

Canadian Industry Performance

SAMPLE INDUSTRY

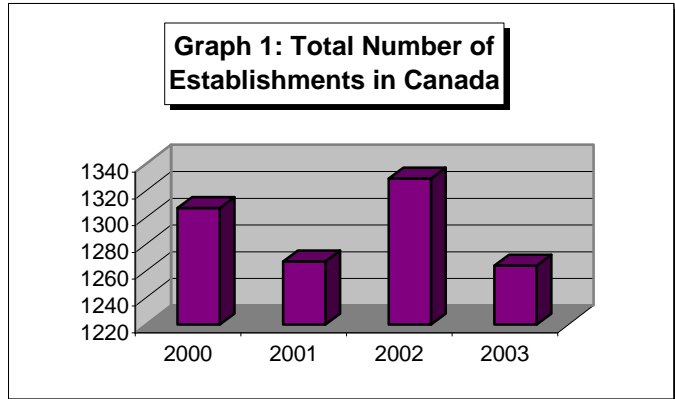
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Sector Structure: Highlights

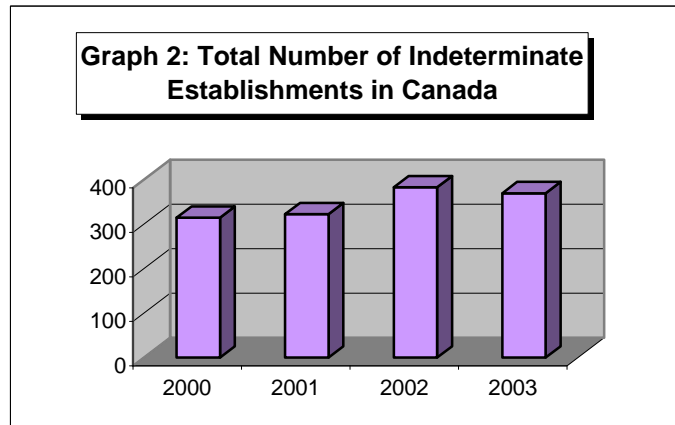
The following graphs provide a national overview of your industry. For further details and financial ratios please see the data tables below.

Graph 1 indicates the total number of establishments in your sector over the last four years.

For many sectors, fluctuations in the total number of establishments are dictated by the volatility of the smallest of businesses.

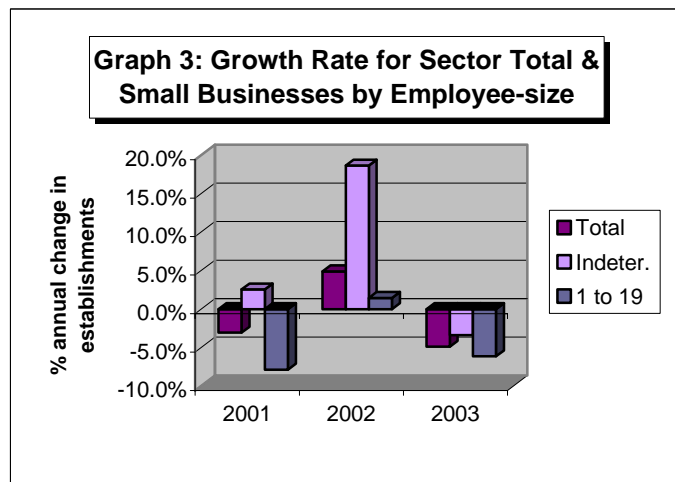


Indeterminant refers to establishments that do not maintain employee payrolls, but may have a workforce that consists of contracted workers, part-time employees, family members or business owners.



Graph 2 indicates the total number of Indeterminant establishments in your sector over the last four years

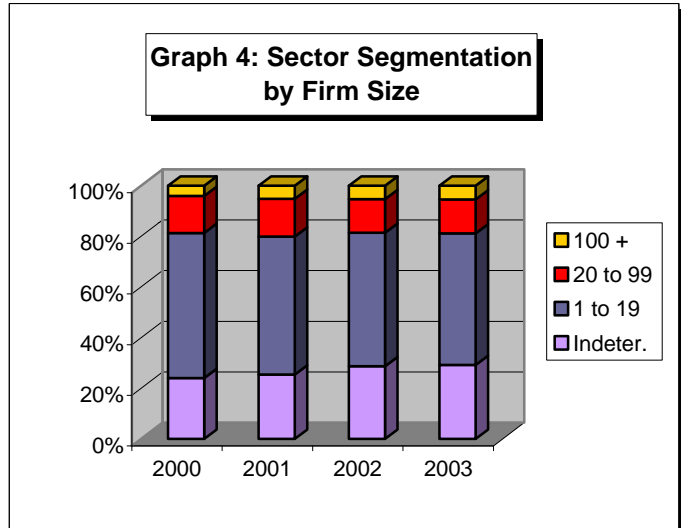
Graph 3 examines the growth rate in the number of establishments in your sector. It identifies overall growth in sector size as well as the growth rate of small businesses (both indeterminate & less than 20 employees).



This provides some insight into the performance and entry conditions of small businesses in your sector.

Graph 4 indicates how the structure of your sector has changed by firm size over the last four years

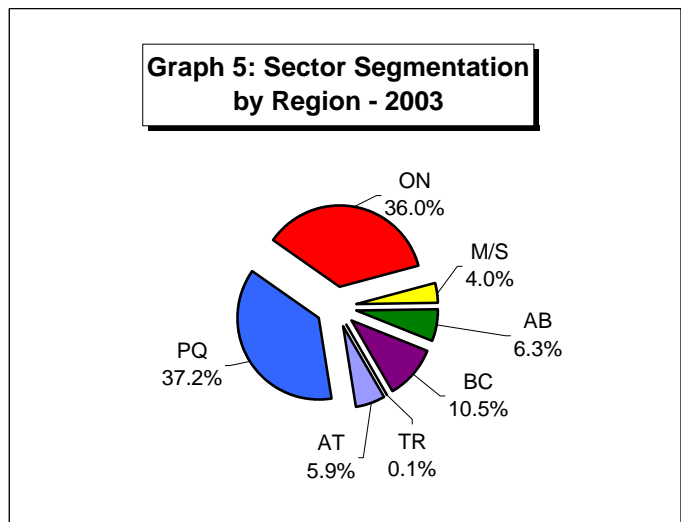
It allows you to determine the primary source of sector growth and sector contraction



Graph 5 indicates the regional distribution of the sector in 2003

The abbreviations are as follows:

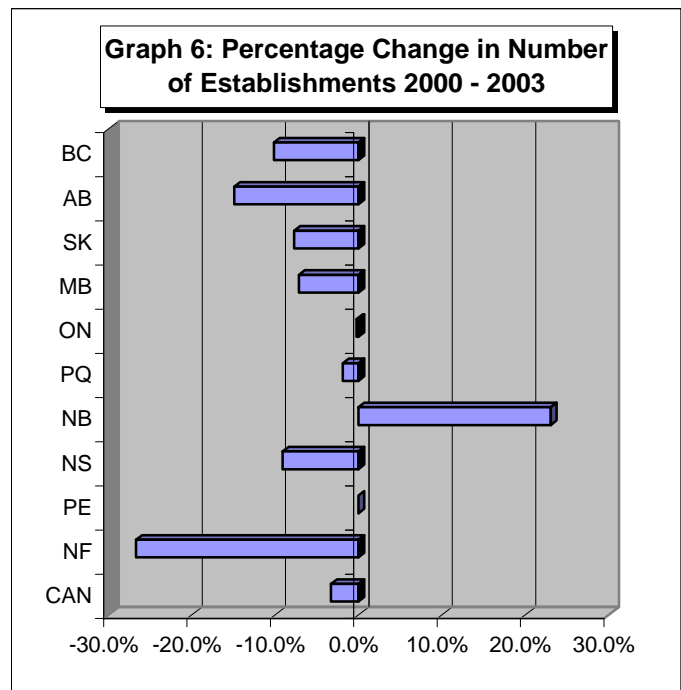
AT	Atlantic Canada
PQ	Quebec
ON	Ontario
M/S	Manitoba & Saskatchewan
AB	Alberta
BC	British Columbia
TR	Territories



For details by individual province and territory for the last 4 years please see below.

Graph 6 indicates the percentage change in the number of establishments in each province between 2000 and 2003.

It is a good indication of which jurisdictions have experienced the fastest growth in your sector.



Detailed Sector Structure Tables

2003

	TOTAL	Indeter.	Employee-size Range					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 199	200 +
Canada	1264	369	363	161	133	115	103	20
NF	11	2	4	0	2	3	0	0
PE	2	0	2	0	0	0	0	0
NS	30	7	8	3	4	4	4	0
NB	32	9	11	2	1	4	5	0
PQ	470	142	156	64	42	26	32	8
ON	455	140	120	56	48	50	32	9
MB	26	6	4	4	5	2	4	1
SK	24	7	6	5	4	0	2	0
AB	80	17	20	9	11	12	10	1
BC	133	39	31	18	16	14	14	1
YK	1	0	1	0	0	0	0	0
NW	0	0	0	0	0	0	0	0
NU	0	0	0	0	0	0	0	0

2002

	TOTAL	Indeter.	Employee-size Range					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 199	200 +
Canada	1329	382	396	171	133	121	109	17
NF	14	3	6	1	1	2	1	0
PE	1	0	1	0	0	0	0	0
NS	33	7	8	5	5	4	4	0
NB	31	11	8	4	0	4	4	0
PQ	476	160	153	59	34	36	30	4
ON	478	138	134	59	54	46	38	9
MB	29	4	7	5	7	1	4	1
SK	24	5	8	3	5	1	2	0
AB	90	19	22	14	12	10	11	2
BC	152	35	48	21	15	17	15	1
YK	1	0	1	0	0	0	0	0
NW	0	0	0	0	0	0	0	0
NU	0	0	0	0	0	0	0	0

Detailed Sector Structure Tables continued

2001

	TOTAL	Indeter.	Employee-size Range					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 199	200 +
Canada	1267	322	439	149	102	123	116	16
NF	12	3	4	1	1	2	1	0
PE	1	0	1	0	0	0	0	0
NS	32	4	10	5	5	5	3	0
NB	30	9	8	4	1	4	4	0
PQ	459	144	166	51	29	35	32	2
ON	452	111	153	52	38	45	43	10
MB	28	3	7	5	5	3	4	1
SK	23	4	9	5	2	0	3	0
AB	83	18	24	11	7	10	11	2
BC	146	26	56	15	14	19	15	1
YK	1	0	1	0	0	0	0	0
NW	0	0	0	0	0	0	0	0
NU	0	0	0	0	0	0	0	0

2000

	TOTAL	Indeter.	Employee-size Range					
			1 to 4	5 to 9	10 to 19	20 to 49	50 to 199	200 +
Canada	1307	314	466	171	112	127	64	36
NF	15	4	6	0	2	2	1	0
PE	2	1	1	0	0	0	0	0
NS	33	3	12	3	6	6	1	2
NB	26	7	5	5	2	4	1	2
PQ	479	142	185	55	27	35	22	11
ON	456	100	165	60	41	42	24	13
MB	28	2	7	6	5	4	1	2
SK	26	5	7	8	1	3	0	2
AB	94	20	28	14	8	13	7	3
BC	148	30	50	20	20	18	7	1
YK	0	0	0	0	0	0	0	0
NW	0	0	0	0	0	0	0	0
NU	0	0	0	0	0	0	0	0

Sector Performance

The following ratios provide a detailed and accurate portrait of small and medium-size business performance in this sector. Use these figures as benchmarks for cash flow projections or as a measure of business performance.

Definitions of the ratios have been provided below.

NAICS: 123456
Industry: SAMPLE INDUSTRY

		Small firms with revenue under \$5 million			Medium Firms		
Number of firms in the group *		Quartile Boundary (1)			Median Firms		
		Better	Average	Worse	Firms under \$500,000	Firms \$500,000 to \$5 million	Median Firms \$5 million to \$25 million
		Q3	Q2	Q1			
		75%	50%	25%			
2001	626						
2000	610						
1999	651						

Financial ratios

Profitability (percentages)

Net profit margin	2001	3.9	0.9	-2.7	0.5	1.4	0.6
	2000	4.1	0.8	-2.9	0.3	1.1	1.2
	1999	3.5	0.7	-2.6	-0.4	1.4	2.1
Pretax profit margin	2001	4.8	1.1	-2.7	0.4	1.8	0.9
	2000	5.1	1.1	-3.0	0.8	1.3	1.7
	1999	4.2	0.9	-1.9	0.4	1.7	2.4
Operating profit margin	2001	5.8	2.0	-1.6	1.8	2.4	1.3
	2000	6.1	1.8	-1.4	1.4	2.7	2.3
	1999	5.5	1.9	-1.6	1.0	3.1	3.2
Gross profit margin	2001	61.2	43.9	27.1	51.6	34.7	26.3
	2000	59.2	40.2	27.1	44.9	34.2	27.5
	1999	61.6	39.3	25.5	48.4	34.6	28.3
Operating revenue to net operating assets	2001	703.9	394.1	216.4	362.7	432.5	392.3
	2000	631.8	370.2	212.3	320.6	414.8	331.8
	1999	634.9	381.0	215.8	363.8	404.4	368.4
Return on net operating assets	2001	28.1	8.6	-6.3	5.6	10.5	5.4
	2000	24.0	6.2	-6.3	3.9	10.0	7.3
	1999	24.7	7.0	-4.2	4.2	10.8	9.9
Pretax profit to assets	2001	15.0	2.8	-7.8	1.2	5.3	2.5
	2000	13.9	2.2	-10.0	1.2	3.8	3.7
	1999	12.1	2.3	-6.0	-1.0	5.4	5.5

Financial ratios continued

		Small firms with revenue under \$5 million					Medium Firms
Number of firms in the group*		Quartile Boundary (1)			Median		Median Firms
		Better	Average	Worse	Firms under	Firms \$500,000 to	\$5 million to
		Q3	Q2	Q1	\$500,000	\$5 million	\$25 million
		75%	50%	25%			
2001	626						
2000	610						
1999	651						

Profitability (percentages) continued

Return on capital employed	2001	22.3	8.1	-2.6	4.6	10.0	4.8
	2000	21.0	7.0	-3.8	4.8	8.9	7.2
	1999	23.5	7.0	-3.0	4.7	10.0	8.2
Return on equity	2001	27.5	11.6	-1.5	7.5	13.4	5.2
	2000	33.3	11.5	-0.8	11.3	11.6	9.5
	1999	33.5	8.1	-1.9	3.8	11.0	8.0

Efficiency (ratios)

Receivable turnover	2001	30.000	20.971	12.250	30.000	16.225	11.865
	2000	30.000	20.182	12.041	30.000	16.209	11.481
	1999	30.000	20.967	12.191	29.000	15.597	11.704
Inventory turnover	2001	31.939	17.417	9.667	16.427	18.423	21.775
	2000	33.625	18.279	10.428	16.864	19.410	19.684
	1999	31.086	17.100	9.543	14.408	21.039	22.666

Liquidity/Solvency (ratios)

Working capital	2001	2.128	0.919	0.486	0.833	1.057	1.078
	2000	2.042	0.928	0.466	0.750	1.093	1.253
	1999	2.000	1.071	0.550	0.953	1.256	1.205
Debt to equity	2001	0.050	0.059	1.193	0.050	0.176	0.973
	2000	0.050	0.050	1.331	0.050	0.194	1.484
	1999	0.050	0.067	1.627	0.050	0.272	1.399
Liabilities to assets	2001	0.467	0.860	1.153	0.978	0.760	0.754
	2000	0.477	0.881	1.130	0.950	0.810	0.723
	1999	0.495	0.925	1.142	1.000	0.775	0.699
Interest coverage	2001	5.385	1.446	-0.286	1.000	2.464	1.496
	2000	5.000	1.548	-0.500	1.000	2.080	2.832
	1999	5.000	1.545	0.083	1.000	2.573	5.775

Financial ratios continued

Sales - year over year % change	Firms with revenue between	
	\$50,000 to under \$5 million	\$5 million to under \$25 million
1999 to 2000	8.7	16.0
2000 to 2001	5.7	1.9

Percentage of firms with profits	2001	2000	1999
Percentage of firms with operating profit	67	66	68
Percentage of firms with pretax profit	63	62	63
Percentage of firms with net profit	62	62	62

(1) Quartiles are a measure of the distribution of ratios in the group. Ratios are ranked from the best to worst. There are three quartile boundaries (Q3, Q2, Q1) set out in the table: Q3 - 75% is the better of the three, 75% of the ratios are worse than this ratio. Q2 - 50% is the middle point (median), 50% of the ratios are worse than this ratio. Q1 - 25% is the worst of the three, 25% of the ratios are worse than this ratio.

* The number of firms in the group shown represents the number of firms used to produce the ratios.

Balance Sheet Structure (for a typical firm)

<u>Assets</u>	Small firms with revenue under \$5 million			Medium firms with revenue from \$5 million to under \$25 million		
	2001	2000	1999	2001	2000	1999
	%	%	%	%	%	%
Cash	9.9	8.2	10.4	7.0	7.5	10.6
Accounts receivable	14.9	14.5	14.6	21.2	20.5	18.8
Inventory	9.0	8.4	8.7	8.7	10.0	9.5
Capital assets	49.3	50.0	52.7	48.9	48.9	44.3
Other assets	6.0	6.0	6.0	5.3	4.0	7.2
Total operating assets	89.0	87.1	92.6	91.1	90.8	90.4
Investments and accounts with affiliates	8.0	10.5	6.0	8.0	3.9	3.1
	3.0	2.5	1.5	0.9	5.2	6.5
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
 <u>Liabilities</u>						
Accounts payable	18.2	18.1	18.9	22.0	18.2	20.6
Borrowing:						
Banks	16.7	17.1	19.1	19.9	19.0	14.9
Short term paper
Mortgages	10.4	8.5	8.5	5.6	3.7	2.5
Bonds	0.0	...	0.0
Other loans	1.9	1.4	2.1	2.0	3.8	1.7
Amount owing to affiliates	21.2	23.2	18.8	10.8	12.0	11.9
Other liabilities	3.6	4.7	5.3	4.6	4.1	5.3
Deferred income tax	0.5	0.6	0.3	2.9	2.8	3.4
Total liabilities	72.6	73.6	73.1	67.7	63.6	60.4
 <u>Shareholders' equity</u>						
Share capital	6.4	8.7	5.7	15.7	3.0	9.5
Retained earnings	20.1	16.0	20.0	14.9	32.4	28.9
Other surplus	0.8	1.7	1.1	1.6	0.9	1.2
Total shareholders' equity	27.4	26.4	26.9	32.3	36.4	39.6
Total liabilities & shareholders' equity	100.0	100.0	100.0	100.0	100.0	100.0

Current assets - 06.16 0 TID:65438520-0206417 0 rehd:1415357 II739.60.6

Financial Ratios Definitions

The indicators are designed to serve as financial performance benchmarks against which individual firms and industries can be compared. It allows firms to precisely position themselves within their peer group.

The data used are collected at the Business Number (BN) or legal entity level.

The ratios in the tables are not based on industry aggregate financial statements. They are based on the ratios derived from the financial statement of individual firms. The firms' ratios in each group are ranked from the highest to the lowest ratio. The quartile and median boundaries are computed from this distribution. The statistical tables display ratios at the quartile and median boundaries.

Each financial ratio is ranked from highest to lowest. The typical ratio is the median (M), or the ratio in the middle of the ranking.

Net profit margin

This ratio measures the end result of operations for the year. It is an after-tax profit that is available to the owners of a business. Net profit margin is sometimes referred to as "net return on sales", because it is expressed as a percentage of sales. It tells how many cents of a revenue dollar remain in the net earnings after all expense deductions. It is a reflection of a firm's management ability to control the level of costs or expenses relative to sales revenue.

Net profit margin:
$$\frac{\text{net profit}}{\text{total operating revenue}}$$

Pretax profit margin

This ratio measures the results of operations for the year before taking into account income tax expense. It indicates how many cents of a revenue dollar remain in earnings after all expenses, except income tax expense, are deducted. The ratio is expressed as a percentage of operating revenue.

Pretax profit margin:
$$\frac{\text{pretax profit}}{\text{total operating revenue}}$$

Operating profit margin

Operating profit is the net result of the principal business activities of a firm. This profit is before taking into account interest expense, investment income, non-recurring losses from the write-down of assets, gains or losses realized on the disposal of assets, and income tax expense. This ratio indicates management's ability to generate earnings from the principal business activities of a firm. The ratio is expressed as a percentage of operating revenue.

$$\text{Operating profit margin:} \quad \frac{\text{operating profit}}{\text{total operating revenue}}$$

Gross profit margin

Gross profit is the excess of sales over cost of sales. Gross profit margin is expressed as a percentage of sales. This ratio indicates the efficiency of management in turning over the firm's goods and services at a profit, by measuring the gross profit generated by each dollar of sales. For retailers and wholesalers, the cost of sales represents the cost of goods purchased for resale. For other types of businesses, such as manufacturers, it represents the direct costs of producing the goods or services sold.

$$\text{Gross profit margin:} \quad \frac{\text{gross profit}}{\text{sales of goods \& services}}$$

Operating revenue to net operating assets

The net operating assets turnover ratio measures how efficiently a firm has used its net operating assets (current assets, capital assets, other assets, less accounts payable and other current liabilities) to generate operating revenue. It provides a basis for assessing a firm's ability to generate revenue from a particular level of investment in assets. The ratio expresses operating revenue as a percentage of net operating assets.

Operating revenue to net operating assets:

$$\frac{\text{total operating revenue}}{\text{total operating assets - accounts payable \& other current liabilities}}$$

Return on net operating assets

This ratio provides a measure of the profitability from operations. It tells how many cents of operating profit are generated to every dollar of net operating assets.

Return on net operating assets:

$$\frac{\text{operating profit}}{\text{total operating assets - accounts payable and other current liabilities}}$$

Pretax profit to assets

This ratio indicates how many of cents of pretax profits are earned per dollar of total assets. Pretax profit is the excess of operating and other revenue over operating and non-operating expenses before accounting for income tax on profits.

Pretax profit to assets:

$$\frac{\text{pretax profit or (loss)}}{\text{total assets}}$$

Return on capital employed

This ratio measures profitability and how well management has employed the assets, by calculating the percentage return on total capital provided by the owners and lenders (creditors). The earnings figure is before taking into account interest expense (payments to lenders) and dividends (payments to owners). The ratio indicates how many cents are returned to every dollar of capital invested.

Return on capital employed:

$$\frac{\text{net profit + interest expense}}{\text{short-term loans + long-term loans and debt +shareholders' equity}}$$

Return on equity

This ratio measures the level of return to the owners (investors) and it represents their measure of profitability. The earnings figure is the after-tax profits, including a deduction for interest expense (payments to lenders). It is the net profit available to the owners (investors). The ratio indicates how many cents are returned to every dollar invested by the owners.

Return on equity:

$$\frac{\text{net profit}}{\text{shareholders' equity}}$$

Receivable turnover

This ratio provides a measure of the quality and relative size of accounts receivable. It indicates the effectiveness of a firm's credit policy by calculating how often accounts receivable are converted into cash during the year. The ratio divides the outstanding receivables figure at year-end into the year's sales.

$$\text{Receivable turnover:} \quad \frac{\text{sales of goods \& services}}{\text{accounts receivable}}$$

Inventory turnover

This ratio is a measure of the adequacy of inventory for the volume of business and how efficiently management turns over the inventory in relation to other firms in the industry. The ratio divides the year-end inventory into the cost of sales for the year.

$$\text{Inventory turnover:} \quad \frac{\text{cost of sales}}{\text{inventory}}$$

Working capital

This ratio examines the relationship of current assets to current liabilities. It measures the ability to pay short-term debts easily when they become due.

$$\text{Working capital:} \quad \frac{\text{current assets}}{\text{current liabilities}}$$

Debt to equity

This ratio examines the relationship of debt (loans, bonds, debentures) to shareholders' equity. It compares the relative size of debt to resources invested by the owners. It indicates the extent to which a firm relies on borrowed funds to finance its operations. Firms that rely heavily on borrowed funds are said to be highly leveraged.

$$\text{Debt to equity:} \quad \frac{\text{short-term loans + long-term loans and debt}}{\text{shareholders' equity}}$$

Liabilities to assets

This ratio indicates the relationship of liabilities to assets. It tells what portion of the assets are financed by debt and other liabilities.

$$\text{Liabilities to assets:} \quad \frac{\text{total liabilities}}{\text{total assets}}$$

Interest coverage

This ratio measures the ability to pay interest charges on debt and to protect creditors from interest payment default. The ratio indicates the number of dollars of earnings available to pay interest for every dollar of interest expense incurred.

$$\text{Interest coverage:} \quad \frac{\text{pretax profit} + \text{interest expense}}{\text{interest expense}}$$

Sales - year over year % change

This ratio measures the growth rate for a matched group of firms in each industry . It is based on firms that are found in the database for both the current year and the previous year. Firms with percentage changes of over 100% are filtered out of the industry calculation.

$$\text{Sales: annual growth rate:} \quad \frac{\text{Sales current year} - \text{Sales previous year}}{\text{Sales previous year}}$$

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Statistics Canada
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Tel: 613-951-1122

Fax: 613-951-1134