

MEDIA RELEASE
MERCHANTEC (PROPRIETARY) LIMITED

CEO'S CONFIDENCE CONTINUES TO RISE AHEAD OF 2010

09 December 2009: The Merchantec CEO Confidence Index rose by 2 points to **60.32** in the fourth quarter, showing that CEO confidence in current economic conditions has remained consistently optimistic for two consecutive quarters.

“Interestingly enough, there is a direct correlation between CEOs optimism and the improvement in the economy,” says Mark Smith, CEO of FoneWorx Holdings Limited.

The latest survey indicates that CEOs' confidence in the economy is steadily increasing as the Index rose to a score of 60.32, its second quarterly gain from the 2009 second quarter low of 48.13. There have been some positive signs of recovery in the market and CEOs are picking up on these signs, as more than 60% of CEOs expect their companies to grow in the next six months.

Smith also notes that “the large degree of optimism one would expect from the latest CEO Confidence Index can be attributed to benefits that will flow from the World Cup which could grow the economy to a range between 1.8% and 2.5%.”

The Index further highlighted a 10% jump in CEO's sentiment towards their company's ability to raise capital. “As banks continue to relax credit lending criteria due to a slowing demand for credit, increased capital is available for quality companies,” says Craig Margolius of Merchantec.

Sector Results

The financial sector is leading the charge for a second quarter in a row, closely followed by the technology sector, as interest rates are left unchanged and annualised GDP grew by 0.9% in the third quarter.

There has been a shift in sentiment in the technology sector as CEO's for the first time appear to be more confident in their ability to raise capital. This may be as a result of technology companies focusing on annuity revenues and increasing available cash on their balance sheets,” says Margolius.

According to Smith, “a number of businesses in the technology or ICT sectors will show positive growth leading up to the World Cup with the required enhancement of hardware, software, security and telecoms required for the influx of around 500,000 visitors and it is anticipated that these CEO’s will be at the pinnacle of the confidence index.”

Heading into an exciting year for South Africa, “CEOs in the consumer goods and services sectors have maintained confidence despite falling food price pressures, subdued global inflation and weak consumer spending,” says Smith.

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 is a copyrighted report prepared quarterly by Merchantec. The survey collates responses from over 100 CEOs.

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