



Cost of Capital Study 2026

The Discount Rate Puzzle:
Navigating between Cost of Capital, Alphas and Premiums

This study is an empirical investigation aimed at analyzing management practices.

The information and explanations provided by the study are not sufficient for deriving financial forecasts or costs of capital, or taking appropriate action or interpreting requirements for impairment tests, other accounting-related matters or conducting business valuations for accounting, tax or other purposes. The study relies on retrospective empirical data, and as such the information and explanations provided are not applicable for future-oriented valuation purposes.

When considering the following analyses, please note that the company data presented stems from companies in different countries, some with different currencies and at varying points in time. Furthermore, it should be noted that not all participants answered all questions in the study.

The data presented in this study do not necessarily reflect KPMG's views on future-oriented assessments or on the cost of capital during the survey period.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.



Preface

Dear Readers,

We are delighted to present the results of the 21st edition of our Cost of Capital Study. For more than two decades, the study has provided valuable insights into developments in valuation practice and capital markets. We would like to thank all participants and readers for their continued trust and support.

With more than 300 companies contributing to this year's survey, the study once again benefits from broad participation across the DACH region. We are grateful to all of the companies that shared their perspectives and experiences. Their continued commitment highlights the practical relevance of the study and enables us to provide insights into current valuation practices and capital market developments. We hope that the analyses and findings presented in this edition will prove valuable in your daily valuation work.

Valuation outcomes continue to be influenced by investors' required returns and their expectations regarding future economic development. Determining appropriate expected returns remains particularly challenging amid uneven growth prospects, geopolitical uncertainty, fiscal pressures and rapid technological transformation. These developments underscore the importance of understanding the interplay between observed market returns, long-term growth assumptions and implied expected returns. Accordingly, the title we have chosen for this year's Cost of Capital Study is "The Discount Rate Puzzle: Navigating between Cost of Capital, Alphas and Premiums".

In this year's study, we explore how premiums and growth assumptions shape the discount rate in practice. Particular attention is given to the empirical basis behind country risk premiums, sector-specific growth rates and size premiums.

In this context, the current edition of the study focuses on the following topics:

- Theses on the Current Economic Environment: How AI, Sovereign Debt and Resilience Shape Company Valuations
- The Premium Puzzle: Cost of Capital, Alphas and Premiums
- Country Risk Premium: Avoid Double Counting

The empirical data collected from participants is based on impairment testing in accordance with IFRS Accounting Standards (IFRS), which are mandatory for all users of IFRS.

We trust that the findings presented in this year's Cost of Capital Study will provide valuable perspectives for your valuation work. Should you wish to explore any of the topics in greater detail, we would be pleased to discuss the study's findings. As always, we welcome your questions, comments and feedback.

Best regards,



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Previous editions of KPMG's Cost of Capital Study



[Download the study here](#)

2021

- The impact of ESG on valuations in the consumer markets sector.
- Essential changes to ESG reporting.
- Making sound ESG decisions.



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2022

- Enhancing value through inflation?
- Disruptive times in the energy sector: What impact will inflation and the cost of capital have?
- Inflation is back – and what about the cost of capital?



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2023

- Growing divergence? Hypotheses on the differing development of global economic areas.
- Inflation unleashed? The interaction between central banks and capital markets.
- Navigating increasing uncertainty? How are market return expectations developing in turbulent times?



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- Market dynamics unveiled: The impact of divergence, resilience and inflation on return expectations.
- Inflation defeated? Inflation again proves particularly persistent toward the end of inflationary periods.
- Growth or stagnation? The coming years will reveal whether Europe's anemic growth is cyclical or structural.



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2025

- Europe under pressure: Central bank autonomy, debt and AI innovation will shape the continent's economic trajectory.
- Empirical returns: Do regional differences persist in the long run?
- Estimating implied returns: Are differences driven by risk or growth expectations?



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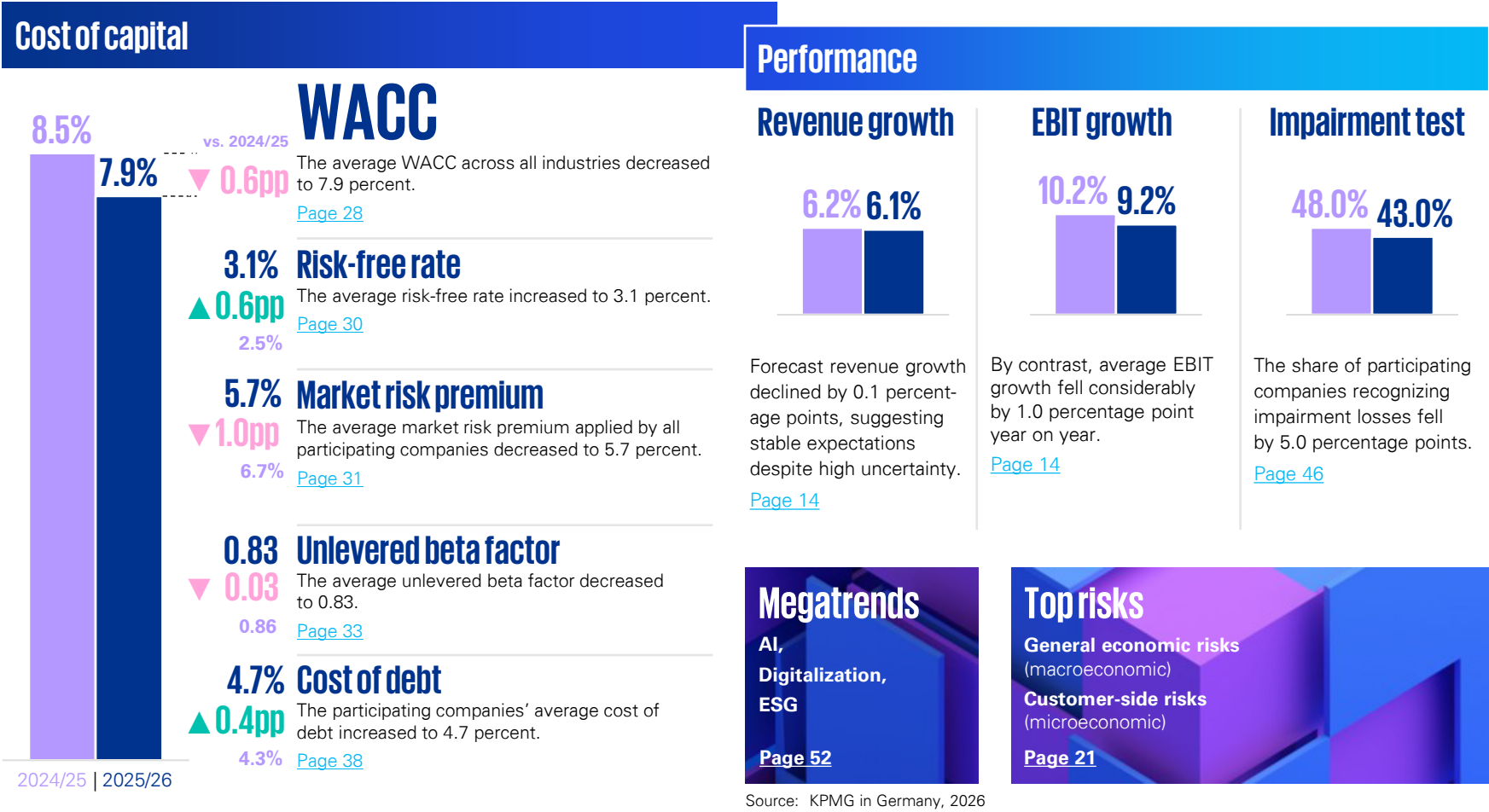
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Summary of Findings





1

Introduction

Overview of Participating Companies

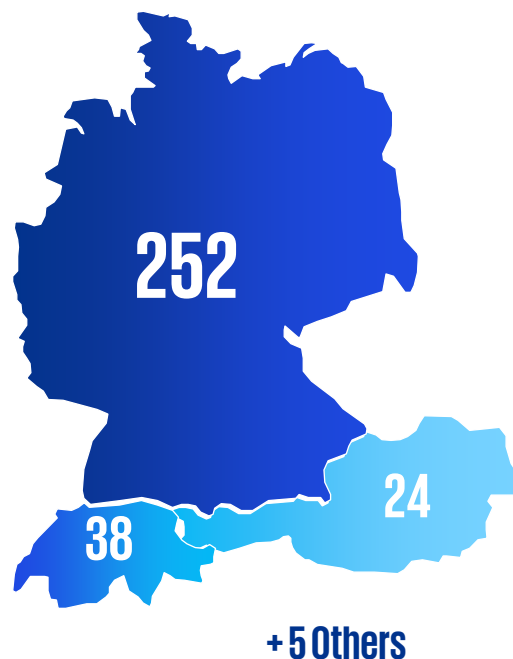


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Participating companies

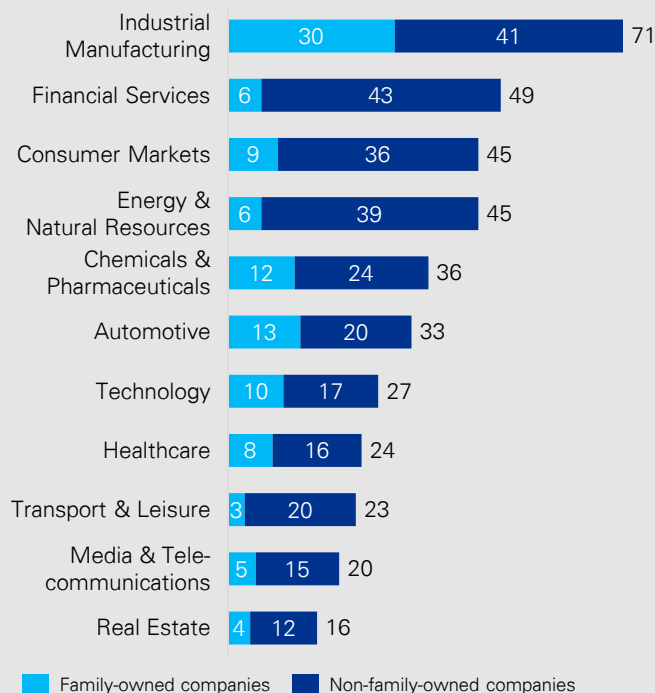
across Germany, Switzerland and Austria, representing a broad range of industries and major listed companies in the DACH region

Participants by country



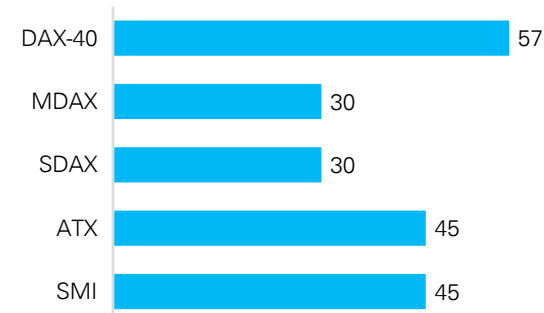
Participants by sector

Total (multiple choices possible)



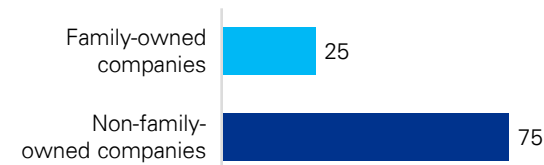
Participation rate by market index

Total (in percent)



Participants by ownership

Total (in percent)



Source: KPMG in Germany, 2026



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Theses on the Current Economic Environment: How AI, Sovereign Debt and Resilience Shape Company Valuations

The expectations of market participants regarding future returns from their investments determine both capital market pricing and the key inputs applied in valuation models. The current economic environment is characterized by forces with offsetting effects: Geopolitically driven energy and supply shocks coincide with technology- and innovation-driven or government-funded investments, while regional inflation and growth expectations trigger increasingly differentiated monetary policy responses. At the same time, elevated government financing needs for infrastructure investment, social security systems and defense spending continue to exert upward pressure on medium- and long-term government bond yields. Against this backdrop, five theses provide a framework for understanding the key factors shaping today's valuation environment and their implications for company valuation.

1) Monetary policy: The turning point in interest rates has different causes, while yield curves have normalized

The expectations of investors, central banks and governments that inflation and interest rates would continue to decline have not yet materialized. Following the disinflation observed in recent years, new supply-side inflationary pressures re-emerged in 2026, particularly through energy markets, transportation costs and trade policy developments.

In September 2026, the Federal Reserve raised the target range for the federal funds rate, while the European Central Bank had already increased its key policy rates in mid-2026. The market also expects further interest rate increases extending into 2027.

Monetary policy developments are therefore increasingly driven by short-term shocks and region-specific inflation and growth expectations.

Behind seemingly similar interest rate decisions lie fundamentally different economic conditions. The United States continues to benefit from technology-related investment activity, whereas the eurozone remains constrained by elevated energy prices, weaker real incomes and subdued corporate investment levels. Monetary policy may limit second-round effects, but it cannot eliminate the root causes of geopolitically induced supply shocks.

As a result, short-term policy rates, long-term government bond yields and corporate financing costs are not necessarily moving in the same direction. At the long end of the yield curve, market expectations have once again become the dominant driver. These expectations are themselves influenced not only by inflation, but also by creditworthiness and, consequently, by the relationship between indebtedness and economic strength.

For valuation purposes, this underlines the importance of deriving nominal cash flows, risk-free rates, growth assumptions and risk premiums in a consistent manner while taking both current and expected economic conditions into account. More than ever, valuation models and the corresponding assumptions must be updated promptly to reflect observable changes and the resulting adjustments to expectations.

2) Energy as a regional risk factor: Geopolitical crises reinforce structural regional differences

The conflict in the Middle East and disruptions to critical trade and transportation routes have once again exposed the vulnerability of global energy markets. Higher oil and gas prices affect a wide range of value chains through transportation, electricity generation, raw materials and food production.

The resulting price shocks can develop into broader inflationary impulses if companies pass on higher costs to customers and inflation expectations adjust accordingly. At the same time, the expansion of renewable energy sources continues and may, at least temporarily, have a moderating effect on electricity prices.

The impact differs significantly from region to region. In 2024, the European Union covered only 43 percent of its energy demand through domestic production, while the United States benefits from a substantially broader range of domestic energy sources. Even within Europe, energy mixes, infrastructure quality and industrial energy intensity vary considerably.

Energy is therefore increasingly a strategic valuation consideration, not just an operating cost factor. Relevant factors include the geographic footprint of production and procurement, contractual pricing mechanisms, the ability to pass through costs, security of supply and the adaptability of the business model.

Consequently, energy dependence becomes both a driver of regional divergence and a determinant of company-specific resilience. Generic country or industry risk premiums are unlikely to capture these effects adequately. A more appropriate approach is to reflect such considerations explicitly in scenarios and cash flow forecasts while evaluating any remaining non-diversifiable risks within the cost of capital.

3) Artificial intelligence: Productivity driver, investment cycle and concentration risk

Artificial intelligence has evolved into a macroeconomically relevant production factor accompanied by substantial investment cycles.

Investments in data centers, semiconductors, network and energy infrastructure, software and data models continue to support economic growth and capital formation, particularly in the United States. Companies with scalable data assets, sufficient computing resources, financing capacity and clearly defined use cases can accelerate processes, improve quality and develop new products, thereby increasingly benefiting from scale effects.

At the same time, data and electricity demand are increasing, alongside growing requirements for grids, storage capacity and flexible generation facilities. Artificial intelligence therefore links technology, energy and infrastructure considerations and may further reshape regional competitive advantages.

For valuation purposes, this creates a two-sided risk. Productivity gains may be reflected too late or too conservatively in financial forecasts. Conversely, ambitious growth assumptions, elevated margins and permanently declining capital intensity may anticipate benefits that have not yet been realized. Additional concentration risks arise because a significant share of investment activity and market value creation is concentrated within a relatively small number of companies and value chain stages.

The sustainable value impact of artificial intelligence should therefore be assessed on the basis of specific applications, investment requirements, competitive advantages, substitution risks and implementation timelines. Artificial intelligence does not justify either generic valuation premiums ("opportunities") or blanket valuation discounts ("risks").

4) Rising sovereign debt and capital supply: Fiscal expansion drives long-term return requirements

Public debt levels in many major economies remain elevated and continue to rise. Structural fiscal deficits coincide with additional funding requirements for defense, energy infrastructure, digitalization, demographic change and economic transformation.

Current projections suggest that the US debt-to-GDP ratio may exceed 140 percent by 2031. Rising debt levels are also expected across Europe, although with clear differences between countries such as France, Italy and Germany. Debt levels, however, should not be assessed in isolation; their sustainability depends on economic growth, average funding costs, debt maturities, primary balances, monetary sovereignty and institutional credibility. Viewed through this lens, important differences between major economic regions remain. While strong economic growth is still expected in the United States over the coming years, forecasts for Europe are more cautious.

For the capital markets, the current and expected refinancing needs of sovereign issuers are particularly relevant. A persistently high supply of government bonds may require higher term premiums and keep long-term yields elevated even if short-term policy rates eventually decline. At the same time, governments compete more intensively with private issuers for available capital. This potentially increases corporate financing costs, particularly for businesses with weaker credit quality, short refinancing cycles or substantial investment requirements.

From a valuation perspective, fiscal developments affect company valuations directly through the risk-free rate and indirectly through inflation expectations, country risk premiums, taxation, financing conditions and cash flows. As in other areas of valuation, consistency and the avoidance of double counting remain essential.

5) Resilience and financing capacity: Volatility becomes a planning parameter

Geopolitical conflicts, trade restrictions, energy price shocks, technological disruption and elevated financing requirements increasingly occur simultaneously rather than in isolation. As a result, the relevant concept of risk is expanding. In addition to state-dependent fluctuations in operating cash flows (volatility risks), the focus is increasingly shifting towards a company's ability to absorb multiple shocks within a short period of time while maintaining its business model without a complete or partial termination of future cash flows (default risks).

Resilience, particularly sustainable resilience, is therefore emerging as a key factor in assessing business models. Relevant considerations include financial flexibility, liquidity reserves, debt maturities and interest rate structures, as well as the balance between fixed and variable costs, supplier diversification, geographic diversification and the ability to prioritize investments. High leverage, near-term refinancing needs and simultaneous transformation requirements increase the company-specific exposure to external shocks.

For valuation purposes, forecasts that reflect only a single scenario continue to lose relevance. Scenario analyses, sensitivity analyses and simulation-based approaches improve transparency in terms of the range of potential outcomes, but they cannot replace the economic consistency of the underlying assumptions. Risks already reflected in cash flows must not be incorporated a second time through generic premiums in the discount rate. Conversely, what is formally a standard market approach to deriving the cost of capital should not obscure the possibility that a business plan may insufficiently reflect structural risks related to energy markets, technological change, financing conditions or regional dependencies.

Ultimately, the key requirement remains to ensure a consistent link between market observations, corporate planning and investors' required returns.

2

Derivation of Cash Flows

- 2.1 Preparation of the Financial Forecasts**
- 2.2 Growth Expectations**
- 2.3 Inflation Expectations**
- 2.4 Determination of Expected Values**
- 2.5 Consideration of Risks**
- 2.6 Dealing with Uncertainty**

2.1 Preparation of the Financial Forecasts

Economic developments remain difficult to forecast in a persistently uncertain environment, so every financial forecast carries planning uncertainty. Reducing it requires an assessment of operating performance and risk factors as well as an integrated and granular derivation of the planning figures.

Completely integrated financial planning remains the predominant approach, unchanged at 46 percent of participants compared to the previous year.

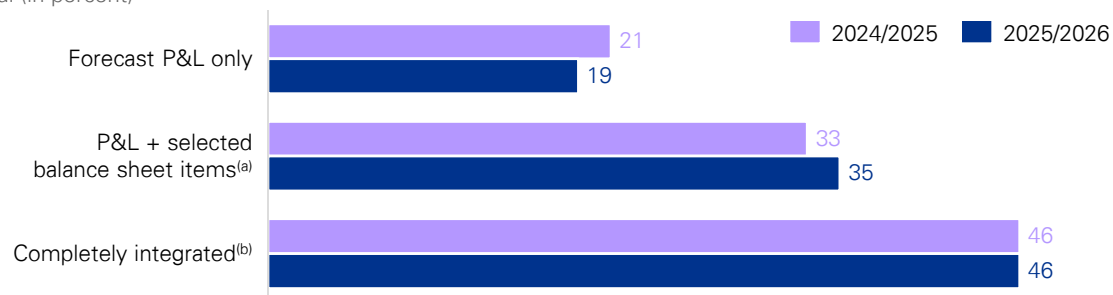
Scenario analyses – for instance Monte Carlo simulations – capture performance fluctuations and reflect uncertainty in the valuation. To preserve risk equivalence between numerator and denominator, the cost of capital must be consistent with the risks reflected in the cash flows. However, double counting of risks through generic premiums in the capitalization rate must be avoided.

Wider use of scenario analyses might be expected given the ongoing crises and heightened uncertainty; however, the opposite is the case: Only 28 percent of participants now vary both the cash flows and the cost of capital, while the share addressing neither parameter has risen to 41 percent.

This trend also contrasts with the direction taken by the revised German valuation standard IDW S 1 (2026 version), adopted by the FAUB in February 2026 and applicable to valuation dates from April 2026 onwards. What the 2008 version called advisable is now framed as a potential necessity to derive an expectation-based forecast of future earnings – making multi-valued forecasts more rather than less relevant.

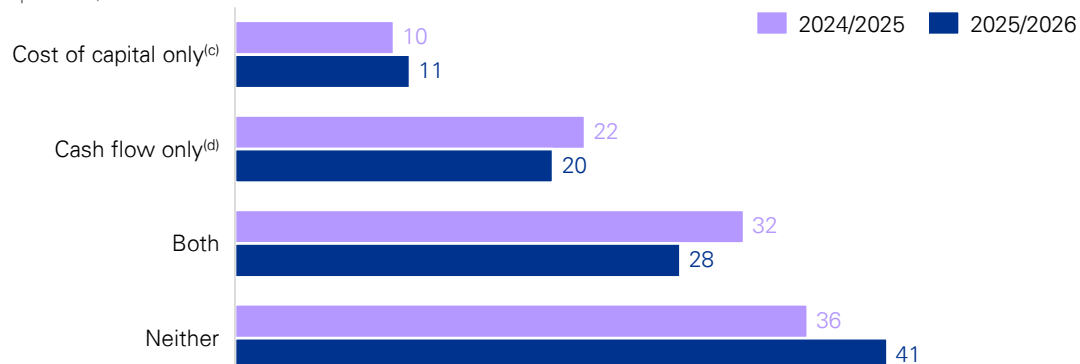
Degree of detail in the financial forecast

Total (in percent)



Consideration of scenarios

Total (in percent)



Note: (a) Forecast of a profit and loss statement with selected balance sheet items or a complete balance sheet

(b) P&L, balance sheet and cash flow statement

(c) incl. sustainable growth rate

(d) incl. sales, EBITDA and EBIT

Source: KPMG in Germany, 2026

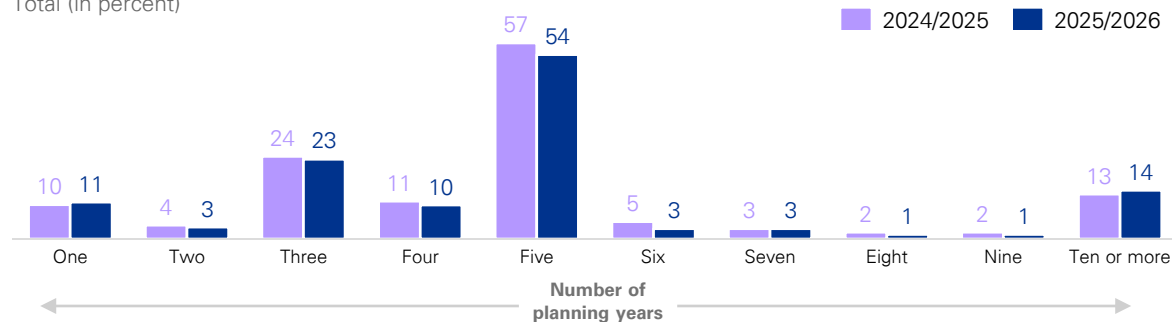
Selecting an appropriate planning horizon is a key determinant of valuation quality, and the choice involves a trade-off. A longer horizon increases forecast uncertainty, whereas a shorter horizon fails to adequately consider investment and product life cycles, as well as long-term industry trends. Both can distort the resulting company valuation, and, in turn, the decisions based on it.

The five-year horizon remains by far the most widely applied planning period, cited by 54 percent of participants compared with 57 percent in the previous year, and thus continues to serve as the de facto market standard. The distribution is otherwise largely unchanged year on year: Three-year horizons follow at some distance, declining slightly from 24 to 23 percent, while the share of companies applying horizons of ten or more years remains broadly stable at 14 percent compared to 13 percent in the previous year.

By contrast, planning structures remain considerably more company-specific. The number of reported segments is spread evenly, with three segments being the most frequent response. For cash-generating units (CGUs), ranges of two to three and four to six dominate, largely in line with the previous year.

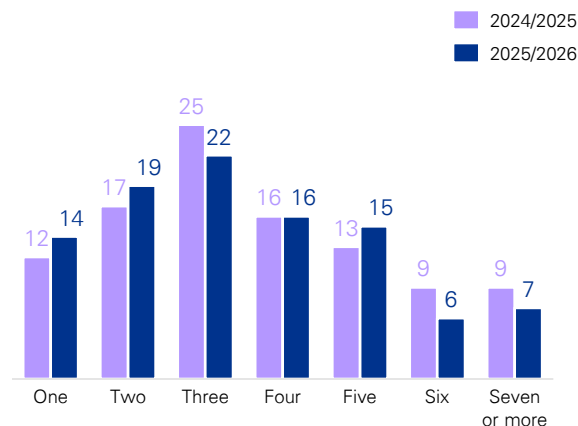
Planning horizon

Total (in percent)



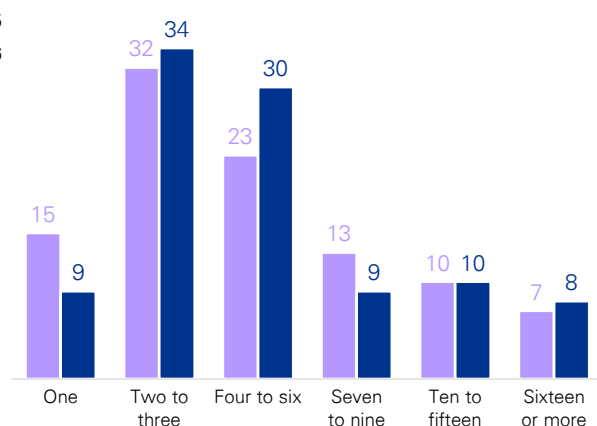
Number of segments

Total (in percent)



Number of CGUs

Total (in percent)



Source: KPMG in Germany, 2026

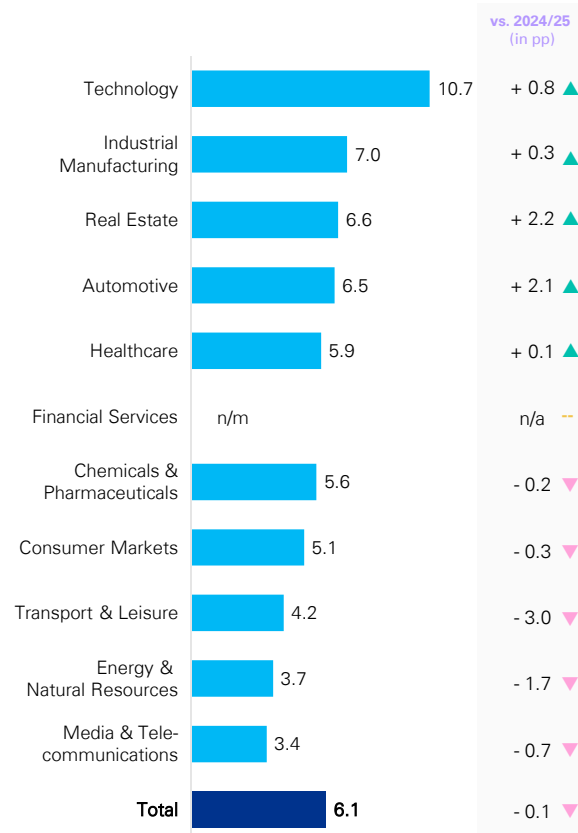
2.2 Growth Expectations

Growth expectations remain shaped by a high level of geopolitical and economic uncertainty – notably Russia's continuing war against Ukraine, heightened tensions in the Middle East affecting key shipping routes, and the realignment of tariff regimes that has taken effect over the past year. The resulting trade restrictions and duties burden companies exposed to international supply chains, while simultaneously offering new incentives for domestic production.

Notably, the tensions in the Middle East are weighing heavily on Transport & Leisure, where the expected revenue growth falls by 3.0 percentage points compared to the previous period, to 4.2 percent. Nevertheless, at 6.1 percent, the average expected revenue growth remains broadly stable compared to 2024/25 (6.2 percent). However, the dispersion across sectors is wide: Technology leads at 10.7 percent, while Media & Telecommunications (3.4 percent) and Energy & Natural Resources (3.7 percent) form the lower end.

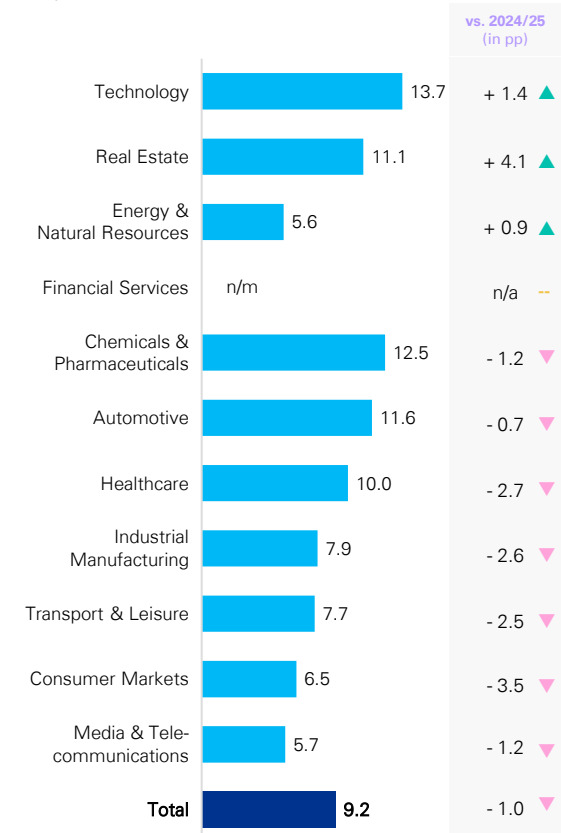
Rising costs are putting margins under pressure across most sectors. Accordingly, expected EBIT growth declines by 1.0 percentage point year on year to 9.2 percent. The sharpest decrease is reported in Consumer Markets, down 3.5 percentage points to 6.5 percent, followed by Healthcare with a decline of 2.7 percentage points to 10.0 percent. Nevertheless, Real Estate (+4.1 percentage points to 11.1 percent), Technology (+1.4 percentage points to 13.7 percent) and Energy & Natural Resources (+0.9 percentage points to 5.6 percent) move in the opposite direction.

Forecast revenue growth by sector (in percent)



Note: n/m = not meaningful, n/a = not applicable
Source: KPMG in Germany, 2026

Forecast EBIT growth by sector (in percent)



Corporate growth can be achieved along two paths: **Organically, from a company's own resources, or inorganically, by bringing external resources into the business.**

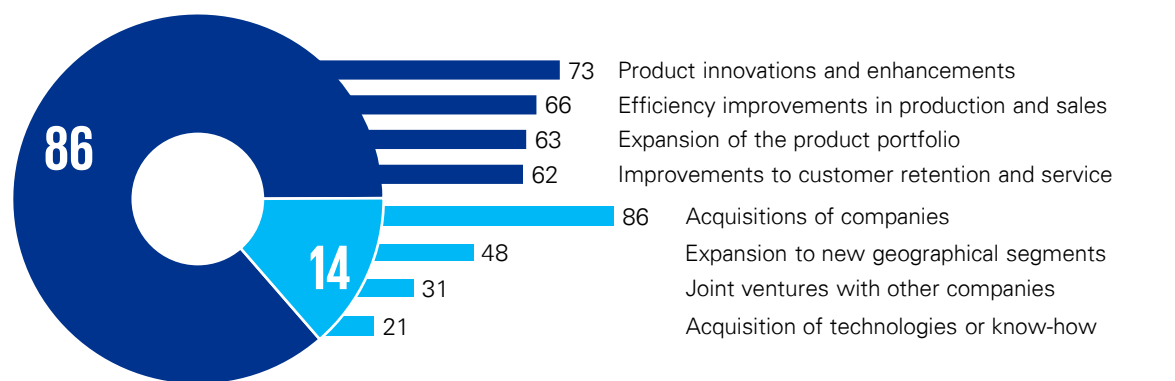
Organic growth strategies remain clearly dominant and have gained further ground, cited by 86 percent of participants compared to 82 percent in the prior year. They are driven above all by product innovations and enhancements, efficiency improvements in production and sales, a broader product portfolio and stronger customer retention. The share of companies growing inorganically fell correspondingly to 14 percent, with acquisitions of companies and expansion to new geographical segments being the main routes, and joint ventures or acquisitions of technologies or know-how playing a subordinate role.

Projected growth rates differ markedly between the two strategies: Companies growing organically expect a revenue CAGR of 6.6 percent compared with 3.7 percent for those growing inorganically, together with 8.8 versus 6.0 percent for EBITDA and 9.9 versus 6.2 percent for EBIT. Expectations are therefore more ambitious for organic growth across all three metrics, in particular at the earnings level.

Compared with the prior year, the inorganic outlook has weakened across both revenue and margins. Expected EBIT growth falls noticeably by 3.3 percentage points.

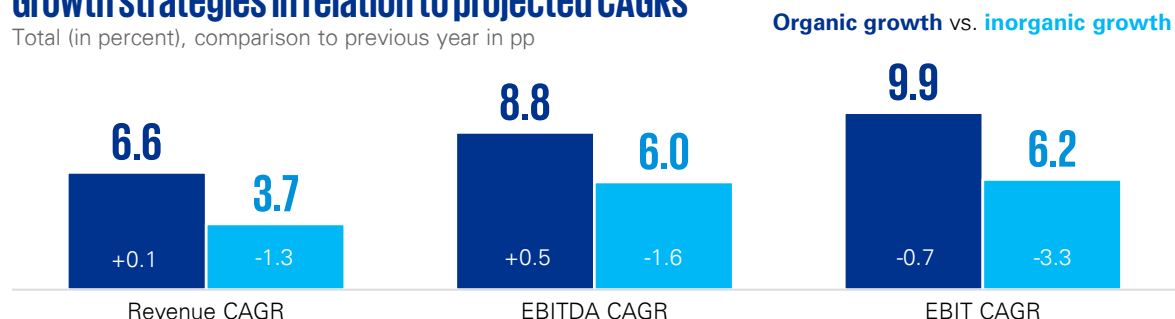
Growth strategies

Total (in percent, multiple choices possible)



Growth strategies in relation to projected CAGRs

Total (in percent), comparison to previous year in pp



Source: KPMG in Germany, 2026

2.3 Inflation Expectations

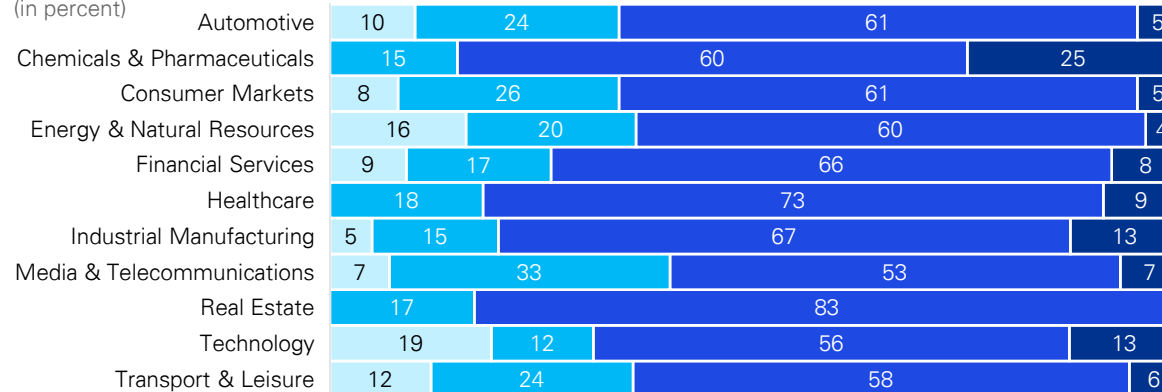
Most participating companies expect short-term, company-specific inflation of between 2.01 and 3.00 percent. This band is cited most frequently in every sector, and particularly so in Real Estate (83 percent) and Healthcare (73 percent). Rates above 3.00 percent remain the exception and occur somewhat more often only in Chemicals & Pharmaceuticals (25 percent).

From the third planning year onwards – in the medium to long term – expectations shift noticeably towards lower rates. The 2.01 percent to 3.00 percent band remains relevant, but a clear movement into the 1.01 percent to 2.00 percent range is evident, particularly in Media & Telecommunications at 53 percent and Energy & Natural Resources at 48 percent, while in Consumer Markets 18 percent even expect inflation rates to be below 1.00 percent.

Healthcare and Financial Services are the exception, with distributions remaining largely stable over the planning horizon. Overall, companies anticipate elevated price pressure in the short term, with inflation gradually normalizing thereafter.

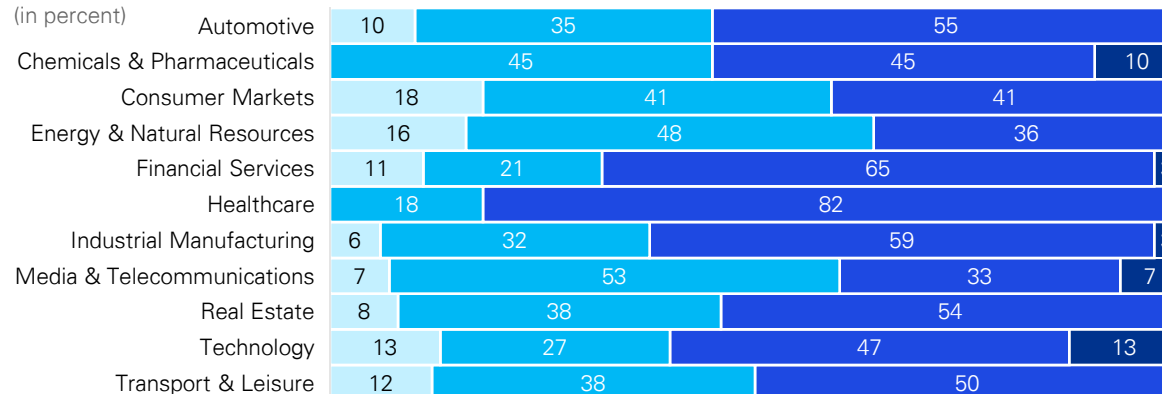
Short-term inflation expectations

(in percent)



Medium/long-term expectations

(in percent)



Source: KPMG in Germany, 2026

■ < 1.00%
 ■ 1.01 – 2.00%
 ■ 2.01 – 3.00%
 ■ > 3.00%

The survey results indicate a broad expectation that inflationary pressures will ease over the medium term and approach a range of one to two percent. However, respondents remain mindful of several influential risk factors, particularly central bank actions, geopolitical developments and energy-related costs, which may affect the future interest rate environment and valuation parameters. Against this backdrop, participants were asked to identify the factors they consider most relevant for shaping future interest rate level expectations over the planning horizon.

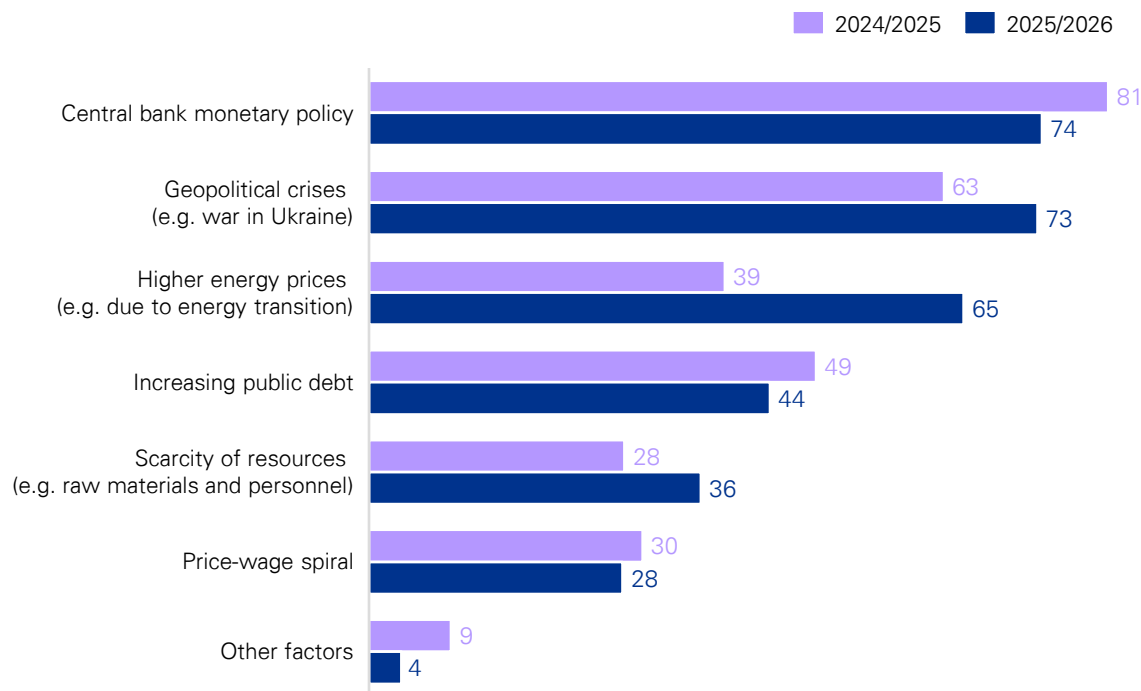
Monetary policy remains the most frequently cited factor, at 74 percent, although its lead has narrowed markedly: Geopolitical crises rise from 63 percent to 73 percent and now rank almost level with it.

The sharpest movement concerns energy prices, cited by 65 percent compared with 39 percent in the prior year. By contrast, rising public debt falls from 49 percent to 44 percent.

Resource scarcity gains 8 percentage points to 36 percent, while the price-wage spiral declines slightly from 30 percent to 28 percent.

Main drivers of the future interest rate level

Total (in percent, multiple choices possible)



Source: KPMG in Germany, 2026

How strongly inflation affects a company depends largely on whether inflation-driven cost increases can be passed on to (end) customers.

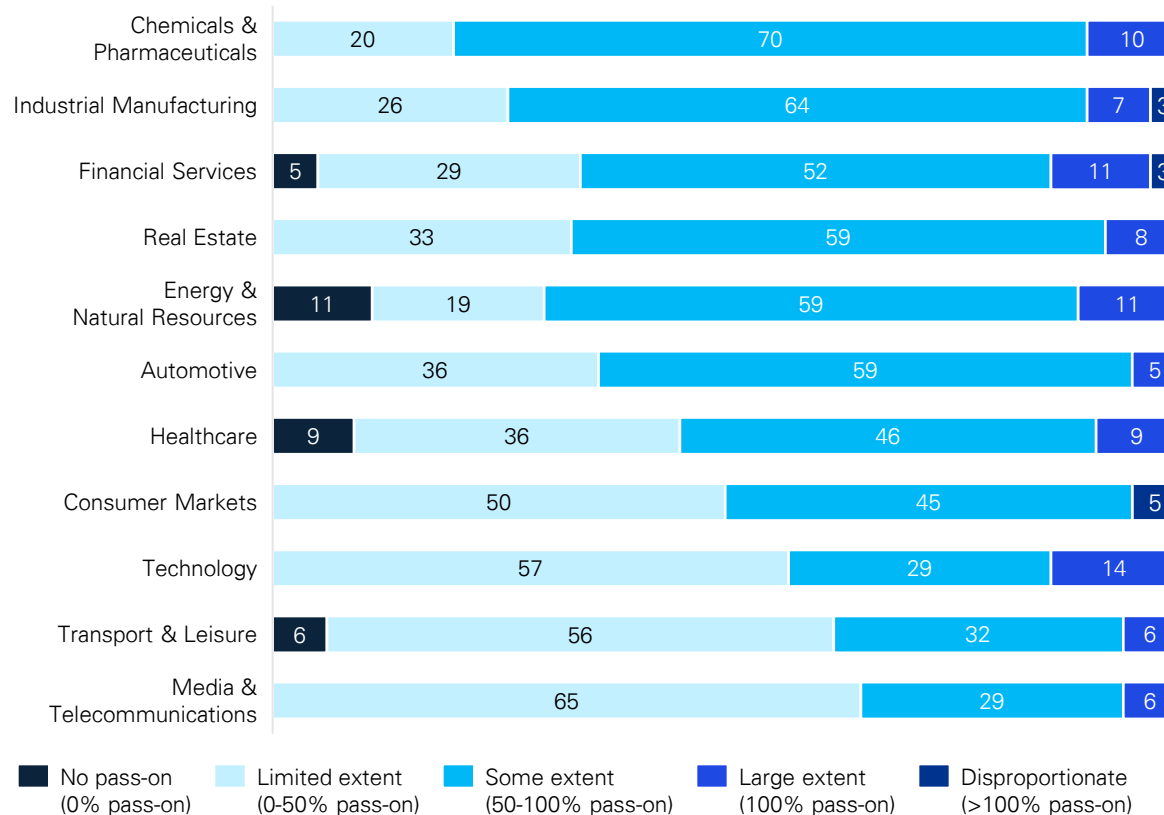
Most companies are able to pass on inflation-related cost increases to some extent, but pricing power differs markedly across sectors. Chemicals & Pharmaceuticals stands out as the sector with the strongest pass-through capability, with 80 percent of respondents reporting the ability to pass on more than half of inflation-driven cost increases. By contrast, Media & Telecommunications, Technology and Transport & Leisure show comparatively weak pricing power, with the majority of respondents indicating only limited pass-through capabilities.

A closer look at the individual sectors shows even further how widely this capability is spread. While 80 percent of participants in Chemicals & Pharmaceuticals and 74 percent in Industrial Manufacturing report being able to pass on 50 percent or more of their cost increases, in Automotive, Energy & Natural Resources and Real Estate only around two-thirds reach that level.

Conversely, 57 percent of participants in Technology, 62 percent in Transport & Leisure, and as many as 65 percent in Media & Telecommunications report only a limited pass-through of less than 50 percent.

Ability to pass on inflation-related cost increases to customers

Total (in percent)



Source: KPMG in Germany, 2026

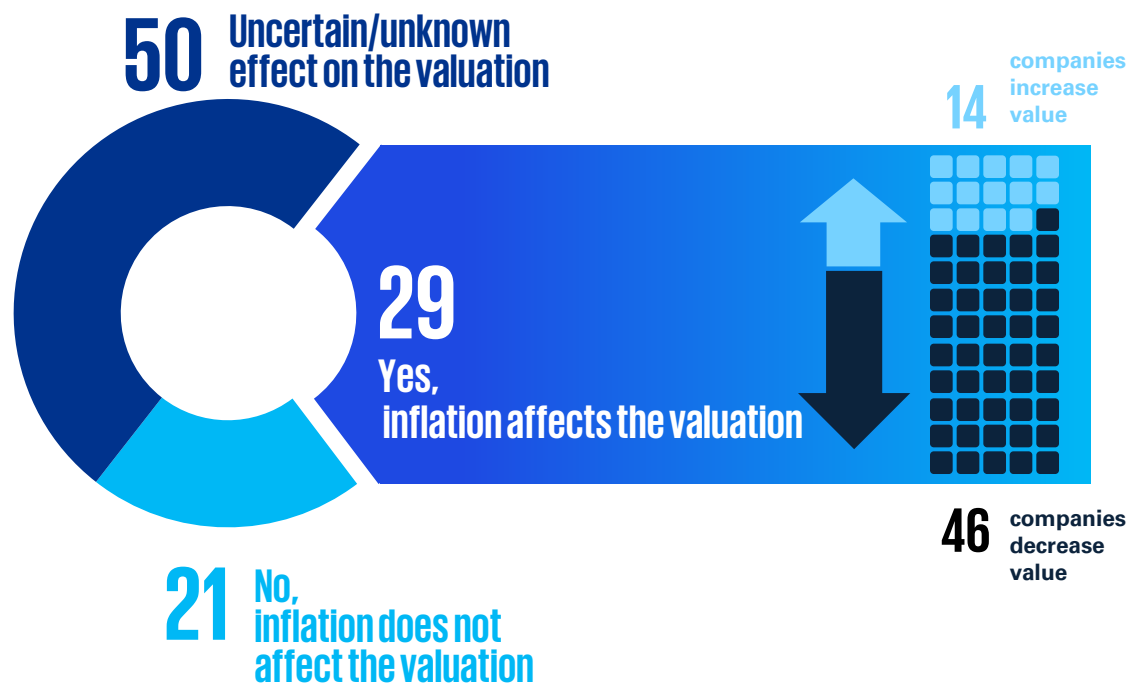
Inflation influences key valuation parameters both directly and indirectly. Changes in inflation expectations can affect projected cash flows through their impact on pricing, margins and economic growth, while at the same time influencing discount rates via interest rate and capital market developments. Given the interaction between these often counterbalancing effects, determining the net impact on company valuations remains challenging.

Accordingly, 50 percent of participating companies report an unknown or unclear effect and a further 21 percent expect no valuation impact from rising inflation rates.

Among the 29 percent of companies that do see an impact, negative effects clearly prevail: 46 companies expect inflation to decrease their company value, compared with 14 expecting an increase. Overall, the results indicate that where inflation is reflected in valuations, it is predominantly perceived as a downside factor.

Impact of rising inflation rates on company valuations

Total (in percent)



Source: KPMG in Germany, 2026

2.4 Determination of Expected Values

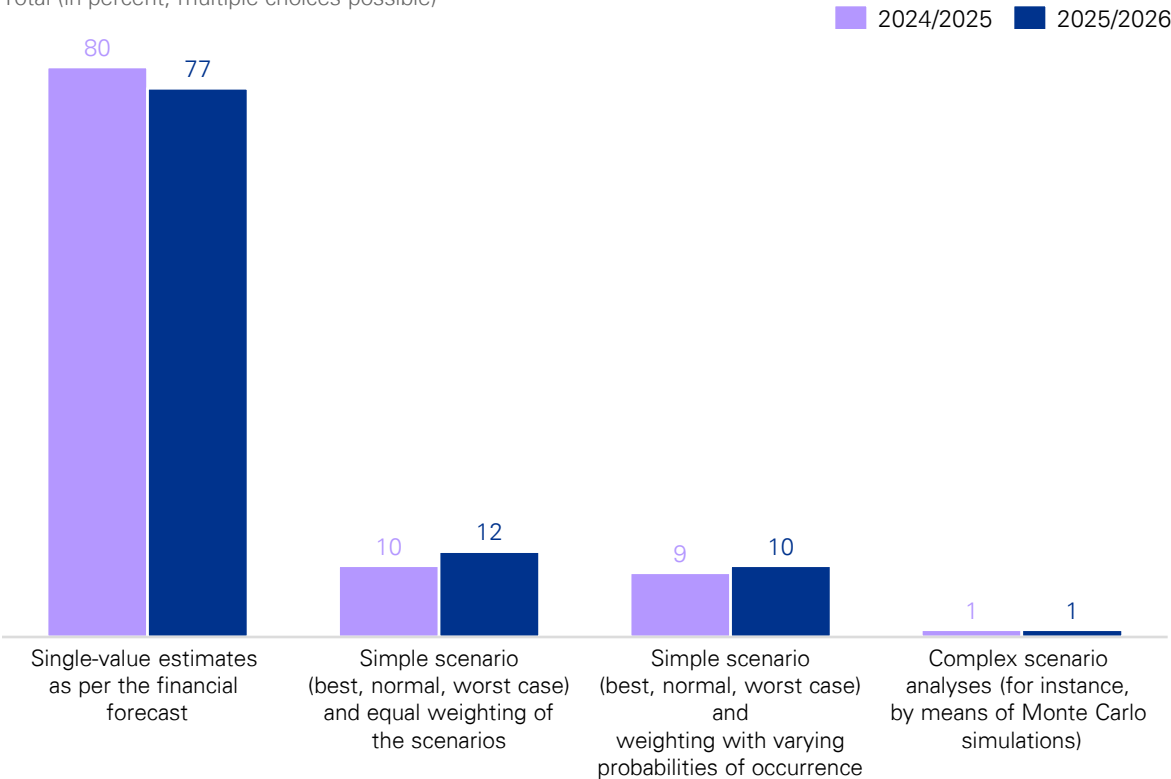
For established companies operating in stable markets, a single-value estimate of future cash flows was long considered adequate. In an environment marked by pronounced uncertainty, however, this approach reaches its limits.

Multi-valued estimates based on scenarios and simulations are better suited to such conditions, as they allow performance and risk factors to be assessed systematically and transparently. This is particularly relevant given the difficulty of anticipating macroeconomic and microeconomic developments as well as short-term disruptions capable of materially affecting a business model.

Despite these challenges, the majority of participating companies continue to rely on single-value estimates when forecasting future cash flows. In the current survey, 77 percent of respondents determine expected values based on a single financial forecast, compared to 80 percent in the previous year. While the use of scenario-based approaches has increased slightly, with 12 percent applying equally weighted scenarios and 10 percent using probability-weighted scenarios, such methods remain the exception rather than the rule. The results suggest that, although awareness of alternative future outcomes is increasing, potential shifts in performance and risk factors are still only reflected to a limited extent in the determination of expected values.

Measurement of expected values

Total (in percent, multiple choices possible)



Source: KPMG in Germany, 2026

2.5 Consideration of Risks

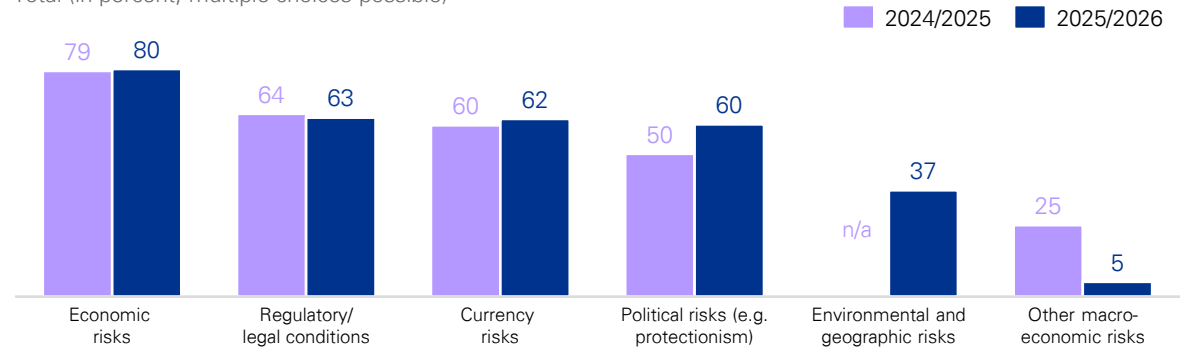
Because future cash flows are inherently uncertain, they should be determined as expected values. Their reliability depends on the extent to which material opportunities and risks are reflected in the financial forecast, including both macroeconomic and microeconomic factors.

On the macroeconomic side, economic risks remain the dominant consideration, cited by 80 percent of participants, followed by regulatory and legal conditions cited by 63 percent and currency risks by 62 percent. The clearest movement concerns political risks such as protectionism, rising from 50 to 60 percent and thus becoming increasingly prominent factors, while environmental and geographic risks are cited by 37 percent.

From a microeconomic perspective, customer-side risks continue to lead the field at 83 percent, ahead of new technologies and digitalization (62 percent), new competitors (50 percent) and supply-side risks (47 percent). Comparing these categories to the previous year shows that responses from participating companies have changed slightly. Internal company-specific risks, surveyed for the first time this year, follow at 36 percent and thus rank directly behind the external factors.

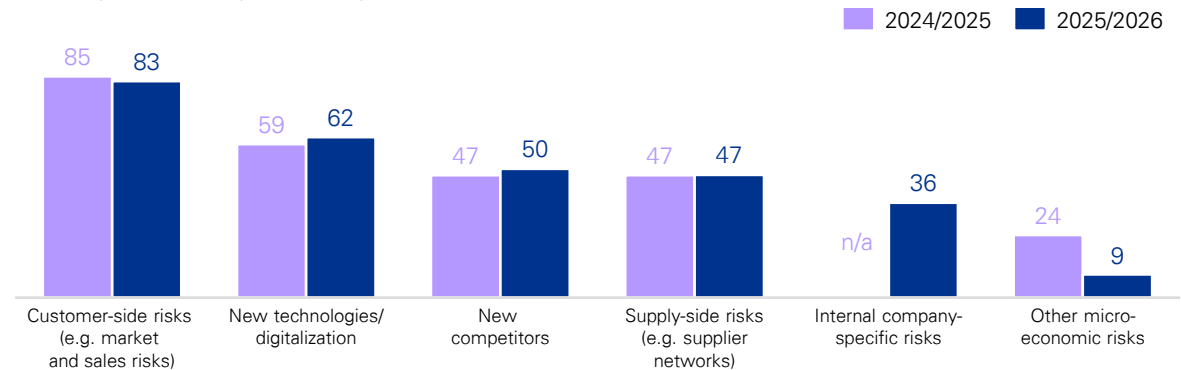
Consideration of risks in the financial forecast – macroeconomic risks

Total (in percent, multiple choices possible)



Consideration of risks in the financial forecast – microeconomic risks

Total (in percent, multiple choices possible)



Note: n/a = not applicable. These risk categories were surveyed for the first time in 2025/26, so no prior-year comparison is available.

Source: KPMG in Germany, 2026

2.6 Dealing with Uncertainty

The succession of short-cycle crises and their adverse economic effects is compounded by persistently high global uncertainty.

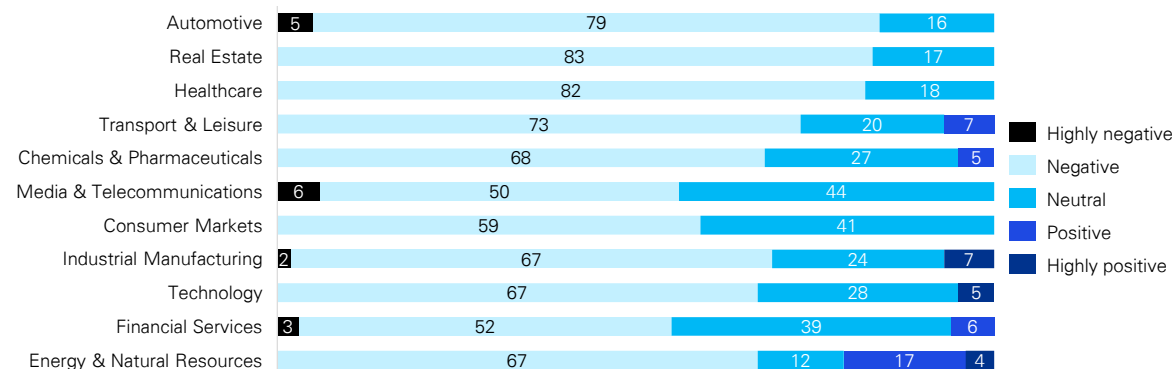
Against this backdrop, the burden on business plans has intensified. Around 69 percent of participants report that uncertainty has a negative or highly negative impact on their business plans, in reversal of the moderate trend observed last year at 63 percent. Negative assessments dominate across all sectors surveyed and are most pronounced in Automotive (84 percent), Real Estate (83 percent), and Healthcare (82 percent).

Positive assessments remain comparatively rare and are most pronounced in Energy & Natural Resources, where 17 percent report a positive and a further 4 percent a highly positive impact. Neutral responses are most common in Media & Telecommunications at 44 percent and Consumer Markets at 41 percent.

Despite the broad impact of uncertainty on business plans, most participants have not adjusted their planning processes: 71 percent of participants see no need for adjustment, while 13 percent have implemented changes. Among the latter, an increased use of scenario analyses is by far the most frequent response (69 percent), followed by a change in the overall planning approach (34 percent) and changes in the level of planning detail (17 percent).

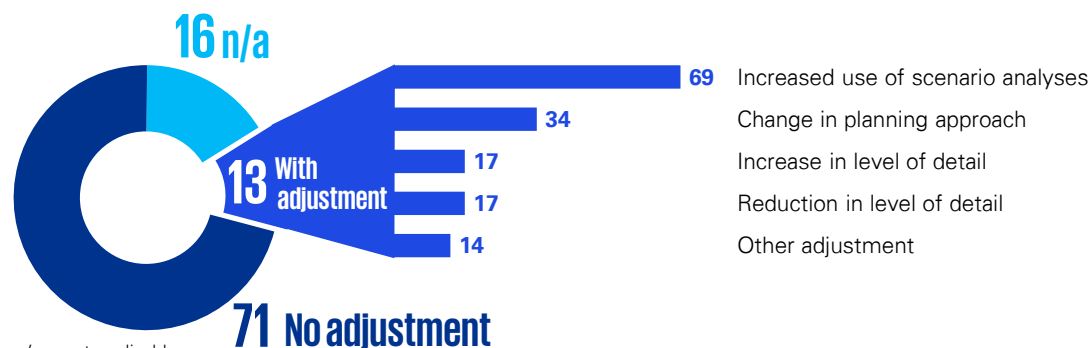
Impact of uncertainty on companies' business plans

Total (in percent)



Need and level for adjustment of planning process due to uncertainty

Total (in percent, level for adjustment, multiple choices possible)



Note: n/a = not applicable

Source: KPMG in Germany, 2026

The Premium Puzzle: Cost of Capital, Alphas and Premiums

In DCF valuation models, additional premiums and discounts, commonly referred to as premiums, are frequently applied alongside the cost of capital in the denominator of the valuation formula. However, their mathematical inclusion in the capitalization rate should not obscure the fact that, from an economic perspective, they reflect matters that are conceptually distinct from the cost of capital.

Risks reflected in a valuation model fundamentally represent the risks to which expected future cash flows are exposed. In valuation practice, however, different types of risk are often combined or translated into premiums without sufficient conceptual distinction. This may result in risks being considered twice, incompletely or inconsistently.

The starting point for any appropriate treatment must therefore be to identify the specific conceptual risk involved. Only then should it be determined where in the valuation model that risk should be reflected. This first step follows the principle of risk equivalence, which is the fundamental principle of business valuation. The principle requires all valuation-relevant risks to be captured in full, and failure to comply with this requirement results in valuation errors.

Strictly speaking, the subsequent decision as to where these risks are reflected within the valuation model is merely a matter of transparency and should have no impact on the resulting company value. However, this distinction is not always fully observed in valuation practice. With that in mind, this white paper provides a conceptual framework and applies it to country risk premiums, as also discussed on pages 42 to 44, size premiums and the growth rate.

Operating Risks of Cash Flows: The Conceptual Starting Point

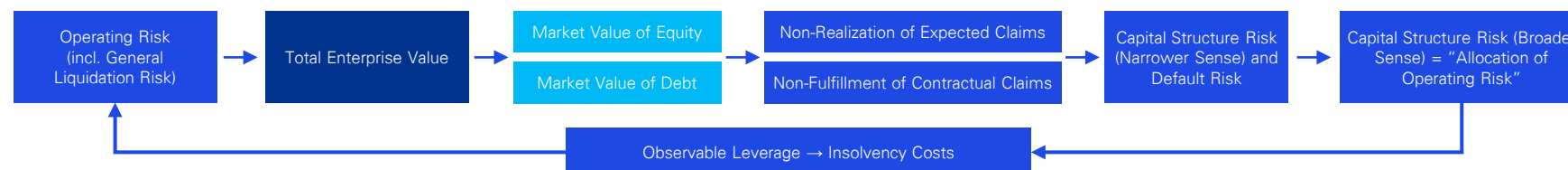
A company's operating business model generates operating cash flows that are generally subject to operating uncertainty. The IDW Valuation Practice Note on the consideration of leverage in business valuations, IDW Valuation Practice Note 5.011, provides guidance on the different types of risk to be considered in valuation models, as illustrated below.

Operating cash flows are exposed to operating risks only. These risks can generally be divided into operating risks in the narrower sense and operating default risks, as shown on the left-hand side of the

illustration below with regard to their relevance for the total enterprise value.

Operating risks in the narrower sense are primarily state-dependent. They are reflected in expected fluctuations in future cash flows. By contrast, operating default risks are primarily event-dependent. They describe a complete or partial termination of future cash flows at a certain point in time. Both types of risk are influenced by the operating characteristics of the valuation subject, particularly its business model, geographic exposure, size, leverage, age and company-specific factors.

The right-hand side of the illustration below then presents the allocation of the overall operating risk to the different providers of capital, and highlights the feedback effects arising from the capital structure. These effects are not the subject of this white paper. The key consideration is that operating risks must always be captured appropriately and in full when performing a business valuation. Such risks cannot be reduced or increased through the subsequent allocation of value. Their appropriate identification must come first, followed by their appropriate allocation.



Source: IDW BewH 5.011 – IDW Valuation Practice Note: Consideration of leverage in business valuations

The volatility risks associated with operating cash flows are generally reflected in the numerator of the valuation model through the expected value of those cash flows. This expected value is based on an underlying distribution that captures the relevant uncertainty and transforms it into a single-point estimate. Under the principle of risk equivalence, uncertainty arising from cash flow volatility corresponds to the risk premium included in the cost of capital and added to the risk-free rate.

Default risks, meaning risks that result in the termination of cash flows following their occurrence, are not part of cash flow volatility and therefore do not form part of the cost of capital. In principle, they must be reflected in the numerator of the valuation model through a probability-weighted value comprising the scenarios of continuation, representing the expected value of operating cash flows subject to volatility, and default. The two scenarios are weighted using the expected probability of default.

Where default risks are reflected for practical or transparency-related reasons through an additional alpha or premium term in the capitalization rate, their conceptual allocation to the derivation of the valuation-relevant cash flows remains unchanged. The same applies to the growth rate used in a perpetual annuity. Although the growth rate is mathematically included in the denominator of the valuation model, it describes the expected growth of cash flows and is not a component of investors' required returns or the cost of capital.

The mathematical equivalence between a cash flow adjustment and an additional term in the capitalization rate applies only under the assumptions underlying the respective approach. In particular, an alpha term derived from a specific default probability must correspond to the maturity, timing and amount of the cash flows at risk.

A permanently constant premium may serve as an approximation of a one-off, time-concentrated or dynamically changing default mechanism. However, the more significantly the potential scenarios, timing of occurrence or residual values differ, the more appropriate it will generally be to model scenarios or probabilities explicitly within the cash flows. A premium in the denominator may simplify the analysis of the underlying economic circumstances, but it cannot replace that analysis.

Country Risk Premium, Size Premium and Growth Rate: Three Examples, One Framework

Valuation practice uses a wide range of premiums, including country risk premiums and size premiums. The large number of such premiums generally arises from the many different circumstances observed in practice rather than from a consistent conceptual framework. Nevertheless, such a framework is essential for the appropriate treatment of the conceptually different forms of risk to which these real-world circumstances must be assigned.

As demonstrated for country risks on pages [42](#) to [44](#), misunderstandings frequently arise in valuation practice regarding both the conceptual treatment of country-specific influences on operating risks in the narrower sense and on default risks, and the use of market data available for this purpose. The conceptual basis of such data frequently remains insufficiently examined.

The size premium should be assessed in a similar manner. An empirical observation that smaller companies generate higher returns does not, in itself, allow for an unambiguous allocation to a specific conceptual risk category.

Company size may initially constitute a characteristic of the operating business model. If smaller companies are exposed to higher systematic volatility risks due to specific market positions, lower diversification or different operating structures, these risks should be reflected through the selection of comparable companies and the beta factor.

However, if empirically observed size premiums result from higher default probabilities, shorter economic lives or greater dependencies on individual customers, suppliers or financing partners, the relevant effects concern expected cash flows.

In addition to these conceptual challenges, empirical data issues must also be considered. Measured size premiums may reflect not only default and economic-life effects, but also differences in liquidity, availability of information, tradability, industry composition or data coverage. Compared with theoretical models, they may therefore reflect existing market imperfections. Consequently, not every empirically observed relationship represents compensated systematic risk, and not every historical difference in returns can be transferred directly to the specific valuation subject.

An appropriate causal analysis is therefore required when assessing both the risks of the valuation subject and the empirically collected data.

Where company size is reflected equally in the operating business model and the peer group, an additional adjustment will generally not be appropriate.

Where company size provides robust evidence of company-specific default risks or risks relating to the company's continued existence, these risks should be reflected in the expected value of the cash flows or through an economically equivalent alpha term. Even where such an alpha term is mathematically included in the capitalization rate, it remains conceptually a cash flow adjustment.

The growth rate illustrates the same numerator-denominator framework, although without a direct reference to risk. Under the growth model, the sustainable growth rate is deducted from the discount rate. It therefore mathematically reduces the denominator and increases the company value.

From an economic perspective, however, the growth rate does not constitute a negative component of the cost of capital. Instead, it describes the expected development of cash flows within the perpetuity.

Mathematically, country risk premiums, size premiums and growth rates may therefore appear as additive or subtractive terms alongside the cost of capital within the capitalization rate. Their economic classification and appropriate magnitude must nevertheless be derived from the underlying effects on cash flows.

Transparency in the Valuation Model: Classify First, Calculate Second

For valuation practice, the decisive question is therefore not merely whether a particular matter is reflected in the numerator or denominator of the valuation model. Its economic and conceptual classification must be determined first.

The chosen mathematical implementation must be economically equivalent to that classification. It must not capture matters a second time if they have already been reflected in the business plan or beta factor. At the same time, it must ensure that relevant risks are not omitted.

The principle of risk equivalence remains the overarching guideline. Expected cash flows and the capitalization rate must be aligned consistently with regard to the opportunities and risks reflected, as well as maturity, currency and growth.

Transparency is particularly important when additional premiums are used. A valuation model should clearly demonstrate the economic matter addressed by each premium or discount, whether it relates to operating volatility, default probabilities or, for example, growth, the empirical basis on which it is derived, and the adjustments made to reflect the specific valuation subject.

A clear conceptual distinction between the cost of capital on the one hand and alphas or premiums on the other improves transparency, facilitates communication with decision-makers and reduces the risk of methodological inconsistencies. Mathematical comparability cannot replace an economic rationale.

Transparent documentation should therefore answer at least four questions.

Firstly, which economic matter is being addressed?

Secondly, does the matter relate to operating volatility, a potential termination of cash flows or the expected development of cash flows?

Thirdly, where has the matter already been reflected in the business plan, scenarios, peer group, beta factor or other parameters?

Fourthly, how was the specific amount of the premium or discount transferred from observable data to the valuation subject?

Answering these questions makes the selected approach transparent and helps identify any double counting or omitted risks.

Databases containing proprietary, quality-assured data, such as the [KPMG Valuation Data Source^{\(a\)}](#), support this transparent derivation by providing parameters relevant to capital markets and valuations. Country risk premiums and size premiums are already available, and sector-specific growth rates are expected to be added in the future.

These data represent the starting point for the analysis. Their use does not eliminate the need to assess which specific effect the respective parameter is intended to reflect for the valuation subject and whether its consideration is consistent with the business plan, peer group, cost of capital and valuation purpose.

This approach transforms the apparent “premium puzzle” into a transparent valuation model by combining the provision of data with a clear methodological framework. Standardized market information enhances comparability and efficiency, but does not replace the necessary reconciliation to the specific valuation subject.

When applying country risk premiums and size premiums in particular, the underlying data, company-specific adjustments and potential overlaps with the business plan and cost of capital should be disclosed transparently.

Note: (a) KPMG Valuation Data Source is part of the KPMG Valuation Cloud.

3

Determination of the Cost of Capital Parameters

3.1 WACC Overview

3.2 Risk-free Rate

3.3 Market Risk Premium

3.4 Beta Factor

3.5 Cost of Equity

3.6 Other Risk Premiums

3.7 Perspective used to derive Cost of Capital

3.8 Cost of Debt and Debt Ratio

3.9 Terminal Value & Sustainable Growth Rate

3.1 WACC Overview

The weighted average cost of capital (WACC) approach is the most commonly used discounted cash flow (DCF) method for establishing a company's enterprise value. In this approach, future cash flows are discounted at the WACC, which is derived by weighting the cost of equity and the cost of debt (incl. corporate tax shield), in line with their respective shares of total capital (entity value), measured on a market value basis.

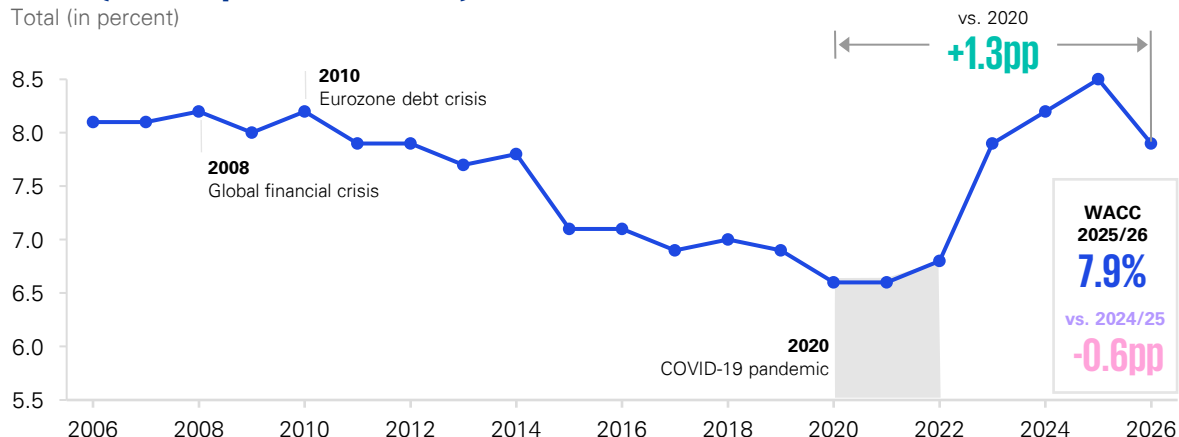
The average WACC declines by 0.6 percentage points to 7.9 percent compared to the previous year, reversing the upward trend that started in 2022.

This reflects changing conditions across the underlying cost of capital components, which show partly offsetting movements in 2026. Despite the decline from last year's 20-year high, the WACC remains elevated from a longer-term perspective.

Ultimately, the decisive criterion in deriving the cost of capital is not consistency in terms of the resulting values, but the assurance of methodological coherence across the respective valuation scenarios.

WACC (incl. corporate tax shield)

Total (in percent)



Relevant cost of capital parameters at a glance

In times of uncertainty, it is more important than ever for companies to keep an eye on cost of capital parameters in order to be prepared for changing market conditions and to protect their companies against losses. But how can companies keep track of their most important capital market data? The KPMG Valuation Data Source collates relevant cost of capital parameters and guides users through deriving their individual WACC or the cost of equity relevant for the financial sector. The user simply specifies the preferred reporting date, the relevant country, currency and peer group and selects the desired settings for the calculations. The KPMG Valuation Data Source provides access to cost of capital parameters from more than 150 countries and peer group-specific data from over 21,000 companies worldwide. Historical cut-off dates are available from 2012 to the present day.

For further information see www.kpmg.ch/valuation-data-source.



Source: KPMG in Germany, 2026

Compared with the previous year's Cost of Capital Study, the decline in the overall WACC is reflected across most industries, although the magnitude of the change varies by sector.

The most pronounced decreases were recorded in the following sectors: Consumer Markets (8.4 percent to 7.4 percent), Media & Telecommunications (8.0 percent to 7.0 percent), Automotive (9.0 percent to 8.1 percent), and Chemicals & Pharmaceuticals (8.7 percent to 7.9 percent).

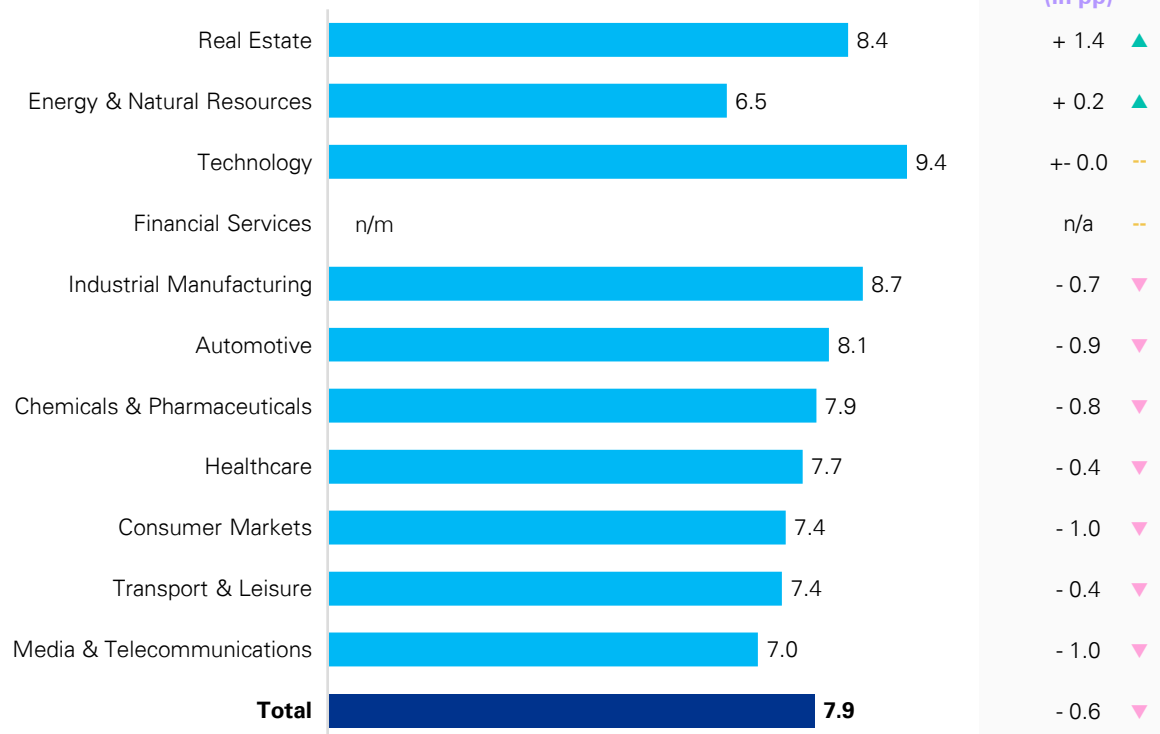
The majority of sectors reported a downward trend, but a few moved in the opposite direction. Notable increases were observed in the Real Estate sector (7.0 percent to 8.4 percent), followed by Energy & Natural Resources (6.3 percent to 6.5 percent).

Technology continues to report the highest WACC, followed by Industrial Manufacturing and Real Estate, while Energy & Natural Resources remains at the lower end of the range.

Despite the broad year-on-year decline, substantial differences in WACC assumptions between industries persist, highlighting the continued relevance of sector-specific risk profiles.

WACC (incl. corporate tax shield) by sector

Total (in percent)



Note: n/m = not meaningful

Countries included in analysis: DE, AT, CH

Source: KPMG in Germany, 2026

3.2 Risk-free Rate

Theoretical capital market models, in particular the CAPM, serve as the primary basis for estimating the cost of equity. Under the CAPM, the cost of equity is made up of a risk-free rate and a risk premium that compensates investors for the systematic risks associated with the investment.

To ensure a matching maturity, the risk-free rate used in the cost of capital calculation should be based on the yield curve of the relevant central bank.

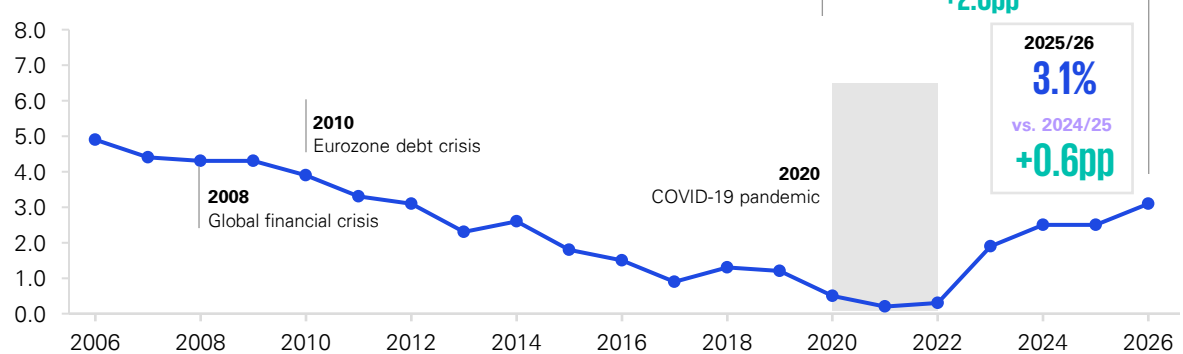
To limit the impact of short-term market fluctuations and reduce estimation uncertainty, particularly with respect to long-term expected returns, it is recommended that the risk-free rate be determined using the average observed over the three-month period preceding the valuation date.

After two years of stability, the average risk-free rate across Germany, Austria and Switzerland rose to 3.1 percent in 2026, continuing the overall upward trend observed since 2022.

A cross-country comparison reveals divergent developments: While the risk-free rate applied in Germany and Austria increased markedly from 2.5 percent to 3.2 percent, Switzerland moved in the opposite direction, declining from 2.6 percent to 1.6 percent. As a result, risk-free rate assumptions across the markets have diverged substantially.

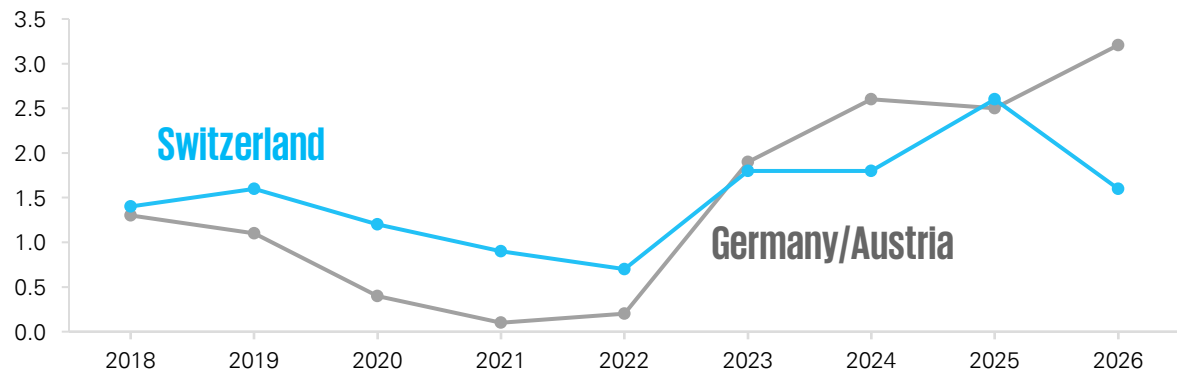
Average risk-free rate applied

Total (in percent)



Average risk-free rate applied

Germany/Austria versus Switzerland (in percent)



Source: KPMG in Germany, 2026

3.3 Market Risk Premium

The market risk premium cannot be observed directly in capital markets and is generally derived by deducting the risk-free rate from the expected total market return.

For Germany, the Technical Committee for Business Valuation and Economics (FAUB, Fachausschuss für Unternehmensbewertung und Betriebswirtschaft) of the Institute of Public Auditors in Germany (IDW, Institut der Wirtschaftsprüfer) regularly issues a recommended range for the market risk premium that takes current capital market conditions into account.

In Austria, the Council of Experts for Business Valuation (KFS/BW, Fachsenat für Unternehmensbewertung) of the Chamber of Tax Advisors and Auditors (KSW, Kammer der Steuerberater und Wirtschaftsprüfer) continues to recommend a nominal market return of 7.5 percent to 9.0 percent.

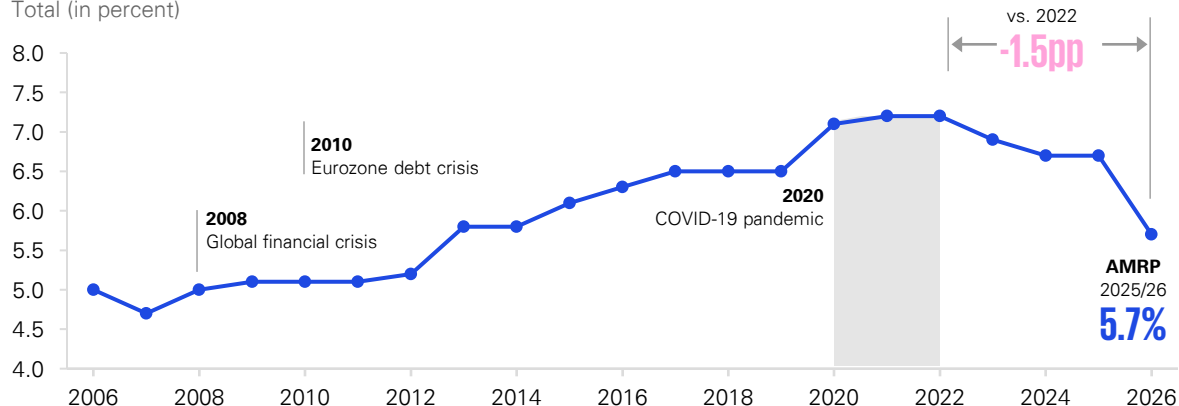
The average market risk premium declines markedly to 5.7 percent in 2025/26, continuing the downward trend from the elevated levels observed in previous years.

The decline is primarily driven by Germany and Austria, where applied premiums fall by around one percentage point, while Switzerland remains broadly stable. As a result, market risk premium assumptions across the three countries have converged substantially and now lie within a narrow range of 5.6 percent to 5.9 percent.

In Germany and Austria, lower market risk premiums were accompanied by higher risk-free rates, partially offsetting each other.

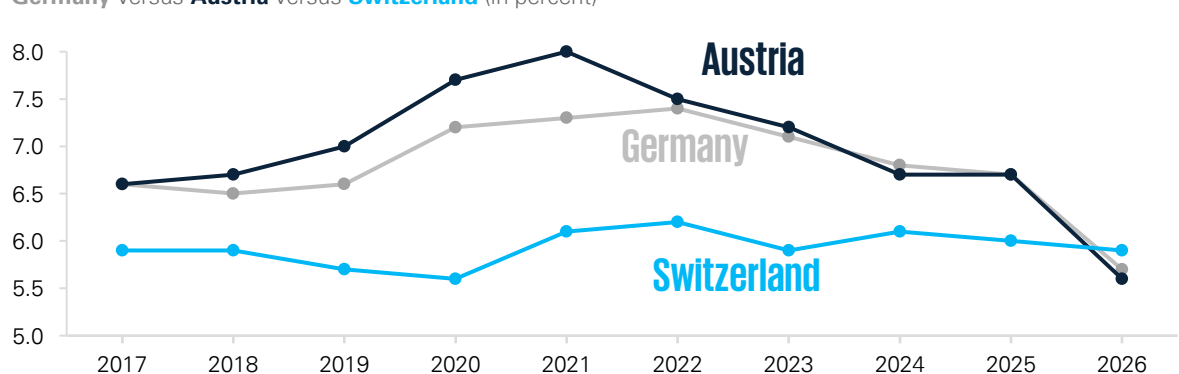
Average market risk premium

Total (in percent)



Average market risk premium

Germany versus Austria versus Switzerland (in percent)



Source: KPMG in Germany, 2026

The decline in the average market risk premium is reflected in a pronounced downward shift of the distribution among German companies.

While market risk premiums in the range of 6.51 percent to 7.00 percent dominated in the previous year, 66 percent of participants now apply a premium up to 6.00 percent, with a further 22 percent between 6.01 percent and 6.25 percent.

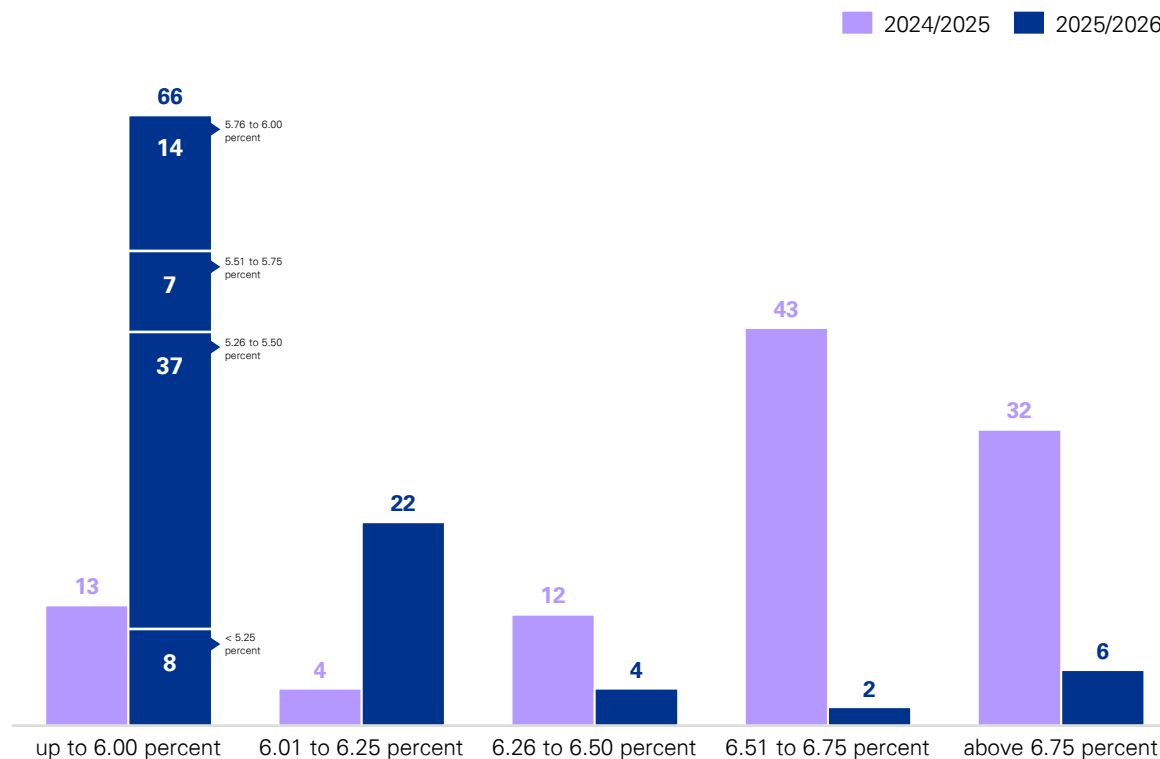
Correspondingly, the trend of recent years towards lower premiums has accelerated: Premiums above 6.25 percent have become the exception, and the higher ranges that accounted for a relevant share of responses last year are now scarcely applied.

Overall, the data reflect a clear tendency among participants to concentrate on market risk premiums predominantly below 6.25 percent, indicating a substantial change in the assumptions applied in practice.

As an inherently industry-independent input, the market risk premium should not vary across sectors. Consistent with this principle, the market risk premiums applied by the study participants exhibited only limited dispersion, with no material variation observed between individual industries.

Distribution of the market risk premiums of German companies

Total (in percent)



Source: KPMG in Germany, 2026

3.4 Beta Factor

The beta factor measures a company's risk as the volatility of an individual security relative to the overall market portfolio. Even though it is intended to capture future risk, it is derived from historical data for lack of a robust alternative.

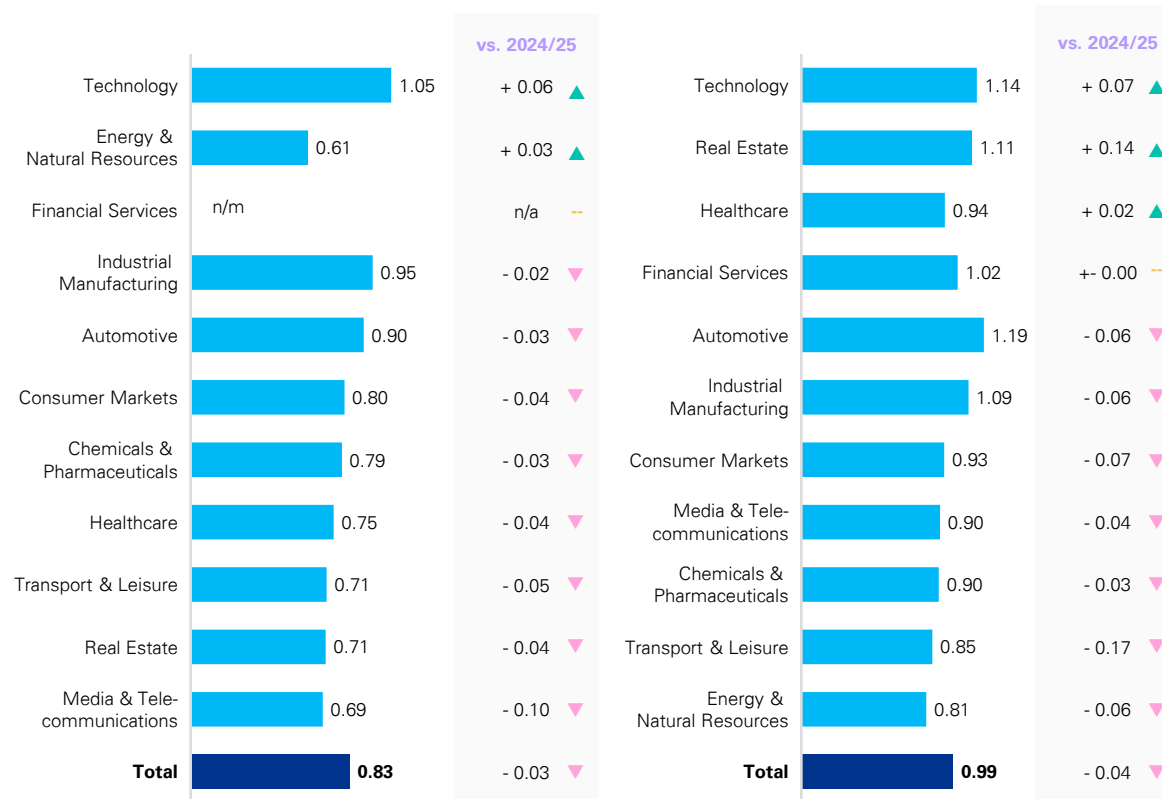
The beta factors are observable only for listed companies. Hence, they are approximated via a defined peer group. Where emerging business models lack sufficient listed peers, innovative estimation approaches may be required.

While the unlevered beta factor measures business risk without regard to financing structure, the levered beta factor additionally accounts for the effects of financial leverage and thus represents the systematic risk assumed by equity investors.

The average unlevered beta factor declines year on year to 0.83 in 2025/26. The largest sector declines are in Media & Telecommunications (0.79 to 0.69) and Transport & Leisure (0.76 to 0.71). Technology runs counter to the trend, rising by 0.06 to 1.05 and reporting the highest unlevered beta, while Energy & Natural Resources also edges up by 0.03 to 0.61, remaining the lowest of all industries.

At 0.99, the average levered beta factor is close to the levered beta of the overall market, which by definition amounts to 1.00. This suggests that, on average, the participating companies reflect the systematic risk of the market as a whole well. At the same time, substantial sector-specific differences persist and – together with the market risk premium – drive the differences in the cost of equity observed across industries.

Average unlevered beta factors by sector Average levered beta factors by sector



Note: n/m = not meaningful, n/a = not applicable

Countries included in analysis: DE, AT, CH

Source: KPMG in Germany, 2026

2025/2026

3.5 Cost of Equity

Under the CAPM methodology, the levered cost of equity is determined based on the risk-free rate, the company-specific levered beta factor, and the market risk premium.

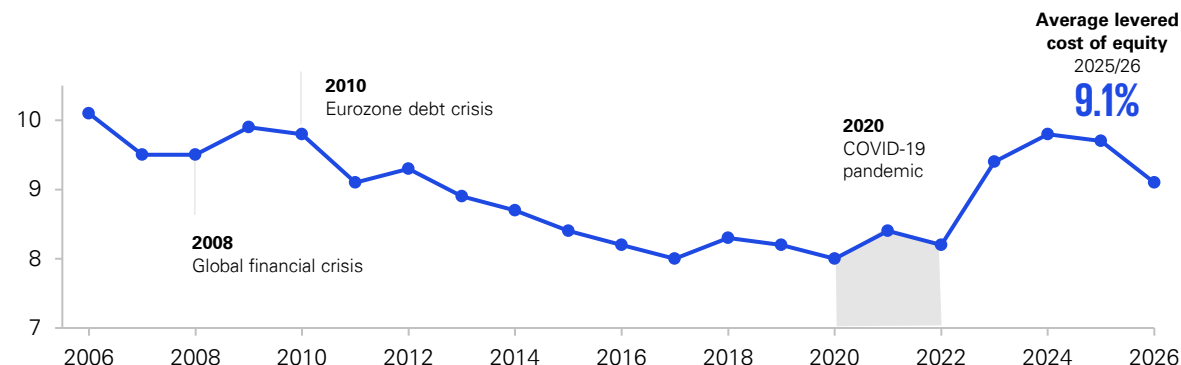
Compared to the previous year, the average levered cost of equity applied by participating companies declined from 9.7 percent to 9.1 percent, further reversing part of the increase observed in recent years.

A cross-country comparison across Germany, Austria and Switzerland indicates a consistent downward trend. In Germany, the average levered cost of equity decreased from 9.8 percent to 9.1 percent, in Austria from 9.7 percent to 9.1 percent, and in Switzerland from 8.6 percent to 7.8 percent, marking the most pronounced reduction among the DACH countries.

Switzerland's lower average levered cost of equity relative to Germany and Austria mirrors the generally lower return expectations in the Swiss capital market, largely driven by a lower risk-free rate.

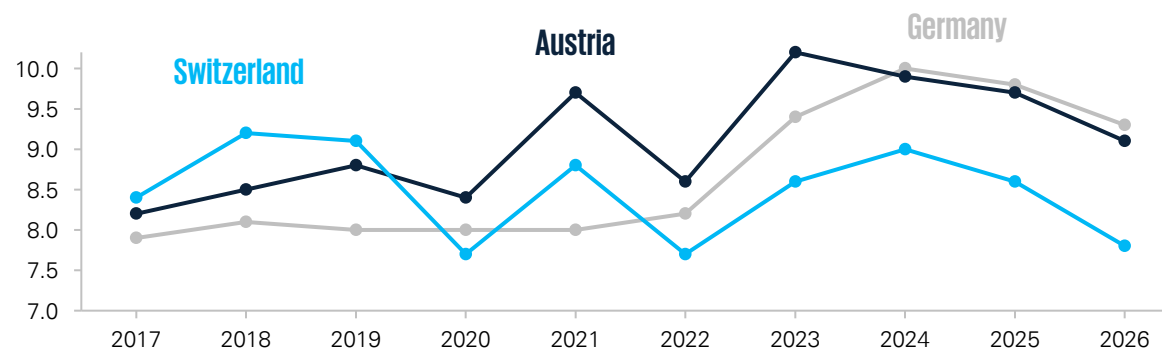
Average levered cost of equity

Total (in percent)



Average levered cost of equity

Germany versus Austria versus Switzerland (in percent)



Source: KPMG in Germany, 2026

The development of the cost of equity reflects the combined movements in its underlying CAPM parameters. In Germany and Austria, the re-composition of the risk-free rate and the market risk premium decreases the volatility exposure of the levered cost of equity to the equity beta, while sector-specific beta factors – on average lower than in the prior year – further differentiate the resulting cost of equity across industries.

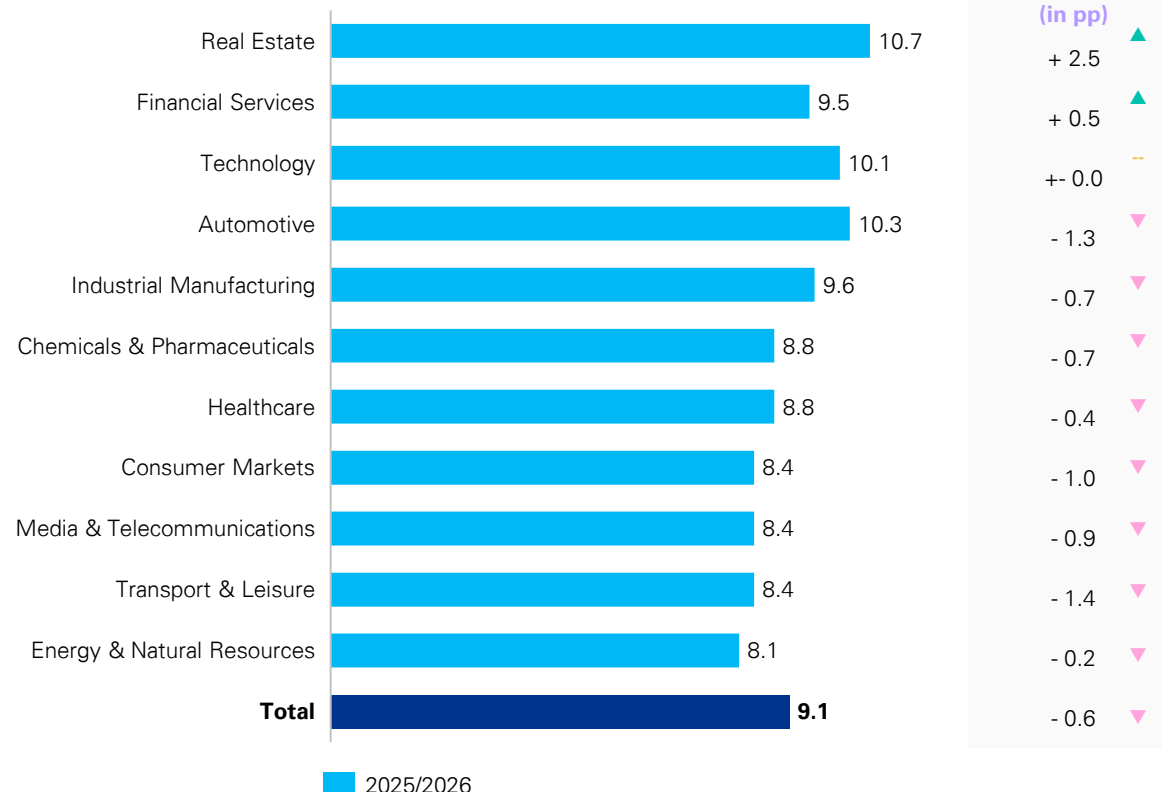
Building on the decline already observed in the previous year's Cost of Capital Study, the downward movement in the average levered cost of equity has broadened across most industry sectors. The average across all sectors falls to 9.1 percent, with reductions of up to 1.4 percentage points at sector level compared to the previous year.

Despite this decline, the average levered cost of equity remains elevated across all industries as compared to the past ten years, ranging from 8.1 percent to 10.7 percent. Real Estate, Automotive and Technology mark the upper end of the range, while Energy & Natural Resources remains at the lower end – a spread that continues to underline the relevance of sector-specific risk profiles.

The analysis reveals that the most pronounced increase occurred in the Real Estate sector, where the average levered cost of equity rose from 8.2 percent to 10.7 percent, driven by a markedly higher beta factor. By contrast, the Healthcare sector, which was among the few to record an increase in the prior year, declined from 9.2 percent to 8.8 percent.

Average levered cost of equity by sector

Total (in percent)



Source: KPMG in Germany, 2026

3.6 Other Risk Premiums

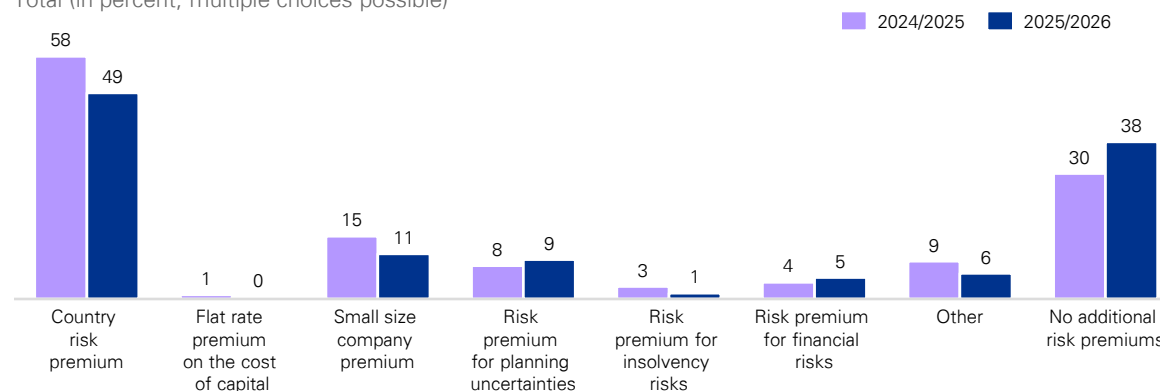
Given the inherent uncertainty associated with forecasting future developments, particularly future cash flows, all valuation-relevant risks must be reflected appropriately and in full. Operating volatility risks are captured in the cost of capital, typically through the beta factor. By contrast, default risks conceptually belong to the expected cash flows. In practice, however, they are frequently reflected through additional premiums in the capitalization rate. Even then, such premiums remain conceptually distinct from the cost of capital and must not capture risks already reflected in the business plan or the beta factor (see “The Premium Puzzle” on pages 23 to 26).

The use of supplementary risk premiums is increasingly concentrated at two ends: country risk premiums and the decision not to apply any additional risk premium. The former have lost substantially in relevance compared to the previous year, while most other premiums remain comparatively uncommon (on the appropriate treatment of country risks, see “Country Risk Premium: Avoid Double Counting” on pages 42 to 44).

The country comparison shows a similar pattern, although with distinct market-specific differences. Country risk premiums are particularly prevalent in Austria, while Switzerland stands out for its comparatively frequent use of small size company premiums. Germany, by contrast, has the highest share of companies applying no additional risk premiums.

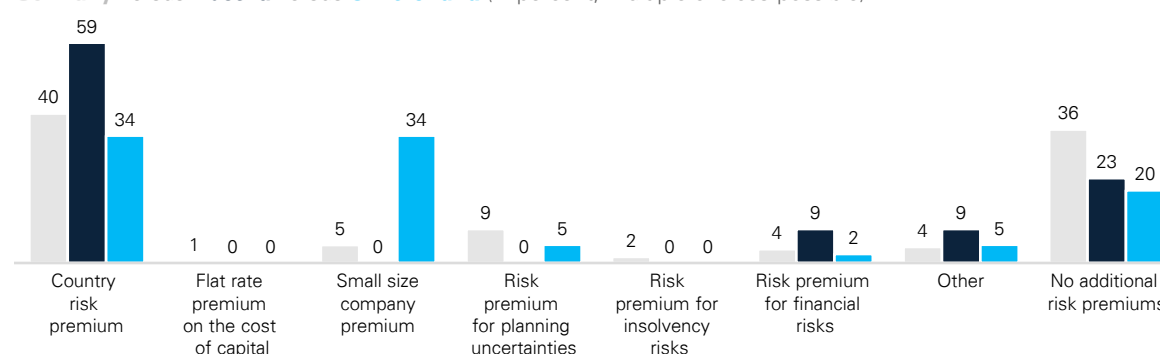
Other risk premiums: 2024/25 vs. 2025/26

Total (in percent, multiple choices possible)



Selected other risk premiums: 2025/26

Germany versus Austria versus Switzerland (in percent, multiple choices possible)



Source: KPMG in Germany, 2026

3.7 Perspective used to derive Cost of Capital

The parameters of the cost of capital can be determined either globally or locally. Under the global perspective, regional capital markets are regarded as fully integrated, so the market risk premium and the beta factor are derived from global indices. The local perspective, by contrast, treats capital markets as segmented and draws on regional indices for the same parameters.

In practice, capital markets are neither completely integrated nor entirely segmented. Both perspectives are therefore applied in valuation practice – a finding confirmed once more by this year's study.

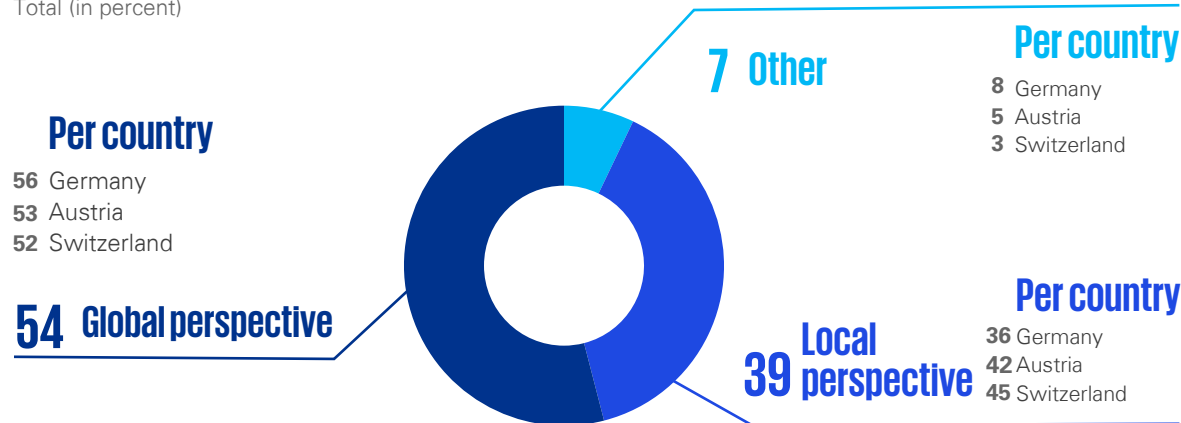
A global perspective is the predominant approach for deriving cost of capital parameters, applied by 54 percent of participating companies, while 39 percent use a local perspective.

The choice of perspective is particularly relevant for the derivation of market risk premiums and beta factors. However, the resulting cost of capital depends less on the perspective itself than on the consistent derivation and combination of the underlying parameters.

For German companies, the perspective has little effect on the individual parameters: The market risk premium averages 5.7 percent locally against 5.8 percent globally, the risk-free rate 3.1 percent against 3.2 percent while the unlevered cost of equity amounts to 7.8 percent and 8.0 percent, respectively.

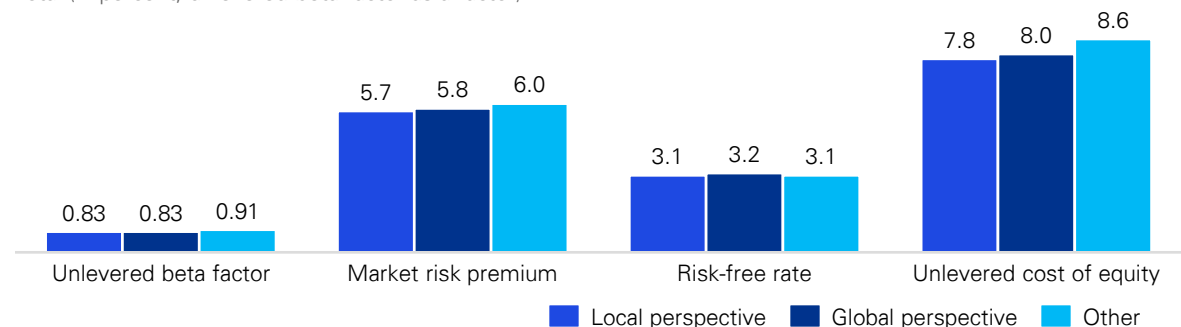
Perspective used to derive cost of capital

Total (in percent)



Average of cost of capital parameters based on perspective (Germany only)

Total (in percent, unlevered beta factor as a factor)



Source: KPMG in Germany, 2026

3.8 Cost of Debt and Debt Ratio

Alongside the cost of equity, the WACC is determined by the cost of debt and the debt ratio. The cost of debt corresponds to the return that debt providers expect for making capital available, while the debt ratio expresses the market value of net debt in relation to the market value of total capital (enterprise value).

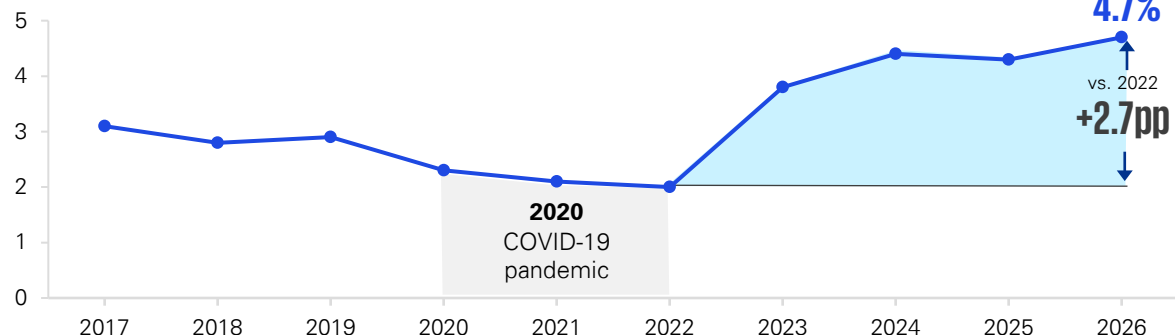
Following the slight decline reported in the previous year, the average cost of debt applied by companies participating in this year's study rose to 4.7 percent, standing 2.7 percentage points above the level recorded in 2022. Since the end of the low-interest-rate era, cost of debt assumptions have therefore remained clearly elevated across the DACH region.

A cross-country comparison reveals divergent developments. Germany records the highest value of the three markets, increasing from 4.4 percent to 5.0 percent, while Austria remains broadly unchanged at 4.0 percent compared with 4.1 percent in the previous year. Switzerland, by contrast, declined from 3.5 percent to 2.9 percent.

These variations partly reflect differences in the prevailing risk-free rates across the three countries, as discussed in section 3.2. Notwithstanding these differences, Germany and Austria continue to apply cost of debt assumptions well above historical levels, while Switzerland has approached its long-term average.

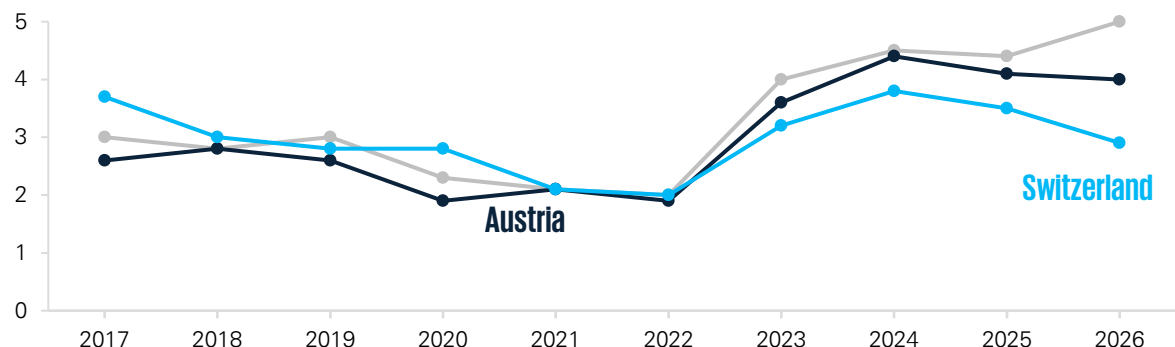
Average cost of debt

Total (in percent)



Average cost of debt

Germany versus Austria versus Switzerland (in percent)



Source: KPMG in Germany, 2026

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Following the partial reversal in the cost of debt observed in the previous year, borrowing cost assumptions have risen again across several industries, underlining the persistence of the current interest rate environment.

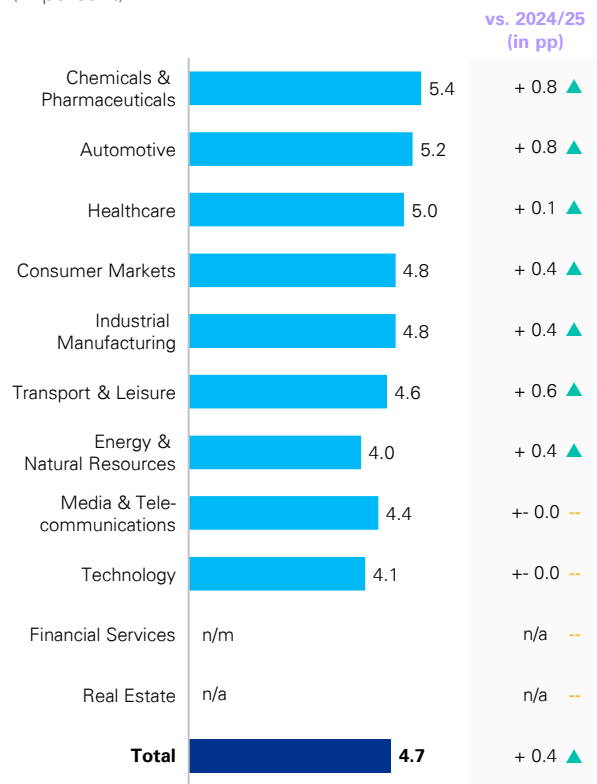
At the same time, the values remain relatively concentrated, with most sectors reporting a cost of debt between 4.0 percent and 5.4 percent. Chemicals & Pharmaceuticals reports the highest level at 5.4 percent, followed by Automotive at 5.2 percent, while Energy & Natural Resources (4.0 percent) and Technology (4.1 percent) mark the lower end of the range.

The average debt ratio is unchanged at 23.5 percent, yet sector-specific variations remain considerable. Capital-intensive industries continue to operate with substantially higher leverage: Energy & Natural Resources (36.2 percent), Real Estate (35.4 percent) and Media & Telecommunications (35.3 percent) report the highest debt ratios, with Real Estate recording the most pronounced increase compared with the previous year. Technology (16.5 percent) and Industrial Manufacturing (17.6 percent), by contrast, rely considerably less on debt financing.

As a result, differences in sector-specific WACC assumptions are driven not only by financing costs, but also by fundamentally different capital structures.

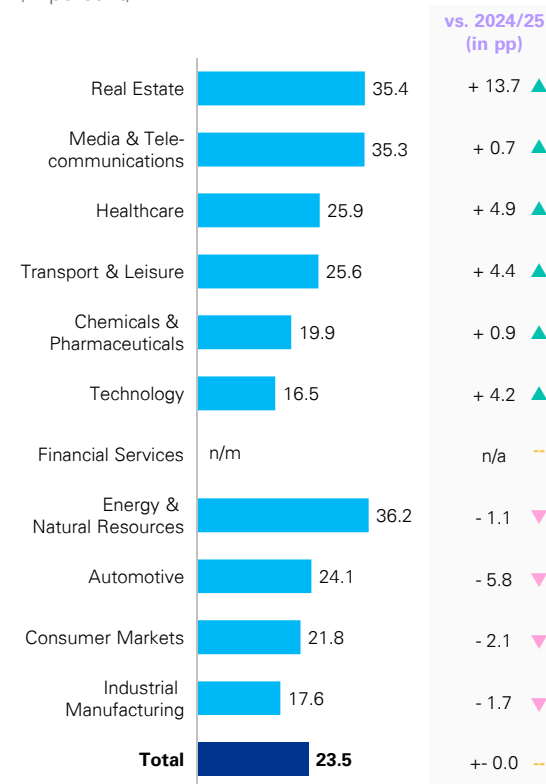
Average cost of debt by sector

(in percent)



Average debt ratio by sector

(in percent)



■ 2025/2026

Note: n/m = not meaningful, n/a = not applicable

Source: KPMG in Germany, 2026

3.9 Terminal Value and Sustainable Growth Rate

Under the perpetuity growth approach, the terminal value typically accounts for a substantial portion of total enterprise value.

Most companies continue to derive terminal values based on the final planning year. Compared with the previous year, however, the share of companies using the final planning year without adjustment declined from 54 to 48 percent, while the use of top-down adjustments increased from 29 to 33 percent. The growing use of top-down adjustments indicates increasing awareness that the final forecast year may not fully reflect sustainable operating conditions.

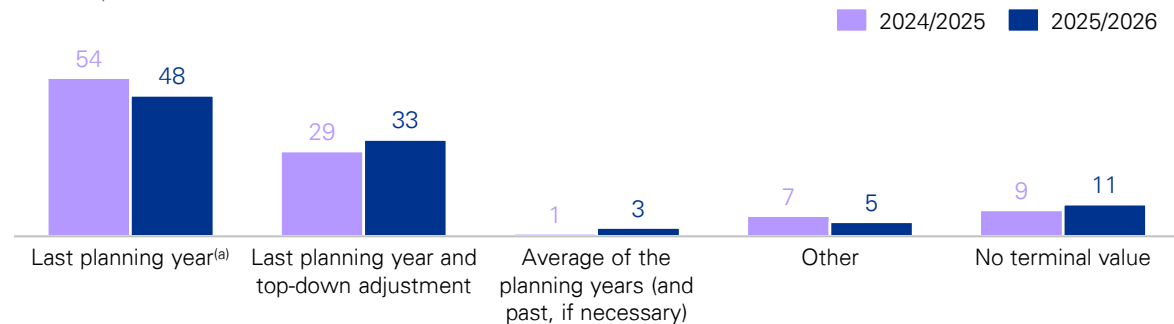
The sustainable growth rate is another key driver of terminal value and represents the long-term growth expected under steady-state conditions.

Although it is deducted from the discount rate in the denominator of the valuation model, it is not a component of the cost of capital but describes the expected development of cash flows in perpetuity (see “The Premium Puzzle” on pages 23 to 26). Its determination should ideally reflect company-specific characteristics and long-term prospects.

In practice, however, 66 percent of participants continue to rely on simplified approaches, such as applying 50 percent of long-term inflation expectations. More detailed analyses remain less common. Companies analyzing company-specific inflation report the highest sustainable growth rates at 1.6 percent, compared with 1.3 percent under simplified approaches and 1.1 percent among companies analyzing their ability to pass on cost increases.

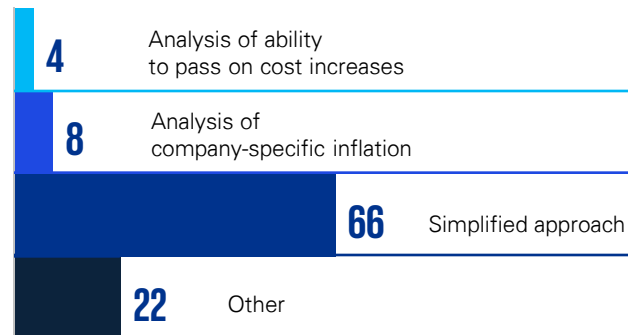
Determination of the terminal value

Total (in percent)



Measurement of the sustainable growth rate

Total (in percent)

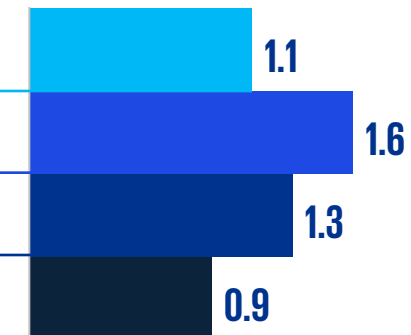


Note: (a) unadjusted, if applicable application of sustainable growth rate

Source: KPMG in Germany, 2026

Sustainable growth rate

Total (in percent)



In contrast to the significant variation observed in revenue and EBIT growth expectations across sectors, sustainable growth rates continue to cluster within a comparatively narrow range.

With the exception of Technology and, to a lesser extent, Chemicals & Pharmaceuticals, most industries report average sustainable growth rates of between 1.0 percent and 1.3 percent.

Consistent with this limited variation, the overall average sustainable growth rate remains unchanged at 1.2 percent compared with the previous year.

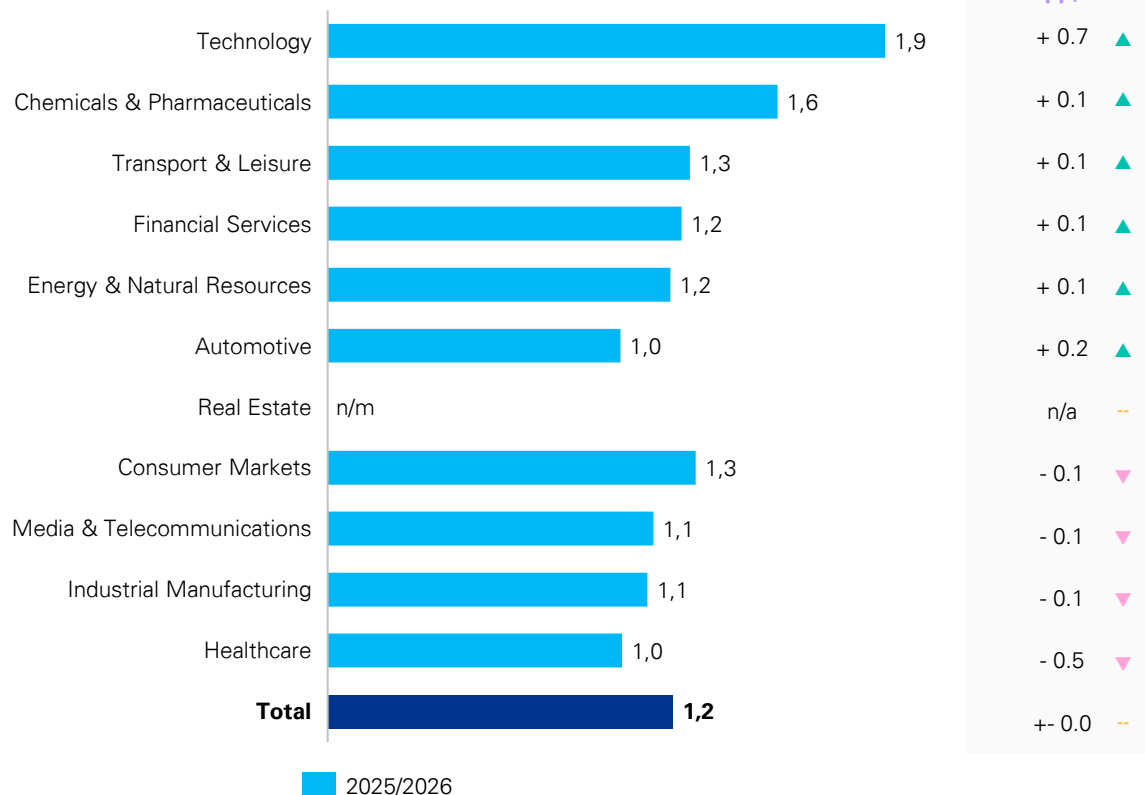
While the aggregate picture appears stable, several sectors nevertheless experienced notable movements.

Technology recorded the most pronounced increase, with the average sustainable growth rate rising by 0.7 percentage points to 1.9 percent. By contrast, Healthcare declined by 0.5 percentage points to 1.0 percent, placing it at the lower end of the observed range alongside Automotive. Changes in all other sectors remained limited.

Overall, the findings continue to point to broad alignment in long-term growth expectations across industries. The primary change compared with the previous year's study is the increasing distance between Technology and the remaining sectors.

Average sustainable growth rate by sector

(in percent)



Note: n/m = not meaningful, n/a = not applicable

Source: KPMG in Germany, 2026

Country Risk Premium: Avoid Double Counting

As described in principle on pages 23 to 26, a conceptual distinction can be made between operating risks and default risks. Against this backdrop, so-called country risks, which are widely discussed in valuation practice, should not be rejected categorically, for example on the grounds that the CAPM-based models commonly applied in practice do not provide room for country-specific risks within the cost of capital.

Rather, risks associated with different regions must first be classified appropriately from a conceptual perspective and, where necessary, separated in order to ensure that they are considered as valuation-relevant risks in a methodologically consistent manner, without contradiction and without creating the risk of either double counting or omission within the valuation framework.

Only once it has been determined where the respective valuation-relevant risks should be located from an economic perspective can it subsequently be considered whether, for reasons such as transparency, ease of communication or local market practice, the relevant risks should, from a purely computational perspective, be reflected in the numerator or denominator of the valuation model. The guiding principle must always remain the principle of risk equivalence.

Distinguishing Different Types of Risk

In principle, risks in business valuation can be divided into operating risks and default risks. Operating risks are primarily state-dependent in nature. They are reflected in fluctuations of expected cash flows, for example due to demand volatility, the relationship between fixed and variable costs, cost uncertainty, competitive intensity or technological change.

These risks do not occur as isolated events but continuously influence the level of expected cash flows. They are inherent to the underlying business model and exist independently of the company's capital structure.

By contrast, default risks are primarily event-dependent. They describe the possibility of an interruption of future cash flows, for example due to insolvency, market exit or the failure of the business model. Whereas operating risks affect the distribution of possible cash flow outcomes, default risks may result in a complete or partial loss of future cash flows from a specific point in time onwards. Consequently, the two categories differ not only qualitatively but also in the way they should be treated in valuation models.

Under the principle of risk equivalence, company-specific operating risks should be reflected in the capitalization rate, typically through the beta factor as part of the cost of capital. The beta factor measures the sensitivity of company returns to systematic market risks and therefore captures fluctuations in expected cash flows. This requires that the selected peer group is sufficiently comparable to the valuation subject with regard to business model, size, geographic footprint and other structural characteristics.

Default risks, on the other hand, are not part of the cost of capital. They should fundamentally be reflected in the expected value of future cash flows, for example through explicit assumptions regarding the continuation or failure of the business.

In practice, however, default risks are often not modeled explicitly within cash flows but instead incorporated with an equivalent valuation impact through an additional "alpha" adjustment within the capitalization rate. Even in such cases, they remain conceptually distinct from the cost of capital, just as the growth deduction reflects future cash flow growth while being captured computationally within the denominator of the valuation model.

Both operating risks (“volatility risks”) and default risks (“termination risks”) are primarily determined by the specific characteristics of the valuation subject, including its business model, geographic diversification, size, leverage, age and other company- or transaction-specific factors. Consequently, so-called country risks do not represent an independent category of risk that should be added separately. Rather, they may form part of the broader operating risks and/or default risks faced by a company.

Country Risk as a Component of Different Risk Categories

Against this backdrop, country risks should be analyzed in the same way as other valuation-relevant risk factors, namely with regard to their impact on company-specific operating risks and default risks. The key question is whether the respective country-related risk manifests itself through ongoing fluctuations in cash flows or through a potential interruption of those cash flows. Country-specific operating risks may arise from differences in market structures, regulatory frameworks, economic stability or institutional quality. Examples include customer-side effects from government-induced reductions in income or transfers, production-side impacts from tariffs, levies or longer transportation routes, and supplier-side effects from import restrictions or preferential treatment of domestic suppliers.

Such risks affect the volatility of cash flows but remain largely state-dependent in nature.

As these risks affect individual business models differently, valuation must always be based on the specific exposure of the company under consideration. If the peer group is comparable to the valuation subject in terms of geographic exposure, these country-specific operating risks will generally already be incorporated within the beta factor. They should therefore not be reflected again through a separate country risk premium or an upward adjustment of the beta factor relative to the peer group. Any such adjustment would lead to double counting of risk. Where data availability is limited, it may be necessary to use appropriate country or market clusters. For example, the share of business activities in comparable country groups, such as emerging markets, may be compared between the peer group and the valuation subject instead of assessing exposure to individual countries.

Country-related default risks differ fundamentally. They refer to the possibility that political, legal or macroeconomic events within a country may interrupt the company’s future cash flows, for example through expropriation, capital controls or severe political instability. Such risks are event-dependent in nature and should therefore be treated as part of the company’s overall default risk. Consistent with this logic, they should be incorporated into the expected value of future cash flows, for example through scenario analysis or probability weighting.

The IDW FAUB guidance regarding the valuation implications of Russia’s war against Ukraine follows precisely this logic. Increased default-related uncertainty should be reflected within business plans, particularly through scenario analyses, whereas there is no justification for mechanically increasing risk premiums. This reinforces the conclusion that country-related default risks should generally be reflected through expected cash flows rather than through undifferentiated increases in the cost of capital. Any increase in the latter should reflect elevated operating risks only.

Criticism of Undifferentiated Country Risk Premiums

Particular caution is warranted when applying empirically derived country risk premiums that are based primarily on sovereign default risk. Sovereign bond yield spreads relative to US or German government bonds may provide an initial indication of country-specific sovereign default risk. To avoid mixing default risk with currency risk, preference should be given to bonds denominated in US dollars or euros. Where such instruments are unavailable, sovereign issuers with a comparable credit rating may be used as benchmarks.

The sovereign default risks reflected in such premiums often represent the only available empirical basis for measuring country-specific risk. However, they should not simply be transferred to all companies operating within the respective country. Corporate default risks depend heavily on factors such as business model, customer structure, asset base, age, size, leverage and geographic diversification, and are therefore often only loosely connected to sovereign default risk. Applying sovereign default risks without adjustment not only violates the principle of risk equivalence, it may also result in company-specific country-related default risks remaining entirely unaddressed.

An undifferentiated application of country risk premiums can therefore result in systematic valuation errors. Country risk premiums derived from sovereign default risk should be regarded only as a starting point that must subsequently be adjusted to reflect the actual relationship between sovereign default risk and company-specific cash flows. Unadjusted use may only be justified on grounds of immateriality or where simplifications are accepted due to the valuation purpose.

Undifferentiated discussions of “country risk premiums” in valuation practice frequently overlook these considerations. The relevant question is not whether a country risk premium should be applied automatically, but rather which specific company- and country-related operating risks and default risks actually exist, how strongly they correlate with company cash flows, and whether they have already been reflected in the business plan and/or beta factor. Only then can a reasoned decision be made about whether additional adjustments are needed and by how much.

Conclusion

In summary, country risks form an integral part of a company’s overall risk profile. However, they can only be incorporated appropriately if a clear distinction is maintained between operating risks and default risks. Consistent valuation therefore does not require the automatic addition of country risk premiums to the cost of capital. Instead, it requires a differentiated analysis of the underlying risk components and their appropriate reflection in cash flows and the cost of capital. This may ultimately lead to an additive adjustment within the capitalization rate, though conceptually not within the cost of capital itself. Such a differentiated treatment of geographically driven risks is fully consistent with both the CAPM and, in particular, a global CAPM approach.

4

Impairment Test

4.1 Recognition of an Impairment

4.2 Triggering Events

4.3 Plausibility – Market Capitalization and Multiples

4.1 Recognition of an Impairment

The recognition of an impairment reflects a decline in the recoverable amount of an asset or cash-generating unit. As recoverable amounts are generally sensitive to assumptions regarding discount rates, growth expectations and future cash flows, impairment trends provide useful insights into the broader valuation environment.

The proportion of companies recognizing an impairment declined from 48 percent in 2025 to 43 percent in the current survey. These results indicate a continued tendency toward lower impairment recognition levels: since 2018, an average of 45 percent of companies has recognized an impairment, compared with 56 percent in the preceding years.

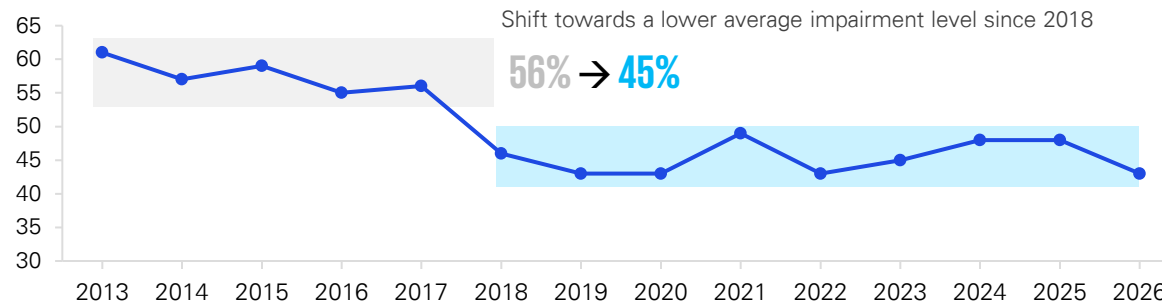
Asset impairments remained the most common category, although their prevalence decreased from 26 percent to 21 percent, while goodwill impairments increased marginally from 13 percent to 14 percent. Similarly, the share of companies reporting both asset and goodwill impairments remained largely unchanged at 8 percent.

Finally, 57 percent of companies recognized no impairments at all, representing a 5 percentage-point increase year on year.

The overall level of impairment recognition has declined, with a gradual shift in composition from asset to goodwill impairments.

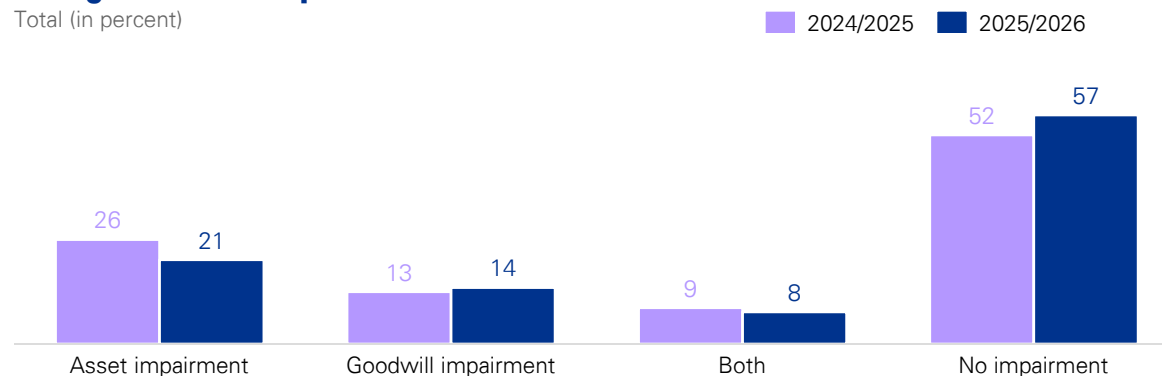
Recognition of an impairment over time

Total (in percent)



Recognition of an impairment

Total (in percent)



Source: KPMG in Germany, 2026

4.2 Triggering Events

Under impairment testing frameworks, triggering events act as early warning signals of potential value deterioration. When such indications of impairment arise, companies are required to reassess recoverability and, where necessary, recognize an impairment charge.

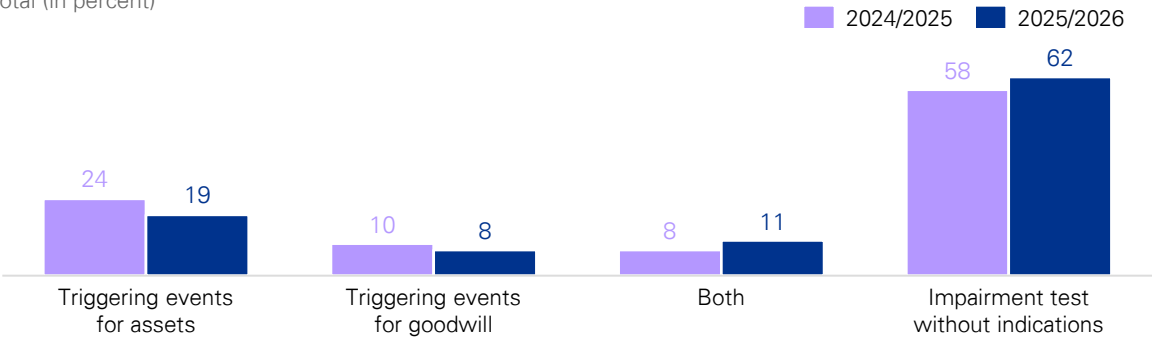
Most companies continue to perform impairment tests without a specific triggering event as part of their regular annual impairment testing process. This share rose from 58 to 62 percent, while triggers relating to assets declined from 24 to 19 percent and those relating to goodwill from 10 to 8 percent, whereas the share of companies affected by both rose from 8 to 11 percent.

As a result, triggering events remain of limited importance compared with annual impairment testing, which continues to represent the predominant approach to assessing asset and goodwill impairments.

Among the causes of triggering events, lower long-term expectations still dominate at 57 percent, followed by other, company-specific causes at 48 percent. A decrease in orders declined markedly from 21 percent to 11 percent, while price declines (11 percent) and the cost of capital (7 percent) remain of minor relevance. The trigger has thus moved away from short-term order intake, while structural expectations continue to carry the greatest weight.

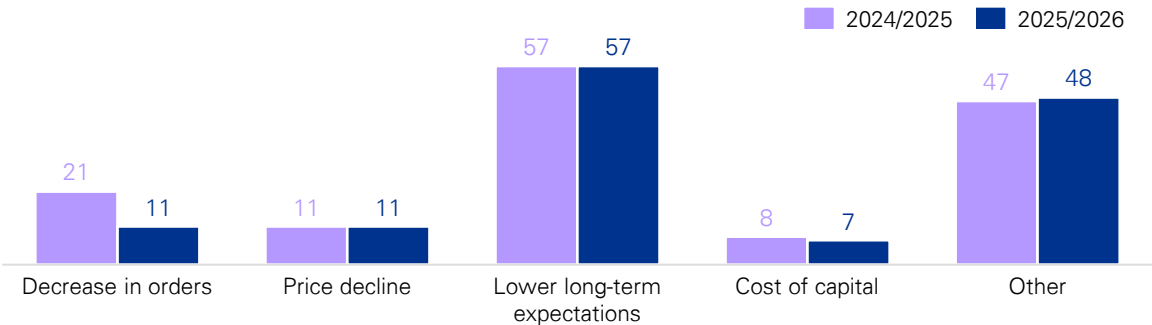
Triggering events

Total (in percent)



Causes of triggering events

Total (in percent, multiple choices possible)



Source: KPMG in Germany, 2026

4.3 Plausibility – Market Capitalization and Multiples

Fair value less costs of disposal reflects the pricing expectations of prospective purchasers. IAS 36 does not require the result to be validated against external market indicators, but we recommend such a cross-check as part of the impairment assessment: It provides comfort that the cost of capital applied captures the risks perceived by market participants. A comparable validation is contemplated for value in use by IDW RS HFA 40 paragraph 13, although in practice this requires a more robust level of support and documentation.

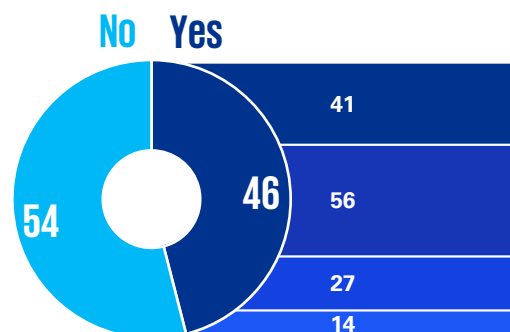
Plausibility assessments are performed by 46 percent of companies. Within this group, valuation multiples are the most frequently used reference at 56 percent, followed by market capitalization at 41 percent and sum-of-the-parts valuations of analysts' target prices at 27 percent.

The comparison with market capitalization itself has become markedly less common. 78 percent of listed companies using fair value less costs of disposal no longer compare it with its market capitalization, compared to 52 percent in the prior year, and 62 percent using value in use do not compare it with market capitalization, compared to 36 percent.

Where the comparison is still performed, agreement is the exception. Only 4 percent of listed companies report market capitalization broadly in line with fair value less costs of disposal, and 10 percent report it in line with value in use. Deviations towards a lower market capitalization dominate in both cases, at 12 and 18 percent, respectively.

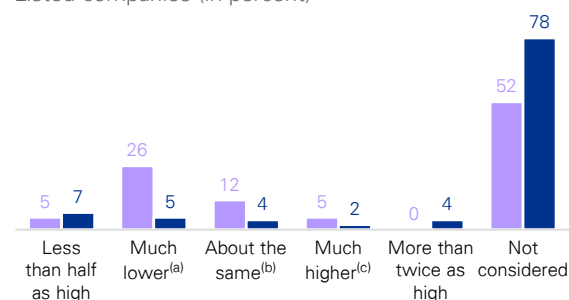
Plausibility of the valuation results

Listed companies, total (in percent, multiple choices possible)



Comparison of market capitalization to fair value less costs of disposal

Listed companies (in percent)



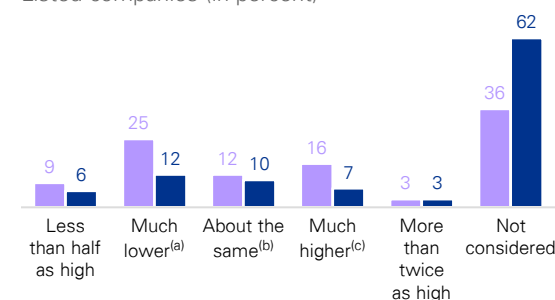
Note: (a) less than 10% to maximum half as high

(b) plus/minus 10%

Source: KPMG in Germany, 2026

Comparison of market capitalization to value in use

Listed companies (in percent)



Note: (a) less than 10% to maximum half as high

(b) plus/minus 10%

(c) more than 10% to maximum twice as high

The multiples method represents a widely accepted means of validating valuation results. It involves applying valuation multiples observed for comparable companies or transactions to relevant financial metrics to benchmark the valuation outcome against prevailing market evidence. Multiples are still a widely used instrument for validation, although their overall application declined slightly compared with the previous year.

19 percent of participating companies always use multiples, compared to 21 percent in the prior year. At the same time, the share sometimes using multiples fell from 57 to 52 percent, while the share of companies that do not use multiples increased from 22 percent to 29 percent, indicating a somewhat more selective application of multiple-based plausibility assessments.

The choice of benchmarks, by contrast, is largely unchanged. EBITDA multiples remain the dominant reference at 77 percent, ahead of EBIT multiples at 50 percent and revenue multiples at 43 percent. Price-earnings multiples (13 percent) and other multiples (9 percent) continue to play a subordinate role.

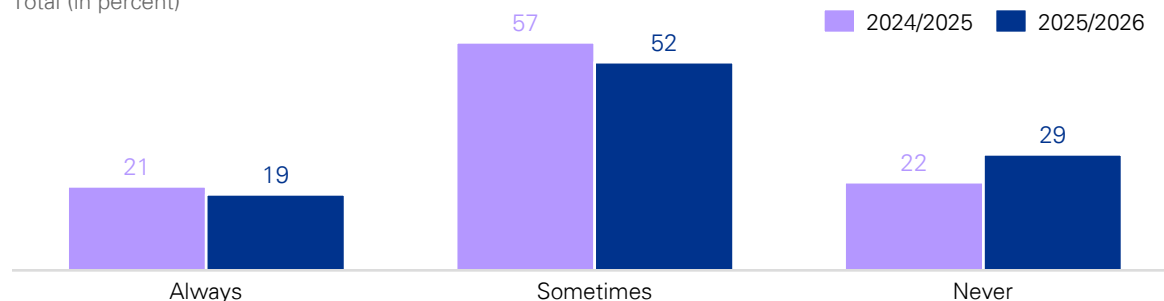
Multiples therefore remain a well-established instrument, but they are applied by a smaller group of companies than in the previous year.

To assist in price determination, KPMG Multiples offers insights into valuable benchmark data. The tool offers quick access to up-to-date market multiples.

Note: (a) KPMG Multiples is part of the KPMG Valuation Cloud.

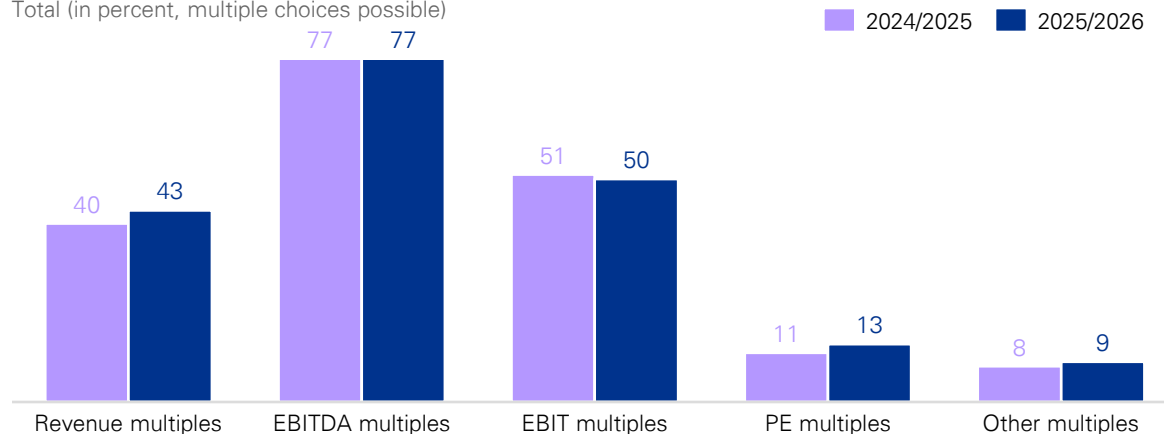
Application of multiples

Total (in percent)



Type(s) of multiples used for plausibility testing valuation results or other valuation considerations

Total (in percent, multiple choices possible)



Source: KPMG in Germany, 2026

5

Relevance of Value and Value Enhancement

5.1 Monitoring Value Enhancement

5.2 Relevance of Megatrends

5.1 Monitoring Value Enhancement

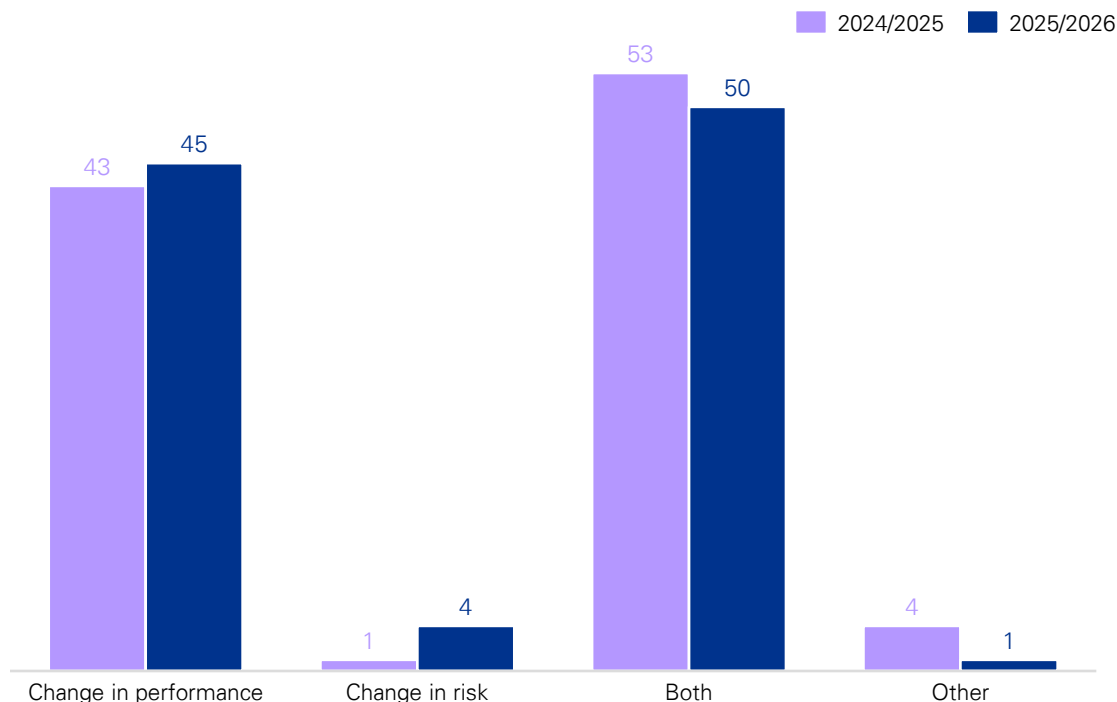
Changes in the value of a company are strongly influenced by the investment decisions it makes. In a constantly evolving market environment, continuous monitoring of performance and risk indicators is essential to identify potential losses in company value at an early stage. A thorough assessment of these factors can significantly improve decision-making processes and support future investment strategies.

Half of the participating companies (50 percent) monitor changes in performance as well as changes in risk when assessing value enhancement. The majority of the remaining respondents (45 percent) focus primarily on performance, while only a small number (4 percent) consider risk indicators as their main reference point. Overall, the observed pattern has remained largely stable compared to the previous year.

As powerful trends continue to reshape industries and alter competitive dynamics, the prominence of combined performance and risk monitoring underscores the continued importance of considering both dimensions when assessing value development. Integrating these perspectives can provide a more comprehensive view of the factors influencing enterprise value and support the timely identification of emerging risks and opportunities.

Monitoring of value enhancement

Total (in percent)



Note: Due to rounding, figures for 2024/25 do not add up to 100 percent.

Source: KPMG in Germany, 2026

5.2 Relevance of Megatrends

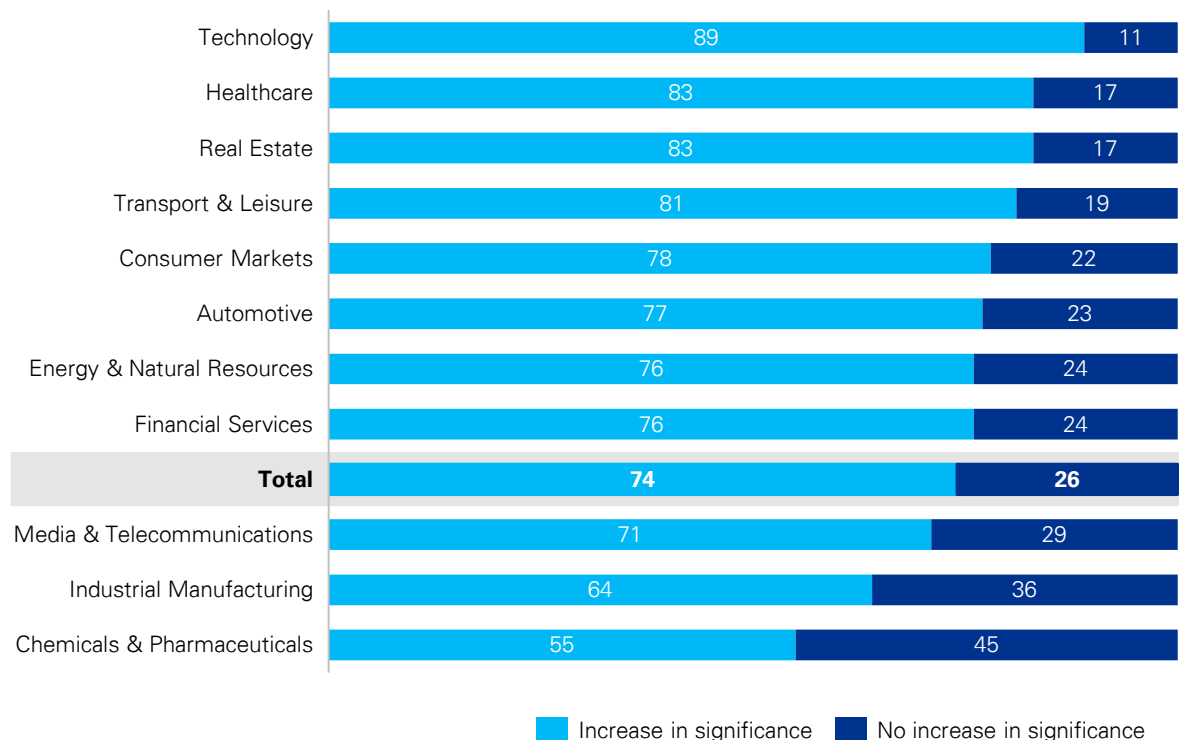
Megatrends continue to gain relevance across industries, with 74 percent of respondents reporting an increasing impact on their business models. This underscores the growing importance of long-term structural developments and their influence on strategic decision-making, business transformation and future value creation.

Particularly high levels of increasing significance are reported by companies in the Technology (89 percent), Healthcare (83 percent) and Real Estate sectors (83 percent), suggesting that these industries are especially exposed to ongoing technological, economic and societal developments.

In comparison to last year's study, the overall share of companies reporting an increase in significance rose by 8 percentage points. The Technology sector recorded the strongest increase, rising by 26 percentage points year on year. Conversely, the largest declines were observed in the Chemicals & Pharmaceuticals and Financial Services sectors.

Intensification of megatrends with impact on business model

Total (in percent)



Source: KPMG in Germany, 2026

Our study reveals that AI, digitalization and ESG are the most impactful megatrends across sectors. AI and digitalization rank almost equally, each relevant for around half of the participating companies on average, followed by ESG at a considerable distance.

AI is already impacting a wide range of companies, especially those in data-centric industries such as Media & Telecommunications (75 percent), Financial Services (71 percent) and Technology (67 percent).

Digitalization is highly relevant across most industries, particularly Financial Services (67 percent), Media & Telecommunications (65 percent) and Real Estate (63 percent). This trend enhances operational efficiency, drives innovation and improves customer experience.

ESG is particularly influential in Transport & Leisure (46 percent), Real Estate (44 percent) and Energy & Natural Resources (42 percent). These sectors face stringent regulations and societal expectations regarding environmental sustainability, social responsibility and governance practices, making ESG a critical consideration.

Relevance of megatrends by sector

Total (in percent, multiple choices possible)

	Artificial intelligence	Demographic change	Digitalization	ESG	Urbanization
Automotive					
Chemicals & Pharmaceuticals					
Consumer Markets					
Energy & Natural Resources					
Financial Services					
Healthcare					
Industrial Manufacturing					
Media & Telecommunications					
Real Estate					
Technology					
Transport & Leisure					

Relevant (for 100 percent of participating companies)

Not relevant (relevant for 0 percent of participating companies)

Source: KPMG in Germany, 2026



6

Further Information

- 6.1 Latest KPMG Insights
- 6.2 KPMG Valuation Cloud
- 6.3 KPMG Valuation Publications

6.1 Latest KPMG Insights

Results from the Cost of Capital Study 2026, as well as from previous years, can be accessed via the following link:

[KPMG Cost of Capital Study](#)

The linked website provides selected analyses of key cost of capital parameters, including industry-specific ranges for the WACC, beta factor, cost of debt, and other metrics. It also presents essential findings related to the performance of impairment tests.

Further capital market data related to valuation multiples and cost of capital parameters can be accessed via the following link:

[Latest Capital Market Data](#)

This freely accessible data extract from the KPMG Valuation Data Source provides historical, current, and forward-looking, industry-specific trading multiples and cost of capital parameters, such as the risk-free rate, the market risk premium and country risk premiums. This data is updated on a quarterly basis.

KPMG Cost of Capital Study Website



In the 21st edition of our Cost of Capital Study, titled "The Discount Rate Puzzle: Navigating between Cost of Capital, Alphas and Premiums," we analyze current developments in the cost of capital and valuation parameters in the DACH region. The study focuses on the impact of declining risk premiums combined with higher interest rates, current questions on developments in the economic environment and capital markets, and the implications of the Discount Rate Puzzle for valuation practice. It also takes an in-depth look at alphas and premiums, including the country risk premium.

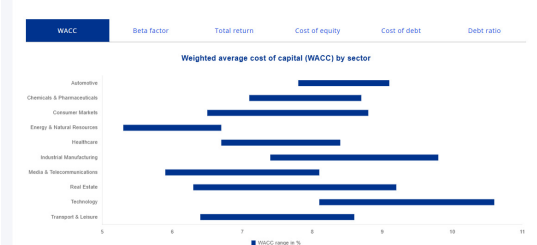
- > 300 Companies
- +250 German Companies
- 57% DAX-40 Companies
- 3 Feature Articles

An overview of the key articles

- 01 Theses on the current economic environment
- 02 What lies behind the discount rate puzzle?
- 03 How to avoid double counting of Country Risk Premiums

[Download KPMG cost of capital study 2026 now](#)

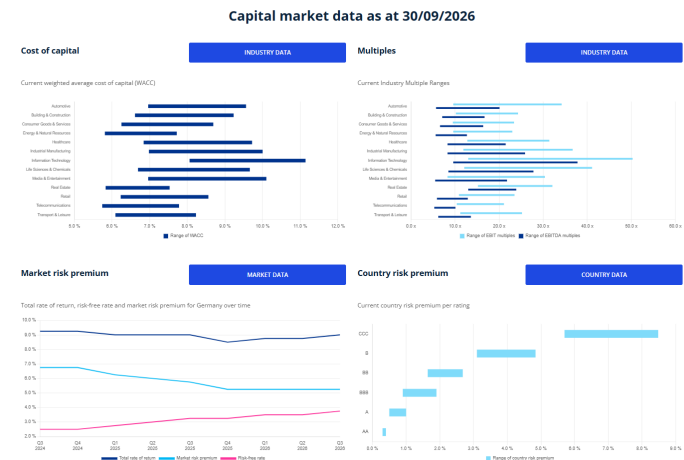
Cost of capital parameters 2026



Overview of current cost of capital and multiples

An overview of the current cost of capital and multiples

In the data extract, we provide you with capital market data such as multiples and various cost of capital parameters, for example the risk-free rate, the market risk premium and country risk premiums, updated on a quarterly basis.



6.2 KPMG Valuation Cloud

In addition to the Cost of Capital Study, KPMG Valuation in Germany offers a range of digital solutions. Our offerings seamlessly combine our transaction expertise with the technological know-how of our global network. This enables you to effectively overcome challenges related to transactions and business valuations and ultimately make more informed decisions.

For more information, please visit:
[KPMG Valuation Cloud](#)

- Ready-to-use solutions
- Global availability
- Access at any time
- Download functionality
- Developed by our valuation and technology experts



Additional KPMG tools for self-use

KPMG Valuation Data Source

Relevant cost of capital parameters at a glance

- All relevant parameters available from a single data source (risk-free interest rate, market and country risk premium, inflation spread, tax rate, beta coefficients, credit spread, gearing)
- WACC and cost of equity calculation based on your individual peer group
- Monthly update of quality-assured data
- Access to more than 150 countries and 21,000 companies

KPMG Multiples

Pricing with foresight

- Individual and industry-specific trading and transaction multiples at the desired reporting date
- Data and value derivation based on consistent KPMG valuation standards
- Monthly updated database with > 21,000 companies and > 65,000 transactions worldwide
- Calculation of company value incl. AI-assisted support to enhance result quality

KPMG Impairment Test

Reliable guidance for impairment analysis

- Performance of impairment tests in accordance with IAS 36 and IDW RS HFA 10 (HGB)
- Integrated business planning and direct cost of capital derivation in the tool
- Analysis options for impairment, value drivers, sensitivities, etc., in a single dashboard
- Collaborative authorization management for productive cooperation



Summary

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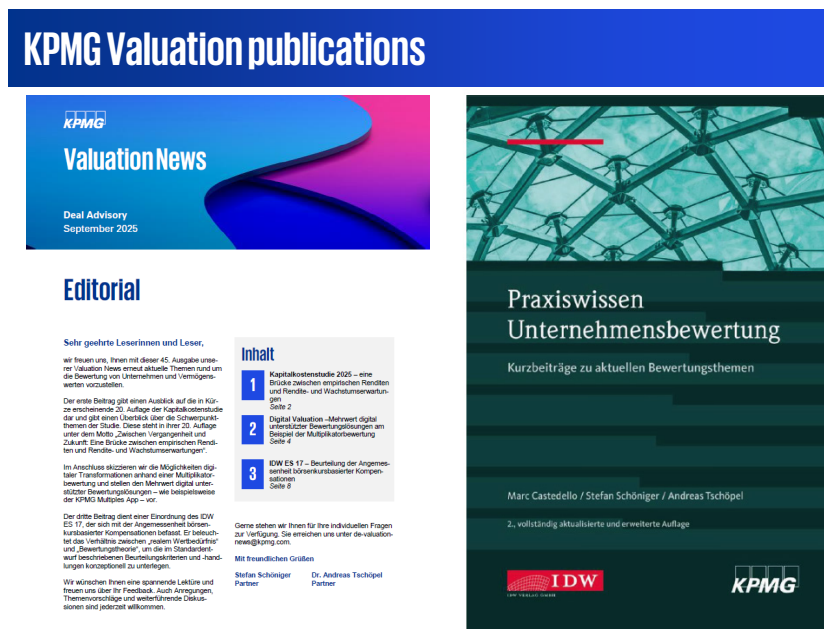
6.3 KPMG Valuation Publications

KPMG in Germany has been publishing its [Valuation News](#) for over 15 years. This online newsletter is published on a regular basis and provides updates on the current capital market environment, new developments regarding AI and Digital Products for valuation purposes and other current topics.

The second edition of the book [Praxiswissen Unternehmensbewertung](#) was released in December 2020. It provides explanations and assistance on various topics related to the valuation of companies and assets. It is divided into the following sections:

- Regulatory-driven valuations
- Company valuations in the context of transactions and other decision-making processes (value-based management)
- Company valuations for tax purposes
- Accounting-driven valuations
- Industry- and company-specific valuation issues
- Valuations of individual assets
- Determination of the cost of capital

In addition, our webcast [“KPMG Cost of Capital Insights”](#) regularly offers the opportunity to engage in analyses of current capital market developments. Our experts provide guidance on how these developments may affect cost of capital and company valuations.



KPMG	Summary	Introduction	Cash Flows	Cost of Capital Parameters	Impairment Test	Company Values	Further Information	Industry Specialists
	Page 5	Page 6	Page 11	Page 27	Page 45	Page 50	Page 54	Page 59

List of Abbreviations

AG	Aktiengesellschaft	Debt ratio	Ratio of market value of (net) debt to market value of total capital (entity value)	KFS/BW	"Fachsenat für Unternehmensbewertung in Österreich des KSW": Council of Experts for Business Valuation
AI	Artificial Intelligence	EBIT	Earnings before interest and taxes	KSW	"Kammer der Steuerberater und Wirtschaftsprüfer in Österreich": Chamber of Tax Advisors and Auditors in Austria
AMRP	Average market risk premium	EBITDA	Earnings before interest, taxes, depreciation and amortization	MDAX	The 50 largest German companies by market capitalization following the DAX-40
AT	Austria	ESG	Environmental, Social and Governance	n/a	not applicable
ATX	Austrian Traded Index	FAUB	"Fachausschuss für Unternehmensbewertung und Betriebswirtschaft des IDW": Technical Committee for Business Valuation and Economics of the IDW	n/m	not meaningful
BewH	Bewertungshinweis	GDP	Gross domestic product	PE	Price-earnings
CAGR	Compound annual growth rate	HFA	Hauptfachausschuss (IDW): Main Technical Committee of the IDW	P&L	Profit and loss statement
CAPM	Capital asset pricing model	HGB	Handelsgesetzbuch: German Commercial Code	pp	Percentage points
CGU	Cash-generating unit	IAS	International Accounting Standards	RS	Rechnungslegungsstandard: Accounting Standard
CH	Switzerland	IDW	"Institut der Wirtschaftsprüfer in Deutschland e.V.": Institute of Public Auditors in Germany, Incorporated Association	SDAX	The 70 companies following the MDAX in terms of market capitalization and exchange turnover
COVID-19	Coronavirus disease 2019	IFRS	International Financial Reporting Standards	SMI	Swiss Market Index
DACH	Germany, Austria, Switzerland	incl.	including	US	United States
DAX-40	The 40 largest blue chip companies on the main German stock exchange			WACC	Weighted average cost of capital
DCF	Discounted cash flow				
DE	Germany				

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