



Romania

50

2018

The annual report on the most valuable Romanian brands
July 2018

Foreword.



David Haigh
CEO, Brand Finance

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

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

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

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

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

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

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

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

About Brand Finance.

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

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

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise.

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

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



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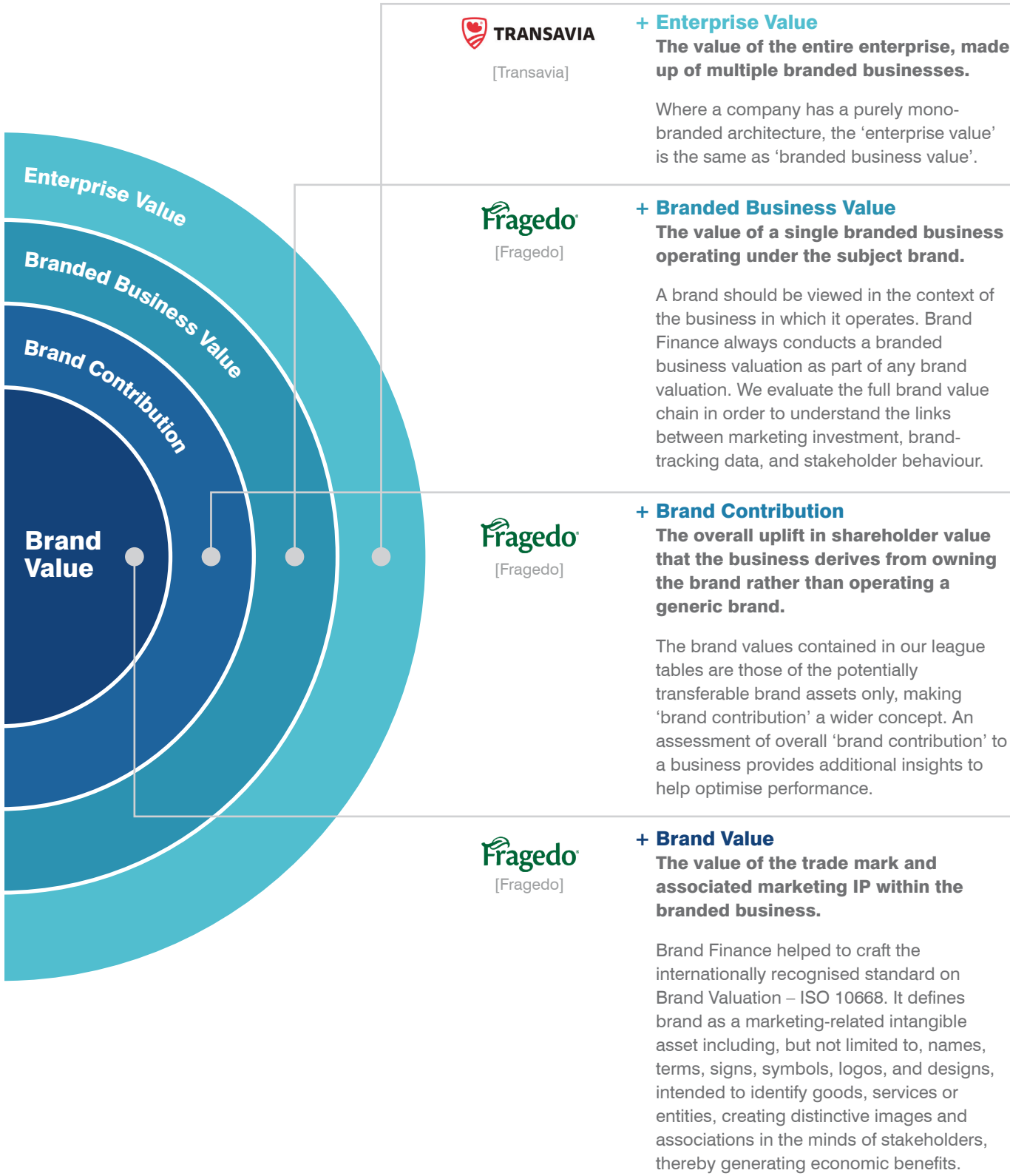
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Definitions.

Brand Value



Brand Strength

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

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

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

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

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



Executive Summary.



Dacia keeps pole position

The automotive brand Dacia remains the most valuable Romanian brand in 2018, and still the only one so far worth over EUR 1 billion. With an increase in sales worldwide through the Renault network (as over 90% of the brand’s local production is sold abroad), Dacia is unlikely to be overtaken soon. Valued at EUR 1,243m, slightly up from last year, Dacia is also one of the very few Romanian brands present in global league tables, having been ranked 60th in Brand Finance Auto 100 2018.

Top brands outperform economy

One remarkable development is the overall growth year-on-year: the aggregate value of the top 50 Romanian brands has increased 14% to EUR 4,271m. The rise is twice as high as the record 7% growth of the Romanian economy in 2017, as strong brands tend to outperform the rest of the economy.

On the back of strong growth, all but one top 10 brands hold their ground, with a slide down for BCR from 8th to 10th place following an 18% decrease in brand value, which allowed BRD and Electrica to climb up a place each.

'One flower does not make a spring' – as the Romanian saying goes – but 50 powerful brands cannot lie. There is a strong momentum for Romanian brands, partly fuelled by the economic growth but topping it twice over. More than 40 out of the top 50 brands have increased in value, and seem to have a bright future ahead of them.

David Haigh
CEO, Brand Finance

Smaller nations can punch above their weight by relying on intangible assets, such as brands. Therefore, the solid increase in brand value, the consolidation of brand strength, and the fact that five out of the top 10 brands have extensive international presence are all excellent news for Romania. Furthermore, this showcase should energise many aspiring local entrepreneurs, who might realise that brand value is a strong, universal currency.

Mihai Bogdan
Managing Director, Brand Finance Romania

Digi (RCS&RDS) consolidated its brand value with a 24% increase to EUR 186m, based on turnover growth and improved brand equity following the deployment of the DIGI brand. If it stays on course, it is likely that DIGI may feature in the global Brand Finance Telecoms 300 ranking next year.

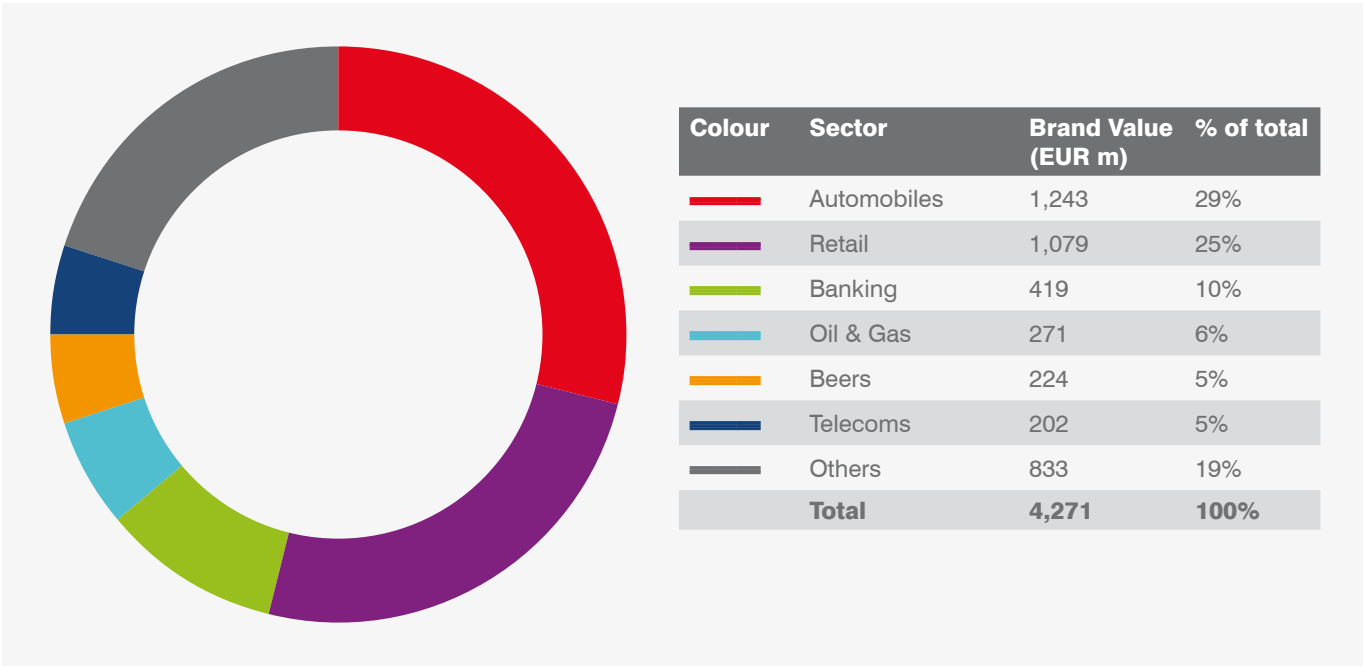
Placing 6th, Banca Transilvania maintains its title as the most valuable Romanian banking brand – valued at EUR 148m, up 14% from last year – and the only Romanian bank to have been included in the Brand Finance Banking 500 2018.

With operations in Europe and the US, Bitdefender remains Romania’s most valuable technology brand, worth EUR 118m. Besides the best-performance awards for its antivirus software worldwide, Bitdefender achieved an important validation of its business following an equity transaction in 2017, when the company was valued at over USD 600m.

Top 10 Most Valuable Brands

	1 Rank 2018: 1 2017: 1 → BV 2018: EUR 1,243m BV 2017: EUR 1,217m +2% Brand Rating: AA
	2 Rank 2018: 2 2017: 2 → BV 2018: EUR 458m BV 2017: EUR 361m +27% Brand Rating: AA
	3 Rank 2018: 3 2017: 3 → BV 2018: EUR 304m BV 2017: EUR 206m +47% Brand Rating: AA
	4 Rank 2018: 4 2017: 4 → BV 2018: EUR 194m BV 2017: EUR 162m +20% Brand Rating: AA
	5 Rank 2018: 5 2017: 5 → BV 2018: EUR 186m BV 2017: EUR 150m +24% Brand Rating: AA
	6 Rank 2018: 6 2017: 6 → BV 2018: EUR 148m BV 2017: EUR 130m +14% Brand Rating: A+
	7 Rank 2018: 7 2017: 7 → BV 2018: EUR 118m BV 2017: EUR 112m +6% Brand Rating: A+
	8 Rank 2018: 8 2017: 9 ↑ BV 2018: EUR 112m BV 2017: EUR 103m +9% Brand Rating: A
	9 Rank 2018: 9 2017: 10 ↑ BV 2018: EUR 110m BV 2017: EUR 80m +38% Brand Rating: AA-
	10 Rank 2018: 10 2017: 8 ↓ BV 2018: EUR 91m BV 2017: EUR 111m -18% Brand Rating: A+

Brand Value by Sector



Retail and banking brands dominate

On a sectorial view, apart from the particular automotive category of one, the retail sector (including e-commerce) has continued to generate the most brand value, with a total worth of EUR 1,078m – a striking 33% surge year-on-year, with all the 11 retail brands in the league table enjoying an increase in value.

The most valuable among them are the e-commerce star eMAG and the leading DIY chain Dedeman (which remains the most valuable brand with 100% Romanian shareholding), both recording high brand value growth rates, of 27% and 47% respectively.

Bank brands continue to fare strongly in the Brand Finance Romania 50 study, generating EUR 419m in brand value as a sector, and claiming three places among the top 10. However, within the category, the evolution was uneven, with Banca Transilvania and BRD enjoying strong growth, while BCR, CEC Bank, and Bancpost slid down the ranks following brand value decreases.

Portfolio power

Next to analysing individual brands, the Brand Finance Romania 50 study also ranks the 10 most valuable portfolios of brands, calculated for those businesses that deploy more than one brand on the market. These portfolios encompass over 40 well-known local brands, most valuable of which are also ranked individually in the main top 50 league table.

Valued at EUR 139m, up 21% from last year, Ursus Breweries continues to top the portfolios league table. The company also boasts three brands in the national top 50 – including the eponym Ursus brand (EUR 31m) and the oldest and most valuable brand beer, Timisoreana (EUR 60m).

The list of the top 10 brand portfolios, with a combined value of EUR 552m, remains virtually unchanged from last year, while all companies enjoyed significant growth – an average of 19% up from 2017.

Top 10 Most Valuable Portfolios

	1	Rank 2018: 1 2017: 1 → BV 2018: EUR 139m BV 2017: EUR 115m +21%
	2	Rank 2018: 2 2017: 2 → BV 2018: EUR 105m BV 2017: EUR 82m +28%
	3	Rank 2018: 3 2017: 3 → BV 2018: EUR 86m BV 2017: EUR 79m +8%
	4	Rank 2018: 4 2017: 4 → BV 2018: EUR 52m BV 2017: EUR 51m +3%
	5	Rank 2018: 5 2017: 5 → BV 2018: EUR 41m BV 2017: EUR 33m +24%
	6	Rank 2018: 6 2017: 7 ↑ BV 2018: EUR 33m BV 2017: EUR 25m +34%
	7	Rank 2018: 7 2017: 6 ↓ BV 2018: EUR 33m BV 2017: EUR 25m +32%
	8	Rank 2018: 8 2017: 8 → BV 2018: EUR 24m BV 2017: EUR 21m +14%
	9	Rank 2018: 9 2017: 9 → BV 2018: EUR 21m BV 2017: EUR 20m +5%
	10	Rank 2018: 10 2017: 10 → BV 2018: EUR 19m BV 2017: EUR 15m +22%

* Comprising only the local brands of HEINEKEN Romania SA

New & old, in & out

New brands – created and developed by private entrepreneurs and companies over the past 29 years – make up more than half of the Brand Finance Romania 50 league table, generating almost EUR 2 billion in brand value.

Of the old brands, it is particularly regrettable to see TVR lose brand value and slide down to the bottom of the table. Valued at EUR 15 million, TVR now ranks 49th out of 50 brands – a downfall determined by its diminishing economic performance and relevance.

Two new brands entered the table this year, namely the pharma retail chain Dona at 46th and the insurance company Asirom at 48th.

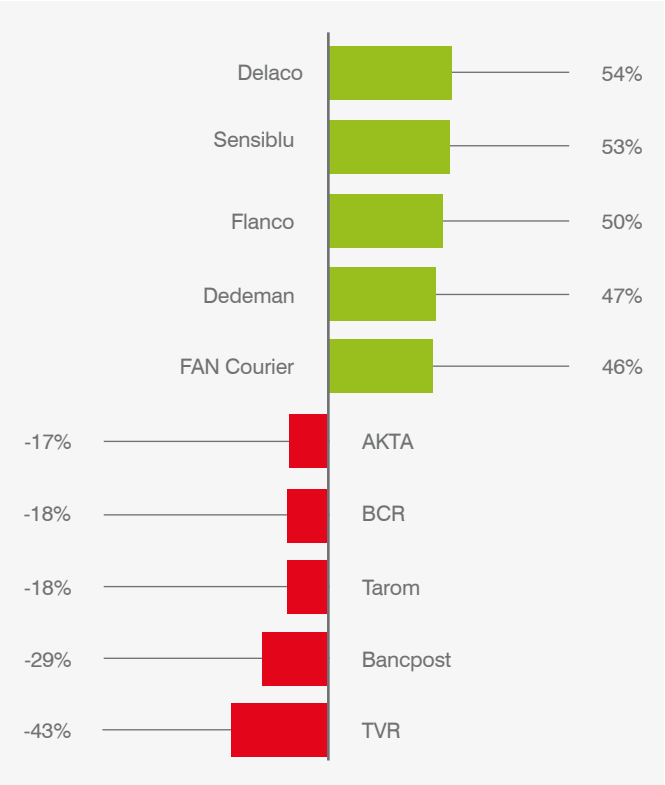
Inevitably, for each brand entering the table, another one is left out. This year, Azomures and Siveco are no longer to be found in the top 50 ranking. These changes are a standard occurrence and not necessarily a sign of bad brand performance on the part of the outgoing brands. It is rather that other brands, across different categories and markets, have grown more over the same period of time – a sign of a dynamic brand landscape.



The crucial relationship between brands and their main stakeholders - consumers - has been tried over the past year, when Romanian civil society voiced its expectation that top brands take a stance and withdraw from media channels that proliferate fake news and prejudice. It has been an important reminder for brands that their financial value cannot be locked in a safe, but rather, depends on the hearts and minds of the people.

Mihai Bogdan
Managing Director, Brand Finance Romania

Brand Value Change 2017-2018 (%)



Brand Finance Romania (EUR m).

Top 50 most valuable Romanian brands 1-50.

Rank 2018	Rank 2017	Brand name	Sector	Brand value (EUR m) 2018	% change	Brand value (EUR m) 2017	Brand rating 2018	Brand rating 2017
1	1	Dacia	Automobiles	1,243	2%	1,217	AA	AA
2	2	eMAG	Retail	458	27%	361	AA	AA-
3	3	Dedeman	Retail	304	47%	206	AA	AA-
4	4	Petrom	Oil & Gas	194	20%	162	AA	A+
5	5	DIGI / RCS&RDS	Telecoms	186	24%	150	AA	A-
6	6	Banca Transilvania	Banking	148	14%	130	A+	A+
7	7	Bitdefender	Technology	118	6%	112	A+	A+
8	9	BRD	Banking	112	9%	103	A	A
9	10	Electrica	Utilities	110	38%	80	AA-	A
10	8	BCR	Banking	91	-18%	111	A+	A+
11	15	Rompotrol	Oil & Gas					
12	12	PRO TV	Media					
13	11	Arctic	Technology					
14	14	Altex	Retail					
15	17	Timisoreana	Beers					
16	16	Tiriac	Retail					
17	20	Catena	Retail					
18	13	CEC Bank	Banking					
19	18	Fragedo	Food					
20	21	Ciucas	Beers					
21	19	Tinmar	Utilities					
22	23	Cris-Tim	Food					
23	28	FAN Courier	Logistics					
24	26	Ursus	Beers					
25	33	Delaco	Food					
26	35	Sensiblu	Retail					
27	29	Arabesque	Retail					
28	22	Tarom	Airlines					
29	25	Neumarkt	Beers					
30	32	Blue Air	Airlines					
31	31	Bergenbier	Beers					
32	43	Flanco	Retail					
33	30	Antena 1	Media					
34	39	DERO	Cosmetics & Personal Care					
35	40	CFR	Logistics					
36	34	Agricover	Commercial Services					
37	42	Omniasig	Insurance					
38	41	Agricola	Food					
39	38	Golden Brau	Beers					
40	46	Bucegi	Beers					
41	44	Network One Distribution (NOD)	Technology					
42	27	Bancpost	Banking					
43	45	Help Net	Retail					
44	37	AKTA	Telecoms					
45	47	Terapia	Pharma					
46	New	DONA	Retail					
47	49	Mobexpert	Retail					
48	New	ASIROM	Insurance					
49	24	TVR	Media					
50	48	Borsec	Soft Drinks					

Methodology.

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

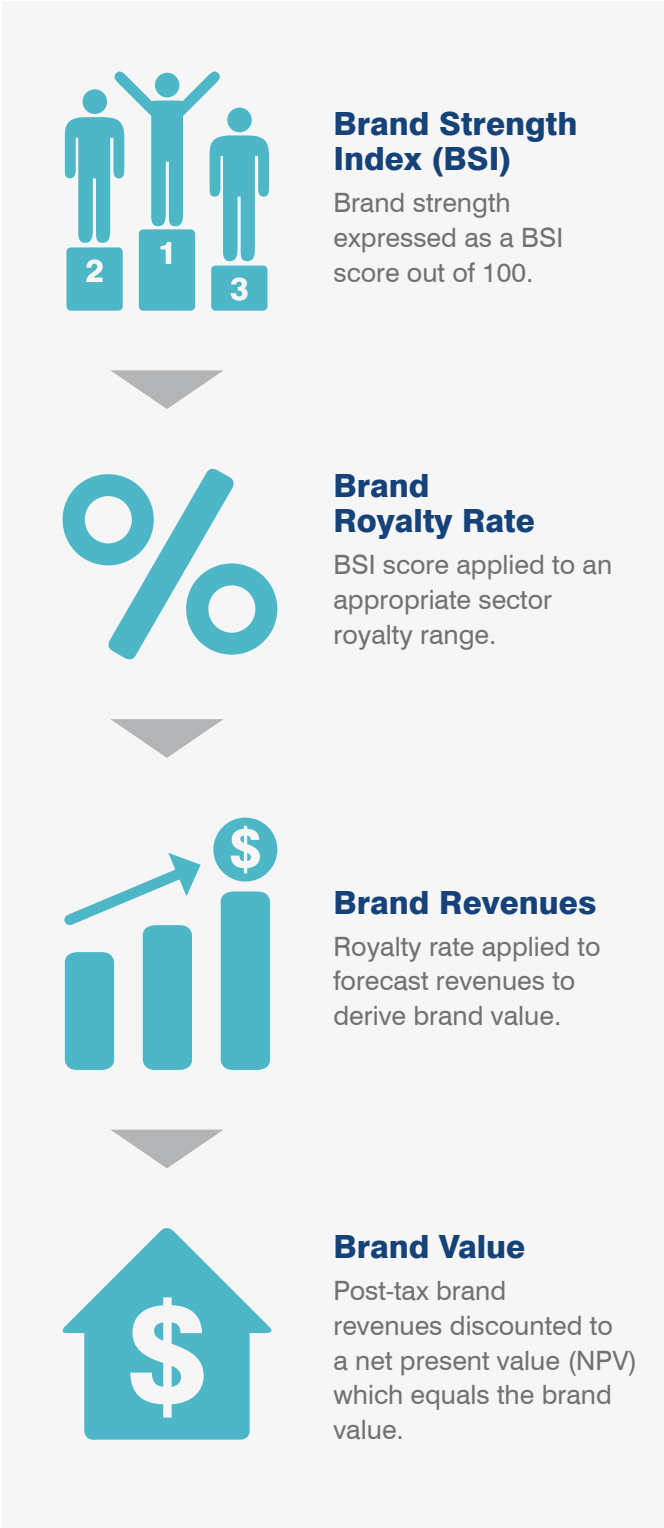
This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a ‘brand value’ understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

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

Disclaimer

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



Understand Your Brand’s Value.

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

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

What is a Brand Value Report?

Brand Valuation Summary

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

Brand Strength Index

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

Royalty Rates

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

Cost of Capital

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

Customer Research

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

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

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What are the benefits of a Brand Value Report?



Insight

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



Strategy

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



Benchmarking

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



Education

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



Communication

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



Understanding

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

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Communications Services.

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





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