



THE 2020 VALUE CREATORS RANKINGS

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

BCG'S 2020 VALUE CREATORS rankings are being unveiled at a unique moment in economic history. Although companies have needed to endure multiple cycles of volatility and disruption in the past, the economic impact of the COVID-19 pandemic is unparalleled in its scope and magnitude.

For the past 22 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 2020 Value Creators rankings (available as an online [interactive presentation](#)) are based on data as of December 31, 2019—just as the first reports of a novel coronavirus outbreak began to circulate. As a result, the rankings do not capture the impact of the crisis. They provide a valuable frame of reference, however, by indicating which companies and industries entered the crisis with TSR momentum and which did not.

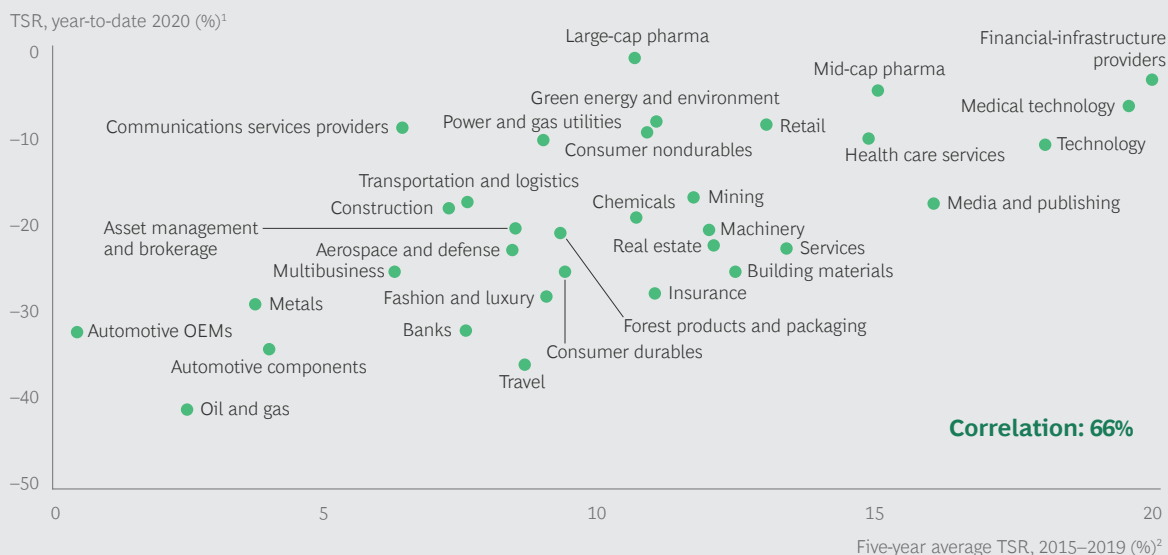
Exhibit 1 compares the five-year average TSR performance across 33 industries with

their year-to-date performance through April 22, 2020, which provides an early indication of how the pandemic has affected value creation.

A significant correlation is evident, with five top-performing industries in terms of average five-year TSR (financial-infrastructure providers, medical technology, technology, mid-cap pharma, and health care services) also being among the one-third of industries least affected by the year-to-date stock market decline. Companies in these industries possess cutting-edge technology, troves of data, and robust innovation capabilities. Such attributes allowed these industries to outperform during the bull market and now make them more resilient in the face of the current adversity. These qualities may also enable the companies to continue delivering strong and sustainable TSR when the crisis ends—although they will need to [fight through potentially protracted economic headwinds](#).

Conversely, industries already facing challenges before COVID-19, such as oil and

EXHIBIT 1 | The Top-Ranked Value Creators Have Been Among the Least Affected by the Stock Market Decline



Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center.

¹January 1 through April 22, 2020.

²Based on reporting currency.

gas, metals, and automotive, have been hit especially hard by the recent market contraction.

Overall, the 2020 rankings show that the reversion toward historical norms that was evident last year has continued. Whereas prior years had seen technology and media companies dominate the large-cap top ten list, the 2019 list was already somewhat more diverse. And the diversity is more pronounced this year. (See Exhibit 2.) On the basis of their average TSR over the five years from 2015 through 2019, technology and media companies claimed 4 spots in the large-cap top 10 and 7 spots in the large-cap top 20—down from 6 spots and 8 spots, respectively, in last year’s rankings and 9 spots and 13 spots, respectively, in the 2018 rankings. In contrast, two fashion companies, Adidas and Kering, ascended to the large-cap top 10, whereas no companies from their industry belonged to this elite group last year. A third fashion company, LVMH, joined the large-cap top 20.

Diversity is also returning with respect to geography. Our data shows that investors had increasing confidence about the value creation potential of European companies

on the eve of the crisis. Asian and North American companies each account for slightly more than one-third of the full sample of over 2,300 companies, and European companies make up about one-quarter. Among the top 10 performers, 42% are Asian, 29% are North American, and 19% are European. But compared with the previous year—when the sample had the same geographic distribution—more European companies have broken into the top 100, while the number of Asian companies has declined considerably. (See Exhibit 3.)

The trend toward geographic diversity is also evident when looking at the top 10 large-cap value creators. In this year’s rankings, four are headquartered in the US, three in Asia, and three in Europe, whereas last year seven were headquartered in the US, two in Asia, and one in Europe.

The performance of the companies at the top of our rankings is, once again, extraordinary. For example, the top 10 large-cap value creators delivered an average five-year TSR of 43.1% from 2015 through 2019, spanning a range from 30.6% to 64.8%. In contrast, the median TSR for all of the more than 2,300 companies in the data-

EXHIBIT 2 | The Top 10 Large-Cap Value Creators

Rank	Company	Location ¹	Industry	Rank in industry ²	Market cap (\$billions) ³	Five-year TSR (%) ⁴	TSR YTD 2020 (%) ⁵
1	Nvidia	United States	Technology	2	144.0	64.8	21.7
2	Kweichow Moutai	China	Consumer nondurables	1	213.4	49.4	5.2
3	Wuliangye Yibin	China	Consumer nondurables	2	74.1	46.8	-2.0
4	Netflix	United States	Media and publishing	2	141.8	46.0	30.2
5	Amazon ⁶	United States	Retail	2	916.2	42.8	27.9
6	Sberbank	Russia	Banks	1	88.2	41.0	-25.3
7	Adidas	Germany	Fashion and luxury	4	63.8	40.2	-28.6
8	Adobe	United States	Technology	5	159.1	35.3	2.1
9	Kering	France	Fashion and luxury	6	82.1	34.3	-20.1
10	Recruit Holdings	Japan	Services	11	62.2	30.6	-31.6

Sources: S&P Capital IQ; Refinitiv; 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, 2019; a minimum market cap of \$59.5 billion.

¹Location of corporate headquarters.

²Company's rank among industry peers in the Value Creators sample; not limited to large-cap companies.

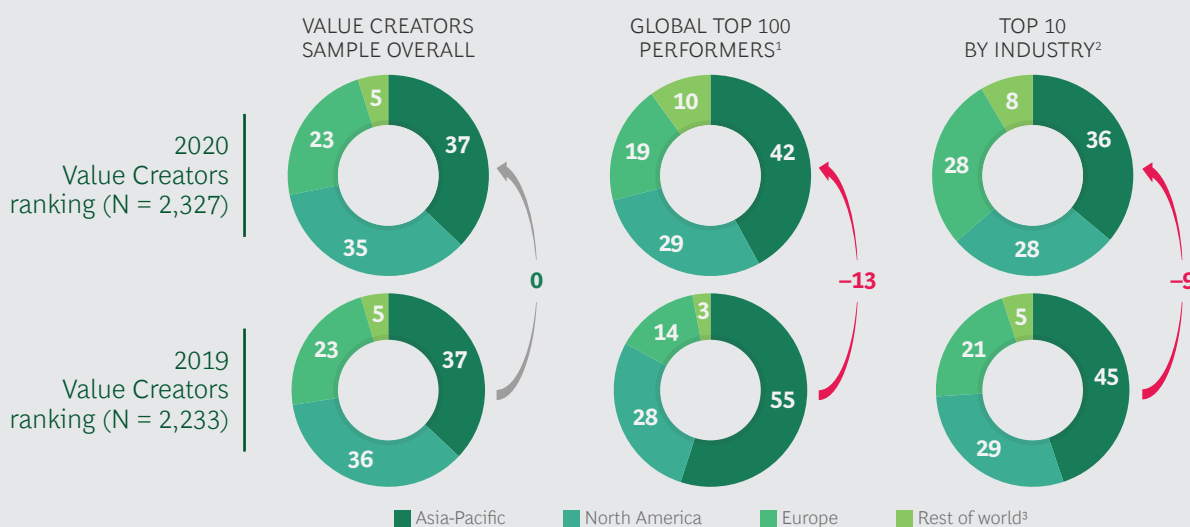
³As of December 31, 2019.

⁴Five-year average TSR from 2015 through 2019; based on reporting currency.

⁵January 1 through April 22, 2020.

⁶Amazon is classified as "retail," consistent with previous reports. Given Amazon's portfolio, however, the company may be classified as "technology" elsewhere.

EXHIBIT 3 | Among the Top Performers, the Share of Asian Companies and Industries Decreased



Sources: S&P Capital IQ; Refinitiv; BCG ValueScience Center.

¹The top 100 companies in terms of five-year TSR, from 2015 through 2019 and 2014 through 2018.

²The top 10 companies in terms of five-year TSR, from 2015 through 2019 and 2014 through 2018, for each of the 33 industries studied.

³"Rest of world" includes South America, Middle East, and Africa.

base was 9.6%; the median TSR in last year's sample, covering 2014 through 2018, was 8.2%—in both cases, broadly in line with long-term capital market returns.

Reinforcing an analysis conducted last year, we again found that it is extremely rare for a company to achieve such strong performance year after year. Among the more than 2,000 companies in our database that were publicly listed during each of the ten years from 2010 through 2019, only 6 (approximately 0.3%) outperformed their respective local-market index every year. And while we have seen significant TSR momentum carry over from the bull

market on an industry level, crises often are opportunities for some companies to thrive, while others struggle to adapt to new rules of value creation.

THE INTERACTIVE FORMAT allows you to delve deeper into the TSR performance of the top 50 large-cap companies in our 2020 rankings—including examining their performance since we initiated our Value Creators series in 1999—and into the TSR performance of companies across the 33 industries. The interactive presentation also disaggregates the TSR performance of individual companies into its key components.

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