

Private radio broadcasting, 2016

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Operating revenues in private radio broadcasting fell 3.3% (-\$52.5 million) from 2015 to \$1.6 billion in 2016. This third consecutive annual decrease in operating revenue was attributable to a 5.4% decline in local advertising sales. In 2016, 98.4% of total operating revenues in private radio broadcasting were generated from advertising sales.

The profit margin before interest and taxes fell from 18.9% in 2015 to 18.6% in 2016, and profits before interest and taxes totalled \$289.0 million, leading to a 3.3% decline in operating revenue to \$1.6 billion.

Operating expenses fell 2.9% to \$1.3 billion in 2016. Sales and promotion posted the biggest decline, down \$20.2 million or 5.4% from 2015 to \$355.9 million in 2016.

Profit margin down everywhere in Canada except in Quebec and Ontario

Private radio broadcasters in Quebec were the most profitable in the country in 2016. Quebec was the only province to post higher operating revenues and profit margin before interest and taxes. Operating revenues in Quebec rose 1.3% from 2015 to \$311.3 million in 2016. A 3.5% decrease in operating expenses in 2016 contributed to a 3.9 percentage point increase in the profit margin before interest and taxes to 22.2% (\$69.1 million) in 2016.

In Ontario, the profit margin before interest and taxes in 2016 was unchanged from 2015 at 21.9%. Operating revenues (\$552.4 million) and expenses (\$431.3 million) both fell by 0.5% in 2016.

Operating revenues in the Atlantic provinces fell 0.6% in 2016, while operating expenses were identical to 2015. This contributed to a decline in profit margin before interest and taxes from 16.8% in 2015 to 16.3% in 2016.

The biggest decreases in operating revenues were in the West, where they fell 8.2% from 2015 to \$589.4 million in 2016. In Eastern Canada, operating revenues edged up 0.04% to \$965.9 million.

Alberta posted the biggest decrease in radio broadcasting operating revenues, coinciding with a significant decline in gross domestic product in 2015 (-3.7%) and 2016 (-3.8%). Operating revenues totalled \$247.6 million in 2016, down 12.9% from 2015. The profit margin before interest and taxes was 17.7% (\$43.7 million), its lowest level since 2000. Operating expenses declined 7.4% to \$203.9 million in 2016.

In Manitoba, operating revenues fell 7.6% to \$57.7 million in 2016. Manitoba had the lowest profit margin before interest and taxes in the country at 8.7% or \$5.0 million, compared with a profit margin before interest and taxes of \$7.4 million in 2015.

In Saskatchewan, the profit margin before interest and taxes was down 0.5 percentage points from 2015 to 9.9% in 2016, attributable to a \$3.4 million decline in operating revenues and a \$2.6 million decrease in operating expenses.

In British Columbia and the territories, operating expenses fell 2.8%. This decline did not offset the 4.0% decrease in operating revenues in 2016. The profit margin before interest and taxes fell from 13.8% in 2015 to 12.8% in 2016.

The profit margin before interest and taxes for the private FM radio sector remains steady

Operating expenses in the private FM radio sector fell 3.9% to \$1.3 billion in 2016. The profit margin before interest and taxes edged down from 21.7% in 2015 to 21.6% in 2016, which translated into a profit before interest and taxes of \$274.1 million.

The profit margin before interest and taxes for the private AM radio sector was down from 6.0% in 2015 to 5.3% in 2016. This decrease was attributable to a 0.2% increase in operating expenses to \$269.3 million in 2016, while operating revenues fell 0.5% to \$284.3 million.



Higher operating revenues for French-language stations

The operating revenues for French-language radio stations rose 1.2% to \$265.9 million in 2016. The profit margin before interest and taxes for these stations also increased, from 16.5% in 2015 to 20.1% in 2016 on account of a 3.2% decrease in operating expenses.

English-language radio stations saw their operating revenues fall 4.3% to \$1.2 billion in 2016. Their profit margin before interest and taxes decreased from 19.6% in 2015 to 18.4% in 2016.

The profit margin before interest and taxes for ethnic radio stations increased 0.4 percentage points to 14.9% in 2016, with a 1.5% decline in operating expenses offsetting a 1.0% decrease in operating revenues.

Table 1
Advertising revenues: Private radio broadcasters

	2015	2016	2015 to 2016
	millions of dollars		% change
All broadcasters	1,580.3	1,528.0	-3.3
AM stations	279.0	277.4	-0.6
FM stations	1,301.3	1,250.7	-3.9
All markets	1,580.3	1,528.0	-3.3
Five largest census metropolitan areas	709.0	694.9	-2.0
Other census metropolitan areas	428.6	405.8	-5.3
Non-census metropolitan areas	442.7	427.3	-3.5

Source(s): CANSIM tables [357-0002](#) and [357-0003](#).

Table 2
Profit margin before interest and taxes¹: Private radio broadcasters

	2015	2016
	%	
All broadcasters	18.9	18.6
AM stations	6.0	5.3
FM stations	21.7	21.6
All markets	18.9	18.6
Five largest census metropolitan areas	24.0	23.9
Other census metropolitan areas	15.2	14.1
Non-census metropolitan areas	14.5	14.4

1. The profit margin is obtained by dividing profits before interest and taxes by total operating revenues.

Source(s): CANSIM tables [357-0002](#) and [357-0003](#).

Available in CANSIM: tables [357-0002](#) and [357-0003](#).

Definitions, data sources and methods: survey number [2724](#).

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