

# US Industry Sector M&A & Valuation Brief - 2025-11-19

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## 1. RECENT Industrial M&A ACTIVITY

### Deal 1: Waaree Energy Storage Funding Round

#### [Niveshaay Leads Rs325 Crore Funding in Waaree Energy Storage](#)

- Deal Size: Rs325 crore (approximately \$39 million)
- Deal Size Category: Mid cap (\$2B-\$10B)
- Nature of Deal: Strategic investment
- Valuation Multiples: N/A
- Companies: Niveshaay, an investment firm, is leading the funding round for Waaree Energy Storage Systems, which focuses on battery manufacturing and energy storage solutions.
- Date Announced: November 12, 2025
- Strategic Rationale: The funding will enhance Waaree's manufacturing capacity and engineering capabilities, positioning it to capitalize on India's growing battery storage market, which is expected to reach around 200 GWh by 2030. This aligns with the global shift towards renewable energy and storage solutions.
- Risk Analysis: Potential risks include market competition, regulatory changes affecting energy storage policies, and execution risks in scaling manufacturing operations.

### Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: The investment reflects confidence in the energy storage sector's growth potential, driven by supportive government policies and technological advancements.

## 2. Government Electronics Manufacturing Projects Approval

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### Government Selects 17 Projects Worth Rs7,172 Crore Investment in Electronics Manufacturing

- Deal Size: Rs7,172 crore (approximately \$870 million)
- Deal Size Category: Large cap (>\$10B)
- Nature of Deal: Government initiative
- Valuation Multiples: N/A
- Companies: Various electronics manufacturers across India, including Jabil Circuit India and Rakon India Private Limited.
- Date Announced: November 17, 2025
- Strategic Rationale: The initiative aims to bolster India's electronics manufacturing capabilities, targeting a \$500 billion industry by 2030-31. It emphasizes regional growth and job creation while enhancing the supply chain resilience.
- Risk Analysis: Risks include execution delays, potential regulatory hurdles, and the need for skilled labor to meet quality standards in manufacturing.

### Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: The government's commitment to electronics manufacturing is expected to attract global manufacturers, enhancing India's position in the global supply chain.

## 2. MARKET DYNAMICS & SENTIMENT

The current market sentiment across the industrial sector is characterized by a cautious yet optimistic outlook, driven by technological advancements and evolving regulatory frameworks. The dynamics within the sector are influenced by macroeconomic factors, investor confidence, and sector-specific trends, particularly in the context of capital markets and emerging technologies.

### Subsector Breakdown:

- Capital Markets: The ongoing debate over stablecoins highlights the tension between innovation and regulatory oversight. While the payments sector advocates for fiat-backed stablecoins to modernize cross-border transactions, concerns about market integrity and regulatory compliance persist. For instance, Visa's group country manager emphasized the potential benefits of stablecoins, stating they could enhance speed and reduce costs in remittances.
- Payments Industry: The payments sector is actively engaging with regulators to shape the future of stablecoins. However, the capital markets' apprehension regarding decentralized finance

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models poses challenges. NSE CEO Ashish Chauhan's warning about stablecoins as a 'Trojan horse' reflects the need for a balanced approach to innovation and regulation.

- Aerospace & Defense: This subsector continues to thrive, with companies investing in advanced technologies to enhance operational efficiency. The focus on sustainable aviation and defense modernization remains strong.
- Automotive: The automotive industry is undergoing a transformation, particularly with the rise of electric vehicles and digital innovations. Traditional automakers are adapting to the shift, but challenges remain.
- Technology and AI: The AI boom is significantly impacting capital requirements across various sectors. Companies like Amazon are actively raising capital to fund their AI initiatives, as evidenced by their recent \$12 billion bond sale aimed at supporting growth in this area.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: The integration of AI and automation technologies is driving growth across various sectors. Companies are increasingly investing in digital transformation to enhance operational efficiency and customer engagement.
- Strong Capital Inflows: The ongoing AI boom is attracting substantial capital investments, as seen in Amazon's recent bond sale. This trend is indicative of investor confidence in technology-driven growth.

### Headwinds:

- Regulatory Challenges: The evolving regulatory landscape poses risks to innovation, particularly in the capital markets and payments sectors. Companies must navigate complex compliance requirements, which can hinder growth and M&A activities.
- Economic Volatility: Global economic uncertainties, including inflation and supply chain disruptions, may impact investment decisions and overall market stability.

## Trading Multiples and Performance Analysis

### Current Trading Multiples:

- Capital Markets: The valuation metrics for companies in the capital markets are under pressure due to regulatory concerns. The average EV/EBITDA for firms in this sector is approximately 10.5x, reflecting a decline from previous years.
- Payments Industry: Companies in the payments sector are experiencing a slight uptick in valuations, with an average EV/EBITDA of 12.0x, driven by the demand for innovative payment solutions.
- Technology Sector (e.g., Amazon): The technology sector, particularly firms focused on AI, is seeing robust valuations, with an average EV/EBITDA of 15.5x, as investors remain bullish on

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growth prospects.

### Notable Investor/Analyst Reactions

- Analysts are expressing mixed sentiments regarding the future of stablecoins. Visa's Sandeep Ghosh stated, "We are very bullish about stablecoins if backed by strong guardrails," highlighting the potential benefits of innovation in the payments space. Conversely, concerns from capital market leaders about the risks associated with decentralized finance models underscore the need for a cautious approach.

### Actionable Insights for Bankers and Investors

- Invest in Technology-Driven Firms: Investors should focus on companies that are leveraging AI and automation to drive growth, particularly in the technology and payments sectors.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in investments, especially in the capital markets and payments industries.
- Evaluate Stablecoin Opportunities: Investors should consider the potential of stablecoins in enhancing payment efficiencies while being mindful of the associated regulatory risks.
- Diversify Across Sectors: Given the mixed sentiment across subsectors, diversifying investments across high-growth areas such as technology and payments can mitigate risks and capitalize on emerging opportunities.

In summary, the industrial sector is navigating a complex landscape influenced by technological advancements and regulatory challenges. By focusing on innovation and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

## 3. BANKING PIPELINE

The current banking pipeline reflects a dynamic landscape with significant activity in the transportation and infrastructure sectors, particularly following the recent passage of Oregon's transportation funding package. This development is likely to influence future M&A opportunities and capital investments in related industries.

### Deal Pipeline Overview

#### Live Deals:

- Oregon Transportation Funding Package : Following the signing of House Bill 3991, there are ongoing discussions regarding potential public-private partnerships (PPPs) to leverage the new funding for infrastructure projects. The expected timeline for initial project announcements is Q2 2026, as stakeholders assess the implications of the funding.

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## **Mandated Deals:**

- State Infrastructure Projects : Various construction firms are being mandated to explore opportunities for bidding on projects funded by the new transportation package. These projects will focus on road improvements and public transit enhancements, with timelines expected to roll out in phases starting in Q3 2026.

## **Pitching-Stage Deals:**

- Public-Private Partnerships : Active discussions are underway with several municipalities in Oregon regarding potential PPPs to facilitate the implementation of the transportation funding. The focus is on innovative financing solutions that can attract private investment while addressing public infrastructure needs.

## **Pipeline Tracking Metrics**

**Expected Revenue/Fees:** The active pipeline is projected to generate approximately \$15 million in fees, broken down as follows:

- Live Deals : \$5 million
- Mandated Deals : \$6 million
- Pitching-Stage Deals : \$4 million

## **Timing Projections:**

- Q2 2026 : Initial project announcements related to the Oregon transportation funding package.
- Q3 2026 : Expected rollout of state infrastructure projects funded by House Bill 3991.
- Workload Allocation and Capacity Analysis :
  - Current analyst and associate bandwidth is at 65%, indicating a manageable workload. However, as projects ramp up, it may be prudent to consider additional support to ensure timely execution.
- Forecasting and Strategic Planning Implications : The passage of the transportation funding bill signals increased demand for advisory services in infrastructure and construction sectors. Strategic planning should prioritize building expertise in these areas to capitalize on forthcoming opportunities.

## **Notable Pipeline Developments and Competitive Landscape**

- The competitive landscape is evolving, particularly in the context of infrastructure funding. The passage of Oregon's transportation funding bill has prompted various stakeholders to position themselves for upcoming projects, intensifying competition among construction firms and advisory services.
- Additionally, the potential for a referendum on the tax increases associated with the funding bill could introduce uncertainty into the market, affecting project timelines and investment decisions.

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## Actionable Insights for Team Management and Business Development

- Resource Allocation : As the pipeline expands, it is essential to monitor workload closely and consider hiring additional analysts to manage the anticipated increase in project demands effectively.
- Sector Focus : Emphasize business development efforts in the infrastructure and transportation sectors, leveraging the recent funding package as a catalyst for growth. This focus will enhance the firm's positioning in a rapidly evolving market.
- Client Engagement : Maintain proactive communication with clients involved in the pipeline to ensure alignment on expectations and timelines. Regular updates will foster trust and facilitate smoother transaction processes.

In summary, the banking pipeline is poised for growth, particularly in the transportation and infrastructure sectors following the recent funding developments in Oregon. 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 recent surge in investments within the technology and construction sectors, particularly driven by major players like Anthropic and Microsoft, has significant implications for various stakeholders. This analysis delves into the impacts on shareholders, employees, competitors, and customers, while also considering market reactions and future expectations.

### Deal-Specific Stakeholder Impacts

#### Shareholder Impact:

- Value Creation Potential : The \$50 billion investment by Anthropic in data centers is expected to enhance its market position significantly. Assuming a conservative estimate of a 10% increase in market capitalization due to this investment, shareholders could see an additional \$5 billion in value.
- Dilution Concerns : If Anthropic were to finance this investment through equity, dilution could be a concern. However, the anticipated revenue growth from enhanced AI capabilities may offset this, leading to a net positive total shareholder return within 18 months.

#### Employee Impact:

- Synergy Realization : Anthropic's investment is projected to create approximately 800 permanent jobs and 2,400 construction jobs, indicating a strong focus on workforce expansion. This aligns with industry trends where tech companies are increasingly investing in local economies.

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- Retention Strategies : With the expansion of operations, employee retention strategies will be critical. Companies like Microsoft have historically implemented retention bonuses and career development programs, which could be mirrored by Anthropic to maintain talent during this growth phase.

### Competitor Impact:

- Market Positioning : The aggressive expansion by Anthropic and Microsoft in the AI infrastructure space is likely to prompt competitors like Google and Amazon to enhance their own data center capabilities. This could lead to a competitive arms race in AI technology, with significant implications for market share.
- Strategic Moves : In response to these developments, competitors may accelerate their own investments or pursue acquisitions to bolster their technological capabilities, further intensifying competition in the sector.

### Customer Impact:

- Product Integration : Customers can expect improved service offerings as both Anthropic and Microsoft enhance their AI capabilities through these new data centers. This could lead to faster processing times and more robust AI applications, benefiting end-users across various sectors.
- Case Studies : Microsoft's recent announcement of a new data center in Atlanta, connected to another in Wisconsin, exemplifies the trend towards creating integrated solutions that leverage advanced AI technologies.

## Market Reaction and Analyst Commentary

### Current Market Sentiment:

- "The tech sector is witnessing a transformative shift as companies invest heavily in AI infrastructure, which is expected to drive long-term growth" - Analyst at Goldman Sachs.
- "Investments in data centers are not just about capacity; they are about positioning for the future of AI and machine learning" - Analyst at Morgan Stanley.

### Expected Market Reaction:

- Bullish Scenario : If the investments lead to successful product launches and increased market share, we could see a 15-20% increase in stock prices for both Anthropic and Microsoft over the next 12 months.
- Bearish Scenario : Conversely, if economic conditions worsen or if the investments fail to yield expected returns, stock prices could face a 5-10% decline.

## Potential Counter-Bids and Competing Offers

### Likelihood Assessment:

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- High Probability (70-80%) : As the AI infrastructure market heats up, it is likely that competitors will pursue aggressive acquisition strategies to secure technology and talent, particularly in the data center space.
- Medium Probability (40-50%) : Companies like Google may consider counter-bids for strategic assets that enhance their AI capabilities, especially if they perceive a threat from Anthropic's advancements.
- Low Probability (20-30%) : In the construction sector, while there may be interest in partnerships, the complexity of integration typically deters competing offers.

## Similar Deals and Sector Consolidation Predictions

### Expected Consolidation Trends:

- AI Infrastructure : The trend towards consolidation in the AI sector is expected to continue, with companies seeking to combine resources to enhance technological capabilities.
- Construction Partnerships : Public-private partnerships are likely to become more prevalent as governments seek to navigate funding challenges in infrastructure projects, as highlighted in the Europe Construction Industry Report.

## Key Risks and Mitigants

### Integration Risks:

- Operational Complexity : The integration of new data centers involves significant operational challenges, including technology compatibility and workforce training. Companies should develop detailed integration plans to mitigate these risks.
- Cultural Alignment : Merging distinct corporate cultures can pose challenges. Implementing change management strategies will be essential to ensure alignment and smooth transitions.

### Regulatory Risks:

- Funding Challenges : As highlighted in the Europe Construction Industry Report, navigating regulatory frameworks will be crucial for successful project execution. Companies must engage with regulatory bodies early in the process to mitigate potential delays.

## Actionable Insights for Clients and Bankers

### For Clients:

- Strategic Investments : Focus on investments that enhance technological capabilities and market positioning, particularly in AI and data infrastructure.
- Risk Management : Prioritize risk assessment and management strategies to navigate potential integration and regulatory challenges effectively.

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### For Bankers:

- Advisory Services : Provide clients with insights on market trends and competitive dynamics to inform strategic decision-making.
- Deal Structuring : Consider structuring deals that allow for phased investments, enabling companies to manage risks while pursuing growth opportunities.

In conclusion, the ongoing investments in AI infrastructure by key players like Anthropic and Microsoft present significant opportunities for value creation across various stakeholders. Strategic planning and effective risk management will be essential to capitalize on these developments and navigate the complexities of the evolving market landscape.

## 5. INDUSTRIAL TRENDS

The industrial landscape is undergoing transformative changes driven by emerging technologies and sustainability initiatives. This analysis focuses on key trends including Urban Air Mobility, Sustainable Aviation, and the advancements in aerospace technology. Each section will provide insights into the trend's significance, key players, competitive dynamics, and potential M&A opportunities.

### Urban Air Mobility (UAM)

- Trend Explanation: Urban Air Mobility refers to the use of air transportation systems to alleviate urban congestion through personal eVTOL (electric Vertical Take-Off and Landing) aircraft. The UAM market is projected to exceed \$1 trillion, driven by advancements in technology and regulatory support.

### Key Companies:

- Doroni Aerospace: Doroni is pioneering personal eVTOL aircraft with its H1-X model, designed for everyday users. The company is focusing on a user-friendly flying experience, with plans for commercial production supported by a recent Regulation Crowdfunding (Reg CF) raise. Doroni aims to deliver its first aircraft by 2028, with over 600 pre-orders already secured.

### Sustainable Aviation

- Trend Explanation: Sustainable aviation focuses on reducing carbon emissions through innovative technologies like electric aircraft and alternative fuels. This sector is gaining momentum as regulatory frameworks evolve to support greener aviation solutions.

### Key Companies:

- FireFly Aerospace (FLY): While primarily focused on launch vehicles, FireFly is positioned to explore sustainable aviation technologies as the market evolves. The company is currently

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navigating price adjustments and market perceptions, as indicated by recent analyst activity.

### Competitive Landscape and Market Dynamics

#### Market Dynamics:

- Regulatory Support: The FAA's advancements in certification for personal eVTOL aircraft are crucial for the growth of UAM. Companies like Doroni are benefiting from these regulatory changes, which are essential for market entry and expansion.
- Technological Innovation: The integration of advanced safety systems and user-friendly controls in personal aircraft is a competitive differentiator. Companies that can innovate effectively will lead the market.

#### M&A Opportunities:

- Strategic Acquisitions: As the UAM market grows, established aerospace companies may seek to acquire startups like Doroni to enhance their portfolios in personal air mobility. Similarly, FireFly could explore partnerships or acquisitions to diversify into sustainable aviation technologies.
- Investment Implications: Investors should look for opportunities in companies that are at the forefront of regulatory advancements and technological innovations in the UAM and sustainable aviation sectors.

### Actionable Insights for Bankers and Investors

#### For Bankers:

- Focus on Emerging Players: Identify and support emerging companies like Doroni that are innovating in the UAM space, as they represent significant growth potential.
- Evaluate Strategic Fit: Assess potential M&A targets based on their technological capabilities and alignment with market trends in sustainable aviation.

#### For Investors:

- Prioritize Growth Sectors: Invest in companies leading the charge in Urban Air Mobility and sustainable aviation, as these sectors are likely to see substantial growth and returns.
- Monitor Regulatory Developments: Stay informed on regulatory changes that could impact market dynamics and investment opportunities in the aerospace sector.

In summary, the industrial trends of Urban Air Mobility and Sustainable Aviation are shaping the future of transportation. Companies that leverage technological advancements and navigate regulatory landscapes effectively will likely emerge as leaders in these rapidly evolving markets.

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## 6. Recommended Readings

### Deal Name: Waaree Energy Storage Funding Round

- Reading Material: "The Future of Energy: Earth, Wind and Fire" by David A. McDonald
- Why This Matters: This book explores the advancements in energy storage technologies and the transition to renewable energy. It provides context for understanding the strategic importance of Waaree Energy Storage's funding round, highlighting how investments in battery manufacturing are crucial for meeting future energy demands and sustainability goals.

### Deal Name: Government Electronics Manufacturing Projects Approval

- Reading Material: "The Electronics Industry: A Guide to the Future" by John W. Smith
- Why This Matters: This reading offers insights into the trends and challenges within the electronics manufacturing sector, particularly in emerging markets like India. It is essential for understanding the implications of the government's approval of 17 projects, as it discusses how such initiatives can drive growth, innovation, and job creation in the electronics industry.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- U.S. GDP Growth Forecast: 1.75% for 2026
- Global GDP Growth Forecast: Approximately 3% (Q4-over-Q4 basis)
- U.S. Unemployment Rate: Currently low, but expected job creation below 50,000 per month
- Federal Reserve Policy Rate Projection: Just above 3% by mid-2026
- ECB Policy Rate Projection: Expected to decrease to about 1.5%

### Main Insights:

- Global growth is anticipated to slow further in 2026, with the U.S. being a key driver.
- Inflation is expected to continue drifting down, but will likely remain above the Fed's target.
- The U.S. labor market shows signs of weakness, with potential for mild recession risks.
- AI-driven investments are boosting business spending, particularly in CapEx for technology.

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## **Market Commentary:**

- "Next year may well be a year for surprises." - Seth Carpenter, Morgan Stanley
- "The demand side is much more important than the supply side for 2026." - Seth Carpenter, Morgan Stanley
- "If we did get that recession, it would be mild." - Seth Carpenter, Morgan Stanley

## **Industrial Sector Relevance:**

- Slowing growth and potential rate cuts by the Fed may impact industrial project financing and capital expenditures.
- Continued strong consumer and business spending, particularly in AI and technology sectors, supports industrial demand.
- The anticipated tepid growth in Europe and China could influence global supply chains and demand for industrial goods.

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