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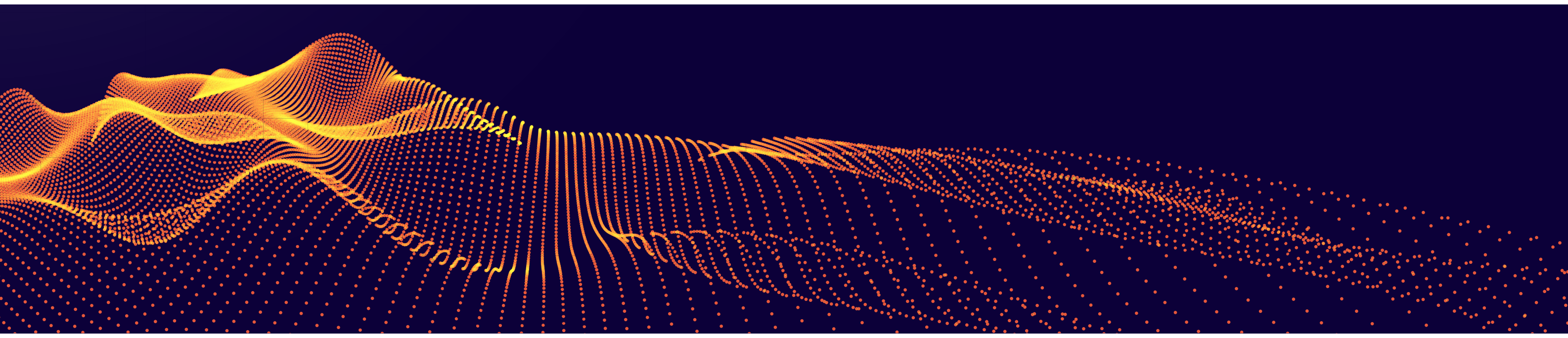

GIFT™ 2020

Global Intangible Finance Tracker (GIFT™) — an annual review of the world's intangible value

October 2020

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About Brand Finance.

Brand Finance is the world's leading independent brand valuation consultancy.

We bridge the gap between marketing and finance
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 quantify the financial value of brands
We put 5,000 of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish nearly 100 reports annually.

We offer a unique combination of expertise
Our teams have experience across a wide range of disciplines from marketing and market research, to brand strategy and visual identity, to tax and accounting.

We pride ourselves on technical credibility
Brand Finance is a chartered accountancy firm regulated by the Institute of Chartered Accountants in England and Wales, and the first brand valuation consultancy to join the International Valuation Standards Council.

Our experts helped craft the internationally recognised standards on Brand Valuation – ISO 10668 and Brand Evaluation – ISO 20671. Our methodology has been certified by global independent auditors – Austrian Standards – as compliant with both, and received the official approval of the Marketing Accountability Standards Board.

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MASB CERTIFIED 2019 MARKETING ACCOUNTABILITY STANDARDS BOARD MARKETING METRIC AUDIT PROTOCOL

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Get in Touch.

For business enquiries, please contact:
Alex Haigh
Technical Director, Brand Finance
+44 7711 597580
a.haigh@brandfinance.com

For media enquiries, please contact:
Konrad Jagodzinski
Communications Manager
+44 7508 304782
k.jagodzinski@brandfinance.com

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

For more information, please visit our website:
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VI360 is a brand identity management consultancy working for clients of all sizes on brand compliance, brand transition, and brand identity management. VI360 provide straightforward and practical brand management that results in tangible benefits for your business.

Foreword: Brand Finance.

David Haigh
CEO, Brand Finance

Each year, Brand Finance plc analyses the fluctuating value of intangible assets on world stock markets. Once again the Global Intangible Finance Tracker (GIFT™) highlights important trends which have developed over the last 19 years:

1. The absolute scale of global intangible assets and the high percentage of global enterprise value represented by intangible assets;
2. The volatility of intangible asset values caused by changes in investor sentiment over time;
3. The confusion created by some intangible assets appearing in balance sheets while most do not;
4. The failure of IFRS 3 to adequately report the current real value of both internally generated and acquired intangibles.

The phenomenon of 'undisclosed intangibles' has arisen because accounting standards do not recognise intangible assets unless there has been a transaction to support intangible asset values in the balance sheet.

To many accountants, the Historical Cost Convention is a prudent measure to prevent creative accounting and the distortion of reported asset values. But the ban on intangible assets appearing in balance sheets unless there has been a separate purchase for the asset in question or a fair value allocation of an acquisition purchase price, means that many highly valuable intangible assets never appear on balance sheets.

This seems bizarre to most ordinary, non-accounting managers. They point to the fact that while Smirnoff appears in Diageo's balance sheet, Baileys does not. The value of Cadbury's brands was not apparent in its balance sheet and probably not reflected in the share price prior to Kraft's unsolicited and ultimately successful contested takeover of that once great British company.

There are many other examples of this unfortunate phenomenon, which has led to the call for a new approach to financial reporting, with fair values of all assets determined and reported by management each year. Annual fair value reporting would be a significant help to managers, investors and other interested parties.

There is a growing demand, strongly supported by Brand Finance plc, that it is time for a new form of financial reporting, whereby boards should be required to disclose their opinion of the fair value of all key intangible assets under their control. We believe that this exercise should be conducted annually and include explanatory notes as to the nature of each intangible asset, the key assumptions made in arriving at the values disclosed and a commentary about the health and management of each material intangible assets. They could then be held properly accountable.

We believe that too many great brands have been bought and transferred offshore as a result of the ongoing reporting problem.

We hope that this GIFT™ report will start a reporting revolution which is long overdue. Instead of meaningless balance sheet numbers we want to see living balance sheets with values that the board really considers appropriate and useful for customers, staff, investors, partners, regulators, tax authorities, and other stakeholders.

We urgently need a more imaginative approach towards a regular revaluation and reporting of intangible assets. If we could achieve a more meaningful reporting approach, we believe that it would lead to better informed management, higher investment in innovation and intangible value creation, stronger balance sheets, better defence against asset strippers, and generally serve the needs of all stakeholders.

In our opinion, it is time for CEOs, CFOs, and CMOs to start a long overdue reporting revolution.

Definitions.

Intangible assets can be grouped into three broad categories – rights, relationships and intellectual property:

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

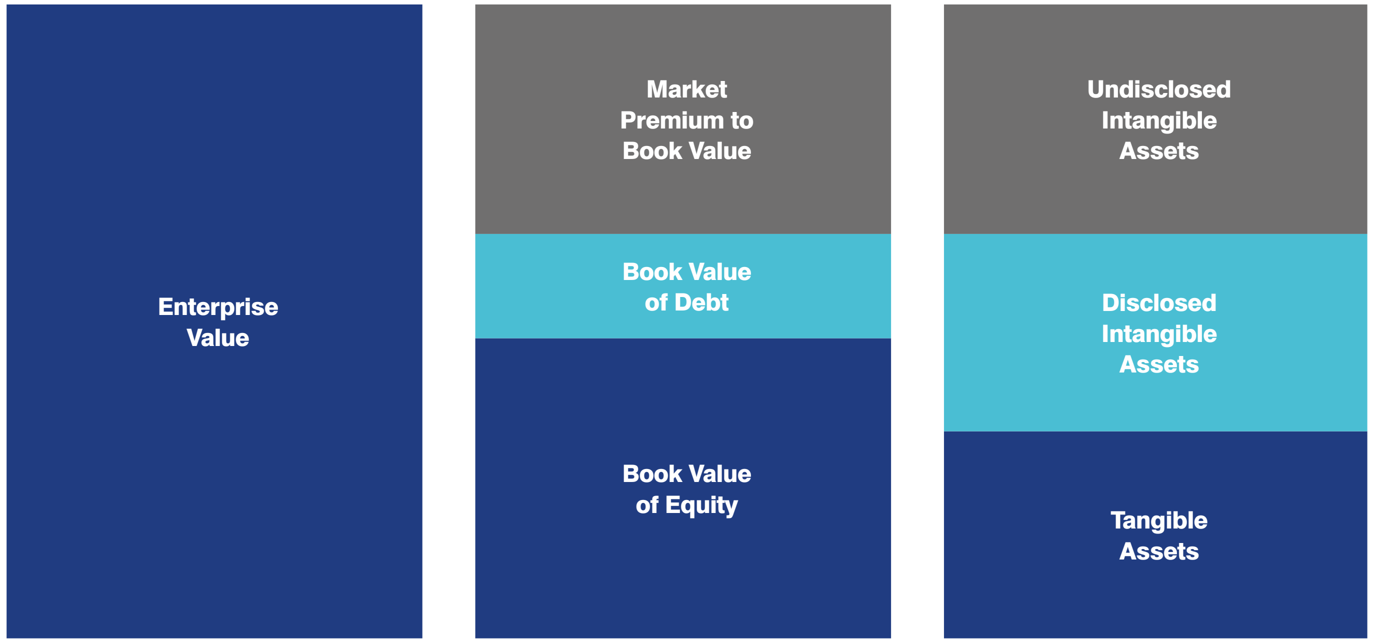
2 Relationships. Trained and assembled workforce, customer and distribution relationships.

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.

Internally generated intangibles cannot be disclosed on the balance sheet, but are often significant in value, and should be understood and managed appropriately. Under IFRS 3, only intangible assets that have been acquired can be separately disclosed on the acquiring company's consolidated balance sheet (disclosed intangible assets).

The following diagram illustrates how intangible value is made up of both disclosed and undisclosed value.

Breakdown of corporate assets, including intangibles



'Undisclosed intangible assets', are often 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 goodwill value is treated as an intangible asset in a business combination on the acquiring company's balance sheet. Current accounting practice does not allow for internally generated intangible assets to be disclosed on a balance sheet. Under current IFRS only the value of acquired intangible assets can be recognised.

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 IFRS 3 in Europe, and FAS 141 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 is 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.

Categories of intangible asset under IFRS 3

Marketing-Related Intangible Assets	Customer-Related Intangible Assets	Contract-Based Intangible Assets	Technology-Based Intangible Assets	Artistic-Related Intangible Assets
Trademarks, tradenames	Customer lists	Licensing, royalty, standstill agreements	Patented technology	Plays, operas and ballets
Service marks, collective marks, certification marks	Order or production backlog	Advertising, construction, management, service or supply contracts	Computer software and mask works	Books, magazines, newspapers and other literary works
Trade dress (unique colour, shape, or package design)	Customer contracts & related customer relationships	Lease agreements	Unpatented technology	Musical works such as compositions, song lyrics and advertising jingles
Newspapers	Non-contractual customer relationships	Construction permits	Databases	Pictures and photographs
Internet Domain Names		Permits	Trade secrets, such as secret formulas, processes, recipes	Video and audio-visual material, including films, music,
Mastheads		Franchise agreements		videos etc.
Non-competition agreements		Operating and broadcast rights		
		Use rights such as drilling, water, air, mineral, timber cutting & route authorities		
		Servicing contracts such as mortgage servicing contracts		
		Employment contracts		

Reporting: Background.

In 2001, FAS 141 introduced the requirement for US companies to capitalize acquired intangibles following an acquisition. Intangible assets should be separately disclosed on the acquiring company's consolidated balance sheet. In 2004 , IFRS 3 introduced the same requirement as a global standard.

In 2005, all listed companies in EU member countries adopted IFRS.

At present, approximately 90 nations have fully conformed with IFRS, with further 30 countries and reporting jurisdictions either permitting or requiring IFRS compliance for domestically listed companies.

The adoption of IFRS accounting standards means that the value of disclosed intangible assets is likely to increase in the future. Strong advocates of 'fair value reporting' believe that the requirements should go further and that 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, so long as valuation methods and corporate governance are sufficiently rigorous.

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 rules state 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, with conditions on, for example, technical feasibility and the intention and ability to complete and use the asset. "Internally generated goodwill", as well as internally generated "brands, mastheads, publishing titles, customer lists and items similar in substance", may not be recognised.

IFRS: Allocating the cost of a business combination

At the date of acquisition, an acquirer must measure the cost of the business combination by recognising the target'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 gain on a bargain purchase).

Goodwill: After initial recognition of goodwill, IFRS 3 requires that goodwill be recorded at cost less accumulated impairment charges. Whereas previously (under IAS 22) goodwill was amortised over its useful economic life (presumed not to exceed 20 years), it is now subject to impairment testing at least once a year. Amortisation is no longer permitted.

Gain on a bargain purchase: Gain on a bargain purchase arises where the purchase price is determined to be 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, IFRS 3 says that an acquirer should "reassess" the identification and measurement of the acquired identifiable assets and liabilities.

Impairment of assets

A revised IAS 36 'Impairment of Assets' was issued at the same time as IFRS 3, on 31 March 2004. Previously an impairment test was only required if a 'triggering event' indicated that impairment might have occurred.

Under the revised rules, an annual impairment test is still required for certain assets, namely:

+ **Goodwill**
+ **Intangible assets with an indefinite useful economic life and intangible assets not yet available for use.**

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.

The revised IAS 36 also introduces 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.

Impact on managers and investors

a) Management

Perhaps the most important impact of new reporting standards has been on management accountability. Greater transparency, rigorous impairment testing and additional disclosure should mean more scrutiny both internally and externally. The requirement for the acquiring company to attempt to explain at least a part of what was previously lumped into "goodwill" should help analysts to analyse deals more closely and gauge whether management have paid a sensible price.

The new standards are also having a significant impact on the way companies plan their acquisitions. When considering an acquisition, a detailed analysis of all the target company's potential assets and liabilities is recommended to assess the impact on the consolidated group balance sheet and P&L post-acquisition.

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 definite useful economic lives, impairment tests on assets with indefinite useful economic lives may lead to one-off impairment charges, particularly 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 to assist with valuations and on appropriate disclosure.

b) 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 paid too much in a deal. Subsequent impairment tests may also shed light on whether the price paid was a good one for the acquiring company's shareholders.

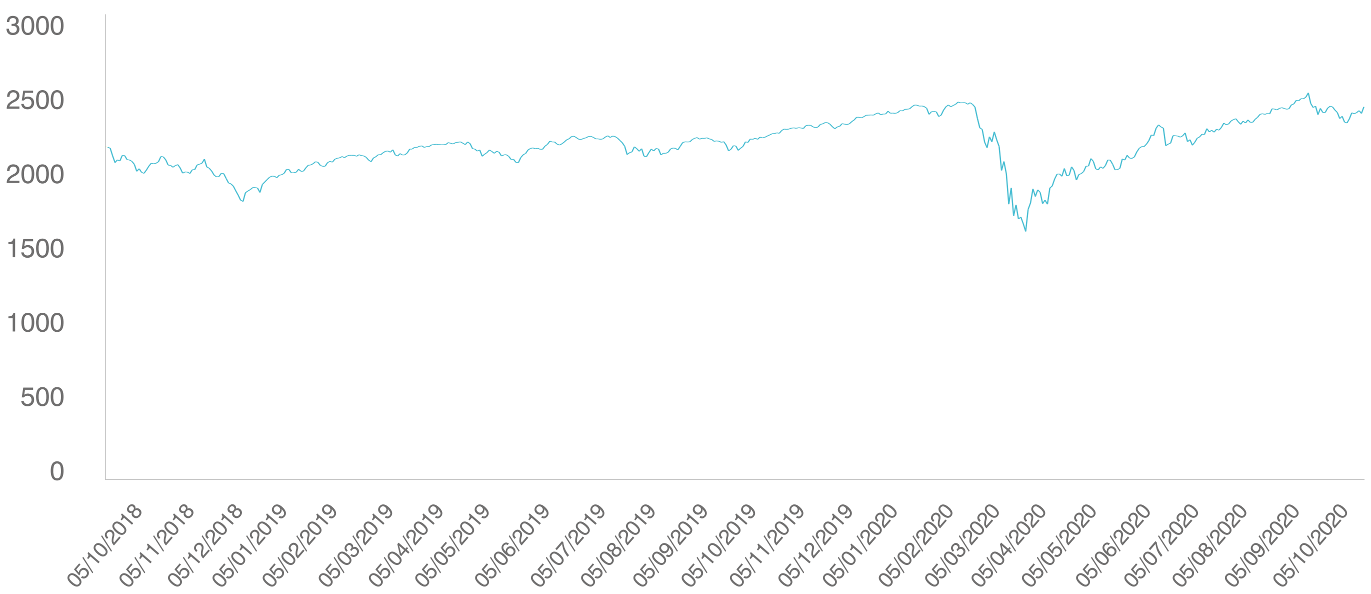
Regular impairment testing is likely to result in a greater volatility in financial results. Significant one-off impairment charges may indicate that a company has overpaid for an acquisition and have the potential to damage the credibility of management in the eyes of the investor community.

Executive Summary.

Since 2002, Brand Finance has tracked the global value of assets, both tangible and intangible. In our 2019 global Intangible Finance Tracker (GIFT™) report, Brand Finance highlighted that total business value grew at just 2% year-on-year, the lowest rate of growth since 2011. At the time, investor confidence was dampened due to concerns over political and economic factors such as Brexit, trade tensions between the US and China and an economic contraction in Germany. 12 months on, these concerns remain, but are dwarfed by the challenges faced due to the Novel Coronavirus (COVID-19) Pandemic.

Global indices such as the MSCI World, FTSE All-World and S&P global 1200 demonstrate a similar trend in share prices; a steady recovery from January 2019 to February 2020, followed by a plummet in March and April. Investor confidence has since then been re-established; the SoftBank ‘whale’ and Trump’s brief spate with COVID-19 have so far had comparatively minimal impact on a global scale:

Chart 1: MCSI World Index (Price)



Due to the tumultuous nature of 2020, we have broken tradition from our previous GIFT™ reports, which usually demonstrate global value composition as at the latest financial year end. As much has changed throughout this year, we have analysed global value composition as at:

1. 1st January 2020
2. 1st April 2020
3. 1st September 2020.

The resulting picture is more optimistic than expected, with total intangible asset value rising to an all-time high of US$65.7 trillion, representing 54% of overall listed global value.

Total intangible value is comprised of both disclosed intangibles and undisclosed intangibles. Within disclosed intangibles, the most valuable asset class continues to be goodwill, which represents approximately 8% of global value at $8.8 trillion as at 1st September. Concerns about the rising value of goodwill and the infrequency of goodwill impairment has been addressed by the IASB in a March 2020 discussion paper on goodwill and impairment, and section 4 of this report addresses this topic in further detail.

Chart 2: Global Value Compostition Trend (USD trn)

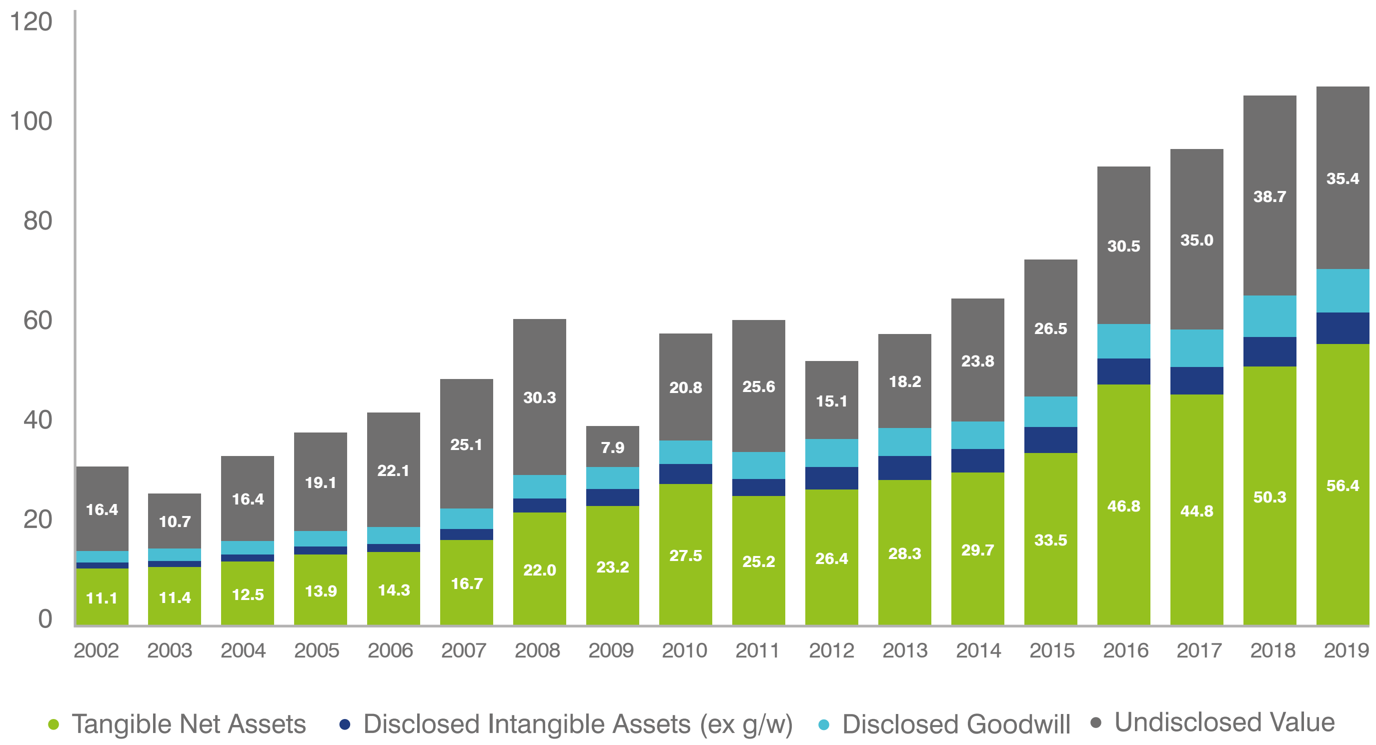
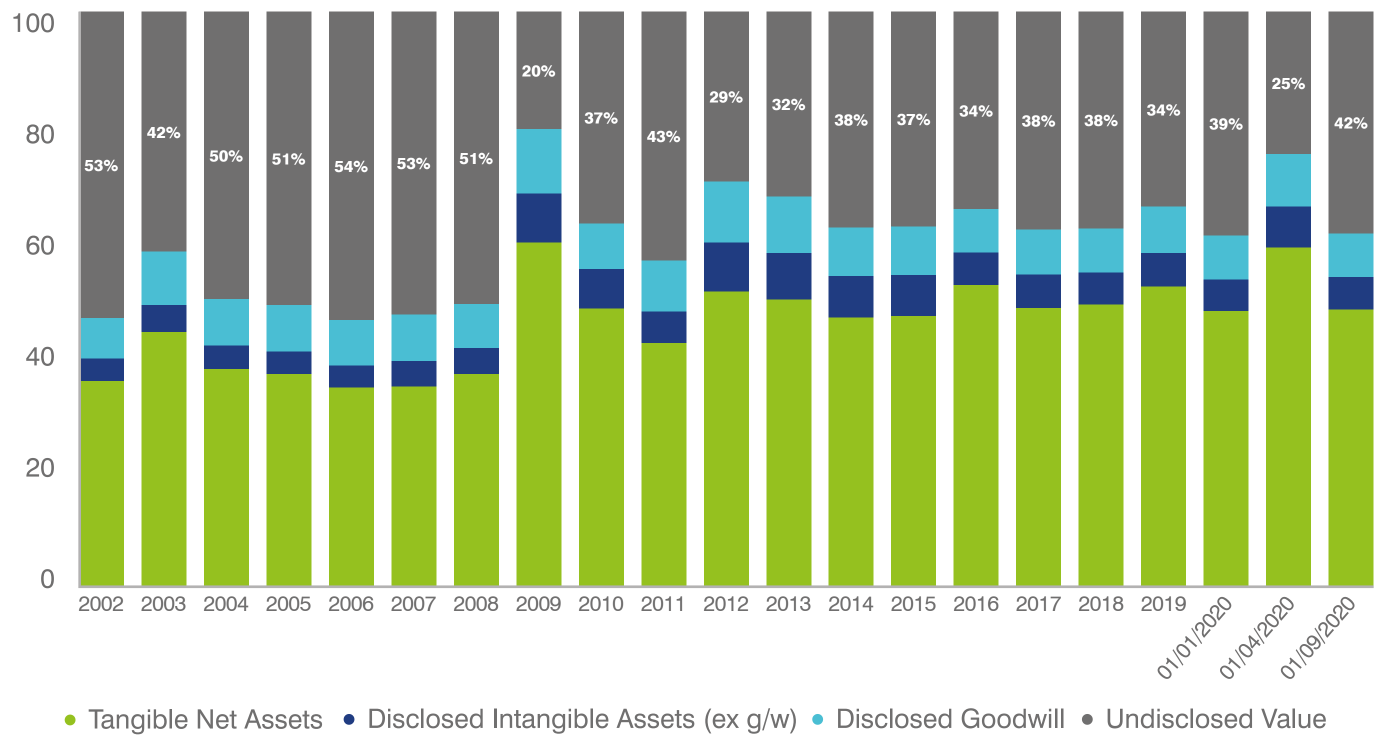


Chart 3: Global Value Compostition



Country Trends.

Across all of the top global economies, intangible value contracted in line with shocks to investor confidence in March, as reflected by the results as at 1st April. The most intangible countries tended to have smaller shocks in April compared to the least intangible countries, testament to the stability and reputation of the more intangible markets such as the US. In general, countries with a high proportion of intangibles are seen as more innovative and therefore more attractive for investors.

The United States retains its crown as the most intangible country based on listed entities. The role of Silicon Valley in claiming this title persists; internet & software and technology & IT represent just under a third of total corporate value in the USA, but almost 40% of corporate intangible value. These companies are also the main reason why out of the top 50 companies by intangible value, 35 are domiciled in the USA.

The tectonic shift in the asset composition of Saudi Arabia - from 39% to over 70% - was driven by the world's largest IPO of Saudi Aramco, which accounts for almost 90% of the total value of listed Saudi entities. In addition to being a mammoth in overall value terms, Aramco boasts an asset composition estimated at 87% intangible. Perhaps the most important intangible assets held by Aramco are the rights and relationships with the Kingdom, which ultimately owns the oil reserves underground but grants Aramco the exclusive right to monetise those reserves.

Chart 4: Top 10 Most Intangible Countries

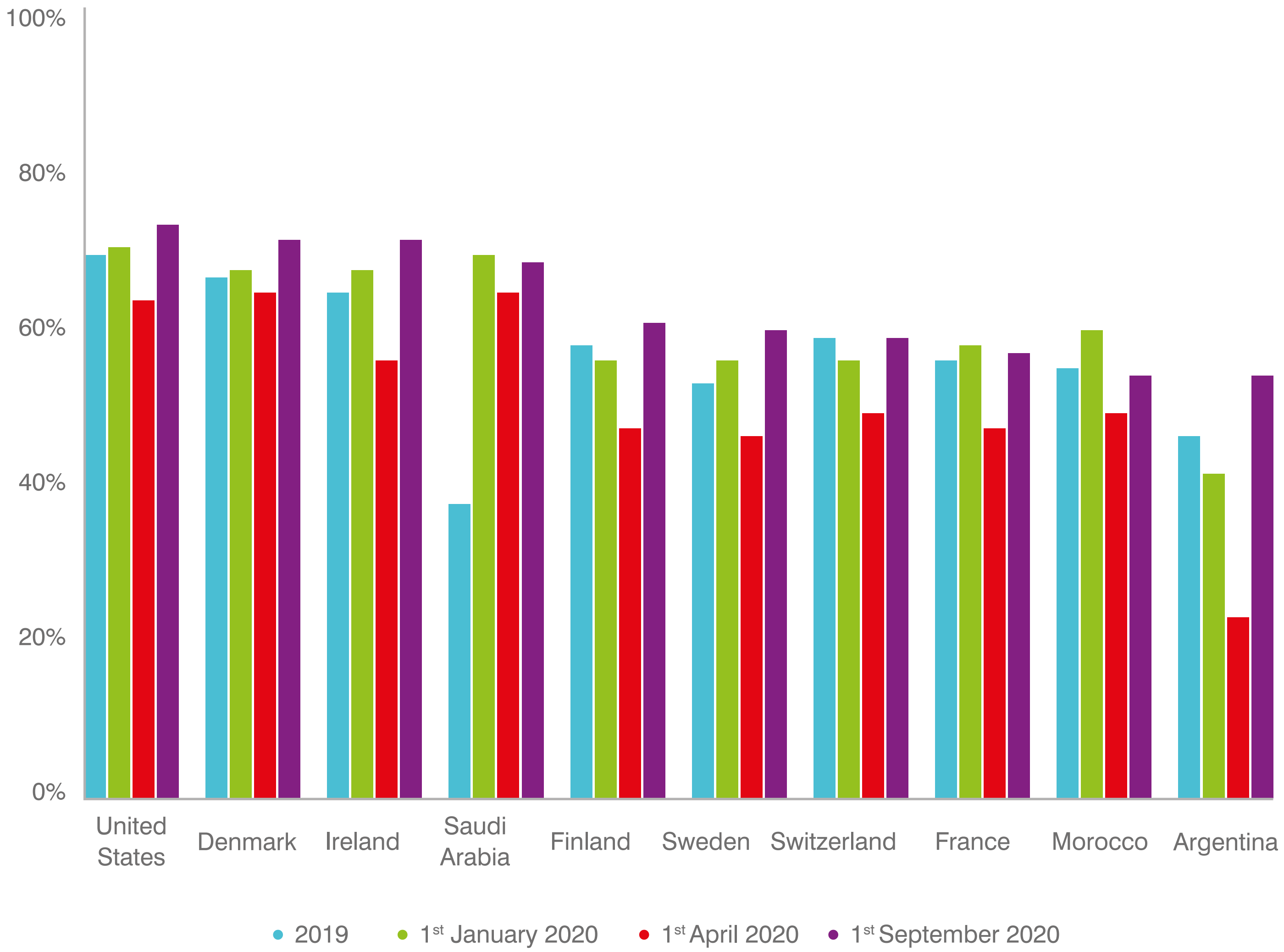
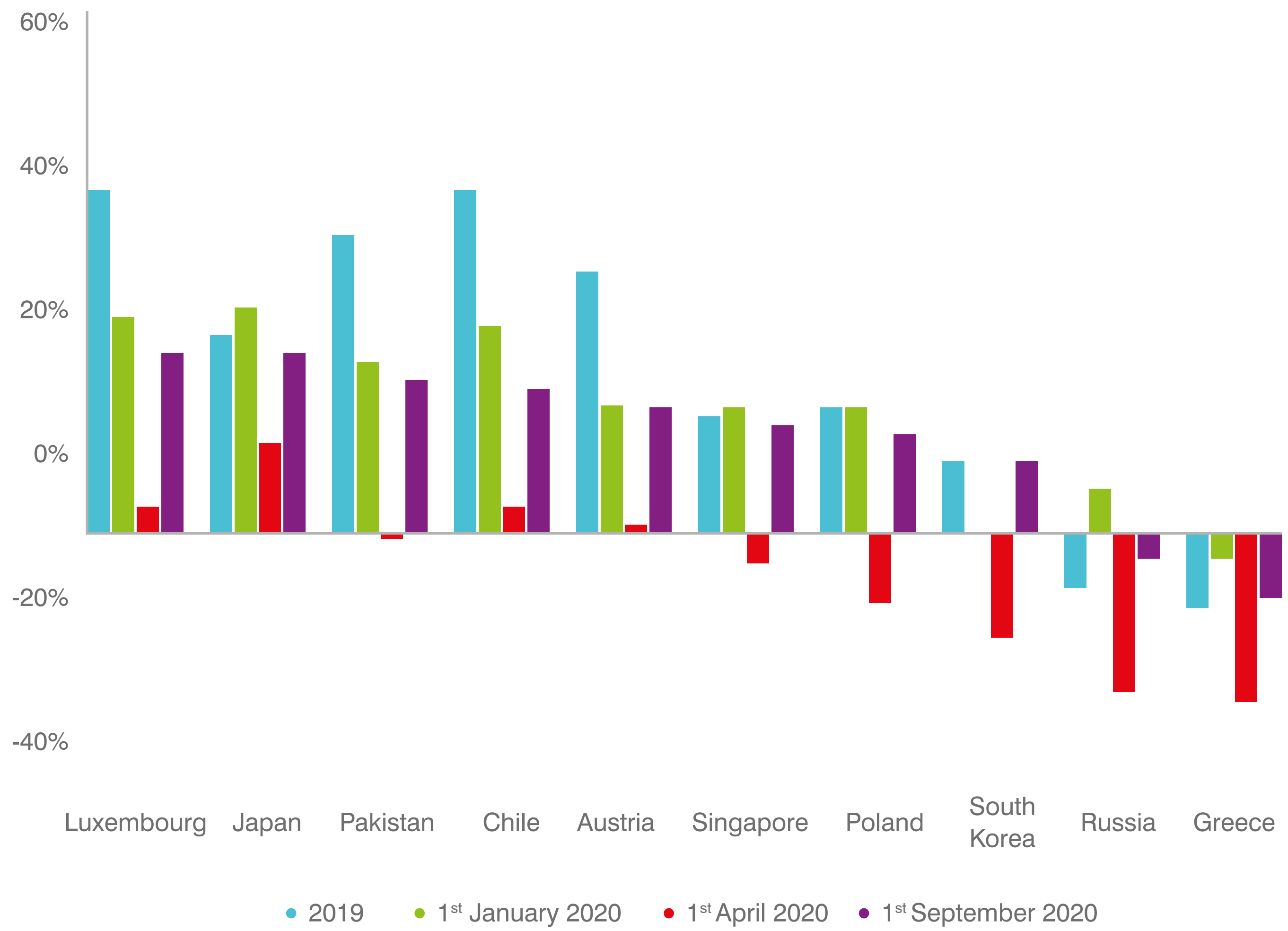


Chart 5: Bottom 10 Least Intangible Countries



At the other end of the spectrum of intangible value, the 10 least intangible countries (within the top 50 countries by total listed value) saw major shocks in April.

Austria is generally one of the least intangible countries due to the public entity focus on traditional industries such as banking, oil, utilities and real estate- all sectors with a lower role of intangibles than sectors such as tech, pharma and cosmetics. Austria adopted aggressive and early control strategies in March, in response to COVID-19. As a result, GDP contracted by 2.6% in the first quarter of 2020, unemployment rose significantly, and investor confidence fell so substantially that estimated intangible value was almost wiped out to 0%. Investor confidence in Austrian entities has since been partially restored following the removal of restrictions.

Greece is the least intangible market in our study, as the lion's share of publicly listed value in Greece resides in the banking industry. Banking it is the least intangible sector due to ongoing reputational challenges the financial community face, following the Greek government-debt crisis that plagued the 10 years following 2009. The industries which are highly intangible on a global scale are also highly intangible within Greece; internet and software, casinos and gambling, media and telecoms all have total intangible value representing over 70% of total business value. Therefore, the Greek recovery may depend on the ability of these industries to grow and attract international investors.

Country profile: Denmark

From Viking long boats to the Wegner wishbone chair, Denmark has a long legacy of innovation. Today, Denmark is the 2nd most intangible country in our study, and the most intangible country in Europe.

The composition of listed entities suggests that the economy is dependent on the pharma industry, both for income generation- as represented by total value- and for innovation- as suggested by the share of intangible value. 37% of Denmark's intangible value is attributable to the pharma industry.

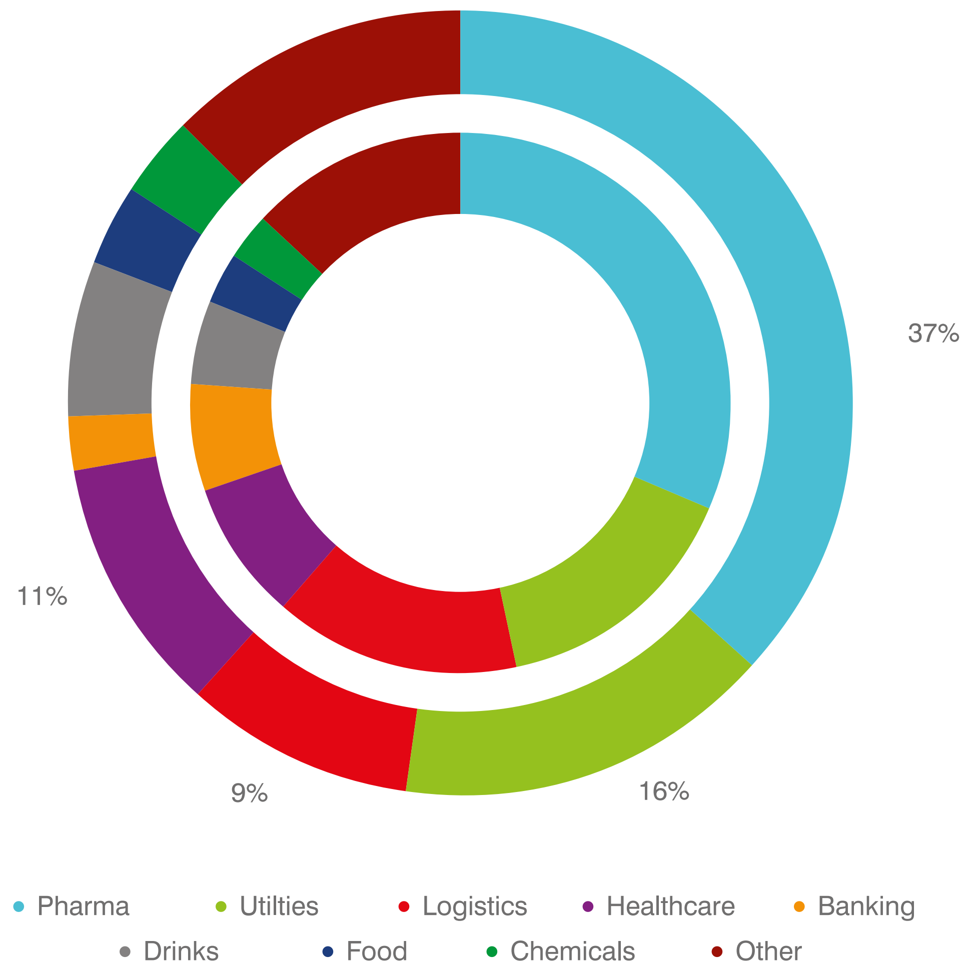
A further 16% is attributable to the utilities sector. World leader in offshore wind energy, Ørsted and wind turbine manufacturer, Vestas, contribute greatly to the high intangible value of utilities within Denmark.

Relative to overall sector value, drinks is the most intangible industry in Denmark, due to Carlsberg. Carlsberg is highly intangible due the value of its relationships or contracts with distributors, recipe formulas and the strong global brands of Carlsberg and other portfolio brands such as Tuborg and Kronenbourg 1664.

The most intangible sectors within Denmark are as follows:

Denmark Value Composition

Outside Ring: Intangible Value
Inside Ring: Total Value



The most intangible companies of Denmark, in absolute value terms, are as follows:

Name	Industry	Total Intangible Value (USDm)	% Share of EV	% Share of Nation Intangible Value
Novo Nordisk	Pharma	129,502.27	93%	28%
Ørsted	Utilities	33,039.42	68%	7%
DSV	Logistics	27,567.85	92%	6%
Carlsberg	Drinks	26,903.58	104%	6%
Coloplast	Healthcare	26,208.89	96%	6%
Vestas	Utilities	15,274.18	76%	3%
Novozymes	Chemicals	13,017.52	88%	3%
Chr. Hansen	Food	10,790.15	95%	2%
Genmab	Pharma	10,219.04	71%	2%
H Lundbeck	Pharma	8,733.07	102%	2%

To learn more about the intangible asset composition in your nation, get in touch at enquiries@brandfinance.com

Sector Trends.

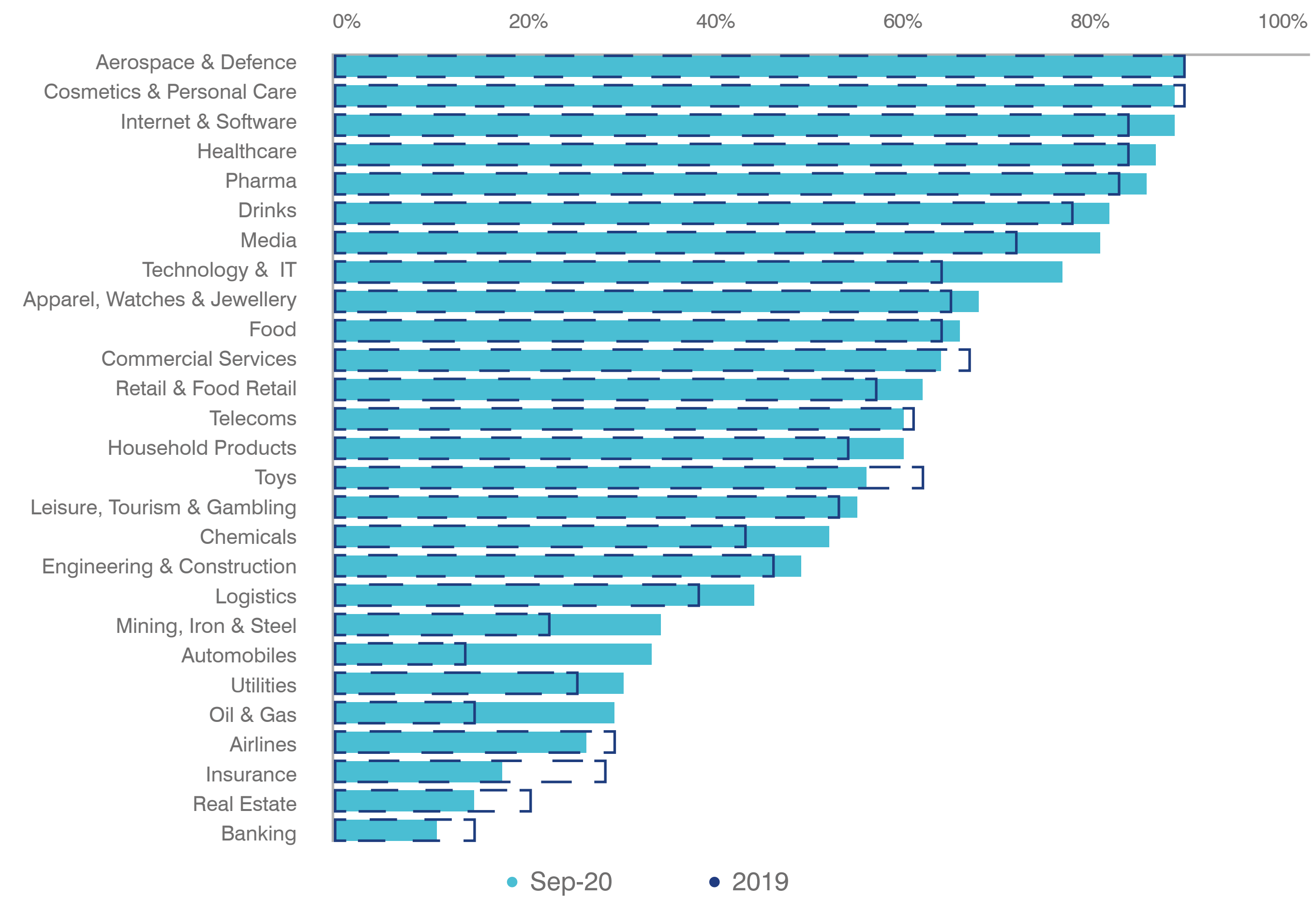
A handful of sectors have seen a decline in intangible composition since last year, most of which have seen a direct adverse impact of COVID-19 on their fundamental operating model.

Travel restrictions and the subsequent drop in demand for air travel have caused major concern for industry profitability this year. Flybe has already been pushed into administration, and other airlines have received millions in emergency government aid. That has left investors sceptical about airline companies' ability to weather the turbulence that 2020 presents and have therefore dampened share prices. Airline companies must balance demands for short term profits with the need to protect intangible assets, such as brand, to facilitate a return to normal in the future.

The insurance industry has faced the task of shifting to remote working while also responding to an influx of claims across multiple dimensions: travel, health, life, and business. Additionally, market volatility and depressed interest rates have impacted insurers' earnings and solvency positions. Of all insurers, life insurers are facing the biggest challenge this year, due to the combined economic impact and the tragic potential impact of COVID-19 on global mortality rates.

Some industries have been heavily influenced by individual players; the oil & gas industry result reflects the impact of Aramco's IPO, and the automobiles result reflects the impact of Tesla's major share price hike over the past year. As a result of Tesla's hiked share price, estimated intangible value shifted from 69% to 96% of company value. Of the other top 10 automobile companies, including Toyota, BMW and Audi, intangible assets are estimated to represent on average -9% of total company value, due to suppressed investor confidence in the wider industry, as evident in last year's results too.

Chart 6: Intangible Share of Total Value by Sector (%)



Where estimated intangible value is negative, not only is there zero intangible value, but tangible assets must also be overvalued. The book value of tangible assets may be overvalued for a variety of reasons - due to overcapacity, technological obsolescence, changes in demand for the category, or depreciation periods which are too long. A negative intangible asset scenario is further evidence to support better disclosure by management of their view on the value of the business each year, and the fair value of both tangible and intangible assets.

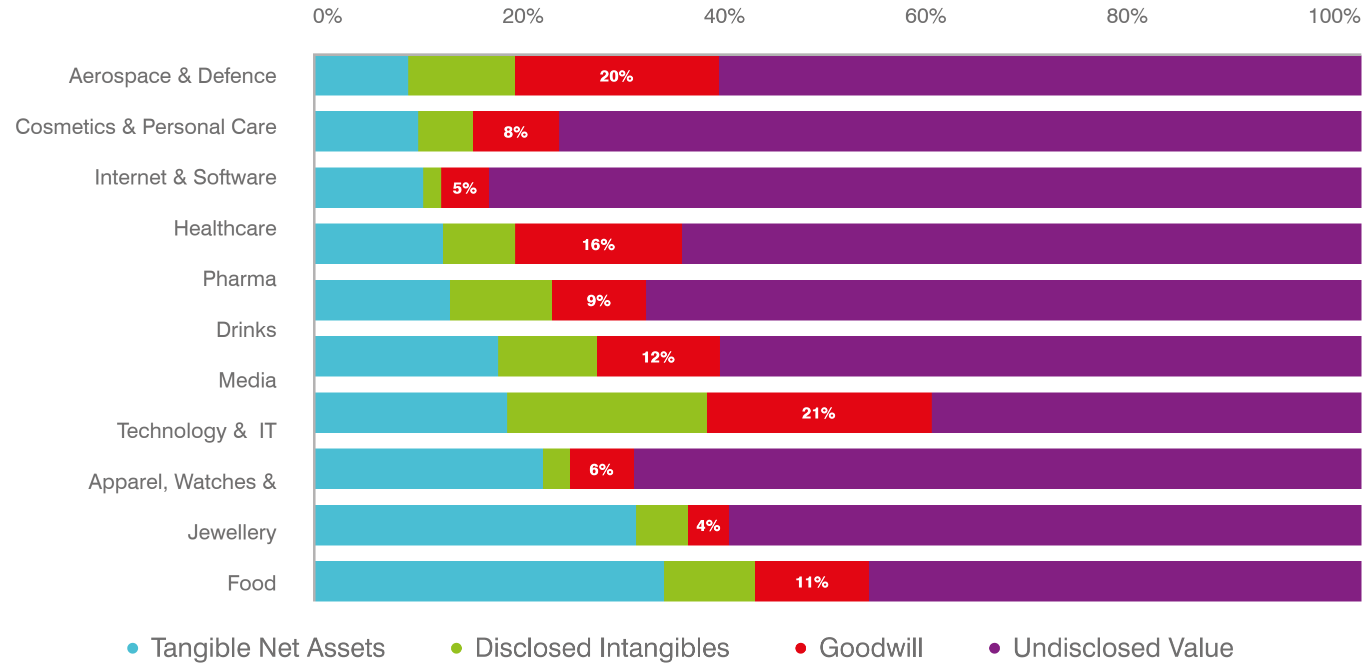
Cosmetics, pharma and healthcare companies continue to be highly intangible, due to the combined impact of branding and technology, which play a critical role in value-generation for these industries.

Kodak's flash attempt to expand into pharma serves as a reminder of the significance of a clean reputation for an industry with such high barriers to entry. In August, shares in Kodak soared following announced intentions to expand into pharma with the help of US government-supported funding. The share price has since plummeted back down, however, with the loan being put on hold while allegations of insider dealing were under investigation. Kodak has since been cleared by independent review, but lingering concerns with Corporate Governance may hinder Kodak's ability to secure the necessary funding to foray into pharma, and join the troops working towards a COVID-19 treatment.

As at 1st September, the average share of company value estimated to reside within intangible assets for the 15 most valuable pharma companies was 98.6%, due largely to the immense value residing in unproven, early stage technology that has yet to make it through clinical trials. The share price of players such as Gilead - creator of the Remsedevir drug which is used to improve COVID-19 recovery rates - has been almost a mirror image of the global trend depicted in chart 1. However, the net result for pharma intangible value year-on-year is only a modest increase. Uncertainty remains about the long-term impact of COVID-19 on the pharma industry – delays in the drug development cycle, laboratory closures and supply disruptions may all contribute to long-term opportunity losses.

Aerospace and defence is the most intangible industry and, unlike pharma, a significant share of this intangible value is disclosed on company balance sheets. In particular, intangible value in aerospace and defence is disclosed as goodwill. 20% of the total industry value of aerospace and defence is recorded as goodwill, this is second only to the M&A-heavy sector, media.

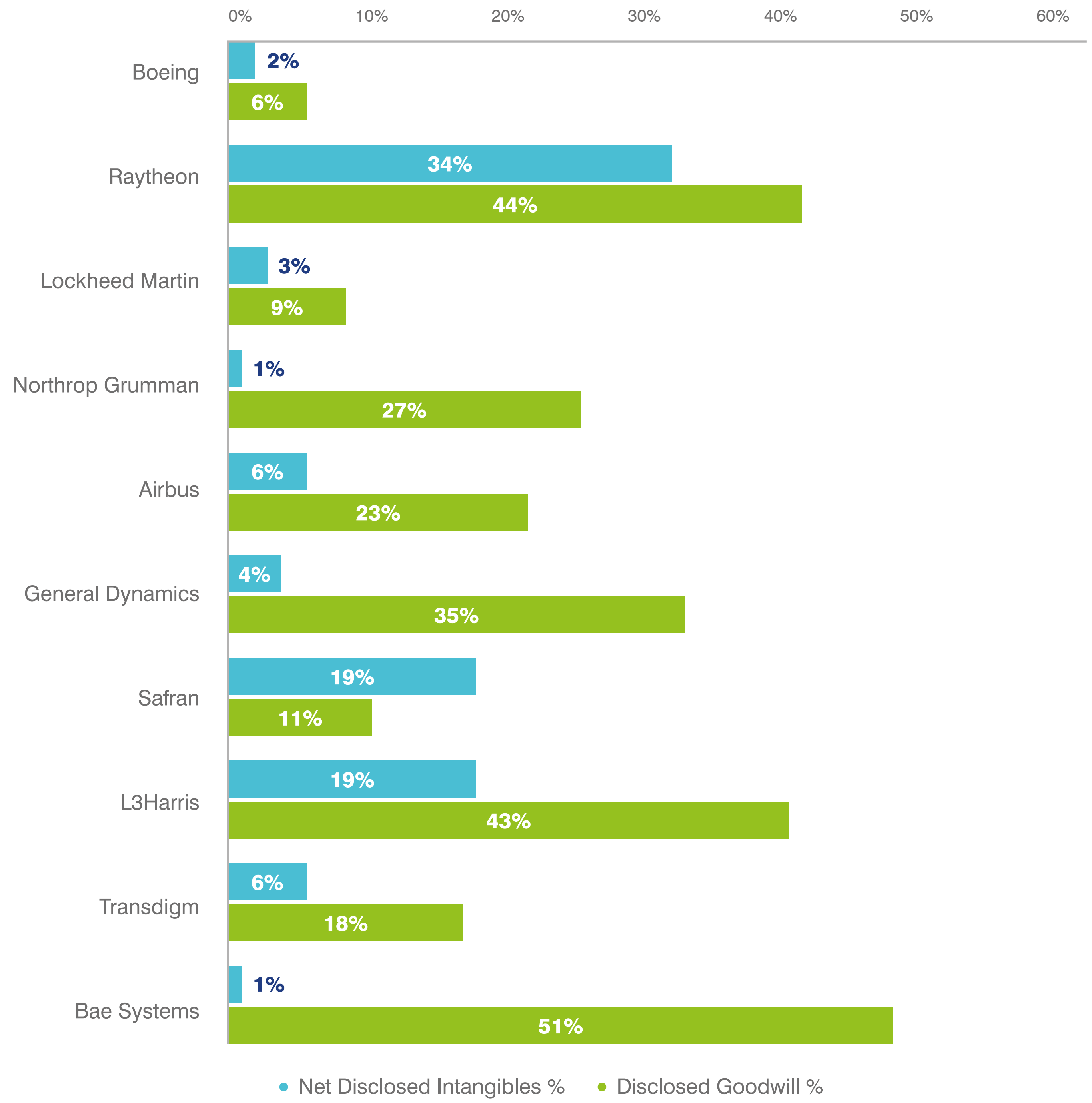
Chart 7: Composition of the World's Most Intangible Sectors - 2020



The overall result for aerospace is skewed by a handful of the largest companies including Raytheon, L3 Harris and BAE systems, all of which have a goodwill-to-total value ratio of over 40% - see chart 8.
Raytheon has seen a rise in disclosed intangibles this year following its merger with United Technologies in April.

BAE systems is unusual in that the carrying value of goodwill recognised due to acquisitions represents 51% of total company value, whereas specific disclosed intangibles represents just 1% of company value.

Chart 8: Disclosed Goodwill Share of Total Value - Top 10 Aerospace & Defenec Companies by Total Value



Intangible Asset Reporting.

Annabel Brown
Associate,
Brand Finance

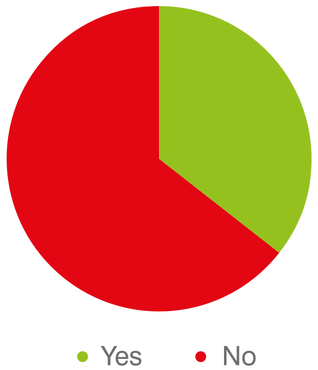
Intangible assets: a manifesto

Regular readers of the GIFT™ report will be familiar with Brand Finance's position on the current state of intangible asset reporting. This year, we talked to other experts in the field and are pleased to share their views within this report.[1]

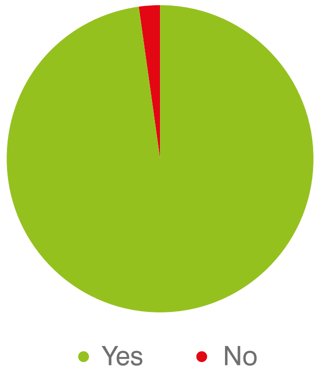
The majority of intangible assets are not recognised, due to the limitations set by the accounting standards boards such as the IASB and the US FASB which state that internally generated intangible assets such as brands cannot be disclosed in a company balance sheet. This is why Brand Finance endeavours to estimate the extent of this "undisclosed intangible value" in our GIFT™ study each year.

In May 2020, Brand Finance hosted a webinar on this topic. During the webinar, we asked for the opinion of our participants, which included marketeers, financiers and consultants from various disciplines (48 respondents). Their responses to our questions were as follows:

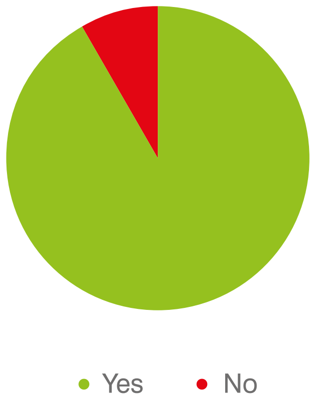
Do you think intangible assets are well understood and managed at your organisation?



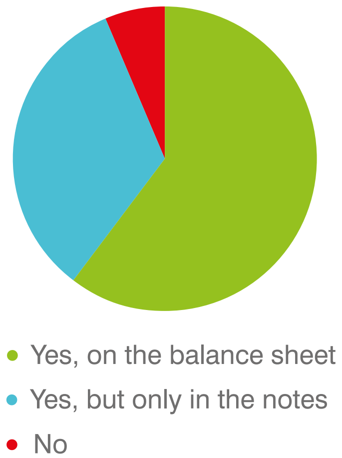
Do you think investors need more information about acquired intangible assets?



Do you think investors need more quantitative information about internally generated intangible assets?



Do you think brand value should be disclosed?



[1]Please note that the views expressed in this report are of the individuals and are not necessarily the official views of the organisations that they represent.

The majority of participants agree that more should be done to measure, manage and disclose intangible assets – both acquired intangibles and internally generated intangibles.

Under both IFRS and US GAAP, companies are not permitted to disclose most of their internally generated intangibles on the balance sheet. This leads to an oddity where acquired intangibles are measured and included in the books if they were gained through an acquisition, but the often more valuable internally generated intangible assets are unavailable. This is one factor that leads users of financial statements to disregard intangible asset values in financial statements – they are immaterial and don't say much about the overall organisation's intangible value. This oddity can also lead to mismanagement and poor decision making. As pointed out in our 2015 GIFT™ report;

"Unfortunately, the ban on assets appearing in balance sheets unless there has been a separate purchase for the asset in question, or a fair value allocation of an acquisition purchase price, means that many highly valuable intangible assets never appear on balance sheets. This seems bizarre to most ordinary, non-accounting managers. They point to the fact that while Smirnoff appears in Diageo's balance sheet, Baileys does not. They point to the fact that the Cadbury's brand was not apparent in the balance sheet or reflected in the share price prior to Kraft's unsolicited and ultimately successful contested takeover of that once great British company. Too many great UK brands have been bought and transferred offshore as a result of this ongoing reporting problem."

David Haigh, CEO of Brand Finance

Brand Finance has long-supported better disclosure of internally generated intangibles. We think that management should undergo an exercise each year to identify and value its key intangible assets. The immediate benefit would be better management, under the old adage of "what gets measured gets managed". If management were to take it a step further and disclose their opinion of their intangibles in the notes of their annual report, this would provide

greater transparency and reduce the information asymmetry between the market and management. As with any other element of financial reporting, this information would help to better equip investors with information to guide their capital allocation, so they can efficiently maximise their wealth. In a world where the role of technology, reputation and customer loyalty is increasing, the time is nigh for a radical shift to improve the quality and relevance of intangible asset reporting.

The dystopia of disclosure

Corporates face both legal and financial challenges to full disclosure of all material assets.

"I recognise the utopia where you could have the value of the balance sheet equate to the enterprise value, but I don't think it is likely."
David Matthews, President of the ICAEW

One of the main challenges, particularly faced in the UK, is in the restrictive nature of Corporate Governance principles.

"Boards must be guided by the UK Corporate Governance Code when disclosing their opinions on their internally-generated intangible assets. As a result, I think most boards will be hesitant to increase disclosure if not required by the principles in the Code or by reporting standards."
Mark Wilson, Former CFO of Aston Martin

The other challenge lies in concerns about the volatility of intangible asset valuation. However, this volatility would bring the nature of financial reporting closer to reality. Share prices are inherently volatile, and therefore it follows that the fair value of assets could and should be sensitive to changes in information. A further criticism is a question of the consistency and quality of valuations of internally generated intangibles. The concerns are not surprising, taking into account the track record of intangible asset reporting so far, for acquired intangibles.

"When IFRS 13 came in, I was really hopeful that the quality of valuations in financial reporting would dramatically improve and I have been really disappointed because it hasn't; everybody has looked for ways to group their assumptions, put in weighted averages, pool assumptions from things that are very different and so in the end the reader has no idea what assumptions were made in the valuation process."
Shân Kennedy, Independent IFRS and Valuation Expert and former project director at the UK Accounting Standards Board

For these specific intangible assets that are disclosed, they are generally not relied upon by investors. This is not helped by the little accompanying disclosures of assumptions and methodologies used. In addition, the majority of disclosed intangible value resides in goodwill. goodwill itself should only represent the synergies between various assets and between the entities involved in the business combination. All other aspects of goodwill, such as reputation and customer loyalty belong to specific intangible asset classes. But in practice, these specific intangible assets can be undervalued, and goodwill therefore overvalued.

"Practice doesn't represent what the standard says because goodwill is just smeared into a grey area; it's too easy for corporates to throw it into the goodwill pot and never do anything with it because they're not forced to. […] The key is pushing people into greater disclosure and forcing boards to take a more critical view where today they don't do that because they don't need to."
Mark Wilson, Former CFO of Aston Martin

As discussed at length in "Risky Business: The Accounting Treatment of Goodwill", a further issue with goodwill is that companies do not impair it as frequently or as significantly as market conditions suggests they should. In the two years leading up to Carillion's collapse, the reported level of goodwill exceeded the total enterprise value of the company. Since 2011, goodwill represented at least 84% of total business value. However, during this time, Carillion did not impair its goodwill, allowing retained earnings to remain stronger, and thus facilitating pay-outs such as executive compensation.

Intangible Asset Reporting.

Goodwill impairment in practice

Carillion is not alone; analysis conducted earlier this year found that only 10% of entities with goodwill reported took an impairment against goodwill in 2019. And among the handful of entities where goodwill has represented more than the total value of the company for 2 years running, only 27% of those companies took a goodwill impairment in 2019. You may feel that while impairment may be an infrequent occurrence, these impairments - where the carrying amount of goodwill exceeds total company value -should be larger, but our analysis suggests that the size of an impairment cannot be predicted by how large a company's carrying value of goodwill.

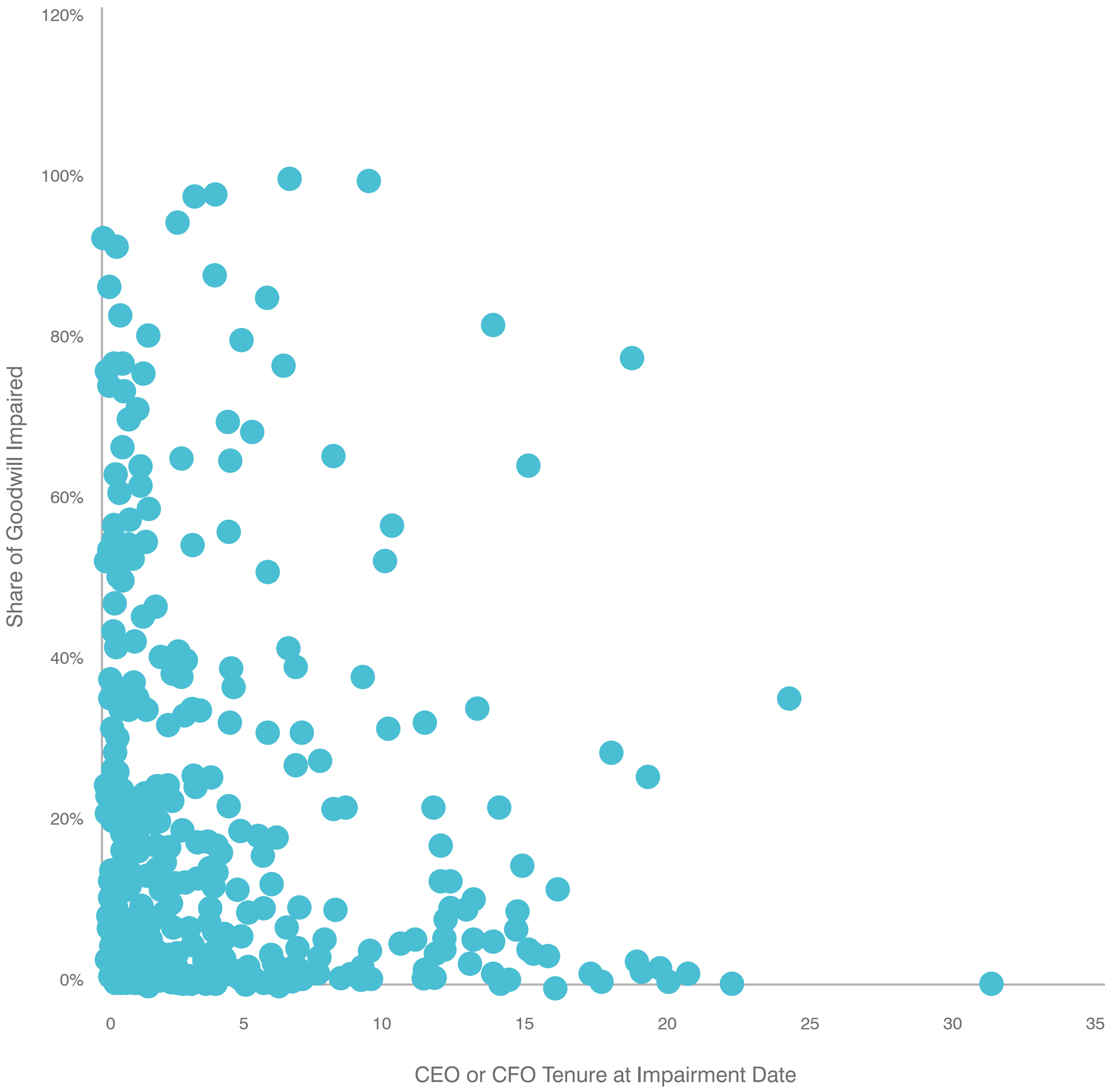
Chart 9: 2019's Biggest Goodwill Impairments (USD m)

Intangible Asset Reporting.

One thing that 2019's largest impairments do seem to have in common is new leadership. 2019's largest impairments are summarised in chart 9.

Except for Procter & Gamble and CenturyLink, all companies listed had either a new CEO, a new CFO or both in 2019. The majority of these companies' previous leaders decided to not take an impairment in 2018. CenturyLink did take an impairment in 2018, when it also had both a new CEO and CFO. Therefore, new leadership appears to have a significant impact on the likelihood a company will impair its goodwill. Among the entire sample, we found that 30% of all impairments occur within the first year of having a new CEO or CFO.

Chart 10: Impairment Significance versus CEO or CFO Tenure



For larger impairments, where the impairment represents at least half of the goodwill carrying amount, 41% of these occur within the first year of new leadership. At best, this analysis suggests that goodwill impairment can be influenced by varying personal opinions of management personnel and their perceptions of outlook and risk. At the worst, this analysis suggests that there may be an ulterior motive within the decision to impair goodwill. By taking an impairment at the beginning of your tenure as a CEO or CFO, it helps you to a) set a precedent that suggests your predecessor was negligent/ overoptimistic about their acquisitions, or b) influence the share price to fall initially then rise throughout the rest of your tenure.

If this evidence is simply reflective of varying personal opinion about business outlook, it suggests that the goodwill impairment process is not objective. In fact, this critique has been raised regularly to the IASB during the post-implementation review of IFRS 3, the financial standard concerning business combinations. In March this year, the IASB released a discussion paper on the topic of goodwill impairment due to the feedback received from both preparers and users of financial statements. The users' feedback is that goodwill impairments provide very little information as they are "too little, too late". When impairments do occur, it confirms what investors already suspected, rather than providing useful, timely information on the performance of acquisitions.

In this discussion paper, the age-old debate between impairment and amortization for the treatment of goodwill is briefly discussed. While goodwill impairment is not the perfect solution, many prefer it to amortization as it provides some information, whereas amortization is seen as arbitrary and of no informational value.

"I definitely support [goodwill] impairment rather than amortisation; I spent four years at the UK standard-setting body, then known as the ASB, looking at this because at that stage, amortisation had always been required, and David Tweedie (then chairman of the UK ASB) was keen to find something that didn't involve amortisation because it was so unpopular. Basically, amortisation is a waste of time because all that happens is the analysts add back the amortisation charge, it doesn't provide them with any additional information. So although any impairment test is never perfect, and will never pick up everything, it has to be better than amortisation which picks up nothing."

Shân Kennedy, Independent IFRS and Valuation Expert and former project director at the UK Accounting Standards Board

While impairment is preferred to amortization by the majority of the IASB, it is widely recognised as flawed in practice, due to the subjectivity of the impairment process. So how could goodwill impairment practices be improved to ensure timely impairment of goodwill? An overwhelming request, from experts and from investors, is for greater disclosure surrounding the reporting of both goodwill and other intangible assets.

"I am aware of the criticism about impairment charges sometimes being recognised a little later than they should have been. But, I think the framework is there to get it right although it does depend on people being very diligent about what they do and very objective about how they look at the analysis. And what I mean by that is understanding how the acquired business is actually performing - whether or not it is in line with what you originally thought when you recorded the goodwill – as well as considering the future overall economic outlook and whether your plans for the business are changing. Inherently you do come back to valuations being a projection of future earnings and all the vagaries that are involved in making those projections and the assumptions that you are using. A lot of it comes down to being transparent about those assumptions, and being as objective as you can- even those people who made the decision to acquire the business and have a vested interest in a positive result."

David Matthews, President of the ICAEW

Regarding the specific intangibles which are disclosed alongside goodwill, there is insufficient understanding of what they actually mean. This is because there is often little disclosure about the nature of these intangibles.

"There should be a proper description of what has been valued in each case, what it does and how it provides value and how its life has

been assessed; so [for example], what is this technology, is it a grouping of several pieces of technology or is it just one very specific piece of technology?"

Shân Kennedy, Independent IFRS and Valuation Expert and former project director at the UK Accounting Standards Board

So, who should be responsible for ensuring that this transparency and objectivity in valuation is put into practice?

"The primary responsibility lies with management and the board. And you will never find a better placed group of individuals to make the assessment because they know the business, they know how it is performing, they are involved probably on a day-to day basis or certainly will have oversight and responsibility. So they ought to have systems and controls in place to be aware of what's going on, and I would hope systems to forecast what's going to happen in the future that are appropriate to the relevant business.

That's not to say of course that nobody else has any responsibility. The auditor has an important role in providing robust challenge in terms of considering the assumptions that have been used and whether they are appropriate.

I think regulators also have a role to play in terms of highlighting best practice or poor practice.

I think investors also have a role to play in the usefulness of information provided, and potentially commenting or recognising where there is particularly good reporting that is particularly valuable for them, or of course the converse."

David Matthews, President of the ICAEW

Of course, there are model cases of impairments that provide useful information to investors, even if just from a qualitative perspective. In the case of Procter & Gamble, the 2019 impairment demonstrated in chart 9 was part of an US$8 billion impairment to Gillette goodwill and brand value, due to a worsened outlook caused in part by increased competition from disruptive players such as Dollar Shave Club. While most investors were already aware of this competitive threat, the impairment and accompanying disclosures provide both confirmation of the threat, and informs investors that management are both aware of and acting on that threat.

The way forwards

It seems that narrative reporting can be improved relatively simply, by better communication between preparers and users of financial statements, who should make their demands known. A further area for improvement is in the disclosure of quantitative valuation assumptions applied both in impairment testing and intangible asset valuation. This request is of course more complicated, as preparers of financial statements may be concerned about the scrutiny they may face over their selected assumptions. And those assumptions can have a wildly material impact on the resulting valuation. After time the process would become simpler, and could improve the quality of the underlying valuations.

"If there were better disclosure of the figures that had been used, and this applies not just to impairment but to valuation generally, the whole quality of valuations in financial reports would improve dramatically and we would also start to get alignment and consistency across different companies because people would take a look at what their competitors were doing. And they would all start to fall in line and we would get some consistency. And I think the IASB has made a problem for itself because in some of the examples that they have issued, they have given examples of disclosures where they have shown ranges of discount rates and ranges of growth rates. They need to take those out and be much more specific. If they can't take a lead and be specific, then companies will also just disclose ranges of inputs."

Shân Kennedy, Independent IFRS and Valuation Expert and former project director at the UK Accounting Standards Board

Intangible Asset Reporting.

Furthermore, organisations such as the International Valuation Standards Council (IVSC) could play a role in improving the quality of intangible asset valuation. Through years' of experience, Brand Finance has developed standardised approaches to valuation, and were major players in the development of ISO 10668, the international standard on brand valuation. Other valuation standards also provide guidance on the approach to valuation.

In practice, there are always valuation decisions to be made. For example, when valuing a cash-generating-unit for an impairment test, a valuer will usually set a 5-year explicit growth period, with growth partially informed by management projections – ie. 5%. Beyond that explicit period and into perpetuity, a more conservative long-term growth rate, such as 1%, will be applied. But should the growth rate from year 5 to year 6 drop off a cliff from 5 to 1%? Or should there be a gradually tapered rate?

These kinds of questions arise regularly and can become a point of contention between professional valuation experts and auditors. Guidance on specific questions such as this for practitioners is somewhat lacking. Therefore, we see an opportunity for stakeholders such as the IVSC to take a role in providing clear guidance for valuation practitioners, to ensure consistency of approach across the board.

Better communication between stakeholders, professional guidelines to promote consistency in approach, and clearer disclosures would gradually raise confidence in the intangible asset figures seen in financial statements. This could help take financial reporting along the path towards utopia for intangible asset reporting, and investor capital allocation.

Recommendations

In an ideal scenario, boards should produce a fair valuation of the business and its constituent assets at each year end- both tangible and intangible. The results should be disclosed in the notes to accounts, and therefore made public to remove information asymmetry. In our view, these valuations should be conducted in line with IFRS 13 (fair value measurement), and by independent practitioners appointed by the board in order to minimise risk to the board members. This concept is not radical; it is akin to portfolio valuations conducted annually by investment trusts and private equity funds about their invested companies.

In order to increase confidence in intangible asset valuation and increase the feasibility of our ideal scenario, there should be better disclosures about impairment reviews and intangible asset valuations. Both the qualitative narrative and disclosure of quantitative assumptions can be improved. For quantitative assumptions, the first step is to disclose the specific assumption used, and reduce or eliminate the practice of disclosing ranges of assumptions.

Company Trends.

Every year, the Brand Finance GIFT™ report ranks the world's most intangible companies and those with the highest levels of intangible asset disclosure.

The very nature of the internet & software and technology & IT sectors means they are heavily reliant on intangible assets. These companies have the ability to differentiate themselves with limited physical assets, defending price and demand. 32 internet & software and technology & IT companies feature in the top 100 ranking of companies with the highest total intangible value – versus 25 last year.

This year, Apple has overtaken Amazon and Microsoft to become the company with the highest total intangible value, at US$2.15 trillion, compared with Amazon at US$1.7 billion. All of Apple's intangibles remain undisclosed. Apple's rise to the top has been driven by the latest buzz around the release of its first 5G iPhone, successful growth of services including Apple TV, iCloud and Apple Music, and perceptions that it is a "safe-haven" for investors during the turmoil of 2020.

Aramco, Tesla and Zoom are among some of the new entrants to the top 100 ranking this year. Aramco's IPO achieved a record valuation of US$1.7 trillion, making it the world's most valuable company at the time. Like the FAANG (Facebook, Amazon, Apple, Netflix and Google) players, and unlike other oil players, the majority of this value is intangible (84%), due to the importance of Aramco's processes, rights and relationships.

Despite Elon Musk's controversial tweet that the "Tesla stock price was too high" in May, the share price has continued to climb throughout this year. Growing demand for electric vehicles and talk from policymakers about a "green recovery" to this years' recession has increased the potential value of Tesla, due to its strong brand and established technology.

This year, Zoom has become a household name over the world. From virtual pub quizzes to conference calls, Zoom quickly became a part of our new lives during lockdown. Despite early concerns about confidentiality, Zoom is perhaps the clearest example of a business that benefitted from the COVID-19 pandemic.

Pharma and healthcare companies continue to feature heavily in the ranking, with 20 accounted for. The volume is unsurprising due to the dominance of patents, as well the M&A nature of the sector.

Boeing has dropped 55 spots in the ranking, with total intangible value dropping from US$203 to US$120 billion. Even prior to the outbreak of COVID-19 which has dampened demand for new aeroplanes, Boeing was dealing with the ramifications of deadly plane crashes which led to the worldwide grounding of the 737 MAX last year. At the end of September 2020, a 737 Max test aircraft was successfully flown, but by this time, airlines and leasing companies had cancelled nearly 800 orders of the MAX.

Top 10 Companies by Total Intangible Value

Rank	Company	Change	Total Intangible Value	Enterprise Value
1	Apple	↑ 3	$2,151bn	94%
2	amazon	← 2	$1,694bn	96%
3	أرامكو السعودية saudi aramco	↑ -	$1,651bn	84%
4	Microsoft	↓ 1	$1,598bn	93%
5	Alphabet	↓ 4	$838bn	74%
6	Facebook	↓ 5	$704bn	84%
7	Alibaba.com	↑ 10	$693bn	86%
8	Tencent 腾讯	↓ 7	$610bn	90%
9	TESLA	↑ -	$433bn	96%
10	VISA	↓ 9	$427bn	100%

Looking at levels of disclosure, AT&T, Comcast Corporation and BAT have the highest level of intangible assets reported on their balance sheets and take the top three ranks by disclosed intangible value.

Sectors with heavy representation in the disclosed intangibles ranking (pharma, banking, telecoms and healthcare) are also industries which have seen heavy M&A activity in the past 5-10 years. This is not a coincidence of course, as the majority of disclosed intangibles on company balance sheets are those purchased through acquisition. However, the majority of this value is allocated to goodwill – on average, 58% of the top 100's disclosed intangibles pertains to goodwill.

Last year's 10th place holder, Allergan, has voluntarily delisted from the New York stock exchange this year, in a shift away from its previous record for intangible asset disclosure. Other dropouts include United Technologies and Sprint; acquired by Raytheon and T-Mobile respectively. The Raytheon merger with United Technologies has resulted in its rank as 13th in terms of total disclosed intangible value globally, making it the highest ranked new entrant to the ranking. The merger makes Raytheon the second largest defence contract holder, behind Boeing.

Throughout the next year, share prices are inevitably going to be volatile due to varying perceptions of organisational strengths. The companies that have gained the most this year are those with excellent management of intangible assets. Looking forward, companies should continue to invest in unique technology, capabilities and strong brands to succeed. The most valuable partnership a company can form is between innovation and reputation. Investors who can identify companies doing so before the market catches up are set to make the most gains.

If past history was all that is needed to play the game of money, the richest people would be librarians.

Warren Buffet

Top 10 Companies by Disclosed Intangible Value

Rank	Company	Change	Disclosed Intangible Value	Enterprise Value
1	AT&T	← 1	$299bn	74%
2	COMCAST	↑ 3	$161bn	53%
3	BAT A BETTER TOMORROW	↑ 4	$157bn	117%
4	ABInBev	↓ 2	$155bn	73%
5	T-Mobile	↑ 19	$142bn	53%
6	verizon	↓ 5	$130bn	35%
7	abbvie	↑ 58	$119bn	49%
8	CVS Health	↓ 7	$112bn	73%
9	Charter COMMUNICATIONS	↓ 8	$103bn	46%
10	BERKSHIRE HATHAWAY HomeServices	↓ 6	$102bn	15%

Top 100 Companies by Total Intangible Value.

2020 Rank	2019 Rank		Company	Sector	Total Intangible Value (USD bn)	Total Intangible Value/ Enterprise Value (%)	Tangible Net Asset Value (USD bn)	Net Disclosed Intangibles (USD bn)	Disclosed Goodwill (USD bn)	Undisclosed Intangible Value (USD bn)	Enterprise Value (USD bn)
1	3	↑	Apple	Technology & IT	$2,151	94%	$144	$0	$0	$2,151	$2,295
2	2	←	Amazon	Internet & Software	$1,694	96%	$78	$0	$15	$1,679	$1,772
3	-	New	Saudi Aramco	Oil & Gas	$1,651	84%	$325	$18	$27	$1,606	$1,976
4	1	↓	Microsoft	Internet & Software	$1,598	93%	$122	$7	$43	$1,547	$1,720
5	4	↓	Alphabet	Internet & Software	$838	74%	$290	$2	$21	$815	$1,128
6	5	↓	Facebook	Internet & Software	$704	84%	$138	$1	$19	$684	$842
7	10	↑	Alibaba	Internet & Software	$693	86%	$113	$8	$39	$646	$806
8	7	↓	Tencent	Internet & Software	$610	90%	$70	$6	$13	$591	$680
9	-	New	Tesla	Automobiles	$433	96%	$18	$0	$0	$433	$451
10	9	↓	VISA	Banking	$427	100%	$0	$27	$16	$384	$427
11	8	↓	Johnson & Johnson	Pharma	$417	102%	-$7	$47	$34	$336	$410
12	18	↑	Walmart	Retail & Food Retail	$372	78%	$104	$0	$30	$343	$476
13	12	↓	Procter & Gamble	Cosmetics & Personal Care	$362	99%	$3	$24	$40	$298	$365
14	16	↑	Mastercard	Banking	$356	99%	$4	$1	$4	$351	$360
15	11	↓	Nestle	Food	$347	91%	$33	$20	$30	$298	$380
16	6	↓	AT&T	Telecoms	$333	82%	$72	$156	$144	$34	$405
17	-	New	Nvidia	Technology & IT	$331	97%	$10	$3	$4	$324	$341
18	50	↑	TSMC	Technology & IT	$316	82%	$68	$1	$0	$315	$384
19	14	↓	Verizon	Telecoms	$312	84%	$60	$105	$25	$182	$373
20	19	↓	UnitedHealth Group	Healthcare	$312	97%	$9	$11	$68	$234	$321
21	48	↑	Kweichow Moutai	Drinks	$312	94%	$20	$0	$0	$312	$332
22	21	↓	Home Depot	Retail & Food Retail	$310	93%	$24	$0	$2	$308	$334
23	23	←	Roche	Pharma	$291	93%	$23	$12	$11	$269	$315
24	15	↓	Comcast	Media	$283	93%	$21	$94	$67	$122	$304
25	47	↑	Abbvie	Pharma	$267	109%	-$23	$76	$43	$148	$244
26	44	↑	Netflix	Internet & Software	$261	102%	-$5	$25	$0	$236	$256
27	49	↑	Adobe	Internet & Software	$255	100%	-$1	$2	$11	$242	$254
28	29	↑	Disney	Media	$252	84%	$48	$20	$77	$155	$300
29	63	↑	Salesforce	Internet & Software	$248	97%	$8	$7	$26	$214	$256
30	71	↑	PayPal	Commercial Services	$238	94%	$15	$1	$9	$227	$253
31	30	↓	LVMH	Apparel, Watches & Jewellery	$233	88%	$32	$19	$15	$199	$265
32	20	↓	Pfizer	Pharma	$233	90%	$25	$34	$58	$141	$257
33	24	↓	Berkshire Hathaway	Insurance	$230	33%	$460	$30	$72	$128	$690
34	17	↓	Novartis	Pharma	$226	93%	$17	$37	$29	$161	$243
35	25	↓	Merck & Co	Pharma	$223	95%	$11	$17	$20	$186	$233
36	22	↓	Coca-Cola	Drinks	$221	90%	$24	$11	$17	$194	$245
37	36	↓	Charter Communications	Media	$220	98%	$4	$74	$30	$117	$224
38	31	↓	PepsiCo	Drinks	$217	95%	$12	$19	$18	$180	$229
39	26	↓	Oracle	Internet & Software	$212	102%	-$4	$4	$44	$165	$209
40	13	↓	AB InBev	Drinks	$212	100%	$1	$40	$115	$57	$212
41	43	↑	SAP	Internet & Software	$209	97%	$7	$5	$33	$172	$217
42	38	↓	Abbott Labs	Healthcare	$197	97%	$7	$16	$23	$158	$203
43	57	↑	Broadcom	Technology & IT	$188	101%	-$2	$20	$43	$124	$186
44	60	↑	Deutsche Telekom	Telecoms	$185	70%	$80	$128	$14	$43	$266
45	-	New	Meituan Dianping	Internet & Software	$184	92%	$16	$1	$4	$180	$201
46	-	New	T-Mobile	Telecoms	$182	78%	$50	$89	$11	$82	$231
47	61	↑	Thermo Fisher	Healthcare	$181	97%	$6	$13	$26	$142	$187
48	32	↓	Unilever	Cosmetics & Personal Care	$177	97%	$6	$18	$22	$137	$183
49	64	↑	Nike	Apparel, Watches & Jewellery	$172	94%	$12	$0	$0	$171	$183
50	34	↓	Intel	Technology & IT	$171	76%	$53	$10	$27	$134	$225

2020 Rank	2019 Rank		Company	Sector	Total Intangible Value (USD bn)	Total Intangible Value/ Enterprise Value (%)	Tangible Net Asset Value (USD bn)	Net Disclosed Intangibles (USD bn)	Disclosed Goodwill (USD bn)	Undisclosed Intangible Value (USD bn)	Enterprise Value (USD bn)
51	33	↓	McDonalds	Retail & Food Retail	$170	82%	$37	$0	$3	$168	$207
52	59	↑	Amgen	Pharma	$169	100%	$1	$18	$15	$136	$170
53	-	New	Bristol Myers Squibb	Pharma	$168	103%	-$5	$59	$21	$88	$163
54	76	↑	Danaher	Healthcare	$167	100%	$0	$20	$33	$113	$167
55	53	↓	L'Oreal	Cosmetics & Personal Care	$166	90%	$19	$3	$12	$150	$185
56	52	↓	Astrazeneca	Pharma	$163	103%	-$4	$20	$12	$132	$159
57	40	↓	IBM	Technology & IT	$161	97%	$4	$14	$58	$89	$166
58	27	↓	Cisco	Telecoms	$160	90%	$17	$2	$34	$125	$177
59	-	New	ASML	Technology & IT	$156	95%	$8	$1	$5	$150	$164
60	42	↓	Medtronic	Healthcare	$154	96%	$7	$19	$41	$94	$160
61	37	↓	BAT	Food	$149	111%	-$15	$98	$59	-$8	$134
62	68	↑	Eli Lilly	Pharma	$148	96%	$7	$8	$4	$137	$155
63	100	↑	Reliance Industries	Oil & Gas	$147	67%	$74	$18	$1	$128	$221
64	69	↑	Novo Nordisk	Pharma	$144	93%	$11	$1	$0	$143	$155
65	66	↑	Accenture	Technology & IT	$143	93%	$10	$1	$7	$134	$153
66	41	↓	Philip Morris International	Food	$143	95%	$8	$2	$6	$135	$150
67	89	↑	Qualcomm	Technology & IT	$142	99%	$1	$2	$6	$134	$143
68	80	↑	UPS	Logistics	$142	88%	$19	$2	$4	$136	$161
69	-	New	Prosus	Internet & Software	$139	82%	$30	$1	$2	$136	$169
70	79	↑	Costco	Retail & Food Retail	$138	89%	$18	$0	$0	$138	$156
71	56	↓	GlaxoSmithKline	Pharma	$133	99%	$2	$39	$14	$80	$134
72	-	New	Fannie Mae	Banking	$132	-345%	-$170	$0	$0	$132	-$38
73	84	↑	Linde	Chemicals	$132	88%	$18	$16	$27	$89	$150
74	75	↑	Texas Instruments	Technology & IT	$130	96%	$5	$0	$4	$125	$135
75	-	New	Shopify	Internet & Software	$129	94%	$8	$0	$0	$128	$137
76	45	↓	SoftBank	Telecoms	$128	56%	$102	$18	$37	$73	$230
77	-	New	Zoom	Internet & Software	$127	98%	$3	$0	$0	$126	$129
78	65	↓	Sanofi	Pharma	$125	92%	$10	$19	$51	$55	$135
79	74	↓	American Tower	Real Estate	$124	111%	-$12	$12	$6	$106	$112
80	54	↓	CVS Health	Retail & Food Retail	$123	80%	$31	$32	$80	$11	$154
81	-	New	Lowe's	Retail & Food Retail	$123	88%	$18	$0	$0	$122	$140
82	-	New	Raytheon Technology	Aerospace & Defence	$121	99%	$1	$42	$53	$25	$122
83	28	↓	Boeing	Aerospace & Defence	$120	95%	$6	$3	$8	$109	$126
84	35	↓	JP Morgan Chase & Co	Banking	$119	29%	$286	$1	$48	$71	$406
85	62	↓	Honeywell	Technology & IT	$119	94%	$7	$4	$16	$100	$126
86	67	↓	Lockheed Martin	Aerospace & Defence	$118	100%	$0	$3	$11	$104	$118
87	82	↓	Union Pacific	Logistics	$116	73%	$44	$0	$0	$116	$160
88	90	↑	FIS	Internet & Software	$116	100%	-$1	$19	$52	$45	$115
89	-	New	Wuliangye	Drinks	$116	86%	$18	$0	$0	$116	$134
90	-	New	Pinduoduo	Internet & Software	$115	92%	$10	$0	$0	$115	$125
91	58	↓	Starbucks	Retail & Food Retail	$113	93%	$9	$1	$4	$109	$122
92	85	↓	Bayer	Pharma	$106	101%	-$1	$38	$43	$25	$105
93	70	↓	Dell Technologies	Technology & IT	$106	109%	-$9	$16	$41	$49	$97
94	-	↑	AMD	Technology & IT	$104	96%	$4	$0	$0	$104	$108
95	83	↓	3M	Engineering & Construction	$103	92%	$9	$6	$13	$84	$112
96	-	New	JD.com	Internet & Software	$103	80%	$26	$2	$1	$100	$129
97	-	New	Nextera	Utilities	$103	55%	$83	$0	$4	$99	$186
98	86	↓	TCS	Technology & IT	$100	86%	$16	$0	$1	$99	$115
99	97	↓	Siemens	Engineering & Construction	$98	65%	$54	$6	$24	$69	$152
100	81	↓	Cigna	Healthcare	$98	104%	-$4	$36	$45	$17	$94

Top 100 Companies by Disclosed Intangible Value.

2020 Rank	2019 Rank		Company	Sector	Disclosed Intangible Value (USD bn)	Disclosed Intangible Value/Total Intangible Value (%)	Tangible Net Asset Value (USD bn)	Net Disclosed Intangibles (USD bn)	Disclosed Goodwill (USD bn)	Undisclosed Intangible Value (USD bn)	Enterprise Value (USD bn)
1	1	←	AT&T	Telecoms	$299	74%	$72	$156	$144	$34	$405
2	3	↑	Comcast	Media	$161	53%	$21	$94	$67	$122	$304
3	4	↑	BAT	Food	$157	117%	-$15	$98	$59	-$8	$134
4	2	↓	AB InBev	Drinks	$155	73%	$1	$40	$115	$57	$212
5	19	↑	Deutsche Telekom	Telecoms	$142	53%	$80	$128	$14	$43	$266
6	5	↓	Verizon	Telecoms	$130	35%	$60	$105	$25	$182	$373
7	58	↑	Abbvie	Pharma	$119	49%	-$23	$76	$43	$148	$244
8	7	↓	CVS Health	Retail & Food Retail	$112	73%	$31	$32	$80	$11	$154
9	8	↓	Charter Communications	Media	$103	46%	$4	$74	$30	$117	$224
10	6	↓	Berkshire Hathaway	Insurance	$102	15%	$460	$30	$72	$128	$690
11	56	↑	T-Mobile	Telecoms	$100	43%	$50	$89	$11	$82	$231
12	54	↑	Disney	Media	$97	32%	$48	$20	$77	$155	$300
13	-	New	Raytheon Technology	Aerospace & Defence	$95	78%	$1	$42	$53	$25	$122
14	11	↓	Pfizer	Pharma	$92	36%	$25	$34	$58	$141	$257
15	15	←	Johnson & Johnson	Pharma	$81	20%	-$7	$47	$34	$336	$410
16	13	↓	Bayer	Pharma	$81	77%	-$1	$38	$43	$25	$105
17	12	↓	Kraft Heinz	Food	$81	119%	-$5	$47	$33	-$7	$68
18	14	↓	Cigna	Healthcare	$80	86%	-$4	$36	$45	$17	$94
19	-	New	Bristol Myers Squibb	Pharma	$80	49%	-$5	$59	$21	$88	$163
20	24	↑	UnitedHealth Group	Healthcare	$78	24%	$9	$11	$68	$234	$321
21	21	←	Volkswagen	Automobiles	$75	86%	$47	$49	$26	-$35	$87
22	-	New	Takeda	Pharma	$74	74%	$11	$37	$37	$15	$100
23	47	↑	IBM	Technology & IT	$72	44%	$4	$14	$58	$89	$166
24	-	New	FIS	Internet & Software	$71	61%	-$1	$19	$52	$45	$115
25	22	↓	Bank of America	Banking	$71	22%	$275	$2	$69	-$19	$327
26	26	←	Atlantia	Commercial Services	$70	100%	-$7	$56	$14	$7	$70
27	17	↓	Sanofi	Pharma	$70	52%	$10	$19	$51	$55	$135
28	20	↓	Novartis	Pharma	$66	27%	$17	$37	$29	$161	$243
29	23	↓	Procter & Gamble	Cosmetics & Personal Care	$64	17%	$3	$24	$40	$298	$365
30	55	↑	Broadcom	Technology & IT	$63	34%	-$2	$20	$43	$124	$186
31	27	↓	Medtronic	Healthcare	$59	37%	$7	$19	$41	$94	$160
32	28	↓	CK Hutchinson	Banking	$59	73%	$57	$19	$40	-$35	$81
33	29	↓	Vodafone	Telecoms	$59	59%	$70	$24	$34	-$29	$99
34	25	↓	Dell Technologies	Technology & IT	$57	59%	-$9	$16	$41	$49	$97
35	9	↓	SoftBank	Telecoms	$55	24%	$102	$18	$37	$73	$230
36	57	↑	Danaher	Healthcare	$54	32%	$0	$20	$33	$113	$167
37	-	New	Fiserv	Internet & Software	$53	67%	-$8	$17	$36	$35	$80
38	78	↑	GlaxoSmithKline	Pharma	$52	39%	$2	$39	$14	$80	$134
39	38	↓	Microsoft	Internet & Software	$50	3%	$122	$7	$43	$1,547	$1,720
40	40	←	Vinci	Engineering & Construction	$50	58%	$1	$37	$13	$36	$88
41	30	↓	Nestle	Food	$49	13%	$33	$20	$30	$298	$380
42	34	↓	JP Morgan Chase & Co	Banking	$49	12%	$286	$1	$48	$71	$406
43	31	↓	Oracle	Internet & Software	$48	23%	-$4	$4	$44	$165	$209
44	73	↑	Alibaba	Internet & Software	$47	6%	$113	$8	$39	$646	$806
45	35	↓	Orange	Telecoms	$47	64%	$27	$16	$31	$0	$73
46	-	New	Saudi Aramco	Oil & Gas	$45	2%	$325	$18	$27	$1,606	$1,976
47	37	↓	Keurig Dr Pepper	Drinks	$44	77%	-$6	$24	$20	$19	$57
48	41	↓	VISA	Banking	$43	10%	$0	$27	$16	$384	$427
49	-	New	DuPont	Chemicals	$42	72%	$11	$12	$30	$5	$59
50	39	↓	Linde	Chemicals	$42	28%	$18	$16	$27	$89	$150
51	62	↑	Unilever	Cosmetics & Personal Care	$40	22%	$6	$18	$22	$137	$183
52	51	↓	Exor	Banking	$39	184%	-$15	$23	$17	-$3	$21
53	45	↓	EssilorLuxottica	Healthcare	$39	62%	$5	$12	$27	$19	$64
54	86	↑	Brookfield Asset Management	Banking	$39	60%	$1	$25	$14	$26	$65
55	50	↓	Mondelez	Food	$39	38%	$6	$18	$21	$57	$102
56	44	↓	Thermo Fisher	Healthcare	$39	21%	$6	$13	$26	$142	$187
57	42	↓	Abbott Labs	Healthcare	$39	19%	$7	$16	$23	$158	$203
58	46	↓	Becton Dickinson	Healthcare	$38	44%	$3	$14	$24	$46	$86
59	71	↑	SAP	Internet & Software	$38	17%	$7	$5	$33	$172	$217
60	59	↓	Intel	Technology & IT	$37	17%	$53	$10	$27	$134	$225
61	72	↑	PepsiCo	Drinks	$37	16%	$12	$19	$18	$180	$229
62	74	↑	Merck & Co	Pharma	$37	16%	$11	$17	$20	$186	$233
63	-	New	Global Payments	Commercial Services	$36	55%	$3	$13	$24	$26	$66
64	66	↑	Fresenius	Healthcare	$36	56%	$22	$4	$31	$6	$64
65	61	↓	Cisco	Telecoms	$35	20%	$17	$2	$34	$125	$177
66	53	↓	Enel	Utilities	$35	21%	$74	$19	$16	$58	$168
67	16	↓	GE	Engineering & Construction	$35	50%	$15	$10	$25	$21	$70
68	48	↓	Teva Pharmaceuticals	Pharma	$35	96%	$5	$10	$25	-$3	$36
69	60	↓	LVMH	Apparel, Watches & Jewellery	$34	13%	$32	$19	$15	$199	$265
70	33	↓	Telefonica	Telecoms	$34	40%	$45	$14	$20	$6	$86
71	-	New	Salesforce	Internet & Software	$34	13%	$8	$7	$26	$214	$256
72	87	↑	China Communications Construction Company	Engineering & Construction	$34	42%	$58	$33	$1	-$12	$80
73	43	↓	TIM	Telecoms	$33	80%	$21	$8	$26	-$13	$42
74	79	↑	Total	Oil & Gas	$33	22%	$112	$25	$8	$3	$148
75	69	↓	Blackrock	Banking	$33	31%	$14	$18	$15	$59	$106
76	65	↓	CME Group	Banking	$33	45%	$5	$22	$11	$36	$74
77	-	New	Amgen	Pharma	$33	19%	$1	$18	$15	$136	$170
78	67	↓	Christian Dior	Apparel, Watches & Jewellery	$32	24%	$33	$18	$13	$65	$130
79	52	↓	Reckitt Benckiser	Household Products	$31	38%	-$6	$23	$9	$59	$84
80	63	↓	Astrazeneca	Pharma	$31	20%	-$4	$20	$12	$132	$159
81	75	↓	Anthem	Healthcare	$31	45%	$12	$10	$22	$25	$69
82	82	←	Bollore	Banking	$31	73%	$11	$12	$19	$1	$42
83	83	←	Financiere de l'Odet	Banking	$31	80%	$6	$12	$19	$1	$38
84	49	↓	CenturyLink	Telecoms	$30	68%	$16	$9	$21	-$2	$45
85	77	↓	Fiat Crysler	Automobiles	$30	123%	$5	$18	$12	-$11	$25
86	-	New	Walmart	Retail & Food Retail	$30	6%	$104	$0	$30	$343	$476
87	36	↓	Siemens	Engineering & Construction	$29	19%	$54	$6	$24	$69	$152
88	-	New	Merck Group	Pharma	$29	39%	$6	$10	$19	$39	$74
89	81	↓	Engie	Utilities	$29	43%	$39	$8	$21	-$1	$67
90	-	New	Coca-Cola	Drinks	$27	11%	$24	$11	$17	$194	$245
91	-	New	L3 Harris	Aerospace & Defence	$27	62%	$1	$8	$19	$16	$44
92	84	↓	Danone	Food	$27	46%	$5	$7	$20	$26	$59
93	99	↑	Liberty	Media	$27	96%	-$2	$11	$16	$3	$28
94	-	New	Truist	Banking	$27	34%	$61	$3	$24	-$9	$79
95	89	↓	Enbridge	Engineering & Construction	$27	22%	$73	$2	$25	$22	$122
96	70	↓	Wells Fargo	Banking	$27	16%	$199	$0	$26	-$59	$167
97	-	New	POWERCHINA	Engineering & Construction	$27	40%	$43	$27	$0	-$3	$67
98	88	↓	AXA	Insurance	$26	33%	$76	$7	$20	-$22	$80
99	97	↓	Dish Network	Media	$26	91%	-$3	$26	$0	$6	$29
100	-	New	Centene	Healthcare	$26	67%	$3	$9	$17	$11	$39

Consulting Services.

1. Valuation: What are my intangible assets worth?

Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

+ Branded Business Valuation
+ Trademark Valuation
+ Intangible Asset Valuation
+ Brand Contribution

2. Analytics: How can I improve marketing effectiveness?

Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allows an understanding of how brands create bottom-line impact.

+ Market Research Analytics
+ Return on Marketing Investment
+ Brand Audits
+ Brand Scorecard Tracking

4. Transactions: Is it a good deal? Can I leverage my intangible assets?

Transaction services help buyers, sellers, and owners of branded businesses get a better deal by leveraging the value of their intangibles.

+ M&A Due Diligence
+ Franchising & Licensing
+ Tax & Transfer Pricing
+ Expert Witness

3. Strategy: How can I increase the value of my branded business?

Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

+ Brand Governance
+ Brand Architecture & Portfolio Management
+ Brand Transition
+ Brand Positioning & Extension

MARKETING	FINANCE	TAX	LEGAL
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.	We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.	We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.	We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

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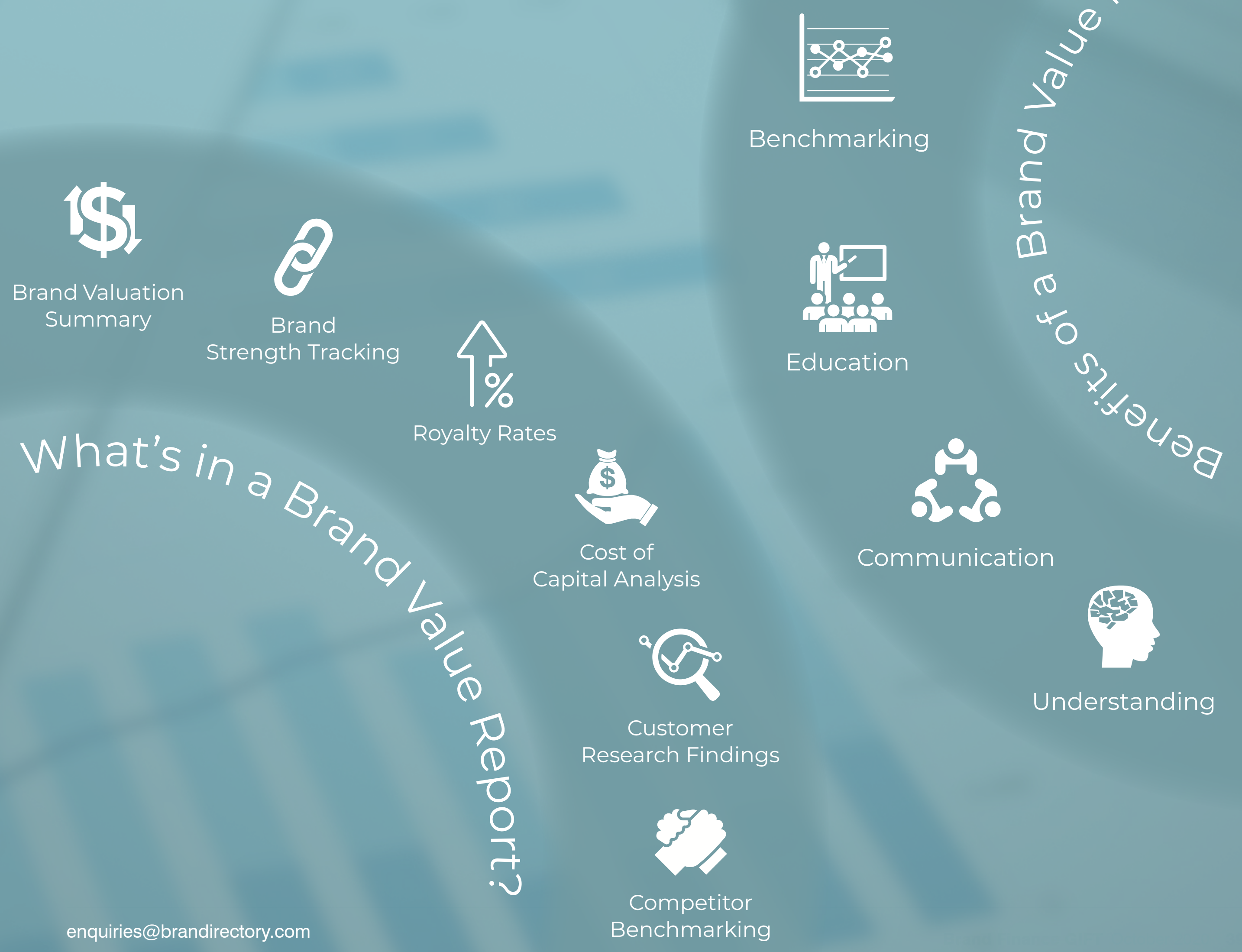
Request your own **Brand Value Report**

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.

Insight

Strategy



enquiries@brandirectory.com

Brand Finance Network.

For further information on our services and valuation experience, please contact your local representative:

Market	Contact	Email	Telephone
Africa	Jeremy Sampson	j.sampson@brandfinance.com	+27 82 885 7300
Asia Pacific	Samir Dixit	s.dixit@brandfinance.com	+65 906 98 651
Australia	Mark Crowe	m.crowe@brandfinance.com	+61 280 765 791
Brazil	Eduardo Chaves	e.chaves@brandfinance.com	+55 16 9 9161 7075
Canada	Charles Scarlett-Smith	c.scarlett-smith@brandfinance.com	+1 514 991 5101
China	Scott Chen	s.chen@brandfinance.com	+86 186 0118 8821
France	Bertrand Chovet	b.chovet@brandfinance.com	+33 6 86 63 46 44
Germany	Ulf-Brün Drechsel	u.drechsel@brandfinance.com	+49 171 690 6828
India	Ajimon Francis	a.francis@brandfinance.com	+91 989 208 5951
Indonesia	Jimmy Halim	j.halim@brandfinance.com	+62 215 3678 064
Ireland	Simon Haigh	s.haigh@brandfinance.com	+353 087 669 5881
Italy	Massimo Pizzo	m.pizzo@brandfinance.com	+39 02 303 125 105
Japan	Jun Tanaka	j.tanaka@brandfinance.com	+81 90 7116 1881
Mexico & LatAm	Laurence Newell	l.newell@brandfinance.com	+52 55 9197 1925
Middle East	Andrew Campbell	a.campbell@brandfinance.com	+971 508 113 341
Nigeria	Tunde Odumeru	t.odumeru@brandfinance.com	+234 012 911 988
Romania	Mihai Bogdan	m.bogdan@brandfinance.com	+40 728 702 705
Spain	Teresa de Lemus	t.delemus@brandfinance.com	+34 654 481 043
Sri Lanka	Ruchi Gunewardene	r.gunewardene@brandfinance.com	+94 11 770 9991
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com	+90 216 352 67 29
UK	Richard Haigh	rd.haigh@brandfinance.com	+44 207 389 9400
USA	Laurence Newell	l.newell@brandfinance.com	+214 803 3424
Vietnam	Lai Tien Manh	m.lai@brandfinance.com	+84 90 259 82 28

Brand Finance®

Contact us.

The World's Leading Independent Brand Valuation Consultancy
T: +44 (0)20 7389 9400
E: enquiries@brandfinance.com
www.brandfinance.com

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