

Brand & Intangible Value in Asia: Insights from Brand Finance's Database & Experience

Prepared for ValuAsia Connect: Intangible Assets Webinar

11th June 2024

Brand Finance®

Bridging the gap between marketing and finance

We are present in 26 countries



We contribute to key standards in brand, other intangible assets and business valuation



ISO 10668
ISO 20671



IVSC
MEMBER

Brand Finance[®]

We provide **ISO, IVSC and IASB** compliant valuation and analytics services, and our valuations have been peer reviewed and accepted by auditors in addition to tax authorities the world over.

Our expertise:



Connecting marketing data with financial outcomes

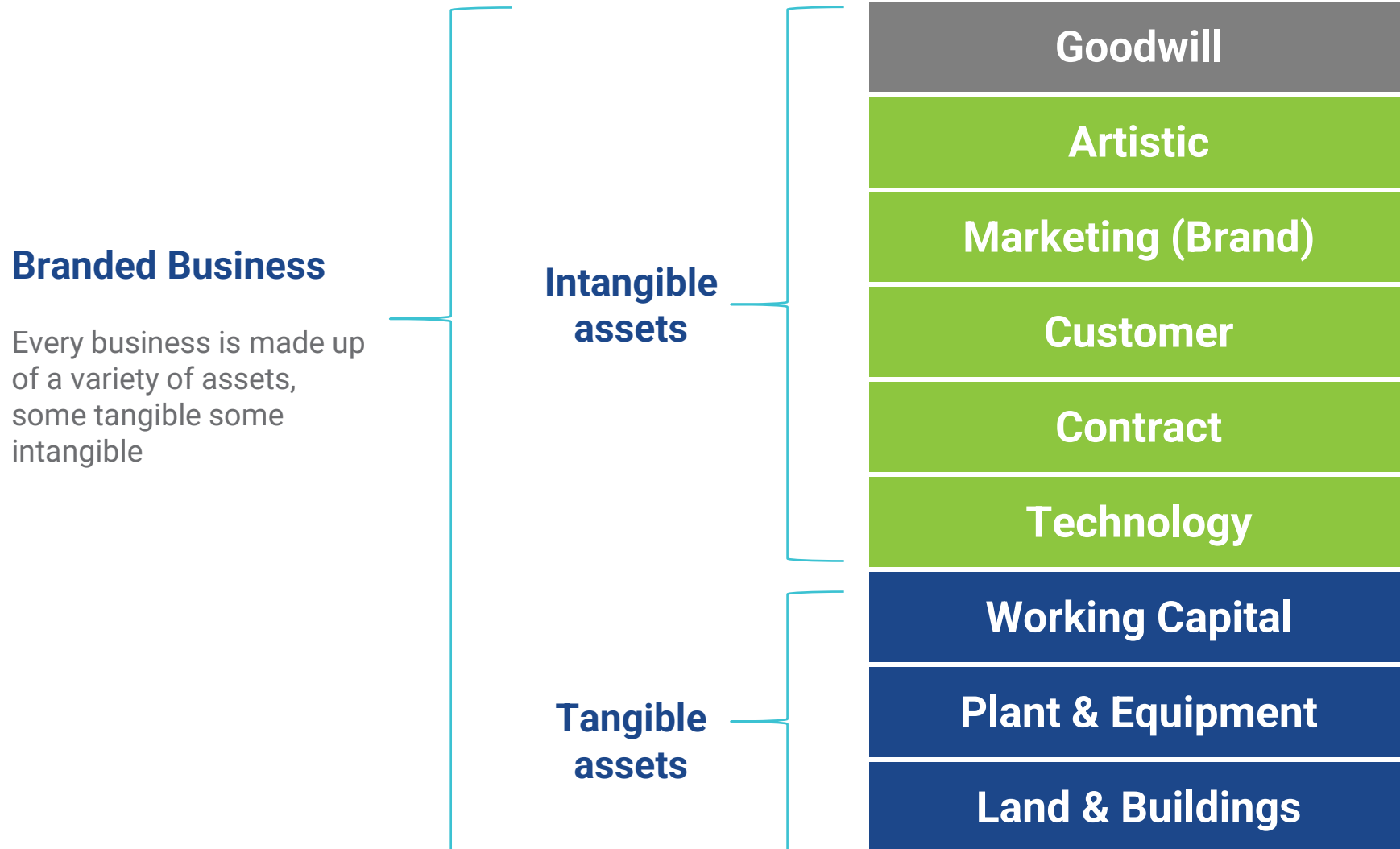


Impartial & independent advice



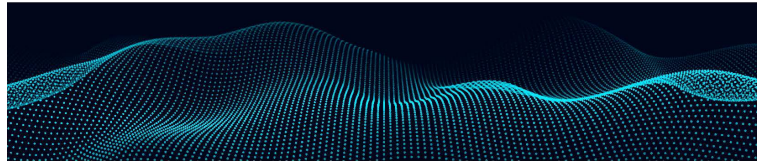
Technical credibility across mixed disciplines

Understanding Intangible Assets



Brand Finance's Global Intangible Finance Tracker (GIFT) 2023

Brand Finance®



GIFT™ 2023

Global Intangible Finance Tracker (GIFT™)
— an annual review of the World's Intangible Value
November 2023



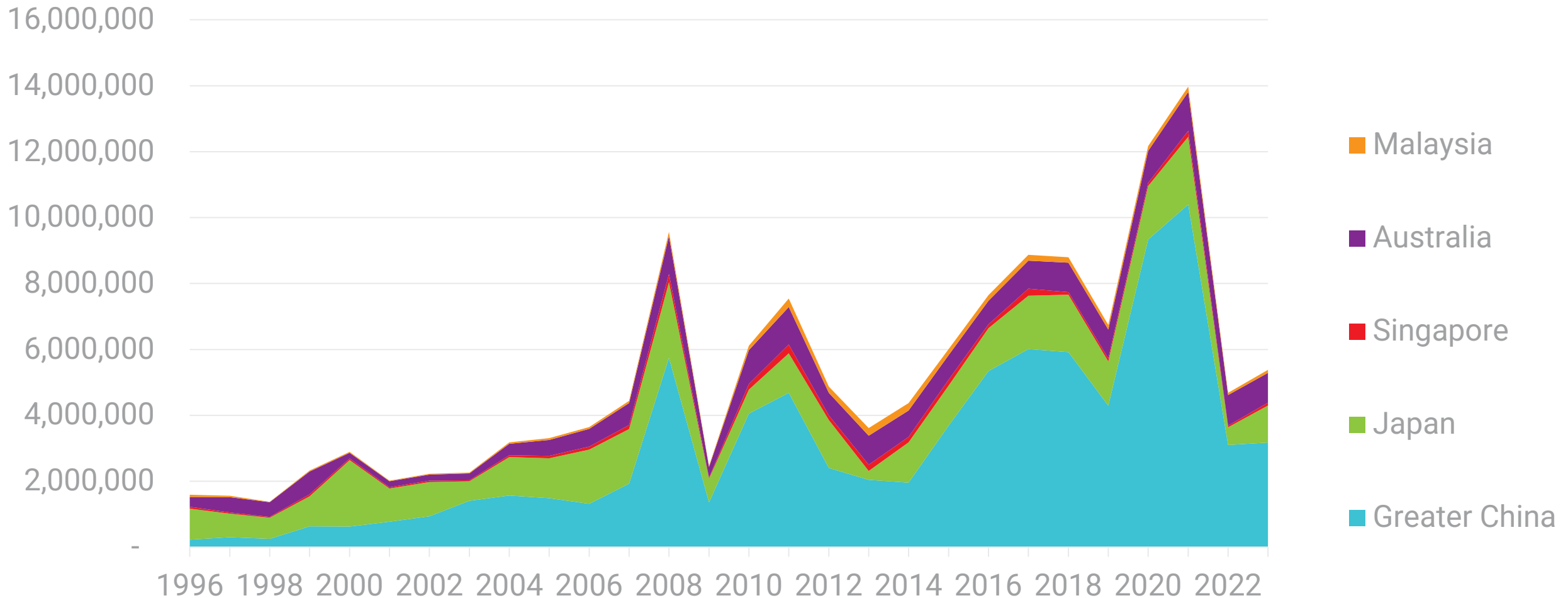


In Asia, intangible value is growing in absolute value but falling relatively.

This is a failure of dynamism and innovation and makes investment less productive.

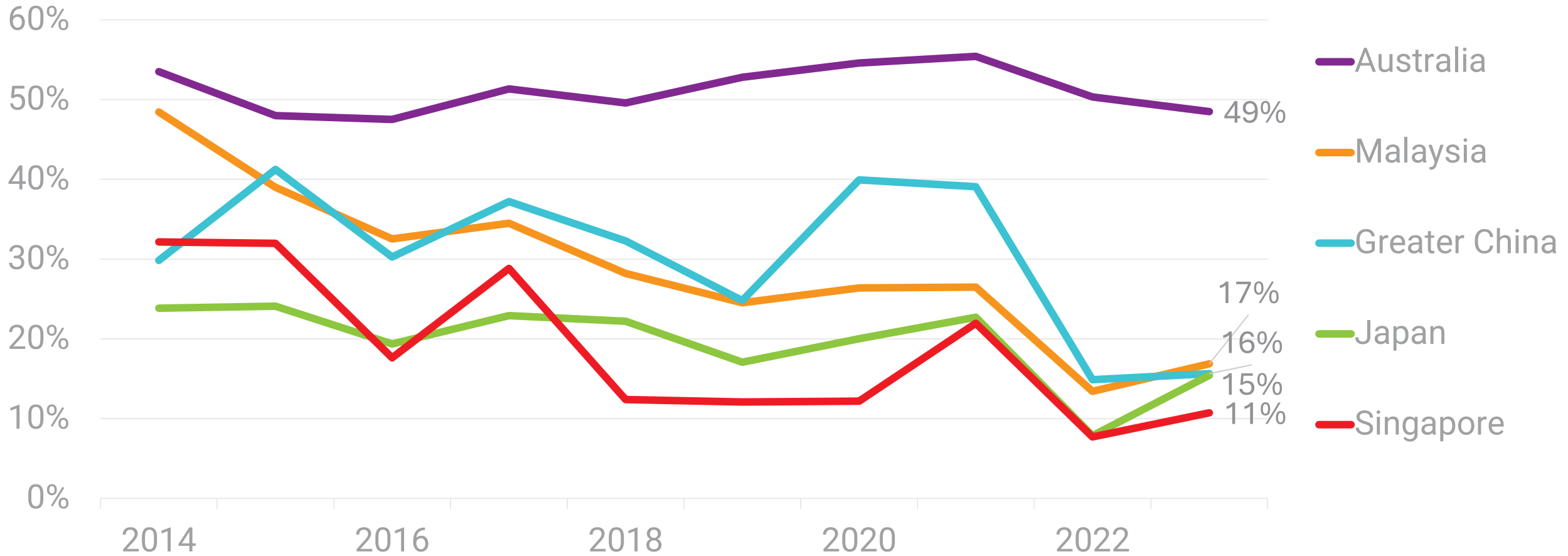
Intangible Value (USD Bn)

Intangible value has been highly variable in key Asian markets since 1996...



Intangible Value (% Total Value)

The idea that there is an inexorable rise in the impact of intangibles is false...



Contribution of Business Value to Overall Stock Market Value

Sector composition goes some way to explain low intangible value

	Australia	Malaysia	Greater China	Japan	Singapore
Banking	25.1%	22.2%	16.9%	11.3%	26.2%
Mining, Iron & Steel	18.8%	2.7%	3.3%	1.8%	0.3%
Engineering, Construction & Real Estate	10.3%	17.1%	22.2%	22.1%	37.8%
Internet & Software, Tech & IT	4.5%	1.6%	7.4%	8.7%	2.5%
% of Intangible Value	49%	17%	16%	15%	11%

Intangible Value as % of Sector Business Value

Stronger intangibles within sectors of each country explains this difference better

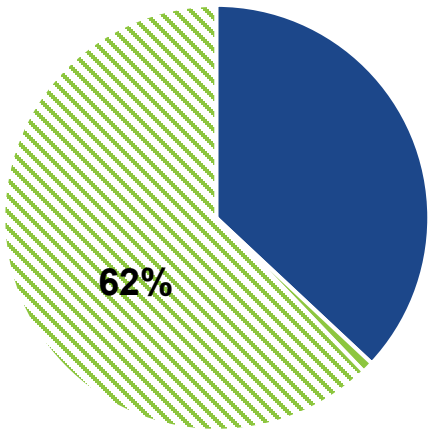
	Australia	Malaysia	Greater China	Japan	Singapore
Banking	30.6%	6.6%	-47.6%	-35.1%	22.4%
Engineering & Construction	60.7%	3.8%	22.1%	14.3%	4.7%

% of Intangible Value	49%	17%	16%	15%	11%
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Top 3 Most Intangible Companies in Australia

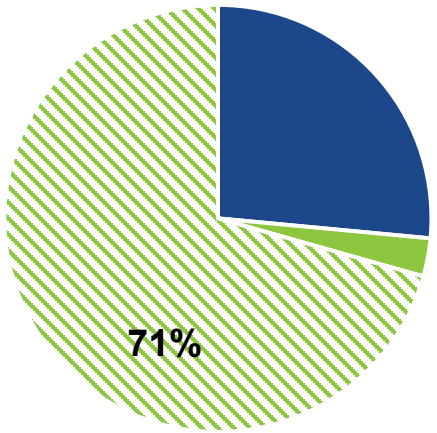
These top companies manage their intangible assets better than others...

BHP

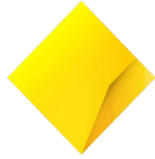


Total Intangible Value:
USD 100,036m

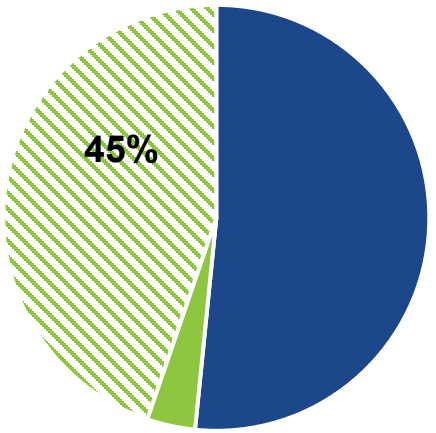
CSL™



Total Intangible Value:
USD 67,167m



Commonwealth Bank



Total Intangible Value:
USD 62,790m



Tangible



Disclosed Intangibles



Undisclosed Intangibles

The background features a person in a white shirt working at a desk with a laptop. Overlaid on this are various financial visualizations: a line graph with a red trend line and blue data points, a candlestick chart, and several stacks of gold coins. The overall color scheme is a deep blue with white and red accents.

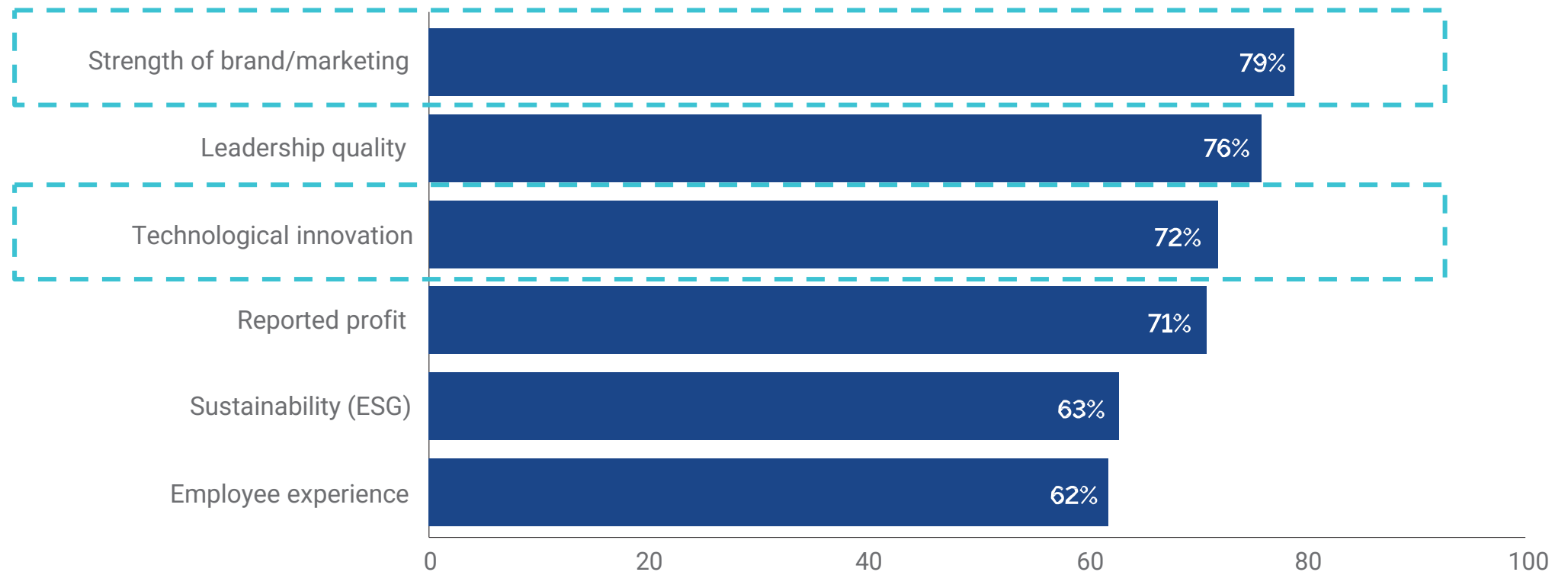
Lack of clear disclosure and value is hampering companies' ability to respond to this lacklustre growth.

Managers, finance departments and, most importantly, investors are requesting significantly more information on intangibles to ensure their investments grow in value...

The background of the slide features a hand in the upper right corner placing a coin on a stack of coins. Below the stack, several upward-pointing arrows are visible, suggesting growth or progress. The entire scene is set against a dark blue background with a subtle pattern of light blue arrows and a soft glow around the hand and coins.

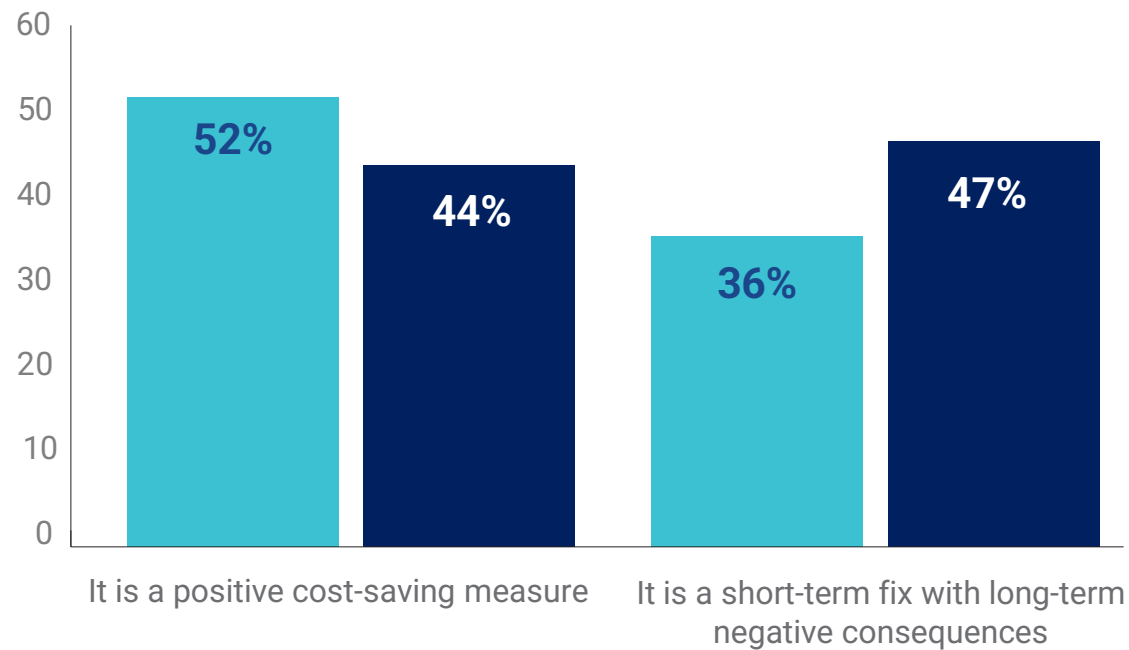
Strength of brand & marketing are cited more than leadership or tech innovation in analysts' appraisals

Q. Thinking about public companies in the industry or industries you cover, how important are the following factors to your appraisal and analysis. % responding "Very Important"



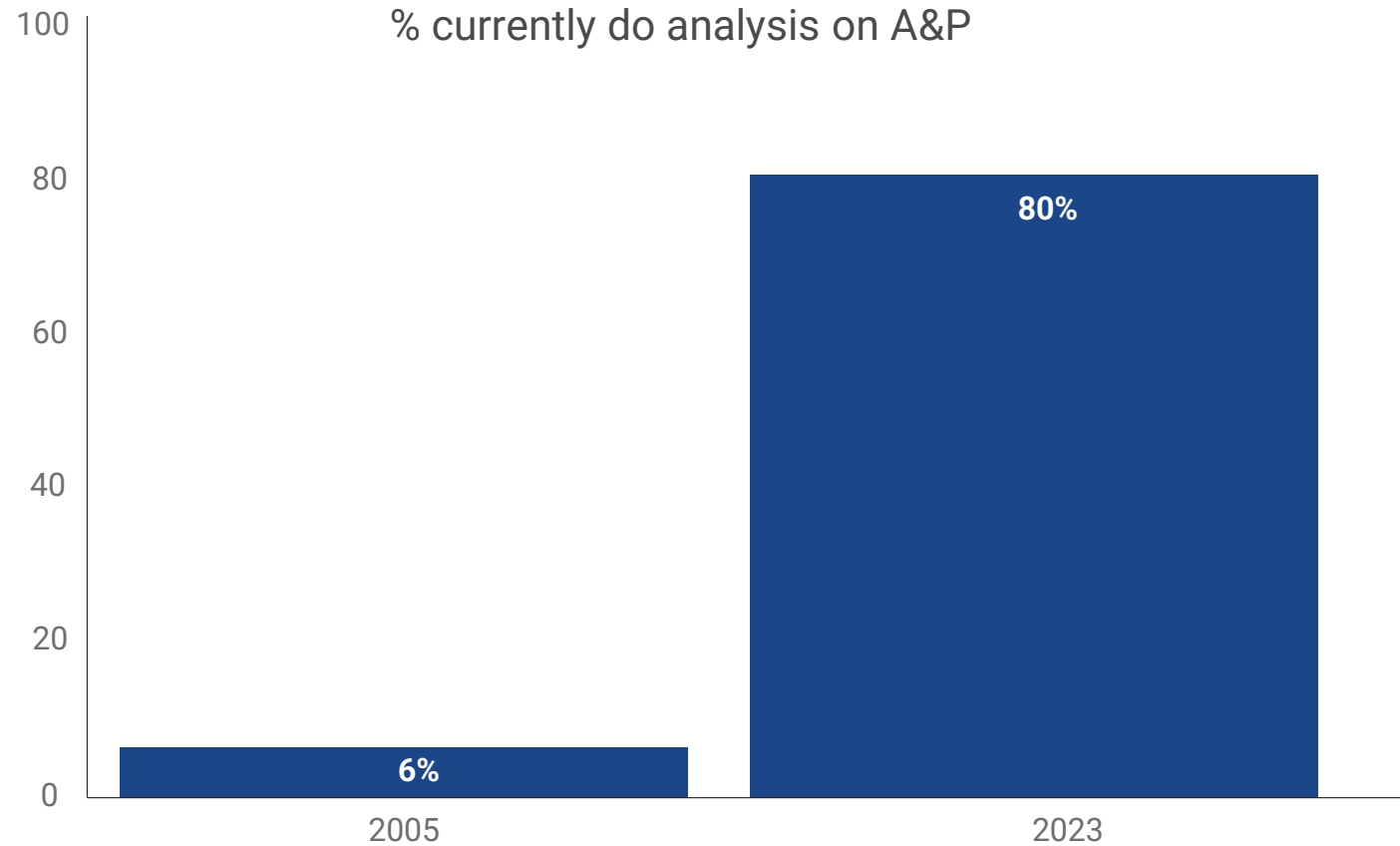
Analysts' attitude towards marketing spend cuts

Q: Thinking about earnings calls, if the leadership of a company talk about cutting marketing spend which of the below best represents how you typically feel?



Key: ■ Marketing spend cut ■ R&D spend cut

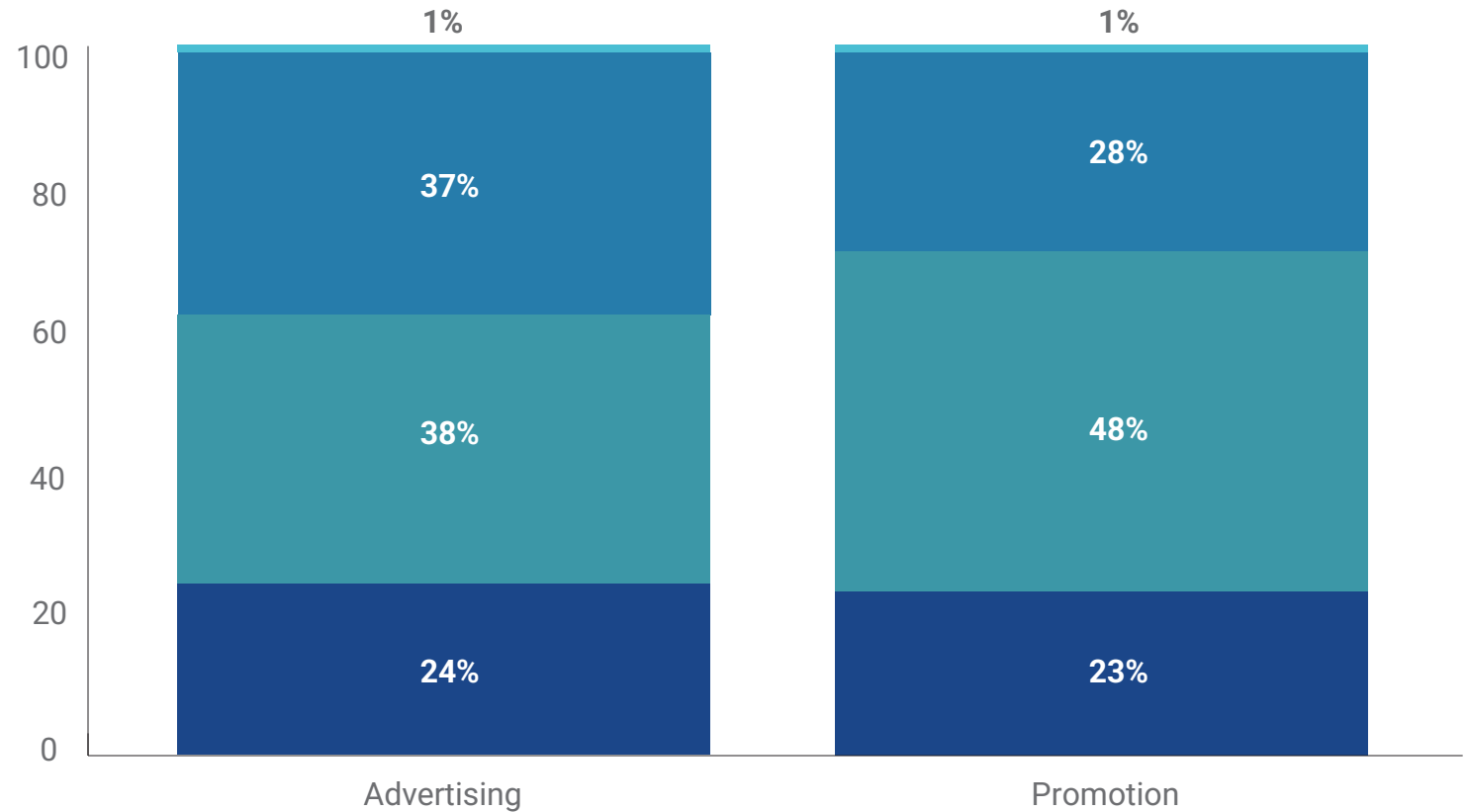
There has been a surge in City attention to “A&P” 80% now analyse A&P vs only a handful 18 years ago”



More analysts see advertising as an investment than a cost

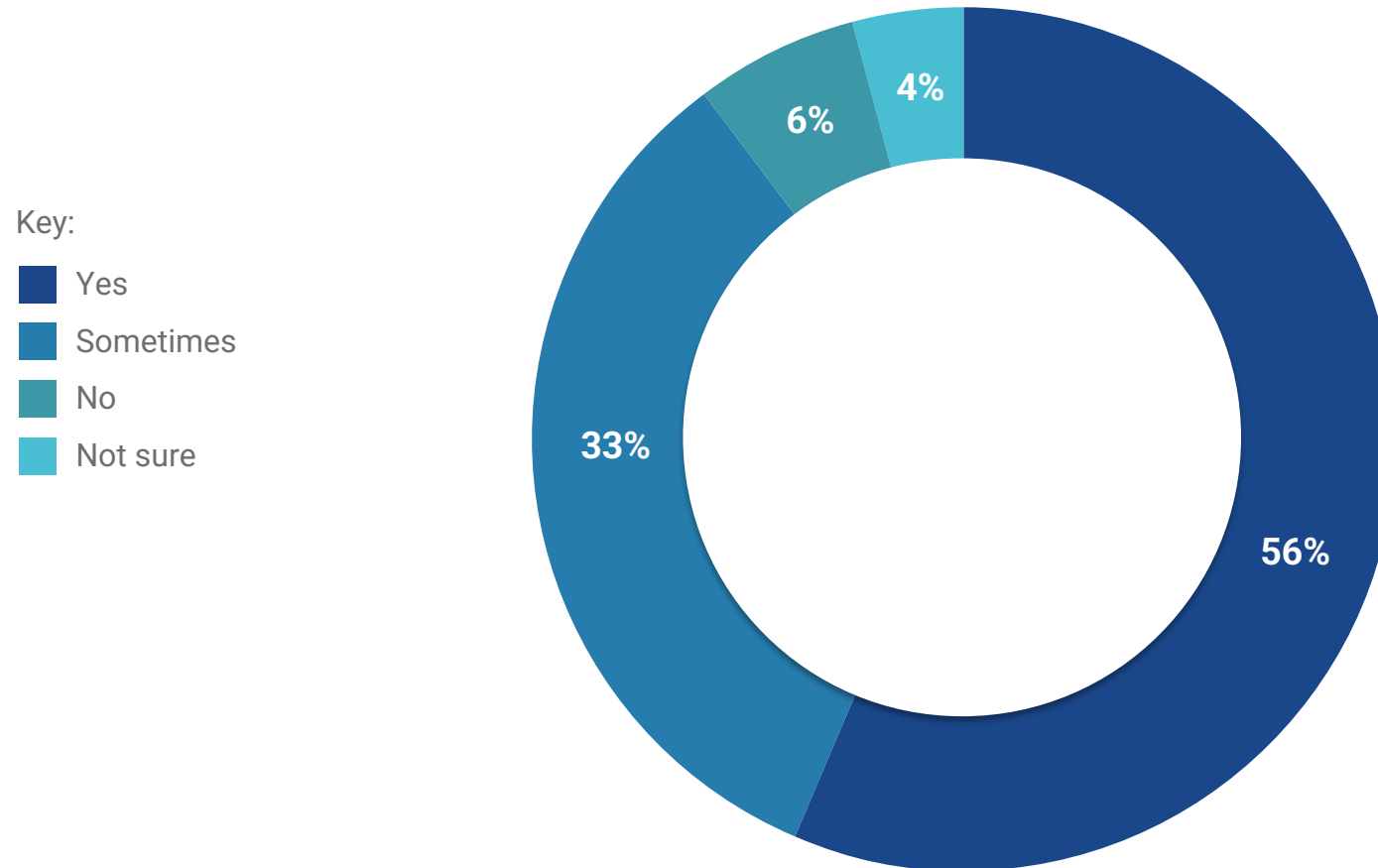
80% now analyse A&P vs only a handful 18 years ago”

When thinking about types of marketing spend, companies often refer to advertising and promotion (A&P). How would you define the nature of that spending?



Key: ■ An operating cost ■ A bit of both ■ An investment ■ Not sure

Q. Irrespective of current financial reporting standards and practice, do you think marketing spend should be treated like technology R&D, where it is capitalized?



Valuers, by helping disclosure to investors, therefore play a key role in helping to build the value of intangibles in our region.



We therefore advise our clients to:

1



Identify the key intangibles of the entire business – both internally generated and acquired. By, for example, following IPOS' new framework.

2



Seek expert advice on the value of those intangibles, and the investment (i.e. A&P and R&D) going in to them and consider sharing it in the notes to financial statements.

3



Regularly monitor the various intangible assets and the factors impacting their value in order to manage and improve them.

Contact us



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Brand Finance is the leading brand valuation and strategy firm,
helping companies to manage their brands for improved business results.

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