

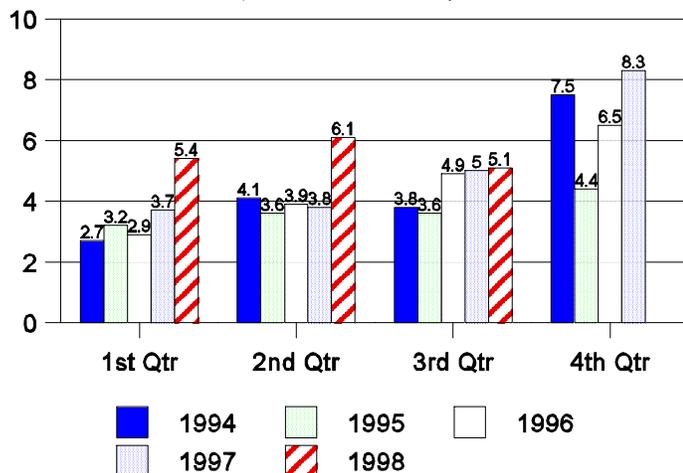
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**ADVANCE DATA ON LARGE RETAILERS' PROFITS
 FOR THE THIRD QUARTER 1998**

Large Retailers' After-Tax Profits

(Billions of Dollars)



After-tax profits for retail corporations with assets of \$50 million and over averaged 1.9 cents per dollar of sales for the third quarter of 1998, down 0.4 (± 0.1) cents from the preceding quarter and down 0.1 (± 0.1) cents from the same quarter in 1997, according to advance data from the Commerce Department's Bureau of the Census.

For the third quarter of 1998, these large retail corporations reported after-tax profits of \$5.1 billion, down \$1.0 (± 0.2) billion from the preceding quarter, but showing no statistically significant change from the same quarter a year ago. The annual rate of after-tax return on stockholders' equity was 10.8 percent, down 2.0 percent ($\pm 0.4\%$) when compared to the second quarter of 1998, but showing no statistically significant change from the third quarter of 1997.

Third quarter 1998 sales were \$270.6 billion, showing no statistically significant change from last quarter, but up \$16.3 billion or 6.4 percent ($\pm 1.8\%$) from the third quarter of 1997.

These data are based on quarterly financial reports obtained from 503 corporations. The figures in this release are *not* seasonally adjusted. More detailed information on the retail trade sector for the third quarter will be published in the Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations—Fourth Quarter 1998 which is scheduled for release on April 5, 1999.

EXPLANATORY NOTES:

This quarter's publication contains data revised due to the reclassification of corporations by industry, and revisions that reflect respondents' corrections of data submitted subsequent to original publication.

The data presented in this report are estimated from a sample survey and therefore are subject to sampling variability as well as nonsampling variability such as response error, nonreporting, and coverage errors. Estimates of sampling variability are presented in the publication. A statement such as "up 2.5 (± 0.1) cents," appearing in the text, indicates the range (+2.4 to +2.6 cents) in which the actual change is likely to have occurred. The range given for the change is a 90 percent confidence interval that accounts only for sampling variability. If the range had contained zero (0), it would have been uncertain whether there was an increase or decrease; that is, the change would not have been statistically significant. For any comparison cited without a confidence interval, the change is statistically significant. The quarterly publication includes more detailed explanations of confidence intervals and sampling variability, along with additional measures of sampling variability.

This report is available on the day of issue through the Department of Commerce's on-line Economic Bulletin Board (202-482-1986) and on the Internet (<http://www.census.gov/csd/qfr>).

Table 1. Income Statement for Retail Trade Corporations with Assets of \$50 Million and Over

| Item | 3Q 1998 | 2Q 1998 ¹ | 3Q 1997 ¹ |
|--|-------------------|-------------------------|-------------------------|
| | (million dollars) | | |
| Net sales, receipts, and operating revenues | 270,594 | 269,487 | 254,259 |
| Less: Depreciation, depletion, and amortization | 5,790 | 5,663 | 5,305 |
| Less: All other operating costs and expenses | 252,922 | 251,614 | 238,604 |
| Income (or loss) from operations | 11,882 | 12,210 | 10,351 |
| Net nonoperating income (expense) | (2,965) | (2,089) | (2,356) |
| Income (or loss) before income taxes | 8,917 | 10,120 | 7,995 |
| Less: Provision for current and deferred domestic income taxes | 3,784 | 4,002 | 3,021 |
| Income (or loss) after income taxes | 5,133 | 6,119 | 4,974 |
| Cash dividends charged to retained earnings in current quarter | 1,181 | 1,434 | 1,206 |
| Net income retained in business | 3,952 | 4,685 | 3,767 |
| Retained earnings at beginning of quarter | 124,373 | 122,838 | 111,474 |
| Other direct credits (or charges) to retained earnings (net) | (2,027) | (1,952) | (538) |
| Retained earnings at end of quarter | 126,298 | 125,571 | 114,703 |

Table 2. Income Statement in Ratio Format for Retail Trade Corporations with Assets of \$50 Million and Over

| Item | 3Q 1998 | 2Q 1998 ¹ | 3Q 1997 ¹ |
|--|------------|-------------------------|-------------------------|
| | (cents) | | |
| Net sales, receipts, and operating revenues | 100.0 | 100.0 | 100.0 |
| Less: Depreciation, depletion, and amortization | 2.1 | 2.1 | 2.1 |
| Less: All other operating costs and expenses | 93.5 | 93.4 | 93.8 |
| Income (or loss) from operations | 4.4 | 4.5 | 4.1 |
| Net nonoperating income (expense) | (1.1) | (0.8) | (0.9) |
| Income (or loss) before income taxes | 3.3 | 3.8 | 3.1 |
| Less: Provision for current and deferred domestic income taxes | 1.4 | 1.5 | 1.2 |
| Income (or loss) after income taxes | 1.9 | 2.3 | 2.0 |

Table 3. Operating Ratios for Retail Trade Corporations with Assets of \$50 Million and Over

| Item | 3Q 1998 | 2Q 1998 ¹ | 3Q 1997 ¹ |
|---|------------|-------------------------|-------------------------|
| | (percent) | | |
| Annual rate of profit on stockholders' equity at end of period: | | | |
| Before income taxes | 18.69 | 21.10 | 17.88 |
| After income taxes | 10.76 | 12.76 | 11.13 |
| Annual rate of profit on total assets: | | | |
| Before income taxes | 6.39 | 7.56 | 6.16 |
| After income taxes | 3.68 | 4.57 | 3.83 |

¹Revised.