

Capital Intensive

When an industry requires huge amounts of capital outlays on plant and equipment (and usually any other one-time costs) in order to conduct business competitively and successfully, it is said to be **capital intensive**.

Capital intensive industries are usually characterized by high fixed costs and high operating leverage. A slight change in sales can result in a huge increase or decrease in profits. Consequently, companies in these industries tend to have erratic profits and are usually considered very cyclical in nature.

Some industries considered to be very capital intensive include: publishing, auto-manufacturing and glass-making.