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# Emerging Market Center News

“Keeping you updated” Newsletter Q4-2009

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## ■ News headlines

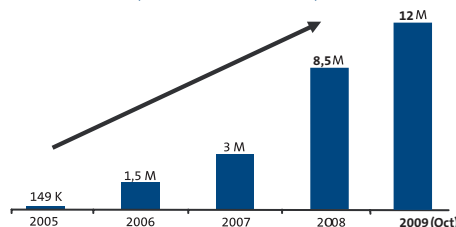
EMC Database – over 12 Million Records!

### ■ EMC covers 31 markets:

Albania, Armenia, Azerbaijan, Belarus, Bosnia, Bulgaria, Croatia, Cyprus, Estonia, Georgia, Gibraltar, Greece, Kazakhstan, Kosovo, Kirghizia, Latvia, Lithuania, Macedonia, Malta, Moldova, Montenegro, Romania, Russian Federation, Serbia, Slovenia, Tajikistan, Turkey, Turkish Cyprus, Turkmenistan, Ukraine and Uzbekistan



### ■ EMC Database (over 9 Million records)



Country	Coverage in Oct-07	Coverage in Oct -09*	CAU** coverage in Oct -09	Locally registered	% coverage
Bosnia-Herzegovina	2,372	39,096	34,354	39,049	100 %
Croatia	62,408	127,230	125,000	239,131	53 %
Estonia	62,336	134,288	133,682	165,000	87 %
Greece	135,798	369,895	500,000	700,000	54 %
Latvia	11,574	158,868	158,518	210,000	59 %
Lithuania	25,379	166,652	164,227	166,652	100 %
Malta	13,347	28,574	27,784	45,000	77 %
Romania	15,977	986,118	1,094,497	1,553,572	58 %
Russia	153,462	7,126,434	5,003,968	7,126,434	100 %
Serbia	15,978	108,993	96,000	303,000	36 %
Slovenia	26,795	198,586	159,224	198,586	100 %
Turkey	278,363	585,599	1,000,000	1,736,386	49 %
Ukraine	9,260	1,736,386	1,734,830	440,000	100 %

\* These database figures refer to the database counts on D&B local host. This data is expected to be reflected in the D&B Worldwide counts within Dec '09. \*\* CAU stands for Commercially Active Universe. The CAU includes: Registered Businesses, Corporate Entities, Sole Proprietorships, Partnerships, Branch Locations. The CAU does not include: entities registered for tax purposes only, shelf companies. The figures stated in the column 'Coverage in Oct-09' cover the majority of CAU and for countries with 100% coverage - the whole CAU.

## ■ D&B Database now covers over 12 million companies across EMC

The D&B database now contains information on more than 12 million companies across EMC regions, over 80 times more compared to 2005. Both the numbers and the quality of information continue to grow due to our continuous investment and local acquisitions. The EMC coverage offered by our worldwide database means you will always be able to find creditworthy prospects and keep an even closer eye on financial risks on the companies based in the EMC markets.

Customer's feedback has confirmed that our global direction and improvements in database coverage with respect to the EMC markets are meeting their increasing requirements.

Most of the recent growth across EMC region comes from Russia, Ukraine and Kazakhstan accompanied by even wider market coverage in other parts of European Emerging Markets (notably Romania, Turkey, Slovenia, Bosnia, Serbia, Greece, Latvia, Lithuania, and Estonia).

At EMC, we understand that good and detailed business information, up-to-date and reliable data about the companies with whom you do business, is becoming increasingly important to proactively manage your credit risks. Therefore, we are pleased to announce that over the last few months, due to your questions, we have continued to make further investments. This demonstrates that even in this time of recession, we feel it is important to continue



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investing in the quality of information available to our customers. This year special attention has been given to enabling companies historical financial information via the D&B database; since this data has become extremely critical during the latest economic developments. As of September 2009, you now have the ability to view up to 6 years financials (where available) on the companies within the EMC regions. At the same time, we are identifying financials faster and incorporating them into our database so you can make quicker decisions with confidence.

Moving forward, we are accelerating our efforts to get D&B trade programmes up and running in the Emerging Markets. Our absolute success story, Slovenia, which already provides our customers with 12 million trade experiences on Slovenian businesses remains firm with a very strong trade programme. Business Information Reports from this country are being delivered to customers providing increasing levels of information about payment habits and trends along with a Paydex score to summarize payment behaviour. We are leveraging existing global trade programme member relationships to try to move increasingly quickly to establish successful trade programmes for markets in Croatia, Lithuania, Greece and Russia.

Somewhere in between these extremes fall the countries of the Western Balkans (which used to form Yugoslavia, with the exception of Slovenia, plus Albania). Croatia is the next in line for EU membership (and looks no more threatened than, say, Bulgaria). Serbia, meanwhile, has done much to close the gap with the regions' advanced countries, but remains more vulnerable. In many ways, a full-blown Serbian financial crisis would send a stark warning even to those Central and Eastern European countries that we deem comparatively well placed to weather the storm at the moment.

#### ■ In Focus – Doing Business in Emerging Markets in 2010

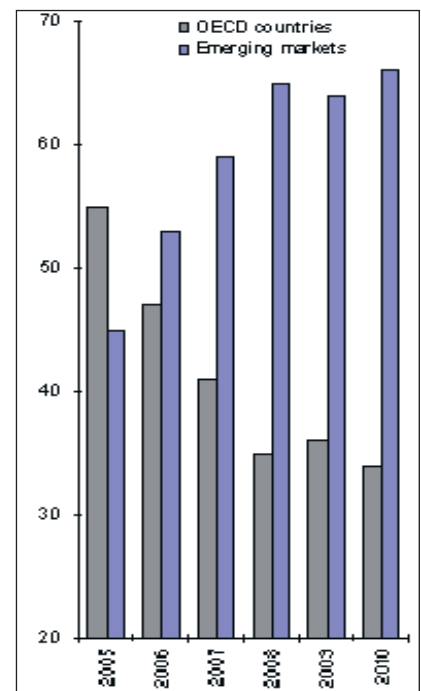
*The World Bank published in September the 2010 Doing Business Report, which highlights an acceleration in the pace of economic reforms in the world after the financial crisis. This positive development for businesses seems to be mainly an indirect result of the global economic downturn; many countries, particularly Emerging Markets, have responded to the challenges posed by the recession by reviewing their business regulations in order to attract investment, stimulate growth and address their growing socio-economic problems.*

Positively for businesses, the economic crisis has forced many governments to overhaul their business regulations in order to stimulate investment and economic growth and address their growing socio-economic challenges.

Based on the report provided, the World Bank underlines that between June 2008 and May 2009, the 183 countries surveyed implemented 287 reforms, a figure equivalent to a 20% increase compared with the previous year. 66% of these changes were introduced in low and lower-middle income countries, whereas high and upper-middle income economies accounted for 34% of approved reforms. The top reformers were, in order: the Kyrgyz Republic, Macedonia, Belarus, Moldova, Tajikistan. From a regional point of view, Eastern Europe was one of the most active reformers.

The growing pressure on developing countries exerted by the economic recession largely explains these statistics. Emerging markets have had to cope with both the challenges of economic development and the global recession. As a result of rising unemployment and lower exports, commodity prices, remittances and investment flows, governments in Eastern Europe and other parts of Emerging Markets are now facing growing economic imbalances and increased pressure from their populations. Moreover, some of these governments have had to ask financial support from the IMF, which, in turn, has granted loans on condition that the borrowing country approve a series of reforms. In this context, the simplification of bureaucratic procedures or new investment-friendly legislation has been an essential tool to secure concessional loans, enhance competitiveness, attract FDI and fuel growth.

For more details, please see the chart of the right that demonstrates the distribution of reforms making it easier to do business: Organisation for Economic Co-operation and Development (OECD) countries vs Emerging Markets (percentage of total, %). The Source: World Bank, 2010 Doing





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#### Business Report.

Looking ahead, we expect the pace of reform to be at least partially dependent on the strength of recovery: if economic growth picks up gradually, the pressure on government will remain strong in Emerging Markets; however, a strong rebound in world growth would reduce many factors of stress, thus probably slowing reforms. Automation is critical and essential for proper risk assessment in Russia.

#### ■ Recent information quality improvements at a glance

*Bosnia, Croatia, Serbia, Slovenia:* All financial statements for 2008 are now available on the companies from these markets for your retrieval from D&B Database.

*Romania:* The 2008 Romanian financials are now available for your retrieval via investigation request from D&B Database.

*Bulgaria, Romania, Latvia, Lithuania:* Local countries proactive review and data update on the most-demanded businesses from these markets, enable you now to experience a significant, very positive improvement with the online availability rate.

*Russia:* D&B has completed the update of 2008 financial statements of complete Russian filing universe. The financial statements have been updated on more than 700,000 companies. It has also completed the update of business registration information for the whole Russian business universe. During the second quarter of 2009, the number of businesses in Russia has increased by 103,000. All these companies are now available via D&B Database.

*Ukraine:* As of September 2009, a complete commercially business active universe on the companies from Ukraine is now available to you via D&B Database. The D&B Database now contains information on 1.5M Ukrainian businesses. The 2008 Ukrainian financials are now available for your retrieval from D&B Database.

*Kazakhstan:* As of September 2009, a complete commercially business active universe on the companies from Kazakhstan is now available to you via D&B Database. The D&B Database now contains information on 330,000 Kazakh businesses.

*Greece:* In Q2 2009, the investments had been made to improve the timeliness of updates for Greece into D&B Worldbase. As of August 2009, updates are being sent on a daily basis which brings the following benefits to D&B customers: more timely and accurate data on WorldBase; up to date linkage in GRS and daily linkage products; improved

match rates based on the latest updates. At the same time, the WorldBase customers now have the latest Greek data available to them via Worldbase: 256,000 active businesses; 25,000 marketable records.

#### ■ New – Up to 6 years Financials on the companies from Emerging Markets

In direct response to customers' feedback, D&B has introduced three significant improvements to D&B Business Information Report on the companies from Emerging Markets:

Our customers have told us that they need a bigger picture of a company's financial history. As a result, the comparative financials section has been extended to output and display in D&B Business Information Report up to 6 years financial comparatives (previously three years) – please see the sample extract below.

You also told us that you would like to understand more clearly about financial statements filing in Emerging Markets. A new space within D&B Business Information Report has been created that is used to explain everything about a country's financial filing laws, including information about when financial statements are filed annually, by which types of companies, number of companies filing, and where financial statements are collected. Information in this field will change at different points in the year depending on local laws and situations providing bespoke and updated information, not just standard text.

We understand that sometimes the investigation enquiry details don't match the details within D&B Business Information Report. To prevent misunderstanding and the need to query back and forth with customer service

Finances	Fiscal		Fiscal	
	Dec 31, 2004	Dec 31, 2005	Dec 31, 2006	Dec 31, 2006
Turnover	887,230,674,000	1,231,261,784,000	1,632,652,981,000	1,632,652,981,000
Pre-Tax Profit	210,717,877,000	289,228,306,000	495,323,482,000	495,323,482,000
Net Worth	1,851,959,943,000	2,964,317,886,000	3,655,407,963,000	3,655,407,963,000
Fixed Assets	1,460,755,388,000	2,412,325,267,000	2,859,878,007,000	2,859,878,007,000
Total Assets	2,511,848,312,000	3,865,889,606,000	4,553,243,557,000	4,553,243,557,000
Current Assets	743,162,722,000	808,380,412,000	918,353,501,000	918,353,501,000
Current Liabilities	200,354,869,000	197,381,080,000	267,245,602,000	267,245,602,000
Long Term Debt	459,533,500,000	704,190,640,000	630,589,992,000	630,589,992,000
Financial Assets	307,930,202,000	645,183,927,000	775,012,049,000	775,012,049,000
Intangibles	436,000	464,000	684,000	684,000
Employees	5,320			
Finances	Fiscal		Fiscal	
	Dec 31, 2007	Dec 31, 2008	Jun 30, 2009	Jun 30, 2009
Turnover	1,774,979,437,000	2,507,009,504,000	1,343,324,829,000	1,343,324,829,000
Pre-Tax Profit	520,397,704,000	294,583,095,000	229,256,333,000	229,256,333,000
Net Worth	3,955,471,642,000	4,773,306,239,000	4,942,928,103,000	4,942,928,103,000
Fixed Assets	2,861,213,189,000	3,560,275,878,000	3,440,233,820,000	3,440,233,820,000
Total Assets	5,221,367,365,000	6,181,320,330,000	6,498,592,126,000	6,498,592,126,000
Current Assets	1,195,404,517,000	1,602,398,617,000	1,802,660,378,000	1,802,660,378,000
Current Liabilities	379,670,852,000	479,335,075,000	437,370,500,000	437,370,500,000
Working Capital	815,733,665,000	1,123,063,542,000	1,365,289,878,000	1,365,289,878,000
Long Term Debt	886,224,871,000	928,679,016,000	1,118,293,523,000	1,118,293,523,000
Financial Assets	1,164,749,659,000	1,018,645,835,000	1,255,697,928,000	1,255,697,928,000
Intangibles	49,795,000	214,359,000	187,174,000	187,174,000



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staff, from now on a commentary will be provided within D&B Business Information Report to inform our customers why their enquiry details may be a little (or a lot) different to the Business Information Report we are delivering. This could be driven by quite simple reasons, name change or address change but with this new field we will be able to be really clear about this.

#### ■ **Keeping an Eye on Russia**

##### *Landscape of the Russian corporate universe*

The financial crisis led to the fact that for the first time in many years the registration of new legal entities in Russia has slowed and significantly decreased. In the first half of 2009, 115,600 new commercial entities were registered with the state register, which are now available via D&B Global Database. This is 45% fewer new business registrations than for the same period in 2008.

At the same time, 143,500 companies have ceased their activities for one of the following reasons: liquidation, deregistration due to the decision of tax authorities, business re-organization. During 2009, the Russian authorities have been intensifying their efforts to make bankruptcy legislation more effective in relation to the changing business environment, resulting in faster availability of data with more pro-active monitoring.

##### *Russian Data*

At D&B, we do understand that the availability of financial data, its reliability and sufficiency, especially in the current economic movements is becoming critical and vital to our customers. The D&B Database now provides over 7M records on Russian businesses, covering all registered companies (active companies and liquidated businesses).

D&B provides you with the official data on all Russian legal entities, operating on the territory of the Russian Federation. Some of D&B's data sources used to collect data on Russian businesses – FFMS (Federal Financial Markets Service), Federal State Statistics Service and Federal Tax Service. All of these, provide you with the credibility of the information presented. The information on D&B Database is available as soon as it has been updated in the local source or new information is presented by the company itself. In particular it concerns financial statements: new quarterly reports are received every three months; as soon as they are presented to FFMS; or when D&B receives new updates directly from a company. All annual balance sheets are updated every autumn, as soon as the information has

passed through the Federal State Statistics Service. Every day D&B processes hundreds of megabytes of new data on the companies operating in Russia.

##### *Moving forward*

We recognize that Russia remains an engine of growth for many Western companies and we are continuing to invest strategically in database coverage and driving quality improvements in this market. During this year D&B has been working on increasing the number of employee figures on the Russian Limited Liability companies. As of now, there are already 345,000 records that have the employee figures vs 17,000 in the previous year.

This year, D&B made available to our customers the rulings from the arbitration courts, who rule on more than one million cases a year, ranging from disputes relating to sales contracts, loans, insurance, property and taxes to insolvency (bankruptcy) cases and actions of state authorities.

#### ■ **New Service – D&B Company Documents on the business subjects from EMC**

We understand that without the full business picture, you simply can't decide. Credit management, tax issues, fraud, compliance, due diligence – whatever your agenda for commercial research, scrutiny or investigation, accurate Company Documents represent an essential resource.

As of now, for some EMC countries it's now possible to obtain copies of original documents. This D&B service lets you obtain on an ad hoc basis, copies of the original documents filed at local country's Companies House or Trade Registry. Some of the documents that we offer, include: Annual returns, Accounts, Capital Documents, New Company Documents, Liquidation Documents, Change of Name, Change of Directors, Change of Registered Office. The enhanced D&B Company Documents service helps you quicker decide with confidence. For more information on this, please contact your D&B sales representative.

#### ■ **Worldbase Update – Russian Match Tuning to Improve Name Match Quality**

As of May 2008, D&B now provides its customers with the complete Russian business universe. Despite the coverage, customers had raised concerns regarding the match quality that they were receiving on Russian inquiries that had been submitted against the Worldbase. We have listened to this feedback and have taken steps to improve the match



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quality on Russian business names for the matches done against the Worldbase and DNBI.

Improvement Made: a list of standard words and phrases that were commonly found at the beginning of business names had been identified. These common words and phrases were causing incorrect matches to be returned.

Example:

1. CHASTNOE OKHRANNOE PREDPRIYATIE Mir
2. CHASTNOE OKHRANNOE PREDPRIYATIE Iskra
3. CHASTNOE OKHRANNOE PREDPRIYATIE Mirakom
4. CHASTNOE OKHRANNOE PREDPRIYATIE Sputnik
5. CHASTNOE OKHRANNOE PREDPRIYATIE Buran

In the above example, a search on candidate #1 may have returned one of the other businesses. By incorporating these common words and phrases into our match logic, the processes now are focusing the matches on more unique components of the business name.

As a result, D&B customers performing searches against the Worldbase and DNBI and any other D&B systems that use the global match reference file, are now receiving higher quality matches with a higher level of confidence that the business returned is the correct business.

■ **EMC Data via Portfolio Manager**

Emerging Markets data is now available via Portfolio Manager enabling the users to integrate data on their EMC customers and suppliers into their portfolio.

At the moment, data on the subjects from the EMC markets within the Portfolio Manager is meant to be used to manage the Corporate Exposure only. For Risk Management purposes, please use D&B Business Information Report

which can be pulled directly through the Portfolio Manager solution.

For more information on this, please contact your local D&B sales representative.

■ **Tips for foreign executives doing business in the Emerging Markets**

*Opportunities for foreign companies*

Emerging Markets are dormant markets that want to be roused from inertia - whether in the sector of energy, manufacturing, technology, export/import, trade, tourism, education, health or financial services.

*What should businesspersons wishing to enter the Emerging Market be aware of?*

In spite of the crisis, the Emerging Markets offer many interesting perspectives. Companies that know how to make use of prevailing conditions are among those who will have gained from the economic recovery.

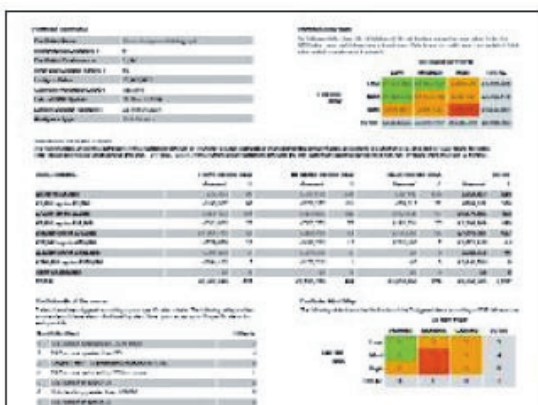
*What are the challenges to be reckoned with in Emerging Markets and what should one be aware of?*

1. Information about market conditions and local specifics: In Emerging Markets, where sectors and economic structures are emergent, constant market surveillance and knowledge of local specifics are particularly important. (See "D&B Country Bible" IRPR)

2. Adapted products and services: Products are not always adopted on a like-to-like basis. The requirements of local customers in the Emerging Markets may differ significantly from those of customers in home markets. Preliminary assessment and exploratory measures, possibly using a test market, are, therefore, recommended.

3. Cultural differences and correct behaviour: When in Rome, do as the Romans do! – a proverb that is still relevant today. Before entering a market, one should familiarise oneself with the prevailing customs and cultural norms.

4. Local partners: Reliable partners, for example in sales, make market entry easier. Whoever wishes to make headway in the Emerging Markets must compulsorily work with a local partner.





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5. Good contacts with local authorities: In the Emerging Markets, as in other places, good contacts are the icing on the cake. Personal relationships are especially valued in these regions. They can help in a variety of ways when bureaucratic hurdles appear unsurmountable.

*What should executives who are already doing business with the Emerging Markets ensure?*

The economic crisis has done its damage. Many companies in the Emerging Markets complain of insufficient liquidity and a bad payment ethic. It is, therefore, imperative that foreign companies doing business with the Emerging Markets observe the following:

1. Market: Growth has first shown sharp decline in 2009. Forecasts pertaining to possible normalised periods are still unstable and very vague.

2. Customers / credit period: Constant credit surveillance and a fresh credit check upon order placement are indispensable. Other important measures are: the stipulation of shorter credit periods, a stringent dunning process, possible cash in advance or prepayment, the setting of credit limits for individual customers, the imposition of penalties for contractual defaulting, the rewarding of early payment (linked with bonus).

For all of that, use D&B Business Information Report or other D&B data products to get the whole picture on the business you're looking at to spot company bankruptcies, newsworthy events and other key updates that might have a direct impact on your business.

3. Suppliers / stocks: An agreement with a supplier can be terminated at any time. For this reason, special attention is to be paid to ensuring a supplier's operative preparedness. Wherever feasible, periods of repayment may be extended.

4. Financing / foreign exchange: The costs associated with credit or of financing provided by the local banks in the Emerging Markets increase by up to 30% per year. Furthermore, foreign exchange rates pertaining to the interplay between the euro, rouble and US dollar are subject to a certain volatility. Safeguard yourself accordingly. 5. Investments: If investing is not strictly necessary, it is more prudent to wait. Moreover, prices are likely to fall further.

#### ■ D&B Country Risk update – 2009

Every month we publish free samples of different Country Risk Updates. This month you can find links to Russia, Turkey and Greece. Visit our website: [www.dnbsweden.se/rapportutbud](http://www.dnbsweden.se/rapportutbud)



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