Department of
Agriculture and
Rural Development
www.dardni.gov.uk

AN ROINN
Talmhaíochta agus
Forbartha Tuaithe

MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2009,

with provisional estimates for 2010

A National Statistics publication

National Statistics are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. You can also find out more about National Statistics on the Internet – go to **www.statisticsauthority.gov.uk**

FOREWORD

This annual publication provides comprehensive information on the size and performance of the Northern Ireland food and drinks processing sector for 2008 and 2009, as well as provisional estimates of gross turnover and the level of employment in the sector for 2010. The time-lag between 31 December 2010 and firms' submission of their annual accounts to Companies House meant that full 2010 accounts information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2010 will be published in July 2012.

The 2009 data includes estimates of the value of sales, value added, profitability, exports and employment for each of the ten constituent subsectors of the food and drinks processing sector in Northern Ireland. These statistics are supplemented with fifteen performance indicators for each subsector.

One of the main purposes of this report is to provide a robust statistical evidence base for those within the food and drinks processing sector seeking to identify industry trends, to develop business strategies or to benchmark business performance against the range of indicators presented in the report. Also, a time-series of data to cover the main variables over the period 1989 – 2009 has been published on the DARD website, along with provisional estimates for sales and level of employment in 2010. This will be of particular use to those who require information on performance trends and to those involved in the preparation of strategies that may require information in order to anticipate the potential impact of such strategies in the future. The time-series data can be downloaded from:
www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

Section V on Inter-business sales within the Northern Ireland Food and Drinks Processing sector has been left out of this year's report due to problems identified within the dataset. We plan to investigate these further and seek a solution in time for the next report in the series due in July 2012.

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 the Statistics Research Branch of the Department of Enterprise, Trade and Investment, Invest Northern Ireland and Companies House. The production of this report would not have been possible without their assistance.

The report was prepared by William Taylor of Policy and Economics Division, DARD. Comments on the report are always welcome and should be forwarded using the contact details given below.

Norman Fulton
Director of Policy and Economics
July 2011

Department of Agriculture & Rural Development
Policy and Economics Division
Dundonald House
Upper Newtownards Road
Ballymiscaw
Belfast BT4 3SB

Tel (028) 90 524640
Fax (028) 90 524676
E-mail: stats.econ@dardni.gov.uk

CONTENTS

EXECUTIVE SUMMARY

PROVISIONAL ESTIMATES 2010
Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased from £3,397 million in 2009 to £3,680 million in 2010; an increase of 8.3 per cent.

2. All ten of the subsectors in the food and drinks processing sector experienced an increase in gross turnover between 2009 and 2010. However, the largest increases are estimated to have occurred in the milk and milk products (+£77.1m), beef and sheepmeat (+£72.9m), drinks (+£42.1m) and poultrymeat (+£30.6m) subsectors.

3. It is estimated that the total number of employees involved in food and drinks processing also increased between 2009 and 2010, from 19,464 full-time employee equivalents in 2009 to 19,685 full-time employee equivalents in 2010; an increase of 1.1 per cent.

FINAL ESTIMATES 2009
Gross turnover, 2008 and 2009

4. Between 2008 and 2009, the total gross turnover of the Northern Ireland food and drinks processing sector increased by 6.4 per cent, from £3,194 million in 2008 to £3,397 million in 2009.

5. The subsectors which made the largest contribution to the increase in total gross turnover between 2008 and 2009 were the beef and sheepmeat (+£117.5m), poultrymeat (+£90.5m), pigmeat (+£34.2m) and bakeries (+£10.1m) subsectors.

6. However, the milk and milk products (-£44.2m), drinks (-£10.8m) and fruit and vegetables (-£4.5m) subsectors had lower gross turnovers in 2009 than in 2008.

7. In 2009, the beef and sheepmeat and milk and milk products subsectors continued to be the two largest contributors to total gross turnover in the sector. Together, they accounted for 48.3 per cent of total gross turnover; a decrease of 0.8 percentage points on their contribution in 2008 (49.1 per cent).

Value added, 2008 and 2009

8. The contribution of the food and drinks processing sector to the Northern Ireland economy is best represented by its generation of value added. Businesses in the food and drinks processing sector generated £608.2 million of value added in 2009, which was an increase of 8.6 per cent over the 2008 level of £560.3 million.

9. Comparing the various components of value added in 2008 and 2009 shows that an increase in value added over this period has resulted from increases in the amount of net profit generated (+£28.92m), wages and salaries paid (+£24.16m) and in the depreciation charge (+£1.85m). These were partly offset by a fall in the total amount of interest paid (-£6.99m).

10. In 2009, the three largest contributors to value added continued to be the poultrymeat (£135.6m), beef and sheepmeat (£100.3m) and milk and milk products (£98.6m) subsectors. These three subsectors generated 55.0 per cent of the total value added of the sector in 2009.

11. Every £1,000 worth of sales by the food and drinks processing sector resulted in £179 of value added in 2009, compared with £175 in 2008.

Employment, 2008 and 2009

12. Between 2008 and 2009, the total number of employees in the food and drinks processing sector increased from 19,149 full-time employee equivalents to 19,464 full-time employee equivalents; an increase of 1.6 per cent (+315 employees).

13. Increases in employment were recorded in five of the ten subsectors between 2008 and 2009, with the largest occurring in the poultrymeat (+383 employees), beef and sheepmeat (+168 employees) and bakeries (+34 employees) subsectors. The drinks (-109 employees), fruit and vegetables (-102 employees) and fish (-41 employees) subsectors recorded the largest decreases in employment.

14. In 2009, the poultrymeat subsector continued to be the largest employer of the ten subsectors with 5,081 employees. Three subsectors, poultrymeat, beef and sheepmeat and bakeries, were the largest employers in the sector and together accounted for 62 per cent of the total number of employees in the sector.

Distribution of sales, 2008 and 2009

15. From 1989 until 2003, the domestic market was continuously recorded as the most important for the food and drinks processing sector in Northern Ireland. However, since 2004, the Great Britain market has become increasingly more important; this trend continued in both 2008 and 2009 with Great Britain accounting for 41.5 per cent and 42.3 per cent of sales respectively in both years.

16. In 2008 and 2009, the proportion of sales to markets external to Northern Ireland remained constant at 70 per cent of total processing sector sales. These sales increased by 6.1 per cent from £2,239 million in 2008 to £2,377 million in 2009.

17. Between 2008 and 2009, export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, increased by £16.3 million or 1.8 per cent, from £915 million in 2008 to £931 million in 2009. However, as a proportion of total processing sales for the sector, export sales represented 27.4 per cent of total sales in 2009; down from 28.7 per cent in 2008.

18. The Republic of Ireland is the largest export market for the sector. In 2009, sales to this destination were up 6.0 per cent to £598 million, and accounted for 17.6 per cent of total sales; similar to 2008 levels of 17.7 per cent.

Profitability, 2008 and 2009

19. The long-term sustainability of Northern Ireland's food and drinks processing sector is dependent on its ability to generate adequate profits. Between 2008 and 2009, total aggregate profits before taxation increased by 44.7 per cent from £64.7 million in 2008 to £93.6 million in 2009. This was accompanied by a rise in average profit margins on turnover from 2.0 per cent in 2008 to 2.8 per cent in 2009.

20. As shown in Table 18, the levels of profitability can vary amongst and within the subsectors. In 2009, all subsectors generated a profit.

21. Seven of the ten subsectors recorded an improvement in the levels of net profits before taxation between 2008 and 2009. The fruit and vegetables, bakeries and beef and sheepmeat subsectors experienced decreases in the level of net profits before taxation between 2008 and 2009.

Return on capital employed, 2008 and 2009

22. Total capital employed in the food and drinks processing sector is estimated to have decreased marginally from £1,145 million in 2008 to £1,142 million in 2009; a decrease of 0.2 per cent. However, the rate of return on capital employed increased to 9.4 per cent in 2009, from 7.5 per cent in 2008.

23. In 2009, the most capital intensive of the ten subsectors continued to be the drinks subsector, with £223,573 of capital employed per employee, whilst the poultrymeat subsector, with £25,269 of capital employed per employee, was the least capital intensive.

Contribution of the 10 largest food and drinks processing businesses, 2009

24. In 2009, the ten largest businesses within the food and drinks processing sector in Northern Ireland accounted for 48 per cent of total gross turnover, 46 per cent of total value added, and 45 per cent of total employment within the sector.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2009

25. In 2009, the food and drinks processing sector contributed approximately 2.2 per cent of Northern Ireland's total gross value added.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing sector, 2009

26. The food and drinks processing sector is the largest contributor to sales, external sales, export sales, employment and value added within the Northern Ireland manufacturing[2] sector, accounting for 21.9 per cent of total manufacturing sales, 19.5 per cent of manufacturing external sales, 16.3 per cent of manufacturing export sales, 27.4 per cent of manufacturing employment, and 14.8 per cent of manufacturing value added in 2009.

[1] These calculations include an estimate of the sales, external sales, export sales, value added and employment of food and drinks processing businesses with turnovers less than £250,000.
[2] Manufacturing sales destinations data from the DETI publication "Northern Ireland Manufacturing Sales & Exports Survey, 2009/10" published on 8 December 2010. Manufacturing employment data from the NISRA Northern Ireland Abstract of Statistics Online.

I. INTRODUCTION

This publication contains data estimates for the size and performance of the Northern Ireland Food and Drinks Processing Sector in 2009 as well as providing revised comparative data for 2008. Also included are provisional estimates of the gross turnover and level of employment in the sector for 2010. The time-lag between 31 December 2010 and the submission of annual company accounts to Companies House meant that a full data set of company accounts information was not available when this report was being prepared. Hence, 2010 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2010 will be published in July 2012.

A number of data sources have been used to derive the estimates included in this report. The estimates are based mainly on information contained in the annual accounts of businesses in Northern Ireland obtained through Companies House with an annual turnover in excess of £250,000. Other sources of data include the Manufacturing Sales and Exports Survey and the Northern Ireland Annual Business Inquiry conducted by the Department of Enterprise, Trade and Investment. Information provided by Invest Northern Ireland and Divisions within the Department of Agriculture and Rural Development was also used. The minimum business turnover threshold of £250,000 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, and 500 full-time equivalent employees on the level of employment in the sector.

The main measurements of size used in the 2008 and 2009 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 external and export revenue earnings. Performance is expressed in 15 different ways and includes parameters such as profitability expressed as a percentage of annual turnover and the rate of return on capital employed. These measures of size and indicators of performance are presented for each of the ten 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 includes only those businesses that are involved in processing activities that change the nature of a raw material destined for human consumption. Thus, under this definition, businesses involved in animal feedingstuffs manufacture, pet food production, rendering, hide and skin processing and tobacco 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 this report provides a more useful and practical description of the food and drinks processing sector. Definitions for each of the ten subsectors are given in Annex B.

Throughout this report, the 'total sector' estimates refer to the totals of the ten food and drinks subsectors. This results in a total sector value of gross turnover of £3,397 million in 2009. On occasions, this aggregation of subsectors may not be appropriate. For example, when figures are required for the food sector only, it may be appropriate to exclude the figure for the drinks subsector. This would result in a gross turnover value of £3,069 million in 2009. It is hoped that the way in which the figures are presented will enable readers to use them to suit their own particular purposes.

In total, information for 278 businesses with a turnover greater than £250,000 has been used in the 2009 analyses. Each of these businesses was allocated, depending on the main product processed, into one of the ten food and drinks subsectors.

As a result of better information now being available for a number of businesses, some revisions have been made to the 2008 data as published in the previous report. The differences between the previously published and revised data for 2008 are as follows:

	2008 Original Estimate	**2008 Revised Estimate**
Total Gross Turnover (£m)	3,126	3,194
Total Value Added (£m)	552	560
Total Exports (£m)	876	915
Total Employment	19,040	19,149

The previous report in this series also included provisional estimates of the food and drinks processing sector's gross turnover and employment for 2009, based on a sample of 125 business returns. Revised estimates have now been produced based on a full data set. The provisional and revised estimates are as follows:

	2009 Provisional Estimate	**2009 Revised Estimate**
Total Gross Turnover (£m)	3,228	3,397
Total Employment	19,197	19,464

The layout of the report is similar to last year, with the results published in a series of tables followed by summaries of the main points accompanying each table. A time-series of data for each of the main size and performance indicators for the period 1989 to 2009 (2010 where available) will be published on the DARD website at:
www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

II. PRELIMINARY ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2010.

Table 1 Gross turnover and full-time employee equivalents in 2009 with provisional estimates for 2010

	2009	2010[1]	% Change 09/10
Gross turnover (£ million)	3,397	3,680	8.3
Employees (full time equivalents)	19,464	19,685	1.1

1. Provisional estimates based on a sample of 150 business returns. Revised estimate will be published in July 2012
   Time-series data on gross turnover and employment, 1989 to 2010 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* In 2010, the total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased to £3,680 million from £3,397 million in 2009; a rise of 8.3 per cent.

* When expressed in real terms (using the GDP deflator), this equates to an increase of 6.5 per cent in gross turnover for the sector between 2009 and 2010.

* The number of full-time employee equivalents in the food and drinks processing sector is estimated to have increased by 1.1 per cent from 19,464 in 2009 to 19,685 in 2010.

Table 2 Gross turnover, by subsector in 2009 with provisional estimates for 2010

	Gross turnover (£ million)		Estimated % change
	2009	**2010[1]**	**09/10**
Animal By-Products	20.6	21.1	2.4
Bakeries	262.2	273.8	4.4
Beef and Sheepmeat	866.9	939.8	8.4
Drinks	328.9	371.0	12.8
Eggs	65.0	75.2	15.6
Fish	68.8	70.6	2.7
Fruit and Vegetables	182.1	195.5	7.4
Milk and Milk Products	774.1	851.2	10.0
Pigmeat	230.8	253.4	9.8
Poultrymeat	598.2	628.8	5.1
Total Sector	**3,397.5**	**3,680.4**	**8.3**

1. Provisional estimates based on a sample of 150 business returns. Revised estimate will be published in July 2012
Time-series data on gross turnover, 1989 to 2010 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* In 2010, it is estimated that the gross turnover of the food and drinks processing sector increased by 8.3 per cent over 2009 levels.

* An increase in turnover was recorded in each of the ten subsectors. The subsectors which recorded the largest increases were the milk and milk products (+£77.1m), beef and sheepmeat (+£72.9m), drinks (+£42.1m) and poultrymeat (+£30.6m) subsectors.

* The subsectors which recorded the highest rates of growth in gross turnover between 2009 and 2010, were the eggs (+15.6 per cent), drinks (+12.8 per cent) and milk and milk products (+10.0 per cent) subsectors.

* In 2010, the beef and sheepmeat and milk and milk products subsectors continued to make the largest contribution towards the gross turnover of the food and drinks processing sector. Together, they accounted for almost 49 per cent of the total gross turnover of the sector. When these two are combined with the poultrymeat and drinks subsectors, they account for over 75 per cent of the total gross turnover of the sector.

* The food and drinks processing sector[3] accounted for 23.8 per cent of Northern Ireland's total manufacturing sales[4] in 2010; an increase of 1.9 percentage point on 2009 levels. The sector continued to be the largest contributor to the sales of the Northern Ireland Manufacturing sector.

[3] This calculation includes an estimate of the sales of food and drinks processing businesses with turnovers less than £250,000.
[4] Manufacturing sales destinations data from the DETI publication "Northern Ireland Manufacturing Sales & Exports Survey, 2009/2010" published on 8 December 2010.

Table 3 Full-time employee equivalents, by subsector, 2009 with provisional estimates for 2010

	Employees (full-time equivalents)		Estimated % change
	2009	2010[1]	09/10
Animal By-Products	123	114	-7.7
Bakeries	3,408	3,473	1.9
Beef and Sheepmeat	3,494	3,540	1.3
Drinks	1,184	1,163	-1.7
Eggs	206	215	4.4
Fish	563	546	-3.1
Fruit and Vegetables	1,793	1,770	-1.3
Milk and Milk Products	2,225	2,277	2.4
Pigmeat	1,390	1,378	-0.9
Poultrymeat	5,081	5,211	2.6
Total Sector	**19,464**	**19,685**	**1.1**

1. Provisional estimates based on a sample of 150 business returns. Revised estimate will be published in July 2012

Time-series data on employment, 1989 to 2010 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* It is estimated that the level of employment in the food and drinks processing sector increased by 1.1 per cent between 2009 and 2010, from 19,464 employees to 19,685 employees.

* Between 2009 and 2010, five of the ten subsectors recorded an increase in employment levels. The largest increases in employment occurred in the poultrymeat (+130 employees), bakeries (+66 employees) and milk and milk products (+53 employees) subsectors.

* Decreases in employment occurred in five of the ten subsectors between 2009 and 2010. Decreases occurred in the fruit and vegetables (-23 employees), drinks (-21 employees), fish (-18 employees), pigmeat (-12 employees) and animal by-products (-10 employees) subsectors.

* The poultrymeat, beef and sheepmeat and bakeries subsectors accounted for over 62 per cent of the total employees in the food and drinks processing sector. When these three subsectors are combined with the milk/milk products subsector, they account for 74 per cent of the total employees in the sector.

* The food and drinks processing sector[5] accounted for 27.9 per cent of Northern Ireland's total manufacturing employment[6] in 2010; an increase of 0.5 percentage point on 2009 levels.

[5] This calculation includes an estimate of the number of employees within food and drinks processing businesses with turnovers less than £250,000.

[6] Manufacturing employment data from the NISRA Northern Ireland Annual Abstract of Statistics Online.

III. SIZE & MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2008 AND 2009.

Table 4 Gross turnover, by subsector, 2008 and 2009

	Gross turnover (£ million)		
	2008	2009	% Change 08/09
Animal By-Products	18.0	20.6	14.7
Bakeries	252.1	262.2	4.0
Beef and Sheepmeat	749.3	866.9	15.7
Drinks	339.7	328.9	-3.2
Eggs	61.3	65.0	6.1
Fish	64.4	68.8	6.7
Fruit and Vegetables	186.6	182.1	-2.4
Milk and Milk Products	818.3	774.1	-5.4
Pigmeat	196.6	230.8	17.4
Poultrymeat	507.7	598.2	17.8
Total Sector	**3,194.0**	**3,397.5**	**6.4**

Time-series data on gross turnover, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* The total gross turnover of the Northern Ireland food and drinks processing sector in 2009 increased by £203 million, or 6.4 per cent, to £3,397 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), gross turnover increased by 3.5 per cent.

* Between 2008 and 2009, seven of the ten subsectors recorded an increase in gross turnover. The largest increases occurred in the beef and sheepmeat (+£117.5m) and poultrymeat (+£90.5m) subsectors.

* The three remaining subsectors recorded decreases in turnover, milk and milk products (-£44.2m), drinks (-£10.8m) and fruit and vegetables (-£4.5m) subsectors.

* In 2009, the beef and sheepmeat and milk and milk products subsectors continued to be the two largest contributors to total gross turnover. Together, in 2009 these subsectors accounted for over 48 per cent of total gross turnover; a decrease of 0.8 percentage points on their contribution in 2008 (49 per cent).

* The food and drinks processing sector[7] accounted for 21.9 per cent of Northern Ireland's total manufacturing sales[8] in 2009; an increase of 1 percentage point on 2008 levels. The sector continued to be the largest contributor to the sales of the Northern Ireland Manufacturing sector in 2009.

---

[7] This calculation includes an estimate of the sales of food and drinks processing businesses with turnovers less than £250,000.

[8] Manufacturing sales destinations data from the DETI publication "Northern Ireland Manufacturing Sales & Exports Survey, 2009/2010" published on 8 December 2010.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2008[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0- 49.99</th><th>50 & over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">7</td><td>0</td><td>0</td><td>7</td></tr>
<tr><td>Bakeries</td><td>29</td><td>32</td><td>7</td><td>0</td><td>68</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>15</td><td>6</td><td>6</td><td>36</td></tr>
<tr><td>Drinks</td><td colspan="2">9</td><td colspan="2">6</td><td>15</td></tr>
<tr><td>Eggs</td><td>9</td><td colspan="2">7</td><td>0</td><td>16</td></tr>
<tr><td>Fish</td><td>8</td><td>19</td><td>0</td><td>0</td><td>27</td></tr>
<tr><td>Fruit and Vegetables</td><td>13</td><td>31</td><td>5</td><td>0</td><td>49</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">9</td><td>5</td><td>7</td><td>21</td></tr>
<tr><td>Pigmeat</td><td colspan="4">21</td><td>21</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>84</td><td>136</td><td>35</td><td>18</td><td>273</td></tr>
</table>

1. Cells amalgamated where the number of firms was less than five.

Table 5b Distribution of processing businesses by subsector and value of annual turnover, 2009[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0 - 49.99</th><th>50 & over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">7</td><td>0</td><td>0</td><td>7</td></tr>
<tr><td>Bakeries</td><td>30</td><td>32</td><td>7</td><td>0</td><td>69</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>16</td><td>7</td><td>6</td><td>38</td></tr>
<tr><td>Drinks</td><td colspan="2">9</td><td colspan="2">5</td><td>14</td></tr>
<tr><td>Eggs</td><td>11</td><td colspan="2">6</td><td>0</td><td>17</td></tr>
<tr><td>Fish</td><td>7</td><td>20</td><td>0</td><td>0</td><td>27</td></tr>
<tr><td>Fruit and Vegetables</td><td>16</td><td>28</td><td>5</td><td>0</td><td>49</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">10</td><td colspan="2">11</td><td>21</td></tr>
<tr><td>Pigmeat</td><td>6</td><td colspan="3">17</td><td>23</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>90</td><td>134</td><td>35</td><td>19</td><td>278</td></tr>
</table>

1. Cells amalgamated where the number of firms was less than five.

* The food and drinks processing sector had 278 businesses with annual turnovers of more than £250,000 in 2009; five more than in 2008.

* In 2009, there were 54 food and drinks processing businesses in Northern Ireland with an annual turnover in excess of £10 million; this was one more than in 2008.

* There were 19 businesses with a turnover of more than £50 million in 2009, up from 18 businesses in 2008. These businesses accounted for 64 per cent of the total turnover, 54 per cent of value added and 51 per cent of employment in the food and drinks processing sector.

Table 6 Value added, by subsector, 2008 and 2009

	Value added (£ million)		
	2008	2009	% Change 08/09
Animal By-Products	7.4	7.4	-0.9
Bakeries	84.8	89.0	5.0
Beef and Sheepmeat	96.3	100.3	4.2
Drinks	70.0	69.4	-0.9
Eggs	8.8	10.5	19.0
Fish	14.1	14.5	3.3
Fruit and Vegetables	54.1	48.3	-10.8
Milk and Milk Products	94.9	98.6	3.9
Pigmeat	32.0	34.7	8.6
Poultrymeat	98.0	135.6	38.4
Total Sector	**560.3**	**608.2**	**8.6**

Time-series data on value added, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

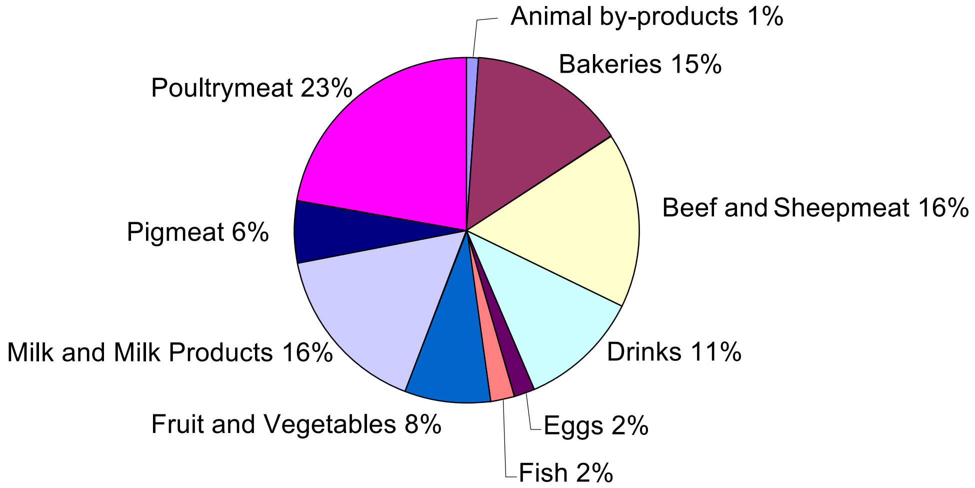
* Value added is a key indicator of the contribution made by a subsector or sector to the economy. In 2009 the value added generated by the food and drinks processing sector[9] was approximately 2.2 per cent of the Northern Ireland total.

* Food and drinks processing activities in 2009 generated a total value added of £608.2 million, which represented an 8.6 per cent increase over 2008 levels.

* In 2009, value added for the food and drinks processing sector represented 17.9 per cent of total gross turnover, compared with 17.5 per cent in 2008.

* The main contributors to value added continued to be the poultrymeat (£135.6m), beef and sheepmeat (£100.3m) and milk and milk products (£98.6m) subsectors. These three subsectors generated 55.0 per cent of the total value added in 2009.

% of Value Added by subsector



[9] This calculation includes an estimate of the value added of food and drinks processing businesses with turnovers less than £250,000.

Table 7a Components of value added for each subsector, 2008

	Value added (£ million)				
	Wages & salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.41	0.86	2.85	0.30	7.43
Bakeries	61.25	8.14	13.10	2.30	84.78
Beef and Sheepmeat	67.28	8.77	16.32	3.88	96.25
Drinks	39.90	16.11	8.70	5.28	69.98
Eggs	4.03	1.43	3.16	0.18	8.82
Fish	9.91	1.72	2.10	0.33	14.05
Fruit and Vegetables	36.76	7.69	7.88	1.79	54.12
Milk and Milk Products	59.03	13.29	19.65	2.90	94.87
Pigmeat	25.45	3.18	2.76	0.58	31.98
Poultrymeat	91.43	15.02	-11.83	3.36	97.97
Total Sector	**398.45**	**76.21**	**64.70**	**20.91**	**560.25**

Table 7b Components of value added for each subsector, 2009

	Value added (£ million)				
	Wages & salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.63	0.74	2.97	0.01	7.36
Bakeries	67.43	8.77	11.09	1.70	88.99
Beef and Sheepmeat	71.16	9.38	15.90	3.84	100.28
Drinks	37.57	18.04	11.03	2.75	69.38
Eggs	4.95	0.95	4.43	0.16	10.49
Fish	9.62	1.77	2.77	0.35	14.51
Fruit and Vegetables	34.40	7.31	5.45	1.14	48.30
Milk and Milk Products	61.03	12.57	23.45	1.54	98.60
Pigmeat	25.29	2.72	6.07	0.64	34.72
Poultrymeat	107.53	15.82	10.44	1.78	135.57
Total Sector	**422.61**	**78.06**	**93.61**	**13.91**	**608.19**

Time-series data on each of the components of value added, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

- Three of the four components of value added increased between 2008 and 2009.

- In 2009, the net profit component increased by the largest amount (+£28.92m) to £93.61 million, from £64.70 million in 2008, and accounted for 15.4 per cent of the total value added in 2009. The wages and salaries component continued to be the largest contributor to total value added in 2009. It accounted for 69.5 per cent after increasing (+£24.16m) to £422.61 million in 2009 from £398.45 million in 2008.

- A decrease was recorded in the amount of interest paid by the sector (-£6.99m) in 2009 to £13.91 million from £20.91 million in 2008.

- The average full time employee equivalent in the sector cost £21,713 in 2009, which represents an increase of 4.3 per cent on the 2008 level of £20,808.

Table 8 Full-time employee equivalents, by subsector, 2008 and 2009

	Employees (Full-time equivalents)		% Change
	2008	2009	08/09
Animal By-Products	119	123	3.8
Bakeries	3,374	3,408	1.0
Beef and Sheepmeat	3,326	3,494	5.1
Drinks	1,292	1,184	-8.4
Eggs	221	206	-6.8
Fish	604	563	-6.8
Fruit and Vegetables	1,895	1,793	-5.4
Milk and Milk Products	2,245	2,225	-0.9
Pigmeat	1,377	1,390	0.9
Poultrymeat	4,698	5,081	8.1
Total Sector	**19,149**	**19,464**	**1.6**

Time-series data on employment, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* The total number of employees in the food and drinks processing sector increased by 315 full-time equivalents from 19,149 in 2008 to 19,464 in 2009.

* Between 2008 and 2009, increases in employment were recorded in five of the ten subsectors, with the largest occurring in the poultrymeat (+383 employees), beef and sheepmeat (+168 employees) and bakeries (+34 employees) subsectors.

* The drinks (-109 employees), fruit and vegetables (-102 employees) and fish (-41 employees) subsectors recorded the largest decreases in employment between 2008 and 2009.

* The poultrymeat subsector continued to be the largest employer of the ten subsectors with 5,081 employees in 2009; the animal by-products subsector had the smallest number with just 123 employees.

* The largest employers in the food and drinks processing sector in 2009 continued to be the poultrymeat, beef and sheepmeat and bakeries subsectors, and together accounted for 62 per cent of the total number of employees in the sector.

* There were 19,464 full-time employee equivalents employed in 2009 in the food and drinks processing businesses with annual turnovers in excess of £250,000 and there was estimated to be a further 500 employees in the smaller businesses. This equated to 27.4 per cent of total employment[10] in manufacturing in Northern Ireland.

* In both 2008 and 2009, the food and drinks processing sector was the largest employer of all the sectors in the Northern Ireland manufacturing industry.

[10] Manufacturing employment data from the NISRA Northern Ireland Abstract of Statistics Online.

Table 9 Total sales by country of destination, 2008 and 2009

	Sales (£ million and % of total sales)			
	2008	**%**	**2009**	**%**
Northern Ireland	954.7	29.9	1,020.9	30.0
Great Britain	1,324.1	41.5	1,435.5	42.3
Republic of Ireland	564.1	17.7	598.2	17.6
Other EU	270.5	8.5	259.3	7.6
Rest of World	80.5	2.5	74.0	2.2
Intervention	0.0	0	9.6	0.3
Total Sales	**3,194.0**	**100**	**3,397.5**	**100**
External Sales	2,239.3	70.1	2,376.6	70.0
Export Sales	915.2	28.7	931.5	27.4

Time-series data on total sales by country of destination, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* Sales to destinations outside of Northern Ireland increased by 6.1 per cent in 2009 to £2,377 million, from £2,239 million in 2008. Between 2008 and 2009 the proportion of sales to external markets remained constant at 70 per cent.

* From 1989 up until 2003, the domestic market was continuously recorded as the most important for the food and drinks processing sector in Northern Ireland. However, since 2004 the Great Britain market has become increasingly more important; this trend continued in both 2008 and 2009 with the Great Britain market accounting for 41.5 per cent and 42.3 per cent of sales respectively in both years.

* Between 2008 and 2009, export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, rose by £16.3 million or 1.8 per cent, and were worth £931.5 million in 2009. However, as a proportion of total processing sales for the sector, exports represented 27.4 per cent; down from 28.7 per cent of total sales in 2008.

* The Republic of Ireland is the largest export market for the sector. In 2009, sales to this destination were up 6.0 per cent to £598.2 million, and accounted for 17.6 per cent of total sales; similar to 2008 levels of 17.7 per cent.

* The food and drinks processing sector[11] was the largest contributor to the sales, external sales and export sales of the Northern Ireland manufacturing[12] sector in 2009, accounting for 21.9 per cent of total manufacturing sales, 19.5 per cent of manufacturing external sales and 16.3 per cent of Northern Ireland's total manufacturing export sales.

[11] These calculations include an estimate of the sales, external sales and export sales of food and drinks processing businesses with turnovers less than £250,000.
[12] Manufacturing sales destinations data from the DETI publication "Northern Ireland Manufacturing Sales & Exports Survey, 2009/10" published on 8 December 2010.

Table 10a Destinations and values of subsector sales, 2008

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	1.6	13.3	1.1	*	*	0.0	**18.0**	16.4	3.0
Bakeries	146.2	45.6	59.5	0.5	0.5	0.0	**252.1**	106.0	60.4
Beef/Sheepmeat	137.7	467.9	78.3	*	*	0.0	**749.3**	611.6	143.8
Drinks	136.5	20.4	149.9	9.8	23.1	0.0	**339.7**	203.1	182.8
Eggs	24.6	27.0	9.7	0.0	0.0	0.0	**61.3**	36.6	9.7
Fish	14.7	25.2	9.8	12.2	2.5	0.0	**64.4**	49.7	24.5
Fruit/Vegetables	80.4	72.0	33.4	*	*	0.0	**186.6**	106.2	34.2
Milk/Milk Products	232.6	255.2	117.5	167.8	45.2	0.0	**818.3**	585.7	330.6
Pigmeat	79.0	79.4	29.1	*	*	0.0	**196.6**	117.6	38.1
Poultrymeat	101.3	318.2	75.9	12.2	0.0	0.0	**507.7**	406.3	88.1
Total	**954.7**	**1,324.1**	**564.1**	**270.5**	**80.5**	**0.0**	**3,194.0**	**2,239.3**	**915.2**

Table 10b Destinations and values of subsector sales, 2009

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	2.0	15.1	1.6	1.9	0.0	0.0	**20.6**	18.6	3.6
Bakeries	157.2	43.9	60.0	0.6	0.6	0.0	**262.2**	105.0	61.2
Beef/Sheepmeat	170.2	514.3	95.2	*	*	0.0	**866.9**	696.7	182.4
Drinks	137.1	22.5	151.1	5.9	12.3	0.0	**328.9**	191.8	169.3
Eggs	26.1	29.2	9.7	0.0	0.0	0.0	**65.0**	38.9	9.7
Fish	15.4	24.6	7.1	19.7	2.1	0.0	**68.8**	53.4	28.8
Fruit/Vegetables	69.7	74.7	35.7	*	*	0.0	**182.1**	112.4	37.6
Milk/Milk Products	236.9	254.8	101.4	126.6	44.7	9.6	**774.1**	537.1	272.7
Pigmeat	91.5	95.1	33.1	*	*	0.0	**230.8**	139.3	44.2
Poultrymeat	114.9	361.3	103.3	18.7	0.0	0.0	**598.2**	483.3	122.0
Total	**1,020.9**	**1,435.5**	**598.2**	**259.3**	**74.0**	**9.6**	**3,397.5**	**2,376.6**	**931.5**

*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

- In both 2008 and 2009, Great Britain was the largest market for the food and drinks processing sector with all ten of the subsectors dependent upon market outlets there.

- In 2009, the subsectors most dependent on external markets (i.e. markets outside of Northern Ireland) were animal by-products (90 per cent of sales), poultrymeat (81 per cent of sales), beef and sheepmeat (80 per cent of sales) and fish (78 per cent of sales). The least dependent subsector was bakeries (40 per cent of sales).

- The subsectors most dependent on export markets (i.e. markets outside of United Kingdom) in 2009 were drinks (51 per cent of sales), fish (42 per cent of sales) and milk and milk products (35 per cent of sales).

- The Republic of Ireland was the largest export market for the sector with sales to that destination representing between 7.8 per cent and 45.9 per cent of total sales for each of the ten subsectors in 2009. The subsector with the highest dependence on the Republic of Ireland market was the drinks subsector, whilst the animal by-product subsector had the lowest.

Table 11 Capital employed, by subsector, 2008 and 2009

	Capital employed (£ million) 2008	2009
Animal By-Products	9.7	9.3
Bakeries	86.2	90.1
Beef and Sheepmeat	188.0	210.7
Drinks	314.9	264.6
Eggs	23.3	16.8
Fish	28.3	29.0
Fruit and Vegetables	96.6	89.6
Milk and Milk Products	224.5	238.5
Pigmeat	62.7	65.3
Poultrymeat	110.8	128.4
Total Sector	**1,145.0**	**1,142.3**

Time-series data on total capital employed, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

- In 2009, the total amount of capital employed in the food and drinks processing sector slightly decreased to £1,142 million, from £1,145 million in 2008.

- The subsectors with the largest amount of capital employed in 2009 were the drinks, milk and milk products and beef and sheepmeat subsectors. They accounted for 62.5 per cent of the total capital employed in the food and drinks processing sector.

- Between 2008 and 2009, six of the ten subsectors recorded an increase in the total capital employed. The largest increases were recorded in the beef and sheepmeat (+£22.7m), poultrymeat (+£17.6m) and milk and milk products (+£14.0m) subsectors.

- Decreases in capital employed were recorded in the drinks (-£50.3m), fruit and vegetables (-£7.0m), eggs (-£6.5m) and animal by-products (-£0.4m) subsectors.

- The average rate of return on capital employed in the sector increased from 7.5 per cent in 2008, to 9.4 per cent in 2009.

- In 2009, the most capital intensive of the ten subsectors continued to be the drinks subsector, with £223,573 of capital employed per employee. The poultrymeat subsector, with £25,269 of capital employed per employee, was the least capital intensive.

- The poultrymeat subsector had the lowest capital employed per £1,000 of sales, and the drinks subsector had the highest in both 2008 and 2009.

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

	2008	2009
Turnover of the 10 largest businesses as a % of total gross turnover of the food and drinks processing sector	47%	48%
Value added of the 10 largest businesses as a % of total value added of the food and drinks processing sector	40%	46%
Employment in the 10 largest businesses as a % of total employment provided by the food and drinks processing sector	43%	45%

* In 2009, the ten largest businesses within the food and drinks processing sector in Northern Ireland accounted for 48 per cent of total gross turnover, 46 per cent of total value added, and 45 per cent of total employment in the sector.

* The contribution of the ten largest businesses to total gross turnover, value added and employment all increased between 2008 and 2009.

* The ten largest food and drinks processing sector businesses had higher average levels of sales and value added per employee than the 268 smaller businesses.

* The 268 smaller businesses had a higher average proportion of sales represented by value added than the ten largest businesses.

* Six of the ten largest gross turnover food and drinks processing companies were under local ownership in 2009.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2008 AND 2009.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2008

	Animal By - Products	Bakeries	Beef & Sheep-Meat	Drinks	Eggs	Fish	Fruit & Veg.	Milk & Milk Products	Pig-meat	Poultry -meat	Ave.
Sales per employee (£)	151,840	74,739	225,334	262,901	277,868	106,637	98,467	364,577	142,778	108,061	166,801
Value added per employee (£)	62,675	25,132	28,944	54,164	39,977	23,265	28,561	42,268	23,223	20,854	29,258
Total capital per employee (£)	81,654	25,544	56,523	243,697	105,683	46,868	50,997	100,043	45,506	23,589	59,793
Ave. wage cost per employee (£)	28,759	18,156	20,232	30,882	18,295	16,402	19,397	26,299	18,484	19,461	20,808
Gross profit as % of sales (%)	32.57	33.41	7.92	26.20	16.34	19.76	27.88	19.18	25.77	13.01	18.37
Net profit as % of sales (%)	15.85	5.20	2.18	2.56	5.16	3.27	4.22	2.40	1.40	-2.33	2.03
Value added as % of sales (%)	41.28	33.63	12.84	20.60	14.39	21.82	29.01	11.59	16.27	19.30	17.54
Wages & salaries as % of sales (%)	18.94	24.29	8.98	11.75	6.58	15.38	19.70	7.21	12.95	18.01	12.47
Interest costs as % of sales (%)	1.69	0.91	0.52	1.55	0.30	0.50	0.96	0.35	0.29	0.66	0.65
Sales per £1,000 wages (£)	5,280	4,117	11,137	8,513	15,188	6,501	5,076	13,863	7,724	5,553	8,016
Value added per £1,000 wages(£)	2,179	1,384	1,431	1,754	2,185	1,418	1,472	1,607	1,256	1,072	1,406
Interest costs as % of gross profit	5.19	2.73	6.54	5.93	1.84	2.55	3.45	1.85	1.14	5.09	3.56
Interest costs as % of net profit[13]	10.66	17.52	23.80	60.66	5.82	15.45	22.76	14.77	20.96	n.a.	32.31
Rate of return on capital employed (%)[14]	32.62	17.87	10.75	4.44	14.36	8.58	10.01	10.04	5.33	0.00	7.48
Capital employed per £1,000 of sales (£)	538	342	251	927	380	440	518	274	319	218	358

Time-series data on rate of return on capital employed, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

[13] N.a. – not appropriate because of either a trading loss or small profit relative to interest paid.
[14] Zero in case where the sum of net profits plus interest paid is negative.

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2009

	Animal By-Products	Bakeries	Beef & Sheep-meat	Drinks	Eggs	Fish	Fruit & Veg.	Milk & Milk Products	Pig-meat	Poultry -meat	Ave.
Sales per employee (£)	167,772	76,953	248,136	277,883	316,443	122,123	101,541	347,975	166,078	117,746	174,557
Value added per employee (£)	59,829	26,115	28,704	58,625	51,061	25,773	26,938	44,324	24,986	26,683	31,248
Total capital per employee (£)	75,455	26,441	60,310	223,573	81,664	51,497	49,978	107,234	46,979	25,269	58,687
Ave. wage cost per employee (£)	29,528	19,788	20,370	31,744	24,083	17,087	19,183	27,437	18,202	21,165	21,713
Gross profit as % of sales (%)	31.83	34.10	7.83	23.74	15.78	19.55	25.47	20.82	22.49	11.63	17.50
Net profit as % of sales (%)	14.41	4.23	1.83	3.35	6.82	4.03	3.00	3.03	2.63	1.75	2.76
Value added as % of sales (%)	35.66	33.94	11.57	21.10	16.14	21.10	26.53	12.74	15.04	22.66	17.90
Wages & salaries as % of sales (%)	17.60	25.71	8.21	11.42	7.61	13.99	18.89	7.88	10.96	17.97	12.44
Interest costs as % of sales (%)	0.06	0.65	0.44	0.84	0.25	0.51	0.63	0.20	0.28	0.30	0.41
Sales per £1,000 wages (£)	5,682	3,889	12,182	8,754	13,140	7,147	5,293	12,683	9,124	5,563	8,039
Value added per £1,000 wages (£)	2,026	1,320	1,409	1,847	2,120	1,508	1,404	1,615	1,373	1,261	1,439
Interest costs as % of gross profit	0.20	1.90	5.65	3.52	1.59	2.59	2.46	0.96	1.23	2.55	2.34
Interest costs as % of net profit	0.44	15.36	24.14	24.92	3.68	12.55	20.94	6.58	10.51	17.00	14.86
Rate of return on capital employed (%)	32.17	14.20	9.37	5.21	27.38	10.76	7.36	10.48	10.28	9.52	9.41
Capital employed per £1,000 of sales(£)	450	344	243	805	258	422	492	308	283	215	336

Time-series data on rate of return on capital employed, 1989 to 2009 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

Table 14 Sales per employee, by subsector, 2009

	Sales (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	84,750	223,098	167,772
Bakeries	26,462	101,000	76,953
Beef and Sheepmeat	58,756	392,000	248,136
Drinks	43,150	379,541	277,883
Eggs	200,667	366,119	316,443
Fish	78,800	261,750	122,123
Fruit and Vegetables	47,571	184,000	101,541
Milk and Milk Products	94,526	398,083	347,975
Pigmeat	94,250	325,765	166,078
Poultrymeat	65,429	356,022	117,746
Total Sector	**26,462**	**398,083**	**174,557**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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 in 2009 was £174,557; an increase of 4.6 per cent from the 2008 level of £166,801.

- In 2009, businesses within the milk and milk products subsector had the highest average level of sales per employee of the ten subsectors at £347,975.

- Businesses within the bakeries subsector recorded the lowest average level of sales per employee in 2009, at £76,953.

- All of the subsectors had a difference between the maximum and minimum sales per employee within a 9:1 ratio.

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

High (>£200,000)	Medium (£150,000 to £200,000)	Low (<£150,000)
Beef and Sheepmeat	Animal By-Products	Bakeries
Drinks	Pigmeat	Fish
Eggs		Fruit and Vegetables
Milk and Milk Products		Poultrymeat

Table 15 Value added per employee, by subsector, 2009

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	39,250	85,333	59,829
Bakeries	14,846	29,647	26,115
Beef and Sheepmeat	19,200	34,720	28,704
Drinks	11,510	87,887	58,625
Eggs	33,437	140,000	51,061
Fish	12,625	63,500	25,773
Fruit and Vegetables	15,531	40,857	26,938
Milk and Milk Products	26,647	48,607	44,324
Pigmeat	17,804	37,273	24,986
Poultrymeat	20,672	37,000	26,683
Total Sector	**11,510**	**140,000**	**31,248**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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.

* In 2009, the average level of value added per employee in the sector increased by 6.8 per cent to £31,248, from £29,258 in 2008.

* Businesses in the animal by-products subsector had the highest average level of value added per employee of the ten subsectors in 2009, at £59,829.

* In 2009, businesses within the pigmeat subsector recorded the lowest average level of value added per employee at £24,986.

* All of the subsectors had a difference between the maximum and minimum value added per employee within an 8:1 ratio.

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

High (>£40,000)	Medium (£26,000 to £40,000)	Low (<£26,000)
Animal By-Products	Bakeries	Fish
Drinks	Beef and Sheepmeat	Pigmeat
Eggs	Fruit and Vegetables	
Milk and Milk Products	Poultrymeat	

Table 16 Total capital employed per employee, by subsector, 2009

	Total capital employed (£ per employee) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	57,673	110,333	75,455
Bakeries	2,833	38,267	26,441
Beef and Sheepmeat	10,700	103,312	60,310
Drinks	6,670	723,829	223,573
Eggs	48,044	152,000	81,664
Fish	23,600	164,400	51,497
Fruit and Vegetables	12,909	93,750	49,978
Milk and Milk Products	31,000	163,173	107,234
Pigmeat	16,000	109,271	46,979
Poultrymeat	17,000	100,406	25,269
Total Sector	**2,833**	**723,829**	**58,687**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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 2008 and 2009, the average amount of capital employed per employee decreased by 1.9 per cent, from £59,793 in 2008 to £58,687 in 2009.

- In 2009, businesses within the drinks subsector had the highest average level of capital employed per employee at £223,573. The milk and milk products subsector had the second highest, at £107,234.

- The poultrymeat subsector contained the businesses which had the lowest average level of capital per employee of any of the ten subsectors in 2009, at £25,269.

- The subsector with the widest range in the amount of capital employed per employee was the drinks subsector with a ratio of 109:1

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

High (>£75,000)	Medium (£50,000 to £75,000)	Low (<£50,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Drinks	Fish	Fruit and Vegetables
Eggs		Pigmeat
Milk and Milk products		Poultrymeat

Table 17 Average wages and salaries cost per employee, by subsector, 2009

	Wages & Salaries Cost (£ per employee) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	21,618	32,745	29,528
Bakeries	11,417	21,699	19,788
Beef and Sheepmeat	14,919	22,096	20,370
Drinks	13,429	38,176	31,744
Eggs	11,220	36,963	24,083
Fish	13,111	28,786	17,087
Fruit and Vegetables	12,889	21,382	19,183
Milk and Milk Products	22,607	29,107	27,437
Pigmeat	12,765	23,158	18,202
Poultrymeat	17,287	19,735	21,165
Total Sector	**11,220**	**38,176**	**21,713**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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.

* In 2009, the average wage cost per full-time employee equivalent in the food and drinks processing sector increased by 4.3 per cent to £21,713, from £20,808 in 2008.

* Businesses within the fish subsector had the lowest average wage per full-time employee equivalent in 2009, at £17,087.

* The drinks subsector recorded the highest average wage cost per full-time employee equivalent at £31,744.

* All of the subsectors had a difference between the maximum and minimum wages paid per employee within a 3:1 ratio.

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

High (>£25,000)	Medium (£20,000 to 25,000)	Low (<£20,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Drinks	Eggs	Fish
Milk and Milk products	Poultrymeat	Fruit and Vegetables
		Pigmeat

Table 18 Net profit as a % of sales, by subsector, 2009

	Net Profit (% of sales) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	15	18	14.4
Bakeries	1	11	4.2
Beef and Sheepmeat	0	6	1.8
Drinks	1	7	3.4
Eggs	3	10	6.8
Fish	0	12	4.0
Fruit and Vegetables	-3	11	3.0
Milk and Milk Products	-1	10	3.0
Pigmeat	0	5	2.6
Poultrymeat	1	7	1.7
Total Sector	**-3**	**18**	**2.8**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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 and drinks processing sector increased between 2008 and 2009, from 2.0 to 2.8 per cent of sales.
- There were substantial variations amongst the profitability performance of the businesses within each subsector.
- Using net profit as a percentage of sales to measure profitability, the animal by-products subsector was the most profitable (14.4 per cent), followed by the eggs subsector (6.8 per cent).
- The poultrymeat subsector had the lowest level of profitability with an average level of 1.7 per cent of sales.
- Subsectors with high, medium and low net profit (% of sales)

High (>4.0%)	Medium (2.0% to 4.0%)	Low (<2.0%)
Animal By-Products	Drinks	Beef and Sheepmeat
Bakeries	Fish	Poultrymeat
Eggs	Fruit and Vegetables	
	Milk and Milk products	
	Pigmeat	

Table 19 Value added as a % of sales, by subsector, 2009

	Value added (% of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	31	45	35.7
Bakeries	25	66	33.9
Beef and Sheepmeat	8	35	11.6
Drinks	19	52	21.1
Eggs	12	28	16.1
Fish	11	30	21.1
Fruit and Vegetables	19	42	26.5
Milk and Milk Products	7	37	12.7
Pigmeat	7	30	15.0
Poultrymeat	10	32	22.7
Total Sector	**7**	**66**	**17.9**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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 that is added to all the inputs which are used in the activity of processing before leaving the factory gate.

* In 2009, value added as a percentage of sales increased to 17.9 per cent, from 17.5 per cent in 2008.

* Value added, when expressed as a percentage of sales, increased in five of the ten subsectors in 2009, when compared with 2008. These were the bakeries, drinks, eggs, milk and milk products and poultrymeat subsectors. The remaining five subsectors all recorded a decrease in their value added expressed as a percentage of sales.

* The animal by-products subsector recorded the highest average level of value added as a percentage of sales (35.7 per cent), while the beef and sheepmeat subsector had the lowest (11.6 per cent).

* 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)

High (>25%)	Medium (20% to 25%)	Low (<20%)
Animal By-Products	Drinks	Beef and Sheepmeat
Bakeries	Fish	Eggs
Fruit and Vegetables	Poultrymeat	Milk and Milk products
		Pigmeat

Table 20 Wages and salaries as a % of sales, by subsector, 2009

	Wages (% of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	11	24	17.6
Bakeries	15	52	25.7
Beef and Sheepmeat	5	29	8.2
Drinks	10	32	11.4
Eggs	4	10	7.6
Fish	7	21	14.0
Fruit and Vegetables	9	33	18.9
Milk and Milk Products	6	18	7.9
Pigmeat	6	18	11.0
Poultrymeat	5	27	18.0
Total Sector	**5**	**52**	**12.4**

1. The minimum and maximum values refer to the lower and upper limits of the range in 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 any business. In 2009, the wages bill represented 12.4 per cent of the total value of food and drinks processing sector sales, down marginally from 2008 when the bill represented 12.5 per cent of sales.

* The proportions of sales represented by wages and salaries in 2009 ranged from 7.6 per cent for businesses in the eggs subsector to 25.7 per cent for businesses within the bakeries subsector.

* Wages and salaries expressed as a percentage of sales were higher for three of the ten subsectors in 2009 than in 2008, namely for the bakeries, eggs and milk and milk products subsectors.

* 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 (10% to 15%)	Low (<10%)
Animal By-Products	Drinks	Beef and Sheepmeat
Bakeries	Fish	Eggs
Fruit and Vegetables	Pigmeat	Milk and Milk Products
Poultrymeat		

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.

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.

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

Net profit as a percentage 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 percentage of sales is the subsector wages and salaries bill divided by the subsector gross turnover and expressed as a percentage.

Interest costs as a percentage 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. 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 does 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.

Policy and Economics Division
Department of Agriculture
and Rural Development
Dundonald House
Upper Newtownards Road
Ballymiscaw
BELFAST BT4 3SB

Department of
Agriculture and
Rural Development
www.dardni.gov.uk

AN ROINN
Talmhaíochta agus
Forbartha Tuaithe

MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

INVESTORS IN PEOPLE

ISBN 978-1-84807-238-1
£6.00

DMS 11.12.048