

MANAGEMENT OUTLOOK



Business sentiment improves: D&B India



Decide with Confidence

About the D&B Business Optimism Index

The D&B Business Optimism Index is widely recognised as an indicator, which measures the pulse of the business community and serves as a reliable benchmark for investors. The index is arrived at on the basis of a quarterly survey of business expectations.

The survey is conducted on a sample of companies that are selected randomly from D&B's commercial credit file. The sample selected is a microcosmic representation of the country's business community and includes companies from several sectors including basic goods, capital goods, intermediate goods, consumer durables, consumer non-durables and service sectors. Respondents to the survey are asked six standard questions regarding whether specified parameters viz., net sales, net profits, selling prices, new orders, inventories and employee levels, will register an increase, decline or show no change in the ensuing quarter as compared to the corresponding quarter of the previous year. The indices are then calculated by subtracting the percentage of respondents expecting decreases from those expecting increases.

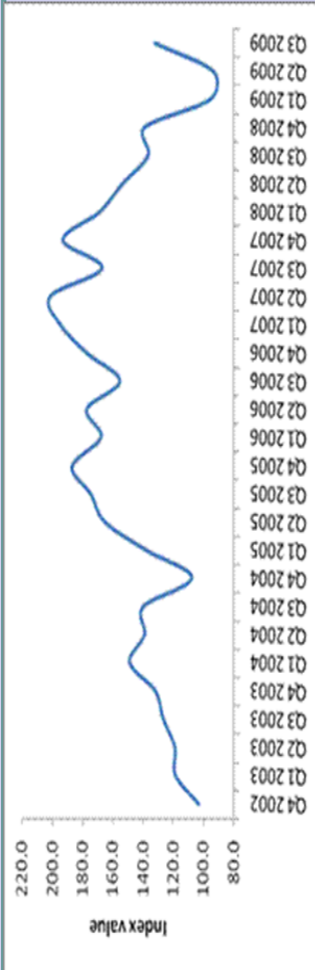
For calculating the Composite Business Optimism Index, each of the six parameters is assigned a weight. The positive responses for every parameter for the period under review are expressed as a proportion of positive responses in the base period (Q2 1999). The parameter weights are then applied to these ratios and the results aggregated to arrive at the Composite Business Optimism Index.

About Dun & Bradstreet (D&B):

Dun & Bradstreet ([NYSE:DNB](#)), the world's leading source of global business information, knowledge and insight, has been enabling companies to Decide with Confidence® for 165 years. D&B's global commercial database contains more than 135 million business records. The database is enhanced by D&B's proprietary DUNSRight® Quality Process, which transforms the enormous amount of data collected daily into decision-ready insight. Through the D&B Worldwide Network – an unrivaled alliance of D&B and leading business information providers around the world – customers gain access to the world's largest and highest quality global commercial business information database.

Customers use D&B Risk Management Solutions to mitigate risk, increase cash flow and drive increased profitability, D&B Sales & Marketing Solutions to analyse markets, locate prospects and increase revenue from new and existing customers; D&B Export Marketing Solutions to gain significant insight into overseas markets and increase sales; D&B Financial Education Solutions to facilitate professional growth and excellence among their executives and D&B Economic Analysis Group to derive pragmatic and solution-oriented analyses of strategic economic and business developments, thereby aiding informed decision making.

D&B features on FORTUNE Magazine's Most Admired Companies Industry List, ranking first in the Financial Data Services category. D&B ranked first in the areas of employee talent, financial soundness, long-term investment, quality of management and use of corporate assets. D&B has achieved this distinction for the second consecutive year.



D&B Business Optimism Index for Q3 2009 increases by 40.8% (q-o-q); however remains below Q3 2008 level

Highlights

- Composite Business Optimism Index increased by 40.8% to 132.1 during Q3 2009, from a low base of 93.8 in the previous quarter
 - On a y-o-y basis, the BOI for Q3 2009 recorded a marginal decline of 3.3% as against a decline of 39% in Q2 2009
 - Resultant Optimism for Volume of Sales stands at 63%, an increase of 40 percentage points as compared to the previous quarter.
 - Resultant Optimism for Net Profits stands at 59%, an increase of as much as 41 percentage points as compared to the previous quarter.
 - Resultant Optimism for Selling Prices stands at 22%, reflecting an increase of 26 percentage points from the previous quarter
- Resultant Optimism for New Orders stands at 69%, a substantial improvement compared to 25% in the previous quarter.

The **Dun & Bradstreet Composite Business Optimism Index** for Q3 2009 recorded an increase of as much as 40.8% (q-o-q). The Composite Business Optimism Index for Q3 2009 inched up to 132.1 after touching an all-time low of 93.8 in Q2 2009. Although the BOI has witnessed a significant increase compared to the previous quarter, the index remains below the last year's level. On a y-o-y basis, the BOI for Q3 2009 recorded a marginal decrease of 3.3%. Based on the responses received, it was observed that five out of the six optimism indices – namely, volume of sales, net profits, selling prices, new orders, and employee levels have registered an increase as compared to

the previous quarter. Only one out of the six optimism indices – inventory levels – declined by 2 percentage points as compared to the previous quarter.

D&B's Composite Business Optimism Index: Q4'02 – Q3'09

“The improvement witnessed in the business optimism during Q3 2009 indicates that the worst may be behind us. While the Composite Business Optimism Index has increased by a substantial 40.8% (q-o-q), the index is below the Q3 2008 level; suggesting that it would take some more time for the economy to recover completely. Positive data releases, improving investment sentiment along with the post-election optimism seem to have provided the much needed support to corporate confidence,” said **Kaushal Sampat, Chief Operating Officer, Dun & Bradstreet – India**. Also, the advancement of monsoon and how it pans out during the rest of the season would play an important role in shaping business sentiment in the near future, he added.

Demand conditions are expected to witness some improvement during Q3 2009, with as many as 72% of the respondents anticipating an increase in sales volume. While about 19% of the respondents expect volume of sales to remain unchanged, around 9% of the respondents anticipate a decrease in sales during Q3 2009. The resultant Optimism for Volume of Sales stands at 63%, an increase of 40 percentage points as compared to the previous quarter.

Profit expectations of the Indian corporates improved substantially, with as many as 69% of the respondents expecting an increase in



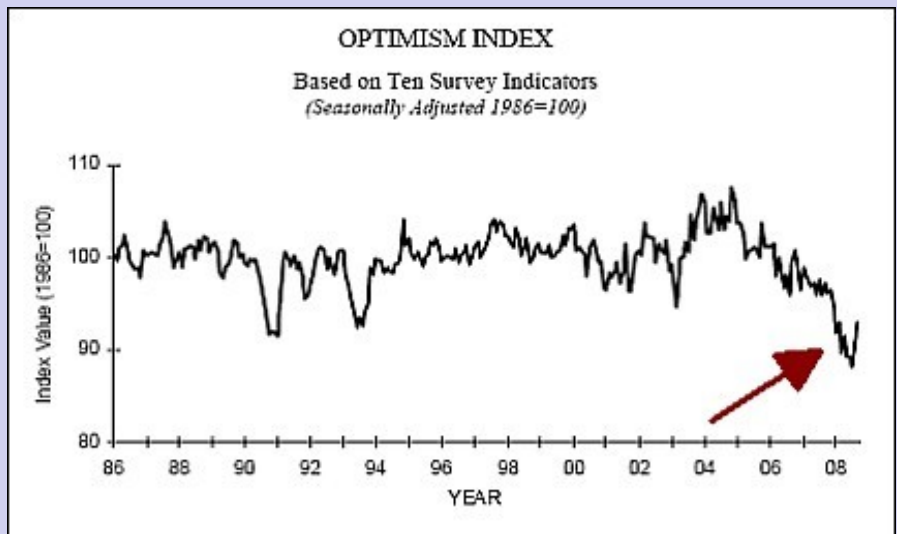
their net profits during the forthcoming quarter. While about 10% of the respondents are anticipating a fall in their net profits in the forthcoming quarter, about 21% of the respondents expect no change in net profits during the Jul-Sep 09 quarter. The resultant Optimism for Net Profits stands at 59%, an increase of as much as 41 percentage points as compared to the previous quarter.

While about 35% of the respondents expect selling prices of their products to increase, about 13% expect to witness a decline in their selling prices during the Jul-Sep 09 quarter. However, a majority of respondents from almost all sectors anticipate no significant change in the prevailing prices. About 52% of the respondents do not expect to witness any change in selling price. The resultant Optimism for Selling Prices stands at 22%, as compared to -4% during Q2 2009.

Approximately 76% of the respondents expect their order book position to improve and 7% anticipate a decrease in the number of new orders during Q3 2009. The resultant Optimism for New Orders stands at 69%, a substantial improvement compared to 25% in the previous quarter.

While around 33% of the respondents expect to witness an increase in their inventory levels, around 19% expect their level of stock to decline in the Jul-Sep 09 quarter. Almost 48% of the respondents anticipate no significant change from the current situation. The resultant Optimism for Inventory Levels stands at approximately 14%, reflecting a marginal decrease of about 2 percentage points from the previous quarter.

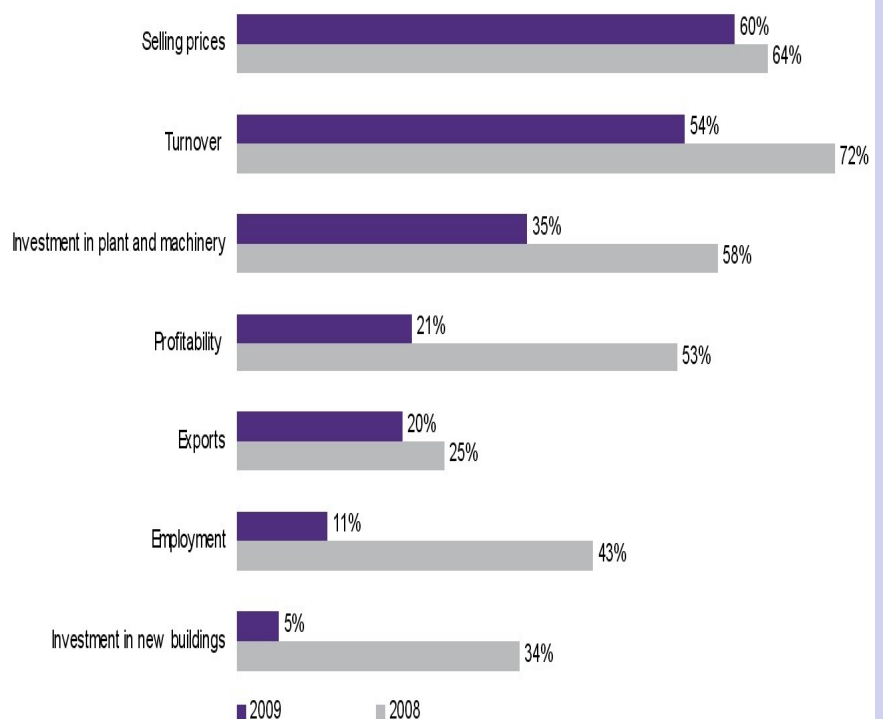
The majority of respondents anticipate no change in the size of the



workforce employed during Q3 2009. Approximately 57% of the respondents intend to keep the number of employees unchanged. While 38% of the respondents expect an increase in the number of employees, 5% expect a decline. The resultant Optimism for Employees stands at 33% for the Jul-Sep 09 quarter, an increase of around 20 percentage points as compared to the previous quarter.

SOURCE: Blue Lotus Communications Pvt. Ltd.

Business expectations for privately held businesses in South Africa



Source: Grant Thornton IBR 2009