Quarter 4 2025
Issue #1

TMT

Sector Report



WARWICK M&A GROUP

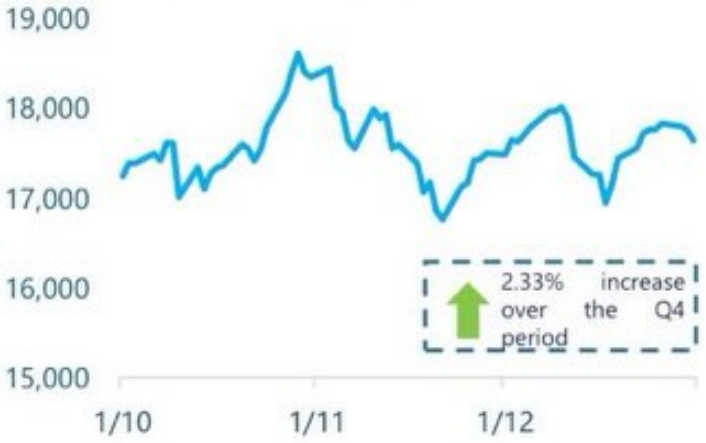
Q4 2025 Sees TMT Activity Characterised by Higher Value and Selective Execution

Q4 in numbers

$395.6bn	115	$3.4bn
Total deal value +267.2% (YoY)	No of deals -4.2% (YoY)	Average deal value +283.% (YoY)

Average TEV/Revenue:	4.9x	**Average Day Prior Premium:**	31.4%
Average TEV/EBITDA:	30.0x	**Average Week Prior Premium:**	32.4%
Deals with value greater than $1 billion:	36	**Average Month Prior Premium:**	31.5%

S&P Global 1200 Information Technology Index



Sectoral insight

- **Improved financing visibility drives a rebound in TMT deal value despite selective execution**. Q4 2025 saw a sharp increase in aggregate deal value, supported by **stabilising rate expectations**, **stronger equity markets**, and improved **confidence in financing**. While deal volumes remained selective, capital concentrated into technology and AI-driven **megadeals**, driving a sizeable increase in average deal size and supporting elevated acquisition premiums.
- **Data, compute, and power constraints support strategic consolidation across TMT.** As AI adoption accelerated through 2025, constraints around **power availability** and **data access** intensified. Strategic buyers responded through consolidation and vertical integration to secure critical infrastructure and data access, using M&A to de-risk and support long-term scalability.
- **Continued demand for digital transformation supports selective TMT activity.** Ongoing investment into cloud migration, cybersecurity, and digital services sustained deal activity in Q4 2025, particularly within **IT services** and **software-enabled platforms**. Acquirers focused on assets with strong customer relationships and scalable service models, reinforcing selectivity while supporting higher value transactions

Deal Count by Region



Global Data, S&P Capital IQ

Netflix to Acquire Warner Bros. Discovery in $78bn Deal

Acquirer: Netflix, Inc.

Netflix is a leading global streaming and content production company, specialising in **subscription video-on-demand (SVOD)** services and original programming. Netflix operates across more than 190 countries, with over 275 million subscribers. The company has increasingly shifted from third-party licensed content toward owned intellectual property which supports margin expansion and greater control over franchise development. Management's strategic priorities include sustaining double-digit revenue growth, improving profitability through disciplined content spend and broadening monetisation via advertising, licensing and consumer products.

***Market Cap:**	$348.0bn
Enterprise Value:	$352.0bn
***LTM Revenue:**	$39.1bn
***LTM EV/Revenue:**	7.8x

Target: Warner Bros. Discovery, Inc.

Warner Bros. Discovery is an American media conglomerate that operates across film, television, streaming (Max) and sports broadcasting. Its extensive IP portfolio includes DC Studios, HBO, CNN and Warner Bros. Pictures. The company is publicly listed on the NASDAQ with a market capitalisation of approximately $28bn. The group generates revenue across three key core pillars: studio production and distribution, linear networks, and **direct-to-consumer (DTC)** streaming, giving it a diversified mix of subscription, advertising and licensing income.

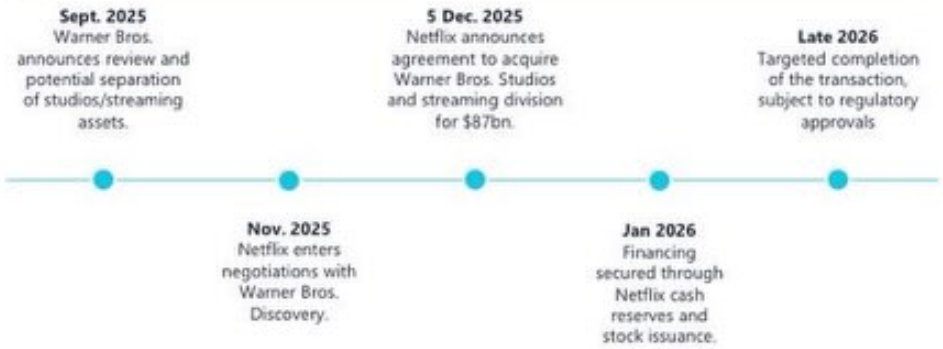
Enterprise Value:	$54.0bn
LTM Revenue:	$38.3bn
LTM EV/Revenue:	1.4x

Transaction Summary

Netflix announced on **December 5th, 2025** that it would acquire Warner Bros. Discovery's studios and streaming division for an **enterprise value of $87bn**, marking one of the largest media transactions to date. Reuters reported that discussions accelerated in late November amid strong investor interest in Warner Bros. Discovery's premium **IP portfolio** including HBO Max, Warner Bros. Pictures, and DC Studios.

The deal follows Warner Bros. Discovery's strategic restructuring earlier in 2025 to separate its Discovery Global networks ahead of a sale. Netflix, backed by its scaled streaming platform and strong **free cash flow generation**, will finance the acquisition via a mix of cash and stock consideration. Completion is expected in **late 2026** subject to approvals.

Acquisition Timeline



Announcement date:	December 5th, 2025
Transaction value:	$87.0bn
FY24 Revenue multiple:	2.2x
Acquirer adviser(s):	Moelis & Co, Wells Fargo
Target adviser(s):	JP Morgan, Evercore, Allen & Co

Creating a Global Content and Streaming Powerhouse

Rationale and Outlook

The acquisition provides Netflix with an unprecedented content scale, IP ownership depth, and diversified distribution infrastructure across linear TV, streaming and theatrical channels. The combination supports Netflix's transition from a pure streaming platform toward a **fully integrated global studio network.**

Netflix's content capacity will expand by over **40,000 hours annually**, integrating Warner Bros. Film, Max, and sports rights into Netflix's platform. Synergies are expected from reduced content licensing costs **($2.0bn annually)** via shared production and marketing infrastructure.

The transaction diversifies Netflix into ads and licensing as **SVOD growth slows**, while Warner Bros. leverages HBO Max's $1.5bn ad platform and franchise licensing to target **$4–5bn in combined ad revenue** by FY2027.

Key Acquisition Benefits

Platform Expansion	• Creates the most extensive global content library (over 7000 IP titles) • Expands streaming and theatrical integration with unified Max-Netflix platform.
Operational & Financial Synergies	• Estimated $3-4bn in run-rate synergies by FY28. • Lower content acquisition costs through in-house IP ownership.
Strategic Synergies	• Strengthens global DTC competitiveness versus Disney, Amazon and Apple. •Enables launch of hybrid SVOD/AVOD and live event offerings.

Risks and Uncertainties

The transaction faces significant antitrust scrutiny from the U.S. DOJ Antitrust Division, FTC, and the EU Commission, given the combined entity's projected **45%** U.S. streaming market share and control over **30%+** of premium Hollywood content production. Bipartisan lawmakers have urged investigation, citing risks of higher consumer prices, reduced content choice and job losses in Hollywood. Potential remedies include **forced divestitures**, behavioural **commitments on pricing/content licensing**, or outright **blockage**.

Financially, integration elevates Netflix's pro forma **net debt towards the $80bn mark**, straining its credit ratings (potential downgrade to BBB) amid $59bn bridge financing from Wells Fargo/HSBC and Warner Bros. existing leverage around the $40bn range. Netflix's data-driven agility vs Warner Bros. legacy studio bureaucracy pose **execution challenges**, as well as $2-3bn one-time integration costs exceeding projections. Macro factors such as rising rates, ad market volatility and labor pressures further threaten synergies, with **competing bids** from the likes of **Paramount** adding further uncertainty.

IBM to Acquire Confluent in $11bn Deal

Acquirer: International Business Machines (NASDAQ:IBM)

IBM is a global enterprise technology and services firm headquartered in Armonk, New York, United States. Founded in 1911 and renamed in 1924, it has evolved from legacy hardware into a software- and services-led model. Its core businesses span hybrid cloud and AI software (including Red Hat), technology consulting, and infrastructure such as mainframes and storage, serving a diversified base of enterprise and public-sector clients worldwide.

Market Cap:	$277.0bn
Net Debt:	$50.2bn
2025 Revenue:	$67.5bn
EV/EBITDA	19.0x

Target: Confluent

Confluent is an enterprise data infrastructure company headquartered in Mountain View, California, United States. Founded in 2014 by the creators of Apache Kafka at LinkedIn, it brought real-time data streaming to mainstream enterprise use. Its core products, Confluent Cloud (managed Kafka) and Confluent Platform (self-managed), help organisations move and govern streaming data across cloud, on-prem, and hybrid environments, sold primarily via subscriptions to a broad enterprise customer base.

Market Cap:	$10.8bn
Net Debt:	$-0.9bn
2025 Revenue:	$1.2bn
EV/EBITDA	90.0x

Transaction Summary

On **December 8th, 2025**, International Business Machines (NYSE: IBM) announced an **all-cash** agreement to acquire Confluent for **$31.00 per share**, implying an **enterprise value of approximately $11.0bn**. The offer represented an **~34% premium** to Confluent's prior close, and Confluent shares **jumped nearly 30%** on the announcement as investors priced in the takeout and potential strategic upside.

The transaction is expected to be funded using IBM cash on hand and is targeted to close by mid-2026, subject to Confluent shareholder approval and customary regulatory and closing conditions. Strategically, IBM framed the deal around **strengthening its hybrid cloud and AI platform**, with Confluent's streaming data infrastructure intended to help enterprises move and govern real-time data across cloud and on-prem environments.

Announcement date:	December 8th, 2025
Offer per share:	$31.0
Transaction value:	$11.0bn
Implied Premium:	34.0%
Acquirer adviser(s):	Centerview Partners (financial); Paul, Weiss, Rifkind, Wharton & Garrison (legal)
Target adviser(s):	Morgan Stanley (financial); Cooley LLP (legal)

Creating a Global Cloud Software Powerhouse

Rationale and Outlook

The acquisition positions IBM to build a more differentiated "data-to-AI" platform by combining its hybrid cloud and AI stack with Confluent's real-time streaming infrastructure. Confluent's streaming layer helps enterprises move and synchronize data continuously across cloud, on-premise, and edge systems, which is increasingly essential for production-grade AI and analytics.

Strategically, the deal strengthens IBM's software portfolio alongside Red Hat, creating more end-to-end capabilities from infrastructure orchestration to streaming, governance, and application modernisation. IBM can cross-sell Confluent into its large installed base and embed streaming data patterns into consulting-led transformations, potentially raising attach rates across software and services.

Operationally, IBM is likely to emphasize integration into hybrid environments and regulated industries, where data lineage, security, and reliability are critical. Over time, the combination should improve IBM's positioning in enterprise data platforms, with Confluent accelerating real-time architectures for event-driven applications, fraud/risk monitoring, and AI use cases that require fresh, continuously updated data.

Enterprise Software M&A Trend

servicenow	$7.8bn →	ARMIS.
Warburg Pincus / Temasek	$8.4bn →	Clearwater Analytics
Coforge	$2.37bn →	encora
HCL	$240mn →	JasperSoft
DELL	$120mn →	Dataloop

Risks and Uncertainties

Execution risk is meaningful. Confluent's growth engine depends on developer adoption and cloud consumption dynamics, and aggressive integration or packaging could slow innovation, complicate pricing, or increase churn. Retaining key engineering talent and maintaining product velocity will be critical to preserving Confluent's competitive moat.

There is also strategic and financial risk around realised synergies. Cross-selling benefits may take time, and customers could resist vendor consolidation if they prefer best-of-breed tooling or already standardise on alternative streaming and data platforms. Regulatory approval is typically manageable in software, but timing, integration costs, and slower-than-expected revenue synergies could weigh on near-term returns.

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

October 14th, 2025 — **$19.7bn**

orange / free / iliad / bouygues

Have entered discussions to acquire

altice

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

Comment: Orange, Free-Iliad and Bouygues have submitted a joint non-binding offer to acquire Altice France, the parent of SFR, France's second-largest mobile and broadband operator, from Patrick Drahi, whose Altice group faces severe debt pressure.

For Orange, acquiring SFR would consolidate France's telecoms market, dramatically reducing competitive intensity in a market of low ARPUs and heavy infrastructure costs. For Bouygues and Free, participation provides optionality on network assets without execution risk. Due to the consolidation, significant antitrust scrutiny is expected.

December 17th, 2025 — **$2.1bn**

DOOSAN

Has entered discussions to acquire

SK siltron

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

Comment: Doosan Group has been named preferred bidder for SK Group's 70.6% stake in SK Siltron, South Korea's only silicon wafer manufacturer, and one of few globally. SK Group is divesting the asset following losses in its battery and energy businesses.

The acquisition marks a transformative pivot into semiconductor materials, with tailwinds from AI-driven chip demand and government-backed domestic supply chain initiatives in South Korea and the US. A formal SPA is targeted for early 2026, but the deal still faces union opposition and Korean Fair Trade Commission review.

December 29th, 2025 — **$2.5bn**

Meta

Has agreed to acquire

manus

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

Comment: In December, Meta Platforms agreed to acquire Manus, a Singapore-based AI agent software company, for over US$2 billion. Manus develops tools capable of autonomously completing tasks including research, coding and workflow automation, and has already reached over US$100 million in recurring revenue shortly after launch.

The acquisition signals Meta's intent to add revenue-generating AI products to its platforms and enterprise tools. Following completion, Meta aims to incorporate the underlying technology into its ecosystem while still offering the platform independently, with China-linked operations wound down to avoid geopolitical and regulatory issues.

October 6th, 2025 — **$4bn**

SoftBank

Has agreed to acquire

DIGITALBRIDGE

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

Comment: SoftBank announced a US$4 billion all-cash acquisition of DigitalBridge, a global owner and operator of digital infrastructure assets including data centres, fibre and wireless networks. The transaction takes DigitalBridge private and gives SoftBank direct control over assets that underpin cloud computing and AI deployment.

The deal continues SoftBank's strategy of backing artificial intelligence growth through ownership of critical physical infrastructure, with other investments including Intel, Arm Holdings, Ampere Computing, and SB Energy alongside OpenAI. Completion is expected in 2026, subject to customary regulatory approvals.

Glossary

Subscription Video-On-Demand (SVOD) - A streaming service where users pay a recurring subscription fee to access a catalogue of on-demand video content, without paying per title.

Advertising-Supported Video-On-Demand (AVOD) - A streaming model where users access content for free or at a lower subscription price in exchange for viewing advertisements inserted before or during the programme.

Direct-To-Consumer (DTC)– A distribution model where content is delivered to end users through its own platforms, bypassing traditional broadcasters.

Data Lineage - A governance capability that tracks where data comes from, how it changes, and where it is used as it moves across systems, enabling auditability, trust, and compliance.

Event-Driven Applications - Software designed to react automatically to real-time "events" (for example a payment, a login, a sensor update) by triggering actions or workflows as soon as the event occurs, rather than waiting for scheduled batch processing.

Data-To-AI Platform - An end-to-end setup that takes data from collection and integration through streaming, storage, governance, and preparation, so it can be reliably used to train, deploy, and run AI models in production.

Megadeal – An M&A transaction valued at $10bn+ that materially reshapes a company's strategic position, industry structure, or competitive landscape.

The Team



Bryan Lee
(Sector Head)



Isfan Zamonov
(Analyst)



Aden Bello
(Analyst)



Krish Rao
(Analyst)



Zachary Alun-Jones
(Analyst)