Analysis of profit warnings

Issued by UK quoted companies

Q3 2015

A disrupted recovery

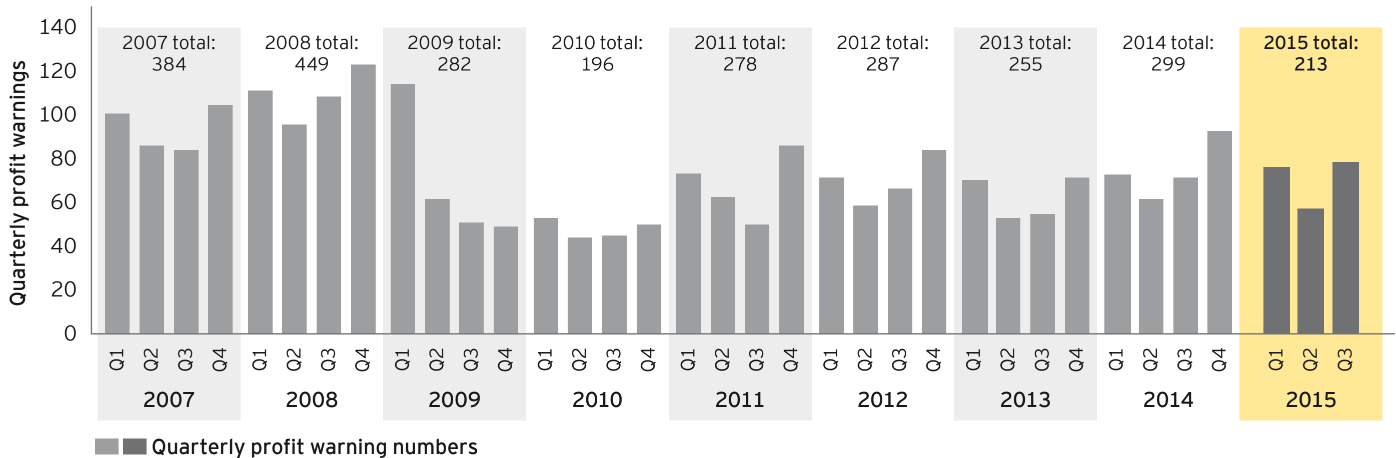
The second quarter dip in profit warnings proved to be short lived, as global growth concerns once again hit forecasts. UK quoted companies issued 79 profit warnings in Q3 15, an increase of over a third compared with the previous quarter.

Corrections and bouts of market instability are a familiar part of this recovery. They returned this summer as China wrestled with its economic transition and US interest rates moved back onto the agenda. 'Disruptive forces' also continue to rapidly reshape markets. Many companies face a continual struggle to adapt to the 'new' digital economy, while 'old' businesses lose ground in a highly competitive and fluid environment.

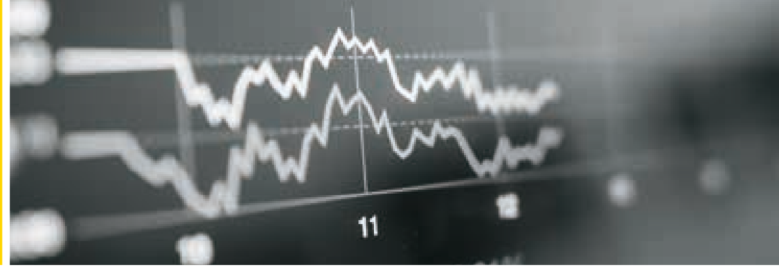
Many businesses are still thriving, but global growth is undoubtedly patchier, whilst demand, prices and currencies are more volatile. These are testing conditions in which to operate – and forecast.

The increasing need to invest to keep pace with new entrants and developments only amplifies the challenge. Record M&A activity reflects companies' efforts to get on the right side of new growth and technology paradigms. Active capital allocation and a strong focus on operational resilience are vital weapons in this disrupted recovery.

Profit warning numbers, 2007–Q3 2015



Profit warning highlights



- UK quoted companies issued 79 profit warnings in Q3 15, ten more than same period of 2014 and 22 more than the previous quarter.
- UK profit warnings dropped sharply in Q2 15, but summer growth concerns contributed to a 39% quarter-on-quarter rise in the third quarter – the biggest increase in almost four years.
- Overall, 5.6% of UK quoted companies issued profit warnings in Q3 15, the highest third quarter percentage since the credit crisis.
- This rise in profit warnings reflects the summer's commodity and global growth uncertainties, but also the ongoing pressures on margins and sector 'disruption'.
- The FTSE sectors leading profit warnings in Q3 15 were: Support Services (16), Software & Computer Services (10), Media (9) and Travel & Leisure (8).
- FTSE Support Services companies continued to suffer from contract cancellation and delay. Problem contracts and assets are also coming to the fore, with more companies citing write-downs in their profit warnings.
- The last Comprehensive Spending Review brought mixed fortunes to the FTSE Support Services and FTSE Software sectors. Contracts will be under scrutiny again this autumn, but those offering innovative cost-saving solutions should benefit from this next round.
- Twelve profit warnings cited falling commodity prices this quarter. Most of these were issued by companies in the FTSE Support Services and Industrial Engineering sectors, as pressure is passed down the supply chain.
- Falling commodity prices have contributed to low inflation – which in combination with rising wages – has taken some pressure off the UK consumer, benefiting retailers. But they still face tough tests in the final quarter.
- Profit warnings from the FTSE Travel & Leisure sector hit their highest level for almost eight years, due to a combination of disruptive, regulatory and one-off factors that negated some of the consumer revival.
- FTSE Media profit warnings also hit their highest level since the financial crisis in Q3 15. Digital disruption has created a state of constant flux, as many companies struggle to keep up with the level of investment and innovation required.

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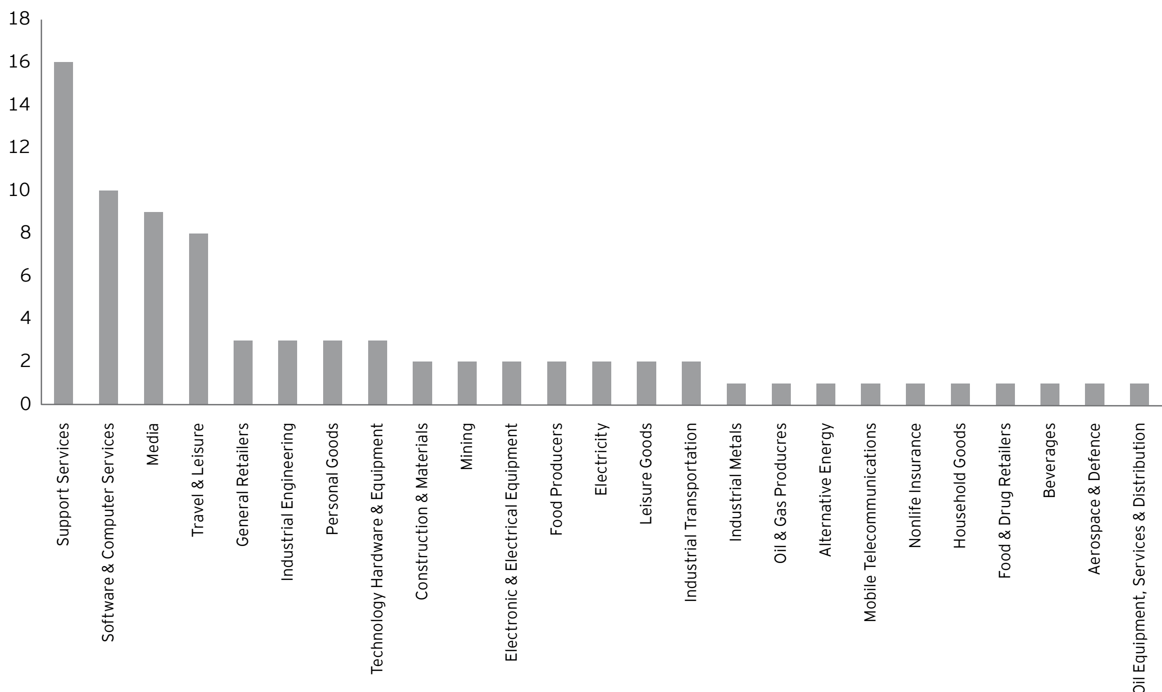
Profit warnings by sector, Q3 2015



Economic and sector overview

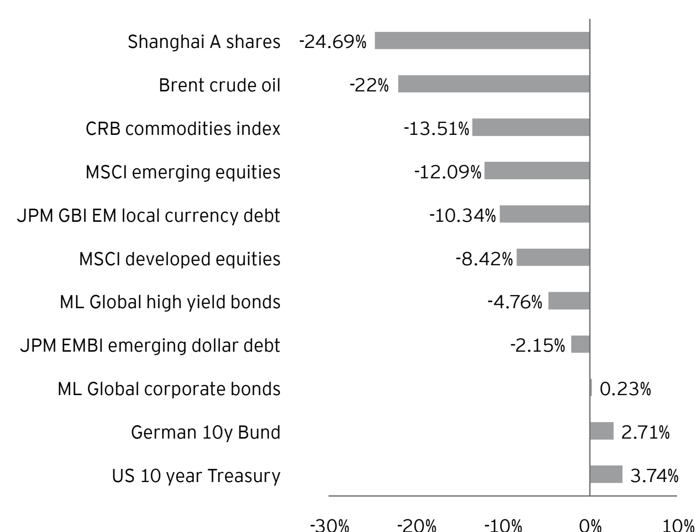
Divergence, disruption & deals

It was another hair-raising summer. Markets shuddered as two great economic transitions came to the fore and investors struggled to make sense of where an increasingly divergent global economy is heading. Meanwhile, the macro environment is only part of the story. Even in the UK's consumer sweet spot, some companies are struggling to forecast and meet earnings expectations as technological disruption and changing regulations require them to rapidly adapt and invest. In the midst of this upheaval, companies have announced record levels of deals, due in good part to these new challenges. Growth is still out there, just not necessarily in the places we've found it before.

Divergence

Volatility returned to global markets with a vengeance in the third quarter. A stronger US labour market put a much-postponed interest rate rise firmly back on the agenda, whilst the Chinese economy appeared to stumble in its attempt to shift its focus from investment and exports to consumption. Weaker Chinese demand combined with a stronger dollar created a double whammy for already depressed commodity prices. Falling commodity prices, weaker Chinese demand and a stronger dollar is a toxic cocktail for many emerging market economies, many of which have high levels of dollar denominated debt — albeit less so than during previous crises.

Asset performance in Q3 2015
% change over quarter



Source: Thomson Reuters Datastream

Recent global growth downgrades haven't been drastic, due to strengthening US and European economies. But, in trimming its GDP growth expectations for 2015 to 3.1% — from 3.3% expected in July, the IMF once again underlined global economic divergence. This year will be the fifth year of GDP decline for emerging markets and the best year for developed markets since 2010. The picture is more complex and connected than these simple narratives. India, helped by its reforms and position as a net oil importer, looks set to outpace most of the world with 7% growth. Developed markets have done many of the hard yards of recovery and companies are benefiting from improving growth — especially in Europe — but they are not decoupled from emerging markets' fates. China has been the bedrock of the global recovery since the financial crisis and, although its third quarter GDP growth doesn't suggest a hard landing, it's still below the accustomed speed. Developed market growth, whilst improving, cannot totally pick up this slack. A weaker China and lower commodity prices has also lowered the trajectory for inflation in most developed economies this summer — which brings us full circle back to the Fed.

Softer economic data and prices have inevitably increased speculation that US interest rates won't increase in 2015 — despite many official indications to the contrary. This theoretically could give the ECB and Bank of Japan room to conduct further monetary loosening to combat their growth and inflation concerns, whilst UK tightening expectations have been pushed back to late 2016. This 'loosening' speculation boosted equity markets and eased pressure on emerging markets as we started the fourth quarter — somewhat perversely, given the backdrop to any delay. Conflicting and uncertain narratives are enough in themselves to cause volatility; but, what complicates reaction further is what is increasingly looking like a misallocation of capital. Seven years of ultra-low interest rates have pushed investors along the yield curve into riskier and unfamiliar assets with fewer protections. Capital is focused in areas that might not be best placed to withstand US interest rate increases. This often means that there is no consistency — or proportionality — in market reaction.

Thus, whilst the global economy is stronger in many places than it has been in the last eight years and still has some levers left to pull, growth is still below par. Pockets of risk also remain that could still cause periodic market disruption — as we've seen this summer. Markets misshaped by monetary policy have the potential to correct rapidly and move contrarily on relatively minor shifts in sentiment. Structural changes, such as less diverse investor bases and banks' retrenchment mean that liquidity could drain quickly from riskier parts of the market — such as high-yield and emerging markets. As the IMF recently noted, liquidity might not be in decline but it is 'prone to evaporate'. Investment grade companies may not notice a significant shift in credit availability, but it will be felt at the margins. The fall in the oil price has obviously complicated the picture, by also lowering the amount of 'petrodollars' in circulation.

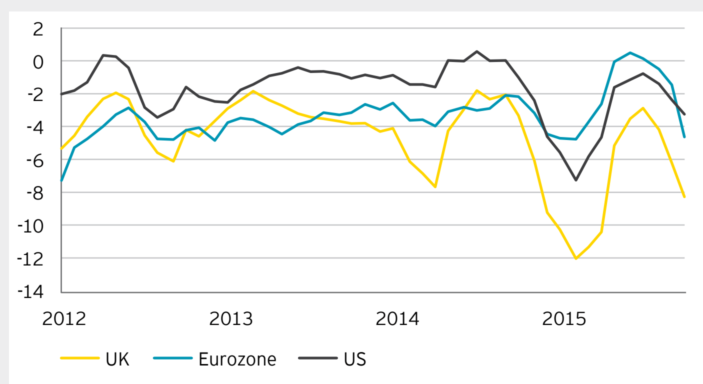
Economic and sector overview (continued)

Expectations dip again...

Summer uncertainties quickly passed into lower earnings expectations. Demand, price and currency volatility make harder for companies to forecast and plan and the next quarter could be equally testing for UK companies.

Earnings expectations dip again

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



Source: Thomson One

Commodity price weakness obviously contributed significantly to this latest expectations dip – and the negative impact isn't limited to natural resources sectors. Low commodity prices have been directly cited in 22% of profit warnings so far in 2015, with most warnings coming from outside of mining and oil & gas sectors as price pressure is pushed down the supply chain. Recent cuts in mining capacity and oil industry capex cuts suggest there is more pain to come.

Commodity related profit warnings in 2015

FTSE sector	No. of warnings
Industrial Engineering	9
Oil & Gas Producers	9
Mining	6
Oil Equipment, Services & Distribution	5
Support Services	5
Chemicals	2
Electronic & Electrical Equipment	2
Other	8

As our data highlights, there are also profit pressures closer to home. The domestically oriented FTSE mid-250 led the increase in profit warnings this quarter and consumer-oriented sectors featured heavily, despite being in a disposable income 'sweet spot'. Consumers are spending more – but are still looking for value, whilst competition from disruptive new entrants has increased the pressures on the top and bottom line. Meanwhile a quarter of warnings in the last 12 months have cited contract delay or disruptions, highlighting the still intense margin focus on business and government contracts. Profit warnings are also reflecting the burden of keeping up with the new entrants and trends. Almost 10% of warnings cited an unexpected increase in investment in Q3 15.

Profit warnings by FTSE Index

FTSE sector	Q4 14	Q1 15	Q2 15	Q3 15
AIM	49	37	35	41
FTSE Fledgling	9	8	5	2
FTSE SmallCap	12	10	7	13
FTSE mid-250	16	17	6	18
FTSE 100	7	5	4	4

Areas to watch:

- **Commodity capex:** falling prices are hitting some suppliers harder than extractors. Miners are cutting more capacity; oil industry capex will fall sharply in 2016.
- **Emerging market exposure:** particularly mature industries dependent on emerging economies for growth and higher margins, e.g., automotive and luxury personal goods.
- **'Silk road' excess:** companies exposed to China's overcapacity as its economy slows, e.g., building materials
- **Regulatory/legislative changes:** including areas like renewables and low wage sectors with minimum flexibility to negate the NLW, e.g., care homes, pubs and restaurants.
- **Contract dependent:** particularly software, computer services and outsourcing contractors – the 'canaries in the coalmine' of business confidence also exposed to renewed fiscal austerity via the upcoming Comprehensive Spending Review.
- **Tech bubbles:** more discerning investors will shakedown sectors like ad-tech that are highly fragmented and have just a few companies with compelling propositions.

Disruption

Amidst this drama, the UK growth story continues, but at a slightly softer rate. EY ITEM Club's autumn forecast predicts that UK GDP will grow by 2.5% in 2015, down from 2.7% predicted in the summer and the 2.9% achieved in 2014. Survey data from the third quarter highlighted increasing softness in manufacturing demand in particular, linked to global growth uncertainties. The next two years also look more testing on the domestic front. The Budget and Comprehensive Spending Review this autumn will renew the squeeze on government spending. Meanwhile, inflation and tighter fiscal policy will put pressure on disposable incomes. UK GDP is forecast to drop to 2.4% in 2016 and 2.3% in 2017, as consumer spending growth decelerates from 3% a year currently to just below 2%.

Thus further UK economic progress will be harder won, dependent on productivity gains and cracking tougher export markets. Companies are reacting robustly to this challenge by increasing business investment to its highest level as a share of GDP since 2000 and EY ITEM Club now expect this to reach a record high by 2019. Investment conditions have been ripe for some time, but an increase in the cost of labour due to the introduction of the National Living Wage (NLW) and the constant drum beat of change in many of the UK's major industries should spur companies on further. One of the reasons why UK profit warnings have remained high throughout the recovery is the rise in pressures from outside of the normal economic cycle. Industries are being disrupted by changes in regulation and technology, which require constant adaptation.

Of course, disruption isn't new. What's new is its speed and ubiquity, driven by the growing wave of global connectivity. There is scarcely an industry that isn't looking over its shoulder and thinking how it should react to new entrants, technologies and their impact on behaviours. Consumer and technology sectors tend to gather much of the attention in this area, but developments like metal additive manufacturing (3D printing) have the potential to significantly disrupt manufacturing supply chains.

Deals

With markets changing so fast and companies' profits being buffeted by many forces, we expect to see a greater divide in corporate experiences. Even in the same sector, companies could have very different outlooks depending on their operational agility and how well they have allocated their capital in terms of investment – and deals. Much of the current economic outlook now depends on the timing and skill of policy responses. Nevertheless, many of the issues highlighted in recent profit warnings relate to long-term adjustments in global and sector growth patterns that will also require companies to look beyond the current cycle.

Our Capital Confidence Barometer shows how companies have been consistently readying for the fight against low growth, shifting risks and disruptive realities with a strong focus on operation improvement and capital allocation. M&A has reached record levels in 2015, as companies have reshaped their businesses to generate the capital needed to invest in faster growing areas and invested in deals that will help them to consolidate, cut capacity, reduce costs and capture the expertise necessary to meet the demands of the new economy. We expect to see more of the same in the next twelve months as the global economy continues to adjust.

Warnings as a percentage of FTSE sector, Q3 2015

	Number of companies warning	Number of companies in FTSE sector	% of companies warning
Aerospace & Defence	1	10	10%
Alternative Energy	1	16	6%
Beverages	1	9	11%
Construction & Materials	2	34	6%
Electricity	2	15	13%
Electronic & Electrical Equipment	2	35	6%
Food & Drug Retailers	1	11	9%
Food Producers	2	25	8%
General Retailers	3	58	5%
Household Goods	1	25	4%
Industrial Engineering	3	37	8%
Industrial Metals	1	12	8%
Industrial Transportation	2	17	12%
Leisure Goods	2	13	15%
Media	9	74	12%
Mining	2	107	2%
Mobile Telecommunications	1	10	10%
Nonlife Insurance	1	12	8%
Oil & Gas Producers	1	81	1%
Oil Equipment, Services & Distribution	1	12	8%
Personal Goods	3	15	20%
Software & Computer Services	10	107	9%
Support Services	14	146	10%
Technology Hardware & Equipment	3	24	13%
Travel & Leisure	8	69	12%
Total	**77**		

Focus on sectors

FTSE General Retailers

FTSE General Retailers issued three profit warnings in the third quarter, down from five issued in the previous quarter. Summer is a traditionally quiet time for retail profit warnings as the sector looks forward to the all-important final quarter. The recent macro-economic environment appears to offer every advantage, but to cash in at Christmas retailers will need to win the unremitting and costly battle to keep pace with changing consumer behaviour. The now ubiquitous Black Friday will be the first and arguably the biggest test, followed by the long run into Christmas. It's all about who can capture consumer imagination, hold their pricing nerve and literally deliver the goods.

Bargain hunt

UK consumers have hit a sweet spot of rising employment, near-zero inflation, rising wages and low interest rates. Retail sales were volatile throughout the third quarter and distorted by the late bank holiday; but overall non-food sales rose by 3.7%, according to the BRC — ahead of the 3.3% twelve month average. The quarter certainly ended on a high note with strong September sales — albeit boosted by that late bank holiday, the Rugby World Cup and weak comparatives. Nevertheless, even with these advantages, 2.6% like-for-like sales growth looks healthy and is the fastest since January 2014 — excluding Easter distortions.

This is the first year since the financial crisis that wages have consistently risen faster than inflation and the headline numbers certainly suggest retailers can expect some festive cheer. Nevertheless, they also face significant challenges in their quest to turn the improved consumer outlook into a stronger bottom line. Bargain hunting — or more accurately value-hunting — now seems hardwired into the consumer consciousness. Consumer spending has increased year-on-year for the last two Christmases, but the average price of goods has fallen each time. Basically, consumers wanted more for less — despite their larger pay checks — a trend that has continued throughout 2015, as prices continue to fall. And the biggest discounting test is still to come.

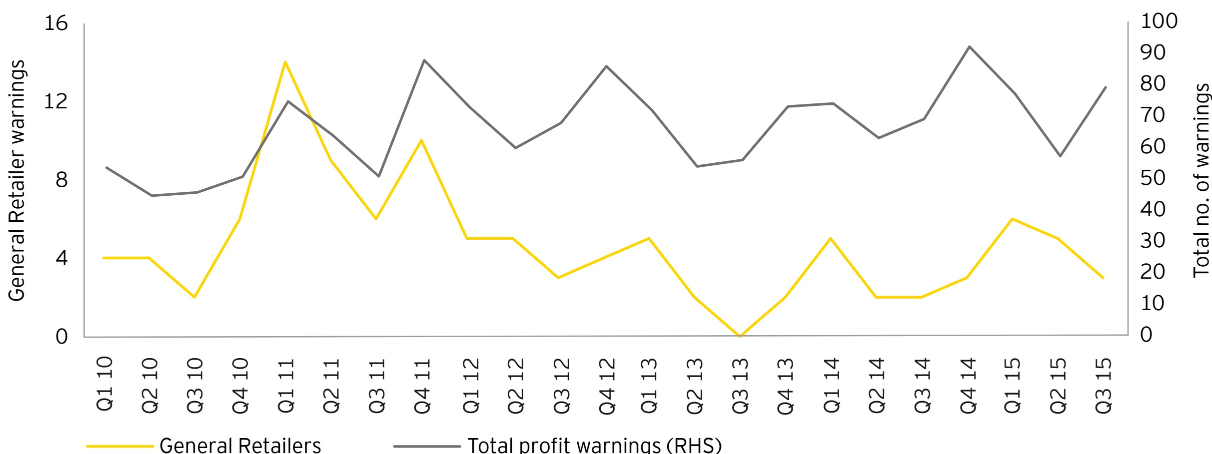
Black Friday on 27 November is expected to be bigger than ever. Media anticipation has already begun, talking of a '£1bn day' — compared with the record £800m spent last year. The event has completely changed the dynamics of the fourth quarter, turning it almost on its head, by pulling sales forward into one weekend that pushes retailers' systems to their limits and creates a price expectation that is hard to reign in. Last year many retailers underestimated demand and the strains that would be placed on their infrastructure. Soon we'll find out what lessons have been learnt in terms of staffing, pricing, stock control and fulfilment for this year. We expect to see more retailers bringing in specific lines for the event as part of their discounting strategy and making significant investments in staff and back-office to avoid backlogs. Nevertheless, there is a still a big element of the unknown and extending the season obviously adds additional costs.

Investment isn't just for Christmas

Keeping up with the latest shifts in technology and related changes in behaviour are also placing increasing demands on retailers' working capital, finance, buying functions — and ultimately profits. Online retail expenditure in the UK is forecast to rise by 44.9% in the coming five years to reach £62.7bn in 2020, according to Verdict. Online retail isn't just about the place we shop, but the way we shop and its influence on our expectations. Christmas or not, consumers are looking for value and for seamless service across all channels, with the bar constantly moving upwards. Fulfilment has become one of the main battle grounds, with competition for speed and convenience hotting up.

Getting the right people and the right culture is vital to encourage innovation. A number of retailers have recently looked outside the sector to bring in new ideas and expertise. At the same time, the sector can't take its eye off the basics as it faces greater

FTSE General Retailer profit warnings vs. total profit warnings



challenges to growth and profits. The EY ITEM Club expects consumer spending growth to drop back to 2.6% in 2016, from 3% in 2015. Retailers will also need to think about how they will mitigate against the extra cost of the National Living Wage. Raising prices in this environment will be tough, placing the emphasis on operational improvements and more innovative ways to trim costs, including partnerships to ensure that retailers are using their physical and virtual assets — like data — to the maximum. We may also see more retailers retreat back to their core — by geography and market — to provide greater focus.

FTSE Travel & Leisure

FTSE Travel & Leisure companies issued eight profit warnings in Q3 15, the highest number for almost eight years. It's a striking increase in the context of improving disposable incomes and consumer confidence. Some of the warnings can be attributed to one-off factors. But, like retail, the sector isn't immune to disruptive forces that provide further earnings challenges.

One offs...

This is a diverse sector, covering a range of activities from airlines to pubs and gambling. What these sectors have in common is their dependence on disposable income. This was a difficult position to be in during the last recession; but the sector's profit warnings are actually at their highest since 2007 — despite the other obvious benefit of a low oil price.

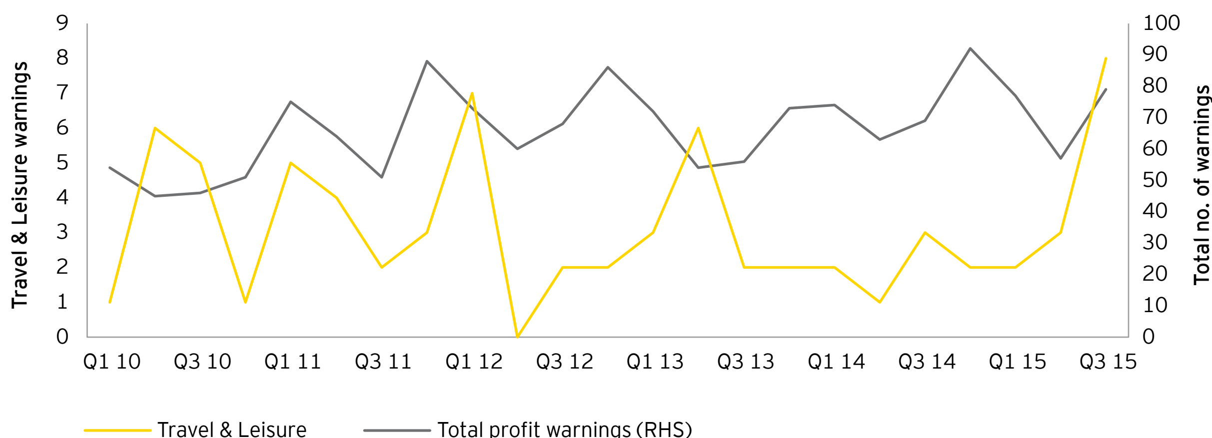
To some extent this increase is due to one-off events. Tunisia and Greece are obviously major UK holiday destinations and volatile exchange rates also hit exposed travel companies early in the season. They recovered some of this ground later in a wash-out August; but this bad weather dented spending in UK pubs and restaurants. A median share price drop of around 5% — compared with 10.8% overall — suggests investors believe these warnings will have a limited impact. Although, there are never any guarantees with a British summer and travel is an inherently volatile sector. Obviously some companies will be more exposed to certain factors, but highly differentiated growth levels in some sub-sectors suggest that some companies have built-up greater operational and forecasting resilience.

...but also disruptive forces

These profit warnings also highlight fundamental challenges that will at the very least separate the strong and agile from the rest of the pack. The need to invest to embrace the digital challenge is a recurring theme. The retail sector shows how quickly barriers can break down, especially when technology finds a way to cut across supply chains, capture consumers' imagination and marry improved experience with convenience. In gambling, digital is making strong inroads and UK remote-gambling revenues increased by 50% to £3bn in the four years to 2014, according to the Gambling Commission. Online now dominates airline bookings, but has yet to disintermediate the convenience and comfort of using a travel agent. A recent ABTA survey showed that online booking is expanding and was used by 32% of customers; but most still booked their main family holiday with a travel agent.

A digital half-way house has its complications. For travel and gambling 'incumbents' exposed to online competition, maintaining some legacy high-street operations, whilst also investing in technology and marketing is proving increasingly expensive. Cost pressures are a common theme in the sector's profit warnings, from increasing competition to changes to regulation and legislation. These look set to build with the introduction of the National Living Wage (NLW), new EU regulations on airline delays and higher Machine Games Duty. The NLW looks set to hit companies that have high labour-to-sale ratios and limited

FTSE Travel & Leisure profit warnings vs. total profit warnings



flexibility to raise prices or cut costs, such as managed pubs and restaurants. In 1999, companies faced a similar scenario with the introduction of the National Minimum Wage and the impact was effectively cancelled out by increased consumer spending. But, fiscal austerity could limit the upside this time around. EY ITEM Club expects consumer spending growth to drop significantly in the next two to three years.

Keeping up

Spending in this sector can show remarkable resilience. Even in the last recession, UK consumers still took their annual holiday and spending on eating out has expanded in the last few years, while food shopping bills fall. Companies in many parts of the sector will also be able to benefit from any rise in inbound travel. Nevertheless, as we've seen this quarter, it's becoming tougher and costlier for individual companies to capture that consumer pound.

Consolidation and portfolio adjustment have risen up the agenda in response to these pressures. As confidence grows, customers also tend to expand their horizons and look for a more differentiated experience. The shift away from a one-size fits all model normally benefits smaller companies. Major operators are increasing their CRM focus to meet demands for a more personalised experience — and this need for a tailored approach could encourage more deals. Partnering is another option — such as the links built between travel, hotel and pub and restaurant groups and review sites to provide greater reassurance and connectivity.

FTSE Media

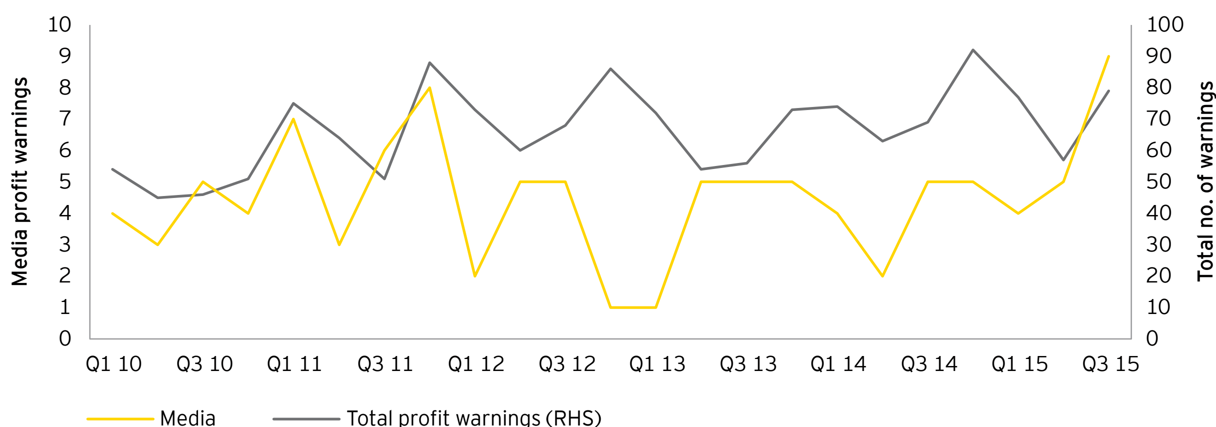
Companies in the FTSE Media sector issued nine profit warnings in the third quarter, the highest number since Q1 09. In the year-to-date, 22% of the sector has issued a profit warning — up from 17% at the same point last year. Economic uncertainty obviously has an impact on advertising revenues, with knock-on effects throughout the sector — a theme picked up in recent profit warnings. But the decline in ad-revenues isn't extreme and what is becoming more obvious is the fundamental tussle between the old and the new — or, in many cases, the new and the newer.

Constant flux

The media sector is no stranger to transformation, but the current pace of technological and behavioural change has upped the ante. The blurring of the lines between media and telecoms, content's increasing importance, the transformative impact of mobile technology and the radical changes this has made to media planning and buying creates a fluid and highly competitive environment. There is great opportunity to capture growth in these new markets; but there are also areas that are already overcrowded with question marks hanging over business models — similar to the dot.com boom. Technology also has the ability to hinder media markets, as exemplified by the rise of ad-blocking software, which has an impact through the ad-exchanges and onto publishers.

Thus even in faster growing digital areas, we're still seeing profit warnings as companies struggle to realise their profit forecasts. In more traditional areas, some companies have legacy businesses in decline, whilst digital ventures struggle to make up the shortfall. The cost of investment just to keep up also weighs on profits. Companies have responded by reassessing their portfolios to prioritise areas for investment and to use released capital to build their expertise and digital exposure, buy content and to boost growth. The larger players are obviously in a strong position and we expect to see more consolidation and cross-sector M&A; although finding the right asset at the right price remains an ongoing issue.

FTSE Media profit warnings vs. total profit warnings



Q3 2015 — 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
Alternative Energy	under £200m	1							1
Beverages	£201m-£1bn							1	1
Construction & Materials	under £200m	1							1
	over £1bn	1							1
Electricity	under £200m					1			1
	over £1bn						1		1
Electronic & Electrical Equipment	under £200m				1				1
	£201m-£1bn				1				1
Food & Drug Retailers	under £200m	1							1
Food Producers	under £200m	1			1				2
General Retailers	under £200m			1					1
	£201m-£1bn				1				1
	over £1bn		1						1
Household Goods	under £200m		1						1
Industrial Engineering	£201m-`£1bn					1	1		2
	over £1bn		1						1
Industrial Metals	£201m-£1bn	1							1
Industrial Transportation	£201m-£1bn	1			1				2
Leisure Goods	under £200m		1		1				2
Media	under £200m	4				2			6
	over £1bn	1							1
	£201m-£1bn	1						1	2
Mining	under £200m	1							1
	over £1bn					1			1
Mobile Telecommunications	under £200m	1							1
Nonlife Insurance	£201m-£1bn				1				1
Oil & Gas Producers	£201m-£1bn	1							1
Oil Equipment, Services & Distribution	£201m-£1bn	1							1
Personal Goods	under £200m					3			3
Software & Computer Services	under £200m	4	2		2			1	9
	£201m-£1bn				1				1
Support Services	under £200m	1	2		1	1	1		6
	£201m-£1bn	1		2	1		3		7
	over £1bn				1	1		1	3
Technology Hardware & Equipment	under £200m				1			1	2
	£201m-£1bn				1				1
Travel & Leisure	under £200m	1			1			1	3
	over £1bn	1	1		2	1			5
Grand total		**26**	**9**	**3**	**18**	**11**	**6**	**6**	**79**

Number and percentage of warning companies by turnover and region, 2009–Q3 2015

Number and percentage of warning companies by turnover, 2009–Q3 2015

	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%
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%
4-year average	41	57%	18	25%	13	18%	71	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–Q3 2015

	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%
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%
4-year average	22	31%	10	14%	6	8%	4	6%	16	22%	7	9%	7	10%	71	100%

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