Brand Finance®

Norway's Biggest Brands Suffer in Difficult Times

- **Statoil is Norway's most valuable brand, valued at 55.8 billion NOK**
- **SpareBank 1 is Norway's fastest growing brand, with 19% year on year growth**
- **Storebrand's brand has lost a significant amount of value, it is down 37%**

Every year, leading brand valuation and strategy consultancy Brand Finance puts thousands of the world's top brands to the test. They are evaluated and ranked to determine which are the most powerful by country, by industry and against all other brands worldwide. Norway's most valuable brands can be found in the Brand Finance Norway 10.

Statoil tops the table with a brand value of 55.8 billion NOK. Plunging oil prices have caused sector wide revenue cuts and uncertain times lies ahead, however Statoil recently delivered strong exploration results and added significantly to its resource base, helping to offset the impact of falling prices and deliver a 2% increase in brand value.

Second-placed Telenor also experienced mediocre brand value growth (a 1% increase to 55 billion NOK). While the international mobile operator achieved record high revenues in 2015, rising costs and increased competition in some key markets stifled progress. For the first time, over 50% of annual revenue came from their Asia-Pacific operations and future success is likely to depend on increased penetration in the region.

Norway's banks have been the success stories this year. SpareBank 1's recent acquisition of Oslo-based mobile payment network, mCash demonstrates its awareness of the increasing challenges retail banks are facing. Nimble competitors that rely heavily innovative digital technology are snapping at the heel of the larger players. Chair of the SpareBank 1 Alliance, Jan Frode Janson, commented, "We have the attitude that we are more afraid to stagnate than to fail". Brand value is up 19% to 4.9 million NOK.

On the other hand Storebrand, has suffered significantly this year. Brand value is down 37% to 3.9 billion NOK. Its brand equity has been damaged and Weighted Average Cost of Capital (WACC), has increased significantly, indicating investors' uncertainty about the brands prospects and making financing (of all operations including marketing) significantly more difficult and expensive.

Norway's 10 Most Valuable Brands (NOK millions)

Rank 2016	Rank 2015	Brand	Industry Group	Brand Value 2016 (NOKm)	Brand Rating 2016	BV change (%)	Brand Value 2015 (NOKm)	Brand Rating 2015
1	New	Statoil	Oil & Gas	55,825	AA	2%	54,479	AA
2	New	Telenor	Telecoms	53,091	AA+	1%	52,367	AA
3	New	DNB	Banks	28,818	AA+	18%	24,402	AA+

4	New	Austevoll Seafood	Food	7,872	A+	2%	7,743	A+
5	New	Sparebank	Banks	6,619	A	61%	4,120	A+
6	New	Gjensidige	Insurance	6,500	AA	6%	6,150	AA
7	New	Hydro	Mining, Iron & Steel	4,583	AA-	-8%	4,969	A+
8	New	Norwegian Air	Airlines	4,073	AA	N/A	N/A	N/A
9	New	Storebrand	Insurance	3,938	A	-37%	6,285	A+
10	New	Cermaq Asa	Food	3,750	A+	N/A	N/A	N/A

Norway's 10 Most Valuable Brands (USD millions)

Rank 2016	Rank 2015	Brand	Industry Group	Brand Value 2016 (USDm)	Brand Rating 2016	BV change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
1	New	Statoil	Oil & Gas	6,559	AA	-11%	7,331	AA
2	New	Telenor	Telecoms	6,238	AA+	-11%	7,047	AA
3	New	DNB	Banks	3,386	AA+	3%	3,284	AA+
4	New	Austevoll Seafood	Food	925	A+	-11%	1,042	A+
5	New	Sparebank	Banks	778	A	40%	554	A+
6	New	Gjensidige	Insurance	764	AA	-8%	828	AA
7	New	Hydro	Mining, Iron & Steel	538	AA-	-19%	669	A+
8	New	Norwegian Air	Airlines	479	AA	N/A	N/A	N/A
9	New	Storebrand	Insurance	463	A	-45%	846	A+
10	New	Cermaq Asa	Food	441	A+	N/A	N/A	N/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 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.