

APAC TMT Sector M&A & Valuation TLDR - 2025-10-20

APAC TMT Sector

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1. 30-Second TL;DR

- The TMT sector is experiencing cautious optimism, driven by strong IT stock performances and easing inflation in India.
- HCL Technologies reported a revenue growth forecast of 3%-5%, boosting investor confidence.
- Average EV/EBITDA multiples stand at 15.5x, with software and AI sectors commanding higher valuations.
- Geopolitical tensions and market volatility remain key headwinds, influencing M&A activities.

2. 1-Minute TL;DR

- The TMT sector is currently optimistic, fueled by strong earnings from companies like HCL Technologies, which reaffirmed a revenue growth forecast of 3%-5%.
- The average EV/EBITDA multiple for the sector is 15.5x, with software at 20.3x and AI at 22.5x, indicating a premium for high-growth areas.
- However, headwinds such as geopolitical tensions, particularly between the U.S. and China, and market volatility are affecting investor sentiment.
- The media sector is adapting to digital transformations, while telecom companies are investing heavily in 5G infrastructure.
- Investors are advised to focus on high-growth sectors and monitor regulatory developments.

3. 2-Minute TL;DR

- The TMT sector is navigating a cautiously optimistic landscape, bolstered by strong quarterly results from HCL Technologies, which has reaffirmed its revenue growth guidance of 3%-5%. This positive sentiment is reflected in the Nifty IT index, which rose by 0.9%.
- The average EV/EBITDA multiple for the sector is approximately 15.5x, with notable variations: software at 20.3x, AI at 22.5x, fintech at 18.7x, media at 12.1x, and telecom at 9.8x. High-growth

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sectors are attracting investor interest, while traditional sectors face challenges.

- Key market drivers include positive earnings reports and easing inflation in India, which fell to an eight-year low of 1.54%, potentially leading to increased consumer spending.
- However, headwinds such as geopolitical tensions, particularly the risk of renewed trade wars between the U.S. and China, and market volatility are influencing investment behavior.
- The banking pipeline is robust, with live deals involving Alibaba and Xiaomi, and a projected revenue of approximately \$30 million from active transactions. Investors are encouraged to focus on high-growth areas like AI and fintech while being cautious with traditional sectors.