About Brand Finance

Brand Finance is the world’s leading independent branded business valuation and strategy consultancy. Brand Finance was set up in 1996 with the aim of “bridging the gap between marketing and finance”. For 20 years we have helped companies to connect their brands to the bottom line, building robust business cases for brand decisions, strategies and investments. In doing so, we have helped finance people to evaluate marketing programmes and marketing people to present their case in the Board Room.

Independence
Brand Finance is impartial and independent. We access and help to manage brands, but we do not create or own them. We are therefore able to give objective, unbiased advice because we have no vested interest in particular outcomes of a project and our recommendations are entirely independent. We are agency agnostic and work collaboratively with many other agencies and consultancies.

Technical credibility
Brand Finance has high technical standards. Our work is frequently peer-reviewed by the big four audit and our work has been accepted by tax authorities and regulatory bodies around the world. We are one of the few companies certified to provide brand valuation that is fully compliant with ISO 10668, the global standard on monetary brand valuations.

Transparency
There are no black boxes. Our approach is to work openly, collaboratively and flexibly with clients and we will always reveal the details of our modelling and analysis. This means our clients always understand what lies behind ‘the number’.

Expertise
We possess a unique combination of skills and experience. We employ functional experts with marketing, research and financial backgrounds, as well as ex-client-side senior management who are used to ‘making things happen’. This gives us the mindset to think beyond the analysis and to consider the likely impact on day-to-day operations. We like to think this differentiates us because our team has real operational experience.

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

Brand Finance puts thousands of the world’s biggest brands to the test every year, evaluating which are the most powerful and most valuable. The Malaysia 100 is just one of the many annual reports produced by Brand Finance. Visit www.brandirectory.com to access all the sectors and countries report.

Malaysia’s Top 10 Most Valuable Brands 2016

1. PETRONAS
   - Brand Value (BV): 10,024
   - Enterprise Value (EV): 77,213
   - %: 13%

2. GENTING
   - Brand Value (BV): 2,996
   - Enterprise Value (EV): 11,859
   - %: 25%

3. Maybank
   - Brand Value (BV): 2,050
   - Enterprise Value (EV): 17,209
   - %: 12%

4. CIMB BANK
   - Brand Value (BV): 1,716
   - Enterprise Value (EV): 9,161
   - %: 19%

5. Sime Darby
   - Brand Value (BV): 1,639
   - Enterprise Value (EV): 15,665
   - %: 10%

6. Tenaga Nasional
   - Brand Value (BV): 1,187
   - Enterprise Value (EV): 20,450
   - %: 6%

7. TM
   - Brand Value (BV): 1,101
   - Enterprise Value (EV): 6,830
   - %: 6%

8. Public Bank
   - Brand Value (BV): 1,080
   - Enterprise Value (EV): 13,785
   - %: 8%

9. Maxis
   - Brand Value (BV): 1,076
   - Enterprise Value (EV): 16,851
   - %: 6%

10. Public Bank
    - Brand Value (BV): 1,080
    - Enterprise Value (EV): 13,785
    - %: 8%

Currency: USD millions
Methodology

What do we mean by ‘brand’?

Definitions

+ Enterprise Value – the value of the entire enterprise, made up of multiple branded businesses
+ Branded Business Value – the value of a single branded business operating under the subject brand
+ Brand Contribution - The total economic benefit derived by a business from its brand
+ Brand Value – the value of the trade marks (and relating marketing IP and ‘goodwill’ attached to it) within the branded business

Brand Finance

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.

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 were 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.
2. Determine 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%.
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 strength expressed as a BSI score out of 100. BSI score applied to an appropriate sector royalty rate range. Split revenue into separate streams for each service area. Royalty rates 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.

Methodology
## Malaysia Top 100 Brands 2016

### Rank 2016 | Rank 2015 | Brand name
--- | --- | ---
1 | 1 | Petronas
2 | 2 | Genting
3 | 3 | Maybank
4 | 5 | YTL
5 | 4 | CIMB
6 | 6 | Sime Darby
7 | 8 | Tenaga Nasional
8 | 10 | TM
9 | 11 | Public Bank
10 | 7 | MAXIS
11 | 9 | DiGi
12 | 17 | ICI
13 | 12 | Astro Malaysia
14 | 14 | Axia
15 | 15 | Berjaya
16 | 18 | RHB Bank
17 | 13 | Celcom
18 | 16 | Malaysia Airlines
19 | - | Feida Global Ventures
20 | 26 | MISC
21 | 22 | Hong Leong Financial
22 | - | Sunway
23 | 20 | AirAsia
24 | 23 | KLK
25 | 24 | Magnum
26 | 25 | IHH
27 | 21 | Ambank
28 | 27 | Setia
29 | - | Proton
30 | - | SapuraKencana
31 | 31 | Hap Seng
32 | - | Eco World
33 | 37 | Bank Islam
34 | 33 | Gamuda
35 | 36 | Dutch Lady Milk
36 | 29 | Malaysia Airports
37 | 43 | U Mobile
38 | 43 | Boustead
39 | - | Malakoff
40 | 32 | Batu Kawan
41 | 28 | Parkinson
42 | 66 | LIM
43 | 40 | GL Resources
44 | - | Mah Sing
45 | 41 | KPF Healthcare
46 | - | UEM Sunrise
47 | 47 | Kossan Rubber Industries
48 | - | UEM Edgenta
49 | 46 | Top Glove
50 | 42 | Affin Bank

### Brand name | Brand value (US$m) 2015 | % change | Brand value (US$m) 2016 | Brand rating 2016 | Brand rating 2015
--- | --- | --- | --- | --- | ---
1 | Petronas | 10,024 | 13% | 9,479 | AA+ | AA
2 | Genting | 2,996 | 25% | 2,917 | AA | AA
3 | Maybank | 2,050 | 12% | 2,243 | AA+ | AA+
4 | YTL | 1,895 | 16% | 1,914 | AA- | A+
5 | CIMB | 1,716 | 19% | 1,964 | AAA- | AA
6 | Sime Darby | 1,639 | 10% | 1,699 | AA | AA
7 | Tenaga Nasional | 1,187 | 6% | 1,244 | AA | AA
8 | TM | 1,101 | 16% | 1,094 | AA | AA
9 | Public Bank | 1,087 | 6% | 1,063 | AA | AA
10 | MAXIS | 1,080 | 8% | 1,315 | AA+ | AA
11 | DiGi | | | | |
12 | ICI | | | | |
13 | Astro Malaysia | | | | |
14 | Axia | | | | |
15 | Berjaya | | | | |
16 | RHB Bank | | | | |
17 | Celcom | | | | |
18 | Malaysia Airlines | | | | |
19 | Feida Global Ventures | | | | |
20 | MISC | | | | |
21 | Hong Leong Financial | | | | |
22 | Sunway | | | | |
23 | AirAsia | | | | |
24 | KLK | | | | |
25 | Magnum | | | | |
26 | IHH | | | | |
27 | Ambank | | | | |
28 | Setia | | | | |
29 | Proton | | | | |
30 | SapuraKencana | | | | |
31 | Hap Seng | | | | |
32 | Eco World | | | | |
33 | Bank Islam | | | | |
34 | Gamuda | | | | |
35 | Dutch Lady Milk | | | | |
36 | Malaysia Airports | | | | |
37 | U Mobile | | | | |
38 | Boustead | | | | |
39 | Malakoff | | | | |
40 | Batu Kawan | | | | |
41 | Parkinson | | | | |
42 | LIM | | | | |
43 | GL Resources | | | | |
44 | Mah Sing | | | | |
45 | KPF Healthcare | | | | |
46 | UEM Sunrise | | | | |
47 | Kossan Rubber Industries | | | | |
48 | UEM Edgenta | | | | |
49 | Top Glove | | | | |
50 | Affin Bank | | | | |

* - Companies not appeared on Brand Finance Top 100 2015 Ranking

Valuation date: 1 January 2016
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 Performance
An ideal balanced measures of fundamental brand related measures

Brand Investment
Provides insights that drive the Brand Equity and financial results

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.

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

Brand Strength Index

Royalty Rates
Analysis of competitor royalty rates, industry royalty rate ranges and margin analysis used to determine brand specific royalty rate.
+ Transfer pricing
+ Licensing/ franchising negotiation
+ International licensing
+ Competitor benchmarking

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

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.
+ Highlight unprotected marks
+ Spot potential infringement
+ Trademark registration strategy

For more information regarding our League Table Reports, please contact:
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Valuation date: 1 January 2016
How can we help.

We help marketers to connect their brands to business performance by evaluating the financial impact of brand based decisions and strategies.

- Branded Business Valuation
- Brand Contribution
- Trademark Valuation
- Intangible Asset Valuation
- Brand Audit
- Market Research Analytics
- Brand Scorecard Tracking
- Return on Marketing Investment
- Brand Transition
- Brand Governance
- Brand Architecture & Portfolio Management
- Brand Positioning & Extension
- Franchising & Licensing

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

- Branded Business Valuation
- Brand Contribution
- Trademark Valuation
- Intangible Asset Valuation
- Brand Audit
- Market Research Analytics
- Brand Scorecard Tracking
- Return on Marketing Investment
- Brand Transition
- Brand Governance
- Brand Architecture & Portfolio Management
- Brand Positioning & Extension
- Mergers, Acquisitions and Finance Raising Due Diligence
- Franchising & Licensing
- Tax & Transfer Pricing
- Expert Witness

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

- Branded Business Valuation
- Brand Contribution
- Trademark Valuation
- Intangible Asset Valuation
- Brand Audit
- Market Research Analytics
- Franchising & Licensing
- Tax & Transfer Pricing
- Expert Witness

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

- Branded Business Valuation
- Brand Contribution
- Trademark Valuation
- Intangible Asset Valuation
- Brand Audit
- Tax & Transfer Pricing
- Expert Witness

VALUATION

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

- Brand & Business Value
  - (Brand ROI)
- ANALYTICS
  - 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.
- STRATEGY
  - 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.

Transactions

Improve reporting and brand performance management by integrating market research, investment, market and financial metrics into a single insightful scorecard model to track performance and inform strategic decisions.

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Disclaimer.

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

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