAMES expands into hyper-casual segment with the minority investment in mobile game developer and publisher **Mambo Games**.

Talon Esports, a professional esports organization from Hong Kong, has raised \$2m of seed funding to expand into new countries and focus on new titles, apart from LOL and Overwatch.

The Stockholm-based competitive esports games and platforms creator **Nag Studios** has raised \$1m in pre-seed funding round led by LVP.

Jim Roush, a former executive of Shark Tank reality show, has made an undisclosed investment into an esports media and marketing platform **Subnation**, becoming its new senior advisor.

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