



Norway 10 2018

The annual report on the most valuable Norwegian brands
August 2018

Foreword.



David Haigh
CEO, Brand Finance

What is the purpose of a strong brand: to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be 'to make money'.

Huge investments are made in the design, launch, and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place, it frequently lacks financial rigour and is heavily reliant on qualitative measures, poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Sceptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo, may fail to agree necessary investments. What marketing spend there is, can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources, and a negative impact on the bottom line.

Brand Finance bridges the gap between marketing and finance. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising, and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketing and finance teams. Marketers then have the ability to communicate the significance of what they do, and boards can use the information to chart a course that maximises profits. Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

Brand Finance's research revealed the compelling link between strong brands and stock market performance. It was found that investing in highly-branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

Acknowledging and managing a company's intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business.

The team and I look forward to continuing the conversation with you.

About Brand Finance.

Brand Finance is the world’s leading independent brand valuation and strategy consultancy.

Brand Finance was set up in 1996 with the aim of ‘bridging the gap between marketing and finance’. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise.

Brand Finance puts thousands of the world’s biggest brands to the test every year, evaluating which are the strongest and most valuable.




For more information, please visit our website:
www.brandfinance.com

Contact Details.

For business enquiries, please contact:
Richard Haigh
Managing Director, Brand Finance
rd.haigh@brandfinance.com
+44 207 389 9400

For media enquiries, please contact:
Konrad Jagodzinski
Communications Director
k.jagodzinski@brandfinance.com

For all other enquiries, please contact:
enquiries@brandfinance.com
+44 (0)207 389 9400

-  [linkedin.com/company/brand-finance](https://www.linkedin.com/company/brand-finance)
-  [facebook.com/brandfinance](https://www.facebook.com/brandfinance)
-  twitter.com/brandfinance



For further information on Brand Finance®’s services and valuation experience, please contact your local representative:

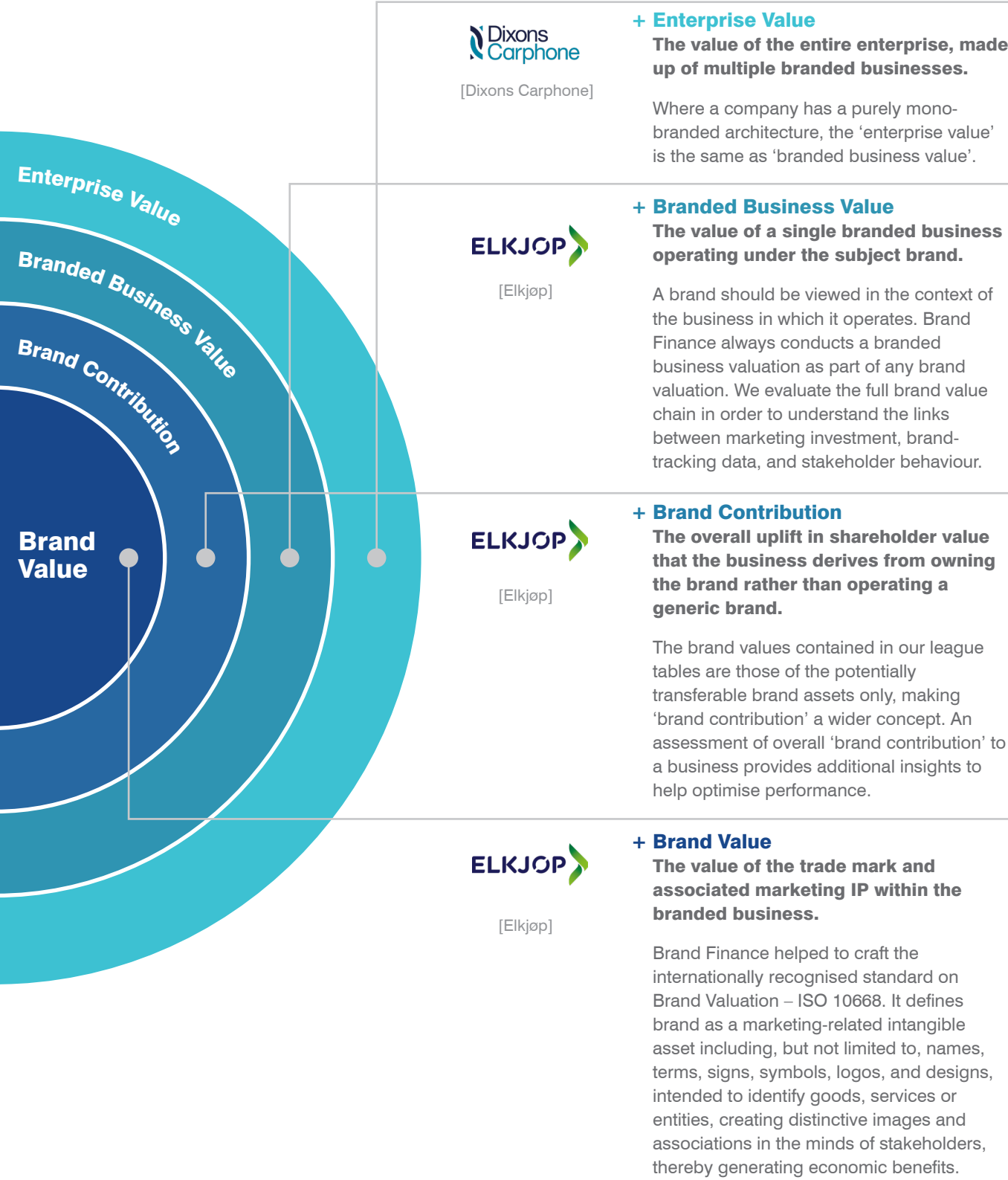
Country	Contact	Email Address	
Asia Pacific	Samir Dixit	s.dixit@brandfinance.com	+65 906 98 651
Australia	Mark Crowe	m.crowe@brandfinance.com	+61 282 498 320
Canada	Charles Scarlett-Smith	c.scarlett-smith@brandfinance.com	+1 647 3437 266
Caribbean	Nigel Cooper	n.cooper@brandfinance.com	+1 876 8256 598
China	Scott Chen	s.chen@brandfinance.com	+86 1860 118 8821
East Africa	Jawad Jaffer	j.jaffer@brandfinance.com	+254 204 440 053
Germany	Holger Mühlbauer	h.muehlbauer@brandfinance.com	+49 1515 474 9834
India	Savio D'Souza	s.dsouza@brandfinance.com	+44 207 389 9400
Indonesia	Jimmy Halim	j.halim@brandfinance.com	+62 215 3678 064
Ireland	Simon Haigh	s.haigh@brandfinance.com	+353 087 6695 881
Italy	Massimo Pizzo	m.pizzo@brandfinance.com	+39 230 312 5105
Japan	Jun Tanaka	j.tanaka@brandfinance.com	+8190 7116 1881
Mexico & LatAm	Laurence Newell	l.newell@brandfinance.com	+52 1559 197 1925
Middle East	Andrew Campbell	a.campbell@brandfinance.com	+971 508 113 341
Nigeria	Babatunde Odumeru	t.odumeru@brandfinance.com	+234 012 911 988
Romania	Mihai Bogdan	m.bogdan@brandfinance.com	+40 728 702 705
Spain	Teresa de Lemus	t.delemus@brandfinance.com	+34 654 481 043
South Africa	Jeremy Sampson	j.sampson@brandfinance.com	+27 828 857 300
Sri Lanka	Ruchi Gunewardene	r.gunewardene@brandfinance.com	+94 114 941 670
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com	+90 216 3526 729
UK	Richard Haigh	rd.haigh@brandfinance.com	+44 207 389 9400
USA	Laurence Newell	l.newell@brandfinance.com	+1 917 794 3249
Vietnam	Lai Tien Manh	m.lai@brandfinance.com	+84 473 004 468

Contents.

Foreword	3
About Brand Finance	4
Contact Details	4
Definitions	6
Executive Summary	8
Methodology	12
Understand Your Brand’s Value	13
Consuting Services	14
Communications Services	15

Definitions.

Brand Value



Brand Strength

Brand Strength is the efficacy of a brand's performance on intangible measures, relative to its competitors.

In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding rating up to AAA+ in a format similar to a credit rating.

Analysing the three brand strength measures helps inform managers of a brand's potential for future success.

Brand Strength Index	Marketing Investment	Widely recognised factors deployed by marketers to create brand loyalty and market share.
	Stakeholder Equity	Perceptions of the brand among different stakeholder groups, with customers being the most important.
	Business Performance	Quantitative market and financial measures representing the success of the brand in achieving price and volume premium.



Executive Summary.



Will Equinor match Statoil’s success?

At the start of 2018 Statoil was Norway’s most valuable and strongest brand with a value of NOK65.4 billion and an elite AAA brand rating. Statoil enjoyed a strong year of brand value growth due to higher global oil prices leading to increased revenue forecasts, and relatively strong workplace safety results over the last year.

Subsequently, the company changed names, to reflect its new brand strategy as a broad energy company, and not merely an oil company. The name change is just one demonstration of its new brand focus, with the increasing diversification of Equinor towards a low carbon future. This includes plans to develop long-term value on the Norwegian continental shelf and growing alternative energy sources. Last year, the company acquired its first major solar energy development (in Brazil) and now operates three offshore wind farms.

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands through the Brand Strength Index (BSI) – a balanced scorecard of factors such as marketing investment, customer familiarity, staff satisfaction, and corporate

Name is an important part of brand, but it is not everything. Statoil became Norway’s most valuable and strongest brand because it was recognised as a trusted partner, delivering on its promise. Built upon the solid foundations of its oil business, the company now faces a challenge of transferring that equity to a new brand, encompassing a more diversified business portfolio. If the new brand is implemented well, it will help Equinor achieve long-term success, even if the rebranding process itself causes some initial erosion of the brand’s strength and value.

David Haigh
CEO, Brand Finance

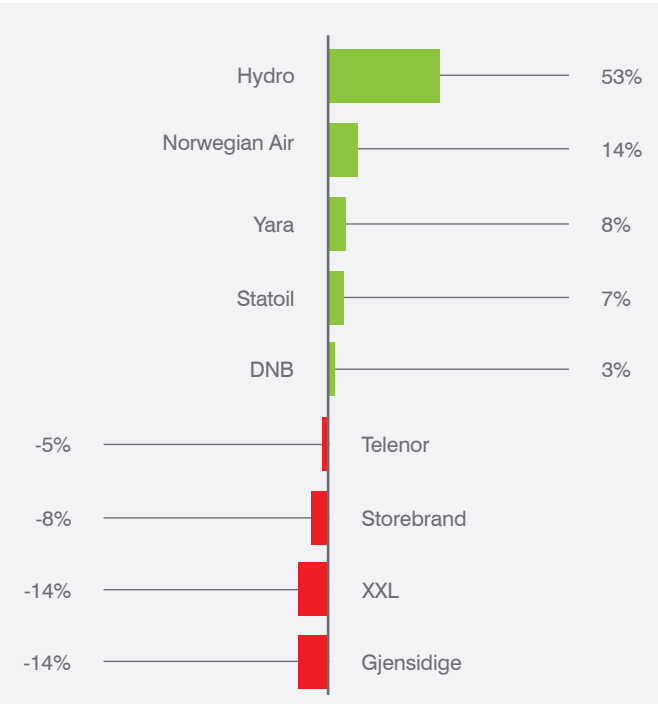
reputation. Along with the level of revenues, brand strength is a crucial driver of brand value.

According to these criteria, Statoil was also Norway’s strongest brand with a high score of 85.4 out of 100 and a corresponding AAA brand rating. The brand strength that Statoil has accumulated over the years, will be particularly important following the rebranding, especially in a year of geopolitical instability, with the possibility of changing OPEC policies and the increasing development of North American shale oil resources.

Telenor retains second place

In second place, Telenor (brand value down 5% to NOK54.5 billion) remained well ahead of third-ranked DNB (brand value up 3% to NOK26.9 billion). Telenor’s 2017 was a year of transformation as it realigned its corporate brand strategy to concentrate on the increasingly digital-focused demands of its customers. This was evident in Telenor’s customers using the company’s in-bound call centres 20% less than a year earlier, as customers now expect to obtain key information and make account changes online.

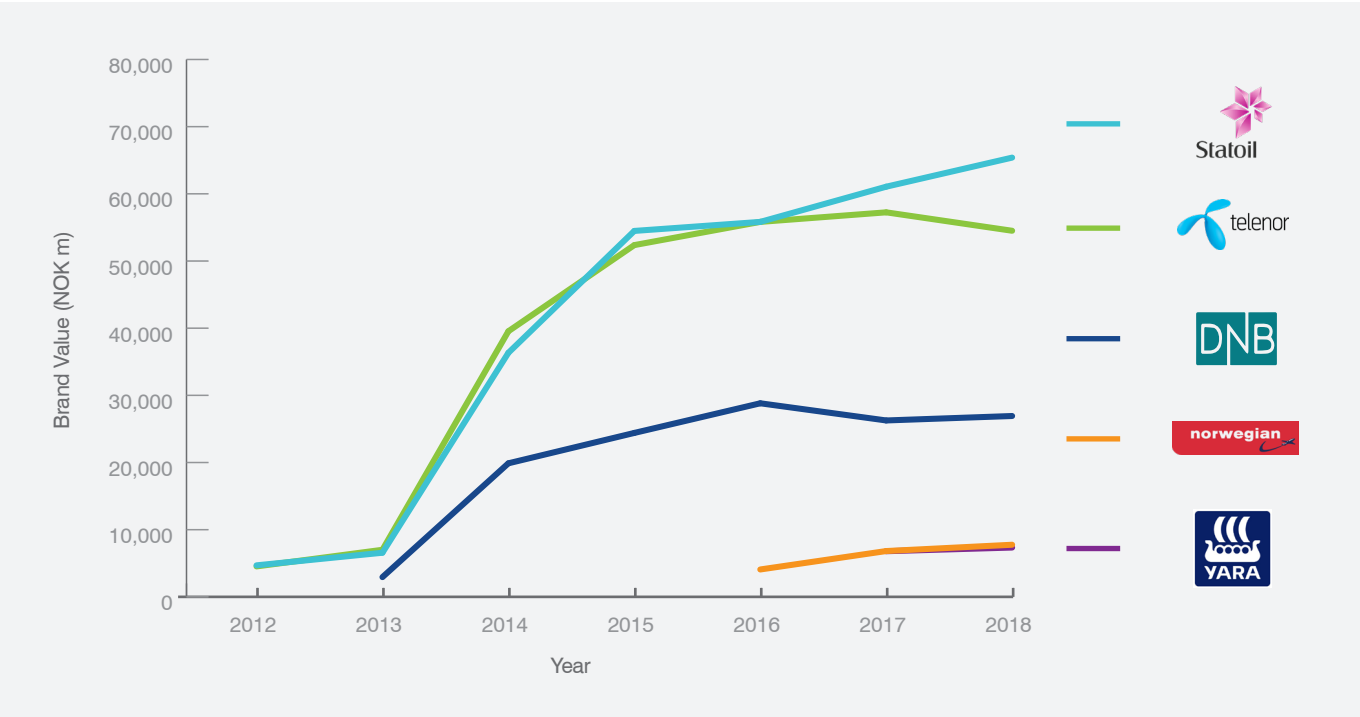
Brand Value Change 2017-2018 (%)



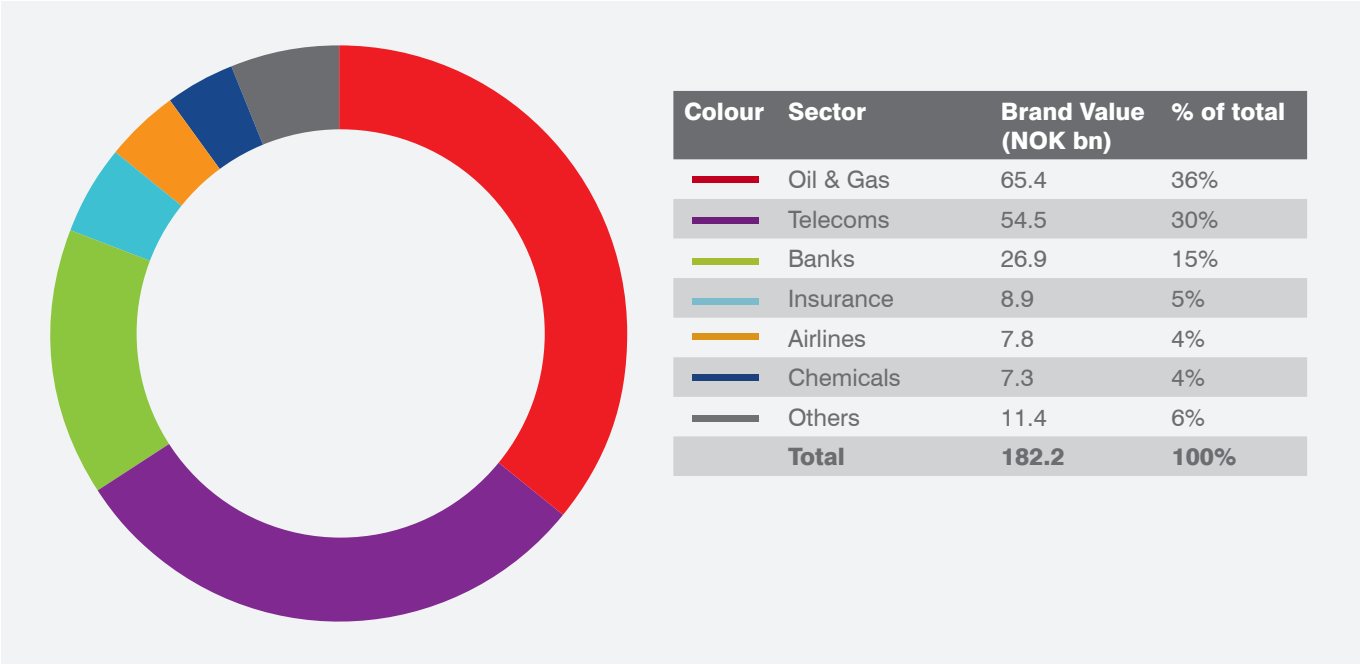
Top 10 Most Valuable Brands

	1	Rank 2018: 1 2017: 1 BV 2018: NOK65,391m BV 2017: NOK61,061m Brand Rating: AAA	→ +7%
	2	Rank 2018: 2 2017: 2 BV 2018: NOK54,501m BV 2017: NOK57,244m Brand Rating: AA+	→ -5%
	3	Rank 2018: 3 2017: 3 BV 2018: NOK26,924m BV 2017: NOK26,261m Brand Rating: AAA-	→ +3%
	4	Rank 2018: 4 2017: 5 BV 2018: NOK7,759m BV 2017: NOK6,820m Brand Rating: AAA-	↑ +14%
	5	Rank 2018: 5 2017: 6 BV 2018: NOK7,341m BV 2017: NOK6,794m Brand Rating: AA-	↑ +8%
	6	Rank 2018: 6 2017: 7 BV 2018: NOK5,114m BV 2017: NOK5,921m Brand Rating: AA-	↑ -14%
	7	Rank 2018: 7 2017: 10 BV 2018: NOK4,810m BV 2017: NOK3,153m Brand Rating: A+	↑ +53%
	8	Rank 2018: 8 2017: 8 BV 2018: NOK3,818m BV 2017: NOK4,167m Brand Rating: A+	→ -8%
	9	Rank 2018: 9 2017: 9 BV 2018: NOK3,488m BV 2017: NOK4,040m Brand Rating: A-	→ -14%
	10	Rank 2018: 10 2017: NEW BV 2018: NOK3,099m Brand Rating: A-	→

Brand Value Over Time



Brand Value by Sector



DNB strong and stable

DNB, as Norway’s largest financial services group, grew its brand value modestly over the last year during a similar digital transformation. The company slightly improved its return on equity from 10.1% in 2016 to 10.8% last year as the Norwegian economy rebounded from the previous slump in oil prices. The brand benefited from strength across the broader economy, and DNB has a clear strategic plan to provide more services online.

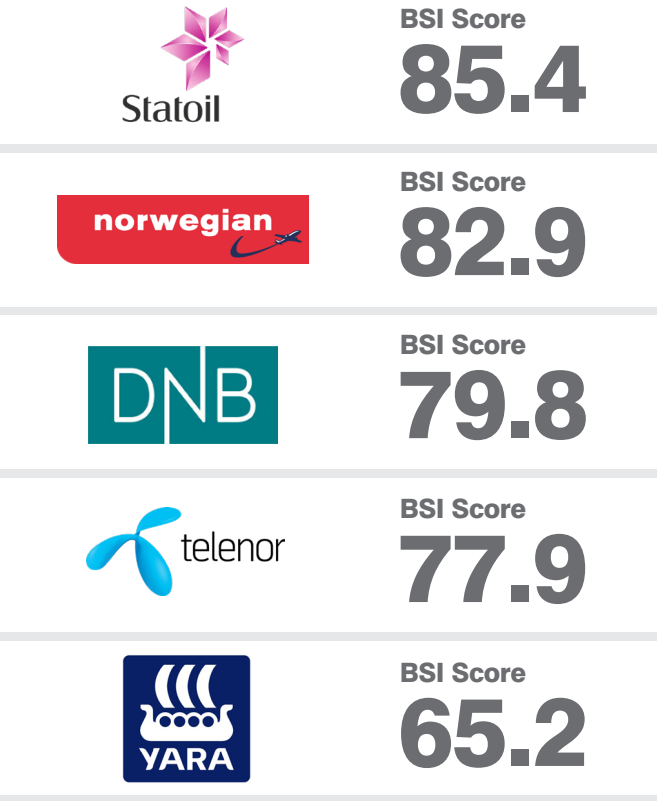
Hydro is fastest-growing brand

Hydro (brand value up 53% to NOK4.8 billion) is the fastest-growing brand in the Brand Finance Norway 10 league table. The acquisition of Extruded Solutions has enabled the brand to provide a vertically integrated aluminium supply chain, creating and extracting more value than by simply providing raw metal. Hydro also launched its new Hydro 75R product, which guarantees at least 75 percent recycled content reducing environmental impact – a key contribution to building a socially responsible brand in modern Norway.

Norwegian takes off

Another brand to grow quickly this year is Norwegian (brand value up 14% to NOK7.8 billion). As recently as 2012, the airline operated only 68 aircraft but will grow its capabilities to almost 200 by the end of 2019. The brand has continued to grow despite unforeseen difficulties with Rolls-Royce components that have beset many airlines this year. Rapidly expanding into low-cost long-haul flying, the air carrier is also facing significant financial challenges in a world of increased oil and fuel prices.

Top 5 Strongest Brands



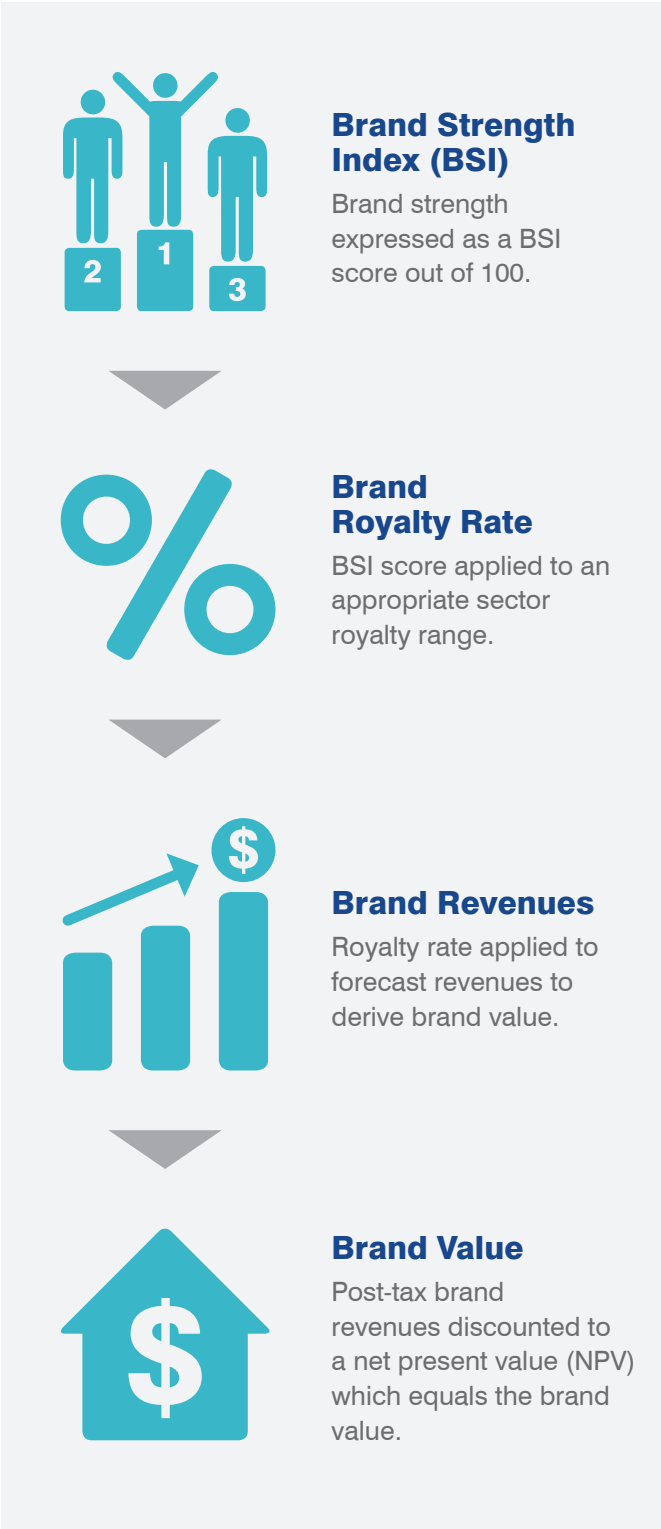
Methodology.

Brand Finance calculates the values of the brands in its league tables using the Royalty Relief approach – a brand valuation method compliant with the industry standards set in ISO 10668.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a ‘brand value’ understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance of brand to purchasing decisions. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. This is done by reviewing comparable licensing agreements sourced from Brand Finance’s extensive database.
- 3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand-specific revenues by estimating a proportion of parent company revenues attributable to a brand.
- 5 Determine forecast revenues using a function of historic revenues, equity analyst forecasts, and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post-tax to a net present value which equals the brand value.



Disclaimer

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate. The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

Understand Your Brand’s Value.

A Brand Value Report provides a complete breakdown of the assumptions, data sources, and calculations used to arrive at your brand’s value.

Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

What is a Brand Value Report?

Brand Valuation Summary

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

- + Brand strength tracking
- + Brand strength analysis
- + Management KPIs
- + Competitor benchmarking

Royalty Rates

- + Transfer pricing
- + Licensing/franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Customer Research

- + Utilities
- + Insurance
- + Banks
- + Telecoms

For more information regarding our Brand Value Reports, please contact:

Richard Haigh

Managing Director, Brand Finance
rd.haigh@brandfinance.com
+44 207 389 9400

What are the benefits of a Brand Value Report?



Insight

Provide insight as to how the brand is performing vs. key competitors on underlying measures and drivers of brand value and brand strength.



Strategy

Understand where brand value is being generated by region and channel in order to identify areas of opportunity that warrant further investigation.



Benchmarking

Track year-on-year changes to brand value and set long-term objectives against which high-level brand performance can be benchmarked.



Education

Provide a platform of understanding which the company can use to educate employees on the importance of the brand.



Communication

Communicate your brand’s success to shareholders, customers, and other strategically selected audiences.




Understanding

Understand and appreciate the value of your brand as an asset of the business.


Consulting Services.






MARKETING

We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.




FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.



TAX

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.



LEGAL

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

14. Brand Finance Norway 10 August 2018

Communications Services.

We offer a variety of services to help communicate your brand's success.

CEO Quote

Supply a quote in recognition of your brand's performance for you to use in external and internal communications.

Press Release

Assist with the creation of a press release communicating your brand's success.

Your Brand Value

Explain and discuss your brand's performance in more depth.

Social Media

Coordinate with your social media activity to communicate your brand's success more effectively.


Awards

Produce an accolade plaque and hand-written certificates, personally signed by our CEO, to recognise your brand's performance.

Advertising

Allow full use of the Brand Finance logo on your ad designs and create a bespoke digital endorsement stamp for your website and investor relations use.

How we can help



Brand Finance[®]

Strongest Global Brand 2018

Your Brand

Example digital endorsement stamp for use on your website as well as in investor relations and advertising, to recognise your brand's performance.

Brand Finance Norway 10 August 2018 15.

Contact us.

The World's Leading Independent Brand Valuation and Strategy Consultancy

T: +44 (0)20 7389 9400

E: enquiries@brandfinance.com
www.brandfinance.com

In partnership with: **X.Y.ZERO.ONE**