KROLL®

Industry Multiples of China

November 2026

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Foreword



Ricky Lee

Managing Director
Valuation Advisory Services

Dear Readers,

This report offers an analysis of key trading metrics across the industrial sectors of the Chinese economy as of 30th September 2026. While China's economy operates under a unique set of circumstances, developments across the globe exerted a strong influence on the performance of its listed companies through the course of the year. High energy prices, disruptions to oil supply and throttled transport routes were among the challenges faced by businesses everywhere.

Despite these headwinds, the Chinese economy demonstrated its ongoing vitality with impressive growth figures. China's National Bureau of Statistics recorded GDP growth of 4.6% in the first three quarters of 2026, which compares favourably to other leading global economies – the International Monetary Fund anticipates economic expansion of 2.3% in the USA with anemic increases of 0.9% and 0.7% expected in the Eurozone and Japan respectively.

China's economic dynamism was not however fully reflected in stock exchange performance: at the end of the third quarter the MSCI China Index had fallen 13.44% compared to the year's start, while the Hang Seng Index fell 6.55%.

A number of key industrial sectors however – including Energy, Material, Information Technology, and Healthcare – achieved notable growth in sector aggregate net profit, while other industries remained resilient against adverse conditions.

Both international and domestic factors drove positive metrics in the Energy sector. On a global basis, market volatility raised prices. Domestically, the Chinese government underlined its continued commitment to these goals in The 15th Five-Year Renewable Energy Plan issued in July. Expectations of improving and sustainable profitability drove increases in the indices for median Enterprise Value to Sales ("EV/S") (a rise of 46%), ("EV/EBITDA") (23%), and Price to Earnings ("P/E") multiples (21%).

These same dynamics were also at play in Utilities, where the P/E ratio dipped slightly from 12.7 to 12.1 due to soaring fuel cost.

The Materials sector was buffeted by a range of detrimental circumstances – excess industrial capacity compressed margins across steel, chemicals and building materials sectors, while a weak property market remained a drag on demand. On the plus side, long-term demand for copper, battery metals, steel for electric vehicles and energy-transition materials supported balance-sheet and asset replacement values, helping boost the sector's revenue and net profit by more than 10% and 46%.

Foreword

Information Technology remained a bright spot in the economy. The “AI Plus” initiative positioned the technology as a key engine of growth, while the 15th Five Year Plan committed to Chinese self-sufficiency and the required infrastructure buildout.

Confidence in the sector led to an increase of approximately 10% in EV/S and 21% of market capitalization for the sector as a whole, the high multiple suggesting that investors expect rapid future revenue growth and rising profitability.

Investor appetite for the IT sector did however have a downside for valuations in Communication Services as capital was reallocated to increase exposure to AI. P/E multiples in the sector dropped from 25.5 to 14.0 despite moderate growth in revenue and net profit.

Many of the factors that have burdened Real Estate valuations in recent years continued to weigh on the market. Property prices, real estate investment and sales remained weak. There are no signs of recovery as the sector net profit dropped by around 21% and Price to Book (“P/B”) ratios fell from 0.9 to 0.7.

The continued sluggishness in Real Estate had a knock-on effect in the Industrials sector, resulting in reduced demand for machinery, construction equipment and related industrial products and offset the contribution from advanced manufacture and automation reform. The P/E ratio for Industrial’s in this year’s report dropped from 22.8 to 16.9.

The consequences of the Real Estate market also impacted China’s consumers as falls in house prices eroded household wealth and reduced appetites for discretionary spending. Consumer Staples, where the P/E ratio dipped from 20.7 to 19.2, held up better than Consumer Discretionary. However, fierce competition, price wars and promotional spending put pressure on margins and profit.

It’s been several years now since Covid sent valuations soaring in the healthcare sector. Healthcare valuations however continue to remain buoyant. The P/E multiple was maintained at high level of 28.2, a figure second only to the IT sector. Measures aimed at further bolstering national healthcare provision include transforming medical service infrastructure, extending long-term care insurance to 300 million people and accelerating innovative drug commercialisation.

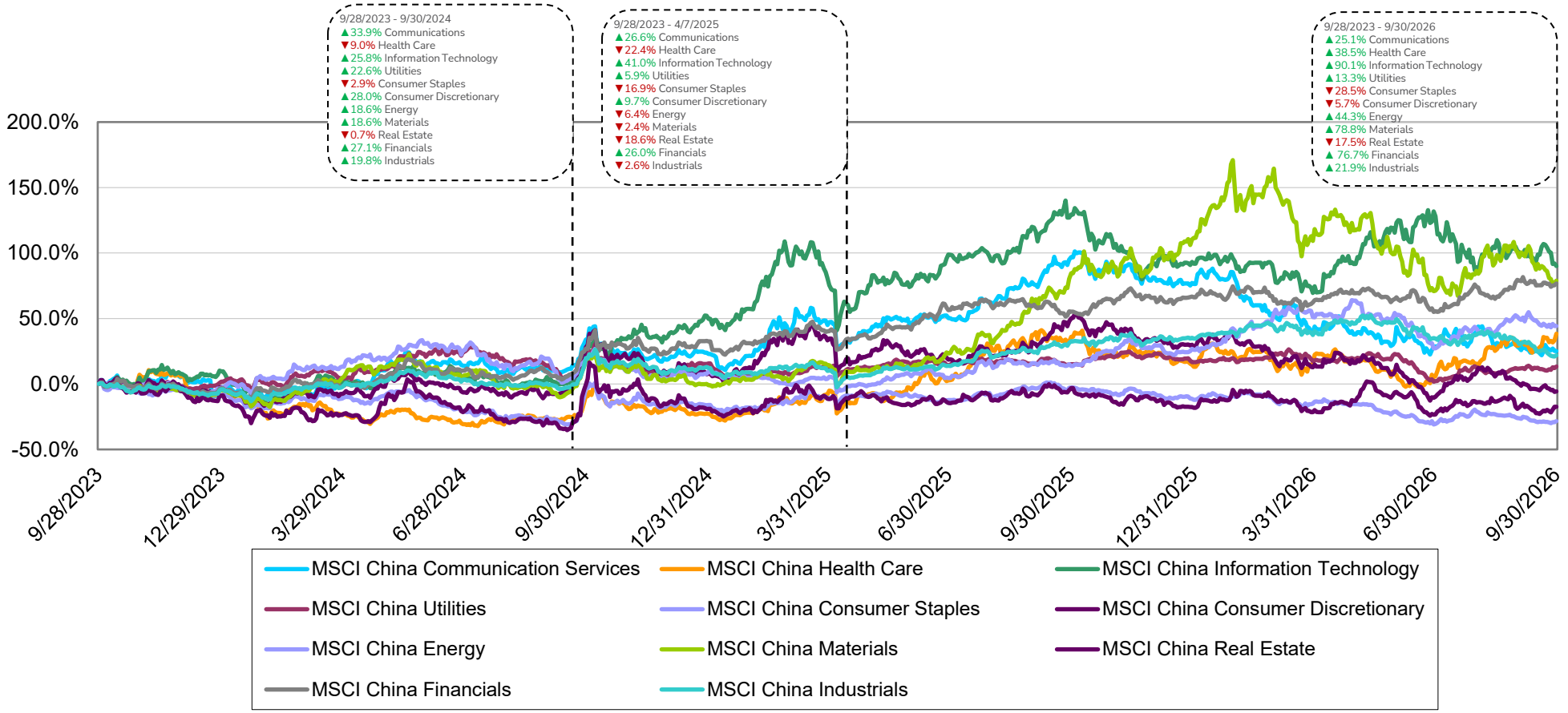
This report was produced by Kroll’s Valuation Advisory Services team. Kroll is the largest independent provider of business valuation services in the world and routinely assists clients with the valuation of businesses and business interests, as well as tangible and intangible assets and complex, hard to value securities. Businesses in China and Hong Kong turn to the team for pricing advisory services required in joint ventures, litigation, M&As and public listings.

Please get in touch with Managing Director, Ricky Lee via Ricky.Lee@kroll.com if you’d like to discuss how the team could help your organisation.

**the P/E, P/B, EV/S and EV/EBITDA data described here include outliers, which may not be the same as the data presented in slides 10-31 which excluded outliers.*

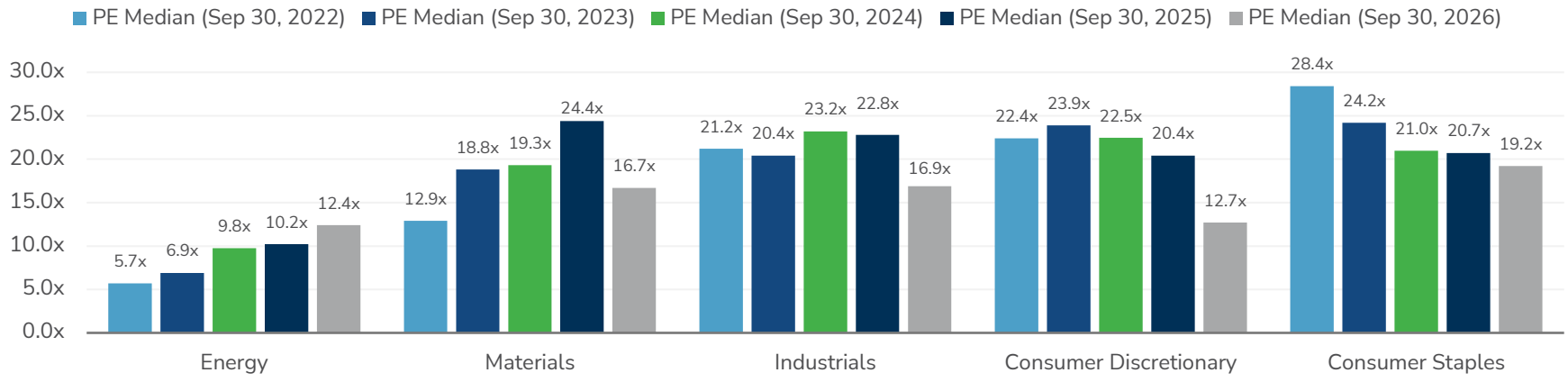
Industry Sector Performance

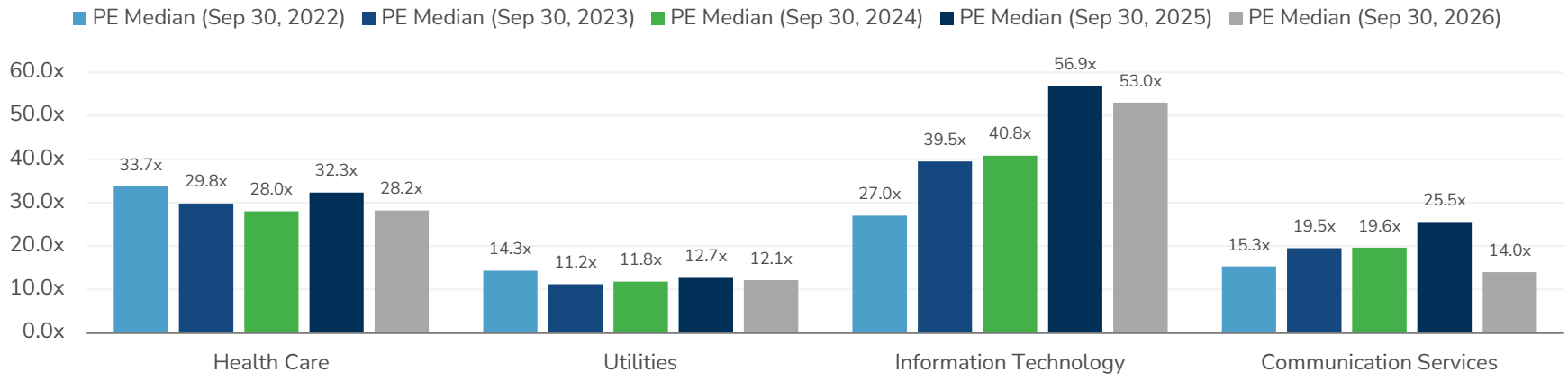
Change in MSCI Sector Index since Sep 2023



Trading Multiples Over Time

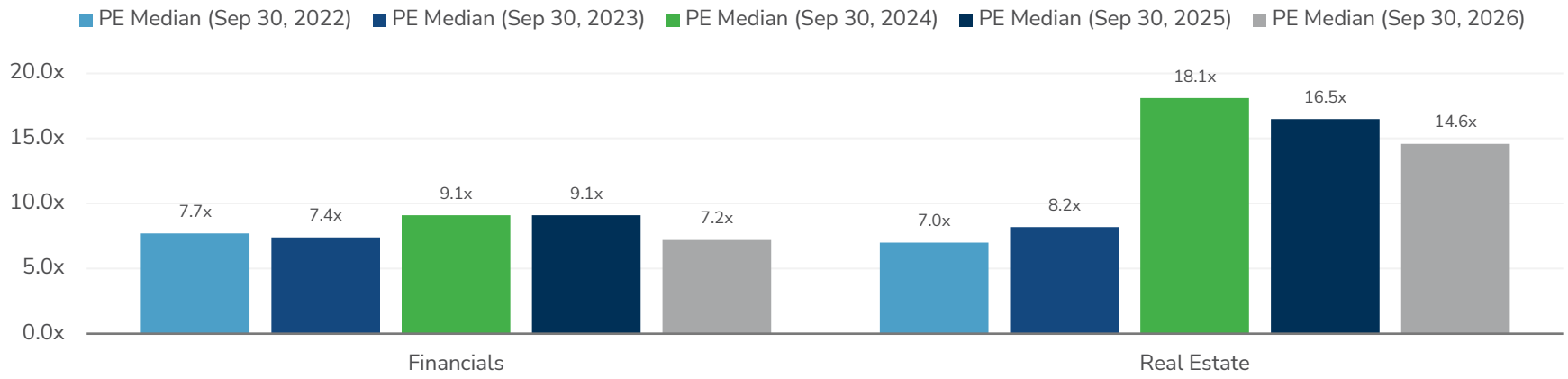
(Including Outliers)

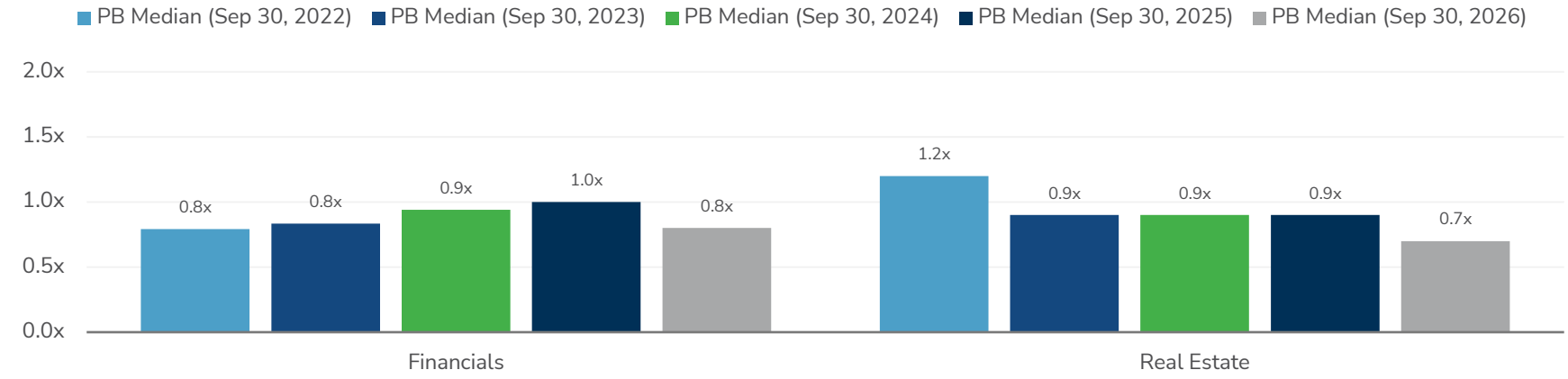




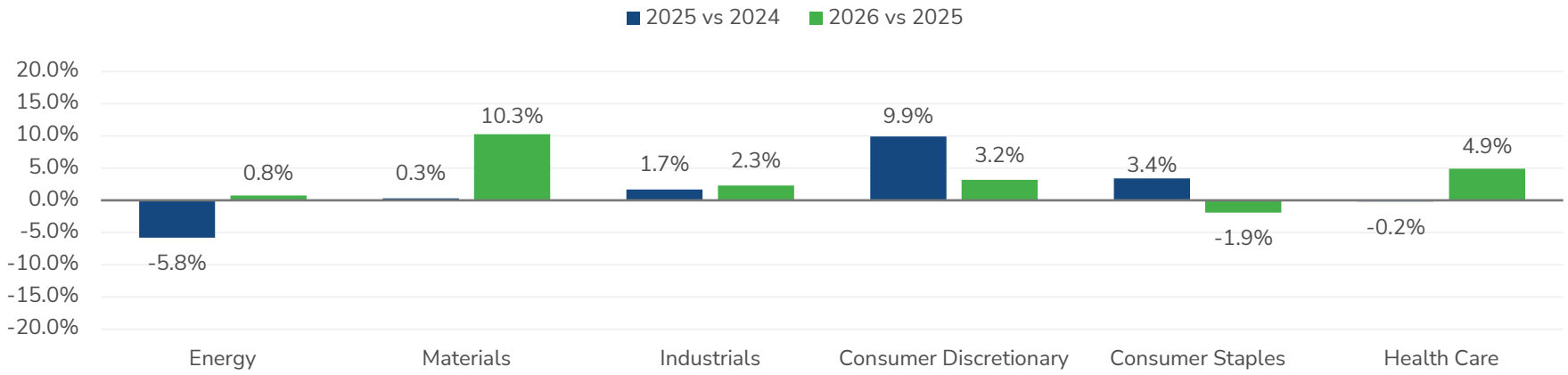
Trading Multiples Over Time

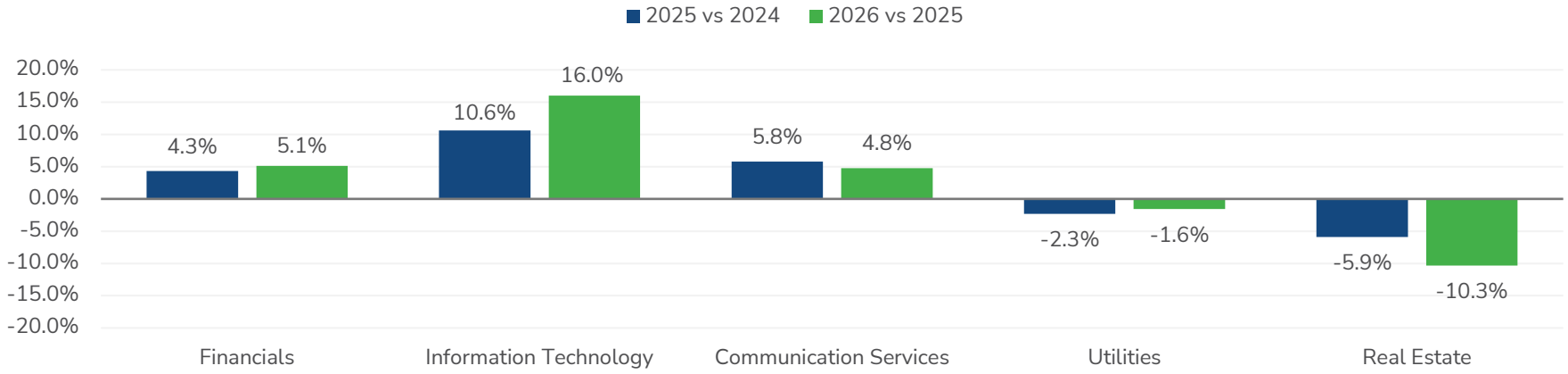
(Including Outliers)



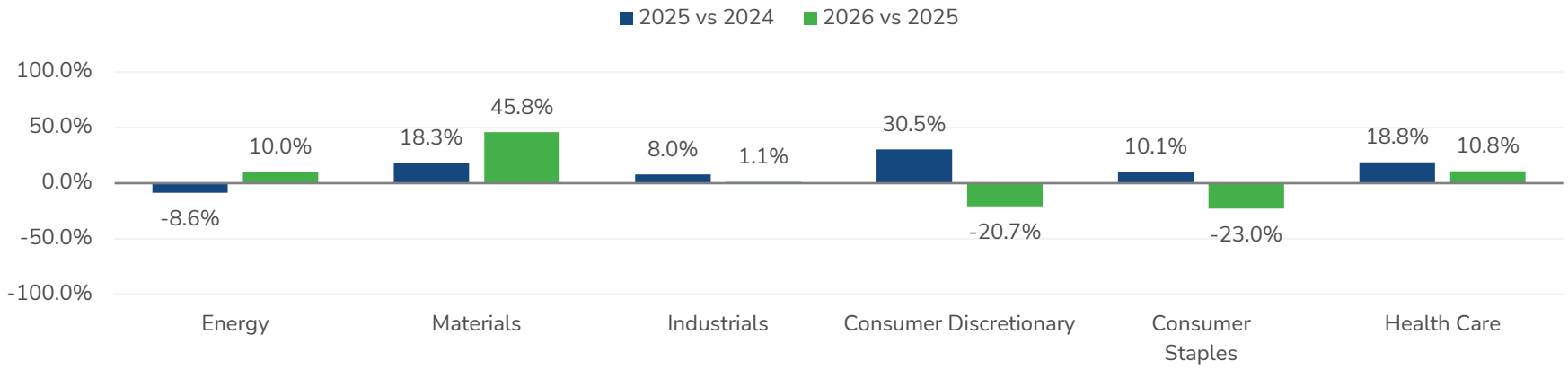


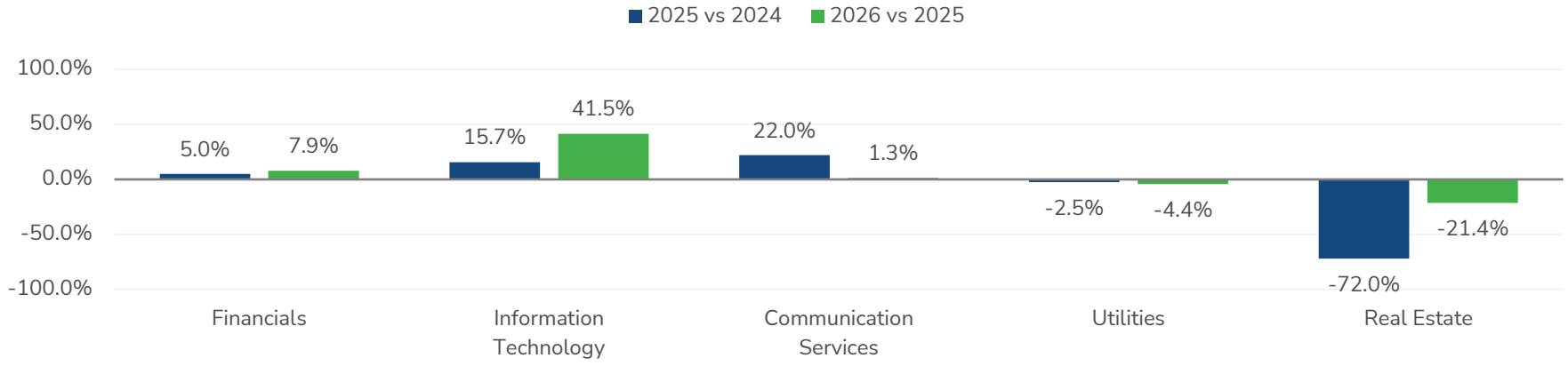
Revenue Percentage Change Over Time





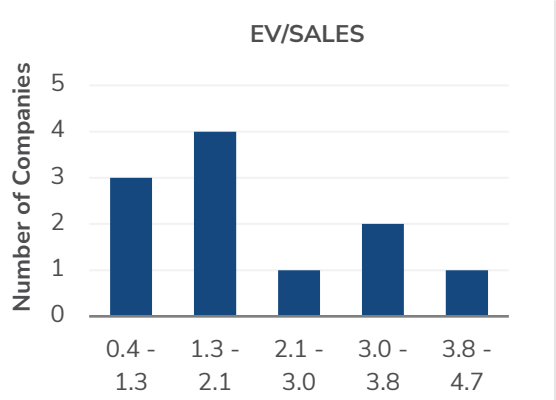
Net Income Percentage Change Over Time

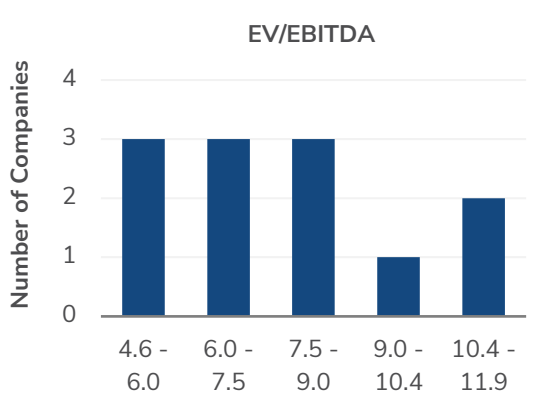


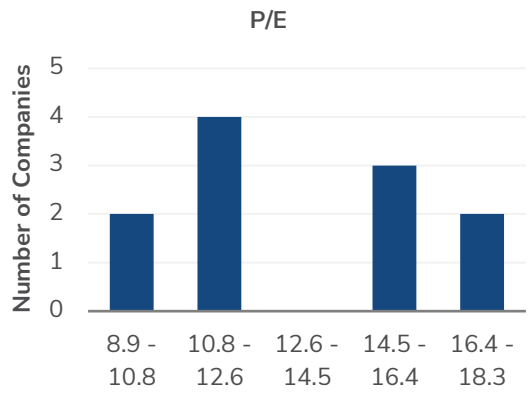


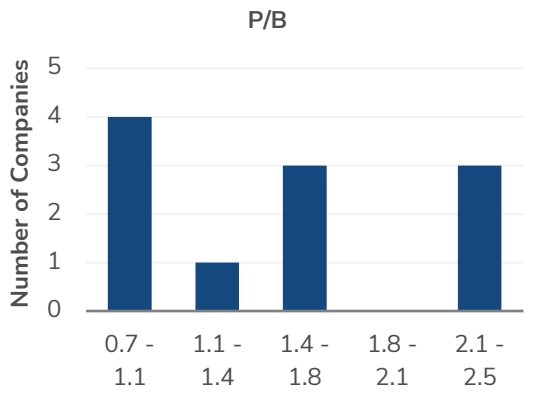
Energy

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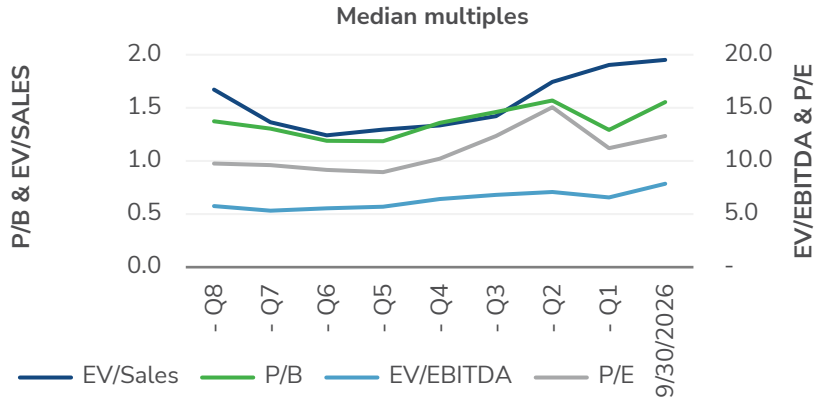


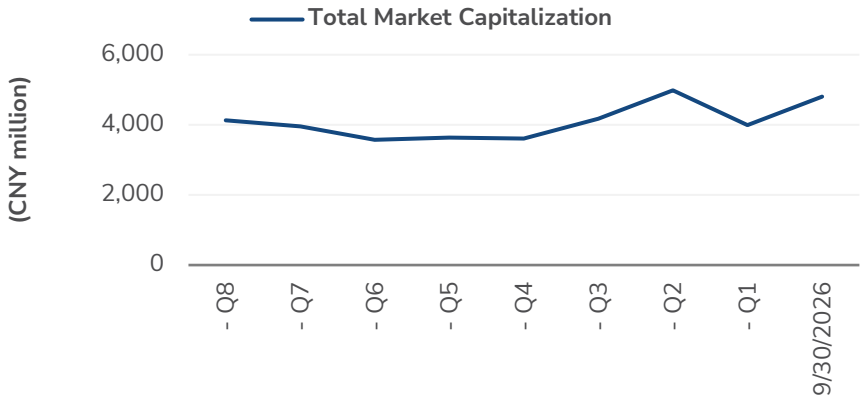


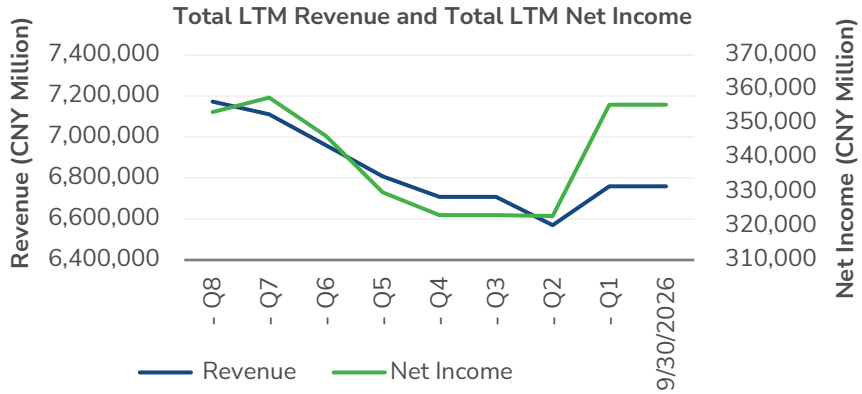
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	13	13	13	13
Number of Outliers	2	1	2	2
Negative Multiples or Multiple Errors				
High	4.7x	11.9x	18.3x	2.5x
Mean	**2.0x**	**7.6x**	**13.5x**	**1.5x**
Median	**1.8x**	**7.3x**	**12.4x**	**1.4x**
Low	0.4x	4.6x	8.9x	0.7x
Low Quartile	1.2x	5.9x	11.7x	1.0x
Upper Quartile	2.6x	9.1x	15.4x	1.9x

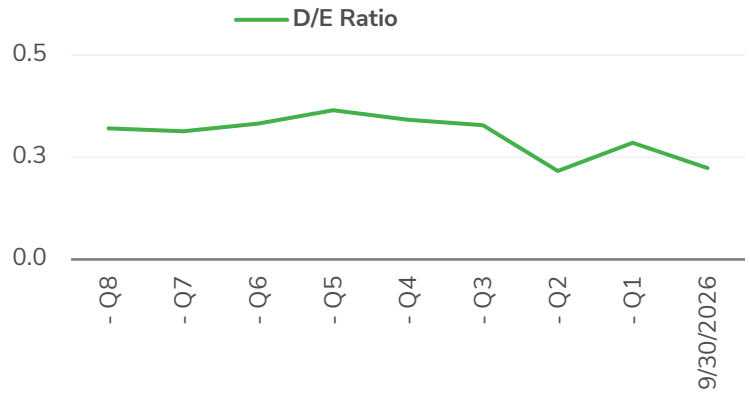
Energy (cont'd)

As of September 30, 2026



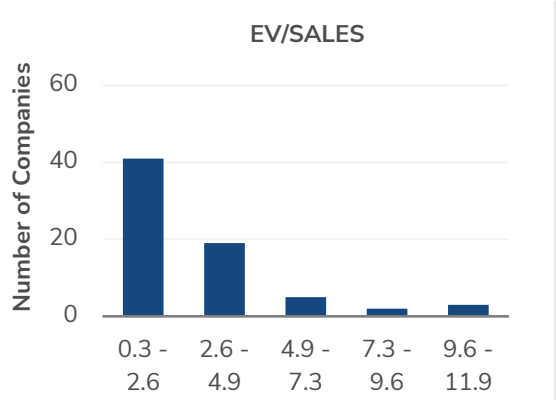


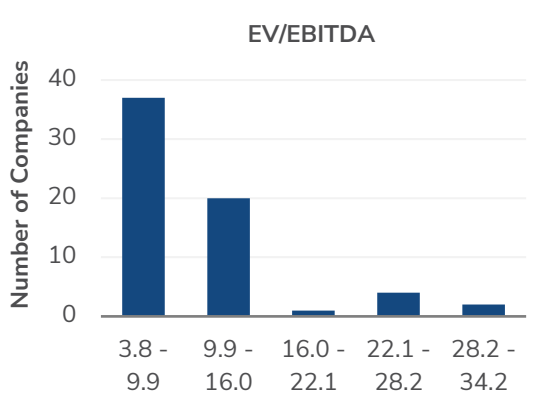


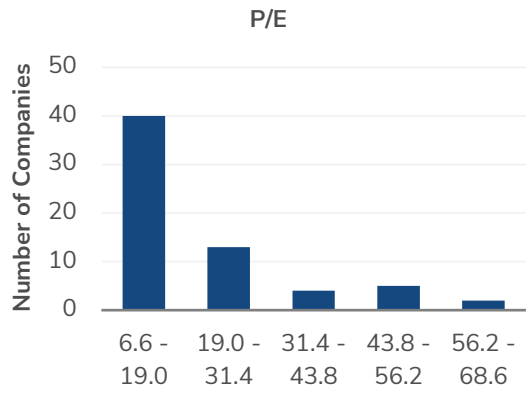


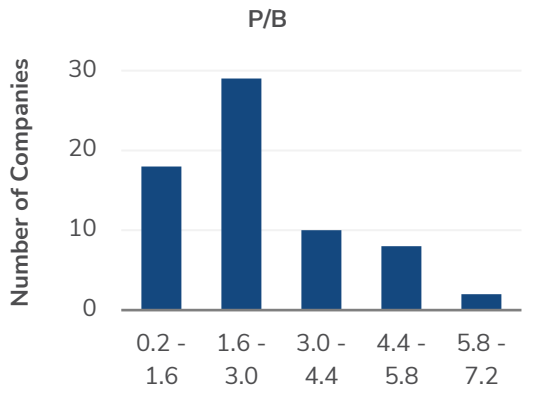
Materials

As of September 30, 2026





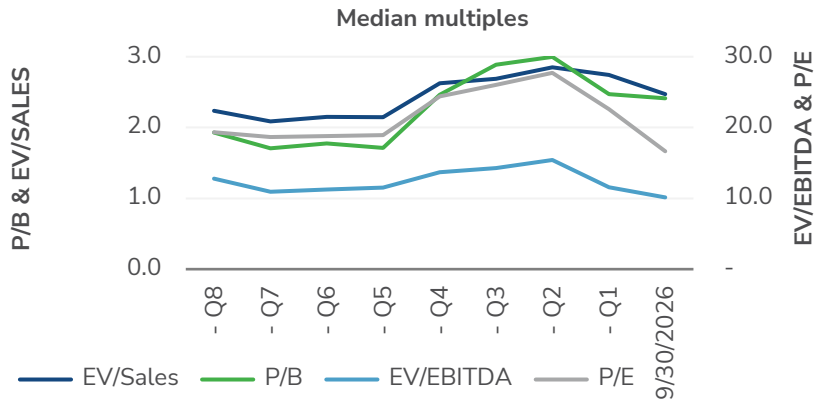


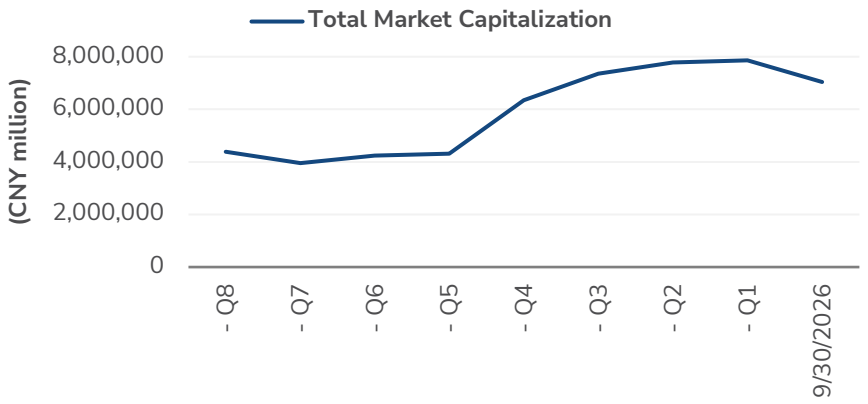


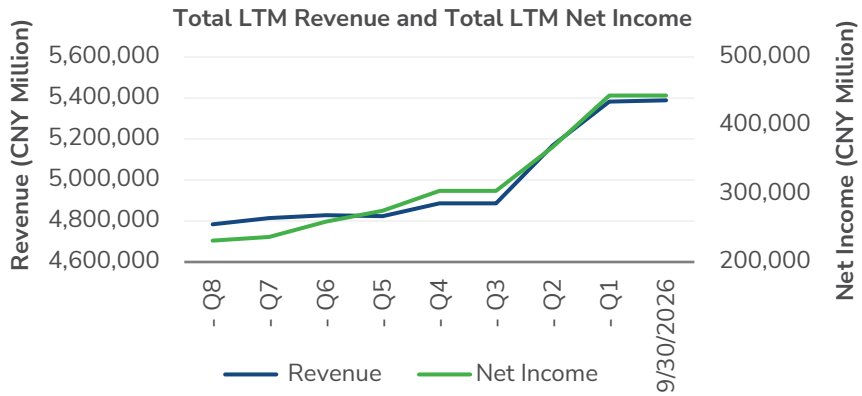
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	76	76	76	76
Number of Outliers	6	12	12	9
Negative Multiples or Multiple Errors				
High	11.9x	34.2x	68.6x	7.2x
Mean	**3.0x**	**10.7x**	**20.9x**	**2.6x**
Median	**2.2x**	**9.2x**	**16.1x**	**2.2x**
Low	0.3x	3.8x	6.6x	0.2x
Low Quartile	1.3x	7.3x	11.4x	1.6x
Upper Quartile	3.6x	11.7x	21.0x	3.5x

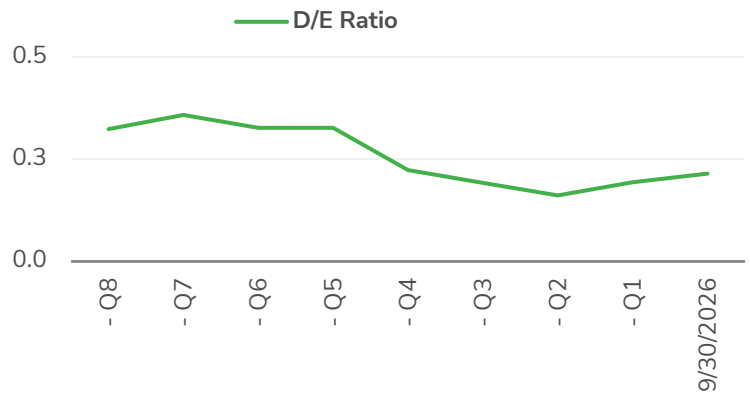
Materials (cont'd)

As of September 30, 2026



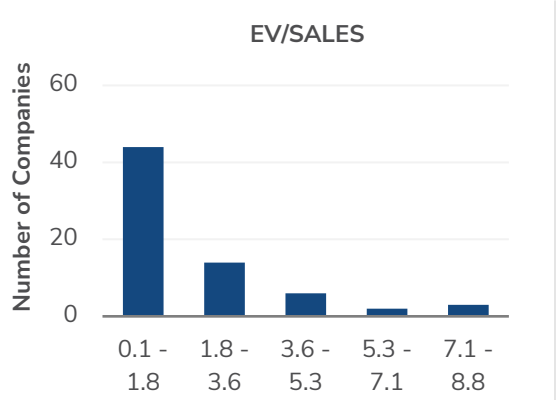


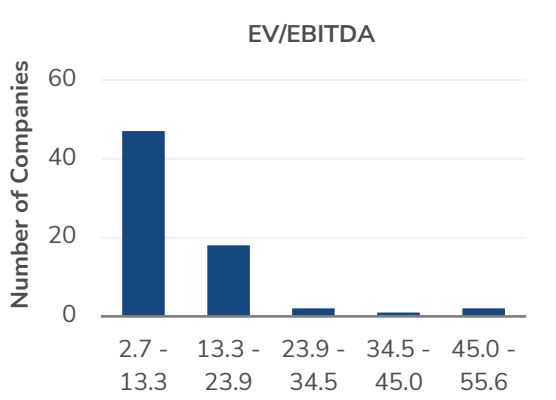


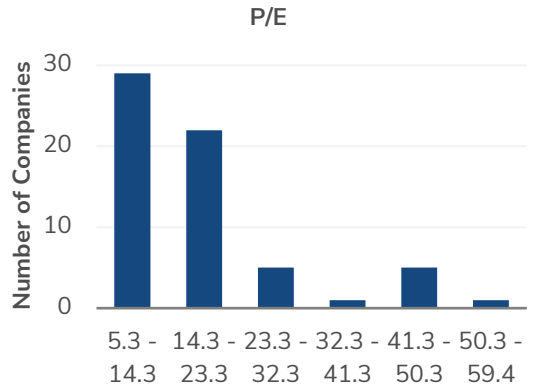


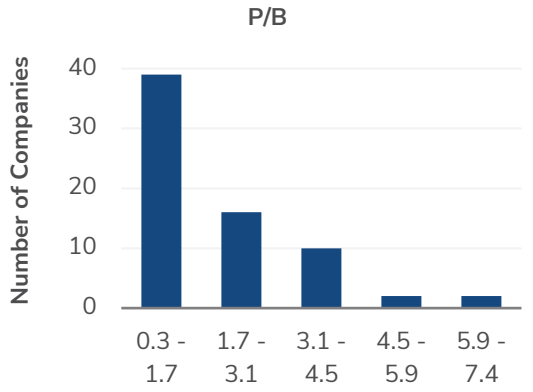
Industrials

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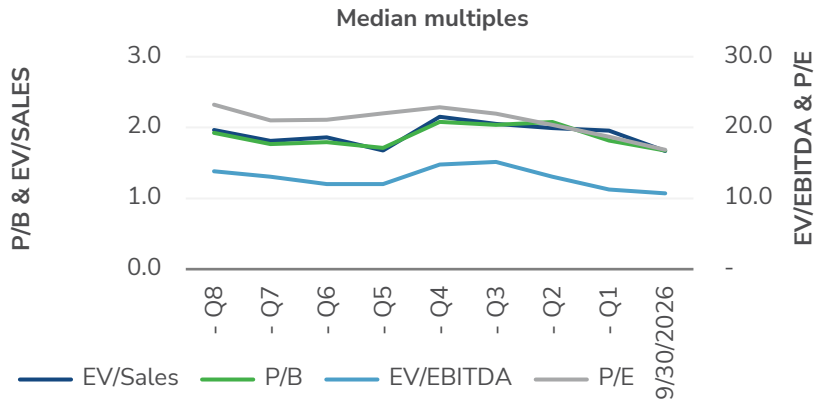


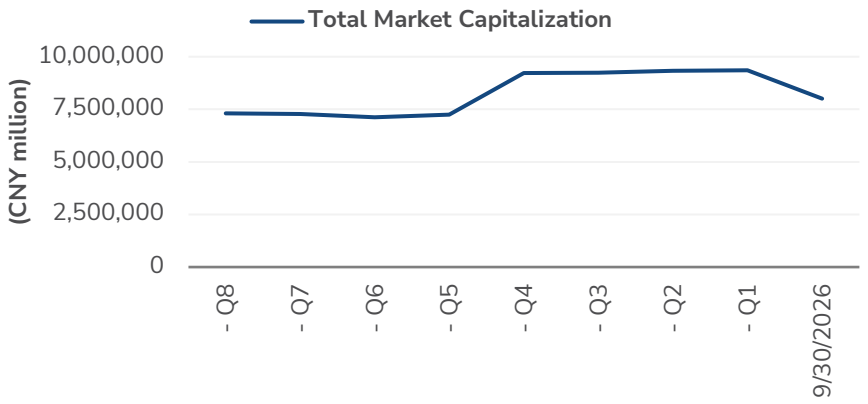


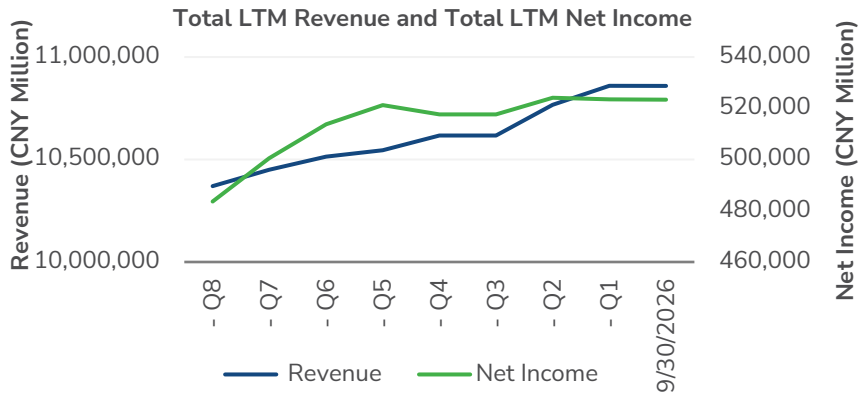
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	77	77	77	77
Number of Outliers	8	7	14	8
Negative Multiples or Multiple Errors				
High	8.8x	55.6x	50.3x	7.4x
Mean	**2.1x**	**13.0x**	**17.8x**	**2.0x**
Median	**1.6x**	**10.5x**	**15.6x**	**1.6x**
Low	0.1x	2.7x	5.3x	0.3x
Low Quartile	0.9x	7.4x	10.5x	1.0x
Upper Quartile	2.3x	14.9x	21.2x	2.5x

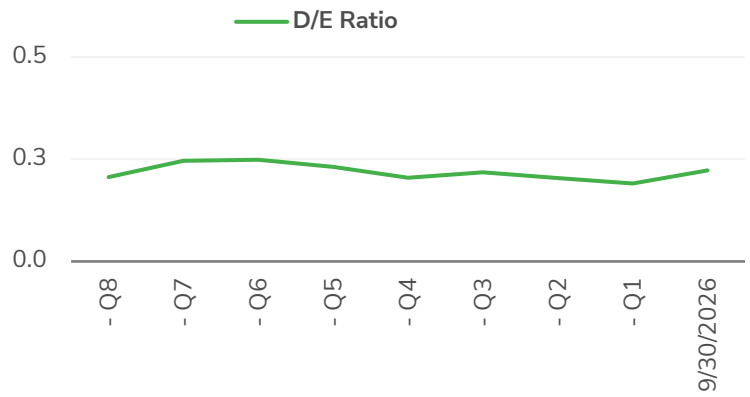
Industrials (cont'd)

As of September 30, 2026



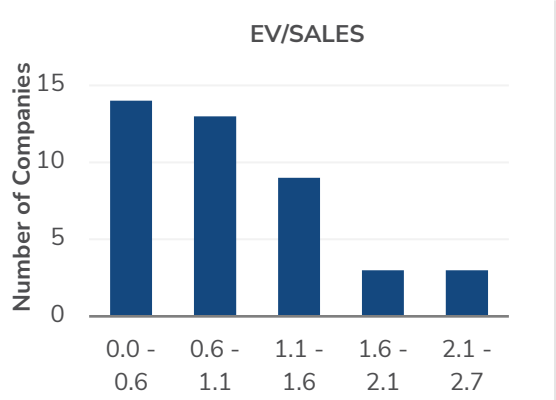


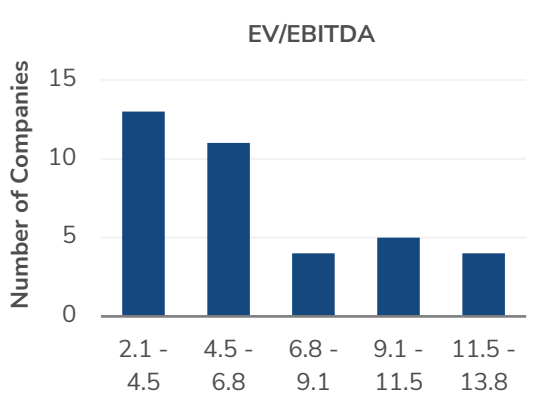


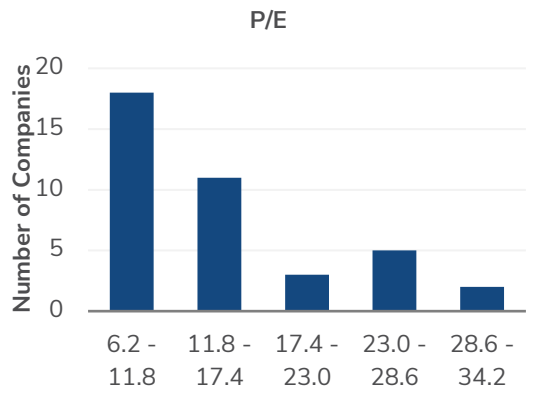


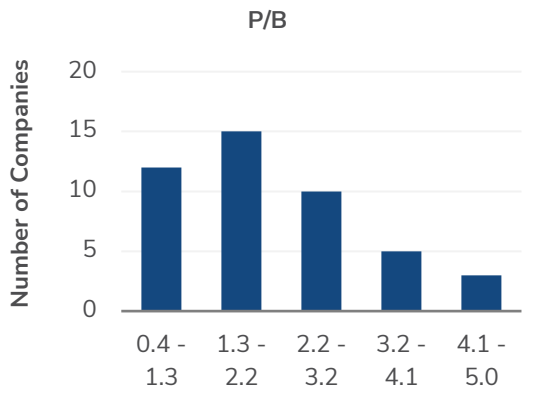
Consumer Discretionary

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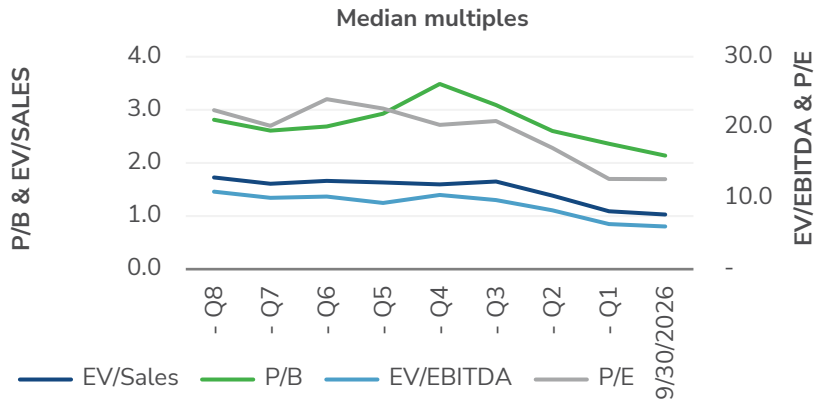


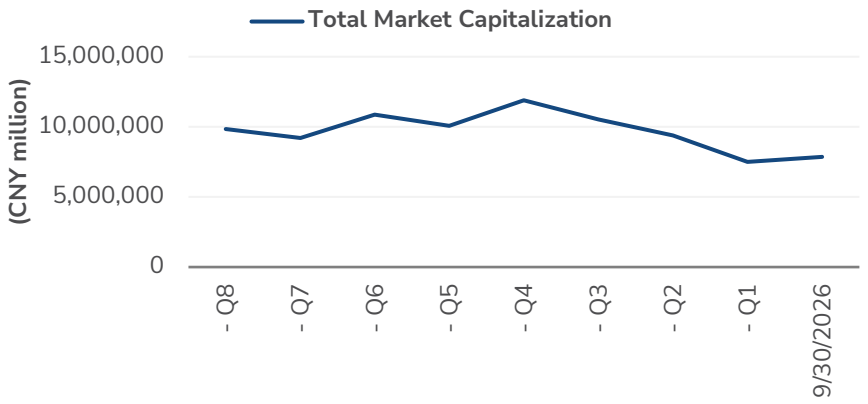


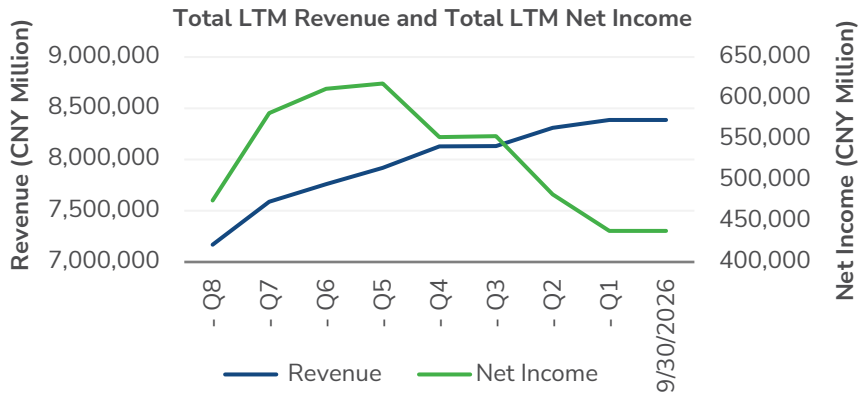
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	49	49	49	49
Number of Outliers	7	12	10	4
Negative Multiples or Multiple Errors				
High	2.7x	13.8x	34.2x	5.0x
Mean	**0.9x**	**6.5x**	**14.4x**	**2.2x**
Median	**0.9x**	**5.7x**	**13.5x**	**2.1x**
Low	0.0x	2.1x	6.2x	0.4x
Low Quartile	0.3x	3.8x	8.9x	1.2x
Upper Quartile	1.3x	8.9x	17.6x	2.9x

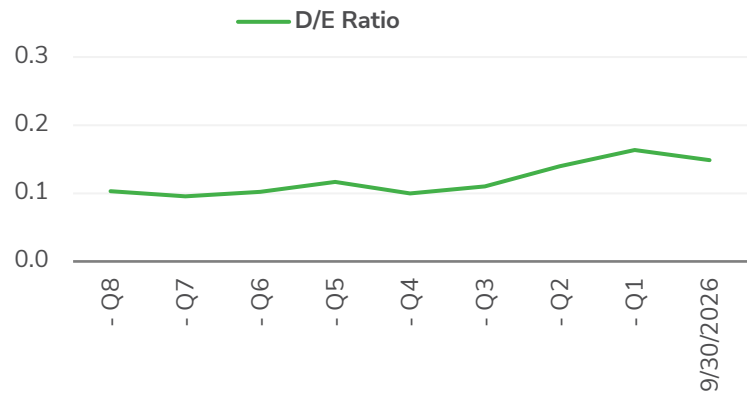
Consumer Discretionary (cont'd)

As of September 30, 2026



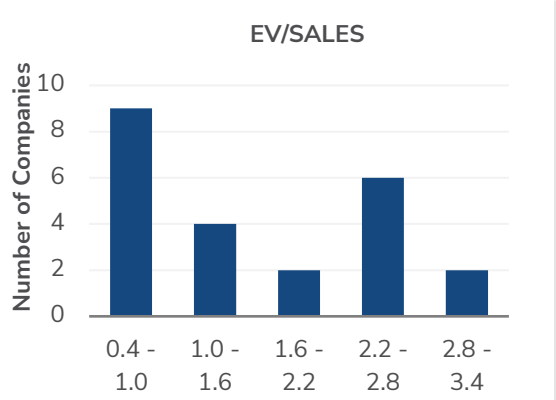


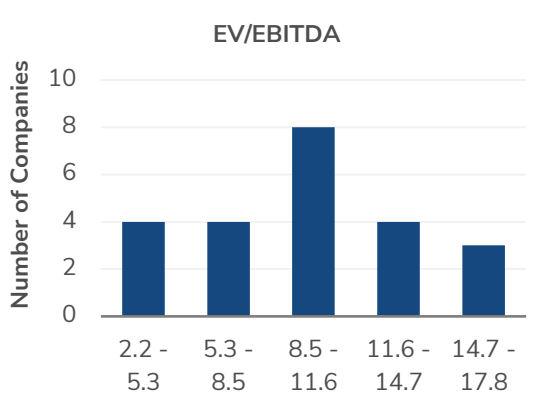


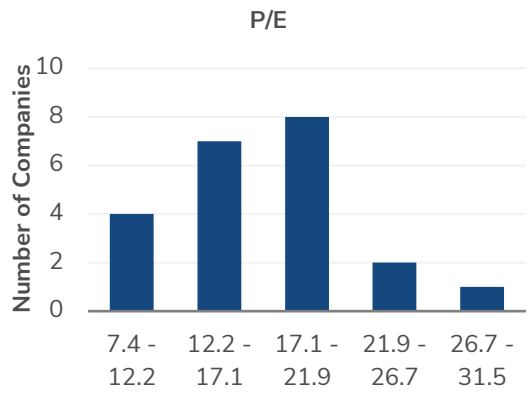


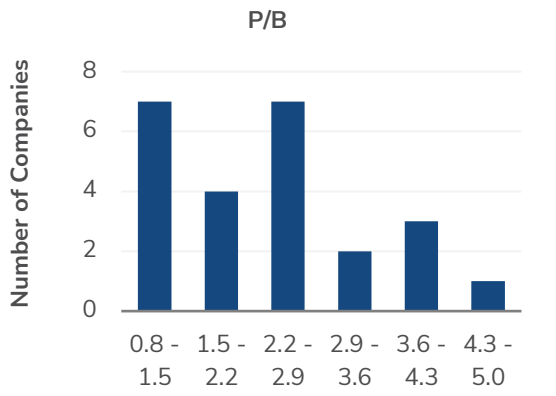
Consumer Staples

As of September 30, 2026





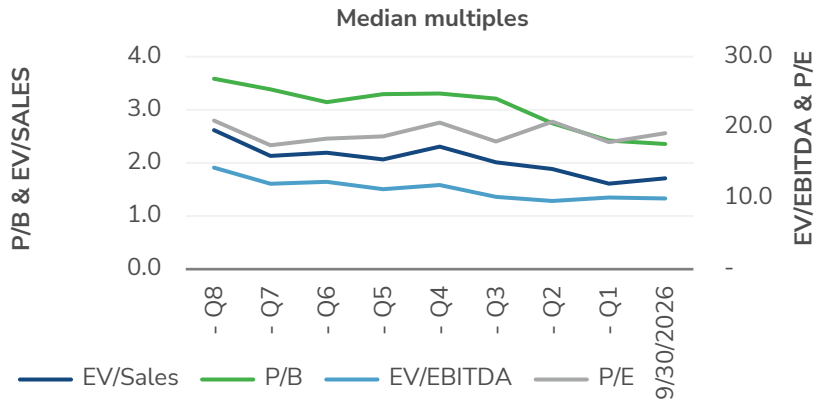


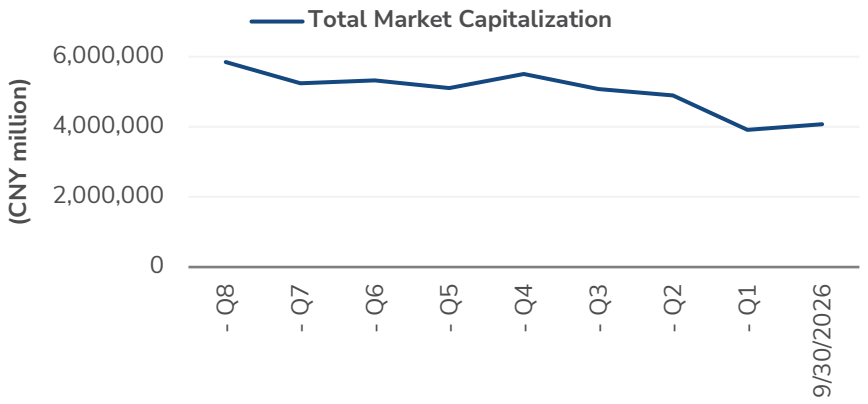


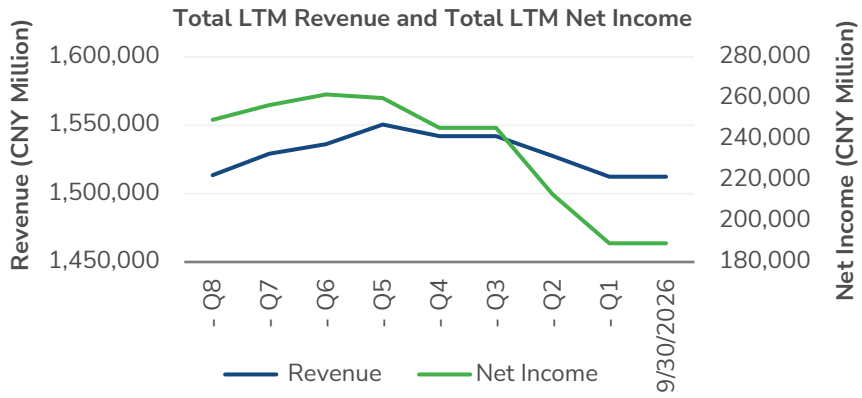
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	27	27	27	27
Number of Outliers	4	4	5	3
Negative Multiples or Multiple Errors				
High	3.4x	17.8x	31.5x	4.3x
Mean	**1.6x**	**9.7x**	**17.3x**	**2.3x**
Median	**1.2x**	**9.6x**	**16.7x**	**2.3x**
Low	0.4x	2.2x	7.4x	0.8x
Low Quartile	0.8x	6.5x	13.4x	1.5x
Upper Quartile	2.4x	13.2x	20.7x	2.9x

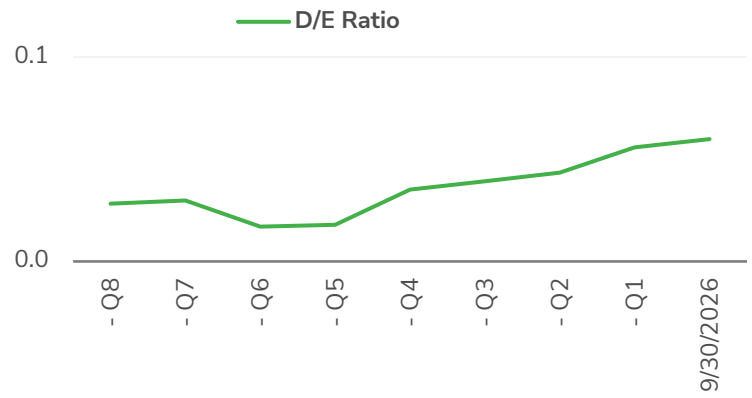
Consumer Staples (cont'd)

As of September 30, 2026



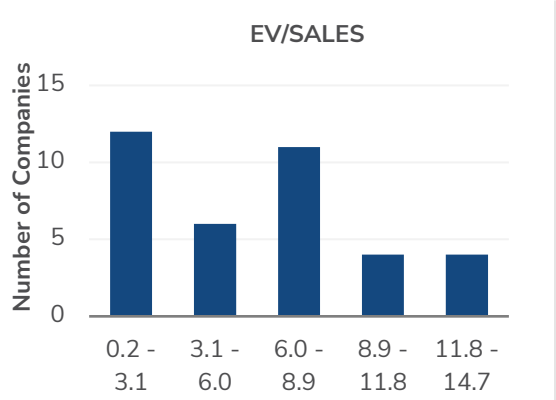


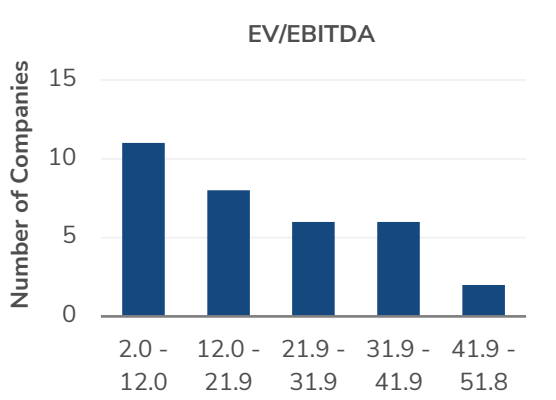


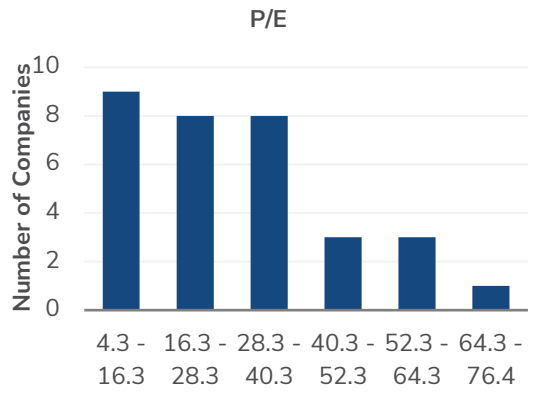


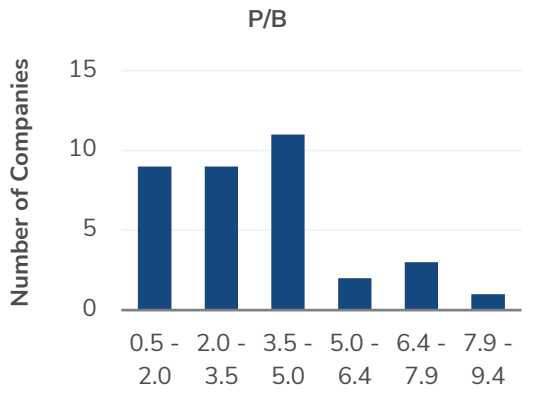
Health Care

As of September 30, 2026





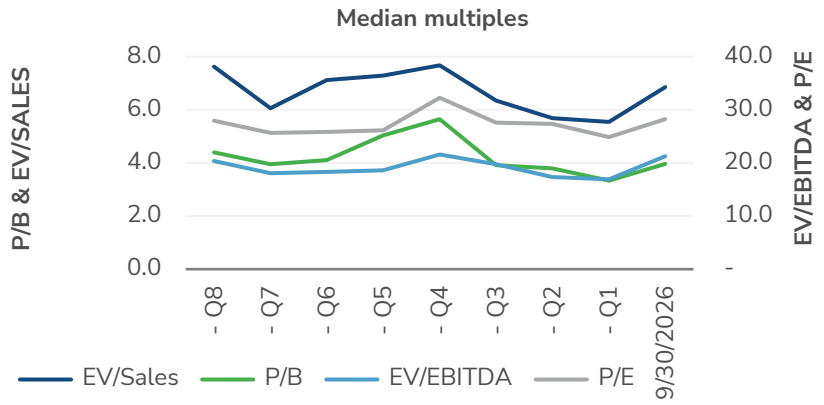


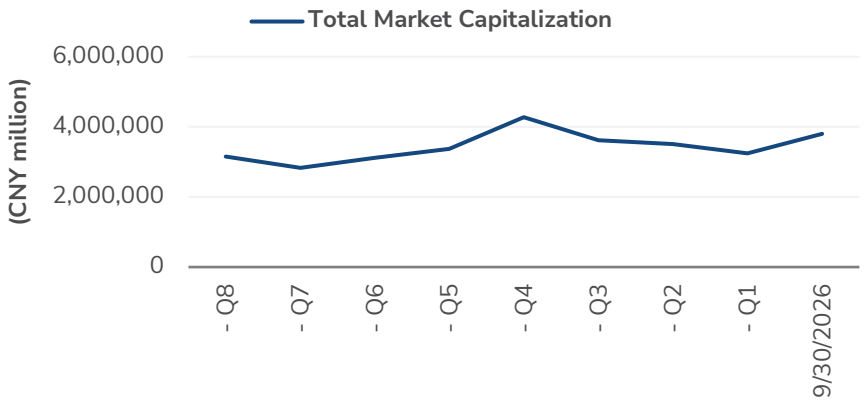


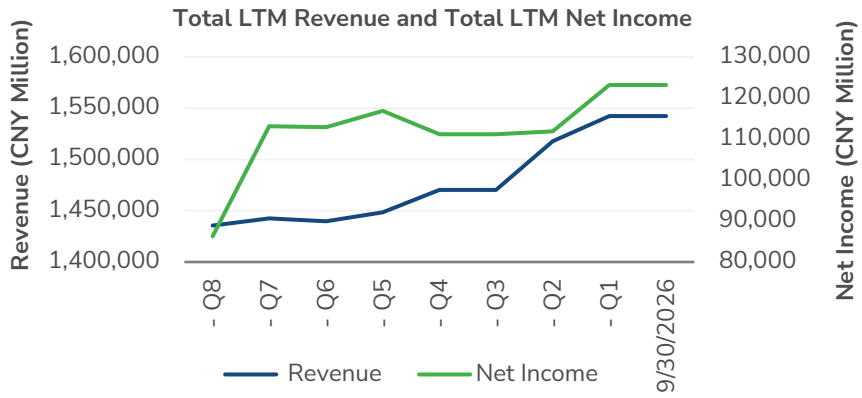
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	41	41	41	41
Number of Outliers	4	8	9	6
Negative Multiples or Multiple Errors				
High	14.7x	51.8x	64.3x	7.9x
Mean	**6.1x**	**20.8x**	**29.7x**	**3.6x**
Median	**6.2x**	**18.0x**	**26.8x**	**3.3x**
Low	0.2x	2.0x	4.3x	0.5x
Low Quartile	2.5x	9.7x	13.8x	2.1x
Upper Quartile	8.5x	30.4x	39.6x	4.8x

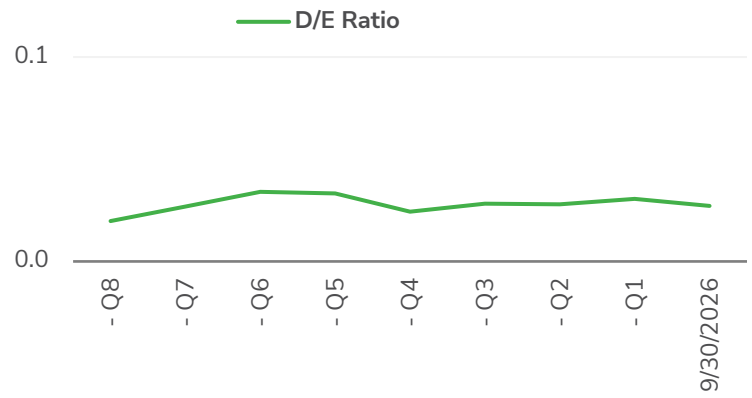
Health Care (cont'd)

As of September 30, 2026



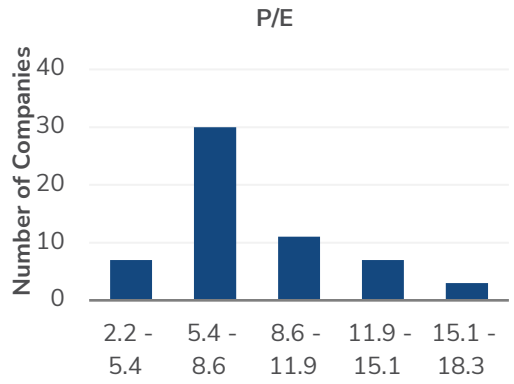


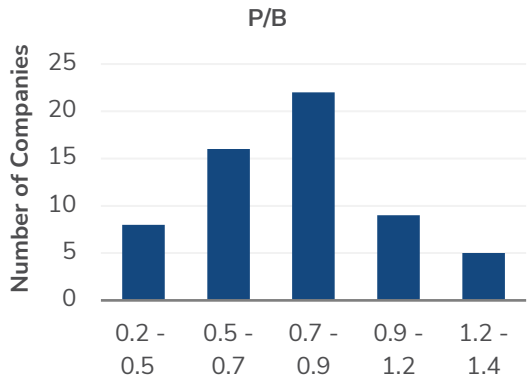


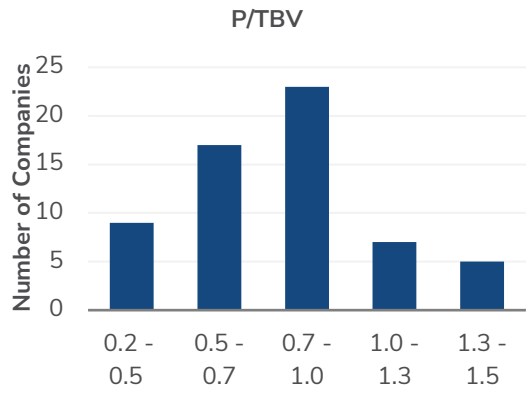


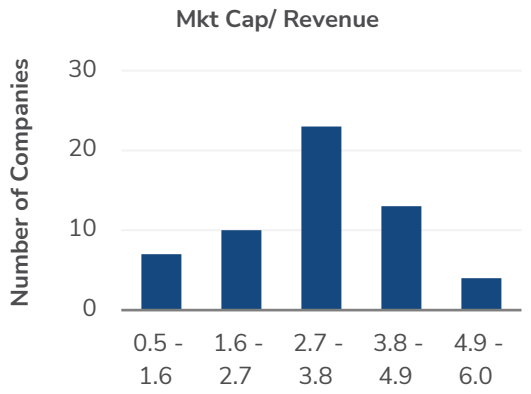
Financials

As of September 30, 2026





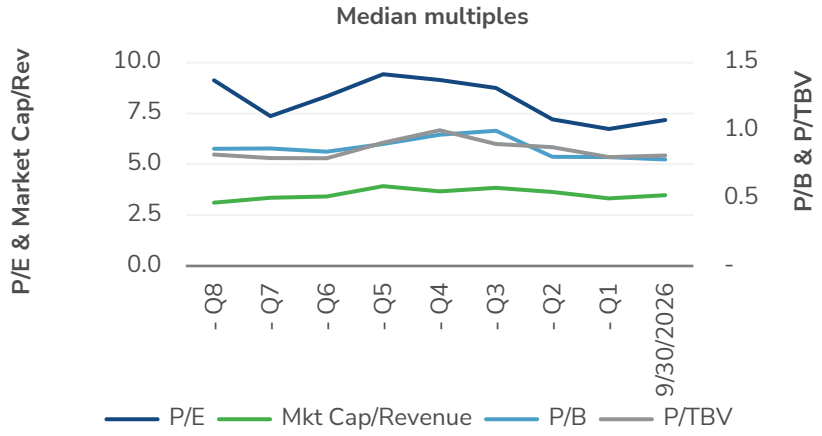


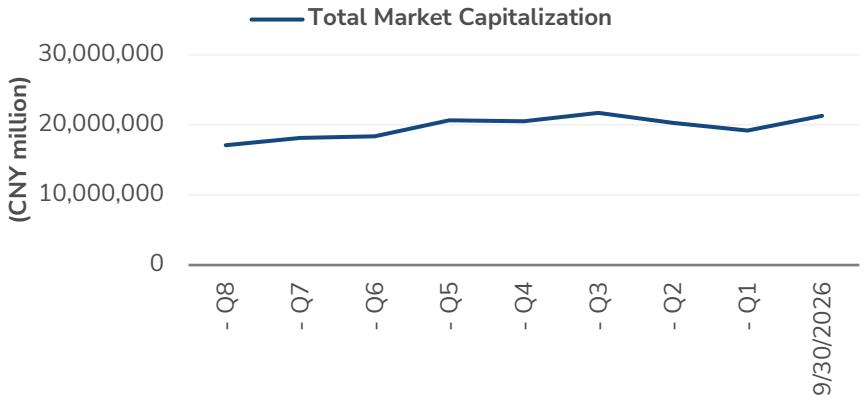


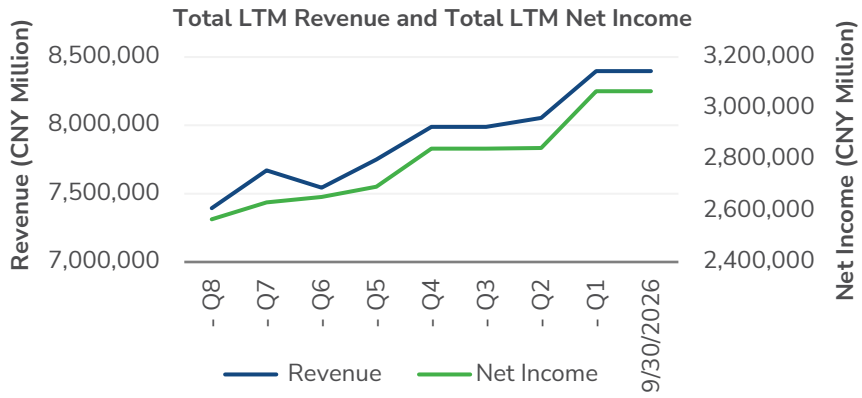
	P/E	P/B	P/TBV	Mkt Cap/ Revenue
Number of Observations	64	64	64	64
Number of Outliers	6	4	3	7
Negative Multiples or Multiple Errors				
High	18.3x	1.4x	1.5x	6.0x
Mean	**8.5x**	**0.8x**	**0.8x**	**3.2x**
Median	**7.8x**	**0.8x**	**0.8x**	**3.3x**
Low	2.2x	0.2x	0.2x	0.5x
Low Quartile	6.2x	0.6x	0.6x	2.5x
Upper Quartile	10.0x	0.9x	1.0x	3.8x

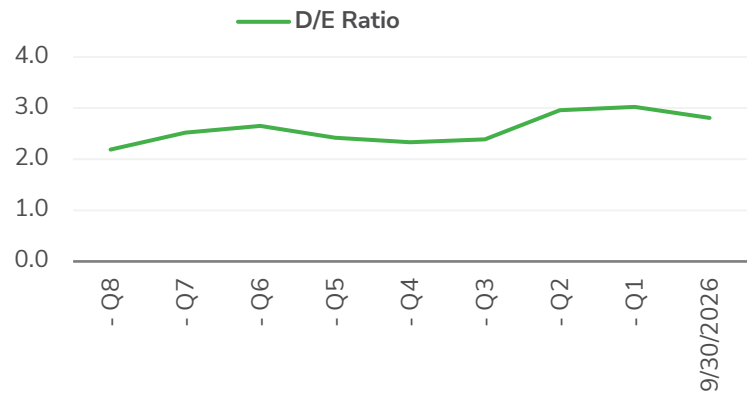
Financials (cont'd)

As of September 30, 2026



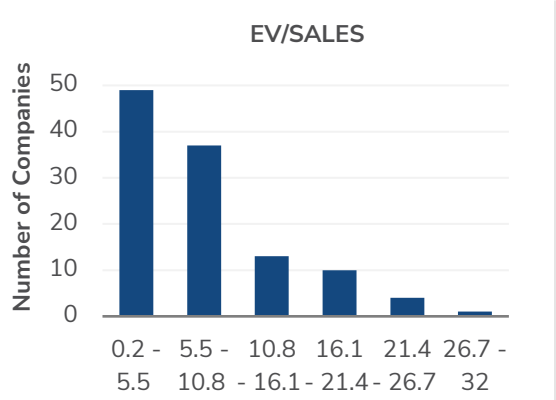


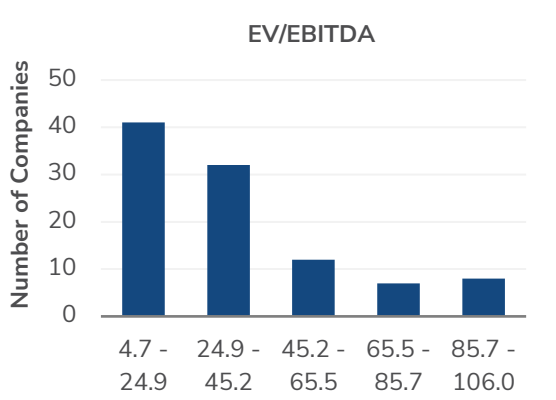


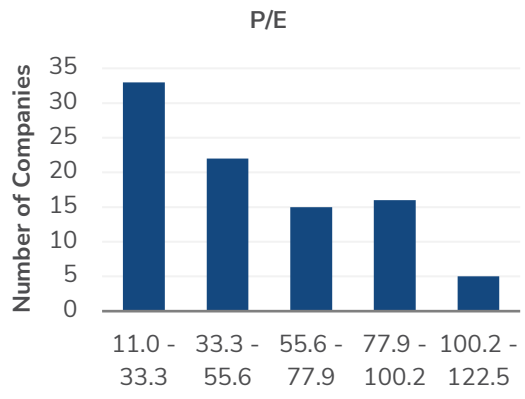


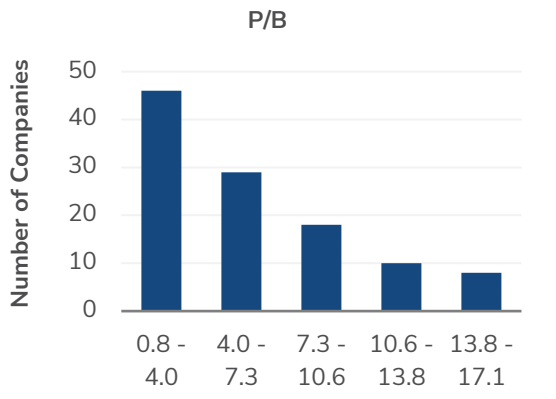
Information Technology

As of September 30, 2026





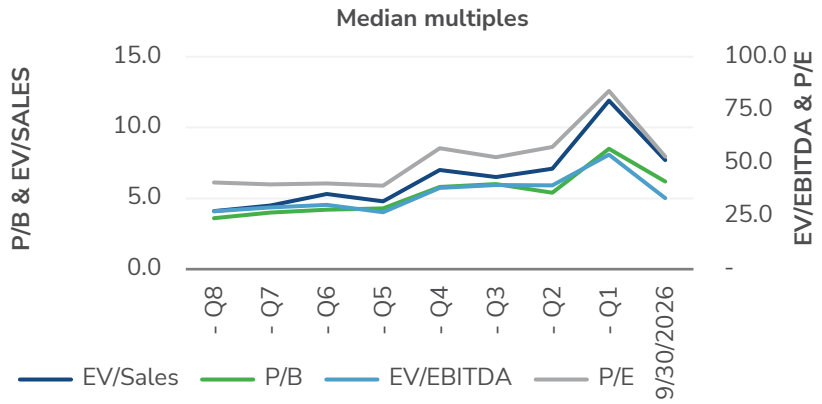


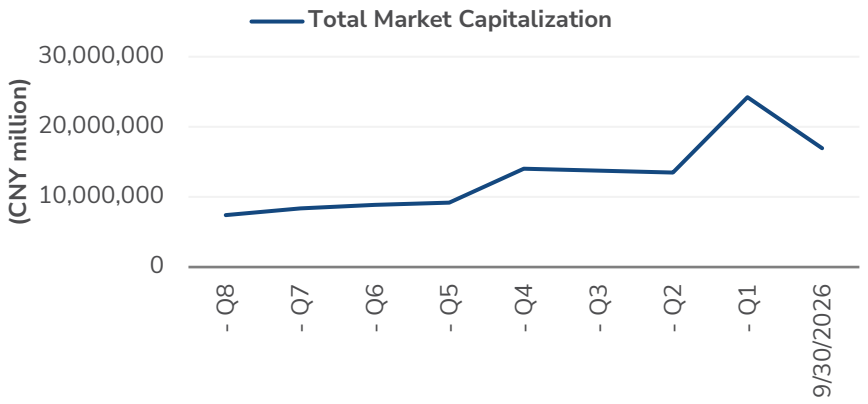


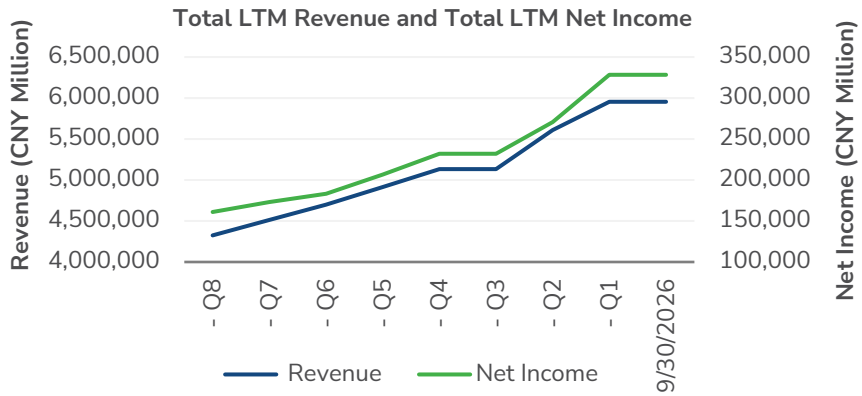
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	130	130	130	130
Number of Outliers	16	30	39	19
Negative Multiples or Multiple Errors				
High	26.7x	106.0x	122.5x	17.1x
Mean	**7.8x**	**37.3x**	**51.5x**	**6.3x**
Median	**6.4x**	**31.6x**	**46.5x**	**5.3x**
Low	0.2x	4.7x	11.0x	0.8x
Low Quartile	2.1x	18.6x	27.9x	3.1x
Upper Quartile	10.5x	46.3x	71.3x	9.2x

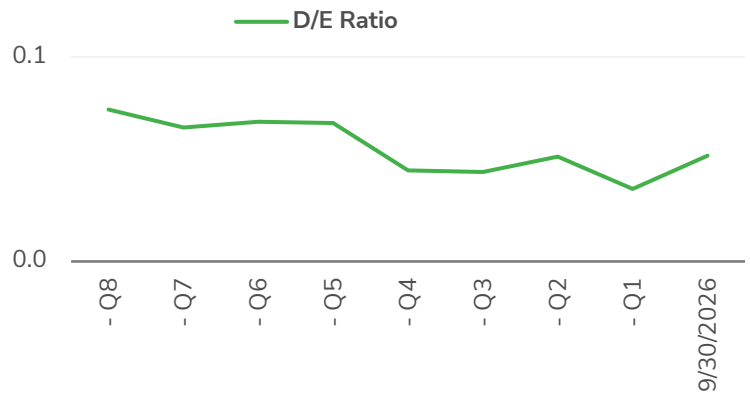
Information Technology (cont'd)

As of September 30, 2026



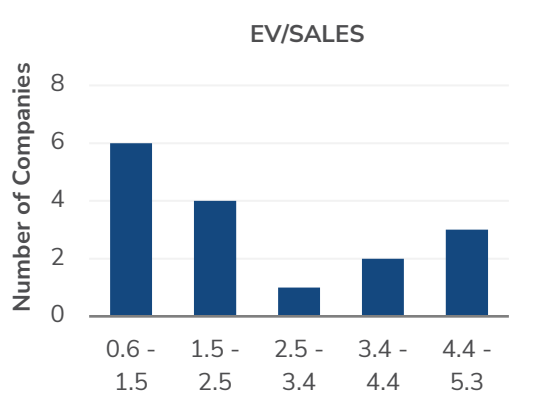


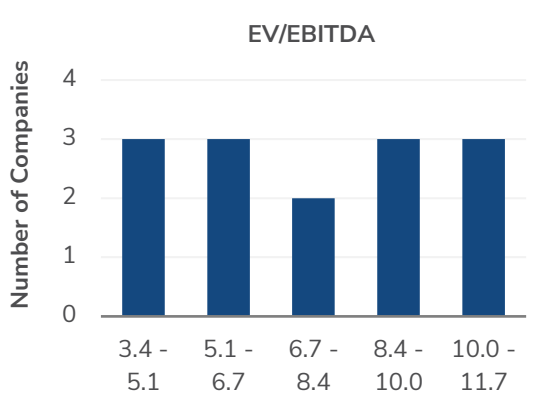


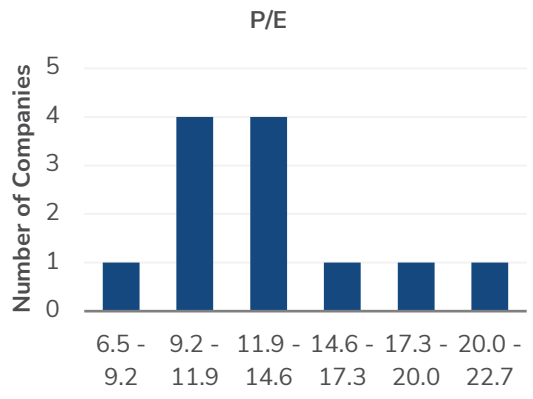


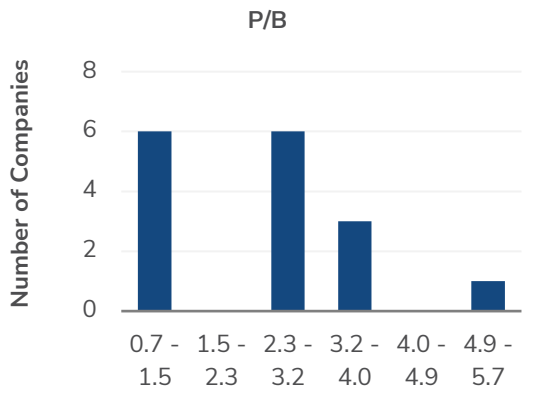
Communication Services

As of September 30, 2026





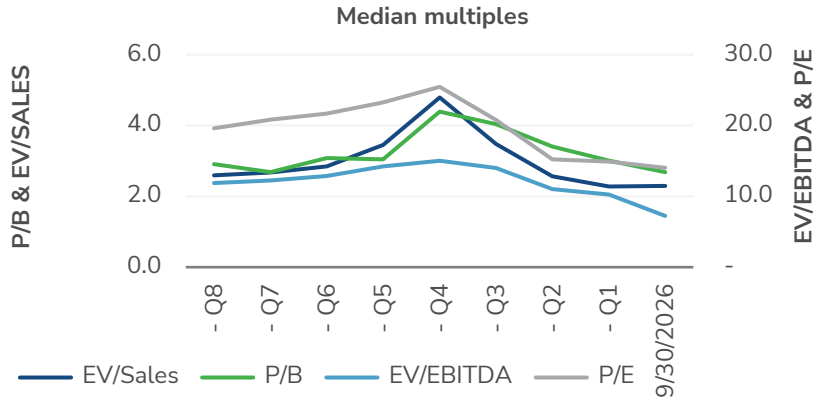


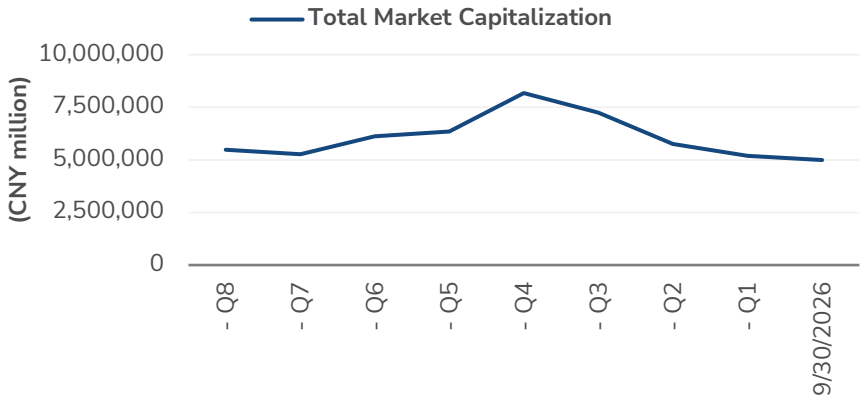


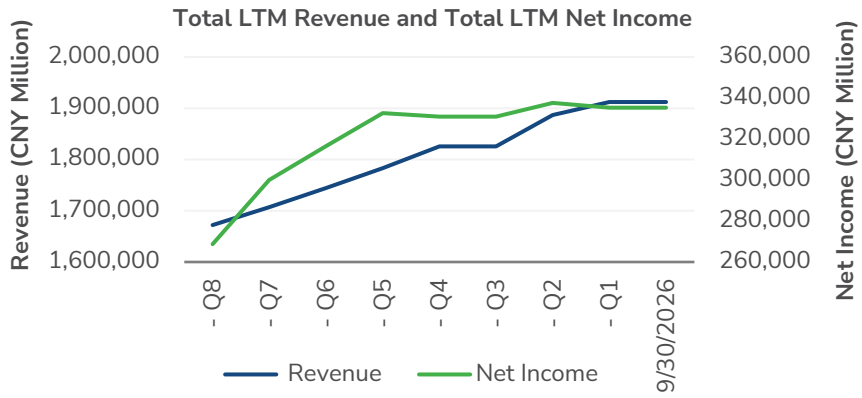
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	17	17	17	17
Number of Outliers	1	3	5	1
Negative Multiples or Multiple Errors				
High	5.3x	11.7x	20.0x	4.9x
Mean	**2.5x**	**7.5x**	**13.3x**	**2.4x**
Median	**2.3x**	**7.0x**	**13.6x**	**2.7x**
Low	0.6x	3.4x	6.5x	0.7x
Low Quartile	1.0x	6.0x	10.2x	1.1x
Upper Quartile	3.9x	9.2x	14.7x	3.2x

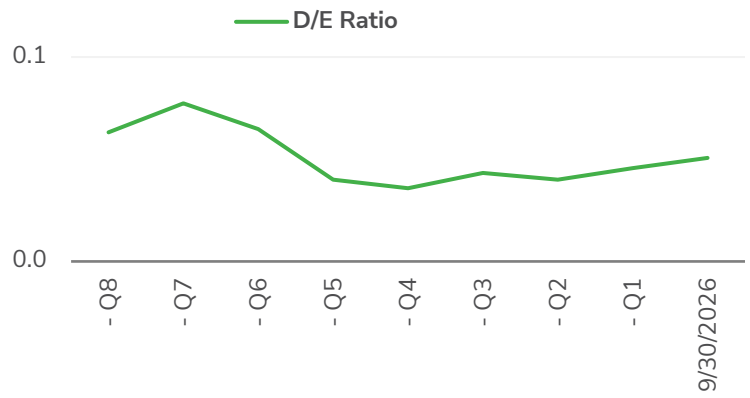
Communication Services (cont'd)

As of September 30, 2026



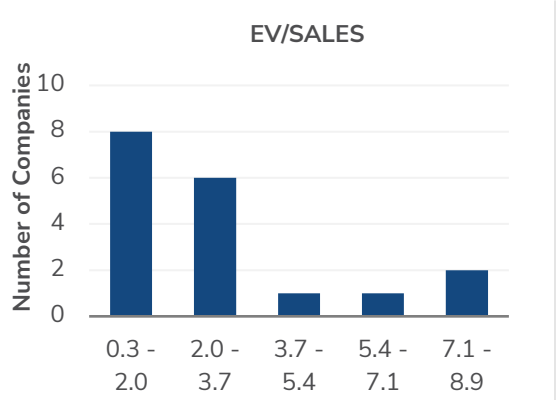


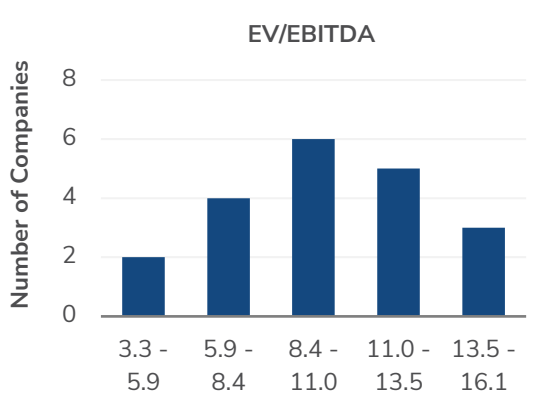


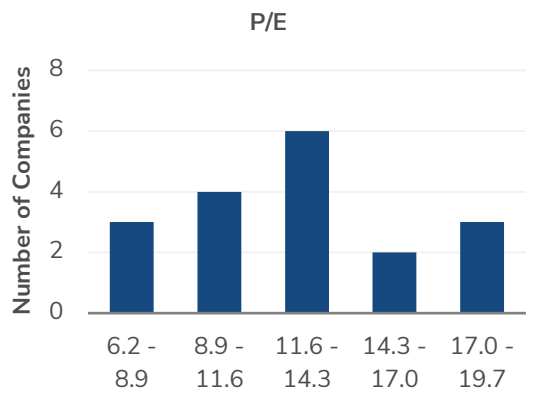


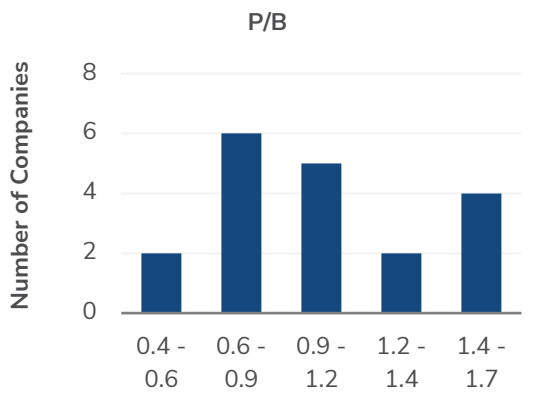
Utilities

As of September 30, 2026





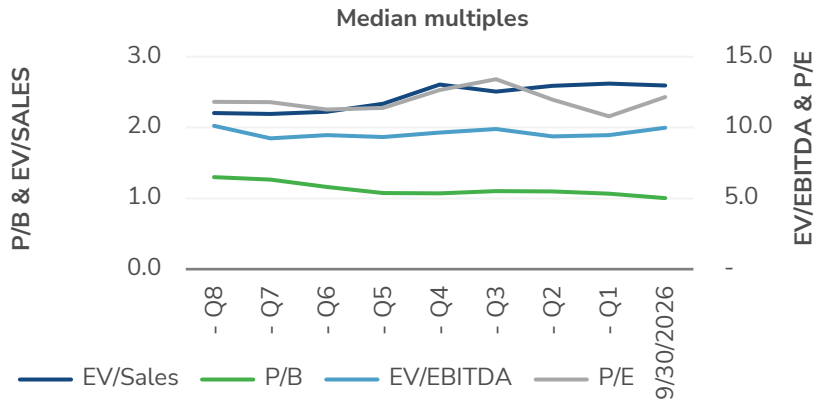


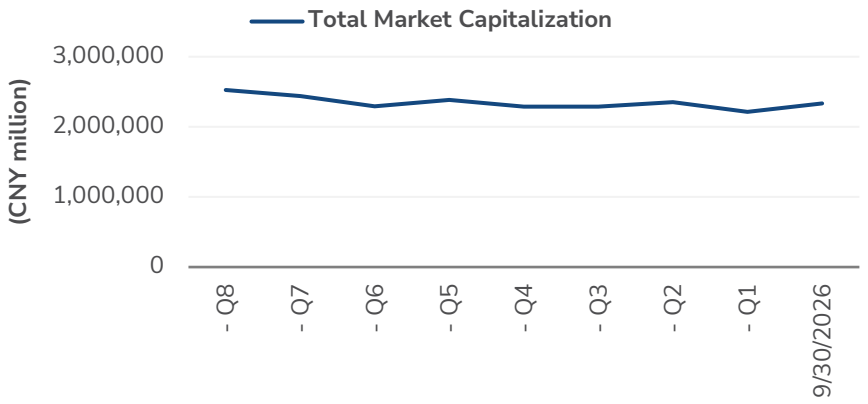


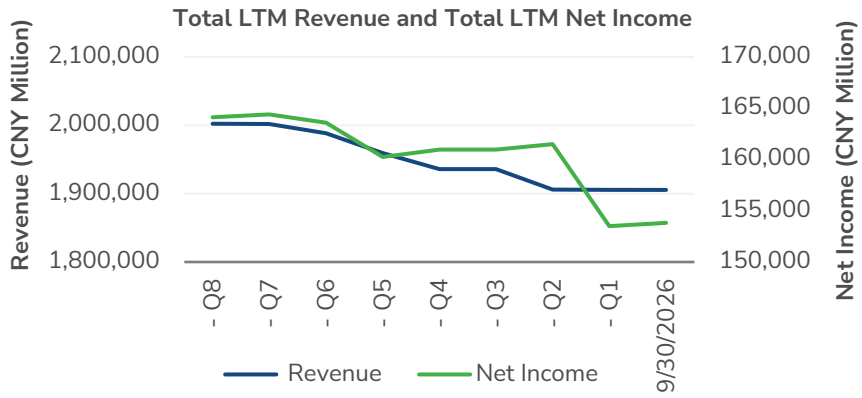
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	22	22	22	22
Number of Outliers	4	2	4	3
Negative Multiples or Multiple Errors				
High	8.9x	16.1x	19.7x	1.7x
Mean	**2.8x**	**10.1x**	**12.5x**	**1.0x**
Median	**2.2x**	**10.1x**	**11.8x**	**1.0x**
Low	0.3x	3.3x	6.2x	0.4x
Low Quartile	1.1x	8.2x	10.4x	0.8x
Upper Quartile	3.1x	11.6x	14.4x	1.2x

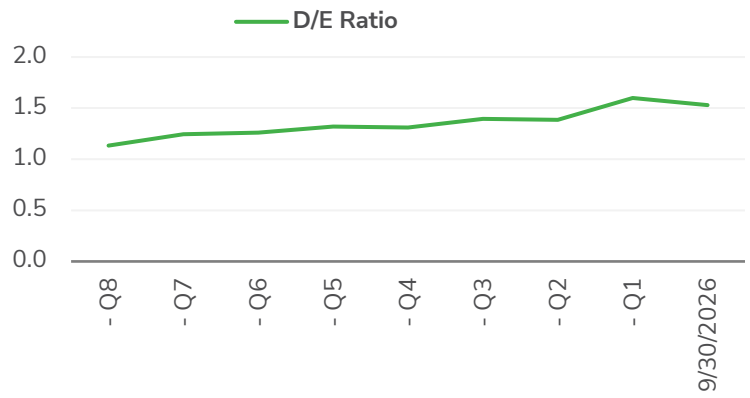
Utilities (cont'd)

As of September 30, 2026



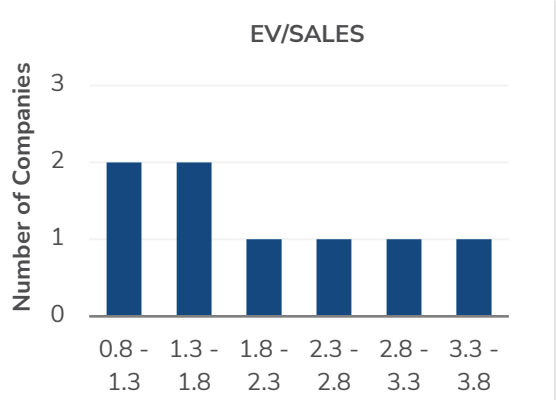


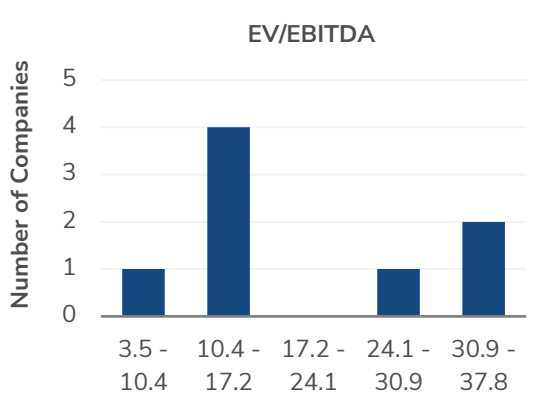


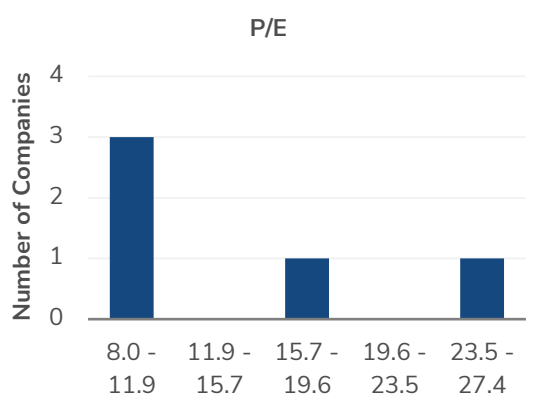


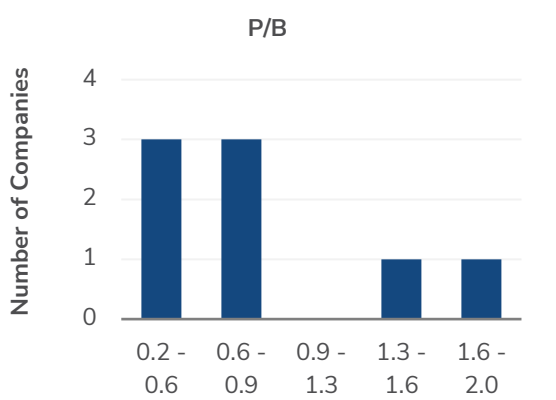
Real Estate

As of September 30, 2026





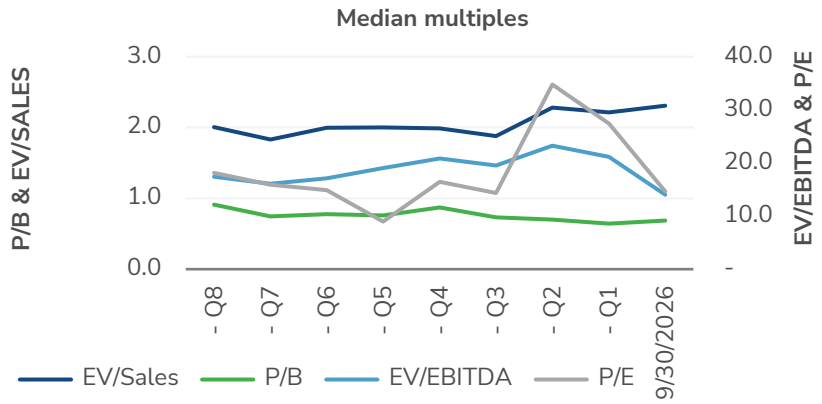


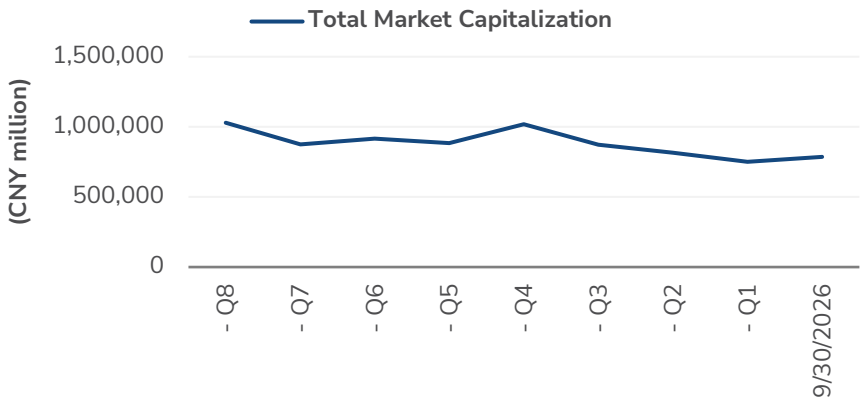


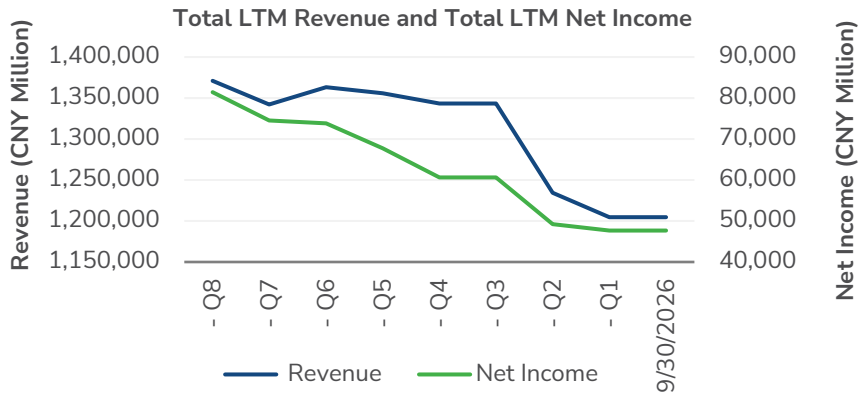
	EV/ Sales	EV/ EBITDA	P/E	P/B
Number of Observations	10	10	10	10
Number of Outliers	2	2	5	2
Negative Multiples or Multiple Errors				
High	3.3x	37.8x	27.4x	2.0x
Mean	**2.0x**	**19.8x**	**14.6x**	**0.8x**
Median	**1.8x**	**13.2x**	**11.1x**	**0.7x**
Low	0.8x	3.5x	8.0x	0.2x
Low Quartile	1.3x	12.1x	8.8x	0.3x
Upper Quartile	2.7x	32.1x	17.8x	0.9x

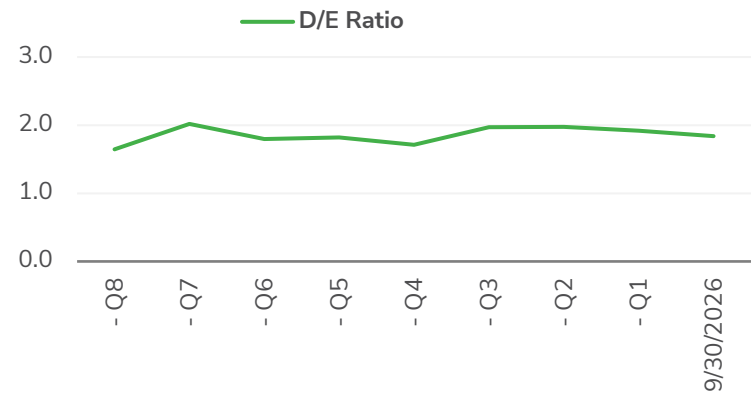
Real Estate (cont'd)

As of September 30, 2026









Sector Definitions

The industry classification for the companies represented in this report is based on the Global Industry Classification Sector(GICS®) effective close of March 17, 2023 published by MSCI Inc.

Sector	
Energy	The Energy Sector comprises companies engaged in exploration & production, refining & marketing, and storage & transportation of oil & gas and coal & consumable fuels. It also includes companies that offer oil & gas equipment and services.
Materials	The Materials Sector includes companies that manufacture chemicals, construction materials, forest products, glass, paper and related packaging products, and metals, minerals and mining companies, including producers of steel.
Industrials	The Industrials Sector includes manufacturers and distributors of capital goods such as aerospace & defense, building products, electrical equipment and machinery and companies that offer construction & engineering services. It also includes providers of commercial & professional services including printing, environmental and facilities services, office services & supplies, security & alarm services, human resource & employment services, research & consulting services. It also includes companies that provide transportation services.
Consumer Discretionary	The Consumer Discretionary Sector encompasses those businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automobiles & components, household durable goods, leisure products and textiles & apparel. The services segment includes hotels, restaurants, and other leisure facilities. It also includes distributors and retailers of consumer discretionary products.
Consumer Staples	The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes distributors and retailers of consumer staples products including food & drug retailing companies.
Health Care	The Health Care Sector includes health care providers & services, companies that manufacture and distribute health care equipment & supplies, and health care technology companies. It also includes companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.
Financials	The Financials Sector contains companies engaged in banking, financial services, consumer finance, capital markets and insurance activities. It also includes Financial Exchanges & Data and Mortgage REITs.

Sector Definitions (cont'd)

Sector	
Information Technology	The Information Technology Sector comprises companies that offer software and information technology services, manufacturers and distributors of technology hardware & equipment such as communications equipment, cellular phones, computers & peripherals, electronic equipment and related instruments, and semiconductors and related equipment & materials.
Communication Services	The Communication Services Sector includes companies that facilitate communication and offer related content and information through various mediums. It includes telecom and media & entertainment companies including producers of interactive gaming products and companies engaged in content and information creation or distribution through proprietary platforms.
Utilities	The Utilities Sector comprises utility companies such as electric, gas and water utilities. It also includes independent power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources.
Real Estate	The Real Estate Sector contains companies engaged in real estate development and operation. It also includes companies offering real estate related services and Equity Real Estate Investment Trusts (REITs).

Methodology

The multiples in this report are based on the MSCI China Index, which aims to cover 85% of the free float market cap across H-shares, A-shares, B-shares, Red-chips, P-chips and foreign listed shares.

Our report provides a detailed overview of the P/B, P/E, EV/EBITDA and EV/sales multiples of companies in the MSCI China Index covering non-financial industries and P/B, P/E, P/TBV and market cap/revenue multiples covering financial industries for which such data is available.

Note:
1) GICS® was used as the basis for industry definitions. An industry must have a minimum of five company participants to be considered for analysis. For all reported multiples in China, we have considered all companies in the MSCI China Index as of Sept. 30, 2026. The MSCI China Index is constructed based on the integrated China equity universe included in the MSCI Emerging Markets Index, providing a standardized definition of the China equity opportunity set. The index aims to represent the performance of large- and mid-cap segments with H-shares, B-shares, red chips, P chips and foreign listings (e.g., ADRs) of Chinese stocks. To avoid duplication, industry multiples for dual-listed companies are based on the shares listed in the Primary Exchange. Source: Index constituents were captured from MSCI's website: https://www.msci.com/china; financial data was derived from Standard & Poor's Capital IQ database.
2) Any outliers in the industry have been excluded from the above analysis. Outliers selection criteria: 1) Negative multiples; 2) multiples at 200 or above; 3) the first highest multiple of an individual industry is above 100 and different from the second highest by more than 60%; 4) multiples that exceed two standard deviations over the median
3) EV = Enterprise value = Market value of equity plus book value of debt plus book value of preferred stock and minority interest less book value of cash and short-term investments, Sales = Revenue for latest 12 months, EBITDA = Lease-adjusted earnings before interest, taxes, depreciation and amortization for latest 12 months, P/E = Market capitalization/net income to common excluding extraordinary items, P/B = Market capitalization/book value of common equity, Market cap/revenue = Market capitalization/ total revenue, P/TBV = Market capitalization/tangible book value. Financial information of companies reflects the latest available information based on company filings as of Sept. 30, 2026.
4) Outliers are excluded in the histograms presented above: "EV/Sales", "EV/EBITDA", "P/E", "P/B", "Mkt Cap/Revenue" and "P/TBV". Outliers are not excluded for time series analysis "Median multiples" in order to accurately assess the change in multiples across time.

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