



EMBARGOED – 1:00am, Tuesday 4 August 2015

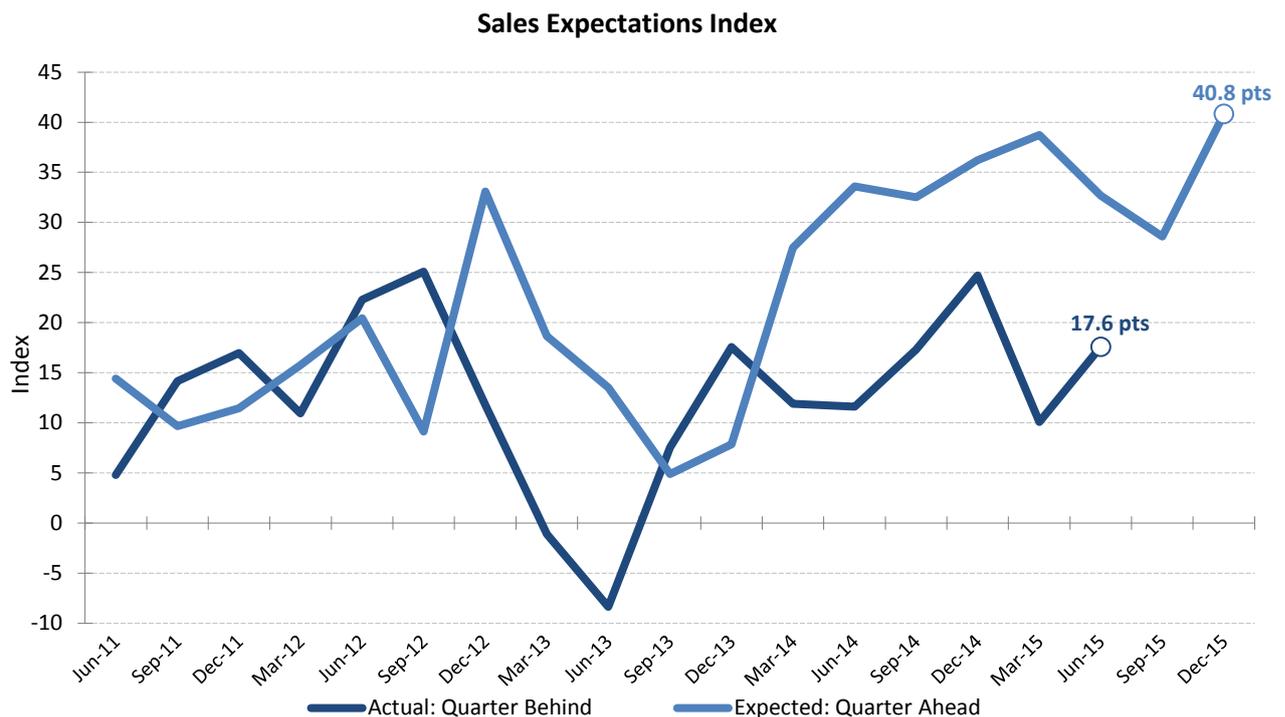
Sales expectations highest since 2003

Sales expectations have rebounded sharply, reaching their highest level for more than a decade in a strong signal the business community has a more optimistic outlook for Q4 2015.

In marked contrast to the preceding period, Dun & Bradstreet's latest *Business Expectations Survey* reveals the Sales Expectations Index for the fourth quarter surged to 40.8 points, up from 28.6 points last quarter and the highest level recorded since the fourth quarter of 2003. Some 48 per cent of companies surveyed expect to see an increase in sales in the fourth quarter of 2015.

The combination of competitive pricing, a lower Australian dollar, favourable borrowing costs and government measures targeting small to medium-sized businesses appears to have offset concerns surrounding weak demand for goods and services and a lack of consumer confidence.

In a further positive sign, the Actual Sales Price Index leapt to 17.6 points, up from 10.1 points in the prior quarter but still below the 2014 peak of 24.7 points. According to the survey, 36 per cent of businesses increased sales during the second quarter, while 19 per cent saw a drop in sales.



Despite weak demand for products and services remaining the biggest anticipated barrier to growth in the coming 12 months, 61 per cent of respondents were more optimistic about growing their business in 2015 compared to last year, up from a year low of 57 per cent in the third quarter.

According to Adam Siddique, Head of Corporate Affairs at Dun & Bradstreet, the findings indicate the corporate sector may be emerging from its recent state of inertia.

“The strong survey results suggest businesses have a brighter short-term outlook than we’ve seen in recent months, which is a positive sign for increased economic activity during the second half of the year,” said Mr Siddique.

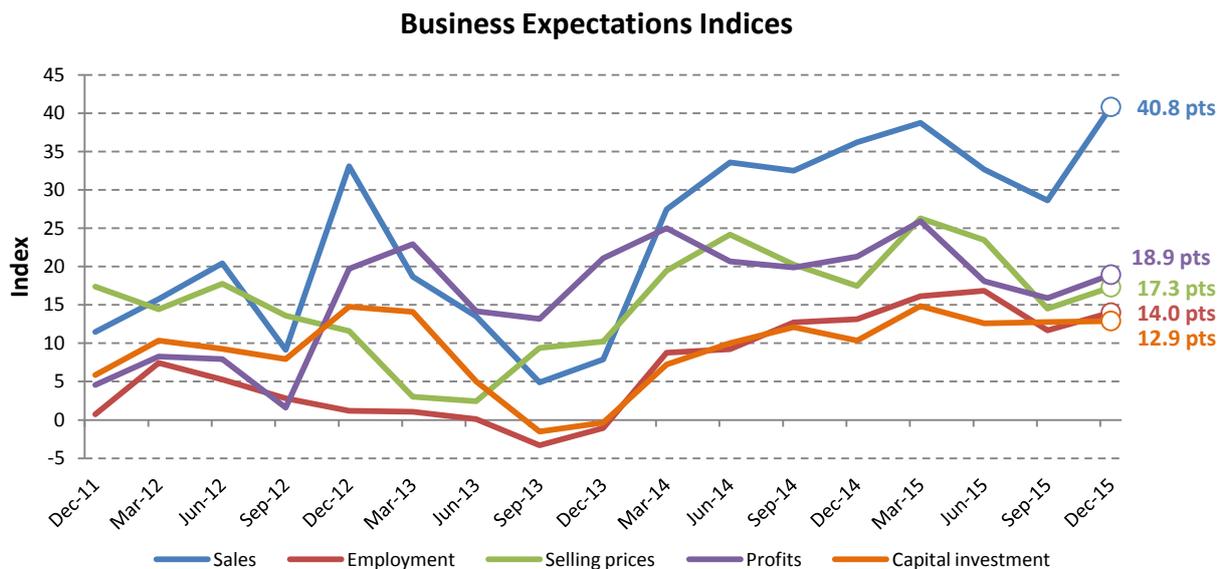
MEDIA RELEASE



“The upward trajectory broadly reflected throughout the survey results is encouraging. The sharp rise in sales expectations is particularly noteworthy and may indicate the recently announced budget measures for small to medium-sized businesses are gaining traction.

“Similarly, the discussion around changes to GST for imported online purchases and the lower Australian dollar could also have provided a much-needed confidence boost across the business community.”

The rise in expected sales was matched to a lesser extent by other key measures in the survey, with the outlook for profits, employment and selling prices all increasing, although expectations for capital investment remained flat.



The spike in the Sales Expectations Index was not uniformly reflected across all sectors, with the *Business Expectations Survey* revealing sales expectations in the wholesale sector eased slightly lower to 33.4 points, down from 34.2 in the prior quarter and comfortably below the 41.5 points recorded for the same period last year.

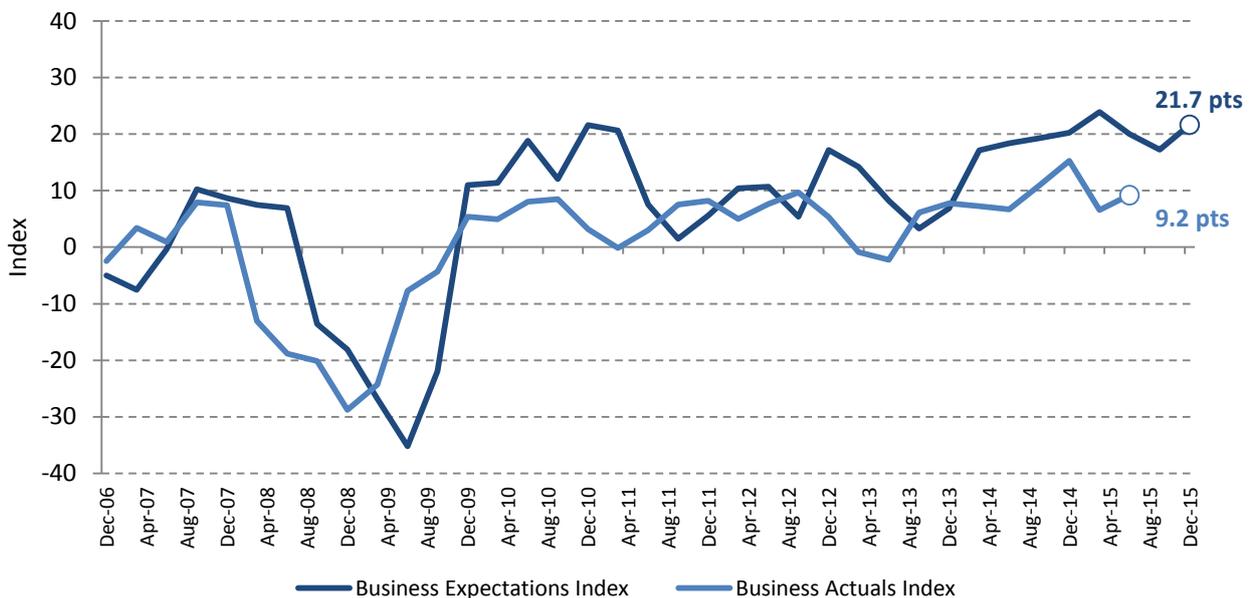
Similarly, despite the outlook for capital investment remaining flat, the retail sector bucked the broader trend with 19.8 per cent of companies forecasting increased capital investment, compared with 18.4 per cent last quarter and significantly up on 10.7 per cent for the same period in 2014.

Meanwhile, record low interest rates did not translate into increased borrowing expectations among businesses, with the survey finding just 15.6 per cent of companies planned to seek credit to grow their business in the quarter ahead. This could be a result of businesses already enjoying healthy cash surpluses, as indicated by the record low payment times revealed in a recent *Trade Payments Analysis* released by Dun & Bradstreet.

Dun & Bradstreet’s *Business Expectations Index*, the average of the survey’s measures of sales, profits, employment and investment, has increased from its Q3 2015 low of 17.2 points, to reach 21.7 points for the December quarter. At this level the index is still below the 23.9 point peak for 2015 recorded in Q1, although it remains marginally higher than the 20.3 points for the same period last year.



Business Expectations Index



The Business Expectations Index is an aggregate of the survey's measures of sales, profits employment and investment expectations.

According to Stephen Koukoulas, Economic Advisor to Dun & Bradstreet, “Business expectations have jumped strongly in what is a positive sign for the economic outlook over the remainder of 2015. Record low interest rates and a weak Australian dollar are likely factors behind the lift in business optimism. The good news is that the overall level for the composite *Business Expectations Index* is consistent with GDP growth around 3 per cent.

“Of most encouragement is the strength in expected sales. Firms are looking for a strong pickup in activity through to the end of 2015, and this positive news is spilling over into higher expected profits, a lift in employment and steady capital expenditure.

“While business expectations can be fickle in the short term, there is no doubt now that the business sector is taking advantage of the favourable environment to ramp up activity. In these circumstances, the Reserve Bank is set to leave official interest rates unchanged in the near term,” Mr Koukoulas added.

===

For more information please contact:

David Kemp
kempd@dnb.com.au
 +61 3 9828 3329

MEDIA RELEASE



The latest D&B *Business Expectations Survey* shows:

Expectations index for the December quarter 2015:

- The **Employment** Expectations Index has increased to 14 points, up from 11.7 points in the previous quarter and 13.2 points a year ago.
- The **Sales** Expectations Index has surged to 40.8 points, from 28.6 points in the previous quarter and 36.2 points a year ago.
- **Profits** expectations for the quarter have improved, with the index at 18.9 points compared to 15.9 points in the previous quarter, but down from 21.3 points last year.
- Plans for **Capital Investment** are flat, with the index at 12.9 points, from 12.8 points in the previous quarter and up from 10.4 points a year earlier.
- The **Selling Prices** Expectations Index has risen to 17.32 points from 14.5 points in the previous quarter, and remained fairly flat compared to 17.5 points at the same time last year.

Issues expected to influence operations in the December quarter 2015:

- 61 per cent of businesses are **more optimistic** about growth in the next 12 months compared to 2014, while 29 per cent are less optimistic and 10 per cent are undecided.
- **Consumer confidence** (41 per cent) is identified as the issue most likely to influence business operations in the next quarter, followed by the **level of the dollar** (14 per cent) and **cash flow** (13 per cent).
- 20 per cent of businesses see **weak demand for their products and services** as the biggest barrier to growth in the year ahead, while 15 per cent consider **cash flow** and 15 per cent view **utilities and operational costs** as the main barrier.
- 34 per cent of businesses reported having a customer or supplier that became **insolvent**, or was otherwise unable to pay them in the past year.
- 35 per cent of businesses would choose to miss payments to **trade suppliers** if unable to pay all their bills on time, followed by a **credit card** (21 per cent) and a **business loan or overdraft** (11 per cent).
- 27 per cent of businesses would prefer a **higher Australian dollar** and 21 per cent a **lower dollar**, while 48 per cent think that **it doesn't matter**.
- 16 per cent of businesses intend to seek **finance** or **new credit** in the quarter ahead to help their business grow, while 77 per cent will not. 7 per cent are undecided.

Actual results reported for the June quarter 2015:

- **Actual employment** reported is down to 4.3 points from 5.1 points in the previous quarter and 4 points last year.
- **Sales** activity increased to 17.6 points from 10.1 points in the previous quarter and up from 11.6 points last year.
- The **Actual Profits** Index increased to 5.8 points from 4.8 points in the previous quarter and 3.8 points last year.
- **Capital investment** activity rose to 9.2 points, from 6.2 points in the previous quarter and 7.4 points last year.
Selling prices were reduced, with the index down to 4.2 points from 10.9 points in the previous quarter and 13.4 points last year.

About Dun & Bradstreet

Established in 1887, Dun & Bradstreet is Australia and New Zealand's longest established credit information bureau. Backed by its extensive financial database, D&B helps businesses to make informed credit decisions, and consumers to access personal credit information.

D&B works across the entire credit lifecycle to deliver data-driven solutions in sales and marketing, credit reporting and debt management. Through analysis of financial and behavioural information, D&B also provides current and predictive assessments of the economy, business conditions and credit activity.

MEDIA RELEASE



About the survey

Each month business owners and senior executives representing the manufacturing; wholesale; retail; construction; transport, communications and utilities; finance, insurance and real estate; and services sectors across Australia are asked if they expect increases, decreases or no changes in their upcoming quarterly sales, profits, employment, capital investment and selling prices. Since its introduction in Australia in 1988, the survey has proven to be a highly reliable measure of economic performance.

The index figures used in the survey represent the net percentage of survey respondents expecting higher sales, profits, etc., compared with the same quarter of the previous year. The indices are calculated by subtracting the percentage of respondents expecting decreases from the percentage expecting increases. The Business Expectations Index is a composite of four of the five indices surveyed: sales, profits, employment and capital investment.

Methodology

Each month D&B asks a sample of executives if they expect an increase, decrease or no change in their quarter-ahead sales, profits, employees, capital investment and selling prices compared with the same quarter a year ago.

The executives are also asked for actual changes over the twelve months to the latest completed quarter.

The Australian survey began in March 1988 obtaining some 900 responses in the third month of each quarter. Since the middle of 1999, the survey has been conducted monthly, initially with about 300 responses each month. From September 2000, responses have been obtained from 400 executives each month.

From July 2005, to simplify the interpretation of the survey data, the results have been presented as a sequence of preliminary, interim and final indexes. The 400 responses from the first month of each quarter give preliminary estimates of the quarter-ahead expectations and the quarter behind actual indexes. The 400 responses from the second month of the quarter are combined with those from the first month as interim estimates of the indexes based on 800 responses. The 400 responses from the third month are combined with those from the first two months to give the final expectations and actual indexes based on all 1,200 responses obtained during each quarter.

In this issue, the final indexes for the latest quarters are based on approximately 400 responses obtained during July 2015.

Charts and tables

It is common practice to present the results of business expectations surveys as indexes showing the net balance of the positive and negative responses. However, this method of aggregating responses loses relevant information about the relative proportions and rates of change of the two (positive and negative) groups.

Accordingly, the detailed charts at the top of pages five to nine in the D&B *National Business Expectations Survey* show separately the positive and negative components of each of the various indexes. These charts help provide a better insight into the expectations and performance of Australian business than that shown by movements in the simple aggregation of the positive and negative responses.

The aggregate net balance indexes are shown in the charts at the bottom of pages 6 to 10.

About Dun & Bradstreet

Established in 1887, Dun & Bradstreet is Australia and New Zealand's oldest credit information bureau. Backed by its extensive financial database, D&B helps businesses to make informed credit decisions, and consumers to access personal credit information.

D&B works across the entire credit lifecycle to deliver data-driven solutions in sales and marketing, credit reporting and debt management.

Through analysis of financial and behavioural information, D&B also provides current and predictive assessments of the economy, business conditions and credit activity.



Sales outlook

(Quarterly Net Index) (40.8 points, up from 28.6)

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

Expectations

The December quarter 2015 Sales Expectations Index is 40.8 points, up from 28.6 points in the previous quarter and 36.2 points in the year prior.

The index is now 27 points above its 10-year average of 13.8 points.

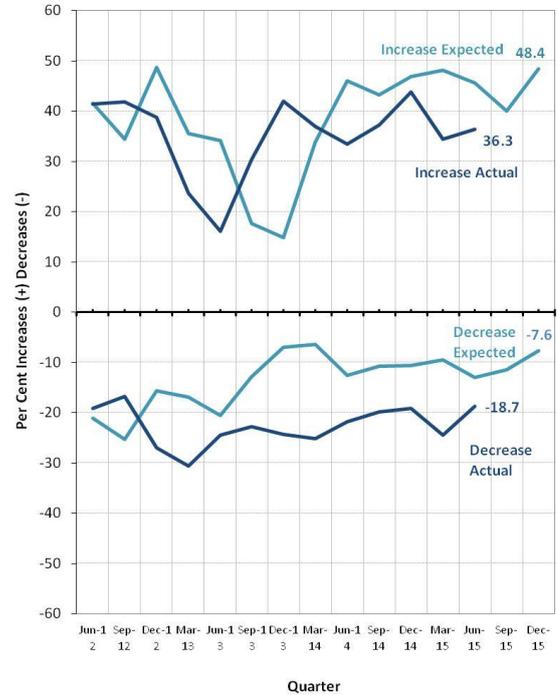
48.4 per cent of businesses expect an increase in their sales, while 7.6 per cent forecast a decrease, compared to the same time last year.

Actual performance

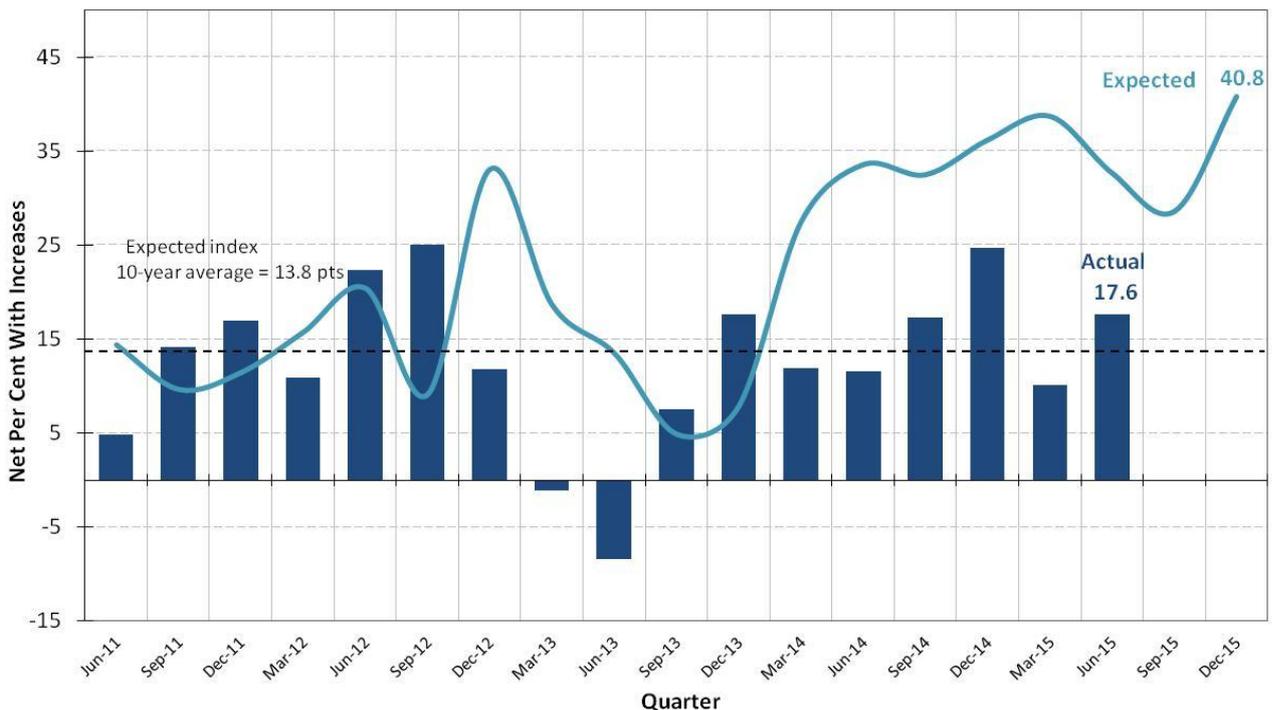
The actual sales index for the second quarter of 2015 is 17.6 points, up from 10.1 points in the previous quarter and 11.6 points a year earlier.

36.3 per cent of firms reported increased sales in the June quarter and 18.7 per cent had decreased sales compared to the previous year.

Sales: D&B Indexes
Component Responses



Sales: D&B Index Jun Qtr 2011 to Dec Qtr 2015





Profits outlook

(Quarterly Net Index) (18.9 points, up from 15.9)

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

Expectations

The outlook for profits in the December 2015 quarter is an index of 18.9 points, up from 15.9 points in the previous quarter and 21.3 points last year.

The outlook for profits is 12.1 points above the 10-year average index of 6.8.

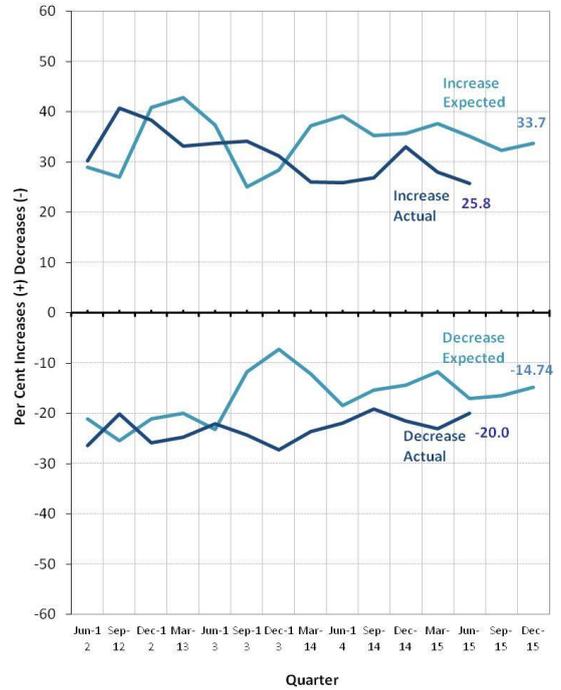
33.7 per cent of businesses expect an increase in their profits during the quarter ahead, while 14.7 per cent forecast a decrease, compared to last year.

Actual performance

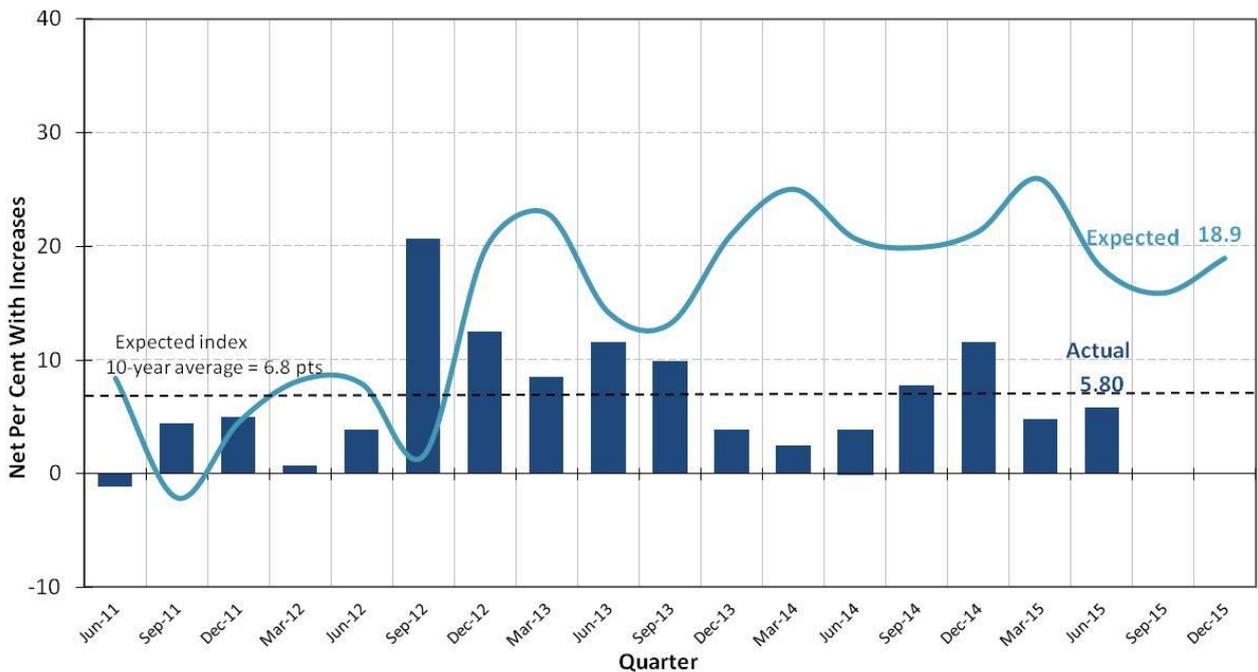
The actual profits index for the December 2015 quarter is 5.8 points, up from 4.8 points in the previous quarter but below the 3.8 points recorded a year earlier.

25.8 per cent of businesses increased their profits, while 20.0 per cent experienced a decrease.

Profits: D&B Indexes
Component Responses



Profits: D&B Index Jun Qtr 2011 to Dec Qtr 2015





Employment outlook

(Quarterly Net Index) (14.0 points, up from 11.7)

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

Expectations

The employment outlook for the December quarter 2015 has increased to 14.0 points, up from 11.7 points in the previous quarter and 13.2 points a year earlier.

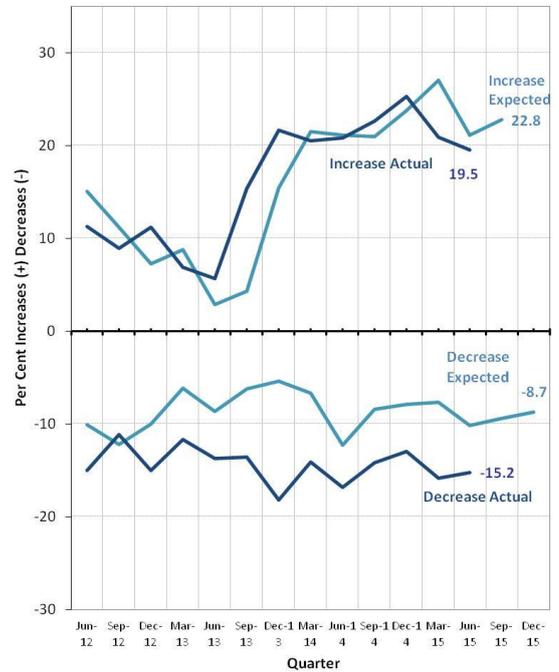
Some 22.8 per cent of executives expect to employ more staff compared to year ago, while 8.7 per cent expect to decrease their staff numbers.

Actual performance

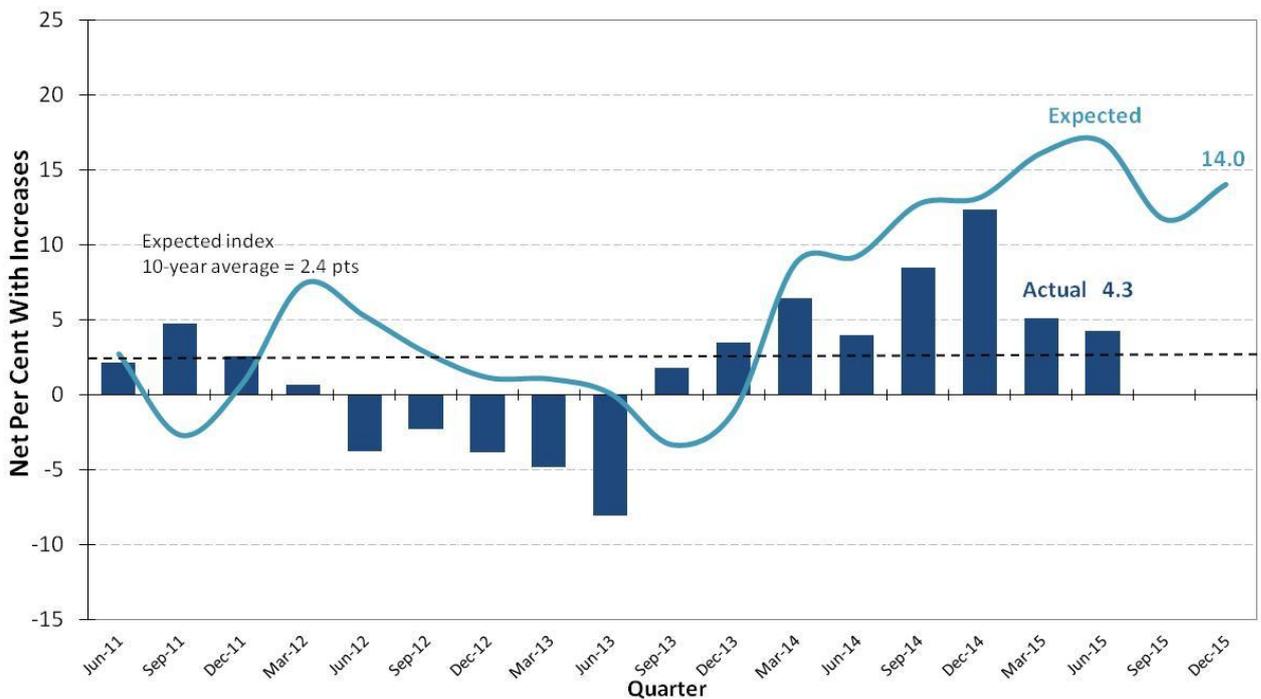
In the June quarter 2015, 19.5 per cent of businesses hired new staff, compared to the 15.2 per cent that reduced their employment levels.

At 4.3 points, the actual employment index is down from 5.1 points last quarter but above the 4.0 points recorded last year.

Employees: D&B Indexes
Component Responses



Employment: D&B index Jun Qtr 2011 to Dec Qtr 2015





Capital Investment outlook

(Quarterly Net Index) (12.9 points, up from 12.8)

The positive and negative components of the D&B indexes are shown in the adjacent chart.

Expectations

The capital investment outlook for the December quarter 2015 is 12.9 points, up from 12.8 in the previous quarter and 10.4 points last year.

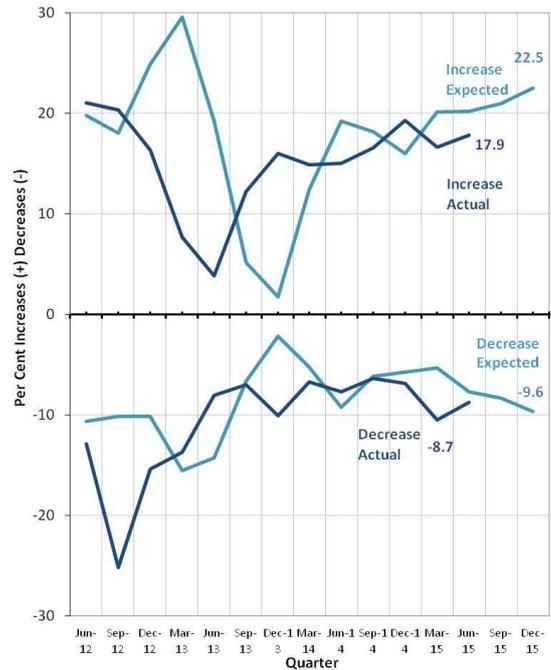
While 22.5 per cent of businesses expect an increase in their investment level, 9.6 per cent forecast a decrease compared with a year earlier.

Actual performance

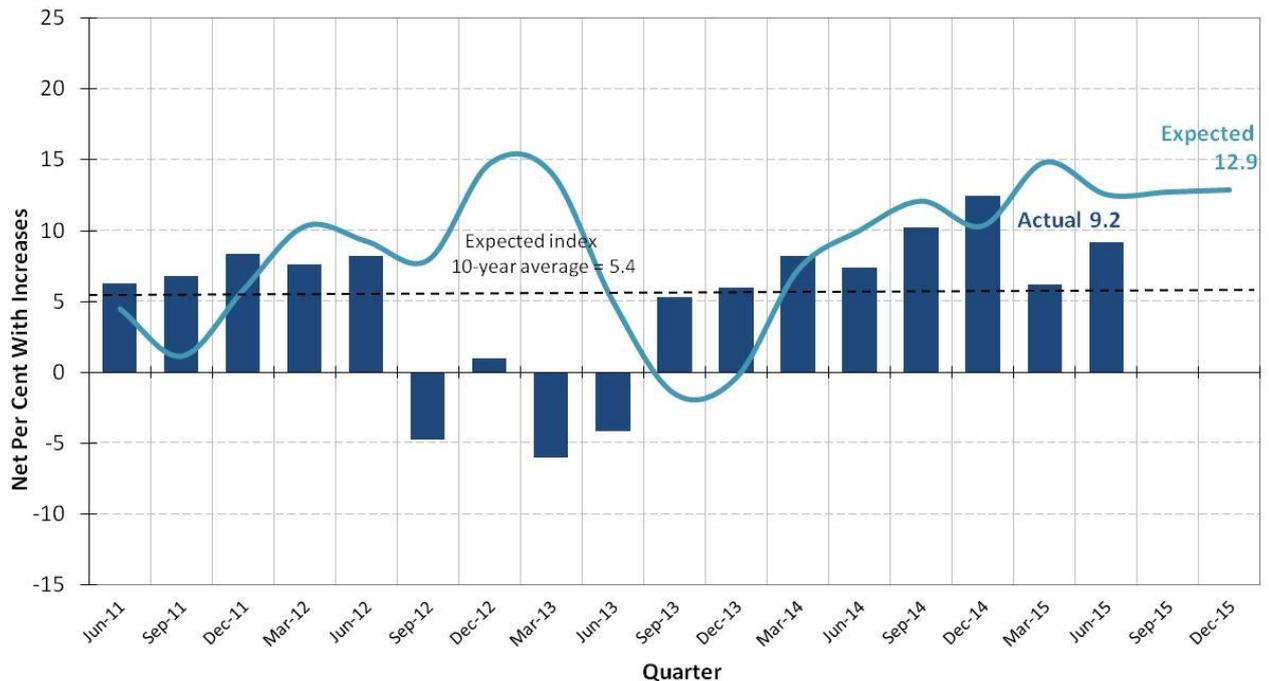
For the June quarter 2015, the actual index for investment is 9.2 points, up from 6.2 in the previous quarter and 6.0 a year ago.

17.9 per cent of firms increased their capital investment in the June quarter, while 8.7 per cent decreased capital spending.

Capital Investment: D&B Indexes
Component Responses



Capital Investment: D&B Index June Qtr 2011 to Dec Qtr 2015





Selling Prices outlook

(Quarterly Net Index) (17.3 points, up from 14.5)

The positive and negative components of the D&B net indexes are shown in the adjacent chart.

Expectations

The Selling Prices Expectations Index for the September quarter 2015 is 17.3 points, up from 14.5 points in the previous quarter and slightly down on the 17.5 points recorded a year earlier.

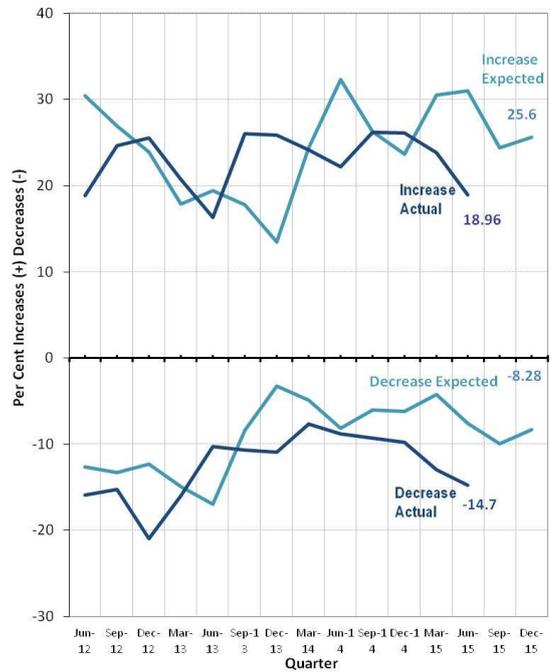
The proportion of firms expecting to have higher selling prices in the quarter ahead is 25.6 per cent, with 8.3 per cent expecting to have lower prices.

Actual performance

At 4.2 points, the actual selling prices index for the June 2015 quarter is down from 10.9 points in the previous quarter and 13.4 points last year.

19.0 per cent of businesses increased the level of their selling prices, while 14.7 per cent had decreased, compared to the same time the previous year.

Selling Prices: D&B Indexes
Component Responses



Selling Prices: D&B Index Jun Qtr 2011 to Dec Qtr 2015

