



# Quarterly Brief

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

**October 2025**  
[kpmg.at/dealadvisory](https://kpmg.at/dealadvisory)

# Preface

## Dear reader,

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

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

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

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

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

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

Following the dynamic events of Q3 2025, we are pleased to present another edition of our Quarterly Brief, a publication that offers objective market data, which will keep readers abreast of the latest developments in the relevant financial markets.

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

Yours faithfully



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We provide a selection of key financial market data covering:

- Comparison of major stock market performance for the 12 months ending 30 September 2025
- S&P Eurozone BMI Index sector multiples
- Risk-free rate for Austria
- Equity risk premium for Austria
- Country risk premiums and inflation adjusted risk-free rates for the BRICS countries

#### **Major stock market performance: Global Equity Markets Maintain Momentum in Q3 2025**

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

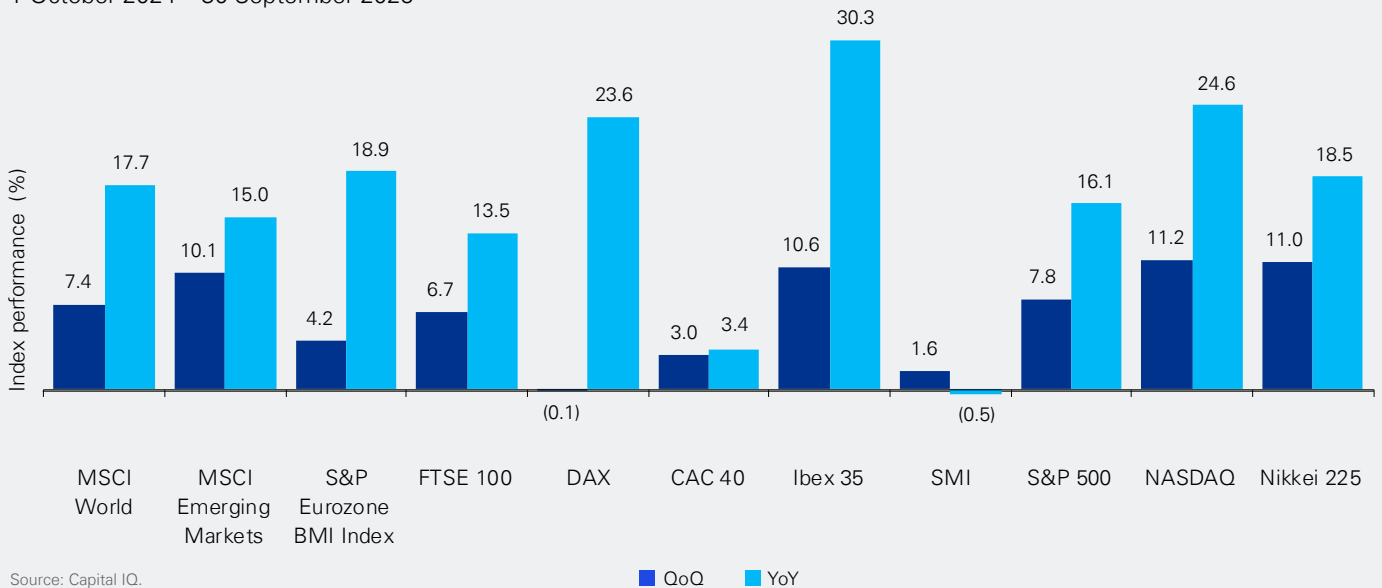
In the United States, equity benchmarks remained resilient. The S&P 500 rose 16.1% year-over-year and 7.8% quarter-over-quarter, while the NASDAQ Composite delivered even stronger returns of 24.6% year-over-year and 11.2% over the quarter, driven by continued momentum in technology and AI-related sectors.

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

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

## Performance of leading indices

1 October 2024 – 30 September 2025



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

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

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

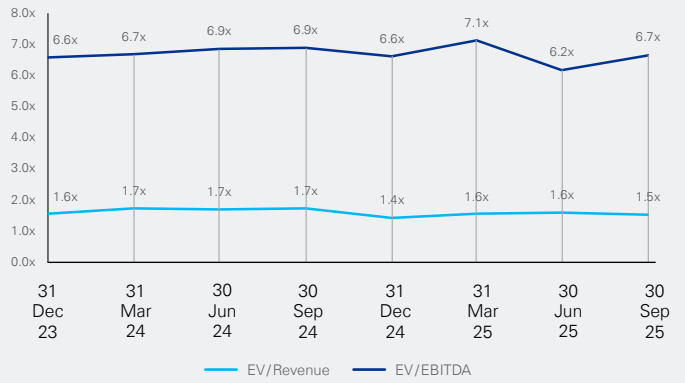
In the Financials sector, valuation remains moderate, with P/B at 1.3x and EV/Revenue of 1.5x, consistent with a higher interest rate environment.

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

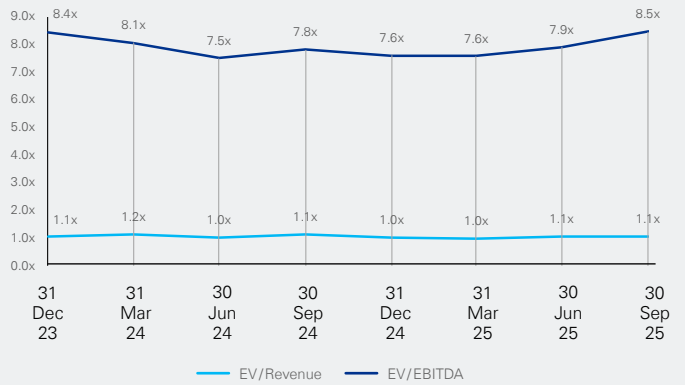
As always, it's important to interpret multiples with caution, as sector-level figures may mask company-specific fundamentals, differing capital structures, or regional regulatory impacts. A bottom-up analysis remains essential for accurate valuation assessment.



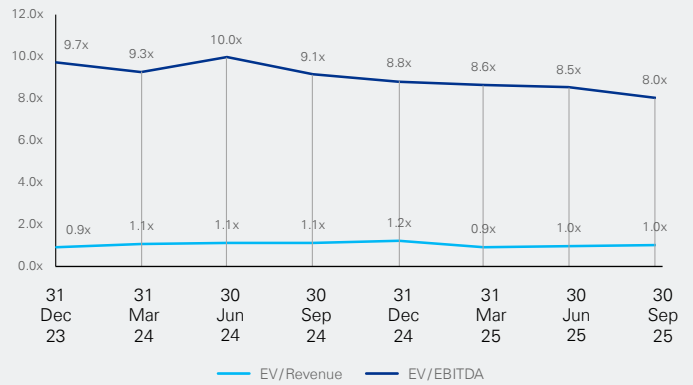
### Communication Services



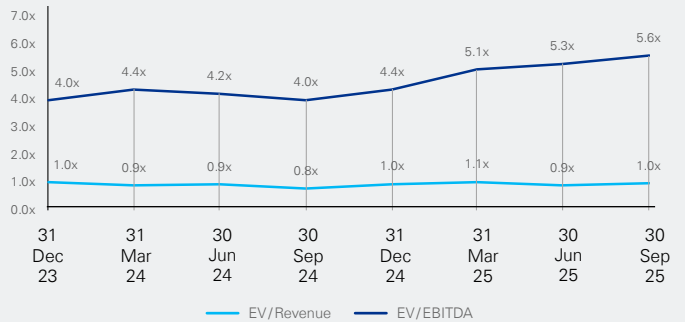
### Consumer Discretionary



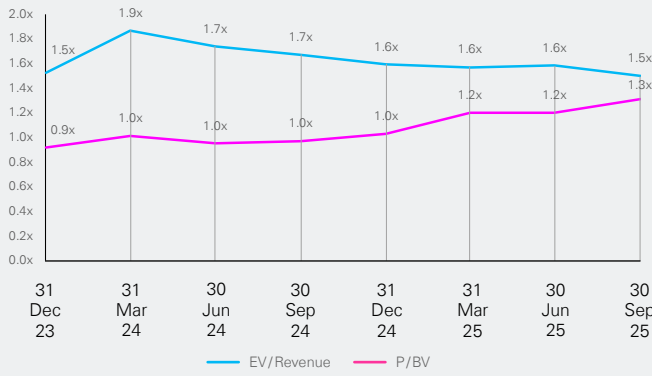
### Consumer Staples



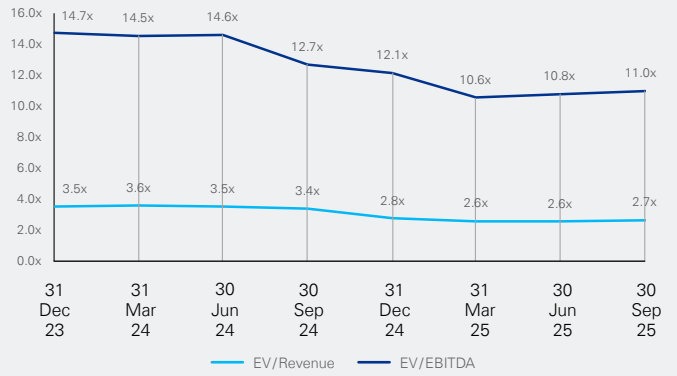
### Energy



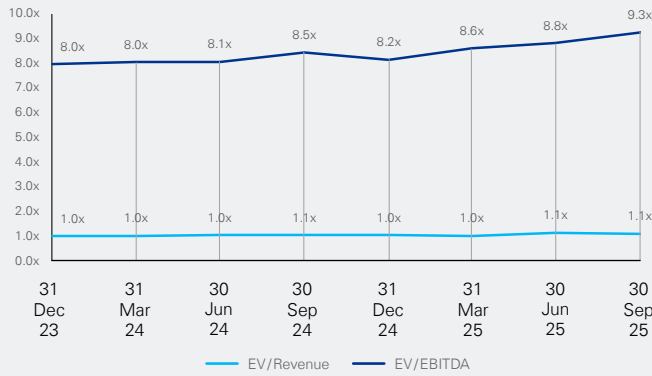
## Financials



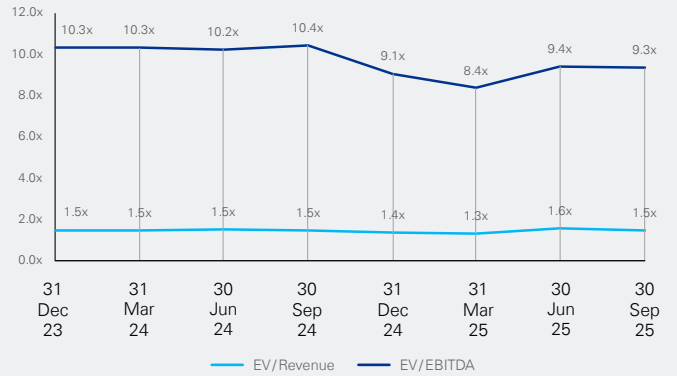
## Health Care



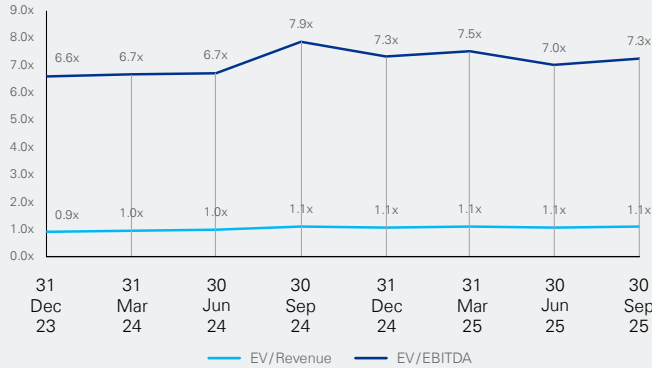
## Industrials



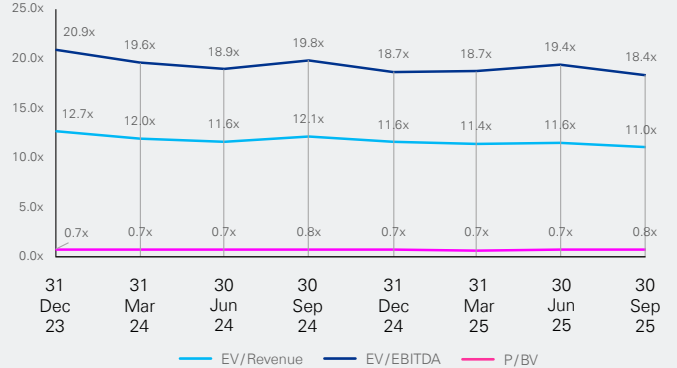
## Information Technology



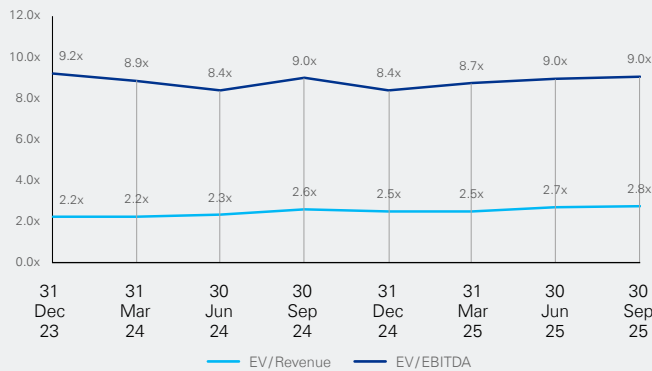
## Materials



## Real Estate



## Utilities



Source: Capital IQ, KPMG analysis

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

### Risk-free rate for Austria

The risk-free rate can generally be broken down into two key components that seek to compensate the investor: the first for expected inflation and the second for deferred consumption. The risk-free rate is considered to be free of risks except for risks embedded in the underlying currency and risks related to investments in the particular country (including general political, legal, regulatory and tax risks, as well as the risk of a moratorium). As no investment is truly risk-free, the risk-free rate is typically approximated by reference to the yield on long-term debt instruments issued by presumably financially healthy governments.

As a risk-free rate we recommend using the spot rate of zerobonds, denominated in Euro with a maturity of 30 years applying the Svensson yield curve and data from Deutsche Bundesbank, as of the valuation date. This approach is also in line with the Austrian Professional Guidelines for the Valuation of Businesses (KFS/BW 1) and respective recommendations.

The graph below summarizes the development of the above-mentioned risk-free rate over the last months as of 30 September 2025.

**The risk-free rate (30-year spot rate of German zerobonds) as of 30 September 2025 amounts to 3.31 percent.**

### Risk-free rate (30y spot rate)

last 12 months as of 30 September 2025



Source: Deutsche Bundesbank; KPMG analysis.



## Equity risk premium for Austria

The equity risk premium represents a compensation for the higher risk of investing in a company compared to a (theoretically) risk-free security, e.g. government bonds. According to finance theory – i.e. CAPM – the equity risk premium refers to the excess return of the equity market, i.e. the difference between the expected return on the market portfolio, which represents the portfolio of a typified fully diversified investor, and the return of a risk-free investment.

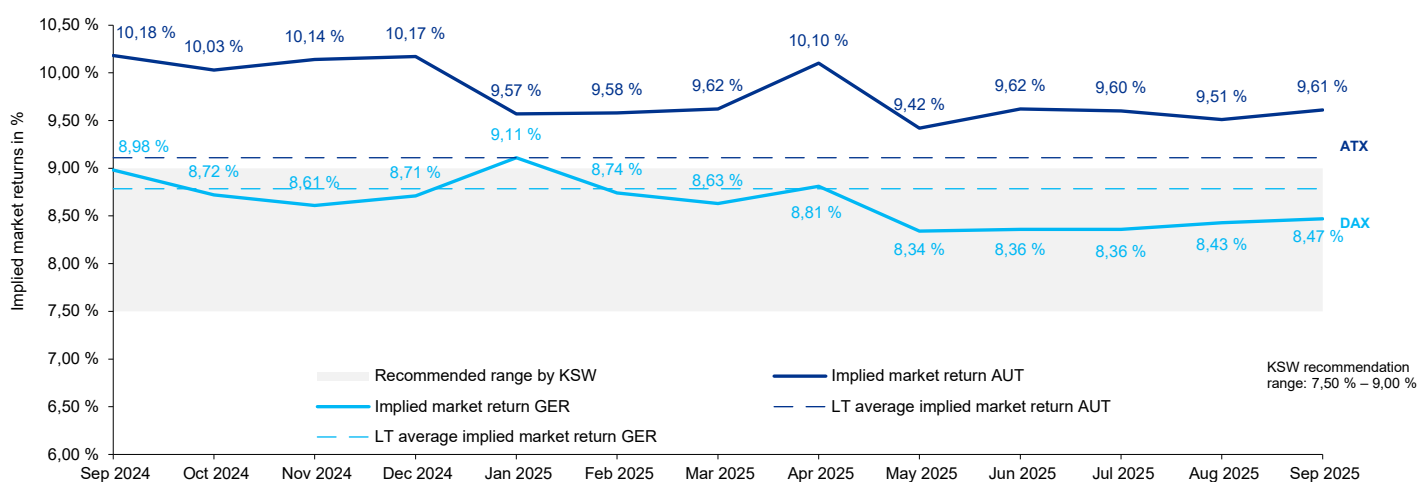
According to the recommendation of the Expert Group on Business Valuation of the Austrian Chamber of Tax Advisors and Auditors dated 28 November 2017, the market risk premium should be based on currently expected (implied) market returns and recommends a range for the expected

market return between 7.5 percent and 9.0 percent. However, note that the Expert Group published a practical note dated 5 October 2022, stating that in light of the then recent capital market developments, it was seen as appropriate to apply market returns above the upper limit of the recommended range.

We built a comprehensive model and have been calculating and analyzing implied market returns for major capital markets over the past years.

The graph below summarizes the development of the above-mentioned implied market return for Austria (ATX Prime) as well as Germany (DAX) over the last months as of 30 September 2025.

## Implied market returns (ATX Prime) last 12 months as of 30 September 2025



Source: S&P Capital IQ; KPMG analysis.

Note: Long-term average refers to the period 01/2017 to today.

Note: For details on the methods and assumptions of our model please refer to our Valuation Newsletter 2018 Q1.

Considering the current level of the implied market return for Austria and Germany in connection with the high inflation rates and uncertainties in the political and economic environment, the current level of the risk-free rate and the updated recommendation by the Expert Group, we recommend using a **market risk premium for the Austrian capital market as of 30 September 2025 of 6.25 percent.**

The table below summarizes the risk-free rate and our corresponding market risk premium for Austria for the last twelve months. These parameters might be used for valuations of companies within the Austrian market.

### Recommended risk-free rate and market risk premium

Date	Risk-free rate	Recommended MRP
Sep 30, 2024	2,49 %	7,00 %
Dec 31, 2024	2,58 %	7,00 %
Mar 31, 2025	3,05 %	6,50 %
Jun 30, 2025	3,05 %	6,50 %
Sep 30, 2025	3,31 %	6,25 %

Source: S&P Capital IQ, Deutsche Bundesbank; KPMG analysis.

### Country risk premiums and inflation adjusted risk-free rates for the BRICS countries

The country risk premium is a measure of risk faced by businesses when investing in sovereign states. It reflects a number of risks including economic, financial, political and institutional. The country risk premium is effectively the risk of low probability, high impact events that could lead to significant losses in investment values. These types of risk are at the forefront of many investors' thinking now more than ever due to a number of major economic and geopolitical events such as the events in Eastern Europe and the Middle East, all of which have led to previously stable countries becoming much riskier. KPMG's valuation practice has been analyzing and measuring country risk for 15 years and covers more than 150 sovereign states in a proprietary KPMG analyst model.

Our recommendations for the risk-free rate (30-year spot rate of German zerobonds plus inflation spread of the respective country compared to Germany) and the country risk premiums for Brazil, Russia, India, China and South Africa compared to Germany are set out below as of 30 September 2025.

#### Recommended risk-free rate and country risk premium

	Inflation adjusted risk-free rate	Country risk premium
Brazil	4,81 %	3,00 %
Russia	5,41 %	n/a
India	5,41 %	2,40 %
China	2,91 %	1,20 %
South Africa	5,61 %	3,45 %

Source: S&P Capital IQ; Analysis: KPMG.

Note: In the light of the current political and economic developments in Russia, we cannot give a general recommendation for the Russian country risk premium.



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