



THE 2018 VALUE CREATORS RANKINGS

20TH ANNIVERSARY EDITION

By Gerry Hansell, Jeffrey Kotzen, Alexander Roos, Eric Wick, Eric Olsen, Hady Farag, and Martin Link

WHEN IT COMES TO achieving superior performance over the long term, the firms topping BCG's Value Creators rankings have perfected the art. For the past 20 years, BCG has been ranking companies on the basis of total shareholder return (TSR), a long-term metric that reflects the true bottom line for a company's shareholders. The following highlights from BCG's 2018 Value Creators rankings are available—for the first time—as an [online interactive presentation](#).

This year, technology and media companies dominate the large-cap top-ten list. (See Exhibit 1.) On the basis of their average TSR over the five years from 2013 through 2017, technology and media companies occupy 9 of the top 10 spots and 13 of the top 20. (See also *The 2018 Value Creators Report: Hardwiring Digital Transformation*, BCG report, February 2018.) Nvidia, Netflix, Broadcom, and Tencent Holdings hold four of the top five positions, for the second year in a row. Facebook makes the list in its first year of eligibility (five years after its IPO). Aerospace and defense and health care services

companies together occupy 5 of the top 20 slots.

The top ten value creators delivered five-year average TSR of 49% from 2013 through 2017, with a range of 35% to 76%—an impressive performance, considering that there are fewer turnaround stories in the 2018 list than in prior years (including 2017, when the average TSR was 41%, with a range of 66% to 30%). For comparison, the median TSR for all of the more than 2,400 companies in the database was 15.6%.

Five of the top 10 large-cap value creators and 14 of the top 20 are based in the US, but it should be pointed out that the US is home to almost half of the 200 largest companies by market capitalization. Among the full group that we track, those based in Asia hold down seven of the top ten spots and more than 60 of the top 100 positions.

Exhibit 2 shows the 2018 rankings of 33 industries. Technology and media and publishing moved up to rank 3rd and 4th (from

EXHIBIT 1 | TECH AND MEDIA COMPANIES DOMINATE THE TOP-TEN LARGE-CAP VALUE CREATORS

	Company	Location ²	Industry	Market cap (\$billions) ³	Five-year TSR (%)	Percentage point contribution to five-year average TSR, 2013–2017 ¹					
						Capital gains			Cash flow contribution		
						Sales growth	Margin change	Multiple change (EBITDA)	Dividend yield	Share count change ⁴	Net debt change
1	Nvidia	United States	Technology	117.3	76.1	16.8	12.0	54.7	2.4	0.6	-10.5
2	Netflix	United States	Media and publishing	83.1	70.7	26.5	31.1	17.4	0.0	-2.1	-2.1
3	Broadcom	Singapore	Technology	105.2	54.6	49.5	6.3	13.3	0.0	-9.7	-4.8
4	Tencent Holdings	China	Media and publishing	489.7	53.6	40.2	0.5	14.0	0.4	-0.5	-0.9
5	Facebook	United States	Media and publishing	512.8	46.0	51.5	16.8	-15.7	0.0	-5.7	-1.0
6	Sony	Japan	Technology	57.0	40.8	5.0	25.0	-2.4	1.2	-4.5	16.4
7	Keyence	Japan	Technology	68.0	39.9	16.2	3.3	24.2	0.4	0.0	-4.1
8	Amazon	United States	Retail ⁵	563.5	36.1	23.8	17.0	-1.9	0.0	-1.2	-1.6
9	Adobe Systems	United States	Technology	86.4	36.0	10.6	0.4	26.2	0.0	0.1	-1.4
10	Kweichow Moutai	China	Consumer nondurables	134.7	35.1	17.1	-1.9	17.0	2.9	0.0	0.0

Sources: S&P Capital IQ; company filings and disclosures; BCG ValueScience Center.

Note: The top 10 companies shown are among the world's 200 largest global companies by market value as of December 31, 2017.

¹The contribution of each factor to the five-year average TSR from 2013 through 2017 is shown in percentage points. Because of rounding, the numbers may not add up to the TSR figure shown.

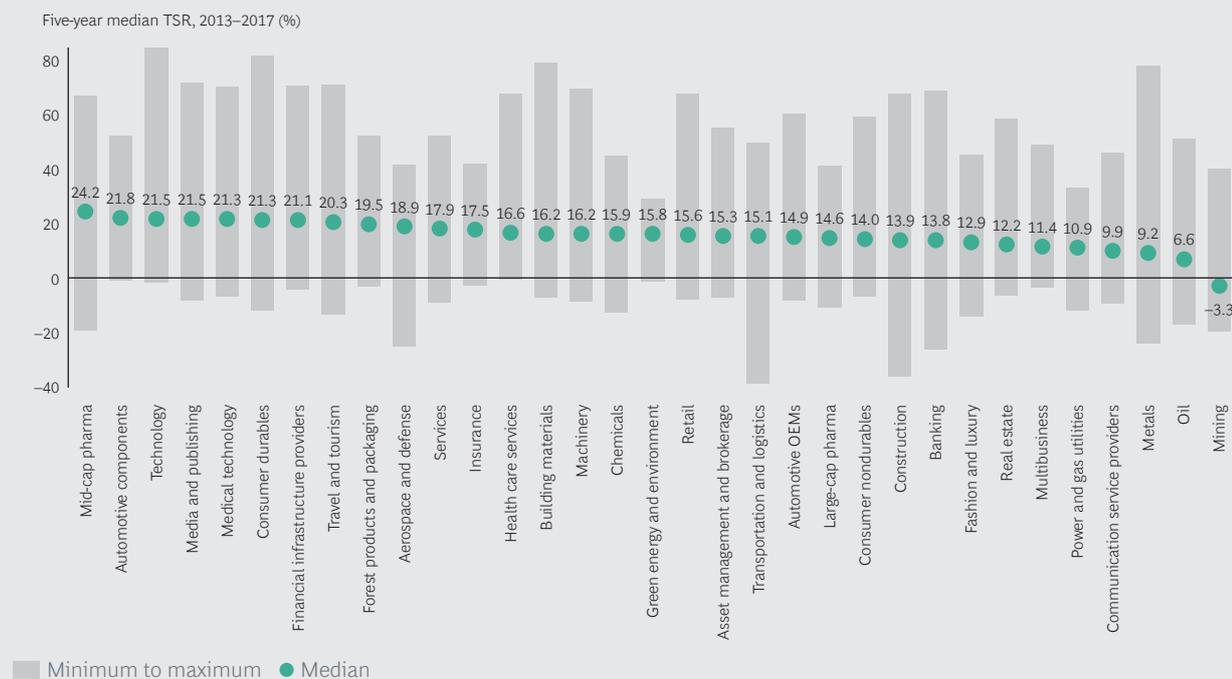
²Location of corporate headquarters.

³As of December 31, 2017.

⁴Share count change refers to the change in the number of shares outstanding, not to the change in share price.

⁵Amazon is classified as "retail," consistent with previous reports. Given Amazon's portfolio, however, the company may be classified as "technology" elsewhere.

EXHIBIT 2 | How Industries Rank



Sources: S&P Capital IQ; company filings and disclosures; BCG ValueScience Center.

Note: n = 2,425.

13th and 7th last year), while the other top five industries show little change. Mid-cap pharma (\$5 billion to \$18 billion in market capitalization) and automotive components hold the top two spots, while consumer durables and medical technology show up as strong performers in 2018, as they were in 2017. Travel and tourism and aerospace and defense each move up several spots into the top ten this year. Large-cap pharma (capitalized at more than \$18 billion), which had been the number-one value creator industry just a few years ago, falls out of the top 20 (to number 22) this year. At the other end of the spectrum, the well-reported pressures on such industries as mining, oil, metals, and utilities continue unabated.

AS RESULTS LIKE these show, the question is not just which companies and industries outperform but also how exactly they do it. The new interactive format allows you to explore the TSR performance of the top 50 large-cap companies in our 2018 rankings—including their performance since we started the Value Creators series in 1999—as well as the TSR performance of companies across 33 industries. It also disaggregates the TSR performance of individual companies into its key components.

About the Authors

Gerry Hansell is a senior partner and managing director in the Chicago office of The Boston Consulting Group. You may contact him by email at hansell.gerry@bcg.com.

Jeffrey Kotzen is a senior partner and managing director in the firm's New Jersey office. You may contact him by email at kotzen.jeffrey@bcg.com.

Alexander Roos is a senior partner and managing director in BCG's Berlin office and the global leader of the Center for CFO Excellence. You may contact him by email at roos.alexander@bcg.com.

Eric Wick is a senior partner and managing director in the firm's Chicago office. You may contact him by email at wick.eric@bcg.com.

Eric Olsen is a senior advisor in BCG's Chicago office. You may contact him by email at olsen.eric.advisor@bcg.com.

Hady Farag is an associate director in the firm's New York office. You may contact him by email at farag.hady@bcg.com.

Martin Link is a knowledge expert and team manager in BCG's Munich office. You may contact him by email at link.martin@bcg.com.

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