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POLICY, ECONOMICS AND STATISTICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2016,

with provisional estimates for 2017

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 2015 and 2016, as well as provisional estimates of gross turnover and the level of employment in the sector for 2017. The time-lag between 31st December 2017 and firms' submission of their annual accounts to Companies House meant that a full set of 2017 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2017 will be published in July 2019.

The 2016 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 period 1989 to 2016 has also been published on the DAERA website, including provisional estimates for sales and level of employment in 2017.

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 Economics and Labour Market Statistics Branch of the Department of Finance, 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 Editor, Philip Hamilton, whose contact details are given below. As with all DAERA statistical publications this report is available on the DAERA website, at *www.daera-ni.gov.uk* and via the DAERA statistics Twitter account: @DAERAstats.

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EXECUTIVE SUMMARY

PROVISIONAL ESTIMATES 2017
Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased by 2.6 per cent in 2017 to £4,478 million; an increase of £113 million.

2. Between 2016 and 2017, seven of the subsectors in the food and drinks processing sector experienced an increase in their gross turnover and three experienced a decrease. The largest increases are estimated to have occurred in the beef and sheepmeat (+£40.9m) and milk and milk products (+£23.5m) subsectors. The largest decreases are estimated to have occurred in the pigmeat (-£8.0m) and eggs (-£3.7m) subsectors.

3. The food and drinks processing sector is estimated to have recorded a 4.8 per cent increase in the total number of direct full-time employee equivalents employed from 22,413 in 2016 to 23,479 in 2017. In addition, an estimated 2,586 full-time employee equivalents were sourced from Employment Agencies in 2017, slightly lower than the revised figure of 2,599 for 2016.

FINAL ESTIMATES 2016
Gross turnover, 2015 and 2016

4. The gross turnover in the Northern Ireland food and drinks processing sector decreased from £4,415 million in 2015 to £4,365 million in 2016; a decrease of 1.1 per cent.

5. Between 2015 and 2016, the beef and sheepmeat (-£62.3m), poultrymeat (-£20.9m) and drinks (-£17.0m) subsectors made the largest contribution to the decrease in total gross turnover.

6. Five of the ten subsectors recorded a decrease in their levels of gross turnover between 2015 and 2016.

7. The largest subsectors continue to be the beef and sheepmeat, and milk and milk products. Collectively, their proportion of total gross turnover declined from 48.9 per cent to 47.9 per cent between 2015 and 2016.

Value added, 2015 and 2016

8. The value added generated by the food and drinks processing sector between 2015 and 2016, increased by 9.2 per cent from £756.9 million to £826.6 million.

9. Between 2015 and 2016, three of the four components of value added increased, with increases in wages and salaries (+£43.3m), net profit (+£19.3m) and interest paid (+£8.2m). Depreciation recorded a decrease (-£1.1m).

10. In 2016, the largest contributions to value added were from the poultrymeat (£176.3m), beef and sheepmeat (£158.4m), and bakeries (£105.5m) subsectors. These three subsectors combined accounted for 53.3 per cent of total value added.

11. In 2016, it is estimated that there was £189 of value added for every £1,000 of sales, an increase from the estimated £171 for every £1,000 sales in 2015.

Direct Employment, 2015 and 2016

12. Between 2015 and 2016, the estimated level of direct full-time employee equivalents (FTE) in the food and drinks processing sector increased by 4 per cent, from 21,555 in 2015 to 22,413 in 2016.

13. Nine of the ten subsectors recorded an increase in employment between 2015 and 2016. The largest increases were recorded in beef and sheepmeat (+312 FTEs), bakeries (+130 FTEs) and pigmeat (+116 FTE's) subsectors. A slight fall was recorded in the animal by-products (-3 FTEs) subsector.

14. The poultrymeat, beef and sheepmeat, and bakeries subsectors were the three largest employers and accounted for 62.4 per cent of the total direct employment in the food and drinks processing sector in 2016.

Agency Employment, 2015 and 2016

15. In 2016, it is estimated that the food and drinks processing sector sourced a further 2,599 full-time employee equivalents from Employment Agencies, in addition to the direct full-time employees. This is a 5.5 per cent increase on 2,464 full-time employee equivalents sourced in 2015.

Distribution of sales, 2015 and 2016

16. Between 2015 and 2016 the sectors sales declined within Northern Ireland (-£75.7m), to other EU countries (-£74.8m) and to the rest of the world (-£18.0m). Meanwhile sales increased to Great Britain (+£94.3m) and to the Republic of Ireland (+£22.3m).

17. The proportion of external sales (sales to all markets outside of Northern Ireland) increased from 74.2 per cent to 75.6 per cent of total sales between 2015 and 2016. The value of these sales increased from £3,277 million to £3,301 million in 2016.

18. Great Britain remains the sectors largest market place with sales of £2,193 million in 2016. The proportion of total sales to Great Britain increased from 47.6 percent in 2015 to 50.3 per cent in 2016.

19. Between 2015 and 2016, the level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales declined from 26.7 per cent to 25.4 per cent. The value of these export sales fell from £1,178 million in 2015 to £1,108 million in 2016. The value of export sales was higher than that of the domestic Northern Ireland market in both 2015 and 2016.

20. The Republic of Ireland, which continues to be the largest export market with sales of £645.8 million in 2016. The market share of total sales increased from 14.1 per cent in 2015 to 14.8 per cent in 2016.

Profitability, 2015 and 2016

21. The estimated level of net profit recorded for the sector between 2015 and 2016 increased by 12.5 per cent from £154.7 million to £174 million. Net profit as a proportion of total sales increased from 3.5 per cent in 2015 to 4 per cent in 2016.

22. Between 2015 and 2016, eight out of the ten subsectors recorded an increase in net profit. The largest increases were recorded in the milk and milk products (+£17.1m) and poultrymeat (+£10.1m) subsectors. The largest decrease was recorded in the drinks (-£20m) subsector. All subsectors generated a net profit in both years.

Return on capital employed, 2015 and 2016

23. Between 2015 and 2016, total capital employed in the Northern Ireland food and drinks processing sector decreased by 0.5 per cent from £1,791 million in 2015 to £1,783 million in 2016. The rate of return on capital employed increased over the same time period from 9.4 per cent to 11 per cent.

24. In 2016, the drinks subsector had the highest level of capital employed per full-time employee equivalent at £305,887. The bakeries subsector had the lowest amount per full-time employee equivalent at £22,850.

Contribution of the 10 largest food and drinks processing businesses

25. In 2016, 50 per cent of total gross turnover, 47 per cent of total value added and 45 per cent of total direct employment was accounted for by the ten largest companies for each variable.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2016

26. In both 2016 and 2015, the food and drinks processing sector is estimated to have contributed approximately 2.2 per cent of Northern Ireland's total gross value added.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing industry, 2016

27. The contribution of the food and drinks processing sector (as defined in this publication) towards the sales of the Northern Ireland manufacturing[2] industry remained the same between 2015 and 2016 at 24 per cent.

28. The proportion contributed by the sector towards the external sales remained the same at 23 per cent while the proportion contributed towards export sales declined by 2 percentage points to 18 per cent. The proportion of total employment within the manufacturing[2] industry increased by 2 percentage point to 27 per cent and the proportion of total value added in the manufacturing industry[2] remained the same at 16 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 DOF publications "Northern Ireland Broad Economy Sales & Exports Statistics 2016" published on 22nd March 2018.

I. INTRODUCTION

This publication contains estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2016, as well as providing revised comparative data for 2015. Also included are provisional estimates of gross turnover and the level of employment in the sector in 2017. The time-lag between 31st December 2017 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, 2017 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2017 will be published in July 2019.

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 Broad Economy Sales and Exports Statistics, Manufacturing Sales and Exports Survey and the Northern Ireland Annual Business Inquiry conducted by the Northern Ireland Statistics and Research Agency (NISRA), part of the Department of Finance (formerly the Department of Finance and Personal). Information provided by Invest Northern Ireland and divisions within the Department of Agriculture, Environment and Rural Affairs 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 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 £4,365 million in 2016. 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 £3,996 million in 2016. 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 298 businesses with a turnover greater than £250,000 have been used in the 2016 analyses. Each of these businesses were 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 2015 data as published in the previous report. The differences between the previously published and revised data for 2015 are as follows:

	2015 Original Estimate	**2015 Revised Estimate**
Total Gross Turnover (£m)	4,424	4,415
Total Value Added (£m)	780	757
Total Exports (£m)	1,177	1,178
Direct Employment (full-time equivalents)	21,524	21,555

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector for 2016, 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:

	2016 Provisional Estimate	**2016 Revised Estimate**
Total Gross Turnover (£m)	4,423	4,365
Direct Employment (full-time equivalents)	22,017	22,413

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 2016 (2017 where available) will be published on the DAERA 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 2017.

Table 1 Gross turnover and full-time employee equivalents in 2016 with provisional estimates for 2017

	2016	2017[1]	Percentage change 16/17
Gross turnover (£ million)	4,365	4,478	2.6%
Direct Employees[2] (full-time equivalents)	22,413	23,479	4.8%

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2018. Time-series data on gross turnover and employment, 1989 to 2017 inclusive, are available on the DAERA website at: DAERA
2. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2016 and 2017, please see tables 3 and 8 for this data.

* The gross turnover of the food and drinks processing sector is estimated to have increased from £4,365 million in 2016 to £4,478 million in 2017; an increase of 2.6 per cent.

* When this is expressed in real terms (using the GDP deflator), the increase in gross turnover is 0.6 per cent between 2016 and 2017.

* The number of direct full-time employee equivalents in the food and drinks processing sector is estimated to have increased by 4.8 per cent from 22,413 full-time employee equivalents in 2016 to 23,479 full-time employee equivalents in 2017.

Table 2 Gross turnover, by subsector in 2016 with provisional estimates for 2017

	Gross turnover (£ million)		Percentage change
	2016	**2017[1]**	**16/17**
Animal By-Products	47.9	49.8	4.0
Bakeries	303.9	322.5	6.1
Beef and Sheepmeat	1,189.3	1,230.2	3.4
Drinks	369.1	368.6	-0.1
Eggs	153.4	149.8	-2.4
Fish	79.7	81.5	2.3
Fruit and Vegetables	321.8	340.5	5.8
Milk and Milk Products	902.2	925.7	2.6
Pigmeat	317.1	309.1	-2.5
Poultrymeat	680.3	700.3	2.9
Total Sector	**4,364.7**	**4,478.0**	**2.6**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2019. Time-series data on gross turnover, 1989 to 2017 inclusive, are available on the DAERA website at: DAERA

* The gross turnover of the food and drinks processing sector in Northern Ireland is estimated to have increased by 2.6 per cent between 2016 and 2017.

* Seven out of the ten subsectors in the food and drinks processing sector experienced an increase in their gross turnover between 2016 and 2017. The largest increases are estimated to have occurred in the beef and sheepmeat (+£40.9m) and milk and milk products (+£23.5m) subsectors.

* The bakeries (+6.1 per cent) subsector experienced the highest rate of increase in gross turnover in this period.

* The largest decreases in gross turnover are in the pigmeat (-£8m) and eggs (-£3.7m) subsectors. The pigmeat (-2.5 per cent) subsector experienced the highest rate of decline over the period.

* In 2017, the largest subsectors continued to be beef and sheepmeat (27.5 per cent of total sales), milk and milk products (20.7 per cent of total sales) and poultrymeat (15.6 per cent of total sales). Together, they accounted for 63.8 per cent of the total gross turnover of the Northern Ireland food and drinks processing sector in 2017.

* The smallest subsector in 2017 within the Northern Ireland food and drinks processing sector continues to be animal by-products (1.1 per cent).

* The food and drinks processing sector[3] is estimated to have accounted for 24 per cent of Northern Ireland's total manufacturing sales[4] in 2016.

[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 DOF publication "Northern Ireland Broad Economy Sales & Exports Statistics 2016" published on 22nd March 2018.

Table 3 Direct full-time employee equivalents, by subsector, and of total agency workers 2016 with provisional estimates for 2017

	Employees[1] (full-time equivalents) 2016	2017[2]	Percentage change 16/17
Animal By-Products	113	112	-0.9
Bakeries	3,849	4,053	5.3
Beef and Sheepmeat	5,070	5,257	3.7
Drinks	1,334	1,312	-1.6
Eggs	379	416	9.8
Fish	596	632	6.1
Fruit and Vegetables	2,509	2,624	4.6
Milk and Milk Products	1,965	2,076	5.7
Pigmeat	1,530	1,653	8.0
Poultrymeat	5,071	5,346	5.4
Total Direct Employees	**22,413**	**23,479**	**4.8**
Agency Employment	**2,599**	**2,586**	**-0.5**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2016 and 2017. 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 July 2019. Time-series data on employment, 1989 to 2017 inclusive, are available on the DAERA website at: DAERA

* The food and drinks processing sector is estimated to have recorded an increase in the volume of direct employment in the sector, from 22,413 full-time employee equivalents in 2016 to 23,479 full-time employee equivalents in 2017; a rise of 1,066 full-time employee equivalents.

* Eight out of the ten subsectors in the food and drinks processing sector in 2017 recorded an increase in the level of direct full-time employee equivalents. The largest increases were observed in the poultrymeat (+275 employees) and bakeries (+204 employees) subsectors.

* The eggs (+9.8 per cent) subsector experienced the highest rate of direct employee growth.

* The drinks (-22 employees) subsector recorded the largest decline in direct full-time employee equivalents at a rate of 1.6 per cent.

* The beef and sheepmeat, poultrymeat, and bakeries subsectors accounted for 62.5 per cent of all direct employees in 2017 in the food and drinks processing sector.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector in 2017 sourced a further 2,586 full-time employee equivalents from Employment Agencies. Compared to 2016, there is little variation from the revised figure of 2,599 full-time employee equivalents. It would not be appropriate to include these in any manufacturing industry analysis (see note 1 for Table 3).

III. SIZE AND MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2015 AND 2016.

Table 4 Gross turnover, by subsector, 2015 and 2016

	Gross turnover (£ million)		Percentage change
	2015	**2016**	**15/16**
Animal By-Products	56.7	47.9	-15.6
Bakeries	283.3	303.9	7.3
Beef and Sheepmeat	1,251.6	1,189.3	-5.0
Drinks	386.1	369.1	-4.4
Eggs	142.6	153.4	7.6
Fish	77.3	79.7	3.2
Fruit and Vegetables	308.9	321.8	4.2
Milk and Milk Products	904.6	902.2	-0.3
Pigmeat	302.3	317.1	4.9
Poultrymeat	701.2	680.3	-3.0
Total Sector	**4,414.6**	**4,364.7**	**-1.1**

Time-series data on gross turnover, 1989 to 2017 inclusive, are available on the DAERA website at: DAERA

* The gross turnover of the food and drinks processing sector decreased from £4,415 million in 2015 to £4,365 million in 2016; a fall of £50 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), the gross turnover of the sector decreased by 3 per cent between 2015 and 2016.

* Five of the ten subsectors recorded a decrease in their levels of gross turnover between 2015 and 2016. The subsectors which experienced the largest decrease in total gross turnover between 2015 and 2016 were beef and sheep meat (-£62.3m), poultrymeat (-£20.9m) and drinks (-£17m).

* Bakeries (+£20.6m), pigmeat (+£14.8m) and fruit and vegetables (+£12.9m) recorded the largest increases in the level of gross turnover between 2015 and 2016.

* Beef and sheepmeat, and milk and milk products continue to be the largest subsectors in terms of gross turnover; accounting for 49 per cent of the total gross turnover of the food and drinks processing sector in 2015 and 48 per cent in 2016.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2015[1]

	Turnover (£ million)				
	0.25 - 0.99	1.0 - 9.99	10.0- 49.99	50 and over	Total
Animal By-Products	5			0	**5**
Bakeries	33	37	8	0	**78**
Beef and Sheepmeat	8	14	8	7	**37**
Drinks	8	7	6		**21**
Eggs	10	8			**18**
Fish	6	19		0	**25**
Fruit and Vegetables	22	30	10	0	**62**
Milk and Milk Products	8		9		**17**
Pigmeat	20				**20**
Poultrymeat	6		5		**11**
Total	**97**	**133**	**43**	**21**	**294**

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, 2016[1]

	Turnover (£ million)				
	0.25 - 0.99	1.0 - 9.99	10.0 - 49.99	50 and over	Total
Animal By-Products	5			0	**5**
Bakeries	32	37	11	0	**80**
Beef and Sheepmeat	8	15	8	7	**38**
Drinks	7	8	6		**21**
Eggs	8	8			**16**
Fish	5	19		0	**24**
Fruit and Vegetables	21	35	9		**65**
Milk and Milk Products	5	5	8		**18**
Pigmeat	20				**20**
Poultrymeat	6		5		**11**
Total	**92**	**143**	**43**	**20**	**298**

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

* The food and drinks processing sector had 298 businesses in 2016 with a turnover of more than £250,000; four more than in 2015.

* There were 63 businesses in the food and drinks processing sector in 2016 with an annual turnover of more than £10 million; one less than in 2015.

* In 2016, there were 20 business with an annual turnover in excess of £50 million in the food and drinks processing sector; one less than in 2015. These 20 businesses accounted for 66 per cent of total turnover, 57 per cent of total value added and 52 per cent of total employment in the sector.

Table 6 Value added, by subsector, 2015 and 2016

	Value Added (£ million)		Percentage change
	2015	2016	15/16
Animal By-Products	9.8	8.7	-11.6
Bakeries	90.4	105.5	16.7
Beef and Sheepmeat	145.8	158.4	8.6
Drinks	109.9	98.7	-10.1
Eggs	21.9	26.7	22.0
Fish	15.5	17.0	9.7
Fruit and Vegetables	73.7	81.1	10.1
Milk and Milk Products	84.3	104.7	24.2
Pigmeat	44.6	49.5	10.9
Poultrymeat	161.0	176.3	9.5
Total Sector	**756.9**	**826.6**	**9.2**

Time-series data on value added, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

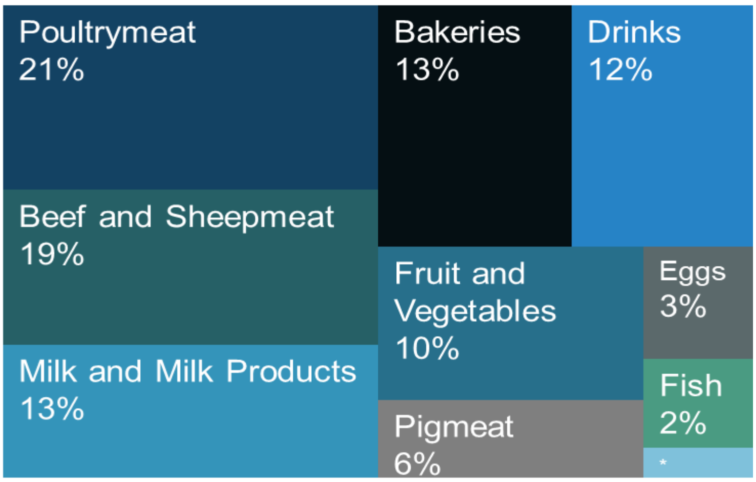
* Value added is a key indicator of the contribution made by a subsector or sector to the economy. The value added generated by the food and drinks processing sector[5] in both 2015 and 2016 was approximately 2.2 per cent of the Northern Ireland total.

* In 2016, the value added by the sector was estimated to be £826.6 million; an increase of 9.2 per cent from the revised figure of £756.9m in 2015.

* The value added by the three largest subsectors poultrymeat (£176.3m), beef and sheepmeat (£158.4m), and bakeries (£105.5m) accounted for 53.3 per cent of the sector in 2016. This compares to the 55.1 per cent share held by the three largest subsectors in 2015 - poultrymeat (£161m), beef and sheepmeat (£145.8m) and drinks (£107.4m).

* Value added accounted for 18.9 per cent of the total gross turnover of the food and drinks processing sector in 2016; an increase from 17.1 per cent in 2015.

Percentage of Value added by subsector 2016



* Animal by-products 1%

[5] 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, 2015

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.3	0.5	5.8	0.1	9.8
Bakeries	74.9	6.9	7.4	1.2	90.4
Beef and Sheepmeat	100.4	12.1	31.3	2.0	145.8
Drinks	48.6	20.9	37.6	2.8	109.9
Eggs	6.7	2.4	12.6	0.2	21.9
Fish	10.1	1.7	3.5	0.3	15.5
Fruit and Vegetables	49.4	9.4	13.4	1.5	73.7
Milk and Milk Products	57.0	14.7	10.5	2.1	84.3
Pigmeat	27.6	1.8	15.1	0.1	44.6
Poultrymeat	123.7	16.4	17.4	3.5	161.0
Total Sector	**501.8**	**86.6**	**154.7**	**13.8**	**756.9**

Table 7b Components of value added for each subsector, 2016

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.6	0.5	4.5	0.1	8.7
Bakeries	85.2	6.3	12.5	1.5	105.5
Beef and Sheepmeat	112.0	12.9	30.7	2.8	158.4
Drinks	51.4	18.7	17.7	11.0	98.7
Eggs	7.5	3.6	15.5	0.1	26.7
Fish	11.3	1.6	3.8	0.3	17.0
Fruit and Vegetables	51.7	11.0	16.9	1.5	81.1
Milk and Milk Products	60.3	15.1	27.7	1.6	104.7
Pigmeat	29.2	2.9	17.3	0.2	49.5
Poultrymeat	132.9	12.8	27.5	3.0	176.3
Total Sector	**545.0**	**85.5**	**174.0**	**22.0**	**826.6**

Time-series data on the components of value added, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

* Between 2015 and 2016, three of the four components of value added increased, with the largest increase occurring in wages and salaries (+£43.3m). Net profit (+£19.3m) and interest paid (+£8.2m) also increased. The remaining component depreciation (-£1.1m) experienced a decrease.

* The largest contributions toward value added in the sector in 2016 were from wages and salaries (65.9 per cent) and net profit (21.0 per cent). Between 2015 and 2016, interest paid increased its contribution from 1.8 per cent to 2.7 per cent.

* All ten subsectors recorded an increase in wages and salaries between 2015 and 2016, the largest of which was in the beef and sheepmeat subsector (+£11.6m). Seven of the ten subsectors recorded an increase in net profit between 2015 and 2016. The milk and milk products subsector (+£17.1m) recorded the largest increase in net profit. The drinks subsector (-£20.0m) experienced the largest decrease.

Table 8 Direct full-time employee equivalents, by subsector, and total agency workers in 2015 and 2016.

	Employees[1] (full-time equivalents) 2015	2016	Percentage Change 15/16
Animal By-Products	116	113	-2.6
Bakeries	3,719	3,849	3.5
Beef and Sheepmeat	4,758	5,070	6.6
Drinks	1,327	1,334	-0.5
Eggs	346	379	9.6
Fish	550	596	8.3
Fruit and Vegetables	2,415	2,509	3.9
Milk and Milk Products	1,856	1,965	5.8
Pigmeat	1,414	1,530	8.2
Poultrymeat	5,055	5,071	0.3
Total direct Employees	**21,555**	**22,413**	**4.0**
Agency Employment	**2,464**	**2,599**	**5.5**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2015 and 2016. 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 2017 inclusive, are available on the DAERA website at: DAERA

* In 2016, direct employment in the food and drinks processing sector increased to 22,413 full-time employee equivalents from 21,555 full-time equivalents in 2015; an increase of 858 full-time employee equivalents.

* Nine of the ten subsectors recorded an increase in the number of direct full-time employee equivalents between 2015 and 2016. The three largest increases were recorded in the beef and sheepmeat (+312 FTEs), bakeries (+130 FTEs) and pigmeat (+116 FTEs) subsectors.

* The poultrymeat (5,071 FTEs), beef and sheepmeat (5,070 FTEs), and bakeries (3,849 FTEs) subsectors accounted for 62.4 per cent of the total direct employment in the food and drinks processing sector in 2016.

* The food and drinks processing sector[6] in 2016 accounted for 27 per cent of Northern Ireland's total manufacturing employment[7]; an increase of 2 percentage point from 2015.

* In 2016, it is estimated that in addition to direct employees, the sector sourced a further 2,599 full-time employee equivalents from Employment Agencies. This is an increase of 5.5 per cent from 2015 levels. It would not be appropriate to include these in any manufacturing industry analysis (see note 1 for Table 8).

[6] This calculation includes an estimate of the number of employees within food and drinks processing businesses with turnovers less than £250,000.
[7] Manufacturing sector data from the DOF publication "Northern Ireland Annual Business Inquiry - 2016 Reporting Unit Results" published on 29th November 2017.

Table 9 Total sales by country of destination, 2015 and 2016

	Sales (£ million and percent of total sales)			
	2015	**Percentage of total sales**	**2016**	**Percentage of total sales**
Northern Ireland	1,136.0	25.7	1,060.3	24.3
Great Britain	2,099.1	47.6	2,193.4	50.3
Republic of Ireland	623.5	14.1	645.8	14.8
Other EU	416.3	9.4	341.5	7.8
Rest of World	138.4	3.1	120.4	2.8
Intervention	1.2	0.0	3.4	0.1
Total Sales	**4,414.6**	**100.0**	**4,364.7**	**100.0**
External Sales	3,277.3	74.2	3,301.0	75.6
Export Sales	1,178.2	26.7	1,107.6	25.4

Time-series data on total sales by country of destination, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

* Between 2015 and 2016, sales in the food and drinks processing sector to destinations outside of Northern Ireland increased from £3,277 million to £3,301 million. The proportion of total sales to markets external to Northern Ireland increased from 74.2 per cent of the sector's total sales in 2015 to 75.6 per cent in 2016.

* The largest outlet for the Northern Ireland food and drinks processing sector continues to be Great Britain. From 2015 to 2016, sales to this market increased by 4.5 per cent from £2,099 million to £2,193 million. The proportion of total sales to Great Britain increased by 2.7 percentage points from 47.6 per cent in 2015 to 50.3 per cent in 2016.

* Export sales, i.e. sales to markets outside of the United Kingdom, decreased by 6 per cent from £1,178 million in 2015 to £1,108 million in 2016. The value of export sales was higher than that of the domestic Northern Ireland market in both 2015 and 2016. The proportion of total sales in the food and drinks processing sector to export markets declined from 26.7 per cent in 2015 to 25.4 per cent in 2016.

* The largest export market continues to be the Republic of Ireland, which recorded a 3.6 per cent increase in sales from £624 million in 2015 to £646 million in 2016. The Republic of Ireland market accounted for 14.8 per cent of the total sales in the food and drinks processing sector in 2016, an increase from 14.1 per cent in 2015.

* In 2016, the contribution that the food and drinks processing sector[8] (as defined in this publication) made to total manufacturing external sales[9] remained unchanged from 2015; at 23%.

* The sector accounted for 18 per cent of Northern Ireland's total manufacturing export sales[9] in 2016; a decrease of 2 percentage points from 2015.

[8] 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.

[9] Manufacturing sector data from the DOF publication Northern Ireland Broad Economy Sales & Exports Statistics 2016" published on 22nd March 2018.

Table 10a Destinations and values of subsector sales, 2015

(£ 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	*	*	*	*	*	0.0	**56.7**	*	*
Bakeries	154.3	52.9	73.3	0.4	2.5	0.0	**283.3**	129.0	76.1
Beef/Sheepmeat	198.2	818.6	83.5	126.7	24.6	0.0	**1,251.6**	1,053.4	234.8
Drinks	174.5	43.4	136.2	12.3	19.8	0.0	**386.1**	211.6	168.2
Eggs	45.2	84.4	*	*	0.0	0.0	**142.6**	97.3	12.9
Fish	12.9	34.0	6.1	22.0	2.3	0.0	**77.3**	64.4	30.5
Fruit/Vegetables	103.6	153.9	49.6	1.0	0.8	0.0	**308.9**	205.3	51.4
Milk/Milk Products	259.9	262.9	102.9	220.7	56.9	1.2	**904.6**	643.5	380.5
Pigmeat	121.5	101.6	65.4	*	*	0.0	**302.3**	180.8	79.2
Poultrymeat	*	*	89.8	*	*	0.0	**701.2**	*	*
Total	**1,136.0**	**2,099.1**	**623.5**	**416.3**	**138.4**	**1.2**	**4,414.6**	**3,277.3**	**1,178.2**

Table 10b Destinations and values of subsector sales, 2016

(£ 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	*	*	*	*	*	0.0	**47.9**	*	*
Bakeries	156.0	59.7	84.8	0.7	2.6	0.0	**303.9**	147.8	88.1
Beef/Sheepmeat	154.0	814.8	83.1	122.3	15.1	0.0	**1,189.3**	1,035.3	220.5
Drinks	152.3	34.7	156.8	12.6	12.9	0.0	**369.1**	216.8	182.2
Eggs	47.6	92.8	*	*	0.0	0.0	**153.4**	105.8	13.0
Fish	12.8	35.8	6.5	21.5	3.1	0.0	**79.7**	66.9	31.1
Fruit/Vegetables	103.9	162.1	53.7	0.9	1.2	0.0	**321.8**	217.9	55.8
Milk/Milk Products	247.3	328.2	112.5	154.8	56.0	3.4	**902.2**	651.5	323.3
Pigmeat	124.8	121.8	56.3	*	*	0.0	**317.1**	192.4	70.5
Poultrymeat	*	*	75.6	*	*	0.0	**680.3**	*	*
Total	**1,060.3**	**2,193.4**	**645.8**	**341.5**	**120.4**	**3.4**	**4,364.7**	**3,301.0**	**1,107.6**

*Information has been suppressed to avoid disclosure.

1. Northern Ireland 2. Great Britain 3. Republic of Ireland 4. Other European Union
5. Rest of World 6. Sales outside NI 7. Sales outside UK

- In both 2015 and 2016, the Great Britain market continued to be the largest market for the sector as a whole. In both years Great Britain was the largest market for six out of the ten subsectors.

- In 2016, the subsectors most reliant on markets outside of Northern Ireland, i.e. external markets, were the animal by-products, poultrymeat, beef and sheepmeat and fish subsectors. The bakeries subsector had the least reliance on external markets.

- The subsectors in 2016 most reliant on markets outside of the United Kingdom, i.e. export markets, were the animal by-products, drinks and fish subsectors. The least reliant were the eggs and poultrymeat.

- The Republic of Ireland remains the largest export market for the food and drinks processing sector and accounted for 58.3 per cent of exports. The market represents 42.5 per cent of the total sales in the drinks subsector and 27.9 per cent in the bakeries subsector.

Table 11 Capital employed, by subsector, 2015 and 2016

	Capital employed (£ million) 2015	2016
Animal By-Products	11.4	12.9
Bakeries	81.6	87.9
Beef and Sheepmeat	293.4	271.1
Drinks	484.6	407.9
Eggs	56.9	63.5
Fish	70.1	69.8
Fruit and Vegetables	124.4	138.9
Milk and Milk Products	290.9	332.5
Pigmeat	79.0	87.7
Poultrymeat	298.9	310.3
Total Sector	**1,791.1**	**1,782.5**

Time-series data on total capital employed, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

* The amount of capital employed in the food and drinks processing sector decreased by approximately £9 million between 2015 and 2016, from £1,791 million to £1,782 million.

* In 2016, the largest volumes of capital employed were recorded in the drinks (£407.9m), milk and milk products (£332.5m) and poultrymeat (£310.3m) subsectors. Together, the three largest subsectors in 2016 accounted for 58.9 per cent of total capital employed compared to 60.1 per cent for the three largest (drinks, poultry meat and beef and sheepmeat) in 2015.

* From 2015 to 2016, an increase in the total capital employed was recorded in seven of the ten subsectors. The milk and milk products (+£41.6m) and fruit and vegetables (+£14.5m) subsectors recorded the largest increases.

* Drinks, the largest subsector of capital employed, experienced a decrease of total capital employed by £76.7 million between 2015 and 2016.

* In 2016, the average rate of return on capital employed in the food and drinks processing sector was 11 per cent, an increase from 9.4 per cent in 2016.

* The drinks subsector continued to have the largest amount of capital employed per direct full-time employee equivalent with £305,887 in 2016, whilst bakeries had the lowest in 2016 at £22,850.

* In 2016, the beef and sheepmeat subsector had the lowest level of capital employed per £1,000 of sales, whilst the drinks subsector was again the highest.

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

	2015	2016
The 10 largest businesses for gross turnover as a percentage of total gross turnover of the food and drinks processing sector	49	50
The 10 largest businesses for value added as a percentage of total value added of the food and drinks processing sector	49	47
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	45	45

* In 2016, 50 per cent of total gross turnover, 47 per cent of total value added and 45 per cent of total direct employment was accounted for by the ten largest companies for each variable.

* Between 2015 and 2016, the contribution of the ten largest businesses to total gross turnover increased by one percentage point and total value added decreased by two percentage point. The contribution to total direct employment remained the same.

* Four of the ten largest gross turnover food and drinks processing companies were under local ownership in 2016.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2015 AND 2016.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2015

	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 (£)	489,207	76,173	263,075	290,974	412,637	140,491	127,918	487,366	213,823	138,723	204,810
Value added per employee (£)	84,474	24,300	30,645	82,783	63,297	28,255	30,523	45,427	31,567	31,856	35,116
Total capital per employee (£)	98,345	21,949	61,672	365,160	164,622	127,404	51,518	156,724	55,885	59,120	83,096
Average wage cost per employee (£)	28,828	20,132	21,104	36,619	19,493	18,344	20,467	30,706	19,532	24,475	23,280
Gross profit as percentage of sales (per cent)	16.8	30.2	8.6	23.1	17.1	17.7	25.1	10.4	12.8	11.7	14.1
Net profit as percentage of sales (per cent)	10.2	2.6	2.5	9.7	8.8	4.5	4.4	1.2	5.0	2.5	3.5
Value added as percentage of sales (per cent)	17.3	31.9	11.6	28.5	15.3	20.1	23.9	9.3	14.8	23.0	17.1
Wages and salaries as percentage of sales (per cent)	5.9	26.4	8.0	12.6	4.7	13.1	16.0	6.3	9.1	17.6	11.4
Interest costs as percentage of sales (per cent)	0.2	0.4	0.2	0.7	0.1	0.4	0.5	0.2	0.0	0.5	0.3
Sales per £1,000 wages (£)	16,970	3,784	12,466	7,946	21,168	7,659	6,250	15,872	10,948	5,668	8,798
Value added per £1,000 wages(£)	2,930	1,207	1,452	2,261	3,247	1,540	1,491	1,479	1,616	1,302	1,508
Interest costs as percentage of gross profit (per cent)	1.5	1.3	1.9	3.1	0.6	2.2	1.9	2.3	0.3	4.3	2.2
Interest costs as percentage of net profit (per cent)	2.4	15.5	6.5	7.3	1.2	8.5	11.0	20.4	0.9	20.1	8.9
Rate of return on capital employed (percent)	52.1	10.5	11.4	8.3	22.4	5.4	12.0	4.3	19.2	7.0	9.4
Capital employed per £1,000 of sales(£)	201	288	234	1255	399	907	403	322	261	426	406

Time-series data on rate of return on capital employed, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2016

	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 (£)	423,690	78,948	234,595	276,784	405,355	133,856	128,247	459,251	207,272	134,171	194,738
Value added per employee (£)	76,681	27,399	31,244	74,022	70,464	28,616	32,337	53,295	32,356	34,768	36,879
Total capital per employee (£)	113,991	22,850	53,472	305,887	167,670	117,273	55,365	169,241	57,320	61,205	79,531
Average wage cost per employee (£)	31,867	22,129	22,084	38,522	19,873	19,004	20,605	30,701	19,056	26,218	24,318
Gross profit as percentage of sales (per cent)	21.9	29.5	9.7	20.5	18.6	17.0	24.6	14.1	13.6	13.1	15.4
Net profit as percentage of sales (per cent)	9.3	4.1	2.6	4.8	10.1	4.8	5.3	3.1	5.5	4.0	4.0
Value added as percentage of sales (per cent)	18.1	34.7	13.3	26.7	17.4	21.4	25.2	11.6	15.6	25.9	18.9
Wages and salaries as percentage of sales (per cent)	7.5	28.0	9.4	13.9	4.9	14.2	16.1	6.7	9.2	19.5	12.5
Interest costs as percentage of sales (per cent)	0.2	0.5	0.2	3.0	0.1	0.4	0.5	0.2	0.1	0.4	0.5
Sales per £1,000 wages (£)	13,295	3,568	10,623	7,185	20,397	7,043	6,224	14,959	10,877	5,117	8,008
Value added per £1,000 wages(£)	2,406	1,238	1,415	1,922	3,546	1,506	1,569	1,736	1,698	1,326	1,517
Interest costs as percentage of gross profit (per cent)	0.9	1.6	2.4	14.5	0.3	2.2	1.9	1.2	0.4	3.4	3.3
Interest costs as percentage of net profit (per cent)	2.0	11.8	9.1	62.3	0.6	7.7	8.8	5.7	1.0	10.9	12.7
Rate of return on capital employed (percent)	35.3	15.9	12.4	7.0	24.5	5.9	13.2	8.8	19.9	9.8	11.0
Capital employed per £1,000 of sales(£)	269	289	228	1105	414	876	432	369	277	456	408

Time-series data on rate of return on capital employed, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

Table 14 Sales per direct employee, by subsector, 2016

	Sales (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	140,273	343,793	423,690
Bakeries	34,500	104,315	78,948
Beef and Sheepmeat	65,122	367,233	234,595
Drinks	78,333	252,667	276,784
Eggs	210,160	468,893	405,355
Fish	85,300	266,000	133,856
Fruit and Vegetables	50,250	285,286	128,247
Milk and Milk Products	54,857	662,024	459,251
Pigmeat	82,165	411,500	207,272
Poultrymeat	56,500	158,658	134,171
Total Sector	**34,500**	**662,024**	**194,738**

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.

* In 2016, the average sales per direct employee in the food and drinks processing sector was £194,738, a decrease of 4.9 per cent from 2015 average of £204,810.

* The milk and milk products subsector in 2016 had the highest average level of sales per direct employee at £459,251.

* In 2016, the bakeries subsector had the lowest average level of sales per direct employee at £78,948.

* All ten of the subsectors had a difference between the maximum and minimum sales per direct employee within a 12:1 ratio in 2016.

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

High (>£350,000)	Medium (£180,000 to £350,000)	Low (<£180,000)
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, 2016

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	35,455	60,203	76,681
Bakeries	14,500	34,760	27,399
Beef and Sheepmeat	14,167	43,254	31,244
Drinks	20,274	89,532	74,022
Eggs	37,564	102,000	70,464
Fish	14,824	39,049	28,616
Fruit and Vegetables	15,438	46,333	32,337
Milk and Milk Products	17,778	60,097	53,295
Pigmeat	28,179	47,333	32,356
Poultrymeat	20,162	35,901	34,768
Total Sector	**14,167**	**102,000**	**36,879**

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 2015 and 2016, the average level of value added per direct employee increased by 5 per cent from £35,116 to £36,879.

* In 2016, the animal by-products had the highest average level of value added per direct employee with a value of £76,681.

* The lowest average level of value added per direct employee in 2016 was recorded in the bakeries subsector with a value of £27,399.

* In 2016, 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 (>£45,000)	Medium (£32,000 to £45,000)	Low (<£32,000)
Animal By-Products	Fruit and Vegetables	Bakeries
Drinks	Pigmeat	Fish
Eggs	Poultrymeat	Beef and Sheepmeat
Milk and Milk Products		

Table 16 Total capital employed per direct employee, by subsector, 2016

	Total capital employed (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	49,966	128,714	113,991
Bakeries	765	53,163	22,850
Beef and Sheepmeat	3,667	117,472	53,472
Drinks	11,972	182,000	305,887
Eggs	38,500	241,430	167,670
Fish	12,348	136,600	117,273
Fruit and Vegetables	6,000	112,667	55,365
Milk and Milk Products	15,457	270,311	169,241
Pigmeat	22,000	109,829	57,320
Poultrymeat	25,491	108,400	61,205
Total Sector	**765**	**270,311**	**79,531**

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 2015 and 2016, the average level of capital employed per direct employee in the food and drinks processing sector decreased by 4.3 per cent, from £83,096 to £79,531.

* The highest average level of capital employed per direct employee in 2016 was in the drinks subsector (£305,887).

* In 2016, the bakeries subsector (£22,850) had the lowest average level of capital employed per direct employee of the ten subsectors.

* The two subsectors with the widest range in the volume of capital employed per direct employee in 2016 was the bakeries (70:1) and beef and sheepmeat (32:1) subsectors.

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

High (>£120,000)	Medium (£60,000 to £120,000)	Low (<£60,000)
Drinks	Animal By-Products	Bakeries
Eggs	Fish	Beef and Sheepmeat
Milk and Milk Products	Poultrymeat	Fruit and Vegetables
		Pigmeat

Table 17 Average wages and salaries cost per direct employee, by subsector, 2016

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	**Maximum[2]**	**Average[3]**
Animal By-Products	24,636	34,857	31,867
Bakeries	15,000	25,806	22,129
Beef and Sheepmeat	15,962	23,519	22,084
Drinks	15,000	46,085	38,522
Eggs	16,000	22,000	19,873
Fish	15,053	28,615	19,004
Fruit and Vegetables	15,000	25,158	20,605
Milk and Milk Products	21,939	34,069	30,701
Pigmeat	16,375	23,708	19,056
Poultrymeat	15,000	21,592	26,218
Total Sector	**15,000**	**46,085**	**24,318**

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.

* Between 2015 and 2016, the average direct full-time employee equivalent cost in the food and drinks processing sector increased by 4.5 per cent from £23,280 to £24,318.

* In 2016, the fish subsector had the lowest average level of wages and direct salaries per direct employee in 2016 with a value of £19,004.

* The highest average level of wages and salaries per direct employee in 2016 was in the drinks subsector with a value of £38,522.

* In 2016, all of the 10 subsectors had a difference between the maximum and minimum average wages and salaries cost per direct employee within a 3:1 ratio.

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

High (>£27,000)	Medium (£20,000 to £27,000)	Low (<£20,000)
Animal By-Products	Bakeries	Fish
Drinks	Beef and Sheepmeat	Pigmeat
Milk and Milk Products	Fruit and Vegetables	Eggs
	Poultrymeat	

Table 18 Net profit as a percentage of sales, by subsector, 2016

	Net Profit (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	6	16	9.3
Bakeries	1	10	4.1
Beef and Sheepmeat	0	7	2.6
Drinks	-1	11	4.8
Eggs	4	13	10.1
Fish	0	12	4.8
Fruit and Vegetables	1	11	5.3
Milk and Milk Products	0	11	3.1
Pigmeat	1	7	5.5
Poultrymeat	1	4	4.0
Total Sector	**-1**	**16**	**4.0**

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.

* In 2016, the average level of net profit as a proportion of sales in the food and drinks processing sector increased by 0.5 percentage points from 3.5 per cent in 2015 to 4 per cent in 2016.

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

* The highest average level of net profit as a proportion of sales in 2016 was recorded by the eggs subsector (10.1 per cent of sales).

* In 2016, the beef and sheepmeat subsector (2.6 per cent) recorded the lowest average level of net profit as a proportion of sales.

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

High (>8.0 per cent)	Medium (4.0 to 8.0 per cent)	Low (<4.0 per cent)
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 percentage of sales, by subsector, 2016

	Value added (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	21	37	18.1
Bakeries	24	56	34.7
Beef and Sheepmeat	7	33	13.3
Drinks	15	50	26.7
Eggs	10	28	17.4
Fish	8	30	21.4
Fruit and Vegetables	12	43	25.2
Milk and Milk Products	6	33	11.6
Pigmeat	10	33	15.6
Poultrymeat	19	27	25.9
Total Sector	**6**	**56**	**18.9**

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.

* Between 2015 and 2016, average value added as a percentage of sales increase from 17.1 per cent to 18.9 per cent.

* Average value added as a percentage of sales increased in nine subsectors between 2015 and 2016. The drinks subsector declined.

* In 2016, the highest average value added as a percentage of sales was in the bakeries (34.7 per cent of sales) subsector; the lowest was in the milk and milk products (11.6 per cent of sales) subsector.

* The range in average value added expressed as a percentage of sales recorded for the subsectors are 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 (>25 per cent)	Medium (17 to 25 per cent)	Low (<17 per cent)
Bakeries	Animal By-Products	Beef and Sheepmeat
Drinks	Eggs	Milk and Milk Products
Fruit and Vegetables	Fish	Pigmeat
Poultrymeat		

Table 20 Wages and salaries as a percentage of sales, by subsector, 2016

	Wages (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	11	18	7.5
Bakeries	14	45	28.0
Beef and Sheepmeat	6	27	9.4
Drinks	10	28	13.9
Eggs	4	10	4.9
Fish	5	19	14.2
Fruit and Vegetables	7	27	16.1
Milk and Milk Products	4	22	6.7
Pigmeat	4	26	9.2
Poultrymeat	12	20	19.5
Total Sector	**4**	**45**	**12.5**

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 12.5 per cent of the total value of food and drinks processing sector sales in 2016; an increase of 1.1 percentage points from 2015.

* In 2016, the range in values for average wages and salaries cost as a proportion of sales ranged from 4.9 per cent of sales in the eggs subsector to 28 per cent of sales in the bakeries subsector.

* There was an increase in the average value of wages and salaries expressed as a percentage of sales between 2015 and 2016 in all ten subsectors.

* 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 (9 to 15 per cent)	Low (<9 per cent)
Bakeries	Beef and Sheepmeat	Animal By-Products
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.

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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