

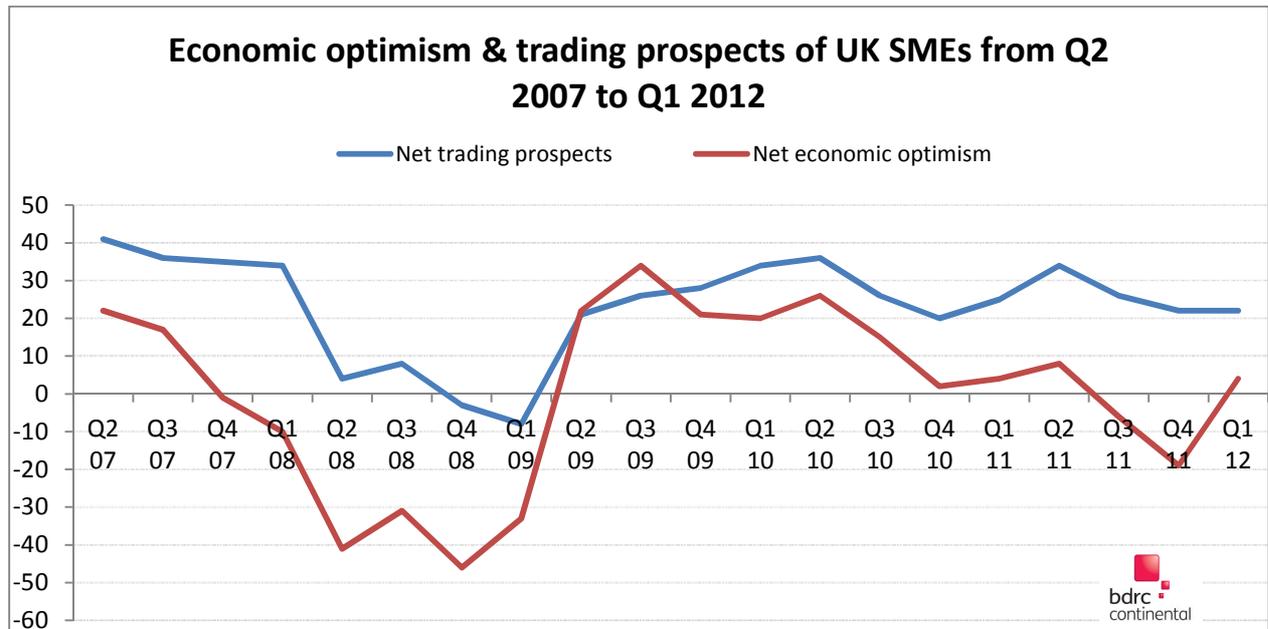
SME update – what are SMEs thinking?

1st Quarter 2012 Bulletin

Economic optimism continues to recover from the low point of Q4 2011

The latest quarterly findings from BDRC Continental’s Business Opinion Omnibus showed that SME optimism in the UK economy has increased significantly since the last quarter of 2011, notwithstanding the return to recession announced by the ONS on the 25 April. SMEs continue to feel more confident in their own trading prospects than the economy generally, though economic optimism increased 25 points since the last quarterly figure, as SMEs reveal a more positive outlook since the turn of the year.

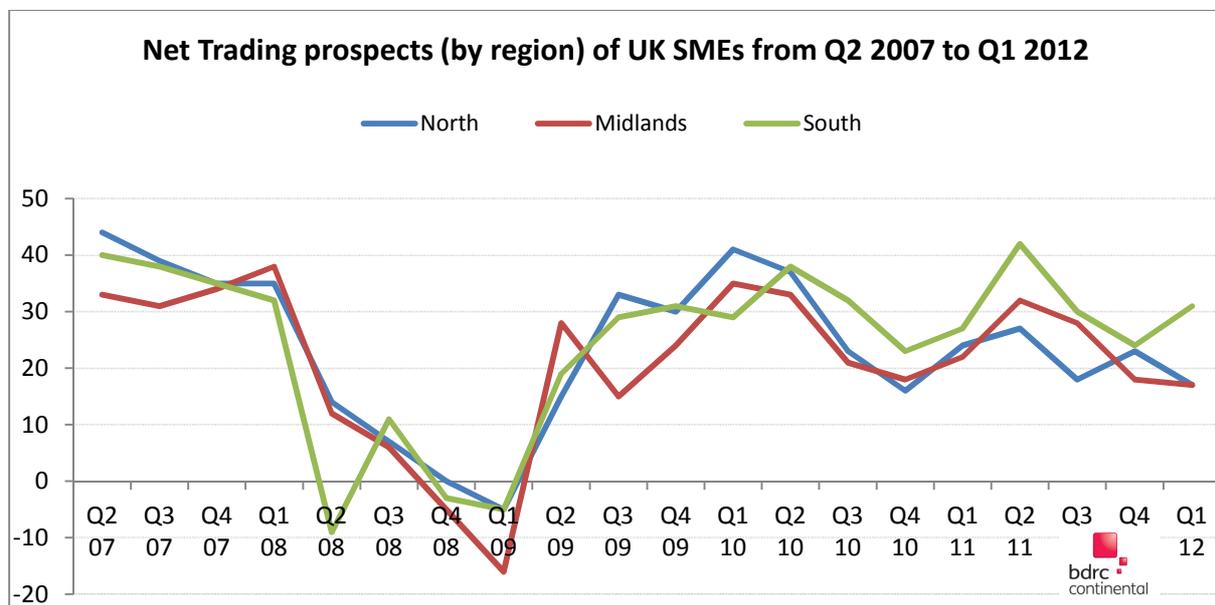
Since the Q4 2011 results, SMEs’ attitudes towards their own trading prospects have remained constant at +22% net balance, whilst their view of the economy brightened considerably from -19% net balance to +4%, mirroring the same level of optimism reported this time last year. The EEF, the association for manufacturers, backed a more positive view than ONS statistics suggest: *“The anecdotal evidence is much more positive than the numbers today”*.



SMEs in the South still the most confident in their own trading prospects

Where, regionally, businesses shared similar levels of confidence in trading prospects in the last quarter, the Q1 2012 results indicate a greater sense of belief felt amongst southern SMEs. This marks the most significant increase of the three broad regions, from +24% to +31% net balance. While the North and Midlands remained confident overall both at +17%, there were marginal falls from last quarter, dropping 6 points and 1 point respectively. In the last two years a trend has emerged revealing the South as the most confident region, whilst the Midlands and North were more closely aligned with a slightly lower net balance. This follows the three regions reporting similar positive levels of trading prospects from Q1 2009.

- *Speak to the Business Opinion Omnibus team for further region and sector specific insights*



James Dunleavy, Research Manager of Financial & Business research at BDR̄C Continental says: *“The latest quarterly results reveal that SMEs have a renewed sense of confidence in the general economy following a largely negative outlook at the end of 2011. With the easing of the Eurozone debt crisis which would have certainly impacted on the gloomy economic sentiment in late 2011, the net balance of SMEs have shown a more optimistic attitude as the tracker returns to the positive, albeit only just. Meanwhile, SMEs’ own trading prospects have remained relatively high and plateaued over the last six months in the positive mid 20s. Whilst SMEs are certainly more confident in their own prospects as opposed to the economy, the gap between the two has closed significantly, marking a positive beginning to 2012 and perhaps signalling a change in sentiment regarding how SMEs will view the economy.”* He continues: *“Trading prospects do, however, remain consistently higher than economic optimism, which suggests a disparity between the gloom that SMEs read in the media and what they see in their own businesses.”*

For more information and analysis regarding our latest SME results, contact James Dunleavy direct on 0207 400 0383

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About 'Net balance'

Net balance is the percentage of respondents replying 'increase' minus the percentage replying 'decrease'. We ignore the percentage replying 'the same' for this purpose.

Q1- Thinking about the trading prospects for your company in the next year, do you expect business activity to increase, decrease or stay the same as the past year?

Q2- And thinking about the economy generally, would you say you are more optimistic than three months ago, or more pessimistic?

About BDRC Continental

BDRC Continental is the UK's largest independent market research agency. Established in 1991, the company has built an unrivalled reputation as a full service consultancy with specialist expertise across a number of sectors including business to business; financial services; travel & transport; culture, tourism & leisure; hotels, meetings & hospitality; media & advertising; internet & telecoms; Government & not for profit.

BDRC Continental is staffed by highly experienced researchers with great reputations in their individual fields as well as in the market research industry. The company is renowned for its consultative approach and ability to add value to clients' businesses by bringing insights from multiple markets to the research. This cross-disciplinary approach enables BDRC Continental to provide intelligence that is informed by a deep understanding of the client's issues and the wider market context. As well as undertaking bespoke research for a wide variety of clients, the company conducts a number of syndicated studies and has developed proprietary techniques including Tracktion, Grapevine, Service Intensity, the Business Opinion Omnibus, SME Finance Monitor and ZMET Visionary Thinking. www.bdrc-continental.com

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