

Profitability and investment

In the second quarter of 2015 – the latest available - mining as a whole made a loss, but construction saw a higher return on capital. Investment trended down in mining compared to 2014, but increased in manufacturing.

Quarterly data on profits and investment can be calculated using Statistics South Africa's Quarterly Financial Statistics for the productive sectors outside of manufacturing. Data are however only available through the second quarter of 2015.

According to these data:

- Mining as a whole made losses through the first half of 2015, mostly because of the sharp drop in commodity prices. In 2015 rand, mining investment dropped fairly steadily from R69 billion in the year to the second quarter of 2012 to R56 billion in the year to the second quarter of 2015. That trend reflects falling profits as export prices dropped.
- In contrast, manufacturing profits increased for most of the year to mid-2015, recovering from a sharp fall in the third quarter of 2013. Moreover, investment in manufacturing reportedly climbed rapidly from early 2014, rising from R11,5 billion in the first quarter of 2014 to R23 billion in the fourth quarter of the year, then stabilised around that level in the first half of 2015. The increase reversed a tendency toward falling investment in manufacturing from 2012.

Profitability and capital expenditure by sector, Second quarter 2014, first quarter 2015 and second quarter 2015

	Mining	Manufac- turing	Utilities	Construc- tion	Other	Total
Profitability (a)						
Profits in R bns, Q3 2015	-8,5	36,4	4,1	-0,1	77,7	108,9
Return on capital, Q2 2015	-1.6%	8.4%	8.7%	-0.2%	8.0%	4.4%
Return on capital, Q1 2015	-0.6%	5.1%	9.5%	-0.4%	8.8%	4.2%
Return on capital, Q2 2014	1.1%	5.3%	4.7%	0.6%	7.8%	4.5%
Capital expenditure						
Capital expenditure in Rbns, Q2 2015	12.0	23.6	3.1	17.6	31.8	88.1
Capital expenditure as % of assets, Q2 2015	2.3%	5.4%	6.6%	3.5%	3.3%	3.5%
Capital expenditure as % of assets, Q2 2014	2.9%	4.4%	5.4%	2.9%	4.7%	9.2%

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