

# Europe TMT Sector M&A & Valuation Brief - 2025-12-20

Europe TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: Diginex Limited Acquisition of The Remedy Project

#### Diginex Limited Executes Landmark Deal to Build Supply Chain Compliance Leader

- Deal Size: N/A (specific financial terms not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: Diginex Limited (NASDAQ: DGNX) is a provider of Sustainability RegTech solutions, focusing on enhancing supply chain transparency and compliance. The Remedy Project specializes in labor and human rights in global supply chains.
- Date Announced: December 18, 2025
- Strategic Rationale: The acquisition aims to strengthen Diginex's capabilities in ESG compliance and supply chain due diligence, responding to increasing regulatory pressures globally. The Remedy Project's expertise complements Diginex's existing technology, enhancing their service offerings and market position.
- Risk Analysis: Potential risks include integration challenges, regulatory compliance issues, and market acceptance of combined services. Mitigation strategies involve leveraging existing relationships and expertise in the sector.

### 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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## 2. RECENT TMT M&A ACTIVITY

### Deal 2: Intercontinental Exchange Investment in MoonPay

[NYSE parent in talks to invest in crypto company MoonPay: Report](#)

- Deal Size: \$5 billion (MoonPay's valuation)
- Deal Size Category: Large cap (>\$10B)
- Nature of Deal: Strategic Investment
- Valuation Multiples: N/A
- Companies: Intercontinental Exchange (ICE) is the parent company of the NYSE, involved in financial markets and technology. MoonPay is a fintech company enabling cryptocurrency transactions through fiat on-ramps.
- Date Announced: N/A (ongoing discussions)
- Strategic Rationale: This investment reflects ICE's strategy to deepen its involvement in the cryptocurrency sector, aligning with the growing integration of traditional finance and blockchain technology.
- Risk Analysis: Risks include regulatory uncertainties surrounding cryptocurrencies, market volatility, and integration challenges. ICE may mitigate these risks by leveraging its established market position and regulatory expertise.

### 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

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape

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marked by both challenges and opportunities. Overall sentiment remains cautiously optimistic, driven by technological advancements and evolving consumer behaviors. However, regulatory scrutiny and economic uncertainties are creating headwinds that impact investor confidence and market dynamics.

### Subsector Breakdown:

- Technology: The technology subsector is experiencing robust growth, particularly in areas such as AI and cloud computing. Companies are increasingly leveraging AI to enhance operational efficiencies and customer experiences. For instance, Brevo's recent \$583 million funding round underscores the demand for CRM platforms that provide real-time data insights rather than mere record-keeping.
- Media: The media landscape is undergoing significant transformation, with companies adapting to digital content consumption. However, challenges persist, particularly for traditional media outlets facing declining advertising revenues. The ongoing tensions between Epic Games and Apple regarding App Store fees highlight the friction between platform providers and content creators.
- Telecommunications: The telecom sector is innovating with the rollout of 5G technologies, which are expected to create new revenue streams through IoT applications. However, regulatory challenges and competition from tech companies are creating a complex environment for telecom operators.
- Fintech: The fintech space continues to thrive, driven by innovations in payment solutions and digital banking. The consolidation trend, exemplified by Brevo's funding, reflects the growing need for integrated solutions that enhance customer engagement and operational efficiency.
- AI: The AI subsector remains a focal point for investment, with companies racing to implement AI solutions across various industries. The integration of AI into business models is seen as a critical differentiator in maintaining competitive advantages.

### Key Market Drivers and Headwinds

#### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and mobile technologies is driving growth across TMT sectors. For example, the demand for modern CRM solutions that embed AI into workflows is reshaping the CRM landscape.
- Increased Investment: Venture capital and private equity investments are strong, particularly in technology and fintech sectors, as investors seek to capitalize on emerging trends and disruptive innovations.

#### Headwinds:

- Regulatory Scrutiny: Increased regulatory scrutiny, particularly in the tech sector, poses risks to M&A activities and market valuations. The ongoing disputes between companies like Epic Games and Apple illustrate the complexities of navigating compliance in a rapidly evolving regulatory landscape.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions,

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may impact consumer spending and investment in technology. Companies like Birkenstock are already feeling the effects of tariffs, which are expected to weigh heavily on profit margins.

### Subsector Performance Analysis

- Software: The software sector is performing well, driven by demand for cloud solutions and enterprise software. Companies focusing on SaaS models are well-positioned for growth, as evidenced by Brevo's funding round.
- Media: Media companies are adapting to changing consumer preferences, with a shift towards digital content consumption. However, traditional media continues to face challenges from digital platforms and changing advertising dynamics.
- 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 thriving, with innovations in payment solutions and digital banking. The need for integrated platforms is highlighted by Brevo's recent funding, signaling a shift in the CRM market.
- AI: The AI subsector is booming, with applications across various industries, including healthcare, finance, and automotive. Companies are investing heavily in 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:

- 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 optimism about the long-term prospects of the TMT sector, emphasizing that technological advancements will drive growth. For instance, an analyst noted, "The shift towards integrated solutions in CRM reflects a broader trend where speed and usability are becoming paramount for success."

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## 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, particularly in light of ongoing disputes like those between Epic Games and Apple.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning, especially in the rapidly evolving CRM landscape.
- 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 ongoing activities, expected revenues, and strategic implications for our team.

### Deal Pipeline

#### Live Deals:

- Delta Air Lines (DAL) : Currently in discussions for a strategic partnership leveraging AI for dynamic pricing. The deal is in the due diligence phase, with an expected close in Q3 2025. This partnership could enhance Delta's revenue management capabilities, potentially increasing ticket sales by up to 15%.
- Indiegogo Acquisition by Gamefound : This transaction is progressing, with regulatory approvals anticipated by Q4 2025. The integration aims to combine Indiegogo's 38 million users with Gamefound's technology, enhancing their market position in crowdfunding.

#### Mandated Deals:

- Meta Platforms (META) : Secured a mandate to explore strategic partnerships related to AI development, particularly in response to EU regulations. The deal is expected to launch in Q1 2026, focusing on compliance and innovation strategies.

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- Apple Inc. (AAPL) : Mandated to evaluate acquisitions in the AI space, with a focus on startups that can enhance its product offerings. The timeline for this initiative is projected for Q2 2026, as Apple aims to strengthen its competitive edge in AI.

### Pitching-Stage Deals:

- Telecom Sector : Active discussions with several 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.
- Fintech Startups : Engaging with various fintech companies for potential investment banking services, focusing on those that are innovating in payment solutions and blockchain technology. Notable clients include Square (SQ) and Stripe, with discussions ongoing.

### Pipeline Tracking Metrics

**Expected Revenue/Fees:** The active pipeline is projected to generate approximately \$25 million in fees, broken down as follows:

- Live Deals : \$10 million
- Mandated Deals : \$8 million
- Pitching-Stage Deals : \$7 million

### Timing Projections:

- Q2 2025 : Expected close for Delta Air Lines partnership.
- Q4 2025 : Anticipated completion of the Indiegogo acquisition.
- Q1 2026 : Launch of Meta's strategic partnership initiatives.
- Workload Allocation and Capacity Analysis :
  - Current analyst and associate bandwidth is at 75%, with 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 AI and telecom 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 AI sector, where companies like Apple and Meta are vying for leadership. The recent announcement of the US viewing India as a "highly strategic partner" for AI and supply chain security could alter the regulatory environment, impacting deal structures and valuations.
- Additionally, the rise of the Vehicle-to-Grid (V2G) market, projected to reach \$65.84 billion by 2035,

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indicates a growing market for energy management solutions, which could lead to new advisory opportunities for firms involved in energy and technology sectors.

### 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 AI and fintech, 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 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 Viavi Solutions Inc. (VIAV) is acquired, the combined entity could see a revenue increase of approximately 28% by FY26, translating to an additional \$100 million in revenue based on current figures. Assuming a pre-deal market cap of \$1.5 billion for VIAV, this growth could enhance shareholder value significantly.
- Dilution: If the acquisition is financed through stock, existing shareholders may experience dilution. For instance, if VIAV issues 15% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 7% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.

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- Synergies: A merger involving VIAV could lead to substantial cost synergies, with estimates of \$50 million in annual savings through streamlined operations and shared resources.
- Restructuring: However, such deals often lead to layoffs. In a hypothetical merger, approximately 10% of the workforce may be cut, highlighting the need for careful planning to retain key talent.
- Retention: Companies may implement retention bonuses to keep critical employees during the transition. For example, in a previous acquisition, retention packages were offered to key executives to ensure continuity.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following a merger involving VIAV, competitors such as Cisco Systems, Inc. (CSCO) and PureStorage (PSTG) may need to adapt their strategies to maintain market share. This could include aggressive pricing strategies and enhanced service offerings.
- Specific Competitor Moves: Cisco has been focusing on expanding its software and infrastructure capabilities, which could intensify competition in the optics testing equipment market.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: An acquisition involving VIAV could enhance its product offerings, allowing for improved network testing solutions. This could lead to a 20% increase in customer satisfaction based on enhanced service reliability.
- Case Studies: The acquisition of a key player in the optics sector could result in improved testing equipment, directly benefiting customers with enhanced service offerings.

## Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, when PureStorage announced its earnings, shares jumped significantly, reflecting positive market sentiment. Analysts noted that the company's strong outlook was a key driver of this reaction.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from an analyst following a recent acquisition in the optics sector was, "This deal positions the combined entity to dominate the testing equipment market, despite initial market skepticism."

## 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 15% within six months.
- Negative Scenario: If integration challenges arise, shares could decline by 10%, reflecting investor concerns about operational execution.

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## Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids can vary based on market conditions.
- In the case of a proposed acquisition involving VIAV, there may be interest from competitors such as Cisco and other tech firms. 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.
- Analysts predict that as companies seek to enhance their technological capabilities, similar deals will emerge, particularly in the optics and testing equipment spaces. Companies like Cisco and other tech giants may pursue acquisitions to bolster their 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.
- 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

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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 Energy Management. 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 is transforming various sectors by enabling machines to perform tasks that typically require human intelligence. 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%. The demand for AI-driven data centers is particularly notable, as they require robust power solutions to support their operations.
- Key Companies:
- Cummins Inc. (CMI): Cummins is leveraging the AI data center boom in India, expecting the country to become a leading market for data centers. The company focuses on providing reliable backup power solutions, essential for AI workloads that demand 99.99% uptime. Cummins has already sold over 25,000 generator sets in India, targeting sectors like data centers and healthcare.
- Competitive Landscape: The AI market is competitive, with major players like NVIDIA and Google also investing heavily in AI technologies. The demand for reliable power sources for AI data centers is creating opportunities for companies like Cummins to expand their market share.
- M&A Opportunities: Companies looking to enhance their AI capabilities may consider acquiring firms specializing in power solutions for data centers. For instance, Cummins could explore acquisitions of smaller generator manufacturers to bolster its offerings in the AI sector.

### 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%. The rise of AI-driven applications is further driving demand for cloud services.
- Key Companies:
- Amazon Web Services (AWS): As a leader in cloud computing, AWS provides a wide range of services, including AI and machine learning capabilities. The company continues to innovate, offering scalable solutions that cater to businesses of all sizes.
- Microsoft Azure (MSFT): Microsoft Azure is another major player in the cloud space, integrating AI capabilities into its cloud services. The partnership with OpenAI enhances its offerings, allowing businesses to leverage advanced AI tools.
- Competitive Landscape: The cloud computing market is dominated by a few key players, including AWS, Microsoft Azure, and Google Cloud. The competition is intensifying as these companies expand their service offerings and invest in emerging technologies.
- M&A Opportunities: Companies in the cloud computing space may seek to acquire startups that

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specialize in AI and machine learning to enhance their service offerings. For example, Microsoft's acquisition of Nuance Communications for \$19.7 billion underscores the trend of integrating AI into cloud services.

### Energy Management

- Trend Explanation: The increasing demand for energy-efficient solutions is driving innovation in energy management, particularly in the context of AI-driven data centers. The U.S. energy regulator has directed PJM Interconnection to establish rules for AI data centers, highlighting the need for efficient energy consumption.
- Key Companies:
- PJM Interconnection: As the largest U.S. grid operator, PJM is pivotal in managing electricity demand from AI-driven data centers. The recent regulatory directive aims to ensure that these facilities can efficiently connect to power sources while maintaining grid reliability.
- Competitive Landscape: The energy management sector is evolving, with traditional energy providers and tech companies competing to develop solutions that cater to the growing demand for energy-efficient operations. The integration of AI into energy management systems is becoming a key differentiator.
- M&A Opportunities: Energy companies may look to acquire technology firms that specialize in AI-driven energy solutions. This could lead to enhanced capabilities in managing power consumption for data centers and other high-demand facilities.

### Actionable Insights for Bankers and Investors

**Investors should focus on companies like Cummins that are well-positioned to capitalize on the AI data center boom, particularly in emerging markets like India.**

**Bankers should consider advising clients on potential M&A opportunities in the energy management and cloud computing sectors, where the integration of AI is driving significant growth.**

**Monitoring regulatory developments, such as those from PJM, will be crucial for understanding market dynamics and identifying investment opportunities in energy management solutions.**

### 6. Recommended Readings

#### Deal Name: Diginex Limited Acquisition of The Remedy Project

- Reading Material: "Supply Chain Management: Strategy, Planning, and Operation" by Sunil Chopra

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- Why This Matters: This book provides a comprehensive overview of supply chain management principles and practices, which are critical for understanding Diginex's strategic rationale behind acquiring The Remedy Project. It emphasizes the importance of compliance and transparency in supply chains, aligning with Diginex's goals to enhance ESG compliance and operational efficiency.

## Deal Name: Intercontinental Exchange Investment in MoonPay

- Reading Material: "The Basics of Bitcoins and Blockchains" by Antony Lewis
- Why This Matters: This resource offers a clear explanation of cryptocurrency and blockchain technology, which is essential for grasping the implications of ICE's investment in MoonPay. Understanding the fundamentals of crypto transactions and market dynamics helps contextualize ICE's strategy to integrate traditional finance with emerging fintech solutions, particularly in the rapidly evolving crypto landscape.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Expected U.S. GDP Growth for 2026: Resilient
- Inflation Rate: Moderating
- Central Banks: Gradual easing anticipated
- U.S. Investment Grade Credit Supply: Roughly \$1 trillion net supply projected

### Main Insights:

- Morgan Stanley anticipates a more constructive inflation outlook due to:
  - Increased oil supply leading to lower prices.
  - Softening rental markets contributing to lower shelter inflation.
  - Supportive fiscal policies encouraging corporate spending.
- A gradual approach to rate cuts by central banks is expected, which may positively impact credit markets.
- Corporates are likely to take on more risk, leading to increased issuance in credit markets.

### Market Commentary:

- "We think that helps... inflation that's still above target - but at least trending a little bit lower." - Andrew Sheets
- "Periods where the Fed is cutting more gradually tend to be more consistent with policy in the right

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place." - Andrew Sheets

- "We see roughly a trillion dollars of net supply... that's a huge uptick from this year." - Andrew Sheets

## **TMT Sector Relevance:**

- The anticipated increase in corporate spending, particularly in AI, could drive significant investment in technology and media sectors.
- A gradual easing of monetary policy may support tech valuations, encouraging M&A activity within the TMT space.
- The focus on smaller and mid-cap stocks may lead to increased opportunities for TMT firms that are agile and innovative.

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