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BrandFinance® Journal

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SPECIAL CANADIAN ISSUE - JULY 2012

TOP 50 CANADIAN BRANDS

Schulich's Alan Middleton on why measuring your brand matters

LEVEL5's David Kincaid on the importance of fulfilling your brand promise

Haskayne's Debi Andrus on the need for an energy sector brand strategy

How TD broke off from the pack and now challenges RBC's hegemony as Canada's most valuable brand

Foreword

A view from across the pond

Since the financial crisis and global recession kicked off in 2007 Canadian brands have gone from strength to strength. At the macro economic level, our annual BrandFinance Nation Brand 100 study shows rising value and rating for Brand Canada. Canadian virtues and characteristics have been and remain at a premium in an uncertain world.

The Canadian economy, relying heavily on commodities, mining, timber, agriculture, fisheries, oil and associated manufacturing, has displayed defensive qualities compared with economies like the US and UK, which are both heavily exposed to volatile corporate financial services and consumer products.

Canadian banks, like RBC and TD, and financial service firms, like Manulife and SunLife, are safe havens and have thrived. The big question is whether they could have been more aggressive and grown faster in the new world order. Probably.

But the very reason Canadian brands are doing well is because they are not aggressive and generally shun excessive risk. They just get on with it for the long term in an undemonstrative, competent way. This quintessentially understated Canadian style works with consumers and customers inside and outside Canada.

But just because Canada's brand management style is unflashy does not mean that Canadian brands are dull or uncreative. Many Canadian brands are highly innovative and creative and are quietly emerging onto a world stage taking advantage of the opportunities in International markets created by the shocks endured by American and European brands.

So, things are generally positive for Canadian brands. Even in historically low branded sectors like oil services, engineering and mining Canada's conservative and considerate approach is helping business to business brands. It is fair to say that the tighter environmental controls in Canada and greener hue of Canada's oil services sector has created a brand advantage over US competitors. At the National level Brand Canada is increasingly popular, with Canadian tourism on the rise.

Against this generally positive background the one iconic Canadian firm which has fared notably badly is RIM with its BlackBerry brand. It has been out marketed by its more consumer focused competitors at Apple and Samsung. The mobile handset device market is ruthless and moves fast. BlackBerry has just not been quick enough on its feet and looks likely to be broken up. Sadly, the brand's value has dropped further in our table this year.

As we rapidly move towards the end of the financial crisis and recession, stimulated by a US re-election year, which is seeing a spike in economic activity, the question is how will Canadian brands leverage the advantages and progress made in the last five years.

Based on current form there is a great deal to be optimistic about for the Canadian economy, for Canadian commercial brands and for Brand Canada.

David Haigh, *CEO*
Brand Finance plc

Foreword

A Canadian perspective

It is with great pleasure that Brand Finance publishes this special Canadian issue of the Brand Finance Journal. It is an opportunity to acknowledge and recognize the fantastic brand building that Canadian companies have accomplished in the past year. This is reflected in the valuations of the Top50 Canadian brands including five privately held companies that have been incredibly successful in competing against public companies that, in most cases, have easier access to capital.

Brand valuation is still misunderstood and often dismissed in the executive boardrooms of many North American companies. Some executives still see marketing and brand building as an expense and a necessary evil. This viewpoint developed over decades because of the immense challenge in accurately quantifying the impact of marketing on purchase decisions. Does a dollar spend today benefit a company next week, next month, next year or even later?

Market research and quantitative analysis is now at such a robust level that, when combined with the financial performance of a company, allows the CEO, CFO, and CMO to see the direct monetary contribution of a brand by segment, allowing access to new strategies that maximize the return on marketing investment. Successful brand building is no longer driven by the gut of an advertising executive or a prodigy like the late Steve Jobs. It is increasingly driven by a team of smart executives that evaluate the financial opportunities available to them in positioning their brand to anticipate and meet the needs of their customers. These decisions are tracked in the millions, if not billions of dollars of investment to grow a brand to the next level.

The role of brands and other intangible assets is appropriately recognized in the global IFRS accounting standards that, in the best manner possible, ascribe value to both tangible and intangible asets that generate present or future revenue for the company. The increasing utilization of IFRS in Canada, and the eventual inclusion of all of its components pertaining to the valuation of intangible assets including brands will give a common, globally integrated framework for Canadian companies.

Now is the opportunity for Canadian executives to take leadership in properly valuing and using their brands more extensively before the implementation of IFRS forces this governance upon them. The articles and insights in this edition of the Brand Finance Journal are an excellent place to fine tune one's understanding or learn from the effectiveness of growing brand values from the companies profiled within these pages.

Edgar Baum, *Managing Director*
Brand Finance Canada

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Top 50 highlights

- This is the first time that Brand Finance has valued Canada's largest private corporations with McCain leading the five entrants as the 19th most valuable Canadian brand with a value of $2.1bn
- Of the 50 brands in the Top50, 20 are b2b companies showcasing the growing importance of these brands in creating long term value for their organizations. The highest brand value belongs to Bombardier ranked at #8 on the table
- The majority of Canadian brands have achieved positive results with a combined growth of 18.4% for the Top15 Canadian Brands that have valuations tracked in the previous year. This is substantial increase in brand value when compared to a growth of 3.3% for the BrandFinance® Global 500 brands in the same period
- The combined brand value of the Top50 Canadian Brands valuable brands has increased by 77% to $121.4bn from $68.5bn in 2009. The value of the BrandFinance® Global 500 brands has grown 49% in the same time span
- A strong steady economy supports growth in the Canadian banking sector, with Royal Bank of Canada retaining its top position with a brand value of $8.64bn with TD Bank Financial group hot on its heels with a brand value of $8.5bn. Royal Bank is now the 20th most valuable banking brand in the world and ranks in at #103, up from #131, on the BrandFinance® Global 500 rankings
- Potash Corporation just fell short of the threshold needed to join an exclusive club of five other resource and mining companies in the BrandFinance® Global 500 with a brand value of $2.45bn. Potash leads the charge on having resource and mining companies in the Top50 Canadian Brands for the first time
- However Canada's most international brand, Blackberry has dropped 25% of its brand value, relegating it to 10th position as at Jan 1, 2012 with strong indications that its brand value has continued to decline since then
- Since the last Top50 Canadian Brands publication in 2009 well recognized brands such as Air Canada, Yellow Pages, Magna, Canwest, Sears, Maple Leaf Foods, and WestJet have fallen out of the rankings
- Brand Finance is proud to include notable private corporations in our rankings. McCain (19th), Desjardins (35th), Home Hardware (39th), Syncrude (47th), and Jim Pattison (48th) are all privately nurtured brands that made the Canadian Top50

Enterprise and brand values are calculated as at January 1, 2012

David Kincaid

The emerging brand landscape

From names and designs used to help consumers distinguish between different products, to complex bundles of logos, looks, and attributes that trigger consistent emotional associations, to intangible assets on IFRS balance sheets, brands have evolved into a wide variety of roles.

We believe they're evolving again. We see this happening everyday in our clients' businesses, and, with increasing frequency, in the wider marketplace. Organizations are coming to understand brands more and more as internal and external promises that need to be kept consistently and require the business itself to change (and potentially, to keep changing) in order to fulfill that promise for all customers and employees, all the time. In short, brand is coming to be seen less as a thing and more as a business system that must be tuned and aligned, harnessing and harmonizing all of an organization's functions to achieve a specific, well-defined customer experience and generate tangible value on the balance sheet and income statement.

Within this new landscape, we see several key themes developing that have direct impact on brand and its value on the balance sheet.

The CMO is dead; long live the CMO

As the definition of "brand" bursts its levées and washes across the firm and all of its functions, we can't help but wonder about its impact on chief marketing officers and on how both they and their employers will define their roles in this new context and contribute to the value of the brand and business. Will CMOs – once hired for their marketing expertise only – be able to adapt?

One of the leading indicators we'll be watching for is the changing role description in CMO job postings. No longer the custodians of a discrete, if valuable, object, CMOs working for successful firms will need to be comfortable thinking like architects and leading like conductors. They will be responsible for driving the brand promise into every cog and wheel in the machine that has an impact on its achievement, and for ensuring that components that hold the brand back get replaced. Indeed, according to a recent white paper by executive search firm Korn Ferry, the best CMOs require no less than three core competencies: the ability to generate new ideas and breakthroughs, a strong focus on action and on outcomes, and the skill to inspire others within their department and across the organization. It sounds like a tall order, and while some (perhaps rare) executives can surely offer this mix of skills, many others cannot. Which raises an important question: is it possible that the role of the CMO has gotten too big for actual CMOs? Should responsibility for the brand and its equity be shared across the company instead? Should CMOs alter their recruiting and promotion practices to ensure that their direct reports possess the range of skills needed, so that as a group they're more than up for the job? Should the CEO take on some extra responsibilities for brand?

After half a century of progress, things are about to get interesting.

The new centres of influence: China, India, and Africa

The sustained economic progress of 3.5 billion people is a hard phenomenon to miss. Reams have been written about the emergence of vast new middle-class markets, of the growth of Asian export industries, and, more recently, of the repatriation of certain jobs and functions to the developed economies as economic differentials lessen.

But we think that the impact of this massive geopolitical change will be measured not just by numbers of people or by average purchasing power, but by the generation and flow of ideas. How we do business in 2022 – which includes how we think about, use, value, and support brands – will be a function no longer of how things play in Peoria (Illinois), and not even (or not only) of how things play in Pune (India). It will be a function of how sophisticated, well-educated people in Tianjin, Hyderabad, and Lagos grow their enterprises, train their professionals, and make decisions – often based on what works in their ever-more-prosperous home markets.

None of this will be entirely insular, of course. Western business education will likely remain in high demand with the young and ambitious around the world. But the multinational companies that propagate business practices across borders will increasingly be Indian, Chinese, and African ones, and the most prolific sources of cutting-edge ideas will increasingly be non-Western thinkers and practitioners. How brands are defined and valued, and how business systems are designed, will be up for grabs in a fundamental way.

Better put your thinking cap on – your brand management peer group is about to get a whole lot bigger.

David Kincaid, Managing Partner, and CEO of LEVEL5 Strategy Group, one of Canada's leading strategic brand consultancies. LEVEL5 counts Manulife, Live Nation, Ontario Tourism, Harley Davidson, Canada Goose, UHN, Metrolinx, Canada Post, CIBC, and Canadian Tire among its clients.

Keep your big promises. Break your small ones

We know that keeping your promises is a hard thing to do. As individuals we've got multiple roles, and each of these roles comes with valid commitments and expectations: work hard and give 110% effort for your clients and team; spend quality time with your kids; help your friends; donate time to your local church/school/charity. You can't cover them all, and the well-balanced life too often seems to come down to choosing which promises to break.

Branded business today is no different. With numerous constituencies to tend to and innumerable commitments (both explicit and tacit) to keep, corporate leaders feel under immense pressure to deliver their brand promise on all fronts and grow its value . What's more, the brand scorecards are increasingly public ones, as transparency increases and the treatment of customers, shareholders, and workers (including those all the way along the company's supply chain) is easily recorded, shared, and broadcast on our now-pervasive social networks.

There's hope. We've always told our clients that a brand is "the value of a promise consistently kept" but that doesn't mean that one promise is as important as any other. The wise firm will look to its brand strategy, and to the business system that supports it, to determine which promises must be kept in all circumstances to drive brand equity and profitable growth,and which promises are breakable (if necessary). Like people, no company is perfect across the board – but the best companies make sure they're nearly perfect in all the ways that actually matter to the bottom line and balance sheet

The Changing Landscape

A common thread we've identified is the growing speed and complexity of the environment in which we all do business. Management theories have shorter shelf lives than ever. No sooner had gurus asserted that product customization and flexibility would be the order of the day, than what is now the most valuable company on the planet demonstrated the opposite; every product that Apple makes is about as far from customizable as it is possible to be in the computer industry.

There is no magic key to brand anymore. No single idea or approach unlocks the vault to brand equity. Procter & Gamble grew a multi-billion dollar business across multiple brands on the strength of its rigorously-controlled brand management process – but if P&G were being founded today, we doubt that it would choose to build on the same monolithic foundation. Indeed, it is almost certain that one of the defining characteristics of the business world in the 21st century will be an immense diversity of experiments in business models, brand strategies, and product designs. Some management thinkers have gone so far as to argue that in such a world, the development of a strategy no longer makes sense, and that organizations should focus instead on boosting their brand capacities to be flexible, responsive, and rapid.

A successful financial trader once said that winning is not a matter of being right; it's of recognizing that you're wrong and then getting right faster than your competitors do. In this confusing, high-noise century of ours, being wrong is likely to be our normal condition -- and if we're not often wrong, we're probably not experimenting enough.

That holds equally true for brands, so the question is: how do you know when your experimentation pays off? Do you know the tangible value your brand holds on the balance sheet today, and the key drivers of that value? Without that, how can you, as a brand owner (be you CEO, CMO or Brand Council member), know when certain brand investments build or erode the brand equity or deliver the required ROI? And without that, how will you make effective resourcing and investment decisions to meet the objectives of your stakeholders? X marks the spot differently for every brand, and we look forward to carrying on the conversation with our clients to help guide their brand through the changing landscape.

Alan Middleton, PhD.

The journey from brand equity to brand value: measuring a critical strategic business system

Along with other intangible assets like patents, unique or rare business processes, scale/share of market, and management quality, brands are now accepted as having considerable value to its owners. The measurement of this value has become a hugely important issue in business management. Equally important is the understanding, and measurement, of how organizations develop this asset. Building brand equity for the customer, and by so doing building brand value for its owner, has legitimately become a major focus of study in both the practitioner and academic world.

Traditionally marketers have regarded the primary benefits of brand choice offered to customers as:

Commercial - both in the function the brand performs and in the meaning or image conveyed by use of, and association with, the brand. If the following benefits were offered with a better value proposition than competitors then the brand, over time, would achieve high brand equity with the customer:

- Predictable quality of benefit/satisfaction versus expectation and alternatives;
- Mental shorthand for easier/quicker purchasing based on established awareness and associations;
- Associations for the brand consistent with, and therefore reinforcing, customer self and public image;
- A mental blueprint/roadmap to help the customer navigate the commercial world.

However, the customer/consumer has changed and now they also review other brand considerations. In the book "Ikonica" co-authored with Jeannette Hanna, it was proposed that, in addition to commercial motivations for purchase, two other sets of benefits now influence use and purchase of brands:

Cultural – the impact of the internal culture of the brand organization. Obviously in a service industry dominated economy the motivation, performance and service delivered by employees has a huge impact on brand experience. Research has consistently indicated that the more positive the internal brand culture the more positive is the customer brand experience. In Canada Westjet and Four Seasons are great examples of the power of a positive internal brand culture in building customer brand equity.

Community – the impact of the brands engagement with the customer community in terms of the natural environment, supplier fair trade, governance and philanthropy. The more positively a brand is seen in its engagement with the community's broader social issues the more positive the benefits of association for the customer. In Canada Tim Hortons continues to be a stand-out example of community engagement.

The value proposition that builds brand equity for the customer now must consider *Commercial*, *Cultural* and *Community* benefits. Consistent delivery of these will result in brand behaviours based on high customer brand equity that contribute to increasing brand value for its owner. These behaviours according to research include:

- Greater likelihood of sales;
- Lowered price sensitivity compared to competition;
- Greater regularity of purchase and the increased likelihood of both attitudinal and behavioural loyalty.

Each of these, and particularly the combination of these outcomes, builds substantial benefits to the brand owner in two areas: revenue and brand value. This relationship between customer brand equity and owner brand value is at the heart of a successful business process for most organizations.

If this is the one of the most powerful relationships in business process then how is it being measured?

As it is a non-linear relationship that depends on the specific market customers, competitors and conditions, direct causation is well-nigh impossible to establish. However this does not mean that journey from the development of customer brand equity to owner brand value cannot be tracked, measured and understood. That is the role of the Brand Dashboard or Scorecard.

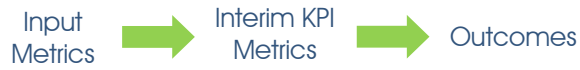
The rise of Performance Scorecards and Dashboards has accelerated following the continued acceptance and development of the Balanced Scorecard. They

Dr. Alan Middleton is on the marketing faculty at the Schulich School of Business at York University in Toronto. A 25 year marketing practitioner, he has spent the last 20 years in academe in research on brands. Alan is about to publish a work titled "Measuring Marketing Communications effectiveness in an ever changing world – the role of the MarCom Dashboard."

have been applied in all areas of marketing and marketing communications, and now in brand management. Whether they are called Brand Scorecards, which in North America has tended to be applied to the comparison of brand metrics versus targets in a non-graphic form, or a Brand Dashboard, they are powerful methods to help management of the brand equity – brand value relationship.

From the analogy of the dashboard in a vehicle, the Brand Dashboard contains in graphic form the key data and information that allows understanding of the links between Input activities, Interim measures/Key Performance Indicators and Outcomes. Input activities tracked include *Commercial* inputs of product performance, service delivery, price, distribution, and marketing communications; *Cultural* inputs include measures of employee organization and hiring, reward, training and retention programs; *Community* inputs include community/corporate social responsibility activity. Interim measures, some of which over time will be found to be key performance indicators (KPIs), include metrics like awareness, brand associations, trial & repeat purchase and net promoter score. Outcome measures include sales, share of market, share of customer and margin, and of course improvement in brand value.

Figure #1: The Brand Dashboard Flow



The key issues in development of a Brand Dashboard are:

- The Input to Interim Measure/KPI to Outcomes flow shown graphically with an ability to click through to greater detail at each stage to explore the analysis questions;
- The data comes not just from marketing but from the whole business;
- The understanding that the brand dashboard and indeed brand management in general must be treated as the management of an important strategic business system and not just a series of tactical decisions.

The flow and graphic nature of the Dashboard allows a visual connection between the three stages of Input – Interim – Outcome metrics. It allows a data based investigation of trends and shifts in trends based on Input changes. Over time with sufficient data points it allows modeling of the Input – Interim – Outcome relationships. While it will not always deliver direct action – effect predictive measures due to the hugely variable nature of markets and brand management, it can strongly indicate non-linear relationships that can be investigated. This can enable aspects of customer brand equity that result in improved owner brand value to be emphasized. The Brand Dashboard allows measurement of brand equity building strategies and actions in a way that links it to the goal of business building and brand value building.

Increasingly organizations are beginning to use the Brand Dashboard or Scorecard as a part of their brand analysis and management process. Consultancies like Brand Finance have developed disciplines and approaches that aid in this work. In great brand management, the growing understanding that brands are assets that have value, and value that can be measured, has been an essential contribution to improved business and brand management. In addition a better understanding of how to build customer brand equity and its relationship to improved brand value must also be sought, and this understanding must include the role of all customer benefits, *Commercial*, *Culture* and *Community*, in delivering this equity and eventual value. Brand Dashboards and Scorecards are essential elements in developing this understanding.

Debi Andrus, PhD.

Branding resource commodities requires strategic thinking as an industry

"There is the reputational issues in the media about the oilsands but when you come here and see the commitment to cleaning that up --- that it is going to be cleaned up -- the argument now is not 'Is it going to be done?' but 'How long will it take?'" John Gibson, CEO, Tervita, (Chris Nelson, Calgary Herald, Sunday, July 8, 2012).

Tervita, a Calgary-based waste management and environmental energy services organization, was rebranded in March 2012 after two years of leadership by John Gibson in amalgamating its component companies. His observation summarizes a need for a serious look at the role branding can play in a resource commodity industry such as oil and gas.

Commodities such as oil and gas are basically the same regardless of how the product is extracted and processed. Little real or perceived differences exist among the competitive products. Oil and gas is oil and gas. At least that is the way it used to be.

With the development of the oil sands in Alberta and the increased scrutiny and criticism following incidents such as the images of tailings ponds and the infamous duck deaths, the perception of oil extraction and processing has changed. Oil from northern Alberta is now perceived to be different relative to oil extracted from other areas. Pipeline leaks appear to be on the increase (or, at least, reported more often) creating increased concerns about transporting dangerous oil.

Environmental groups commandeered the images and issues in the oil sands, polarizing public opinion and changing perceptions of oil production and transportation. This has increased the need for oil and gas organizations to consider a strategic branding approach to build a sustainable competitive advantage, not just for individual firms, but the bigger issue, the industry as a whole.

For decades, industry players in the energy sector managed their businesses with government oversight, but little concern from the general public's perceptions about their activities. As companies invested in new technologies to find new supplies, little thought was given to the fact that the world was changing and one of the many changes included the ease with which lobby groups and news organizations could use social media to capture and distribute disturbing images around the world at break neck speed. Global supply chains, increased demand for corporate responsibility and environmental stewardship were all changes in the business environment forcing energy players to respond.

It may not be obvious how resource-based commodity organizations can adapt branding strategies commonly used by consumer goods and manufacturing companies. The purpose of creating a sustainable brand with its inherent brand equity, is to provide a shortcut for suppliers, customers and other publics to quickly understand the value of the product and the company. Iconic brands such as Apple and Coca-Cola create products and services that appeal to customers in a way that other companies do not. A strong brand offers a unique combination of design, quality, price, service and benefits to create a position in the marketplace difficult to copy. Brands build trust and create loyalty when well managed to deliver on their promise to the customer. The promise to their customers must be authentic, consistent and relevant.

Building and managing a brand requires a clear strategy, objectives and a commitment from the organization's leadership. A brand is more than a logo or catchy slogan. Building value requires more than an advertising campaign. A brand is an asset or liability depending on the experiences and perceptions of customers and other publics. Therefore, if a brand is not strategically managed by a company, the brand perceptions and inherent equity and value will be influenced by elements not within a company's control. The influencers can be customers, media or lobby groups. This is very important in the oil and gas industry due to the nature of a commodity market where most industry players are seen to be the same.

A pipeline leak from one company will paint *all* pipelines as problematic.

Debi is an Assistant Professor of Marketing and has been at the Haskayne School of Business since 1992. Debi earned her BComm from the University of Alberta and a Masters of Journalism from the University of Western Ontario. Her PhD in Marketing is from the University of Strathclyde in Scotland. Debi was a business columnist for CBC Radio One featuring case studies of timely business issues. She is often asked to participate in media panels, most recently on political branding for Alberta Primetime during the last provincial election.

Branding resource-based commodity organizations such as those in the oil and gas industry has complexities other sectors may not experience. Separating the industry perceptions from individual organizational perceptions is difficult in the energy industry. To compound the complexity within this industry is the fact that it is heavily regulated and the role of the government introduces another layer of governance.

One role of government, either provincial or federal, is to provide Canadian companies a stable environment and encourage the oil and gas sector to contribute to the economy by providing jobs and tax revenue. At the same time, governments need to ensure safety standards are met and the environment is protected. This all needs to be done while balancing global competition and international standards of business practice.

The provincial and federal governments, and their policies, directly influence the actions of industry players and hence, perceptions. When governments appear to be siding with industry or with environmentalists, this further polarizes ideologies and perceptions interfering with sustainable development and management of important resources. These issues can create adversarial and defensive postures by an industry feeling attacked.

As identified in a recent study on communication perspectives of the oil and gas industry, propaganda tactics such as name calling of industry opponents have been used by industry players (Haase and Raufflet, 2012)* It may be more appropriate to explore a different approach in managing energy exploration and development perceptions.

Any strategic change requires identification of changes in the business environment. This applies to strategic branding or rebranding. As part of brand management, major consumer-branded organizations continually monitor their competitors, trends and customers to stay relevant. Without relevancy and trust, brands do not survive in the long term.

Oil and gas industry players have brand equity. Any existing brand equity is based on perceptions of past actions of an individual organization as well as groups representing the industry. The first step in taking control of a corporate brand is to ensure that the existing perceptions of the brand is benchmarked to determine where the company wants the brand to be positioned relative to its competitors as well as in the minds of its consumers and the general public. A strong brand that is relevant and trusted will weather the vicissitudes of economic, technological and societal challenges.

A strong brand in a resource-based commodity industry needs to be based on activities, processes and actions which will stand apart from other industry players, ensuring differentiation. A well managed brand includes building and maintaining a reputation of environmental stewardship, process excellence and community engagement. Rather than investing in a battle of words and ideologies, real discussions on the future of the industry can happen.

Adapting strategic branding practices from consumer brands gives commodity based organizations a different approach to managing the complex nature of its industry. To build trust for any organization involved in resource-based development requires transparency as well as an investment in authentic stakeholder involvement and innovation through research and development with a view to safe, efficient technology within the communities it operates.

Brand Finance sits down with Karo Group

Perspectives on the rapid consumerization of the energy sector

Earlier this month, Edgar Baum, Managing Director of Brand Finance Canada interviewed Mark Szabo, the Managing Director of Karo Group, an inter-disciplinary creative agency based in Calgary, Alberta. Karo has a unique perspective on the energy sector arising from a emerging need of creative expertise to establish and communicate corporate and brand identities.

EB: What are some breakthroughs and challenges faced in the energy sector from a branding standpoint?

MS responds: Some of the larger energy companies have become a bit more recognized as household brand names in the last few years, usually due to bad PR. With all the news the past few years around oil spills, controversy over oil sands and their effect on the environment, as well as the proposed pipeline projects (i.e. Keystone and Northern Gateway), many companies are in the news more often. This increased coverage works two-fold for their brands as it heightens awareness of them, but not necessarily for the right reasons.

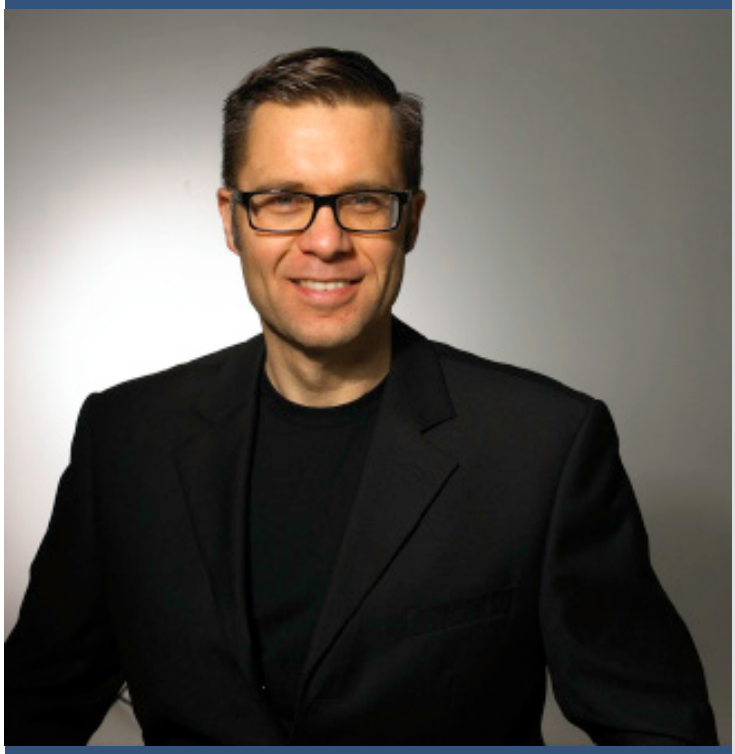
Social media and the number of conversations that are being had with and without the participation of the energy companies in question is both a challenge and a breakthrough depending on how well these companies are engaged in the dialogues that surround them.

There seems to be more and more viral videos created by groups and organizations opposed to energy companies and make spoof videos of the ad campaigns used to deliver the message. This happened recently with Enbridge. Even more popular than this one are the Chevron and BP spoof videos. Again – this is not necessarily adding value to the brands.

EB: What is Karo's perspective on the large scale advertising campaigns from b2b oilsands companies and their effectiveness in increasing their brand awareness and improving their brand image?

MS responds: Some campaigns often 'Greenwash' and make energy companies out to be larger than life heroes. Consumers see through this – as evidenced by the spoof videos that exist online. The campaigns conducted by energy companies need to be more factual and truthful by telling real stories on why we need energy and remind people how they are using it. Most people consume energy without giving second thought as to where it comes from.

Employees at companies like BP and Chevron are potential ambassadors for their organizations too. There is an opportunity to elevate an energy company's brand through employee ambassadorship. But again – it's got to be truthful, relevant and factual. Easy access to information has produced a more sophisticated public as compared to a generation ago.



Mark Szabo, Vice President and Managing Director, Karo Group. Mark manages Karo Group's Calgary office while completing a PhD in design thinking at the University of Calgary. Prior to joining Karo, Mark worked at Ogilvy and Mather, McLaren McCann and Critical Mass. Internationally, Mark has worked with global brands such as Mercedes Benz, Rolex and Cirque du Soleil.

Large scale advertising campaigns that promote job creation from companies are also not the most effective way to communicate to consumers; they can be read as self-serving. Consumers know that these companies wouldn't create jobs if they weren't making money from it. Instead, companies should focus on things like reclamation, technology investment, improvements in environmental stewardship, prevention, etc. If you can communicate any of these effectively - then you're believable.

EB: In your opinion, how important is consumer engagement and education in improving brand strength?

MS responds: Consumer engagement and education is vital to improving brand strength. Through the increased use of social media channels, there are also more opportunities to do so. However, this increase in communication channels can be a detriment to an organization if it isn't part of the two-way communication social media enables. The reputation of an organization can be tarnished more quickly than ever if correcting misinformation in a timely manner, through education, isn't happening.

In the past 24 months there have been active television campaigns conducted by Canadian oil sands companies. This is a critical step in building a brand and engaging with external stakeholders. The following are a small sample of advertisements geared toward consumers that address many of the points that Mark Szabo has raised as being important.

Cenovus Energy

Cenovus has run a number of ads that highlight the minimal disturbance to the environment and the innovative approaches to achieve that. It is also interesting how many of their ads close with the tag line "A Canadian Oil Company". This is interesting considering that most of its production is likely piped out of the country to the brands.

Encana

Earlier this year, Encana ran an advertisement that at first appearance seems to have a closer relationship to IKEA® than to an oil company. The mention of the company's name and industry is meant to surprise and interrupt the association that we have to oil sands. The imagery is very clean and modern, the exact opposite of the traditional association with oil as being dirty.

Suncor Energy, in partnership with CAPP

An advertisement that highlights innovation at dealing with the environmental challenges faced by tailings ponds and counteracting the images and perspectives that have developed regarding the oil sands industry. The focus and attention is once again on cleanliness and a complete disassociation from anything resembling pollution.

Syncrude, in partnership with CAPP

An advertisement that communicates that the environmental damage that occurred in the past is now being reversed effectively. It is also a genuine acknowledgement that the work is not done yet but that it is possible to counteract the effects of past, less favourable energy extraction practices.

Transcanada

An advertisement from last fall promoting the Keystone pipeline drawing upon the expertise of an American professor to alleviate the fears that had been built up. The ad is a clear example of a defensive, reactionary, brand building campaign to address the negatives of the Keystone pipeline that trump any positive ones in the eyes of the audience.

Getting a grip on intangibles

2012 BrandFinance® Global Intangible Financial Tracker

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

New research from Brand Finance, the 2012 BrandFinance® Global Intangible Financial Tracker (GIFT) report, shows that in 2011 intangibles across the world accounted for 49 per cent of the value of quoted companies, despite a decline since 2007 as a result of the 2008/2009 financial crisis and associated recession. What's more, 29 per cent of the value of these companies last year was not recorded on their balance sheets.

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

Overall, the 2012 GIFT study shows that the value of the top 56,000 companies in the world fell last year by $8.3 trillion, down from $59.6 trillion at the end of 2010 to $51.3 trillion at the end of 2011. The drop in value is larger than the economy of China.

The fall was one of only two declines in value over the past ten years, and the main culprit was the $11 trillion decline in the value of undisclosed intangible assets, including brands. The fall far outweighed smaller gains in tangible assets and disclosed intangible assets. Undisclosed value is just half what it was at its pre-crash high in 2007, though nearly double its immediate post-crash low in 2008.

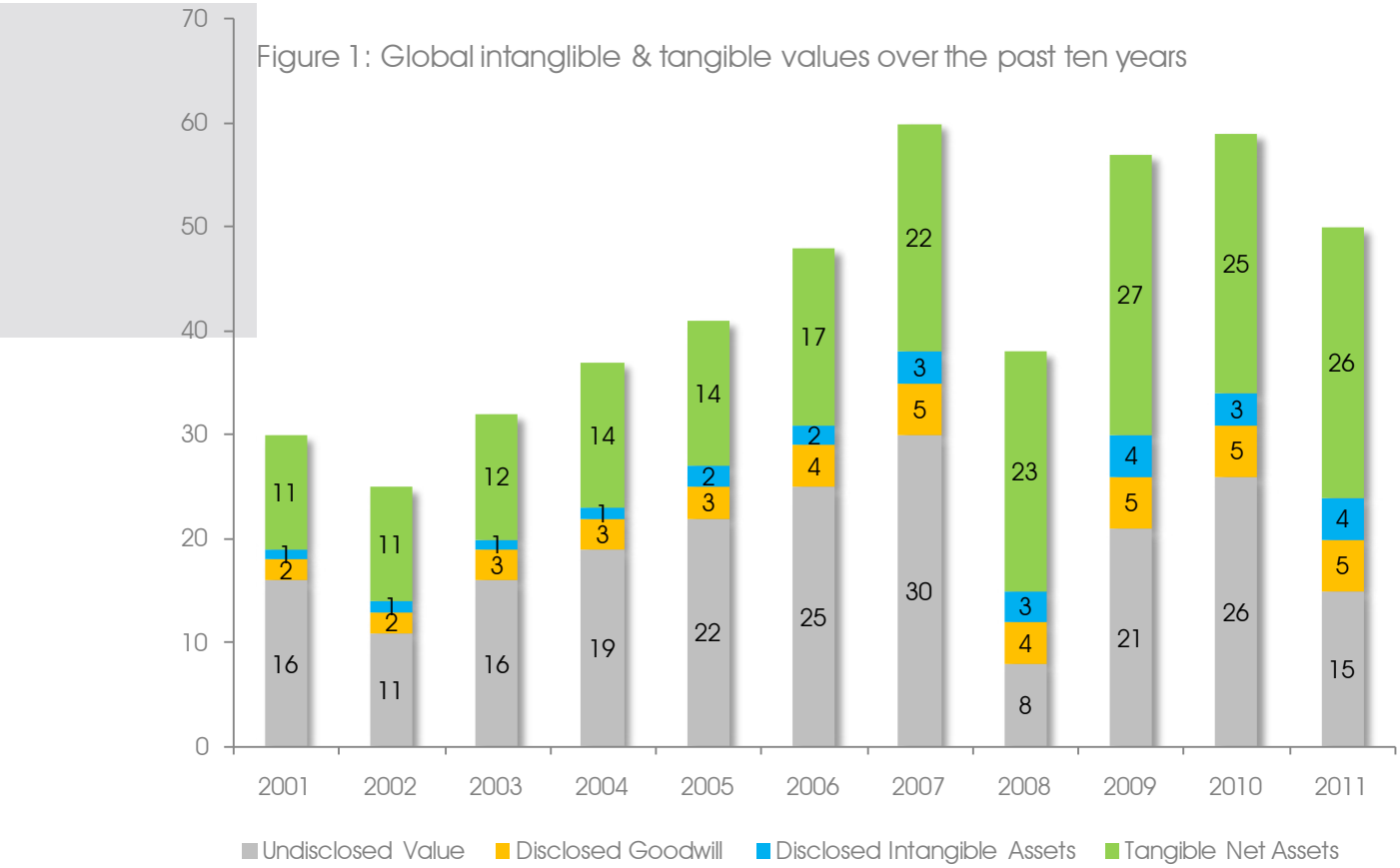
The big fall in the 'undisclosed' value illustrates the current volatility in the global markets. During periods of economic prosperity, the level of undisclosed value is very high, but when confidence falls the undisclosed value is hit harder than the assets on the balance sheet. This tendency to over-value in boom times and under-value in economic downturns reflects the lack of understanding of intangible assets.

The importance of — and ignorance about — intangible assets was reinforced in a UK Treasury paper published back in 2007, which pointed out that because intangibles are treated as a direct cost rather than an investment, that could distort measures of productivity in a knowledge intensive economy. And given that over one-quarter of the $51.3 trillion of enterprise value concerned in the 2011 GIFT study is concentrated in the largest 100 companies, and around one-half in the largest 400 companies, that's a lot of productivity that is potentially going unrecognised.

Sector split

In terms of industry sectors, Advertising is the most intangible sector globally, with all of its value being intangible. Similarly, Software, Aerospace and Defence, Internet and Biotechnology Companies had very high intangible value. But among the 15 most valuable industries, the sectors with the highest proportion of intangible assets are Computers (87 per cent), Pharmaceuticals (85 per cent) and Media (85 per cent). Conversely the sectors in the top 15 with the highest proportion of tangible value are Electric (80 per cent), Transportation (76 per cent) and Oil and Gas (76 per cent). This picture has remained consistent in GIFT studies for the past ten years, with the percentages changing only marginally.

Around $1.6 trillion — eight per cent — of the $20 trillion increase in total enterprise value since 2001 has come from the banking sector, although the figure would have been twice as high had not $1.8 trillion been wiped out due to the increased credit risk that is unnerving bank investors. In fact, the value of the banking industry has declined by $3.1 trillion since 2006 to its current $5.5 trillion level.



Country split

Of the countries covered in the study, Ireland now has the highest proportion of intangible value, at 75 per cent, down from 76 per cent at the end of 2010. The rise is due to many companies in highly intangible industries relocating their head offices to Ireland to take advantage of attractive tax rates. Of the 15 most valuable countries in the world, the US has the highest proportion of intangible value — 65 per cent — though this is down from 71 per cent in 2007 before the 2008 financial crisis hit market confidence. Switzerland has the second highest proportion of intangible value, at 55 per cent — down from 69 per cent in 2007. This is largely the result of two of the world's biggest pharmaceuticals companies, Novartis and Roche, being domiciled there.

The three countries with the largest proportion of their value made up of tangible net assets are South Korea (80 per cent), Hong Kong (76 per cent), and Spain (67 per cent). Again, this partly reflects the industry mix in those countries, with an under-representation of the most 'intangible' sectors such as software, media and pharmaceuticals.

The five countries with the highest level of disclosed intangible asset value remain, as they have been for the past six years, European: Italy (19 per cent), Spain (18 per cent), France (17 per cent), Germany (14 per cent) and the UK (13 per cent). This largely reflects the fact that since 2005, IFRS3 has required European companies to separate out in their annual reports different intangible asset classes when they make acquisitions. (See figure 3)

Categories of intangible assets

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

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

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

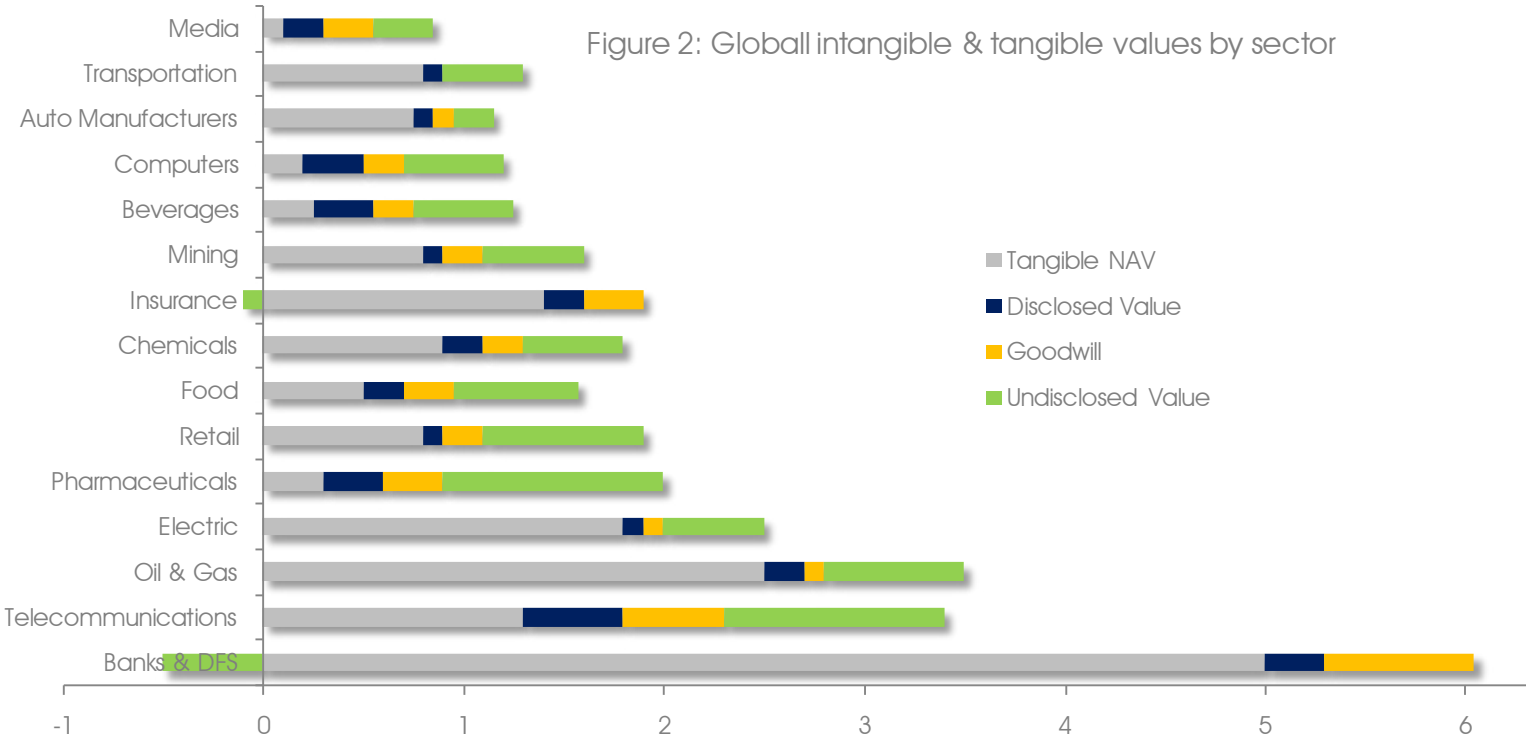


Figure 2: Globall intangible & tangible values by sector

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 know-how.

But a fourth category, 'undisclosed intangible assets', is usually more valuable than the disclosed intangibles. The category includes 'internally generated goodwill', and it accounts for the difference between the fair market value of a business and the value of its identifiable tangible and intangible assets.

Although not an intangible asset in a strict sense — that is, a controlled 'resource' expected to provide future economic benefits (see below) — this residual value is treated as an intangible asset in a business combination when it is converted into goodwill on the acquiring company's balance sheet. Current accounting practice does not allow for internally generated brands to be disclosed on a balance sheet. Under current IFRS only the value of acquired brands can be recognised, which means many companies can never use the controlled 'resource' of their internally-generated brands to their full economic benefit.

For example, they can't take out a loan against the asset and potentially bolster their balance sheet.

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

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

However, the picture has improved since 2001, when IFRS3 in Europe, and FAS141 in the US, started to require companies to break down the value of the intangibles they acquire as a result of a takeover into five different categories

— including customer and market-related intangibles — rather than lumping them together under the catch-all term 'goodwill' as they had in the past.

However, because only acquired intangibles, and not those internally generated, can be recorded on the balance sheet, this results in a lopsided view of a company's value. What's more, the value of those assets can only stay the same or be revised downwards in each subsequent year, thus failing to reflect the additional value that the new stewardship ought to be creating.

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

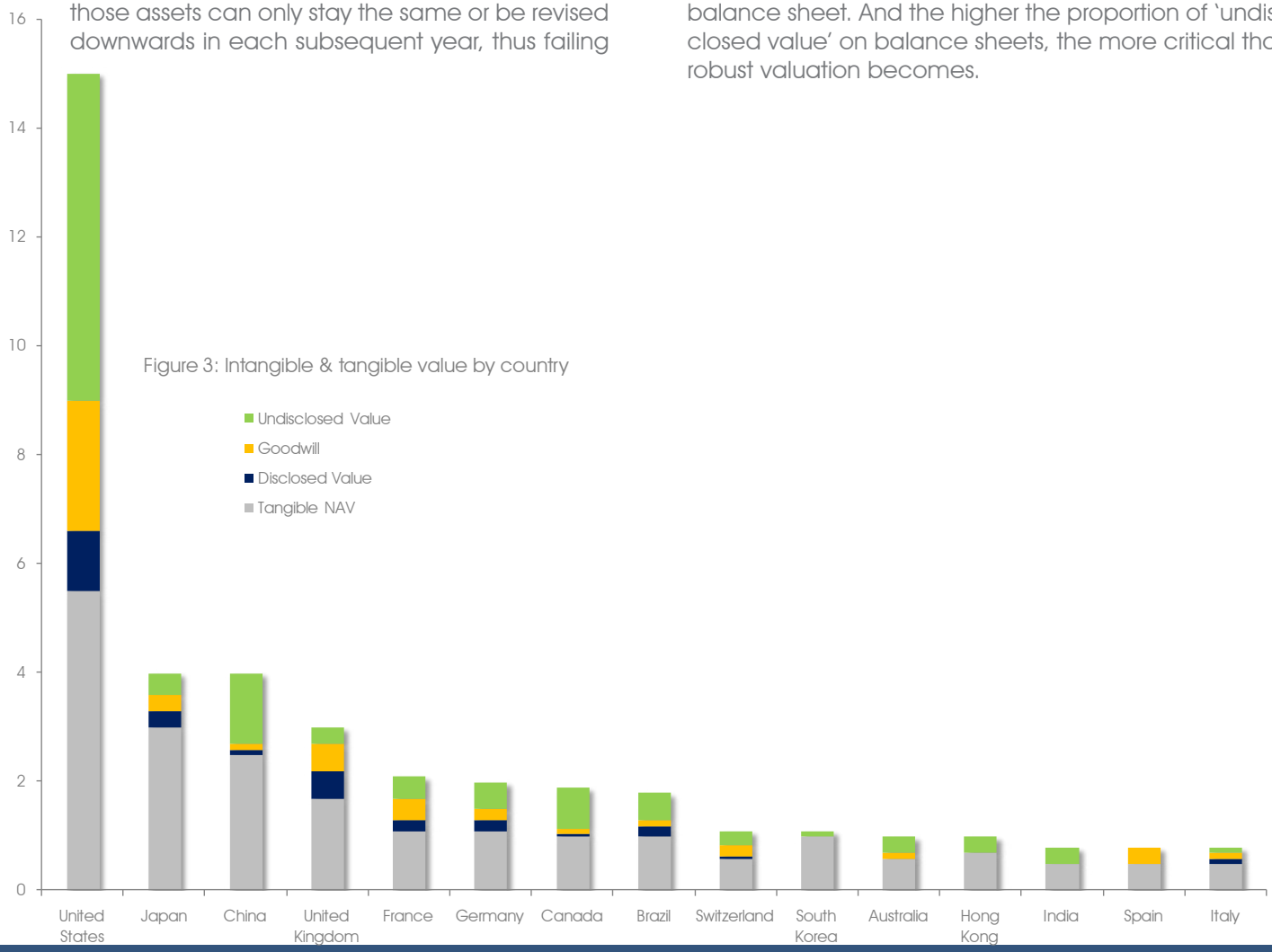


Figure 3: Intangible & tangible value by country

The BrandFinance® Global Intangible Financial Tracker (GIFT) report is the most extensive research ever compiled on intangible assets. Over the past ten years, GIFT has tracked the performance of more than 56,000 companies quoted in 127 countries. 2 For more details please refer to: HM Treasury 'Intangible Investment and Britain›s productivity: Treasury Economic Working Paper No. 1', October 2007.

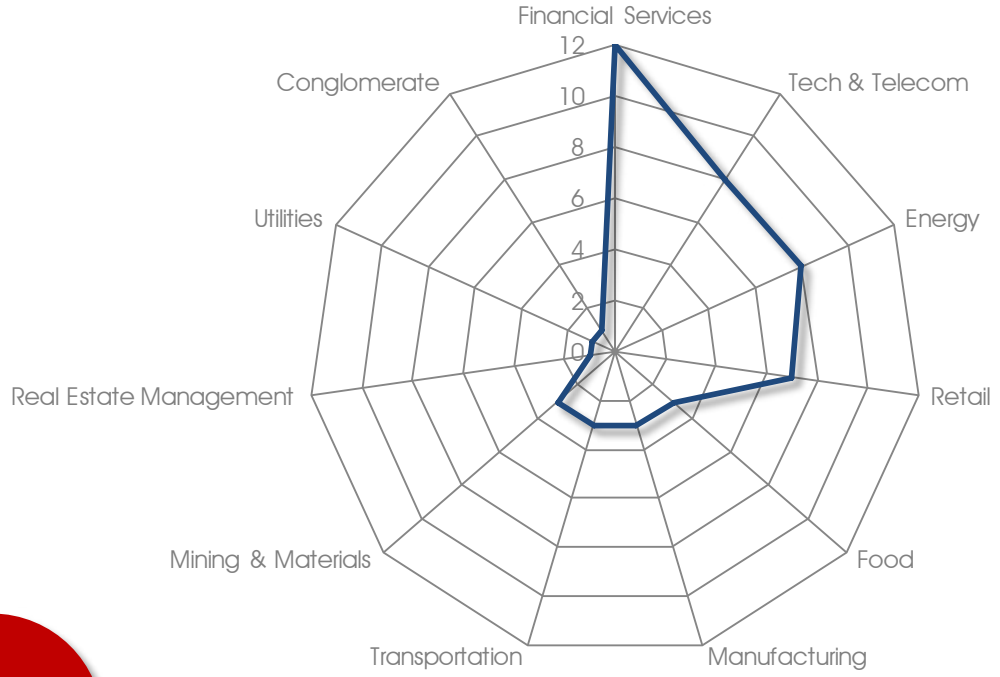
Please contact Bryn Anderson, Valuation Director (UK), for further insights into GIFT. Bryn can be reached at b.anderson@brandfinance.com

Categories of intangibles under IFRS 3

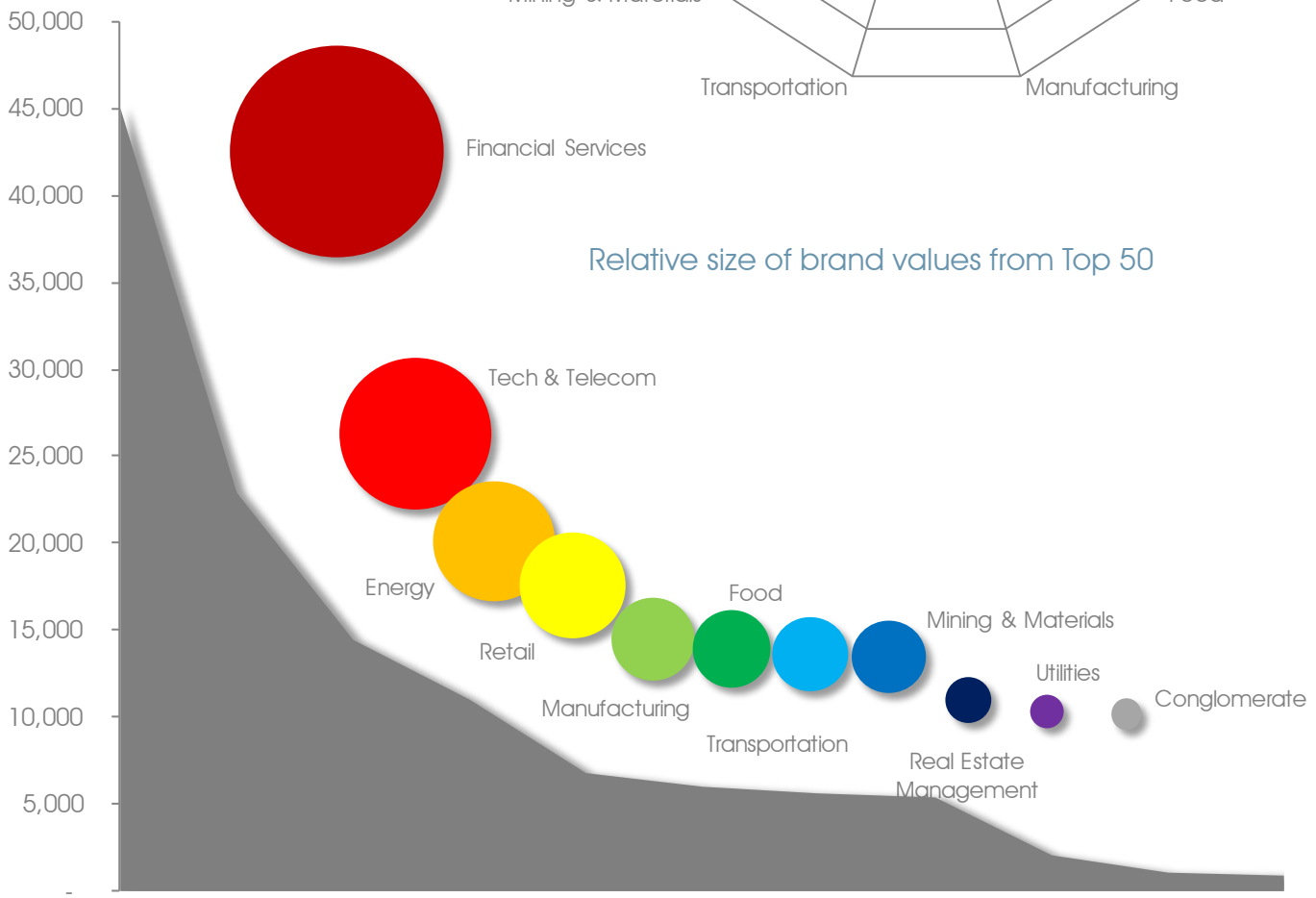
Marketing-Related Intangible Assets	Customer-Related Intangible Assets	Contract-Based Intangible Assets	Technology-Based Intangible Assets	Artistic-Related Intangible Assets
Trademarks, Tradenames	Customer lists	Licensing, royalty, standstill agreements	Patented technology	Plays, Operas and ballets
Service 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)	Contracts & customer relationships	Lease agreements	Unpatented Technology	Musical works
Newspaper Mastheads	Non-contractual customer relationships*	Construction permits	Databases	Pictures and photographs
Internet domain Names		Franchise agreements	Trade secrets, such as secret formulas, processes, recipes	Films, music, videos, etc.
Non-competition agreements		Operating and broadcast rights		
Brands		Use rights such as drilling, water, air, mineral, timber, etc.		
		Servicing contracts (i.e. mortgage)		
		Employment contracts		

Top 50 brand report card

Number of Top 50 brands by industry



Relative size of brand values from Top 50



BRAND·FINANCE®

Financial services

Overview

The financial services sector in Canada is presently one of the strongest in the world. In the face of a double digit decline in global banking brand values due to a weak US market and a weakening European one, Canadian bank brands gained substantially relative to their global peers. RBC and TD rank #20 and #21 respectively amongst their global banking peers with strong brand ratings and many opportunities coming their way.

The top six Canadian banks saw an average increase of 32% in brand value despite a drop in enterprise values of 5% year over year.

The strength in Canada's financial services brands is not found only amongst the banks, but also amongst companies that have a history in insurance, namely Manulife, Great West Life, Sun Life and the recently rebranded Intact Insurance.

There is rampant diversification in the Canadian marketplace that is driven both by market forces and deregulation which is now nearly a generation old. Some financial institutions are the clear winners from deregulation, namely RBC and TD Bank that have been able to step into the insurance space much quicker and more effectively than the historic insurance companies that have diversified in the other direction: wealth management and investments.

Top 10 Canadian financial services brands

Rank 2012	Brand	Brand Value 2012	Brand Rating 2012	Enterprise Value	Brand Value / Enterprise Value (%)
1	Royal Bank Of Canada	8,647	AA+	67,734	13%
2	TD Bank Financial Group	8,499	AA-	63,791	13%
3	Scotiabank	5,717	AA	48,594	12%
4	Bank of Montreal	5,360	AA-	33,781	16%
5	CIBC	4,557	AA-	28,055	16%
6	Manulife	3,261	AA+	22,900	14%
7	National Bank of Canada	1,660	A+	11,008	15%
8	Great-West Lifeco	1,648	AA	13,176	13%
9	Sun Life Financial	1,474	AA	14,283	10%
10	Intact Financial	1,461	AA-	7,244	20%

Fundamentally, at the time of deregulation in the 1980s and 1990s, Canadian consumers were much more familiar with banks and trusts than they were with insurance companies. Insurance was talked about relatively little in conversations and interacted with even less on an annual basis. Consequently, in the past 20 years, banks have, within the constraints imposed upon them by government, expanded into insurance so rapidly that today, a number of the big five Canadian banks are better described as diversified financial services companies.

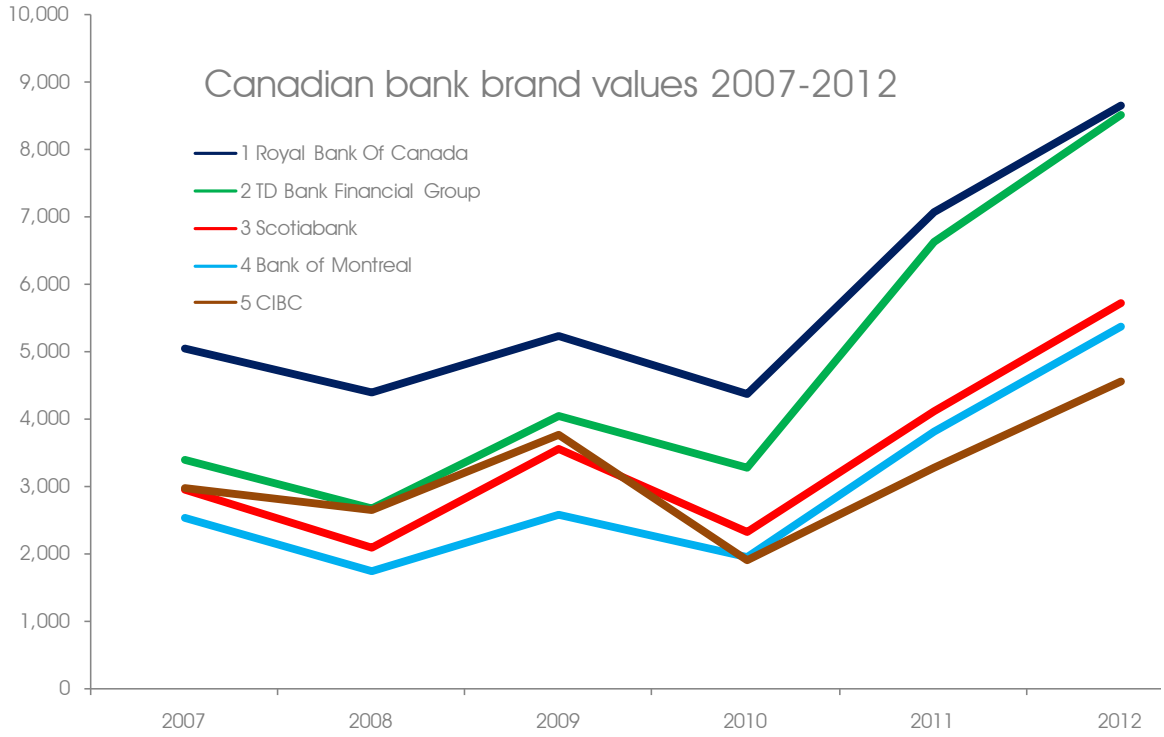
Brand Finance has chosen to present both banking and insurance institutions in its financial services rankings. This is due to the increasing convergence and overlap between both types of institutions in providing asset management, insurance, wealth management, and banking services to their customer bases.

This bank is not quite like the others

The chart below demonstrates the expertise and success that each of the five major banks has had in building their brand in the face of economic opportunities and challenges in the past five yeas. A clear winner during this period is TD Bank which has grown its brand value substantially. It has done so through the successful development of its US operations, which, in spite of the lackluster economic environment experienced south of the border continues to grow rapidly. Consequently, the market leading retail banking division of TD Bank provides a substantial contribution to the brand value and equity in the marketplace. Well nurtured, the strength of the retail banking division could provide the springboard for TD to grow their other channels of revenue and begin challenging US based banks for brand value.

The successful growth in the United States has also allowed TD to break free from its banking peers and challenge RBC for leadership as both the most valuable financial services brand as well as the most valuable Canadian brand in our rankings. Most indications since the date of this valuation imply that TD will surpass RBC's brand value by our next report. Even though RBC has a much higher share of the lucrative wealth management business than TD, TD's diverse retail customer base in both Canada and US provides a larger customer base than is presently available to RBC.

If TD continues to grow its US operations at the same rate as it has in the past few years it could very well be on its way to becoming the first true North American bank. This does not mean that RBC has lost is ground. Instead, RBC now has a legitimate contender for the most valuable Canadian brand and an incentive to innovate and engage to protect its lead.



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Energy

" No news is good news" Robert Benchley, 1943

Overview

One can argue that for decades the Canadian energy sector lived by this adage from the 1943 movie of the same name. However, with the recent, high profile spills from BP and smaller scale pipeline breaches in Canada, this is no longer the case. In many respects, Canadian energy brands are still in infancy compared to consumer packaged goods (CPG) branding juggernauts. CPG companies have had decades to fail and succeed at building their brands, a time frame that energy companies do not have the luxury to replicate.

The energy sector has quickly come to be one of the most scrutinized sectors in Canada and the corporate engagement in dealing with these sector challenges is a quickly becoming a crucial component of measuring brand strength and long term corporate growth.

Companies in the Canadian energy sector, especially companies strongly affiliated with the Alberta oil sands, are quickly discovering the importance of brand management. Due to the contentious balance between energy needs and the environmental impact of energy extraction, the companies in this sector have constant and heavy competition for the eyes and ears of the general public. The competition is diverse, ranging from environmental advocates such as clean tech proponents to organizations that call for an outright ban on oil sands development. This contest for awareness is all part of the challenge of managing one's brand and Canadian energy are having to take a crash course in brand management to handle the scrutiny.

However, the present challenges faced by emerging Canadian companies does have a silver lining. It is better for Canadian energy companies to learn and respond to these challenges now and define their brand, culture, and mission before someone else does. The potential revenues from the oil sands thrust this requirement upon energy companies even more prominently thank before.

One of the biggest challenges that the Canadian energy sector faces is the small voice that it has on the world stage. Canada is not well represented in the global energy sector by a market leader. A lot of this weakness is driven by the fact that many Canadian companies have been purchased by larger, foreign entities where transaction prices were led by commodity driven pricing premiums.

A strong brand is one of the best ways to counteract acquisition queries and allow Canadian based companies to make international acquisitions of their own.

Oil Reserves

Considering that Canada has the 3rd largest volumes of global oil reserves available, it would be crucial for Canada to have at least one company enter the ranks of global leaders. There is hope that Canada can leverage these reserves and grow a global brand. The Top 10 Global energy company rankings demonstrate an interesting point. Many of these companies were not on this list ten years ago. This implies that, with smart management and brand building, a Canadian company can break free from historical restraints and do the same. Who knows, maybe we will see a Canadian energy company being an important sponsor in Formula 1 racing soon!

Top 10 Canadian energy brands

Rank 2012	Brand	Brand Value 2012 (million)	Brand Rating 2012	Enterprise Value (million)	Brand Value / Enterprise Value (%)
1	Enbridge	4,726	A+	41,867	11%
2	Imperial Oil	1,849	AA	33,692	5%
3	Petro-Canada	1,831	AA	33,671	5%
4	Husky Energy	1,607	AA-	24,395	7%
5	TransCanada	1,470	AA-	52,294	3%
6	Cenovus	1,109	AA-	29,408	4%
7	Suncor	936	AA	19,240	5%
8	Syncrude	933	AA-	Private	n/a
9	Canadian Natural	702	AA-	43,265	2%
10	Encana	418	AA	23,108	2%

Top 10 Global brands

Company Name	Country	Brand Value (Billions)	Enterprise Value (Billions)
Shell	The Netherlands	$22.012	$238.67
Chevron	USA	$17.511	$194.472
GDF Suez	France	$16.598	$152.267
ExxonMobil	USA	$16.419	$297.853
Total	France	$12.968	$148.438
PetroChina	China	$10.491	$224.816
BP	United Kingdom	$10.222	$129.794
Sinopec	China	$8.127	$131.349
ConocoPhillips	USA	$6.690	$108.652
Gazprom	Russia	$6.407	$162.042

Mining & minerals

The mining sector is one area where Canada has a tremendous opportunity to place a Canadian brand amongst global leaders. Both Potash Corp and Barrick Gold are members of the fifteen most valuable mining and minerals companies in the world. Their market leadership in their respective sectors is contributing to their growing global presence and greater share of voice in the mining and minerals sector. This is welcome news in Canada after the cultural shock that had to be adjusted to when Inco and Falconbridge were acquired by foreign interests over the past decade.

The mining sector is in a fascinating position in global brand valuation rankings. Slowly but surely, mining companies have gone and discovered that what they sell is not the only important factor in having a successful resource company.

Increasingly, the brand of a mining company has become critical in growing and protecting its long term prospects. BHP Billiton is a brand that has recognized its own strength and, through leveraging its global brand leadership, has built its brand leadership even further over the past five years. BHP has steadily increased its brand value and has consistently climbed the ranks of the 500 most valuable brands in the world over that time.

How does brand and BHP Billington's success apply to Canadian companies?

BHP's attempt to purchase Potashcorp clearly demonstrates the brand strengths of both companies. BHP's global brand strength gave it the confidence to make an unsolicited bid for Potashcorp, a company that had quietly become a world leader within its own sub-sector. What surprised BHP and probably Potashcorp as well was the defiance from the Canadian government to the bid. What BHP's management had not recognized, and possibly Potashcorp's as well, is that Potashcorp had built up very strong brand equity that come that quickly became associated with Canadian patriotism and yearning to have something homegrown be#1 in the world.

To make a long story short, BHP retracted its offer and Potashcorp likely walked away from that situation with an even stronger brand than before. The media coverage provided a substantial increase in awareness that the brand received both from the Canadian public, and the international investment audience.

Potashcorp is a case in point of how a brand allows the company to have a greater say in dictating public, government, and investor perspectives regarding the company. If a brand is well managed and engages with the public at large, both here in Canada and abroad, then a lot of related intangibles become clearly evident. A strongly branded company is able to draw upon the top talent in its sector because it is a company that individuals want to work for. It is also able to generate greater support from local and national governments as well as the communities that they operate it in. This strength can also lead to such sought after objectives such as first right of refusal on new mining rights, better profit sharing in consortium bids, more favourable loans from creditors, and a more robust share price.

Increasingly, a company's profitability and revenues are no longer sufficient to dictate how successful it can be in the eyes of current and potential investors. Now is the time to for both established and emerging resource companies in Canada to engage in an inquiry regarding their brand:

- When should a cohesive brand strategy be established?
- How should the strategy be rolled out to all the important stakeholders?
- How much weight should be given to external entities such as governments, the public, employees, investors, media, and environmental advocates in evaluating brand strength?

No. of mining & minerals companies in Global 500

Year	# Companies Global 500	Highest Rank Achieved
2012	5	157
2011	3	159
2010	5	210

Top 10 Canadian mining & minerals brands

Rank 2012	Brand	Brand Value 2012 (million)	Brand Rating 2012	Enterprise Value (million)	Brand Value / Enterprise Value (%)
1	Potashcorp	2,453	AA+	46,310	5%
2	Barrick Gold	1,995	AA+	59,567	3%
3	Teck Resources	967	AA	21,654	4%
4	Agrium	727	AA+	13,350	5%
5	Goldcorp	589	AA	31,629	2%
6	Methanex Corp	395	AA-	3,144	13%
7	First Quantum	375	AA-	7,646	5%
8	Kinross Gold	343	AA-	9,668	4%
9	Cameco Corp	237	AA-	7,440	3%
10	Yamana Gold	220	AA-	11,829	2%

This is the first time that Brand Finance has published the list of the most valuable mining & minerals brands in Canada. The Brand Value of these organizations is driven strongly by materials that they specialize in, their position in the extraction and sale of resources as well as their market leadership. This results in a lower brand value for organizations such as Goldcorp and Yamana that have a difficulty in differentiating themselves from the broad spectrum of gold miners globally while benefitting niche companies such as Methanex and Potash Corp that are in a more specialized role with a stronger position in their respective sectors.

Top 5 Global brands

Rank	Company Name	Country	Brand Value (Billions)	Enterprise Value (Billions)
1	BHP Billiton	United Kingdom	$6.139	$192.522
2	Rio Tinto	United Kingdom	$3.971	$124.509
3	Vale	Brazil	$3.942	$146.324
4	Glencore	Switzerland	$2.870	$74.216
5	Xstrata	Switzerland	$2.530	$55.548

Tech & telecommunications

A path increasingly less travelled

When will Canada develop a global technology star that doesn't fade or crash and burn?

While Canadian telecommunications companies continue to develop their brands and business with mostly positive success, the technology sector is having significant challenges. The great success of Ottawa and Toronto based technology hubs of the 1990s that gave Canada an association of being a technological hotbed has quickly fizzled away. Nortel has disappeared and Canada's leading global technology flagship, Blackberry is in a major crisis.

The rampant optimism and confidence that Canadian technology companies once experienced has been shattered. The current pessimism has reached a point that Canadian technology companies have their valuations discounted by investors and capital firms. Canadian technology companies have to increasingly give consideration to establishing US operations to grow their business. This pessimism is also reflected in Canada's relatively minute representation amongst Venture Capital and incubator groups. A robust source of growth funding is fundamental to building strong technology brands. The long term prospects of developing local, sizable, world recognized brands are at great risk as a consequence of this.

Canada continues to be a technological leader with sizable offices established by international technology companies. We have well recognized development expertise in the video game development markets. Canada does have a Scientific Research and Experimental Development (SR&ED) credits program in place to support technological innovation. Unfortunately it is not nearly sufficient to support the growth of home grown brands. This creates what could be described as a two-tiered tax strategy in Canada – an SR&ED based model to nurture small companies with a low support ceiling, and the larger strategic and tax support that provincial governments sometimes give to large foreign companies.

The bright spot in our Top10 rankings is CGI which has quietly grown its brand and business internationally. Earlier this year, CGI made a splash in its sector and made a significant acquisition of European-based Logica that expands the company's global footprint. The integration of Logica is likely to substantially increase the brand value of either CGI brand or the global CGI group depending on how the company integrates the acquisition into its operations.

Technology company values are driven significantly by their ability to develop highly valuable intangible brands whether they be b2c or b2b. As other studies from Brand Finance have outlined, the broad based computers segment derives over 80% of enterprise value from intangible assets including patents and technologies. Brand building is crucial for companies to develop their clout with human capital to bring in the best and the brightest and support the development of innovative and revenue generating ideas and products. The ideas can be patented and utilized to generate even more long term wealth. How will Canadian companies and governments address the tremendous shortfall that presently exists in making this happen?

The increasing saturation of telecom in Canada – is content the answer to growing brands in a controlled market?

Canadian telecom companies are quickly discovering that there is not much left to buy in Canada to grow their brands and businesses. Shaw has seen a substantial increase in its brand value as a result of its integration of Canwest, however, there is not much left to acquire. Bell and Rogers have tackled their need for content by making a joint acquisition of Maple Leaf Sports and Entertainment, the largest sports entertainment company in Canada.

The Canadian telecom sector is in an unusual position in that it still is amongst the most regulated and protected telecom markets in the G20. For years the closed marketplace penalized Canadian consumers and businesses with some of the highest wireless rates on the planet. No amount of explanation satisfied the wireless consuming public creating an environment where there is a lot of

negative sentiment built up. This sentiment creates an unusual marketing strategy companies differentiate themselves by the fact that they have not been used by the customer before.

The jury is still out whether consumers will communicate pent up frustrations with their pocket book. None of the discount wireless entrants have made a substantial dent on Canada giving a lifeline to traditional carriers. This is fortunate for traditional carriers since retaining an existing customer is a lot more valuable and cost effective than acquiring (or reacquiring) a new one.
In addition to acquiring content, improving the somewhat tarnished brand image of their brand is exactly what Canada's largest telecom companies need to do grow their brands and business. A great tool to achieve this is the brand scorecard, discussed in some detail by Alan Middleton earlier in this publication. It is an excellent tool to drive strategic focus on growing a brand. Brand scorecards provide a clear snapshot of the state of the brand across all key, business generating indicators (drivers), by customer and stakeholder groups. The scenario modelling opportunities that robust brand scorecards provide can allow Canadian telecom companies better identify where the best opportunities lie in strengthening and grow their brands.

Top 10 Canadian tech & telecom brands

Rank 2012	Brand	Brand Value 2012 (million)	Brand Rating 2012	Enterprise Value (million)	Brand Value / Enterprise Value (%)
1	Bell	5,258	AA+	40,237	13%
2	Rogers	4,087	AA+	29,216	14%
3	BlackBerry	3,293	AA-	9,239	36%
4	Shaw	3,191	AA-	14,705	22%
5	Telus	3,019	AA	24,076	13%
6	Quebecor Inc	1,753	A+	7,309	24%
7	CGI	1,301	A+	6,092	21%
8	Bell Aliant	1,015	AA-	8,833	11%
9	Cogeco	790	A+	3,219	25%
10	Open Text Corp	624	A+	3,664	17%

Brand Finance chose to exhibit both technology and communications as its own sub-segment because of the innovation driven relationship between the two sectors. It also has to do with the fact that there are few, albeit highly valued communications companies intermixed with numerous yet low value technology companies.

Retail

What happened to grocery and drug stores?

The Canadian grocery and pharmacy sectors are on the verge of going into the annals of retail history. The persistent challenge from US heavyweights, Walmart and Costco, has forced Canadian retails to diversify their offerings to the Canadian consumer and grow larger to remain competitive.

The continued decline in retail specialization in the food and pharmacy categories follows the trend already established in the 1990s when Canadian Tire and Home Hardware had to deal with the challenge posed by Walmart's entry into the market. Walmart's megastores quickly came to sell everything that Canadian retailers did as well. An early casualty of this competition was Kmart.

This constant competition has created an environment where there appears to be two types of winners – the retailers that become experts at selling commoditized goods and the retailers that become experts at building their own brands.

Dollarama is a great example of the former. Twenty years ago, no one could have imagined that a store that sold almost everything on its shelves for a dollar would become the 10th most valuable retail chain in Canada yet the company has successfully gone and done that and in the face of Walmart and its EDLP policy to boot! Dollarama's success is a demonstration of the type of retailing innovation that can drive brand growth. Dollarama's management recognized that there was a niche filled by smaller, conveniently placed stores that sold high volumes of low priced goods in a manner that even Walmart could not compete with. The highly price conscious Canadian consumer took the bite and has helped the Dollarama brand grow substantially.

The other pathway to success is found in developing a retail network with proprietary brands and products. Lululemon is an example of a company that has exploded onto the retail scene with a brand that is increasingly going international. lululemon is achieving this by developing a new sub-culture with a very loyal customer base that engages with the brand much more often than with most other retailers. This engagement is driven by the same underlying consumer driver that Dollarama benefits from: the quest for discovery.

At Lululemon's stores, customers are regularly coming in to look for new products because the company continuously

Loblaws' brand value is substantially lower than our last report due the disclosed classification of revenue attributed to its Real Canadian Superstore subsidiary

changes its product offerings. This drives many buyers to look for what is new and buy it because it is unlikely that the same product will be available at the store again. The growing online market for vintage lululemon clothing is a confirmation that this strategy is creating a customer base that is open to innovation, new ideas, and willingness to buy on a moments notice .

In Dollarama's case, consumers come looking for items that they would not expect to find for a dollar. The experience discovering something that costs so little regularly drives traffic to its stores. Dollarama has also been successful in integrating sales of discontinued products in their stores that are sold at deep discounts and unlikely to be sold again. Though the company is unlikely to develop its own online market for vintage Dollarama products, the company is poised for continued growth.

Today's successful Canadian retailers are the companies that are continuously innovating at home, building their own brands and, as in the case of Lululemon, Couche-tard's Circle K, and Tim Hortons, going south of the border to build their business.

Top 10 Canadian retail brands

Rank 2012	Brand	Brand Value 2012 (million)	Brand Rating 2012	Enterprise Value (million)	Brand Value / Enterprise Value (%)
1	Loblaws	2,151	AA	5,400	40%
2	Shoppers Drug Mart	1,926	AA	9,059	21%
3	Canadian Tire	1,791	AA-	6,087	29%
4	Tim Hortons	1,480	AA-	8,003	18%
5	Lululemon	1,350	AA-	7,362	18%
6	Home Hardware	1,242	A	Private	n/a
7	Sobey's	1,093	A+	4,295	25%
8	Real Canadian Superstore	922	A+	3,857	24%
9	Circle K	878	A+	3,537	25%
10	Dollarama	771	A+	3,000	26%

Rank 2012	Brand	Brand Value	Brand Rating	Enterprise Value	Brand Value / Enterprise Value (%)
1	Royal Bank Of Canada	8,647	AA+	67,734	13%
2	TD Bank Financial Group	8,499	AA-	63,791	13%
3	Scotiabank	5,717	AA	48,594	12%
4	Bank of Montreal	5,360	AA-	33,781	16%
5	Bell	5,258	AA+	40,237	13%
6	Enbridge	4,726	A+	41,867	11%
7	CIBC	4,557	AA-	28,055	16%
8	Bombardier	4,199	AA-	8,898	47%
9	Rogers	4,087	AA+	29,216	14%
10	BlackBerry	3,293	AA-	9,239	36%
11	Manulife	3,261	AA+	22,900	14%
12	Shaw	3,191	AA-	14,705	22%
13	George Weston	3,085	AA-	10,971	28%
14	Telus	3,019	AA	24,076	13%
15	Canadian National Railway	2,664	AA	37,939	7%
16	Potashcorp	2,453	AA+	46,310	5%
17	Loblaws	2,151	AA	5,400	40%
18	Brookfield Properties	2,091	AA-	16,682	13%
19	McCain	2,088	AA-	Private	n/a
20	Barrick Gold	1,995	AA+	59,567	3%
21	Shoppers Drug Mart	1,926	AA	9,059	21%
22	Imperial Oil	1,849	AA	33,692	5%
23	Petro-Canada	1,831	AA	33,671	5%
24	Canadian Tire	1,791	AA-	6,087	29%
25	Quebecor Inc	1,753	A+	7,309	24%
26	CP	1,739	AA	13,144	13%
27	National Bank of Canada	1,660	A+	11,008	15%
28	Great-West Lifeco	1,648	AA	13,176	13%
29	Saputo Inc	1,638	AA	9,067	18%
30	Husky Energy	1,607	AA-	24,395	7%
31	Tim Hortons	1,480	AA-	8,003	18%
32	Sun Life Financial	1,474	AA	14,283	10%
33	TransCanada	1,470	AA-	52,294	3%
34	Intact Financial	1,461	AA-	7,244	20%
35	Desjardins	1,430	AA+	Private	n/a
36	Lululemon Athletica	1,350	AA-	7,362	18%
37	CGI	1,301	A+	6,092	21%
38	Onex	1,301	A	3,645	36%
39	Home Hardware	1,242	A	Private	n/a
40	Viterra Inc	1,242	AA-	4,855	26%
41	Cenovus	1,109	AA-	29,408	4%
42	Canadian Utilities	1,094	AA-	11,812	9%
43	Sobey's	1,093	A+	4,295	25%
44	Bell Aliant	1,015	AA-	8,833	11%
45	Teck Resources	967	AA	21,654	4%
46	Suncor	936	AA	19,240	5%
47	Syncrude	933	AA-	Private	n/a
48	Jim Pattison	924	A+	Private	n/a
49	Real Canadian Superstore	922	A+	3,857	24%
50	Gildan	908	AA-	3,436	26%

Royal Bank of Canada

1
rank

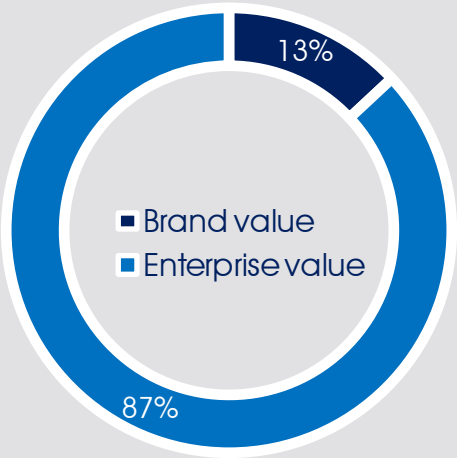
+22%

8,647
brand value

-12%

67,734
enterprise value

AA+
brand rating



Strategic goals

In Canada, to be the undisputed leader in financial services. Globally, to be a leading provider of capital markets and wealth management solutions. In targeted markets, to be a leading provider of select financial services complementary to our core strengths.

Awards & highlights

1. "Bank of The Year" Award (2011), *The Banker*
2. "Best Retail Bank in North America" (2012), *Retail Banker International*
3. "Safest bank in North America" and 10th safest globally (2011), *Global Finance magazine*

Brand profile

Royal Bank of Canada is one of a very small group of banks globally that have increased in brand value over the last year. RBC is one of the highest climbing brands in this year's BrandFinance® Banking 500 moving up from 28th in the table to 20th, driven largely by the bank's prudent operations. As banking brands across the world have fallen around them, RBC has emerged from the economic downturn as a very strong banking brand aided by a stable and robust Canadian banking sector.

RBC has been provided with a good opportunity in which to take their brand overseas and capitalize on a cautious approach to banking which has become a strong selling point when trust in banks is very low.

The RBC brand has the strongest credit card business amongst the Canadian Banks with contribution to brand value that is more than triple that of any of their competition. The brand contribution from insurance and wealth management divisions is more than double that of the nearest Big 5 banking competitor in the same channel. RBC is further strengthened by its royal patronage, a sign of trust, tradition and loyalty.

Challenges

1. Differentiating the untarnished RBC brand from US and European banks
2. Leveraging a saturated Canadian base to grow internationally
3. In spite of the recognition from Retail Banker International, other Canadian banks have notably higher brand contributions from their retail banking divisions

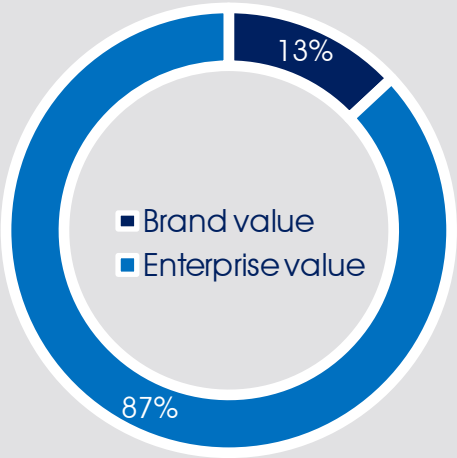
TD Bank Financial Group

2
rank

+29% 8,499
brand value

+0.3% 63,791
enterprise value

AA-
brand rating



Strategic goals

Emphasis on customer service. Works to produce long-term, profitable growth by building great franchises and delivering value to our customers, shareholders and communities

Awards & highlights

1. TD Bank, America's Most Convenient Bank®, reached earnings record for the second year in a row, U.S. Personal & Commercial adjusted earnings surpassed the $1 billion mark
2. "Best Bank in North America (2009, 2010, 2011), *Euromoney magazine*
3. TD Securities maintained its top-three dealer status in Canada: #1 in equity underwriting and equity block trading; #2 in syndicated loans, corporate debt and M&A announced
4. TD Insurance premiums exceeded $3 billion for the second consecutive year; #2 personal home and auto insurer in Canada
5. Highest in Customer Satisfaction among the Big Five Retail Banks for the sixth year in a row by J.D. Power & Associates

Brand profile

Over the past four years, TD Bank has had a steadily increasing brand value, growing at an average of approximately 25%. TD, previously ranked 143 in BrandFinance® Banking 500, has been able to propel themselves to 107 - within grasp of making the Top 100 list; largely attributable to increased visibility (new branches), and broadening reach of the credit card business (MBNA credit card portfolio) in North America.

The largest proportion of TD Bank's brand value from retail operations, which also account for the largest share of revenue. On the other hand wealth management lags not far behind in terms of brand value contribution, and accounts for a significantly smaller proportion of revenue.

TD Bank's focus on retail banking has shielded itself from exposure to global sovereign debt volatility, and the sluggish pace of economic recovery experienced at home and abroad.

Challenges

1. Low interest rate environment continues impacting deposit margins
2. Weak loan demand due to slow economic recovery and prolonged weakness in employment
3. Sustaining growth in the US market and leveraging its strong retail base to grow other, weaker, revenue channels

Scotiabank

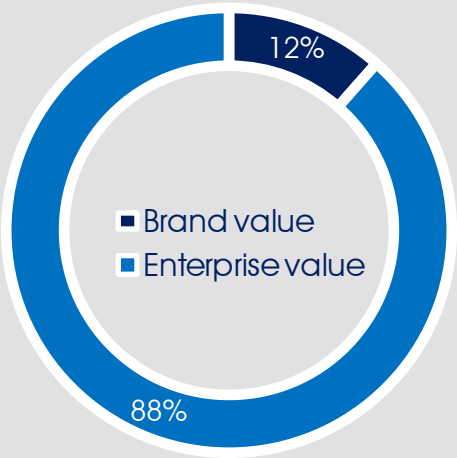
Bank of Nova Scotia

3
rank

+39%
5,717
brand value

-7%
48,594
enterprise value

AA
brand rating



Strategic goals

Be the best at helping customers become financially better off by providing practical advice and relevant solutions.

Awards & highlights

1. Best Employers in Canada (ranked 23/50), *Maclean's magazine*
2. Strategic investment in the global banking industry combined with public engagement has enabled Scotiabank to remain relevant and present within the financial sector as well as in the public sphere.

Brand profile

Canada's second oldest bank, Scotiabank is ranked 31 in BrandFinance® Banking 500. Scotiabank has come to be knows as Canada's most international bank as a significant share of net income is generated outside the country.

Scotiabank's international banking division boasts over 67,000 employees, 3,000 branches and offices and 6,000 ABMs - a statistic unmatched by any other Canadian bank.

Despite the reduction in global growth rate forecasts, which is a function of market forces that all Canadian banks are subject to, Scotiabank's 39% increase in brand value is attributable to their improved long-term revenue forecasts and weighted average cost of capital.

A key component to Scotiabank's success can be traced to their international operations where they are able to take advantage of favourable corporate tax rates - a key driver not exploited by the other Big 5 Canadian banks.

Scotiabank's slow and steady international growth strategy is only beginning to contribute substantially to its brand value. Should Scotibank continue in this path, its value may begin to place it in the rankings of top banks in other countries as well.

Challenges

1. Scotia Capital reported net income of $1,184 million in 2011 (12% below last year's earnings) as a result of challenging market conditions (especially the second half of the year)
2. Expenses associated with financial regulations in Canada and globally
3. With Scotiabank's diverse holdings in various financial situations, Scotiabank has to determine if it will go with a unified international brand or build strong local brands from amongst its assets

BRAND·FINANCE®

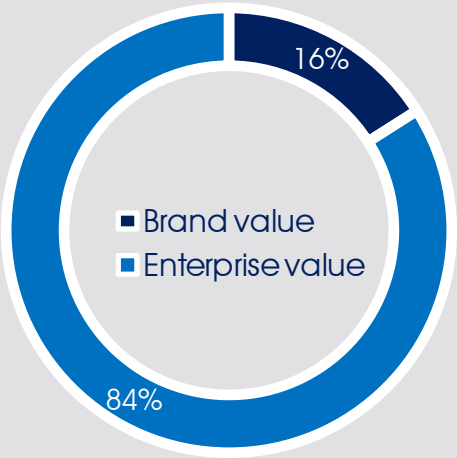
Bank of Montreal

4
rank

+41%
5,360
brand value

+2%
33,781
enterprise value

AA-
brand rating



Strategic goals

To be the bank that defines great customer experience.

Awards & highlights

1. Significant milestone achieved with their major U.S. Midwest acquisitions
2. M&I purchase effectively doubled U.S. presence
3. Total returns earned by shareholders over the past 3 years have been better than comparable market indices in both Canada and U.S.
4. Strong national presence in Canada, as well as strategic positioning in select high-growth U.S. and emerging wealth management markets

Brand profile

BMO is the only Big 5 Canadian banking brand that recorded a growth in both brand and enterprise value. The two largest contributing factors to BMO's brand value is the increase in revised revenues as well as a reduction in weighted average cost of capital.

BMO's acquisition of M&I in 2010 proved to be a valuable step into the U.S. retail banking market lifting the long term brand value prospects of the company.

BMO's strong performance has enabled them to increase their ranking from 47 to 33 in this year's BrandFinance® Banking 500.

Challenges

1. Integrating M&I and Harris Bank under the BMO brand as effectively as TD did with Banknorth. The U.S. brand are notoriously difficult to integrate into foreign based institutions due to the loyalty to homegrown brands in the U.S.
2. Fend off the strong challenge posed by RBC and TD in the retail banking space

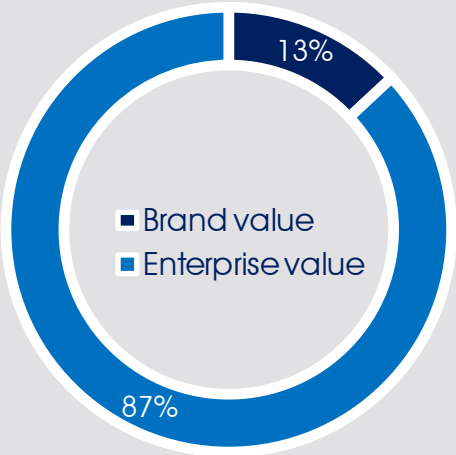
Bell

5
rank

+42%
5,258
brand value

+29%
40,237
enterprise value

AA+
brand rating



Strategic goals

To be recognized by customers as Canada's leading communications company.
6 Strategic Imperatives

1. Accelerate wireless
2. Leverage wireline momentum
3. Expand media leadership
4. Invest in broadband networks and services
5. Achieve a competitive cost structure
6. Improve customer service

Awards & highlights

Bell Mobile TV expanded its exclusive sports lineup, adding the Montréal Canadiens, the Vancouver Whitecaps, NFL football and the NHL Stanley Cup playoffs to its unique roster of games and programming.

Canada's #1 television network and lead broadcaster of the London 2012 Olympics.

Brand profile

Bell's brand value has grown significantly over the past year as evidenced by their growth in the high-value postpaid wireless sector with data revenues steadily increasing commensurate to the increase in smartphone users. Bell has been able to elevate themselves from #281 in BrandFinance® Global 500 brands, to #184 as well as from 32nd to 26th in BrandFinance® Top 500 Telecom Brands.

Additionally, Bell occupies a very peculiar space in the Canadian telecom landscape - they are the only Canadian telecommunications brand that own and operates two additional, wireless service provides, Virgin and Solo, that are considered by most to be "discount brands".

Challenges

1. Given Bell's financial commitment to the 2012 Olympic coverage, the company will be faced with the dilemma of ensuring adequate capital assets on hand in order to present itself as a viable Olympic partner while at the same time bidding on the rights for Hockey Night in Canada two years from now
2. Playing nice with its biggest Canadian competitor, Rogers, now that the companies have jointly acquired Maple Leaf Sports and Entertainment

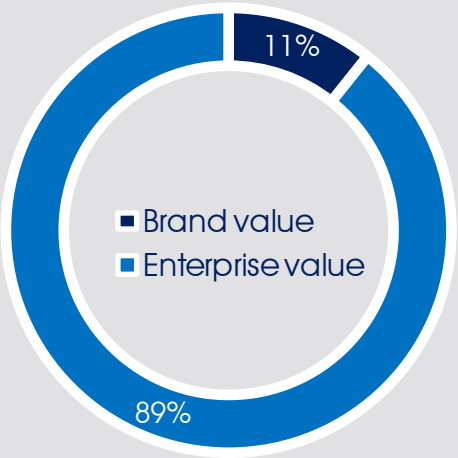
Enbridge

6
rank

4,726
brand value

41,867
enterprise value

A+
brand rating



Strategic goals

To be the leading energy delivery company in North America.

Awards & highlights

1. Enbridge manages and has a 72.3 per cent overall interest in Enbridge Income Fund and a 25.5 per cent overall ownership in Enbridge Energy Partners, L.P.
2. 60% of the US bound crude oil that comes from Western Canada is transported by Enbridge, delivering approximately 13% of the United States' daily crude oil imports
3. In a unique position in that the company provides direct delivery to consumer and is a 'king maker' with primary oil and gas producers in Western Canada with the substantial share of the pipeline network that Enbridge

Brand profile

Enbridge is a diversified energies company, having both consumer and pipelines divisions. As a result, Enbridge's position in the overall energy transportation value chain gives it advantages both in business and brand performance. The ability for Enbridge to dictate consumption and transportation volumes in many cases provides it a lot of power in both consumer and b2b segments. As most companies in the energy sector, Enbridge's brand value is impacted by their environmental governance practices.

Challenges

1. Getting support from governments and aboriginal groups to build the Enbridge Northern Gateway Project, a crude oil export pipeline and condensate import pipeline between Edmonton, Alberta, and a proposed new marine terminal in Kitimat, British Columbia
2. Enbridge is particularly susceptible to negative media coverage of the energy sector in Canada
3. Effectively communicating its environmental initiatives and communicating with the public in a manner that is consistent with its long term objectives instead of being sidelined by current crises
4. Weak gas prices limit the profitability of its consumer division
5. Oversupply of oil flowing to Oklahoma substantially discounts oil sands crude prices and, by extension, Enbridge's revenue

CIBC

7
rank

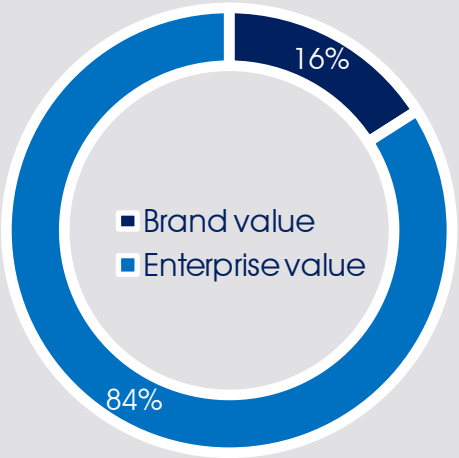
+39%

4,557
brand value

-4%

28,055
enterprise value

AA-
brand rating



Strategic goals

Continually strengthen the focus as a client-centric organization in retail banking; be a leader in wealth management solutions in markets where we offer advice and to be a leading global asset manager by delivering exceptional value for our clients, our employees, our shareholders and our communities.

The first principle is to be a lower risk bank.

Awards & highlights

1. Became Canada's largest dual issuer of Visa & MasterCard credit cards
2. Selected as lead sponsor of the 2015 Pan Am and Parapan Am Games taking place in Canada
3. Best in mobile banking in North America (2011), *Global Finance magazine*
4. Highest rank achieved in the BrandFinance® Banking 500 - #40

Brand profile

The majority of CIBC's increase in brand value is attributed to the increase in its consensus revenue forecast. Being heavily focused in Canada also benefitted CIBC by having a substantial contribution from the reduced cost of capital.

CIBC was adversely affected by the global challenges in commercial and wholesale banking, increasing CIBC's dependency on retail banking.

Challenges

1. Retail banking within Canada is highly saturated posing a challenge to CIBC to sustain long-term brand growth
2. CIBC has fallen from 3rd (2008) to 5th (2012) in brand value amongst the Top 5 Canadian banks. In that time, TD Bank's brand value has doubled relative to CIBC
3. In five years, CIBC has seen a cumulative brand growth of only 5% as it has reduced participation in many revenue streams in its efforts to reduce risk
4. CIBC new challenge is to position its brand for future growth now that a stable foundation for the brand has been achieved

BRAND·FINANCE®

BOMBARDIER

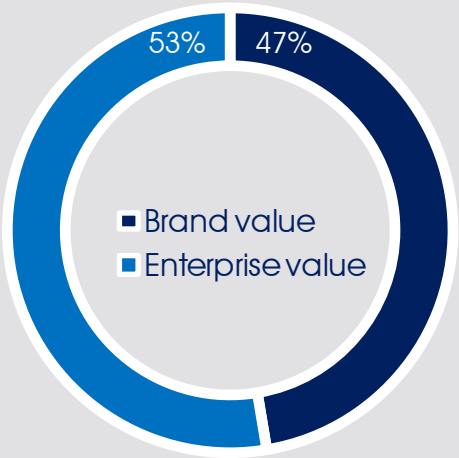
Bombardier

8
rank

-16%
4,199
brand value

-22%
8,898
enterprise value

AA-
brand rating



Strategic goals

Commitment to excellence, integrity, customer orientation, shareholder focus

Awards & highlights

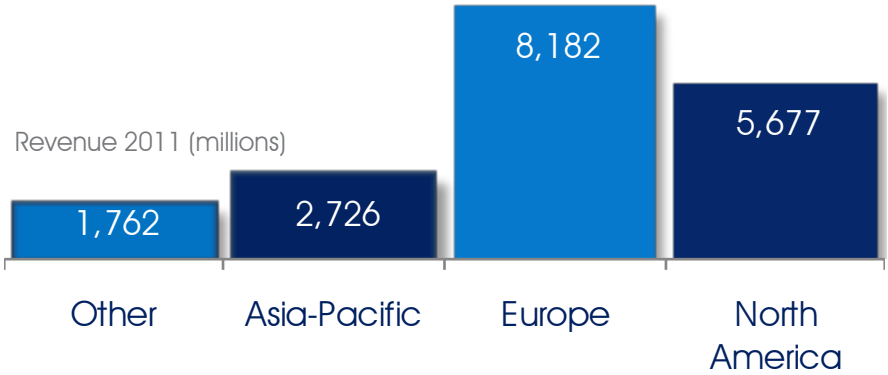
1. BA remained fully committed to its product development strategy and launched the Global 7000 and Global 8000 aircraft in September 2010. BT has further built up its technology leadership through its product strategy based on innovation and environmentally conscious products and services
2. Hold the #1 position in business and regional aircraft. Hold the #1 position in 9 out of our 11 product segments, making us the ultimate global leader in our industry
3. Remained the business aircraft market leader in terms of revenues for the seventh consecutive year and in terms of deliveries for the second consecutive year, in an increasingly competitive environment
4. Continued recognition of fuel efficiency and technological advances in regional jets

Brand profile

The global decline in aircraft purchases substantially impacted the long-term revenue of Bombardier's aircraft division. Of the Canadian Top 50 brands, Bombardier has the highest exposure to the economic performance of Europe and the U.S.

Challenges

1. Revenues of $17.7 billion, a decrease of $1.7 billion compared to last fiscal year
2. Diversifying its customer base away from European and American customers that have continued pressure to consolidate
3. Oil prices have become increasingly volatile in recent years. Increasing fuel costs or unusually high volatility in fuel prices may impair airline operating economics. Overall consumer confidence may also be affected, resulting in lower air travel demand. Both could negatively impact demand for new aircraft
4. Whereas Bombardier decreased 16% in brand value, Boeing declined only 5%, Siemens declined 2%, and Airbus increased in brand value



BRAND·FINANCE®

Rogers

9
rank

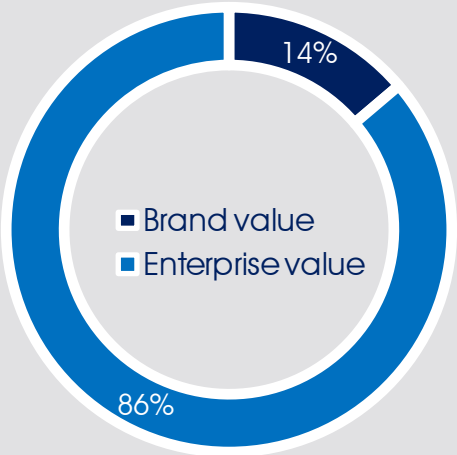
+12%

4,087
brand value

-4%

29,216
enterprise value

AA+
brand rating



Strategic goals

Maintain network leadership by significantly expanding Canada's first LTE wireless 4G network, further increasing our superior broadband cable Internet speeds, and enhancing our TV platform to more seamlessly provide a four-screen "TV Anywhere" experience

Awards & highlights

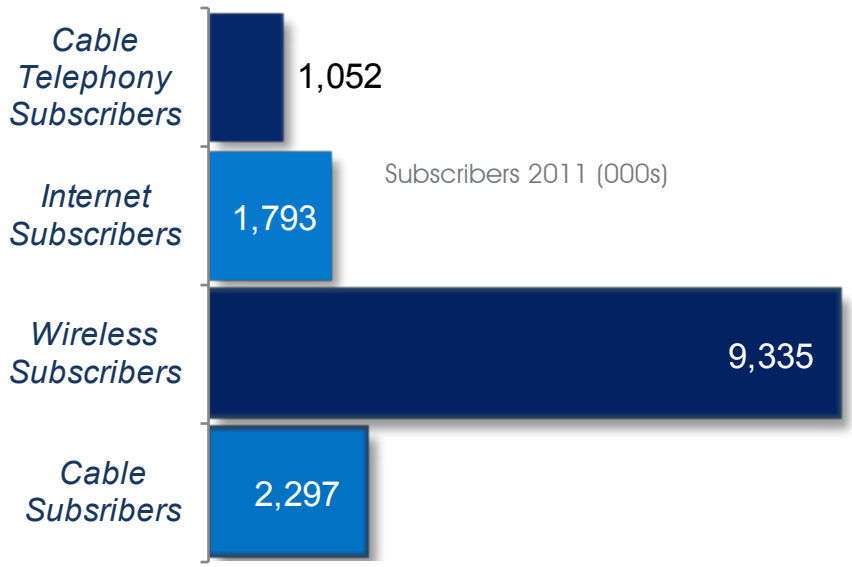
1. Canada's largest wireless carrier with 9.3 M subscribers
2. Leader in wireless data, churn and ARPU metrics
3. Very successful growth in its discount subsidiary brand

Brand profile

Rogers benefitted positively from its joint acquisition of Maple Leaf Sports and Entertainment (MLSE) with Bell. This acquisition is a stepping stone towards Rogers becoming a larger media empire - a sector with higher risks but with greater opportunities to build greater brand values. This is especially crucial as Rogers is starting to reach its limits in growing its subscriber base.

Challenges

1. Effectively responding to the rapid decrease in DVD rentals, declining Rogers Magazine readership and continued reduction in cable consumption
2. Negative attributes associated with cable and wireless segments are quickly becoming the most limiting factor on future growth
3. Possible changes to the CRTC regulatory framework can further restrict Rogers' operating practices



BRAND·FINANCE®

BlackBerry™

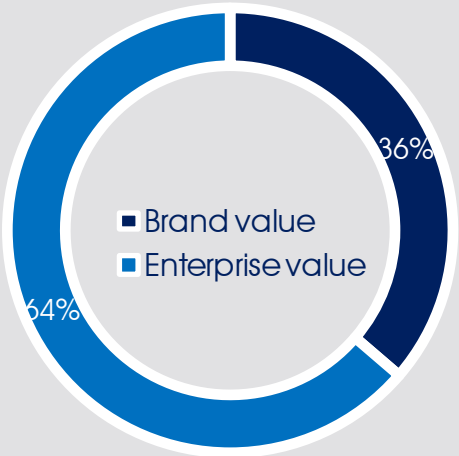
Blackberry

10
rank

-25% 3,293
brand value

-54% 9,239
enterprise value

AA-
brand rating



Strategic goals

A global leader in wireless innovation

Awards & highlights

1. Offered in more than 175 countries, through over 595 operators and distribution partners
2. Maintaining market leadership in many emerging economies

Brand profile

Blackberry has experienced a substantial decline in market share and related long-term revenue projections. Its share of the phone purchase cycle has declined to single digits in the U.S. Additionally, RIM's dependance on its secure network as a barrier to entry from its competitors was substantially diminished by the consumer driven demand for 'bring your own device'.

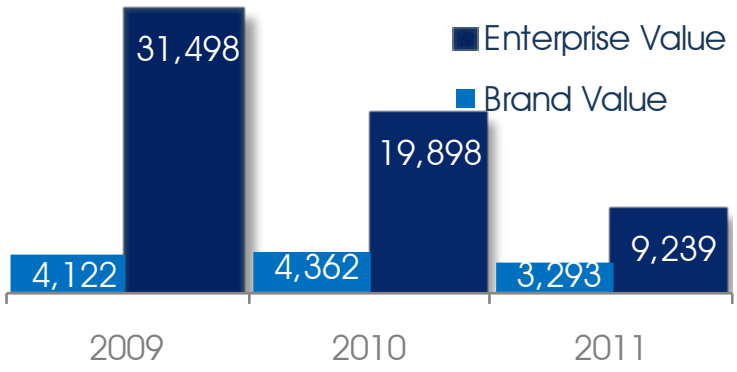
Furthermore, the substantial writedown on the Playbook further contributed to the decline in brand value. RIM can take solace that its brand declined much less than its enterprise value - indicating that a solid foundation may still exist under new management..

Challenges

1. Defining and communicating what the Blackberry (as well as RIM) brand stands for
2. Recovering the nearly 75 percent loss of its market value since June 2010
3. Managing the brand with investors and analysts during the ongoing restructuring of RIM's management.

Editor's note

Since January 1, 2012, Blackberry's fortunes have further eroded. Most recent communications from RIM indicate that there will be a further, substantial, decrease in the brand value of Blackberry. It is the opinion of Brand Finance that any remaining consumer equity in the Blackberry brand will be very difficult to recover.



BRAND·FINANCE®

Manulife

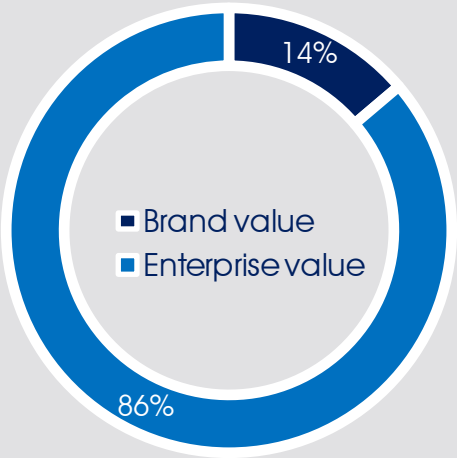
Manulife

11
rank

+16%
3,261
brand value

+6%
22,900
enterprise value

AA+
brand rating



Strategic Goals

Provide some of the very best financial protection and wealth accumulation products backed by the financial strength and security of a global leader.

Highlights

1. Manulife and John Hancock have strong ratings from all five rating agencies – A.M. Best, DBRS, Fitch, Moody's and Standard & Poor's.
2. 4th largest North American Insurer, 10th largest Global Insurer

Brand profile

Unbeknownst to most Canadians, Manulife is one of the most diversified financial services companies in the world. Manulife competes in an extremely hostile financial services environment and has held their own for the time being. The line between being an insurance company and a bank is long blurred as consumers are able to purchase insurance coverage throughout the same institution. The lack of daily brand interaction between Manulife and their customer base leaves Manulife at a significant disadvantage in Canada.

At the same time, however, Manulife is growing its global profile by building its Asian operations. Combined with the 100% ownership of US based John Hancock, Manulife's focused strategy at establishing itself as a leader in an Asian market with substantial growth opportunities positions Manulife far ahead of its Canadian peers in becoming a truly global financial services company.

Challenges

1. A fragile recovery in the U.S., very serious economic concerns in Europe, the unprecedented easing of interest rates by central banks, and highly volatile equity markets were just some of the headwinds confronted by all global insurers
2. Manulife relies heavily on advisors to secure business with the average consumer - a model that works well for the moment, but is increasingly challenged by the growing retail insurance operations of RBC and TD.

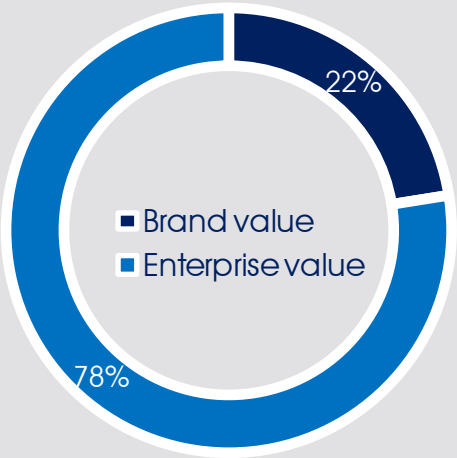
Shaw

12
rank

+46%
3,191
brand value

+8%
14,705
enterprise value

AA-
brand rating



Strategic goals

To be the leading entertainment and communications company, deliver exceptional customer experience through outstanding people sharing Shaw values.

Highlights

1. 2011 was a growing year for Shaw as brand value increased +46% from the previous year's value of $2,181 Million, the highest percentage increase among the Top 50 brands
2. Shaw has been very successful in integrating its Canwest acquisition

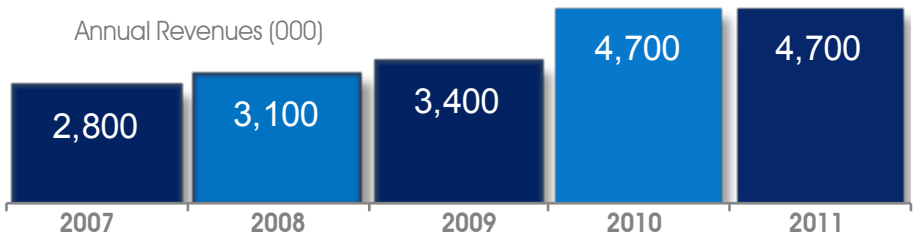
Brand profile

Shaw had (and still is currently sitting on) a huge boost in its portfolio since buying out Canwest. On a side note: in contemplating if Shaw should buy Canwest, the Shaw family had to answer the question, "what would Ted Rogers have done?" Needless to say, they made the right move.
Interestingly enough, Shaw is still in the process of culture integration. The majority of this impacts their media side (which happens to be a significant

Shaw had the high growth in its brand value due its improving long term growth projections and a notable difference between it and its three competitors. Shaw has not suffered from the same erosion of profit and customer loyalty that is driven by the dissatisfaction with mobile phone plans and related bundling services offered by its competition. By focusing strongly on gaining market share in its core competencies, the company has built up its brand strength.

Challenges

1. Shaw's challenge is similar to that of Bell and Rogers: there is not much left to buy. This places Shaw and its competitors into the unusual position that they have to fend off revenue stagnation. Shaw is in a unique position in Canada with the least customer baggage in its peer group on a national level. Bell and Rogers have proclaimed that content will be king in the future with their acquisition of Maple Leaf Sports and Entertainment. Fortunately for Shaw, they are already in the midst of integrating their large content acquisition



BRAND·FINANCE®

Weston

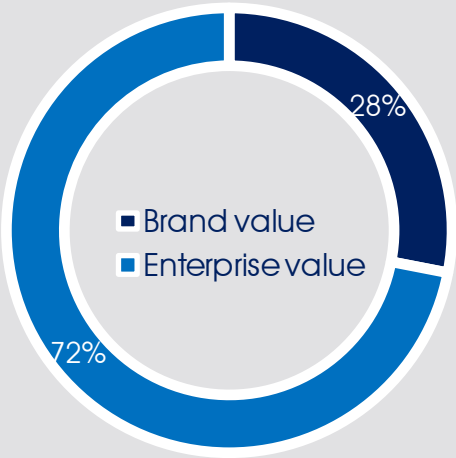
George Weston

13
rank

+0.3%
3,085
brand value

+25%
10,971
enterprise value

AA-
brand rating



Strategic goals

Weston seeks long-term, stable growth in our operating segments, while accepting prudent operating risks through continuous capital investment

Highlights

1. Weston Foods' Canadian Operations: Weston, Wonder+, D'Italiano, Country Harvest, Gadoua, Ready Bake Foods, Ace Bakery, Colonial Cookies
2. Weston Foods' U.S. Operations: Maplehurst Bakeries, Interbake Foods, Norse Dairy Systems
3. Owner of the Joe Fresh and Holt Renfrew Retail chains.
4. Since the date of the present brand valuation, Joe Fresh has opened a flagship store in the heart of New York City

Brand profile

Most consumers do not know of Weston but almost the entire country eats their products and a much smaller, wealthier segment of the population buys their clothes at Holt Renfrew. Weston is a unique position in the Canadian brand landscape in that its brand strength is derived from its diverse brand portfolio.

Contributing brands from Weston Foods' Canadian Operations are Weston, Wonder+, D'Italiano, Country Harvest, Gadoua, Ready Bake Foods, Ace Bakery, and Colonial Cookies

Contributing brands from Weston Foods' U.S. Operations are Maplehurst Bakeries, Interbake Foods and Norse Dairy Systems

Challenges

1. Weston is intimately tied to its association with Loblaws, both through ownership, and as a channel for many of its branded products. Being a food producer, Weston is exposed to commodity markets where the price of grains, sugar, and oils can have a profound impact on its profitability. Weston has demonstrated a knack for dealing with this challenge over the years.
2. Another challenge with longer term implications is the growing amount of wheat alternatives that are being consumed in Canada. Though not fully understood yet, a growing portion of the Canadian population recognizing that they are intolerant or allergic to it. Weston's brands are successful because their profits are driven by distribution and volume. The strong indicators that baked foods are becoming increasingly fragmented is the next challenge for the company to overcome

TELUS

14
rank

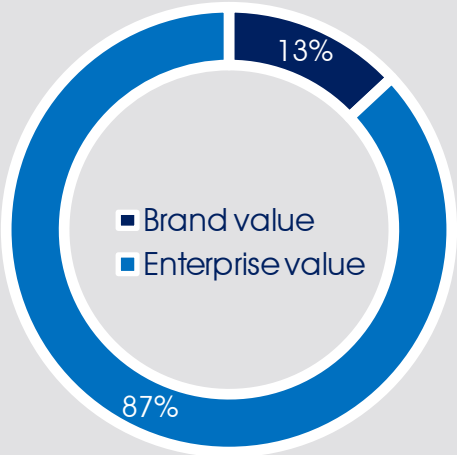
+23%

3,019
brand value

+20%

24,076
enterprise value

AA-
brand rating



Strategic goals

To deliver future friendly services

Highlights

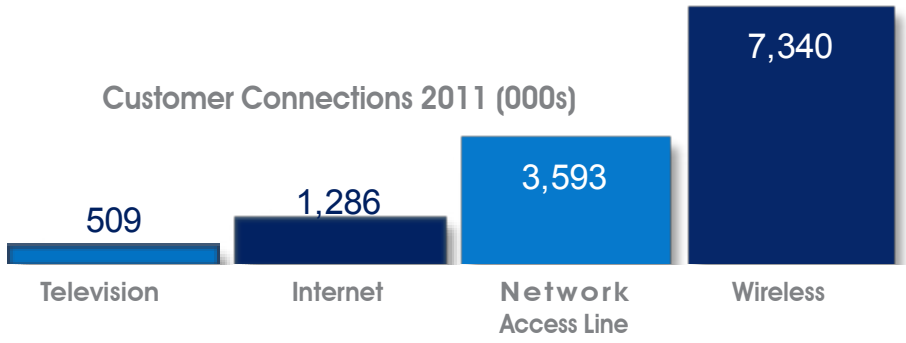
1. Secured a five year contract extension with the Government of Ontario to manage its province wide portfolio
2. Entered Canada's Telecommunications Hall of Fame in 2011
3. Began construction of a $65 million intelligent Internet data centre in Rimouski, Quebec, the first to be built
4. To LEED (leadership in energy and environmental design) gold standards, which will significantly enhance our capacity to provide managed data services to business
5. Added 1.6 million new customers

Brand profile

Telus is in both the fortunate and unfortunate position of building its brand east of Manitoba border. Though it has already had a lot of success in securing a large customer base in Ontario, the brand is still under represented. The opportunity in this is that there are many non-Telus customers to acquire. The challenge is that the brand is not being embraced with open arms by the dissatisfied customers of Telus' competitors. It does not help either that many of those customers are tied into bundled phone/internet/television packages that are, in most cases, time consuming and frustrating to move from

Challenges

1. Telus also has to face the challenges of slowing growth in the Canadian telecommunications sector. Though the company continues to deliver good profits, the organization's only real access to substantial growth is to grab substantial market share from competition (not too likely), or explore the becoming a content provider as well as its nearest competition



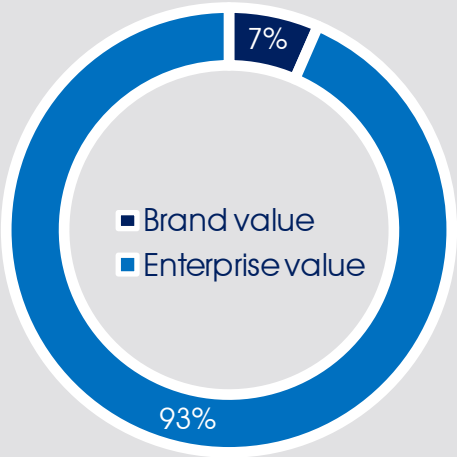
Canadian National Railway

15
rank

+4%
3,085
brand value

+6%
10,971
enterprise value

AA-
brand rating



Strategic goals

CN has one of the best operating ratios in this industry and is committed to moving more freight, more quickly and with fewer assets

Highlights

1. CN is the only railroad which crosses the continent east-west and north-south, serving ports on the Atlantic, Pacific and Gulf coasts while linking customers to all three NAFTA nations
2. In July 2012, CN announced that it plans to construct five extended sidings on its B.C. North Line in 2012 as part of a multi-year capital program to expand freight train capacity to handle growing freight volumes along its important Edmonton, Alta.-Prince Rupert, B.C., corridor

Brand profile

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In July 2012, CN announced that it plans to construct five extended sidings on its B.C. North Line in 2012 as part of a multi-year capital program to expand freight train capacity to handle growing freight volumes along its important Edmonton, Alta.-Prince Rupert, B.C., corridor

Challenges

1. As proclaimed in their annual report CN sees that the biggest challenge lies in taking railroading to the next level. CN sees that this is possible only through improving efficiency through the entire network and supply chain. The good news is that successfully fulfilling on this challenge will contribute to the brand value, not just from a revenue standpoint but also, crucially, from a market leadership, and logistics expertise standpoint. Amazon, UPS, and FedEx have all built their brands through highly complex but efficient logistics platforms. If CN can emulate even a portion of their success then CN will be cemented for some time

PotashCorp 16
rank

Potash Corp

NEW ENTRANT

2,453
brand value

46,310
enterprise value

AA+
brand rating

Brand profile

Potash Corporation's brand valuation has grown dramatically resulting in its first time inclusion in the Top50 list. It is Canada's strongest representative in a group of about 10-12 global mining companies that have substantial brand value and associated clout. Historically, mining companies have had to be gargantuan entities to command brand values that were comparable to consumer companies that were only 5% of their size. Potash is a company that has broken this trend and has a brand strength that commands it great influence with suppliers, customers and governments in contract negotiations and securing long term growth for the company.

Potash, as any other resource company faces the challenges of learning to strategically manage its brand in the face of increased scrutiny and lobbying from environmental and consumer groups. With effective and targeted governance of its brand, Potashcorp has an opportunity to minimize the negative associations with its sector and reach a stage where it is stronger in dictating its brand in the marketplace than its peers.

Loblaws 17
rank

Loblaws

+12% 2,151
brand value

+10% 5,400
enterprise value

AA
brand rating

Brand profile

Loblaws sits at #17 in the Canadian rankings, lower than in previous years for all the right reasons. Brand Finance has an objective of being as accurate as possible in properly allocating brand values to individual branded entities rather than to whole groups. The clear disclosure of the financial performance of the Real Canadian Superstore (RCS) brand allows Brand Finance to accurately present the individual strength of both brands going forward.

Despite the separation of RCS from its brand value calculations, Loblaws still retains its lead as the most valuable Canadian retail brand. Loblaws has maintained and defended its brand against very stiff competition from Walmart and Costco. The successful integration of clothing and housewares into its stores maintains Loblaws as a destination for its customers. The growing success of its President's Choice® brand keeps bringing loyal customers to its stores and brings the retail fight to some of the strongest global retail brands at the same time.

Brookfield 18
rank

2,091
brand value

16,628
enterprise value

AA-
brand rating

Brookfield

NEW ENTRANT

Brand profile

Brookfield Properties, new to the list, is a commercial real estate company with a portfolio of properties in major metropolitan areas in Canada, United States, Australia, and, soon to be, United Kingdom. Brookfield's management has grown its global portfolio very quietly and most of the public in Canada likely do not know how large and successful the brand has become. Its recent success in landing prime real estate for development in London, UK is a testament to the company's growing stature and reputation.

Another fantastic accomplishment for Brookfield, is that most of the growth in brand value has been accomplished in a period of fiscal uncertainty in the United States. In Brand Finance's opinion, Brookfield provides an excellent example of a brand that has grown its own strength through association with other strong brands. Many of the worlds biggest brands now have offices in Brookfield's properties. This association gives Brookfield tremendous protection against the erratic financial state of the world at present.

McCain 19
rank

3,085
brand value

10,971
enterprise value

AA-
brand rating

McCain

NEW ENTRANT

Brand profile

McCain Foods Limited is the most valuable private brand in Canada and new to the list this year. The company is the international leader in the frozen food industry, operating globally with 50 production facilities and 19,000 employees with $6 Billion in annual sales.

McCain products can be obtained in more than 160 countries in restaurants and the freezer section of supermarkets. Worldwide, 1 out of every 3 french fries is a McCain fry. Along with frozen food,McCain owns one of the largest Canadian transportation companies, The Day & Ross Transportation Group. McCain deserves accolades for the brand that it has developed. The company can now have its sights on being one of the Top 20 most valuable food groups in the world.

Rank	Brand	Brand Value (billions)
1	Nestle	16,661
2	Kelloggs	7,955
3	Danone	7,241
4	Morrisons	6,274
5	Sainsburys	5,849
6	Heinz	5,373
7	Kraft	5,092
8	Kroger	4,561
9	Publix	4,470
10	Nescafe	4,150
11	Casino	3,712
12	Cadbury	3,550
13	PaodeAcucar	3,361
14	KitKat	3,279
15	GeorgeWeston	3,085
16	Hersheys	3,053
17	WholeFoods	2,947
18	GrupoBimbo	2,634
19	Lipton	2,461
20	Sadia	2,370
	McCain	2,088

20
rank

1,995
brand value

59,567
enterprise value

AA+
brand rating

Barrick

NEW ENTRANT

Brand profile

Founded by Peter Munk in 1983 and new to our list this year is Barrick Gold. Barrick, with 26 operating mines globally, is the industry leader in gold with respect to production, reserves, and market capitalization. While 2011 was a fantastic year for Barrick, the company finds itself in a challenging position in that it has a short window to decouple its brand from its association with its sector.

Despite its present high brand value, Barrick's brand is still dictated more by external parties than the effectiveness of its own brand management efforts. At present, most of Barrick's brand value is derived from its association with the success of the gold mining sector.

The challenge to build the brand has been evident since these rankings were calculated with the dismissal of Barrick's CEO. As a b2b company, Barrick's drivers of brand value aren't heavily weighted to consumers or the public at large but rather to investors, media, governments, the environment, and its mining peers.

21
rank

1,926
brand value

9,059
enterprise value

AA-
brand rating

Shoppers Drug Mart

NEW ENTRANT

Brand profile

Shoppers Drug Mart (SDM), founded in 1962, has grown its number of stores to over 1,200 in Canada (including Pharmaprix® in Québec) and holds the title of being the premier provider of pharmacy products and services in Canada. To maintain its leadership position of the retail drug store market, SDM has come to be defined with convenience with many stores located in prime areas and open until midnight or 24 hours in most cases.

SDM has found an excellent balance between urban and suburban stores that contribute substantially to the growth of its brand value. The company's initiative to re-design its stores and provide a small scale but highly convenient grocery sector creates a much appreciated customer dependency on the company's locations and long hours.

As many other brands on this list that have been built within the confines of Canada's borders, SDM's next challenge is to define its long term growth strategy and learn from the success, or lack thereof some of its Canadian peers in expanding southward.

Imperial Oil 22
rank

1,849
brand value

33,692
enterprise value

AA
brand rating

Imperial Oil

NEW ENTRANT

Brand profile

Imperial Oil is one of Canada's oldest brands with roots going back to the 19th century. Its balance between oil production under the Imperial oil and consumer delivery under the Esso brand makes it one of the largest diverse energy companies in Canada.

Imperial Oil faces a traditional brand dilemma as a subsidiary of a larger foreign entity: how to manage and grow its brand within a restricted geographic environment. The company is, in many respects, the Canadian arm of ExxonMobil that owns a substantial portion of its shares. This ownership and operating structure requires a different brand management structure, one that is focused on building brand metrics such as consumer loyalty in its retail brand and the maintaining and improving a sub brand within a larger corporation or conglomerate.

PETRO-CANADA 23
rank

1,831
brand value

33,671
enterprise value

AA
brand rating

Petro-Canada

NEW ENTRANT

Brand profile

Right on the heels of Imperial oil is Petro-Canada. It is the retail arm of Suncor Energy and is intertwined in its operations in a similar manner as Imperial Oil and Esso. Petro-Canada is the most valuable Canadian gasoline retailer and its broad distribution base for both consumers and b2b delivery confers it a strong foundation to continue expanding its brand. Petro-Canada is a beneficiary of the upstream/downstream relationship with Suncor Energy in that having a defined focus allows it a certain disassociation with many of the brand challenges that producers face in Canada and on the world stage.

The challenge for Petro-Canada, common to all gas retailers, is the highly sensitive association to gas price amongst consumers. This creates a substantial demand for price and discount based strategy elements. As in the case of Imperial Oil's Esso brand, Petro-Canada is increasingly getting involve with consumers with diverse loyalty programs and close association with credit card products.

This close interaction with consumer driven financial services is another example of the growing importance of co-branding where one company receives an incremental gain from a customer base provided by another company that would have otherwise been substantially more expensive to develop.

24
rank

1,791
brand value

6,087
enterprise value

AA-
brand rating

Canadian Tire

NEW ENTRANT

Brand profile

Canadian Tire is one of the most iconic of Canadian brands giving the brand a patriotic edge in the retail marketplace that few other companies possess. As in the case of other Canadian based retailers such as Loblaws and Home Hardware, Canadian Tire has had to redefine its operating strategy to deal with competition from Walmart. Credit has to be given where its due and Canadian Tire is an excellent example of a successful refocus of the brand to fend off competition. Where many brands rename themselves or reduce themselves to short acronyms, Canadian Tire has managed to retain its original name and build upon the loyalty that its long history confers.

An intriguing activity that Canadian Tire has engaged is creating a charity, Jumpstart, that is expressly associated with Canadian Tire. Though not the first company to do so, it is an example of a corporation wanting to have a stronger say in its association with charitable and community building activities. It would be a very strong message that is sent to the Canadian philanthropic community if more companies follow Canadian Tire's footsteps.

QUEBECOR

25
rank

1,753
brand value

7,309
enterprise value

A+
brand rating

Quebecor

NEW ENTRANT

Brand profile

Another new addition to the list, Quebecor Inc., started off in 1950 as being a small neighbourhood newspaper and today it is a holding corporation with a majority interest in Quebecor Media Inc., a media group operating in Canada (mostly Quebec). Quebecor Media has many subsidiaries that are leaders in their industry, some including: Videotron Ltd (cable services), Sun Media Corporation (newspaper publisher), MediaPages (print and online directories), TVA(French broadcasting), TVA Publishing Inc. (magazine publishing), and Quebecor Media Book Group (French publishing house).Through the subsidiary companies operating in many industries, Quebecor has become a leading media corporation in Canada.

What is amazing about Quebecor's brand strength is that almost all of it has been developed within the province of Quebec. This accomplishment provides the company a strong base to expand should it wish to within the country or quite possibly, within the French speaking world. The company has already shown its success on the world stage with its digital agency subsidiary, Nurun, landing McDonald's work in Spain

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lululemon athletica

FASTEST GROWING NEW ENTRANT

36
rank

1,350
brand value

6,379
enterprise value

AA-
enterprise value

Brand profile

The fastest growing new entrant award for this year is given to lululemon, a well-established brand from yoga roots founded in 1998 in Vancouver, BC. lululemon has come a long way since inception and today, there are over 137 stores located throughout Canada, the U.S. and Australia. lululemon has become a lifestyle brand, targeted mostly towards active females (and increasingly, males) promoting a healthy, balanced and fun lifestyle.

To stay ahead of their competition, lululemon taps into its strengths drawn from many sources such as its corporate culture, association as a retail category creator, and its distribution architecture. Their vertical retail distribution strategy allows greater brand control and the ability to receive quick and timely feedback from their valued customers. Store locations are placed strategically in urban areas to give the customers using store designs that give a consistent retail experience in all its stores. With the help of their employees, known as "educators", lululemon is able to fully convey the technical aspects and the superiority of their products to all their customers.

lululemon is an excellent example of a company integrating its brand identity through all aspects of their operations from the styling of their products, the feel of the stores, and the consistent, engaging attitude of its employees.

This yoga inspired brand continues to develop innovative apparel products by working with leading manufacturers to produce trademarked fabrics such as Luon and Silverescent.

Revenues in the past year grew by 57% to $711 Million while net income was $121 Million, an increase of 109%. To continue their successful growth, Lululemon is looking to expand further in North American markets, develop their e-commerce website, expand their mens apparel line and broaden their youth brand, ivivva athletica.

Royalty Relief

The 'Royalty Relief' method is based on the hypothetical notion that a brand holding company owns the brand and licenses it to an operating company. The notional price paid by the operating company to the brand company is expressed as a royalty rate. The Net Present Value (NPV) of all forecast royalties represents the value of the brand to the business. The attraction of this method is that it is based on commercial practice in the real world. It involves estimating likely future sales, applying an appropriate royalty rate to them and then discounting estimated future, post-tax royalties, to arrive at a NPV.

Brand Finance uses the 'Royalty Relief' method for two reasons:

- It is favoured by tax authorities and the courts because it calculates brand values by reference to documented, third-party transactions
- It can be done based on publicly available financial information

Steps in the royalty relief brand valuation process

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

2. Determine market related revenue forecasts.

Three forecast periods were created for each brand portfolio:

- Estimated financial results for 2011 using Institutional Brokers Estimate System (IBES) consensus forecasts
- Estimated four-year financial forecast (2012-2015), based on historic growth trends for the brand, IBES consensus forecasts, and Organization of Economic Co-operation and Development (OECD) Gross Domestic Product (GDP) growth forecasts.
- Perpetuity growth, based on a combination of growth expectations (IBES and OECD forecasts)

3. Establish the notional royalty rate for each brand portfolio

   - Establish a royalty rate range for each industrial sector
     Royalty rate ranges were set for each industry by reference to a review of comparable licensing agreements and industry norms. A review of publicly available licensing agreement indicates the royalty rates set between third parties in arm's-length commercial transactions.

   - Compare royalty rates with operating margins in the industrial sector
     Fundamental profitability in each industrial sector influences the determination of royalty rate ranges. This must be taken into account when determining the royalty rate ranges. A 'Rule of Thumb' exists within the licensing industry ('Rule of 25'), which states that, on average, a licensee should expect to pay between 25% and 40% of its expected profits for access to the licensed intellectual property. For example, if profit margin is 20%, an appropriate royalty rate should fall between 25% x 20% = 5% and 40% x 20% = 8%. The rule is based on heuristic evidence of a relationship between market royalty rates and margins earned in licensee businesses. Royalty rates may be higher or lower than 25% of profits, depending upon a variety of quantitative and qualitative factors that can and do affect commercial negotiations. When determining royalty rate ranges, the '25% rule' is a useful indicator of what an appropriate royalty rate range might be in each industrial sector.

   - Conduct Brand Value Added (BVA®) analysis BVA® analysis is a research driven process, which estimates the proportion of income attributable to each category of intangible asset, including brand, to determine the

proportion of margins which should be attributed to the brand. This process uses a 'Brand Power Matrix®' to systematically map the relative importance of different tangible and intangible assets in the value creation process. The results of this BVA® analysis refine the margin analysis in determining royalty rate ranges.

- Establish the appropriate royalty rate within the range for each brand portfolio

Having established the royalty rate range, it is necessary to pinpoint where in the range is appropriate for each brand portfolio under review. This is calculated by reference to 'ßrandßeta®' analysis.
'ßrandßeta®' analysis is a benchmarking study of the strength, risk and future potential of a brand relative to its competitor set. It is conceptually similar to a credit rating. Brand portfolios are awarded Brand Ratings based on their strength, risk and future earning potential.

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

The Brand Finance Brand Ratings consider a variety of factors in this 'ßrandßeta®' analysis process.

Factors include both 'hard' and 'soft' brand performance measures:
1. Input measures:
   - Quality of Brand Management
   - Brand Presence
2. Brand Equity:
   - Familiarity
   - Functional Performance
   - Emotional Connection
   - Brand Preference
3. Output measures:
   - Revenue Growth
   - Market Share
   - Profitability
   - Consensus Analyst Ratings
   - Factors include both 'hard' and 'soft' brand performance measures:

Brand Rating	Strength
AAA	Extremely strong
AA	Very strong
A	Strong
BBB-B	Average
CCC-C	Weak
DDD-D	Failing

Brand Ratings incorporate both quantitative and qualitative data. Qualitative data is compiled by Brand Finance from primary and secondary research, the former collected on our behalf by our research partner Socratic Technologies, using a representative sample of the Canadian consumer population. Quantitative data is sourced from Bloomberg and annual reports.

The final Brand Ratings are expressed as an index score from 0-100. Brand Ratings are also expressed alphabetically from AAA to D. AAA is a very strong and growing global brand. D is a sub-optimal or moribund brand.

1. Calculate the notional future royalty income stream for each brand portfolio. This is calculated by applying the royalty rate, determined in step 3, to sales in the explicit forecast and perpetuity periods.
2. Calculate discount rate specific to each brand portfolio, taking account of its size, international presence, reputation, and Brand Rating

Brand Ratings are used to determine a Weighted Average Cost of Capital (WACC). Debt costs, equity costs and the debt to equity ratio are all given a discount or premium based on the strength of the brand. The principle being that a strong brand should command a lower discount rate in the valuation calculation than a weak one.

3. Discount future royalty stream to a net present value (NPV)

The result is the brand value for inclusion in our table. Where enterprise values can be calculated by reference to public market information the brand value is expressed as a percentage of Enterprise Value (EV).

About Brand Finance

What makes us different?

- We are the world's leading independent brand valuation and strategy consultancy
- We advise organisations on how to maximise shareholder value through effective brand management
- We are specialists with a unique combination of marketing, research, management and finance expertise
- We have extensive global experience of brand valuation, analytics, strategy and transactions

At Brand Finance, we are entirely focused on quantifying and leveraging intangible asset value. Our services compliment and support each other, resulting in robust valuation methodologies, which are underpinned by an in-depth understanding of revenue drivers and licensing practice.

Valuation	Analytics	Strategy	Transactions
We perform valuations for financial reporting, tax planning, M&A activities, joint ventures, IPOs and other transactions. We work closely with auditors, tax authorities and lawyers.	Our analytical services help clients to better understand the drivers of business and brand value. Understanding how value is created, where it is created and the relationship between brand value and business value is a vital input to strategic decision making.	We give marketers the framework to make effective economic decisions. Our value-based marketing service enables companies to focus on the best opportunities, allocate budgets to activities that have the most impact, measure the results and articulate the return on brand investment.	We help private equity companies, venture capitalists and branded businesses to identify and assess the value opportunities through brand and market due diligence and brand licensing.
Financial reporting Tax and transfer pricing Litigation Investor relations	Brand equity drivers Brand strength analysis Brand risk analysis (ßrandßeta®) Brand scorecards Marketing mix modelling Marketing ROI	Brand strategy Brand architecture Brand extension Budget setting and allocation Brand value added (BVA®)	Brand due diligence Brand licensing Fundraising

Technical recognition

ISO 10668 global standard for brand valuations

In December 2010, Brand Finance became one of the very few companies in the world to be accredited with the ISO 10668 global standard for brand valuations.

ISO 10668 is the international norm that sets minimum standard requirements for the procedures and methods used to determine the monetary value of brands.

David Haigh, CEO Brand Finance, was the UK representative on the ISO working party and chaired drafting meetings over a 2 year period to shape ISO 10668 – 'Brand valuation – Basic requirements for methods of monetary brand valuation'

The certification program was developed in collaboration with the Austrian Standards plus Certification, which has attested that Brand Finance conducts its brand valuations in accordance with the new standard, which requires three key phases of work:

- IP audit and review (legal review)
- Behavioural analysis (market research review)
- Valuation (financial review)

International Organization for Standardization


Brand Finance plc
Brand Rating

This is to CERTIFY that

has been Awarded a

Brand Rating by Brand Finance plc, the world's leading independent brand valuation and ratings firm. This Brand Rating is based on detailed analysis of data obtained from public and other sources, which is reviewed by an expert panel of brand analysts and consultants.

Signed

Daniel E.B. Haigh
Chief Executive, Brand Finance plc

Date

Certificate No.

Each company in the Canadian Top 50 rankings receives an official Brand Finance brand rating certificate recognizing the value and status of the brand amongst its peers.

Contact Us

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

If you have further enquiries relating to this report or would like our assistance in articulating the study findings for your corporate communications, please contact:

Edgar Baum, Managing Director

Brand Finance Canada Inc.
18 King Street East
Mezzanine Level
Toronto, Ontario, M5C 1C4

M: +1 647 922 6238
T: +1 888 959 0336 x101

e.baum@brandfinance.com
www.brandfinance.com

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