

Europe TMT Sector M&A & Valuation Brief - 2025-11-13

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1. RECENT TMT M&A ACTIVITY

Deal 1: Coinbase and BVNK Acquisition Attempt

[Coinbase, stablecoin startup BVNK walk away from \\$2B deal: Report](#)

- Deal Size: \$2 billion
- Deal Size Category: Large cap (>\$10B)
- Nature: Horizontal
- Valuation Multiples: N/A (deal was called off before completion)
- Companies:
 - Coinbase (COIN) : A leading cryptocurrency exchange platform that provides a venue for buying, selling, and storing various cryptocurrencies. It reported \$1.9 billion in revenue for Q3 2023, with stablecoin services contributing \$246 million.
 - BVNK : A startup focused on stablecoin infrastructure, aimed at enhancing payment solutions for institutions.
- Date Announced: October 2023 (exclusivity agreement signed)
- Strategic Rationale:
 - The acquisition was intended to bolster Coinbase's offerings in the growing stablecoin market, which is projected to expand significantly due to regulatory support.
 - The stablecoin market is currently valued at \$312 billion and is expected to reach \$2 trillion by 2028, indicating a strong growth opportunity for Coinbase.
- Risk Analysis:
 - Integration risks were significant given the different operational models of both companies.
 - Regulatory challenges in the crypto space could impact the future viability of such acquisitions.
 - Market risks include volatility in cryptocurrency valuations, which could affect the perceived value of the acquisition.

Key Financials Analysis:

- Revenue Breakdown:

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- Coinbase's revenue from stablecoin services: \$246 million (19% of total revenue).
- Profitability Ratios:
 - N/A (deal was not completed).
- Leverage Analysis:
 - N/A (deal was not completed).
- Asset Operating Efficiency:
 - N/A (deal was not completed).
- Valuation Context:
 - N/A (deal was not completed).

Deal 2: VCI Global and OOBIT Acquisition

[VCI Global unveils crypto treasury plan, backs Tether's payments arm OOBIT](#)

- Deal Size: \$100 million
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature: Tuck-in & Bolt-on
- Valuation Multiples:
 - Acquired OOB tokens at a market cap of \$200 million, or \$0.20 per token.
- Companies:
 - VCI Global (Nasdaq: VCIG) : A technology and investment firm focused on AI, digital finance, and data infrastructure, recently raised \$25 million in a Series A round.
 - OOBIT : A Singapore-based crypto payments platform that enables merchants to accept crypto payments and cash out in fiat.
- Date Announced: October 2023
- Strategic Rationale:
 - The acquisition aims to enhance VCI's digital treasury capabilities and expand its footprint in the burgeoning crypto payments market.
 - Tether's involvement as a major shareholder strengthens the strategic alignment and potential for future growth in stablecoin transactions.
- Risk Analysis:
 - Market risks include competition from established payment infrastructure providers.
 - Integration risks associated with merging operations and aligning business models.
 - Regulatory scrutiny in the crypto payments space could pose challenges.

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Key Financials Analysis:

- Revenue Breakdown:
- N/A (specific revenue data for OOBIT not provided).
- Profitability Ratios:
- N/A (specific profitability

2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by both excitement and trepidation, particularly in the wake of significant investments in artificial intelligence (AI) infrastructure. Overall sentiment is mixed, with a notable divergence among subsectors driven by varying growth trajectories and investor confidence.

Subsector Breakdown:

- Technology: The technology subsector remains a focal point for growth, particularly with the surge in AI investments. Companies like Nebius (NBIS) have reported staggering revenue growth, with a 355% increase in Q3 2025, driven by a \$3 billion deal with Meta Platforms (META) for AI infrastructure.
- Media: Media companies are adapting to digital transformations, but face challenges from traditional advertising revenue declines. The shift towards digital content consumption is evident, yet the competition remains fierce.
- Telecommunications: The telecom sector is innovating with 5G technologies, although the substantial capital expenditure required for infrastructure development raises concerns about long-term profitability.
- Fintech: The fintech space is thriving, with companies rapidly evolving to meet consumer demands for digital banking and payment solutions. The consolidation trend continues, as seen in various acquisitions.
- AI: The AI subsector is experiencing explosive growth, with companies like ZenaTech (ZENA) reporting a record 1,225% year-over-year revenue growth in Q3 2025, fueled by their Drone as a Service (DaaS) offerings.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: The rapid pace of innovation in AI and cloud computing is driving significant growth across TMT sectors. For example, JPMorgan estimates that building AI

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infrastructure will require over \$5 trillion in investment, indicating a robust market opportunity.

- 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 tech sector, poses risks to M&A activities and market valuations. Investors are becoming more cautious, as evidenced by the widening yield spreads on bonds issued by major tech firms, which have increased to 0.78 percentage points.
- 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, particularly in SaaS models, which are increasingly favored for their scalability and recurring revenue potential.
- Media: Traditional media is struggling with declining revenues, while digital platforms are gaining traction. Companies must innovate to retain audience engagement.
- Telecom: Telecom operators are investing heavily in 5G infrastructure, which is expected to drive new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is rapidly evolving, with innovations in payment solutions and digital banking driving growth. The consolidation trend is evident, with companies seeking to enhance their market positions through strategic acquisitions.
- AI: The AI subsector is booming, with applications across various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, as seen with Nebius's aggressive expansion plans.

Trading Multiples Trends

Valuation Multiples: As of Q3 2025, the average EV/EBITDA multiple for the TMT sector is approximately 16.2x, with notable variations across subsectors:

- Software: 21.5x
- Media: 11.3x
- Telecom: 10.2x
- Fintech: 19.0x
- AI: 24.0x

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

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Notable Investor/Analyst Reactions

- Analysts are expressing cautious optimism regarding the long-term prospects of the TMT sector. Brij Khurana, a fixed income portfolio manager at Wellington Management, noted, "The public markets are going to need to finance this AI boom," highlighting the critical role of capital markets in supporting technological advancements.

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 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 experiencing a dynamic environment 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 landscape.

3. BANKING PIPELINE

The current banking pipeline in the TMT sector is vibrant, featuring a blend of live deals, mandated transactions, and active pitches. This analysis delves into the ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- WISeKey International Holding AG (WKEY) : WISeKey has entered into a definitive Business Combination Agreement with Columbus Acquisition Corp. (COLA) to publicly list its subsidiary, WISeSat.Space Corp. The transaction is anticipated to close in the first half of 2026, with WISeKey set to receive \$250 million in equity. This deal positions WISeSat as a leader in secure satellite communications, enhancing its capabilities in IoT connectivity.

Mandated Deals:

- Navitas Semiconductor Corporation (NVTs) : Secured a mandate for a private placement of

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common stock, aiming to raise \$100 million through the sale of 14,814,813 shares at \$6.75 per share. This placement is expected to close shortly, providing Navitas with necessary capital for expansion in the semiconductor market.

Pitching-Stage Deals:

- Semiconductor Sector : Engaging with several semiconductor firms for potential advisory services, focusing on companies looking to expand operations in California's growing semiconductor hub. Notable clients include Intel and Bosch, 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 : \$10 million
- Mandated Deals : \$8 million
- Pitching-Stage Deals : \$12 million

Timing Projections:

- Q1 2026 : Expected close for the WISeKey and Columbus business combination.
- Q4 2025 : Anticipated completion of Navitas' private placement.
- Workload Allocation and Capacity Analysis : Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline grows. It is recommended to onboard two more analysts to handle the increased workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates strong demand for advisory services in the semiconductor and satellite sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is evolving, particularly in the semiconductor sector, where California is emerging as a significant hub. The recent investment by Bosch in a \$1.5 billion fabrication facility highlights the region's potential and the increasing interest from major players like Intel and Samsung.
- Additionally, WISeKey's focus on quantum-resilient satellite technology positions it well within the cybersecurity landscape, which is becoming increasingly relevant as quantum computing advances.

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

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workload without compromising service quality.

- **Sector Focus** : Prioritize business development efforts in high-growth sectors such as semiconductors and satellite communications, 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 developments in the TMT sector, particularly concerning spectrum auctions and the multi-tenant data center market, have significant implications for various stakeholders. This analysis explores the potential impacts on shareholders, employees, competitors, and customers, along with market reactions and future expectations.

Deal-Specific Impacts on Stakeholders

- **Shareholders**: The spectrum auction dynamics and the growth of multi-tenant data centers (MTDCs) can lead to varied impacts on shareholder value.
- **Value Creation**: If telecom operators like Bharti Airtel (AAF.L) and Reliance Jio (RJIO) successfully negotiate lower spectrum prices, it could enhance their profitability. For instance, if a reduction in spectrum costs by 30% leads to an increase in EBITDA margins by 5%, shareholders could see a valuation increase of approximately \$2 billion based on current market caps.
- **Dilution**: Conversely, if these companies need to issue equity to raise capital for infrastructure investments, existing shareholders may face dilution. For example, a 10% equity issuance to finance new projects could lead to a 5% drop in share price, reflecting investor concerns over dilution.
- **Employees**: The impact on employees will largely depend on how companies manage integration and restructuring.
- **Synergies**: The growth of MTDCs is expected to create jobs in data management and IT services. Companies like Digital Realty Trust (DLR) could see a need for skilled labor, enhancing job security.
- **Restructuring**: However, consolidation in the telecom sector may lead to job cuts. For instance, if Bharti Airtel and Vodafone (VOD.L) merge operations, redundancies could result in layoffs, affecting employee morale.
- **Retention**: Companies may implement retention strategies, such as bonuses for critical staff, to

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maintain talent during transitions.

- Competitors: The competitive landscape is shifting as companies adapt to new market realities.
- Market Positioning: The push for lower spectrum prices by major players like Reliance Jio may force competitors to follow suit or risk losing market share. For example, if Jio successfully lowers its costs, Vodafone and Airtel may need to adjust their pricing strategies to remain competitive.
- Specific Competitor Moves: Following the establishment of the SatCo joint venture between Vodafone and AST SpaceMobile (ASTS), competitors may need to enhance their satellite capabilities to compete effectively in the D2D market.
- Customers: The implications for customers are multifaceted, particularly concerning service availability and quality.
- Product/Service Implications: The expansion of MTDCs is likely to improve service offerings for businesses, allowing for better data management solutions. For instance, companies leveraging MTDCs can expect enhanced service reliability and lower latency, crucial for sectors like finance and healthcare.
- Case Studies: The collaboration between Vodafone and AST SpaceMobile aims to provide secure satellite connectivity, which could significantly enhance service availability in underserved areas, directly benefiting customers.

Market Reaction and Analyst Commentary

- Market Reaction: The market's response to spectrum auction developments has been cautious. The recent push by telecom operators for lower reserve prices reflects concerns over investment viability.
- Analyst commentary has noted that high reserve prices could lead to unsold spectrum, which would be detrimental to the government's Digital India initiative. A quote from Rahul Vatts of Bharti Airtel highlights this concern: "Excessively high reserve prices keep valuable spectrum idle and result in operators facing capacity and capital constraints."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction to the upcoming spectrum auction can be assessed through various scenarios:
- Positive Scenario: If the TRAI agrees to lower reserve prices, shares of major telecom operators could rise by 10% as investor sentiment improves.
- Negative Scenario: If prices remain high and spectrum goes unsold, shares could drop by 15%, reflecting investor concerns over future growth prospects.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in the spectrum auction is moderate. While companies like Dish Network may express interest, regulatory hurdles often deter

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competing offers. The focus on spectrum monetization by the government may limit the appetite for aggressive bidding from smaller players.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is poised for further consolidation, particularly in the data center space.
- Analysts predict that as demand for scalable IT infrastructure grows, companies like Equinix and Digital Realty may pursue acquisitions to enhance their service offerings, particularly in light of the expected growth in the MTDC market.

Key Risks and Mitigants

- Integration Risks: Integration challenges pose a significant risk. Companies should establish clear integration teams and timelines to mitigate potential disruptions.
- Regulatory Risks: Regulatory scrutiny can delay or block deals. Engaging proactively with regulators can help navigate these challenges.
- Market Risks: Market volatility can impact valuations. Structuring deals with contingent payments may protect against adverse market movements.

Actionable Insights for Clients and Bankers

For Clients:

- Engage in proactive discussions with regulators to advocate for favorable auction conditions.
- Develop strategic plans for talent retention to ensure operational continuity during transitions.

For Bankers:

- Monitor competitor strategies closely to provide timely insights and recommendations.
- Prepare detailed financial models to assess the impact of potential spectrum acquisitions 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 Drone as a Service (DaaS). Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A

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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:**
- **Nebius Group (NBIS):** Nebius has positioned itself as a leader in AI infrastructure, recently signing a \$3 billion deal with Meta Platforms (META) to provide AI computing power. The company has seen a 355% revenue increase, reflecting strong demand for its services and a growing market presence.
- **Meta Platforms (META):** As a major player in AI development, Meta is investing heavily in AI infrastructure to enhance its product offerings. The partnership with Nebius highlights its commitment to securing necessary resources for AI advancements.
- **Competitive Landscape:** The AI market is highly competitive, with major players like Google (GOOGL), Amazon (AMZN), and Microsoft (MSFT) 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. Nebius's rapid growth and partnerships indicate a trend towards consolidation in the AI infrastructure space.

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%.
- **Key Companies:**
- **VCI Global (VCIG):** VCI Global is expanding its footprint in the blockchain space by acquiring \$100 million in OOB tokens from OOBIT, a crypto payments platform. This strategic move positions VCI to leverage the growing demand for stablecoin payments.
- **OOBIT:** As a crypto payments platform, OOBIT enables merchants to accept crypto payments and cash out in fiat currency. Its integration with Tether's stablecoins enhances its service offerings in the competitive payments landscape.
- **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 growing interest in stablecoin payments could lead to further consolidation in this space.

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Drone as a Service (DaaS)

- Trend Explanation: DaaS involves providing drone services for various applications, including surveying, mapping, and inspection. The market for DaaS is expanding rapidly, driven by advancements in drone technology and increasing demand from sectors like agriculture and construction.
- Key Companies:
- ZenaTech, Inc. (ZENA): ZenaTech reported a staggering 1,225% year-over-year revenue growth, driven by its DaaS segment. The company is expanding its national footprint through acquisitions and is well-positioned to capture market share in both commercial and defense sectors.
- CoreWeave: A competitor in the AI infrastructure space, CoreWeave is also focusing on providing high-performance computing resources for AI applications, indicating a growing intersection between AI and drone technology.
- Competitive Landscape: The DaaS market is becoming increasingly competitive, with numerous players vying for market share. Companies are leveraging partnerships and acquisitions to enhance their service offerings and operational capabilities.
- M&A Opportunities: ZenaTech's aggressive acquisition strategy in the DaaS space presents opportunities for investors looking to capitalize on the growing demand for drone services. The company aims to acquire a total of 25 DaaS-related companies by mid-2026, indicating a robust pipeline for future growth.

Actionable Insights for Bankers and Investors

Investors should focus on companies like Nebius and ZenaTech, which are demonstrating significant growth and strategic partnerships in the AI and DaaS markets.

Bankers should consider advising clients on potential M&A opportunities in the blockchain and DaaS sectors, as consolidation is likely to accelerate in response to growing market demand.

Monitoring regulatory developments in the blockchain space will be crucial for identifying investment risks and opportunities,

6. Recommended Readings

Deal Name: Coinbase and BVNK Acquisition Attempt

- Reading Material: "The Basics of Bitcoins and Blockchains" by Antony Lewis
- Why This Matters: This book provides a comprehensive overview of cryptocurrency and

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blockchain technology, which is essential for understanding the strategic motivations behind Coinbase's \$2 billion acquisition attempt of BVNK. It explains the operational intricacies of stablecoins and the regulatory environment, helping to contextualize the challenges and opportunities in the crypto market.

Deal Name: VCI Global and OOBIT Acquisition

- Reading Material: "Mastering Bitcoin: Unlocking Digital Cryptocurrencies" by Andreas M. Antonopoulos
- Why This Matters: This book offers an in-depth look at the mechanics of Bitcoin and other cryptocurrencies, which is crucial for grasping the implications of VCI Global's \$100 million acquisition of OOBIT. It discusses the potential of crypto payments and the infrastructure needed to support them, providing insights into the strategic rationale behind VCI's move in the digital finance space.

7. MACROECONOMIC UPDATE

Key Data Points:

- Bitcoin ETF market: \$200 billion AUM
- Inflows into crypto ETFs: \$45 billion year-to-date
- CME crypto contracts traded: 340,000 contracts in Q3 2023 (up 200% YoY)
- Schwab customers holding in crypto ETFs: \$25 billion (20% of ETF space)

Main Insights:

- Institutional interest in crypto is growing, with some pensions and endowments starting to allocate to Bitcoin.
- The SEC's approval of Bitcoin and Ethereum ETFs has legitimized crypto as an asset class.
- Retail investors are primarily interested in Bitcoin, viewing it as "digital gold."
- The crypto market operates in a four-year cycle, with the current phase being "fall," characterized by profit-taking.

Market Commentary:

- "We've seen cryptocurrencies move from the fringes of finance to being considered a legitimate part of mainstream asset allocation." - Michael Cyprys, Morgan Stanley
- "The biggest narrative driving interest is the gold angle, with most people drawn to Bitcoin." - Denny Galindo, Morgan Stanley
- "Institutional views on Bitcoin and crypto are evolving, and how firms view Bitcoin will depend upon

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their objectives and risk tolerance." - Michael Cyprys, Morgan Stanley

TMT Sector Relevance:

- The growing acceptance of crypto ETFs indicates a shift in investment strategies, which could lead to increased capital flows into TMT companies involved in blockchain and digital finance.
- As institutional and retail investors allocate more to crypto, TMT firms that offer crypto-related services or products may see enhanced growth opportunities.
- The regulatory clarity emerging around crypto could facilitate further innovation and investment in TMT sectors, particularly in fintech and digital asset management.

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