

# Private radio broadcasting, 2012 (final)

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The operating revenues of the private radio broadcasting sector edged up 0.3% from 2011 to \$1.6 billion in 2012. The vast majority of these revenues (98%) were from advertising.

The annual growth rate for 2012 was the lowest since 2000, except for 2009, when revenues were down 5.3% from 2008 as a result of the economic slowdown. After the 2010 recovery, the growth rate of radio broadcasting operating revenues stabilized.

The profit margin before interest and taxes was 19.7% in 2012, up from 19.4% in 2011, with profits totaling \$320 million. The industry has still not returned to the level of profitability it had before the 2008 economic slowdown.

For the FM radio sector, operating revenues increased 0.7% or by \$9 million to \$1.3 billion in 2012. Although expenses edged up 0.2% in 2012, FM radio's profit margin before interest and taxes has still not returned to its pre-recession levels. The profit margin for 2012 was 21.8%, up slightly from 2011 (21.4%).

The number of FM radio stations continued to increase in 2012, as 11 new stations were added. Since 2000, 294 new FM radio stations have gone on the air in Canada.

The number of AM radio stations continued to decline in 2012, as there were five fewer stations than in 2011. Since 2000, there are 110 fewer stations on the AM band in Canada. Many of them moved to the FM band, and the least profitable ones went out of business.

In 2012, the operating revenues and expenses of AM radio stations were both down 1.6% compared with 2011, falling to \$307 million and \$274 million respectively. The profit margin before interest and taxes remained above the 10% threshold, at 10.7%.

Ontario's private radio broadcasters remained the most profitable in the country. Despite a 2.2% decline in operating revenues and a 3.1% decrease in operating expenses, Ontario's private radio stations posted their best profit margin before interest and taxes in the last 12 years (24.7%).

In Alberta, private radio stations' profit margin before interest and taxes grew from 19.0% to 21.3% in 2012. This performance was attributable to a 3.4% increase in revenues, while expenses rose 0.5% in 2012. This growth made Alberta's radio broadcasters the second most profitable in Canada.

After two consecutive annual increases, the profit margin of Manitoba's private radio stations before interest and taxes declined from 20.5% in 2011 to 16.8% in 2012. This decrease was attributable to a sharp rise in expenses, up 6.6% from 2011. Saskatchewan's radio broadcasters remained the least profitable among the provinces, reporting a profit margin of 11.0% before interest and taxes, down from 11.8% in 2011.

The profitability of private radio stations in the Atlantic region has been declining steadily for the last seven years. The profit margin of the region's private radio stations before interest and taxes fell from 27.0% in 2005 to 14.6% in 2012.

In 2012, ethnic radio stations reported the highest rate of operating revenue growth, at 4.7%, compared with 0.3% for English-language stations and a 0.4% decline for French-language stations.

For English-language radio, profits before interest and taxes rose 1.0% to \$274 million, compared with 6.8% for French-language stations (\$40 million) and 37.9% for ethnic stations (\$6 million). Profit margins were 20.9%, 15.0% and 12.9% respectively in 2012.



**Table 1**  
**Advertising revenues: Private radio broadcasters**

	2011	2012	2011 to 2012
	millions of dollars		% change
<b>All private broadcasters</b>	<b>1,580.6</b>	<b>1,589.3</b>	<b>0.6</b>
AM stations	300.8	296.5	-1.4
FM stations	1,279.8	1,292.8	1.0
<b>All markets</b>	<b>1,580.6</b>	<b>1,589.3</b>	<b>0.6</b>
Five largest census metropolitan areas	711.9	720.8	1.3
Other census metropolitan areas	431.5	433.2	0.4
Non-census metropolitan areas	437.1	435.2	-0.4

**Table 2**  
**Profit margin before interest and taxes<sup>1</sup>: Private radio broadcasters**

	2011	2012
	% of revenues	
<b>All private broadcasters</b>	<b>19.4</b>	<b>19.7</b>
AM stations	10.6	10.7
FM stations	21.4	21.8
<b>All markets</b>	<b>19.4</b>	<b>19.7</b>
Five largest census metropolitan areas	25.2	26.6
Other census metropolitan areas	14.3	14.8
Non-census metropolitan areas	14.8	13.2

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

**Available in CANSIM: tables 357-0002 and 357-0003.**

**Definitions, data sources and methods: survey number 2724.**

The publication *Radio Broadcasting Industry, 2012* (56-208-X), is now available from the *Browse by key resource* module of our website under *Publications*.

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