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UK CORPORATE REPUTATIONS UP, NOW VALUED AT £1,062bn

LONDON 27TH February 2018 - According to [The 2018 UK Reputation Dividend report](#), Brexit and economic uncertainty saw investors continue to seek reassurance in the confidence inspired by corporate reputations. By the start of 2018 their influence was directly responsible for an average of 38% of market capitalisation across the FTSE 100 & 250 adding £1,062 billion of shareholder value, 5% more than last year.

Specifically, as a push against focusing purely on hard financial results, the study highlights that corporate reputations continue to be major drivers of tangible monetary value. It finds that how investors think and feel about individual companies over and above the hard financials affect their valuations, the degree to which varies according to sector and company, and by the relative impact of different reputation drivers.

Warns Reputation Dividend founder, Simon Cole, “as domestic and global volatility continues to un-nerve sentiment, investor interest is moving back towards defensive characteristics such as quality of management. Benchmarking how individual companies are currently valued and along with the relative impact of their perceived strengths and weaknesses helps to prioritise operational and messaging strategies to make the most of this clearly most valuable asset in changing times.”

UNILEVER TAKES TOP PLACE

This year, Anglo-Dutch giant Unilever secured the top spot as the UK's most economically impactful corporate reputation, in spite of the failed Kraft Heinz bid, with the investors' confidence in its reputation valued at 56.7% of its market cap, £65,094 million as at January 2018.

Company	Reputation Contribution	Change (% points)	2017 Rank	Reputation Value
	56.7%	+0.4	2	£65,094m
	55.3%	-2.3	1	£117,701m
	50.4%	+1.0	6	£33,035m
	50.3%	+0.7	5	£33,266m
	50.1%	-0.2	3	£2,795m
	49.9%	+0.8	8	£52,187m
	48.1%	-0.1	11	£34,857m
	47.9%	-2.2	4	£40,510m
	47.0%	-1.8	9	£30,527m
	45.9%	-0.4	16	£15,356m

The study notes that the average Reputation Contribution across the FTSE 100 in January was 41.2%, masking a range from as little as 0.5% to as much as 56.7%, and with five companies rating over 50%.

FTSE 250 COMPANIES MORE EXPOSED TO REPUTATION RISK

As the impact of intangibles rise, reputation value analysis helps companies with both risk mitigation and value growth. The study found that while FTSE 100s may have more risk inherent by dint of scale (the average Reputation Contribution in the FTSE 100 of 41.2% compares with 23.5% in the FTSE 250) but it's the companies in the mid-cap index that are tending to be seen as most Brexit-at-risk due to higher material costs, labour pressures and a growing domestic consumer reluctance to spend. According to Reputation Dividend Director Sandra Macleod, "this is very much a 'tale of two indices' and, while pressure will be felt across both, it is the FTSE 250s in particular that will need to raise their game to avoid share price underperformance and loss of value."

The full study is freely available at <http://www.reputationdividend.com/recent-studies/>

REPUTATION VALUE ANALYSIS – EXPLAINED

Reputation value analysis reveals the economic impact of corporate reputation in order to help companies manage the assets more effectively. It quantifies the tangible financial impact of corporate reputation by making the direct link to market capitalisation and share price performance.

Analysis is a two-stage process. First, the factors that most influence the investment community, and thus the market capitalisations, of individual companies are prioritised using statistical regression analysis of hard financial data, including shareholder equity, return on assets, forecast and reported dividend, earnings, liquidity and company betas along with research-based measures of corporate reputation.

From there, a combination of metrics are calculated, including the gross economic benefit shareholders derive from reputation assets, the location of value across the individual components of companies' reputations, the extent to which investment in reputation building is likely to produce returns in value growth, and the relative value potential and risk of individual opportunities.

BACKGROUND

Founded by ex Interbrand specialists and a team of analysts, Reputation Dividend is the only recognised index of the financial value of corporate reputation as measured as a percentage of market capitalisation. This is the eleventh Annual Report, covering some 160 of the largest companies in the UK. The 2018 UK study was run in parallel with its sister US study, and is based on data reported from late 2017 through to the start of 2018.

Clients include Aetna, Airbus, Allstate, Amgen, ARM, Arrow, Bayer, eBay, GE, GKN, Hikma, Johnson & Johnson, MetLife, Phillips 66, Serco, Shire, Standard Life, Takeda, United Technologies, Zurich, Xerox

FOR FURTHER INFORMATION:

Simon Cole
Founding Partner & Director
+44 (0) 795 642 3843
simon@reputationdividend.com

Sandra Macleod
Director
+44 (0) 7770 328 724
sandra@reputationdividend.com

www.reputationdividend.com