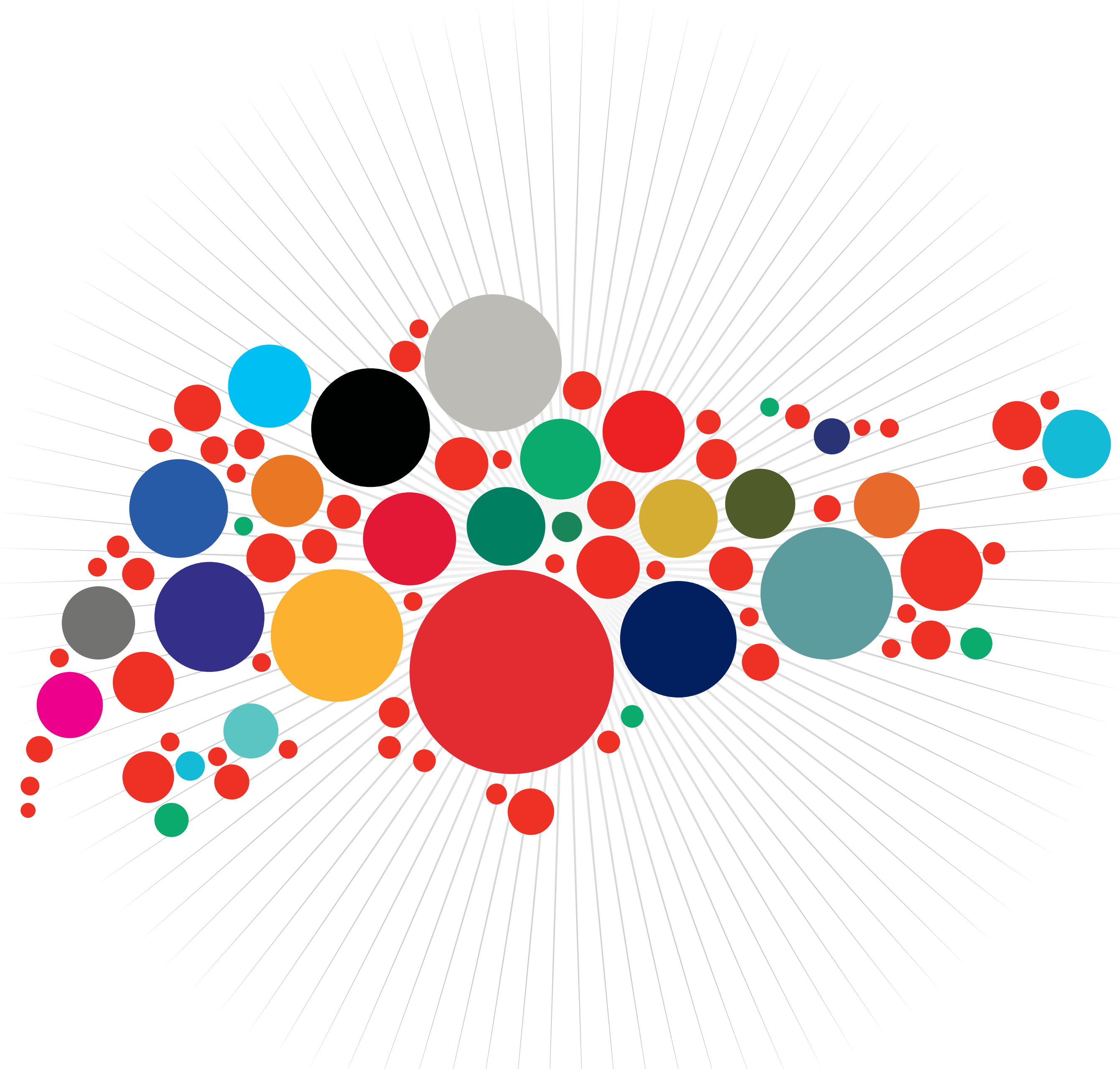
THE BRAND FINANCE TOP 100 SINGAPORE BRANDS REPORT 2014

ON SINGAPORE'S INTANGIBLE ASSETS AND BRANDS



BRAND·FINANCE®

Designed by **Sedgwick Richardson**

For over a decade, Brand Finance has been dedicated to the measurement of brand strength and value.

CONTENTS

OVERVIEW

02 2014 Highlights

04 Foreword

06 Introduction

07 Singapore's Report Card on Intangible Assets

08 Should Singapore be Concerned with Intangible Asset Value?

09 FEATURE GETTING A GRIP ON INTANGIBLES

REPORT CARD 2014

15 Singapore's Top 10 Most Valuable Brands

16 Singapore's Report Card on the Top 100 Brands

22 Top 100 Brands

24 FEATURE WHY ARE PUBLISHED BRAND VALUATION OPINIONS SO DIFFERENT?

INTANGIBLE ASSETS

28 Background on Intangible Asset Value

32 FEATURE SINGAPORE AS AN IP HUB FOR ASIA

36 FEATURE NATION BRANDS 2013

METHODOLOGY

44 New International Standard on Brand Valuation

50 FEATURE INTEGRATED REPORTING AND BRAND PERFORMANCE

52 Explanation of Methodology

ADDITIONAL INFORMATION

54 Glossary of Terms

56 About Brand Finance

57 Contact Details

58 Transparency in Brand Valuation

59 FEATURE BRAND SCORECARD

2014 HIGHLIGHTS

CORPORATE SINGAPORE

ENTERPRISE VALUE OF CORPORATE SINGAPORE

8.8%

US$505BN

The enterprise value of corporate Singapore at the end of 2013 was increased to US$505 billion, up from US$464 billion in December 2012 but it still stays below the 2010 level when it had reached an all-time high of US$534 billion.

TOTAL BRAND VALUE OF THE 100 LARGEST BRANDS

100 LARGEST BRANDS

14%

US$40.2BN

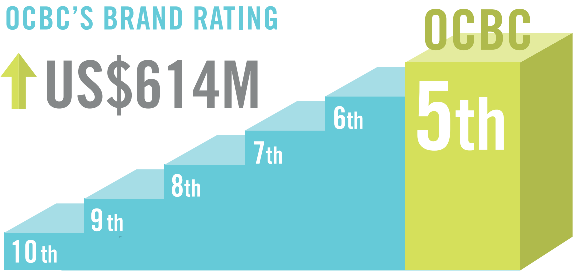
The total value of Singapore's 100 largest brands and brand portfolios in 2014 is US$40.20 billion, representing a marginal decrease over last year's study as compared to 14% and 11% growth in the 2013 and 2012 studies.

ENTERPRISE VALUE TO BRAND VALUE PERCENTAGE

Remained at 11%

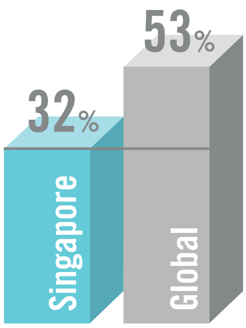
OCBC'S BRAND RATING

US$614M



OCBC had the maximum gain against the top 10. It not only gained 4 places to be ranked in the top 5, it also had the maximum brand value increase of US$614 million amongst the top 10 ranked brands.

INTANGIBLES BELOW AVERAGE



Overall, only 32% of Singapore listed value is contributed by Intangibles compared to a global average of 53%. It is alarming that the intangibles value, the intangible ratio and overall top 100 band value have all declined over previous years.

PERFORMANCE HIGHLIGHT

TOP 6 COMPANIES

The top 6 companies by Enterprise Value are all amongst the top 10 companies by Brand Value. These have fallen down from 7 companies in 2013 with Genting moving out of the top 10 rankings.

5/10 SEGMENTS

Overall, 5 of the top 10 segments by EV had below average performance (less than 32%) for the intangibles.

SINGAPORE AIRLINES'S BRAND RATING

2nd Most Valuable Singapore Brand

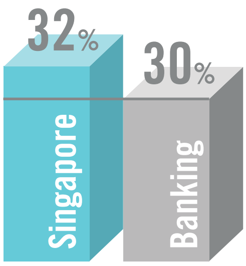
Although Singapore Airlines was ranked at number 13 by Enterprise Value, it retained the title of being the second Most Valuable Singapore Brand further illustrating the strength of strong brand and the intangible value contribution.

NOTABLE SECTOR: BANKING

FINANCIAL SECTOR REMAINS NO. 1

Banking although in a strong No.1 position with an EV of US$117 billion has gained across both the tangibles and intangible value. Their current intangible value contribution is at 30%.

LOW INTANGIBLE VALUE AGAINST EV



Banking, though with the highest contributor of the overall enterprise value and the highest disclosed goodwill had the total intangibles value of only 30% against the EV, just below the national average of 32%.

NEW ENTRANTS TO TOP 100

GENTING SINGAPORE

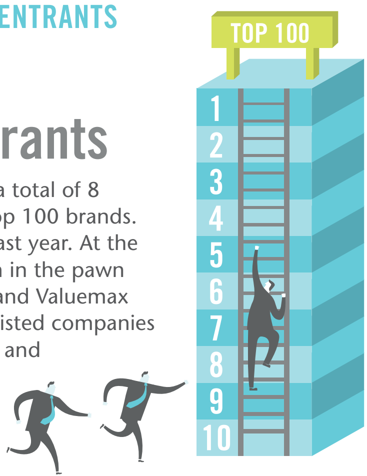
out of the top 10 brands

Genting Singapore has continued the fall of brand value and is now out of the top 10 brands.

NUMBER OF NEW ENTRANTS TO TOP 100

8 New Entrants

This year, there were a total of 8 new entrants in the top 100 brands. Compared to only 2 last year. At the back of strong growth in the pawn industry, MoneyMax and Valuemax group, both recently listed companies entered straight at 79 and 71 respectively.



NOTABLE SECTOR: TELECOMMUNICATIONS

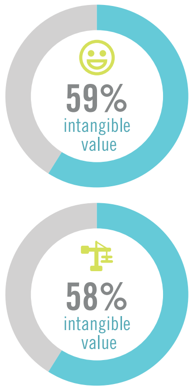
HIGHEST INTANGIBLES

Telecommunications sector also had the highest disclosed intangibles of US$9 billion.

HIGHEST ENTERPRISE TO BRAND VALUE RATIO

Telecommunications sector has the highest EV to BV ratio with an intangibles value of over 72% of the EV. This demonstrates the strong brand equity and intangible growth compared to the overall average of 32%.

Entertainment industry was a strong third with 59% intangibles value closely followed by Engineering & Construction at 58% intangible value. The high percentage in the Engineering and Construction industry could be attributed to future contracts and people as important intangibles.

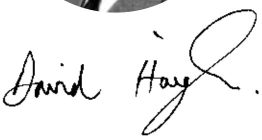


There are 20 brands across the rankings with a high double digit BV:EV ratio of 20% and above.

THE BRAND FINANCE

FOREWORD

Brand Finance is dedicated to using brand valuation as an input for strategic decisions and driving organisational performance.



DAVID HAIGH

Chief Executive,
Brand Finance plc

The transition into an intangible driven economy has never been as prominent as it is today. Companies at the forefront of innovation have been the biggest winners in this years' Global 500. Eight of the top ten Most Valuable Global Brands (Apple, Samsung, Google, Microsoft, Verizon, AT&T, amazon.com and IBM) are in technology related industries, where investment in brand and R&D is important in staying relevant to consumers. The speed of technological change has resulted in a raft of companies which have become irrelevant and include the likes of Blackberry, Garmin, Kodak, Nokia, and Sony. For the first time this year, the brand value of Apple climbed above US$100bn, assisted by rising confidence in the developed world.

The quantitative easing policies by central banks in Europe, Japan and the United States have helped in the economic recovery. Excess cash on the balance sheet of companies and cheaper borrowing costs has resulted in greater M&A activity, especially in pharmaceutical, retail and technology. We expect this to continue towards the end of 2014, however, things could change dramatically if the slowdown in China is faster than expected. Despite the strong credentials of many technology heavyweights, some commentators are concerned about the overvaluations on the smaller to medium sized end of the technology industry. The NASDAQ is only 18% off the highs reached during the technology boom of 2000.

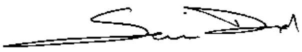
Over the past decade, Brand Finance has been dedicated in helping companies track and measure their investments in their intangible asset portfolio.

Certain steps can be undertaken to ensure that an economic value driven strategy occurs throughout the organisation, mush after the deals are done.

1. Accountability – ensure that all invested funds are accounted for through returns on investment analysis
2. Credibility – ensure that investments are linked to organiastional objectives
3. Empowerment – ensure that teams are empowered to make their own decisions with strong justification
4. Strategy planning – ensure that all levels of the organisation are consulted, especially when undertaking market insight.
5. KPI's setting – Economic returns based marketing ROI becomes extremely critical to assess the success of marketing contribution to the bottom line, in hard dollar value terms vs. softer qualitative KPIs currently measured.

Valuations is a great tool to evaluate the returns on investments, aid in monitoring and tracking in the long term performance of your investments.

Brand Finance published brand rankings are the world's only published ranking of ISO compliant brand values.



SAMIR DIXIT

Managing Director,
Brand Finance
Asia Pacific

We are in the ideas economy. The economy of intangibles. The balance between tangibles and intangibles has changed dramatically over the past 50 years as corporate performance is increasingly driven by exploitation of ideas, information, expertise and services rather than physical products.

Intangibles make up for a significantly large value of an enterprise. Yet, it's an area of least focus amongst the management. While marketers do not measure or care much about the intangible assets, the discrepancy between market and book values shows that investors do.

Brand Finance has been researching intangible assets with an emphasis on brands to help corporations understand brand strength and value. Against the current economic backdrop, our 2014 study aims to examine the performance of Singapore's intangible assets and brands.

Brand Finance published brand rankings are the world's only published ranking of ISO compliant brand values. Brands and brand equity affect all stakeholder groups and can confer considerable advantages, such as building customer loyalty, enabling a price premium for the branded product, influencing the perceptions they have of the branded business, their preference or loyalty to that organisation and their behaviour. Consumers and customers buy more, for longer, at higher prices, while suppliers offer better terms of business and finance providers invest at lower cost. These and other stakeholder behaviour affect business value drivers to give higher revenues, lower costs and greater capital value.

Brand managers need to understand how these brand equity attributes impact on the branded business and need to develop marketing strategies to optimise brand-switching behaviour. As such, the valuation of brands is an important function, to provide tangible, financial evidence of their status as assets and an indication of the value generated through the investment in brand equity.

We use quantitative market data, detailed financial information and expert judgement to provide reliable Brand Ratings and Brand Values. Such an analysis needs to be conducted by product, geographic and demographic segment to maximise brand value. While such detailed metrics and financial analysis are beyond the scope of the current point in time brand valuations included in this year's league table, however, they are the next natural step in understanding and developing brand value.

We have also observed that a number of brand valuation consultancies produce brand value league tables using methods that do not stand up to technical scrutiny or to the ISO Standards for Brand Valuation. We use methods that are technically advanced, which conform to ISO Standards and are well recognised by our peers, by various technical authorities and by academic institutions.

This annual report pits the best Singapore brands against one another in the most definitive list of brand values available. The Brand value accorded to each brand is a summary of its financial strength. Each brand has also been given a brand rating, which indicates its strength, risk and future potential relative to its competitors.

This report provides an opinion regarding the point in time valuations of the most valuable Singapore brands as at 31st December 2013. The sheer scale of these brand values show how important an asset these brands are to their respective owners. As a result, we firmly believe that brand valuation analysis can offer marketers and financiers critical insight into their marketing activities and should be considered as a key part of the decision making process.

INTRODUCTION

The balance between tangibles and intangibles has changed dramatically over the past 50 years as corporate performance is increasingly driven by exploitation of ideas, information, expertise and services rather than physical products.

Intangible assets have traditionally tipped the scales over tangible assets to create value for companies and the global economy. They now make up for a significantly large value of an enterprise. Yet, it's an area of least focus amongst the management

Whilst accountants do not measure intangible assets, the discrepancy between market and book values shows that investors do.

Brand Finance has been researching and tracking the role of intangible assets since 2001 as part of its annual Global Intangible Finance Tracker (GIFT™) with an emphasis on helping corporations understand brand strength and value.

Brand Finance has found that intangible assets play a significant part in enterprise value generation. The GIFT™ is a study that tracks the performance of intangible assets on a global level.

The GIFT™ is the most extensive study on intangible assets, covering 127 national stock markets, more than 56,000 companies, representing 99% of total global market capitalisation. The analysis goes back over a Thirteen-year period from the end of December 2013.

Currently, 53% of global market value is vested in intangible assets. This is up from 50% in 2012. However, the management paradigm is yet to shift in tandem with large proportion and the importance of intangible assets.

PURPOSE OF STUDY

To this end, our study aims to examine the performance of Singapore's intangible assets and brands.

For the intangible asset study, the total enterprise value of corporate Singapore is divided into four components shown below.

UNDISCLOSED VALUE	DISCLOSED GOODWILL
The difference between the market and book value of shareholders' equity, often referred to as the premium book value	Goodwill disclosed on balance sheet as a result of acquisitions
DISCLOSED INTANGIBLE ASSETS	**TANGIBLE NET ASSETS**
Intangible assets disclosed on balance sheet including trademarks and licences	Tangible net assets is added to investments, working capital and other net assets

In last year's GIFT™ 2013 report, which represented 99% of total global market capitalisation, intangible assets looked upbeat when the stock markets worldwide showed signs of recovery. They represented over 49% of enterprise value at the end of 2012.

The latest 2014 GIFT™ analysis illustrates that by the end of 2013, the intangibles increased by US$6.7 trillion during 2013. At a very healthy 53% of the total enterprise value, and significantly above the 2008 financial crisis level, the main increase of US$6 trillion was in the value of undisclosed intangible assets including brands.

The significant increase in the 'undisclosed' value illustrates that the brands are recovering and gaining intangible value rapidly.

The fact that most of the intangible value is not disclosed on company balance sheet further illustrates how poorly understood intangibles still are by investors and management alike – and how out of date accounting practice is.

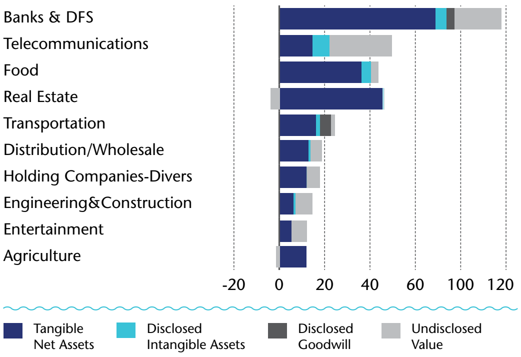
Such ignorance leads to poor decision-making companies and systematic mis-pricing of stock by investors.

SINGAPORE'S

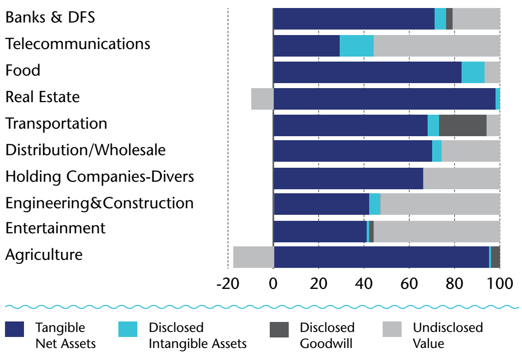
REPORT CARD ON INTANGIBLE ASSETS

SINGAPORE	US$BN	%
Enterprise Value	505	100
Tangible Net Assets	343	68
Disclosed Intangible Assets (Exc Goodwill)	32	6
Disclosed Goodwill	14	3
"Undisclosed Value"	116	23

TOP 10 SECTORS BY ENTERPRISE VALUE SPLIT (VALUE) 2013 (US$ BILLION)



TOP 10 SECTORS BY ENTERPRISE VALUE SPLIT (% AGE) 2013 (US$ BILLION)



SINGAPORE'S INTANGIBLE ASSETS DECREASED BY US$31 BILLION IN 2013 AS COMPARED TO A US$50 BILLION INCREASE IN 2012

By the end of 2013, total enterprise value decreased by US$41 billion. This was driven by an increase tangible net assets of US$72 billion, offset by a decrease in intangible assets of US$31 billion. In 2013, intangible assets value made up 32% of enterprise value, a decrease of 9% from 2012. This result is significantly lower than the global average where the intangible asset % of enterprise value is 53%.

SPOTLIGHT ON SECTORS

Total Enterprise Value of the Top 10 Sectors in Singapore is worth US$387 billion

The ten largest sectors for Singapore are Banking & DFS, Telecommunications, Food, Real Estate, Transportation, Distribution/Wholesale, Holdings/ Group Companies, Engineering & Construction, Entertainment and Agriculture.

These account for 77% of Singapore's total enterprise value and are worth about US$387 billion. This is a decrease of US$13.3 billion or 3% less than the 2012 enterprise value of the top 10 largest sectors (US$400.3 billion).

It is surprising that the Top 10 companies has decreased in enterprise value in comparison to last year relative to other markets such as Europe and the United States. It could be a sign that cautious investors are sitting on the side lines and assessing the Chinese fundamentals.

Banking & DFS Sector has the highest enterprise value

The banking & DFS sector retained their number 1 position for the highest Enterprise Value of US$117 billion. Telecom sector became number 2 with an Enterprise Value of US$59 billion. The food sector maintained at number 3 with an Enterprise Value of US$48 billion. Real Estate sector has the fourth highest Enterprise Value of US$55 billion amongst the top 10. Agriculture is the newest sector that has climb into the top 10 with an Enterprise Value of US$14 billion.

Telecom Sector continues with the highest intangible value

The telecom sector maintained their number 1 position for the highest Intangible Value of US$42 billion followed by banking sector at number 2 with a total Intangible Value of US$35 billion.

SHOULD SINGAPORE BE CONCERNED WITH INTANGIBLE ASSET VALUE?

If Singapore has to embark on the successful journey of her publicly announced intent to be the IP hub of Asia, then Singapore should definitely be concerned with the overall performance of the intangible assets vs. the tangible assets.

SINGAPORE AS AN IP HUB OF ASIA

While this is not an impossible task and objective, it would not be an easy journey given the relative footprint of the industries here compared to other Asian economies.

Currently Singapore is ranked 22nd in the global rankings of the "2013 Top Country Brands" rankings published by Brand Finance. The starting point for the journey to be the IP hub of Asia should ideally begin with the Brand Singapore itself and the analysis of the contribution from the various brand value drivers.

Singapore is further ranked 43rd in the Brand Finance 2014 GIFT (Global Intangible Financial Tracker) Study, well behind Indonesia that stands at an impressive rank 11th and Malaysia and Thailand which are ranked at 24th and 26th respectively. Clearly the Singapore companies are more driven by the tangibles over intangibles. This is not an ideal mix towards the journey of being the IP hub of Asia. Singapore therefore needs to both actively participate and fundamentally change the ways in which both Singapore and the companies in Singapore manage their IP.

SINGAPORE'S FULL CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS BY END 2012

The full convergence to IFRS by 2012 was a critical step in a bid to put Singapore on the same footing as other nations and strengthen its role as an international centre of commerce.

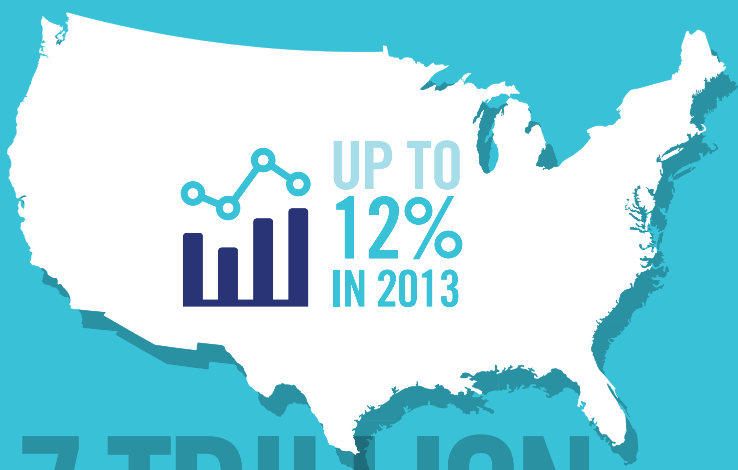
Having a standardised accounting standard means that the value of disclosed intangible assets is likely to increase in the future. Strong advocates of 'fair value reporting' believe that the changes should go further. Specifically, all of a company's tangible and intangible assets and liabilities should regularly be measured at fair value and reported on the balance sheet, including internally generated intangibles such as brands and patents. This is provided the valuation methods and corporate governance adopted is sufficiently rigorous. This is likely to be less of a concern going forward due to the ISO standards announced for valuation in October 2010, which is fast becoming a gold standard in valuation.

Some go as far as to suggest that 'internally generated goodwill' should be reported on the balance sheet at fair value, meaning that management would effectively be required to report its own estimate of the value of the business at each year end together with supporting assumptions. However, the current international consensus is that internally generated intangible assets generally should not be recognised on the balance sheet. Under IFRS, certain intangible assets should be recognised, but only if they are in the "development" (as opposed to "research") phase. However, there are conditions on, for example, technical feasibility, the intention and ability to complete and use the asset. 'Internally generated goodwill' including internally generated "brands, mastheads, publishing titles, customer lists and items similar in substance", may not be recognised.

GETTING A GRIP ON INTANGIBLES

GIFT study shows that the value of the top 57,000 companies in the world has recovered from the 'double drip' result in 2011. The global enterprise value is up by 12% to $6.7 trillion in 2013.

BRYN ANDERSON
Valuation Director
Brand Finance UK
Article published in the
BrandFinance Journal



US$6.7 TRILLION

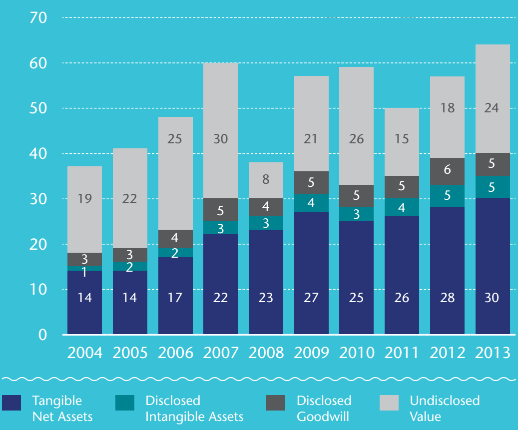
GETTING A GRIP ON INTANGIBLES

Intangible assets make up nearly half the value of quoted companies around the world. Yet intangibles remain poorly understood and managed.

Intangible assets including brands have never been more important. Survey after survey shows that brands and other intangibles typically account for between 30 per cent and 70 per cent of a company's market value, and in certain sectors, such as luxury goods, this figure can be even higher.

New research from Brand Finance, the 2014 BrandFinance Global Intangible Financial Tracker (GIFT) report is the most extensive research ever compiled on intangible assets.

GLOBAL INTANGIBLE AND TANGIBLE VALUE – FROM 2004 TO 2013 (US$ TRILLION)

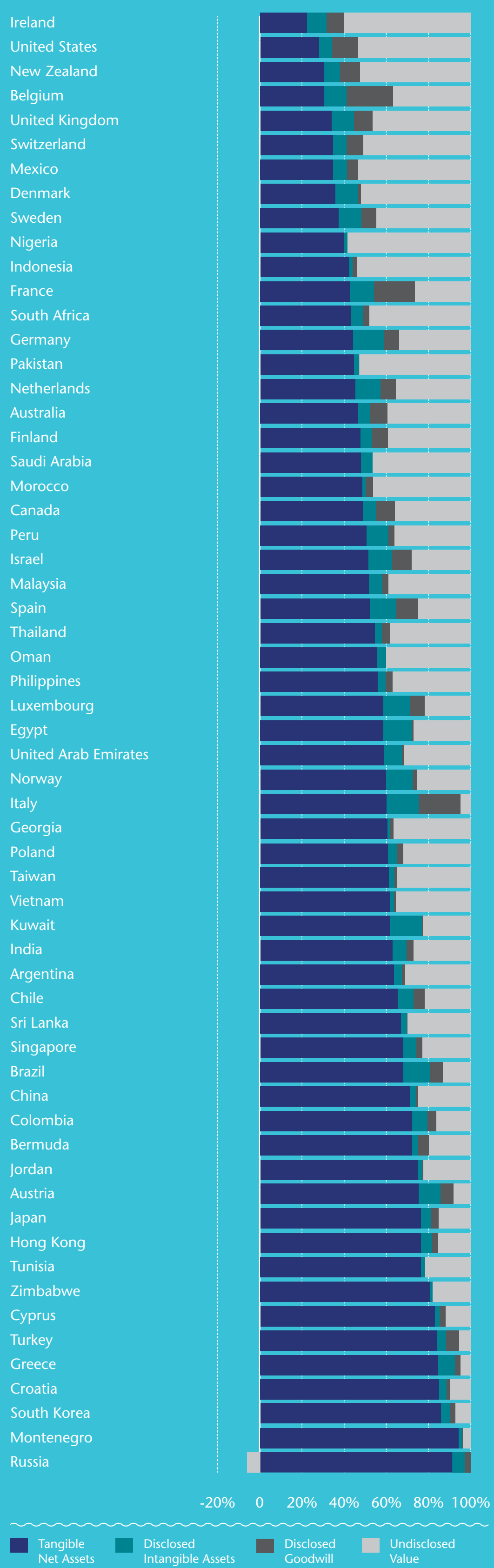


Over the past thirteen years, GIFT has tracked the performance of more than 57,000 companies quoted in 127 countries and it shows that in 2013, intangibles across the world accounted for 53 per cent of the value of quoted companies, continuing the increase since the global economic downturn in 2008. What's more, the proportion of intangible assets not recognised on the global balance sheet is up from 32 per cent to 38 per cent. The increase can be attributed strong stock prices in the biotechnology and technology sector, in particular those highly geared towards servicing the internet. A number of analysts believe that a potential stock market bubble has formed, and a correction is underway. We expect that the portion of intangible asset value will decrease by next year as more reasonable valuations will be placed on these companies.

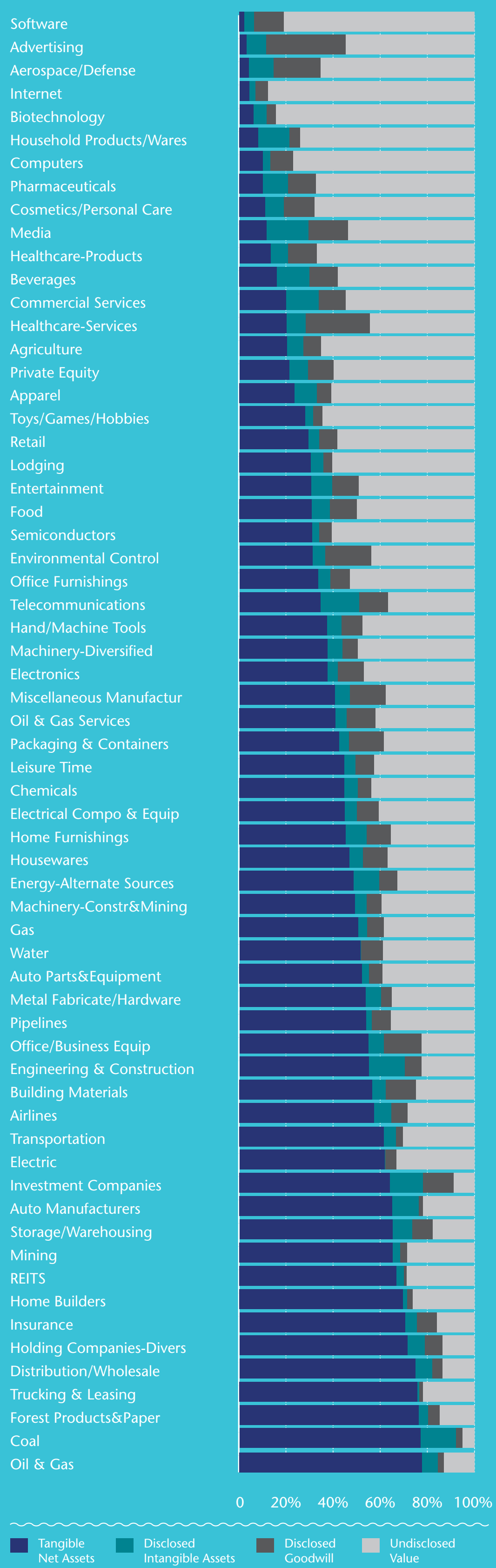
The balance between tangible to intangible assets has changed dramatically over the past 50 years, as corporate performance has become increasingly driven by the exploitation of ideas, information, expertise and services rather than physical things. Yet despite the rise in intangible value, the fact that most of it is not disclosed on company balance sheets highlights how poorly understood intangibles still are by investors and management alike — and how out of date accounting practice is. Such ignorance leads to poor decision making by companies and systematic miss-pricing of stock by investors.

Overall, the 2014 GIFT study shows that the value of the top 57,000 companies in the world has recovered from the 'double drip' result in 2011. The global enterprise value is up by 12% to $6.7 trillion in 2013. Efforts by the European, Japanese and United States governments to increase economic activity appears to have worked, however, there are may be some headwinds in the second half of 2014.

GLOBAL INTANGIBLE AND TANGIBLE VALUE BY COUNTRY (%)



GLOBAL INTANGIBLE AND TANGIBLE VALUE BY SECTOR (%)



CATEGORIES OF INTANGIBLE ASSET UNDER IFRS 3

MARKETING-RELATED INTANGIBLE ASSETS	• Trademarks, tradenames • Service marks, collective marks, certification marks • Trade dress (unique colour, shape or package design)	• Newspaper mastheads • Internet domain names • Non-competition agreements
CUSTOMER-RELATED INTANGIBLE ASSETS	• Customers lists • Order or production backlog • Customer contracts and related customer relationships	• Non-contractual customer relationships
CONTRACT-BASED INTANGIBLE ASSETS	• Licensing, royalty, standstill agreements • Advertising, construction, management, service or supply contracts • Lease agreements • Construction permits • Franchise agreements	• Operating and broadcast rights • Use rights such as drilling, water, air, mineral, timber, cutting and route authorities • Servicing contracts such as mortgage servicing contracts • Employment contracts
TECHNOLOGY-BASED INTANGIBLE ASSETS	• Patented technology • Computer software and mask works • Unpatented technology	• Databases • Trade secrets, such as secret formulas, processes, recipes
ARTISTIC-RELATED INTANGIBLE ASSETS	• Plays, operas and ballets • Books, magazine, newspaper and other literary works • Musical works such as compositions, song lyrics and advertising jingles	• Pictures and photographs • Video and audio visual material, including films, music, videos, etc

CATEGORIES OF INTANGIBLE ASSETS

There are different definitions of 'intangible asset'. The term is sometimes used loosely, but in accounting rules it is precisely defined. In the most basic terms, it is, as its name suggests, an asset that is not physical in nature. The examples below, grouped into three categories — rights, relationships and intellectual property — would typically fall within the definition.

1. **Rights.** Leases, distribution agreements, employment contracts, covenants, financing arrangements, supply contracts, licences, certifications, franchises.

2. **Relationships.** Trained and assembled workforce, customer and distribution relationships.

3. **Intellectual property.** Patents; copyrights; trademarks; proprietary technology (for example, formulas, recipes, specifications, formulations, training programmes, marketing strategies, artistic techniques, customer lists, demographic studies, product test results); business knowledge — such as suppliers' lead times, cost and pricing data, trade secrets and knowhow.

But a fourth category, **'undisclosed intangible assets'**, is usually more valuable than the disclosed intangibles. The category includes 'internally generated goodwill', and it accounts for the difference between the fair market value of a business and the value of its identifiable tangible and intangible assets. Although not an intangible asset in a strict sense — that is, a controlled 'resource' expected to provide future economic benefits (see below) — this residual value is treated as an intangible asset in a business combination when it is converted into goodwill on the acquiring company's balance sheet. Current accounting practice does not allow for internally generated brands to be disclosed on a balance sheet. Under current IFRS only the value of acquired brands can be recognised, which means many companies can never use the controlled 'resource' of their internally generated brands to their full economic benefit. For example, they can't take out a loan against the asset and potentially bolster their balance sheet.

In accounting terms, an **asset** is defined as a **resource that is controlled by the entity in question and which is expected to provide future economic benefits to it**. The International Accounting Standards Board's definition of an intangible asset requires it to be **non-monetary, without physical substance and 'identifiable'**.

In order to be 'identifiable' it must either be **separable** (capable of being separated from the entity and sold, transferred or licensed) or it must **arise from contractual or legal rights** (irrespective of whether those rights are themselves 'separable'). Therefore, intangible assets that may be recognised on a balance sheet under IFRS are only a fraction of what are often considered to be 'intangible assets' in a broader sense.

However, the picture has improved since 2001, when IFRS3 in Europe, and FAS141 in the US, started to require companies to break down the value of the intangibles they acquire as a result of a takeover into five different categories — including customer-and market related intangibles — rather than lumping them together under the catch-all term 'goodwill' as they had in the past. But because only acquired intangibles, and not those internally generated, can be recorded on the balance sheet, this results in a lopsided view of a company's value. What's more, the value of those assets can only stay the same or be revised downwards in each subsequent year, thus failing to reflect the additional value that the new stewardship ought to be creating.

Clearly, therefore, whatever the requirements of accounting standards, companies should regularly measure all their tangible and intangible assets (including internally-generated intangibles such as brands and patents) and liabilities, not just those that have to be reported on the balance sheet. And the higher the proportion of 'undisclosed value' on balance sheets, the more critical that robust valuation becomes.

Colombian Blend White Coffee

Like a homemade coffee, indulgence like this is as comforting as it is satisfying. Deliciously buttery and rich, this full-bodied sophistication is definitely what a real coffee connoisseur seeks.

香浓哥伦比亚白咖啡

起源自马来西亚怡保的白咖啡已有近百年的历史，由上等哥伦比亚咖啡调制而成的卡司诺白咖啡，其丰郁浓厚的香醇口感将带您穿越时空感受传统经典，让您仿佛置身在怡保的旧街场，尽情的享受着地道的南洋咖啡香，让您回味无穷。

卡司诺香浓哥伦比亚白咖啡

Quality Product of
Food Empire

SINGAPORE'S TOP 10 MOST VALUABLE BRANDS

01 **DBS**
Brand Value: 4,011m
Enterprise Value: 32,359m
Brand Rating: AA+

02 **SINGAPORE AIRLINES**
Brand Value: 3,250m
Enterprise Value: 7,009m
Brand Rating: AAA-

03 **WILMAR**
Brand Value: 2,887m
Enterprise Value: 38,785m
Brand Rating: A+

04 **OCBC**
Brand Value: 2,333m
Enterprise Value: 27,077m
Brand Rating: AA+

05 **UOB**
Brand Value: 2,185m
Enterprise Value: 25,721m
Brand Rating: AA

06 **KEPPEL**
Brand Value: 2,064m
Enterprise Value: 22,241m
Brand Rating: AA-

07 **SINGTEL**
Brand Value: 1,902m
Enterprise Value: 17,823m
Brand Rating: AA+

08 **GREAT EASTERN**
Brand Value: 1,608m
Enterprise Value: 6,532m
Brand Rating: AA-

09 **FRASER AND NEAVE**
Brand Value: 1,515m
Enterprise Value: 3,863m
Brand Rating: A+

10 **SEMBCORP INDUSTRIES**
Brand Value: 1,426m
Enterprise Value: 8,178m
Brand Rating: AA-

Enterprise Value
Brand Value

* All figures in US$ million

SINGAPORE'S

REPORT CARD ON THE TOP 100 BRANDS

Brand Ratings are critically important because they are a leading indicator of future performance. Some very large and valuable brands may have deteriorating ratings. This ultimately leads to destruction in brand value, and vice versa.

OVERVIEW OF SINGAPORE'S MOST VALUABLE BRANDS & BRAND PORTFOLIOS

The total value of Singapore's 100 largest brands and brand portfolios is US$40.20 billion, marginally down from 2013 value of US$40.24 billion. 58% of the brand value is vested in the Top 10 brands with a combined worth is US$23.18 billion. This is up from 54% in 2013. The top 50 brands account for over 94% of the combined brand value in 2014. It is alarming to see that the brand value of the bottom 50 brands has hardly changed as compared with 2013 and is reduced to a mere 6%. Unless something is done to continuously improve the brand investment and value growth at the lower end of the market, we will likely see this percentage decline further in the coming years.

The Top 100 Singapore brands and brand portfolios of US$40.20 billion represent a decrease of 0.1% as compared to a 12% increase in 2013 study. However, the brand value of most companies across the top 50 brands has increased in tandem with the moderate economic recovery.

Brand Finance has ranked the brands and brand portfolios of SGX listed companies by their absolute dollar value.

SINGAPORE'S BEST RATED BRANDS

The Brand Rating score represents a summary opinion on a brand based on its strength as measured by Brand Finance's 'Brand Strength Index'. This competitive benchmarking tool provides an understanding of the strength of each brand and is used to determine appropriate royalty and discount rates in the brand valuation process using our proprietary ßrandßeta® methodology.

The Brand Rating delivers insight into the underlying equity and performance of each brand. It illustrates how valuations require robust analysis of each brand's performance in order to determine its value. This information is useful for both marketing and finance departments in brand strategy formulation and financial forecasting.

Brand Finance's Brand Ratings are conceptually similar to company credit ratings. Only one brand tops the Brand Rating list this year. This is Singapore Airlines with a brand rating of 'AAA-'.

This year, there are 5 brands (compared to 3 Brands in 2013 and only 2 in 2012. This is however still significantly lower than the 8 brands in 2011) with the next best 'AA+' rating. The five AA+ rated brands are DBS, OCBC, SingTel, SIA Engineering and CapitaLand. All the 5 brands were ranked 27th or above.

Brand Ratings are equally important because they are a leading indicator of future performance. Some very large and valuable brands may have deteriorating ratings. This ultimately leads to destruction in brand value, and vice versa.

SINGAPORE'S TOP 10

The ten most valuable brands and brand portfolios of Singapore are worth US$23.18 billion, a mere 6.3% increase over 2013. This is significantly lower compared to a 14% increase at the top value in 2013. They represent 58% of the total brand value of the Top 100 Singapore brands. This is an increase from 54% in 2013. The overall brand value average remains at US$0.40 billion which is same as the 2012 average.

01

▲ 4,011M
BRAND VALUE (US$)

▲ 32,359M
ENTERPRISE VALUE (US$)

DBS

SINGAPORE'S MOST VALUABLE BRAND 2014

COMPANY:
DBS Group Holdings Ltd

INDUSTRY:
Bank

NOTES:
Includes POSB

YEAR FORMED:
1968

HISTORY OF THE COMPANY & BRAND PERFORMANCE

DBS is a leading financial services group in Asia with over 250 branches across 17 markets. DBS was established in 1968 and was the catalyst to Singapore's economic development during the nation's early years of independence. As one of the leading banks in Asia, DBS also acknowledges the passion, commitment and can-do spirit in all their 19,000 staff, representing over 30 nationalities. DBS' primary operations are in Singapore and Hong Kong, two of Asia's best regulated markets. DBS is also a pioneer in the capital markets with extensive product origination and risk management capabilities. The bank was the first to launch Singapore's first real estate investment trust (REIT) in 2002 and is instrumental in meeting the growing demand of such funds in the region. It is also a well-regarded custodian for institutional investors and provider of wealth management products for individuals. Building on the strengths of its Singapore and Hong Kong businesses, DBS is steadily making its mark in the region. Greater China - comprising China, Hong Kong and Taiwan, is a key part of DBS' regional strategy. DBS is the first Singapore bank to incorporate in China in May 2007. DBS strives to create a competitive brand through its up-to-date technology & infrastructure platform which lead them to maintain their 1st position on The Brand Finance Top 100 Singapore Brands 2014.

02

▲ 3,250M
BRAND VALUE (US$)

▲ 7,009M
ENTERPRISE VALUE (US$)

SINGAPORE AIRLINES

COMPANY:
Singapore Airlines Ltd

INDUSTRY:
Airlines

NOTES:
Includes airlines & subsidiary operations.
Exclude ancillary services.

YEAR FORMED:
1947

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Singapore Airlines has come a long way since our founding in 1972, evolving from a regional airline to one of the most respected travel brands around the world with the Singapore Girl as the internationally-recognisable icon providing the high standards of care and service that customers have come to expect of SIA. SIA has always been leading the way and developed a reputation for being an industry trendsetter. There has been many first such as to fly the A380 from Singapore to Sydney launching its flight on 25 October 2007. As an international airline, SIA also recognises the importance of contributing to the communities. During the FY2012/13, SIA supported various community projects such as organising an annual Christmas visit for hospitalised children in Japan. As part of SIA commitment to the continual improvement of environmental performance, they have also taken a number of measures to address key areas of environmental concern linked to operations, both on the ground and in the air. The company has won many awards internationally and has lived to its reputation to "A Great Way To Fly".

SINGAPORE'S

REPORT CARD ON THE TOP 100 BRANDS

03

▲ 2,887M
BRAND VALUE (US$)

▲ 38,785M
ENTERPRISE VALUE (US$)

WILMAR

COMPANY:
Wilmar International Ltd

NOTES:
Total portfolio

INDUSTRY:
Agriculture

YEAR FORMED:
1991

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Founded in 1991, Wilmar International Limited is headquartered in Singapore. Today, it is Asia's leading agribusiness group and is ranked amongst the largest listed companies by market capitalisation on the Singapore Exchange. Wilmar's business activities include oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, oleochemicals, biodiesel and fertilisers manufacturing and grains processing. It has over 300 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries. The Group is supported by a multinational workforce of more than 90,000 people. In their endeavour towards achieving brand and business excellence, Wilmar remains a firm advocate of sustainable growth of its brand through environmental stewardship, community development programs such as smallholder scheme and education, and lastly, through corporate philanthropy. These have instigated Wilmar's expanding brand footprint in the agribusiness industry globally. In the year 2013, Wilmar has had a few new ventures in Indonesia and China and ventured into the United States and is constantly looking for ventures in other markets. In 2013, Wilmar was ranked 224th position in Fortune Global 500 and was also ranked by Fortune Magazine as the World's Most Admired Company in the Food Production Industry category.

04

▲ 2,333M
BRAND VALUE (US$)

▼ 27,077M
ENTERPRISE VALUE (US$)

OCBC

COMPANY:
Oversea-Chinese Banking Corporation Ltd

NOTES:
Total portfolio

INDUSTRY:
Bank

YEAR FORMED:
1932

HISTORY OF THE COMPANY & BRAND PERFORMANCE

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. OCBC Bank operates its commercial banking business in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Vietnam, Brunei, Japan, Australia, the United Kingdom and the United States. Since the time of the founders, OCBC have always understood the financial needs of the customers and developed financial solutions that meet their needs. To address increasingly diverse needs across different communities and geographies, OCBC Bank has expanded and acquired businesses beyond the realm of commercial banking. OCBC Bank has been ranked by Bloomberg Markets magazine as the World's Strongest Bank for two years, 2011 and 2012. OCBC operate the banking business as OCBC Bank, Bank OCBC NISP and Bank of Singapore in over 15 countries, and have strategic stakes in other financial services businesses operating under independent brands such as Great Eastern, Lion Global Investors, OCBC Securities and Bank of Singapore Securities. In February 2011, OCBC announced New Horizons III, the 5 year strategy for 2011 to 2015. Under the New Horizons, OCBC transformed and integrated the Malaysia operations and expanded the regional network through strategic investment in Indonesia and China.

05

▲ 2,185M
BRAND VALUE (US$)

▲ 25,721M
ENTERPRISE VALUE (US$)

UOB

COMPANY: United Overseas Bank Ltd

INDUSTRY: Bank

NOTES: Exclude UOB-Kay Hian

YEAR FORMED: 1935

HISTORY OF THE COMPANY & BRAND PERFORMANCE

United Overseas Bank Limited (UOB) is committed to providing quality products and excellent customer service. Founded in 1935, UOB has a well-established regional presence, particularly in Asia where they have banking subsidiaries in Singapore, Malaysia, Indonesia, Thailand and China. With strong foothold in the region, UOB understand the Asian corporate culture and business mindset and are well-placed to create opportunities by linking the customers to their counterparts in Asia. UOB provides a wide range of financial services through its global network of branches, offices, subsidiaries and associates: personal financial services, private banking, commercial and corporate banking, investment banking, corporate finance, capital market activities, treasury services, futures broking, asset management, venture capital management, insurance and stockbroking services. UOB also has diversified interests in travel and property management. Many unique initiatives have been pursued to distinguish UOB from the other brands, including the introduction of Southeast Asia's first 'metal' Visa card and the UOB PRVI Miles Platinum American Express Card. UOB has also won several notable awards such as The Bank of the Year Awards 2013 by The Banker. With breakthrough product suites, industry-leading customer segmentation and invaluable talents, UOB continues to make its mark to become the industry-leading brand of Asia.

06

▲ 2,064M
BRAND VALUE (US$)

▲ 22,241M
ENTERPRISE VALUE (US$)

KEPPEL

COMPANY: Keppel Corporation Ltd

INDUSTRY: Holding Companies

NOTES: Brand portfolio excludes Keppel Land and Keppel Telecommunications & Transport

YEAR FORMED: 1968

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Founded from its modest background of a local shop repair yard in 1968, Keppel Group has progressed to be one of the largest conglomerates in Singapore. With a global footprint in over 30 countries, Keppel Corporation leverages its international network, resources and talents to grow its key businesses. It aims to be the Provider of Choice for Solutions to the Offshore & Marine Industries, Sustainable Environment and Urban Living, guided by its key business thrusts of Sustaining Growth, Empowering Lives and Nurturing Communities. The Keppel Group of Companies includes Keppel Offshore & Marine, Keppel Infrastructure, Keppel Telecommunications & Transportation (Keppel T&T) and Keppel Land, among others. Keppel Offshore & Marine is the leader in offshore rig design, construction and repair, ship repair and conversion and specialised shipbuilding. Its Near Market, Near Customer strategy is bolstered by a global network of 20 yards and offices in the Asia Pacific, Gulf of Mexico, Brazil, the Caspian Sea, Middle East and the North Sea regions. Keppel Infrastructure will drive the Group's strategy to invest in, own and operate competitive energy and related infrastructure. Keppel T&T is a leading service provider in the Asia-Pacific and Europe with businesses in logistics and data centres. Reputed for its quality and innovation hallmark, Keppel Land is committed to develop properties that harmonise with the urban and natural landscape for desirable live-work-play environments and with enduring value for the community.

REPORT CARD ON THE TOP 100 BRANDS

07

▼ 1,902M
BRAND VALUE (US$)

▲ 17,823M
ENTERPRISE VALUE (US$)

SINGTEL

SingTel

COMPANY: Singapore Telecommunications Ltd

INDUSTRY: Telecommunications

NOTES: Exclude Optus

YEAR FORMED: 1879

HISTORY OF THE COMPANY & BRAND PERFORMANCE

SingTel main operations are in Singapore and Australia. Headquartered in Singapore, SingTel has more than 130 years of operating experience and has played a pivotal role in the country's development as a major communications hub. Today, SingTel continue to lead and shape the local digital consumer market and the enterprise market. The Australian arm, Optus is a leader in integrated telecommunications, constantly raising the bar in innovative products and services. SingTel is a major communications player in Asia and Africa through the strategic investments in five regional mobile operators, namely Telkomsel (Indonesia), Globe Telecom (the Philippines), Advanced Info Service (Thailand) and PBTL (Bangladesh). The Group also has investments in Bharti Airtel (India), which has significant presence in Bangladesh, Sri Lanka and Africa. SingTel is a long term strategic investor and work closely with associates to grow the business by leveraging the scale in networks, customer reach and extensive operational experience. As at 31 March 2013, the Group served 468 million mobile customers around the world. SingTel is the largest listed company on the Singapore Exchange by market capitalisation. To serve the needs of multinational corporations, SingTel has a vast network of offices in countries and territories throughout Asia Pacific, in Europe and the USA, while Optus has a network of offices around Australia. The Group employs more than 21,000 staff worldwide. Recognised as Asia's leading communications group, SingTel Group provides a broad array of multimedia & infocomms technology (ICT) solutions, including voice, data and video services over fixed and wireless platforms.

08

▲ 1,608M
BRAND VALUE (US$)

▲ 6,532M
ENTERPRISE VALUE (US$)

GREAT EASTERN

Great Eastern

COMPANY: Great Eastern Holdings Ltd

INDUSTRY: Insurance

NOTES: Total portfolio

YEAR FORMED: 1908

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Founded in 1908, Great Eastern is the oldest and most established life insurance group in Singapore and Malaysia. With S$61.8 billion in assets and around 4.7 million policyholders, it has three successful distribution channels - a tied agency force, bancassurance, and a financial advisory firm, Great Eastern Financial Advisers. It was named Life Insurance Company of the Year at the Asia Insurance Industry Awards in 2011 and 2013 by Asia Insurance Review. In 2012, Great Eastern refreshed its brand purpose to be a LIFE company, going beyond the traditional role of an insurance company to actively help customers live healthier, better and longer. This is supported by an integrated health and wellness Live Great programme - which provides wellness tools, mobile apps, health tips, workshops and events as well as exclusive privileges - that helps and rewards customers in their journey to better health. The Group's wholly-owned subsidiary, Overseas Assurance Corporation (OAC), which was founded in 1920, is the oldest composite insurer in Singapore handling both life and general insurance. Through an exclusive bancassurance partnership with OCBC Bank, OAC's life insurance products are distributed through OCBC's banking network throughout Singapore since 2000. OAC also distributes a wide range of commercial and personalised general insurance products through brokers, agents, bancassurance and direct channels. Great Eastern is a subsidiary of OCBC Bank, the second largest financial services group in Southeast Asia by assets. It is one of the world's most highly-rated banks, with an 'Aa1' rating from Moody's and was also ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

09

1,515M
BRAND VALUE (US$)

3,863M
ENTERPRISE VALUE (US$)

F&N

FRASER AND NEAVE, LIMITED

COMPANY: Fraser and Neave Ltd

INDUSTRY: Holding Companies

NOTES: Total portfolio

YEAR FORMED: 1883

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Fraser and Neave, Limited ("F&N" or the "Group") had its origins, more than a century ago, in the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia in 1883. From a soft drinks base, F&N ventured into the businesses of beer in 1931, dairies in 1959, property development and management in 1990 and publishing & printing in 2000. In 2012, the Group divested a substantial part of its beer business. In 2013, as F&N celebrated its 130th year of operation, it also welcomed its new majority shareholder, the TCC Group, which is engaged in food and beverage, real estate, industrial trading and consumer products, insurance and agriculture. In January 2014, through a distribution in specie and re-listing of Frasers Centrepoint Limited by way of introduction on the Singapore stock exchange, the Group demerged its Properties business. Today, F&N is a leading Asia Pacific Consumer Group with expertise and prominent standing in the Food & Beverage and Publishing & Printing industries. Leveraging its strengths in marketing and distribution, research and development, brands and financial management, as well as years of acquisition experience, the Group provides key resources and sets strategic directions for its subsidiary companies across both its businesses. Listed on the Singapore stock exchange, F&N ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. F&N is present in 12 countries spanning Asia Pacific, Europe and the USA, and employs close to 9,000 people worldwide.its mark to become the industry-leading brand of Asia.

10

1,426M
BRAND VALUE (US$)

8,178M
ENTERPRISE VALUE (US$)

SEMBCORP INDUSTRIES

sembcorp

COMPANY: Sembcorp Industries Ltd

INDUSTRY: Engineering & Construction

NOTES: Total portfolio

YEAR FORMED: 1988

HISTORY OF THE COMPANY & BRAND PERFORMANCE

Sembcorp Industries is a Singapore-listed company formed in 1998 with assets totalling more than S$14 billion. The Group is a leading energy, water and marine group operating across six continents worldwide. The company is primarily involved in the 3 businesses involving utilities, marine and urban development. The utilities business provides energy and water to industrial and municipal customers. It operates in 15 countries with an established presence in Asia and a strong growing presence in emerging markets around the world. The marine business has a strong global reputation and a 50-year proven track record. It provides a full spectrum of integrated solutions from ship repair, ship conversion and rig building to offshore engineering and construction. The urban development business owns, develops markets and manages urban development's comprising industrial parks as well as business, commercial and residential space in Vietnam, China and Indonesia. Sembcorp vision is to be a global company, a leader in the industry sectors by responsibly operating and excelling in sustainable businesses that support development, improve the quality of life and deliver long-term value and growth. Sembcorp had achieved many significant activities in the year of 2013. Sembcorp had won several awards in the last year and is ranked 4th in The Business Times and the Centre for Governance, Institutions and Organisations' Governance & Transparency Index for 2012-2013. It also won the "Best Managed Board" Joint Silver Award at the Singapore Corporate Awards 2013.

TOP 100 BRANDS

RANK 2014	RANK 2013	BRAND	PARENT COMPANY	BRAND VALUE 2014 (US$ MIL)	BRAND RATING 2014	ENTERPRISE VALUE (US$ MIL)	BRAND VALUE / ENTERPRISE VALUE (%)	BRAND VALUE 2013 (USD MIL)	BRAND RATING 2013	ENTERPRISE VALUE 2013 (US$ MIL)	BRAND VALUE / ENTERPRISE VALUE (%)
1	1	DBS	DBS GROUP HOLDINGS LTD	4,011	AA+	32,359	12%	3,476	AA	29,542	12%
2	2	Singapore Airlines	SINGAPORE AIRLINES LTD	3,250	AAA-	7,009	46%	3,117	AAA-	6,689	47%
3	3	Wilmar	WILMAR INTERNATIONAL LTD	2,887	A+	38,785	7%	2,741	AA-	34,265	8%
4	8	OCBC Bank	OVERSEA-CHINESE BANKING CORP LTD	2,333	AA+	27,077	9%	1,719	AA	27,433	6%
5	4	UOB	UNITED OVERSEAS BANK LTD	2,185	AA	25,721	8%	2,116	AA	25,336	8%
6	7	Keppel	KEPPEL CORP LTD	2,064	AA-	22,241	9%	1,748	A+	21,742	8%
7	6	SingTel	SINGAPORE TELECOMMUNICATIONS LTD	1,902	AA+	17,823	11%	1,918	AA	16,535	12%
8	10	Great Eastern	GREAT EASTERN HOLDINGS LTD	1,608	AA-	6,532	25%	1,419	A+	5,832	24%
9	5	Fraser And Neave	FRASER AND NEAVE LTD	1,515	A+	3,863	39%	2,067	AA-	13,353	15%
10	11	Sembcorp Industries	SEMBCORP INDUSTRIES LTD	1,426	AA-	8,178	17%	1,148	AA-	8,159	14%
11	9	Genting Singapore	GENTING SINGAPORE PLC	1,215	A	13,451	9%	1,486	A	10,397	14%
12	14	SPH	SINGAPORE PRESS HOLDINGS LTD	984	AA	5,631	17%	1,021	AA	5,788	18%
13	15	ComfortDelGro	COMFORTDELGRO CORP LTD	967	A	3,739	26%	897	A	3,330	27%
14	13	Jardine Cycle & Carriage	JARDINE CYCLE & CARRIAGE LTD	863	A+	2,589	33%	1,033	A+	2,871	36%
15	16	HPH Trust	HUTCHISON PORT HOLDINGS TRUST	855	A+	12,753	7%	851	A	11,985	7%
16	18	ST Engineering	SINGAPORE TECHNOLOGIES ENGINEERING LTD	796	AA-	10,030	8%	707	A+	8,264	9%
17	19	Sembcorp Marine	SEMBCORP MARINE LTD	788	A+	6,309	12%	684	A+	6,462	11%
18	17	StarHub	STARHUB LTD	769	AA	6,048	13%	799	AA-	5,340	15%
19	20	Olam	OLAM INTERNATIONAL LTD	668	A+	8,981	7%	583	A+	9,291	6%
20	21	Hong Leong Asia	HONG LEONG ASIA LTD	521	A	1,432	36%	572	A	1,356	42%
21	22	CDL	CITY DEVELOPMENTS LTD	494	AA-	4,172	12%	491	AA	4,373	11%
22	24	M1	M1 LTD	402	A	2,558	16%	425	A	2,124	20%
23	25	APL	NEPTUNE ORIENT LINES LTD	377	A+	5,679	7%	367	A+	5,124	7%
24	23	SMRT	SMRT CORP LTD	376	A+	2,056	18%	429	A+	2,111	20%
25	26	SIA Engineering	SIA ENGINEERING COMPANY LTD	347	AA+	3,676	9%	366	AA+	3,507	10%
26	27	SATS	SATS LTD	308	A+	2,529	12%	354	A	2,537	14%
27	28	CapitaLand	CAPITALAND LTD	308	AA+	5,339	6%	256	AA	5,766	4%
28	32	Global Logistics Properties	GLOBAL LOGISTICS PROPERTIES LTD	288	A	9,922	3%	219	A	9,865	2%
29	33	SingPost	SINGAPORE POST LTD	214	A+	2,071	10%	182	A+	1,567	12%
30	31	Millennium Hotels	CITY DEVELOPMENTS LTD	210	AA-	2,112	10%	222	AA	2,214	10%
31	40	Super	SUPER GROUP LTD	201	A	1,591	13%	152	A	1,163	13%
32	35	OSIM	OSIM INTERNATIONAL LTD	198	A	1,051	19%	171	A+	932	18%
33	38	Wing Tai	WING TAI HOLDINGS LTD	195	A-	1,290	15%	166	A-	1,061	16%
34	36	CapitaMalls Asia	CAPITAMALLS ASIA LTD	194	A	5,995	3%	168	A+	5,634	3%
35	44	UIC	UNITED INDUSTRIAL CORP LTD	183	A	3,372	5%	134	A-	3,139	4%
36		STATS ChipPAC	STATS CHIPPAC LTD	179	A+	1,357	13%				
37	29	SBS Transit	SBS TRANSIT LTD	168	A	554	30%	235	A-	568	41%
38	57	CWT	CWT LTD	154	A	1,017	15%	101	A+	745	14%
39	50	SingLand	SINGAPORE LAND LTD	138	A	2,880	5%	117	A-	2,303	5%
40	52	UOL	UOL GROUP LTD	137	A	3,381	4%	110	A	2,932	4%
41	37	Ascott	CAPITALAND LTD	132	AA	1,302	10%	168	AA+	1,406	12%
42	42	Copthorne Hotels	CITY DEVELOPMENTS LTD	132	AA-	1,561	8%	139	AA-	1,636	8%
43	55	Tiger Airways	TIGER AIRWAYS HOLDINGS LTD	123	AA-	723	17%	102	A+	789	13%
44	46	Mapletree	MAPLETREE LOGISTICS TRUST MGMT LTD	121	A	2,043	6%	129	A	2,169	6%
45	48	SGX	SINGAPORE EXCHANGE LTD	117	AA-	6,181	2%	122	AA	6,617	2%
46	63	BreadTalk	BREADTALK GROUP LTD	116	A-	286	41%	81	A-	130	62%
47	56	Aspial	ASPIAL CORP LTD	112	A	391	29%	102	AA-	336	30%
48	49	The Straits Times	SINGAPORE PRESS HOLDINGS LTD	112	A+	845	13%	117	A+	868	13%
49	41	Hour Glass	THE HOUR GLASS LTD	107	A-	296	36%	148	A-	325	45%
50	47	GuocoLand	GUOCOLAND LTD	106	A-	1,892	6%	126	A-	2,338	5%

RANK 2014	RANK 2013	BRAND	PARENT COMPANY	BRAND VALUE 2014 (US$ MIL)	BRAND RATING 2014	ENTERPRISE VALUE (US$ MIL)	BRAND VALUE / ENTERPRISE VALUE (%)	BRAND VALUE 2013 (USD MIL)	BRAND RATING 2013	ENTERPRISE VALUE 2013 (US$ MIL)	BRAND VALUE / ENTERPRISE VALUE (%)
51	62	Cortina Holdings	CORTINA HOLDINGS	104	A-	201	52%	87	A+	170	51%
52	61	Sim Lian	SIM LIAN GROUP LTD	100	A-	737	14%	92	A-	537	17%
53	58	Banyan Tree	BANYAN TREE HOLDINGS LTD	99	A	753	13%	100	A	797	13%
54	53	a-reit	ASCENDAS REAL ESTATE INV TRUST	96	A	4,215	2%	106	A	4,366	2%
55	60	Raffles Medical	RAFFLES MEDICAL GROUP LTD	95	A	1,267	8%	92	A	1,030	9%
56	70	Hyflux	HYFLUX LTD	89	A	1,413	6%	67	A	1,252	5%
57	68	Eu Yan Sang	EU YANG SANG INTERNATIONAL LTD	89	A+	311	29%	72	A+	248	29%
58	59	UOB-KayHian	UOB-KAY HIAN HOLDINGS LTD	84	A	933	9%	95	A-	960	10%
59	45	Petra Foods	PETRA FOODS LTD	84	AA-	305	27%	130	A+	431	30%
60	71	Biosensors International	BIOSENSORS INTERNATIONAL LTD	82	A	902	9%	63	A	1,203	5%
61	66	Cityspring Infra	CITYSPRING INFRASTRUCTURE TRUST	82	A	1,529	5%	75	A-	1,518	5%
62	65	YEO'S	YEO HIAP SENG LTD	80	A	963	8%	76	A	1,379	5%
63	64	Food Empire	FOOD EMPIRE HOLDINGS LTD	71	AA	233	31%	77	AA	184	42%
64	67	GP	GP BATTERIES INTERNATIONAL LTD	71	A	219	33%	72	A	228	32%
65	80	Popular Holdings	POPULAR HOLDINGS LTD	63	A	122	52%	45	A	81	55%
66	73	Stamford	STAMFORD LAND CORP LTD	57	A	584	10%	61	A	629	10%
67	69	Suntec	SUNTEC REAL ESTATE INV TRUST	56	A	2,738	2%	69	A	2,863	2%
68	76	SWIBER	SWIBER HOLDINGS LTD	55	A	1,262	4%	54	A+	1,175	5%
69	74	Her World	SINGAPORE PRESS HOLDINGS LTD	53	A+	405	13%	57	A+	417	14%
70	85	Metro	METRO HOLDINGS LTD	51	A+	414	12%	35	A	166	21%
71		Valuemax	VALUEMAX GROUP LTD	51	A	269	19%				
72	84	Challenger	CHALLENGER TECHNOLOGIES LTD	50	A	137	36%	35	A-	88	40%
73	78	Lianhe Zaobao	SINGAPORE PRESS HOLDINGS LTD	48	A+	394	12%	48	A+	405	12%
74	77	Hotel Grand Central	HOTEL GRAND CENTRAL LTD	47	A-	452	10%	50	A	377	13%
75	79	Amara	AMARA HOLDINGS LTD	47	A	406	12%	47	A+	358	13%
76	81	Kingsgate Hotels	CITY DEVELOPMENTS LTD	47	A+	643	7%	44	AA-	674	7%
77	75	Kingsmen	KINGSMEN CREATIVE LTD	47	A	102	46%	57	A	83	68%
78	88	Wee Hur	WEE HUR HOLDINGS LTD	44	A-	197	22%	27	A	176	15%
79		MoneyMax	MONEYMAX FINANCIAL SERVICES LTD	39	A	155	25%				
80	72	TT International	TT INTERNATIONAL LTD	38	A-	186	20%	62	A-	278	22%
81	87	Stamford Tyres	STAMFORD TYRES CORP LTD	36	A-	159	23%	27	A-	134	20%
82	86	Nuyou	SINGAPORE PRESS HOLDINGS LTD	33	A+	270	12%	32	A+	278	11%
83	83	Ho Bee	HO BEE INVESTMENT LTD	32	A-	1,090	3%	36	A-	870	4%
84	89	Raffles Education	RAFFLES EDUCATION CORP LTD	23	A-	394	6%	24	A	399	6%
85	93	Lorenzo International	LORENZO INTERNATIONAL LTD	22	A-	31	70%	20	A-	28	69%
86	92	Aztech	AZTECH GROUP LTD	19	A	46	40%	22	A-	53	42%
87		Neo Group	NEO GROUP LTD	18	A-	108	17%				
88		Tiger Balm	HAW PAR CORP LTD	18	AA	399	4%				
89	90	Far East Orchard	FAR EAST ORCHARD LTD	17	A-	611	3%	24	A-	680	4%
90	95	Soup Restaurant	SOUP RESTAURANT GROUP LTD	14	A	28	50%	14	A-	19	70%
91	91	Creative	CREATIVE TECHNOLOGY LTD	13	A	3	404%	24	A+	68	35%
92	94	OUE	OVERSEAS UNION ENTERPRISE LTD	13	A+	3,970	0%	16	AA-	3,445	0%
93	96	YHI International	YHI INTERNATIONAL LTD	10	A-	200	5%	10	A	237	4%
94	100	HTL	HTL INTERNATIONAL HLDGS LTD	10	A	178	6%	6	A	177	4%
95	101	NSL	NSL LTD	9	A	370	2%	6	A	358	2%
96	103	Inno-Pac Holdings	INNOPAC HOLDINGS LTD	9	A	30	30%	5	A-	66	7%
97	102	FJ Benjamin	FJ BENJAMIN HOLDINGS LTD	9	A	172	5%	6	A	177	3%
98	98	Auric Pacific	AURIC PACIFIC GROUP LTD	8	A-	85	10%	8	A-	91	9%
99		Singapore Kitchen Equipment	SINGAPORE KITCHEN EQUIPMENT LTD	8	A-	16	47%				
100	99	Sing Holdings	SING HOLDINGS LTD	7	A-	145	5%	7	A	124	6%

WHY ARE PUBLISHED BRAND VALUATION OPINIONS SO DIFFERENT?

Brands are the single most valuable intangible assets in business today. They drive demand, motivate staff, secure business partners and reassure financial markets. Leading-edge organisations recognise the need to understand brand equity and brand value when making strategic decisions. But brand valuation is being brought into disrepute by the wide discrepancies in value ascribed to the same brands by different valuation consultancies.

Campaign By
DAVID HAIGH

What's needed to rebuild confidence, says Brand Finance plc CEO David Haigh, is more transparent brand valuation methods and assumptions — and greater independence and objectivity by the valuation firms.

Why is it that Brand Finance values Coca-Cola at $34,205 million while Interbrand values it at nearly $79,213 million? Why does Interbrand value Google at $93,291 million while Millward Brown values it at over $113,669 million?

The primary reasons for the wide differences in brand value are that different consultancies define 'brand' differently, and use different valuation methodologies and key assumptions.

1. **Asset definition.** In accordance with technical valuation practice Brand Finance defines 'brand' in its published league tables as 'Trademarks and associated Intellectual Property (IP)'. Neither Millward Brown nor Interbrand clearly state how they define 'brands' for the purpose of their reports. But in their valuations of Google and Apple, they appear to include a much wider bundle of IP in their definition of brand, something that would inevitably lead to higher brand valuations.

2. **Income recognition.** Brand Finance reviews the financial statements of the companies it values in forensic detail, and includes in the calculations only income specifically earned by the brand. In the case of Coca-Cola, for example, only 50 per cent of the company's total turnover is represented by the Coca Cola brand itself. The rest comes from other brands such as Fanta, Sprite and Desani, whose turnover Brand Finance excludes from the calculation. This inevitably leads to a lower valuation than those of Interbrand and Millward Brown, if these two firms are, indeed, including the additional turnover.

3. **Different valuation methods.** Brand Finance uses a valuation technique known as Royalty Relief, which is by far the most widely recognised approach to brand valuation among auditors, accountants, lawyers, courts, banks and tax authorities. It considers the market rate companies would pay to license their brand if they did not own it. Such corporate royalty charges are applied to turnover to produce a stream of notional 'brand earnings', which are discounted back to a net present value.

   By contrast, Interbrand and Millward Brown determine the proportion of earnings attributable to a brand using a less transparent research 'drivers analysis', which often seems to result in much higher brand values.

4. **Different valuation dates.** Brand Finance valuations usually have a value date of 1 January each year although the September update had a 1 July value date. Interbrand and Millward Brown valuations come out at different times of the year. If market conditions have changed significantly between the different valuation dates, this can sometimes account for discrepancies in brand valuations.

However, despite these different approaches, so long as brand valuation calculations are transparent then interested parties can understand how valuation opinions were arrived at, allowing them to challenge them or to draw conclusions about the action required to enhance value. Users of valuation reports need to understand the drivers of brand value so that they can manage their brands more effectively, or, in the case of investors or other interested parties, gain a more meaningful picture of how a particular brand is doing.

Against this background Brand Finance has analysed the total amount of intangible value of the top ten branded companies in the world to provide a sense check between total marketing related intangible assets and the brand values published by Brand Finance, Interbrand and Millward Brown.

The following series of charts explains how Brand Finance cross checks the sense of calculated brand values for a selection of top global companies, as produced by Brand Finance, Interbrand and Millward Brown.

CHARTS

STAGE 1
Calculating Enterprise Value

STAGE 2
Allocating Enterprise Value Between Tangible and Intangible Assets

STAGE 3
Apportioning Intangible Assets into Key Tangible Asset Classes

STAGE 4
Comparison of Brand Value with Marketing Related Intangibles (Graph and Table)

STAGE 3
Apportioning Intangible Assets into Key Tangible Asset Classes

STAGE 5
Comparison of Brand Values with Total Intangibles Assets (Graph and Table)

BACKGROUND ON INTANGIBLE ASSET VALUE

There are different definitions of 'intangible assets'. According to Singapore Financial Reporting Standard (FRS) 38 'Intangible Asset', an intangible asset is 'an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes'. According to FRS 38 the definition of an intangible asset requires it to be:

A) Non-monetary
B) Without physical substance
C) 'Identifiable'

In order to be 'identifiable' it must either be separable (capable of being separated from the entity and sold, transferred or licensed) or it must arise from contractual or legal rights (irrespective of whether those rights are themselves 'separable').

Intangible assets can be broadly grouped into three categories:

1. **Rights:** leases; distribution agreements; employment contracts'; covenants'; financing arrangements; supply contracts; licenses; certifications; franchises.
2. **Relationships:** trained and assembled workforce; customer and distribution relationships.
3. **Intellectual Property:** trademarks; patents; copyrights'; proprietary technology (e.g. formulas; recipes; specifications; formulations; training programs; marketing strategies; artistic techniques; customer lists; demographic studies; product test results; business knowledge – processes; lead times; cost and pricing data; trade secrets and know-how).

In addition, there is what is sometimes termed 'Unidentified Intangible Assets', including 'internally generated goodwill' (or 'going concern value'). It is important to recognise the distinction between internally-generated and acquired intangible assets. Current accounting standards only allow acquired intangible assets to be recognised on the balance sheet. However, this is provided that they meet the above-mentioned criteria i.e. internally generated intangibles of a company cannot be explicitly stated on its balance sheet.

This results in what is sometimes described as 'internally generated goodwill'. This is the difference between the fair market value of a business and the value of its identifiable net assets. Although this residual value is not strictly an intangible asset in a strict sense (i.e. a controlled "resource" expected to provide future benefits), it is treated as an intangible asset in a business combination when converted into goodwill on the acquiring company's balance sheet.

Intangible assets that may be recognised on a balance sheet under FRS 38 are typically only a fraction of the total intangible asset value of a business, with the remaining value continuing to be classified as 'goodwill'. Brands, if acquired, can be identified under these rules and added to the balance sheet. This results in an unusual situation where internally-generated brands of the acquiree may be recognised on the acquirer's balance sheet but the acquirer's own internally-generated brands may not. For this reason, Brand Finance thinks there is a strong case for the inclusion of internally generated brands on the balance sheet.

Brands fulfil the definition of intangible assets above, in that they are controlled by management, provide future economic benefits and are identifiable and therefore can be sold, transferred or licensed as appropriate. We are increasingly seeing companies taking advantage of this transferability by moving brands (including trademarks and other associated intellectual property, such as design rights and other marketing collateral) to special purpose vehicles, such as brand holding companies, for the purpose of raising finance and tax planning.

VALUE CHARACTERISTICS OF DEFINITION OF INTANGIBLE ASSETS

Valuation of intangible assets requires an understanding of their characteristics and the role that they play in the entire value chain. The following attributes of intangible assets have important value implications:

- **Absence of efficient trading markets:** Unlike tangible assets, the absence of efficient trading markets for intangible assets makes the market approach to valuation by using transaction price not possible.

- **Lack of a linear relationship between investment and returns:**
  This limits the use of the cost approach to valuation, except for easily replicable assets.
- **Poor non-financial metrics to measure the quality of intangible asset:**
  Nevertheless, useful valuation insights can be gained from sources such as market research, intellectual property audits and business plans.
- **Value is derived from interactions with other assets (both tangible and intangible):**
  This results in a complex value chain, and thus calls for the need of value maps to explore the interactions between them.
- **Specific bundle of rights (legal and otherwise):**
  There are rights associated with the existence of any intangible asset.
- **The need for convenient identification:**
  For valuation purposes, the intangible assets must be readily identifiable and capable of being separated from the other assets employed in the business. It is sometimes necessary to group complementary intangibles for valuation purposes.
- **The need for a detailed and precise definition of the asset:**
  This is particularly important where this consists of a bundle of rights. The components should be broken down in terms of specific trademarks, copyright, design rights, formulations, patents, and trade secrets.

FRS 103: ALLOCATING THE COST OF A BUSINESS COMBINATION

In Singapore, the Financial Reporting Standard (FRS) 103 'Business Combination' is consistent with IFRS 3 in all material aspects. At the date of acquisition, an acquirer must measure the cost of the business combination by recognising the acquiree's identifiable assets (tangible and intangible), liabilities and contingent liabilities at their fair value. Any difference between the total of the net assets acquired and the cost of acquisition is treated as goodwill (or negative goodwill).

The classifications of intangible assets under FRS 103 include:

- Artistic-related intangible assets
- Marketing-relating intangible assets
- Technology-based intangible assets
- Customer-related intangible assets
- Contract-based intangible assets

Goodwill: After initial recognition of goodwill, FRS 103 requires that goodwill be recorded at cost less accumulated impairment charges. Whereas previously goodwill was amortised over its useful economic life, it is now subject to impairment testing at least once a year. Amortisation is no longer permitted.

Negative Goodwill: Negative goodwill arises where the purchase price is less than the fair value of the net assets acquired. It must be recognised immediately as a profit in the profit and loss account. However, before concluding that "negative goodwill" has arisen, FRS 103 requires that an acquirer should "reassess" the identification and measurement of the acquired identifiable assets and liabilities.

FRS 36: IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL

Previously an impairment test was only required if a 'triggering event' indicated that impairment might have occurred. Under the revised rules, FRS 36 'Impairment of Assets', there is requirement for an annual impairment test. The test is required for certain assets, namely:

- Goodwill acquired in a business combination.
- Intangible assets with an indefinite useful economic life (e.g. strong brands) and intangible assets not yet available for use. The recoverable amount of these assets must be measured annually (regardless of the existence or otherwise of an indicator of impairment) and at any other time when an indicator of impairment exists. **Brands** are one major class of intangible assets that are often considered to have indefinite useful economic lives. Where acquired brands are recognised on the balance sheet post acquisition, it is important to establish a robust and supportable valuation model using best practice valuation techniques that can be consistently applied at each annual impairment review. There is also new disclosure requirements, the principal one being the disclosure of the key assumptions used in the calculation. Increased disclosure is required where a reasonably possible change in a key assumption would result in actual impairment.

IFRS 13: FAIR VALUE MEASUREMENT

IFRS 13 Fair Value Measurement applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and require disclosures about fair value measurement. The Standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market based, rather than entity-specific, measurement.

IFRS 13 was originally issued in May 2011 and applies to annual periods beginning on or after 1 January 2013. The objective of IFRS 13 is to set out a single IFRS framework for measuring fair value.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. [IFRS 13:72]

If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement (based on the application of judgement). [IFRS 13:73]

- **Level 1 inputs:** Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. [IFRS 13:76]

- **Level 2 inputs:** Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. [IFRS 13:81]

- **Level 3 inputs:** Level 3 inputs are unobservable inputs for the asset or liability. [IFRS 13:86]

IMPACT ON MANAGEMENT AND INVESTORS

Management

Perhaps the most important impact of new reporting standards has been on management accountability. Greater transparency, rigorous impairment testing and additional disclosure will mean more scrutiny both internally and externally. The requirement of the acquiring company having to explain at least a part of what was previously considered as "goodwill" should help analysts to analyse deals more closely and gauge whether management have paid a sensible price. The new standards will also have a significant impact on the way companies plan their acquisitions. When considering an acquisition, to assess the impact on the consolidated group balance sheet and profit and loss post-acquisition, a detailed analysis of all the target company's potential assets and liabilities is recommended.

Companies need to pay close attention to the likely classification and useful economic lives of the identifiable intangible assets in the target company's business. This will have a direct impact on the future earnings of the acquiring group. In addition to amortisation charges for intangible assets with finite useful economic lives, impairment tests on assets with indefinite useful economic lives may lead to one-off charges. This is particularly so if the acquired business falls short of expectations post-acquisition. The requirement for separate balance sheet recognition of intangible assets, together with impairment testing of those assets and also goodwill, is expected to result in an increase in the involvement of independent specialist valuers in valuations and appropriate disclosure.

Investors

The requirement for companies to attempt to identify what intangible assets they are acquiring as part of a corporate transaction may provide evidence as to whether a group has overpaid in a deal. Subsequent impairment tests may also shed light on whether the price paid was a respectable one for the acquiring company's shareholders. Regular impairment testing is likely to result in a greater volatility in financial results. Significant one-off impairment charges may indicate that a company has overpaid for an acquisition and have the potential to damage the credibility of management in the eyes of the investment community. Analysts and investors are often sceptical about disclosed intangible assets. In the case of brand (and other intangible asset) valuation, where a high degree of subjectivity can exist, it is important to demonstrate that best practices have been applied and that the impairment review process is robust.

TAX AND INTANGIBLE ASSETS: IPCo ASPECT

Other than M&A, strategic planning and ROI analysis, the rise in the importance of marketing intangibles can often mean that there is a strong business case for setting up a central intellectual property (IP) holding company (IPCo). Locating and managing an IPCo from one central location, potentially in a low tax jurisdiction, makes a compelling commercial case, particularly where a group is active in a number of different territories.

The size and authority of the IPCo are variable and dependent on the requirements of the group in question. The benefits include greater IP protection and consistency and improved resource allocation. It is important that genuine commercial drivers for the establishment of IPCo can be demonstrated.

Examples of established IPCo's by global companies include:

- BATMark (in UK, US, Switzerland & Netherlands)
- Shell Brand International AG (Switzerland)
- Société des Produits Nestlé (Switzerland)
- Philip Morris Products SA (Switzerland)
- Marvel Characters, Inc (USA)

Commercial benefits of central IPCo's include:

- Better resource allocation.
- Higher return on brand investment.
- Tax savings under certain circumstances.
- Clarity of the strength, value and ownership of the IP will ensure that full value is gained from third party agreements.
- Internal royalties result in greater visibility of the true economic performance of operating companies improved earnings streams from external licenses.
- More effective and efficient IP protection will reduce the risk of infringement or loss of a trademark in key categories and jurisdictions.
- Internal licenses should be used to clarify the rights and responsibilities of the IPCo and operating units. The adoption of consistent and coherent brand strategy, marketing investment and brand control improves brand performance.

This can have the following results:

- Accumulation of profits in a low tax jurisdiction.
- Tax deductions in high tax jurisdictions.
- Tax deductions for the amortisation of intangibles in IPCo.
- Depending on double tax treaties, the elimination or reduction of withholding taxes on income flows resulting from the exploitation of the IP.

The Singapore government has several IP friendly tax policies for IP rights holders to establish Singapore as an attractive country to manage their IP. There are a variety of IP tax incentives, deduction, benefits and grants to encourage the creation, ownership, protection and exploitation of IP in Singapore. For instance:

- Unilateral tax credit scheme is available for royalty income received in Singapore.
- Single tax deduction for patent costs.
- Patent application fund (PAF) Plus, Initiatives in New Technology (INTECH) and several IP grants.
- Automatic written down allowance for five years for the capital expenditure incurred by a Singapore company in acquiring any intellectual property rights for use in that trade or business.
- Reported in Singapore's 2010 Budget, the Productivity and Innovation Credit will provide significant tax deductions from 2011 onwards for investments in a broad range of activities along the innovation value chain. These activities include R&D, registrations of IP rights, acquisition of IP rights, and investment in Design.

There are also government assistance programmes that help companies develop and manage their brands better. Some of these schemes include:

- BrandPact, a multi-agency programme that seeks to increase companies' awareness of brand development through training, brand assessment, and incentives.
- Design Engage, a programme that seeks to build up the design capabilities of Singapore companies.
- SCOPE IP, a diagnostic programme that aims to audit the pool of intangible assets available in a company and whether sufficient measures are adopted to protect, develop and exploit the intangible assets for the company's benefit.

More information is available from www.sedb.gov.sg, www.ipos.gov.sg, www.iesingapore.gov.sg, www.spring.gov.sg and www.iras.gov.sg.

FEATURE

SINGAPORE AS AN IP HUB FOR ASIA

While there is growing advocacy for the importance of intangibles in every country, organisation, and industry segment - big or small, the lack of focus on intellectual property by Singapore companies forces one to think that perhaps a lot more needs to be done to establish the importance of the country as an IP destination of choice where organisations and brands of repute can effectively park and manage their IP, most important of which is the brand.

SAMIR DIXIT
Managing Director,
Brand Finance
Asia Pacific

If one were to consider an IP management destination, there are already several options that are available globally. Most of the choices are driven by the financial advantage that a company evaluates in the form of lower tax rates and other related benefits offered by the local governments and relevant authorities. So how will Singapore be able to compete and become a preferred IP destination?

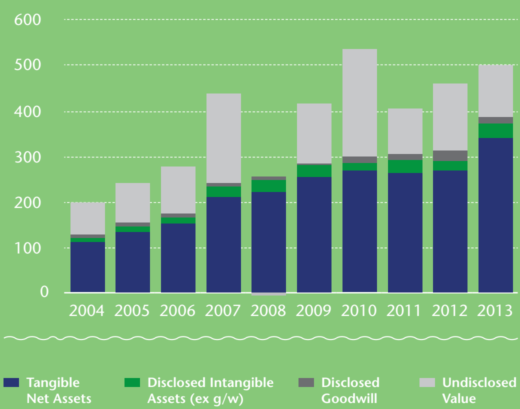
To begin with, if managing an IP or a brand and creating a valuable intangible was all about saving money, Apple would not have been the world's most valuable brand at US$80 over billion. So clearly there is more to IP governance and management than just the monetary aspects. This is where Singapore can make a huge dent to some of the tax havens and take the lead as an IP hub of Asia.

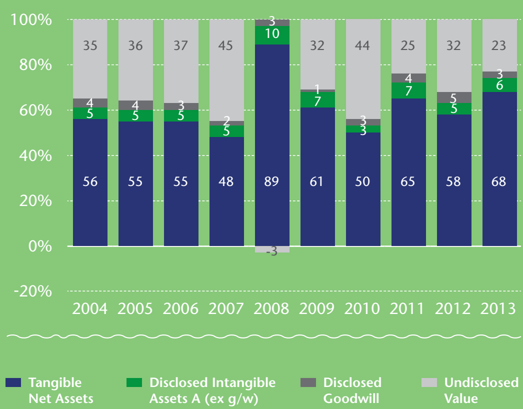
It is however easier said than done. Malaysia announced their intent of being the IP hub in 2007. A National Intellectual Property Policy (NIPP) was drafted and it is a very good and well thought through policy indeed. A tax free haven called 'Lebuan' was made available to compete with the likes of Switzerland and Geneva to make it even more attractive for individuals and organisations to create or transfer their IP to Malaysia and manage it more effectively and efficiently.

The effectiveness of Malaysia's five year old initiative however is yet to be proven. Malaysia is currently ranked at #18 globally for the intangible value contribution, far behind Thailand which is ranked as 11th, and behind countries like the Philippines (13th), Australia (8th) and Morocco (6th). All these countries are not necessarily known for driving the IP space and the value of the Intangibles as aggressively and in as structured a manner as Malaysia has been since 2007.

So what will be the secret recipe for Singapore's success in this space given that they have successfully crossed the first and biggest hurdle of announcing the "INTENT" and creating a framework and a master plan to help facilitate a successful outcome for the program?

SINGAPORE	US$BN	%
Enterprise Value	505	100
Tangible Net Assets	343	68
Disclosed Intangible Assets (exc Goodwill)	32	6
Disclosed Goodwill	14	3
"Undisclosed Value"	116	23





Singapore's intangible value has been growing since 2001. The global economic troubles in 2008 and again in 2011 resulted in a fall in the total Singaporean stock. As a result the 'intangible value' is affected the greatest.

- First would be learning from other countries. Where did they go wrong? Why did they not succeed? What are the things they ignored or did not do correctly? What is it that organisations did not find exciting and compelling enough to consider? Just to name a few.

- The second would be to understand the IP universe and the dynamics of various moving parts, their interconnectivity and interdependence, the vastly different outlook and view towards IP by each industry, etc.

- The third would be to do self-examination of the IP and intangible space and see where the gaps are. What are the loose rivets? What are the competitive advantages or disadvantages? What are the weaknesses and threats? What are the demand and supply drivers? What will be the existing IP vs. new IP creation ratio? Will every listed company in Singapore know the value of their brand? Etc.

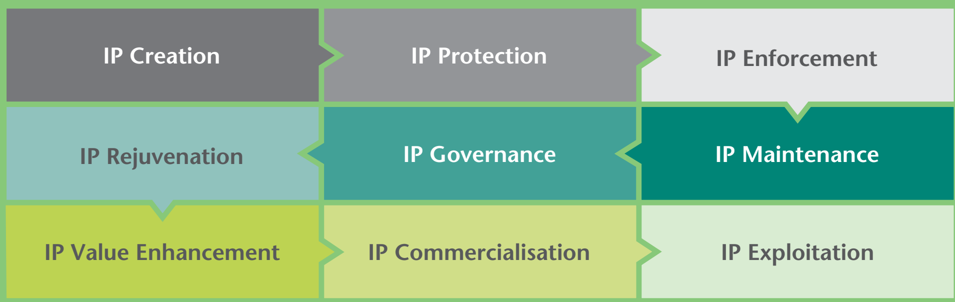
- The fourth pillar is managing the demand-supply equation for the IP hub. Simply focussing on and strengthening the supply side will not help drive demand for IP creation. So what will be the demand creation drivers for Singapore?

- Fifth and the most critical aspect would be defining the KPI's and the key measures which will provide confidence that we are on the right path. Defining "what would success look like and how will it be measured"?

While all the pieces of the puzzle are available, the big picture is yet to emerge and perhaps what is not very clear is 'How will we define the success of an IP Hub in a competitive context'.

Being one of the smallest countries in the region, Singapore clearly cannot be an IP hub if one were to use the absolute number of trademarks and patent registrations as a measure. Neither can Singapore be an IP hub by the number of companies opting to reside their IP in Singapore. Even having the best judiciary and IP protection mechanism may not be a sufficient enough measure to define Singapore as an IP hub.

The IP Ecosystem is typically made up of the following:



Ask any decent company CEO about the value of their IP and what are they doing to grow it consistently and they will start to stare away from you. Try convincing them to put a plan and structure that will grow the value of their IP and they will direct you to their healthy balance sheets indicating that there is no need to focus on the IP and that all is fine.

So how will Singapore measure the success of being an IP hub? A good starting point would be to manage and increase the value of intangibles of the existing companies and brands in Singapore. The following illustrates the degree of effort required:

- Singapore is currently ranked globally at #43 for the value of their intangibles vs. tangibles.
- At only 32% of the total enterprise value, the intangibles in Singapore are below the global average of 53%.
- A ten year straight line comparison indicates a decline of the intangible value in 2011 which is just about getting to normal.

Clearly, it is not going to be an easy journey ahead. The key success will depend on understanding the **IP Ecosystem** and having a clearly drafted agenda to address each and every aspect of this ecosystem for a healthy and wholesome IP growth.

While most countries and organisations are able to do a stellar job across the first 5 aspects due to a robust legal/judiciary and IP governance infrastructure in terms of patent and trademark lawyers, M&A advisory, dispute redressal, etc., it is the last four that are all left for the industry and sometimes an individual's understanding and self-initiative to manage it, especially the commercialisation and exploitation aspects.

There is another critical aspect that the countries are unable to exploit or tap upon to help drive a successful IP agenda. It is their own image, their own IP. The country as a brand is extremely vital and Singapore has an enormous advantage in the form of "Brand Singapore" equity that almost none of the ASEAN countries have.

The question remains that of exploitation and commercialisation. Can Singapore successfully exploit and commercialise the advantage of their own IP, the "Brand Singapore" which will help bring about all the other ingredients together to create a successful recipe that will get organisations and individuals equally excited to consider moving and managing their IP out of Singapore?

The only caution – such an agenda cannot be driven by the legal fraternity alone and must include global practitioners who have experience in how to manage, enhance and exploit the value of the IP from a commercial point of view. The legal fraternity alone will likely remain focused on the protection, enforcement and maintenance aspects which are not even half the ingredients. It has also been done for ages and the results are what they are.

Can Singapore do it? I believe the answer is yes. In fact if there is anyone in the region that can do this successfully in the shortest possible timeframe and with thorough planning, it is Singapore.

FEATURE

NATION BRANDS 2013

This report examines the Brand Finance® proprietary Nation Brand Impact™ framework and its 4 segments – Investment, Tourism, Product and Talent.

WHAT DIFFERENCE DOES A NATION BRAND MAKE?

A strong nation brand helps in differentiating a nation's output and gives it an advantage in competing for financing, top talent and tourism. The nation brand can be leveraged by sub-brands within a nation, both public and private, to grow GDP and to help develop resilience in a nation's industries during a downturn. It allows for positive connotations from products and services to support one another, easing entry for a nation's companies into new markets, and aids in developing a breadth of offerings.

Increased GDP can be achieved as a result of improved nation brand management. This increase comes from various sectors and industries across an economy, which makes gaining a segmented understanding of a nations brand health, risks and opportunities essential.

This report examines the Brand Finance® proprietary Nation Brand Impact™ framework and its 4 segments – Investment, Tourism, Product and Talent. These segments cover areas where a nation brand can enhance a country's GDP growth.

DEVELOPMENT & USE OF NATION BRAND VALUES

The construction of the Brand Strength Index (BSI) and through it the Brand Value league table is a multi-step process in which Brand Finance® captures a high level image of where the nation stands in its brand development and its place on the world stage relative to other nations.

The first step in the construction of the BSI is the collation of numerous international data sources to provide comparative data for all nations. Brand Finance® calculates the strength of 142 nation brands in using a 'balanced scorecard approach'. The scorecard benchmarks each nation across 147 nation brand attributes. The strength of each nation brand is expressed as an indexed score out of 100 and represents how well the nation brand is being implemented against its peers. This information is then analysed using brand valuation tools that were adapted from valuation models used for corporate sector brands and intellectual property.

This model incorporates not only the strength of individual brand components but also the general impact and size of a nation's output, trends in the nation's GDP growth, its overall development and development within specific segments.

The BSI analysis provides the direction that Brand Finance® uses within our 3-Stage development strategy. This analysis explores in diagnostic and granular detail the impact of the 4 segments within a nation brand. The strategy which comes from this analysis is more than simply valuing the brand. Combining visioning and stakeholder engagement with rigorous analysis Brand Finance® can help to develop creative solutions to build a nation brand.

THE BRAND FINANCE® NATION BRAND IMPACT™ FRAMEWORK

SEGMENT	INTERNAL	EXTERNAL
Investment	**Domestic Investment** Encourage local commerce to invest domestically as opposed to investing overseas	**Inward Investment** Attract Foreign Direct Investment (FDI) including business relocation
Tourism	**Domestic Tourism** Encourage citizens to explore domestic destinations rather than vacationing abroad	**Foreign Tourism** Promote the nation to foreign tourists and conference delegates
Products & Services	**Domestic Brands** Encourage citizens to buy locally-made products and services i.e. reduce imports	**Export Brands** Promote nation's products and services to international markets i.e. increase exports
People & Skills	**Domestic Talent** Encourage citizens to study and work locally, rather than going overseas i.e. avoid "brain drain"	**International Talent** Encourage foreign students and skilled workers to come to study and work in the country

THE TOP 20 MOST VALUABLE NATION BRANDS

01
UNITED STATES
2012 RANK: 1
US$17,990 BN
RATING: AA
MOVEMENT: →23%

02
CHINA
2012 RANK: 2
US$6,109 BN
RATING: AA-
MOVEMENT: →26%

03
GERMANY
2012 RANK: 3
US$4,002 BN
RATING: AA
MOVEMENT: →3%

04
UNITED KINGDOM
2012 RANK: 5
US$2,354 BN
RATING: AA
MOVEMENT: ↑8%

05
JAPAN
2012 RANK: 4
US$2,263 BN
RATING: AA-
MOVEMENT: ↓-11%

06
FRANCE
2012 RANK: 6
US$1,938 BN
RATING: AA
MOVEMENT: →-1%

07
CANADA
2012 RANK: 7
US$1,836 BN
RATING: AA
MOVEMENT: →16%

08
BRAZIL
2012 RANK: 8
US$1,478 BN
RATING: A+
MOVEMENT: →7%

09
INDIA
2012 RANK: 9
US$1,366 BN
RATING: A+
MOVEMENT: →10%

10
AUSTRALIA
2012 RANK: 12
US$1,257 BN
RATING: AA
MOVEMENT: ↑32%

11
RUSSIAN FEDERATION
2012 RANK: 11
US$1,257 BN
RATING: A-
MOVEMENT: →19%

12
ITALY
2012 RANK: 10
US$1,043 BN
RATING: A
MOVEMENT: ↓-6%

13
NETHERLANDS
2012 RANK: 15
US$997 BN
RATING: AA
MOVEMENT: ↑14%

14
SWITZERLAND
2012 RANK: 14
US$965 BN
RATING: AA+
MOVEMENT: →9%

15
MEXICO
2012 RANK: 16
US$807 BN
RATING: A
MOVEMENT: ↑5%

16
KOREA REPUBLIC
2012 RANK: 17
US$775 BN
RATING: AA-
MOVEMENT: ↑7%

17
SWEDEN
2012 RANK: 18
US$752 BN
RATING: AA
MOVEMENT: ↑13%

18
SPAIN
2012 RANK: 13
US$725 BN
RATING: A+
MOVEMENT: ↓-20%

19
TURKEY
2012 RANK: 19
US$688 BN
RATING: A+
MOVEMENT: →41%

20
POLAND
2012 RANK: 20
US$497 BN
RATING: A
MOVEMENT: →5%

WINNERS (% BRAND VALUE CHANGE)

COUNTRY NAME	BRAND VALUE CHANGE (%)	BRAND VALUE CHANGE (US$BN)	BRAND VALUE 2013 (US$BN)	BRAND VALUE 2012 (US$BN)	BRAND RATING 2013	BRAND RATING 2012
MALAYSIA	48	99	304	205	AA	AA-
SRI LANKA	46	14	45	31	A+	A+
THAILAND	43	107	359	252	AA-	A
TURKEY	31	201	688	487	A+	A
SINGAPORE	39	113	404	290	AA+	AA
BANGLADESH	38	23	83	60	A-	A-
KAZAKHSTAN	37	33	120	87	A-	A-
PHILIPPINES	37	52	193	141	A	A-
PERU	36	39	146	107	A	A-
NEW ZEALAND	36	40	152	111	AA	AA-

LOSERS (% BRAND VALUE CHANGE)

COUNTRY NAME	BRAND VALUE CHANGE (%)	BRAND VALUE CHANGE (US$BN)	BRAND VALUE 2013 (US$BN)	BRAND VALUE 2012 (US$BN)	BRAND RATING 2013	BRAND RATING 2012
MOROCCO	-19	-9	40	49	A-	A
SPAIN	-20	-183	725	908	A+	A
BOSNIA AND HERZEGOVINA	-21	-3	12	16	BBB	BBB
ALBANIA	-22	-2	8	10	BBB	A-
SERBIA	-23	-9	31	40	BBB	BBB
ROMANIA	-23	-36	121	158	A-	A-
SLOVAK REPUBLIC	-25	-18	57	75	A-	A-
GREECE	-34	-25	48	73	BBB	BBB
EGYPT	-38	-42	70	112	BBB	A-
CYPRUS	-38	-9	14	23	A	A+

US

US$3,349BN

The US and China have grown in value by 23% (US$3,349BN) and 26% (US$1,263BN) respectively, with China also improving its BSI brand rating (now AA-).

Malaysia is this year's fastest mover, its brand value is up 48% on 2012. Reasons for its rapid climb up the nation brand rankings (it has risen 2 places just this year) include its growing status as a hub for Islamic banking and growing demand for commodities such as palm oil, driven by an increasing and increasingly wealthy world population. Malaysia's ambitious 'Wawasan' or 'Vision' 2020 goal, to reach developed nation status by 2020, had looked to have been faltering, however in the last year Prime Minister Najib Razak said progress towards the target is firmly back on track, with GDP per capita set to reach the milestone US$15,000 by 2018, 2 years ahead of target.

Sri Lanka is continuing to build on the stability and confidence brought about by the 'peace dividend' and is the second fastest riser. Its nation brand has grown in value by 46% and it has climbed 8 places to become the 65th most valuable nation brand.

Asian nations dominate the list of fastest risers, though Peru and New Zealand round out the top ten. In terms of absolute brand value change, the US and China dominate. Already the 2 most valuable nation brands, these two brand value superpowers have extended their lead over the rest of the world. The US and China have grown in value by 23% (US$3,349 billion) and 26% (US$1,263 billion) respectively, with China also improving its BSI brand rating (now AA-).

The UK has also performed well though, thanks in large part to what is fast becoming recognised as a gold standard in nation branding.

Cyprus is this year's fastest faller. Its well publicised and disastrous financial crisis is unsurprisingly the main factor. Exposure to overleveraged property companies, dependence on the troubled Greek economy and the subsequent downgrading of Cypriot bonds to 'junk' status led to the government being unable to maintain expenditure. A particularly onerous bailout deal was agreed, involving a levy on all insured deposits of Cyprus' 2nd largest bank, Laiki, as well as a significant proportion of those of its largest, Bank of Cyprus. The many foreign account holders, particularly Russians taking advantage of Cyprus' favourable tax regime, have thus had their fingers burnt. Consequently Cyprus' 'Investment' BSI score has taken a significant hit, while tourist numbers have been falling since 2009.

Egypt's nation brand value has also dropped 38% as a result of the instability following the country's revolution. Violent protests have been a persistent feature for the last two years and crime has risen significantly whilst tourists have stayed away from the previously popular resorts of the Red Sea coast and the ancient sites along the Nile. The ousting of Mohammed Morsi by the army earlier this year places further question marks over the country's stability and future direction.

TOP 20 STRONGEST NATION BRANDS

RANK	NATION BRAND	BRAND RATING 2013	BSI RANK 2013	BSI RANK 2012	BSI SCORE 2013	BSI SCORE 2012
1	SWITZERLAND	AA+	1	2	76	74
2	SINGAPORE	AA+	2	1	75	74
3	UNITED STATES	AA	3	3	74	74
4	GERMANY	AA	4	4	74	73
5	UNITED KINGDOM	AA	5	9	73	70
6	SWEDEN	AA	6	5	71	72
7	NETHERLANDS	AA	7	6	71	71
8	MALAYSIA	AA	8	20	71	66
9	CANADA	AA	9	7	70	70
10	AUSTRALIA	AA	10	8	70	70
11	AUSTRIA	AA	11	18	70	67
12	NEW ZEALAND	AA	12	15	70	68
13	JAPAN	AA-	13	11	69	69
14	FINLAND	AA-	14	13	69	69
15	NORWAY	AA-	15	15	68	68
16	DENMARK	AA-	16	12	68	69
17	BELGIUM	AA-	17	19	68	66
18	LUXEMBOURG	AA-	18	14	67	68
19	UNITED ARAB EMIRATES	AA-	19	27	67	64
20	FRANCE	AA-	20	23	67	66

SUMMARY OF MOVERS (BRAND STRENGTH)

The strength of a nation brand across the 4 segments of the Nation Brand Impact™ framework is measured by the Brand Strength Index (BSI). A country's BSI score is combined with GDP data to arrive at the nation brand value. Looking at the BSI in isolation can therefore in some ways be seen to be the truest reflection of governments' guidance of their nations' brands, as the inherent GDP advantage of larger countries is removed.

Singapore has held sway at the top of the BSI table but this year has just been edged out by Switzerland. Both countries have performed well, serving as benchmarks for other nation brands. However Switzerland's impressive growth, particularly in the 'Tourism' segment of the BSI where it has increased its score from 66 to 73, has allowed it to claim the top spot.

As discussed above, Malaysia is this year this year's fastest mover in terms of nation brand value. It is unsurprising that part of this success is down to a significant improvement in its BSI score. Last year the country's overall score was 66. It has bettered that by 5 points in 2013, with its biggest strides being made in 'Tourism' and 'Investment'. It has jumped from outside the top 20 into the top 10 to become the world's 8th strongest brand.

NEW INTERNATIONAL STANDARD ON BRAND VALUATION

DAVID HAIGH,
CEO,
Brand Finance plc

In 2007, the International Organisation for Standardisation ('ISO'), a worldwide federation of national standard setting bodies, set up a task force to draft an International Standard ('IS') on monetary brand valuation.

After 4 years of discussion and deliberation ISO 10668 – Monetary Brand Valuation – was released in 2010. This sets out the principles, which should be adopted when valuing any brand.

THE NEW ISO APPLIES TO BRAND VALUATIONS COMMISSIONED FOR ALL PURPOSES, INCLUDING:

- Accounting and financial reporting
- Insolvency and liquidation
- Tax planning and compliance
- Litigation support and dispute resolution
- Corporate finance and fundraising
- Licensing and joint venture negotiation
- Internal management information and reporting
- Strategic planning and brand management

THE LAST OF THESE APPLICATIONS INCLUDES:

- Brand and marketing budget determination
- Brand portfolio review
- Brand architecture analysis
- Brand extension planning

Under ISO 10668 the brand valuer must declare the purpose of the valuation as this affects the premise or basis of value, the valuation assumptions used and the ultimate valuation opinion, all of which need to be transparent to a user of the final brand valuation report.

REQUIRED WORK STREAMS IN AN ISO COMPLIANT BRAND VALUATION?

ISO 10668 is a 'meta standard' which succinctly specifies the principles to be followed and the types of work to be conducted in any brand valuation. It is a summary of existing best practice and intentionally avoids detailed methodological work steps and requirements.

As such, ISO 10668 applies to all proprietary and non-proprietary brand valuation approaches and methodologies that have been developed over the years, so long as they follow the fundamental principles specified in the meta standard.

ISO 10668 specifies that when conducting a brand valuation the brand valuer must conduct 3 types of analysis before passing an opinion on the brand's value.

These are Legal, Behavioural and Financial analysis. All three types of analysis are required to arrive at a thorough brand valuation opinion. This requirement applies to valuations of existing brands, new brands and extended brands.

MODULE 1 - LEGAL ANALYSIS

The first requirement is to define what is meant by 'brand' and which intangible assets should be included in the brand valuation opinion.

ISO 10668 begins by defining Trademarks in conventional terms but it also refers to other Intangible Assets ('IA') including Intellectual Property Rights ('IPR') which are often included in broader definitions of 'brand'.

International Financial Reporting Standard ('IFRS') specifies how all acquired assets should be defined, valued and accounted for post-acquisition. It refers to five specific IA types, which can be separated from residual Goodwill arising on acquisition.

These are: technological, customer, contractual, artistic and marketing related IA.

ISO 10668 mirrors this classification by defining brands as marketing related IA, including trademarks and other associated IPR. This refers *inter alia* to design rights, domain names, copyrights and other marketing related IA and IPR which may be included in a broader definition of 'brand'.

The brand valuer must precisely determine the bundle of IA and IPR included in the definition of 'brand' subject to valuation. He may include names, terms, signs, symbols, logos, designs, domains or other related IPR intended to identify goods and services and which create distinctive images and associations in the minds of stakeholders, generating economic benefits for the branded business.

The brand valuer is required to assess the legal protection afforded to the brand by identifying each of the legal rights that protect it, the legal owner of each relevant legal right and the legal parameters influencing negatively or positively the value of the brand.

It is vital that the brand valuation includes an assessment of the legal protection afforded to the brand in each geographical jurisdiction and product or service registration category. These legal rights vary between legal systems and need to be carefully considered when forming the brand valuation opinion. For example, the legal rights protecting brands exist at a national (UK), supra-national (EU) and global (WIPO) level and have different characteristics.

Extensive due diligence and risk analysis is required in the Legal analysis module of an ISO 10668 compliant brand valuation. It should be noted that the Legal analysis must be segmented by type of IPR, territory and business category.

The brand valuation opinion may be affected positively or negatively by the distinctiveness, scope of use or registration (territory and business category), extent of use, notoriety of the brand, risk of cancellation, priority, dilution and the ability of the brand owner to enforce such legal rights.

MODULE 2 - BEHAVIOURAL ANALYSIS

The second requirement when valuing brands under ISO 10668 is a thorough behavioural analysis. The brand valuer must understand and form an opinion on likely stakeholder behaviour in each of the geographical, product and customer segments in which the subject brand operates.

To do this, it is necessary to understand:

- Market size and trends - determined by conducting a critical review of predicted trends in distribution channels, customer demographics, market volumes, values and margins.
- Contribution of brand to the purchase decision - determining the monetary brand contribution in the geographical, product and customer segments under review.
- Attitude of all stakeholder groups to the brand - to assess the long-term demand for the brand, any risks to the branded business and the appropriate cost of capital.
- All economic benefits conferred on the branded business by the brand - to assess the sustainability of future revenues and profits.

The brand valuer needs to research brand value drivers, including an evaluation of relevant stakeholders' perceptions of the brand in comparison with competitor brands. Measures commonly used to understand brand strength include awareness, perceptual attributes, knowledge, attitude and loyalty. The brand valuer needs to assess the brand's strength in order to estimate future sales volumes, revenues and risks.

MODULE 3 - FINANCIAL ANALYSIS

The third requirement when valuing brands under ISO 10668 is a thorough financial analysis.

ISO 10668 specifies three alternative brand valuation approaches - the Market, Cost and Income Approaches. The purpose of the brand valuation, the premise or basis of value and the characteristics of the subject brand dictate which primary approach should be used to calculate its value.

Market approach

The market approach measures value by reference to what other purchasers in the market have paid for similar assets to those being valued. The application of a market approach results in an estimate of the price expected to be realised if the brand were to be sold in the open market. Data on the price paid for comparable brands is collected and adjustments are made to compensate for differences between those brands and the brand under review.

As brands are unique and it is often hard to find relevant comparables, this is not a widely used approach.

Brand Valuation Approaches

Market Approach	Cost Approach	Income Approach
Based on an estimate of the price expected to be realised if the brand were to be sold in an open market.	Based on the premise that a prudent investor would not pay more for a brand than the cost to recreate, replace or reproduce an asset of similar utility.	Based on estimating the expected future, after-tax cash flows attributable to the brand then discounting them to a present value using an appropriate discount rate.

Cost approach

The cost approach measures value by reference to the cost invested in creating, replacing or reproducing the brand. This approach is based on the premise that a prudent investor would not pay more for a brand than the cost to recreate, replace or reproduce an asset of similar utility.

As the value of brands seldom equates to the costs invested creating them (or hypothetically replacing or reproducing them), this is not a widely used approach.

Income approach

The income approach measures value by reference to the economic benefits expected to be received over the remaining useful economic life of the brand. This involves estimating the expected future, after-tax cash flows attributable to the brand then discounting them to a present value using an appropriate discount rate.

As the value of brands stems from their ability to generate higher profits for either their existing or potential new owners, this is the most widely accepted and utilised brand valuation approach.

When conducting a brand valuation using the income approach, various methods are suggested by ISO 10668 to determine future cash flows.

Royalty Relief method

This is the most widely used method used to determine brand cash flows. This method assumes that the brand is not owned by the branded business but is licensed in from a third party. The value is deemed to be the present value of the royalty payments saved by virtue of owning the brand.

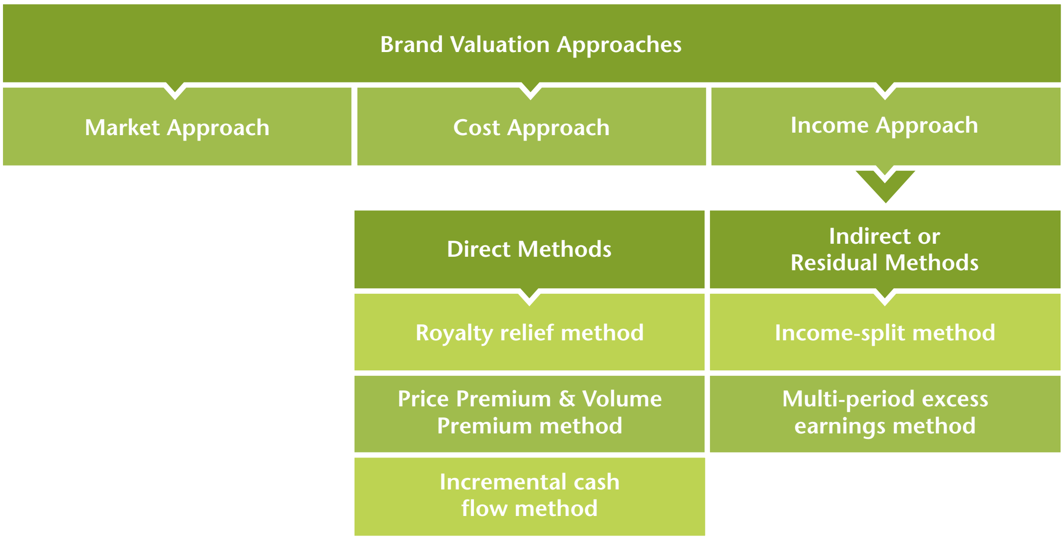
The royalty rate applied in the valuation is determined after an in-depth analysis of available data from licensing arrangements for comparable brands and an appropriate split of brand earnings between licensor and licensee, using behavioural and business analysis.

The Royalty Relief method is widely used because it is grounded in commercial reality and can be benchmarked against real world transactions.

Price Premium and Volume Premium methods

The Price Premium method estimates the value of a brand by reference to the price premium it commands over unbranded, weakly branded or generic products or services. In practice it is often difficult to identify unbranded comparators. To identify the full impact on demand created by a brand, the Price Premium method is typically used in conjunction with the Volume Premium method.

The Volume Premium method estimates the value of a brand by reference to the volume premium that it generates. Additional cash flows generated through a volume premium are determined by reference to an analysis of relative market shares. The additional cash flow generated by an above average brand is deemed to be the cash flow related to its ‘excess’ market share. In determining relevant volume premiums, the valuer has to consider other factors which may explain a dominant market share, such as legislation which establishes a monopoly position for one brand.



Taken together, the Price Premium and Volume Premium methods provide a useful insight into the value a brand adds to revenue drivers in the business model. Other methods go further to explain the value impact of brands on revenue and cost drivers.

Income-split method

The income-split method starts with net operating profits and deducts a charge for total tangible capital employed in the branded business, to arrive at 'economic profits' attributable to total intangible capital employed. Behavioural analysis is then used to identify the percentage contribution of brand to these intangible economic profits. The same analysis can be used to determine the percentage contribution of other intangible assets such as patents or technology. The value of the brand is deemed to be the present value of the percentage of future intangible economic profits attributable to the brand.

Multi-period excess earnings method

The multi-period excess earnings method is similar to the income-split method. However, in this case the brand valuer first values each tangible and intangible asset employed in the branded business (other than the brand). He uses a variety of valuation approaches and methods depending on what is considered most appropriate to each specific asset.

Having arrived at the value of all other tangible and intangible assets employed in the branded business, a charge is then made against earnings for each of these assets, leaving residual earnings attributable to the brand alone. The brand value is deemed to be the present value of all such residual earnings over the remaining useful economic life of the brand.

Incremental cash flow method

The incremental cash flow method identifies all cash flows generated by the brand in a business, by comparison with comparable businesses with no such brand. Cash flows are generated through both increased revenues and reduced costs.

This is a more detailed and complex approach, which tends not to be used in technical brand valuations but is extremely useful for strategic, commercial purposes such as when Virgin negotiates a new brand license with a new licensee. The incremental value added to the licensee's business form's the starting point for the negotiation.

Discount rate determination

Under the income approach, risks that are not already reflected in future cash flows must be considered in the discount rate.

The discount rate used for discounting future expected cash flows attributable to a brand is usually derived from the Weighted Average Cost of Capital ('WACC') of the business.

HOW SHOULD INTERNATIONAL BRANDS APPROACH THE VALUATION OF EXISTING MARKS?

ISO 10668 was developed to provide a consistent framework for the valuation of local, national and international brands both large and small. The primary concern was to create an approach to brand valuation which was transparent, reconcilable and repeatable. In the wake of the standard's launch, it is expected that many businesses will either value their brands for the first time or revalue them compliant with the standard.

HOW SHOULD COMPANIES APPROACH THE QUESTION OF BRAND DIVERSIFICATION VERSUS ENTRENCHMENT?

Common commercial applications of brand valuation are brand portfolio and brand architecture reviews. The first considers whether the right number of brands and sub-brands are in the portfolio. The second considers whether individual brands are too fragmented and extended.

A good example of both applications at work can be found in Unilever's 'Path to Growth' strategy. In 2000, Niall Fitzgerald announced a plan to increase Unilever's annual revenue growth rate to 5-6% with margins of 16%.

To achieve this, Unilever's 1600 brands were to be valued, reviewed and rationalised down to 400 power brands. The a priori assumption was that many smaller, local brands were sub-optimal and offered slower growth prospects than the global brands. Within 2 years, 1200 under-performing local and regional brands were sold or starved of investment to feed the growth of the 400 global power brands.

In many respects the Unilever policy made sense. For example, Dove has been turned into a global power brand with diversification into many product lines and market segments, rapid volume growth, and revenues and profits measured in billions of dollars.

However, the strategy sacrificed many new or developing brands in countries like India because they could not be turned into global brands quickly. Local brand owners enthusiastically bought the divested brands or exploited the gap created by starving local Unilever brands of investment.

In this case, internal brand valuation teams were used to evaluate and prioritise the brand portfolio. Unilever is a leading edge company which follows best practices represented by ISO 10668.

Rationalisation and extension was supported by Legal Analysis to establish the strength and extendibility of its brands. Extensive Behavioural Analysis was applied throughout its portfolio and Financial Analysis was conducted by a cadre of internal marketing finance analysts.

If any mistakes were made, it merely demonstrates that brand valuations are a mechanism for decision making which are driven by data, analysis and assumptions that may prove to be incorrect. The ISO standard insists that sensitivity analysis showing a range of values, based on different assumptions, should be included in an opinion, not just a single value.

A brand valuation is an opinion at a point in time. Brand valuation models need to be updated and reviewed on a regular basis, and management decisions need to change in the light of changing conclusions flowing from them.

Brand valuation is a technique to support management, which is why it is vital that the technique should be consistent, transparent and reproducible as required by ISO 10668.

HOW DO YOU VALUE AN EXISTING BRAND, THEN EXTEND THE ANALYSIS TO MEASURE THE POSITIVE AND NEGATIVE IMPACT OF ADDITIONAL TRADEMARKS/BRAND EXTENSIONS TO THE EXISTING BUSINESS/MARKS?

Dove is a good example of a Unilever brand, which was prioritised in the 'Path to Growth' strategy. It has been extended into many product categories and each extension was rigorously valued.

The Dove brand was launched in the US in 1955, as a cleansing soap bar with moisturising properties, which had been developed to treat burn victims during the Korean war. In 1957, the basic Dove soap bar formula was refined and developed into the "Original Dove Beauty bar". It was launched as a beauty soap, clinically proven to be milder on dry and sensitive skins. In 1979, an independent clinical dermatological study proved Dove "Beauty bar" was milder than 17 leading bar soaps. The phrase "cleansing cream" was replaced with "moisturiser cream" in its marketing materials.

Dove was launched in the UK in the 1990s. In 2001, Dove made its first foray into antiperspirant deodorant lines. Hair care products followed in 2003. Dove was launched in the soap category but has always been positioned without referring to it as "soap". It is always referred to as a "beauty bar" with 25% cleansing cream. Positioning the brand this way has allowed it to extend into antiperspirants, deodorants, body washes, beauty bars, lotions, moisturisers, hair care and facial care products globally. It is now a global brand with a variety of sub-brand ranges (Original, Go Fresh, Intensive Care, Supreme, Summer Care).

To become a global brand, Dove needed wide appeal, across cultural, racial and age boundaries. In 2004, it therefore launched the Campaign for Real Beauty, which highlighted the brand's commitment to broadening definitions of beauty. Dove launched the Self Esteem Fund in 2005, which acts as an agent of change to educate and inspire young girls on a wider definition of beauty. It aims to boost the self-confidence of young girls and women, enabling them to reach their full potential in life. In 2007, Dove also launched Pro*Age, a range of skin care, deodorant and hair care specifically designed for mature skin.

Dove's apparently effortless success makes brand extension look easy. But the Unilever marketing team could have stumbled at many points. They needed a clear and universally appealing brand proposition...simple, natural, caring, feminine, healthy, inclusive, multi-cultural, unpretentious, good value. They then needed a strong and memorable brand name that could be registered and defended in all likely product categories and geographical jurisdictions. They needed defensible sub-brand names. They needed a logo (a simply drawn dove), trade dress (predominantly white packaging), compelling copyright (advertising and collateral) and they needed a compelling trade sales force and campaign.

Having gone global in many SKUs, a valid question now hangs over the Dove brand. Has it reached the limits of its capacity to extend? There is a danger that if Dove is extended any further into fragrance, personal care or household products, its brand equity with consumers will become diluted and confused. Its brand value may decline.

IF BRANDS DIVERSIFY, WHAT CHALLENGES DOES THIS CREATE FOR TRADEMARK COUNSEL?

Brand valuations following the ISO 10668 standard help to alert management to all manners of opportunities and threats. They consider the Legal ability of the brand to win protection in new categories, the financial attractiveness of extending into any new categories, the risks posed by new extensions and above all the Behavioural response of consumers to further brand extension.

CONCLUSION

A robust brand valuation can help avoid the fate which befell the Pierre Cardin brand, which was extended and diluted to such an extent that over extension is now referred to as 'Cardinisation'.

The role of trademark counsel in this process is vital.

- Firstly, to keep up with marketing management keen to extend and extend.
- Secondly, to advise whether and how brands and sub-brands can be registered.
- Thirdly, providing advice on the cost efficiency of ever extending trademark protection; some global brands find that they have tens of thousands of trademarks which require huge financial and management support. Trademark counsel working within the brand valuation team help to answer the question of whether this is a value enhancing strategy.

ISO 10668 will help integrate Trademark Counsel into a multi-disciplinary brand management team. Trademark Counsel will no longer be working in their own technical silo.

In my view, ISO 10668 is a major breakthrough, which will help further professionalise the business of brand management.

INTEGRATED REPORTING AND BRAND PERFORMANCE

GARETH RICHARDSON MCSD,
CEO,
Sedgwick Richardson

Tougher still is to make [reporting] clear, concise and comprehensible.

HRH PRINCE OF WALES

THE MOVE TO INTEGRATED REPORTING IS GAINING MOMENTUM

The Sustainability Accounting Standards Board, SASB, and International Integrated Reporting Council, IIRC, recently agreed to align their organisations on disclosure and sustainability issues.

Meanwhile, the Global Reporting Initiative, GRI, has linked its new GRI4 guideline to a host of internationally recognised frameworks. Linkage to the IIRC's Integrated Reporting Framework is in the pipeline.

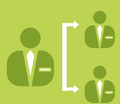
It's important to note that IIRC and GRI4 are complementary. GRI4 provides the building blocks of sustainability needed before contemplating the 'integrated reporting' of financial and non-financial data.

As consumer and investor awareness of sustainability issues continues to grow, reporting to GRI4 standards makes good business sense. What's more, as the consistency and comparability of data improves, and as integration of financial and non-financial performance gains traction, it seems only a matter of time until integrated reporting is codified into legislation.

SO WHAT IS 'INTEGRATED REPORTING'?

In essence the IIRC framework aims to provide a coherent story of a company's ability to create value into the future through linking financial and non-financial sustainability data to the company strategy.

These are the areas where there seems to be broad agreement:



There is a need for better connecting disclosures to the overarching "strategy story" of the organisation.

The value of the disclosures to investors should exceed the cost to produce and obtain assurance thereon.

Global initiatives towards simplifying disclosures are to be welcomed.

Organisations already understand the need for 'integrated' data to drive decisions supporting their strategy. Balanced scorecards, enterprise performance dashboards and strategy maps are common tools to facilitate this. Producing an integrated report may act as a further catalyst for internal 'silo-busting'.

There needs to be more focus on intangible assets/IP and associated KPIs.

WHAT IS THE "INVESTOR VALUE PROPOSITION" OF A SINGLE INTEGRATED REPORT?

What level of integration do investors need to make an assessment of sustainable value generation capability?

The IMA advocates a 'grow and learn' approach to integrated reporting pointing out that full integration of customer, employee and societal measures with the standard financial external disclosures may not be feasible for several reasons. These include timing, cost effectiveness, assurance level and legal liability. There is also the question of resources required to bring data together for verification and publication within a tight timeframe.

Current practice is often to include a sustainability section within the annual report or sometimes to produce these as two separate documents. Sometimes there is an attempt to combine both reports into a single document by slicing and dicing data without explaining the linkages between financial and other non-financial metrics.

Part of the problem is the difficulty in quantifying and linking non-financial measures to financials and the overall "strategy story". Some elements of sustainability defy precise measurement, but demonstrating progress in the right direction is nonetheless valuable to investors.

Companies that are leading the move to fully integrated reporting include SAP and Puma.

THE ROLE OF DIGITAL PLATFORMS AND EFFECTIVE DESIGN

The goal of integrated reporting is to better inform investors as to the sustainable value creation capability and capacity of the organisation. At the same time there is a need for more informative reports including reporting on intangibles and creating better connections to the overarching "strategy story".

Encouragingly, most companies have recognised that sustainability is good business practice. They should now look for innovative ways to outline the progress of their responsible business activities. A multi-media and 'social' media approach can effectively communicate environmental and social commitments to increasingly aware stakeholders. Linking existing reports within a digital platform can provide a step towards integration over time.

The opportunity today is to connect the dots across financial and sustainability issues through content strategy and compelling multimedia presentation of progress delivered through the right channels, at the right time, in the right way for investor consumption.

When producing an integrated performance report, good design – using the term in its broadest sense – can help investors to:

Find the information they need quickly

Relevant information in the right form via the right channel

More easily comprehend it

Visualise the strategic story

Depict data in compelling and engaging ways

Enhance perceived value

A KPI for intangibles should include a measurement of reporting effectiveness

Companies striving for integrated reporting are perceived to be heading in the right direction and 'a better bet' than companies that have yet to embark on the journey

Differentiate

In an increasingly competitive global market, corporate brand and design are key differentiators

Increase participation

Easy sharing of relevant information in digestible form allows stakeholders to become company ambassadors

THE BOTTOM LINE

Integrated reporting, no matter how it is accomplished, should be treated as part of the overall IR communications platform all year round. Quality content creation should be viewed as a strategic requirement alongside technology enablement (such as XBRL frameworks). Infographics of scorecards, video and photography coverage of events, should be ongoing reporting endeavours not to be postponed until there is more time, "perhaps next year".

Integrating financial and sustainability reports successfully, either in a single document or as a cohesive set of linked reports, speaks volumes about an organisation's ability to create value into the future thereby building that intangible called 'brand'.

EXPLANATION OF THE METHODOLOGY

BrandFinance® uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value. The steps in this process are:

1. OBTAIN BRAND-SPECIFIC FINANCIAL AND REVENUE DATA.

This quantitative data is obtained from Bloomberg, company data sources such as websites and annual reports, investment analyst and industry expert reports, and other publicly available data sources.

2. DETERMINE MARKET RELATED REVENUE FORECAST.

Three forecast periods were used:

- Estimated financial results for 2010 using Institutional Brokers Estimate System (IBES) consensus forecast
- A five-year forecast period (2012-2016), based on three data sources (IBES, historic growth and GDP growth)
- Perpetuity growth, based on a combination of growth expectations (GDP and IBES)

3. ESTABLISH THE NOTIONAL ROYALTY RATE FOR EACH BRAND PORTFOLIO.

Steps in determining the notional Royalty Rate are:

- **Establish a royalty rate range for each sector.** Royalty rate ranges were set for each industry by reference to a review of comparable licensing agreements and industry norms. A review of publicly available licensing agreement indicates the royalty rates set between third parties in arm's length commercial transactions.
- **Compare royalty rates with operating margins in the sector.** Fundamental profitability in each sector influences the determination of royalty rate ranges. This must be taken into account when determining the royalty rate ranges. A 'Rule of Thumb' exists within the licensing industry ('Rule of 25'), which states that, on average, a licensee should expect to pay between 25% and 40% of its expected profits for access to the licensed intellectual property.

  For example, if profit margin is 20%, an appropriate royalty rate should fall between 25% x 20% = 5% and 40% x 20% = 8%. The rule is based on heuristic evidence of a relationship between market royalty rates and margins earned in licensee businesses. Royalty rates may be higher or lower than 25% of profits, depending upon a variety of quantitative and qualitative factors that can and do affect commercial negotiations. When determining royalty rate ranges, the '25% rule' is a useful indicator of what an appropriate royalty rate range might be in each sector.
- **Establish the appropriate royalty rate within the range for each brand portfolio** by calculating brand strength – on a scale of 0 to 100 – according to a number of attributes such as emotional connection, functional performance, and profitability, among others. This is calculated by reference to 'ßrandßeta®' analysis.

4. **CALCULATE THE DISCOUNT RATE SPECIFIC TO EACH BRAND,** taking account of its size, geographical presence, reputation, gearing and brand rating. The discount rate is calculated using the Weighted Average Cost of Capital (WACC). This takes into account debt costs, equity costs and the debt to equity ratio as well as the brand rating which gives a discount or premium based on the strength of the brand. The principle being that a strong brand should command a lower discount rate in the valuation calculation than a weak one.

5. **DISCOUNT FUTURE ROYALTY STREAM** (explicit forecast and perpetuity periods) to a net present value. The result is the brand value for inclusion in our table. Where enterprise values can be calculated by reference to public market information, the brand value is expressed as a percentage of Enterprise Value (EV).

BRAND RATINGS

These are calculated using Brand Finance's ßrandßeta® analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA to D. It is conceptually similar to a credit rating.

A Brand Rating:

- Quantifies the strength and performance of the brand being valued
- Provides an indication of the risk attached to future earnings of the brand

The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

BRAND RATING DEFINITIONS

RATING	DEFINITION
AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB-B	Average
CCC-C	Weak
DDD-D	Failing

The ratings from AA to CCC can be altered by including a plus (+) or minus (-) sign to show their more detailed positioning in comparison with the general rating group.

VALUATION DATE

All brand values in the report are for the end of the year, 31st December 2013.

GLOSSARY OF TERMS

BRAND
Trademarks and trademark licenses together with associated goodwill.

ßrandßeta®
Brand Finance's proprietary method for determining the strength, risk and future potential of a brand relative to its competitor set.

BRANDED BUSINESS
The whole business trading under a particular brand or portfolio of brands, the associated goodwill and all the intangible elements at work within the business.

BRAND RATING
A summary opinion, similar to a credit rating, on a brand based on its strength as measured by Brand Finance's 'Brand Strength Index'.

BRAND VALUE
The net present value of the estimated future cash flows attributable to the brand (see Methodology section for more detail).

DISCOUNTED CASH FLOW (DCF)
A method of evaluating an asset value by estimating future cash flows and taking into consideration the time value of money and risk attributed to the future cash flows.

DISCOUNT RATE
The interest rate used in discounting future cash flows.

ENTERPRISE VALUE
The combined market value of the equity and debt of a business less cash and cash equivalents.

FAIR MARKET VALUE (FMV)
The price at which a business or assets would change hands between a willing buyer and a willing seller, neither of whom are under compulsion to buy or sell and both having reasonable knowledge of all relevant facts at the time.

HOLDING COMPANY
A company controlling management and operations in another company or group of other companies.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance.

NET PRESENT VALUE (NPV)
The present value of an asset's net cash flows (minus any initial investment).

TANGIBLE VALUE
The fair market value of the monetary and physical assets of a business.

WEIGHTED AVERAGE COST OF CAPITAL (WACC)
An average representing the expected return on all of a company's securities. Each source of capital, such as stocks, bonds, and other debts, is assigned a required rate of return, and then these required rates of return are weighted in proportion to the share each source of capital contributes to the company's capital structure.

ABOUT
BRAND FINANCE

Brand Finance is the world's leading independent brand and intangible asset valuation firm. We advise organisations across a wide range of sectors on how to maximise shareholder value through effective management of their intangible assets. Headquartered in London, Brand Finance was founded in 1996 and now has offices in eighteen countries. The Singapore subsidiary was established in 2001.

Our services complement and support each other, resulting in an in-depth understanding of intangible assets from financial, consumer and commercial perspectives:

VALUATION:
We are an international leader in the field of intangible asset valuation and transfer pricing.
- Purchase price allocations and impairment reviews
- Financial reporting
- Transfer pricing
- Litigation

ANALYTICS:
We help companies quantify the return on marketing investment and track brand performance.
- Brand investment dashboards
- Return on marketing investment
- Marketing mix modelling
- Benchmarking

STRATEGY:
We use value-based management and marketing tools to enable management to allocate resources to activities that create the most value.
- Scenario modelling and valuation
- Brand architecture
- Resource allocation and budget setting
- Portfolio evaluation and strategy

TRANSACTIONS:
We help clients extract value from their intellectual property through transactions.
- Intellectual property and brand due diligence
- Intellectual property structuring
- Licensing
- Joint venture, mergers, acquisitions, investment and divestment decisions

Brand Finance has worked with many of the world's leading brand owners and branded enterprises. We also advise private equity companies, investment banks, intellectual property lawyers, and tax authorities.

DISCLAIMER:
Brand Finance Singapore 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. No independent verification or audit of such materials was undertaken. Brand Finance Singapore 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 brand valuations for Singapore's Top 100 brands follow IVSC guidance but will only comply with ISO 10668 Monetary Brand Valuation Standard when accompanied by detailed Legal and Behavioral Analysis.

The conclusions expressed are the opinions of Brand Finance Singapore and are not intended to be warranties or guarantees that a particular value or projection can be achieved in any transaction. The opinions expressed in the report are not to be construed as providing investment advice. Brand Finance Singapore does not intend the report to be relied upon for technical reasons and excludes all liability to any organisation.

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CONTACT DETAILS

Brand Finance is the leading independent intangible asset valuation and strategy firm, helping companies to manage their brands more intelligently for improved business results.

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TRANSPARENCY IN BRAND VALUATION

ALFREDO CHANDRA
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There is less regulation of the valuation profession in comparison to the accounting, auditing and legal fraternity. Whilst there are standards which provide a guide to valuers such as those set by the International Valuation Standards Council, many professionals can conduct valuations without any accreditation from a governing body.

Organisations requiring valuation services are thus left to choose from a pool of valuers who are mostly unregulated. Whilst the valuation fraternity works towards accreditation and recognition on both a country and global basis, the importance in any valuation exercise is to ensure that valuers are independent from the business being valued.

Valuation is an art, not just a science. Brand valuations are no different from the valuation of buildings, equipment, pension assets and liabilities, shares, bonds, patents, art, wine and many other assets. If you ask two expert valuers for an asset valuation opinion in any asset class you will inevitably get different answers. Even if they use identical methods and similar assumptions they may come to different conclusions. However, if the calculations are entirely transparent it is possible to form a balance view on the validity of the valuer's opinion. It also helps to know that the valuer reached their opinion independently and objectively. Why might the valuer's independence be compromised?

1. **Self-interest** — having an interest in the outcome of the brand valuation.

2. **Self-review** — both creating the asset and forming a valuation opinion of it.

3. **Advocacy** — compromising an arm's length opinion to promote the client's interest.

4. **Familiarity** — becoming too familiar with the management of the company under review.

5. **Intimidation** — letting commercial or other threats affect the result of the brand valuation.

6. **Process application** — brand valuations should ideally be ISO certified under ISO 10668 as it provides a complete framework which includes bringing in financial, legal, and marketing perspectives that is not regularly done by valuers.

Valuers must be objective and present values that reflect all information at their disposable, without having a predetermined outcome. There is a strong and growing body of opinion that it is impossible for a consultancy to provide genuinely independent brand valuation opinions on brands that they, or their parent company, built in the first place. Brand Finance plc continues to promote the Campaign for Independent Brand Valuation, which promotes strict guidelines on the conduct of brand valuers to avoid actual and perceived threats to their independent judgement.

Unfortunately, Interbrand and Milward Brown are both wholly-owned subsidiaries of marketing services giants (Omnicom and WPP respectively), which make millions of dollars building the very brands their subsidiaries then value Indeed, Interbrand's strapline is 'Creating and managing brand value.

In the 1980s and 1990s such threats led accountancy bodies and regulators to discourage audit firms from providing consulting and valuation services to their audit clients. We believe the same restriction should apply to the valuation of brands by companies whose primary role is to build them to ensure greater independence and transparency.

BRAND SCORECARD

An answer to the comtemporary brand management challenge

EDGAR BAUM
Managing Director
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Managing brand perceptions across multiple stakeholders increasingly challenges branded organisations. This is a challenge that begins at the top of organisations, with the CEO and board. Most organisations are set up with vertical reporting through channels, divisions and/or regions. Consumers, distributors, employees, investors are just some examples of stakeholder groups that are frequently managed through silos. Often, the left hand doesn't know what the right hand is doing until too late, and the larger the organisation, the more hands to manage. This model is increasingly coming under strain as customers and consumers are becoming more sophisticated through an ever-increasing access to data.

This challenge is experienced by organisations that are structured under the 'brand house' or 'house of brands' models, as it is very easy for the marketplace to know the ownership structures of companies. Branded companies are increasingly discovering, to their embarrassment, that actions involving one stakeholder group can dramatically affect the fortunes from another stakeholder group and the overall organisation as a whole. BP's gulf spill, JC Penney's failed re-brand, Kodak's fall from grace are all examples of organisations that are not managing their brand across all stakeholders.

The brand, be it an operating or corporate brand, is the only component of an organisation that crosses organisational lines. Understanding and managing the performance of the brand across multiple stakeholders solves many challenges for an organisation and prevents many issues from arising.

A comprehensive brand scorecard tracks brand perceptions, financial and non-financial performance metrics across all major stakeholders in a company. It also shows the performance of the immediate competition across all relevant data points where that data can be made available. A brand scorecard is a canary in the coalmine for the board, a performance management tool for senior management, and a marketing/brand investment ROI tool for middle management. It is not a consistent causal model, however, it does show correlation, and provide those important, first steps for an organisation to address its needs.

Let's take a look at how the executives of an organisation can read a brand scorecard. Below is one slice of a brand scorecard looking at the perceptions of reliability across multiple stakeholders and their associated behaviour with respect to the brand.

	CONSUMERS		DISTRIBUTORS			ANALYSTS			EMPLOYEES	
	X Brand	Comp. Avg	Best in Class	X Brand	Comp. Avg	Best in Class	X Brand	Comp. Avg	Best in Class	X Brand
Loyalty	65%	82%	95%	90%	75%	90%	N/A	N/A	N/A	34%
Purchase Intent	23%	65%	74%	84%	67%	84%	N/A	N/A	N/A	60%
Recommend	34%	45%	80%	56%	67%	99%	N/A	N/A	N/A	44%
Reliability	24%	67%	85%	45%	75%	90%	50%	75%	84%	88%
Satisfaction	38%	72%	92%	65%	70%	85%	N/A	N/A	N/A	41%

	STAKEHOLDERS			COMPETITION			TARGETS		
Brand Attributes									
Marketing KPIs									
Industry KPIs									
Financial KPIs									

This segment of a brand scorecard shows the challenges for this organisation that explains the present challenges that they have.

There is an employee base that is under the impression that the product is reliable interacting with a buyer base that clearly believes the opposite. The distributors are exhibiting category leading loyalty behaviour that does not translate to the consumer – the source of revenues and profits. Clearly, the distributors are heavily favoured in the present stakeholder model, at the cost of slowly disappearing consumers and dissatisfied employees.

A key driver for the declining market share is perceptions of reliability that is substantially lagging the competitor average. Furthermore, the consumer experience is likely unfavourable if the substantial majority of the company's employees do not agree with the reliability issues: this likely includes most of the management as well!

This example may appear extreme at first glance but in Brand Finance's experience there have been numerous situations where management and employees have been out of touch with the reality in the marketplace, not just the negatives, but the positives as well. Imagine you identify that a stakeholder group collectively thinks you are best in class while your employees are admiring and emulating the competition across the street. Isn't that a threat to the future success of the company?

A well-designed brand scorecard at its core covers the items in illustration II. The best of these present the data both at a point in time and across multiple periods to begin identifying trends.

Proper research from customers, internal databases, and competitor activities drives successful brand scorecards and make organisations more responsive. By seeing the similarities and discrepancies across brand perceptions and performance across the company, executive management can address growth roadblocks before they arise. In the contemporary days of 'big data' and ever increasing access stakeholder behaviour, a brand scorecard is a must for an organisation to responsible tracks both its tangible and intangible interactions and assets.

In summary organisations with Brand Scorecards gain the following benefits:

- Break down silos in your organisation
- Understand brand performance across stakeholder groups
- Track the market interaction with table stakes for you and the competition
- Identify how effective your employee strategy is and how it impacts your customer base
- Track the relatedness between your stakeholder groups
- Identify the short and long term impact of brand, product/service advertising, and CSR campaigns
- Track and understand the negatives associated with your brand, competitors, and category
- Understand how executing a strategy within one division of an organisation impacts another

Audience research Linked into ongoing market research tracking programme

Financial analysis linked into ongoing financial systems and **auto-analysis**

Brand Scorecard

Business Performance
Key reports produced for CEO and directors, driving priorities and investment

Investor Relations
Marketing becomes key part of analyst briefings and annual report

Personal Performance
Linked to manager and team's objectvies. KPIs, reviews and compensation