Brand Finance® Australian Top 30

The report on Australias most valuable brands

May 2012

BRAND·FINANCE®

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Foreword

Since it was first released in 2008, the BrandFinance® Top 30 Australian brands has been the most comprehensive table of published brand values in Australia. The study is released annually and incorporates data from all listed companies in Australia. Each brand has been accorded a brand rating: a benchmarking study of the strength, risk and future potential of the brand relative to its competitor set as well as a brand value: a summary measure of the financial strength of the brand.

Throughout the economic cycle of the last decade intangible assets have contributed more than half of Australia's corporate value. The preamble to the International Standard on Brand Valuation highlights the economic contribution and the complexity of a vital asset category: *"arguably the most valuable but least understood intangible assets are brands" ISO 10668.*

The economic contribution of brands is reflected in the $51 billion aggregate value of the Top 30. Despite the difficult economic conditions, Australia's top brands only lost 1% of their value in the last year – but there are clear winners and losers.

MLC, Harvey Norman and David Jones will be looking for value-adding solutions after losing over 20% of their brand value. Coles, ANZ and Telstra are on the right track; each adding more than $200 million in value. The Woolworths brand has cause for celebration and concern; it comfortably maintains its top position, but has lost $504m.

We compare the value-adding performance of top Aussie brands against global benchmarks and find that there is plenty of room for improvement. It's no surprise that Apple tops Brand Finance's global brand study, but it is astonishing that Apple's value of US$71 billion is 1.4 times the combined value of our Top 30.

With a small local market we have to ensure that Australian brand managers have the capability to develop brands that prosper in international markets. The current trend is for our iconic brands to be acquired by foreign owned companies. As Victoria Bitter drops out of the Top 30 we consider the implications of this trend.

So what are the secrets to adding brand value?

In this report we provide examples of how valuation tools provide a line of sight between corporate actions, consumer behaviour and cash flow. Value-based metrics enable marketers to focus on the best opportunities, allocate budgets to activities that have the greatest impact, measure the results, and articulate the return on brand investment.

Please refer to the methodology section for a definition of the term 'brand', the method of valuation, and the valuation date.

“Brands are the most valuable intangible assets in business today. They drive demand, motivate staff, secure business partners and reassure financial markets. Leading edge organisations recognise the need to understand brand equity and brand value when making strategic decisions”

David Haigh, CEO, Brand Finance

Executive Summary

Australian 30

- The combined value of Australia's 30 most valuable brands is $50.7 billion.
- Woolworths maintains its position at the top of the table with a value of $7.1 billion and a AA brand rating. It also experienced the biggest absolute loss in brand value.
- The Coles brand is the biggest winner in value terms. An increase of $597 million moves it into the top 3. However, the Coles brand still contributes a lower percentage of enterprise value than does Woolworths. Both lag behind Tesco, the international benchmark.
- Harvey Norman and David Jones both lost over 20% of their brand value. Yet Bunnings and Target showed that it is possible for retail brands to achieve robust growth in the current environment.
- In aggregate, Australian banks outperformed their global peers – we now have 6 banking brands in the Top 100 of the BrandFinance® Banking 500. Bankwest, ANZ and Commonwealth Bank achieved the highest growth in the local market, while MLC, Macquarie Bank and St.George had the highest percentage loss.
- The Telstra brand has performed extremely well, remaining in second position and generating additional value of $294 million. Telstra is the world's 25th most valuable telecoms brand.
- The value of the Qantas brand continues to fall, although the drop of $108 million represent a slowing rate of decline

Global 500

- The combined value of the worlds 500 most valuable brands was US$3,415 billion, an increase of 3.3%
- Apple has leapfrogged Google to become the worlds most valuable brand and has enjoyed the highest ever valuation calculated by Brand Finance at an impressive US$70.6 billion.
- Internet giant Amazon grows by 61% as online retail brands increase significantly.
- The Technology sector is named the most valuable sector in this years Global 500 study with 49 Technology brands featuring in the Global 500.
- HSBC has been named the most valuable banking brand but the London based banking giant stood out in its region as European banks suffered a difficult year with 16 of the 20 'falling brands' coming from the continent.
- Banks from emerging markets continue to flourish. There are now more banks from the BRIC's (Brazil, Russia, India and China) in the top 20 banking brands than there are in Europe.
- High end fashion continued to grow and appears to be unaffected by the current economic climate as brands such as Louis Vitton (valued at US$4.9 billion) and Polo Ralph Lauren (valued at US$4.9 billion) have increased their brand value

A well-constructed brand valuation yields a range of metrics, and when these are viewed together they provide great insight into the opportunities and threats in key market segments.

In isolation, the dollar value of a brand is of limited use to a marketer. It helps communicate the economic importance of the brand to internal stakeholders, but provides few clues to marketing strategy. The good news is that a well-constructed brand valuation yields a range of metrics, and when these are viewed together they provide great insight into the opportunities and threats in key market segments.

These include:

- Market conditions and competitive forces.
- An analysis of the strength of the brand relative to key competitors.
- Expected market and brand growth rates.
- Quantification of brand risk.
- Brand value expressed as a percentage of enterprise value.

Much of this information already exists in many marketing departments; however, brand valuation integrates it into a consistent and coherent set of metrics that form a platform for strategy development and performance evaluation.

Adding Brand value

Budget setting:
As with other assets, it is hard to know how much to invest in a brand without understanding its current worth, and whether value will be added, or eroded, by alternative levels of investment. Even in organisations where the brand is acknowledged as a key asset the marketing budget can be vulnerable in the absence of a robust business case.

Resource allocation:
Which region, channel, product, or customer segment should get the next dollar of marketing budget? There is no better way of answering the question than gauging the brand value implications within each segment.

Scenario valuations:
These allow marketers to forecast the impact of different strategies on brand value – thereby stripping out the usual subjective arguments that accompany strategy determination. At the outset it is often unclear which strategy will yield the best result. Once market trends, consumer research and financial information have been integrated into a valuation model the choice usually becomes clear.

Brand architecture:
Dilemmas are a common reason for organisations to undertake a brand valuation.

The underlying issue can be:

- A swollen portfolio of brands resulting from mergers and acquisitions
- The intention to extend a strong brand into new product categories
- Concern that the existing brand lacks relevance in new product segments

Views on the benefits of new brands, sub-brands, umbrella brands and brand termination are often strongly held - and polarising. The use of brand valuation models avoids subjective arguments by integrating market research into a framework that places a value on each option.

Reputation risk management:
The Australian Top 30 shows that brand value can go down as well as up. Risk management procedures should identify events that could erode the value of brands and corporate reputation. It is then possible to develop responses that mitigate the risk.

Marketing dashboards:
A brand value framework highlights the measures that matter, and prevents dashboards being a random collection of measures. Value-based dashboards enable marketers to focus on the best opportunities, allocate budgets to activities that have the greatest impact, measure the results, and articulate the return on brand investment.

“We worked with Brand Finance to develop a brand valuation method for worldwide use, to assist with brand portfolio management and marketing investment decisions.
We chose Brand Finance, because they have transparent and reproducible methods which we incorporated into our Brand Performance Evaluation system.”

Global Brand Director, Heineken

Contents

Top 5 Most Valuable Australian Brands

01.

	2012	2011
Brand Ranking	1	1
Brand Value	$7,086 m	$7,590 m
Brand Rating	AA	AA

Woolworths remains Australia's most valuable brand – a position that it has held since 2009. Woolworths' position as the world's 16th most valuable retail brand is also commendable. Unfortunately the good news is clouded by the fact that the brand stalled in 2012 - losing $504m in value, and seeing its lead over Coles being reduced by 31.9%. Benchmarking against leading grocers in the BrandFinance® Global 500 shows that there is plenty of room for improvement in the brand contribution to enterprise value. Despite many years of good performance, it's time for Woolworths to raise its game.

02.

	2012	**2011**
Brand Ranking	2	2
Brand Value	$5,129 m	$4, 835 m
Brand Rating	AA	AA

Under David Thodey's leadership, Telstra has made good progress in its journey from an unpopular and cumbersome telco, to a communications company that is increasingly being perceived as innovative. The brand has been helped by the failure of Optus and other competitors to capture the customer centric high-ground when Telstra was regarded as an unresponsive incumbent.

Telstra has worked hard to simplify its business, improve customer experience, innovate, and portray itself in a more contemporary fashion. The result? Higher customer satisfaction and stronger brand equity, leading to reduced churn and increased customer acquisitions.

The goals are hardly novel, but Telstra's implementation has been effective, rolling out 280 new and refurbished stores, liberating the visual identity of the brand, and being first to market with new technology and products. This success places the brand as the 25th most valuable Telecoms brand in the world (BrandFinance® Telecom 500). Increased connection with consumers has added $294m in brand value. This value makes Telstra more valuable than the once great Nokia brand.

03. coles

	2012	2011
Brand Ranking	*3*	*4*
Brand Value	*$4, 731 m*	*$4, 134 m*
Brand Rating	*AA*	*AA*

The Coles brand is this year's biggest winner in terms of absolute value - gaining $597m, an increase of 14%.

Price competitiveness and increased efficiency have been instrumental in Coles' gains in market share and margin. These have been leveraged by in-store improvements and more consistent marketing communications. Stronger brand equity has resulted in the brand contribution 22 cents to each dollar of enterprise value – up from 17 cents last year.

More of the same is needed as brand value is still $2.4 billion behind Woolworths. The market leader has an intrinsic advantage in terms of the quality of its retail sites, so management will need to 'sweat the brand' in order to close the gap in yield.

04. CommonwealthBank

	2012	2011
Brand Ranking	*4*	*5*
Brand Value	*$4, 120 m*	*$3, 935 m*
Brand Rating	*AA+*	*AAA-*

The big news for Commonwealth Bank is that it has surpassed NAB to become Australia's most valuable banking brand - adding $185m to reach a value of $4.1 billion.

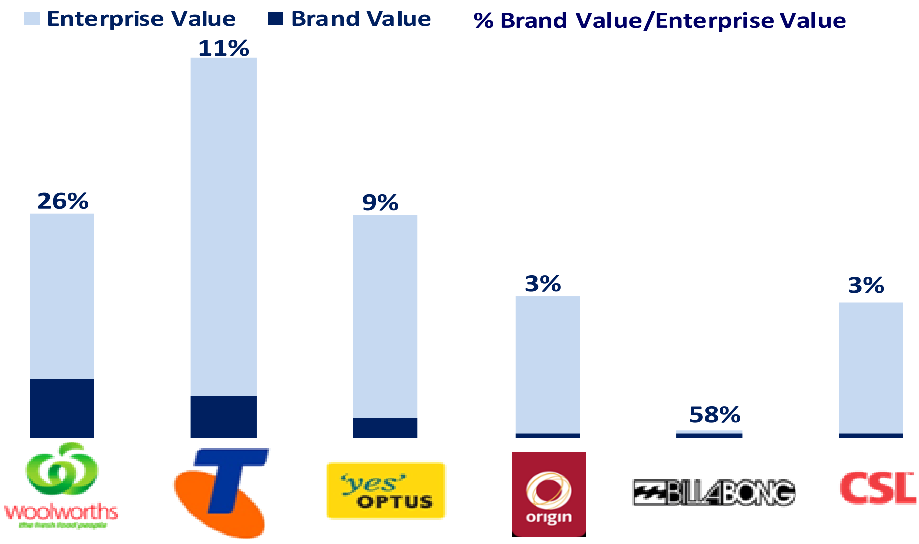
The national scale of the brand results in marketing efficiencies; consistently high advertising expenditure represents a lower portion of revenue than its competitors. Brand equity has been improved by the commitment of Ralph Norris, the former CEO, to customer satisfaction, branch quality and information technology. It has not been without some hiccups. During 2011 a decline in customer satisfaction is reported to have cost CBA's senior executives about $15 million in performance pay.

05.

	2012	2011
Brand Ranking	*5*	*3*
Brand Value	*$4, 039 m*	*$4, 258m*
Brand Rating	*AA*	*AA-*

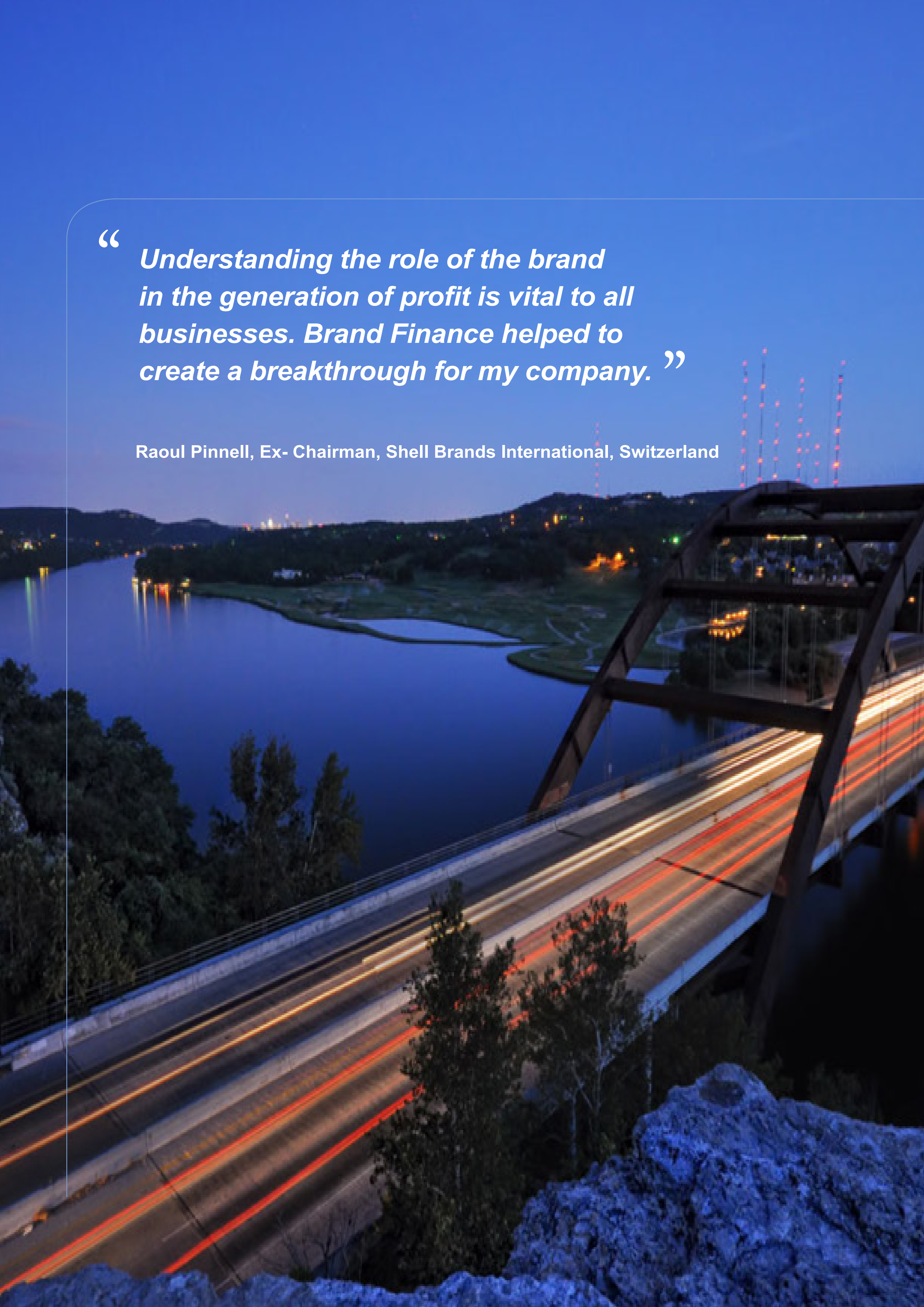
The last year has been one of mixed fortunes for Cameron Clyne and the team driving the NAB brand. Although the brand has lost its position as Australia's most valuable bank brand, it achieved significant market share gains in 2011. NAB has been aggressively discounting and positioning itself as the people's champion. The brand's strapline of 'more give, less take' has resonated with consumers and business customers alike; however, it has not avoided being caught in the politics of interest rate changes. A couple of badly timed IT glitches also tested the resilience of the bank's reputation.

The gains in market share came at the expense of net interest margin, however, NAB's improved AA brand rating will help drive future earnings.



Brand contribution to enterprise value ranges between 3% and 58% in the Top 30. The difference between industries is due to the importance of brands relative to other business assets, and the range within industries is a function of relative brand strength.

Within telecoms the Telstra brand works harder and adds more value than Optus. The low brand contribution of Origin is due to brand playing a limited role in the exploration, production and power generation parts of the business. In the case of CSL, the brand value of $518m is less important to the company than patents, R&D and a skilled workforce. Billabong's high brand contribution is partly a function of the crucial role that brands play in generating demand and price premiums in the apparel sector. However, it is inflation in the current year by operating problems that are not brand related.



“Understanding the role of the brand in the generation of profit is vital to all businesses. Brand Finance helped to create a breakthrough for my company.”

Raoul Pinnell, Ex- Chairman, Shell Brands International, Switzerland

Winners & Losers

WINNERS:

Coles (+$597m), ANZ (+$297m) and Telstra (+$294m) have made the biggest gains in dollar terms. Yet it is smaller brands that have achieved the biggest proportional gains.

Origin Energy gained 23% in value despite having a modest brand rating of A. The brand's low contribution to enterprise value is due to the limited role played by the brand in the electricity generation division.

Bunnings gained a healthy 20% in brand value – forging through the billion dollar mark. There is a suspicion that the brand benefits from a love of DIY rather than a love of Bunnings. This will be tested as the Woolworth group's Masters rolls out and consumers have greater choice.

Brand	*% Value Gained*
Origin	*23.4%*
Bunnings	*20.3%*
Bankwest	*16.5%*

The Telstra brand has experienced a third successive year of growth, gaining $523 million worth of brand value over the past twelve months. The other two biggest growing brands in absolute value are two large established Australian brands, ANZ and Coles. Both ANZ and Telstra have grown slightly and through the sheer size of the company this equates to big gains in brand value. Coles however has grown significantly both in absolute terms gaining $597 million but also in percentage terms gaining14.5%.

Brand	*Absolute Value Gained*
Coles	*$597m*
ANZ	*$297m*
Telstra	*$294m*

LOSERS:

In terms of absolute value the $504m lost by Woolworths was greater than any other brand in the Top 30. However this value does more to demonstrate the size of the Woolworth brand than it does to diminish it. This equates to just 6.6% of the total brand value. The MLC brand's dip in value is more severe. The brand lost 25.8% of brand value which in absolute terms is the equivalent of $193 million making the brand not just the biggest loser in percentage terms but also the fourth biggest loser in absolute terms.

Brand	*Absolute Value Gained*
Woolworths	*-$504m*
Macquire	*-$378m*
St George	*-$265m*

The biggest losers in dollar terms are MLC (-26%), David Jones (-20%) and Harvey Norman (-22%). This is the second year in a row that Harvey Norman has been the 2nd biggest loser of brand value. The performance of the retail brands is separately discussed.

The combined value lost by Australia's worst performing brands was $2,250 million.

Qantas has moved out of the top three value losers, however, its brand value still declined by $108 million.

Brand	*% Value Gained*
MLC	*-25.8%*
Harvey Norman	*-21.5%*
David Jones	*-20.4%*

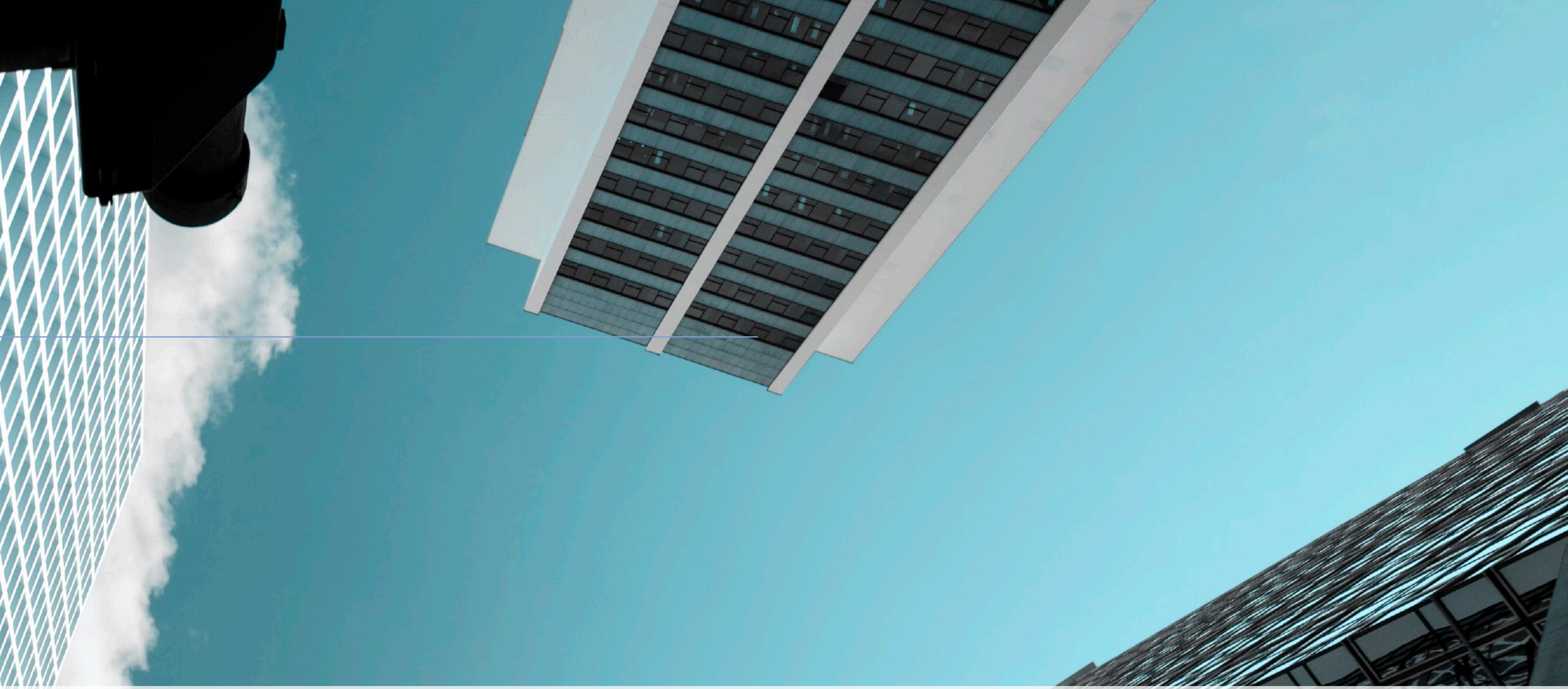
Banks:

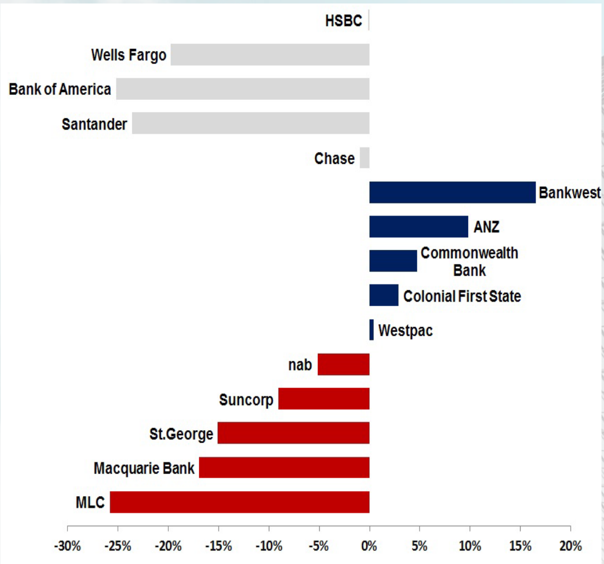
Some Australian winners as global banks continue to stall

Brand Finance's recent study of the 500 biggest global bank brands showed an aggregate loss of 11% in value. Three of the global top five, Wells Fargo, Santander and Bank of America lost about 20% of brand value. Against this backdrop, the slight decline of 2.7% in the aggregate value of Australian bank brands represents solid performance. From a global perspective it is impressive that a country with a population of 22 million has 4 brands in the global top 50.

The biggest dollar increase in brand value was ANZ's gain of $297 million which represents a 10% increase. Core to its growth is a coherent Asia-Pacific strategy, and success in its customer-centric commitment to 'live in your world'. Asia-Pacific contributes almost 15% of ANZ's gross profit and delivered earnings growth of more than 20%.

The Macquarie Bank brand has lost some of its gloss. The brand maintains its AA rating, but is losing its reputation for having a golden touch. It shed $378m in brand value, a 17% decline. Despite the tougher conditions expected in the coming years Australia's banks are well placed to provide solid results. Their relative performance will be





heavily influenced by the quality of brand strategy and management.

Wells Fargo also lost around 20% of their brand value with Bank of America losing 24%. To put the size of these banks into perspective, the 20% lost by MLC in absolute value is the equivalent to $146 million. The 24% lost by Bank of America in absolute value is the equivalent to $7.2 billion.

HSBC was named as the worlds most valuable banking brand with a brand value of $27.5 billion. HSBC have openly declared their intentions to become the world's leading international bank by continued investment in both China and India, whilst scaling back its operations in an unstable Eurozone and a sluggish US economy. This change in focus along with a series of cost cutting measures will ensure that HSBC is well prepared for the shift in economic power between the different regions of the world and as a result its brand value could well grow over the next year.

The Commonwealth Bank brand has been named Australia's most valuable banking brand. The brand increased in value over the last year by $386 million a strong increase of 10%. Meanwhile the NAB brand lost $219 million worth of brand value resulting in it losing its status as Australia's most valuable banking brand to its competitor.

When it comes to brand strength however the tables are turned with nab brand gaining in strength from AA- in 2011 to AA this year This is all on the back of aggressive advertising encouraging retail banking customers to break away from their bank and switch to nab. While Commonwealth bank fell in terms of brand strength having been downgraded from AAA- to AA+.

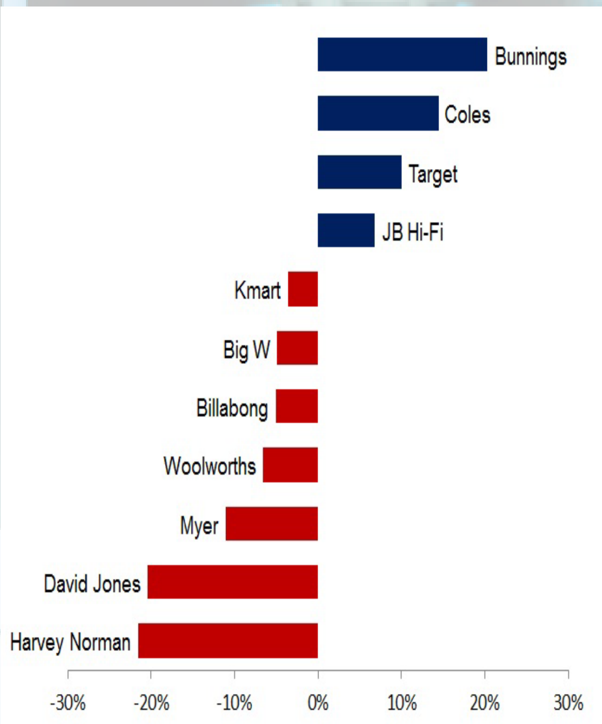
Retail:

Coles catches up as the world stays at home

There were some sharp declines in the value of Australian retail brands. The strong Australian dollar, cautious consumers, and increasing competition from international online retailers have been blamed for the sector's woes. This is reflected by the declines of over 20% in the brand values of Harvey Norman and David Jones. There have, however, been very clear winners in Bunnings and Coles.

At first glance Billabong's 5% loss of brand value looks like a bad result. However, when this is compared to the enterprise value decline of 32% it is clear that the brand has protected shareholders from bigger losses. The AA- brand rating is maintained. Launa Inman, a savvy retailer and brand manager, has been appointed as CEO. Let's hope this Aussie brand regains its value and stays onshore.

Brand values declined in the Australian retail sector with the countries eleven most valuable retail brands losing $44 million worth of brand value. This decrease in value goes against the global picture, with the worlds top 25 most valuable retail brands gaining over USD 5.3 billion.



are dwarfed however by the brand value of global leaders such as Walmart whose value, at USD $38,320 million, is more than five times greater than that of Woolworths.

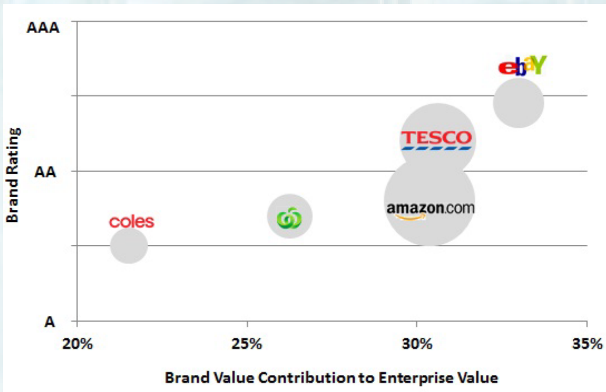
Evidence regarding the importance of online retailing is now undeniable – two of the three strongest global retail brands, Amazon and ebay, are purely online players. The strongest and most valuable brands innovate, adapt and are motivated enough to meet changes in consumer requirements and technology. In order for Australian retailers to keep pace with leading international retailers more emphasis needs to be placed on:

- Improving the retail experience.
- The breadth and convenience of the online sales channel.
- Integrating sales channels and ensuring that all consumer touch-points reinforce the brand proposition.

The most valuable retail brand within Australia was once again Woolworths which declined in value to just over $7 billion.

This decline in value will be of concern to the countries most valuable brand especially given the fierce competition from Coles. Australia's second most valuable retail brand grew by 15% to $4.7 billion.

These values are impressive, they result in both Woolworths and Coles ranking in the top three most valuable Australian brands. However they



Airlines:

Quantas descends as Jet Star takes off

Qantas continues its decline in brand value- and has now fallen below the billion dollar threshold. If one is looking for good news, this year's drop of $108m represents a reduction in the rate of decline! Qantas remains an iconic Australian brand, and has the resilience to recover from recent trauma. However, management must be cognisant that vulnerability to reputational damage increases following events which have reduced trust in the brand. In these conditions, the value impact of further bad news is magnified. Management should carefully evaluate the impact of future actions on reputational risk.

From a corporate perspective, the growth in value of the Jet Star brand will be of comfort to Qantas management. As it spreads its wings in Asia, Jet Star achieved double digit growth for the 7th successive year.

Virgin Australia is in the midst of a major transition. The change in identity from Virgin Blue to Virgin Australia was the easy part. This has been accompanied by a coordinated updating of the visual identity and design of aircraft interiors, uniforms and lounges. The change in appearance mirrors the shift away from a budget positioning and an increased focus on the business market. Virgin Australia had a lucky break with the Qantas industrial relations dispute coinciding with Virgin's offer to match consumers' loyalty card status with other airlines.

The goodwill towards a brand can be considered as a 'stock' which rises and falls according to public opinion. This encapsulates people's perceptions of the brand's performance, image, relevance and corporate behaviour. Qantas' industrial dispute and the grounding of the fleet were the fleet were the most recent of a series of events that have eroded the stock of goodwill towards the brand. This will continue to be a drag on performance unless corrected by a period of customer centric management of the brand and corporate reputation.

The need to strength the brand is accentuated by tough market competitions and Virgins improved performance.

Lost Icons:

Aussie brands moving abroad

This year's study of Australia's most valuable brands has some noticeable absentees. One of the criteria for inclusion in the Brand Finance Australian Top 30 is that the brand's parent company must be domiciled in Australia. VB is the latest brand to drop out of the Top 30 after SABMiller's acquisition of the Foster's Group.

Vegemite one of the most famous iconic Australian brands is owned by American food giant Kraft. These brands are just a few of the Australian brands that have left Australia and taken their brand value with them.

Other brands that are no longer owned by Australian listed companies include Berri, Holden, James Boag's, Quiksilver, Tooheys, Pura and XXXX. Does this matter? We can still buy the products and some of them still employ Australians.

We think it is important that Australian companies create strong brands and maintain ownership of these assets. It's partly a matter of economics, and also maintaining control over things that are dear to us. The local market is small, so we have to ensuring that Australian brand managers have the ability to develop brands that prosper in international markets.

Government intervention is not the solution – although the French government has actively prevented foreign companies buying iconic French brands. In contrast Britain has lost ownership of Jaguar, Land Rover, Rolls Royce, and Cadbury's.

Top 30 Most Valuable Australian Brands

Rank 2012	Rank 2011	Brand	Brand Value 2012 $m	BrandValue % Change	Brand Value / Enterprise Value 2012 (%)	Brand Value / Enterprise Value 2011 (%)	Brand Rating 2012	Brand Rating 2011
1	1	**Woolworths**	7,086	-6.6%	26%	24%	AA	AA
2	2	**Telstra**	5,129	6.1%	11%	12%	AA	AA
3	4	**Coles**	4,731	14.5%	22%	17%	AA	AA
4	5	**Commonwealth Bank**	4,120	4.7%	8%	7%	AA+	AAA-
5	3	**nab**	4,039	-5.2%	13%	12%	AA	AA-
6	6	**Westpac**	3,466	0.4%	8%	8%	AA	AA
7	7	**ANZ**	3,333	9.8%	8%	6%	AA+	AA+
8	8	**Optus**	2,455	-3.9%	9%	9%	AA	AA
9	9	**Macquarie Bank**	1,852	-16.9%	23%	18%	AA	AA
10	10	**St.George ***	1,491	-15.1%	13%	13%	AA	A+
11	11	**QBE**	1,361	1.2%	10%	8%	A	A
12	12	**Suncorp**	1,150	-9.1%	15%	14%	A	A
13	14	**Bunnings**	1,059	20.3%	27%	23%	AA-	AA-
14	13	**Qantas**	996	-9.7%	21%	22%	A+	A+
15	15	**AMP**	863	1.1%	7%	8%	BBB	BBB
16	17	**Westfield**	697	-1.0%	2%	2%	AA-	A+
17	19	**Big W**	598	-4.9%	21%	22%	A	A
18	26	**Origin**	575	23.4%	3%	3%	A	A
19	20	**Billabong**	563	-5.0%	58%	42%	AA-	AA-
20	16	**MLC**	555	-25.8%	11%	12%	A+	AA-
21	18	**David Jones**	549	-20.4%	32%	28%	A+	AA-
22	24	**Colonial First State**	528	2.9%	8%	7%	AA-	A+
23	27	**CSL**	518	14.8%	3%	3%	A	A
24	28	**Target**	485	10.0%	15%	15%	A	A
25	22	**Myer**	467	-11.5%	27%	25%	A	A
26	25	**Toll**	458	-7.0%	11%	10%	A-	A-
27	-	**Bankwest**	410	16.5%	8%	6%	AA-	A+
28	30	**JB Hi-Fi**	409	6.8%	25%	22%	A+	A+
29	23	**Harvey Norman**	404	-21.5%	14%	14%	A	A+
30	-	**Kmart**	364	-3.6%	13%	12%	A	A-

** Westpac aggregates the results for Bank of Melbourne and Bank SA with St George. Brand Finance has therefore aggregated the value of these brands in the St George business unit.*

Top 10 Most Valuable Global Brands

Rank 2012	Rank 2011	Brand	Brand Value 2012 $m	BrandValue % Change	Brand Value / Enterprise Value 2012 (%)	Brand Value / Enterprise Value 2011 (%)	Brand Rating 2012	Brand Rating 2011
1	8	**Apple**	70,605	138.9%	20%	12%	AAA+	AAA
2	1	**Google**	47,463	7.1%	30%	31%	AAA+	AAA+
3	2	**Microsoft**	45,812	7.0%	28%	26%	AAA+	AAA+
4	4	**IBM**	39,135	8.2%	16%	19%	AA+	AA+
5	3	**Walmart**	38,319	5.7%	25%	23%	AA	AA
6	18	**Samsung**	38,197	77.5%	19%	19%	AAA-	AA+
7	7	**General Electric**	33,214	8.8%	7%	6%	AA+	AA+
8	16	**Coca-Cola**	31,082	20.4%	37%	37%	AAA+	AAA+
9	5	**Vodafone**	30,044	-2.0%	16%	16%	AAA+	AAA+
10	32	**Amazon**	28,665	61.2%	30%	28%	AA+	AA

The *Brand Finance® Global 500* report shows how the global downturn has spawned a new breed of recession proof and aspirational "Alphabrands" which we turn to for quality regardless of the economic conditions. Bucking the trend for consumers to look to lower end products during times of economic uncertainty, our results show that consumers are increasingly eager to indulge in high quality cutting edge design and couture. Some of the world's top fashion chains have experienced soaring profits with big brands such as Louis Vuitton ($US 4.9 billion), Hermès ($US 3.4 billion) and Polo Ralph Lauren ($US 3.3 billion) increasing their brand value.

2012 has also seen the re-entry of high end fashion houses such as Prada and Coach whilst Christian Dior and Burberry appear as new entrants in the Global 500 tables. Luxury jeweller's brand Tiffany & Co have also made the Global 500 for the first time ($US2.9 billion) whilst bespoke Swiss watch makers, Cartier, entered the ranking of the top brands with a value of ($US 3.1 billion).

The latest tech gadgetry appears also to be a must for today's consumers. Technology lifestyle brands also dominate the table, increasing their standings on last year's table by 79%. 49 technology companies appear in this year's Global 500 making it the most valuable sector by some margin. Lifestyle technology brand, Apple has leapfrogged Google to be named as the world's most valuable brand, having the highest ever valuation calculated by Brand Finance at an impressive $US70.6 billion.

David Haigh, CEO of Brand Finance, commenting on the tables stated: "The rise to prominence of luxury and lifestyle brands in this year's report is quite impressive. Whilst the world remains shrouded in economic misery, people are investing their hard earned cash in brands they feel they can rely on to produce quality, long lasting products. It is also an encouraging sign for the economy to see that the overall value of the Global 500 increase by 3.3% to $US3,415 billion from last year."

Brand Finance's latest Global 500 study of the world's top brands suggests that, far from cutting their cloth, consumers are turning their backs on traditional household favourites and lower end products and embracing luxury lifestyle and indulgent brands despite the grim economic outlook.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The BrandFinance® Australia Forum 2012

Omni-Channel Strategies: Adding Brand and Customer Value

Some things remain constant. Strong brands and customer relationships create business value; and these relationships are founded on consistent delivery of a relevant brand promise.

What has changed – swiftly and significantly – is the challenge in meeting customer expectations as they flick between sales channels and communications channels. On top of the rapid change in customer behaviour, Australian brands are faced with a slowing economy, a strong dollar, and increased international competition. In this environment shortcomings in service quality and brand relevance are starkly exposed. It is no longer enough to offer a range of sales channels. Retailers are developing omni-channel strategies to create a seamless experience for the customer (no matter how they interact with a brand). International studies indicate that omni-channel customers are 4 to 6 times more valuable than single their channel counterparts.

The term 'omni-channel' slips easily off the tongue, but it presents substantial operational hurdles. This year's BrandFinance® Forum will explore the benefits and pitfalls of omni-channel operations. The focus goes beyond a pure retail application. We explore how service-based and B2B entities can create value in a more complex and connected marketplace.

Speakers:

- **Launa Inman,** CEO, Billabong and nonexecutive director, Commonwealth Bank.
- **John Batistich**, Director Marketing, Westfield
- **Mark Hassell**, GM, Brand and Customer Strategy and GM, Marketing, Virgin Australia
- **Paul McGlone**, Group Vice President Strategy and Planning, Brambles
- **Adrian Payne**, Professor of Marketing at UNSW
- **Mark Goddard**, Executive General Manager Retail Development, Myer

Date:	**Wednesday, 8th August**
Time:	Morning event
Venue:	Amora Jamison Hotel

You can book your seats from Wednesday 13th June by following the link below.

www.ami.org.au/2012brandfinanceforum

Alternatively you can email: events@ami.org.au

AUSTRALIAN MARKETING INSTITUTE

BRAND·FINANCE®

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

Our Services

At Brand Finance, we are entirely focused on quantifying and leveraging intangible asset value.

Our services compliment and support each other, resulting in robust valuation methodologies, which are underpinned by an in-depth understanding of revenue drivers and licensing practice.

Valuation

We perform valuations for financial reporting, tax planning, M&A activities, joint ventures, IPOs and other transactions. We work closely with auditors, tax authorities and lawyers.

Intangible assets valued include, copyright, confedential information, customer relationship, design rights, databases, distribution rights, formulations, goodwill,licenses, technology, trade marks, patents, recipes and URL's

Analytics

Our analytical services help clients to better understand the drivers of business and brand value. Understanding how value is created, where it is created and the relationship between brand value and business value is a vital input to strategic decision making.

Strategy

We give marketers the framework to make effective economic decisions. Our value-based marketing service enables companies to focus on the best opportunities, allocate budgets to activities that have the most impact, measure the results and articulate the return on brand investment.

Transactions

We help private equity companies, venture capitalists and branded businesses to identify and assess the value opportunities through Intangible property and market due diligence and licensing.

Financial reporting

Tax and transfer pricing

Litigation

Investor relations

Brand equity drivers

Brand strength analysis

Brand risk analysis (ßrandßeta®)

Brand scorecards

Marketing mix modelling

Marketing ROI

Brand strategy

Brand architecture

Brand extension

Budget setting and allocation

Brand value added (BVA®)

Brand due diligence

Brand licensing

Fundraising

BrandFinance® Journal

BrandFinance® Journal

The BrandFinance® Journal is a free quartely magazine that brings together current issues surronding brands and intangible assets. The journal features sector specific articles as well as brand case studies and in depth interviews with senior marketing directors from leading global brands. You can also find all the latest Brand Finance news, brand league tables and information on upcoming events.

March issue cover story was an interview with Chief Marketing Officer of American Express, John Hayes. To download the latest issue click here or follow the link below.

www.brandfinance.com/knowledge_centre/journal

BrandFinance® Journal Special Reports

The latest edition of the journal is a special issue which puts a value on the commercial value of the Royal family. It is the only report of its kind which values the British Monarchy as a brand.

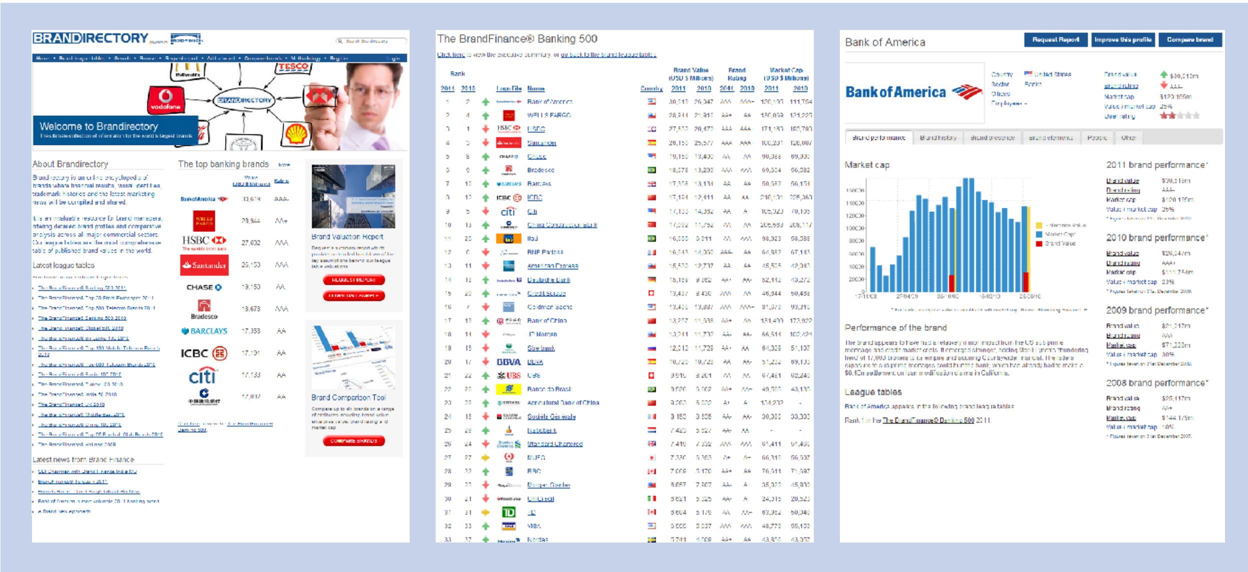
The report has been compiled over the last five months with the help of Debretts and other Monarchy representative bodies. The report looks in detail at the value uplift to leisure, tourism and the wider economy of royal events such as the Diamond Jubilee and the Royal Wedding. Whilst also analysing the costs to the economy caused by public holidays and the costs involved with property maintenance, security and travel of the Monarchy. By extensively analysing the assets and costs of the Monarchy, Brand Finance has placed a value of £44 billion (USD $70 billion) on the Monarchy brand, with a value uplift of £924 million as a result of this years Diamond Jubilee.

Brandirectory

Brandirectory is an invaluable resource for brand managers, offering detailed brand profiles and comparative analysis across all major commercial sectors.

Our league tables are the most comprehensive table of published brand values in the world.

www.brandirectory.com



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.
No independent verification or audit of such materials was undertaken. 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 BrandFinance® Australia Top 30 brand valuations follow IVSC guidance but will only comply with ISO 10668 Monetary Brand Valuation Standard when accompanied by detailed Legal and Behavioral analysis.

The conclusions expressed are the opinions of Brand Finance and are not intended to be warranties or guarantees that a particular value or projection can be achieved in any transaction. The opinions expressed in the report are not to be construed as providing investment advice. Brand Finance does not intend the report to be relied upon for technical reasons and excludes all liability to any organisation.

Explanation of the Methodology

The methodology employed in this BrandFinance® Australia Top 30 listing uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value.

The steps in this process are:

- Obtain brand-specific financial and revenue data.

- Model the market to identify market demand and the position of individual banks in the context of all other market competitors.

  Three forecast periods were used:

  - Estimated financial results for 2012 using Institutional Brokers Estimate System (IBES) consensus forecast.
  - A five-year forecast period (2012-2016), based on three data sources (IBES, historic growth and GDP growth).
  - Perpetuity growth, based on a combination of growth expectations (GDP and IBES).

- Establish the royalty rate for each brand.

  This is done by:

  - Calculating brand strength – on a scale of 0 to 100 – according to a number of attributes such as asset strength, emotional connection, market share and profitability, among others.
  - Determining the royalty rate for each of the revenue streams mentioned in step 1.
  - Calculate future royalty income stream.

- Calculate the discount rate specific to each brand, taking account of its size, geographical presence, reputation, gearing and brand rating (see below).

- Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value – ie: the brand value.

Royalty Relief Approach

Brand Finance uses the royalty relief methodology that determines the value of the brand in relation to

the royalty rate that would be payable for its use were it owned by a third party. The royalty rate is applied to future revenue to determine an earnings stream that is attributable to the brand. The brand earnings stream is then discounted back to a net present value.

The royalty relief approach is used for three reasons: it is favoured by tax authorities and the courts because it calculates brand values by reference to documented third-party transactions; it can be done based on publicly available financial information; and it is compliant to the requirement under the International Valuation Standards Committee (IVSC) to determine Fair Market Value of brands.

Brand Ratings

These are calculated using Brand Finance's ßrandßeta® 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.

Brand Ratings Definitions

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

Valuation Date

All brand values in the report are as at January 2012

Definition of Brand

Trade Marks and associated intellectual property, together with associated goowill.

Credentials

Blue Chip Clients:

Brand Finance has a wide range of blue chip clients in Australia and internationally. We also advise legal firms, private equity firms and tax authorities.

Technical Recognition:

Our work is frequently peer-reviewed by independent audit practices and our approach has been accepted by regulatory bodies worldwide.

Contact details

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