

The Corporate Football World Cup 2010



South Korea is World Champion: Turn on tomorrow?

Having the largest companies of all participating nations of the FIFA World Cup 2010 playing against each other with adapted football rules, makes South Korea (with Samsung) the champion!



Among the participants for this year's FIFA World Cup in South Africa we find the usual suspects on the list of favorites. FIFA World Player 2009 Lionel Messi together with Inter Milan's UEFA Champions League hero Diego Milito should make it this year for Maradona's Argentine team. Brazil, the top team of the FIFA/Coca Cola ranking and Spain as reigning European Champion are among the top competitors, anyway. No one wants to write off Germany and Italy in an international competition. And what about the Netherlands and England; they have a good team as always, but can they make it this time?

As usual before a World Cup, betting is very popular and everybody, including ZIEL Consulting, wants to forecast the world champion 2010.

Taking into account the increasing commercialization of football, with FIFA's revenues topping \$1bn in 2009, football and economy become inseparable. Therefore, ZIEL Consulting bases its prediction on economic measures, namely the performance of the largest company of each participating country.

Obviously, this artificial sport indicator is not meant to be taken too serious. But enjoy it, anyway.

The participants

For the 32 participating nations of the FIFA 2010 World Cup we identified the largest companies by revenues in 2009 (in some cases we had to rely on 2008 data). With this criterion in mind, we could invite a diverse group of companies to our championship. Household names like Nestlé, Wal-Mart, Volkswagen, Samsung or HSBC compete with lesser known giants from the natural resources, the financial industry and other sectors.

Like in sports, some companies could not participate due to injuries. England's BP is currently completely absorbed with its oil crisis off the US coast that they hardly find the time to compete for an international title. So we invited HSBC to represent the "home of football" nation.




We faced another difficult situation in North Korea. As this country does not stick to international rules, we decided to give it the lowest possible rating for our tournament.

Below you find a list of the corporations that we selected to represent their nations. In appendix A you will find more information on the qualified competitors.





The qualified companies representing their countries

Groups taken over from the FIFA World Cup 2010 in South Africa.





Group A

 France	<i>Total S.A.</i>
 Mexico	<i>América Móvil</i>
 South Africa	<i>Sasol</i>
 Uruguay	<i>ANCAP</i>





Group B

 Argentina	<i>Telecom Argentina S.A.</i>
 Nigeria	<i>Oando PLC</i>
 Korea Republic	<i>Samsung Electronics</i>
 Greece	<i>National Bank of Greece</i>





Group C

 England	<i>HSBC Holdings</i>
 USA	<i>Wal-Mart Stores, Inc.</i>
 Algeria	<i>Sonatrach</i>
 Slovenia	<i>Gorenje gospodinjski aparati</i>





Group D

 Germany	<i>Volkswagen Group</i>
 Australia	<i>BHP Billiton</i>
 Serbia	<i>Naftna Industrija Srbije</i>
 Ghana	<i>Produce Buying Company Ltd</i>





Group E

 Netherlands	<i>Royal Dutch Shell</i>
 Denmark	<i>Møller-Maersk</i>
 Japan	<i>Toyota Motor</i>
 Cameroon	<i>Société Nationale des Hydrocarbures</i>





Group F

 Italy	<i>Generali Group</i>
 Paraguay	<i>Banco Amambay S.A.</i>
 New Zealand	<i>Fletcher Building</i>
 Slovakia	<i>Slovnaft</i>

Group G

 Brazil	<i>Petrobras</i>
 Korea DPR	<i>unknown company</i>
 Portugal	<i>Energias de Portugal</i>
 Ivory Coast	<i>Société Ivoirienne de Raffinage</i>

Group H

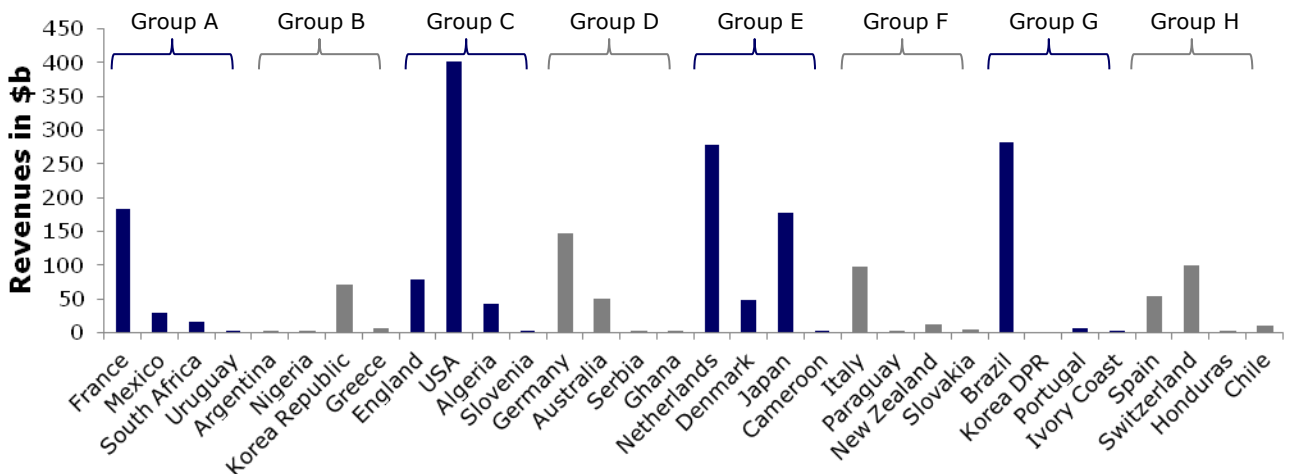
 Spain	<i>Banco Santander</i>
 Switzerland	<i>Nestlé S.A.</i>
 Honduras	<i>Banco Atlantida</i>
 Chile	<i>AntarChile</i>

Quite similar to the FIFA World Cup we find a heterogeneous group of participants.

Figure 1 provides an overview of the revenues in \$bn of the participating companies.

Figure 1

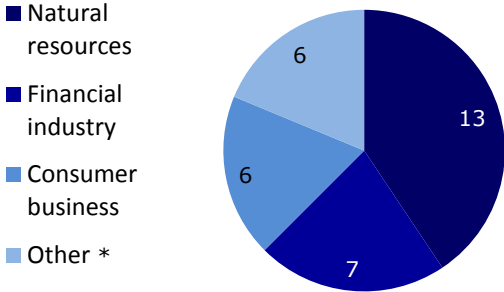
Participating nations and revenues of their largest companies



The analysis of the sectors, where the major company of each country performs its economic activities, shows a large prevalence of natural resources (Figure 2).

Figure 2

Participating companies by industrial sector



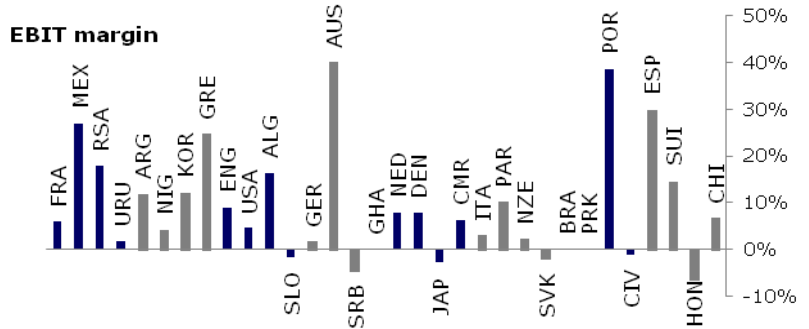
* Telecommunication, Transportation, Electronics, Construction

With diverse participants from six continents, we have a thrilling starting position for the Corporate Football World Cup. Let's play the game!

Figure 3

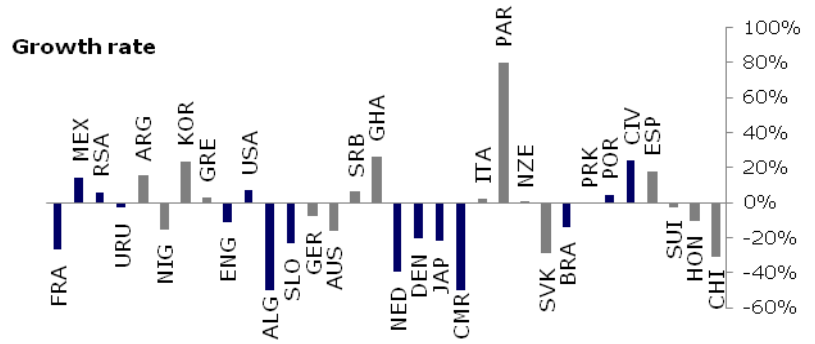
Attack: EBIT margin

Goals are the ultimate measure for success of the attack - in business EBIT is a key indicator. Therefore, we chose the EBIT margin as a commercial approximation for the strikers' capabilities.



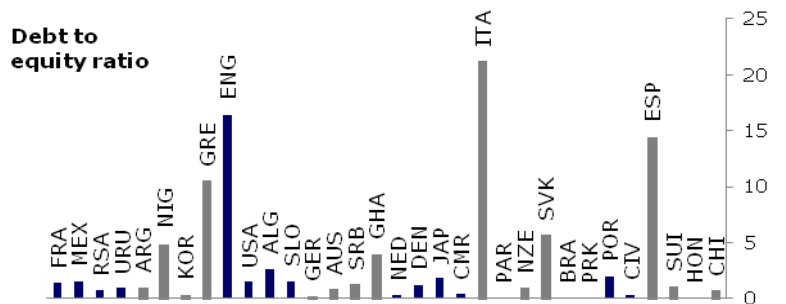
Midfield: Growth rate 08/09

The midfield is of central strategic importance. The main function of the midfield is to tackle the opponent. Similarly, growth is a well-proven strategy of a company to face its competitors and be one step ahead.



Defense: Debt to equity ratio

A very stable defense is the foundation of any action. The debt to equity ratio can be used as an indicator for stability in business. Obviously, the companies from the financial industry will suffer with this measure, but didn't they trigger the economic crisis with their defense performance?



Rules of the game

As in football, attack, midfield and defense are decisive. Simplified, we believe that a team with a stronger attack than its competitor's defense will score. Similarly, the two midfields can directly be compared and score goals.

For the participating companies we defined financial measures to reflect the strengths of their attack, midfield and defense. Obviously, we are aware that financial ratios cannot be compared easily between industrial sectors. But then again, it also seems to be difficult to compare some of the competitors in South Africa on an objective scale.

We defined the following indicators (see Figure 3).

To reflect the relative strength of the corporations with regard to the chosen financial indicators, we clustered the 32 participants in four groups of 8 (quartiles) per indicator. We allocated four points to the best group of 8 and one point to the lowest performing group.*

With this classification, we could define a simple formula to find the winner of a match:

$$\# \text{ of goals of a team: } \Delta(\text{attack}_{\text{own}} - \text{defense}_{\text{other}}) + \Delta \text{ midfields}$$

- 1) If Δ is negative, the # of goals is 0
- 2) If the result is draw, the result (in the knockout phase) is determined as usually with a decisive penalty kick: the winner is the team with the better attack

To illustrate the evaluation, let us assume Switzerland (Nestlé) plays Brazil (Petrobras):

Attack: 4		Attack: 1
Midfield: 3	Switzerland 1:0 Brazil	Midfield: 2
Defense: 3		Defense: 4

Example calculation of # of goals:

$$\begin{aligned} \text{Switzerland: } & (\text{attack}_{\text{SUI}} - \text{defense}_{\text{BRA}}) + (\text{midfield}_{\text{SUI}} - \text{midfield}_{\text{BRA}}) = 1 \\ \text{Brazil: } & (\text{attack}_{\text{BRA}} - \text{defense}_{\text{SUI}}) + (\text{midfield}_{\text{BRA}} - \text{midfield}_{\text{SUI}}) = 0 \end{aligned}$$

Switzerland shows a very strong attack, but the Brazilians can defend well. However, the 1-point-difference between the midfields makes it possible for the Swiss to win the match by one goal to nil.

We applied those rules to all matches.





Competition

In the group stage (same groups as in the official FIFA World Cup), the competitors are ranked by examining the results of all the matches played. Points are awarded according to the 3-points-for-a-win rule.** When competitors are level on points, the first tiebreaker criterion is the goal difference and the second is the number of total goals scored.


We find the following ranking for the group stage (bold ones are qualified for the next round). The results of the individual matches can be found in detail in appendix B.

Group stage


Group A

 Sasol	9
 América Móvil	6
 ANCAP	3
 Total S.A.	0

Group C

 Wal-Mart Stores, Inc.	9
 Sonatrach	6
 HSBC Holdings	3
 Gorenje gospodinjski aparati	0

Group E

 Møller-Maersk	9
 Royal Dutch Shell	4
 Soc. Nationale des Hydrocarbures	2
 Toyota Motor	1

Group G

 Société Ivoirienne de Raffinage	9
 Energias de Portugal	6
 Petrobras	3
 Unknown company	0

Group B

 Samsung Electronics	7
 Telecom Argentina S.A.	7
 National Bank of Greece	3
 Oando PLC	0





Group D

 Produce Buying Company Ltd	6
 BHP Billiton	5
 Naftna Industrija Srbije	4
 Volkswagen Group	1

Group F

 Fletcher Building	9
 Banco Amambay S.A.	6
 Generali Group	3
 Slovnaft	0

Group H

 Nestlé S.A.	9
 Banco Santander	6
 AntarChile	3
 Banco Atlantida	0

* Where no information was available, the performance was rated as 0
 ** 3 points for a win, 1 for a draw and 0 for a defeat

Bold = qualified

Already in the group stage we see some surprises. Football giants like Brazil, Germany and Italy do not qualify. Other favorites like Argentina, Spain or the Netherlands just make it into the next round. But host South Africa or Switzerland dominate their group and advance into the round of 16 full of confidence.

Despite the surprises and the advance of the underdogs, there are still many candidates for the title of the world champion. Let's see who is going to win the palm!



Stage 2: Knockout phase



Korea Republic is the Corporate Football World Champion!

Represented by Samsung Corporation's commercial strength, the Asians beat this year's host South Africa in an exciting final. As surprising as this result may be at a first glance, we all remember South Korea's course until the semi-finals eight years ago.

And if the host South Africa really makes it until the final, we will probably observe a whole nation going crazy.

And as a side remark from ZIEL Consulting, based in Switzerland, we would like to see the Swiss team coming back third – and who knows our prediction might be wrong for the semi-final against South Korea ...

* Results in brackets show results of decide penalty-kick competition

Lessons learned

We can derive a few insights from this simple tournament.

It (most likely) would be better for some nations if they could send their economic power to the championship.

It is good that football is not as predictable and measurable. In South Africa we will see some interesting surprises, which drive the attractiveness of such an event.

It is important to have a full package of a solid defense, an agile field as well as a result oriented attack to win the game.

We are looking forward to compare our predictions with the real outcome of this year's FIFA World Cup.

However, it would be quite a surprise, if a correlation existed between the economic power of a nation's largest company and its national football team.

Nevertheless, ZIEL Consulting wishes everyone thrilling games, breathtaking bets and pure football moments among friends.

May the best team win



Good luck!

Appendix A: Overview participants

The competitors in detail

All data are from the latest available annual reports (if not differently stated).

Group A

Sasol

Global petrochemical group producing fuels and chemicals.

Revenue (\$bn): 16.4
EBIT – margin: 17.9%
Growth rate: 6.0%
Total debt / equity: 0.7

America Movil

Mobile network operator and one of the largest corporations in Latin America.

Revenue (\$bn): 29.2
EBIT – margin: 26.8%
Growth rate: 14.2%
Total debt / equity: 1.6

ANCAP

State-owned company; production of petroleum products, portland cement and alcoholic beverages.

Revenue (\$bn): 2.8**
EBIT – margin: 1.8%*
Growth rate: -3.0%**
Total debt / equity: 0.9*

Total S.A.

One of the six “supermajor” (non state-owned energy companies) companies in the world.

Revenue (\$bn): 182.5
EBIT – margin: 5.9%
Growth rate: -27.0%
Total debt / equity: 1.4

Group B

Telecom Argentina S.A.

Major local telephone company, also operating in mobile phone and internet service.

Revenue (\$bn): 3.3
EBIT – margin: 11.9%
Growth rate: 15.3%
Total debt / equity: 1.0

Oando PLC

Energy solutions provider comprising a group of companies within African energy sector.

Revenue (\$bn): 2.3
EBIT – margin: 4.1%
Growth rate: -15.0%
Total debt / equity: 4.9

Samsung Electronics

World’s largest electronics company. Areas: consumer electronics, semiconductor, telecommunication.

Revenue (\$bn): 70.4
EBIT – margin: 12.1%
Growth rate: 23.0%
Total debt / equity: 0.3

National Bank of Greece

Oldest and largest commercial banking group in Greece. Subsidiaries in over 18 countries.

Revenue (\$bn): 7.1
EBIT – margin: 24.7%
Growth rate: 3.1%
Total debt / equity: 10.5

Group C

HSBC Holdings

World’s largest banking group. Until 1990 “The Hongkong and Shanghai Banking Corporation”.

Revenue (\$bn): 78.6
EBIT – margin: 9.0%
Growth rate: -11.0%
Total debt / equity: 16.4

Wal-Mart Stores, Inc.

World’s largest corporation, runs a chain of large, discount departments stores.

Revenue (\$bn): 401.2
EBIT – margin: 4.6%
Growth rate: 7.2%
Total debt / equity: 1.5

Sonatrach

Government-owned company exploiting the hydrocarbon resources of the country.

Revenue (\$bn): 42.0**
EBIT – margin: 16.4%*
Growth rate: -50.0%**
Total debt / equity: 2.6

Gorenje gospodinjski aparati

Consumer business company. Production and sales of large household appliances.

Revenue (\$bn): 0.8
EBIT – margin: -1.7%
Growth rate: -23.2%
Total debt / equity: 1.6

Group D

Volkswagen Group

One of the world’s leading automobile manufacturers and largest car maker in Europe.

Revenue (\$bn): 146.2
EBIT – margin: 1.8%
Growth rate: -7.1%
Total debt / equity: 0.2

BHP Billiton

World’s largest diversified natural resources company. Created by merger of BHP & Billiton.

Revenue (\$bn): 50.2
EBIT – margin: 40.1%
Growth rate: -15.6%
Total debt / equity: 0.8

Naftna Industrija Srbije

Exploration of gas and oil in Serbia. Monopoly on all oil imports except the high quality diesel fuel.

Revenue (\$bn): 3.1*
EBIT – margin: -4.7%**
Growth rate: 6.5%**
Total debt / equity: 1.3*

Produce buying company Ltd.

Major licensed buying company and cocoa dealer in Ghana.

Revenue (\$bn): 0.2
EBIT – margin: 0.0%
Growth rate: 26.3%
Total debt / equity: 4.0

* Data 2008 (2009 not available)
 ** Data from media reports

Group E

Royal Dutch Shell

One of the six "supermajor" (non state-owned energy companies) companies in the world.

Revenue (\$bn): 278.2

EBIT – margin: 7.8%

Growth rate: -39.3%

Total debt / equity: 0.3

Møller-Maersk

Activities in a variety of business sectors, primarily within the transportation and energy sectors.

Revenue (\$bn): 48.5

EBIT – margin: 7.8%

Growth rate: -20.7%

Total debt / equity: 1.2

Toyota Motor

Multinational corporation and world's largest automobile manufacturer by sales in 2009.

Revenue (\$bn): 177.3

EBIT – margin: -2.7%

Growth rate: -21.9%

Total debt / equity: 1.8

Société Nationale des Hydrocarbures

Petroleum company. Involved in valorization and further petrol activities on the national territory.

Revenue (\$bn): 1.0**

EBIT – margin: 6.3%**

Growth rate: -50.0%**

Total debt / equity: 0.4*

Group F

Generali Group

Largest insurance company of Italy and one of the largest in Europe.

Revenue (\$bn): 98.0

EBIT – margin: 3.1%

Growth rate: 2.5%

Total debt / equity: 21.2

Banco Amambay S.A.

Operating in commercial banking business.

Revenue (\$bn): 0.1*

EBIT – margin: 10.3%

Growth rate: 80.0%

Total debt / equity: X***

Fletcher Building

Five divisions: building products, steel, laminates & panels, infrastructure and distribution.

Revenue (\$bn): 11.2

EBIT – margin: 2.2%

Growth rate: 0.2%

Total debt / equity: 1.0

Slovnaft

Oil refinery and flagship of the Slovak economy. One of top three refineries in Europe.

Revenue (\$bn): 3.9

EBIT – margin: -2.0%

Growth rate: -28.5%

Total debt / equity: 5.7

Group G

Petrobras

Multinational energy company. Largest company headquartered in the southern hemisphere.

Revenue (\$bn): 281.8

EBIT – margin: 0.1%

Growth rate: -13.9%

Total debt / equity: 0.1

Unknown company

Revenue (\$bn): X***

EBIT – margin: X***

Growth rate: X***

Total debt / equity: X***

Société Ivoirienne de Raffinage

Refinement, production and sales of petrol products. The mission is to be the filling station of West Africa.

Revenue (\$bn): 2.9*

EBIT – margin: -1.1%

Growth rate: 24.0%

Total debt / equity: 0.3*

Energias de Portugal

Ranks among Europe's major electricity operators.

Revenue (\$bn): 7.1

EBIT – margin: 38.6%

Growth rate: 4.3%

Total debt / equity: 1.9

Group H

Banco Santander

In 2009, the fourth largest bank in the world by profits and eighth by stock market capitalisation.

Revenue (\$bn): 54.7

EBIT – margin: 29.9%

Growth rate: 17.6%

Total debt / equity: 14.4

Nestlé S.A.

World's leading nutrition, health and wellness company.

Revenue (\$bn): 99.4

EBIT – margin: 14.6%

Growth rate: -2.1%

Total debt / equity: 1.1

Banco Atlantida

Most important banking company of Honduras.

Revenue (\$bn): 0.2

EBIT – margin: -6.5%

Growth rate: -9.5%

Total debt / equity: X***

AntarChile

One of largest conglomerates in South America. Various sectors: industrial, forestry, fisheries and energy.

Revenue (\$bn): 10.0

EBIT – margin: 6.7%

Growth rate: -30.0%

Total debt / equity: 0.7

* Data 2008 (2009 not available)

** Data from media reports

*** Information could not be found (rated as 0)

Appendix B: Results of individual matches

Group stage

Group A

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	3	4	South Africa	2: 1	Mexico	4	4	2
3	2	2	Uruguay	1: 0	France	2	1	2
4	3	4	South Africa	2: 0	Uruguay	2	2	3
2	1	2	France	0: 5	Mexico	4	4	2
2	4	4	Mexico	3: 0	Uruguay	2	2	3
2	1	2	France	0: 4	South Africa	4	3	4

Group B

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
3	4	3	Argentina	4: 0	Nigeria	2	2	1
4	4	3	Korea Republic	3: 0	Greece	4	3	1
1	3	4	Greece	4: 1	Nigeria	2	2	1
3	4	3	Argentina	0: 0	Korea Republic	3	4	4
1	2	2	Nigeria	0: 4	Korea Republic	3	4	4
1	3	4	Greece	1: 3	Argentina	3	4	3

Group C

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
1	2	3	England	1: 3	USA	2	4	2
2	1	4	Algeria	2: 0	Slovenia	1	1	2
2	1	1	Slovenia	0: 3	USA	2	4	2
1	2	3	England	2: 3	Algeria	4	1	2
2	1	1	Slovenia	0: 2	England	3	2	1
2	4	2	USA	3: 2	Algeria	4	1	2

Group D

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	2	2	Germany	0: 0	Australia	4	2	3
3	3	1	Serbia	0: 1	Ghana	1	4	1
4	2	2	Germany	0: 1	Serbia	1	3	3
1	4	1	Ghana	2: 3	Australia	4	2	3
1	4	1	Ghana	2: 1	Germany	2	2	4
3	2	4	Australia	1: 1	Serbia	1	3	3

Group E

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	1	3	Netherlands	0: 1	Denmark	3	2	3
2	1	1	Japan	0: 0	Cameroon	2	1	4
4	1	3	Netherlands	1: 0	Japan	1	1	2
4	1	2	Cameroon	0: 1	Denmark	3	2	3
3	2	3	Denmark	2: 0	Japan	1	1	2
4	1	2	Cameroon	0: 0	Netherlands	3	1	4

Group F

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
1	3	2	Italy	2: 3	Paraguay	3	4	0
3	3	2	New Zealand	3: 0	Slovakia	1	1	1
1	1	1	Slovakia	1: 5	Paraguay	3	4	0
1	3	2	Italy	0: 1	New Zealand	2	3	3
1	1	1	Slovakia	0: 3	Italy	2	3	1
0	4	3	Paraguay	1: 2	New Zealand	2	3	3

Group G

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	4	1	Ivory Coast	1: 0	Portugal	4	3	2
4	2	1	Brazil	3: 0	Korea DPR	0	0	0
4	2	1	Brazil	0: 2	Ivory Coast	1	4	4
2	3	4	Portugal	7: 0	Korea DPR	0	0	0
2	3	4	Portugal	1: 0	Brazil	1	2	4
0	0	0	Korea DPR	0: 5	Ivory Coast	1	4	4

Group H

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
0	2	1	Honduras	1: 3	Chile	3	1	4
1	4	4	Spain	2: 3	Switzerland	4	3	3
4	1	3	Chile	0: 2	Switzerland	4	3	3
1	4	4	Spain	6: 0	Honduras	1	2	0
4	1	3	Chile	2: 3	Spain	4	4	1
3	3	4	Switzerland	5: 0	Honduras	1	2	0

Stage 2: Knockout phase

Round of 16

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	3	4	South Africa	1: 1	Argentina	3	4	3
2	4	2	USA	2: 2	Australia	4	2	3
1	4	1	Ghana	3: 3	Algeria	4	1	2
4	4	3	Korea Republic	1: 0	Mexico	4	4	2
3	2	3	Denmark	3: 2	Paraguay	3	4	0
4	4	1	Ivory Coast	0: 0	Spain	4	4	1
3	3	2	New Zealand	2: 0	Netherlands	3	1	4
3	3	4	Switzerland	2: 1	Portugal	4	3	2

Quarter-finals

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
3	2	3	Denmark	2: 3	Spain	4	4	1
4	3	4	South Africa	2: 0	Australia	4	2	3
4	4	3	Korea Republic	4: 0	Algeria	4	1	2
3	3	2	New Zealand	0: 1	Switzerland	4	3	3

Semi-finals

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	3	4	South Africa	3: 1	Spain	4	4	1
4	4	3	Korea Republic	1: 0	Switzerland	4	3	3

Match for 3rd

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
1	4	4	Spain	2: 3	Switzerland	4	3	3

Final

Defense	Midfield	Attack	Result		Attack	Midfield	Defense	
4	3	4	South Africa	0: 1	Korea Republic	3	4	4



