



Quarterly Brief

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

27th Edition of our International
Valuation Newsletter
Q3 2025

Preface

Dear reader,

The third quarter of 2025 was marked by major political shifts, escalating legal battles, and record-breaking developments in technology and finance. In early July, President Donald Trump signed his flagship “One Big Beautiful Bill” into law. This sweeping fiscal package combines large tax cuts with spending reductions and is projected to significantly widen the U.S. budget deficit over the next decade.

In Latin America, Brazil’s Supreme Court sentenced former President Jair Bolsonaro to over 27 years in prison for orchestrating a failed coup to overturn his 2022 election loss. Protests erupted nationwide as his congressional allies pushed for an amnesty bill, while prosecutors charged his son Eduardo with attempting to influence the case. In Europe, Bulgaria secured approval to adopt the euro, replacing the lev on January 1, 2026. Meanwhile, Russian President Vladimir Putin met with a Western leader for the first time since the 2022 Ukraine invasion, joining U.S. President Donald Trump in Alaska for peace talks that concluded without agreements.

The AI sector is experiencing unprecedented growth, with Nvidia planning a historic \$100 billion investment in OpenAI to build the largest-ever 10-gigawatt AI infrastructure. OpenAI, alongside Oracle and SoftBank, aims to invest \$500 billion in new U.S. data centers by year-end. Nvidia also acquired a \$5 billion stake in Intel, signaling AI’s transformative potential to reshape economies and global markets, as reflected in surging stock prices.

Tech companies are soaring, with Alphabet hitting a \$3 trillion valuation, Nvidia surpassing \$4 trillion, and Apple and Microsoft nearing similar milestones. Alphabet benefited from a favorable antitrust ruling,

while Swedish fintech Klarna made a strong NYSE debut, gaining 15% and reaching a \$15 billion valuation.

In sports, Red Bull’s Max Verstappen made history at the Italian Grand Prix by setting the fastest Formula One lap ever recorded, clocking 1:18.792 and surpassing Lewis Hamilton’s previous record of 1:18.887.

Following the dynamic events of Q3 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.

Yours faithfully,



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KPMG in the Balkans



Kiril Gochev
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Deal Advisory



We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 30 September 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 Equity Markets Maintain Momentum in Q3 2025

The third quarter of 2025 was marked by continued strength across global equity markets, with many indices posting robust year-over-year gains despite lingering geopolitical tensions and mixed macroeconomic signals. In Europe, Spain's IBEX 35 once again stood out with a 30.3% year-over-year increase, showing also growth over the quarter (10.6%), reflecting increasing corporate performance. Germany's DAX was also a strong performer, climbing 23.6% year-over-year while showing stable development quarter-over-quarter. By contrast, France's CAC 40 lagged behind its regional peers, rising only 3.4% year-over-year and 3.0% over the quarter, likely reflecting heightened political uncertainty and more cautious investor sentiment. The S&P Eurozone BMI Index also delivered solid returns, up 18.9% year-over-year and 4.2% quarter-over-quarter, suggesting a broad-based recovery across the Eurozone.

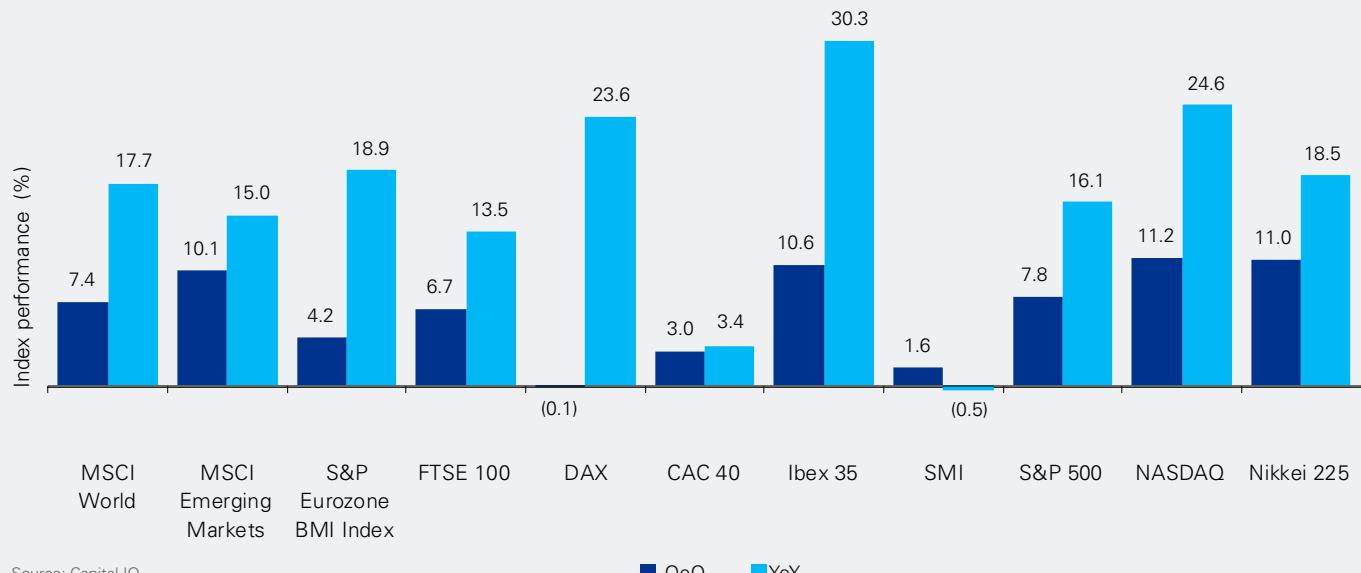
In the United States, equity benchmarks remained resilient. The S&P 500 rose 16.1% year-over-year and 7.8% quarter-over-quarter, while the NASDAQ Composite delivered even stronger returns of 24.6% year-over-year and 11.2% over the quarter, driven by continued momentum in technology and AI-related sectors.

Meanwhile, also Japan's Nikkei 225 continued its strong performance with an 18.5% year-over-year and 11.0% quarterly gain, supported by renewed investor confidence and accommodative monetary conditions. Emerging markets also recorded solid growth, with the MSCI Emerging Markets Index up 15.0% year-over-year and 10.1% quarter-over-quarter, reflecting improving risk appetite and capital inflows. Broader benchmarks such as the MSCI World Index and FTSE 100 Index posted healthy returns of 17.7% and 13.5% year-over-year, respectively.

The main exception this quarter was Switzerland's SMI, which declined 0.5% year-over-year and posted a modest 1.6% quarterly increase, weighed down by the relative underperformance of defensive sectors (i.e., health care, consumer staples) and ongoing currency strength.

Performance of leading indices

1 October 2024 – 30 September 2025



Source: Capital IQ

■ QoQ ■ YoY

S&P Eurozone BMI Index sector multiples: Stable revenue multiples, divergent earnings trends

As of the end of Q3 2025, sector valuation multiples across Eurozone equity markets indicate a gradual stabilization, with sectoral divergences reflecting evolving macroeconomic conditions and shifting investor sentiment.

The median EV/EBITDA multiple remains dispersed across sectors, ranging from 5.6x in Energy to 18.4x in Real Estate. The Energy sector continues to trade at low valuation levels, with EV/Revenue of 1.0x and EV/EBITDA of 5.6x, highlighting earnings normalization after a period of strength while commodity prices remained stable. In contrast, Health Care, Information Technology and Industrials maintain elevated EV/EBITDA ratios (9.3x–11.0x), supported by structural demand drivers and resilient operational margins. Meanwhile, Utilities trade at 2.8x EV/Revenue and 9.0x EV/EBITDA, roughly in line with their historical averages, supported by stable cash flows and defensive positioning.

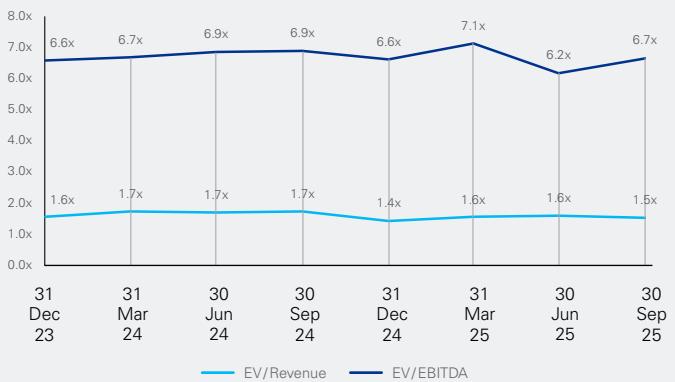
In the Financials sector, valuation remains moderate, with P/B at 1.3x and EV/Revenue of 1.5x, consistent with a higher interest rate environment.

From a valuation perspective, EV/Revenue multiples have remained generally stable across sectors, indicating that revenue expectations are being priced consistently by the market. Changes in EV/EBITDA, however, underscore sector-specific differences in earnings dynamics, notably the resilience of growth-oriented sectors and the compression in traditionally defensive areas such as Health Care.

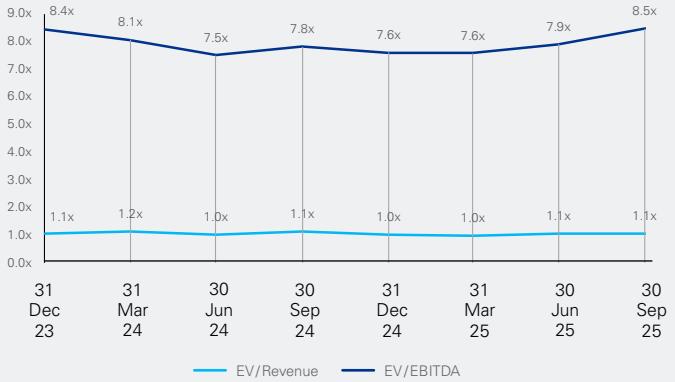
As always, it's important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



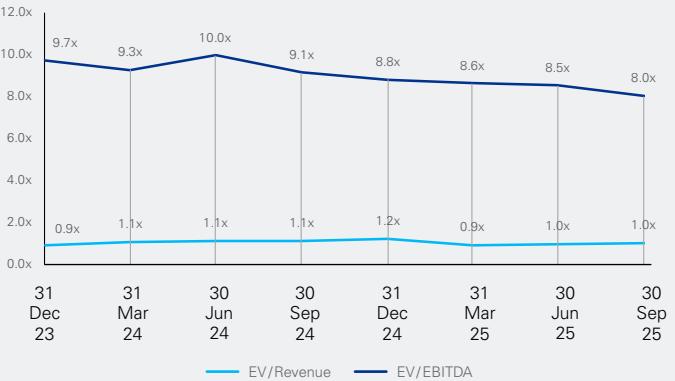
Communication Services



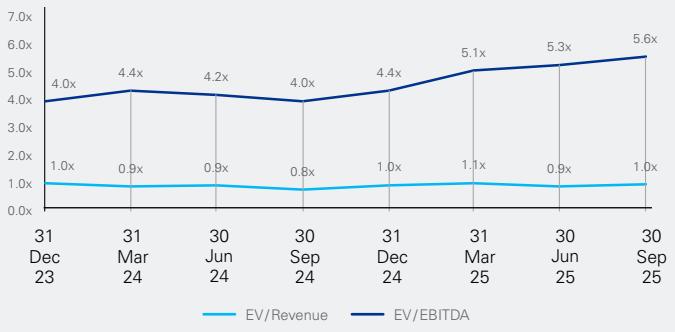
Consumer Discretionary



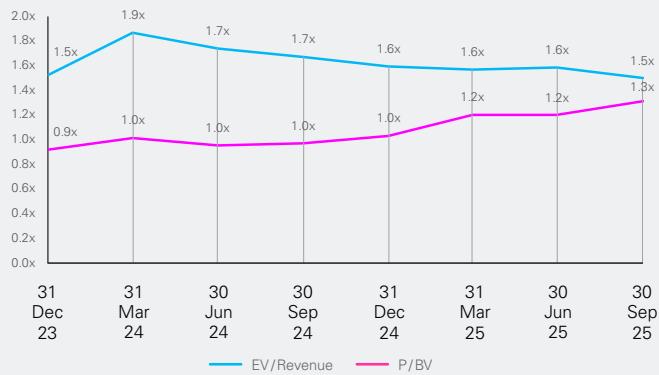
Consumer Staples



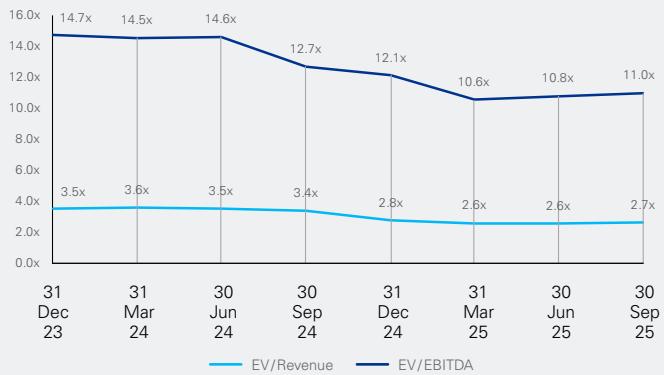
Energy



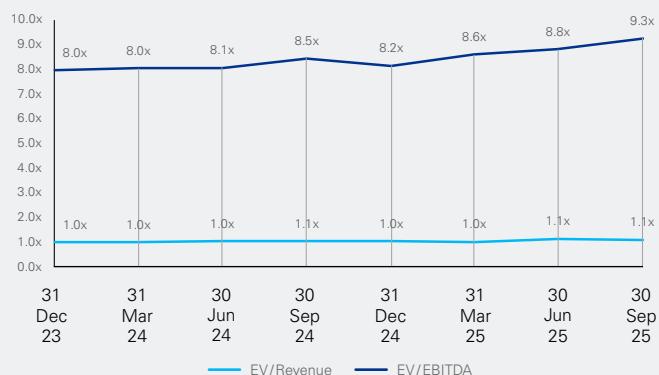
Financials



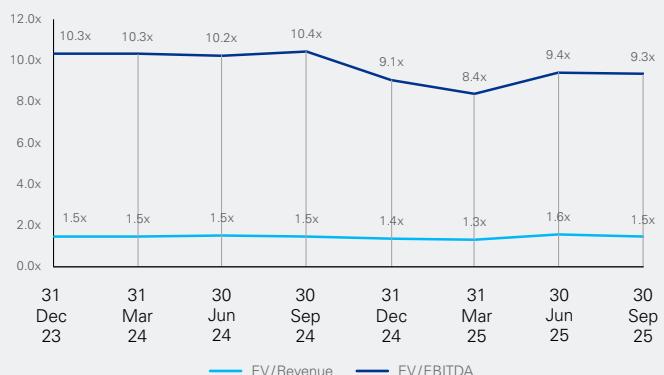
Health Care



Industrials



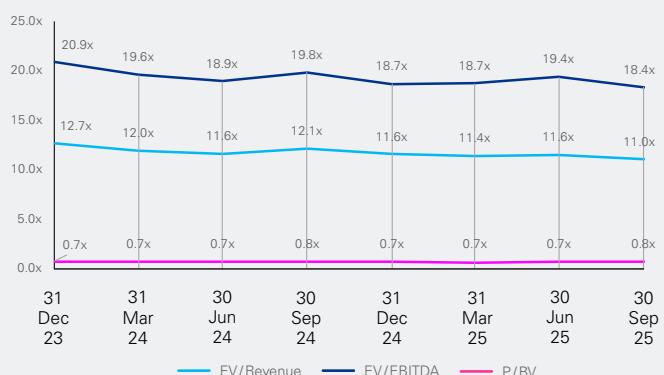
Information Technology



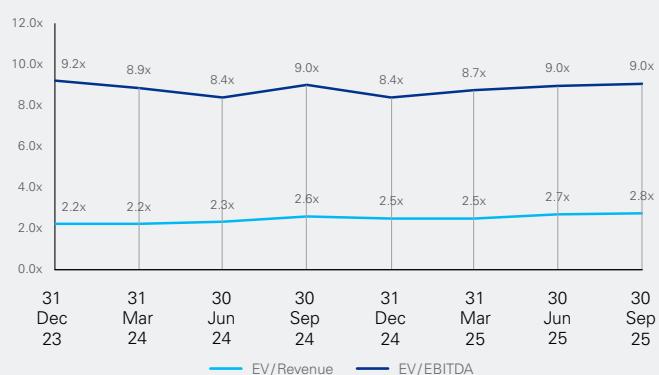
Materials



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: Monetary Policy Pause Reflected in Risk-Free Rates as of Q3 2025

In the third quarter of 2025, central banks largely maintained their policy stance following earlier easing measures, while markets nevertheless continued to price in further rate cuts for late 2025 and early 2026. The European Central Bank kept its key rates unchanged, following multiple reductions until mid-2025, as inflation remained below target and economic growth showed only modest signs of improvement.

In Switzerland, the Swiss National Bank maintained its policy rate at 0%, aiming to counter persistent deflationary pressures and limit further appreciation of the Swiss franc.

The Bank of England paused further action after earlier cuts, keeping the Bank Rate at 4.25% throughout the quarter. This decision reflected policymakers' efforts to balance

concerns over energy price volatility and signs of a cooling labour market against ongoing inflation risks. In September 2025, the Federal Reserve delivered its first rate cut of the cycle, lowering the federal funds target range by 25 basis points to 4.00%–4.25%. This move, announced at the September 17 Federal Open Market Committee ("FOMC") meeting, came after a prolonged period of policy stability aimed at containing persistent inflation levels.

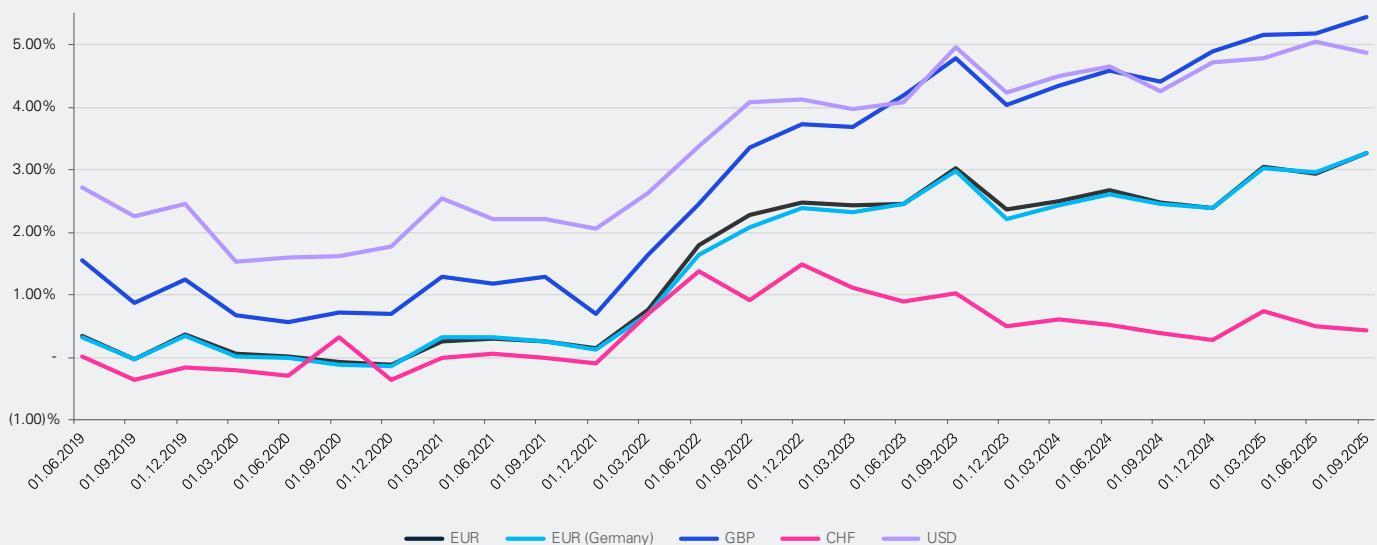
Policy rate decisions feed directly into the risk-free rates determined by KPMG Switzerland, which are derived from a uniform yield curve based on observable central bank policy parameters. As shown in the table below, as of 30 September 2025, the United Kingdom continued to exhibit the highest risk-free rate (5.45%), followed by the United States (4.88%). Eurozone and German rates stood at 3.27%, reflecting the ECB's easing cycle, while Switzerland remained the lowest among major markets at 0.42%.

Risk-free rates										
	EU	EUR	DE	EUR	UK	GBP	CH	CHF	US	USD
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%
30.09.2025		3.27%		3.27%		5.45%		0.42%		4.88%

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: sustained downward trend across key markets

During the third quarter of 2025, country risk premia continued to decline across most BRICS and related emerging markets, reflecting improving investor sentiment and modest gains in macroeconomic stability. Brazil's country risk premium decreased from 2.1% to 2.0%, supported by stable fiscal dynamics. India's premium fell from 1.8% to 1.6%, while China remained stable at 0.8%, consolidating earlier improvements tied to policy support. South Africa experienced a further decline from 2.5% to 2.3%, likely driven by fiscal consolidation and commodity price stabilization. The most pronounced movement was observed in Egypt, where the risk premium dropped from

8.6% to 7.6%, continuing a sustained downward trend supported by external financing agreements and economic reform measures. Indonesia also saw a gradual decline to 1.1%, while the United Arab Emirates remained stable at 0.4%, reflecting its consistently low risk profile.

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 persisting geopolitical situation in the middle east.

Country risk premium					
	30.09.2024	31.12.2024	31.03.2025	30.06.2025	30.09.2025
Brazil	2.4%	2.2%	2.2%	2.1%	2.0%
Russia	n/a	n/a	n/a	n/a	n/a
India	2.0%	1.9%	1.9%	1.8%	1.6%
China	0.5%	1.0%	0.9%	0.8%	0.8%
South Africa	2.9%	2.7%	2.6%	2.5%	2.3%
Egypt	10.6%	10.1%	9.6%	8.6%	7.6%
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	0.5%	0.5%	0.4%	0.4%	0.4%
Indonesia	1.5%	1.3%	1.3%	1.2%	1.1%

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

Growth rates: broadly stable across emerging markets

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 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.

Inflation expectations have shifted unevenly across BRICS+ countries compared to earlier forecasts. Brazil's outlook

remains broadly stable, with only minor downward revisions reflecting firm monetary policy and well-anchored expectations. In Russia, the situation is more volatile, with a sharp downward revision for 2025 followed by significant upward adjustments in subsequent years, driven by policy uncertainty and external shocks. Projections for China and South Africa have been lowered, consistent with easing supply-side pressures and improved cost dynamics. Iran's inflation outlook has been revised upward for 2025, amplifying hyperinflationary economic environment, while Ethiopia's remains largely unchanged. Meanwhile, inflation expectations in the United Arab Emirates have been revised notably higher, indicating that deflationary trends are moderating more quickly than previously anticipated.

Inflation forecast						
	2025	2026	2027	2028	2029	
 Brazil	4.7%	4.3%	3.0%	2.6%	2.4%	
 Russia	4.1%	7.1%	7.2%	5.3%	4.8%	
 India	1.6%	2.1%	4.4%	2.8%	2.0%	
 China	(0.7)%	(0.5)%	(0.1)%	(0.1)%	(0.1)%	
 South Africa	2.5%	4.7%	4.8%	4.9%	5.1%	
 Egypt	6.3%	7.9%	7.2%	6.4%	7.0%	
 Ethiopia	13.2%	14.8%	11.2%	9.9%	8.4%	
 Iran	37.6%	30.7%	25.8%	22.8%	20.9%	
 United Arab Emirates	1.2%	0.6%	1.5%	1.1%	1.2%	
 Indonesia	2.5%	1.6%	1.6%	2.1%	1.8%	

Source : Economist Intelligence Unit

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