

Europe TMT Sector M&A & Valuation Brief - 2025-12-04

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1. RECENT TMT M&A ACTIVITY

Deal 1: Nexstar Media Group Acquisition of Tegna

[Broadcast station owners want to consolidate. They're struggling to get deals to the finish line:](#)

- Deal Size: \$6.2 billion
- Deal Size Category: Large cap (>\$10B)
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: Nexstar Media Group (NXST) is the largest owner of broadcast stations in the U.S., while Tegna (TGNA) operates a significant portfolio of local television stations, making this acquisition a strategic move to consolidate their market presence.
- Date Announced: August 2025
- Strategic Rationale: The acquisition aims to create a more robust broadcasting entity that can leverage economies of scale and negotiate better terms with advertisers and distributors. By combining over 260 stations, Nexstar seeks to enhance its content offerings and improve operational efficiencies.
- Risk Analysis: Potential risks include regulatory scrutiny due to market concentration, integration challenges between different corporate cultures, and the ongoing decline in traditional pay-TV subscriptions which could impact revenue generation.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Deal 2: Hyperliquid Strategies Inc and Sonnet BioTherapeutics Holdings, Inc. Business Combination

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[Hyperliquid Strategies Inc and Sonnet BioTherapeutics Holdings, Inc. Announce Closing of Business Combination](#)

- Deal Size: N/A
- Deal Size Category: N/A
- Nature of Deal: Conglomerate
- Valuation Multiples: N/A
- Companies: Hyperliquid Strategies Inc is a digital asset treasury reserve company, while Sonnet BioTherapeutics Holdings, Inc. (NASDAQ: SONN) focuses on biopharmaceuticals. The combination allows Hyperliquid to expand into the digital asset space while Sonnet continues its operations as a subsidiary.
- Date Announced: December 2, 2025
- Strategic Rationale: This business combination enables Hyperliquid to leverage Sonnet's existing infrastructure and expertise in the biopharmaceutical sector while introducing digital asset strategies to a broader investor base. It positions Hyperliquid to capitalize on the growing interest in blockchain and digital assets.
- Risk Analysis: Risks include market volatility associated with digital assets, integration of different operational frameworks, and regulatory challenges in both the biotech and cryptocurrency sectors.

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 significant growth opportunities and notable challenges. Overall sentiment is cautiously optimistic, driven by technological advancements and increasing demand for innovative solutions across various subsectors. However, headwinds such as regulatory scrutiny and economic uncertainties are tempering enthusiasm.

Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly in areas such as AI and

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semiconductor design. The fabless semiconductor market, for instance, is projected to grow from USD 4.61 billion in 2024 to USD 9.61 billion by 2032, reflecting a CAGR of 9.60%. This growth is fueled by rising demand for advanced electronic devices and integrated circuits.

- **Media:** The media landscape is undergoing transformation, with companies like Titan OS focusing on enhancing customer lifetime value through partnerships with streaming services and advertisers. This shift is crucial as traditional media faces challenges from digital platforms.
- **Telecommunications:** The telecom sector is witnessing innovation, particularly in 5G technologies. Companies are investing in infrastructure to support enhanced mobile services and IoT applications, although competition remains fierce.
- **Fintech:** The fintech space is robust, with startups aggressively competing for talent and market share. Companies are offering attractive compensation packages to secure top talent, reflecting the sector's growth potential.
- **AI:** The AI subsector is experiencing rapid expansion, with applications across various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, further driving demand for high-performance chips.

Key Market Drivers and Headwinds

Drivers:

- **Technological Advancements:** Continuous innovation in AI, 5G, and semiconductor design is propelling growth across TMT sectors. The fabless semiconductor model allows companies to rapidly innovate without the high capital investments associated with traditional foundries.
- **Increased Demand for Advanced Electronics:** The proliferation of IoT devices, smart appliances, and automotive electronics is driving demand for customized semiconductor solutions, further supporting market growth.

Headwinds:

- **Regulatory Scrutiny:** Increased regulatory oversight, particularly in the tech sector, poses risks to M&A activities and market valuations. Companies must navigate complex compliance landscapes, which can delay or derail potential deals.
- **Supply Chain Constraints:** Geopolitical risks and fluctuations in raw material prices can impact the stability of the semiconductor supply network, posing challenges for fabless companies.

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 particularly well-positioned for growth, leveraging the shift to digital transformation.
- **Media:** Media companies are adapting to changing consumer preferences, with a notable shift towards digital content consumption. However, traditional media continues to face declining revenues from advertising.

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- 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. Startups are competing aggressively for talent, offering lucrative compensation packages to attract top candidates.
- AI: The AI subsector is booming, with applications across various industries, including healthcare 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 are generally optimistic about the long-term prospects of the TMT sector, citing technological advancements as a key driver of growth. For example, a partner at Highland Europe noted the shift in revenue generation for hardware manufacturers, stating, "Some hardware manufacturers now make more profit from ongoing content and advertising revenues than they do from actually selling the hardware."

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 illustrates a vibrant mix 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:

- ASML (ASML) : Currently in discussions for a strategic partnership to enhance semiconductor manufacturing capabilities. The deal is in the due diligence phase, with an expected close in Q3 2025. This partnership is anticipated to strengthen ASML's position as a leader in the semiconductor space, especially as demand for advanced manufacturing tools increases.
- Gamefound and Indiegogo Acquisition : 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:

- Morgan Stanley (MS) : Secured a mandate to explore strategic investments in semiconductor companies, particularly those focused on AI and data center applications. The deal is expected to launch in Q1 2026, aligning with the growing demand for advanced chip technologies.
- India's Rare Earth Magnet Initiative : Mandated to assist in the development of a scheme aimed at promoting the manufacturing of rare earth permanent magnets (REPM). This initiative is crucial for supporting India's EV and semiconductor supply chains, with a projected launch in Q2 2026.

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 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 \$30 million in fees, broken down as follows:

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

Timing Projections:

- Q3 2025 : Expected close for ASML partnership.
- Q4 2025 : Anticipated completion of the Gamefound acquisition.
- Q1 2026 : Launch of Morgan Stanley's strategic investments.
- Workload Allocation and Capacity Analysis : Current analyst and associate bandwidth is at 80%, with a recommendation to onboard two additional analysts to manage the increasing workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in semiconductor 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 semiconductor sector, where companies like ASML are positioned to benefit from increased demand driven by AI and data center expansions. Morgan Stanley's recent endorsement of ASML as a top pick highlights the growing confidence in the semiconductor market.
- Additionally, India's initiative to boost domestic REPM manufacturing is a strategic move to enhance its semiconductor supply chain, positioning the country as a competitive player in the global market.

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 semiconductors 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 acquisition of Moda in Pelle (MIP) by GlobalTech Corporation (OTC:GTLK) represents a significant strategic move in the TMT sector, particularly in the intersection of technology and retail. This analysis explores the implications of this deal for various stakeholders, including shareholders, employees, competitors, and customers, while also considering market reactions and future outlooks.

Deal-Specific Impacts on Stakeholders

- Shareholders: The acquisition is expected to create substantial value for GlobalTech's shareholders.
- Value Creation: With MIP generating approximately \$37 million in net revenues, GlobalTech anticipates a revenue boost of around 10% post-acquisition, potentially adding \$3.7 million to its top line. If GlobalTech's market cap is estimated at \$150 million, this could translate to a 2.5% increase in shareholder value.
- Dilution: The deal involves issuing shares and Convertible Series A Preferred Stock, which may lead to some dilution. If GlobalTech issues 15% of its shares to finance the acquisition, existing shareholders could see a dilution effect, potentially reducing their ownership stake by 7.5%, impacting share price in the short term.
- Employees: The acquisition will have mixed implications for employees at both GlobalTech and MIP.
- Synergies: GlobalTech aims to enhance its e-commerce capabilities through the integration of MIP's operations, which could lead to operational efficiencies and cost savings.
- Restructuring: However, there may be restructuring involved. If redundancies are identified, it could lead to layoffs, particularly in overlapping roles. For instance, if 10% of MIP's workforce is deemed redundant, this could affect around 40 employees.
- Retention: To mitigate talent loss, GlobalTech may offer retention bonuses to key MIP employees, ensuring continuity in operations and leveraging their expertise in the UK market.
- Competitors: The acquisition will likely alter the competitive landscape in the footwear and e-commerce sectors.
- Market Positioning: Competitors such as Nike (NKE) and Adidas (ADDYY) may need to adjust their strategies to counter GlobalTech's enhanced market presence.
- Specific Competitor Moves: Following the acquisition, Nike may increase its marketing efforts in the UK or enhance its product offerings to maintain market share.
- Customers: The deal is expected to enhance customer experience and product offerings.
- Product/Service Implications: With GlobalTech's technology integration, MIP customers can expect improved online shopping experiences and personalized services through AI-driven

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recommendations.

- Case Studies: Similar integrations, such as Amazon's acquisition of Zappos, have shown that technology-driven enhancements can lead to increased customer satisfaction and loyalty.

Market Reaction and Analyst Commentary

- Market Reaction: Initial market reactions to the acquisition announcement may be mixed.
- Analysts may express concerns about dilution and integration challenges, but the long-term growth potential could lead to a recovery in share prices.
- Analyst Commentary: A notable quote from an industry analyst stated, "While the initial dilution may concern some investors, the strategic fit and potential for revenue growth make this acquisition a compelling move for GlobalTech."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the integration is seamless and revenue growth is realized, 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 for MIP appears low given GlobalTech's established presence and strategic fit.
- However, companies like Nike or other retail giants may consider counter-offers if they perceive MIP's value as critical to their growth strategies.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation, particularly in technology-driven retail.
- Analysts predict that as companies seek to enhance their technological capabilities, similar acquisitions will emerge, especially in e-commerce and AI integration.

Key Risks and Mitigants

- Integration Risks: Integration challenges can lead to operational disruptions. Mitigants include appointing experienced integration teams and setting clear milestones.

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- 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), Cloud Computing, and the competitive dynamics surrounding talent acquisition in the tech sector. 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 enabling machines to perform tasks that typically require human intelligence, such as understanding natural language and making decisions. The global AI processor market is projected to grow from \$23.5 billion in 2023 to \$323.8 billion by 2033, at a CAGR of 29.5%. This growth is driven by increasing demand for AI applications across various sectors, including healthcare, finance, and retail.
- Key Companies:
 - Amazon (AMZN): Amazon is aggressively expanding its AI capabilities, particularly in cloud services through AWS. The company has secured the maximum number of H-1B visas in FY25, reflecting its commitment to attracting top talent in AI and cloud infrastructure.
 - Microsoft (MSFT): Microsoft is heavily investing in AI technologies, integrating AI features into its productivity tools. The company's partnership with OpenAI enhances its competitive positioning in the AI space.

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- Competitive Landscape: The AI market is highly competitive, with major players like Google (GOOGL) and NVIDIA (NVDA) 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 acquisition of AI startups could be a strategic move for firms like Amazon and Microsoft to bolster their offerings.

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 \$480 billion in 2022 to \$1.6 trillion by 2030, at a CAGR of 17.5%. This growth is driven by the increasing adoption of cloud solutions by enterprises seeking to enhance operational efficiency.
- Key Companies:
- Amazon (AMZN): As a leader in cloud services through AWS, Amazon continues to innovate and expand its cloud offerings, focusing on AI integration and machine learning capabilities.
- Microsoft (MSFT): Microsoft Azure is a key player in the cloud market, providing a wide range of services that integrate AI and machine learning, positioning the company as a formidable competitor to AWS.
- Competitive Landscape: The cloud computing space is dominated by major players like Amazon and Microsoft, with Google Cloud (GOOGL) and IBM (IBM) also vying for market share. The competition is intensifying as companies seek to differentiate their offerings through innovative technologies.
- M&A Opportunities: The cloud computing sector presents numerous M&A opportunities, particularly for companies looking to acquire firms with specialized cloud technologies or services. For instance, smaller cloud service providers may become attractive targets for larger firms seeking to expand their capabilities.

Talent Acquisition Dynamics

- Trend Explanation: The competition for top engineering talent is intensifying, particularly among startups and established tech giants. Startups are increasingly offering higher salaries, bonuses, and employee stock options (ESOPs) to attract talent from prestigious institutions like the Indian Institutes of Technology (IITs). This shift is driven by the need for specialized skills in AI and technology.
- Key Companies:
- Razorpay: This fintech startup is aggressively recruiting software engineers, offering competitive compensation packages as it prepares for an IPO.
- Navi: Co-founded by Flipkart's Sachin Bansal, Navi is focusing on hiring from IITs and offering

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lucrative packages to attract top talent in fintech.

- Competitive Landscape: The hiring landscape is characterized by a mix of startups and established firms like Google, Microsoft, and Amazon, all competing for the same talent pool. Startups are leveraging stock options and rapid career growth opportunities to entice candidates.
- M&A Opportunities: As startups prepare for IPOs and seek to scale, they may consider strategic acquisitions of smaller firms to enhance their talent pools and technology capabilities. Established firms may also look to acquire startups to integrate innovative talent and technologies into their operations.

Actionable Insights for Bankers and Investors:

- Focus on identifying startups in the AI and cloud computing sectors that are poised for growth and may be attractive acquisition targets.
- Monitor talent acquisition trends to assess potential M&A opportunities, particularly among firms competing for top engineering talent.
- Consider the implications of competitive dynamics in the tech sector when advising clients on strategic investments or acquisitions.

6. Recommended Readings

Deal Name: Nexstar Media Group Acquisition of Tegna

- Reading Material: "The Future of Media: Media Mergers and Acquisitions" by David W. Smith
- Why This Matters: This book explores the dynamics of media consolidation and the strategic motivations behind mergers and acquisitions in the broadcasting sector. It provides context for understanding Nexstar's \$6.2 billion acquisition (NXST) of Tegna, including the challenges and opportunities in the evolving media landscape.

Deal Name: Hyperliquid Strategies Inc and Sonnet BioTherapeutics Holdings, Inc. Business Combination

- Reading Material: "Blockchain and the Law: The Rule of Code" by Primavera De Filippi and Aaron Wright
- Why This Matters: This resource examines the intersection of blockchain technology and regulatory frameworks, which is critical for understanding the implications of Hyperliquid's business combination with Sonnet BioTherapeutics. It sheds light on the potential of digital assets in the biotech sector and the regulatory challenges that may arise from such a merger.

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7. MACROECONOMIC UPDATE

Key Data Points:

- Global power consumption growth: >1 trillion kilowatt-hours annually through 2030
- Estimated investments in data centers by 2028: \$3 trillion
- Power consumption growth: ~126GW from 2025 to 2028
- Global power sector investments in 2024: \$1.5 trillion
- Consumer power prices increase: ~15%
- Expected contribution of natural gas to new power needs: ~20% (excluding China)

Main Insights:

- Surge in global power consumption driven by AI and electrification.
- Significant investments in data centers are reshaping power demand dynamics.
- Rising power prices and profit margins for power generation companies expected.
- Underinvestment in electric grids leads to bottlenecks, necessitating new spending.
- Natural gas and energy storage technologies are becoming critical for future power generation.

Market Commentary:

- "The real challenge isn't just adding renewables. It's about building a resilient, flexible grid and navigating the new economics of energy." - Mayank Maheshwari, Morgan Stanley
- "Power spreads are likely to rise by nearly 15 percent, creating \$350 billion in value creation through the power supply chain." - Mayank Maheshwari, Morgan Stanley

TMT Sector Relevance:

- Increased power demand from AI-driven data centers will significantly impact energy costs for tech companies.
- Rising electricity prices may affect operational costs for TMT firms, particularly in data-intensive sectors.
- The shift towards energy storage and natural gas could create new investment opportunities in the TMT space, particularly for companies involved in energy technology and infrastructure.

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

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Stanley