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Risk & Performance

Characteristics of Australia's Leading Public and Private Companies

Dun and Bradstreet (Australia) Pty Ltd

July 2007



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Share ownership in Australia has grown dramatically over the last decade, driven by compulsory superannuation and the growth of low cost online trading products.

Accordingly there is a higher proportion of the community that monitors financial performance than ever before. Share market reports dominate business coverage and takeover proposals, like those for Coles and Qantas, have shifted finance news from the business section to the front page. Driving much of the recent interest is the role of private equity.

Behind much of the coverage and commentary is a view that private ownership removes a layer of transparency for

investors and creditors. A casual observer could be forgiven for thinking that a listing on the ASX is the norm and a company shifting from public to private ownership is a cause for concern and potentially increased risk.

In reality, private companies dominate the Australian corporate environment, with more than a million registered private companies compared to approximately 2,000 publicly listed companies. The private companies are incredibly diverse, ranging from large corporate entities employing thousands of staff, to small businesses employing just a handful of people. Every day these private companies trade and transact, supply and receive credit and make capital investment decisions that will affect the future direction of Australia's corporate environment.

It is critical then, that investors and credit providers understand these businesses, their strengths and weaknesses and their risk and performance profiles.

The Dun & Bradstreet *Risk & Performance: Characteristics of*

Australia's leading public & private companies report peels back the lid on the top fifty private companies in Australia and compares their performance to their public company counterparts.

The report highlights the value of research and paints an overall picture of strong performance by private companies. Generally the report shows that creditors are just as safe with private companies as they are with public companies; and that private companies perform better against key criteria of investor safety.

It is an important reminder of both the strength of the Australian corporate environment and the need for investors and creditors to have the full picture.

Christine Christian
CEO – Dun & Bradstreet
Australia

About the Report

The D&B *Risk & Performance: Characteristics of Australia's leading public & private companies* report examines and compares a number of key risk and performance indicators of Australia's largest fifty public and private companies as defined by annual sales.

Risk and performance indicators include:

- Profit margin
- Return on Equity
- Return on Investment
- Debt to Net worth ratio
- Liquidity (defined by payment data)
- Collection demands
- Adverse legal action.

The report also compares the Dynamic Risk Score (DRS) and Dynamic Delinquency Score (DDS). These are unique ratings that are used globally to predict the likelihood that a company will fail or pay trade accounts in a severely delinquent manner.

The analysis is based on financial data from more than 2 million Australian companies listed on the Dun & Bradstreet database. D&B has the most valuable commercial database in the world, refreshed one million times each day to ensure the most up to date and relevant information.

Reports on the companies examined in this study are available from Dun & Bradstreet.

For more information:

Visit www.dnb.com.au or contact Damian Karmelich – Director, Marketing & Corporate Affairs on 02 8270 2902 or via email karmelichd@dnb.com.au

About Dun & Bradstreet Australia

D&B is the world's leading provider of business-to-business credit, marketing and purchasing information and receivables management services. D&B manages the world's most valuable commercial database with information on more than 80 million companies.

Information is gathered in 209 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than one million times daily as part of D&B's commitment to provide accurate, comprehensive information for its more than 150,000 customers.

The Australasian operations were bought out by the senior management group in August 2001. It was the first MBO of a wholly owned subsidiary in D&B's history worldwide.

Today Carnegie Wylie & Co owns an approximate 90% stake in DBA and the local management team a 10% stake.

Strategies for future growth include developing DBA's commercial and consumer credit referencing business; expanding its receivables management outsourcing business; maintaining its lead in the development of unique credit and risk scoring products; and developing new products specifically tailored to the Australasian market. DBA currently employs over 500 people in Australia and New Zealand.



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Executive Summary **Key Findings**

Australia's top fifty public vs. private companies

- Australia's top fifty public and private companies both have a low risk of failing over the next twelve months
- Public companies are more likely to pay accounts in a severely delinquent manner than private companies
- The top fifty private companies collect their receivables in a more timely manner
- More than a third of the top fifty public companies have had legal action initiated against them over the previous five years for monies owed, as compared to only 10% of private companies
- The top fifty public companies achieve higher profit margin, greater Return on Equity (ROE) and a greater Return on Investment (ROI)
- The top fifty private companies have a lower Debt to Net Worth ratio and produce a higher return on assets



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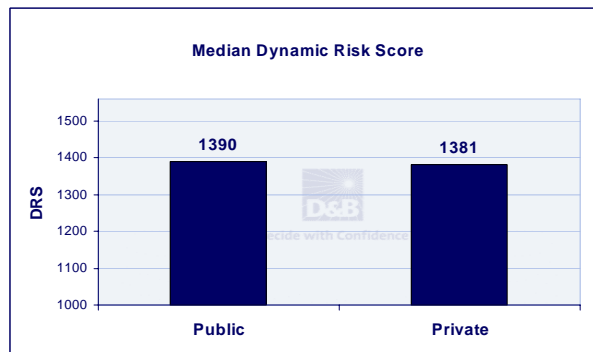
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Public V Private Risk Analysis

Australia's top fifty public and private companies both have a low risk of failing over the next twelve months as measured by the Dun & Bradstreet Dynamic Risk Score (DRS), reflecting the general safety of Australia's larger companies.

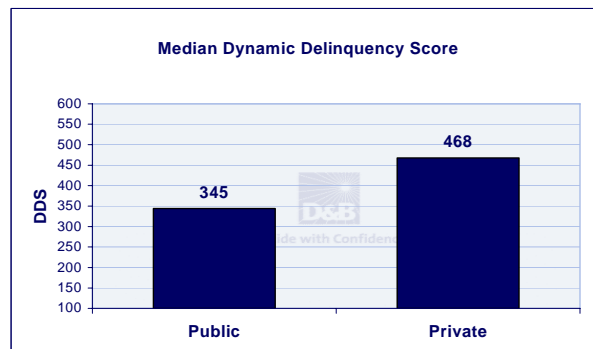
According to the DRS score, Australia's top fifty public companies have less chance of failing than their private counterparts.

The top fifty public company median DRS is 1390 representing a 1.1% chance of failing over the next twelve months. The top fifty private company median DRS is 1381 representing a 1.3% chance of failure over the corresponding period.



The situation is reversed for business-to-business trade payments, with public companies more likely to pay accounts in a severely delinquent manner, as measured by the D&B Dynamic Delinquency Score (DDS). This finding may reflect a number of factors including cash retention strategies and dominant market share.

D&B rates the top fifty public companies as being a *High* risk of paying at least 10% of payments to suppliers ninety days past terms. The top fifty private companies are rated as a *Lower* than average risk of paying at least 10% of payments to suppliers ninety days past terms.





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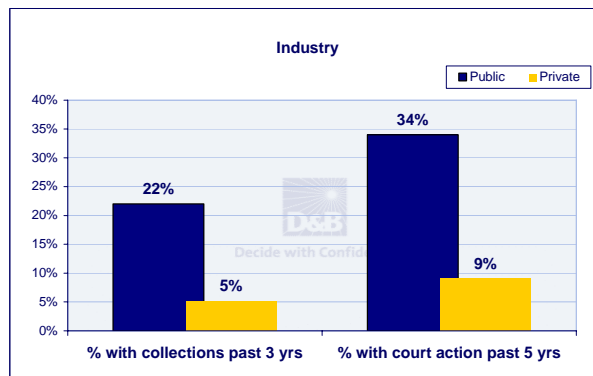
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This DDS score is further reinforced by the finding that a fifth of the top fifty public companies have been approached to recover a debt, compared with only 5% of the top fifty private companies.

In addition, more than a third of the top fifty public companies have had legal action initiated against them over the previous five years for monies owed. Only 10% of the top fifty private companies have had this form of legal action taken against them.





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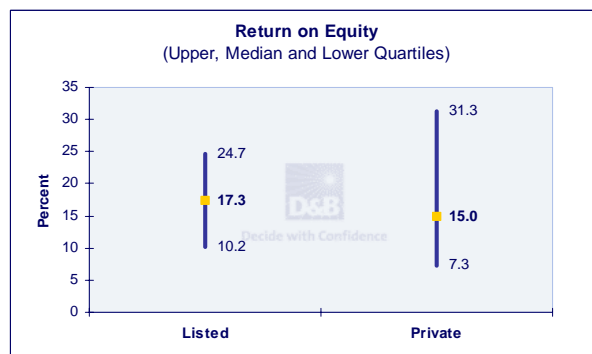
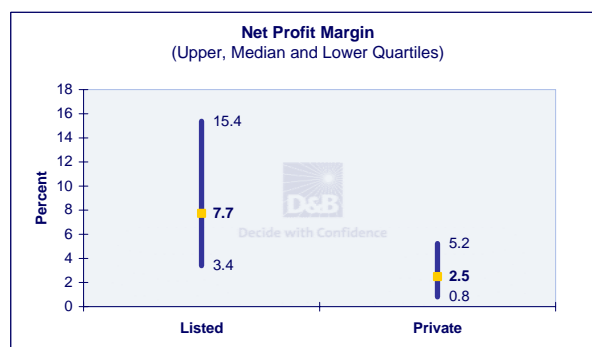
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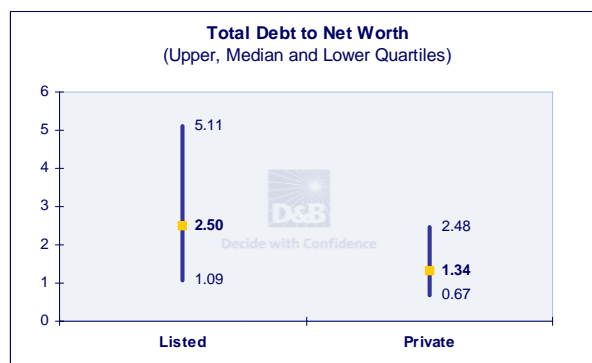
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Public V Private Performance Indicators

The top fifty public companies achieve higher profit margin, greater Return on Equity (ROE) and a greater Return on Investment (ROI). However when comparing the upper quartile (top 25%) of public and private companies, private companies perform better than their public counterparts on ROE.



The top fifty private companies have a lower Debt to Net Worth ratio and produce a higher return on assets.



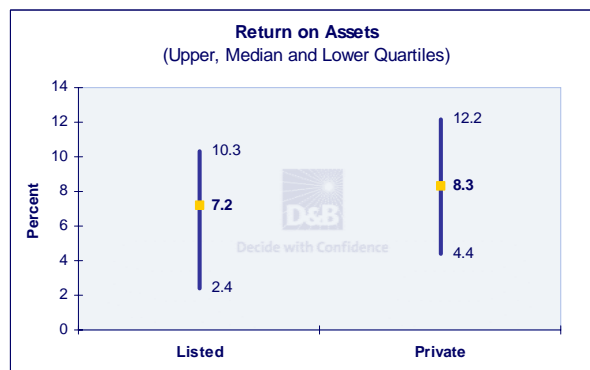


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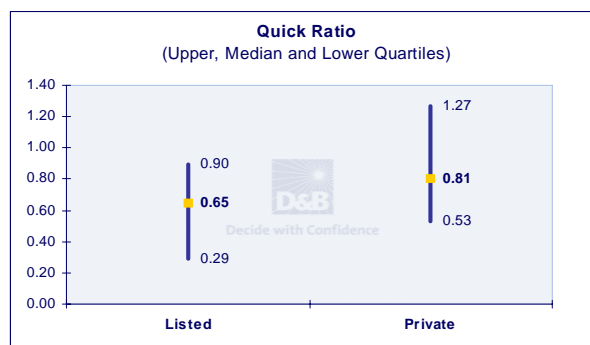
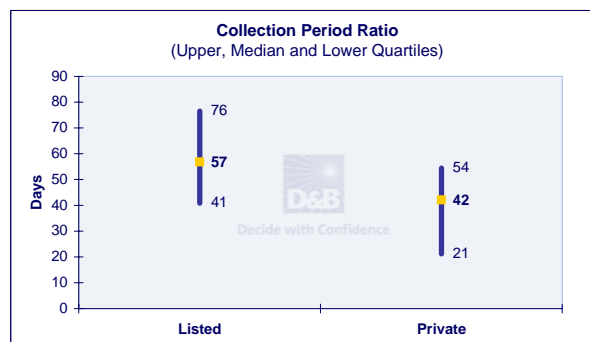
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A review of liquidity – defined by balance sheet data – shows the top fifty private companies have higher current and quick ratios and lower collection period ratios. This indicates that private companies collect their receivables in a more timely manner.





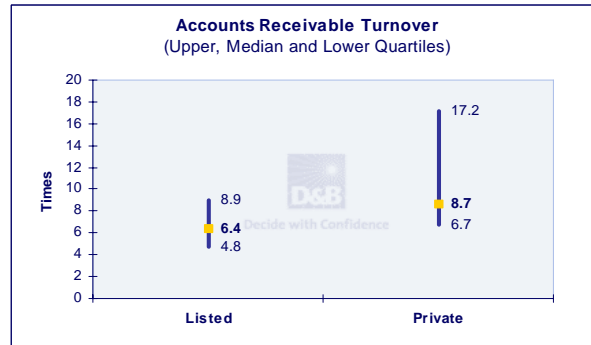
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On the all-important profit / loss measure, 6% of the top fifty public companies reported a loss. For the top fifty private companies 10% reported a loss.



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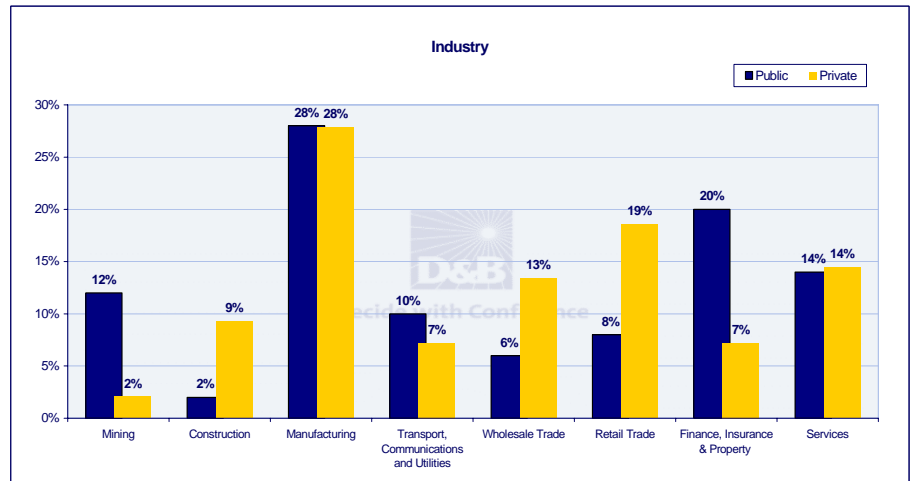
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A higher proportion of the top fifty public companies are in:

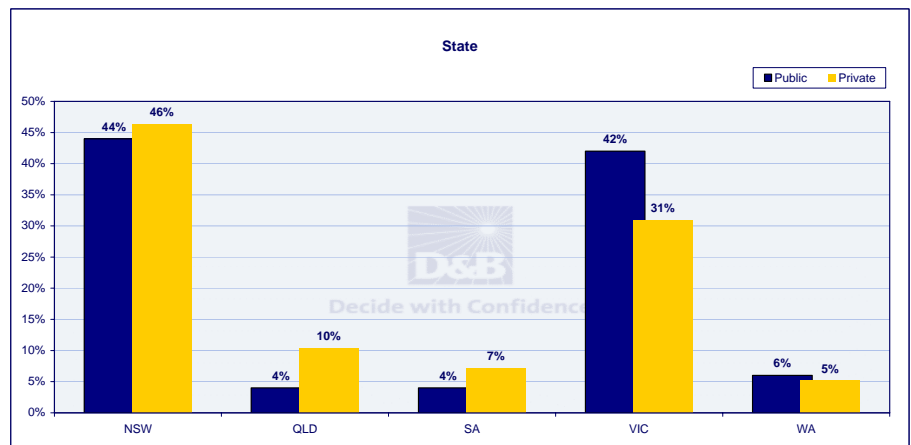
- Mining
- Transport, Communications and Utilities
- Finance, Insurance and Property.

A higher proportion of the top private companies are in:

- Retail
- Wholesale
- Construction.



Half of the top private companies are based in NSW, whereas Victoria maintains a higher proportion of the top fifty public companies.





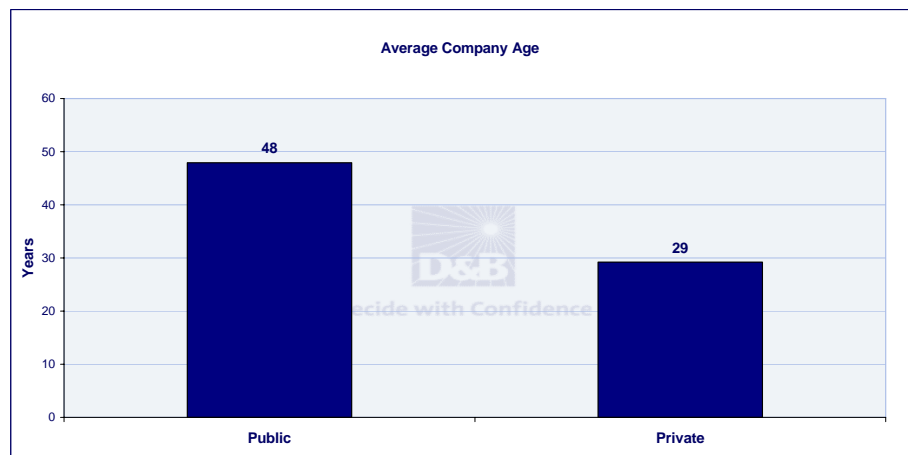
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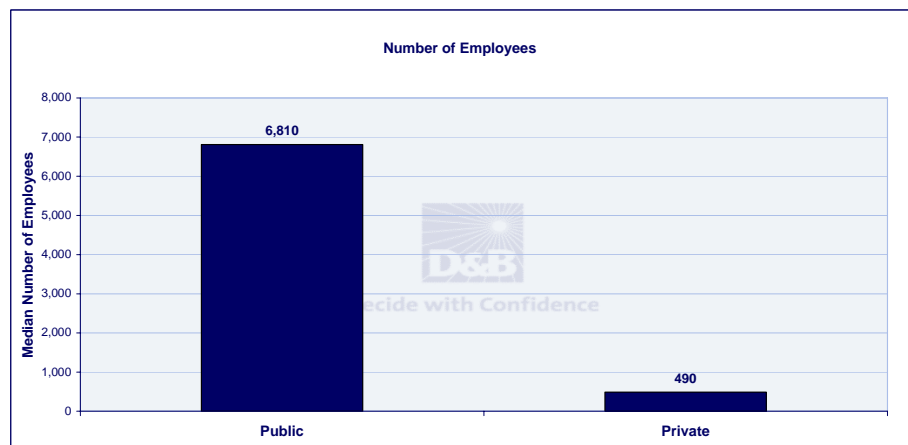
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On average, the top fifty public companies have been established nearly twice as long as the top fifty private companies.



The top fifty public companies are significantly larger employers than the top fifty private companies.



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- AGL ENERGY LIMITED
- COLES GROUP LIMITED
- BHP BILLITON LIMITED
- WOOLWORTHS LTD
- AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
- RIO TINTO LIMITED
- TELSTRA CORPORATION LIMITED
- NATIONAL AUSTRALIA BANK LIMITED
- WESTPAC BANKING CORPORATION
- UECOMM LIMITED
- QBE INSURANCE GROUP LIMITED
- COMMONWEALTH BANK OF AUSTRALIA
- LEND LEASE CORPORATION LTD
- QANTAS AIRWAYS LIMITED
- AMCOR LTD
- WESFARMERS LIMITED
- LEIGHTON HOLDINGS LIMITED
- WESTFIELD HOLDINGS LTD
- PAPERLINX LIMITED
- INSURANCE AUSTRALIA GROUP LIMITED
- ORIGIN ENERGY LIMITED
- SUNCORP-METWAY LIMITED
- AWB LIMITED
- FOSTER'S GROUP LIMITED
- RINKER GROUP LIMITED
- AXA ASIA PACIFIC HOLDINGS LIMITED
- TOLL HOLDINGS LIMITED
- W.D. & H.O. WILLS HOLDINGS LIMITED
- BORAL LIMITED
- ORICA LIMITED
- COCA-COLA AMATIL LIMITED
- SPC ARDMONA OPERATIONS LIMITED
- ONESTEEL LIMITED
- TABCORP HOLDINGS LIMITED
- WOODSIDE PETROLEUM LTD.
- CENTURY DRILLING LIMITED
- SYMBION HEALTH LIMITED
- PUBLISHING AND BROADCASTING LIMITED
- PROMINA GROUP LIMITED
- FUTURIS CORPORATION LIMITED
- ELDERS AUSTRALIA LIMITED
- MULTIPLEX LIMITED
- ZINIFEX LIMITED
- CSR LIMITED
- CSL LIMITED
- SIGMA PHARMACEUTICALS LIMITED
- QRSCIENCES HOLDINGS LIMITED
- MACQUARIE BANK LIMITED
- DOWNER EDI LIMITED
- TATTERSALL'S LIMITED



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APPENDIX *Private Companies*

- TEYS BROS. (HOLDINGS) PTY. LTD.
- BALVERONA PTY LTD
- BARTTER HOLDINGS PTY LIMITED
- COSTA'S PTY. LTD.
- F. HANNAN PTY LTD
- HANSEN YUNCKEN PTY LTD
- GHD GROUP PTY LTD
- ANL CONTAINER LINE PTY LTD
- THE INDEPENDENT PRINT MEDIA GROUP PTY LIMITED
- MULAWA HOLDINGS PTY LTD
- A&R WHITCOULLS GROUP HOLDINGS PTY LIMITED
- RJH HOLDINGS PTY LIMITED
- RIP CURL GROUP PTY LTD
- CRYOVAC AUSTRALIA PTY LTD
- HEARTLAND MOTORS PTY LIMITED
- FREEDOM ENERGY HOLDINGS PTY LTD
- SANGER AUSTRALIA PTY LTD
- AUSTRALIAN FAST FOODS PTY. LIMITED
- YAKKA (AUST.) PTY. LTD.
- J. HUTCHINSON PTY. LTD.
- CARTER & SPENCER GROUP PTY LTD
- ZUPPS MT GRAVATT PTY LTD
- HARRIS SCARFE AUSTRALIA PTY LTD
- AVC HOLDINGS PTY LTD
- 1ST FLEET PTY. LIMITED
- RIVIERA GROUP PTY LTD
- SUPRE HOLDINGS PTY LIMITED
- L.U. SIMON BUILDERS PROPRIETARY LIMITED
- ISPT PTY LTD
- AUDANT INVESTMENTS PTY LIMITED
- FRH ASTEC PTY LTD
- PROBUILD CONSTRUCTIONS (AUST) PTY LTD
- KANE CONSTRUCTIONS PTY LTD
- SALES EXPRESS PTY LTD
- AMBIT GROUP PTY LIMITED
- ISIS GROUP HOLDINGS PTY LIMITED
- TATIARA MEAT COMPANY PTY. LTD.
- CAIRN ENERGY ASIA PTY LIMITED
- BUSH'S INTERNATIONAL PTY LTD
- DIRECT GROUP PTY LIMITED
- SANWA HOLDINGS PTY LIMITED
- PENTARCH HOLDINGS PTY. LTD.
- URS AUSTRALIA PTY. LTD.
- GERARD CORPORATION PTY LTD
- BLUECHIP INFOTECH PTY LTD
- H.P.M. INDUSTRIES PTY LTD
- TUCKER SEABROOK (AUST) PTY LTD
- HAL DATA SERVICES PTY. LIMITED
- HORWATH (NSW) PTY LIMITED
- YINATHARRA INVESTMENTS PTY. LTD.

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