CORPORATE FINANCE AND STRATEGY

Navigating the Path to Sustained Shareholder Returns

The 2025 Southeast Asia Value Creators Report

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Southeast Asia remains one of the world's most promising growth regions. Since 2019, nominal GDP has increased by 6% annually, underpinned by a young population and rising consumer spending. Yet BCG's 2025 Southeast Asia Value Creators study—the inaugural edition—finds that many companies are struggling to convert this economic growth into tangible shareholder value. (See "About the Study.")

About the Study

Since 1999, BCG has published an annual review of value creation patterns for companies globally, going in-depth in specific sectors and regions. 2025 marks our first value creators study focusing on Southeast Asian companies. For this inaugural report, we examined six years of total shareholder return performance —from July 31, 2019, through July 31, 2025—to capture long-term changes over a period marked by disruptions.

Understanding TSR. TSR measures the combination of capital gains and free-cash-flow contribution for a company's stock over time. Earnings growth and changes in valuation determine shifts in market value and the resulting capital gains or losses for investors. Free-cash-flow contribution further captures the direct return to shareholders. TSR serves as the most comprehensive metric for gauging a company's shareholder value creation performance.

BCG's model disaggregates TSR into five metrics across three components:

- **Earnings growth** measured by revenue growth and change in net income margin
- **Change in valuation** measured by the change in price-to-earnings valuation multiple
- **Free-cash-flow contribution** measured by dividend yield and change in shares outstanding

In aggregating TSR for the region and for each country, we examined TSR through two lenses: median TSR and market-cap-weighted average TSR ("weighted TSR").

Selected Companies. We analyzed value creation for 525 publicly listed companies with primary listings in Southeast Asia. The sample was drawn from S&P Capital IQ coverage of approximately 4,500 companies across Indonesia, Malaysia, Singapore, the Philippines, Thailand, and Vietnam.

To ensure comparability and relevance, we applied the following filters:

- **Minimum Market Capitalization.** Only companies with a market cap above $350 million were included, focusing the analysis on firms of meaningful scale.

- **Listing History.** Companies needed at least six consecutive years of listing to allow for long-term TSR assessment.
- **Free Float Requirement.** Firms with less than 20% free float and a free float value below $350 million were excluded, removing tightly held companies whose share prices may not fully reflect investor sentiment.
- **Extraordinary Activity.** We excluded companies with share prices unchanged for 12 months or longer. We also excluded companies with extreme TSR (greater than 60% year over year) due to major restructurings that fundamentally altered their business mix.

The final sample represents more than 70% of Southeast Asia's total market capitalization, providing a balanced and representative view of long-term shareholder value creation in the region.

Size Segmentation. We classified companies into three main groups:

- **Large-cap:** market capitalization above $10 billion (48 companies)
- **Mid-cap:** market capitalization from $2 billion to S10 billion (147 companies)
- **Small-cap:** market capitalization below $2 billion (330 companies)

Industry Segmentation. We organized companies into 13 industry groups: banks; chemicals; consumer and retail; energy and utilities; health care and education; industrials; media and telecommunications; metals and mining; multibusiness; insurance and other financial institutions; real estate; technology; and travel, transportation, and logistics. Each category comprises at least 4% of the total companies or market capitalization in the list.

Top Value Creators. The top 20 large-cap and mid-cap value creators are listed in the exhibits below.

Overall, Southeast Asia's value creation performance aligns with regional peers, achieving a market-cap-weighted total shareholder return of 12%. However, the median TSR stands at just 4%, highlighting uneven performance. Among countries, Vietnam and Indonesia are top performers on a median- and weighted-TSR basis, respectively, although Vietnam experiences higher volatility. Thailand and the Philippines trail. Technology, financial services, and metals and mining are the leading industries, with consumer sectors lagging.

To unlock sustainable value creation, enterprises must be both “great companies,” with robust fundamentals, and “great stocks,” with strong long-term shareholder returns. Although there is no single pathway to value creation, five imperatives underpin success: know your starting point, de-average value drivers, target the right investors, strengthen investor engagement, and sharpen capital allocation.

Ultimately, the winners will be those companies that combine strategic clarity, financial discipline, and proactive investor relationships to transform the region’s strong potential into long-term value creation.

Compelling Growth Potential

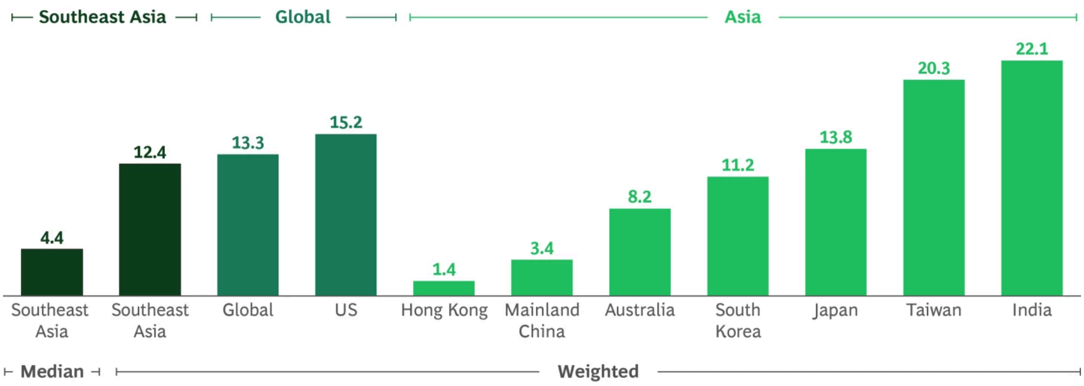
Southeast Asia’s GDP has grown by $1 trillion since 2019, representing a healthy nominal annual increase of 6% (8% in the post-COVID era from 2021 on). The region benefits from a young median age of 31, alongside robust consumer spending growth of 6% annually.

TSR weighted by market capitalization has reached 12% during the past six years. This weighted TSR is broadly in line with that of major indices, indicating that Southeast Asian companies are generating returns that are competitive with regional and global peers. (See Exhibit 1.)

EXHIBIT 1

Market-Cap-Weighted TSR Aligns with Other Indices, While Median TSR Lags Significantly

Six-year TSR by region, July 31, 2019, through July 31, 2025 (%)



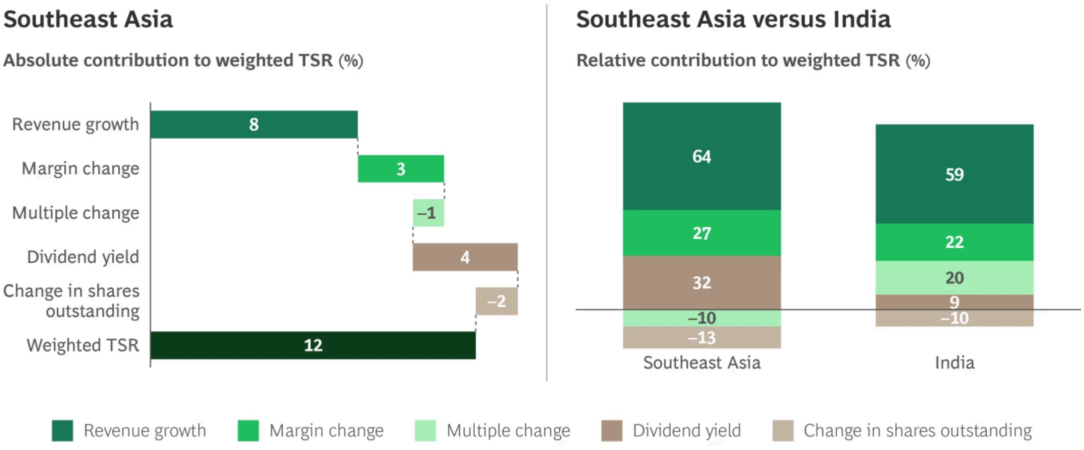
Sources: Capital IQ; BCG analysis.
Note: For all regions except Southeast Asia and India, figures are based on index-level dividend-adjusted share prices from Capital IQ. Indices include S&P 1200 (global), S&P 500 (US), Hang Seng (Hong Kong), CSI 300 (Mainland China), ASX 200 (Australia), S&P Korea LargeMidCap Index (South Korea), TOPIX (Japan), and FTSE Taiwan (Taiwan). Southeast Asia figures are based on 525 companies. India figures are based on 550 companies representing more than 95% of market capitalization.

Value creation in the region has been characterized by strong earnings growth and dividend yields but is held back by multiples. Earnings growth contributed 11% to weighted TSR, composed of 8% revenue growth and a 3% improvement in margins, while dividend yields added another 4%. However, valuation multiples reduced TSR by approximately 1%.

This pattern of value creation aligns closely with other high-growth markets. However, a comparison with India, as a proxy for high-growth markets, reveals a key distinction relating to drivers of TSR. (See Exhibit 2.) In Southeast Asia, multiple change detracted 10% from TSR, and dividend yield added 32%, based on their relative contribution. In India, by contrast, multiple change contributed 20% to TSR while dividend yield contributed only 9%. This divergence between the two markets highlights a distinctive characteristic of Southeast Asia: dividend yields appear to be more important than valuation multiples in driving shareholder returns.

EXHIBIT 2

Southeast Asia's TSR Is Driven by Earnings and Dividend Yield, but Unlike India's, Is Held Back by Multiple Change



Sources: Capital IQ; BCG analysis.

Uneven Value Creation, With Most Companies Underperforming

Southeast Asia's median TSR is only 4%, significantly trailing the market-cap-weighted TSR. This substantial gap signals widespread underperformance, with considerable variability by country and sector.

On a median-TSR basis, Vietnam (22%) stands out as the leader. (See Exhibit 3.) It combines high returns with high volatility, underscoring both its potential and its risk. Indonesia (6%) and Malaysia (7%) deliver more modest returns, while Thailand lags with negative TSR (–2%). When weighted by market cap, TSRs are much higher in most markets, especially in Indonesia (20%) and Thailand (11%), indicating large gaps between high-performing companies and the rest of the market.

EXHIBIT 3

Vietnam Leads in Median TSR, While Indonesia Delivers the Strongest Weighted Returns

	Median TSR, 2019–2025 (%)	Volatility[1]		Market-cap-weighted average TSR, 2019–2025 (%)	Volatility[1]
Southeast Asia	4	0.10	Southeast Asia	12	0.13
Singapore	3	0.12	Singapore	10	0.16
Indonesia	6	0.11	Indonesia	20	0.15
Thailand	–2	0.11	Thailand	11	0.29
Malaysia	7	0.10	Malaysia	8	0.12
Philippines	1	0.14	Philippines	8	0.17
Vietnam	22	0.41	Vietnam	16	0.40

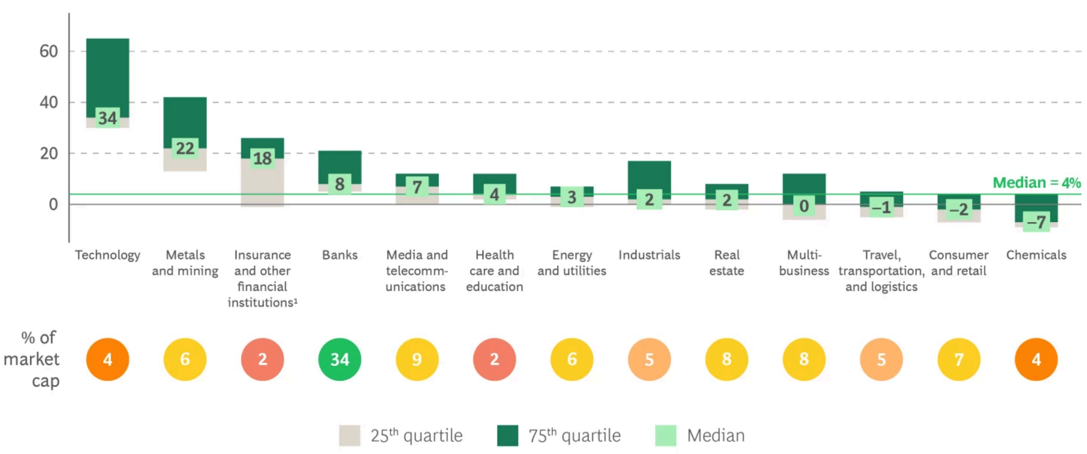
Sources: Capital IQ; BCG analysis.
Note: Countries arranged in order of market cap size.
[1]Volatility is the standard deviation of the median or market-cap-weighted average TSR each year over the six analyzed years.

The technology sector (34%) and the metals and mining sector (22%) are top performers in median TSR, buoyed by the global tech boom and favorable commodity price cycles. (See Exhibit 4.) Banks and media and telecommunications companies delivered moderate returns. The consumer and retail sector and the chemicals sector notably underperformed, posting negative TSR.

EXHIBIT 4

Technology Outpaces Other Sectors in Median TSR, but Banks Represent the Largest Share of Market Cap

Median TSR performance by industry (%)



Sources: Capital IQ; BCG analysis.
Note: Analysis is based on 195 large-cap (>$10 billion) and mid-cap ($2 billion to $10 billion) companies, representing more than 85% of market capitalization in our sample. These companies are more material in terms of size, and their fundamentals are typically more indicative of broader structural trends.
[1]Includes companies such as security firms, brokerages, stock exchanges, asset managers, and specialized finance companies.

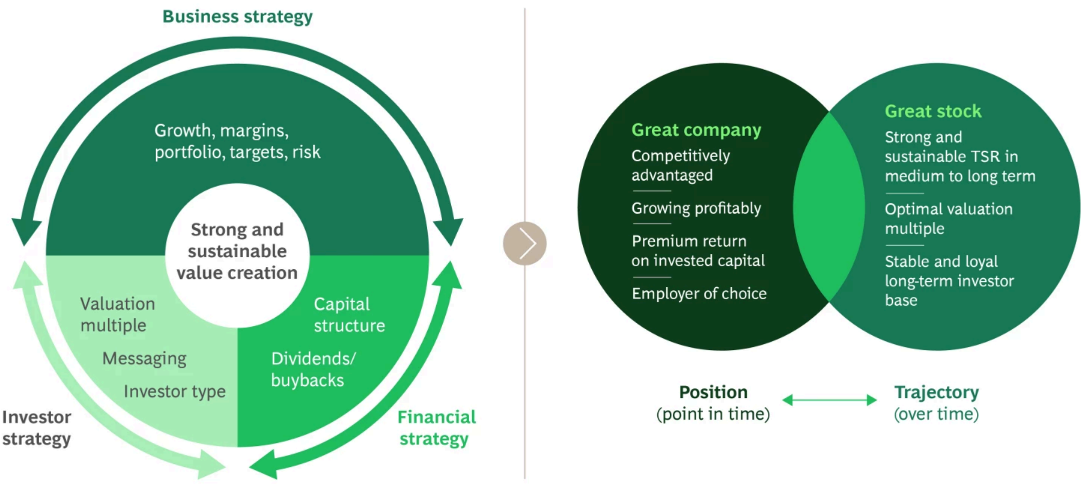
Importantly, returns are highly concentrated, with banks alone representing more than one-third of total market capitalization. As a result, Southeast Asia's TSR performance is disproportionately influenced by the banking sector, which drives much of the region's strong market-cap-weighted returns. Conversely, high-growth sectors such as technology, despite delivering exceptional returns, still occupy a relatively small portion of the market, limiting their impact on overall regional performance.

Multiple Paths to Sustainable Value Creation

To unlock their full potential, enterprises must be both great companies (profitable and competitively advantaged) and great stocks (with sustained TSR, optimal multiples, and a loyal long-term investor base). To help them achieve these goals, BCG's value creation framework stresses alignment among business, financial, and investor strategies to deliver strong and enduring TSR. (See Exhibit 5.)

EXHIBIT 5

Aligning Business, Investor, and Financial Strategies Enables Both a Great Company and a Great Stock



Sources: BCG analysis.

There is no single formula for superior, long-term TSR. In Southeast Asia, four distinct pathways have proven successful (see Exhibit 6):

EXHIBIT 6

Four Proven Pathways to Achieving Top-Quartile TSR in Southeast Asia

	Overall median	Example companies			
		Growth-focused	Balanced	Cash focused	Turnaround
	Overall	Bank	Health care company	Metals and mining company	Multibusiness
Six-year TSR (%)	4	23	21	22	22
Revenue growth (%)	6	18	2	6	10
Margin change (%)	0	9	9	2	–1
Multiple change (%)	–4	–3	7	–2	16
Dividend yield (%)	3	1	2	16	3
Change in shares outstanding (%)	0	–2	0	0	5

Sources: Capital IQ; BCG analysis.
Note: Actual examples drawn from among 525 Southeast Asian companies.

- **Growth-focused companies** emphasize strong top-line expansion.
- **Balanced companies** deliver durable TSR through a mix of growth, margin improvement, and cash returns.
- **Cash-focused companies** create shareholder returns by prioritizing dividends and free cash flow yield.
- **Turnaround companies** unlock value by restoring fundamentals and improving multiples.

Finding the Right Path

Five imperatives are crucial to identifying the right path to sustainable value creation.

1. Understand your unique starting point. Companies must consider their current market position, size, and financial performance. Benchmarking against peers in subregions and sectors helps identify which drivers—revenue growth, margin improvement, multiples, or cash returns—have historically been most effective. By disaggregating and comparing their TSR performance, companies can redefine their priorities and make informed tradeoffs.

2. De-average sources of shareholder value. Companies should assess how each business line and region contributes to market capitalization and TSR, recognizing that performance varies widely. Leaders should allocate capital toward segments and markets with above-average growth potential, while reducing exposure to areas with low TSR and limited potential for synergies. They should also make disciplined tradeoffs—for example, organic growth versus M&A-driven growth or revenue growth versus margin expansion—to ensure that portfolios consistently deliver shareholder value.

3. Focus on investor archetypes that align with the company's ambitions. Southeast Asian companies tend to attract a higher proportion of dividend-seeking investors than companies in higher-growth markets. The share of dividend seekers among active institutional investors is approximately 10 percentage points higher in Southeast Asian companies than in Indian firms. Analysis of investment communication transcripts reinforces this pattern: management discussions in the region emphasize dividends and profitability, while those in higher-growth markets focus on expansion, reinforcing investor expectations.

This dynamic presents an opportunity for Southeast Asian companies to rebalance their investor mix toward archetypes that align more closely with their strategic growth ambitions. The first step is to identify the investor archetypes most compatible with the company's strategic direction. This requires mapping key company characteristics—such as growth trajectory, profitability, cash flow profile, capital allocation discipline, risk appetite, and strategic positioning—against each archetype's investment criteria.

They should then seek to rebalance their investor mix in line with the findings. Companies must craft a compelling, targeted investment thesis that clearly communicates their value proposition and strategic vision to the prioritized investor archetypes. They should identify specific investors within these archetypes, segment them using a prioritization matrix (considering criteria such as importance and receptiveness), and create tailored, actionable investor engagement plans by segment.

4. Elevate investor engagement. Maintaining investor confidence requires a strong investor relations team and a well-executed communications plan. Companies should invest in building an investor relations function that acts as a true strategic partner—one capable of shaping investor strategy, managing key relationships, and channeling the investor perspective into major strategic and operational decisions.

An effective communications plan rests on three imperatives. First, maintain consistent, tailored messaging that aligns with business and investor strategies, while remaining transparent about both strengths and risks. Second, vary engagement across forums and investor types based on the company's attributes and context (such as size, coverage, valuation, and management tenure), and allocate management time where it delivers the greatest impact. Third, establish a feedback loop to strengthen future communications. Assess communication effectiveness by, for example, using natural language processing tools to analyze earning calls and apply the insights to design action plans for continuous improvement.

5. Sharpen capital allocation. Multibusiness conglomerates—representing about 8% of Southeast Asia's market capitalization—remain one of the region's largest underperforming segments. They have delivered a median TSR of 0%, five percentage points below pure-play peers.

For such diversified companies, not every dollar of profit is created equal. Sustaining TSR depends on disciplined capital deployment that channels resources to where they create the most value. Allocation decisions across the portfolio—into core businesses, digital initiatives, or bold new bets—should strengthen, not dilute, valuation. This requires clear prioritization among organic investments, M&A, dividends, and share buybacks, anchored by a resilient balance sheet.

In Southeast Asia, where valuation multiples have compressed despite strong earnings, sharper capital allocation is especially critical. Investors reward transparency into how excess cash is deployed—whether toward debt reduction, higher dividends, business investments, or accretive acquisitions. A clearly articulated capital allocation philosophy, consistently communicated, reinforces credibility, attracts the right investors, and underpins sustainable value creation.

Southeast Asia's growth potential is undeniable, but realizing it will demand disciplined value creation. Companies that combine strategic clarity, investor alignment, and strong capital management will lead the next phase of TSR outperformance and set the standard for sustainable success in the region.

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