2025 mid-year outlook

Global M&A trends in technology, media and telecommunications

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Rewiring TMT: AI creates a new era for M&A

By Barry Jaber and Bart Spiegel

Dealmakers are doubling down on AI-adjacent capabilities, rethinking portfolios and building resilient supply chains—turning today's uncertainties into tomorrow's opportunities.

While dealmakers entered 2025 with greater optimism, unexpected policy shifts, unchanged regulatory environments and continued geopolitical uncertainty have altered the trajectory of global dealmaking in some areas. Nonetheless, many of the themes driving deals examined in our 2025 M&A outlook are expected to endure, such as the trend towards larger deals and the AI capital expenditure supercycle.

New themes have also emerged, such as the focus on derisking global supply chains, which has been prompted by the US administration's tariff announcements. Tariffs may serve as a drag on dealmaking in some areas and as a catalyst in others. For example, hardware and semiconductor manufacturers are evaluating the impact on their businesses, and some deals may pause until greater clarity is reached. At the same time, within the technology, media and telecommunications (TMT) sectors, M&A is expected to continue in sectors that are inherently more insulated from tariffs, such as software and sports, and we may see instances of dealmaking to reduce supplier concentration among semiconductor design firms and in manufacturing facilities.

The race to build AI-driven computing power and capacity continues to drive semiconductor deals. The evolution of AI technologies more broadly has shifted deals from companies developing large language models to those building AI infrastructure.

Advancements in technology such as AI are also rapidly reshaping the media and entertainment landscape. Emerging tech platforms are beginning to rival the reach of legacy studios, while the advertising agency model is evolving into a tech-enabled, AI-driven, full-funnel approach.

Telecoms are also benefiting from the AI ecosystem, with deals emerging in AI data centres and critical infrastructure such as fibre. At the same time, the industry continues to consolidate and divest non-core assets as part of a broader portfolio realignment.

> ‘The promise of AI to transform the global economy is driving over $1bn of investment per day across R&D, capex, joint ventures, and acquisitions.’
>
> **Barry Jaber,** Strategy&, Global Technology and Telecommunications Deals Leader, PwC UK

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Geopolitics at the forefront of global strategy

The emergence of protectionist trade policies has prompted a reassessment by tech and telco players of their operating models, supply chains and investment assumptions—adding friction to global capital flows and slowing deal execution.

Within the TMT sector, companies in semiconductors, cloud and AI infrastructure, are more vulnerable to potential tariffs than software firms, due to their heavy reliance on imported raw materials and components. Their complex global supply chains make rapid shifts in sourcing challenging. We estimate that the potential impact of the current proposed trade measures could mean tariff spikes for the TMT industry in excess of $100bn. The magnitude of the tariffs is creating a level of uncertainty that is muting overall M&A activity as some buyers and sellers pause or slow dealmaking to assess the longer-term impact on costs, supply resilience and deal valuations. However, if tariffs are reduced or targeted trade agreements are introduced, new windows for dealmaking may emerge.

Some companies are already responding by rebalancing geographic exposure. For example, in May 2025, during Apple’s earnings call for the second quarter of fiscal 2025, CEO Tim Cook stated that for the June quarter they ‘expect the majority of iPhones sold in the US will have India as their country of origin, and Vietnam to be the country of origin for almost all iPad, Mac, Apple Watch, and AirPod products also sold in the US’. Supporting Apple’s strategy to diversify its supply chain, Apple supplier Foxconn announced plans to invest $1.5bn in its Indian subsidiary to construct a new display module assembly facility. It is also making a $432m investment in its Indian semiconductor manufacturing plant. While these moves are not M&A, they illustrate how tariffs and regulatory fragmentation sit at the centre of portfolio strategy, capital planning and value creation.

73%

of investors indicate that companies should moderately (42%) or significantly (31%) increase their investments to deploy AI at scale

PwC’s Global Investor Survey 2024

Big Tech doubles down on capital expenditure

As companies race to scale infrastructure for the AI-driven future, Big Tech’s capital expenditure supercycle continues, especially in the US. For example, at the end of April 2025, Microsoft reported year-to-date capital expenditures of $49.9bn, a 36% increase over the same prior year period, part of its broader $80bn commitment to AI data centres and cloud capacity. Meta similarly increased its guidance for full-year 2025 capital expenditures from a range of $60bn to $65bn up to a range of $64bn to $72bn. The midpoint of Meta’s updated 2025 guidance represents a 73.5% increase over 2024 capital expenditures $39.2bn, supported by strong revenue growth and driven by an aggressive push into AI and data centre infrastructure. Big

Tech's appetite for unprecedented investment in computing, storage, network capacity and infrastructure appears undiminished, with its position being that the spending is essential to sustaining innovation and growth. Globally, many other countries are looking to boost AI infrastructure, with much of the investment coming from governments.

Media's strategic realignment

The media landscape is undergoing strategic realignment and consolidation as companies seek to scale or adjust balance sheets towards growth engines to remain competitive. This trend is illustrated by Paramount's pending $8bn merger with Skydance, Comcast's spin of certain NBCU assets via Versant, and the recently announced split of Warner Bros. Discovery. With ever-changing consumer sentiment and high churn risks, media players are refocusing on core digital and streaming operations with hopes of greater efficiency and flexibility. Traditional companies are spinning off or divesting certain legacy cable assets, while others are conducting internal assessments or beginning to track their linear assets separately. Another recent example of strategic realignment is Telia's $620m divestiture of its Nordics TV & Media business to Schibsted Media, announced in February 2025.

Consolidation to drive scale and global expansion is also motivating transactions among news outlets, with legacy news continuing to evolve their organisations through digital-native formats such as podcasts, games and apps. This reflects a broader '**value in motion**' trend as technology continues to blur boundaries between content, distribution, advertising and engagement.

If the potential spin-off of TikTok's US operations proceeds, it will further solidify this shift towards a tech-integrated media future driven by platform scale and sophistication, audience data and global reach. We expect this strategic realignment will drive further M&A activity during the remainder of 2025.

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Tariffs and resilience: Reshaping supply chains

Rising tariffs and policy volatility, combined with increasing supplier concentration risks, are prompting TMT companies and governments to invest in reconfiguring global supply chains. For example, Apple has committed more than $500bn to US investment in addition to the changes discussed earlier related to the sourcing from India and Vietnam of their products for sale in the US. Within the next four years, NVIDIA plans to produce up to half a trillion dollars of AI infrastructure in the US through partnerships with TSMC and others. Outside the US, the European Union launched its Invest AI initiative in February 2025, which aims to invest €200bn in AI infrastructure—including a new €20bn European fund for AI gigafactories to train the largest and most complex AI models.

Prior to the most recent tariff news, a broader shift towards resilience, cost predictability, and strategic control over global optimisation models was underway. The growing emphasis on enhancing supply chain resilience and visibility will likely make software supply chain an active sector for M&A for the remainder of the year. This is following recent deals activity such as EQT's $3bn acquisition of Avetta (a global supply chain risk management software company) and the proposed $2.1bn acquisition by WiseTech Global (an Australian developer of logistics execution software) of e2open (a US-based provider of SaaS-based solutions in the global logistics value chain).

Relocating supply chains—especially for hardware—is often complex, but efforts to reshore and nearshore are gaining momentum. As these strategies take hold, they are influencing deal priorities such as driving demand for vertical integration, enabling capability-driven acquisitions, and shaping where and how capital is deployed. As companies undertake major supply chain transformations, they may take a more measured approach to M&A—rebalancing strategic ambition with near-term capacity and resource constraints.

‘One thing holds steady in a world of uncertainty—our entertainment options continue to expand and evolve as advertising dollars follow user engagement. I think we could have reached an inflection point, with traditional media companies accelerating investments to better compete in a direct-to-consumer world and unlock the value within their data.’

Bart Spiegel, Global Entertainment and Media Deals Leader, PwC US

Global M&A volumes and values in 2025

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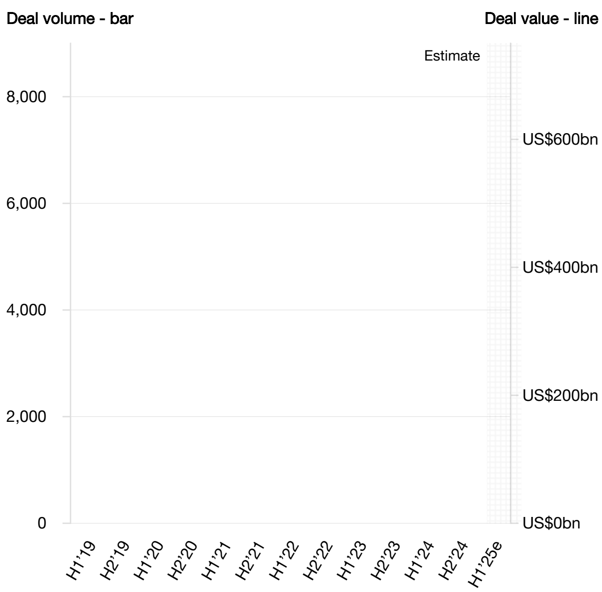
Technology, media and telecommunications deal volumes and values, H1’19-H1’25e

Click on the tabs below to view deal volumes and values by region.

Global | Asia Pacific | EMEA | Americas

Technology Entertainment and media Telecommunications Deal value Deal value (excluding megadeals)



Note: To facilitate meaningful comparisons with prior half-yearly periods, the data for the first half of 2025 (H1’25e) is an estimate based on the first five months of the year, extrapolated to represent a six-month period. Refer to the “about the data” note below for further information.
Sources: LSEG and PwC analysis

TMT deal volumes decreased 11% and deal values increased 20% during the first half of 2025. Technology represents the largest share of deal volumes and values—78% and 83%, respectively—and thus, the trends affecting this sector continue to be the primary driver of overall TMT deal volumes and values.

In the first half of 2025, technology deal volumes decreased 11%, affected by macroeconomic and geopolitical headwinds. Technology deal values, however, increased 15%, highlighting a trend towards the larger deals and higher multiples occurring as companies compete to develop AI capabilities.

In the media and entertainment sector and in the telco sector, deal volumes decreased 15% and 5%, respectively. Deal values, however, increased, primarily due to two megadeals—the merger of Charter Communications and Cox Communications which values Cox at $34.5bn, and AT&T's $5.75bn acquisition of Lumen's Mass Markets fibre internet connectivity business.

Global M&A trends in technology, media and telecommunications

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M&A outlook for technology, media and telecommunications in the second half of 2025

Many of the themes we outlined in our 2025 outlook—such as software, big tech capital expenditures, telecom portfolio optimisation, proliferation of new media channels, focus on data centres, and, of course, beneficiaries of the AI boom (such as semiconductors)—are expected to continue to drive M&A over the remainder of the year.

While geopolitical uncertainty and the unknown trajectory of tariffs and protectionist trade policies have the potential to restrict the flow of deals, savvy dealmakers should approach the remainder of 2025 and into 2026 with a disciplined but opportunistic mindset to capitalise on M&A opportunities.

About the data

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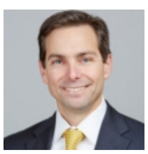

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