

## Corporate reputations now a major driver of the stock market recovery as confidence begins to return

*The 25 most potent corporate reputations in Brazil contribute US\$180bn of shareholder value*

**São Paulo, November 28, 2017** - Reputation Dividend ([www.reputationdividend.com](http://www.reputationdividend.com)), in association with MZ'' ([www.mzgroup.com](http://www.mzgroup.com)), announced today the 2017 Brazil Reputation Dividend Report. This third annual report confirms that corporate reputations of Brazil's leading companies are underpinning the growth in investor confidence to now account for one Real in every four of market capitalization across the Bovespa Index ("Ibovespa").

The latest annual report from Reputation Dividend and its partner MZ Group shows that the gross value of company reputations in the index reached BRL 645 billion/USD 202 billion in October 2017, 24.4 per cent of the combined shareholder value and up to within 7 points of the level in the world's leading index, the S&P 500.

The study reveals a marked rise in the economic impact of corporate reputations in Brazil, with the average Reputation Premium – proportion of a company's market capitalisation attributed to its reputation – up by nearly 9 points from just 15.6 per cent, as the country recovers from the depths of the recent political and economic crises. A growing investor appetite for companies with improving reputations and associated goodwill resulted in those very intangible assets driving 34 per cent of the very tangible rise in value across the Ibovespa in the last 12 months.

Reputation Dividend's founder Simon Cole explains, "While many managers deserve credit for their achievements in growing the effectiveness of their companies' reputations, there cannot be any room for complacency. The rising Reputation Premium is an important leading-edge indicator of a wider recovery however, geo-political and economic headwinds are showing little sign of abating in the near to medium term, and the uncertainties they are creating will put even greater stress on reputations to maintain investors' confidence in individual companies. Now, more than ever, reputation owners need to take a disciplined and data-driven approach to protect the gains they've made and fulfil the greater economic value potential that lies ahead."

Ambev occupied the top spot among the 55 companies that comprise the Ibovespa for the second year running with a corporate reputation accounting for 45.4 percent of the company's market capitalisation, BRL 153 billion /USD 48 billion of shareholder value by October 2017. Improvements on the retail perspective in Brazil coupled with improved business drivers have added up to increase investor confidence in Ambev.

RaiaDrogasil has the second strongest reputation followed by B3. RaiaDrogasil's footprint in the more resilient side of the retail market and demonstrable investment capacity helped the company to outgrow its competition and thus boost favour with investors. By contrast, B3's nearly 20 points rise in Reputation Premium reflected how well the investment community received the merger with CETIP and their confidence in the new company's outlook.

TOP 25 BRAZIL (October 2017)	Ticker	Reputation Premium (2017)	Market Cap (USD MM)	Reputation Value (USD MM)	Rank (2017)	Reputation Premium (2016)	2017 vs 2016 (percentage points)
AMBEV	NYSE: (ABEV)	45.4%	105,587	47,888	1	42.8%	2.6
RAIA DROGASIL	NASDAQ: (RADLY)	38.4%	8,064	3,097	2	34.7%	3.7
B3	IBOV (BVMF3)	38.1%	13,84	5,278	3	18.3%	19.8
ULTRAPAR	NYSE: (UGP)	38.1%	13,599	5,182	4	35.8%	2.3
LOJAS RENNER	NASDAQ: (LRENY)	37.2%	8,151	3,029	5	22.9%	14.2
WEG	OTC: (WEGSY)	36.8%	11,219	4,127	6	37.1%	(0.3)
BANCO BRADESCO	NYSE: (BBD)	36.0%	69,211	24,94	7	14.7%	21.4
ITAU UNIBANCO	NYSE: (ITUB)	35.7%	86,215	30,755	8	22.0%	13.6
LOJAS AMERICANAS	OTC: (LOAMF)	35.6%	8,457	3,015	9	28.1%	7.6
NATURA	IBOV: (NATU3)	35.6%	4,228	1,505	10	10.6%	25.0
CIELO	OTC: (CIOXY)	34.9%	18,592	6,481	11	36.4%	(1.5)
CBD - GPA	NYSE: (CBD)	33.1%	7,035	2,33	12	<0%	Na
CPFL ENERGIA	NYSE: (CPL)	32.2%	8,722	2,804	13	11.8%	20.4
CCR	IBOV: (CCRO3)	31.3%	11,254	3,523	14	30.4%	1.0
HYPERMARCAS	OTC: (HYPMY)	29.1%	6,796	1,981	15	23.5%	5.6
VIVO - TELEFONICA	NYSE: (VIV)	25.7%	25,211	6,47	16	11.7%	13.9
BANCO SANTANDER	NYSE: (BSBR)	24.4%	35,1	8,57	17	Na	Na
BRASKEM	NYSE: (BAK)	24.4%	10,984	2,68	18	<0%	Na
GERDAU	NYSE: (GGB)	24.1%	5,89	1,42	19	<0%	Na
BANCO DO BRASIL	OTC: (BDORY)	24.1%	33,182	7,993	20	<0%	Na
MULTIPLAN	IBOV: (MULT3)	22.4%	4,594	1,027	21	5.5%	16.8
KROTON	OTC: (KROTY)	20.0%	9,908	1,979	22	7.3%	12.7
TIM BRASIL	NYSE: (TSU)	19.8%	9,073	1,796	23	<0%	Na
ERGIE BRASIL	OTC: (EGIEY)	18.9%	7,575	1,429	24	23.3%	(4.4)
KLABIN	OTC: (KLBAY)	18.7%	5,976	1,119	25	38.9%	(20.2)

The other big mover in the top 5 was Lojas Renner. The company's mix of uncharacteristic boldness— the company plans to open 70 new stores in 2017 - and solid financial performance attracted the approval of the investment community to create a significant improvement in its reputation asset.

Added Rodolfo Zabisky “understanding the impact of corporate reputation in the shareholders’ value and being able to implement coordinated steps to better manage the relevance of such intangible is essential in today’s market where investors’ confidence and ultimately, behaviour, is tied up in it. Putting a price on reputation helps to focus management attention and provide the insight needed to establish the priority areas to manage its impact going forward.”

“In the current challenging and transforming times Brazil is facing, corporate reputations have become such an essential part of the value creation process that smart companies are looking more and more at this matter rather as a value-leveraging opportunity than merely a risk management issue”, concluded Zabisky.

## About the Study

Reputation Dividend analytics are used by leading corporations to support value-creation planning in communications and strategic messaging in the US, Europe, Asia and Brazil.

Now in its third year, the Brasil Reputation Value Study covers many of the largest listed companies in the country. The 2017 study is run in parallel with sister studies in the US and the UK (now in their tenth years), and is based on data reported up to October 2017.

The rigorous approach to determining the value generating components of companies' reputations has provided management teams with the means to maximize the impact of their efforts. In particular, it has helped business leaders and reputation stewards to:

- Prioritize the foundations of reputation value – ensuring that messages play to and secure the critical strengths of a company's corporate reputation;
- Align corporate brand into the wider brand management strategy; and
- Plan communications strategy – by playing to the components of corporate reputation that will unlock the most incremental shareholder value in the shortest amount of time.

The executive summary "2017 Brasil Reputation Dividend Report" can be downloaded at the website:

[http://reputationdividend.com/files/2715/1179/1375/Brazil\\_2017\\_Reputation\\_Dividend\\_Report.pdf](http://reputationdividend.com/files/2715/1179/1375/Brazil_2017_Reputation_Dividend_Report.pdf)

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**About Reputation Dividend** ([www.reputationdividend.com](http://www.reputationdividend.com)): *Founded by ex-Interbrand specialists and a team of analysts, Reputation Dividend is the only recognized index of the financial value of corporate reputation as measured as a percentage of market capitalization. Reputation Dividend is a trusted advisor to many of the leading Fortune 100 companies within the Aerospace, CPG, Financial Services, Pharma and IT/Telecoms sectors.*

**About MZ Group** ([www.mzgroup.com](http://www.mzgroup.com)): *A leading business communication company that provides consulting services, intelligence and cutting-edge technology in order to increase revenues, build corporate reputation, enhance engagement and create value for its clients stakeholders. MZ earned the trust of its clients by acting in three essential pillars: specialist team; full compliance; and making it happen.*

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