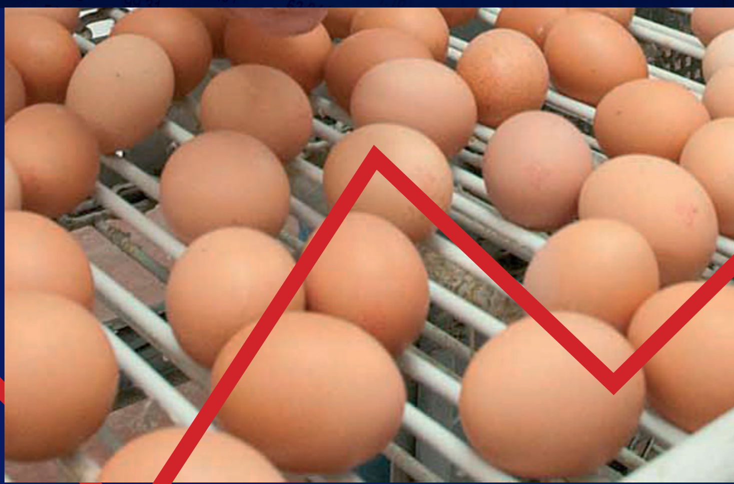
Department of
Agriculture, Environment
and Rural Affairs
www.daera-ni.gov.uk

CAP POLICY, ECONOMICS AND STATISTICS DIVISION

Size and Performance of the Northern Ireland Food and Drinks Processing Sector, Subsector Statistics 2014,

with provisional estimates for 2015



NATIONAL STATISTICS

A National Statistics publication

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the Code of Practice for Official Statistics.

National Statistics status means that official statistics meet the highest standards of trustworthiness, quality and public value.

All official statistics should comply with all aspects of the Code of Practice for Official Statistics. They are awarded National Statistics status following an assessment by the Authority's regulatory arm. The Authority considers whether the statistics meet the highest standards of Code compliance, including the value they add to public decisions and debate.

It is a producer's responsibility to maintain compliance with the standards expected of National Statistics. If we become concerned about whether these statistics are still meeting the appropriate standards, we will discuss any concerns with the Authority promptly. National Statistics status can be removed at any point when the highest standards are not maintained, and reinstated when standards are restored.

You can also find out more about National Statistics on the Internet – go to UK Statistics Authority

ISBN 978-1-84807-619-8

Published in July 2016 by CAP Policy, Economics and Statistics Division, Department of Agriculture, Environment and Rural Affairs.

FOREWORD

This annual publication provides comprehensive information on the size and performance of the Northern Ireland food and drinks processing sector for 2013 and 2014, as well as provisional estimates of gross turnover and the level of employment in the sector for 2015. The time-lag between 31st December 2015 and firms' submission of their annual accounts to Companies House meant that a full set of 2015 account information was not available when this report was being prepared. It is anticipated that the full dataset for the sector in 2015 will be published in July 2017.

The 2014 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 2014 has also been published on the DAERA website, including provisional estimates for sales and level of employment in 2015.

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 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, Victoria Hill and William Taylor, 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.

Paul Caskie
Acting Director of CAP Policy, Economics and Statistics Division
July 2016

Department of Agriculture, Environment and Rural Affairs
CAP Policy, Economics and Statistics Division
Dundonald House
Upper Newtownards Road
Ballymiscaw
Belfast BT4 3SB

Tel: (028) 90 524640
E-mail: aeb.econstats@daera-ni.gov.uk

CONTENTS

EXECUTIVE SUMMARY

PROVISIONAL ESTIMATES 2015

Gross turnover and employment

1. The total gross turnover of the Northern Ireland food and drinks processing sector is estimated to have increased by 1.1 per cent in 2015 to £4,596 million; an increase of £52 million.

2. Between 2014 and 2015, seven of the subsectors in the food and drinks processing sector experienced an increase in their gross turnover. The largest increases are estimated to have occurred in the beef and sheepmeat (+£20.8m) and the milk and milk products (+£13.6m) subsectors.

3. The food and drinks processing sector is estimated to have recorded a 1.4 per cent increase in the total number of direct full-time employee equivalents employed from 20,758 in 2014 to 21,048 in 2015. In addition, an estimated 2,509 full-time employee equivalents were sourced from Employment Agencies in 2015, down from the revised figure of 2,547 for 2014.

FINAL ESTIMATES 2014

Gross turnover, 2013 and 2014

4. The gross turnover in the Northern Ireland food and drinks processing sector increased from £4,477 million in 2013 to £4,544 million in 2014; an increase of 1.5 per cent.

5. Between 2013 and 2014, the beef and sheepmeat (+£30.2m), animal by-products (+£10.9m) and poultrymeat (+£9.4m) subsectors made the largest contribution to the increase in total gross turnover.

6. Nine of the ten subsectors recorded an increase in their levels of gross turnover between 2013 and 2014.

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 2013 and 2014.

Value added, 2013 and 2014

8. The value added generated by the food and drinks processing sector between 2013 and 2014, increased by 2.3 per cent from £704.3 million to £720.6 million.

9. Between 2013 and 2014, all four components of value added increased, with the largest occurring in net profit (+£14.65m). The remaining components recorded a modest increase; wages and salaries (+£1.02m), depreciation charge (+£0.34m), and interest paid (+£0.33m)

10. In 2014, the largest contributions to value added were from the poultrymeat (£143.8m), beef and sheepmeat (£134.2m), and drinks (£110.9m) subsectors. These three subsectors combined accounted for 54.0 per cent of total value added.

11. In 2014, it is estimated that there were £159 of value added for every £1,000 of sales, an increase from the estimated £157 for every £1,000 sales in 2013.

Direct Employment, 2013 and 2014

12. Between 2013 and 2014, the estimated level of direct full-time employee equivalents (FTE) in the food and drinks processing sector decreased by 0.4 per cent, from 20,843 in 2013 to 20,758 in 2014.

13. Five of the ten subsectors recorded an increase in employment between 2013 and 2014. The largest increases were recorded in the bakeries (+201 FTEs), beef and sheepmeat (+165 FTEs), and fruit and vegetables (+95 FTEs) subsectors. The largest decrease was recorded in the poultrymeat (-504 FTEs) subsector.

14. The beef and sheepmeat, poultrymeat, and bakeries subsectors were the three largest employers and accounted for 60.3 per cent of the total direct employment in the food and drinks processing sector in 2014.

Agency Employment, 2013 and 2014

15. In 2014, it is estimated that the food and drinks processing sector sourced a further 2,547 full-time employee equivalents from Employment Agencies, in addition to the direct full-time employees. This was a 26.8 per cent increase on 2,008 full-time employee equivalents sourced in 2013.

Distribution of sales, 2013 and 2014

16. The largest outlet for the Northern Ireland food and drinks processing sector continues to be Great Britain. Sales to this market increased by £39 million from £1,971 million in 2013 to £2,010 million in 2014. The proportion of total sales to Great Britain held steady at around 44 per cent in both years.

17. The proportion of external sales (sales to all markets outside of Northern Ireland) between 2013 and 2014 decreased from 73.5 per cent to 72.6 per cent of total sales. The value of these sales increased from £3,291 million to £3,299 million in 2014.

18. Between 2013 and 2014, the level of export sales (sales to markets outside of the United Kingdom) as a proportion of total sales declined from 29.5 per cent to 28.4 per cent. The value of these export sales fell from £1,319 million in 2013 to £1,289 million in 2014.The value of export sales was higher than that of the domestic Northern Ireland market in both 2013 and 2014.

19. The Republic of Ireland continues to be the largest export market, which recorded a 1.9 per cent increase in sales from £695 million in 2013 to £708 million in 2014. The markets share of total sales increased modestly from 15.5 per cent in 2013 to 15.6 per cent in 2014.

Profitability, 2013 and 2014

20. The estimated level of net profit recorded for the sector between 2013 and 2014 increased by 11.1 per cent from £132 million to £146 million. Net profit as a proportion of total sales increased by 0.3 percentage points between 2013 and 2104.

21. In both 2013 and 2014 all subsectors generated a net profit.

22. Six of the ten subsectors recorded an increase in net profit between 2013 and 2014. The largest increase was recorded in the drinks subsector. The largest decrease was recorded in the beef and sheepmeat subsector.

Return on capital employed, 2013 and 2014

23. Between 2013 and 2014, total capital employed in the Northern Ireland food and drinks processing sector increased by 5.1 per cent from £1,430 million in 2013 to £1,504 million in 2014. The rate of return on capital employed increased over the same time period from 10.3 per cent to 10.8 per cent.

24. In 2014, the drinks subsector had the highest level of capital employed per full-time employee equivalent at £222,966. The bakeries subsector had the lowest amount per full-time employee equivalent at £24,433.

Contribution of the 10 largest food and drinks processing businesses

25. In 2014, 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, 2014

26. In 2014, the food and drinks processing sector is estimated to have contributed approximately 3.7 per cent of Northern Ireland's total gross value added, this is unchanged from 2013.

Contribution of the food and drinks processing sector[1] to the Northern Ireland manufacturing industry, 2014

27. The contribution of the food and drinks processing sector (as defined in this publication) towards the sales of the Northern Ireland manufacturing[2] industry remained constant between 2013 and 2014 at 25 per cent.

28. The proportion contributed by the sector towards the external sales, export sales and total employment within the manufacturing[2] industry declined by 1 percentage point to 23 per cent, 21 per cent and 26 per cent respectively. The sector's proportion of total value added in the manufacturing industry[2] remained constant at 15 per cent.

---

[1] These calculations include an estimate of the sales, external sales, export sales, value added and employment of food and drinks processing businesses with turnovers less than £250,000.

[2] Manufacturing sector data from the DFP publications "Northern Ireland Manufacturing Sales & Exports Headline Results 2014" published on 16th December 2015 and "Northern Ireland Annual Business Inquiry Reporting Unit Results" published on 9th December 2015.

I. INTRODUCTION

This publication contains estimates for the size and performance of the Northern Ireland food and drinks processing sector in 2014, as well as providing revised comparative data for 2013. Also included are provisional estimates of gross turnover and the level of employment in the sector in 2015. The time-lag between 31st December 2015 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, 2015 estimates are provided for only two variables. However, it is anticipated that the full set of data on the performance of the sector in 2015 will be published in July 2017.

A number of data sources have been used to derive the estimates included in this report. The estimates are based mainly on information contained in the annual accounts of businesses in Northern Ireland obtained through Companies House with an annual turnover in excess of £250,000. Other sources of data include the Manufacturing Sales and Exports Survey and the Northern Ireland Annual Business Inquiry conducted by the Northern Ireland Statistics and Research Agency (NISRA), part of the Department of Finance (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 £4,544 million in 2014. 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 £4,128 million in 2014. 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 290 businesses with a turnover greater than £250,000 has been used in the 2014 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 2013 data as published in the previous report. The differences between the previously published and revised data for 2013 are as follows:

	2013 Original Estimate	**2013 Revised Estimate**
Total Gross Turnover (£m)	4,510	4,477
Total Value Added (£m)	718	704
Total Exports (£m)	1,364	1,319
Direct Employment (full-time equivalents)	21,354	20,843

The previous report in this series also included provisional estimates of gross turnover and employment in the food and drinks processing sector for 2014, 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:

	2014 Provisional Estimate	**2014 Revised Estimate**
Total Gross Turnover (£m)	4,772	4,544
Direct Employment (full-time equivalents)	21,783	20,758

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 2014 (2015 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 2015.

Table 1 Gross turnover and full-time employee equivalents in 2014 with provisional estimates for 2015

	2014	2015[1]	Percentage change 14/15
Gross turnover (£ million)	4,544	4,596	+1.1
Direct Employees[2] (full-time equivalents)	20,758	21,048	+1.4

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2017. Time-series data on gross turnover and employment, 1989 to 2015 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 2014 and 2015, please see tables 3 and 8 for this data.

* The gross turnover of the food and drinks processing sector is estimated to have increased from £4,544 million in 2014 to £4,596 million in 2015; an increase of 1.1 per cent.

* When this is expressed in real terms (using the GDP deflator), the increase in gross turnover is 0.9 per cent between 2014 and 2015.

* The number of direct full-time employee equivalents in the food and drinks processing sector is estimated to have increased by 1.4 per cent from 20,758 full-time employee equivalents in 2014 to 21,048 full-time employee equivalents in 2015.

Table 2 Gross turnover, by subsector in 2014 with provisional estimates for 2015

	Gross turnover (£ million) 2014	Gross turnover (£ million) 2015[1]	Percentage change 14/15
Animal By-Products	51.2	59.6	+16.4
Bakeries	286.1	293.1	+2.4
Beef and Sheepmeat	1,244.2	1,264.9	+1.7
Drinks	416.1	424.3	+2.0
Eggs	139.4	134.1	-3.8
Fish	77.1	76.1	-1.4
Fruit and Vegetables	308.6	314.4	+1.9
Milk and Milk Products	994.0	1,007.6	+1.4
Pigmeat	320.9	312.0	-2.8
Poultrymeat	706.0	709.7	+0.5
Total Sector	**4,543.6**	**4,595.7**	**+1.1**

1. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2017. Time-series data on gross turnover, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

* The gross turnover of the food and drinks processing sector in Northern Ireland is estimated to have increased by 1.1 per cent between 2014 and 2015.

* Seven out of the ten subsectors in the food and drinks processing sector experienced an increase in their gross turnover between 2014 and 2015. The largest increases are estimated to have occurred in the beef and sheepmeat (+£20.8m) and the milk and milk products (+£13.6m) subsectors.

* The animal by-products (+16.4 per cent) subsector experienced the highest rate of growth in gross turnover in this period.

* Three subsectors in the food and drinks processing sector experienced a decrease in their gross turnover between 2014 and 2015; pigmeat (-£8.9m), eggs (-£5.4m) and fish (-£1.0m).

* In 2015, the largest subsectors continued to be beef and sheepmeat (27.5 per cent of total sales), milk and milk products (21.9 per cent of total sales) and poultrymeat (15.4 per cent of total sales). Together, they accounted for 64.8 per cent of the total gross turnover of the Northern Ireland food and drinks processing sector in 2015.

* The smallest subsector in 2015 within the Northern Ireland food and drinks processing sector continues to be animal by-products (1.3 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 2014.

[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 "Northern Ireland Manufacturing Sales & Exports Headline Results 2014" published on 16th December 2015.

Table 3 Direct full-time employee equivalents, by subsector, and of total agency workers 2014 with Provisional estimates for 2015

	Employees[1] (full-time equivalents) 2014	2015[2]	Percentage change 14/15
Animal By-Products	116	119	+3.0
Bakeries	3,462	3,461	0.0
Beef and Sheepmeat	4,550	4,752	+4.5
Drinks	1,362	1,349	-0.9
Eggs	311	342	+10.0
Fish	553	519	-6.2
Fruit and Vegetables	2,400	2,484	+3.5
Milk and Milk Products	2,135	2,159	+1.1
Pigmeat	1,362	1,352	-0.7
Poultrymeat	4,510	4,513	+0.1
Total Direct Employees	**20,758**	**21,048**	**+1.4**
Agency Employment	**2,547**	**2,509**	**-1.5**

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.
2. Provisional estimates based on a sample of business returns. Revised estimates will be published in July 2017. Time-series data on employment, 1989 to 2015 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 20,758 full-time employee equivalents in 2014 to 21,048 full-time employee equivalents in 2015; a rise of 291 full-time employee equivalents.

* Six of the ten subsectors in the food and drinks processing sector in 2014 recorded an increase in the level of full-time employee equivalents. The largest increases were observed in the beef and sheepmeat (+203 employees) and the fruit and vegetables (+84 employees) subsectors.

* Modest decreases were recorded in the level of employment in 2015 for the bakeries, drinks, fish and pigmeat subsectors.

* The beef and sheepmeat, poultrymeat, and bakeries subsectors accounted for 60.5 per cent of all employment in 2015 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 2015 sourced a further 2,509 full-time employee equivalents from Employment Agencies, a 1.5 per cent decrease from the revised 2014 figure of 2,547 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 2013 AND 2014.

Table 4 Gross turnover, by subsector, 2013 and 2014

	Gross turnover (£ million)		Percentage change
	2013	**2014**	**13/14**
Animal By-Products	40.3	51.2	+27.1
Bakeries	285.8	286.1	+0.1
Beef and Sheepmeat	1,213.9	1,244.2	+2.5
Drinks	416.0	416.1	0.0
Eggs	131.5	139.4	+6.0
Fish	75.9	77.1	+1.6
Fruit and Vegetables	300.8	308.6	+2.6
Milk and Milk Products	1,000.1	994.0	-0.6
Pigmeat	316.4	320.9	+1.4
Poultrymeat	696.6	706.0	+1.3
Total Sector	**4,477.3**	**4,543.6**	**+1.5**

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

* The gross turnover of the food and drinks processing sector increased from £4,477 million in 2013 to £4,544 million in 2014; an increase of £66 million. In real terms, i.e. when inflation is taken into account (using the GDP deflator), the gross turnover of the sector modestly decreased by 0.4 per cent between 2013 and 2014.

* Nine of the ten subsectors recorded an increase in their levels of gross turnover between 2013 and 2014. The subsectors which experienced the largest increase in total gross turnover between 2013 and 2014 were beef and sheepmeat (+£30.2m), animal by-products (+£10.9m) and poultrymeat (+£9.4m).

* Milk and milk products was the only subsector to record a decrease in the level of gross turnover between 2013 and 2014, falling by £6.1m.

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

Table 5a Distribution of processing businesses by subsector and value of annual turnover, 2013[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">6</td><td>0</td><td>6</td></tr>
<tr><td>Bakeries</td><td>32</td><td>33</td><td>7</td><td>0</td><td>72</td></tr>
<tr><td>Beef and Sheepmeat</td><td>10</td><td>13</td><td>7</td><td>7</td><td>37</td></tr>
<tr><td>Drinks</td><td>7</td><td>6</td><td colspan="2">7</td><td>20</td></tr>
<tr><td>Eggs</td><td>9</td><td colspan="2">8</td><td>0</td><td>17</td></tr>
<tr><td>Fish</td><td>5</td><td colspan="2">19</td><td>0</td><td>24</td></tr>
<tr><td>Fruit and Vegetables</td><td>16</td><td>37</td><td>7</td><td>0</td><td>60</td></tr>
<tr><td>Milk and Milk Products</td><td colspan="2">9</td><td colspan="2">10</td><td>19</td></tr>
<tr><td>Pigmeat</td><td colspan="4">21</td><td>21</td></tr>
<tr><td>Poultrymeat</td><td colspan="2">7</td><td colspan="2">5</td><td>12</td></tr>
<tr><td>Total</td><td>89</td><td>138</td><td>41</td><td>20</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, 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>11</td><td colspan="3">8</td><td>19</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>34</td><td>9</td><td>0</td><td>62</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>132</td><td>43</td><td>22</td><td>290</td></tr>
</table>

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

* The food and drinks processing sector had 290 businesses in 2014 with a turnover of more than £250,000; two more than in 2013.

* There were 65 businesses in the food and drinks processing sector in 2014 with an annual turnover of more than £10 million; four more than in 2013.

* In 2014, there were 22 business with an annual turnover in excess of £50 million in the food and drinks processing sector; two more than in 2013. These 22 businesses accounted for 69 per cent of total turnover, 58 per cent of total value added and 51 per cent of total employment in the sector.

Table 6 Value added, by subsector, 2013 and 2014

	Value Added (£ million)		Percentage change
	2013	2014	13/14
Animal By-Products	9.0	10.8	+20.1
Bakeries	92.3	94.6	+2.5
Beef and Sheepmeat	131.5	134.2	+2.1
Drinks	100.9	110.9	+10.0
Eggs	17.5	19.7	+12.5
Fish	15.5	14.6	-5.4
Fruit and Vegetables	65.5	71.8	+9.8
Milk and Milk Products	83.0	80.7	-2.8
Pigmeat	33.3	39.5	+18.7
Poultrymeat	156.0	143.8	-7.9
Total Sector	**704.3**	**720.6**	**+2.3**

Time-series data on value added, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

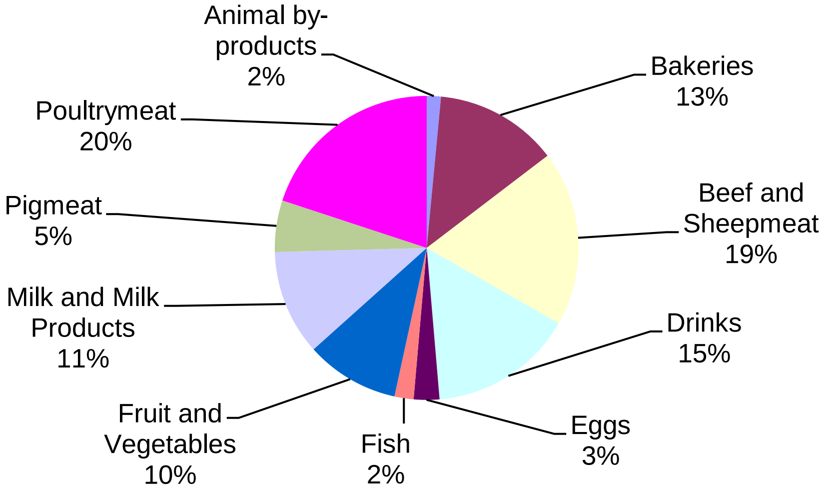
* Value added is a key indicator of the contribution made by a subsector or sector to the economy. The value added generated by the food and drinks processing sector[5] in 2014 was approximately 3.7 per cent of the Northern Ireland total, this is unchanged from 2013.

* In 2014, the value added generated by the food and drinks processing sector was estimated to be £721 million; an increase of 2.3 per cent from the revised figure of £704m in 2013.

* The total value added generated by the poultrymeat (£143.8m), beef and sheepmeat (£134.2m), and drinks (£110.9m) subsectors accounted for 54.0 per cent of the sector in 2014, a decrease from 55.1 per cent in 2013.

* Value added accounted for 15.9 per cent of the total gross turnover of the food and drinks processing sector in 2014; an increase from 15.7 per cent in 2013.

Percentage of Value Added by subsector 2014



[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, 2013

	Value added (£ million)				
	Wages and salaries	Depreciation charge	Net profit	Interest paid	Value added
Animal By-Products	3.34	0.72	4.92	0.05	9.03
Bakeries	69.11	6.05	15.37	1.76	92.30
Beef and Sheepmeat	93.46	11.91	23.33	2.78	131.47
Drinks	45.52	20.03	30.91	4.40	100.86
Eggs	5.60	2.23	9.55	0.16	17.54
Fish	9.47	1.56	4.14	0.30	15.46
Fruit and Vegetables	43.37	9.28	11.29	1.52	65.45
Milk and Milk Products	60.57	11.76	9.41	1.22	82.97
Pigmeat	24.97	2.80	4.12	1.39	33.27
Poultrymeat	121.39	14.11	18.54	1.98	156.02
Total Sector	**476.80**	**80.45**	**131.56**	**15.57**	**704.37**

Table 7b 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	3.14	0.53	7.02	0.15	10.84
Bakeries	71.97	6.22	15.07	1.37	94.63
Beef and Sheepmeat	100.15	11.82	18.40	3.85	134.22
Drinks	48.03	20.82	38.91	3.17	110.94
Eggs	5.94	2.59	10.99	0.16	19.68
Fish	9.88	1.94	2.42	0.40	14.63
Fruit and Vegetables	45.57	9.42	15.31	1.54	71.84
Milk and Milk Products	60.72	12.58	4.79	2.59	80.68
Pigmeat	26.10	2.61	10.66	0.15	39.51
Poultrymeat	106.33	12.26	22.64	2.53	143.77
Total Sector	**477.82**	**80.79**	**146.21**	**15.90**	**720.72**

Time-series data on the components of value added, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

* Between 2013 and 2014, all four components of value added increased, with the largest occurring in net profit (+£14.65m). The remaining components recorded a modest increase; wages and salaries (+£1.02m), depreciation charge (+£0.34m) and interest paid (+£0.33m).

* The largest contributions toward valued added in the sector in 2014 were from wages and salaries (66.3 per cent) and net profit (20.3 per cent). Between 2013 and 2014, net profit increased its contribution from 18.7 per cent to 20.3 per cent.

* Six of the ten subsectors recorded an increase in net profit between 2013 and 2014, the largest of which was drinks (+£8.00m). The beef and sheepmeat subsector (-£4.93m) recorded the largest decrease. The drinks subsector (£38.9m) and the poultrymeat subsector (£22.6m) recorded the highest levels of net profit in 2014.

Table 8 Direct full-time employee equivalents, by subsector, and total agency workers in 2013 and 2014.

	Employees[1] (full-time equivalents) 2013	**2014**	**Percentage Change 13/14**
Animal By-Products	117	116	-1.3
Bakeries	3,261	3,462	+6.1
Beef and Sheepmeat	4,385	4,550	+3.8
Drinks	1,377	1,362	-1.1
Eggs	291	311	+6.9
Fish	533	553	+3.7
Fruit and Vegetables	2,305	2,400	+4.1
Milk and Milk Products	2,182	2,135	-2.2
Pigmeat	1,378	1,362	-1.2
Poultrymeat	5,014	4,510	-10.1
Total direct Employees	**20,843**	**20,758**	**-0.4**
Agency Employment	**2,008**	**2,547**	**+26.8**

1. Direct employees are those workers on the payroll of the company during the period. Agency workers have been estimated for 2013 and 2014. They are not included in regional manufacturing employment figures as they are recorded as employment in the services sector. Time-series data on employment, 1989 to 2015 inclusive, are available on the DAERA website at: DAERA

* In 2014, direct employment in the food and drinks processing sector decreased modestly to 20,758 full-time employee equivalents from 20,843 full-time equivalents in 2013; a decrease of 85 full-time employee equivalents.

* Five of the ten subsectors recorded an increase in the number of direct full-time employee equivalents between 2013 and 2014. The three largest increases were recorded in the bakeries (+201 employees), beef and sheepmeat (+165 employees) and fruit and vegetables (+95 employees) subsectors.

* Reductions in the number of direct full-time employees were recorded in the poultrymeat (-504 employees), milk and milk products (-47 employees), pigmeat (-17 employees), drinks (-16 employees) and animal by-products (-2 employees) subsectors.

* The beef and sheepmeat (4,550 employees), poultrymeat (4,510 employees), and bakeries (3,462 employees) subsectors accounted for 60.3 per cent of the total direct employment in the food and drinks processing sector in 2014.

* The food and drinks processing sector[6] in 2014 accounted for 26 per cent of Northern Ireland's total manufacturing employment[7]; a decrease of 1 percentage point from 2013.

* In 2014, it is estimated that in addition to direct employees, the sector sourced a further 2,547 full-time employee equivalents from Employment Agencies. This is an increase of 26.8 per cent from 2013 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 DFP publication "Northern Ireland Annual Business Inquiry Reporting Unit Results" published on 9th December 2015.

Table 9 Total sales by country of destination, 2013 and 2014

	Sales (£ million and percent of total sales)			
	2013	Percentage of total sales	2014	Percentage of total sales
Northern Ireland	1,186.8	26.5	1,244.5	27.4
Great Britain	1,971.1	44.0	2,009.8	44.2
Republic of Ireland	695.3	15.5	708.2	15.6
Other EU	493.3	11.0	440.9	9.7
Rest of World	130.8	2.9	140.3	3.1
Intervention	0.0	0.0	0.0	0.0
Total Sales	**4,477.3**	**100.0**	**4,543.6**	**100.0**
External Sales	3,290.5	73.5	3,299.2	72.6
Export Sales	1,319.4	29.5	1,289.4	28.4

Time-series data on total sales by country of destination, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

* Between 2013 and 2014, sales in the food and drinks processing sector to destinations outside of Northern Ireland increased from £3,291 million to £3,299 million. The proportion of total sales to markets external to Northern Ireland decreased from 73.5 per cent of the sector's total sales in 2013 to 72.6 per cent in 2014.

* The largest outlet for the Northern Ireland food and drinks processing sector continues to be Great Britain. From 2013 to 2014, sales to this market increased by 2 per cent from £1,971 million to £2,010 million. The proportion of total sales to Great Britain modestly increased by 0.2 percentage points from 44.0 per cent in 2013 to 44.2 per cent in 2014.

* Export sales, i.e. sales to markets outside of the United Kingdom, decreased by 2.3 per cent from £1,319 million in 2013 to £1,289 million in 2014. The value of export sales was higher than that of the domestic Northern Ireland market in both 2013 and 2014. The proportion of total sales in the food and drinks processing sector to export markets declined from 29.5 per cent in 2013 to 28.4 per cent in 2014.

* The largest export market continues to be the Republic of Ireland, which recorded a 1.9 per cent increase in sales from £695 million in 2013 to £708 million in 2014. The Republic of Ireland market accounted for 15.6 per cent of the total sales in the food and drinks processing sector in 2014, a modest increase on 15.5 per cent in 2013.

* In 2014, the food and drinks processing sector,[8] as defined in this publication, contributed 23 per cent of the total manufacturing external sales[9]; a decrease of 1 percentage point from 2013.

* The sector accounted for 21 per cent of Northern Ireland's total manufacturing export sales[9] in 2014; a decrease of 1 percentage point from 2013.

[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 DFP publication "Northern Ireland Manufacturing Sales & Exports Headline Results 2014" published on 16th December 2015.

Table 10a Destinations and values of subsector sales, 2013

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
					(£ million)				
Animal By-Products	*	*	2.7	*	*	0.0	**40.3**	*	22.0
Bakeries	154.3	57.5	72.3	0.3	1.4	0.0	**285.8**	131.5	74.0
Beef/Sheepmeat	197.1	775.7	75.8	150.2	15.1	0.0	**1,213.9**	1,016.8	241.1
Drinks	178.7	42.7	164.5	11.5	18.6	0.0	**416.0**	237.3	194.6
Eggs	40.5	77.7	*	*	0.0	0.0	**131.5**	91.0	13.4
Fish	9.8	34.2	*	23.7	*	0.0	**75.9**	66.2	32.0
Fruit/Vegetables	108.5	133.7	56.4	0.5	1.6	0.0	**300.8**	192.3	58.5
Milk/Milk Products	297.0	222.4	154.9	259.2	66.6	0.0	**1,000.1**	703.0	480.7
Pigmeat	124.5	120.2	55.6	*	*	0.0	**316.4**	191.9	71.6
Poultrymeat	*	*	93.7	*	*	0.0	**696.6**	*	131.4
Total	**1,186.8**	**1,971.1**	**695.3**	**493.3**	**130.8**	**0.0**	**4,477.3**	3,290.5	1,319.4

Table 10b Destinations and values of subsector sales, 2014

	NI[1]	GB[2]	ROI[3]	Other[4] EU	ROW[5]	Inter-vention	Total Sales	External[6] Sales	Export[7] Sales
					(£ million)				
Animal By-Products	*	*	*	*	*	0.0	**51.2**	*	*
Bakeries	156.2	54.5	72.8	*	*	0.0	**286.1**	129.9	75.3
Beef/Sheepmeat	221.1	782.5	98.4	122.7	19.5	0.0	**1,244.2**	1,023.1	240.6
Drinks	188.8	47.6	146.8	13.4	19.6	0.0	**416.1**	227.3	179.8
Eggs	45.4	81.3	*	*	0.0	0.0	**139.4**	94.0	12.7
Fish	13.0	34.1	6.5	21.2	2.3	0.0	**77.1**	64.1	30.0
Fruit/Vegetables	99.7	151.1	56.2	0.9	0.7	0.0	**308.6**	208.9	57.8
Milk/Milk Products	320.2	216.6	149.6	243.3	64.3	0.0	**994.0**	673.8	457.2
Pigmeat	132.7	105.6	68.0	*	*	0.0	**320.9**	188.3	82.7
Poultrymeat	*	*	94.0	*	*	0.0	**706.0**	*	*
Total	**1,244.5**	**2,009.8**	**708.2**	**440.9**	**140.3**	**0.0**	**4,543.6**	3,299.2	1,289.4

*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 2013 and 2014, the Great Britain market continued to be the largest market for the sector as a whole. In 2013, Great Britain was the largest market for six out of the ten subsectors, this dropped in 2014 to five of the subsectors. The animal by-products subsector changed its largest market from Great Britain to the rest of the world in 2014.

- In 2014, the food and drinks processing subsectors most reliant on markets outside of Northern Ireland, i.e. external markets, were the animal by-products, poultrymeat, and fish subsectors. The bakeries subsector had the least reliance on external markets.

- The subsectors in 2014 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 54.9 per cent of exports. The market represents 25.4 per cent of total sales in the bakeries subsector.

Table 11 Capital employed, by subsector, 2013 and 2014

	Capital employed (£ million) 2013	2014
Animal By-Products	12.0	10.9
Bakeries	85.9	84.6
Beef and Sheepmeat	279.7	281.8
Drinks	308.4	303.6
Eggs	34.9	42.3
Fish	28.8	30.8
Fruit and Vegetables	128.2	126.4
Milk and Milk Products	263.9	290.7
Pigmeat	72.3	77.8
Poultrymeat	216.2	255.0
Total Sector	**1,430.2**	**1,503.7**

Time-series data on total capital employed, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

* The amount of capital employed in the food and drinks processing sector increased by £74 million between 2013 and 2014, from £1,430 million to £1,504 million.

* In 2014, the largest volumes of capital employed were recorded in the drinks (£303.6m), milk and milk products (£290.7m), and beef and sheepmeat (£281.8m) subsectors. These subsectors were also the largest in 2013. Together, they accounted for 59.6 per cent in 2013 and 58.3 per cent in 2014 of the total capital employed.

* From 2013 to 2014, an increase in the total capital employed was recorded in six of the ten subsectors. The poultrymeat (+£38.7m) and milk and milk products (+£26.8m) subsectors recorded the largest increases.

* The drinks (-£4.8m), fruit and vegetables (-£1.8m), bakeries (-£1.3m) and animal by-products (-£1.1m) subsectors all recorded a decrease in 2014 compared to 2013.

* In 2014, the average rate of return on capital employed in the food and drinks processing sector was 10.8 per cent, an increase from 10.3 per cent in 2013.

* The drinks subsector continued to have the largest amount of capital employed per direct full-time employee equivalent with £222,966 in 2014, whilst bakeries had the lowest in 2014 at £24,433.

* In 2014, 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

	2013	2014
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	48	47
The 10 largest businesses for direct employment as a percentage of total direct employment provided by the food and drinks processing sector	46	45

* In 2014, 49 per cent of total gross turnover, 49 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 2013 and 2014, the contribution of the ten largest businesses to total value added decreased by one percentage point. The contribution to total direct employment decreased by one percentage point.

* Four of the ten largest gross turnover food and drinks processing companies were under local ownership in 2014.

IV. FOOD AND DRINKS SECTOR PERFORMANCE INDICATORS IN 2013 AND 2014.

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

	Animal By - Products	Bakeries	Beef and Sheep-Meat	Drinks	Eggs	Fish	Fruit and Veg.	Milk and Milk Products	Pig-meat	Poultry -meat	Average
Sales per employee (£)	344,034	87,638	276,836	302,105	451,911	142,469	130,497	458,424	229,604	138,936	214,815
Value added per employee (£)	77,162	28,303	29,982	73,248	60,268	29,009	28,396	38,031	24,146	31,117	33,795
Total capital per employee (£)	102,444	102,444	102,444	102,444	102,444	102,444	102,444	102,444	102,444	102,444	102,444
Average wage cost per employee (£)	28,581	21,194	21,313	33,057	19,234	17,758	18,814	27,765	18,120	24,211	22,876
Gross profit as percentage of sales (per cent)	18.97	33.88	7.95	27.74	15.05	17.73	21.00	11.44	8.40	11.05	14.09
Net profit as percentage of sales (per cent)	12.21	5.38	1.92	7.43	7.26	5.45	3.75	0.94	1.30	2.66	2.94
Value added as percentage of sales (per cent)	22.43	32.29	10.83	24.25	13.34	20.36	21.76	8.30	10.52	22.40	15.73
Wages and salaries as percentage of sales (per cent)	8.31	24.18	7.70	10.94	4.26	12.46	14.42	6.06	7.89	17.43	10.65
Interest costs as percentage of sales (per cent)	0.12	0.62	0.23	1.06	0.12	0.40	0.50	0.12	0.44	0.28	0.35
Sales per £1,000 wages (£)	12,037	4,135	12,989	9,139	23,496	8,023	6,936	16,511	12,671	5,739	9,390
Value added per £1,000 wages(£)	2,700	1,335	1,407	2,216	3,133	1,634	1,509	1,370	1,333	1,285	1,477
Interest costs as percentage of gross profit (per cent)	0.65	1.82	2.88	3.82	0.82	2.23	2.40	1.07	5.23	2.57	2.47
Interest costs as percentage of net profit (per cent)	1.02	11.48	11.90	14.25	1.71	7.26	13.45	13.00	33.72	10.69	11.83
Rate of return on capital employed (percent)	41.43	19.94	9.33	11.45	27.86	15.40	9.99	4.03	7.62	9.49	10.29
Capital employed per £1,000 of sales (£)	298	301	230	741	265	379	426	264	228	310	319

Time-series data on rate of return on capital employed, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

Table 13b 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	82,651	273,470	305,621	448,341	139,622	128,592	465,678	235,724	156,539	218,892
Value added per employee (£)	93,853	27,337	29,503	81,480	63,270	26,478	29,932	37,796	29,020	31,877	34,721
Total capital per employee (£)	93,974	24,433	61,935	222,966	136,019	55,718	52,683	136,180	57,113	56,531	72,441
Average wage cost per employee (£)	27,160	20,791	22,013	35,278	19,093	17,875	18,988	28,448	19,172	23,576	23,019
Gross profit as percentage of sales (per cent)	21.09	34.19	7.75	30.39	15.35	16.05	20.91	12.52	9.46	12.23	14.76
Net profit as percentage of sales (per cent)	13.72	5.27	1.48	9.35	7.88	3.13	4.96	0.48	3.32	3.21	3.22
Value added as percentage of sales (per cent)	21.18	33.08	10.79	26.66	14.11	18.96	23.28	8.12	12.31	20.36	15.86
Wages and salaries as percentage of sales (percent)	6.13	25.16	8.05	11.54	4.26	12.80	14.77	6.11	8.13	15.06	10.52
Interest costs as percentage of sales (per cent)	0.29	0.48	0.31	0.76	0.11	0.52	0.50	0.26	0.05	0.36	0.35
Sales per £1,000 wages (£)	16,315	3,975	12,423	8,663	23,482	7,811	6,772	16,370	12,296	6,640	9,509
Value added per £1,000 wages (£)	3,456	1,315	1,340	2,310	3,314	1,481	1,576	1,329	1,514	1,352	1,508
Interest costs as percentage of gross profit (per cent)	1.39	1.40	3.99	2.51	0.73	3.24	2.39	2.08	0.48	2.93	2.37
Interest costs as percentage of net profit (per cent)	2.14	9.06	20.92	8.14	1.42	16.60	10.07	54.04	1.37	11.19	10.87
Rate of return on capital employed (per cent)	66.10	19.44	7.90	13.86	26.35	9.15	13.33	2.54	13.89	9.87	10.78
Capital employed per £1,000 of sales(£)	298	301	230	730	265	379	426	264	228	310	331

Time-series data on rate of return on capital employed, 1989 to 2014 inclusive, are available on the DAERA website at: DAERA

Table 14 Sales per direct employee, by subsector, 2014

	Sales (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	135,455	431,286	443,108
Bakeries	28,600	97,667	82,651
Beef and Sheepmeat	66,069	366,139	273,470
Drinks	46,604	318,167	305,621
Eggs	227,135	492,272	448,341
Fish	85,300	266,000	139,622
Fruit and Vegetables	53,731	284,136	128,592
Milk and Milk Products	63,250	633,522	465,678
Pigmeat	98,526	387,546	235,724
Poultrymeat	57,521	161,253	156,539
Total Sector	**28,600**	**633,522**	**218,892**

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 2014, the average sales per direct employee in the food and drinks processing sector was £218,892, an increase of 1.9 per cent from 2013 average of £214,815.

* The milk and milk products subsector in 2014 had the highest average level of sales per direct employee at £465,678.

* In 2014, the bakeries subsector had the lowest average level of sales per direct employee at £82,651.

* All ten of the subsectors had a difference between the maximum and minimum sales per direct employee within a 10:1 ratio in 2014.

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

High (>£400,000)	Medium (£200,000 to £400,000)	Low (<£200,000)
Animal By-Products	Beef and Sheepmeat	Bakeries
Eggs	Drinks	Fish
Milk and Milk Products	Pigmeat	Fruit and Vegetables
		Poultrymeat

Table 15 Value added per direct employee, by subsector, 2014

	Value added (£ per employee)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	33,200	55,631	93,853
Bakeries	14,820	31,010	27,337
Beef and Sheepmeat	15,227	38,414	29,503
Drinks	26,000	87,000	81,480
Eggs	38,731	91,978	63,270
Fish	15,158	41,083	26,478
Fruit and Vegetables	15,897	53,600	29,932
Milk and Milk Products	13,750	50,695	37,796
Pigmeat	20,127	39,105	29,020
Poultrymeat	19,504	33,095	31,877
Total Sector	**13,750**	**91,978**	**34,721**

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 2013 and 2014, the average level of value added per direct employee increased by 2.7 per cent from £33,795 to £34,721.

* In 2014, the animal by-products subsector had the highest average level of value added per direct employee with a value of £93,853.

* The lowest average level of value added per direct employee in 2014 was recorded in the fish subsector with a value of £26,315.

* In 2014, all 10 of the subsectors had a difference between the maximum and minimum value added per direct employee within a 4:1 ratio.

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

High (>£40,000)	Medium (£30,000 to £40,000)	Low (<£30,000)
Animal By-Products	Milk and Milk Products	Bakeries
Drinks	Poultrymeat	Beef and sheepmeat
Eggs		Fish
		Fruit and Vegetables
		Pigmeat

Table 16 Total capital employed per direct employee, by subsector, 2014

	Total capital employed (£ per employee)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	61,117	145,556	93,974
Bakeries	684	49,688	24,433
Beef and Sheepmeat	1,800	112,361	61,935
Drinks	27,000	152,162	222,966
Eggs	16,500	186,091	136,019
Fish	12,218	135,200	55,718
Fruit and Vegetables	8,923	131,649	52,683
Milk and Milk Products	14,543	218,393	136,180
Pigmeat	11,600	80,400	57,113
Poultrymeat	21,750	77,816	56,531
Total Sector	**684**	**218,393**	**72,441**

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 2013 and 2014, the average level of capital employed per direct employee in the food and drinks processing sector increased by 5.6 per cent, from £68,620 to £72,441.

- The highest average level of capital employed per direct employee in 2014 was in the drinks subsector (£222,966).

- In 2014, the bakeries subsector (£24,433) 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 2014 was the bakeries (73:1) and beef and sheepmeat (62:1) subsectors.

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

High (>£100,000)	Medium (£56,000 to £100,000)	Low (<£56,000)
Drinks	Animal By-Products	Bakeries
Eggs	Beef and Sheepmeat	Fish
Milk and Milk Products	Pigmeat	Fruit and Vegetables
	Poultrymeat	

Table 17 Average wages and salaries cost per direct employee, by subsector, 2014

	Wages and Salaries Cost (£ per employee)[1]		
	Minimum[2]	Maximum[2]	Average[3]
Animal By-Products	23,091	29,778	27,160
Bakeries	13,905	23,429	20,791
Beef and Sheepmeat	13,714	22,920	22,013
Drinks	16,333	36,000	35,278
Eggs	17,000	25,730	19,093
Fish	13,954	28,789	17,875
Fruit and Vegetables	13,750	27,100	18,988
Milk and Milk Products	20,464	38,640	28,448
Pigmeat	16,000	22,727	19,172
Poultrymeat	15,000	22,800	23,576
Total Sector	**13,714**	**38,640**	**23,019**

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 2013 and 2014, the average direct full-time employee equivalent cost in the food and drinks processing sector increased by 0.6 per cent from £22,876 to £24,097.

* In 2014, the fish subsector had the lowest average level of wages and direct salaries per direct employee in 2014 with a value of £17,875.

* The highest average level of wages and salaries per direct employee in 2014 was in the drinks subsector with a value of £35,278.

* In 2014, 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	Eggs
Drinks	Beef and Sheepmeat	Fish
Milk and Milk Products		Fruit and Vegetables
Poultrymeat		Pigmeat

Table 18 Net profit as a percentage of sales, by subsector, 2014

	Net Profit (percentage of sales)		
	Minimum[1]	**Maximum[1]**	**Average[2]**
Animal By-Products	6	16	13.7
Bakeries	1	11	5.3
Beef and Sheepmeat	0	7	1.5
Drinks	-1	12	9.4
Eggs	2	13	7.9
Fish	-2	12	3.1
Fruit and Vegetables	1	9	5.0
Milk and Milk Products	-11	2	0.5
Pigmeat	1	7	3.3
Poultrymeat	-1	3	3.2
Total Sector	**-11**	**16**	**3.2**

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 2014, the average level of net profit as a proportion of sales in the food and drinks processing sector increased by 0.3 percentage points from 2.9 per cent in 2013 to 3.2 per cent.

* 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 2014 was recorded by the animal by-products subsector (13.7 per cent of sales).

* In 2014, the milk and milk products subsector (0.5 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 (>6.0 per cent)	Medium (4.0 to 6.0 per cent)	Low (<4.0 per cent)
Animal By-Products	Bakeries	Beef and Sheepmeat
Drinks	Fish	Milk and Milk Products
Eggs	Fruit and Vegetables	Pigmeat
		Poultrymeat

Table 19 Value added as a percentage of sales, by subsector, 2014

	Value added (percentage of sales)		
	Minimum[1]	Maximum[1]	Average[2]
Animal By-Products	19	39	21.2
Bakeries	21	57	33.1
Beef and Sheepmeat	6	27	10.8
Drinks	16	45	26.7
Eggs	9	24	14.1
Fish	8	31	19.0
Fruit and Vegetables	15	39	23.3
Milk and Milk Products	4	36	8.1
Pigmeat	9	27	12.3
Poultrymeat	16	30	20.4
Total Sector	**4**	**57**	**15.9**

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

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

* Between 2013 and 2014, average value added as a percentage of sales increase from 15.7 per cent to 15.9 per cent.

* Average value added as a percentage of sales increased in six subsectors between 2013 and 2014. The remaining four subsectors, animal by-products, fish, milk and milk products, and poultrymeat all declined their average level of value added as a percentage of sales.

* In 2014, the highest average value added as a percentage of sales was in the bakeries (33.1 per cent of sales) subsector; the lowest was in the milk and milk products (8.1 per cent of sales) subsector.

* 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 (19 to 25 per cent)	Low (<19 per cent)
Bakeries	Animal By-Products	Beef and Sheepmeat
Drinks	Fish	Eggs
	Fruit and Vegetables	Milk and Milk Products
	Poultrymeat	Pigmeat

Table 20 Wages and salaries as a percentage of sales, by subsector, 2014

	Wages (percentage of sales)		
	Minimum[1]	**Maximum**[1]	**Average**[2]
Animal By-Products	8	17	6.1
Bakeries	12	45	25.2
Beef and Sheepmeat	5	17	8.0
Drinks	9	29	11.5
Eggs	3	8	4.3
Fish	4	21	12.8
Fruit and Vegetables	6	27	14.8
Milk and Milk Products	2	22	6.1
Pigmeat	4	18	8.1
Poultrymeat	9	27	15.1
Total Sector	**2**	**45**	**10.5**

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 10.5 per cent of the total value of food and drinks processing sector sales in 2014; a decrease of 0.1 percentage points from 2013.

* In 2014, the range in values for average wages and salaries cost as a proportion of sales ranged from 4.3 per cent of sales in the eggs subsector to 25.2 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 2013 and 2014 in eight out of the ten subsectors. The remaining subsectors, animal by-products and poultrymeat, 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 (10 to 15 per cent)	Low (<10 per cent)
Bakeries	Drinks	Animal By-Products
Poultrymeat	Fish	Beef and Sheepmeat
	Fruit and Vegetables	Eggs
		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.

CAP Policy, Economics and Statistics Division
Department of Agriculture, Environment and Rural Affairs
Dundonald House
Upper Newtownards Road
Ballymiscaw
BELFAST BT4 3SB

ISBN 978-1-84807-619-8

Department of
Agriculture, Environment
and Rural Affairs
www.daera-ni.gov.uk

INVESTORS
IN PEOPLE

£6.00

DMS 16.17.094