

Analysis of profit warnings

Issued by UK quoted companies

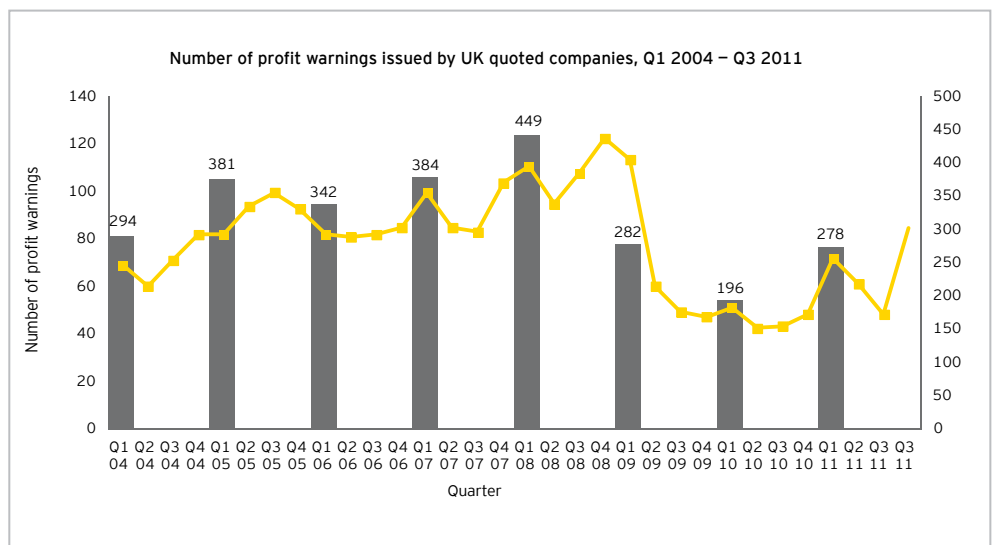


Dramatic rise in UK profit warnings as uncertainties cloud outlook

Profit warnings rose dramatically in the final quarter of 2011, as uncertainty and weak domestic demand put the UK's economic recovery on hold. A troubled final quarter saw a more than 70% year-on-year rise in profit warnings and it is unlikely that 2012 will bring much respite.

There is a high probability that the UK economy shrank in the final quarter of 2011 and will do so again at the start of 2012. Domestic demand remains weak and the demand and capital uncertainties generated by a troubled Eurozone and pressurized banks aren't conducive to the export- and investment-led recovery that the UK economy needs. The second half of 2012 may bring some relief; but even if inflation falls and the Eurozone stabilizes, UK GDP growth is still likely to be virtually flat in 2012.

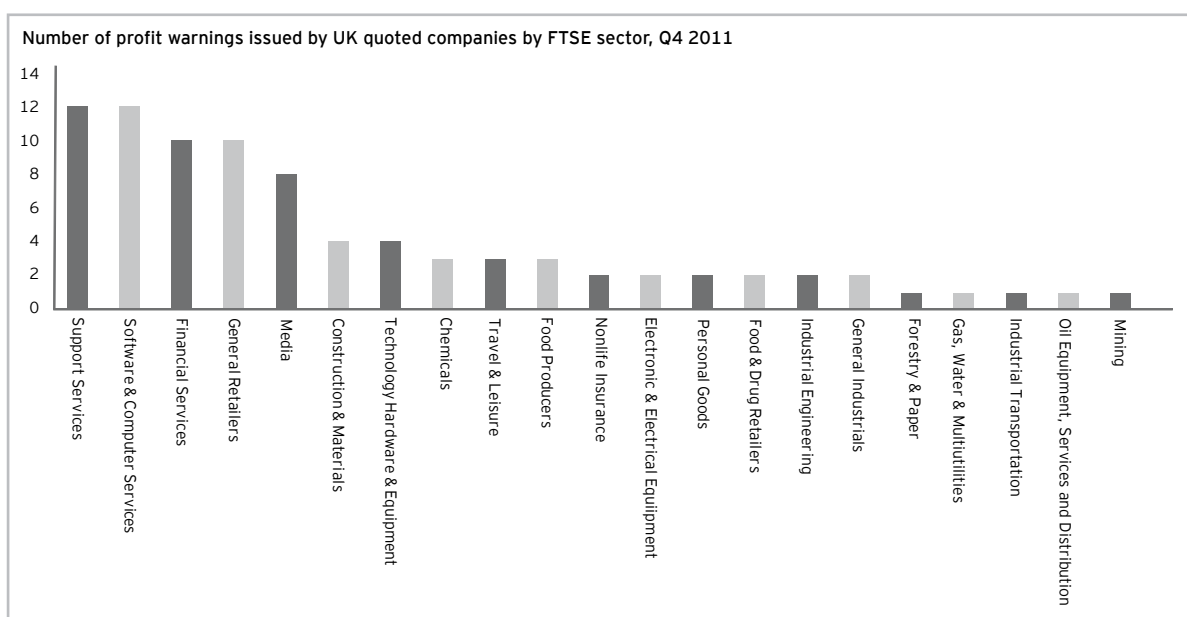
What does this mean for UK plc? It's likely to be another tough year for many companies and one that will widen the gap between winners and losers. Many businesses are still expanding profitably, but others, rendered moribund by debt or defunct business models, are unable to build value or gain momentum in this tough economy. Creditor patience cannot last forever and, as growth becomes increasingly elusive, we expect further rounds of restructuring in the year ahead.



Profit warning highlights

- ▶ UK quoted companies¹ issued 88 profit warnings in Q4 2011, the highest quarterly total since Q1 2009. The 73% quarter-on-quarter increase, from 51 in Q3 2011, is the largest since 2001 and an indication of how suddenly trading conditions deteriorated.
- ▶ UK quoted companies issued 278 profit warnings in 2011, an increase of 42% on 2010. The proportion of UK quoted companies warning was the highest since 2008 at almost 14% – up from 10% in 2010.
- ▶ FTSE sectors with the greatest number of companies warning in 2011 were General Retailers (39), Support Services (33) and Software & Computer Services (31).
- ▶ FTSE sectors with the greatest proportion of companies warning in 2011 included General Retailers (38%), Personal Goods (33%), Construction & Materials (32%) and Food & Drink Retailers (30%).
- ▶ Clearly, consumer-facing companies came under great pressure in 2011. Profit warnings from General Retailers rose by almost 150% compared with 2010, whilst profit warnings from Food & Drug Retailers increased three-fold.
- ▶ However, even within industries under stress, there are still winners – as well as losers – and the gap between the two is widening. Over a third of all quoted retailers warned in 2011, however, just 18% of quoted retailers were responsible for over 70% of retail profit warnings.
- ▶ The FTSE Financial Services sector also suffered a tougher 2011 after the relative calm of 2010. Profit warnings more than doubled from nine to 20, with the highest proportion of the FTSE sector warning since the height of the credit crunch. The pressure on credit is far less intense now than 2008, but extreme market volatility is taking its toll, especially on asset managers and investment services companies.
- ▶ In Q4 2011, the sectors with the highest number of profit warnings were Software & Computer Services and Support Services, with twelve warnings each. Companies in both sectors report that rising levels of uncertainty is causing contract cancellation and lengthening sales cycles as buyers attach additional layers of deal approval.
- ▶ The average fall in share price on the day of profit warning rose again to 18.7%, the highest since 2008, again reflecting moves by nervous investors to de-risk their portfolios.

¹ Main Market and AIM listed companies



UK recovery on hold

If 2010 gave us relative respite from the financial crisis, 2011 brought us back to reality. The downgrade to growth forecasts that started in the summer of 2011 has continued into 2012 in recognition of the difficult and uncertain path that lies ahead. The albatross of debt and deficit still hangs around the neck of stricken Eurozone economies and their uncertain fate will dominate the year ahead.

It is against this troubled backdrop that the UK will try to spark its recovery into greater life. The Olympic and Jubilee summer could provide an elusive flash of confidence. However, domestic demand is still very weak and uncertainty is stifling trade and investment. The UK economy will be treading water again in 2012.

The Eurozone – another vital three months

The uncertain fate of the Eurozone still dominates the global agenda, with no immediate sign of resolution. Good politics does not always make good economics; and finding a solution for the eurozone that is both politically acceptable and economically sustainable becomes increasingly difficult after every setback and delay. EU leaders' hopes are currently pinned on a well-intentioned fiscal discipline treaty; but a promise of fiscal discipline tomorrow will not solve the problems of embattled eurozone economies today. The periphery is in pain now and lacks the growth needed to break free of crippling debts and deficits – as acknowledged by recent Standard & Poor's (S&P) downgrades. Even more pressingly, the periphery has debts to repay. Greece has a €17.5bn repayment due in March, which it can only pay if it reaches agreement with its disgruntled creditors and triggers the release of its next bailout tranche. If Greece defaults, investors will certainly ask – "who next?" This isn't a question the eurozone wants investors to ask at anytime, but particularly not in the next three months when Spain and Italy have €150bn to refinance. The IMF is ready to step in with its own bailout funds, in lieu of the now impotent EFSF; but its reluctant members may want to add more conditions before they contribute the extra \$500bn needed to cover a call from Rome or Madrid.

It is a highly volatile and precarious situation and one that might appear incongruous with successful eurozone bond auctions in early January 2012. However, even peripheral sovereigns found their debt in greater demand after the ECB's December liquidity operation dramatically increased the size of its lending facility and extended its range of accepted collateral. The scheme has also helped to open up

closed senior unsecured markets to stronger banks who managed to sell €19bn of unsecured debt in the first few weeks of 2012, compared with €18.4bn in the last six months of 2011. This has helped to avert an immediate funding crisis at the start of 2012. However, European banks now have greater exposure to sovereign debt risk and are still undercapitalised. Indeed, corporate access to credit is diminishing as lenders struggle to meet the regulator's June capital deadline. A full-blown credit crisis is unlikely in 2012; but demand and capital uncertainty has already stalled economies across the region, including Germany where GDP growth is likely to have been flat in Q4 2011. Likely to be worst affected by the credit squeeze are Eastern and Central Europe, due to their reliance on foreign-owned banks, many of which are repatriating capital and have instructed local subsidiaries to only lend from local deposits.

There is too still much at stake for the eurozone to collapse with just a whimper and, if backed into a corner, the ECB and EU could yet pull quantitative easing and Eurobond solutions from their locker. However, there remains a palpable risk that the eurozone will change composition within the next year, most likely through the loss of Greece. Even if the eurozone remains intact, the region can expect at best a shallow recession in 2012.

UK – hoping for a year of two halves

It's against this troubled and uncertain backdrop that the UK will try to resuscitate its recovery in 2012. It will be a tough task. Consumption remains weak, fiscal austerity is about to begin in earnest and the demand and capital uncertainties generated by a troubled eurozone and distracted banks aren't conducive to the export- and investment-led recovery the UK economy needs.

If there is hope on the consumer side, it rests upon the potential boost to spending and confidence that a fall in inflation and that an Olympic and Jubilee summer could bring. Inflation should fall sharply from January 2012 as last year's VAT rise works its way through the numbers and most forecasts have the Consumer Price Index (CPI) at around 2% by the end of 2012. This will be an obvious boost to consumers, who contended with inflation well above 4% in 2011. However, there are risks and caveats to this more positive outlook. There are good technical reasons why UK inflation should fall in 2012; although monetary policy hopes have been dashed before and Middle East unrest may yet temper a fall by keeping oil prices high. Even if inflation does fall to plan, wages are only expected to rise marginally in 2012

UK recovery on hold

– increasing by 1.9%, against 1.8% in 2011¹. Thus, disposable income will still be falling throughout much of 2012, whilst unemployment will be rising to over 9%². All of which will make it difficult to regain consumer momentum and any boost from the events of the summer could be a temporary one. Consumers have started the year with confidence levels usually seen in a recession and it will probably take until 2013, when real incomes start to grow, before consumer spending has a sustained positive impact on the economy.

This leaves investment and exports to maintain the UK's economic momentum. Fixed investment declined in 2011 and is unlikely to advance significantly in 2012. Businesses undoubtedly have money to invest, but need confidence in future growth and credit availability before releasing the cash from their balance sheet. So far, a low rate of return has not been enough of a persuasion for businesses to put cash to work, perhaps not surprising in a cautious world where investors are willing to accept negative

yields in return for safe assets. Meanwhile export growth, whilst remaining the UK's long-term best hope for sustainable expansion, is also unlikely to offer much towards GDP growth in 2012. Emerging markets are also exposed to the eurozone and are face their own challenges from imbalances. These challenges are reflected in the World Bank's recent forecasts in which it downgraded its expectations for global growth in 2012 from 3.4% to 2.5% and warned countries to hope for the best, but plan for the worst. This mantra is feeding into business orders and companies across the globe are reporting delayed contracts and sharp falls in demand – not at post-Lehman levels, but with the extra dimension of currency risk and increased contingency planning slowing the wheels.

Thus, the UK economy will struggle to gain momentum in 2012, with GDP growth slowing to 0.2% compared to 0.9% in 2011. It may now be 2014, at least, before the UK regains near pre-credit crunch levels of growth. This time last year, 2012 was expected by many to be a year of recovery. That recovery is now on hold.

1 The Ernst & Young ITEM Club
2 ibid

Number and percentage of companies warning by FTSE Sector, Q4 2011

	No of companies warning	No. of companies in FTSE sector	% of quoted companies in the sector warning
Aerospace & Defence	1	14	7%
Chemicals	2	17	12%
Construction & Materials	4	34	12%
Electronic & Electrical Equipment	2	41	5%
Food & Drug Retailers	2	10	20%
Food Producers	3	31	10%
Forestry & Paper	1	3	33%
Gas, Water & Multiutilities	1	10	10%
Financial services	10	145	7%
General Industrials	2	14	14%
General Retailers	10	56	18%
Industrial Engineering	2	46	4%
Industrial Transportation	1	19	5%
Leisure Goods	1	10	10%
Media	8	94	9%
Mining	1	115	1%
Nonlife Insurance	2	19	11%
Oil Equipment, Services & Distribution	1	12	8%
Personal Goods	2	18	11%
Software & Computer Services	10	111	9%
Support Services	11	167	7%
Technology Hardware & Equipment	3	31	10%
Travel & Leisure	3	69	4%
Total	83		

Sector overview and outlook

After the relative respite of 2010, consumer-facing companies found themselves back on the ropes in 2011 as disposable income tightened. FTSE General Retailer profit warnings more than doubled year-on-year, warnings from FTSE Food & Drug retailers rose three-fold and FTSE Media companies issued 50% more profit warnings than 2010. In fact, the only consumer sector to escape a major increase in profit warnings was the FTSE Travel & Leisure sector. This is partly due to weak comparatives following a torrid 2010 for the travel industry; but it is worth remembering that there are still successful companies in consumer-facing sectors, despite the pressure on household incomes. Shoppers and holidaymakers are still willing to splash out on items or experiences they value and they certainly haven't given up their week in the sun. However, consumers are becoming more savvy in their search for a good deal and tight disposable income means if consumers are spending more to create winners in one area, there will inevitably be losers in others.

Rising prices and falling demand also gave consumer goods companies another tough year in 2011, with around a third of the FTSE Personal Goods and FTSE Leisure Goods companies issuing profit warnings. Profit warnings from industrial manufacturing sectors rose only marginally, with most of the pressure coming in the second half, when doubts over the future of the Eurozone and the economic slowdown outweighed the positive impact of easing input prices. This doesn't bode well for 2012. High-tech manufacturing companies had the advantage of selling into stronger consumer and industrial end markets, but also had to contend with supply chain issues following the Japanese Tsunami and Thai floods. These natural disasters contributed to a third of profit warnings from the FTSE Technology Hardware & Equipment sector in 2011, but customers delaying decision-making on key contracts due to economic concerns also influenced the sector's three-fold year-on-year rise in profit warnings.

Services companies also had a mixed 2012. Profit warnings from the bellwether FTSE Support Services sector tailed off in the middle of the year as the economy expanded and companies adjusted to constraints in government and business spending. However, the number of profit warnings rose again in Q4 as GDP growth stalled and uncertainties led to contract delays and lengthening sales cycles – a trend that also hit the Software & Computer Services sector. Recruitment and training companies – the canary in the coalmine – felt the first sting of a stalling recovery, with three companies warning in Q4 2011. Trouble also returned to financial sectors at the end of 2011. The proportion of the FTSE Financial Services sector

warning in 2011 was the highest since 2008 at 12%, a sharp leap from 5% in 2008. However, it was the wrong type of market volatility, rather than tighter credit, which hit FTSE Financial Services companies hardest in Q4 2011. Most of the cautions came from Asset Managers and Investment Services companies, whose profit warnings rose two and three-fold respectively in 2011 compared with 2010.

Profit warning outlook

The final quarter of 2011 saw a large increase in the number of profit warnings and the start of an upward trend we believe will continue well into 2012.

The 73% year-on-year and quarter-on-quarter rise in profit warnings Q4 2011 was the sharp end of a wide-scale downgrade of economic and profit forecasts at the end of 2011. Trading conditions deteriorated significantly in many sectors and FTSE-All Share consensus estimates for 2011 fell by 3.8% in the last three months of 2011, following a 3.8% cut in Q3, whilst profit estimates for 2012 dropped by 7%. Rapid revisions in forecasts can lead to a lower number of profit warnings in subsequent quarters, unless there are further shocks. Therefore, any future rise in profit warnings could be relatively modest if the crisis in the Eurozone moves towards resolution and if input prices fall. However, there is a great deal could go wrong in the global economy in 2012. There is still potential for significant setbacks in the Eurozone, for a harder than expected landing in China or a fall back in US demand – especially if budget impasse returns. Moreover, there is still a risk that global unrest – especially in the MENA region (Middle East and North Africa) – could continue to cause pricing and currency fluctuations, which again will put pressure on margins and make forecasting difficult. Even the current level of uncertainty will drag on performance. It is a trickier than normal year for UK plc to navigate and it will take some skill to make reasonable forecasts for the year ahead.

Clearly, many consumer-facing companies will continue to struggle in 2012; but recent high-profile profit warnings have lowered profit expectations in these sectors and may limit further rises unless there are further major knocks to consumer confidence or spending power – for instance, if inflation remains high. Profit warnings in the first few weeks of 2012 have come primarily from companies vulnerable to contract and order cancellations, as customers wait for more economic certainty before committing to further significant outlays. Companies in industrial, IT and support services sectors have proved vulnerable to contract delays in the past and further profit warnings are likely from these sectors until the political and economic outlook stabilises.

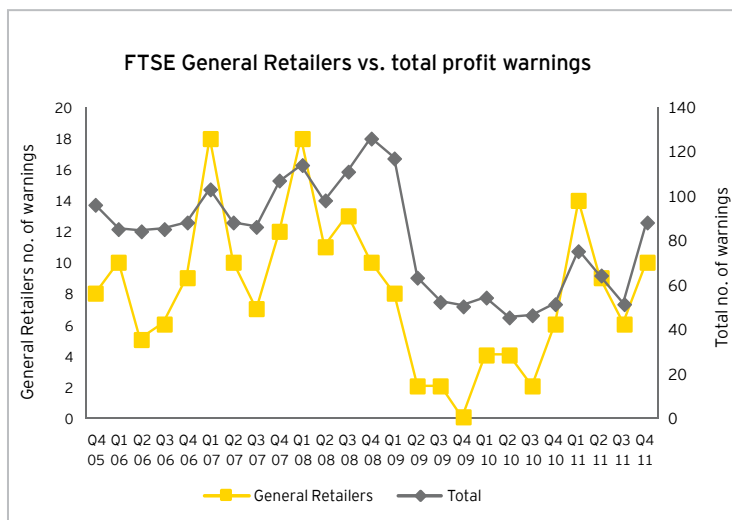
Focus on sectors

FTSE General Retailers

After two years of relative respite, retail was back on the ropes again in 2011. Companies in the FTSE General Retailers sector issued 39 profit warnings in 2011, more than the whole of 2009 and 2010 combined. During 2011, 38% of the FTSE General Retailers sector warned, the same proportion as 2007; although conditions were not as tough as the exceptional year of 2008, when over 50% of the sector issued a profit warning.

These figures paint a bleak portrait of the retail sector in 2011 – and it certainly was its worst year since 2008;

however, look closer, and the picture is more complex and more polarised than the headline figures first suggest.



Christmas 2011... the good, the bad and the ugly

It was always going to be a difficult Christmas. The snow and ice that plagued the end of 2010 were mercifully absent; but set against this positive would be the disadvantage of 8% less disposable income than 2010, increased competition from a multitude of retail channels and weather that was, if anything, too warm. Clothing retailers struggled to sell winter clothing during the balmy run into Christmas, whilst flat sales across the retail sector as a whole raised alarms that this was going to be an exceptionally difficult year. Some retailers decided to go on sale early and aggressively, completely opting out of the normal seasonal game of discount-chicken with the consumer. A handful made their discounting move strategically, aiming to steal a march on competitors by capturing the discount-hungry consumer as early as possible. However, these retailers were the exception – most that went on sale early did so from a position of weakness.

Eventually, retailers got tills ringing, but like-for-like sales only increased by 2.2% in December 2011; an essentially flat Christmas, given the 0.3% fall a year earlier and only achieved at some cost to margins¹. In the final three months of 2011, 18% of the FTSE General Retailers sector issued a profit warning – a fourth quarter record – whilst a number of retailers fell into administration, adding to the air of gloom. However, the fight for sales and margin this Christmas revealed winners, as well as losers. The 2012 reporting season started with some profit warnings, but also neutral, positive and even glowing trading statements. To some extent, the weak comparatives of 2010, combined with the rash of pre-Christmas profit warnings, helped retailers hit and exceed much-reduced expectations in 2011. However, it's obvious that some retailers did perform exceptionally well by any measure. Such divergence in fortunes is not new, but when consumer spending stalls or contracts – as it did by around 0.5% in 2011² – the whole environment becomes tougher and the sector becomes more polarised, since outperformance by one company inevitably leads to more severe underperformance by others. In the final quarter of 2011, fifty percent of retailers issuing profit warnings had already warned at least once in the previous twelve months³.

¹ BRC-KPMG Retail Sales Monitor December 2011

² Ernst & Young ITEM Club Winter 2011-12 Forecast

³ FTSE General Retailers & FTSE Food & Drink Retailers combined

Glimmer of hope in 2012

There are two key reasons why retailers hope that consumer spending will revive in 2012: falling inflation and a summer of celebration. Energy prices are already falling and lower utility bills, along with falling prices for materials like cotton, should benefit retailers' bottom line in 2012. However, more crucial for UK retail's fortunes is the potential impact of falling prices on the consumer wallet. Inflation ran well ahead of average earnings increases in 2011, reducing average disposable income to its lowest level for three years⁴. The outlook is better for 2012. The Ernst & Young ITEM Club expects average wage rises in 2012 to be 1.9% – up slightly on 1.8% in 2011 – whilst inflation should fall from over 4% to just below the 2% mark. However, this still leaves a negative disparity between wages and inflation for much of the year and disposable income will keep contracting for some time – albeit at a slower pace. Meanwhile, the ITEM Club expects UK unemployment to rise from 8.3% at the end of 2011 to reach 9.3% in 2013, just below the psychologically important three million mark. Unemployment is set to overtake inflation as the consumer's number one worry before 2012 is out.

All of which could dampen any positive impact from the summer trio of the Euro 2012 football tournament, the UK Olympics and the Queen's Golden Jubilee. If consumers are still under the cosh come the summer, these events could still have a broadly positive effect on confidence, but a more uncertain impact on spending. If disposable income is still in decline, households may instead just bring forward or divert consumption from elsewhere. Therefore, it is likely to be 2013 before consumer spending gains positive momentum, with consumer spending virtually flat overall in 2012⁵.

Retailer, heal thyself

Retailers can't do anything to change the economic background, but they can get their own house in order. That starts with getting the fundamentals right, including doing all they can to establish reliable visibility and control over cash to assist with stock and discount strategies and to spot trouble early. This will also help establish clear communication with potentially nervous stakeholders, which will be particularly important for those with upcoming capital needs. Retail is in the media spotlight now for all the wrong reasons and previous years have shown how failing to properly manage stakeholders and timely information flow can easily spiral into a collapse of confidence amongst funders, credit insurers and suppliers.

However, beyond that, retailers will need to be thinking more broadly and radically about how their business model and store portfolio will adapt to the rapid changes in consumer behaviour. Throughout 2011, outperformance came from those retailers who were financially fit, operationally excellent and who used multi-channel retailing to offer enhanced service and ultimate flexibility to their customers. Few were successful this Christmas without a well-developed online strategy. The Centre for Retail Research estimates that the UK's online component of retail sales was approximately 12% in 2011, up 14% year-on-year – a rise no retailer can afford to ignore. A high street presence is still important – hence the move by some online operators into bricks and mortar – but many store portfolios are too large and the wait for lease may be expiration too long in this rapidly changing retail world – it may need a more radical strategy.

4 Asda Disposable Income Tracker

5 Ernst & Young ITEM Club Winter 2011-12 Forecast

Focus on sectors

Software & Computer Services

The FTSE Software & Computer Services sector issued 31 profit warnings in 2011, the highest number since 2008 and 40% more than 2010. Over the course of 2011, 20% of the FTSE sector issued a profit warning, which is again the highest since 2008.

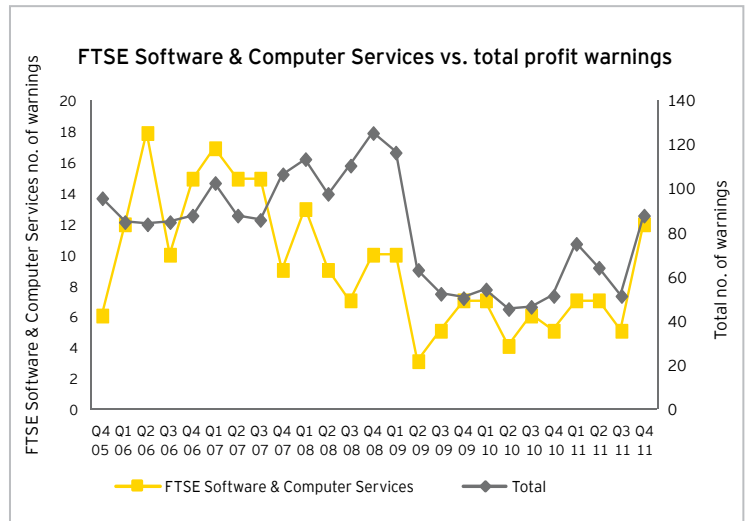
The greater share of these profit warnings came in the final quarter of 2011, when FTSE Software & Computer Services companies warned twelve times – joint equal with FTSE Support Services. A simultaneous leap in the number of profit warnings from both sectors is no coincidence as they have

a great deal in common. Both are highly reliant on the vagaries of spending in their end markets – primarily business and the public sector – and both are therefore highly sensitive to rising levels of uncertainty or falling levels of activity in the broader economy. This sensitivity can make both industries useful bellwethers and the sharp rise in profit warnings in both FTSE sectors at the end of 2011 was certainly indicative of a changing economic outlook. Companies in both IT and support services reported lengthening sales cycles towards the end of 2011, with buyers delaying decisions and attaching additional layers of deal approval, in response to economic stagnation and rising levels of uncertainty. Cross-border deals in particular are much more complicated. Contingency planning for a breakdown of the single currency wasn't in the equation this time last year.

Thus far, the slowdowns and delays aren't indicative of an upcoming 2008-style retrenchment in IT spending. Most industry surveys forecast a flat to modest increase in budgets in 2012, unless economic conditions worsen considerably. The tone of company statements indicates spending discipline, rather than a spending freeze. However, sale cycles are unlikely to shorten in 2012. IT companies will need to work harder to retain and gain new customers and they will need to prepare for volatility in the cycle by keeping a tight rein on both costs and headcount. It's not as tough as 2008, but it still could be a rough ride for some – particularly given the fact that any limited spending increases will be unevenly weighted towards more buoyant trends, sectors and end-markets.

Trends that are reshaping the IT industry such as mobile networks and big data analytics are more likely to attract investment, along with initiatives that could save customers money – like outsourcing. Some end markets will also continue to be tough in 2012. The financial services sector is experiencing its toughest period since 2008 – as the profit warning data shows. Investment and asset management companies have taken the heaviest blows, with an immediate knock-on impact for their IT providers in Q4 2011. Meanwhile, whilst many government contracts have already been adjusted, it is worth noting that fiscal austerity is about to start in earnest for UK government in 2012 and will escalate for many Eurozone countries. Attempts to further control rising fiscal deficits in European countries, like Spain, will hit government spending, with a direct impact on already stressed economies. The potential for economic turbulence will make a geographic spread a key component of success in 2012. Clearly, exposure to faster-growing markets can provide a cushion against declines in the UK and Europe, although businesses will need to watch out for a hard landing in China, where double-digit growth is no longer guaranteed.

These challenges will make 2012 a tricky year for IT companies to navigate, but there will still be opportunities for growth. The sector is the leading issuer of profit warnings in mid-January and the contract dependency of IT companies will make them vulnerable to further cautions. However, recent out-performance by a number of companies in the sector illustrates how well-run businesses can succeed, even in tight markets. Indeed, like many other industries, the FTSE Software & Computer Services sector is showing increasing polarisation between winners and losers. More profit warnings doesn't always mean more companies warning. Of the ten companies warning in the final quarter of 2011, 40% had already cautioned more than once during the course of the year. To avoid being pulled into a cycle of multiple profit warnings, companies will need to ensure that they are making realistic assessments of their prospects, fully engaging with stakeholders and watching for contract recognition issues that have afflicted so many companies in this sector in the past.



Q4 2011 – by sector, size and region

Count of industry sector		Region							Grand total
FTSE Sector	Turnover band, £mn	London	Midlands/ East Anglia	North West	South East	South West/ Wales	Yorkshire/ North East	Scotland & NI	
Aerospace & Defence	£201m – £1bn				1				1
Chemicals	under £200m		2	1					3
Construction & Materials	under £200m		2				1		3
	over £1bn	1							1
Electronic & Electrical Equipment	under £200m						1		1
	£201m – £1bn		1						1
Financial services	under £200m	3	2	1		1			7
	£201m – £1bn	1				1	1		3
Food & Drug Retailers	£201m – £1bn		1		1				2
Food Producers	under £200m	1					1		2
	£201m – £1bn								1
Forestry & Paper	under £200m			1					1
Gas, Water & Multiutilities	over £1bn				1				1
General Industrials	under £200m		1				1		2
General Retailers	under £200m	2					1		3
	£201m – £1bn	1		1	2				4
	over £1bn		2		1				3
Industrial Engineering	under £200m						2		2
Industrial Transportation	under £200m	1							1
Leisure Goods	under £200m		1						1
Media	under £200m	4		1	1		1		7
	over £1bn	1							1
Mining	under £200m						1		1
Nonlife Insurance	under £200m					1			1
	£201m – £1bn					1			1
Oil Equipment, Services & Distribution	£201m – £1bn				1				1
Personal Goods	£201m – £1bn			1		1			2
Software & Computer Services	under £200m	3	2		3		1		9
	£201m – £1bn		1						1
	over £1bn				2				2
Support Services	under £200m	1	2		1	1			5
	£201m – £1bn		2	1	4		1		7
Technology Hardware & Equipment	under £200m					1		1	2
	over £1bn						2		2
Travel & Leisure	under £200m	1		1					2
	£201m – £1bn					1			1
Grand total		20	19	8	18	9	13	1	88

Number and percentage of warning companies by turnover, 2007 – 2011

	Q2 2007		Q3 2007		Q4 2007		Q1 2008		Q2 2008		Q3 2008		Q4 2008		Q1 2009	
Turnover band																
under £200mn	69	78%	66	77%	74	69%	74	65%	70	71%	77	69%	75	60%	73	62%
£201mn – £1bn	12	14%	10	12%	23	21%	28	25%	14	14%	21	19%	33	26%	29	25%
Over £1bn	7	8%	10	12%	10	9%	12	11%	14	14%	13	12%	18	14%	14	12%
Total	88	100%	86	100%	107	100%	114	100%	98	100%	111	100%	126	100%	117	100%

	Q2 2009		Q3 2009		Q4 2009		Q1 2010		Q2 2010		Q3 2010		Q4 2010		Q1 2011	
Turnover band																
under £200mn	32	51%	32	62%	36	72%	42	78%	32	71%	29	63%	25	49%	45	60%
£201mn – £1bn	22	35%	19	37%	9	18%	9	17%	8	18%	11	24%	19	37%	18	24%
Over £1bn	9	14%	1	2%	5	10%	3	6%	5	11%	6	13%	7	14%	12	16%
Total	63	100%	52	100%	50	100%	54	100%	45	100%	46	100%	51	100%	75	100%

	Q2 2011		Q3 2011		Q4 2011	
Turnover band						
under £200mn	40	63%	37	73%	53	60%
£201mn – £1bn	9	14%	11	22%	24	27%
Over £1bn	15	23%	3	6%	11	13%
Total	64	100%	51	100%	88	100%

Turnover band	4-year average	
under £200mn	48	64%
£201mn – £1bn	18	24%
over £1bn	9	12%
Total	75	100%

*N.B.: 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, 2007 – 2011

Region	Q2 2007		Q3 2007		Q4 2007		Q1 2008		Q2 2008		Q3 2008		Q4 2008		Q1 2009	
London	24	27%	23	26%	29	27%	36	32%	32	33%	37	33%	43	34%	32	27%
Midlands/East Anglia	16	18%	14	16%	19	18%	17	15%	10	10%	21	19%	22	17%	12	10%
North West	7	8%	7	8%	10	9%	11	10%	4	4%	8	7%	10	8%	13	11%
Scotland and NI	5	6%	5	6%	5	5%	3	3%	4	4%	6	5%	8	6%	3	3%
South East	21	24%	25	28%	30	28%	28	25%	22	22%	19	17%	20	16%	24	21%
South West/Wales	6	7%	6	7%	6	6%	13	11%	13	13%	11	10%	15	12%	14	12%
Yorkshire/North East	9	10%	6	7%	8	7%	6	5%	13	13%	9	8%	8	6%	19	16%
Total	88	100%	86	100%	107	100%	114	100%	98	100%	111	100%	126	100%	117	100%

Region	Q2 2009		Q3 2009		Q4 2009		Q1 2010		Q2 2010		Q3 2010		Q4 2010		Q1 2011	
London	18	29%	15	29%	18	36%	11	20%	7	16%	9	20%	11	22%	22	29%
Midlands/East Anglia	10	16%	9	17%	7	14%	12	22%	9	20%	8	17%	6	12%	10	13%
North West	3	5%	10	19%	4	8%	3	6%	2	4%	4	9%	10	20%	8	11%
Scotland and NI	3	5%	0	0%	2	4%	1	2%	2	4%	3	7%	1	2%	2	3%
South East	14	22%	6	12%	9	18%	15	28%	12	27%	11	24%	11	22%	24	32%
South West/Wales	5	8%	7	13%	5	10%	6	11%	7	16%	6	13%	6	12%	2	3%
Yorkshire/North East	10	16%	5	10%	5	10%	6	11%	6	13%	5	11%	6	12%	7	9%
Total	63	100%	52	100%	50	100%	54	100%	45	100%	46	100%	51	100%	75	100%

Region	Q2 2011		Q3 2011		Q4 2011	
London	15	23%	21	41%	20	23%
Midlands/East Anglia	4	6%	5	10%	19	22%
North West	6	9%	2	4%	8	9%
Scotland and NI	2	3%	2	4%	1	1%
South East	15	23%	10	20%	18	20%
South West/Wales	11	17%	5	10%	9	10%
Yorkshire/North East	11	17%	6	12%	13	15%
Total	64	100%	51	100%	88	100%

Region	4-year average	
London	22	29%
Midlands/East Anglia	11	15%
North West	7	9%
Scotland and NI	3	4%
South East	16	21%
South West/Wales	8	11%
Yorkshire/North East	8	11%
Total	75	100%

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