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AN ROINN
Talmhaíochta agus
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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 2013,

with provisional estimates for 2014

NATIONAL STATISTICS

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FOREWORD

This annual publication provides comprehensive information on the size and performance of the Northern Ireland food and drinks processing sector for 2012 and 2013, as well as provisional estimates of gross turnover and the level of employment in the sector for 2014. The time-lag between 31st December 2014 and firms' submission of their annual accounts to Companies House meant that a full set of 2014 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2014 will be published in July 2016.

The 2013 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 1989-2013 has also been published on the DARDNI website, including provisional estimates for sales and level of employment in 2014.

Following further development work, a series on the number of agency workers employed within the sector has been finalised and will be included in the time-series data, running from 2011. Tables 3 and 8 in this report also provide the relevant data for this variable. This fulfills a recommendation emanating from the strategic action plan 'Going for Growth' as published by the Agri-Food Strategy Board in May 2013. Work continues on the other relevant statistical recommendations.

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 2015

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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 by 5.8 per cent in 2014 to £4,772 million; an increase of £262 million.

2. Between 2013 and 2014, 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 milk and milk products (+£117.7m) and the beef and sheepmeat (+£79.6m) subsectors.

3. The total number of direct full-time employee equivalents employed in the food and drinks processing sector is estimated to have increased by 2.0 per cent from 21,354 in 2013 to 21,783 in 2014. In addition, 2,132 full-time employee equivalents were sourced from Employment Agencies in 2014, up from the revised figure of 1,987 for 2013.

FINAL ESTIMATES 2013
Gross turnover, 2012 and 2013

4. The gross turnover in the Northern Ireland food and drinks processing sector increased from £4,222 million in 2012 to £4,510 million in 2013; an increase of 6.8 per cent.

5. The subsectors which made the largest contribution to the increase in total gross turnover between 2012 and 2013 were the poultrymeat (+£89.5m) and beef and sheepmeat (+£57.5m) subsectors.

6. All ten subsectors recorded an increase in their levels of gross turnover between 2012 and 2013.

7. The largest subsectors continue to be the beef and sheepmeat and milk and milk products. Collectively, their proportion of total gross turnover decreased by 1.3 percentage points from 50.1 per cent in 2012 to 48.8 per cent in 2013.

Value added, 2012 and 2013

8. Between 2012 and 2013, the value added of the food and drinks processing sector increased from £682 million to £718 million; an increase of 5.3 per cent.

9. All four components of value added increased between 2012 and 2013, with the largest occurring in the wages and salaries (+£25.17m) and net profit (+£8.54m) components. The other components, depreciation charge (+£1.10m) and interest paid (+£1.01m), both recorded modest rises.

10. In 2013, the largest contributors to value added were the poultrymeat (£170.1m), beef and sheepmeat (£131.4m) and drinks (£100.9m) subsectors. These three subsectors combined accounted for 56.1 per cent of total value added.

11. It is estimated in 2013 that there was £159 of value added for every £1,000 of sales; which is similar to the £161 for every £1,000 of sales recorded in 2012.

Direct Employment, 2012 and 2013

12. The estimated level of direct full-time employee equivalents in the food and drinks processing sector increased by 5.3 per cent in 2013 to 21,354, full-time employee equivalents (FTEs) from 20,281 in 2012.

13. Between 2012 and 2013 there were increases in employment in eight of the ten subsectors. The poultrymeat (+609 FTEs), beef and sheepmeat (+261 FTEs) and bakeries (+109 FTEs) subsectors recorded the largest increases. Minor decreases were recorded in the drinks (-8 FTEs) and fruit and vegetables (-4 FTEs) subsectors.

14. The three largest employers together accounted for 62.5 per cent of the total direct employment in the food and drinks processing sector in 2013. The three subsectors were the poultrymeat, beef and sheepmeat and bakeries.

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15. In addition to the direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,987 full-time employee equivalents from Employment Agencies in 2013. This was 13.3 per cent higher than the 1,755 full-time employee equivalents sourced in 2012.

Distribution of sales, 2012 and 2013

16. The Great Britain market continues to be the largest outlet for the Northern Ireland food and drinks processing sector. Sales to this market increased by £239 million from £1,702 million in 2012 to £1,941 million in 2013. The proportion of total sales to Great Britain between 2012 and 2013 increased by 2.7 percentage points from 40.3 per cent to 43.0 per cent.

17. Between 2012 and 2013, the proportion of external sales (sales to all markets outside of Northern Ireland) increased from 70.4 per cent to 73.3 per cent of total sales. The value of these sales rose from £2,973 million to £3,304 million; an increase of 11.1 per cent.

18. The level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales remained unchanged in 2013 at 30.2 per cent. Between 2012 and 2013 the value of these export sales increased by 7.3 per cent from £1,271 million to £1,364 million. The value of export sales was higher than that of the domestic Northern Ireland market in both 2012 and 2013.

19. The Republic of Ireland continues to be the largest export market, where recorded sales increased by 1.4 per cent from £695 million in 2012 to £705 million in 2013. Its share of total sales, however, continues to fall decreasing from 16.5 per cent in 2012 to 15.6 per cent in 2013.

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20. Between 2012 and 2013, the estimated level of net profits recorded for the sector increased by 6.8 per cent from £125 million to £134 million. There was no change in profit as a proportion of total sales between 2012 and 2013, i.e. 3.0 per cent.

21. In both 2012 and 2013 all subsectors generated a net profit.

22. Half of the subsectors recorded an improvement in net profit between 2012 and 2013. The largest increase was recorded in poultrymeat. Those subsectors experiencing the largest decreases were pigmeat and beef and sheepmeat.

Return on capital employed, 2012 and 2013

23. Total capital employed in the Northern Ireland food and drinks processing sector increased by 2.1 per cent from £1,316 million in 2012 to £1,344 million in 2013. Over the same period, the rate of return on capital employed increased from 10.6 per cent to 11.1 per cent.

24. In 2013, the drinks subsector had the highest level of capital employed per full-time employee equivalent at £223,989. The poultry subsector had the lowest amount per full-time employee equivalent at £26,405.

Contribution of the 10 largest food and drinks processing businesses

25. The ten largest businesses (for each variable) in the food and drinks processing sector in Northern Ireland accounted for 49 per cent of total gross turnover, 47 per cent of total value added and 46 per cent of total employment in 2013.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2013

26. In 2013, the food and drinks processing sector is estimated to have contributed approximately 3.8 per cent of Northern Ireland's total gross value added; an increase of 0.1 percentage points.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing industry, 2013

27. The contribution of the food and drinks processing sector (as defined in this publication) towards the sales and export sales of the Northern Ireland manufacturing[2] industry remained constant between 2012 and 2013, at 26 per cent and 24 per cent, respectively.

28. The proportions contributed by the sector towards the external sales and employment within the manufacturing[2] industry increased to 24 per cent and 28 per cent respectively in 2013, but the sector's proportion of Northern Ireland manufacturing[2] industry total value added decreased from 17 per cent to 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 DFP publications "Results from the Northern Ireland Manufacturing Sales & Exports Survey 2013/14" published on 3rd December 2014 and "Reporting Unit results from the Northern Ireland Annual Business Inquiry 2013" published on 10th December 2014.

I. INTRODUCTION

This publication contains estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2013, as well as providing revised comparative data for 2012. Also included are provisional estimates of gross turnover and the level of employment in the sector in 2014. The time-lag between 31st December 2014 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, 2014 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2014 will be published in July 2016.

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 Northern Ireland Statistics and Research Agency (NISRA), part of 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 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 £4,510 million in 2013. 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 £4,094 million in 2013. 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 287 businesses with a turnover greater than £250,000 has been used in the 2013 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 2012 data as published in the previous report. The differences between the previously published and revised data for 2012 are as follows:

	2012 Original Estimate	**2012 Revised Estimate**
Total Gross Turnover (£m)	4,234	4,222
Total Value Added (£m)	672	682
Total Exports (£m)	1,266	1,271
Direct Employment (full-time equivalents)	19,984	20,281

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector for 2013, 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:

	2013 Provisional Estimate	**2013 Revised Estimate**
Total Gross Turnover (£m)	4,519	4,510
Direct Employment (full-time equivalents)	20,390	21,354

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 2013 (2014 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 2014.

Table 1 Gross turnover and full-time employee equivalents in 2013 with provisional estimates for 2014

	2013	2014[1]	Percentage change 13/14
Gross turnover (£ million)	4,510	4,772	+5.8
Direct Employees[2] (full-time equivalents)	21,354	21,783	+2.0

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2016. Time-series data on gross turnover and employment, 1989 to 2014 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 2013 and 2014, please see tables 3 and 8 for this data.

* The gross turnover of the food and drinks processing sector is estimated to have increased by 5.8 per cent from £4,510 million in 2013 to £4,772 million in 2014.

* When this is expressed in real terms (using the GDP deflator), the increase in gross turnover is 3.7 per cent between 2013 and 2014.

* Between 2013 and 2014, the number of direct full-time employee equivalents in the food and drinks processing sector is estimated to have increased from 21,354 full-time employee equivalents to 21,783 full-time employee equivalents; an increase of 2.0 per cent .

Table 2 Gross turnover, by subsector in 2013 with provisional estimates for 2014

	Gross turnover (£ million)		Percentage change
	2013	2014[1]	13/14
Animal By-Products	40.5	50.5	+24.6
Bakeries	291.6	304.1	+4.3
Beef and Sheepmeat	1,199.1	1,278.7	+6.6
Drinks	416.0	432.9	+4.1
Eggs	131.5	134.2	+2.0
Fish	72.7	73.3	+0.9
Fruit and Vegetables	277.9	286.9	+3.2
Milk and Milk Products	999.9	1,117.6	+11.8
Pigmeat	316.0	327.2	+3.5
Poultrymeat	764.7	766.2	+0.2
Total Sector	**4,510**	**4,772**	**+5.8**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2016. Time-series data on gross turnover, 1989 to 2014 inclusive, are available on the DARD website at: DARDNI

- Between 2013 and 2014, the gross turnover of the food and drinks processing sector in Northern Ireland is estimated to have increased by 5.8 per cent.

- Between 2013 and 2014, 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 milk and milk products (+£117.7m) and the beef and sheepmeat (+£79.6m) subsectors.

- The animal by-products (+24.6 per cent), milk and milk products (+11.8 per cent) and beef and sheepmeat (+6.6 per cent) subsectors experienced the highest rates of growth in gross turnover during this period.

- In 2014, the largest subsectors continued to be beef and sheepmeat (26.8 per cent of total sales), milk and milk products (23.4 per cent of total sales) and poultrymeat (16.1 per cent of total sales). Together, they have account for 66.3 per cent of the total gross turnover of the Northern Ireland food and drinks processing sector in 2014.

- The animal by-products (1.1 per cent of total sales) continues to be the smallest subsector within the Northern Ireland food and drinks processing sector in 2014.

- 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 2014; an increase of 1 percentage point from 2013.

[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 2013/14" published on 3rd December 2014.

Table 3 Direct full-time employee equivalents, by subsector, and of total agency workers 2013 with Provisional estimates for 2014

	Employees[1] (full-time equivalents) 2013	2014[2]	Percentage change 13/14
Animal By-Products	121	120	-0.8
Bakeries	3,368	3,377	+0.3
Beef and Sheepmeat	4,396	4,594	+4.5
Drinks	1,377	1,382	+0.4
Eggs	289	298	+3.1
Fish	519	502	-3.4
Fruit and Vegetables	2,136	2,144	+0.4
Milk and Milk Products	2,184	2,258	+3.4
Pigmeat	1,373	1,358	-1.1
Poultrymeat	5,593	5,753	+2.9
Total Direct Employees	**21,354**	**21,783**	**+2.0**
Agency Employment	**1,987**	**2,132**	**+ 7.3**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2013 and 2014. 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 2016. Time-series data on employment, 1989 to 2014 inclusive, are available on the DARD website at: DARDNI

* The volume of direct employment in the sector is estimated to have increased from 21,354 full-time employee equivalents in 2013 to 21,783 full-time employee equivalents in 2014; a rise of 429 full-time employee equivalents.

* In 2014, it is estimated that seven of the ten subsectors in the food and drinks processing sector recorded an increase in the level of full-time employee equivalents. The biggest increases were observed in the beef and sheepmeat (+198 employees) and poultrymeat (+160 employees) subsectors.

* The remaining subsectors, animal by-products, fish and pigmeat, recorded modest decreases in their levels of employment for 2014.

* Within the food and drinks processing sector the poultrymeat, beef and sheepmeat and bakeries subsectors accounted for 63.0 per cent of all employment in 2014.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 2,132 full-time employee equivalents from Employment Agencies in 2014, a 7.3 per cent increase from the revised 2013 figure of 1,987 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 2012 AND 2013.

Table 4 Gross turnover, by subsector, 2012 and 2013

	Gross turnover (£ million)		Percentage change
	2012	**2013**	**12/13**
Animal By-Products	37.1	40.5	+9.3
Bakeries	269.0	291.6	+8.4
Beef and Sheepmeat	1,141.6	1,199.1	+5.0
Drinks	390.8	416.0	+6.4
Eggs	112.6	131.5	+16.8
Fish	69.8	72.7	+4.1
Fruit and Vegetables	254.6	277.9	+9.2
Milk and Milk Products	971.9	999.9	+2.9
Pigmeat	299.8	316.0	+5.4
Poultrymeat	675.2	764.7	+13.3
Total Sector	**4,222.4**	**4,510.0**	**+6.8**

Time-series data on gross turnover, 1989 to 2014 inclusive, are available on the DARD website at: DARDNI

* The gross turnover of the food and drinks processing sector increased from £4,222 million in 2012 to £4,510 million in 2013; an increase of £288 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), the gross turnover of the sector increased by 5.1 per cent between 2012 and 2013.

* All ten subsectors recorded an increase in their levels of gross turnover between 2012 and 2013. The subsectors which made the largest contribution to the increase in total gross turnover were the poultrymeat (+£89.5m) and beef and sheepmeat (+£57.5m) subsectors.

* The largest subsectors continue to be the beef and sheepmeat and milk and milk products. Collectively, their proportion of total gross turnover decreased by 1.3 percentage points from 50.1 per cent in 2012 to 48.8 per cent in 2013.

* The food and drinks processing sector[5] accounted for 26 per cent of Northern Ireland's total manufacturing sales[6] in both 2012 and 2013.

[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 2013/14" published on 3rd December 2014.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2012[1]

	Turnover (£ million)				
	0.25 - 0.99	**1.0 - 9.99**	**10.0-49.99**	**50 and over**	**Total**
Animal By-Products	7			0	**7**
Bakeries	35	31	7	0	**73**
Beef and Sheepmeat	13	15	8	6	**42**
Drinks	6	6	7		**19**
Eggs	9	6		0	**15**
Fish	7	19		0	**26**
Fruit and Vegetables	17	34	6	0	**57**
Milk and Milk Products	9		11		**20**
Pigmeat	21				**21**
Poultrymeat	7		6		**13**
Total	**100**	**131**	**43**	**19**	**293**

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, 2013[1]

	Turnover (£ million)				
	0.25 - 0.99	**1.0 - 9.99**	**10.0 - 49.99**	**50 and over**	**Total**
Animal By-Products	7			0	**7**
Bakeries	34	31	7	0	**72**
Beef and Sheepmeat	13	13	7	7	**40**
Drinks	7	6	7		**20**
Eggs	9	7		0	**16**
Fish	5	18		0	**23**
Fruit and Vegetables	17	33	7	0	**57**
Milk and Milk Products	9		10		**19**
Pigmeat	20				**20**
Poultrymeat	7		6		**13**
Total	**95**	**129**	**42**	**21**	**287**

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

* In 2013, the food and drinks processing sector had 287 businesses with a turnover of more than £250,000; six less than in 2012.

* The food and drinks processing sector had 63 businesses with an annual turnover of more than £10 million in 2013; one more than in 2012.

* There were 21 businesses in 2013 with an annual turnover in excess of £50 million in the food and drinks processing sector; two more than in 2012. These 21 businesses accounted for 67.9 per cent of total turnover, 57.9 per cent of total value added and 52.8 per cent of total employment in the sector.

Table 6 Value added, by subsector, 2012 and 2013

	Value Added (£ million)		Percentage change
	2012	2013	12/13
Animal By-Products	9.0	9.1	+1.0
Bakeries	86.5	96.9	+12.1
Beef and Sheepmeat	132.8	131.4	-1.1
Drinks	99.8	100.9	+1.0
Eggs	16.0	17.4	+8.6
Fish	14.9	15.0	+0.3
Fruit and Vegetables	59.1	61.0	+3.2
Milk and Milk Products	84.9	82.8	-2.4
Pigmeat	36.0	33.2	-7.9
Poultrymeat	142.8	170.1	+19.1
Total Sector	**681.9**	**717.7**	**+5.3**

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

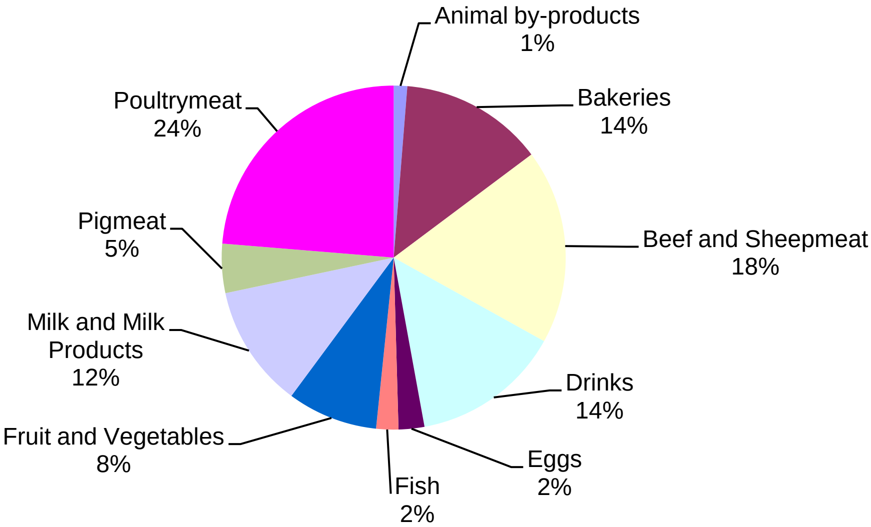
- Value added is a key indicator of the contribution made by a subsector or sector to the economy. The value added generated by the food and drinks processing sector[7] in 2013 was approximately 3.8 per cent of the Northern Ireland total; an increase of 0.1 percentage points from 2012.

- The value added generated by the food and drinks processing sector is estimated to have increased from £682 million in 2012 to £718 million in 2013; an increase of 5.3 per cent.

- The total value added generated by the poultrymeat (£170.1m), beef and sheepmeat (£131.4m) and drinks (£100.9m) subsectors accounted for 56.1 per cent of the sector in 2013; an increase of 1 percentage point compared to 2012.

- In 2013, value added was 15.9 per cent of the total gross turnover of the food and drinks processing sector; the comparative figure for 2012 was 16.1 per cent.

Percentage of Value Added by subsector 2013



[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, 2012

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.13	0.73	5.06	0.08	9.00
Bakeries	69.49	5.17	10.47	1.35	86.48
Beef and Sheepmeat	90.47	11.07	28.10	3.12	132.76
Drinks	50.96	20.43	24.05	4.39	99.84
Eggs	4.67	1.92	9.34	0.08	16.02
Fish	8.49	1.39	4.78	0.27	14.93
Fruit and Vegetables	40.12	8.91	8.71	1.37	59.10
Milk and Milk Products	60.84	11.50	11.22	1.35	84.91
Pigmeat	21.62	2.88	10.95	0.58	36.02
Poultrymeat	113.58	15.03	12.32	1.87	142.80
Total Sector	**463.36**	**79.02**	**125.01**	**14.46**	**681.85**

Table 7b Components of value added for each subsector, 2013

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.39	0.73	4.95	0.03	9.09
Bakeries	72.79	5.65	16.39	2.12	96.94
Beef and Sheepmeat	93.88	11.63	23.02	2.82	131.35
Drinks	45.52	20.03	30.91	4.40	100.86
Eggs	5.50	2.23	9.49	0.18	17.40
Fish	9.04	1.50	4.13	0.31	14.97
Fruit and Vegetables	40.37	8.90	10.39	1.34	61.00
Milk and Milk Products	60.50	11.73	9.37	1.22	82.83
Pigmeat	24.88	2.79	4.11	1.39	33.17
Poultrymeat	132.68	14.94	20.78	1.67	170.07
Total Sector	**488.54**	**80.12**	**133.55**	**15.47**	**717.67**

Time-series data on the components of value added, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

- All four components of value added increased between 2012 and 2013 with the largest occurring in the wages and salaries (+£25.17m) and net profit (+£8.54m) components. The other components, depreciation charge and interest paid, both recorded modest increases of £1.10m and £1.01m, respectively. However, in relative terms the largest increases occurred for net profit and interest.

- In 2013,wages and salaries and net profit made the largest contributions toward value added in the sector. Wages and salaries accounted for 68.1 per cent of value added; a slight increase from 2012. Between 2012 and 2013, net profit increased its contribution from 18.3 per cent to 18.6 per cent of value added.

- Five of the ten subsectors recorded a reduction in net profit between 2012 and 2013, the largest of which was in pigmeat (£-6.84m). The poultrymeat subsector (+£8.46m) recorded the largest increase. The subsectors with the highest level of net profit, in both 2012 and 2013 were drinks and beef and sheepmeat.

Table 8 Direct full-time employee equivalents, by subsector, and total agency workers in 2012 and 2013.

	Employees[1] (full-time equivalents)		Percentage
	2012	**2013**	**Change 12/13**
Animal By-Products	120	121	+0.4
Bakeries	3,259	3,368	+3.3
Beef and Sheepmeat	4,136	4,396	+6.3
Drinks	1,385	1,377	-0.5
Eggs	268	289	+7.9
Fish	516	519	+0.7
Fruit and Vegetables	2,140	2,136	-0.2
Milk and Milk Products	2,163	2,184	+0.9
Pigmeat	1,312	1,373	+4.7
Poultrymeat	4,985	5,593	+12.2
Total direct Employees	**20,281**	**21,354**	**+5.3**
Agency Employment	**1,755**	**1,987**	**+13.3**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2012 and 2013. 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

* Direct employment in the food and drinks processing sector increased from 20,281 full-time employee equivalents in 2012 to 21,354 full-time employee equivalents in 2013; an increase of 1,073 full-time employee equivalents.

* Between 2012 and 2013, eight of the ten subsectors recorded an increase in the number of direct full-time employee equivalents . The largest increases occurred in the poultrymeat (+609 employees), beef and sheepmeat (+261 employees) and bakeries (+109 employees) subsectors.

* A minor reduction was recorded in the remaining two subsectors in the number of direct full-time employee equivalents between 2012 and 2013; drinks (-8 employees) and fruit and vegetables (-4 employees).

* In terms of direct employment the poultrymeat, beef and sheepmeat and bakeries subsectors continue to be the largest. Together, these subsectors account for 62.5 per cent of total direct employment in the food and drinks processing sector in 2013.

* In 2013, the food and drinks processing sector[8] accounted for 28 per cent of Northern Ireland's total manufacturing employment[9]; an increase of 1 percentage point from 2012.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector in 2013 sourced a further 1,987 full-time employee equivalents from Employment Agencies. This is an increase of 13.3 per cent from 2012 levels. It would not be appropriate to include these in any manufacturing industry analysis (see note 1 for Table 8).

[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 "Reporting Unit results from the Northern Ireland Annual Business Inquiry 2013" published on 10th December 2014.

Table 9 Total sales by country of destination, 2012 and 2013

	Sales (£ million and percent of total sales)			
	2012	**Percentage of total sales**	**2013**	**Percentage of total sales**
Northern Ireland	1,249.4	29.6	1,205.8	26.7
Great Britain	1,701.7	40.3	1,940.5	43.0
Republic of Ireland	694.9	16.5	704.7	15.6
Other EU	443.7	10.5	523.9	11.6
Rest of World	132.7	3.1	135.1	3.0
Intervention	0.0	0.0	0.0	0.0
Total Sales	**4,222.4**	**100.0**	**4,510.0**	**100.0**
External Sales	2,973.0	70.4	3,304.2	73.3
Export Sales	1,271.3	30.1	1,363.7	30.2

Time-series data on total sales by country of destination, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* Sales to destinations outside of Northern Ireland in the food and drinks processing sector increased from £2,973 million in 2012 to £3,304 million in 2013; an increase of £331 million or 11.1 per cent. Between 2012 and 2013, the proportion of total sales to these markets external to Northern Ireland also increased from 70.4 per cent to 73.3 per cent of the sector's total sales.

* The Great Britain market continues to be the largest outlet for the Northern Ireland food and drinks processing sector. Sales to this market increased by 14 per cent from £1,702 million in 2012 to £1,941 million in 2013. The proportion of total sales to Great Britain between 2012 and 2013 increased by 2.7 percentage points from 40.3 per cent to 43.0 per cent.

* Sales to markets outside of the United Kingdom i.e. export sales, increased by 7.3 per cent from £1,271 million in 2012 to £1,364 million in 2013. The value of export sales was higher than that of the domestic Northern Ireland market in both 2012 and 2013. As a proportion of total sales for the food and drinks processing sector, exports were unchanged in 2013, accounting for 30.2 per cent.

* The Republic of Ireland continues to be the largest export market where recorded sales increased by 1.4 per cent from £695 million in 2012 to £705 million in 2013. As a proportion of total sales, the Republic of Ireland market, continued to fall decreasing from 16.5 per cent in 2012 to 15.6 per cent in 2013; a decrease of 0.9 percentage points.

* In 2013, the food and drinks processing sector,[10] as defined in this publication, contributed 25 per cent of the total manufacturing external sales[11]; an increase of 2 percentage points from 2012.

* The sector accounted for 24 per cent of Northern Ireland's total manufacturing export sales[11] in both 2012 and 2013.

[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 2013/14" published on 3rd December 2014.

Table 10a 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	1.9	*	*	11.6	*	0.0	**37.1**	35.2	*
Bakeries	155.1	48.3	64.4	0.6	0.7	0.0	**269.0**	113.9	65.6
Beef/Sheepmeat	205.2	687.9	*	140.9	*	0.0	**1,141.6**	936.4	248.5
Drinks	173.7	35.3	157.3	*	*	0.0	**390.8**	217.1	181.8
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	85.8	119.7	47.0	*	*	0.0	**254.6**	168.8	49.1
Milk/Milk Products	287.2	210.5	*	225.0	*	0.0	**971.9**	684.7	474.1
Pigmeat	94.3	134.8	49.2	*	*	0.0	**299.8**	205.5	70.7
Poultrymeat	212.3	*	*	*	*	0.0	**675.2**	462.9	*
Total	**1,249.4**	**1,701.7**	**694.9**	**443.7**	**132.7**	**0.0**	**4,222.4**	**2,973.0**	**1,271.3**

Table 10b Destinations and values of subsector sales, 2013

(£ 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	2.7	*	1.8	*	*	0.0	**40.5**	37.8	*
Bakeries	165.5	48.5	76.3	*	*	0.0	**291.6**	126.1	77.6
Beef/Sheepmeat	152.2	768.3	80.1	178.6	19.9	0.0	**1,199.1**	1,046.9	278.6
Drinks	178.7	42.7	164.5	11.5	18.6	0.0	**416.0**	237.3	194.6
Eggs	39.5	78.3	*	*	0.0	0.0	**131.5**	92.0	13.7
Fish	9.1	33.3	*	22.1	*	0.0	**72.7**	63.6	30.3
Fruit/Vegetables	93.9	126.0	55.2	1.2	1.6	0.0	**277.9**	184.0	58.0
Milk/Milk Products	296.3	222.3	155.5	259.2	66.6	0.0	**999.9**	703.6	481.3
Pigmeat	124.3	120.2	55.5	*	*	0.0	**316.0**	191.8	71.5
Poultrymeat	143.4	*	96.2	*	*	0.0	**764.7**	621.3	*
Total	**1,205.8**	**1,940.5**	**704.7**	**523.9**	**135.1**	**0.0**	**4,510.0**	**3,304.2**	**1,363.7**

*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 2012 and 2013. In 2012, for seven of the ten subsectors Great Britain was the largest single market destination, but in 2013 this was the case for only six out of the ten subsectors (the pigmeat subsector changed to Northern Ireland being its largest market).

∗ The food and drinks processing subsectors most reliant on external markets in 2013 (i.e. markets outside of Northern Ireland) were the animal by-products (93.3 per cent of total sales), fish (87.5 per cent of total sales), beef and sheepmeat (87.3 per cent of total sales) and poultrymeat (81.2 per cent of total sales) subsectors. The bakeries (43.2 per cent of total sales) subsector had the least reliance on external markets.

∗ The subsectors most reliant on export markets (i.e. markets outside of the United Kingdom) were the animal by-products, milk and milk products, drinks and fish subsectors. The least reliant on exporting were the eggs and poultrymeat subsectors.

∗ The largest export market for the food and drinks processing sector remains the Republic of Ireland which accounted for 51.7 per cent of exports. This market represents between 4.5 per cent (animal by-products) and 39.5 per cent (drinks) of total subsector sales.

Table 11 Capital employed, by subsector, 2012 and 2013

	Capital employed (£ million) 2012	2013
Animal By-Products	10.9	12.4
Bakeries	75.5	90.6
Beef and Sheepmeat	262.2	275.0
Drinks	312.4	308.4
Eggs	32.2	36.8
Fish	32.2	27.7
Fruit and Vegetables	103.9	110.0
Milk and Milk Products	290.9	263.4
Pigmeat	68.2	72.2
Poultrymeat	127.8	147.7
Total Sector	**1,316.4**	**1,344.1**

Time-series data on total capital employed, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

* Between 2012 and 2013, the amount of capital employed in the food and drinks processing sector increased by £28 million from £1,316 million to £1,344 million.

* The largest volumes of capital employed were recorded in the drinks, beef and sheepmeat and milk and milk products subsectors in both 2012 and 2013. Together these subsectors accounted for 65.7 per cent and 63.0 per cent of the total capital employed in 2012 and 2013, respectively.

* Compared to 2012, seven of the ten subsectors recorded an increase in total capital employed for 2013. The poultrymeat (+£19.8m), bakeries (+£15.1m) and beef and sheepmeat (+£12.8m) subsectors recorded the largest increases.

* In 2013, the milk and milk products (-£27.6m), fish (-£4.5m) and drinks (-£4.0m).subsectors recorded a decrease in their total capital employed when compared to 2012.

* The average rate of return on capital employed in the food and drinks processing sector increased from 10.6 per cent in 2012 to 11.1 per cent in 2013.

* The drinks subsector continues to have the largest amount of capital employed per direct full-time employee equivalent with £223,989 in 2013, whilst poultrymeat had the lowest at £26,405.

* The poultrymeat subsector, in 2013, also had the lowest level of capital employed per £1,000 of sales, 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

	2012	2013
The 10 largest businesses for gross turnover as a percentage of total gross turnover of the food and drinks processing sector	47	49
The 10 largest businesses for value added as a percentage of total value added of the food and drinks processing sector	45	47
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	44	46

* The 10 largest companies for each variable within the sector in 2013 accounted for 49 per cent of total gross turnover, 47 per cent of total value added and 46 per cent of total direct employment.

* Between 2012 and 2013, the contribution of the ten largest businesses to total gross turnover, total value added and total direct employment each increased by 2 percentage points.

* Four of the ten largest gross turnover food and drinks processing companies were under local ownership in 2013.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2012 AND 2013.

Table 13a 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 (£)	309,125	82,529	276,054	282,303	420,916	135,468	119,005	449,317	228,558	135,457	208,199
Value added per employee (£)	74,992	26,537	32,102	72,109	59,888	28,956	27,623	39,254	27,467	28,649	33,621
Total capital per employee (£)	90,750	23,167	63,394	225,644	120,512	62,537	48,570	134,503	52,025	25,647	64,907
Average wage cost per employee (£)	26,083	21,323	21,876	36,809	17,462	16,462	18,750	28,127	16,484	22,787	22,848
Gross profit as percentage of sales (per cent)	19.95	34.48	8.53	28.20	16.36	18.22	22.84	13.70	11.85	10.13	15.02
Net profit as percentage of sales (per cent)	13.63	3.89	2.46	6.15	8.30	6.84	3.42	1.15	3.65	1.82	2.96
Value added as percentage of sales (per cent)	24.26	32.15	11.63	25.54	14.23	21.37	23.21	8.74	12.02	21.15	16.15
Wages and salaries as percentage of sales (per cent)	8.44	25.84	7.92	13.04	4.15	12.15	15.76	6.26	7.21	16.82	10.97
Interest costs as percentage of sales (per cent)	0.22	0.50	0.27	1.12	0.07	0.39	0.54	0.14	0.19	0.28	0.34
Sales per £1,000 wages (£)	11,851	3,870	12,619	7,669	24,105	8,229	6,347	15,975	13,865	5,944	9,112
Value added per £1,000 wages(£)	2,875	1,245	1,467	1,959	3,430	1,759	1,473	1,396	1,666	1,257	1,472
Interest costs as percentage of gross profit (per cent)	1.12	1.46	3.20	3.98	0.45	2.12	2.36	1.01	1.63	2.74	2.28
Interest costs as percentage of net profit (per cent)	1.64	12.90	11.08	18.26	0.89	5.65	15.73	11.99	5.28	15.20	11.57
Rate of return on capital employed (percent)	47.20	15.65	11.91	9.11	29.24	15.66	9.70	4.32	16.90	11.10	10.60
Capital employed per £1,000 of sales (£)	294	281	230	799	286	462	408	299	228	189	312

Time-series data on rate of return on capital employed, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

Table 13b Average performance indicators for the 10 food and drinks processing subsectors, 2013

	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 (£)	336,382	86,595	272,778	302,105	455,827	140,039	130,136	457,936	230,185	136,723	211,207
Value added per employee (£)	75,436	28,787	29,879	73,248	60,298	28,842	28,563	37,933	24,158	30,408	33,609
Total capital per employee (£)	102,556	26,912	62,558	223,989	127,449	53,370	51,489	120,616	52,612	26,405	62,946
Average wage cost per employee (£)	28,100	21,614	21,355	33,057	19,050	17,414	18,903	27,709	18,121	23,723	22,878
Gross profit as percentage of sales (per cent)	19.00	34.18	7.98	27.74	14.92	17.95	21.79	11.40	8.39	11.41	14.18
Net profit as percentage of sales (per cent)	12.22	5.62	1.92	7.43	7.22	5.68	3.74	0.94	1.30	2.72	2.96
Value added as percentage of sales (per cent)	22.43	33.24	10.95	24.25	13.23	20.60	21.95	8.28	10.50	22.24	15.91
Wages and salaries as percentage of sales (percent)	8.35	24.96	7.83	10.94	4.18	12.44	14.53	6.05	7.87	17.35	10.83
Interest costs as percentage of sales (per cent)	0.06	0.73	0.24	1.06	0.14	0.42	0.48	0.12	0.44	0.22	0.34
Sales per £1,000 wages (£)	11,971	4,006	12,774	9,139	23,928	8,042	6,884	16,527	12,703	5,763	9,232
Value added per £1,000 wages (£)	2,685	1,332	1,399	2,216	3,165	1,656	1,511	1,369	1,333	1,282	1,469
Interest costs as percentage of gross profit (per cent)	0.34	2.13	2.95	3.82	0.91	2.34	2.21	1.07	5.24	1.91	2.42
Interest costs as percentage of net profit (per cent)	0.52	12.94	12.27	14.25	1.88	7.38	12.89	12.98	33.81	8.04	11.59
Rate of return on capital employed (per cent)	40.29	20.42	9.40	11.45	26.30	16.01	10.67	4.02	7.61	15.20	11.09
Capital employed per £1,000 of sales(£)	305	311	229	741	280	381	396	263	229	193	298

Time-series data on rate of return on capital employed, 1989 to 2013 inclusive, are available on the DARD website at: DARDNI

Table 14 Sales per direct employee, by subsector, 2013

	Sales (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	85,867	349,821	336,382
Bakeries	28,353	126,368	86,595
Beef and Sheepmeat	59,758	445,164	272,778
Drinks	47,353	339,880	302,105
Eggs	270,000	492,272	455,827
Fish	85,300	266,000	140,039
Fruit and Vegetables	60,938	256,400	130,136
Milk and Milk Products	75,000	648,601	457,936
Pigmeat	104,375	334,545	230,185
Poultrymeat	60,917	172,978	136,723
Total Sector	**28,353**	**648,601**	**211,207**

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 sales per direct employee in the food and drinks processing sector increased from £208,199 in 2012 to £211,207 in 2013; an increase of 1.4 per cent.

* In 2013, the milk and milk products subsector had the highest average level of sales per direct employee at £457,936.

* The bakeries subsector had the lowest average level of sales per direct employee in 2013 at £86,595.

* All 10 of the subsectors had a difference between the maximum and minimum sales per direct employee within a 9:1 ratio in 2013.

* 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
Drinks	Pigmeat	Fish
Eggs		Fruit and Vegetables
Milk and Milk Products		Poultrymeat

Table 15 Value added per direct employee, by subsector, 2013

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	31,000	134,143	75,436
Bakeries	14,700	34,116	28,787
Beef and Sheepmeat	14,542	40,119	29,879
Drinks	20,700	80,972	73,248
Eggs	39,640	95,441	60,298
Fish	15,412	56,267	28,842
Fruit and Vegetables	17,059	42,761	28,563
Milk and Milk Products	14,083	47,932	37,933
Pigmeat	19,000	39,500	24,158
Poultrymeat	19,934	37,400	30,408
Total Sector	**14,083**	**134,143**	**33,609**

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 2012 and 2013, the average level of value added per direct employee decreased marginally from £33,621 to £33,609.

* In 2013, the animal by-products subsector had the highest average level of value added per direct employee of the ten subsectors with a value of £75,436.

* The pigmeat subsector had the lowest average level of value added per direct employee of the ten subsectors in 2013 with a value of £24,158.

* In 2013, 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 (£29,000 to £40,000)	Low (<£29,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Drinks	Milk and Milk Products	Fish
Eggs	Poultrymeat	Fruit and Vegetables
		Pigmeat

Table 16 Total capital employed per direct employee, by subsector, 2013

	Total capital employed (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	49,333	182,643	102,556
Bakeries	1,889	46,889	26,912
Beef and Sheepmeat	8,105	118,833	62,558
Drinks	15,909	229,563	223,989
Eggs	28,000	226,400	127,449
Fish	12,509	134,800	53,370
Fruit and Vegetables	9,906	106,000	51,489
Milk and Milk Products	34,250	188,650	120,616
Pigmeat	19,231	77,700	52,612
Poultrymeat	7,868	71,200	26,405
Total Sector	**1,889**	**229,563**	**62,946**

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 decreased by 3.0 per cent from £64,907 in 2012 to £62,946 in 2013.

* In 2013, the drinks subsector had the highest average level of capital employed per direct employee of the ten subsectors with a value of £223,989.

* The poultrymeat subsector had the lowest average level of capital employed per direct employee of the ten subsectors in 2013 with a value of £26,405.

* The subsector with the widest range in the volume of capital employed per direct employee in 2013 was the bakeries subsector with a ratio of 25:1.

* 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	Fruit and Vegetables	Poultrymeat
Eggs	Fish	
Milk and Milk Products	Pigmeat	

Table 17 Average wages and salaries cost per direct employee, by subsector, 2013

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	Maximum[2]	Average[3]
Animal By-Products	15,733	35,714	28,100
Bakeries	13,125	25,477	21,614
Beef and Sheepmeat	13,500	23,439	21,355
Drinks	14,875	39,386	33,057
Eggs	13,147	27,289	19,050
Fish	13,823	28,786	17,414
Fruit and Vegetables	13,750	23,882	18,903
Milk and Milk Products	17,778	29,380	27,709
Pigmeat	13,500	23,231	18,121
Poultrymeat	13,111	22,800	23,723
Total Sector	**13,111**	**39,386**	**22,878**

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.

* In 2013, the food and drinks processing sector average direct full-time employee equivalent cost was £22,878. This represents a small increase of £30 from the 2012 figure.

* The fish subsector had the lowest average level of wages and salaries per direct employee in 2013 with a value of £17,414.

* The drinks subsector had the highest average level of wages and salaries per direct employee with a value of £33,057 in 2013.

* In 2013, all of the 10 subsectors had a difference between the maximum and minimum average wages and salaries cost per direct employee within a 5:1 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, 2013

	Net Profit (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	5	16	12.2
Bakeries	0	10	5.6
Beef and Sheepmeat	0	7	1.9
Drinks	-1	13	7.4
Eggs	1	13	7.2
Fish	1	19	5.7
Fruit and Vegetables	0	9	3.7
Milk and Milk Products	-5	2	0.9
Pigmeat	0	7	1.3
Poultrymeat	2	9	2.7
Total Sector	**-5**	**19**	**3.0**

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.

* The average level of net profit as a proportion of sales remained constant at 3.0 per cent in both 2012 and 2013.

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

* In 2013, the highest average level of net profit as a proportion of sales was recorded by the animal by-products subsector (12.2 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 0.9 per cent in 2013.

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

High (>6.0 per cent)	Medium (3.0 to 6.0 per cent)	Low (<3.0 per cent)
Animal By-Products	Bakeries	Beef and Sheepmeat
Drinks	Fruit and Vegetables	Milk and Milk Products
Eggs	Fish	Pigmeat
		Poultrymeat

Table 19 Value added as a percentage of sales, by subsector, 2013

	Value added (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	19	39	22.4
Bakeries	22	62	33.2
Beef and Sheepmeat	8	30	11.0
Drinks	15	47	24.2
Eggs	8	25	13.2
Fish	9	30	20.6
Fruit and Vegetables	14	35	21.9
Milk and Milk Products	5	36	8.3
Pigmeat	8	31	10.5
Poultrymeat	16	33	22.2
Total Sector	**5**	**62**	**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 from 16.1 per cent in 2012 to 15.9 per cent in 2013.

* Average value added as a percentage of sales declined in eight subsectors between 2012 and 2013. The remaining two subsectors increased their average level of value added as a percentage of sales.

* In 2013, the average value added as a percentage of sales was highest in the bakeries (33.2 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 (8.3 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)
Bakeries	Animal By-Products	Beef and Sheepmeat
Drinks	Fish	Eggs
	Fruit and Vegetables	Milk and Milk Products
	Poultrymeat	Pigmeat

Table 20 Wages and salaries as a percentage of sales, by subsector, 2013

	Wages (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	10	16	8.4
Bakeries	13	52	25.0
Beef and Sheepmeat	5	25	7.8
Drinks	9	21	10.9
Eggs	3	8	4.2
Fish	5	20	12.4
Fruit and Vegetables	9	26	14.5
Milk and Milk Products	4	19	6.1
Pigmeat	4	18	7.9
Poultrymeat	9	26	17.4
Total Sector	**3**	**52**	**10.8**

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.

* The wages and salaries bill is one of the main components of cost incurred by any business. The average wages bill represented 10.8 per cent of the total value of food and drinks processing sector sales in 2013; a reduction of 0.2 percentage points from 2012.

* In 2013, 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 25.0 per cent of sales in the bakeries subsector.

* Between 2012 and 2013, there was a decrease in the average value of wages and salaries expressed as a percentage of sales in six 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 (>14 per cent)	Medium (8 to 14 per cent)	Low (<8 per cent)
Bakeries	Animal By-Products	Beef and Sheepmeat
Fruit and Vegetables	Drinks	Eggs
Poultrymeat	Fish	Milk and Milk Products
		Pigmeat

ANNEX A

DEFINITIONS OF TERMS

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

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

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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