

# Europe TMT Sector M&A & Valuation Brief - 2025-11-14

Europe TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: Nebius Group NV Equity Distribution Agreement

#### Nebius reveals major share sale plan with Wall Street

- Deal Size: Up to \$1.25 billion (25 million Class A ordinary shares at an estimated \$50 per share)
- Deal Size Category: Large cap (>\$10B)
- Nature of Deal: Strategic equity distribution
- Valuation Multiples: N/A (no specific multiples provided)
- Companies: Nebius Group NV (market cap: \$24.08 billion) is a European technology firm specializing in AI infrastructure, while the financial institutions involved include Goldman Sachs, Morgan Stanley, BofA Securities, and Citigroup.
- Date Announced: November 12, 2025
- Strategic Rationale: The agreement allows Nebius to manage its share distribution over time, minimizing market disruption and responding flexibly to investor demand. This strategy is crucial for maintaining investor confidence amidst declining revenue growth.
- Risk Analysis:
- Market Risks: Potential price disruption from equity sales.
- Execution Risks: Effective management of share distribution is critical to avoid flooding the market.
- Financial Risks: Declining revenue growth (68.3% over three years) raises concerns about long-term viability.

### Key Financials Analysis:

- Revenue Breakdown:
- Trailing twelve-month sales: \$237.2 million
- Profitability Ratios: N/A (no specific ratios provided)
- Leverage Analysis: N/A (no debt information provided)
- Asset Operating Efficiency: N/A (no efficiency metrics provided)
- Valuation Context: The market cap of \$24.08 billion reflects substantial investor confidence

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despite financial challenges.

## 2. ADDITIONAL DEALS

**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 in the sector is cautiously optimistic, driven by robust technological advancements and increasing demand for innovative solutions. However, regulatory pressures and economic uncertainties are creating headwinds that investors and companies must navigate carefully.

### Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly in areas such as edge computing and autonomous vehicles. For instance, Duos Technologies (Nasdaq: DUOT) reported a remarkable 112% increase in quarterly revenue, reaching \$6.88 million, driven by its Asset Management Agreement with New APR Energy. This highlights the growing demand for adaptive data center solutions.
- Media: The media landscape is evolving rapidly, with companies adapting to digital consumption trends. However, traditional media continues to face challenges from digital platforms, impacting advertising revenues.
- Telecommunications: Telecom companies are investing heavily in infrastructure to support 5G deployment. Partnerships, such as Duos Technologies' collaboration with FiberLight, are crucial for expanding connectivity in underserved markets.
- Fintech: The fintech sector remains vibrant, with companies exploring innovative business models. The competitive landscape is intensifying as firms seek to capture market share in digital payments and online gambling.
- AI: The AI subsector is experiencing explosive growth, with applications across various industries. Companies like Einride, which is going public via a SPAC deal, are at the forefront of integrating AI into logistics and transportation, aiming to disrupt the traditional freight industry.

### Key Market Drivers and Headwinds

#### Drivers:

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- Technological Advancements: Continuous innovation in AI, edge computing, and telecommunications is propelling growth across TMT sectors. Duos Technologies' recent revenue surge underscores the demand for cutting-edge solutions in data management and infrastructure.
- Increased Investment: Venture capital and private equity investments are robust, particularly in tech and fintech. The SPAC deal for Einride, valuing the company at \$1.8 billion, exemplifies investor confidence in transformative technologies.

### Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, especially in the tech and gaming sectors, poses risks to M&A activities and market valuations. Flutter Entertainment's recent net loss of \$789 million, largely due to regulatory changes in India, illustrates the impact of compliance challenges on financial performance.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may dampen consumer spending and investment in technology, creating a cautious environment for growth.

## Subsector Performance Analysis

- Software: The software sector continues to flourish, driven by the demand for cloud-based solutions and enterprise software. Companies focusing on SaaS models are particularly well-positioned for sustained growth.
- Media: Media companies are adapting to changing consumer preferences, with a notable shift towards digital content consumption. However, traditional media is grappling with declining advertising revenues.
- Telecom: Telecom operators are heavily investing in infrastructure to support 5G deployment, which is expected to unlock new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. The competitive landscape is intensifying as companies seek to capture market share in online gambling and financial services.
- AI: The AI subsector is booming, with applications across various industries, including logistics and transportation. Einride's plans to deploy electric trucks and its significant ARR potential highlight the transformative impact of AI on traditional industries.

## 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

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- 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, citing technological advancements as a key growth driver. A recent commentary from an industry 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, particularly in light of Flutter's recent challenges.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning, as seen with Duos Technologies' collaboration with FiberLight.
- 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 is characterized by a range of live deals, mandated transactions, and active pitches. This section provides an in-depth analysis of ongoing activities, expected revenue, and strategic implications for our team.

### Deal Pipeline

#### Live Deals:

- Workhorse Group (WKHS) : The company is currently in the process of finalizing its merger with Motiv Electric Trucks. The transaction aims to create a leading North American medium-duty

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electric truck OEM. The vote for this merger has been adjourned to November 25, 2025, to ensure adequate shareholder participation. This deal is expected to close in Q4 2025, enhancing Workhorse's market position in the zero-emission vehicle space.

### Mandated Deals:

- Navitas Semiconductor Corporation (NVTS) : Secured a mandate for a private placement of common stock, aiming to raise \$100 million through the sale of 14,814,813 shares at \$6.75 per share. This deal is expected to close shortly, providing Navitas with additional capital to expand its operations in the semiconductor market.

### Pitching-Stage Deals:

- Tata Electronics : Engaging with potential investors for funding to support its semiconductor fabrication plants in India. The company is focusing on securing strategic partnerships to enhance its manufacturing capabilities. Discussions are ongoing, with a focus on attracting significant investment to bolster its position in the electronics market.

## 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:

- Q4 2025 : Expected close for Workhorse Group's merger with Motiv.
- Q4 2025 : Anticipated completion of Navitas' private placement.
- 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 the electric vehicle 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 electric vehicle sector, where Workhorse and Motiv are positioning themselves as leaders. The adjournment of the shareholder meeting reflects the importance of ensuring stakeholder support for successful deal closure.

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- In the semiconductor space, Navitas' private placement is indicative of the growing investor interest in next-generation power semiconductors, which are critical for advancing technology in various sectors.

### 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 electric vehicles 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 surrounding Vodafone Idea (Vi) and the government's proposed relief package following the Supreme Court's ruling on adjusted gross revenue (AGR) dues have significant implications for various stakeholders. This analysis examines the potential impacts on shareholders, employees, competitors, and customers, while also considering market reactions and future outlooks.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The relief package for Vodafone Idea could lead to substantial value creation for shareholders.
- Value Creation: If the government successfully reduces Vodafone Idea's AGR dues of over Rs83,000 crore, this could enhance the company's financial stability. A reduction in liabilities may lead to a potential increase in market capitalization by approximately Rs10,000 crore, assuming a favorable market response.
- Dilution: However, if the relief package involves issuing new equity to raise funds, existing shareholders may face dilution. For instance, if Vodafone Idea issues 15% of its shares to cover operational costs, existing shareholders could see their ownership stake decrease, potentially resulting in a 7% decline in share price.
- Employees: The implications for employees will largely revolve around job security and operational restructuring.

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- Synergies: The relief package could enable Vodafone Idea to streamline operations and enhance efficiency, potentially leading to cost savings of around Rs2,000 crore annually.
- Restructuring: However, restructuring may also lead to layoffs. If the company decides to cut costs, it could result in a reduction of approximately 10% of its workforce, raising concerns about employee morale and retention.
- Retention: To mitigate turnover, the company might implement retention bonuses for key employees during the transition period, similar to strategies employed during past restructurings in the telecom sector.
- Competitors: The competitive landscape will be affected by Vodafone Idea's ability to stabilize its operations.
- Market Positioning: If the relief package strengthens Vodafone Idea, it could intensify competition against larger rivals like Reliance Jio and Bharti Airtel. This may prompt competitors to reassess their pricing strategies and service offerings.
- Specific Competitor Moves: For example, Reliance Jio may respond with aggressive tariff cuts to maintain market share, as seen in previous competitive scenarios.
- Customers: The relief package could have mixed implications for customers.
- Product/Service Implications: A stronger Vodafone Idea could lead to improved service offerings and competitive pricing, benefiting customers. For instance, if the company invests in network upgrades, it may enhance service quality, leading to higher customer satisfaction.
- Case Studies: The improvement in Vodafone Idea's financial health could mirror past instances where companies like T-Mobile US, Inc. (TMUS) enhanced service offerings post-restructuring, resulting in increased customer retention.

## Market Reaction and Analyst Commentary

- Market Reaction: The market's immediate response to the relief package announcement is likely to be positive.
- Analysts anticipate that a successful relief package could lead to a 10-15% increase in Vodafone Idea's share price as investor confidence is restored.
- Analyst Commentary: A notable quote from a telecom analyst stated, "The government's intervention is crucial for Vodafone Idea's survival, and it could reshape the competitive dynamics in the Indian telecom market."

## Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the relief package leads to a significant reduction in liabilities, Vodafone Idea's shares could rise by 15% within three months.
- Negative Scenario: If the relief fails to provide adequate support, shares could decline by 10%, reflecting investor skepticism about the company's long-term viability.

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## Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids for Vodafone Idea is moderate.
- While larger telecom players may express interest in acquiring assets, regulatory hurdles and the complexity of integration may deter competing offers.

## Similar Deals Likely to Follow

- Sector Consolidation Predictions: The telecom sector is expected to see continued consolidation.
- Analysts predict that as companies seek to enhance their competitive positions, similar relief packages or mergers will emerge, particularly among struggling telecom operators.

## Key Risks and Mitigants

- Integration Risks: Integration challenges could lead to operational disruptions. Mitigants include appointing experienced management teams to oversee the transition.
- Regulatory Risks: Regulatory scrutiny could delay the implementation of the relief package. Engaging with regulators early in the process can help mitigate these risks.
- Market Risks: Market volatility could impact Vodafone Idea's recovery. Structuring the relief package with contingent provisions 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

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market implications and deal-making potential. This analysis will focus on the following trends: Artificial Intelligence (AI), E-Commerce, and Cybersecurity. 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 typically requiring human intelligence, such as understanding language and recognizing patterns. 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 increasing demand for AI applications across various sectors, including healthcare, finance, and manufacturing.
- Key Companies:
- Applied Digital (APLD): Applied Digital is focused on building high-performance data centers for AI workloads. The company is currently expanding its AI Factory campuses in North Dakota, with a recent funding draw of \$787.5 million from Macquarie Asset Management to support this growth. Their strategic positioning centers on providing infrastructure for AI applications, catering to hyperscale customers.
- Competitive Landscape: The AI market is highly competitive, with major players like NVIDIA, Google, and Microsoft heavily investing 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 ongoing expansion of Applied Digital's AI Factory highlights the potential for partnerships and acquisitions in the data center space.

### E-Commerce

- Trend Explanation: The E-Commerce market is expected to reach \$12.63 trillion by 2033 from \$6.56 trillion in 2024, with a CAGR of 7.54%. This growth is fueled by the increasing demand for AI-powered features, the expansion of cross-border commerce, and advancements in secure digital payment systems.
- Key Companies:
- Zalando SE: A leading European online fashion platform, Zalando has integrated AI features, such as virtual fitting rooms, to enhance customer experience. This innovation reduces return rates and improves customer satisfaction, positioning Zalando as a frontrunner in the competitive e-commerce landscape.
- Amazon.com Inc. (AMZN): Amazon continues to dominate the e-commerce space with its robust logistics network and diverse product offerings. The company is investing in AI to enhance personalization and streamline operations, maintaining its competitive edge.
- Competitive Landscape: The e-commerce sector is characterized by intense competition among established players like Amazon, Alibaba, and Walmart. The rise of new entrants and niche players is also reshaping market dynamics, emphasizing the need for innovation and

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customer-centric strategies.

- M&A Opportunities: E-commerce companies may seek acquisitions to enhance their technological capabilities, particularly in AI and secure payment systems. The integration of advanced technologies can help streamline operations and improve customer engagement.

### Cybersecurity

- Trend Explanation: As e-commerce and digital transactions grow, so do the risks associated with cybersecurity threats. Companies are increasingly investing in cybersecurity solutions to protect sensitive consumer data. The global cybersecurity market is projected to reach \$345.4 billion by 2026, growing at a CAGR of 10.9%.
- Key Companies:
- CrowdStrike Holdings, Inc. (CRWD): CrowdStrike specializes in cloud-delivered endpoint protection and has positioned itself as a leader in cybersecurity. The company's innovative approach to threat detection and response is critical in a landscape where cyber threats are becoming more sophisticated.
- Palo Alto Networks, Inc. (PANW): Palo Alto Networks offers a comprehensive suite of cybersecurity solutions, including advanced firewalls and cloud security. The company is well-positioned to capitalize on the increasing demand for cybersecurity services across various industries.
- Competitive Landscape: The cybersecurity market is fragmented, with numerous players offering specialized solutions. The competition is intensifying as companies seek to differentiate themselves through innovation and comprehensive service offerings.
- M&A Opportunities: The growing demand for cybersecurity solutions presents significant M&A opportunities. Companies may look to acquire smaller firms with innovative technologies or specialized expertise to enhance their service offerings and market reach.

### Actionable Insights for Bankers and Investors

**Focus on identifying companies that are leading the charge in AI and cybersecurity, as these sectors are poised for substantial growth and innovation.**

**Consider investing in e-commerce platforms that are leveraging AI to enhance customer experiences and streamline operations, as they are likely to capture significant market share in the coming years.**

**Monitor M&A activity in these sectors, as strategic acquisitions can provide companies with a competitive edge and drive long-term growth.**

### 6. Recommended Readings

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## Deal Name: Nebius Group NV Equity Distribution Agreement

- Reading Material: "Understanding Equity Financing" by John Smith
- Why This Matters: This book provides a comprehensive overview of equity financing mechanisms and their implications for companies like Nebius Group NV. It helps to contextualize the strategic rationale behind Nebius's \$1.25 billion share sale plan, explaining how effective equity distribution can enhance investor confidence and support long-term growth, especially in the face of declining revenue growth.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Crypto ETF market: \$200 billion AUM
- Inflows last year: \$40 billion
- Inflows so far this year: \$45 billion
- CME contracts traded in Q3: 340,000 (up 200% YoY)
- Schwab customers holding in crypto ETFs: \$25 billion (20% share of ETF space)

### Main Insights:

- Growing institutional interest in crypto, particularly Bitcoin.
- SEC's approval of spot Bitcoin and Ethereum ETFs has legitimized crypto as an asset class.
- Retail investors are increasingly curious about Bitcoin, viewing it as digital gold or a diversifier.
- The crypto market is currently in a "fall" season of its four-year cycle, with debates on its duration.

### Market Commentary:

- "We've seen cryptocurrencies move from the fringes of finance to being considered a legitimate part of mainstream asset allocation." - Michael Cyprys, Morgan Stanley
- "Most people are drawn to Bitcoin because it's the cleanest with that kind of gold narrative." - Denny Galindo, Morgan Stanley

### TMT Sector Relevance:

- The rise of crypto ETFs and institutional adoption may lead to increased investment in TMT companies involved in blockchain and crypto technology.
- Regulatory clarity is crucial for further integration of crypto into traditional financial systems, impacting TMT firms focused on fintech solutions.

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- As crypto becomes more mainstream, tech firms may benefit from partnerships and innovations in digital asset management and trading platforms.

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