



Quarterly Brief

**Capital market data as of
30 June 2024**

22nd Edition of our International
Valuation Newsletter
Q2 2024

July 2024
kpmg.com/be/valuation

Preface

Dear reader,

The major focus of the second quarter of 2024 was undoubtedly politics with European Parliament members being elected across Europe at the beginning of June. This resulted in a significant shift to the right and led to the unprecedented announcement of early elections in France by Emmanuel Macron. Also, the earlier than expected UK election at the beginning of July added uncertainty. In mid-June, a peace conference was held in Switzerland regarding the war in Ukraine, but major political players, such as Russia, were absent from the conference. China also increased political pressure on Taiwan in the second quarter, exacerbating the already tense situation.

In the second quarter, the UEFA European Football Championship also kicked off in Germany without major incidents along with a very positive atmosphere of excitement.

Investors in computer chip manufacturer NVIDIA were able to rejoice as the share price rose by over 35% during the second quarter and reached a market capitalization of USD 3.3 trillion in mid-June – overtaking companies such as Microsoft and Apple.

We are pleased to present once more our Quarterly Brief, a publication that offers objective market data, which will keep readers abreast of the latest developments in the relevant financial markets.

We wish you all the best and look forward to discussing your questions regarding valuation trends and practices.

Yours faithfully



Jorn De Neve

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Director, Valuations



We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 30 June 2024
- S&P Eurozone BMI Index sector multiples
- Risk-free rates for major currencies
- Country risk premiums and inflation forecasts for the BRICS countries

Major stock market performance: deterioration in global index performance during the second quarter

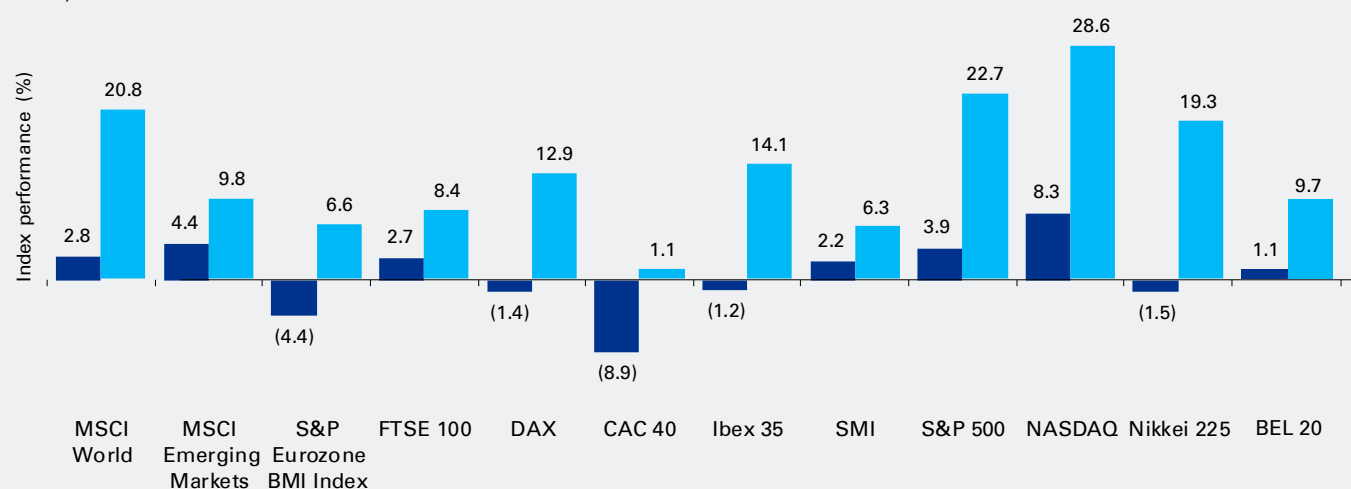
Over the last three months, some market changes have had a slightly negative impact on the strong year-over-year

performance of many indices, as discussed in the previous Quarterly Brief. For instance, only six out of 11 indices have seen double-digit growth over the last 12 months, with the highest performers being American-dominated indices (NASDAQ - 28.6%, S&P 500 - 22.7%, MSCI World - 20.8%).

Compared to the last Quarterly Brief, the quarter-on-quarter performance has notably worsened, with some indices such as CAC 40, S&P Eurozone BMI Index, Nikkei 225, DAX, and Ibex 35 showing negative returns in the second quarter.

Performance of leading indices

1 July 2023 – 30 June 2024



Source: Capital IQ

■ QoQ ■ YoY

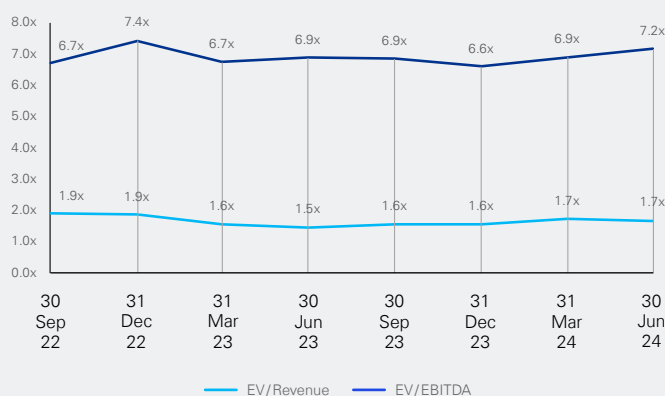
S&P Eurozone BMI Index sector multiples

During the second quarter of 2024, the EV/EBITDA multiples of five sectors, which marks roughly half of all sectors covered, have increased compared to the previous quarter. Only the Consumer Discretionary, Energy, Real Estate and Utilities sectors presented a reduction in derived multiples, which may have a connection to the increased observed inflation in many countries and the associated change in consumer behavior anticipated by the market.

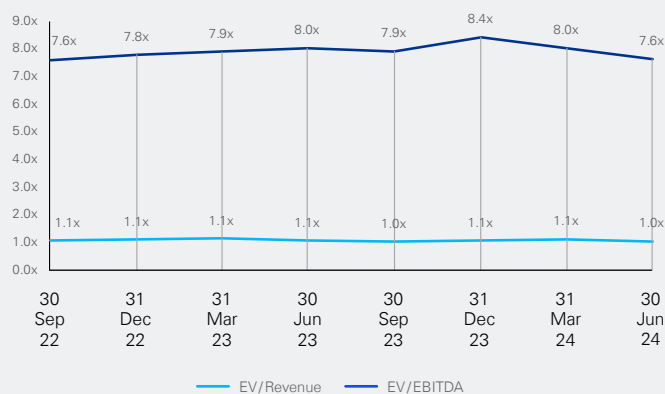
However, it is important to note that this depends distinctly on the sector, geography, and individual factors of each company. Therefore, it is necessary to evaluate each company's situation individually.

By comparison, the EV/revenue multiples have remained fairly constant compared to the previous quarter. This implies a direct link between revenue and the enterprise value anticipated by the market.

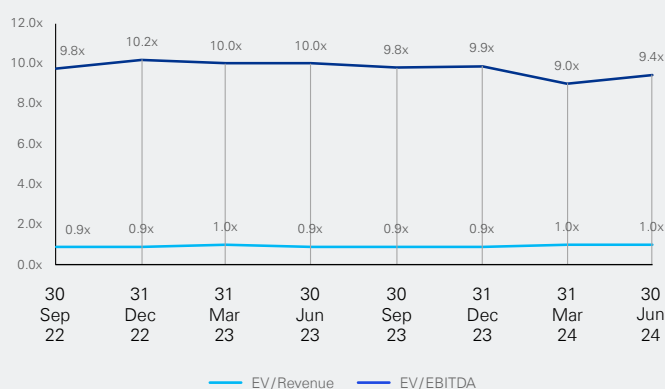
Communication Services



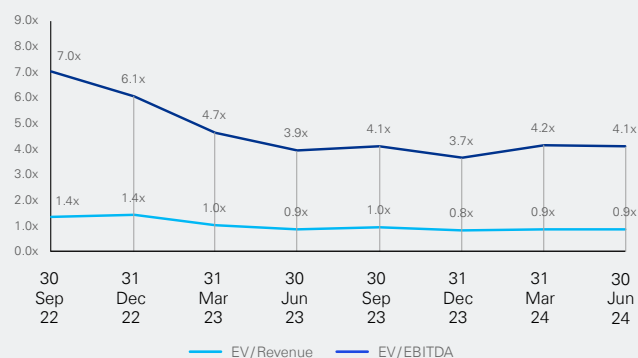
Consumer Discretionary



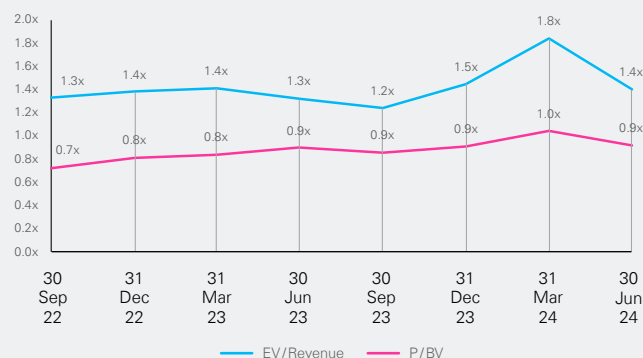
Consumer Staples



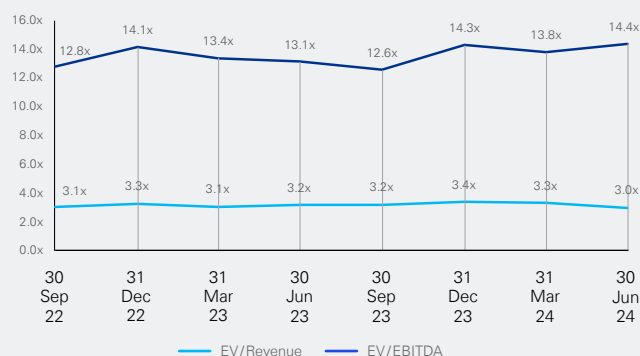
Energy



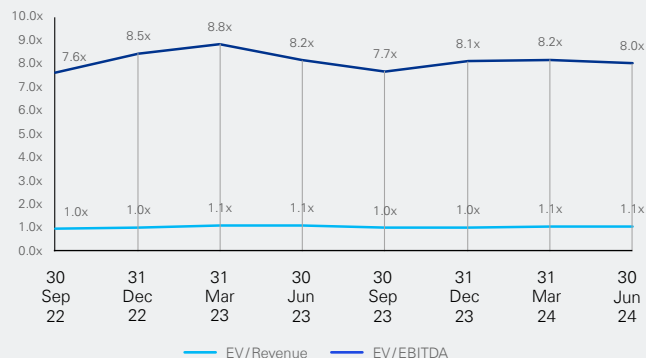
Financials



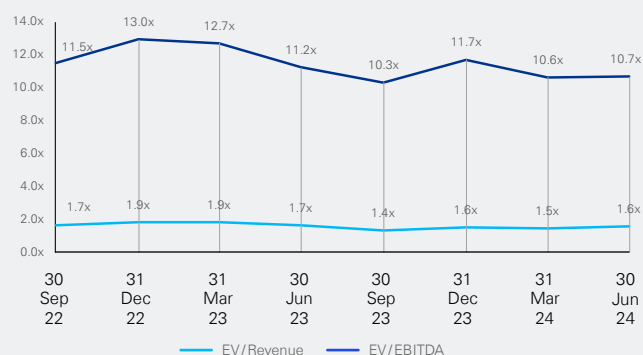
Health Care



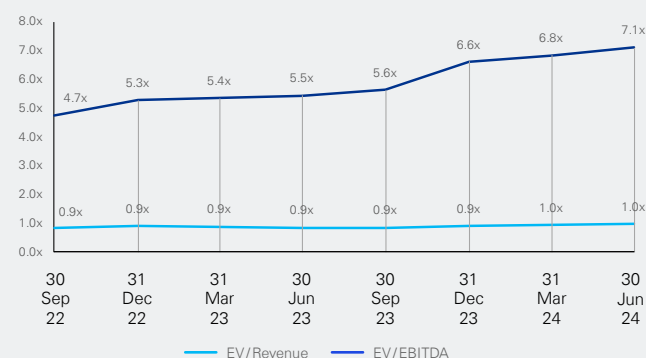
Industrials



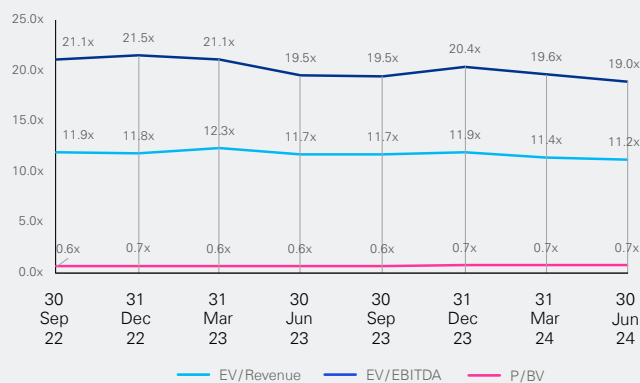
Information Technology



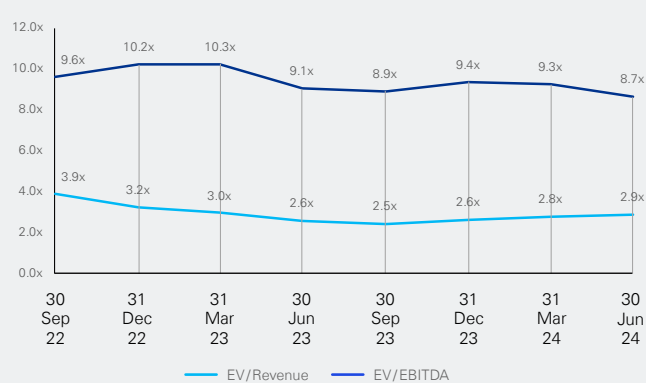
Materials



Real Estate



Utilities



Source: Capital IQ, KPMG analysis

Note: Multiples are analyzed based on the latest information available as of the assessment date for the respective edition of the Quarterly Brief newsletter. Changes in index composition, revised financial information and newly available information as of the respective assessment date may cause multiples to change.

Risk-free rates: Switzerland surprises with further policy rate cut

In many countries, increased medium-term inflation expectations have led national banks to slightly raise policy rates. This trend, which began at the end of 2022, continued into the second quarter of 2024. The Swiss National Bank, slightly unexpectedly, cut its policy rate for the second time in six months during the second quarter. This reduction in the policy rate also impacts the risk-free interest rate determined by KPMG for Switzerland. While risk-free

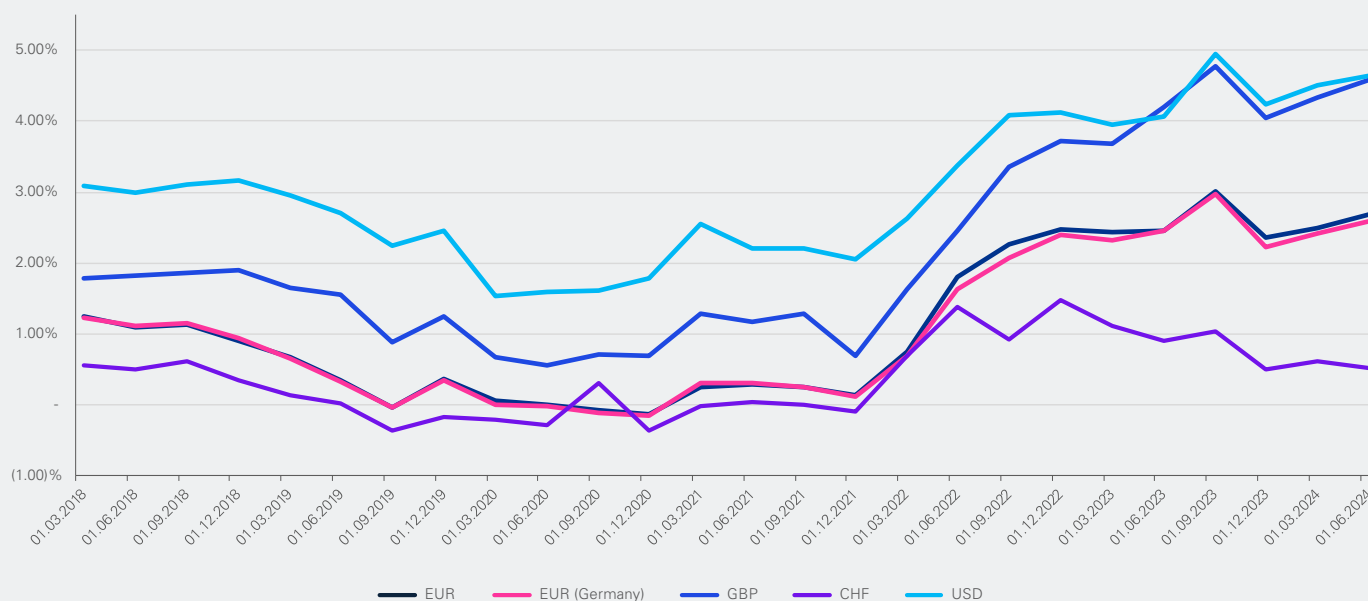
interest rates in Euros, British pounds and US dollars are experiencing slight growth, the risk-free interest rate in Swiss francs is seeing a slight decline. The individual interest rate trends are depicted in the table below. Conceptually, these interest rates are derived by KPMG from a uniform yield curve that is based on observable policy rate parameters defined by central banks. As of 30 June 2024, the United States held the highest interest rate among major economies, followed by the United Kingdom, the Eurozone overall, Germany specifically, and Switzerland.

Risk-free rates							
	 EUR	 EUR	 GBP	 CHF	 USD		
31.03.2018	1.25%	1.24%	1.79%	0.56%	3.08%		
30.06.2018	1.09%	1.12%	1.83%	0.51%	3.00%		
30.09.2018	1.13%	1.15%	1.87%	0.61%	3.10%		
31.12.2018	0.90%	0.94%	1.91%	0.35%	3.17%		
31.03.2019	0.67%	0.65%	1.65%	0.15%	2.96%		
30.06.2019	0.35%	0.33%	1.56%	0.02%	2.71%		
30.09.2019	(0.03)%	(0.03)%	0.88%	(0.36)%	2.25%		
31.12.2019	0.37%	0.34%	1.25%	(0.16)%	2.46%		
31.03.2020	0.06%	0.01%	0.68%	(0.20)%	1.54%		
30.06.2020	0.01%	(0.02)%	0.56%	(0.29)%	1.60%		
30.09.2020	(0.08)%	(0.11)%	0.72%	0.32%	1.61%		
31.12.2020	(0.13)%	(0.14)%	0.70%	(0.36)%	1.78%		
31.03.2021	0.26%	0.32%	1.29%	(0.01)%	2.55%		
30.06.2021	0.29%	0.31%	1.17%	0.05%	2.20%		
30.09.2021	0.26%	0.25%	1.29%	0.00%	2.21%		
31.12.2021	0.14%	0.12%	0.70%	(0.10)%	2.05%		
31.03.2022	0.75%	0.69%	1.63%	0.70%	2.62%		
30.06.2022	1.80%	1.64%	2.45%	1.38%	3.38%		
30.09.2022	2.27%	2.07%	3.36%	0.92%	4.09%		
31.12.2022	2.47%	2.39%	3.72%	1.48%	4.12%		
31.03.2023	2.44%	2.32%	3.68%	1.11%	3.96%		
30.06.2023	2.45%	2.45%	4.20%	0.90%	4.07%		
30.09.2023	3.02%	2.97%	4.78%	1.03%	4.95%		
31.12.2023	2.37%	2.22%	4.04%	0.50%	4.24%		
31.03.2024	2.49%	2.42%	4.34%	0.61%	4.50%		
30.06.2024	2.68%	2.60%	4.58%	0.52%	4.65%		

Source: KPMG analysis

Note: Risk-free rates are determined as a present value-equivalent uniform interest rate based on the yield curve of the respective central bank (Svensson model)

Risk-free rates over time



Country risk premium: modest improvement – Russia remains unclear

Following the first quarter, the factors influencing the country risk premium (CRP) in the BRICS countries remained mostly stable albeit with slight signs of improvement. All countries feature improved overall country risk despite rapidly changing economical and geopolitical challenges.

Due to the ongoing military aggression against Ukraine, the availability of reliable data concerning country risk for Russia remains a challenge. As such, no meaningful values can be indicated. For Iran, no meaningful CRP can be estimated due to its prevailing hyperinflationary economic environment.

Country risk premium

	30.06.2023	30.09.2023	31.12.2023	31.03.2024	30.06.2024
Brazil	2.7%	2.5%	2.3%	2.2%	2.0%
Russia	n/a	n/a	n/a	n/a	n/a
India	2.1%	2.2%	2.3%	2.3%	2.2%
China	0.7%	0.7%	0.7%	0.7%	0.6%
South Africa	3.3%	3.3%	3.2%	3.2%	3.1%
Egypt	9.8%	10.7%	11.4%	11.6%	11.3%
Ethiopia	13.6%	14.1%	n/a	n/a	n/a
Iran	n/a	n/a	n/a	n/a	n/a
United Arab Emirates	0.5%	0.6%	0.6%	0.6%	0.5%

Source: KPMG CRP study

Note: Based on a two-year analysis

Growth rates: stable long-term outlook, volatility in the medium term

Inflation forecasts are one of the typical indicators that can be used to assess the long-term growth rate for the terminal value calculation. The inflation rates for the BRICS countries are based on the Economist Intelligence Unit's inflation forecast for the years 2024 to 2029. The expected inflation can be measured through several parameters. For our presentation, we consider the GDP deflator. It is calculated as the difference between nominal and real GDP and measures the change in prices for all the goods and services produced in an economy.

The inflation expectations for the BRICS countries have only slightly changed compared to the March 2024 forecast. Long-term inflation expectations have stayed almost the same for all countries, while short- and medium-term inflation expectations have risen significantly for some countries (Iran, Ethiopia, Egypt, and Russia). This may be caused by ongoing geopolitical tensions, as well as emerging supply and production issues due to sanctions or disrupted supply chains. However, the global growth outlook still is increasingly positive despite the challenging economic environment.

Inflation forecast						
	2024	2025	2026	2027	2028	2029
 Brazil	4.1%	3.1%	2.6%	3.1%	2.9%	3.4%
 Russia	6.1%	4.9%	3.3%	3.2%	2.9%	3.8%
 India	3.1%	2.4%	2.4%	3.0%	2.2%	3.8%
 China	1.3%	1.1%	0.8%	1.2%	1.1%	2.1%
 South Africa	8.1%	8.7%	8.0%	8.3%	8.5%	3.8%
 Egypt	26.4%	12.1%	6.9%	6.6%	5.9%	7.1%
 Ethiopia	26.8%	18.3%	17.9%	13.2%	9.8%	n/a
 Iran	29.7%	25.2%	20.9%	17.3%	16.9%	22.5%
 United Arab Emirates	3.1%	(2.4)%	(0.3)%	-	(0.6)%	1.5%

Source : Economist Intelligence Unit

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