Q4 2014

Analysis of profit warnings

Issued by UK quoted companies

Profit warnings surge again as uncertainties build

An improving macro outlook is no longer a guarantee of a smoother ride for UK plc.

Profit warnings reached their highest fourth quarter total since 2008 in Q4 2014, with 93 warnings also taking the annual total for 2014 to a six-year high.

It's a level of profit warnings more consistent with a period of low growth or global shock than an improving macro outlook. Undoubtedly, many companies have faced increasing challenges to their forecasts in recent months from rising geopolitical concerns and falling oil prices. The uncertainties that lie ahead in 2015 have also interrupted contract cycles, whilst pricing pressures continue to reverberate along supply chains. The shape of this recovery, in particular low levels of insolvency, has also created overcapacity, leading to intense competition. Disruptive technologies and businesses continue to reshape sectors. All-in-all, there is often little room for error.

However, many of these pressures represent new realities, rather than a passing phase. An improving macro outlook is no longer a guarantee of a smoother ride for UK plc. To avoid being at the mercy of events – and to improve investor communications – companies need to take the initiative, build operational and capital resilience and adapt their forecasting and planning capabilities to the dynamics of the post-crisis economy.

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Profit warning numbers, Q1 2007-Q4 2014

Year	Annual total
2007	384
2008	449
2009	282
2010	196
2011	278
2012	287
2013	255
2014	299

Quarterly profit warnings (axis 0–140); Q1–Q4 for each year 2007–2014

Quarterly profit warning numbers

EY

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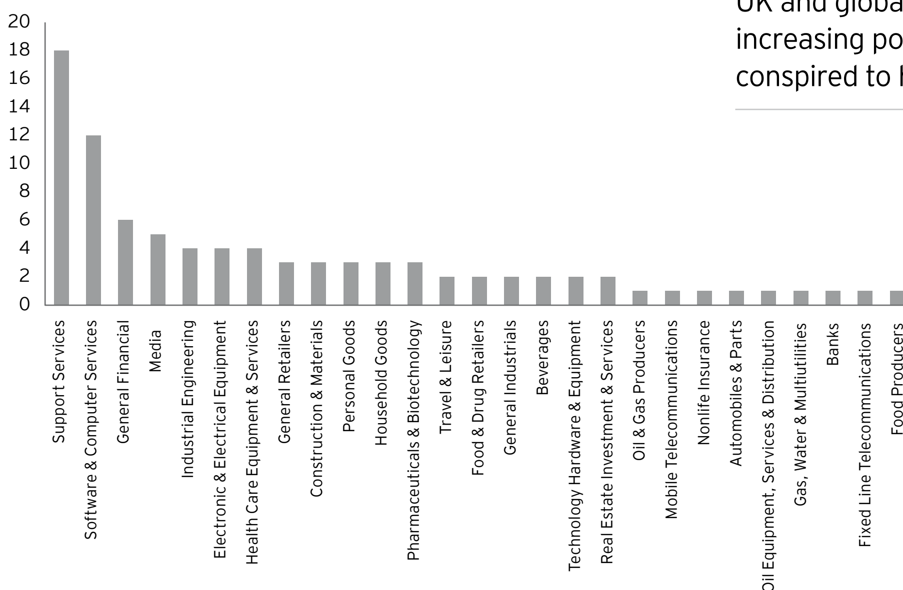
Profit warning highlights

- UK quoted companies issued 93 profit warnings in Q4 2014, the highest fourth quarter total since 2008 and an increase of 24 on the same quarter of 2013.
- Profit warnings hit a six-year high of 299 in 2014. There is an increase in 'serial' profit warnings within this total; but the proportion of companies warning has also increased significantly – rising from 14.7% in 2013, to 16.3% in 2014.
- More FTSE 100 companies warned in 2014 than at the height of the credit crunch, whilst total profit warnings from FTSE 350 companies were just three shy of the record 90 issued in 2008.
- Adverse exchange rates, in particular a strong pound and weakening emerging market currencies, were especially troubling for the internationally exposed FTSE 350. In 2014, 17% of profit warnings cited exchange rates – including 27% of warnings from FTSE 350 companies.
- UK and global outlooks still signal growth, but increasing political, policy and pricing uncertainties conspired to hit confidence at the end of 2014. Many companies are also struggling to adapt to the dynamics of the post-crisis economy.
- In 2014, 20% of warnings cited contract delays or cancellations, peaking at 27% in Q4 2014. FTSE sectors vulnerable to contract disruption led profit warnings in 2014, including Support Services (47), Software & Computer Services (28) and Media (16).
- In 2014, the FTSE sectors with the highest percentage of companies warning were: FTSE Automobiles & Parts (50%), Mobile Telecommunications (50%) and General Industrials (33%).
- The pressure on supply chains is evident from the sharp rise in profit warnings from Consumer Goods companies in 2014 – 70% more than 2013. Pricing and competitive pressures triggered 21% of all profit warnings in 2013, compared with 7% in 2013.
- There's no sign of these pressures relenting. The focus on prices and therefore costs has intensified in the FTSE Food & Drug Retailers sector. Two profit warnings in the final quarter topped off a tough 2014, which saw a record eight warnings in total.
- 'Black Friday' got sales going again for General Retailers after a too-balmy autumn. The three sector profit warnings in Q4 2014 all came in apparel. However, the discounted start to Christmas trading appears to have been a mixed blessing.
- Profit warnings in FTSE Oil & Gas segments rose from seven in 2013 to 11 in 2014. The rapid fall in oil - and other commodity prices - has compounded existing pressures, increasing stress upstream and downstream, with warnings coming thick and fast in 2015.
- The median share price fall on the day of warning rose to over 13% from around 10% last quarter – the highest since Q1 2012.

Profit warnings by sector, Q4 2014



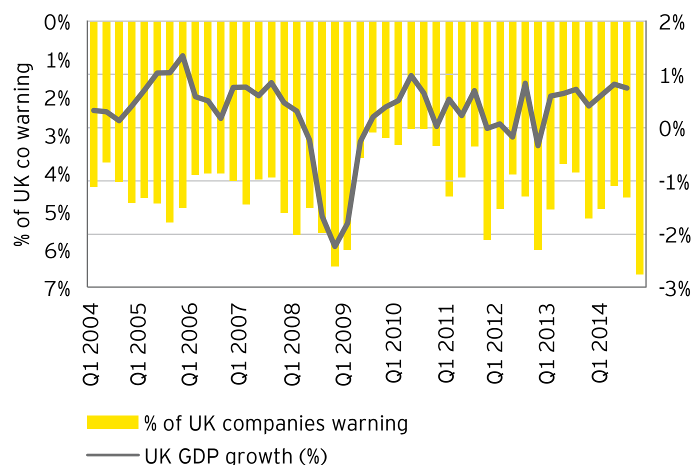
UK and global outlooks still signal growth, but increasing political, policy and pricing uncertainties conspired to hit confidence at the end of 2014.

Economic and sector overview

Taking the initiative in uncertain times

It's been a breathless start to 2015, full of surprises and unaccustomed volatility. The underlying forecast is for improved, albeit below par, growth, boosted by cheaper oil. However, the global economy faces further uncertainties in the months ahead. Qualms began to feed into markets and expectations at the end of 2014. However, even in 'quieter' times, many companies were finding it tough to sustain margins and a difficult economy to read. The six-year high in profit warnings might look incongruous next to improving growth; but it's a reminder that economic recovery isn't a panacea for many companies.

Profit warnings rise despite UK growth



Oil on troubled waters?

Both the IMF and World Bank began 2015 by lowering their global growth forecasts. The IMF cut its expectations from 3.8% to 3.5%, the steepest cut in three years. Both agencies are concerned by the lopsided nature of a global recovery that is heavily reliant on US growth and that will be tested by geopolitical, monetary policy and election uncertainties in the months ahead.

On the positive side of the ledger, cheap oil price should boost demand and provide welcome breathing space for many emerging markets. The timing of the first US interest rate rise is one of the most significant uncertainties of 2015. Latest forecasts are for a 0.25% rise — possibly as soon as April. Of course, all eyes will turn to emerging markets after the 2013 'Taper Tantrum'. However, the oil-inspired drop in inflation and the boost to consumption has eased concerns somewhat, with India, Egypt and Turkey even finding room to cut interest rates in January.

However, whilst a repeat of 2013 now seems less likely, we still anticipate a significant rise in volatility in response to US tightening. All markets — not least emerging ones — will undoubtedly miss the extraordinary dollar flows of the loose-Fed era. The falling oil price also presents risks as well as benefits.

Cheaper oil means fewer petrodollars flowing from oil-producing countries into capital markets, a complication that markets would normally absorb, but simultaneous US tightening raises the stakes. There remains an outside risk that rapid falls in currencies and equities for oil-exporters may have adverse contagion effects. Sanction-hit-Russia remains in focus as the rouble drops to record lows. Fiscally weaker exporters — like Venezuela — look more vulnerable. These complications shouldn't entirely negate the global benefit of cheap oil, but add further unpredictable elements into the mix.

China's slowdown adds further uncertainties and headwinds — particularly for nations reliant on commodity and capital equipment sales. Beijing's rebalancing efforts show promise. However, significant reforms are still required and the list of concerns remains long, from deflationary pressures and weakening property prices to escalating debts. Growth of around 7%, although impressive in a global context, is tough on an economy and its trading partners when 8-10% was the norm.

A rapid drop in crude prices is also a mixed blessing for the Eurozone. The economic benefit of falling oil prices relies on deflation not being 'hardwired' into expectations and on consumers and companies spending their windfall. Negative CPI and diminishing growth forecasts left the ECB with little choice than to undertake quantitative easing (QE) at the start of 2015. This may ease the disruption to global capital flows from US tightening and boost exports via a weaker Euro. However, an already low-cost of capital and limited corporate appetite to increase debt may limit the impact on the region's growth; certainly, whilst confidence is low and the pace of structural reform slow. Greece's election adds a further complication as markets brace for a standoff. A 'Grexit' is neither a Syriza policy nor a pressing demand from the electorate. However, with government debt to GDP around 170%, further debt renegotiations seem inevitable.

Ne'er cast a clout...

Thus cheaper oil will provide a boost, but it's not without complications and not enough to compensate for weaknesses elsewhere in the global economy that look set to dampen confidence and limit investment and consumption yet again. This mixed global outlook - and a relatively strong pound - will leave the UK economy once again reliant on domestic momentum in 2015. UK GDP should still grow by an impressive 2.9% in 2015, according to the EY ITEM Club, but much of this will come via the consumer. After years of wages lagging prices, disposable incomes should finally rise in 2015. Consumers will be playing catch-up for a while, but the turnaround is obviously welcome.

With little inflation imperative, the Bank of England also has exceptional flexibility to watch the economy rather than prices. The MPC is now likely to keep interest rates on hold through most of 2015, perhaps into 2016, helping to ease sterling strength. This

again would be welcome, as heavy reliance on domestic growth is always a concern and the UK still faces a number of challenges. Tax income receipts are lower than expected, contributing to below-target deficit reduction. There's also more fiscal austerity to come irrespective of the outcome of the May General Election — the most unreadable in a generation and the most pivotal in terms of the UK's trading relationships.

This uncertainty will contribute towards a disjointed year in equity and debt issues. Anticipation of US tightening and the UK General Election could trigger disruption and hiatus, with investors concerned over the lack of visibility beyond the first quarter. The underlying capital outlook is improving, with caveats. The Asset Quality Review (AQR) has built a solid foundation for European banking reform, but regulatory hurdles remain and many banks still require more capital and disposals to meet 'fully loaded' Basel III compliancy. This will leave gaps in the market, which alternative lenders are swiftly filling. However, there will be greater scrutiny all round in 2015. Not so much in investment grade lending, where competitive banks are keen to consolidate relationships and use funds in a tight market, but high-yield markets are more finely balanced. Defaults remain low and the ECB's actions should temper the impact of US tightening

Why and where companies are issuing profit warning?

It's an increasingly complex and uncertain environment for companies to navigate. Earnings downgrades aren't of the magnitude of the credit crisis, but are running at their highest level since 2008; highlighting the problems companies have planning, forecasting and managing expectations in this market.

Exchange rates were a standout theme in 2014, peaking at 26% of warnings in Q1, but featuring heavily throughout the year. The contrast between the strong pound and the weakening Euro and emerging market currencies — together with weakness in these economies — help to push profit warnings from the internationally-exposed FTSE 100 to a record high. Healthcare, finance and support services sectors were particularly affected. Sterling pressures have eased and forecasts have adjusted; however recent policy changes in the Eurozone and Switzerland, ahead of anticipated changes in the US and the UK, underline the potential for volatility as economies and monetary policies diverge.

Reasons cited, by percentage of companies warning*

	2014	2013	Change
Falling sales	39%	39%	0%
Pricing and competition	21%	7%	14%
Contract cancelations/delays	20%	20%	0%
Exchange rates	17%	3%	14%
Additional investment	8%	5%	3%
Costs and overheads	6%	7%	-1%

**Companies may cite more than one reason for warning*

Competitive pressures were a constant throughout 2014. Low insolvency rates have left markets crowded, lowering the 'normal' rate of return. New entrants and technological changes have brought seismic shifts. The pressure to invest, and yet cut costs and prices, is transmitting strain along supply chains. Profit warnings from food retailers hit the headlines in 2014; but warnings from companies in FTSE Consumer Goods sectors also rose sharply in 2014. Almost half of warnings from the FTSE Food Producers and FTSE Personal Goods sectors blamed price pressures. Overcapacity, market saturation and the relentless costs of innovation also hit Telecoms sectors.

Percentage of UK quoted companies warning

	2014	2013	Change
Healthcare	17%	6%	11.2%
Consumer goods	26%	15%	10.4%
Utilities	12%	4%	8.0%
Telecoms	27%	21%	6.2%
Financials	9%	7%	2.1%
Industrials	26%	25%	1.0%
Oil & Gas	8%	6%	2.1%
Consumer services	16%	16%	-0.3%
Basic materials	5%	8%	-3.1%
Technology	19%	24%	-4.1%
Total	**16%**	**15%**	**1.5%**

Warnings citing delayed or discontinued contracts peaked in the final quarter as rising uncertainties upset contract cycles. Healthcare sectors also suffered from the vagaries of fiscal budgets. In the final quarter, 44% of warnings from the contract-dependent FTSE Support Services cited delays or cancellations. These delays obviously create the potential for a boost to spending in 2015 — but only if confidence builds. The upcoming General Election shouldn't hit contract cycles as severely as 2010, but will create hiatus in the public sector at least — the private sector will also be wary of an indecisive result.

The falling price of oil — and other commodities — adds to the pressure on contractors and suppliers, already under pressure from falling capex budgets. We're starting to see warnings from oil & gas and ancillary sectors come through now.

somewhat. However, the failure of Phones 4U and increasing volatility and tightness in secondary markets has put high-yield investors on guard. Investors know asset prices are too high and need to adjust; it's just the timing and the steepness of the curve that's in doubt.

Taking the initiative

There are clear advantages in these uncertain times for companies who can take the initiative and demonstrate resilience in the face of economic and market volatility. Stakeholders are increasingly looking at how companies' operational and capital structures measure up against market stresses and how well they understand changing sector dynamics. Companies will need to demonstrate clear vision and the ability to adapt their forecasting and planning capabilities to the dynamics of the post-crisis economy. These pressures aren't going away.

The median share price fall on the day of warning rose to a two-year high in Q4 2014, but this is arguably low in the context of the current high level of warnings. It's perhaps indicative of the lack of alternatives for investors. As more opportunities open up, they may not be as patient.

Warnings as a percentage of FTSE sector, Q4 2014

	Number of companies warning	Number of companies in FTSE sector	% of companies warning
Aerospace & Defence	1	10	10%
Automobiles & Parts	1	4	25%
Banks	1	11	9%
Beverages	2	9	22%
Chemicals	1	22	5%
Construction & Materials	3	33	9%
Electricity	1	16	6%
Electronic & Electrical Equipment	4	35	11%
Fixed Line Telecommunications	1	12	8%
Food & Drug Retailers	2	13	15%
Food Producers	1	25	4%
Gas, Water & Multiutilities	1	8	13%
General Financial	6	130	5%
General Industrials	2	12	17%
General Retailers	3	56	5%
Health Care Equipment & Services	4	34	12%
Household Goods	3	26	12%
Industrial Engineering	4	39	10%
Industrial Transportation	1	15	7%
Media	5	78	6%
Mobile Telecommunications	1	10	10%
Nonlife Insurance	1	13	8%
Oil & Gas Producers	1	84	1%
Oil Equipment, Services & Distribution	1	12	8%
Personal Goods	3	16	19%
Pharmaceuticals & Biotechnology	3	58	5%
Real Estate Investment & Services	2	58	3%
Software & Computer Services	12	114	11%
Support Services	17	144	12%
Technology Hardware & Equipment	2	25	8%
Travel & Leisure	2	67	3%
Total	**92**		

Retail

The retail sector had an eventful 2014, from the IPO boom to a game-changing 'Black Friday' and a seismic year for grocery. FTSE Food & Drug Retailers companies issued eight profit warnings in 2014 — the highest we've recorded since we began in 1999. In contrast, just 14% of FTSE General Retailers companies warned in 2014 — a record low. The disparity is stark and has parallels to the mid-2000s, when structural changes helped push profit warnings from general retailers to record highs, whilst warnings from food retailers hit record lows. Arguably the grocery sector is undergoing a similar revolution to that in non-food, with disruptive new entrants, online adoption and changing consumer behaviour exposing weaknesses and overcapacity and compelling exposed retailers to take radical action.

That isn't to say that the pressure is off in non-food. The sector is leaner and fitter, but is still being continually reshaped by these forces, such that even in a rising economy, there are still causalities.

Weathering the Indian summer

For clothing retailers, the fourth quarter started as the third had left off- too warm. Fashion had its worst performance since April 2012 in September, with little improvement in October. Therefore, it was no surprise to see that apparel retailers were behind all three of the profit warnings issued by FTSE General Retailers in the final quarter. The ability to sell more summer stock at full price was more than offset by sluggish sales of jumpers, coats and boots. Having cash tied up in such high value items at the peak of the pre-Christmas working capital cycle left many fashion retailers with no option but to discount hard.

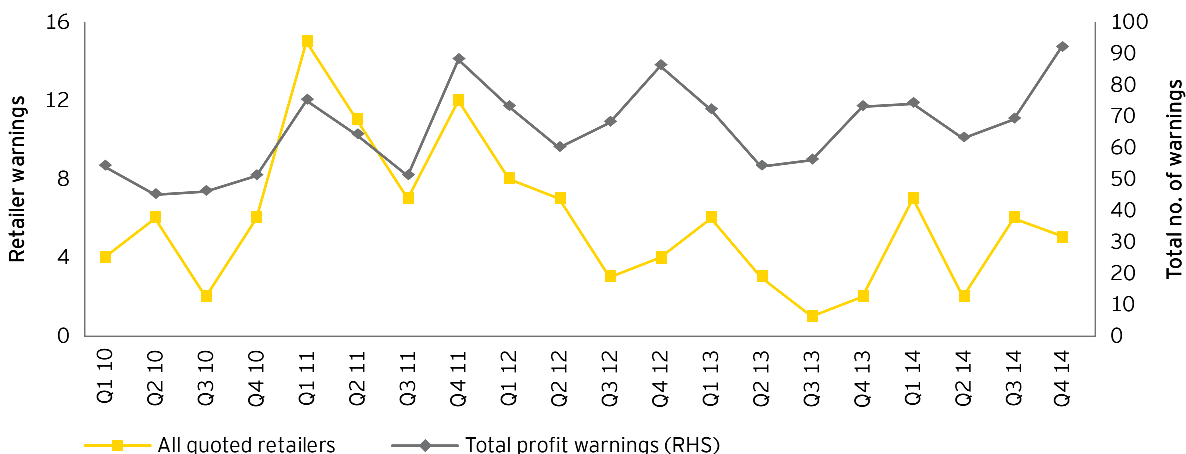
Including more transitional clothing and moving some manufacturing closer to home could help smooth seasonal patterns in the future; but misbehaving weather isn't the only apparel headwind. Recent retail administrations and store closures highlight a high level of competition and overcapacity. The Christmas period — and 'Black Friday' in particular — also illustrated once again the importance of brand stewardship and value perception. Some of the best performances came from fashion retailers who engaged in minimal discounting — or even eschewed 'Black Friday' all together. Consumers are still willing to shop at full price where the offer is right.

Black Friday — friend or foe?

Of course, for most major retailers, 'Black Friday' was too ubiquitous to ignore. Flat October sales also increased the pressue to cut prices, although discount anticipation potentially contributed to this early season inactivity. Indeed, it looks as if 'Black Friday' led to radical changes in sales patterns across the 'golden quarter', delaying and pulling forward sales. In many cases, sales peaked higher across the discounted weekend than the normally busy pre-Christmas week and post-Christmas sales.

Retail sales data confirms that 'Black Friday' did bring consumers out in droves. According to the BRC, UK retail sales rose strongly on a like-for-like basis in November by 0.9%, against a 0.6% increase in the preceding year. However, some question whether it is in the sector's best interests to focus so much trading on one discounted day so early in the season. Like-for-like sales in December gave back some of Novembers gains, dipping by 0.4% and margins clearly suffered. Profit warnings in Q1 2015 remain subdued, but we've seen a number of 'near misses', with some retailers only hitting targets by virtue of cost cutting or previous downgrades. Once retailers had discounted, it was hard to revert back to full price. In addition, the extreme peak in sales placed significant pressure on retailers' infrastructure, particularly in fulfilment. A number of retailers reported problems with their web

Retailer profit warnings vs. total profit warnings



sites' ability to handle the rise in traffic and of their networks to deliver to schedule, with delivery companies also coming under significant strain.

To avoid similar issues next year, retailers will need to make considerable investment across all of their channels to meet the challenge. Is it worth it? Steady trading at full price for as long as possible is obviously preferable. However, the question may be moot. It will be hard to put the genie back in the bottle.

Big four fight back

Major grocery retailers delivered better than expected sales at Christmas, benefiting from the first overall rise in food sales since April. However, there is no sign that the sector's challenges are relenting and the big four grocers – three under new leadership – have been moved to radical action. This includes fighting back on price, cost-cutting and reshaping store portfolios to address the shift to online and higher frequency convenience shopping. However, the discounters aren't standing still either. High street and supermarket discounters are embarking on rapid store expansion programmes. Discount supermarkets are adapting their product ranges to focus on fresh food, wine and bakery, whilst emphasising quality, as well as price, to further stress the value message.

The big four between them possess leverageable advantages for the battle ahead, from substantial convenience store footprints to online shopping capability and dominant market share. However, there isn't a silver bullet that will reset the clock. Fighting back on price will be tough – like-for-like prices in food were already falling, before the latest round of discounting. The renewed price war is also likely to cause further collateral damage as other food and drink retailers and suppliers are caught in the cross-fire.

Higher spending, same pressures

A leaner sector should be well placed to make the most of an improving consumer outlook in 2015. The pressure on consumer finances is finally easing. Aided by cheaper oil, average earnings are finally outstripping inflation and disposable income looks set to increase by an impressive 3.7% in 2015, according to the EY ITEM Club. Household incomes will still be playing catch-up after years of lagging inflation; but this rise should be enough to offset a sluggish housing market and General Election uncertainty in 2015 and improve consumer spending by a welcome 2.3%.

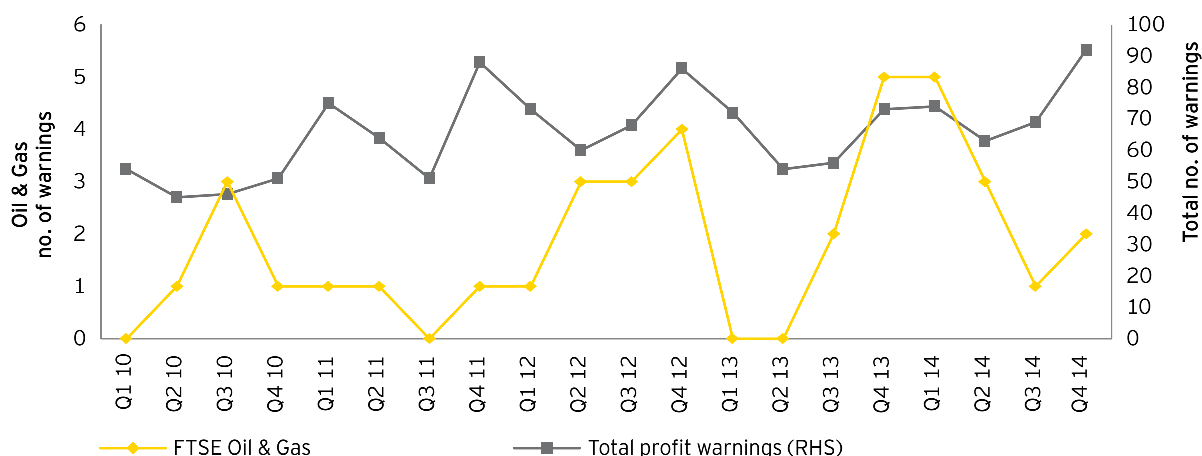
However, a rising market won't float every retailer's profits. The winners this Christmas were the discounters, the differentiated and those who delivered without a hitch. Changing consumer shopping habits and the demand for convenience, flexibility and value will continue to drive rapid change and intense competition in the sector, keeping pressure on margins and forcing retailers to constantly reassess their approach. Online sales in the UK exceeded £100bn for the first time in 2014 – not including purchases researched on the internet. Ensuring that consumers enjoy an integrated service across all channels – backed up by a unified and robust supply chain – is essential. Consumers must be able to move freely between online and store environments, particularly given the growing popularity of 'click & collect'.

Maintaining margins and forecasting earnings whilst meeting these kaleidoscopic needs will present a continuing test of retailers' resilience and mettle.

Oil & Gas

The oil industry had problems at $100 a barrel. Shareholders have been demanding better returns on capital from oil majors for many years, even at this elevated level. This, in turn, had increased

FTSE Oil & Gas profit warnings vs. total profit warnings



pressure on margins further down the supply chain, contributing towards a peak of profit warnings from FTSE Oil Equipment Services & Distribution companies at the start of 2014.

Thus, the recent dramatic fall in the price of oil — if sustained — will continue to result in radical action upstream to defend returns. That fight was already underway before $50 oil added a further, powerful catalyst. There's little doubt also that we'll see further restructuring as business models adjust to new realities in activity and pricing. The industry should emerge leaner and fitter, but there's a difficult period of adjustment to come.

Before the fall

Four companies in FTSE Oil & Gas sectors have issued profit warnings in the first three weeks of 2015. It's a significant number, but it's not the first flurry of sector profit warnings we've seen of late. A quarter of the FTSE Oil Equipment Services & Distribution sector warned in 2013 and the same again in 2014. Most of these warnings came in the first half of the year, before oil prices plummeted.

Oilfield Services (OFS) companies, in particular, were under significant margin pressure, even when oil prices sat around $100 a barrel. Oil majors have been rationalising operations in high cost areas for a number of years in response to shareholder pressure to reduce costs and improve their return on capital. Even before crude's decline, oil & gas capex looked set for a fifth straight year of slower growth. This significant drop in capital expenditure has increased competitive tensions for OFS companies, who are increasingly being pulled into more aggressive tendering, using fixed price contracts with thin margins. These contracts offer less leeway when problems arise — an increasing concern, since the trend towards tighter contracts coincided with the need to move into deeper and more difficult basins. These areas have greater technical and operational challenges and therefore greater vulnerability to disruption and slippage. Add in increasing geopolitical issues, from conflicts to sanctions, plus rising labour costs and the OFS market looked vulnerable, although still profitable, whilst the oil price remained high.

At below $50…

However, everything changes at $50 a barrel. Action taken to cut exploration and development budgets and move out of increasing numbers of uneconomic fields is resulting in billions of dollars of cancelled projects and cuts of around 20-25% in upstream capital spending. There is obviously increased risk upstream, particularly for the significant number of leveraged companies and those with high levels of committed capital expenditure. The trend towards hedging will delay the impact for some companies — however, a prolonged downturn will eventually take its toll. Highly leveraged companies that are not well-hedged could increasingly become takeover targets in 2015.

The main silver lining for upstream operators is that their costs are falling, but that is obviously at the expense of companies working further along the supply chain. OFS companies not only have fewer opportunities and greater counter party risks, but are also facing requests for 10-15% cuts in already tight contracts as a minimum, as oil majors cut rates and renegotiate contracts. Hiring rates have plummeted. We're also recording a number of profit warnings from outside the sector, from providers of auxiliary services and consumables, as these pressures pass down the supply chain. Business models that were under strain at $100 a barrel are obviously under severe pressure now.

A drawn out period of low prices obviously has the potential to cause significant further distress within the OFS sector. The high levels of price uncertainty are particularly damaging. There is little price consensus beyond an expectation that oil will remain below $80 a barrel for most of 2015. The rationale behind this view is that conditions that have triggered the radical price drop will probably remain in place for much of 2015. Supply looks set to outstrip demand for most of the year with the dollar remaining strong. The chief unknown factors are how much investment will be withdrawn, how much cheap oil will boost global activity and thus tip the supply/demand balance back into the sector's favour and if OPEC will seek to further influence the market. If companies cut investment back hard now, prices could come back quickly if demand quickly outstrips supply.

New realities

With such little visibility, companies will need to plan for volatile pricing at around $40-$50 a barrel — with the flexibility to adapt if prices rise. This stands in sharp contrast to the predictable and stable $100 of just six months ago. However, businesses need to reset their expectations and think about how they can adapt their models and build stakeholder, operational, and capital resilience to meet new challenges.

Suppliers should be looking at how they can work in collaboration with customers and adapt their service offering to meet their needs, providing solutions that will help to lower costs and increase efficiency. Execution and project management becomes exceptionally important in this environment. Companies need to be driving efficiencies across their operational processes. To combat volatility, businesses will also need build greater flexibility into their cost bases and — where possible — a diversified mix across geographies, customers and contracting structure, with a mix of reimbursable and lump sum contracts. This should help to reduce vulnerability to swings in operating and capital expenditures.

We expect to see more deal activity in the sector as companies address some of these issues, by building economies of scale and diversity through acquisition. There will be opportunities for the strong and opportunistic to build market share and absorb weaker competitors. Rising costs and inefficiencies were often hidden by the high oil price. We expect to see a more efficient industry emerging — but the process won't be quick or painless.

Q4 2014 — by sector, size and region

FTSE sector	Turnover band	London	Midlands/ East Anglia	North West	South East	South West/Wales	Yorkshire/ North East	Scotland and NI	Grand total
Aerospace & Defence	over £1bn	1							1
Automobiles & Parts	under £200m				1				1
Banks	over £1bn	1							1
Beverages	under £200m	1							1
	£201m-£1bn				1				1
Chemicals	over £1bn				1				1
Construction & Materials	under £200m				1				1
	£201m-£1bn	1							1
	over £1bn	1							1
Electricity	under £200m					1			1
Electronic & Electrical Equipment	under £200m		2						2
	£201m-£1bn				1				1
	over £1bn				1				1
Fixed Line Telecommunications	over £1bn	1							1
Food & Drug Retailers	£201m-£1bn		1						1
	over £1bn				1				1
Food Producers	£201m-£1bn				1				1
Gas, Water & Multiutilities	over £1bn				1				1
General Financial	under £200m	3		1	2				6
General Industrials	under £200m			1					1
	over £1bn	1							1
General Retailers	under £200m					1			1
	£201m-£1bn			1					1
	over £1bn		1						1
Health Care Equipment & Services	under £200m				1	1	1	1	4
Household Goods	under £200m		2		1				3
Industrial Engineering	under £200m		4						4
Industrial Transportation	over £1bn	1							1
Media	under £200m	1		1	1	1			4
	£201m-£1bn	1							1
Mobile Telecommunications	under £200m						1		1
Nonlife Insurance	£201m-£1bn				1				1
Oil & Gas Producers	over £1bn	1							1
Oil Equipment, Services & Distribution	over £1bn					1			1
Personal Goods	under £200m					2			2
	£201m-£1bn		1						1
Pharmaceuticals & Biotechnology	under £200m	1		1	1				3
Real Estate Investment & Services	under £200m	1							1
	£201m-£1bn						1		1
Software & Computer Services	under £200m	6		1	3		1	1	12
Support Services	under £200m	3	1			4			8
	£201m-£1bn	1		1			2		4
	over £1bn	1			3		1	1	6
Technology Hardware & Equipment	under £200m							1	1
	£201m-£1bn				1				1
Travel & Leisure	under £200m	2							2
Grand total		**29**	**12**	**7**	**23**	**11**	**7**	**4**	**93**

Number and percentage of warning companies by turnover and region, 2009–Q4 2014

Number and percentage of warning companies by turnover, 2009–Q4 2014

	Turnover band							
	Under £200mn		£201mn-£1bn		Over £1bn		Total	
2009								
Q1	75	60%	33	26%	18	14%	126	100%
Q2	32	51%	22	35%	9	14%	63	100%
Q3	32	62%	19	37%	1	2%	52	100%
Q4	36	72%	9	18%	5	10%	50	100%
2010								
Q1	42	78%	9	17%	3	6%	54	100%
Q2	32	71%	8	18%	5	11%	45	100%
Q3	29	63%	11	24%	6	13%	46	100%
Q4	25	49%	19	37%	7	14%	51	100%
2011								
Q1	45	60%	18	24%	12	16%	75	100%
Q2	40	63%	9	14%	15	23%	64	100%
Q3	37	73%	11	22%	3	6%	51	100%
Q4	53	60%	24	27%	11	13%	88	100%
2012								
Q1	39	53%	19	26%	15	21%	73	100%
Q2	37	62%	16	27%	7	12%	60	100%
Q3	35	51%	21	31%	12	18%	68	100%
Q4	42	49%	28	33%	16	19%	86	100%
2013								
Q1	43	60%	19	26%	10	14%	72	100%
Q2	33	63%	12	20%	9	17%	54	100%
Q3	42	77%	8	13%	6	11%	56	100%
Q4	35	48%	20	27%	18	25%	73	100%
2014								
Q1	34	46%	22	30%	18	24%	74	100%
Q2	41	65%	11	17%	11	17%	63	100%
Q3	39	57%	13	19%	17	25%	69	100%
Q4	59	63%	15	16%	19	20%	93	100%
4-year average	41	58%	16	23%	13	18%	70	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, 2009–Q4 2014

	Region															
	London		Midlands/ East Anglia		North West		Scotland and NI		South East		South West/ Wales		Yorkshire/ North East		Total	
2009																
Q1	32	27%	12	10%	3	3%	126	100%	24	21%	14	12%	19	16%	117	100%
Q2	18	29%	10	16%	3	5%	63	100%	14	22%	5	8%	10	16%	63	100%
Q3	15	29%	9	17%	0	0%	52	100%	6	12%	7	13%	5	10%	52	100%
Q4	18	36%	7	14%	2	4%	50	100%	9	18%	5	10%	5	10%	50	100%
2010																
Q1	11	20%	12	22%	3	6%	1	2%	15	28%	6	11%	6	11%	54	100%
Q2	7	16%	9	20%	2	4%	2	4%	12	27%	7	16%	6	13%	45	100%
Q3	9	20%	8	17%	4	9%	3	7%	11	24%	6	13%	5	11%	46	100%
Q4	11	22%	6	12%	10	20%	1	2%	11	22%	6	12%	6	12%	51	100%
2011																
Q1	22	29%	10	13%	8	11%	2	3%	24	32%	2	3%	7	9%	75	100%
Q2	15	23%	4	6%	6	9%	2	3%	15	23%	11	17%	11	17%	64	100%
Q3	21	41%	5	10%	2	4%	2	4%	10	20%	5	10%	6	12%	51	100%
Q4	20	23%	9	22%	8	9%	1	1%	18	20%	9	10%	13	15%	88	100%
2012																
Q1	21	29%	3	18%	5	7%	5	7%	17	23%	5	7%	7	10%	73	100%
Q2	13	22%	7	12%	7	12%	5	8%	15	25%	3	5%	10	17%	60	100%
Q3	20	29%	12	18%	8	12%	4	6%	14	21%	5	7%	5	7%	68	100%
Q4	34	40%	10	12%	7	8%	5	6%	18	21%	8	9%	4	5%	86	100%
2013																
Q1	22	31%	11	15%	10	14%	2	3%	11	15%	7	10%	9	13%	72	100%
Q2	16	30%	5	9%	4	7%	7	13%	16	30%	2	4%	4	7%	54	100%
Q3	19	34%	10	18%	2	4%	3	5%	10	18%	5	9%	7	13%	56	100%
Q4	19	26%	6	8%	4	5%	8	11%	22	30%	9	12%	5	7%	73	100%
2014																
Q1	26	35%	9	12%	5	7%	3	4%	13	18%	9	12%	9	12%	74	100%
Q2	17	27%	8	13%	4	6%	3	5%	14	22%	6	10%	11	17%	63	100%
Q3	26	38%	9	13%	1	1%	5	7%	18	26%	7	10%	3	4%	69	100%
Q4	29	31%	12	13%	7	8%	4	4%	23	25%	11	12%	7	8%	93	100%
4-year average	21	30%	9	13%	6	8%	4	5%	16	23%	7	9%	7	11%	70	100%

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ED None

1592535.indd (UK) 01/15. Artwork by Creative Services Group Design.

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