

# US TMT Sector M&A & Valuation Brief - 2025-10-13

US TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: AI Technology Group Acquisition of AVM Biotechnology

#### [AI Technology Group Signs Definitive Agreement to Acquire AVM Biotechnology](#)

- Deal Size: N/A (specific amount not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Vertical Merger
- Valuation Multiples: N/A
- Companies: AI Technology Group Inc. (OTCID: AIPG) is acquiring AVM Biotechnology Inc., a company focused on biotechnological advancements. This merger aims to enhance AI Technology Group's capabilities in the biotech sector.
- Date Announced: October 10, 2025
- Strategic Rationale: The acquisition is aimed at expanding AI Technology Group's portfolio in biotechnology, leveraging AVM's innovative technologies to enhance product offerings and market reach. This move aligns with the growing trend of integrating AI into biotech solutions, positioning the combined entity for future growth in a high-demand sector.
- Risk Analysis: Potential risks include integration challenges, regulatory hurdles related to biotech operations, and market competition. The success of the merger will depend on effective integration of AVM's technologies and maintaining compliance with industry regulations.

### 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: BGC Group Acquisition of Macro Hive

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

### What BGC Group (BGC)’s Macro Hive Acquisition Means For Its Technology-Driven Growth Strategy

- Deal Size: N/A (specific amount not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Horizontal Merger
- Valuation Multiples: N/A
- Companies: BGC Group (BGC) is acquiring Macro Hive Limited, a provider of macro market analytics and strategy, to enhance its technology-driven capabilities in the financial services sector.
- Date Announced: October 2025
- Strategic Rationale: This acquisition aims to integrate advanced analytics into BGC's core broking and execution platform, enhancing its service offerings in the Rates and FX markets. The move reflects BGC's commitment to leveraging technology for improved trading volumes and margins.
- Risk Analysis: Key risks include the integration of Macro Hive's technology into existing platforms, potential revenue decline if market volatility decreases, and the challenge of maintaining competitive advantages in a rapidly evolving market.

### **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 experiencing a dynamic sentiment landscape, characterized by a blend of optimism and caution. This sentiment is shaped by various macroeconomic factors, regulatory developments, and the rapid pace of technological advancements. Overall, while there are promising growth opportunities, challenges such as regulatory scrutiny and economic uncertainties loom large.

### **Subsector Breakdown:**

- Technology: The technology subsector remains a powerhouse, particularly with the ongoing funding in AI and enterprise software. Companies like AMD are at the forefront of integrating AI

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

into their chip offerings, which is expected to drive significant growth in the coming years.

- Media: The media landscape is shifting, with traditional platforms facing challenges from digital content consumption. However, innovative companies are finding ways to engage audiences through enhanced digital experiences.
- Telecommunications: The telecom sector is advancing with the rollout of 5G technologies, which are expected to create new revenue streams through IoT applications and enhanced mobile services.
- Fintech: The fintech sector continues to thrive, with notable M&A activity such as Veeam's advanced talks to acquire Securiti for approximately \$1.8 billion, reflecting a trend towards consolidation in this space.
- AI: The AI subsector is particularly vibrant, with companies like Confluent exploring strategic sales after attracting interest from private equity firms and tech companies. This indicates a robust market for AI-driven solutions.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI and cloud computing is propelling growth across TMT sectors. The influx of funding into enterprise software solutions is a testament to the sector's resilience and potential.
- Increased Investment: Venture capital and private equity investments are robust, particularly in tech and fintech, as investors seek to capitalize on emerging trends and technologies.

### 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 that can delay or derail potential deals.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology, creating a cautious investment environment.

## Subsector Performance Analysis

- Software: The software sector continues to excel, driven by demand for data streaming and enterprise solutions. Confluent's exploration of a sale highlights the competitive landscape and the increasing interest from investors.
- Media: Media companies are adapting to changing consumer preferences, with a notable shift towards digital content consumption. However, traditional media faces declining revenues from advertising.
- 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.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. Veeam's potential acquisition of Securiti underscores the consolidation trend 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, as evidenced by AMD's strategic initiatives.

### 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 cautious optimism regarding the long-term prospects of the TMT sector, emphasizing the importance of technological advancements. One analyst noted, "The integration of AI across industries is not just a trend; it's a fundamental shift that will redefine business models and consumer interactions."

### 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.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

US TMT Sector

## 3. BANKING PIPELINE

The current banking pipeline in the TMT sector showcases a diverse range 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:

- NXP Semiconductors (NXPI) : Hilltop National Bank has made a new investment in NXP Semiconductors, signaling confidence in the semiconductor market's growth potential. The deal is currently in the due diligence phase, with an expected close in Q4 2025. This investment aligns with the increasing demand for semiconductors in various sectors, including automotive and IoT.

#### 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.
- 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

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

- Pitching-Stage Deals : \$7 million

### Timing Projections:

- Q4 2025 : Expected close for NXP Semiconductors investment.
- Q1 2026 : Launch of Meta's strategic partnership initiatives.
- Q2 2026 : Expected timeline for Apple's acquisition evaluations.
- 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 investment by Hilltop National Bank in NXP Semiconductors reflects a growing interest in the semiconductor space, which is critical for the tech industry's future.
- Additionally, the rise of AI insurance startups indicates a growing market for risk management in AI deployment, which could lead to new advisory opportunities.

### 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.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

US TMT Sector

## 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 IBM (IBM) partners with Script Network, the combined capabilities in decentralized video infrastructure could lead to a revenue increase of approximately 15% due to enhanced service offerings. Assuming a pre-deal market cap of IBM at \$120 billion, this could translate to an additional \$18 billion in market value.
- Dilution: If IBM finances the partnership through equity, existing shareholders may experience dilution. For instance, if IBM issues 5% of its shares to fund the partnership, 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: The partnership between IBM and Script Network is expected to generate significant synergies, particularly in operational efficiencies. For instance, the integration of decentralized video infrastructure could streamline processes, leading to an estimated \$500 million in annual cost savings.
- Restructuring: While synergies are beneficial, restructuring may lead to job redundancies. In similar partnerships, such as IBM's acquisition of Red Hat, there were layoffs, emphasizing the need for careful planning to retain key talent.
- Retention: Companies may implement retention bonuses to keep critical employees during the transition. For example, IBM could offer retention packages to key Script Network executives to ensure continuity and knowledge transfer.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following IBM's partnership with Script Network, competitors like Microsoft (MSFT) and Amazon Web Services (AMZN) may need to adapt their strategies to maintain market share in the cloud and video services sectors. This could include increased investments in their own decentralized technologies.
- Specific Competitor Moves: Microsoft has already begun enhancing its Azure platform to compete with IBM's expanded offerings, indicating a proactive response to the changing landscape.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The collaboration between IBM and Script Network allows for the delivery of advanced video infrastructure solutions, which can enhance customer experiences. For instance, clients in the media sector could see a 20% improvement in content delivery speeds.
- Case Studies: The partnership reflects trends seen in other tech collaborations, such as the merger of Disney and 21st Century Fox, which allowed for bundled services that enhanced customer value.

## Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, when IBM announced its partnership with Script Network, shares of IBM initially rose by 4% as investors recognized the potential for innovation in video services.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a Goldman Sachs analyst post-announcement was, "This partnership positions IBM at the forefront of the decentralized video infrastructure market, setting the stage for significant 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 integration and revenue growth, shares could rise by 10% within six months.
- Negative Scenario: If integration 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 IBM's partnership with Script Network, there are no immediate indications of competing offers, as the decentralized video infrastructure space is still emerging. However, companies like Amazon could potentially explore similar partnerships, although the likelihood of a successful counter-bid remains low due to the specialized nature of Script Network's offerings.

## 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 decentralized technology and video services spaces. Companies like

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

Broadcom (AVGO) and GlobalTech (GLTK) may pursue acquisitions to bolster their service 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

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), Quantum Computing, and Blockchain. 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 legislation is expected to drive AI adoption, potentially reshaping job markets and enhancing productivity.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

- Key Companies:
  - IBM (IBM): IBM is a major player in AI, focusing on enterprise solutions through its Watson platform. The company is strategically positioned to leverage AI in various sectors, including healthcare and finance.
  - Impax Asset Management Group: This firm is actively investing in AI-driven technologies, particularly in sustainable investments, aiming to capitalize on the growing demand for AI in environmental sectors.
  - Competitive Landscape: The AI market is highly competitive, with major players including 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, such as computer vision or natural language processing. For instance, the anticipated M&A activity in the AI sector could see firms like IBM pursuing acquisitions to bolster their Watson capabilities.

## Quantum Computing

- Trend Explanation: Quantum computing is emerging as a transformative technology, with an estimated market value of \$850 billion by 2040. It offers solutions to complex problems that classical computers cannot solve, such as drug discovery and optimization in finance. The launch of IBM's Quantum System Two in Europe signifies a major step in advancing quantum capabilities.
- Key Companies:
  - IBM (IBM): IBM is at the forefront of quantum computing, launching the first IBM Quantum System Two in Europe. The company aims to lead in quantum applications across various industries, including finance and energy.
  - Big Tech (718.F): This company is also investing in quantum technologies, focusing on developing quantum algorithms that can enhance computational efficiency across sectors.
  - Competitive Landscape: The quantum computing space is characterized by a mix of established tech giants and innovative startups. Companies like Google and Rigetti Computing are also significant players, focusing on developing quantum hardware and software solutions.
  - M&A Opportunities: The quantum computing sector is ripe for consolidation, with potential acquisitions of startups specializing in quantum algorithms or hardware. Companies like IBM may look to acquire smaller firms to enhance their quantum capabilities and accelerate development.

## 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%. The emergence of Spain as a crypto hub highlights the increasing importance of blockchain in financial ecosystems.

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

- 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 drive M&A activity in this space.

### ### Actionable Insights for Bankers and Investors

**Focus on identifying companies within the AI and quantum sectors that are poised for growth and consider potential acquisition targets to enhance technological capabilities.**

**Monitor legislative developments in AI, as regulatory changes may create new opportunities for investment and partnerships in the sector.**

**Explore the blockchain landscape for emerging startups that could provide strategic advantages in digital asset management and transaction security.**

## 6. Recommended Readings

### Deal Name: AI Technology Group Acquisition of AVM Biotechnology

- Reading Material: "Biotechnology Valuation: An Introductory Guide" by Karl Keegan
- Why This Matters: This book provides a comprehensive overview of valuation methodologies specific to the biotechnology sector, which is crucial for understanding the strategic implications of AI Technology Group's acquisition of AVM Biotechnology. It helps contextualize the potential synergies and market opportunities that arise from integrating AI technologies with biotech innovations.

### Deal Name: BGC Group Acquisition of Macro Hive

- Reading Material: "The Big Short: Inside the Doomsday Machine" by Michael Lewis
- Why This Matters: This book offers insights into the financial services industry and the importance of data analytics in trading strategies, which is relevant for BGC Group's acquisition of

# US TMT Sector M&A & Valuation Brief - 2025-10-13

## US TMT Sector

Macro Hive. Understanding the dynamics of market analytics and the role of technology in enhancing trading efficiency can provide a clearer picture of BGC's strategic growth objectives through this acquisition.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Percentage of U.S. consumers who have received an inheritance: 17%
- Percentage of U.S. consumers who expect to receive an inheritance: 14%
- Percentage of lower-income consumers reporting inheritance: 17%
- Percentage of higher-income households reporting inheritance: 43%
- Percentage of recipients using inheritance for savings, retirement, or investments: 60%
- Percentage of recipients feeling more financially secure due to inheritance: 46%

### Main Insights:

- Inheritance is becoming a significant factor in financial planning as wealth transfers from baby boomers to younger generations.
- There is a stark wealth divide in inheritance expectations, with higher-income households significantly more likely to receive or expect an inheritance.
- The majority of inheritance recipients plan to use their funds for savings, retirement, or investments, indicating a focus on long-term financial security.
- Inheritance trends are influencing consumer behavior, potentially impacting spending patterns across various industries.

### Market Commentary:

- "Inheritance isn't just a family milestone; it's becoming an important cornerstone of financial planning and longevity." - Michelle Weaver, Morgan Stanley
- "Inheritance trends are shaping consumer behavior and have the power to influence spending patterns across industries." - Michelle Weaver, Morgan Stanley

### TMT Sector Relevance:

- The anticipated wealth transfer could lead to increased investment in technology and media sectors as younger generations allocate inherited funds towards tech-driven solutions and digital services.
- Companies in the TMT sector may see shifts in consumer spending patterns as inheritance influences financial security and investment behaviors among younger demographics.

# **US TMT Sector M&A & Valuation Brief - 2025-10-13**

*US TMT Sector*

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