Food & Beverage 2017

The annual report on the world’s most valuable food and beverage brands
March 2017
Foreword

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

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

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

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

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

Brand Finance’s recently conducted share price study revealed the compelling link between strong brands and stock market performance. It was found that investing in the most highly branded companies would lead to a return almost double that of the average for the S&P 500 as a whole. Acknowledging and managing a company’s intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business. The team and I look forward to continuing the conversation with you.
Definitions

Branded Business Value

A brand should be viewed in the context of the business in which it operates. For this reason Brand Finance always conducts a Branded Business Valuation as part of any brand valuation.

Where a company has a purely mono-branded architecture, the business value is the same as the overall company value or ‘enterprise value’.

In the more usual situation where a company owns multiple brands, business value refers to the value of the assets and revenue stream of the business line attached to that brand specifically. We evaluate the full brand value chain in order to understand the links between marketing investment, brand tracking data, stakeholder behaviour and business value to maximise the returns business owners can obtain from their brands.

Brand Contribution

The brand values contained in our league tables are those of the potentially transferable brand asset only, but for marketers and managers alike. An assessment of overall brand contribution to a business provides powerful insights to help optimise performance.

Brand Contribution represents the overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

Brands affect a variety of stakeholders, not just customers but also staff, strategic partners, regulators, investors and more, having a significant impact on financial value beyond what can be bought or sold in a transaction.

Brand Value

In the very broadest sense, a brand is the focus for all the expectations and opinions held by customers, staff and other stakeholders about an organisation and its products and services. However, when looking at brands as business assets that can be bought, sold and licensed, a more technical definition is required.

Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as “a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value”.

Brand Strength

Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance.

Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.
**Methodology**

**League Table Valuation Methodology**

Brand Finance calculates the values of the brands in its league tables using the ‘Royalty Relief approach’. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it was not already owned. The steps in this process are as follows:

1. Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index, and is calculated using brand data from the BrandAsset® Valuator database, the world’s largest database of brands, which measures brand equity, consideration and emotional imagery attributes to assess brand personality in a category agnostic manner.

2. Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance’s extensive database of license agreements and other online databases.

3. Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand’s sector is 1-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4.2%.

4. Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.

5. Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.

6. Apply the royalty rate to the forecast revenues to derive brand revenues.

7. Brand revenues are discounted post tax to a net present value which equals the brand value.

**Brand Finance Typical Project Approach**

**Inputs**

- **Brand Audit**: Audit the impact of brand management and investment on brand equity
- **Trial & Preference**: Run analytics to understand how perceptions link to behaviour
- **Acquisition & Retention**: Link stakeholder behaviour with key financial value drivers

**Stakeholder Behaviour**

- **Value Drivers**: Model the impact of behaviour on core financial performance and isolating the value of the brand contribution

**Performance**

- **Valuation Modelling**: How We Help to Maximise Value

**How We Help to Maximise Value**

1. Base-case brand and business valuation (using internal data), growth strategy formulation, target-setting, scorecard and tracker set-up
2. Optimise brand positioning and strength
3. Portfolio management/rebranding Group companies
4. Build core business through product development
5. Build core business through market expansion
6. Build scale through licensing/franchising/partnerships

**Brand strengths expressed as a BSI score out of 100.**

**BSI score applied to an appropriate sector royalty rate range.**

**Royalty rate applied to forecast revenues to derive brand values.**

**Post-tax brand revenues are discounted to a net present value (NPV) which equals the brand value.**
Executive Summary

Food 50

Nestle is the world’s most valuable food brand, though there is little cause for celebration as brand value has fallen 17% year on year to US$19.4 billion. Brand strength is also down, leading to a brand rating downgrade to AAA-.

Nestle has been hit by the pervasive trend for healthier, more natural food, which has reduced demand for Nestle’s crucial confectionary brands. Nestle operates dozens of individual product brands such as KitKat, Butterfinger and Munch, however the Nestle brand acts as an endorser, visible on all packaging. Therefore a decline in these product brands hits the value of the Nestle brand too.

Other confectionary brands have been hit too, though to a lesser extent, with Kraft, Hershey’s and Mars dropping by 4%, 10% and 14% respectively. Chinese consumers are equally concerned with childhood obesity, hence the declining revenues (and hence brand values) of snack food manufacturers Want Want and Master Kong. The trend is not universal however, with Cadbury and Ferrero both growing by 24%.

Within the broader food category, dairy is the most significant sub-sector in terms of brand value. Amongst the multi-category giants in the top 20, there are six brands focussed entirely on dairy, with a further six across the rest of the Brand Finance Food 50.

Dairy brands are struggling with constraints to supply, a stagnation of demand in western markets and a new diversity of value drivers, beyond the traditional factors of price and taste. Increasing numbers of consumers are now acutely conscious of production safety, nutritional content and Corporate Social Responsibility.

In this challenging environment, Danone, the world’s most valuable dairy brand, has seen brand value decline marginally to US$7.9 billion. Profit forecasts are down and the firm is aiming to cut €1 billion of costs by 2020.

Danone recently announced that it will acquire White Wave, whose portfolio of branded businesses specialises in organics and health-focussed products that command a price premium. The US$12.5 billion deal (Danone’s biggest in over a decade) reflects the greater complexity of brand drivers that dairy businesses must now tackle.

Major Chinese producer, Yili, is in second place and with a BSI score just above 80, is the world’s strongest dairy brand. Yili is barely known in the West, but like many Chinese brands in other industries, has been growing rapidly at home and is starting to make its presence felt. The strength of Yili’s brand is broad-based. It scores highly on

Chinese dairy brand, Yili
Executive Summary

Brand Value Over Time

Brand Value Change 2016-2017 (%)

well-known brand equity measures such as Consideration, Familiarity and Recommendation but scores for brand inputs (which lay the foundations for future growth) are particularly high. Recent marketing initiatives including investment in newer media forms such as live social media programs as well as more traditional methods such as sponsorship; Yili sponsored China’s Olympic team for over a decade to 2016. Like Danone, Yili has responded to the diversification of drivers in the dairy market with significant scope for brand and business value growth. This is reflected in its high Brand Output scores, which include financial metrics such as expected margins.

Dairy is also the source of this year’s fastest growing brand, Devondale. Devondale is Australia’s largest dairy brand by far, but like Yili, its growth is the result of changing consumer tastes and growing demand in Asia, particularly ASEAN. Devondale is up 35% year on year to US$1.5 billion. It is useful to look not just at the values of a specific brand but also the combined values of all brands owned by a corporate organisation. This emphasises that brands are assets of a larger enterprise to be used to maximise business value. It also levels the playing field, in that companies that employ a mono-brand structure frequently see brands bearing their company name performing well in brand value league tables. Meanwhile, companies with a diverse, house of brands portfolio (which may be by far the most effective strategy for their circumstances) do not receive the commensurate prestige. Comparing portfolio values rather than individual brand values in this way reveals some interesting shifts in ranking and hidden brand powerhouses.

Looking at the league table of the most valuable food brand portfolios (page 13 of this report), the scale of Mondelez, General Mills and Associated British Foods’ becomes apparent. Wilmar, the Singapore-listed ingredient and oil producer, is the only non-Western brand on the list. Wilmar aims to control its entire value chain, from plantation through harvesting to refining and even shipping. This has enabled it to efficiently and
Executive Summary

Kraft Heinz

Most Valuable Food Brand Portfolios

<table>
<thead>
<tr>
<th>Rank</th>
<th>BV 2017:</th>
<th>BV 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nestlé</td>
<td>$64,458m</td>
</tr>
<tr>
<td>2</td>
<td>Mondelez International</td>
<td>$15,242m</td>
</tr>
<tr>
<td>3</td>
<td>Unilever</td>
<td>$42,897m</td>
</tr>
<tr>
<td>4</td>
<td>General Mills</td>
<td>$9,991m</td>
</tr>
<tr>
<td>5</td>
<td>Kraft Heinz</td>
<td>$20,216m</td>
</tr>
<tr>
<td>6</td>
<td>Kellogg’s</td>
<td>$15,317m</td>
</tr>
<tr>
<td>7</td>
<td>Associated British Foods Plc</td>
<td>$8,544m</td>
</tr>
<tr>
<td>8</td>
<td>Mars Food</td>
<td>$8,304m</td>
</tr>
<tr>
<td>9</td>
<td>Danone</td>
<td>$19,199m</td>
</tr>
<tr>
<td>10</td>
<td>Unilever</td>
<td>$9,086m</td>
</tr>
</tbody>
</table>

reliably deliver to customers and build strong relationships that have built its brand. Its brand is highly vulnerable to criticisms over the sustainability of its operations however, having been accused of labour abuses, land-grabs of indigenous territory and deforestation in Indonesia.

Unilever’s total portfolio value is US$42.9 billion. Many of its dozens of products, such as Marmite, Colmans and PG Tips, have achieved ‘national treasure’ status, their strong brands enabling them to withstand intense competition from store-brand competition. It is a major UK employer, well-known for its business ethics and focus on sustainability.

So when Kraft Heinz launched a bid for the company, there was deep concern amongst a broad range of stakeholders. Eyebrows were raised in government and the upper echelons too, as the bid appeared to confirm the vulnerability of British firms to takeover by foreign counterparts emboldened by the fall in the value of the pound following the Brexit vote.

In the event, Unilever’s CEO Paul Pohlman rebuffed the US$143 billion deal, which was seen to significantly undervalue the company. However this situation illustrates one of the fundamental reasons to value brands. Since internally generated goodwill (which includes brands) is not listed in company accounts, it is often overlooked or underestimated. Therefore valuing brands can prove essential in defending an underpriced takeover.

Unilever has one of the world’s most valuable brand portfolios, more than double the value of Kraft Heinz. Quantifying this and bringing it to the fore will be key to defending any future bids or ensuring that shareholders receive fair value.
### Executive Summary

#### Brand Finance

**Food 50 (USDm)**

<table>
<thead>
<tr>
<th>Rank 2017</th>
<th>Rank 2016</th>
<th>Brand name</th>
<th>Domicile</th>
<th>Brand value (USDm) 2017</th>
<th>% change</th>
<th>Brand value (USDm) 2016</th>
<th>Brand rating 2017</th>
<th>Brand rating 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Nestle</td>
<td>Switzerland</td>
<td>19,416</td>
<td>-17%</td>
<td>23,385</td>
<td>AAA-</td>
<td>AAA</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Danone</td>
<td>France</td>
<td>7,884</td>
<td>-2%</td>
<td>8,094</td>
<td>AA+</td>
<td>AA+</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Kellogg's</td>
<td>United States</td>
<td>7,068</td>
<td>-3%</td>
<td>7,312</td>
<td>AAA-</td>
<td>AAA</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>Kraft</td>
<td>United States</td>
<td>5,631</td>
<td>-4%</td>
<td>5,865</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>5</td>
<td>7</td>
<td>Heinz</td>
<td>United States</td>
<td>5,292</td>
<td>19%</td>
<td>4,429</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>6</td>
<td>5</td>
<td>Tyson</td>
<td>United States</td>
<td>4,926</td>
<td>5%</td>
<td>4,702</td>
<td>AA+</td>
<td>AA</td>
</tr>
<tr>
<td>7</td>
<td>9</td>
<td>Yili</td>
<td>China</td>
<td>4,294</td>
<td>2%</td>
<td>4,216</td>
<td>AAA</td>
<td>AA+</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>Unilever</td>
<td>United Kingdom</td>
<td>4,290</td>
<td>-3%</td>
<td>4,423</td>
<td>AA+</td>
<td>AA+</td>
</tr>
<tr>
<td>9</td>
<td>11</td>
<td>Wrigley's</td>
<td>United States</td>
<td>4,150</td>
<td>19%</td>
<td>3,491</td>
<td>A+</td>
<td>AA</td>
</tr>
<tr>
<td>10</td>
<td>6</td>
<td>Lay's</td>
<td>United States</td>
<td>3,874</td>
<td>-14%</td>
<td>4,513</td>
<td>AAA-</td>
<td>AAA</td>
</tr>
<tr>
<td>11</td>
<td>10</td>
<td>Arla</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>13</td>
<td>Uni-President</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>13</td>
<td>Uni-President</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>15</td>
<td>Amul</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>12</td>
<td>McCain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>16</td>
<td>Wilmar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>18</td>
<td>Almarai</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>20</td>
<td>Mengniu</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>23</td>
<td>Quaker</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>22</td>
<td>Campbell's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>16</td>
<td>Bimbo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>26</td>
<td>Kinder</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>14</td>
<td>Want Want</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>17</td>
<td>Hershey's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>21</td>
<td>Mars</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>25</td>
<td>Yakult</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>27</td>
<td>Arawana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>19</td>
<td>Yoplait</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>24</td>
<td>Ajinomoto</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>31</td>
<td>Ferrero</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>31</td>
<td>Ynlu</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>30</td>
<td>Knorr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>39</td>
<td>Cadbury</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>36</td>
<td>Lindt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>27</td>
<td>Master Kong</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>32</td>
<td>Kikkoman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>46</td>
<td>Devondale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>29</td>
<td>Trident</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>43</td>
<td>S&amp;G</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>28</td>
<td>Tate &amp; Lyle</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>44</td>
<td>Philadelphia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>45</td>
<td>Nissin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>37</td>
<td>Enfamil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44</td>
<td>44</td>
<td>Stouffer's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>42</td>
<td>Barry Callebaut</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>46</td>
<td>Nature Valley</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47</td>
<td>48</td>
<td>Sanderson Farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>48</td>
<td>New President</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>49</td>
<td>49</td>
<td>Hess's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>47</td>
<td>Nutella</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Executive Summary

Soft Drinks

With a brand value of US$31.9 billion this year, Coca-Cola is the most valuable non-alcoholic drink brand and it was the world’s most valuable brand across all industries in 2007. Increasing concerns over the links between carbonated drinks and obesity have begun to undermine what the Coca-Cola brand has represented for over one hundred years. Over the last few years Coca-Cola has rolled out a much publicised initiative to consolidate Coke, Diet Coke, Coke Zero and Coke Life under one master brand. Unfortunately, it has failed to address changing consumer tastes in a substantive way. As alternatives marketed as healthier or more natural have fragmented the soft drinks market, Coca-Cola’s brand value has declined. In the last year, it has dropped 7% to US$31.9 billion. Pepsi, the second most valuable non-alcoholic drink brand, is suffering from the same trend, falling 4% to US$18.3 billion.

As their core brands falter, the Coca-Cola Company and Pepsico Inc. have looked to diversify their brand portfolios in order to meet changing consumer tastes. The Coca-Cola Company acquired juice brand Minute Maid back in 1960, decades before the current fetish for all things natural. However Minute Maid’s brand identity has been progressively tailored to this trend, with a green accent added to its iconic black logo and fruit portrayed on its packaging.

Similarly Pepsico added Tropicana to its ‘house of brands’ in 1998. Keeping up with increasingly well informed consumers can be challenging however. Even orange juice is starting to be seen as less than ideal from a health perspective due to its sugar content and the segment has suffered a difficult period. Additional health benefits must be communicated, so Pepsico has introduced the Tropicana Probiotics range to access a rapidly growing market more traditionally associated with

Brand Rating:

1. Coca-Cola
   Brand Rating: AAA
   BV 2017: $31,888m
   BV 2016: $34,180m
   Rank 2017: 1
   Rank 2016: 1

2. Sprite
   Brand Rating: AA+
   BV 2017: $18,279m
   BV 2016: $18,947m
   Rank 2017: 2
   Rank 2016: 2

3. Fanta
   Brand Rating: AAA
   BV 2017: $6,738m
   BV 2016: $6,538m
   Rank 2017: 3
   Rank 2016: 3

4. Nescafé
   Brand Rating: AAA
   BV 2017: $5,399m
   BV 2016: $5,169m
   Rank 2017: 4
   Rank 2016: 4

5. Gatorade
   Brand Rating: AAA
   BV 2017: $4,973m
   BV 2016: $4,070m
   Rank 2017: 5
   Rank 2016: 5

6. Sprite
   Brand Rating: AA+
   BV 2017: $4,372m
   BV 2016: $3,762m
   Rank 2017: 6
   Rank 2016: 6

7. 7-Up
   Brand Rating: AAA
   BV 2017: $2,399m
   BV 2016: $2,999m
   Rank 2017: 7
   Rank 2016: 7

8. Dr Pepper
   Brand Rating: AAA
   BV 2017: $2,299m
   BV 2016: $2,739m
   Rank 2017: 8
   Rank 2016: 8

9. Fanta
   Brand Rating: AAA
   BV 2017: $2,399m
   BV 2016: $2,613m
   Rank 2017: 9
   Rank 2016: 9

10. Tropicana
    Brand Rating: AAA
    BV 2017: $2,399m
    BV 2016: $2,613m
    Rank 2017: 10
    Rank 2016: 10
Although the Twinings brand has surely endured the test of time for 311 years, the Twinings brand has surely endured the test of time for 311

the Dairy Industry.

Naked Drinks is a further example. Acquired by Pepsi a decade ago, its branding is more reminiscent of a health supplement than what, until recently, would be regarded as a mass market consumer product and yet Pepsi recently stated that Naked is “on its way to being our next $1 billion brand.”

Associated British Foods’ Twinings and Ovaltine brands are notable Brexit casualties. Though the brands are sold internationally, Britain remains a key market. Rising inflation threatens demand, the decline in the value of the pound significantly increases input costs and economic uncertainty creates risk that hits long term brand value. However, having stood the test of time for 311 years, the Twinings brand has surely endured bigger challenges.
Understand Your Brand’s Value

A Brand Value Report provides a complete breakdown of the assumptions, data sources and calculations used to arrive at your brand's value. Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

A full report includes the following sections which can also be purchased individually.

**Brand Valuation Summary**

Overview of the brand valuation including executive summary, explanation of changes in brand value and historic and peer group comparisons.

**Brand Strength Index**

A breakdown of how the brand performed on various metrics of brand strength, benchmarked against competitor brands in a balanced scorecard framework.

- Brand strength tracking
- Brand strength analysis
- Management KPI’s
- Competitor benchmarking

**Brand Investment**

Factors that drive the Brand Equity and financial returns

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

**Drivers of Change**

There has been a steady improvement (6.25% year over year)

- Management KPI’s
- Margin %
- Historical brand value

**Brand Value Tracking**

+0.5% from 2014

- External Changes

**Competitor Royalty Rates**

Competitor royalty rates will be different based on different strengths of the brand, having different operating segments and company-specific long-term affordability.

- Royalty Rates

Analysis of competitor royalty rates, industry royalty rate ranges and margin analysis used to determine brand specific royalty rate.

- Trademark Audit

Analysis of the current level of protection for the brands word marks and trademark iconography highlighting areas where the marks are in need of protection.

- Cost of Capital

A breakdown of the cost of capital calculation, including risk free rates, brand debt risk premiums and the cost of equity through CAPM.

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

- Trademark registration strategy

For more information regarding our League Table Reports, please contact:

Alex Haigh
Director of League Tables, Brand Finance
a.haigh@brandfinance.com
+44 (0)207 389 9400
How we can help

1. Valuation: What are my intangible assets worth?
   Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

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

2. Analytics: How can I improve marketing effectiveness?
   Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allow an understanding of how brands create bottom-line impact.

   - Brand Audits
   - Brand Transition
   - Brand Architecture & Portfolio Management
   - Brand Positioning & Extension
   - Franchising & Licensing
   - Tax & Transfer Pricing
   - Expert Witness

3. Strategy: How can I increase the value of my branded business?
   Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

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

4. Transactions: Is it a good deal? Can I leverage my intangible assets?
   Transaction services help buyers, sellers and owners of branded businesses get a better deal by leveraging the value of their intangibles.

   - M&A Due Diligence
   - Franchising & Licensing
   - Expert Witness

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

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

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

Contact us

For brand value report enquiries, please contact:
Alex Haigh
Director of League Tables
Brand Finance
a.haigh@brandfinance.com

For media enquiries, please contact:
Robert Haigh
Marketing & Communications
Director Brand Finance
r.haigh@brandfinance.com

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

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Contact</th>
<th>Email address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Mark Crowe</td>
<td><a href="mailto:m.crowe@brandfinance.com">m.crowe@brandfinance.com</a></td>
</tr>
<tr>
<td>Brazil</td>
<td>Pedro Tavares</td>
<td><a href="mailto:p.tavares@brandfinance.com">p.tavares@brandfinance.com</a></td>
</tr>
<tr>
<td>Canada</td>
<td>Bill Rostcliffe</td>
<td><a href="mailto:b.rostcliffe@brandfinance.com">b.rostcliffe@brandfinance.com</a></td>
</tr>
<tr>
<td>China</td>
<td>Minnie Fu</td>
<td><a href="mailto:m.fu@brandfinance.com">m.fu@brandfinance.com</a></td>
</tr>
<tr>
<td>Caribbean</td>
<td>Nigel Cooper</td>
<td><a href="mailto:n.cooper@brandfinance.com">n.cooper@brandfinance.com</a></td>
</tr>
<tr>
<td>East Africa</td>
<td>Jawed Jaffer</td>
<td><a href="mailto:j.jaffer@brandfinance.com">j.jaffer@brandfinance.com</a></td>
</tr>
<tr>
<td>France</td>
<td>Victoire Raulet</td>
<td><a href="mailto:v.raulet@brandfinance.com">v.raulet@brandfinance.com</a></td>
</tr>
<tr>
<td>Germany</td>
<td>Dr. Holger Mühbauer</td>
<td><a href="mailto:h.muehbauer@brandfinance.com">h.muehbauer@brandfinance.com</a></td>
</tr>
<tr>
<td>Greece</td>
<td>Ioannis Liosis</td>
<td><a href="mailto:i.liosis@brandfinance.com">i.liosis@brandfinance.com</a></td>
</tr>
<tr>
<td>Holland</td>
<td>Marc Cloosterman</td>
<td><a href="mailto:m.cloosterman@brandfinance.com">m.cloosterman@brandfinance.com</a></td>
</tr>
<tr>
<td>India</td>
<td>Ajimon Francis</td>
<td><a href="mailto:a.francis@brandfinance.com">a.francis@brandfinance.com</a></td>
</tr>
<tr>
<td>Indonesia</td>
<td>Jimmy Halim</td>
<td><a href="mailto:j.halim@brandfinance.com">j.halim@brandfinance.com</a></td>
</tr>
<tr>
<td>Italy</td>
<td>Massimo Pizzo</td>
<td><a href="mailto:m.pizzo@brandfinance.com">m.pizzo@brandfinance.com</a></td>
</tr>
<tr>
<td>Malaysia</td>
<td>Samir Dixt</td>
<td><a href="mailto:s.dixt@brandfinance.com">s.dixt@brandfinance.com</a></td>
</tr>
<tr>
<td>Mexico</td>
<td>Laurence Newell</td>
<td><a href="mailto:l.newell@brandfinance.com">l.newell@brandfinance.com</a></td>
</tr>
<tr>
<td>LatAm (exc. Brazil)</td>
<td>Laurence Newell</td>
<td><a href="mailto:l.newell@brandfinance.com">l.newell@brandfinance.com</a></td>
</tr>
<tr>
<td>Middle East</td>
<td>Andrew Campbell</td>
<td><a href="mailto:a.campbell@brandfinance.com">a.campbell@brandfinance.com</a></td>
</tr>
<tr>
<td>Nigeria</td>
<td>Babatunde Oduemenu</td>
<td><a href="mailto:t.odumara@brandfinance.com">t.odumara@brandfinance.com</a></td>
</tr>
<tr>
<td>Portugal</td>
<td>Pedro Tavares</td>
<td><a href="mailto:p.tavares@brandfinance.com">p.tavares@brandfinance.com</a></td>
</tr>
<tr>
<td>Russia</td>
<td>Alexander Eremenko</td>
<td><a href="mailto:a.eremenko@brandfinance.com">a.eremenko@brandfinance.com</a></td>
</tr>
<tr>
<td>Scandinavia</td>
<td>Alexander Todoran</td>
<td><a href="mailto:a.todoran@brandfinance.com">a.todoran@brandfinance.com</a></td>
</tr>
<tr>
<td>Singapore</td>
<td>Samir Dixt</td>
<td><a href="mailto:s.dixt@brandfinance.com">s.dixt@brandfinance.com</a></td>
</tr>
<tr>
<td>South Africa</td>
<td>Jeremy Sampson</td>
<td><a href="mailto:j.sampson@brandfinance.com">j.sampson@brandfinance.com</a></td>
</tr>
<tr>
<td>Spain</td>
<td>Lorenza Jorge Ramirez</td>
<td><a href="mailto:l.jorgeramirez@brandfinance.com">l.jorgeramirez@brandfinance.com</a></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>Ruchi Guneewardene</td>
<td><a href="mailto:r.guneewardene@brandfinance.com">r.guneewardene@brandfinance.com</a></td>
</tr>
<tr>
<td>Switzerland</td>
<td>Victoire Raulet</td>
<td><a href="mailto:v.raulet@brandfinance.com">v.raulet@brandfinance.com</a></td>
</tr>
<tr>
<td>Turkey</td>
<td>Muhterem Ilgüner</td>
<td><a href="mailto:m.iliguner@brandfinance.com">m.iliguner@brandfinance.com</a></td>
</tr>
<tr>
<td>UK</td>
<td>Alex Haigh</td>
<td><a href="mailto:a.haigh@brandfinance.com">a.haigh@brandfinance.com</a></td>
</tr>
<tr>
<td>USA</td>
<td>Ken Runkel</td>
<td><a href="mailto:k.runkel@brandfinance.com">k.runkel@brandfinance.com</a></td>
</tr>
<tr>
<td>Vietnam</td>
<td>Lai Tien Manh</td>
<td><a href="mailto:m.lai@brandfinance.com">m.lai@brandfinance.com</a></td>
</tr>
</tbody>
</table>

Disclaimer

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions and data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate.

The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.
Contact us.

The World’s Leading Independent Branded Business Valuation and Strategy Consultancy

T: +44 (0)20 7839 9400
E: enquiries@brandfinance.com
   www.brandfinance.com