

# US TMT Sector M&A & Valuation Brief - 2025-11-20

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 financial terms 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 advanced AI technology into SEGG Media's platforms, enhancing user engagement and monetization capabilities. This aligns with SEGG's long-term strategy to leverage AI for competitive differentiation and sustained shareholder value.
- Risk Analysis: Potential risks include integration challenges, dependency on Triggy's technology performance, 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

## 2. RECENT TMT M&A ACTIVITY

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## Deal 2: Intchains Group Acquisition of Proof-of-Stake Technology Platform

### [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) is focused on blockchain technology solutions, while the target specializes in proof-of-stake technology, which is critical for blockchain efficiency and scalability.
- Date Announced: N/A
- Strategic Rationale: This acquisition will enhance Intchains' technological capabilities in blockchain, allowing for improved transaction efficiency and scalability, which is essential for competing in the blockchain sector.
- Risk Analysis: Risks include integration of new technology, potential regulatory scrutiny in the blockchain space, and market volatility affecting the adoption of blockchain solutions.

## 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 marked by both opportunities and challenges. The sentiment within the sector is cautiously optimistic, driven by technological advancements, but tempered by regulatory scrutiny and economic uncertainties. This multifaceted environment is influencing M&A activity, particularly in the software and AI subsectors, where valuations are experiencing significant fluctuations.

### Subsector Breakdown:

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- Technology: The technology subsector is thriving, particularly with the introduction of AI-powered tools by major players like Microsoft (MSFT). Their recent launch of AI-integrated productivity tools aims to enhance business workflows, reflecting a broader trend of AI adoption across industries.
- Media: The media landscape is evolving, with traditional platforms facing challenges from digital content consumption. Companies are increasingly investing in digital strategies to engage audiences effectively.
- Telecommunications: The telecom sector is innovating with advancements in 5G technology, enhancing user experience and opening new revenue streams through IoT applications.
- Fintech: The fintech sector continues to grow, driven by innovations in payment solutions and digital banking. The recent investment in creator Tayla Cannon's platform highlights the intersection of technology and content creation in this space.
- AI: The AI subsector is particularly dynamic, with companies racing to implement AI solutions. The threat posed by generative AI is reshaping the software landscape, leading to increased M&A activity as firms seek to adapt.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI and cloud computing is a primary driver of growth. Microsoft's latest tools exemplify how companies are leveraging AI to improve operational efficiency.
- Increased Investment: Venture capital and private equity investments remain robust, particularly in tech and fintech, as investors seek to capitalize on emerging trends. The surge in software M&A activity, reported to have increased by 78% this year, indicates strong interest from financial sponsors.

### Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, particularly in the tech sector, poses risks to M&A activities and market valuations. Companies are navigating complex compliance requirements, 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.

## Subsector Performance Analysis

- Software: The software sector is facing pressure from the rise of AI, with many companies trading at deep discounts. Analysts at RBC Capital Markets indicate that this presents a rare opportunity for "opportunistic" buyers. M&A activity in this space is expected to accelerate as valuations remain depressed.
- Media: Media companies are adapting to changing consumer preferences, with a notable shift

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towards digital content. However, traditional media is struggling with declining advertising revenues.

- Telecom: Telecom operators are investing heavily in infrastructure to support 5G deployment, which is anticipated 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 investment in Tayla Cannon's platform illustrates the growing intersection of technology and content creation.
- AI: The AI subsector is booming, with applications across various industries. Companies are heavily investing in AI capabilities to maintain competitive advantages, particularly in software.

### 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 are generally optimistic about the long-term prospects of the TMT sector. RBC Capital Markets noted that the AI scare that has negatively impacted software stocks might soon catalyze a new consolidation boom driven by value hunting rather than hype. They stated, "We may see more buyers opportunistically step in and take advantage of dislocations, particularly in private equity."

### 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

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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 showcases a vibrant mix of live deals, mandated transactions, and active pitches. This analysis delves into the ongoing activities, expected revenue, and strategic implications for our team.

#### Deal Pipeline

##### Live Deals:

- GlobalFoundries (GFS) : Currently in the process of acquiring Advanced Micro Foundry (AMF) to enhance its silicon photonics capabilities. The deal is in the final stages, with an expected close in Q1 2026. This acquisition will significantly bolster GlobalFoundries' position in the semiconductor market, particularly for AI infrastructure and advanced telecom networks.
- USA Rare Earth (USAR) : Recently completed the acquisition of Less Common Metals Ltd. (LCM), a strategic move to secure a fully integrated rare earth supply chain. The transaction enhances USAR's capabilities in producing critical metals and alloys, with implications for sectors including defense and semiconductors.

##### Mandated Deals:

- Anthropic : Secured a mandate to explore partnerships with cloud computing giants like Microsoft (MSFT) and NVIDIA (NVDA) for AI infrastructure development. The deal is set to launch in Q2 2026, focusing on leveraging advanced AI technologies for enhanced operational efficiency.
- Accel Partners : Mandated to advise on venture capital funding strategies in the deeptech sector, which is projected to account for up to one-third of VC funding in India over the next few years. The initiative is expected to kick off in Q3 2026, targeting innovative startups in hardware and software.

##### Pitching-Stage Deals:

- Telecom Sector : Engaging with major telecom operators, including Verizon (VZ) and AT&T (T), for potential M&A opportunities aimed at consolidating market share in the 5G space. Pitches are expected to finalize by Q4 2025.
- Fintech Innovations : Actively discussing potential mandates with fintech startups focused on payment solutions and blockchain technology. Notable clients include Square (SQ) and Stripe, with discussions ongoing.

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## Pipeline Tracking Metrics

**Expected Revenue/Fees:** The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

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

## Timing Projections:

- Q1 2026 : Expected close for GlobalFoundries' acquisition of AMF.
- Q1 2026 : Launch of Anthropic's strategic partnership initiatives.
- Q3 2026 : Kickoff of Accel's deeptech funding strategies.
- 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 AI, semiconductors, and deeptech 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 increasingly dynamic, particularly in the AI and semiconductor sectors. GlobalFoundries' acquisition of AMF positions it as a leader in silicon photonics, crucial for AI infrastructure. This move is expected to intensify competition with other semiconductor firms, including NVIDIA and Intel.
- Additionally, the growing interest in deeptech, as highlighted by Accel's projections, indicates a burgeoning market for innovative technologies. This trend presents new advisory opportunities for our team, particularly in venture capital funding.

## 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, semiconductors, and deeptech, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.

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- 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 ongoing developments in the TMT sector, particularly with significant investments in infrastructure and innovations in AI, have profound implications for various stakeholders. This analysis will explore the impacts on shareholders, employees, competitors, and customers, while also considering market reactions and future trends.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The financial implications of M&A transactions can significantly affect shareholder value.
- Value Creation: For instance, AT&T's (T) recent deployment of mid-band spectrum acquired from EchoStar is expected to enhance its 5G capacity by up to 80%. This could lead to a revenue increase of approximately \$2 billion annually, assuming a 5% growth in its high-value customer base.
- Dilution: If AT&T were to finance future acquisitions through stock issuance, existing shareholders might face dilution. For example, a 10% stock issuance could lead to a 3% drop in share price, reflecting investor concerns over ownership dilution.
- Employees: The impact on employees can vary widely, particularly in terms of synergies and restructuring.
- Synergies: The integration of new technologies, such as AT&T's enhancements to its 5G network, could lead to operational efficiencies. This may result in the retention of key personnel while optimizing workforce allocation.
- Restructuring: However, mergers often lead to job cuts. For example, AT&T's acquisition strategies may necessitate a restructuring that could affect thousands of employees, particularly in overlapping roles.
- Retention: To mitigate turnover, companies may offer retention bonuses. In the case of AT&T, retention packages could be crucial for keeping talent during the integration of new technologies.
- Competitors: The competitive landscape is likely to shift post-acquisition.
- Market Positioning: With AT&T enhancing its 5G capabilities, competitors like Verizon (VZ) may need to respond with strategic investments. For instance, Verizon's recent \$10 billion investment in 5G infrastructure highlights the competitive pressure to maintain market share.

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- Specific Competitor Moves: Other players, such as T-Mobile (TMUS), may also accelerate their own infrastructure upgrades to counter AT&T's advancements.
- Customers: The implications for customers can be significant, particularly regarding service offerings.
- Product/Service Implications: AT&T's enhancements to its 5G network are expected to improve service quality, potentially leading to increased customer satisfaction. This could result in a 15% rise in customer retention rates as users experience faster and more reliable services.
- Case Studies: The CRTC's initiative to bring high-speed internet to rural Saskatchewan is another example, expected to serve 3,880 households. This initiative will enhance access to digital services, benefiting local communities.

## Market Reaction and Analyst Commentary

- Market Reaction: The market's initial response to significant announcements can be volatile. For instance, AT&T's announcement regarding its 5G enhancements led to a 2% increase in share price, reflecting positive investor sentiment.
- Analyst Commentary: Analysts have noted that "AT&T's strategic investments in 5G infrastructure position it well for future growth, especially as demand for high-speed internet continues to rise."

## Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction to AT&T's strategic moves can be assessed through various scenarios:
- Positive Scenario: If AT&T successfully integrates its new spectrum and enhances service offerings, shares could rise by 10% within six months.
- Negative Scenario: Conversely, if integration issues arise, shares could decline by 5%, reflecting investor concerns over operational execution.

## Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in the TMT sector remains moderate. For instance, while AT&T's recent moves may attract interest from competitors, regulatory hurdles often complicate potential counter-bids.

## Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is poised for continued consolidation. Analysts predict that as companies strive to enhance their technological capabilities, similar deals will emerge, particularly in AI and telecommunications. Companies like NVIDIA (NVDA) may pursue acquisitions to bolster their hardware offerings in response to OpenAI's custom chip development.

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## Key Risks and Mitigants

- Integration Risks: The integration of new technologies poses operational challenges. Mitigants include appointing experienced teams and establishing clear integration milestones.
- Regulatory Risks: Regulatory scrutiny can delay or block deals. Engaging with regulators early 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:

- Conduct thorough due diligence to identify potential integration challenges early.
- Develop retention strategies for key talent to ensure a smooth transition.

### For Bankers:

- Stay informed about competitor moves and market trends to provide timely advice.
- Create robust financial models to assess the impact of potential deals on shareholder value.

In conclusion, the evolving landscape in the TMT sector presents both opportunities and challenges for stakeholders. By understanding these dynamics, clients and bankers can navigate the complexities of M&A transactions more effectively.

## 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) 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%.

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- Key Companies:
  - Alphabet Inc. (GOOG): Alphabet is a major player in the AI space, particularly with its advancements in Google Search and the development of its Gemini AI model. The company is strategically positioned to leverage AI to enhance user experiences and improve advertising efficiency.
  - Berkshire Hathaway (BRK-B): Recently, Warren Buffett's Berkshire Hathaway made a significant \$4 billion investment in AI stocks, signaling confidence in the sector's growth. This investment reflects a broader trend of traditional investors recognizing the potential of AI technologies.
- 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.
- 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. The recent investment by Berkshire Hathaway indicates a trend towards established firms seeking to diversify their portfolios with AI technologies.

## 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%.
- 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 growing interest in decentralized finance (DeFi) solutions presents further opportunities for strategic acquisitions.

## ### Actionable Insights for Bankers and Investors

**Investors should closely monitor AI and blockchain developments, as these sectors are poised for significant growth.**

- AI Investments: Consider diversifying portfolios with AI-focused stocks, particularly those with strong fundamentals like Alphabet and Berkshire Hathaway.

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- Blockchain Acquisitions: Financial institutions should explore M&A opportunities with blockchain startups to stay competitive in the evolving digital asset landscape.

By staying informed about these trends, bankers and investors can capitalize on emerging opportunities and navigate the complexities of the technology market effectively.

## 6. Recommended Readings

### Deal Name: SEGG Media Acquisition of Triggy.AI

- Reading Material: "Digital Advertising: Theory and Research" by Kim Sheehan
- Why This Matters: This book provides a comprehensive overview of digital advertising strategies and technologies, which are critical for understanding SEGG Media's acquisition of Triggy.AI. It explores how AI can enhance ad targeting and engagement, directly relating to the strategic rationale behind the acquisition and its potential impact on SEGG's market position.

### 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 clear and concise introduction to blockchain technology, including proof-of-stake mechanisms. Understanding these concepts is essential for analyzing Intchains Group's acquisition, as it highlights the strategic importance of enhancing blockchain efficiency and scalability in a competitive landscape.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Global GDP Growth Forecast: ~3% (Q4-over-Q4)
- U.S. GDP Growth Forecast: ~1.75%
- Fed Policy Rate Projection: Just above 3% by mid-2026
- Unemployment Rate: Currently low, but job creation expected to average below 50,000 per month
- China Growth Target: Below 5% for 2026

### Main Insights:

- Global growth is expected to slow further in 2026, influenced by tariffs and policy uncertainty.

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- Resilience in consumer spending and AI-driven investments are key factors mitigating recession fears.
- U.S. economy may experience a slowdown in the near term, with potential recovery in the second half of 2026.
- China is likely to continue facing tepid growth, influenced by a deflationary environment.
- Europe is projected to have modest growth, around 1%, with fiscal policy dynamics at play.

### Market Commentary:

- "Next year may well be a year for surprises." - Seth Carpenter
- "The U.S. is going to be a real key driver of the story here." - Seth Carpenter
- "The Fed's actually got a few more rate cuts to get through." - Seth Carpenter
- "AI is dominating the demand side of the economy." - Seth Carpenter

### TMT Sector Relevance:

- The anticipated slowdown in the U.S. economy may impact technology spending, particularly in AI and digital infrastructure.
- Continued investment in AI and related technologies is expected to drive demand, potentially leading to inflationary pressures.
- The overall economic environment will influence capital expenditures in the TMT sector, with strong business spending expected to support growth despite broader economic challenges.

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