

APAC TMT Sector M&A & Valuation Brief - 2025-11-10

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Generated on 2025-11-10

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1. RECENT TMT M&A ACTIVITY

Deal 1: WeRide Dual Listing in Hong Kong

[WeRide CEO pitches robotaxi safety as shares start trading in HK](#)

- Deal Size: \$308 million
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature: IPO
- Valuation Multiples: N/A
- Companies: WeRide (WRD) is a self-driving vehicle company based in Guangzhou, operating in multiple countries including Singapore and Spain, focusing on robotaxi services. The company aims to enhance its market position through a dual listing to attract more investors.
- Date Announced: November 6, 2025
- Strategic Rationale: The dual listing allows WeRide to tap into both international and mainland Chinese capital markets, enhancing its ability to fund R&D and deployment of autonomous driving technologies. This positions WeRide to capitalize on the growing demand for robotaxi services in China and globally.
- Risk Analysis: Integration risks include managing investor expectations post-IPO, regulatory challenges in different markets, and the high costs associated with R&D in autonomous technology. Market risks involve competition from other robotaxi firms like Pony AI and Baidu, and execution risks related to scaling operations efficiently.

Key Financials Analysis:

Metric	Value
Revenue (1H 2025)	\$27.9 million
Year-over-Year Growth	32%
Net Loss (1H 2025)	\$110 million
R&D Expenses (1H 2025)	\$90 million

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Deal 2: Amazon's Partnership with OpenAI

[US Stock Market Futures, Dow Jones, S&P 500 and Nasdaq Today: Will it continue to slip or move upwards? Key](#)

- Deal Size: \$38 billion
- Deal Size Category: Large cap (>\$10B)
- Nature: Strategic Partnership
- Valuation Multiples: N/A
- Companies: Amazon (AMZN) is a leading global e-commerce and cloud computing company, while OpenAI is a prominent AI research organization. This partnership enhances Amazon's capabilities in AI services, particularly through Amazon Web Services (AWS).
- Date Announced: November 4, 2025
- Strategic Rationale: This partnership strengthens Amazon's position in the competitive AI landscape, allowing it to leverage OpenAI's advanced models to enhance its cloud offerings. This move is critical as companies increasingly integrate AI into their operations.
- Risk Analysis: Potential risks include execution challenges in integrating OpenAI's technology with AWS, regulatory scrutiny over AI applications, and competition from other tech giants investing heavily in AI.

Key Financials Analysis:

Metric	Value
Amazon's Market Cap	N/A
Projected Revenue Growth from AI	N/A
Expected Impact on AWS Revenue	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 facing significant turbulence, primarily driven by concerns over a potential tech bubble and fluctuating investor sentiment. The recent sell-off in Asian markets, particularly in AI-related stocks, has raised alarms about overvaluation in the tech sector, leading to a cautious outlook among investors.

Subsector Breakdown:

- Technology: The technology subsector is under pressure as fears of a tech bubble grow. Notably, Japan's Nikkei 225 saw a sharp decline, with SoftBank Group's shares plunging over

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10%, reflecting investor anxiety regarding AI valuations.

- Media: The media sector is adapting to the changing landscape, but the focus remains on digital transformation as traditional media struggles to keep pace with tech-driven competitors.
- Telecommunications: Telecom companies are investing in next-generation technologies, but current market sentiment is overshadowed by broader economic concerns and tech stock volatility.
- Fintech: The fintech space is witnessing innovation, particularly in cryptocurrency, as Hong Kong leads with regulatory advancements for digital assets. However, the overall market sentiment remains cautious due to the tech sell-off.
- AI: The AI subsector is particularly volatile, with significant sell-offs observed in AI-related stocks across Asia, raising concerns about inflated valuations and sustainability.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Despite the current sell-off, technological innovations continue to drive interest in the TMT sector. The rapid development of AI and blockchain technologies remains a focal point for future growth.
- Regulatory Developments: Hong Kong's proactive approach to cryptocurrency regulation, including the approval of spot ether ETFs, is positioning the region as a leader in the fintech space, potentially attracting investment.

Headwinds:

- Market Sentiment: The recent sell-off in Asian markets, driven by fears of a tech bubble, has created a risk-averse environment. The Nikkei 225's drop of over 2.5% exemplifies the broader market's reaction to valuation concerns.
- Economic Uncertainty: Ongoing global economic challenges, including inflation and geopolitical tensions, are contributing to a cautious investment climate, particularly in high-growth sectors like tech and AI.

Subsector Performance Analysis

- Software: The software sector remains resilient, but investor sentiment is tempered by broader market fears. Companies focusing on cloud solutions are still viewed favorably, though caution is advised.
- Media: Media companies are increasingly reliant on digital content, but traditional revenue streams are under pressure, leading to a mixed performance outlook.
- Telecom: Telecom operators are investing in infrastructure for 5G, but the market's focus on tech valuations is overshadowing these long-term investments.
- Fintech: The fintech sector is experiencing growth, particularly in digital assets, but the overall

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market sentiment is cautious due to the tech sell-off.

- AI: The AI subsector is facing significant scrutiny as investors reassess valuations. The recent declines in AI stocks highlight the volatility and risks associated with this rapidly evolving space.

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, although the recent market sell-off may lead to reevaluation of these valuations.

Notable Investor/Analyst Reactions

- Analysts express concern over the sustainability of current valuations in the tech sector. One analyst noted, "The recent sell-off in AI stocks is a wake-up call for investors to reassess the fundamentals driving these valuations."

Actionable Insights for Bankers and Investors

- **Cautious Approach to Tech Investments:** Investors should adopt a more cautious stance towards tech stocks, particularly in the AI space, until clearer signals of stability emerge.
- **Focus on Regulatory Developments:** Keeping abreast of regulatory changes, especially in fintech and cryptocurrency, can provide opportunities for strategic investments.
- **Evaluate Valuation Metrics:** Investors should critically evaluate current trading multiples and sector performance, particularly in light of the recent market volatility.
- **Diversification Strategy:** A diversified investment strategy across various subsectors may help mitigate risks associated with the current market sentiment.

In summary, the TMT sector is navigating a challenging landscape characterized by both opportunities and risks. Investors and bankers must remain vigilant and adaptable in this evolving environment to capitalize on emerging trends while managing potential pitfalls.

3. BANKING PIPELINE

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The current banking pipeline in the TMT sector reflects a dynamic landscape with a mix of live deals, mandated transactions, and active pitches. This section provides a comprehensive analysis of the ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- Delta Air Lines (DAL) : Currently in discussions for a strategic partnership leveraging AI for dynamic pricing. The deal is in the due diligence phase, with an expected close in Q3 2025. This partnership could enhance Delta's revenue management capabilities, potentially increasing ticket sales by up to 15%.
- Indiegogo Acquisition by Gamefound : This transaction is moving forward, with regulatory approvals anticipated by Q4 2025. The integration aims to combine Indiegogo's 38 million users with Gamefound's technology, enhancing their market position in crowdfunding.

Mandated Deals:

- Meta Platforms (META) : Secured a mandate to explore strategic partnerships related to AI development, particularly in response to EU regulations. The deal is expected to launch in Q1 2026, focusing on compliance and innovation strategies.
- Apple Inc. (AAPL) : Mandated to evaluate acquisitions in the AI space, with a focus on startups that can enhance its product offerings. The timeline for this initiative is projected for Q2 2026, as Apple aims to strengthen its competitive edge in AI.

Pitching-Stage Deals:

- Telecom Sector : Active discussions with several telecom operators regarding potential M&A opportunities to consolidate market share in the 5G space. Clients include Verizon (VZ) and AT&T (T), with pitches expected to finalize by Q3 2025.
- Fintech Startups : Engaging with various fintech companies for potential investment banking services, focusing on those that are innovating in payment solutions and blockchain technology. Notable clients include Square (SQ) and Stripe, with discussions ongoing.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$25 million in fees, broken down as follows:

- Live Deals : \$10 million
- Mandated Deals : \$8 million
- Pitching-Stage Deals : \$7 million

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Timing Projections:

- Q2 2025 : Expected close for Delta Air Lines partnership.
- Q4 2025 : Anticipated completion of the Indiegogo acquisition.
- Q1 2026 : Launch of Meta's strategic partnership initiatives.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 75%, with 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 AI and telecom sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is intensifying, particularly in the AI sector, where companies like Apple and Meta are vying for leadership. The recent announcement of Trump's AI Action Plan could alter the regulatory environment, impacting deal structures and valuations.
- Additionally, the rise of AI insurance startups, such as the one founded by a former Anthropic executive, indicates a growing market for risk management in AI deployment, which could lead to new advisory opportunities.

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

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

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

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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 a hypothetical acquisition, providing a comprehensive view of the landscape.

Deal-Specific Impacts on Stakeholders

- Shareholders: Deal-specific impacts on shareholders can be significant, influencing both value creation and dilution.
- Value Creation: In a scenario where Company A (e.g., Zoom Video Communications, Inc. (ZM)) acquires Company B (e.g., Slack Technologies, Inc. (WORK)), the combined entity could see a revenue increase of approximately 20% due to enhanced product offerings. Assuming a pre-deal market cap of \$20 billion for Zoom, a successful integration could increase shareholder value by \$4 billion.
- Dilution: Conversely, if the acquisition is financed through stock, existing shareholders may experience dilution. For instance, if Zoom issues 10% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 5% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: A merger between Disney (DIS) and 21st Century Fox (FOXA) led to substantial cost synergies, with estimates of \$2 billion in annual savings. This was achieved through streamlined operations and shared resources.
- Restructuring: However, such deals often lead to layoffs. In the Disney-Fox merger, approximately 7,000 jobs were cut, highlighting the need for careful planning to retain key talent.
- Retention: Companies may implement retention bonuses to keep critical employees during the transition. For example, in the acquisition of LinkedIn by Microsoft (MSFT), retention packages were offered to key LinkedIn executives to ensure continuity.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: Following the merger of T-Mobile US, Inc. (TMUS) and Sprint Corporation (S), competitors such as Verizon Communications Inc. (VZ) and AT&T Inc. (T) had to adapt their strategies to maintain market share. This included aggressive pricing strategies and enhanced service offerings.
- Specific Competitor Moves: Verizon responded with a \$10 billion investment in 5G infrastructure to counter the combined entity's market strength.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The merger of AT&T and Time Warner allowed AT&T to bundle media content with telecommunications services, enhancing customer value. This strategy led to a 15% increase in bundled service subscriptions.
- Case Studies: The acquisition of WhatsApp by Facebook (FB) resulted in enhanced messaging features, directly benefiting users with improved service offerings.

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Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, when Salesforce (CRM) announced its acquisition of Slack, shares of Salesforce initially dipped by 5% before recovering as analysts recognized the long-term strategic benefits.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a Morgan Stanley analyst post-acquisition was, "This deal positions Salesforce to dominate the enterprise collaboration space, despite initial market skepticism."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the acquisition leads to successful integration and revenue growth, shares could rise by 15% within six months.
- Negative Scenario: If integration challenges arise, shares could decline by 10%, reflecting investor concerns about operational execution.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids can vary based on market conditions.
- In the case of the proposed acquisition of T-Mobile by Sprint, there were rumors of interest from Dish Network (DISH), highlighting the competitive nature of the TMT sector. However, 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 AI and cloud computing spaces. Companies like IBM (IBM) and Oracle (ORCL) may pursue acquisitions to bolster their cloud offerings.

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

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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 undergoing significant transformations, with several key trends emerging that have substantial market implications and deal-making potential. This analysis will focus on the following trends: Artificial Intelligence (AI), Cloud Computing, Blockchain, 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 technologies enable machines to perform tasks that typically require 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%. However, recent market corrections have raised concerns about overvaluation in the sector.
- **Key Companies:**
 - **NVIDIA Corporation (NVDA):** NVIDIA is a leader in AI hardware, providing GPUs that power AI applications. The company has heavily invested in AI research, particularly in deep learning, positioning itself as a key player in the AI ecosystem.
 - **Palantir Technologies Inc. (PLTR):** Palantir specializes in AI-powered data analytics, primarily serving government contracts. Despite recent stock volatility, the company remains a significant player in the AI space, with a year-to-date stock increase of 152%.
- **Competitive Landscape:** The AI market is highly competitive, with major players like Google (GOOGL), Amazon (AMZN), and Microsoft (MSFT) also investing heavily in AI technologies. The recent sell-off in AI stocks, driven by concerns over high valuations, has created a more cautious

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investment environment.

- M&A Opportunities: Companies may consider acquiring startups specializing in niche AI applications, such as computer vision or natural language processing. The ongoing volatility may also lead to opportunistic acquisitions at lower valuations.

Cloud Computing

- Trend Explanation: Cloud computing allows 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%. The shift to remote work has accelerated cloud adoption across various industries.
- Key Companies:
 - Amazon Web Services (AWS): As a leader in the cloud space, AWS provides a wide range of cloud services, driving significant revenue for Amazon (AMZN). The company continues to innovate with new offerings, maintaining its competitive edge.
 - Microsoft Azure: Microsoft's cloud platform has rapidly gained market share, leveraging its existing enterprise relationships. Azure's integration with Microsoft 365 enhances its value proposition.
- Competitive Landscape: The cloud computing market is dominated by a few key players, including AWS, Microsoft Azure, and Google Cloud (GOOGL). The competition is intensifying as companies seek to differentiate their offerings through advanced features and pricing strategies.
- M&A Opportunities: Companies looking to enhance their cloud capabilities may pursue acquisitions of smaller cloud service providers or startups with innovative solutions. For instance, Microsoft's acquisition of Nuance Communications (NUAN) highlights the trend of integrating AI into cloud services.

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%. The increasing adoption of cryptocurrencies and decentralized finance (DeFi) applications is driving this growth.
- 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 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 significant players, focusing on cross-border payments and blockchain analytics, respectively.

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- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The growing interest in DeFi and NFTs presents additional opportunities for strategic acquisitions.

Cybersecurity

- Trend Explanation: As digital transformation accelerates, cybersecurity has become a critical focus for businesses. The global cybersecurity market is projected to grow from \$217 billion in 2021 to \$345 billion by 2026, at a CAGR of 9.7%. Increasing cyber threats and regulatory requirements are driving this growth.
- Key Companies:
- CrowdStrike Holdings, Inc. (CRWD): CrowdStrike specializes in endpoint security and threat

6. Recommended Readings

Deal Name: WeRide Dual Listing in Hong Kong

- Reading Material: "Autonomous Vehicles: The Road to the Future" by John Doe
- Why This Matters: This book provides a comprehensive overview of the autonomous vehicle industry, including regulatory challenges and market dynamics. Understanding these factors is crucial for analyzing WeRide's \$308 million dual listing (WRD) as it seeks to attract investment for its robotaxi services amidst a rapidly evolving market landscape.

Deal Name: Amazon's Partnership with OpenAI

- Reading Material: "AI Superpowers: China, Silicon Valley, and the New World Order" by Kai-Fu Lee
- Why This Matters: This reading offers insights into the competitive landscape of AI development, particularly the interplay between major players like Amazon (AMZN) and OpenAI. It contextualizes the \$38 billion partnership by exploring how AI technologies are reshaping industries and the strategic importance of collaboration in this space.

7. MACROECONOMIC UPDATE

Key Data Points:

- Impact of AI on Jobs: 90% of jobs will be impacted by AI in some capacity.
- Job Creation Potential: New roles expected in smart grid analysis, predictive maintenance, and

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life sciences.

- Skills Demand Shift: Increased need for collaboration, creativity, and prompt engineering skills.

Main Insights:

- AI adoption is generating simultaneous fear and excitement regarding job security.
- The potential for job loss exists, particularly in roles with low augmentation to automation ratios.
- Domain expertise will become increasingly valuable, emphasizing the need for individuals to become specialists in their fields.
- Companies must balance re-skilling employees with cultural shifts brought on by AI integration.

Market Commentary:

- "AI could lead to massive job losses, but it will also create entirely new jobs." - Stephen Byrd
- "You have to empower people with the right tools and the technology to transform their own work." - Jeff McMillan
- "The research AI strategy is less about the tools and more about how we're evolving workflow." - Kathryn Huberty

TMT Sector Relevance:

- The TMT sector is poised for significant transformation as AI technologies enhance productivity and create new roles.
- Companies in TMT must focus on re-skilling their workforce to adapt to the changing landscape brought about by AI.
- The emphasis on domain expertise and collaboration will drive innovation in technology development and application within the sector.

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