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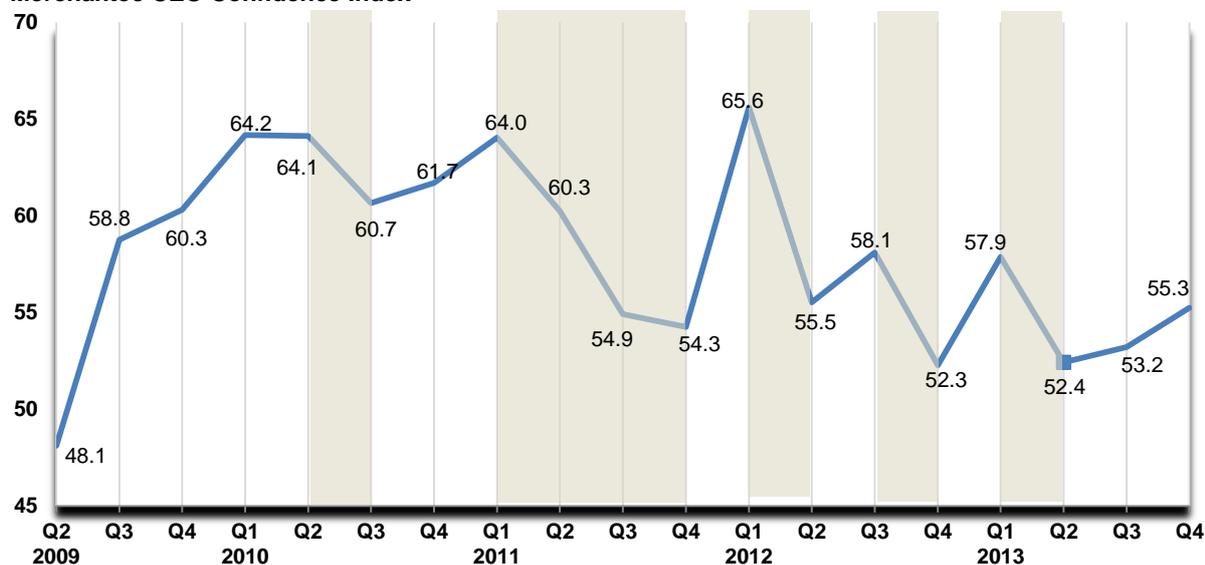
CEOs expect no effect from the cancellation of bilateral investment treaties with the EU in 2014

The Merchantec CEO Confidence Index strengthened slightly in the fourth quarter of 2013, increasing by 3.8% to an overall score of 55.3 points, representing the first consecutive quarterly increase in confidence since 2010. The Technology sector continued its rebound in confidence rising 11.1% to a score of 56.9 points. Confidence in the Industrials and Financials sectors also rose, experiencing 6.2% and 3.9% increases to scores of 56.5 and 59.0 respectively.

These increases were somewhat offset by decreases in the Consumer Goods sector of 6.3% and the Basic Materials sector of 2.5%. The Consumer Services sector remained relatively flat with a 1.4% decrease to a score of 53.0.

78% of CEOs expect that the cancellation by government of the bilateral investment treaties with the EU will not negatively affect their company in 2014. While some CEOs expressed concerns over the negative economic impact resulting from reduced investor sentiment from South Africa’s largest trade and investment partner, the majority foresaw no direct negative effect on their businesses.

Merchantec CEO Confidence Index



CEOs once again highlighted concerns over labour unrest and the costs thereof, as well as the high levels of corruption and unrealistic BBEEE legislations that may be tarnishing investor confidence and hindering foreign direct investment into South Africa.

CEOs were particularly positive in relation to the growth expectations for their companies with 49% expecting ‘moderately higher’ (47% in Q3:2013) and 10% expecting ‘substantially higher’ growth (7% in Q3:2013).

Technology recorded the largest increase in confidence for the fourth quarter of 2013 up 11.1% from 51.2 to 56.9 points. The rise in sentiment was primarily driven by a 22.7% increase in confidence relating to economic conditions and a 16.2% increase in confidence relating their ability to secure debt/equity capital for business activities.

Industrials showed the second largest increase in confidence rising by 6.2% from 53.2 to 56.5 points, with a 15.2% increase in confidence with regards to economic conditions and a 9.8% increase in confidence in company growth expectations.

Consumer Goods recorded a 6.3% decrease in confidence to a score of 48.9 points, the only sector recording a score below the neutral score of 50, as consumer spend remains subdued with indebted household incomes under pressure. The fall in sentiment was primarily driven by a 17.7% decrease in confidence relating to their ability to secure debt/equity capital for business activities and a 9.2% decrease in confidence in relation to company growth.

ENDS

For a copy of the fourth quarter 2013 Merchantec CEO Confidence Index Report or for previous quarterly reports, please email Grace Heyns at grace@merchantec.co.za or visit [Merchantec CEO Confidence Index](#) for past results.

More about the Merchantec CEO Confidence Index

The Merchantec CEO Confidence Index, which consists of five components, 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 copyright report prepared quarterly by Merchantec Capital. The survey collates responses from over 1 000 top CEOs, primarily from the listed environment.

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