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AN ROINN
Talmhaíochta agus
Forbartha Tuaithe

MÄNNYSTRIE O
Fairms an
Kintra Fordèrin

POLICY AND ECONOMICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2011,

with provisional estimates for 2012

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 2010 and 2011, as well as provisional estimates of gross turnover and the level of employment in the sector for 2012. The time-lag between 31st December 2012 and firms' submission of their annual accounts to Companies House meant that a full set of 2012 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2012 will be published in June 2014.

The 2011 data includes estimates of the value of sales, value added, profitability, exports and employment for each of the ten constituent subsectors of the food and drinks processing sector in Northern Ireland. These statistics are supplemented with fifteen performance indicators for each subsector.

A time-series of data to cover the main variables over the 1989-2011 has also been published on the DARDNI website, including provisional estimates for sales and level of employment in 2012.

As highlighted in last years' report, data on inter-business sales within the Northern Ireland food and drinks processing sector were withdrawn after problems were identified with the dataset. Following investigations and changes being made to the data capture process, no satisfactory dataset has emerged to be included within the report. As a result we intend to suspend the publication of the data on inter-business sales, subject to a further review of the data available being undertaken in 2014.

Following an investigation into the number of agency workers employed within the sector, data have been provided for this variable for 2011 in tables 3 and 8.

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 contact details given below.

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Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased from £3,985 million in 2011 to £4,154 million in 2012; an increase of 4.2 per cent.

2. Nine subsectors in the food and drinks processing sector experienced an increase in their gross turnover between 2011 and 2012. The largest increases are estimated to have occurred in the beef and sheepmeat (+£103.9m) and pigmeat (+£46.2m) subsectors, whilst the milk and milk products subsector is estimated to have declined (-£28.0m).

3. It is estimated that the total number of direct full-time employee equivalents employed in the food and drinks processing sector, increased from 19,628 full-time equivalents in 2011 to 19,778 full-time equivalents in 2012; an increase of 0.8 per cent.

FINAL ESTIMATES 2011

Gross turnover, 2010 and 2011

4. The total gross turnover of the Northern Ireland food and drinks processing sector increased by 6.4 per cent between 2010 and 2011, from £3,746 million to £3,985 million.

5. The subsectors which made the largest contribution to the increase in total gross turnover between 2010 and 2011, were the milk and milk products (+£100.1m), beef and sheepmeat (+£48.9m), and poultrymeat (+£25.3m) subsectors.

6. Between 2010 and 2011, nine of the ten subsectors increased their levels of gross turnover; the animal by-products subsector remained broadly constant.

7. The beef and sheepmeat and milk and milk products subsectors continued to be the two largest subsectors. Together, they accounted for 50.1 per cent of total gross turnover in 2011; an increase of 0.8 percentage points on their proportion in 2010 (49.3 per cent).

Value added, 2010 and 2011

8. The estimated value added of the Northern Ireland food and drinks processing sector remained broadly constant in both 2010 and 2011 at £636.6 million and £636.7 million respectively.

9. When analysing the component parts of value added between 2010 and 2011, two of the components, net profit (-£8.01m) and depreciation charge (-£1.64m) decreased. While there were increases in the wages and salaries (+£9.48m) and interest paid (+£0.21m) components.

10. In 2011, the largest contributors to value added were the beef and sheepmeat (£123.0m), poultrymeat (£126.2m) and drinks (£87.3m) subsectors. These three subsectors accounted for 52.9 per cent of value added within the sector.

11. The estimate for 2011 shows that there was £160 of value added for every £1,000 of sales; a reduction of £10 compared to the 2010 figure of £170 for every £1,000 of sales.

Direct Employment, 2010 and 2011

12. The estimated level of direct full-time employee equivalents in the Northern Ireland food and drinks processing sector decreased from 19,977 full-time employee equivalents in 2010 to 19,628 full time employee equivalents in 2011; a decline of 1.7 per cent.

13. There were increases in employment in five of the ten subsectors between 2010 and 2011. The largest of these were recorded in the beef and sheepmeat (+165 employees) and eggs (+42 employees) subsectors. The largest decreases were recorded in the bakeries (-187 employees), poultrymeat (-172 employees) and milk and milk products (-154 employees) subsectors.

14. Three subsectors, poultymeat (5,090 employees), beef and sheepmeat (3,891 employees) and bakeries (3,209 employees) accounted for 62.1 per cent of total employment in the food and drinks processing sector in 2011.

Agency Employment, 2011

15. In addition to the direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,788 full-time employee equivalents from Employment Agencies in 2011.

Distribution of sales, 2010 and 2011

16. From 2004 onwards, the Great Britain market has been the largest market for sales in the food and drinks processing sector. During the period 2010 to 2011, sales to Great Britain rose by £66.0 million or 4.3 per cent. However, its share of the proportion of total sales fell from 40.8 per cent in 2010 to 40.0 per cent of total sales in 2011.

17. The estimated level of external sales (sales to markets outside of Northern Ireland) remained constant as 69.0 per cent of total sales in both 2010 and 2011. Sales in cash terms rose from £2,587 million in 2010 to £2,750 million in 2011; an increase of £163 million.

18. The estimated level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales rose slightly from 28.2 per cent in 2010 to 28.9 per cent in 2011. The value of export sales increased from £1,057 million in 2010 to £1,154 million in 2011; an increase of £97.0 million.

19. The Republic of Ireland was the most important destination for export sales. However, its share of the proportion of total sales fell from 17.5 per cent in 2010 to 16.3 per cent of total sales in 2011.

Profitability, 2010 and 2011

20. The estimated level of net profits recorded for the Northern Ireland food and drinks processing sector decreased from £113.7 million in 2010 to £105.6 million in 2011; a

decrease of 7.1 per cent. There was also a decrease in profit as a proportion of sales, which fell from 3.0 per cent in 2010 to 2.7 per cent in 2011.

21. Table 18 shows the variation in the level of profitability generated within the ten subsectors. However, in both 2010 and 2011 all subsectors generated a profit.

22. Five of the ten subsectors recorded an improvement in their level of net profit before tax between 2010 and 2011. Over the same period, the poultrymeat and bakeries subsectors experienced the largest decreases in their net profit before taxation.

Return on capital employed, 2010 and 2011

23. Total capital employed in the Northern Ireland food and drinks processing sector increased by 1.6 per cent between 2010 and 2011, from £1,212 million to £1,231 million. Over the same period, the rate of return on capital employed decreased from 10.5 per cent to 9.7 per cent.

24. The drinks subsector had the highest level of capital employed per full-time employee equivalent at £234,394 in 2011. This constituted a 3.8 per cent decrease on the 2010 figure of £243,375.

Contribution of the 10 largest food and drinks processing businesses within each variable for 2011

25. In 2011, the ten largest businesses for each variable within the food and drinks processing sector in Northern Ireland accounted for 47 per cent of total gross turnover, 42 per cent of total value added, and 44 per cent of total employment within the sector.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2011

26. In 2011, the food and drinks processing sector is estimated to have contributed approximately 3.6 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 sector, 2011

27. The food and drinks processing sector, as defined in this publication, increased its contribution to the sales, external sales, export sales and value added of the Northern Ireland manufacturing[2] sector in 2011. It accounted for 26 per cent of total manufacturing sales, 23 per cent of manufacturing external sales, 24 per cent of manufacturing export sales and 16 per cent of manufacturing value added.

28. Also in 2011, the food and drinks processing sector's proportion of total manufacturing employment remained the same at 26 per cent.

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[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 2011/12" published on 18th December 2012 and "Results from the Northern Ireland Annual Business Inquiry 2011" published on 12th April 2013.

I. INTRODUCTION

This publication contains data estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2011, as well as providing revised comparative data for 2010. Also included are provisional estimates of the gross turnover and level of employment in the sector in 2012. The time-lag between 31st December 2012 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, 2012 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2012 will be published in June 2014.

A number of data sources have been used to derive the estimates included in this report. The estimates are based mainly on information contained in the annual accounts of businesses in Northern Ireland obtained through Companies House with an annual turnover in excess of £250,000. Other sources of data include the Manufacturing Sales and Exports Survey and the Northern Ireland Annual Business Inquiry conducted by the Department of Finance and Personal. Information provided by Invest Northern Ireland and divisions within the Department of Agriculture and Rural Development was also used. The minimum business turnover threshold of £250,000 is used mainly because of the difficulty in accessing detailed accounting information for small businesses. Their omission from the study is estimated to have a maximum impact of £50 million on the total gross turnover of the sector, and 500 direct full-time employee equivalents on the level of employment in the sector.

The main measurements of size used in the 2010 and 2011 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 feedingstuffs manufacture, pet food production, rendering, hide and skin processing and tobacco are not considered to be part of the food and drinks processing sector. This differs from the standard industrial classification definition, which is used to compile Government's statistics on the manufacturing sector. It is considered that the definition adopted for this report provides a more useful and practical description of the food and drinks processing sector. Definitions for each of the ten subsectors are given in Annex B.

Throughout this report, the 'total sector' estimates refer to the totals of the ten food and drinks processing subsectors. This results in a total sector gross turnover of £3,985 million in 2011. 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 £3,624 million in 2011. 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 286 businesses with a turnover greater than £250,000 has been used in the 2011 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 2010 data as published in the previous report. The differences between the previously published and revised data for 2010 are as follows:

	2010 Original Estimate	**2010 Revised Estimate**
Total Gross Turnover (£m)	3,744	3,746
Total Value Added (£m)	637	637
Total Exports (£m)	1,056	1,056
Total Employment (full-time equivalents)	19,944	19,977

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector in 2011, 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:

	2011 Provisional Estimate	**2011 Revised Estimate**
Total Gross Turnover (£m)	3,994	3,985
Total Employment (full-time equivalents)	19,945	19,628

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 2011 (2012 where available) will be published on the DARD website at: DARDNI

Quality reporting

A report which describes the quality of the statistics presented in the publication can also be found at: DARDNI

II. PROVISIONAL ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2012.

Table 1 Gross turnover and full-time employee equivalents in 2011 with provisional estimates for 2012

	2011	2012[1]	Percentage change 11/12
Gross turnover (£ million)	3,985	4,154	4.2
Direct Employees[2] (full-time equivalents)	19,628	19,778	0.8

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2014. Time-series data on gross turnover and employment, 1989 to 2012 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 2011 only, see data in tables 3 and 8 for more details.

* Gross turnover within the food and drinks processing sector is estimated to have risen from £3,985 million in 2011 to £4,154 million in 2012; an increase of 4.2 per cent.

* When expressed in real terms (using the GDP deflator), gross turnover increased by 1.9 per cent between 2011 and 2012.

* The number of direct full-time employee equivalents in the food and drinks processing sector is estimated to have increased slightly from 19,628 full-time employee equivalents in 2011 to 19,778 full-time employee equivalents in 2012; an increase of 0.8 per cent.

Table 2 Gross turnover, by subsector in 2011 with provisional estimates for 2012

	Gross turnover (£ million)		Estimated percentage change
	2011	2012[1]	11/12
Animal By-Products	23.3	25.4	9.2
Bakeries	271.5	273.8	0.9
Beef and Sheepmeat	1,020.8	1,124.7	10.2
Drinks	361.4	377.6	4.5
Eggs	100.7	108.2	7.5
Fish	73.7	76.2	3.4
Fruit and Vegetables	238.5	239.7	0.5
Milk and Milk Products	975.0	947.0	-2.9
Pigmeat	249.8	296.1	18.5
Poultrymeat	670.4	685.5	2.2
Total Sector	**3,985**	**4,154**	**4.2**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2014. Time-series data on gross turnover, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

* Gross turnover within the food and drinks processing sector is estimated to have increased by 4.2 per cent between 2011 and 2012.

* An increase in gross turnover between 2011 and 2012 was observed in nine of the ten subsectors. The largest increases were recorded in the beef and sheepmeat (+£103.9m) and the pigmeat (+£46.2m) subsectors.

* There was a decrease recorded in the milk and milk products subsector (£-28.0m) in 2012.

* The highest rates of growth in gross turnover were observed in the pigmeat (+18.5 per cent) and beef and sheepmeat (+10.2 per cent) subsectors.

* In 2012, the largest subsectors in the food and drinks processing sector were beef and sheepmeat (27.1 per cent of total sales), milk and milk products (22.8 per cent of total sales) and poultrymeat (16.5 per cent of total sales). Together, these three subsectors accounted for 66.4 per cent of the total gross turnover of the sector.

* The animal by-products subsector (0.6 per cent of total sales) continues to be the smallest subsector within the Northern Ireland food and drinks processing sector in 2012.

* Provisional estimates show that the food and drinks processing sector[3] accounted for 25 per cent of Northern Ireland's total manufacturing sales[4] in 2012; a decrease of 1 percentage point from 2011.

[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 2011/12" published on 18th December 2012.

Table 3 Direct full-time employee equivalents, by subsector, 2011 with provisional estimates for 2012 and an estimate of total agency workers in 2011.

	Employees[1] (full-time equivalents)		Estimated percentage change
	2011	**2012[2]**	**11/12**
Animal By-Products	118	117	-0.4
Bakeries	3,209	3,199	-0.3
Beef and Sheepmeat	3,891	3,942	1.3
Drinks	1,193	1,209	1.3
Eggs	269	257	-4.5
Fish	558	551	-1.3
Fruit and Vegetables	2,016	2,042	1.3
Milk and Milk Products	2,047	2,072	1.2
Pigmeat	1,238	1,264	2.1
Poultrymeat	5,090	5,126	0.7
Total Direct Employees	**19,628**	**19,778**	**0.8**
Agency Employment	**1,788**	**N/A**	**N/A**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2011 only. They are not included in regional manufacturing employment figures as they are recorded as employment in the services sector.
2. Provisional estimates based on a sample of business returns. Revised estimates will be published in June 2014. Time-series data on employment, 1989 to 2012 inclusive, are available on the DARD website at: DARDNI

* Direct employment in the sector is estimated to have increased by 150 full-time employee equivalents between 2011 and 2012, from 19,628 full-time employee equivalents to 19,778 full-time employee equivalents.

* Between 2011 and 2012, six of the ten subsectors in the food and drinks processing sector recorded an increase in the estimated level of full-time employee equivalents. The largest occurred in the beef and sheepmeat subsector (+51 employees).

* The remaining four subsectors all recorded small decreases in their levels of employment.

* In 2012, the poultrymeat, beef and sheepmeat and bakeries subsectors accounted for 62.0 per cent of employment within the sector.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,788 full-time employee equivalents from Employment Agencies in 2011.

III. SIZE AND MARKETING DESTINATIONS OF THE NORTHERN IRELAND FOOD AND DRINKS PROCESSING SECTOR IN 2010 AND 2011.

Table 4 Gross turnover, by subsector, 2010 and 2011

	Gross turnover (£ million)		Percentage change
	2010	**2011**	**10/11**
Animal By-Products	23.3	23.3	-0.2
Bakeries	259.5	271.5	4.6
Beef and Sheepmeat	971.9	1,020.8	5.0
Drinks	350.4	361.4	3.1
Eggs	88.9	100.7	13.2
Fish	67.3	73.7	9.5
Fruit and Vegetables	221.4	238.5	7.8
Milk and Milk Products	874.8	975.0	11.4
Pigmeat	243.8	249.8	2.5
Poultrymeat	645.1	670.4	3.9
Total Sector	**3,746.5**	**3,985.1**	**6.4**

Time-series data on gross turnover, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

* Within the food and drinks processing sector gross turnover increased from £3,746.5 million in 2010 to £3,985.1 million in 2011; an increase of £238.7 million or 6.4 per cent. When expressed in real terms, i.e. when inflation is taken into account (using the GDP deflator), gross turnover increased by 3.7 per cent between 2010 and 2011.

* Between 2010 and 2011, nine of the ten subsectors recorded an increase in gross turnover. The largest increases were recorded in the milk and milk products (+£100.1m), beef and sheepmeat (+£48.9m) and poultrymeat (+£25.3m) subsectors.

* The gross turnover of the animal by-products subsector remained broadly constant between 2010 and 2011.

* The beef and sheepmeat and milk and milk products subsectors continued to be the two largest subsectors. Together, they accounted for 50.1 per cent of total gross turnover in 2011; an increase of 0.8 percentage points on their proportion in 2010 (49.3 per cent).

* The food and drinks processing sector[5] accounted for 26 per cent of Northern Ireland's total manufacturing sales[6] in 2011 compared to 24 per cent in 2010.

[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 2011/12" published on 18th December 2012.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2010[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0-49.99</th><th>50 and over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">7</td><td>0</td><td>0</td><td>7</td></tr>
<tr><td>Bakeries</td><td>40</td><td>31</td><td>7</td><td>0</td><td>78</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>19</td><td>7</td><td>6</td><td>41</td></tr>
<tr><td>Drinks</td><td>6</td><td>5</td><td colspan="2">5</td><td>16</td></tr>
<tr><td>Eggs</td><td>12</td><td colspan="2">7</td><td>0</td><td>19</td></tr>
<tr><td>Fish</td><td>6</td><td>20</td><td>0</td><td>0</td><td>26</td></tr>
<tr><td>Fruit and Vegetables</td><td>19</td><td>28</td><td>7</td><td>0</td><td>54</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">8</td><td colspan="2">11</td><td>19</td></tr>
<tr><td>Pigmeat</td><td>6</td><td>10</td><td colspan="2">6</td><td>22</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>107</td><td>129</td><td>40</td><td>19</td><td>295</td></tr>
</table>

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

Table 5b Distribution of processing businesses by subsector and value of annual turnover, 2011[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0 - 49.99</th><th>50 and over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="2">7</td><td>0</td><td>0</td><td>7</td></tr>
<tr><td>Bakeries</td><td>38</td><td>30</td><td>7</td><td>0</td><td>75</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>16</td><td>9</td><td>6</td><td>40</td></tr>
<tr><td>Drinks</td><td colspan="2">9</td><td colspan="2">6</td><td>15</td></tr>
<tr><td>Eggs</td><td>12</td><td colspan="2">7</td><td>0</td><td>19</td></tr>
<tr><td>Fish</td><td>6</td><td>20</td><td>0</td><td>0</td><td>26</td></tr>
<tr><td>Fruit and Vegetables</td><td>15</td><td>29</td><td>7</td><td>0</td><td>51</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">8</td><td colspan="2">11</td><td>19</td></tr>
<tr><td>Pigmeat</td><td>5</td><td>11</td><td colspan="2">5</td><td>21</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">6</td><td>13</td></tr>
<tr><td>Total</td><td>99</td><td>126</td><td>42</td><td>19</td><td>286</td></tr>
</table>

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

* The food and drinks processing sector had 286 businesses with a turnover of more than £250,000 in 2011; nine less than in 2010.

* In 2011, the food and drinks processing sector had 61 businesses with a turnover of more than £10 million; two more than 2010.

* There were 19 businesses with a turnover of more than £50 million in the food and drinks processing sector in both 2010 and 2011. In 2011, these 19 businesses accounted for 64.4 per cent of total turnover, 52.5 per cent of total value added and 50.7 per cent of total employment in the sector.

Table 6 Value added, by subsector, 2010 and 2011

	Value Added (£ million) 2010	2011	Percentage change 10/11
Animal By-Products	8.1	6.8	-16.1
Bakeries	90.2	84.3	-6.5
Beef and Sheepmeat	116.3	123.0	5.7
Drinks	79.5	87.3	9.8
Eggs	12.8	12.4	-3.5
Fish	15.2	17.3	13.8
Fruit and Vegetables	56.0	59.7	6.7
Milk and Milk Products	85.6	85.8	0.3
Pigmeat	31.0	33.8	9.2
Poultrymeat	142.0	126.2	-11.1
Total Sector	**636.6**	**636.7**	**0.0**

Time-series data on value added, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

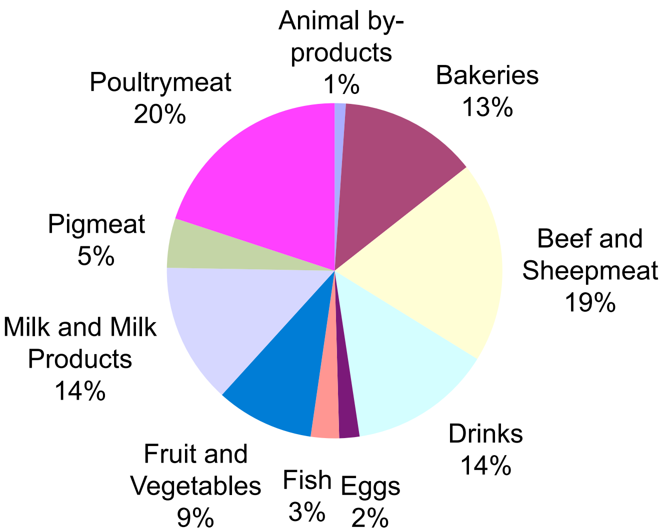
- Value added is a key indicator of the contribution made by a subsector or sector to the economy. In 2011, the value added generated by the food and drinks processing sector[7] was approximately 3.6 per cent of the Northern Ireland total; an increase of 0.1 percentage points from 2010.

- The food and drinks processing sector is estimated to have generated a value added of £636.7 million in 2011; broadly the same as in 2010.

- Five subsectors, beef and sheepmeat (£123.0m), poultrymeat (£126.2m), drinks (£87.3m), milk and milk products (£85.8m) and bakeries (£84.3m) accounted for 79.6 per cent of the total value added generated by the sector in 2011.

- In 2011, value added was 16.0 per cent of the gross turnover value for the food and drinks processing sector; the comparative figure for 2010 was 17.0 per cent.

Percentage of Value Added by subsector 2011



[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, 2010

	Value added (£ million)				
	Wages and salaries	**Depreciation charge**	**Net profit**	**Interest paid**	**Value added**
Animal By-Products	3.47	0.72	3.90	0.01	8.09
Bakeries	68.50	8.17	12.18	1.34	90.18
Beef and Sheepmeat	78.15	10.49	24.63	3.07	116.33
Drinks	38.80	19.23	17.06	4.41	79.51
Eggs	4.65	1.22	6.80	0.13	12.80
Fish	9.54	1.44	3.94	0.24	15.16
Fruit and Vegetables	35.97	8.23	10.30	1.51	56.01
Milk and Milk Products	61.08	12.02	11.14	1.36	85.59
Pigmeat	21.37	2.88	5.96	0.77	30.98
Poultrymeat	106.69	16.31	17.74	1.23	141.98
Total Sector	**428.22**	**80.70**	**113.66**	**14.06**	**636.64**

Table 7b Components of value added for each subsector, 2011

	Value added (£ million)				
	Wages and salaries	**Depreciation charge**	**Net profit**	**Interest paid**	**Value added**
Animal By-Products	3.11	0.61	3.07	0.01	6.79
Bakeries	67.39	7.47	8.28	1.18	84.32
Beef and Sheepmeat	85.82	10.72	23.38	3.10	123.02
Drinks	40.93	21.00	20.85	4.54	87.31
Eggs	4.73	1.50	6.00	0.13	12.35
Fish	9.68	1.43	5.91	0.23	17.26
Fruit and Vegetables	37.15	8.76	12.51	1.32	59.74
Milk and Milk Products	58.04	10.66	15.78	1.35	85.82
Pigmeat	22.27	2.79	8.16	0.63	33.84
Poultrymeat	108.60	14.13	1.72	1.79	126.23
Total Sector	**437.71**	**79.07**	**105.64**	**14.27**	**636.68**

Time-series data on each of the components of value added, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

* Between 2010 and 2011, two of the components of value added have shown an increase, namely wages and salaries (+£9.48m) and interest (+£0.21m). The other two components, net profit and depreciation, recorded decreases of £8.01m and £1.64m respectively.

* Wages and salaries and net profit make the largest contributions toward value added in the sector. Wages and salaries accounted for 67.2 per cent of value added in 2010, rising to 68.7 per cent in 2011. While net profit accounted for 17.9 per cent of value added in 2010 but fell to 16.6 per cent in 2011.

* Net profit within the poultrymeat subsector fell 90 per cent between 2010 and 2011.

* In both 2010 and 2011 the subsector with the highest level of net profit within the food and drinks processing sector was the beef and sheepmeat subsector.

Table 8 Direct full-time employee equivalents, by subsector, 2010 and 2011, and an estimate of total agency workers in 2011.

	Employees[1] (full-time equivalents)		Percentage
	2010	**2011**	**Change 10/11**
Animal By-Products	115	118	2.2
Bakeries	3,396	3,209	-5.5
Beef and Sheepmeat	3,726	3,891	4.4
Drinks	1,168	1,193	2.1
Eggs	228	269	18.2
Fish	568	558	-1.8
Fruit and Vegetables	2,009	2,016	0.3
Milk and Milk Products	2,201	2,047	-7.0
Pigmeat	1,305	1,238	-5.1
Poultrymeat	5,262	5,090	-3.3
Total direct Employees	**19,977**	**19,628**	**-1.7**
Agency Employment	**1,788**	**N/A**	**N/A**

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

* Direct employment in the food and drinks processing sector decreased from 19,977 full-time employee equivalents in 2010 to 19,628 full-time employee equivalents in 2011; a decrease of 1.7 per cent.

* In five of the ten subsectors the number of direct full-time employee equivalents increased between 2010 and 2011. The largest increases occurred in the beef and sheepmeat (+165 employees) and eggs (+42 employees) subsectors.

* The remaining five subsectors recorded a decrease in the number of direct full-time employee equivalents between 2010 and 2011. The largest decreases were recorded for the bakeries (-187 employees), poultrymeat (-172 employees) and milk and milk products (-154 employees) subsectors.

* In terms of direct employment the largest employers were the poultrymeat, beef and sheepmeat and bakeries subsectors. Together, these three subsectors accounted for 62.1 per cent of total direct employment in the sector.

* The food and drinks processing sector[8] accounted for 26 per cent of Northern Ireland's total manufacturing employment[9] in 2011; unchanged from 2010 levels.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector sourced a further 1,788 full-time employee equivalents from Employment Agencies in 2011.

[8] This calculation includes an estimate of the number of employees within food and drinks processing businesses with turnovers less than £250,000.
[9] Manufacturing sector data from the DFP publication "Results from the Northern Ireland Annual Business Inquiry 2011" published on 12th April 2013.

Table 9 Total sales by country of destination, 2010 and 2011

	Sales (£ million and percent of total sales)			
	2010	**Percentage of total sales**	**2011**	**Percentage of total sales**
Northern Ireland	1,160.1	31.0	1,235.6	31.0
Great Britain	1,530.0	40.8	1,596.0	40.0
Republic of Ireland	654.1	17.5	650.9	16.3
Other EU	323.0	8.6	404.2	10.1
Rest of World	79.4	2.1	98.4	2.5
Intervention	0.0	0.0	0.0	0.0
Total Sales	**3,746.6**	**100**	**3,985.1**	**100**
External Sales	2,586.5	69.0	2,749.5	69.0
Export Sales	1,056.5	28.2	1,153.5	28.9

Time-series data on total sales by country of destination, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

* In 2011, the food and drinks processing sector had sales to destinations outside of Northern Ireland worth £2,749.5 million. In both 2010 and 2011, markets external to Northern Ireland accounted for 69.0 per cent of the sector's total sales.

* From 2004 onwards, the Great Britain market has been the largest market for sales in the food and drinks processing sector. Between 2010 and 2011, sales to this market rose by £66.0 million from £1,530.0 million to £1,596.0 million; an increase of 4.3 per cent. However, its share of the proportion of total sales fell from 40.8 per cent in 2010 to 40.0 per cent of total sales in 2011.

* Export sales i.e. sales to markets outside of the United Kingdom, increased by 9.2 per cent from £1,056.5 million in 2010 to £1,153.5 million in 2011. As a proportion of total sales for the sector, exports accounted for 28.2 per cent of sales in 2010 and 28.9 per cent in 2011; an increase of 0.7 percentage points.

* In 2011, the largest export market continued to be the Republic of Ireland. However, sales to this market decreased slightly between 2010 and 2011 from £654.1 million to £650.9 million; a decrease of 0.5 per cent. As a proportion of total sales, the Republic of Ireland market accounted for 17.5 per cent of total sales in 2010 and 16.3 per cent of total sales in 2011; a decrease of 1.2 percentage points.

* The food and drinks processing sector,[10] as defined in this publication, contributed 23 per cent of the total manufacturing external sales[11] in 2011; an increase of 2 percentage points from 2010 levels. The sector also accounted for 24 per cent of Northern Ireland's total manufacturing export sales[11]; an increase of 3 percentage points from 2010.

[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 2011/12" published on 18th December 2012.

Table 10a Destinations and values of subsector sales, 2010

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	1.8	16.3	1.8	3.5	0.0	0.0	**23.3**	21.6	5.3
Bakeries	157.1	42.8	57.5	1.5	0.6	0.0	**259.5**	102.4	59.6
Beef/Sheepmeat	271.8	505.5	95.2	*	*	0.0	**971.9**	700.1	194.6
Drinks	141.7	25.9	161.8	7.1	14.0	0.0	**350.6**	208.8	182.9
Eggs	28.0	44.0	16.9	0.0	0.0	0.0	**88.9**	60.9	16.9
Fish	12.0	23.4	8.1	22.4	1.6	0.0	**67.3**	55.3	32.0
Fruit/Vegetables	86.4	80.4	53.9	0.4	0.2	0.0	**221.4**	134.9	54.5
Milk/Milk Products	263.9	278.1	115.2	169.8	47.9	0.0	**874.8**	610.9	332.8
Pigmeat	91.3	103.2	37.5	*	*	0.0	**243.8**	152.5	49.3
Poultrymeat	106.1	410.5	106.3	*	*	0.0	**645.1**	539.0	128.5
Total	**1,160.1**	**1,530.0**	**654.1**	**323.0**	**79.4**	**0.0**	**3,746.6**	**2,586.5**	**1,056.5**

Table 10b Destinations and values of subsector sales, 2011

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	1.6	16.1	2.2	3.5	0.0	0.0	**23.3**	21.7	5.6
Bakeries	159.7	49.2	61.2	1.0	0.4	0.0	**271.5**	111.8	62.6
Beef/Sheepmeat	191.4	593.4	100.9	123.6	11.5	0.0	**1,020.8**	829.4	235.9
Drinks	153.6	30.9	153.9	8.2	14.8	0.0	**361.4**	207.8	176.9
Eggs	32.0	62.6	6.0	0.0	0.0	0.0	**100.7**	68.7	6.0
Fish	12.0	25.2	7.4	*	*	0.0	**73.7**	61.7	36.5
Fruit/Vegetables	92.5	92.4	53.3	0.2	0.2	0.0	**238.5**	146.0	53.6
Milk/Milk Products	282.1	278.2	136.7	218.6	59.4	0.0	**975.0**	692.9	414.7
Pigmeat	99.4	99.0	38.2	*	*	0.0	**249.8**	150.4	51.4
Poultrymeat	211.3	349.0	91.2	*	*	0.0	**670.4**	459.1	110.2
Total	**1,235.6**	**1,596.0**	**650.9**	**404.2**	**98.4**	**0.0**	**3,985.1**	**2,749.5**	**1,153.5**

*Information has been suppressed to avoid disclosure.
1. Northern Ireland 2. Great Britain 3. Republic of Ireland 4. Other European Union
5. Rest of World 6. Sales outside NI 7. Sales outside UK

- In 2010 and 2011, the Great Britain market continued to be the largest market for the sector as a whole. In 2010 Great Britain was the largest single market destination for seven of the ten subsectors, however, in 2011 this was the case for only five of the ten subsectors.

- The food and drinks processing subsectors most reliant on external markets (i.e. markets outside of Northern Ireland) in 2011 were the animal by-products (93.3 per cent of total sales), fish (83.7 per cent of total sales) and beef and sheepmeat (81.2 per cent of total sales) subsectors. The subsector with the least reliance on external markets was the bakeries (41.2 per cent of total sales) subsector.

- In 2011, the subsectors most reliant on export markets (i.e. markets outside of the United Kingdom) were the fish (49.5 per cent of total sales), drinks (49 per cent of total sales) and milk and milk products (42.5 per cent of total sales) subsectors. The subsector with the least reliance on export markets was the eggs (6.0 per cent of total sales) subsector.

- The largest export market for the food and drinks processing sector remains the Republic of Ireland. This market represents between 6.0 per cent (eggs) and 42.6 per cent (drinks) of total sales in the ten subsectors.

Table 11 Capital employed, by subsector, 2010 and 2011

	Capital employed (£ million) 2010	2011
Animal By-Products	5.0	7.9
Bakeries	90.7	88.8
Beef and Sheepmeat	237.2	259.4
Drinks	284.3	279.6
Eggs	25.9	30.7
Fish	30.2	36.1
Fruit and Vegetables	94.4	89.2
Milk and Milk Products	237.6	255.0
Pigmeat	63.8	53.7
Poultrymeat	143.2	131.1
Total Sector	**1,212.3**	**1,231.4**

Time-series data on total capital employed, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

- Between 2010 and 2011, the amount of capital employed in the food and drinks processing sector increased by £19.1 million; from £1,212.3 million to £1,231.4 million.

- In 2010 and 2011, the largest volumes of capital employed were recorded in the drinks, beef and sheepmeat and milk and milk products subsectors. Together these three subsectors accounted for 62.6 per cent and 64.5 per cent of the total capital employed in the sector in 2010 and 2011 respectively.

- Five of the ten subsectors showed an increase in their total capital employed for 2011, compared to their 2010 figure. The largest of these were in the beef and sheepmeat (+£22.2m) and milk and milk products (+£17.5m) subsectors.

- The remaining five subsectors showed a decrease in their total capital employed for 2011, compared to 2010. The largest were recorded in the poultrymeat (-£12.1m) and pigmeat (-£10.2m) subsectors.

- The food and drinks processing sector's average rate of return on capital employed, decreased from 10.5 per cent in 2010 to 9.7 per cent in 2011.

- The drinks subsector had the largest amount of capital employed per direct full-time employee equivalent in 2011 with £234,394, whilst poultrymeat had the lowest at £25,760.

- In 2011, the poultrymeat subsector had the lowest level of capital employed per £1,000 of sales, whilst the drinks subsector 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

	2010	2011
The 10 largest businesses for gross turnover as a percentage of total gross turnover of the food and drinks processing sector	47	47
The 10 largest businesses for value added as a percentage of total value added of the food and drinks processing sector	45	42
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	44	44

* The 10 largest companies for each variable within the sector in 2011 accounted for 47 per cent of total gross turnover, 42 per cent of total value added and 44 per cent of total direct employment.

* The contribution of the ten largest businesses to total gross turnover and total direct employment remained the same between 2010 and 2011. However, the contribution made towards total value added declined by 3 percentage points over this period.

* Five of the ten largest gross turnover food and drinks processing companies were under local ownership in 2011.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2010 AND 2011.

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

	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 (£)	202,896	76,436	260,856	299,996	390,791	118,491	110,185	397,470	186,857	122,597	187,544
Value added per employee (£)	70,383	26,560	31,222	68,075	56,264	26,695	27,879	38,887	23,748	26,982	31,869
Total capital per employee (£)	43,417	26,725	63,665	243,375	113,969	53,185	46,975	107,929	48,945	27,216	60,688
Average wage cost per employee (£)	30,165	20,174	20,975	33,221	20,422	16,799	17,904	27,751	16,381	20,276	21,436
Gross profit as percentage of sales (per cent)	34.91	36.00	8.59	25.04	17.32	22.30	24.93	15.19	13.46	13.18	16.26
Net profit as percentage of sales (per cent)	16.71	4.69	2.53	4.87	7.65	5.86	4.65	1.27	2.45	2.75	3.03
Value added as percentage of sales (per cent)	34.69	34.75	11.97	22.69	14.40	22.53	25.30	9.78	12.71	22.01	16.99
Wages and salaries as percentage of sales (per cent)	14.87	26.39	8.04	11.07	5.23	14.18	16.25	6.98	8.77	16.54	11.43
Interest costs as percentage of sales (per cent)	0.03	0.52	0.32	1.26	0.15	0.36	0.68	0.16	0.32	0.19	0.38
Sales per £1,000 wages (£)	6,726	3,789	12,437	9,030	19,136	7,053	6,154	14,323	11,407	6,046	8,749
Value added per £1,000 wages(£)	2,333	1,317	1,489	2,049	2,755	1,589	1,557	1,401	1,450	1,331	1,487
Interest costs as percentage of gross profit (per cent)	0.07	1.43	3.67	5.03	0.86	1.60	2.73	1.02	2.34	1.45	2.31
Interest costs as percentage of net profit (per cent)	0.15	11.00	12.45	25.86	1.94	6.09	14.64	12.18	12.88	6.93	12.37
Rate of return on capital employed (percent)	78.21	14.90	11.67	7.56	26.74	13.84	12.51	5.26	10.54	13.25	10.53
Capital employed per £1,000 of sales (£)	214	350	244	811	292	449	426	272	262	222	324

Time-series data on rate of return on capital employed, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

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

	Animal By-Products	Bakeries	Beef and Sheep-meat	Drinks	Eggs	Fish	Fruit and Veg.	Milk and Milk Products	Pig-meat	Poultry -meat	Average
Sales per employee (£)	198,264	84,610	262,348	302,921	374,264	132,237	118,324	476,297	201,808	131,717	203,039
Value added per employee (£)	57,821	26,280	31,616	73,184	45,918	30,958	29,633	41,922	27,338	24,800	32,438
Total capital per employee (£)	66,919	27,674	66,663	234,394	114,063	64,678	44,269	124,574	43,347	25,760	62,741
Average wage cost per employee (£)	26,477	21,002	22,055	34,304	17,587	17,363	18,429	28,351	17,991	21,335	22,301
Gross profit as percentage of sales (per cent)	31.23	34.26	8.40	24.27	15.37	19.95	23.38	13.99	12.79	9.01	14.77
Net profit as percentage of sales (per cent)	13.16	3.05	2.29	5.77	5.96	8.02	5.24	1.62	3.27	0.26	2.65
Value added as percentage of sales (per cent)	29.16	31.06	12.05	24.16	12.27	23.41	25.04	8.80	13.55	18.83	15.98
Wages and salaries as percentage of sales (percent)	13.35	24.82	8.41	11.32	4.70	13.13	15.57	5.95	8.91	16.20	10.98
Interest costs as percentage of sales (per cent)	0.03	0.44	0.3	1.26	0.13	0.32	0.55	0.14	0.25	0.27	0.36
Sales per £1,000 wages (£)	7,488	4,029	11,895	8,830	21,280	7,616	6,421	16,800	11,217	6,174	9,105
Value added per £1,000 wages (£)	2,184	1,251	1,433	2,133	2,611	1,783	1,608	1,479	1,520	1,162	1,455
Interest costs as percentage of gross profit (per cent)	0.10	1.27	3.61	5.17	0.81	1.59	2.37	0.99	1.97	2.96	2.42
Interest costs as percentage of net profit (per cent)	0.23	14.30	13.24	21.77	2.10	3.96	10.55	8.52	7.70	104.13	13.50
Rate of return on capital employed (per cent)	39.07	10.66	10.21	9.08	19.96	17.04	15.49	6.71	16.37	2.67	9.74
Capital employed per £1,000 of sales(£)	338	327	254	774	305	489	374	262	215	196	309

Time-series data on rate of return on capital employed, 1989 to 2011 inclusive, are available on the DARD website at: DARDNI

Table 14 Sales per direct employee, by subsector, 2011

	Sales (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	81,143	272,500	198,264
Bakeries	28,071	102,462	84,610
Beef and Sheepmeat	60,800	444,101	262,348
Drinks	43,656	356,019	302,921
Eggs	41,539	357,493	374,264
Fish	74,400	261,750	132,237
Fruit and Vegetables	54,133	212,500	118,324
Milk and Milk Products	85,625	567,809	476,297
Pigmeat	115,837	334,545	201,808
Poultrymeat	58,840	270,667	131,717
Total Sector	**28,071**	**567,809**	**203,039**

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 £187,544 in 2010 to £203,039 in 2011; an increase of 8.3 per cent.

* In 2011, the milk and milk products subsector had the highest average level of sales per direct employee, at £476,297.

* The bakeries subsector had the lowest average level of sales per direct employee in 2011, at £84,610.

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

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

High (>£250,000)	Medium (£150,000 to £250,000)	Low (<£150,000)
Beef and Sheepmeat	Animal By-Products	Bakeries
Drinks	Pigmeat	Fish
Eggs		Fruit and Vegetables
Milk and Milk Products		Poultrymeat

Table 15 Value added per direct employee, by subsector, 2011

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	26,286	67,531	57,821
Bakeries	13,545	32,962	26,280
Beef and Sheepmeat	20,308	41,322	31,616
Drinks	17,250	78,165	73,184
Eggs	20,963	59,822	45,918
Fish	18,500	51,000	30,958
Fruit and Vegetables	16,000	39,529	29,633
Milk and Milk Products	25,452	44,123	41,922
Pigmeat	21,510	38,600	27,338
Poultrymeat	16,227	42,571	24,800
Total Sector	**13,545**	**78,165**	**32,438**

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

* The average level of value added per direct employee increased from £31,869 in 2010 to £32,438 in 2011; an increase of 1.8 per cent.

* In 2011, the drinks subsector had the highest average level of value added per direct employee of the ten subsectors, with a value of £73,184.

* The poultrymeat subsector had the lowest average level of value added per direct employee of the ten subsectors in 2011, with a value of £24,800.

* In 2011, all 10 of the subsectors had a difference between the maximum and minimum value added per direct employee within a 5:1 ratio.

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

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

Table 16 Total capital employed per direct employee, by subsector, 2011

	Total capital employed (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	31,429	110,400	66,919
Bakeries	2,800	40,375	27,674
Beef and Sheepmeat	10,400	130,661	66,663
Drinks	5,646	193,035	234,394
Eggs	56,457	262,611	114,063
Fish	25,895	135,143	64,678
Fruit and Vegetables	2,773	109,000	44,269
Milk and Milk Products	35,536	197,708	124,574
Pigmeat	19,000	89,000	43,347
Poultrymeat	15,473	84,667	25,760
Total Sector	**2,773**	**262,611**	**62,741**

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

- The food and drinks processing sector estimate showed that the average level of capital employed per direct employee increased between 2010 and 2011 by 3.4 per cent from £60,688 to £62,741.

- In 2011, the drinks subsector had the highest average level of capital employed per direct employee of the ten subsectors, with a value of £234,394.

- The poultrymeat subsector had the lowest average level of capital employed per direct employee of the ten subsectors in 2011, with a value of £25,760.

- The subsector with the widest range in the volume of capital employed per direct employee in 2011 was the fruit and vegetables subsector with a ratio of 39:1.

- 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)
Drinks	Animal By-Products	Bakeries
Eggs	Beef and Sheepmeat	Fruit and Vegetables
Milk and Milk Products	Fish	Pigmeat
		Poultrymeat

Table 17 Average wages and salaries cost per direct employee, by subsector, 2011

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	**Maximum[2]**	**Average[3]**
Animal By-Products	13,600	32,536	26,477
Bakeries	13,583	23,778	21,002
Beef and Sheepmeat	13,600	25,648	22,055
Drinks	17,302	38,337	34,304
Eggs	15,111	20,192	17,587
Fish	13,704	25,140	17,363
Fruit and Vegetables	13,345	21,923	18,429
Milk and Milk Products	16,842	33,107	28,351
Pigmeat	15,750	31,429	17,991
Poultrymeat	13,333	22,989	21,335
Total Sector	**13,333**	**38,337**	**22,301**

1. The wages and salaries cost per employee reflects the employment cost to the employer, not the average wages and salaries received by the employee.
2. The minimum and maximum values refer to the lower and upper limits of the range in values for 80 per cent of the businesses (i.e. the 10 per cent lowest and 10 per cent highest values are excluded).
3. This is the average value for all businesses in each subsector.

* The food and drinks processing sector average direct full-time employee equivalent cost was £22,301 for 2011. This represents an increase of £865 between 2010 and 2011 or 4.0 per cent.

* In 2011, the fish subsector had the lowest average level of wages and salaries per direct employee, with a value of £17,363.

* The drinks subsector had the highest average level of wages and salaries per direct employee in 2011, with a value of £34,304.

* In 2011, all of the 10 subsectors had a difference between the maximum and minimum average wages and salaries cost per direct employee within a 2:1 ratio.

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

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

Table 18 Net profit as a percentage of sales, by subsector, 2011

	Net Profit (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	9	12	13.2
Bakeries	0	9	3.0
Beef and Sheepmeat	0	6	2.3
Drinks	1	7	5.8
Eggs	1	10	6.0
Fish	1	14	8.0
Fruit and Vegetables	0	11	5.2
Milk and Milk Products	0	2	1.6
Pigmeat	0	6	3.3
Poultrymeat	0	6	0.3
Total Sector	**0**	**14**	**2.7**

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 decreased from 3.0 per cent in 2010 to 2.7 per cent in 2011; a decrease of 0.3 percentage points.

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

* In 2011, the highest average level of net profit as a proportion of sales was recorded by the animal by-products subsector (13.2 per cent of sales).

* The poultrymeat subsector had the lowest average level of net profit as a proportion of sales of the ten subsectors in 2011, with a value of 0.3 per cent.

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

High (>5.0 per cent)	Medium (2.0 to 5.0 per cent)	Low (<2.0 per cent)
Animal By-Products	Bakeries	Milk and Milk Products
Drinks	Beef and Sheepmeat	Poultrymeat
Eggs	Pigmeat	
Fish		
Fruit and Vegetables		

Table 19 Value added as a percentage of sales, by subsector, 2011

	Value added (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	24	41	29.2
Bakeries	21	58	31.1
Beef and Sheepmeat	8	38	12.1
Drinks	20	50	24.2
Eggs	9	17	12.3
Fish	14	36	23.4
Fruit and Vegetables	13	41	25.0
Milk and Milk Products	8	33	8.8
Pigmeat	9	23	13.5
Poultrymeat	14	33	18.8
Total Sector	**8**	**58**	**16.0**

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.

* 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 17.0 per cent in 2010 to 16.0 per cent in 2011.

* Between 2010 and 2011, average value added as a percentage of sales declined in six subsectors. These were the animal by-products, bakeries, eggs, fruit and vegetables, milk and milk products and poultrymeat subsectors. The remaining four subsectors increased their average level of value added as a percentage of sales.

* In 2011, the average value added as a percentage of sales was highest in the bakeries (31.1 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 (8.8 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 (>25 per cent)	Medium (20 to 25 per cent)	Low (<15 per cent)
Animal By-Products	Drinks	Beef and Sheepmeat
Bakeries	Fish	Eggs
Fruit and Vegetables	Poultrymeat	Milk and Milk Products
		Pigmeat

Table 20 Wages and salaries as a percentage of sales, by subsector, 2011

	Wages (percentage of sales)		
	Minimum[1]	**Maximum**[1]	**Average**[2]
Animal By-Products	12	25	13.4
Bakeries	15	48	24.8
Beef and Sheepmeat	5	28	8.4
Drinks	10	40	11.3
Eggs	3	8	4.7
Fish	6	21	13.1
Fruit and Vegetables	9	27	15.6
Milk and Milk Products	4	16	6.0
Pigmeat	7	17	8.9
Poultrymeat	9	27	16.2
Total Sector	**3**	**48**	**11.0**

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 wages and salaries bill is one of the main components of cost incurred by any business. In 2011, the average wages bill represented 11.0 per cent of the total value of food and drinks processing sector sales; a reduction of 0.4 percentage points from 2010.

* In 2011, the range in values for average wages and salaries cost as a proportion of sales ranged from 4.7 per cent of sales in the eggs subsector to 24.8 per cent of sales in the bakeries subsector.

* Between 2010 and 2011, there was a decrease in the average value of wages and salaries expressed as a percentage of sales in seven of the subsectors. The only subsectors to record an increase in average wages and salaries as a percentage of sales over this period were the beef and sheepmeat, drinks and pigmeat 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 (10 to 15 per cent)	Low (<10 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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