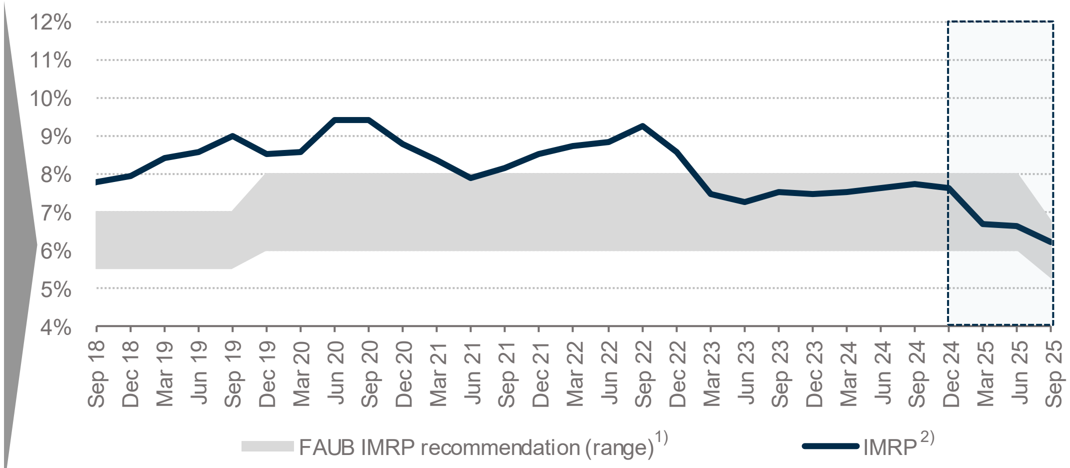
A&M Valuation Insights

December 2025

The price for taking equity risk in Germany decreased significantly over the last three quarters

The price for taking the risk of equity investments in Germany

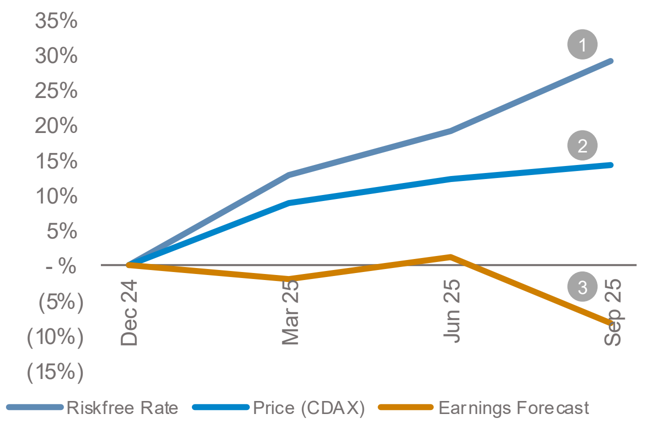
The German implied market risk premium (IMRP) represents investors' current risk appetite based on German capital market data and analyst forecasts.



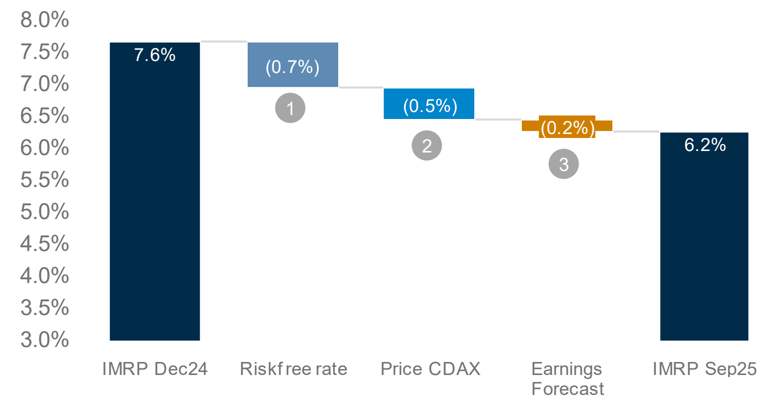
IMRP Development:

- For the last 7 years up until Dec-24, the IMRP consistently ranged between 6.8% and 9.4%, before declining at the beginning of 2025 to 6.7% in March and further to 6.2% in September.
- This decline in the IMRP is mainly triggered by an increase in the risk-free rate, a continued rise of the market capitalization of the CDAX companies, and further downward revisions of consensus earnings forecasts for the upcoming years.
- In Sep25, the FAUB adjusted his market risk premium recommendation, ranging now from 5.25% to 6.75% (before personal taxes).

Development of main IMRP components (Dec24 to Sep25)



Impact of changes in IMRP components on IMRP (Dec24 vs. Sep25)



1 Increase in riskfree rate leads to decrease in IMRP

2 Increase in Price (CDAX) leads to decrease in IMRP

3 Decrease in Earnings Forecast decreases the IMRP

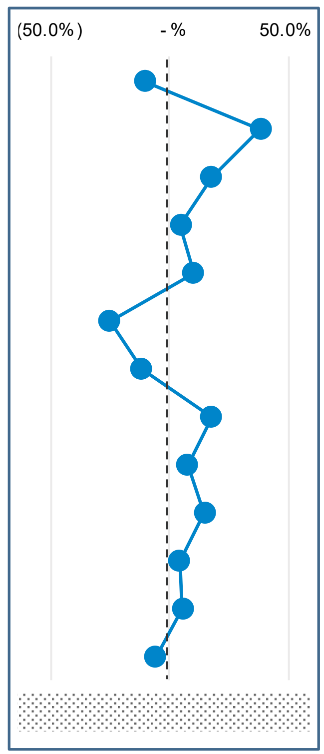
1) Fachausschuss für Unternehmensbewertung und Betriebswirtschaft (FAUB) of the German Institute of Chartered Accountants (IDW).
2) IMRP calculation: The IMRP is the rate of return that equates the 60-trading day average (as of 30 Sep25) of a weighted price per share of the CDAX (calculated as the sum of each constituent's share price multiplied by its share of total outstanding shares of CDAX constituents) with weighted consensus Dividends per share estimates for the next three financial years plus the dividends in the perpetual annuity (Terminal Value). A ten-year transition period is assumed prior to the calculation of the terminal value. Dividends in the Terminal Value are based on a weighted Earnings per share forecast less earnings that are being retained for future growth (maximum dividend payout assumed). Earnings Forecast = Sum of consensus estimates for weighted dividends / earnings per share for the next three financial years.

CDAX industry multiples overall increased, especially for Industrials driven by sector heavyweights

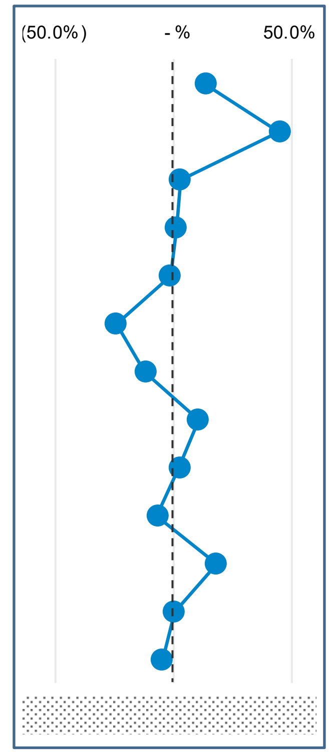
Comparison of Trading Multiples for 2025 and 2024 by industry (CDAX)

	Industry	2025	2024
1	Software	22.5x	25.1x
2	Industrial	14.0x	10.2x
3	Technology	11.6x	9.8x
4	Media & Entertainment	10.3x	9.9x
5	Professional Services	9.7x	8.9x
6	Consumer Goods	9.3x	12.4x
7	Health Care & Pharmaceuticals	9.1x	10.3x
8	Energy & Utilities	8.8x	7.5x
9	Materials	8.5x	7.9x
10	Automotive	7.9x	6.9x
11	Retail	7.0x	6.7x
12	Telecommunication Services	6.5x	6.2x
13	Transportation	6.0x	6.4x
14	Real Estate [1]	0.7x	0.9x

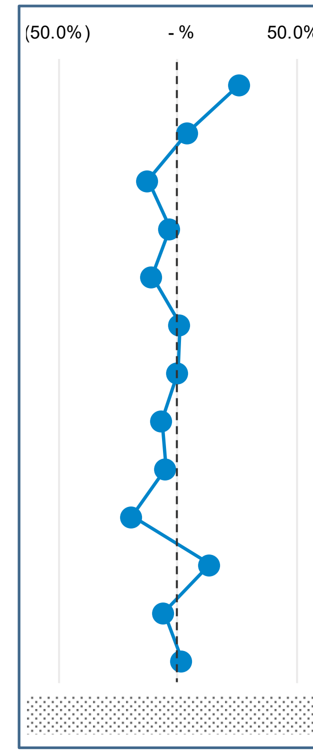
EV/EBITDA Delta



EV Delta (Sep25 to Sep24)



EBITDA Delta (FY25 to FY24)



- The increase in the Industrial multiple from 10.2x (2024) to 14.0x (2025) is primarily driven by developments of Siemens, Rheinmetall, and Siemens Energy. Siemens' market capitalization rose, while its EBITDA forecast remained broadly unchanged. Rheinmetall and Siemens Energy recorded strong market capitalization increases, with their EBITDA forecasts not rising proportionately.
- The Consumer Goods industry multiple decrease from 12.4x (2024) to 9.3x (2025) is mainly attributable to the developments of Adidas, Henkel, and Beiersdorf. All three companies experienced significant decreases in market cap, while their EBITDA forecast remained stable or increased compared to 2024.
- The rise in the Automotive industry multiple from 6.9x (2024) to 7.9x (2025) reflects developments at Volkswagen, BMW, Mercedes-Benz, and Porsche. Each of these companies recorded meaningful reductions in their 2025 EBITDA forecast, with their market capitalizations, however, declining by a smaller extent, leading to an overall increase in the sector multiple.

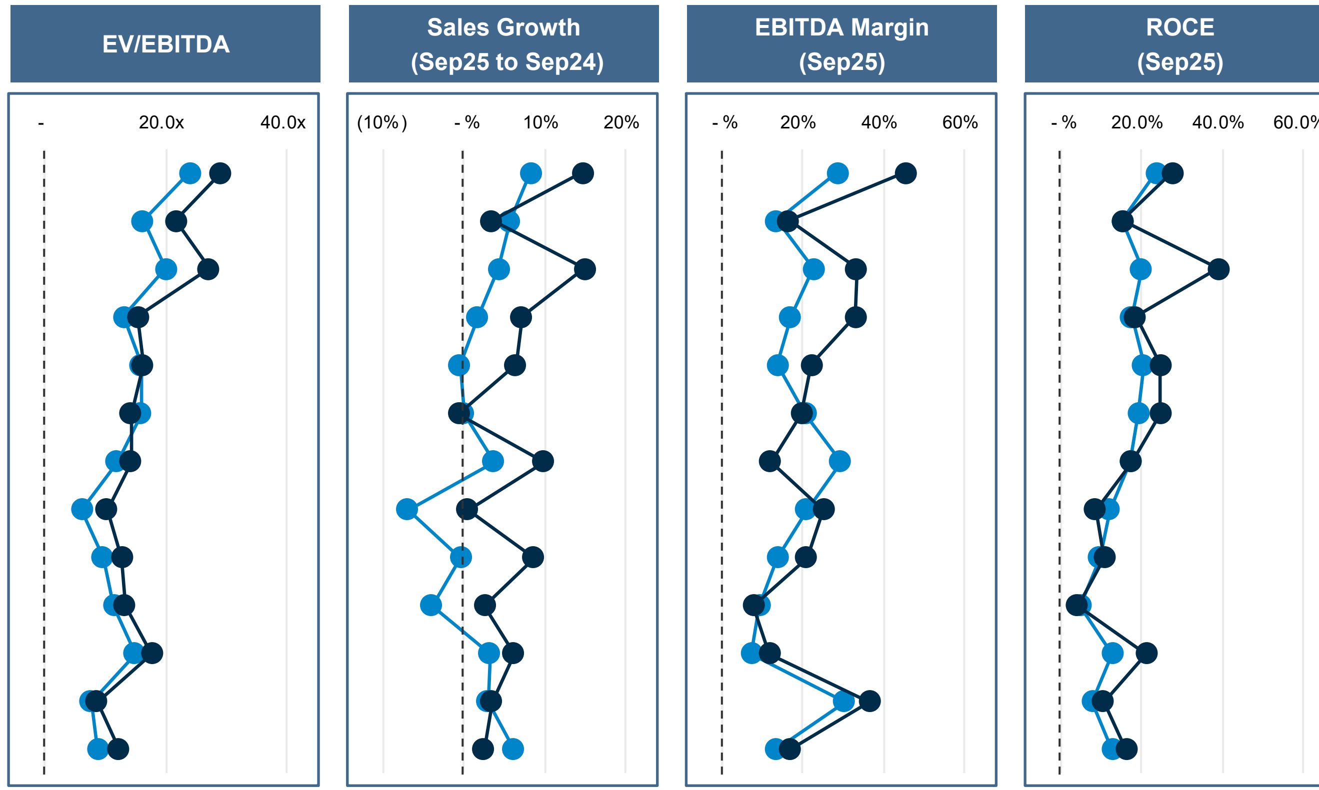
Note: 1) The real estate industry multiple is calculated as the median of company-level multiples, each derived by dividing the market capitalization of the respective company as of 30/09/2025 and 30/09/2024, by its reported Net Asset Value for the corresponding latest and prior financial years.
EV/EBITDA company-level multiples are based on Enterprise Value as of 30/09/2024 and 30/09/2025, respectively, and EBITDA consensus estimates for each company's respective financial year end as of 30/09/2024 for 2024 and as of 30/09/2025 for 2025.
Industry multiples are calculated by dividing the combined enterprise value (EV) of all companies within a given industry by the combined EBITDA of those companies. The analysis includes all CDAX firms and considers only companies for which data was available across 2025 and 2024.
Source: S&P Capital IQ, A&M Analysis.

Alvarez & Marsal

US firms command a premium over European firms, mostly as US stocks benefit from brighter profitability and growth outlooks

Comparison of LTM Trading Multiples of Europe and the US for 2025 and 2024 by industry (S&P Europe 350 & S&P 500)

	Industry	Europe	US
1	Software	24.0x	29.1x
2	Industrial	16.2x	21.7x
3	Technology	20.0x	27.2x
4	Media & Entertainment	13.2x	15.4x
5	Professional Services	16.0x	16.2x
6	Consumer Goods	15.9x	14.3x
7	Health Care & Pharmaceuticals	12.0x	14.2x
8	Energy & Utilities	6.2x	10.3x
9	Materials	9.6x	12.8x
10	Automotive[1)]	11.5x	13.3x
11	Retail	15.0x	17.8x
12	Telecommunication Services	7.6x	8.6x
13	Transportation	8.8x	12.2x

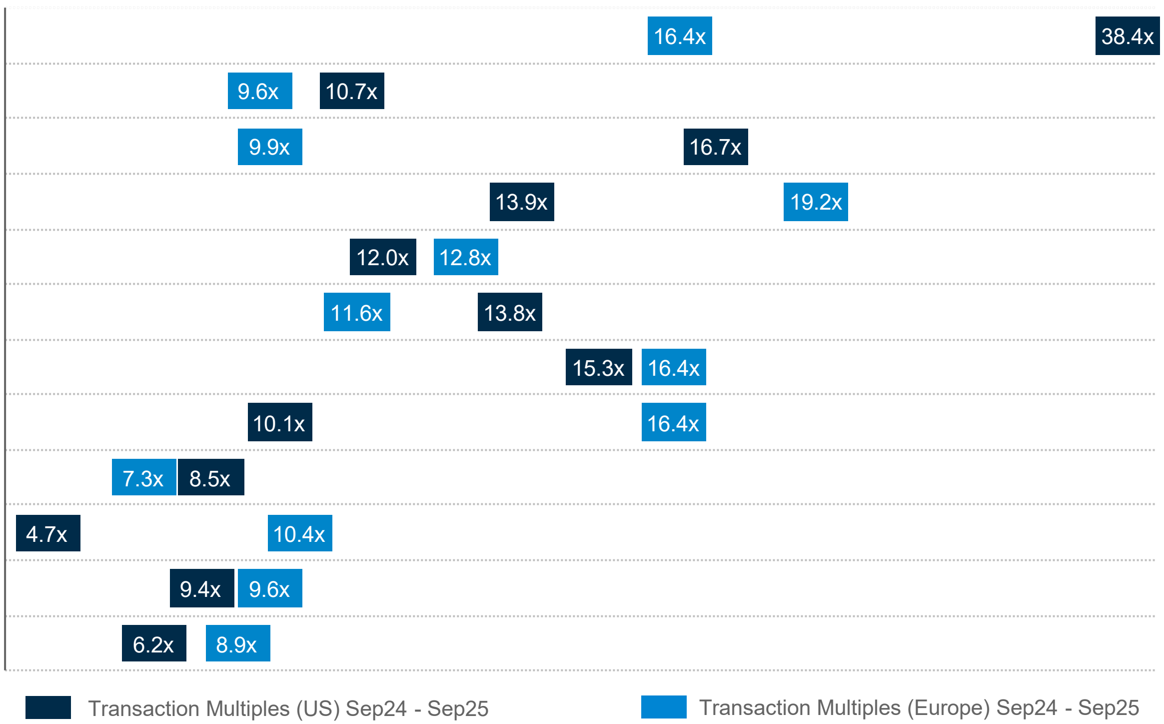


- US based companies generally trade at higher valuation levels compared to their European peers. This is largely attributable to a generally stronger revenue growth, superior operating margins as well as a more efficient deployment of capital.
- While this link to firm fundaments holds strong across most industries, the sectors Industrial and Health Care and Pharmaceuticals indicate a differentiated pricing pattern:
  - Over the past year, European industrial firms have closed the gap with their US counterparts on margins and market capitalization. Yet US industrial stocks — backed by a defense-heavy composition — continue to command notably higher market capitalization levels supporting higher trading levels.
  - In Healthcare and Pharmaceuticals, US firms appear to benefit disproportionately from stronger growth expectations rather than superior earnings profiles, setting them apart from their European peers.

Note: 1) Tesla was excluded from the automotive industry's multiple calculation to avoid industry multiple distortion by one company.
EV/EBITDA company-level multiples are based on Enterprise Value as of 30/09/2024 and 30/09/2025, respectively, and LTM EBITDA numbers as of 30/09/2024 for 2024 and as of 30/09/2025 for 2025. Industry multiples are calculated by dividing the combined enterprise value (EV) of all companies within a given industry by the combined EBITDA of those companies. Margin and growth data are based on LTM numbers for each company as of 30/09/2025 for 2025. ROCE on industry level is calculated by dividing the combined EBIT (LTM number as of 30/09/2025) of all companies withing an industry by the combined EV (as of 30/09/2025) calculated with the book value of equity of those companies.
Source: S&P Capital IQ, A&M Analysis.

Contrary to trading levels, price levels paid in transactions vary by industry between Europe and the US

Comparison of Median EV/EBITDA transaction multiples of the United States and Europe between Sep24 and Sep25



	Transactions US (#)	Transactions Europe (#)
Software	11	12
Industrial	23	22
Technology	8	3
Media and Entertainment	5	7
Professional Services	11	18
Consumer Goods	9	4
Health Care & Pharmaceuticals	8	16
Energy & Utilities	17	18
Materials	17	12
Retail	6	4
Telecommunication Services	1	2
Transportation	1	7

- Transaction multiples between Europe and the US between Sep24 and Sep25 show no consistent pattern. Notable differences arise in the industries of Software, Technology, Media & Entertainment, Energy & Utilities, and Retail.
- Deals in the Software and Tech sectors in the US continue to outperform those in Europe, largely because American targets are viewed as offering superior growth prospects alongside stronger margins — a combination that supports higher deal premia.
- Transaction price differences in the Energy & Utilities industry largely reflect the differing company profiles for the US and Europe. US transactions are primarily focused on oil and gas companies, while in Europe, renewable energy deals dominate (12 of 18 transactions compared with 1 of 17 in the US). Prices paid for renewable energy companies are significantly higher than those for conventional energy firms.

Note: Transaction pricing levels are defined as Last-Twelve-Months (LTM) EV/EBITDA at closing and consist of all closed M&A transactions in Europe and the US with sufficient data availability. Transactions are clustered by industry for the period Sep24 to Sep25
Source: S&P Capital IQ, A&M Analysis.

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