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Press Release – For Immediate Release

Telkom Indonesia is Nation's Most Valuable Brand

Indosat Ooredoo returns to the Top 10 after dropping out in 2014

Telkom Indonesia and Sampoerna also join the Global 500 brand rankings

- **Total value of Top 100 Indonesian brands in 2017 has increased to US$32.4 billion, up 44% from US$22.6 billion in 2016.**
- **Telkom Indonesia retains the #1 Most Valuable Indonesia Brand for 2017 however it's brand strength remains stagnant.**
- **Bank BRI moves up to #3, overtaking Gudang Garam and Bank Mandiri.**
- **BCA is the strongest brand in Indonesia and the only brand with AAA rating. BCA also managed to graduate to the top 5, beating Mandiri by a hair's breadth.**
- **Indosat Ooredeoo is ranked #9 this year with brand value surging 51%.**
- **Garuda Indonesia drops out of the Top 10 with brand value of US$643m.**

Every year, leading brand valuation and strategy consultancy Brand Finance puts thousands of the world's top brands to the test, evaluating which are the most powerful and valuable, publishing the Brand Finance Top 100 Indonesian Brands.

Click here for the Brand Finance Indonesia 100 Table

In terms of brand value, Telkom Indonesia retains its #1 position in the Brand Finance Top 100 Most Valuable Indonesian Brands in 2017. Telecom sector has increased its dominance in the top 10 by Indosat Ooredoo climbed into 9th place thereby pushing Garuda Indonesian out of the top 10. Telecom Indonesia also managed to retain the AAA- brand strength rating with 65% increase in brand value.

Growing Big 4

The four largest Indonesian banks have been performing well for a number of years and in 2017 as BRI climbed to third, BCA fifth and BNI to seventh place. Bank Mandiri was the only bank in the top 10 that not only dropped 3 places but had a marginal 3% increase of brand value. The total value of the four Indonesian banks in the table grew 171% to US$ 7.49 billion. Moreover, the brand strength of these banks has improved at least one level in terms of brand rating with BCA and Bank Mandiri being the strongest Indonesian brands with AAA rating.

Tele-tales

Telkom Indonesia and Indosat Ooredoo both seem to have significantly benefited from the high growth in mobile usage and should benefit further with penetration of smart phones gathering pace as Indonesia's consumers are quick to embrace technological upgrades and adoption. With a fast growing younger population and increasing disposable incomes, brand building and brand stickiness in the telecom sector will be the key for companies to increase usage and penetration and win greater market share.

Indosat Ooredoo, recorded a net income increase by 184.4% to Rp 1.1 trillion, has seen its brand value rising 51% to US$844m.

“Financial companies make up 31% of the top 100 value. As Indonesia further develops, we expect consolidation in the banking sector, so it will be interesting to see which brands remain. Banks who can digitalise and remain relevant will be the ones who will win.” said Jake Ng, Consultant at Brand Finance Asia Pacific.

Samir Dixit, Manging Director of Brand Finance Asia Pacific highlighted that “While the Indonesian brands have grown extremely well at the top with both Telekom Indonesia and Sampoerna increasing their brand value by over US$ 1.7 billion each, it is the brand strength for most brands that still remains a concern. Also, the rankings still remains very top heavy with 4 banks and 4 tobacco brands and 2 telcos amongst the top 10 contributing to over 63% of the total brand value. We would like to see a more diverse mix at the top and more significant value increase at the bottom which means other brands must start focussing on their value and brand strength.”

Samir Dixit also challenged the Indonesian companies to be more brand-driven and not sales and offers-driven. These while help sell in the short term absolutely destroy the long term value and the strength of the brand. Brand has to be a strategic agenda for the senior management and boards and must be managed like any other business asset and not just a legal trademark.”

It is exciting to see the top 2 Indonesian brands, Telkom Indonesia and Sampoerna having finally made it to the Brand Finance Global 500 rankings in 2017. BRI and Gudang Garam are also strong potentials to enter the Global 500 in the near future. Other than the 2 Indonesian brands, there are only handful of ASEAN brands in the Global 500, including the Big 3 in Singapore – DBS, OCBC and UOB; Malaysia and Thailand state-owned oil & gas giants – Petronas and PTT.

The brand strength, measured by Brand Strength Index (‘BSI’), the average BSI of the Top 100 Most Valuable Indonesian Brands, has improved marginally from 62.9 to 64.0 in 2017. The brands have remained stagnant in terms of their brand strength and while they may be doing well locally, they have been losing out to some of the key competitors in the region as they clearly lack competitiveness outside of Indonesian market.

This year, it is noticed that the brand values are largely affected by uncontrollable external factors such as country economic outlook, risk free rate, currency exchange rate etc. In this case, Indonesian brands enjoyed the benefits of lower discount rate and better exchange rate to USD that pushed their brand values higher in 2017.

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Note to Editors

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

More information on our methodology can be found on our website here.

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.

About Brand Finance

Brand Finance is the world's leading valuation and strategy consultancy, with offices in over 20 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.

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