



Manufacturing: financial statistics

December 1999

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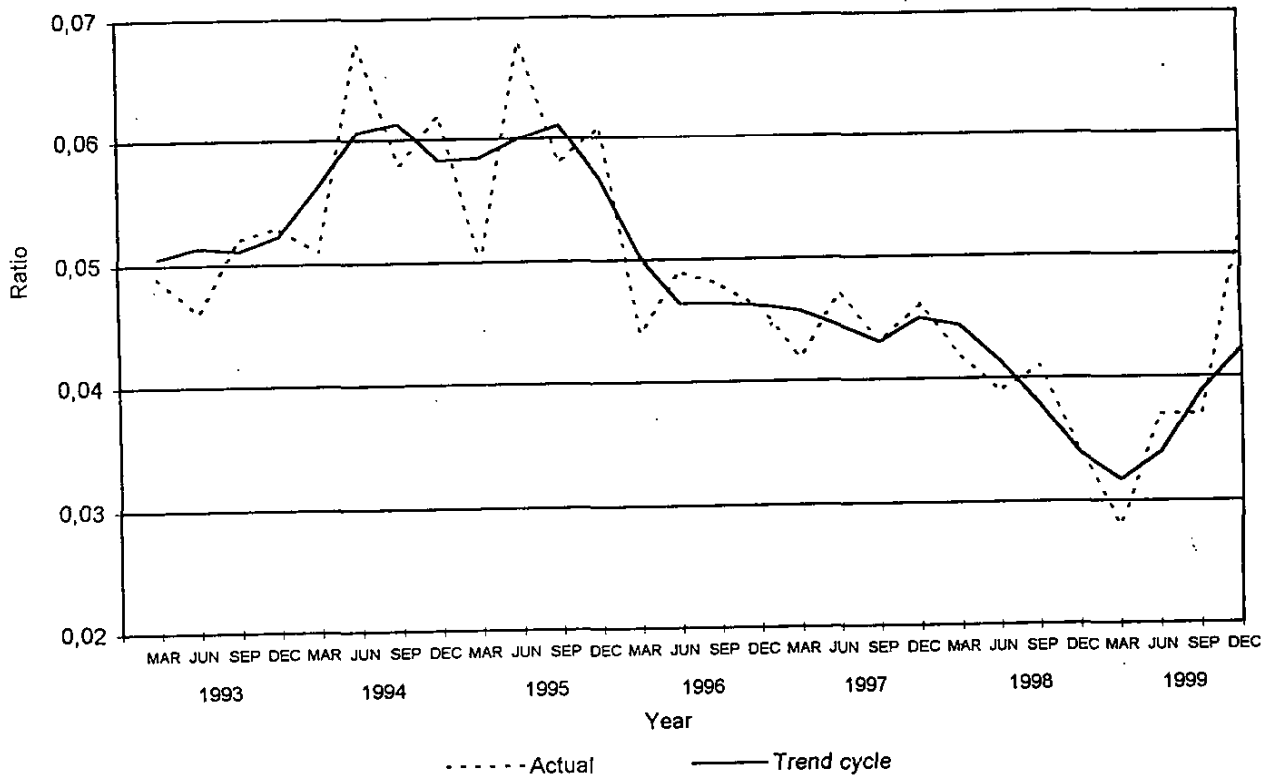
PROFITABILITY OF MANUFACTURING SECTOR INCREASED IN THE FOURTH QUARTER OF 1999

The profitability of manufacturing enterprises (firms), which reflected a declining trend since 1995, improved in the second half of 1999. The profitability ratio (net profit after tax/turnover) increased from 0,037 in the third quarter of 1999 to 0,052 in the fourth quarter of 1999.


Profitability ratios for the food, beverage and tobacco divisions, textile, clothing, leather and footwear divisions, wood, paper and printing divisions, chemical, petroleum, rubber and plastic products divisions as well as the basic metals and fabricated metal products divisions were higher in the fourth quarter of 1999 than in the third quarter of 1999.

The ratio of capital expenditure on new assets to turnover increased slightly between the third and fourth quarters of 1999. Capital expenditure on new assets in the fourth quarter of 1999 was lower than in the fourth quarter of 1998 due to the finalisation of large capital projects (mainly in the basic iron and steel products division) towards the end of 1998.

Figure 1 - Profitability ratio (net profit after tax/turnover) of the manufacturing industry



Source : Stats SA

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Dr F M Orkin
Head: Statistics South Africa

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 enterprises.

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 enterprises and covers approximately 80% of the gross output of the enterprises in the manufacturing sector. Enterprises, which commenced operations after the 1988 manufacturing 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

Item	Per cent			
	Percentage change since previous quarter			
	DEC. 1999	SEP. 1999 *	JUN. 1999	DEC. 1998
	-	-	-	-
	SEP. 1999	JUN. 1999	MAR. 1999	SEP. 1998
Net profit	33,4	11,9	26,8	-9,5
Interest paid	-5,9	-4,0	6,0	8,4
Capital expenditure on new assets	20,8	-24,1	20,2	8,6
Selected assets -				
Stocks	-2,8	3,9	-6,6	2,1

TABLE 1.2 - ANNUAL PERCENTAGE CHANGE IN SELECTED ITEMS

- MANUFACTURING

Per cent -

Item	Percentage change since previous twelve months	
	Twelve months ended DEC. 1999 / Twelve months ended DEC. 1998	Twelve months ended SEP. 1999 / * Twelve months ended SEP. 1998

TABLE 1.2.1 - SELECTED INCOME AND
EXPENDITURE ITEMS

Turnover	18,0	13,7
Interest received	2,9	10,7
Interest paid	21,6	27,3
Rent paid -		
Land and buildings	27,3	29,1
Machinery, vehicles and other equipment	48,6	28,4
Depreciation	26,1	20,6
Net profit	6,1	-8,7
Dividends paid	-2,6	3,0
Income tax and company tax brought into account	-16,3	-13,2

TABLE 1.2.2 - CAPITAL EXPENDITURE

New assets :		
Total	-8,2	0,1
Buildings, improvements and construction works	-23,2	-11,4
Plant, machinery, furniture, fittings and other equipment	-3,3	4,5
Vehicles	-32,3	-27,1
Used assets :	-37,4	-49,9

TABLE 1.2.3 - VALUE OF SELECTED ASSETS

Book value of land, buildings, machinery, furniture, fittings and other equipment	14,8	16,7
Stocks	6,2	11,5

TABLE 2.1 - SELECTED OPERATING RATIOS
- MANUFACTURING

Ratios					
Item	DEC. 1999	SEP. * 1999	DEC. 1998	1999	Percentage change DEC. 1998- DEC. 1999
Turnover ratios :					
Turnover/Fixed assets	0,830	0,820	0,780	3,082	6,41
Profitability ratios :					
Net profit after tax/ Turnover	0,052	0,037	0,034	0,039	52,94
Net profit after tax/ Fixed Assets	0,043	0,031	0,027	0,121	59,26
Other ratios :					
Dividends paid/ Net profit after tax				0,451	
Tax/Net profit				0,286	

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

Item	DEC. 1999	SEP. * 1999	DEC. 1998	1999	Percentage change DEC. 1998- DEC. 1999
Total manufacturing	0,052	0,037	0,034	0,039	52,94
Food, beverages and tobacco	0,072	0,030	0,055	0,045	31,68
Textiles, clothing, leather and footwear	0,042	0,022	-0,005	0,183	991,49
Wood, paper, printing and publishing	0,110	0,078	-0,023	0,071	569,66
Chemical products, petroleum, rubber and plastic	0,076	0,048	0,041	-0,042	87,68
Basic metals and fabricated metal products	0,029	0,005	0,018	0,067	62,36
Machinery, electrical machinery and transport equipment	0,024	0,027	0,021	0,016	12,38
Other industries	0,032	0,038	0,039	0,022	-18,39

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

Per cent

Item	DEC. 1999	SEP. 1999 *	DEC. 1998	1999
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TABLE 3.1 - SELECTED INCOME
AND EXPENDITURE ITEMS

Credits				
Interest received	1,07	1,10	1,33	1,17
Dividends received	0,31	0,40	0,32	0,38
Royalties received	0,03	0,02	0,02	0,03
Rent received				
Land and buildings	0,07	0,09	0,07	0,08
Machinery, vehicles and other equipment	0,07	0,06	0,08	0,08
Profit on assets sold or revalued	0,50	0,32	0,23	0,30
Debits				
Interest paid	2,43	2,65	2,83	2,75
Royalties paid	0,45	0,41	0,47	0,43
Rent paid				
Land and buildings	0,48	0,51	0,50	0,52
Machinery, vehicles and other equipment	0,37	0,35	0,26	0,36
Depreciation	2,95	3,03	2,79	3,12
Losses on assets sold or revalued	0,58	0,43	0,47	0,34
Net profit	6,95	5,37	5,67	5,44

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

Dividends paid	2,00	1,64	2,08	1,78
Income tax and company tax brought into account	1,77	1,63	2,25	1,57

TABLE 3.3 - CAPITAL EXPENDITURE

New assets:				
Total	4,41	3,76	6,52	4,54
Buildings, improvements and construction works	0,68	0,37	1,23	0,00
Plant, machinery, furniture, fittings and other equipment	3,57	3,25	5,04	3,74
Vehicles	0,17	0,13	0,26	0,19
Used assets	0,13	0,06	0,07	0,10

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	121,06	121,65	127,85	32,44
Stocks	52,46	55,53	59,92	14,06

* Revised