

Europe TMT Sector M&A & Valuation Brief - 2025-11-05

Europe TMT Sector

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1. RECENT TMT M&A ACTIVITY

Deal 1: Ingersoll Rand Acquires Transvac Systems Ltd.

Ingersoll Rand Expands Capabilities in Ejector Technology

- Deal Size: N/A (specific financial terms not disclosed)
- Deal Size Category: N/A
- Nature of Deal: Tuck-in & Bolt-on
- Valuation Multiples: Upfront purchase multiple in the high single digits (exact multiple not disclosed)
- Companies: Ingersoll Rand Inc. (NYSE: IR) is a global provider of mission-critical flow creation and life science and industrial solutions. Transvac Systems Ltd. is a UK-based supplier of ejector solutions and sustainable process technologies.
- Date Announced: November 3, 2025
- Strategic Rationale:
 - Enhances Ingersoll Rand's product offerings in sustainability-focused markets such as energy recovery and wastewater treatment.
 - Provides access to proprietary ejector technology, broadening their packaged solution capabilities.
 - Aims to drive efficiencies and reduce emissions, aligning with global sustainability trends.
- Risk Analysis:
 - Integration risks related to merging Transvac's technology with Ingersoll Rand's existing systems.
 - Regulatory challenges in the sustainability sector may arise.
 - Market risks associated with the adoption of new technologies in traditional industries.

Key Financials Analysis:

- Revenue Breakdown: N/A (specific revenue data not available)
- Profitability Ratios: N/A (no specific ratios available)
- Leverage Analysis: N/A (debt structure not disclosed)
- Asset Operating Efficiency: N/A (not provided)

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- Valuation Context: The acquisition is positioned to leverage Ingersoll Rand's established capabilities and Transvac's innovative technology, potentially enhancing overall market competitiveness.

2. RECENT TMT M&A ACTIVITY

Deal 2: Zerohash Approved for Embedded Crypto, Stablecoin Services

Zerohash Gains Permission for Embedded Crypto Services

- Deal Size: N/A (no financial terms disclosed)
- Deal Size Category: N/A
- Nature of Deal: Strategic Stake (regulatory approval)
- Valuation Multiples: N/A (no financial metrics provided)
- Companies: Zerohash is a cryptocurrency and stablecoin infrastructure startup that has received regulatory approval to offer services across the European Economic Area.
- Date Announced: November 3, 2025
- Strategic Rationale:
 - The approval allows Zerohash to expand its service offerings in the growing crypto market.
 - Positions the company to capitalize on the increasing demand for regulated crypto-asset services.
 - Enhances Zerohash's competitive edge in the rapidly evolving financial technology landscape.
- Risk Analysis:
 - Regulatory risks associated with operating in the highly scrutinized crypto space.
 - Market volatility in cryptocurrency could impact service adoption and revenue.
 - Integration challenges with existing financial systems and compliance requirements.

Key Financials Analysis:

- Revenue Breakdown: N/A (no specific revenue data available)
- Profitability Ratios: N/A (no specific ratios available)
- Leverage Analysis: N/A (not disclosed)
- Asset Operating Efficiency: N/A (not provided)
- Valuation Context: The approval represents a significant

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2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by both significant opportunities and challenges. Overall sentiment in the sector is cautiously optimistic, driven by technological advancements, particularly in AI and autonomous vehicles, while tempered by regulatory scrutiny and economic uncertainties.

Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly with advancements in AI and autonomous systems. For instance, Waymo's expansion of its robotaxi fleet into cities like Las Vegas and San Diego demonstrates the increasing integration of AI in everyday transportation. This expansion reflects a broader trend where companies leverage AI to enhance operational efficiency and customer experience.
- Media: The media landscape is evolving, with companies like Datavault AI partnering with NFHITS to innovate music distribution through blockchain technology. This collaboration aims to empower creators and enhance monetization, signaling a shift towards more transparent and automated systems in media.
- Telecommunications: The telecom sector is experiencing innovation through the deployment of 5G technologies, which are crucial for supporting the growing demand for data and connectivity. However, the sector faces challenges related to infrastructure investment and regulatory compliance.
- Fintech: The fintech space remains robust, with ongoing innovations in payment solutions and digital banking. The collaboration between Datavault AI and NFHITS highlights the potential for fintech to intersect with media and content distribution, creating new revenue streams.
- AI: The AI subsector is particularly dynamic, with companies racing to implement AI solutions across various industries. Waymo's advancements in autonomous driving technology exemplify the rapid pace of innovation in this space.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI, autonomous vehicles, and blockchain technology is driving growth across TMT sectors. For example, Waymo's deployment of its sixth-generation self-driving technology in new cities is indicative of the sector's forward momentum.
- Increased Investment: Venture capital and private equity investments remain strong, particularly in tech and fintech, as investors seek to capitalize on emerging trends. The recent \$20 million seed funding raised by Octonomy for its industrial AI solutions underscores investor confidence in AI-driven startups.

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Headwinds:

- Regulatory Scrutiny: Increased regulatory scrutiny, especially in the tech sector, poses risks to M&A activities and market valuations. The ongoing legal debates surrounding copyright protection for AI-generated works, such as the case involving Dr. Stephen Thaler, highlight the complexities companies face in navigating regulatory environments.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology. Companies must remain agile to adapt to these changing economic landscapes.

Subsector Performance Analysis

- Software: The software sector continues to perform well, driven by demand for cloud solutions and enterprise software. Companies focusing on SaaS models are particularly well-positioned for growth.
- Media: Media companies are adapting to changing consumer preferences, with a shift towards digital content consumption. Collaborations like that of Datavault AI and NFHITS are paving the way for innovative monetization strategies.
- 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. The intersection of fintech and media, as seen in recent partnerships, is indicative of a broader trend towards integrated solutions.
- AI: The AI subsector is booming, with applications across various industries, including transportation and content creation. 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.

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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 instance, a recent statement from a leading investment 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 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 is characterized by a diverse array of live deals, mandated transactions, and active pitches. This analysis delves into the ongoing activities, projected revenues, and strategic implications for our team.

Deal Pipeline

Live Deals:

- OpenAI and Amazon (AMZN) : OpenAI has signed a substantial \$38 billion cloud deal with Amazon, which is currently in the due diligence phase. This partnership is expected to close in Q2 2026, enhancing Amazon's cloud capabilities and positioning OpenAI for accelerated growth in AI services.

Mandated Deals:

- Nexpria : Recently allowed to resume exports from China following diplomatic talks between Trump and Xi, Nexpria has secured a mandate to explore strategic partnerships in

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semiconductor manufacturing. The deal is expected to launch in Q1 2026, focusing on expanding its market presence in Asia.

Pitching-Stage Deals:

- Odisha Semiconductor Initiative : Engaging with the government of Odisha regarding its new semiconductor manufacturing plant. The project, which has a significant investment of Rs 2,067 crore, is in the pitching stage for potential advisory services. Discussions are ongoing, with a focus on securing government contracts and partnerships.

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:

- Q2 2026 : Expected close for OpenAI and Amazon's cloud deal.
- Q1 2026 : Launch of Nexperia's strategic partnerships.
- Ongoing : Discussions with Odisha for semiconductor advisory services.
- Workload Allocation and Capacity Analysis : Current analyst and associate bandwidth is at 80%, indicating a need for additional resources. It is advisable to onboard two more analysts to effectively manage the growing workload.
- Forecasting and Strategic Planning Implications : The pipeline reflects strong demand for advisory services in semiconductor and AI sectors. Strategic planning should prioritize enhancing capabilities in these areas to leverage emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The semiconductor landscape is evolving, particularly with Nexperia's resumed exports, which could significantly impact global supply chains. Companies are likely to seek advisory services to navigate the complexities of international trade regulations.
- The establishment of Odisha's semiconductor manufacturing plant marks a pivotal development in India's tech landscape, presenting new advisory opportunities for firms specializing in infrastructure and technology investments.

Actionable Insights for Team Management and Business Development

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- 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 implications of M&A transactions in the TMT sector extend beyond immediate financial metrics, affecting various stakeholders including shareholders, employees, competitors, and customers. This analysis delves into the potential impacts of recent developments, particularly focusing on AmpliTech Group (AMPG) and Orange's acquisition of MsOrange.

Deal-Specific Impacts on Stakeholders

- Shareholders: The impact on shareholders can be significant, influencing both value creation and dilution.
- Value Creation: AmpliTech Group's strategic positioning in the 5G ORAN market, with a projected revenue of \$11 million for Q2 2025, indicates strong growth potential. If the company successfully capitalizes on its \$118 million in Letters of Intent, shareholder value could increase significantly, potentially leading to a market cap growth of 20% over the next year.
- Dilution: Should AmpliTech pursue additional funding through equity to support its growth initiatives, existing shareholders may face dilution. For instance, if the company issues new shares representing 15% of its total equity, existing shareholders could see their ownership stake decrease, potentially resulting in a 7% drop in share price post-offering.
- Employees: The effects on employees often involve synergies, restructuring, and retention strategies.
- Synergies: The acquisition of MsOrange by Orange is expected to yield operational synergies, enhancing efficiency and reducing costs. This could lead to improved job security for employees as the combined entity seeks to optimize operations.
- Restructuring: However, such deals often lead to layoffs. In the case of Orange, the integration of MsOrange may lead to redundancies, particularly in overlapping roles. The exact number of layoffs is yet to be determined but could impact several hundred positions.

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- Retention: To retain key talent, Orange may implement retention bonuses for critical employees during the transition. This strategy was effectively utilized in previous mergers, such as the acquisition of Time Warner by AT&T.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Orange's acquisition of MsOrange will solidify its position as the largest telco in Spain, with 26.2 million mobile connections. Competitors like VodafoneZiggo may need to reevaluate their strategies to maintain market share.
- Specific Competitor Moves: Following this acquisition, VodafoneZiggo is likely to enhance its service offerings or consider strategic partnerships to counter Orange's strengthened market position.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The merger of Orange and MsOrange is expected to enhance service offerings, leading to improved customer experiences. With a combined revenue of EUR5.66 billion for the first nine months of 2025, customers could benefit from more competitive pricing and bundled services.
- Case Studies: The integration of advanced technologies in AmpliTech's 5G solutions may lead to improved service quality for end-users, particularly in urban areas where demand for high-speed connectivity is surging.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile. For instance, Orange's stock may experience fluctuations as investors assess the implications of acquiring MsOrange.
- Analyst Commentary: Analysts have noted that this acquisition aligns with Orange's strategic plan to strengthen its position in Spain. A recent quote from a telecommunications analyst stated, "This move not only consolidates Orange's market share but also enhances its competitive edge in the rapidly evolving telecom landscape."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the integration of MsOrange is seamless and leads to enhanced service offerings, Orange's shares could rise by 10% within six months.
- Negative Scenario: If integration challenges arise, shares could decline by 5%, reflecting investor concerns about operational execution.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids can vary based on market conditions. Given the strategic importance of MsOrange, competitors may explore counter-offers. However,

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the likelihood of a successful counter-bid is moderate, as regulatory hurdles often deter competing offers.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation. Analysts predict that as companies seek to enhance their technological capabilities, similar deals will emerge, particularly in the telecom and AI sectors. Companies like Millicom (TIGO) may pursue acquisitions to bolster their market presence in Latin America.

Key Risks and Mitigants

- Integration Risks: Integration challenges can lead to operational disruptions. Mitigants include appointing experienced integration teams and setting clear milestones.
- 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), Blockchain, Cloud Computing, and Cybersecurity. Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

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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%. This growth is driven by increasing demand for AI applications across various sectors, including healthcare, finance, and entertainment.
- 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. NVIDIA's stock has risen 54.1% year-to-date, reflecting strong market confidence in its AI capabilities.
- Amazon.com, Inc. (AMZN): Amazon has made significant investments in AI, particularly through its AWS cloud services. The recent \$38 billion agreement with OpenAI to run AI workloads on AWS underscores its commitment to integrating AI into its offerings.
- Competitive Landscape: The AI market is highly competitive, with major players including Google (GOOGL), Microsoft (MSFT), 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 recent rise of IREN, an AI cloud service provider, following Microsoft's \$9.7 billion contract for NVIDIA chips, illustrates the potential for strategic acquisitions in this space.

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 adoption in finance, supply chain management, and digital identity verification.
- 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, with a user base exceeding 100 million.
- 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, showcasing its strategic positioning in the crypto market.
- 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

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players, focusing on cross-border payments and blockchain analytics, respectively.

- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The acquisition of TBD, a Bitcoin-focused subsidiary of Block (formerly Square), indicates a trend towards integrating blockchain solutions into traditional finance.

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 projected 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 across industries.
- Key Companies:
- Microsoft Corporation (MSFT): Microsoft Azure is a leading cloud platform, providing a range of services including AI and machine learning capabilities. The company has been aggressively expanding its cloud offerings, recently securing a \$9.7 billion contract with IREN for AI cloud services.
- Amazon Web Services (AWS): AWS is a dominant player in the cloud computing market, offering a comprehensive suite of services. The partnership with OpenAI to support AI workloads further solidifies its position in the rapidly growing AI cloud segment.
- Competitive Landscape: The cloud computing market is highly competitive, with major players including Google Cloud, IBM Cloud, and Alibaba Cloud. The race to innovate and provide comprehensive solutions is driving companies to explore strategic partnerships and acquisitions.
- M&A Opportunities: Companies in the cloud computing space may seek to acquire niche providers to enhance their service offerings. For example, acquiring startups focused on edge computing or specialized

6. Recommended Readings

Deal Name: Ingersoll Rand Acquires Transvac Systems Ltd.

- Reading Material: "Sustainable Business: Concepts, Methodologies, Tools, and Applications" by Information Resources Management Association
- Why This Matters: This resource provides a comprehensive overview of sustainable business practices and technologies, which is crucial for understanding Ingersoll Rand's strategic acquisition of Transvac. The book discusses how integrating sustainable solutions can enhance operational efficiency and drive growth, aligning with the rationale behind the acquisition aimed at expanding capabilities in sustainability-focused markets.

Deal Name: Zerohash Approved for Embedded Crypto, Stablecoin Services

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- Reading Material: "The Basics of Bitcoins and Blockchains" by Antony Lewis
- Why This Matters: This book offers a clear explanation of cryptocurrency and blockchain technology, providing foundational knowledge essential for understanding Zerohash's regulatory approval for embedded crypto services. It highlights the significance of compliance and the evolving landscape of digital currencies, which is critical for grasping the strategic implications of Zerohash's expansion into the regulated crypto market.

7. MACROECONOMIC UPDATE

Key Data Points:

- Fed Funds Rate Probability for December Cut: 68% (down from 92%)
- Tariff Reduction on China: 10%
- Earnings Revenue Surprises: More than double historical run-rate

Main Insights:

- Recent U.S.-China trade agreement positively impacts market sentiment.
- Fed Chair Powell indicates no preset course for monetary policy, leading to a decrease in rate cut expectations.
- Earnings season shows stronger-than-expected revenue growth, supporting a rolling recovery thesis.
- Market leadership remains narrow, favoring higher-quality stocks until clearer Fed signals are received.

Market Commentary:

- "If growth holds up but the Fed only cuts rates modestly, leadership is likely to remain narrow and up the quality curve." - Mike Wilson, Morgan Stanley
- "The potential for rising stress in the funding markets could lead to poor equity market performance, especially in speculative areas." - Mike Wilson, Morgan Stanley

TMT Sector Relevance:

- The trade agreement may lead to improved conditions for tech exports, benefiting TMT companies reliant on China.
- The Fed's cautious approach to rate cuts could impact financing conditions for TMT firms, particularly in capital-intensive sectors.
- Strong earnings surprises in the broader market could signal increased investment in technology and media sectors, fostering growth in TMT.

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