The 2015 Value Creators Report

Value Creation for the Rest of Us

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THE 2015 VALUE CREATORS REPORT

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PREFACE

Value Creation for the Rest of Us is the seventeenth annual report in the Value Creators series published by The Boston Consulting Group. Each year, we offer commentary on trends in the global economy and the world's capital markets, share BCG's latest research and thinking on value creation, describe our experiences working with clients to improve their value-creation performance, and publish detailed empirical rankings of the performance of the world's top value creators.

This year's report focuses on companies that are creating superior value relative to their peers, even though they face strong economic headwinds. We begin by analyzing the composition of this year's global top-ten rankings. Then we shift gears to focus on two companies—the Danish container-shipping giant Maersk Group and U.S. home builder PulteGroup—that do not appear in our rankings but that have transformed their value-creation performance in the midst of an extremely tough economic environment. We conclude with our annual rankings of the top ten value creators worldwide and in 27 industries for the five-year period from 2010 through 2014.

VALUE CREATION FOR THE REST OF US

Whether the subject is sports teams, educational institutions, or global companies, it is in the nature of performance rankings to focus on the very best. BCG's annual Value Creators report is no exception. Every year, we publish rankings of the ten companies that have delivered the highest total shareholder return (TSR) both globally and in a broad cross section of industrial sectors. (For an explanation of TSR as a capstone metric for value creation, see the sidebar "The Components of TSR.")

This year, however, we are doing something different. In addition to this year's rankings of the top performers for the five-year period from 2010 through 2014, we are profiling some companies that don't appear in our top-ten rankings but that have delivered strong TSR relative to their peers despite the fact that their industry or sector has faced serious economic headwinds. This year, we focus on value creation "for the rest of us."

A Highly Selective Group

To be included in our 2015 rankings, companies had to deliver extraordinary TSR. Average annual TSR is the amount of TSR that a company delivers, on average, in each of the five years covered by this year's report. The average annual TSR for the median company of the 1,982 companies in this year's sample was 14.6 percent. But to reach the top quartile of the sample, a company had to deliver an average annual TSR of at least 23.3 percent. And to make the global top ten, a company had to deliver an average annual TSR of 69.2 percent. The U.S. biopharma company Pharmacyclics was the top value creator for the third year in a row, with a triple-digit average annual TSR of 108 percent. (See the left-hand list in Exhibit 1.)

Without taking anything away from the achievement of the companies listed in Exhibit 1, it is only fair to point out that structural factors can play a large part in determining which companies make our top-ten lists. One of those factors, of course, is survivor bias. For every company that hits the jackpot in drug discovery, for instance, there are countless others that do not.

A second factor is company size. BCG research shows that, over time, sales growth is the most important driver of shareholder value for top-quartile value creators. Little surprise, then, that whereas the median average annual sales growth for this year's Value Creators sample was 8.4 percent, the median for companies that made our top-ten rankings was substantially higher—13.7 percent. All things being equal, it is easier for a company to create value through sales growth when it is starting from a relatively small base than from a large one. That may explain why, although 49 percent of the companies in our database have a market

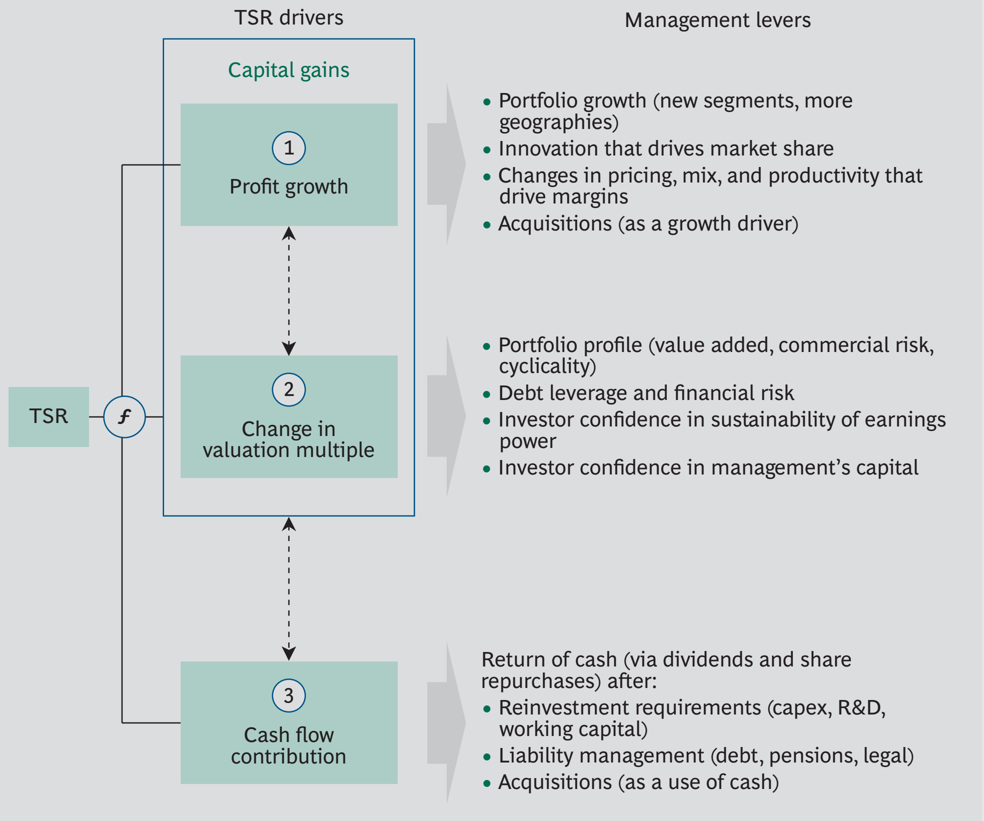
THE COMPONENTS OF TSR

Total shareholder return measures the combination of share-price gains and dividend yield for a company's stock over a given period of time. It is the most comprehensive metric for measuring a company's shareholder-value-creation performance.

TSR is the product of multiple factors. Regular readers of the Value Creators report should be familiar with BCG's model for quantifying the relative contribution of TSR's various sources. (See the exhibit below.) The model uses the combination of revenue (sales) growth and change in margins as an indicator of a company's improvement in fundamental value. It then uses the change in the company's valuation multiple to determine the impact of investor expectations on TSR. Together, these two factors determine the change in a company's market capitalization and the capital gain or loss to investors. Finally, the model tracks the distribution of free cash flow to investors and debt holders in the form of dividends, share repurchases, and repayments of debt to determine the contribution of free-cash-flow payouts to a company's TSR.

The important thing to remember is that all these factors interact with one another—sometimes in unexpected ways. A company may grow its revenue through an EPS-accretive acquisition and yet not create any TSR, because the new acquisition has the effect of eroding gross margins. And some forms of cash contribution (for example, dividends) have a more positive impact on a company's valuation multiple than others (for example, share buybacks). Because of these interactions, we recommend that companies take a holistic approach to value creation strategy.

TSR Is the Product of Multiple Factors



Source: BCG analysis.

Exhibit 1 | Biopharma Companies Dominated the Global and Large-Cap Top Ten

Global top 10

	Company	Location	Industry	TSR[1] (%)	Market value[2] ($billions)
1	Pharmacyclics	United States	Biopharma	108.0	9.2
2	Surya Citra Media	Indonesia	Media and publishing	107.9	4.1
3	Cheniere Energy	United States	Oil	96.2	16.7
4	Eicher Motors	India	Automotive OEMs	88.9	6.5
5	Jazz Pharmaceuticals	Ireland	Biopharma	83.5	9.9
6	GungHo Online Entertainment	Japan	Media and publishing	77.6	4.2
7	Regeneron Pharmaceuticals	United States	Biopharma	76.2	41.5
8	Taro Pharmaceutical Industries	Israel	Biopharma	75.6	6.3
9	Universal Robina	Philippines	Consumer nondurables	69.7	9.5
10	Galaxy Entertainment	Hong Kong	Travel and tourism	69.2	23.9

Large-cap top 10

	Company	Location	Industry	TSR[1] (%)	Market value[2] ($billions)
1	Actavis[3]	Ireland	Biopharma	45.4	68.2
2	Biogen	United States	Biopharma	44.7	80.2
3	Priceline	United States	Travel and tourism	39.2	59.7
4	Naspers	South Africa	Media and publishing	39.1	52.0
5	Baidu	China	Media and publishing	38.2	80.0
6	Gilead Sciences	United States	Biopharma	34.2	142.2
7	Novo Nordisk	Denmark	Biopharma	33.7	106.8
8	Union Pacific Railroad	United States	Transportation and logistics	32.7	105.9
9	The Home Depot	United States	Retail	32.6	138.3
10	Celgene	United States	Biopharma	32.1	89.3

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: For the global top ten, n = 1,982 global companies; for the large-cap top ten, n = 177 global companies with a market valuation greater than $50 billion.
[1]Average annual total shareholder return, 2010–2014.
[2]As of December 31, 2014.
[3]Actavis changed its name to Allergan in June 2015.

capitalization of less than $10 billion, 57 percent of the companies in our top-ten global and industry rankings do, and a full 7 out of 10 of the companies in our global top ten do.

The strong impact of company size is part of the reason we also publish, in addition to our global top-ten list, a global ranking of the top large-cap value creators, drawn from the 177 companies in our database with a market capitalization of more than $50 billion. (See the right-hand list in Exhibit 1.) But even in this subset of the largest companies, size can play a major factor in determining the companies that make the top ten.

For example, this is the first time in the past nine years that Apple has not appeared in our large-cap top ten (although it does come in at number eight in our rankings for the technology sector). And yet Apple, with a market capitalization of roughly $647 billion at the end of 2014, is by far the largest company in our sample. The fact that the company was able to deliver an average annual TSR of 31.1 percent is as—or even more—impressive than the TSR performance of the companies included in the large-cap rankings with market caps between roughly one-tenth and one-fifth that of Apple.

A third structural factor affecting our annual rankings has to do with the particular industry a company happens to be in. At any given moment, some industries will be performing substantially better than others. This, too, has an impact on which companies end up among the very top value creators. For example, consider the biopharma sector, which, with a median average annual TSR of 24 percent, was one of the best-performing industries (second only to fashion and luxury) in the 2010–2014 period. Similarly, biopharma companies are well represented among the world's best performers. They take four of the top ten spots in our overall global ranking. In addition to Pharmacyclics at number one, the list includes Ireland's Jazz Pharmaceuticals at number five, Regeneron Pharmaceuticals at number seven, and Israel's Taro Pharmaceutical Industries at number eight. Biopharma's dominance of the large-cap top ten is even more pronounced, with companies from the sector capturing five of the top ten spots: Actavis, Biogen, Gilead

Sciences, and Celgene at numbers one, two, six, and ten, respectively; and Novo Nordisk at number seven.[1]

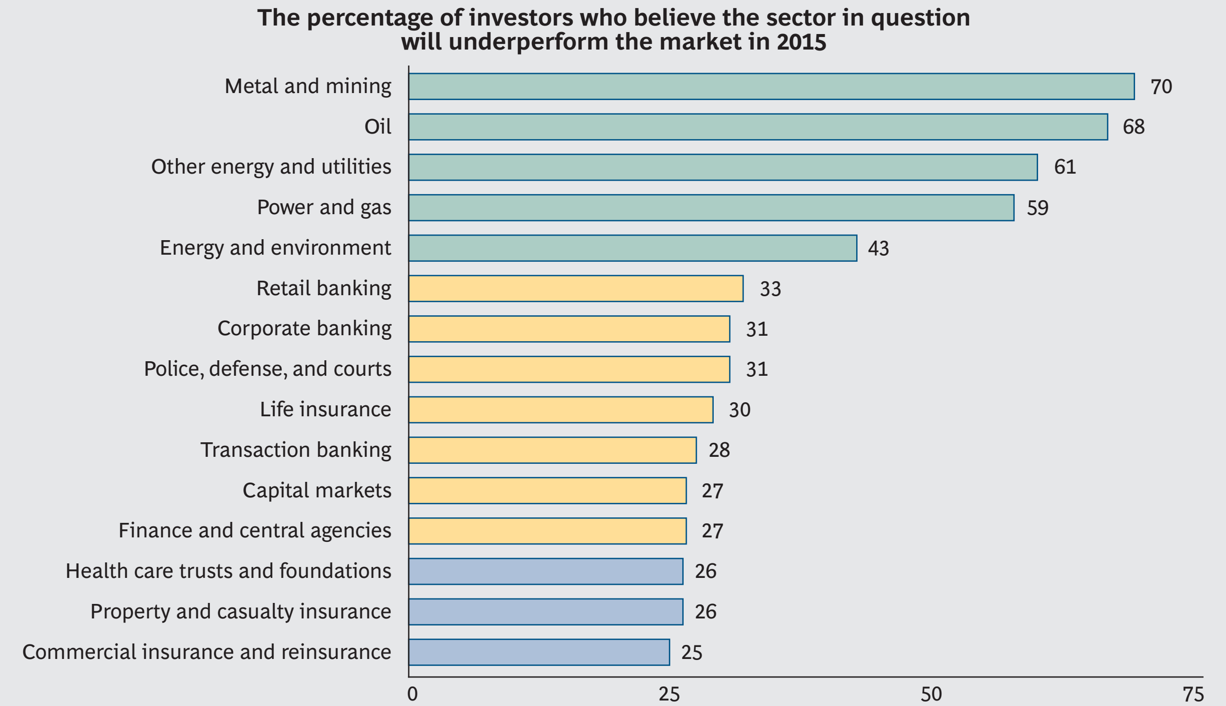
"What About the Rest of Us?"

Faced with the extraordinary TSR performance of these top value creators, we can well imagine that the reactions of many senior executives may be something like the following: "That's great for those leading companies, but what about the rest of us? *My* company didn't have the good fortune to hit the innovation jackpot or start from a small base or have the unusual growth trajectory of a big company like Apple. *My* sector is facing serious headwinds, putting a drag on our TSR performance."

We're sympathetic to that reaction. Partly, it's a matter of outlook. A substantial part of the TSR that companies have generated in recent years has been achieved via multiple expansion. But if the expectations of the respondents to BCG's annual investor survey are any indication, valuation multiples may be declining rather than rising in the near future. (See "Investors Anticipate a Soft Landing," BCG article, May 2015.) And many investors believe that a number of specific sectors will underperform the market in the years ahead. (See Exhibit 2.) So, it's likely that many companies will fall into the catgory of "the rest of us" in years to come.

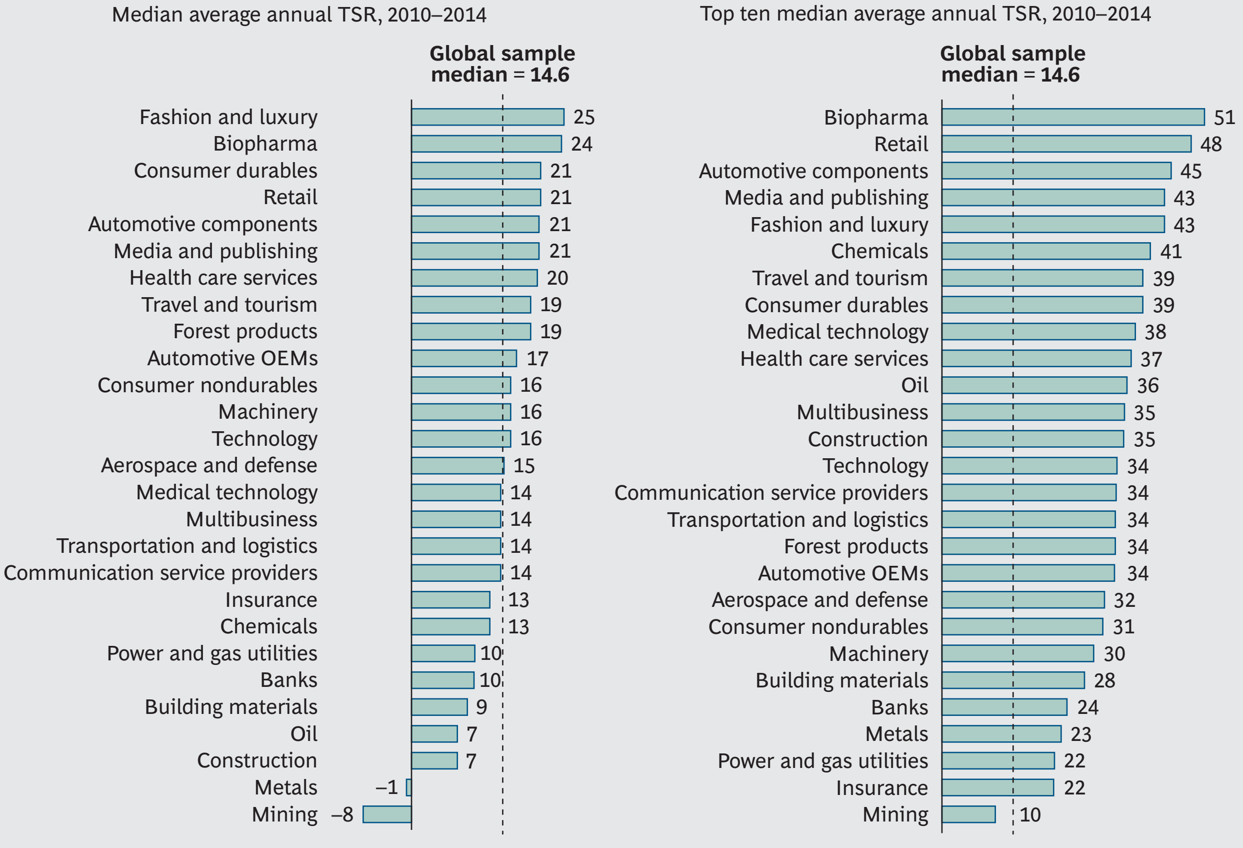
But we are also sympathetic out of conviction. The fact is that, no matter how large a company happens to be or how many challenges its industry may be facing, some companies nevertheless substantially outperform the average. The graph on the left in Exhibit 3 shows the median average annual TSR for the 27 industries that we tracked this year. The medians ranged from a low of –8 percent (in mining) to a high of 25 percent (in fashion and luxury). The top value creators in each industry, however, substantially outpaced their industry medians by anywhere from 8 percentage points (in insurance) to 28 percentage points (in both chemicals and construction). And as the graph on the right in Exhibit 3 illustrates, in every sector except mining, the median average annual TSR of the top ten beat the median average annual

Exhibit 2 | Headwinds May Hinder Value Creation in Some Sectors



Sources: BCG Investor Survey 2015; BCG analysis.
Note: Industries shown are those in which at least 25 percent of respondents to the BCG Investor Survey 2015 thought that the sector in question would underperform the market in 2015.

EXHIBIT 3 | The Top Ten Value Creators in All but One Industry Outperformed the Global Sample Median



Sources: S&P Capital IQ; BCG analysis.

TSR of 14.6 percent for the entire Value Creators database.

In the end, what really matters is not a company's absolute TSR performance but, instead, its performance relative to its peers. Put another way, what counts is not the cards a company is dealt but rather how it plays those cards to optimize its value-creation potential.

That's why this year's Value Creators report highlights the experiences of two companies, each facing a serious crisis, that used a focus on value creation to jump-start a far-reaching organizational and business transformation.[2] The management teams at Danish container-shipping giant Maersk Group and U.S. home builder PulteGroup confronted an extremely tough economic environment that challenged long-held beliefs about how they created value. Both used the crisis as an opportunity to step back, rethink their approaches, change their value-creation strategies, and fundamentally transform how they they ran their businesses. As a result, they were each able to chart a new course and deliver superior shareholder value relative to their industry peers.

How they did so contains lessons for every company. Maersk and PulteGroup may not be top value creators on a global basis, but they are classic examples of value creation for the rest of us.

NOTES
1. Actavis changed its name to Allergan in June 2015.
2. For more on the theme of transformation, see *Transformation: The Imperative to Change*, BCG report, November 2014, and *The New CEO's Guide to Transformation: Turning Ambition into Sustainable Results,* BCG Focus, May 2015.

MAERSK GROUP
CREATING A PREMIUM CONGLOMERATE

Maersk dates its founding to 1904, when ship captain Peter Mærsk Møller and his son A.P. Møller founded a shipping company. Today, Maersk is the world's largest container-shipping company, with additional businesses in container terminals, shipping services, upstream oil and gas, and contract oil drilling. With annual revenues of nearly $50 billion, Maersk is Denmark's largest company, representing roughly 14 percent of the country's entire GDP. The company's market capitalization is second only to that of pharmaceutical giant Novo Nordisk. Maersk is publicly traded on the Copenhagen stock exchange, but the majority of voting shares are owned by a foundation controlled by the founding family.

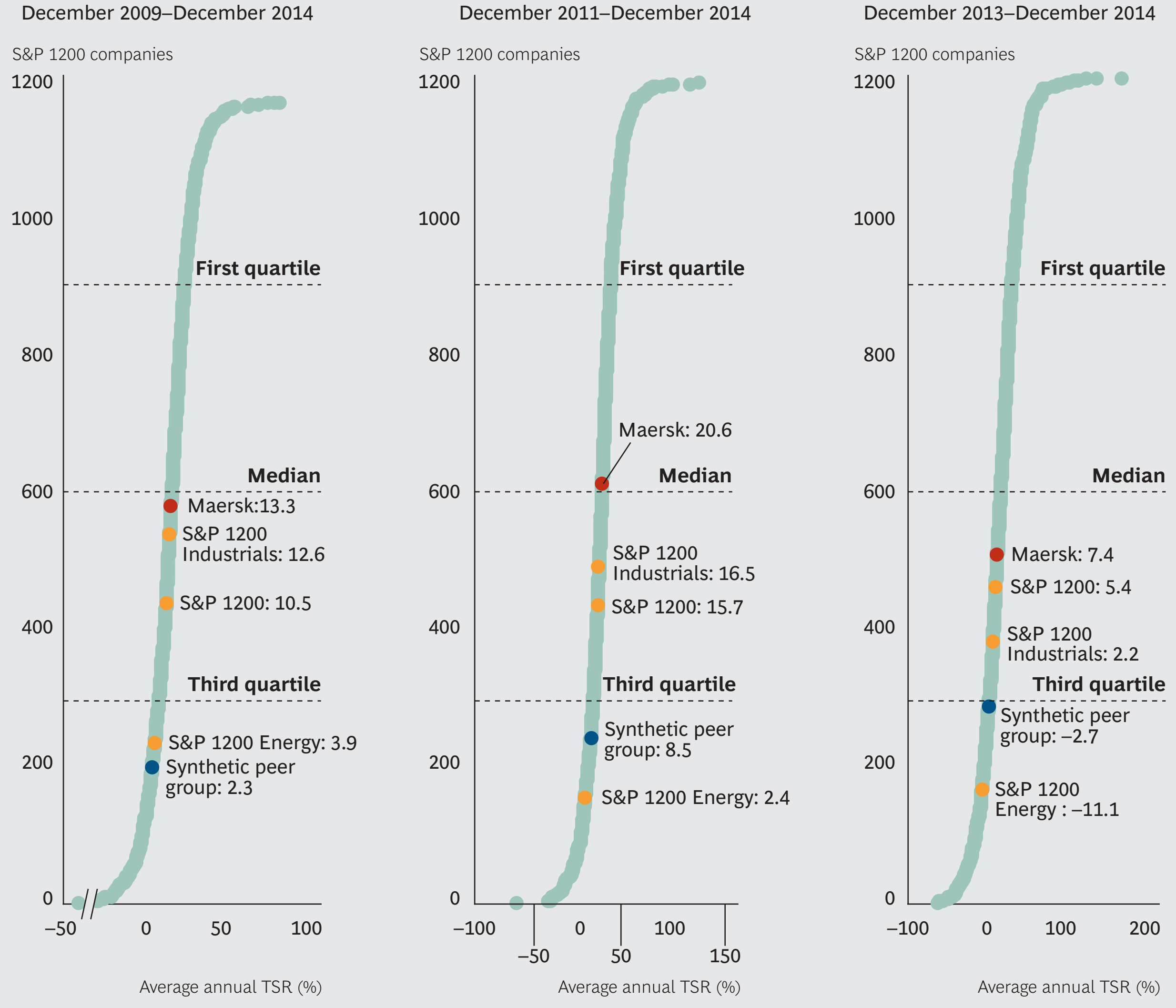
During the five-year period from 2010 through 2014 covered by this year's Value Creators report, Maersk delivered an average annual TSR of 13.3 percent. That may seem modest when compared to the world's top value creators, but for the company's sector and peer group it represents remarkably strong performance. Keep in mind that during the past five years, the container-shipping industry has faced severe economic headwinds as a result of the collapse of global trade after the 2008 financial crisis and the subsequent slow recovery. The sector has suffered from serious overcapacity, falling freight rates, and major price volatility. (See *The Transformation Imperative in Container Shipping: Mastering the Next Big Wave*, BCG report, March 2015.) And the recent drop in oil prices, although beneficial in the short term for Maersk's shipping business, has had a major negative impact on its oil and oil-services businesses.

In the past few years, however, Maersk has undertaken a major transformation of its value-creation strategy, which has allowed the company to successfully navigate this turbulence, improve its value-creation performance, and outperform its peers. We compared Maersk's TSR performance during three periods (comprising five years, three years, and one year) with the relevant market indices and with a synthetic peer group that mirrors the company's current business mix. (See Exhibit 4.) Not only has Maersk consistently delivered above-average TSR relative to these benchmarks, but it has also, over the five-year period, delivered TSR nearly six times greater than its peer group.

Confronting a Crisis

In 2007, not long after the company's centennial birthday, Nils Andersen joined Maersk as the fourth CEO in the company's history (and only the second who was not a family member). At the time, Maersk was coming off a period of extremely strong earnings growth owing to the massive expansion in worldwide trade associated with globalization and to the company's major oil concessions, located pri-

EXHIBIT 4 | The Maersk Group Has Consistently Delivered Superior TSR Relative to Its Sector and Its Peers



Sources: Thomson Reuters Datastream; BCG analysis.
Note: Each S-curve plots all current S&P 1200 companies.

marily in Denmark and Qatar. From 2001 to 2008, Maersk more than tripled its revenues.

What Andersen didn't know when he joined the company was that all this was about to change. Not long after he became CEO, Maersk was hit with two major reversals that sent its earnings and its share price reeling. The first was the global financial crisis. The breakdown in the global credit system in 2008 led to a general collapse of world trade. By the beginning of 2010, more than 10 percent of container-shipping capacity worldwide was idle. The resulting overcapacity wreaked havoc with industry pricing and caused Maersk's revenues to decline precipitously—by 20 percent, about $10 billion, in 2009—forcing the company to post a loss for the first time in its 100-year history.

As if that weren't bad enough, there were emerging problems in Maersk's oil business. Although the business was highly profitable, the company had been exploiting its reserves for years and not investing in the future. Maersk had one of the lowest reserve-to-production ratios in the industry. In order to sustain the business, massive new investments were necessary.

The combination of the enormous cutback in global trade as a result of the financial crisis and declining investor expectations because of the issues in Maersk's oil business caused Maersk's share price to plummet. From the time Andersen joined the company, in 2007, to the end of 2009, the company lost two-thirds of its market value.

Focusing on Value

The first challenge that Anderson and his team faced was to stop the bleeding. From 2008 to 2010, Maersk inaugurated a series of major cost-cutting initiatives, recouping some $3 billion. But Maersk didn't focus only on cutting expenses. The company also engaged in a systematic effort to simplify the business, increase transparency and accountability, and get managers to concentrate on creating operational value rather than merely managing assets.

For a variety of reasons, Maersk had an organizational structure that made it extremely difficult for not only investors but also the company's managers to understand how its various businesses were performing and whether or not they were creating value. For one thing, Maersk's shipping-related operations were integrated: container shipping, the management of terminals, and logistics services—quite different businesses and each with its own competitive dynamics—were combined in the same organization. Not only did this hinder transparency about the performance results and investment needs of the various segments, but it also meant that most of management's attention and the lion's share of capital investment were focused on the container-shipping business. As a result of this lack of transparency and poor capital allocation, Maersk's shares suffered from a substantial conglomerate discount in the capital markets—foregone equity value that analysts estimated as equal to roughly 25 percent of the company's market capitalization.

Maersk's senior-management team took three steps to start addressing these problems. First, it created a small but activist corporate center, separate from the traditional shipping business, in order to ensure a targeted focus on each of the businesses in the group's portfolio. Second, the team increased the transparency of results, with a focus on getting each business to operational excellence compared with relevant peer groups—part of an effort to develop a more value-focused "operator mind-set" in what had been traditional asset-driven industries. Finally, the team explicitly defined the strategic roles of each business unit, clarifying where to manage for value, where to invest for growth, what to divest, and what to fix.

> Maersk developed a more value-focused "operator mind-set."

These moves allowed Maersk to significantly increase the underlying operating performance of its businesses. Today, the majority of Maersk's businesses are best in class or in the top quartile (as measured by return on capital employed) when compared with their relevant peers.

Restructuring the Portfolio

With the clarity and accountability of the various businesses in the group improved, the next step in the transformation of Maersk's value-creation strategy was to systematically restructure the group's portfolio. Over the years, the company had acquired positions in a far-flung range of businesses outside its core shipping and energy businesses. For instance, it owned a majority stake in Dansk Supermarked, a large Northern European retail-grocery chain, and a 20 percent stake in Danske Bank, the second largest bank in the Nordic region.

The new portfolio strategy had three components. The first was a series of divestments. Some of the businesses sold were marginal non-value-adding assets. Others, like Dansk Supermarked (in which Maersk retained a small minority stake) and Danske Bank, were large, well-performing businesses but outside Maersk's core strategic focus. In some cases, the proceeds from these sales were reinvested in Maersk's core businesses; in others, they were returned directly to the company's shareholders. These moves were made in a way that both built shareholder value for

Maersk and set up the divested businesses for long-term success.

At the same time, Maersk proceeded with the second major step of the new portfolio strategy—the reorganization of its remaining operations into four core business units, each with ambitions for global leadership: Maersk Line, the world's largest container-shipping company; APM Terminals, the world's largest container-terminals company; Maersk Oil, a midsize global upstream oil-and-gas company; and Maersk Drilling, a leading drilling operator. Moreover, a cluster of midsize shipping-related businesses with promising platforms for future growth were taken out of the other businesses and grouped in a business unit of their own called APM Shipping Services. That way, they would get the attention necessary to develop further.

The investment approach shifted to focus on balanced growth at a reasonable price.

The third component of the portfolio strategy was equally important. The company developed new rules for allocating capital across its five new business units. Allocation was determined on the basis of each unit's performance, outlook, and specific role in the overall portfolio. These new rules have had a major impact on how Maersk allocates its capital to the businesses that are most attractive over the long term.

Becoming More Investor Friendly

Creating a more focused and transparent portfolio has gone a long way toward making Maersk more investor friendly. So has a major shift in the company's financial policies.

In February 2013, Maersk took advantage of the cash accumulating on its balance sheet because of its value-based initiatives, balance sheet trimming, and sales of noncore assets to announce a 20 percent increase in its dividend—and then, in February 2014, the company announced an additional increase of 17 percent. In April 2014, Maersk announced a five-way share split to improve liquidity and make it easier for investors to buy and sell stock. Four months later, the company announced the first share buyback in its history—a program of $1 billion to be executed over the subsequent year. And recently, the company announced a one-time special dividend associated with its divestment of Danske Bank.

All these moves helped the company shift its investment approach from a traditional focus on pure growth to one that emphasizes balanced growth at a reasonable price. The new focus attracted an investor base that was more aligned to the company's new value-creation strategy.

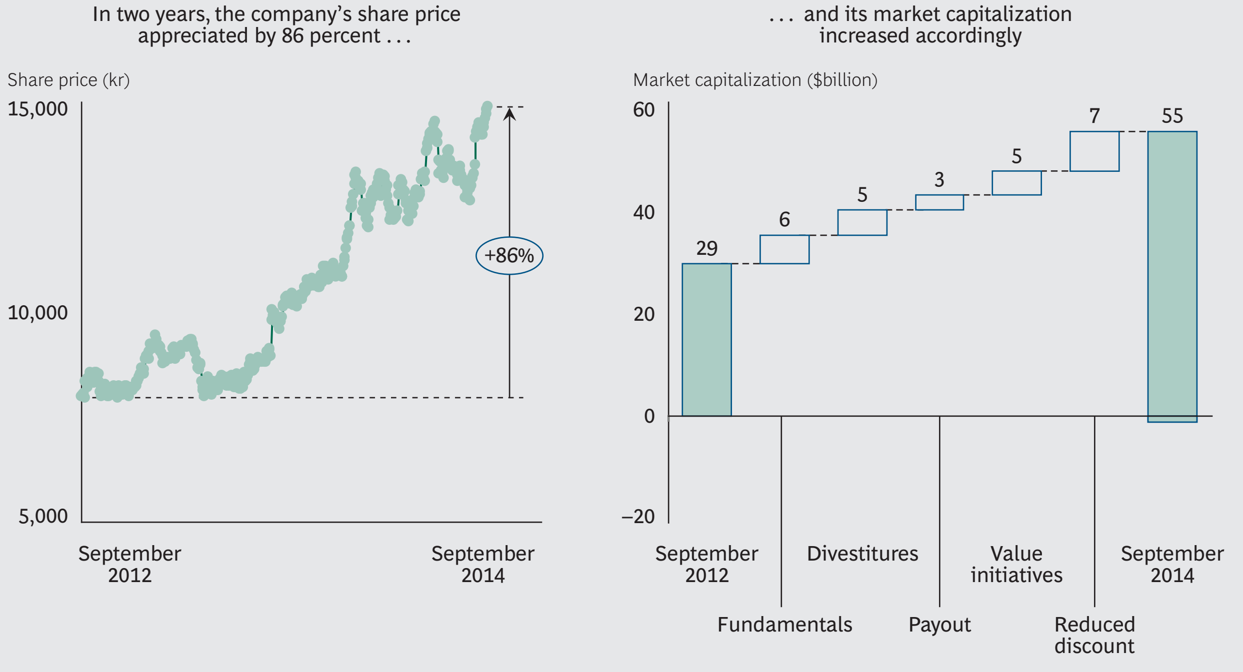
Breaking Away from the Pack

This combination of initiatives has had an extraordinary impact on Maersk's stock price and market capitalization. In the two years following the introduction of the new value-creation strategy, the company's stock price grew by 86 percent, and its market capitalization increased by $26 billion. (See Exhibit 5.) We estimate that nearly three-quarters of this increase can be attributed to the various moves the company has made—improvements in fundamental value, the divestment program, the increase in cash payout, and the value-based initiatives associated with more transparent metrics and a more focused portfolio. The remaining amount is the result of the elimination of the company's conglomerate discount as investors have responded favorably to Maersk's new strategy and purchased the company's stock.

Today, Maersk is a far more efficient and powerful value creator than it was five years ago, despite the challenges facing its core industries. A clear sign of this change: in 2014, the combination of an improved business climate, operational improvement, and proceeds from divestitures allowed the company to grow its net profit by 37 percent—to $5.2 billion—despite the fact that net revenue remained flat compared with the previous year.

No doubt, the future will bring new challenges. The container-shipping sector remains

Exhibit 5 | Maersk's New Value-Creation Strategy Has Transformed Its Performance in the Capital Markets



Sources: S&P Capital IQ; Bloomberg; Maersk investor materials; analyst reports; BCG analysis.

plagued by overcapacity and a decline in freight rates. And the company's oil business remains subscale compared with the industry's giants. Now that Maersk has created a more stable platform for value creation, it will need to find new ways to improve margins and asset productivity while generating growth in what remain extremely competitive and capital-intensive businesses.

"The macroeconomic environment remains volatile," says Maersk CEO Nils Andersen. "But the many change programs that we implemented in response to the financial crisis have helped us create a more agile organization. We now have a group of competitive business units and a financial strength that positions us well for the future. We are on an exciting journey and will continue to invest in growth and create value for our customers and shareholders—regardless of whatever turbulence lies ahead."

PULTEGROUP

TRANSFORMING THE BUSINESS MODEL

With a market capitalization of $7 billion, PulteGroup is one of the largest builders of new homes in the U.S.—the company sold more than 17,000 homes in 2014. During the five-year period from 2010 through 2014, the company delivered an average annual TSR of 16.9 percent—above the median for the companies in this year's Value Creation database.

At first glance, it's tempting to interpret Pulte's above-average performance as a consequence of the recovery of the U.S. new-home market after the recent global recession. But the foundation for Pulte's success really derives from changes that the company made at the nadir of the housing downturn—in particular, how the organization used a focus on value creation to fundamentally change its business model. The story also illustrates how emphasizing absolute, as opposed to relative, value creation can obscure what is really going on at a particular company or in a specific industry or sector.

Exposing Hidden Issues

Throughout the 1990s and into the early years of the subsequent decade, housing starts were growing rapidly, and U.S. home-builder stocks were routinely among Wall Street's top performers: the home-building sector consistently outperformed the S&P 500. Pulte, along with other companies in the industry, delivered TSR that, in an absolute sense, made the company look like a strong value creator.

It was during this period of unprecedented industry growth that Richard J. Dugas, Jr., became CEO of Pulte, in 2003, making him the youngest CEO of a Fortune 500 company at the time. Dugas had risen rapidly through the organization since joining the company in 1994. More than a decade's worth of experience, however, was not enough to prepare him—or anyone else in the industry—for the one-two punch that hit U.S. housing. In 2006, housing starts began to decline rapidly; then, in 2008, the financial crisis hit, causing mortgages to dry up and the U.S. housing market to collapse.

Although the entire industry was hit hard, Pulte's aggressive growth strategy leading into the downturn made the impact on the company especially dramatic and damaging. "Our stock price went into free fall, losing 95 percent of its value from its peak in 2005 to its bottom in 2011," says Dugas. "We had to let go of 80 percent of our employees. And the need to significantly write down our land assets put our balance sheet in a highly levered position, severely limiting our options during very challenging market conditions."

It was around this time, in 2010, that Pulte called on BCG to help the company understand why it had underperformed its peers during the housing collapse. A detailed analysis of the company's value-creation performance over the 20-year period from 1990 to 2010 concluded that Pulte's problem wasn't that it had underperformed during the downturn. Rather, the company had consistently underperformed its peers—in both good times *and* bad. Throughout the entire 20-year period, the company was in the second quartile of its peer group in revenue growth, but it was in the third quartile for asset turns and the bottom quartile for gross margin, returns on capital employed, and revenue per employee. And the majority of its divisions were delivering returns below Pulte's cost of capital. Little wonder, then, that the company was in the bottom third of its peer group when it came to TSR.

"BCG's findings were eye opening and difficult to accept at first," remembers Dugas. "But the underlying data and related analysis made it impossible for us to ignore. Our success in driving strong topline and EPS growth disguised weaknesses and risks in our underlying business model. We needed to change fundamentally how we ran the business."

A New Business Model

Perhaps paradoxically for a company in the home-building business, PulteGroup had not focused on making money by building homes. Rather, the company had relied on capturing value through intelligently acquiring land assets, preferably at the bottom of the cycle, and then selling them at retail by dividing the land into home lots and monetizing it through the sale of individual houses. The implied assumption was that building the houses was necessary to realize value on the land but was not a meaningful source of profitability.

BCG's analysis, however, showed that there were opportunities to generate significantly greater profitability and returns by optimizing the home-building process. By developing more of a "manufacturing mind-set" toward its construction operations, Pulte could develop capabilities in value engineering (such as economizing on the inputs) and manufacturing efficiency that would allow the company to make money not only on land but also on houses. The BCG team defined a three-part strategy that would allow Pulte to derive greater efficiencies, profits, and returns from both its land and its construction operations.

"We needed to change fundamentally how we ran the business."

Manufacturing Excellence. Through a program that ultimately became known as common plan management, the company initiated a series of fundamental changes in its construction operations. PulteGroup began by reengineering its manufacturing process to feature fewer and more-standard home designs. The new process emphasized rigorous value engineering of the floor plans to ensure that each was optimized for material content and ease of constructability. The company then reorganized its operations into geographic zones, across which a series of highly efficient floor plans would be shared. The result: more-efficient floor plans that were used more frequently under a system that enabled future cost savings through ongoing analysis of purchasing and construction data. The company ultimately took the process one step further by overlaying a strategic pricing model that enabled the company to optimize each component of the price—base house, options, land premiums, and incentives—to better maximize total price realization.

Active Portfolio Management. BCG's analysis showed that the key driver of valuations in home building was a company's return on invested capital (ROIC) over the housing cycle. But Pulte had historically focused on revenue and pretax growth, not ROIC, as its key performance metrics. As a result, the company tended to allocate its capital inefficiently: one manager called it "spreading it around like peanut butter." Even worse, because managers were rewarded on growth in pretax dollars, regional managers had a strong incentive to invest heavily, even late in the housing cycle, to maximize their growth (and their bonuses), whether they were actually generating returns on their investments or not.

The company's ROIC was largely a function of having high market share in the geographic markets that were the most attractive because they had not been overbuilt. By developing metrics that tracked the relative appeal of different markets and the company's share in those markets, Pulte could start actively managing its portfolio of market positions and allocate capital disproportionately to the most promising markets.

Customer Intimacy. Another unintended consequence of Pulte's traditional focus on growth was that its homes often included features and options that raised the cost of construction even though consumers might not be willing to pay for those upgrades. Since managers were rewarded based on growing pretax income without regard to margins or balance sheet demands, superficially it made sense to spare no cost in order to ensure a sale. Even worse, when the pressure was on to meet the numbers, managers would often find themselves cutting the price on these overengineered homes to ensure that they would sell—even though the value realized on a particular sale suffered as a result.

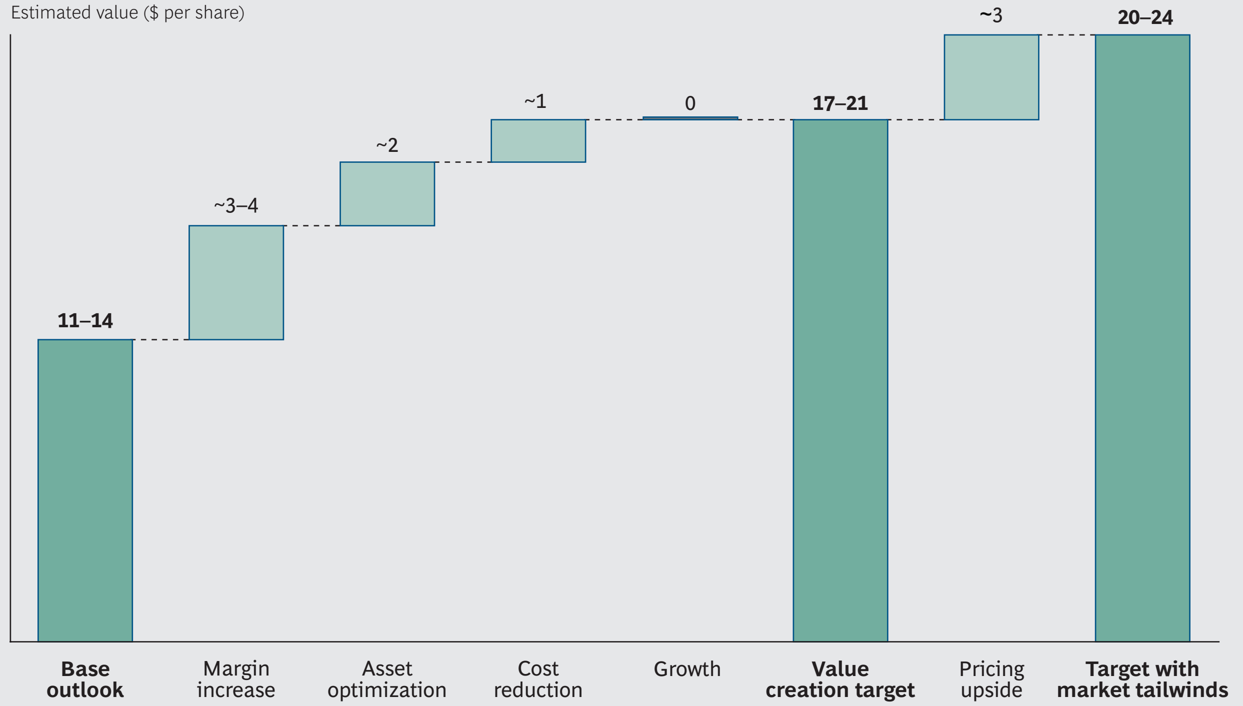
The new model required the company to work harder at understanding exactly what customers valued and were willing to pay for. That meant investing in new capabilities for market research and customer discovery and changing the Pulte culture to make it more "consumer inspired."

These three pillars—manufacturing excellence, active portfolio management, and customer intimacy—together represented a fundamentally new way for Pulte to do business. Building these new capabilities would put the company on a path to triple its stock price by 2016. (See Exhibit 6.)

"A Lot of Runway Left"

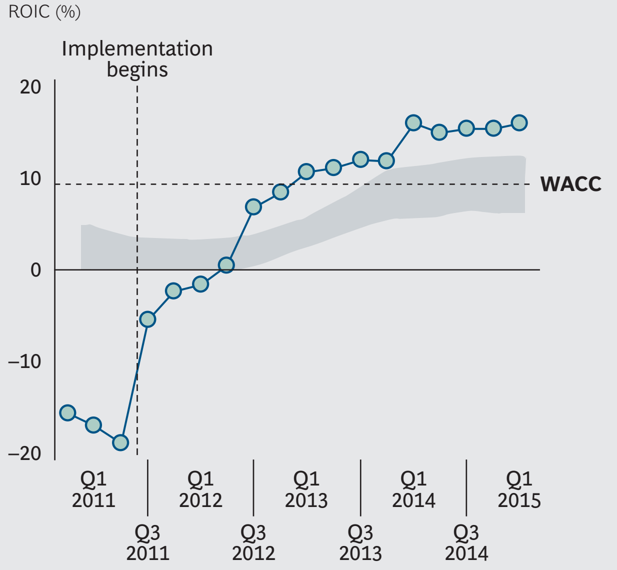
In late 2010, Pulte announced that it would begin focusing its metrics on long-term value, and the company began implementing its new strategy and operating model in early 2011. Although the company is still on its journey, the impact on its business has already been dramatic. (See Exhibit 7.) From the end of 2010 to the end of 2014, Pulte took its operating margin and gross margins from

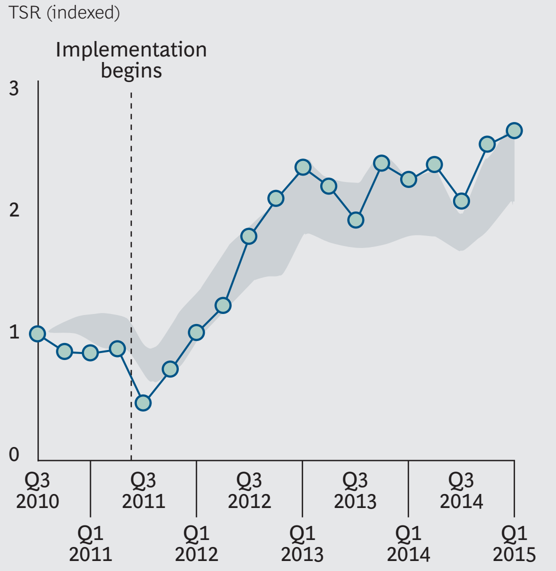
Exhibit 6 | BCG Estimated That PulteGroup's New Value-Creation Strategy Would Triple the Stock Price in Five Years



Sources: Compustat; Reuters; PulteGroup 2011–2012 Capital Plan; BCG analysis.

EXHIBIT 7 | At PulteGroup, Improved Returns on Capital Have Driven Substantial TSR Compared with Peers





Sources: S&P Capital IQ; PulteGroup internal financials; BCG analysis.
Note: The gray band defines the values between the twenty-fifth percentile and the seventy-fifth percentile of PulteGroup's industry peer group.
ROIC = return on invested capital; WACC = weighted average cost of capital.

sixth place to second place—and its ROIC from seventh to second—among its peers. The company's TSR has followed suit. In 2012, Pulte's stock was the second highest performer in the S&P 500. The company had the highest TSR in its peer group in the four-year period from 2011 through 2014. By the end of the first quarter of 2015, Pulte was well on its way toward tripling its stock price.

"It was one thing to understand the implications of BCG's findings," says Dugas. "Truly internalizing the message and changing the culture in order to execute the program has taken time. Reorienting the organization's focus to return on invested capital, and keeping it there even during challenging periods, has been critical to our success."

Now that Pulte has substantially improved its ability to create value, and the housing market appears to be strengthening, it's time for the company to start thinking about growth again. "We worked hard to improve our operations and to earn the balance sheet strength and flexibility necessary to support our future success," says Dugas. "We are now in a position to begin growing the business but following the disciplines established at the outset of this work and with an unwavering commitment to realizing better returns on our investments and improved TSR for our investors. We think we have a lot of runway left."

VALUE CREATION AND TRANSFORMATION

Both Maersk and PulteGroup are examples of companies that used a focus on value creation to jump-start a far-reaching organizational and business transformation. Such a focus can be an extremely useful lens for determining whether transformation is necessary, creating a sense of urgency, and then organizing a company's efforts. (See the sidebar "The BCG Transformation Framework.")

Is Transformation Necessary?

Maersk and Pulte each faced a severe crisis that put the survival of the company at stake. But most situations aren't so black and white. To determine whether your company needs to transform its value-creation strategy, you must first ask yourself, "Is transformation necessary?"

BCG has developed a variety of screens that a company can use to answer this question. (See Exhibit 8.) The value creation screen, on the left-hand side of the exhibit, compares the company with its peers or with some appropriate market index across two dimensions of value creation performance: the company's recent TSR performance relative to its peer group or industry average (on the x-axis) and the company's valuation multiple relative to the peer group or industry average (on the y-axis). The first of these dimensions looks backward to see how the company has done in the recent past. The second looks forward to see how investors think the company will do in the future, based on their expectations as reflected in the company's valuation multiple. Companies that lag their industry or peer group on both dimensions are candidates for transformation. (See *Turnaround: Transforming Value Creation,* the 2014 BCG Value Creators report, July 2014.)

A focus on value creation can jump-start an organizational and business transformation.

We developed the activist screen in Exhibit 8 in response to the increased activity on the part of so-called activist investors in recent years. (See "Do-It-Yourself Activism," BCG article, February 2014.) We analyzed the performance of U.S. companies that have attracted an activist investor campaign and identified the critical thresholds across nine metrics that increase the odds that a company will face an activist campaign. So, for example, activists tend to target companies whose TSR over a three-year period is less than 40 percent of the industry median, whose valuation multiple is in the lower third of its sector, and whose cash on hand is roughly in the top third. If a company meets these criteria, along

THE BCG TRANSFORMATION FRAMEWORK

In our work supporting business transformation at companies around the world, we have developed a simple but powerful framework to help companies create sustainable improvement in performance.

The approach addresses three critical parts of transformation—funding the journey, winning in the medium term, and building the right team and culture—in order to support strong, long-term value creation.

The exhibit below illustrates how specific issues of value creation strategy—including portfolio restructuring, investor strategy, and financial strategy—fit into this overarching framework.

Corporate Transformation Should Focus on Delivering Strong and Sustainable Value Creation

Strong and sustainable value creation

Funding the journey
- Cost reduction
- Freeing up cash

Winning in the medium term
- New business initiatives
- Portfolio restructuring

Leading and sustaining performance
- Execution capabilities and renewed culture
- Refocused management processes

Investor strategy
- "Natural" investor type
- Investor messaging

Financial strategy
- Capital allocation
- Cash payout policy

Source: BCG analysis.

with the others in the activist screen, its senior executives should be thinking about transforming its value-creation strategy—before some activist investor does it for them.

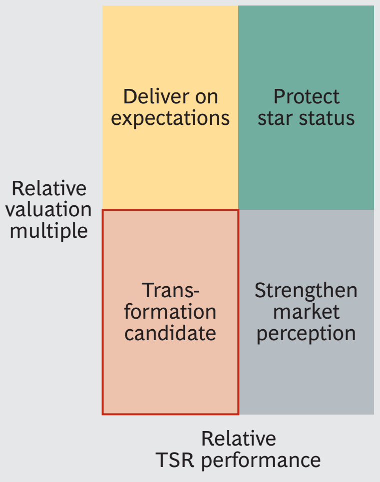
Of course, even successful companies will sometimes need to reshape their value-creation strategy. In recent Value Creators reports, for example, we have featured the new BCG concept of *value patterns*—distinctive company starting positions that cut across industry boundaries and shape the range and types of strategic moves most likely to create value.[1] (See the value pattern screen in Exhibit 8.) One of the key conclusions of our research in this area is that, over time, as businesses change and their competitive environments shift, different business economics and investor expectations emerge, causing a transition from one value pattern to another. One of the biggest challenges facing executive teams is being able to recognize the significance of such shifts and to respond quickly and appropriately. In many cases, these marketplace shifts require changing deeply held assumptions, which can be especially difficult for a team that is strongly committed to its current strategy. A knowledge of value patterns and their dynamics can provide a rapid second opinion on performance priorities as new circumstances unfold.

Six Steps Toward TSR Transformation

If your company has determined that it needs to transform its value-creation strategy, you can do a number of things to make it happen. BCG has identified six key steps for TSR-driven transformation.

Exhibit 8 | Three Screens Help Determine a Company's Need to Transform Its Value-Creation Strategy

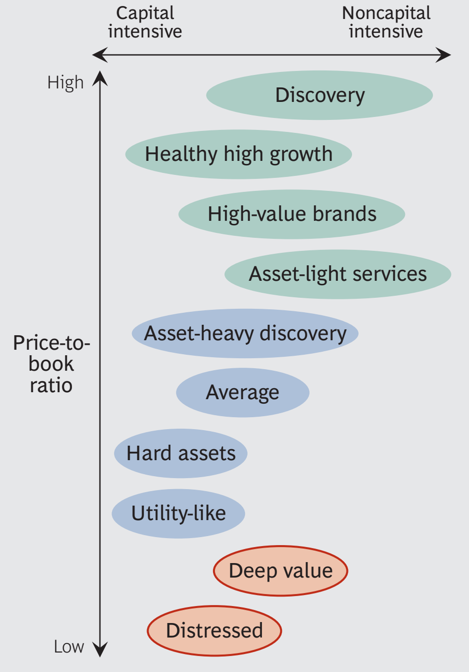
Value creation screen



Activist screen

Factor	Criteria
TSR	Three-year TSR is less than 40 percent of the industry median
Valuation multiple	Price-to-book ratio is less than 32 percent of the industry median
Cash on hand	Cash-to-market cap ratio is in the top 35 percent of the industry
Dividend	Dividend yield is in the bottom 35 percent
Buybacks	Buyback yield is in the bottom 35 percent
Leverage	Net debt-to-enterprise value ratio is in the bottom 30 percent
Cash flow	Operating cash-to-market cap ratio is in the top 60 percent
Profit growth	Net-income growth is in the bottom 40 percent
Market cap	Market cap is in the bottom 50 percent of the S&P 500

Value pattern screen



Source: BCG analysis.

Set your ambition. The key starting point is how you define success. Partly, that's a matter of setting your level of ambition. In our experience, most senior executives think in terms of achieving top-third or top-quartile performance in their peer group or, like Pulte, setting goals such as "tripling the stock price in five years."

Starting with an ambitious goal of this sort can be useful to get an organization to take a critical look at its past performance and future plans. The value of an ambitious target is that it immediately gets managers thinking, "How are we going to achieve that goal?" But keep in mind that it is extremely difficult to consistently achieve something like top-quartile performance. Indeed, it is difficult even to routinely beat the market average.

So senior executives will need to be prepared to test their stretch goals against the realities of their companies' competitive positions and organizational capabilities, as well as against the expectations of investors. In our experience, the result of this process is often to scale back the value creation goal to a more modest level. But that's not necessarily a disaster. The good news is that if a company succeeds in delivering TSR that is just 2 to 3 percentage points above average year after year, such a performance can add up to top-quartile TSR over the long term.

Choose the right metrics. The next step is to choose the right metrics, which will tell you whether or not you are achieving your ambition. Not all dollars of free cash flow are created equal. Different ways of achieving cash flow are valued differently by investors, with varying impacts on TSR. Optimizing a company's value-creation strategy is a matter of managing trade-offs—for example, between investing in growth and investing in margin improvement, between growing organically and growing through acquisition, between maintaining gross margins and reducing operating expenditures. Therefore, it's critical to put in place the right metrics that make the key trade-offs in a company's value creation visible so that senior management can navigate them effectively. A key step in both the Maersk and Pulte transformations was to start measuring company and unit performance using value-based metrics, such as TSR.

These metrics are important not only for tracking a company's past performance but also for identifying future initiatives that will fund the company's transformation journey. By translating its business and financial plans into estimates of future contribution to overall company TSR, a company can assess its future value-creation potential at the level of individual businesses and strategic initiatives. With a clear view of future TSR potential by product, business, region, and initiative, companies are in a better position to identify which initiatives will really move the TSR needle, debate alternative pathways to superior value creation, and target improvements in their business plans.

Define the portfolio strategy. A transformative value-creation strategy also depends on a clear portfolio strategy and active portfolio management. Both are critical to determining how the company will win in the medium and long terms. Each business in the corporate portfolio needs to have a clearly defined role. Do you know which businesses will be your future growth engines? Which will mainly supply cash for other businesses to invest? Which you will need to turn around or consider selling?

What's more, capital and other resources—such as managerial talent—need to be allocated differently across the corporate portfolio on the basis of each unit's current performance, future potential, and role in the value creation strategy. A key step in Maersk's transformation was the creation of standalone business units, each with different roles in the overall portfolio.

But active portofolio management isn't necessary only at multibusiness conglomerates such as Maersk. At PulteGroup, for example, the key portfolio to manage was the one of market positions in different geographic areas. The company had to make sure that capital allocation favored markets that were not already overbuilt and in which Pulte had a strong share relative to its competitors. Nearly every company has a portfolio—be it geographic markets, products, R&D pipelines, or business units—that it needs to actively manage to optimize value creation.

The right metrics identify future initiatives that will fund the transformation.

M&A and divestitures are critical parts of active portfolio management. Acquisitions are an important way to strengthen existing businesses or expand into new ones. (See "Unlocking Acquisitive Growth: Lessons from Successful Serial Acquirers," BCG Perspectives, October 2014.) Meanwhile, selling businesses that no longer fit in a portfolio can improve its value-creation potential. (See *Don't Miss the Exit: Creating Shareholder Value Through Divestitures,* BCG report, September 2014.) For example, Maersk used divestiture to bring more focus to its portfolio, then reorganized to create five focused business units with clear roles and accountability for different aspects of the company's business.

Align the financial strategy. Most transformation efforts at large companies focus on business strategy, operations, and technology. It's equally important for a company's financial strategy to be aligned with the company's long-term objectives. Because financially healthy companies generate cash well in excess of their reinvestment needs, they need to have a plan for what to do with the excess cash. That involves striking the right balance between cash kept on the balance sheet, share buybacks, and dividends returned to investors while also considering the optimal capital structure and credit rating. Getting that balance right is a powerful way for companies to create alignment with their investors. What's more, these alternative uses of capital have a direct impact on TSR and an indirect impact on a company's valuation multiple. Therefore, decisions about a company's financial policies need to be an explicit part of the company's value-creation strategy.

At Maersk, for example, a key part of the new value-creation strategy was to substantially increase the company's dividend. The increase was a signal to investors that Maersk had shifted its investment approach from the traditional focus on pure growth to one that emphasized balanced growth at a reasonable price.

Target the right investors. A successful value-creation strategy also needs to reflect the priorities and expectations of a company's most important investors. Sometimes that means listening carefully to what your current investors want. Other times it means migrating the investor base to new types of investors who are more likely to be in sync with management's business and financial strategies. In either case, it is important to start thinking of investors the way a company thinks of customers. That is, segment investors into categories based on investment style and priorities, and identify the "natural" investor type for the company. Consider the following key questions:

- Who are our dominant investors right now?
- Are they the ones who are likely to support our value-creation strategy in the medium and long terms?
- Do current or desired investors find the company's strategy credible?
- What can we do to create better alignment among our business, financial, and investor strategies?

At Maersk, the natural investor segment for the company's stock consisted of funds that pursued a strategy of growth at a reasonable price. To appeal to the priorities of this type of investor, the company had to make moves such as developing the more value-focused capital-allocation policy and generating large dividend increases.

Refocus management processes. A company's value-creation strategy is only as strong as its value-management capability, which drives a company's processes and organizational culture. The final step in a TSR-driven transformation is to focus key management processes—such as target setting, planning, resource allocation, and incentive compensation—on TSR and to create strong links to value creation at the level of the individual business unit. (See *The Art of Performance Management,* BCG Focus, March 2015.) This is a critical component of the cultural change effort in any broad-based organizational transformation.

By following these six steps, any company can use a focus on value creation to drive a broad-based business transformation, just as Maersk and Pulte have done. The result: better financial performance, above-average TSR relative to the company's peer group, and improved positioning for success in the future, regardless of economic conditions or market environment.

Note

1. See *Unlocking New Sources of Value Creation*, the 2013 Value Creators report, September 2013; and *Improving the Odds: Strategies for Superior Value Creation*, the 2012 BCG Value Creators report, September 2012.

APPENDIX

THE 2015 VALUE CREATORS RANKINGS

The 2015 Value Creators rankings are based on an analysis of TSR at 1,982 global companies for the five-year period from 2010 through 2014.

To arrive at this sample, we began with TSR data for nearly 52,000 companies provided by S&P Capital IQ. We eliminated all companies that were not listed on a world stock exchange for the full five years of our study or did not have at least 25 percent of their shares available on public capital markets. We further refined the sample by organizing the remaining companies into 27 industry groups and establishing an appropriate market-valuation hurdle to eliminate the smallest companies in each industry. (The size of the market-valuation hurdle for each industry can be found in the tables under "Industry Rankings.") In addition to our comprehensive sample, we separated out 177 companies with market valuations of more than $50 billion. We have included a table of rankings of these large-cap companies under "Global Rankings."

The global and industry rankings are based on five-year TSR performance from 2010 through 2014. We also show TSR performance for 2015, through May 5. In addition, for all but two of the industry rankings, we break down TSR performance into the six investor-oriented financial metrics used in the BCG TSR model: sales growth, margin change, multiple change, dividend yield, change in the number of shares outstanding, and change in net debt. For two industries, banking and insurance, we use a slightly different approach to TSR disaggregation because of the special analytical problems involved in measuring value creation in those sectors.

GLOBAL RANKINGS

TOTAL GLOBAL SAMPLE

The Global Top Ten, 2010–2014

						TSR Disaggregation[1]						
	Company	Location[2]	Industry	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Pharmacyclics	United States	Biopharma	108.0	9.2	n/a[7]						108
2	Surya Citra Media	Indonesia	Media and publishing	107.9	4.1	20	10	73	12	–8	2	–7
3	Cheniere Energy	United States	Oil	96.2	16.7	n/a[7]						7
4	Eicher Motors	India	Automotive OEMs	88.9	6.5	24	22	52	2	0	–11	3
5	Jazz Pharmaceuticals	Ireland	Biopharma	83.5	9.9	56	34	0	0	–12	6	8
6	GungHo Online Entertainment	Japan	Media and publishing	77.6	4.2	76	30	–32	0	0	3	4
7	Regeneron Pharmaceuticals	United States	Biopharma	76.2	41.5	n/a[7]						13
8	Taro Pharmaceutical Industries	Israel	Biopharma	75.6	6.3	18	21	36	0	0	1	–5
9	Universal Robina	Philippines	Consumer nondurables	69.7	9.5	13	5	47	5	0	–1	14
10	Galaxy Entertainment	Hong Kong	Travel and tourism	69.2	23.9	42	29	–6	1	–1	5	–9

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 1,982 global companies.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

LARGE-CAP COMPANIES

The Large-Cap Top Ten, 2010–2014

						TSR Disaggregation[1]						
	Company	Location[2]	Industry	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Actavis[7]	Ireland	Biopharma	45.4	68.2	36	7	15	0	–14	0	11
2	Biogen	United States	Biopharma	44.7	80.2	17	4	20	0	3	0	14
3	Priceline.com	United States	Travel and tourism	39.2	59.7	29	16	–2	0	–3	–1	11
4	Naspers	South Africa	Media and publishing	39.1	52.0	22	–20	37	1	–1	0	22
5	Baidu	China	Media and publishing	38.2	80.0	62	–7	–16	0	0	0	–15
6	Gilead Sciences	United States	Biopharma	34.2	142.2	29	6	–3	0	4	–1	9
7	Novo Nordisk	Denmark	Biopharma	33.7	106.8	12	5	12	2	3	–1	44
8	Union Pacific Railroad	United States	Transportation and logistics	32.7	105.9	11	6	8	3	3	3	–11
9	The Home Depot	United States	Retail	32.6	138.3	5	7	11	3	5	1	3
10	Celgene	United States	Biopharma	32.1	89.3	23	3	6	0	3	–2	–4

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 177 global companies with a market valuation greater than $50 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Actavis changed its name to Allergan in June 2015.

INDUSTRY RANKINGS

AEROSPACE AND DEFENSE

The Aerospace and Defense Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Astronics	United States	56.3	1.2	28	16	13	0	–5	3	23
2	TransDigm Group	United States	43.2	10.3	26	–2	13	10	–1	–2	9
3	Zodiac Aerospace	France	39.5	9.3	14	4	16	3	–1	4	17
4	Senior Aerospace	United Kingdom	34.9	2.0	9	1	17	3	–1	6	5
5	Safran	France	33.5	25.8	7	5	16	3	–1	3	26
6	China Spacesat	China	30.0	5.4	14	–2	21	5	–5	–3	89
7	HEICO	United States	29.0	3.5	16	5	7	2	–1	0	–8
8	B/E Aerospace	United States	27.8	6.1	6	0	13	8	–1	1	3
9	Northrop Grumman	United States	27.5	29.8	–7	9	11	6	9	–1	4
10	Hexcel	United States	26.2	4.0	11	8	4	0	0	3	17

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 67 global companies with a market valuation greater than $1 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

AUTOMOTIVE COMPONENTS

The Automotive Components Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Plastic Omnium	France	64.1	4.1	13	6	22	4	–1	20	8
2	Motherson Sumi Systems	India	52.4	6.4	39	8	4	2	–1	0	11
3	Toyo Tire & Rubber	Japan	51.1	2.5	4	29	–7	4	–2	24	–5
4	Dorman Products	United States	45.1	1.7	15	10	20	1	0	0	–2
5	MRF	India	44.9	2.5	19	4	18	1	0	4	0
6	Brembo	Italy	44.2	2.2	17	8	5	5	0	10	30
7	Linamar	Canada	40.2	4.0	20	11	4	2	0	4	2
8	Continental	Germany	39.3	42.6	11	4	7	2	–3	18	20
9	Apollo Tyres	India	36.5	1.8	12	–1	15	1	0	9	–21
10	Magna International	Canada	36.1	22.5	16	32	–12	2	2	–3	–6

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 87 global companies with a market valuation greater than $1 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

AUTOMOTIVE OEMS

The Automotive OEM Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1] Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Eicher Motors	India	88.9	6.5	24	22	52	2	0	–11	3
2	Great Wall Motors	China	63.4	17.3	38	17	10	4	–2	–4	26
3	Fuji Heavy Industries	Japan	59.5	28.0	15	25	3	2	0	14	–5
4	Brilliance China Automotive	Hong Kong	39.4	8.1	n/a[7]						15
5	Yulon-Nissan Motor	Taiwan	39.2	3.1	n/a[7]						–3
6	Isuzu Motors	Japan	36.2	10.4	11	23	–15	2	0	14	8
7	Chongqing Changan Automobile	China	31.1	10.6	16	–17	30	2	–2	3	49
8	Tata Motors	India	27.3	25.3	23	15	–16	2	–2	6	4
9	BMW	Germany	26.2	71.5	10	26	–13	3	0	0	18
10	Volkswagen	Germany	25.8	106.3	14	9	2	3	–3	1	24

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 39 global companies with a market valuation greater than $3 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

BANKING

The Banking Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1] Equity growth (p.p.)	ROE change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (%)	Share change[5] (p.p.)	2015 TSR[6] (%)
1	FirstRand	South Africa	37.0	24.0	12	11	0	15	–1	13
2	Bank Rakyat Indonesia	Indonesia	27.5	23.2	29	–2	–2	3	0	3
3	QNB	Qatar	27.3	40.9	25	–5	6	6	–4	–3
4	Swedbank	Sweden	27.2	27.5	n/a[7]					1
5	Kotak Mahindra Bank	India	25.9	15.4	21	–8	15	0	–2	13
6	Kasikornbank	Thailand	24.3	16.7	15	10	–3	2	0	–7
7	HDFC Bank	India	23.8	37.7	26	–3	1	1	–2	4
8	Bank Central Asia	Indonesia	23.8	26.1	23	–3	3	2	0	6
9	National Bank of Abu Dhabi	United Arab Emirates	23.1	17.9	16	–4	7	4	0	–9
10	Axis	India	22.0	18.8	24	–4	4	1	–3	13

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 95 global companies with a market valuation greater than $15 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in price-to-earnings multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal net income in either the start year or end year of the analysis.

BIOPHARMA

The Biopharma Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Pharmacyclics	United States	108.0	9.2	n/a[7]						108
2	Jazz Pharmaceuticals	Ireland	83.5	9.9	56	34	0	0	–12	6	8
3	Regeneron Pharmaceuticals	United States	76.2	41.5	n/a[7]						13
4	Taro Pharmaceutical Industries	Israel	75.6	6.3	18	21	36	0	0	1	–5
5	Valeant Pharmaceuticals	Canada	61.0	48.2	59	–2	21	2	–14	–4	53
6	Incyte	United States	51.7	12.4	n/a[7]						33
7	Shanghai RAAS Blood Products	China	51.1	9.9	28	3	26	2	–6	–1	39
8	Kalbe Farma	Indonesia	50.2	6.9	14	–3	37	2	0	–1	0
9	Alexion	United States	49.9	36.7	42	16	–6	0	–2	0	–9
10	Actavis[8]	Ireland	45.4	68.2	36	7	15	0	–14	0	11

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 78 global companies with a market valuation greater than $4 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.
[8]Actavis changed its name to Allergan in June 2015.

BUILDING MATERIALS

The Building Materials Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Lucky Cement	Pakistan	56.4	1.6	28	3	13	7	0	5	–3
2	Shree Cement	India	38.2	5.2	14	–11	30	1	0	4	10
3	Sanwa Holdings	Japan	32.4	1.7	8	17	–8	3	0	12	6
4	Taiheiyo Cement	Japan	31.1	3.9	3	13	–12	2	–5	30	0
5	Saudi Cement	Saudi Arabia	29.4	3.9	9	2	12	9	–8	5	3
6	Forbo International	Switzerland	26.0	2.2	–7	7	14	2	1	9	18
7	NIBE Industrier	Sweden	25.9	2.8	14	6	8	2	–3	–1	12
8	Eagle Materials	United States	25.2	3.8	18	15	–9	1	–3	2	10
9	UltraTech Cement	India	24.5	11.6	28	–10	21	1	–15	–1	1
10	Beijing Oriental Yuhong Waterproof Technology	China	22.6	2.2	44	3	–21	1	–5	1	26

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 68 global companies with a market valuation greater than $1.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

CHEMICALS

The Chemicals Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Hexpol	Sweden	59.1	3.2	28	8	16	6	–5	6	23
2	Nippon Paint	Japan	46.4	9.4	6	11	27	2	–4	5	14
3	Pengxin International Mining	China	43.3	2.6	n/a[7]						25
4	Pidilite Industries	India	42.3	4.4	18	–4	25	1	0	2	8
5	Grupa Azoty	Poland	41.3	1.8	52	11	–5	8	–17	–8	30
6	Elementis	United Kingdom	40.6	1.9	6	20	2	4	–1	9	16
7	Westlake Chemical	United States	39.9	8.1	14	31	–10	3	0	3	16
8	PolyOne	United States	39.6	3.4	13	6	15	1	0	4	6
9	Synthos	Poland	36.6	1.5	12	–3	19	8	0	1	17
10	Sherwin-Williams	United States	35.6	25.3	9	2	20	2	3	0	5

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 145 global companies with a market valuation greater than $1.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of Decemaber 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

COMMUNICATION SERVICE PROVIDERS

The Communication Service Providers Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	True	Thailand	43.2	8.3	12	–10	18	14	–22	32	10
2	Intouch Holdings	Thailand	37.7	7.7	4	15	3	14	0	2	1
3	Charter Communications	United States	36.2	18.2	6	–1	16	0	1	14	11
4	Liberty Global	United Kingdom	35.6	44.9	10	1	11	0	–9	22	4
5	Advanced Info Service	Thailand	34.7	22.7	8	–1	16	11	0	0	–2
6	Time Warner Cable	United States	33.2	42.7	5	–1	11	3	5	10	4
7	Comcast	United States	30.5	149.5	14	–3	11	2	2	4	1
8	DiGi.Com	Malaysia	29.9	13.7	7	6	10	7	0	0	–1
9	BT Group	United Kingdom	29.0	50.9	–3	9	1	5	–1	19	12
10	SoftBank	Japan	28.2	71.5	25	–2	7	1	–2	–1	4

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 56 global companies with a market valuation greater than $7.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

CONSTRUCTION

The Construction Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Wijaya Karya	Indonesia	65.5	1.8	14	8	57	3	–2	–14	–21
2	IS Dongseo	South Korea	59.7	1.8	22	16	20	3	–3	1	67
3	Pinfra	Mexico	43.4	5.1	15	–1	17	0	–3	15	–2
4	Galliford Try	United Kingdom	38.5	1.6	12	19	7	6	0	–6	17
5	Taisei	Japan	36.7	6.5	1	20	–9	3	–1	22	2
6	Maeda	Japan	33.9	1.5	4	8	–2	3	–1	23	–11
7	China State Construction International Holdings	Hong Kong	30.5	5.6	25	16	0	3	–6	–9	35
8	Dialog Group	Malaysia	30.3	2.1	17	1	15	4	–5	–3	6
9	China CAMC Engineering	China	26.5	3.4	25	14	–8	1	–6	0	31
10	IDEAL	Mexico	25.2	8.1	19	10	–2	0	0	–3	–16

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 77 global companies with a market valuation greater than \$1.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

CONSUMER DURABLES

The Consumer Durables Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Polaris Industries	United States	50.1	10.0	23	6	17	3	0	1	–7
2	De'Longhi Appliances	Italy	49.7	2.7	4	10	17	13	0	6	39
3	Middleby	United States	43.4	5.7	21	4	17	0	–1	3	3
4	Merida Industry	Taiwan	43.0	2.0	12	14	9	5	0	3	7
5	Shimano	Japan	34.8	12.1	12	9	13	2	0	–2	9
6	Brunswick	United States	32.7	4.8	n/a[7]						–2
7	Techtronic Industries	Hong Kong	32.6	5.9	9	10	6	2	–3	9	8
8	Glarun Technology	China	31.3	2.1	n/a[7]						24
9	Steinhoff International Holdings	South Africa	31.2	12.9	22	1	6	8	–11	5	28
10	Giant Manufacturing	Taiwan	30.2	3.3	9	1	15	5	–1	1	–2

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 47 global companies with a market valuation greater than \$2 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

CONSUMER NONDURABLES

The Consumer Nondurables Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Universal Robina	Philippines	69.7	9.5	13	5	47	5	0	–1	14
2	Constellation Brands	United States	43.9	18.9	12	8	12	0	3	9	18
3	Monster Beverage	United States	41.4	18.2	17	1	23	0	1	–1	30
4	Keurig Green Mountain	United States	37.5	21.4	42	21	–21	0	–4	–1	–17
5	Associated British Foods	United Kingdom	33.3	38.7	7	2	18	2	0	3	–10
6	Thai Beverage	Thailand	29.3	13.1	8	–2	18	5	0	–1	9
7	Tyson Foods	United States	28.0	16.3	7	13	7	1	–2	2	2
8	Inner Mongolia Yili Industrial Group	China	27.5	14.1	18	20	–7	1	–5	1	25
9	Estée Lauder	United States	27.2	28.9	7	5	13	1	1	1	14
10	Altria Group	United States	27.0	97.4	1	3	13	7	1	3	3

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 88 global companies with a market valuation greater than $7.5 billion.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

FASHION AND LUXURY

The Fashion and Luxury Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Fawaz A. Al Hokair	Saudi Arabia	58.4	5.5	29	0	23	7	0	0	6
2	Under Armour	United States	58.4	14.5	29	1	31	0	–1	–2	14
3	Sports Direct International	United Kingdom	48.7	6.6	15	11	15	0	–1	9	–12
4	L Brands	United States	46.7	25.3	6	7	20	12	2	0	7
5	Hugo Boss	Germany	43.2	8.6	10	6	17	5	0	5	6
6	Foot Locker	United States	42.1	8.0	8	24	6	4	2	–2	9
7	Titan	India	40.9	5.4	22	2	17	1	0	0	1
8	Signet Jewelers	Bermuda	38.3	10.5	11	7	21	1	1	–3	3
9	Hanesbrands	United States	36.5	11.2	7	8	11	1	–1	11	12
10	Ross Stores	United States	36.0	19.7	9	5	20	1	3	–2	7

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 41 global companies with a market valuation greater than $4.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

FOREST PRODUCTS

The Forest Products Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	KapStone Paper and Packaging	United States	45.8	2.8	29	–11	26	3	–1	–1	–7
2	Guangdong Guanhao High-Tech	China	44.2	2.3	10	6	34	0	–4	–2	44
3	Neenah Paper	United States	36.8	1.0	9	3	5	3	–2	18	0
4	Interfor	Canada	36.2	1.3	n/a[7]						–22
5	DS Smith	United Kingdom	34.4	4.7	14	11	3	14	–16	9	9
6	Mondi	United Kingdom	33.2	7.9	4	8	7	4	0	10	37
7	West Fraser	Canada	33.2	4.8	8	42	–23	1	0	5	–4
8	Graphic Packaging	United States	31.5	4.5	1	5	7	0	1	18	6
9	Packaging Corporation of America	United States	31.3	7.7	22	4	3	4	1	–2	–12
10	Canfor	Canada	29.5	3.5	n/a[7]						–21

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 39 global companies with a market valuation greater than $1 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

HEALTH CARE SERVICES

The Health Care Services Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Bangkok Dusit Medical Services	Thailand	49.7	8.1	21	–1	28	2	–5	4	19
2	Ship Healthcare	Japan	43.4	1.1	15	2	8	3	–3	18	5
3	Ramsay Health Care	Australia	42.8	9.4	15	2	17	4	0	6	11
4	Bumrungrad Hospital	Thailand	39.9	3.1	11	4	21	3	0	1	15
5	Centene	United States	37.4	6.1	31	–7	20	0	–6	0	22
6	Mediclinic Intl	South Africa	36.2	7.4	16	–1	10	5	–8	15	21
7	Ryman Healthcare	New Zealand	35.7	3.3	20	25	–14	3	0	1	–5
8	TopChoice Medical Investment	China	35.4	1.2	25	1	10	0	0	0	76
9	Mouwasat Medical Services	Saudi Arabia	35.4	1.6	14	–6	24	3	0	0	9
10	Air Methods	United States	33.2	1.7	14	17	4	2	–1	–3	1

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 57 global companies with a market valuation greater than $1 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

INSURANCE

The Insurance Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Equity growth (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	2015 TSR[6] (%)
1	Legal & General	United Kingdom	31.3	22.9	8	18	6	0	7
2	Sanlam	South Africa	30.5	12.1	9	16	5	0	11
3	Hannover Rück	Germany	24.3	11.0	15	3	6	0	20
4	Sampo	Finland	24.0	26.3	7	10	6	0	14
5	Prudential	United Kingdom	22.2	59.5	13	5	4	0	10
6	Allstate	United States	21.4	29.5	4	9	3	5	0
7	ACE	Switzerland	20.8	38.1	9	9	3	0	–6
8	Standard Life	United Kingdom	20.0	14.9	6	8	7	–1	15
9	PICC Property and Casualty	China	19.8	28.8	32	–12	5	–6	14
10	Swiss Re	Switzerland	19.4	28.8	7	5	8	0	15

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 48 global companies with a market valuation greater than $10 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in price-to-book multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

MACHINERY

The Machinery Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Shanghai SIASUN Robot & Automation	China	42.3	4.2	27	6	12	0	0	–3	59
2	Westinghouse Air Brake Technologies	United States	33.8	8.4	17	5	10	0	0	2	14
3	Colfax	United States	33.8	6.4	55	–3	0	0	–19	1	–3
4	A.O. Smith	United States	33.1	5.1	3	8	13	2	0	7	17
5	Minebea	Japan	31.3	5.6	16	4	3	2	0	6	1
6	Trinity Industries	United States	27.9	4.4	19	6	–2	2	0	2	4
7	Cummins	United States	27.8	26.2	12	11	0	2	2	1	–3
8	ASSA ABLOY	Sweden	27.3	19.6	10	3	10	3	0	2	20
9	Wolseley	Switzerland	26.6	14.9	–2	7	13	4	0	5	5
10	Wärtsilä	Finland	26.1	8.9	–2	–2	23	5	0	2	11

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 82 global companies with a market valuation greater than $4 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

MEDIA AND PUBLISHING

The Media and Publishing Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Surya Citra Media	Indonesia	107.9	4.1	20	10	73	12	–8	2	–7
2	GungHo Online Entertainment	Japan	77.6	4.2	76	30	–32	0	0	3	4
3	M3	Japan	55.0	5.5	35	–7	29	1	–1	–2	10
4	Netflix	United States	44.0	20.6	27	–12	31	0	–2	0	66
5	ProSiebenSat.1 Media	Germany	43.7	9.0	1	3	10	10	0	20	31
6	Sirius XM	United States	42.8	19.2	11	8	18	1	–8	13	10
7	Lions Gate Entertainment	United States	41.0	4.5	11	20	3	0	–3	10	–3
8	Naspers	South Africa	39.1	52.0	22	–20	37	1	–1	0	22
9	REA Group	Australia	38.5	4.9	23	9	6	2	–1	–1	7
10	Baidu	China	38.2	80.0	62	–7	–16	0	0	0	–15

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 72 global companies with a market valuation greater than $4 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

MEDICAL TECHNOLOGY

The Medical Technology Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Sartorius	Germany	48.4	2.1	8	9	18	2	0	11	44
2	DexCom	United States	46.8	4.2	n/a[7]						20
3	Coloplast	Denmark	43.3	17.8	7	12	19	3	0	2	2
4	Illumina	United States	43.2	26.2	23	6	20	0	–3	–2	1
5	GN Store Nord	Denmark	37.7	3.5	9	45	–24	1	5	2	6
6	Cantel Medical	United States	37.5	1.8	13	6	20	1	–2	0	4
7	Sysmex	Japan	36.0	9.3	13	6	16	1	0	0	21
8	Nihon Kohden	Japan	35.0	2.2	8	4	23	3	0	–3	4
9	Shinva Medical Instrument	China	34.4	2.0	48	7	–12	3	–8	–4	60
10	Abiomed	United States	34.2	1.5	n/a[7]						98

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 69 global companies with a market valuation greater than $1.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

METALS

The Metals Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Ternium	Argentina	39.3	3.2	27	11	–8	13	0	–3	26
2	Fushun Special Steel	China	28.3	2.4	5	10	5	0	0	7	5
3	China Minmetals Rare Earth	China	25.5	4.7	n/a[7]						18
4	Aluar Aluminio Argentino	Argentina	24.7	2.5	22	–2	1	2	0	2	28
5	China Northern Rare Earth Group High-Tech	China	23.5	10.1	18	2	3	0	0	1	21
6	Erdemir Group	Turkey	23.3	6.7	17	32	–38	7	0	6	3
7	Worthington Industries	United States	20.8	2.1	12	7	–3	3	3	–2	–10
8	Korea Zinc	South Korea	16.3	6.5	9	–1	4	2	0	2	21
9	Dowa	Japan	15.5	2.4	9	2	–4	2	0	7	15
10	Carpenter Technology	United States	14.6	2.6	15	26	–23	2	–4	–1	–9

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 61 global companies with a market valuation greater than $2 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

MINING

The Mining Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Semirara Mining and Power	Philippines	59.2	3.4	19	4	23	9	–5	9	19
2	Alliance Resource Partners	United States	21.7	3.2	13	6	–2	7	0	–2	–20
3	Franco-Nevada	Canada	14.4	7.7	29	–14	7	1	–6	–2	11
4	Saudi Arabian Mining	Saudi Arabia	13.8	9.5	76	18	–63	2	–5	–15	48
5	Imerys	France	10.8	5.6	6	5	–5	3	0	2	8
6	KGHM	Poland	10.0	6.1	11	–4	–2	9	0	–5	20
7	Boliden	Sweden	10.0	4.4	6	–3	2	4	0	1	42
8	Grupo México	Mexico	7.8	22.6	13	1	–9	3	0	0	9
9	Silver Wheaton	Canada	7.1	7.4	21	1	–13	1	–1	–2	–2
10	Royal Gold	United States	7.0	4.1	19	–2	–9	1	–3	1	4

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 57 global companies with a market valuation greater than $3 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

MULTIBUSINESS

The Multibusiness Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	JG Summit Holdings	Philippines	59.1	10.3	11	2	28	1	–1	17	12
2	DMCI Holdings	Philippines	57.1	4.7	15	12	16	5	0	8	–4
3	Aboitiz Equity Ventures	Philippines	47.5	6.5	19	6	3	5	0	14	11
4	Alliance Global Group	Philippines	43.7	5.1	30	4	8	3	–2	1	14
5	IHI	Japan	35.5	7.9	3	1	17	2	–1	13	–11
6	Hitachi	Japan	28.0	36.3	1	4	7	2	–2	15	–9
7	Remgro	South Africa	27.4	11.3	17	–12	21	4	0	–3	6
8	Koç Holding	Turkey	26.8	13.5	9	–15	26	3	0	5	0
9	Brookfield Infrastructure Partners	Canada	26.4	6.3	n/a[7]						7
10	Grupo Carso	Mexico	26.1	11.3	4	–11	16	13	0	3	–11

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 71 global companies with a market valuation greater than $4 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

OIL

The Oil Top Ten, 2010–2014

					TSR Disaggregation[1]						
	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Cheniere Energy	United States	96.2	16.7	n/a[7]						7
2	Tesoro	United States	41.7	9.4	19	27	–10	1	2	3	21
3	Energy Transfer Equity	United States	37.0	31.0	59	–34	9	7	–4	0	17
4	Magellan Midstream Partners	United States	36.9	18.8	18	5	5	6	–1	3	5
5	Sunoco Logistics Partners	United States	36.4	9.2	27	–10	18	6	–3	–2	8
6	Western Gas Partners	United States	36.1	10.1	39	–2	9	6	–15	–1	0
7	Inter Pipeline	Canada	34.3	10.1	11	5	9	7	–5	7	–12
8	Valero Energy	United States	28.7	25.8	14	21	–21	4	2	8	18
9	The Williams Companies	United States	25.4	33.6	–2	–2	28	9	–5	–4	12
10	Pioneer Natural Resources	United States	25.4	22.2	22	11	–9	0	–5	7	10

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 81 global companies with a market valuation greater than $8 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

POWER AND GAS UTILITIES

The Power and Gas Utilities Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1] Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	NiSource	United States	27.5	13.4	–1	5	11	5	–3	9	3
2	Huadian Power International	China	27.5	9.5	13	11	–9	3	–5	14	27
3	SDIC Power Holdings	China	25.0	12.5	24	10	–16	2	–7	12	12
4	China Gas Holdings	Hong Kong	24.6	7.9	28	2	–5	1	–8	7	11
5	CMS Energy	United States	22.0	9.6	3	4	4	5	–4	10	–3
6	Alliant Energy	United States	21.9	7.4	0	7	7	5	0	3	–7
7	Huaneng Power International	China	21.7	20.2	10	6	–7	5	–4	11	6
8	Petronas Gas	Malaysia	21.6	12.5	5	4	10	4	0	–2	4
9	Wisconsin Energy	United States	20.1	11.9	4	5	1	4	1	5	–8
10	Eversource Energy	United States	19.8	17.0	7	5	8	4	–11	7	–9

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 71 global companies with a market valuation greater than $7 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

RETAIL

The Retail Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1] Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Domino's Pizza	United States	65.6	5.2	7	4	23	3	1	26	13
2	Siam Makro	Thailand	58.3	5.3	13	6	36	6	0	–2	–1
3	Chipotle Mexican Grill	United States	50.7	21.2	22	3	27	0	0	–1	–9
4	Hotai Motor	Taiwan	49.8	8.2	10	5	25	6	0	4	10
5	Dillard's	United States	48.9	5.2	1	13	14	2	12	6	1
6	ULTA Salon, Cosmetics & Fragrance	United States	48.1	8.2	21	11	16	0	–2	1	20
7	Alimentation Couche-Tard	Canada	45.7	23.8	18	7	19	1	–1	1	–8
8	Tractor Supply	United States	44.0	10.7	12	11	21	1	1	–2	9
9	Big C Supercenter	Thailand	43.9	5.9	11	4	29	3	–1	–3	–5
10	Woolworths	South Africa	40.6	6.2	21	8	14	7	–4	–5	18

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 99 global companies with a market valuation greater than $4.5 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

TECHNOLOGY

The Technology Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Largan Precision	Taiwan	44.1	10.1	41	6	–5	2	0	–1	34
2	Avago Technologies	Singapore	42.6	25.7	24	14	7	2	–2	–2	16
3	ARM	United Kingdom	42.1	21.8	21	16	6	1	–2	0	13
4	Skyworks Solutions	United States	38.8	13.9	23	14	4	0	–2	–1	30
5	Alliance Data Systems	United States	34.7	18.3	22	3	12	0	–4	2	5
6	Seagate Technology	Ireland	33.5	21.8	5	–4	22	4	8	–1	–12
7	Cielo	Brazil	32.3	24.6	18	–7	16	7	0	–1	22
8	Apple	United States	31.1	647.4	38	11	–18	1	1	–3	14
9	ASML	Netherlands	30.7	47.5	30	8	–14	7	0	0	7
10	Catamaran	United States	30.6	10.8	72	–16	–10	0	–10	–5	15

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 107 global companies with a market valuation greater than $9 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

TRANSPORTATION AND LOGISTICS

The Transportation and Logistics Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1]: Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	XPO Logistics	United States	51.5	3.2	88	–3	–1	0	–36	3	20
2	Macquarie Infrastructure	United States	47.5	5.0	14	–8	28	5	–9	17	22
3	Old Dominion Freight Line	United States	41.6	6.7	17	11	9	0	–1	4	–9
4	ICTSI	Philippines	41.0	5.2	20	0	17	1	–1	3	–2
5	Jasa Marga	Indonesia	34.3	3.9	20	–6	16	3	0	1	–9
6	Canadian Pacific Railway	Canada	33.4	33.0	9	6	11	2	0	6	2
7	Union Pacific Railroad	United States	32.7	105.9	11	6	8	3	3	3	–11
8	TransForce	Canada	32.5	2.5	15	–2	12	4	–1	4	–7
9	Japan Airport Terminal	Japan	31.5	3.2	7	–3	21	1	0	6	39
10	Kansas City Southern	United States	30.4	13.5	12	8	5	1	–3	7	–16

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 104 global companies with a market valuation greater than $2 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.

TRAVEL AND TOURISM

The Travel and Tourism Top Ten, 2010–2014

	Company	Location[2]	Average annual TSR (%)	Market value[3] ($billions)	TSR Disaggregation[1] Sales growth (p.p.)	Margin change (p.p.)	Multiple change[4] (p.p.)	Dividend yield (p.p.)	Share change[5] (p.p.)	Net debt change (p.p.)	2015 TSR[6] (%)
1	Galaxy Entertainment	Hong Kong	69.2	23.9	42	29	–6	1	–1	5	–9
2	Airports of Thailand	Thailand	51.2	12.2	12	2	20	3	0	14	3
3	Melco Crown Entertainment	Hong Kong	50.4	13.7	n/a[7]						–20
4	Alaska Air Group	United States	47.7	7.9	10	10	13	0	2	13	6
5	Priceline.com	United States	39.2	59.7	29	16	–2	0	–3	–1	11
6	United Continental	United States	39.0	24.7	19	12	2	0	–15	21	–11
7	EasyJet	United Kingdom	38.8	10.3	11	37	–15	5	0	2	9
8	Avis Budget	United States	38.3	7.0	11	7	5	0	–1	17	–19
9	Melco International Development	Hong Kong	37.3	3.4	n/a[7]						–22
10	Oriental Land	Japan	36.8	19.3	4	6	20	2	1	5	19

Sources: S&P Capital IQ; annual reports; BCG analysis.
Note: n = 76 global companies with a market valuation greater than $3 billion as of December 31, 2014.
[1]Contribution of each factor shown in percentage points of five-year average annual TSR. Any apparent differences in TSR totals are due to rounding.
[2]Location refers to the location of the company's corporate headquarters.
[3]As of December 31, 2014.
[4]Change in EBITDA multiple.
[5]Share change refers to the change in the number of shares outstanding, not to the change in share price.
[6]As of May 5, 2015.
[7]Meaningful TSR disaggregation is not possible because this company had negative or minimal EBITDA in either the start year or end year of the analysis.

FOR FURTHER READING

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