Building a better
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Analysis of profit warnings

Issued by UK quoted companies

Q1 2017

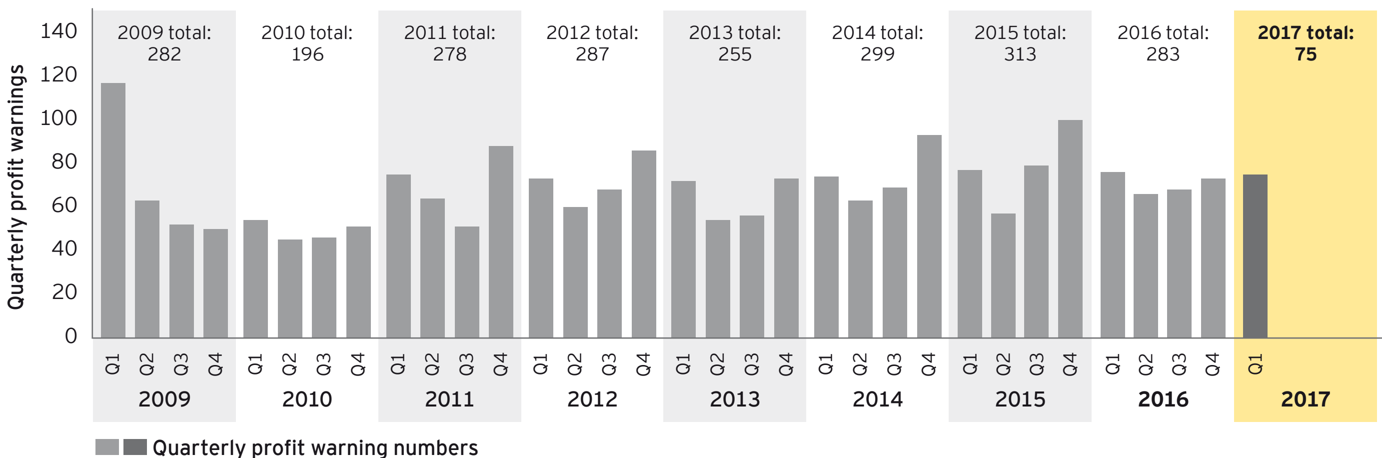
A new era

It's all change for UK plc. UK quoted companies issued 75 profit warnings in the first quarter of 2017, two more than last quarter and one less than the same period of last year. But this seemingly stable picture belies falling earnings expectations and a significant change in the profile of UK profit warnings — a change that reflects new challenges and opportunities.

A reviving global economy and resilient UK demand have boosted earnings in some sectors. But many of the risks we highlighted at the end of 2016 have become realities. Increased overheads, policy and regulatory change, and digital disruption have piled pressure on sectors with long-standing structural issues — as well as creating new stress points.

There is more uncertainty and upheaval to come, not least a general election and the upcoming BREXIT negotiations. Improving global growth and the positive impact of a weaker pound on exports, combined with falling expectations in stressed areas, should limit profit warnings in the near-term. But, periods of rapid change often leave companies behind.

Profit warning numbers, 2009–2017

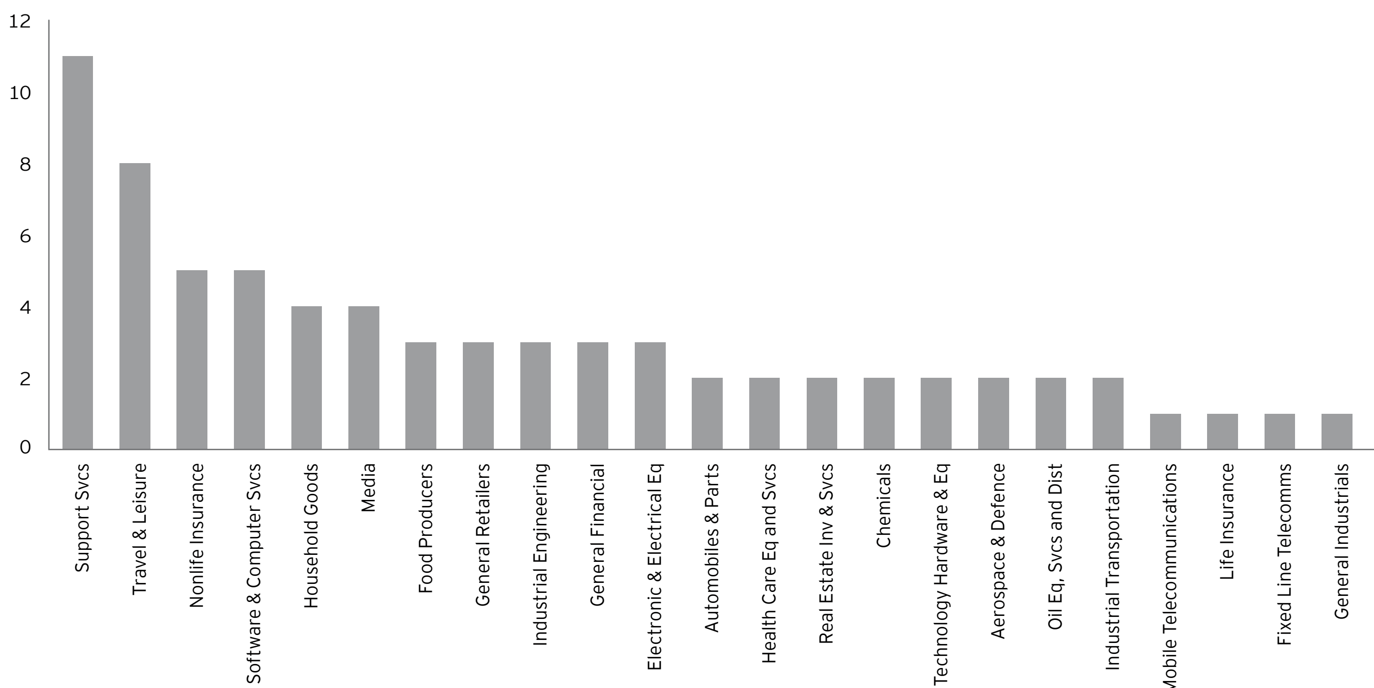


Profit warning highlights

- UK quoted companies issued 75 warnings in Q1 17, just above the post-credit crisis average of 72 for a first quarter.
- The FTSE sectors issuing the most profit warnings in Q1 17 were: Support Services (11), Travel & Leisure (8), Nonlife Insurance (5) and Software & Computer Services (5).
- Whilst the number of warnings is stable, the profile of those warnings has changed significantly, reflecting the changing balance of the UK economy.
- BREXIT is named explicitly in just a handful of warnings as companies put its impact within a wider context of economic and policy upheaval and structural challenges.
- Sterling's post-BREXIT fall has no doubt contributed to increasing costs and price pressures featuring in 28% of profit warnings in Q1 17, compared with 15% in 2016.
- Some of the increase in overheads also relates to a rising level of legislative and regulatory changes, cited by 15% of warnings in Q1 17 against 5% in 2016.
- Uncertainty prevails, with 28% of warnings citing contract delays or cancellations — the highest proportion in more than five years and unlikely to diminish given upcoming elections and negotiations.
- Uncertainty continues to trouble the FTSE Support Services sector, where 26% of the sector have warned in the last year — the vast majority in Business Services.
- FTSE General Retailers issued just three profit warnings in Q1 17; but this comes after 2016's five-year high. Recent administrations underline rising sector stress.
- The FTSE Travel & Leisure sector issued its joint highest total of warnings in the post-financial crisis era, equal to the number issued in Q2 16 at the time of the EU Referendum.
- Profit warnings from industrial sectors have fallen dramatically since the end of 2015 as commodity prices rise, the global economy picks up and the weak pound boosts exports.
- The median share price fall on the day of warning fell back to 11.4% from 13.8% in Q4 16 — a reflection of still buoyant equity markets.
- Profit warnings shouldn't rise dramatically in the near-term unless we see further shocks. But it's hard to rule these out in such a changeable political and economic climate.

> "Profit warnings shouldn't rise dramatically in the near-term unless we see further shocks."

Profit warnings by sector, Q1 2017



Economic and sector overview

A changing economy

It's all change in 2017. Immediate UK growth fears have eased, but the shape of that growth is being transformed by the shifting economic, political and digital landscape. We can see these forces in our profit warning data, also stable year-on-year but also showing significant change beneath the surface. The calling of a surprise UK general election just after the triggering of Article 50 is further illustration that change is constant and companies can take little for granted.

Changing growth

Very little appeared to alter in the UK economy in the first six months after BREXIT — primarily due to resilient consumer spending. But, we can now see palpable changes from sterling's persistent weakness and the expiration of currency hedges. The pound has recovered some ground in 2017, but still ended the first quarter 12% lower year-on-year against the dollar and further volatility is inevitable. The fall has created a new reality for consumers as inflation once again outstrips wages. Households have used savings and borrowing to keep spending, but this cannot continue indefinitely. The Bank of England has signalled its concern over unsecured lending growth by launching a review into borrowing standards. Meanwhile, their recent lending survey showed banks tightening consumer lending.

EY ITEM Club still expect UK GDP growth in 2017 to hit 1.8% — the same as 2016. But they expect the balance of growth to change markedly and its pace to decline as consumer spending growth falls — from 3% in 2016 to 1.7% in 2017 and 0.6% in 2018. Fortuitously, the global economy is in a sweet spot, with world industrial production growing at its fastest pace in eight years and deflation worries easing as oil prices find a higher equilibrium. The World Trade Organisation expects global trade volumes to expand by 2.4% this year, from a very weak 1.3% in 2016. Last year, consumption effectively accounted for all of UK demand growth, with overseas trade subtracting 0.4% from GDP growth. This year, rising exports will add 0.4% — but this won't entirely compensate for weaker consumer spending. In ITEM's forecasts, UK GDP growth remains at 1.8% in 2017, but falls to 1.2% in 2018.

Changing pressures

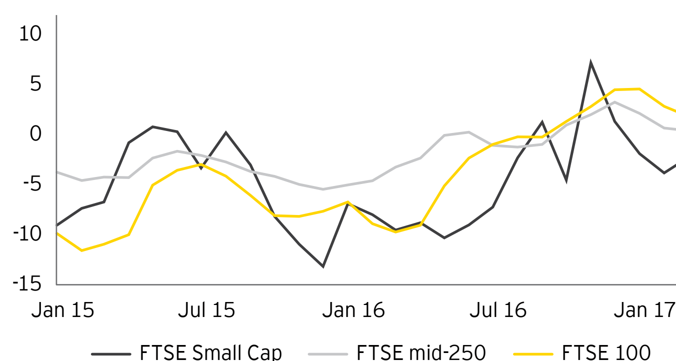
This changing economic backdrop is both easing and creating new earnings pinches. In Q1 17, 28% of profit warnings cited rising overheads and price pressures, the highest proportion since Q2 11 when oil was $120 a barrel and inflation was on its way to over 5%. In 2017, it is sterling's prolonged weakness that has provided the greatest impetus for increasing overheads, although it's not acting alone. Commodity prices have risen from their recent lows and policy and regulatory changes — such as National Living Wage, the Apprenticeship Levy and changing business rates — have also added to costs. Most of the exposed sectors are also those under greatest competitive pressure and companies with limited pricing power are obviously struggling to pass price rises through.

Profit warnings in Q1 17 citing margin pressures

FTSE sector	No. of warnings	% of warnings
Travel & Leisure	4	50%
Support Services	4	40%
Food Producers	3	100%
General Retailers	2	67%
Other	8	
Total	**21**	**28%**

Rising commodity prices and the weaker pound have lifted pressure elsewhere. Profit warnings citing low commodity prices fell from 18% in Q1 16 to just 4% in Q1 17. Companies in FTSE Industrial Goods sectors have issued 45 warnings in the last year — 18% fewer than the prior 12 months. Basic Materials and Oil & Gas profit warnings recorded a 50% drop over the same period. But, the sector story often isn't clear-cut. Some consumer goods companies, for instance, have seen imported ingredients rise in price, but exports increase. Earnings expectations have also adjusted, especially in sectors like retail where current pressures are well-trailed.

Earnings expectations have dipped
3m % change in 12M forward earnings expectations



Source: Thomson One

Economic and sector overview (continued)

Changing politics

We recorded just a handful of companies explicitly citing BREXIT in their profit warnings in Q1. The impact thus far — beyond sterling — may be limited and now factored-in. Companies may also be viewing its impact in the round as part of a much bigger picture of change. Some of the greatest changes are yet to come. The UK general election on June 8 will delay some decision making — most obviously in government spending. It will be some time before we know the effect of BREXIT on vital areas like labour, trade and regulation. This domestic uncertainty also comes in the context of global political disruption. There are pivotal elections coming up in Europe — most notably in France; whilst US policy is still forming in many areas after last year's election. Geopolitical tensions are heightened. As we noted last quarter, political attitudes towards globalisation and the role of business have also shifted. Populist policies increase the likelihood of fiscal stimulus, but also the prospect of political intervention. The IMF recently listed protectionism as one of its major global growth threats.

We've seen uncertainty feature increasingly highly in our profit warning data across the last year. In Q1 17, 28% of warnings cited delays or cancellations to contracts, the highest since the end of 2012. We've also noticed an increase in companies citing changes to regulation and legislation in their profit warning. In Q1 17, this number was lifted by changes in the insurance sector, but the underlying trend is still up. These are less certain times. EY ITEM Club forecast a 0.9% fall in investment in 2017 and a further fall of 0.4% in 2018.

Profit warnings in Q1 17 citing contract delays or cancellation

FTSE sector	No. of warnings	% of warnings
Support Services	5	50%
Software & Computer Services	3	60%
Technology Hardware & Equipment	2	100%
Industrial Engineering	2	67%
Other	9	
Total	**21**	**28%**

Changing markets

Capital markets have absorbed significant shocks and uncertainty in the last year, aided by loose monetary policy and hopes of higher US fiscal spending. Global equity markets remained buoyant in the first quarter, whilst debt markets remained loose. But, this optimism has created a widening gap between positive markets and softer economic data — often a recipe for volatility. There are tests ahead for investor optimism. UK and European interest rates look set to remain on hold for some time, but bond markets may be less willing to look through rising inflation. The Federal Reserve is preparing the ground for further monetary tightening — so long as the US economy continues on its current trajectory. Either way, we can expect markets to react. Politics also look set to inspire greater volatility in 2017, with markets responding to every UK and French poll. Geopolitical tensions are creating periodic shifts into safe-haven assets.

It has been a more jittery start to the second quarter. The general election announcement has initially been greeted positively, but there is more at stake in 2017 than a UK poll. We do expect to see more volatility, but it will take a hefty blow to significantly unsettle investors if we see a continuation of monetary policy buffers and stimulus hopes. Companies also seem to be carrying on making deals regardless of uncertainty — and with good reason. Technological disruption and changing global growth patterns are creating an imperative that goes beyond the political and economic cycle. Companies cannot afford to standstill if they want to keep up — let alone lead — in their sector. First quarter M&A data ranks the UK as third in terms of target country and fourth in terms of acquirer country. A weaker pound may have encouraged some overseas companies to dust down previous valuations, but the deal still needs to add up strategically as well as financially. The fact remains that companies cannot afford to standstill if they want to keep up — let alone lead — in their sector whatever the backdrop.

Changing fortunes

We're in the midst of a significant era of change. UK political uncertainty forms just part of much bigger picture of global political and economic change. If that wasn't enough, rapid technological and interlinked behavioural change adds an extra dimension and imperative for companies to act. UK companies need to do more to keep up at a time when many are feeling an additional margin squeeze and are distracted by other concerns. In this context, keeping up will require some companies to take unaccustomed levels of risk.

All of this inevitably creates a higher level of differentiation as companies take big decisions and find themselves on the wrong or right side of growth and change. Companies with operational and capital flexibility — and pricing power — will be able to adapt. But, as we're seeing in retail, there will be greater divergence as others get left behind. Increasing exports and the shift in earnings expectation to match well-trailed economic challenges should limit the number of profit warnings in the near-term. But we expect further twists and turns in 2017.

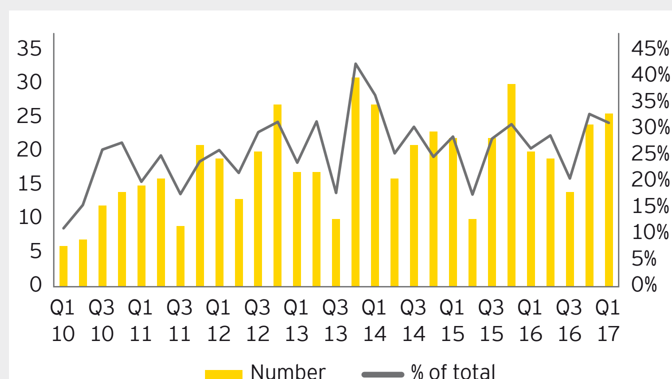
Warnings as a percentage of FTSE sector, Q1 2017

	Number of companies warning	Number of companies in FTSE sector	% of companies warning
Aerospace & Defence	1	10	10%
Automobiles & Parts	2	5	40%
Chemicals	2	22	9%
Construction & Materials	1	35	3%
Electronic & Electrical Equipment	3	33	9%
Fixed Line Telecommunications	1	8	13%
Food Producers	3	25	12%
General Financial	3	123	2%
General Industrials	1	9	11%
General Retailers	3	53	6%
Health Care Equipment & Services	2	38	5%
Household Goods	4	30	13%
Industrial Engineering	3	34	9%
Industrial Transportation	2	13	15%
Life Insurance	1	10	10%
Media	4	66	6%
Mobile Telecommunications	1	9	11%
Nonlife Insurance	5	11	45%
Oil & Gas Producers	1	73	1%
Oil Equipment, Services & Distribution	2	12	17%
Pharmaceuticals & Biotechnology	1	66	2%
Real Estate Investment & Services	1	58	2%
Software & Computer Services	5	108	5%
Support Services	**10**	**136**	**7%**
Technology Hardware & Equipment	**2**	**20**	**10%**
Travel & Leisure	**8**	**70**	**11%**
Total no. companies warning	**72**		

FTSE 350 warnings remain high

Companies in the FTSE 350 have issued a rising number and a rising proportion of UK profit warnings in the last six months. In Q1 17, FTSE 350 companies issued 25 or 33% of all profit warnings – equal to the previous quarter, which in turn saw the highest proportion of FTSE 350 profit warnings since Q1 14. The reasons behind this rise aren't clear-cut.

FTSE 350 profit warnings



Three years ago, we saw a rise in FTSE 350 warnings driven by troubles in emerging markets and a strong pound. In 2017, conditions seem more positive given the FTSE 350's high proportion of overseas sales. But, the sterling equation isn't simple. In Q1 17, 16% of FTSE 350 warnings cited adverse exchange rates, whilst over a third of warnings cited rising overheads or pressure on pricing.

Profit warnings in Q1 17 from FTSE 350

FTSE sector	No. of warnings
Support Services	5
Travel & Leisure	5
Nonlife Insurance	3
Aerospace & Defence	2
General Retailers	2
Health Care Equipment & Services	2
Other	6
Total	**25**

Earnings expectations for the FTSE 350 have been slower to fall than the FTSE Small Cap. There are obvious reasons for this given FTSE 350 companies' relative size and overseas earnings profile. But perhaps expectations have been too high given the challenges beyond the falling pound? Size can be an advantage if it helps companies to spread the risk; but larger companies can also be more likely to be subject to increasing legislative and regulatory change. In Q1 17, seven FTSE 350 warnings cited this reason out of eleven across all indices.

Focus on sectors

FTSE General Retailers

Just three FTSE General Retailers – and no FTSE Food & Drug Retailers – issued profit warnings in the first quarter of 2017. With just 6% of the sector warning, this sets a record low for a first quarter, below Q1 10 when 7% of FTSE General Retailers warned. Then, as now, retailers beat falling expectations as consumers benefited from a helpful backdrop. Then, as now, the low number of warnings didn't signal an easy path. So what lies ahead in 2017 and what can retailers do to not just survive, but thrive in this new era.

A flashback to 2010

In Q1 10, General Retailers issued just four profit warnings, far fewer than we usually record in the traditional post-Christmas reporting period. The number seemed exceptionally low given that we'd also recorded no retail warnings in the preceding quarter. Consumer spending had been boosted by low inflation, low interest rates and lower than expected unemployment. But, this low number also came after a period of exceptionally high profit warnings and retail failures during the financial crisis that had lowered expectations. Profit warnings spiked again not long after in Q1 11 as rising inflation and falling employment prospects hit consumer spending.

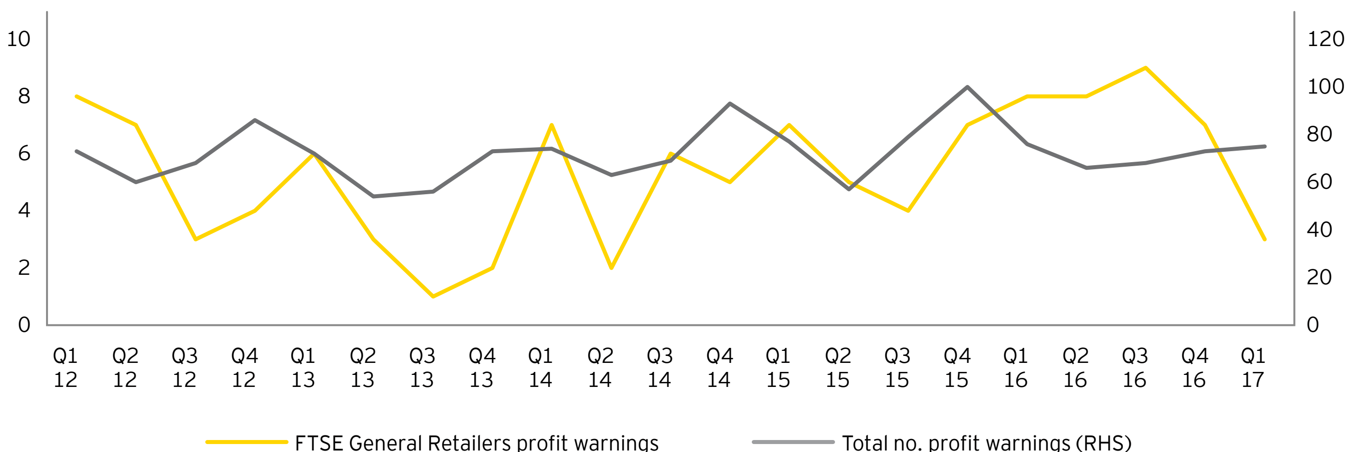
If we fast forward to 2017, the sector once again benefited from a surprisingly good end to the year, helped by a cut to interest rates, low inflation and low unemployment. And again, expectations had also been lowered by a five-year high in warnings in 2016 and the well-trailed impact of BREXIT on disposable income. But, as we saw in Q1 10, the latest low in profit warnings is by no means signalling an easy path ahead. As recent retail administrations illustrate, many UK retailers are already feeling an increasing squeeze from economic and structural challenges that will only tighten in the next year.

The economic squeeze

The UK economic climate is changing with post-BREXIT realities catching up with consumers and retailers in 2017. The pound has recovered some ground, but remains well below its pre-BREXIT level. As currency hedges expire, retailers still face a double whammy of raised import prices and falling disposable incomes. All three FTSE General Retailers warning in Q1 17 cited the weak pound and a third of the sector's warnings have cited adverse exchange rates in the last year. In 2016, consumer confidence, savings and borrowing sustained spending; but retail sales are now falling as wages fall behind inflation. Figures from the British Retail Consortium (BRC) for March showed non-food sales falling at their fastest rate in almost six years. The longer-term trend is also negative, with average three-month growth falling to just 0.1% in March, the lowest since 2008. Some of this fall will be due to the late timing of Easter – which the BRC doesn't adjust for – but official adjusted data tells a similar story.

Thus, seems that consumers are now moderating their spending as their purchasing power falls. Put all of this together with lower forecasts for earnings and employment growth and EY ITEM Club predicts that UK disposable income will fall by 0.3% in 2017. They expect consumers to continue to use savings and borrowing to keep spending this year. Consumer credit rose nearly 11% in the year to November, the fastest growth for 11 years. But this isn't sustainable in the longer term, with uncertainty and Bank of England scrutiny set to put a lid on lending in 2017. A Bank of England poll of all the main high street lenders showed the proportion of lenders expecting to restrict access to credit between April and June was the highest since the financial crisis in 2008. The Bank of England is also carrying out a survey into the credit quality of new lending.

FTSE General Retailers



These are changing times and EY ITEM Club expect spending growth to fall from 2.8% in 2016 to 1.7% in 2017 and to 0.4% in 2018. There will be less spending to go around, especially if the trend for consumers to prioritise experiences over possessions continues.

The structural squeeze

Retailers have been through challenging economic periods in the past. Inflation is forecast to move just over 3% in 2017, compared with 5.2% in 2011. But, what arguably sets 2017 apart is the coincidence with a period of intense structural and disruptive change. Rising consumer expectations driven by advancing technology are putting increased pressure on already stretched margins. Retailers may still run 'physical' and 'digital' operations; but the consumer — now permanently connected through smart devices — sees less and less of a divide. They're not interested in channels, just the experience, and it is costing retailers more and more to create seamless operations and keep up with rising expectations.

Not much further down the line, retailers will also need to contend with the unpredictable impact of BREXIT on the labour market and on supply and distribution channels. Before then we have a surprise general election, which is unlikely to have an immediate impact on high-street spending — if recent elections are any guide — but retailers will be looking out for further policy changes. There has been significant impact on costs in recent years from the introduction of the National Living Wage, the Apprenticeship Levy and changes to business rates. Stamp duty changes on buy-to-let property also hit the housing market, which has slowed since the increase. The average number of properties estate agents have to sell stands at a record low, according to the March survey from RICS.

Such a combination of rising economic and structural pressures has created a significant squeeze on the sector. A number of high-profile retailers went into administration at the start of 2017, before wages fell behind prices. With tougher times to come, what's next for retail?

Thriving, not just surviving

Given the significant restructuring of the last decade and exceptionally low interest rates it's unlikely that we'll see levels of distress on a par with 2008-9. But the chipping away of margins, coupled with a drop in consumer spending growth, is likely to lead to further retail restructuring towards the end of 2017 and into 2018. The sector is being increasingly differentiated as opportunities and challenges increase. Retailers that are controlling their costs, maintaining pricing power and making the most of digital opportunities are still performing well. But, even the best performers need to guard against complacency. Overheads are rising and passing price increases on in this environment is going to get tougher. Retailers will need to either cut costs or have an offering that persuades consumers to spend more.

Therefore, we expect to see retailers to continue transforming their businesses in a variety of ways, from buying new businesses to acquire scale or skills, to restructuring underperforming businesses and their estate. Rising costs provide a big incentive to think about using operational improvements and new technologies to improve productivity. It's also time to think about fully integrating physical and online operations and how they are going to excite and drive loyalty now — and five years down the line. Retailers will need to learn to experiment and take risks with technology to keep up with consumer demands. This will require retailers to be bolder than they are used to in times of stress and uncertainty.

We may not see a high level of profit warnings in 2017, given that the pressures on the sector have been well-trailed. But, there is the potential for further stress as pressures grow and we expect to see further differentiation of the sector as it comes to terms with new realities.

FTSE Travel & Leisure

We last featured the FTSE Travel & Leisure sector in Q2 16, when it issued eight profit warnings in the wake of the EU Referendum. The sector equalled this post-financial crisis high again in Q1 17. The sector has shown considerable resilience in the past, helped by the consumers' growing preference for experiences, increasing preference for eating out and the priority given to family holidays — even during recessions. But, this new era presents new challenges.

BREXIT ramps up travel pressures

The trading environment has changed dramatically for companies offering outbound travel during last year, when over half of quoted travel companies have issued a profit warning. Consumers are still booking holidays and flights in significant numbers, but margins are coming under increasing pressure, in particular from the weaker pound. Since the UK's vote to leave the EU, 36% of warnings from quoted travel companies have cited BREXIT uncertainty or adverse exchange rates. Sterling has recovered some ground in 2017, but remains well below its pre-BREXIT level. This will force travel companies to keep making difficult pricing decisions given the deteriorating consumer outlook. The problem seems especially acute for airlines, where intense rivalry on some routes is pressuring prices and low oil prices have only sharpened the competition further.

Meanwhile, geopolitical uncertainty and terrorist attacks have also hit the travel sector, contributing to 35% of profit warnings in the last year. Sales to what used to be popular locations, such as Egypt, Tunisia and Turkey are still well below their peak as consumers switch to southern European destinations, especially Iberia. Travel to European gateway destinations has also been periodically disrupted, with Parisian hotel performance still below the levels pre-November 2015 attacks. Travel companies with a broad geographical profile have been able to move capacity elsewhere. But the switch has put yields under pressure and smaller companies are less able to absorb sudden shifts in traveller behaviour.

Focus on sectors
(continued)

BREXIT is a further complicating factor. Most concerning for airlines is the legal frameworks that underpin UK's international flights, which are are intertwined with EU membership. Norway is a member of the European Common Aviation Area, so EU membership might not be essential to maintain current agreements. A comparable arrangement would also have mutual benefits. Figures from ACI Europe show that 53.5% of passengers handled by UK airports were flying to or from the 27 EU member states. But, there is always the potential for complication in any negotiation. UK airlines have felt it necessary to make contingency plans with regard to headquarters and shareholdings, whilst some have also put UK investment on hold.

A tougher time for leisure

A weak pound should encourage inbound and domestic travel and UK leisure companies. The 'staycation' opportunity is perhaps overplayed given the variable British weather, but spending on leisure has grown steadily since the recession. That said, sub-sectors like food are an increasingly crowded and competitive market. It's no longer enough to offer value, consumers want a better and innovative product. Fast-casual restaurants have become extremely successful, since they have a clear brand that fits this mandate: the best of both traditional sit-down restaurants and fast-foods. The challenge for the many casual dining brands that have significantly expanded their portfolios since the last recession is how to keep the brand fresh and attractive in the face of newer competitors. A number of operators have recently closed their less profitable sites and are slowing down the pace of new openings.

Leisure companies have fared better in the last 12 months than their travel counterparts, with just 6% of companies warning as consumers continued to spend. But new challenges are starting to bite into margins including increases in National Living Wage (NLW), the introduction of the Apprenticeship levy, changing business rates, employer pension contributions and rising food prices. The changes in wages have been well trailed and most companies were prepared. But this is still a significant cost to absorb in unpredictable times and the room for further mitigating measures is limited given that many businesses have already carried out initiatives such as, revised labour scheduling. Hotels will also be concerned with the fall in business investment, which could limit regular travel or offsite meetings and conferences to the particular detriment of provincial hotels in particular.

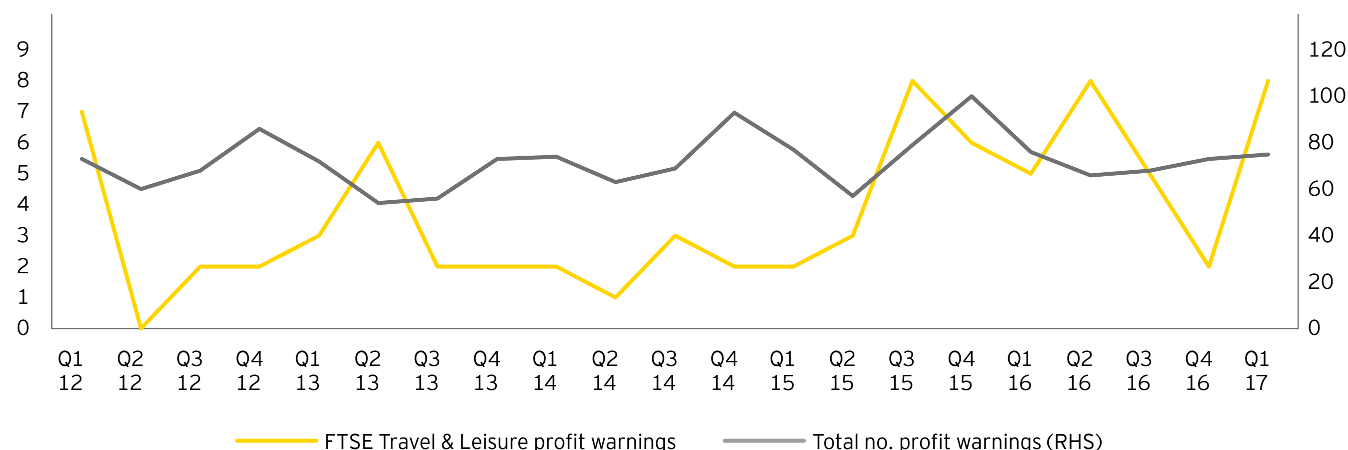
The sector is also worried about its labour supply. About a quarter of the UK's hospitality and tourism workforce is made up of migrant labour – with the figure rising much higher in cities and in areas like waiting staff. Sector bodies are lobbying hard. The government has suggested that it could offer 'barista visas' and it will avoid a cliff-edge moment. But there is obviously a great deal that could change between here and any agreement – especially with a general election in between. Companies are preparing and planning to train and recruit more UK nationals and trying to do more to tempt them to or back into work in the sector. But clearly a fall in EU migrant labour would leave a huge gap, which would likely need to be made up by having to increase wage rates.

Tension between margin and investment

UK consumers still intend to keep spending on travel and leisure. But, companies will need to work harder to capture a diminishing pot of UK disposable income in 2017, to control costs as margins are squeezed by increasing overheads and to adapt to changing markets.

The margin squeeze creates a tough circular dilemma. Companies need to invest to innovate, to grow and to ultimately persuade the consumer to pay more for their experience to cover their increased costs. Most successful concepts have been focusing on developing a strong brand identity and a unique experience to stand out in crowded markets. But, this doesn't come cheap and companies are finding it harder to find ready cash to invest. Capital markets are obviously an option for the bigger operators, but for smaller companies the options are more limited, encouraging consolidation.

FTSE Travel & Leisure



Q1 2017 – 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					2			2
Automobiles & Parts	under £200m		1	1					2
Chemicals	under £200m		1			1			2
Construction & Materials	under £200m		1						1
Electronic & Electrical Equipment	under £200m		1	1	1				3
Fixed Line Telecommunications	over £1bn	1							1
Food Producers	under £200m		1						1
	£201m-£1bn			1	1				2
General Financial	under £200m			2					2
	£201m-£1bn						1		1
General Industrials	under £200m		1						1
General Retailers	over £1bn		2						2
	£201m-£1bn	1							1
Health Care Equipment & Services	over £1bn	1							1
	£201m-£1bn	1							1
Household Goods	under £200m	1			2				3
	£201m-£1bn				1				1
Industrial Engineering	under £200m			1	1	1			3
Industrial Transportation	under £200m	1							1
	£201m-£1bn				1				1
Life Insurance	over £1bn	1							1
Media	under £200m	2						1	3
	over £1bn	1							1
Mobile Telecommunications	under £200m	1							1
Nonlife Insurance	under £200m		1		1				2
	over £1bn				1				1
	£201m-£1bn	1				1			2
Oil & Gas Producers	£201m-£1bn	1							1
Oil Equipment, Services & Distribution	under £200m				1				1
	£201m-£1bn			1					1
Pharmaceuticals & Biotechnology	over £1bn		1						1
Real Estate Investment & Services	under £200m	2							2
Software & Computer Services	under £200m	1	1	2					4
	£201m-£1bn			1					1
Support Services	under £200m	1		1			1	1	4
	over £1bn	1	1		1	2		1	6
	£201m-£1bn	1							1
Technology Hardware & Equipment	under £200m				1			1	2
Travel & Leisure	under £200m	2							2
	over £1bn	2			1	1			4
	£201m-£1bn					**1**		1	**2**
Grand total		**23**	**12**	**11**	**13**	**9**	**2**	**5**	**75**

Number and percentage of warning companies by turnover and region, 2011–Q1 2017

Number and percentage of warning companies by turnover, 2011–Q1 2017

	Turnover band							
	Under £200mn		£201mn–£1bn		Over £1bn		Total	
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%
Q2	38	58%	15	23%	13	20%	66	100%
Q3	45	66%	16	24%	7	10%	68	100%
Q4	37	51%	20	27%	16	22%	73	100%
2017								
Q1	40	53%	14	19%	21	28%	75	100%
4-year average	41	57%	17	23%	14	20%	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, 2011–Q1 2017

	Region															
	London		Midlands/ East Anglia		North West		Scotland and NI		South East		South West/ Wales		Yorkshire/ North East		Total	
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%
Q2	22	33%	6	9%	4	6%	2	3%	21	32%	4	6%	7	11%	66	100%
Q3	20	29%	7	10%	8	12%	3	4%	18	26%	4	6%	8	12%	68	100%
Q4	23	32%	10	14%	11	15%	5	7%	14	19%	6	8%	4	5%	73	100%
2017																
Q1	23	31%	12	16%	11	15%	5	7%	13	17%	9	12%	2	3%	75	100%
4-year average	24	33%	9	13%	6	8%	5	7%	16	22%	7	9%	6	9%	72	100%

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EY-000026675-01.indd (UK) 04/17. Artwork by CSG London.

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