

APAC TMT Sector M&A & Valuation TLDR - 2025-11-19

APAC TMT Sector

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1. 30-Second TL;DR

- Tencent Holdings has seen a \$280 billion market rally, driven by strong gaming performance, trading at a P/E discount compared to peers.
- Xpeng Inc. is pursuing global expansion, aiming for 50% of sales from international markets, amidst intense domestic competition.
- The TMT sector shows cautious optimism with an average EV/EBITDA multiple of 15.5x, influenced by tech advancements and regulatory scrutiny.

2. 1-Minute TL;DR

- Tencent's market value surged by \$280 billion this year, primarily due to its robust online gaming business, which is expected to grow earnings by 5%. The stock trades at a discount to competitors like Amazon and Nintendo.
- Xpeng Inc. is focusing on global expansion, targeting 50% of sales from international markets within ten years, reflecting a trend among Chinese firms to seek higher margins abroad.
- The TMT sector is characterized by cautious optimism, with an average EV/EBITDA multiple of 15.5x. High-growth sectors like software (20.3x) and AI (22.5x) attract premiums, while traditional sectors like telecom (9.8x) face challenges.
- Key drivers include technological advancements and strong investment, while headwinds consist of regulatory scrutiny and economic uncertainties.

3. 2-Minute TL;DR

- Tencent Holdings Ltd. has experienced a significant market rally, adding \$280 billion in value this year, largely due to its strong performance in the gaming sector, which is expected to see a 5% earnings growth. The stock trades at a P/E ratio lower than peers like Amazon (35.4) and Nintendo (27.8), suggesting potential undervaluation. Risks include regulatory scrutiny and market saturation.
- Xpeng Inc. is pursuing a global transformation strategy, aiming for 50% of its sales from international

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markets within the next decade. This strategic move is driven by intense domestic competition and consistent delivery growth, with 12 consecutive months of over 30,000 deliveries. However, challenges include establishing brand recognition abroad and regulatory hurdles.

- The TMT sector is navigating a landscape of cautious optimism, with an average EV/EBITDA multiple of 15.5x. High-growth sectors like software (20.3x) and AI (22.5x) command higher valuations, while traditional sectors like telecom (9.8x) and media (12.1x) are under pressure due to slower growth.
- Market dynamics are shaped by technological advancements, increased investment in tech and fintech, and ongoing regulatory scrutiny. Analysts predict continued consolidation in the sector as companies seek to enhance their technological capabilities and market positioning.