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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 2010,

with provisional estimates for 2011

NATIONAL STATISTICS

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FOREWORD

This annual publication provides comprehensive information on the size and performance of the Northern Ireland food and drinks processing sector for 2009 and 2010, as well as provisional estimates of gross turnover and the level of employment in the sector for 2011. The time-lag between 31 December 2011 and firms' submission of their annual accounts to Companies House meant that full 2011 accounts information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2011 will be published in July 2013.

The 2010 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.

A time-series of data to cover the main variables over the period 1989 – 2010 has also been published on the DARD website, including provisional estimates for sales and level of employment in 2011. The time-series data can be downloaded from: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

Data on Inter-business sales within the Northern Ireland food and drinks processing sector have been left out of this year's publication due to problems identified within the dataset. We are investigating these further and if resolved, we will publish the data in the next publication in the series due in July 2013.

It has come to our attention that the employment figures presented in this publication may not include workers provided by employment agencies. This would lead to an underestimate of the total level of employment created by the food and drinks processing sector. We are investigating this issue and it is anticipated that an estimate of the number of agency workers will be presented in next year's publication.

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 Economic and Labour Market Statistics Branch of the Department of Finance and Personnel, Invest Northern Ireland and Companies House. The production of this report would not have been possible without their assistance.

Comments on the report are always welcome and should be forwarded using the contact details given below.

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November 2012

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PROVISIONAL ESTIMATES 2011

Gross turnover and employment

1. In 2011, the total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased by 6.7 per cent, from £3,744 million in 2010 to £3,994 million in 2011.

2. Between 2010 and 2011, increases in gross turnover are estimated to have occurred in all ten of the subsectors. The largest increases are estimated to have occurred in the milk and milk products (+£110.7m), beef and sheepmeat (+£62.6m) and poultrymeat (+£43.2m) subsectors.

3. It is estimated that the total number of direct employees in the food and drinks processing sector remained virtually unchanged between 2010 and 2011, with 19,945 full time employee equivalents in 2011. This may be an underestimation of total employment in the sector, as some workers provided by employment agencies may not be recorded in these figures.

FINAL ESTIMATES 2010

Gross turnover, 2009 and 2010

4. The total gross turnover of the Northern Ireland food and drinks processing sector was £3,744 million in 2010, an increase of 8.8 per cent on the 2009 level of £3,441 million.

5. The 8.8 per cent increase in gross turnover between 2009 and 2010 reflects the increases in gross turnover recorded in eight of the subsectors over this period. The largest increases were recorded in the milk and milk products (+£100.0m) beef and sheepmeat (+£93.3m) and poultrymeat (+£53.8m) subsectors.

6. The two subsectors which recorded a decrease in their gross turnover between 2009 and 2010 were the bakeries (-£4.6m) and fish (-£1.4m) subsectors.

7. In 2010, 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, these subsectors accounted for 49.3 per cent of total gross turnover; an increase of 1.3 percentage points on their contribution in 2009 (48.0 per cent).

Value added, 2009 and 2010

8. The contribution of the food and drinks processing sector to the Northern Ireland economy is best represented by its generation of value added. Between 2009 and 2010, the value added generated by food and drinks processing activities increased by 3.2 per cent, from £617.8 million in 2009 to £637.4 million in 2010.

9. A comparison of the components of value added in 2009 and 2010 illustrates that the increase in value added over this period reflects the increases in net profit (+£15.48m), wages and salaries (+£3.33m) and depreciation (+£1.73m). Interest paid was the only component of value added to record a decrease (-£1.01m) between 2009 and 2010.

10. In 2010, the poultrymeat (£141.8m) and beef and sheepmeat (£115.6m) subsectors were the largest contributors to value added. Together, these subsectors accounted for 40.4 per cent of the total value added of the sector in 2010.

11. In 2010, every £1,000 worth of sales resulted in £170 of value added, compared with £180 in 2009.

Employment, 2009 and 2010

12. The total number of direct employees in the food and drinks processing sector increased by 1.3 per cent between 2009 and 2010, from 19,680 full-time employee equivalents to 19,944 full-time employee equivalents. This may be an underestimation of total employment in the sector, as some workers provided by employment agencies may not be recorded in these figures.

13. Increases in direct employment were recorded in six of the subsectors, the largest of which occurred in the beef and sheepmeat (+188 employees) and poultrymeat (+153 employees) subsectors. The largest decrease in employment was recorded in the pigmeat (-87 employees) subsector.

14. The three largest subsectors, in terms of direct full-time employee equivalents, were the poultrymeat (5,232 employees), beef and sheepmeat (3,720 employees) and bakeries (3,405 employees). These three subsectors accounted for 62 per cent of the total sector's employment.

Distribution of sales, 2009 and 2010

15. In 2009 and 2010, Great Britain continued to be the most important market for the food and drinks processing sector. Sales to Great Britain increased by £76.3 million over this period. However, its share of total sales fell from 42.0 per cent of sales in 2009 to 40.7 per cent of sales in 2010.

16. Between 2009 and 2010, external sales increased by £178.2 million, from £2,402 million to £2,580 million. Despite this increase, external sales as a proportion of total sales fell by 0.9 percentage points from 69.8 per cent to 68.9 per cent.

17. Export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, increased by 11.8 per cent between 2009 and 2010 to £1,056 million. Export sales as a proportion of total sales also increased over this period, from 27.5 per cent to 28.2 per cent of total sales.

18. The Republic of Ireland market continued to be the largest destination for export sales, with sales worth £653.9 million in 2010; an increase of 7.0 per cent over the 2009 level of £611.1 million. However, its share of total sales fell from 17.8 per cent of total sales in 2009 to 17.5 per cent of total sales in 2010.

Profitability, 2009 and 2010

19. The long-term sustainability of Northern Ireland's food and drinks processing sector is dependent on its ability to generate adequate net profits. Between 2009 and 2010, total profits before taxation increased from £97.6 million in 2009 to £113.1 million in 2010; an increase of 15.9 per cent. Average profit margins on turnover increased from 2.8 per cent in 2009 to 3.0 per cent in 2010.

20. As shown in table 18, the levels of profitability can vary amongst and within the subsectors. In 2010, all subsectors generated a profit.

21. Eight of the ten subsectors recorded an increase in the levels of net profits before taxation between 2009 and 2010. Over the same period, decreases in net profits before taxation occurred in the milk and milk products (-£12.2m) and pigmeat (-£0.3m) subsectors. The largest increases in net profits before taxation were recorded in the beef and sheepmeat (+£8.4m), drinks (+£5.9m) and poultrymeat (+£5.9m) subsectors.

Return on capital employed, 2009 and 2010

22. In 2010, the total capital employed in the Northern Ireland food and drinks processing sector increased by 6.0 per cent, from £1,142 million in 2009 to £1,211 million in 2010. Over the same period, the rate of return on capital employed increased from 9.9 per cent to 10.6 per cent.

23. In 2010, the drinks subsector continued to be most capital intensive of the ten subsectors, with £240,864 capital employed per employee. The bakeries subsector was the least capital intensive, with £25,615 capital employed per employee.

Contribution of the 10 largest food and drinks processing businesses, 2010

24. In 2010, the ten largest businesses within the food and drinks processing sector in Northern Ireland accounted for 47 per cent of total gross turnover, 44 per cent of total value added, and 44 per cent of total employment within the sector.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2010

25. In 2010, the food and drinks processing sector contributed approximately 2.3 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, 2010

26. In 2010, the food and drinks processing sector, as defined in this publication, was the largest contributor to the employment and export sales within the Northern Ireland manufacturing[2] sector, accounting for 29 per cent of manufacturing employment and 21 per cent of manufacturing export sales. The sector also accounted for 25 per cent of total manufacturing sales, 21 per cent of manufacturing external sales and 15 per cent of manufacturing value added in 2010.

[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 DFP publication "Northern Ireland Manufacturing Sales & Exports Survey, 2010/11" published on 7 December 2011. Manufacturing employment data from the NISRA Northern Ireland Abstract of Statistics Online. Manufacturing GVA data from the DFP publication "Northern Ireland Annual Business Inquiry 2010" published 21 December 2011.

I. INTRODUCTION

This publication contains data estimates for the size and performance of the Northern Ireland Food and Drinks Processing Sector in 2010 as well as providing revised comparative data for 2009. Also included are provisional estimates of the gross turnover and level of employment in the sector for 2011. The time-lag between 31 December 2011 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 publication was being prepared. Hence, 2011 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2011 will be published in July 2013.

A number of data sources have been used to derive the estimates included in this publication. 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 Finance and Personnel. 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 2009 and 2010 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 processing sector as a whole.

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 publication 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 processing subsectors. This results in a total sector value of gross turnover of £3,744 million in 2010. 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 £3,394 million in 2010. 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 290 businesses with a turnover greater than £250,000 has been used in the 2010 analyses. Each of these businesses was allocated, depending on the main product processed, into one of the ten food and drinks processing subsectors.

As a result of better information now being available for a number of businesses, some revisions have been made to the 2009 data published in last year's publication. The differences between the previously published and revised data for 2009 are as follows:

	2009 Original Estimate	**2009 Revised Estimate**
Total Gross Turnover (£m)	3,397	3,441
Total Value Added (£m)	608	618
Total Exports (£m)	931	945
Total Employment (Full Time Equivalents)	19,464	19,680

The previous publication in this series also included provisional estimates of the food and drinks processing sector's gross turnover and employment for 2010, based on a sample of business returns. Revised estimates have now been produced based on a more complete data set. The provisional and revised estimates are as follows:

	2010 Provisional Estimate	**2010 Revised Estimate**
Total Gross Turnover (£m)	3,680	3,744
Total Employment (Full Time Equivalents)	19,685	19,944

The layout of the publication 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 2010 (2011 where available) is published on the DARD website at:
www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

Quality reporting
A summary quality report which describes the quality of the statistics presented in this publication can be found at:
www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

II. PROVISIONAL ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2011.

Table 1 Gross turnover and full-time employee equivalents in 2010 with provisional estimates for 2011

	2010	2011[1]	% Change 10/11
Gross turnover (£ million)	3,744	3,994	6.7
Employees (full time equivalents)[2]	19,944	19,945	0.0

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2013.
2. This may be an underestimation of total employment in the sector, as some workers provided by employment agencies may not be recorded in these figures. This issue is being investigated and where available, further details will be presented in next year's publication.

   Time-series data on gross turnover and employment, 1989 to 2011 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 is estimated to have increased from £3,744 million in 2010 to £3,994 million in 2011; an increase of 6.7 per cent.

* When expressed in real terms (using the GDP deflator), this equates to an increase in total gross turnover of 3.7 per cent between 2010 and 2011.

* The number of full-time employee equivalents in the food and drinks processing sector is estimated to have remained largely the same in 2010 and 2011, with 19,945 full-time employee equivalents in 2011.

Table 2 Gross turnover, by subsector in 2010 with provisional estimates for 2011

	Gross turnover (£ million)		Estimated % change
	2010	2011[1]	10/11
Animal By-Products	23.3	23.7	1.7
Bakeries	257.1	260.6	1.4
Beef and Sheepmeat	968.2	1,030.8	6.5
Drinks	349.6	350.0	0.1
Eggs	88.9	92.5	4.0
Fish	67.3	70.7	5.0
Fruit and Vegetables	221.4	238.7	7.8
Milk and Milk Products	876.7	987.5	12.6
Pigmeat	243.8	249.0	2.1
Poultrymeat	647.8	690.9	6.7
Total Sector	**3,744.0**	**3,994.3**	**6.7**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2013.
Time-series data on gross turnover, 1989 to 2011 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* It is estimated that the gross turnover of the food and drinks processing sector increased by 6.7 per cent between 2010 and 2011, from £3,744 million to £3,994 million.

* All of the ten subsectors were estimated to have recorded an increase in gross turnover between 2010 and 2011. The subsectors which recorded the largest increases were the milk and milk products (+£110.7 million), beef and sheepmeat (+£62.6 million) and poultrymeat (+£43.2 million) subsectors.

* The highest rates of growth in gross turnover were recorded in the milk and milk products (+12.6 per cent) and fruit and vegetables (+7.8 per cent) subsectors.

* In 2011, the beef and sheepmeat and milk and milk products subsectors continued to make the largest contribution to the gross turnover of the food and drinks processing sector. Together, they accounted for 51 per cent of the total gross turnover of the sector. When these two subsectors are combined with the poultrymeat subsector, they accounted for 68 per cent of the sector's total gross turnover.

* The food and drinks processing sector[3] accounted for 25 per cent of Northern Ireland's total manufacturing sales[4] in 2011.

[3] This calculation includes an estimate of the sales of food and drinks processing businesses with turnovers less than £250,000.
[4] Manufacturing sales data from the DFP publication "Northern Ireland Manufacturing Sales & Exports Survey, 2010/2011" published on 7 December 2011.

Table 3 Full-time employee equivalents, by subsector, 2010 with provisional estimates for 2011

	Employees[1] (full-time equivalents) 2010	2011[2]	Estimated % change 10/11
Animal By-Products	115	113	-1.7
Bakeries	3,405	3,396	-0.3
Beef and Sheepmeat	3,720	3,915	5.2
Drinks	1,181	1,188	0.6
Eggs	228	256	12.5
Fish	550	529	-3.8
Fruit and Vegetables	2,010	2,016	0.3
Milk and Milk Products	2,201	2,068	-6.1
Pigmeat	1,305	1,227	-6.0
Poultrymeat	5,232	5,240	0.2
Total Sector	**19,944**	**19,945**	**0.0**

1. This may be an underestimation of total employment in the sector, as some workers provided by employment agencies may not be recorded in these figures. This issue is being investigated and where available, further details will be presented in next year's publication.
2. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2013.

Time-series data on employment, 1989 to 2011 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* The level of direct employment in the food and drinks processing sector is estimated to have remained largely unchanged between 2010 and 2011 with 19,945 full-time equivalents in the sector in 2011. Despite this, there were a number of increases and decreases within the constituent subsectors over this period.

* Increased employment levels were recorded in five of the ten subsectors in the food and drinks processing sector between 2010 and 2011. The largest increase in direct employment occurred in the beef and sheepmeat subsector (+195 employees).

* Between 2010 and 2011, five of the ten subsectors recorded a decrease in the estimated level of direct full-time employee equivalents. The largest reductions occurred in the milk and milk products (-134 employees) and pigmeat (-78 employees) subsectors.

* In 2011, the poultrymeat, beef and sheepmeat and bakeries subsectors accounted for 63 per cent of total direct employees in the sector.

* The food and drinks processing sector[5] accounted for 28 per cent of Northern Ireland's total manufacturing employment[6] in 2011, compared to 29 per cent in 2010.

[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 2009 AND 2010.

Table 4 Gross turnover, by subsector, 2009 and 2010

	Gross turnover (£ million)		
	2009	2010	% Change 09/10
Animal By-Products	20.4	23.3	14.2
Bakeries	261.7	257.1	-1.8
Beef and Sheepmeat	874.9	968.2	10.7
Drinks	329.7	349.6	6.1
Eggs	77.3	88.9	15.0
Fish	68.7	67.3	-2.1
Fruit and Vegetables	207.5	221.4	6.7
Milk and Milk Products	776.8	876.7	12.9
Pigmeat	230.3	243.8	5.8
Poultrymeat	594.0	647.8	9.1
Total Sector	**3,441.3**	**3,744.0**	**8.8**

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

* The total gross turnover of the Northern Ireland food and drinks processing sector increased from £3,441 million in 2009 to £3,744 million in 2010; an increase of 8.8 per cent. In real terms, i.e. when inflation is taken into account (using the GDP deflator), gross turnover increased by 7.2 per cent.

* Eight of the ten subsectors recorded an increase in gross turnover between 2009 and 2010. The largest increases were recorded in the milk and milk products (+£100.0m), beef and sheepmeat (+£93.3m) and poultrymeat (+£53.8m) subsectors.

* Between 2009 and 2010, two of the ten subsectors recorded a decrease in gross turnover, these were the bakeries (-£4.6m) and fish (-£1.4m) subsectors.

* The beef and sheepmeat and milk and milk products subsectors continued to be the two largest contributors to total gross turnover. Together, these subsectors accounted for 49.3 per cent of total gross turnover; an increase of 1.3 percentage points on their contribution in 2009 (48.0 per cent).

* The food and drinks processing sector[7] accounted for 25 per cent of Northern Ireland's total manufacturing sales[8] in 2010; compared to 22 per cent 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 data from the DFP publication "Northern Ireland Manufacturing Sales & Exports Survey, 2010/2011" published on 7 December 2011.

Table 5a 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>35</td><td>32</td><td>7</td><td>0</td><td>74</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>18</td><td>7</td><td>6</td><td>40</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>10</td><td colspan="2">8</td><td>0</td><td>18</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>17</td><td>31</td><td>6</td><td>0</td><td>54</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">11</td><td colspan="2">11</td><td>22</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>97</td><td>140</td><td>36</td><td>19</td><td>292</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, 2010[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>37</td><td>31</td><td>7</td><td>0</td><td>75</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>18</td><td>7</td><td>6</td><td>40</td></tr>
<tr><td>Drinks</td><td>5</td><td>5</td><td colspan="2">5</td><td>15</td></tr>
<tr><td>Eggs</td><td>12</td><td colspan="2">7</td><td>0</td><td>19</td></tr>
<tr><td>Fish</td><td>6</td><td>20</td><td>0</td><td>0</td><td>26</td></tr>
<tr><td>Fruit and Vegetables</td><td>19</td><td>28</td><td>7</td><td>0</td><td>54</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">8</td><td colspan="2">11</td><td>19</td></tr>
<tr><td>Pigmeat</td><td>6</td><td>10</td><td colspan="2">6</td><td>22</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>103</td><td>128</td><td>40</td><td>19</td><td>290</td></tr>
</table>

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

* In 2010, there were 290 businesses in the food and drinks processing sector with annual turnovers of more than £250,000; two less than in 2009.

* There were 59 food and drinks processing businesses with a turnover of more than £10 million in 2010; four more than in 2009.

* Nineteen businesses in the food and drinks processing sector had a turnover of more than £50 million; this was unchanged from 2009. In 2010, these nineteen businesses accounted for 65 per cent of turnover, 51 per cent of employment and 54 per cent of value added in the sector.

Table 6 Value added, by subsector, 2009 and 2010

	Value added (£ million)		
	2009	2010	% Change 09/10
Animal By-Products	7.3	8.2	12.4
Bakeries	88.6	90.3	1.9
Beef and Sheepmeat	100.8	115.6	14.7
Drinks	69.6	79.5	14.3
Eggs	12.5	12.8	2.4
Fish	13.8	15.1	9.6
Fruit and Vegetables	55.2	56.9	3.1
Milk and Milk Products	98.3	85.9	-12.6
Pigmeat	34.8	31.1	-10.5
Poultrymeat	137.0	141.8	3.5
Total Sector	**617.8**	**637.4**	**3.2**

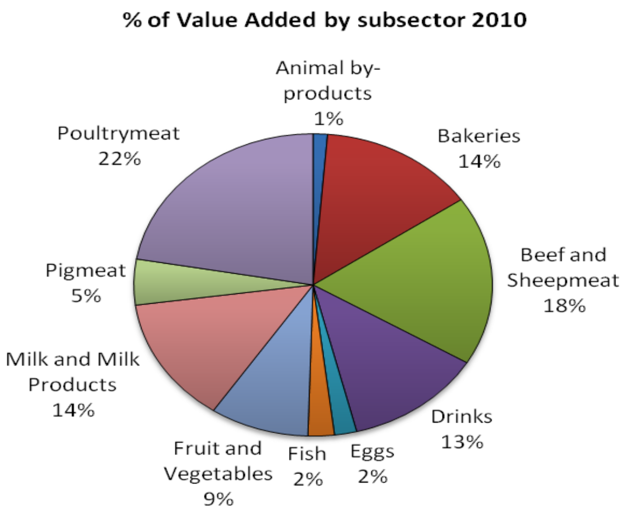
Time-series data on value added, 1989 to 2010 inclusive, are available on DARD website at: www.dardni.gov.uk/northern-ireland-food-and-drinks-processing-sector

* Value added is a key indicator of the contribution made by a subsector or sector to the economy. In 2010, the value added generated by the food and drinks processing sector[9] was approximately 2.3 per cent of the Northern Ireland total.

* Food and drinks processing activities generated a total value added of £637.4 million in 2010; an increase of 3.2 per cent over the 2009 figure.

* In 2010, the value added of the food and drinks processing sector represented 17.0 per cent of the gross turnover value, compared with 18.0 per cent in 2009.

* The largest contributors to the value added of the sector in 2010 were the poultrymeat (£141.8m) and beef and sheepmeat (£115.6m) subsectors. These two subsectors comprised 40.4 per cent of the total sector value added in 2010.



[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, 2009

	Value added (£ million)				
	Wages & salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.62	0.74	2.94	0.01	7.31
Bakeries	66.63	8.86	11.42	1.71	88.61
Beef and Sheepmeat	71.60	9.48	15.82	3.89	100.79
Drinks	37.69	18.04	11.14	2.75	69.62
Eggs	5.22	1.05	6.08	0.16	12.50
Fish	9.61	1.47	2.39	0.35	13.82
Fruit and Vegetables	38.09	7.94	6.39	2.74	55.16
Milk and Milk Products	60.29	12.82	23.28	1.88	98.28
Pigmeat	25.23	2.70	6.23	0.64	34.79
Poultrymeat	107.50	15.81	11.88	1.77	136.96
Total Sector	**425.48**	**78.90**	**97.57**	**15.88**	**617.83**

Table 7b Components of value added for each subsector, 2010

	Value added (£ million)				
	Wages & salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.59	0.72	3.90	0.01	8.22
Bakeries	68.96	8.05	12.04	1.28	90.33
Beef and Sheepmeat	77.93	10.45	24.19	3.07	115.64
Drinks	38.93	19.18	17.06	4.38	79.55
Eggs	4.65	1.22	6.80	0.13	12.80
Fish	9.52	1.44	3.94	0.24	15.14
Fruit and Vegetables	35.97	8.23	10.30	2.39	56.89
Milk and Milk Products	61.28	12.08	11.12	1.38	85.86
Pigmeat	21.54	2.88	5.96	0.77	31.14
Poultrymeat	106.46	16.38	17.74	1.23	141.81
Total Sector	**428.81**	**80.63**	**113.05**	**14.87**	**637.36**

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

* Between 2009 and 2010, three of the four components of value added increased. The net profit component increased by the largest amount (+£15.48m) and accounted for 17.7 per cent of the total value added in 2010. The wages and salaries component continued to make the largest contribution to the value added of the sector. In 2010, it comprised 67.3 per cent of total value added, however, this was lower than its contribution to total value added in 2009 (68.9 per cent).

* The interest paid component decreased by 6.4 per cent between 2009 and 2010, from £15.88 million in 2009 to £14.87 million in 2010.

* In 2010, the average full-time employee equivalent cost was £21,500. This represents a decrease of £119 on the 2009 equivalent figure (£21,620).

Table 8 Full-time employee equivalents, by subsector, 2009 and 2010

	Employees[1] (Full-time equivalents)		
			% Change
	2009	2010	09/10
Animal By-Products	123	115	-6.1
Bakeries	3,403	3,405	0.1
Beef and Sheepmeat	3,532	3,720	5.3
Drinks	1,168	1,181	1.1
Eggs	217	228	5.1
Fish	560	550	-1.9
Fruit and Vegetables	2,007	2,010	0.1
Milk and Milk Products	2,201	2,201	0.0
Pigmeat	1,392	1,305	-6.3
Poultrymeat	5,079	5,232	3.0
Total Sector	**19,680**	**19,944**	**1.3**

1. This may be an underestimation of total employment in the sector, as some workers provided by employment agencies may not be recorded in these figures. This issue is being investigated and where available, further details will be presented in next year's publication.
   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

* In 2010, the total number of direct full-time employee equivalents in the food and drinks processing sector increased by 264 from 19,680 in 2009 to 19,944 in 2010.

* Increases in direct employment were recorded in six of the ten subsectors. The largest increases in employment occurred in the beef and sheepmeat (+188 employees) and poultrymeat (+153 employees) subsectors.

* The pigmeat subsector recorded the largest fall in direct employment between 2009 and 2010 (-87 employees).

* In 2010, the poultrymeat subsector continued to be the largest employer in the food and drinks processing sector with 5,232 direct employees. The animal by-products subsector continued to be the smallest employer with 115 direct employees.

* The three largest subsectors, in terms of direct full-time employee equivalents, were the poultrymeat (5,232 employees), beef and sheepmeat (3,720 employees) and bakeries (3,405 employees). These three subsectors accounted for 62 per cent of the total sector's employment.

* In 2010, there were 19,944 direct full-time employee equivalents employed in food and drinks processing businesses with annual turnovers in excess of £250,000 and there was estimated to be a further 500 direct employees in the smaller businesses. The food and drinks processing sector, as defined in this publication, is the largest contributor to the employment within the Northern Ireland manufacturing[10] sector, accounting for 29 per cent of manufacturing employment in 2010.

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

Table 9   Total sales by country of destination, 2009 and 2010

	Sales (£ million and % of total sales)			
	2009	**%**	**2010**	**%**
Northern Ireland	1,039.7	30.2	1,164.2	31.1
Great Britain	1,447.1	42.0	1,523.4	40.7
Republic of Ireland	611.1	17.8	653.9	17.5
Other EU	259.8	7.5	323.0	8.6
Rest of World	74.0	2.2	79.4	2.1
Intervention	9.6	0.3	0.0	0.0
Total Sales	**3,441.3**	**100**	**3,744.0**	**100**
External Sales	2,401.6	69.8	2,579.8	68.9
Export Sales	944.9	27.5	1,056.4	28.2

Time-series data on total sales by country of destination, 1989 to 2010 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 7.4 per cent from £2,402 million in 2009 to £2,580 million in 2010. However, the proportion of sales to external markets decreased over this period, from 69.8 per cent in 2009 to 68.9 per cent in 2010; a decrease of 0.9 percentage points.

* The Great Britain market continued to be the single largest destination for the sales of the sector in 2009 and 2010. Although sales to Great Britain increased by £76.3 million between these years, its share of the proportion of total sales fell from 42.0 per cent in 2009 to 40.7 per cent of sales in 2010.

* Export sales, which are sales from Northern Ireland to markets outside of the United Kingdom, increased by 11.8 per cent between 2009 and 2010. In addition, export sales as a proportion of total sales increased by 0.7 percentage points, from 27.5 per cent in 2009 to 28.2 per cent in 2010.

* The Republic of Ireland continued to be the largest export market for the sector, with sales of £653.9 million in 2010. Sales to the Republic of Ireland increased by £42.8 million between 2009 and 2010; an increase of 7.0 per cent. However, as a proportion of total sales, sales to the Republic of Ireland fell by 0.3 percentage points from 17.8 per cent of total sales in 2009 to 17.5 per cent of total sales in 2010.

* The food and drinks processing sector[11], as defined in this publication, is the largest contributor to the export sales of the Northern Ireland manufacturing[12] sector accounting for 21 per cent of Northern Ireland's total manufacturing export sales in 2010. The sector also accounted for 25 per cent of total manufacturing sales and 21 per cent of manufacturing external 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 DFP publication "Northern Ireland Manufacturing Sales & Exports Survey, 2010/11" published on 7 December 2011.

Table 10a 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	1.9	15.1	1.5	1.9	0.0	0.0	**20.4**	18.5	3.4
Bakeries	159.8	41.2	59.5	0.5	0.6	0.0	**261.7**	101.8	60.6
Beef/Sheepmeat	177.9	514.2	95.5	*	*	0.0	**874.9**	697.0	182.8
Drinks	137.1	23.1	151.3	5.9	12.3	0.0	**329.7**	192.6	169.5
Eggs	28.1	35.9	13.3	0.0	0.0	0.0	**77.3**	49.2	13.3
Fish	15.3	24.6	7.1	19.7	2.1	0.0	**68.7**	53.4	28.8
Fruit/Vegetables	80.3	80.2	45.0	1.7	0.2	0.0	**207.5**	127.2	47.0
Milk/Milk Products	238.3	254.9	102.6	126.6	44.7	9.6	**776.8**	538.5	273.9
Pigmeat	91.5	94.7	33.1	*	*	0.0	**230.3**	138.8	44.2
Poultrymeat	109.3	363.2	102.3	*	*	0.0	**594.0**	484.6	121.4
Total	**1,039.7**	**1,447.1**	**611.1**	**259.8**	**74.0**	**9.6**	**3,441.3**	**2,401.6**	**944.9**

Table 10b Destinations and values of subsector sales, 2010

	(£ 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	1.8	16.3	1.8	3.5	0.0	0.0	**23.3**	21.6	5.3
Bakeries	155.5	42.8	56.7	1.5	0.6	0.0	**257.1**	101.6	58.8
Beef/Sheepmeat	267.9	505.6	95.2	*	*	0.0	**968.2**	700.3	194.7
Drinks	141.5	25.6	161.6	7.1	14.0	0.0	**349.6**	208.2	182.6
Eggs	34.5	37.6	16.8	0.0	0.0	0.0	**88.9**	54.4	16.8
Fish	12.0	23.4	8.1	22.4	1.6	0.0	**67.3**	55.3	32.0
Fruit/Vegetables	86.4	80.4	53.9	0.4	0.2	0.0	**221.4**	134.9	54.5
Milk/Milk Products	265.5	278.1	115.4	169.8	47.9	0.0	**876.7**	611.2	333.1
Pigmeat	91.3	103.2	37.5	*	*	0.0	**243.8**	152.5	49.3
Poultrymeat	107.9	410.5	107.1	*	*	0.0	**647.8**	539.8	129.4
Total	**1,164.2**	**1,523.4**	**653.9**	**323.0**	**79.4**	**0.0**	**3,744.0**	**2,579.8**	**1,056.4**

*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

- Great Britain continued to be the largest market for the sector in both 2009 and 2010. In both of these years, the animal by-products subsector was the most dependent on the Great Britain market, whilst the drinks subsector was the least dependent.

- The subsectors that were most reliant on external markets in 2010 (i.e. markets outside of Northern Ireland) were the animal by-products (92 per cent), poultrymeat (83 per cent) and fish (82 per cent) subsectors. The subsector with the least reliance on external markets was the bakeries (40 per cent) subsector.

- In 2010, the subsectors that were most dependent on export markets (i.e. markets outside the United Kingdom) were the drinks (52 per cent), fish (48 per cent) and milk and milk products (38 per cent) subsectors. The eggs subsector was the least reliant.

- The Republic of Ireland remained the single largest export market for the sector, representing between 8 per cent (animal by-products) and 46 per cent (drinks) of total sales for the ten subsectors.

Table 11 Capital employed, by subsector, 2009 and 2010

	Capital employed (£ million) 2009	2010
Animal By-Products	7.0	5.0
Bakeries	91.5	87.2
Beef and Sheepmeat	211.4	235.5
Drinks	265.6	284.3
Eggs	21.4	25.9
Fish	28.4	30.2
Fruit and Vegetables	96.5	94.4
Milk and Milk Products	225.8	238.4
Pigmeat	64.8	63.8
Poultrymeat	130.0	146.6
Total Sector	**1,142.3**	**1,211.4**

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

* The total amount of capital employed in the food and drinks processing sector increased from £1,142.3 million in 2009 to £1,211.4 million in 2010.

* The drinks (£284.3m), milk and milk products (£238.4m) and beef and sheepmeat (£235.5m) subsectors had the largest amounts of capital employed in 2010. Collectively, they comprised 62.6 per cent of the sector's total capital employed.

* In 2010, six of the ten subsectors recorded an increase in their total capital employed, compared to their 2009 figure. The largest increases were in the beef and sheepmeat (+£24.1m), drinks (+£18.8m) and poultrymeat (+£16.6m) subsectors.

* Decreases in capital employed were recorded in the bakeries (-£4.3m), fruit and vegetables (-£2.2m), animal by-products (-£2.0m) and pigmeat (-£0.9m) subsectors.

* The average rate of return on capital employed in the sector increased from 9.9 per cent in 2009 to 10.6 per cent in 2010.

* In 2010, in terms of capital employed per full-time employee equivalent, the drinks subsector (£240,864) continued to be the most capital intensive subsector, whilst the bakeries subsector was the lowest (£25,615).

* In 2010, the animal by-products subsector had the lowest amount of capital employed per £1,000 of sales, whilst the drinks subsector had the highest.

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

	2009	2010
Turnover of the 10 largest businesses as a % of total gross turnover of the food and drinks processing sector	47%	47%
Value added of the 10 largest businesses as a % of total value added of the food and drinks processing sector	46%	44%
Employment in the 10 largest businesses as a % of total employment provided by the food and drinks processing sector	44%	44%

* The ten largest businesses in the food and drinks processing sector accounted for 47 per cent of turnover, 44 per cent of value added and 44 per cent of employment in 2010.

* The contribution of the ten largest businesses to total gross turnover and employment remained the same between 2009 and 2010. However, their contribution towards value added declined over this period.

* The ten largest food and drinks processing sector businesses had higher average levels of sales and value added per employee than the 280 smaller businesses.

* The 280 smaller businesses had a higher average proportion of sales represented by value added than the ten largest businesses.

* Five of the ten largest gross turnover food and drinks processing companies were under local ownership in 2010.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2009 AND 2010.

Table 13a 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 (£)	166,833	76,892	247,710	282,393	357,136	122,763	103,383	352,921	165,519	116,948	174,865
Value added per employee (£)	59,682	26,039	28,537	59,629	57,732	24,673	27,486	44,651	25,003	26,965	31,394
Total capital per employee (£)	57,192	26,901	59,852	227,482	98,753	50,625	48,090	102,581	46,545	25,599	58,046
Ave. wage cost per employee (£)	29,551	19,581	20,272	32,285	24,088	17,163	18,977	27,393	18,128	21,166	21,620
Gross profit as % of sales (%)	31.81	34.30	7.87	23.67	17.92	19.56	24.40	20.78	22.47	11.70	17.54
Net profit as % of sales (%)	14.40	4.36	1.81	3.38	7.86	3.47	3.08	3.00	2.71	2.00	2.84
Value added as % of sales (%)	35.77	33.86	11.52	21.12	16.17	20.10	26.59	12.65	15.11	23.06	17.95
Wages & salaries as % of sales (%)	17.71	25.47	8.18	11.43	6.74	13.98	18.36	7.76	10.95	18.10	12.36
Interest costs as % of sales (%)	0.06	0.65	0.44	0.83	0.20	0.51	1.32	0.24	0.28	0.30	0.46
Sales per £1,000 wages (£)	5,646	3,927	12,219	8,747	14,826	7,153	5,448	12,883	9,131	5,525	8,088
Value added per £1,000 wages(£)	2,020	1,330	1,408	1,847	2,397	1,438	1,448	1,630	1,379	1,274	1,452
Interest costs as % of gross profit (%)	0.20	1.90	5.64	3.52	1.13	2.59	5.42	1.16	1.24	2.54	2.63
Interest costs as % of net profit (%)	0.44	14.94	24.58	24.65	2.57	14.59	42.94	8.07	10.27	14.85	16.28
Rate of return on capital employed (%)	42.19	14.33	9.32	5.23	29.15	9.64	9.46	11.14	10.61	10.50	9.93
Capital employed per £1,000 of sales (£)	343	350	242	806	277	412	465	291	281	219	332

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

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2010

	Animal By-Products	Bakeries	Beef & Sheep-meat	Drinks	Eggs	Fish	Fruit & Veg.	Milk & Milk Products	Pig-meat	Poultry -meat	Ave.
Sales per employee (£)	202,896	75,496	260,298	296,186	390,791	122,480	110,144	398,336	186,857	123,806	187,725
Value added per employee (£)	71,435	26,527	31,090	67,383	56,264	27,547	28,308	39,009	23,873	27,104	31,957
Total capital per employee (£)	43,417	25,615	63,324	240,864	113,969	54,975	46,952	108,292	48,945	28,014	60,737
Ave. wage cost per employee (£)	31,217	20,252	20,950	32,977	20,422	17,318	17,898	27,841	16,508	20,348	21,500
Gross profit as % of sales (%)	34.91	35.99	8.56	25.03	17.32	22.30	24.93	17.88	13.46	13.18	16.87
Net profit as % of sales (%)	16.71	4.68	2.50	4.88	7.65	5.86	4.65	1.27	2.45	2.74	3.02
Value added as % of sales (%)	35.21	35.14	11.94	22.75	14.40	22.49	25.70	9.79	12.78	21.89	17.02
Wages & salaries as % of sales (%)	15.39	26.83	8.05	11.13	5.23	14.14	16.25	6.99	8.83	16.44	11.45
Interest costs as % of sales (%)	0.03	0.50	0.32	1.25	0.15	0.36	1.08	0.16	0.31	0.19	0.40
Sales per £1,000 wages (£)	6,499	3,728	12,425	8,982	19,136	7,073	6,154	14,308	11,319	6,084	8,731
Value added per £1,000 wages (£)	2,288	1,310	1,484	2,043	2,755	1,591	1,582	1,401	1,446	1,332	1,486
Interest costs as % of gross profit (%)	0.07	1.38	3.70	5.01	0.86	1.60	4.33	0.88	2.33	1.44	2.35
Interest costs as % of net profit (%)	0.15	10.62	12.68	25.68	1.94	6.09	23.22	12.41	12.83	6.94	13.16
Rate of return on capital employed (%)	78.21	15.27	11.57	7.54	26.74	13.84	13.45	5.24	10.54	12.94	10.56
Capital employed per £1,000 of sales (£)	214	399	243	813	292	449	426	272	262	226	324

Time-series data on rate of return on capital employed, 1989 to 2010 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, 2010

	Sales (£ per employee) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	84,750	295,472	202,896
Bakeries	28,353	98,425	75,496
Beef and Sheepmeat	58,708	363,923	260,298
Drinks	43,689	360,844	296,186
Eggs	240,419	476,044	390,791
Fish	75,417	220,214	122,480
Fruit and Vegetables	47,500	184,000	110,144
Milk and Milk Products	117,167	505,444	398,336
Pigmeat	123,000	334,545	186,857
Poultrymeat	60,558	224,667	123,806
Total Sector	**28,353**	**505,444**	**187,725**

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 increased from £174,865 in 2009 to £187,725 in 2010; an increase of 7.4 per cent.

* Businesses within the milk and milk products subsector had the highest average level of sales per employee of the ten subsectors in 2010 at £398,336.

* In 2010, the subsector with the lowest average level of sales per employee was the bakeries subsector, at £75,496.

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

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

High (>£250,000)	Medium (£150,000 to £250,000)	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, 2010

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	36,857	98,333	71,435
Bakeries	15,273	32,121	26,527
Beef and Sheepmeat	18,189	35,929	31,090
Drinks	17,892	90,500	67,383
Eggs	39,953	102,222	56,264
Fish	15,289	44,778	27,547
Fruit and Vegetables	14,760	43,838	28,308
Milk and Milk Products	26,051	44,058	39,009
Pigmeat	15,000	37,364	23,873
Poultrymeat	22,725	34,000	27,104
Total Sector	**14,760**	**102,222**	**31,957**

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 value added per employee increased from £31,394 in 2009 to £31,957 in 2010; an increase of 1.8 per cent.

* In 2010, businesses within the animal by-products subsector had the highest average level of value added per employee of the ten subsectors, at £71,435.

* Businesses within the pigmeat subsector had the lowest average level of value added per employee of the ten subsectors in 2010, with a value of £23,873.

* In 2010, all ten of the subsectors had a difference between the maximum and minimum value added per employee within a 5:1 ratio.

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

High (>£40,000)	Medium (£28,000 to £40,000)	Low (<£28,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Drinks	Fruit and Vegetables	Fish
Eggs	Milk and Milk Products	Pigmeat
		Poultrymeat

Table 16 Total capital employed per employee, by subsector, 2010

	Total capital employed (£ per employee) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	22,795	76,642	43,417
Bakeries	3,300	40,202	25,615
Beef and Sheepmeat	9,800	120,149	63,324
Drinks	6,984	663,405	240,864
Eggs	62,400	185,620	113,969
Fish	29,500	132,357	54,975
Fruit and Vegetables	8,167	104,550	46,952
Milk and Milk Products	44,000	218,260	108,292
Pigmeat	9,014	84,118	48,945
Poultrymeat	18,992	70,667	28,014
Total Sector	**3,300**	**663,405**	**60,737**

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 2009 and 2010, the average level of capital employed per employee increased from £58,046 to £60,737; an increase of 4.6 per cent.

* Businesses within the drinks subsector had the highest average level of capital employed per employee in 2010, with a value of £240,864.

* In 2010, businesses within the bakeries subsector had the lowest average level of capital employed per employee, with a value of £25,615.

* The subsector with the widest range in the amount of capital employed per employee was the drinks subsector with a ratio of 95:1.

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

High (>£75,000)	Medium (£45,000 to £75,000)	Low (<£45,000)
Drinks	Beef and Sheepmeat	Animal By-Products
Eggs	Fish	Bakeries
Milk and Milk products	Fruit and Vegetables	Poultrymeat
	Pigmeat	

Table 17 Average wages and salaries cost per employee, by subsector, 2010

	Wages & Salaries Cost (£ per employee) [1]		
	Minimum[2]	**Maximum[2]**	**Average[3]**
Animal By-Products	21,727	42,667	31,217
Bakeries	13,259	22,261	20,252
Beef and Sheepmeat	13,870	22,107	20,950
Drinks	15,838	38,121	32,977
Eggs	13,511	26,400	20,422
Fish	14,857	28,786	17,318
Fruit and Vegetables	13,889	21,680	17,898
Milk and Milk Products	16,565	33,663	27,841
Pigmeat	13,200	22,455	16,508
Poultrymeat	18,010	20,245	20,348
Total Sector	**13,200**	**42,667**	**21,500**

1. The wages and salaries cost per employee reflects the employment cost to the employer, not the average wages and salaries received by the employee.
2. 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).
3. This is the average value for all businesses in each subsector.

* The average wages and salaries cost per employee decreased from £21,620 in 2009 to £21,500 in 2010; a decrease of 0.6 per cent.

* The pigmeat subsector had the lowest average wages and salaries cost per employee in 2010, at £16,508.

* In 2010, the drinks subsector had the highest average wages and salaries cost per employee, at £32,977.

* All of the subsectors had a difference between the maximum and minimum wages and salaries cost per employee within a 2:1 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	Bakeries	Fish
Drinks	Beef and Sheepmeat	Fruit and Vegetables
Milk and Milk products	Eggs	Pigmeat
	Poultrymeat	

Table 18 Net profit as a % of sales, by subsector, 2010

	Net Profit (% of sales) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	14	14	16.7
Bakeries	1	9	4.7
Beef and Sheepmeat	1	6	2.5
Drinks	1	6	4.9
Eggs	4	13	7.7
Fish	0	12	5.9
Fruit and Vegetables	-3	11	4.7
Milk and Milk Products	-1	2	1.3
Pigmeat	-2	5	2.4
Poultrymeat	1	8	2.7
Total Sector	**-3**	**14**	**3.0**

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 from 2.8 per cent of sales in 2009 to 3.0 per cent in 2010.

∗ There was substantial variation in the profitability performance of the businesses within each subsector.

∗ Measuring profitability as net profit as a percentage of sales, the animal by-products subsector was the most profitable (16.7 per cent) followed by the eggs subsector (7.7 per cent).

∗ The milk and milk products subsector had the lowest level of profits as a percentage of sales with an average level of 1.3 per cent of sales.

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

High (>5.0%)	Medium (3.0% to 5.0%)	Low (<3.0%)
Animal By-Products	Bakeries	Beef and Sheepmeat
Eggs	Drinks	Milk and Milk products
Fish	Fruit and Vegetables	Pigmeat
		Poultrymeat

Table 19   Value added as a % of sales, by subsector, 2010

	Value added (% of sales) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	30	45	35.2
Bakeries	25	61	35.1
Beef and Sheepmeat	8	35	11.9
Drinks	19	74	22.8
Eggs	10	25	14.4
Fish	13	31	22.5
Fruit and Vegetables	12	39	25.7
Milk and Milk Products	7	27	9.8
Pigmeat	6	24	12.8
Poultrymeat	15	40	21.9
Total Sector	**6**	**74**	**17.0**

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.

* For the sector as a whole, value added as a percentage of sales decreased from 18.0 per cent in 2009 to 17.0 per cent in 2010. Value added expressed as a percentage of sales decreased in six of the ten subsectors, when compared to 2009. These were the animal by-products, eggs, fruit and vegetables, milk and milk products, pigmeat and poultrymeat subsectors.

* In 2010, the animal by-products subsector recorded the highest average level of value added as a percentage of sales (35.2 per cent); this was closely followed by the bakeries subsector (35.1 per cent). The milk and milk products subsector recorded the lowest average level of value added as a percentage of sales figure (9.8 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, 2010

	Wages (% of sales) Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	12	27	15.4
Bakeries	15	50	26.8
Beef and Sheepmeat	4	25	8.0
Drinks	11	57	11.1
Eggs	3	8	5.2
Fish	7	21	14.1
Fruit and Vegetables	7	33	16.2
Milk and Milk Products	5	21	7.0
Pigmeat	6	17	8.8
Poultrymeat	9	32	16.4
Total Sector	**3**	**57**	**11.5**

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 2010, the wages bill represented 11.5 per cent of the total value of food and drinks processing sector sales, a 0.9 percentage point decrease on the 2009 figure of 12.4 per cent.

* The proportions of sales represented by wages and salaries in 2010 ranged from 5.2 per cent for businesses in the eggs subsector to 26.8 per cent for businesses in the bakeries subsector.

* Between 2009 and 2010, there was a decrease in the value of wages and salaries expressed as a percentage of sales in eight of the subsectors. The only two subsectors to record an increase in wages and salaries as a percentage of sales over this period were the bakeries and fish 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 (>16%)	Medium (10% to 16%)	Low (<10%)
Bakeries	Animal By-Products	Beef and Sheepmeat
Fruit and Vegetables	Drinks	Eggs
Poultrymeat	Fish	Milk and Milk Products
		Pigmeat

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 employer National Insurance contributions, i.e. it represents the employment cost to the employer, not the amount received by the employee.

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.

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