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Press Release – For Immediate Release

Norwegian Takes Off: Airline is Nation's Fastest Growing Brand

- **Norwegian grows 78% in brand value to US$853 million**
- **Statoil, the Norway's most valuable brand, has a value of US$7.6 billion**
- **Ninth-placed Storebrand's value is up 13% to US$521 million**

Every year, leading valuation and strategy consultancy Brand Finance values the brands of thousands of the world's biggest companies. A brand's strength is assessed (based on factors such as marketing investment, familiarity, preference, sustainability and margins) to determine what proportion of a business's revenue is contributed by the brand. This is projected into perpetuity and discounted to determine the brand's value. The 10 most valuable Norwegian brands are included in the Brand Finance Norway 10 league table.

View the list of Norway's 10 most valuable brands here

Airline brand Norwegian is the nation's fastest growing brand with value up 78% to US$853 million. Its ambitious expansion though investing in cheap long-haul flights to America and the Far East is giving established airlines worldwide cause for concern. Creative, attention-grabbing, marketing tactics have supported this investment. Norwegian cheekily capitalised on the break-up of Angelina Jolie and Brad Pitt, releasing an ad (which soon went viral) with the strapline 'Brad is Single' as a reason for customers to jump on a flight to LA. Norwegian's marketing is agile and digital-led, saving money (which helps to improve ROI) but is also clearly effective.

Statoil tops the table with a brand value of US$7.6 billion and a 16% growth year on year. It is also the country's most powerful brand with a Brand Strength Index (BSI) of 82. Statoil's Q1 results for 2017 significantly exceeded market expectations, with reported operating profit of US$3.3 billion compared to US$857 million in 2016, buoyed by recovering crude prices.

The recent rebranding of Statoil stations into Circle K will mean a reduction in the visibility of the brand in the public arena. However, the sale of the downstream business to Couche-Tard has allowed Statoil to channel its focus onto more profitable midstream and upstream sectors of the business, helping to consolidate the strength of the brand.

Despite the recent uptick in the oil price, Statoil is looking to the future to prepare for long term decline in the industry. 2016 saw the launch of Statoil Energy Ventures, one of the world's largest renewable energy VC funds. Statoil also recently announced that by 2030 it plans to devote 15-20% of all spend on renewables, up from 5% today. This is essential from a purely financial point of view as we move into a new energy era, but at the same time it also helps to support the Statoil brand, improving CSR metrics and perceptions.

Storebrand is also embracing this trend. Just last month it launched two new fossil-free funds, calling on the Norwegian government to follow suit and reduce the country's exposure to oil and gas. Recognising the changing face of the Norwegian society, it is making moves into Islamic finance. These progressive moves are helping to improve brand reputation, but also the 'consideration' metric amongst emerging consumer groups. At an operational level, Storebrand has embarked on a digital transformation drive with an Indian IT firm Cognizant to refresh its current systems and help better track and respond to consumer behaviour. Storebrand's brand value is up 13% to US$521 million, securing 9th place among Norwegian brands.

Telenor defends second place, with a 15% increase in brand value from 2016 to US$7.2 billion. As with many incumbent telecoms businesses, Telenor is vulnerable to disruptive innovations and the erosion of margins from core services such as data provision which are increasingly commoditised. Telcos are under increasing pressure to offer multiple 'play' offerings and with this in mind, Telenor recently sealed partnership with Netflix, providing Telenor's subscribers across Europe and Asia with easy access to digital TV. Telenor is also looking to tap into the rapidly growing Asian mobile advertising market and further expand its digital presence in the region.

View the Brand Finance Norway 10 report here

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Note to Editors

For more definitions of key terms, methodology and more stories, please consult the Brand Finance Norway 10 report document.

Brand values are reported in USD. For conversions into local currency, please consult the hover over the 'i' button on the web version of the table and select.

Media Contacts

Robert Haigh, Marketing & Communications Director
T: +44 (0)2073899400 M: +44 (0)7762211167 r.haigh@brandfinance.com

Konrad Jagodzinski, Senior Communications Manager
T: +44 (0)2073899400 M: +44 (0)7508304782 k.jagodzinski@brandfinance.com

Joslyn Pannu, Communications Manager
T: +44 (0)2073899400 M: +44 (0)7885666236 j.pannu@brandfinance.com

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

When looking at brands as business assets that can be bought, sold and licensed, a 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 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, and is calculated using brand data from the BrandAsset® Valuator database, the world’s largest database of brands, which measures brand equity, consideration and emotional imagery attributes to assess brand personality in a category agnostic manner.

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.