

US TMT Sector M&A & Valuation Brief - 2025-11-17

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1. RECENT TMT M&A ACTIVITY

Deal 1: SEGG Media Acquisition of Triggy.AI

[SEGG Media Set to Acquire Ad Technology Leader Triggy.AI](#)

- Deal Size: N/A (specific amount not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: SEGG Media Corporation (Nasdaq: SEGG) is a digital media company focused on sports, gaming, and entertainment, while Triggy.AI specializes in AI-driven advertising solutions that enhance user engagement and revenue generation.
- Date Announced: November 13, 2025
- Strategic Rationale:
 - The acquisition aims to integrate Triggy's advanced AI technology into SEGG Media's platforms, enhancing user engagement and monetization strategies.
 - This move positions SEGG Media to leverage AI for personalized advertising, potentially increasing CPMs and recurring revenue streams.
- Risk Analysis:
 - Integration risks associated with merging technology platforms.
 - Market risks related to competition in the digital advertising space.
- Potential regulatory challenges regarding data usage and privacy.

Key Financials Analysis:

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

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Deal 2: Intchains Group Acquisition of Proof-of-Stake Technology Platform

Intchains Group to acquire Proof-of-Stake technology platform for \$1.3M ICG

- Deal Size: \$1.3 million
- Deal Size Category: Small cap (<\$2B)
- Nature of Deal: Tuck-in
- Valuation Multiples: N/A
- Companies: Intchains Group (ICG) is focused on blockchain technology and solutions, while the target is a technology platform specializing in Proof-of-Stake mechanisms, enhancing blockchain efficiency.
- Date Announced: N/A
- Strategic Rationale:
 - The acquisition aims to bolster Intchains Group's blockchain capabilities, particularly in Proof-of-Stake technology, which is critical for energy-efficient transaction processing.
 - This strategic move is expected to enhance Intchains' competitive edge in the rapidly evolving blockchain market.
- Risk Analysis:
 - Integration risks related to technology compatibility.
 - Market risks associated with the volatility of blockchain technologies.
 - Regulatory risks in the cryptocurrency space.

Key Financials Analysis:

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

Today is a peaceful day, nothing big happened in the Consumer space.

2. MARKET DYNAMICS & SENTIMENT

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The TMT (Technology, Media, and Telecommunications) sector is currently navigating a complex landscape marked by both opportunities and challenges. The sentiment within the sector is mixed, as companies grapple with the implications of technological advancements, particularly in artificial intelligence (AI), while also facing regulatory scrutiny and economic uncertainties.

Subsector Breakdown:

- Technology: The technology subsector is experiencing a significant transformation due to the rise of AI. Companies are under pressure as investors reassess valuations amid fears that generative AI could disrupt traditional software business models. According to RBC Capital Markets, software M&A activity surged 78% this year, indicating a growing appetite for acquisitions as firms look to adapt.
- Media: The media sector is adapting to changing consumer behaviors, with a notable shift toward digital content. Companies are investing in new technologies to enhance audience engagement, but traditional media continues to face revenue pressures from digital platforms.
- Telecommunications: The telecom sector is innovating rapidly, particularly with the rollout of 5G technologies. Companies are investing heavily in infrastructure to support new services, which is expected to drive growth in IoT applications and enhanced mobile services.
- Fintech: The fintech space remains vibrant, with ongoing innovations in payment solutions and digital banking. The recent acquisition of key software assets by PSQ Holdings highlights the consolidation trend within this sector.
- AI: The AI subsector is particularly dynamic, with companies racing to implement AI solutions across various industries. The ongoing competition is pushing firms to enhance their offerings and seek strategic partnerships.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and telecommunications is driving growth across TMT sectors. The integration of AI into software solutions is reshaping business models and creating new market opportunities.
- Increased Investment: Venture capital and private equity investments are robust, particularly in tech and fintech. The willingness of major Canadian pension funds to invest \$650 million in FNZ Group demonstrates confidence in the sector's long-term potential.

Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, especially in the tech sector, poses risks to M&A activities and market valuations. Companies are navigating complex compliance landscapes, which can delay or derail potential deals.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology.

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Subsector Performance Analysis

- Software: The software sector is under pressure, with companies like Asana and Box facing challenges due to rising competition from AI-native firms. However, the recent surge in M&A activity suggests that there are opportunities for strategic acquisitions at discounted valuations.
- Media: Media companies are increasingly focusing on digital content to attract audiences, but traditional revenue streams are declining. The shift to digital requires significant investment in technology and content creation.
- Telecom: Telecom operators are investing heavily in 5G infrastructure, which is expected to drive new revenue streams. The focus on low-latency technologies is crucial for enhancing user experiences in real-time applications.
- Fintech: The fintech sector is thriving, with ongoing consolidation as companies seek to enhance their competitive positions. The acquisition of software assets by PSQ Holdings reflects the trend of strategic acquisitions in this space.
- AI: The AI subsector is booming, with applications across various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, and the potential for consolidation is high as firms seek to enhance their technology stacks.

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:

- 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 such as telecom and media are trading at lower multiples due to slower growth prospects.

Notable Investor/Analyst Reactions

- Analysts are optimistic about the long-term prospects of the TMT sector, particularly in software and AI. RBC Capital Markets noted that the current environment presents a "rare opportunity for opportunistic buyers," as many software companies are trading at deep discounts. This sentiment is echoed by analysts who believe that the AI disruption could catalyze a new wave of consolidation driven by value-seeking investors.

Actionable Insights for Bankers and Investors

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- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, particularly 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 tech and media 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 robust, showcasing a blend of live deals, mandated transactions, and active pitches. This analysis provides insights into ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- Nexpria : Currently facing challenges due to internal conflicts affecting wafer supply from its UK and German facilities. The company is transitioning to local wafer suppliers in China, which may take at least six months. This situation has created a global car chip shortage, impacting various sectors reliant on semiconductor availability.

Mandated Deals:

- Taiwan Semiconductor Manufacturing Company (TSM) : Secured a mandate to expand its 3nm FinFET capacity, which is expected to significantly boost revenue. The deal is anticipated to launch in Q1 2026, as TSMC aims to meet increasing demands from clients like Nvidia (NVDA) for advanced chip solutions.
- GlobalFoundries (GFS) : Mandated to explore partnerships aimed at enhancing domestic semiconductor manufacturing capabilities in response to U.S. government initiatives. The timeline for this initiative is projected for Q2 2026.

Pitching-Stage Deals:

- Automotive Sector : Engaging with several automotive manufacturers for potential M&A opportunities to consolidate chip supply chains. Clients include Ford (F) and General Motors (GM), with pitches expected to finalize by Q3 2025.

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- AI Startups : Active discussions with various AI-focused startups for potential investment banking services. Notable clients include OpenAI and Anthropic, with ongoing negotiations.

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 Nexperia's transition to local wafer suppliers.
- Q1 2026 : Launch of TSMC's expanded capacity initiatives.
- Q2 2026 : Anticipated completion of GlobalFoundries' partnership explorations.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline expands. It is recommended to onboard three additional analysts to manage the increased workload effectively.
 - Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in semiconductor manufacturing and AI sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The semiconductor market is projected to grow from \$737.2 billion in 2025 to \$1.6 trillion by 2030, at a CAGR of 16.1%. This growth is driven by the rising demand for AI, 5G technologies, and electric vehicles, presenting significant opportunities for investment banking services.
- The competitive landscape is intensifying, particularly in semiconductor manufacturing, where companies like TSMC and GlobalFoundries are positioning themselves to capitalize on government initiatives aimed at strengthening domestic production capabilities.

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 AI, where demand for advisory services is expected to surge. This focus will

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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 strong, 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 implications of M&A transactions in the TMT sector extend beyond immediate financial metrics, affecting various stakeholders including shareholders, employees, competitors, and customers. This analysis delves into the potential impacts of a hypothetical acquisition, providing a comprehensive view of the landscape.

Deal-Specific Impacts on Stakeholders

- Shareholders: Deal-specific impacts on shareholders can be significant, influencing both value creation and dilution.
- Value Creation: In a scenario where a company like Verizon Communications Inc. (VZ) acquires a smaller tech firm to enhance its digital services, the combined entity could see a revenue increase of approximately 15% due to improved service offerings. Assuming a pre-deal market cap of \$200 billion for Verizon, a successful integration could increase shareholder value by \$30 billion.
- Dilution: If the acquisition is financed through stock, existing shareholders may experience dilution. For instance, if Verizon issues 5% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 3% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: Verizon's recent announcement of laying off approximately 15,000 employees as part of a restructuring plan under CEO Daniel Schulman aims to improve efficiency and reduce costs. This move highlights the potential for operational synergies but also raises concerns about employee morale.
- Restructuring: The layoffs indicate a significant restructuring effort, which may lead to a loss of institutional knowledge and expertise. However, the company aims to retain its unionized workforce, which may mitigate some negative impacts.
- Retention: Companies may implement retention bonuses to keep critical employees during transitions. For example, in past acquisitions, firms have offered incentives to key executives to ensure continuity during integration.

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- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following Verizon's restructuring, competitors like AT&T Inc. (T) and T-Mobile US, Inc. (TMUS) may need to adapt their strategies to maintain market share. This could include enhancing service offerings or implementing aggressive pricing strategies.
- Specific Competitor Moves: In response to Verizon's layoffs and restructuring, AT&T may increase its marketing efforts to attract customers dissatisfied with Verizon's service changes.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: If Verizon successfully integrates new technology from an acquisition, it could enhance customer offerings, such as improved broadband services. This could lead to a 10% increase in customer retention rates.
- Case Studies: The acquisition of WhatsApp by Facebook (FB) resulted in enhanced messaging features, directly benefiting users with improved service offerings.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile. For instance, when Verizon announced its restructuring plans, shares initially dipped by 4% due to investor concerns about the impact on service quality and employee morale.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a Wells Fargo analyst post-announcement was, "While the layoffs are concerning, they reflect Verizon's commitment to streamlining operations and focusing on core competencies."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the acquisition leads to successful integration and revenue growth, shares could rise by 12% within six months.
- Negative Scenario: If integration challenges arise, shares could decline by 8%, reflecting investor concerns about operational execution.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids can vary based on market conditions. In the case of Verizon's restructuring, there may be interest from private equity firms looking to acquire undervalued assets. However, the likelihood of a successful counter-bid is moderate, as regulatory hurdles often deter competing offers.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation.

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Analysts predict that as companies seek to enhance their technological capabilities, similar deals will emerge, particularly in the AI and cloud computing spaces. Companies like Nokia (NOK) may pursue acquisitions to bolster their 5G capabilities.

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.
- 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, Cloud Computing, Cybersecurity, and Fintech. 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%. Recent investments by prominent

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figures like Warren Buffet indicate a strong belief in AI's transformative potential.

- Key Companies:
 - Alphabet Inc. (GOOG): Alphabet is heavily invested in AI through its Google division, focusing on machine learning and natural language processing. The company is strategically positioned to leverage AI across its product suite, enhancing user experiences and operational efficiencies.
 - Berkshire Hathaway Inc. (BRK-B): Recently, Warren Buffet's investment in AI stocks signifies a shift in traditional investment strategies, highlighting the importance of AI in future business models. Berkshire's diversified portfolio may benefit from AI-driven companies across various sectors.
- Competitive Landscape: The AI market is highly competitive, with major players including Microsoft (MSFT), Amazon (AMZN), and IBM (IBM) also 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. The trend towards consolidation in the AI space is likely to accelerate as larger firms seek to integrate innovative technologies.

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 billion in 2020 to \$69.04 billion by 2027, at a CAGR of 67.3%. This growth is driven by increasing demand for secure and efficient transaction methods across various industries.
- Key Companies:
 - Coinbase Global, Inc. (COIN): Coinbase is a leading cryptocurrency exchange that facilitates the buying and selling of digital assets. The company is well-positioned to benefit from the growing adoption of cryptocurrencies and blockchain technology.
 - 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 trend towards integrating blockchain solutions into traditional finance is likely to continue, creating opportunities for strategic partnerships and acquisitions.

Cloud Computing

- Trend Explanation: Cloud computing enables businesses to access computing resources over

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the internet, promoting flexibility and scalability. The global cloud computing market is projected to grow from \$371 billion in 2020 to \$832 billion by 2025, at a CAGR of 17.5%. This growth is driven by the increasing need for remote work solutions and digital transformation initiatives.

- Key Companies:
 - Amazon Web Services (AWS): As a leader in cloud services, AWS offers a wide range of solutions, including computing power, storage, and database services. The company's strategic investments in AI and machine learning enhance its cloud offerings.
 - Microsoft Azure: Microsoft's cloud platform is a key player in the market, providing services that integrate seamlessly with its software products. The company is focusing on hybrid cloud solutions to cater to diverse customer needs.
 - Competitive Landscape: The cloud computing market is dominated by a few major players, including AWS, Microsoft Azure, and Google Cloud (GOOG). The competition is intensifying as companies innovate to offer more integrated and efficient solutions.
 - M&A Opportunities: Companies in the cloud space may look to acquire niche players that offer specialized services, such as cybersecurity or data analytics. This trend is likely to drive further consolidation in the cloud computing sector.

Actionable Insights for Bankers and Investors

Focus on identifying emerging companies within these tech trends that exhibit strong growth potential and innovative capabilities.

Consider strategic partnerships or acquisitions to enhance existing portfolios, particularly in AI and blockchain, where rapid advancements are occurring.

Monitor regulatory developments that may impact the competitive landscape, especially in the blockchain and AI sectors

6. Recommended Readings

Deal Name: SEGG Media Acquisition of Triggy.AI

- Reading Material: "Digital Advertising: Theory and Research" by Shelly Rodgers and Esther Thorson
- Why This Matters: This book provides a comprehensive overview of digital advertising strategies and technologies, which is crucial for understanding SEGG Media's acquisition of Triggy.AI. It explains how AI can enhance advertising effectiveness and user engagement, contextualizing the strategic rationale behind the deal.

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Deal Name: Intchains Group Acquisition of Proof-of-Stake Technology Platform

- Reading Material: "Mastering Bitcoin: Unlocking Digital Cryptocurrencies" by Andreas M. Antonopoulos
- Why This Matters: This book offers insights into blockchain technology and its various mechanisms, including Proof-of-Stake. Understanding these concepts is essential for analyzing Intchains Group's acquisition, as it highlights the technological advancements and competitive advantages that can be gained through such a strategic move in the blockchain space.

7. MACROECONOMIC UPDATE

Key Data Points:

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

Main Insights:

- Democrats' performance in recent elections may indicate a shift in political power, but the implications for market strategies remain uncertain.
- Current legislative achievements by Republicans may limit the impact of a potential Democratic majority on market-relevant policies.
- Future economic conditions, such as a potential recession, could shift the political landscape and make fiscal stimulus more appealing.
- The current policy mix supports risk assets, particularly in technology and manufacturing sectors, but growth disappointments could raise fiscal concerns.

Market Commentary:

- "It might not be too early to think about the midterms as a market catalyst, but a lot can change." - Michael Zezas
- "If growth disappoints, fiscal concerns could emerge as a risk factor challenging the market." - Michael Zezas

TMT Sector Relevance:

- The current policy environment, characterized by industrial incentives and tax cuts, has been beneficial for technology investments.
- Potential shifts in fiscal policy could impact funding and investment in TMT sectors, particularly if growth slows and deficits rise.

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