

A consortium led by Olympus Capital Asia to invest \$90 million in Yuanyu Radio, a leading radio advertisement company in China

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Olympus Capital Asia recently announced that it will lead a consortium including Olympus Capital Asia V, L.P. and UOB Venture Management Pte Ltd to invest \$90 million for a controlling stake in Shanghai-based **Yuanyu Radio (China) Co. Ltd. ("Yuanyu")**, China's largest broadcast radio advertisement management company with operations across 23 provinces and municipalities.

Through cooperative arrangements with approximately 500 frequencies on a national basis, Yuanyu provides its customers integrated radio advertisement services, including planning, production, delivery and market analysis. The company has two major business segments: Agency Business and Contract Business. The Agency Business procures time slots from and delivers ads to non-exclusive frequencies. The Contract Business either controls all time slots of the contracted frequencies (covering all sectors and regions) or has the exclusive right to deliver ads for agreed specific sectors and regions. The company also operates a rapidly growing internet broadcasting app called TiNber, which integrates all those cooperative frequencies and provide radio programs.

Growth in the radio advertisement market is driven by two main factors: (1) most of the radio audience listens in their cars, and private car ownership in China has seen steady growth; and (2) it is a relatively cost effective and efficient mode of advertising.

According to Capvision, a major market research and consulting firm in China, broadcast radio advertisement is the only major traditional medium that has experienced steady growth, reaching RMB 12.2 billion in 2016. Over the next few years, Capvision expects that China's radio broadcasting advertisement industry will grow at 10% p.a. to reach RMB 16.2 billion in 2019.

"We see strong potential in Yuanyu as the clear market leader in national broadcast radio advertisement to consolidate the sector on the basis of its channel resources, coverage and mix," said David Shen (沈道威), Managing Director of Olympus Capital Asia. "We look forward to bringing our experience to help the company continue to grow its share in the auto sector and also to expand its customer base by providing advertising management services to other non-auto segments such as financial services and consumer products."

While internet radio is growing rapidly, Capvision expects traditional broadcast radio advertisement to continue its steady growth as well. According to consumer surveys conducted by Capvision, there is limited overlap between the audience base of traditional radio and internet radio, with each having different listening habits and content format. "We believe traditional broadcast radio and internet radio do not compete directly because their content is consumed at different venues and hours by their listeners," said Ms. Ju, Head of Global Research and Global KM of Capvision.

“Our business model and operating track record of working effectively with key national frequencies over the past seven years have helped our clients access a rapidly growing segment of young, middle-class consumers coveted by auto companies as well as financial services and consumer products companies,” said Mr. Xu Jianfeng (徐剑锋), CEO of Yuanyu, “We are excited about working with Olympus Capital Asia to further grow the business and consolidate our industry leadership position.”

Olympus Capital’s Mr. Shen added: “We see potential synergies between Yuanyu’s traditional broadcast radio business model and the new on-line media, and are planning to work with management to further expand the company’s on-line platform by leveraging its off-line media relationships to provide multi-media solutions to its clients.”

Olympus Capital Asia

Olympus Capital Asia is an Asian middle market private equity firm with over 40 experienced investment professionals and senior advisors located in Hong Kong, New Delhi, Seoul, Shanghai, Singapore and New York. Target industries include business/financial services, environmental and healthcare. Since its founding in 1997, Olympus Capital Asia has successfully invested over US\$2 billion on behalf of its funds and co-investors in more than 50 portfolio companies throughout Asia, including China, India, Japan, South Korea, and Southeast Asia. Olympus Capital Asia seeks to use its 20-plus years of strategic, financial and operational expertise within its target sectors to help middle-market companies expand in their home markets, as well as to leverage its regional platform to enable its portfolio companies to drive cross-border expansion where possible.

More information on Olympus Capital Asia can be found at www.olympuscap.com.

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