

Best Brazilian Brands 2010

Creating and managing
brand value™

Interbrand



Brazilian brands: a universe in expansion

Over the past two years, Brazil and the world has seen intense economic instability. This year's ranking of Interbrand's Most Valuable Brazilian Brands reflects the changes that have resulted from this turmoil.

Although the crisis has been gentler on Brazil than most mature international markets, its impact on certain segments of our economy has been intense—especially on those categories that are more dependent on the growth of the international economy, like commodities and mining. At the same time, many of Brazil's industries proved to be well-equipped to resist the peak of the crisis (the beginning of 2009), and have benefited from the stability of the domestic context.

As we continue to observe Brazilian brands through the lens of international marketing, it is clear that many of them have already overcome geographic boundaries and are strongly positioned to seize opportunities beyond their original territory. The digital and social media boom means that brands can travel without visa requirements, transporting their values and identities throughout the world. This will only multiply as the Brazilian economy grows and brands encounter more opportunities to relevantly compete with important markets worldwide.

As this study reveals, Brazilian brands are well-positioned for the future. The first five brands in this ranking could be among the 100 most valuable brands of the world, listed annually in our September Best Global Brands report. While they lack the greater visibility, recognition and international presence to be truly global, it is only a matter of time before we see them on the list.



Alejandro Pinedo
Managing Director of
Interbrand Brasil

Regards,

A handwritten signature in black ink, consisting of a stylized 'A' followed by a period.



The Interbrand method for Brand Assessment

To start, Interbrand compiles a list of Brazilian brands from our marketing database based on more than 25 years of valuing brands and nearly four decades of consulting with organizations in Brazil and around the world.

We then narrow the candidates based on the following criteria for consideration:

1. The brand's country of origin must be Brazil.

That means foreign brands with operations in Brazil (e.g. Santander) are not eligible. Brands created in Brazil, even when currently controlled by foreign capital, (e.g. Vivo), are eligible.

2. There must be substantial publicly available financial data.

The company to which the brand belongs to must either be listed in the Stock Exchange or publish an annual report providing the necessary accounting and financial information.

3. The brand must have a broad public profile and awareness or the brand must be positioned to play a significant role in consumers' purchase decisions.

The company must provide enough information to the market to enable us to determine the individual financial results of each of its brands. That means that companies with several brands, whose consolidated financial data cannot be listed by brand, are not taken into consideration for the ranking (e.g. BR Foods).

4. The Economic Value Added (EVA) must be positive, showing that there is revenue above the company's operating and financing costs.

Companies with negative EVA due to either operational reasons or because they use high cost capital are not considered for the ranking.

Financial Analysis

We begin by forecasting the current and future revenue specifically attributable to the branded products. We subtract operating costs from this revenue to calculate branded operating profit. We then apply a charge to the branded profit that is based on the capital a business spends, versus the money it makes. This gives us a business's economic earnings.

All financial analysis is based on publicly available company information. An estimate for financial reporting is established from a wide range of analysts' reports.

Role of Brand Analysis

This is a measurement of how the brand influences customer demand at the point of purchase. This is applied to the economic earnings to arrive at the revenue that the brand alone generates (Branded Earnings). We use in-house market research to establish individual brand scores against our industry benchmarks to help us define the role a brand plays within the category. For example, we know that Role of Brand is traditionally much higher in the luxury category than in the energy and utilities sector. The brand, not the business, is unarguably the principle reason why consumers choose these goods and services.

Brand Strength Score

This is the measurement of the ability of a brand to ensure both demand and earnings throughout time. Capturing the consumer's preference means ensuring loyalty, purchase and retention to support future profits. Our method locates a discount factor to adjust the expected brand profits to the risks, based on the demand levels this brand is able to ensure.

The news this year is that Interbrand has updated the methodology to assess Brand Strength.

What has changed?

Now ten factors are considered for the new Brand Strength: Authenticity, Clarity, Commitment, Protection, Ability to Respond, Consistency, Differentiation, Relevance, Presence, Understanding.

Why has it changed?

The introduction of new factors in the Brand Strength Score answers the need to adjust the prior brand assessment methodology. Today we also consider components associated to changes in the social and economical environments, such as social responsibility, product design and social media. Also, it is necessary to consider the increasing pressure for ROI in the corporate world.

Brand Value

A brand's value is a financial representation of a business's earnings due to the superior demand created for its products and services through the strength of its brand.

Brand value is the absolute financial worth of the brand as it stands today. Accordingly, the brand's value can be compared to the total value of the business. For example, as it would be assessed on the stock exchange.

Brand value can also be compared to other tangible and intangible assets owned by the business. We adjust the business's earnings based on future risk to the strength of the brand (i.e., a net present value or dollar value in today's money). In doing so, brand value becomes a key performance indicator for brand strategy and serves as the overall performance measure for all branding activity and investments.

Brand Revenue

- Operational costs
- Taxes
- Costs of capital

Economic earnings



Brand Earnings

The revenue that the brand alone generates



Brand profits

Revenue exclusively generated by the brand.



Best Brazilian Brands 2010

Values in millions of Reais



01

Itaú
R\$ 20.651
Setor: Financial services



02

Bradesco
R\$ 12.381
Setor: Financial services



03

Petrobras
R\$ 10.805
Setor: Energy



04

Banco do Brasil
R\$ 10.497
Setor: Financial services



05

Skol
R\$ 6.593
Setor: Food and Beverage



06

Natura
R\$ 4.652
Setor: Cosmetics



07

Brahma
R\$ 3.607
Setor: Food and Beverage



08

Antarctica
R\$ 1.753
Setor: Food and Beverage



09

Vivo
R\$ 1.468
Setor: Telecommunications



10

Renner
R\$ 780
Setor: Retail



11

Embratel
R\$ 730
Setor: Telecommunications



12

Banrisul
R\$ 645
Setor: Financial services

LOJAS AMERICANAS



13 Lojas Americanas
R\$ 601
Setor: Retail

14 Cyrela
R\$ 545
Setor: Real State

15 Oi
R\$ 472
Setor: Telecommunications



16 Braskem
R\$ 449
Setor: Petrochemical

17 TAM
R\$ 347
Setor: Airlines

18 Net
R\$ 294
Setor: Telecommunications



19 Marisa
R\$ 196
Setor: Retail

20 Hering
R\$ 144
Setor: Apparel

21 Gafisa
R\$ 129
Setor: Real State



22 Havaianas
R\$ 113
Setor: Apparel

23 Gol
R\$ 108
Setor: Airlines

24 Positivo
R\$ 103
Setor: Technology



25 Lopes
R\$ 87
Setor: Real State

01

R\$ 20.651



Itaú

In its post merger year, Itaú Unibanco S.A. has proved its resilience and ability for achievement. In less than six months record time, it integrated new merged divisions that include corporate banking, investments banking, brokering, asset management, vehicles loan, private banking and the treasury department. It also began migrating checking accounts and branches, a task involving 4.9 thousand branches and banking support points besides over 30 thousand ATMs – all that, without leaving aside its expansion strategy and results. The bank revenue increased 36 percent in 2009 and it also partnered with the country's car insurance leader, Porto Seguro, and has taken over the leading position for the credit card segment in the country.

Due to its size and results, the bank has been getting international attention, and in 2009 it was the Brazilian leader for several rankings of the segment: *Latin Finance*, *The Banker*, *Global Finance* and *Euromoney*.

Due to the merger and migration process of the Unibanco brand to Itaú, we did not consider the profit generated by the Unibanco brand in the assessment of the Itaú brand value.

03

R\$ 10.805



Petrobras

Petrobras' presence in the imagination and life history of most Brazilians makes its brand role more relevant than many global brands in this same category.

The world economic crisis did not impact the investment potential of the fourth biggest energy market company in the world. In 2009, it increased the domestic production of oil by six percent and has furthered its position as one of the world's leaders.

Petrobras has stood out as an innovative company. It has proved its technological capacity in the exploration of oil in deep waters and captured the world's attention in regards to pre-salt. It has also restated its position as a brand that presents sustainable solutions through alternative sources of energy, such as biodiesel, aeolic and solar power.

02

R\$ 12.381



Bradesco

Despite the difficult world financial crisis, the bank became stronger and managed to improve its results, with a revenue increase of nine percent. With over 20 million account holders, its support network reached 100 percent of Brazilian municipalities in 2009. Such achievement contributes to delivering the concept of "a present bank", which is used in its communication.

Bradesco's activities in the last years have allowed it to take part in the Dow Jones Sustainability World Index. This demonstrates the company's leadership in monitoring and reducing environmental impacts caused by its activities.

04

R\$ 10.497



Banco do Brasil

For most of the world, 2009 was a year to recover from the world financial crisis. For Banco do Brasil it marked a year of growth. The company had a revenue increase of 15 percent. It also completed the acquisition of Banco Nossa Caixa, reaching 17,900 points of support throughout the national territory and 52.7 million customers.

BB continues to pursue its mission to become a bank that contributes to the development of Brazil, and its presence beyond boundaries proves this objective: It is physically present in 23 countries and in over 1,300 correspondent banks in 144 countries. Its mission to get align more closely with the national identity contributes to leveraging the brand image.

05

R\$ 6.593

SKOL

Skol

Present in about 20 countries, Skol is the fourth most consumed beer in the world and the first in Brazil.

Recognized as an innovative brand, it was the first canned beer and a pioneer in long neck bottles. It continues to innovate, adapt and grow in the market. Another territory occupied by the brand, aligned with its position, is its presence in events that have become cultural manifestations, such as the Skol Beats and the Skol Sensation.

06

R\$ 4.652

**natura**

Natura

Natura is the leading brand in Brazil in cosmetics, fragrances, and personal care, as well as in the direct sales segment. In 2009 the company's revenue was 19 percent higher than that of the previous year. Its international operations continue to grow and are responsible for about seven percent of this revenue.

Its unique sales strategy via interpersonal relations has stayed consistent and allowed Natura to reach the mark of one million consultants worldwide, all who significantly contribute as brand ambassadors to its value increase. Its continued development of innovative products that deliver the company's sustainability platform differentiate this brand from competitors.

07

R\$ 3.607

BRAHMA

Brahma

Present in over 30 countries, Brahma is one of the most popular beer brands in the world and the second most consumed in Brazil. It has a strong presence in Brazilian territory: Brahma is available in over one million points of sale spread throughout the country. It also counts on 310 franchises all over the domestic territory.

The brand Brahma was the first brand to sponsor the FIFA World Cup and the Brazilian national team – brand expressions that are consistent with the product and its target audiences.

08

R\$ 1.753



Antarctica

Antarctica beer is currently the third most consumed beer in the country. It has been manufactured since 1885 and is present in over 10 countries. With a vast products portfolio, the brand stands out in comparison to competitors. Its visual identity – the penguins on its labels – is one of the biggest equities it has built throughout the history of its brand.

Additionally, Antarctica is always looking for something new and original to introduce to consumers, which has served it well. The positive results it has seen through its line extensions Original, and more recently Antarctica Sub Zero, are testament to this.

