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Executive Summary

The table on the following page represents Brand Finance’s calculation of the 20 most valuable Australian football club brands of 2013 (based on 2012 figures). This year only NRL and AFL teams made the Top 20. However, whilst A-league teams, Big Bash teams and Rugby Union teams were included in our research, none made the Top 20.

This is the first year that Brand Finance has produced a list of the most valuable Australian sports club brands. Given the complicated ownership structure of the sports teams in Australia, Brand Finance has used the ‘royalty relief’ approach to perform the valuation. This is an intuitively simple approach that assumes the brand is owned by a theoretical third party, which then licenses the brand at arm’s length. The present value of that stream of (hypothetical) royalty payments represents the value of the brand. The trade marks for each team are, on the whole, owned by the central body, but are franchised and used by the clubs. Some clubs also align their own branding and visual identity with their franchised elite club for their additional operations, and as such leverage the benefit from the goodwill towards the franchised brand. To accommodate this complex arrangement, the Brand Finance Top 20 Australian Sports Brands represents the total value of the brand and its associations as they are being used, not just the value to the owner of the trademark.

We used the ‘royalty relief’ methodology for two reasons – firstly, it is the valuation methodology that is favoured by accounting and tax authorities and the courts because it calculates brand values by reference to documented, third-party transactions and secondly, because it can be performed on the basis of publicly available financial information. This method of valuing the top Australian club brands will also ensure our results are directly comparable year on year.

It should be noted that when Brand Finance conducts a full valuation as part of a client project we are able to access timely internal sources of financial and market data. This enables a much more detailed analysis of brand value by segment, geography or product line for example, which provides greater insight into where the pockets of value creation (or destruction) lie within the organisation.

Richard Haigh
Director of Sports Valuation, Brand Finance Australia

‘Brands are a significant intangible asset, particularly for highly innovative sports brands. The most successful clubs recognise the need to understand brand value in order to make better strategic decisions.’
<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Sport</th>
<th>Brand Value</th>
<th>Brand Rating</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Penrith Panthers</td>
<td>NRL</td>
<td>$46.2m</td>
<td>AA-</td>
</tr>
<tr>
<td>2</td>
<td>Collingwood Magpies</td>
<td>AFL</td>
<td>$39.1m</td>
<td>AAA</td>
</tr>
<tr>
<td>3</td>
<td>Canterbury-Bankstown Bulldogs</td>
<td>NRL</td>
<td>$34.5m</td>
<td>AA</td>
</tr>
<tr>
<td>4</td>
<td>West Coast Eagles</td>
<td>AFL</td>
<td>$32.6m</td>
<td>AA+</td>
</tr>
<tr>
<td>5</td>
<td>Hawthorn Hawks</td>
<td>AFL</td>
<td>$27.1m</td>
<td>AAA-</td>
</tr>
<tr>
<td>6</td>
<td>Geelong Cats</td>
<td>AFL</td>
<td>$26.8m</td>
<td>AAA-</td>
</tr>
<tr>
<td>7</td>
<td>Carlton Blues</td>
<td>AFL</td>
<td>$25.3m</td>
<td>AAA-</td>
</tr>
<tr>
<td>8</td>
<td>Fremantle Dockers</td>
<td>AFL</td>
<td>$24.3m</td>
<td>AA</td>
</tr>
<tr>
<td>9</td>
<td>Essendon Bombers</td>
<td>AFL</td>
<td>$24.0m</td>
<td>AA+</td>
</tr>
<tr>
<td>10</td>
<td>Sydney Swans</td>
<td>AFL</td>
<td>$22.7m</td>
<td>AA+</td>
</tr>
<tr>
<td>11</td>
<td>Parramatta Eels</td>
<td>NRL</td>
<td>$21.3m</td>
<td>AA-</td>
</tr>
<tr>
<td>12</td>
<td>Richmond Tigers</td>
<td>AFL</td>
<td>$21.1m</td>
<td>AAA-</td>
</tr>
<tr>
<td>13</td>
<td>Adelaide Crows</td>
<td>AFL</td>
<td>$20.9m</td>
<td>AA</td>
</tr>
<tr>
<td>14</td>
<td>Brisbane Lions</td>
<td>AFL</td>
<td>$20.4m</td>
<td>AA</td>
</tr>
<tr>
<td>15</td>
<td>Brisbane Broncos</td>
<td>NRL</td>
<td>$18.6m</td>
<td>AA+</td>
</tr>
<tr>
<td>16</td>
<td>Port Adelaide Power</td>
<td>AFL</td>
<td>$17.8m</td>
<td>AA-</td>
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<td>St Kilda Saints</td>
<td>AFL</td>
<td>$16.5m</td>
<td>AA</td>
</tr>
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<td>18</td>
<td>Canberra Raiders</td>
<td>NRL</td>
<td>$16.0m</td>
<td>AA-</td>
</tr>
<tr>
<td>19</td>
<td>Melbourne Demons</td>
<td>AFL</td>
<td>$15.0m</td>
<td>AA</td>
</tr>
<tr>
<td>20</td>
<td>Sydney Roosters</td>
<td>NRL</td>
<td>$14.5m</td>
<td>AA+</td>
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</tbody>
</table>
There are two important dimensions to Brand Finance’s valuation. The quantitative dollar value of the brand and the qualitative brand strength. In this year’s edition of the Brand Finance Top 20 Australian Sports Brands, Penrith Panthers took the number one spot as the most valuable sports brand with a value of $46.2 million but only a Brand Rating of AA. Collingwood Magpies however were the strongest brand with a Brand Rating of AAA.

Despite a troubled season, losing five of their first six fixtures, the Panthers Group has leveraged the association with the team to improve already strong revenue streams. This use of the Panthers association is an excellent example of how extending the use of a sports team brand can lead to an improved business performance if managed correctly.

Collingwood follows the Panthers as the second most valuable brand at $39.1 million. As with many AFL teams, the Magpies sponsorships, match day receipts and TV rights have continued from strength to strength. The AAA rating enables Collingwood to command a high ‘royalty rate’ in our methodology, which combined with the strong financial position has resulted in the high valuation.

The AFL is striving ahead in terms of total Brand Value accounting for 14 teams with a total brand value of $333.6 million. This is 55% higher on average then NRL sports teams whose total brand value accounts for $151 million.

Participation in AFL has grown year on year, with Queensland experiencing the most rapid gain of 9% between 2011 and 2012. AFL CEO Andrew Demetriou said ‘by the end of the year Queensland will be the second highest participation rate in Australia higher then WA or South Australia.’ The growth in popularity in Rugby Leagues heartland highlights the effectiveness of heavy promoting in traditional rugby league areas. This growth in AFL support has translated into much higher earnings for the League as a whole, with reported combined TV rights, sponsorships, ticket sales and merchandise sales for the AFL reaching $425 million in 2012. The NRL could only generate $135.5 million in the same year.

In spite of this, 6 NRL teams have made it into this year’s league table with Panthers and Bulldogs dominating at the top. The disparity between NRL brand values comes down to the success of leveraging the brand across diverse business operations, such as gaming and events. The next NRL team, the Parramatta Eels, trails the Bulldogs with a brand value of $21.3 million. After a rocky season in 2013, having lost their highest rated CEO Todd Greensburg, the Bulldogs proved their resilience with a remarkable job by their interim coach Des Hasler. The club needs to focus on stabilising to ensure their brand value remains at AA.

With the AFL making inroads into territories that have previously been recognised as predominantly rugby league favourites; the NRL needs to act quickly to ensure they continue to attracting new participants in the sport. The ambitious ‘The Game Plan,’ strategy might see the NRL grow to rival the AFL. With an increase of 112% in membership since 2008 and 5 years of successive years of increase in membership the NRL are on track to reach their target of 400,000 members by 2017.

Rugby League is the number 1 sport on Australian television. The State of Origin match attracted 12 million viewers and was the most watched series on record. With 3.2 million fans on social networking sites, the NRL holds the largest Australian sports fan base across social networks. The massive online presence has constructed the need for the NRL Media to be set up to give the fans online access.

Importantly the re-shaping of governance structures across the game and a new framework of financial grants for the NRL will restore financial strength which will underpin growth and sustainability to the future of the league.

By the end of the year Queensland will be the second highest participation rate in Australia higher then WA or South Australia.

Andrew Demetriou, AFL CEO
<table>
<thead>
<tr>
<th></th>
<th>AFL</th>
<th>NRL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founded</td>
<td>1897</td>
<td>1997 (formerly ARL)</td>
</tr>
<tr>
<td>Number of teams</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Current Premier</td>
<td>Hawthorn Hawks</td>
<td>Sydney Roosters</td>
</tr>
<tr>
<td>Average Attendance (2013 season)</td>
<td>32,186</td>
<td>15,230</td>
</tr>
<tr>
<td>Salary Cap</td>
<td>$9.13m</td>
<td>$7.1m</td>
</tr>
<tr>
<td>Unique spectators (2011-2012)</td>
<td>2,831,800</td>
<td>1,563,800</td>
</tr>
<tr>
<td>Unique spectators (1995-1996)</td>
<td>1,874,200</td>
<td>1,462,100</td>
</tr>
<tr>
<td>Combined earnings from ticket sales, merchandise, TV rights and sponsorships</td>
<td>$425 m</td>
<td>$135.5 m</td>
</tr>
<tr>
<td>Average Membership (2012)</td>
<td>38,972</td>
<td>12,773</td>
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<td>Commissioner / CEO</td>
<td>Andrew Demetriou</td>
<td>David Smith</td>
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<td>Sponsor</td>
<td>Toyota</td>
<td>Telstra</td>
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<td>TV Partners</td>
<td>Seven Network Fox Footy Foxtel</td>
<td>Nine Network Fox Sports Sky Sports</td>
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</table>

**Total Brand Value of Clubs by state**
The Top 10: Profiles

1 Penrith Panthers

The Penrith Panthers have the most valuable brand in our study, despite it not being the highest rated or “strongest” with an AA- rating. The image-conscious Panthers team have taken steps that 35 years ago would never have happened. Penrith have taken the bold move to encourage female supporters by adopting a pink jersey for all their away games, showing progressiveness in the sport. With the recent change in logo, dropping Penrith and depicting a leaping Panther, the Penrith Panthers have taken a risk. Many fans have taken to social media to account their disapproval for the removal of Penrith from their logo. Whilst the fans may believe that the removal of Penrith shows disloyalty, the move is a strategy to broaden the brand into wider geographies. With 3707 members signed up for the 2014 season, the Panthers have a 32% increase in membership from the same time last year. This may be attributed to a strong set of junior players, including Holden and NSW Cup winners. Similarly, player acquisitions of Peter Wallace, Tyrone Peachey and Elijah Taylor have drummed up excitement from fans. The Panthers’ joint efforts with the Penrith Council on an $850 million projected development plan for an entertainment, sport and leisure centre in Penrith will cement the Panthers as an integral part of the Penrith community.

BRAND VALUE $46.2m
BRAND RATING AA-
CODE NRL
FOUNDED 1967
COACH Ivan Cleary
MEMBERS 5,776

2 Collingwood

That the Magpies have the highest brand value of any AFL team will not come as a surprise. Collingwood is the most supported club in the AFL and consistently attracts higher home attendance levels than other teams, thanks to its loyal followers. The club now has 80,000 members (that is over 10,000 more than anyone else).Collingwood’s 120 year history plays an important role in its branding. Historically, Collingwood has appealed to the working classes, the loyalty of the fan base can be traced back to the Great Depression. As a result Gary Pert, the club’s CEO has refused to change the jersey or the Magpies’ motto ‘side by side’; a sign of respect, for the emotive loyalty fans have to the club. Triumph on the field has also helped. As one of the most successful clubs (winning fifteen VFL/AFL premierships) Collingwood can leverage the brand through sponsorship, especially in Melbourne where the club is based. Amending the flexibility of membership to the club has also paid off and attracted corporate sponsorship. Funding for a $25 million community centre is set to bolster the success of the club and the support of high-profile club president, Eddie McGuire reaffirms the club’s position on providing the best facilities for players and fans.

BRAND VALUE $39.1m
BRAND RATING AAA
CODE AFL
FOUNDED 1892
COACH Nathan Buckley
MEMBERS 78,427
3 Canterbury-Bankstown Bulldogs

The Bulldogs have a loyal fan base known as the Bulldogs Army. Based in south western Sydney in the suburbs of Canterbury and Bankstown, the club is the most supported NRL club in regional NSW. The 2013 season started poorly with James Graham being hit with a massive suspension for biting Billy Slater and then Ben Barba standing down, led to a sluggish start. Despite the Bulldogs’ difficult season the club has enjoyed past glory which gives the Bulldogs a strong brand. Hazam el Masri, a legend in the NRL topped the point scored for 6 seasons in 2004 and has raised the profile of the Bulldogs. Further strengthening the club is renewed sponsorship deals with Jaycar and off-field community engagement programs which solidify the club’s place within the Canterbury-Bankstown area’s community.

4 West Coast Eagles

The West Coast Eagles are one of the most financially successful clubs in the AFL in terms of profit and revenue turning over $55 million. The clubs membership has grown to 56,000, a new club record and the fourth highest in the AFL. In fact there is now a four year waiting list for club membership, showcasing the passion for the club that exists in Western Australia. The West Coast Eagles entered the 2013 season with high expectations for Eagles fans but it ended up being a sorry one. Of the 13 losses this year 9 of which were at home, lead John Worsfold to quit as coach after twelve years. The Eagles need to make sure their season in 2014 starts with the same high expectations as it did in 2013 to ensure the fans stay engaged. The recruitment of two new drafted players, Larke Medal winner Dom Sheed and Malcolm Karpany, who won the Alan Stewart Medal are promising highlights for the seasons to come. In addition, the finalised coaching team for the 2014 season promises to see the West Coast Eagles return to glory. A strong partnership with Toyota in the ‘Border Patrol’ fan engagement campaign was successful in drumming up support from regional towns throughout Western Australia this year. The campaign is scheduled to run again in 2014. Building a strong brand image in communities and leveraging support from strong corporate sponsorships will be key for the club.
The Top 10: Profiles

5 Hawthorn

Hawthorn has sought to expand its supporter base outside of Melbourne to Tasmania, playing four home games a year at Launceston. The Tasmanian Government’s $18 million five-year deal to sponsor the Hawks is one of the biggest in AFL history; considering 10% of 2013 AFL players drafted to play in mainland teams came from Tasmania, the investment is worthwhile. In addition, the club is looking to upgrade their training and administration facility, the Ricoh Centre, to become one of the world’s best. This will require significant financial commitments, however the expected benefits are great. Hawthorn finished as minor premiers after a home and away season record of 19-3. During the season Jarryd Roughead won the John Coleman Medal for the first time. The club also recruited Brian Lake, who went on to win the Norm Smith Medal for his efforts in the Grand Final. The Hawkes are well on their way to achieve their status as the destination club, the Hawks have identified the importance of solidifying its status as a major MCG tenant as crucial to growing its membership and support crowd. As the club reached 62,000 members for the 2013 season, this number is set to grow with the help of a successful partnership agreement with iiNet signed in 2013 leading to greater fan engagement, especially at matches.

BRAND VALUE
$27.1m
BRAND RATING
AAA
CODE
AFL
FOUNDED
1902
COACH
Alastair Clarkson
MEMBERS
63,353

6 Geelong Cats

Over the past six years Geelong has dominated the AFL, much to the surprise of many spectators, with three premiership wins in the past seven seasons. Their successful streak has continued with the Cats finishing second in the league and making it to last year’s Grand Final. This strong performance has helped to establish the Geelong Cats as a powerful brand with 2013 membership growing by 7% from 2012 to 42,884. A revamping of their home ground, the Simonds Stadium, as a state of the art facility will allow memberships to grow further and improve crowd attendance. The fourth stage of the stadium’s redevelopment at the end of the 2015 season will bring it to full capacity, and help attract larger Melbourne clubs to play at the venue; increasing revenue for the years to come. The Cat’s engagement with the community is a pillar of strength for the brand and has led to partnerships with Deakin University; reinforcing a positive brand image for the club and raising its profile. The club’s continual ability to reach premiership-level means it attracts and retains some of the best players, including young talent keen to learn from the game’s greatest.

BRAND VALUE
$26.8m
BRAND RATING
AAA-
CODE
AFL
FOUNDED
1859
COACH
Chris Scott
MEMBERS
42,884
The Top 10: Profiles

7 Carlton

One of the eight founding clubs of the AFL, the Blues have been one of the most successful clubs in AFL history, winning 16 senior premierships. The Melbourne-based club is also a founding member of the VFA. This strong history has seen the club attract highly skilled players such as John Nicholls Medal winning Kade Simpson and Lachie Henderson. Between 2013 and 2012 the club’s membership rose 10.4% to 56,173 under the support of coach Michael Malthouse. This surge in numbers is spurring a move from Etihad Stadium to the larger MCG for up to eight games a season. This would stimulate a major financial lift to the Blues who could attract a greater number of their fans to their biggest games. The club remains committed to its brand by engaging with their fans mainly through social media. Employing Deloitte, Carlton upgraded their social platforms and have endeavoured to attract players to twitter to directly engage with their brand. This has proved successful in retaining and recruiting new members. Additionally, the club’s ‘Blue Print’ which outlines the team’s brand objectives for 2011-2015 states the club is striving for the “highest net return from aggregated corporate income (of the Victorian AFL clubs)” and wants its services to members and sponsors to rank highest in value for money against its rivals.

| BRAND VALUE | $25.3m |
| BRAND RATING | AAA- |
| CODE | AFL |
| FOUNDED | 1864 |
| COACH | Nick Malthouse |
| MEMBERS | 50,564 |

8 Fremantle

Fremantle is historically one of the least successful clubs in the AFL, with an overall win rate of 43.27%. The Dockers AA brand rating remains one of the weakest in our league table. However, the club has a high brand value due to its large revenue base. To combat years of weakness in securing young key-position talent, Fremantle has selected skilled players from Victoria and Tasmania, including 18 year old star ex-rugby player Michael Apeness. However, only time can tell if this will be enough to soften the blow of losing champion forward Matthew Pavlich in 2014. Nevertheless, in 2013 the team did well to reach the Grand Final for the first time, especially since they have only played in the AFL for 19 years. Fremantle has a membership of 43,880 (rising by 2% from 2011) which is substantially higher than their rivals the Gold Coast Suns and only superseded by Hawthorn and Collingwood. The Western Australian government’s plans to construct a new 60,000 seat stadium by 2018 may help their fan-base swell further. The Dockers’ efforts to engage the community have seen six new community partners for the 2014 season. Western Australia’s RSPCA and the Leukaemia Foundation of Australia are included as part of an effort to be involved in charitable events throughout the year.

| BRAND VALUE | $24.3m |
| BRAND RATING | AA |
| CODE | AFL |
| FOUNDED | 1994 |
| COACH | Ross Lyon |
| MEMBERS | 43,880 |
9 Essendon

The Bombers have a loyal fan base, but the recent peptide scandal in the 2013 season has rocked the club and damaged its image and brand value. With Essendon moving to their new $27 million training facility, the club will hope for a fresh start to the upcoming 2014 season, but it is difficult to draw a line under the incident when many of the key staff members that were involved in the scandal remain in place. However, the credibility afforded to the club by ‘self-reporting’ the team’s misconduct means relationships with key sponsors of the club have remained, including a lucrative deal with Kia. Standing behind Essendon at a time of turmoil, Kia boosts supporters and members confidence in the Bombers and its brand. Adding to this is a four year co-sponsorship deal with Fujitsu General and other smaller sponsors. With projected growth in club membership to 60,000 for the 2014 season, Essendon Football Club is hopeful of putting the scandal behind them.

BRAND VALUE $24.0m
BRAND RATING AA+
CODE AFL
FOUNDED 1872
COACH Mark Thomson
MEMBERS 56,173

10 Sydney Swans

Once known as the South Melbourne Football Club, the Sydney Swans relocated from Melbourne in 1982. The success of the Swans since then, having made the finals in more years than any other club since 1995, rankles with many. In light of the controversial cost-of-living allowance for players who relocate to play for the team, there are accusations that the large club can afford to “poach” top players from other teams where others cannot, is an unfair advantage. The arrival of Lance ‘Buddy’ Franklin in the post-season to a settled and successful Swans side will certainly add box office to the brand (and no doubt fill column inches). Whether it he can gel with the team remains to be seen. The Swan’s strong ‘bloods’ culture is an enduring reason for their success and supporter engagement. As such, the culture of the team is strongly backed by the club’s management. Important to the club’s overall brand is its partnerships in the community. The more than decade-long partnership with Redkite and newly announced partnership with beyondblue charity are set to reinforce the club’s commitments on and off the field.

BRAND VALUE $22.7m
BRAND RATING AA+
CODE AFL
FOUNDED 1874
COACH John Longmire
MEMBERS 36,358
Sponsorship in Australian Sports:

Sponsorship Today has provided analysis of sponsorship in Australia and New Zealand finding that the combined countries sports sponsorship spending is US$880 million.

By far the biggest recipient of corporate sponsorship in Australia is the AFL with $136 million spent annually. Interestingly, Rugby Union which does not feature any teams in the Brand Finance League table receives $105 million putting it in second position followed by the NRL at $90 million.

“Sponsorship in Australia relies more on car, alcohol and government sponsorship than on the financial sector and telecommunications”. In other western countries, the financial service sector dominates sponsorship accounting for 20% - 25% of total spend, whereas in Australia this is only 13.4%.

The telecommunications industry is usually another dominant player in sponsorship. Telstra’s rugby league title sponsorship at US$21 million is the only deal of major significance but this is worth just 5.6% of the total. Typically, car, alcohol, government and soft drinks industries dominate Australian sports, which is higher than in most countries. With the Australian government introducing their ‘Be the Influence’ programme, the number of alcohol sponsors have fallen.

Illegal doping has not impacted on sponsorship to the extent that some may expect. The high profile AFL season saw Essendon fall from grace, yet had no effect on sponsorship. Currently suspended, each James Hird, senior assistant Mark Thompsons, football manager Fanny Corcoran and veteran club doctor Bruce Reid were all charged with bringing the game into disrepute. The AFL’s firm stance that the players were not to be prosecuted has controlled the media scandal. The club should feel relieved their main sponsor KIA has shown loyalty, particularly for a club like Essendon whose loyal fan base will value their decision.

With the Australian Crime Commission uncovering evidence of performance enhancing drugs, links to organised crime and match fixing in most of the major sports in the country, sponsors will obviously be significantly concerned. Telstra, the main sponsor of AFL has already stated that ‘it is awaiting the outcome of full inquiries into the matters raised.’ If sponsors feel that the scandals may damage their brand image they may invoke morality clauses to withdraw sponsorship.

Overall, the future of Australian sports sponsorship is strong and has the foundation to grow further. For the long term benefit of all sports for growth, revenue and membership scandals must be treated with a zero tolerance attitude.
Feature

Global Intangible Finance Tracker (GIFT™)

Intangible assets make up nearly half the value of quoted companies around the world. Yet intangibles remain poorly understood and managed.

Intangible assets make up nearly half the value of quoted companies around the world. Yet intangibles remain poorly understood and managed. Intangible assets, including brands, have never been more important. Surveys show that brands and other intangibles typically account for between 30% and 70% of a company’s market value, and in certain sectors, such as luxury goods, this figure can be even higher. Our results demonstrate that the total value of the intangible assets equates to 58% of the total enterprise value in Australia. The disclosed intangible assets, goodwill and undisclosed intangible assets are worth $843 billion to the Australian economy.

The Brand Finance ‘Global Intangible Financial Tracker’ (GIFT™) 2013 is the most extensive report ever compiled into intangible asset and covers over 56,000 companies in over 80 countries. It demonstrates the importance of intangibles and highlights the significant rise in their value over a ten-year period, particularly their recovery following the Global Financial Crisis. Even once commoditised sectors that were driven entirely by functional factors are moving rapidly up the ‘intangible value’ curve.

Banking and diversified financial services as an industry in Australia has the highest combined book value of disclosed assets, however market confidence in the mining industry’s continued success has resulted in the total value of the primary industry to top that of the banks. This is little surprise, given the continued growth in demand from BRIC countries for all raw materials. The mining rights to Australia’s vast untapped resources, coupled with rising demand and prices into the foreseeable future has driven the undisclosed intangible value to almost 50% of the total value of the industry.
Breakdown of Enterprise Value into Tangible and Intangible Assets

The diagram above shows a breakdown of a company’s value. Typically, most of the intangibles that sum to the total value of the business will not be disclosed on a company’s balance sheet. For the top ten sectors, we have estimated what intangibles this ‘undisclosed value’ includes.

Methodology and terminology
Brand Finance took the Enterprise Value of each company in the study, defined as the Market Value of Equity plus Preferred Equity and Debt and Minority Interests.

This was divided into:
2. Disclosed Intangible Assets (ex Goodwill): Intangible assets disclosed on balance sheets, including trademarks and licences.
3. Disclosed Goodwill: Goodwill on the balance sheet as a result of acquisitions.
4. ‘Undisclosed Value’: The difference between the market value and the book value of shareholders’ equity often referred to as the ‘premium to book value’.

‘Intangible value’ (i.e. intangible asset value) refers to the total value of the enterprise over and above its Tangible Net Assets.

The valuation date for the GIFT 2013™ study is 31st December 2012.
Brand Ratings

These are calculated using Brand Finance's Brand Strength Index analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA+ to D. It is conceptually similar to a credit rating.

The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

The brand's strength is used to inform the valuation assumptions. The Brand Rating is assessed using a combination of Input, Equity and Output measures.

Top 20 Results
The table opposite is a reordering of the Top 20 most Valuable Brands. As a result some of the teams that would have made the Top 20 by Brand Rating, such as brands like the Rabbitohs, have not been featured.

Collingwood tops the table with Hawthorn a close second. The Magpies' larger membership base and social media following, amongst other measures have helped them claim the top of the table.

The Panthers were one of the lowest rated brands in the Top 20, only managing an AA-, joined at the bottom by the Raiders. This is predominantly a result of poor performance in the league and low attendance at games.

Essendon has been dogged by allegations of doping this year which has negatively affected the brand's Rating yet the club still received a AA+. A well-managed PR campaign, zero tolerance and a distancing of the Club from the scandal could allow the brand to recover rather than fall lower next year.

The AFL teams come on average higher up the brand rating than the NRL teams. This is due to larger stadiums, membership bases, attendance and revenues on average for the AFL teams. The AFL's commitment to investing in the growth of the sport has allowed all the franchises to flourish.

However with soccer and rugby union both growing rapidly in popularity it may only be a few years before teams from other codes begin appearing in the ranking.

Brand Ratings Definitions

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAA</td>
<td>Extremely strong</td>
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<tr>
<td>AA</td>
<td>Very strong</td>
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<tr>
<td>A</td>
<td>Strong</td>
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<td>BBB-B</td>
<td>Average</td>
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<tr>
<td>CCC-C</td>
<td>Weak</td>
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<tr>
<td>DDD-D</td>
<td>Failing</td>
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Definition of a Brand
Trademarks and associated intellectual property, together with associated goodwill.
<table>
<thead>
<tr>
<th>Rank</th>
<th>Team</th>
<th>League</th>
<th>Brand Value</th>
<th>Brand Rating</th>
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<tr>
<td>01</td>
<td>Collingwood Magpies</td>
<td>AFL</td>
<td>$39.1m</td>
<td>AAA</td>
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<td>Hawthorn Hawks</td>
<td>AFL</td>
<td>$27.1m</td>
<td>AAA-</td>
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<td>AFL</td>
<td>$25.3m</td>
<td>AAA-</td>
</tr>
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<td>AAA-</td>
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<td>Geelong Cats</td>
<td>AFL</td>
<td>$26.8m</td>
<td>AAA-</td>
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<td>06</td>
<td>Sydney Roosters</td>
<td>NRL</td>
<td>$14.5m</td>
<td>AA+</td>
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<td>Essendon Bombers</td>
<td>AFL</td>
<td>$24.0m</td>
<td>AA+</td>
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<td>AFL</td>
<td>$22.7m</td>
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<td>Brisbane Broncos</td>
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<td>$18.6m</td>
<td>AA+</td>
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<td>$32.6m</td>
<td>AA+</td>
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<td>Fremantle Dockers</td>
<td>AFL</td>
<td>$24.3m</td>
<td>AA</td>
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<td>Adelaide Crows</td>
<td>AFL</td>
<td>$20.9m</td>
<td>AA</td>
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<td>St Kilda Saints</td>
<td>AFL</td>
<td>$16.5m</td>
<td>AA</td>
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<td>Canterbury-Bankstown Bulldogs</td>
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<td>Melbourne Demons</td>
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<td>Brisbane Lions</td>
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<td>Port Adelaide Power</td>
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<tr>
<td>18</td>
<td>Parramatta Eels</td>
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<td>$21.3m</td>
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<td>$46.2m</td>
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<td>Canberra Raiders</td>
<td>NRL</td>
<td>$16.0m</td>
<td>AA-</td>
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</tbody>
</table>
Brand Finance Services

Brand Finance Sponsorship Services

Advising, implementing and measuring sponsorship

1  Opportunity Analysis

What opportunities are available and how feasible are they?

- Selecting the right partner
- Market research
- Competitor research
- Budget setting
- Stakeholder mapping
- Sponsorship objective
- Fundraising
- Business case modelling

2  Brand Alignment

How strongly do our brand values align with those of our current or potential sponsored organisation?

- Brand audit
- Brand due diligence

3  Negotiation Strategy

Brand Finance is highly experienced in the technical issues surrounding sponsorship agreements.

- Royalty rate setting
- Structure of charges
- Length of agreement
- Termination conditions
- Transfer pricing
- Tax structuring
- Naming rights

4  Evaluation

Did the sponsorship achieve the objectives set?

- ROI
- Sponsorship objectives

5  Brand & Business Uplift

What was the impact on both business performance and the value of the brand?

- ROI
- Sponsorship objectives
Brand Finance Services

Brand Finance Services for Rights Holders

Reviewing, managing and improving business performance for sports brands

1. Revenue Analysis

Are we extracting the maximum value from all three revenue streams?

- ROI
- Market research
- Competitor research

2. Fundraising

What are the various options open to us when attempting to raise funds? How can we implement these options?

- Naming rights
- Financing
- Licensing
- Royalty rate setting

3. Brand Strategy

Which strategy will provide the greatest return from the budget allocated?

- Business case modelling
- Brand audit
- Brand due diligence
- Selecting the right partner
- Budget setting
- Stakeholder mapping

4. Negotiation Strategy

Brand Finance is highly experienced in the technical issues surrounding sponsorship and stadium naming rights agreements.

- Royalty rate setting
- Structure of charges
- Length of agreement
- Termination conditions
- Balance of power analysis
- Documented evidence
- Negotiation support
- Naming rights

5. Brand & Business Valuation

What was the impact on both business performance and the value of the brand?

- Pre & post business valuation
- Pre & post brand valuation
- Brand Value tracking
Methodology

The Brand Finance Top 20 Most Valuable Australian Sports Brands was compiled using, where available, publicly available information regarding market share, market growth and company financials. Our main sources of publicly available data included Bloomberg, Individual Club’s Annual Reports and press releases. Brand value was derived using a ‘relief from royalty rate’ method that values brands according to the cost of re-licensing them from a hypothetical third party.

What is a Brand Value?
publicly available information regarding market share, market growth and company financials. Our main sources of publicly available data included Bloomberg, Individual Club’s Annual Reports and press releases. Brand value was derived using a ‘relief from royalty rate’ method that values brands according to the cost of re-licensing them from a hypothetical third party.

How do we measure its value?
We use the Royalty Relief approach. This approach assumes the company does not own their brand and must license it from a third party. The method determines how much it would cost to do this. It is called the Royalty Relief approach because when a business owns their own brand they are ‘relieved’ from paying a ‘royalty’ rate for its use.

What is the Royalty Relief Approach?
The Royalty Relief method is used for three main reasons:
1. It is the most recognised by technical authorities world-wide and favoured by accounting, tax and legal users because it calculates Brand Values by reference to comparable third-party transactions.
2. The method ties back to the commercial reality of brands and their ability to command a premium in an arm’s length transaction.
3. It can be performed on the basis of publicly available financial information

How does the Royalty Relief approach work?
Determine forecast revenues - referencing historic trends market growth estimates, competitive forces, analyst projections and company forecasts.
1. Assess the Brand Strength - we use our BrandBeta® Index which in the case of Football Clubs scores; domestic and European honours, club heritage, revenue scale and split, attendances and global reach amongst other to benchmark the brands against each other.
2. Establish a Royalty Rate - we review comparable licensing agreements as well as analysing margins and value drivers to establish an average royalty rate range for the sector, in this case football. The BrandBeta® is then applied to find the correct royalty rate for each brand within the range.
3. Determine the Discount Rate - with a discount rate determined we can calculate the net present value (NPV) of the brand’s future earnings. This allows us to calculate the brand’s value in today’s money.
4. Brand Valuation Calculation - steps 1-4 are then brought together to the NPV of post-tax royalties, which is the Brand Value.
Methodology

Brand Finance helps clients to measure, manage, maximise and monitor their brands to drive business performance.

Unique expertise
We possess a unique combination of marketing, research, management and financial expertise

Independent
We manage brands, not create them - so we have no vested interest in the outcome of a project

Transparent
There are no black boxes. We work openly and will always reveal the details of our modelling and analysis

Technical credibility
We provide ISO, IVSC and IASB compliant valuation and analytics services and our assessments are widely accepted by regulatory bodies and tax authorities.

We are also a registered training office for Chartered Accountants, Marketers and Financial Analysts

Global
Headquartered in London with offices in over 15 countries

Experience
Over 15 years’ experience working with 500+ national and international clients of all sizes and across all sectors

About Brand Finance

Brand Finance is an independent global business focused on advising strongly branded organisations on how to maximize value through the effective management of their brands and intangible assets.

Since it was founded in 1996, Brand Finance has performed thousands of branded business, brand and intangible asset valuations worth trillions of dollars.

Brand Finance’s services support a variety of business needs:
• Technical valuations for accounting, tax and legal purposes
• Valuations in support of commercial transactions (acquisitions, divestitures, licensing and joint ventures) involving different forms of intellectual property

• Valuations as part of a wider mandate to deliver value-based marketing strategy and tracking, thereby bridging the gap between marketing and finance.
Our clients include international brand owners, tax authorities, IP lawyers and investment banks. Our work is frequently peer-reviewed by the big four audit practices and our reports have also been accepted by various regulatory bodies, including the UK Takeover Panel.

Brand Finance is headquartered in London and has a network of international offices in Amsterdam, Bangalore, Barcelona, Cape Town, Colombo, Dubai, Geneva, Helsinki, Hong Kong, Istanbul, Lisbon, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

www.brandfinance.com
Bespoke reports

Understanding the Value of your own Brand

Are you interested in a detailed breakdown of how we have calculated the Brand Value of your company? Would you like to know where value is being generated within the business, and where you could generate more value? Brand Finance’s bespoke reports for clients provide a great insight into how to maximise the value of their brands.

What’s included?
• 2013 brand valuation result
• Competitive comparison
• Brand strength analysis
• Brand value calculation and methodology
• Valuation schedules and key assumptions
• Understanding changes in Brand Value
• Trademark registration review
• Observations and recommendations
• Global results

Key benefits
• An understanding of how Brand Value has been calculated in a simple and clear format that the brand team can digest and present to senior management
• An understanding of where value is being generated within the business
• Slides detailing the valuation schedule and key assumptions
• Year on year changes in Brand Value, and reasons
• A review of Brand Value against competitors
• Lots of great charts and tables for internal and external presentations

90% of companies that buy our reports do so on an annual basis

Get in touch
To speak to someone about your brand value please contact Richard Haigh.

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✉️ rd.haigh@brandfinance.com

All of Brand Finance’s league tables are published on Brandirectory.com
### Contacts

**BRANDFINANCE® CONTACT DETAILS**

Brand Finance is the leading brand valuation and strategy firm, helping companies to measure, manage and maximise the value of their brands for improved business results.

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**Director of Sports Valuation, Brand Finance Australia**

rd.haigh@brandfinance.com

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

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