

Stock Market Liberalization Boosts Saudi Brand Values

- **KSA has more brands in the Middle East's top 50 than any other nation**
- **STC is Saudi Arabia's most valuable brand, despite a 1% decline**
- **IPO of Saudi Aramco could finally reveal the Middle East's most valuable brand**

Every year, leading brand valuation and strategy consultancy [Brand Finance](#) puts thousands of the world's top brands to the test to determine which are the most powerful and most valuable. The top 50 brands from the Middle East are featured in the [Brand Finance Middle East 50](#).

STC is Saudi Arabia's most valuable brand, valued at US\$5.6 billion. Brand value dipped slightly this year. As a result of failing to make up expenses and losses on investments, the company reported a 21% profit drop in the third quarter of 2015 which has affected its overall brand value.

Al-Rajhi Bank has had a more successful year, its brand value increasing 13% to US\$2.3 billion, as has third-placed Almarai, which has risen 7% to US\$2.3 billion. It has been able to increase production capacity to meet the growing consumer demand, whilst seeing a growth in cash flow metrics, profitability and sales. Almarai's Board clearly understand the importance of brand investment; they have approved a US\$5.6bn capital investment plan over the next five years, which is likely to have a significant positive impact on brand value in the coming years.

The opening of the stock market as part of Mohammad bin Salman's Saudi Vision 2030 plan has positively impacted Saudi Arabian brands. All KSA bank brands in the table have, like Al-Rajhi, experienced double digit percentage growth in brand value. The combination of continuing regulatory barriers to entry for competitors and a new raft of foreign investment bodes well for brands in the banking industry in particular, but brands from other sectors are set to benefit too.

The most notable of Mohammad bin Salman's reforms has been the much-publicised IPO of Saudi Aramco. Valuations have varied significantly, however this could create the world's most valuable public company. In turn, this would reveal one of the most valuable brands, not just in the Middle East but worldwide. For now, Aramco's private status means that Brand Finance has been unable to value its brand, however, this would change following the IPO.

Oil & Gas is sometimes assumed to be a sector in which brands play a limited role, however this complacency is misplaced. This, combined with the huge revenues involved, means that for those in the industry who invest in and manage their brands, there is major scope to command price and volume premiums and to gain competitive advantage. Saudi Aramco has the potential to control the world's most valuable brand, however with oil prices under pressure and with reserves facing long-term decline, careful investment, monitoring and management will be required.

Saudi Arabia's Most Valuable Brands

Regional Rank 2016	National Rank 2015	Brand	Industry Group	Brand Value 2016 (USDm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
2	2	STC	Telecoms	5,613	AA	-1%	5,695	AA-
6	9	Al-Rajhi Bank	Banks	2,342	AA	13%	2,064	AA
7	8	Almarai	Food	2,308	AA-	7%	2,151	AA-
8	New	NCB	Banks	2,231	A+	N/A	N/A	N/A
11	6	Sabic	Chemicals	1,957	AA+	-20%	2,458	AA+
14	7	Mobily	Telecoms	1,727	AA-	-21%	2,190	AA-
20	New	Saudi Electricity Company	Utilities	1,122	AA+	N/A	N/A	AA
21	21	Samba Financial Group	Banks	1,107	AA-	16%	951	AA
22	22	Riyad Bank	Banks	1,023	AA-	13%	902	AA
24	23	SABB	Banks	951	AA-	19%	799	AA-
27	29	Arab National Bank	Banks	717	A+	22%	590	A+
29	31	Saudia	Passenger Transportation	685	A+	21%	565	A+
31	32	Banque Saudi Fransi	Banks	667	AA-	24%	538	A+
32	New	Ma'aden	Chemicals	638	AA-	N/A	N/A	N/A
33	25	Petro Rabigh	Chemicals	616	A+	-8%	672	A-
37	34	Panda	Food	495	AA-	0%	472	A+
44	49	Saudi Hollandi Bank	Banks	405	A+	30%	311	A+
46	42	Nadec	Food	387	A+	-5%	407	A+
48	50	Alinma Bank	Banks	366	A+	18%	310	AA
49	New	Saudi Investment Bank	Banks	357	A+	23%	290	AA-
50	26	Afia	Food	356	AA-	-47%	671	A+

The Middle East's 50 Most Valuable Brands

Rank 2016	Rank 2015	Brand	Industry Group	Domicile	Brand Value 2016 (USDm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
1	1	Emirates	Airlines	UAE	7,743	AAA	17%	6,640	AAA
2	2	STC	Telecoms	Saudi Arabia	5,613	AA	-1%	5,695	AA-
3	3	Etisalat	Telecoms	UAE	4,564	AA-	4%	4,381	AA
4	4	Qatar Airways	Airlines	Qatar	3,494	AA+	26%	2,774	AA+
5	5	QNB	Banks	Qatar	2,453	AA	-6%	2,603	AA
6	9	Al-Rajhi Bank	Banks	Saudi Arabia	2,342	AA	13%	2,064	AA
7	8	Almarai	Food	Saudi Arabia	2,308	AA-	7%	2,151	AA-
8	New	NCB	Banks	Saudi Arabia	2,231	A+	N/A	N/A	N/A
9	10	Emirates NBD	Banks	UAE	2,186	AA	23%	1,784	AA+
10	11	Ooredoo	Telecom	Qatar	2,104	AA+	21%	1,740	AA
11	6	Sabic	Chemicals	Saudi Arabia	1,957	AA+	-20%	2,458	AA+

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12	12	Du	Telecoms	UAE	1,903	AA+	12%	1,699	AA
13	17	Emaar Properties	Real Estate	UAE	1,739	AA	42%	1,225	A+
14	7	Mobily	Telecoms	Saudi Arabia	1,727	AA-	-21%	2,190	AA-
15	14	Etihad Airways	Airlines	UAE	1,555	AA	8%	1,439	AA
16	13	National Bank of Abu Dhabi	Banks	UAE	1,538	AA-	3%	1,492	AA
17	18	NBK	Banks	Kuwait	1,385	AA	33%	1,039	AA
18	16	First Gulf Bank	Banks	UAE	1,376	AA	6%	1,298	AA
19	19	Abu Dhabi Commercial Bank	Banks	UAE	1,232	AA	19%	1,039	AA
20	New	Saudi Electricity Company	Utilities	Saudi Arabia	1,122	AA+	N/A	N/A	N/A
21	21	Samba Financial Group	Banks	Saudi Arabia	1,107	AA-	16%	951	AA
22	22	Riyad Bank	Banks	Saudi Arabia	1,023	AA-	13%	902	AA
23	15	Zain	Telecoms	Kuwait	965	AA+	-33%	1,434	AA
24	23	SABB	Banks	Saudi Arabia	951	AA-	19%	799	AA-
25	20	Kuwait Finance House	Banks	Kuwait	808	A+	-15%	953	AA-
26	24	Dubai Islamic Bank	Banks	UAE	798	A+	3%	776	AA-
27	29	Arab National Bank	Banks	Saudi Arabia	717	A+	22%	590	A+
28	28	TAQA	Electric	UAE	690	A+	12%	615	A+
29	31	Saudia	Passenger Transportation	Saudi Arabia	685	A+	21%	565	A+
30	27	Abu Dhabi Islamic Bank	Banks	UAE	674	A+	4%	648	AA-
31	32	Banque Saudi Fransi	Banks	Saudi Arabia	667	AA-	24%	538	A+
32	New	Ma'aden	Chemicals	Saudi Arabia	638	AA-	N/A	N/A	N/A
33	25	Petro Rabigh	Chemicals	Saudi Arabia	616	A+	-8%	672	A-
34	36	Dp World	Commercial Services	UAE	530	A+	14%	463	A+
35	41	Commercial bank	Banks	Qatar	498	A+	-3%	515	A+
36	35	Mashreq	Banks	UAE	496	AA-	6%	468	AA-
37	34	Panda	Food	Saudi Arabia	495	AA-	5%	472	A+
38	30	RAKBANK	Banks	UAE	475	A+	-19%	587	AA-
39	48	Qatar Islamic Bank	Banks	Qatar	433	A+	36%	317	A+
40	40	Union National Bank	Banks	UAE	432	A+	3%	419	A+
41	47	Doha Bank	Banks	Qatar	432	A+	21%	358	A+
42	New	Barwa Real Estate	Real Estate	Qatar	413	A	N/A	N/A	N/A
43	New	Masraf Al Rayan	Banking	Qatar	409	A+	52%	269	A+
44	49	Saudi Hollandi Bank	Banks	Saudi Arabia	405	A+	30%	311	A+

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45	45	Agility	Storage/Warehousing	Kuwait	399	AA-	5%	379	AA-
46	42	Nadec	Food	Saudi Arabia	387	A+	-5%	407	A+
47	33	OmanTel	Telecoms	Oman	369	AA	-23%	479	AA-
48	50	Alinma Bank	Banks	Saudi Arabia	366	A+	18%	310	AA
49	New	Saudi Investment Bank	Banks	Saudi Arabia	357	A+	23%	290	AA-
50	26	Afia	Food	Saudi Arabia	356	AA-	-47%	671	A+

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Note to Editors

2016 brand values are calculated in USD with a valuation date of 1/1/16.

About Brand Finance

[Brand Finance](#) is the world's leading brand valuation and strategy consultancy, with offices in over 15 countries. We provide clarity to marketers, brand owners 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

Definition of Brand

In the very broadest sense, a brand is the focus for all the expectations and opinions held by customers, staff and other stakeholders about an organisation and its products and services. However when looking at brands as business assets that can be bought, sold and licensed, a more technical definition is required. Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as "a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value."

However, a brand makes a contribution to a company beyond that which can be sold to a third party. 'Brand Contribution' refers to the total economic benefit that a business derives from its brand, from volume and price premiums over generic products to cost savings over less well-branded competitors.

Brand Strength

Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse

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marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.

Approach

Brand Finance calculates the values of the brands in its league tables using the 'Royalty Relief approach'. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned.

The steps in this process are as follows:

- 1 Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index.
- 2 Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database of license agreements and other online databases.
- 3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.
- 5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post tax to a net present value which equals the brand value.