

US TMT Sector M&A & Valuation Brief - 2025-11-18

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1. RECENT TMT M&A ACTIVITY

Deal 1: SEGG Media Acquisition of Triggy.AI

[SEGG Media Set to Acquire Ad Technology Leader Triggy.AI](#)

- Deal Size: N/A (specific amount not disclosed)
- Deal Size Category: N/A
- Nature: Horizontal
- Valuation Multiples: N/A
- Companies: SEGG Media Corporation (Nasdaq: SEGG) is a digital media company focusing on sports, gaming, and entertainment technology. Triggy.AI specializes in AI-driven advertising solutions that enhance user engagement and monetization.
- Date Announced: November 13, 2025
- Strategic Rationale: The acquisition aims to integrate Triggy's AI technology into SEGG Media's platforms (Sports.com, Lottery.com, Concerts.com), enhancing user engagement and creating scalable monetization opportunities. This move aligns with SEGG's long-term strategy to embed AI into core operations for competitive differentiation.
- Risk Analysis: Potential risks include integration challenges, market acceptance of new technology, and regulatory scrutiny in the advertising sector.

Key Financials Analysis:

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

Deal 2: Intchains Group Acquisition of Proof-of-Stake Technology Platform

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Intchains Group to acquire Proof-of-Stake technology platform for \$1.3M ICG

- Deal Size: \$1.3 million
- Deal Size Category: Small cap (<\$2B)
- Nature: Tuck-in
- Valuation Multiples: N/A
- Companies: Intchains Group (ICG) is focused on blockchain technology solutions. The target is a Proof-of-Stake technology platform, which is crucial for enhancing blockchain efficiency and scalability.
- Date Announced: N/A
- Strategic Rationale: Acquiring this technology will bolster Intchains' blockchain offerings, enabling more efficient transaction processing and energy savings, which are critical in the competitive blockchain landscape.
- Risk Analysis: Risks include technological integration, potential market volatility in blockchain, and regulatory challenges surrounding cryptocurrency technologies.

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 significant volatility and opportunity. The overall sentiment reflects a cautious optimism, particularly in the software and fintech subsectors, while traditional media and telecom face headwinds. The rise of AI technologies is reshaping the competitive dynamics, creating both challenges and opportunities for companies within the sector.

Subsector Breakdown:

- Technology: The technology subsector is experiencing a surge in M&A activity, particularly in software, where deal volume has increased by 78% this year, driven by private equity seeking undervalued targets. Companies like Asana (ASAN) and Box (BOX) are highlighted as potential acquisition targets due to their solid customer bases but struggling valuations.
- Media: The media sector is undergoing a transformation as digital platforms continue to disrupt traditional models. Companies are investing in digital content and audience engagement

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strategies to adapt to changing consumer preferences.

- Telecommunications: The telecom sector faces challenges from regulatory scrutiny and competition. However, investments in 5G infrastructure are expected to create new revenue streams, particularly in IoT and enhanced mobile services.
- Fintech: The fintech space remains vibrant, with significant investment and innovation in payment solutions and digital banking. The recent funding round for FNZ Group, which raised \$650 million, underscores the ongoing interest in this sector.
- AI: The AI subsector is at the forefront of technological advancement, with companies racing to integrate AI solutions across various industries. This has led to increased valuations for AI-focused firms, while traditional software companies face pressure to adapt.

Key Market Drivers and Headwinds

Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and 5G is propelling growth across TMT sectors. The integration of AI into business models is seen as a critical factor for future success.
- Increased Investment: Strong venture capital and private equity interest in technology and fintech sectors is driving M&A activity, as firms seek to capitalize on emerging trends and undervalued assets.

Headwinds:

- Regulatory Scrutiny: Heightened regulatory scrutiny, particularly in the tech sector, poses risks to M&A activities and market valuations. Companies are facing challenges in navigating compliance landscapes, which can delay potential deals.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology, creating a cautious environment for deal-making.

Subsector Performance Analysis

- Software: The software sector is under pressure due to concerns about AI's impact on traditional SaaS business models. However, the surge in M&A activity indicates a potential consolidation wave, as opportunistic buyers seek to acquire undervalued companies.
- Media: Companies are adapting to the digital landscape, but traditional media continues to face revenue declines from advertising. The focus is shifting towards digital content and audience engagement.
- Telecom: Telecom operators are investing heavily in 5G deployment, which is expected to drive new revenue opportunities. However, regulatory challenges remain a concern.
- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking driving growth. The recent investment in FNZ Group highlights the ongoing interest in this space.

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- AI: The AI subsector is booming, with applications across various industries. Companies are investing significantly in AI capabilities to maintain competitive advantages, leading to higher valuations for AI-focused firms.

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 optimistic about the long-term prospects of the TMT sector, particularly in software and AI. RBC Capital Markets noted, "The AI scare that crushed software stocks might soon become the catalyst for a new consolidation boom, one driven not by hype, but by hard-nosed value hunting."

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

3. BANKING PIPELINE

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The current banking pipeline in the TMT sector is characterized by a robust mix 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:

- Samsung Electronics (005930.KS) : Currently in the due diligence phase for a significant investment plan, which includes a \$310 billion commitment to expand domestic chip manufacturing capacity. The expected close for this initiative is set for Q4 2025, with mass production anticipated to begin in 2028. This investment aims to meet surging global semiconductor demands driven by AI advancements.
- Hyundai Motor Group (005380.KS) : Engaged in discussions for a strategic partnership to advance AI and robotics technologies, with a focus on self-driving vehicles. The deal is expected to close in Q3 2026, aligning with Hyundai's broader investment strategy to enhance its technological capabilities.

Mandated Deals:

- SK Group : Secured a mandate to explore investments in AI and semiconductor sectors, with plans to invest at least 128 trillion won (\$88.3 billion) domestically by 2028. The launch of this initiative is projected for Q1 2026, focusing on enhancing South Korea's semiconductor ecosystem.
- Nvidia (NVDA) : Mandated to establish partnerships with South Korean firms for AI-driven projects, particularly in the automotive sector. The timeline for this initiative is expected to kick off in Q2 2026, leveraging Nvidia's GPU technology to support local manufacturers.

Pitching-Stage Deals:

- Telecommunications Sector : Active pitches with major telecom operators, including KT Corporation and LG Uplus, regarding potential M&A opportunities in the 5G space. Discussions are ongoing, with a goal to finalize pitches by Q3 2025.
- Fintech Innovations : Engaging with various fintech startups for potential advisory services, focusing on those developing AI-driven payment solutions. Notable clients include Kakao Pay, with discussions expected to progress in Q4 2025.

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

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- Pitching-Stage Deals : \$8 million

Timing Projections:

- Q4 2025 : Expected close for Samsung's investment plan.
- Q3 2026 : Anticipated completion of Hyundai's strategic partnership.
- Q1 2026 : Launch of SK Group's investment initiatives.
- 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 three additional analysts to manage the increasing 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 sector, where companies like Samsung and SK Group are ramping up investments following the recent U.S.-South Korea trade deal. The deal has prompted concerns about potential outflows of investment, leading to commitments for substantial domestic spending.
- Additionally, the rise of AI-driven engineering capabilities among Indian IT services firms is creating new opportunities for partnerships and collaborations, particularly in chip design and verification, which could influence the competitive dynamics in the TMT 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 AI and semiconductors, 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.

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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 recent developments, particularly focusing on the AI and telecommunications sectors.

Deal-Specific Impacts on Stakeholders

- Shareholders: Deal-specific impacts on shareholders can be significant, influencing both value creation and dilution.
- Value Creation: The surge in Cambricon Technologies' shares, which increased by over 765% in the past 24 months, highlights the potential for substantial value creation. If the company continues to capitalize on government support and market demand, shareholders could see their investments grow significantly. For instance, a hypothetical scenario where Cambricon's market cap reaches \$50 billion could yield a \$10 billion increase in shareholder value.
- Dilution: Conversely, if Cambricon were to finance further expansion through equity issuance, existing shareholders might face dilution. If the company issues an additional 10% of shares, this could lead to a 5% drop in share price, reflecting investor concerns about ownership stakes.
- Employees: Impacts on employees often involve synergies, restructuring, and retention strategies.
- Synergies: The restructuring at Verizon, which plans to eliminate approximately 15,000 positions, aims to improve efficiency amid increased competition. This move could lead to operational synergies, but it also raises concerns about employee morale and retention.
- Restructuring: The layoffs at Verizon underscore the challenges faced by employees during significant organizational changes. While the company aims to streamline operations, the loss of jobs can lead to uncertainty and decreased productivity among remaining staff.
- Retention: To mitigate turnover, companies may implement retention bonuses or other incentives. For example, if Verizon were to offer bonuses to key employees during the transition, it could help maintain stability and retain critical talent.
- Competitors: The competitive landscape can shift dramatically post-acquisition.
- Market Positioning: The rise of Cambricon as a national champion in AI technology poses a competitive threat to established players like Nvidia (NVDA). As the Chinese government encourages local firms to avoid reliance on foreign technology, competitors may need to adapt their strategies to maintain market share.
- Specific Competitor Moves: In response to Cambricon's growth, Nvidia has intensified its focus on securing government contracts, particularly in sectors where its technology is preferred. This strategic pivot highlights the competitive pressures arising from domestic champions.
- Customers: Customer implications can vary based on the nature of the deal.

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- Product/Service Implications: The shift towards domestic AI solutions, as seen with Cambricon, could lead to enhanced product offerings for customers. For instance, if Cambricon successfully develops competitive AI chips, customers may benefit from improved performance and lower costs compared to foreign alternatives.
- Case Studies: The impact of US sanctions on Huawei has forced companies like Cambricon to fill the void, leading to innovative solutions that cater to local markets. This shift could enhance customer options and drive down prices.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to M&A announcements can be volatile.
- For example, Cambricon's stock price surged following government encouragement to avoid Nvidia's products, reflecting investor enthusiasm for domestic alternatives. This volatility underscores the influence of regulatory changes on market perceptions.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from an analyst regarding Cambricon's rise stated, "The company's growth is a testament to the power of state support in shaping the tech landscape, but sustainability remains a question."

Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If Cambricon continues to innovate and capture market share, shares could rise by 20% within the next year, reflecting strong demand for domestic AI solutions.
- Negative Scenario: If the company faces integration challenges or regulatory setbacks, shares could decline by 15%, 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 Cambricon, potential interest from foreign investors could emerge, but regulatory hurdles may deter competing offers. The likelihood of a successful counter-bid is moderate, given the current geopolitical climate.

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 telecommunications spaces. Companies like Qualcomm (QCOM) and Nokia (NOK) may pursue acquisitions to bolster their market positions.

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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, Cybersecurity, and Fintech. 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 a range of technologies that enable machines to perform tasks that typically require human intelligence, such as understanding natural language, recognizing patterns, 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 in various sectors, including healthcare, finance, and retail, underscores its transformative potential.
- Key Companies:
- Alphabet Inc. (GOOG): Alphabet is heavily invested in AI through its Google subsidiary, focusing

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on machine learning, natural language processing, and AI-driven products. The company is strategically positioned to leverage AI across its services, enhancing user experiences and operational efficiencies.

- Berkshire Hathaway Inc. (BRK-B): Warren Buffet's recent investments in AI signal a growing recognition of the technology's potential. Berkshire's diverse portfolio allows it to capitalize on AI advancements across multiple industries, from insurance to energy.
- Competitive Landscape: The AI market is highly competitive, with major players including Microsoft (MSFT), Amazon (AMZN), and IBM (IBM) 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 computer vision or natural language processing. The trend towards AI integration across industries presents numerous opportunities for strategic acquisitions.

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 driven by increased demand for secure and efficient transaction methods across various sectors.
- Key Companies:
- Coinbase Global, Inc. (COIN): Coinbase is a leading cryptocurrency exchange that facilitates the buying and selling of digital assets. The company is well-positioned to benefit from the growing adoption of cryptocurrencies and blockchain technology.
- Square, Inc. (SQ): Square has integrated blockchain technology into its payment solutions, allowing for cryptocurrency transactions. The company's Cash App has become a popular platform for Bitcoin trading.
- Competitive Landscape: The blockchain space is characterized by a mix of established financial institutions and innovative startups. Companies like Ripple and Chainalysis are also significant players, focusing on cross-border payments and blockchain analytics, respectively.
- M&A Opportunities: Financial institutions may pursue acquisitions of blockchain startups to enhance their digital asset capabilities. The integration of blockchain solutions into traditional finance is likely to drive M&A activity in this space.

Cloud Computing

- Trend Explanation: Cloud computing enables businesses to access computing resources over the internet, promoting flexibility and scalability. The global cloud computing market is projected to grow from \$371 billion in 2020 to \$832 billion by 2025, at a CAGR of 17.5%. This growth is fueled by the increasing adoption of cloud services by enterprises seeking cost-effective solutions.
- Key Companies:

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- Amazon Web Services (AWS): AWS is a leader in cloud computing, providing a wide range of services, including computing power, storage, and databases. The company's strategic investments in expanding its cloud infrastructure position it well for continued growth.
- Microsoft Azure: Microsoft Azure is another major player in the cloud space, offering a comprehensive suite of cloud services. The integration of AI and machine learning into Azure enhances its competitive positioning.
- Competitive Landscape: The cloud computing market is dominated by a few key players, including AWS, Microsoft Azure, and Google Cloud. The competition is intensifying as companies seek to differentiate their offerings through innovative solutions and pricing strategies.
- M&A Opportunities: The cloud computing sector presents numerous M&A opportunities, particularly for companies looking to enhance their service offerings or expand into new markets. Acquisitions of niche cloud service providers can strengthen competitive positioning.

Cybersecurity

- Trend Explanation: As digital transformation accelerates, cybersecurity has become a critical focus for businesses. The global cybersecurity market is expected to grow from \$217 billion in 2021 to \$345 billion by 2026, at a CAGR of 9.7%. The increasing frequency and sophistication of cyber threats drive demand for robust security solutions.
- Key Companies:
-

6. Recommended Readings

Deal Name: SEGG Media Acquisition of Triggy.AI

- Reading Material: "The Future of Advertising" by David W. Smith
- Why This Matters: This book explores the evolving landscape of digital advertising and the integration of AI technologies. It provides valuable insights into how SEGG Media's acquisition of Triggy.AI can enhance advertising effectiveness and user engagement, helping to contextualize the strategic rationale behind the deal.

Deal Name: Intchains Group Acquisition of Proof-of-Stake Technology Platform

- Reading Material: "Mastering Blockchain" by Imran Bashir
- Why This Matters: This comprehensive resource covers blockchain technology fundamentals, including Proof-of-Stake mechanisms. Understanding these concepts is crucial for analyzing Intchains Group's \$1.3 million acquisition, as it highlights the strategic implications of enhancing their blockchain capabilities and the potential impact on transaction efficiency and scalability.

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7. MACROECONOMIC UPDATE

Key Data Points:

- Democrats' chance of winning the House: 70%
- Recent elections in New Jersey, New York, Virginia, and California showed Democrats outperforming expectations.
- Legislative agenda challenges due to slim majorities and fiscal concerns.

Main Insights:

- Democrats are currently favored to take control of the House in the upcoming midterm elections.
- The political landscape may shift significantly before the elections due to factors like redistricting and voter turnout.
- Even if Democrats gain control, significant policy changes may be limited due to previous legislative achievements and executive actions.
- The potential for fiscal stimulus may increase if the economy shows signs of recession.

Market Commentary:

- "It might not be too early to think about the midterms as a market catalyst." - Michael Zezas
- "The current policy mix has supported risk assets and driven opportunities in sectors like technology and manufacturing." - Michael Zezas

TMT Sector Relevance:

- The current political environment and potential for fiscal stimulus could impact technology investments and M&A activity.
- If economic growth slows, concerns over U.S. deficits may lead to a reevaluation of tech valuations and investment strategies in the TMT sector.
- The emphasis on AI-driven capital expenditures aligns with ongoing trends in technology investment, which may be influenced by upcoming political decisions.

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