



## **MTN and Coca Cola are the Most Admired and Valuable African and Global Brands in Africa**

**New York, USA:** On 20 September 2013, Brand Africa in association with Brand Finance, TNS and African Business, named MTN and Coca Cola the Most Admired and Valuable African and Global Brand in Africa at the African Business Magazine **African Business Awards** held at the Mandarin Oriental in New York, USA.

The African Business Awards, launched in 2008 by *African Business* magazine, have become a platform to celebrate excellence in African business by recognising the individuals and companies that are driving Africa's rapidly transforming economy and creating new economic opportunities for citizens and communities all over the continent.

Brand Africa 100, established in 2011, is based on the realization that one of the key catalyst for Africa's growth, competitiveness and reputation for investment, tourism and citizenship, lies in developing and growing African and global businesses and brands in Africa.

Brand Africa 100™ was developed by Brand Africa in partnership with Brand Finance AFRICA, a division of Brand Finance plc, the world's leading independent valuation consultancy and TNS, the globally respected consumer knowledge and information company, recognizes Africa's Top 100 valued brands

**The** Most Admired and Valuable Brands in Africa are limited to listed consumer brands or corporate brands that provide a significant endorsement to their consumer brands, operating in at least one market beyond their domestic market, and trades with a uniform brand identity and/or name. The valuation is limited to the estimated proportion of parent company revenues attributable to the brand on the African continent. The list of the brands that qualify for inclusion in the study is based on a multi-country consumer survey across Africa to determine the 100 Most Admired Brands in Africa.



An African Brand is defined as a multi-national brand developed 'in Africa, by Africans,' with a secondary or primary listing in Africa, serving customers primarily in Africa, with a growing international recognition and/or footprint, that contributes to Africa's economic growth and global image and reputation.

MTN topped the league for African brands as the most admired African brand with a brand valuation of \$4.655bn. Coca Cola is the top global brand in Africa with a brand value of \$3.420bn. MTN also tops the league as the overall Most Admired and Valuable Brand in Africa.

'It is perhaps not a surprise that MTN and Coca Cola, the dominant pan-African consumer brands in Africa in their respective categories are the most valuable brands in Africa. Both brands are the standard bearers in creating a favourable image for Africa as valuable services and respected corporate citizens in Africa,' says Thebe Ikalafeng, Chairman – Brand Finance Africa and Founder of Brand Africa.

## Top 10 African Brands

Rank	Brand	Industry Group	Country of Domicile	Global Brand Value 2013	Africa Brand Value 2013	Africa Revenues	BV Change from 2012
1	<b>MTN</b>	Telecoms Services	South Africa	5,172	<b>4,655</b>	90%	-1%
2	<b>Woolworths</b>	Retail	South Africa	1,294	<b>1,294</b>	100%	24%
3	<b>Shoprite</b>	Retail	South Africa	1,115	<b>1,115</b>	100%	4%
4	<b>Pick N Pay</b>	Retail	South Africa	1,035	<b>1,035</b>	100%	89%
5	<b>Globacom</b>	Telecoms Services	Nigeria	655	<b>655</b>	100%	13%
6	<b>Castle</b>	Beverages	South Africa	340	<b>272</b>	80%	3%
7	<b>Tusker</b>	Beverages	Kenya	222	<b>222</b>	100%	561%
8	<b>Dangote</b>	Consumer, Non-Cyclical	Nigeria	216	<b>216</b>	100%	3%
9	<b>Guaranty Trust Bank</b>	Banks	Nigeria	201	<b>201</b>	100%	-36%
10	<b>Tiger Brands</b>	Food Diversified	South Africa	201	<b>201</b>	100%	11%



A Global Brand in Africa is a global multi-national brand developed outside Africa, with a primary listing outside Africa serving African customers, that contributes to Africa's global reputation as an destination for economic growth and investment.

## Top 10 Global Brands in Africa

Rank	Brand	Industry Group	Country of Domicile	Global Brand Value 2013	Africa Brand Value 2013	Africa Revenues	BV Change from 2012
1	<b>Coca-Cola</b>	Beverages	United States	34,205	<b>3,420</b>	10%	27%
2	<b>Shell</b>	Oil & Gas	Netherlands	29,752	<b>3,273</b>	11%	6%
3	<b>Samsung</b>	Electronics	South Korea	58,771	<b>2,939</b>	5%	121%
4	<b>Vodafone</b>	Telecoms Services	Britain	27,009	<b>2,328</b>	9%	4%
5	<b>Nike</b>	Apparel	United States	14,943	<b>1,943</b>	13%	-20%
6	<b>Toyota</b>	Auto Manufacturers	Japan	25,979	<b>1,819</b>	7%	-10%
7	<b>McDonald's</b>	Retail	United States	21,642	<b>1,082</b>	5%	-11%
8	<b>Pepsi-Cola</b>	Beverages	United States	18,701	<b>935</b>	5%	-2%
9	<b>Airtel</b>	Telecoms Services	India	3,746	<b>899</b>	24%	30%
10	<b>Honda</b>	Auto Manufacturers	Japan	16,114	<b>806</b>	5%	8%

### Methodology

Brand Africa 100™ is based on a multi-tier royalty relief methodology that blends a brand's financial performance and consumer admiration scores to create a unique index and ranking.

### Definition of 'brand'

Financial accounting and reporting standards requires a clear definition of what intellectual property is included in the definition of 'brand'. Brand Finance defines brand as the "Trademark and associated IP including the word mark and trademark iconography".

### Royalty relief

Brand Finance calculates brand value 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. 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 1-5% 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 4.2%.
4. Determine brand specific revenues estimating a proportion of parent company revenues attributable to the brand globally and on the African continent.
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.

### **Why we use the royalty relief approach**

The Royalty Relief approach is used for three reasons:

1. It is favoured by tax authorities and the courts because it calculates brand values by reference to documented third-party transactions
2. It can be done based on publicly available financial information
3. It is compliant with the requirement under the International Valuation Standards Authority to determine the fair market value of brands

**Ends.**



## For More Information

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## **Brand Africa**

Brand Africa is a non-profit brand-driven initiative for Africa by Africa to inspire and unlock Africa's sustainable growth, reputation and competitiveness.

**[www.brandafrica.net](http://www.brandafrica.net)**

## **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, Durban, Johannesburg, Amsterdam, Athens, Bangalore, Barcelona, Colombo, Dubai, Geneva, Helsinki, Hong Kong, Istanbul, Lisbon, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

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

## **TNS**

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long –established expertise and market-leading solutions. With a presence over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviour and attitudes across cultural, economic and political region of the world.

TNS is part of Kantar, one of the world's largest insight, information and consultancy group, with 28,500 employees work across 100 countries encompassing the whole spectrum of research and consultancy disciplines, enabling the group to offer clients business insights at each and every point of the consumer cycle. The group's services are employed by over half of the Fortune 500 companies.

**[www.tnsglobal.com](http://www.tnsglobal.com) [www.kantar.com](http://www.kantar.com)**

## **African Business**

African Business is the bestselling pan-African business magazine with an award-winning team widely respected for its editorial excellence. It provides the all-important tools enabling decision makers to maintain a critical edge in a continent that is changing the world. African Business special reports profile a wide range of sectors and industries including transport, energy, mining, construction, aviation and agriculture.



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