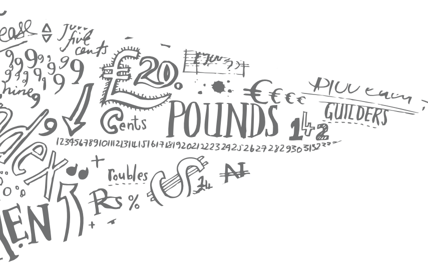
# Analysis of profit warnings

**Issued by UK quoted companies**



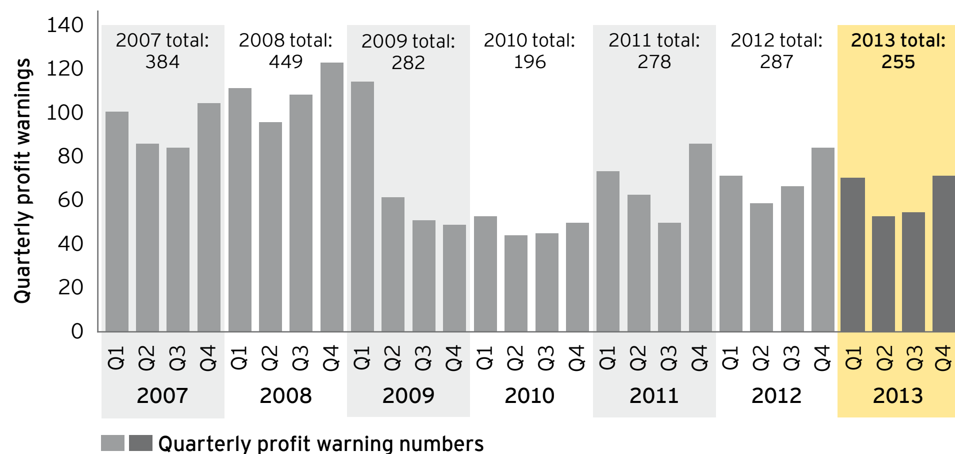
## FTSE 350 leads increase in profit warnings

"Global growth anxieties reduced profit expectations in late summer, with earnings downgrades spilling into Q4."

UK profit warnings fell to a three-year low in 2013, but with a last quarter twist. UK quoted companies issued 73 profit warnings in Q4, a 30% increase on the previous quarter. The rise looks incongruous next to improving economic data. However, global growth anxieties reduced profit expectations in late summer, with earnings downgrades spilling into Q4. The FTSE 350 felt these headwinds the keenest, issuing as many profit warnings as Q4 2008.

The global recovery will gather strength in 2014. Companies geared to recovery after years of cost cutting should see earnings rise. However, there are still challenges ahead. The UK recovery is still lopsidedly reliant on the consumer. The steadying of emerging and Eurozone markets represent a period of remission, rather than cure. UK companies reliant on these markets face a double whammy of below-par growth and weaker currency translation, as sterling strengthens in anticipation of higher UK interest rates. Low inflationary pressure should delay UK monetary tightening to 2015, but the countdown has begun. Central banks have smoothed the path to recovery for many years, but that era is slowly concluding and companies need to be fit for the next stage of the recovery as more options open up for stakeholders.

**Profit warning numbers, Q1 2007–Q4 2013**

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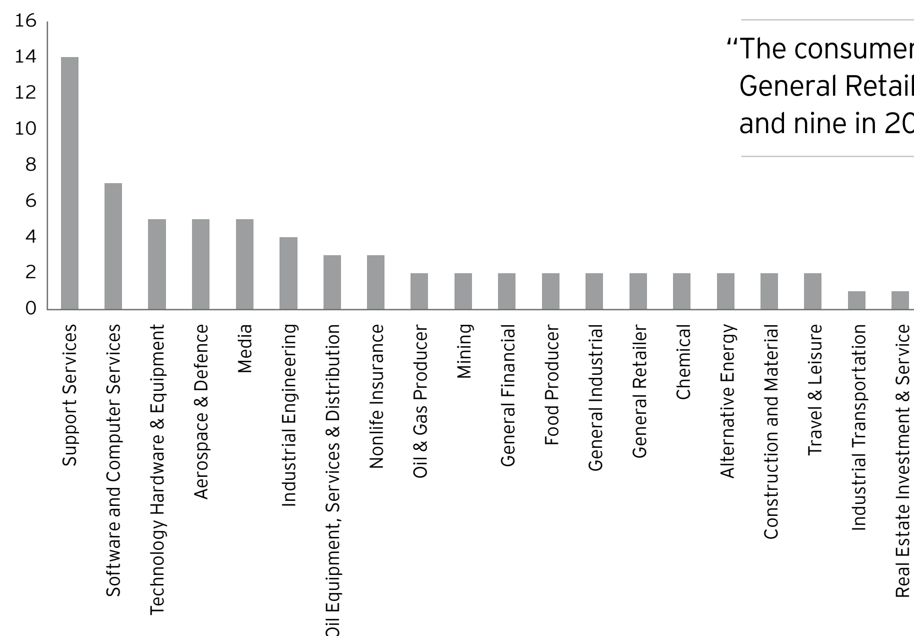
# Profit warning highlights

- The number of UK companies issuing profit warnings reached a three-year low in 2013, reflecting an improving economic backdrop across the year.
- However, in a final twist, UK quoted companies issued 73 profit warnings in Q4, a rise of 30% on the previous quarter. This is the biggest quarterly rise in two years.
- Emerging market anxieties, the US shutdown and a comparatively stronger pound hit profit expectations at the end of Q3, with earnings downgrades spilling into Q4.
- FTSE 350 felt these headwinds the keenest, issuing 31 warnings in Q4 2013 — as many as Q4 2008.
- The consumer revival is the story of 2013. FTSE General Retailers issued just two warnings in Q4 and nine in 2013, the lowest annual number recorded in 14 years. However, retailers who can't meet consumers' changing needs are still losing out.
- Sectors without exposure to the consumer fared less well. Business services, industrial sectors and companies exposed to volatile natural resources markets and the US shutdown issued the most profit warnings in Q4 and 2013 as a whole.
- The FTSE sectors with the highest number of proportion of companies issuing profit warnings in 2013 were Aerospace & Defence (55%) and General Industrials (54%).
- The FTSE sectors with the highest number of companies issuing profit warnings in Q4 2013 were FTSE Support Services (14) and FTSE Software & Computer Services (7).
- The FTSE sectors with the highest proportion of companies issuing profit warnings in Q4 2013 were Aerospace & Defence (45%), Oil Equipment, Services & Distribution (25%) and Technology Hardware & Equipment (17%).
- The FTSE Support Services sector continues to issue a high number of warnings, despite a rapid improvement in industry surveys. Volumes may be increasing, but public and private sector alike are keeping a tight control on costs, resulting in tight margins, intense competition and little room for error.
- A quarter of FTSE Oil Equipment, Services & Distribution companies issued profit warnings in Q4 2013. The global oil services sector is undergoing a significant adjustment as international oil companies reduce their capital expenditure. Tight margins also leave the sector vulnerable to profit warnings.
- More than 10% of profit warnings this quarter cited higher than expected investment or research & development costs. This suggests companies are investing more to meet demands of recovery and structural change.
- The median share price fall on the day of warning fell to 8.4%, the lowest since 2005. However, market reaction fluctuated significantly, from median falls of 5.6% in October to 10% in December. Again, the size of the fall appears to follow US QE taper expectations — and action.

## Profit warnings by sector, Q4 2013




> "The consumer revival is the story of 2013. FTSE General Retailers issued just two warnings in Q4 and nine in 2013."

# Economic and sector overview

## Recovery finding its feet

In terms of growth, 2013 beat all expectations. However, upgraded economic forecasts still come with cautionary notes. The UK recovery is still lopsided. Tensions in emerging and Eurozone markets and the US shutdown didn't spill over into crisis last summer, but the underlying issues remain unresolved. Furthermore, the tapering of US monetary support signals a new stage in this recovery, where companies will increasingly need to drive 'natural growth' and rely on their own mettle. A strengthening global economy will help, but adjustment won't be easy.

### UK recovery stronger, but lacking vital ingredients

A steady stream of positive economic data has brought another round of upgrades for the UK economy. The EY ITEM Club now expects GDP growth to hit 1.9% in 2013, compared with their autumn prediction of 1.4%. It is a strong figure – the best since 2007 – however, this rapid improvement is primarily due to an increase in consumer spending, which is unsustainable in the absence of a rise in disposable income. Falling unemployment and inflation brings this prospect closer, although average wage growth is still 0.9% against 2% inflation and it may be 2015 before UK households experience 'real' wage growth. Moreover, any growth based on consumption maintains the age-old unsustainable imbalance at the heart of the UK economy. A balanced recovery needs stronger contributions from investment and exports. In 2013, progress was slow in both areas. Balance of trade figures in particular remained stuck in a deficit rut.

Investment and exports should increase their contributions to UK GDP in 2014, aided by faster growth in global markets and growing business confidence. This could increase GDP growth to 2.7% in 2014, according to the EY ITEM Club. However, such a rapid pace of recovery opens up new challenges - most significantly the path of monetary policy. The UK economy is clearly not ready to withstand an interest rate rise in early 2014, when unemployment now looks certain to dip below the Bank of England's 7% forward guidance threshold. Debt to income ratios have improved, but remain at historically high levels. Many companies have used a period of low interest rates to lower their debt levels and refinance on better terms, but a vulnerable and leveraged tail remains. Similarly, the Resolution Foundation reports that around 600,000 households spend over 50% of their disposable income on debt repayments – a number that could hit 1.1 million by 2018, if interest rates rise to 3%. The Bank of England has made it clear that the 7% unemployment figure isn't a trigger for an interest rate rise and its latest Financial Stability Report – cautions against any increase before real wages improve. The Bank also seems likely to nuance its forward guidance and reassure the markets that the first interest rate rise is unlikely before 2015. However, currency and gilt markets are clearly already in countdown mode.

### Global recovery stronger, with caveats

The 30% quarterly rise in UK profit warnings in the final quarter of 2013 seems incongruous in this context. Growth is patchier in sectors not facing the consumer. However, the late-summer market tensions and downgrades to global growth forecasts appear to have had the bigger impact on earnings forecasts. Certainly, large-cap companies led the increase in Q4 2013. The FTSE 100, which receives almost 80% of its revenues from overseas markets and 30% from emerging markets, issued the most warnings since Q1 2009. The FTSE 350 issued the same number of warnings in Q4 2013 as the same quarter in 2008, the height of the financial crisis.

The US shutdown and emerging market concerns in particular dented hopes for a strong end to 2013. Those fears seem somewhat assuaged, following the US budget agreement and an easing of market tensions in emerging economies. However, growth is still slow, emerging economies are still perilously unbalanced and the potential for market flare-ups remains. The IMF recently raised forecasts for the global economy and emerging markets, but the pick-up is slight for 2014. The IMF predicts growth of 5.1% in emerging markets for 2014, up from 4.7% in 2013, but well below the 6.7% recorded in 2011. Companies reliant on emerging economies to offset maturing markets and those converting back from weakened currencies into strengthening sterling are still finding the going tougher in 2014. The delayed and understated start to US monetary tightening has helped emerging economies to prepare to some extent for slower capital flows. However, further spells of market anxiety are possible and could cause financial flows to developing countries to fall by as much as 80%, according to the World Bank.

Meanwhile, the Eurozone outlook provides less immediate cause for concern, with the region out of recession and 'periphery nations' that are independently raising debt. However, growth is still slow and deflation is a new risk on the ECB's long list. There is also unresolved tension between regulators wanting banks to hold more capital and the broader policy aim to lift growth, via increased credit availability and bank lending. Asset Quality Reviews (AQR) may restore bank stability, but only after a lengthy process. Capital markets are filling gaps in funding for larger companies, but banks are still the main source of capital for the vast majority of Europe's companies.

### Challenges in a new era

Overall, it's an improving picture, but there are clear challenges ahead for companies in the next stage of the cycle. Monetary stimulus pulled economies back from the brink in 2008–09, eased the path to recovery and papered over some of the cracks in the global economy. Persisting with low interest rates creates its own dangers, as investors engage in an increasingly riskier search for yield. However, even a slow tapering of US monetary policy will begin to expose these lingering global imbalances and there may be a few bumps in the road, as companies, and economies adjust.

In this context, the Fed move to taper monetary support might be small, but it is symbolic. It marks a shift to a new era where markets can no longer rely upon an unending supply of cheap funding. Companies will also need to think about how they grow using their own mettle and without the crutch of low interest rates. Operational and financial fitness will be all the more vital, since the improving outlook gives stakeholders greater ability to address underperforming assets. Business will also need to think carefully about their capital needs and allocation and how they will achieve growth in this environment – especially as M&A and IPO markets open up.

# Economic and sector overview (continued)

## Industrial and service sectors lead profit warnings in 2013

The consumer revival helped to keep profit warnings low across consumer-facing sectors in 2013. FTSE General Retailers are particularly notable by their absence in the top five FTSE sectors warning in 2013. In 2011, FTSE General Retailers led the way with 39 warnings, but this total fell to record low of nine in 2013. The boosted housing market has also had a positive impact across the construction supply chain. There were no profit warnings from the major house builders in 2013, whilst warnings from FTSE Construction & Materials companies fell to seven in 2013 from 17 in 2012. These sectors should continue to see low levels of profit warnings in 2014 as consumers see their prospects improve.

The FTSE Travel & Leisure Sector was one of the few consumer-related sectors to see profit warning numbers increase year-on-year, up from 11 to 13. Gambling companies issued five of the warnings, blaming unhelpful results and regulatory scrutiny that will continue in 2014. The travel sector ostensibly had an easier year with lower fuel costs, higher volumes and fewer disruptions. However, as with the rest of the consumer services sector, companies that failed to meet changing customer needs and offered poor service continued to suffer at the expense of more capable rivals.

Profit warnings from FTSE Support Services companies stayed within a whisker of 2012's figure, despite surveys showing significant improvement in activity. Support Services is the UK's largest FTSE industry group, but 45 warnings from 37 companies still equates to almost one quarter of the FTSE sector warning in 2013. The sector's reliance on contract awards and their execution within tight margins will leave it prone to profit warnings, even if volumes rise. Public sector contracts have also come under increasing scrutiny, limiting the expected benefit to outsourcers from renewed government cost cutting.

Top 5 FTSE sectors by number of companies warning in 2013

| | | 2013 | 2012 |
|---|---|---|---|
| 1 | **Support Services** | 45 | 46 |
| 2 | **Software & Computer Services** | 30 | 24 |
| 3 | **Media** | 16 | 13 |
| 4 | **Travel & Leisure** | 13 | 11 |
| 5 | **General Financial** | 13 | 12 |
| | **Total warnings** | **255** | **287** |

Top 5 FTSE sectors by % of companies warning in 2013

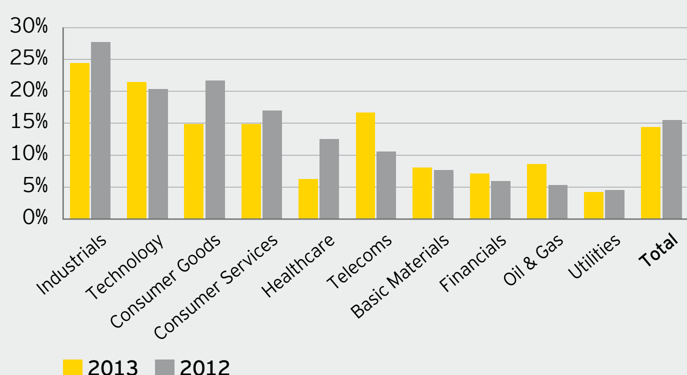
| | | 2013 | 2012 |
|---|---|---|---|
| 1 | **Aerospace & Defence** | 55 | 55 |
| 2 | **General Industrials** | 54 | 31 |
| 3 | **Tobacco** | 50 | 0 |
| 4 | **Mobile Telecoms** | 33 | 11 |
| 5 | **Alternative Energy** | 29 | 7 |
| | **Total % warning** | **15.5** | **14.4** |

Warnings as a percentage of FTSE sector, Q4 2013

| | Number of companies warning | Number of companies in FTSE sector | % of companies warning |
|---|---|---|---|
| Aerospace & Defence | 5 | 11 | 45% |
| Alternative Energy | 2 | 14 | 14% |
| Banks | 1 | 8 | 13% |
| Chemicals | 2 | 19 | 11% |
| Construction & Materials | 2 | 32 | 6% |
| Electronic & Electrical Equipment | 1 | 37 | 3% |
| Food Producers | 2 | 26 | 8% |
| Gas, Water & Multiutilities | 1 | 8 | 13% |
| General Financial | 2 | 132 | 2% |
| General Industrials | 2 | 13 | 15% |
| General Retailers | 2 | 46 | 4% |
| Industrial Engineering | 4 | 38 | 11% |
| Industrial Transportation | 1 | 17 | 6% |

Industrial sectors had a mixed 2013. The FTSE General Industrial sector had a tough time, primarily due to price and demand pressures on containers and packaging companies. The FTSE Aerospace and Defence sector saw demand disrupted by the US budget impasse, but the long-term fall in global defence spending is the bigger, more worrying picture. Profit warnings from engineering sectors dipped mid-year, but picked up in the final quarter as European and emerging markets stuttered. The emerging market slowdown also hit a number of industries, but most obviously those reliant on demand for natural resources. Slower growth in emerging markets also continues to squeeze telecoms and technology companies, whilst rapid technological change has also increased the risk of being reliant on the 'wrong' product.

### Percentage of FTSE super-sectors warning in 2013




Faster growth should help companies issue fewer profit warnings in 2014. However, the year has started with a similar pace of alerts to 2013 and the fall may be less rapid than the pace of economic recovery would suggest. Volatility and uncertainty trigger profit warnings and, although the global recovery appears to have found a firmer footing, much of this confidence is still based on tapering central bank support. A faster than expected UK recovery is also increasing currency related profit warnings, as the pound strengthens in anticipation of interest rate rises - irrespective of the official line. Four companies have cited adverse currency translation in their profit warnings in the first three weeks of 2014 – already half way to 2013's total – with currency concerns featuring in numerous other statements. Increasing volumes does not always equate to falling profit warnings if there are other pressures on earnings. Companies in sectors offering services to business and government, remain under pressure to meet tough price demands, keeping margins tight and increasing vulnerability to profit warnings. The rapid pace of structural change, especially where technology is changing the way companies go to market, is also heaping pressure on companies. Around a tenth of warnings in Q4 2013 cited higher than expected costs of investment and R&D.

"A faster than expected UK recovery is also driving more currency related profit warnings, as the pound strengthens in anticipation of interest rate rises – irrespective of the official line."

| | Number of companies warning | Number of companies in FTSE sector | % of companies warning |
|---|---|---|---|
| **Life Insurance** | 1 | 10 | 10% |
| **Media** | 4 | 74 | 5% |
| **Mining** | 2 | 112 | 2% |
| **Mobile Telecommunications** | 1 | 9 | 11% |
| **Nonlife Insurance** | 2 | 14 | 14% |
| **Oil & Gas Producers** | 2 | 90 | 2% |
| **Oil Equipment, Services & Distribution** | 3 | 12 | 25% |
| **Real Estate Investment & Services** | 1 | 83 | 1% |
| Software & Computer Services | 7 | 106 | 7% |
| Support Services | 14 | 154 | 9% |
| Technology Hardware & Equipment | 5 | 29 | 17% |
| Travel & Leisure | 2 | 63 | 3% |
| **Total** | **71** | | |

# Focus on sectors

## FTSE General Retailers

It was a mixed Christmas for retailers, with a broad spectrum of results. Overall, sales were up, a number of retailers reported much improved results and retail profit warnings dropped back to their lowest Q4 level for four years, albeit helped by weak surveys that dampened market expectations. The FTSE General Retailers sector issued two profit warnings in the final quarter of 2013, with one further warning a piece for the FTSE General Retailers and FTSE Food & Drug Retailers sectors in the first three weeks of 2014. This compares with four warnings from all retail sectors in Q4 2012 and six in Q1 2013. However, trading statements also tell a story of a bruising Christmas for many retailers who didn't get their proposition and strategy right. The winners this Christmas generally had one or more of three linked elements: they held their nerve on pricing, they nailed their bricks and clicks offering and they hit the 'value for money' or brand sweet spot.

### Discount Christmas

It was clear from the start of the final quarter that it would be a hard fought festive season. The weather remained unseasonably mild in October, which put fashion retailers on the back foot. Disposable incomes remained under pressure, consumer confidence dipped and summer's sales momentum slipped. The British Retail Consortium (BRC) survey showed October's like-for-like sales growing by just 0.8%, well below the Q3 average of 1.6%.

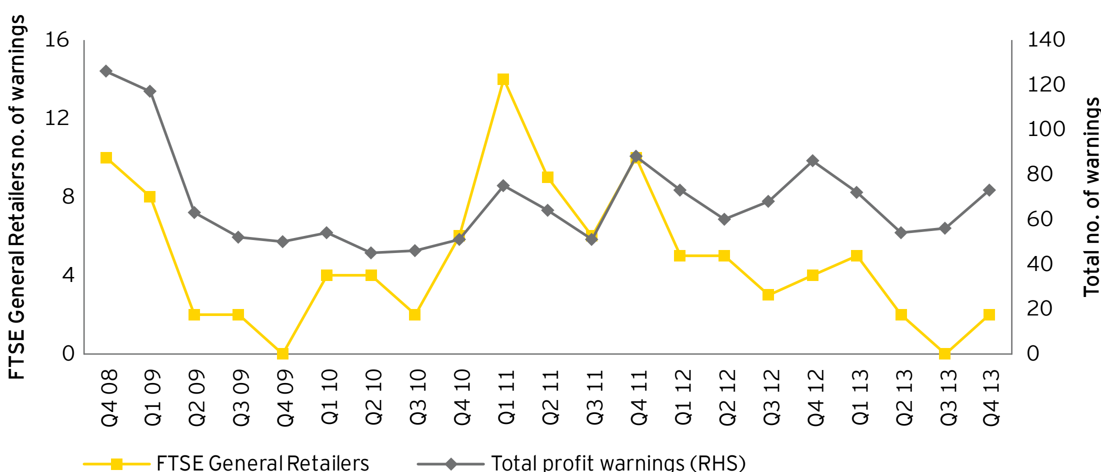
To help jump-start the festive season, many retailers embraced the US concept of 'Black Friday'. However, this tactic appeared to focus rather than increase sales. November's overall like-for-like sales remained lack-lustre at 0.6% and December started exceptionally slowly for retailers. Consumers seemed determined to hold out to the last moment to shop for Christmas and the weather once again moved against the high street. In this context, it was tough for some retailers to hold their discounting nerve. Red sale signs spread across shop fronts and home pages from early December and it is hard to tempt consumers back to pay the full ticket price after they have experienced discounts. Shop prices fell by 0.8% in December — the largest fall since the survey began in 2006.

### Value, bricks and clicks

This deep discounting may have driven last minute sales at Christmas – official and BRC surveys disagree on the eventual outcome – but whatever boost there was, it came at a high price for some retailers. The immediate effect on margin is obvious, but there is often a long-term impact on brand value for those with unremitting sales. Those retailers that managed to discount strategically and on their own terms were amongst the winners this Christmas and this should hold them in good stead into 2014.

Clearly, it is easier to avoid unplanned discounting if tills are ringing. Retailers that hit the brand and 'value for money' sweet spot and got their product and channel strategies right discounted the least. 'Value' does not equate to 'cheapest'. Undoubtedly, discounters had a good Christmas, but so did high-end retailers. What is vital is customers' perception of 'value for money' and their trust in a brand, product and service. In terms of channel strategy, the internet continues to revolutionise the way we shop and engage with retailers. Consumers spent one in five pounds online this Christmas and footfall patterns show an increasing number of consumers are researching and often buying before they leave their homes. Certainly, the rise of 'click and collect' was one of the big themes of Christmas 2013. However, whilst having a strong online channel certainly helped many retailers to stay ahead of the game, it was no panacea this Christmas. Retailers who offered flexibility between different channels, including

### FTSE General Retailers profit warnings vs. total profit warnings



smooth click-and-collect and delivery services did well, but only if they offered the product and service level customers wanted. Conversely, stores with no online offering could out-perform, if they met consumers' desire for convenience in other ways.

### Feeling the squeeze in grocery

These online, value and convenience trends are clearly visible in grocery retail. Online sales of non-food items rose by nearly a fifth in December, according to the BRC - the fastest rate since March 2010. As much as 15% of UK grocery sales, worth £900m, were booked online between 20 and 23 December, compared with an average of 5.5% throughout 2013. However, convenience stores also performed well, as did discounters with no-online presence, but a strong value proposition. The successful repositioning of discount retailers, from 'price' to 'value', meant consumers didn't automatically return to the 'big four' at Christmas, as they have in previous years. Premium grocery retailers also performed well, again highlighting the diversity of consumers' value perception. This squeezed the 'big four' supermarkets, who all lost market share.

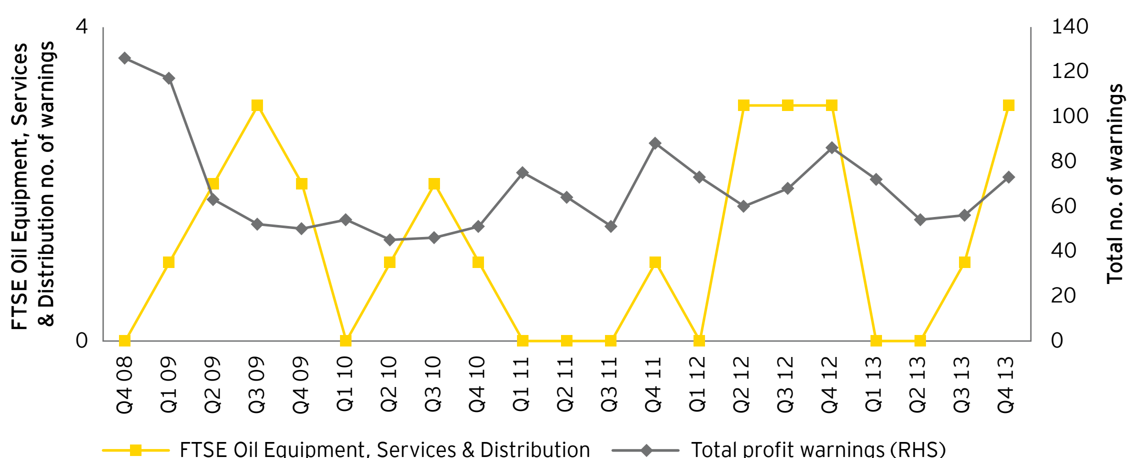
### Proposition and multichannel in 2014

Looking into 2014, the consumer outlook is still improving, but total retail sales are unlikely to race ahead. In our recent webcast survey, 41% of respondents said disposable income pressure would be the biggest challenge for retailers in the next 12 months. Inflation is moving closer to parity with wage rises, employment is rising and house-buying schemes should drive sales in related sectors. However, it will take time to for real wages to rise and recovery may bring new challenges. The first interest rate rise is unlikely to come before early 2015, but the countdown has certainly begun. Debt ratios have fallen since the financial crisis, but they remain at historically high levels with a long tail of highly leveraged households. Retailers will be in competition with each other and leisure companies for a limited pot and capturing market share will remain vital for growth.

To do this, retailers will need to be at the top of their game. Ultimately, retail success is always about understanding and engaging the customer. Proposition and multi-channel were the two value drivers picked during our retail webcast as the most important in 2014. Getting this right will be challenging. Online channels require heavy investment and the last delivery mile eats substantially into margins. Encouraging 'click and collect' options will help to protect the bottom line. Retailers will need to keep the number and location of stores under review. Supermarkets in particular are thinking of innovative ways to use excess space, using partners to create retail destinations and drive footfall. Retailers should also be improving data capture and analysis and harnessing data generated from online sales to facilitate better operational decision-making and offer a clearer picture to stakeholders.

The outlook is improving and retailers that are meeting consumers' needs are thriving. Retail IPOs are in the headlines again and private equity interest is increasing — a sure mark of increasing confidence in the sector. However, undoubtedly some retailers will struggle to make the investment required or adapt their models to new retail realities.

### FTSE Oil Equipment, Services & Distribution profit warnings vs. total profit warnings



## FTSE Oil Equipment, Services & Distribution

A quarter of UK companies in the FTSE Oil Equipment Services & Distribution sector issued profit warnings in 2013. This is part of a global pattern with around two dozen alerts from global oilfield service companies in 2013, mainly concentrated in the final quarter. Although the oilfield service sector is still profitable with excellent long-term prospects, a number of factors hit the sector in 2013, resulting in a painful adjustment in profit expectations. The oilfield services sector's business mix is typically made up of contracts for existing facilities, where spending is linked to operational expenditure and newer greenfield projects, linked to capital expenditure. Each had their challenges in 2013.

### Project delays and complexities

The oilfield service sector is profitable, but has several characteristics that make it vulnerable to profit warnings. Oil and gas price and capital spending cycles, supply chain complexities, technical challenges, and geopolitical issues can all cause project delays and disruptions can be commonplace.

Changing industry dynamics have heightened this vulnerability in recent years. The move into deeper and more challenging basins and larger and more challenging projects — on and off shore — creates more technical and operational challenges for oilfield service companies. Many delays are caused by International Oil Companies (IOCs) deferring project developments. This is mostly due to the increased size, costs and risks of many greenfield projects, but also the growing calls for efficiency and greater focus on returns. Contractors exposed to National Oil Companies (NOCs) have been able to mitigate the effects of IOC deferrals, due to NOC's different investment criteria and lower number of project delays.

All of the FTSE Oil Equipment, Services & Distribution companies issuing profit warnings in 2013 cited project delays as one of their reasons for warning.

### Execution issues

Competition has intensified, encouraging more aggressive tendering for contracts. Price and the ability to provide turnkey contracts have been key differentiators in bids, especially for contractors bidding on large contracts in the Middle East against South Korean competition. As a result, certain oilfield service companies' backlogs contain several fixed price contracts with thin margins, offering little or no leeway if something goes wrong. A rapid increase in costs in recent years, in particular due to strong demand for skilled labour — both local and expatriate, has stretched these margins even further.

Given greater project challenges and increased competition, execution and project management of large lump-sum fixed price contracts becomes exceptionally important — since a loss on one project could potentially jeopardise full-year earnings. This is true, from small contractors up to the largest and most experienced, as highlighted in the offshore sub-sea sector in 2013.

### Business diversification and operational excellence vital to success

There are actions that companies can take to mitigate the impact of these adverse trends. Successful companies will have diversity in their geographic coverage, customer mix (IOCs and NOCs) 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.

The European sector may see more sector consolidation as companies look to improve their levels of diversity and face increasingly large and challenging projects, requiring strong balance sheets. Companies should also be thinking about their operational efficiency, particularly working capital and risk management processes. This is especially important for those involved in lower margin or lump-sum contracts.

With oil prices above $100/barrel and strong market fundamentals for the oil and gas industry, these profit warnings should be transitory and should not deter from the strong medium-term prospects of UK oilfield service companies.

EY will be hosting an Oil & Gas intermediaries networking event in London on 7 March. For further details, please contact Ailsa McGrahan, AMcGrahan@uk.ey.com

# Q4 2013 — by sector, size and region

| FTSE Sector | Turnover band, £mn | London | Midlands/ East Anglia | North West | South East | South West/Wales | Yorkshire/ North East | Scotland and NI | Grand total |
|---|---|---|---|---|---|---|---|---|---|
| Aerospace & Defence | £201m-£1bn | | | | 2 | | | | 2 |
| | over £1bn | 1 | | | | 2 | | | 3 |
| Alternative Energy | under £200m | 1 | | | 1 | | | | 2 |
| Banks | over £1bn | 1 | | | | | | | 1 |
| Chemicals | under £200m | | | | 2 | | | | 2 |
| Construction & Materials | under £200m | | 1 | | | | | 1 | 2 |
| Electronic & Electrical Equipment | under £200m | 1 | | | | | | | 1 |
| Food Producers | £201m-£1bn | | | | | | 1 | 1 | 2 |
| Gas, Water & Multiutilities | over £1bn | | | | 1 | | | | 1 |
| General Financial | under £200m | | | | | | 1 | | 1 |
| | £201m-£1bn | | | | | | 1 | | 1 |
| General Industrials | under £200m | | | 1 | | | | | 1 |
| | £201m-£1bn | | | | | | | 1 | 1 |
| General Retailers | £201m-£1bn | | | | 1 | | | | 1 |
| | over £1bn | 1 | | | | | | | 1 |
| Industrial Engineering | under £200m | | 2 | | | | 1 | | 3 |
| | over £1bn | | | | | | | 1 | 1 |
| Industrial Transportation | £201m-£1bn | 1 | | | | | | | 1 |
| Life Insurance | £201m-£1bn | | | | 1 | | | | 1 |
| Media | under £200m | 1 | | | 2 | | | | 3 |
| | £201m-£1bn | | | | | 1 | | | 1 |
| | over £1bn | 1 | | | | | | | 1 |
| Mining | under £200m | 2 | | | | | | | 2 |
| Mobile Telecommunications | £201m-£1bn | 1 | | | | | | | 1 |
| Nonlife Insurance | under £200m | | | | | 1 | | | 1 |
| | over £1bn | 2 | | | | | | | 2 |
| Oil & Gas Producers | under £200m | 1 | | | | | | | 1 |
| | £201m-£1bn | | | | | | | 1 | 1 |
| Oil Equipment, Services & Distribution | £201m-£1bn | | | | | 1 | | | 1 |
| | over £1bn | | | | 1 | 1 | | | 2 |
| Real Estate Investment & Services | under £200m | 1 | | | | | | | 1 |
| Software & Computer Services | under £200m | 2 | 1 | | 3 | | | | 6 |
| | £201m-£1bn | | 1 | | 1 | | | | 2 |
| Support Services | under £200m | 1 | | 1 | 1 | 2 | 1 | | 6 |
| | £201m-£1bn | | | 2 | 1 | | | | 3 |
| | over £1bn | 1 | | | 2 | 1 | | 1 | 5 |
| Technology Hardware & Equipment | under £200m | | 1 | | 1 | | | 1 | 3 |
| | £201m-£1bn | | | | 1 | | | | 1 |
| Travel & Leisure | £201m-£1bn | | | | 1 | | | | 1 |
| | over £1bn | | | | 1 | | | | 1 |
| **Grand total** | | **19** | **6** | **4** | **23** | **9** | **5** | **7** | **73** |

# Number and percentage of warning companies by turnover and region, 2008–Q4 2013

### Number and percentage of warning companies by turnover, 2008–Q4 2013

| | Turnover band | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Under £200mn | | £201mn-£1bn | | Over £1bn | | Total | |
| **2008** | | | | | | | | |
| **Q1** | 74 | 65% | 28 | 25% | 12 | 11% | 114 | 100% |
| **Q2** | 70 | 71% | 14 | 14% | 14 | 14% | 98 | 100% |
| **Q3** | 77 | 69% | 21 | 19% | 13 | 12% | 111 | 100% |
| **Q4** | 75 | 60% | 33 | 26% | 18 | 14% | 126 | 100% |
| **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% |
| **4-year average** | 38 | 60% | 16 | 25% | 10 | 15% | 64 | 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, 2008–Q4 2013

| | Region | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | London | | Midlands/ East Anglia | | North West | | Scotland and NI | | South East | | South West/ Wales | | Yorkshire/ North East | | Total | |
| **2008** | | | | | | | | | | | | | | | | |
| **Q1** | 36 | 32% | 17 | 15% | 11 | 10% | 3 | 3% | 28 | 25% | 13 | 11% | 6 | 5% | 114 | 100% |
| **Q2** | 32 | 33% | 10 | 10% | 4 | 4% | 4 | 4% | 22 | 22% | 13 | 13% | 13 | 13% | 98 | 100% |
| **Q3** | 37 | 33% | 21 | 19% | 8 | 7% | 6 | 5% | 19 | 17% | 11 | 10% | 9 | 8% | 111 | 100% |
| **Q4** | 43 | 34% | 22 | 17% | 8 | 6% | 126 | 100% | 20 | 16% | 15 | 12% | 8 | 6% | 126 | 100% |
| **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% |
| **4-year average** | 18 | 28% | 9 | 14% | 6 | 9% | 3 | 5% | 15 | 24% | 6 | 9% | 7 | 11% | 64 | 100% |

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