

# APPENDIX II

## DETAILED RESULTS

### Valuation

#### Excess Values

Region	Company category	1998 (%)	1999 (%)	2000 (%)	2001 (%)	2002 (%)	2003 (%)	2004 (%)
Western Europe	Diversified (slightly and fully)	-10.87	-5.62	-5.92	-7.24	1.59	-5.23	-6.29
Western Europe	Focused	-0.71	-7.00	-2.22	-0.04	1.88	-1.56	-0.57
	<i>Difference (conglomerate discount or premium)</i>	-10.16	1.38	-3.70	-7.20	-0.29	-3.67	-5.72
North America	Diversified (slightly and fully)	-12.47	-18.41	-16.23	-6.14	-4.64	-8.19	-12.36
North America	Focused	-3.96	-4.13	-1.69	2.64	6.13	4.12	0.02
	<i>Difference (conglomerate discount or premium)</i>	-8.51	-14.28	-14.54	-8.78	-10.77	-12.31	-12.38
Asia-Pacific	Diversified (slightly and fully)	5.32	4.19	3.86	9.26	3.19	3.89	-0.88
Asia-Pacific	Focused	3.97	1.74	1.51	2.61	1.31	3.62	0.32
	<i>Difference (conglomerate discount or premium)</i>	1.35	2.45	2.35	6.65	1.88	0.27	-1.20

Source: BCG and HHL – Leipzig Graduate School of Management analysis.

Note: Based on a sample of 16,000 companies from Western Europe, North America, and Asia-Pacific.

## Valuation (continued)

Region	Company category	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	Average of excess values (%)	Number of company years evaluated
Western Europe	Diversified (slightly and fully)	-10.60	-13.72	-9.56	-7.84	-7.06	-7.18	6,626
Western Europe	Focused	-0.02	-1.03	-3.22	0.06	-1.03	-1.24	12,947
	<i>Difference (conglomerate discount or premium)</i>	-10.58	-12.69	-6.34	-7.90	-6.03	-5.94	19,573
North America	Diversified (slightly and fully)	-7.70	-8.30	-8.40	1.13	-2.62	-8.51	5,012
North America	Focused	2.31	2.50	0.12	5.66	4.58	1.97	22,590
	<i>Difference (conglomerate discount or premium)</i>	-10.01	-10.80	-8.52	-4.53	-7.20	-10.48	27,602
Asia-Pacific	Diversified (slightly and fully)	-2.46	-0.51	-0.35	3.75	8.19	2.91	10,768
Asia-Pacific	Focused	-2.38	-2.85	-1.67	0.22	1.89	0.50	18,045
	<i>Difference (conglomerate discount or premium)</i>	-0.08	2.34	1.32	3.53	6.30	2.41	28,813

Source: BCG and HHL – Leipzig Graduate School of Management analysis.

Note: Based on a sample of 16,000 companies from Western Europe, North America, and Asia-Pacific.

## Performance

### Total Shareholder Return

		Only companies with complete data, 2000–2010						
Region	Company category	Median TSR, 2000 (%)	Median TSR, 2001 (%)	Median TSR, 2002 (%)	Median TSR, 2003 (%)	Median TSR, 2004 (%)	Median TSR, 2005 (%)	Median TSR, 2006 (%)
Western Europe	Fully diversified	2.4	-6.9	-12.4	41.6	30.8	46.5	17.8
Western Europe	Slightly diversified	-3.0	-3.0	-24.8	29.1	18.4	28.0	24.4
Western Europe	Focused	0.6	-4.2	-17.4	27.7	19.7	27.5	26.8
Western Europe	All	-1.4	-4.2	-19.9	29.0	19.6	28.7	24.6
North America	Fully diversified	1.7	8.9	-1.5	31.2	16.9	4.0	16.0
North America	Slightly diversified	1.3	2.5	-3.7	34.9	25.2	4.8	20.4
North America	Focused	11.2	7.9	-11.2	30.9	17.6	7.6	16.3
North America	All	6.6	7.0	-7.8	31.5	19.6	7.2	17.6
Asia-Pacific	Fully diversified	5.9	-3.2	-8.8	29.3	10.4	36.7	5.1
Asia-Pacific	Slightly diversified	6.2	-8.4	-10.8	34.4	14.1	50.5	9.5
Asia-Pacific	Focused	-1.0	-5.7	-5.8	27.5	15.2	33.1	13.4
Asia-Pacific	All	1.5	-6.0	-7.7	31.1	13.8	39.8	9.3
Emerging economies and RoW	Fully diversified	-9.4	-0.2	-9.2	69.3	34.9	20.5	27.2
Emerging economies and RoW	Slightly diversified	-9.8	-0.6	-5.3	67.2	15.4	37.7	28.1
Emerging economies and RoW	Focused	-7.3	-2.1	3.5	56.9	12.2	8.3	33.8
Emerging economies and RoW	All	-7.5	-1.0	1.6	61.0	15.3	10.1	33.0
Global	Fully diversified	1.4	3.6	-6.5	33.7	17.4	27.0	14.4
Global	Slightly diversified	-1.0	-4.4	-12.9	33.8	19.2	28.7	18.5
Global	Focused	1.7	0.4	-10.4	31.8	16.9	18.5	19.0
Global	All	0.8	-0.2	-10.4	32.3	17.6	22.5	18.5

Source: BCG analysis.

Note: RoW = rest of the world. Based on the core sample of 1,131 of the world's largest companies as measured by revenues.

**Performance**  
(continued)

		Only companies with complete data, 2000–2010					
Region	Company category	Median TSR, 2007 (%)	Median TSR, 2008 (%)	Median TSR, 2009 (%)	Median TSR, 2010 (%)	Median of the average annual TSR per company 2000–2010 (%)	Mean of the average annual TSR per company 2000–2010 (%)
Western Europe	Fully diversified	6.2	-45.3	42.1	15.5	6.1	7.5
Western Europe	Slightly diversified	6.3	-43.5	33.3	20.9	4.1	5.1
Western Europe	Focused	9.6	-39.2	32.9	15.6	5.1	4.8
Western Europe	All	8.5	-41.8	33.8	16.8	5.1	5.2
North America	Fully diversified	17.1	-36.8	34.9	19.3	7.8	8.6
North America	Slightly diversified	15.2	-44.2	37.3	23.0	8.1	6.3
North America	Focused	3.1	-32.8	36.1	18.1	6.8	6.6
North America	All	5.4	-36.8	35.9	19.2	7.3	6.8
Asia-Pacific	Fully diversified	-0.6	-48.5	25.3	3.7	3.7	4.9
Asia-Pacific	Slightly diversified	-8.8	-44.9	25.2	2.9	2.0	4.3
Asia-Pacific	Focused	-5.3	-34.8	12.4	2.2	3.0	3.7
Asia-Pacific	All	-5.1	-41.3	19.0	2.9	3.0	4.1
Emerging economies and RoW	Fully diversified	18.1	-52.6	73.3	49.3	13.1	15.7
Emerging economies and RoW	Slightly diversified	38.8	-46.3	80.4	23.5	17.1	16.9
Emerging economies and RoW	Focused	23.7	-55.2	90.0	4.9	13.3	13.2
Emerging economies and RoW	All	28.9	-52.6	81.9	13.8	14.4	14.3
Global	Fully diversified	7.8	-45.3	38.0	16.2	6.1	7.6
Global	Slightly diversified	3.6	-44.9	33.8	14.9	5.3	6.2
Global	Focused	3.8	-38.1	33.2	13.5	5.7	6.2
Global	All	4.1	-41.0	33.8	14.0	5.7	6.4

Source: BCG analysis.

Note: RoW = rest of the world. Based on the core sample of 1,131 of the world's largest companies as measured by revenues.

## Risk

### Credit Default Swap (CDS) Spreads

		All companies							
Region	Company category	Median CDS spread 2004	Median CDS spread 2005	Median CDS spread 2006	Median CDS spread 2007	Median CDS spread 2008	Median CDS spread 2009	Median CDS spread 2010	Average CDS spread 2004
Western Europe	Fully diversified	34	40	27	60	297	80	93	38
Western Europe	Slightly diversified	33	37	24	48	209	74	92	54
Western Europe	Focused	35	48	33	58	205	71	91	57
Western Europe	All	35	44	29	53	230	72	93	54
North America	Fully diversified	25	38	21	34	163	58	60	35
North America	Slightly diversified	30	38	25	49	183	50	72	46
North America	Focused	34	44	33	54	259	73	87	66
North America	All	31	42	30	50	232	62	82	59
Asia-Pacific	Fully diversified	18	26	21	22	129	74	54	20
Asia-Pacific	Slightly diversified	26	35	25	48	159	71	62	25
Asia-Pacific	Focused	27	20	17	41	249	63	78	26
Asia-Pacific	All	26	27	22	41	181	63	64	25
Emerging economies and RoW	Fully diversified	49	36	25	53	345	73	77	49
Emerging economies and RoW	Slightly diversified	137	81	44	98	587	162	143	137
Emerging economies and RoW	Focused	46	47	30	86	187	135	75	57
Emerging economies and RoW	All	48	47	27	69	283	104	76	82
Global	Fully diversified	26	37	23	49	206	73	75	35
Global	Slightly diversified	30	37	24	49	195	62	79	50
Global	Focused	34	44	31	54	239	71	85	61
Global	All	32	41	28	52	230	70	83	56

Source: BCG analysis.

Note: RoW = rest of the world. Based on the core sample of 1,131 of the world's largest companies as measured by revenues.

**Risk**  
(continued)

		All companies						Only companies with complete data 2000–2010	
Region	Company category	Average CDS spread 2005	Average CDS spread 2006	Average CDS spread 2007	Average CDS spread 2008	Average CDS spread 2009	Average CDS spread 2010	Median of the average CDS spread per company 2004–2010	Mean of the average CDS spread per company 2004–2010
Western Europe	Fully diversified	52	29	67	328	116	113	89	106
Western Europe	Slightly diversified	53	32	60	324	103	118	80	106
Western Europe	Focused	74	48	88	404	139	149	85	137
Western Europe	All	65	40	76	369	125	135	85	123
North America	Fully diversified	59	41	70	381	115	107	50	115
North America	Slightly diversified	99	63	109	502	139	143	65	157
North America	Focused	86	58	139	513	174	170	87	172
North America	All	86	57	126	498	161	158	84	164
Asia-Pacific	Fully diversified	24	24	24	181	89	57	48	60
Asia-Pacific	Slightly diversified	71	41	63	303	77	69	62	93
Asia-Pacific	Focused	23	35	39	259	73	78	76	76
Asia-Pacific	All	41	35	45	261	77	71	64	79
Emerging economies and RoW	Fully diversified	36	25	53	345	73	77	94	94
Emerging economies and RoW	Slightly diversified	81	44	98	587	162	143	179	179
Emerging economies and RoW	Focused	58	37	140	388	271	135	86	155
Emerging economies and RoW	All	62	37	111	447	202	128	90	153
Global	Fully diversified	53	35	64	342	112	103	78	106
Global	Slightly diversified	76	46	83	407	118	126	78	129
Global	Focused	79	54	119	467	160	159	85	157
Global	All	76	50	103	438	144	144	82	144

Source: BCG analysis.

Note: RoW = rest of the world. Based on the core sample of 1,131 of the world's largest companies as measured by revenues.