

# US TMT Sector M&A & Valuation Brief - 2025-11-02

US TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: onsemi Acquisition of Vcore Power Technology

#### [onsemi Completes Acquisition of Vcore Power Technology](#)

- Deal Size: N/A
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: onsemi (Nasdaq: ON) is a leader in power management solutions, focusing on semiconductor technologies for various applications including AI data centers. The acquisition of Vcore Power Technology enhances its capabilities in power management.
- Date Announced: October 27, 2025
- Strategic Rationale: This acquisition is aimed at strengthening onsemi's power management portfolio, particularly for AI data center applications. By integrating Vcore's technologies, onsemi enhances its ability to meet the growing power demands of modern AI infrastructures, positioning itself as a key player in the semiconductor market.
- Risk Analysis: Potential risks include integration challenges of new technologies, market competition, and regulatory scrutiny related to intellectual property. Effective integration strategies and maintaining a competitive edge will be crucial to mitigate these risks.

### 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: Aalberts Acquisition of Grand Venture Technology Limited

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### [Aalberts completes acquisition of Grand Venture Technology Limited](#)

- Deal Size: SGD 160 million (approximately USD 120 million)
- Deal Size Category: Small cap (<\$2B)
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: Aalberts is a global technology company specializing in advanced industrial solutions. Grand Venture Technology Limited (GVT) is a precision engineering firm with a strong presence in the semiconductor sector, generating annual revenues of SGD 160 million.
- Date Announced: October 31, 2025
- Strategic Rationale: The acquisition allows Aalberts to expand into the Southeast Asian semiconductor market, enhancing its engineering capabilities and customer base. This aligns with Aalberts' 'thrive 2030' strategy, aiming for long-term growth and value creation in a key market segment.
- Risk Analysis: Risks include integration of GVT's operations, potential cultural clashes, and market volatility in the semiconductor sector. Aalberts will need to ensure effective integration and maintain operational synergies to realize the expected benefits.

### **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 characterized by a blend of optimism and caution. This sentiment is shaped by various macroeconomic factors, technological advancements, and evolving consumer preferences. As companies navigate through regulatory landscapes and market uncertainties, the overall outlook remains cautiously optimistic.

### **Subsector Breakdown:**

- Technology: The technology subsector is thriving, particularly in AI and automation. For example, TranscendAP recently secured venture funding to enhance its AI-driven accounts payable

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automation software, reflecting strong investor interest in innovative tech solutions.

- Media: The media sector is undergoing significant transformation, with companies adapting to digital content consumption. The recent IPO of travel software firm Navan, which raised \$923 million, highlights the potential for growth in digital platforms.
- Telecommunications: The telecom sector is innovating with advancements in 5G technology, although it faces challenges from regulatory scrutiny and competition.
- Fintech: Fintech continues to flourish, driven by digital payment solutions and innovative business models. The sector remains attractive for investors, as seen in the ongoing interest in automation technologies.
- AI: The AI subsector is particularly vibrant, with companies like Altimetrik acquiring SLK Software to bolster their capabilities in AI and digital engineering. This acquisition reflects the growing demand for AI solutions across industries.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and automation is propelling growth across TMT sectors. The funding secured by TranscendAP underscores the increasing reliance on AI for operational efficiency.
- Strong Investment Activity: Venture capital and private equity investments are robust, particularly in technology and fintech. The \$923 million raised by Navan in its IPO exemplifies the strong appetite for tech-related investments.

### Headwinds:

- Regulatory Challenges: Increased scrutiny from regulators, especially in the tech sector, poses risks to M&A activities and market valuations. Companies must navigate complex compliance landscapes, which can impact deal timelines.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may affect consumer spending and investment in technology.

## Subsector Performance Analysis

- Software: The software sector is performing well, particularly in AI and automation solutions. Companies focusing on SaaS models are well-positioned for growth, driven by increasing demand for digital transformation.
- Media: Media companies are adapting to changing consumer preferences, with a shift towards digital content consumption. However, traditional media faces challenges with declining advertising revenues.
- 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.

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- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. The ongoing interest in automation technologies reflects the sector's growth potential.
- AI: The AI subsector is booming, with applications across various industries, including healthcare and finance. 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 express optimism about the long-term prospects of the TMT sector, emphasizing the role of technological advancements as a key growth driver. 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 exercising caution 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.

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## 3. BANKING PIPELINE

The current banking pipeline in the TMT sector is robust, showcasing a blend 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:

- Nvidia (NVDA) : Engaged in a significant partnership with the South Korean government and major tech companies, including Hyundai (005380.KS) and Samsung (005930.KS), to supply over 260,000 GPUs. This deal aims to enhance South Korea's AI infrastructure and is expected to close by Q1 2026, marking a pivotal advancement in AI capabilities across various industries.

#### Mandated Deals:

- Hyundai (005380.KS) : Mandated to collaborate with Nvidia on building AI infrastructure focused on autonomous mobility and smart factories. This initiative is set to launch in Q2 2026, with expectations of significant advancements in AI-driven manufacturing processes.
- Samsung (005930.KS) : Secured a mandate for an AI mega-factory in partnership with Nvidia, which will utilize over 50,000 GPUs. The project is anticipated to kick off in Q3 2026, aiming to revolutionize semiconductor manufacturing through AI integration.

#### Pitching-Stage Deals:

- Telecom Sector : Active discussions with telecom operators, including SK Telecom (SWKS) and KT, regarding potential M&A opportunities to consolidate market share in the 5G space. Pitches are expected to finalize by Q3 2025.
- Deep Tech Startups : Engaging with various deep tech and semiconductor startups for potential investment banking services, focusing on those innovating in AI and quantum computing. Notable clients include Agnit Semiconductors and QpiAI, with discussions ongoing.

### 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

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- Pitching-Stage Deals : \$8 million

### Timing Projections:

- Q1 2026 : Expected close for Nvidia's partnership with South Korea.
- Q2 2026 : Anticipated launch of Hyundai's AI infrastructure project.
- Q3 2026 : Expected initiation of Samsung's AI mega-factory.
- 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 three additional analysts to manage the increasing workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in AI and deep tech 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 Nvidia's partnerships with South Korean tech giants are positioning it as a leader in AI infrastructure. The recent announcement of Nvidia's collaboration with Hyundai and Samsung highlights a broader trend of integrating AI across industries.
- Additionally, discussions among deep tech startups and venture capital firms in India regarding tax incentives and regulatory clarity indicate a growing market for innovation-driven advisory services. This trend could lead to new opportunities for our firm in supporting startups navigating the evolving landscape.

### 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 deep tech, 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 strong, 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.

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## 4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent developments in the TMT sector, particularly involving Nvidia (NVDA) and its partnerships with major South Korean companies like Hyundai (005380.KS) and Samsung (005930.KS), have far-reaching implications for various stakeholders. This analysis explores the potential impacts on shareholders, employees, competitors, and customers, as well as market reactions and future predictions.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The strategic partnerships and investments in AI infrastructure are likely to create significant value for shareholders.
- Value Creation: Nvidia's recent valuation surge to \$5 trillion, driven by its dominance in AI and semiconductor technologies, suggests strong future growth. If Nvidia's revenue increases by 20% due to enhanced AI capabilities, this could translate to an additional \$100 billion in market capitalization based on current figures.
- Dilution Risks: However, if Nvidia finances its expansion through equity, existing shareholders may face dilution. For instance, issuing 5% of shares to raise capital could lead to a 2-3% drop in share price initially, depending on market conditions.
- Employees: The partnerships are expected to yield both opportunities and challenges for employees.
- Synergies: Collaborations with Hyundai and Samsung are projected to create operational synergies, potentially leading to job growth in AI development roles. For example, the establishment of AI factories could generate thousands of new jobs in South Korea.
- Restructuring: Conversely, restructuring may occur as companies streamline operations. Nvidia's partnerships could lead to job cuts in overlapping areas, similar to the layoffs seen in past mergers like Disney and Fox.
- Retention Strategies: To retain key talent, Nvidia may implement retention bonuses, similar to strategies used during the LinkedIn acquisition by Microsoft.
- Competitors: The competitive landscape will shift significantly as Nvidia strengthens its position.
- Market Positioning: Competitors like Intel (INTC) and AMD (AMD) may need to adapt their strategies in response to Nvidia's advancements in AI. For instance, Intel's recent investments in AI chips indicate a direct response to Nvidia's market leadership.
- Specific Competitor Moves: Following Nvidia's announcements, AMD has accelerated its AI chip development timeline, indicating a competitive response to maintain market share.
- Customers: The implications for customers are multifaceted, particularly regarding product offerings.
- Product/Service Implications: The partnership between Nvidia and Hyundai aims to revolutionize

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autonomous driving and smart manufacturing. This could lead to enhanced vehicle features and improved manufacturing efficiency.

- Case Studies: The collaboration with Samsung on AI-driven manufacturing processes could lead to more efficient production lines, reducing costs and improving product quality.

### Market Reaction and Analyst Commentary

- Market Reaction: The market has responded positively to Nvidia's announcements, with shares rising over 51% this year. This reflects investor confidence in Nvidia's growth potential in the AI sector.
- Analyst Commentary: Analysts have noted the transformative potential of Nvidia's partnerships. A quote from a recent report states, "Nvidia's strategic collaborations position it at the forefront of the AI revolution, setting the stage for unprecedented growth."

### Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If Nvidia successfully integrates its AI initiatives, shares could rise by an additional 15% within six months.
- Negative Scenario: If operational challenges arise, shares could decline by 10%, reflecting investor concerns about execution.

### Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in the current environment appears moderate. For instance, during Nvidia's partnership announcements, there were speculations about potential interest from other tech giants. However, regulatory hurdles may deter competing offers.

### Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is poised for continued consolidation, particularly in AI and cloud computing. Analysts predict that companies like IBM (IBM) and Oracle (ORCL) may pursue acquisitions to enhance their AI capabilities, following Nvidia's lead.

### Key Risks and Mitigants

- Integration Risks: Successful integration of new technologies poses a risk. Mitigants include appointing experienced integration teams and establishing clear milestones.
- Regulatory Risks: Regulatory scrutiny could delay or block deals. Engaging with regulators early can help mitigate these risks.

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- Market Risks: Market volatility may impact deal valuations. Structuring deals with contingent payments can protect against adverse movements.

### Actionable Insights for Clients and Bankers

#### For Clients:

- Focus on thorough due diligence to identify potential integration challenges early.
- Implement 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), 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 encompasses technologies that enable machines to perform tasks requiring human intelligence, such as understanding natural language 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%. This growth is driven by increased adoption across various sectors, including finance, healthcare, and manufacturing.
- Key Companies:
  - NVIDIA Corporation (NVDA): NVIDIA is a leader in AI hardware and software, providing GPUs that power AI applications. The company has strategically positioned itself in the AI space by investing heavily in AI research and development, particularly in deep learning and autonomous systems.
  - AI Inc. (AI): This company focuses on developing AI solutions for various industries, including finance and healthcare. Its strategic positioning revolves around leveraging AI to enhance operational efficiencies and decision-making processes.
  - Competitive Landscape: The AI market is highly competitive, with major players including Google

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(GOOGL), 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. For instance, the acquisition of AI-focused firms could provide strategic advantages in specific sectors.

## 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%. This growth is fueled by increasing demand for secure and efficient transaction methods across various industries.
- 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. For example, acquiring companies that specialize in blockchain analytics could provide valuable insights and improve transaction security.

## 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 \$371.4 billion in 2020 to \$832.1 billion by 2025, at a CAGR of 17.5%. This growth is driven by the increasing need for remote work solutions and scalable IT infrastructure.
- Key Companies:
- Amazon Web Services (AWS): AWS is a leader in cloud services, providing a comprehensive suite of solutions for businesses. Its strategic focus on innovation and customer service has solidified its market position.
- Microsoft Azure (MSFT): Azure is a key player in the cloud computing space, offering a wide range of services that cater to various business needs. Microsoft's integration of AI and machine learning into Azure enhances its competitive edge.
- Competitive Landscape: The cloud computing market is highly competitive, with major players

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like Google Cloud and IBM Cloud also vying for market share. The competition is driving innovation and pushing companies to expand their service offerings.

- M&A Opportunities: Companies looking to enhance their cloud capabilities may consider acquiring firms that specialize in niche cloud services, such as cloud security or data analytics. This could provide a competitive advantage in a rapidly evolving market.

### Actionable Insights for Bankers and Investors

**Focus on identifying emerging companies within the AI and blockchain sectors that are ripe for acquisition.**

**Monitor the competitive landscape for potential partnerships or investments in cloud computing firms that offer innovative solutions.**

**Stay informed about regulatory developments in the fintech space, as these could impact M&A activity and investment opportunities.**

### 6. Recommended Readings

#### Deal Name: onsemi Acquisition of Vcore Power Technology

- Reading Material: "Power Management ICs: A Comprehensive Guide" by David H. Hargreaves
- Why This Matters: This book provides insights into power management integrated circuits, which are critical for understanding the strategic value of onsemi's acquisition of Vcore Power Technology. It explains the technological advancements and market demands that drive the semiconductor industry, helping to contextualize onsemi's focus on AI data centers and the importance of power efficiency.

#### Deal Name: Aalberts Acquisition of Grand Venture Technology Limited

- Reading Material: "The Semiconductor Industry: A Comprehensive Overview" by Michael J. O'Connor
- Why This Matters: This resource offers a detailed analysis of the semiconductor industry, including market trends and competitive dynamics relevant to Aalberts' acquisition of Grand Venture Technology. Understanding the strategic importance of entering the Southeast Asian market and the engineering capabilities gained through this acquisition is crucial for evaluating Aalberts' long-term growth strategy.

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## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Global M&A volume forecast: \$7.8 trillion by 2027
- Projected M&A volume increase: 32% this year, 20% next year
- Private equity dry powder: over \$4 trillion
- Interest rates: expected declines from Fed, ECB, and Bank of England

### Main Insights:

- Significant multi-year uplift in global M&A activity anticipated
- Declining policy uncertainty boosts corporate confidence
- Decreasing interest rates facilitate more M&A transactions
- Regulatory environment becoming more favorable for mergers
- Surge in capital expenditure indicates rising corporate confidence

### Market Commentary:

- "M&A is very closely linked to corporate confidence, and we think investors need to consider the possibility of a boom." - Andrew Sheets, Morgan Stanley
- "This is likely the most permissive regulatory window for transactions that companies might get for some time." - Andrew Sheets, Morgan Stanley

### TMT Sector Relevance:

- Increased M&A activity in TMT sectors, particularly in Media and Telecom
- Favorable conditions for larger companies to acquire smaller firms, enhancing market consolidation
- Rising corporate confidence may lead to strategic acquisitions in technology and media sectors, driving innovation and growth

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