MEDIA RELEASE

29 August 2011

MANUFACTURERS FINDING IT DIFFICULT TO PAY THEIR BILLS

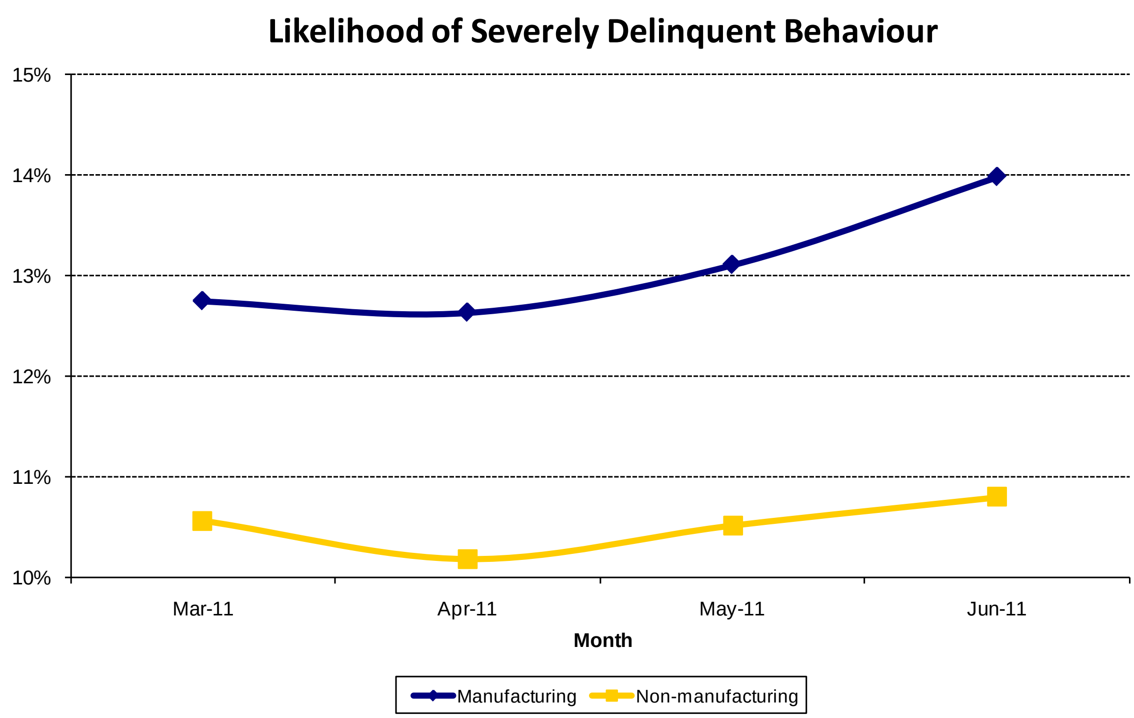
Outlook for the sector likely to deteriorate

Australian manufacturers are nearly five times more likely to be unable to pay their bills according to recent analysis by credit agency Dun & Bradstreet.

These are the findings derived from Dun & Bradstreet's *Dynamic Delinquency Score* (DDS), a compilation of financial, credit and demographic factors that assess the probability of a firm paying its bills in a severely delinquent manner (90+ day past terms) over the next 12 months.

The data reveals that over the four months to June 2011, the likelihood of severely delinquent payments in manufacturing increased by nearly 10 per cent, compared with a rise of just over 2 per cent in the non-manufacturing sector.

Driving this deterioration were key industry segments including Primary Metals, Paper, Furniture and Finished Products each recording enhanced payment delinquency of around 20 per cent.



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According to Dun & Bradstreet CEO, Christine Christian, the figures provide further evidence that the gap is widening in Australia's two-speed economy.

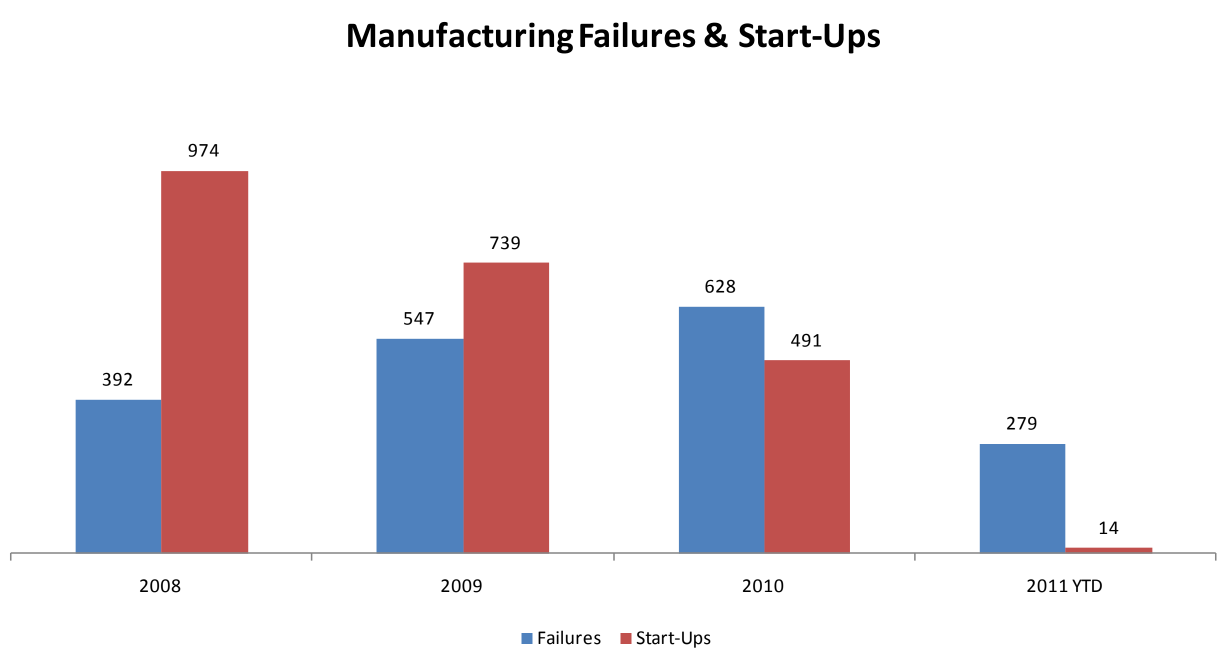
"These figures do not bode well for the ongoing health of manufacturing in Australia", Ms Christian said.

"We know that the ability of a firm to pay its bills, and pay them on time, is a key measure of cash flow and a leading indicator of overall financial health."

Through Dun & Bradstreet risk ratings on more than 200 million companies around the world, including three million entities in Australia, we have consistently seen that creditor payment issues can quickly translate into a firm experiencing financial distress, as measured by the D&B *Dynamic Risk Score* (DRS).

This is underlined by D&B business failure data that indicates manufacturing remains one of the hardest hit sectors with failures rising by over 60 per cent since 2008.

Not surprisingly, new start-ups in manufacturing have plummeted from an average of around 700 each year over the last three years, to just 14 in the first six months of 2011.



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These findings also correlate with recent D&B analysis of business risk downgrades in the March quarter, where manufacturing was one of the worst performing sectors with 16 percent of businesses in the sector receiving downgrades.

“While a strong Australian dollar is undoubtedly taking its toll on manufacturers, we need to remember that specific firm level risk is closely associated with business management fundamentals rather than just macroeconomic factors.”

“Almost exclusively business failure is a result of poor credit risk and negative cash flow. These factors are the primary cause of insolvency and can occur at any time regardless of the outlook”, Ms Christian said.

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About D&B
Dun & Bradstreet is the world’s leading provider of credit, marketing and purchasing information and receivables management services.

D&B manages the world’s most valuable commercial database with information on more than 200 million companies, including 3 million in Australia, and millions of consumers. Information is gathered in 193 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than 1.5 million times daily as part of D&B’s commitment to provide accurate, comprehensive information for its more than 150,000 customers.

D&B’s data provides insights which improve business decision-making and outcomes.