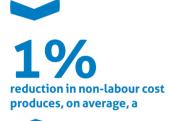
## Proxima

## Fig. 2

A comparison between sectors of labour to nonlabour costs for the years 2008-2011, and the impact on EBITDA of reducing both labour and non-labour costs by 1%





The equivalent reduction in labour costs produces, on average, only a 0.8% rise.

Sector	Labour cost as a % of revenue	Non-labour cost as a % of revenue	1% reduction in labour cost increases EBITDA by:	1% reduction in non- labour cost increases EBITDA by:	Ratio of Non- Labour to Labour costs (P-PEP)*
Aerospace & Defence	27.1%	58.5%	1.9%	4.1%	2.2
Automobile & Parts	27.3%	63.0%	2.9%	6.6%	2.3
Banking	27.6%	44.0%	1.0%	1.6%	1.6
Beverages	12.2%	60.2%	0.4%	2.2%	4.9
Chemicals	6.8%	85.4%	0.9%	11.0%	12.6
Construction Materials	21.5%	74.0%	5.0%	17.2%	3.5
Electronic & Electrical Equipment	29.7%	52.2%	1.7%	2.9%	1.8
Energy	3.1%	84.2%	0.2%	6.7%	27.0
Financial Services	36.6%	28.6%	1.1%	0.8%	0.8
Fixed Line Telecommunications	23.8%	51.0%	1.0%	2.1%	5.2
Food & Drug Retailers	10.8%	81.8%	1.5%	11.0%	7.6
Food Producers	13.6%	70.8%	0.9%	4.6%	4.8
Forestry & Paper	14.8%	71.1%	1.1%	5.2%	2.1
General Industrial	21.5%	64.4%	1.5%	4.6%	7.5
General Retailers	13.0%	77.8%	1.4%	8.6%	3.0
Healthcare Equipment & Services	26.7%	44.5%	0.9%	1.6%	6.0
Household Goods & Home Construction	10.4%	74.9%	0.7%	5.5%	1.7
Industrial Engineering	28.8%	53.7%	1.7%	3.1%	7.2
Industrial Metals & Mining	12.1%	60.4%	0.8%	4.1%	1.9
Industrial Transportation	28.7%	59.0%	2.5%	5.1%	2.1
Media	35.3%	44.3%	1.7%	2.2%	5.3
Mining	10.0%	53.6%	0.3%	1.6%	1.3
Mobile Telecommunications	8.4%	58.3%	0.3%	1.8%	5.9
Oil & Gas Equipment Services	33.6%	56.2%	3.3%	5.5%	7.0
Oil & Gas Producers	3.9%	83.1%	0.3%	6.5%	22.4
Personal Goods	19.1%	59.2%	0.9%	2.8%	1.7
Pharmaceuticals & Biotechnology	22.1%	41.5%	0.6%	1.2%	3.1
Software & Computer Services	37.8%	49.1%	2.9%	3.8%	1.3
Support Services	29.0%	59.8%	2.6%	5.4%	1.9
Technology Hardware & Equipment	25.6%	57.0%	1.5%	3.6%	2.1
Tobacco	9.1%	69.8%	0.4%	3.3%	2.5
Travel & Leisure	25.5%	61.1%	1.9%	4.6%	7.8
Utilities	9.0%	67.3%	0.4%	2.8%	2.4
Average (2008-2011)	14.2%	67.2%	0.8%	3.6%	4.8

\* P-PEP: Proxima Profit Enhancement Potential index.

58% of finance leaders see their ratio of non-labour costs to revenue expanding.