

## Profitability and investment

Profitability among all sectors of the economy declined in the final quarter of 2015. The mining sector continued to post losses, as it did throughout 2015, with fourth quarter losses almost doubling over the previous quarter. While manufacturing remained profitable overall, its profits also continued to decline, following a negative path that began in 2011. For the economy as a whole, the investment rate dropped sharply, but it rose slightly in manufacturing.

Statistics South Africa's Quarterly Financial Statistics provides information on trends in profitability and capital expenditure in the formal sector outside of agriculture, with information currently available through the fourth quarter of 2015.

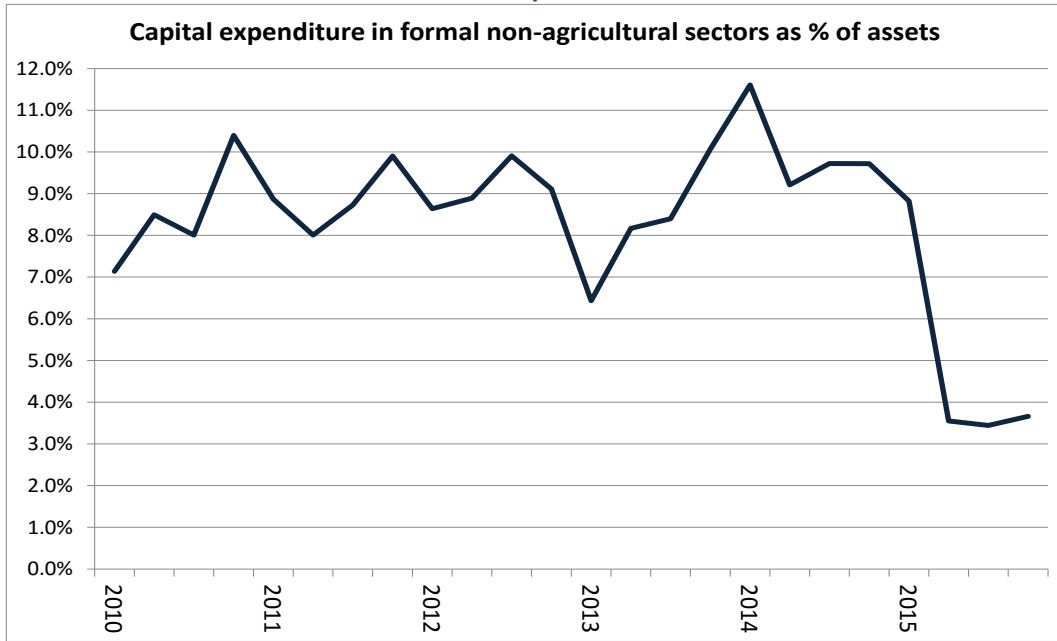
### Profitability and capital expenditure by sector, Q4 2015, 2014 and 2010

	Mining	Manufac- turing	Construc- tion	Utilities	Other sectors	Total
<b>Profitability</b>						
Profits, Q4 2015	-R15,2 bn	R19,9 bn	R5,9 bn	R1,1 bn	R79,8 bn	R91,5 bn
Return on capital (a)						
Q4 2015	-3.1%	4.4%	13.0%	0.2%	7.3%	3.5%
Q4 2014	0.0%	5.9%	2.8%	-0.6%	10.2%	4.8%
Q4 2010	5.9%	8.0%	6.6%	-0.3%	6.0%	5.5%
<b>Capital expenditure</b>						
Capital expenditure, Q4 2015	R12,3 bn	R24,6 bn	R2,4 bn	R17,3 bn	R40,1 bn	R96,8 bn
Capital expenditure as % of assets						
Q4 2015	2.5%	5.5%	5.2%	3.1%	3.7%	3.7%
Q4 2014	3.3%	5.3%	6.2%	3.7%	3.8%	9.7%
Q4 2010	3.8%	5.0%	6.6%	5.9%	3.3%	10.4%

Notes: (a) Return Is capital calculated as profits less tax divided by the carrying value of assets. Source: Calculated from Statistics South Africa, Quarterly Financial Statistics, relevant quarters.

Despite lower profits, manufacturing investment increased in the past year, reaching around R25 billion or 5,5% of the value of assets in the sector. Still, formal non-agricultural capital expenditure as a percentage of assets hit a low point in the past year, with a decline in investment relative to the GDP as well (Graph 9).

**Graph 9**



Source: Calculated from Statistics South Africa, Quarterly Financial Statistics, relevant quarters.