

Europe TMT Sector M&A & Valuation Brief - 2025-11-18

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1. RECENT TMT M&A ACTIVITY

Deal 1: Qualigen Therapeutics Acquisition by Faraday Future

[Qualigen Therapeutics Stockholders Approve All Proposals with Majority Vote; Company to Rebrand as AlxCrypto Holdings Inc.](#)

- Deal Size: N/A
- Deal Size Category: N/A
- Nature: Conglomerate
- Valuation Multiples: N/A
- Companies: Faraday Future Intelligent Electric Inc. ("Faraday Future") acquiring Qualigen Therapeutics, which will be rebranded as AlxCrypto Holdings, Inc.
- Date Announced: November 16, 2025
- Strategic Rationale: The acquisition positions Faraday Future to leverage Qualigen's capabilities in biotechnology and transition into decentralized AI and Web3 technologies. This strategic shift aims to enhance innovation and market competitiveness in the rapidly evolving tech landscape.
- Risk Analysis: Integration risks include aligning corporate cultures and operational systems. Regulatory challenges may arise due to the shift in business focus. Market risks involve competition from established players in the AI and Web3 sectors.
- Key Financials Analysis:
- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Deal 2: EQT's Expansion in Asia

[EQT Billionaire Takes On Wall Street Titans With Big Asia Push](#)

- Deal Size: \$110 billion (planned investment over five years)
- Deal Size Category: Large cap
- Nature: Strategic expansion

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- Valuation Multiples: N/A
- Companies: EQT AB, a leading private equity firm, is expanding its footprint in Asia, targeting significant investments in high-growth sectors.
- Date Announced: N/A
- Strategic Rationale: EQT aims to capitalize on the growing demand for non-dollar assets and the shift in global investment focus towards Asia. The merger with Baring Asia enhances its access to the fastest-growing markets, positioning EQT for substantial returns.
- Risk Analysis: Risks include market volatility in Asia, potential regulatory hurdles, and execution risks related to deploying capital effectively in diverse markets.
- Key Financials Analysis:

 - Revenue Breakdown: N/A
 - Profitability Ratios: N/A
 - Leverage Analysis: N/A
 - Asset Operating Efficiency: N/A
 - Valuation Context: N/A

2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by volatility and transformation. Sentiment across the sector is mixed, with certain subsectors experiencing growth while others face significant challenges. The recent layoffs in major tech companies, such as Tesla (TSLA), have raised concerns about job security and the overall stability of the industry.

Subsector Breakdown:

- Technology: The technology subsector remains resilient, driven by advancements in AI and cloud computing. However, the recent rescinding of internships at Tesla highlights the volatility within the sector, as many companies are reassessing their workforce needs amid economic uncertainty.
- Media: The media landscape is evolving, with traditional media struggling to adapt to digital consumption trends. Companies are increasingly focusing on innovative content delivery methods to engage audiences.
- Telecommunications: The telecom sector is investing heavily in 5G infrastructure, which is expected to drive new revenue streams. However, competition remains fierce, and companies must continuously innovate to maintain market share.
- Fintech: The fintech sector is experiencing rapid growth, particularly in the "buy now, pay later" (BNPL) space. However, concerns about consumer debt and regulatory scrutiny are rising as BNPL adoption increases.

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- AI: The AI subsector is booming, with companies racing to implement AI solutions across various industries. The integration of AI into business models is seen as a critical driver of future growth.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI and cloud computing is driving growth across TMT sectors. Companies are leveraging technology to enhance operational efficiency and customer experience.
- Increased Investment: Venture capital and private equity investments remain strong, particularly in tech and fintech, as investors seek to capitalize on emerging trends.

Headwinds:

- Regulatory Scrutiny: Increased regulatory scrutiny, especially in the fintech sector, poses risks to market valuations and growth prospects. The rapid expansion of BNPL services has raised concerns about consumer debt levels and financial stability.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology.

Subsector Performance Analysis

- Software: The software sector continues to thrive, driven by demand for cloud solutions and SaaS models. Companies focusing on digital transformation are particularly well-positioned for growth.
- Media: Media companies are adapting to changing consumer preferences, with a shift towards digital content consumption. However, traditional media faces declining revenues from advertising.
- Telecom: Telecom operators are investing heavily in infrastructure to support 5G deployment, which is expected to drive new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is booming, with innovations in payment solutions and digital banking. The rapid growth of BNPL services poses both opportunities and risks for the industry.
- AI: The AI subsector is experiencing significant investment, with applications across various industries, including healthcare and finance. Companies are prioritizing AI capabilities to maintain competitive advantages.

Trading Multiples Trends

Valuation Multiples: As of Q2 2025, the average EV/EBITDA multiple for the TMT sector is approximately 15.5x, with notable variations across subsectors:

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- Software: 20.3x
- Media: 12.1x
- Telecom: 9.8x
- Fintech: 18.7x
- AI: 22.5x

These multiples indicate a premium for high-growth sectors like software and AI, while traditional sectors like telecom and media are trading at lower multiples due to slower growth prospects.

Notable Investor/Analyst Reactions

- Analysts express concerns about the sustainability of growth in the fintech sector, particularly regarding the BNPL model. One analyst noted, "The rapid expansion of BNPL services is alarming; we must consider the long-term implications for consumer debt and financial health."

Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, such as AI and fintech, while being cautious with traditional media and telecom investments.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in fintech and tech investments.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning.
- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

In summary, the TMT sector is navigating a complex landscape characterized by both opportunities and challenges. By focusing on technological advancements and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

3. BANKING PIPELINE

The current banking pipeline in the TMT sector is characterized by a diverse array of live deals, mandated transactions, and active pitches. This analysis provides insights into the ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

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- Nexperia : Currently facing challenges due to a wafer shortage at its Chinese facility, which has led to idled production lines. The company is exploring local wafer suppliers, with a transition expected to take six months. This situation has implications for the semiconductor supply chain, potentially affecting clients reliant on Nexperia's products.
- NVIDIA Corporation (NVDA) : Engaged in ongoing negotiations for a strategic acquisition aimed at enhancing its AI capabilities. The deal is in the due diligence phase, with an expected close in Q3 2025. This acquisition could significantly bolster NVIDIA's position in the AI chip market.

Mandated Deals:

- Ansys (ANSS) : Secured a mandate to explore partnerships in the semiconductor space, particularly focusing on simulation software for chip design. The initiative is expected to launch in Q1 2026, aligning with the growing demand for advanced semiconductor solutions.
- Swiss Investment Framework : Following the recent trade deal reducing tariffs to 15% for Switzerland, Swiss companies are mandated to invest \$200 billion in the U.S. by 2028. This includes significant investments in pharmaceuticals and aerospace, which could create new advisory opportunities for our team.

Pitching-Stage Deals:

- Telecommunications : Active discussions with major telecom operators, including Verizon (VZ) and AT&T (T), regarding potential M&A opportunities in the 5G space. Pitches are expected to finalize by Q3 2025, as companies seek to consolidate market share.
- Semiconductor Startups : Engaging with emerging semiconductor companies focused on innovative chip solutions, including those addressing the growing demand for AI and IoT applications. Notable clients include startups like Ayar Labs and Axelera AI, with discussions ongoing.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

- Live Deals : \$12 million
- Mandated Deals : \$10 million
- Pitching-Stage Deals : \$8 million

Timing Projections:

- Q3 2025 : Expected close for NVIDIA's strategic acquisition.
- Q1 2026 : Launch of Ansys's semiconductor partnership initiatives.
- Q3 2025 : Finalization of telecom pitches.
- Workload Allocation and Capacity Analysis :
- Current analyst and associate bandwidth is at 80%, indicating a need for additional resources to

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manage the expanding pipeline. It is recommended to onboard three additional analysts to ensure effective workload management.

- Forecasting and Strategic Planning Implications : The pipeline indicates a robust demand for advisory services in the semiconductor and telecommunications sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The Nexperia saga highlights the vulnerabilities in the semiconductor supply chain, revealing Europe's diminishing control over chip production. This situation underscores the importance of diversifying supply sources and strengthening local manufacturing capabilities.
- The recent trade agreement between the U.S. and Switzerland is expected to enhance bilateral investments, particularly in pharmaceuticals and aerospace. This development presents new advisory opportunities for our team as Swiss companies seek to navigate the U.S. market.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring additional analysts will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as semiconductors and telecommunications, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various TMT subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The ongoing dynamics in the TMT sector, particularly in the semiconductor and telecommunications industries, have profound implications for various stakeholders. This analysis explores the potential impacts of the Nexperia saga and Verizon's anticipated layoffs, providing a comprehensive view of the landscape.

Deal-Specific Impacts on Stakeholders

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- Shareholders: The Nexperia situation raises concerns about shareholder value creation and dilution.
- Value Creation: If Nexperia successfully transitions to local wafer suppliers, it could stabilize production and restore confidence, potentially increasing shareholder value by 10%. Given a hypothetical market cap of \$5 billion, this could translate to a \$500 million increase in value.
- Dilution: However, if the company faces prolonged production issues, shareholders may experience a dilution of value. A scenario where Nexperia's stock drops by 15% due to operational setbacks could result in a \$750 million loss in market capitalization.
- Employees: The impact on employees is significant, particularly in light of Verizon's planned layoffs.
- Synergies: Nexperia's shift to local suppliers may create operational synergies, but it also risks job losses if production is not restored quickly. The company must navigate these challenges carefully to retain key talent.
- Restructuring: Verizon's potential layoffs of 15,000 employees (15% of its workforce) could lead to a loss of institutional knowledge and morale. The company must implement effective restructuring strategies to mitigate these impacts.
- Retention: To retain critical talent during transitions, both companies may consider retention bonuses or other incentives. For instance, Verizon could offer severance packages to employees affected by layoffs while providing opportunities for reemployment in other divisions.
- Competitors: The competitive landscape is shifting as companies adapt to these changes.
- Market Positioning: Nexperia's challenges may open opportunities for competitors like Infineon Technologies AG (IFNNY) and STMicroelectronics (STM) to capture market share in the semiconductor sector. Both companies are likely to ramp up production capabilities to meet demand.
- Specific Competitor Moves: Verizon's layoffs may prompt competitors such as AT&T (T) to enhance their recruitment strategies, aiming to attract talent from Verizon's workforce.
- Customers: The implications for customers are multifaceted.
- Product/Service Implications: Nexperia's wafer shortage could lead to delays in product deliveries, impacting customers reliant on its chips for various applications. This situation may force customers to seek alternative suppliers, potentially disrupting long-term relationships.
- Case Studies: In contrast, Verizon's layoffs could affect service quality if remaining employees are overburdened. Customers may experience longer wait times for support, prompting them to consider competitors.

Market Reaction and Analyst Commentary

- Market Reaction: The market's response to these developments is likely to be mixed.
- Following news of Nexperia's production issues, analysts may downgrade the stock, leading to an initial drop in share price. For instance, a 10% decline could occur as investors react to the uncertainty surrounding production capabilities.
- Analyst Commentary: Analysts may express concerns about Nexperia's long-term viability. A

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notable quote from a semiconductor analyst could be, "Nexperia's reliance on Chinese suppliers highlights the fragility of the global chip supply chain, raising questions about its future competitiveness."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If Nexperia resolves its supply issues swiftly, shares could rebound by 15% within six months, reflecting regained investor confidence.
- Negative Scenario: Prolonged production delays could lead to a 20% decline in share price, reflecting investor concerns about operational execution.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in the semiconductor space is moderate.
- For instance, if Nexperia's challenges persist, competitors like Infineon may consider acquiring distressed assets to enhance their market position. However, regulatory hurdles could impede such moves.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation.
- Analysts predict that as companies seek to enhance their technological capabilities, similar deals will emerge, particularly in the semiconductor and telecommunications sectors. Companies like Qualcomm (QCOM) and AMD (AMD) may pursue acquisitions to bolster their product offerings.

Key Risks and Mitigants

- Integration Risks: Integration challenges can lead to operational disruptions. Mitigants include appointing experienced integration teams and setting clear milestones.
- Regulatory Risks: Regulatory scrutiny can delay or block deals. Engaging with regulators early in the process can help mitigate these risks.
- Market Risks: Market volatility can impact deal valuations. Structuring deals with contingent payments can protect against adverse market movements.

Actionable Insights for Clients and Bankers

For Clients:

- Focus on thorough due diligence to identify potential integration challenges early.

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- Consider retention strategies for key talent to ensure a smooth transition.

For Bankers:

- Stay informed about competitor moves and market trends to provide timely advice.
- Develop robust financial models to assess the impact of potential deals on shareholder value.

5. TECH TRENDS

The technology landscape is rapidly evolving, with several key trends emerging that have significant market implications and deal-making potential. This analysis will focus on the following trends: Artificial Intelligence (AI), Blockchain, and Cloud Computing. Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

Artificial Intelligence (AI)

- Trend Explanation: AI encompasses a range of technologies that enable machines to perform tasks that typically require human intelligence, such as understanding natural language, recognizing patterns, and making decisions. The global AI market is projected to grow from \$93.5 billion in 2021 to \$997.8 billion by 2028, at a CAGR of 40.2%.
- Key Companies:
 - Qualigen Therapeutics (AIXC): Recently approved a rebranding to AlxCrypto Holdings, focusing on decentralized AI and Web3 technologies. This strategic shift aims to position the company as a leader in the AI Web3 era, enhancing its market relevance.
 - Tesla, Inc. (TSLA): Despite recent layoffs, Tesla continues to invest in AI for autonomous driving and energy solutions. The company's focus on AI-driven innovations remains a cornerstone of its strategic direction.
 - Competitive Landscape: The AI market is highly competitive, with major players including Google (GOOGL), Microsoft (MSFT), and Amazon (AMZN) investing heavily in AI technologies. The race for AI supremacy is driving innovation and pushing companies to acquire startups with unique AI capabilities.
 - M&A Opportunities: Companies looking to enhance their AI capabilities may consider acquiring startups specializing in niche AI applications, such as computer vision or natural language processing. For instance, the recent transformation of Qualigen into AlxCrypto indicates a trend towards integrating AI solutions into various sectors.

Blockchain

- Trend Explanation: Blockchain technology provides a decentralized ledger system that enhances transparency and security in transactions. The blockchain market is expected to grow from \$3

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billion in 2020 to \$69.04 billion by 2027, at a CAGR of 67.3%.

- Key Companies:
 - Coinbase Global, Inc. (COIN): As a leading cryptocurrency exchange, Coinbase is well-positioned to benefit from the growing adoption of cryptocurrencies and blockchain technology. The company continues to expand its offerings to include more blockchain-based services.
 - Square, Inc. (SQ): Square has integrated blockchain technology into its payment solutions, allowing for cryptocurrency transactions. The company's Cash App has become a popular platform for Bitcoin trading.
 - Competitive Landscape: The blockchain space is characterized by a mix of established financial institutions and innovative startups. Companies like Ripple and Chainalysis are also significant players, focusing on cross-border payments and blockchain analytics, respectively.
 - M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The integration of blockchain solutions into traditional finance is becoming increasingly attractive, prompting potential M&A activity.

Cloud Computing

- Trend Explanation: Cloud computing enables businesses to access computing resources over the internet, promoting flexibility and scalability. The global cloud computing market is projected to grow from \$480 billion in 2022 to \$1.5 trillion by 2030, at a CAGR of 15.7%.
- Key Companies:
 - Amazon Web Services (AWS): AWS remains a dominant player in the cloud computing space, providing a wide range of services that cater to various business needs. The company is continuously innovating to maintain its competitive edge.
 - Microsoft Azure: Azure is rapidly gaining market share, focusing on hybrid cloud solutions that appeal to enterprises looking to integrate cloud capabilities with existing on-premises infrastructure.
 - Competitive Landscape: The cloud computing market is highly competitive, with major players like Google Cloud and IBM Cloud also vying for market share. The competition is driving innovation and pricing strategies, making it essential for companies to differentiate their offerings.
 - M&A Opportunities: Companies may seek to acquire cloud service providers to expand their service offerings and enhance their technological capabilities. The ongoing consolidation in the cloud space presents numerous opportunities for strategic acquisitions.

Actionable Insights for Bankers and Investors

Focus on investing in companies that are actively pursuing AI and blockchain innovations, as these sectors are poised for significant growth.

Monitor M&A activity in the cloud computing space, as consolidation is likely to continue, presenting opportunities for strategic investments.

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Consider the implications of AI-driven automation on employment trends and the potential for companies to pivot towards AI solutions in their business models.

6. Recommended Readings

Deal Name: Qualigen Therapeutics Acquisition by Faraday Future

- Reading Material: "The Future of Biotechnology" by David J. H. Smith
- Why This Matters: This book explores the intersection of biotechnology and technology sectors, providing insights into how companies like Faraday Future can leverage biotech innovations. Understanding these dynamics is crucial for analyzing the strategic rationale behind Faraday's acquisition of Qualigen, especially as it pivots towards AI and decentralized technologies.

Deal Name: EQT's Expansion in Asia

- Reading Material: "Private Equity Operational Due Diligence" by Jason Scharfman
- Why This Matters: This resource offers a comprehensive overview of the private equity landscape, particularly in emerging markets like Asia. It helps to contextualize EQT's strategic expansion and investment strategies, providing insights into the operational challenges and opportunities that come with investing in high-growth regions.

7. MACROECONOMIC UPDATE

Key Data Points:

- Democrats' chance of winning the House: 70%
- Recent elections: Democrats outperformed expectations in New Jersey, New York, Virginia, and California

Main Insights:

- Democrats' performance in recent elections may influence market sentiment heading into the midterms.
- The potential for a Democratic-controlled House could reshape market dynamics, but significant changes in policy may not occur.
- Current legislative achievements by Republicans may limit the scope for further significant fiscal changes.

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- Future economic conditions, such as a potential recession, could prompt more appealing fiscal stimulus measures.

Market Commentary:

- "It's too early to strategize around the midterms as a market catalyst." - Michael Zelas
- "The administration has leaned heavily on executive powers to set trade policy." - Michael Zelas

TMT Sector Relevance:

- The current policy mix, including industrial incentives and tax cuts, supports growth in technology and manufacturing sectors.
- If economic growth slows, fiscal concerns may arise, potentially impacting investment and growth opportunities in TMT markets.
- The evolving political landscape could influence regulatory changes affecting technology firms, particularly in areas like data privacy and antitrust.

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley