

# Private radio broadcasting, 2014

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, June 16, 2015

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## A stable year for Canadian radio stations

Operating revenues in private radio broadcasting were relatively stable in 2014, edging down 0.5% from 2013 to \$1.6 billion. This was the first decrease in revenues since 2009.

Operating expenses rose 1.6% to \$1.3 billion. The profit margin before interest and taxes fell from 20.3% in 2013 to 18.6% in 2014, and profits before interest and taxes totalled \$300.4 million.

In 2014, 98.5% of total operating revenues for private radio broadcasting were generated from the sale of advertising. Although the sale of local advertising totalled \$1.1 billion, its contribution to the total advertising income of private radio broadcasting decreased in favour of national and network advertising. In 2014, the local advertising market accounted for 67.7% of total operating revenues—its lowest contribution on record—compared with 30.8% for national and network advertising.

## Profit margin before interest and taxes down in all provinces except Quebec

Quebec was the lone province to record a higher profit margin before interest and taxes in private radio broadcasting in 2014. Quebec radio stations saw their profit margin before interest and taxes increase from 15.9% to 18.2%, and profits before interest and taxes totalled \$57.1 million in 2014.

Private radio broadcasters in Alberta had the highest profits in Canada in 2014, with a profit margin before interest and taxes of 22.2%. However, this was down from 24.5% in 2013. Ontario ranked second in total profitability with a profit margin before interest and taxes of 21.7%, down from 24.0% in 2013.

Saskatchewan, Manitoba and the region made up of British Columbia and the territories recorded the biggest decreases in profit margins before interest and taxes in 2014. In Saskatchewan, the profit margin before interest and taxes fell from 12.1% in 2013 to 9.4% in 2014. In British Columbia and the territories, lower revenues and higher operating expenses led to a decline in the profit margin before interest and taxes, down from 18.3% to 13.7%.

Aside from Quebec, Manitoba was the only other province to record a gain in operating revenues, up from \$61.0 million in 2013 to \$61.6 million in 2014. However, a 6.0% increase in operating expenses caused profits before interest and taxes to decrease from \$9.7 million in 2013 to \$7.3 million in 2014.

In the Atlantic provinces, both operating revenues and expenses edged down 0.5%. The profit margin before interest and taxes was unchanged at 15.1% in 2014.

## The profit margin before interest and taxes for the private AM radio sector declines further

The profit margin before interest and taxes for the private AM radio sector decreased for a second straight year, falling to 4.6% in 2014, below the 5% mark for the first time since 2007. This decline was due to a 1.3% decrease in operating revenues, which fell from \$294.5 million in 2013 to \$290.7 million in 2014. The number of AM radio stations continued to decrease, albeit at a slower rate than during the period from 2008 to 2012, falling from 128 in 2013 to 126 in 2014.

Operating revenues in the private FM radio sector edged down 0.3% to \$1.3 billion in 2014. The sector's profit margin before interest and taxes fell from 22.8% to 21.6%, and profits before interest and taxes totalled \$287.1 million.



## Revenues up for French-language and ethnic radio stations

The operating revenues of French-language radio stations rose 2.1% in 2014 to \$267.4 million, and the profit margin before interest and taxes increased from 14.2% to 16.5%. This was the largest increase since 2010.

The profits before interest and taxes of ethnic radio stations totalled \$7.3 million, and the profit margin before interest and taxes rose from 11.3% in 2013 to 14.9% in 2014. This increase was attributable to 0.4% growth in revenues and a 3.7% decrease in operating expenses.

The operating revenues of English-language radio stations fell 1.1% in 2014 to \$1.3 billion. Consequently, the profit margin before interest and taxes decreased from 21.8% in 2013 to 19.1% in 2014.

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

	2013	2014	2013 to 2014
	millions of dollars		% change
<b>All broadcasters</b>	<b>1,603.9</b>	<b>1,592.5</b>	<b>-0.7</b>
AM stations	286.8	283.4	-1.2
FM stations	1,317.1	1,309.1	-0.6
<b>All markets</b>	<b>1,603.9</b>	<b>1,592.5</b>	<b>-0.7</b>
Five largest census metropolitan areas	719.4	711.7	-1.1
Other census metropolitan areas	438.4	433.1	-1.2
Non-census metropolitan areas	446.1	447.8	0.4

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

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

	2013	2014
	%	
<b>All broadcasters</b>	<b>20.3</b>	<b>18.6</b>
AM stations	8.5	4.6
FM stations	22.8	21.6
<b>All markets</b>	<b>20.3</b>	<b>18.6</b>
Five largest census metropolitan areas	26.1	23.8
Other census metropolitan areas	16.2	14.6
Non-census metropolitan areas	14.8	14.2

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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