



Quoted Companies Alliance Small & Mid-cap Sentiment Index

Wave 22, June 2019

**QUOTED
COMPANIES
ALLIANCE**



Executive summary

1. UK economic outlook

- Outlook on the UK economy is uncertain - with a mean rating of 48.5 from companies (where 50 is completely neutral).
- This sentiment has declined steadily since peaking in 2014.

2. Business outlook

- Optimism about individual small & mid-cap company prospects remains positive, although there is a slight downward trend in the past year.
- Companies predict average sales growth of 17%, down from 19.2% a year earlier.

3. Job growth

- 76% of small & mid-caps expecting to increase jobs in next 12 months.
- But 19% anticipate decreasing employment - this is just 1% short of the all-time high for this index since 2011, and increasing from 10% six months earlier.

4. Raising capital

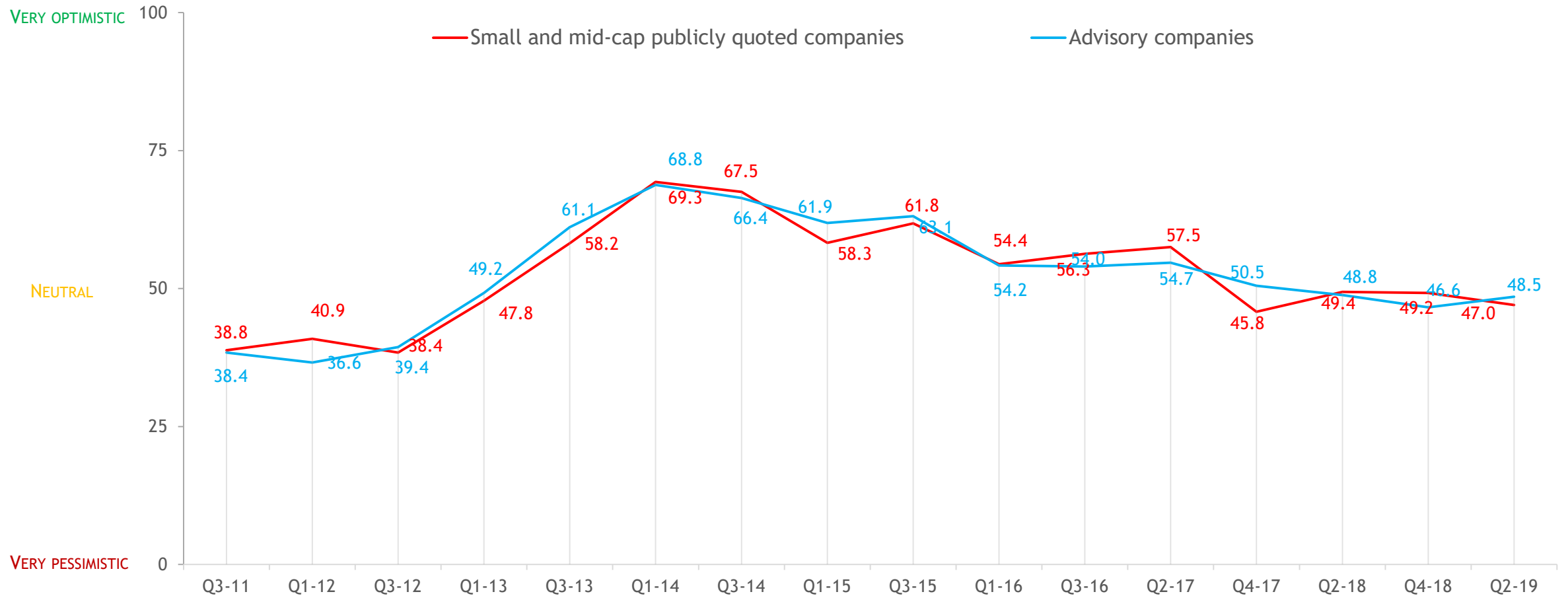
- 37% of surveyed companies are planning to raise capital in the next 12 months - down from 47% when asked six months earlier.
- For 60% of companies, public equity would be their preferred way of raising capital.

1. UK economic outlook

- Outlook on the UK economy is uncertain - with a mean rating of 48.5 from companies (where 50 is completely neutral).
- This sentiment has declined steadily since peaking in 2014.

How optimistic or pessimistic do you feel about the UK economy over the coming 12 months?

Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13: 133; JAN 14: 127; APR 14: 107; JUL 14: 119; JAN 15: 133; MAY 15: 133; SEP 15: 125; MAR 16: 113; SEP 16: 101; MAY 17: 105; DEC 17: 109; JUN 18: 111; NOV 18: 105; JUN 19: 78 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES; SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13: 89; JAN 14: 88; APR 14: 73; JUL 14: 78; JAN 15: 69; MAY 15: 73; SEP 15: 92; MAR 16: 69; SEP 16: 59; MAY 17: 52; DEC 17: 64; JUN 18: 42; NOV 18: 47; JUN 19: 39 ADVISORY COMPANIES

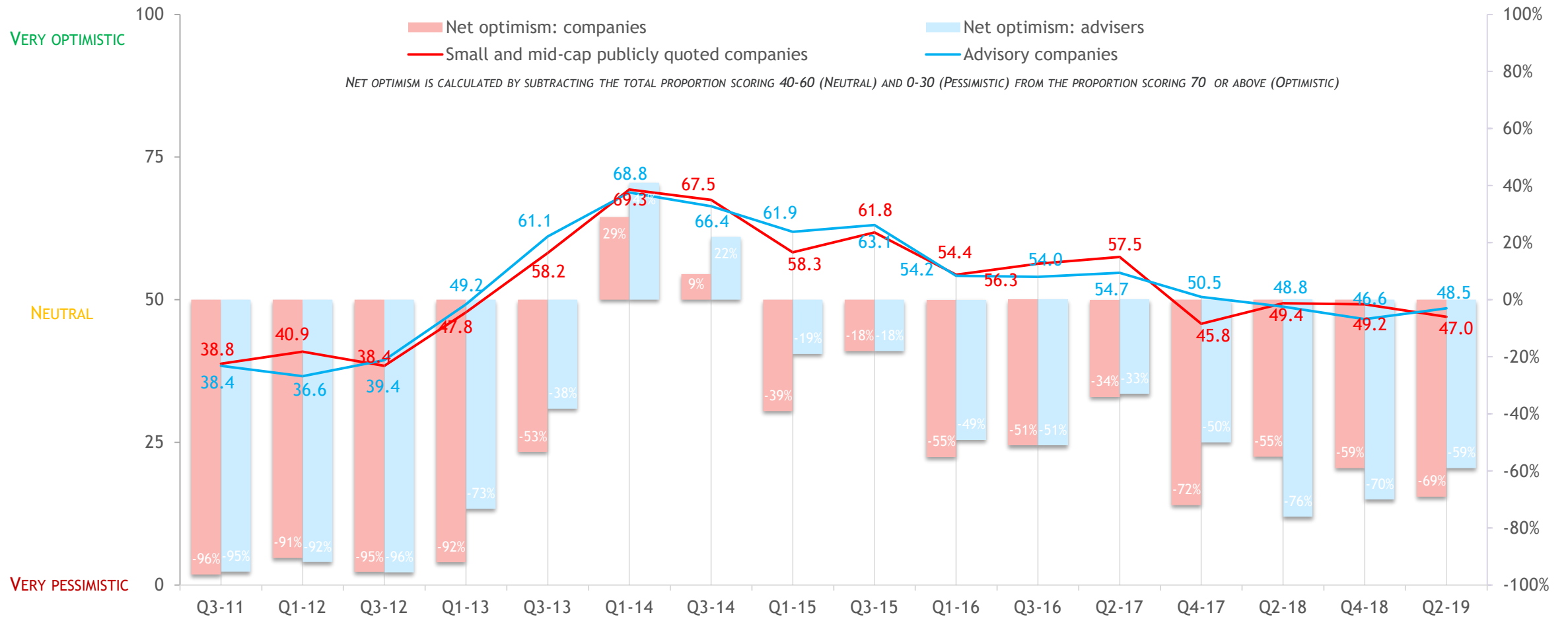


4



How optimistic or pessimistic do you feel about the UK economy over the coming 12 months?

Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



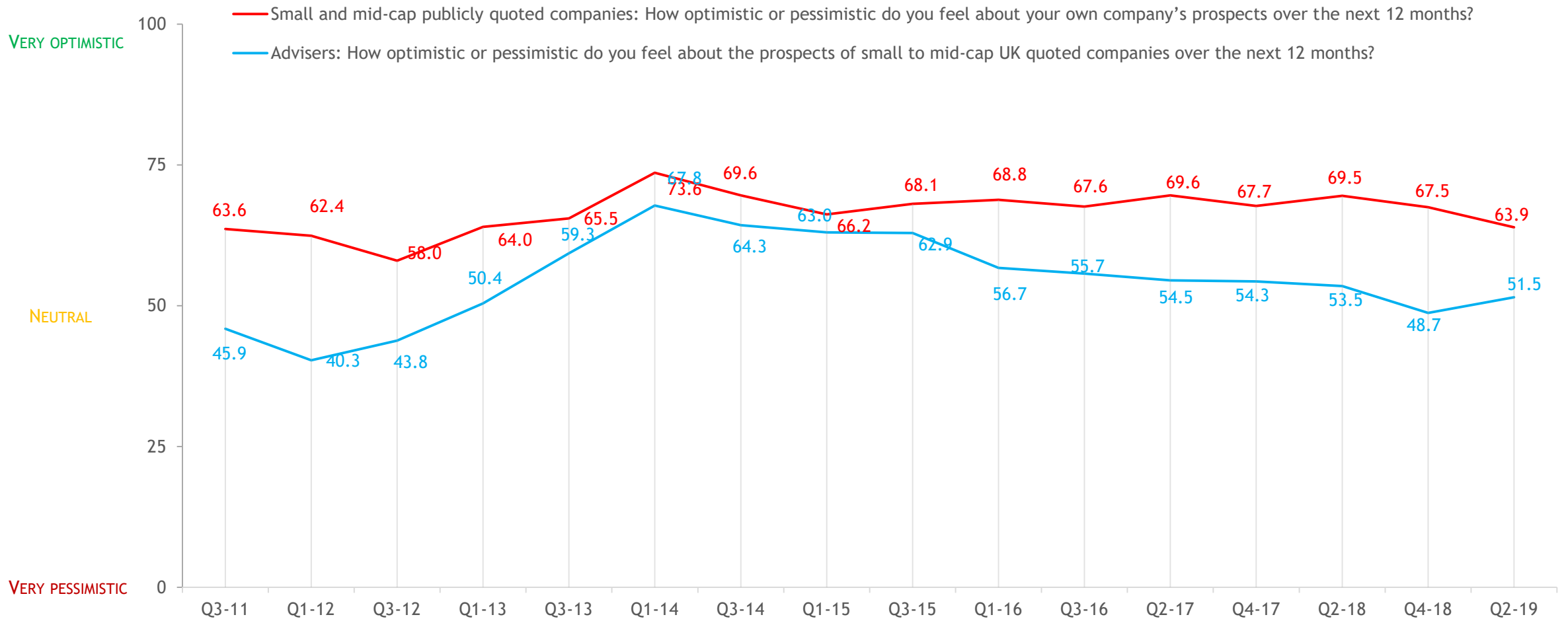
BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES; SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13, 89; JAN 14, 88; APR 14, 73; JUL 14, 78; JAN 15, 69; MAY 15, 73; SEP 15, 92; MAR 16, 69; SEP 16, 59; MAY 17, 52; DEC 17, 64; JUN 18, 42; NOV 18, 47; JUN 19, 39 ADVISORY COMPANIES

2. Business outlook

- Optimism about individual small & mid-cap company prospects remains positive, although there is a slight downward trend in the past year.
- Companies predict average sales growth of 17%, down from 19.2% a year earlier.

Optimism/Pessimism toward business prospects.

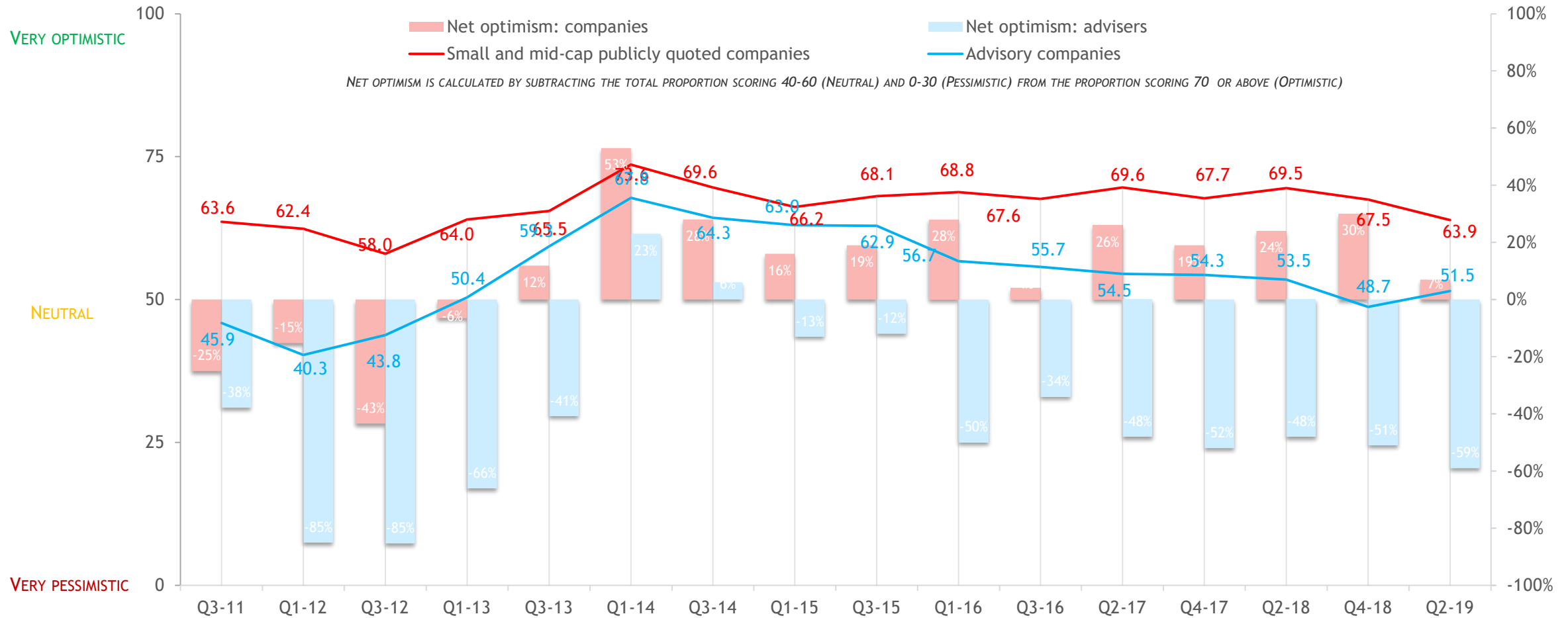
Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES;
 SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13, 89; JAN 14, 88; APR 14, 73; JUL 14, 78; JAN 15, 69; MAY 15, 73; SEP 15, 92; MAR 16, 69; SEP 16, 59; MAY 17, 52; DEC 17, 64; JUN 18, 42; NOV 18, 47; JUN 19, 39 ADVISORY COMPANIES

Optimism/Pessimism toward business prospects.

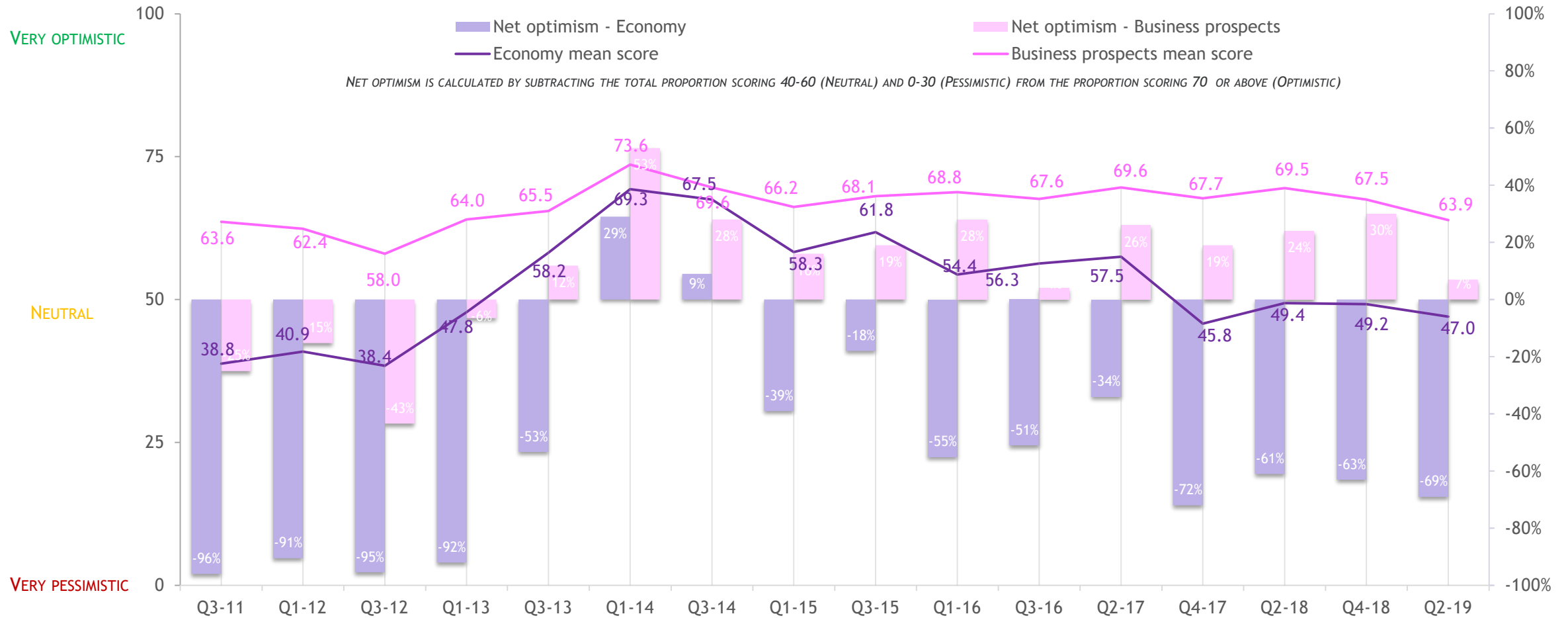
Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')



BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES; SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13, 89; JAN 14, 88; APR 14, 73; JUL 14, 78; JAN 15, 69; MAY 15, 73; SEP 15, 92; MAR 16, 69; SEP 16, 59; MAY 17, 52; DEC 17, 64; JUN 18, 42; NOV 18, 47; JUN 19, 39 ADVISORY COMPANIES

Optimism/Pessimism: UK economy vs. Business prospects.

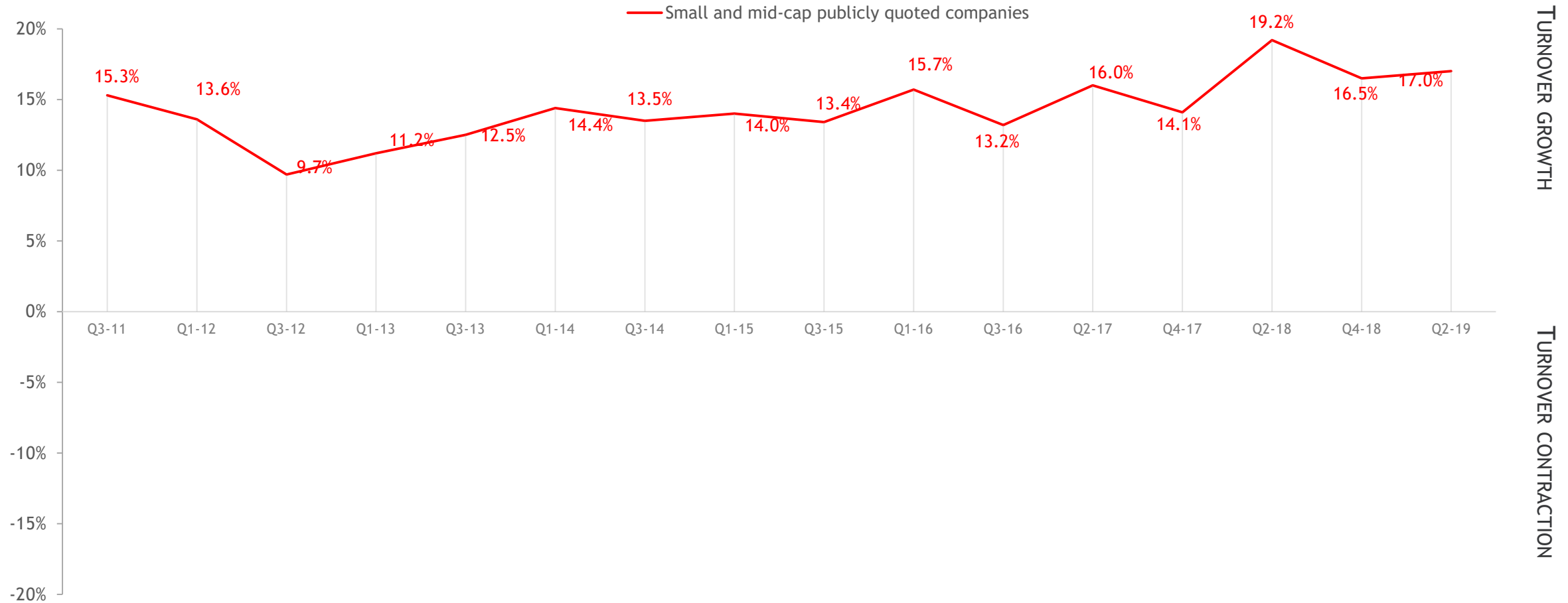
Mean scores (where 0 represents 'very pessimistic', 50 'neutral' and 100 'very optimistic')
Small and mid-cap quoted companies only



BASE: SEP 11: 100; JAN 12: 150; APR 12: 132; JUL 12: 136; OCT 12: 114; JAN 13: 137; APR 13: 125; JUL 13: 113; OCT 13, 133; JAN 14, 127; APR 14, 107; JUL 14, 119; JAN 15, 133; MAY 15, 133; SEP 15, 125; MAR 16, 113; SEP 16, 101; MAY 17, 105; DEC 17, 109; JUN 18, 111; NOV 18, 105; JUN 19, 78 SMALL AND MID-CAP PUBLICLY QUOTED COMPANIES;
 SEP 11: 64; JAN 12: 87; APR 12: 103; JUL 12: 68; OCT 12: 86; JAN 13: 112; APR 13: 97; JUL 13: 76; OCT 13, 89; JAN 14, 88; APR 14, 73; JUL 14, 78; JAN 15, 69; MAY 15, 73; SEP 15, 92; MAR 16, 69; SEP 16, 59; MAY 17, 52; DEC 17, 64; JUN 18, 42; NOV 18, 47; JUN 19, 39 ADVISORY COMPANIES

Expectations regarding turnover: Mean expected turnover change over the next 12 months

Small and mid-cap companies only (not asked to advisers)



Brexit remains a source of uncertainty & division

“The ridiculous lack of leadership in our political community and the Brexit situation is doing irreparable harm to our country’s economy. Even if Brexit were moderated or reversed I believe damage has already been done.”
- Respondent

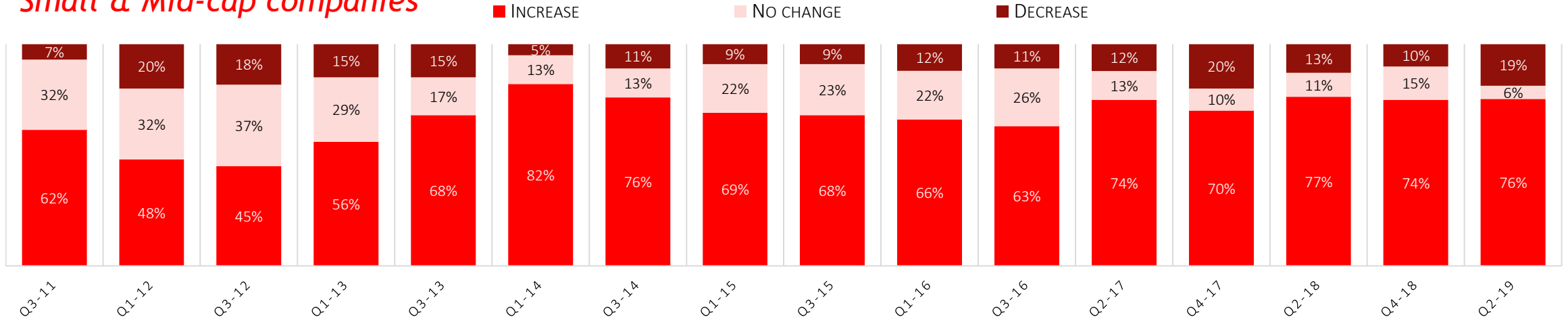
“We are concentrating on our own company and not being too distracted by what is happening politically. We have contingency plans in place but remain positive and don’t unreasonably delay taking decisions”
- Respondent

3. Job growth

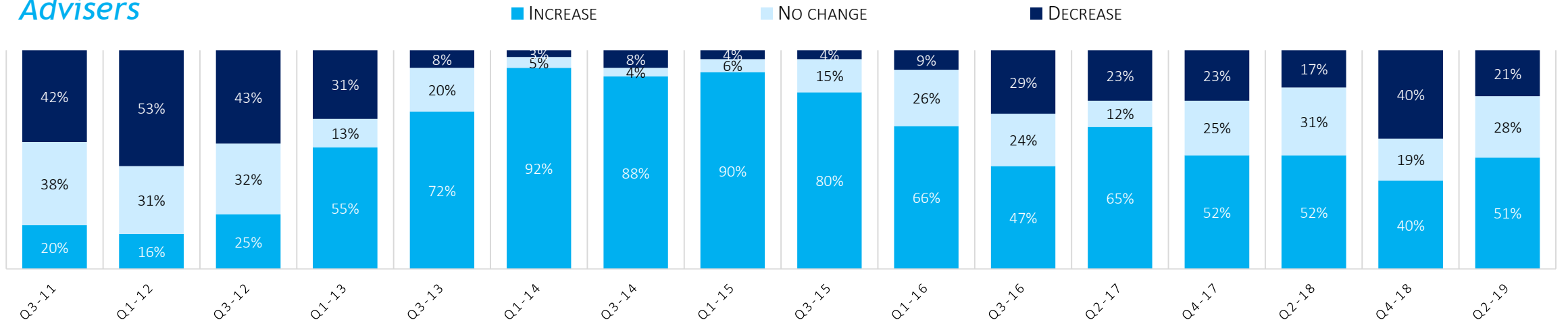
- 76% of small & mid-caps expecting to increase jobs in next 12 months.
- But 19% anticipate decreasing employment - this is just 1% short of the all-time high for this index since 2011, and increasing from 10% six months earlier.

Expectations regarding job growth

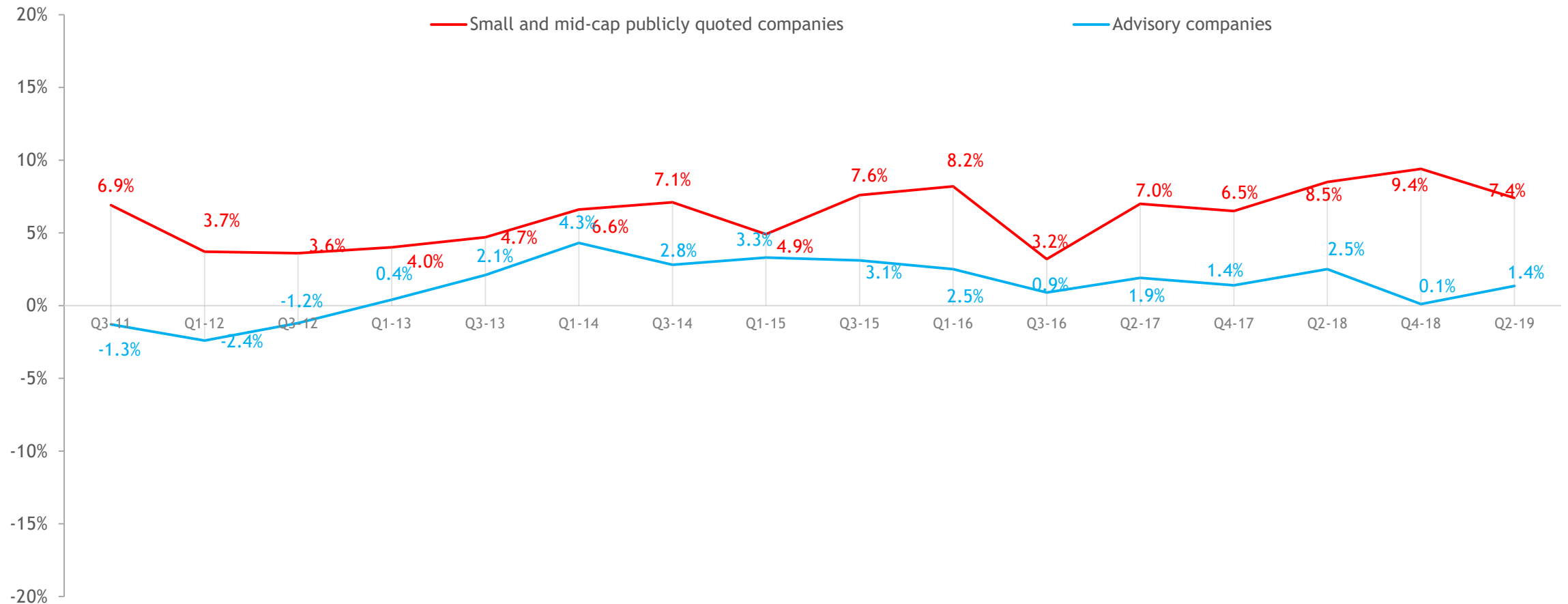
Small & Mid-cap companies



Advisers



Expectations regarding job growth: Mean expected employment change over the next 12 months



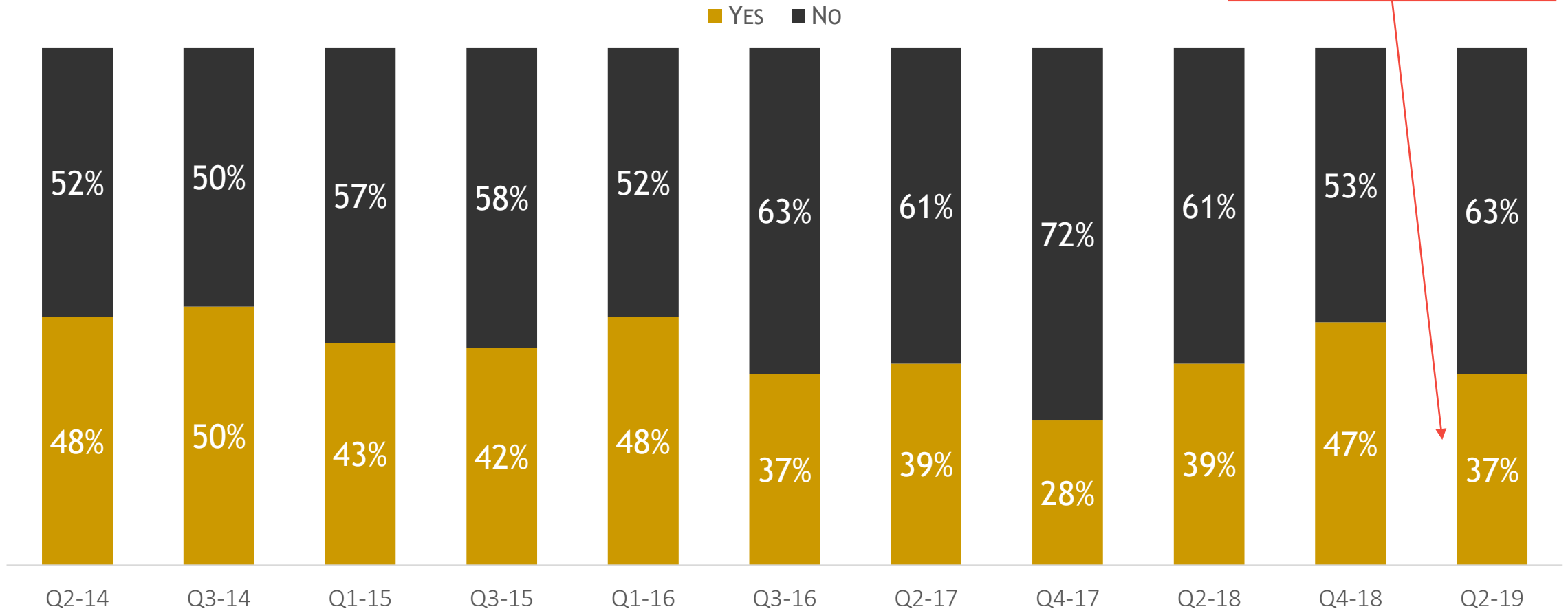
4. Raising capital

- 37% of surveyed companies are planning to raise capital in the next 12 months - down from 47% when asked six months earlier.
- For 60% of companies, public equity would be their preferred way of raising capital.

Raising capital for small and mid-caps

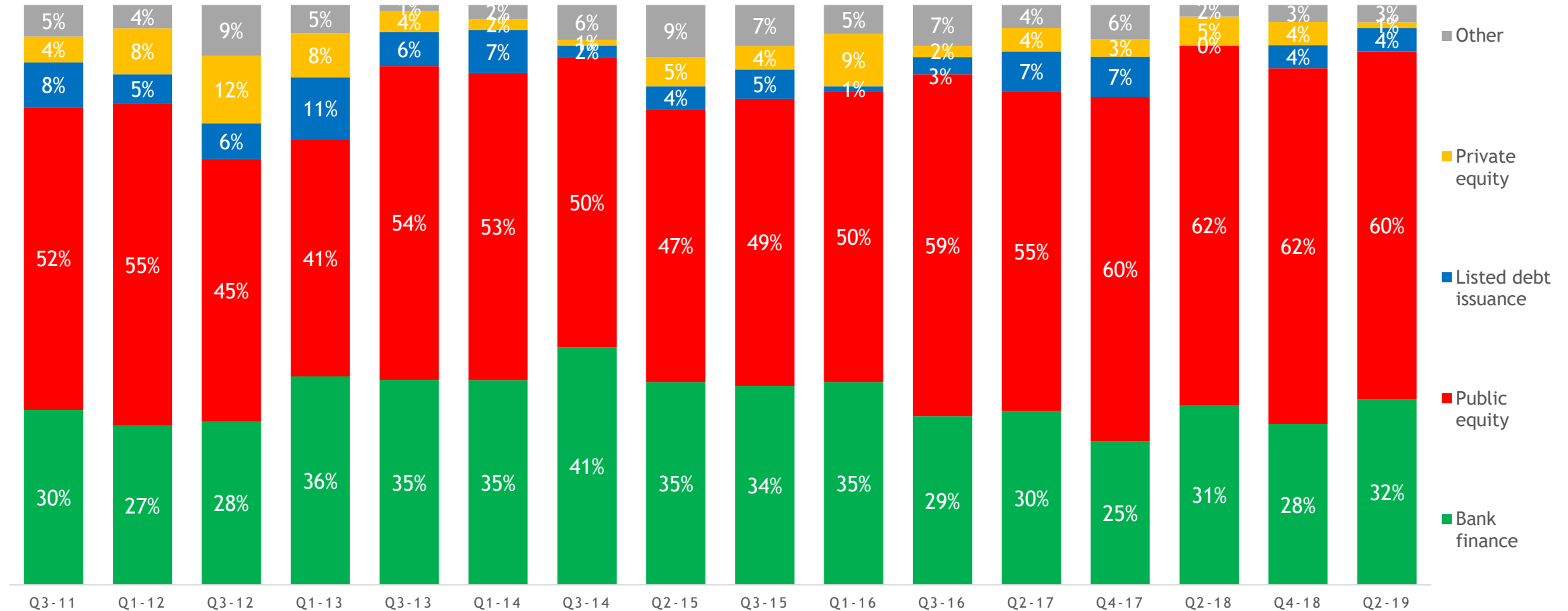
Are you considering raising capital for your company in the next 12 months?

28 companies said they are considering raising capital. Of those, 20 (71%) said they would prefer to do this via public equity in the following question.



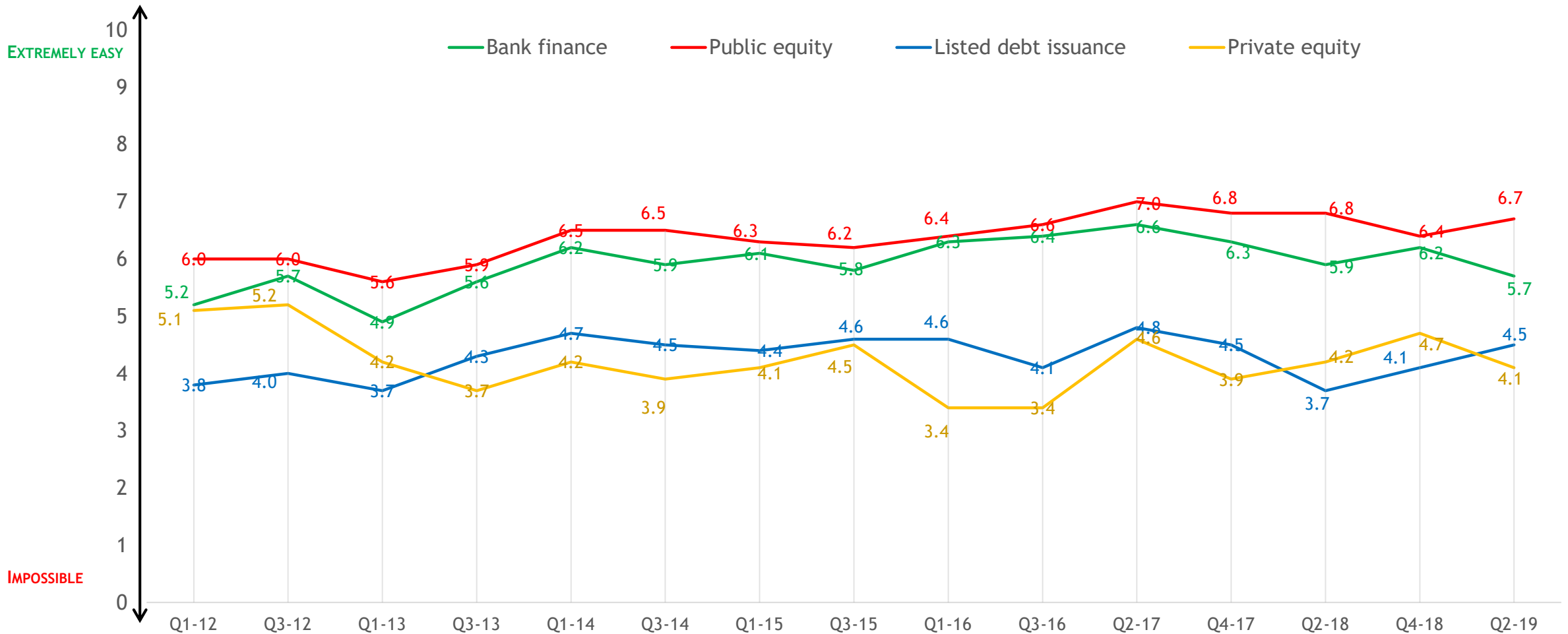
Raising capital (small and mid-caps only)

What would be your preferred way of raising capital, if the need arose in the next 12 months?



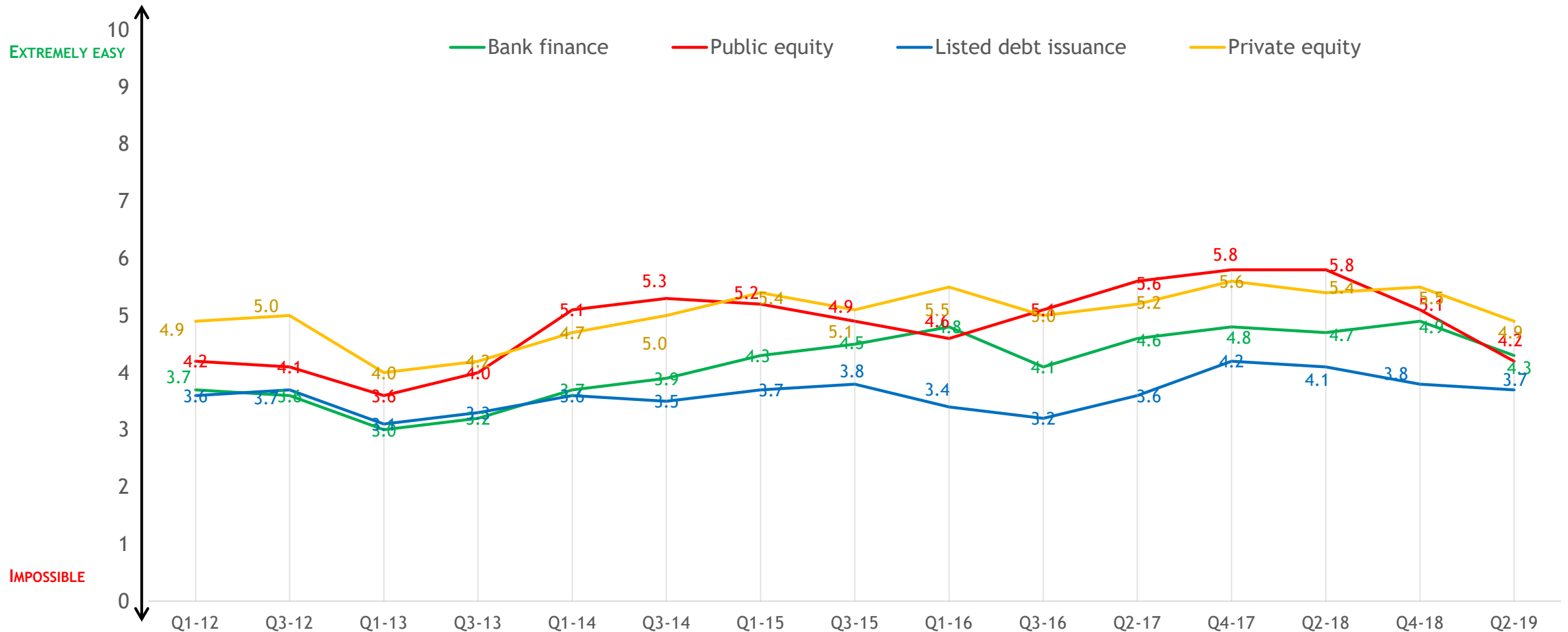
Public equity the easiest way to raise capital

How easy or difficult would your company currently find it to raise finance through the following channels? **Mean scores - Companies**



Ease of raising capital for small and mid-caps

How easy or difficult would your company currently find it to raise finance through the following channels? **Mean scores - Advisers**



Ease of raising capital for small and mid-caps

How easy or difficult would your company currently find it to raise finance through the following channels?

Quarter 2, 2019 (scale: 0 impossible - 10 extremely easy)

	Bank finance		Public Equity		Listed debt issuance		Private equity	
	Company	Advisers	Company	Advisers	Company	Advisers	Company	Advisers
HARD (0-3)	26%	31%	7%	36%	26%	44%	27%	21%
NEUTRAL (4-6)	22%	56%	29%	44%	24%	23%	26%	51%
EASY (7-10)	48%	10%	56%	13%	10%	10%	15%	18%
DON'T KNOW	4%	3%	8%	8%	29%	23%	33%	10%
MEAN	5.7	4.3	6.7	4.2	4.5	3.7	4.1	4.9

Background

The Small & Mid-Cap Sentiment Index:

- The QCA/YouGov *Small & Mid-Cap Sentiment Survey* has been running since 2011.
- This is the 22nd wave and is conducted twice yearly. It is an established source of information about the small and mid-sized quoted company sector.

The small & mid-cap sector in the UK:

- In 2019, there are around 1,250 small and mid-size quoted companies in the UK, representing 93% of all companies quoted on stock exchanges.
- They employ approximately 3 million people, representing 11% of private sector employment in the UK, and contribute over £26bn in annual taxes ([source](#)).

The Quoted Companies Alliance:

- The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.
- For more information please visit www.theqca.com.

Methodology

- 117 interviews were conducted between 17/04/19 and 04/06/19.
- 78 from small and mid-cap UK quoted companies, 39 from advisory companies (this includes investors, auditors, accountants, lawyers, brokers, and AIM NOMADs etc.)
- This survey was conducted by YouGov using an online interview administered to members and associates of the QCA. An email was sent to the QCA database, inviting them to take part in the survey and providing a link to it. A link to the survey was also circulated by the QCA to their contacts. The sample definition is "small and mid-cap UK quoted companies and advisory companies". The responding sample is weighted by industry to be representative of small and mid-cap UK quoted companies, as derived from London Stock Exchange data, but the advisory companies are not weighted in any way.
- Note: Where the percentages for a chart are calculated on bases fewer than 40 respondents these must not be reported as they do not represent a wide enough cross-section of the target population to be considered statistically reliable. These questions and figures will be italicised.