

Analysis of profit warnings

Issued by UK quoted companies

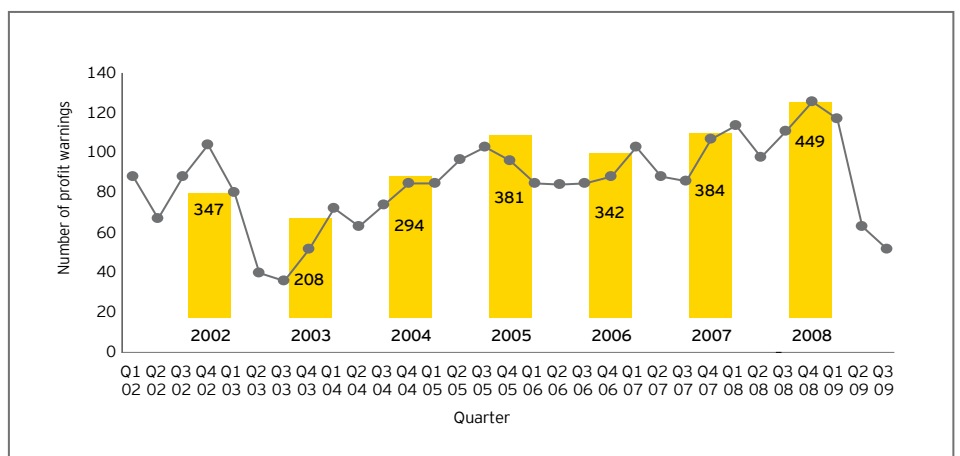


Profit warnings at six year low

UK profit warnings hit a six-year low in the third quarter of 2009, falling by more than 50% year-on-year. This dramatic fall is due to a complex mixture of previously withdrawn company guidance, already depressed market expectations and an improving economic outlook that has encouraged companies to look ahead with greater confidence, with the worst of the downturn seemingly past.

Nevertheless, confidence should not turn to complacency. The one-off effects of monetary and fiscal stimulus and inventory rebuilding have put a gloss on current demand that could soon tarnish once this support is withdrawn. The ability of the economy to transition smoothly from this temporary boost to self-sustaining growth is still in serious doubt given the strong headwinds from still tight credit and the ongoing effects of balance sheet restructuring in both the private and public sector. Relapses are still possible, a slow recovery probable. The worst of the downturn may be behind us, but that does not mean all the risks to UK plc are too.

Number of profit warnings issued by UK quoted companies, Q1 2002 - Q3 2009

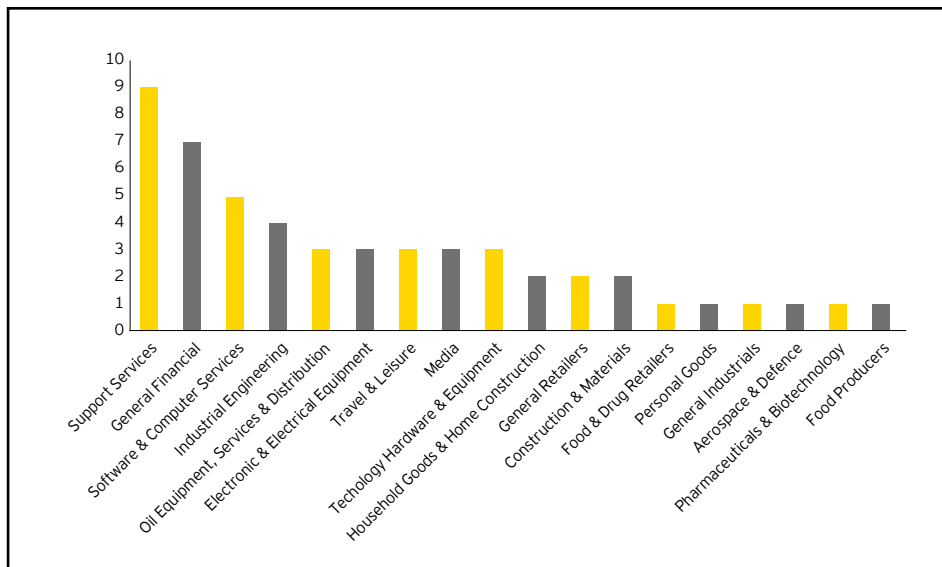


Headlines

- ▶ There were 52 profit warnings from quoted UK companies¹ during the three months to 30 September 2009²; a year-on-year drop of 53%, and 17% less than the second quarter of 2009.
- ▶ The FTSE sectors with the highest number of warnings this quarter were Support Services (9), General Financial (7), and Software & Computer Services (5).
- ▶ The FTSE sector with the highest percentage of companies warning this quarter was Oil Equipment, Services & Distribution. Just under a fifth of the sector warned this quarter and over one third of companies have warned in the year-to-date as the impact of low oil and gas prices feeds through into lower revenues and disrupted or reduced contracts.
- ▶ General Retailers issued just two profit warnings again this quarter. Low interest rates have provided relief to the consumer, but a long period of depressed expectations is probably more responsible for the dramatic fall in profit warnings. Christmas more than ever will be crucial for retailers with rising unemployment and the reversal of the VAT cut to navigate in 2010.
- ▶ A fifth of the FTSE Travel and Leisure sector have issued profit warnings in the last twelve months. The previous recession hit several travel and leisure sub-sectors hard and we expect further rights issues and sector restructuring to follow in the next twelve months.
- ▶ Volume and contract pressures are still manifest in the reasons given for profit warnings: more than 50% of companies warning blamed falling sales and a quarter blamed delayed or discontinued contracts this quarter.
- ▶ Meanwhile, over a tenth of companies warning gave restructuring and writedown costs as the reason for their profit warning as companies seek to match operating costs and asset prices to new realities.
- ▶ However, the number of companies blaming rising overheads and material costs has dropped dramatically, reflecting the fall in inflationary pressures and strengthening pound over most the third quarter - if not the end.
- ▶ The fall in share price on the day of warning this quarter was just 11.8%, suggesting that once again the market priced in most of the downgrades.

1. Companies on the official list and AIM
 2. Figures derived from profit warnings as reported in the UK press

Number of profit warnings issued by UK quoted companies by FTSE sector, Q3 2009



A fragile recovery

Just over a year since the collapse of Lehman Brothers and, against the odds, clear signs of life are visible in all major economies, with most expected to be out of recession by the end of 2009. This will be a remarkable turnaround and much quicker than many agencies and analysts expected, leading some to extend this budding recovery into an argument for a V-shaped bounce. This optimistic scenario is compellingly attractive, but unfortunately unlikely, as it confuses the transitory effects of monetary and fiscal stimulus and restocking with self-sufficient demand. Moreover, the ability of the economy to transition smoothly from this temporary boost to self-sustaining growth is still in serious doubt given the strong headwinds from persistently tight credit and troubled private and public balance sheets. We certainly appear to have reached the bottom of this cycle quicker than expected, but it does not necessarily follow that the recovery will come faster than expected too.

Recovery hopes

A substantial safety net of low interest rates, quantitative easing, stake building, and consumer stimulus has provided the confidence and momentum to propel several major economies out of recession. Germany, France and Japan reported positive GDP in the second quarter of 2009 and the UK and US look set to follow by 2010. Falling numbers of profit warnings is just one sign that UK companies are experiencing stable or even rising levels of current demand, outstripping previously depressed expectations. In response, equities have rebounded past their depressed post-Lehman levels, adding to the sense that we are past the worst and helping many companies raise much needed cash. Major takeovers are also back on the agenda to complete the growing sense of business as usual. Bond markets have begun to open for investment grade and low-grade credits. Finally, money market stress has eased considerably, with libor falling within normal ranges.

Demand realities

Taken at face value, the growth outlook is compellingly positive and the quicker than expected turnaround in the global economy's fortunes has led to almost universal upgrades to UK GDP forecasts for 2010. However, these upgrades and indeed the growth we have seen so far have come from an exceptionally low base. Much of the improved industrial demand data - whilst showing encouraging year-on-year growth - is

still anaemic in a longer, pre-credit crunch context. UK activity has declined by around 5% in the last year. Forecast growth of 1% next year will claw but a little of this back. As the Bank of England's Governor recently reminded us, is very important not to lose sight of the fact that growth rates do not tell the whole story: "It's the levels that matter".

Moreover, short-term effects are also driving a great deal of this current growth. The severe destocking that followed the collapse in global trade and confidence post-Lehman is still, to some extent, unwinding. This restocking has occurred simultaneously with fiscal stimulus-inspired demand, as in the various 'vehicle scrappage' schemes, making it impossible to gain a firm handle on what the current level of 'real' global demand actually is. History shows us that consumer stimulus schemes will bring forward, but not create sales. Once these short-term effects eventually and inevitably end, demand could fall sharply, threatening the nascent recovery unless self-sustaining demand takes over.

Consumer, investment, government... who will pick up the stimulus baton...?

So, where will the impetus for this self-sustaining demand come from? During a recession, the application of fiscal stimulus and relaxed monetary policy would normally spur increased consumer demand, encourage investment and - if sterling depreciated as a result - boost exports. All of which should provide momentum for private demand to take over from public support and boost public receipts, allowing the government to repair its own balance sheet. But, this has been no normal recession, coming as it did with a credit-crunch on top of an especially extended credit boom that stretched balance sheets even before the downturn. Consequently, the crisis has left deep scars that will hinder the ability of the economy to pick up from up from stimulus-inspired demand.

Thus, all the evidence suggests that this isn't going to be a strong, consumer led recovery. Rising unemployment and the continuing constraints on credit have focused consumers' minds on their balance sheets. UK consumers actually paid money back faster than they borrowed in July, partly because banks limited credit, but also because they wanted to. In the US, they are also paying back their debt. It is also unlikely to be an investment-led recovery.

A fragile recovery

Industry surveys show an improving picture for the UK services sector and exports should receive a boost from the weakening pound. However, recent figures also show the manufacturing sector struggling to maintain its summer momentum, despite the recent drop in sterling. Business investment fell by 10.2% in the second quarter, compared with the previous three months, and by 21.8% on the year. Finally, the sheer task of addressing the vast public sector debt through tax rises and cost cutting means the public sector will be in no position to inspire growth. This year's fiscal deficit is likely to be about 12% of GDP, and the IMF have warned economic recovery in Britain will be slowed by a £200 bn funding gap in 2010, caused by a rising government deficit coupled with a still broken banking system.

And while banks are weak, recovery will stutter. UK and Eurozone banks have still only recognised 40% of their total expected writedowns and lending in both regions fell in July. Some of this fall is due to companies finding alternative equity or credit market solutions, but these options are not open to all and European bond issuance dipped again during the

summer. This may be due to seasonal effects, but it highlights further credit uncertainties that are deeply concerning in the context of the almost US\$7 trillion of European and US corporate debt due for refinancing in the next three years.

Wind behind us, but still running uphill

Therefore, while today's challenges may appear less pressing than those faced at end of 2008, they are equally stern. A long period of weak growth will weigh heavily on results and confidence and chip away already dented balance sheets. Banks have been sitting on their hands to some extent in recent months, while they tend to their own balance sheets. However, in the next two quarters companies will begin reporting a full year of below-average growth, which will sorely test covenants at a time when banks will have rebuilt capital and will be free to give their full attention to sifting the winners from the losers. Previous insolvency peaks have lagged troughs in GDP and we expect the next wave of restructurings to arrive by the spring of 2010.

Number and percentage of companies warning by FTSE Sector, Q3 2009

	No of companies warning	No. of quoted companies in the sector	% of quoted companies in the sector warning
Aerospace & Defence	1	14	7%
Construction & Materials	2	40	5%
Electronic & Electrical Equipment	3	46	7%
Food & Drug Retailers	1	8	13%
Food Producers	1	35	3%
General Financial	6	171	4%
General Industrials	1	17	6%
General Retailers	1	56	2%
Household Goods & Home Construction	2	26	8%
Industrial Engineering	4	53	8%
Media	3	113	3%
Oil Equipment, Services & Distribution	3	17	18%
Personal Goods	1	23	4%
Pharmaceuticals & Biotechnology	1	61	2%
Software & Computer Services	4	128	3%
Support Services	8	191	4%
Technology Hardware & Equipment	3	37	8%
Travel & Leisure	3	91	3%
Total	48		

Warnings by FTSE sector, size and market

Sectors

This quarter's sharp drop in profit warnings overall means most FTSE sectors also showed year-on-year and quarter-on-quarter declines. Profit warnings from companies serving or providing goods to the consumer in particular remained well below their long-run average. Some of the decline in consumer profit warnings might be due to exceptionally low interest rates and the improving outlook, but depressed expectations will have played a major part in the fall. Particularly for consumer services companies, whose profit warning figures are well below their long-run average this quarter. However, this follows a twelve month period that saw over 25% of all companies in the FTSE Consumer Services super-sector issue a profit warning.

The main exceptions to the almost universal drop were FTSE sectors serving businesses with services or components. Profit warnings from Oil Equipment Services and Distribution, Industrial Engineering, Software & Computer Services and Technology Hardware & Equipment companies all rose year-on-year or quarter-on-quarter. And while Support Services warnings fell, they still constituted almost a tenth of all profit warnings this quarter. Thus, although most sectors are showing firm signs of stabilization, companies reliant on the investment cycle and discretionary budgets are still having a hard time as their customers protect margins by investing and spending less; a trend reflected in the reasons given for companies warning, with more than half blaming falling sales and a fifth blaming delayed or discontinued contracts.

Size and market

The fall in profit warnings was not universal across the markets. This time the number of warnings from the Main Market showed the greatest decline, while profit warnings from AIM listed companies remained fairly stable, having staged their dramatic fall in Q2 2009. This trend is also reflected in the turnover profile of companies warning. The fall in profit warnings quarter-on-quarter, came almost entirely from companies with turnover greater than £1 bn, with the number of warnings from medium and small company warnings remaining relatively steady.

More Main Market companies still warned in Q3 2009 in percentage terms, with 3.2% warning verses 2.7% of companies listed on AIM. In the last twelve months, 13% of current UK AIM companies and 21% of current UK Main Market companies have warned.

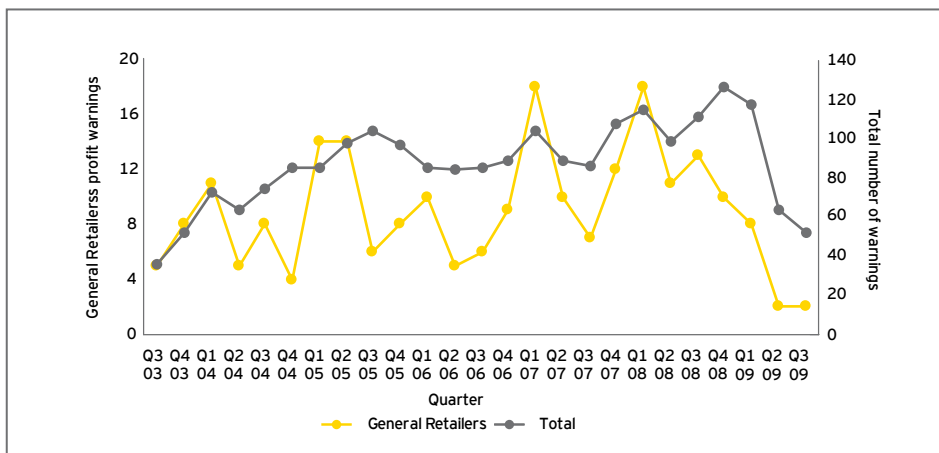
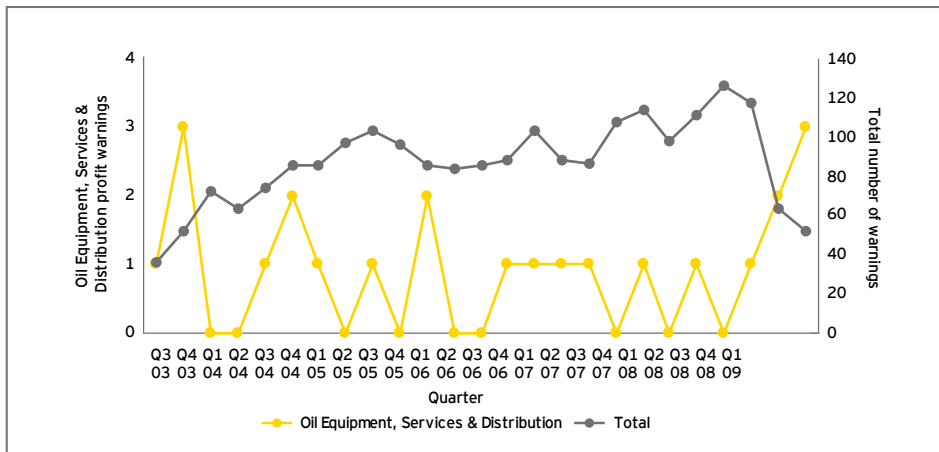
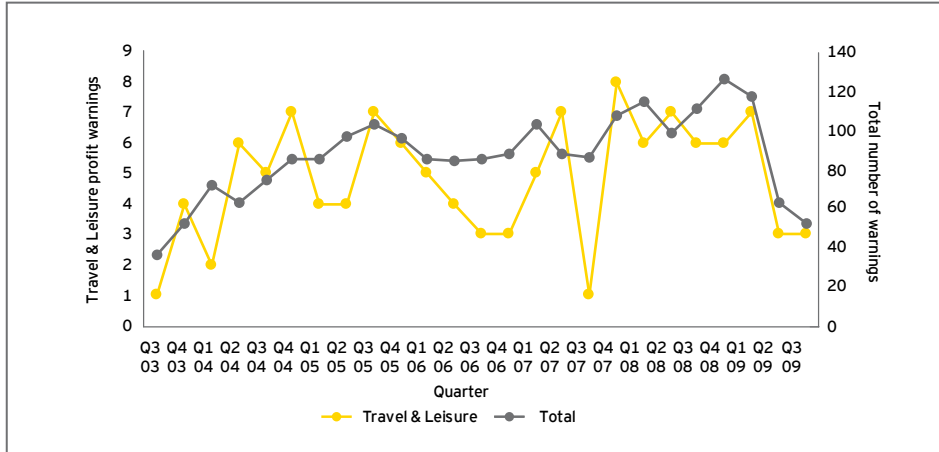
Outlook

The outlook for profit warnings and what this indicates for the health of the UK economy has to be seen in the context of the profit warning equation. In ideal circumstances, the two key elements of this equation - performance and expectation - move in harmony with companies keeping a close eye on performance and updating markets between reporting periods to allow the fine tuning of forecasts. But when events move too fast, due to internal failures or external shocks, this balance can be upset. Between the end of 2007 and the start of 2009, when profit warnings averaged well over 100, we were witness to the impact of an extreme and extended version of the external shock scenario, as major financial institutions failed and UK economic growth fell to record lows. As demand fell rapidly, expectations failed at first to keep up with rapidly deteriorating performances and profit warnings rocketed. More than 1 in 6 of all listed companies have issued a profit warning in the last twelve months and almost 60 companies have warned more than once.

This high level of profit warnings has, naturally, severely subdued market expectations, both for the companies who have warned and for their peers. The low number of warnings we see in the rest of 2009 may be as much due to depressed expectations as a budding recovery. However, if expectations become buoyed by optimism too quickly and outstrip an economy that is recovering slowly and prone to relapse, then we may see a further negative imbalance and higher profit warnings later in the year.

So, while taking immediate steps to secure the future and a strong focus on cash will always remain a priority, management should also look ahead and position their business to withstand the potential pressures of a slow, and potentially uneven, recovery. Not every business will need wholesale transformation, but almost all will need some adjustment of their business and expectations to the new low-growth, post-credit crunch realities.

Focus on sectors



Focus on sectors

Travel & Leisure

A succession of shocks from the 1990s recession through to the impact of 9/11 and SARS have toughened up the travel and leisure industries, which came into this recession in reasonable shape. Nevertheless, the depth and scale of this downturn, when combined with the credit crunch, set even greater challenges for the sector. In the last year, one fifth of FTSE Travel & Leisure companies have issued a profit warning, reflecting not just pressures on consumer spending but also a succession of specific structural and cyclical obstacles that has tested each sub-sector's mettle in the face of high, rigid fixed costs.

One structural change in particular ensured that pubs, bars and nightclubs felt the impact of this downturn quickly, with the smoking ban rapidly exposing any weaknesses. The worst of the shocks to the income statement appear to have passed. Pub and bar profit warnings have fallen from a five-year high of seven in 2007 to just two so far in 2009. Nevertheless, the attritional impact of the smoking ban, continuing supermarket competition, rising unemployment and another poor summer on injured and still stretched balance sheets could yet trigger further restructuring. Over 50 pubs are still closing each week, many sites bought for extraneous development still lie empty, wet-led pubs are still struggling and food-led pubs are not immune, with the amount Britons spending on informal eating out falling for the first time in forty years. Meanwhile, competition on the high street is still fierce and here in particular, pubs and nightclubs are feeling the negative impact of youth unemployment. The predicted autumn resurgence of swine flu may also test pubs further, as with other industries reliant on consumer congregation. Consequently, times could be tough for a while yet. We expect further sales of pubs and rights issues to shore up balance sheets into the New Year and, with these actions, anticipate a much better and stronger industry emerging. Meanwhile, location, maintaining brand standards, quality service and value for money will be crucial to individual company success.

In contrast to pubs, the impact of the downturn on the hotel sector traditionally takes a few quarters to take effect and revenue per available room (RevPAR) only started to show year-on-year declines in the spring of 2008 for provincial hotels and in autumn 2008 for London. The decline was originally occupancy led, but room rates have fallen significantly in 2009, driven in part by significant discounting. London RevPAR stabilized in August, reflecting high levels of tourism on the back of the week pound, but it is still showed a 12.4% year-on-year decline. Meanwhile, provincial hotel rates are still falling, with a 13.4% year-on-year drop in August, hit by a reduction in business travel, trading down and a reduction in conferences. Our experience from the previous recession suggests

that it could take five years for rates to return to their pre-recession levels. Therefore, the next leg of the cycle may see industry consolidation, as in the early 1990's downturn, particularly as travellers move towards branded hotels. On the operating side, the management contracts negotiated when the market was at its strongest will continue to cause distress. Operators will have to be open to innovative ways of keeping the property companies on side while protecting their own guaranteed income streams.

Gaming companies also present a mixed picture. Since the last recession, gaming has broadened its appeal to a wider cross-section of the population, and as a result, tracks consumer spending more closely than before. The situation in this recession is further complicated by regulatory and taxation changes combined with the smoking ban. Bingo halls very quickly felt the pincer effect of these structural effects united with a consumer-spending squeeze. More recently, a run of adverse results has also struck bookmakers: the lack of draws in the English Football Premier League, increased betting on the 'big four' clubs and a run of wins from horse racing favourites has hit gross win figures and exacerbated a difficult situation. Many operators have already taken proactive steps, reviewing unprofitable locations, raising new cash, and controlling operating costs. Online gaming of course offers great opportunities to extend and move beyond the mature UK market, but companies need to watch this double-edged sword as it also signifies increased competition and in the past has damaged companies who have leapt in without careful planning.

Oil Equipment, Services and Distribution.

Companies in the FTSE Oil Equipment, Services and Distribution sector have issued six profit warnings so far in 2009, with three companies warning in the third quarter of 2009. Overall, 35% of the sector has warned in 2009, with all of the warnings coming from oil equipment and services companies.

In the whole of 2008, companies in this FTSE sector only issued two profit warnings; but the good times of early to mid-2008, when most oil companies and their service providers were benefiting from the seemingly relentless rise in oil prices, are now a distant memory. The average price of Brent crude in the first five months of 2009 was US\$48/bbl, almost 70% below the peak of July 2008. Although the price has recovered in recent months, the Brent Crude price was still 50% below its 2008 high at the end of the third quarter. Meanwhile, the average price of Henry Hub gas in the first half of 2009 was a little over US\$4 per MMBTU, 53% lower than the average for 2008; it finished the quarter at below US\$3 per MMBTU.

Focus on sectors

Customers of companies in this FTSE sector tend to be a combination of international oil companies (IOCs), national oil companies (NOCs) and independent exploration and production (E&P) companies. In the face of such dramatic price declines, these oil and gas companies have focused on cost control and margin conservation. Many projects also remain delayed or on hold pending financing. Equipment and service companies have felt these pressures through contract cancellation and delays and through requests for lower prices on new and previously tendered contracts. These demands are particularly hurting companies who live off capital or operating expenditure projects and are reflected in the reasons given by companies for warning, with all six companies issuing profit alerts in 2009 citing falling revenue or delayed or discontinued contracts.

The impact of these pressures has not been universal. Trading in Asia and the Middle East dipped in late 2008/9, due to lower raw material prices, but there have still been significant contract awards in these regions. However, in the US, rigging activity was 57% lower year-on-year in August 2009 and in Canada, many oil sands projects deemed uneconomic at current oil prices have been cancelled or delayed. The situation in North America is slowly turning around, but expectations of a V-shaped recovery in drilling are low. There is still little visibility in the region and activity will remain depressed while the gas price languishes around US\$3 per MMBTU. At the start of the downturn, many companies still had strong work backlogs, based on contracts signed at higher prices when the market was overheated. As these contracts roll off, they are being replaced by lower margin agreements, if they are replaced at all. Recovery will take some time to work through once prices start to rise.

Despite this run of profit warnings and testing times for the industry, there are still good long-term opportunities for companies in the sector. The major energy agencies are still forecasting long-term global demand growth that can only be satisfied with supply from an increasing proportion of deep water and non-conventional sources - all high capex projects. Viewed in this context, the spate of profit warnings in 2009 should only be a short-term blip caused by a confluence of tight credit and low commodity prices.

Nevertheless, there are still some difficult times to navigate while the cycle turns. The unprecedented circumstances confronting companies in the sector are prompting them to re-evaluate their long-term business strategies, as well as to explore, develop and implement new capabilities and approaches to the business. The most successful companies are likely to be those with diversified geography into fast growing regions, good relations with NOCs, development or ownership of proprietary technology, experienced and respected management and crucially, in these volatile times, the ability to swiftly scale-up or down capacity in response to changing market conditions.

General Retailers

General Retailers issued just two profit warnings for the second quarter in a row in Q3 2009, well below the thirteen warnings issued in the same quarter of 2008. Such a dramatic fall in profit warnings could point to improving conditions or depressed expectations. In this case, it looks like a mixture of both. An astonishing 44% of the FTSE General Retailers sector issued a profit warning in 2008. Such a high level of warnings will naturally reduce market expectations. So much so, that even a modest pick up in demand will allow companies to meet or surpass those depressed forecasts. And, although conditions for retailers remained tough throughout the spring and early summer of 2009, for the first time in a long time, they were not getting worst. Interest rate cuts fed through into consumers' pockets, the housing market started to revive - providing much-needed relief to retailers of household goods - and consumer confidence rose. Many retailers also benefited from picking up market share from distressed or now departed peers.

This is all good news, but we should not exaggerate the extent of the turnaround. After showing two months of improvement, retail sales volumes made no month-on-month advance in August, demonstrating the fragile nature of the recovery. Lower interest rates might have raised some households' income, but savings are also rising and credit is still tight. Retailers should still approach the festive season with caution and a realistic assessment of how hard they need to work to maximise sales. Promotion timing will be crucial yet again and complicated by the looming VAT rise. Big-ticket retailers in particular will need to factor this into their plans. It is still going to be a nail biting Christmas.

It also looks like a nervous New Year. Despite the budding economic recovery, 2010 looks even tougher for retailers than 2009. GDP should show year-on-year growth in 2010, but actual levels of consumption will remain well below par for several quarters. This will keep pressure on the labour market well into 2011, with rising levels of unemployment encouraging saving and thrift. The need to start paying down the public debt will also require tax rises along with public job cuts and pay freezes, with only specifics and degree to be decided by the General Election. Therefore, there will still be pressure on prices when retailers will need to compensate for the weaker pound or factor a further VAT rise, should the next government choose this path to raise tax revenues.

Despite these challenges, well-run retailers will continue to perform well by using good product judgement, sound cost control and well-managed supply chains. However, the tough outlook leads us to believe that the next wave of retail insolvencies is could arrive over the next 6 months, as weaker retailers succumb. Profit warnings may be down, but retail isn't out of the woods yet.

Q3 2009 - by sector, size and region

Count of industry sector		Region						
Industry sector	Turnover band	London	Midlands/East Anglia	North West	South East	South West/Wales	Yorkshire/North East	Total
Aerospace & Defence	£201m - £1bn		1					1
Construction & Materials	under £200m			1				1
	£201m - £1bn	1						1
Electronic & Electrical Equipment	under £200m				1	1		2
	£201m - £1bn				1			1
Food & Drug Retailers	under £200m						1	1
Food Producers	£201m - £1bn			1				1
General Financial	under £200m	1	1	3		1		6
	£201m - £1bn					1		1
General Industrials	under £200m	1						1
General Retailers	£201m - £1bn		2					2
Household Goods & Home Construction	under £200m		1					1
	£201m - £1bn					1		1
Industrial Engineering	under £200m		2					2
	£201m - £1bn			1			1	2
Media	under £200m	1				2		3
Oil Equipment, Services & Distribution	under £200m			1				1
	£201m - £1bn	1					1	2
Personal Goods	under £200m					1		1
Pharmaceuticals & Biotechnology	under £200m			1				1
Software & Computer Services	under £200m	3			2			5
Support Services	under £200m	2		1	2			5
	£201m - £1bn		1	1			2	4
Technology Hardware & Equipment	under £200m	2						2
	£201m - £1bn	1						1
Travel & Leisure	£201m - £1bn	1	1					2
	Over £1bn	1						1
Grand total		15	9	10	6	7	5	52

Number and percentage of warning companies by turnover, 2005 - 2009

Industry sector	Q2 2005		Q3 2005		Q4 2005		Q1 2006		Q2 2006		Q3 2006		Q4 2006		Q1 2007		Q2 2007	
Turnover band																		
under £200m	76	78%	68	66%	68	71%	58	68%	63	75%	67	79%	66	75%	79	77%	69	78%
£201m - £1bn	14	14%	25	24%	19	20%	17	20%	17	20%	13	15%	14	16%	12	12%	12	14%
Over £1bn	7	17%	10	10%	9	9%	10	12%	4	5%	5	6%	8	9%	12	12%	7	8%
Total	97	100%	103	100%	96	100%	85	100%	84	100%	85	100%	88	100%	103	100%	88	100%

Industry sector	Q3 2007		Q4 2007		Q1 2008		Q2 2008		Q3 2008		Q4 2008		Q1 2009		Q2 2009		Q3 2009	
Turnover band																		
under £200m	66	77%	74	69%	74	65%	70	71%	77	69%	75	60%	73	62%	32	51%	32	62%
£201m - £1bn	10	12%	23	21%	28	25%	14	14%	21	19%	33	26%	29	25%	22	35%	19	37%
Over £1bn	10	12%	10	9%	12	11%	14	14%	13	12%	18	14%	14	12%	9	14%	1	2%
Total	86	100%	107	100%	114	100%	98	100%	111	100%	126	100%	117	100%	63	100%	52	100%

Turnover band	4-year average	
under £200m	65	69%
£201m - £1bn	19	20%
over £1bn	10	10%
Total	94	100%

NB: Figures are to the nearest whole number.
Totals may add up to slightly above or below 100%.

Number and percentage of warning companies by region, 2005 - 2009

Region	Q2 2005		Q3 2005		Q4 2005		Q1 2006		Q2 2007		Q3 2006		Q4 2006		Q1 2007		Q2 2007	
London	29	30%	26	25%	30	31%	16	19%	23	27%	23	27%	22	25%	36	35%	24	27%
Midlands/East Anglia	13	13%	14	14%	14	15%	6	7%	8	10%	12	15%	9	10%	13	13%	16	18%
North West	13	13%	6	6%	7	7%	7	8%	9	11%	11	13%	6	7%	10	10%	7	8%
Scotland	0	0%	1	1%	0	0%	2	2%	3	4%	4	5%	5	6%	3	3%	5	6%
South East	21	22%	27	26%	22	23%	35	41%	23	27%	23	27%	22	25%	25	24%	21	24%
South West/Wales	9	9%	7	7%	7	7%	6	7%	6	7%	8	8%	12	14%	7	7%	6	7%
Yorkshire/North East	12	12%	22	21%	16	17%	13	15%	12	14%	4	5%	12	14%	9	9%	9	10%
Total	97	100%	103	100%	96	100%	85	100%	84	100%	85	100%	88	100%	103	100%	88	100%

Region	Q3 2007		Q4 2007		Q1 2008		Q2 2008		Q3 2008		Q4 2008		Q1 2009		Q2 2009		Q3 2009	
London	23	26%	29	27%	36	32%	32	33%	37	33%	43	34%	32	27%	18	29%	15	29%
Midlands/East Anglia	14	16%	19	18%	17	15%	10	10%	21	19%	22	17%	12	10%	10	16%	9	17%
North West	7	8%	10	9%	11	10%	4	4%	8	7%	10	8%	13	11%	3	5%	10	19%
Scotland	5	6%	5	5%	3	3%	4	4%	6	5%	8	6%	3	3%	3	5%	0	0%
South East	25	28%	30	28%	28	25%	22	22%	19	17%	20	16%	24	21%	14	22%	6	12%
South West/Wales	6	7%	6	6%	13	11%	13	13%	11	10%	15	12%	14	12%	5	8%	7	13%
Yorkshire/North East	6	7%	8	7%	6	5%	13	13%	9	8%	8	6%	19	16%	10	16%	5	10%
Total	86	100%	107	100%	114	100%	98	100%	111	100%	126	100%	117	100%	63	100%	52	100%

Region	4-year average	
London	27	29%
Midlands/East Anglia	13	14%
North West	8	9%
Scotland	4	4%
South East	22	24%
South West/Wales	9	9%
Yorkshire/North East	10	11%
Total	94	100%

Contributor to Q3 2009

Analysis of profit warnings

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