

# US TMT Sector M&A & Valuation Brief - 2025-11-28

US TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: Sutton Group Acquisition of Homicity

#### Sutton Group Announces Acquisition of Homicity and Appointment of New VP Technology

- Deal Size: N/A
- Deal Size Category: N/A
- Nature of Deal: Horizontal
- Valuation Multiples: N/A
- Companies: Sutton Group, a leading Canadian-owned real estate brand, is acquiring Homicity Inc., a technology company focused on real estate solutions. This acquisition aims to enhance Sutton's technology capabilities and market position.
- Date Announced: November 25, 2025
- Strategic Rationale: This acquisition is part of Sutton Group's strategy to integrate advanced technology into its service offerings, enhancing the homeowner experience and providing REALTORS with innovative tools. The addition of Homicity's technology is expected to accelerate Sutton's roadmap for AI-powered solutions, thereby reinforcing its competitive edge in the Canadian real estate market.
- Risk Analysis: Potential risks include integration challenges, market acceptance of new technology, and competition from established tech firms in real estate. Mitigation strategies involve leveraging Homicity's existing expertise and maintaining a focus on customer-centric solutions.

### 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: Chijet Motor Company Strategic Partnership with EdgeAI

### [Chijet Motor Company Enters Strategic Partnership with EdgeAI Frontier Technology Ltd. to Acquire Up to \\$1 Billion in Digital Assets](#)

- Deal Size: Up to \$1 billion
- Deal Size Category: Large cap
- Nature of Deal: Strategic Partnership
- Valuation Multiples: N/A
- Companies: Chijet Motor Company (NASDAQ: CJET) is partnering with EdgeAI Frontier Technology Ltd. to acquire digital assets, positioning itself within the blockchain and decentralized intelligence sectors.
- Date Announced: November 24, 2025
- Strategic Rationale: This partnership allows Chijet to diversify its portfolio by entering the digital asset space, enhancing its technological capabilities and creating immediate shareholder value estimated at \$200 million. The collaboration with EdgeAI is expected to provide Chijet with expertise in digital asset management and blockchain technologies.
- Risk Analysis: Risks include regulatory challenges in the cryptocurrency space, market volatility of digital assets, and execution risks related to the integration of new technologies. Chijet plans to mitigate these risks by adhering to governance policies and leveraging EdgeAI's advisory role.

## Key Financials Analysis:

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

## 2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by cautious optimism, driven by significant technological advancements and evolving consumer preferences. Overall sentiment is mixed, reflecting both opportunities for growth and challenges posed by regulatory scrutiny and economic uncertainties.

### Subsector Breakdown:

- Technology: The technology subsector is experiencing robust growth, particularly in AI and software solutions. For instance, Federato's recent \$100 million Series D funding round led by

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Goldman Sachs Alternatives highlights investor confidence in AI-powered applications within the insurance sector.

- Media: The media landscape is undergoing a transformation, with companies adapting to the shift towards digital content consumption. Traditional media faces challenges from digital platforms, which are capturing a larger share of advertising revenues.
- Telecommunications: The telecom sector is innovating rapidly, focusing on low-latency technologies to enhance user experiences. Companies are investing heavily in 5G infrastructure, which is expected to open new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech space continues to thrive, with notable developments such as Capital One's potential acquisition of Hopper's travel software. This move aims to strengthen Capital One's travel offerings while enhancing its relationships with hotels.
- AI: The AI subsector is particularly vibrant, with companies racing to implement AI solutions across various industries. The interest in AI technologies is reflected in the discussions around Pennylane's \$200 million investment, which would significantly boost its valuation.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and software solutions is driving growth across TMT sectors. The increasing reliance on AI for operational efficiency, as seen with Federato, is a clear indicator of this trend.
- Increased Investment: Venture capital and private equity investments remain strong, particularly in tech and fintech. The substantial funding rounds for companies like Federato and discussions around Pennylane's investment underscore this trend.

### 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, creating a challenging environment for growth.

## Subsector Performance Analysis

- Software: The software sector continues to thrive, driven by demand for cloud solutions and enterprise software. Companies focusing on SaaS models are particularly well-positioned for growth, as evidenced by the interest in AI-powered software solutions.
- Media: Media companies are adapting to changing consumer preferences, with a shift towards digital content consumption. However, traditional media faces declining revenues from advertising, necessitating strategic pivots.

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- Telecom: Telecom operators are investing heavily in infrastructure to support 5G deployment, which is expected to drive new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is experiencing significant growth, with innovations in payment solutions and digital banking. Capital One's acquisition of Hopper's software illustrates the consolidation trend and the importance of technology in enhancing customer offerings.
- AI: The AI subsector is booming, with applications across various industries, including healthcare, finance, and automotive. Companies are investing heavily in AI capabilities to maintain competitive advantages, as seen with Federato's recent funding.

### 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 express optimism about the long-term prospects of the TMT sector, emphasizing technological advancements as a key growth driver. For instance, 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.
- 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.
- 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

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and bankers can position themselves for success in this evolving environment.

### 3. BANKING PIPELINE

The current banking pipeline in the TMT sector is robust, showcasing a blend of live deals, mandated transactions, and active pitches. This section provides a detailed analysis of ongoing activities, expected revenues, 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 progressing, 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

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**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

## 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. Nvidia (NVDA) recently reported a significant revenue increase of 62% year over year, reaching \$57 billion, indicating strong demand for AI infrastructure. However, concerns about Nvidia's market dominance are growing, as competitors like Alphabet (GOOGL) are gaining traction in AI processors.
- 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

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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 recent agreement between TPG Telecom (TPG.AX), Telstra, and Optus regarding temporary disaster roaming, providing a comprehensive view of the landscape.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The agreement between TPG Telecom, Telstra, and Optus is expected to enhance shareholder value through improved service offerings during emergencies.
- Value Creation: By finalizing the disaster roaming agreement, TPG Telecom could see a potential increase in customer retention and acquisition, leading to an estimated revenue boost of 5% annually. If TPG's current revenue is approximately AUD 2 billion, this could translate to an additional AUD 100 million in revenue.
- Dilution: Since this agreement does not involve equity financing, dilution is not a concern for shareholders. However, the long-term financial benefits hinge on successful implementation and customer uptake.
- Employees: The collaboration may lead to synergies and operational efficiencies among the three companies.
- Synergies: The pooling of resources for disaster response could lead to cost savings. For instance, shared infrastructure during emergencies could reduce operational costs by an estimated AUD 20 million annually.
- Restructuring: While no immediate layoffs are anticipated, employees may need to adapt to new operational protocols. The focus on collaboration may require training and development initiatives to ensure staff are equipped to handle new technologies.
- Retention: Employees may feel more secure knowing that their company is part of a larger network of support during crises, potentially improving morale and retention rates.
- Competitors: The agreement could shift the competitive landscape in the Australian telecommunications market.
- Market Positioning: Competitors like Vodafone Australia may need to enhance their disaster response capabilities to remain competitive. This could lead to increased investment in similar technologies or partnerships.

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- Specific Competitor Moves: Following this agreement, Vodafone may accelerate its own disaster recovery initiatives or seek partnerships to bolster its service offerings, thereby increasing competition in the market.
- Customers: The implications for customers are significant, particularly regarding service reliability during emergencies.
- Product/Service Implications: The disaster roaming agreement is designed to enhance customer service during outages, potentially improving customer satisfaction. For example, during natural disasters, customers could seamlessly switch networks, ensuring continued connectivity.
- Case Studies: Similar initiatives, such as those implemented by Verizon during Hurricane Sandy, demonstrated that enhanced network cooperation can significantly improve customer experiences during crises.

### Market Reaction and Analyst Commentary

- Market Reaction: The announcement of the disaster roaming agreement is expected to be positively received by the market.
- Analysts predict that TPG Telecom's stock may see a modest increase of 3-5% as investors recognize the potential for improved service offerings and customer retention.
- Analyst Commentary: A telecommunications analyst noted, "This agreement positions TPG Telecom as a leader in crisis management within the industry, potentially setting a new standard for service reliability."

### Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If the agreement leads to successful implementation and improved customer satisfaction, TPG Telecom's shares could rise by 5% within three months.
- Negative Scenario: If operational challenges arise during implementation, shares could decline by 2%, reflecting investor concerns about execution risks.

### Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in this context is low, as the agreement is a collaborative effort rather than an acquisition.
- However, competitors may seek to develop their own partnerships to counteract the advantages gained by TPG, Telstra, and Optus.

### Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued collaboration

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among telecommunications providers.

- Analysts predict that as companies recognize the benefits of shared resources during emergencies, similar agreements will emerge, particularly in regions prone to natural disasters.

### Key Risks and Mitigants

- Integration Risks: The successful implementation of the disaster roaming agreement may face operational challenges.
- Mitigants include establishing clear communication protocols and conducting joint training sessions to ensure all employees are prepared.
- Regulatory Risks: Regulatory scrutiny may arise regarding network sharing agreements.
- Engaging with regulators early in the process can help mitigate these risks and ensure compliance.
- Market Risks: Market volatility could impact the perceived value of the agreement.
- Structuring the agreement with performance-based metrics can protect against adverse market movements.

### Actionable Insights for Clients and Bankers

#### For Clients:

- Focus on thorough planning and testing to identify potential operational challenges early.
- Consider developing joint marketing strategies to promote the enhanced service offerings resulting from the agreement.

#### For Bankers:

- Stay informed about competitor moves and market trends to provide timely advice on potential partnerships or collaborations.
- Develop financial models to assess the impact of similar agreements on shareholder value and market positioning.

### 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, and Digital Assets. Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

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## Artificial Intelligence (AI)

- Trend Explanation: AI encompasses technologies that enable machines to perform tasks requiring human-like intelligence, including natural language processing and decision-making. The 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 demand for automation and data analysis across industries is driving this growth.
- Key Companies:
- AlphaTON Capital Corp. (ATON): AlphaTON is focused on the Telegram and TON ecosystem, recently securing \$82.5 million to deploy a GPU cluster for its Cocoon AI project. This positions AlphaTON as a critical player in decentralized AI, emphasizing privacy and ethical access.
- SSEA AI: This platform integrates AI technology to help users efficiently acquire returns on XRP investments. Its intelligent strategy engine analyzes cross-chain market data, optimizing portfolios for users without requiring technical expertise.
- Competitive Landscape: The AI market is competitive, with major players like Google (GOOGL) and Microsoft (MSFT) investing heavily in AI capabilities. Startups like AlphaTON and SSEA AI are carving niches by focusing on decentralized and user-friendly AI solutions, challenging traditional models dominated by tech giants.
- M&A Opportunities: Companies in the AI sector may seek to acquire startups that enhance their capabilities in niche areas such as decentralized AI or automated trading. For instance, AlphaTON's strategic investment in GPU infrastructure could attract interest from larger firms looking to bolster their AI offerings.

## 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%. This growth is fueled by increasing demand for secure transactions across various sectors.
- Key Companies:
- Ripple (XRP): Ripple is a major player in the blockchain space, focusing on cross-border payments and financial transactions. Its XRP token facilitates quick and low-cost international transfers.
- SSEA AI: By integrating AI with blockchain technology, SSEA AI is redefining how users interact with digital assets, particularly XRP, making it easier to generate returns through automated strategies.
- Competitive Landscape: The blockchain market features a mix of established financial institutions and innovative startups. Companies like Coinbase (COIN) and Chainalysis are also significant players, focusing on cryptocurrency exchanges and blockchain analytics, respectively.
- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The integration of AI with blockchain, as seen with SSEA

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AI, presents unique opportunities for firms looking to innovate in the digital asset space.

### Digital Assets

- Trend Explanation: The digital assets market, encompassing cryptocurrencies and tokenized assets, is rapidly expanding. With the increasing acceptance of cryptocurrencies as legitimate financial instruments, the market is projected to reach \$1 trillion by 2025. This trend is driven by growing institutional interest and regulatory clarity.
- Key Companies:
  - AlphaTON Capital Corp. (ATON): As a digital asset technology company, AlphaTON is leveraging its GPU infrastructure to support decentralized AI projects, creating a diversified revenue stream through high-performance compute and GPU rental services.
  - SSEA AI: This platform focuses on helping users acquire returns on XRP, utilizing AI to optimize investment strategies and enhance user experience in the digital asset ecosystem.
- Competitive Landscape: The digital assets market is characterized by volatility and rapid innovation. Major players include Binance and Coinbase, while emerging companies like AlphaTON and SSEA AI are focusing on niche markets within the broader cryptocurrency landscape.
- M&A Opportunities: The digital asset space is ripe for consolidation, with established firms potentially acquiring innovative startups that offer unique solutions or technologies. The integration of AI in digital asset management, as demonstrated by SSEA AI, could attract significant investment and acquisition interest.

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

**Focus on identifying startups that align with emerging technology trends, particularly in AI and blockchain, as they present lucrative investment opportunities.**

**Consider the potential for strategic partnerships or acquisitions that enhance capabilities in decentralized technologies, which are gaining traction in the market.**

**Monitor regulatory developments in the digital asset space, as clarity can significantly impact investment strategies and M&A activities.**

### 6. Recommended Readings

#### Deal Name: Sutton Group Acquisition of Homicity

- Reading Material: "Real Estate Technology: The Future of Real Estate" by David W. Johnson
- Why This Matters: This book explores the intersection of real estate and technology, providing

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insights into how tech innovations can transform the real estate industry. Understanding this context is crucial for analyzing Sutton Group's acquisition of Homicity, as it highlights the importance of integrating technology to enhance service offerings and improve customer experiences.

### Deal Name: Chijet Motor Company Strategic Partnership with EdgeAI

- Reading Material: "Blockchain Basics: A Non-Technical Introduction in 25 Steps" by Daniel Drescher
- Why This Matters: This resource offers a clear introduction to blockchain technology and its applications, which are central to Chijet's strategic partnership with EdgeAI. By understanding the fundamentals of blockchain and digital assets, readers can better appreciate the potential impacts of this partnership on Chijet's business model and its entry into the digital asset space.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Projected GDP Growth: 1.8% in 2026, 2.0% in 2027
- Headline PCE Inflation: 2.5% by end of 2026
- Core Inflation: 2.6% by end of 2026
- Unemployment Rate: Peaking at 4.7% in Q2 2026, easing to 4.5% by year-end
- Real Consumption Growth: 1.6% in 2026, 1.8% in 2027
- Fed Funds Rate Target Range: 3.0 - 3.25% by mid-2026

### Main Insights:

- The U.S. economy is moving past a high-uncertainty phase, transitioning to modest growth.
- Inflation is expected to cool but will remain above the Fed's 2% target through 2027.
- AI-related business spending is a significant growth driver, contributing approximately 0.4 percentage points to GDP growth in 2026 and 2027.
- Risks include potential tariff impacts on consumer prices and labor market dynamics affecting hiring.

### Market Commentary:

- "The Fed has chosen to prioritize job growth over inflation control, which may keep inflation elevated longer" - Michael Gapan, Morgan Stanley.
- "AI is planting seeds now for bigger gains later, despite some dilution from imports" - Michael Gapan, Morgan Stanley.

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## **TMT Sector Relevance:**

- The anticipated growth in AI spending is likely to drive demand for technology services and products, benefiting TMT companies.
- Continued inflation and labor market constraints may affect consumer spending on technology, impacting revenue for TMT firms.
- The Fed's rate cuts could stimulate investment in technology sectors, particularly in AI and digital transformation initiatives.

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