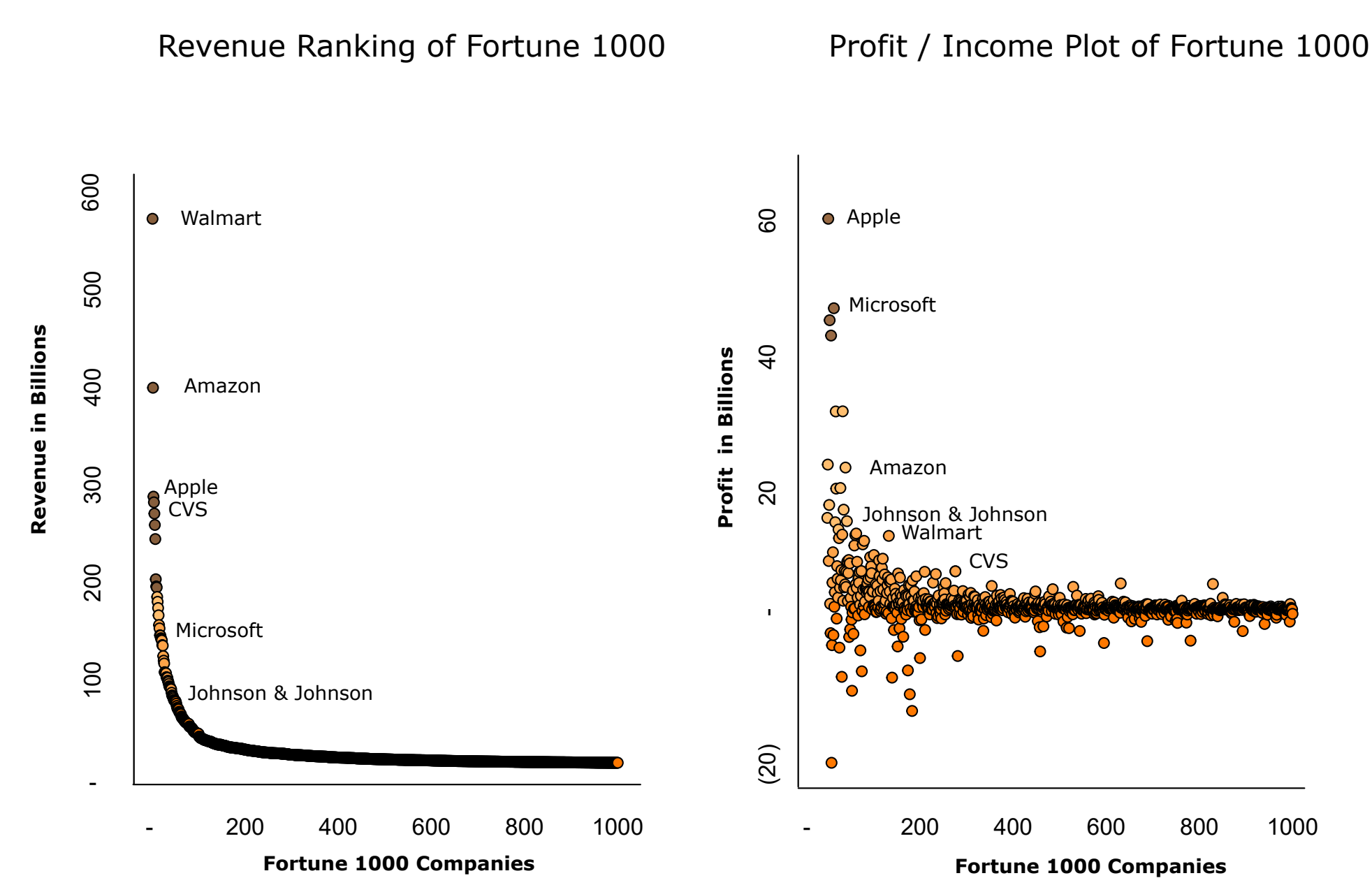


A Look at the Fortune 1000 companies on the NYSE and NASDAQ

The Fortune 1000 companies are stocks that are publicly traded on the NYSE and NASDAQ exchanges and ranked 1 to 1000 based on on total revenue...Is that the best way to value the top publicly companies?



As you can see above based on revenue the top company is Walmart followed by Amazon. If you look as those same companies profit Walmart comes in 14th and Amazon at 8th.

Another example of this can be seen with Johnson & Johnson. From a revenue standpoint they come in at 36th but profit their 12th.

Every company on the Fortune 1000 has over ~\$2B in revenue only 750 produce a profit.

Whats more important revenue or profit?

Data

The dataset used in this analysis is located at <https://www.kaggle.com/winston56/fortune-500-data-2021>. It contained the 2020 Fortune 1000 companies and had annual figures for Ranking, Revenue, Profit, Assets, Market Value, Prior Year changes in all categories, and Total Employees. Within the data set there 1000 rows and ten columns. Only one column was omitted and that is ranking number. Additional metrics were added such as profit and revenue per employee as well as revenue and profit per dollar of assets. Standard R as well as the ggplot package were used to create visualizes.

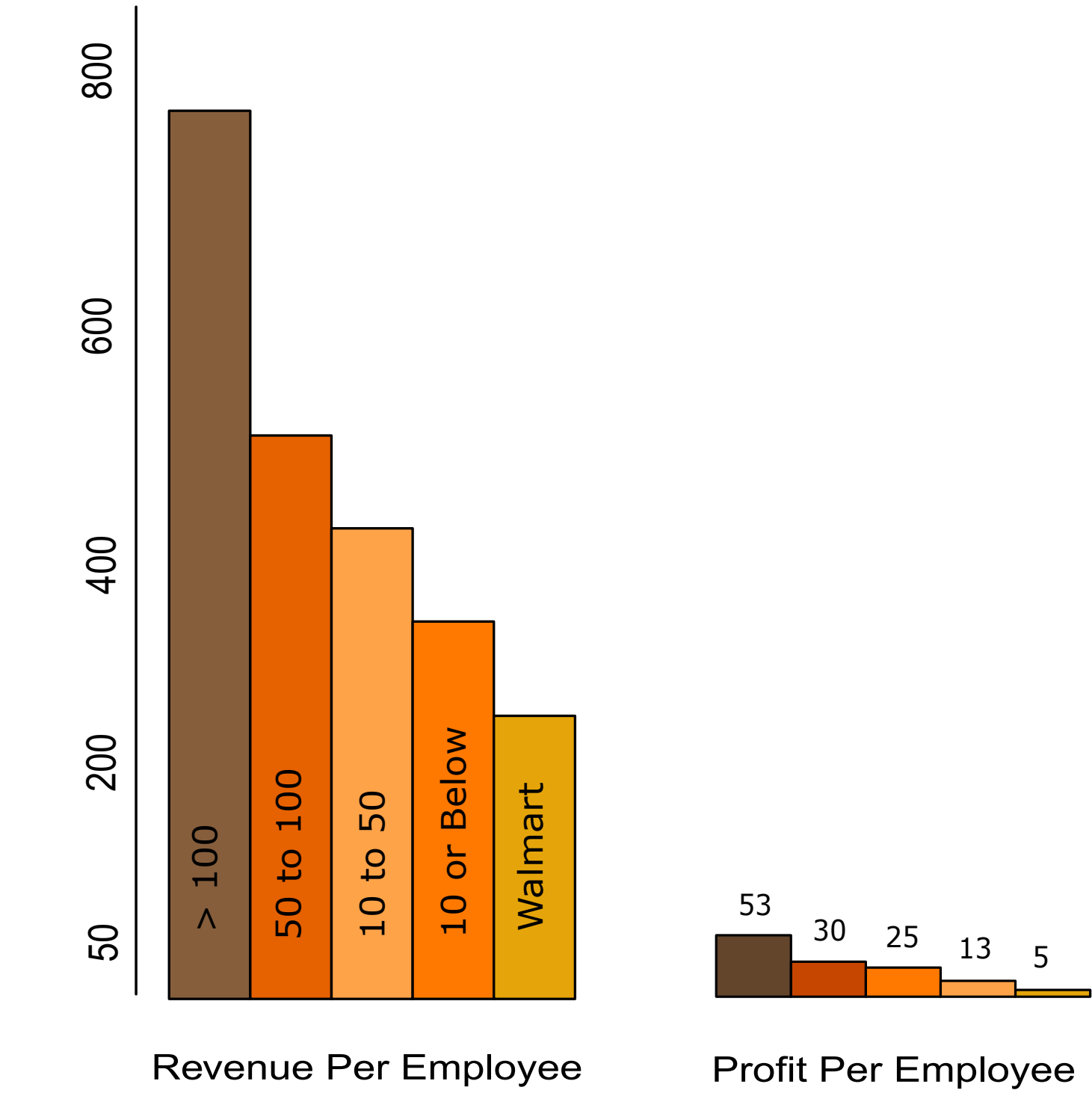
Audience

Anyone that participates in equity markets for investments such as day trading, 401k investments, portfolio management, etc should be focused on company performance and baseline metrics

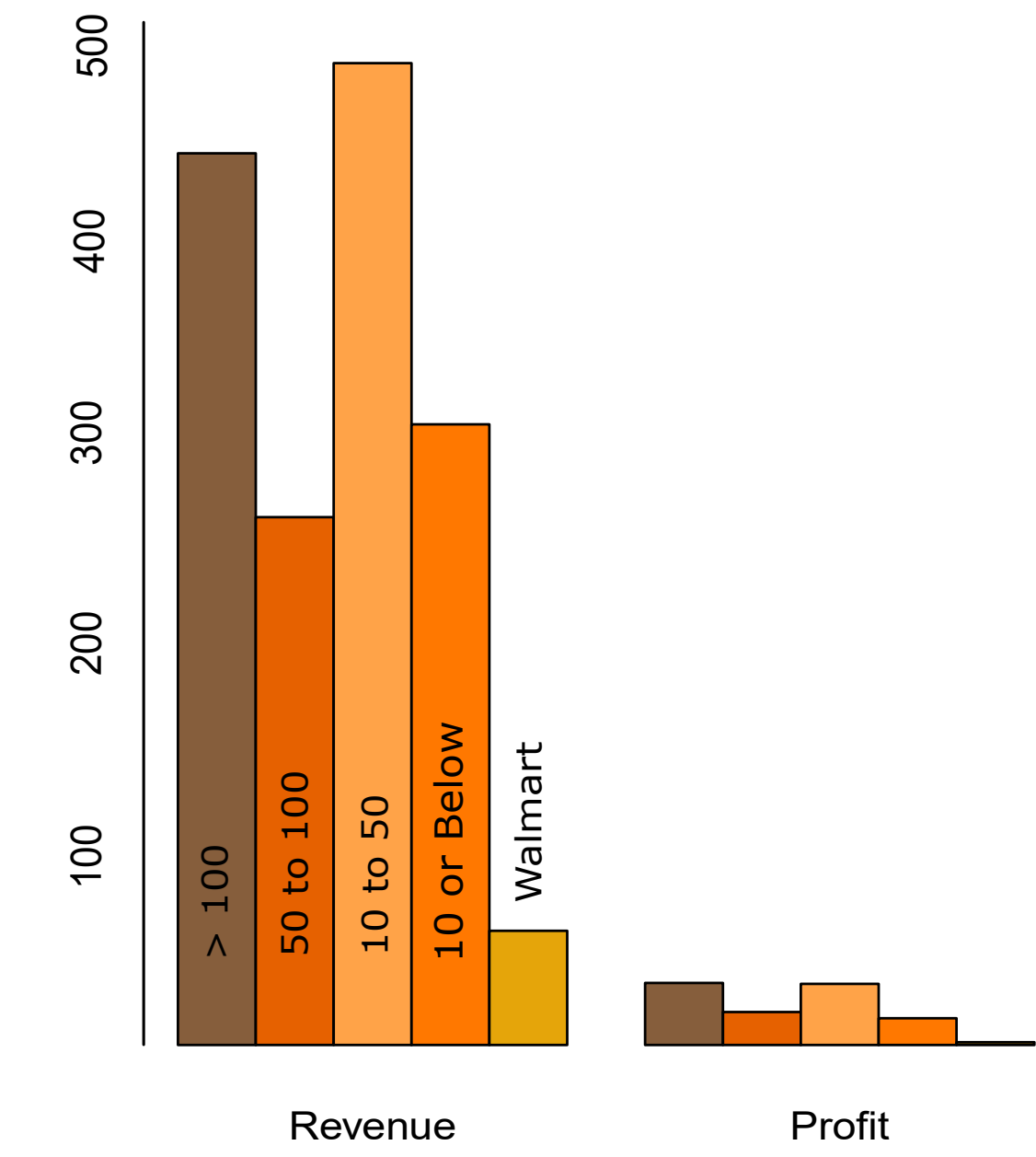
Questions:

Is ranking the top companies by revenue the right way? What are other alternatives to determine financial rankings?

Revenue or Profit the Clear Winner

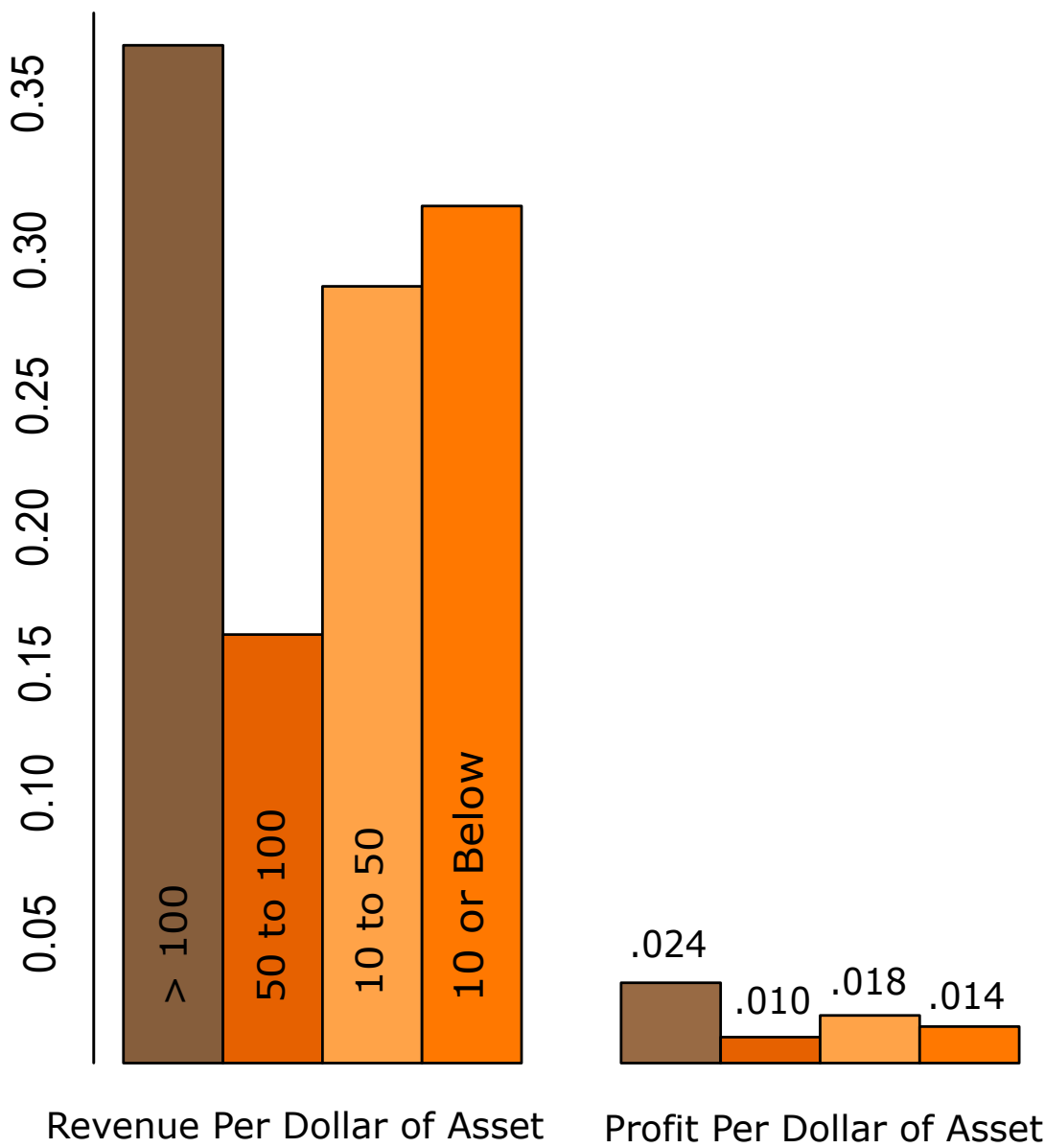


Another metric that can be used is per dollar asset return. Using similar aggregated totals, we can clearly see the companies with \$10B or lower in revenue performing slightly below some of the largest companies in the Fortune 1000. When you take a closer look at profit the story changes and profitability is down ~70%.



Human capital or number of employees is one of the highest expenses that a company has. Looking at what each employee produces in terms of revenue and profit is another crucial metric to consider.

The data has been aggregated by total revenue size and shows what each employee contributes. Walmart as an example only produces \$243k of revenue and \$5k of profit per employee. Where as companies their size produce \$762k of revenue and \$53k of profit. Another example of where revenue can be misleading ranking indicator



Using revenue to define the top publicly traded companies in the Fortune 1000 seems to be misleading. If a business has a lot of revenue but no profit, all that really exist is an idea that's losing money. Looking at profit and return on assets give a much clearer picture of what a good and bad investment is. As well as what the ranking system should consider.