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**Manufacturing: financial
statistics
December 1997**

Statistical release P3042.1

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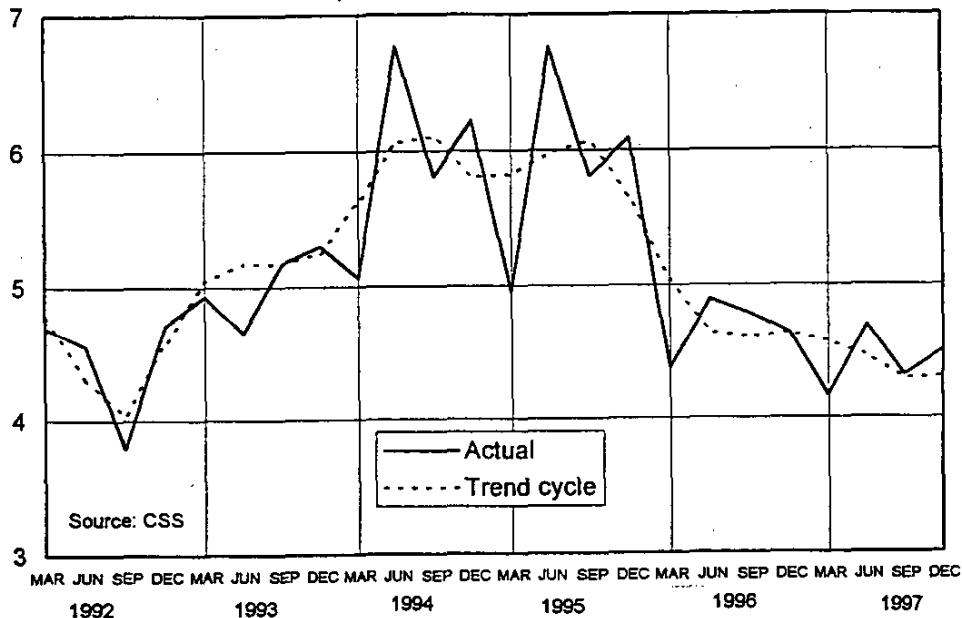
PROFITABILITY IN MANUFACTURING SECTOR DECLINING FURTHER

The profitability ratio (net profit after tax/turnover) of the manufacturing sector has been showing a declining trend since 1995. The average profitability ratio for 1997 (4,42%) is slightly lower than the ratio for 1996 (4,68%) after it decreased by 1,22 percentage points between 1995 and 1996. The average profitability ratio for the second half of 1997 (4,41%) is approximately equal to that for the first half of 1997 (4,43%).

Survey results show that the profitability ratio in several manufacturing groups reflected a declining trend between 1996 and 1997. The largest contributors were the basic metals and fabricated metal products, the machinery, electrical machinery, motor vehicle and transport equipment industries. However, dividends paid relative to net profit after tax improved from 0,32% in 1996 to 0,37% in 1997.

The relative ratio of interest paid to turnover increased from 2,26% in 1996 to 2,40% in 1997. The amount spent on new capital assets relative to turnover increased from 5,12% to 5,26% during the same period. Firms reported an increase in capital expenditure on new plant, machinery and equipment.

MANUFACTURING PROFITABILITY RATIO (Net Profit after tax / Turnover)



pp 
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NOTES**1. GENERAL**

This statistical release contains results of the revised quarterly sample survey which was introduced with effect from March 1995.

Quarterly and annual percentage changes in selected financial quantities are shown in Table 1. Table 2 contains selected operating ratios, while Table 3 contains information of selected financial quantities expressed as a percentage of the turnover (sales and work done) of the reporting manufacturing firms.

In order to improve timeliness, some information for the current quarter may have been estimated due to late response. These estimates will be revised as soon as better information is available.

2. SAMPLE DESIGN

The 1988 Manufacturing Census provided the frame for the selection of the sample. The sample includes the most important manufacturing firms and covers approximately 80% of the gross output of the firms in the manufacturing sector. Firms which commenced operations after the census have also been taken into account.

3. EXPLANATORY NOTES

Explanatory notes of the various items are published in the **Bulletin of Statistics**.

TABLE 1 - PERCENTAGE CHANGE IN SELECTED FINANCIAL QUANTITIES

TABLE 1.1 - QUARTERLY PERCENTAGE CHANGE IN SELECTED ITEMS

- MANUFACTURING

Per cent

Item	Percentage change since previous quarter			
	DEC. 1997	SEP. 1997 *	JUN. 1997	DEC. 1996
Net profit	4,2	-1,0	16,0	6,4
Interest paid	-1,4	4,6	3,3	4,4
Capital expenditure on new assets	-4,8	1,0	2,2	11,6
Selected assets -				
Stocks	-1,0	3,5	1,7	-4,9
Bills and shortterm notes; trade debtors 1/	-5,0	4,9	0,3	2,2

1/ Excluding mortgage and other long- and short-term loans.

TABLE 1.2 - ANNUAL PERCENTAGE CHANGE IN SELECTED ITEMS

- MANUFACTURING

Per cent

Item	Percentage change since previous twelve months	
	Twelve months ended DEC. 1997 / Twelve months ended DEC. 1996	Twelve months ended SEP. 1997 / * Twelve months ended SEP. 1996

TABLE 1.2.1 - SELECTED INCOME AND EXPENDITURE ITEMS

Turnover	5,0	8,4
Interest received	0,5	7,6
Interest paid	12,0	13,3
Rent paid -		
Land and buildings	25,0	22,3
Machinery, vehicles and other equipment	31,6	32,1
Depreciation	17,7	16,1
Net profit	0,4	-1,4
Dividends paid	14,5	6,6
Income tax and company tax brought into account	2,9	5,1

TABLE 1.2.2 - CAPITAL EXPENDITURE

New assets :		
Total	7,7	11,5
Buildings, improvements and construction works	-58,6	-52,6
Plant, machinery, furniture, fittings and other equipment	22,3	23,8
Vehicles	-29,2	-8,3
Used assets :	-84,7	-2,9

TABLE 1.2.3 - VALUE OF SELECTED ASSETS

Book value of land, buildings, machinery, furniture, fittings and other equipment	6,6	9,0
Stocks	7,8	3,5
Bills and short-term notes; trade debtors 1/	0,6	8,3
Call money and demand deposits and cash on hand 2/	2,8	0,5

1/ Excluding mortgage and other long- and short-term loans.

2/ Excluding savings and term deposits.

TABLE 2.1 - SELECTED OPERATING RATIOS
- MANUFACTURING

Ratios					
Item	DEC. 1997	SEP. 1997	DEC. 1996	1997	1996
Turnover ratios :					
Turnover/Fixed assets	0,78	0,78	0,83	3,00	3,05
Debtors collection period (Debtors x period/ Turnover)	50 days	54 days	50 days	52 days	54 days
Profitability ratios :					
Net profit after tax/ Turnover	4,50%	4,31%	4,64%	4,42%	4,68%
Net profit after tax/ Fixed Assets	3,51%	3,35%	3,84%	13,26%	14,24%
Other ratios :					
Dividends paid/ Net profit after tax				0,37	0,32
Tax/Net profit				0,32	0,32

TABLE 2.2 - PROFITABILITY RATIOS NET PROFIT AFTER TAX / TURNOVER
- MANUFACTURING MAJOR GROUP COMBINATIONS

Ratios					
Item	DEC. 1997	SEP. 1997	DEC. 1996	1997	1996
Total manufacturing	4,50	4,31	4,64	4,42	4,68
Food, beverages and tobacco	6,61	5,13	6,31	5,84	5,10
Textiles, clothing, leather and footwear	4,11	3,81	2,44	3,56	2,78
Wood, paper and printing and publishing	5,37	6,97	6,69	6,54	6,29
Chemical products, petroleum, rubber and plastic	5,96	6,79	6,02	6,78	6,52
Basic metals and fabricated metal products	5,01	5,01	4,61	4,27	4,98
Machinery, electrical machinery and transport equipment	0,33	0,00	0,47	0,46	1,97
Other industries	3,43	3,27	4,66	3,44	4,15

TABLE 3 - SELECTED FINANCIAL QUANTITIES
EXPRESSED AS PERCENTAGE OF TURNOVER
- MANUFACTURING

Per cent

Item	DEC. 1997	SEP. 1997 *	DEC. 1996	1997	1996
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TABLE 3.1 - SELECTED INCOME
AND EXPENDITURE ITEMS

Credits					
Interest received	1,05	1,08	1,17	1,15	1,20
Dividends received	0,16	0,18	0,24	0,23	0,30
Royalties received	0,01	0,01	0,01	0,01	0,01
Rent received					
Land and buildings	0,06	0,06	0,06	0,06	0,07
Machinery, vehicles and other equipment	0,08	0,09	0,07	0,09	0,09
Profit on assets sold or revalued	0,25	0,16	0,16	0,22	0,25
Debits					
Interest paid	2,35	2,44	2,09	2,40	2,26
Royalties paid	0,46	0,47	0,48	0,45	0,43
Rent paid					
Land and buildings	0,42	0,42	0,36	0,43	0,36
Machinery, vehicles and other equipment	0,30	0,29	0,25	0,30	0,24
Depreciation	2,71	2,73	2,30	2,80	2,50
Losses on assets sold or revalued	0,04	0,03	0,04	0,22	0,07
Net profit	6,68	6,57	6,89	6,54	6,84

TABLE 3.2 - DIVIDENDS PAID, INCOME TAX
AND COMPANY TAX BROUGHT
INTO ACCOUNT

Dividends paid	1,37	1,64	0,88	1,63	1,50
Income tax and company tax brought into account	2,18	2,26	2,25	2,12	2,17

TABLE 3.3 - CAPITAL EXPENDITURE

New assets:					
Total	4,92	5,30	5,18	5,26	5,12
Buildings and improvements	0,28	0,13	0,36	0,22	0,54
Construction works	0,28	0,17	0,06	0,28	0,37
Plant, machinery, furniture, fittings and other equipment	4,09	4,81	4,02	4,53	3,88
Vehicles	0,21	0,19	0,38	0,23	0,33
Used assets	0,06	0,10	0,82	0,07	0,42

TABLE 3.4 - VALUE OF SELECTED ASSETS AS
AT END OF QUARTER OR YEAR

Book value of land, buildings, machinery, furniture, vehicles and other equipment	128,20	128,73	120,82	33,33	32,83
Stocks	62,46	64,61	58,24	16,24	15,83
Bills and short-term notes; trade debtors 1/	54,37	58,63	54,29	14,14	14,75
Call money and demand deposits and cash on hand 2/	12,17	12,76	11,89	3,16	3,23
Goodwill, patents and trade marks etc.	3,35	3,34	2,93	0,87	0,80

1/ Excluding mortgage and other long- and short-term loans.

2/ Excluding savings and term deposits.

* Revised