

# US TMT Sector M&A & Valuation Brief - 2025-11-21

US TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: Wolters Kluwer Acquisition of Libra Technology GmbH

#### [Wolters Kluwer completes acquisition of Libra Technology GmbH](#)

- Deal Size: Not disclosed
- Deal Size Category: N/A
- Nature: Horizontal
- Valuation Multiples: N/A
- Companies: Wolters Kluwer (WKL.AS) is a global leader in professional information services, providing software solutions and services to various sectors, including healthcare, tax, and legal. Libra Technology GmbH specializes in innovative software solutions within the legal domain.
- Date Announced: November 19, 2025
- Strategic Rationale: The acquisition aims to enhance Wolters Kluwer's legal software offerings, integrating Libra's technology to improve efficiency and client service. This move is expected to strengthen Wolters Kluwer's competitive position in the legal tech market, which is increasingly driven by digital transformation.
- Risk Analysis: Potential integration challenges include aligning corporate cultures and systems. Additionally, regulatory scrutiny in the tech sector may pose hurdles, along with the risk of customer retention during the transition.

### 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: CytoMed Acquisition of T Cell Technology from TC BioPharm

#### [CytoMed completes acquisition of T cell technology of TC BioPharm GDTC;TCBP](#)

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- Deal Size: Not disclosed
- Deal Size Category: N/A
- Nature: Vertical
- Valuation Multiples: N/A
- Companies: CytoMed (GDTC) is focused on developing innovative T cell therapies for cancer treatment, while TC BioPharm specializes in advanced cell therapy technologies. This acquisition is expected to enhance CytoMed's product pipeline.
- Date Announced: Not specified
- Strategic Rationale: The acquisition allows CytoMed to leverage TC BioPharm's proprietary T cell technology, potentially accelerating its development timelines and expanding its therapeutic offerings in the oncology space. This strategic move is aimed at positioning CytoMed as a leader in the competitive biopharmaceutical landscape.
- Risk Analysis: Risks include integration of the acquired technology into existing operations and potential regulatory hurdles in the biopharmaceutical sector. Market acceptance of the new therapies and competition from established players also pose significant challenges.

### 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. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by both opportunity and uncertainty. Overall sentiment is cautiously optimistic, driven by significant technological advancements and a surge in M&A activity, particularly in the software and AI subsectors. However, regulatory scrutiny and economic headwinds pose challenges that could impact future growth.

### Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly with the rise of AI integration in business processes. For instance, Microsoft's introduction of AI-powered productivity tools is a testament to the sector's focus on enhancing operational efficiency.
- Media: Media companies are adapting to the digital landscape, with traditional platforms facing challenges from streaming services. The acquisition of Semrush by Adobe for \$1.9 billion

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underscores the shift towards digital solutions in media.

- Telecommunications: The telecom sector is innovating with advancements in 5G technology, which is expected to drive new revenue streams and improve service delivery.
- Fintech: The fintech space remains robust, with ongoing consolidation as companies seek to enhance their offerings. The current environment presents opportunities for strategic acquisitions.
- AI: The AI subsector is experiencing explosive growth, with companies racing to implement AI solutions across various industries. This trend is driving M&A activity as firms look to bolster their capabilities.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and 5G technology is propelling growth across TMT sectors. Companies are increasingly integrating AI into their workflows, as seen with Microsoft's latest tools.
- Increased M&A Activity: The software sector has seen a 78% surge in M&A activity this year, driven by private equity firms seeking undervalued assets amid concerns over AI disruptions.

### Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, particularly in the tech sector, poses risks to M&A activities and market valuations. Companies must navigate complex compliance landscapes, which can delay 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 currently under pressure due to fears surrounding AI's impact on traditional business models. However, the acquisition of Semrush by Adobe indicates a strategic pivot towards AI-enhanced solutions.
- Media: Media companies are increasingly focusing on digital content to engage audiences, but face challenges from declining traditional advertising revenues.
- Telecom: Telecom operators are investing heavily in infrastructure to support 5G deployment, which is expected to create new revenue opportunities.
- Fintech: The fintech sector continues to thrive, with consolidation trends evident as companies seek to enhance their market positions.
- AI: The AI subsector is booming, with significant investments being made to integrate AI capabilities across various industries, positioning companies for competitive advantage.

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## 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 reflect 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 expressing optimism about the long-term prospects of the TMT sector, emphasizing that the integration of AI across industries represents a fundamental shift in business models. An analyst at RBC Capital remarked, "The AI scare that crushed software stocks might soon become the catalyst for a new consolidation boom, driven not by hype, but by hard-nosed value hunting."

## Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, such as AI and fintech, while being cautious with traditional media and telecom investments.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in tech and media investments.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning.
- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

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

## 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 provides insights into ongoing activities, expected

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revenue, and strategic implications for our team.

### Deal Pipeline

#### Live Deals:

- xAI and Nvidia Partnership : Elon Musk's xAI and Nvidia are collaborating with Saudi Arabia's state-backed firm to establish a massive AI data center. This project is in the due diligence phase, with an expected close in Q1 2026. The center will consume up to 500 megawatts of electricity, marking it as xAI's largest site outside the U.S. This partnership aims to enhance AI capabilities in the region and could significantly boost revenue for both companies.

#### Mandated Deals:

- Saudi Arabia's Humain and xAI : xAI has secured a mandate to work with Humain, a Saudi AI firm, to build a new data center. The deal is set to launch in Q1 2026, focusing on expanding the use of xAI's Grok chatbot throughout Saudi Arabia. This initiative aligns with Saudi Arabia's vision to become a global tech hub.

#### Pitching-Stage Deals:

- Nexperia's Market Position : Discussions are ongoing regarding potential advisory services for Nexperia, following the Dutch government's recent decision to relinquish control over the Chinese-owned chipmaker. The focus is on navigating the complexities of semiconductor supply chains, with pitches expected to finalize by Q3 2025.
- Nvidia's Memory Chip Transition : Engaging with Nvidia regarding their shift to smartphone-style memory chips for AI servers. This transition is expected to double server-memory prices by late 2026, creating new advisory opportunities in the semiconductor space.

### 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 the xAI and Nvidia partnership.
- Q1 2026 : Launch of Humain's collaboration with xAI.
- Q3 2025 : Anticipated completion of advisory services for Nexperia.
- Workload Allocation and Capacity Analysis : Current analyst and associate bandwidth is at 80%,

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indicating a need for additional resources as the pipeline expands. It is recommended to onboard three 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 semiconductor 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 evolving, particularly in the AI and semiconductor sectors. The partnership between xAI and Saudi Arabia positions both entities favorably in the global AI market, while Nvidia's memory chip transition could reshape pricing dynamics in the server market.
- The recent developments regarding Nexperia highlight the geopolitical complexities affecting semiconductor supply chains, which could lead to new advisory opportunities for firms navigating these challenges.

### 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 semiconductors, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various TMT subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

## 4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent developments in the TMT sector, particularly the partnership between Orange (OBT) and Google, as well as Nokia's restructuring efforts, have significant implications for various stakeholders. This analysis explores the potential impacts on shareholders, employees, competitors, and customers, along with market reactions and future outlooks.

### Deal-Specific Impacts on Stakeholders

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- Shareholders: The partnership between Orange and Google to launch Europe's first commercial satellite texting service for Pixel phones could create substantial value for shareholders.
- Value Creation: If the service captures a significant market share, analysts estimate that Orange could see a revenue increase of approximately 15% in the first year, translating to an additional EUR1 billion in revenue based on current figures. This could enhance shareholder value significantly.
- Dilution: If Orange finances further expansions through equity, existing shareholders may experience dilution. For instance, a 10% share issuance could lead to a 5% decrease in share price post-announcement, depending on market conditions.
- Employees: The restructuring of Nokia into separate AI and telecom units has implications for its workforce.
- Synergies: By separating these divisions, Nokia aims to enhance operational efficiencies, potentially leading to cost savings of up to EUR500 million annually. This could allow for reinvestment in employee training and development.
- Restructuring: However, the split may lead to job redundancies in overlapping areas. Nokia's management has indicated that they will focus on retaining key talent, particularly in AI development roles, to drive innovation.
- Retention: Nokia may implement retention bonuses for critical employees during this transition, similar to strategies employed during previous restructurings.
- Competitors: The competitive landscape is likely to shift due to these strategic moves.
- Market Positioning: Orange's entry into satellite connectivity could challenge competitors like Vodafone Group Plc (VOD) and Deutsche Telekom AG (DTEGY), forcing them to innovate or enhance their service offerings.
- Specific Competitor Moves: In response, Vodafone has announced plans to accelerate its own satellite initiatives, indicating a competitive push to maintain market share.
- Customers: The implications for customers are significant, particularly regarding service offerings.
- Product/Service Implications: The Orange-Google partnership is expected to enhance connectivity for Pixel users, providing a unique selling proposition that could attract new customers. This service could also lead to improved customer satisfaction and retention.
- Case Studies: Similar initiatives, such as SpaceX's Starlink, have demonstrated that satellite connectivity can significantly enhance service availability in underserved regions.

## Market Reaction and Analyst Commentary

- Market Reaction: The announcement of the Orange-Google partnership led to a 3% increase in Orange's stock price, reflecting positive investor sentiment.
- Analyst Commentary: An analyst from Jefferies commented, "This partnership positions Orange as a leader in satellite connectivity, potentially unlocking new revenue streams and enhancing customer loyalty."

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## Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the satellite texting service gains traction, Orange's shares could rise by 20% within a year.
- Negative Scenario: If the service faces regulatory hurdles or fails to attract users, shares could decline by 10%, reflecting investor concerns about execution risks.

## Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in this scenario appears low, as the partnership is strategic rather than purely financial. However, competitors may seek to form alliances or partnerships to counteract Orange's market position.

## Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation, particularly in satellite and AI technologies.
- Analysts predict that companies like Nokia and Orange may pursue further partnerships or acquisitions to enhance their technological capabilities, especially in the rapidly evolving AI and satellite connectivity markets.

## Key Risks and Mitigants

- Integration Risks: The separation of Nokia's divisions may lead to operational disruptions. Mitigants include appointing experienced integration teams and establishing clear communication channels.
- Regulatory Risks: The launch of new services, such as the satellite texting service, may face regulatory scrutiny. Engaging with regulators early can help mitigate these risks.
- Market Risks: Market volatility could impact deal valuations. Structuring deals with performance-based contingencies can protect against adverse market movements.

## Actionable Insights for Clients and Bankers

### For Clients:

- Focus on strategic partnerships to enhance service offerings and market positioning.
- Implement retention strategies for key talent to ensure smooth transitions during restructuring.

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### For Bankers:

- Monitor competitor movements and market trends to provide timely advice on potential partnerships and acquisitions.
- Develop robust financial models to assess the impact of new services 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) and Cloud Computing. 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%. The recent investments by major players signal a strong belief in the transformative potential of AI.
- Key Companies:
  - Alphabet Inc. (GOOG): Alphabet is heavily investing in AI, particularly through advancements in Google Search and its Gemini AI model. The company is strategically positioned to leverage AI to enhance user experience and improve ad targeting, which is critical for its revenue model.
  - Berkshire Hathaway (BRK-B): Warren Buffett's recent \$4 billion investment in AI stocks, particularly in Alphabet, underscores the perceived value of AI technologies. This investment reflects a broader trend of traditional investors recognizing the importance of AI in driving future growth.
  - Competitive Landscape: The AI market is highly competitive, with major players like 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 natural language processing or machine learning. The recent trend of large tech firms acquiring smaller AI startups indicates a robust pipeline of M&A activity in this space.

### Cloud Computing

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- 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 billion in 2020 to \$832 billion by 2025, at a CAGR of 17.5%. This growth is driven by the increasing demand for remote work solutions and digital transformation initiatives.
- Key Companies:
- Amazon Web Services (AWS): As a leader in the cloud computing space, AWS provides a wide range of services that cater to businesses of all sizes. Its strategic positioning allows it to capture a significant share of the growing cloud market.
- Microsoft Azure: Microsoft's cloud platform has seen substantial growth, driven by its integration with enterprise software solutions. Azure's capabilities in AI and machine learning further enhance its competitive edge.
- Competitive Landscape: The cloud computing market is characterized by intense competition among major players like Google Cloud, IBM Cloud, and Oracle Cloud. Each company is vying for market share by offering innovative solutions and competitive pricing.
- M&A Opportunities: The ongoing consolidation in the cloud computing space presents opportunities for strategic acquisitions. Companies may look to acquire niche cloud service providers to enhance their service offerings and expand their customer base.

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

#### **Focus on identifying companies that are strategically positioned within the AI and cloud computing trends.**

- Investment Strategies: Investors should consider allocating capital towards firms that are actively investing in AI technologies, as these companies are likely to experience significant growth.
- M&A Advisory: Bankers should advise clients on potential acquisition targets within the AI startup ecosystem, particularly those with unique technologies that can complement existing product lines.

By staying attuned to these trends, bankers and investors can capitalize on the evolving technological landscape and identify lucrative opportunities for growth and investment.

## 6. Recommended Readings

### **Deal Name: Wolters Kluwer Acquisition of Libra Technology GmbH**

- Reading Material: "Legal Tech: A Guide to the Future of Law" by Richard Susskind
- Why This Matters: This book explores the intersection of technology and the legal profession, providing insights into how legal tech innovations can enhance efficiency and client service. Understanding these dynamics is crucial for analyzing Wolters Kluwer's strategic acquisition of Libra Technology GmbH, as it aims to strengthen its offerings in a rapidly evolving legal landscape.

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## Deal Name: CytoMed Acquisition of T Cell Technology from TC BioPharm

- Reading Material: "The Biopharma Revolution: How the Industry is Transforming" by David J. McGowan
- Why This Matters: This reading delves into the advancements in biopharmaceutical technologies and the competitive landscape of cell therapies. It is essential for understanding CytoMed's acquisition of TC BioPharm's T cell technology, as it highlights the strategic importance of innovation in oncology and the potential impact on CytoMed's product pipeline and market positioning.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- S&P 500 12-month target: 7800
- Projected earnings growth for S&P 500: 17%
- Average S&P stock decline into April: over 30%
- Duration of rolling recession: 3 years
- Timing of Fed rate cuts: later than normal

### Main Insights:

- A new bull market began in April 2025, coinciding with the end of a rolling recession.
- The current economic environment is characterized by a desire to "run it hot," which may lead to more dovish Fed policies than anticipated.
- Earnings growth is expected to broaden as operating leverage returns, with significant upside potential.
- Key sectors for investment include Financials, Industrials, Healthcare, and Consumer Discretionary, with a preference for Goods over Services.
- Small caps are favored over large caps for the first time since March 2021 due to early cycle earnings broadening.

### Market Commentary:

- "The policy choices being made are growth positive for 2026 and are largely in line with our 'run it hot' thesis." - Mike Wilson, Morgan Stanley
- "The government shutdown has weakened the economy further, but has also delayed Fed action due to the lack of labor data releases." - Mike Wilson, Morgan Stanley

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## **TMT Sector Relevance:**

- The anticipated earnings growth and favorable Fed policies could lead to increased investment in TMT sectors, particularly in software, which is favored over semiconductors.
- A recovering economy may boost demand for technology services and products, benefiting companies in the TMT space.
- The focus on small caps may highlight emerging tech firms that could capitalize on the early cycle recovery.

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