Decide with Confidence

Dun & Bradstreet's Business Optimism Index – Qatar

Q4 2013

Sponsored by the Qatar Financial Centre Authority

Key Highlights

- Optimism rises for both hydrocarbon and non-hydrocarbon sectors; composite BOI for hydrocarbon sector increases q-o-q by 16 points to 29 and that for the non-hydrocarbon sector increases by 14 points to 53
- More than half of the respondents (55%) in the hydrocarbon sector expect stronger sales volume in the coming quarter
- Sales & profitability expectations among firms in the non-hydrocarbon sector also reflect a robust outlook with 71% and 68% respondents respectively anticipating an increase in Q4, 2013
- 72% of the non-hydrocarbon sector respondents perceive that no negative factors or challenges will affect their business operations in Q4 2013, a significant increase from the previous quarter's 58%.
- Competition & delays in payment / receivables continue to be the key challenges impacting non-hydrocarbon businesses
- A comparison between SMEs and large companies shows that the former are more optimistic on sales volume, profitability and selling prices while large companies have a stronger outlook on hiring and are more optimistic on their business expansion plans.
- 33% of hydrocarbon firms and 35% of non-hydrocarbon sector companies will invest in business expansion

Methodology

The D&B Business Optimism Index

The D&B Business Optimism Index is recognized as a product that measures the pulse of the business community and serves as a reliable benchmark for investors. The D&B Business Optimism Index is arrived at on the basis of a quarterly survey of business expectations. It is conducted in various countries that D&B operates in. Over time, the quarterly survey has emerged as a leading indicator of turning points in economic activity in these countries.

A random sample is selected from Dun & Bradstreet's commercial database for conducting this survey. This sample is divided into hydrocarbon and non-hydrocarbon segments to eliminate the dominance of the former over the latter and understand their dynamics individually. The hydrocarbon segment includes Qatar's mining, oil and gas companies whereas the non-hydrocarbon segment encapsulates in its purview the following sectors:

- Manufacturing (90 units)
- Construction (110 units)
- Trade & Hospitality (80 units)
- Transport & Communications (65 units)
- Finance, Real Estate & Business Services (115 units)

The sample is a microcosmic representation of Qatar's business community. The survey respondents are asked if they expect an increase, decrease or no change regarding the following parameters: Volume of Sales, Net Profits, Level of Selling Prices, New Orders received, Level of Stock, and Number of Employees.

The individual indices for each of the above parameters are then calculated by subtracting the percentage of respondents expecting decrease from those expecting increase.

Additional poll questions are asked relating to the current economic scenario and are aimed at gauging the business sentiments with regards to several key current issues.

For the purpose of the survey, Q1 is the period between January and March, Q2 is the period between April and June, Q3 is the period between July and September, and Q4 is the period between October and December each year.

Composite Business Optimism Index

The purpose of the Composite Business Optimism Index is to capture the aggregate weighted behavior of all the six individual indices in the non-hydrocarbon sector. Beginning Q3 2009, D&B has introduced composite indices for all sub-sectors in the non-hydrocarbon segment to allow one indicator to summarize optimism levels in each of these sub-sectors.

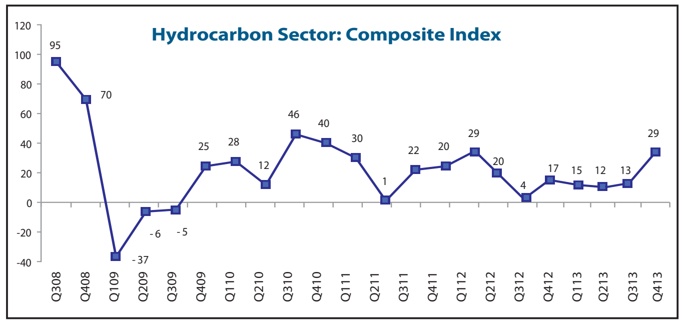
Hydrocarbon Sector

Global growth remains in low gear, although it is varied across countries. Recent developments point towards a change in the underlying growth dynamics as the pace of recovery picks up in developed economies. Advanced economies are gradually strengthening, while emerging economies are facing a slowdown. This shift reflects the impact of fiscal and monetary policies in the US and Japan, which have helped in stimulating economic activity and the ending of recession in the Euro zone. On the other hand, several emerging market economies have been hit by financial market volatility as money is moving back to the US in anticipation of better returns due to the prospective tapering of monetary stimulus by the Federal Reserve. In its latest global economic snapshot, the IMF has trimmed its world growth forecasts for the sixth straight time in less than two years, indicating that a stronger performance in most advanced economies would fail to make up for a more sluggish expansion in the developing world. The IMF now expects global output to expand 2.9% this year, down from its July estimate of 3.1%, making it the slowest year of growth since 2009. A modest pickup is expected next year to 3.6%.

Signs of improvement in the European economy and higher than expected energy usage in other regions have led the IEA to raise its forecast for oil demand growth this year. In its monthly oil report, it expected global oil demand to grow by 1 million bpd this year, an increase of 100,000 bpd from its previous estimate. It maintained its outlook for oil demand growth for 2014 at 1.1 million bpd. However, the IEA also warned of significant risks posed by the sharp currency depreciation in many emerging markets that could undercut its projections.

Qatar's oil and gas sector only expanded by 1% year-on-year in Q2 2013 (real GDP of QAR 37,250 million in Q2 2013), reflecting the moratorium on further exploration of the North Field. The oil and gas sector showed a contraction of 0.5% compared to Q1 2013. Qatar's crude oil production declined from 728,000 bpd in Q1 2013 to 724,000 bpd in Q2 2013. It further declined to 714,000 bpd in August. With declining crude production and moratorium on gas production, the key driver of the Qatari economy will be the non-hydrocarbon sector, at least until 2015, when the Barzan gas project is expected to start production. Within the hydrocarbon sector, the development of natural gas has boosted the production of condensates to 900,000 bpd in 2012, making it for the first time more significant than Qatar's crude oil production of 734,000 bpd.

International crude oil futures on both sides of the Atlantic soared in August to US$ 107.52 per barrel and continued to rise in September to US$ 108.73 per barrel as a result of numerous supply outages, seasonal increases in demand and geopolitical worries. Crude oil prices were also supported by the Federal Reserve's decision to continue with its economic stimulus program. In October, crude oil prices came under pressure due to receding geopolitical tensions, a recovery in global oil supply from the unexpected disruptions in August and a seasonal slowdown in oil demand growth. Recovery in supply from Libya, Nigeria and Iraq is also expected to further ease supply-side pressures on prices, although geopolitical tensions may persist in these countries and in the neighbouring region.

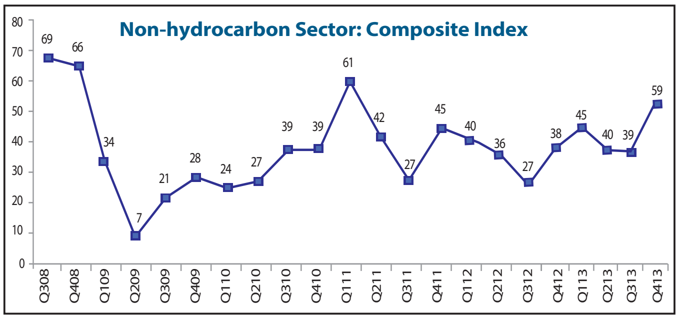


The BOI survey reveals that the composite BOI for Qatar's hydrocarbon sector has soared to 29 in Q4 2013 compared to 13 in Q3 2013 and 17 in Q4 2012. This is the strongest level of optimism in seven quarters, with the uptrend being supported by Volume of sales, Profits & Hiring outlook. 55% of respondents expect stronger sales volume in the coming quarter compared with 46% in Q3, 2013. The BOI for Level of Selling Prices has jumped 22 points, marking a strong recovery from the previous quarter's score of -2. The BOI for the Net Profits parameter is up by 10 points to 38 from 28 in Q3 as 48% of the hydrocarbon firms foresee an increase in profitability levels in Q4 2013. The hiring outlook has also improved compared to the previous quarter; the BOI is up by 9 points to 37 in Q4 from 28 in Q3.

The hydrocarbon sector's business environment outlook for Q4 2013 has moderated; 60% of the respondents do not foresee any negative factors impacting business operations in Q4 compared to 77% in Q3. 13% of the respondents have identified competition as a business challenge this quarter while reduced demand, government regulations, availability of finance and delays in payments/receivables each are a challenge for 5% of the respondents. In the previous quarter, the leading challenges faced by hydrocarbon firms were project delays and scarcity of skilled labour. The survey also shows that the investment outlook is steady with 33% of the respondents planning to invest in business expansion in Q4 2013.

Non-hydrocarbon sector

Qatar's economy continued to maintain its strong growth momentum in the second quarter of 2013. The real GDP expanded at a robust 6.0% pace y-o-y, spurred by double-digit growth in construction, transport and communication, and financial, real estate, & business services. Real GDP growth is expected to remain strong during the second half of the year and into 2014 as the implementation of large infrastructure projects accelerates and higher population boosts aggregate demand. The growth figures for the second quarter of 2013 confirm the continued process of economic diversification of Qatar's economy away from its traditional role as a hydrocarbon exporter towards the non-hydrocarbon sectors. The financial, real estate, and business services was the fastest growing sector (15.4% year-on-year), as banking intermediation accelerated and real estate services were boosted by the growing population. Construction activity accelerated (11.4% year-on-year) as Qatar's infrastructure development program is gathering momentum. In addition, manufacturing grew by 6.4%, boosted by production from the new Pearl gas-to-liquids facilities. Population growth continues to drive the strong performance in other sectors of the economy.



Qatar's non-hydrocarbon sector composite BOI has witnessed an improvement of 14 points from the previous quarter's score of 39 and a 15 point increase when compared y-o-y. All parameters have recorded a higher score in Q4 2013 compared to the previous quarter. The BOI for Volume of Sales and New Orders stand at 65 and 67 respectively, which is 15 and 20 points higher than the Q3 levels in the same order. A significant 71% of respondents expect an increase in their sales volumes in the coming quarter. The selling price outlook for Q4 2013 has also improved, the BOI score has increased to 27 from 17 in Q3 2013. An uptrend in sales volume and future demand coupled with strong selling prices has boosted profitability expectations for Q4 2013; the BOI for the Net Profits parameter has increased to 60 from 48 in Q3. The hiring outlook too has strengthened by 10 points to 44 from 34 in Q3.

72% of the non-hydrocarbon sector respondents have said that they do not anticipate any negative factors to affect business operations in Q4 2013, a significant increase from the previous quarter's 58%. Competition is the leading challenge faced by 10% of the non-hydrocarbon sector businesses while 4% of the firms are concerned about delays in payments. These were the top two challenges in the previous quarter as well. 3% of respondents were concerned with the Government regulations and low demand for products & services. Availability of finance and challenges with availability and costs of raw material are each a concern for 2% of the respondents in the non-hydrocarbon sector.

Investment plans have evinced a diverse trend for Q4 2013, 35% of the respondents plan to invest in business expansion, 42% have said that they will not, while the remaining 23% are unsure. In the previous quarter, 38% of the non-hydrocarbon firms had cited investment plans.

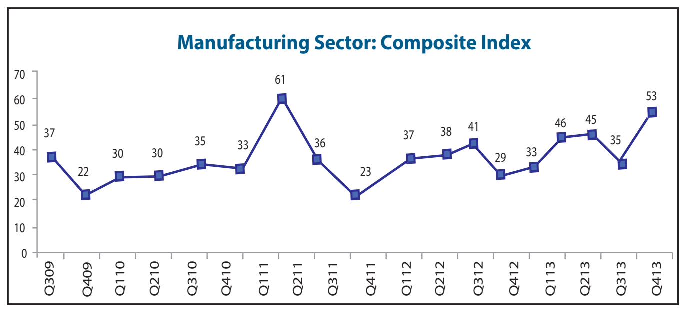
SME vs Large Company Outlook

A comparison between non-hydrocarbon sector SMEs[1] and large companies shows that SMEs are more optimistic than large companies with respect to sales volumes, profitability and selling prices, while the latter have a stronger hiring outlook. With respect to volume of sales, 72% of SMEs expect an increase in sales compared with 68% of large companies. 69% of SMEs anticipate higher profits compared with 61% of large companies However, large companies are more optimistic in terms of their hiring plans in Q4 2013 with 53% of large companies expecting to hire compared to 45% of SMEs.

In terms of the business environment outlook for Q4 2013, 76% of the large businesses do not foresee any negative factors impacting business operations compared to 71% of the SMEs. With respect to the decision to investment in business expansion, large companies are slightly more optimistic than the SMEs. 39% of the large companies foresee investments in business expansion in Q4 2013 compared to 34% of the SMEs.

Manufacturing

Global manufacturing activity grew at its fastest pace in 27 months in September but factories failed to take on new staff to match the upturn. JPMorgan's Global Manufacturing PMI rose to 51.8 in September from August's 51.6; its highest since June 2011 and holding above the 50 mark that divides growth from contraction for the ninth month. Growth tended to be centred on the developed world. With the UK at the top of the global rankings, expansions were also seen in the US, the Euro zone, Japan and Canada. Among the emerging markets, China, Brazil and Indonesia stagnated in September.



The BOI survey reveals that the outlook for Qatar's manufacturing sector has surged compared to Q3. The composite index for Q4 2103 stands at 53, compared to 35 in Q3. The BOI for Q4 2013 is the highest in eleven quarters. The sector holds a very optimistic sales and future demand outlook with the BOI figures at 69 and 65 points respectively compared to 48 and 43 in Q3 2013. Sales expectations are highest for the manufacturing sector compared to all other sectors with 76% respondents anticipating higher sales in Q4, 2013. Selling price expectations have strengthened with the BOI increasing to 27 points from 9 in Q3 2013. The profitability outlook is in line with the improvement in demand and selling price expectations; the BOI for Net Profits stands at 62 compared to 45 in the previous quarter. Foreseeing a positive change in demand and profitability, the hiring outlook for Q4 2013 has improved with the BOI at 44 in Q4 compared to 31 in Q3. Anticipation of an increase in business activity has prompted a majority of businesses to hold higher inventory levels in Q4 2013; 53% of the manufacturing sector respondents foresee an increase in inventory levels. The BOI for Level of Stock is recorded at 51 compared to 34 in Q3 2013.

A majority (71%) of manufacturing firms foresee no negative factors impacting business operations in Q4 2013 whereas the corresponding figure for the previous quarter stood at 62%. Competition is the leading challenge faced by 8% of the respondents, while availability / cost of raw material, reduced demand and government regulations each are a concern for 4% of the firms. Despite the robust sales expectations, the business expansion outlook has moderated for this sector, 38% of the respondents plan expansion in Q4 2013, a decline of 6% when compared with the previous quarter.

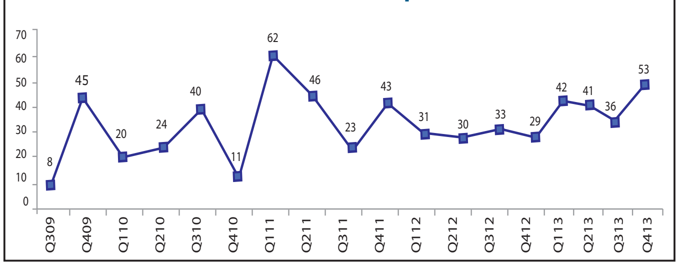
Construction

KPMG's 2013 Global Construction Survey shows that the industry is in better shape now than 4 or 5 years ago. A general upward trend in backlogs and margins is giving cause for optimism across

[1]According to Enterprise Qatar, SMEs are defined as companies with a turnover of QAR 100mn and below

the industry, with further growth anticipated. The industry is in a more upbeat mood after several years of falling backlogs and tight margins. Economic recovery and growing urbanization is driving a continued demand for infrastructure in all forms. Power and energy are essential forces behind such expansion, accelerating the need to extract and transport conventional and unconventional coal and gas, and build new installations for generating traditional and sustainable energy. In Qatar, with the 2022 FIFA World Cup less than a decade away, the government is poised to up the tempo of its infrastructure and development program after raising expenditures for the new financial year by 18% in the budget for fiscal year 2013/14.

Construction Sector: Composite Index



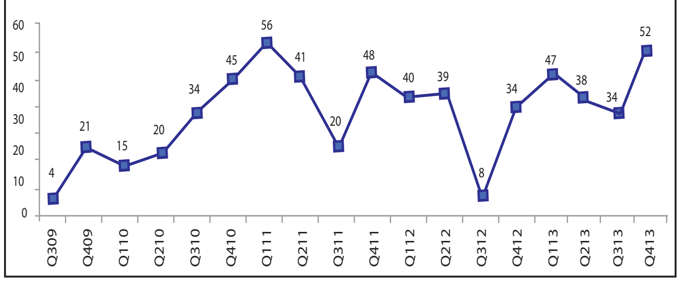
After witnessing a decline of 5 points in the previous quarter, the composite index for Qatar's construction sector has revived with an increase of 17 points reaching a score of 53 in Q4 2013, highest in the last 11 quarters. A y-o-y comparison shows that the index has jumped 24 points in Q4 2013 compared to Q4 2012's score of 29 points. All parameters have recorded a higher score in this quarter. The BOI for Volume of Sales stands at 62 compared to 49 in Q3, while that for New Orders stands at 63 compared to 42 in Q3 2013. The BOI for Level of Selling Prices has increased by 18 points to 30 in Q4 2013 and correspondingly the profitability optimism has increased by 12 points to 57. The hiring outlook has also improved; the BOI has gained 19 points to stand at 52 in Q4 compared to 33 in Q3 2013 with 55% of the respondents expecting an increase in workforce in Q4. Construction firms are most optimistic about hiring in Q4 compared to the other non-hydrocarbon sectors.

71% of the respondents in the construction sector do not foresee any factor impacting business operations negatively in Q4 2013 compared to 56% in Q3. Competition is cited as the leading challenge by 10% of the construction firms, while reduced demand was impacting 6% of the construction businesses. Operational challenges due to delays in payments are a leading concern for 5% of the firms. The business expansion outlook has improved for this sector, 39% of the construction firms plan to invest in business expansion in Q4, 2013 compared with 31% in the previous quarter.

Trade & Hospitality sector

The global retail industry has been maintaining a stable CAGR of around 3% over the past few years. Besides traditional markets such as the US and Europe, global retailers have been exploring emerging regions such as China, India, Latin America, Central Asia, Eastern Europe and South East Asia, with their expanding consumer bases, supportive ecosystems and new consumption hot zones. The retail industry has been tested by more than four years of tough trading and fragile consumer confidence. The global economy is undergoing a transition wherein many emerging market economies are experiencing a slowdown in their growth rates, but these countries continue to be the main driver of retail growth globally and hold out the best opportunity for growth and profits for many international retail and consumer companies.

Trade & Hospitality Sector: Composite Index

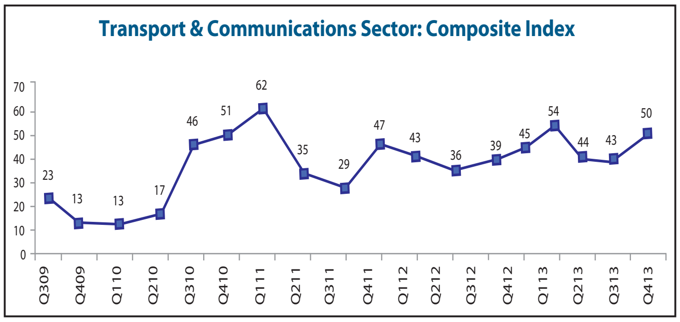


The business outlook for Qatar's trade & hospitality sector has strengthened for Q4 2013, with the composite BOI nearing the all-time high of 56 touched in Q1 2011. At 52, the composite index for Q4 is 18 points higher compared to 34 in Q3 2013. All six parameters have recorded an increase from the previous quarter's levels. This sector holds a very strong demand outlook; the BOI for Volume of Sales has increased to 67 from 45 in Q3 2013. The BOI for New Orders has jumped 27 points to 71. Selling price expectations have remained stable when compared to the previous quarter; the BOI has inched up by 2 points from 19 in Q3 to 21 in Q4 2013. A majority (57%) of the respondents do not foresee any change in their selling prices in Q4 2013. A strong rebound in demand outlook and stability in pricing has boosted profitability expectations for Q4. 74% of respondents expect an increase in profitability in Q4, 2013, highest when compared with all other sectors. The hiring outlook has also improved; the BOI has climbed to 36 compared to 23 in Q3 2013. The BOI for Level of Stock has gained 6 points to 39 in Q4 2013 from 33 in the previous quarter.

Three quarters (74%) of the respondents in the trade & hospitality sector do not foresee any negative factors impacting their business operations in Q4 2013; the corresponding number for Q3 2013 stood at 61%. Competition is perceived as a prime challenge by 10% of the respondents while delays in payments are cited as a leading concern by 5% of the respondents. The survey shows that investment plans remain steady; 32% plan investments in Q4 2013 (33% in Q3 2013) and 43% of the respondents do not plan any business investment in Q4 2013 (45% in Q3 2013).

Transport & Communication sector

The international shipping industry accounts for approximately 90% of global trade by volume and is essential for connecting large sectors of the world's economy. The financial crisis of 2008 afflicted each of the industry's three main categories: tanker, dry bulk and container. The IMF has announced a further reduction in forecasts for growth in world trade volumes this year. Trade in goods and services was expected to grow by 3.8% in the January forecast, 3.6% in April, 3.1% in July, and is now only thought to expand by 2.9%. The IMF does expect trade to pick up in 2014, with a 4.9% rise projected. Currently, the global shipping industry is oversupplied. Because supply far exceeds demand, shipping rates have plummeted, as have the prices of ships.



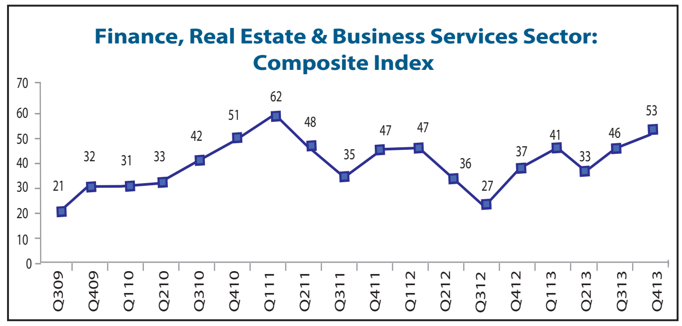
In Qatar, business sentiments among the transport & communication sector companies have improved for Q4 2013 compared to the previous quarter. The composite index for this sector stands at 50, 7 points higher than the Q3 2013 score. The BOI for Volume of Sales stands at 64; up from 54 in Q3 2013, while that for New Orders stands at 68 compared to the previous quarter's 57. The index for selling prices has increased by 9 points to 22 in Q4 2013. This sector holds a very strong profitability outlook for Q4 2013, 68% of the sector respondents foresee an increase in profitability levels, with the BOI at 62 in Q4 compared to 54 in Q3. The hiring outlook is steady; the BOI stands at 35 in Q4 2013 compared to 37 in Q3.

The transport & communications sector is the most optimistic with respect to the business environment in Q4; 81% of the respondents do not foresee any negative factors impacting their businesses in Q4 2013 (61% in Q3). Competition is the prime concern for 8% of the businesses in this sector, while 5% are concerned about operational challenges due to delay in payments. Half of the sector respondents do not plan investment in business expansion while 27% have said that they will invest in expansionary activities and the remaining 23% are unsure.

Finance, Real Estate & Business Services sector

The IMF's Global Financial Stability Report points out that the global financial system is undergoing a series of transitions along the path toward greater financial stability with the US expected to soon move to less accommodative monetary policies and higher long-term interest rates as its recovery gains ground. However, for the time being the Federal Reserve has decided to wait for more evidence that progress in economic activity and labour market conditions would be sustained before adjusting the pace of its asset purchases. The Euro area is moving toward a more robust and safer financial sector, including a stronger monetary union with a common framework for risk mitigation, while strengthening financial systems and reducing excessive debt levels. On the other hand emerging markets face a transition to more volatile external conditions and higher risk premiums.

At 53.6 in September, the JPMorgan Global Services Business Activity Index was down sharply from August's two and a half year high of 56.0. The slowdown was primarily centred on the US non-manufacturing sector, where growth of business activity eased sharply from August's 30 month high. The US reading was nonetheless still above the global average. The UK topped the service sector growth league table in September. Services output growth accelerated in Japan, while Brazil and Russia also reported increases.



The survey reveals a rising trend in optimism levels for the finance, real estate & business services sector as reflected by the BOI scores in Q3 and Q4, 2013. The composite index for the sector for the 4th quarter stands at 53, which is 7 points above the Q3 2013 score of 46 and 16 points above same period last year. 72% of the respondents foresee an increase in their sales volumes which is 5% higher when compared with the previous quarter. The New Orders parameter too has revealed an upward trend, with 74% of the respondents expecting their order books status to improve in Q4 2013; the BOI stands at 71 compared to 53 in Q3. Selling prices are expected to remain steady; the BOI is at 28 compared to 27 in Q3 2013. With strong sales and future demand expectations, the sector's profitability expectations have improved from 53 in Q3 to 58 in Q4. Y-o-y comparison shows that profitability expectations have soared by 37 points from 21 in Q4 2012 to 58 in Q4 2013. The hiring outlook remains strong with the BOI at 44 in Q4 2013 for the third quarter in a row and 49% of the firms expecting to hire additional workforce.

71% of the respondents in this sector do not foresee any challenges facing business operations in Q4 2013 compared to 53% in the previous quarter. 10% are concerned about increasing competition while 3% each are facing constraints due to delays in payments/receivables, reduced demand, Government regulations and availability of finance. 35% of the sector respondents plan to invest in business expansion in Q4 2013 while 41% will not. The remaining 24% are uncertain about business expansion plans for Q4 2013.

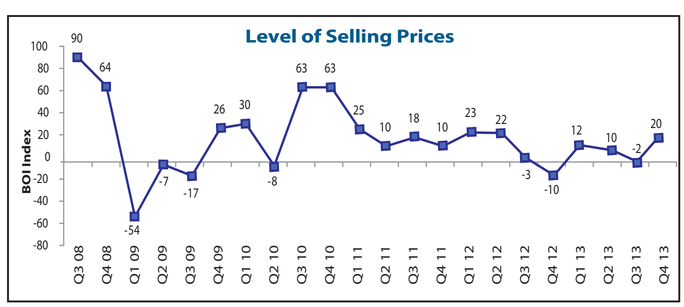
Appendix

Hydrocarbon Sector

Volume of Sales

The BOI for the Volume of Sales parameter has increased by 14 points to 50 in Q4 2013 from 36 in the previous quarter. 40% do not foresee any change, 55% anticipate an increase while only 5% expect a decline in sales volumes in Q4 2013.

Level of Selling Prices



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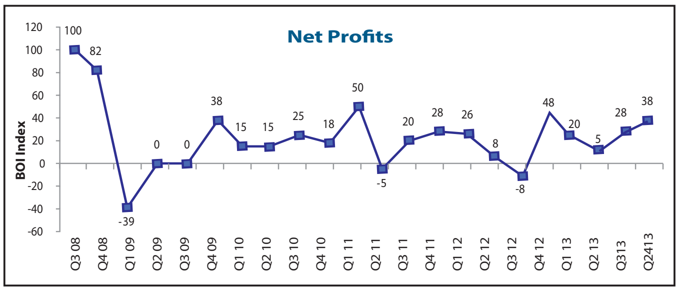
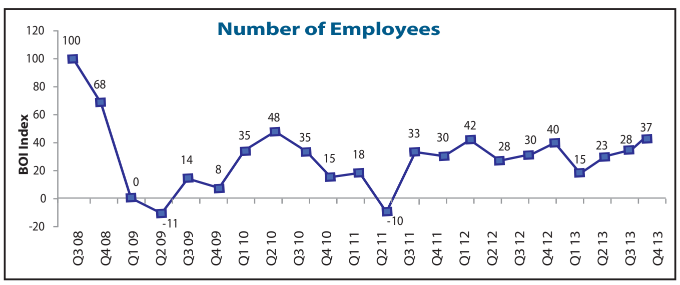
The BOI for selling prices has jumped 22 points to 20 in Q4 2013 from -2 in the previous quarter. While a majority (64%) of the respondents do not foresee any change in selling prices, 28% expect prices to increase and 8% expect a decline in Q4 2013. Y-o-y comparison shows that selling price expectations have strengthened by 30 points, indicating a recovery in selling prices for hydrocarbon products.

Net Profits



The BOI for the Net Profits parameter stands at 38 compared to 28 in Q3 2013. 48% of the respondents foresee an increase in their net profits, while 42% expect no change and the remaining 10% foresee a decrease in Q4 2013.

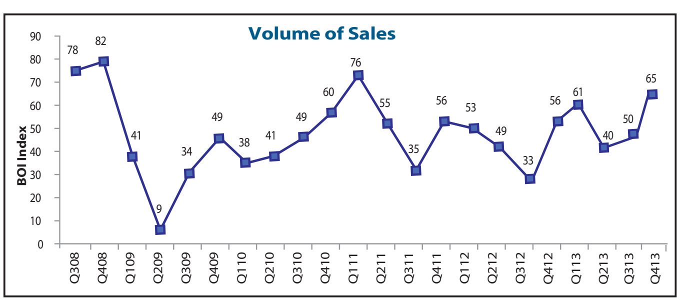
Number of Employees



The BOI for Number of Employees for the hydrocarbon sector has gained 9 points to 37 in Q4 from 28 in the previous quarter. A majority (57%) of the respondents do not foresee any change, while 40% anticipate an increase in employee numbers in Q4 2013. Increase in business activity coupled with expectations of stronger profitability and selling prices have led to an increase in hiring expectations for the last quarter of 2013.

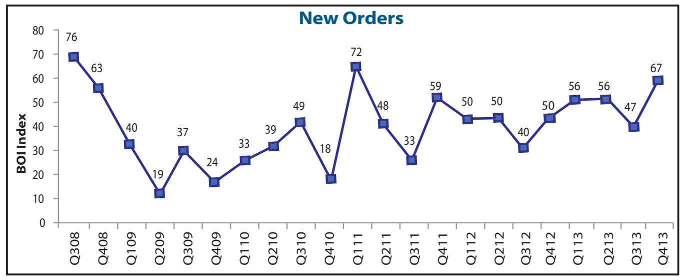
Non-hydrocarbon Sector

Volume of Sales



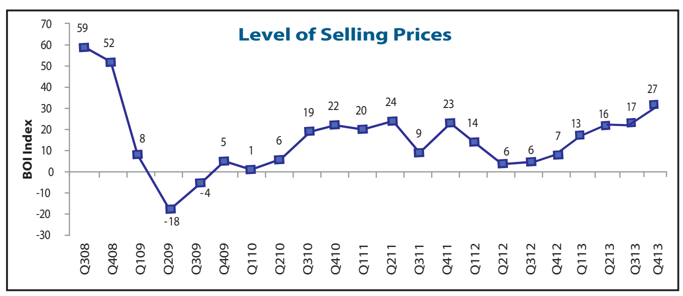
The BOI for the Volume of Sales parameter has jumped 15 points to 65 in Q4 2013 from 50 in the previous quarter. The survey also indicates an increase in sales optimism levels when compared to the same quarter in 2012. A majority (71%) of the sector respondents foresee an increase in sales volumes, 23% do not foresee any change in sales while only 6% anticipate moderation in sales in Q4 2013. The data reveals a cyclical uptrend in the last quarter of the year, especially when compared to the third quarter.

New Orders



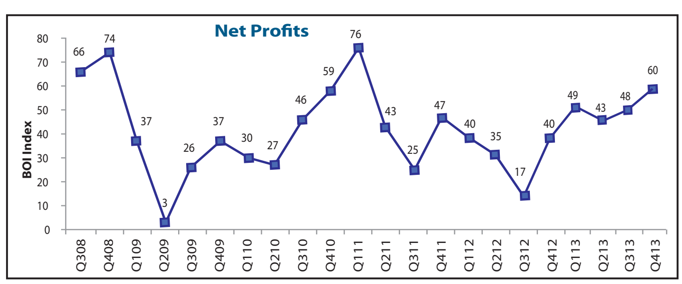
The BOI for New Orders stands at 67 in Q4 2013, 20 points higher than the previous quarter's score and 17 points higher than the score in Q4 2012. A majority (70%) of the respondents anticipate an improvement in their order book status, 27% foresee no change while the remaining 3% expect new orders to decline in Q4 2013. The BOI data for 2011, 2012 and 2013 reveals that the optimism levels improve during the last quarter of the year from the previous quarter.

Level of Selling Prices



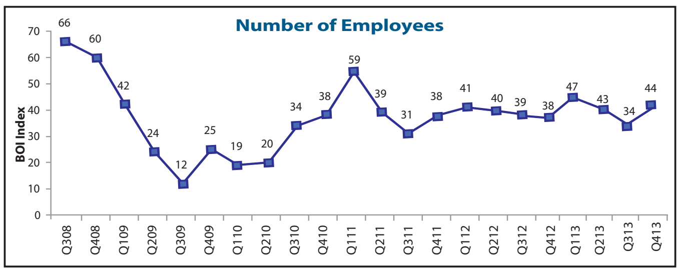
At 27, the BOI for Level of Selling Prices has gained 10 points from the previous quarter's level of 17 and is up by 20 points compared to its value in Q4 2012. 34% of the non-hydrocarbon sector respondents anticipate an increase in their selling prices in Q4 2013, 59% do not foresee any change and the remaining 7% expect a decrease. In line with the increase in sales and new orders, selling prices have also evinced a recovery trend in Q4 when compared to the previous quarter. Selling price expectations for Q4 2013 stand at a five year high.

Net Profits



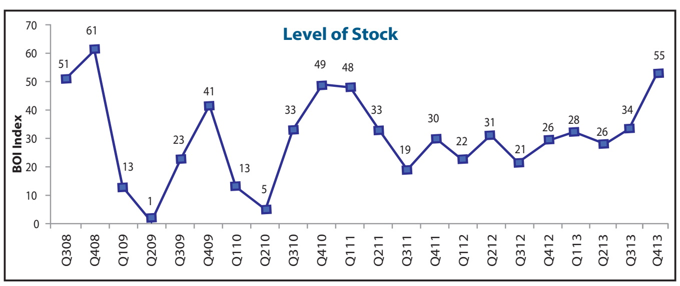
The Net Profits BOI for the non-hydrocarbon sector has increased 12 points to 60 from 48 in the previous quarter and is up 20 points compared to the score in Q4 2012. 68% of the respondents foresee an improvement in profit levels, 24% expect no change while 8% anticipate a decrease. The BOI for the Net Profits parameter has witnessed a cyclical upward movement in the last quarter of the year.

Number of Employees



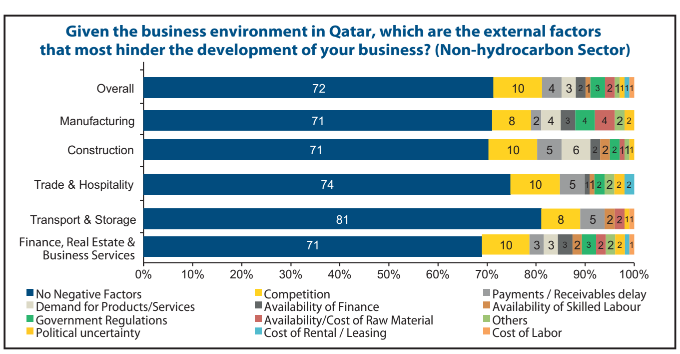
The BOI for Number of Employees has increased by 10 points to 44 in Q4 2013 from 34 in Q3 2013. 47% of the respondents will up their head count, 50% have said that they will maintain the level of employment as that in the previous quarter, while 3% expect the headcount to decrease.

Level of Stock

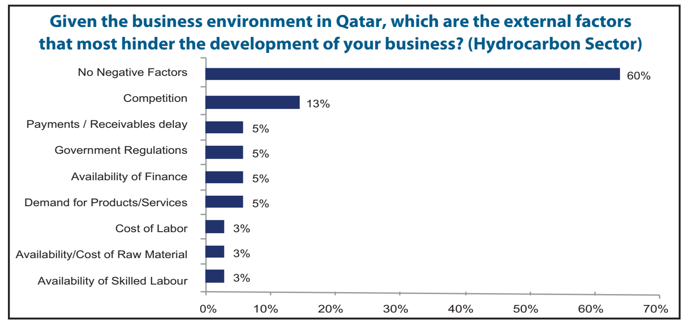


The BOI for the Level of Stock parameter has jumped 21 points to 55 in Q4 2013 compared to the previous quarter's score of 34. 57% of the respondents expect an increase in their inventory levels, 41% foresee no change while 2% foresee a decline in stock levels in Q4 2013. The Q4 2013 level stands at a five year high level.

Business Challenges



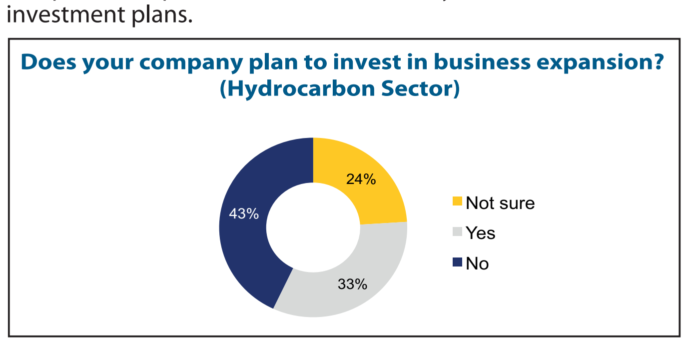
72% of the non-hydrocarbon sector respondents have said that they do not anticipate any negative factors to affect business operations in Q4 2013, a significant increase from the previous quarter's 58%. Competition is the leading challenge faced by 10% of the non-hydrocarbon sector businesses while 4% of the firms are concerned about delays in payments. These were the top two challenges in the previous quarter as well. 3% of respondents were concerned with the Government regulations and low demand for products & services. Availability of finance and challenges with availability and costs of raw material are each a concern for 2% of the respondents in the non-hydrocarbon sector.



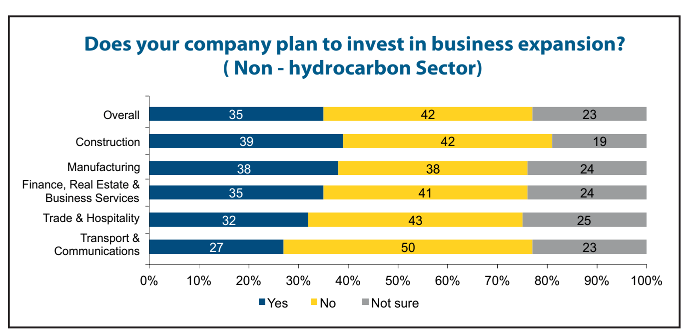
With respect to the hydrocarbon sector's outlook on the business environment in Q4, a majority 60% of the respondents do not foresee any negative factors impacting business operations. 13% of the respondents have identified competition as a business challenge this quarter while reduced demand, government regulations, availability of finance and delays in payments/ receivables each are a challenge for 5% of the respondents.

Investment plans

33% of the hydrocarbon companies plan to invest in business expansion in Q4 2013, 43% do not, while 24% are unsure. In the previous quarter also 33% of the hydrocarbon firms had investment plans.



42% of the non-hydrocarbon sector respondents do not plan to invest in business expansion this quarter. 35% have said that they will (vs. 38% in Q3 2013), while the remaining 23% are unsure about expansionary activities. The construction sector is the most optimistic sector in terms of expansionary activities in Q4 2013 with 39% of the respondents planning investments in Q4 2013.



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Dun and Bradstreet South Asia Middle East Ltd.

Mr. Rajesh Mirchandani
Chief Executive Officer
Dubai International Financial Centre
PO.BOX-506511
Dubai, UAE
Tel: +971 4 3695700
Email: eag@dnbsame.com

QFC Authority

Mr. Yusuf Jehangir
Director of Marketing and Corporate Communications
Tel: +974 44967784

y.jehangir@qfc.com.qa
www.qfc.com.qa