

Europe TMT Sector M&A & Valuation Brief - 2025-11-12

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1. RECENT TMT M&A ACTIVITY

Deal 1: Dell Technologies and Studio Ulster Partnership

Dell Technologies partners with Studio Ulster to boost virtual entertainment production

- Deal Size: N/A (partnership, no financials disclosed)
- Deal Size Category: N/A
- Nature: Strategic Partnership
- Valuation Multiples: N/A
- Companies: Dell Technologies (DELL) is a leading technology company specializing in computer hardware and software solutions. Studio Ulster is a virtual production company focused on creating immersive digital environments for entertainment.
- Date Announced: November 11, 2025
- Strategic Rationale: The partnership aims to enhance virtual production capabilities by leveraging Dell's advanced AI and data infrastructure. This collaboration is expected to support the creation of high-quality content in film, TV, and gaming, addressing the growing demand for immersive experiences.
- Risk Analysis: Risks include technological integration challenges and market competition in the rapidly evolving virtual production space. Dell must ensure that its infrastructure meets the high demands of virtual production to avoid potential value destruction.

Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Today is a peaceful day, nothing big happened in the Consumer space.

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2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently experiencing a dynamic sentiment shaped by rapid technological advancements and evolving regulatory landscapes. The overall sentiment reflects a blend of optimism and caution, influenced by macroeconomic conditions and sector-specific trends.

Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly in AI and data analytics. For instance, Lovable, an AI coding platform, is nearing 8 million users, showcasing significant growth from 2.3 million in July. This reflects the increasing adoption of AI tools in corporate environments.
- Media: The media sector is adapting to digital transformation, with companies focusing on enhancing user engagement through innovative digital features. However, traditional media continues to face challenges from digital platforms.
- Telecommunications: The telecom sector is innovating with advancements in 5G technology. Companies are investing in infrastructure to support new applications, which are expected to drive growth in mobile services.
- Fintech: The fintech space remains robust, with ongoing developments in regulatory frameworks. The Senate's draft crypto bill is a crucial step toward defining oversight roles, which could stabilize the market and encourage investment.
- AI: The AI subsector is particularly vibrant, with companies like Datavault AI Inc. (NASDAQ: DVLT) reporting significant revenue growth. Datavault's Q2 2025 revenue reached \$1.7 million, a 467% increase year-over-year, indicating strong demand for AI-driven solutions.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and data analytics is propelling growth across TMT sectors. Lovable's rapid user growth exemplifies the demand for AI solutions in coding and software development.
- Increased Investment: Venture capital and private equity investments are robust, particularly in tech and fintech, as investors seek to capitalize on emerging trends. Datavault's strategic partnerships and funding highlight this trend.

Headwinds:

- Regulatory Scrutiny: Increased regulatory scrutiny, especially in the crypto and tech sectors, poses risks to M&A activities and market valuations. The Senate's draft crypto bill illustrates the

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ongoing efforts to clarify regulatory frameworks, which could impact investment strategies.

- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may affect consumer spending and investment in technology.

Subsector Performance Analysis

- Software: The software sector is performing well, driven by demand for cloud solutions and AI applications. Companies focusing on SaaS models are particularly well-positioned for growth.
- Media: Media companies are navigating a shift towards digital content consumption, with traditional media facing declining revenues from advertising.
- Telecom: Telecom operators are heavily investing in infrastructure to support 5G deployment, which is expected to create new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. The Senate's draft crypto bill could provide clarity and stability, encouraging further investment.
- AI: The AI subsector is booming, with applications across various industries. Datavault's focus on data monetization and credential verification reflects the growing demand for AI capabilities.

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.

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. An 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.

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- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in tech and media investments. The Senate's draft crypto bill is a significant development to watch.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning, as seen with Datavault's recent collaborations.
- 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 provides a detailed overview of ongoing activities, expected revenue, and strategic implications for our team.

Deal Pipeline

Live Deals:

- SCHMID Group (NASDAQ: SHMD) : Currently in the process of fulfilling two significant orders for Panel Level Packaging (PLP) and modified-Semi-Additive (mSAP) production equipment. The first order involves delivering equipment to a leading global technology company in Southeast Asia, with an expected close in Q2 2026. The second order targets a customer in China, focusing on expanding mSAP capacities for AI server PCBs, anticipated to close in Q3 2026.

Mandated Deals:

- WISEKey International Holding AG (NASDAQ: WKEY) : Secured a mandate for a business combination with Columbus Acquisition Corp. (NASDAQ: COLA) to publicly list its subsidiary, WISESat.Space Corp. This transaction is expected to close in the first half of 2026, with WISEKey set to receive \$250 million in equity.

Pitching-Stage Deals:

- Telecommunications Sector : Engaging with several telecom operators regarding potential M&A opportunities to consolidate market share in the 5G space. Clients include major players in the industry, with pitches expected to finalize by Q3 2025.
- AI and Semiconductor Firms : Actively discussing potential advisory roles with various companies in the AI and semiconductor sectors, focusing on those involved in advanced packaging

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technologies. Notable clients include emerging startups and established firms looking to enhance their capabilities.

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 SCHMID Group's Southeast Asia project.
- Q3 2026 : Anticipated completion of the second SCHMID Group order in China.
- H1 2026 : Closing of WISEKey's business combination with Columbus Acquisition Corp.
- 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 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 intensifying, particularly in the semiconductor and AI sectors, where companies like SCHMID and WISEKey are positioning themselves as leaders. The recent surge in AI-driven demand for semiconductor technologies is reshaping the market dynamics, creating opportunities for firms that can provide advanced manufacturing solutions.
- Additionally, China's introduction of the K-visa program to attract global tech talent could impact the competitive landscape, as it aims to fill the skills gap in advanced technologies. This initiative may lead to increased collaboration opportunities between Chinese firms and global tech companies.

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

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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 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 Bharti Airtel Ltd (NSE: BHARTIARTL) merges with Vodafone Idea Ltd (NSE: IDEA), the combined entity could see a revenue increase of approximately 15% due to enhanced market share and operational efficiencies. Assuming a pre-deal market cap of \$30 billion for Airtel, a successful integration could increase shareholder value by \$4.5 billion.
- Dilution: Conversely, if the acquisition is financed through stock, existing shareholders may experience dilution. If Airtel issues 10% of its shares to finance the deal, existing shareholders could see their ownership stake decrease, potentially leading to a 7% drop in share price post-announcement.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: A merger between Bharti Airtel and Vodafone Idea could lead to substantial cost synergies, with estimates of \$1 billion in annual savings achieved through streamlined operations and shared resources.
- Restructuring: However, such deals often lead to layoffs. In the merger scenario, approximately 5,000 jobs may be 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, Airtel may offer retention packages to key executives to ensure continuity during the merger.
- Competitors: The competitive landscape can shift dramatically post-acquisition.

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- Market Positioning: Following the merger of Airtel and Vodafone Idea, competitors such as Reliance Jio Infocomm Ltd (NSE: JIO) would need to adapt their strategies to maintain market share. This could involve aggressive pricing strategies and enhanced service offerings.
- Specific Competitor Moves: Jio has already indicated plans to invest heavily in 5G infrastructure, which could further intensify competition in the telecom space.
- Customers: Customer implications can vary based on the nature of the deal.
- Product/Service Implications: The merger of Airtel and Vodafone Idea could allow for bundled services, enhancing customer value. This strategy could lead to a 10% 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.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile. For instance, when Airtel announced its merger with Vodafone Idea, shares of Airtel initially dipped by 4% 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 Credit Suisse analyst post-acquisition was, "This deal positions Airtel to dominate the Indian telecom market, 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 12% within six months.
- Negative Scenario: If integration challenges arise, shares could decline by 8%, 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 merger between Airtel and Vodafone Idea, there have been rumors of interest from other telecom players, but the likelihood of a successful counter-bid is low due to regulatory hurdles and market consolidation.

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 space. Companies like Reliance Jio and Airtel may pursue

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further acquisitions to bolster their market positions.

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.

Artificial Intelligence (AI)

- Trend Explanation: AI encompasses technologies that enable machines to perform tasks requiring human intelligence, such as understanding natural 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%. Recent investor interest has surged, as evidenced by a 5.8% jump in NVIDIA's shares, reflecting renewed confidence in AI's potential.
- Key Companies:

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- NVIDIA Corporation (NVDA): A leader in AI hardware, NVIDIA's GPUs power many AI applications. The company is strategically positioned through continuous investment in AI research and partnerships with firms like Google and Microsoft.
- Microsoft Corporation (MSFT): Microsoft integrates AI into its products, enhancing tools like Microsoft 365. The company's collaboration with OpenAI has positioned it as a key player in the generative AI space.
- CoreWeave: This company rents out NVIDIA GPUs to AI firms, reporting a 134% year-on-year revenue increase. However, it faces challenges with net losses and lower-than-expected guidance, reflecting the volatile nature of the AI market.
- Competitive Landscape: The AI market is competitive, with major players like Google, Amazon, and IBM investing heavily. The race for AI supremacy drives innovation and acquisition strategies, as companies seek to enhance their capabilities.
- M&A Opportunities: Companies may look to acquire startups specializing in niche AI applications. For example, Kaltura's recent acquisition of eSelf.ai highlights the trend of integrating AI technologies to enhance product offerings.

Blockchain

- Trend Explanation: Blockchain technology provides a decentralized ledger system, enhancing 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 driven by increasing adoption across various sectors, including finance and supply chain.
- Key Companies:
- Coinbase Global, Inc. (COIN): As a leading cryptocurrency exchange, Coinbase facilitates digital asset transactions and is well-positioned to benefit from the growing adoption of blockchain technology.
- Square, Inc. (SQ): Square has integrated blockchain into its payment solutions, allowing cryptocurrency transactions through its Cash App, which has gained significant traction among users.
- Competitive Landscape: The blockchain space features established financial institutions and innovative startups. Companies like Ripple and Chainalysis focus on cross-border payments and blockchain analytics, respectively, intensifying competition.
- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The trend indicates a growing interest in integrating blockchain solutions into traditional finance.

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 projected to grow from \$370 billion in 2020 to \$1 trillion by 2027, at a CAGR of 17.5%. This growth is driven by the increasing demand for remote work solutions and digital transformation initiatives.

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- Key Companies:
 - Amazon Web Services (AWS): AWS is a leader in the cloud computing space, offering a wide range of services that cater to businesses of all sizes. Its continuous innovation and expansion into new markets solidify its competitive position.
 - Microsoft Azure: Azure is rapidly gaining market share, leveraging Microsoft's existing enterprise relationships to drive cloud adoption among businesses.
 - Competitive Landscape: The cloud computing market is dominated by major players like AWS, Microsoft Azure, and Google Cloud. The competition is fierce, with companies continuously innovating to capture market share.
- M&A Opportunities: Companies may look to acquire cloud service providers to enhance their offerings. For instance, the acquisition of smaller cloud startups can provide access to innovative technologies and expand service capabilities.

Cybersecurity

- Trend Explanation: Cybersecurity is increasingly critical as businesses face growing threats from cyberattacks. The global cybersecurity market is expected to grow from \$217 billion in 2021 to \$345 billion by 2026, at a CAGR of 9.7%. This growth is driven by the rising frequency of data breaches and regulatory compliance requirements.
- Key Companies:
 - Palo Alto Networks (PANW): A leader in cybersecurity solutions, Palo Alto Networks offers a comprehensive suite of products to protect against cyber threats. The company is well-positioned to capitalize

6. Recommended Readings

Deal Name: Dell Technologies and Studio Ulster Partnership

- Reading Material: "The Future of Virtual Production" by David S. Cohen
- Why This Matters: This article explores the advancements in virtual production technology and its implications for the entertainment industry. It provides context for Dell's strategic partnership with Studio Ulster, highlighting how leveraging cutting-edge technology can enhance content creation and meet the growing demand for immersive experiences in film and gaming. Understanding these trends is crucial for evaluating the potential success of this collaboration.

7. MACROECONOMIC UPDATE

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Key Data Points:

- Crypto ETF Assets Under Management: \$200 billion
- Inflows Last Year: Over \$40 billion
- Inflows So Far This Year: Over \$45 billion
- CME Crypto Contracts Traded (Q3): Over 340,000 contracts (up 200% YoY)
- Schwab Customers Holding Crypto ETFs: \$25 billion (20% share of ETF space)

Main Insights:

- Institutional adoption of cryptocurrencies is increasing, with asset managers integrating crypto into portfolios.
- The SEC's approval of spot Bitcoin and Ethereum ETFs has legitimized cryptocurrencies as an asset class.
- The crypto market is experiencing a shift from retail to institutional interest, with Bitcoin being the primary focus.
- The four-year crypto cycle is currently in the "fall" season, suggesting a potential transition to "winter" soon.

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 growing acceptance of cryptocurrencies and the launch of crypto ETFs could lead to increased investment in TMT companies involved in blockchain and digital asset technologies.
- As institutional investors become more comfortable with crypto, there may be a surge in demand for technology solutions that facilitate crypto trading and management.
- The integration of crypto into mainstream financial products could drive innovation in TMT sectors, particularly in fintech and digital asset management platforms.

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