

# EFCA Barometer Autumn 2014

*The state of the European consulting engineering sector*

7-11-2014

EFCA Barometer Task Group

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## 1. Introduction

For the third year in a row, the EFCA Barometer Task Group has conducted a semi-annual survey to collect information on turnover, staff and order stock from European consulting engineering companies, through the member associations of EFCA.

The member associations of EFCA have provided the task group with elementary information on the current state of business (November 2014) in their respective countries. Based on this information, the Task Group produced this report, which gives an overview of the consulting engineering sector in Europe, detailing developments over the past 6 months and the expected trends for the coming half year.

## 2. Respondents

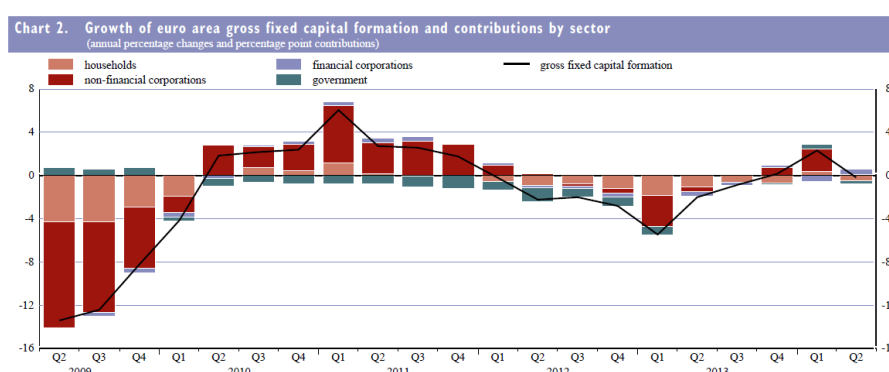
The following member associations responded (12) to the Autumn 2014 survey:

CACE	Czech Republic
TECNIBERIA	Spain
STD	Sweden
FRI	Denmark
ACEI	Ireland
APPC	Portugal
SKOL	Finland
ATCEA	Turkey
OICE	Italy
VBI	Germany
RIF	Norway
ORI	Belgium

NLingenieurs (Netherlands), OAI (Luxembourg) and ACES (Serbia) provided incomplete data

### 3. Conclusions

The conclusions from this survey are that the European market for consulting engineering services is stabilising at a low level of activity. In most markets this development has been expected thus the European consulting engineering industry has managed to keep a steady level of order stock as well as profitability. However, the intake of new staff and the development of the industry based on a high growth in private and public demand has not happened yet. The most significant trend in the survey is that the markets in southern Europe have stabilised after five years of decline however at the same time the markets in central and northern Europe appears to be slowing down. Thus the trend of the consulting engineering industry in Europe seem to follow the general growth trend of the European economies and it seems to be aligned with the investment activity in gross fixed capital formation in Europe.



Source: ECB: Euro area economic and financial development by institutional sector (Q2 2014)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average 2003–13
EU-28	1.5	2.6	2.2	3.4	3.2	0.4	-4.5	2.0	1.6	-0.4	0.1	1.1
Euro area	0.7	2.2	1.7	3.3	3.0	0.4	-4.5	1.9	1.6	-0.7	-0.4	0.8
Belgium	0.8	3.3	1.8	2.7	2.9	1.0	-2.8	2.3	1.8	-0.1	0.2	1.3
Bulgaria	5.5	6.7	6.4	6.5	6.4	6.2	-5.5	0.4	1.8	0.6	0.9	3.3
Czech Republic	3.8	4.7	6.8	7.0	5.7	3.1	-4.5	2.5	1.8	-1.0	-0.9	2.6
Denmark	0.4	2.3	2.4	3.4	1.6	-0.8	-5.7	1.4	1.1	-0.4	0.4	0.6
Germany	-0.4	1.2	0.7	3.7	3.3	1.1	-5.1	4.0	3.3	0.7	0.4	1.2
Estonia	7.8	6.3	8.9	10.1	7.5	-4.2	-14.1	2.6	9.6	3.9	0.8	3.6
Ireland	3.7	4.2	6.1	5.5	5.0	-2.2	-6.4	-1.1	2.2	0.2	-0.3	1.5
Greece	5.9	4.4	2.3	5.5	3.5	-0.2	-3.1	-4.9	-7.1	-7.0	-3.9	-0.4
Spain	3.1	3.3	3.6	4.1	3.5	0.9	-3.8	-0.2	0.1	-1.6	-1.2	1.1
France	0.9	2.5	1.8	2.5	2.3	-0.1	-3.1	1.7	2.0	0.0	0.2	1.0
Croatia	5.4	4.1	4.3	4.9	5.1	2.1	-6.9	-2.3	-0.2	-1.9	-1.0	1.2
Italy	0.0	1.7	0.9	2.2	1.7	-1.2	-5.5	1.7	0.4	-2.4	-1.9	-0.2
Cyprus	1.9	4.2	3.9	4.1	5.1	3.6	-1.9	1.3	0.4	-2.4	-5.4	1.3
Latvia	7.7	8.8	10.1	11.0	10.0	-2.8	-17.7	-1.3	5.3	5.2	4.1	3.7
Lithuania	10.3	7.4	7.8	7.8	9.8	2.9	-14.8	1.6	6.0	3.7	3.3	4.2
Luxembourg	1.7	4.4	5.3	4.9	6.6	-0.7	-5.6	3.1	1.9	-0.2	2.1	2.1
Hungary	3.9	4.8	4.0	3.9	0.1	0.9	-6.8	1.1	1.6	-1.7	1.1	1.2
Malta	0.7	-0.3	3.6	2.6	4.1	3.9	-2.8	4.1	1.6	0.6	2.4	1.9
Netherlands	0.3	2.2	2.0	3.4	3.9	1.8	-3.7	1.5	0.9	-1.2	-0.8	0.9
Austria	0.9	2.6	2.4	3.7	3.7	1.4	-3.8	1.8	2.8	0.9	0.4	1.5
Poland	3.9	5.3	3.6	6.2	6.8	5.1	1.6	3.9	4.5	2.0	1.6	4.0
Portugal	-0.9	1.6	0.8	1.4	2.4	0.0	-2.9	1.9	-1.3	-3.2	-1.4	-0.1
Romania	5.2	8.5	4.2	7.9	6.3	7.3	-6.6	-1.1	2.3	0.6	3.5	3.5
Slovenia	2.9	4.4	4.0	5.8	7.0	3.4	-7.9	1.3	0.7	-2.5	-1.1	1.6
Slovakia	4.8	5.1	6.7	8.3	10.5	5.8	-4.9	4.4	3.0	1.8	0.9	4.2
Finland	2.0	4.1	2.9	4.4	5.3	0.3	-8.5	3.4	2.8	-1.0	-1.4	1.3
Sweden	2.3	4.2	3.2	4.3	3.3	-0.6	-5.0	6.6	2.9	0.9	1.5	2.1
United Kingdom	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.3	1.7	1.4
Iceland	2.4	7.8	7.2	4.7	6.0	1.2	-6.6	-4.1	2.7	1.5	3.3	2.4
Norway	1.0	4.0	2.6	2.3	2.7	0.1	-1.6	0.5	1.3	2.9	0.6	1.5
Switzerland	0.0	2.4	2.7	3.8	3.8	2.2	-1.9	3.0	1.8	1.0	2.0	1.9
Montenegro <sup>(1)</sup>	2.5	4.4	4.2	8.6	10.7	6.9	-5.7	2.5	3.2	-2.5	:	3.5
FYR of Macedonia	2.8	4.6	4.4	5.0	6.1	5.0	-0.9	2.9	2.8	-0.4	3.1	3.2
Serbia	2.5	9.3	5.4	3.6	5.4	3.8	-3.5	1.0	1.6	-1.5	2.5	2.7
Turkey <sup>(2)</sup>	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.0	:	:	:	5.0
Japan	1.7	2.4	1.3	1.7	2.2	-1.0	-5.5	4.7	-0.5	1.4	1.6	0.9
United States	2.8	3.8	3.4	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.9	1.9

<sup>(1)</sup> Average 2003–12 instead of 2003–13.

<sup>(2)</sup> Average 2003–10 instead of 2003–13.

Source: Eurostat (online data codes: nama\_gdp\_k or tsieb020)

## 4. Survey results

### 4.1 Turnover

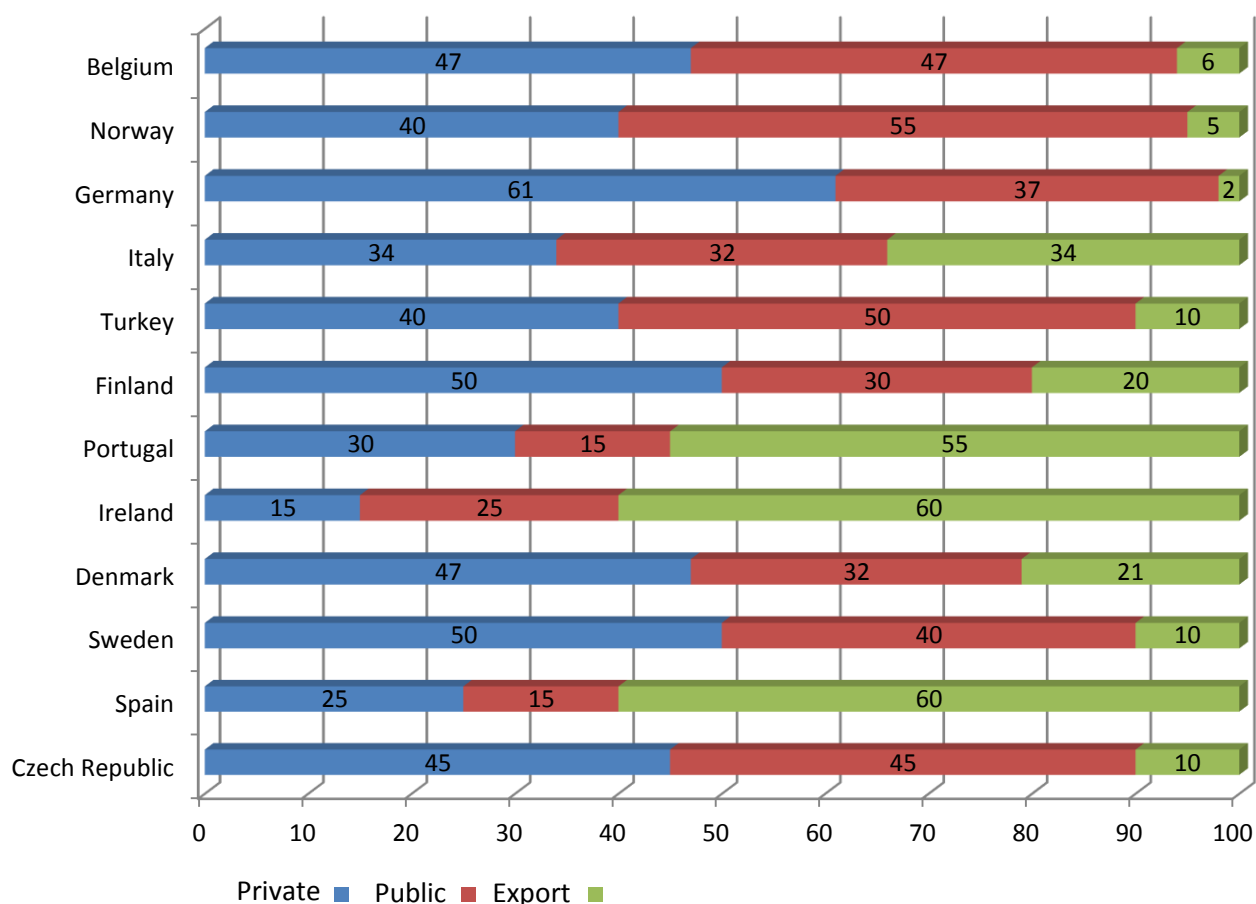
#### 4.1.1 Total turnover

The total turnover of consulting engineering companies in 2013 across the 12 participating associations is 22.500 Million Euros (22 Billion Euros). There is great variety in market size, with Spain, Sweden and Germany being the largest markets included in the survey.

#### 4.1.2 Origin of turnover

On average, 40% of the turnover in Europe comes from the private sector. The remaining turnover results from the public sector 34% and from exports 26 %. For Portugal, Ireland and Spain, the export of services is crucial for turnover in the domestic firms, with respectively 55-60% of all turnover coming from export. For Italy, Finland and Denmark the export of services creates significant value, generating between 20% and 34% of turnover. For the rest of the participating countries, export of services generates 10% of turnover or less.

The public market is another significant contributor to turnover within the consulting engineering industry; this is most significant in Norway, Turkey, Belgium and the Czech Republic. But also in Ireland is the public market of great importance, relative to the turnover from private domestic projects.

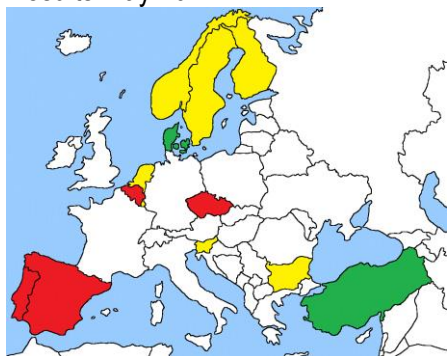


#### 4.1.3 Developments in turnover

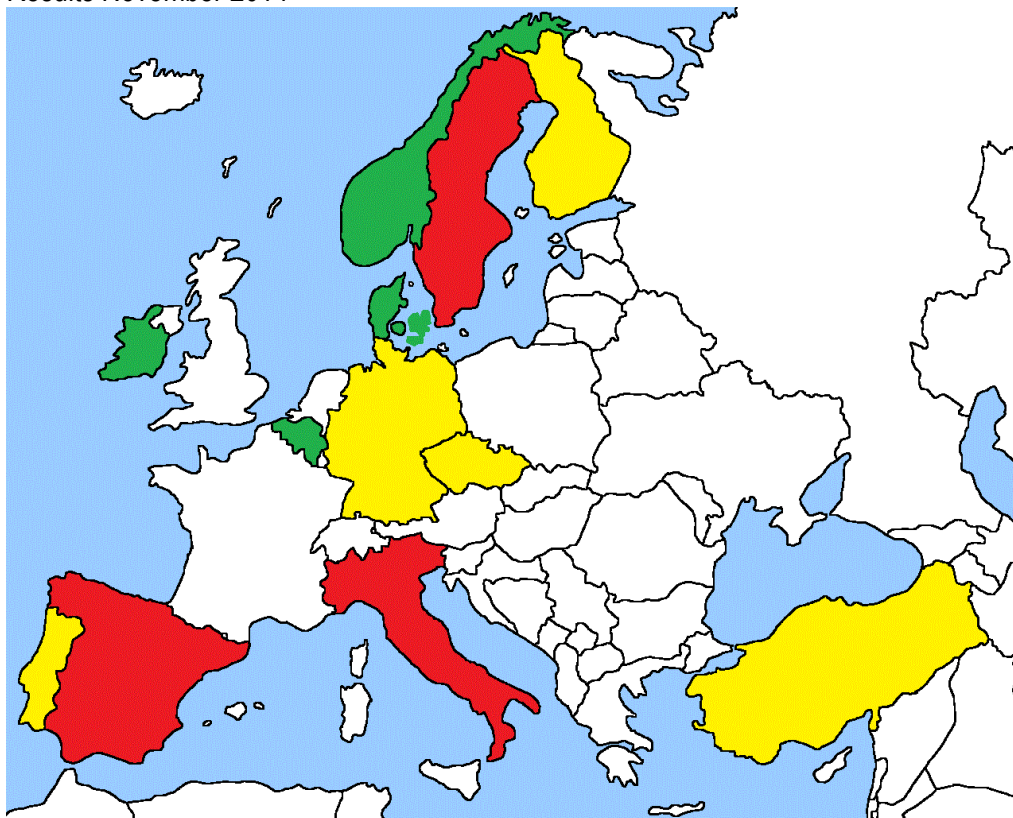
Looking at the development of the total turnover during the past six months. We can conclude that the main trend is towards status quo, balanced between growth (in Ireland, Belgium, Norway and Denmark), status quo (in Finland, Germany, Czech Republic, Portugal and Turkey) and decline (in Sweden, Spain and Italy). This development is as an improvement in the overall European market, compared to the situation six months ago.

#### Turnover past six months

Results May 2014



Results November 2014



Legend: Increased (green), has been stable (yellow) and decreased (red).

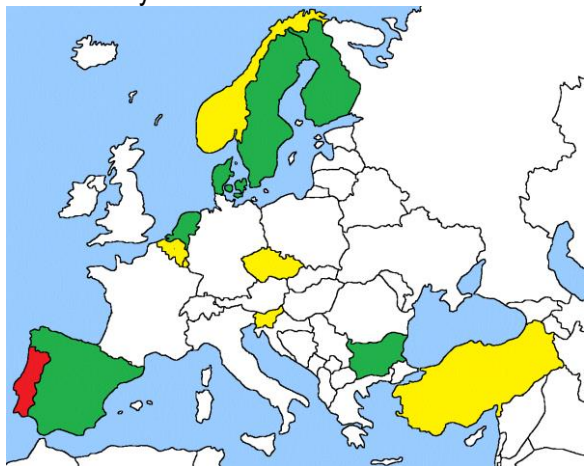
If we compare the expectations from May 2014 (see next page) with the actual development from May to November, a third of the countries fared better than expected (Norway, Portugal and Belgium), a third fared as expected (Denmark, Czech Republic and Turkey) and a third fared worse than expected (Sweden, Finland and Spain).

#### 41.4 Expected developments in turnover

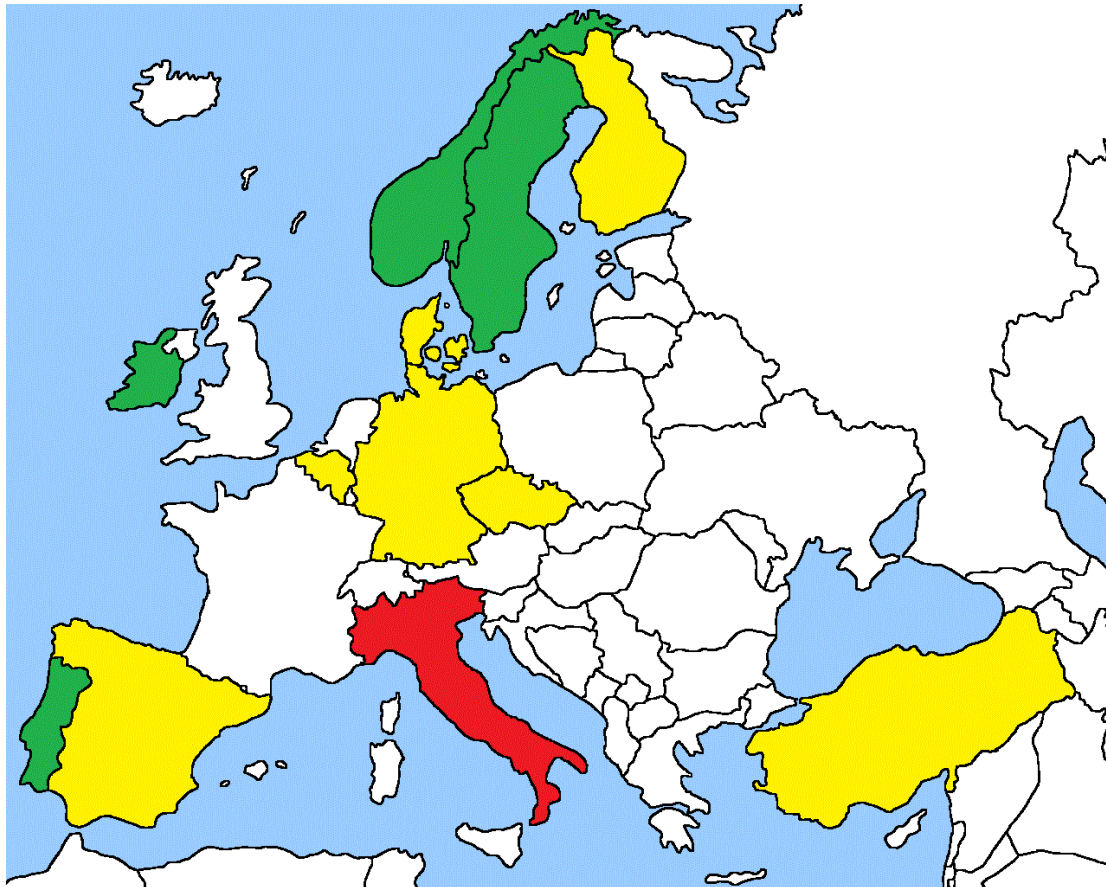
In the survey, respondents were asked about the expected development in their turnover for the next six months. Half of the associations expect the turnover in their country to stabilize and the other half expect turnover to increase. For the first time since 2012 both countries of the Iberian peninsula are hopeful. And of the twelve surveyed countries only Italy expects the turnover to decrease in the next six months.

#### Expected turnover next six months

Results May 2014



Results November 2014

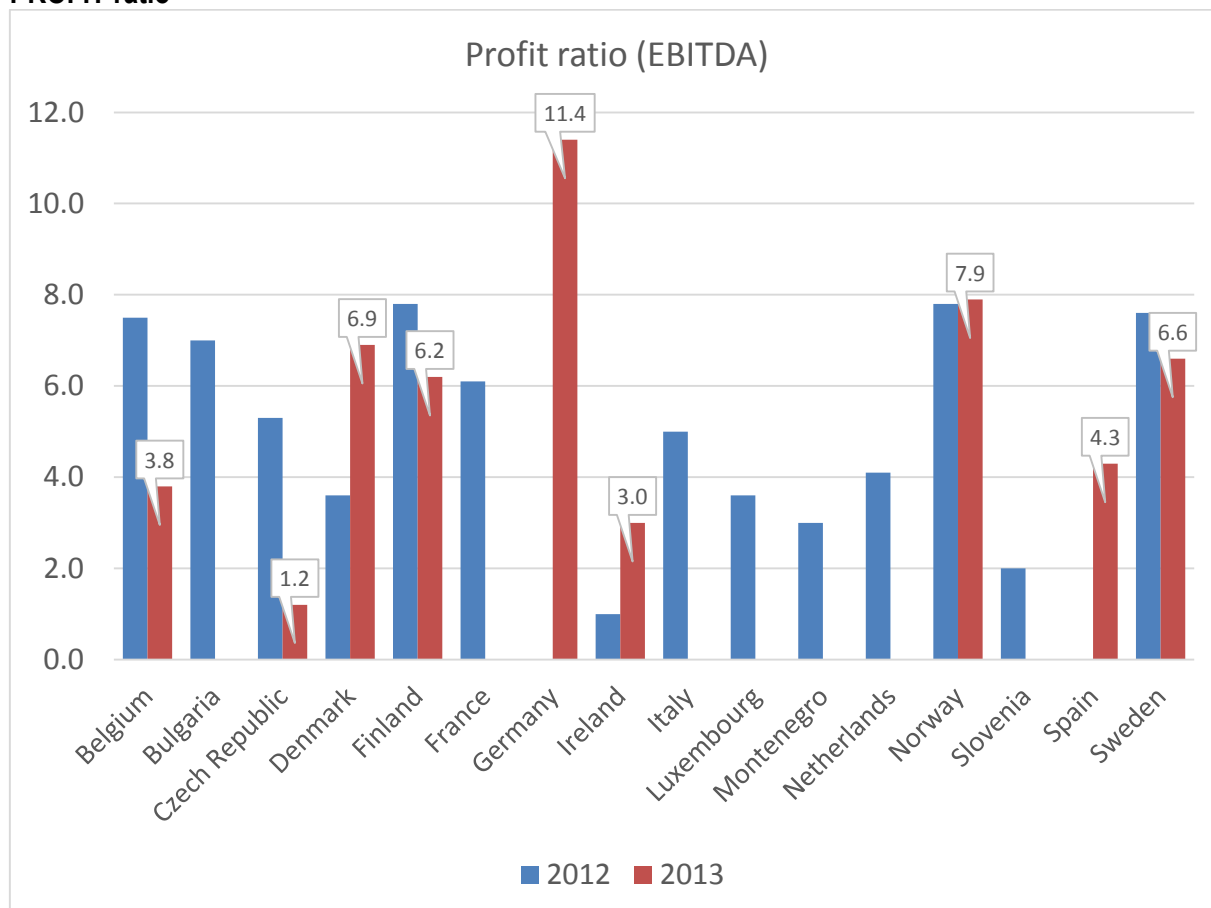


Legend: Increased (green), has been stable (yellow) and decreased (red).

#### 41.5 Profit

Once a year, we ask the member associations for the average profit ratio in their country, based on the results of the previous financial year. Profit ratio is measured as EBITDA: earnings before interest, taxes, depreciation, and amortization. On average, the European profit ratio for 2013 was 5,7 % of the total turnover, this is down from 5,9 % in 2012.

#### PROFIT ratio



\*We received no data from Portugal Turkey and Italy.

In the participating countries there is no clear trend in the development of profit margins. Generally profit margins have improved in Denmark and Ireland, stayed unchanged in Norway and Sweden, and decreased in Belgium, Czech Republic and Finland.

There are not sufficient data to describe the development in profit margins for the other European markets.

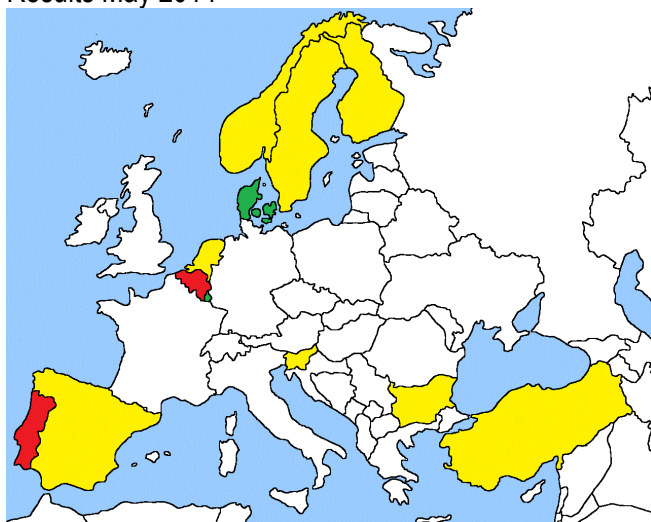


## 4.2 Employment

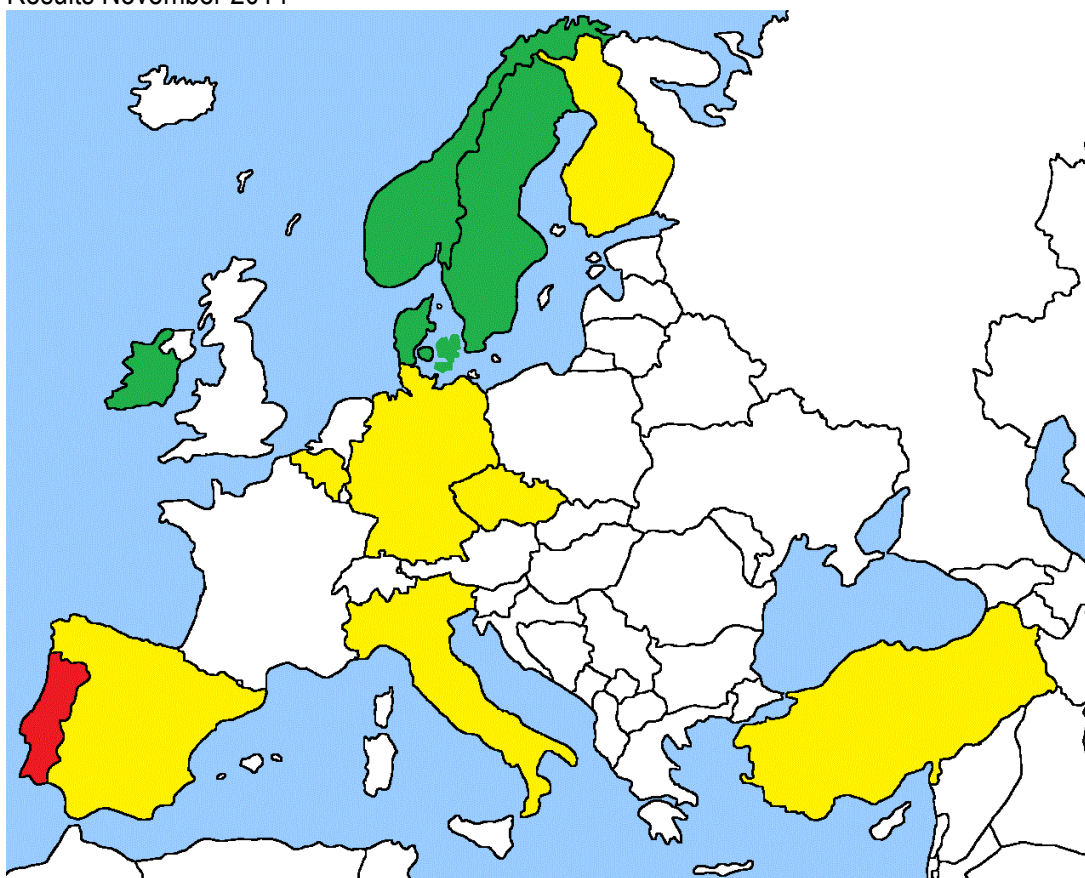
### 3.2.1 Developments in staff

The trend in employment varies among the European countries. The majority of EFCA MA's indicate that the number of FTE (Number of staff in Full Time Equivalents) in their member firms has been stable over the past six months. In the map below, you will see an indication of where employment has increased (green), has been stable (yellow) and decreased (red).

#### Results May 2014



#### Results November 2014

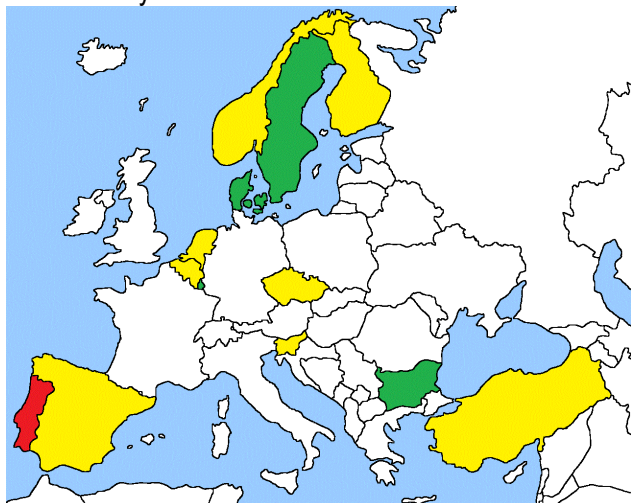


Legend: Increased (green), has been stable (yellow) and decreased (red).

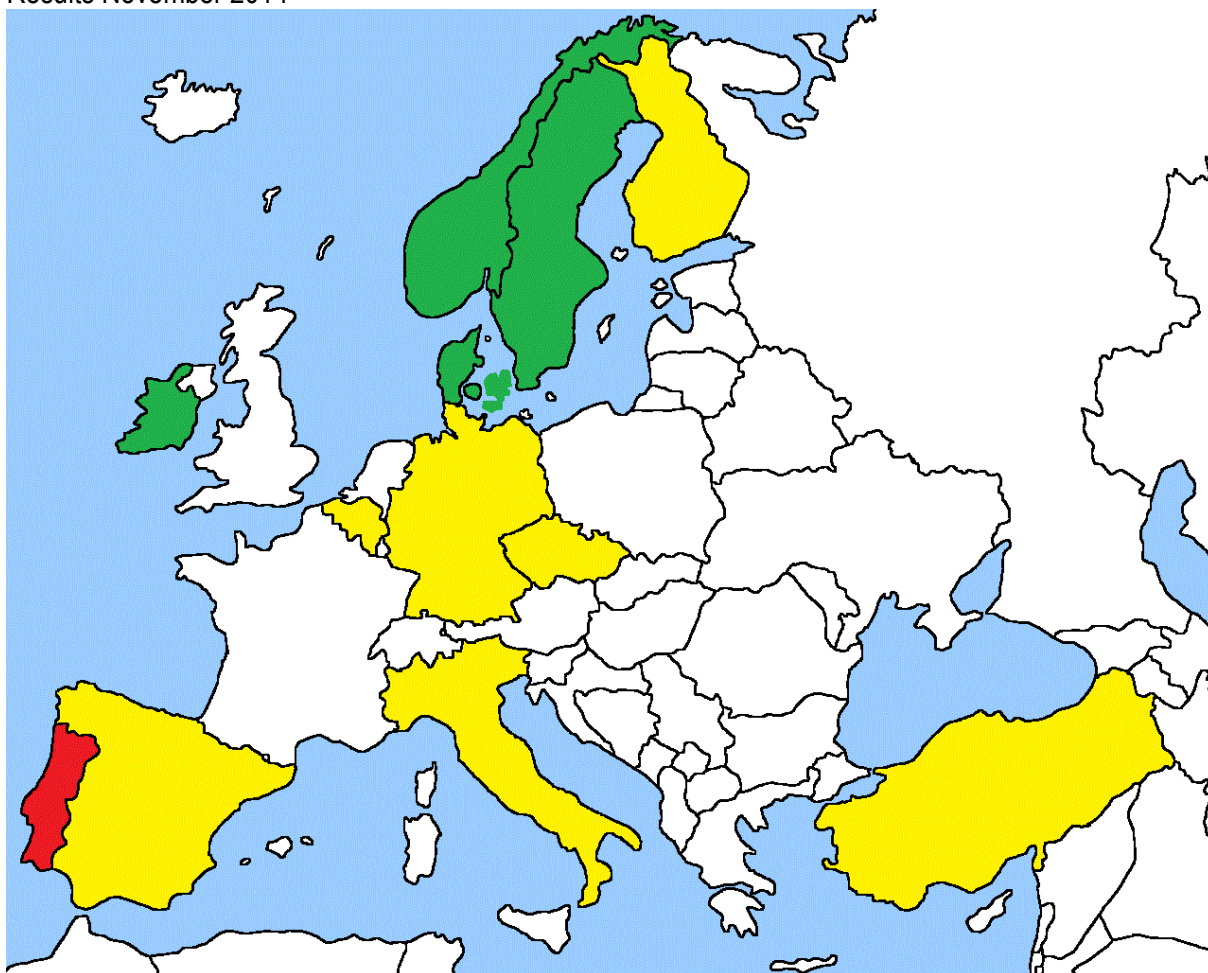
#### 4.2.1 Expected developments in staff

When the consulting engineering industry looks ahead, half of the participating EFCA-associations expect the development of staff in memberfirms to be stable over the next six months. This indicates that the European consulting engineering industry does not expect to see any significant growth in the next six to twelve months.

Results May 2014



Results November 2014



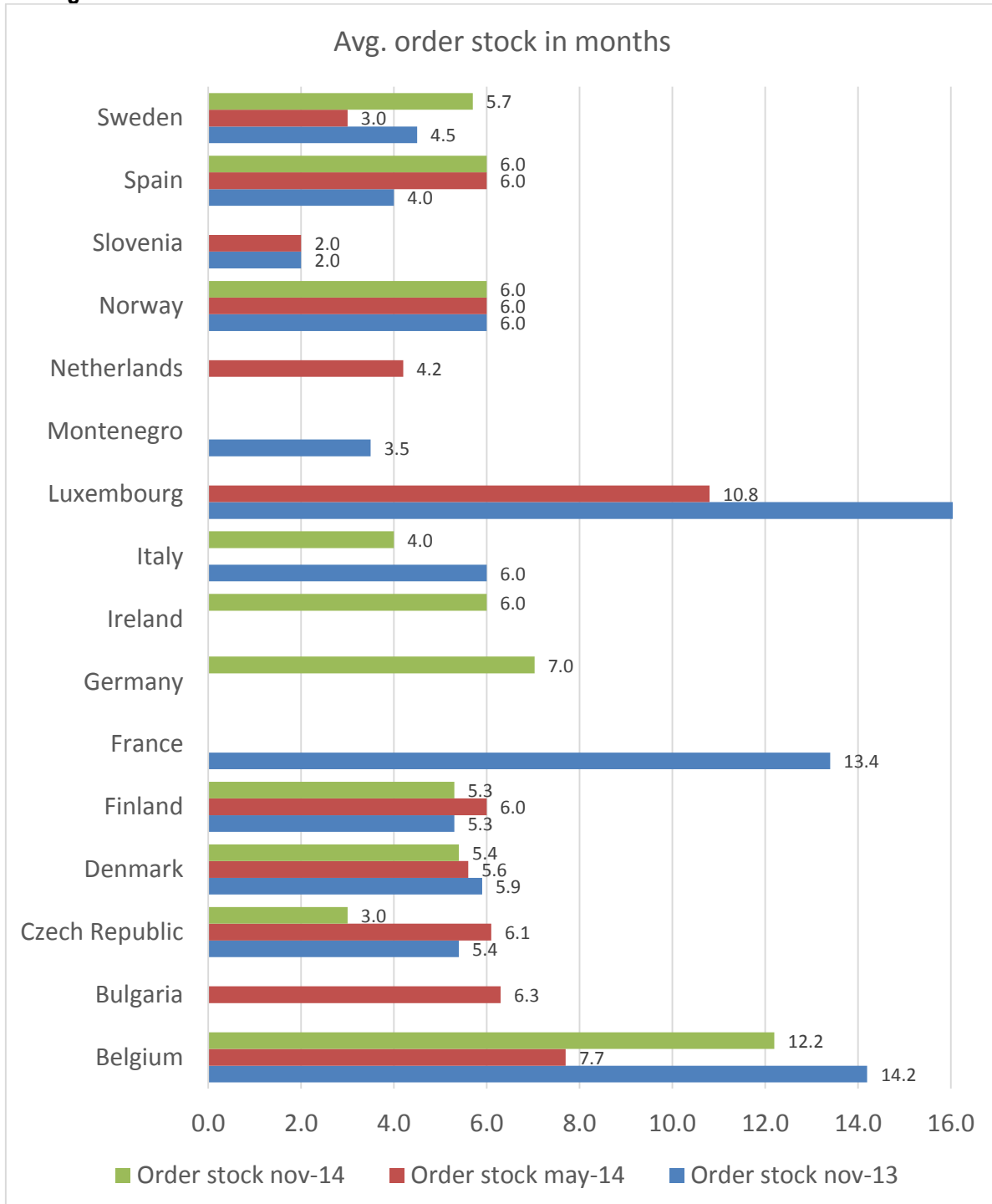
Legend: Increased (green), has been stable (yellow) and decreased (red).

## 4.3 Market

### 4.3.1 Average order stock

On average, the order stock (i.e. the amount of work the consulting engineers have 'in stock' in Europe is 6,0 months. This is an improvement from 5,8 months in May 2014, but lower than in November 2013 where the average order stock was 6,4 months (without Luxembourg).

#### Average order stock

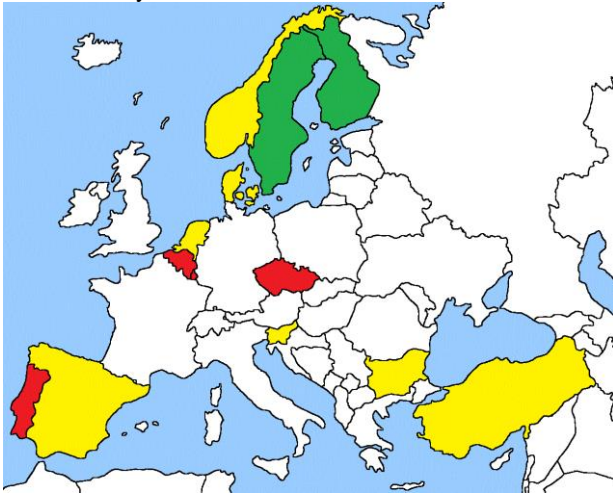


\* We received no data from Portugal and Turkey

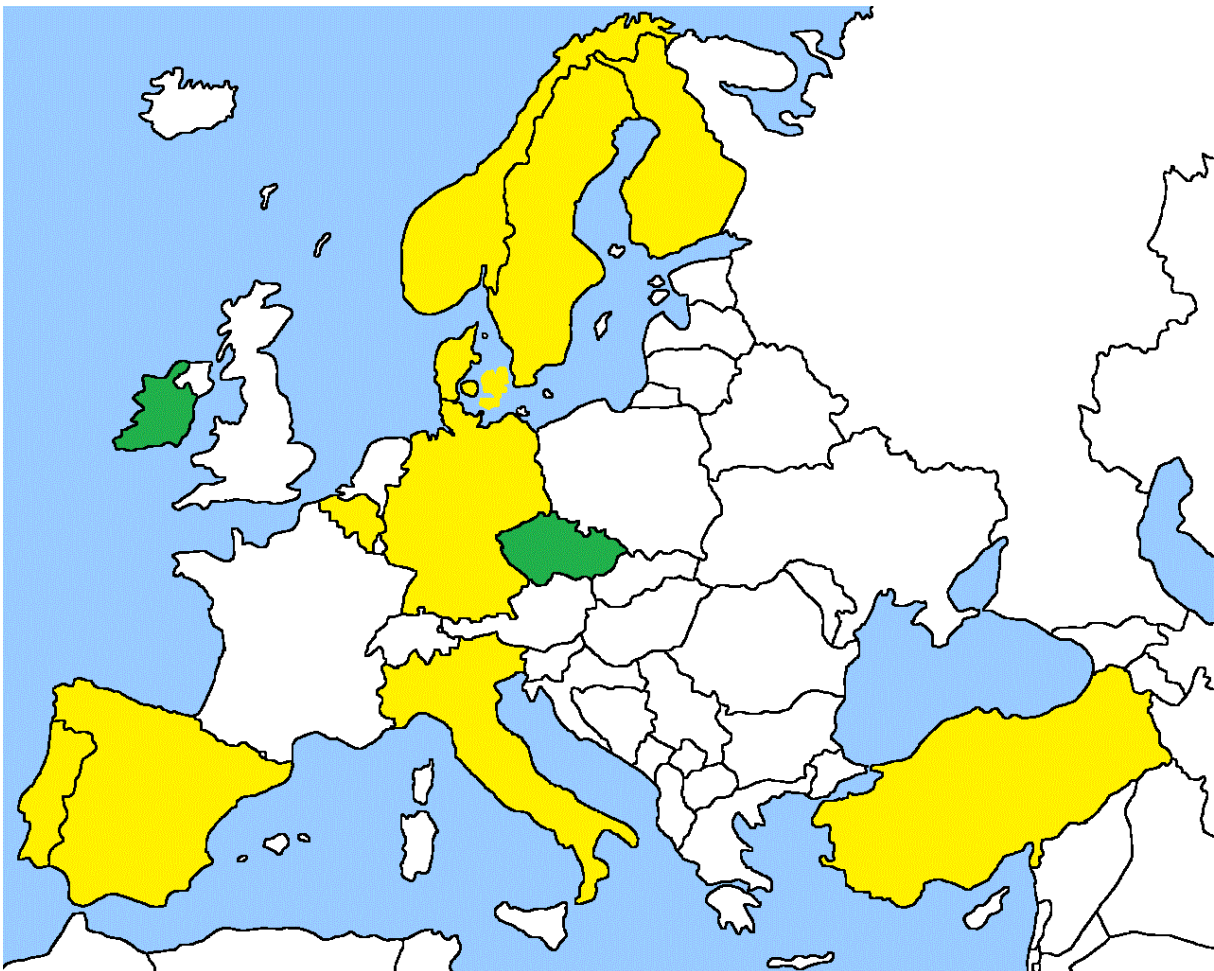
#### 4.3.2 Development in order stock

On a whole, the average order stock of consulting engineering firms in Europe has been stable over the past six months, as most of the participating countries report that the volume of orders has been stable. This is an improvement on the result of six months ago, where a number of countries could report a fall in order stock.

Results May 2014



Results November 2014

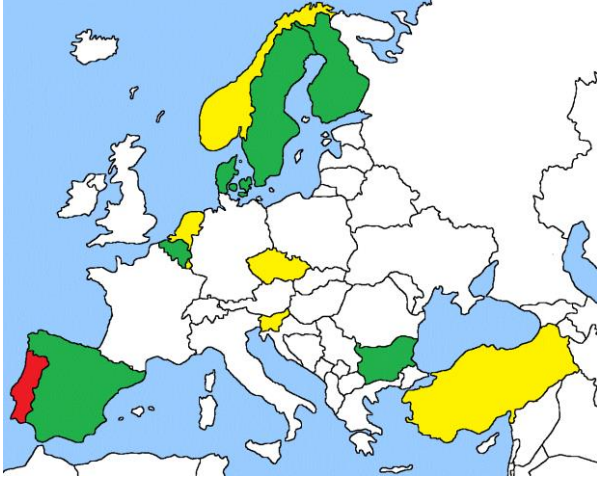


Legend: Increased (green), has been stable (yellow) and decreased (red).

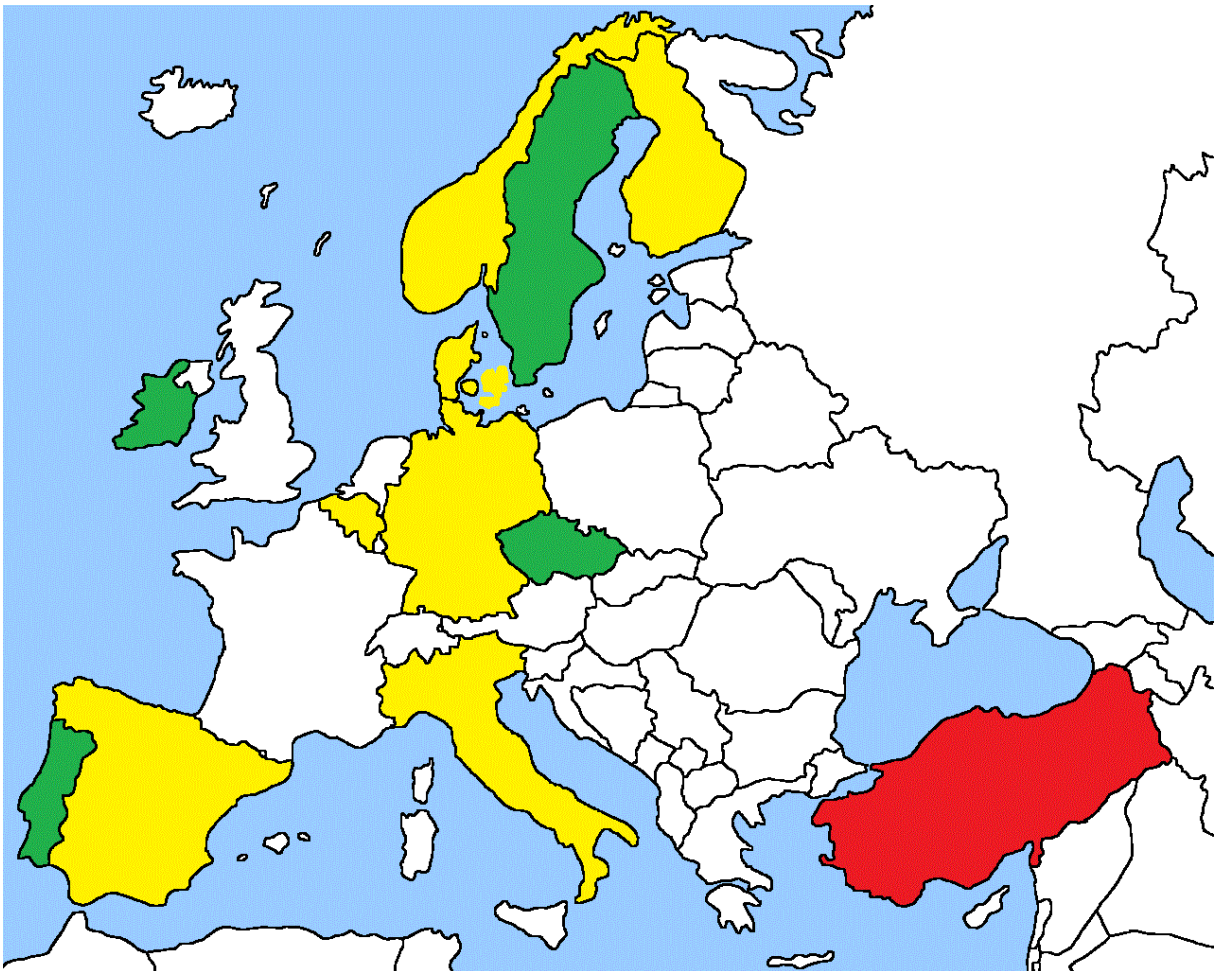
#### 4.3.3 Expected development in order stock

Half of the responding associations in Europe are expecting the order stock of their member firms to increase, and the other half of the responding associations expects the order stock to stay stable in the coming 6 months. Only Portugal expects it to decrease.

Results May 2014



Results November 2014



Legend: Increased (green), has been stable (yellow) and decreased (red).