



Quarterly Brief

**Capital market data as of
31 December 2025**

28th Edition of our International
Valuation Newsletter
Q4 2025

January 2026
kpmg.ch/valuation

Preface

Dear reader,

The last quarter of 2025 rounded off a year marked by extraordinary advances in artificial intelligence and their impact on global capital markets. Investor enthusiasm for AI-driven growth propelled U.S. technology stocks to unprecedented valuations, with American chipmaker Nvidia becoming the world's first company to reach a market capitalization of \$5 trillion. Apple also briefly reached a \$4 trillion valuation, though it closed the year below this benchmark, while Microsoft reached and sustained a \$4 trillion market value, underscoring the dominant role of AI and cloud technologies in shaping market leadership. These developments helped drive both the NASDAQ and the S&P 500, reflecting the growing concentration of market performance among global technology leaders.

2025 was a pivotal year for global diplomacy, marked by shifting political and economic dynamics. In the fourth quarter, the United States undertook targeted enforcement actions in Venezuela related to sanctions and illicit trade, prompting diplomatic responses. At the same time, China demonstrated its ability to adapt to U.S. tariffs, with its annual goods trade surplus exceeding \$1 trillion for the first time, driven by stronger exports to alternative markets, including the European Union. Elsewhere, renewed tensions between Cambodia and Thailand along their disputed border underscored persistent regional security challenges, even as diplomatic efforts continued.

The media sector drew attention as a takeover battle emerged for Warner Bros. Discovery. Netflix made a friendly \$83bn proposal, later overtaken by a \$108bn hostile bid from Paramount, backed by David and Larry Ellison, amid antitrust scrutiny. However, no definite outcome has been reached yet. Elsewhere, Disney completed the acquisition of Comcast's remaining stake in Hulu, consolidating full ownership of the streaming platform.

The cultural world made headlines through a series of high-profile events. On November 18, Gustav Klimt's Portrait of Elisabeth Lederer sold for a record \$236.4 million at Sotheby's in New York. Meanwhile, a daylight heist at the Louvre saw thieves disguised as construction workers steal eight pieces of Napoleonic jewelry worth over \$100 million. In the Middle East, Qatar continued to expand its cultural footprint with the announcement of a new museum dedicated to Maqbool Fida Husain, widely regarded as India's most renowned modern artist.

Against this intriguing backdrop, 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 2026.

Yours faithfully,



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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 31 December 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 show resilience and broad-based strength in Q4 2025

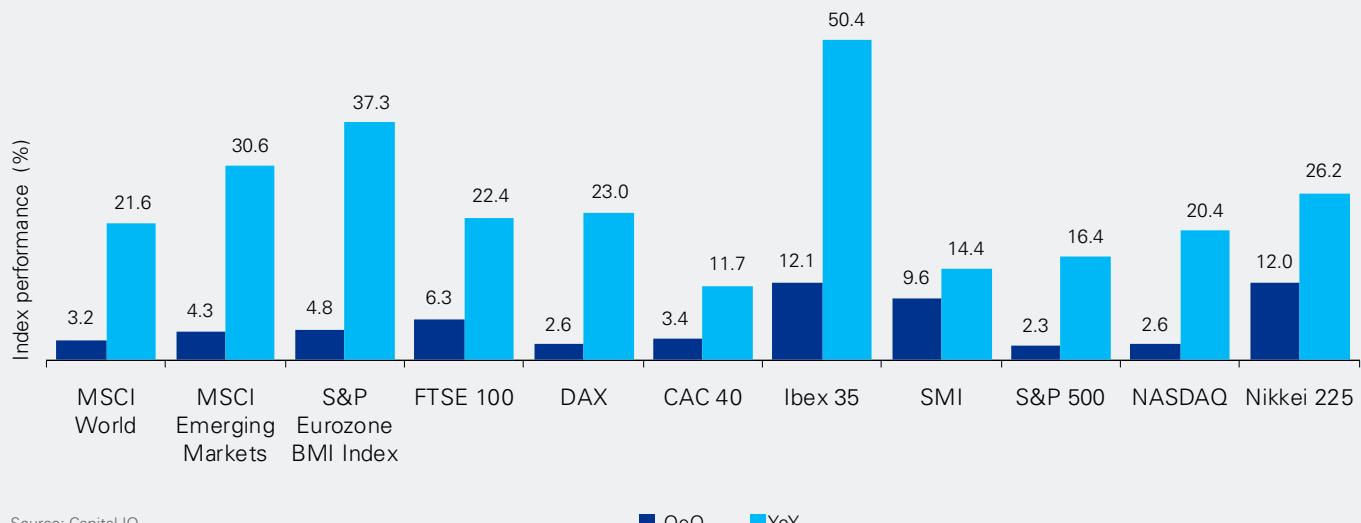
The fourth quarter of 2025 confirmed the resilience of global equity markets, with most indices delivering positive quarter-over-quarter gains and strong year-over-year performance despite ongoing geopolitical uncertainty and mixed macroeconomic signals. In Europe, Spain's IBEX 35 remained the standout performer, recording a 50.4% year-over-year increase and a solid 12.1% quarterly gain, supported by strong earnings momentum, improved domestic conditions, and sustained investor confidence. Germany's DAX posted a 23.0% year-over-year rise, with a more moderate 2.6% quarterly increase, reflecting a stable but less dynamic market environment. France's CAC 40 continued to underperform regional peers, gaining 11.7% year-over-year and 3.4% over the quarter, amid lingering political uncertainty and a more cautious investment backdrop. At the regional level, the S&P Eurozone BMI Index delivered a particularly strong performance, rising 37.3% year-over-year and 4.8% quarter-over-quarter, highlighting a broad-based recovery across Eurozone equities.

In the United States, equity markets remained constructive but showed signs of consolidation in the final quarter. The S&P 500 advanced 16.4% year-over-year and 2.3% quarter-over-quarter, while the NASDAQ Composite gained 20.4% year-over-year and 2.6% over the quarter, supported by continued strength in technology and AI-related sectors, albeit with more moderate momentum compared to earlier in the year. Elsewhere, Japan's Nikkei 225 continued its strong upward trend, rising 26.2% year-over-year and 12.0% quarter-over-quarter, driven by supportive monetary conditions and renewed foreign investor interest. Emerging markets also delivered robust performance, with the MSCI Emerging Markets Index up 30.6% year-over-year and 4.3% over the quarter, reflecting improving risk appetite and sustained capital inflows. Broader global benchmarks remained well supported, as the MSCI World Index increased 21.6% year-over-year and 3.2% quarter-over-quarter, while the FTSE 100 gained 22.4% year-over-year and 6.3% over the quarter, benefiting from strength in energy and financial stocks.

Switzerland's SMI also recorded solid gains, rising 14.4% year-over-year and 9.6% quarter-over-quarter, supported by improved performance in healthcare and consumer staples and a more favorable currency environment toward year-end.

Performance of leading indices

1 January 2025 - 31 December 2025



Source: Capital IQ

■ QoQ ■ YoY

S&P Eurozone BMI Index sector multiples: Stable multiples amid sector divergence

As of the end of Q4 2025, sector valuation multiples across Eurozone equity markets point to a broadly stable to slightly expanding valuation environment, supported by improving earnings visibility and sustained investor confidence toward year-end. While dispersion across sectors remains pronounced, movements in multiples suggest selective re-rating rather than broad-based valuation expansion.

Median EV/EBITDA multiples continue to vary significantly across sectors, ranging from 5.4x in Energy to around 17.8x in Real Estate. The Energy sector remains the lowest-valued segment, with EV/Revenue around 1.1x and EV/EBITDA near 5.4x, reflecting normalized earnings and stable commodity prices following earlier volatility. By contrast, Health Care, Information Technology, and Industrials continue to command relatively elevated EV/EBITDA multiples (approximately 10.1x–10.9x), supported by structural growth drivers, pricing power, and resilient margins, despite some moderation compared with earlier peaks.

Utilities remain broadly stable, trading at 2.7x EV/Revenue and 8.7x EV/EBITDA, close to long-term averages, underpinned by predictable cash flows and their defensive characteristics. In Financials, valuation metrics have continued to edge higher, with P/B increasing to

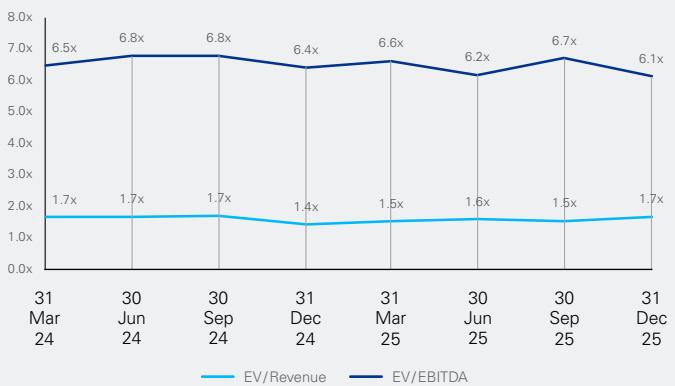
approximately 1.4x and EV/Revenue stabilizing near 1.6x, reflecting improved profitability expectations in a sustained higher-rate environment.

From a broader valuation perspective, EV/Revenue multiples have remained largely stable across sectors, indicating that revenue growth expectations are consistently priced by the market. Movements in EV/EBITDA, however, highlight sector-specific earnings dynamics, with growth-oriented sectors maintaining premium valuations while more defensive sectors exhibit mild multiple compression toward year-end.

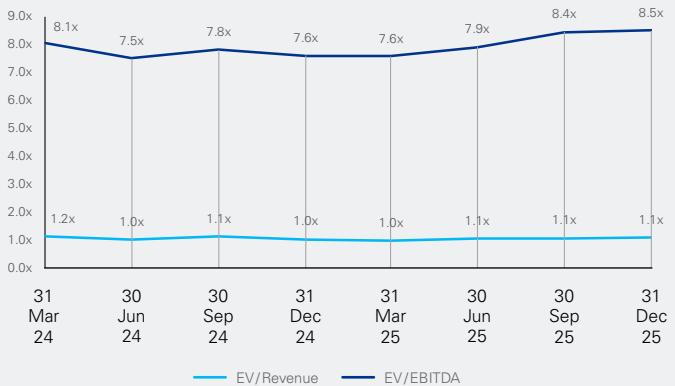
As always, it is important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



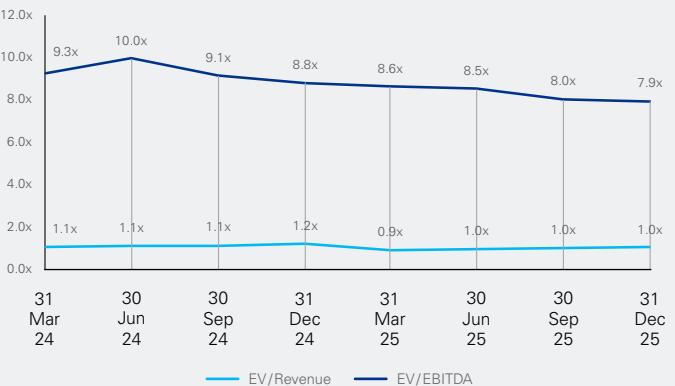
Communication Services



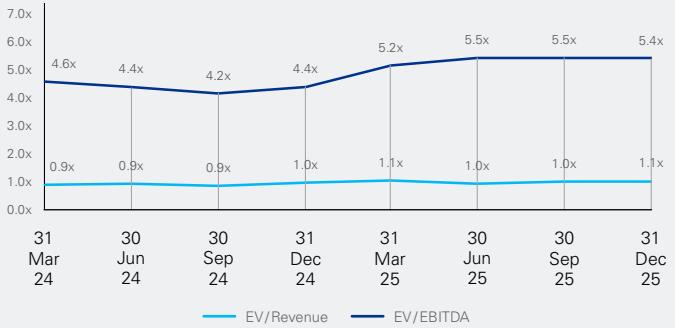
Consumer Discretionary



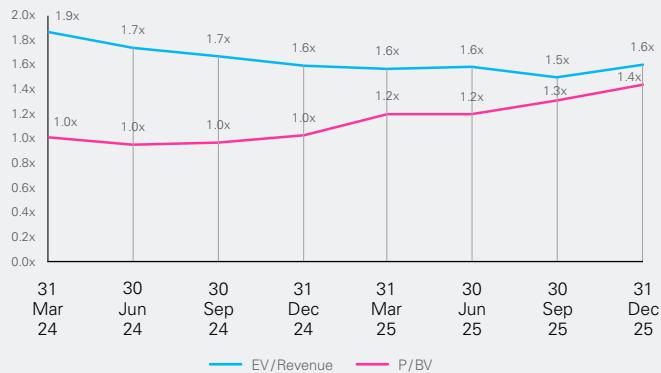
Consumer Staples



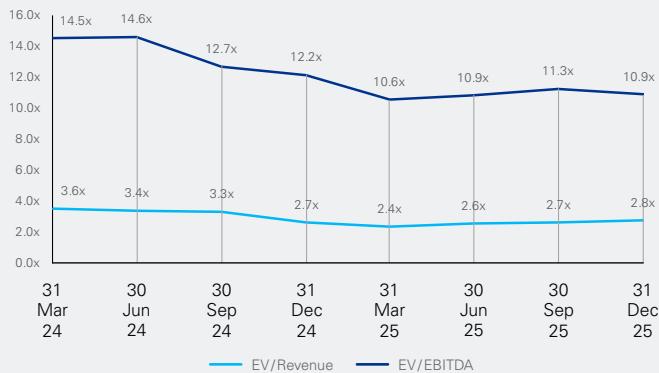
Energy



Financials



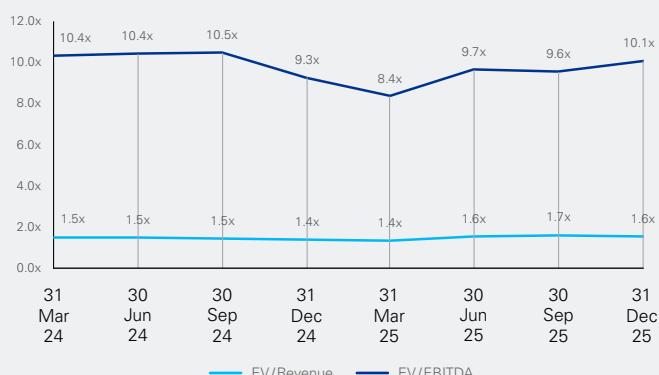
Health Care



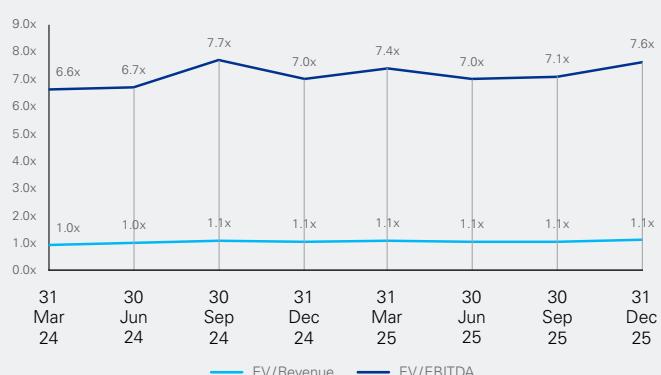
Industrials



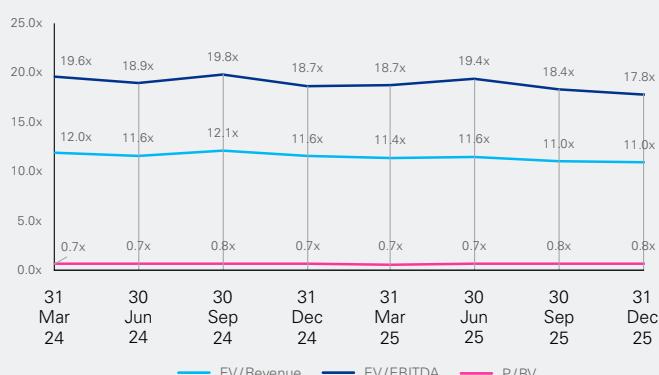
Information Technology



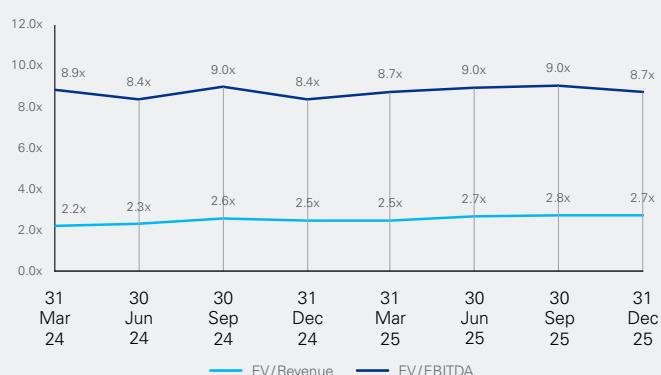
Materials



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: Central bank policy developments and risk-free rates in Q4 2025

In the fourth quarter of 2025, central banks continued to adjust their policy stance following earlier easing measures, with a clearer shift toward accommodative monetary conditions in several major economies. The European Central Bank maintained its key policy rates unchanged throughout the quarter, following a series of rate cuts implemented up to mid-2025. This pause reflected improving inflation dynamics and a cautious approach amid still-moderate economic growth across the Eurozone.

The Federal Reserve eased policy through three consecutive quarter-point rate cuts over the latter part of 2025, resulting in a federal funds target range of 3.50% to 3.75% by year-end. Markets interpreted this easing as being in response to progress on inflation and signs of a cooling U.S. economy.

In the United Kingdom, the Bank of England left its policy rate unchanged at 4.00% for most of the quarter before cutting the Bank Rate to 3.75% in December 2025. This

decision reflected policymakers' efforts to balance easing inflationary pressures with concerns around weak economic growth and persistent wage pressures.

In Switzerland, the Swiss National Bank kept its policy rate unchanged at 0%, maintaining a highly accommodative stance to address subdued inflationary pressures and limit further appreciation of the Swiss franc. Monetary conditions remained supportive, with no indication of near-term tightening.

Policy rate decisions feed directly into the risk-free rates determined by KPMG Valuation, which are derived from a uniform yield curve based on observable central bank policy parameters. As shown in the table below, as of 30 December 2025, the United Kingdom continued to exhibit the highest risk-free rate (5.17%), followed by the United States (4.94%). Eurozone and German rates stood at around 3.45% and 3.44%, respectively, reflecting the ECB's easing cycle, while Switzerland remained the lowest among major markets at 0.40%.

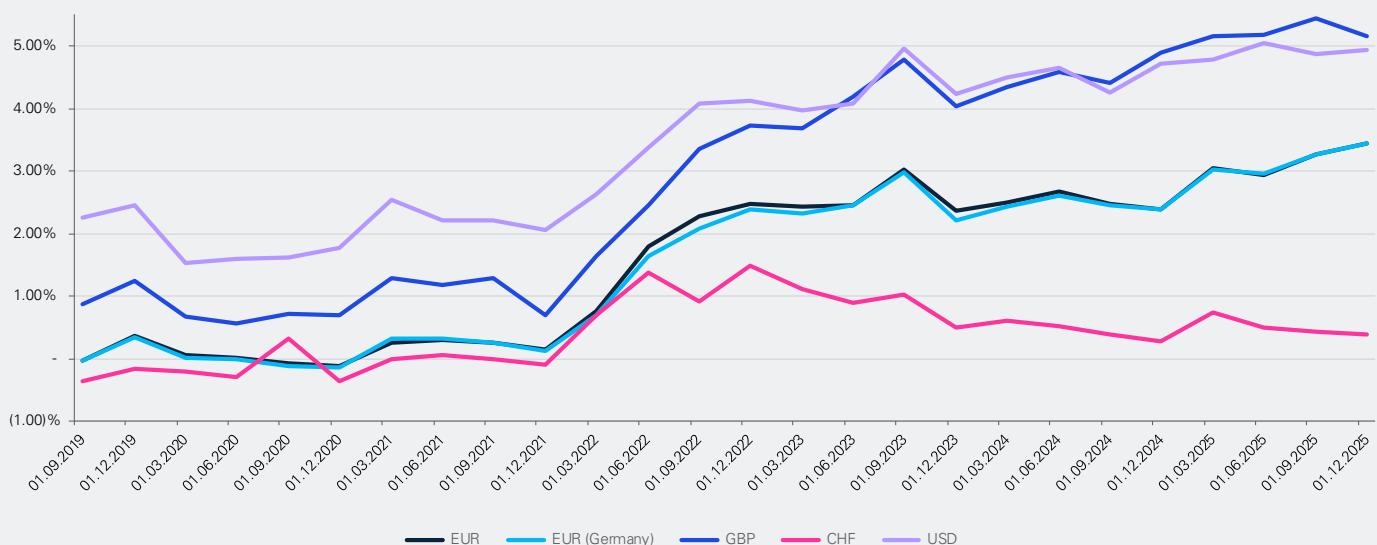


Risk-free rates						
	 EUR	 EUR	 GBP	 CHF	 USD	
30.09.2019	(0.03)%	(0.03)%	0.88%	(0.36)%	2.25%	
31.12.2019	0.37%	0.34%	1.25%	(0.16)%	2.46%	
31.03.2020	0.06%	0.01%	0.68%	(0.20)%	1.54%	
30.06.2020	0.01%	(0.02)%	0.56%	(0.29)%	1.60%	
30.09.2020	(0.08)%	(0.11)%	0.72%	0.32%	1.61%	
31.12.2020	(0.13)%	(0.14)%	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%	
31.12.2025	3.45%	3.44%	5.17%	0.40%	4.94%	

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: emerging market country risk premium remain stable

Between October and December 2025, country risk premia across most BRICS and related emerging markets remained broadly stable or continued to decline, reflecting easing inflation expectations and sustained improvements in macroeconomic conditions. Brazil's country risk premium remained stable at 2.0%, supported by contained fiscal dynamics despite upward revisions to near-term inflation. India's premium slightly decreased to 1.5%, reflecting well-anchored inflation expectations and continued policy credibility. China also showed a slight decline to 0.7%, consolidating earlier improvements amid persistently subdued inflation dynamics.

South Africa experienced a further decline in its country risk premium from 2.3% to 2.1%, supported by downward revisions to medium-term inflation expectations and ongoing

fiscal consolidation efforts. Egypt continued its downward trend, with the country risk premium decreasing from 7.6% to 6.4%, reflecting improving external financing conditions despite mixed near-term inflation revisions. Indonesia's premium decreased to 1.0%, consistent with contained inflation and a resilient macroeconomic outlook. The United Arab Emirates showed a slight decrease to 0.3%, reflecting its structurally low risk profile and strong fiscal position.

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					
	31.12.2024	31.03.2025	30.06.2025	30.09.2025	31.12.2025
 Brazil	2.2%	2.2%	2.1%	2.0%	2.0%
 Russia	n/a	n/a	n/a	n/a	n/a
 India	1.9%	1.9%	1.8%	1.6%	1.5%
 China	1.0%	0.9%	0.8%	0.8%	0.7%
 South Africa	2.7%	2.6%	2.5%	2.3%	2.1%
 Egypt	10.1%	9.6%	8.6%	7.6%	6.4%
 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%	0.4%	0.4%	0.4%	0.3%
 Indonesia	1.3%	1.3%	1.2%	1.1%	1.0%

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 2026 to 2030. 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 in 2026 reflecting firm monetary policy and well-anchored expectations. In Russia, the situation is more volatile, with a sharp downward revision for 2026 to 2029, 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 2026, amplifying hyperinflationary economic environment, while Ethiopia's outlook remains unchanged. Meanwhile, inflation expectations in the United Arab Emirates have been revised lower, due to stabilizing energy prices and contained domestic demand pressures.

Inflation forecast		2026	2027	2028	2029	2030
	Brazil	3.8%	3.7%	3.7%	3.4%	3.4%
	Russia	5.1%	5.8%	4.8%	4.6%	4.9%
	India	2.6%	4.1%	2.8%	2.0%	3.7%
	China	(0.6)%	(0.4)%	(0.4)%	(0.3)%	0.0%
	South Africa	4.0%	3.6%	3.6%	3.4%	3.6%
	Egypt	7.6%	7.0%	6.4%	7.4%	8.9%
	Ethiopia	14.8%	11.2%	9.9%	8.4%	7.4%
	Iran	35.2%	26.0%	22.8%	20.9%	21.0%
	United Arab Emirates	(0.4)%	0.2%	0.9%	0.7%	0.8%
	Indonesia	1.3%	1.7%	2.1%	2.6%	3.2%

Source : Economist Intelligence Unit

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