

# Quarterly financial statistics for enterprises, second quarter 2018

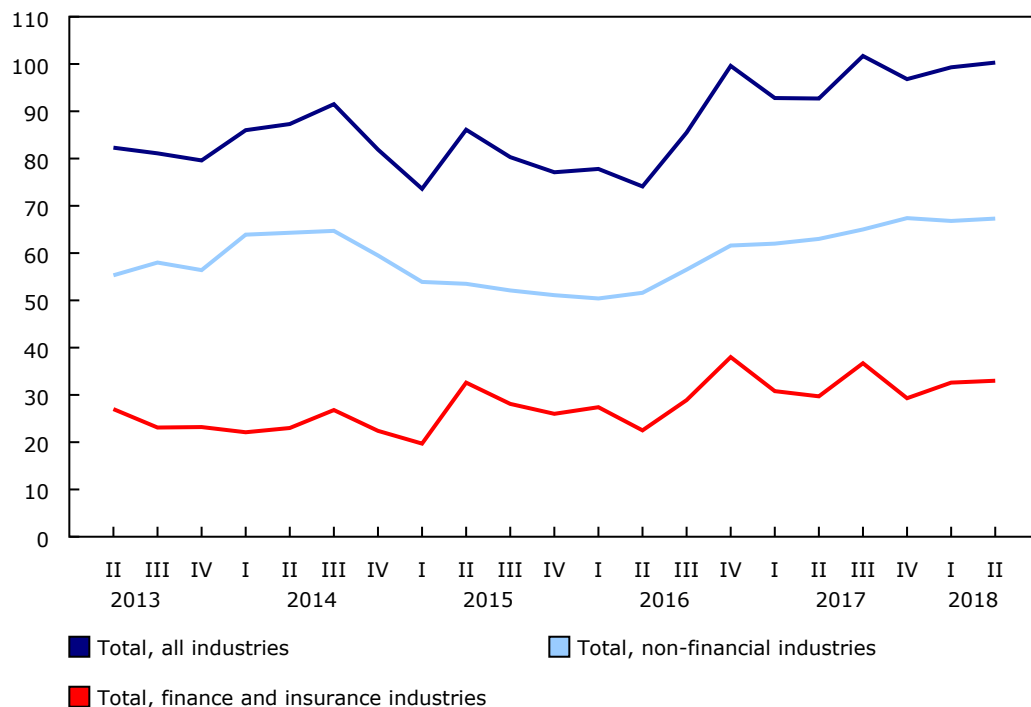
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, August 23, 2018

## Overall operating profits

Canadian corporations earned \$100.3 billion in operating profits in the second quarter of 2018, up \$1.0 billion or 1.0% from the first quarter and 8.2% higher compared with the second quarter of 2017.

### Chart 1 Quarterly operating profits

billions of dollars



**Note(s):** Operating profits are seasonally adjusted.

**Source(s):** Table 33-10-0008-01.

## Non-financial industries

In non-financial industries, operating profits were up 0.8% from the first quarter of 2018 to \$67.3 billion, as operating revenues increased by 0.9% or \$8.2 billion. Overall, operating profits were up in 12 of 17 non-financial industries.

Compared with the same quarter in 2017, operating profits for Canadian non-financial corporations increased 6.8%.

### Operating profits increase in retail and wholesale trade

Operating profits in retail trade increased 5.3% from the first quarter to \$5.9 billion, led by food and beverages stores (+11.4%) and other retailers (+9.8%).



In wholesale trade, operating profits increased 2.4% from the first quarter to \$7.7 billion in the second quarter. Most of this increase was attributable to machinery, equipment and supplies merchant (+6.8%), and building material and supplies merchant (+5.5%) wholesalers.

**Table 1**  
**Quarterly financial statistics for enterprises, non-financial industries – Seasonally adjusted**

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018 <sup>r</sup>	Second quarter 2018 <sup>p</sup>
billions of dollars					
<b>Non-financial industries</b>					
Operating revenue	898.8	904.6	917.0	925.1	933.2
Operating profit	63.0	65.0	67.4	66.8	67.3
Net profit	60.9	58.6	56.1	52.6	52.5
%					
Operating profit margin	7.0	7.2	7.4	7.2	7.2
ratio					
Debt to equity	1.000	0.990	0.986	0.984	0.985

<sup>r</sup> revised

<sup>p</sup> preliminary

**Note(s):**

Figures may not add up to totals because of rounding.

The debt-to-equity ratio is not seasonally adjusted.

Source(s): Table [33-10-0008-01](#).

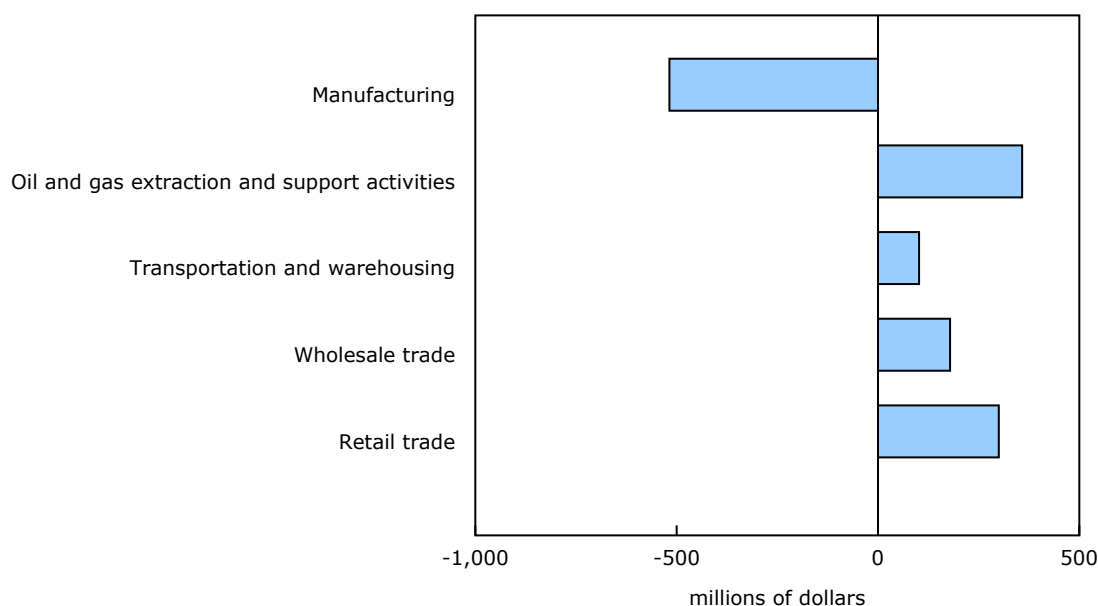
**Manufacturing sector**

Operating profits in manufacturing were down 3.3% from the first quarter to \$15.0 billion in the second quarter, as 8 of 13 manufacturing industries reported decreases.

Operating profits for motor vehicle and parts manufacturing decreased 40.5% to \$754 million, as a result of higher expenses coming from rising commodity prices and supply chain disruptions. Despite higher prices for energy and petroleum products, extended shutdowns for maintenance and retooling work at several refineries led to a 9.6% decline in the petroleum and coal products manufacturing sector.

Wood and paper manufacturing operating profits partially offset these losses with a 12.4% increase from the first quarter, attributable to strong demand which lead to higher production and prices. Operating profits in air, rail and ship products and other transportation equipment manufacturing rose by \$182 million in the second quarter.

**Chart 2**  
**Change in operating profits in major non-financial industries**



**Note(s):** Operating profits are seasonally adjusted.  
**Source(s):** Table 33-10-0008-01.

**Operating profits in the oil and gas extraction and support activities industry increase**

The oil and gas extraction and support activities industry reported a \$357 million increase in operating profits in the second quarter. This follows a first quarter where there were pipeline constraints that widened the light-heavy oil price differential. In the second quarter, the capacity constraints diminished and oil prices increased, narrowing the light-heavy price differential as production rose in a stronger crude oil price environment.

**Operating profits up in the financial sector**

Operating profits in the financial industries edged up 1.3% in the second quarter, rising from \$32.6 billion to \$33.0 billion.

Operating revenue for the financial industries were up 2.9% or \$3.2 billion.

Operating profits for depository credit intermediation increased 7.0% to \$14.6 billion. Banking and other depository credit intermediation were the main driver for the increase, up \$0.8 billion.

Profits for insurance carriers and related activities decreased \$1.1 billion from the first quarter to \$2.2 billion. Life, health and medical insurance carriers led the decline, posting a \$0.6 billion loss for the quarter. This decline was the result of fair value adjustments to actuarial liabilities, which increased related expenses by \$2.0 billion.

Property and casualty insurance carriers' operating profits decreased 53.8% or by \$0.5 billion. Insurance claims increased during the quarter due to property damage from heavy wind gusts that hit Ontario and Quebec in May.

**Table 2**  
**Quarterly financial statistics for enterprises, finance and insurance industries – Seasonally adjusted**

	Second quarter 2017	Third quarter 2017	Fourth quarter 2017	First quarter 2018 <sup>r</sup>	Second quarter 2018 <sup>p</sup>
billions of dollars					
<b>Finance and insurance industries</b>					
Operating revenue	107.2	101.8	113.1	109.7	112.9
Operating profit	29.7	36.7	29.3	32.6	33.0
Net profit	24.0	24.9	23.9	25.2	24.2
%					
Operating profit margin	27.7	36.1	25.9	29.7	29.2
ratio					
Debt to equity	0.787	0.773	0.760	0.767	0.754

<sup>r</sup> revised

<sup>p</sup> preliminary

**Note(s):**

Figures may not add up to totals because of rounding.

The debt-to-equity ratio is not seasonally adjusted.

Source(s): Table [33-10-0008-01](#).

**Note to readers**

Data on quarterly profits in this release are seasonally adjusted and expressed in current dollars. Financial data for the first quarter of 2018 have been revised.

For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Quarterly financial statistics for enterprises are based on a sample survey and represent the activities of all corporations in Canada, except those that are government-controlled or not-for-profit. An enterprise can be a single corporation or a family of corporations under common ownership and/or control, for which consolidated financial statements are produced.

Profits referred to in this analysis are operating profits earned from normal business activities. For non-financial industries, operating profits exclude interest and dividend revenue and capital gains/losses. For financial industries, these are included, along with interest paid on deposits.

In this release, all profits are operating profits unless otherwise stated. Operating profits differ from net profits, which represent the after-tax profits earned by corporations.

For more details on the concept of actuarial liabilities, consult the page [Actuarial Liabilities](#).

**Real-time tables**

Real-time tables [33-10-0160-01](#) and [33-10-0161-01](#) will be updated on September 10. For more information, consult the document [Real-time CANSIM tables](#).

**Next release**

Financial statistics for enterprises for the third quarter will be released on November 22.

**Available tables:** [33-10-0007-01](#) and [33-10-0008-01](#).

**Definitions, data sources and methods:** survey number [2501](#).

Aggregate balance sheet and income statement data for Canadian corporations are now available.

Data from the Quarterly Survey of Financial Statements are also available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).