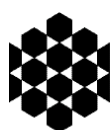


***SIZE AND PERFORMANCE
OF THE
NORTHERN IRELAND
FOOD AND DRINKS PROCESSING SECTOR
2002
SUBSECTOR STATISTICS
WITH
PROVISIONAL ESTIMATES FOR 2003***



Department of
**Agriculture and
Rural Development**
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SUBSECTOR STATISTICS
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PROVISIONAL ESTIMATES FOR 2003***

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Policy and Economics Division
DARD*



FOREWORD

This annual report provides comprehensive information on the performance of the food and drinks processing sector in Northern Ireland for 2002 as well as provisional estimates of gross turnover and level of employment in the sector for 2003.

The 2002 data include estimates of the value of sales, value added, profitability, exports and employment for each of the 10 constituent subsectors of the food and drinks processing sector in Northern Ireland. These statistics are supplemented with 15 performance indicators for each subsector.

One of the main purposes of this report is to enable firms within the food and drinks processing sector to prepare strategies and undertake sector evaluations based on statistical evidence. As a by-product of this compilation of statistics a number of performance indicators for the subsectors is produced. This benchmarking data will assist businesses when assessing their competitiveness within their subsector.

A number of organisations provided assistance in the task of compiling the statistics for this report and their help and co-operation are gratefully acknowledged. They include Invest Northern Ireland, Statistics Research Branch of the Department of Enterprise, Trade and Investment, and Companies Registry. Without their assistance the report would be less comprehensive. Thanks are due also to Jill Magee for her assistance with the processing of the data.

The report was prepared by Jenny Gilmour under the supervision of Hazel Quinn. Any comments on it should be forwarded to them.

S A McBURNEY
Deputy Chief Agricultural Economist
July 2004

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EXECUTIVE SUMMARY

PROVISIONAL ESTIMATES

Gross turnover and employment in 2003.

- 1. The total gross turnover of the of the Northern Ireland food and drinks processing sector is estimated to have increased from £2,276 million in 2002 to £2,365 million in 2003.*
- 2. The increase in total gross turnover between 2002 and 2003 resulted mainly from increases in the values of sales in the beef/sheepmeat (+£37m), poultrymeat (+£27m) and milk/milk products (+£17m) subsectors.*
- 3. The food and drinks processing sector is estimated to have accounted for 23% of Northern Ireland's total manufacturing sales in 2003.*
- 4. The level of employment provided by the food and drinks processing sector is estimated to have increased from 18,942 to 19,295 full-time employees between 2002 and 2003.*

FINAL ESTIMATES

Gross turnover, 2001 and 2002

- 5. Between 2001 and 2002, the total gross turnover of the Northern Ireland food and drinks processing sector increased from £2,194 million to £2,276 million. This 3.7% increase resulted from higher gross turnovers in 8 of the 10 subsectors which comprise the sector.*
- 6. The subsectors with the largest increases in gross turnover between 2001 and 2002 were poultrymeat (+£19.4m), beef/sheepmeat (+£19.3m) and bakeries (+£18.3m).*
- 7. Two of the subsectors, drinks and eggs, had lower gross turnovers in 2002 than in 2001.*
- 8. The two largest subsectors (milk/milk products and beef/sheepmeat), which contributed 45.8% of the sectors total gross turnover, continue to have a considerable impact on the performance of the whole sector.*

Value added, 2001 and 2002

- 9. Value added is the best overall measure of the sector's contribution to the Northern Ireland economy. In 2002 food and drinks processing activities generated a total value added of £456 million, a 3.5% increase over the 2001 level of £440 million.*
- 10. The poultrymeat (£78.3m), milk/milk products (£76.2m) and drinks (£74.8m) subsectors generated half of the total value added in 2002.*
- 11. Every £1,000 worth of sales by the food and drinks processing sector resulted in £200 of added value in 2002 compared with £201 in 2001.*

Semi-processed food purchases, 2002

- 12. Imported semi-processed food used by the food and drinks processing sector totalled £221 million in 2002.*
- 13. Inter-business sales of semi-processed food products among Northern Ireland food businesses totalled £99 million in 2002.*

Employment, 2001 and 2002

- 14. The total level of employment, provided by the food and drinks processing sector, was 18,942 full-time employee equivalents in 2002. This was an increase of 168 employees between 2001 and 2002.*
- 15. The drinks subsector (-150 employees) recorded the greatest decline in employment. The largest increases in employment in 2002 took place in the bakeries (+105 employees) and the milk/milk products (+86 employees) subsectors.*
- 16. The poultrymeat subsector continued to be the largest employer of the 10 subsectors with 4,178 employees in 2002. The poultrymeat, bakeries and beef/sheepmeat subsectors were the three largest employers, and accounted for just over half (56%) of the total number of employees in the food and drinks processing sector.*

Destinations of sales, 2001 and 2002

- 17. The value of total external sales, i.e. those sales to destinations outside Northern Ireland, increased from £1,227 million in 2001 to £1,342 million in 2002. External sales represented 59% of total food and drinks processing sector sales in 2002.*
- 18. The value of export sales, i.e. sales to destinations outside the UK, increased from £456 million in 2001 to £530 million in 2002*
- 19. Great Britain continued to be the main market outside Northern Ireland for the food and drinks processing sector with sales worth £794 million in 2002, accounting for 35% of total sales.*
- 20. The Republic of Ireland was the largest export market for the food and drinks processing sector in 2002 with sales worth £313 million, some £73 million higher than in 2001.*
- 21. The continued restrictions in 2002 imposed on selling beef outside the UK are clear; in the beef/sheepmeat subsector sales totalled £32 million for sheepmeat compared with pre-BSE sales levels in exports markets for beef/sheepmeat in 1995 of £161 million.*

Profitability, 2001 and 2002

- 22. The long term sustainability of the food and drinks processing sector depends on its attainment of an adequate level of profitability. As shown in Table 18 the levels of profitability differ among subsectors. In 2002, all of the 10 subsectors generated profit.*
- 23. Total profits for the food and drinks processing sector before taxation increased from £65 million in 2001 to £73 million in 2002, equating to average profit margins of 2.9% in 2001 and 3.2% in 2002.*

Return on capital employed, 2001 and 2002

- 24. Total capital employed in the food and drinks processing sector was estimated at £866 million in 2002, which was £66 million higher than in 2001. The rate of return on capital employed averaged 10.0% in 2002 compared with 9.9% in 2001.*

Contribution of the 10 largest food and drinks processing businesses to the sector's performance, 2002

25. *The 10 largest businesses in the food and drinks processing sector in Northern Ireland accounted for 41% of total gross turnover, 40% of value added, and 36% of total employment in the sector in 2002.*

Contribution of the food and drinks processing sector to the manufacturing industry, 2002

26. *The food and drinks processing sector's contribution to Northern Ireland's total manufacturing sales increased from 21% in 2001 to 22% in 2002.*

27. *External sales of the food and drinks processing sector represented 18% of Northern Ireland's total manufacturing external sales in 2002, and were 1 percentage point higher than in 2001.*

28. *In 2002, the food and drinks processing sector sales into export markets were 13% of Northern Ireland's total manufacturing export sales.*

29. *In 2002, there were 18,942 full-time employee equivalents employed in food and drinks processing businesses with annual turnovers in excess of £250,000, and an estimated 500 employees in the smaller businesses. This equates to 21% of the total employees in the whole manufacturing sector in Northern Ireland.*

Contribution of the food and drinks processing sector to the N. Ireland economy, 2002

30. *In 2002, the food and drinks processing sector contributed 2.4% of total Northern Ireland Gross Value Added.*

I. INTRODUCTION

This booklet contains data estimates for the size and performance of the Northern Ireland Food and Drinks Processing Sector in 2002 and provides revised comparative data for 2001. It also includes provisional estimates of the gross turnover and level of employment in the sector in 2003 based on a sample of businesses for which data were readily available by June 2004. The full set of data on the performance of the food and drinks processing sector in 2003 will be published in July 2005.

A number of data sources are used to derive the estimates included in this report, however, the estimates are mainly based on information contained in the annual accounts of businesses in Northern Ireland with an annual turnover in excess of £250,000. This minimum business turnover threshold is used mainly because of the difficulty in accessing detailed accounting information for small businesses. Their omission from the study is estimated to have a maximum impact of £50 million on the total gross turnover of the sector.

The main measures of size used in the 2001 and 2002 analyses are gross turnover, value added and employment. External and export sales provide good indicators of the dependence of the sector on markets outside Northern Ireland and its export revenue earnings. Performance is expressed in 15 different ways and includes parameters such as profitability, expressed as a percentage of annual turnover, and rate of return on capital employed. These measures of size and indicators of performance are presented for each of the 10 food and drinks subsectors and for the whole processing sector.

A number of different definitions are available to describe what food and drinks processing encompasses. The definition used for this compilation of statistics only includes those businesses that are involved in processing activities, which change the nature of a raw material destined for human consumption. Thus, under this definition, businesses involved in animal feedingsuffs manufacture, pet food production, rendering, and hide and skin processing are not considered to be part of the food and drinks processing sector. This differs from the standard industrial classification definitions, which are used to compile Government's statistics on the manufacturing sector. It is considered that the definition adopted for the report provides a more useful and practical description of the food and drinks processing sector. Definitions for each of the 10 subsectors are given in the Annex B.

Throughout this report the 'total sector' estimates refer to the totals of the 10 food and drinks subsectors. For gross turnover this results in a total sector value of £2,276 million in 2002. On occasions this aggregation of subsectors may not be appropriate. For instance when data are required for the food sector only it may be appropriate to exclude the drinks subsector. This would result in a gross turnover value of £1,974 million in 2002. Often an estimate is required for the value of that part of the food processing sector which is based on farm produce. In this circumstance, the drinks, fish and bakeries data plus the estimate of imported semi-processed raw materials might be excluded and would result in a gross turnover value of £1,502 million in 2002. It is hoped that the way in which the data are presented will enable readers to use them to suit their particular purposes.

In total, information for 289 businesses was used in the 2002 analyses. Each of these businesses was allocated, depending on the main product processed, into one of the 10 food and drinks subsectors.

Some revisions have been made to the 2001 data published in last year's report as a result of better information now available for a small number of businesses. The revised data for

2001 for the key data are given below along with the original estimates. They show marginal differences between the two estimates.

	2001 Original Estimate	2001 Revised Estimate
<i>Total Gross Turnover (£m)</i>	2,199	2,194
<i>Total Value Added (£m)</i>	436	440
<i>Total Exports (£m)</i>	452	456
<i>Total Employment</i>	18,835	18,774

The layout of this report is very similar to last year with the results published in tables and summaries of the main points accompanying each table.

II. PRELIMINARY ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT FOR THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2003.

Table 1 Gross Turnover and Full-time Employee Equivalents in 2002 with provisional estimates for 2003

	2002	2003*	% change 02/03
<i>Gross Turnover (£ million)</i>	2,276	2,365	3.9
<i>Employees (full time equivalents)</i>	18,942	19,295	1.9

** Provisional estimates based on a sample of business returns*

- * The total gross turnover of the food and drinks processing sector is estimated to be £2,365 million in 2003. This is 3.9% higher than in 2002.*
- * When expressed in real terms using the GDP deflator, the rate of increase in gross turnover between 2002 and 2003 is 1.1%.*
- * The estimated number of full-time employee equivalents in the food and drinks processing sector is 19,295 in 2003; an increase of 1.9% between 2002 and 2003.*

Table 2 Gross Turnover, by subsector, in 2002 with provisional estimates for 2003

	<i>Gross turnover (£ million)</i>		<i>Estimated % change 02/03</i>
	<i>2002</i>	<i>2003*</i>	
<i>Animal By-Products</i>	24.0	25	4.0
<i>Bakeries</i>	168.2	170	1.1
<i>Beef and Sheepmeat</i>	503.1	540	7.3
<i>Drinks</i>	301.5	300	-0.5
<i>Eggs</i>	33.8	35	3.7
<i>Fish</i>	82.7	80	-3.3
<i>Fruit and Vegetables</i>	140.8	150	6.6
<i>Milk and Milk Products</i>	538.2	555	3.1
<i>Pigmeat</i>	164.9	165	0.1
<i>Poultrymeat</i>	318.4	345	8.4
<i>Total Sector</i>	2,275.6	2,365	3.9

** Provisional estimates based on a sample of business returns*

- * Eight of the 10 subsectors are estimated to have increased their gross turnovers between 2002 and 2003.*
- * The two subsectors with the highest rates of growth between 2002 and 2003 were poultrymeat (+8.4%) and beef/sheepmeat (+7.3%).*
- * Just over two thirds of the increase in value of turnover between 2002 and 2003 was generated by the poultrymeat and beef/sheepmeat subsectors.*
- * The two largest subsectors, milk/milk products and beef/sheepmeat accounted for 46% of the total gross turnover of the sector in 2003; this was similar to their contribution to the total in 2002.*
- * The food and drinks processing sector accounted for 23% of Northern Ireland's total manufacturing sales in 2003 and was 1 percentage point higher than in 2002.*

Table 3 *Full-time employee equivalents, by subsector, 2002 with provisional estimates for 2003*

	<i>Employees (full-time equivalents)</i>		<i>Estimated</i>
	<i>2002</i>	<i>2003</i>	<i>% change 02/03</i>
<i>Animal By-Products</i>	264	265	0.4
<i>Bakeries</i>	3,521	3,520	0.0
<i>Beef and Sheepmeat</i>	2,813	2,810	-0.1
<i>Drinks</i>	1,630	1,660	1.9
<i>Eggs</i>	201	215	7.0
<i>Fish</i>	1,000	1,000	0.1
<i>Fruit and Vegetables</i>	1,538	1,615	5.0
<i>Milk and Milk Products</i>	2,313	2,310	-0.1
<i>Pigmeat</i>	1,485	1,515	2.0
<i>Poultrymeat</i>	4,178	4,385	5.0
<i>Total Sector</i>	18,942	19,295	1.9

- * *The level of employment in the food and drinks processing sector is estimated to have increased by 353 employees from 18,942 in 2002 to 19,295 in 2003.*
- * *Increases in employment levels were recorded for 7 of the 10 subsectors between 2002 and 2003.*
- * *The 3 subsectors which did not increase their employment levels were bakeries, beef/sheepmeat and milk/milk products; all recorded minor declines between 2002 & 2003.*
- * *The poultrymeat subsector had the largest increase in employment level (+207) and accounted for over half (59%) of the total increase between 2002 and 2003.*
- * *In 2003 three subsectors, poultrymeat, bakeries and beef/sheepmeat accounted for over half (55%) of the total employees in the food and drinks processing sector.*

III. SIZE & MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2001 AND 2002.

Table 4 Gross turnover, by subsector, 2001 and 2002

	Gross turnover (£ million)		% change 01/02
	2001	2002	
<i>Animal By-Products</i>	23.1	24.0	4.0
<i>Bakeries</i>	149.9	168.2	12.2
<i>Beef and Sheepmeat</i>	483.8	503.1	4.0
<i>Drinks</i>	315.4	301.5	-4.4
<i>Eggs</i>	34.1	33.8	-1.0
<i>Fish</i>	80.3	82.7	3.0
<i>Fruit and Vegetables</i>	127.2	140.8	10.7
<i>Milk and Milk Products</i>	522.4	538.2	3.0
<i>Pigmeat</i>	158.6	164.9	4.0
<i>Poultrymeat</i>	299.0	318.4	6.5
Total Sector	2,193.8	2,275.6	3.7

- * The total gross turnover of the Northern Ireland food and drinks processing sector was almost £2.3 billion in 2002.
- * Between 2001 and 2002 turnover increased by 3.7% in current money terms and by 1.1% when inflation is taken into account.
- * The two largest subsectors, milk/milk products and beef/sheepmeat, jointly accounted for 45.8% of the total gross turnover of the processing sector in 2002.
- * The largest increases in turnover between 2001 and 2002 occurred in the poultrymeat (+£19.4m), beef/sheepmeat (+£19.3m) and bakeries (+£18.3m) subsectors.

% of Gross Turnover by Subsector 2002

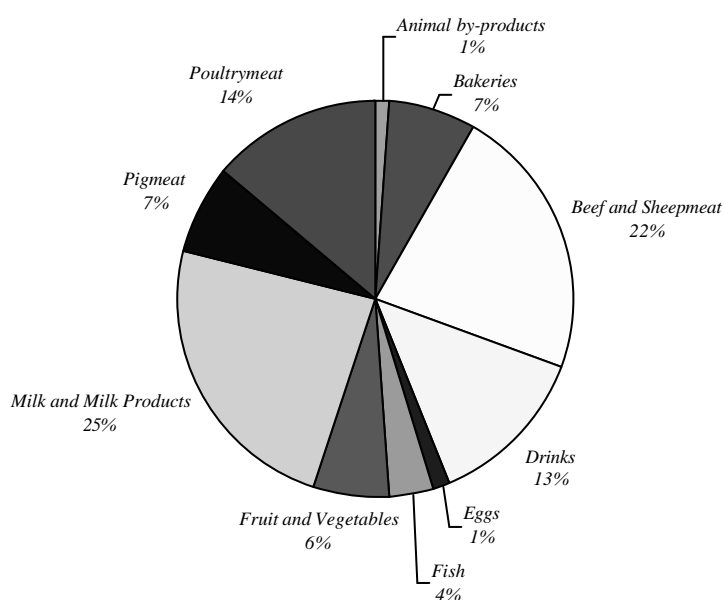


Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2001

	<i>Turnover (£ million)</i>				<i>Total</i>
	<i>0.25 - 0.99</i>	<i>1.0 - 9.99</i>	<i>10.0 - 49.99</i>	<i>50 & over</i>	
<i>Animal By-Products</i>	5	5	0	0	10
<i>Bakeries</i>	31	22	5	0	58
<i>Beef and Sheepmeat</i>	21	18	6	3	48
<i>Drinks</i>	3	6	4	2	15
<i>Eggs</i>	4	11	0	0	15
<i>Fish</i>	13	22	1	0	36
<i>Fruit and Vegetables</i>	21	25	4	0	50
<i>Milk and Milk Products</i>	2	9	8	4	23
<i>Pigmeat</i>	0	16	3	1	20
<i>Poultrymeat</i>	3	4	5	1	13
Total Sector	103	138	36	11	288

Table 5b Distribution of processing businesses by subsector and value of annual turnover, 2002

	<i>Turnover (£ million)</i>				<i>Total</i>
	<i>0.25 - 0.99</i>	<i>1.0 - 9.99</i>	<i>10.0 - 49.99</i>	<i>50 & over</i>	
<i>Animal By-Products</i>	5	5	0	0	10
<i>Bakeries</i>	32	24	5	0	61
<i>Beef and Sheepmeat</i>	21	17	6	4	48
<i>Drinks</i>	2	7	3	2	14
<i>Eggs</i>	4	11	0	0	15
<i>Fish</i>	10	23	1	0	34
<i>Fruit and Vegetables</i>	20	26	4	0	50
<i>Milk and Milk Products</i>	2	10	9	3	24
<i>Pigmeat</i>	0	16	3	1	20
<i>Poultrymeat</i>	3	4	5	1	13
Total Sector	99	143	36	11	289

* The food and drinks processing sector had 289 businesses with annual turnovers of more than £250,000 in 2002, one more than in 2001.

* In both 2001 and 2002 there were 47 food and drinks processing businesses in Northern Ireland with annual turnovers of more than £10 million.

* The 11 businesses in 2002 with a turnover in excess of £50 million accounted for 44% of the total turnover of the food and drinks processing sector.

Table 6 Value added, by subsector, 2001 and 2002

	Value added (£ million)		% change 01/02
	2001	2002	
Animal By-Products	7.8	7.8	0.6
Bakeries	54.8	60.5	10.4
Beef and Sheepmeat	75.2	73.2	-2.6
Drinks	79.8	74.8	-6.4
Eggs	5.8	4.5	-23.0
Fish	19.2	20.0	4.4
Fruit and Vegetables	29.5	32.1	8.8
Milk and Milk Products	64.0	76.2	19.1
Pigmeat	28.1	28.6	2.0
Poultrymeat	76.2	78.3	2.7
Total Sector	440.4	456.0	3.5

- * Food and drinks processing activities generated a total value added of £456 million in 2002, some 3.5% higher than in 2001.
- * In 2002 the total value added generated by the food and drinks processing sector was approximately 2.4% of the Northern Ireland total compared with 2.3% in 2001.
- * Value added for the food and drinks processing sector represented 20.0% of total gross turnover in 2002 compared with 20.1% in 2001.
- * Three of the subsectors, beef/sheepmeat, drinks, and eggs, had a lower value added in 2002 than 2001.
- * Three subsectors, poultrymeat (£78.3m), milk/milk products (£76.2m) and drinks (£74.8m) generated just over half (51%) of the total value added in 2002.

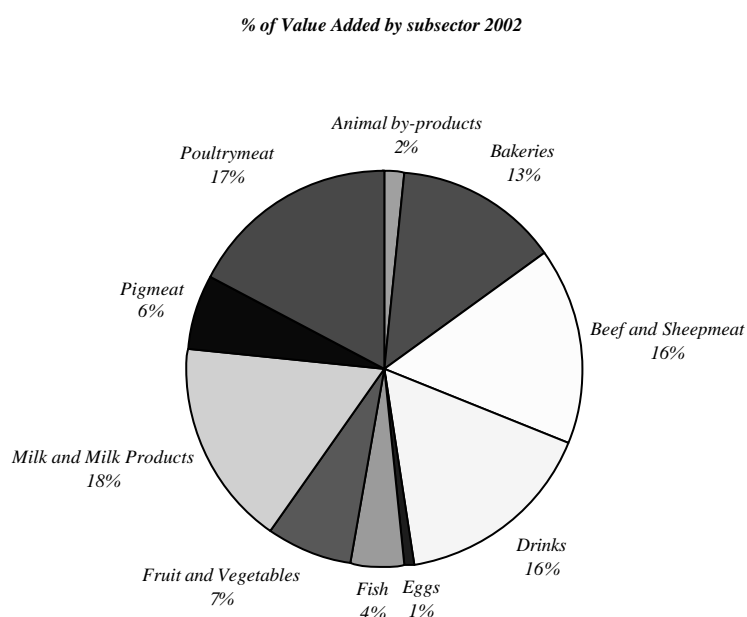


Table 7a Components of value added for each subsector, 2001

	<i>Value added (£ million)</i>				
	<i>Wages & salaries</i>	<i>Depreciation charge</i>	<i>Net profit</i>	<i>Interest paid</i>	<i>Value added</i>
<i>Animal By-Products</i>	4.86	1.21	1.64	0.10	7.79
<i>Bakeries</i>	46.24	6.17	1.01	1.41	54.83
<i>Beef and Sheepmeat</i>	45.22	10.37	17.32	2.25	75.16
<i>Drinks</i>	38.63	11.08	26.89	3.26	79.85
<i>Eggs</i>	2.84	1.03	1.62	0.33	5.81
<i>Fish</i>	12.26	2.59	3.91	0.44	19.19
<i>Fruit and Vegetables</i>	20.96	4.95	2.54	1.06	29.50
<i>Milk and Milk Products</i>	45.72	11.47	4.01	2.76	63.96
<i>Pigmeat</i>	19.61	4.06	3.66	0.75	28.09
<i>Poultrymeat</i>	60.36	11.72	1.99	2.13	76.21
Total Sector	296.69	64.64	64.59	14.47	440.39

Table 7b Components of value added for each subsector, 2002

	<i>Value added (£ million)</i>				
	<i>Wages & salaries</i>	<i>Depreciation charge</i>	<i>Net profit</i>	<i>Interest paid</i>	<i>Value added</i>
<i>Animal By-Products</i>	4.36	1.27	2.08	0.14	7.84
<i>Bakeries</i>	48.60	7.48	2.78	1.67	60.53
<i>Beef and Sheepmeat</i>	46.06	10.60	14.57	1.96	73.19
<i>Drinks</i>	35.27	9.99	26.82	2.69	74.77
<i>Eggs</i>	2.85	0.89	0.38	0.36	4.47
<i>Fish</i>	12.77	2.85	3.92	0.50	20.04
<i>Fruit and Vegetables</i>	22.95	6.80	1.19	1.16	32.10
<i>Milk and Milk Products</i>	45.88	12.05	15.45	2.80	76.18
<i>Pigmeat</i>	21.31	3.97	2.58	0.78	28.65
<i>Poultrymeat</i>	61.30	11.96	3.21	1.79	78.25
Total Sector	301.36	67.86	72.99	13.83	456.02

- * The amount of interest paid was the only component of value added to decline between 2001 and 2002.
- * The net profit of the food and drinks processing sector increased from £65 million in 2001 to £73 million in 2002 and represented 16% of value added in 2002.
- * Wages and salaries accounted for approximately two thirds (66%) of the total value added in 2002.
- * The total wages and salaries bill for the food and drinks processing sector increased from £297 million in 2001 to £301 million in 2002. This equates to an average full time employee equivalent cost of £15,910 in 2002, compared with £15,803 in 2001.

Table 8 Full-time employee equivalents, by subsector, 2001 and 2002

	Employees (Full-time equivalents)		% change 01/02
	2001	2002	
<i>Animal By-Products</i>	270	264	-2.2
<i>Bakeries</i>	3,416	3,521	3.1
<i>Beef and Sheepmeat</i>	2,770	2,813	1.6
<i>Drinks</i>	1,780	1,630	-8.5
<i>Eggs</i>	205	201	-1.7
<i>Fish</i>	996	1,000	0.4
<i>Fruit and Vegetables</i>	1,499	1,538	2.6
<i>Milk and Milk Products</i>	2,227	2,313	3.9
<i>Pigmeat</i>	1,454	1,485	2.1
<i>Poultrymeat</i>	4,160	4,178	0.4
Total Sector	18,774	18,942	0.9

- * The total number of employees in the food and drinks processing sector increased by 168 full time equivalents from 18,774 in 2001 to 18,942 in 2002.
- * Increases in employment occurred in 7 of the 10 subsectors between 2001 and 2002.
- * The largest increases in employment in 2002 took place in the bakeries (+105 employees) and the milk/milk products (+86 employees) subsectors.
- * The drinks subsector (-150 employees) recorded the greatest decline in employment.
- * The poultrymeat subsector was the largest employer of the 10 subsectors with 4,178 employees, and eggs was the smallest with 201 employees in 2002.
- * Three subsectors, poultrymeat, bakeries and beef/sheepmeat employed over half (56%) of the total employees in the sector.

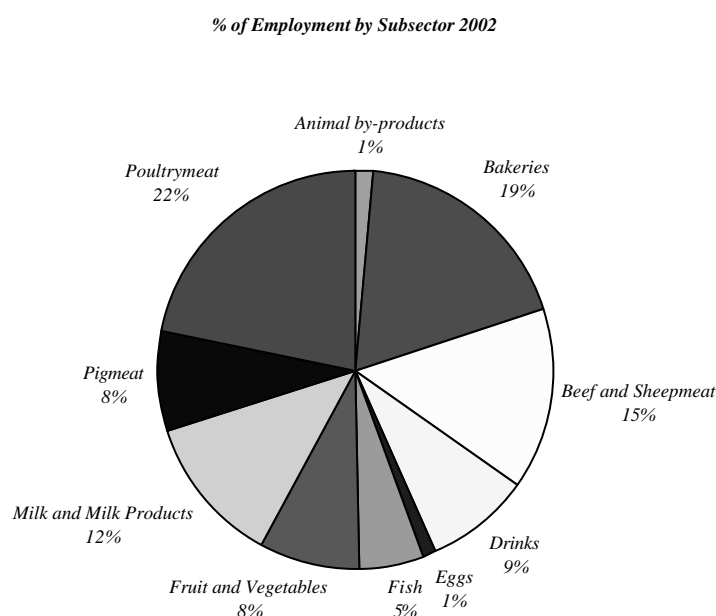


Table 9 Total sales by country of destination, 2001 and 2002

	<i>Sales (£ million and % of total sales)</i>			
	2001	%	2002	%
<i>Northern Ireland</i>	966.8	44	933.5	41
<i>Great Britain</i>	770.2	35	794.0	35
<i>Republic of Ireland</i>	239.4	11	312.7	14
<i>Other EU</i>	163.3	7	161.5	7
<i>Rest of World</i>	52.9	2	56.1	2
<i>Intervention</i>	1.2	0	17.8	1
<i>Total Sales</i>	2193.8	100	2,275.6	100
<i>External Sales</i>	1,227.0	56	1,342.1	59
<i>Export Sales</i>	455.6	21	530.3	23

- * Sales to destinations outside Northern Ireland totalled £1,342 million, and represented 59% of total sales in 2002.
- * Export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, increased from £455.6 million in 2001 to £530.3 million in 2002.
- * Great Britain continued to be the main market outside Northern Ireland for the food and drinks processing sector with sales worth £794 million in 2002, accounting for 35% of total sales.
- * The Republic of Ireland was the largest export market for the food and drinks processing sector in 2002 with sales worth £313 million, some £73 million higher than in 2001.
- * Sales into intervention were substantially higher in 2002 than in 2001 at £17.8 million and £1.2 million respectively.

Table 10a Destinations and values of subsector sales, 2001

	<i>NI</i> ¹	<i>GB</i> ²	<i>ROI</i> ³	<i>Other</i> ⁴ <i>EU</i>	(£ million) <i>ROW</i> ⁵	<i>Inter-</i> <i>vention</i>	<i>Total</i> <i>Sales</i>	<i>External</i> ⁶ <i>Sales</i>	<i>Export</i> ⁷ <i>Sales</i>
<i>Animal By-Products</i>	3.9	16.2	1.9	1.0	0.2	0.0	23.1	19.3	3.1
<i>Bakeries</i>	112.8	13.3	23.1	0.5	0.2	0.0	149.9	37.1	23.8
<i>Beef and Sheepmeat</i>	206.5	241.2	8.9	26.7	0.6	0.0	483.8	277.3	36.1
<i>Drinks</i>	209.4	17.5	65.8	5.9	16.8	0.0	315.4	106.0	88.5
<i>Eggs</i>	8.1	22.1	3.9	0.0	0.0	0.0	34.1	26.0	3.9
<i>Fish</i>	19.5	32.8	5.9	21.1	0.9	0.0	80.3	60.8	28.0
<i>Fruit and Vegetables</i>	60.1	45.9	20.0	*	*	0.0	127.2	67.1	21.1
<i>Milk and Milk Products</i>	177.9	152.4	59.6	97.7	33.6	1.2	522.4	344.5	190.9
<i>Pigmeat</i>	81.8	52.2	20.4	*	*	0.0	158.6	76.8	24.6
<i>Poultrymeat</i>	86.8	176.6	30.1	5.5	0.0	0.0	299.0	212.2	35.6
Total	966.8	770.2	239.4	163.3	52.9	1.2	2,193.8	1,227.0	455.6

Table 10b Destinations and values of subsector sales, 2002

	<i>NI</i> ¹	<i>GB</i> ²	<i>ROI</i> ³	<i>Other</i> ⁴ <i>EU</i>	(£ million) <i>ROW</i> ⁵	<i>Inter-</i> <i>vention</i>	<i>Total</i> <i>Sales</i>	<i>External</i> ⁶ <i>Sales</i>	<i>Export</i> ⁷ <i>Sales</i>
<i>Animal By-Products</i>	3.8	17.6	2.1	0.5	0.0	0.0	24.0	20.2	2.6
<i>Bakeries</i>	120.9	21.8	25.0	*	*	0.0	168.2	47.3	25.6
<i>Beef and Sheepmeat</i>	212.3	259.3	9.5	21.6	0.5	0.0	503.1	290.8	31.5
<i>Drinks</i>	150.0	15.6	113.2	6.2	16.6	0.0	301.5	151.6	136.0
<i>Eggs</i>	8.0	21.9	3.8	0.0	0.0	0.0	33.8	25.7	3.8
<i>Fish</i>	19.8	33.1	6.4	22.0	1.5	0.0	82.7	62.9	29.8
<i>Fruit and Vegetables</i>	60.9	53.4	25.8	*	*	0.0	140.8	79.8	26.5
<i>Milk and Milk Products</i>	190.0	126.9	67.5	100.9	35.2	17.8	538.2	348.2	203.5
<i>Pigmeat</i>	82.7	51.7	24.7	3.8	2.0	0.0	164.9	82.2	30.5
<i>Poultrymeat</i>	85.0	192.7	34.9	5.8	0.0	0.0	318.4	233.4	40.7
Total	933.5	794.0	312.7	161.5	56.1	17.8	2,275.6	1,342.1	530.3

* Information has been suppressed to avoid disclosure

1. Northern Ireland 2. Great Britain 3. Republic of Ireland 4. Other European Union

5. Rest of World 6. Sales outside NI 7. Sales outside UK

* All 10 of the subsectors depend on market outlets in Great Britain. As a proportion of sales, the drinks subsector was the least dependent (5% of total sales), whereas the animal by-products subsector was the most dependent subsector, (73% of total sales) in 2002.

* All 10 of the subsectors had export sales in 2002. They ranged from £2.6 million (animal by-products) to £203.5 million (milk/milk products).

* The bakeries, drinks and pigmeat subsectors relied heavily on the Northern Ireland market which accounted for 72%, 50% and 50% of their sales respectively in 2002. All other subsectors had less than 50% of their sales to market outlets in Northern Ireland.

* Sales to the Republic of Ireland represented between 2% and 38% of total sales for each of the 10 subsectors in 2002. The drinks subsector had the highest dependence on the ROI market and beef/sheepmeat the lowest.

Table 11 Capital Employed, by subsector, 2001 and 2002

	<i>Capital employed (£ million)</i>	
	<i>2001</i>	<i>2002</i>
<i>Animal By-Products</i>	<i>10.0</i>	<i>9.6</i>
<i>Bakeries</i>	<i>60.2</i>	<i>65.9</i>
<i>Beef and Sheepmeat</i>	<i>121.0</i>	<i>126.4</i>
<i>Drinks</i>	<i>209.1</i>	<i>217.1</i>
<i>Eggs</i>	<i>9.5</i>	<i>7.9</i>
<i>Fish</i>	<i>29.7</i>	<i>32.1</i>
<i>Fruit and Vegetables</i>	<i>57.7</i>	<i>63.8</i>
<i>Milk and Milk Products</i>	<i>175.3</i>	<i>210.3</i>
<i>Pigmeat</i>	<i>53.0</i>	<i>54.8</i>
<i>Poultrymeat</i>	<i>74.7</i>	<i>77.9</i>
<i>Total Sector</i>	<i>800.1</i>	<i>865.6</i>

- * *The total amount of capital employed in the food and drinks processing sector increased from £800.1 million in 2001 to £865.6 million in 2002.*
- * *Almost half (49%) of the capital employed in the food and drinks processing sector is tied up in the drinks and milk/milk products subsectors.*
- * *The subsectors that had the largest increases in capital employed between 2001 and 2002 were milk/milk products (+£35.0m) and drinks (+£8.0m).*
- * *Two of the ten subsectors, eggs (-£1.6m) and animal by products (-£4.0m), recorded decreases in the total capital employed between 2001 and 2002.*
- * *The rate of return on capital employed averaged 9.9% in 2001 and 10.0 % in 2002.*
- * *The drinks subsector was the most capital intensive of the 10 subsectors in terms of capital per employee, averaging £133,252, and poultrymeat was the least capital intensive subsector with an average of £18,638.*
- * *The eggs subsector (£233) had the lowest capital employed per £1,000 of sales and drinks (£720) the highest in 2002.*

Table 12 Contribution of the 10 largest businesses within the food and drinks processing sector in Northern Ireland

	2001	2002
<i>Turnover of the 10 largest businesses as a % of total gross turnover of the food and drinks processing sector</i>	40%	41%
<i>Value added of the 10 largest businesses as a % of total value added of the food and drinks processing sector</i>	39%	40%
<i>Employment in the 10 largest businesses as a % of total employment provided by the food and drinks processing sector</i>	35%	36%

- * *The 10 largest businesses within the food and drinks processing sector in Northern Ireland accounted for 41% of total gross turnover, 40% of value added, and 36% of total employment in the sector in 2002.*
- * *The 10 largest food and drinks processing sector businesses had higher average levels of sales and value added per employee than the 279 smaller businesses.*
- * *The 279 smaller businesses had a higher average proportion of sales represented by value added than the 10 largest businesses.*
- * *Five of the ten largest gross turnover food and drinks processing companies were under local ownership.*

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2001 AND 2002.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2001

	<i>Animal By - Products</i>	<i>Bakeries</i>	<i>Beef & Sheep- meat</i>	<i>Drinks</i>	<i>Eggs</i>	<i>Fish</i>	<i>Fruit & Veg.</i>	<i>Milk & Milk Products</i>	<i>Pig- meat</i>	<i>Poultry -meat</i>	<i>Ave.</i>
<i>Sales per employee (£)</i>	85,619	43,887	174,673	177,153	166,626	80,707	84,856	234,617	109,078	71,891	116,852
<i>Value added per employee (£)</i>	28,867	16,054	27,135	44,852	28,421	19,279	19,686	28,725	19,316	18,321	23,457
<i>Total capital per employee (£)</i>	36,926	17,617	43,684	117,457	46,303	29,849	38,492	78,720	36,441	17,958	42,615
<i>Ave. wage cost per employee (£)</i>	17,989	13,539	16,326	21,696	13,863	12,315	13,984	20,534	13,488	14,512	15,803
<i>Gross profit as % of sales (%)</i>	25.83	30.01	11.66	28.42	14.88	24.93	22.59	13.08	18.48	18.99	18.47
<i>Net profit as % of sales (%)</i>	7.08	0.67	3.58	8.53	4.76	4.86	2.00	0.77	2.31	0.67	2.94
<i>Value added as % of sales (%)</i>	33.72	36.58	15.53	25.32	17.06	23.89	23.20	12.24	17.71	25.48	20.07
<i>Wages & salaries as % of sales (%)</i>	21.01	30.85	9.35	12.25	8.32	15.26	16.48	8.75	12.37	20.19	13.52
<i>Interest costs as % of sales (%)</i>	0.41	0.94	0.46	1.03	0.96	0.54	0.83	0.53	0.47	0.71	0.66
<i>Sales per £1,000 wages (£)</i>	4,760	3,242	10,699	8,165	12,019	6,553	6,068	11,426	8,087	4,954	7,394
<i>Value added per £1,000 wages (£)</i>	1,605	1,186	1,662	2,067	2,050	1,565	1,408	1,399	1,432	1,262	1,484
<i>Interest costs as % of gross profit</i>	1.59	3.14	3.98	3.63	6.45	2.18	3.69	4.04	2.56	3.75	3.57
<i>Interest costs as % of net profit¹</i>	5.81	n.a	12.97	12.10	20.16	11.16	41.77	68.83	20.51	n.a	22.40
<i>Rate of return on capital employed (%)</i>	17.36	4.03	16.17	14.42	20.58	14.62	6.24	3.86	8.33	5.52	9.88
<i>Capital employed per £1,000 of sales (£)</i>	431	401	250	663	278	370	454	336	334	250	365

¹N.a. – not appropriate because of either a trading loss or small profit relative to interest paid.

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2002

	<i>Animal By - Products</i>	<i>Bakeries</i>	<i>Beef & Sheep- meat</i>	<i>Drinks</i>	<i>Eggs</i>	<i>Fish</i>	<i>Fruit & Veg.</i>	<i>Milk & Milk Products</i>	<i>Pig- meat</i>	<i>Poultry -meat</i>	<i>Ave.</i>
<i>Sales per employee (£)</i>	91,057	47,762	178,852	185,051	167,910	82,790	91,516	232,715	111,048	76,206	120,136
<i>Value added per employee (£)</i>	29,712	17,192	26,019	45,885	22,254	20,051	20,870	32,941	19,290	18,730	24,075
<i>Total capital per employee (£)</i>	36,269	18,710	44,917	133,252	39,169	32,091	41,468	90,926	36,877	18,638	45,697
<i>Ave. wage cost per employee (£)</i>	16,508	13,804	16,374	21,645	14,179	12,777	14,921	19,841	14,352	14,672	15,910
<i>Gross profit as % of sales (%)</i>	30.23	29.68	10.78	29.69	16.36	20.19	23.62	15.62	18.21	19.72	19.04
<i>Net profit as % of sales (%)</i>	8.65	1.65	2.90	8.90	1.13	4.73	0.85	2.87	1.57	1.01	3.21
<i>Value added as % of sales (%)</i>	32.63	36.00	14.55	24.80	13.25	24.22	22.80	14.15	17.37	24.58	20.04
<i>Wages & salaries as % of sales (%)</i>	18.13	28.90	9.16	11.70	8.44	15.43	16.30	8.53	12.92	19.25	13.24
<i>Interest costs as % of sales (%)</i>	0.58	0.99	0.39	0.89	1.05	0.61	0.82	0.52	0.47	0.56	0.61
<i>Sales per £1,000 wages (£)</i>	5,516	3,460	10,923	8,550	11,842	6,479	6,133	11,729	7,738	5,194	7,551
<i>Value added per £1,000 wages (£)</i>	5,516	3,460	10,923	8,550	11,842	6,479	6,133	11,729	7,738	5,194	7,551
<i>Interest costs as % of gross profit</i>	1.91	3.34	3.61	3.00	6.43	3.00	3.48	3.33	2.59	2.85	3.19
<i>Interest costs as % of net profit¹</i>	6.68	59.99	13.46	10.01	93.42	12.82	97.07	18.10	30.09	55.67	18.94
<i>Rate of return on capital employed (%)</i>	23.17	6.75	13.09	13.59	9.34	13.78	3.69	8.68	6.13	6.42	10.03
<i>Capital employed per £1,000 of sales (£)</i>	398	392	251	720	233	388	453	391	332	245	380

Table 14 Sales per employee, by subsector, 2002

	<i>Sales (£ per employee)</i>		
	<i>Minimum¹</i>	<i>Maximum¹</i>	<i>Average²</i>
<i>Animal By-Products</i>	60,000	122,577	91,057
<i>Bakeries</i>	18,222	68,133	47,762
<i>Beef and Sheepmeat</i>	48,346	268,293	178,852
<i>Drinks</i>	38,020	266,171	185,051
<i>Eggs</i>	136,059	184,857	167,910
<i>Fish</i>	48,565	243,125	82,790
<i>Fruit and Vegetables</i>	38,250	191,488	91,516
<i>Milk and Milk Products</i>	71,400	360,870	232,715
<i>Pigmeat</i>	100,764	202,800	111,048
<i>Poultrymeat</i>	41,381	112,500	76,206
<i>Total Sector</i>	18,222	360,870	120,136

¹ The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

² This is the average value for all businesses in each subsector.

* The average level of sales per employee in the food and drinks processing sector increased from £116,852 in 2001 to £120,136 in 2002.

* Businesses within the milk/milk products subsector had the highest average level of sales per employee of the 10 subsectors, at £232,715 in 2002.

* The lowest average sales per employee was recorded for the bakeries subsector, at £47,762.

* All of the subsectors had a difference between the maximum and minimum sales per employee within a 7:1 ratio.

* Subsectors with high, medium and low average sales per employee (£)

<i>High</i> (>£150,000)	<i>Medium</i> (£90,000 to £150,000)	<i>Low</i> (<£90,000)
<i>Beef and Sheepmeat</i>	<i>Animal by-products</i>	<i>Bakeries</i>
<i>Drinks</i>	<i>Fruit and Vegetables</i>	<i>Fish</i>
<i>Eggs</i>	<i>Pigmeat</i>	<i>Poultrymeat</i>
<i>Milk and Milk Products</i>		

Table 15 Value added per employee, by subsector, 2002

	Value added (£ per employee)		
	Minimum ¹	Maximum ¹	Average ²
<i>Animal By-Products</i>	20,424	56,231	29,712
<i>Bakeries</i>	11,044	21,836	17,192
<i>Beef and Sheepmeat</i>	13,857	30,857	26,019
<i>Drinks</i>	15,529	58,738	45,885
<i>Eggs</i>	15,588	33,286	22,254
<i>Fish</i>	9,154	52,042	20,051
<i>Fruit and Vegetables</i>	10,400	40,889	20,870
<i>Milk and Milk Products</i>	19,889	43,793	32,941
<i>Pigmeat</i>	15,184	25,840	19,290
<i>Poultrymeat</i>	9,778	21,568	18,730
Total Sector	9,154	58,738	24,075

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* Between 2001 and 2002 the average level of value added per employee in the sector increased from £23,457 to £24,075.

* Businesses in the drinks subsector had the highest average level of value added per employee of £45,885, and bakeries the lowest at £17,192.

* All of the subsectors had a difference between the maximum and minimum value added per employee within a 6:1 ratio.

* Subsectors with high, medium and low average value added per employee (£)

High (>£25,000)	Medium (£17,500 to £25,000)	Low (<£17,500)
<i>Animal by-products</i>	<i>Eggs</i>	<i>Bakeries</i>
<i>Beef and Sheepmeat</i>	<i>Fish</i>	
<i>Drinks</i>	<i>Fruit and Vegetables</i>	
<i>Milk and Milk Products</i>	<i>Pigmeat</i>	
	<i>Poultrymeat</i>	

Table 16 Total capital employed per employee, by subsector, 2002

	<i>Total capital employed (£ per employee)</i>		
	<i>Minimum¹</i>	<i>Maximum¹</i>	<i>Average²</i>
<i>Animal By-Products</i>	23,760	51,321	36,269
<i>Bakeries</i>	2,839	63,133	18,710
<i>Beef and Sheepmeat</i>	3,000	65,286	44,917
<i>Drinks</i>	20,400	203,310	133,252
<i>Eggs</i>	7,717	93,897	36,169
<i>Fish</i>	5,314	92,000	32,091
<i>Fruit and Vegetables</i>	6,400	72,781	41,468
<i>Milk and Milk Products</i>	11,800	145,232	90,926
<i>Pigmeat</i>	17,533	57,400	36,877
<i>Poultrymeat</i>	10,556	33,333	18,638
<i>Total Sector</i>	2,839	203,310	45,697

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* The average amount of capital employed per employee increased from £42,615 in 2001 to £45,697 in 2002.

* Businesses within the drinks and milk/milk products subsectors had the two highest average levels of capital required per employee.

* The poultrymeat subsector businesses had the lowest level of capital per employee of any of the 10 subsectors at £18,638.

* The subsector with the widest range in the amount of capital employed per employee was bakeries with a ratio of 22:1.

* Subsectors with high, medium and low average total capital employed per employee (£)

<i>High</i> (>£50,000)	<i>Medium</i> (£25,000 to £50,000)	<i>Low</i> (<£25,000)
<i>Drinks</i>	<i>Animal by-products</i>	<i>Bakeries</i>
<i>Milk and Milk Products</i>	<i>Beef and Sheepmeat</i>	<i>Poultrymeat</i>
	<i>Eggs</i>	
	<i>Fish</i>	
	<i>Fruit and Vegetables</i>	
	<i>Pigmeat</i>	

Table 17 Average wages and salaries cost per employee, by subsector, 2002

	Wages & Salaries Cost (£ per employee)		
	Minimum ¹	Maximum ¹	Average ²
<i>Animal By-Products</i>	15,273	17,962	16,508
<i>Bakeries</i>	7,220	15,986	13,804
<i>Beef and Sheepmeat</i>	7,179	18,933	16,374
<i>Drinks</i>	7,333	24,409	21,645
<i>Eggs</i>	9,774	15,652	14,179
<i>Fish</i>	6,000	18,292	12,777
<i>Fruit and Vegetables</i>	5,556	18,375	14,921
<i>Milk and Milk Products</i>	10,222	22,050	19,841
<i>Pigmeat</i>	9,154	16,917	14,352
<i>Poultrymeat</i>	12,163	15,460	14,672
Total Sector	5,556	24,409	15,910

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* The average wages and salaries cost per full-time employee equivalent in the food and drinks processing sector increased by 0.7% between 2001 and 2002, from £15,803 to £15,910.

* Businesses within the fish subsector had the lowest average wages and salaries cost per full-time employee equivalent, at £12,777.

* The drinks subsector had the highest average wages and salaries cost per full-time employee equivalent, at £21,645.

* All of the subsectors were within a ratio of 3 to 1 between the maximum and minimum wages and salaries cost per employee.

* Subsectors with high, medium and low average wages and salaries costs per employee (£)

<i>High</i> (>£16,000)	<i>Medium</i> (£14,000 to £16,000)	<i>Low</i> (<£14,000)
<i>Animal by-products</i>	<i>Eggs</i>	<i>Bakeries</i>
<i>Beef and Sheepmeat</i>	<i>Fruit and Vegetables</i>	<i>Fish</i>
<i>Drinks</i>	<i>Pigmeat</i>	
<i>Milk and Milk Products</i>	<i>Poultrymeat</i>	

Table 18 Net Profit as a % of sales, by subsector, 2002

	<i>Minimum¹</i>	<i>Net Profit (% of sales) Maximum¹</i>	<i>Average²</i>
<i>Animal By-Products</i>	1	23	8.7
<i>Bakeries</i>	-2	16	1.7
<i>Beef and Sheepmeat</i>	0	8	2.9
<i>Drinks</i>	-1	21	8.9
<i>Eggs</i>	-6	6	1.1
<i>Fish</i>	1	14	4.7
<i>Fruit and Vegetables</i>	0	15	0.8
<i>Milk and Milk Products</i>	0	7	2.9
<i>Pigmeat</i>	-1	6	1.6
<i>Poultrymeat</i>	-7	3	1.0
<i>Total Sector</i>	-7	23	3.2

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* The average level of profitability of the food processing sector increased from 2.9% of sales in 2001 to 3.2% of sales in 2002.

* All subsectors made a profit in 2002 although there were substantial differences in profitability performance among the businesses in each subsector.

* The drinks subsector recorded the highest average level of profitability, at 8.9%.

* Subsectors with high, medium and low net profit (% of sales)

High
(>5.0%)

Medium
(1.0% to 5.0%)

Low
(<1.0%)

Animal by-products
Drinks

Bakeries
Beef and Sheepmeat
Eggs
Fish
Milk and Milk Products
Pigmeat
Poultrymeat

Fruit and Vegetables

Table 19 Value added as a % of sales, by subsector, 2002

	<i>Minimum¹</i>	<i>Value added (% of sales) Maximum¹</i>	<i>Average²</i>
<i>Animal By-Products</i>	29	46	32.6
<i>Bakeries</i>	25	72	36.0
<i>Beef and Sheepmeat</i>	10	46	14.5
<i>Drinks</i>	19	47	24.8
<i>Eggs</i>	11	20	13.3
<i>Fish</i>	12	36	24.2
<i>Fruit and Vegetables</i>	13	41	22.8
<i>Milk and Milk Products</i>	10	35	14.2
<i>Pigmeat</i>	11	24	17.4
<i>Poultrymeat</i>	16	29	24.6
Total Sector	10	72	20.0

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* Value added as a percentage of sales is considered to be one of the most important measures of performance, because it provides an indication of the magnitude of value which is added to all the inputs which are used on the activity of processing before leaving the factory gate.

* Between 2001 and 2002 the average level of value added decreased from 20.1% to 20.0% of sales.

* Value added expressed as a percentage of sales was higher in 2002 than in 2001 for only the fish and milk/milk products subsectors.

* Bakeries had the highest average value added as a percentage of sales (36.0%), and egg businesses the lowest (13.3%).

* The ranges in value added percentages recorded for the subsectors is partly explained by the presence of primary processing and further processing businesses within each subsector.

* Subsectors with high, medium and low value added (% of sales)

<i>High (>25%)</i>	<i>Medium (17.5% to 25%)</i>	<i>Low (<17.5%)</i>
<i>Animal by-products</i>	<i>Drinks</i>	<i>Beef and Sheepmeat</i>
<i>Bakeries</i>	<i>Fish</i>	<i>Eggs</i>
	<i>Fruit and Vegetables</i>	<i>Milk and Milk Products</i>
	<i>Poultrymeat</i>	<i>Pigmeat</i>

Table 20 Wages and salaries as a % of sales, by subsector 2002

	<i>Minimum¹</i>	<i>Wages (% of sales) Maximum¹</i>	<i>Average²</i>
<i>Animal By-Products</i>	15	25	18.1
<i>Bakeries</i>	14	57	28.9
<i>Beef and Sheepmeat</i>	4	28	9.2
<i>Drinks</i>	6	35	11.7
<i>Eggs</i>	6	11	8.4
<i>Fish</i>	4	27	15.4
<i>Fruit and Vegetables</i>	5	26	16.3
<i>Milk and Milk Products</i>	5	23	8.5
<i>Pigmeat</i>	5	16	12.9
<i>Poultrymeat</i>	12	23	19.3
Total Sector	4	57	13.2

1. The minimum and maximum values refer to the lower and upper range values for 80% of the businesses (i.e. the 10% lowest and 10% highest values are excluded).

2. This is the average value for all businesses in each subsector.

* The wages and salaries bill is one of the main components of cost incurred by businesses. In 2002 the wages and salaries bill represented 13.2% of the total value of food and drinks processing sector sales and this was slightly lower than the 2001 average of 13.5%.

* The proportions of sales which wages and salaries represented in 2002 ranged from 8.4% for the eggs subsector businesses to 28.9% for the bakeries businesses.

* For 3 of the 10 subsectors, eggs, fish and pigmeat, wages and salaries expressed as a percentage of sales were higher in 2002 than in 2001.

* Within each subsector the difference between the minimum and maximum proportion of sales represented by wages was quite large. Such differences have been recorded in previous years and reflect the wide range of types of processing activities undertaken and levels of mechanisation within subsectors.

* Subsectors with high, medium and low wages (% of sales)

High
(>15%)

Medium
(12.5% to 15%)

Low
(<12.5%)

Animal by-products

Pigmeat

Beef and Sheepmeat

Bakeries

Drinks

Fish

Eggs

Fruit and Vegetables

Milk and Milk Products

Poultrymeat

V. INTER-BUSINESS SALES WITHIN THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2002.

Some food processing businesses in Northern Ireland sell partially processed food products which are used as ingredients, or undergo further processing by other Northern Ireland processors. This being so, the 'outputs' of some food processing businesses are the 'inputs' of others, resulting in an over-estimation of the level of net sales into the Northern Ireland market. When the value of inter-business sales is known the net turnover value of the food and drinks processing sector can be estimated

In the course of the DETI¹ study on marketing outlets, businesses within the food and drink processing sector were asked to provide estimates for the values of semi-processed food purchased from businesses within and outside Northern Ireland. Data returned within the DETI study was added to information sourced by DARD, these data indicated that inter-business purchases between businesses in Northern Ireland were approximately £99 million, and imports of semi-processed food from outside Northern Ireland were worth approximately £221 million in 2002.

Inter-business sales of partially processed foods between firms in Northern Ireland occur to differing extents in the 10 food processing subsectors. As a result, there is a range in the magnitude of differences between the values of gross and net turnovers for each of the 10 subsectors. The highest levels of inter-business sales between firms in Northern Ireland generally occur in the beef/sheepmeat and milk/milk products subsectors. This arises because they are the two largest subsectors within the Northern Ireland food processing sector and also because a high proportion of businesses within these subsectors tend to specialise in either primary or further processing activities, or have valuable by-products which are used by other subsectors.

The beef/sheepmeat subsector had the largest amount of semi-processed product purchases from other firms in Northern Ireland, worth approximately £49 million in 2002. The milk/milk products subsector had the second largest amount of semi-processed product purchases from other firms in Northern Ireland, worth approximately £13 million in 2002.

Net sales are gross sales minus inter-business sales between firms in Northern Ireland. When these inter business data are taken into account, external sales were 64 per cent of total sales for the beef/sheepmeat subsector and 66 per cent for the milk/milk products subsector in 2002. In comparison, the proportions based on gross turnover data were 58 per cent for the beef/sheepmeat subsector and 65 per cent for the milk/milk products subsector.

Taking the value of inter-business sales among food and drinks processing firms in Northern Ireland into account, (i.e. £99 million), net sales to the Northern Ireland market were worth £834 million in 2002. Therefore, total net sales for the food and drinks processing sector totalled £2,176 million. This reduction means that the Northern Ireland market was a destination for 37% of the total net sales, i.e. external sales were 63% of the total.

¹ Department of Enterprise, Trade and Investment (2003). "Northern Ireland Manufacturing Sales and Exports Survey 2001/02 – 2002/03" Belfast: Department of Enterprise, Trade and Investment.

ANNEX A

DEFINITIONS OF TERMS

Gross turnover of a subsector is the sum of the annual turnovers of all the businesses in the subsector. It is also equal to the total annual sales of the businesses within the subsector.

Net turnover of a subsector is the gross turnover of the subsector minus the purchases of partially processed food products from other food processing businesses in Northern Ireland.

Value added of a subsector is determined by deducting all of the 'inputs', which are the 'outputs' of other industries, from the gross turnover of the processing subsector. It is equal to the sum of the wages and salaries bill, depreciation, net profit and interest paid in the subsector.

Full-time employee is someone employed for at least 30 hours per week.

Part-time employee is someone employed for less than 30 hours per week.

Casual/seasonal employee is someone not employed on a regular basis.

Full-time employee equivalents in a subsector are the part-time and casual employees converted to full-time equivalents, (by multiplying part-time employees by 0.5 and casual by 0.25), and added to the number of full-time employees.

Semi-processed food is defined as an agricultural commodity which has been modified in some way, but which will be further processed before sale by the purchasing processing business.

Gross profit is the difference between gross turnover and cost of sales.

Wages and salaries is the total remuneration to directors and employees including National Insurance contributions.

Depreciation is the depreciation charge made against all the tangible fixed assets in the business.

Net profit is the profit generated after deduction of all costs and charges, including interest costs, but before deduction of tax.

Total capital employed is the sum of the share capital, reserves and total borrowings for incorporated businesses and net worth plus total borrowings for partnerships and sole traders.

Sales per employee in each subsector is the gross turnover of the subsector divided by the total number of full-time employee equivalents in the subsector.

Value added per employee in each subsector is the total subsector value added divided by the total number of full-time employee equivalents in the subsector.

Total capital per employee in each subsector is the total capital employed divided by the total number of full-time employee equivalents in the subsector.

***Average wage cost per employee** is the subsector's wages and salaries bill divided by the total number of full-time employee equivalents in the subsector.*

***Gross profit as a % of sales** is the subsector gross profit divided by the subsector gross turnover and expressed as a percentage.*

***Net profit as a % of sales** is the subsector total net profit divided by the subsector gross turnover and expressed as a percentage.*

***Value added as a percentage of sales** is the subsector total value added divided by the subsector gross turnover and expressed as a percentage.*

***Wages and salaries as a % of sales** is the subsector wages and salaries bill divided by the subsector gross turnover and expressed as a percentage.*

***Interest costs as a % of sales** is the total interest paid by businesses within the subsector divided by the gross turnover and expressed as a percentage.*

***Sales per £1,000 wages** is the sales of the subsector divided by the wages and salaries bill and multiplied by 1,000.*

***Value added per £1,000 wages** is the subsector value added divided by the wages and salaries bill and multiplied by 1,000.*

***Interest costs as a percentage of gross profit** is the total interest paid by businesses in the subsector divided by the total subsector gross profit and expressed as a percentage.*

***Interest costs as a percentage of net profit** is the total interest paid by businesses in the subsector divided by the total subsector net profits and expressed as a percentage.*

***Rate of return on capital employed** is the total subsector net profits plus interest paid divided by the total capital employed in the subsector and expressed as a percentage.*

ANNEX B

DEFINITIONS OF SUBSECTORS

Animal By-Products - those businesses which process red offals and fats which enter the human food chain. It excludes pet food, rendering, and hide and skin processing businesses.

Bakeries - flour milling and bread and pastry manufacturers. Home bakeries, which sell their products through their own retail outlets, are excluded.

Beef and Sheepmeat - all the businesses involved in the slaughtering of cattle and sheep and the processing of beef and sheepmeat.

Drinks - both alcoholic and non-alcoholic drinks manufacturing businesses. The main products are soft drinks, beers and whiskey.

Eggs - those businesses involved in the grading and packing of eggs and the preparation of egg components for bakeries and catering businesses.

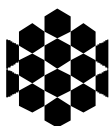
Fish - businesses which process and package freshwater and sea fish species. Activities range from filleting to preparing cooked products.

Fruit and Vegetables - a wide range of businesses from those principally involved in the grading and packing of fruit and vegetables to those which manufacture products such as potato crisps. All of the businesses within this subsector used fruit and vegetables grown in Northern Ireland. Wholesale fruit and vegetable businesses are excluded.

Milk and Milk Products - businesses which pasteurise milk and those which manufacture milk products such as butter, cheese, ice-cream and yoghurt. Data do not include milk roundsmen activities.

Pigmeat - all businesses involved in the slaughter and processing of pigs. Products include bacon, pork and hams.

Poultrymeat - all slaughtering and processing of table poultry such as chickens, ducks and turkeys. Products range from whole birds to highly developed ready meals based on chicken.



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