



**For Immediate Release**

**2012 BrandFinance® South Africa 50 League Table:**

**The 50 Most Valuable South African Brands**

**MTN** has been named the Most Valuable South African Brand in the **BrandFinance® Top 50 South African Brands** report released today.

**Standard Bank** enjoys another year as the Most Valuable South African Banking Brand with a brand value of R18 billion

The Top 50 was officially launched at the **Brand Finance Forum** on the 24<sup>th</sup> May in Johannesburg

**Brand Finance in partnership with Brand South Africa and Brand Africa** are proud to have launched the Brand Finance South Africa 50, a study of the most valuable brands from South Africa, at the launch event in Johannesburg. Brand Finance South Africa has measured the financial value (R) of the 50 most valuable brands from South African companies. These companies operate both within and outside South Africa.

**MTN** has topped the list as the **Most Valuable South African Brand** with a global value of R43.3 billion and is also the only South African brand in the Brand Finance Global 500, the definitive guide to the world's Top 500 brands. MTN continues to expand both their presence and their brand across the African continent and now with a firm footing in the Middle East the Telecommunications giant is a brand that South Africa can be proud of.

South African banks have also had a successful year in 2012 with **Standard Bank** ranked as the Most Valuable Banking Brand. Banks make up the majority of The Top 10 with ABSA, Nedbank and First National Bank also securing high places in the South African ranking. As the European financial crisis continues, South Africa has proven itself an example of a stable financial environment proving once more that businesses should turn towards the African markets for examples of how best to thrive in difficult economic conditions.

'The uniformity of the MTN brand and its ability to transcend all eleven of South Africa's languages, as well as the multitude of international languages across the African continent, is one reason that it has succeeded so well. It is a truly South African brand but also a truly African brand and in that respect it is no surprise that MTN is such a loved and valued brand' said **Ollie Schmitz, Managing Director Brand Finance South Africa.**

**Thebe Ikalafeng, founder and executive chairman of Brand Africa** said “The results affirm South Africa’s, and indeed Africa’s, as being at the cutting edge of and setting global standards in building telecoms and financial services and brands. It is therefore not surprising that MTN, with over 100m customers across Africa is again the leading African brand that embodies the entrepreneurial spirit of great South African brands”.

The results of the Brand Finance South Africa 50 were launched at The Summer Place, 69 Melville Road, Johannesburg. Brand Finance was also pleased to announce the following awards for South Africa’s most successful brands.

### **Brand Finance South Africa’s Best Brand Awards 2012**

#1 Most Valuable South African Brand – **MTN**

#2 Most Valuable South African Brand – **Vodacom**

#3 Most Valuable South African Brand - **Standard Bank**

Strongest Brands - **MTN** and **FNB** both rated AAA-

Brand Finance South Africa Special Award – **SABMiller**

For the Most Brands Appearing in the Top 50 Brand Finance are proud to award SABMiller with this special achievement after 4 of their product brands and the corporate brand itself appeared in the Top 50.

### **Brand Finance’s Top 10 South African Brands 2012**

Rank 2012	Brand	Industry Group	Brand Value 2012 (Rm)	Brand Rating 2012
1	MTN	Telecommunications	R43.3 billion	AAA-
2	Vodacom	Telecommunications	R18.7 billion	AA+
3	Standard Bank	Banks	R18.0 billion	AA+
4	ABSA	Banks	R14.9 billion	AA
5	SASOL	Oil & Gas	R9.2 billion	AA+
6	Nedbank	Banks	R9.1 billion	AA-
7	First National Bank	Banks	R9.0 billion	AAA-
8	Shoprite	Retail - Food Specialists	R8.9 billion	A+
9	Investec	Financial Services	R8.9 billion	A+
10	Netcare	Healthcare-Services	R7.0 billion	A+

For the full Brand Finance® South Africa 50 visit:

[www.brandfinance.com](http://www.brandfinance.com)

For details of the upcoming Brand Finance South Africa Forum visit:

[www.brandfinanceforum.com](http://www.brandfinanceforum.com)

#### Notes for Editors:

#### Royalty Relief Approach

Brand Finance uses the royalty relief methodology that determines the value of the brand in relation to the royalty rate that would be payable for its use were it owned by a third party. The royalty rate is applied to future revenue to determine an earnings stream that is attributable to the brand. The brand earnings stream is then discounted back to a net present value.

The royalty relief approach is used for three reasons: it is favoured by tax authorities and the courts because it calculates brand values by reference to documented third-party transactions; it can be done based on publicly available financial information and it is compliant to the requirement under the International Valuation Standards Committee (IVSC) to determine Fair Market Value of brands.

#### Brand ratings

Brand Rating	
AAA	Extremely strong
AA	Very strong
A	Strong
BBB-B	Average
CCC-C	Weak
DDD-D	Failing

These are calculated using Brand Finance's BrandBeta® analysis, which benchmarks the strength, risk and future potential of a brand relative to its competitors on a scale ranging from AAA to D. It is conceptually similar to a credit rating. The data used to calculate the ratings comes from various sources including Bloomberg, annual reports and Brand Finance research.

## Explanation of Methodology

The methodology employed in the BFSA Top 50, South Africa's Most Valuable Brands, uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value. The steps in this process are:

1. Obtain brand-specific financial and revenue data.
2. Model the market to identify market demand and the position of individual brands in the context of all other market competitors. Three forecast periods were used:
  - Historical financial results up to 2011.
  - A five-year forecast period (2012 - 2016), based on three data sources (consensus forecasts, historic growth and GDP growth).
  - Perpetuity growth, based on a combination of growth expectations (GDP and consensus forecasts).
3. Establish the royalty rate for each brand. This is done by:
  - Calculating brand strength – on a scale of 0 to 100, according to a number of attributes across three main categories: financial, risk and security, and brand equity.
  - Use brand strength to determine  $\beta$  Index score
  - Apply  $\beta$  Index score to the royalty rate range to determine the royalty rate for the brand. The royalty rate is determined by a combination of the sector of operation, historic royalties paid in that sector and profitability of the company.
4. Calculate future royalty income stream.
5. Calculate the discount rate specific to each brand, taking account of its size, geographical presence, reputation, gearing and brand rating (see below).
6. Discount future royalty stream (explicit forecast and perpetuity periods) to a net present value – ie: the brand value.



In association with



## **Brand Finance South Africa**

### **Ollie Schmitz**

Managing Director  
Brand Finance South Africa  
+27 82 087 0507  
[o.schmitz@brandfinance.com](mailto:o.schmitz@brandfinance.com)

### **James Baker**

Head of Communications  
+44 207 389 9400  
[j.baker@brandfinance.com](mailto:j.baker@brandfinance.com)

## **About Brand Finance**

Brand Finance plc, the world's leading brand valuation consultancy, advises strongly branded organisations on maximising their brand value through effective management of their brands and intangible assets. Founded in 1996, Brand Finance has performed thousands of branded business, brand and intangible asset valuations worth trillions of dollars.

Its clients include international brand owners, tax authorities, Intellectual Property lawyers and investment banks. Its work is frequently peer-reviewed by the big four audit practices and its reports have been accepted by various regulatory bodies, including the UK Takeover Panel.

Brand Finance is headquartered in London and has a network of international offices in Cape Town, Amsterdam, Athens, Bangalore, Barcelona, Colombo, Dubai, Geneva, Helsinki, Hong Kong, Istanbul, Lisbon, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

**Valuation | Analytics | Strategy | Transactions**