Decide with Confidence

Dun & Bradstreet's
Business Optimism Index – Qatar
Sponsored by the Qatar Financial Centre Authority

Q4 2014

Key Highlights

- Expectations of new projects and orders combined with the seasonal uptick during the winter season has led to a 10 point rise on a q-o-q basis in the composite BOI for the non-hydrocarbon sector to 49 in Q4, 2014; however the index is lower by 4 points when compared to Q4, 2013
- The hydrocarbon sector composite BOI has increased by 9 points to reach 10 in Q4, with strong gains in the profitability expectations
- The construction sector is the most optimistic among the key sectors, driven by a large number of new projects and tenders, both from the Government and the private sector
- The hospitality sub-segment has posted a strong gain in outlook for Q4, 2014 in anticipation of higher number of tourists and the end of summer vacation
- 47% of the firms in the non-hydrocarbon sector and 48% in the hydrocarbon sector have indicated that they do not expect any hindrances to their business operations during the fourth quarter of 2014
- Competition and Government regulations remain the topmost concerns impacting Qatari businesses
- 38% of the non-hydrocarbon sector firms have planned capacity expansion investments during Q4, 2014

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.

Global Outlook

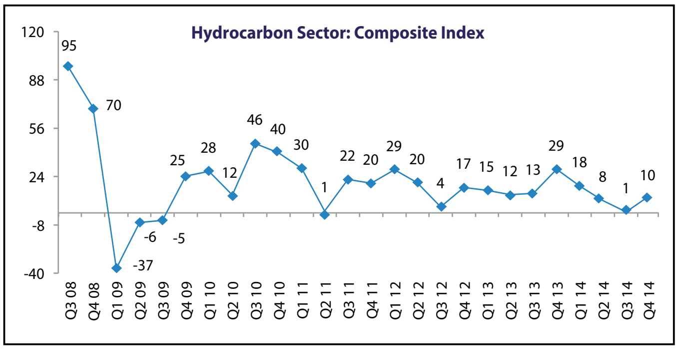
The global economy is continuing to expand at a moderate and uneven pace. The sluggish rate of growth indicates that a substantial degree slack in the labor market persists, especially in the Euro area. Global growth is expected to be more vigorous in the second half of 2014 and into 2015 compared to the first half of 2014 on the back of continued policy support, favorable financial conditions and growing economic confidence, supplemented with rising employment. Weaker-than-expected global activity in the first half of 2014 has led the IMF to revise down its growth forecast to 3.3% for this year, 0.4% lower than the forecast in April 2014. The global growth projection for 2015 was lowered to 3.8%.

There is a growing degree of divergence between the major economies. The growth cycle in the US continues to broaden and gain speed. Q2 real GDP growth has been revised up to 4.2%; it showed very strong gains in the key cyclical sectors of manufacturing and construction. In Europe, meanwhile, economic growth and inflation conditions have deteriorated. Q2 growth showed no incremental gains, and inflation decelerated further. In Japan, production and trade numbers continue to disappoint and the extended weakness raises the odds of another round of fiscal stimulus. The uneven pace of economic growth is even more apparent in the emerging world. Growth continues to slow in Latin America, especially in Brazil, where aggregate growth remains weak. Global sanctions have dealt a hard blow to the Russian economy and its neighboring countries in Eastern Europe. In Asia excluding Japan, growth and inflation outlooks for 2015 remain stable, with aggregate GDP growth remaining at around 6%.

Hydrocarbon Sector

Fluctuations in oil prices in recent months have been driven mainly by geo-political concerns and output disruptions on the supply side, and changing developing country growth prospects on the demand side. In the second quarter of 2014, events in Iraq and Ukraine played a significant part in price increases, however, prices started reversing course in July, as production was not disrupted in Iraq and Libya. The OPEC reference basket fell by US$ 4.86 per barrel in August to stand at US$ 100.75 per barrel. Nymex WTI declined by US$ 6.32 per barrel and ICE Brent dropped US$ 4.79. The OPEC basket dropped further to US$ 95.98 per barrel in September and US$ 90.97 per barrel by the first week of October.

Global supplies continue to outpace demand, which includes an increase in Libyan output to 900,000 bpd in late September with the restart of the Zawiya Refinery linked to the El Sharara oil field, although the gains may be fragile due to intense fighting in Tripoli, and uncertainty of government control over ministries. Rapidly rising US oil combined with increasing Canadian production from tar sands is beginning to impact world supply and demand conditions, backing out US imports from West and North Africa; Nigeria is now having difficulty finding a market for its crude in Europe, given weak economic conditions. There is a glut of light crude in the Atlantic basin, partly driven by the US reduction of light crude imports and weak refinery demand in Europe. Consequently, West African crude is being shipped to Asia. In addition, more surplus crude and product is likely being placed into inventory.



According to recently released statistics by the Qatar Statistics Authority, the nominal gross value added (GVA) of the mining and quarrying sector (including oil & gas) in Q2, 2014 was QAR 96.72 bn, an increase of 0.8% over the corresponding figure of Q2, 2013. However, compared to the previous quarter (Q1, 2014) estimate, there has been a decline of 6.3%. The real GVA of this sector during Q2, 2014 shows a decline of 2.2% over the estimate of Q2, 2013. Compared to the previous quarter (Q1, 2014) estimate, a fall of 2.5% has been seen in this quarter. Receding crude oil production and some major maintenance shutdowns in Natural Gas Liquids and Liquefied Natural Gases plants are the primary reasons contributing to the decline in the production volume of this sector. Besides this, reduction in international price levels of crude oil in this quarter has led to a decline in nominal GVA of this sector, when the estimates are compared with the previous quarter.

The business optimism survey for the fourth quarter of 2014 shows that the outlook of the hydrocarbon sector has lifted compared to the third quarter, but remains much lower than the index in Q4, 2013. The composite BOI for Q4, 2014 stands at 10, 9 points higher than the score in Q3, 2014 and 2 points higher than in Q2, 2014. All three parameters constituting the composite BOI have recorded gains when compared to the previous quarter. The outlook for sales volumes is marginally lower compared to the last quarter, with the BOI at 25 in Q4, 2014 versus 27 in Q3, 2014. A majority (59%) of the respondents do not anticipate any change in their volumes while 33% of the survey participants anticipate a rise in sales on account of new orders and new tenders from existing customers.

With respect to selling prices, almost three-quarters (74%) of the respondents foresee stability, 13% expect a rise and a similar number anticipate a decline (due to competition). The BOI for Net Profits has shown a marked increase from -8 in Q3, 2014 to 23 in Q4, 2014. 33% of the respondents expect their profits to increase during the fourth quarter due to expectations of higher selling prices and larger sales volumes. 10% of the businesses anticipate lower profits primarily due to higher raw materials and overhead costs, while the remaining 57% do not foresee any change in their profitability. The hiring outlook is modestly higher, with the BOI going up from 15 in Q3, 2014 to 18 in Q4, 2014. 82% of the firms intend to keep their headcount numbers unchanged, while the remaining 18% expect to hire more staff in anticipation of new projects. None of the firms plan to reduce their employee numbers.

The business environment outlook has ticked up in Q4, 2014, reflected in a higher BOI score for the fourth quarter compared to Q3, 2014. 48% of the respondents have said that they do not expect any hurdles to their business operations in Q4, 2014 compared to 44% in the previous quarter. 15% of the firms have cited competition as a leading concern, while 8% each have indicated the lack of new projects and delay in payments/receivables as concerning factors.

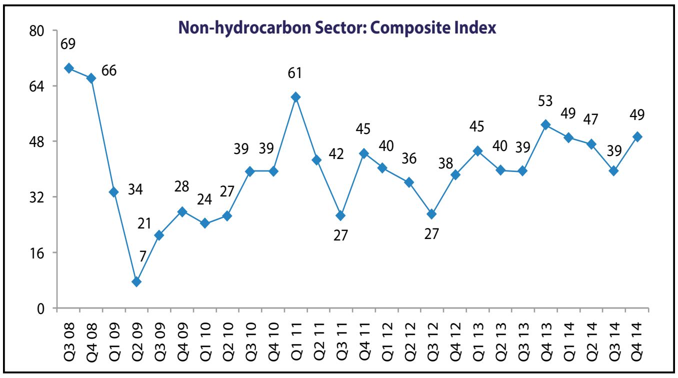
Business expansion plans have strengthened, with 28% of the businesses expecting to invest in expansion in Q4, 2014 compared to 24% in Q3, 2014. 50% of the firms will not undertake such investments and the remaining 22% are unsure.

Non-hydrocarbon Sector

Qatar's quarterly GDP at current prices in the second quarter of 2014 is estimated at QAR 189.65 bn, representing an increase of 6.6% y-o-y and a q-o-q decline of 2.2%. Real GDP in Q2, 2014 has shown a growth of 5.7% when compared y-o-y and a marginal decline of 0.2% when compared q-o-q. Statistics also show a y-o-y growth of 11.3% in the real GDP of the non-mining and quarrying sectors in Q2, 2014; the q-o-q growth was 1.2%. Growth (y-o-y) in the other key sectors were as follows: manufacturing at 3.4%; construction at 14.5%; trade, hotels & restaurants at 11.1%; transport & communications at 11.8% and finance, insurance, real estate & business services at 16.6%. The higher volumes of production of refined petroleum products and basic chemicals have led to the growth in the manufacturing sector. Major public investments continue to impact growth in the construction sector, while momentum in trading and hospitality is led by growth in population and influx of tourists.

The focus of economic growth has shifted to the non-hydrocarbon sector and especially directed towards the execution of the country's ambitious public investment program as articulated in Qatar's National Vision 2030. GDP growth in Qatar will likely increase to 7.1% in 2015 (IMF projections) due to a combination of accelerated infrastructure spending, including extensive preparations for the World Cup in 2022, expansion in the services sector as well as output gains attributed to the completion of the Barzan gas production facility by the end of 2015.

The current survey reveals that the composite BOI for Qatar's non-hydrocarbon sector for Q4, 2014 is up 10 points on a q-o-q basis, and at the same level last seen in the first quarter of the year. The overall rise in outlook stems from positive sentiments with respect to sales, new orders and profits on the back of higher demand from new projects and clients, the onset of the winter season and the overall momentum associated with a growing Qatari economy.



Demand expectations of the non-hydrocarbon sector have strengthened due to a rise stemming from business expansion plans and anticipation of additional orders and client acquisitions. The BOI for the Volume of Sales parameter has climbed 17 points to 66 in Q4, 2014 with 69% of the respondents foreseeing an increase in sales. In tandem with the increasing sales volumes, the BOI for the New Orders parameter has strengthened 12 points to 65; 67% of the companies expect an increase in their order book status, while 31% expect stability. Profitability expectations are also buoyant with the BOI climbing 20 points to 55 in Q4, 2014; 63% of the respondents expect an increase in profits, while 29% anticipate their profits to remain intact. Hiring trends remain flat; the BOI stands at 41 with 53% of the companies hopeful of keeping their headcount numbers intact as they do not have a requirement or are sufficiently staffed. Although the selling price expectations have moderated slightly to 18 in Q4, 2014 from 19 in the previous quarter, 72% of the companies expect stability due to market competition.

Expectations for the business environment have slightly weakened as 47% of the respondents do not foresee any hindrances to their operations compared to 51% in the previous quarter. As in Q3, 2014, competition remains the topmost factor affecting 19% of the businesses, while government laws & regulations are a concern to 8% of the participants in the non-hydrocarbon sector.

Similar to the last quarter, 38% have indicated their intentions to invest in Q4, 2014. 40% of the respondents have however indicated that they are not planning to undertake investment in capacity expansion during the fourth quarter (compared to 49% in Q3, 2014), while 22% are unsure about their investment plans.

SME v/s Large Company

The survey for Q4, 2014 shows that demand expectations for both groups continue to be similar. For sales volume, the index for SMEs stands at 65 versus 64 for large companies.

SMEs hold a more confident outlook with respect to selling prices and profitability, while large companies hold a slightly higher outlook regarding number of employees.

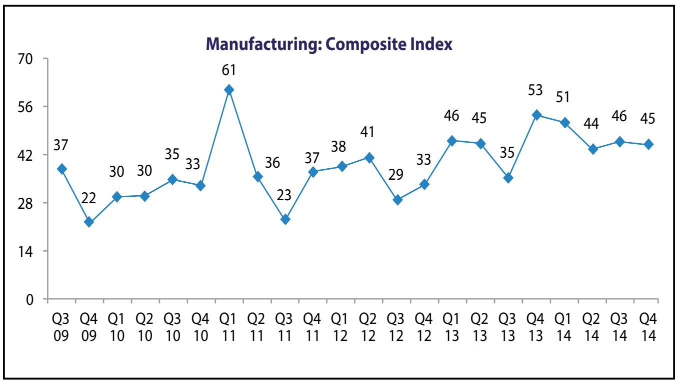
- The selling price index for the SMEs stands at 20 and 8 for large companies. The profitability index for SMEs is higher at 56 compared to 46 for large companies.
- 57% of large companies plan to keep their employee strength in Q4, 2014 intact versus 53% of SMEs. The index reading of 43 and 41 is recorded for large companies and SMEs respectively.

SMEs continue to be more optimistic about the business environment; 49% indicated that they do not anticipate negative factors to hamper operations in Q4, while for large companies the corresponding number is 38%.

Manufacturing Sector

The JPMorgan global manufacturing PMI edged slightly lower to 52.2 in September. Despite slowing slightly, the rate of expansion signaled was similar to those registered through much of mid-2014. Meaningful expansions are coming from a narrowing base of nations, with growth heavily skewed towards the US in particular. Solid improvements were also signaled for the Czech Republic, Ireland, Taiwan and Canada. Growth was near-stagnant in the Eurozone, with PMI indices below 50.0 in Germany, France, Austria and Greece. Growth in Japan slowed, China broadly stagnated and growth was muted in India and Indonesia, while actual contraction was experienced in South Korea.

The survey shows that the outlook for the Manufacturing sector has tracked sideways for Q4, 2014 compared to the



previous quarter with the index dropping just a point to record 45. Optimism has risen by seven points to 64 for sales volumes and this optimism is mirrored by net profits which rose similarly. 67% of manufacturing firms are expecting volume of sales to increase in Q4, 2014, aided primarily by a spurt of new projects. New Orders have 61% of the survey respondents replying in the affirmative with the firming up of new contracts and clients. The index for New Orders at 59 has shown stability over the last three quarters. The Net Profits parameter stands at 50, 7 points above the previous quarter's score. 63% of respondents anticipate an increase in net profits compared to 13% who expect a decrease, while 24% expect profit levels to remain same.

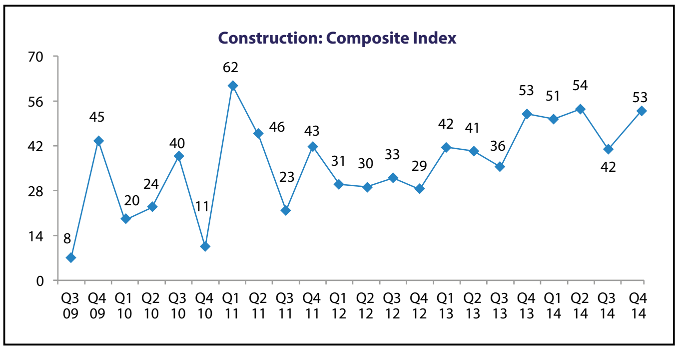
The BOI for selling prices has moderated by 6 points to 12 in Q4, due to competition and a large number of firms (72%) expecting no change in the parameter. Despite a robust demand outlook, the BOI for number of employees has pedaled back; the index has decreased by 11 points from 52 in Q3, 2014 to 41 in Q4, 2014.

The outlook on the business environment has improved this quarter with 49% of respondents indicating that they expect no adverse factors likely to impact their business compared to 46% recorded in Q3, 2014. On the other hand, key barriers impeding business operations will be: competition (cited by 21%), followed by 8% mentioning delays in payments & receivables and 4% each indicating availability and cost of raw materials.

Investment plans regarding business expansion in the Manufacturing sector have moderated with 38% of firms planning investments in expansion activities, compared to 41% in Q3, 2014.

Construction Sector

Analysts have a much more positive outlook for the global construction industry this year compared to last year, due to the renewed confidence in some parts of the global economy. The major drivers of the construction industry are government spending, increasing population, high per capita income, and GDP growth. Increasing urbanization, easy credit availability, and rising consumer spending will also possibly boost the overall construction industry. One of the key trends in the global construction market is the significant growth of construction taking place in emerging markets, particularly in hotspots like China, India, Indonesia and Brazil. As certain sectors head into recovery, construction and engineering projects that may have been put on hold during the crisis are now going out to tender.



The current BOI survey shows a rise in the outlook of the construction sector in Qatar. The BOI for Q4, 2014 is up by 11 points from 42 in Q3, 2014 to 53 in Q4, 2014. The index value has however remained unchanged when compared to the fourth quarter of 2013. The q-o-q rise in the composite BOI is due to higher optimism levels for all five parameters constituting the index. The BOI for Volume of Sales has improved from 53 in Q3, 2014 to 65 in Q4, 2014 as 70% of the construction firms expect an increase versus 5% that anticipate a decrease. Expectations of new projects, both from the government and the private sectors has lent to this optimistic outlook. The New Orders parameter has gained 7 points to end at 64, as firms foresee stronger demand in Q4, 2014.

The Selling Prices indicator has firmed up by 8 points to 35 compared to 27 in Q3, 2014; 36% of the firms in this sector expect a rise due to the rising cost of raw materials, inflation, increase in labor costs, new contracts being signed at higher prices and rising demand. 63% of the businesses however do not expect any change in their price levels. In line with higher demand and price expectations, the profitability outlook has shown a significant jump, with the BOI gaining 17 points q-o-q to end at 46. Consequently, the hiring optimism has also strengthened. The BOI for Number of Employees has gained 10 points over the Q3 figure to stand at 54 in Q4.

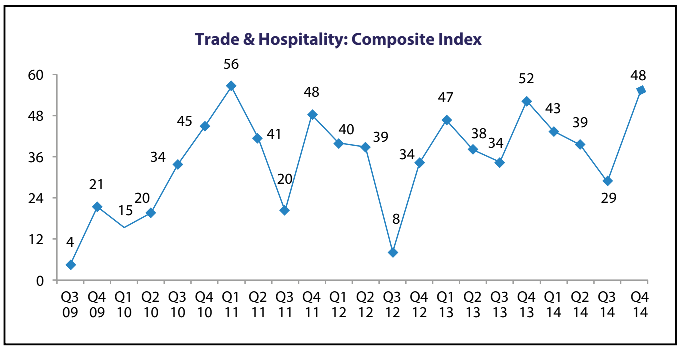
Optimism with respect to the business environment has however deteriorated. 34% of the firms do not foresee any negative factors impacting their business operations during Q4, 2014 compared to 56% in the previous quarter. Competition remains the leading concern as cited by 23% of the respondents, followed by issues related to government laws and regulations (8%), delays in payments/receivables (7%) and availability of skilled labor (6%).

Business expansion plans have also moderated; 35% will incur such investments during Q4, 2014 compared to 40% in the previous quarter.

Trade & Hospitality Sector

North America is the leading region in the global retail industry, with trends showing a direct link to economic recovery, registered through retailers investing in scale and expansion. Retail markets across Europe however, vary widely, particularly linked to their level of maturity and the local economic situation, with investment and development in Eastern Europe continuously growing. 2014 has seen an upswing of growth in the UK's retail sector, driven by an improving economy and resurgent housing market. While still volatile to wider economic shocks, increasing corporate investment is encouraging a slow and steady build for the sector. Asia remains a hospitable environment for retailers, who are continuing to make large investments to secure prime locations in retail hotspots. In the Middle East, increasing populations, local and expatriate wealth, strong household consumption and a thriving luxury tourism industry have been the drivers for a growing retail sector.

The current survey shows a sharp rebound in the outlook of the trade & hospitality sector, with the composite BOI gaining 19 points q-o-q to reach 48 in Q4, 2014. However, compared to the same quarter a year ago, the



BOI is marginally lower. The strengthening in sentiments for Q4, 2014 can be attributed to the surge in optimism for the demand and profitability parameters. While both sub-sectors have posted gains, the rise in outlook for the hospitality sub-segment is much stronger due to expectations of higher tourist inflow and rise in demand during the winter season.

The Volume of Sales parameter is up from 41 in Q3, 2014 to 67 in Q4, 2014, reflecting rising demand for the trade sector from the other sectors of the economy (BOI of 76) as well as a seasonal gain for the hospitality segment (BOI of 54). The BOI for New Orders has gained 33 points to stand at 70 in Q4, with the corresponding index for the hospitality sub-segment at 50 and the trade sub-segment at 82.

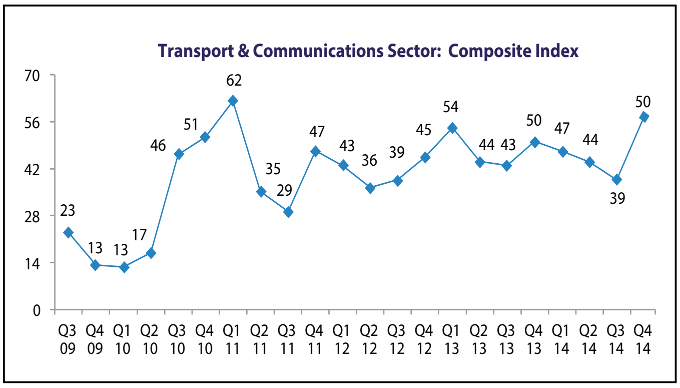
Expectations for selling prices have also firmed up with 20% of the respondents anticipating higher prices in Q4 due to rising demand as well as higher costs; the BOI has increased from 6 in Q3 to 15 in Q4. Anticipation of higher sales volumes and prices has resulted in a stronger outlook for profitability. The BOI for Net Profits has jumped by 29 points over the Q3 score to end at 60 in Q4. The hiring outlook has however tracked sideways with the BOI edging up marginally over the Q3 score of 29 to 30 in Q4.

The trade and hospitality sector's outlook towards the business environment has moderated compared to the previous quarter with 54% of the firms expecting no hurdles to their operations during Q4, 2014 versus 60% in Q3, 2014. Competition and government regulations remain the leading obstacles, with 17% and 6% respectively of the respondents citing it accordingly.

Investment plans have strengthened; 48% of the participants intend to invest in capacity expansion in Q4, 2014 compared to 38% in Q3, 2014.

Transport & Communications Sector

Logistics and trade professionals are far more optimistic about the global economy in 2014 than they were a year ago, with growth opportunities offered by emerging markets outweighing concerns about the political and economic turmoil that has rattled some developing countries recently. The global logistics market is witnessing growth in demand away from traditional Western economies to the emerging markets of China, India, other Asian economies, the Middle East and Latin America. However the size of the US and European logistics industries will still remain strong. The logistics industry remains optimistic despite signs that growth is slowing in China, stalled in Brazil and India, and uncertain in other countries.



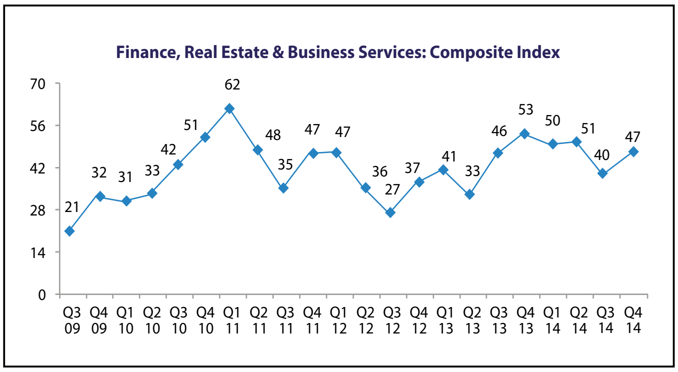
The composite BOI for the transport & communications sector stands at 50 in Q4, 2014, which is exactly the same level as a year ago, but 11 points higher when compared to the previous quarter. Stronger optimism levels for sales volumes, New Orders, profitability and hiring have resulted in an overall firmer outlook. The BOI for Volume of Sales stands at 69 in Q4, 2014, which is 28 points higher than the index in Q3, 2014. The New Orders parameter has increased by 14 points to reach 67 in Q4. The BOI for selling prices has however shed 16 points to end at 12 in Q4, as over three-quarters (76%) of the participants expect no change primarily due to competition. A firmer demand outlook despite a moderated price outlook has led to a higher optimism for profitability; the net profits BOI stands at 66 in Q4 compared to 40 in Q3. Hiring optimism has also lifted compared to the previous quarter with the BOI gaining 7 points to stand at 38 in Q4, 2014.

The outlook for the business environment during the fourth quarter has improved with 58% of the participants indicating that they do not expect any hindrances to their business operations compared to 48% in Q3, 2014. 17% of the firms have said that competition is their chief concern for the fourth quarter, while 11% are apprehensive about government laws and regulations.

Investment plans regarding capacity expansion have inched up as 34% of the firms have indicated plans to expand capacity in Q4, 2014 versus 30% in the third quarter.

Finance, Real Estate & Business Services Sector

Escalating geopolitical uncertainty is aggravating the economic headwinds confronting the globe. As a result, volatility in financial markets has resurfaced. To some extent, it has validated the concerns that investors had been underestimating the risks involved in a moderate and uneven growth environment internationally. The prices of many asset classes had appreciated to record valuation levels that appeared out of synch with underlying growth fundamentals. Stock markets throughout much of the world have retreated, with larger corrections in some emerging market economies. There is an increasing expectation that the Federal Reserve will begin the process of normalizing interest rates. The European Central Bank has recently taken additional easing steps to help reverse the region's deflationary economic tendencies.



The composite BOI for the Finance, Real Estate & Business Services sector reversed trend and ended 7 points higher q-o-q. The survey reveals that the Real Estate & Business Services sub-sector is more optimistic than the Finance & Insurance sub-sector on all parameters – sales volumes, level of selling prices, new orders, profits and number of employees.

Demand expectations for the overall sector have increased; the BOI for the Volume of Sales parameter gained 16 points from 48 in Q3, 2014 to 64 in the current quarter. 67% foresee an increase in sales volumes on the back of new projects/clients, higher demand due to the winter season, business expansion plans and a booming Qatari economy. The New Orders index has gained 8 points to 65; 68% of the companies anticipate an increase in new orders during Q4, 2014.

The Selling Price outlook has stabilized with 76% of the respondents keeping pricing levels intact due to market competition; the BOI for Level of Selling Prices stands at 14, the same level as in the last quarter. Higher demand expectations have pushed up the profitability outlook. The BOI for the Net Profits parameter is up by 22 points to 58 in Q4, 2014 backed by higher sales from existing and new customers/clients and new projects. Despite the overall positivity in the sector, the hiring outlook has weakened, as indicated by a score of 36 for Q4, compared to 43 recorded for Q3.

A slightly higher proportion of firms have indicated that there will be no negative factors affecting business operations from 45% in Q3 to 47% in the current quarter. Competition (14%), government laws & regulations (10%) and inflation (6%) are the leading concerns of this sector. The investment outlook has weakened as 35% this quarter will invest in business expansion plans compared to 40% last quarter, while 42% will not do so in Q4.

Appendix

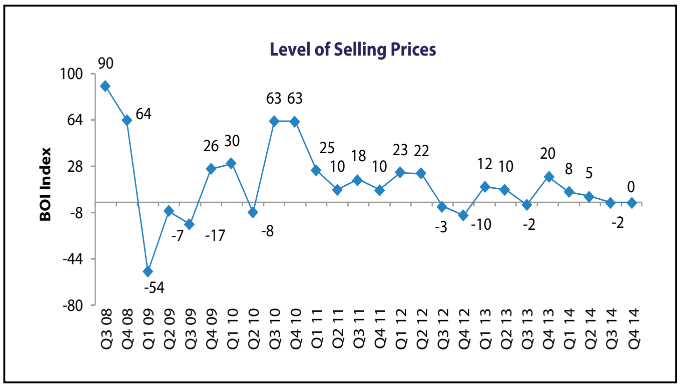
Hydrocarbon Sector

Volume of Sales

The BOI for the Volume of Sales parameter has marginally inched lower to 25 in Q4, 2014 from 27 in the previous quarter; a majority (59%) of the respondents expect stability. On the other hand, 33% foresee an increase in this parameter backed by new orders from local customers, conducive market conditions and new projects.

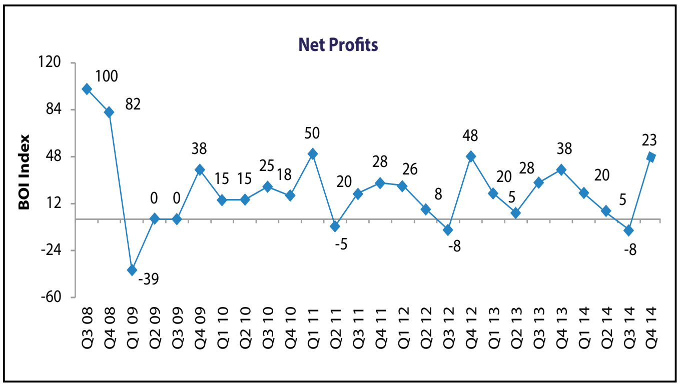
Level of Selling Prices

The BOI for the Level of Selling Prices parameter touched 0 up from -2 in Q3, 2014. A substantial 74% of the hydrocarbon sector respondents indicated stability in their pricing levels. An equal proportion (13%) of respondents will increase and decrease their selling prices, with the increase being to counter the higher expenses of their business operations and due to new projects. Businesses plan on decreasing selling prices due to the prevailing market competition.



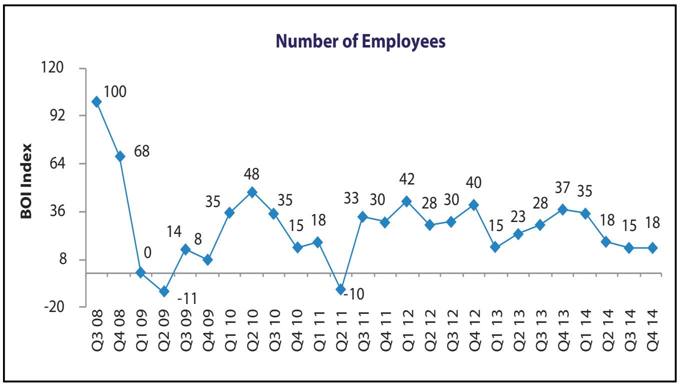
Net Profits

The BOI for the Net Profits parameter jumped from the negative territory to 23 in Q4, 2014. A significant 57% of the respondents stated stability in profitability levels, while 33% indicated an increase on the back of higher selling prices, larger sales volumes and new tenders. Higher raw materials and overhead costs have prompted 10% of the firms to cite expectations of a decline in profitability levels.



Number of Employees

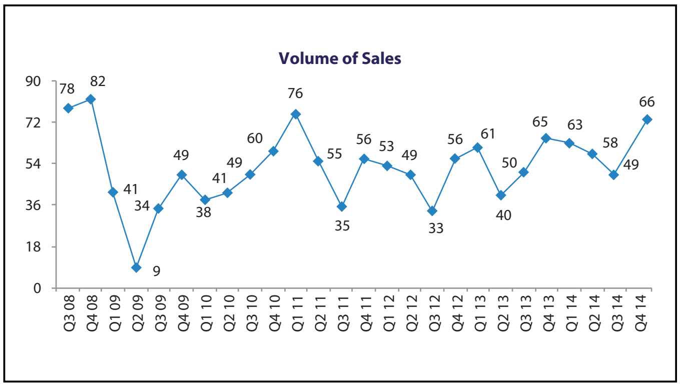
Hiring trends in the hydrocarbon sector have improved slightly; the BOI for the Number of Employees parameter stands at 18 in Q4, 2014 from 15 in the previous quarter. A majority (82%) will keep their headcount numbers unchanged as there is no requirement to alter manpower count. None of the firms intend on downsizing.



Non-hydrocarbon Sector

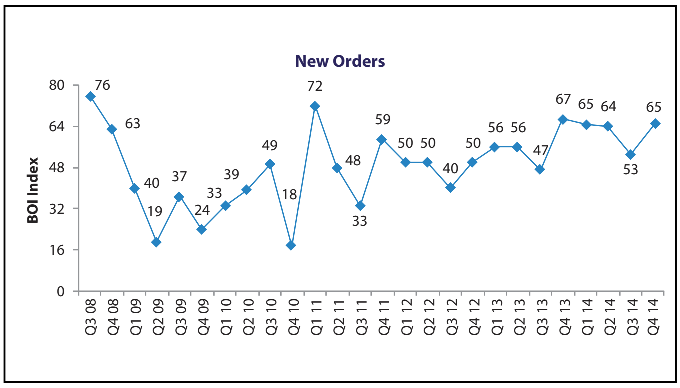
Volume of Sales

The BOI for the Volume of Sales parameter for the non-hydrocarbon sector jumped to 66 this quarter up from 49 in Q3, 2014. A substantial 69% of the respondents anticipate an increase in their sales volumes due to new orders, more projects/clients, expansion plans and increasing demand due to the festive season.



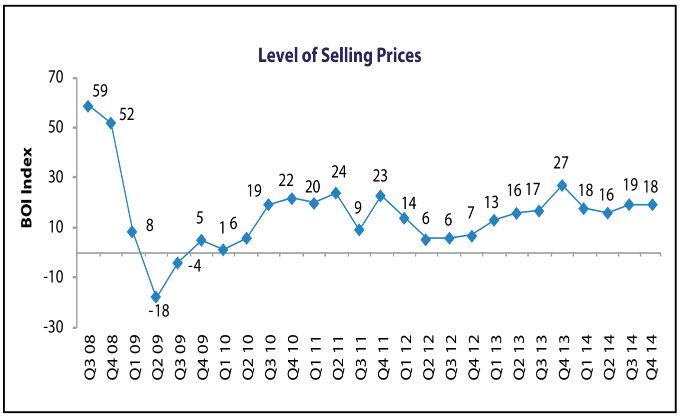
New Orders

The BOI for the New Orders parameters has witnessed a surge from 53 in Q3 to 65 in Q4, 2014. This is backed by a majority (67%) of the respondents hopeful of an increase in their order book status due to more projects, the upcoming festival season, expansion plans and new customers.



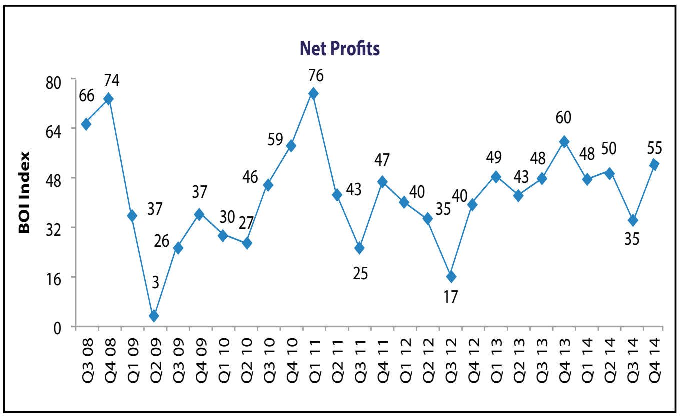
Level of Selling Prices

The BOI for the Level of Selling Prices has moderated slightly to 18 in the fourth quarter of the year. However, 72% of the respondents cited stability in their pricing levels due to market competition. 23% expect an increase in this parameter to cover increasing overheads while the remaining 5% will decrease their selling prices.



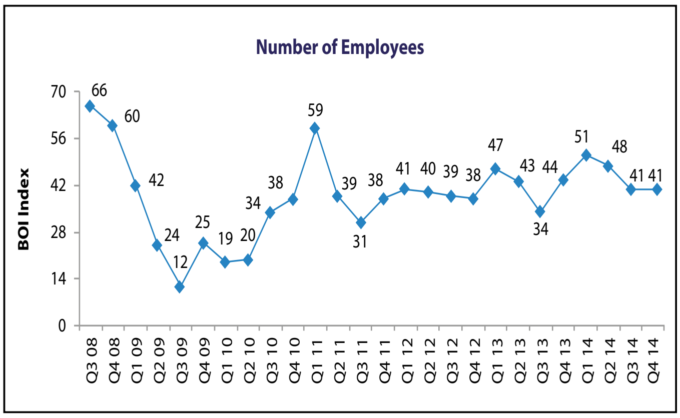
Net Profits

The BOI for the Net Profits parameter climbed to 55 this quarter as a significant proportion (63%) expect an increase in their profitability levels due to higher sales volumes, more business/clients and lower cost of production. While 8% anticipate a decline in profitability, 29% foresee stability on the back of stiff competition.



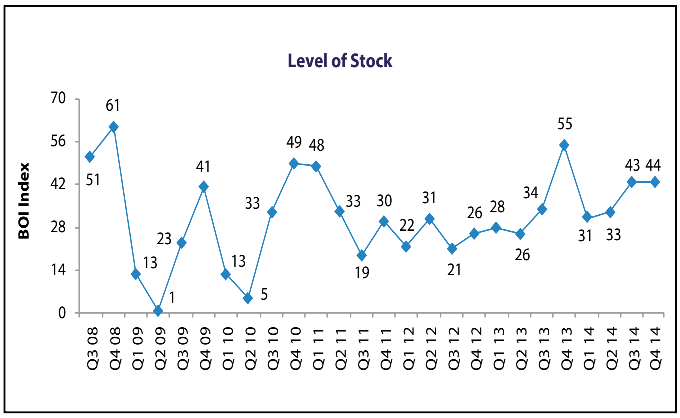
Number of Employees

The BOI for the Number of Employees has steadied at 41. 53% of the respondents stated that they will keep their employee count intact as they are sufficiently staffed. On the other hand, 44% will up their headcount due to new projects, increasing new orders and expansionary activities.



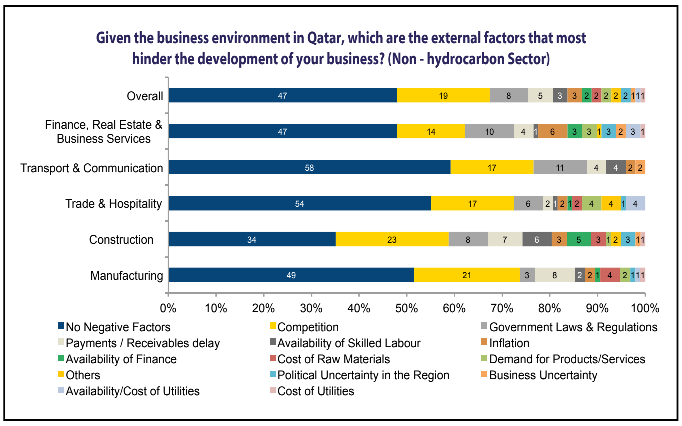
Level of Stock

The BOI for the Level of Stock parameter has tracked sideways to 44 in Q4, 2014 from 43 in the previous quarter. 52% will keep their stock levels intact, while 46% will increase the same due to more business and projects.

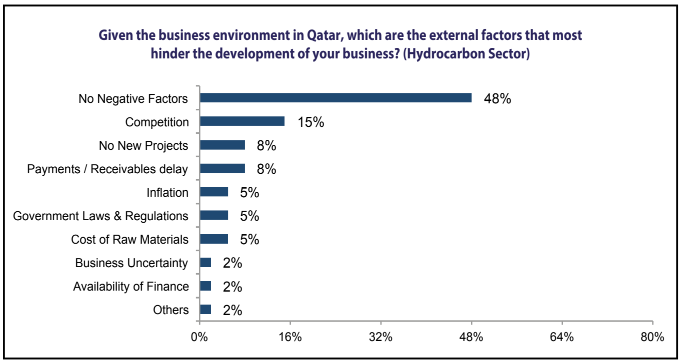


Business Challenges

The proportion of non-hydrocarbon respondents citing no negative obstacles affecting them reduced slightly from 51% in Q3, 2014 to 47% this quarter. Competition remains the topmost concern of this sector as quoted by 19%, the intensity of which has gone up from the previous quarters (proportion of 15% in Q3, 16% in Q2 and 12% in Q1). Other key concerns include government laws & regulations (8%) and delays in payments/receivables (5%).

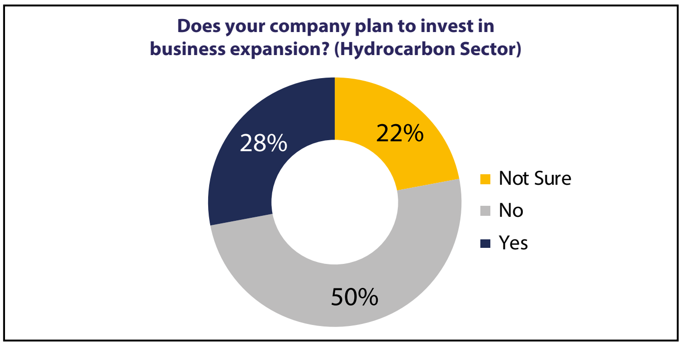


In contrast, the hydrocarbon sector respondents are more optimistic as 48% cited no hindrances affecting them this quarter; the same stood at 44% in Q3. Competition is the top concern to 15% (vis-à-vis 14% in Q3). 8% each have cited non-availability of new projects and delays in payments/receivables as challenges while 5% each quoted inflation, government laws & regulations and rising cost of raw materials as hindrances this quarter.

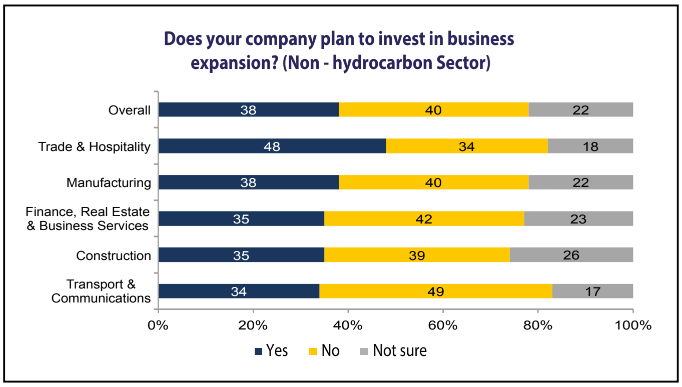


Investment plans

Sentiments in the hydrocarbon sector are slightly



optimistic; 28% versus last quarter's 24% plan on investing in business expansion plans, while half (50%) will not do so.



In terms of expansionary plans in the non-hydrocarbon sector, 38% (similar as last quarter) will undertake the same. The Trade & Hospitality sector is the most optimistic as 48% of the respondents will invest followed by the Manufacturing sector with 38% planning to invest in expansionary activities in Q4, 2014.

Decide with Confidence

About Dun and Bradstreet (D&B)

Established in 1841, D&B is the world's leading source of business information, research insight & advisory; enabling companies to Decide with Confidence®. D&B's global commercial database contains more than 230 million business records. Through the D&B Worldwide Network – an unrivalled alliance of D&B and leading business information providers around the world – customers gain access to the world's largest and highest quality global commercial business information.

Dun and Bradstreet South Asia Middle East Ltd. offers a suite of information solutions across the region. D&B services are used extensively by Banks, Financial Institutions, Government Departments, Multinationals, Corporate Entities, Small and Medium sized Enterprises, Exporters and Importers.

For more information on D&B's publications & services visit www.dnbsame.com

About our partners

About Qatar Financial Centre
Established by the Government of Qatar in 2005, the Qatar Financial Centre ("QFC") is an on-shore centre which has become an integral part of Qatar's economy and rapid growth story and is fulfilling its mandate to help build a world-class financial and business environment in Qatar, providing a platform for domestic, regional and international growth. The QFC comprises four independent bodies: the QFC Authority; the QFC Regulatory Authority; the Civil and Commercial Court (First Instance and Appellate Divisions); and the Regulatory Tribunal.

The QFC Authority is the commercial and strategic arm of the QFC; it is responsible for developing and ensuring compliance with the QFC regulations and rules comprising the QFC's legal and tax environments; it is responsible for the administration of the Companies Registration, Employments Standards and Immigration Offices respectively; and it is also responsible for the licensing of all firms applying to conduct non-regulated permitted activities. The QFC continues to attract a broad range of leading regulated and non-regulated firms, both domestic and international.

QFC-licensed firms benefit from an environment which operates to international standards, with a legal system based on English Common Law, regulation which is risk and principles-based and a competitive tax regime. Business can be carried out in or from the QFC, in local or foreign currency. Uniquely, this allows businesses to operate both locally and cross-border. Furthermore, the QFC allows 100% ownership by foreign companies and all profits can be remitted outside of Qatar.

Dun and Bradstreet South Asia Middle East Ltd.
Mr. Rajesh Mirchandani
Chief Executive Officer
National Bank of Fujairah Building
PO Box-72478
Dubai, UAE
Tel: +971 4 7027300
Email: eag@dnbsame.com

Qatar Financial Centre Authority
Mr. Yousef Fakhroo
Director of Marketing and Corporate Communications
QFC Tower, 20th Floor, West Bay
P.O. Box:23245
Doha, Qatar
Tel: +974 4496 7777
Fax: +974 4496 7676
Email: info@qfc.com.qa