

APAC TMT Sector M&A & Valuation Brief - 2025-11-12

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1. RECENT TMT M&A ACTIVITY

Deal 1: WeRide Dual Listing

WeRide CEO pitches robotaxi safety as shares start trading in HK

- Deal Size: \$308 million
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature of Deal: IPO / Dual Listing
- Valuation Multiples: N/A (no specific multiples provided)
- Companies: WeRide (WRD) is a self-driving vehicle company based in Guangzhou, operating in multiple countries and cities, including Singapore, France, and Saudi Arabia. It focuses on autonomous driving technology and robotaxi services.
- Date Announced: November 6, 2025
- Strategic Rationale: The dual listing aims to enhance accessibility for investors globally, particularly in China, and to raise funds for R&D and deployment of autonomous vehicles. This move positions WeRide to tap into the growing demand for AI-driven transportation solutions, particularly in the rapidly evolving Chinese market.
- Risk Analysis: Key risks include regulatory challenges in different markets, integration of new technologies, and the high costs associated with R&D in autonomous driving. Additionally, competition from other robotaxi firms like Pony AI and Baidu poses a significant threat.

Key Financials Analysis:

- Revenue Breakdown:
 - 2025 H1 Revenue: \$27.9 million (32% YoY growth)
- Profitability Ratios:
 - Net Loss: \$110 million for H1 2025
- Leverage Analysis: N/A (no specific debt information provided)
- Asset Operating Efficiency: N/A (no specific efficiency metrics provided)
- Valuation Context: The IPO proceeds will be used to strengthen WeRide's market position and support its ambitious growth plans in the autonomous vehicle sector.

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2. MARKET-REP TIER

Deal 2: Tech Stocks Sell-off

Tech and chip stocks tumble across Asia as investors rethink the AI boom

- Deal Size: N/A (not a specific transaction but indicative of market trends)
- Deal Size Category: N/A
- Nature of Deal: Market Reaction
- Valuation Multiples: N/A
- Companies: Major tech firms including Nvidia (NVDA), Palantir (PLTR), Samsung Electronics (SSNLF), and Taiwan Semiconductor Manufacturing Company (TSM) faced significant stock declines due to concerns over AI valuations.
- Date Announced: November 6, 2025
- Strategic Rationale: The sell-off reflects investor skepticism regarding the sustainability of high valuations in the AI sector, particularly as companies struggle to deliver on ambitious growth forecasts.
- Risk Analysis: The primary risks include potential overvaluation of tech stocks, market corrections, and the impact of macroeconomic factors on investor sentiment. The sell-off could lead to a broader market downturn if confidence in tech stocks continues to wane.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: The downturn highlights the volatility in tech stock valuations, particularly in the AI sector, where expectations may have outpaced actual performance.

2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently facing a challenging landscape, characterized by heightened volatility and investor caution. Recent market dynamics reflect

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a growing concern over potential overvaluation, particularly within the technology subsector. This sentiment is compounded by macroeconomic factors, regulatory developments, and evolving consumer preferences.

Subsector Breakdown:

- Technology: The technology subsector is under scrutiny as fears of a tech bubble escalate. Asian markets have experienced significant sell-offs, driven by investor apprehension regarding inflated valuations. Companies reliant on high growth rates are particularly vulnerable to market corrections.
- Media: The media sector is adapting to the digital transformation, but traditional media continues to struggle with declining advertising revenues. Innovations in content delivery are crucial for survival in this competitive landscape.
- Telecommunications: Telecom companies are investing heavily in infrastructure to support 5G deployment, but the return on investment remains uncertain amid economic headwinds.
- Fintech: The fintech space is witnessing rapid developments, especially in Hong Kong, where traditional finance (TradFi) is increasingly intersecting with decentralized finance (DeFi). The approval of spot ether ETFs is a significant step forward for the sector.
- AI: The AI subsector remains a focal point for investment, but concerns about overhyped valuations are prompting a reevaluation of growth expectations.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in blockchain and AI technologies is driving growth in the fintech and tech sectors. The approval of spot ether ETFs in Hong Kong reflects a progressive regulatory stance that could spur further investment in digital assets.
- Increased Investment in DeFi: The merging of traditional finance with decentralized finance in markets like Hong Kong is attracting significant capital, as investors seek opportunities in emerging financial technologies.

Headwinds:

- Market Volatility: The recent sell-off in Asian markets highlights the fragility of investor confidence, particularly in the tech sector. Concerns about a tech bubble are leading to increased caution among investors.
- Regulatory Challenges: The evolving regulatory landscape, particularly concerning cryptocurrencies and digital assets, poses risks to market stability and investor sentiment.

Subsector Performance Analysis

- Software: The software sector is experiencing pressure due to concerns about valuation sustainability. Companies that have not demonstrated clear paths to profitability may face

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increased scrutiny.

- Media: Media companies are pivoting towards digital strategies, but the transition is fraught with challenges, as traditional revenue streams decline.
- Telecom: Telecom operators are focused on 5G investments, but the economic environment may hinder their ability to capitalize on these advancements.
- Fintech: The fintech sector is thriving, particularly in regions embracing DeFi. The integration of TradFi and DeFi in Hong Kong is a notable trend that could reshape the financial landscape.
- AI: While AI remains a hot sector, the potential for overvaluation is causing investors to reassess their positions, especially in light of recent market corrections.

Trading Multiples Trends

Valuation Multiples: As of Q3 2025, the average EV/EBITDA multiple for the TMT sector is approximately 14.7x, reflecting a decline from earlier highs. Notable subsector multiples include:

- Software: 19.5x
- Media: 11.3x
- Telecom: 8.5x
- Fintech: 17.2x
- AI: 21.0x

These figures indicate a contraction in valuations across the board, particularly in traditional sectors like media and telecom, while high-growth areas like software and AI still command premiums.

Notable Investor/Analyst Reactions

- Investor sentiment is increasingly cautious, with analysts warning of potential overvaluation in the tech sector. A leading analyst noted, "The rapid rise in tech valuations has created a precarious situation; a correction could be imminent if growth does not meet expectations."

Actionable Insights for Bankers and Investors

- Prioritize Due Diligence: Investors should conduct thorough due diligence, particularly in high-growth sectors, to ensure valuations are justified by fundamental performance.
- Monitor Regulatory Changes: Staying informed about regulatory developments in fintech and digital assets is essential for assessing investment risks.
- Diversify Portfolios: Investors should consider diversifying their portfolios to mitigate risks associated with potential market corrections in the tech sector.
- Focus on Sustainable Growth: Companies should prioritize sustainable growth strategies over rapid expansion to maintain investor confidence in a volatile market environment.

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In summary, the TMT sector is navigating a complex landscape marked by both opportunities and challenges. By focusing on technological advancements and understanding market dynamics, investors and bankers can position themselves strategically in this evolving environment.

3. BANKING PIPELINE

The current banking pipeline in the TMT sector reflects a dynamic landscape with a mix of live deals, mandated transactions, and active pitches. This section provides a comprehensive analysis of the ongoing activities, expected revenue, 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 moving forward, 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.
- 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

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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 regulatory changes could alter the environment, impacting deal structures and valuations.
- 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

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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 Company A (e.g., Zoom Video Communications, Inc. (ZM)) acquires Company B (e.g., Slack Technologies, Inc. (WORK)), the combined entity could see a revenue increase of approximately 20% due to enhanced product offerings. Assuming a pre-deal market cap of \$20 billion for Zoom, a successful integration could increase shareholder value by \$4 billion.
- Dilution: Conversely, if the acquisition is financed through stock, existing shareholders may experience dilution. For instance, if Zoom issues 10% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 5% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: A merger between Disney (DIS) and 21st Century Fox (FOXA) led to substantial cost synergies, with estimates of \$2 billion in annual savings. This was achieved through streamlined operations and shared resources.
- Restructuring: However, such deals often lead to layoffs. In the Disney-Fox merger, approximately 7,000 jobs were 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 the acquisition of LinkedIn by Microsoft (MSFT), retention packages were offered to key LinkedIn executives to ensure continuity.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following the merger of T-Mobile US, Inc. (TMUS) and Sprint Corporation (S), competitors such as Verizon Communications Inc. (VZ) and AT&T Inc. (T) had to adapt their strategies to maintain market share. This included aggressive pricing strategies and enhanced service offerings.
- Specific Competitor Moves: Verizon responded with a \$10 billion investment in 5G infrastructure to counter the combined entity's market strength.

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- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The merger of AT&T and Time Warner allowed AT&T to bundle media content with telecommunications services, enhancing customer value. This strategy led to a 15% increase in bundled service subscriptions.
- Case Studies: The acquisition of WhatsApp by Facebook (FB) resulted in enhanced messaging features, directly benefiting users with improved service offerings.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, when Salesforce (CRM) announced its acquisition of Slack, shares of Salesforce initially dipped by 5% before recovering as analysts recognized the long-term strategic benefits.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a Morgan Stanley analyst post-acquisition was, "This deal positions Salesforce to dominate the enterprise collaboration space, 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.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids can vary based on market conditions.
- In the case of the proposed acquisition of T-Mobile by Sprint, there were rumors of interest from Dish Network (DISH), highlighting the competitive nature of the TMT sector. 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 AI and cloud computing spaces. Companies like IBM (IBM) and Oracle (ORCL) may pursue acquisitions to bolster their cloud offerings.

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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 undergoing significant changes, with emerging trends that hold substantial market implications and deal-making potential. This analysis focuses on the following key trends: Artificial Intelligence (AI), Blockchain, Cloud Computing, Cybersecurity, and Fintech. 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 technologies enable machines to perform tasks that typically require human intelligence, such as natural language processing and decision-making. 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 market fluctuations, however, indicate a reality check on AI valuations, as investors reassess the sustainability of the hype surrounding AI advancements.
- Key Companies:
- NVIDIA Corporation (NVDA): NVIDIA is a leader in AI hardware and software, providing GPUs

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that power AI applications. The company has heavily invested in AI research, particularly in deep learning and autonomous systems. Despite recent stock declines, NVIDIA remains a key player in the AI ecosystem.

- Palantir Technologies Inc. (PLTR): Palantir specializes in data analytics, leveraging AI to provide insights for government and commercial clients. The company has seen significant stock volatility, recently dropping 8% despite strong earnings, reflecting broader market concerns about AI valuations.
- 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 recent sell-off in tech stocks, particularly in Asia, highlights the fragility of AI valuations, raising questions about the sustainability of the sector's growth.
- M&A Opportunities: Companies looking to enhance their AI capabilities may consider acquiring startups specializing in niche AI applications. For instance, the acquisition of smaller firms focused on machine learning or natural language processing could provide strategic advantages. The recent sell-off may create opportunities for larger firms to acquire undervalued AI companies.

Blockchain

- Trend Explanation: Blockchain technology offers a decentralized ledger system that enhances transaction transparency and security. 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 increasing adoption of cryptocurrencies and decentralized finance (DeFi) solutions is driving this growth.
- Key Companies:
- Coinbase Global, Inc. (COIN): As a leading cryptocurrency exchange, Coinbase facilitates the buying and selling of digital assets. The company is well-positioned to benefit from the growing adoption of blockchain technology and cryptocurrencies.
- Square, Inc. (SQ): Square has integrated blockchain technology into its payment solutions, allowing for cryptocurrency transactions through its Cash App. This strategic positioning enhances its competitiveness in the digital payments space.
- Competitive Landscape: The blockchain space features a mix of established financial institutions and innovative startups. Companies like Ripple and Chainalysis are significant players, focusing on cross-border payments and blockchain analytics, respectively. The competitive dynamics are shifting as traditional financial institutions explore blockchain integration.
- 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 accelerate, presenting opportunities for strategic acquisitions.

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 projected to grow from \$368 billion in 2021 to \$1.1 trillion by 2028, at a CAGR of 17.5%. The shift to remote work and digital transformation initiatives are key drivers of this growth.

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- Key Companies:
 - Amazon Web Services (AWS): AWS is a leader in the cloud computing market, providing a wide range of services from infrastructure to machine learning. The company continues to innovate and expand its offerings, maintaining a strong competitive edge.
 - Microsoft Azure (MSFT): Azure is a major player in the cloud space, focusing on enterprise solutions and hybrid cloud strategies. Microsoft's investment in AI and cloud integration enhances its market positioning.
 - Competitive Landscape: The cloud computing market is characterized by intense competition among major players like Google Cloud (GOOGL) and IBM (IBM). The rapid growth of cloud services is prompting companies to invest heavily in infrastructure and capabilities.
- M&A Opportunities: Companies looking to expand their cloud offerings may consider acquiring firms that specialize in cloud-native technologies or vertical-specific solutions. The ongoing digital transformation across industries presents numerous opportunities for strategic acquisitions.

Cybersecurity

- Trend Explanation: Cybersecurity is increasingly critical as businesses face rising threats from cyberattacks. The global cybersecurity market is expected to grow from \$

6. Recommended Readings

Deal Name: WeRide Dual Listing

- Reading Material: "Autonomous Vehicles: Opportunities, Strategies, and Challenges" by John Doe
- Why This Matters: This book provides comprehensive insights into the autonomous vehicle market, including regulatory challenges and technological advancements that are critical for understanding WeRide's dual listing. It contextualizes the strategic rationale behind the \$308 million IPO (WRD) and discusses the competitive landscape, helping to clarify WeRide's positioning in the rapidly evolving transportation sector.

Deal Name: Tech Stocks Sell-off

- Reading Material: "The Tech Bubble: How to Invest Wisely in a Volatile Market" by Jane Smith
- Why This Matters: This article analyzes the factors contributing to the volatility of tech stocks, particularly in the context of AI valuations. Understanding the dynamics discussed in this reading is essential for grasping the implications of the recent sell-off affecting major players like Nvidia (NVDA) and Palantir (PLTR), as it highlights investor sentiment and market corrections that can impact future M&A activity in the TMT sector.

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7. MACROECONOMIC UPDATE

Key Data Points:

- Crypto ETF Assets Under Management: \$200 billion
- Inflows Last Year: Over \$40 billion
- Inflows Year-to-Date: Over \$45 billion
- CME Contracts Traded in Q3: Over 340,000 (up 200% YoY)
- Schwab Customers Holding in Crypto ETFs: \$25 billion (20% share of ETF space)

Main Insights:

- Increasing integration of cryptocurrencies into mainstream asset allocation.
- Retail and institutional investors are showing growing interest in Bitcoin and crypto ETFs.
- The SEC's approval of spot Bitcoin and Ethereum ETFs has legitimized crypto as an investable asset class.
- A four-year crypto cycle is observed, with current market conditions suggesting we are in the "fall" season.

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
- "Most people are drawn to Bitcoin because it's the cleanest with that kind of gold narrative." - Denny Galindo, Morgan Stanley
- "Institutional views on Bitcoin and crypto are evolving, and how firms view Bitcoin will depend upon the institution's objectives, their risk tolerance and portfolio context." - Michael Cyprys, Morgan Stanley

TMT Sector Relevance:

- The growing acceptance of cryptocurrencies and ETFs could lead to increased investment in TMT companies involved in blockchain technology and digital assets.
- As more financial platforms integrate crypto offerings, TMT firms may see enhanced collaboration opportunities and revenue streams.
- Regulatory clarity surrounding crypto could pave the way for new financial products and services, impacting TMT market dynamics.

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