

Music streaming giants Spotify, Tencent invest in each other

December 8 2017, by David Keyton

Swedish music streaming service Spotify and Chinese internet company Tencent have struck a deal to take minority stakes in each other.

The companies said Friday in a joint statement they will acquire new shares representing minority equity stakes in each other for cash—Tencent Music Entertainment will invest in Spotify, while the Swedish music startup will take a stake in Tencent's music wing. Terms of the deal were not disclosed.

The companies said it would be "strengthening relationships between the two most popular music streaming platforms in the world."

Spotify CEO Daniel Ek said it "will allow both companies to benefit from the global growth of music streaming."

The CEO of Tencent Music Entertainment Group, Cussion Pang, said the companies will look to collaborate and "foster a vibrant music ecosystem that benefits users, artists and content owners."

Shenzhen-based Tencent is one of China's most powerful internet companies, running the WeChat messaging app as well as online payment platforms and games. Because Chinese authorities have largely shut out western companies like Google, Twitter and Facebook, homegrown internet companies like Tencent have been able to grow rapidly in size.

Spotify, meanwhile, has no users in China. According to the company, Spotify as of July had over 60 million subscribers and 140 million active users who can access to over 30 million songs.

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