

# Company Watch

*2 January 2012*

## ***Company Watch highlights likely winners and losers on UK high streets in 2012***

With the first Christmas trading statements from UK retailers starting this week, we will soon know how much heavy price discounting has hit profit margins of many leading UK retailers.

According to Company Watch, the corporate health monitoring specialists, it's probable that some more well-known retailers will struggle to get through 2012, as battle fatigue finally claims weary retailers who have been beset by stronger online competitors and bargain-hungry shoppers.

Indeed, it won't just be retailers facing insolvency. Company Watch expects the total number of UK corporate insolvencies to rise to as many as 27,500 in 2012, an increase of 18% on the figure for the year to September 2011.

Last week's flurry of retail failures - when La Senza, Hawkins Bazaar, D2 Jeans and Past Times filed for Administration – indicates that many vulnerable retailers are already fighting hard for survival.

Even before Christmas trading updates start to be published, Company Watch research can reveal the likely winners and losers in 2012. Using the latest published financial statements and other public domain data for a number of well-known retail groups, the Company Watch health monitoring system produced H-Score® financial health assessments which show the extent to which the retail market can be divided up akin to football teams competing in different leagues:

<b>Company</b>	<b>Latest H-Score (Out of 100)</b>	<b>Previous H-Score (Out of 100)</b>
<b><i>PREMIER LEAGUE</i></b>		
Zara UK	91	59
Morrisons	79	82
H&M UK	76	81
John Lewis	73	73
J Sainsbury	70	72
<b><i>CHAMPIONSHIP</i></b>		
Next	64	70
Tesco	60	61
M&S	58	68
W H Smith	54	49
Primark	45	23
<b><i>LOWER LEAGUES</i></b>		
Thorntons	14	23
Dixons	5	5
HMV	5	5
Clintons Cards	1	8
Blacks Leisure	0	1

**Nick Hood, Head of External Affairs at Company Watch, commented:**

“With so many negative pressures bearing down on consumer spending and the peak Christmas trading season now behind them, it is difficult to see how the more financially-fragile retailers will make it through the barren retail winter.

“Their bankers, suppliers, landlords and the trade insurers will all be focussing on which companies to support and how to mitigate their potential losses on the less fortunate retailers. Although the vast majority of retailers going under will be SMEs, we can expect further casualties among the high profile companies trading on public equity markets.”

**Further information, please contact:**

<b>Nick Hood</b> Head of External Affairs, Company Watch Tel: +44 (0)7967 658 296 <a href="http://www.companywatch.net">www.companywatch.net</a>	<b>Neil Boom</b> MD, Gresham PR Ltd. Tel: +44 (0) 7866 805 108 <a href="http://www.greshampr.co.uk">www.greshampr.co.uk</a>
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***Notes for Editors:***

**About Company Watch**

Company Watch rates the financial health of companies worldwide by applying its unique H-Score® methodology to published financial data. Since its launch in 1998, the H-Score® has identified nine out of ten corporate insolvencies or restructurings in advance. The Company Watch service is used by major international blue chip corporations, banks, fund managers, insurance companies, public sector bodies, accountancy firms, restructuring practices and other professional organisations throughout the world.