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MÄNNYSTRIE O Fairms an Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2012,

with provisional estimates for 2013

NATIONAL STATISTICS

A National Statistics publication

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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 2011 and 2012, as well as provisional estimates of gross turnover and the level of employment in the sector for 2013. The time-lag between 31st December 2013 and firms' submission of their annual accounts to Companies House meant that a full set of 2013 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2013 will be published in July 2015.

The 2012 data include 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 for the report is to provide a robust statistical evidence base for those within the food and drinks processing sector seeking to identify industry trends over time or to benchmark business performance against the range of indicators presented in the report.

A time-series of data to cover the main variables over the 1989-2012 has also been published on the DARDNI website, including provisional estimates for sales and level of employment in 2013.

Following the successful investigation and validation checks into the number of agency workers employed within the sector, additional data will be provided going forward for this variable with the series starting from 2011; please see tables 3 and 8. This was a recommendation that emanated from the strategic action plan 'Going for Growth' as published by the Agri-Food Strategy Board in May 2013.

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 Economics and Labour Market Statistics Branch of the Department of Finance and Personal, 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 to the author, William Taylor, at the contact details given below. As with all DARD statistical publications this report is available on the DARD website, at *www.dardni.gov.uk* and via the DARD statistics Twitter account: @DARDstats.

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July 2014

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Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased from £4,234 million in 2012 to £4,519 million in 2013; an increase £285 million or 6.7 per cent.

2. Between 2012 and 2013, all ten subsectors in the food and drinks processing sector experienced an increase in their gross turnover. The largest increases are estimated to have occurred in the beef and sheepmeat (+£115.8m) and milk and milk products (+£61.3m) subsectors.

3. It is estimated that the total number of direct full-time employee equivalents employed in the food and drinks processing sector, increased from 19,984 in 2012 to 20,390 in 2013; an increase of 2.0 per cent.

FINAL ESTIMATES 2012
Gross turnover, 2011 and 2012

4. Gross turnover in the Northern Ireland food and drinks processing sector increased by 5.3 per cent between 2011 and 2012, from £4,020 million to £4,234 million.

5. The subsectors which made the largest contribution to the increase in total gross turnover between 2011 and 2012 were the beef and sheepmeat (+£123.9m) and pigmeat (+£49.8m) subsectors.

6. Between 2011 and 2012, seven of the ten subsectors recorded an increase in their levels of gross turnover; the remaining subsectors had only modest decreases.

7. The beef and sheepmeat and milk and milk products subsectors continue to be the largest subsectors. Together, they accounted for 49.9 per cent of total gross turnover in 2012; an increase of 0.3 percentage points on their proportion in 2011 (49.6 per cent).

Value added, 2011 and 2012

8. The estimated value added of the food and drinks processing sector increased by 4.6 per cent between 2011 and 2012 from £643 million to £672 million.

9. Between 2011 and 2012, all four components of value added have recorded an increase, with the largest of these being in the wages and salaries (+£19.26m) and net profit (+£7.51m) components. The other components, depreciation charge (+£2.0m) and interest paid (+£0.52m), both recorded modest rises.

10. The largest contributors to value added within the sector in the 2012 were the poultrymeat (£141.9m), beef and sheepmeat (£133.2m) and drinks (£99.6m) subsectors. These three subsectors accounted for 55.7 per cent of total value added.

11. In 2012, it is estimated that there was £159 of value added for every £1,000 of sales; which is similar to the 2011 figure of £160 for every £1,000 of sales.

Direct Employment, 2011 and 2012

12. The estimated level of direct full-time employee equivalents in the food and drinks processing sector increased slightly from 19,965 full-time employee equivalents in 2011 to 19,984 in 2012; an increase of 0.1 per cent.

13. There were increases in employment in six of the ten subsectors between 2011 and 2012. The largest were recorded in the beef and sheepmeat (+205 employees), bakeries (+68 employees) and fruit and vegetables (+44 employees) subsectors. The largest decreases were recorded for the poultrymeat (-215 employees), drinks (-70 employees) and milk and milk products (-43 employees) subsectors.

14. The largest employers continue to be the poultrymeat, beef and sheepmeat and bakeries subsectors, which together accounted for 61.4 per cent of the total direct employment in the food and drinks processing sector in 2012.

Agency Employment, 2012

15. In addition to the direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,530 full-time employee equivalents from Employment Agencies in 2012.

Distribution of sales, 2011 and 2012

16. Since 2004, the Great Britain market has been the largest outlet for the Northern Ireland food and drinks processing sector. Between 2011 and 2012, sales to this market rose from £1,573 million to £1,711 million; an increase of £138 million or 8.8 per cent. The proportion of total sales increased by 1.3 percentage points from 39.1 per cent in 2011 to 40.4 per cent in 2012.

17. The proportion of external sales (sales to all markets outside of Northern Ireland) increased between 2011 and 2012 from 69.4 per cent to 70.3 per cent of total sales. The value of these sales rose by 6.7 per cent from £2,790 million to £2,977 million.

18. The level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales fell slightly from 30.3 per cent in 2011 to 29.9 per cent in 2012. The value of export sales increased by 4.0 per cent between 2011 and 2012 from £1,217 million to £1,266 million. In 2012, the value of export sales was higher than that of the domestic Northern Ireland market for the first time in this publication series.

19. The largest export market continued to be the Republic of Ireland, where recorded sales increased by 2.5 per cent between 2011 and 2012. However, its share of total sales continued to fall, with a reduction from 16.8 per cent in 2011 to 16.4 per cent in 2012.

Profitability, 2011 and 2012

20. The estimated level of net profits recorded for the sector increased from £112 million in 2011 to £119 million in 2012; an increase of 6.7 per cent. There was also a slight increase in profit as a proportion of sales between 2011 and 2012.

21. Table 18 shows the variation in the level of profitability generated within the ten subsectors. However, in both 2011 and 2012 all subsectors generated a profit.

22. Between 2011 and 2012, six of the ten subsectors recorded an improvement in their level of net profit before tax, the largest was recorded in the poultrymeat subsector. Over the same period, the milk and milk products and fruit and vegetables subsectors experienced the largest decreases in their net profit before taxation.

Return on capital employed, 2011 and 2012

23. Total capital employed in the Northern Ireland food and drinks processing sector increased by 4.3 per cent between 2011 and 2012, from £1,247 million to £1,301 million. Over the same period, the rate of return on capital employed increased from 10.1 per cent to 10.3 per cent.

24. The drinks subsector had the highest level of capital employed per full-time employee equivalent at £229,354 in 2012. The bakeries subsector had the lowest amount per full-time employee equivalent at £23,849.

Contribution of the 10 largest food and drinks processing businesses within each variable for 2012

25. The ten largest businesses (for each variable) within the food and drinks processing sector in Northern Ireland accounted for 47 per cent of total gross turnover, 45 per cent of total value added, and 45 per cent of total employment in 2012.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2012

26. The food and drinks processing sector is estimated to have contributed approximately 3.7 per cent of Northern Ireland's total gross value added in 2012; an increase of 0.1 percentage points.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing industry, 2012

27. Between 2011 and 2012, the contribution of the food and drinks processing sector (as defined in this publication) towards the sales, external sales and employment of the Northern Ireland manufacturing[2] industry remained constant at 26 per cent, 23 per cent and 27 per cent respectively.

28. The proportion contributed by the food and drinks processing sector towards the value added of the manufacturing[2] industry in 2012 increased from 16 per cent to 17 per cent of total manufacturing value added.

29. In 2012, the food and drinks processing sector's proportion of total Northern Ireland manufacturing[2] industry export sales reduced from 25 per cent to 24 per cent.

[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 sector data from the DFP publications "Results from the Northern Ireland Manufacturing Sales & Exports Survey 2012/13" published on 9th December 2013 and "Results from the Northern Ireland Annual Business Inquiry 2012" published on 11th December 2013.

I. INTRODUCTION

This publication contains estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2012, as well as providing revised comparative data for 2011. Also included are provisional estimates of gross turnover and the level of employment in the sector in 2013. The time-lag between 31st December 2013 and the submission of annual company accounts to Companies House meant that a full set of company accounts was not available when this report was being prepared. Hence, 2013 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2013 will be published in June 2015.

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 Finance and Personal. 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 direct full-time employee equivalents on the level of employment in the sector. The data presented is for those businesses (or the relevant processing sites) which have a processing capacity within Northern Ireland.

The main measurements of size used in the 2011 and 2012 analyses are gross turnover, value added and employment. External and export sales demonstrate the dependence of the sector on markets outside of Northern Ireland. Performance is expressed in 15 different ways and includes parameters such as net profits 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 feedstuff 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 (SIC) definition, which is used to compile Government's statistics on the manufacturing industry. 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 total of the ten food and drinks processing subsectors. This results in a total sector gross turnover of £4,234 million in 2012. 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 £3,843 million in 2012. 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 291 businesses with a turnover greater than £250,000 has been used in the 2012 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 2011 data as published in the previous report. The differences between the previously published and revised data for 2011 are as follows:

	2011 Original Estimate	**2011 Revised Estimate**
Total Gross Turnover (£m)	3,985	4,020
Total Value Added (£m)	637	643
Total Exports (£m)	1,154	1,217
Direct Employment (full-time equivalents)	19,628	19,965

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector in 2012, based on a sample of business returns. Revised estimates have now been produced based on a full data set. The provisional and revised estimates are as follows:

	2012 Provisional Estimate	**2012 Revised Estimate**
Total Gross Turnover (£m)	4,154	4,234
Direct Employment (full-time equivalents)	19,778	19,984

The layout of the report is similar to last year, with the results published in a series of tables. Each table is accompanied by a summary of the main points. A time-series of data for each of the main size and performance indicators for the period 1989 to 2012 (2013 where available) will be published on the DARD website at: Size and performance of the NI food and drinks processing sector

Quality reporting

A report which describes the quality of the statistics presented in the publication can also be found at: Size and performance of the NI food and drinks processing sector

II. PROVISIONAL ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2013.

Table 1 Gross turnover and full-time employee equivalents in 2012 with provisional estimates for 2013

	2012	2013[1]	Percentage change 12/13
Gross turnover (£ million)	4,234	4,519	6.7
Direct Employees[2] (full-time equivalents)	19,984	20,390	2.0

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2015. Time-series data on gross turnover and employment, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI
2. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2012 only, see data in tables 3 and 8 for more details.

* Between 2012 and 2013, the gross turnover of the food and drinks processing sector is estimated to have increased by 6.7 per cent, from £4,234 million to £4,519 million.

* When this is expressed in real terms (using the GDP deflator), the increase in gross turnover between 2012 and 2013 is 4.9 per cent.

* In the food and drinks processing sector, the number of direct full-time employee equivalents is estimated to have increased by 2.0 per cent between 2012 and 2013 from 19,984 full-time employee equivalents to 20,390 full-time employee equivalents.

Table 2 Gross turnover, by subsector in 2012 with provisional estimates for 2013

	Gross turnover (£ million)		Percentage change
	2012	2013[1]	12/13
Animal By-Products	37.4	38.7	3.7
Bakeries	285.0	304.2	6.7
Beef and Sheepmeat	1,141.2	1,257.0	10.2
Drinks	390.3	407.7	4.5
Eggs	112.6	113.1	0.4
Fish	69.8	76.1	9.0
Fruit and Vegetables	254.4	271.4	6.7
Milk and Milk Products	972.7	1,034.0	6.3
Pigmeat	299.8	324.5	8.2
Poultrymeat	670.5	692.6	3.3
Total Sector	**4,234**	**4,519**	**6.7**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2015. Time-series data on gross turnover, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* The gross turnover of the food and drinks processing sector in Northern Ireland is estimated to have increased by 6.7 per cent between 2012 and 2013.

* All ten of the subsectors recorded an increase in gross turnover between 2012 and 2013. The beef and sheepmeat (+£115.8m) and the milk and milk products (+£61.3m) subsectors recorded the largest increases in monetary terms.

* The highest rates of growth in gross turnover were observed in the beef and sheepmeat (+10.2 per cent), fish (+9.0 per cent) and pigmeat (+8.2 per cent) subsectors.

* The largest subsectors in the food and drinks processing sector in 2013 continued to be the beef and sheepmeat (27.8 per cent of total sales), milk and milk products (22.9 per cent of total sales) and poultrymeat (15.3 per cent of total sales). Together, these three subsectors have accounted for 66.0 per cent of the total gross turnover of the Northern Ireland sector in 2013.

* Within the Northern Ireland food and drinks processing sector in 2013, animal by-products (0.9 per cent of total sales) continues to be the smallest subsector.

* Provisional estimates show that the food and drinks processing sector[3] accounted for 27 per cent of Northern Ireland's total manufacturing sales[4] in 2013; an increase of 1 percentage point from 2012.

[3] 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.
[4] Manufacturing sector data from the DFP publication "Results from the Northern Ireland Manufacturing Sales & Exports Survey 2012/13" published on 9th December 2013.

Table 3 Direct full-time employee equivalents, by subsector, 2012 with provisional estimates for 2013 and an estimate of total agency workers in 2012.

	Employees[1] (full-time equivalents)		**Percentage change**
	2012	**2013[2]**	**12/13**
Animal By-Products	120	123	2.1
Bakeries	3,232	3,322	2.8
Beef and Sheepmeat	4,121	4,345	5.4
Drinks	1,368	1,378	0.8
Eggs	268	298	11.4
Fish	511	521	2.1
Fruit and Vegetables	2,140	2,173	1.5
Milk and Milk Products	2,007	2,038	1.5
Pigmeat	1,311	1,301	-0.7
Poultrymeat	4,909	4,894	-0.3
Total Direct Employees	**19,984**	**20,390**	**2.0**
Agency Employment	**1,530**	**N/A**	**N/A**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2012 only. They are not included in regional manufacturing employment figures as they are recorded as employment in the services sector.
2. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2015. Time-series data on employment, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* Between 2012 and 2013, the volume of direct employment in the sector is estimated to have increased from 19,984 full-time employee equivalents to 20,390 full-time employee equivalents; a rise of 406 full-time employee equivalents.

* Eight of the ten subsectors in the food and drinks processing sector recorded increases in the estimated level of full-time employee equivalents. The biggest increase was by far within the beef and sheepmeat subsector (+224 employees).

* The remaining subsectors, pigmeat and poultrymeat, both recorded modest decreases in their levels of employment.

* The poultrymeat, beef and sheepmeat and bakeries subsectors accounted for 61.6 per cent of all employment in 2013 within the food and drinks processing sector.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,530 full-time employee equivalents from Employment Agencies in 2012. It would not be appropriate to include these in any manufacturing industry analysis.

III. SIZE AND MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2011 AND 2012.

Table 4 Gross turnover, by subsector, 2011 and 2012

	Gross turnover (£ million)		Percentage change
	2011	**2012**	**11/12**
Animal By-Products	29.0	37.4	28.8
Bakeries	269.3	285.0	5.9
Beef and Sheepmeat	1,017.3	1,141.2	12.2
Drinks	386.6	390.3	0.9
Eggs	96.9	112.6	16.2
Fish	71.2	69.8	-2.0
Fruit and Vegetables	252.7	254.4	0.7
Milk and Milk Products	976.3	972.7	-0.4
Pigmeat	250.0	299.8	19.9
Poultrymeat	670.9	670.5	-0.1
Total Sector	**4,020.1**	**4,233.6**	**5.3**

Time-series data on gross turnover, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* Gross turnover increased by 5.3 per cent within the food and drinks processing sector, from £4,020 million in 2011 to £4,234 million in 2012; an increase of £214 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), the gross turnover of the sector between 2011 and 2012 increased by 2.9 per cent.

* Between 2011 and 2012, seven of the ten subsectors returned an increase in gross turnover. The subsectors where the largest increases were recorded were in beef and sheepmeat (+£123.9m) and pigmeat (+£49.8m).

* The gross turnover of the remaining three subsectors recorded only very slight reductions between 2011 and 2012.

* The beef and sheepmeat and milk and milk products subsectors continue to be the largest subsectors. Together, they accounted for 49.9 per cent of total gross turnover in 2012; an increase of 0.3 percentage points on their proportion in 2011 (49.6 per cent).

* The food and drinks processing sector[5] accounted for 26 per cent of Northern Ireland's total manufacturing sales[6] in 2012, the same as 2011.

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

[6] Manufacturing sector data from the DFP publication "Results from the Northern Ireland Manufacturing Sales & Exports Survey 2012/13" published on 9th December 2013.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2011[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 and 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>32</td><td>30</td><td>7</td><td>0</td><td>69</td></tr>
<tr><td>Beef and Sheepmeat</td><td>11</td><td>15</td><td>9</td><td>6</td><td>41</td></tr>
<tr><td>Drinks</td><td>6</td><td>5</td><td colspan="2">7</td><td>18</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>22</td><td>29</td><td>7</td><td>0</td><td>58</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">9</td><td colspan="2">11</td><td>20</td></tr>
<tr><td>Pigmeat</td><td>5</td><td colspan="3">18</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>104</td><td>128</td><td>42</td><td>19</td><td>293</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, 2012[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 and over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="3">7</td><td>0</td><td>7</td></tr>
<tr><td>Bakeries</td><td>35</td><td>30</td><td>7</td><td>0</td><td>72</td></tr>
<tr><td>Beef and Sheepmeat</td><td>12</td><td>15</td><td>8</td><td>6</td><td>41</td></tr>
<tr><td>Drinks</td><td>5</td><td>6</td><td colspan="2">7</td><td>18</td></tr>
<tr><td>Eggs</td><td>9</td><td colspan="2">6</td><td>0</td><td>15</td></tr>
<tr><td>Fish</td><td>7</td><td colspan="2">19</td><td>0</td><td>26</td></tr>
<tr><td>Fruit and Vegetables</td><td>17</td><td>34</td><td>6</td><td>0</td><td>56</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">9</td><td colspan="2">11</td><td>20</td></tr>
<tr><td>Pigmeat</td><td>5</td><td colspan="3">17</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>99</td><td>130</td><td>43</td><td>19</td><td>291</td></tr>
</table>

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

* The food and drinks processing sector had 291 businesses with a turnover of more than £250,000 in 2012; two less than in 2011.

* The food and drinks processing sector in 2012 had 62 businesses with an annual turnover of more than £10 million; one more than in 2011.

* There were 19 businesses with an annual turnover in excess of £50 million in the food and drinks processing sector in both 2011 and 2012. These 19 businesses accounted for 63.6 per cent of total turnover, 52.7 per cent of total value added and 50.3 per cent of total employment in the sector in 2012.

Table 6 Value added, by subsector, 2011 and 2012

	Value Added (£ million)		Percentage change
	2011	2012	11/12
Animal By-Products	8.2	8.9	9.2
Bakeries	83.0	86.0	3.6
Beef and Sheepmeat	118.3	133.2	12.6
Drinks	95.7	99.6	4.0
Eggs	11.9	16.0	34.4
Fish	15.7	14.9	-4.8
Fruit and Vegetables	61.7	59.0	4.3
Milk and Milk Products	85.1	76.9	-9.6
Pigmeat	35.8	35.8	0.2
Poultrymeat	127.6	141.9	11.2
Total Sector	**643.0**	**672.2**	**4.6**

Time-series data on value added, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

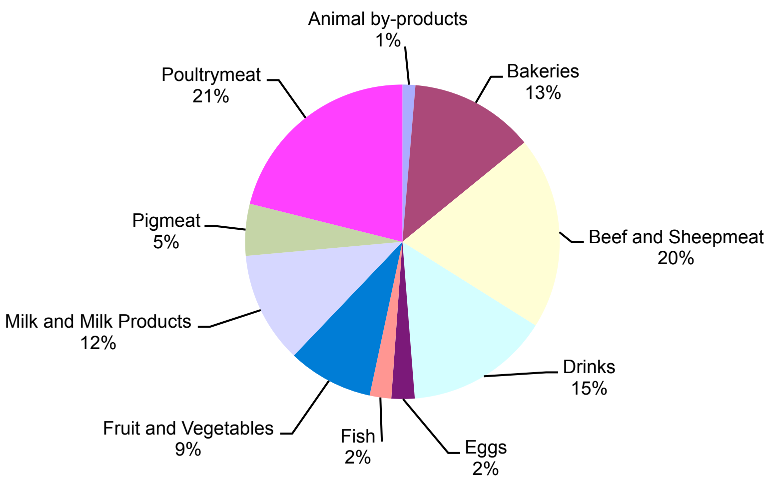
* Value added is a key indicator of the contribution made by a subsector or sector to the economy. The value added generated by the food and drinks processing sector[7] in 2012 was approximately 3.7 per cent of the Northern Ireland total; an increase of 0.1 percentage points from 2011.

* Between 2011 and 2012, the volume of value added generated by the food and drinks processing sector is estimated to have increased from £643 million to £672 million; an increase of £29 million or 4.6 per cent.

* The poultrymeat (£141.9m), beef and sheepmeat (£133.2m) and drinks (£99.6m) subsectors accounted for 55.7 per cent of the total value added generated by the sector in 2012; an increase of 2.6 percentage points compared to 2011.

* Value added was 15.9 per cent of the gross turnover value for the food and drinks processing sector in 2012; the comparative figure for 2011 was 16.0 per cent.

Percentage of Value Added by subsector 2012



[7] 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, 2011

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.15	0.60	4.41	0.01	8.17
Bakeries	62.53	5.61	13.69	1.19	83.01
Beef and Sheepmeat	82.06	10.31	22.83	3.10	118.31
Drinks	48.30	21.61	21.23	4.60	95.74
Eggs	4.71	0.96	6.17	0.09	11.93
Fish	8.50	1.34	5.59	0.25	15.68
Fruit and Vegetables	38.94	8.96	12.50	1.29	61.69
Milk and Milk Products	58.01	10.64	15.03	1.37	85.05
Pigmeat	24.07	2.77	8.35	0.59	35.78
Poultrymeat	110.17	14.09	1.71	1.63	127.60
Total Sector	**440.44**	**76.89**	**111.52**	**14.11**	**642.96**

Table 7b Components of value added for each subsector, 2012

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.12	0.73	5.06	0.01	8.92
Bakeries	68.57	5.20	10.83	1.44	86.03
Beef and Sheepmeat	90.93	11.05	28.07	3.11	133.16
Drinks	50.59	20.40	24.04	4.55	99.57
Eggs	4.68	1.92	9.34	0.08	16.03
Fish	8.49	1.39	4.78	0.27	14.93
Fruit and Vegetables	40.05	8.91	8.68	1.37	59.01
Milk and Milk Products	58.75	11.52	5.26	1.36	76.89
Pigmeat	21.54	2.89	10.84	0.58	35.84
Poultrymeat	112.99	14.89	12.14	1.85	141.86
Total Sector	**459.70**	**78.89**	**119.03**	**14.62**	**672.24**

Time-series data on the components of value added, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

* All four components of value added have recorded an increase between 2011 and 2012. Wages and salaries (+£19.26m) and net profit (+£7.51m) recorded the largest increases. The other components, depreciation charge and interest paid, recorded modest increases of £2.00m and £0.52m respectively.

* Wages and salaries and net profit made the largest contributions toward value added in the sector. In 2012, wages and salaries accounted for 68.4 per cent of value added; similar to 2011. While net profit increased its contribution from 17.3 per cent of value added in 2011 to 17.7 per cent in 2012.

* Between 2011 and 2012, four of the ten subsectors recorded a reduction in net profit, the largest of which was in the milk and milk products subsector (£-9.77 m). The largest increase was recorded in the poultrymeat subsector (+£10.42m). The subsectors with the highest level of net profit, in both 2011 and 2012, within the food and drinks processing sector were beef and sheepmeat and drinks.

Table 8 Direct full-time employee equivalents, by subsector, 2011 and 2012, and an estimate of total agency workers in 2011.

	Employees[1] (full-time equivalents)		Percentage
	2011	**2012**	**Change 11/12**
Animal By-Products	114	120	5.7
Bakeries	3,164	3,232	2.1
Beef and Sheepmeat	3,916	4,121	5.2
Drinks	1,437	1,368	-4.8
Eggs	263	268	1.7
Fish	512	511	-0.2
Fruit and Vegetables	2,096	2,140	2.1
Milk and Milk Products	2,050	2,007	-2.1
Pigmeat	1,291	1,311	1.5
Poultrymeat	5,124	4,909	-4.2
Total direct Employees	**19,965**	**19,984**	**0.1**
Agency Employment	**1,788**	**1,530**	**-14.4**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2011 and 2012 only. They are not included in regional manufacturing employment figures as they are recorded as employment in the services sector. Time-series data on employment, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* Between 2011 and 2012, direct employment in the food and drinks processing sector increased slightly from 19,965 full-time employee equivalents to 19,984 full-time employee equivalents; an increase of 19 full-time employee equivalents.

* In six of the ten subsectors the number of direct full-time employee equivalents increased between 2011 and 2012. The largest increases occurred in the beef and sheepmeat (+205 employees), bakeries (+68 employees) and fruit and vegetables (+44 employees) subsectors.

* The remaining subsectors all recorded a reduction in the number of direct full-time employee equivalents between 2011 and 2012. The largest decreases were recorded for the poultrymeat (-215 employees), drinks (-70 employees) and milk and milk products (-43 employees) subsectors.

* In terms of direct employment the largest employers continue to be the poultrymeat, beef and sheepmeat and bakeries subsectors. Together, these three subsectors accounted for 61.4 per cent of total direct employment in the sector in 2012.

* The food and drinks processing sector[8] accounted for 27 per cent of Northern Ireland's total manufacturing employment[9] in 2012; unchanged from 2011 levels.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,530 full-time employee equivalents from Employment Agencies in 2012. This is a reduction of 14.4 per cent from 2011 levels. It would not be appropriate to include these in any manufacturing industry analysis.

[8] This calculation includes an estimate of the number of employees within food and drinks processing businesses with turnovers less than £250,000.
[9] Manufacturing sector data from the DFP publication "Results from the Northern Ireland Annual Business Inquiry 2012" published on 11th December 2013.

Table 9 Total sales by country of destination, 2011 and 2012

	Sales (£ million and percent of total sales)			
	2011	Percentage of total sales	2012	Percentage of total sales
Northern Ireland	1,230.3	30.6	1,256.9	29.7
Great Britain	1,572.6	39.1	1,710.6	40.4
Republic of Ireland	677.2	16.8	693.9	16.4
Other EU	408.8	10.2	439.5	10.4
Rest of World	131.2	3.3	132.8	3.1
Intervention	0.0	0.0	0.0	0.0
Total Sales	**4,020.1**	**100**	**4,233.6**	**100**
External Sales	2,789.8	69.4	2,976.7	70.3
Export Sales	1,217.2	30.3	1,266.1	29.9

Time-series data on total sales by country of destination, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

* The food and drinks processing sector had sales to destinations outside of Northern Ireland worth £2,790 million in 2011 and £2,977 million in 2012; an increase of £187 million or 6.7 per cent. The proportion of total sales to these markets external to Northern Ireland also increased between 2011 and 2012 from 69.4 per cent to 70.3 per cent of the sector's total sales.

* Since 2004, the Great Britain market has been the largest market for sales in the Northern Ireland food and drinks processing sector. Between 2011 and 2012, sales to this market rose from £1,573 million to £1,711 million; an increase of £138 million or 8.8 per cent. The share of the proportion of total sales increased by 1.3 percentage points from 39.1 per cent in 2011 to 40.4 per cent of total sales in 2012.

* Export sales i.e. sales to markets outside of the United Kingdom, increased by £49 million, or 4.0 per cent, from £1,217 million in 2011 to £1,266 million in 2012. In 2012, the value of export markets was higher than that of the domestic market for the first time in this publication series. As a proportion of total sales for the sector, exports accounted for 30.3 per cent of sales in 2011 but 29.9 per cent in 2012; a decrease of 0.4 percentage points.

* The largest export market continued to be the Republic of Ireland. Sales to this market increased from £677 million to £694 million between 2011 and 2012; an increase of 2.5 per cent. However, as a proportion of total sales, the Republic of Ireland market has decreased further from 16.8 per cent of total sales in 2011 to 16.4 per cent of total sales in 2012; a decrease of 0.4 percentage points.

* The food and drinks processing sector,[10] as defined in this publication, contributed 23 per cent of the total manufacturing external sales[11] in 2012; similar to 2011 levels. The sector also accounted for 24 per cent of Northern Ireland's total manufacturing export sales[11]; a decrease of 1 percentage point from 2011.

[10] 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.
[11] Manufacturing sector data from the DFP publication "Results from the Northern Ireland Manufacturing Sales & Exports Survey 2012/13" published on 9th December 2013.

Table 10a Destinations and values of subsector sales, 2011

(£ 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	16.7	2.7	*	*	0.0	**29.0**	27.4	10.8
Bakeries	158.4	48.3	61.2	1.0	0.4	0.0	**269.3**	110.9	62.5
Beef/Sheepmeat	186.1	594.6	*	123.6	*	0.0	**1,017.3**	831.2	236.6
Drinks	174.8	31.5	*	*	14.8	0.0	**386.6**	211.8	180.4
Eggs	23.8	57.7	15.4	0.0	0.0	0.0	**96.9**	73.1	15.4
Fish	10.0	25.9	*	23.5	*	0.0	**71.2**	61.3	35.4
Fruit/Vegetables	96.5	91.2	64.3	0.4	0.3	0.0	**252.7**	156.1	64.9
Milk/Milk Products	268.7	261.4	137.3	220.4	88.5	0.0	**976.3**	707.6	446.2
Pigmeat	98.6	96.6	40.4	*	*	0.0	**250.0**	151.4	54.8
Poultrymeat	211.9	348.9	91.1	*	*	0.0	**670.9**	459.0	110.0
Total	**1,230.3**	**1,572.6**	**677.2**	**408.8**	**131.2**	**0.0**	**4,020.1**	**2,789.8**	**1,217.2**

Table 10b Destinations and values of subsector sales, 2012

(£ 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	2.5	19.9	2.8	*	*	0.0	**37.4**	34.9	14.9
Bakeries	163.2	55.3	65.2	0.6	0.7	0.0	**285.0**	121.8	66.4
Beef/Sheepmeat	204.8	687.9	*	140.9	*	0.0	**1,141.2**	936.4	248.5
Drinks	173.3	35.4	*	*	17.0	0.0	**390.3**	217.0	181.6
Eggs	23.3	70.8	18.5	0.0	0.0	0.0	**112.6**	89.3	18.5
Fish	10.5	27.6	*	23.9	*	0.0	**69.8**	59.4	31.8
Fruit/Vegetables	85.6	119.6	47.0	1.0	1.1	0.0	**254.4**	168.7	49.1
Milk/Milk Products	287.8	210.6	158.4	224.9	91.0	0.0	**972.7**	684.8	474.3
Pigmeat	94.4	135.2	48.7	*	*	0.0	**299.8**	205.3	70.2
Poultrymeat	211.4	348.3	91.5	*	*	0.0	**670.5**	459.1	110.8
Total	**1,256.9**	**1,710.6**	**693.9**	**439.5**	**132.8**	**0.0**	**4,233.6**	**2,976.7**	**1,266.1**

*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

- The Great Britain market continued to be the largest market for the sector as a whole in both 2011 and 2012. Great Britain was the largest single market destination for five of the ten subsectors in 2011, however, in 2012 this was the case for seven of the ten subsectors.

- In 2012, the food and drinks processing subsectors most reliant on external markets (i.e. markets outside of Northern Ireland) were the animal by-products (93.3 per cent of total sales), fish (85.0 per cent of total sales), beef and sheepmeat (82.1 per cent of total sales) and eggs (79.3 per cent of total sales) subsectors. The subsector with the least reliance on external markets was the bakeries (42.7 per cent of total sales) subsector.

- The subsectors most reliant on export markets (i.e. markets outside of the United Kingdom) were the milk and milk products (48.8 per cent of total sales), drinks (46.5 per cent of total sales) and fish (45.5 per cent of total sales) subsectors. The least reliance on exporting were the eggs and poultrymeat (both 16.5 per cent of total sales) subsectors.

- The largest export market for the food and drinks processing sector remains the Republic of Ireland which accounts for 54.8 per cent of exports. This market represents between 7.5 per cent (animal by-products) and 40.2 per cent (drinks) of total sales in the ten subsectors.

Table 11 Capital employed, by subsector, 2011 and 2012

	Capital employed (£ million) 2011	2012
Animal By-Products	8.3	10.9
Bakeries	88.0	77.1
Beef and Sheepmeat	267.2	308.3
Drinks	290.8	313.6
Eggs	24.9	32.2
Fish	32.9	33.0
Fruit and Vegetables	98.9	103.9
Milk and Milk Products	273.8	229.1
Pigmeat	55.4	68.2
Poultrymeat	107.2	124.4
Total Sector	**1,247.5**	**1,300.8**

Time-series data on total capital employed, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

* The amount of capital employed in the food and drinks processing sector increased by £53 million between 2011 and 2012; from £1,248 million to £1,301 million.

* In both 2011 and 2012, the largest volumes of capital employed were recorded in the drinks, beef and sheepmeat and milk and milk products subsectors. Together these three subsectors account for 66.7 per cent and 65.4 per cent of the total capital employed in the sector in 2011 and 2012 respectively.

* In eight of the ten subsectors the total capital employed recorded increased in 2012, compared to the respective 2011 figure. The largest increases were in the beef and sheepmeat (+£41.1m), drinks (+£22.8m) and poultrymeat (+£17.2m) subsectors.

* The remaining subsectors recorded a decrease in their total capital employed for 2012 when compared to 2011. The decreases were recorded in the milk and milk products (-£44.7m) and bakeries (-£10.9m) subsectors.

* The food and drinks processing sector's average rate of return on capital employed, increased from 10.1 per cent in 2011 to 10.3 per cent in 2012.

* The drinks subsector had the largest amount of capital employed per direct full-time employee equivalent in 2012 with £229,354, whilst bakeries had the lowest at £23,849.

* The poultrymeat subsector had the lowest level of capital employed per £1,000 of sales in 2012, whilst the drinks subsector again had the highest level.

Table 12 Contribution made by the 10 largest businesses within each variable towards the food and drinks processing sector in Northern Ireland

	2011	2012
The 10 largest businesses for gross turnover as a percentage of total gross turnover of the food and drinks processing sector	46	47
The 10 largest businesses for value added as a percentage of total value added of the food and drinks processing sector	43	45
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	44	45

* The 10 largest companies for each variable within the sector in 2012 accounted for 47 per cent of total gross turnover, 45 per cent of total value added and 45 per cent of total direct employment.

* The contribution of the ten largest businesses to total gross turnover, total value added and total direct employment all increased slightly between 2011 and 2012.

* Four of the ten largest gross turnover food and drinks processing companies were under local ownership in 2012.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2011 AND 2012.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2011

	Animal By - Products	Bakeries	Beef and Sheep-Meat	Drinks	Eggs	Fish	Fruit and Veg.	Milk and Milk Products	Pig-meat	Poultry -meat	Average
Sales per employee (£)	255,727	85,098	259,814	269,051	368,445	139,273	120,541	476,221	193,645	130,937	201,357
Value added per employee (£)	71,947	26,236	30,215	66,628	45,361	30,657	29,433	41,488	27,713	24,904	32,204
Total capital per employee (£)	73,286	27,803	68,241	202,394	94,510	64,375	47,198	133,562	42,933	20,927	62,484
Average wage cost per employee (£)	27,718	19,762	20,958	33,614	17,905	16,620	18,579	28,298	18,648	21,502	22,061
Gross profit as percentage of sales (per cent)	26.56	33.64	7.99	25.77	15.01	18.55	23.84	14.14	12.83	9.00	14.87
Net profit as percentage of sales (per cent)	15.20	5.08	2.24	5.49	6.37	7.85	4.95	1.54	3.34	0.26	2.77
Value added as percentage of sales (per cent)	28.13	30.83	11.63	24.76	12.31	22.01	24.42	8.71	14.31	19.02	15.99
Wages and salaries as percentage of sales (per cent)	10.84	23.22	8.07	12.49	4.86	11.93	15.41	5.94	9.63	16.42	10.96
Interest costs as percentage of sales (per cent)	0.02	0.44	0.30	1.19	0.09	0.35	0.51	0.14	0.23	0.24	0.35
Sales per £1,000 wages (£)	9,226	4,306	12,397	8,004	20,578	8,380	6,488	16,829	10,384	6,089	9,127
Value added per £1,000 wages(£)	2,596	1,328	1,442	1,982	2,533	1,545	1,584	1,466	1,486	1,158	1,460
Interest costs as percentage of gross profit (per cent)	0.08	1.32	3.82	4.62	0.62	1.88	2.13	0.99	1.82	2.69	2.36
Interest costs as percentage of net profit (per cent)	0.14	8.72	13.58	21.68	1.46	4.45	10.28	9.11	7.01	94.81	12.65
Rate of return on capital employed (percent)	53.13	16.91	9.71	8.88	25.18	17.74	13.94	5.99	16.12	3.11	10.07
Capital employed per £1,000 of sales (£)	287	327	263	752	257	462	392	280	222	160	310

Time-series data on rate of return on capital employed, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2012

	Animal By-Products	Bakeries	Beef and Sheep-meat	Drinks	Eggs	Fish	Fruit and Veg.	Milk and Milk Products	Pig-meat	Poultry -meat	Average
Sales per employee (£)	311,417	88,187	276,959	285,389	420,916	136,795	118,886	484,651	228,753	136,597	211,856
Value added per employee (£)	74,333	26,619	32,317	72,810	59,925	29,240	27,582	38,312	27,351	28,900	33,640
Total capital per employee (£)	90,708	23,849	74,823	229,354	120,512	64,619	48,574	114,154	52,070	25,340	65,093
Average wage cost per employee (£)	26,025	21,216	22,068	36,991	17,499	16,623	18,720	29,275	16,433	23,018	23,004
Gross profit as percentage of sales (per cent)	19.80	32.46	8.51	28.17	16.36	18.22	24.20	13.71	11.52	10.10	15.01
Net profit as percentage of sales (per cent)	13.53	3.80	2.46	6.16	8.30	6.84	3.41	0.54	3.61	1.81	2.81
Value added as percentage of sales (per cent)	23.87	30.18	11.67	25.51	14.24	21.37	23.20	7.91	11.96	21.16	15.88
Wages and salaries as percentage of sales (percent)	8.36	24.06	7.97	12.96	4.16	12.15	15.75	6.04	7.18	16.85	10.86
Interest costs as percentage of sales (per cent)	0.03	0.50	0.27	1.17	0.07	0.39	0.54	0.14	0.19	0.28	0.56
Sales per £1,000 wages (£)	11,966	4,157	12,550	7,715	24,054	8,229	6,351	16,555	13,920	5,934	9,209
Value added per £1,000 wages (£)	2,856	1,255	1,464	1,968	3,424	1,759	1,473	1,309	1,664	1,256	1,462
Interest costs as percentage of gross profit (per cent)	0.15	1.55	3.20	4.14	0.45	2.12	2.23	1.02	1.68	2.73	2.30
Interest costs as percentage of net profit (per cent)	0.22	13.26	11.09	18.93	0.89	5.65	15.83	25.82	5.35	15.23	12.28
Rate of return on capital employed (per cent)	46.56	15.91	10.11	9.11	29.24	15.30	9.67	2.89	16.73	11.24	10.27
Capital employed per £1,000 of sales(£)	291	270	270	804	286	472	409	236	228	186	307

Time-series data on rate of return on capital employed, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

Table 14 Sales per direct employee, by subsector, 2012

	Sales (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	129,735	341,906	311,417
Bakeries	31,326	119,273	88,187
Beef and Sheepmeat	57,898	403,971	276,959
Drinks	44,680	387,000	285,389
Eggs	202,118	478,731	420,916
Fish	85,300	261,750	136,795
Fruit and Vegetables	60,036	264,000	118,886
Milk and Milk Products	108,743	664,705	484,651
Pigmeat	104,375	334,545	228,753
Poultrymeat	67,164	174,571	136,597
Total Sector	**31,326**	**664,705**	**211,856**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
2. This is the average value for all businesses in each subsector.

* Between 2011 and 2012, the average sales per direct employee in the food and drinks processing sector increased from £201,357 to £211,856; an increase of 5.2 per cent.

* The milk and milk products subsector had the highest average level of sales per direct employee in 2012, at £484,651.

* In 2012, the bakeries subsector had the lowest average level of sales per direct employee, at £88,187.

* All 10 of the subsectors had a difference between the maximum and minimum sales per direct employee within a 7:1 ratio in 2012.

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

High (>£300,000)	Medium (£200,000 to £300,000)	Low (<£200,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Eggs	Drinks	Fish
Milk and Milk Products	Pigmeat	Fruit and Vegetables
		Poultrymeat

Table 15 Value added per direct employee, by subsector, 2012

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	30,667	113,600	74,333
Bakeries	14,400	32,613	26,619
Beef and Sheepmeat	17,200	52,453	32,317
Drinks	18,656	82,116	72,810
Eggs	41,529	64,221	59,925
Fish	18,091	51,320	29,240
Fruit and Vegetables	18,174	41,748	27,582
Milk and Milk Products	19,500	49,250	38,312
Pigmeat	17,714	36,761	27,351
Poultrymeat	16,063	51,714	28,900
Total Sector	**14,400**	**113,600**	**33,640**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
2. This is the average value for all businesses in each subsector.

* The average level of value added per direct employee increased from £32,204 in 2011 to £33,640 in 2012; an increase of 4.5 per cent.

* In 2012, the animal by-products subsector had the highest average level of value added per direct employee of the ten subsectors, with a value of £74,333.

* The bakeries subsector had the lowest average level of value added per direct employee of the ten subsectors in 2012, with a value of £26,619.

* In 2011, all 10 of the subsectors had a difference between the maximum and minimum value added per direct employee within a 4:1 ratio.

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

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

Table 16 Total capital employed per direct employee, by subsector, 2012

	Total capital employed (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	48,133	165,400	90,708
Bakeries	1,373	41,295	23,849
Beef and Sheepmeat	9,077	114,351	74,823
Drinks	10,050	197,925	229,354
Eggs	42,227	204,824	120,512
Fish	24,842	132,357	64,619
Fruit and Vegetables	1,000	98,800	48,574
Milk and Milk Products	33,125	202,690	114,154
Pigmeat	6,423	82,631	52,070
Poultrymeat	5,344	81,350	25,340
Total Sector	**1,000**	**204,824**	**65,093**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
2. This is the average value for all businesses in each subsector.

* The food and drinks processing sector estimate showed that the average level of capital employed per direct employee increased by 4.2 per cent from £62,484 to £65,093 between 2011 and 2012.

* The drinks subsector had the highest average level of capital employed per direct employee of the ten subsectors with a value of £229,354 in 2012.

* The bakeries subsector had the lowest average level of capital employed per direct employee of the ten subsectors in 2012, with a value of £23,849.

* The subsector with the widest range in the volume of capital employed per direct employee in 2012 was the fruit and vegetables subsector with a ratio of 99:1.

* Subsectors with high, medium and low average total capital employed per direct 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	Poultrymeat
Milk and Milk Products		

Table 17 Average wages and salaries cost per direct employee, by subsector, 2012

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	**Maximum[2]**	**Average[3]**
Animal By-Products	20,048	29,594	26,025
Bakeries	13,059	23,778	21,216
Beef and Sheepmeat	13,500	23,948	22,068
Drinks	15,560	38,342	36,991
Eggs	16,250	21,676	17,499
Fish	13,469	27,786	16,623
Fruit and Vegetables	13,143	22,260	18,720
Milk and Milk Products	19,194	37,518	29,275
Pigmeat	16,375	26,524	16,433
Poultrymeat	14,250	28,283	23,018
Total Sector	**13,059**	**38,342**	**23,004**

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 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
3. This is the average value for all businesses in each subsector.

* The food and drinks processing sector average direct full-time employee equivalent cost was £23,004 for 2012. This represents an increase of £943 between 2011 and 2012 or 4.3 per cent.

* In 2012, the pigmeat subsector had the lowest average level of wages and salaries per direct employee, with a value of £16,433.

* The drinks subsector had the highest average level of wages and salaries per direct employee in 2012, with a value of £36,991.

* In 2012, all of the 10 subsectors had a difference between the maximum and minimum average wages and salaries cost per direct employee within a 2:1 ratio.

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

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

Table 18 Net profit as a percentage of sales, by subsector, 2012

	Net Profit (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	6	17	13.5
Bakeries	-2	10	3.8
Beef and Sheepmeat	0	6	2.5
Drinks	0	13	6.2
Eggs	5	13	8.3
Fish	1	16	6.8
Fruit and Vegetables	0	9	3.4
Milk and Milk Products	-11	4	0.5
Pigmeat	-1	7	3.6
Poultrymeat	1	10	1.8
Total Sector	**-11**	**17**	**2.8**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
2. This is the average value for all businesses in each subsector.

* Between 2011 and 2012, the average level of net profit as a proportion of sales remained constant at 2.8 per cent.

* There was substantial variation in the profitability amongst businesses within each subsector.

* In 2012, the highest average level of net profit as a proportion of sales was recorded by the animal by-products subsector (13.5 per cent of sales).

* The milk and milk products subsector had the lowest average level of net profit as a proportion of sales of the ten subsectors with a value of 0.5 per cent in 2012.

* Subsectors with high, medium and low average net profit as a percentage of sales.

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

Table 19 Value added as a percentage of sales, by subsector, 2012

	Value added (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	19	39	23.9
Bakeries	20	59	30.2
Beef and Sheepmeat	9	35	11.7
Drinks	16	46	25.5
Eggs	9	29	14.2
Fish	13	29	21.4
Fruit and Vegetables	13	38	23.2
Milk and Milk Products	0	33	7.9
Pigmeat	8	29	12.1
Poultrymeat	17	35	12.2
Total Sector	**0**	**59**	**15.9**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent 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.

* Average value added as a percentage of sales decreased marginally between 2011 and 2012 from 16.0 per cent to 15.9 per cent.

* Between 2011 and 2012, average value added as a percentage of sales declined in six subsectors. These were the animal by-products, bakeries, fish, fruit and vegetables, milk and milk products and pigmeat subsectors. The remaining four subsectors increased their average level of value added as a percentage of sales.

* In 2012, the average value added as a percentage of sales was highest in the bakeries (30.2 per cent of sales) subsector. The subsector that recorded the lowest average value added as a percentage of sales was the milk and milk products subsector (7.9 per cent of sales).

* The range in average value added expressed as a percentage of sales 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 average value added as a percentage of sales.

High (>23 per cent)	Medium (14 to 23 per cent)	Low (<14 per cent)
Animal By-Products	Eggs	Beef and Sheepmeat
Bakeries	Fish	Milk and Milk Products
Drinks		Pigmeat
Fruit and Vegetables		Poultrymeat

Table 20 Wages and salaries as a percentage of sales, by subsector, 2012

	Wages (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	9	16	8.4
Bakeries	15	51	24.1
Beef and Sheepmeat	5	26	8.0
Drinks	9	33	13.0
Eggs	3	8	4.2
Fish	6	18	12.2
Fruit and Vegetables	7	27	15.7
Milk and Milk Products	4	22	6.0
Pigmeat	4	20	7.2
Poultrymeat	10	28	16.9
Total Sector	**3**	**51**	**10.9**

1. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent 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. The average wages bill represented 10.9 per cent of the total value of food and drinks processing sector sales in 2012; a reduction of 0.1 percentage points from 2011.

* In 2012, the range in values for average wages and salaries cost as a proportion of sales ranged from 4.2 per cent of sales in the eggs subsector to 24.1 per cent of sales in the bakeries subsector.

* Between 2011 and 2012, there was a decrease in the average value of wages and salaries expressed as a percentage of sales in four of the subsectors. The remaining subsectors recorded a modest increase in average wages and salaries as a percentage of sales over this period.

* Within each subsector, the difference between the minimum and maximum proportion of sales represented by wages and salaries 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 average wages and salaries as a percentage of sales.

High (>15 per cent)	Medium (8 to 15 per cent)	Low (<8 per cent)
Bakeries	Animal By-Products	Eggs
Fruit and Vegetables	Beef and Sheepmeat	Milk and Milk Products
Poultrymeat	Drinks	Pigmeat
	Fish	

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.

Agency employment is the supplying of temporary additional workers to a company on a short term basis by an employment agency matching the needs of the employer and employee.

Direct employees are employees that are on the payroll of a company with a full contract of employment.

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, 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. This reflects the employment cost to the employer, not the amount received by the employee.

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 profit and expressed as a percentage.

Rate of return on capital employed is the total subsector net profit 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 bottled water, 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, hams and sausages.

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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