Quarter 3 2025
Issue #1

TMT

Sector Report



WARWICK M&A GROUP

Q3 2025 Sees Surge in Deal Value as TMT Sector Navigates Regulation

Q3 in numbers

$285.1bn	119	$2.4bn
Total deal value +58.2% (YoY)	No of deals -7.0% (YoY)	Average deal value +70.2% (YoY)

Average TEV/Revenue:	4.9x	**Average Day Prior Premium:**	18.4%
Average TEV/EBITDA:	37.4x	**Average Week Prior Premium:**	22.6%
Deals with value greater than $1 billion:	37	**Average Month Prior Premium:**	34.9%

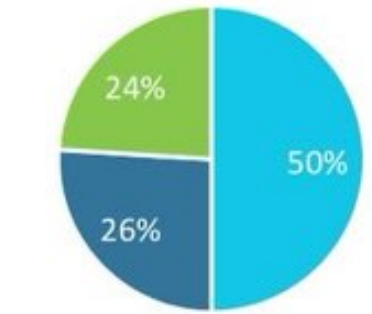
S&P Global 1200 Information Technology Index



Sectoral insight

- **Rate expectations and sector momentum bolster technology valuations**. The September 2025 rate cut to 4-4.25% and guidance signaling three total cuts in 2025 have transformed investor appetite for **high growth technology assets**, a sharp increase at the end of Q3. Despite macro uncertainty in Q3, information technology stocks largely outperformed broader markets.
- **AI infrastructure and vertical integration drive value creation amid cautious M&A.** Strategic buyers pursued acquisitions targeting AI-adjacent capabilities and integrated value chains, such as Ciena Corporation's $270 million acquisition of Nubis Communications, reflecting a shift toward **go-to-market integration** and immediate post-close **revenue synergies**.
- **Antitrust scrutiny evolves but does not constrain dealmaking.** Regulatory authorities in Q3 2025 have demonstrated pragmatic assessment of vertical and horizontal combinations, with major deals such as Novacap Management Inc. And Vista Equity Partners' $1.9 billion acquisition of Integral Ad Science, progressing without extended timelines, showing a shift toward **streamlined review processes** focused on competitive harm rather than deal size alone.

Deal count by region



Global Data, S&P Capital IQ

BlackRock's GIP to Acquire Aligned Data Centers in $40bn deal

Acquirer: Global Infrastructure Partners-led Consortium

The acquirer consortium is an international investment group focused on developing large-scale digital and energy infrastructure. It is led by **Global Infrastructure Partners (GIP)**, a New York-based infrastructure investor acquired by BlackRock Inc. (NYSE: BLK) in 2024. GIP manages over $100 billion in assets across transport, renewables, and data infrastructure.

The consortium also includes the **AI Infrastructure Partnership (AIP)** – a platform backed by MGX, Microsoft, and NVIDIA, which invests in AI-enabled and sustainable data-center capacity. combines institutional capital and advanced computing expertise to drive the development of hyperscale, energy-efficient infrastructure supporting global AI growth.

***Market Cap:**	$168.5 bn
AUM:	$100.0 bn
***LTM Revenue:**	$22.9 bn
***LTM EV/Revenue:**	7.7x

** Based on BlackRock Inc. (NYSE: BLK), parent company of GIP.*

Target: Aligned Data Centers

Aligned Data Centers is a US-based data-infrastructure company that designs, builds, and operates **hyperscale data centers** for cloud and AI providers. Founded in 2013 and headquartered in Plano, Texas, it offers build-to-scale and powered shell solutions alongside connectivity and operational support. With over **5GW** of operational and planned capacity across North America, Aligned is recognised for its high-efficiency infrastructure enabling sustainable digital and AI expansion.

Enterprise Value:	$40.0 bn
LTM Revenue:	$2.0bn-$5.0bn (est.)
LTM EV/Revenue:	8.0x-20.0x

Transaction Summary

Macquarie Asset Management announced on 15 October 2025 that it would sell Aligned Data Centers to a Global Infrastructure Partners-led consortium for an enterprise value of US$40 billion, marking the largest data-center transaction to date. Reuters reported that discussions accelerated in late September amid strong investor interest in Aligned's rapid AI-driven expansion.

The deal follows Aligned's US$12 billion capital raise earlier in 2025 to support its 5GW North American development pipeline. The consortium, backed by GIP, MGX, Microsoft, and NVIDIA, will finance the acquisition via equity commitments and long-term infrastructure funding. Completion is expected in H1 2026, subject to approvals.

Acquisition Timeline



Announcement date:	15th October 2025
Transaction value:	$40.0 bn
FY24 Revenue multiple:	N/A (private company)
Acquirer adviser(s):	Kirkland & Ellis
Target adviser(s):	Guggenheim Securities

Note: As Aligned Data Centers is privately held, financials are undisclosed. AI data-center transactions typically trade at 25x-30x EBITDA or on a capacity basis (c.$8bn per GW pipeline).

Creating a Scaled Platform for AI Infrastructure

Rationale and Outlook

Strategically, the acquisition gives the consortium a scaled, future-proof platform in **hyperscale** and **AI-ready digital infrastructure** as demand for high-density compute accelerates. It supports BlackRock and GIP's strategy to expand into long duration, cash-generating real assets while strengthening their ability to serve hyperscale cloud and AI customers.

The deal builds on Aligned's **US$12bn capital raise** and accelerates the rollout of over **5GW of capacity** across key North American markets. Its Delta[3] cooling system supports high-density AI workloads and improves efficiency as demand shifts toward liquid-ready designs.

Financially, **resilient contracted revenues** are expected from long-term hyperscale agreements, with upside from utilization ramp-ups across its pipeline. Standardized builds, efficiency improvements, and consolidated procurement are also expected to drive operating leverage and margins..

Aligned Acquisition Benefits

Platform Expansion	• Builds a scaled AI-ready data center platform. • Accelerates delivery of Aligned's 5GW North America pipeline.
Operational & Financial Strength	• Long-term hyperscale contracts provide financial stability. • Higher utilisation drives stronger operating leverage and margins.
Strategic Synergies	• Combines GIP, MGX, Microsoft, and NVIDIA's capabilities •Enhances procurement, power sourcing, and build efficiency.

Risks and Uncertainties

The transaction may face heightened **regulatory scrutiny** given Aligned's scale and the energy demands of AI-grade facilities. Regulators are increasingly focused on **grid stability**, transmission capacity and local power markets, which could delay approvals or limit supply. National-security review is also possible given foreign capital involvement and hyperscale AI clients. Execution challenges persist as the multi-GW pipeline depends on substations, transformers and other equipment, while supply-chain constraints and construction costs continue to affect major US data-center markets.

Financial performance depends on **utilization ramp-ups**, which may slow if hyperscaler investment cycles moderate, or power constraints limit site build-out. **Higher interest rates** could raise financing costs and pressure long-term returns. **Competition is intensifying** as DigitalBridge, Brookfield, QTS, and Vantage expand into AI-focused developments, which may affect pricing and valuations. Environmental and ESG requirements also add uncertainty as regulators tighten rules around efficiency, water use, and emissions.

Aligned Data Centers Valuation (Discounted Cash Flow Model)

[All figures in millions and USD unless otherwise stated]

Period	1	2	3	4	5	6	7	8	9	10
Year	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**	**2034E**
Total Revenue	3,375	3,964	4,612	5,322	6,096	6,937	7,849	8,835	9,899	11,043
% growth		*17.46%*	*16.35%*	*15.38%*	*14.54%*	*13.80%*	*13.15%*	*12.56%*	*12.03%*	*11.56%*
EBIT	1,114	1,317	1,543	1,792	2,066	2,366	2,695	3,053	3,443	3,865
Taxes	234	277	324	376	434	497	566	641	723	812
% of EBIT	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*	*21.00%*
NOPAT	**880**	**1,040**	**1,219**	**1,415**	**1,632**	**1,869**	**2,129**	**2,412**	**2,720**	**3,053**
(+) D&A	405	476	553	639	732	832	942	1060	1188	1325
(-) Capital Expenditures	-619	-648	-681	-716	-755	-797	-842	-892	-945	-1002
(-) Change in Net Working Capital	0	-12	-13	-14	-15	-17	-18	-20	-21	-23
Unlevered FCF	**666**	**856**	**1,079**	**1,324**	**1,593**	**1,888**	**2,210**	**2,561**	**2,941**	**3,353**
PV of FCF	618	736	859	978	1,091	1,199	1,301	1,397	1,487	1,572

Valuation Assumptions	
Beta	0.95
Tax rate	21.00%
Risk free rate	4.00%
Risk premium	5.00%
WACC	7.87%
Terminal Growth Rate	1.50%
EBITDA Margin (2034)	47.00%
Projection Period	2025E-2034E

∑PV of Unlevered FCF	11,237
Terminal Value	53,442
PV of Terminal Value	25,056
DCF-Implied Enterprise Value	36,293
Announced Transaction Value	40,000
Implied Valuation Premium	9.27%

Sensitivity Analysis - DCF Enterprise Value

Terminal Growth Rate \ WACC	7.3%	7.6%	7.9%	8.2%	8.5%
1.10%	$ 38,884	$ 36,702	$ 34,720	$ 32,913	$ 31,260
1.30%	$ 39,853	$ 37,559	$ 35,483	$ 33,595	$ 31,871
1.50%	$ 40,888	$ 38,473	$ 36,293	$ 34,317	$ 32,517
1.70%	$ 41,998	$ 39,450	$ 37,157	$ 35,084	$ 33,201
1.90%	$ 43,191	$ 40,495	$ 38,078	$ 35,899	$ 33,927

Valuation Summary

- Our DCF analysis yields an **enterprise value of $36.29bn**, implying a **valuation premium of 9.27%** relative to the consortium's announced transaction value of $40bn. This suggests that the offer sits modestly above intrinsic value, consistent with premiums typically observed in large-scale data center and digital infrastructure deals.
- The valuation is based on a **WACC** of **7.87%**, derived from a 4.0% US 10-year Treasury yield, a 5.0% equity risk premium (Duff & Phelps), and a beta of 0.95, benchmarked against publicly traded hyperscale and wholesale operators such as Digital Realty, QTS, CyrusOne, and Equinix. A **1.5% terminal growth rate** reflects long-run US GDP expectations.
- Our forecasts assume capacity growth from **5.0GW to 8.0GW** by 2034, rising utilization from 45% to 80%, and price-per-MW growth of approximately 2% per year. EBITDA margins are forecast to expand from 45% in 2025 to 47% in 2034, driven by economies of scale and AI-optimized load factors.
- Free cash flow estimates incorporate both maintenance capital expenditures at 5% of revenue and growth capital expenditures of $1.5m per MW added, consistent with industry benchmarks derived from CBRE, Structure Research, and DataCenterHawk. Working capital investment is modelled at 2% of incremental revenue, reflecting the low working capital requirements of hyperscale operators.
- A sensitivity analysis on WACC (7.3%-8.5%) and terminal growth (1.1%-1.9%) indicates a **valuation range of $31.26bn-$43.19bn**. The announced transaction value of $40.00bn lies toward the upper end of this range, suggesting that bidders are pricing in the scarcity of AI-ready hyperscale capacity, accelerated demand for power-dense compute environments, and the strategic value of Aligned's 5.0GW North American development pipeline.
- In summary, the premium is justified by accelerating AI-infrastructure demand, Aligned's quality platform, and the strategic rationale for the GIP-AIP consortium.

Skyworks and Qorvo to Merge in $22bn Landmark Deal

Acquirer: Skyworks Solutions, Inc. (NASDAQ:SWKS)

Skyworks Solutions is a US-based semiconductor company headquartered in Irvine, California. The present company was formed in 2002 from the merger of Alpha Industries and Conexant's wireless communications business though its roots trace back to 1962.

Skyworks mainly designs and manufactures **radio frequency (RF) front-end modules** for smartphones, with broader semiconductors for the automotive, industrial and infrastructure markets. Their **largest customer is Apple**, which accounts for roughly 70% of its FY25 revenue.

Market Cap:	$10.3bn
Net Debt:	$-0.2bn
2025 Revenue:	$4.1bn
EV/EBITDA	9.9x

Target: Qorvo, Inc. (NASDAQ:QRVO)

Qorvo was created in 2015 from the merger of TriQuint and RFMD, and is based in Greensboro, North California. Like Skyworks, the company specialises in **RF and analog/mixed-signal**, but with a broader emphasis on power management and defence applications.

Qorvo's two primary segments are mobile products (MP) and infrastructure and defense products (IDP), with **customers diversified** beyond consumer electronics, including Apple, Samsung and US defence contractors.

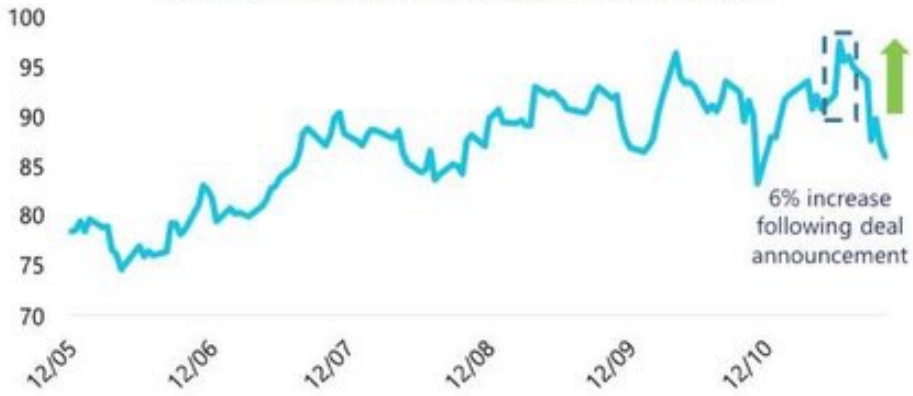
Market Cap:	$7.9bn
Net Debt:	$0.4bn
2025 Revenue:	$3.7bn
EV/EBITDA	11.0x

Transaction Summary

On October 27th, 2025, Skyworks Solutions announced a cash-and-stock merger with Qorvo, Inc. valued at approximately $10.1bn in equity value, or $22bn combined enterprise value. Qorvo shareholders will receive $32.50 in cash and 0.960 shares of Skyworks common stock for each Qorvo share, implying a 14.2% premium to the one day prior close.

The deal is expected to be immediately accretive to non-GAAP EPS, funded partly through $3.1bn of debt financing from Goldman Sachs. Completion is anticipated in early 2027, subject to customary regulatory approvals.

Qorvo, Inc. (NASDAQ:QRVO) Share Price



Announcement date:	27th October 2025
Offer per share:	$32.50 + 0.960 Skyworks shares
Transaction value:	$22.0bn
Implied Premium:	14.2%[1]
Acquirer adviser(s):	Goldman Sachs & Co., Qatalyst Partners
Target adviser(s):	Centerview Partners

Creating a Global Leader through Scale and Innovation

Rationale and Outlook

Merging the two manufacturers aims to form a **diversified vertically integrated player** with pro forma revenue of $7.7bn and adjusted EBITDA of $2.1bn. The scale strengthens their position against global competitors such as Broadcom and Qualcomm, while the broader revenue mix reduces Skyworks reliance on the cyclical handset market and Apple.

The deal also enhances the combined firm's ability to address rising complexity driven by the transition to **5G, IoT, and connected automotive systems**. With over 8,000 engineers and 12,000 patents, the integrated business will accelerate innovation, expanding customer reach and strengthening pricing across both mobile and diversified platforms.

Skyworks expects the deal to be immediately **accretive to non-GAAP EPS**, driven by over $500mn in annual cost synergies within two to three years post-close. Efficiency gains will stem from overlapping operations, supply chain consolidation, and manufacturing optimization, which should enhance margins and free cash flow generation through the cycle.

Part of the Semiconductor M&A trend



Risks and Uncertainties

A core rationale of the merger is reducing exposure to handset business cycles via diversification. However, despite Qorvo's broader IDP platform, both firms **retain significant reliance** on smartphone demand and Apple in particular. This leaves the group vulnerable to unit-volume declines forecasted for 2026, slowing smartphone upgrade cycles, and shifts in customer strategy such as Apple's internalization of RF front-end modules, unveiled with the iPhone 16e. This risk is partially mitigated by increasing RF content per device, increasing revenue per unit, and by Apple's current preference for multi-sourcing critical components, nonetheless, these factors continue to weigh on the outlook for long-term revenue growth.

The transaction is also expected to face **heightened regulatory scrutiny** across the US, China, and other key jurisdictions, given the significant overlap in RF module products and the strategic importance of semiconductors. Any resulting delays, divestiture requirements or regulatory constraints may erode the projected $500mn synergy target, **raise execution costs, and introduce uncertainty** over market momentum in the interim period.

Qorvo, Inc. Valuation (Discounted Cash Flow Model)

SKYWORKS qorvo

[All figures in millions and USD unless otherwise stated]

Period					1	2	3	4	5
Year	**2022A**	**2023A**	**2024A**	**2025A**	**2026A**	**2027E**	**2028E**	**2029E**	**2030E**
Total Revenue	4,646	3,569	3,770	3,719	3,770	3,870	4,058	4,182	4,318
% growth		*-23.2%*	*5.6%*	*-1.3%*	*1.4%*	*2.6%*	*4.9%*	*3.1%*	*3.2%*
EBIT	1,302	310	406	376	588	661	710	694	721
% of sales	*28.0%*	*8.7%*	*10.8%*	*10.1%*	*15.6%*	*17.1%*	*17.5%*	*16.6%*	*16.7%*
Taxes	148	21	144	10	88	99	106	104	108
% of EBIT	*11.3%*	*6.9%*	*35.4%*	*2.7%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
NOPAT	**1,154**	**288**	**262**	**366**	**500**	**562**	**603**	**590**	**613**
(+) D&A	361	339	321	297	283	290	304	314	324
(-) Capital Expenditures	214	159	127	138	157	161	169	174	179
(-) Change in Net Working Capital	-27	-301	-258	168	37	38	39	41	42
Unlevered FCF	**1,330**	**769**	**714**	**357**	**589**	**653**	**700**	**689**	**715**
Present Value of FCF					538	545	533	480	455

Valuation Assumptions	
Beta	1.36
Tax rate	15%
Risk free rate	4.1%
Risk premium	5.5%
Cost of Equity	11.6%
Cost of Debt	5.0%
WACC	9.5%
Terminal Growth Rate	2.0%

	Value	%
Debt	1,611	32%
Equity	3,392	68%
Total	5,003	100%

Terminal Value	9,755
PV of Terminal Value	6,204

Enterprise Value	8,755
(+) Cash	1,021
(-) Debt	1,549
Equity Value	8,227
Diluted Shares	92
DCF-Implied Share Price	89.03
Acquirer Offer per Share	103.58
% Acquisition Premium	**16.3%**

Sensitivity Analysis - Acquisition Premium

Terminal Growth Rate \ WACC	8.5%	9.0%	9.5%	10.0%	10.5%
1.6%	4.9%	13.1%	21.3%	29.7%	38.1%
1.8%	2.3%	10.6%	18.8%	27.2%	35.7%
2.0%	-0.2%	8.0%	16.3%	24.7%	33.2%
2.2%	-2.8%	5.5%	13.8%	22.2%	30.7%
2.4%	-5.4%	2.9%	11.2%	19.7%	28.2%

Valuation Summary

- Our DCF analysis yields an intrinsic valuation for Qorvo's shares of **$89.03** implying a **premium of 16.3%** relative to Skywork's offer price of $103.58 per share for the target. This aligns closely with market consensus, where analysts have estimated an implied transaction premium of approximately 14.2%.
- For the model, we have assumed a **WACC** of **9.5%**, derived from a risk-free rate of 4.10% (based on the US 10-year Treasury yield), an equity risk premium of 5.5%, and a company-specific beta of 1.36. We have also assumed a steady-state **growth rate of 2.0%** when calculating the terminal value of Qorvo.
- These assumptions have undergone a sensitivity analysis to ascertain the potential impact on the acquisition premium of the deal under different scenarios.
- Our projections are grounded in analyst consensus estimates, while the tax rate is assumed at 15% throughout the model based on Qorvo's previous effective tax rate. Additionally, cash flow adjustments are based on an historical averages as a % of total revenues, ensuring **consistency with part performance.**
- The implied premium reflects the strategic and financial rationale behind the deal. While Qorvo shareholders retain a ~37% stake in the merged entity, the **premium compensates for giving Skyworks control** (~63%) and reflects the expected synergies, growth opportunities, and market advantages of the merger.

We Selected 4 Deals with the Biggest Potential Impact on the Industry...

October 15th, 2025 **$40bn**

Microsoft NVIDIA

Has entered discussions to acquire

Aligned

Stage of the deal: ○●○○ **Chances of success:** High

Comment: A consortium including Microsoft, NVIDIA, Temasek, BlackRock (via GIP), Kuwait Investment Authority, X.AI, and MGX Fund Management agreed to acquire Aligned Data Centers from Macquarie Asset Management for around US$40 billion.

Aligned operates over 50 facilities with 5 GW of capacity across the Americas. The acquisition strengthens the consortium's position in AI and cloud infrastructure, supporting expansion of high-density, energy-efficient data centers. Completion is expected in H1 2026.

September 29th, 2025 **$56.8bn**

SILVER LAKE

Have agreed to acquire

EA

Stage of the deal: ○●○○ **Chances of success:** High

Comment: Silver Lake, the Public Investment Fund (PIF), and A Fin Management announced a US$56.8 billion acquisition of Electronic Arts, marking one of the largest private technology buyouts to date. The consortium aims to take EA private, providing long-term capital to accelerate its investments in AI-driven gaming, esports, and immersive entertainment platforms.

The deal underscores investors' confidence in the growth potential of interactive media as gaming evolves into a core pillar of the global entertainment industry.

August 14th, 2025 **$35bn**

Google

Has agreed to acquire

PUBLIC GOOD

Stage of the deal: ○○○○ **Chances of success:** High

Comment: Alphabet announced a US$35 billion agreement to acquire Public Good Software to strengthen its Google Chromebusiness. The company specialises in privacy-preserving data analytics and ethical AI frameworks, which will help Chrome balance personalization with data protection.

This acquisition reflects Alphabet's broader push to rebuild user trust and comply with evolving global privacy regulations, while improving Chrome's ability to deliver context-based advertising and AI-powered browsing tools. The deal is expected to close in 2026, subject to regulatory review in the United States and Canada.

October 6th, 2025 **$6.75bn**

PRESS GANEY

Has agreed to acquire

Forsta

Stage of the deal: ○●○○○ **Chances of success:** High

Comment: Press Ganey Associates announced a US$6.75 billion agreement to acquire Forsta Group from Qualtrics, aiming to create a leading platform in experience management and analytics. The deal combines Press Ganey's strength in healthcare performance measurement with Forsta's advanced customer and employee feedback technology.

The acquisition enhances Press Ganey's ability to deliver integrated insights across patient, consumer, and employee experiences, reflecting growing demand for data-driven performance solutions in healthcare and service industries.

Glossary

Accretive: A deal is accretive if it increases the buyer's earnings per share after the acquisition

Revenue synergies: The newly merged companies can generate more sales than the two companies can separately

EBITDA: A measure of a company's operating performance. It shows earnings before interest, tax, depreciation and amortisation

Terminal Growth Rate: The long term growth rate used to estimate a company's value beyond the forecast period in a DCF

Radio Frequency: Electromagnetic waves used for wireless communication such as WiFi, mobile signals or radio

Enterprise Value: The total value of a company's operations which includes debt and equity minus cash

DCF: A valuation method where you estimate a company's future cash flows and discount them back to today to find what the business is worth

WACC: Represents a company's cost of capital that has been weighted based on its level of debt and equity. It is commonly used to discount future cash flows

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