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# Manufacturing: financial statistics

June 1999

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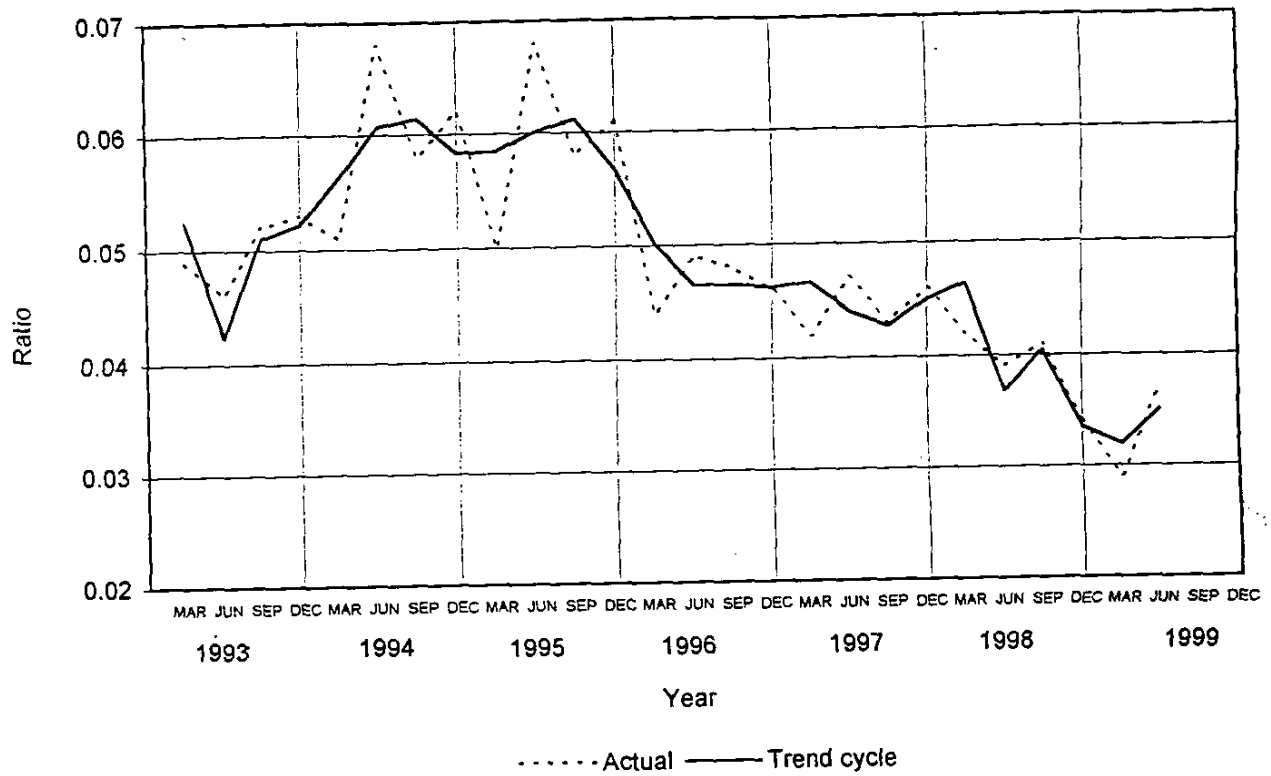
**PROFITABILITY OF MANUFACTURING INDUSTRY INCREASED SLIGHTLY**

*The declining trend in the profitability ratio of the manufacturing industry (net profit after tax on turnover), which started at the end of 1995 continued up to March 1999. However, the seasonally adjusted profitability ratio increased slightly between the first quarter of 1999 and the second quarter of 1999 (3,2% to 3,5%). The profitability ratio for the second quarter of 1999 was only 0,2 of a percentage point lower than for the second quarter of 1998.*


Profitability ratios for the textile, clothing, leather and footwear divisions, wood, paper and printing divisions, as well as the machinery and transport divisions were higher in the second quarter of 1999 than in the first quarter of 1999. The basic chemical products division showed a noteworthy increase during the same period (4,0% to 9,3%).

The ratio of capital expenditure on new assets to turnover decreased slightly between the first and second quarters of 1999. The level of capital expenditure on new assets in June 1999 was lower than in June 1998 due to the finalisation of large capital projects (mainly in the basic iron and steel products division) towards the end of 1998.

**PROFITABILITY RATIO (NET PROFIT AFTER TAX/TURNOVER) OF THE MANUFACTURING INDUSTRY**



Source: Stats SA

  
 PP  
 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 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

Item	Per cent			
	Percentage change since previous quarter			
	JUN. 1999	MAR. 1999	DEC. 1998	JUN. 1998
	MAR. 1999	DEC. 1998	SEP. 1998	MAR. 1998
Net profit	31,0	-20,4	-9,5	1,4
Interest paid	4,1	6,8	8,4	9,7
Capital expenditure on new assets	-4,5	-19,4	3,2	5,4
Selected assets -				
Stocks	-2,6	12,5	2,1	-1,1

TABLE 1.2 - ANNUAL PERCENTAGE CHANGE IN SELECTED ITEMS

## - MANUFACTURING

Per cent

Item	Percentage change since previous twelve months	
	Twelve months ended JUN. 1999 / Twelve months ended JUN. 1998	Twelve months ended MAR. 1999 / Twelve months ended MAR. 1998

TABLE 1.2.1 - SELECTED INCOME AND EXPENDITURE ITEMS

Turnover	9,1	6,7
Interest received	22,1	17,7
Interest paid	24,6	21,1
Rent paid -		
Land and buildings	25,4	19,0
Machinery, vehicles and other equipment	-2,8	-1,0
Depreciation	5,2	7,7
Net profit	-7,2	-9,5
Dividends paid	6,3	33,1
Income tax and company tax brought into account	-3,2	0,4

TABLE 1.2.2 - CAPITAL EXPENDITURE

New assets :		
Total	-0,8	0,3
Buildings, improvements and construction works	-28,5	-21,3
Plant, machinery, furniture, fittings and other equipment	8,7	3,4
Vehicles	8,0	37,5
Used assets :	-19,2	46,0

TABLE 1.2.3 - VALUE OF SELECTED ASSETS

Book value of land, buildings, machinery, furniture, fittings and other equipment	8,5	10,8
Stocks	8,7	10,4

TABLE 2.1 - SELECTED OPERATING RATIOS  
- MANUFACTURING

Item	Ratios				Percentage change JUN. 1998- JUN. 1999
	JUN. 1999	MAR. 1999	JUN. 1998	1998	
Turnover ratios :					
Turnover/Fixed assets	0,810	0,750	0,770	2,999	5,19
Profitability ratios :					
Net profit after tax/ Turnover	0,037	0,029	0,039	0,039	-5,13
Net profit after tax/ Fixed Assets	0,030	0,022	0,030	0,117	0,00
Other ratios :					
Dividends paid/ Net profit after tax				0,551	
Tax/Net profit				0,362	

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

Item	Ratios				Percentage change JUN. 1998- JUN. 1999
	JUN. 1999	MAR. 1999	JUN. 1998	1998	
Total manufacturing	0,037	0,029	0,039	0,039	-5,13
Food, beverages and tobacco	0,032	0,055	0,035	0,048	-8,50
Textiles, clothing, leather and footwear	0,014	-0,005	-0,005	0,011	+642,11
Wood, paper, printing and publishing	0,053	0,042	0,093	0,046	-42,58
Chemical products, petroleum rubber and plastic	-0,177	0,036	0,062	0,049	-384,54
Basic metals and fabricated metal products	0,032	0,202	0,033	0,034	-4,26
Machinery, electrical machinery and transport equipment	0,010	-0,004	0,021	0,018	-53,49
Other industries	0,039	-0,022	0,028	0,027	+39,22

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

Item	Per cent			
	JUN. 1999	MAR. 1999 *	JUN. 1998	1998

TABLE 3.1 - SELECTED INCOME  
AND EXPENDITURE ITEMS

<b>Credits</b>				
Interest received	1,44	1,29	1,28	1,34
Dividends received	0,22	0,46	0,29	0,36
Royalties received	0,02	0,02	0,01	0,04
Rent received				
Land and buildings	0,08	0,08	0,08	0,07
Machinery, vehicles and other equipment	0,08	0,09	0,09	0,09
Profit on assets sold or revalued	0,23	0,17	0,86	0,79
<b>Debits</b>				
Interest paid	2,87	2,97	2,58	2,65
Royalties paid	0,41	0,44	0,40	0,45
Rent paid				
Land and buildings	0,55	0,53	0,46	0,48
Machinery, vehicles and other equipment	0,23	0,26	0,28	0,29
Depreciation	2,63	2,78	2,95	2,92
Losses on assets sold or revalued	0,20	0,16	0,27	0,38
Net profit	5,39	4,44	6,03	6,12

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

Dividends paid	1,08	2,11	2,09	2,16
Income tax and company tax brought into account	1,66	1,56	2,12	2,22

TABLE 3.3 - CAPITAL EXPENDITURE

<b>New assets:</b>				
Total	4,19	4,74	5,26	5,63
Buildings, improvements and construction works	0,50	0,61	0,72	0,00
Plant, machinery, furniture, fittings and other equipment	3,94	3,91	4,17	4,31
Vehicles	0,21	0,22	0,37	0,32
Used assets	0,08	0,15	0,24	0,19

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	123,05	133,06	129,81	33,35
Stocks	59,75	66,19	62,89	15,63

\* Revised