



PwC advises on £70bn of UK TMT deal value in 2025, up 18% from last year as AI-driven activity accelerates

TMT deal activity in 2025 was marked by larger average deal sizes, as capital concentrated behind scale and category leaders. We completed more than 130 transactions with an aggregate deal value exceeding £70bn, representing an increase of c.6% in volumes and c.18% in deal value compared with 2024, underscoring continued momentum at the upper end of the market despite a selective volume environment. AI and digital infrastructure continued to shape both origination and execution, with valuation discipline and alternative routes to liquidity – including fund-to-fund transfers, take-privates and carve-outs – all featuring prominently amongst deal completions.



Technology

Software

AI remained the defining thematic driver, with buyers prioritising workflow automation and embedded intelligence to reinforce sustainable growth and pricing power. Our team advised leading software platforms and aggregators on valuation and scale agendas, including working alongside IFS, Civica and Sage, as UK-headquartered platforms assessed international expansion opportunities. Private equity focused on resilient verticals with lower disruption risk, including Keensight Capital's investment in Decision Focus. Valuation dispersion continued to widen relative to the post-COVID peak, with high-quality assets meeting Rule-of-40 thresholds sustaining premium multiples.

Technology Services

Deal volumes held up through 2025 but were concentrated in smaller, lower-risk bolt-ons, reflecting a cautious investment environment. Private equity activity remained muted, and valuations sat below 2021/22 post-COVID highs, constrained by higher interest rates and modest organic growth. With new-logo acquisition and pipeline conversion weaker, management focus shifted towards deepening existing customer relationships and building differentiated specialist capability. Against this backdrop, the sector accelerated adoption of AI and automation across service desks and IT operations to

protect margins and reduce reliance on headcount-driven growth. Strategic M&A re-emerged selectively as corporates advanced security, data infrastructure and enterprise SaaS value-realisation agendas; we acted on targeted stakes and bolt-ons, including the sale of a minority investment in Etraveli Group to KKR, alongside increased application of technology within infrastructure services, exemplified by our support for MGroup's acquisition of Telent. We also advised Octopus Energy on its stake disposal in Kraken (\$8.65bn valuation) and delivered buy-side support for incoming investors D1 and Ontario Teachers.

Fintech

The UK FinTech sector remained resilient through 2025 and into early 2026, maintaining its position as EMEA's leading FinTech hub. Activity was supported by continued growth across digital payments, WealthTech, RegTech and open-banking-enabled data solutions, with deal momentum reflecting ongoing consolidation and sustained investor interest. Notable transactions included BlackRock's \$3.1 billion acquisition of Preqin, Carlyle's acquisition of Intelliflo and Cinven's majority investment in Objectway. Looking ahead, momentum is increasingly driven by PE-backed FinTech assets preparing for exit, alongside a heightened focus on AI as a core value driver. In parallel, data management, reconciliation and specialist RegTech platforms have emerged as priority sub-sectors, underpinned by regulatory complexity, cost pressures and demand for scalable, mission-critical infrastructure.



Telecoms

Telecoms

2025 activity centred on portfolio reshaping, infrastructure monetisation and balance-sheet reset initiatives. Business-model reinvention (BMR) – including InfraCo/NetCo separation and ServeCo/SolutionCo scaling – continued to guide board-level agendas as operators unlocked capital and refocused on higher-growth digital and enterprise adjacencies; we advised CVC DIF and Jersey Telecom on the acquisition of Manx Telecom Group and on the merger of 3UK and Vodafone UK that closed in 2025 as examples of this. Altnet consolidation progressed more slowly than anticipated, and telecom services deal flow remained selective, skewed towards smaller bolt-ons and lender-led outcomes, with investors prioritising assets with differentiated propositions or in higher-growth niches such as IoT where we advised on transactions including Wireless Logic's SBO.

Data Centres

Data centres remained central to digital infrastructure investment, driven by hyperscale cloud demand, generative AI workloads and enterprise migration to hybrid architectures. Activity focused on platform scaling and complex carve-outs: we acted on the sale of Yondr to DigitalBridge and Le Caisse, advised IFM Investors on the acquisition of hyperscaler-focused Green Data Centres, and advised on the carve-out of a portfolio of colocation data centres from AtlasEdge; we also supported Brookfield and Data4 to carve out a 244MW portfolio of stabilised assets into StableCo, enabling a €3.3bn debt raise and subsequent sell-down of significant minority stakes to Arjun Infrastructure and Interogo. Delivery was increasingly shaped by power availability, grid-connection timelines and planning constraints, reinforcing the importance of execution capability alongside capital.



Media

Media

Market conditions remained challenging, with processes right-shifting as advertising budgets softened and AI continued to reshape business models and audience behaviours. We partnered with clients on transformation programmes, tuck-in capability acquisitions and preparation for new investment. Our completed deals included Precisify (YouTube ad-tech intelligence) and atHome Group (property and auto classifieds), alongside broader advisory activity around established IP, live sports rights and hybrid monetisation models.

Education and Training

Education sector M&A activity was strong in 2025, albeit focused in areas benefitting from sector tailwinds and that could demonstrate opportunity from, and resilience, to macro developments (e.g. funding changes, international student flows, AI). In K-12, consolidation by Multi-Academy Trusts and large education groups continued, driving centralised procurement and elevating demand for shared systems and digital infrastructure. Deals into higher education were more challenging against the backdrop of uncertainty and the financial sustainability of UK universities.

The post-16 FE and skills white paper provides greater clarity around the direction for higher and further education, and we began to see more momentum in the latter. Our team provided transaction support, and strategic advice, on successful transactions including Northedge's investment into PebblePad, THI Partners' investment into Empowering Learning Group, sell-side support in Permira's acquisition of The Key and on Brightstar Capital Partners' substantial investment into Arden University.

Business Information

B2B data and information continued to perform strongly, anchored by structural demand for decision-grade data and integrated API and workflow-native delivery methods, with vendors investing in AI-assisted insight to defend pricing and reduce analyst cost-to-serve. Buyers value SaaS-like characteristics – strong NRR, high stickiness and cash generation – at more achievable multiples, with M&A remaining a core lever for scale. We undertook sell-side diligence for Aurora Energy Research on its sale to TPG Rise Climate, together with buy-side diligence for TA on their investment in Facts Global Energy and subsequent bolt-on of NexantECA.



Outlook for 2026

The outlook for M&A in the TMT space remains positive, with expectations of continued momentum as market conditions become more supportive. Easing inflationary pressures and greater stability in financing markets are creating a more conducive environment for transactions. AI-driven innovation continues to shape deal activity, supporting both deal volumes and values as businesses invest in digital platforms, data centres and next-generation infrastructure. With executive confidence improving, we expect sustained activity, particularly across technology-led and infrastructure-enabled subsectors.



Technology

Technology remains the dominant driver of TMT M&A. While overall deal volumes have been selective, deal values have increased, reflecting a concentration of larger, strategically driven transactions. AI and associated technologies, including data analytics, automation and cybersecurity, continue to attract significant investment as organisations respond to rising demand for scalable AI infrastructure and platform capabilities. Private equity participation remains active, supported by alternative transaction structures and improving exit optionality, including a gradual reopening of IPO markets. Substantial capital continues to be allocated to technology investments across the region.



Media

The media sector continues to undergo significant transformation as evolving consumer behaviour and shifting advertising models challenge traditional business models. Media companies are reassessing strategies and pursuing selective M&A to build scale, secure premium content and strengthen digital distribution capabilities. As demand for digital content and new monetisation models grows, businesses that successfully adapt to emerging platforms and audience engagement trends are expected to be best positioned to drive deal activity.



Telecommunications

Portfolio optimisation remains a key theme across the telecommunications market. Operators are increasingly focused on streamlining operations and sharpening strategic focus through targeted divestments, carve-outs and partnership structures. Recent consolidation in several European markets has reinforced the trend towards scale, while broader restructuring activity continues through the disposal of non-core assets and selective M&A. The satellite and data-centre segments are also expected to remain active, supported by regulatory developments and rising demand for digital infrastructure.

Conclusion

Through 2025, TMT deal-making was increasingly scale-oriented and shaped by AI and digital infrastructure, with capital concentrating behind resilient assets across software, data, platforms and infrastructure. While parts of Media experienced elongated decision cycles, sectors such as Education & Training, Business Information and Data Centres demonstrated defensive growth underpinned by regulation, scale and embedded technology. Looking ahead to 2026, the outlook for TMT M&A remains positive, supported by improving market conditions, sustained investment in digital infrastructure and continued AI-driven innovation. Disciplined capital deployment, operational value creation and platform consolidation are expected to remain defining features of the next phase of the cycle.