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The Daily

Statistics Canada

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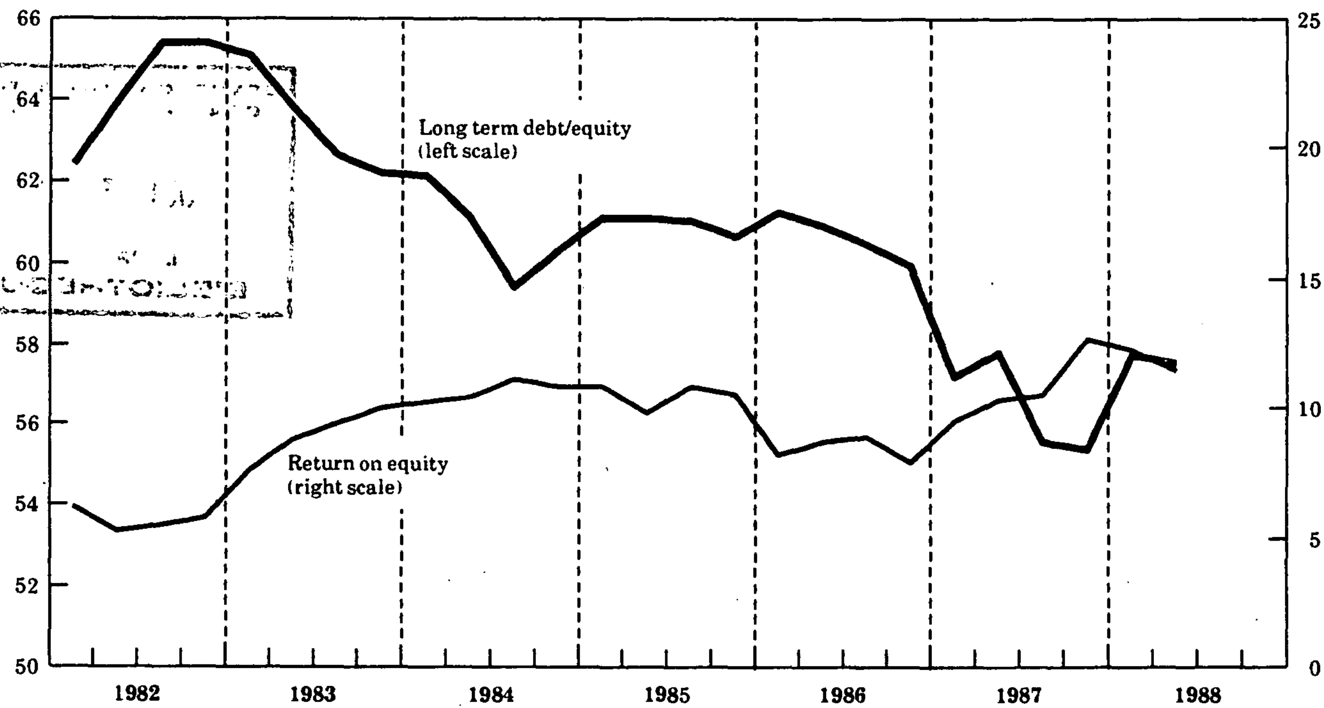
Major Release

Data Availability Announcements

Publication Released

Major Release

Industrial Corporations – Financial Ratios



Industrial Corporations, Financial Statistics

Second Quarter 1988

Profits Summary
(adjusted for seasonality)

Final estimates for the second quarter of 1988 show that operating profits of industrial corporations increased 7.2% from the previous quarter to $9.8 billion. This followed a 4.4% decline in the first quarter of 1988 and increases averaging 10.8% in 1987. Sales of industrial corporations were up 2.0% in the second quarter following a first quarter increase of 0.7% and increases averaging 3.0% in 1987.

The metal mining and transportation equipment industries accounted for over half of the second quarter increase in operating profits. Significant gains were also registered in the petroleum and coal and primary metals industries. In total, 28 of the 47 industries posted increases in operating profits.

Pre-tax profits (which unlike operating profits include investment income and other gains) remained virtually flat at $13.8 billion in the second quarter following a drop of 2.1% in the first quarter and increases averaging 10.1% in 1987. A decrease in foreign dividend receipts in the second quarter restrained the growth of pre-tax profits.

(continued on page 3)

Balance Sheet Data Summary - corporations with assets exceeding $10 million (unadjusted for seasonality)

Total assets in the second quarter of 1988 increased $11.8 billion compared to an increase of $9.3 billion in the first quarter and increases averaging $9.2 billion during 1987. In the current quarter the largest contributors to the growth in assets were long-term investments and fixed assets. On the liability side, short-term commercial paper contributed the most to the advance. Share capital reflected its largest increase since the third quarter of 1987, prior to the October decline in stock market prices.

On the asset side, long-term investments grew $4.6 billion in the second quarter of 1988 after advances of $3.1 billion in the first quarter and $2.4 billion in the final quarter of 1987. The increase was the strongest since the fourth quarter of 1986 when an increase of $4.7 billion was registered.

On the liability side, short-term commercial paper was up $2.3 billion in the second quarter following last quarter's strong $3.5 billion advance. During 1987, the average quarterly change was only $430 million.

Share capital grew $1.5 billion in the second quarter of 1988 compared to a $0.7 billion increase in the first quarter and a $1.1 billion advance in the final quarter of 1987. These increases were much smaller than the $3.9 billion increase in the third quarter of 1987, just prior to the October decline in stock market prices.

Financial Ratios:

- **Return on Equity:** profitability, as measured by the rate of return on shareholders' equity, fell to 11.4% in the second quarter from 12.2% in the first quarter and 12.7% in the final quarter of 1987. However, it remained well above the average return on shareholders' equity of 9.6% over the 1986-87 period.
- **Long-term debt to equity:** the ratio of long-term debt to equity, a measurement of corporate financial strength, improved slightly to 57.5% in the second quarter from 57.7% in the first quarter of 1988. Over the past several years this ratio had been steadily improving to the recent low of 55.4% in the fourth quarter of 1987.

Coverage

The information covers corporations in Canada except government owned corporations and those in agriculture, fishing and finance industries. Income statement information for corporations of all sizes and balance sheet and income statement information for corporations with assets exceeding $10 million are now available. More detailed statistics for the 47 industry groups are now available on CANSIM: matrices 4780-4791, 4796-4921 and 4928-4942.

Order the second quarter issue of *Industrial Corporations: Financial Statistics* (61-003, $50/$200), available the fourth week in November. Contact Gail Campbell or Bill Potter (613-951-9843), Industrial Organization and Finance Division.

(see table on page 4)

Industrial Corporations: Selected Financial Statistics

	2nd Q 1988	1st Q 1988	4th Q 1987	3rd Q 1987
	($ billions)			
Corporations with assets exceeding $10 million				
Current Assets	160.0	158.0	159.5	156.1
Short-term investments	21.2	22.1	24.8	24.8
Accounts Receivable	65.4	63.9	62.8	61.2
Inventories	60.5	59.7	58.3	57.1
Current Liabilities	122.9	119.7	119.4	113.4
Bank Loans	20.0	20.2	21.6	20.7
Accounts Payable	67.6	67.2	68.5	63.8
Working Capital (Current assets minus current liabilities)	37.1	38.4	40.1	42.7
Long Term Investments	97.3	92.7	89.6	87.3
Fixed Assets	259.8	254.8	247.9	244.0
Total Assets	534.8	523.1	513.8	503.9
Long Term Debt	123.3	121.5	115.3	113.7
Bank Loans	33.4	32.9	32.4	33.0
Bonds	49.3	48.4	43.4	43.1
Shareholders equity	214.2	210.4	208.1	204.5
Share Capital	101.7	100.2	99.6	98.4
Retained Earnings	97.3	95.0	92.8	90.0
Capital Expenditures	10.9	12.1	12.3	9.0
Income Statement (Seasonally Adjusted)				
Sales	130.1	128.0	125.4	121.4
Operating profits	7.1	6.5	7.1	6.3
Pre-tax Profits	10.1	10.1	10.5	8.9
After-tax profits	6.1	6.4	6.6	5.4
Ratios				
Return on Equity (After-tax Profits/Equity)	11.4%	12.2%	12.7%	10.5%
Long Term Debt/Equity	57.5%	57.7%	55.4%	55.6%
	($ billions)			
Income Statement All asset sizes				
	(Seasonally Adjusted)			
Sales	225.4	221.0	219.5	213.3
Operating profits	9.8	9.1	9.6	8.7
Pre-tax profits	13.8	13.8	14.1	12.4
After-tax profits	8.7	9.0	9.2	7.8

Data Availability Announcements

Steel Pipe and Tubing
August 1988

Steel pipe and tubing production for August 1988 totalled 132 239 tonnes, an increase of 12.6% from the 117 452 (revised figure) tonnes produced a year earlier.

Year-to-date production totalled 1 195 734 tonnes, up 31.7% from the 907 585 (revised figure) tonnes produced during the same period in 1987.

Available on CANSIM: matrix 35.

The August 1988 issue of *Steel Pipe and Tubing* (41-011 $4.50/$45.) will be available at a later date. See "How to Order Publications".

For more detailed information on this release, contact Gerry Barrett (613-951-3515), Industry Division.

Cement
August 1988

Canadian manufacturers shipped 1 246 462 tonnes of cement in August 1988, an increase of 0.8% from the 1 236 953[r] tonnes shipped a year earlier and an increase of 3.9 % from the 1 199 493 tonnes shipped in July 1988.

January to August 1988 shipments reached 7 616 562 tonnes, down 0.8% from 7 675 083[r] tonnes shipped during the same period in 1987.

Available on CANSIM: matrices 92 and 122 (series 13).

The August 1988 issue of *Cement* (44-001, $4.50/$45.) will be available at a later date.

For more detailed information on this release, contact Sharon McLinton (613-951-3527), Industry Division.

Publication Released

September Estimate of Production of Principal Field Crops, Canada -Field Crop Reporting Series no 7, 1988. Catalogue number 22-002
(Canada: $7.50/$52; Other Countries: $8.50/$58).
Available Today at 15 hrs.

How to Order Publications

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Please enclose cheque or money order payable to the Receiver General for Canada/Publications and provide full information on publications required (catalogue number, title, issue).

Publications may also be ordered through Statistics Canada's offices in St. John's, Halifax, Montreal, Ottawa, Sturgeon Falls, Toronto, Winnipeg, Regina, Edmonton, Calgary and Vancouver, or from authorized bookstore agents or other booksellers.

A national toll-free telephone order service is now in operation at Statistics Canada. The toll-free line (1-800-267-6677) can be used by Canadian customers for the ordering of Statistics Canada products and services.

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