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Representing FIDIC in Europe

OICE Conference

Rome, 18 June 2015
Auditorium Ara Pacis

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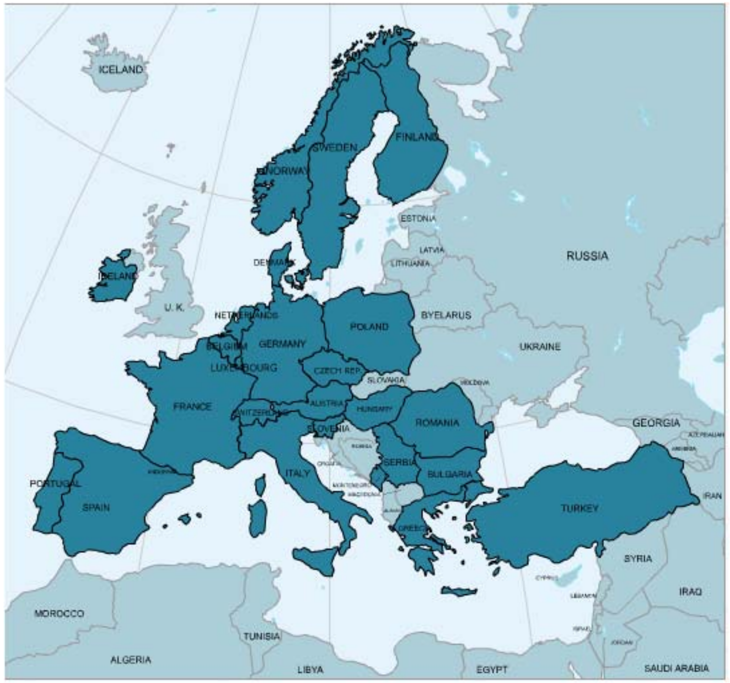
Engineering in Europe: Models and company organisations in Denmark, France, Germany, United Kingdom, Spain

EFCA Mission

To promote the European consulting industry in Europe and internationally and to represent it to European institutions

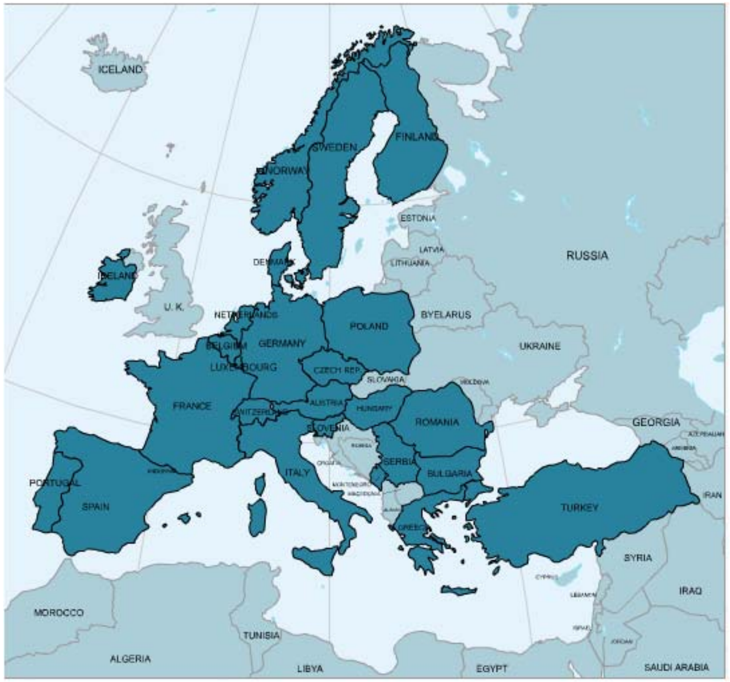
EFCA 1/3

- is the only association representing the engineering consultancy industry in Europe
- Comprises 25 professional associations from 25 European countries
- represents FIDIC in Europe



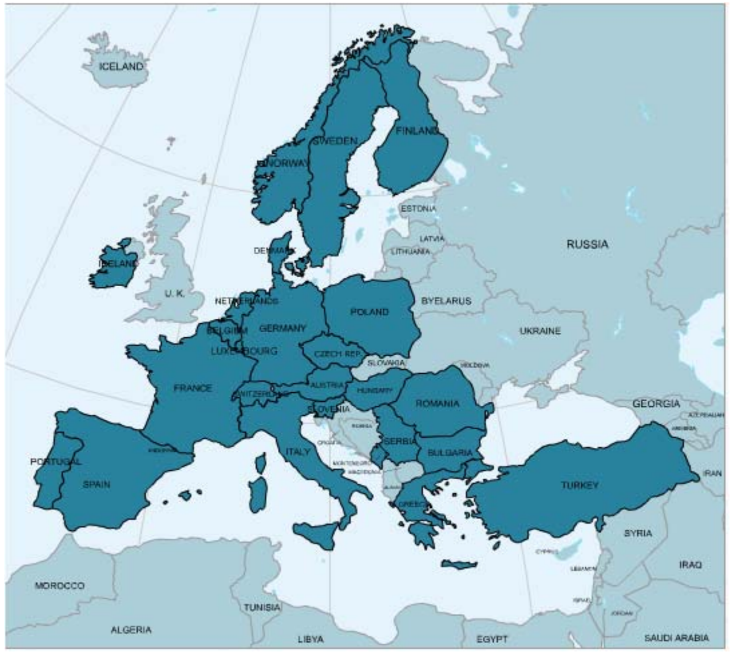
EFCA 2/3

- The European engineering consultancy industry
  - ✓ employs about 1 million staff
  - ✓ generates more than EUR 150 billion annual turnover

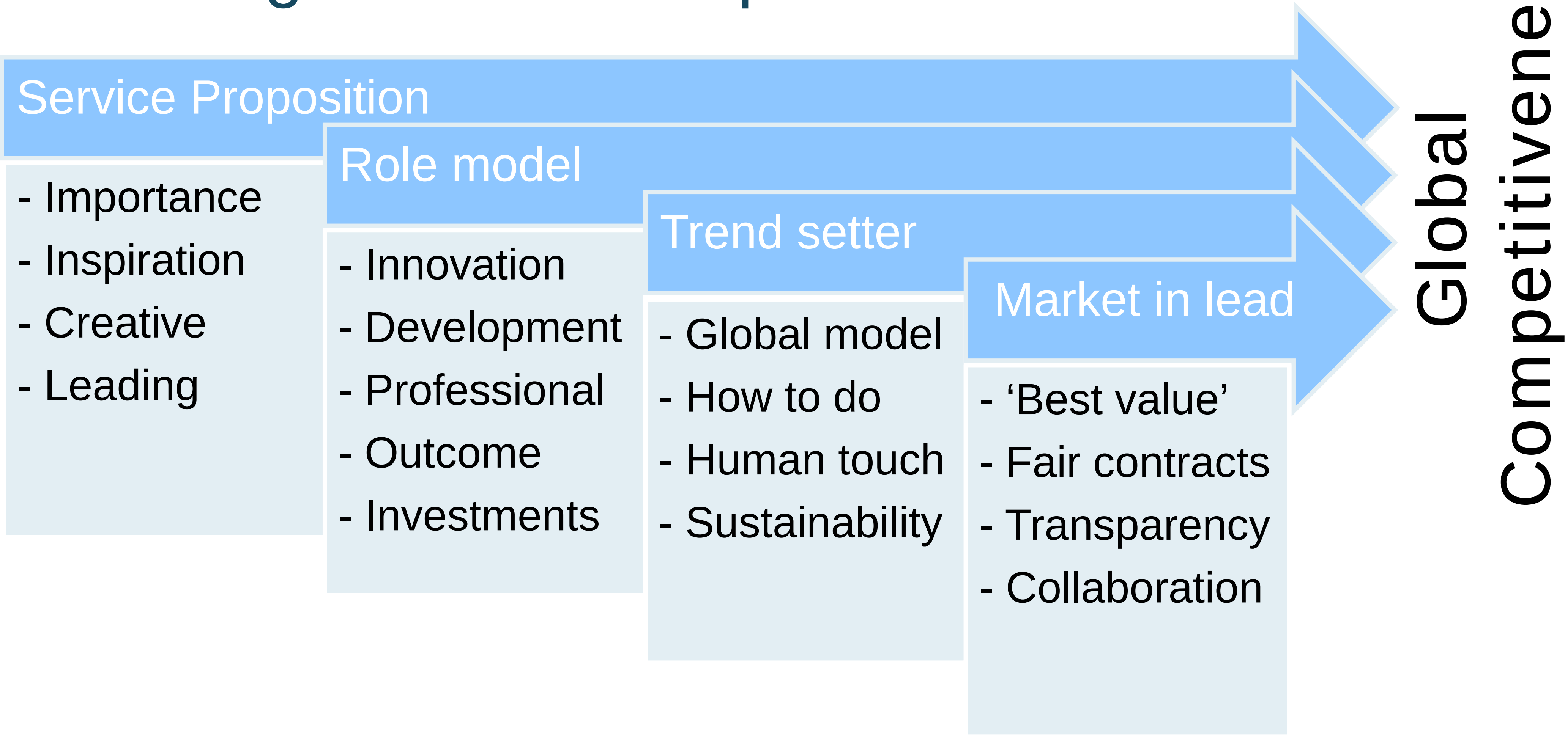


EFCA 3/3

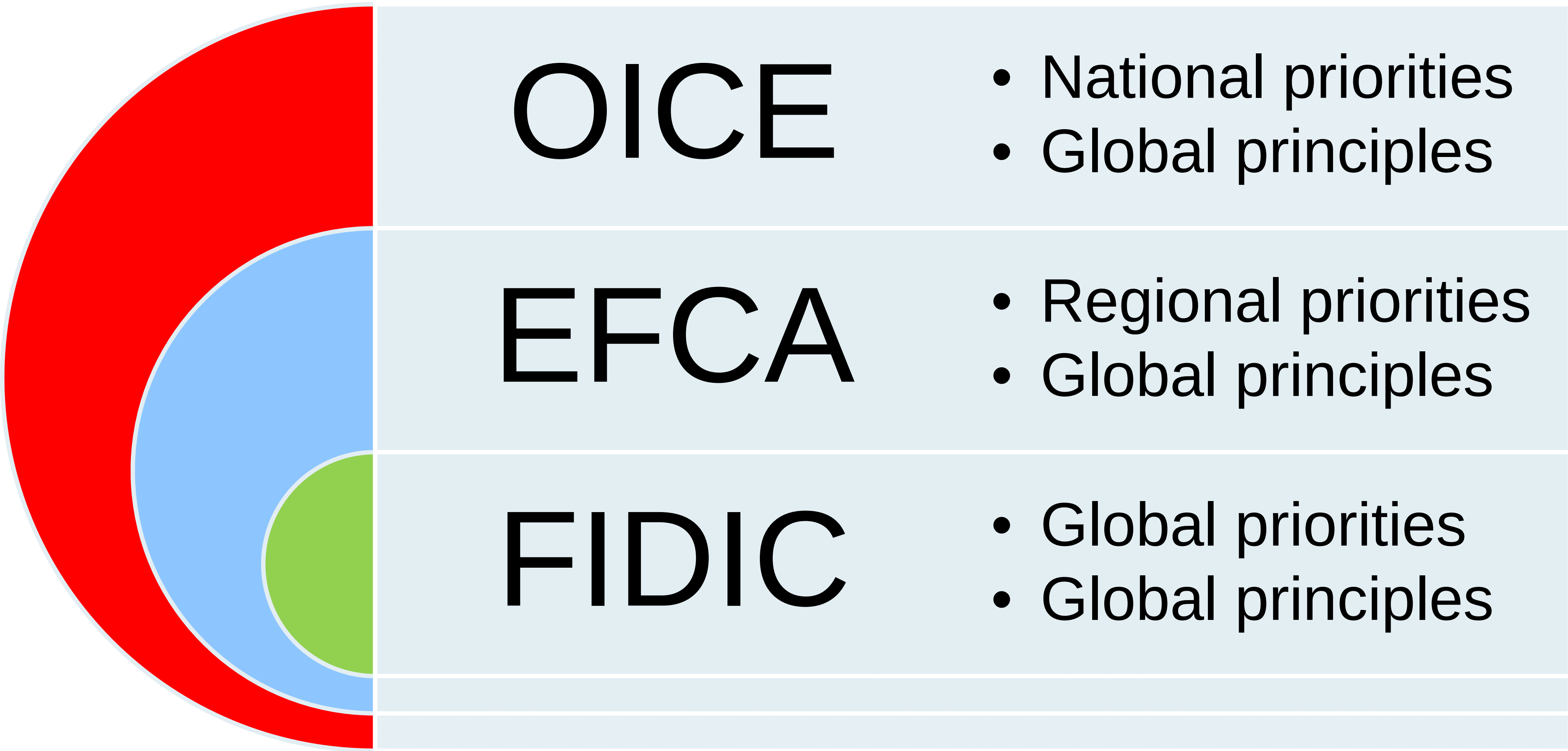
- aspires to positively influence EU legislation that impacts on the engineering consultancy business
- promotes fair competition and transparent procurement rules
- is a network/business platform for member associations and European firms



The strong-chain of Competitiveness



Organisation for collaboration



The State of the European Consulting Engineering Sector

BAROMETER spring 2015

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Representing FIDIC in Europe

Engineering consultancy sector
Firm size & productivity

	Number of employees	Turnover per person employed	Number of firms
EU-25	**181,890**	**121**	**7500**
Denmark	11,920	159.0	317
France	38,164	171.7	500
Germany	30,906	120.7	2008
Spain	9,092	109.1	112
Netherlands	15.035	127.5	116
UK	90,000	158.9	550

[1] Gross value added per person employed

ORIGIN OF TURNOVER

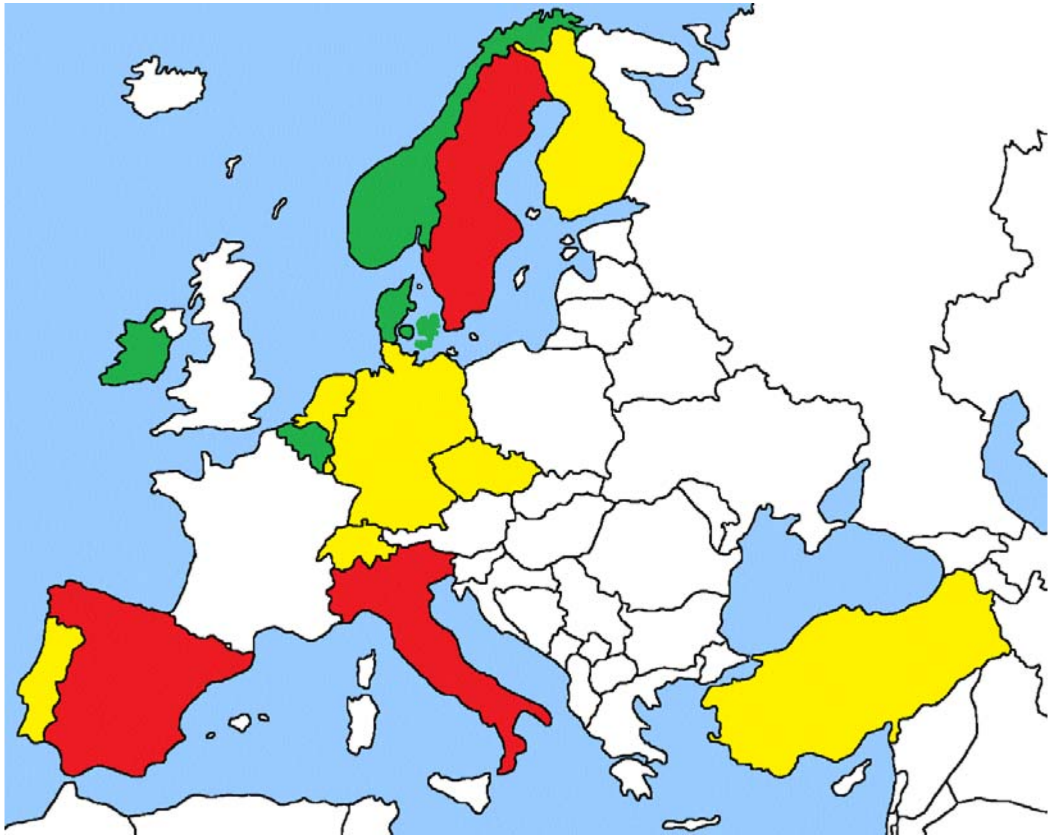
	Private	Public	Export
Denmark	40	38	22
France			
Germany	44	49	7
Spain	12	18	70
Netherlands	39	50	11

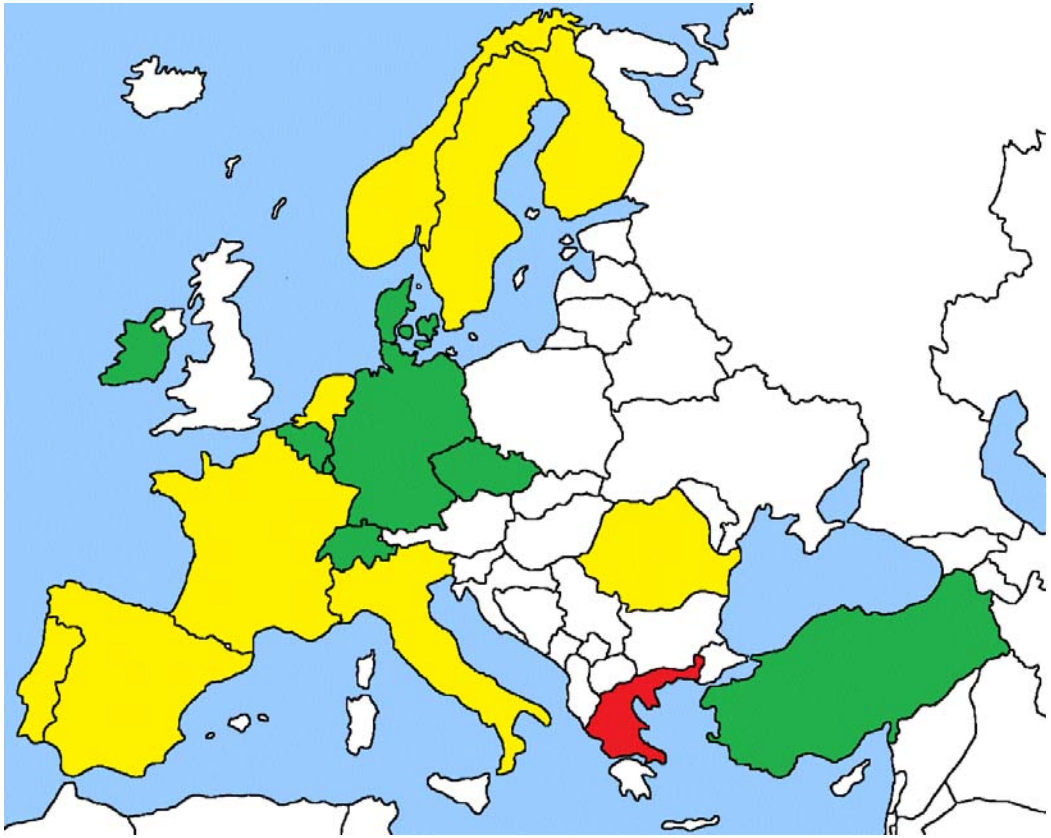
- ⇨Average turnover out of public sector is 46%
- ⇨ Exceptions are Spain and Portugal
  - ⇨Low investments of the public and the private sector
  - ⇨Export Spain 70% and Portugal 60%

TURNOVER

Actual developments in turnover

Results November 2014 | Results May 2015





Turnover: increase ■ (green); stable ■ (yellow); decrease ■ (red).

Turnover for consulting engineering sectors – six month trends 2014

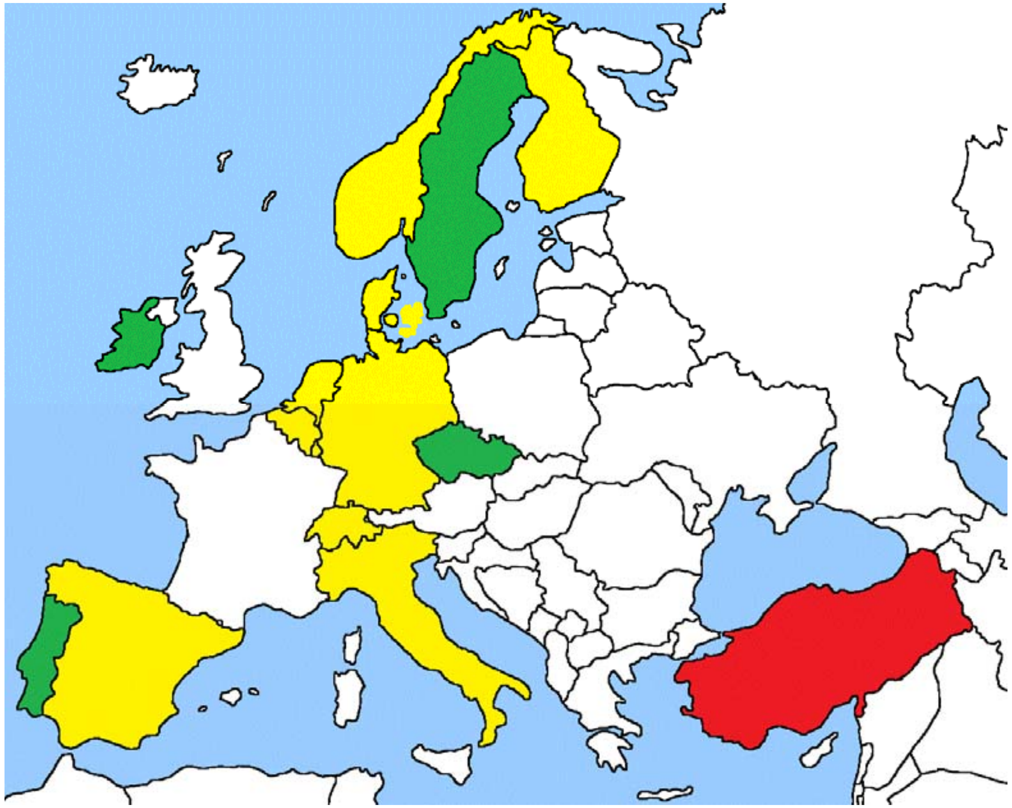
ORDER STOCK

	2013	2014
Denmark	5.5	5
France		
Germany	7	10
Spain	6	6
Netherlands	4	4.5

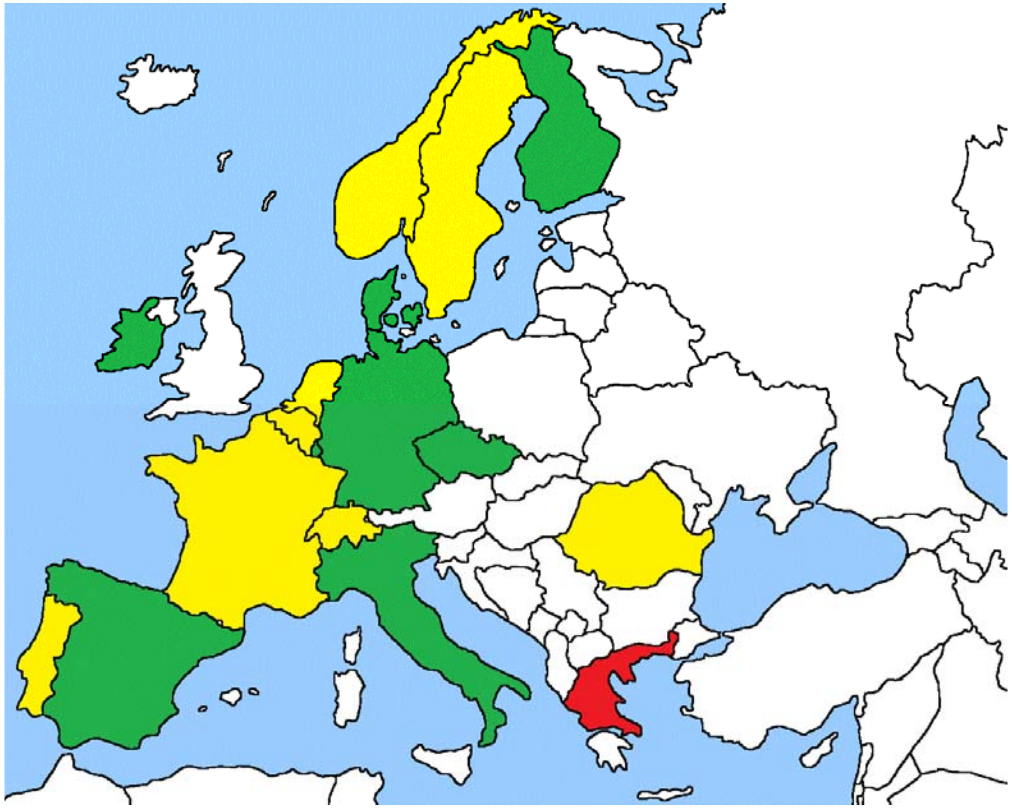
ORDER STOCK

Development in order stock

Results November 2014



Results May 2015



Order stock increase ■ (green); stable ■ (yellow); decrease ■ (red)

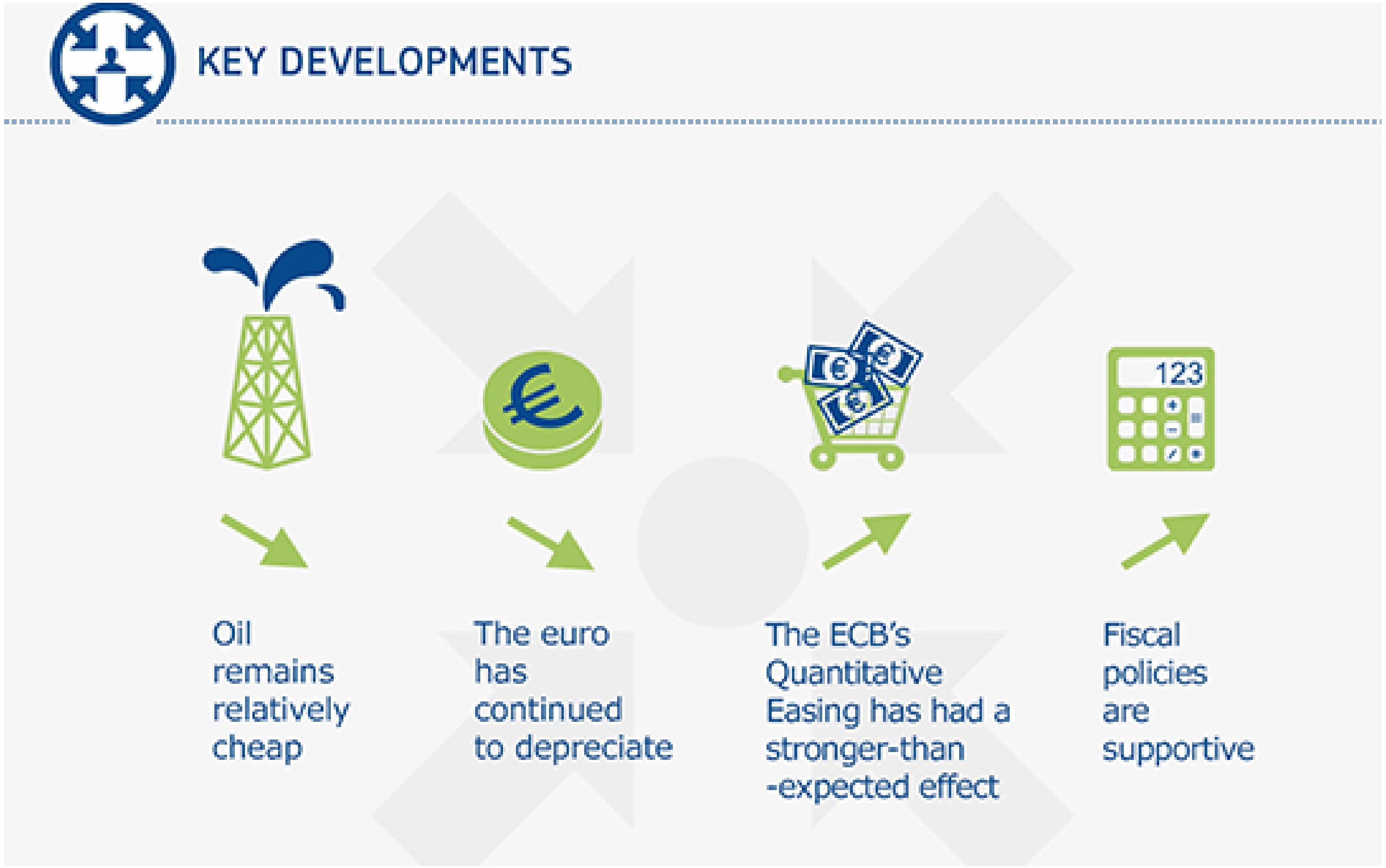
PROFIT RATIO

	2012	2013	2014
Denmark	3.6	6.9	8.3
France	6		
Germany		11.3	11.6
Spain		4.2	4.2
Netherlands	4	2.9	4.1

Profit ratio is measured as EBITDA, ‘earnings before interest, taxes, depreciation, and amortisation’. On average, the European profit ratio in 2014 was 5.6% of total turnover (including Germany). When Germany, with the strongest ratio figures, is excluded, the European average was 5.2%, down from 5.8 in 2013 and from 5.4% in 2012.

Forecast Economic growth for 2015*

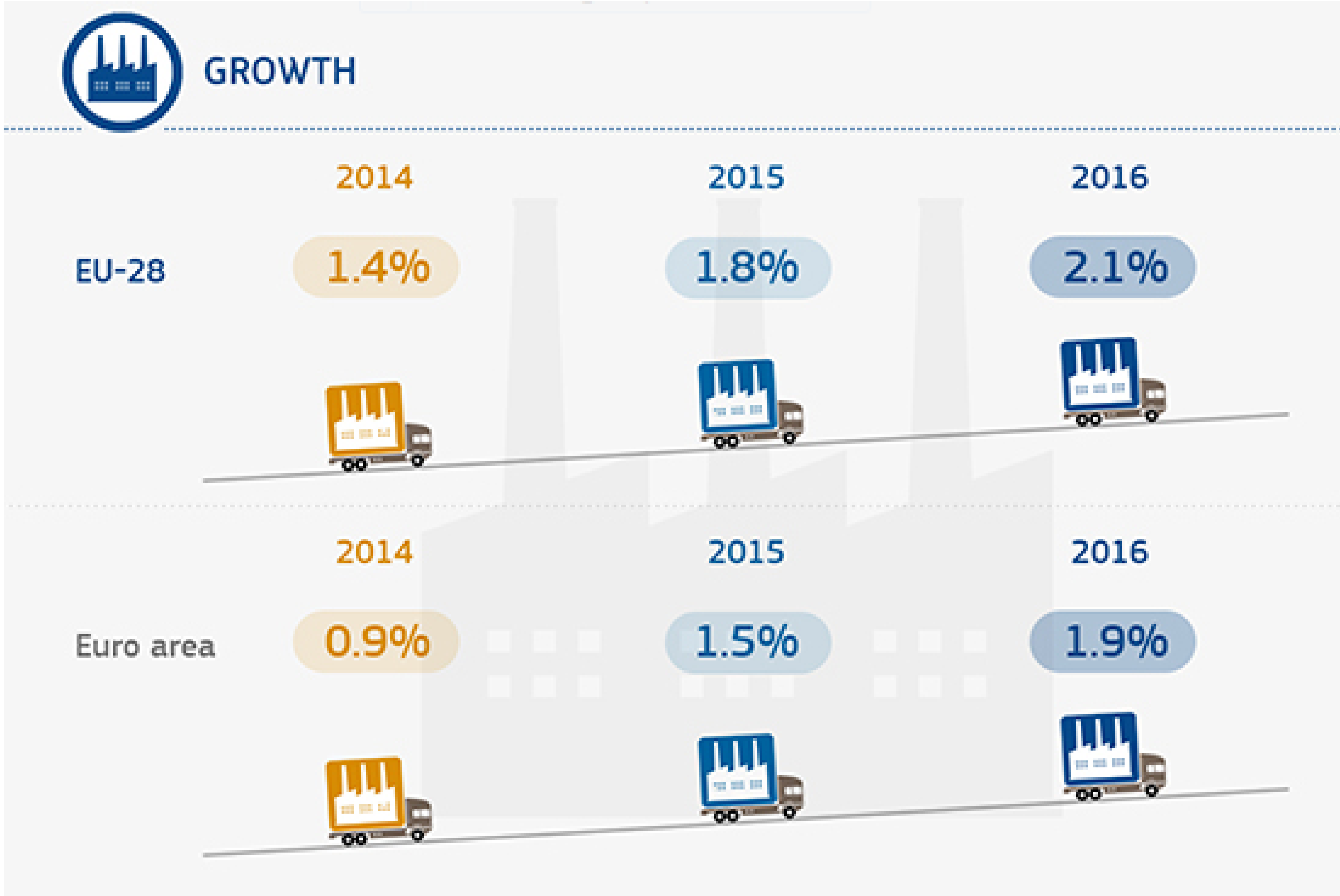
Cyclical upswing of growth
⇨ By private consumption
⇨ Helping factors



*http://ec.europa.eu/economy_finance/eu/forecasts/2015_spring/overview_en.pdf

Forecast Economic growth for 2015

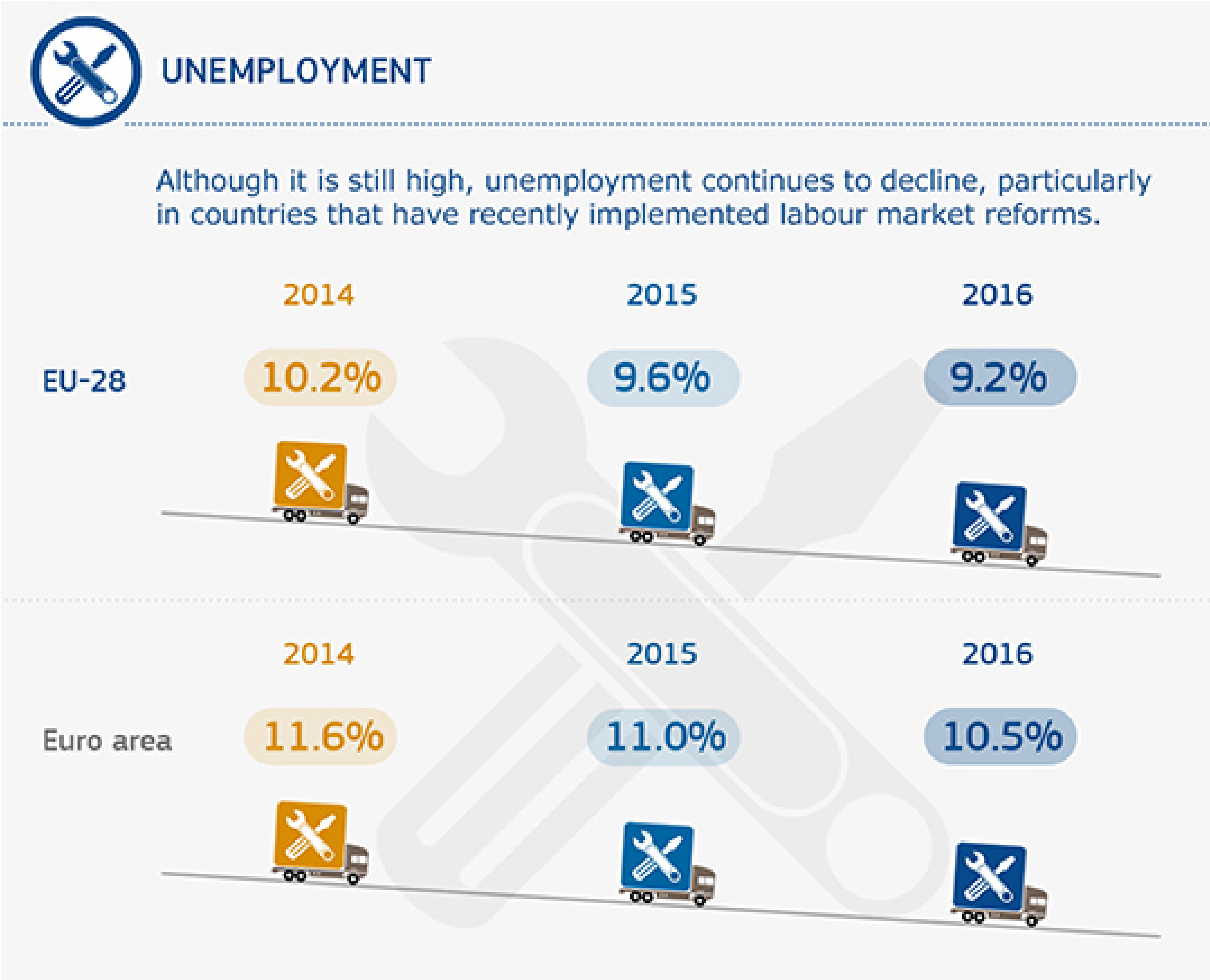
Cyclical upswing of growth



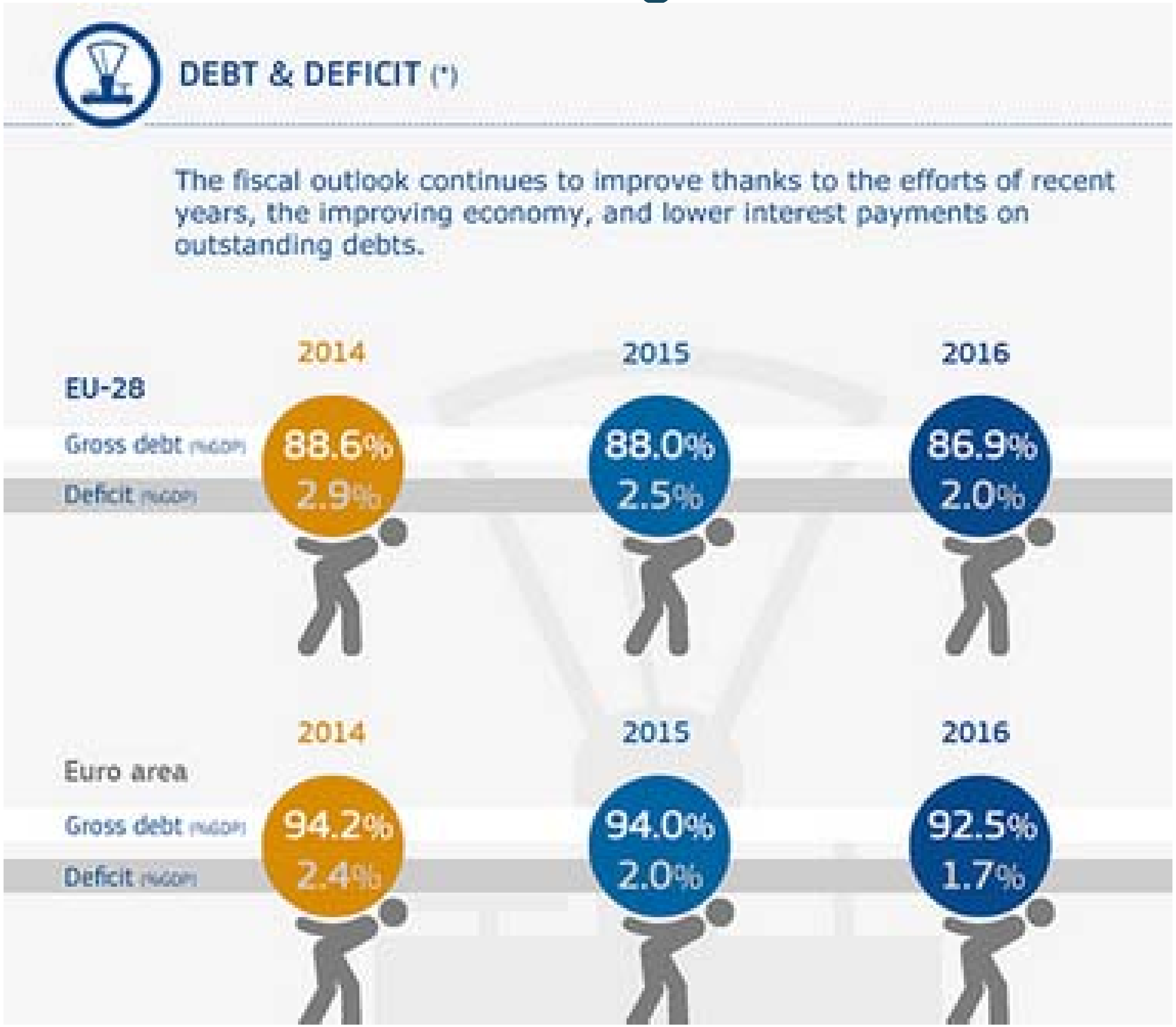
Forecast Economic growth for 2015

- ⇨ Threatening factors
  - ⇨ Geopolitical tension with Russia
  - ⇨ High unemployment rates
  - ⇨ Debt and deficit

Forecast Economic growth for 2015



Forecast Economic growth for 2015



The global market: new and growing sectors

CLIMATE ADAPTATION

LEISURE & TOURISM

TRANSPORT & INFRASTRUCTURE

TOWN PLANNING

COMMUNICATIONS & IT

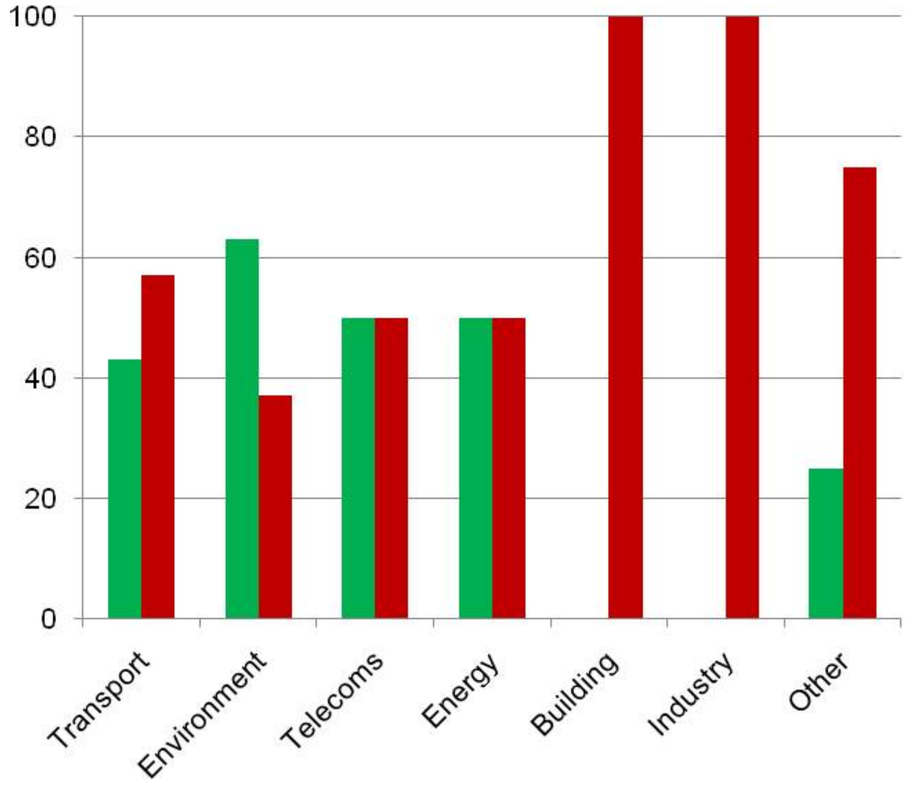
HEALTH CARE

RENEWABLE ENERGY

Source: EFCA ECF Survey 2010

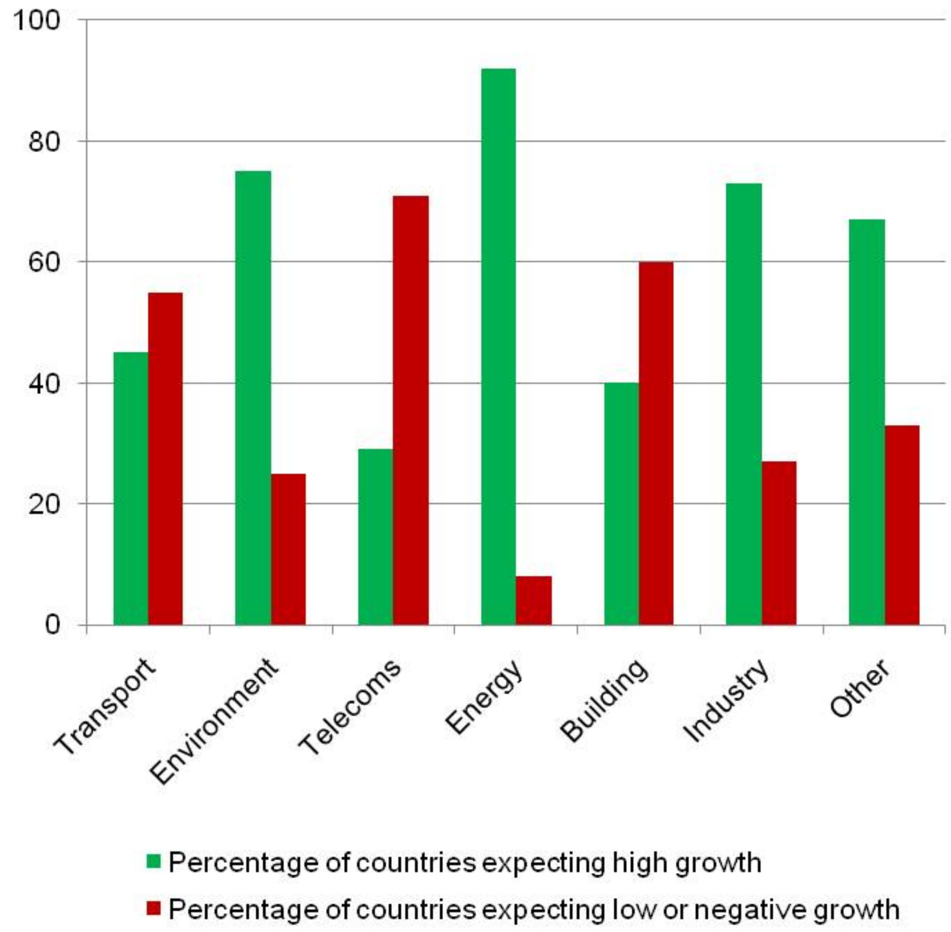
What trends are seen in the EU market?

Situation 2010



Source: EFCA ECF Survey 2010

Expected for 2015



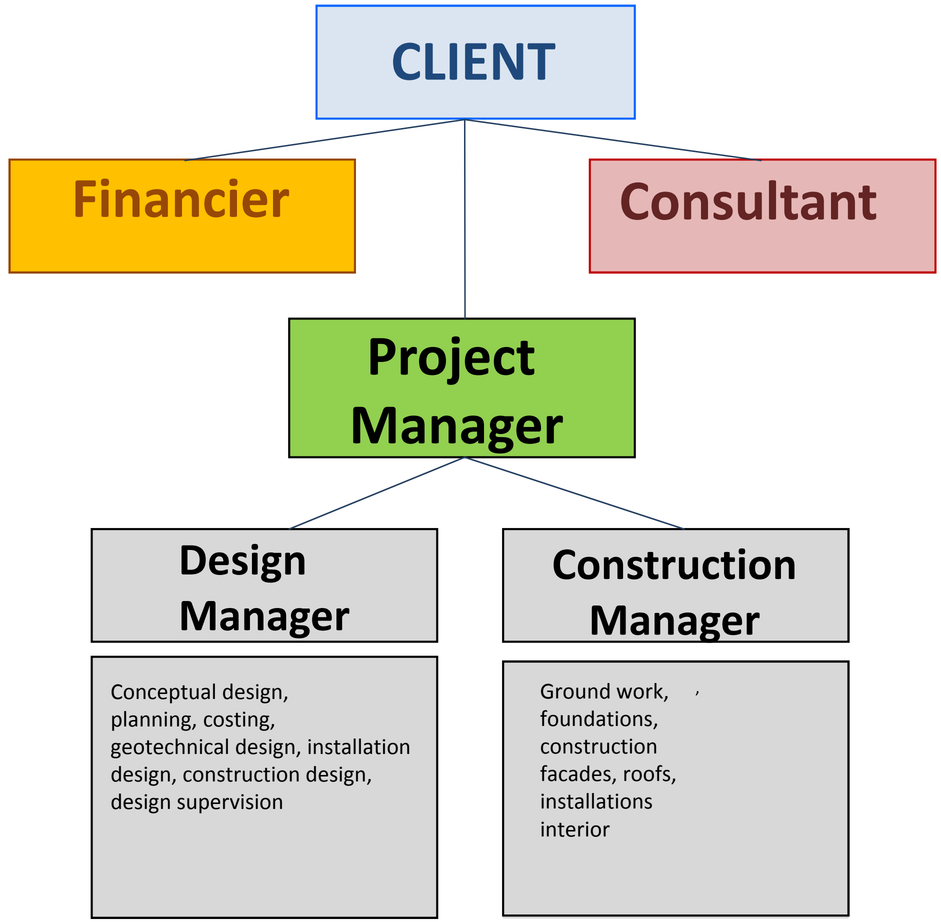
Effect of new project delivery methods

- new business opportunities and new clients
- new roles in the changing supply chain
- more financial strength for higher and other risks
- potentially more conflicts of interests

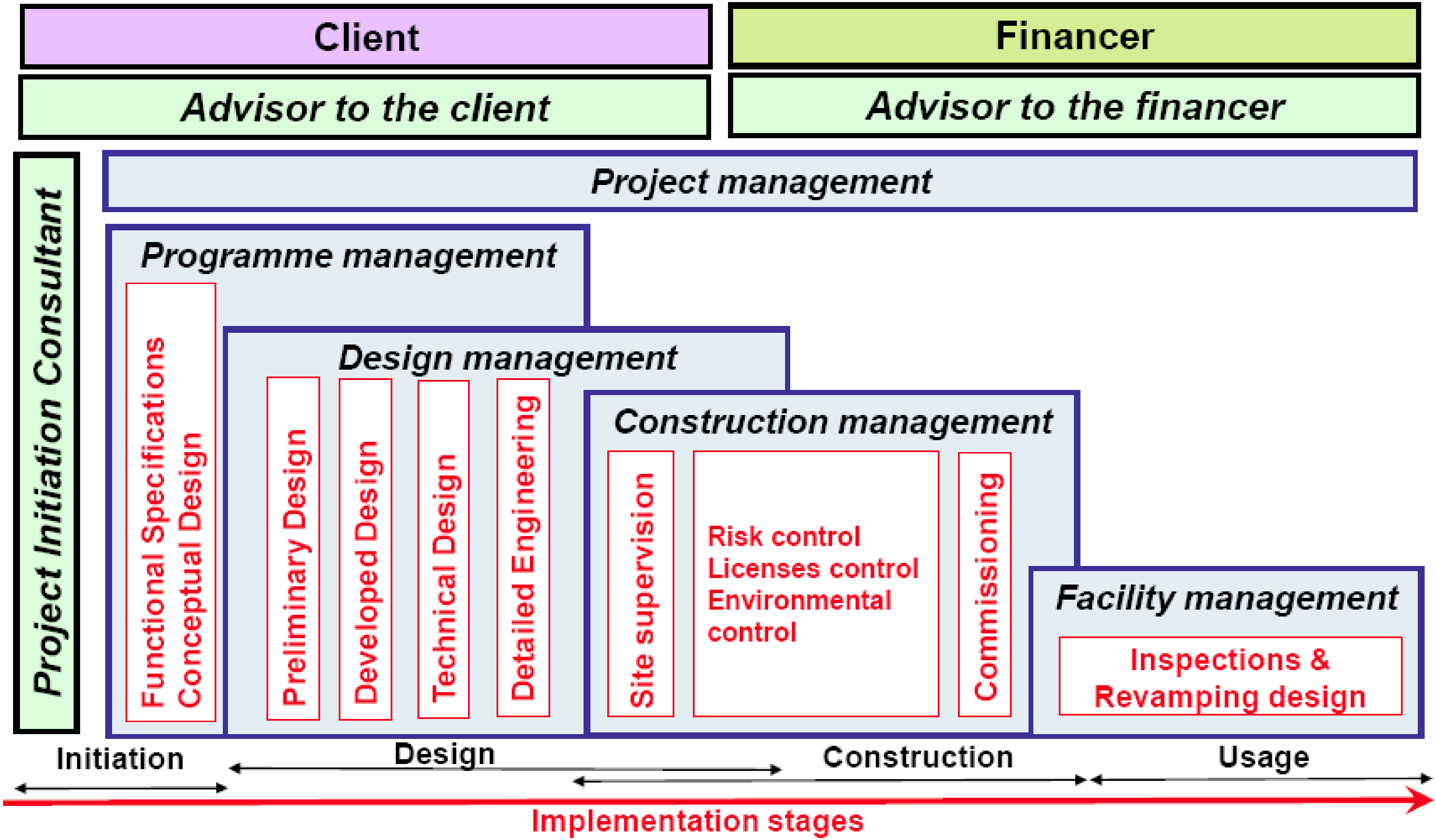
Variety of project delivery methods for built assets

Main p-d-m models:

1. Traditional design-bid-build
2. Integrated management
3. Integrated design & engineering
4. Integrated design & building
5. Financed design & building



Potential positions, roles and tasks in the supply chain



Do we know what expectations our ***clients*** have?

- Developers
- Owners
- Utility firms
- D/B Contractors
- Banks
- Insurers
- Public clients
- Private clients

Do we know what ***we*** want, what ***we*** can?

Some major questions:

- Which roles do we **want** to play?
- For what **clients**, in what kind of **relation**?
- Which roles **can** we play?
- With what kind of **risks** and **liabilities**?
- What **size** is needed?
- What (new) **skills** we need?

Future demands and skills for management and professionals

Design skills for high performance systems

Teamwork skills with all actors

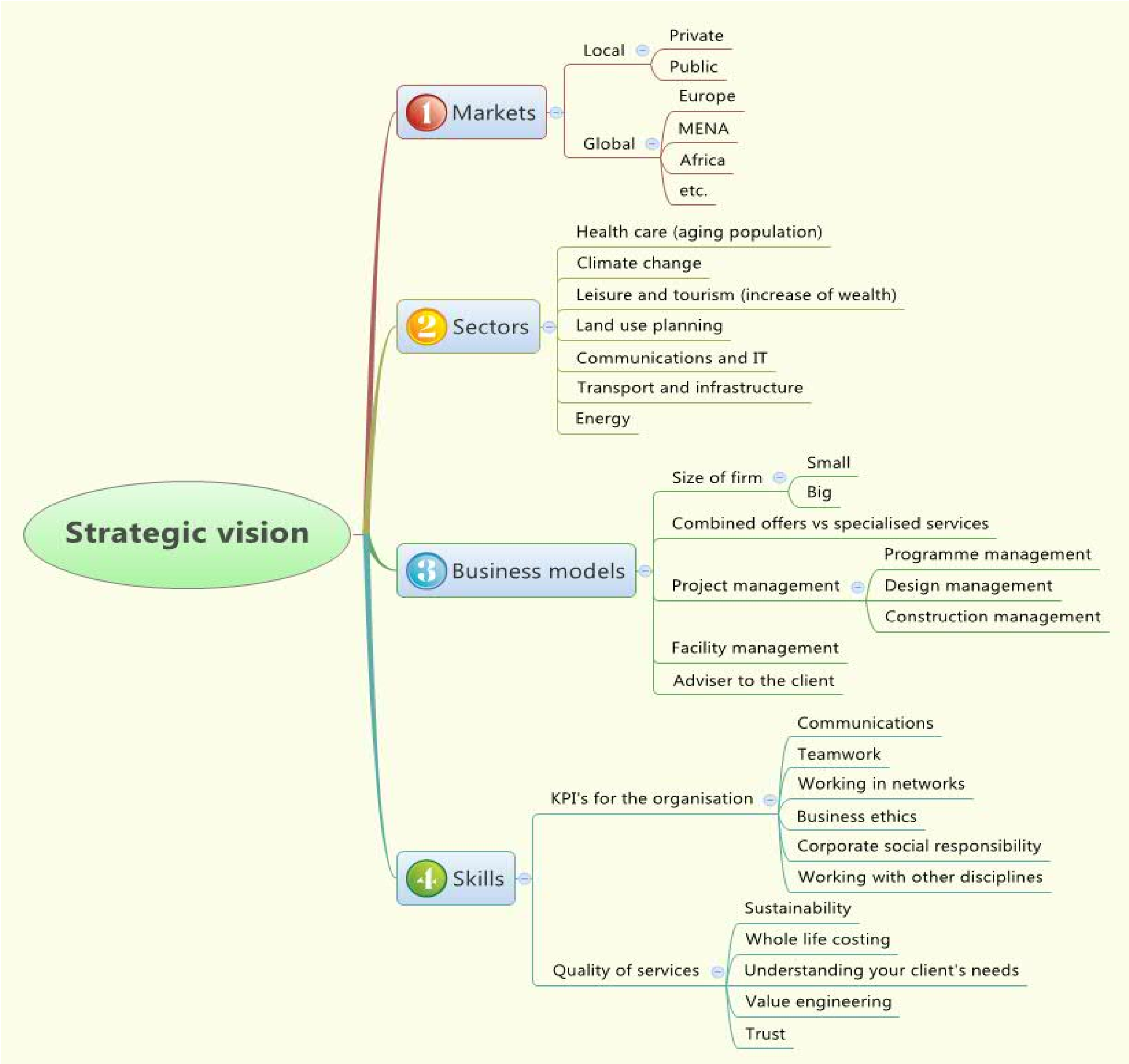
Management skills for internal processes

Business skills for external processes

Social skills & behavioural demands

Communication skills & languages

Vision to reach the firm's potential



EFCA’s holistic vision

The European Engineering Consultancy Industry has to play a strategic role ....

- ***in the development of a sustainable and liveable Europe,***
- ***in the economic growth and welfare of the European Union***
- ***and in the global engineering business,***

working together on a sustainable society

.... but it needs leadership !!!!!!!!!!

THANK YOU FOR YOUR ATTENTION