

MEDIA RELEASE
MERCHANTEC (PROPRIETARY) LIMITED

CEOs' CONFIDENCE DIPS FOR THE FIRST TIME IN OVER A YEAR

13 October 2010: The Merchantec CEO Confidence Index dropped slightly by 3.45 points to a score of 60.67 in the third quarter of 2010, reflecting CEOs uncertainty and that market conditions remain challenging in the short to medium term.

The Merchantec CEO Confidence Index, which is made up of 5 components, collates views from CEOs of top South African companies and provides a leading indicator into how business leaders perceive local market conditions and the economy going forward.

Confidence in current economic conditions, being one of the components of the Index, fell by 7 points from the first quarter of 2010 to a score of 56 in the third quarter. "There was a general expectancy that the global economic recovery will continue to gain momentum throughout 2010 when in fact, the recovery has been erratic. As the year continued, this unpredictability eroded confidence," says Don Truda, CEO of Merchantec Capital.

Ability to Raise Capital

While all five components of the Index declined, the lowest scoring component remains CEOs ability to raise debt or equity capital, painting a bleak picture for growth in confidence going forward.

Silver lining called Africa

The opportunity of expanding into Africa is buoying CEOs confidence, as almost 60% of CEOs claim that growth in Africa will have a notably better influence on their businesses in the coming year.

Factors influencing CEO Confidence

CEOs have indicated the following factors, amongst others, as having a negative impact on their confidence: labour strikes, retracting construction activity, lack of support from banks and rumoured nationalisation of mines.

Sectors

Confidence in the consumer goods sector fell for a second quarter in a row which is indicative of the euphoria around the FIFA Soccer World Cup and the benefits it offered to this particular sector earlier in

the year. Specifically confidence of these CEOs in current economic conditions fell sharply, scoring a mere 47 out of a possible 100.

The basic materials sector has regained some confidence it lost in the previous quarter, especially showing optimism in investing in their business in the next six months.

For more information on accessing the detailed report, please contact Merchantec on 011-325-6363.

More about the Merchantec CEO Confidence Index

The Merchantec CEO Confidence Index collates views from CEOs of top South African companies and therefore provides a leading indicator into how business leaders perceive local market conditions and the economy going forward.

The Merchantec CEO Confidence Index is a copyrighted report prepared quarterly by Merchantec Capital. The survey collates responses from over 100 top CEOs, primarily from the listed environment.

Quarter 3 Bonus Question: *“Comparing the coming year to the previous year, what direct/indirect effect will growth in Africa have on your business?”*

About Merchantec Capital

Merchantec Capital is a leading independent corporate finance and research company and an approved designated adviser and sponsor to the AltX and JSE Limited. Merchantec Capital provides integrated equity and financial advisory services to listed and corporate clients alike. Our diversified service offering includes in-depth equity research, purchase price allocations and option valuations.