



Switzerland

50

2017

The annual report on the most valuable Swiss brands

May 2017

Foreword.



David Haigh, CEO, Brand Finance

What is the purpose of a strong brand; to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be 'to make money'.

Huge investments are made in the design, launch and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place it frequently lacks financial rigour and is heavily reliant on qualitative measures poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Skeptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo may fail to agree necessary investments. What marketing spend there is can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but

steady downward spiral of poor communication, wasted resources and a negative impact on the bottom line.

Brand Finance bridges the gap between the marketing and financial worlds. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketers and finance teams. Marketers then have the ability to communicate the significance of what they do and boards can use the information to chart a course that maximises profits.

Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

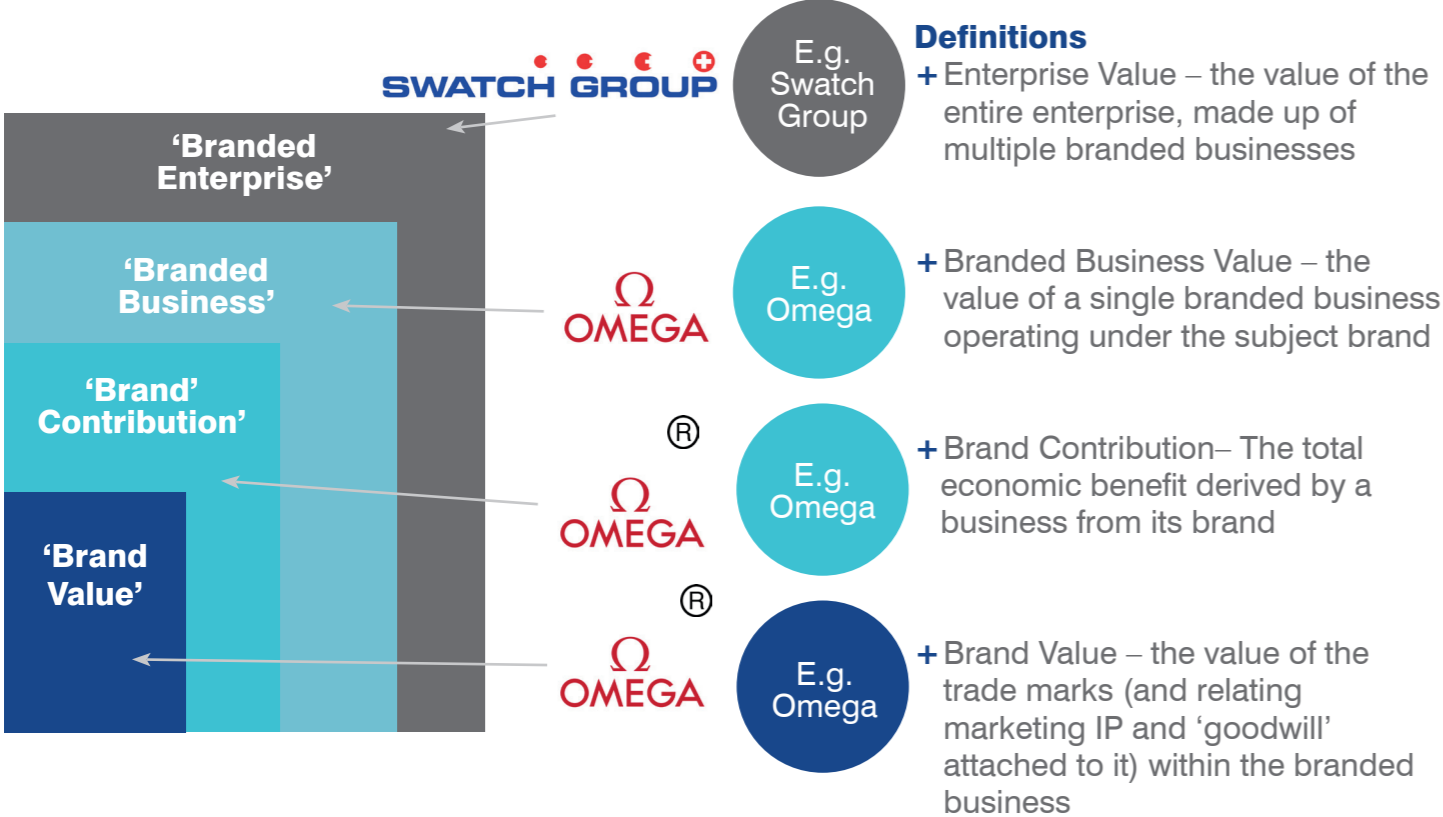
Brand Finance's recently conducted share price study revealed the compelling link between strong brands and stock market performance. It was found that investing in the most highly branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

Acknowledging and managing a company's intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business. The team and I look forward to continuing the conversation with you.

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Definitions



Branded Business Value

A brand should be viewed in the context of the business in which it operates. For this reason Brand Finance always conducts a Branded Business Valuation as part of any brand valuation. Where a company has a purely mono-branded architecture, the business value is the same as the overall company value or ‘enterprise value’.

In the more usual situation where a company owns multiple brands, business value refers to the value of the assets and revenue stream of the business line attached to that brand specifically. We evaluate the full brand value chain in order to understand the links between marketing investment, brand tracking data, stakeholder behaviour and business value to maximise the returns business owners can obtain from their brands.

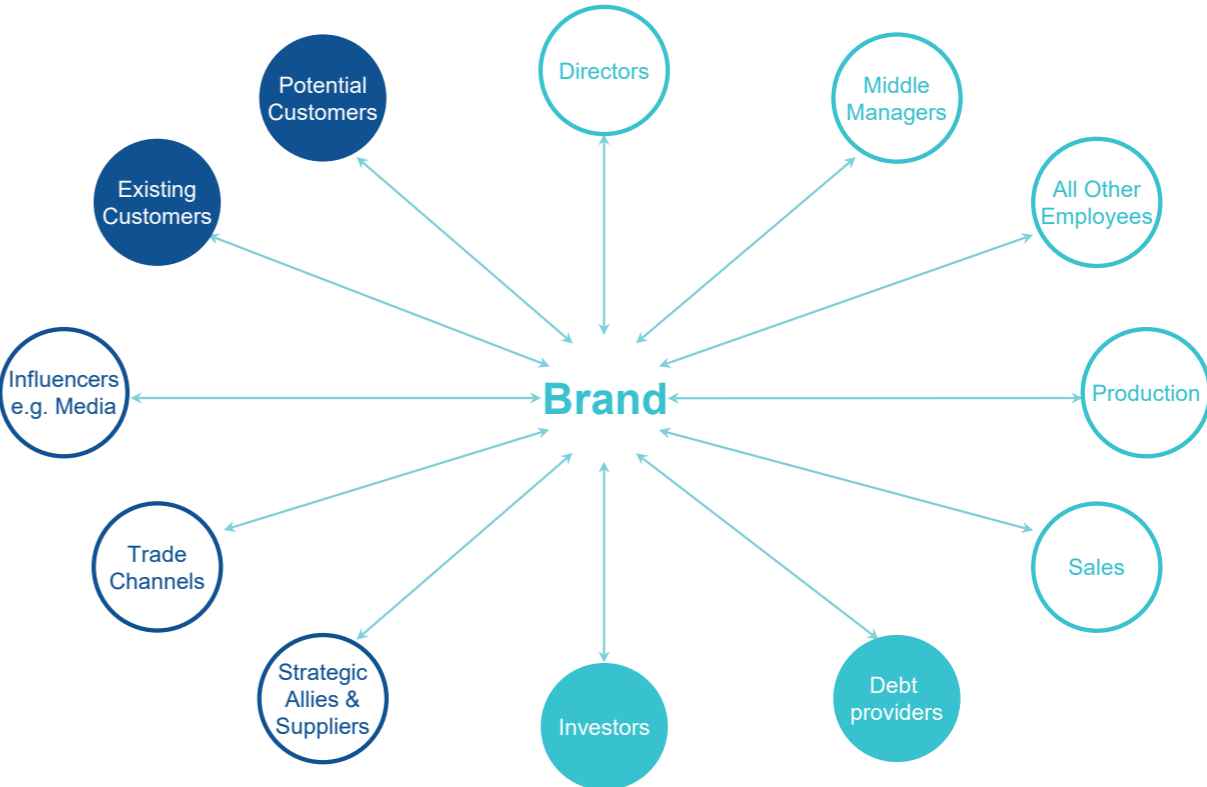
Brand Contribution

The brand values contained in our league tables are those of the potentially transferable brand asset only, but for marketers and managers alike. An assessment of overall brand contribution to a business provides powerful insights to help optimise performance.

Brand Contribution represents the overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

Brands affect a variety of stakeholders, not just customers but also staff, strategic partners, regulators, investors and more, having a significant impact on financial value beyond what can be bought or sold in a transaction.

Effect of a Brand on Stakeholders



Brand Value

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”.

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.

Methodology

League Table Valuation Methodology

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.

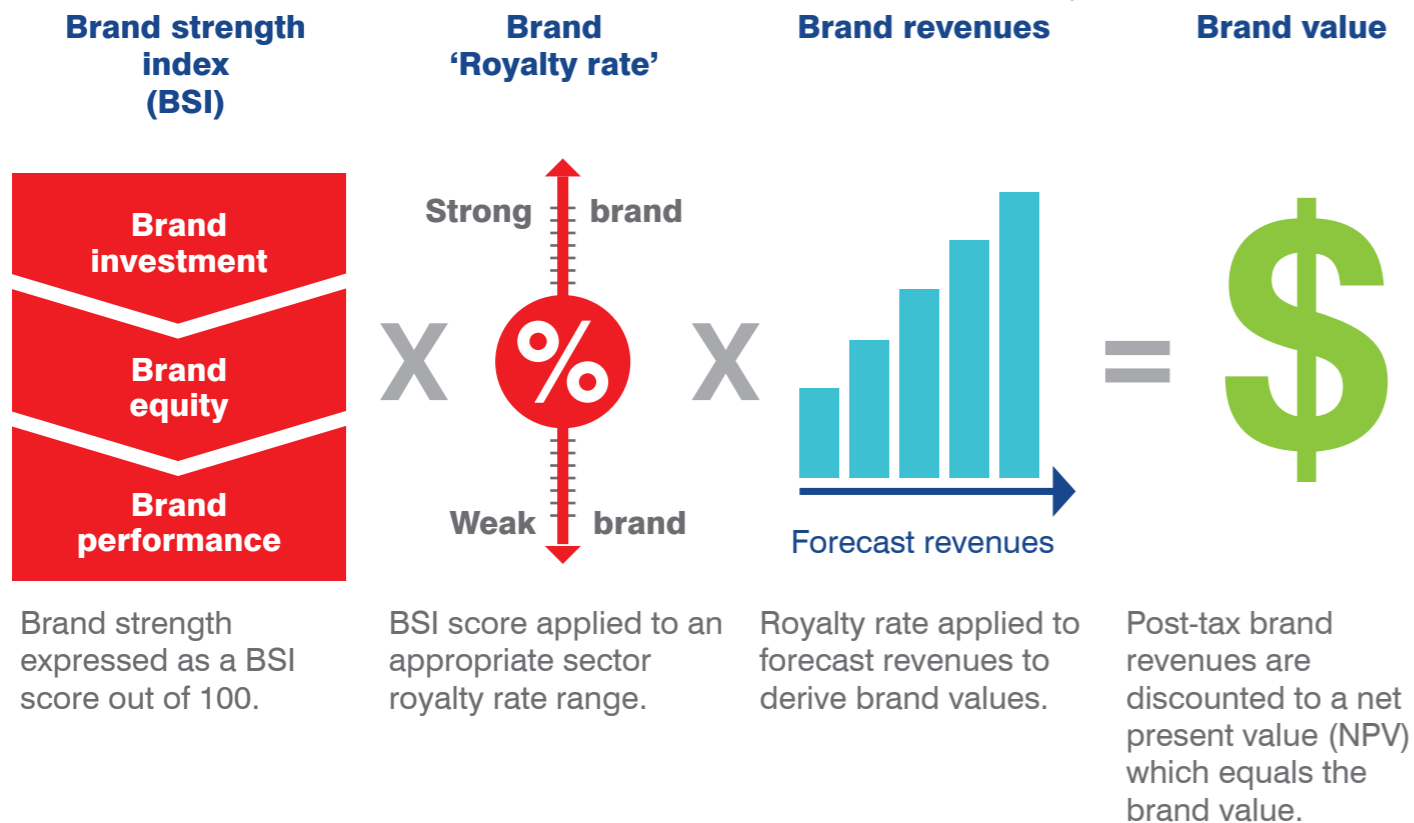
3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 1-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4.2%.

4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.

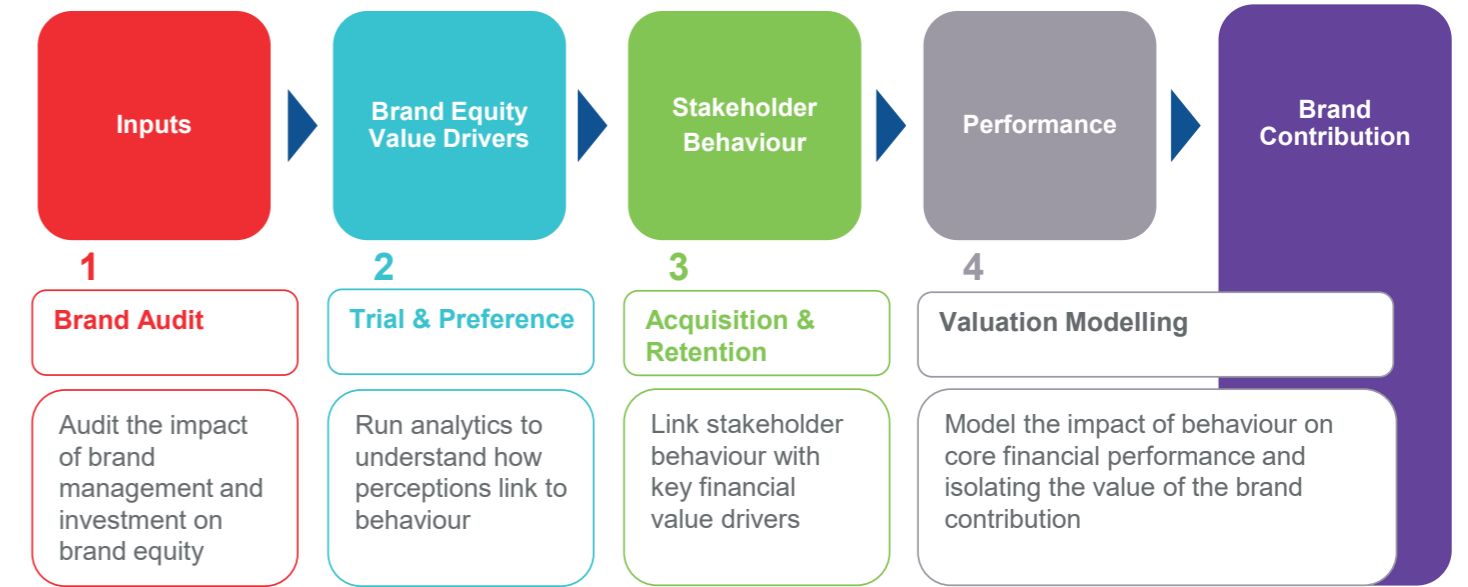
5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.

6 Apply the royalty rate to the forecast revenues to derive brand revenues.

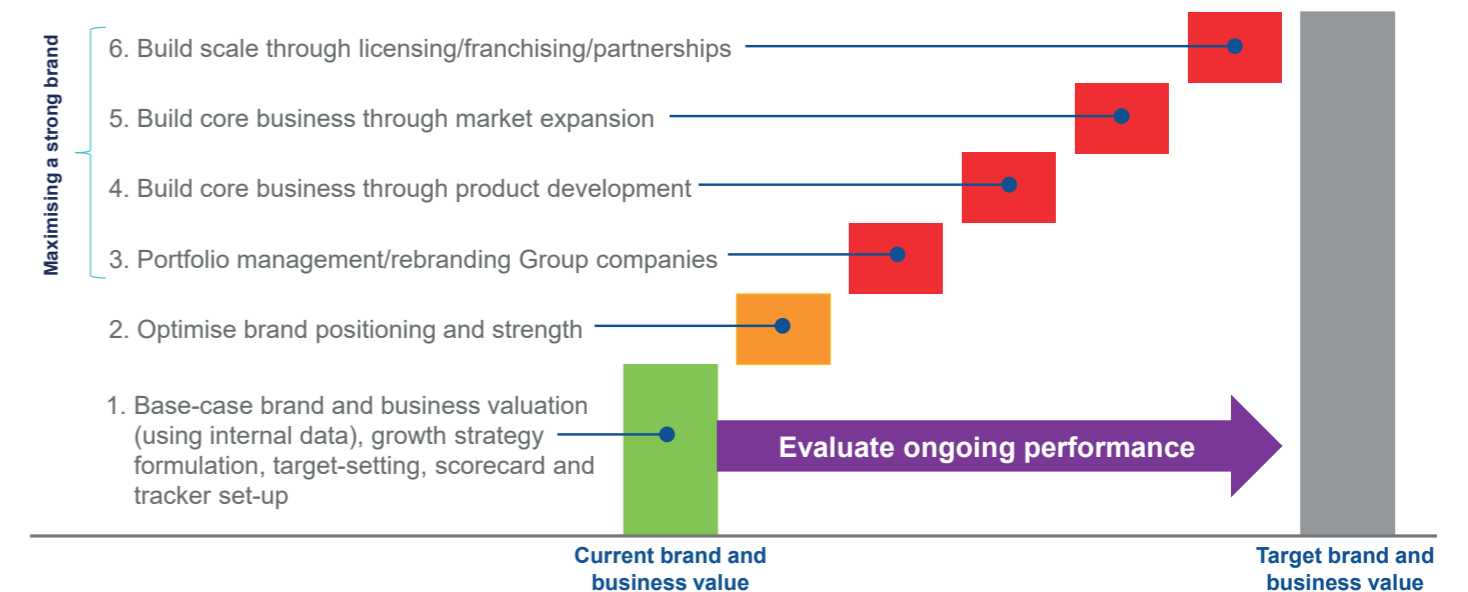
7 Brand revenues are discounted post tax to a net present value which equals the brand value.



Brand Finance Typical Project Approach



How We Help to Maximise Value



Executive Summary

Switzerland 50













The falling brand values of Tissot (down 18%), Omega (17%), Longines (12%) and Swatch (11%) reflect the current decline in the Swiss watch industry. The industry has suffered more than two years of declining sales, which were down 9% in the first five months of 2016 due to weaker demand from China and emerging markets. Brands like Apple and Samsung, who are well established in the tech space, have introduced smartwatches, threatening the necessity for an old-fashioned watch. Time is ticking for traditional watch brands to invent new products that incorporate technology or they risk losing market share.

Interestingly, TAG Heuer's brand value grew 39% to CHF 3 billion. Amidst a 10% decline in Swiss watch exports, TAG Heuer reported more than 10% revenue growth in 2016. The revival is attributed mainly to new models and the launch of its 'TAG Heuer Connected' line, which makes

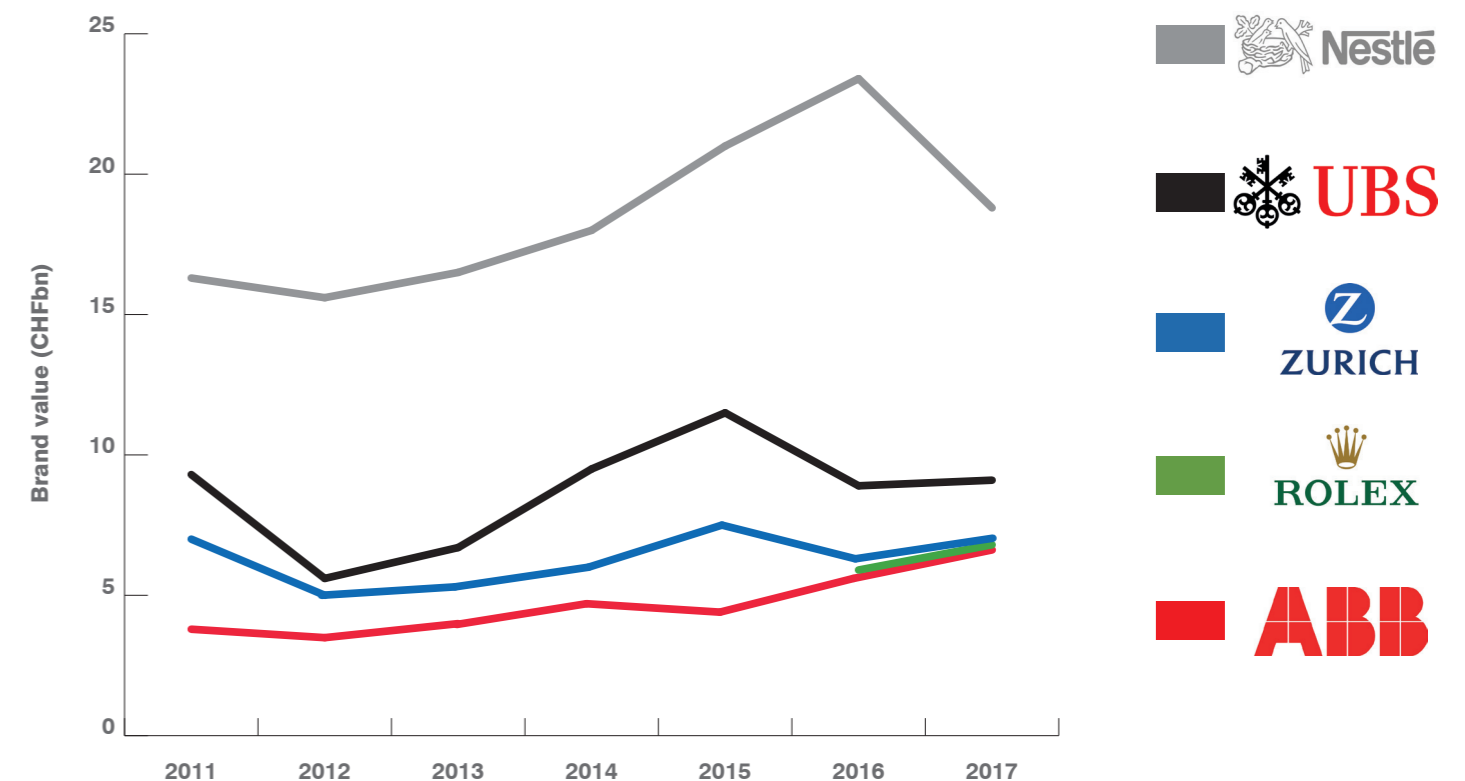
the brand the first Swiss watchmaker to offer smartwatches. The main challenge Swiss watch makers currently face is the rise of technology. TAG Heuer recently opened an office in Silicon Valley to solidify its smartwatch alliance with Google and Intel Corps. It is clear that TAG Heuer has embraced the need for change and its growing brand value reinforces the importance of innovation.

Rolex is the most powerful Swiss brand this year with a Brand Strength Index score of 89.2. Compared with the more affordable Swatch and mid-market Tissot, Rolex's renown and premium status seem to allow it to bypass the industry's market conditions. Rolex's brand value is up 14% to CHF 6.8 billion.

Despite a 20% drop in brand value to CHF 18.8 billion, Nestlé remains Switzerland's most valuable brand and the world's most valuable

 Nestlé	1 Rank 2017: 1 2016: 1 ↔ BV 2017: CHF 18,819m BV 2016: CHF 23,440m -20% Brand Rating: AAA-	 swisscom	6 Rank 2017: 6 2016: 5 ↓ BV 2017: CHF 6,429m BV 2016: CHF 6,880m -7% Brand Rating: AAA
 UBS	2 Rank 2017: 2 2016: 2 ↔ BV 2017: CHF 9,086m BV 2016: CHF 8,936m +2% Brand Rating: AA+	 CREDIT SUISSE	7 Rank 2017: 7 2016: 4 ↓ BV 2017: CHF 5,911m BV 2016: CHF 7,318m -19% Brand Rating: AA
 ZURICH	3 Rank 2017: 3 2016: 6 ↑ BV 2017: CHF 6,981m BV 2016: CHF 6,300m +11% Brand Rating: AA-	 Roche	8 Rank 2017: 8 2016: 14 ↑ BV 2017: CHF 5,902m BV 2016: CHF 3,895m +52% Brand Rating: AA
 ROLEX	4 Rank 2017: 4 2016: 8 ↑ BV 2017: CHF 6,774m BV 2016: CHF 5,931m +14% Brand Rating: AAA	 NESCAFÉ	9 Rank 2017: 9 2016: 7 ↓ BV 2017: CHF 5,199m BV 2016: CHF 6,174m -16% Brand Rating: AAA-
 ABB	5 Rank 2017: 5 2016: 9 ↑ BV 2017: CHF 6,586m BV 2016: CHF 5,636m +17% Brand Rating: AA+	 Swiss Re	10 Rank 2017: 10 2016: 11 ↑ BV 2017: CHF 4,585m BV 2016: CHF 4,587m +0% Brand Rating: AA











Brand Value Over Time



Executive Summary

The 10 Most Powerful Brands

These are the most powerful Swiss brands, whose rating is based on Brand Finance's Brand Strength Index (BSI).

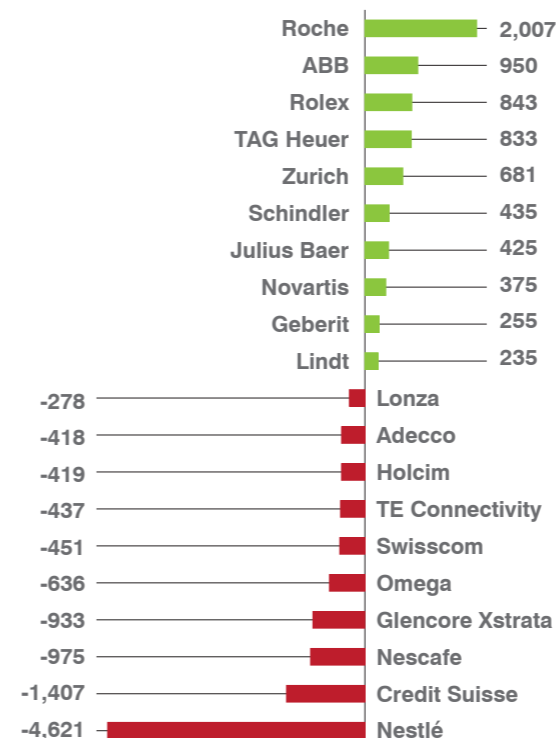
	BSI Score 89.2
	BSI Score 85.6
	BSI Score 83.1
	BSI Score 82.9
	BSI Score 80.9
	BSI Score 80.2
	BSI Score 80.0
	BSI Score 79.3
	BSI Score 78.4
	BSI Score 75.8

food brand. Its brand value is more than double that of Switzerland's second most valuable brand, UBS. In spite of its incredible feat, Nestlé has been hit by the pervasive trend for healthier, more natural food, which has reduced demand for Nestlé's crucial confectionary brands. Nestlé operates dozens of individual product brands such as KitKat and Butterfinger, however, the Nestlé brand acts as an endorser, visible on all packaging - a decline in these product brands hits the value of the Nestlé brand too.

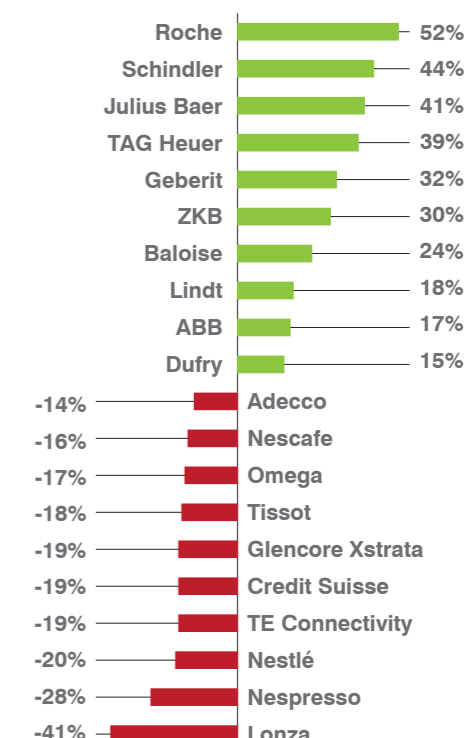
In contrast, Lindt's brand value has risen 18% to CHF 1.5 billion, making it the fastest growing Swiss food brand in the table this year. The chocolate industry has been plagued with higher raw material prices and weak consumer sentiment, yet, Lindt bucks the trend. The brand reported higher profits and grew at a faster pace than the overall chocolate market in 2016. Results in Japan and Brazil were particularly impressive with high double-digit sales growth mainly due to the opening of the company's own shops and cafes. Furthermore, in line with its global expansion strategy, Lindt has opened new stores in Wales and Australia, boosting its network to close to 400 stores. Thanks to seasonal and premium products such as Lindor chocolate balls and gold foil-wrapped Easter bunnies, Lindt has grown sales in stagnant markets; organic sales growth increased 2.6% as a result of Christmas season promotions. With its growing network and product lines, Lindt manages to escape the declining industry, and it will be interesting to see whether the brand bolsters its value further next year.

Pharmaceutical giant, Roche, is Switzerland's fastest growing brand and eighth most valuable. Roche's brand value has grown 52% in value to CHF 5.9 billion and has overtaken Pfizer to become the world's most valuable pharmaceutical brand. New immune-oncology drug, Tecentriq, achieved FDA approval for lung cancer and Roche expects almost €4.5 billion in revenues by 2021 as a result. A trio of breast-cancer therapies boosted earnings, which offsets sluggish sales of some older drugs.

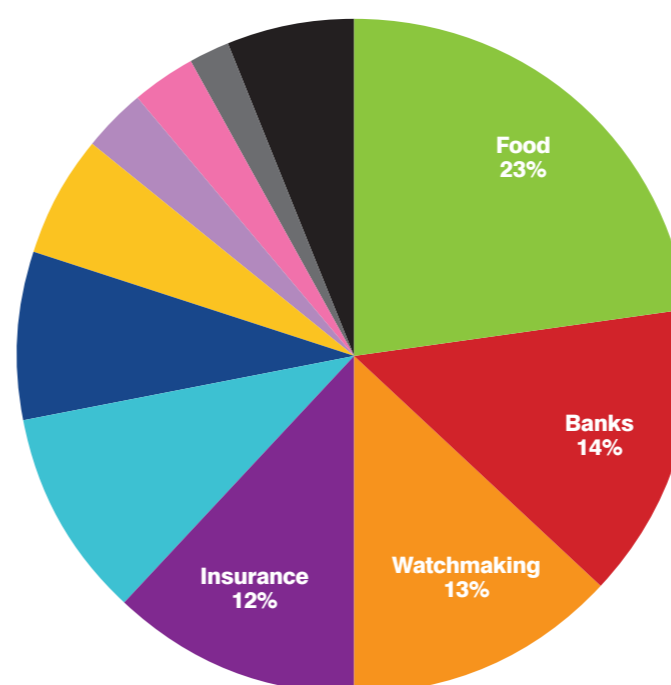
Brand Value Change 2016-2017 (CHFm)



Brand Value Change 2016-2017 (%)



Total Brand Value by Sector 2017



Colour	Industry	Total Brand Value (CHFm)	Proportion
	Food	29,059	23%
	Banks	17,375	14%
	Watchmaking	17,186	13%
	Insurance	16,034	12%
	Engineering & Construction	12,423	10%
	Pharma	10,375	8%
	Telecoms	7,089	6%
	Mining	4,046	3%
	Commercial Services	3,859	3%
	Technology	3,005	2%
	Others	8,162	6%
	Total	128,611	100%

Brand Finance Switzerland 50 (CHFm)

Top 50 most valuable Swiss brands 1 - 50.

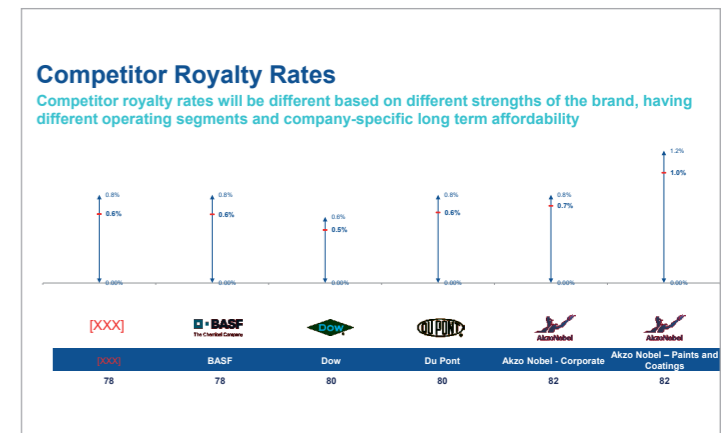
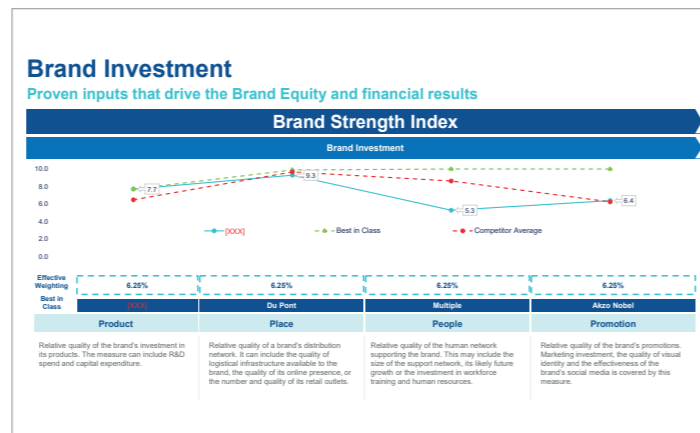
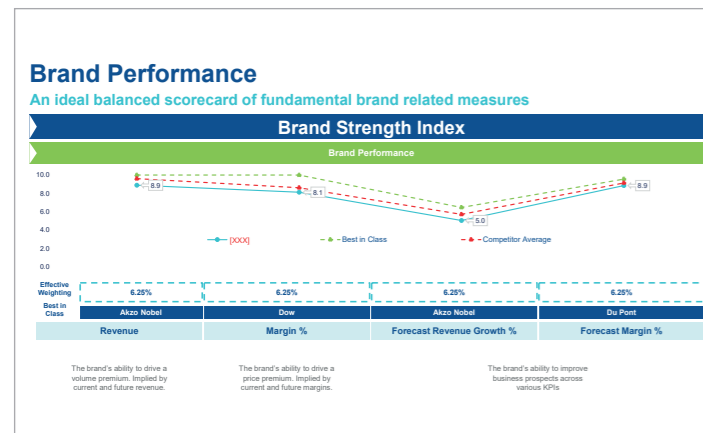
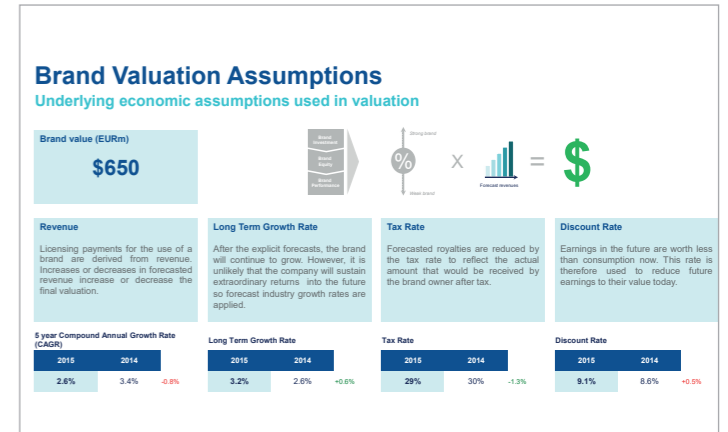
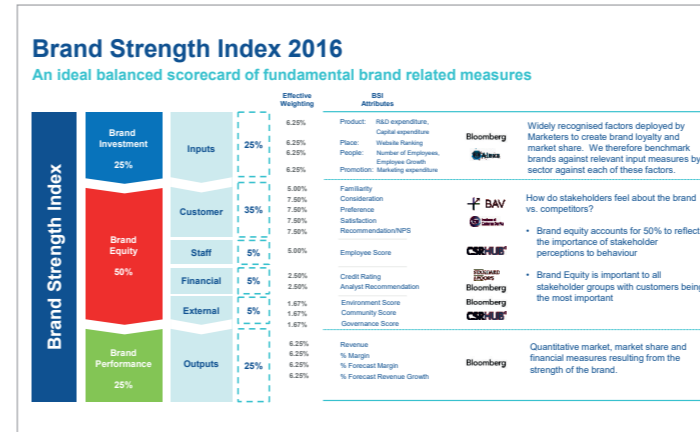
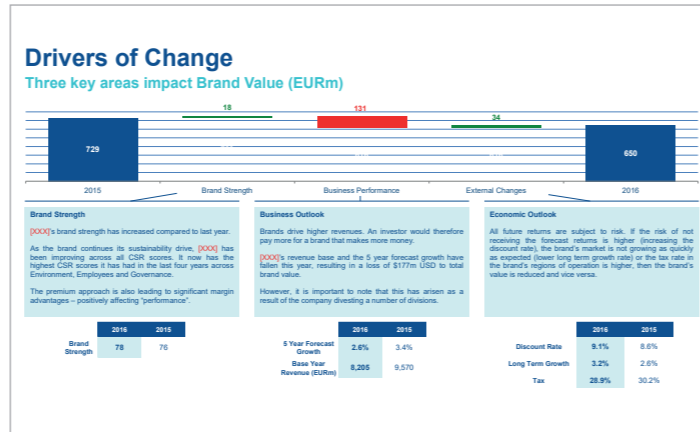
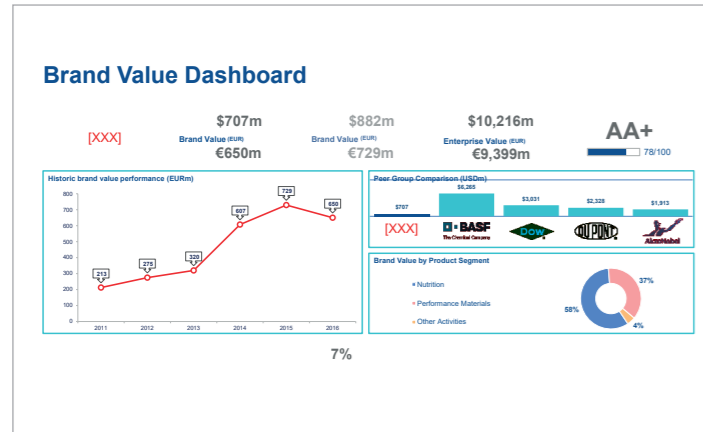
Rank 2017	Rank 2016	Brand name	Sector	Brand Value (CHFm) 2017	% change	Brand Value (CHFm) 2016	Brand rating 2017	Brand rating 2016
1	1	Nestle	Food	18,819	-20%	23,440	AAA-	AAA
2	2	UBS	Banks	9,086	2%	8,936	AA+	AA-
3	6	Zurich	Insurance	6,981	11%	6,300	AA-	AA
4	8	Rolex	Watchmaking	6,774	14%	5,931	AAA	AAA
5	9	ABB	Engineering & Construction	6,586	17%	5,636	AA+	AA
6	5	Swisscom	Telecoms	6,429	-7%	6,880	AAA	AAA-
7	4	Credit Suisse	Banks	5,911	-19%	7,318	AA	AA
8	14	Roche	Pharma	5,902	52%	3,895	AA	AA+
9	7	Nescafe	Food	5,199	-16%	6,174	AAA-	AAA-
10	11	Swiss Re	Insurance	4,585	0%	4,587	AA	AA-
11	12	Novartis						
12	10	Glencore Xstrata						
13	15	Omega						
14	New	TAG Heuer						
15	16	Holcim						
16	17	Adecco						
17	19	Swiss Life						
18	18	TE Connectivity						
19	20	Swatch						
20	24	Dufry						
21	21	Kuehne + Nagel						
22	26	Lindt						
23	29	Julius Baer						
24	30	Schindler						
25	27	Barry Callebaut						
26	New	SGS						
27	25	Helvetia						
28	23	Tissot						
29	36	Geberit						
30	34	Syngenta						
31	39	ZKB						
32	33	Emmi						
33	38	Maggi						
34	45	Baloise						
35	37	Sika						
36	44	Sunrise						
37	New	Luxoft						
38	35	Nespresso						
39	New	Lindor						
40	New	Logitech						
41	43	Longines						
42	49	Davidoff						
43	50	Swiss						
44	47	Nesquik						
45	New	Alpiq						
46	New	Clariant						
47	New	SIX Swiss Exchange						
48	New	Jaeger-LeCoultre						
49	New	IWC						
50	41	Lonza						

Brand Finance Switzerland 50 (USDm)

Top 50 most valuable Swiss brands 1 - 50.

Rank 2017	Rank 2016	Brand name	Sector	Brand Value (USDm) 2017	% change	Brand Value (USDm) 2016	Brand rating 2017	Brand rating 2016
1	1	Nestle	Food	19,416	-17%	23,426	AAA-	AAA
2	2	UBS	Banks	9,375	5%	8,931	AA+	AA-
3	6	Zurich	Insurance	7,202	14%	6,297	AA-	AA
4	8	Rolex	Watchmaking	6,988	18%	5,927	AAA	AAA
5	9	ABB	Engineering & Construction	6,795	21%	5,632	AA+	AA
6	5	Swisscom	Telecoms	6,633	-4%	6,876	AAA	AAA-
7	4	Credit Suisse	Banks	6,098	-17%	7,314	AA	AA
8	14	Roche	Pharma	6,089	56%	3,892	AA	AA+
9	7	Nescafe	Food	5,364	-13%	6,171	AAA-	AAA-
10	11	Swiss Re	Insurance	4,730	3%	4,584	AA	AA-
11	12	Novartis						
12	10	Glencore Xstrata						
13	15	Omega						
14	New	TAG Heuer						
15	16	Holcim						
16	17	Adecco						
17	19	Swiss Life						
18	18	TE Connectivity						
19	20	Swatch						
20	24	Dufry						
21	21	Kuehne + Nagel						
22	26	Lindt						
23	29	Julius Baer						
24	30	Schindler						
25	27	Barry Callebaut						
26	New	SGS						
27	25	Helvetia						
28	23	Tissot						
29	36	Geberit						
30	34	Syngenta						
31	39	ZKB						
32	33	Emmi						
33	38	Maggi						
34	45	Baloise						
35	37	Sika						
36	44	Sunrise						
37	New	Luxoft						
38	35	Nespresso						
39	New	Lindor						
40	New	Logitech						
41	43	Longines						
42	49	Davidoff						
43	50	Swiss						
44	47	Nesquik						
45	New	Alpiq						
46	New	Clariant						
47	New	SIX Swiss Exchange						
48	New	Jaeger-LeCoultre						
49	New	IWC						
50	41	Lonza						

Understand Your Brand's Value



A Brand Value Report provides a complete breakdown of the assumptions, data sources and calculations used to arrive at your brand's value.

Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

A full report includes the following sections which can also be purchased individually.

Brand Valuation Summary

Overview of the brand valuation including executive summary, explanation of changes in brand value and historic and peer group comparisons.

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

A breakdown of how the brand performed on various metrics of brand strength, benchmarked against competitor brands in a balanced scorecard framework.

- + Brand strength tracking
- + Brand strength analysis
- + Management KPI's
- + Competitor benchmarking

Royalty Rates

Analysis of competitor royalty rates, industry royalty rate ranges and margin analysis used to determine brand specific royalty rate.

- + Transfer pricing
- + Licensing/ franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

A breakdown of the cost of capital calculation, including risk free rates, brand debt risk premiums and the cost of equity through CAPM.

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Trademark Audit

Analysis of the current level of protection for the brands word marks and trademark iconography highlighting areas where the marks are in need of protection.

- + Highlight unprotected marks
- + Spot potential infringement
- + Trademark registration strategy

For more information regarding our Brand Value Reports, please contact:

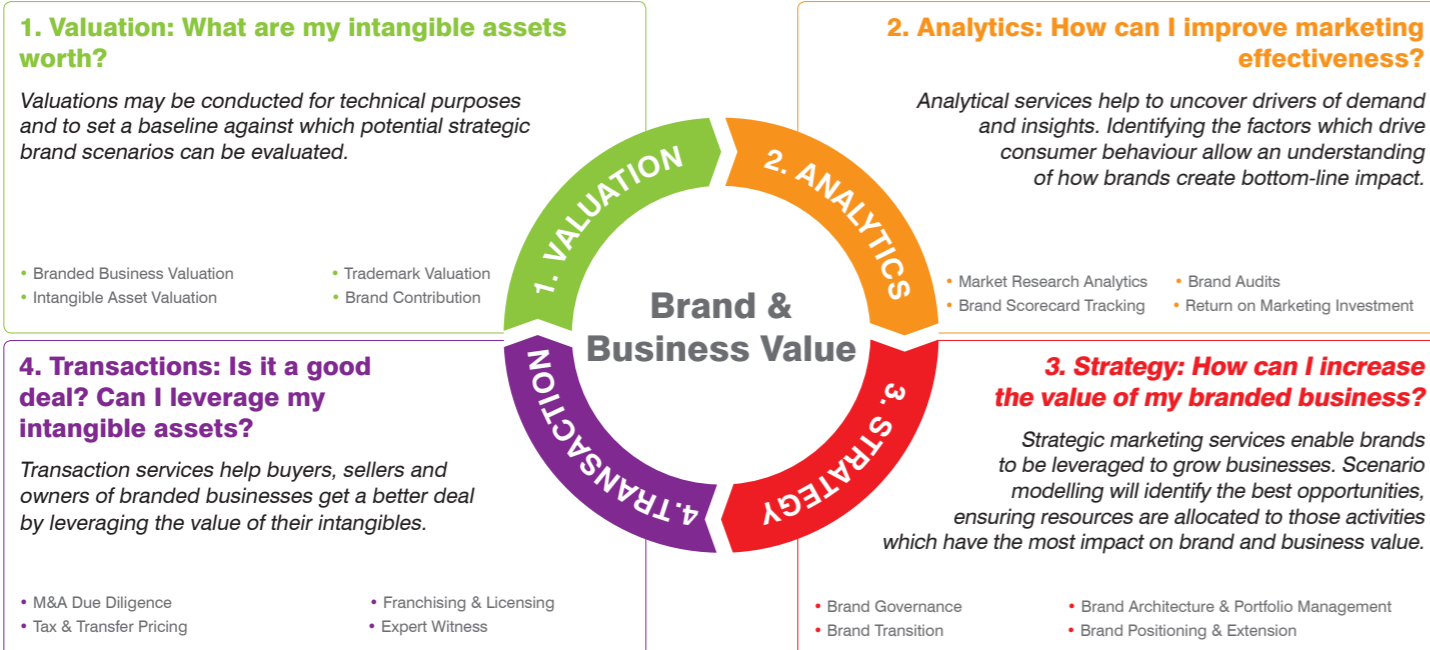
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How we can help



MARKETING

We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand based decisions and strategies.

- + Branded Business Valuation
- + Brand Contribution
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Audit
- + Market Research Analytics
- + Brand Scorecard Tracking
- + Return on Marketing Investment
- + Brand Transition
- + Brand Governance
- + Brand Architecture & Portfolio Management
- + Brand Positioning & Extension
- + Franchising & Licensing

FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

- + Branded Business Valuation
- + Brand Contribution
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Audit
- + Market Research Analytics
- + Brand Scorecard Tracking
- + Return on Marketing Investment
- + Brand Transition
- + Brand Governance
- + Brand Architecture & Portfolio Management
- + Brand Positioning & Extension
- + Mergers, Acquisitions and Finance Raising Due Diligence
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness

TAX

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing and brand ownership arrangements.

- + Branded Business Valuation
- + Brand Contribution
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Audit
- + Market Research Analytics
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness

LEGAL

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in and outside of the courtroom.

- + Branded Business Valuation
- + Brand Contribution
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Audit
- + Tax & Transfer Pricing
- + Expert Witness

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The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

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