

JAPAN'S BEST GLOBAL BRANDS 2014

Executive Summary

12 February 2014

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Interbrand



Interbrand Releases 6th Annual Report on Japan’s Best Global Brands and Evaluates Top 30 Best Domestic Brands

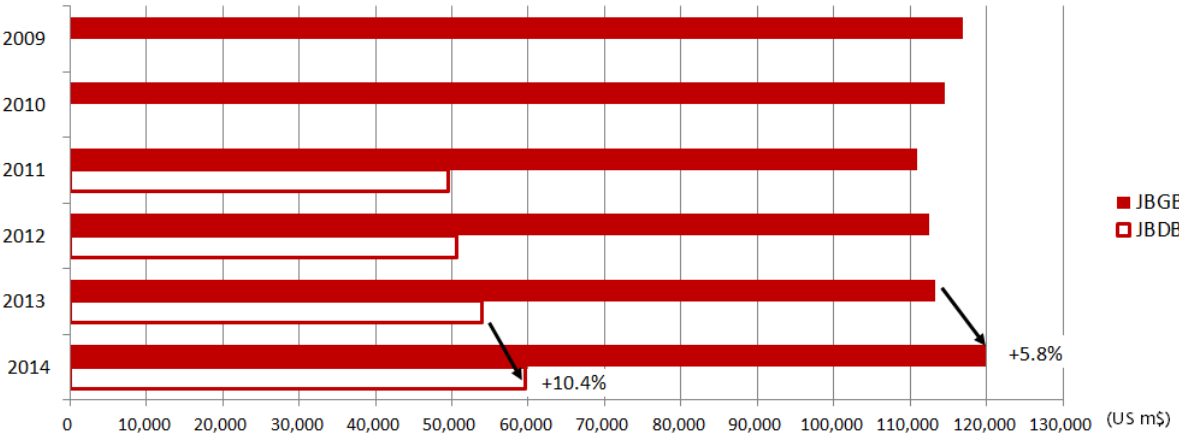
- **Total value of Japan’s Best Global Brands rises 5.8% year-over-year, reaching the highest level in the history of the ranking**
- **Total value of the Top 30 Best Domestic brands also reaches the highest level since the report began in the wake of the global financial crisis**
- **Automotive brands Toyota, Nissan, Bridgestone, Subaru, and Mazda see sharp increase in brand value**
- **Uniqlo’s brand value exceeds that of U.S. rival Gap**
- **Suntory and Yamato enter Japan’s Top 30 Best Domestic Brands**

TOKYO, Japan (12 February 2014) - Interbrand, the world’s leading brand consultancy, has released its 2014 Japan’s Best Global Brands report. For the sixth consecutive year, Interbrand has ranked the value of Japanese brands with worldwide operations. The results can be compared to those found in Interbrand’s 2013 Best Global Brands report, the definitive report of the world’s 100 most valuable brands. In addition, Interbrand has also released its third annual report of Japan’s Best Domestic Brands, which takes a closer look at the top Japanese brands poised for global expansion.

Japan’s Best Global Brands 2014 (Appendix A)

2013 marked a turning point for Japanese companies. Against the backdrop of a stronger yen, improvements to Japan’s economy brought about by the Abe administration’s proactive monetary and fiscal policies, as well as tourism spurred by Tokyo’s successful bid to host the Olympic Games and the naming of Mt. Fuji as a World Heritage Site, the total value of Japan’s top 30 global brands increased 5.8% year-over-year to reach USD \$119.889 billion, the highest value figure since the report first launched in 2008.

Total brand value of Japan’s Best Global Brands (JBGB) Top 30 and Japan’s Best Domestic Brands (JBDB) Top 30



Stronger Yen Improves Global Presence and Competitiveness of Japanese Automotive Brands

Japan's automotive brands greatly increased their brand value in the 2014 ranking. **Toyota** (+17%, #1) has increased in brand value through innovations including streamlining production and rolling out the Toyota New Global Architecture (TNGA). The automaker also expects net operating profits to exceed USD\$ 29.8 trillion (3 trillion yen) for the period ending March 2014. Other brands whose value rose sharply include **Nissan** (+25%, #5), whose global unit sales for FY 2012 were the highest in its history. **Bridgestone** (+21%, #12) is expected to achieve its highest-ever operating profits in FY 2013 with margins exceeding that of its top competitor, Michelin.

Subaru (+70%, #16) and **Mazda** (+43%, #21) also increased their brand value, demonstrating their competitiveness across global markets. Subaru has performed well and has increased value, mainly within the US, its largest market. Mazda's 2012 Structural Reform Plan is still steadily bearing fruit, and the brand is currently turning its efforts to garnering deeper brand penetration in developing markets with its vehicles equipped with SKYACTIV technology.

Consumer Electronics Brands Struggle Amid Stiff Competition

The consumer electronics industry, which alongside the automotive industry, has been a mainstay of the Japanese export industry. **Sharp** (#28), now in the midst of structural reforms, saw its brand value fall by 22% year-on-year, while **Nintendo** (#6) dropped by 14% as sluggish performance in 2013 continued amid stiff competition from mobile games.

A number of Japanese global brands are showing signs of recovery. The brand value of **Hitachi** (#19), now rolling out its first unified global brand campaign across 17 markets, rose sharply by 36% year-over-year. Pursuing its vision under the slogan "Back to Basics," **Olympus** (#30) is beginning to see the results of its corporate revitalization plan and has returned to the Top 30.

Fast Moving Consumer Goods (FMCG), Retail, and Sporting Goods Brands Experience Steady Growth

With sales in developing markets like Thailand and Indonesia on the upswing and 60% of total sales for FY 2013 expected to come from overseas, **Unicharm** (+16 %, #22) steadily increased its brand value globally in the past year. **Shimano** (#23), which is highly-regarded in the European bicycle market and poised to report record profits for FY 2013, saw its brand value rise 17% year-over-year. **Kikkoman** (+8%, #29), the world's leading soy sauce brand, successfully grew domestic sales of its organic Nama Shoyu soy sauce, and experienced strong sales in North America and Russia. As Japanese cuisine was recently included on UNESCO's Intangible Cultural Heritage list, the brand is poised to further expand its global presence.

Japan's Best Domestic Brands 2014 (Appendix B)

One of the conditions for inclusion in the ranking of **Japan's Best Global Brands** is that at least 30% of total sales derive from overseas sales (based on consolidated results for FY 2012). More and more, Japanese domestic brands that do not meet this standard are moving aggressively to expand internationally. Since 2011, therefore, in order to take a closer look at Japan's potential global brands of the future, we have also calculated the value of the top 30 domestic brands whose overseas sales made up less than 30% of total sales (based on FY 2012 results).

Total Value of Japan's Top Domestic Brands Rises 10.4% to Reach a New High

Japan's domestic brands that have pursued aggressive expansion outside of its home market continued to greatly increase their year-over-year brand value. Many of the domestic Japanese brands enjoyed an increase in brand value such that the total value of the top 30 domestic brands grew by 10.4% year-over-year, to reach USD \$595.550 billion, the highest level in the report's history.

Adding stores in China and throughout Asia is paying off for **Muji** (#21), which increased 28% in brand value year-over-year. The brand's FY 2013 profits are also expected to reach a new high. **Softbank** (#3) also saw its brand value rise sharply by 25% year-over-year. Seeking to strengthen its content business as well as its networking business, the company is pursuing an aggressive global M&A strategy, acquiring Sprint, the third-largest wireless carrier in the US, as well as T-Mobile US, the fourth-largest US wireless carrier, and SuperCell, the Finnish mobile game developer.

Rakuten (#8), the Tokyo-based e-commerce giant whose baseball team, the Tohoku Rakuten Golden Eagles, won its first Nippon Professional Baseball Championship in 2013, helped to broaden the company's reach into new sectors, including the travel industry and financial services, spurring its 20% increase in brand value.

Uniqlo (+14%, #4) reached the level of the global rankings with a brand value of USD \$4.16 billion, surpassing the \$USD 3.92 billion recorded by **Gap**, which rounded out the 100 brands on Interbrand's **Best Global Brands 2013** report.

Consistent with last year's report, convenience store brands such as **FamilyMart** (+17%, #18) and **Lawson** (+13%, #12), as well as real estate brands, **Mitsui Fudosan** (+16%, #20) and **Daiwa House** (+13%, #22) also showed positive growth in brand value.

Suntory debuts on this year's Japan's Top Domestic Brands report at #11 following the public listing of Suntory Beverage & Food Limited on the Tokyo Stock Exchange in July 2013. The company's listed brand value of USD \$1.634 billion reflects only the Suntory soft drinks business, which represented 53.6% of group sales for FY 2012. Considering the additional brand value from the group's main alcoholic beverage business and health foods business, there is considerable room for **Suntory's** to significantly increase its brand value over time.

Despite revelations of temperature control problems with its Cool TA-Q-BIN service, **Yamato** (#28) also debuts on this year's report thanks to strong growth in its parcel delivery service.

Methodology: Brand Valuations in Japan's Best Global Brands 2014

CRITERIA FOR CONSIDERATION

This ranking uses criteria for consideration that are similar to those of Interbrand's **Best Global Brands** report in order to clarify the values of Japanese brands that are active worldwide, and compare ranks using a global standard. Companies meeting the following criteria were selected for consideration:

1. The brand must be headquartered in Japan. Whether a corporate or business brand, it must be owned and operated by a Japanese enterprise.
2. It must disclose its financial information, be listed on a stock exchange as of October 31, 2013, and make analyst reports available.
3. Over 30% of total sales must be overseas (sales outside Japan) based on results from FY 2012
4. BtoB brands must be globally recognized by at least 10% of Interbrand's global consultants.

(Note: Japan's Best Domestic Brands must post overseas sales of less than 30% of total sales.)

METHODOLOGY

Interbrand's methodology evaluates brand value based on financial strength, the influence of the brand on purchasing decisions, and the brand's future earning potential. In the same way that securities analysts analyze and evaluate corporate value, we analyze and evaluate brand value based on the question, "What is its future earning potential?" This methodology has been certified under International Organization for Standardization (ISO) 10668 as a global standard for measuring the monetary values of brands. The evaluation consists of the following three analyses:

Financial Performance: Estimate the profits that the company will generate

We estimate the current and future revenues of the business operating under the brand. We then arrive at the future economic profit by subtracting from that number the cost of sales, taxes, and capital cost from invested capital. This analysis is based on published corporate data, while future estimates are based on performance estimates made by financial analysts. (Note: the performance estimates by financial analysts employed in this evaluation use the average estimated values by major analysts called the IFIS Consensus, published by IFIS Japan, Ltd. <http://www.ifis.co.jp/en/index.htm>) The IFIS Consensus data used is current as of November 21, 2013.

Role of Brand: Identify the contribution that the brand makes to profits

We analyze the impact of the brand on customer purchasing decisions in order to identify the contribution that the brand makes to the future economic profit calculated in the financial analysis. With regard to the role that brands play in consumer purchasing trends, the evaluation uses a database of brand value evaluation performance that we have developed over the past 25 years, as well as benchmark analyses by industry. We then research and analyze each individual brand based on its industry benchmark to calculate the brand's contribution as a score.

Brand Strength: Evaluate the future earnings potential provided by the brand

Brand strength analysis measures the brand's power to generate client need (the ability to maintain future earnings) via market loyalty and repeat purchases by consumers, and calculates a current value by discounting the brand's earnings by this amount. This evaluation is a systematic method for determining a brand's risk, and is made from a wide range of perspectives relating to the brand, including the brand's market position, consumer recognition and popularity, image, and support for the brand. The evaluation score is then converted into a discount rate, which is subtracted from the brand's future profitability to arrive at the brand value.

Note: Role of brand and brand strength are calculated based on a multidimensional evaluation by expert consultants at our global offices, using a wide range of published reports and other information.

Appendix A
Japan's Best Global Brands 2014 TOP 30

2014 Rank	2013 Rank	Brand	Sector	Brand Value (US million \$)	Change in Brand Value	Ratio of Overseas sales (FY 2012)
1	1	Toyota	Automotive	35,346 *	17%	75%
2	2	Honda	Automotive	18,490 *	7%	83%
3	3	Canon	Electronics	10,989 *	-9%	79%
4	4	Sony	Electronics	8,408 *	-8%	68%
5	7	Nissan	Automotive	6,203 *	25%	80%
6	5	Nintendo	Electronics	6,086 *	-14%	67%
7	6	Panasonic	Electronics	5,821 *	1%	48%
8	8	Lexus	Automotive	2,743	7%	75%**
9	9	Toshiba	Diversified	2,332	-1%	55%
10	10	Nikon	Optical	2,215	-5%	86%
11	11	Komatsu	Machinery	2,135	-7%	80%
12	13	Bridgestone	Automotive	1,944	21%	77%
13	12	Shiseido	FMCG	1,919	-7%	45%
14	14	Suzuki	Automotive	1,719	14%	60%
15	15	Ricoh	Business Services	1,174	1%	55%
16	23	Subaru	Automotive	1,160	70%	65%
17	16	Daikin	Machinery	1,056	9%	62%
18	18	Asics	Sporting Goods	1,012	12%	64%
19	20	Hitachi	Diversified	1,008	36%	41%
20	17	Mitsubishi Electric	Diversified	944	4%	35%
21	29	Mazda	Automotive	891	43%	73%
22	21	Unicharm	FMCG	840	16%	52%
23	26	Shimano	Machinery	777	17%	88%
24	25	Nomura	Financial Services	736	9%	23%
25	28	Ajinomoto	FMCG	718	10%	37%
26	22	Fujitsu	Technology	706	3%	34%
27	27	Konica Minolta	Electronics	663	1%	72%
28	19	Sharp	Electronics	636	-22%	59%
29	30	Kikkoman	FMCG	613	8%	46%
30	NEW	Olympus	Optical	607	-	61%

* The brand values of the top seven brands were taken from Best Global Brands 2013.

** Lexus's ratio of overseas sales is the same as Toyota's.

Appendix B

Japan's Best Domestic Brands 2014 TOP 30

2014 Rank	2013 Rank	Brand	Sector	Brand Value (US million \$)	Change in Brand Value	Ratio of Overseas sales (FY 2012)
1	1	NTT Docomo	Telecommunications	10,582	-2%	Less than 10%
2	2	MUFG	Financial Services	6,528	11%	28%
3	3	Softbank	Telecommunications	6,352	25%	Less than 10%
4	6	Uniqlo	Retail	4,160	14%	29%
5	4	SMFG	Financial Services	4,112	8%	18%
6	5	au	Telecommunications	4,031	9%	Less than 10%
7	7	Mizuho	Financial Services	2,741	-3%	22%
8	10	Rakuten	Retail	2,087	20%	13%
9	9	Kirin	Alcohol	1,897	4%	30% *
10	8	Kao	FMCG	1,864	0%	27% **
11	NEW	Suntory ***	Beverage	1,634	-	31%****
12	12	Lawson	Retail	1,313	13%	Less than 10%
13	13	Tokio Marine	Financial Services	1,266	9%	20%
14	11	Asahi	Alcohol	1,235	4%	10%
15	14	Nissin	FMCG	1,076	0%	14%
16	15	Secom	Security	1,062	10%	Less than 10%
17	16	Mitsubishi Estate	Real Estate	790	7%	Less than 10%
18	17	FamilyMart	Retail	755	17%	15%
19	18	Yakult	FMCG	705	13%	28%
20	19	Mitsui Fudosan	Real Estate	686	16%	Less than 10%
21	21	Muji	Retail	630	28%	15%
22	23	Daiwa House	Construction	494	13%	Less than 10%
23	20	Benesse	Education	482	-3%	13%
24	22	Meiji	FMCG	475	2%	Less than 10%
25	25	NTT Data	Business Services	462	8%	18%
26	24	Dai-ichi Life	Financial Services	453	4%	Less than 10%
27	26	Sekisui House	Construction	448	8%	Less than 10%
28	NEW	Yamato	Transportation	413	-	Less than 10%
29	29	Calbee	FMCG	412	10%	Less than 10%
30	28	NEC	Technology	411	2%	16%

*While overseas sales exceeded 30% of total sales for the corporation as a whole, Kirin was included in the domestic ranking because overseas sales for businesses operating under the Kirin brand did not.

**Values for FY 2011 have been used due to a change of accounting period for FY 2012.

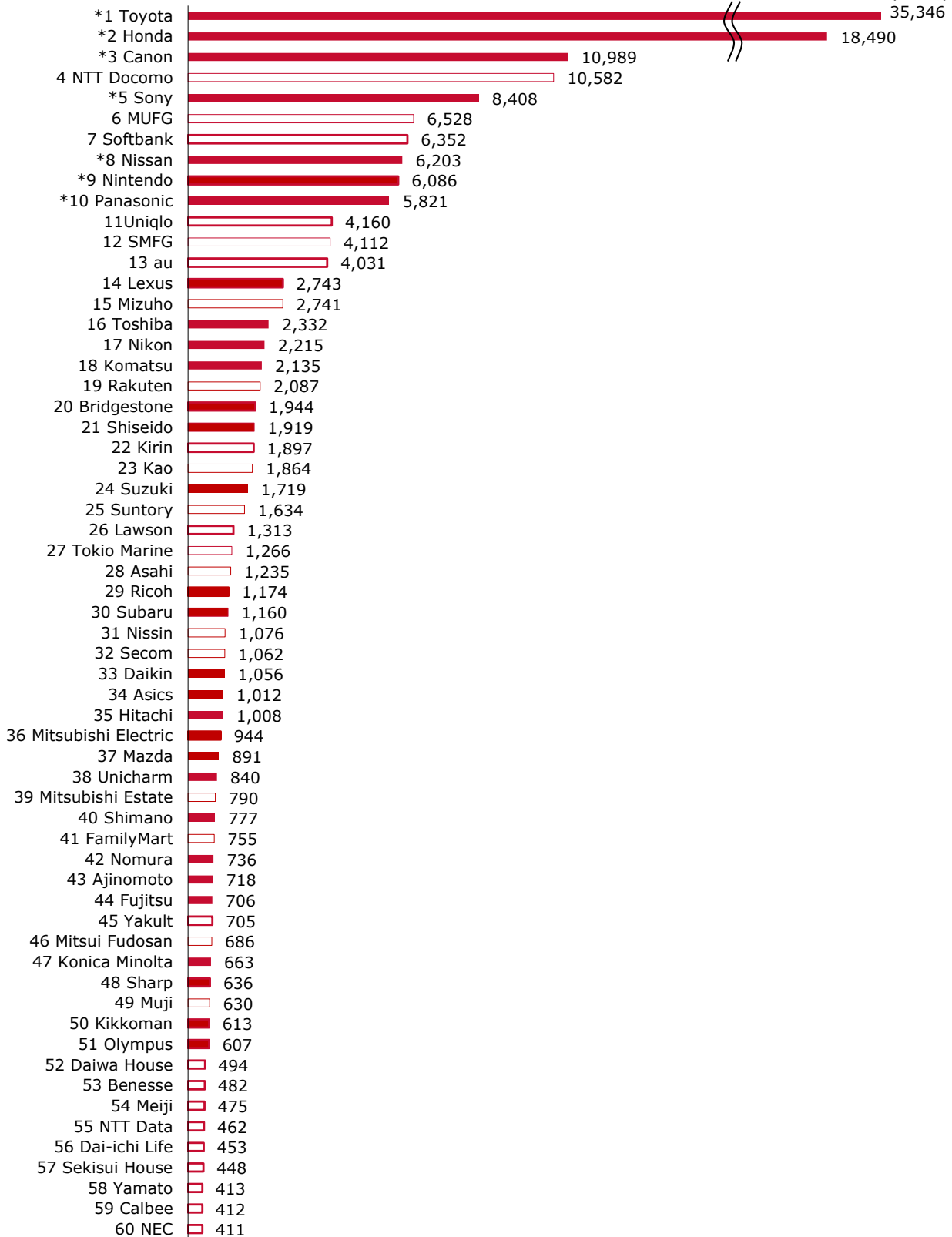
***The evaluation of brand value and ratio of overseas sales is based on figures for the publicly traded Suntory Food & Beverage Limited.

****Although overseas sales exceeded 30% of total sales for the corporation as a whole, Suntory was included in the domestic ranking because overseas sales for businesses operating under the Suntory brand did not

Appendix C

Japan's Best Global Brands 2014 TOP 30 and Japan's Best Domestic Brands 2014 TOP 30

(US m\$)



█ Japan's Best Global Brands TOP 30
 Japan's Best Domestic Brands TOP 30

*The brand values of the top seven Japan's Best Global Brands were taken from Best Global Brands 2013.

About Interbrand

Founded in 1974, Interbrand is recognized for being at the forefront of the dialogue on brands as business assets. Today, Interbrand is amongst the largest brand consultancies and has grown to include 40 offices in 25 countries. The combination of rigorous strategy and analytics with world-class design creativity help its clients to create and manage brand value in all market dynamics. It is widely respected for its annual study, The Best Global Brands, and creating a broader platform for the discussion on brands in the Webby-award winning website brandchannel.com. For more on Interbrand, visit <http://www.interbrand.com/>.

For more information, please contact:

Tokyo

Masamichi Nakamura, Executive Director
Hiromitsu Hatakeyama, Strategy Director

contact-ibj@interbrand.com

+81 3 3230 1075

New York

Lindsay Beltzer

Lindsay.Beltzer@interbrand.com

+1 212 798 7786