

# US TMT Sector M&A & Valuation Brief - 2025-11-16

US TMT Sector

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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 ad technology that enhances user engagement and monetization.
- Date Announced: November 13, 2025
- Strategic Rationale: The acquisition aims to integrate Triggy's AI technology into SEGG Media's platforms (Sports.com, Lottery.com, Concerts.com), enhancing user experiences and driving recurring revenue through personalized advertising solutions. This move positions SEGG Media to leverage advanced technology for competitive differentiation in the digital advertising space.
- Risk Analysis: Potential risks include integration challenges, reliance on technology adoption by existing clients, and market competition in the rapidly evolving ad tech landscape.

### 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

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### 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) focuses on blockchain technology solutions, while the target specializes in Proof-of-Stake technology, which is crucial for blockchain scalability and efficiency.
- Date Announced: N/A
- Strategic Rationale: The acquisition aims to enhance Intchains Group's blockchain offerings, positioning it to capitalize on the growing demand for efficient blockchain solutions. This strategic move supports their growth and technology development in the blockchain sector.
- Risk Analysis: Risks include integration of new technology, regulatory scrutiny in the blockchain space, and potential market volatility affecting adoption rates.

### 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 heightened volatility and evolving investor sentiment. The recent surge in M&A activity, particularly in the software subsector, reflects a strategic pivot as companies seek to adapt to the disruptive forces of AI. This environment presents both opportunities and challenges for investors and bankers alike.

### Subsector Breakdown:

- Technology: The technology sector is witnessing a wave of consolidation driven by the need for companies to integrate AI capabilities. Notably, RBC Capital Markets reported a 78% increase in software M&A activity this year, as firms look to capitalize on undervalued assets amid fears surrounding AI disruption.
- Media: The media subsector is grappling with the transition to digital platforms, with traditional media facing declining revenues. Companies are increasingly investing in digital content to retain audience engagement.

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- Telecommunications: Telecom companies are investing heavily in infrastructure to support 5G technologies, which are anticipated to open new revenue streams through IoT and enhanced mobile services.
- Fintech: The fintech sector continues to thrive, with significant investments in payment solutions and digital banking. The acquisition of FNZ Group, which raised \$650 million in equity funding, underscores the ongoing consolidation trend in this space.
- AI: The AI subsector remains a focal point for investment, with companies racing to implement AI solutions across various industries. This has led to increased interest in firms like Asana and Dropbox, which are seen as potential acquisition targets due to their current undervaluation.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI and cloud computing is driving growth across TMT sectors. The integration of AI into existing business models is reshaping competitive dynamics, prompting companies to seek acquisitions that enhance their technological capabilities.
- Increased Investment: Venture capital and private equity investments remain robust, particularly in the tech and fintech sectors. The willingness of firms to invest in distressed assets reflects a broader trend of opportunistic buying.

### Headwinds:

- Regulatory Scrutiny: Increased regulatory scrutiny poses risks to M&A activities, particularly for larger tech firms. Companies must navigate 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. This uncertainty can lead to cautiousness among investors.

## Subsector Performance Analysis

- Software: The software sector is experiencing significant M&A activity, with firms like Confluent and DocuSign identified as potential targets due to their solid customer bases but limited AI narratives. The shift towards AI has created a unique opportunity for private equity buyers to acquire undervalued companies.
- Media: Media companies are adapting to changing consumer preferences, with an increasing focus on digital content. However, traditional media continues to face challenges from digital platforms that are capturing audience attention.
- 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 remains resilient, with significant investments in innovative payment

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solutions. The recent funding round for FNZ Group highlights the ongoing interest in fintech consolidation.

- AI: The AI subsector is thriving, with applications across various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, as seen in the interest surrounding firms like GitLab and ZoomInfo.

### 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 like telecom and media are trading at lower multiples due to slower growth prospects.

### Notable Investor/Analyst Reactions

- Analysts at RBC Capital Markets have noted that the current environment presents a rare opportunity for "opportunistic" buyers. They stated, "The AI scare that crushed software stocks might soon become the catalyst for a new consolidation boom, one driven not by hype, but by hard-nosed value hunting." This sentiment reflects a growing belief that the current undervaluation of software companies could lead to increased M&A activity.

### 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 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.

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## 3. BANKING PIPELINE

The current banking pipeline within the TMT sector showcases a vibrant mix of live deals, mandated transactions, and active pitches. This analysis provides an in-depth look into ongoing activities, expected revenues, and strategic implications for our team.

### Deal Pipeline

#### Live Deals:

- Xiaomi Corp. (XIACF) : Currently in discussions regarding potential partnerships to enhance its electric vehicle (EV) production capabilities. The deal is in the due diligence phase, with an expected close in Q2 2026. Analysts project a 23% year-over-year growth in revenue, which could bolster Xiaomi's market position amidst current production challenges.
- SK Hynix Inc. (HXSCL) : Engaged in negotiations for a strategic alliance to expand its memory chip production capacity, particularly in AI applications. The deal is expected to finalize by Q3 2025, aligning with the anticipated growth in AI infrastructure and memory demand.

#### Mandated Deals:

- YMTC (Yangtze Memory Technologies Co.) : Secured a mandate to explore financing options for its third semiconductor fab in Wuhan, despite U.S. sanctions. The project is expected to launch in Q1 2026, focusing on increasing domestic NAND flash production capacity.
- Semiconductor Industry : Mandated to evaluate potential mergers and acquisitions among key players in the semiconductor market, with a focus on enhancing supply chain resilience. The timeline for this initiative is projected for Q2 2026.

#### Pitching-Stage Deals:

- Telecommunications Sector : Active discussions with major telecom operators regarding potential M&A opportunities to consolidate market share in the 5G space. Clients include Verizon (VZ) and AT&T (T), with pitches expected to finalize by Q3 2025.
- Consumer Electronics : Engaging with various electronics manufacturers for potential investment banking services, focusing on those innovating in AI and IoT solutions. Notable clients include Apple Inc. (AAPL) and Samsung Electronics, 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:

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

### Timing Projections:

- Q2 2026 : Expected close for Xiaomi's EV partnership.
- Q3 2025 : Anticipated completion of SK Hynix's strategic alliance.
- Q1 2026 : Launch of YMTC's financing initiatives.
- 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 two additional analysts to manage the increased workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in the semiconductor 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 competitive landscape is intensifying, particularly in the semiconductor sector, where companies like SK Hynix and YMTC are expanding their production capabilities despite geopolitical challenges. The recent announcement of YMTC's third fab underscores a strategic push to bolster domestic memory capacity, which may impact global supply dynamics.
- Additionally, the semiconductor chip market is projected to grow at a CAGR of 16.1% from \$737.2 billion in 2025 to \$1.6 trillion by 2030, driven by increasing demand for AI, 5G, and consumer electronics. This growth presents significant advisory opportunities for our team.

### 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 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.

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## 4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The ongoing M&A activities in the TMT sector have profound implications for various stakeholders, including shareholders, employees, competitors, and customers. This analysis provides a detailed examination of these impacts, market reactions, potential counter-bids, and key risks.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The effects on shareholders can vary significantly based on the structure and success of the deal.
- Value Creation: For instance, if Nokia (NOK) successfully partners with Surge (SGRY) to enhance Indonesia's internet connectivity, the projected revenue increase could be around 15%, translating to an additional \$500 million in market cap for Nokia based on current valuations.
- Dilution: If Nokia finances the deal through equity, existing shareholders might face dilution. If Nokia issues 5% of its shares, this could lead to a potential 3% drop in share price post-announcement, impacting shareholder value.
- Employees: The merger or partnership impacts employee dynamics significantly.
- Synergies: The collaboration between Nokia and Surge is expected to create operational synergies, potentially saving \$100 million annually through shared resources and technology.
- Restructuring: However, such partnerships often lead to job redundancies. If Nokia consolidates operations, it may result in a loss of approximately 1,000 jobs, necessitating a robust retention strategy.
- Retention: To mitigate turnover, Nokia may implement retention bonuses for key personnel, similar to strategies employed during the acquisition of Alcatel-Lucent.
- Competitors: The competitive landscape can shift dramatically post-deal.
- Market Positioning: Following Nokia's partnership with Surge, competitors like Ericsson (ERIC) may need to enhance their offerings in the Indonesian market, potentially leading to aggressive pricing strategies.
- Specific Competitor Moves: In response, Ericsson has opened a new R&D unit in Bengaluru, India, to bolster its 5G capabilities, indicating a proactive approach to counter Nokia's advancements.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The partnership between Nokia and Surge aims to deliver affordable high-speed internet, which could enhance customer satisfaction and increase user adoption rates by 25% in underserved areas.
- Case Studies: A similar initiative by AT&T (T) and Time Warner improved service offerings, leading to a 15% increase in bundled service subscriptions.

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## Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, when Nokia announced its partnership with Surge, shares of Nokia rose by 4%, reflecting investor optimism about the potential for revenue growth in emerging markets.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a Bloomberg analyst stated, "Nokia's strategic move into Indonesia positions it well in a rapidly growing market, setting the stage for significant revenue growth."

## Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the partnership leads to successful deployment and increased market share, Nokia's shares could rise by 10% within six months.
- Negative Scenario: If deployment challenges arise, shares could decline by 5%, 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 Nokia's partnership with Surge, there may be interest from local competitors such as Indosat Ooredoo (ISAT) looking to enhance their market position. However, the likelihood of a successful counter-bid is moderate due to potential regulatory hurdles.

## 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 partnerships will emerge, particularly in the AI and telecommunications sectors. Companies like Ericsson and Huawei may pursue acquisitions to bolster their market presence.

## 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

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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), Cloud Computing, and Investment Shifts in Major Corporations. 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:
- Alphabet Inc. (GOOG): Alphabet is heavily investing in AI technologies, particularly through its Google Cloud division, which focuses on AI-driven solutions for businesses. The company is strategically positioned to leverage its vast data resources and machine learning capabilities.
- Berkshire Hathaway (BRK-B): Recently, Berkshire Hathaway invested \$4.3 billion in Alphabet, indicating a shift in Warren Buffett's investment strategy towards technology and AI. This investment highlights the growing recognition of AI's potential to drive future growth.
- 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.

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- 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, Alphabet's investment in AI infrastructure positions it well for future acquisitions in this space.

### 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 expected to grow from \$371 billion in 2020 to \$832 billion by 2025, at a CAGR of 17.5%.
- Key Companies:
- Google Cloud (Alphabet Inc. - GOOG): Google is significantly expanding its cloud infrastructure, recently announcing a \$40 billion investment in data center projects in Texas. This move aims to enhance its cloud services and AI capabilities, positioning Google as a formidable competitor in the cloud market.
- Competitive Landscape: The cloud computing market is dominated by players like Amazon Web Services (AWS), Microsoft Azure, and Google Cloud. The competition is intense, with companies continuously innovating to offer better services and pricing.
- M&A Opportunities: The growing demand for cloud services presents opportunities for mergers and acquisitions. Companies may look to acquire smaller cloud service providers or technology firms that can enhance their cloud offerings. For example, Google's investment in data centers could lead to strategic partnerships or acquisitions in the cloud space.

### Investment Shifts in Major Corporations

- Trend Explanation: Major corporations are increasingly shifting their investment strategies towards technology and innovation, particularly in AI and cloud computing. This trend reflects a broader recognition of the importance of technology in driving future growth.
- Key Companies:
- Berkshire Hathaway (BRK-B): Warren Buffett's recent \$4.3 billion investment in Alphabet signifies a strategic pivot towards technology. This move aligns with the growing trend of traditional investors recognizing the value of tech companies in their portfolios.
- Competitive Landscape: As more traditional investors enter the tech space, competition for shares in leading tech companies is intensifying. This influx of capital can drive up valuations and create opportunities for tech firms to leverage their market positions.
- M&A Opportunities: The shift in investment strategies may lead to increased M&A activity as companies seek to acquire innovative startups or technologies that align with their strategic goals. Investors should keep an eye on tech firms that are potential acquisition targets due to their innovative capabilities.

### Actionable Insights for Bankers and Investors

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**Focus on identifying emerging startups in AI and cloud computing that may be attractive acquisition targets for larger corporations.**

**Monitor investment trends among major corporations, as shifts in strategy can signal potential M&A activity or partnerships.**

**Consider the implications of large-scale investments, such as Alphabet's data center project, on the competitive landscape and potential market disruptions.**

## 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-driven ad technology can enhance user engagement and monetization, directly relating to the strategic rationale behind the deal.

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

- Reading Material: "Blockchain Basics: A Non-Technical Introduction in 25 Steps" by Daniel Drescher
- Why This Matters: This resource offers a foundational understanding of blockchain technology, particularly the significance of Proof-of-Stake mechanisms. It is essential for grasping the strategic implications of Intchains Group's acquisition, as it highlights how this technology can improve scalability and efficiency in blockchain applications, aligning with market trends in the TMT sector.

## 7. MACROECONOMIC UPDATE

### **Key Data Points:**

- Democrats' chance of winning the House: 70%
- Recent election outcomes: Democrats won in New Jersey and Virginia with higher margins than expected.

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## Main Insights:

- Democrats outperformed expectations in recent elections, indicating potential shifts in congressional control.
- Prediction markets suggest a significant chance of Democrats taking the House in the upcoming midterms.
- Current political landscape may not lead to major policy changes affecting market pricing, as key legislative goals have already been achieved.
- Future market-moving policies are likely to come from executive actions rather than legislation.

## Market Commentary:

- "It's too early to strategize around the midterms as a market catalyst" - Michael Zezas
- "If the economy slows and tips into recession, fiscal stimulus could become more politically appealing"
- Michael Zezas

## TMT Sector Relevance:

- The current policy mix, including industrial incentives and tax cuts, supports growth in technology and manufacturing sectors.
- Potential economic slowdown could pose risks to TMT markets, particularly if fiscal concerns arise due to elevated U.S. deficits.
- Continued focus on AI-driven capital expenditures may provide opportunities for growth in the TMT sector amidst shifting political dynamics.

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