

Quarterly Brief

**Capital market data as of
31 March 2026**

29th Edition of our International
Valuation Newsletter
Q1 2026

April 2026
kpmg.it/valuation

Preface

Dear reader,

Geopolitical tensions intensified during the first quarter of 2026, particularly in the Middle East. Protests in Iran escalated into the deadliest unrest since 1979, followed by coordinated military operations by the United States and Israel targeting Iranian capabilities. In response, Iran closed the Strait of Hormuz, contributing to sharp fluctuations in energy markets. At the same time, Russia carried out its largest drone attack on Ukraine since the start of the conflict, highlighting ongoing regional instability.

From a political and economic perspective, the quarter was also marked by significant institutional and geopolitical developments. On January 1, Bulgaria adopted the euro, becoming the 21st member of the eurozone. In Venezuela, Nicolás Maduro was captured following a U.S. military operation, with Delcy Rodríguez assuming interim leadership. European leaders, including Emmanuel Macron and Friedrich Merz, issued a joint statement supporting Denmark and Greenland amid external strategic interest. In the United Kingdom, Parliament passed legislation removing hereditary peers from the House of Lords.

Innovation in artificial intelligence remained a key driver of investment, with Arm Holdings unveiling its first AI-focused chip and Elon Musk announcing new semiconductor projects in Texas. At the same time, corporate developments highlighted changing market dynamics, with Walmart becoming the first traditional retailer to reach a \$1 trillion market capitalization, before being overtaken by Amazon as the world's largest company by sales. In parallel, the price of gold reached a record \$5,400 per ounce, reflecting strong demand for safe-haven assets.

The cultural world also attracted global attention during the quarter, with Bad Bunny winning Album of the Year at the 66th Annual Grammy Awards, highlighting the continued global influence of Latin music. Meanwhile, Alex Honnold completed a ropeless ascent of Taipei 101, one of the tallest and most iconic skyscrapers in the world, further capturing international attention.

Against this backdrop of significant impacts on capital markets and M&A activity, we are pleased to present the first edition of our 2026 Quarterly Brief, a publication that offers objective market data, which will keep readers abreast of the latest developments in the relevant financial markets.

We wish you all the best and look forward to discussing your questions regarding valuation trends and practices in 2026.

Yours faithfully,



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We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 31 March 2026
- S&P Eurozone BMI Index sector multiples
- Risk-free rates for major currencies
- Country risk premiums and inflation forecasts for the BRICS countries

Major stock market performance: Global equity markets face correction amid increased volatility in Q1 2026

The first quarter of 2026 reflected a volatile environment for global equity markets, with most indices posting negative quarter-over-quarter performance despite remaining positive on a year-over-year basis.

In the Eurozone, performance was mixed across major markets. Spain's IBEX 35 remained a strong performer, rising 29.8% year-over-year, although it declined by 1.8% over the quarter, indicating some loss of momentum. Germany's DAX showed more limited annual growth of 2.3%, with a sharper quarterly decline of 7.4%, reflecting increased sensitivity to macroeconomic conditions. France's CAC 40 remained broadly flat year-over-year at 0.3% and fell by 4.3% over the quarter, continuing to lag its European peers. At the regional level, the S&P Eurozone BMI Index increased by 17.2% year-over-year but declined by 4.8% quarter-over-quarter, highlighting a broader slowdown across Eurozone equities.

The FTSE 100 demonstrated relative resilience, increasing 18.6% year-over-year and delivering a positive quarterly return of 2.4%, supported by its exposure to energy and commodity sectors. Switzerland's SMI recorded more modest performance, rising 1.4% year-over-year while declining by 3.7% over the quarter, as it is more heavily weighted toward defensive industries.

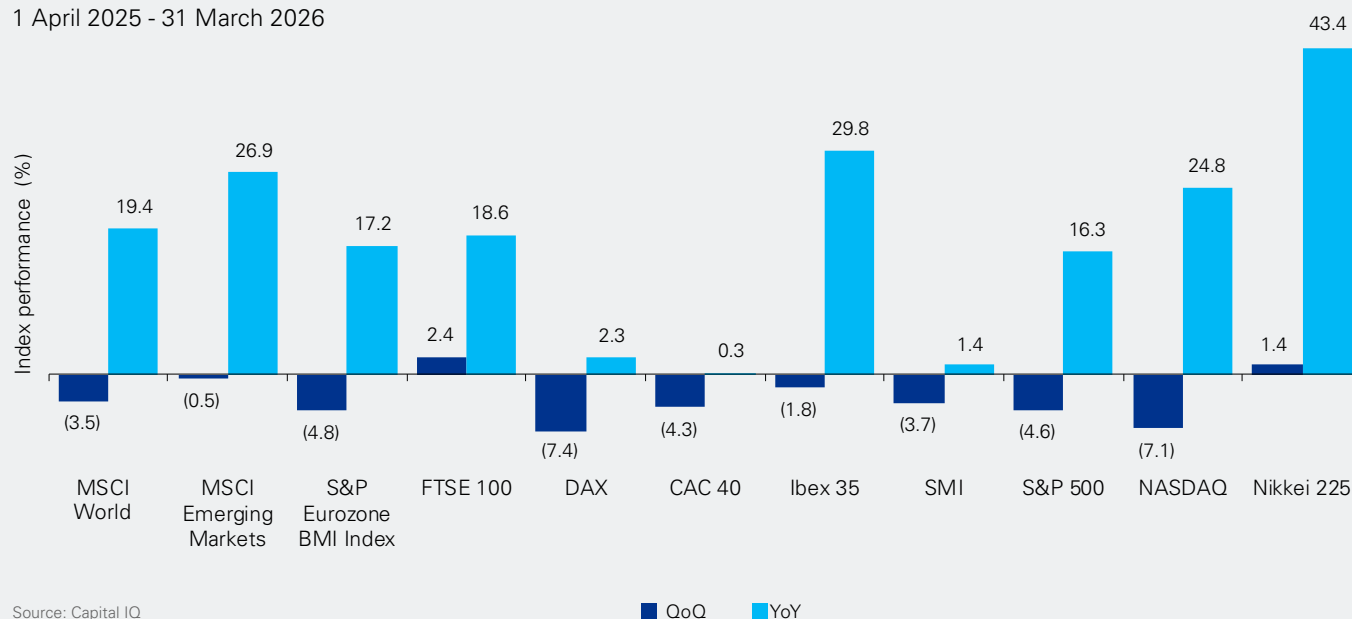
In the United States, equity markets experienced a notable correction. The S&P 500 rose 16.3% year-over-year but declined by 4.6% over the quarter, while the NASDAQ increased 24.8% year-over-year but fell more sharply by 7.1% quarter-over-quarter, reflecting a pullback in technology-driven stocks.

Elsewhere, Japan's Nikkei 225 remained a standout performer, gaining 43.4% year-over-year and continuing to post positive quarterly growth of 1.4%, supported by sustained investor interest. Emerging markets showed resilience, with the MSCI Emerging Markets Index up 26.9% year-over-year, although it declined slightly by 0.5% over the quarter.

Broader global benchmarks followed a similar trend. The MSCI World Index rose 19.4% year-over-year but declined by 3.5% quarter-over-quarter, reflecting the overall market correction.

Performance of leading indices

1 April 2025 - 31 March 2026



S&P Eurozone BMI Index sector multiples: Stable to slightly expanding multiples amid increasing sector divergence

As of the end of Q1 2026, sector valuation multiples across Eurozone equity markets continue to reflect a broadly stable valuation environment, with some signs of selective re-rating across sectors. While dispersion remains pronounced, recent movements indicate a more differentiated evolution of multiples rather than a uniform expansion, as investor sentiment remains supported but increasingly sector-specific.

Median EV/EBITDA multiples continue to vary significantly across sectors, ranging from approximately 6.7x in Communication Services to around 18.1x in Real Estate. The Energy sector, while still among the lowest-valued segments, has experienced a notable re-rating, with EV/Revenue increasing to 1.5x and EV/EBITDA to 7.1x, reflecting improved earnings expectations and a rebound in market sentiment. By contrast, Health Care, Information Technology, and Industrials continue to trade at relatively elevated levels, with EV/EBITDA multiples of approximately 10.5x, 8.5x, and 8.6x, respectively. This represents a slight moderation for Technology and Industrials compared to previous periods, while Health Care remains broadly stable. It is worth noting that within the Information Technology sector, a large discrepancy between “winners” and “losers” can be observed. As a result, sector multiples for the current year may not be fully reliable when assessing individual companies.

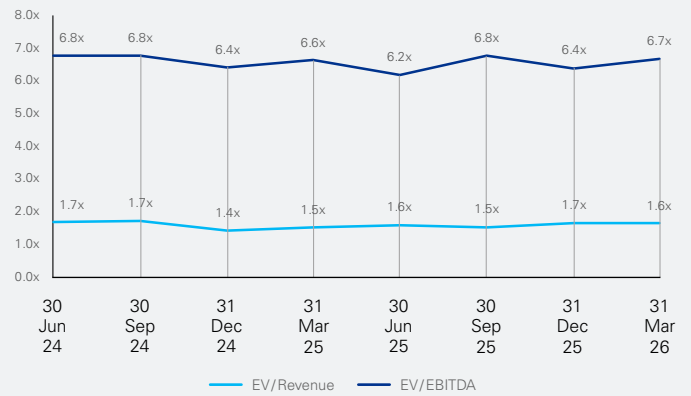
Utilities have seen a modest uplift, with EV/Revenue increasing to 3.0x and EV/EBITDA to 10.1x, indicating renewed investor interest in defensive assets amid evolving market conditions. In Financials, valuation metrics remain stable at relatively elevated levels, with P/B holding at approximately 1.4x and EV/Revenue at 1.7x, supported by continued profitability in a higher interest rate environment.

From a broader valuation perspective, EV/Revenue multiples have shown more variation compared to prior quarters, particularly in sectors such as Energy and Utilities, suggesting evolving expectations around revenue growth and capital intensity. Movements in EV/EBITDA continue to reflect sector-specific earnings dynamics, with certain defensive sectors experiencing multiple expansion, while some growth-oriented sectors show mild normalization following earlier peaks.

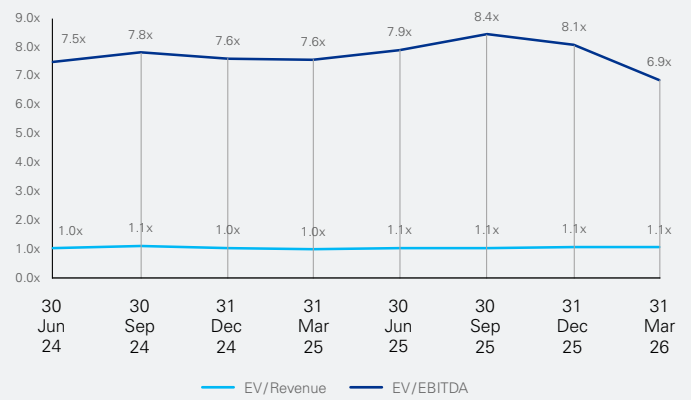
As always, it is important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



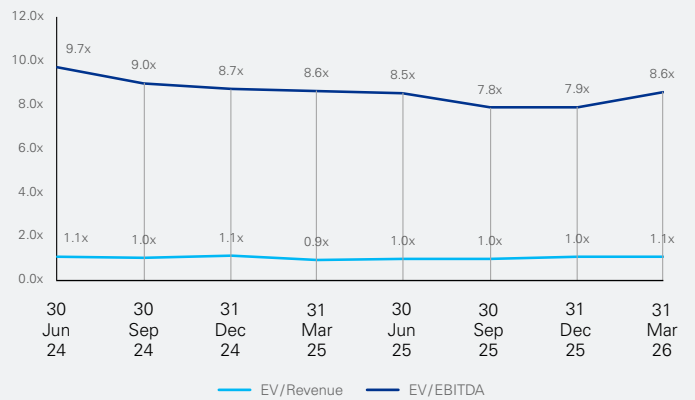
Communication Services



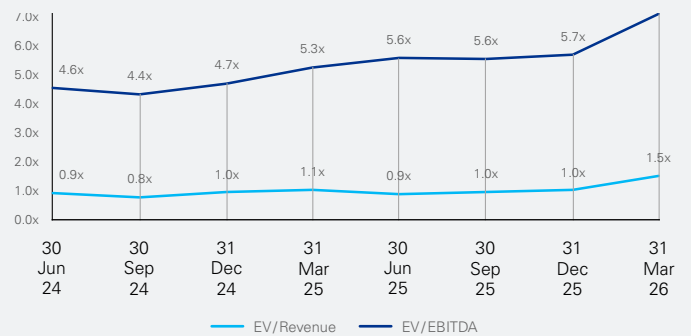
Consumer Discretionary



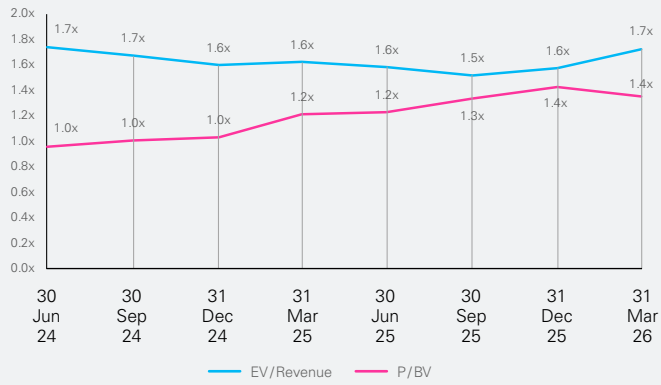
Consumer Staples



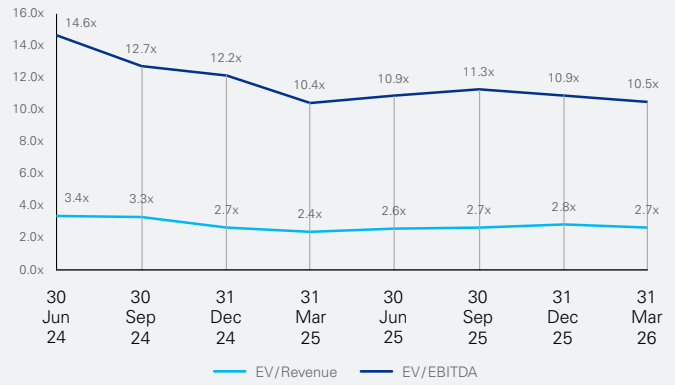
Energy



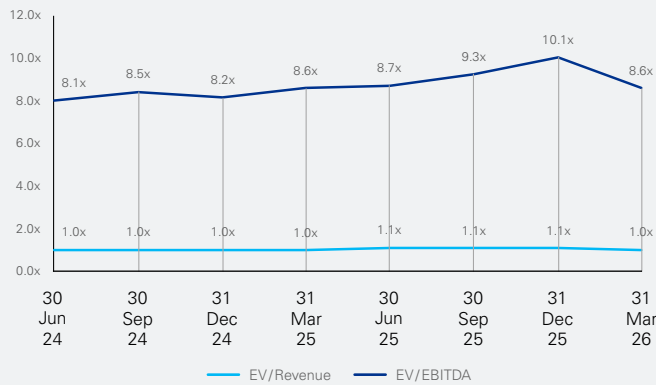
Financials



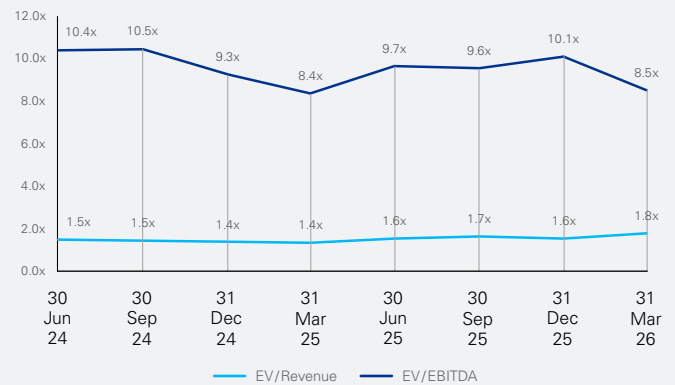
Health Care



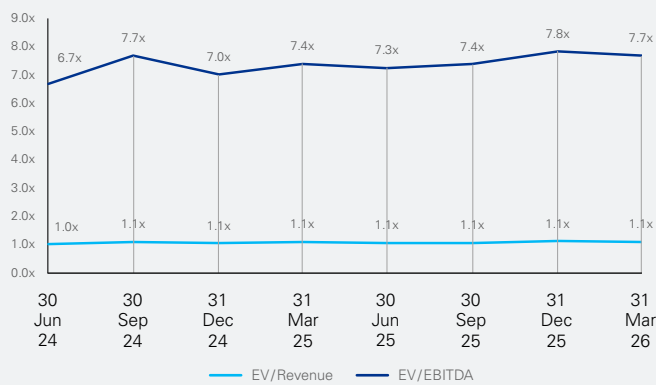
Industrials



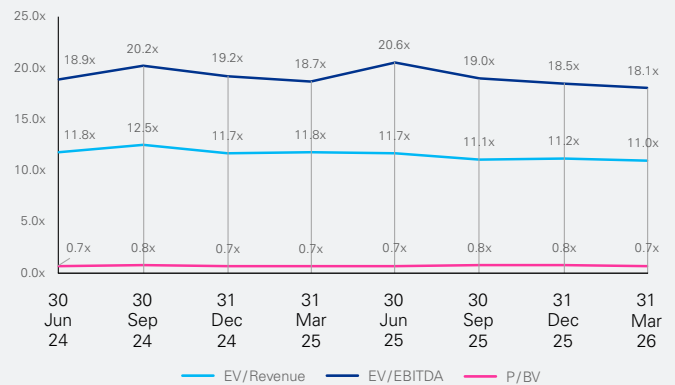
Information Technology



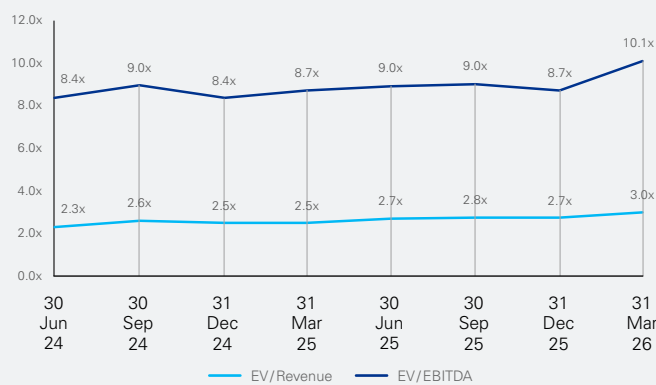
Materials



Real Estate



Utilities



Source: Capital IQ, KPMG analysis

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

Risk-free rates: Central bank policy developments and risk-free rates in Q1 2026

In the first quarter of 2026, central banks broadly maintained their accommodative stance following the easing cycle observed in 2025, with policy rates largely stabilizing across major economies. The European Central Bank kept its key policy rates unchanged during the quarter, continuing to adopt a cautious approach amid moderate inflation and still-fragile economic growth across the Eurozone.

In the United States, the Federal Reserve maintained its policy stance following the rate cuts implemented in late 2025, with the federal funds target range remaining at 3.50% to 3.75%. This reflects a wait-and-see approach as inflation continues to normalize and economic activity shows signs of stabilization.






In the United Kingdom, the Bank of England held its policy rate steady at 3.75% throughout the quarter, following the reduction implemented in December 2025. This pause indicates a more balanced outlook between easing

inflationary pressures and ongoing concerns regarding economic momentum and wage dynamics.

Switzerland continues to stand out compared with the other currencies covered. The Swiss National Bank maintained its policy rate at 0%, continuing its highly accommodative stance in response to subdued inflation and currency strength. Monetary conditions therefore remained supportive, with no indication of imminent tightening.

Policy rate decisions continue to feed directly into the risk-free rates determined by KPMG Valuation, which are derived from a uniform yield curve based on observable central bank policy parameters. As shown in the table below, as of 31 March 2026, the United Kingdom exhibits the highest risk-free rate at approximately 5.38%, closely followed by the United States at 4.97%. Eurozone and German rates stand at around 3.44% and 3.46%, respectively, reflecting stabilization following the ECB’s easing cycle, while Switzerland remains the lowest among major markets at approximately 0.51%.

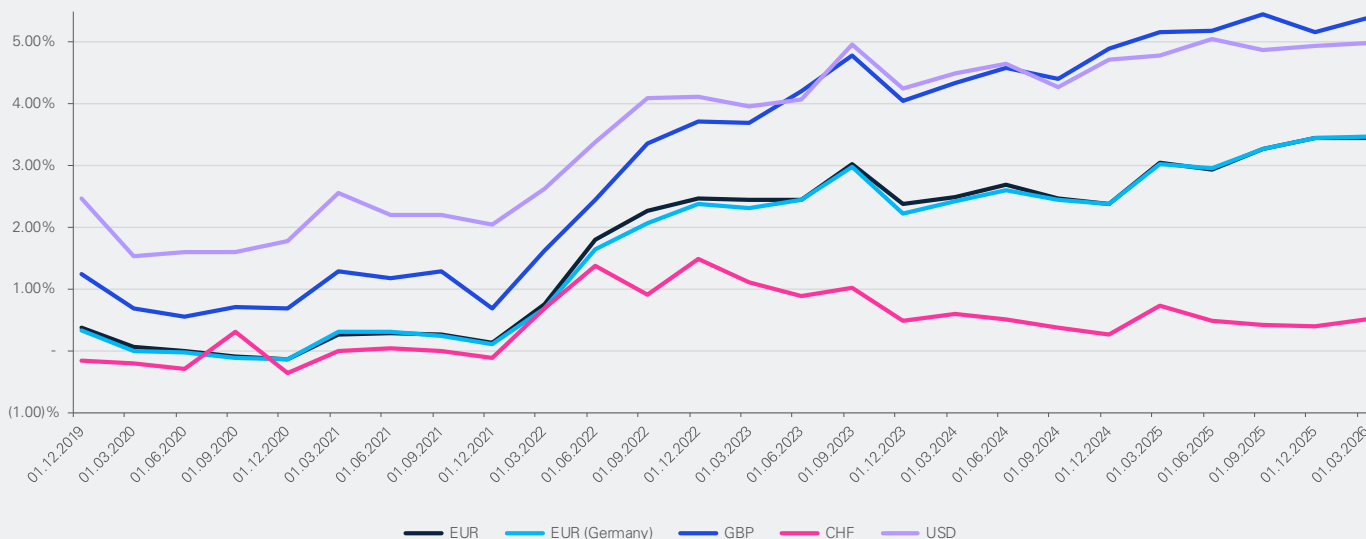


Risk-free rates						
	 EUR	 EUR	 GBP	 CHF	 USD	
31.12.2019	0.37%	0.34%	1.25%	(0.16)%		2.46%
31.03.2020	0.06%	0.01%	0.68%	(0.20)%		1.54%
30.06.2020	0.01%	(0.02)%	0.56%	(0.29)%		1.60%
30.09.2020	(0.08)%	(0.11)%	0.72%	0.32%		1.61%
31.12.2020	(0.13)%	(0.14)%	0.70%	(0.36)%		1.78%
31.03.2021	0.26%	0.32%	1.29%	(0.01)%		2.55%
30.06.2021	0.29%	0.31%	1.17%	0.05%		2.20%
30.09.2021	0.26%	0.25%	1.29%	0.00%		2.21%
31.12.2021	0.14%	0.12%	0.70%	(0.10)%		2.05%
31.03.2022	0.75%	0.69%	1.63%	0.70%		2.62%
30.06.2022	1.80%	1.64%	2.45%	1.38%		3.38%
30.09.2022	2.27%	2.07%	3.36%	0.92%		4.09%
31.12.2022	2.47%	2.39%	3.72%	1.48%		4.12%
31.03.2023	2.44%	2.32%	3.68%	1.11%		3.96%
30.06.2023	2.45%	2.45%	4.20%	0.90%		4.07%
30.09.2023	3.02%	2.97%	4.78%	1.03%		4.95%
31.12.2023	2.37%	2.22%	4.04%	0.50%		4.24%
31.03.2024	2.49%	2.42%	4.34%	0.61%		4.50%
30.06.2024	2.68%	2.60%	4.58%	0.52%		4.65%
30.09.2024	2.48%	2.44%	4.40%	0.38%		4.26%
31.12.2024	2.39%	2.38%	4.89%	0.28%		4.71%
31.03.2025	3.04%	3.03%	5.15%	0.74%		4.78%
30.06.2025	2.94%	2.95%	5.19%	0.49%		5.05%
30.09.2025	3.27%	3.27%	5.45%	0.42%		4.88%
31.12.2025	3.45%	3.44%	5.17%	0.40%		4.94%
31.03.2026	3.44%	3.46%	5.38%	0.51%		4.97%

Source: KPMG analysis

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

Risk-free rates over time













Country risk premium: Emerging market country risk premia continue to decline

Between January and March 2026, country risk premia across most BRICS and related emerging markets continued their downward trend, reflecting easing inflation expectations and ongoing improvements in macroeconomic conditions. Brazil's country risk premium decreased slightly to 1.9%, supported by relatively stable fiscal dynamics despite some uncertainty around near-term inflation. India's premium declined to 1.4%, reflecting well-anchored inflation expectations and sustained policy credibility. China also recorded a further decrease to 0.6%, consolidating earlier improvements amid persistently subdued inflation dynamics.

South Africa experienced a further decline in its country risk premium from 2.1% to 2.0%, supported by gradual improvements in inflation expectations and continued fiscal

consolidation efforts. Indonesia's premium remained stable at 1.0%, consistent with contained inflation and a resilient macroeconomic outlook. Egypt's country risk premium declined further quarter-over-quarter from 6.4% to 5.7%, continuing its downward trend, while the United Arab Emirates' CRP remained stable. Despite ongoing regional military tensions, these developments likely reflect improved external financing conditions and the relatively strong financial positions of both countries.

Consistent with previous editions of the Quarterly Brief, the availability of reliable data concerning country risk for Russia remains challenging. As such, no meaningful values can be indicated. Similarly, a meaningful CRP for Ethiopia is unavailable due to heightened default concerns. For Iran, no meaningful CRP can be estimated due to its prevailing hyperinflationary economic environment as well as the persisting geopolitical situation in the Middle East.

Country risk premium		31.03.2025	30.06.2025	30.09.2025	31.12.2025	31.03.2026
	Brazil	2.2%	2.1%	2.0%	2.0%	1.9%
	Russia	n/a	n/a	n/a	n/a	n/a
	India	1.9%	1.8%	1.6%	1.5%	1.4%
	China	0.9%	0.8%	0.8%	0.7%	0.6%
	South Africa	2.6%	2.5%	2.3%	2.1%	2.0%
	Egypt	9.6%	8.6%	7.6%	6.4%	5.7%
	Ethiopia	n/a	n/a	n/a	n/a	n/a
	Iran	n/a	n/a	n/a	n/a	n/a
	United Arab Emirates	0.4%	0.4%	0.4%	0.3%	0.3%
	Indonesia	1.3%	1.2%	1.1%	1.0%	1.0%

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

Inflation expectations: Broadly stable across emerging markets

Inflation forecasts are one of the typical indicators that can be used to assess the long-term growth rate for the terminal value calculation. The inflation rates for the BRICS countries are based on the Economist Intelligence Unit's inflation forecast for the years 2026 to 2030. The expected inflation can be measured through several parameters. For our presentation, we consider the GDP deflator. It is calculated as the difference between nominal and real GDP and measures the change in prices for all the goods and services produced in an economy.











Inflation expectations have shifted unevenly across BRICS+ countries compared to earlier forecasts. Brazil's outlook has been revised slightly upward, reflecting persistent inflationary pressures despite firm monetary policy. In Russia, the situation shows a mixed evolution, with a strong

upward revision for 2026 followed by more moderate adjustments thereafter.

Projections for China and South Africa have been revised upward, consistent with gradual normalization of price dynamics. India's outlook shows a mixed pattern, with a downward revision in 2026 and 2029 partly offset by increases in intermediate years. Egypt's inflation outlook has also been revised upward overall.

Iran's inflation outlook has been revised significantly upward for 2026, amplifying its hyperinflationary environment, while Ethiopia's outlook has also been revised upward.

Meanwhile, inflation expectations in the United Arab Emirates show a mixed pattern, with an increase in 2026 followed by downward revisions. Indonesia's outlook has been revised slightly downward overall.

Inflation forecast						
	2026	2027	2028	2029	2030	
 Brazil	3.9%	3.8%	3.7%	3.4%	3.4%	
 Russia	8.6%	5.0%	4.9%	4.7%	4.5%	
 India	2.7%	3.2%	2.8%	2.0%	3.5%	
 China	0.3%	0.1%	0.2%	0.1%	0.2%	
 South Africa	5.7%	4.5%	3.6%	3.4%	3.6%	
 Egypt	7.6%	7.2%	6.4%	7.8%	8.1%	
 Ethiopia	14.1%	10.9%	9.6%	8.4%	7.4%	
 Iran	46.2%	26.8%	22.9%	20.9%	24.4%	
 United Arab Emirates	6.4%	1.4%	0.0%	0.6%	0.5%	
 Indonesia	1.8%	1.3%	1.9%	2.8%	3.1%	

Source : Economist Intelligence Unit

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