



Transfer Pricing Analysis of Arm's Length Returns to Sales, Marketing & Distribution Activities

February 2020



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Introduction and Background

- KPMG was commissioned by Microsoft to prepare a fact-based economic analysis using comparables data of the arm's length returns to sales, marketing and distribution.
- Our analysis has two main data inputs:
 1. **Comparables.** KPMG used actual financial results reported by independent sales, marketing and distribution businesses sourced from the database it uses to develop comparable sets to establish and test transfer prices by region and industry. From this data, we identified 4,285 independent comparable sets used to benchmark routine distributors and 1,583 comparable sets used to benchmark value-added distributors (defined below).
 2. **Public Company Data.** KPMG also pulled public company financial data for large multi-national companies in a variety of geographies and industries.
- Our analysis shows that arm's length returns to sales, marketing and distribution functions are very consistent across geographies and industries and do not increase as industry profitability increases.

1) Value-added distributors perform additional services beyond basic distribution functions. These services can include services such as installation, integration, marketing, customer support, etc.

2) Routine distributors or low-risk distributors perform routine sales, marketing and distribution functions.

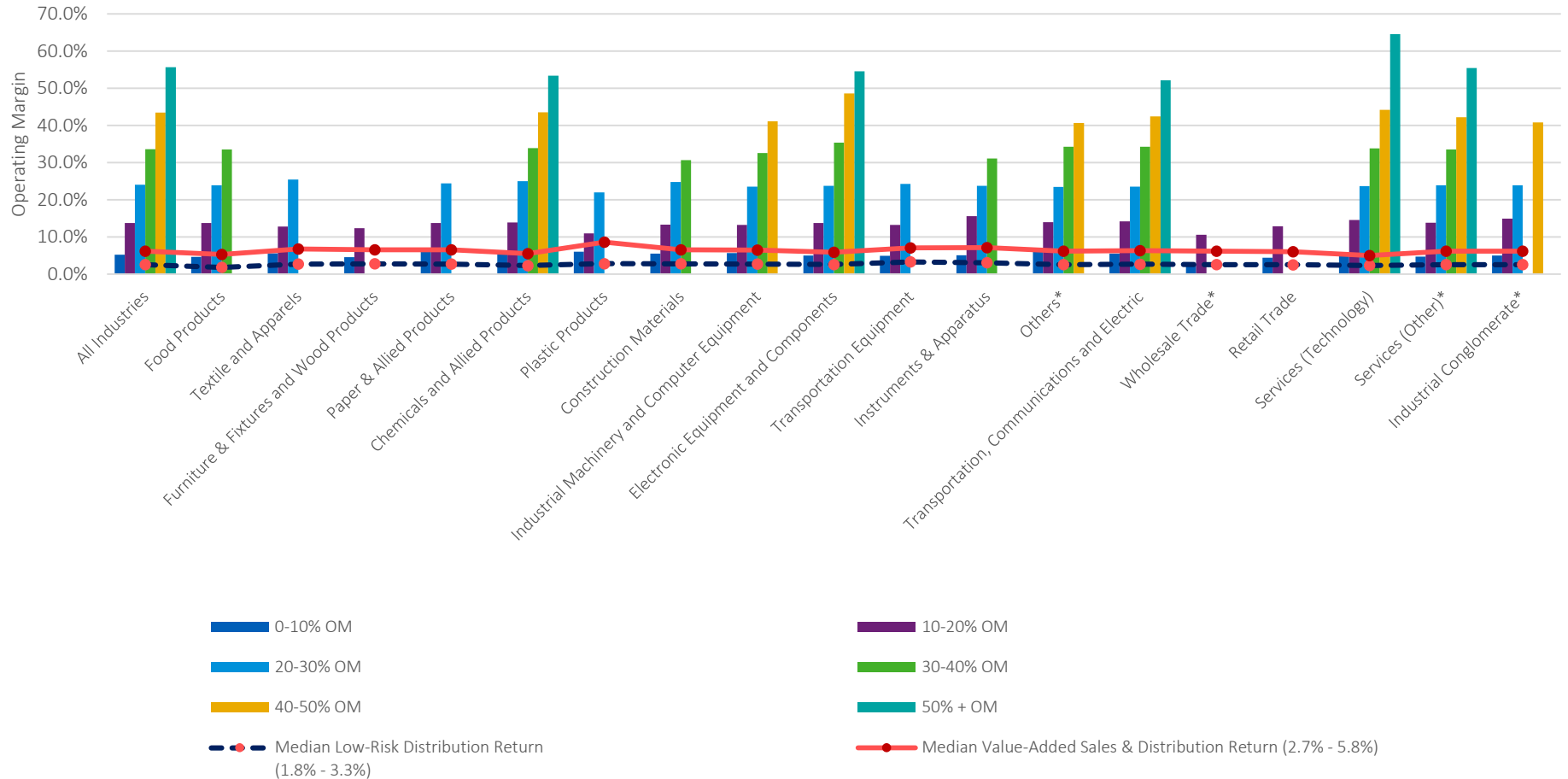
3) Limited risk distributors are low-risk distributors that are insulated from some of the typical risks an independent distributor would face, such as inventory or receivables risk. LRD risk is managed by implementing transfer pricing policy that explicitly limits the risks of these entities.

Executive Summary of Findings

- There is a fairly narrow range in the median return to independent sales, marketing and distribution businesses across industries and geographies as indicated by the comparables for both value-added and limited risk distributors.
- The difference of the median return to sales, marketing and distribution between value-added and routine distributors is approximately 0.4%. Applying the standard transfer pricing adjustment to remove the return to working capital risk results in an additional difference of 0.6% (for a total of ~1%) in median return to value-added and limited risk distributors.
- There is considerably more variability in the average operating margin of the public companies across industries than variability in the independent sales, marketing and distribution comparables across industries.
- Since the returns to sales, marketing and distribution are relatively stable, they decrease as a share of system profits in highly profitable companies.
- Median returns to sales, marketing and distribution do not increase as the average profitability of the industry segment increases.

Comparison of Operating Margins by Industry

Operating Margin By Industry Summary**



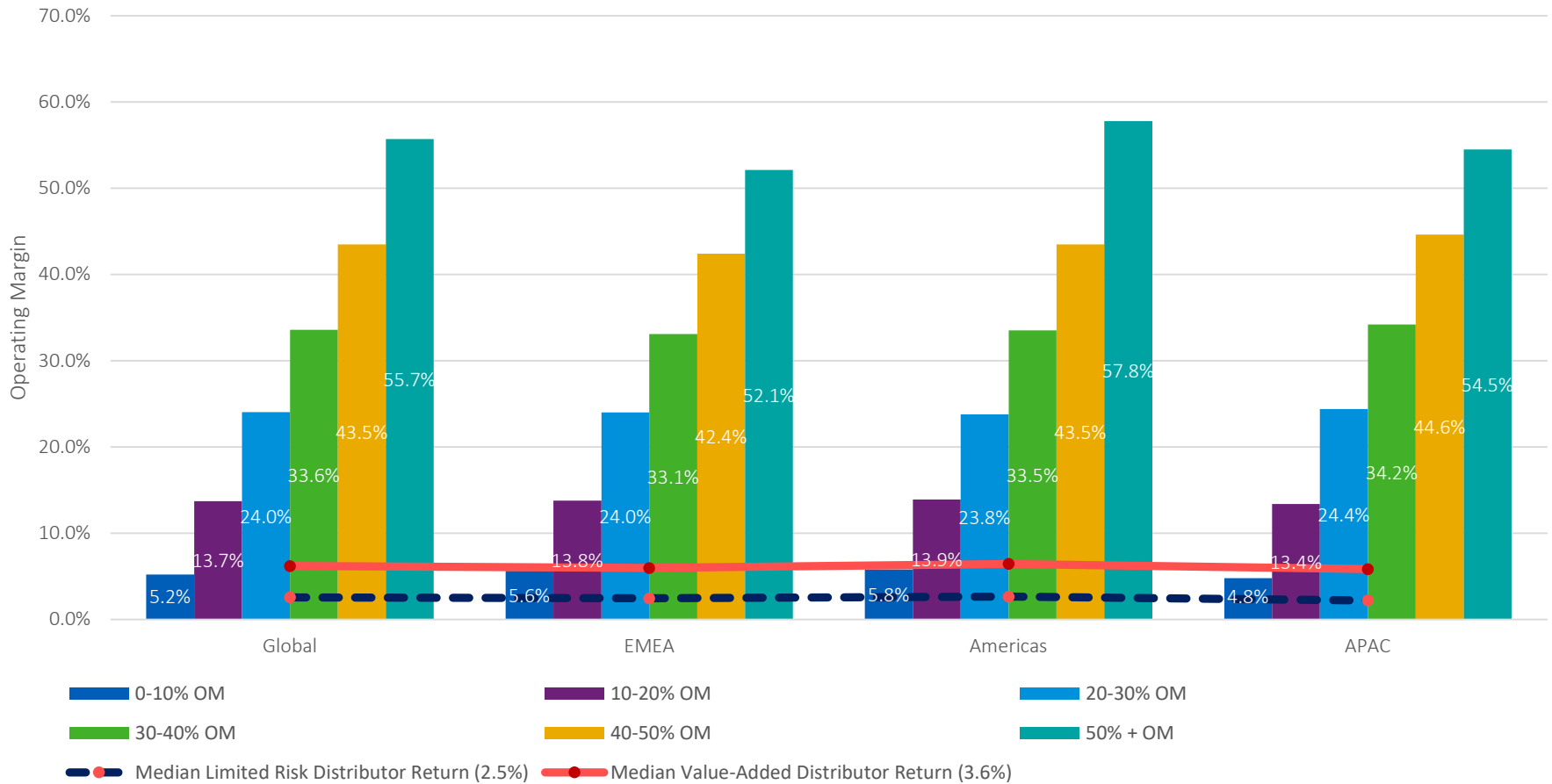
* KPMG used the overall comparable set data for these industries since it was not possible to identify comparable sets specific to these industries.

** Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.



Comparison of Operating Margins by Region

Operating Margin By Region





Limited Risk Sales, Marketing & Distribution Comparables

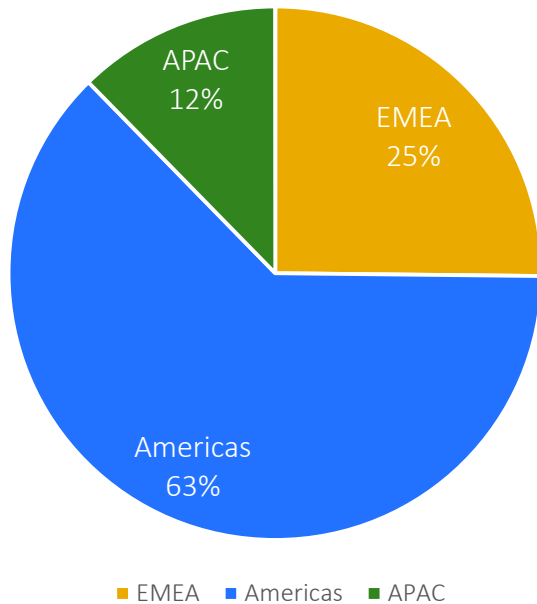
Limited Risk Sales, Marketing & Distribution Comparable Sets

- KPMG relied on KLTP, KPMG’s internal use web-based transfer pricing software, to perform the comparable company analyses used in this analysis. KLTP, in turn, use data from a variety of 3rd party databases, including Compustat, Amadeus, and Orbis. From KLTP we extracted comparable searches for ‘low-risk sales, marketing & distribution companies’ used by KPMG to benchmark the arm’s length return to sales, marketing, and distribution in a variety of geographies and industries over the past two years. We used the following criteria to further screen the comparables data:
 1. Number of accepted comps is between 5 and 50
 2. The median result of the set was between 0 and 10 percent
 3. The comparable set function tag indicates low risk sales, marketing & distribution functions
- This returned data for 4,285 comparable searches.
- Additionally, KPMG evaluated it’s internal North America distribution set¹ and the impact of adjusting working capital to cash in order to make the returns more in line with a ‘limited risk sales, marketing & distribution company’. The resulting adjustment of 0.6 percent was applied uniformly across all sets.

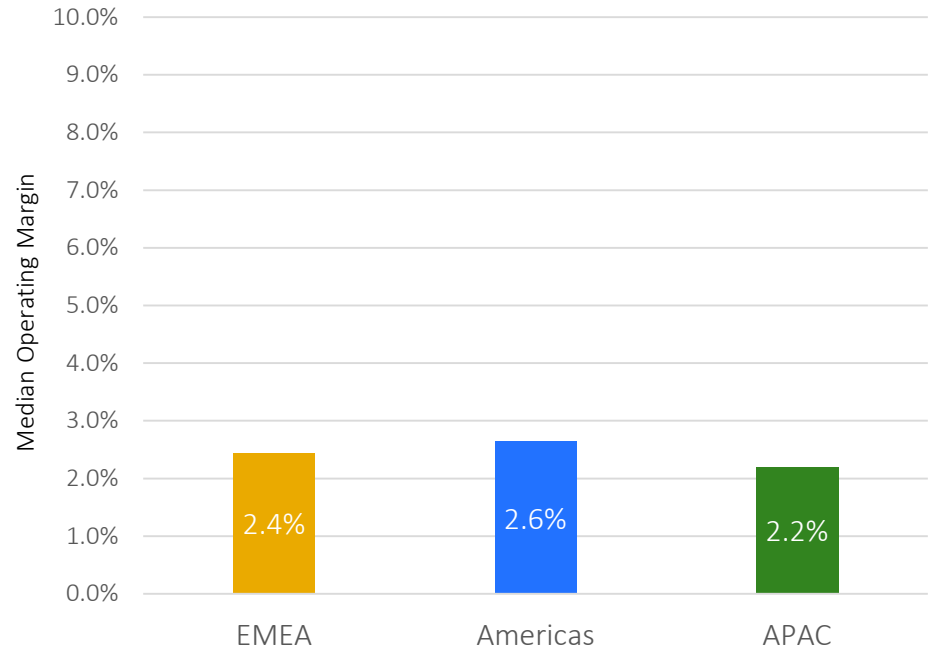
1 This is a standard “master set” prepared by KPMG for NA distribution benchmarking.

Operating Margin of Limited Risk Sales, Marketing & Distribution Comparable Sets by Region

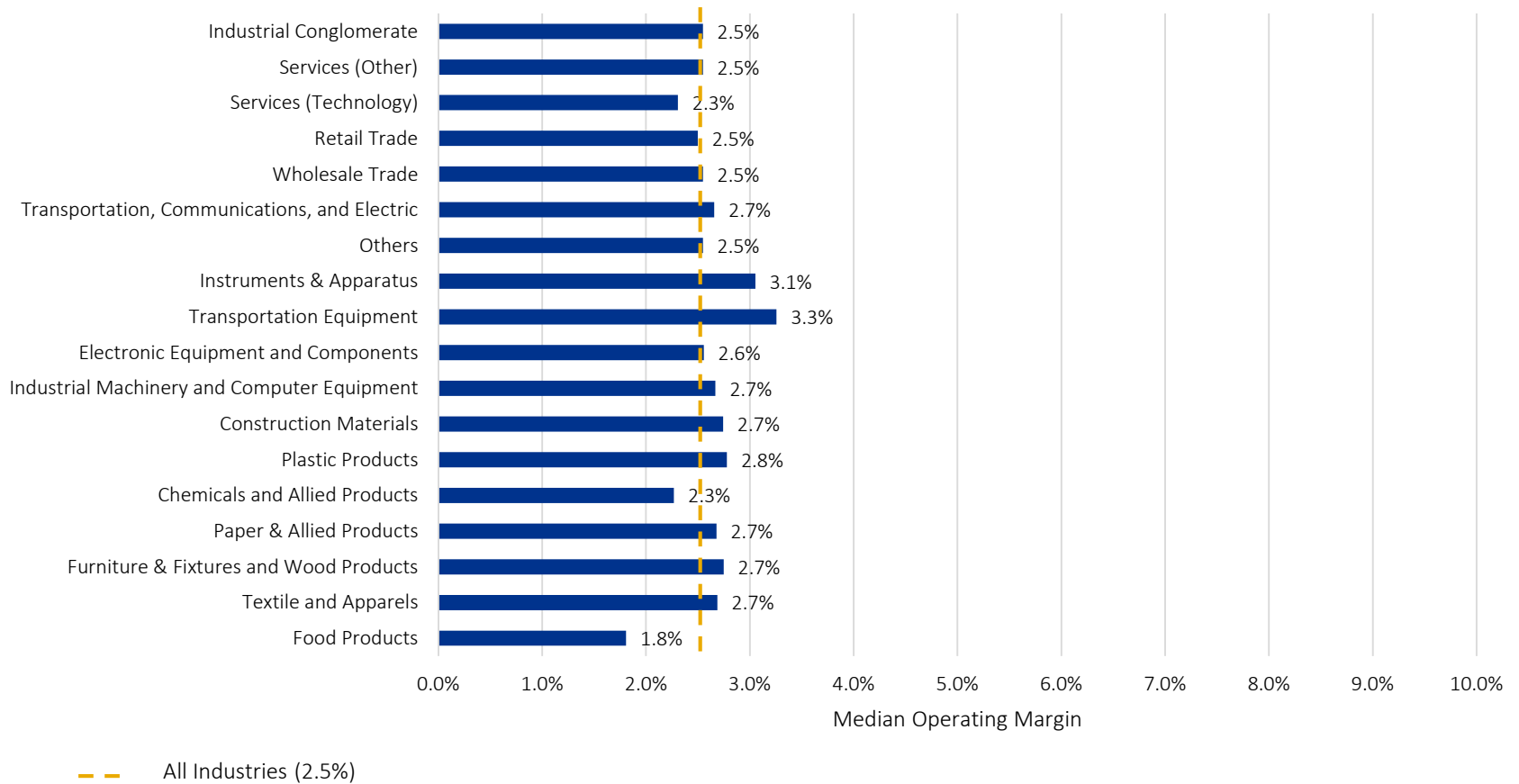
Classification of Limited Risk Sales, Marketing & Distribution Comparable Sets by Region



Operating Margin of Limited Risk Sales, Marketing & Distribution Comparables by Region



Operating Margin of Limited Risk Sales, Marketing & Distribution Comparable Sets by Industry



Limited Risk Industry and Region Data

Indication Percentile by Industry						
Industry	Minimum ¹	25th Percentile ¹	50th Percentile ¹	75th Percentile ¹	Maximum ¹	Count of Comp Sets ²
All Industries	0.1%	1.3%	2.5%	4.3%	8.0%	4,285
Food Products	0.2%	1.1%	1.8%	3.5%	6.8%	446
Textile and Apparels	-0.2%	1.4%	2.7%	4.7%	9.2%	267
Furniture & Fixtures and Wood Products	-0.1%	1.2%	2.7%	4.7%	7.9%	315
Paper & Allied Products	0.2%	1.2%	2.7%	4.4%	7.4%	151
Chemicals and Allied Products	0.2%	1.2%	2.3%	4.6%	8.4%	888
Plastic Products	0.4%	1.3%	2.8%	4.6%	7.2%	80
Construction Materials	-0.1%	1.2%	2.7%	4.6%	8.0%	242
Industrial Machinery and Computer Equipment	0.1%	1.4%	2.7%	4.3%	7.5%	1,370
Electronic Equipment and Components	0.0%	1.3%	2.6%	4.0%	7.4%	1,164
Transportation Equipment	0.3%	1.5%	3.3%	5.0%	8.2%	448
Instruments & Apparatus	0.3%	1.4%	3.1%	5.1%	9.8%	662
Others ⁴	0.1%	1.3%	2.5%	4.3%	8.0%	4,285
Transportation, Communications and Electric	0.1%	1.4%	2.7%	4.2%	7.4%	808
Wholesale Trade ⁴	0.1%	1.3%	2.5%	4.3%	8.0%	4,285
Retail Trade	0.1%	1.2%	2.5%	4.2%	7.7%	3,970
Services (Technology)	0.4%	1.3%	2.3%	3.4%	5.7%	259
Services (Other) ⁴	0.1%	1.3%	2.5%	4.3%	8.0%	4,285
Industrial Conglomerate ⁴	0.1%	1.3%	2.5%	4.3%	8.0%	4,285

Indication Percentile by Geography						
Geography	Minimum ¹	25th Percentile ¹	50th Percentile ¹	75th Percentile ¹	Maximum ¹	Count of Comp Sets ²
Global ³	0.1%	1.3%	2.5%	4.3%	8.0%	4,285
EMEA	-0.2%	1.2%	2.4%	4.4%	9.6%	1,280
Americas	0.3%	1.3%	2.6%	4.2%	7.5%	3,180
APAC	0.0%	0.9%	2.2%	3.9%	8.1%	627

¹ Represents the median observations of the minimum, 25th percentile, 50th percentile, 75th percentile and maximum for the comp sets.

² Represents the number of comparable sets applicable for each industry.

³ The global total is less than the sum of the regions because some sets are included in more than one region.

⁴ KPMG used the overall comparable set data for these industries since it was not possible to identify comparable sets specific to these industries.



Limited Risk Company Data Summary

Industry	Total Number of Sets	Compustat Company Counts				Amadeus Company Counts			
		Total Companies	Unique Companies	# Appeared More than 20 Times	# Appeared Less than 5 Times	Total Companies	Unique Companies	# Appeared More than 20 Times	# Appeared Less than 5 Times
All Industries	4,285	39,828	2,682	239	1,884	30,646	14,782	88	13,617
Food Products	446	2,973	366	21	262	1,639	1,049	-	1,015
Textile and Apparels	267	2,101	331	36	237	1,868	685	1	566
Furniture & Fixtures and Wood Products	315	2,724	400	34	309	713	372	-	348
Paper & Allied Products	151	1,112	224	6	154	458	250	-	240
Chemicals and Allied Products	888	5,773	625	60	446	6,428	1,598	38	1,204
Plastic Products	80	668	136	-	87	188	115	-	115
Construction Materials	242	2,123	295	28	218	599	275	-	252
Industrial Machinery and Computer Equipment	1,370	12,175	1,179	98	827	12,151	5,280	16	4,847
Electronic Equipment and Components	1,164	10,730	1,111	84	809	10,341	3,959	14	3,552
Transportation Equipment	448	4,209	920	35	770	1,524	601	-	499
Instruments & Apparatus	662	4,559	546	54	361	5,442	3,486	4	3,344
Others	4,285	39,828	2,682	239	1,884	30,646	14,782	88	13,617
Transportation, Communications and Electric	808	6,377	931	52	742	9,489	3,726	8	3,369
Wholesale Trade	4,285	39,828	2,682	239	1,884	30,646	14,782	88	13,617
Retail Trade	3,970	37,167	2,591	232	1,823	23,253	8,401	84	7,310
Services (Technology)	259	2,331	202	19	125	663	341	-	320
Services (Other)	4,285	39,828	2,682	239	1,884	30,646	14,782	88	13,617
Industrial Conglomerate	4,285	39,828	2,682	239	1,884	30,646	14,782	88	13,617



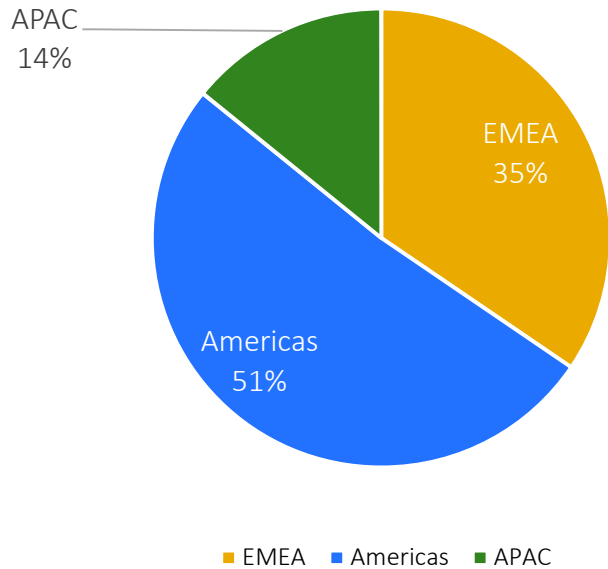
Value-Added Sales, Marketing & Distribution Comparables

Value-added Sales, Marketing & Distribution Comparable Sets

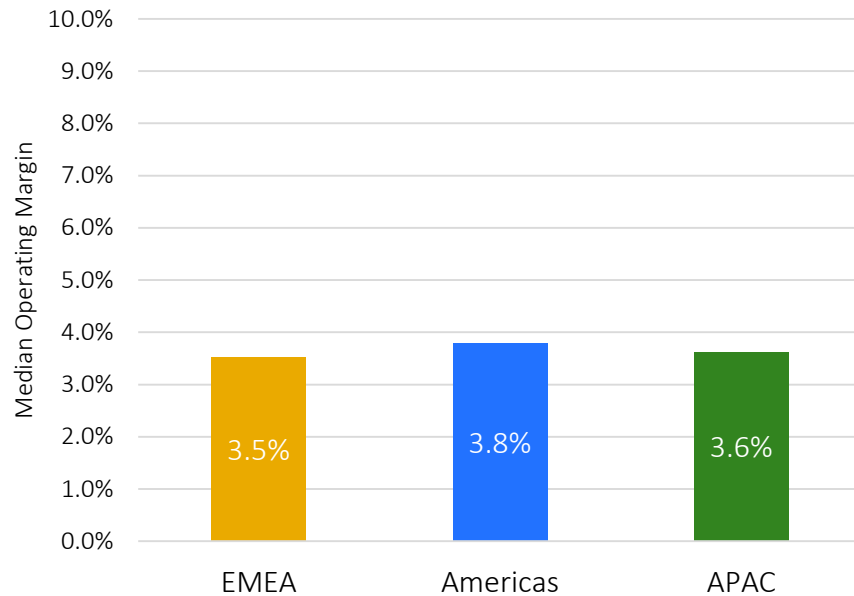
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 1. Number of accepted comps is between 5 and 50
 2. The median result of the set was between 0 and 10 percent
 3. The comparable set function tag indicates value-added functions
- This returned data for 1,583 comparable searches.

Operating Margin of Value-added Sales, Marketing & Distribution Comparable Sets by Region

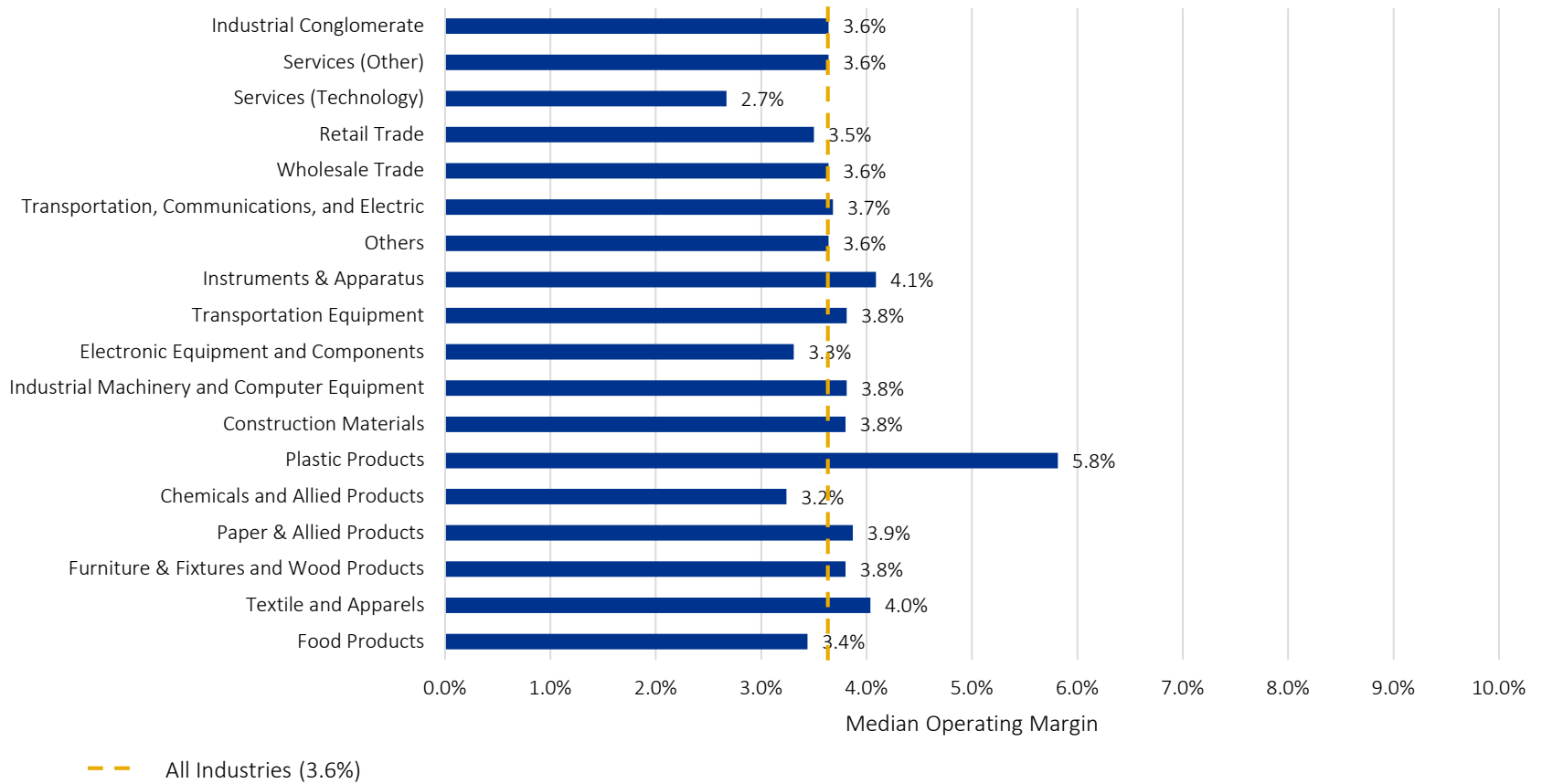
Classification of Value-added Sales, Marketing & Distribution Comparable Sets by Region



Operating Margin of Value-added Sales, Marketing & Distribution Comparables by Region



Operating Margin of Value-added Sales, Marketing & Distribution Comparable Sets by Industry



Value-added Industry and Region Data

Indication Percentile by Industry							Count of Comp
Industry	Minimum ¹	25th Percentile ¹	50th Percentile ¹	75th Percentile ¹	Maximum ¹		Sets ²
All Industries	0.7%	2.1%	3.6%	5.7%	10.5%		1,583
Food Products	0.8%	1.9%	3.4%	5.8%	10.6%		141
Textile and Apparels	0.8%	2.6%	4.0%	6.1%	9.8%		150
Furniture & Fixtures and Wood Products	0.7%	2.4%	3.8%	6.3%	10.6%		81
Paper & Allied Products	0.4%	2.0%	3.9%	8.8%	12.6%		28
Chemicals and Allied Products	0.7%	1.9%	3.2%	5.8%	12.4%		344
Plastic Products	1.0%	3.1%	5.8%	9.0%	27.6%		4
Construction Materials	0.7%	2.4%	3.8%	6.4%	10.6%		73
Industrial Machinery and Computer Equipment	0.7%	2.3%	3.8%	6.0%	10.9%		348
Electronic Equipment and Components	0.6%	1.9%	3.3%	4.9%	9.4%		230
Transportation Equipment	0.5%	2.2%	3.8%	6.0%	11.3%		111
Instruments & Apparatus	1.1%	2.6%	4.1%	6.9%	11.6%		277
Others ⁴	0.7%	2.1%	3.6%	5.7%	10.5%		1,583
Transportation, Communications and Electric	0.9%	2.0%	3.7%	5.7%	11.5%		125
Wholesale Trade ⁴	0.7%	2.1%	3.6%	5.7%	10.5%		1,583
Retail Trade	0.7%	2.0%	3.5%	5.6%	10.2%		1,328
Services (Technology)	0.4%	1.6%	2.7%	3.8%	7.5%		112
Services (Other) ⁴	0.7%	2.1%	3.6%	5.7%	10.5%		1,583
Industrial Conglomerate ⁴	0.7%	2.1%	3.6%	5.7%	10.5%		1,583

Indication Percentile by Geography						
Geography	Minimum ¹	25th Percentile ¹	50th Percentile ¹	75th Percentile ¹	Maximum ¹	Count of Comp
						Sets ²
Global ³	0.7%	2.1%	3.6%	5.7%	10.5%	1,583
EMEA	0.5%	2.1%	3.5%	5.8%	11.4%	721
Americas	0.9%	2.2%	3.8%	5.7%	9.8%	1,072
APAC	0.8%	2.3%	3.6%	5.5%	9.7%	296

¹ Represents the median observations of the minimum, 25th percentile, 50th percentile, 75th percentile and maximum for the comp sets.

² Represents the number of comp sets applicable for each industry.

³ The global total is less than the sum of the regions because some sets are included in more than one region.

⁴ KPMG used the overall comp set data for these industries since it was not possible to identify comp sets specific to these industries.

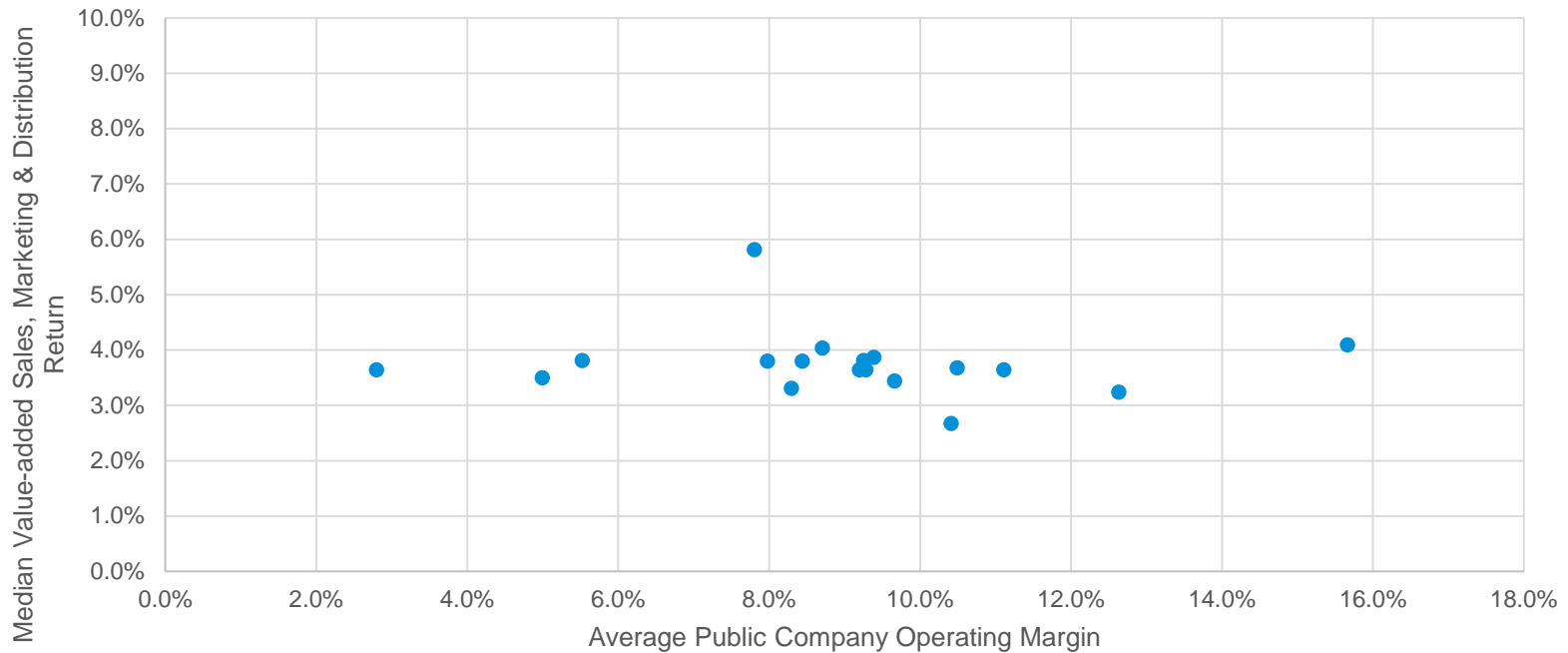


Value-added Company Data Summary

Industry	Total Number of Sets	Compustat Company Counts				Amadeus Company Counts			
		Total Companies	Unique Companies	# Appeared More than 20 Times	# Appeared Less than 5 Times	Total Companies	Unique Companies	# Appeared More than 20 Times	# Appeared Less than 5 Times
All Industries	1,583	12,233	2,682	111	2,229	21,961	15,892	66	15,535
Food Products	141	1,577	562	10	492	192	161	-	161
Textile and Apparels	150	1,572	776	2	713	1,369	1,282	-	1,282
Furniture & Fixtures and Wood Products	81	792	273	1	228	142	95	-	95
Paper & Allied Products	28	180	59	-	43	406	379	-	379
Chemicals and Allied Products	344	1,894	489	12	378	4,049	867	51	657
Plastic Products	4	5	5	-	5	384	364	-	364
Construction Materials	73	692	236	-	194	159	112	-	112
Industrial Machinery and Computer Equipment	348	2,888	598	29	480	1,131	642	-	607
Electronic Equipment and Components	230	2,149	516	21	421	662	361	-	331
Transportation Equipment	111	888	287	2	241	12,501	11,845	-	11,811
Instruments & Apparatus	277	2,128	405	29	308	939	504	-	498
Others	1,583	12,233	2,682	111	2,229	21,961	15,892	66	15,535
Transportation, Communications and Electric	125	914	307	1	264	503	311	-	293
Wholesale Trade	1,583	12,233	2,682	111	2,229	21,961	15,892	66	15,535
Retail Trade	1,328	10,306	2,490	92	2,095	20,798	15,260	66	14,930
Services (Technology)	112	470	114	2	88	938	189	15	147
Services (Other)	1,583	12,233	2,682	111	2,229	21,961	15,892	66	15,535
Industrial Conglomerate	1,583	12,233	2,682	111	2,229	21,961	15,892	66	15,535

Industry and Sales, Marketing & Distribution Margins

Public Company Median Operating Margin vs. Value-added Sales, Marketing & Distribution Median Returns by Industry





Appendix A

Operating Margin by Industry Data

Industry	Comparable Set Returns		Average Operating Margin by Industry* *						
	Median Value-Added Sales, Marketing & Distribution Return	Median Limited Risk Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.6%	2.5%	55.7%	43.5%	33.6%	24.0%	13.7%	5.2%	
Food Products	3.4%	1.8%	N/A	N/A	33.5%	23.9%	13.7%	4.6%	
Textile and Apparels	4.0%	2.7%	N/A	N/A	N/A	25.4%	12.8%	5.5%	
Furniture & Fixtures and Wood Products	3.8%	2.7%	N/A	N/A	N/A	N/A	12.3%	4.5%	
Paper & Allied Products	3.9%	2.7%	N/A	N/A	N/A	24.4%	13.7%	6.1%	
Chemicals and Allied Products	3.2%	2.3%	53.4%	43.6%	33.9%	25.0%	13.9%	6.2%	
Plastic Products	5.8%	2.8%	N/A	N/A	N/A	22.0%	10.9%	6.0%	
Construction Materials	3.8%	2.7%	N/A	N/A	30.7%	24.8%	13.3%	5.5%	
Industrial Machinery and Computer Equipment	3.8%	2.7%	N/A	41.1%	32.6%	23.5%	13.2%	5.6%	
Electronic Equipment and Components	3.3%	2.6%	54.6%	48.6%	35.4%	23.7%	13.8%	5.0%	
Transportation Equipment	3.8%	3.3%	N/A	N/A	N/A	24.2%	13.2%	4.9%	
Instruments & Apparatus	4.1%	3.1%	N/A	N/A	31.1%	23.7%	15.5%	5.1%	
Others*	3.6%	2.5%	N/A	40.7%	34.3%	23.4%	13.9%	6.5%	
Transportation, Communications and Electric	3.7%	2.7%	52.1%	42.4%	34.3%	23.5%	14.1%	5.5%	
Wholesale Trade*	3.6%	2.5%	N/A	N/A	N/A	N/A	10.6%	2.6%	
Retail Trade	3.5%	2.5%	N/A	N/A	N/A	N/A	12.8%	4.4%	
Services (Technology)	2.7%	2.3%	64.6%	44.2%	33.8%	23.7%	14.5%	5.7%	
Services (Other)*	3.6%	2.5%	55.5%	42.2%	33.6%	23.9%	13.8%	4.7%	
Industrial Conglomerate*	3.6%	2.5%	N/A	40.8%	N/A	23.9%	14.9%	5.0%	

* KPMG used the overall comparable set data for these industries since it was not possible to identify comparable sets specific to these industries.

** Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.



Operating Margin by Region Data

Operating Margin by Region*									
Region	Median Value-Added	Median Limited Risk							
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
Global	3.6%	2.5%	55.7%	43.5%	33.6%	24.0%	13.7%	5.2%	
EMEA	3.5%	2.4%	52.1%	42.4%	33.1%	24.0%	13.8%	5.6%	
Americas	3.8%	2.6%	57.8%	43.5%	33.5%	23.8%	13.9%	5.8%	
APAC	3.6%	2.2%	54.5%	44.6%	34.2%	24.4%	13.4%	4.8%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.





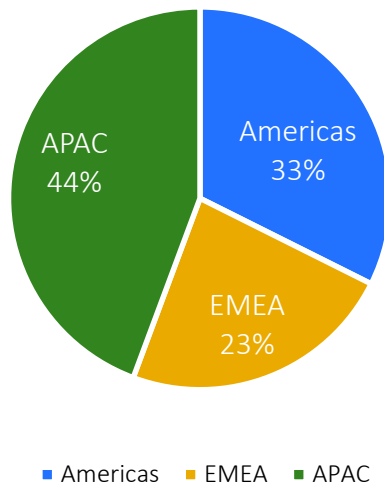
Appendix B

Public Company Financial Data

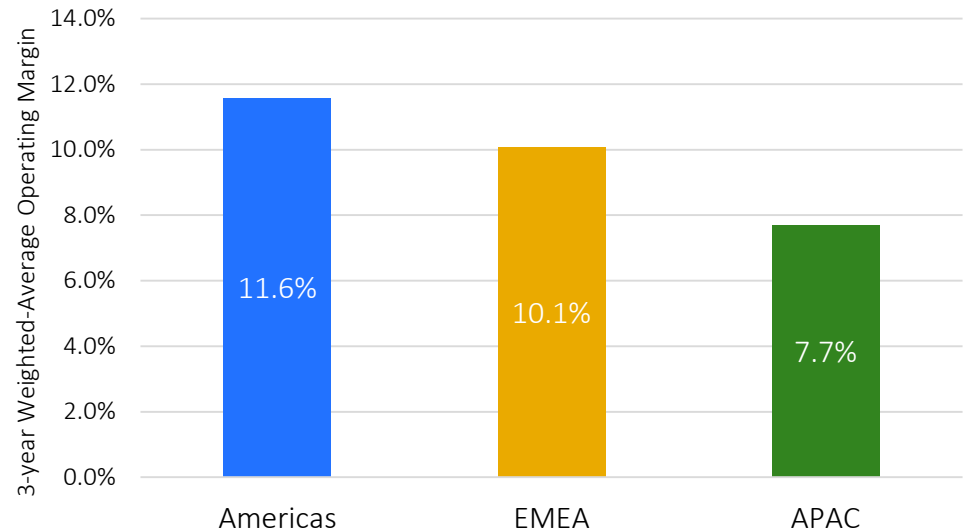
- KPMG relied on Capital IQ to obtain the public company financial data used in this analysis. We used the following screening criteria to pull financial data:
 1. Exchanges (All Listings): All Major Exchanges OR Major US Exchanges
 2. Total Revenue [Last Twelve Months] is greater than \$1B
 3. Excluding SIC Codes and Industry Classifications for:
 - a) Agriculture, Forestry and Fishing
 - b) Mining
 - c) Construction
 - d) Finance, Insurance and Real Estate
 4. State % Owned \leq 20%
 5. Number of Geographic Segments is greater than 1
 6. Company Status is Operating
- This returned data for 2,644 companies.

Operating Margin of Selected Companies by Region

Classification of Selected Companies by Region

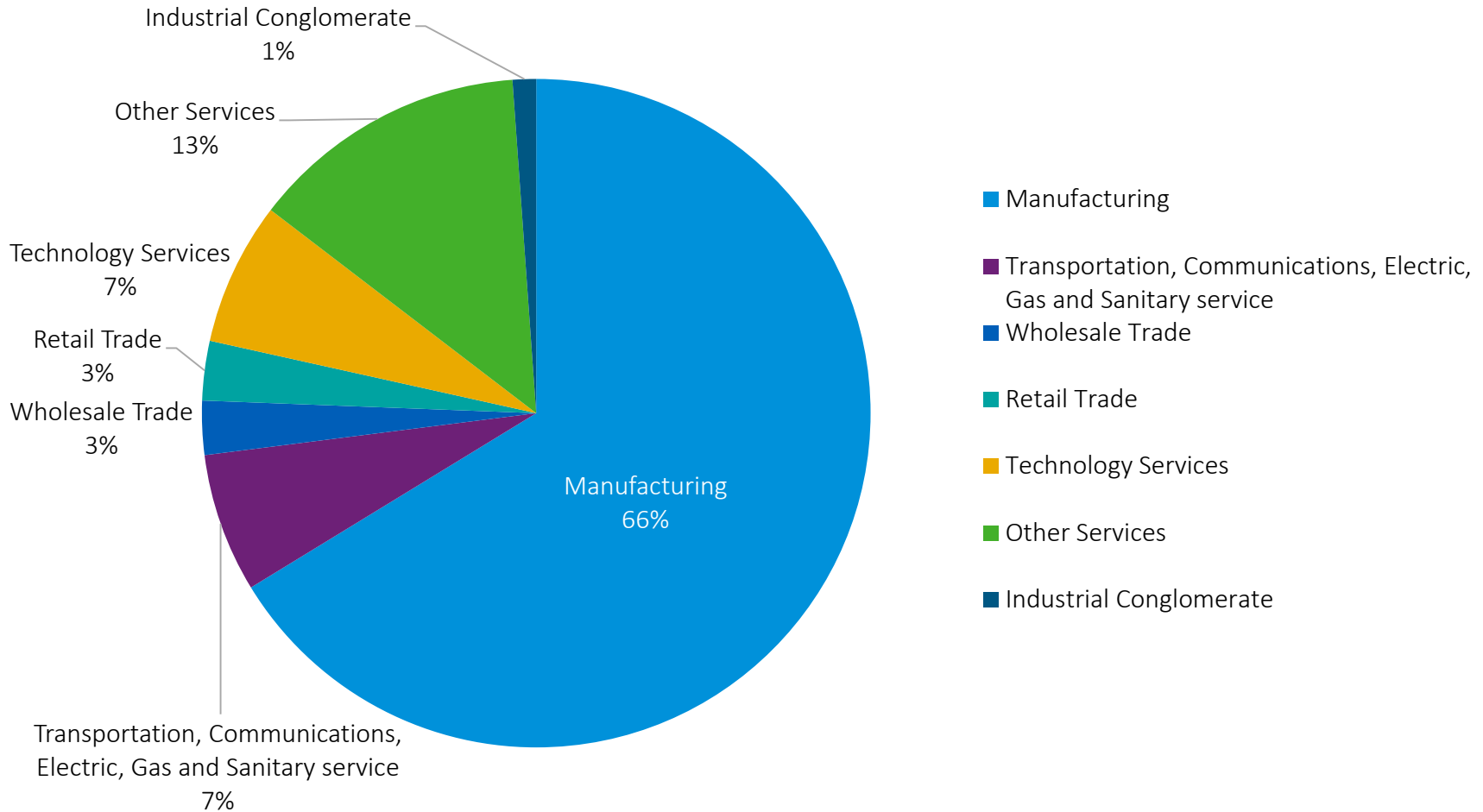


Average Operating Margin of Selected Companies by Region

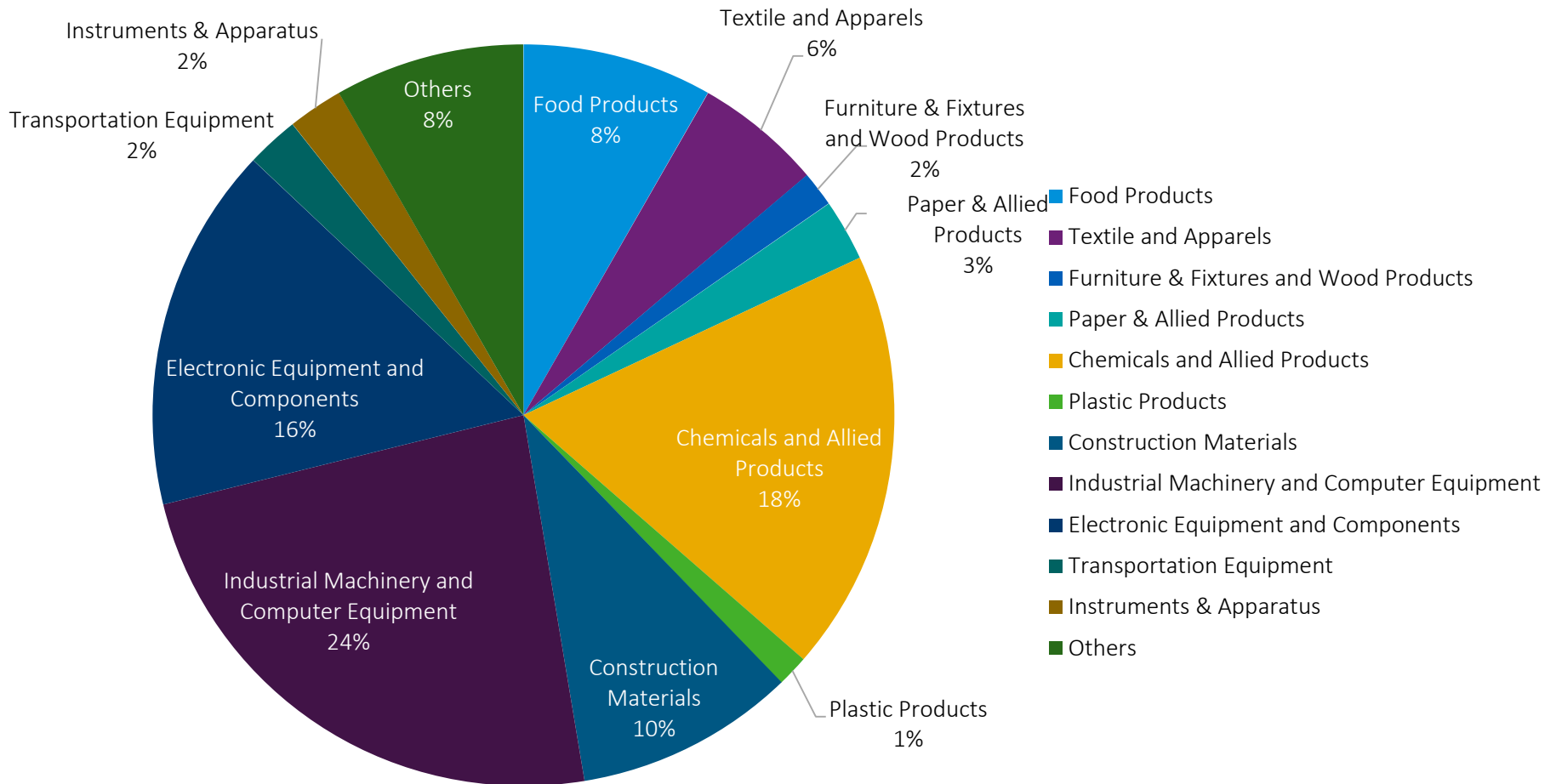


Industry of Selected Companies

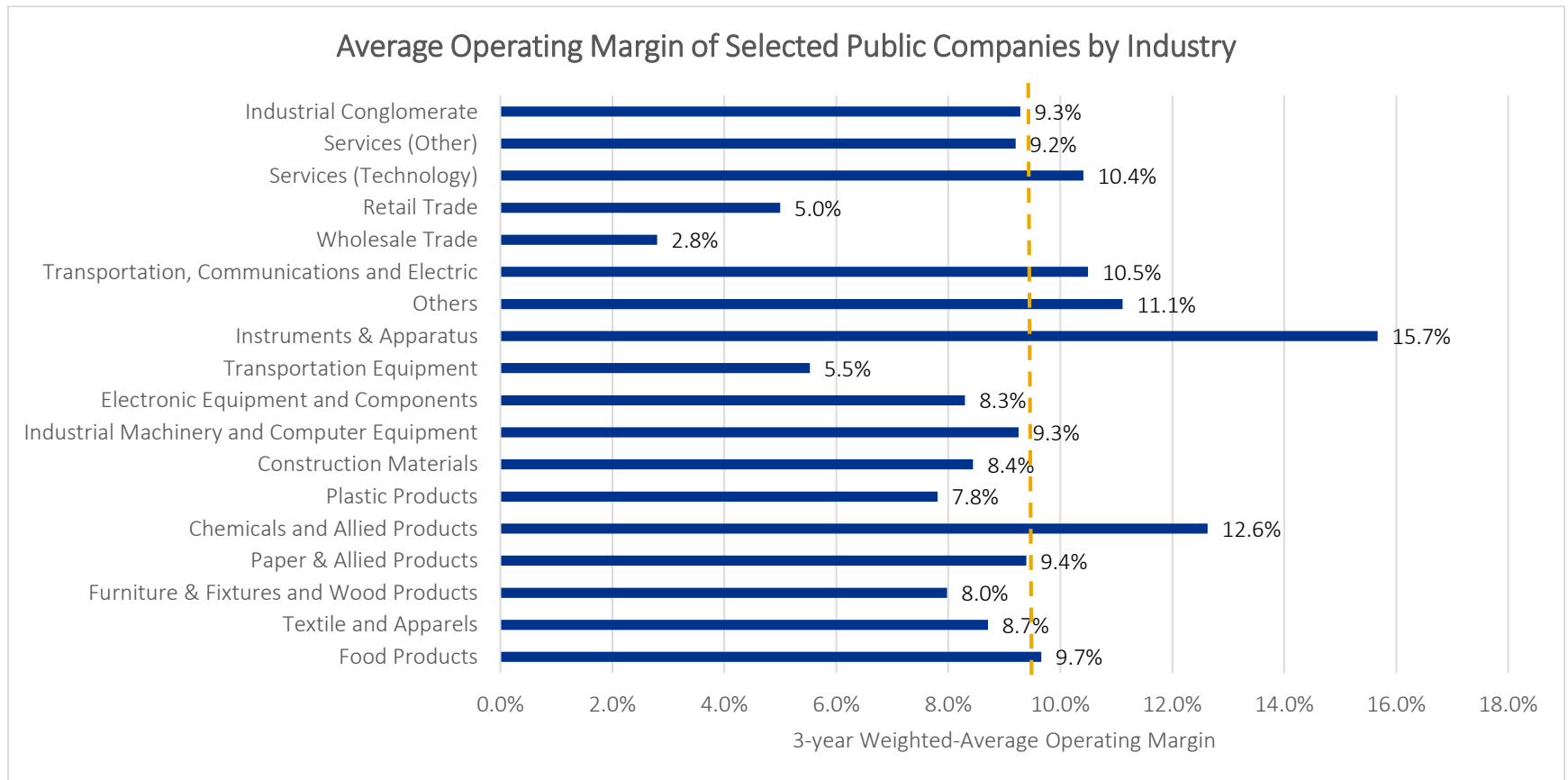
Industry Classification of Selected Companies



Industry of Manufacturing Companies



Operating Margin of Selected Public Companies by Industry

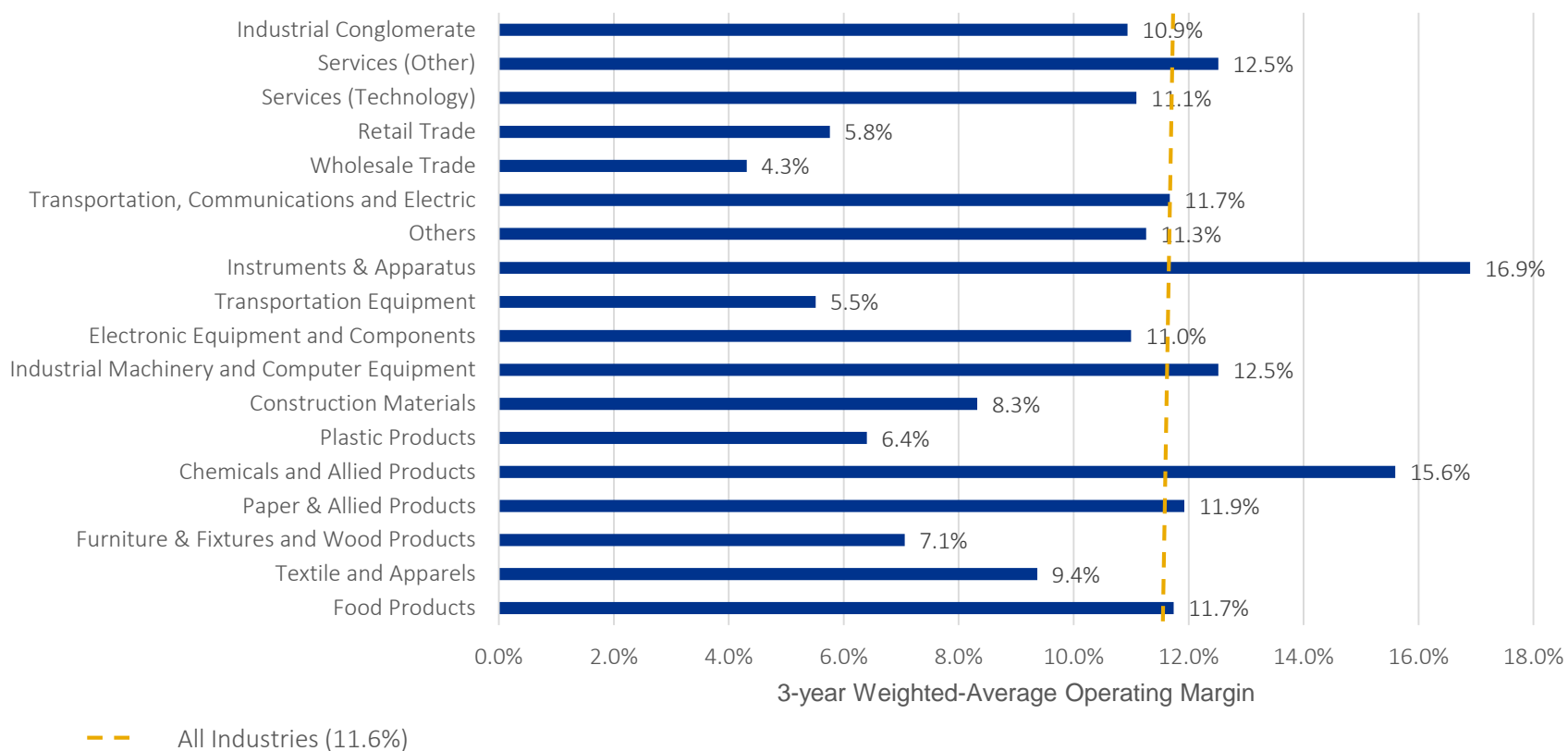


--- All Industries (9.5%)



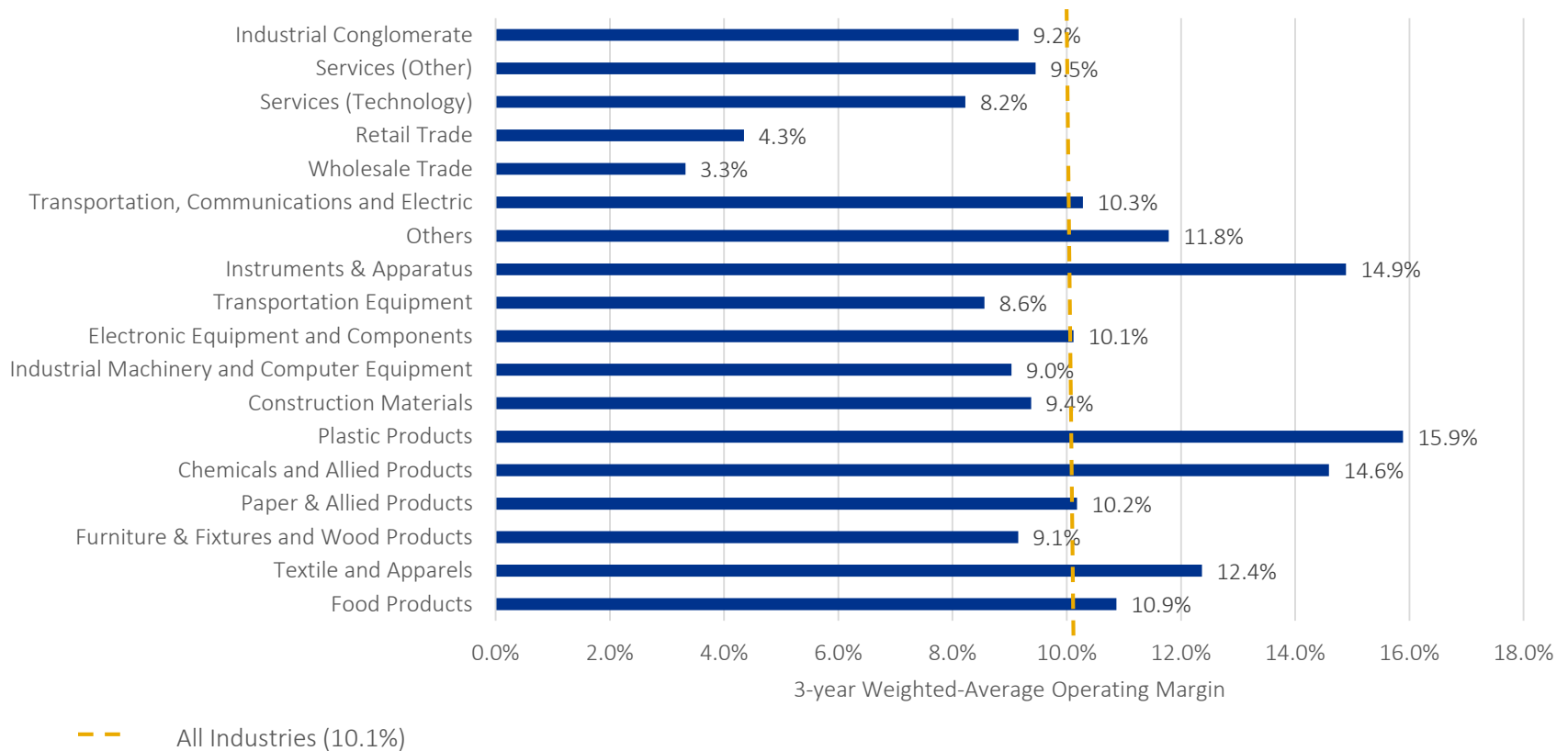
Operating Margin of Selected Companies by Industry and Region

Average Operating Margin of Americas Companies by Industry



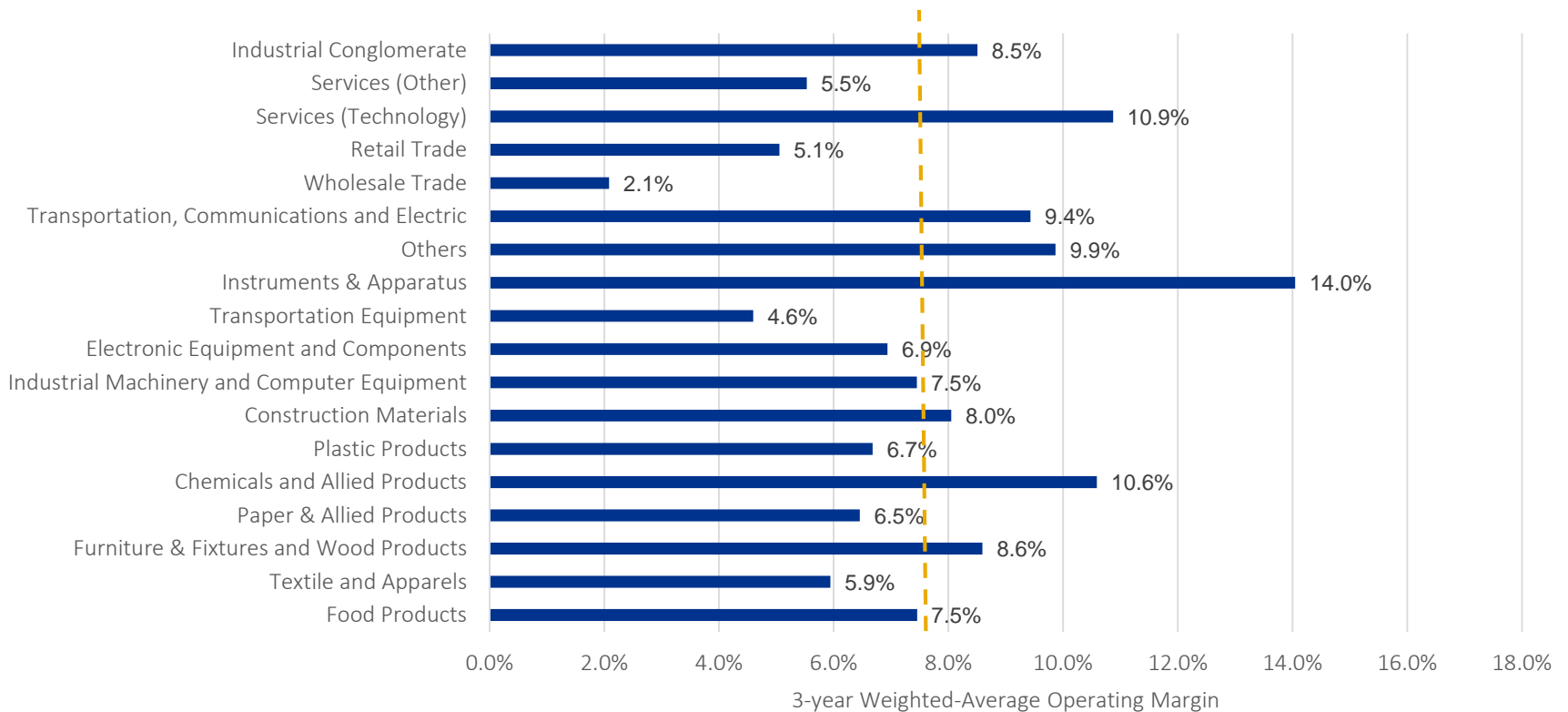
Operating Margin of Selected Companies by Industry and Region

Average Operating Margin of EMEA Companies by Industry



Operating Margin of Selected Companies by Industry and Region

Average Operating Margin of APAC Companies by Industry

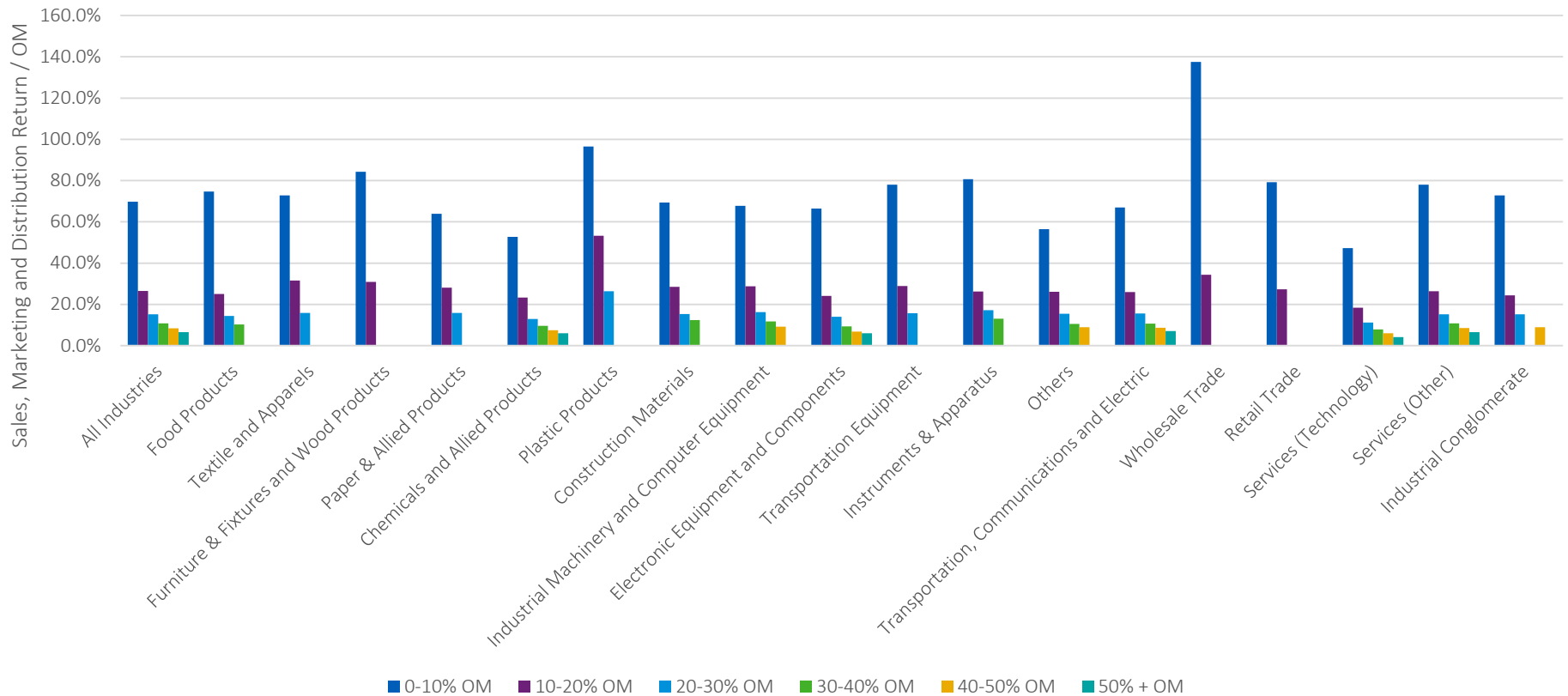




Appendix C

Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry

Ratio of Value-Added Distributor Return to Operating Margin by Industry



Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry Data

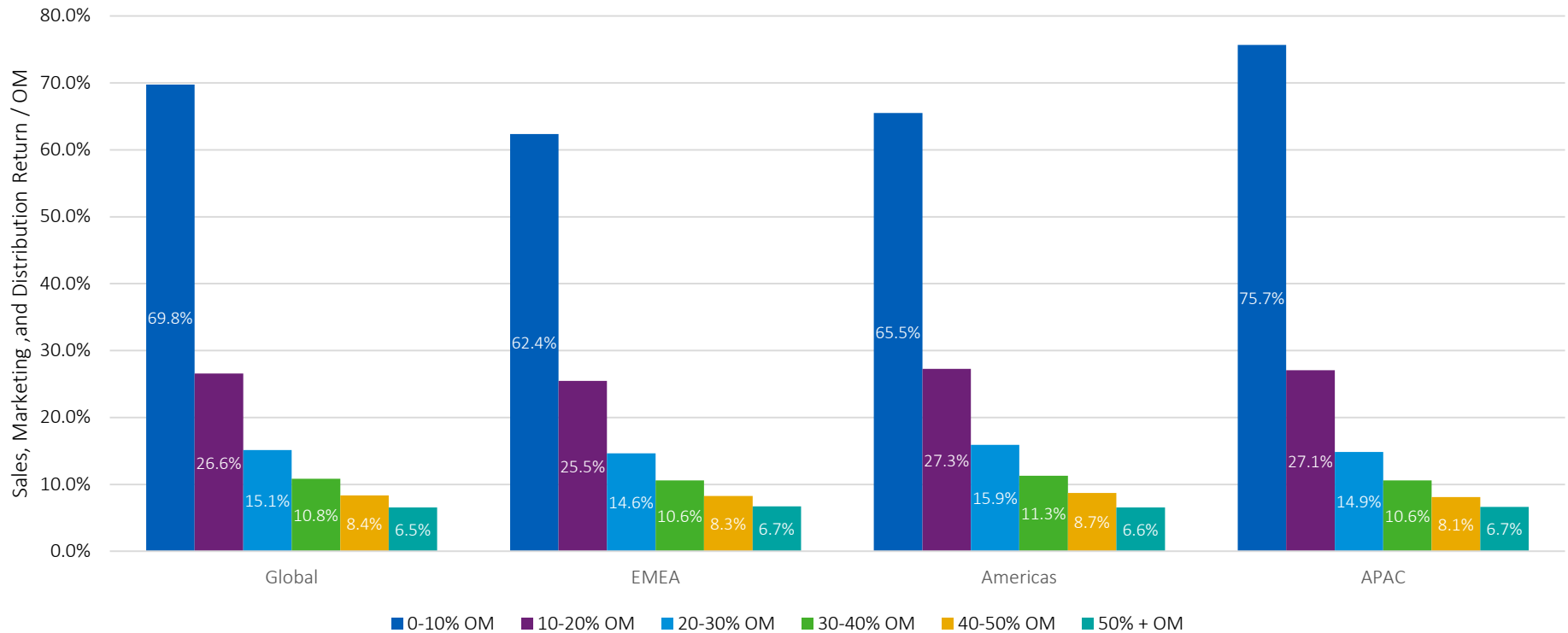
Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry Data*							
Industry	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	6.5%	8.4%	10.8%	15.1%	26.6%	69.8%	
Food Products	N/A	N/A	10.3%	14.4%	25.0%	74.7%	
Textile and Apparels	N/A	N/A	N/A	15.9%	31.5%	72.8%	
Furniture & Fixtures and Wood Products	N/A	N/A	N/A	N/A	30.9%	84.3%	
Paper & Allied Products	N/A	N/A	N/A	15.9%	28.2%	63.9%	
Chemicals and Allied Products	6.1%	7.4%	9.6%	13.0%	23.4%	52.7%	
Plastic Products	N/A	N/A	N/A	26.4%	53.2%	96.6%	
Construction Materials	N/A	N/A	12.4%	15.4%	28.6%	69.4%	
Industrial Machinery and Computer Equipment	N/A	9.3%	11.7%	16.2%	28.8%	67.7%	
Electronic Equipment and Components	6.1%	6.8%	9.4%	13.9%	24.1%	66.4%	
Transportation Equipment	N/A	N/A	N/A	15.7%	28.9%	78.0%	
Instruments & Apparatus	N/A	N/A	13.1%	17.2%	26.3%	80.7%	
Others	N/A	8.9%	10.6%	15.5%	26.1%	56.4%	
Transportation, Communications and Electric	7.1%	8.7%	10.7%	15.7%	26.0%	66.9%	
Wholesale Trade	N/A	N/A	N/A	N/A	34.4%	137.4%	
Retail Trade	N/A	N/A	N/A	N/A	27.3%	79.3%	
Services (Technology)	4.1%	6.0%	7.9%	11.3%	18.4%	47.2%	
Services (Other)	6.6%	8.6%	10.8%	15.2%	26.4%	78.0%	
Industrial Conglomerate	N/A	8.9%	N/A	15.3%	24.4%	72.9%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.



Value-added Sales, Marketing & Distribution Return to Operating Margin by Region

Ratio of Value-added Sales, Marketing & Distribution Return to Operating Margin By Region



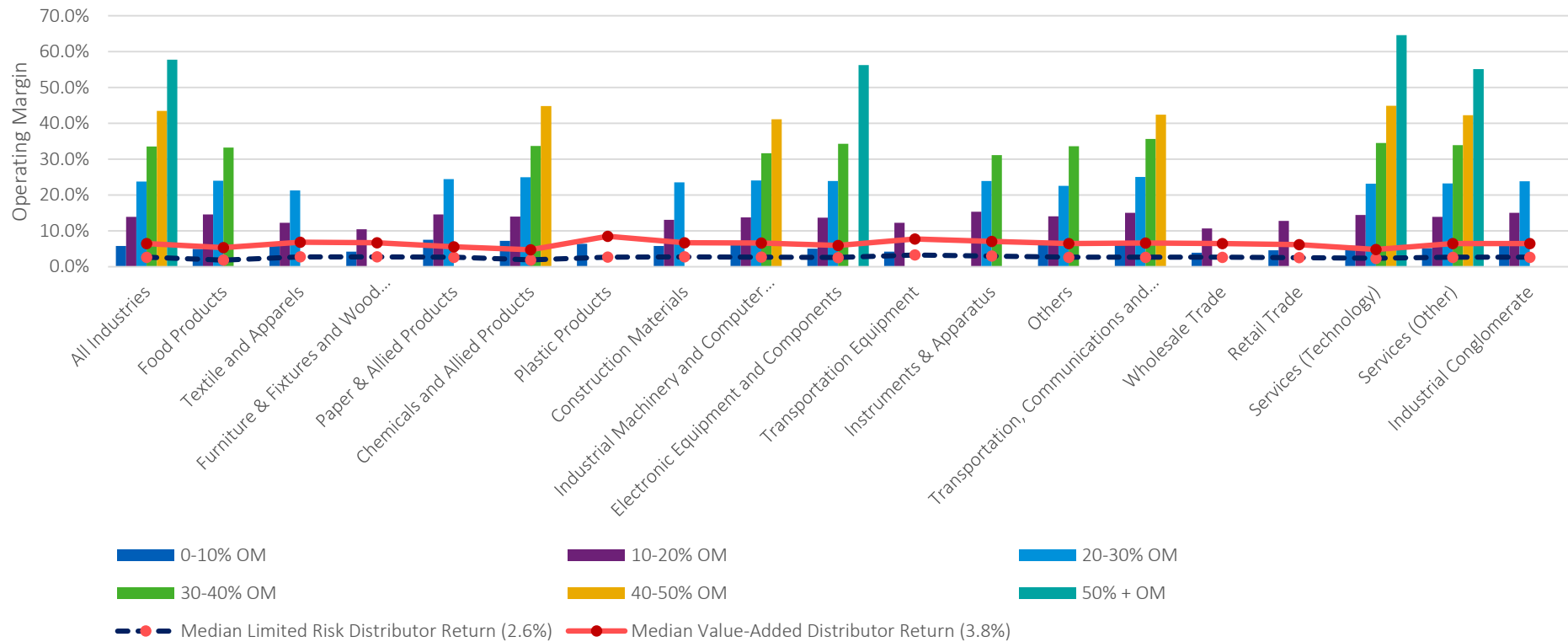
Value-added Sales, Marketing & Distribution Return to Operating Margin by Region Data

Value-added Sales, Marketing & Distribution Return to Operating Margin by Region Data

Region	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM
Global	6.5%	8.4%	10.8%	15.1%	26.6%	69.8%
EMEA	6.7%	8.3%	10.6%	14.6%	25.5%	62.4%
Americas	6.6%	8.7%	11.3%	15.9%	27.3%	65.5%
APAC	6.7%	8.1%	10.6%	14.9%	27.1%	75.7%

Selected Companies in Americas Operating Margin by Industry

Operating Margin By Industry in Americas

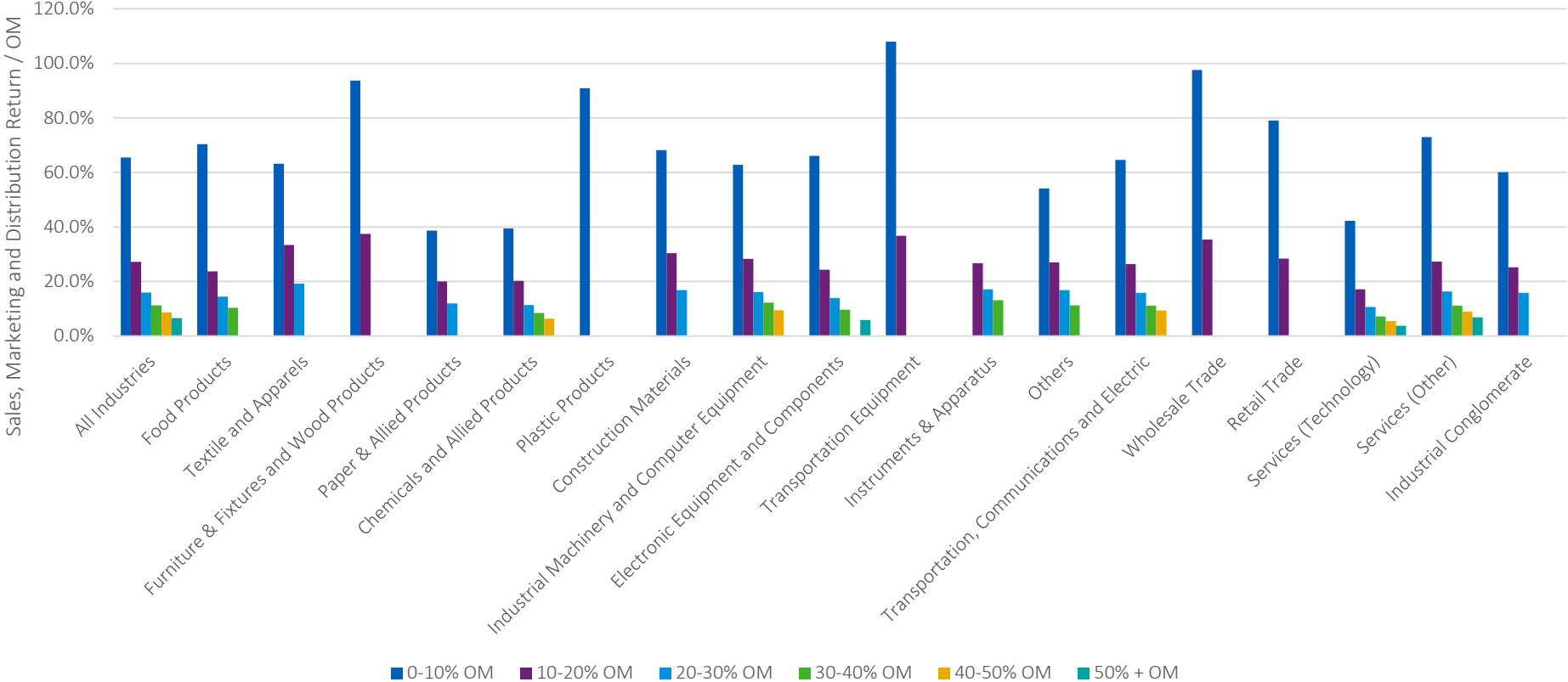


Selected Companies in Americas Operating Margin by Industry Data

Selected Companies Operating Margin in Americas									
Industry	Median Value-Added Sales, Marketing & Distribution Return	Median Limited Risk Sales, Marketing and Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.8%	2.6%	57.8%	43.5%	33.5%	23.8%	13.9%	5.8%	
Food Products	3.5%	1.8%	N/A	N/A	33.2%	24.0%	14.6%	4.9%	
Textile and Apparels	4.1%	2.8%	N/A	N/A	N/A	21.3%	12.2%	6.5%	
Furniture & Fixtures and Wood Products	3.9%	2.8%	N/A	N/A	N/A	N/A	10.4%	4.2%	
Paper & Allied Products	2.9%	2.6%	N/A	N/A	N/A	24.4%	14.5%	7.5%	
Chemicals and Allied Products	2.8%	1.9%	N/A	44.9%	33.7%	25.0%	14.0%	7.2%	
Plastic Products	5.8%	2.7%	N/A	N/A	N/A	N/A	N/A	6.4%	
Construction Materials	4.0%	2.7%	N/A	N/A	N/A	23.5%	13.0%	5.8%	
Industrial Machinery and Computer Equipment	3.9%	2.7%	N/A	41.1%	31.7%	24.1%	13.8%	6.2%	
Electronic Equipment and Components	3.3%	2.6%	56.2%	N/A	34.3%	23.9%	13.7%	5.0%	
Transportation Equipment	4.5%	3.3%	N/A	N/A	N/A	N/A	12.2%	4.2%	
Instruments & Apparatus	4.1%	3.0%	N/A	N/A	31.1%	23.9%	15.3%	N/A	
Others	3.8%	2.6%	N/A	N/A	33.6%	22.6%	14.1%	7.0%	
Transportation, Communications and Electric	4.0%	2.6%	N/A	42.4%	35.6%	25.1%	15.0%	6.1%	
Wholesale Trade	3.8%	2.6%	N/A	N/A	N/A	N/A	10.7%	3.9%	
Retail Trade	3.6%	2.5%	N/A	N/A	N/A	N/A	12.8%	4.6%	
Services (Technology)	2.5%	2.3%	64.6%	44.9%	34.5%	23.2%	14.4%	5.8%	
Services (Other)	3.8%	2.6%	55.1%	42.2%	33.9%	23.2%	13.9%	5.2%	
Industrial Conglomerate	3.8%	2.6%	N/A	N/A	N/A	23.9%	15.0%	6.3%	

Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in Americas

Ratio of Value-Added Distributor Return to Operating Margin in Americas



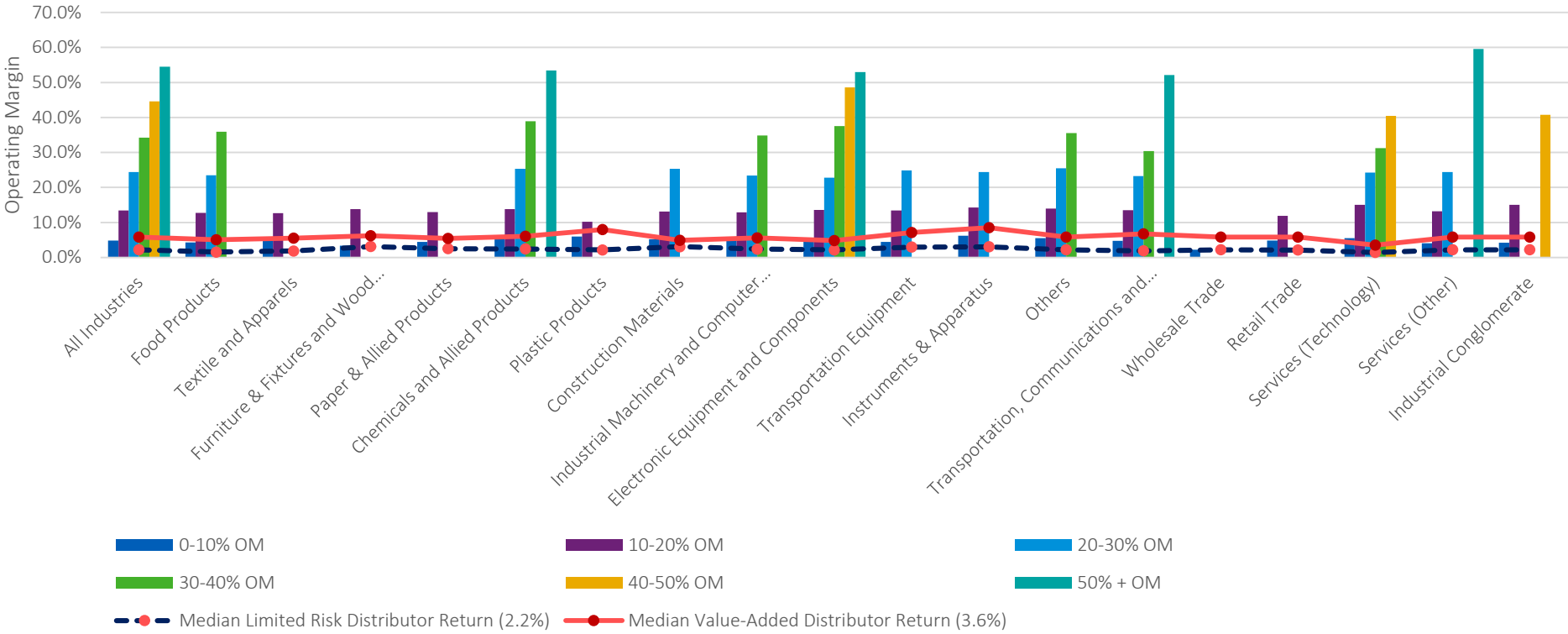
Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in Americas Data

Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in Americas

Industry	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM
All Industries	6.6%	8.7%	11.3%	15.9%	27.3%	65.5%
Food Products	N/A	N/A	10.4%	14.4%	23.7%	70.4%
Textile and Apparels	N/A	N/A	N/A	19.2%	33.4%	63.2%
Furniture & Fixtures and Wood Products	N/A	N/A	N/A	N/A	37.5%	93.7%
Paper & Allied Products	N/A	N/A	N/A	11.9%	20.0%	38.7%
Chemicals and Allied Products	N/A	6.3%	8.4%	11.4%	20.3%	39.5%
Plastic Products	N/A	N/A	N/A	N/A	N/A	90.9%
Construction Materials	N/A	N/A	N/A	16.8%	30.4%	68.2%
Industrial Machinery and Computer Equipment	N/A	9.5%	12.3%	16.2%	28.3%	62.8%
Electronic Equipment and Components	5.9%	N/A	9.7%	13.9%	24.4%	66.1%
Transportation Equipment	N/A	N/A	N/A	N/A	36.8%	108.0%
Instruments & Apparatus	N/A	N/A	13.1%	17.1%	26.7%	N/A
Others	N/A	N/A	11.3%	16.8%	27.0%	54.1%
Transportation, Communications and Electric	N/A	9.4%	11.1%	15.8%	26.4%	64.6%
Wholesale Trade	N/A	N/A	N/A	N/A	35.4%	97.5%
Retail Trade	N/A	N/A	N/A	N/A	28.4%	79.0%
Services (Technology)	3.8%	5.5%	7.2%	10.7%	17.1%	42.2%
Services (Other)	6.9%	9.0%	11.2%	16.3%	27.3%	73.0%
Industrial Conglomerate	N/A	N/A	N/A	15.9%	25.3%	60.1%

Selected Companies in APAC Operating Margin by Industry

Operating Margin By Industry in APAC

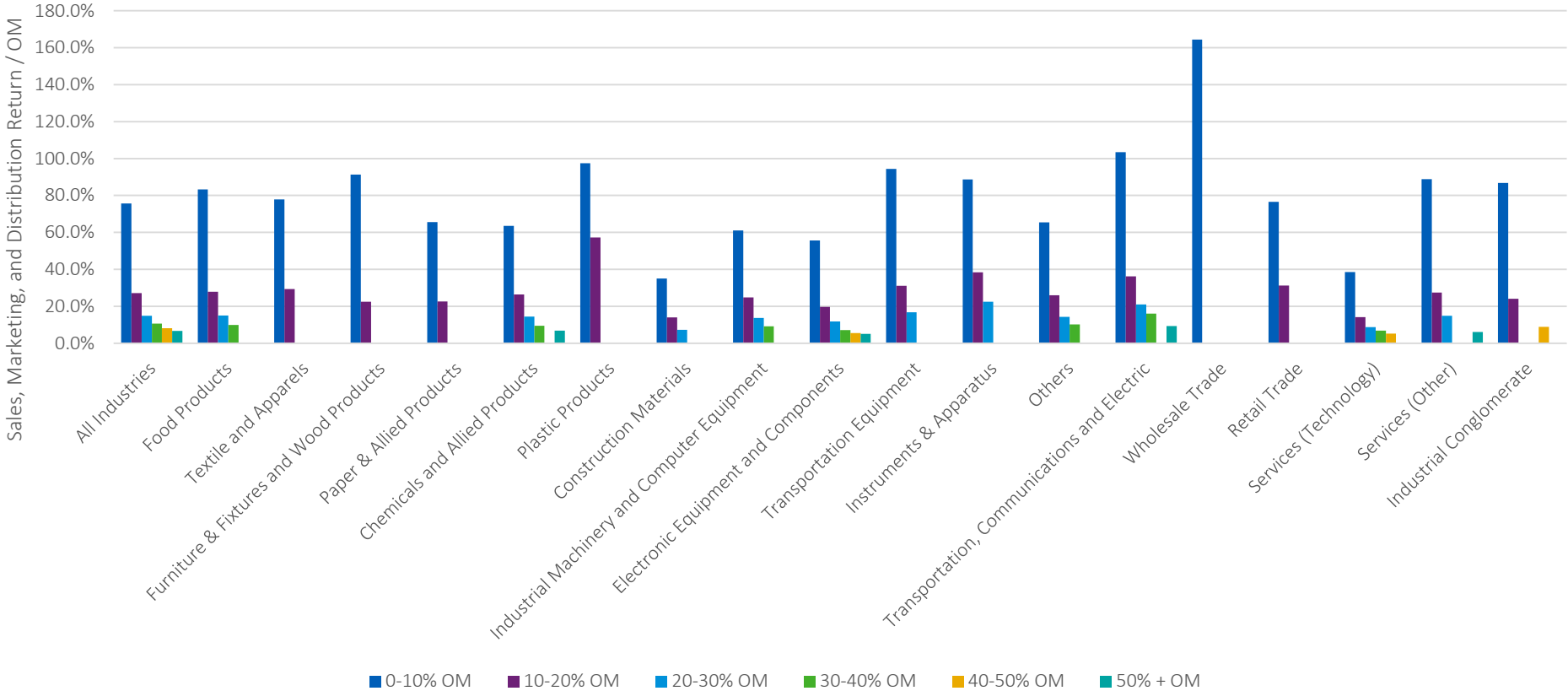


Selected Companies in APAC Operating Margin by Industry Data

Selected Companies Operating Margin in APAC									
Industry	Median Value-Added	Median Limited Risk	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return							
All Industries	3.6%	2.2%	54.5%	44.6%	34.2%	24.4%	13.4%	4.8%	
Food Products	3.5%	1.5%	N/A	N/A	35.9%	23.5%	12.7%	4.3%	
Textile and Apparels	3.7%	1.8%	N/A	N/A	N/A	N/A	12.7%	4.8%	
Furniture & Fixtures and Wood Products	3.1%	3.1%	N/A	N/A	N/A	N/A	13.8%	3.4%	
Paper & Allied Products	2.9%	2.5%	N/A	N/A	N/A	N/A	13.0%	4.5%	
Chemicals and Allied Products	3.7%	2.4%	53.4%	N/A	38.9%	25.3%	13.8%	5.8%	
Plastic Products	5.8%	2.2%	N/A	N/A	N/A	N/A	10.2%	6.0%	
Construction Materials	1.8%	3.1%	N/A	N/A	N/A	25.3%	13.1%	5.2%	
Industrial Machinery and Computer Equipment	3.2%	2.4%	N/A	N/A	34.8%	23.4%	12.9%	5.2%	
Electronic Equipment and Components	2.7%	2.2%	52.9%	48.6%	37.5%	22.8%	13.6%	4.8%	
Transportation Equipment	4.2%	2.9%	N/A	N/A	N/A	24.9%	13.4%	4.4%	
Instruments & Apparatus	5.5%	3.0%	N/A	N/A	N/A	24.4%	14.2%	6.2%	
Others	3.6%	2.2%	N/A	N/A	35.6%	25.4%	14.0%	5.5%	
Transportation, Communications and Electric	4.9%	1.9%	52.1%	N/A	30.4%	23.3%	13.5%	4.7%	
Wholesale Trade	3.6%	2.2%	N/A	N/A	N/A	N/A	N/A	2.2%	
Retail Trade	3.7%	2.1%	N/A	N/A	N/A	N/A	11.9%	4.8%	
Services (Technology)	2.1%	1.4%	N/A	40.5%	31.2%	24.3%	15.0%	5.5%	
Services (Other)	3.6%	2.2%	59.5%	N/A	N/A	24.4%	13.2%	4.1%	
Industrial Conglomerate	3.6%	2.2%	N/A	40.8%	N/A	N/A	15.1%	4.2%	

Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in APAC

Ratio of Value-Added Distributor Return to Operating Margin in APAC

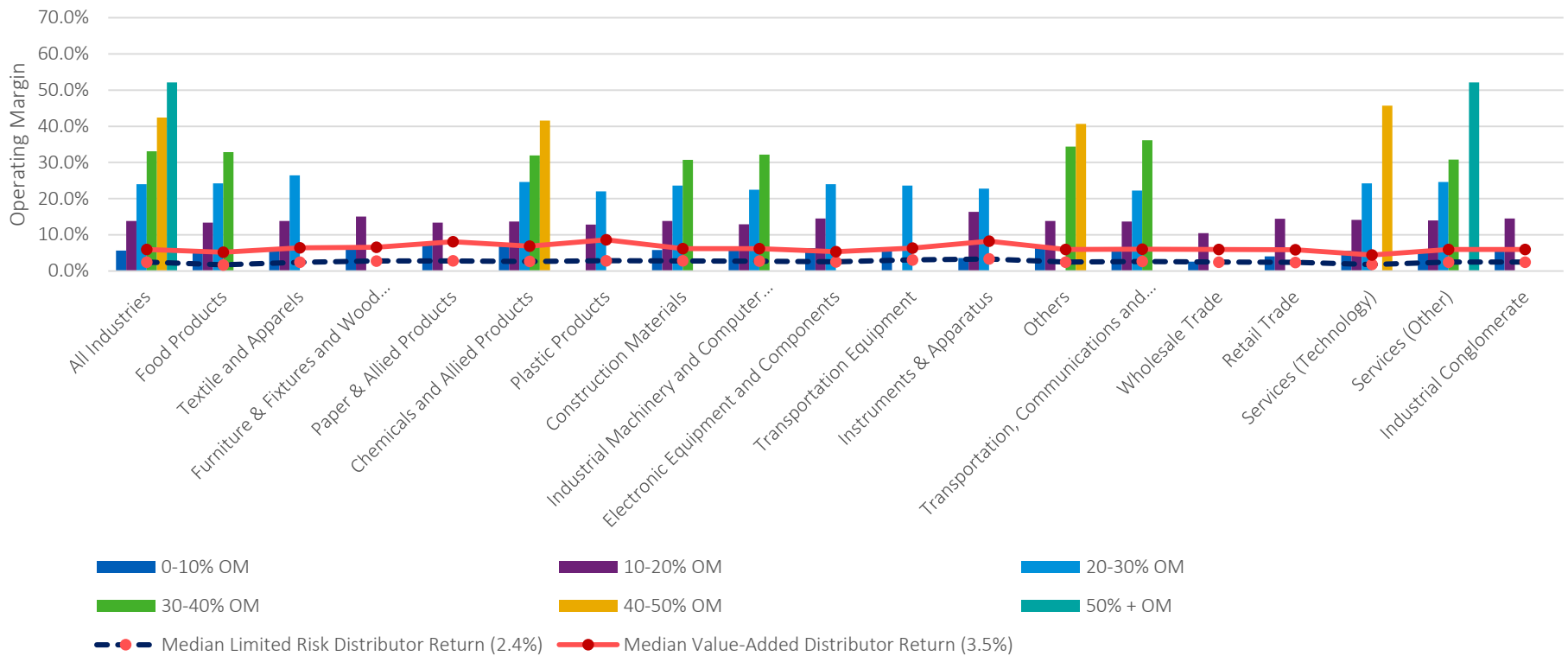


Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in APAC Data

Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in APAC							
Industry	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	6.7%	8.1%	10.6%	14.9%	27.1%	75.7%	
Food Products	N/A	N/A	9.9%	15.1%	27.9%	83.3%	
Textile and Apparels	N/A	N/A	N/A	N/A	29.2%	77.8%	
Furniture & Fixtures and Wood Products	N/A	N/A	N/A	N/A	22.4%	91.3%	
Paper & Allied Products	N/A	N/A	N/A	N/A	22.6%	65.6%	
Chemicals and Allied Products	6.8%	N/A	9.4%	14.5%	26.4%	63.5%	
Plastic Products	N/A	N/A	N/A	N/A	57.2%	97.5%	
Construction Materials	N/A	N/A	N/A	7.2%	13.9%	35.1%	
Industrial Machinery and Computer Equipment	N/A	N/A	9.2%	13.6%	24.7%	61.0%	
Electronic Equipment and Components	5.0%	5.5%	7.1%	11.7%	19.7%	55.6%	
Transportation Equipment	N/A	N/A	N/A	16.7%	31.1%	94.4%	
Instruments & Apparatus	N/A	N/A	N/A	22.4%	38.4%	88.6%	
Others	N/A	N/A	10.2%	14.2%	26.0%	65.5%	
Transportation, Communications and Electric	9.3%	N/A	16.0%	20.9%	36.2%	103.5%	
Wholesale Trade	N/A	N/A	N/A	N/A	N/A	164.4%	
Retail Trade	N/A	N/A	N/A	N/A	31.2%	76.6%	
Services (Technology)	N/A	5.2%	6.8%	8.7%	14.1%	38.6%	
Services (Other)	6.1%	N/A	N/A	14.9%	27.5%	88.8%	
Industrial Conglomerate	N/A	8.9%	N/A	N/A	24.1%	86.8%	

Selected Companies in EMEA Operating Margin by Industry

Operating Margin By Industry in EMEA



Selected Companies in EMEA Operating Margin by Industry Data

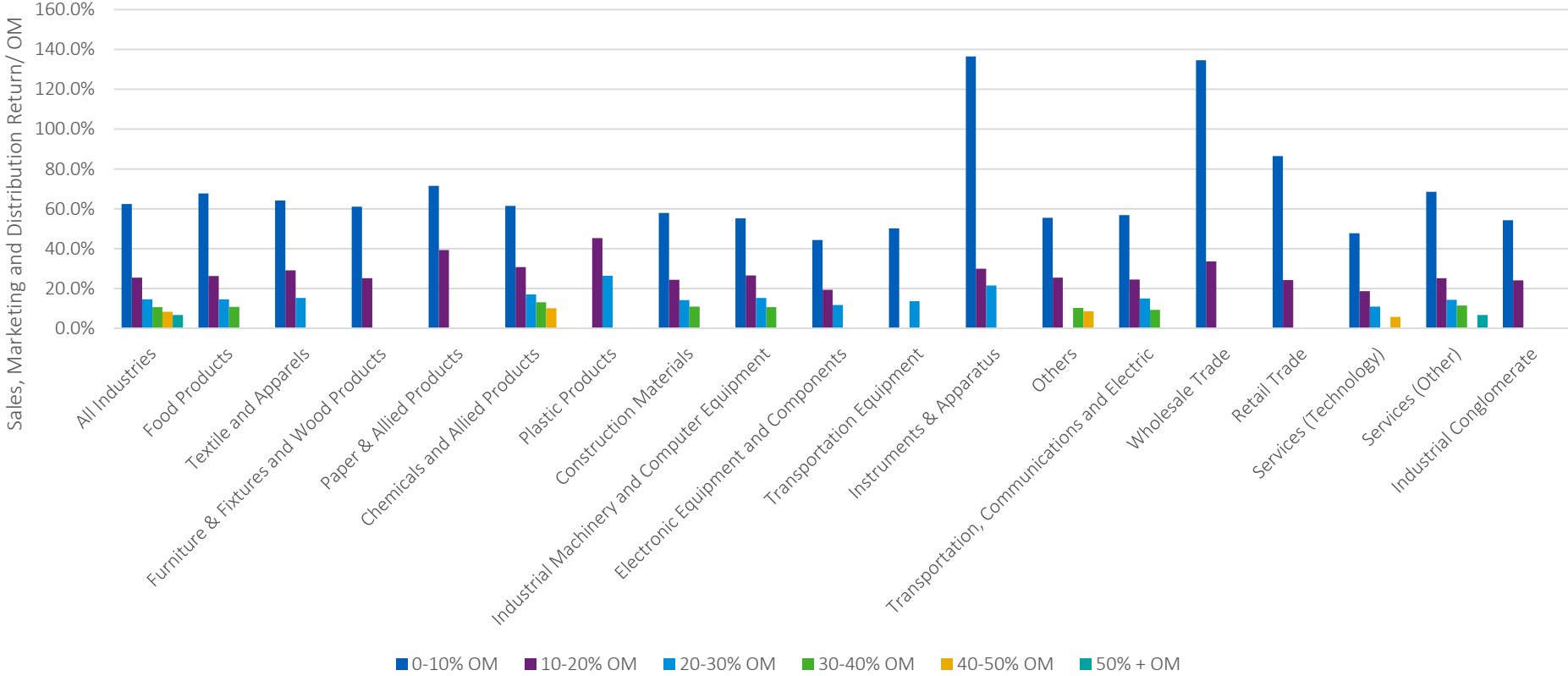
Selected Companies Operating Margin in EMEA*									
Industry	Median Value-Added	Median Limited Risk	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return							
All Industries	3.5%	2.4%	52.1%	42.4%	33.1%	24.0%	13.8%	5.6%	
Food Products	3.5%	1.7%	N/A	N/A	32.8%	24.2%	13.4%	5.2%	
Textile and Apparels	4.0%	2.4%	N/A	N/A	N/A	26.5%	13.8%	6.3%	
Furniture & Fixtures and Wood Products	3.8%	2.7%	N/A	N/A	N/A	N/A	15.0%	6.2%	
Paper & Allied Products	5.3%	2.8%	N/A	N/A	N/A	N/A	13.4%	7.4%	
Chemicals and Allied Products	4.2%	2.7%	N/A	41.6%	31.9%	24.6%	13.7%	6.8%	
Plastic Products	5.8%	2.8%	N/A	N/A	N/A	22.0%	12.8%	N/A	
Construction Materials	3.4%	2.8%	N/A	N/A	30.7%	23.6%	13.8%	5.8%	
Industrial Machinery and Computer Equipment	3.4%	2.7%	N/A	N/A	32.2%	22.5%	12.9%	6.2%	
Electronic Equipment and Components	2.8%	2.5%	N/A	N/A	N/A	24.0%	14.5%	6.4%	
Transportation Equipment	3.2%	3.1%	N/A	N/A	N/A	23.6%	N/A	6.4%	
Instruments & Apparatus	4.9%	3.3%	N/A	N/A	N/A	22.8%	16.4%	3.6%	
Others	3.5%	2.4%	N/A	40.7%	34.4%	N/A	13.8%	6.3%	
Transportation, Communications and Electric	3.3%	2.7%	N/A	N/A	36.2%	22.2%	13.7%	5.9%	
Wholesale Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	10.5%	2.6%	
Retail Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	14.4%	4.0%	
Services (Technology)	2.7%	1.8%	N/A	45.7%	N/A	24.2%	14.2%	5.5%	
Services (Other)	3.5%	2.4%	52.1%	N/A	30.8%	24.6%	14.0%	5.1%	
Industrial Conglomerate	3.5%	2.4%	N/A	N/A	N/A	N/A	14.5%	6.5%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.



Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in EMEA

Ratio of Value-Added Distributor Return to Operating Margin in EMEA



Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in EMEA Data

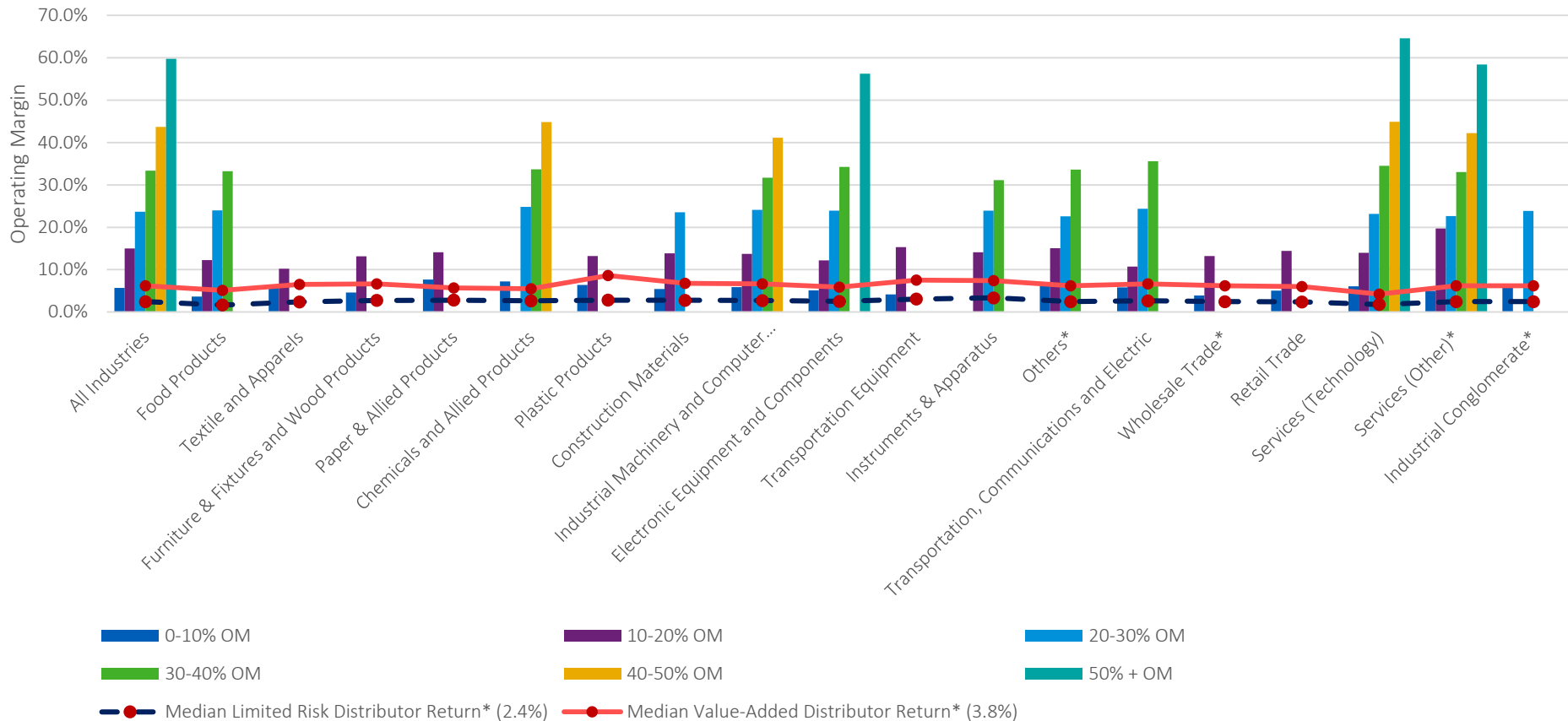
Value-added Sales, Marketing & Distribution Return to Operating Margin by Industry in EMEA							
Industry	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	6.7%	8.3%	10.6%	14.6%	25.5%	62.4%	
Food Products	N/A	N/A	10.7%	14.5%	26.3%	67.7%	
Textile and Apparels	N/A	N/A	N/A	15.2%	29.1%	64.2%	
Furniture & Fixtures and Wood Products	N/A	N/A	N/A	N/A	25.2%	61.0%	
Paper & Allied Products	N/A	N/A	N/A	N/A	39.4%	71.5%	
Chemicals and Allied Products	N/A	10.1%	13.1%	17.0%	30.7%	61.4%	
Plastic Products	N/A	N/A	N/A	26.4%	45.3%	N/A	
Construction Materials	N/A	N/A	11.0%	14.2%	24.3%	57.9%	
Industrial Machinery and Computer Equipment	N/A	N/A	10.6%	15.2%	26.5%	55.2%	
Electronic Equipment and Components	N/A	N/A	N/A	11.7%	19.4%	44.3%	
Transportation Equipment	N/A	N/A	N/A	13.7%	N/A	50.2%	
Instruments & Apparatus	N/A	N/A	N/A	21.5%	29.9%	136.5%	
Others	N/A	8.6%	10.2%	N/A	25.4%	55.6%	
Transportation, Communications and Electric	N/A	N/A	9.2%	15.0%	24.4%	56.9%	
Wholesale Trade	N/A	N/A	N/A	N/A	33.5%	134.5%	
Retail Trade	N/A	N/A	N/A	N/A	24.2%	86.5%	
Services (Technology)	N/A	5.8%	N/A	10.9%	18.7%	47.8%	
Services (Other)	6.7%	N/A	11.4%	14.3%	25.1%	68.5%	
Industrial Conglomerate	N/A	N/A	N/A	N/A	24.2%	54.3%	



Appendix D

Operating Margin by Industry in United States

Operating Margin by Industry in United States



* Using Americas Comparable Sets



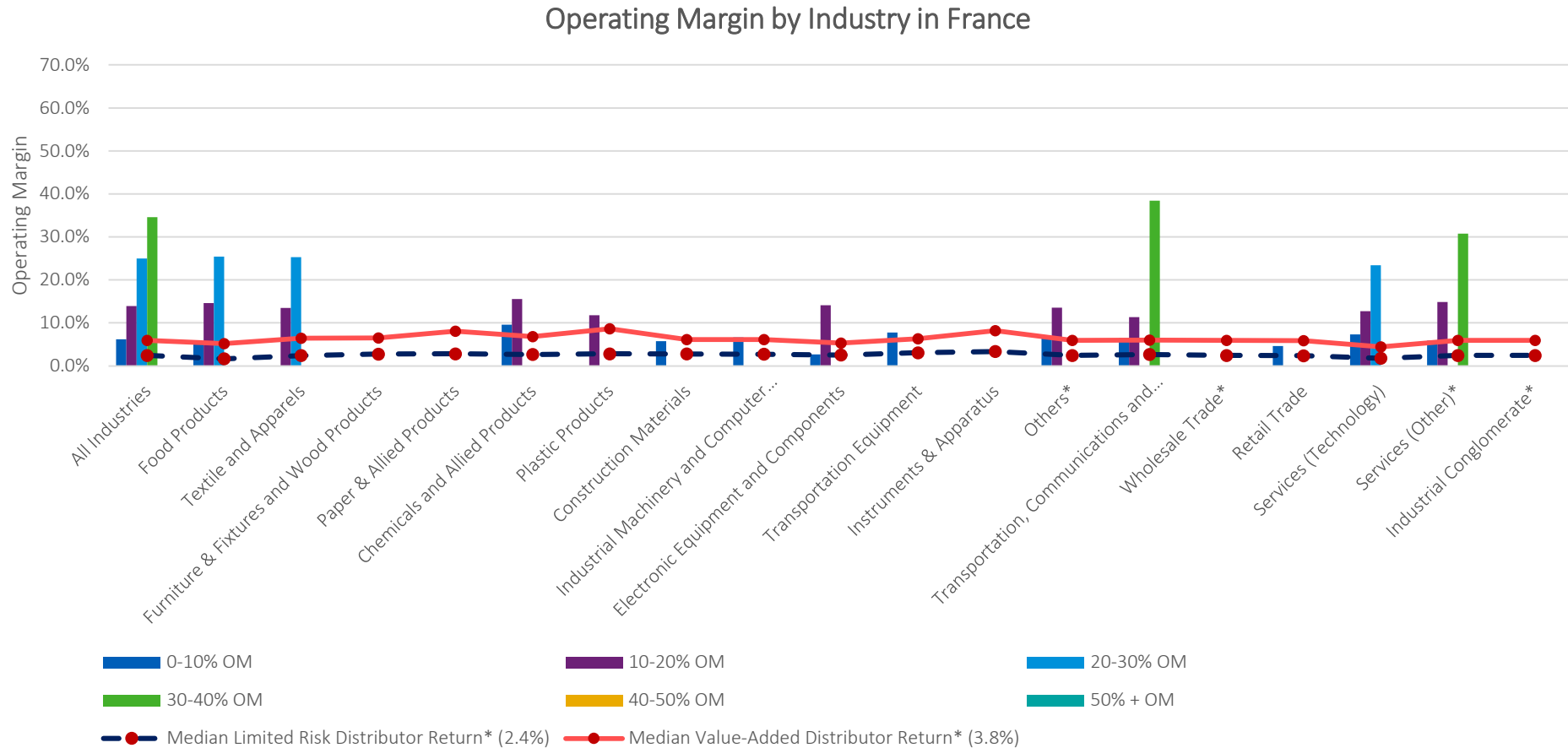
Operating Margin by Industry in United States Data

Operating Margin in United States*									
Industry	Median Value-Added Sales, Marketing & Distribution Return	Median Limited Risk Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
	All Industries	3.8%	2.6%	59.7%	43.7%	33.4%	23.6%	14.0%	5.7%
Food Products	3.5%	1.8%	N/A	N/A	33.2%	24.0%	15.0%	3.6%	
Textile and Apparels	4.1%	2.8%	N/A	N/A	N/A	N/A	12.2%	6.5%	
Furniture & Fixtures and Wood Products	3.9%	2.8%	N/A	N/A	N/A	N/A	10.2%	4.6%	
Paper & Allied Products	2.9%	2.6%	N/A	N/A	N/A	N/A	13.2%	7.7%	
Chemicals and Allied Products	2.8%	1.9%	N/A	44.9%	33.7%	24.8%	14.1%	7.2%	
Plastic Products	5.8%	2.7%	N/A	N/A	N/A	N/A	N/A	6.4%	
Construction Materials	4.0%	2.7%	N/A	N/A	N/A	23.5%	13.2%	5.4%	
Industrial Machinery and Computer Equipment	3.9%	2.7%	N/A	41.1%	31.7%	24.1%	13.8%	5.9%	
Electronic Equipment and Components	3.3%	2.6%	56.2%	N/A	34.3%	23.9%	13.7%	5.1%	
Transportation Equipment	4.5%	3.3%	N/A	N/A	N/A	N/A	12.2%	4.2%	
Instruments & Apparatus	4.1%	3.0%	N/A	N/A	31.1%	23.9%	15.3%	N/A	
Others	3.8%	2.6%	N/A	N/A	33.6%	22.6%	14.1%	7.0%	
Transportation, Communications and Electric	4.0%	2.6%	N/A	N/A	35.6%	24.3%	15.1%	5.8%	
Wholesale Trade	3.8%	2.6%	N/A	N/A	N/A	N/A	10.7%	3.9%	
Retail Trade	3.6%	2.5%	N/A	N/A	N/A	N/A	13.2%	5.0%	
Services (Technology)	2.5%	2.3%	64.6%	44.9%	34.5%	23.1%	14.4%	6.1%	
Services (Other)	3.8%	2.6%	58.4%	42.2%	33.1%	22.6%	14.0%	5.0%	
Industrial Conglomerate	3.8%	2.6%	N/A	N/A	N/A	23.9%	19.7%	6.1%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.



Operating Margin by Industry in France



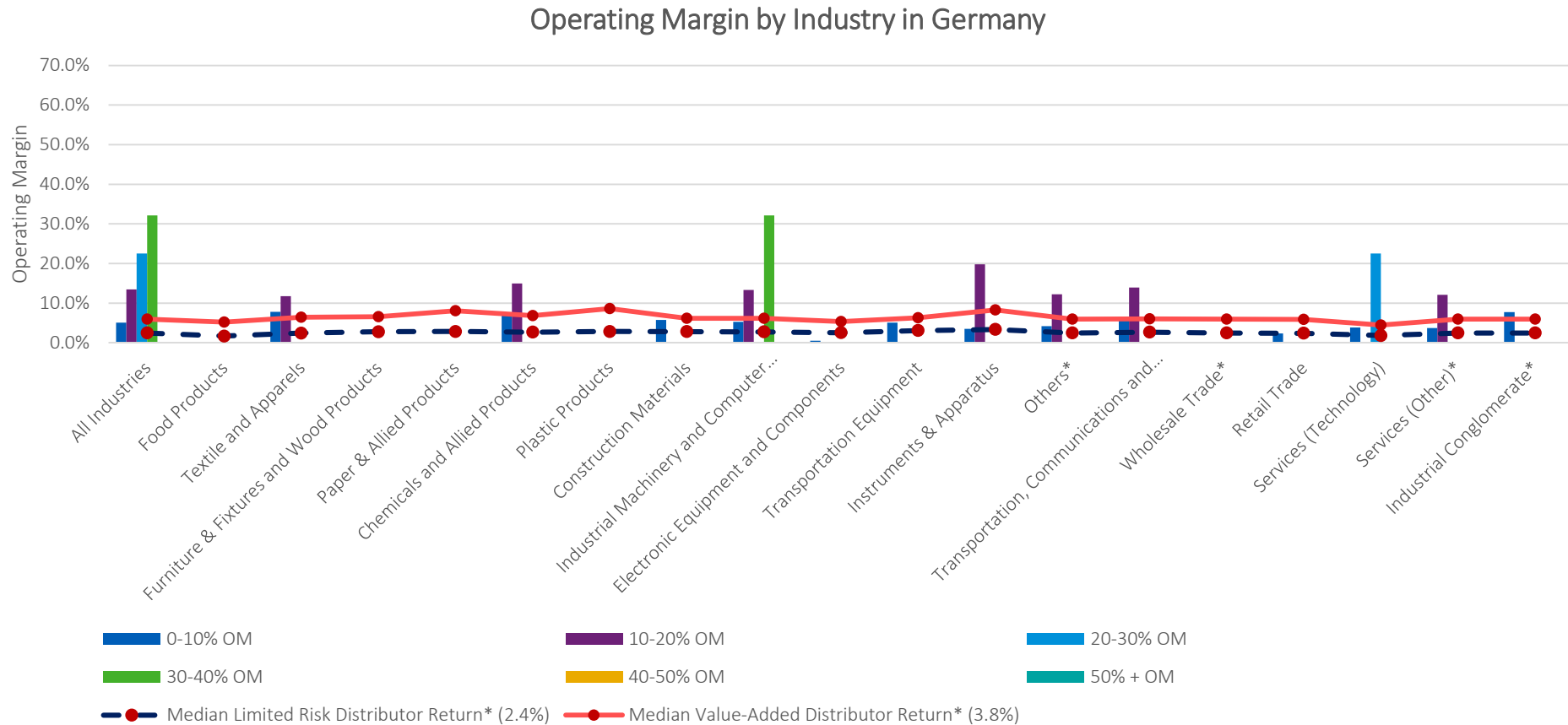
* Using EMEA Comparable Sets

Operating Margin by Industry in France Data

Operating Margin in France*									
Industry	Median Value-Added	Median Limited Risk							
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.5%	2.4%	N/A	N/A	34.6%	25.0%	13.9%	6.2%	
Food Products	3.5%	1.7%	N/A	N/A	N/A	25.4%	14.6%	5.1%	
Textile and Apparels	4.0%	2.4%	N/A	N/A	N/A	25.3%	13.5%	N/A	
Furniture & Fixtures and Wood Products	3.8%	2.7%	N/A	N/A	N/A	N/A	N/A	N/A	
Paper & Allied Products	5.3%	2.8%	N/A	N/A	N/A	N/A	N/A	N/A	
Chemicals and Allied Products	4.2%	2.7%	N/A	N/A	N/A	N/A	15.6%	9.6%	
Plastic Products	5.8%	2.8%	N/A	N/A	N/A	N/A	11.8%	N/A	
Construction Materials	3.4%	2.8%	N/A	N/A	N/A	N/A	N/A	5.8%	
Industrial Machinery and Computer Equipment	3.4%	2.7%	N/A	N/A	N/A	N/A	N/A	6.7%	
Electronic Equipment and Components	2.8%	2.5%	N/A	N/A	N/A	N/A	14.1%	2.7%	
Transportation Equipment	3.2%	3.1%	N/A	N/A	N/A	N/A	N/A	7.8%	
Instruments & Apparatus	4.9%	3.3%	N/A	N/A	N/A	N/A	N/A	N/A	
Others	3.5%	2.4%	N/A	N/A	N/A	N/A	13.5%	6.5%	
Transportation, Communications and Electric	3.3%	2.7%	N/A	N/A	38.4%	N/A	11.3%	6.5%	
Wholesale Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	N/A	
Retail Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	4.6%	
Services (Technology)	2.7%	1.8%	N/A	N/A	N/A	23.4%	12.7%	7.3%	
Services (Other)	3.5%	2.4%	N/A	N/A	30.8%	N/A	14.9%	5.9%	
Industrial Conglomerate	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	N/A	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.

Operating Margin by Industry in Germany



* Using EMEA Comparable Sets

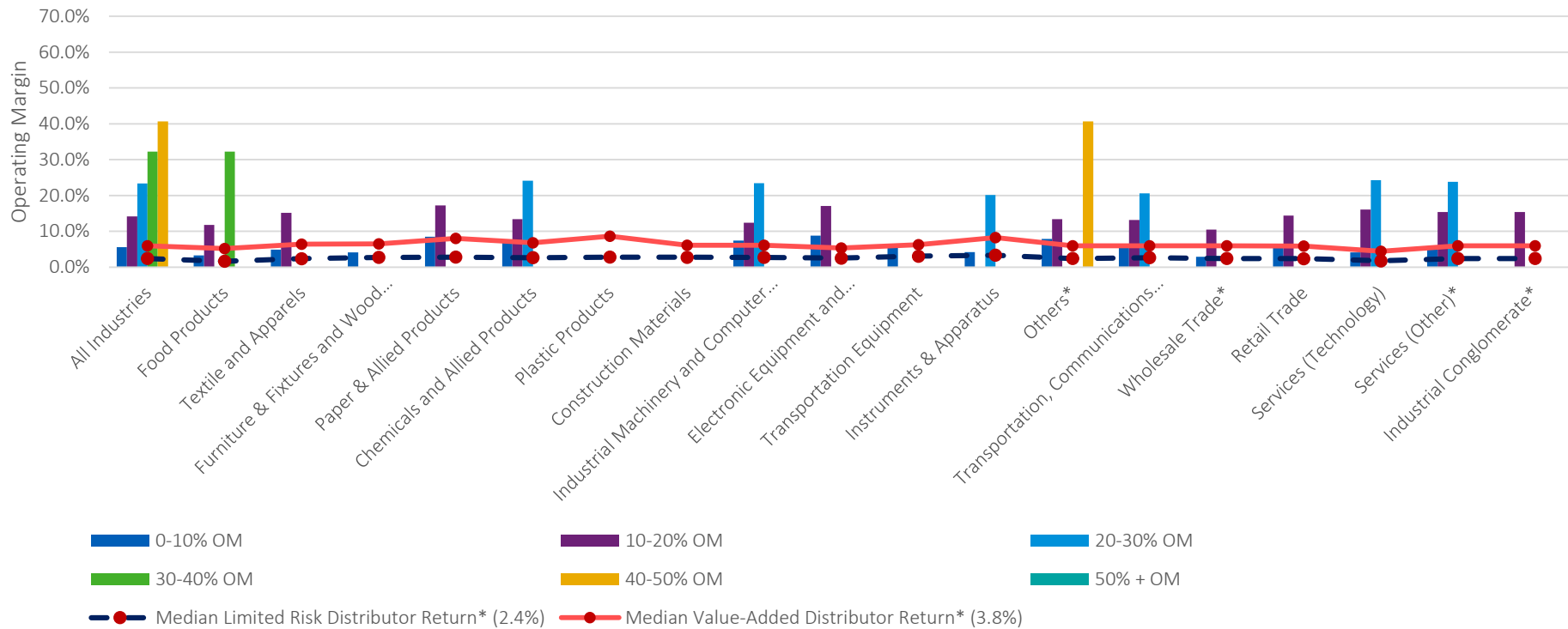
Operating Margin by Industry in Germany Data

Operating Margin in Germany*									
Industry	Median Value-Added	Median Limited Risk							
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.5%	2.4%	N/A	N/A	32.2%	22.5%	13.5%	5.1%	
Food Products	3.5%	1.7%	N/A	N/A	N/A	N/A	N/A	N/A	
Textile and Apparels	4.0%	2.4%	N/A	N/A	N/A	N/A	11.7%	7.8%	
Furniture & Fixtures and Wood Products	3.8%	2.7%	N/A	N/A	N/A	N/A	N/A	N/A	
Paper & Allied Products	5.3%	2.8%	N/A	N/A	N/A	N/A	N/A	N/A	
Chemicals and Allied Products	4.2%	2.7%	N/A	N/A	N/A	N/A	15.0%	7.2%	
Plastic Products	5.8%	2.8%	N/A	N/A	N/A	N/A	N/A	N/A	
Construction Materials	3.4%	2.8%	N/A	N/A	N/A	N/A	N/A	5.8%	
Industrial Machinery and Computer Equipment	3.4%	2.7%	N/A	N/A	32.2%	N/A	13.3%	5.2%	
Electronic Equipment and Components	2.8%	2.5%	N/A	N/A	N/A	N/A	N/A	0.5%	
Transportation Equipment	3.2%	3.1%	N/A	N/A	N/A	N/A	N/A	5.1%	
Instruments & Apparatus	4.9%	3.3%	N/A	N/A	N/A	N/A	19.8%	3.5%	
Others	3.5%	2.4%	N/A	N/A	N/A	N/A	12.2%	4.2%	
Transportation, Communications and Electric	3.3%	2.7%	N/A	N/A	N/A	N/A	13.9%	6.4%	
Wholesale Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	N/A	
Retail Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	2.3%	
Services (Technology)	2.7%	1.8%	N/A	N/A	N/A	22.5%	N/A	3.8%	
Services (Other)	3.5%	2.4%	N/A	N/A	N/A	N/A	12.1%	3.7%	
Industrial Conglomerate	3.5%	2.4%	N/A	N/A	N/A	N/A	N/A	7.7%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.

Operating Margin by Industry in United Kingdom

Operating Margin by Industry in United Kingdom



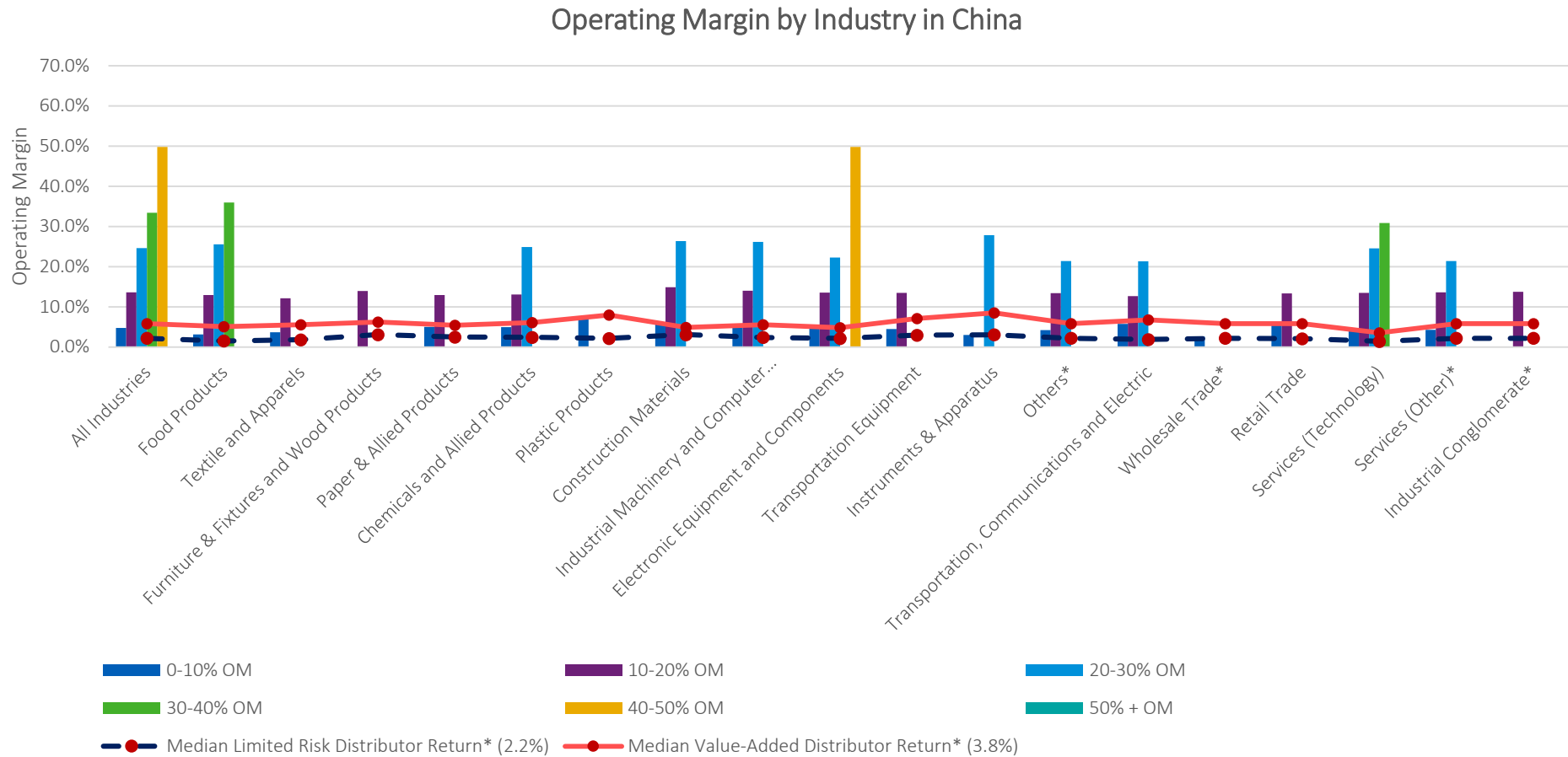
* Using EMEA Comparable Sets

Operating Margin by Industry in United Kingdom Data

Operating Margin in United Kingdom*									
Industry	Median Value-Added Sales, Marketing & Distribution Return	Median Limited Risk Sales, Marketing & Distribution Return							
			50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.5%	2.4%	N/A	40.7%	32.3%	23.4%	14.2%	5.6%	
Food Products	3.5%	1.7%	N/A	N/A	32.3%	N/A	11.8%	3.3%	
Textile and Apparels	4.0%	2.4%	N/A	N/A	N/A	N/A	15.2%	4.9%	
Furniture & Fixtures and Wood Products	3.8%	2.7%	N/A	N/A	N/A	N/A	N/A	4.1%	
Paper & Allied Products	5.3%	2.8%	N/A	N/A	N/A	N/A	17.2%	8.5%	
Chemicals and Allied Products	4.2%	2.7%	N/A	N/A	N/A	24.1%	13.4%	7.6%	
Plastic Products	5.8%	2.8%	N/A	N/A	N/A	N/A	N/A	N/A	
Construction Materials	3.4%	2.8%	N/A	N/A	N/A	N/A	N/A	N/A	
Industrial Machinery and Computer Equipment	3.4%	2.7%	N/A	N/A	N/A	23.4%	12.4%	7.4%	
Electronic Equipment and Components	2.8%	2.5%	N/A	N/A	N/A	N/A	17.1%	8.8%	
Transportation Equipment	3.2%	3.1%	N/A	N/A	N/A	N/A	N/A	5.7%	
Instruments & Apparatus	4.9%	3.3%	N/A	N/A	N/A	20.1%	N/A	4.2%	
Others	3.5%	2.4%	N/A	40.7%	N/A	N/A	13.4%	7.9%	
Transportation, Communications and Electric	3.3%	2.7%	N/A	N/A	N/A	20.6%	13.2%	5.5%	
Wholesale Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	10.5%	2.9%	
Retail Trade	3.5%	2.4%	N/A	N/A	N/A	N/A	14.4%	5.4%	
Services (Technology)	2.7%	1.8%	N/A	N/A	N/A	24.3%	16.1%	4.1%	
Services (Other)	3.5%	2.4%	N/A	N/A	N/A	23.9%	15.4%	4.9%	
Industrial Conglomerate	3.5%	2.4%	N/A	N/A	N/A	N/A	15.4%	N/A	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.

Operating Margin by Industry in China



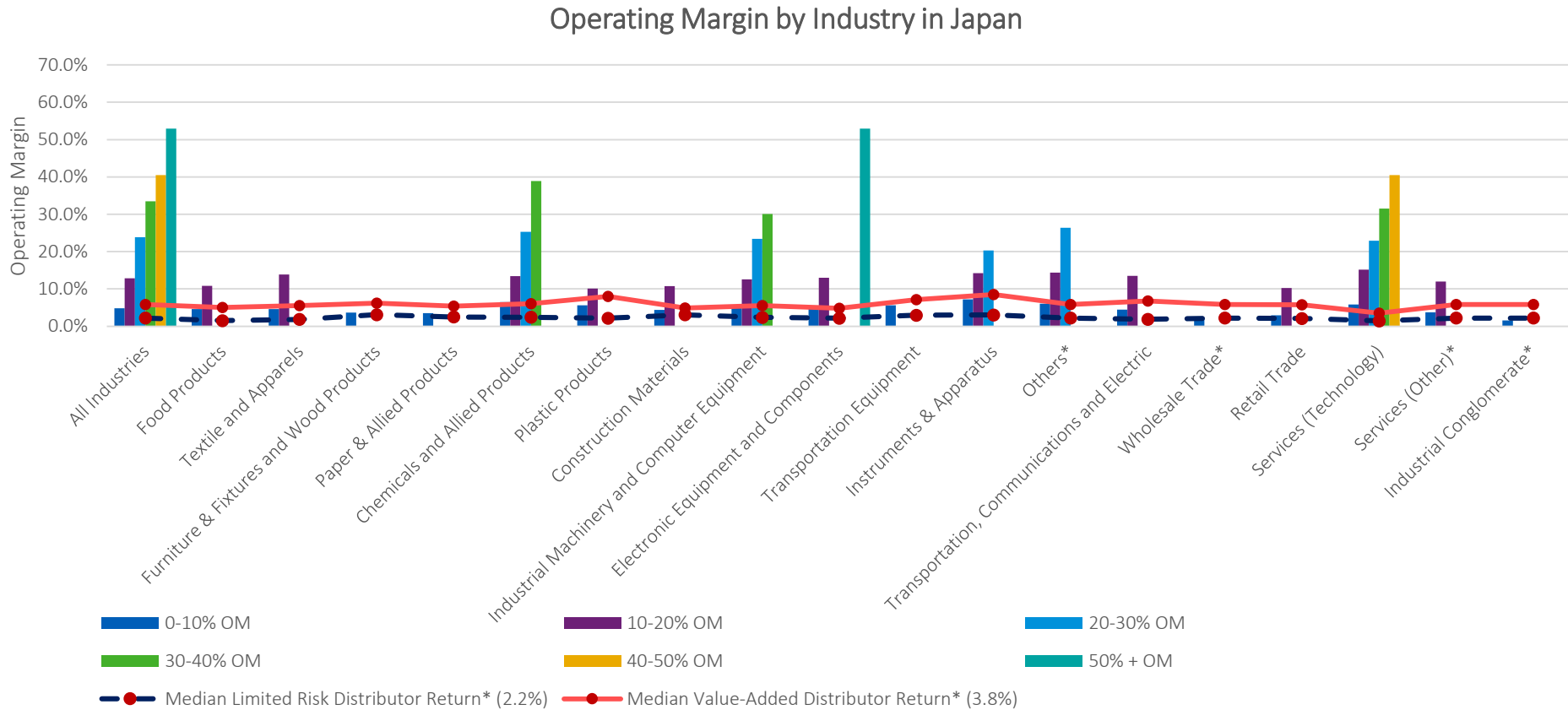
* Using APAC Comparable Sets

Operating Margin by Industry in China Data

Operating Margin in China*									
Industry	Median Value-Added Sales, Marketing & Distribution Return	Median Limited Risk Sales, Marketing & Distribution Return	Operating Margin Tranches						
			50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.6%	2.2%	N/A	49.7%	33.4%	24.6%	13.6%	4.7%	
Food Products	3.5%	1.5%	N/A	N/A	35.9%	25.6%	12.9%	3.2%	
Textile and Apparels	3.7%	1.8%	N/A	N/A	N/A	N/A	12.1%	3.7%	
Furniture & Fixtures and Wood Products	3.1%	3.1%	N/A	N/A	N/A	N/A	14.0%	N/A	
Paper & Allied Products	2.9%	2.5%	N/A	N/A	N/A	N/A	13.0%	5.0%	
Chemicals and Allied Products	3.7%	2.4%	N/A	N/A	N/A	24.9%	13.1%	5.0%	
Plastic Products	5.8%	2.2%	N/A	N/A	N/A	N/A	N/A	7.1%	
Construction Materials	1.8%	3.1%	N/A	N/A	N/A	26.4%	14.9%	6.1%	
Industrial Machinery and Computer Equipment	3.2%	2.4%	N/A	N/A	N/A	26.2%	14.0%	4.9%	
Electronic Equipment and Components	2.7%	2.2%	N/A	49.7%	N/A	22.3%	13.6%	4.6%	
Transportation Equipment	4.2%	2.9%	N/A	N/A	N/A	N/A	13.5%	4.5%	
Instruments & Apparatus	5.5%	3.0%	N/A	N/A	N/A	27.8%	N/A	3.0%	
Others	3.6%	2.2%	N/A	N/A	N/A	21.4%	13.4%	4.2%	
Transportation, Communications and Electric	4.9%	1.9%	N/A	N/A	N/A	21.3%	12.7%	5.8%	
Wholesale Trade	3.6%	2.2%	N/A	N/A	N/A	N/A	N/A	2.6%	
Retail Trade	3.7%	2.1%	N/A	N/A	N/A	N/A	13.4%	6.1%	
Services (Technology)	2.1%	1.4%	N/A	N/A	30.9%	24.5%	13.5%	4.4%	
Services (Other)	3.6%	2.2%	N/A	N/A	N/A	21.4%	13.6%	4.3%	
Industrial Conglomerate	3.6%	2.2%	N/A	N/A	N/A	N/A	13.7%	N/A	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.

Operating Margin by Industry in Japan



* Using APAC Comparable Sets



Operating Margin by Industry in Japan Data

Operating Margin in Japan*									
Industry	Median Value-Added	Median Limited Risk							
	Sales, Marketing & Distribution Return	Sales, Marketing & Distribution Return	50% + OM	40-50% OM	30-40% OM	20-30% OM	10-20% OM	0-10% OM	
All Industries	3.6%	2.2%	52.9%	40.5%	33.5%	23.8%	12.9%	4.8%	
Food Products	3.5%	1.5%	N/A	N/A	N/A	N/A	10.8%	4.6%	
Textile and Apparels	3.7%	1.8%	N/A	N/A	N/A	N/A	13.8%	4.6%	
Furniture & Fixtures and Wood Products	3.1%	3.1%	N/A	N/A	N/A	N/A	N/A	3.7%	
Paper & Allied Products	2.9%	2.5%	N/A	N/A	N/A	N/A	N/A	3.5%	
Chemicals and Allied Products	3.7%	2.4%	N/A	N/A	38.9%	25.3%	13.4%	6.5%	
Plastic Products	5.8%	2.2%	N/A	N/A	N/A	N/A	10.1%	5.6%	
Construction Materials	1.8%	3.1%	N/A	N/A	N/A	N/A	10.8%	4.4%	
Industrial Machinery and Computer Equipment	3.2%	2.4%	N/A	N/A	30.1%	23.4%	12.6%	5.3%	
Electronic Equipment and Components	2.7%	2.2%	52.9%	N/A	N/A	N/A	13.0%	5.6%	
Transportation Equipment	4.2%	2.9%	N/A	N/A	N/A	N/A	N/A	5.6%	
Instruments & Apparatus	5.5%	3.0%	N/A	N/A	N/A	20.3%	14.2%	7.2%	
Others	3.6%	2.2%	N/A	N/A	N/A	26.4%	14.4%	6.1%	
Transportation, Communications and Electric	4.9%	1.9%	N/A	N/A	N/A	N/A	13.5%	4.4%	
Wholesale Trade	3.6%	2.2%	N/A	N/A	N/A	N/A	N/A	2.2%	
Retail Trade	3.7%	2.1%	N/A	N/A	N/A	N/A	10.3%	3.0%	
Services (Technology)	2.1%	1.4%	N/A	40.5%	31.5%	22.9%	15.2%	5.8%	
Services (Other)	3.6%	2.2%	N/A	N/A	N/A	N/A	12.0%	3.7%	
Industrial Conglomerate	3.6%	2.2%	N/A	N/A	N/A	N/A	N/A	1.6%	

* Percentages relate to the average OM for companies in each tranche of profitability and do not reflect the number of companies in each tranche.

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