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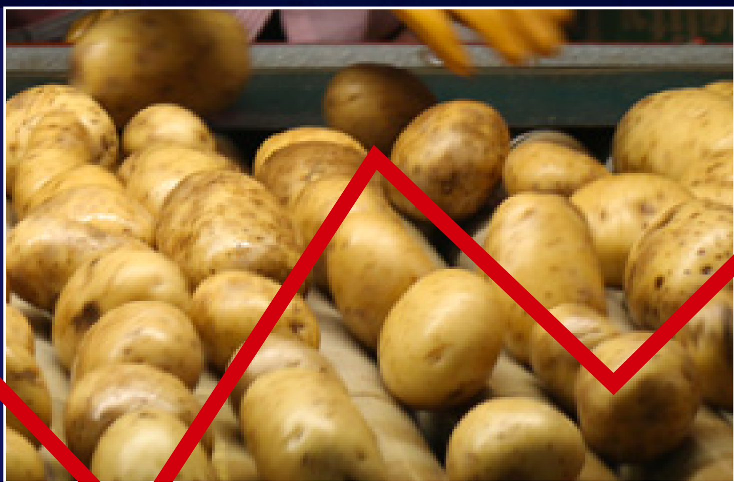
CAP POLICY, ECONOMICS AND STATISTICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2015,

with provisional estimates for 2016



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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 2014 and 2015, as well as provisional estimates of gross turnover and the level of employment in the sector for 2016. The time-lag between 31st December 2016 and firms' submission of their annual accounts to Companies House meant that a full set of 2016 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2016 will be published in July 2018.

The 2015 data include estimates of the value of sales, value added, profitability, exports and employment for each of the ten constituent subsectors of the food and drinks processing sector in Northern Ireland. These statistics are supplemented with fifteen performance indicators for each subsector.

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

A time-series of data to cover the main variables over the period 1989 to 2015 has also been published on the DAERA website, including provisional estimates for sales and level of employment in 2016.

A series running from 2011, on the number of agency workers employed within the sector is included in the time-series data. Tables 3 and 8 in this report 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 the Economics and Labour Market Statistics Branch of the Department of Finance, Invest Northern Ireland and Companies House. The production of this report would not have been possible without their assistance.

Comments on the report are always welcome and should be forwarded to the authors at the contact details given below. As with all DAERA statistical publications this report is available on the DAERA website, at *www.daera-ni.gov.uk* and via the DAERA statistics Twitter account: @DAERAstats.

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July 2017

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PROVISIONAL ESTIMATES 2016

Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have marginally decreased in 2016 to £4,423 million; a decrease of £1.4 million.

2. Between 2015 and 2016, five of the subsectors in the food and drinks processing sector experienced a decrease in their gross turnover and five experienced an increase. The largest decreases are estimated to have occurred in the beef and sheepmeat (-£29.6m) and pigmeat (-£12.2m) subsectors. These decreases were largely offset by increases in the drinks (+£16.6m), bakeries (+£13.9m) and fruit and vegetables (+£11m) subsectors.

3. The food and drinks processing sector is estimated to have recorded a 2.3 per cent increase in the total number of direct full-time employee equivalents employed from 21,524 in 2015 to 22,017 in 2016. In addition, an estimated 2,741 full-time employee equivalents were sourced from Employment Agencies in 2016, up from the revised figure of 2,286 for 2015.

FINAL ESTIMATES 2015

Gross turnover, 2014 and 2015

4. The gross turnover in the Northern Ireland food and drinks processing sector decreased from £4,567 million in 2014 to £4,424 million in 2015; a decrease of 3.1 per cent.

5. Between 2014 and 2015, the milk and milk products (-£105.6m), drinks (-£39.1m) and pigmeat (-£25.5m) subsectors made the largest contribution to the decrease in total gross turnover.

6. Six of the ten subsectors recorded a decrease in their levels of gross turnover between 2014 and 2015.

7. The largest subsectors continue to be the beef and sheepmeat, and milk and milk products. Collectively, their proportion of total gross turnover was 49 per cent in both 2014 and 2015.

Value added, 2014 and 2015

8. The value added generated by the food and drinks processing sector between 2014 and 2015, increased by 9.9 per cent from £710.3 million to £780.4 million.

9. Between 2014 and 2015, three of the four components of value added increased, with increases in wages and salaries (+£37.1m), net profit (+£25.6m) and depreciation (+£7.6m). Interest paid recorded a modest decrease (-£0.1m).

10. In 2015, the largest contributions to value added were from the poultrymeat (£157.2m), beef and sheepmeat (£150.9m), and drinks (£107.4m) subsectors. These three subsectors combined accounted for 53.2 per cent of total value added.

11. In 2015, it is estimated that there were £176 of value added for every £1,000 of sales, an increase from the estimated £156 for every £1,000 sales in 2014.

Direct Employment, 2014 and 2015

12. Between 2014 and 2015, the estimated level of direct full-time employee equivalents (FTE) in the food and drinks processing sector increased by 5.1 per cent, from 20,486 in 2014 to 21,524 in 2015.

13. Seven of the ten subsectors recorded an increase in employment between 2014 and 2015. The largest increases were recorded in the poultrymeat (+539 FTEs), beef and sheepmeat (+199 FTEs), and milk and milk products (+131 FTEs) subsectors. The largest decrease was recorded in the drinks (-43 FTEs) subsector.

14. The poultrymeat, beef and sheepmeat, and bakeries subsectors were the three largest employers and accounted for 62 per cent of the total direct employment in the food and drinks processing sector in 2015.

Agency Employment, 2014 and 2015

15. In 2015, it is estimated that the food and drinks processing sector sourced a further 2,286 full-time employee equivalents from Employment Agencies, in addition to the direct full-time employees. This was a 4.9 per cent decrease on 2,403 full-time employee equivalents sourced in 2014.

Distribution of sales, 2014 and 2015

16. The largest outlet for the Northern Ireland food and drinks processing sector continues to be Great Britain. Sales to this market increased by £75 million from £2,023 million in 2014 to £2,098 million in 2015. The proportion of total sales to Great Britain has increased from 44.3 percent in 2014 to 47.4 per cent in 2015.

17. The proportion of external sales (sales to all markets outside of Northern Ireland) between 2014 and 2015 increased from 72.8 per cent to 74.0 per cent of total sales. The value of these sales decreased from £3,323 million to £3,276 million in 2015.

18. Between 2014 and 2015, the level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales declined from 28.5 per cent to 26.6 per cent. The value of these export sales fell from £1,300 million in 2014 to £1,177 million in 2015.The value of export sales was higher than that of the domestic Northern Ireland market in both 2014 and 2015.

19. The Republic of Ireland, which continues to be the largest export market, recorded an 11.3 per cent decrease in sales from £704.3 million in 2014 to £624.8 million in 2015. The market share of total sales decreased from 15.4 per cent in 2014 to 14.1 per cent in 2015.

Profitability, 2014 and 2015

20. The estimated level of net profit recorded for the sector between 2014 and 2015 increased by 17.7 per cent from £144.5 million to £170.1 million. Net profit as a proportion of total sales increased from 3.2 per cent in 2014 to 3.8 per cent in 2015.

21. In both 2014 and 2015 all subsectors generated a net profit.

22. Five of the ten subsectors recorded an increase in net profit between 2014 and 2015. The largest increases were recorded in the beef and sheepmeat (+£13.7m) and eggs (+£13.1m) subsectors. The largest decrease was recorded in the poultry (-£5.2m) subsector.

Return on capital employed, 2014 and 2015

23. Between 2014 and 2015, total capital employed in the Northern Ireland food and drinks processing sector increased by 17.9 per cent from £1,527 million in 2014 to £1,800 million in 2015. The rate of return on capital employed decreased over the same time period from 10.4 per cent to 10.2 per cent.

24. In 2015, the drinks subsector had the highest level of capital employed per full-time employee equivalent at £368,992. The bakeries subsector had the lowest amount per full-time employee equivalent at £24,812.

Contribution of the 10 largest food and drinks processing businesses

25. In 2015, 49 per cent of total gross turnover, 47 per cent of total value added and 45 per cent of total direct employment was accounted for by the ten largest companies within each variable.

Contribution of the food and drinks processing sector[1] to the Northern Ireland economy, 2015

26. In 2015, the food and drinks processing sector is estimated to have contributed approximately 2.3 per cent of Northern Ireland's total gross value added, this is up 0.2 percentage points from 2014.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing industry, 2015

27. The contribution of the food and drinks processing sector (as defined in this publication) towards the sales of the Northern Ireland manufacturing[2] industry decreased by one percentage point between 2014 and 2015 to 25 per cent.

28. The proportion contributed by the sector towards the external sales remained the same at 23 per cent while the proportion contributed towards export sales declined by 2 percentage points to 21 percent. The proportion of total employment within the manufacturing[2] industry increased by 1 percentage point to 26 per cent and the proportion of total value added in the manufacturing industry[2] increased by 2 percentage points to 18 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 DOF publications "Northern Ireland Broad Economy Sales & Exports Statistics 2015" published on 11th May 2017.

I. INTRODUCTION

This publication contains estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2015, as well as providing revised comparative data for 2014. Also included are provisional estimates of gross turnover and the level of employment in the sector in 2016. The time-lag between 31st December 2016 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, 2016 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2016 will be published in July 2018.

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

The main measurements of size used in the analyses are gross turnover, value added and employment. External and export sales demonstrate the dependence of the sector on markets outside of Northern Ireland. Performance is expressed in 15 different ways and includes parameters such as net profits as a percentage of annual turnover and the rate of return on capital employed. These measures of size and indicators of performance are presented for each of the ten food and drinks subsectors and for the whole processing sector.

A number of different definitions are available to describe what food and drinks processing encompasses. The definition used for this compilation of statistics includes only those businesses that are involved in processing activities that change the nature of a raw material destined for human consumption. Thus, under this definition, businesses involved in animal feedstuff manufacture, pet food production, rendering, hide and skin processing and tobacco are not considered to be part of the food and drinks processing sector. This differs from the standard industrial classification (SIC) definition, which is used to compile Government’s statistics on the manufacturing industry. It is considered that the definition adopted for this report provides a more useful and practical description of the food and drinks processing sector. Definitions for each of the ten subsectors are given in Annex B.

Throughout this report, the ‘total sector’ estimates refer to the total of the ten food and drinks processing subsectors. This results in a total sector gross turnover of £4,424 million in 2015. 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 £4,047 million in 2015. 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 292 businesses with a turnover greater than £250,000 has been used in the 2015 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 2014 data as published in the previous report. The differences between the previously published and revised data for 2014 are as follows:

	2014 Original Estimate	**2014 Revised Estimate**
Total Gross Turnover (£m)	4,544	4,567
Total Value Added (£m)	721	710
Total Exports (£m)	1,289	1,300
Direct Employment (full-time equivalents)	20,758	20,486

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector for 2015, 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:

	2015 Provisional Estimate	**2015 Revised Estimate**
Total Gross Turnover (£m)	4,596	4,424
Direct Employment (full-time equivalents)	21,048	21,524

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 2015 (2016 where available) will be published on the DAERA website at: Size and performance of the NI food and drinks processing sector

Quality reporting

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

II. PROVISIONAL ESTIMATES OF THE GROSS TURNOVER AND EMPLOYMENT OF THE FOOD AND DRINKS PROCESSING SECTOR IN 2016.

Table 1 Gross turnover and full-time employee equivalents in 2015 with provisional estimates for 2016

	2015	2016[1]	Percentage change 15/16
Gross turnover (£ million)	4,424	4,423	-0.0
Direct Employees[2] (full-time equivalents)	21,524	22,017	+2.3

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2018. Time-series data on gross turnover and employment, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA
2. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2015 and 2016, please see tables 3 and 8 for this data.

* The gross turnover of the food and drinks processing sector is estimated to have decreased from £4,424 million in 2015 to £4,423 million in 2016; a decrease of 0.03 per cent.

* When this is expressed in real terms (using the GDP deflator), the decrease in gross turnover is 0.7 per cent between 2015 and 2016.

* The number of direct full-time employee equivalents in the food and drinks processing sector is estimated to have increased by 2.3 per cent from 21,524 full-time employee equivalents in 2015 to 22,017 full-time employee equivalents in 2016.

Table 2 Gross turnover, by subsector in 2015 with provisional estimates for 2016

	Gross turnover (£ million)		Percentage change
	2015	2016[1]	15/16
Animal By-Products	56.7	60.6	6.9
Bakeries	284.9	298.9	4.9
Beef and Sheepmeat	1,255.6	1,226.0	-2.4
Drinks	377.0	393.6	4.4
Eggs	151.8	152.2	0.2
Fish	77.0	76.8	-0.3
Fruit and Vegetables	313.5	324.5	3.5
Milk and Milk Products	904.6	903.8	-0.1
Pigmeat	302.1	289.9	-4.0
Poultrymeat	700.9	696.4	-0.6
Total Sector	**4,424.1**	**4,422.7**	**-0.0**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2018. Time-series data on gross turnover, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

* The gross turnover of the food and drinks processing sector in Northern Ireland is estimated to have decreased by 0.03 per cent between 2015 and 2016.

* Five out of the ten subsectors in the food and drinks processing sector experienced a decrease in their gross turnover between 2015 and 2016. The largest decreases are estimated to have occurred in the beef and sheepmeat (-£29.6m) and pigmeat (-£12.2m) subsectors.

* The pigmeat (-4 per cent) subsector experienced the highest rate of decline in gross turnover in this period.

* The largest increases in gross turnover were in the drinks (+£16.6m), bakeries (+£13.9m) and fruit and vegetables (+£11m) subsectors. The animal by-products (+6.9 per cent) subsector experienced the highest rate of growth in this period.

* In 2016, the largest subsectors continued to be beef and sheepmeat (27.7 per cent of total sales), milk and milk products (20.4 per cent of total sales) and poultrymeat (15.7 per cent of total sales). Together, they accounted for 63.8 per cent of the total gross turnover of the Northern Ireland food and drinks processing sector in 2016.

* The smallest subsector in 2016 within the Northern Ireland food and drinks processing sector continues to be animal by-products (1.4 per cent).

* The food and drinks processing sector[3] is estimated to have accounted for 25 per cent of Northern Ireland's total manufacturing sales[4] in 2015.

[3] These calculations include an estimate of the sales, external sales, export sales, value added and employment of food and drinks processing businesses with turnovers less than £250,000.
[4] Manufacturing sector data from the DOF publication "Northern Ireland Broad Economy Sales & Exports Statistics 2015" published on 11th May 2017.

Table 3 Direct full-time employee equivalents, by subsector, and of total agency workers 2015 with provisional estimates for 2016

	Employees[1] (full-time equivalents)		Percentage change
	2015	2016[2]	15/16
Animal By-Products	116	117	0.9
Bakeries	3,548	3,625	2.2
Beef and Sheepmeat	4,748	4,689	-1.2
Drinks	1,319	1,343	1.8
Eggs	359	367	2.2
Fish	550	555	0.9
Fruit and Vegetables	2,434	2,558	5.1
Milk and Milk Products	1,987	2,076	4.5
Pigmeat	1,415	1,473	4.1
Poultrymeat	5,049	5,216	3.3
Total Direct Employees	**21,524**	**22,017**	**2.3**
Agency Employment	**2,286**	**2,741**	**+19.9**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2015 and 2016. They are not included in regional manufacturing employment figures as they are recorded as employment in the services sector.
2. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2018. Time-series data on employment, 1989 to 2016 inclusive, are available on the DAERA website at: DAERA

* The food and drinks processing sector is estimated to have recorded an increase in the volume of direct employment in the sector, from 21,524 full-time employee equivalents in 2015 to 22,017 full-time employee equivalents in 2016; a rise of 493 full-time employee equivalents.

* Nine out of the ten subsectors in the food and drinks processing sector in 2016 recorded an increase in the level of direct full-time employee equivalents. The largest increases were observed in the poultrymeat (+167 employees) and fruit and vegetables (+124 employees) subsectors.

* The beef and sheepmeat (-59 employees) subsector recorded a decline in direct full-time employee equivalents.

* The fruit and vegetables (+5.1 per cent) subsector experienced the highest rate of direct employee growth.

* The beef and sheepmeat, poultrymeat, and bakeries subsectors accounted for 61.5 per cent of all direct employees in 2016 in the food and drinks processing sector.

* In addition to direct full-time employees, it is estimated that the food and drinks processing sector in 2016 sourced a further 2,741 full-time employee equivalents from Employment Agencies, a 19.9 per cent increase from the revised 2015 figure of 2,286 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 2014 AND 2015.

Table 4 Gross turnover, by subsector, 2014 and 2015

	Gross turnover (£ million)		Percentage change
	2014	**2015**	**14/15**
Animal By-Products	51.2	56.7	10.9
Bakeries	286.1	284.9	-0.4
Beef and Sheepmeat	1,244.2	1,255.6	0.9
Drinks	416.1	377.0	-9.4
Eggs	139.4	151.8	8.9
Fish	77.1	77.0	-0.2
Fruit and Vegetables	308.6	313.5	1.6
Milk and Milk Products	1,010.2	904.6	-10.5
Pigmeat	327.6	302.1	-7.8
Poultrymeat	706.0	700.9	-0.7
Total Sector	**4,566.5**	**4,424.1**	**-3.1**

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

* The gross turnover of the food and drinks processing sector decreased from £4,567 million in 2014 to £4,424 million in 2015; a fall of £142.3 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), the gross turnover of the sector decreased by 4.5 per cent between 2014 and 2015.

* Six of the ten subsectors recorded a decrease in their levels of gross turnover between 2014 and 2015. The subsectors which experienced the largest decrease in total gross turnover between 2014 and 2015 were milk and milk products (-£105.6m), drinks (-£39.1m) and pigmeat (-£25.5m).

* Eggs (+£12.4m) and beef and sheepmeat (+£11.4m) recorded the largest increases in the level of gross turnover between 2014 and 2015.

* Beef and sheepmeat, and milk and milk products continue to be the largest subsectors in terms of gross turnover; accounting for 49 per cent of the total gross turnover of the food and drinks processing sector in both 2014 and 2015.

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2014[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0-49.99</th><th>50 and over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="3">5</td><td>0</td><td>5</td></tr>
<tr><td>Bakeries</td><td>30</td><td>34</td><td>8</td><td>0</td><td>72</td></tr>
<tr><td>Beef and Sheepmeat</td><td>9</td><td>13</td><td>8</td><td>7</td><td>37</td></tr>
<tr><td>Drinks</td><td>8</td><td>7</td><td colspan="2">6</td><td>21</td></tr>
<tr><td>Eggs</td><td>12</td><td colspan="3">6</td><td>18</td></tr>
<tr><td>Fish</td><td>6</td><td colspan="2">19</td><td>0</td><td>25</td></tr>
<tr><td>Fruit and Vegetables</td><td>19</td><td>33</td><td>9</td><td>0</td><td>61</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">8</td><td colspan="2">9</td><td>17</td></tr>
<tr><td>Pigmeat</td><td colspan="4">20</td><td>20</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">6</td><td colspan="2">6</td><td>12</td></tr>
<tr><td>Total</td><td>93</td><td>130</td><td>43</td><td>22</td><td>288</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, 2015[1]

<table>
<tr><th></th><th colspan="4">Turnover (£ million)</th><th></th></tr>
<tr><th></th><th>0.25 - 0.99</th><th>1.0 - 9.99</th><th>10.0 - 49.99</th><th>50 and over</th><th>Total</th></tr>
<tr><td>Animal By-Products</td><td colspan="3">5</td><td>0</td><td>5</td></tr>
<tr><td>Bakeries</td><td>31</td><td>36</td><td>8</td><td>0</td><td>75</td></tr>
<tr><td>Beef and Sheepmeat</td><td>8</td><td>14</td><td>8</td><td>7</td><td>37</td></tr>
<tr><td>Drinks</td><td>8</td><td>7</td><td colspan="2">6</td><td>21</td></tr>
<tr><td>Eggs</td><td>10</td><td colspan="3">8</td><td>18</td></tr>
<tr><td>Fish</td><td>6</td><td colspan="2">19</td><td>0</td><td>25</td></tr>
<tr><td>Fruit and Vegetables</td><td>22</td><td>31</td><td>10</td><td>0</td><td>63</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">8</td><td colspan="2">9</td><td>17</td></tr>
<tr><td>Pigmeat</td><td colspan="4">20</td><td>20</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">6</td><td colspan="2">5</td><td>11</td></tr>
<tr><td>Total</td><td>95</td><td>133</td><td>44</td><td>20</td><td>292</td></tr>
</table>

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

* The food and drinks processing sector had 292 businesses in 2015 with a turnover of more than £250,000; four more than in 2014.

* There were 64 businesses in the food and drinks processing sector in 2015 with an annual turnover of more than £10 million; one less than in 2014.

* In 2015, there were 20 business with an annual turnover in excess of £50 million in the food and drinks processing sector; two less than in 2014. These 20 businesses accounted for 65 per cent of total turnover, 52 per cent of total value added and 51 per cent of total employment in the sector.

Table 6 Value added, by subsector, 2014 and 2015

	Value Added (£ million)		Percentage change
	2014	2015	14/15
Animal By-Products	10.9	9.9	-9.1
Bakeries	94.9	101.8	7.3
Beef and Sheepmeat	134.2	150.9	12.4
Drinks	110.9	107.4	-3.2
Eggs	19.7	35.1	78.2
Fish	14.6	15.5	6.1
Fruit and Vegetables	71.8	74.1	3.1
Milk and Milk Products	69.8	83.9	20.2
Pigmeat	39.7	44.6	12.5
Poultrymeat	143.8	157.2	9.3
Total Sector	**710.3**	**780.4**	**9.9**

Time-series data on value added, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

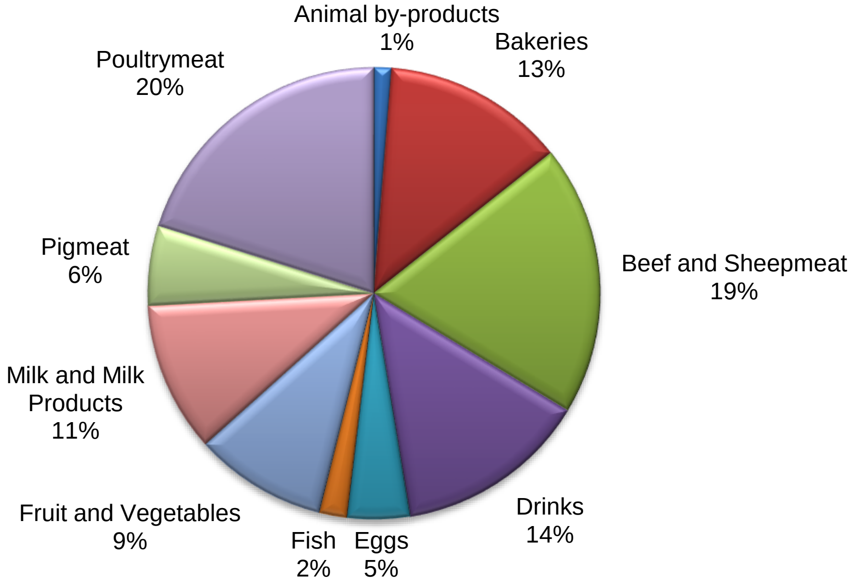
- Value added is a key indicator of the contribution made by a subsector or sector to the economy. The value added generated by the food and drinks processing sector[5] in 2015 was approximately 2.3 per cent of the Northern Ireland total, this is an increase of 0.2 percentage points from 2014.

- In 2015, the value added generated by the food and drinks processing sector was estimated to be £780 million; an increase of 9.9 per cent from the revised figure of £710m in 2014.

- The total value added generated by the poultrymeat (£157.2m), beef and sheepmeat (£150.9m), and drinks (£107.4m) subsectors accounted for 53.2 per cent of the sector in 2015, a decrease from 54.8 per cent in 2014.

- Value added accounted for 17.6 per cent of the total gross turnover of the food and drinks processing sector in 2015; an increase from 15.6 per cent in 2014.

Percentage of Value added by subsector 2015



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

Table 7a Components of value added for each subsector, 2014

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.1	0.5	7.1	0.2	10.9
Bakeries	72.0	6.4	15.1	1.4	94.9
Beef and Sheepmeat	100.1	11.8	18.4	3.9	134.2
Drinks	48.0	20.8	38.9	3.2	110.9
Eggs	5.9	2.6	11.0	0.2	19.7
Fish	9.9	1.9	2.4	0.4	14.6
Fruit and Vegetables	45.6	9.4	15.3	1.5	71.8
Milk and Milk Products	54.0	12.4	2.9	0.5	69.8
Pigmeat	26.2	2.6	10.7	0.1	39.7
Poultrymeat	106.3	12.3	22.6	2.5	143.8
Total Sector	**471.2**	**80.7**	**144.5**	**13.8**	**710.3**

Table 7b Components of value added for each subsector, 2015

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.3	0.5	5.8	0.2	9.9
Bakeries	80.4	7.2	12.7	1.5	101.8
Beef and Sheepmeat	103.2	12.1	32.1	3.5	150.9
Drinks	48.6	20.9	35.2	2.7	107.4
Eggs	7.3	3.4	24.1	0.2	35.1
Fish	10.1	1.7	3.4	0.3	15.5
Fruit and Vegetables	49.4	9.7	13.5	1.5	74.1
Milk and Milk Products	58.4	14.7	10.7	0.1	83.9
Pigmeat	27.6	1.8	15.1	0.1	44.6
Poultrymeat	119.9	16.4	17.4	3.5	157.2
Total Sector	**508.3**	**88.3**	**170.1**	**13.7**	**780.4**

Time-series data on the components of value added, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

* Between 2014 and 2015, three of the four components of value added increased, with the largest increases occurring in wages and salaries (+£37.1m) and net profit (+£25.6m). Depreciation (+£7.6m) also increased while the remaining component interest paid (-£0.1m) experienced a modest decrease.

* The largest contributions toward value added in the sector in 2015 were from wages and salaries (65.1 per cent) and net profit (21.8 per cent). Between 2014 and 2015, net profit increased its contribution from 20.3 per cent to 21.8 per cent.

* Five of the ten subsectors recorded an increase in net profit between 2014 and 2015, the largest of which was beef and sheepmeat (+£13.7m). The poultrymeat subsector (-£5.2m) recorded the largest decrease. The drinks subsector (£35.2m) and the beef and sheepmeat subsector (£32.1m) recorded the highest levels of net profit in 2015.

Table 8 Direct full-time employee equivalents, by subsector, and total agency workers in 2014 and 2015.

	Employees[1] (full-time equivalents) 2014	2015	Percentage Change 14/15
Animal By-Products	116	116	0
Bakeries	3,466	3,548	2.4
Beef and Sheepmeat	4,549	4,748	4.4
Drinks	1,362	1,319	-3.1
Eggs	311	359	15.3
Fish	553	550	-0.5
Fruit and Vegetables	2,400	2,434	1.4
Milk and Milk Products	1,856	1,987	7.1
Pigmeat	1,366	1,415	3.6
Poultrymeat	4,510	5,049	12.0
Total direct Employees	**20,486**	**21,524**	**5.1**
Agency Employment	**2,403**	**2,286**	**-4.9**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2014 and 2015. 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 2016 inclusive, are available on the DAERA website at: DAERA

- In 2015, direct employment in the food and drinks processing sector increased to 21,524 full-time employee equivalents from 20,486 full-time equivalents in 2014; a increase of 1,038 full-time employee equivalents.

- Seven of the ten subsectors recorded an increase in the number of direct full-time employee equivalents between 2014 and 2015. The three largest increases were recorded in the poultrymeat (+539 employees), beef and sheepmeat (+199 employees) and milk and milk products (+131 employees) subsectors.

- Reductions in the number of direct full-time employees were recorded in the drinks (-43 employees) and fish (-3 employees) subsectors. There was no change in the animal by-products subsector.

- The poultrymeat (5,049 employees), beef and sheepmeat (4,748 employees), and bakeries (3,548 employees) subsectors accounted for 62 per cent of the total direct employment in the food and drinks processing sector in 2015.

- The food and drinks processing sector[6] in 2015 accounted for 26 per cent of Northern Ireland's total manufacturing employment[7]; an increase of 1 percentage point from 2014.

- In 2015, it is estimated that in addition to direct employees, the sector sourced a further 2,286 full-time employee equivalents from Employment Agencies. This is an decrease of 4.9 per cent from 2014 levels. It would not be appropriate to include these in any manufacturing industry analysis (see note 1 for Table 8).

[6] This calculation includes an estimate of the number of employees within food and drinks processing businesses with turnovers less than £250,000.
[7] Manufacturing sector data from the DOF publication "Northern Ireland Annual Business Inquiry - 2015 Reporting Unit Results" published on 2nd December 2016.

Table 9 Total sales by country of destination, 2014 and 2015

	Sales (£ million and percent of total sales)			
	2014	**Percentage of total sales**	**2015**	**Percentage of total sales**
Northern Ireland	1,243.0	27.2	1,147.3	25.9
Great Britain	2,023.4	44.3	2,098.4	47.4
Republic of Ireland	704.3	15.4	624.8	14.1
Other EU	456.9	10.0	415.5	9.4
Rest of World	138.8	3.0	136.9	3.1
Intervention	0.0	0.0	1.2	0.0
Total Sales	**4,566.5**	**100.0**	**4,424.1**	**100.0**
External Sales	3,323.4	72.8	3,275.5	74.0
Export Sales	1,300.1	28.5	1,177.1	26.6

Time-series data on total sales by country of destination, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

* Between 2014 and 2015, sales in the food and drinks processing sector to destinations outside of Northern Ireland decreased from £3,323 million to £3,276 million. The proportion of total sales to markets external to Northern Ireland increased from 72.8 per cent of the sector's total sales in 2014 to 74.0 per cent in 2015.

* The largest outlet for the Northern Ireland food and drinks processing sector continues to be Great Britain. From 2014 to 2015, sales to this market increased by 3.7 per cent from £2,023 million to £2,098 million. The proportion of total sales to Great Britain increased by 3.1 percentage points from 44.3 per cent in 2014 to 47.4 per cent in 2015.

* Export sales, i.e. sales to markets outside of the United Kingdom, decreased by 9.5 per cent from £1,300 million in 2014 to £1,177 million in 2015. The value of export sales was higher than that of the domestic Northern Ireland market in both 2014 and 2015. The proportion of total sales in the food and drinks processing sector to export markets declined from 28.5 per cent in 2014 to 26.6 per cent in 2015.

* The largest export market continues to be the Republic of Ireland, which recorded a 11.3 per cent decrease in sales from £704 million in 2014 to £625 million in 2015. The Republic of Ireland market accounted for 14.1 per cent of the total sales in the food and drinks processing sector in 2015, a decrease from 15.4 per cent in 2014.

* In 2015, the contribution that the food and drinks processing sector[8] (as defined in this publication) made to total manufacturing external sales[9] remained unchanged from 2014; at 23%.

* The sector accounted for 21 per cent of Northern Ireland's total manufacturing export sales[9] in 2015; a decrease of 2 percentage points from 2014.

[8] These calculations include an estimate of the sales, external sales and export sales of food and drinks processing businesses with turnovers less than £250,000.
[9] Manufacturing sector data from the DOF publication Northern Ireland Broad Economy Sales & Exports Statistics 2015" published on 11th May 2017.

Table 10a Destinations and values of subsector sales, 2014

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	*	*	*	*	*	0	**51.2**	*	*
Bakeries	156.7	54.2	72.6	0.5	2.1	0	**286.1**	129.3	75.2
Beef/Sheepmeat	223.2	779.4	99.4	122.7	19.5	0	**1,244.2**	1,021.0	241.6
Drinks	188.8	48.4	146.1	13.3	19.6	0	**416.1**	227.3	179.0
Eggs	45.4	81.3	*	*	0.0	0	**139.4**	94.0	12.7
Fish	13.0	34.1	6.5	21.2	2.3	0	**77.1**	64.1	30.0
Fruit/Vegetables	107.6	138.9	59.8	1.6	0.7	0	**308.6**	201.1	62.1
Milk/Milk Products	302.6	245.4	140.8	258.7	62.7	0	**1,010.2**	707.6	462.2
Pigmeat	138.5	105.4	69.0	*	*	0	**327.6**	189.1	83.6
Poultrymeat	*	*	94.0	*	*	0	**706.0**	*	*
Total	**1,243.0**	**2,023.4**	**704.3**	**456.9**	**138.8**	**0**	**4,566.5**	**3,323.4**	**1,300.1**

Table 10b Destinations and values of subsector sales, 2015

(£ million)

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
Animal By-Products	*	*	*	*	*	0	**56.7**	*	*
Bakeries	155.9	53.2	73.1	0.4	2.4	0	**284.9**	129.1	75.8
Beef/Sheepmeat	206.9	813.3	83.8	126.9	24.6	0	**1,255.6**	1,048.7	235.4
Drinks	170.4	41.8	135.2	11.4	18.3	0	**377.0**	206.6	164.8
Eggs	46.3	91.0	*	*	0.0	0	**151.8**	105.5	14.5
Fish	12.8	33.9	6.1	21.9	2.3	0	**77.0**	64.2	30.3
Fruit/Vegetables	108.1	153.3	50.3	1.0	0.8	0	**313.5**	205.4	52.1
Milk/Milk Products	259.9	262.9	102.9	220.7	56.9	1.2	**904.6**	643.5	380.5
Pigmeat	121.4	101.5	65.4	*	*	0	**302.1**	180.7	79.2
Poultrymeat	*	*	89.7	*	*	0	**700.9**	*	*
Total	**1,147.3**	**2,098.4**	**624.8**	**415.5**	**136.9**	**1.2**	**4,424.1**	**3,275.5**	**1,177.1**

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

- In both 2014 and 2015, the Great Britain market continued to be the largest market for the sector as a whole. In 2014, Great Britain was the largest market for five out of the ten subsectors, this increased in 2015 to six of the subsectors with the milk and milk products subsector changing its largest market from Northern Ireland to Great Britain.

- In 2015, the subsectors most reliant on markets outside of Northern Ireland, i.e. external markets, were the animal by-products, poultrymeat, beef and sheepmeat and fish subsectors. The bakeries subsector had the least reliance on external markets.

- The subsectors in 2015 most reliant on markets outside of the United Kingdom, i.e. export markets, were the animal by-products, milk and milk products, and drinks subsectors. The least reliant were the eggs and poultrymeat.

- The Republic of Ireland remains the largest export market for the food and drinks processing sector and accounted for 53.1 per cent of exports. The market represents 35.9 per cent of the total sales in the drinks subsector and 25.6 per cent in the bakeries subsector.

Table 11 Capital employed, by subsector, 2014 and 2015

	Capital employed (£ million)	
	2014	**2015**
Animal By-Products	10.9	11.4
Bakeries	84.0	88.0
Beef and Sheepmeat	281.8	316.1
Drinks	302.6	486.7
Eggs	48.3	66.0
Fish	30.8	69.2
Fruit and Vegetables	124.2	125.3
Milk and Milk Products	311.1	259.8
Pigmeat	78.5	78.8
Poultrymeat	254.9	298.9
Total Sector	**1,527.1**	**1,800.2**

Time-series data on total capital employed, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

* The amount of capital employed in the food and drinks processing sector increased by £273 million between 2014 and 2015, from £1,527 million to £1,800 million.

* In 2015, the largest volumes of capital employed were recorded in the drinks (£486.7m), beef and sheepmeat (£316.1m) subsectors and poultrymeat (£298.9m). Poultrymeat replaced milk and milk products as one of the largest subsectors in 2015. Together, the three largest subsectors accounted for 58.6 per cent in 2014 and 61.2 per cent in 2015 of the total capital employed.

* From 2014 to 2015, an increase in the total capital employed was recorded in nine of the ten subsectors. The drinks (+£184.1m) and poultrymeat (+£43.9m) subsectors recorded the largest increases.

* Milk and milk products, the largest subsector in 2014, experienced a decrease in total capital employed by £51.3 million between 2014 and 2015.

* In 2015, the average rate of return on capital employed in the food and drinks processing sector was 10.2 per cent, a decrease from 10.4 per cent in 2014.

* The drinks subsector continued to have the largest amount of capital employed per direct full-time employee equivalent with £368,992 in 2015, whilst bakeries had the lowest in 2015 at £24,812.

* In 2015, the animal by-products subsector had the lowest level of capital employed per £1,000 of sales, whilst the drinks subsector was again the highest.

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

	2014	2015
The 10 largest businesses for gross turnover as a percentage of total gross turnover of the food and drinks processing sector	49	49
The 10 largest businesses for value added as a percentage of total value added of the food and drinks processing sector	47	47
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	44	45

* In 2015, 49 per cent of total gross turnover, 47 per cent of total value added and 45 per cent of total direct employment was accounted for by the ten largest companies within each variable.

* Between 2014 and 2015, the contribution of the ten largest businesses to total gross turnover and total value added remained the same. The contribution to total direct employment increased by one percentage point.

* Four of the ten largest gross turnover food and drinks processing companies were under local ownership in 2015.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2014 AND 2015.

Table 13a Average performance indicators for the 10 food and drinks processing subsectors, 2014

	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 (£)	443,108	82,554	273,530	305,621	448,341	139,622	128,592	544,426	239,886	156,539	222,912
Value added per employee (£)	94,139	27,376	29,508	81,483	63,270	26,478	29,915	37,636	29,055	31,879	34,673
Total capital per employee (£)	93,974	24,229	61,949	222,275	155,453	55,718	51,738	167,678	57,492	56,529	74,546
Average wage cost per employee (£)	27,160	20,772	22,018	35,278	19,093	17,875	18,988	29,099	19,200	23,578	23,003
Gross profit as percentage of sales (per cent)	21.09	30.98	7.85	30.39	15.40	16.05	20.91	11.91	9.45	12.23	14.44
Net profit as percentage of sales (per cent)	13.79	5.29	1.48	9.35	7.88	3.13	4.96	0.29	3.28	3.21	3.16
Value added as percentage of sales (per cent)	21.25	33.16	10.79	26.66	14.11	18.96	23.26	6.91	12.11	20.37	15.55
Wages and salaries as percentage of sales (per cent)	6.13	25.16	8.05	11.54	4.26	12.80	14.77	5.34	8.00	15.06	10.32
Interest costs as percentage of sales (per cent)	0.29	0.48	0.31	0.76	0.11	0.52	0.50	0.05	0.04	0.36	0.30
Sales per £1,000 wages (£)	16,315	3,974	12,423	8,663	23,482	7,811	6,772	18,710	12,494	6,639	9,690
Value added per £1,000 wages(£)	3,466	1,318	1,340	2,310	3,314	1,481	1,575	1,293	1,513	1,352	1,507
Interest costs as percentage of gross profit (per cent)	1.39	1.54	3.94	2.51	0.73	3.24	2.39	0.45	0.38	2.93	2.10
Interest costs as percentage of net profit (per cent)	2.13	9.03	20.92	8.15	1.42	16.60	10.07	18.43	1.09	11.19	9.57
Rate of return on capital employed (percent)	66.40	19.64	7.90	13.91	23.05	9.15	13.57	1.11	13.82	9.87	10.37
Capital employed per £1,000 of sales (£)	212	293	226	727	347	399	402	308	240	361	334

Time-series data on rate of return on capital employed, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

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

	Animal By-Products	Bakeries	Beef and Sheep-meat	Drinks	Eggs	Fish	Fruit and Veg.	Milk and Milk Products	Pig-meat	Poultry -meat	Average
Sales per employee (£)	489,207	80,311	264,469	285,823	423,439	140,007	128,813	455,238	213,568	138,813	205,548
Value added per employee (£)	85,198	28,698	31,785	81,453	97,796	28,216	30,423	42,236	31,553	31,138	36,260
Total capital per employee (£)	98,345	24,812	66,579	368,992	184,061	125,784	51,472	130,747	55,735	59,190	83,637
Average wage cost per employee (£)	28,828	22,653	21,743	36,842	20,497	18,344	20,304	29,397	19,525	23,750	23,618
Gross profit as percentage of sales (per cent)	16.83	31.13	8.67	26.90	16.83	17.65	24.99	10.44	12.85	11.71	14.50
Net profit as percentage of sales (per cent)	10.22	4.45	2.55	9.35	15.88	4.48	4.30	1.19	4.99	2.49	3.84
Value added as percentage of sales (per cent)	17.42	35.73	12.02	28.50	23.10	20.15	23.62	9.28	14.77	22.43	17.64
Wages and salaries as percentage of sales (percent)	5.89	28.21	8.22	12.89	4.84	13.10	15.76	6.46	9.14	17.11	11.49
Interest costs as percentage of sales (per cent)	0.39	0.54	0.28	0.73	0.14	0.41	0.47	0.01	0.04	0.50	0.31
Sales per £1,000 wages (£)	16,970	3,545	12,163	7,758	20,659	7,632	6,344	15,486	10,938	5,845	8,703
Value added per £1,000 wages (£)	2,955	1,267	1,462	2,211	4,771	1,538	1,498	1,437	1,616	1,311	1,535
Interest costs as percentage of gross profit (per cent)	2.35	1.73	3.21	2.70	0.82	2.30	1.87	0.10	0.34	4.27	2.14
Interest costs as percentage of net profit (per cent)	3.86	12.11	10.90	7.77	0.87	9.08	10.88	0.86	0.88	20.13	8.07
Rate of return on capital employed (per cent)	52.79	16.15	11.25	7.80	36.85	5.44	11.94	4.17	19.28	7.01	10.21
Capital employed per £1,000 of sales(£)	201	309	252	1291	435	898	400	287	261	426	407

Time-series data on rate of return on capital employed, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

Table 14 Sales per direct employee, by subsector, 2015

	Sales (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	127,573	367,368	489,207
Bakeries	32,848	105,213	80,311
Beef and Sheepmeat	62,167	358,952	264,469
Drinks	70,000	269,407	285,823
Eggs	229,400	513,200	423,439
Fish	85,300	266,000	140,007
Fruit and Vegetables	50,250	286,714	128,813
Milk and Milk Products	73,714	624,319	454,611
Pigmeat	83,132	411,500	213,568
Poultrymeat	63,417	168,448	138,813
Total Sector	**32,848**	**624,319**	**205,490**

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

* In 2015, the average sales per direct employee in the food and drinks processing sector was £205,490, a decrease of 7.8 per cent from 2014 average of £222,912.

* The animal by products subsector in 2015 had the highest average level of sales per direct employee at £489,207.

* In 2015, the bakeries subsector had the lowest average level of sales per direct employee at £80,311.

* All ten of the subsectors had a difference between the maximum and minimum sales per direct employee within a 8:1 ratio in 2015.

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

High (>£350,000)	Medium (£180,000 to £350,000)	Low (<£180,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Eggs	Drinks	Fish
Milk and Milk Products	Pigmeat	Fruit and Vegetables
		Poultrymeat

Table 15 Value added per direct employee, by subsector, 2015

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	33,200	79,231	85,198
Bakeries	15,205	43,314	28,698
Beef and Sheepmeat	17,091	39,933	31,785
Drinks	21,250	82,291	81,453
Eggs	37,481	92,800	97,796
Fish	14,800	41,250	28,216
Fruit and Vegetables	15,806	45,750	30,423
Milk and Milk Products	15,429	50,088	42,236
Pigmeat	25,017	45,600	31,553
Poultrymeat	21,250	34,000	31,138
Total Sector	**14,800**	**92,800**	**36,260**

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 2014 and 2015, the average level of value added per direct employee increased by 4.6 per cent from £34,673 to £36,260.

* In 2015, the eggs subsector had the highest average level of value added per direct employee with a value of £97,796.

* The lowest average level of value added per direct employee in 2015 was recorded in the fish subsector with a value of £28,216.

* In 2015, all 10 of the subsectors had a difference between the maximum and minimum value added per direct employee within a 4:1 ratio.

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

High (>£45,000)	Medium (£31,000 to £45,000)	Low (<£31,000)
Animal By-Products	Beef and sheepmeat	Bakeries
Drinks	Milk and Milk Products	Fish
Eggs	Pigmeat	Fruit and Vegetables
	Poultrymeat	

Table 16 Total capital employed per direct employee, by subsector, 2015

	Total capital employed (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	70,400	121,385	98,345
Bakeries	1,000	55,397	24,812
Beef and Sheepmeat	1,600	117,000	66,579
Drinks	12,727	281,403	368,992
Eggs	21,500	224,198	184,061
Fish	9,286	127,000	125,784
Fruit and Vegetables	8,400	122,554	51,472
Milk and Milk Products	9,917	205,875	130,747
Pigmeat	16,750	88,400	55,735
Poultrymeat	23,000	92,400	59,190
Total Sector	**1,000**	**281,403**	**83,637**

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 2014 and 2015, the average level of capital employed per direct employee in the food and drinks processing sector increased by 12.2 per cent, from £74, 546 to £83,637.

* The highest average level of capital employed per direct employee in 2015 was in the drinks subsector (£368,992).

* In 2015, the bakeries subsector (£24,812) had the lowest average level of capital employed per direct employee of the ten subsectors.

* The two subsectors with the widest range in the volume of capital employed per direct employee in 2015 was the bakeries (55:1) and beef and sheepmeat (73:1) subsectors.

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

High (>£100,000)	Medium (£58,000 to £100,000)	Low (<£58,000)
Drinks	Animal By-Products	Bakeries
Eggs	Beef and Sheepmeat	Fruit and Vegetables
Fish	Poultrymeat	Pigmeat
Milk and Milk Products		

Table 17 Average wages and salaries cost per direct employee, by subsector, 2015

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	**Maximum[2]**	**Average[3]**
Animal By-Products	22,453	30,615	28,828
Bakeries	14,186	31,600	22,653
Beef and Sheepmeat	14,019	23,519	21,743
Drinks	14,556	36,467	36,842
Eggs	17,000	29,658	20,497
Fish	13,954	28,524	18,344
Fruit and Vegetables	14,182	25,615	20,304
Milk and Milk Products	20,464	35,338	29,397
Pigmeat	16,000	22,000	19,525
Poultrymeat	15,000	20,933	23,750
Total Sector	**13,954**	**36,467**	**23,618**

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

* Between 2014 and 2015, the average direct full-time employee equivalent cost in the food and drinks processing sector increased by 2.7 per cent from £23,003 to £23,618.

* In 2015, the fish subsector had the lowest average level of wages and direct salaries per direct employee in 2015 with a value of £18,344.

* The highest average level of wages and salaries per direct employee in 2015 was in the drinks subsector with a value of £36,842.

* In 2015, all of the 10 subsectors had a difference between the maximum and minimum average wages and salaries cost per direct employee within a 3:1 ratio.

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

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

Table 18 Net profit as a percentage of sales, by subsector, 2015

	Net Profit (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	6	16	10.2
Bakeries	1	10	4.4
Beef and Sheepmeat	1	9	2.6
Drinks	3	13	9.3
Eggs	4	13	15.9
Fish	-1	12	4.5
Fruit and Vegetables	1	10	4.3
Milk and Milk Products	-3	5	1.2
Pigmeat	2	7	5.0
Poultrymeat	1	3	2.5
Total Sector	**-3**	**16**	**3.8**

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.

* In 2015, the average level of net profit as a proportion of sales in the food and drinks processing sector increased by 0.6 percentage points from 3.2 per cent in 2014 to 3.8 per cent in 2015.

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

* The highest average level of net profit as a proportion of sales in 2015 was recorded by the eggs subsector (15.9 per cent of sales).

* In 2015, the milk and milk products subsector (1.2 per cent) recorded the lowest average level of net profit as a proportion of sales.

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

High (>8.0 per cent)	Medium (4.0 to 8.0 per cent)	Low (<4.0 per cent)
Animal By-Products	Bakeries	Beef and Sheepmeat
Drinks	Fish	Milk and Milk Products
Eggs	Fruit and Vegetables	Poultrymeat
	Pigmeat	

Table 19 Value added as a percentage of sales, by subsector, 2015

	Value added (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	20	39	17.4
Bakeries	23	65	35.7
Beef and Sheepmeat	8	33	12.0
Drinks	17	41	28.5
Eggs	12	25	23.1
Fish	8	30	20.2
Fruit and Vegetables	16	41	23.6
Milk and Milk Products	4	30	9.3
Pigmeat	9	34	14.8
Poultrymeat	16	27	22.4
Total Sector	**4**	**65**	**17.6**

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

* Value added as a percentage of sales is considered to be one of the most important measures of performance because it provides an indication of the magnitude of value that is added to all the inputs which are used in the activity of processing before leaving the factory gate.

* Between 2014 and 2015, average value added as a percentage of sales increase from 15.6 per cent to 17.6 per cent.

* Average value added as a percentage of sales increased in nine subsectors between 2014 and 2015. The animal by-products subsector was the only one that average level of value added as a percentage of sales declined.

* In 2015, the highest average value added as a percentage of sales was in the bakeries (35.7 per cent of sales) subsector; the lowest was in the milk and milk products (9.3 per cent of sales) subsector.

* The range in average value added expressed as a percentage of sales recorded for the subsectors are partly explained by the presence of primary processing and further processing businesses within each subsector.

* Subsectors with high, medium and low average value added as a percentage of sales.

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

Table 20 Wages and salaries as a percentage of sales, by subsector, 2015

	Wages (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	10	18	5.9
Bakeries	16	48	28.2
Beef and Sheepmeat	5	22	8.2
Drinks	9	27	12.9
Eggs	3	8	4.8
Fish	5	18	13.1
Fruit and Vegetables	6	27	15.8
Milk and Milk Products	3	22	6.5
Pigmeat	4	20	9.1
Poultrymeat	9	21	17.1
Total Sector	**3**	**48**	**11.5**

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

* The wages and salaries bill is one of the main components of cost incurred by any business. The average wages bill represented 11.5 per cent of the total value of food and drinks processing sector sales in 2015; an increase of 1.2 percentage points from 2014.

* In 2015, the range in values for average wages and salaries cost as a proportion of sales ranged from 4.8 per cent of sales in the eggs subsector to 28.2 per cent of sales in the bakeries subsector.

* There was an increase in the average value of wages and salaries expressed as a percentage of sales between 2014 and 2015 in nine out of the ten subsectors. The animal by-products subsector recorded a decrease in average wages and salaries as a percentage of sales over this period.

* Within each subsector, the difference between the minimum and maximum proportion of sales represented by wages and salaries was quite large. Such differences have been recorded in previous years and reflect the wide range of types of processing activities undertaken and levels of mechanisation within subsectors.

* Subsectors with high, medium and low average wages and salaries as a percentage of sales.

High (>15 per cent)	Medium (9 to 15 per cent)	Low (<9 per cent)
Bakeries	Drinks	Animal By-Products
Fruit and Vegetables	Fish	Beef and Sheepmeat
Poultrymeat	Pigmeat	Eggs
		Milk and Milk Products

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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