

## The Fortune 500 list through a profitability lens

By Vici Partners team members Anoushka Barkawitz and Alec Hudnut

We're all familiar with the Fortune 500 list that gets published every year, celebrating the world's biggest public companies. Every CEO wants their company to be on that list. It promises status and demonstrates corporate might. We found that while revenue and market capitalization are the standard proxies for a "great company," we believe that dollar earnings and profitability margin are a better measure to focus on. If we are to look at which companies on the Fortune 500 list will be successful in the future, we better pay attention to the dollars put in the bank at the end of every year. Why? More \$s in the bank allows you to ride out the storm and to invest in the future. If your profits are less than your direct competitors, you will lose to them over time, and your ability to raise capital will dry up, too. So focus on the profits. Get back to basics. Imagine if you were starting your own company. Would you care more about the top line or how much money you could put in the bank at the end of every month? Go back to basics. Great companies make money, a lot of it. Average ones focus on other things like revenue growth alone. Don't be average, be great. Focus on profitability.

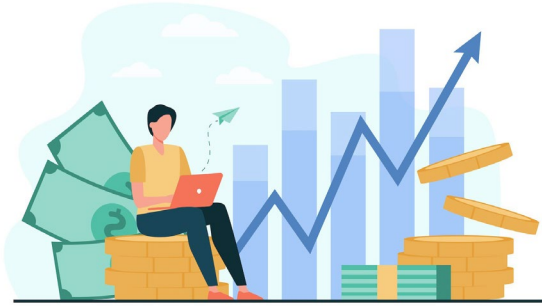
So, what would the Fortune 500 2023 rankings look like if ranked by profitability? With those who generate the most net income every year on the top of the list? Very different. Let's look at the top 500 companies. And for fun, we will call the new list, the Vici 500.



Take a look at the current Fortune 500 list (you will need a subscription; for a while, it was only \$1 for a trial):

<https://fortune.com/ranking/fortune500/search/>

Let's dig into the profitability data. What happens to the 2023 Fortune 500 results when we apply a profitability lens?



A number of companies in the Fortune 500 list do not make it to the Vici 500 list, which factors in profitability. All of the ones below have negative net incomes, and so they fall off the profitability list automatically: Owens & Minor, Nationwide, MasTec, Constellation Brands, New York Community Bancorp, J.M. Smucker, O-I Glass, Community Health Systems, Qurate Retail, BrightSpring Health Services, Allstate, NRG Energy, JetBlue Airways, Stanley Black & Decker, Foot Locker, Newell Brands, Mohawk Industries, Eversource Energy, Erie Insurance Group, DoorDash, DXC Technology, Paramount Global, Tyson Foods, Alcoa, Farmers Insurance Exchange, Icahn Enterprises, Goodyear Tire and Rubber, Wayfair, Rite Aid, Lincoln National, Massachusetts Mutual Life Insurance, American Family Insurance Group, Auto-Owners Insurance, Dollar Tree, Truist Financial, Kyndryl Holdings, TIAA, UGI, WestRock, EchoStar, Western Digital, Boeing, Newmont, International Flavors & Fragrances, Walgreens Boots Alliance, Micron Technology, State Farm Insurance, Fidelity National Information Services, 3M, Lumen Technologies **all fell out**. While these companies were ranked on the Fortune 500 list, when we factor in profits, which are non-existent, they don't make the Vici 500 list at all.

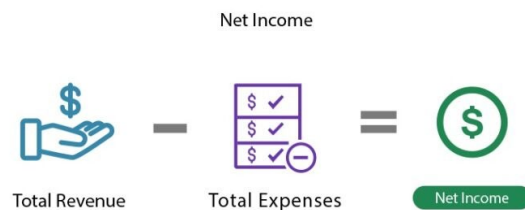


**The Top 10 2023 Fortune 500 companies ranked by revenue size (millions) are:**

1. Walmart (\$648,125)
2. Amazon (\$574,785)

3. Apple (\$383,285)
4. UnitedHealth Group (\$371,622)
5. Berkshire Hathaway (\$364,482)
6. CVS Health (\$357,776)
7. Exxon Mobil (\$344,582)
8. Alphabet (\$307,394)
9. McKesson (\$276,711)
10. Cencora (\$262,173)

But if we rank them by \$s generated in profit in 2023, the list changes. Five companies (Apple, Berkshire Hathaway, Alphabet, ExxonMobil and Amazon) stay on the list. They are all very profitable. And, there are five newcomers added to the profitability list (Microsoft, JP Morgan Chase, Meta Platforms, Johnson and Johnson and Nvidia). The Top 10 on the profitability list earned over \$559 billion in 2023 profits. Amazing. Wouldn't you want to be one of them? That's 32.6% of the profits of all the Fortune 500 companies. It quite literally pays to be at the top of the profitability list!



**The Top 10 most profitable companies by profit dollars (millions) generated in 2023 are:**

1. Apple (\$96,995)
2. Berkshire Hathaway (\$96,223)
3. Alphabet (\$73,795)
4. Microsoft (\$72,361)
5. JPMorgan Chase (\$49,552)
6. Meta Platforms (\$39,098)
7. Exxon Mobil (\$36,010)
8. Johnson and Johnson (\$35,153)
9. Amazon (\$30,426)
10. Nvidia (\$29,760)

Let's take a deeper look at these numbers...if we look at the Fortune 500 List, we see that Walmart is ranked #1, while on the Vici 500 list, Walmart is ranked #18. Now, Walmart's annual

revenue is \$648 billion but its net income is \$15 billion. If we look at what is #1 on the Vici 500 list, we see Apple placing first. Apple has a revenues of \$383 billion, with a net income of \$96 billion, with a net percentage of over 25%. On the Fortune 500 List, Apple is ranked third. There is quite a difference in net percentage between Walmart (2.4%) and Apple (25%), yet Walmart is still ranked #1 on the Fortune 500 list. When we judge a company's success by its annual revenue, we are missing out on acknowledging what a company actually gets to "take home." Ranking companies by their net income can help us look past revenue figures and get a true sense of how much revenue a company is really retaining. In the case of the Vici 500 list, Apple, Berkshire Hathaway, Alphabet, Microsoft, JPMorgan Chase, Meta Platforms, Exxon Mobil, Johnson and Johnson, Amazon and Nvidia all have the highest net incomes, and as a result, are bringing home the most money after all business expenses have been taken into account and paid. Contrarily, the business with the lowest net income on the Fortune 500 list is Lumen Technology with a net income of -\$10,298, 3M (-\$32,681), Fidelity National Information Services (-\$6,654), State Farm Insurance (-\$6,272), and Micron Technology (\$-5,833).



We can also look at net income margin, if we want to look at profitability from a different angle. Not just the total \$s earned, but the \$s earned as a percent of sales. Our list changes yet again, this time with nine new companies (Nvidia stays on the list as it has both high \$ net income and high net income %).

### **Here's the list sorted by net income margin:**

1. Emerson Electric (71.96%)
2. Visa (52.90%)
3. First Citizen Bancshares (51.04%)
4. Nvidia (48.85%)
5. Cheniere Energy (48.45%)
6. Airbnb (48.32%)
7. Mastercard (44.61%)

8. FM Global (40.05%)
9. Altria Group (39.65%)
10. Broadcom (39.31%)

So, which list would you rather be on? The Fortune 500 list or the Vici 500 profitability list?

While the Fortune 500 list prioritizes the scale and revenue of a company, the companies that are the most profitable are the ones that are actually winning. We better start ranking companies by their net incomes, too. Net income, cash flow and operating income are what matter most in the long haul.



If you're interested in understanding how to increase your net income and grow your earnings, consider working with Vici Partners so that you can rise to the top of the list and claim your position as one of the wealthiest and most successful companies in the world.

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