

APAC TMT Sector M&A & Valuation TLDR - 2025-10-21

APAC TMT Sector

Generated on 2025-10-21

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1. 30-Second TL;DR

- The TMT sector is experiencing positive sentiment, driven by strong IT performance and easing inflation, with HCL Technologies forecasting 3%-5% revenue growth.
- The average EV/EBITDA multiple for the sector is 15.5x, with high-growth areas like AI (22.5x) and software (20.3x) commanding premiums.
- Key drivers include strong IT stock performance and easing inflation, while headwinds involve valuation concerns and global economic uncertainty.

2. 1-Minute TL;DR

- The TMT sector is currently buoyed by strong IT stock performance, particularly HCL Technologies, which has reaffirmed its revenue growth guidance of 3%-5%.
- The average EV/EBITDA multiple across the sector stands at 15.5x, with software and AI sectors attracting higher valuations at 20.3x and 22.5x, respectively.
- Positive market drivers include strong IT performance and falling inflation, while challenges include concerns over the overvaluation of large-cap IT stocks and geopolitical tensions.
- Investors are advised to focus on high-growth areas like AI and fintech while being cautious with traditional sectors like telecom and media.

3. 2-Minute TL;DR

- The TMT sector is experiencing a favorable landscape, driven by strong performance in IT stocks, particularly HCL Technologies, which has maintained its revenue growth forecast of 3%-5%. The sector's average EV/EBITDA multiple is approximately 15.5x, with notable variations: software at 20.3x, AI at 22.5x, telecom at 9.8x, and media at 12.1x.
- Key market drivers include a rally in IT stocks and a significant drop in India's retail inflation to an eight-year low of 1.54%, which may lead to a rate cut by the Reserve Bank of India. However, headwinds such as valuation concerns and global economic uncertainties persist.

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- The banking pipeline in the TMT sector is robust, with live deals in telecom and AI integration, expected to generate approximately \$30 million in fees. Analysts recommend focusing on high-growth areas and monitoring regulatory developments.
- Overall, the TMT sector is positioned for growth, but investors should remain vigilant regarding market dynamics and potential risks associated with geopolitical tensions and valuation pressures.