Building a better
working world

Uncertain times

Analysis of profit warnings

Issued by UK quoted companies

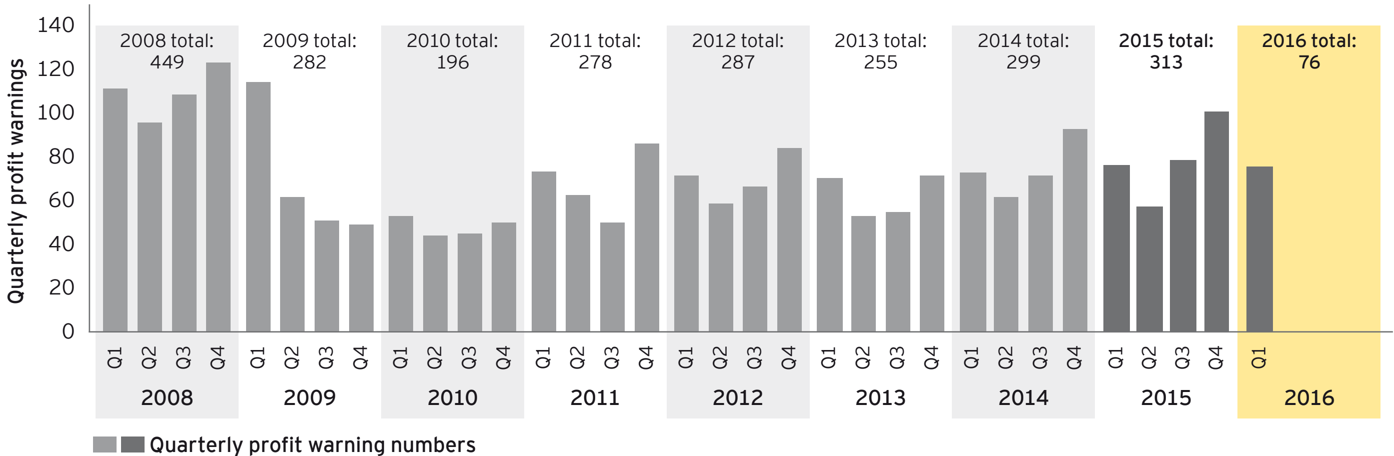
Q1 2016

UK quoted companies issued 76 profit warnings in Q1 16, a remarkably high number given the substantial downgrades of late 2015. Almost half of the companies warning in the first quarter had also issued at least one warning in the last year, underlining companies' struggle to get to grips with new realities.

Weak oil prices once again featured highly, but it's not the only factor denting expectations. The volatile start to 2016 created uncertain and difficult conditions for companies reliant on contract renewals. Central bank action has soothed market concerns, but the global economy is still struggling to build momentum. Meanwhile, companies are clearly still coming to terms with the intense competition that comes as a result of overcapacity and disruption across many sectors.

Resilience and flexibility remain vital in these markets and we expect to see companies maintain their focus on operational improvement and on capital and portfolio management. Profit expectations have fallen dramatically, but continuing uncertainty gives the potential for further misreads and downgrades-even in the absence of any further shocks. The level of UK profit warnings is unlikely to dip too far this summer.

Profit warning numbers, 2008–2016

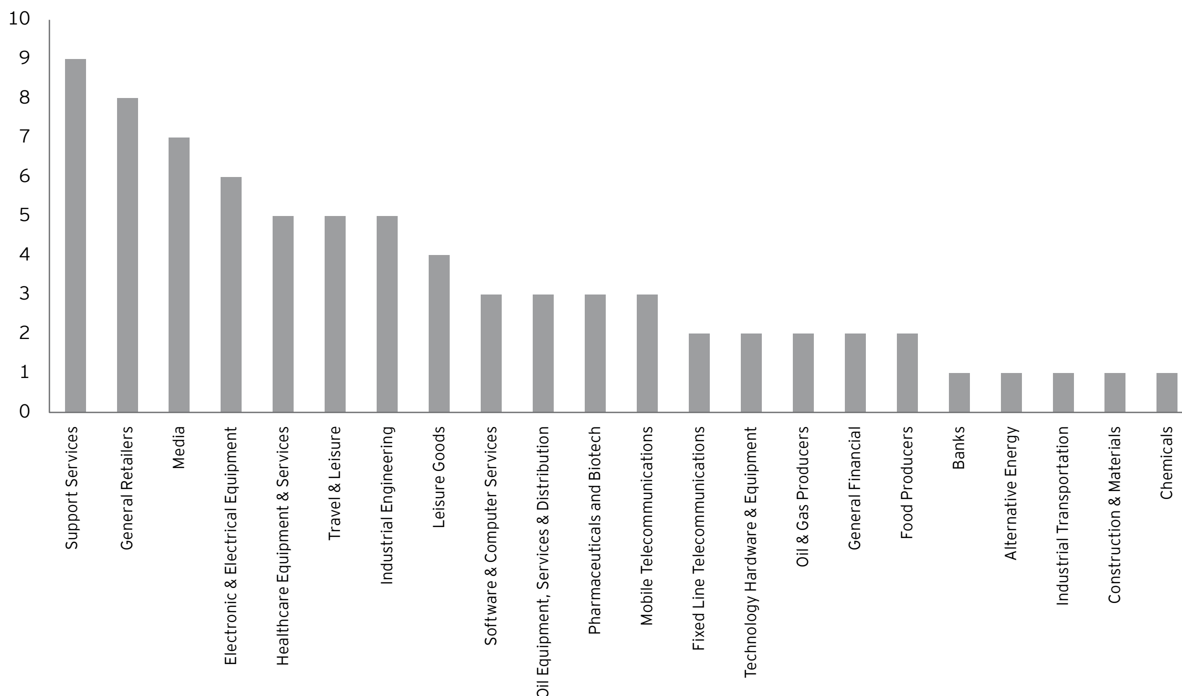


Profit warning highlights

- UK quoted companies issued 76 profit warnings in Q1 16, just slightly down from 77 issued in the same quarter of 2015 and 24 fewer warnings than the previous quarter.
- Almost 50% of companies who issued profit warnings in Q1 16 had already issued a warning in the prior year – compared with just over a third in the same period in Q1 15. Companies are still finding it hard to adapt to unpredictable markets.
- In the twelve months to the end of Q1 16, 17.2% of UK quoted companies issued profit warnings compared with 16.5% at the same point in 2015.
- The FTSE sectors leading profit warnings in Q1 16 were: Support Services (9), General Retailers (8) and Media (7).
- The FTSE sectors with the highest percentage of companies warning in the year-to-date are: Oil Equipment, Services & Distribution (50%), Mobile Telecommunications (50%) and Electronic & Electrical Equipment (50%).
- Profit warnings from commodity producers have fallen, but further down the supply chain forecasts continue to play catch-up with falling capital expenditure.
- In Q1 16, 18% of profit warnings cited the impact of weak commodity prices – primarily oil – equal to the previous quarter.
- The FTSE Support Services sector issued the most profit warnings and had the most warnings citing weak commodity prices, underlining how pressure is being passed down the supply chain.
- General Retailers have issued the highest first quarter total of profit warnings since 2011, with a fifth of companies warning across the vital fourth and first quarters. Costs are rising, whilst the sector is still struggling to adjust to competitive and disruptive pressures.
- The FTSE Healthcare Equipment & Services sector issued five profit warnings in Q1 16, equalling the record high of the previous quarter. Recruitment and pricing problems continue to plague the medical services sector, while most equipment companies warning cited contract issues.
- The median share price fall on the day of warning fell to 10.2% in Q1 16, but during a volatile quarter moved over 12% in February.

Almost 50% of companies who issued profit warnings in Q1 16 had already issued a warning in the prior year – compared with just over a third in the same period in Q1 15.

Profit warnings by sector, Q1 2016



Volatile, Uncertain, Complex and Ambiguous...

The concept of a VUCA world isn't new, but it's hard to think of a more apt description for the outlook in 2016. The year began with volatility in spades, until central bank action and rising oil prices inspired a late-quarter rally. But, uncertainties remain and it's an increasingly complex picture in global markets, with an outlook that could certainly be billed as ambiguous. There are still plenty of reasons to think that a more resilient global economy will maintain momentum in 2016, but – as we've seen throughout this recovery – companies will need to expect the unexpected.

Volatile...

It's hard to say what inspired so much market turmoil at the start of 2016. There were plenty of reasons to be concerned – from weaker Chinese growth to oil market oversupply to the impact of the December US interest rate rise – but nothing that was really new or unknown. But, when anything seems possible, concerns are easily amplified. Who'd have guessed that oil would fall below $30 this time last year?

Whatever the trigger, markets spun around the negative feedback loop of a strong dollar, weak commodity prices and global growth concerns. The FTSE 100 fell into bear territory, down 20% from its peak, with over half the S&P 500 also falling into that category at one point. There was even talk of a US recession. And then, almost as quickly as they fell, markets rallied with impetus provided by hopes of a deal to freeze oil supply, more ECB support and more dovish noises from the Federal Reserve.

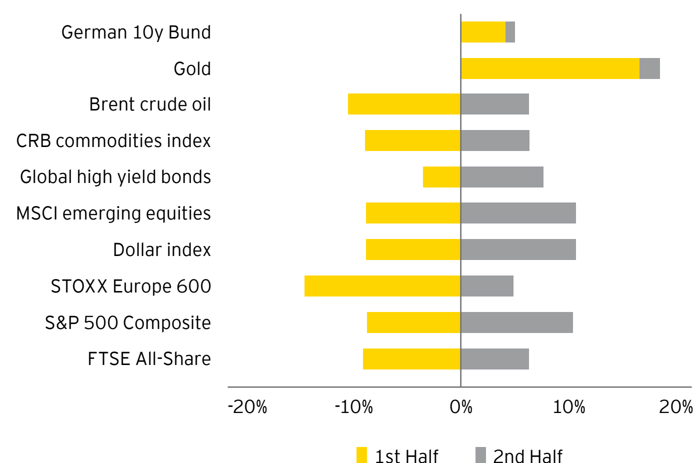
Nevertheless, we still have the ingredients for further volatility. Sterling is currently the main outlet for investors' concerns about the UK's EU Referendum. The developed world is still working through the legacies of the credit crisis, such as in Eurozone banking and ongoing Greek debt discussions. Markets' enthral to central bank actions means investors are attuned to every nuance. Falling US rate rise expectations have helped emerging market assets to rally, but there is obvious potential for a sharp correction if the outlook changes. Oil prices remain an imponderable and many layered growth conundrum. Cheaper oil should generate more demand, but we seemed to reach a point in the first quarter where this wasn't enough to offset the negative impact on sector equities and debt and the related drop in capital expenditure and petrodollar-based market liquidity. Then again, as prices rise, it brings inflation and higher interest rates into the equation.

Underlying all of this are ongoing concerns about growth. In April, the IMF cut its growth forecast again to 3.2% – from 3.4% predicted in January, warning that: "additional measures are needed to deliver a more balanced and potent policy mix for improving the growth and inflation outlook and securing financial stability. In the absence of such measures, market turmoil may recur."

Uncertain...

It's a measure of current uncertainty that despite the late-quarter rally, investors still held their positions in safe assets. The average price of German debt stood at just above zero percent at the end of the first quarter. Gold remains one of the strongest performing assets in 2016. This isn't 'risk-on'. The problem for investors and companies is the clouded outlook. Most obviously in the UK, there is little visibility beyond the EU Referendum on June 23, with uncertainty potentially feeding through into business confidence, investment and appetite for risk.

Q1 2016... a quarter of two halves?
% change



Source: Thomson Reuters Datastream

As EY ITEM Club recently noted, we are at somewhat of a tipping point for the UK economy. On the basis of unchanged government policies, it expects UK GDP to continue to grow at 2.3% in 2016, driven once again by consumer spending. But, consumers will increasingly take a back seat from 2017, when rising inflation and tighter fiscal policy are forecast to cut consumer spending growth, forecast to fall from 2.5% in 2016 to 1.8% by 2018. With only limited global economic momentum driving exports, the UK economy needs businesses to resume their investment drive. Investment growth has been lacking so far in this recovery; but UK business now have the means – in the form of substantial financial surpluses, amounting to £32b in 2015 – and the motivation from rising wages to improve productivity. EY ITEM Club believe that rising investment could add 1.2% to the UK's output in 2017, more than making up for the expected slowdown in the consumer sector and pushing growth up to 2.6%. Without this investment revival, the UK economy could be flying on one consumer engine.

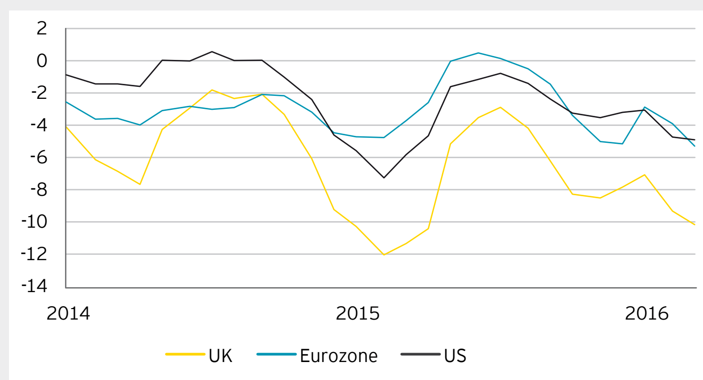
Economic and sector overview (continued)

Earnings still under pressure

The 76 profit warnings issued in Q1 16 have to be viewed in context. This figure is only just above the four-year average of 72; but it comes after a century of profit warnings at the end of 2015, which put UK profit expectations on a sharp downward trajectory. This high level of misreads perhaps isn't surprising given the VUCA environment we describe here; but companies should be building resilience into their operations and forecasts to adapt to the current level of uncertainty – and what we know about changing patterns of demand. Not every event comes out of the blue. Retail sales are as reliably unreliable as the UK weather. Fiscal austerity has further to go. The oil price shock is no longer a shock, but 18% of companies still cited commodity price falls in their profit warning in Q1 16, equal to the percentage recorded in the previous quarter. Most of these warnings came from the FTSE Support Services sector in Q1 16, highlighting just how far down the supply chain the capex cuts are biting.

Earnings expectations fall dramatically

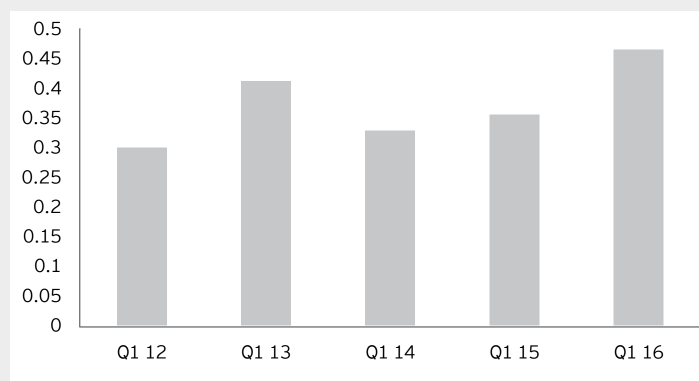
3m % change in 12M forward earnings expectations (MSCI)



Source: Thomson One

The struggle to forecast isn't universal. In the 12 months to the end of the first quarter, around 17% of UK companies issued profit warnings, which means the vast majority met their forecasts. But, when companies get it wrong, they seem more likely than before to get it wrong again. In Q1 16, 47% of companies warning had already issued a profit warning in the last 12 months, significantly higher than the same period in 2015. Sixteen companies warning in Q1 16 had issued three or more warnings in the last 12 months. Profit warnings clearly don't always come in threes – as the old adage goes – but that pattern is becoming more common.

Percentage of companies who'd already warned in the last year



Companies are most likely to issue multiple profit warnings in sectors vulnerable to contract loss and disruption, such as FTSE Support Services and FTSE Software & Computer Services. Companies in consumer sectors, in particular FTSE General Retailers and FTSE Travel & Leisure, also seem more prone to issuing multiple warnings, underlining current levels of demand volatility. We expect that these sectors will continue to feature heavily in profit warnings in the rest of 2016.

Obviously many companies are benefiting from low commodity and fuel prices, but wages are rising and companies are also still under pressure to invest to meet the challenge of disruptive entrants and changing pattern of consumption. The last year has seen a marked increase in the number of warnings citing rising investment costs — up to almost 10% of warnings in Q1 16 — primarily in retail.

Weaker sterling has taken some pressure off exporters, but industrial sectors continue to suffer from weaker global sales and oversupply. One half of FTSE Electronic and Electrical Equipment companies and one third of FTSE Industrial Engineering companies warned in the year to the end of Q1 16. The high level of profit warnings in FTSE Mobile Telecommunications also highlights the challenges technology companies face in a crowded and competitive market.

The relatively low median share price fall on the day of warning seems somewhat incongruous in the context of the market volatility we saw in the first quarter, but this could be a reflection of the low yields available elsewhere. At some point this position will reverse and — with more uncertainty in the outlook — investors are likely to focus more closely on returns.

Complex…

Volatility and uncertainty doesn't necessarily equal crash. Much depends on how companies respond to the conflicting forces in their environment, including those that have muddied old patterns of supply and demand. The standout reaction last year was in M&A. Companies engaged in record levels of deals in 2015 in response to slow growth, overcapacity and disruption. We saw increasing numbers of deals that cut across sectors, as companies looked to capture the expertise required to respond to increasing complexity and disruption.

The imperative and appetite to do deals clearly remains in 2016, despite the uncertainties that have clouded the first quarter; but this uncertainty is tempering immediate activity in the UK and beyond. In equity markets, this year may be all about windows. Calmer moments can appear even in the most turbulent times and, although the IPO market is subdued for now, there is still appetite for new issues with a compelling proposition. In debt markets, the ECB's corporate bond buying programme should further increase demand and lower spreads for investment grade bonds – with the impact spreading beyond the already tight Eurobond market. But, in these times of unconventional policy, nothing is straightforward. The increasing proliferation of negative interest rates has moved us into new territory, with an uncertain impact on banks appetites for lending. Recent failures and re-pricings show that even investment grade companies still need to factor in a credible 'plan B', particularly if they are on the ratings borders and especially if they operate in under pressure sectors. In high-yield, spreads are volatile, and companies at the lowest grades and in commodity sectors are also being eschewed by investors as defaults start to rise.

To underline the complexity, there are also rising fears that the cure is worsening the disease. The Bank for International Settlements has expressed its concern that lower interest rates are in danger of making the situation worse, by entrenching "dependence on the very debt-fuelled growth model that lay at the root of the crisis".

Ambiguous…

These are clearly tough markets for companies to read and predict, with mixed signals and the potential for further sharp changes in sentiment, prices and demand. The ambiguous outlook gives potential for misreads and we're unlikely to see a significant drop in the number of UK profit warnings, despite the drop in expectations and sustained UK growth. Successful companies are those that have acclimatised to unpredictability and have developed the operational and capital flexibility to ride the dips and make the most of opportunities. There is the potential for significant upside, if the clouds clear in 2016. The second half of the year could see a rush of action in new debt and equity issues and deals, if oil finds a sweet spot, inflation remains within acceptable bounds and geopolitical uncertainties lift to raise confidence. 'Be prepared' seems be a good moto for the rest of 2016.

Warnings as a percentage of FTSE sector, Q1 2016

	Number of companies warning	Number of companies in FTSE sector	% of companies warning
Alternative Energy	1	14	7%
Banks	1	13	8%
Chemicals	1	20	5%
Construction & Materials	1	34	3%
Electronic & Electrical Equipment	6	32	19%
Fixed Line Telecommunications	2	11	18%
Food Producers	2	26	8%
General Financial	2	125	2%
General Retailers	7	55	13%
Healthcare Equipment & Services	4	35	11%
Industrial Engineering	5	36	14%
Industrial Transportation	1	15	7%
Leisure Goods	4	12	33%
Media	6	70	8%
Mobile Telecommunications	3	10	30%
Oil & Gas Producers	2	75	3%
Oil Equipment, Services & Distribution	3	12	25%
Pharmaceuticals & Biotechnology	3	64	5%
Software & Computer Services	3	107	3%
Support Services	9	149	6%
Technology Hardware & Equipment	2	20	10%
Travel & Leisure	5	69	7%
Total	**73**		

Focus on sectors

FTSE General Retailers

FTSE General Retailers issued eight profit warnings in Q1 16, compared with seven issued in the previous quarter and six in the same period of 2014. This is the biggest first quarter peak in warnings since 2011 and takes the total number issued during the vital fourth and first quarter to 15, with one fifth of the sector warning just in that time. We've seen in recent years how rising operational costs and the hard bargain driven by the UK consumer have chipped away at the benefits of rising disposable income and demand. This year looks no different, with additional challenges and opportunities that will further differentiate between retail's winners and losers.

Blowing hot and cold

Retail sales patterns remained as unpredictable as the British weather in the first quarter. It does seem as if our mercurial climate is driving some of this sales volatility, but consumers' strong desire for a bargain is also contributing towards strong peaks and troughs in demand. The British Retail Consortium (BRC) retail sales monitor shows like-for-like sales increased by 2.6% in January as consumers splashed out in the sales, but growth fell to just 0.1% in a 'wash-out' February and sales declined by 0.7% in March. Easter might have had some influence on the latter figures, but sales volatility is effectively now the new normal — even in this benign consumer climate. Employment is at a record high. Interest rates are lingering at a record low. Disposable income is still rising, albeit slower than 2015. Nevertheless, it seems that consumers are prepared to hold back until the sale signs appear — as we saw in the run into Christmas. Non-food price deflation has now reached the 3-year mark, highlighting the pressure on prices — and profits — that feature highly in our profit warning data.

Moreover, whilst the immediate consumer outlook is relatively benign, light clouds are gathering. Consumer credit is approaching levels last seen in 2005, even if total lending is growing more slowly. Consumer confidence — whilst still relatively high — fell to a 14-month low in February, according to GFK. In 2017, inflation and fiscal tightening will also start to nibble away at disposable income. As a result of these factors EY ITEM Club expect consumer spending growth to fall from 2.5% in 2016 to 2.1% in 2017. The competition for this consumer pound is also heating up from travel and leisure sectors, as a number of retailers have recently noted. It seems that consumers are placing increasing value on 'experiences' over possessions. It doesn't get any easier from here.

More swings and roundabouts

Operational costs are also rising up the agenda. The cost of online fulfilment remains a constant issue, although it hasn't been as prevalent in trading statements so far in 2016. Most retailers should have their major capital investment in place and are evolving approaches to mitigate delivery costs. These include encouraging click and collect and making postage prices and speed contingent on basket size. Nevertheless, the economics of online sales remain more challenging for bricks-and-mortar retailers than in-store purchases and the continuing need to invest in the consumer experience across all channels — and compete in the fulfilment arms race — is an ongoing challenge.

Meanwhile, other costs are rising. The Resolution Foundation estimate that retail's 2016 wage bill will increase by 0.5% as a result of the introduction of the National Living Wage (NLW) — rising to 1.3% by 2020. Our conversations with retailers suggest this figure could be higher and we estimate that up to 38% of employees could be affected, since businesses will also need to

FTSE General Retailers warnings vs. total profit warnings

adjust pay scales throughout their organisation to maintain morale and retain staff. It will be difficult for retailers to offset rising wages without damaging customer service and sales, given the increasing emphasis on consumer experience. The impact could be mitigated by increases in income and consumer spending, although EY ITEM Club see disposable income growth falling to 1.7% by 2017, down from 2.7% in 2016. The cost to retailers from the NLW seems more certain than the benefit.

The fluctuating value of sterling in the run into the EU Referendum could also become a pressing issue for the vast majority of UK retailers who buy internationally and sell domestically. There are factors that will help mitigate a short-term bout of volatility, including established currency hedges, the weakening of the Chinese Yuan against the dollar, excess capacity in manufacturing locations and low raw material and freight costs, due to weak commodity prices. For companies with international operations, a weaker pound could provide a short-term boost, although recent statements suggest this could be offset in some areas by weaker sales — especially in emerging markets, where there are greater headwinds.

Change is permanent

The last few years have been the best of times and — whilst not quite the worst of times — certainly challenging times for retailers. In the last three years, 27 companies have issued profit warnings, around half of the current FTSE sector. This suggests that the pain has been equally spread, although 60% of warnings in this three year period were issued by just 11 companies.

Companies risk being caught on the wrong side of this winners and losers divide as the going gets tougher if they don't respond to rising costs and changing consumer expectations. The BRC recently warned that almost one million retail jobs could disappear over the next decade, due to the increasing cost of running bricks-and-mortar shops and the growth of online competition. Retailers that emerge as the winners will be those who can significantly improve their productivity and remain relevant to customers. Much of what we have seen in recent years has taken the form of short-term responses to problems of space, price and technology that need long term solutions. We believe that leading retailers will win market share by being bold with new propositions. Being bold doesn't mean expanding budgets; but it does mean acting fast, if necessary failing fast, making sure lessons are learnt for the next time — and to keep going.

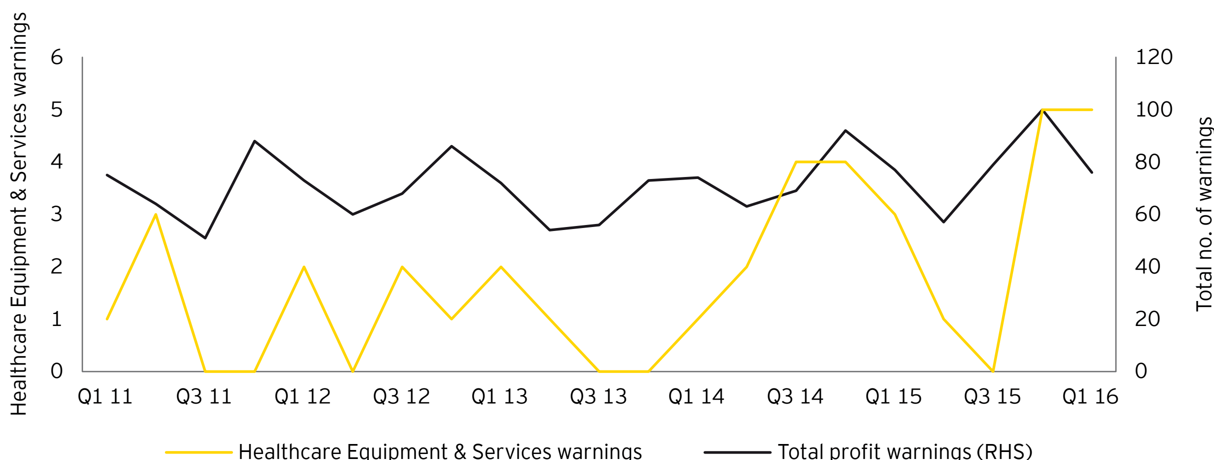
FTSE Healthcare Equipment & Services

Companies in the FTSE Healthcare Equipment & Services sector issued five profit warnings in Q1 16, equal to the record total issued in the previous quarter. In the six months to the end of Q1 16, almost a quarter of the FTSE sector issued a profit warning. It's clearly been a difficult time and investors are expressing their concern, with the median share price fall on the day of warning hitting 18% in this six month period — significantly higher than the cross-sector figure of 12%. Nevertheless, amidst the challenges, there are also significant opportunities for companies in the domestic market in the context of rising healthcare spending, an aging population, the move to community based — rather than hospital based — care and limited capacity within the NHS.

Capex delayed

The timing of this profit warning peak is unlikely to be coincidental. The NHS, the primary driver of healthcare spending in the UK, is increasing its spending year-on-year, but in the context of

FTSE Healthcare Equipment & Services warnings vs. total profit warnings



1 https://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf
2 https://www.gov.uk/government/publications/productivity-in-nhs-hospitals

an annual deficit recently estimated at £2.8b and a number of cost-saving initiatives. The Government's long term plan for the NHS, known as the Five Year Forward View, requires providers to achieve efficiency savings of 2–3%[1]. Furthermore, the Carter Review into operational productivity in acute hospitals states that that NHS Trusts should actually aim for a 9.5% reduction in spend on clinical and general supplies and services currently costing £9.5b[2]. These programmes will obviously have an ongoing impact. But, the more immediate driver in this context is likely to be the application of financial control totals, with a number of Trusts potentially delaying expenditure — in particular non-critical capital expenditure — to meet their individual control targets.

Half the profit warnings issued by the sector in the last six months have cited delayed or discontinued contracts. Most of these have been issued by companies in the medical equipment sub-sector with a turnover below £50m per annum. As we've seen in other sectors — especially in FTSE Support Services — smaller companies have an inherent vulnerability to disruptions to the contract cycle.

Collective power

The immediate pressure may relent, but this contract vulnerability could become even more acute as NHS Trusts begin to implement the recommendations included in Lord Carter's report and form alliance networks in response to the need for the development of new models of care to improve the provision of services for patients. Lord Carter's recommendations -and the concept of alliances- require collaboration between providers. Lord Carter specifically recommends the formation of regional groups to create greater purchasing power and to reduce the variety of brands and suppliers to achieve a lower price.

The NHS in England is also adopting a number of new procurement strategies in 2016 to achieve substantial efficiency savings, including a NHS Purchasing Price Index. These measures are designed to tackle the wide disparities in running costs and prices paid for supplies and services — and to ultimately lower the price paid. Pricing pressures have been another constant theme in recent profit warnings from the sector. We expect this pressure to increase.

Staffing trouble

Staff retention is also a pressing issue for the healthcare sector, along with the costs and quality issues associated with recruiting and training new staff. This is a familiar refrain from across the private and public sector. Service providers to the NHS are also vulnerable to efforts being made by the NHS to be more productive and to do more in house. This can mean that demand varies considerably making it harder for companies to manage costs — especially staff costs. The impact of unknown demand for staff could be being made worse by the application of the National Living Wage. A survey by the CIPD and Resolution Foundation found that two-thirds of employers said their wage bill will be affected by the NLW. Staffing costs are already a significant overhead for many healthcare services companies, with levels established to ensure quality and safety, leaving little room for productivity improvements in this area to offset higher wage costs.

Seizing opportunities

The UK is one of the strongest performing healthcare markets in Western Europe. A growing and aging population with an increasing incidence of chronic lifestyle-related diseases is a strong underlying driver, along with the government's commitment to fund real term increases in health spending — including a 'Sustainability and Transformation Fund' to support delivery of the Five Year Forward View. There will be push-back on contracts and we expect to see further pressure on pricing; but there are also opportunities for companies who can offer innovative and cost-effective solutions that offer better outcomes for patients.

As demand grows, private healthcare providers are also expected to pick up additional volume in self-pay or PMI (Private Medical Insurance). There will also be opportunities in areas like pathology, if NHS Trusts can't meet their benchmarks and need to outsource, and in community service provision,where efforts are being made to treat more people closer to home. Sterling weakness should help companies with international profiles. We expect to see the strongest companies in the sector continue to consolidate — at home and abroad — to meet changing demands and capture new technologies and models. With challenge often comes opportunity.

Q1 2016 – 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
Alternative Energy	under £200m	1							1
Banks	over £1bn							1	1
Chemicals	under £200m				1				1
Construction & Materials	under £200m		1						1
Electronic & Electrical Equipment	under £200m	1	2		1				4
	£201m-£1bn	1	1						2
Fixed Line Telecommunications	under £200m	1							1
	over £1bn	1							1
Food Producers	under £200m	1				1			2
General Financial	under £200m	1							1
	£201m-£1bn						1		1
General Retailers	under £200m			1		1			2
	over £1bn		5						5
	£201m-£1bn			1					1
Health Care Equipment & Services	under £200m	2	1						3
	£201m-£1bn	2							2
Industrial Engineering	under £200m			1			1		2
	over £1bn		1					1	2
	£201m-£1bn						1		1
Industrial Transportation	£201m-£1bn				1				1
Leisure Goods	under £200m		3		1				4
Media	under £200m	3	1					2	6
	over £1bn	1							1
Mobile Telecommunications	under £200m	3							3
Oil & Gas Producers	under £200m	1							1
	over £1bn	1							1
Oil Equipment, Services & Distribution	under £200m	1			1				2
	£201m-£1bn	1							1
Pharmaceuticals & Biotechnology	under £200m		1				1		2
	over £1bn	1							1
Software & Computer Services	under £200m	3							3
Support Services	under £200m			1		2		1	4
	over £1bn							1	1
	£201m-£1bn	1		1			1	1	4
Technology Hardware & Equipment	under £200m				2				2
Travel & Leisure	under £200m				1				1
	over £1bn	1			1			1	3
	£201m-£1bn							1	1
Grand total		**28**	**16**	**5**	**9**	**4**	**5**	**9**	**76**

Number and percentage of warning companies by turnover and region, 2010–Q1 2016

Number and percentage of warning companies by turnover, 2010–Q1 2016

	Turnover band							
	Under £200mn		£201mn–£1bn		Over £1bn		Total	
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%
2015								
Q1	43	56%	22	29%	12	16%	77	100%
Q2	38	67%	13	23%	6	11%	57	57%
Q3	42	53%	22	28%	15	19%	79	100%
Q4	49	49%	28	28%	23	23%	100	100%
2016								
Q1	43	56%	22	29%	12	21%	76	100%
4-year average	41	57%	18	24%	14	19%	72	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, 2010–Q1 2016

	Region															
	London		Midlands/ East Anglia		North West		Scotland and NI		South East		South West/ Wales		Yorkshire/ North East		Total	
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%
2015																
Q1	31	40%	6	8%	8	10%	3	4%	16	21%	7	9%	6	8%	77	100%
Q2	21	37%	9	16%	6	11%	4	7%	10	18%	3	5%	4	7%	57	100%
Q3	26	33%	9	11%	3	4%	6	8%	18	23%	11	14%	6	8%	79	100%
Q4	35	35%	11	11%	5	5%	7	7%	21	21%	10	10%	11	11%	100	100%
2016																
Q1	23	37%	16	21%	5	7%	9	12%	9	12%	4	5%	5	7%	76	100%
4-year average	24	33%	9	13%	5	7%	5	7%	16	21%	7	9%	7	9%	72	100%

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