

News release

Privately held businesses across the world differ widely in turnover and export forecasts for 2009

Expectations for exports for the next 12 months (% balance)

	Vietnam	33
	Philippines	31
	South Africa	20
	Germany	19
	Armenia	16
	Australia	15
	Netherlands	15
	Finland	14
	Belgium	12
	Botswana	12
	Denmark	12
	United Kingdom	12
	Greece	11
	India	11
	New Zealand	11
	Italy	9
	Spain	9
	Brazil	8
	France	8
	Ireland	7
	Turkey	6
	Global	4
	Mexico	3
	Sweden	3
	United States	3
	Canada	2
	Russia	1
	Poland	-1
	Chile	-3
	Mainland China	-3
	Argentina	-4
	Japan	-6
	Malaysia	-7
	Thailand	-11
	Singapore	-12
	Taiwan	-17
	Hong Kong	-19

Source: Grant Thornton IBR 2009

Privately held businesses (PHBs) across the world expect weak increases in exports (a balance of +4%*), limited opportunities to increase turnover (+11%) and prices (+14%), but only a marginal drop in profitability (-5%) over the next 12 months. The global figures mask wide variations amongst different economies. The results come from the Grant Thornton International Business Report which surveyed over 7,200 PHBs across 36 economies. For turnover, some continue to have high expectations with Vietnam at +91%, India (+71%), Botswana (+70%) and South Africa and Armenia (both at +54%). Others fear the worst with Hong Kong at -48%, Taiwan (-44%), Japan (-23%) and Spain (-21%). Not surprisingly, the results show a significant downward trend on last year (even for economies still expecting turnover to rise), with a drop of over 50 percentage points from last year's global average for turnover expectations.

Regionally, the EU emerged as the gloomiest trading bloc with regard to turnover, with a balance of just +5% expecting turnover to rise, compared to the most positive, Latin America, at +30%. When asked about expectations for exports, however, the EU is the most optimistic at +11%, with Asia Pacific the most pessimistic, expecting no change from 2008.

"Turnover is driven by domestic sales and exports, explained Alex MacBeath, global leader of privately held business services, "both of which are impacted by consumer demand and investment levels at home and abroad. Although the overall results of the survey are not surprising, it is difficult not to conclude that PHBs in many economies have yet to feel the full force of the global downturn and may be in for a shock. PHBs in 26 out of 36 economies surveyed, including many in the EU, expect their exports to rise, but with the largest importing economies contracting, the question is where those export markets are going to be found.

"Our advice to businesses in the short term is to focus on cost-cutting and productivity improvements. Decisions around strengthening the balance sheet through disposals or attracting new capital should follow close behind as businesses prepare for an upturn in the economic climate. PHBs should also be alert for opportunities to buy distressed assets at a bargain price, but only when it fits with long term strategic objectives.

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* The percentage balance is the difference between the percentage of respondents who were optimistic and those who were pessimistic.

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"No-one can predict when that upturn will arrive, but we can be sure that the new commercial environment will look very different. The key is to have a plan that is continuously reviewed and adjusted as circumstances change."

The Grant Thornton International Business Report is an annual survey of the views of senior executives in privately held businesses all over the world. Launched in 1992 in nine European countries the report now surveys over 7,200 PHBs in 36 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy. Data for eight key industry sectors will be available for the first time in 2009. The research is conducted by Experian Business Strategies Ltd. Grant Thornton International donates US\$5 to UNICEF for every completed IBR questionnaire, a donation of over US\$39,000 in 2008.

To find out more about the International Business Report, please visit www.internationalbusinessreport.com

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