

McKinsey Value Intelligence | S&CF Practice

# Review of 2024 capital markets performance

January 2025



# Review of 2024 capital markets performance

Global equity markets delivered **total shareholder returns (TSR) of 18% in 2024**, driven by strong returns in North America (25%) which now accounts for 54% of global market capitalization (\$59T of \$109T). China (20%), Asia (14%) and Europe (8%) all delivered positive shareholder returns with other markets being essentially flat

Underneath these aggregates is **huge variance**. The median company returned 8% TSR, less than half of the weighted average of 18%. Average industry returns range from -7% (agriculture) to 55% (semiconductor). Variance is also pronounced within industries, e.g., the median semiconductor company had a negative TSR of -6%.

The world's largest companies continued to play an outsized role. **The 9 companies valued above \$1 trillion added as much market capitalization (\$5.8T) as all other companies combined (also \$5.8T)**. Their aggregated TSR was 42% and 8 of these 9 companies are based in North America

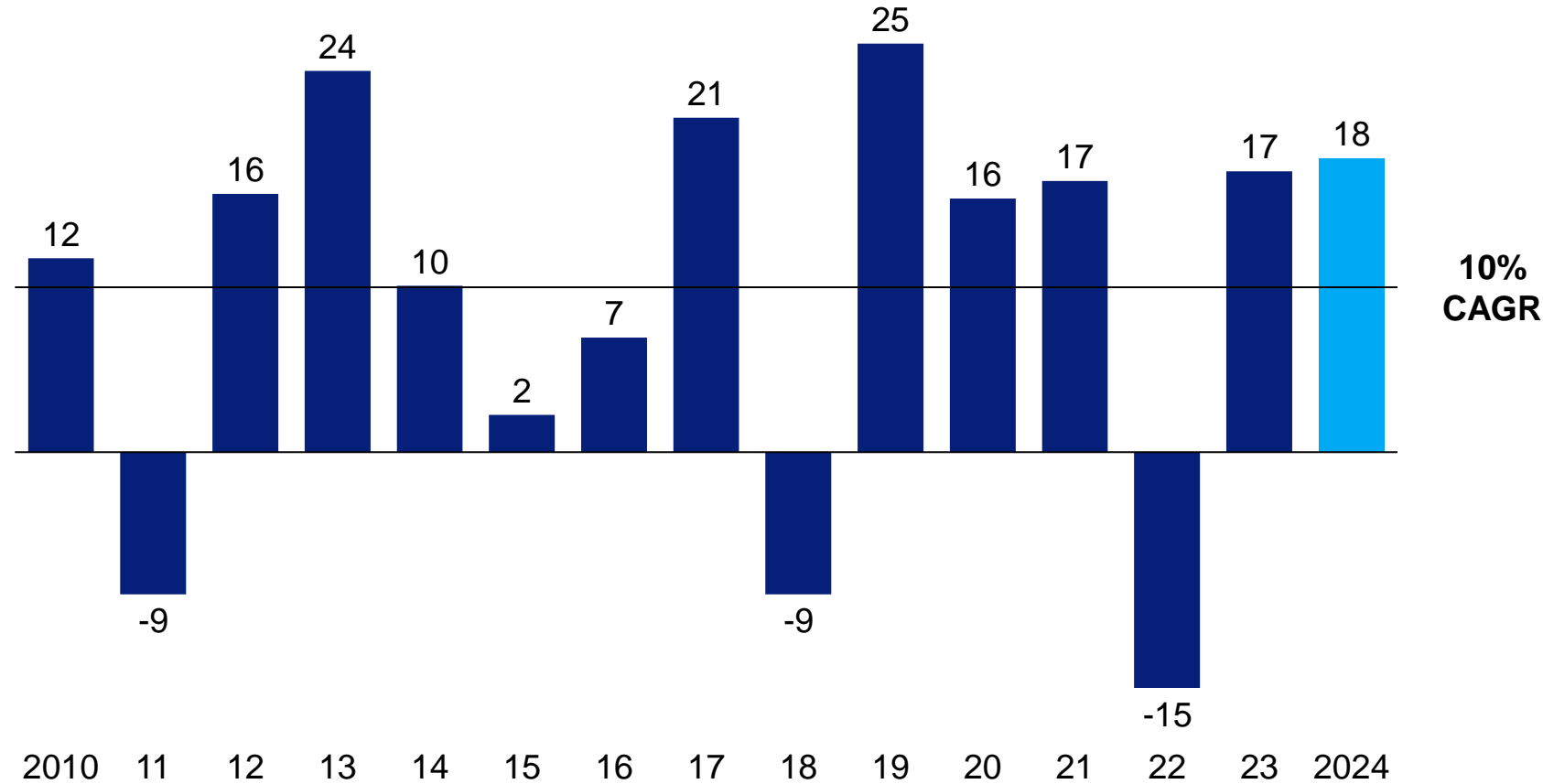
**Rising valuations were a key driver of total returns**. The global market now trades at a **forward P/E Ratio of 20x** (median 19x) – above the long-term average of 16x. Here too there is significant variance. In most industries median multiples are close to long-term averages while weighted average multiples are above

Analysts expect 2025 revenues to grow 5%, EBITDA to grow 9% and net income to grow 10% in 2025. These expectations have come down over the course of 2024

# Global equity markets returned 18% in 2024...

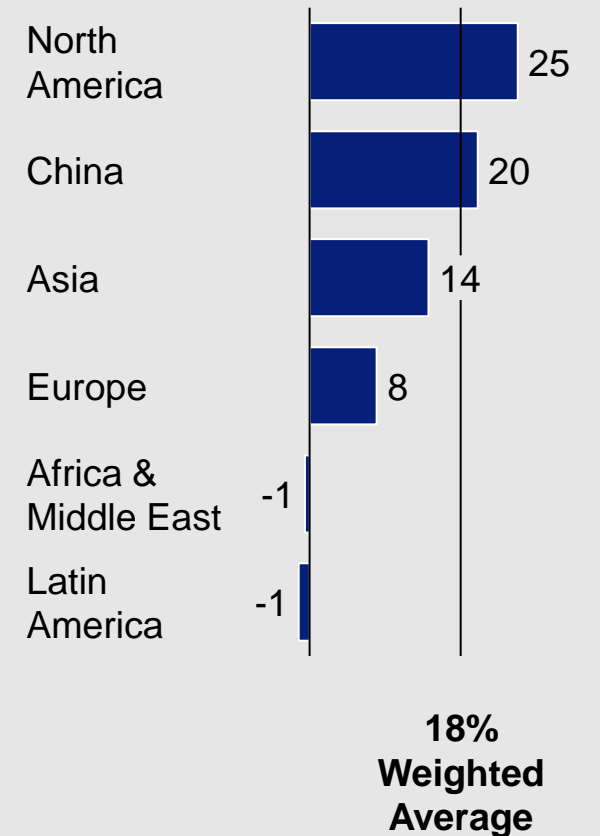
W. Avg. shareholder return in %, 2010 – 2024<sup>1</sup>

As of December 31, 2024



## Returns differed significantly by region

2024 TSR by region in %



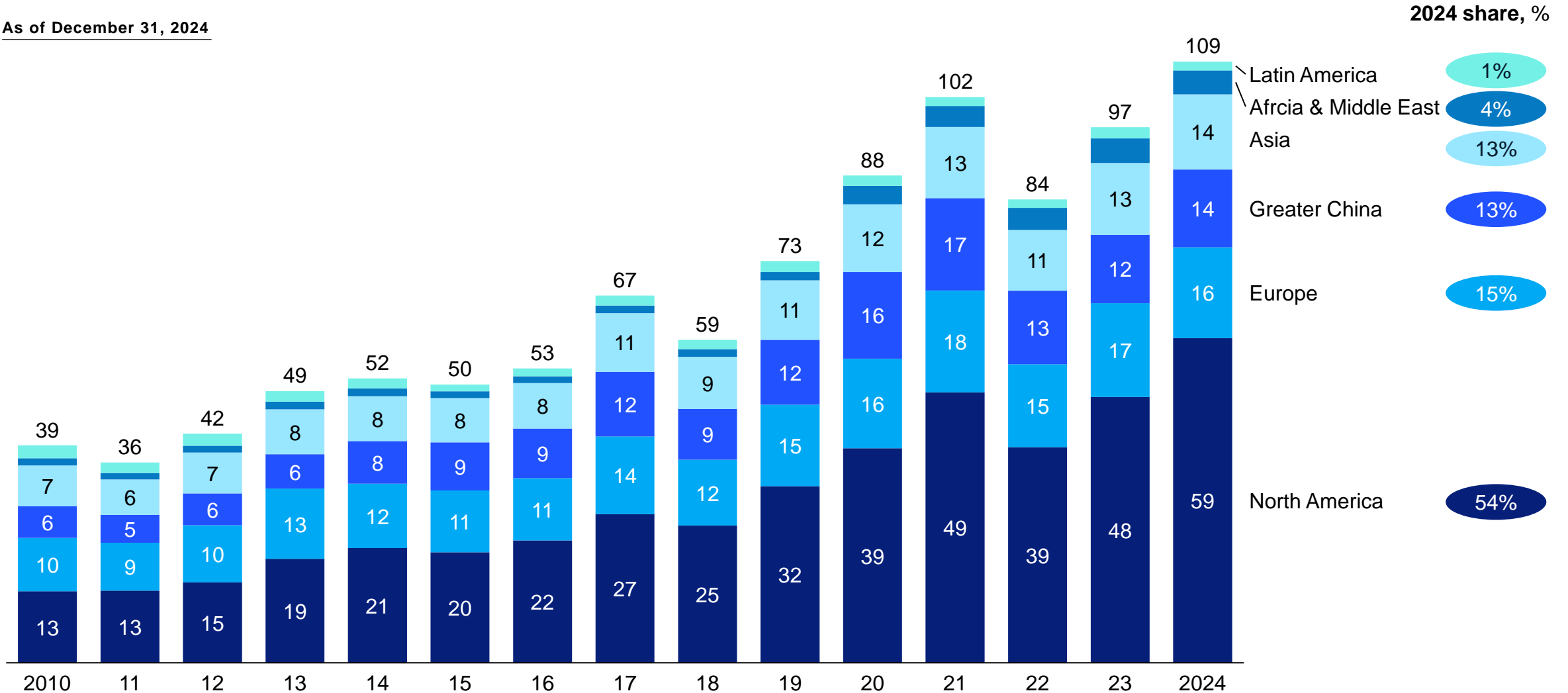
1. Weighted average of the top global 5,000 companies in each year by market capitalization USD

Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# ...as total market capitalization grew to ~\$109 trillion

Global stock market capitalization by region in \$T<sup>1</sup>

As of December 31, 2024

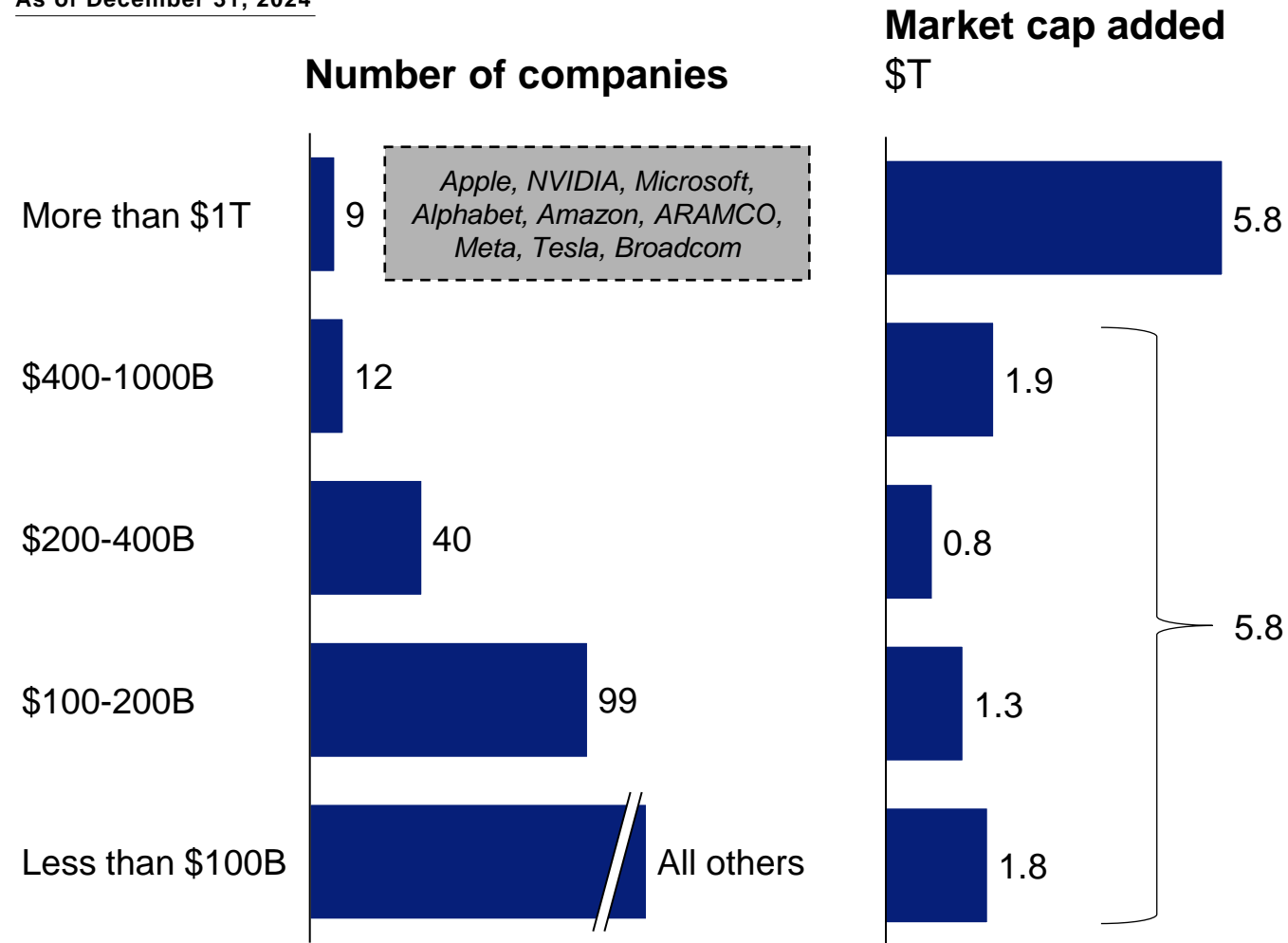


1. Based on global top 5,000 companies in each year by market capitalization in USD  
Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

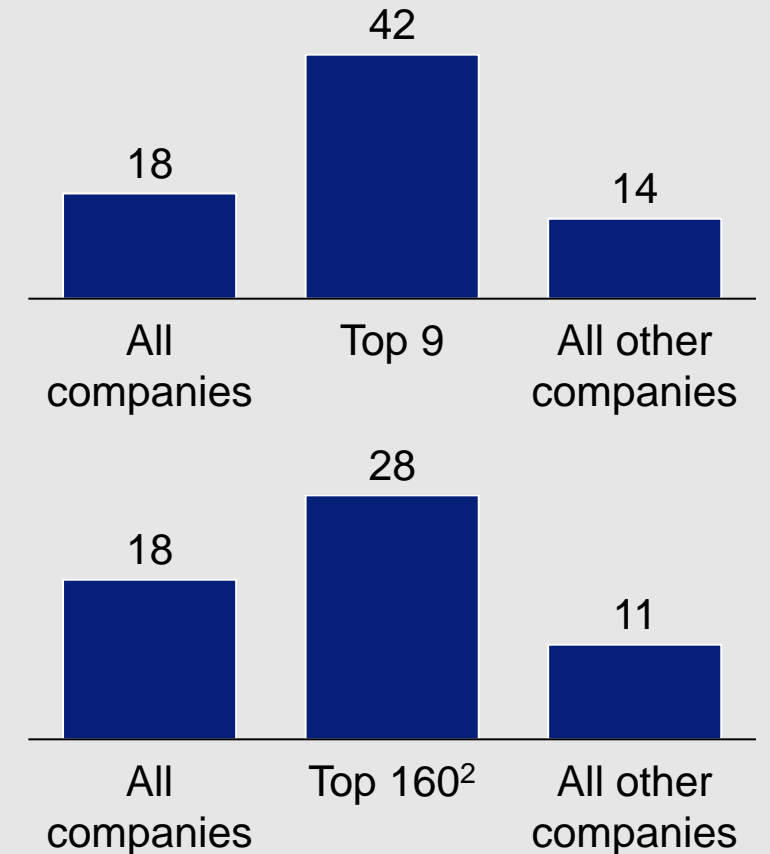
# 9 companies created half of the incremental market value

Market capitalization added in 2024 in \$T<sup>1</sup>

As of December 31, 2024



## Global Market Returns (TSR) 2024 in %

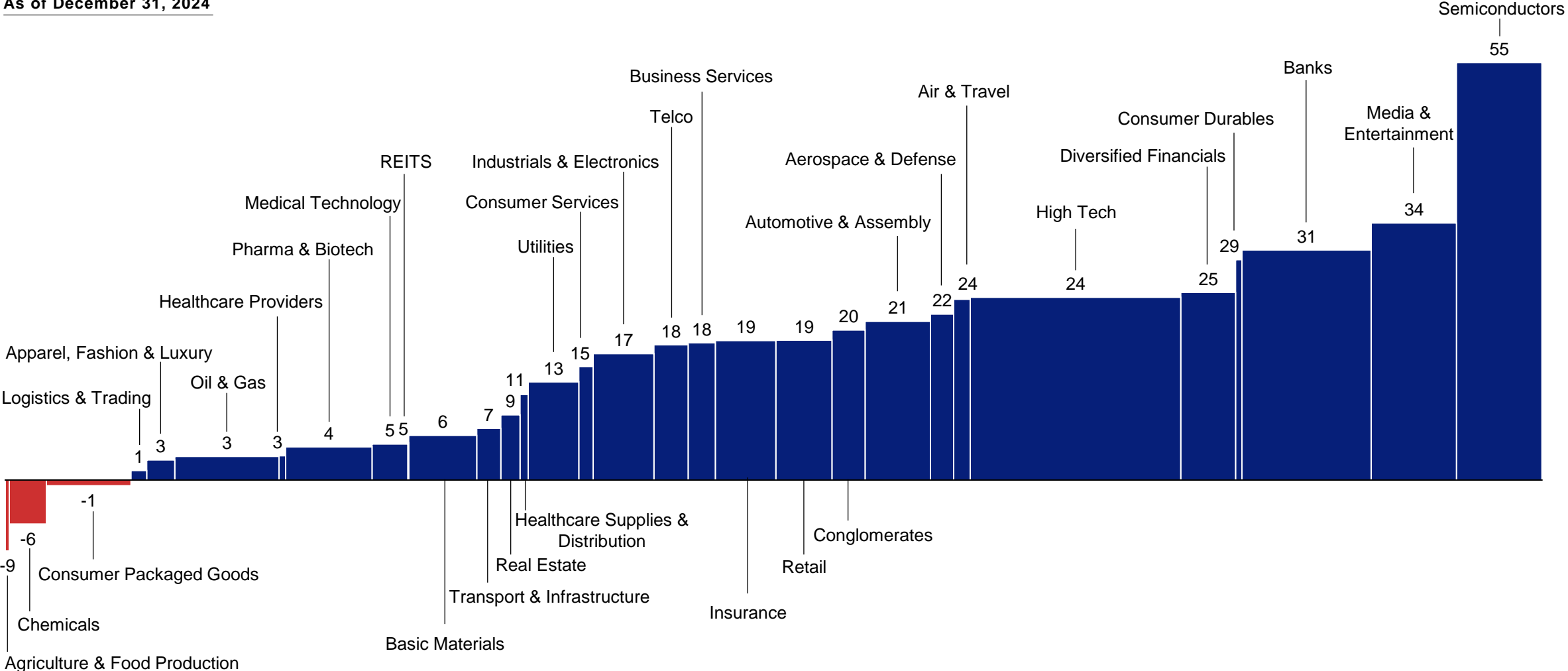


1. Based on the top 5000 companies globally by market cap as of 12/31/2023  
 2. No. of companies above \$100B market capitalization  
 Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# Total returns varied widely between sectors, from -9% to +55%

Weighted Average 2024<sup>2</sup> TSR by industry in %. Width of bar is 2023 market capitalization in \$<sup>1</sup>

As of December 31, 2024

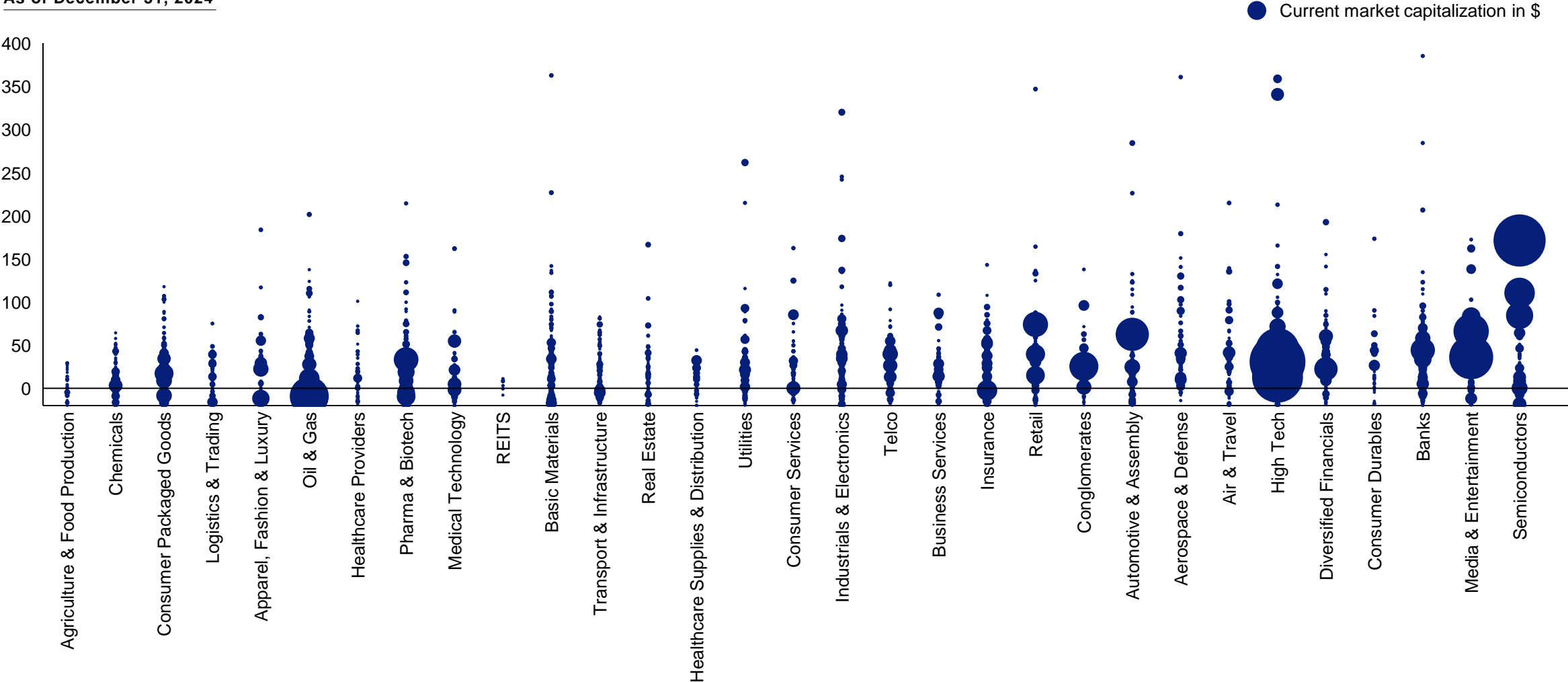


1. Based on the top 5000 companies globally by market cap as of 12/31/2023  
 Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# Variance was also considerable within industries

Distribution of 2024 TSR by industry in %<sup>1,2</sup>

As of December 31, 2024



1. Based on the top 5000 companies globally by market cap as of 12/31/2023

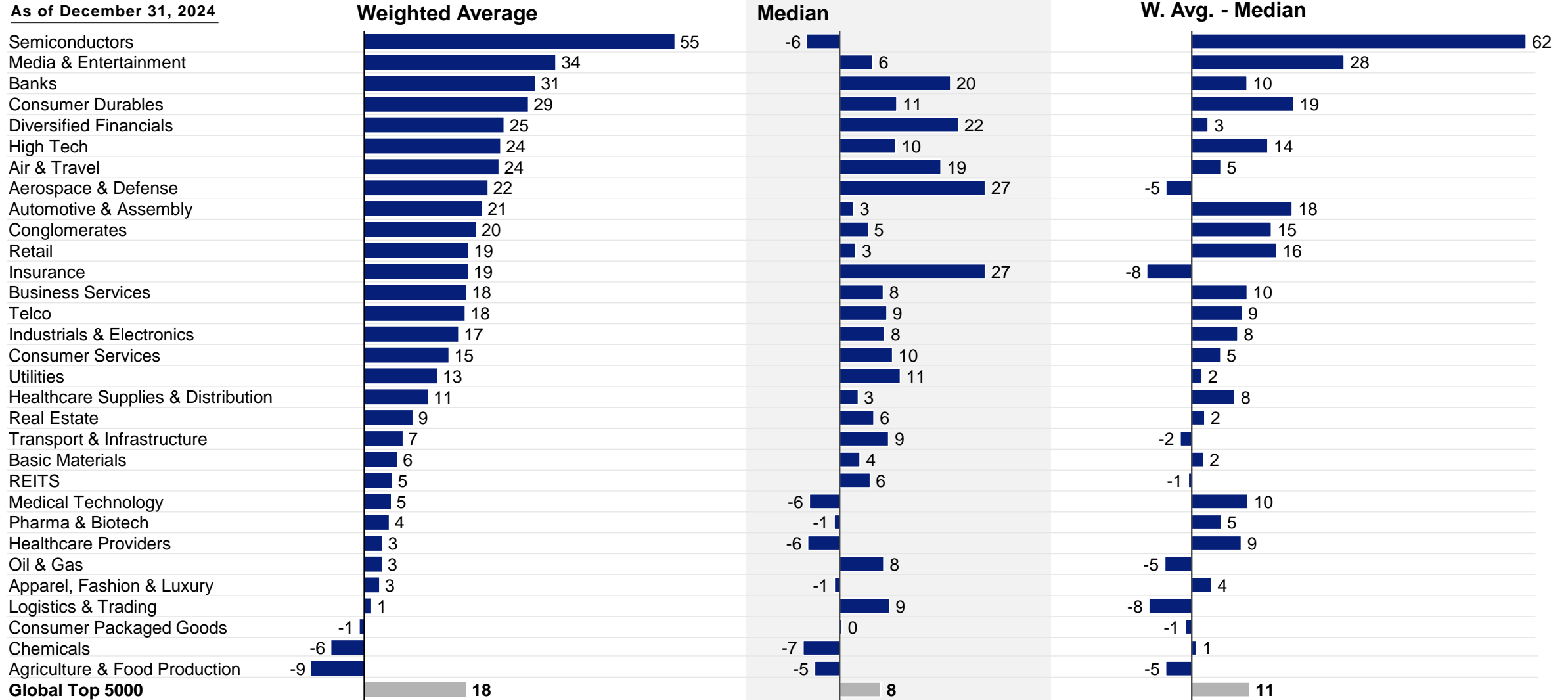
2. Excluding companies with TSR less than -20% and more than 175% (for companies with a market cap less than \$10bn). AppLovin Corporation also excluded from the analysis

Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# In most industries weighted average returns exceeded medians significantly, implying that a subset of companies outperformed

2024 TSR by industry in %<sup>1</sup>

As of December 31, 2024



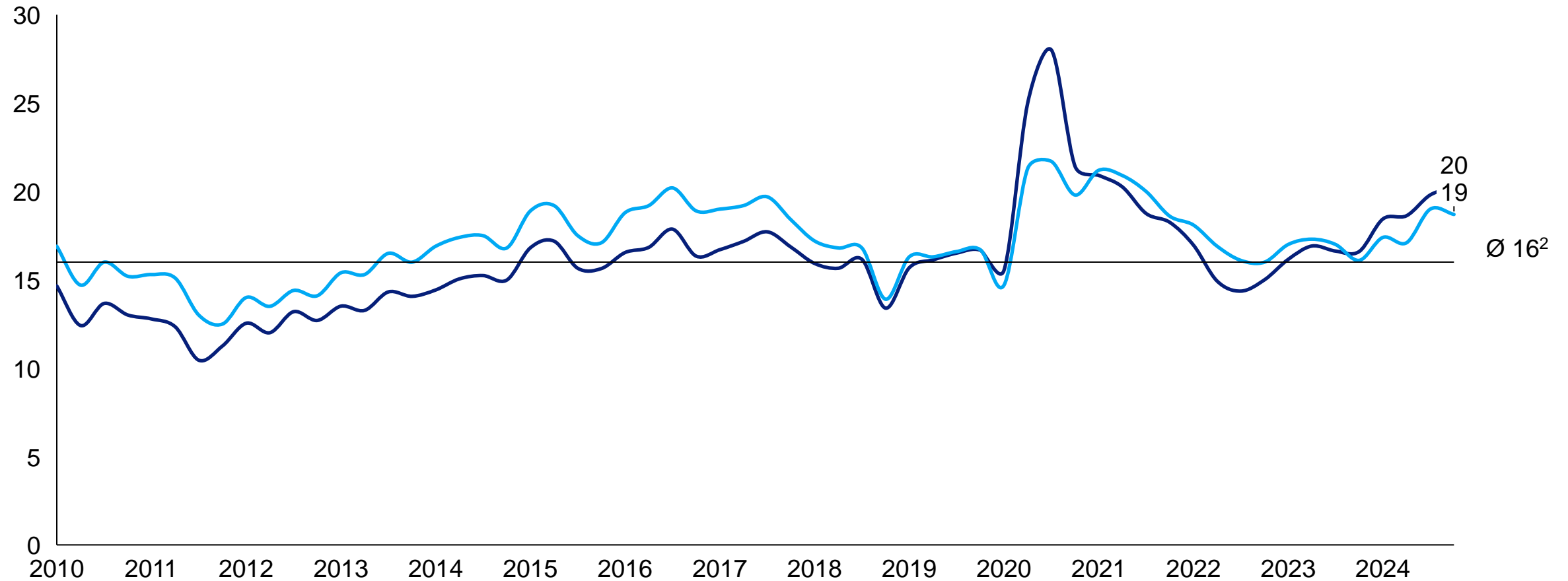
1. Based on the top 5000 companies globally by market cap as of 12/31/2023  
Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence



# Increasing multiples drove a significant part of returns. P/E Ratios are now 3-4 turns above their historical averages

Global forward Price-Earnings Ratio (FY+1) multiples, Quarterly, x<sup>1</sup>

As of December 31, 2024



1. Median of the top global 5,000 companies in each year by market capitalization USD  
2. Harmonic Mean

Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# Weighted average multiples are above historical averages in all but 3 industries...

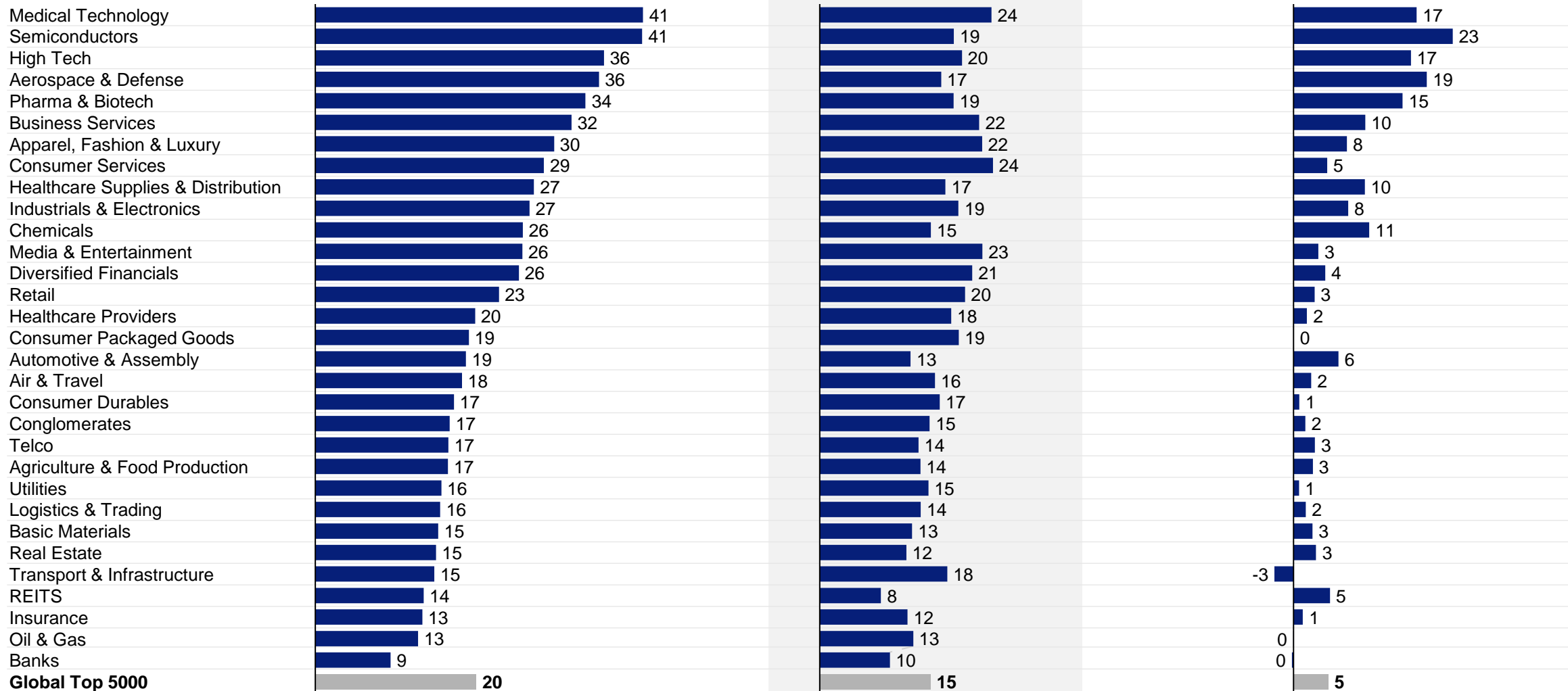
1-Yr forward P/E ratio (x) by industry<sup>1</sup>

As of December 31, 2023

2024 W. Avg.

Long-term W. Avg.<sup>2</sup>

2024 W. Avg. – Long-term W. Avg.

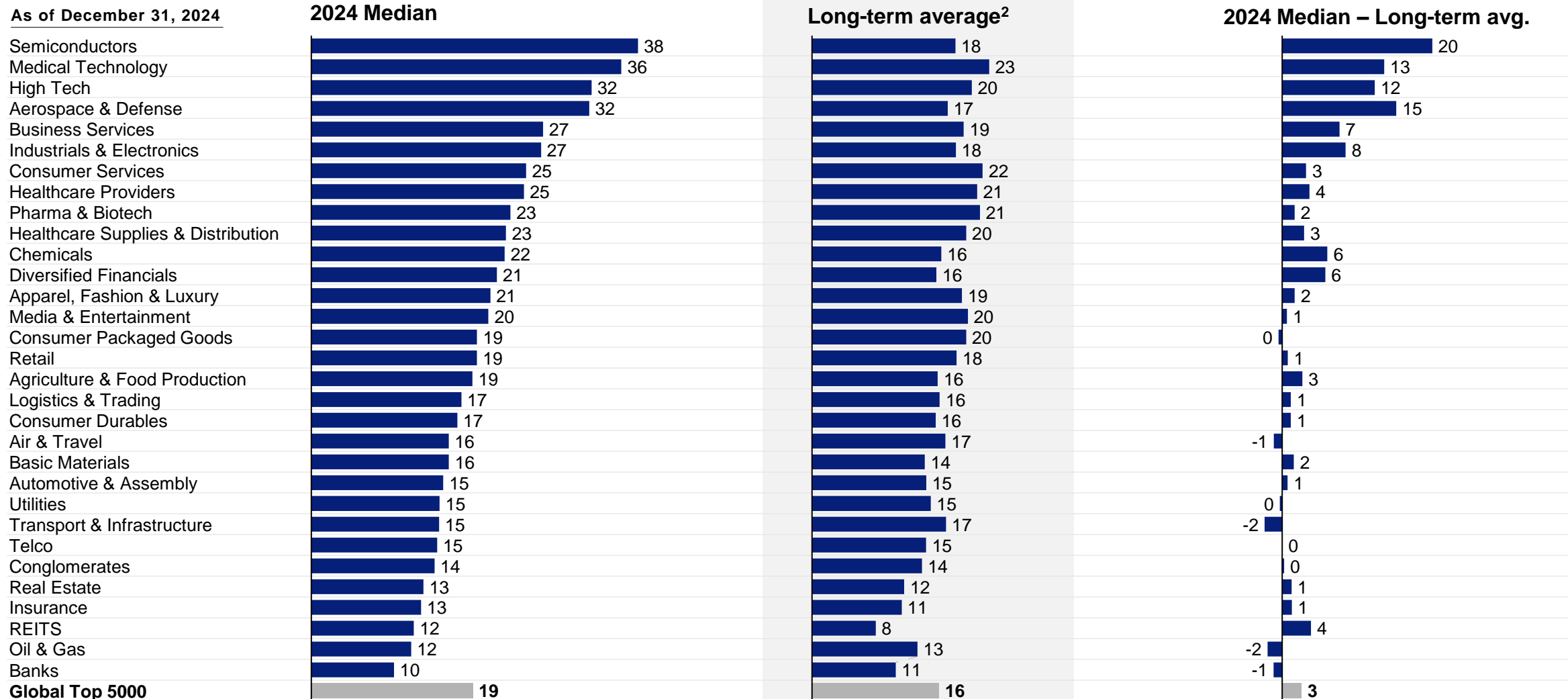


1. Based on the top 5000 companies globally by market cap as of 12/31/2023  
 2. 15-year Harmonic Mean (2009-23), FY20 not meaning full for Air & Travel  
 Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# ... however, on a median basis, the picture is different. In this case, most industries are trading near their long-term averages

Price-Earnings Ratio (FY+1) by industry, x<sup>1</sup>

As of December 31, 2024



1. Based on the top 5000 companies globally by market cap as of 12/31/2023

2. 15-year Harmonic Mean (2009-23)

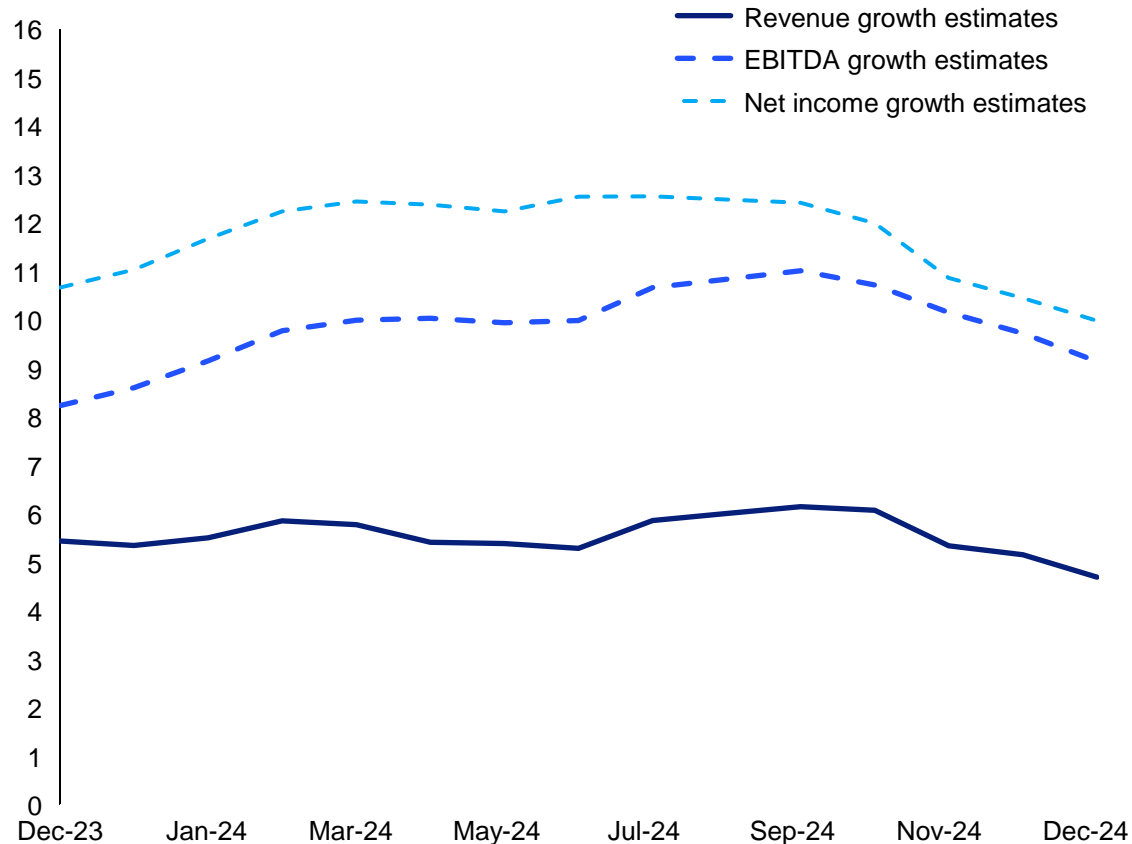
Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# Analysts expect 2025 revenues to grow 5%, EBITDA to grow 9% and net income to grow 10%

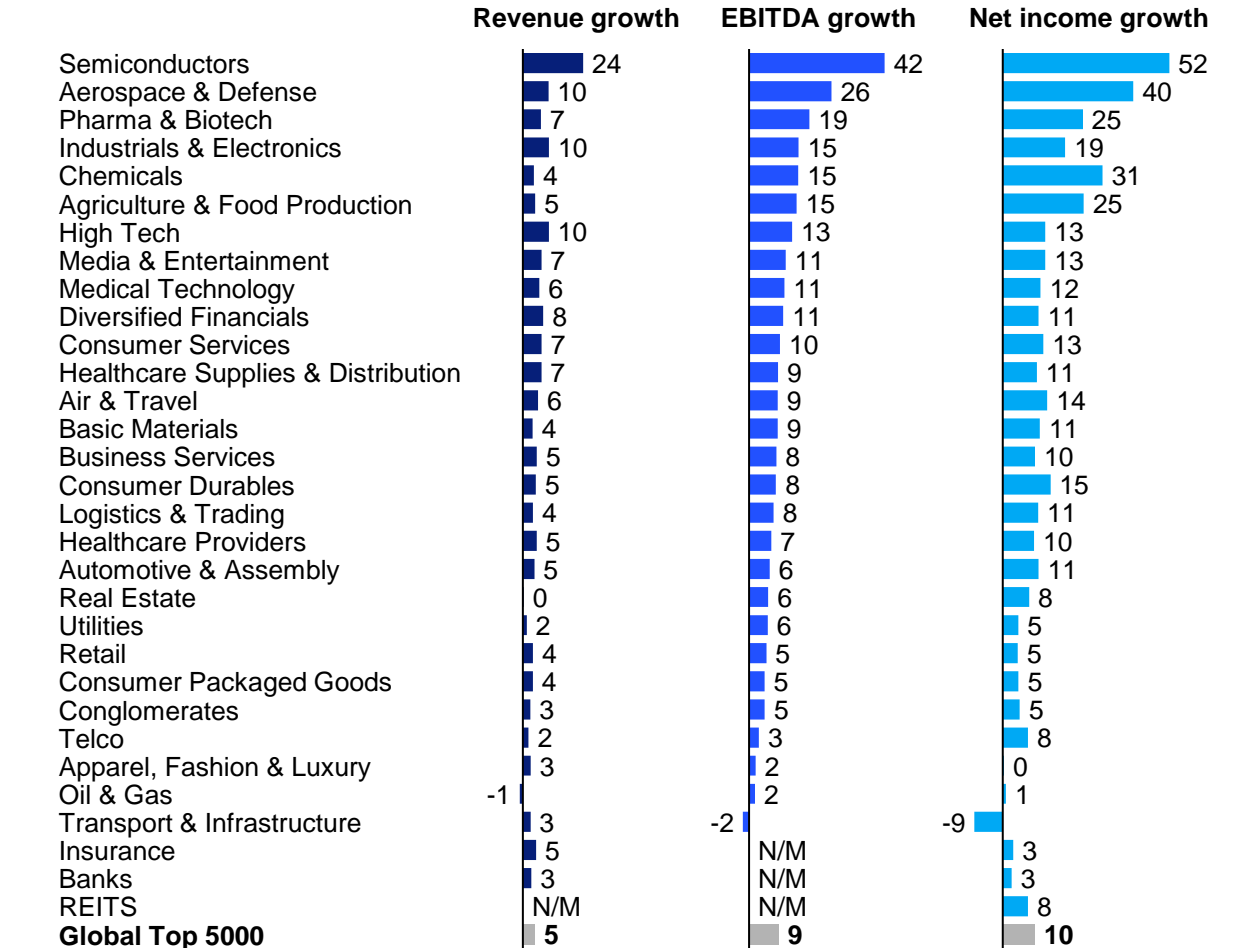
Median analyst consensus 2025 vs. 2024 revenues, net income and EBITDA growth forecast in %<sup>1</sup>

As of December 31, 2024

## Evolution of 2025 growth consensus estimates during 2024



## Latest 2025 growth consensus estimates by sector



1. Based on the top 5000 companies globally by market cap as of 12/31/2023

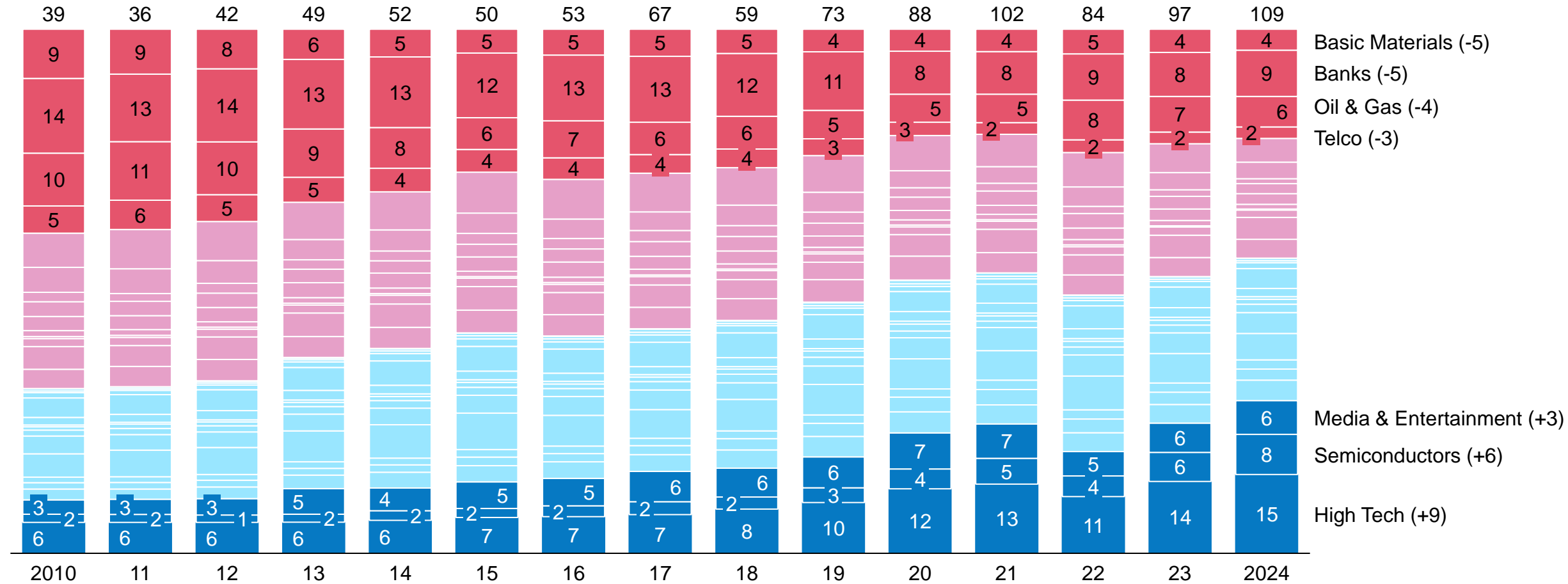
Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence

# Long-term trends in industry mix shifts continue to hold in 2024

Global stock market capitalization by sector in % (totals in \$ trillion)<sup>1</sup>

As of December 31, 2024

Change in share, 2010-24 | ■ Bottom < -2 ppt ■ Middle -2 to 0 ppt ■ Middle 0 to 2 ppt ■ Top > 2 ppt



1. Based on global top 5,000 companies in each year by market capitalization in USD  
Source: McKinsey Value Intelligence Platform, S&P Global Market Intelligence