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# Manufacturing: financial statistics

September 1999

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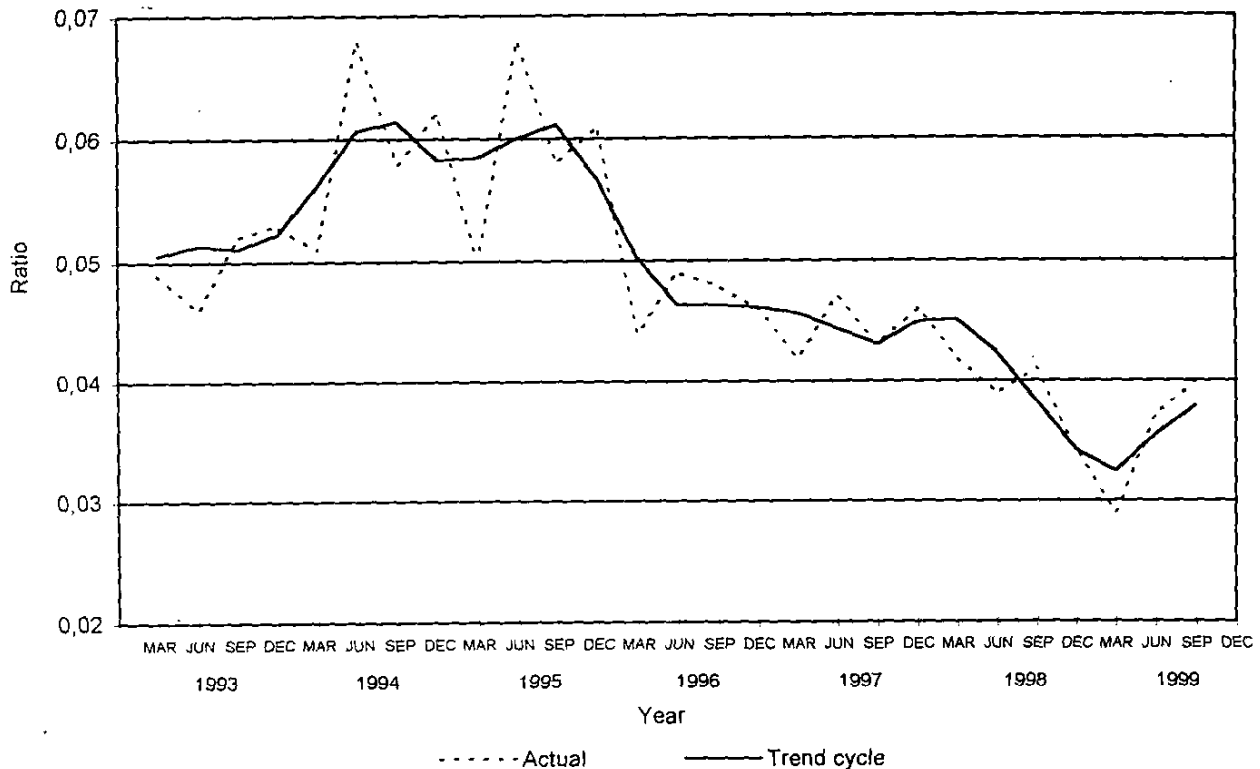
### PROFITABILITY OF MANUFACTURING INDUSTRY INCREASED IN THE THIRD QUARTER OF 1999

*The profitability of manufacturing firms, which reflected a declining trend since 1995, improved in the second quarter of 1999. Furthermore, the seasonally adjusted profitability ratio (net profit after tax on turnover) for the third quarter of 1999 (3,9%) was 0,3 of a percentage point higher than for the second quarter of 1999 (3,6%).*

Profitability ratios for the textile, clothing, leather and footwear divisions, wood, paper and printing divisions, as well as the chemical, petroleum, rubber and plastic products divisions were higher in the third quarter of 1999 than in the second quarter of 1999.

The ratio of capital expenditure on new assets to turnover decreased slightly between the second and third quarters of 1999. The level of capital expenditure on new assets in the third quarter of 1999 was lower than in the third 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

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

Per cent

Item	Percentage change since previous quarter			
	SEP. 1999	JUN. 1999	MAR. 1999	SEP. 1998
	JUN. 1999	MAR. 1999 *	DEC. 1998	JUN. 1998
Net profit	4,1	31,0	-20,4	8,4
Interest paid	-0,3	2,1	6,8	5,4
Capital expenditure on new assets	-11,4	-2,2	-27,8	13,7
Selected assets -				
Stocks	3,3	-2,6	12,5	-2,8

TABLE 1.2 - ANNUAL PERCENTAGE CHANGE IN SELECTED ITEMS

## - MANUFACTURING

Per cent

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

TABLE 1.2.1 - SELECTED INCOME AND EXPENDITURE ITEMS

Turnover	11,4	9,1
Interest received	13,0	21,0
Interest paid	24,7	23,9
Rent paid -		
Land and buildings	26,2	24,3
Machinery, vehicles and other equipment	-3,6	-0,9
Depreciation	6,8	5,4
Net profit	-8,1	-7,2
Dividends paid	2,0	7,7
Income tax and company tax brought into account	-11,1	-3,2

TABLE 1.2.2 - CAPITAL EXPENDITURE

New assets :		
Total	-7,9	1,0
Buildings, improvements and construction works	-18,1	-13,8
Plant, machinery, furniture, fittings and other equipment	-1,0	6,5
Vehicles	-32,5	11,1
Used assets :	-44,1	-19,2

TABLE 1.2.3 - VALUE OF SELECTED ASSETS

Book value of land, buildings, machinery, furniture, fittings and other equipment	11,5	8,5
Stocks	15,6	8,7

TABLE 2.1 - SELECTED OPERATING RATIOS  
- MANUFACTURING

Item	Ratios				Percentage change SEP. 1998- SEP. 1999
	SEP. 1999	JUN. 1999*	SEP. 1998	1998	
Turnover ratios :					
Turnover/Fixed assets	0,810	0,810	0,800	2,999	1,25
Profitability ratios :					
Net profit after tax/ Turnover	0,040	0,037	0,041	0,039	-2,43
Net profit after tax/ Fixed Assets	0,032	0,030	0,033	0,117	-3,03
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 SEP. 1998- SEP. 1999
	SEP. 1999	JUN. 1999*	SEP. 1998	1998	
Total manufacturing	0,040	0,037	0,041	0,039	-2,43
Food, beverages and tobacco	0,030	0,032	0,040	0,048	-24,31
Textiles, clothing, leather and footwear	0,023	0,014	0,004	0,011	489,74
Wood, paper, printing and publishing	0,086	0,053	0,058	0,046	47,77
Chemical products, petroleum, rubber and plastic	0,066	-0,177	0,082	0,049	-18,58
Basic metals and fabricated metal products	0,012	0,032	0,055	0,034	-77,90
Machinery, electrical machinery and transport equipment	0,019	-0,004	0,016	0,018	14,11
Other industries	-0,161	0,039	-0,160	0,027	443,75

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

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

TABLE 3.1 - SELECTED INCOME  
AND EXPENDITURE ITEMS

<b>Credits</b>				
Interest received	1,13	1,39	1,32	1,34
Dividends received	0,22	0,29	0,26	0,36
Royalties received	0,02	0,02	0,02	0,04
Rent received				
Land and buildings	0,09	0,08	0,07	0,07
Machinery, vehicles and other equipment	0,08	0,08	0,09	0,09
Profit on assets sold or revalued	0,12	0,23	0,38	0,79
<b>Debits</b>				
Interest paid	2,78	2,81	2,67	2,65
Royalties paid	0,41	0,41	0,48	0,45
Rent paid				
Land and buildings	0,52	0,54	0,48	0,48
Machinery, vehicles and other equipment	0,25	0,24	0,30	0,29
Depreciation	2,93	2,65	2,89	2,92
Losses on assets sold or revalued	0,14	0,21	0,39	0,38
Net profit	5,56	5,39	6,41	6,12

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

Dividends paid	1,89	1,17	2,06	2,16
Income tax and company tax brought into account	1,55	1,66	2,30	2,22

TABLE 3.3 - CAPITAL EXPENDITURE

<b>New assets:</b>				
Total	3,68	4,19	6,14	5,79
Buildings, improvements and construction works	0,24	0,50	0,64	0,00
Plant, machinery, furniture, fittings and other equipment	3,32	3,94	5,05	4,54
Vehicles	0,13	0,21	0,45	0,33
Used assets	0,07	0,08	0,18	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	123,63	123,05	125,60	33,35
Stocks	61,24	59,75	59,99	15,63

\* Revised