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Press Release – For Immediate Release

Game of Thrones Boosts Iceland's Nation Brand Value

- **Brand Finance reveals 100 most valuable nation brands of 2017**
- **Game of Thrones brings record growth to Iceland, up 83% year on year**
- **Sweden's nation brand value is the only one to fall in Scandinavia, down 5% from 2016**
- **China is the fastest growing nation brand in absolute terms, up US$3.1 trillion**
- **US dominance as the most valuable nation brand threatened by Trump's presidency**
- **Southern European nations show double-digit growth, recovering after Eurozone crisis**
- **UK's nation brand value shows resilience in the face of Brexit, up 6% year on year**
- **Singapore defends strongest nation brand title as it continues to invest in its citizens**

In recognition of the growing influence of national image on the success of corporate brands, Brand Finance has evaluated the 100 most valuable nation brands of 2017.

View the Brand Finance Nation Brands report here

Iceland: Money is Coming

Iceland is the fastest growing nation brand of 2017, up 83% from last year, and may only continue to enjoy unrivalled growth in the near future. The country's tourism industry is booming and expanding its share of GDP at the expense of the traditionally dominant fishing sector. Thanks to the hit television show, Game of Thrones, which films most of its winter scenes in Iceland, the country has seen a record 1.8 million foreign visitors in 2016, up 40% from 2015. The first two months of 2017 saw a 59% increase on the same period of 2016 and the figure is expected to reach 2.4 million by the end of this year. The increase in visitors brings great financial benefits to the nation. Tourists spent US$212 million in 2016, using credit and debit cards alone, and as the number of visitors is forecasted to increase, so will the injection of money.

Scandinavia sends mixed signals

Sweden is the only Scandinavian nation whose brand value is falling, down 5% year on year. This can be attributed to the increasing interest rates after government bond yields across Europe rebounded from an all-time low in June last year.

Although this was the case for Denmark as well, the country's long-term GDP forecasts improved considerably since last year, supported by robust private consumption and dynamic investment in the country. Denmark's nation brand value grew 11% to US$453 billion. So did Finland's, up 20% year on year.

Norway's brand value growth of 15% can be partially attributed to its strong petroleum sector. As the growth in the oil industry is forecast to pick up, Norway can expect further growth.

The Rise of Brand China

According to the Brand Finance Nation Brands study, China is the fastest-growing nation brand of 2017 in absolute terms, with a change of over US$3.1 trillion year on year. This figure is equal to the entire nation brand value of Britain, which illustrates just by how much China is outpacing other countries.

In relative terms, China's nation brand value grew 44% year on year, or at a 20-times faster pace than the United States'. However, at US$10.2 trillion, China's nation brand value is still only half that of America's and sustaining growth will be key to narrow the gap.

Chinese companies make up 50 of the Global 500 most valuable brands, increasing from only 8 in 2008. Chinese brands lead in 4 sectors – banks (ICBC), spirits (Moutai), insurance (PingAn), real estate (Dalian Wanda) – as opposed to zero in 2008. The country also celebrates an annual Chinese Brands Day on May 10th and has a nationwide China Council for Brand Development, dedicated to research on brand building and brand evaluation.

The forthcoming 19th National Congress of the Communist Party of China will mark the end of the Central Committee's five-year term which has seen a revolutionary change in China's approach to brands. In a virtuous circle, Chinese brands and the transformed national image of China as an emerging global power are reinforcing each other and further add to the country's attractiveness to investors and tourists.

The Trump Effect

With a value of US$21.1 trillion, the United States remains the most valuable nation brand in the world but the meagre growth of 2% year on year is putting its dominance at risk in the long run.

The United States' nation brand value's stagnation can be attributed to macroeconomic challenges, like the declining participation rate caused by the mass-retirement of baby boomers, ultimately contributing to a slow pace of GDP growth compared to previous expansions.

However, perceptions of Donald Trump's presidency are not exactly helping Brand America either. Trump's administration is seen as increasingly unpredictable and although tax relief promises can boost FDI in the short run, a failure to fulfil them, considering that many propositions of new legislation fell through in Congress, will make investors' confidence disappear.

America's image in the world is also waning. Sabre rattling in the Middle East and Asia, closing borders to migrants and refugees, and breaching global commitments in relation to climate change, have all seriously undermined the United States' global leadership. Recovering that influence in the future may be close to impossible.

East and West: Trading Places

The dynamic between American and Chinese nation brands is mirrored by the broader trends of Western stagnation and Asian advance. Established European nation brands, such as Germany, Netherlands, Belgium, Switzerland, Sweden, Austria, record either a decline or a negligible growth of value. At the same time, Asian nation brands grow at breakneck speed. Vietnam, the Philippines, Thailand and South Korea have all added between 37%-43% to their nation brand value.

From PIGS to Riches

Southern European countries can boast record nation brand value growth year on year. Infamously branded as 'PIGS' during the Eurozone Crisis, Portugal (up 22%), Italy (up 34%), Greece (up 41%), and Spain (up 46%), as well as smaller Cyprus (up 57%), have since all introduced necessary reforms and regained the confidence of analysts and investors. Channelling those new levels of trust to a long-term advantage will be the most difficult task of those responsible for managing nation brands of Southern European economies. It seems particularly challenging in the case of Spain, which is balancing on the brink of anarchy following the Catalan independence vote.

Brand Britain shows resilience

The Brexit process has not yet brought the widely expected negative consequences. Brand Britain relies however on the government's ability to mitigate potential dangers in the near future. Although uncertainty has caused a slight drop in the UK's brand strength, from a score of 86 to 85, brand value is up 6% year on year to US$3.1 trillion. Britain should now engage with the world, especially booming Asian markets, to sustain growth and dispel negative perceptions.

Future Looks Bright for Singapore

Singapore has not only maintained its position as the strongest nation brand this year, but with a Brand Strength Index (BSI) of 92.9, it is also the only one to score over 90. Singapore's reputation for investing in its citizens has particularly boosted its 'People and Skills' result, factored in the BSI calculation. The SkillsFuture movement initiated by the government, which allows every Singaporean aged 25 and above to secure S$500 for professional development, helps to maximise the nation's potential. More than 400,000 people undertook training in 2016, an increase from 379,000 in 2015. The state's willingness to invest in the development of its people demonstrates a nurturing element that many other nations have yet to adopt.

ENDS

Note to Editors

2017 brand values are calculated in USD with a valuation date of 1/7/17.

For full results, expert insights, and a detailed explanation of methodology, please consult the Brand Finance Nation Brands 2017 report.

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About Brand Finance

Brand Finance is the world's leading branded business valuation and strategy consultancy, with offices in over 20 countries. We provide clarity to marketers, brand managers and investors by quantifying the financial value of brands. Drawing on expertise in strategy, branding, market research, visual identity, finance, tax and intellectual property, Brand Finance helps clients make the right decisions to maximise brand and business value and bridges the gap between marketing and finance.

Methodology

Brand Finance measures the strength and value of the nation brands of 100 leading countries using a method based on the royalty relief mechanism employed to value the world's largest companies.

Step 1 – Nation Brand Strength

Nation Brand Strength is the part of our analysis most directly and easily influenced by those responsible for their country's nation brand campaigns. It is determined by reference to performance on dozens of data points across three key 'pillars'; Goods & Services, Investment and Society. These are divided into sub-pillars; Tourism, Market, Governance and People & Skills. These are further subdivided into individual metrics. Each metric is scored out of 100 and together contribute to an overall Brand Strength Index (BSI) score for the nation brand, also out of 100. Based on the score, each Nation Brand is assigned a rating from AAA+ to D in a format similar to a credit rating. For example, the UK's score of 85 puts it in 10th place and gives it an AAA brand rating.

Step 2 – Royalty Rate

The hypothetical royalty rate charged is determined by reference to average rates seen in agreements among companies in the industries identified within the economy and corroborated by reference to affordability.

Step 3 – Revenues

The nation brand valuation is based on five year forecasts of sales of all brands in each nation. Gross domestic product (GDP) is used as a proxy for total revenues. Forecasts are taken from the world economic outlook of the IMF in local currencies, exchange rate is then applied to individual brand values.

Step 4 – Weighted Average Cost of Capital (WACC) or Discount Rate

In order to account for the risk across each national economy a discount rate is calculated. This represents the average cost of a brand's sources of finance and the minimum return required on the brand asset. The discount rate is used to calculate the present value of future brand earnings (accounting for the time value of money and the associated risk).

Step 5 - Brand Valuation

The calculated royalty rate is applied to revenue data to derive a 'total brand contribution' for both the nation brand value (i.e. the nation brand plus corporate brands) and the pure nation brand effect value alone. The resulting figures are then taxed at the local corporate tax rate. The brand contribution after tax is discounted back to a ‘net present value’ using the discount rate. The original brand contribution figures are then added to their discounted values into perpetuity to derive both the nation brand value and the nation brand effect value.