



Quarterly Brief

**Capital market data as of
30 June 2025**

26th Edition of our International
Valuation Newsletter
Q2 2025

July 2025
kpmg.com/be/valuations

Preface

Dear reader,

The second quarter of 2025 has been marked by geopolitical escalation, bold policy moves, and milestones in both technology and sport. On June 13, Israel launched Operation Rising Lion, a military operation targeting Iranian nuclear infrastructure and senior officials, significantly intensifying tensions in the region. The conflict escalated further on June 22, as the United States joined the offensive under Operation Midnight Hammer, deploying over 125 aircraft and submarine-launched missiles to strike deeply fortified sites, including Fordow, Natanz, and Isfahan.

In East Asia, a major political shake-up unfolded as South Korean President Yoon Suk Yeol was officially removed from office after the constitutional court upheld his impeachment, initially passed in December 2024. On the diplomatic front, Rwanda and the Democratic Republic of Congo reached a preliminary peace agreement during U.S.-hosted talks in Washington. A formal signing is expected soon, with the Trump administration expressing hope that lasting peace could pave the way for long-delayed mineral cooperation, though similar deals in the past have often unravelled.

Meanwhile, in the United States, President Trump issued an executive order in May lifting most sanctions on Syria. The move included a 180-day waiver allowing temporary business with the Syrian government. However, restrictions targeting Bashar al-Assad and groups backing Syria's armed forces remain in place and cannot be lifted without congressional action.

In the tech world, Meta CEO Mark Zuckerberg announced the launch of a new division focused on superintelligence, appointing AI wunderkind Alexandr Wang whose startup just received a \$14 billion investment from Meta as its head. Zuckerberg also revealed that Meta had aggressively recruited top talent from rivals including OpenAI and Google, calling the initiative "the beginning of a new era for humanity."

In parallel, Microsoft marked the end of an era on May 5 with the permanent shutdown of Skype, the pioneering video calling platform first launched in 2003.

In sports, Armand Duplantis once again made history on June 15, breaking his own world record in pole vaulting by clearing 6.28 meters at the Diamond League meeting in Stockholm, surpassing the 6.27-meter record he had previously set.

Following the dynamic events of Q2 2025, we are pleased to present another edition of 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 in 2025.

Yours faithfully



Steven Goossens

Partner, Deal Advisory,
Valuations



We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 30 June 2025
- 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: Global markets rebound in Q2 2025, led by Eurozone

The second quarter of 2025 was marked by broad-based strength across global equity markets; with many indices delivering double-digit year-over-year returns despite persistent geopolitical tensions and macroeconomic challenges. In Europe, Germany's DAX stood out with an impressive 31.1% year-over-year increase and a 7.9% gain over the quarter, reflecting strong corporate fundamentals and renewed optimism about the region's economic outlook. Similarly, Spain's IBEX 35 climbed 27.9% year-over-year and 6.5% quarter-over-quarter, buoyed by improving consumer sentiment and easing inflationary pressures.

On the other hand, France's CAC 40 lagged behind its regional peers, rising just 2.5% over the year and dipping (1.6) % on the quarter. This relative underperformance likely reflects growing political uncertainty and more cautious investor sentiment. In contrast, the S&P Eurozone BMI Index recorded a robust 22.3% annual gain, with a strong

12.8% increase this quarter suggesting broad recovery across the Eurozone, especially outside of France.

In the United States, equity benchmarks remained resilient. The S&P 500 delivered a 13.6% year-over-year and 10.6% quarter-over-quarter return, while the NASDAQ Composite posted even stronger gains of 14.9% year-over-year and 17.7% quarter-over-quarter, driven by continued momentum in tech and AI-linked sectors.

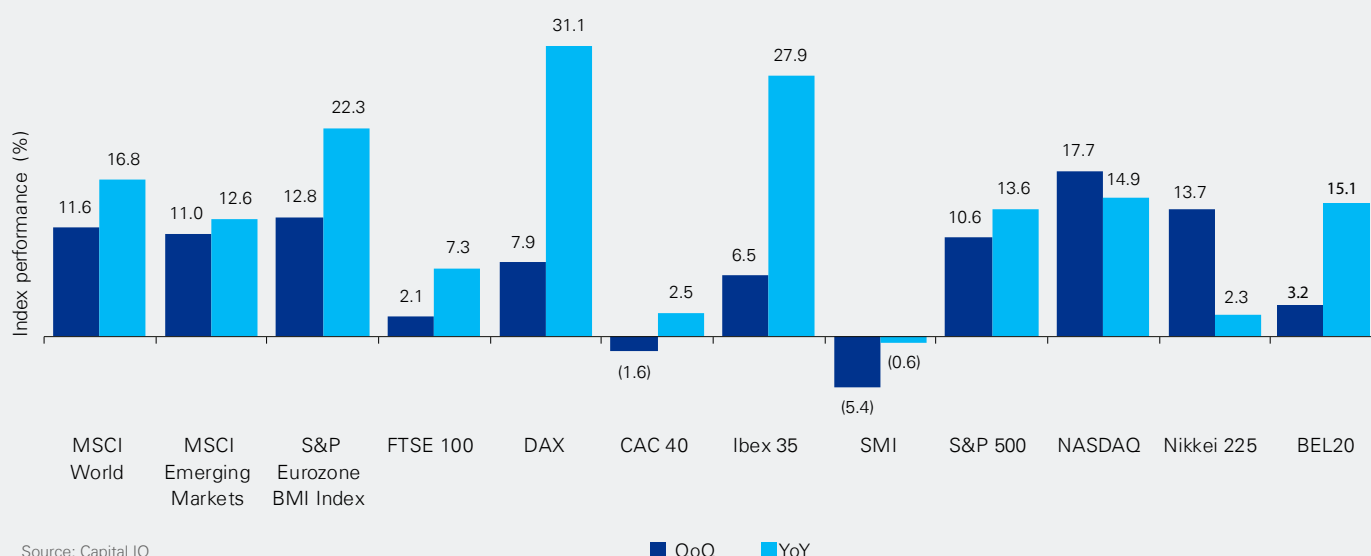
Meanwhile, Japan's Nikkei 225 rebounded after a weak start to the year, rising 13.7% over the quarter and 2.3% year-over-year, as investors grew more confident in Japan's recovery despite ongoing global headwinds.

Emerging markets also gained ground, with the MSCI Emerging Markets Index rising 12.6% year-over-year and 11.0% quarter-over-quarter, reflecting improved risk appetite and growing capital inflows. Broader benchmarks like the MSCI World Index and the FTSE 100 also showed healthy returns, up 16.8% and 7.3% year-over-year, respectively.

The exception this quarter was Switzerland's SMI, which declined (0.6) % year-over-year and (5.4) % quarter-over-quarter, under pressure from defensive sector underperformance and headwinds related to currency strength.

Performance of leading indices

1 July 2024 - 30 June 2025



S&P Eurozone BMI Index sector multiples: Signs of stabilization amid diverging sector dynamics

As of the end of Q2 2025, sector valuation multiples across the Eurozone equity markets point to gradual stabilization, with diverging trends across sectors as macroeconomic conditions evolve.

The median EV/EBITDA multiple remains relatively dispersed by sector, ranging from 4.8x in Energy to 11.1x in Health Care. Notably, the Energy sector continues to trade at low EV/revenue (0.9x) and EV/EBITDA (4.8x) multiples, reflecting earnings normalization following strong prior quarters, despite stable commodity prices. Meanwhile, Health Care, Information Technology, and Industrials maintain elevated EV/EBITDA ratios (above 9x), supported by structural demand and improving operational margins.

Communication Services, Consumer Discretionary, and Consumer Staples are seeing a more cautious rebound, trading near 1.0x EV/revenue and ~ 6.2x to 8.5x EV/EBITDA, in line with broader macro sentiment recovery and easing inflation pressures. The Financials sector also shows a moderate valuation at 1.2x of its book value, though EV/revenue drop to a new low of 1.6x, which is consistent with higher interest rate environments and was last seen as of the end of 2023.

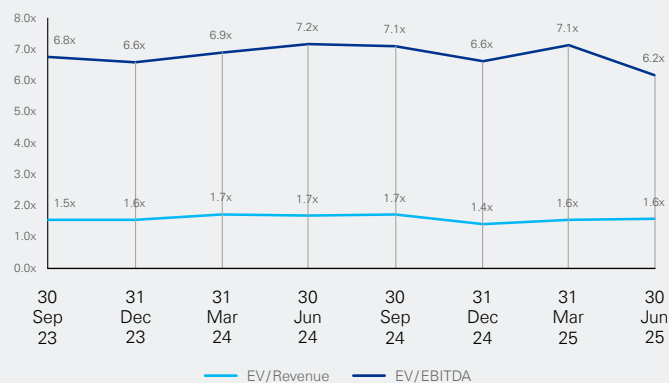
In contrast, Real Estate continues to trade at a steep discount, with a price-to-book ratio (0.7x), reflecting persistent structural pressures on valuation resulting from elevated financing costs. Similarly, Utilities, despite a relatively high EV/revenue (2.8x), trade on par with historical norms with 8.6x EV/EBITDA.

From a valuation perspective, EV/Revenue multiples have remained generally stable, suggesting the market continues to price revenue expectations consistently. However, movements in EV/EBITDA highlight sector-specific differences in earnings momentum and investor sentiment.

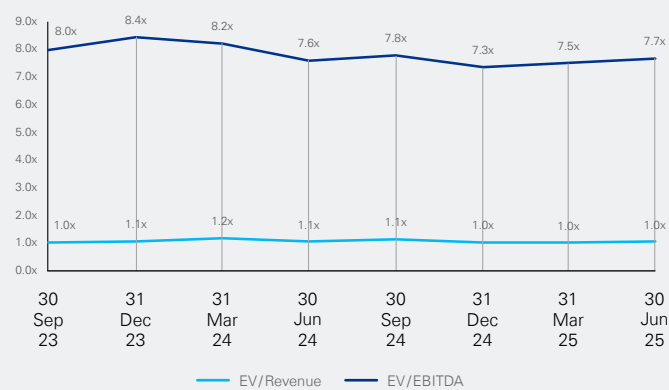
As always, it's important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



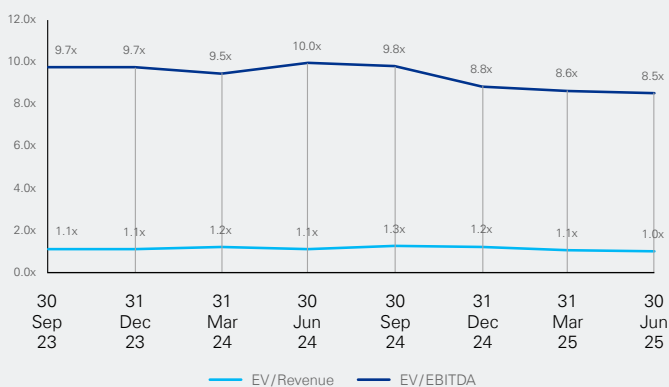
Communication Services



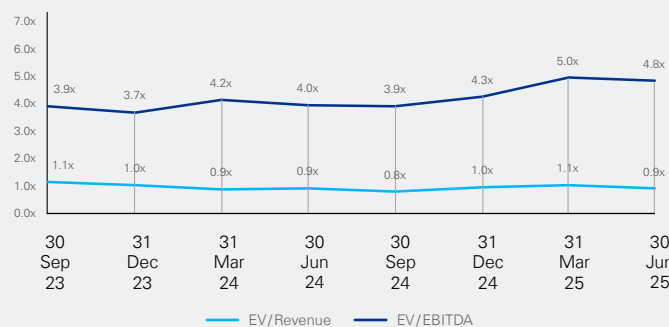
Consumer Discretionary



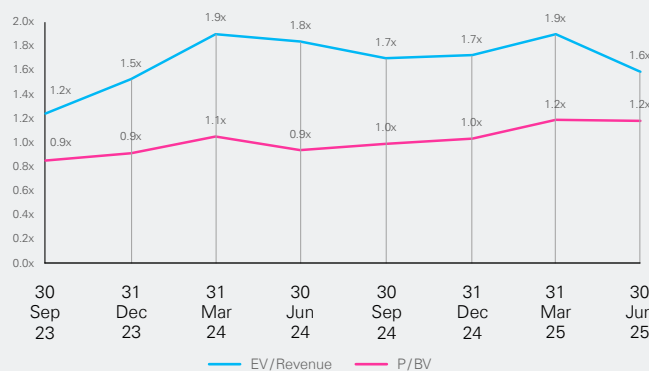
Consumer Staples



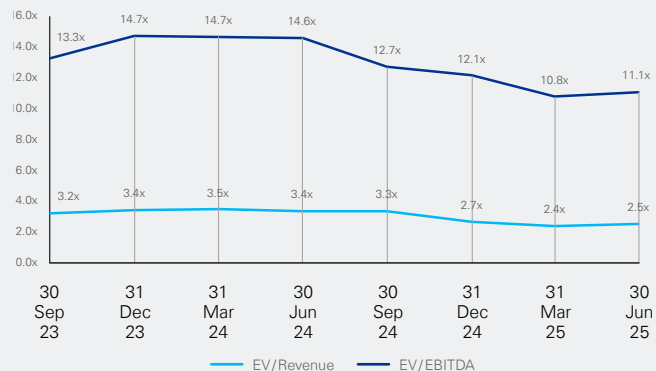
Energy



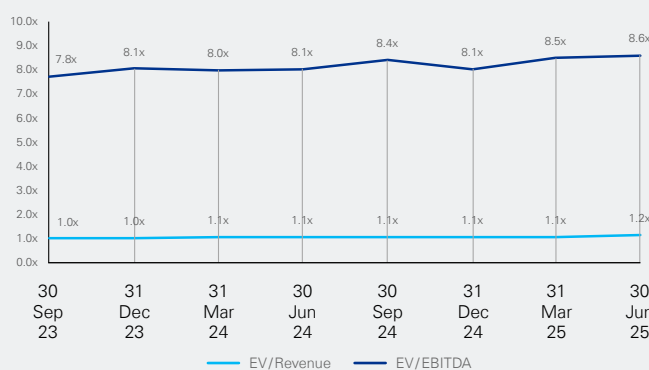
Financials



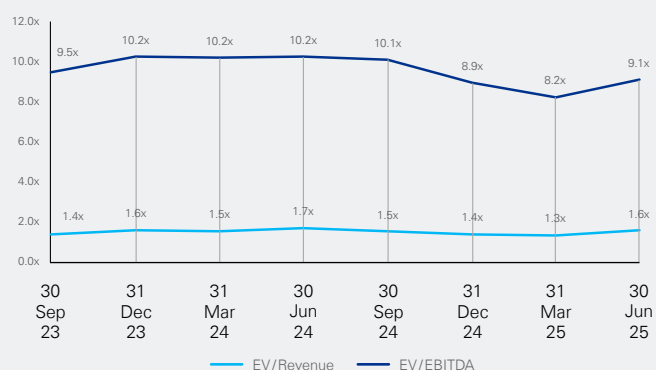
Health Care



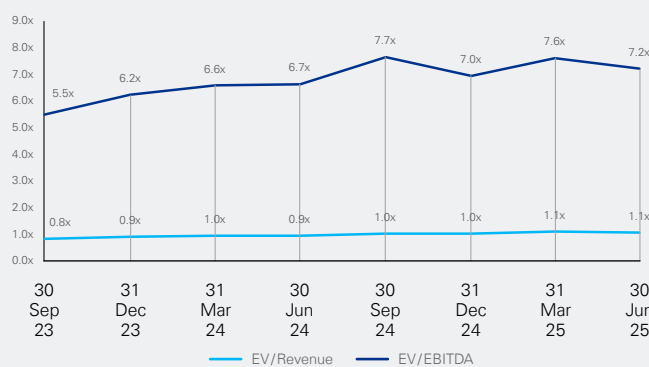
Industrials



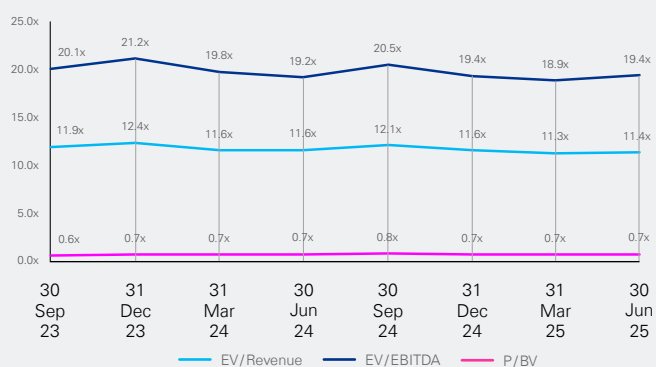
Information Technology



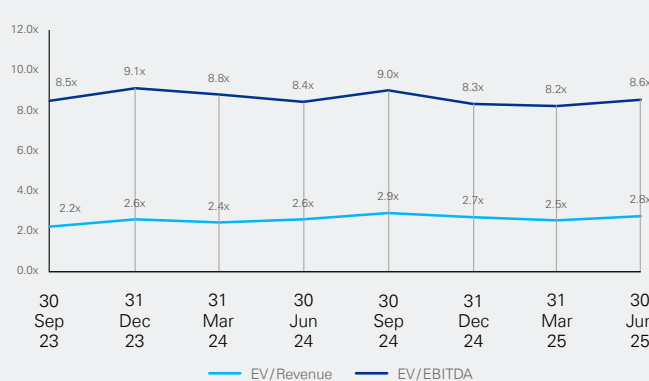
Materials



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: Continued easing in Eurozone, stable development in the United States

In the second quarter of 2025, central banks broadly shifted toward easing. The ECB decided on a 25 bp cut on 5 June, lowering its deposit rate to 2.0%, the MRO to 2.2%, and the marginal lending rate to 2.4%, marking its eighth reduction since mid-2024 as inflation dipped below target and growth remained sluggish.

Furthermore, the SNB reduced its policy rate by 25 bp to 0% on 19 June 2025, responding to deflationary pressures, a strong Swiss franc, and weak inflation forecasts.

The Bank of England made a single cut of 25 bp in the second quarter, bringing its Bank Rate to 4.25% – before pausing in June amid global risks, energy price volatility, and

signs of a weakening labour market. In contrast, the Federal Reserve held its federal funds target range steady at 4.2% to 4.5% in June, delaying cuts due to resilient job gains and uncertainty around U.S. tariffs, though some policymakers argue for imminent easing.

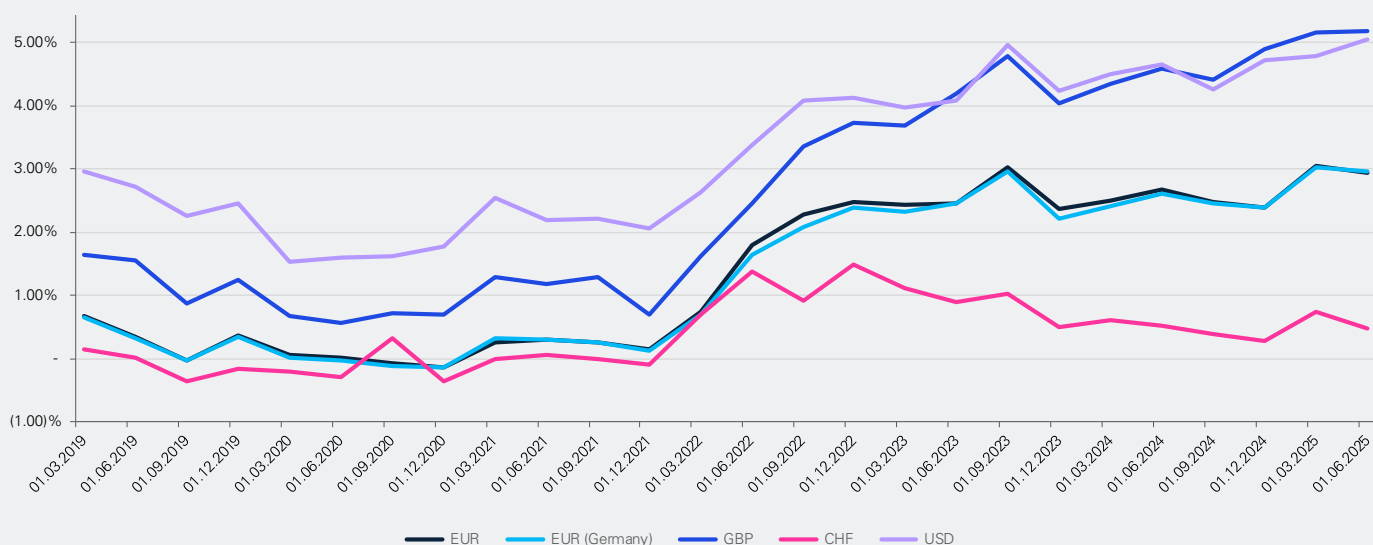
Policy rate changes impact the risk-free rates as determined by KPMG Switzerland. The individual risk-free interest rates determined by KPMG Switzerland are depicted in the table below. Conceptually, these interest rates are derived by KPMG Switzerland from a uniform yield curve that is based on observable policy rate parameters defined by central banks. As of 30 June 2025, the United Kingdom held the highest interest rate among major central banks, followed by the United States, Germany as part of the Eurozone, the Eurozone overall, and Switzerland.

Risk-free rates						
	 EUR	 EUR	 GBP	 CHF	 USD	
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%	
30.09.2024	2.48%	2.44%	4.40%	0.38%	4.26%	
31.12.2024	2.39%	2.38%	4.89%	0.28%	4.71%	
31.03.2025	3.04%	3.03%	5.15%	0.74%	4.78%	
30.06.2025	2.94%	2.95%	5.19%	0.49%	5.05%	

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: Continuing improvement

During the second quarter of 2025, country risk premia for most BRICS countries and related nations showed a slight downward trend, suggesting modest improvements in perceived economic and political stability. Brazil saw a small decrease from 2.2% to 2.1%, and India from 1.9% to 1.8%, reflecting stable macroeconomic fundamentals and easing inflationary pressures. China's risk premium dropped from 0.9% to 0.8%, likely due to improved investor sentiment amid ongoing stimulus efforts. South Africa also recorded a small decline from 2.6% to 2.5%, potentially linked to improved fiscal discipline and commodity price stability. The most notable change

occurred in Egypt, where the risk premium fell from 9.6% to 8.6%, continuing a downward trajectory likely driven by external financing support and reforms concerning the overall economy.

Consistent with last editions of the Quarterly Brief, the availability of reliable data concerning country risk for Russia remains a challenge. As such, no meaningful values can be indicated. Similarly, a meaningful CRP for Ethiopia is unavailable due to heightened default concerns. For Iran, no meaningful CRP can be estimated due to its prevailing hyperinflationary economic environment as well as the flaring armed conflict with Israel.

Country risk premium

	30.06.2024	30.09.2024	31.12.2024	31.03.2025	30.06.2025
Brazil	1.6%	2.4%	2.2%	2.2%	2.1%
Russia	n/a	n/a	n/a	n/a	n/a
India	1.7%	2.0%	1.9%	1.9%	1.8%
China	0.4%	0.5%	1.0%	0.9%	0.8%
South Africa	2.6%	2.9%	2.7%	2.6%	2.5%
Egypt	8.3%	10.6%	10.1%	9.6%	8.6%
Ethiopia	n/a	n/a	n/a	n/a	n/a
Iran	n/a	n/a	n/a	n/a	n/a
United Arab Emirates	0.4%	0.5%	0.5%	0.4%	0.4%
Indonesia	1.2%	1.5%	1.3%	1.3%	1.2%

Source: KPMG CRP study
Note: Based on a two-year analysis

Growth rates: Increasingly positive global growth outlook

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 2025 to 2029. The expected inflation can be measured through several parameters. For our presentation, we are considering 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.

Inflation expectations have slightly eased across most BRICS countries and related nations compared to earlier forecasts. Compared to previous quarters, Brazil's outlook remains stable mostly due to a firm monetary policy and well-anchored expectations. In Russia, the situation is more volatile, with downward revisions followed by renewed upward pressure, likely due to policy uncertainty and external shocks. In contrast, projections for China and South Africa have been lowered, with easing supply-side constraints and improving cost dynamics contributing to this adjustment. Despite ongoing geopolitical tensions, Iran's inflation outlook remains largely unchanged, suggesting resilient expectations. Meanwhile, deflationary trends in the United Arab Emirates are expected to worsen, as domestic demand and investment are recovering more slowly than anticipated.

Inflation forecast					
	2025	2026	2027	2028	2029
 Brazil	4.6%	4.3%	3.0%	2.6%	2.4%
 Russia	8.3%	(0.4)%	5.0%	4.7%	4.3%
 India	3.2%	2.8%	2.9%	2.9%	1.7%
 China	(0.2)%	(0.1)%	0.0%	0.1%	0.2%
 South Africa	5.8%	4.8%	4.0%	4.2%	4.3%
 Egypt	7.4%	8.8%	7.2%	6.4%	7.1%
 Ethiopia	13.2%	14.8%	11.2%	9.9%	8.4%
 Iran	36.4%	30.7%	25.8%	22.8%	20.9%
 United Arab Emirates	(4.6)%	(1.8)%	(1.3)%	(0.4)%	(0.7)%
 Indonesia	2.7%	1.4%	1.7%	2.2%	1.8%

Source : Economist Intelligence Unit

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