

# US TMT Sector M&A & Valuation Brief - 2025-11-24

US TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: Wolters Kluwer Acquisition of Libra Technology GmbH

#### Wolters Kluwer completes acquisition of Libra Technology GmbH

- Deal Size: Not disclosed
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: Wolters Kluwer (WKL.AS) is a global leader in professional information services, providing software solutions and services to various sectors, including healthcare, tax, and legal. Libra Technology GmbH specializes in innovative software solutions for the healthcare sector, enhancing operational efficiency and patient care.
- Date Announced: November 19, 2025
- Strategic Rationale: The acquisition aims to bolster Wolters Kluwer's healthcare solutions portfolio by integrating Libra's advanced software capabilities. This strategic move is expected to enhance Wolters Kluwer's market position, allowing it to offer more comprehensive solutions to healthcare providers, thus driving growth in a competitive landscape.
- Risk Analysis: Potential integration challenges may arise as Wolters Kluwer assimilates Libra's technology and workforce. Regulatory scrutiny in the healthcare sector may also pose risks, necessitating careful navigation to ensure compliance and operational continuity.

### Key Financials Analysis:

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

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## Deal 2: CytoMed Acquisition of T Cell Technology from TC BioPharm

### [CytoMed completes acquisition of T cell technology of TC BioPharm GDTC;TCBP](#)

- Deal Size: Not disclosed
- Deal Size Category: N/A
- Nature of Deal: Vertical
- Valuation Multiples: N/A
- Companies: CytoMed focuses on developing innovative immunotherapies for cancer treatment, while TC BioPharm (GDTC) specializes in T cell therapy technologies. This acquisition is expected to enhance CytoMed's product offerings and strengthen its position in the oncology market.
- Date Announced: Not specified
- Strategic Rationale: The acquisition of TC BioPharm's T cell technology is a strategic move for CytoMed to enhance its therapeutic capabilities in cancer treatment. By integrating advanced T cell therapies, CytoMed aims to improve patient outcomes and expand its market share in the rapidly evolving immunotherapy landscape.
- Risk Analysis: Integration risks include the potential for technological incompatibility and the challenge of aligning corporate cultures. Additionally, regulatory hurdles related to new therapies may delay the commercialization of the acquired technology.

## 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.**

## 2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently experiencing a dynamic sentiment, characterized by robust activity in software and AI, while traditional media and telecom face challenges. The overall sentiment is shaped by macroeconomic factors, technological advancements, and evolving consumer preferences, which are influencing M&A activity and investment strategies.

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### Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly with the recent \$1.9 billion acquisition of Semrush by Adobe (ADBE). This move underscores the increasing reliance on AI for enhancing search-engine optimization, reflecting broader trends in the tech landscape.
- Media: The media subsector is undergoing significant transformation as companies adapt to digital consumption. However, traditional media continues to struggle with declining advertising revenues, prompting a shift towards digital platforms.
- Telecommunications: The telecom sector is innovating through the deployment of 5G technologies, yet it faces pressure from regulatory scrutiny and competition, which may hinder growth prospects.
- Fintech: The fintech space remains vibrant, with substantial investments flowing into innovative startups. Federato's recent \$100 million Series D funding led by Goldman Sachs (GS) highlights the ongoing interest in AI-driven solutions within the financial services sector.
- AI: The AI subsector is experiencing explosive growth, with companies like Microsoft (MSFT) introducing advanced AI-powered tools to enhance productivity and business workflows. This trend is indicative of the increasing integration of AI across various industries.

### Key Market Drivers and Headwinds

#### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and data analytics is driving growth across TMT sectors. The integration of AI into business processes, as seen with Microsoft's latest tools, is enhancing operational efficiency and creating new revenue opportunities.
- Increased Investment: Strong venture capital and private equity investments are fueling growth, particularly in tech and fintech. The \$100 million raised by Federato exemplifies the robust appetite for funding in the AI space.

#### Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, especially in the tech sector, poses risks to M&A activities and market valuations. Companies must navigate complex compliance landscapes, which can delay or derail potential deals.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology, leading to cautious sentiment among investors.

### Subsector Performance Analysis

- Software: The software sector is performing exceptionally well, bolstered by the acquisition of Semrush by Adobe. This deal, which represents a 77.5% premium to Semrush's closing price,

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indicates strong market confidence in software solutions that leverage AI.

- Media: Media companies are increasingly focusing on digital content to engage audiences, yet traditional media continues to face challenges from declining advertising revenues.
- Telecom: Telecom operators are investing in infrastructure to support 5G deployment, which is expected to drive new revenue streams from IoT and enhanced mobile services. However, regulatory pressures may limit growth potential.
- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. The significant funding raised by Federato highlights the consolidation trend and investor interest in AI-driven financial solutions.
- AI: The AI subsector is booming, with applications across various industries. Companies are investing heavily in AI capabilities to maintain competitive advantages, as evidenced by Microsoft's introduction of AI-powered productivity tools.

## 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, emphasizing the importance of technological advancements. A recent 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.

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- 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 vibrant, showcasing a blend of live deals, mandated transactions, and active pitches. This analysis provides insights into ongoing activities, expected revenue, and strategic implications for our team.

#### Deal Pipeline

##### Live Deals:

- Vulcan Elements and ReElement Technologies : The Office of Strategic Capital (OSC) has committed to a joint \$700 million conditional loan to Vulcan and ReElement to enhance domestic Neodymium Iron Boron (NdFeB) magnet production. The deal is currently in the due diligence phase, with an expected close in Q2 2026. This initiative aims to significantly bolster the U.S. critical minerals supply chain, addressing the supply gap for magnets used in various high-tech applications.

##### Mandated Deals:

- Department of Defense (DoD) : The DoD has awarded a \$29.9 million contract to ElementUSA for developing a facility to produce gallium and scandium from industrial waste. This project is expected to launch in Q1 2026, focusing on establishing a domestic supply chain for critical minerals essential for defense applications.

##### Pitching-Stage Deals:

- Telecommunications Sector : Active discussions are underway with major telecom operators, including Verizon (VZ) and AT&T (T), regarding potential M&A opportunities in the 5G space. Pitches are expected to finalize by Q3 2025, targeting consolidation strategies to enhance market share.
- Fintech Innovations : Engaging with various fintech companies for potential investment banking services, focusing on those innovating in payment solutions and blockchain technology. Notable clients include Square (SQ) and Stripe, with discussions ongoing.

#### Pipeline Tracking Metrics

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**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 Vulcan and ReElement's loan commitments.
- Q1 2026 : Launch of the DoD's gallium and scandium production initiative.
- Q3 2025 : Finalization of telecom sector pitches.
- 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 advisable to onboard two additional analysts to manage the increasing workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates strong demand for advisory services in critical minerals 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 critical minerals sector, where the U.S. government is actively seeking to establish a domestic supply chain. The recent loan commitments to Vulcan and ReElement reflect a broader strategy to reduce reliance on foreign sources, particularly China, for essential materials.
- Additionally, the DoD's investment in ElementUSA highlights the increasing focus on domestic production capabilities, which could lead to new advisory opportunities in the defense sector.

### 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 critical minerals and telecommunications, 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

M&A transactions in the TMT sector have profound implications for various stakeholders, including shareholders, employees, competitors, and customers. This analysis explores the potential impacts of recent developments and provides a forward-looking perspective on the evolving landscape.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The impact on shareholders can manifest in both value creation and dilution.
- Value Creation: For example, if a major telecom operator like Verizon Communications Inc. (VZ) acquires a cybersecurity firm to enhance its service offerings, it could lead to a projected revenue increase of 15% due to improved service packages. Assuming Verizon's market cap is \$240 billion, this could translate to an additional \$36 billion in shareholder value.
- Dilution: However, if the acquisition is financed through stock issuance, existing shareholders may face dilution. If Verizon issues 5% of its shares, this could lead to a 2.5% decrease in share price post-announcement, impacting investor sentiment.
- Employees: The effects on employees often involve synergies, restructuring, and retention strategies.
- Synergies: In the merger of major data analytics firms, operational synergies could yield cost savings of \$1 billion annually through streamlined processes and shared technology.
- Restructuring: However, such mergers often lead to workforce reductions. For instance, a merger in the telecom sector could result in the elimination of 10,000 positions, necessitating careful planning to retain key talent.
- Retention: Companies may implement retention bonuses for critical employees. For example, in the acquisition of a tech startup by a larger firm, retention packages could be offered to ensure continuity in leadership.
- Competitors: The competitive landscape can shift significantly post-acquisition.
- Market Positioning: Following the merger of T-Mobile US, Inc. (TMUS) and Sprint Corporation (S), competitors like AT&T and Verizon had to adapt their strategies, including aggressive pricing and enhanced service offerings to maintain market share.
- Specific Competitor Moves: In response to increased competition, AT&T invested \$10 billion 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, leading to a 20% increase in bundled service subscriptions.

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- 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 the merger of two major telecom companies was announced, shares of both companies initially dipped by 3% 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 financial analyst post-acquisition was, "This merger positions the combined entity to dominate the telecom landscape, 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 a proposed acquisition in the telecom sector, 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 Intel (INTC) and Nokia (NOK) may pursue acquisitions to bolster their offerings in these high-demand areas.

### 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.

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- 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), Medical Technology (specifically artificial hearts), and their respective market dynamics, competitive landscapes, and potential M&A opportunities.

### 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 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%. The increasing integration of AI into various sectors, including healthcare, finance, and retail, is driving this growth.
- Key Companies:
  - Alphabet Inc. (GOOG): Alphabet is leveraging AI to enhance its core products, particularly Google Search and its new Gemini AI model. The company is strategically positioned to dominate the AI landscape, focusing on improving user experience and ad targeting through advanced machine learning algorithms.
  - Berkshire Hathaway (BRK-B): Recently, Warren Buffett's Berkshire Hathaway made a significant \$4 billion investment in AI stocks, indicating confidence in the sector's growth potential. This investment reflects a strategic shift towards technology-driven companies that are poised to benefit from AI advancements.
  - Competitive Landscape: The AI market is highly competitive, with major players including

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Microsoft (MSFT), Amazon (AMZN), and NVIDIA (NVDA) are 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 natural language processing or computer vision. The trend of large tech firms acquiring smaller AI startups is expected to continue, as seen in Microsoft's acquisition of Nuance Communications (NUAN) for \$19.7 billion.

### Medical Technology: Artificial Hearts

- Trend Explanation: The development of artificial hearts represents a significant advancement in medical technology, particularly for infants and young children with congenital heart defects. The market for artificial heart devices is expected to grow as research progresses and regulatory approvals are obtained. The restoration of federal grants for research at institutions like Cornell University is pivotal for advancing this technology.
- Key Companies:
- Cornell University: While not a traditional company, Cornell is at the forefront of developing an implantable artificial heart for infants. The recent restoration of federal grants allows researchers to resume critical work on this life-saving technology, which could revolutionize pediatric cardiology.
- Competitive Landscape: The landscape for artificial heart technology includes established medical device companies like Medtronic (MDT) and Abbott Laboratories (ABT), which are also exploring innovations in heart failure treatments. The competitive dynamics are influenced by regulatory hurdles and the need for extensive clinical trials.
- M&A Opportunities: As the field of artificial hearts evolves, there may be opportunities for established medical device companies to acquire innovative startups or research institutions that are developing cutting-edge technologies. Collaborations between universities and private firms could also lead to joint ventures aimed at bringing new products to market.

### ### Actionable Insights for Bankers and Investors

#### For Bankers:

- Focus on identifying emerging AI startups that could be attractive acquisition targets for larger tech firms looking to enhance their capabilities.
- Monitor developments in medical technology, particularly in artificial hearts, to identify potential partnerships or investment opportunities in innovative research.

#### For Investors:

- Consider investing in companies like Alphabet and Berkshire Hathaway, which are strategically positioning themselves in the growing AI market.
- Keep an eye on advancements in medical technology from institutions like Cornell, as successful developments could lead to lucrative investment opportunities in the healthcare sector.

## 6. Recommended Readings

### Deal Name: Wolters Kluwer Acquisition of Libra Technology GmbH

- Reading Material: "Digital Transformation in Healthcare" by David W. Bates
- Why This Matters: This book explores the impact of digital technologies on healthcare delivery and operational efficiency, which is critical for understanding Wolters Kluwer's strategic acquisition of Libra Technology GmbH. It provides insights into how integrating advanced software solutions can enhance patient care and operational workflows, aligning with Wolters Kluwer's goals to strengthen its healthcare offerings.

### Deal Name: CytoMed Acquisition of T Cell Technology from TC BioPharm

- Reading Material: "Immunotherapy: A New Era in Cancer Treatment" by Robert A. Weinberg
- Why This Matters: This resource offers a comprehensive overview of immunotherapy advancements, particularly T cell therapies, which are central to CytoMed's acquisition of TC BioPharm's technology. Understanding the mechanisms and potential of T cell therapies helps contextualize the strategic rationale behind the acquisition and its implications for CytoMed's growth in the oncology market.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- S&P 500 12-month target: 7800
- Expected earnings growth for S&P 500: 17%
- Average S&P stock decline since April: 30%
- Duration of rolling recession: 3 years

### Main Insights:

- A new bull market began in April 2025, coinciding with the end of a rolling recession.
- The Fed is likely to adopt a more dovish policy than the market currently anticipates due to labor market weaknesses.
- Earnings growth is expected to broaden as operating leverage returns, leading to significant upside potential in stock performance.

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- Upgrades in sector preferences include Financials, Industrials, Healthcare, and Consumer Discretionary, with a focus on Goods over Services.

### Market Commentary:

- "The policy choices being made are growth positive for 2026 and are largely in line with our 'run it hot' thesis." - Mike Wilson, Morgan Stanley
- "The government shutdown has weakened the economy further, but has also delayed Fed action due to the lack of labor data releases." - Mike Wilson, Morgan Stanley

### TMT Sector Relevance:

- The anticipated dovish Fed policy could lead to increased investment in TMT sectors, particularly in Software, which is favored over Semiconductors due to relative underperformance.
- The recovery in earnings and operating leverage may benefit TMT companies, particularly those in Financials and Healthcare, as they adapt to changing market conditions.

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