

Capital Discipline League

Cross-Company Capital Efficiency Ranking - FY 2025

Rank	Ticker	Company	ROIC	FCF Margin	ND/EBITDA	Tier
1	TPL	Texas Pacific La	57.7%	39.8%	-1.0x	Elite Capital
2	ADBE	Adobe Inc.	46.8%	39.8%	-0.1x	Elite Capital
3	NVDA	Nvidia	57.7%	32.7%	0.7x	Elite Capital
4	REGN	Regeneron Pharma	57.7%	31.8%	0.1x	Elite Capital
5	ANET	Arista Networks	57.7%	32.3%	-0.7x	Elite Capital
6	TROW	T. Rowe Price	57.7%	26.6%	-0.6x	Elite Capital
7	DECK	Deckers Brands	57.7%	16.0%	-1.2x	Elite Capital
8	IDXX	Idexx Laboratori	57.7%	19.5%	0.7x	Elite Capital
9	EW	Edwards Lifescie	56.6%	15.6%	-0.4x	Elite Capital
10	META	Meta Platforms	57.7%	27.6%	0.1x	Elite Capital
11	NVR	NVR, Inc.	57.7%	14.9%	-0.8x	Elite Capital
12	TER	Teradyne	57.7%	17.2%	-0.6x	Elite Capital
13	MPWR	Monolithic Power	57.7%	22.5%	-0.8x	Elite Capital
14	AMAT	Applied Material	52.2%	23.0%	0.1x	Elite Capital

Commentary

This ranking evaluates 501 S&P; 500 companies on 5-year average capital efficiency metrics.

Tier Distribution: 53 Elite (11%), 150 Above Average (30%).

Top: Texas Pacific Land Corporation — ROIC 57.7%, FCF margin 39.8%.

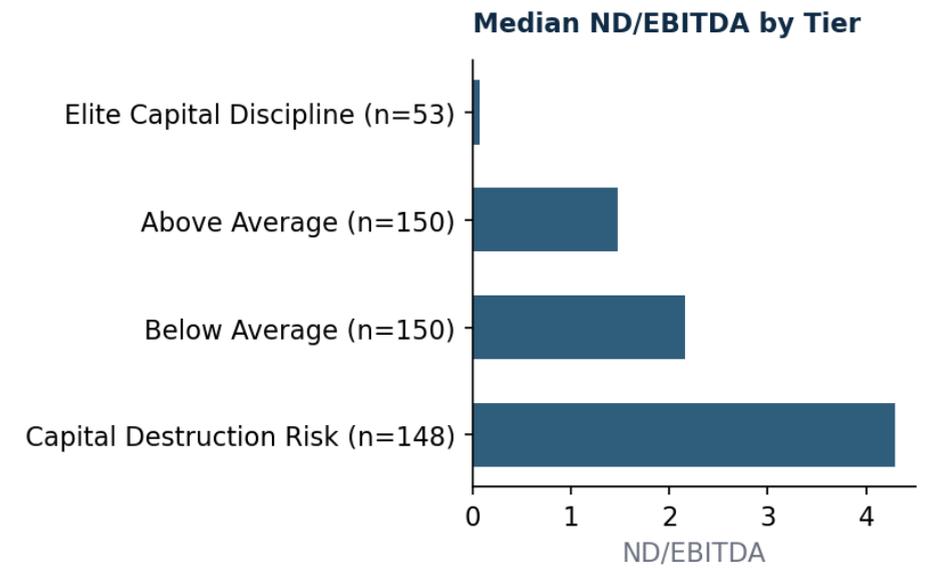
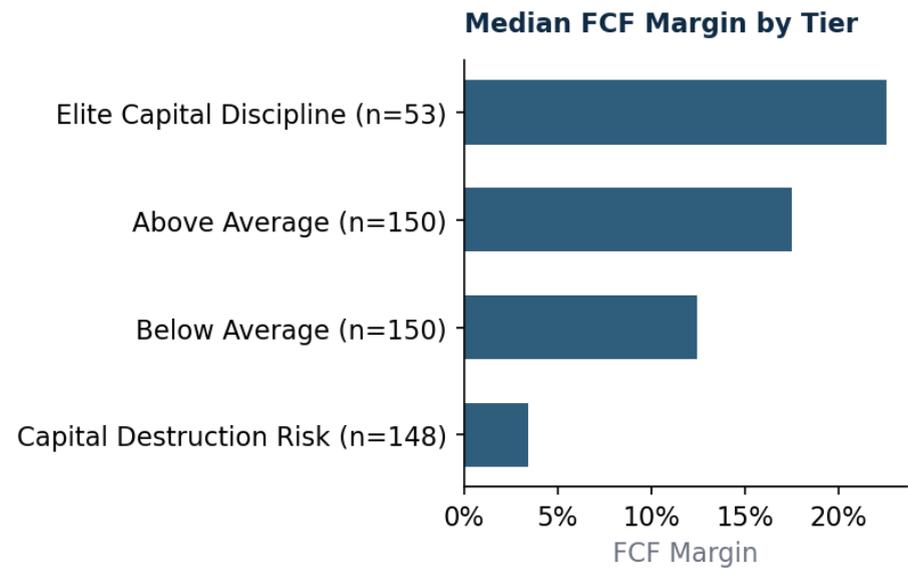
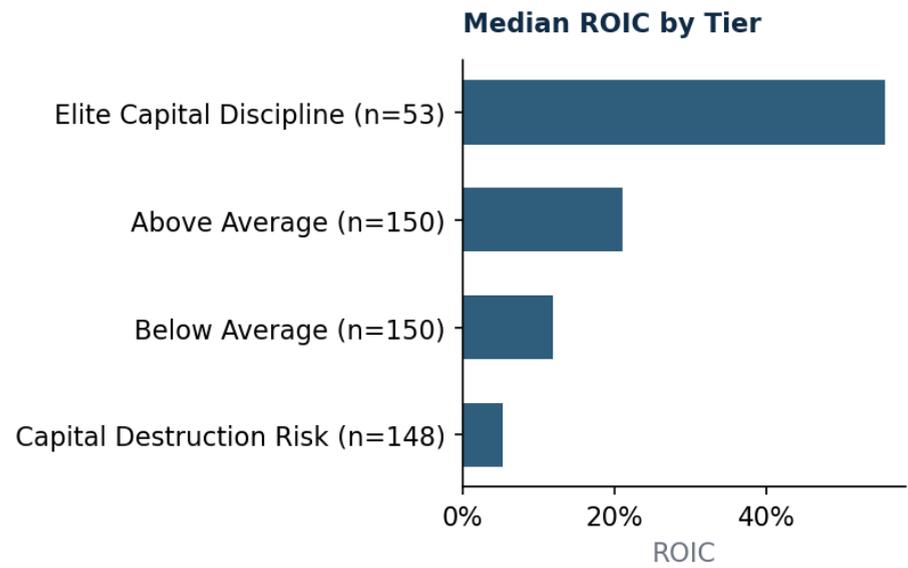
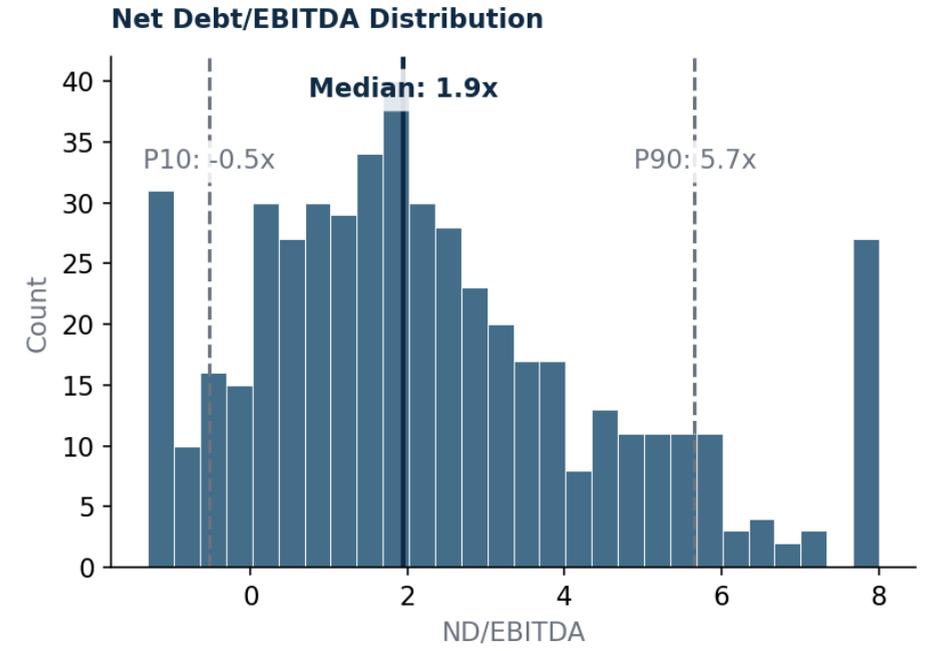
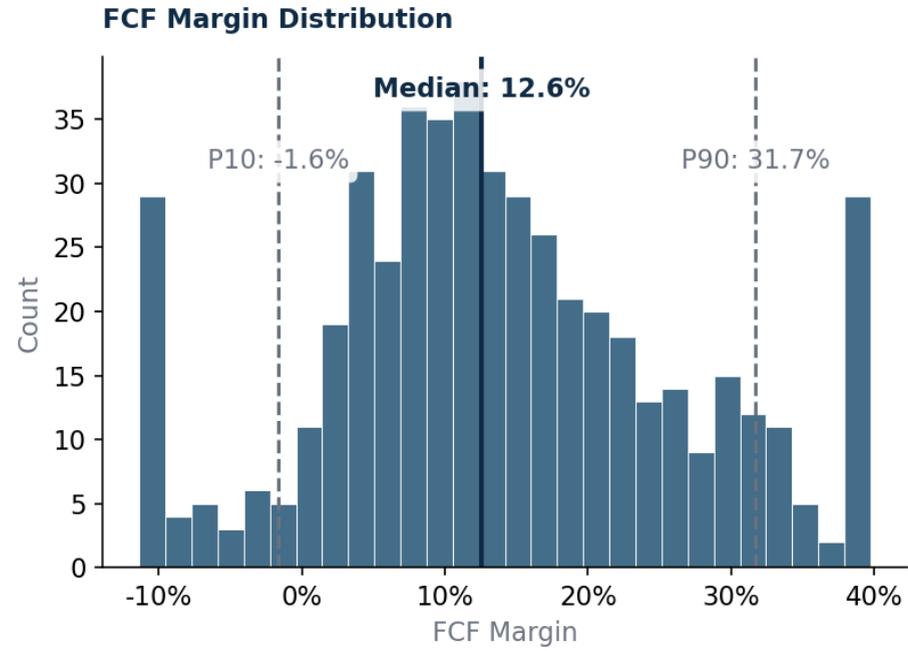
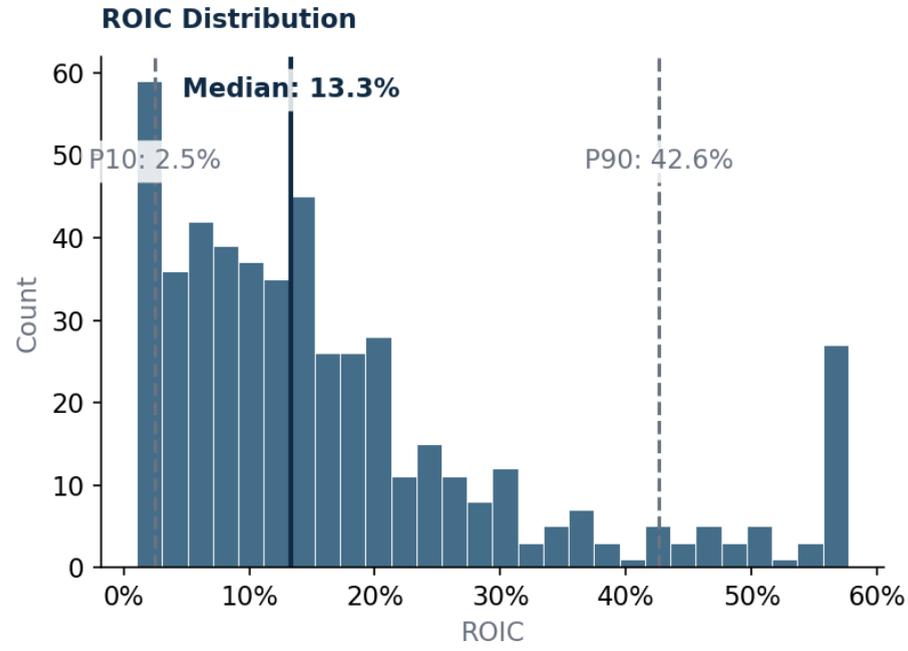
ROIC spread: P90 42.6% vs P10 2.5%.

Pattern Analysis

The analysis of these top capital discipline companies reveals a distinct pattern wherein sectors such as Technology, Healthcare, and Financial Services dominate the list, indicating a concentration of high capital efficiency and robust financial metrics in these industries. Companies with elevated return on invested capital (ROIC) averages, such as Texas Pacific Land Corporation and Nvidia, typically leverage proprietary technologies or unique business models that enable them to maintain substantial competitive advantages. Additionally, the presence of strong free cash flow margins across various sectors suggests that these firms are effectively translating their operational efficiencies into substantial capital generation, which can be reinvested for growth or returned to shareholders. Notably, while Technology and Healthcare sectors exhibit some of the highest ROIC averages, their free cash flow margins vary significantly, pointing to diversification in operational strategies and market conditions within these industries.

Capital Efficiency: Structure & Behavior

Distribution (top) · Median by tier (bottom)



Capital Discipline Extremes

Top and bottom decile characteristics

Top Decile (≥90th)

Rank	Ticker	Company	Score	ROIC	FCF%	ND/EBITD
1	TPL	Texas Pacific	1.77	57.7%	39.8%	-1.0x
2	ADBE	Adobe Inc.	1.64	46.8%	39.8%	-0.1x
3	NVDA	Nvidia	1.64	57.7%	32.7%	0.7x
4	REGN	Regeneron Phar	1.58	57.7%	31.8%	0.1x
5	ANET	Arista Network	1.58	57.7%	32.3%	-0.7x
6	TROW	T. Rowe Price	1.56	57.7%	26.6%	-0.6x
7	DECK	Deckers Brands	1.56	57.7%	16.0%	-1.2x
8	IDXX	Idexx Laborato	1.53	57.7%	19.5%	0.7x

Analysis

Top decile: median ROIC 55.6%, 23 net cash.

Top decile companies share platform-based models with network effects and near-zero marginal costs.

Bottom Decile (≤10th)

Rank	Ticker	Company	Score	ROIC	FCF%	ND/EBITD
449	CVNA	Carvana Co.	-0.95	1.0%	-6.3%	-1.3x
450	CCL	Carnival	-0.97	1.0%	-11.4%	-0.8x
451	DASH	DoorDash	-0.98	1.0%	10.5%	8.0x
452	CNP	CenterPoint En	-1.01	5.5%	-11.4%	5.8x
453	LYV	Live Nation En	-1.04	2.9%	10.8%	8.0x
454	SWK	Stanley Black	-1.04	8.7%	-0.1%	5.9x
455	UAL	United Airline	-1.06	5.0%	2.6%	6.1x
456	UBER	Uber	-1.07	1.0%	5.4%	5.1x

Analysis

Bottom decile: median ROIC 4.8%, median leverage 5.9x.

Bottom decile companies operate in capital-intensive industries with heavy fixed assets and limited pricing power.

Methodology & Interpretation

Methodology

Companies ranked using 5-year averages. Metrics winsorized at 5th/95th percentiles, z-score normalized.

Capital Discipline Score: ROIC (30%), FCF Margin (20%), ROA (15%), Net Debt/EBITDA (15%), FCF Consistency (10%), Capital Return Intensity (10%).

Interpretation

Read by tier, not individual rank. Tier changes signal material fundamental shifts. Cross-sectional reference only.

For informational purposes only. Not investment advice. Past performance does not guarantee future results.