

Statistical bulletin

# Profitability of UK companies: Oct to Dec 2016

The net rate of return on capital employed for UK private non-financial corporations related to their UK operations.



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# 1 . Main points

- Private non-financial corporations (PNFCs) reported an improved net rate of return of 12.4% for Quarter 4 (Oct to Dec) 2016, compared with 12.1% in Quarter 3 (July to Sept) 2016.
- The net rate of return for companies in the UK continental shelf (UKCS) sector increased to 3.9% in Quarter 4 2016 from 2.4% in Quarter 3.
- Profitability of manufacturing companies increased from 11.8% in Quarter 3 to 12.7% in Quarter 4 2016.
- In contrast, service companies' profitability declined from 18.3% in Quarter 3 to 17.7% in Quarter 4 2016.

## 2 . Things you need to know about this release

This bulletin provides estimates of the profitability of UK-based private non-financial corporations (PNFCs). PNFCs comprise UK continental shelf (UKCS) companies and other non-financial UK (non-UKCS) companies. Non-UKCS companies are split by broad industry: manufacturing companies, non-financial services industry companies and others (such as construction, electricity and gas supply, agriculture, mining and quarrying).

UKCS companies engage in oil and natural gas exploration or extraction. This only includes companies operating on the UK continental shelf – the area where the UK claims mineral rights beyond the territorial sea. Owing to the nature of the industry, UKCS companies tend to be very capital-intensive, meaning they require high levels of capital investment to operate. They also report high levels of depreciation of their fixed assets. For these reasons, the net rate of return for UKCS companies is not directly comparable with those for other sectors.

### How do we measure profitability?

Net rate of return is used as the measurement of company profitability throughout this bulletin. The rate of return is calculated as the economic gain (profit) shown as a percentage of the capital used in production. “Net” means the rate of return excluding capital consumed and accounting for capital stocks at their current value. Capital consumed refers to the decline in the current value in the stock of fixed assets (for example, due to depreciation). Gross rates of return are available in the annex tables of this release.

### Revisions to the data

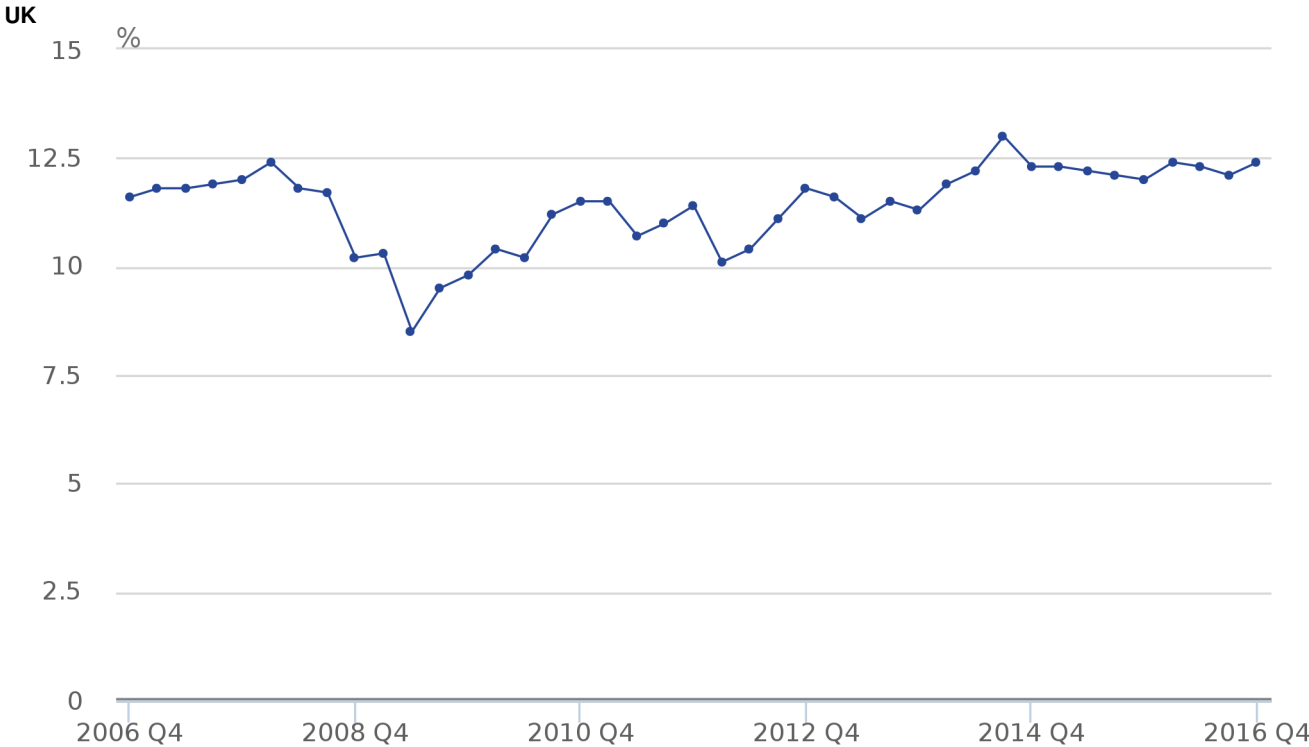
Revisions to rates of return have been incorporated from Quarter 1 (Jan to Mar) 2016. This is to ensure consistency with the [Quarterly National Accounts](#) for Quarter 4 (Oct to Dec) 2016, published on 31 March 2017. Revisions to the time series are presented in [Table R1](#) accompanying this bulletin, which is available for download from our website.

Estimates for the most recent quarters are subject to revisions through updated source information. For more information, please refer to our web page dedicated to [revisions to economic statistics](#), which brings together our work on revisions analysis, links to relevant documentation and revisions policies.

### 3 . Profitability of private non-financial corporations remained stable

The net rate of return for the private non-financial corporations (PNFC) sector increased in Quarter 4 (Oct to Dec) 2016 by 0.3 percentage points to 12.4% from 12.1% in Quarter 3 (July to Sept). The annual net rate of return for PNFCs also increased from 12.1% in 2015 to 12.3% in 2016. This reflected a general trend of steady growth since the financial crisis in 2008, as shown in Figure 1.

**Figure 1: Net rate of return for private non-financial corporations, Quarter 4 (Oct to Dec) 2006 to Quarter 4 2016**



Source: Office for National Statistics

Notes:

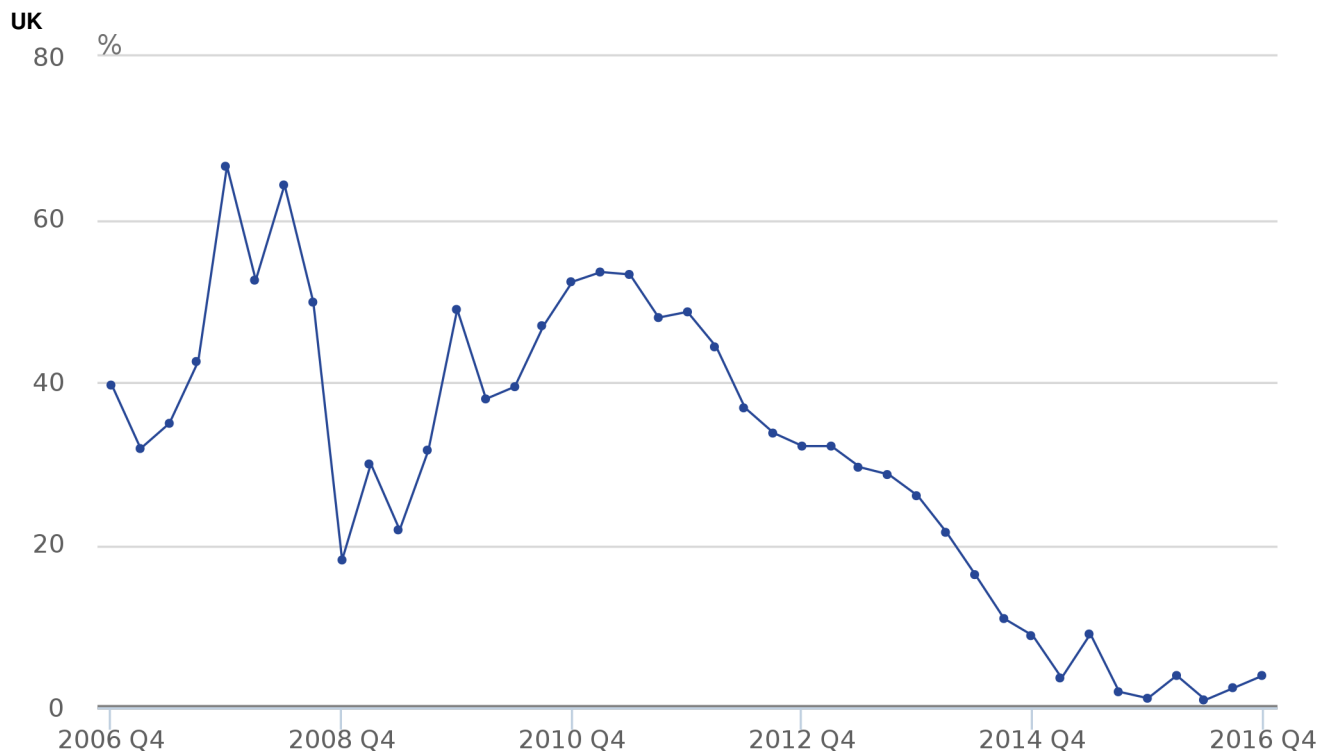
1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

This increase in profitability for UK companies generally coincided with the broader economic picture. [GDP grew by 0.7% in Quarter 4 2016](#). Moreover, Ernst and Young reported that [UK non-financial companies issued 73 profit warnings in Quarter 4](#), which was the lowest since 2013. Quarter 4 also brought the yearly total of profit warnings to 283 in 2016 – the lowest in 3 years. However, business investment growth – an important indicator of business confidence – [fell by 0.9%](#) over the same period.

## 4 . Profitability of UK continental shelf companies improved towards the end of 2016

UK continental shelf (UKCS) companies have historically experienced volatile profitability. The UKCS annual net rate of return reached its lowest point in 2016 (2.8%) since the series began in 1997, due to the fall in oil prices. However, the quarterly data showed signs of recovery in the sector towards the end of the year, driven mainly by rising prices. Figure 2 depicts the improved net rate of return to 3.9% in Quarter 4 (Oct to Dec) from 2.4% in Quarter 3 (July to Sept).

**Figure 2: Quarterly net rate of return for UK continental shelf companies, Quarter 4 (Oct to Dec) 2006 to Quarter 4 2016**



Source: Office for National Statistics

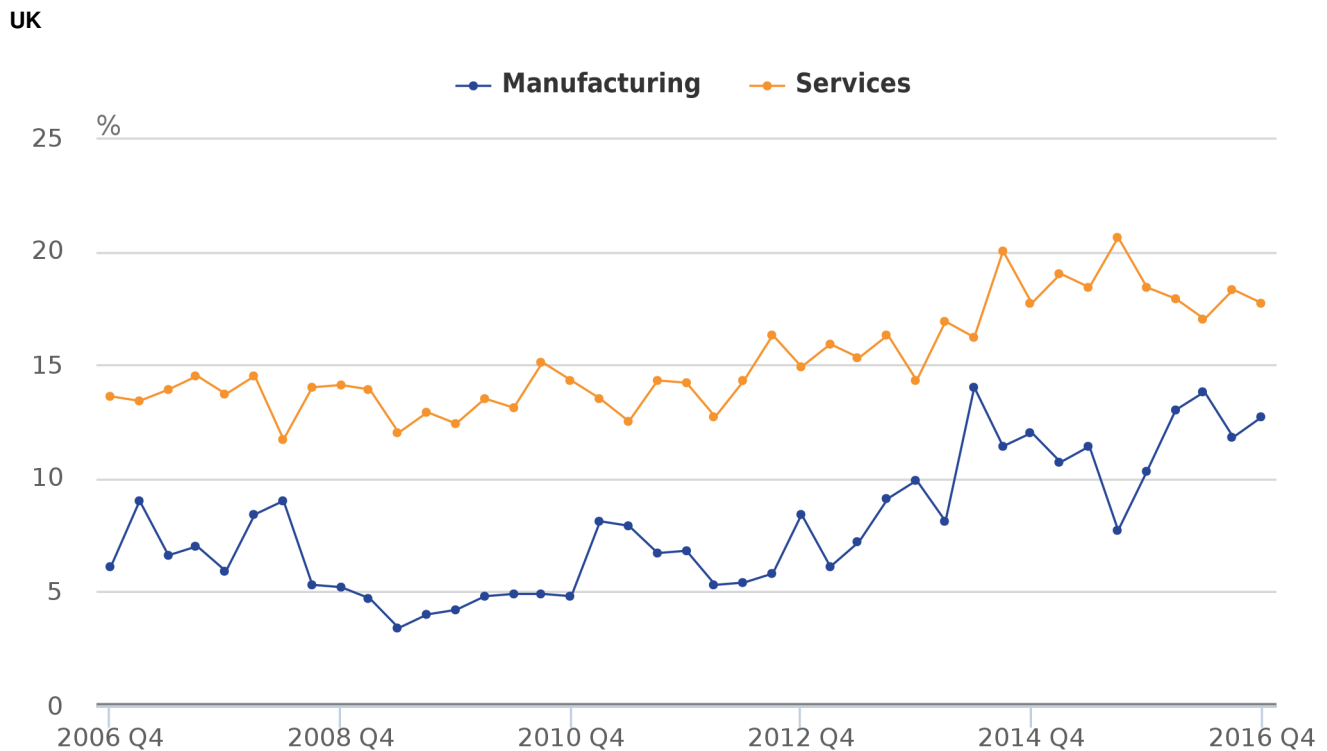
**Notes:**

1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

## 5 . Manufacturing companies experienced an increase in profitability, whilst services saw a decrease

The profitability of UK manufacturing companies improved in Quarter 4 (Oct to Dec) 2016. Net rate of return increased to 12.7%, up 0.9 percentage points from 11.8% in Quarter 3 (July to Sept). This increase in profitability coincided with an [increase in manufacturing output](#), which increased by 1.2% in Quarter 4 2016. According to the [Bank of England Agent Summary Report](#), growth in manufacturing output may have resulted from increased production in export supply chains, customers switching from international to domestic suppliers following the depreciation of sterling and increased demand from consumer services industries.

**Figure 3: Net rate of return for non-UK continental shelf companies split by manufacturing and services, Quarter 4 (Oct to Dec) 2006 to Quarter 4 2016**



Source: Office for National Statistics

Notes:

1. Q1 refers to Quarter 1 (January to March), Q2 refers to Quarter 2 (April to June), Q3 refers to Quarter 3 (July to September) and Q4 refers to Quarter 4 (October to December).

In contrast, the net rate of return for services industries fell from 18.3% in Quarter 3 2016 to 17.7% in Quarter 4 2016. One reason for this was perhaps [the large volume growth in total costs per person](#), according to the Confederation of British Industry (CBI).

Whilst profitability in the services industries fell in the quarter, the services industries continued to expand. Services industries were the main driver in gross domestic product (GDP) growth, [contributing 0.6 percentage points](#) in Quarter 4 2016. The expansion in services industries was mainly due to the [distribution, hotels and restaurants](#) industry grouping, where output increased by 2% between Quarter 3 and Quarter 4 of 2016.

## 6 . Links to related statistics

The gross operating surplus (GOS) of private non-financial corporations (PNFCs) is a component of the income approach to measuring gross domestic product (GDP). GOS consists of gross trading profits, plus income from rental of buildings, less inventory holding gains (changes in inventory value caused by price). See the [Quarterly National Accounts](#) for a detailed breakdown of the components of GDP.

The [UK Economic Accounts](#) detail estimates of national production, income and expenditure, UK Sector Accounts and the UK Balance of Payments.

## 7 . What's changed in this release?

We have updated the style of our bulletin this quarter to be more concise and user-friendly. We welcome any feedback and are particularly interested in knowing how you use the data to inform your work. Contact us via email at [profitability@ons.gov.uk](mailto:profitability@ons.gov.uk) or telephone Eric Crane on +44 (0)1633 455092.

## 8 . Quality and methodology

The “Profitability of UK companies” statistical bulletin reports the estimates for net rate of return on capital employed for UK private non-financial corporations (PNFCs) related to their UK operations.

The [Profitability of UK companies](#) and [Quarterly Operating Profits Survey](#) Quality and Methodology Information documents contain important information on:

- the strengths and limitations of the data and how it compares with related data
- uses and users of the data
- how the output was created
- the quality of the output including the accuracy of the data

### Perpetual inventory method

Underlying estimates of capital stock and capital consumption are produced using the perpetual inventory method. Further details are available in the [Capital Stock, Capital Consumption, Methodological changes to the estimation of capital stocks and consumption of fixed capital](#) publication, published on 5 August 2016.

**1 Annual Rates of Return of Private Non-Financial Corporations<sup>1</sup> - Summary<sup>2</sup>**

Percentage

Year	All Private Non-Financial Corporations <sup>2</sup>		UKCS Companies <sup>3</sup>		UK non-CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>		Gross <sup>4,6</sup> Net <sup>5,6</sup>	
	LRWV	LRWW	LRXD	LRXE	LRXO	LRXP	LRYP	LRYP	LRYP	LRYP
1997	13.6	14.5	10.6	9.9	13.9	14.8	12.8	13.6	16.3	18.8
1998	12.9	13.4	8.9	7.2	13.3	13.8	11.3	11.2	17.0	18.3
1999	12.2	12.2	10.7	11.8	12.4	12.3	10.7	10.1	15.6	16.1
2000	12.0	12.1	16.7	26.7	11.6	11.3	10.3	9.4	14.7	14.7
2001	11.0	10.4	16.4	27.5	10.6	9.6	8.7	6.9	13.4	12.6
2002	11.7	11.3	16.2	27.3	11.4	10.6	9.4	7.9	14.3	13.5
2003	11.8	11.6	16.1	27.4	11.5	11.0	8.7	7.1	14.9	14.9
2004	11.9	12.0	16.5	29.0	11.7	11.4	9.5	8.7	14.6	14.4
2005	12.0	12.2	20.3	39.5	11.5	11.3	9.3	8.3	14.5	14.6
2006	12.0	12.3	23.6	47.4	11.4	11.1	9.0	7.8	14.2	14.1
2007	11.7	11.9	22.5	44.0	11.1	10.9	8.5	7.1	13.9	13.9
2008	11.3	11.5	23.6	46.2	10.7	10.4	8.3	7.0	13.4	13.6
2009	10.1	9.5	18.7	33.0	9.7	8.8	6.8	4.1	12.9	12.8
2010	10.8	10.8	23.4	44.1	10.3	9.9	7.1	4.9	13.6	14.0
2011	11.0	11.1	27.2	50.7	10.3	9.9	8.5	7.4	13.2	13.6
2012	10.8	10.8	22.6	36.6	10.2	10.0	7.8	6.2	13.7	14.6
2013	11.0	11.4	20.2	29.0	10.6	10.7	8.7	8.1	14.2	15.5
2014	11.7	12.4	13.7	14.2	11.6	12.3	10.5	11.4	15.6	17.7
2015	11.5	12.1	8.1	3.9	11.6	12.5	9.8	10.0	16.4	19.1
2016	11.6	12.3	7.6	2.8	11.7	12.7	11.3	12.8	15.5	17.7

Source: Office for National Statistics

- 1 Private non-financial corporations are comprised of UK Continental Shelf, manufacturing, non-financial service sector companies and others (including construction, electricity and gas supply, agriculture, mining and quarrying).
- 2 Underlying data are presented in tables 3 to 7. Background notes to this release and all footnotes in Table 1 apply to all tables.
- 3 UKCS companies are defined as those involved in the exploration for and production of oil and natural gas from the UK Continental Shelf.
- 4 Basis of gross estimates:  
Gross operating surplus (numerator): Gross trading profits from United Kingdom operations plus rentals received less inventory holding gains.

- 5 Basis of net estimates:  
Net operating surplus (numerator): Gross operating surplus less capital consumption at current replacement cost.
- 6 Net capital employed (denominator): Gross capital employed less accumulated capital consumption at current replacement cost.  
Revisions have been made back to quarter 1 2016 to ensure consistency with the Quarterly National Accounts for 2016 Q4  
For more information see the revisions section of this release.

## 2 Quarterly Rates of Return of Private Non-Financial Corporations - Summary<sup>1</sup>

Percentage

Year	All Private Non-Financial Corporations		UKCS Companies		UK non -CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross LRWV	Net LRWW	Gross LRXD	Net LRXE	Gross LRXO	Net LRXP	Gross LRYB	Net LRYC	Gross LRYP	Net LRYQ
1997 Q1	13.1	13.8	12.3	12.5	13.2	13.9	12.8	13.1	14.3	17.3
Q2	13.5	14.3	9.7	8.3	13.9	14.8	12.6	13.3	15.9	19.1
Q3	14.1	15.2	10.2	9.5	14.4	15.7	13.1	14.2	18.1	20.0
Q4	13.6	14.5	10.1	9.4	14.0	14.9	12.8	13.7	17.4	19.0
1998 Q1	13.3	14.0	9.5	8.4	13.7	14.5	11.8	11.9	16.7	17.9
Q2	13.1	13.8	9.2	7.9	13.5	14.2	12.6	13.3	17.0	18.4
Q3	12.3	12.4	8.5	6.5	12.6	12.8	10.1	9.2	16.9	18.2
Q4	12.8	13.3	8.2	5.9	13.2	13.8	10.7	10.2	17.3	18.8
1999 Q1	12.7	13.1	8.1	6.0	13.2	13.6	11.5	11.5	15.8	16.4
Q2	11.9	11.7	9.4	9.0	12.1	11.9	11.5	11.3	15.1	15.3
Q3	12.1	12.1	12.5	15.7	12.1	11.9	9.9	8.7	16.1	16.7
Q4	12.2	12.1	13.0	17.2	12.1	11.8	10.0	8.8	15.6	15.9
2000 Q1	12.5	12.7	14.8	21.6	12.3	12.2	11.5	11.5	14.5	14.4
Q2	12.2	12.3	16.2	25.4	11.8	11.6	11.2	11.0	14.8	14.9
Q3	11.9	12.0	17.4	28.4	11.5	11.1	9.9	8.9	15.5	16.1
Q4	11.5	11.2	18.7	31.8	11.0	10.2	8.6	6.5	13.8	13.3
2001 Q1	10.5	9.7	17.8	30.3	10.0	8.7	9.0	7.3	11.6	10.0
Q2	11.2	10.8	17.7	30.6	10.8	9.9	9.3	7.8	13.6	13.1
Q3	11.1	10.5	15.7	26.1	10.7	9.8	8.5	6.6	14.1	13.7
Q4	11.2	10.7	14.3	22.7	11.0	10.2	8.1	5.8	14.1	13.7
2002 Q1	11.7	11.4	14.7	23.6	11.5	10.9	11.1	10.8	12.9	11.6
Q2	11.8	11.4	16.1	27.0	11.5	10.7	9.7	8.3	13.7	12.6
Q3	11.7	11.2	15.5	25.4	11.5	10.6	8.9	7.1	15.4	15.0
Q4	11.6	11.2	18.5	33.4	11.2	10.2	7.9	5.5	15.3	15.0
2003 Q1	11.5	11.1	18.0	32.0	11.1	10.2	8.1	5.9	14.1	13.3
Q2	11.4	11.2	13.7	21.4	11.2	10.7	8.7	7.1	14.5	14.5
Q3	12.1	12.2	16.0	27.3	11.9	11.6	8.7	7.1	16.3	17.0
Q4	12.1	12.1	16.7	29.1	11.8	11.4	9.4	8.2	14.8	14.7
2004 Q1	11.9	11.8	15.8	27.2	11.6	11.2	9.8	9.0	14.2	13.8
Q2	12.2	12.4	15.5	26.6	12.0	11.9	9.9	9.4	15.0	15.2
Q3	12.1	12.2	17.3	31.6	11.8	11.5	9.4	8.5	15.1	15.1
Q4	11.6	11.5	17.1	30.9	11.3	10.8	9.1	7.8	14.0	13.7
2005 Q1	11.5	11.5	18.7	35.3	11.0	10.6	9.2	8.2	13.3	12.9
Q2	11.9	12.2	19.7	38.0	11.4	11.3	9.7	9.1	13.7	13.6
Q3	12.2	12.6	20.7	40.4	11.7	11.6	9.4	8.5	15.4	15.9
Q4	12.3	12.6	22.3	44.2	11.7	11.6	8.8	7.4	15.6	16.2

Source: Office for National Statistics

1 The quarterly rates of return are consistent with the annual rates of return presented in Table 1.

See footnotes on Table 1

continued over



**2 Quarterly Rates of Return of Private Non-Financial Corporations - Summary<sup>1</sup> continued**

Percentage

Year	All Private Non-Financial Corporations		UKCS Companies		UK non -CS PNFCs		Manufacturing Sector PNFCs		Service Sector PNFCs	
	Gross LRWV	Net LRWW	Gross LRXD	Net LRXE	Gross LRXO	Net L_RXP	Gross LRYB	Net LRYC	Gross LRYP	Net LRYQ
2006 Q1	12.5	12.9	26.1	54.1	11.7	11.5	10.1	9.5	14.6	14.6
Q2	12.0	12.3	25.2	51.5	11.3	11.0	9.1	7.9	13.9	13.8
Q3	12.0	12.3	22.4	44.2	11.4	11.2	8.8	7.5	14.4	14.5
Q4	11.6	11.6	20.7	39.6	11.1	10.7	8.0	6.1	13.9	13.6
2007 Q1	11.7	11.8	17.7	31.8	11.3	11.1	9.6	9.0	13.6	13.4
Q2	11.6	11.8	18.9	34.9	11.2	11.0	8.2	6.6	13.9	13.9
Q3	11.7	11.9	21.9	42.5	11.2	11.0	8.4	7.0	14.4	14.5
Q4	11.8	12.0	31.5	66.5	10.8	10.3	7.8	5.9	13.8	13.7
2008 Q1	11.9	12.4	26.0	52.5	11.2	11.1	9.2	8.4	14.1	14.5
Q2	11.4	11.8	30.5	64.2	10.4	10.1	9.5	9.0	12.2	11.7
Q3	11.4	11.7	25.0	49.8	10.7	10.5	7.4	5.3	13.6	14.0
Q4	10.5	10.2	12.6	18.1	10.3	10.0	7.4	5.2	13.7	14.1
2009 Q1	10.6	10.3	17.5	29.9	10.2	9.7	7.2	4.7	13.6	13.9
Q2	9.5	8.5	14.3	21.8	9.3	8.1	6.5	3.4	12.4	12.0
Q3	10.1	9.5	18.2	31.6	9.7	8.8	6.7	4.0	13.0	12.9
Q4	10.2	9.8	25.1	48.9	9.5	8.6	6.7	4.2	12.6	12.4
2010 Q1	10.6	10.4	20.7	37.9	10.1	9.6	7.1	4.8	13.2	13.5
Q2	10.5	10.2	21.4	39.4	10.0	9.3	7.1	4.9	13.0	13.1
Q3	11.1	11.2	24.5	46.9	10.5	10.1	7.1	4.9	14.3	15.1
Q4	11.3	11.5	27.0	52.3	10.6	10.3	7.1	4.8	13.8	14.3
2011 Q1	11.2	11.5	27.7	53.5	10.5	10.2	8.9	8.1	13.2	13.5
Q2	10.7	10.7	28.0	53.2	9.9	9.4	8.7	7.9	12.5	12.5
Q3	10.9	11.0	26.2	47.9	10.2	9.9	8.1	6.7	13.6	14.3
Q4	11.2	11.4	27.0	48.6	10.5	10.2	8.2	6.8	13.6	14.2
2012 Q1	10.3	10.1	25.6	44.3	9.6	9.0	7.3	5.3	12.6	12.7
Q2	10.5	10.4	22.6	36.8	10.0	9.5	7.3	5.4	13.6	14.3
Q3	10.9	11.1	21.5	33.7	10.5	10.4	7.5	5.8	14.8	16.3
Q4	11.3	11.8	21.0	32.1	10.9	11.1	8.9	8.4	14.0	14.9
2013 Q1	11.2	11.6	21.2	32.1	10.7	10.9	7.6	6.1	14.5	15.9
Q2	10.8	11.1	20.3	29.5	10.4	10.4	8.3	7.2	14.1	15.3
Q3	11.1	11.5	20.1	28.6	10.7	10.9	9.3	9.1	14.8	16.3
Q4	11.0	11.3	19.2	26.0	10.7	10.8	9.8	9.9	13.5	14.3
2014 Q1	11.4	11.9	17.2	21.5	11.1	11.5	8.7	8.1	15.1	16.9
Q2	11.6	12.2	14.7	16.3	11.4	12.1	12.0	14.0	14.7	16.2
Q3	12.1	13.0	11.9	10.9	12.1	13.1	10.6	11.4	17.1	20.0
Q4	11.6	12.3	10.8	8.8	11.6	12.5	10.9	12.0	15.6	17.7
2015 Q1	11.6	12.3	8.0	3.6	11.7	12.6	10.1	10.7	16.3	19.0
Q2	11.5	12.2	10.8	9.0	11.5	12.3	10.5	11.4	16.0	18.4
Q3	11.4	12.1	6.9	1.9	11.6	12.5	8.5	7.7	17.4	20.6
Q4	11.4	12.0	6.6	1.1	11.6	12.4	9.9	10.3	16.0	18.4
2016 Q1	11.6	12.4	8.2	3.9	11.8	12.8	11.4	13.0	15.6	17.9
Q2	11.6	12.3	6.5	0.9	11.8	12.8	11.8	13.8	15.1	17.0
Q3	11.4	12.1	7.3	2.4	11.6	12.5	10.7	11.8	15.8	18.3
Q4	11.7	12.4	8.4	3.9	11.8	12.8	11.2	12.7	15.4	17.7

Source: Office for National Statistics

### 3 Rates of Return of all Private Non-Financial Corporations

Year	Percentage Rate of Return		£ billion				
	Gross LRWV	Net LRWW	Gross Operating Surplus LRWL	Capital Consumption BGXZ	Net Operating Surplus LRWM	Capital Employed	
						Gross LRWT	Net LRWU
1997	13.6	14.5	199.7	67.7	132.1	1471.6	913.6
1998	12.9	13.4	195.9	69.1	126.8	1521.2	949.2
1999	12.2	12.2	195.0	73.0	122.1	1595.2	997.0
2000	12.0	12.1	204.2	76.0	128.2	1697.4	1063.6
2001	11.0	10.4	197.0	79.8	117.3	1788.8	1124.8
2002	11.7	11.3	212.2	82.7	129.5	1810.1	1145.6
2003	11.8	11.6	225.0	84.6	140.3	1912.0	1206.6
2004	11.9	12.0	234.3	86.2	148.1	1963.7	1236.4
2005	12.0	12.2	250.2	89.4	160.8	2090.1	1315.8
2006	12.0	12.3	262.8	94.1	168.7	2184.1	1375.7
2007	11.7	11.9	269.7	97.0	172.7	2304.0	1452.6
2008	11.3	11.5	279.9	100.5	179.4	2482.5	1561.9
2009	10.1	9.5	251.4	103.7	147.7	2487.9	1552.1
2010	10.8	10.8	268.9	102.6	166.3	2478.8	1534.6
2011	11.0	11.1	282.9	105.9	177.0	2577.3	1590.4
2012	10.8	10.8	285.8	108.3	177.5	2655.1	1637.7
2013	11.0	11.4	304.0	110.9	193.2	2755.7	1700.9
2014	11.7	12.4	331.7	113.4	218.3	2845.3	1763.1
2015	11.5	12.1	336.4	116.7	219.7	2933.3	1811.8
2016	11.6	12.3	346.2	118.7	227.5	2993.4	1849.6

See footnotes on Table 1

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## 4 Rates of Return of UK Continental Shelf Companies

Year	Percentage Rate of Return		£ billion				
	Gross	Net <sup>1</sup>	Gross		Net	Capital Employed	
			Operating Surplus	Capital Consumption	Operating Surplus	Gross	Net
LRXD	LRXE	LRWX	BGYB	LRWY	LRXB	LRXC	
1997	10.6	9.9	13.8	7.2	6.7	130.9	67.5
1998	8.9	7.2	11.5	7.0	4.6	130.3	63.5
1999	10.7	11.8	13.7	6.8	6.9	127.7	58.6
2000	16.7	26.7	21.2	6.6	14.6	126.4	54.6
2001	16.4	27.5	20.1	6.4	13.7	122.6	49.9
2002	16.2	27.3	19.1	6.3	12.8	117.9	46.7
2003	16.1	27.4	18.8	6.2	12.6	116.9	45.9
2004	16.5	29.0	18.7	6.1	12.6	113.4	43.4
2005	20.3	39.5	23.6	6.3	17.3	115.9	43.9
2006	23.6	47.4	27.3	6.4	20.9	115.6	44.1
2007	22.5	44.0	26.1	6.3	19.8	116.0	45.0
2008	23.6	46.2	28.1	6.4	21.7	119.2	47.0
2009	18.7	33.0	21.5	6.4	15.1	114.6	45.7
2010	23.4	44.1	25.4	6.0	19.4	108.6	44.0
2011	27.2	50.7	29.8	6.2	23.6	109.5	46.6
2012	22.6	36.6	25.2	6.6	18.7	111.5	51.1
2013	20.2	29.0	23.5	6.9	16.5	116.3	57.1
2014	13.7	14.2	16.7	7.5	9.2	122.2	64.7
2015	8.1	3.9	10.3	7.6	2.7	127.2	69.9
2016	7.6	2.8	9.7	7.6	2.1	128.5	77.1

<sup>1</sup> Net rates of return are not a good measure of performance for Continental Shelf companies because of the nature of the fixed assets. This leads to distortions in the average capital employed. See footnotes on Table 1

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## 5 Rates of Return of UK non-CS PNFCs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross		Net	Capital Employed	
			Operating Surplus	Capital Consumption	Operating Surplus	Gross	Net
LRXO	LRXP	LRXG	BGYC	LRXH	LRXM	LRXN	
1997	13.9	14.8	185.9	60.5	125.4	1340.8	846.2
1998	13.3	13.8	184.3	62.1	122.2	1390.9	885.7
1999	12.4	12.3	181.3	66.2	115.1	1467.5	938.3
2000	11.6	11.3	183.0	69.4	113.6	1571.0	1009.0
2001	10.6	9.6	176.9	73.4	103.5	1666.2	1074.9
2002	11.4	10.6	193.1	76.4	116.8	1692.2	1098.9
2003	11.5	11.0	206.2	78.5	127.7	1795.1	1160.7
2004	11.7	11.4	215.6	80.1	135.5	1850.3	1193.0
2005	11.5	11.3	226.6	83.2	143.4	1974.1	1271.9
2006	11.4	11.1	235.5	87.7	147.8	2068.5	1331.5
2007	11.1	10.9	243.6	90.7	152.9	2187.9	1407.6
2008	10.7	10.4	251.7	94.1	157.7	2363.3	1514.9
2009	9.7	8.8	229.9	97.3	132.6	2373.3	1506.4
2010	10.3	9.9	243.5	96.7	146.9	2370.2	1490.6
2011	10.3	9.9	253.1	99.7	153.4	2467.8	1543.8
2012	10.2	10.0	260.6	101.8	158.8	2543.6	1586.6
2013	10.6	10.7	280.6	103.9	176.6	2639.5	1643.8
2014	11.6	12.3	315.0	105.9	209.1	2723.0	1698.4
2015	11.6	12.5	326.1	109.2	217.0	2806.1	1742.0
2016	11.7	12.7	336.4	111.0	225.4	2864.9	1772.5

See footnotes on Table 1



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## 6 Rates of Return of Manufacturing Sector PNFs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross	Capital	Net	Capital Employed	
			Operating Surplus	Consumption	Operating Surplus	Gross	Net
	LRYB	LRYC	LRXR	BGYI	LRXS	LRXZ	LRYA
1997	12.8	13.6	52.1	19.0	33.1	406.2	244.2
1998	11.3	11.2	47.1	19.2	27.9	416.6	250.1
1999	10.7	10.1	45.9	20.0	25.9	428.6	257.8
2000	10.3	9.4	45.9	20.5	25.4	447.0	269.1
2001	8.7	6.9	39.8	21.0	18.9	457.6	275.1
2002	9.4	7.9	42.6	21.1	21.5	453.6	271.3
2003	8.7	7.1	39.6	20.5	19.1	454.5	269.8
2004	9.5	8.7	43.1	20.0	23.1	451.5	265.9
2005	9.3	8.3	44.5	21.1	23.4	479.6	283.5
2006	9.0	7.8	44.7	21.8	22.9	497.5	294.9
2007	8.5	7.1	43.5	22.1	21.4	511.6	300.6
2008	8.3	7.0	46.1	23.6	22.5	552.8	322.6
2009	6.8	4.1	37.2	24.4	12.8	549.2	315.2
2010	7.1	4.9	38.2	23.3	14.9	540.9	307.9
2011	8.5	7.4	47.0	23.9	23.1	555.8	314.1
2012	7.8	6.2	43.5	24.0	19.5	559.4	314.5
2013	8.7	8.1	49.6	24.1	25.6	567.5	316.9
2014	10.5	11.4	60.0	23.9	36.1	569.9	317.3
2015	9.8	10.0	56.0	24.2	31.8	574.2	317.4
2016	11.3	12.8	64.8	24.3	40.5	574.3	315.9

1 See footnotes on table 1

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## 7 Rates of Return of Service Sector PNFs

Year	Percentage Rate of Return		£ billion				
	Gross	Net	Gross	Capital	Net	Capital Employed	
			Operating Surplus	Consumption	Operating Surplus	Gross	Net
	LRYB	LRYC	LRXR	BGYI	LRXS	LRXZ	LRYA
1997	16.3	18.8	113.4	34.4	79.1	694.5	420.5
1998	17.0	18.3	116.9	35.5	81.5	689.1	444.5
1999	15.6	16.1	115.0	38.4	76.7	735.7	476.5
2000	14.7	14.7	116.5	40.6	75.9	795.2	517.9
2001	13.4	12.6	114.6	43.7	70.9	855.3	560.8
2002	14.3	13.5	124.4	46.2	78.1	868.3	576.9
2003	14.9	14.9	142.3	48.7	93.6	952.0	628.1
2004	14.6	14.4	145.4	50.7	94.7	997.6	656.2
2005	14.5	14.6	154.1	52.2	101.9	1061.2	695.9
2006	14.2	14.1	158.6	55.4	103.2	1116.9	730.4
2007	13.9	13.9	165.6	57.6	108.0	1190.5	778.7
2008	13.4	13.6	172.0	58.5	113.5	1285.7	836.6
2009	12.9	12.8	167.2	60.3	106.9	1297.3	835.9
2010	13.6	14.0	177.4	60.8	116.6	1307.1	833.5
2011	13.2	13.6	180.2	62.7	117.5	1362.3	863.5
2012	13.7	14.6	193.2	64.0	129.3	1405.8	887.5
2013	14.2	15.5	206.8	65.3	141.5	1454.7	915.8
2014	15.6	17.7	234.4	66.9	167.5	1500.9	945.1
2015	16.4	19.1	255.5	69.2	186.3	1555.5	976.3
2016	15.5	17.7	246.2	70.4	175.7	1589.3	991.6

1 See footnotes on table 1

**R1 Revisions to Annual and Quarterly Net Rates of Return of PNFCs**

Year	Percentage				
	All PNFCs LRWW	UKCS Companies LRXE	UK non -CS PNFCs LRXP	Manufacturing Sector PNFCs LRYC	Service Sector PNFCs LRYQ
1997	0.0	0.0	0.0	0.0	0.0
1998	0.0	0.0	0.0	0.0	0.0
1999	0.0	0.0	0.0	0.0	0.0
2000	0.0	0.0	0.0	0.0	0.0
2001	0.0	0.0	0.0	0.0	0.0
2002	0.0	0.0	0.0	0.0	0.0
2003	0.0	0.0	0.0	0.0	0.0
2004	0.0	0.0	0.0	0.0	0.0
2005	0.0	0.0	0.0	0.0	0.0
2006	0.0	0.0	0.0	0.0	0.0
2007	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0
Quarter					
1997 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
1998 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
1999 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2000 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2001 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2002 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0

Source: Office for National Statistics

1 Table R1 shows the revisions to the net rates of return which have been made back to quarter one 2016 in line with the Quarterly National Accounts 2016 Q4. For more information see the revisions section of this release.  
continued over

**R1 Revisions to Annual and Quarterly Net Rates of Return of PNFCs continued**

Quarter	%				
	All PNFCs LRWW	UKCS Companies LRXE	UK non -CS PNFCs LRXP	Manufacturing Sector PNFCs LRYC	Service Sector PNFCs LRYQ
2003 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2004 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2005 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2006 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2007 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2008 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2009 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2010 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2011 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2012 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2013 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2014 Q1	0.0	0.0	0.0	0.0	0.0
Q2	0.0	0.0	0.0	0.0	0.0
Q3	0.0	0.0	0.0	0.0	0.0
Q4	0.0	0.0	0.0	0.0	0.0
2015 Q1	0.0	-0.1	0.0	0.0	0.0
Q2	0.0	0.2	0.0	0.0	0.0
Q3	0.0	-0.1	0.0	0.0	0.1
Q4	0.0	0.1	0.0	0.0	0.1
2016 Q1	0.0	2.7	-0.1	0.0	-0.3
Q2	0.0	0.3	0.0	0.8	-1.0
Q3	-0.1	0.8	-0.1	-0.2	-0.4

Source: Office for National Statistics

1 Table R1 shows the revisions to the net rates of return which have been made back to quarter 1 2016 in line with the Quarterly National Accounts 2016 Q4. For more information see the revisions section of this release.



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