

WHY DO LEADING EUROPEAN CONSTRUCTION AND ENGINEERING GROUPS SEEM TO BE IMMUNE TO THE CRISIS IN THE SECTOR?

2013 Study



A photograph of a suspension bridge, likely the Golden Gate Bridge, with a hazy city skyline in the background. The bridge's cables and suspension towers are visible, and the city buildings are partially obscured by the bridge's structure and the haze. The overall tone is muted and atmospheric.

MAZARS IS AN INTERNATIONAL, INTEGRATED AND INDEPENDENT ORGANISATION SPECIALISING IN AUDIT, ADVISORY, ACCOUNTING, TAX AND LEGAL SERVICES. AS OF JANUARY 1 2014, THE GROUP IS PRESENT IN 72 COUNTRIES, DRAWING ON THE EXPERTISE OF MORE THAN 13,800 PROFESSIONALS TO ASSIST COMPANIES – MAJOR INTERNATIONAL GROUPS, SMES AND ENTREPRENEURS – AND PUBLIC BODIES, AT EVERY STAGE IN THEIR DEVELOPMENT.

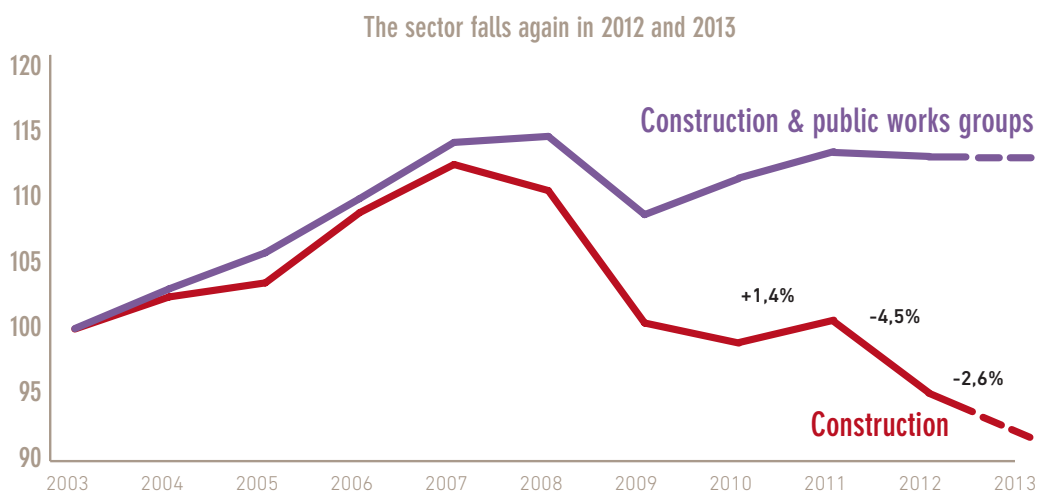
EXECUTIVE SUMMARY



OLIVIER THIREAU
Head of Construction and Engineering Division

Our 2013 study, How the major European construction and engineering companies are managing the economic downturn, found that major construction companies had largely resisted the global economic and financial turmoil that was a consequence of the 2008 financial crisis. They were able to successfully manage their financial situations, achieve significant growth in turnover and limit reductions in productivity, receiving substantial new orders in recent years. All of which led them to look forward to a recovery in 2012.

Unfortunately, while overall European production in the sector suggested an end to the crisis in 2011, delivering a 1.4% rise in activity after three consecutive years of decline, fresh difficulties arrived in 2012, largely due to government austerity policies. According to the European Construction Industry Federation (FIEC), overall level of activity at European construction companies fell by 4.5% in 2012, with a further drop of 2.6% forecast for 2013.

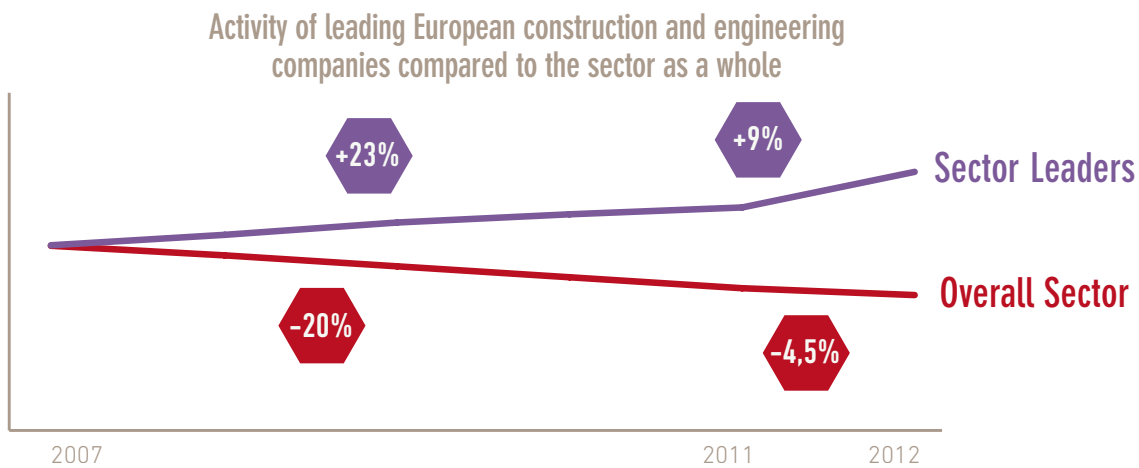


“ Under these difficult conditions, most FIEC Member Federations do not foresee a recovery before 2014 ”

Jacques Vuillard, FIEC Vice-President for Economic Issues (and CEO of Eiffage Construction Métallique), June 2013

EXECUTIVE SUMMARY

In spite of these market challenges, the main European construction and engineering groups appeared to be unaffected by the crisis, posting strikingly positive performances in 2012 in term of both activity and margins:



In this study, we analyse the reasons for this sharp divergence between the poor performance of the construction and engineering sector and the apparent success of major companies within the sector.

“Contracting companies performed well in France and the rest of Europe, although economic conditions were tougher than in 2011. They also expanded in markets outside of Europe thanks to a combination of dynamic local networks and significant new contracts for major projects.”

Xavier Huillard, CEO of Vinci, 2012 Annual Report

METHODOLOGY

Our data is drawn from the annual reports and presentations of the **seven largest construction and engineering companies listed on the European markets**. Some of the data published by these companies has been adjusted for reasons of consistency and readability. Sector and macroeconomic information is primarily from data published by the FIEC and the Euroconstruct network.

For ease of comparison, we have divided the activities of these construction and public works groups into three main categories:



CONSTRUCTION

Construction and Utilities: Building, public works, road construction, energy, facility management, environment, water, industrial services

Real Estate: Mainly development



CONCESSIONS

Diversification of certain construction and public works entities (including the development of PPPs in the 2000s and motorway privatisation in France).



OTHER BUSINESS SECTORS

Diversification into activities unconnected with construction and public works (media and telecoms).

The sample

The entities included in this year's study are identical to those surveyed last year, because these seven groups are still Europe's leaders in construction and engineering sector turnover.

The construction sector in Europe is very diffuse – although these are the most prominent groups, their activities represent no more than 14% of total sector activity.

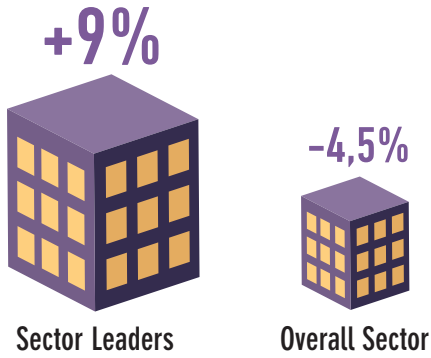
SAMPLE OF EUROPEAN GROUPS, 2012

Rank	Country of origin	Group	2012 Turnover in €bn	Internal market share in 2012	Market capitalisation at end 2012 (in €bn)
1	France	Vinci	38,6	63%	20,7
2	Spain	ACS	38,4	16%	6,0
3	France	Bouygues	33,5	67%(*)	7,1
4	Sweden	Skanska	14,9	44%	5,2
5	France	Eiffage	14,0	85%	2,9
6	Austria	Strabag	13,0	61%	2,3
7	UK	Balfour Beatty	11,7	49%	2,3

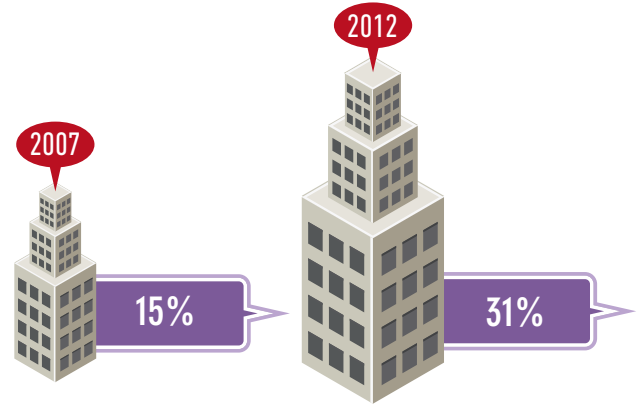
(*) 58% excluding other sectors of activity (media and telephone).

KEY STATISTICS

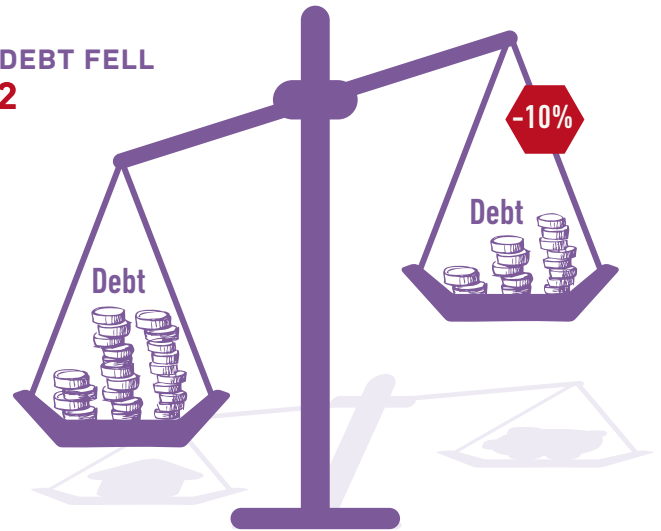
GROWTH OF ACTIVITY OF LEADING EUROPEAN CONSTRUCTION AND PUBLIC WORKS GROUPS VS OVERALL SECTOR



A SHARP RISE IN ACTIVITY OUTSIDE EUROPE



AVERAGE NET DEBT FELL BY 10% IN 2012



CHANGE IN CONSTRUCTION SECTOR OPERATING MARGIN





CONTENTS

Executive Summary	3
Methodology	5
1. Successful performance by leading European groups in a sector in crisis	8
1.1. Hard times for European construction	8
1.2. Increasing activity by leading European groups	10
2. Key factors in the success of leaders during the crisis	15
2.1. Increasing internationalisation outside Europe - A driver for growth	15
2.2. Technical expertise and a strong capacity for innovation in the execution of increasingly complex contracts	17
2.3. Debt under control	18
2.4. Dynamic diversification strategies	19
3. Strong prospects despite a slight decline in the 1 st half of 2013	22
3.1. Generally stable turnover despite severe weather	22
3.2. Operating margins slightly down in the construction sector but...	23
3.3. ...Order books reach record levels	24
Conclusion	26

1. SUCCESSFUL PERFORMANCE BY LEADING EUROPEAN GROUPS IN A SECTOR IN CRISIS

1.1. Hard times for European construction

Despite hopes for growth at the end of 2011, the construction sector plunged back into severe crisis in 2012. Total volume of European construction fell by 4.5% in 2012 compared to modest growth of 1.4% in 2011 (Source: FIEC).

This sharp turnaround in construction activity was mainly due to the **sovereign debt crisis in the euro area** and the **austerity policies** that followed. These measures included significant cuts in public investment leading to a slow-down, particularly in those markets affected by public procurement such as construction of non-residential buildings (-9.9%) and infrastructure (-6.5%).

The credit crunch and attendant payment delays led to a cutback in construction investment and numerous bankruptcies in small-scale construction and engineering businesses (for example, 25% of bankruptcies in France in 2012 were in this sector).

Change in the volume of European activity between 2012 and 2011



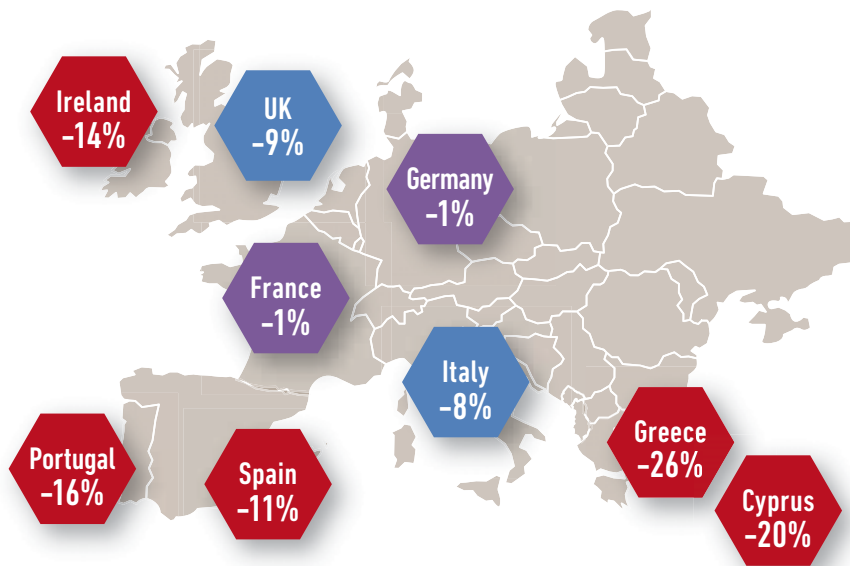
Buildings:	-3,8%
Including Public Non-residential	- 9,9%
Public works:	-6,5%
TOTAL CONSTRUCTION :	-4,5%

2012 STUDY

Number of housing units completed per capita fell sharply, by 44%, between 2007 and 2011 in Europe.

Renovation and maintenance works in the residential segment also declined in 2012 (-2%), despite support from public authorities (energy-efficiency measures). The construction of new housing (-5.2%) was also hit by falling purchasing power, low household confidence and the unwillingness of banks to lend.

Overall contraction in construction in Europe

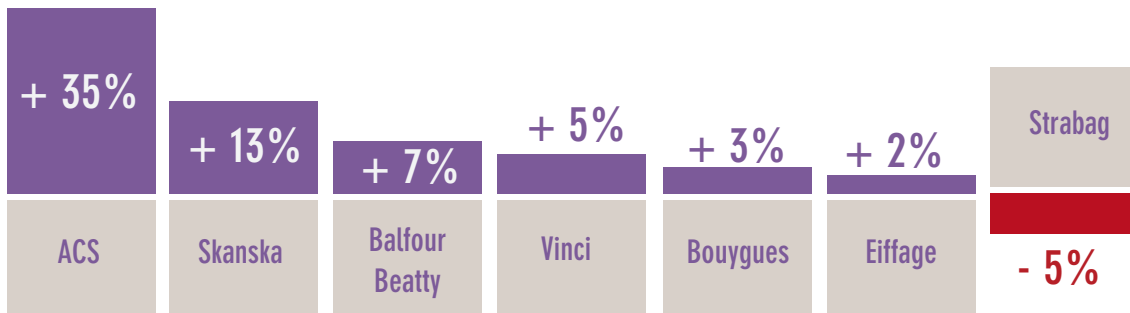


The countries which experienced the most drastic austerity policies were affected by the sharpest contraction in construction activity (Greece: -26%, Cyprus: -20%, Ireland: -14%, Portugal: -16%, Spain: -11%).

Europe's founding states (France, Germany) experienced limited damage, with a fall of just 1%, while a minority of states bucked the trend, showing weak growth (Sweden: +2.5%, Austria: +1.1%) as did some Eastern European countries (Estonia: +23.3%, Romania: +5.4%) where the markets remain volatile. However, these countries represent a relatively small proportion of the greater European market.

1.2. Increasing activity by leading European groups

1.2.1. 9% INCREASE IN TURNOVER IN 2012 (+3.3% EXCLUDING HOCHTIEF EFFECT)



“An output of € 14.0 billion in 2012 – that’s nothing to complain about!”

Hans Peter Haselsteiner, PDG de Strabag

With the exception of **Strabag** - which experienced difficulties in 2012 (-5%) due to the slowdown in construction in Eastern and Central Europe - all leading European construction groups grew in 2012.

Two groups posted double-digit growth:

- **ACS: +35%** (+4.1% excl. Hochtief)

This dizzying 35% growth from Spanish group ACS is principally due to the **2011 acquisition of the German Hochtief group**, when ACS was experiencing difficulty in its internal market and seeking new growth drivers.

Adjusted to exclude the impact of the Hochtief group, consolidated for seven months in 2011 and for the full year in 2012, growth stands at 4.1%, thanks to the **international expansion** of the group, partly on the American continent (US, Mexico, Brazil, etc.). The proportion of activities conducted on the American continent climbed by five points in 2012.

- **Skanska: +13%**

The strong growth in this Swedish group (+9% excluding exchange rate effects) mainly derived from the pursuit of **international development**, including activities in the US, centered on complex new public works projects (first PPP tunnel project) and increased building activity in a range of sectors (research campus, hospital renovation). International turnover rose by 16% between 2011 and 2012 while Skanska achieved 6% growth in its national market (in the non-residential building sector in Sweden).

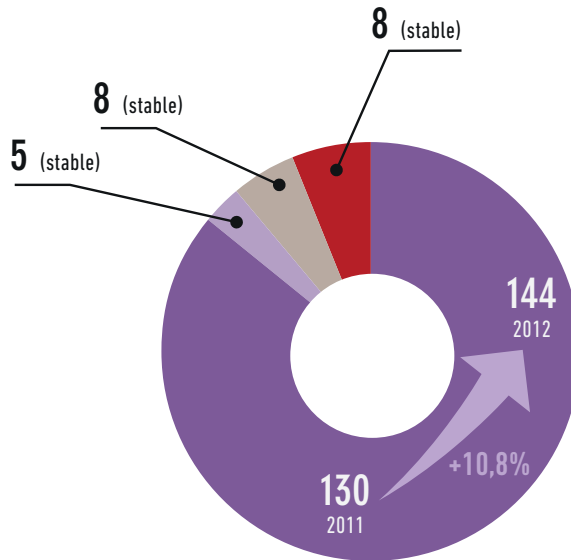
Diversified groups:

- **Vinci** continued to pursue a policy of external growth. Half of the **5% growth achieved** in 2012 came from **acquisitions, mainly international**:
 - The EVT division of the Alpiq group - engineering activities and energy and telecoms infrastructure works in Germany and Central Europe;
 - Camarcks, in Canada - construction of road infrastructure and maintenance;
 - NAPC, in India - road building, earthworks and civil engineering.
- The **3% growth** posted by the **Bouygues group** was deeply undercut by the **downturn in telecoms activity**. The construction portion of the business, the foundation of the group, drove growth in 2012 with a rise of +9% for Bouygues construction and +5% for Colas.

- Despite weak presence outside Europe, **Eiffage** achieved slight **growth of 2%**, due to a substantial portion of its work taking place in a protected French context, further supported by government projects (Bretagne-Pays de la Loire high speed rail line).

The **7% growth at Balfour Beatty** in 2012 was mainly due to an **exchange rate effect**.

Turnover of leading groups per activity in €bn



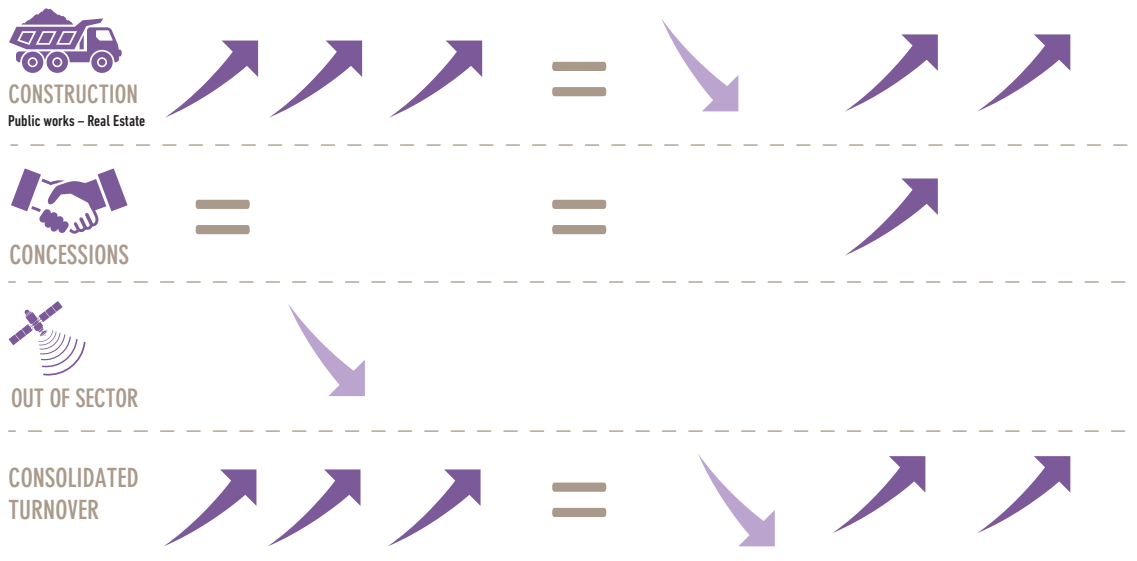
Turnover of leading groups per activity in €bn

- Public works
- Real estate
- Concessions
- Out of sector

2012 STUDY

Between 2007 and 2011, growth in turnover stood at 23% (+10% excluding the acquisition of Hochtief by ACS)

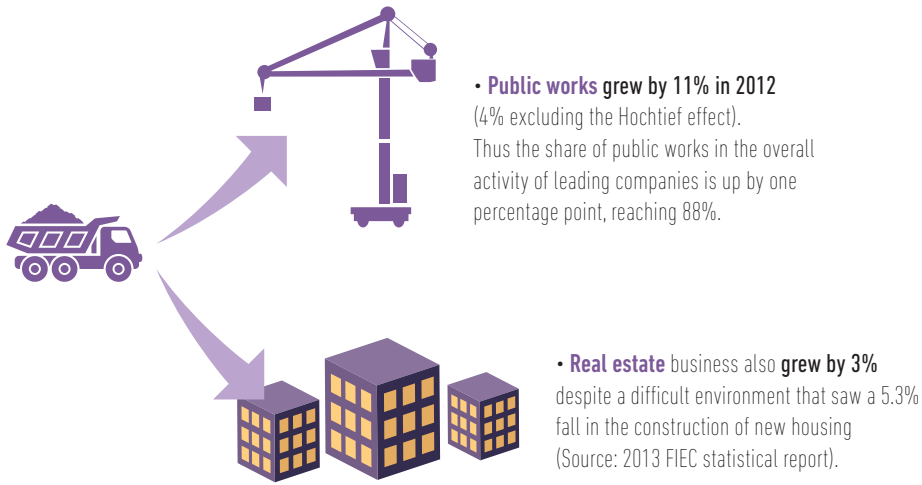
Vinci Bouygues ACS Eiffage Strabag Balfour Beatty Skanska



Changes in turnover between 2011 and 2012

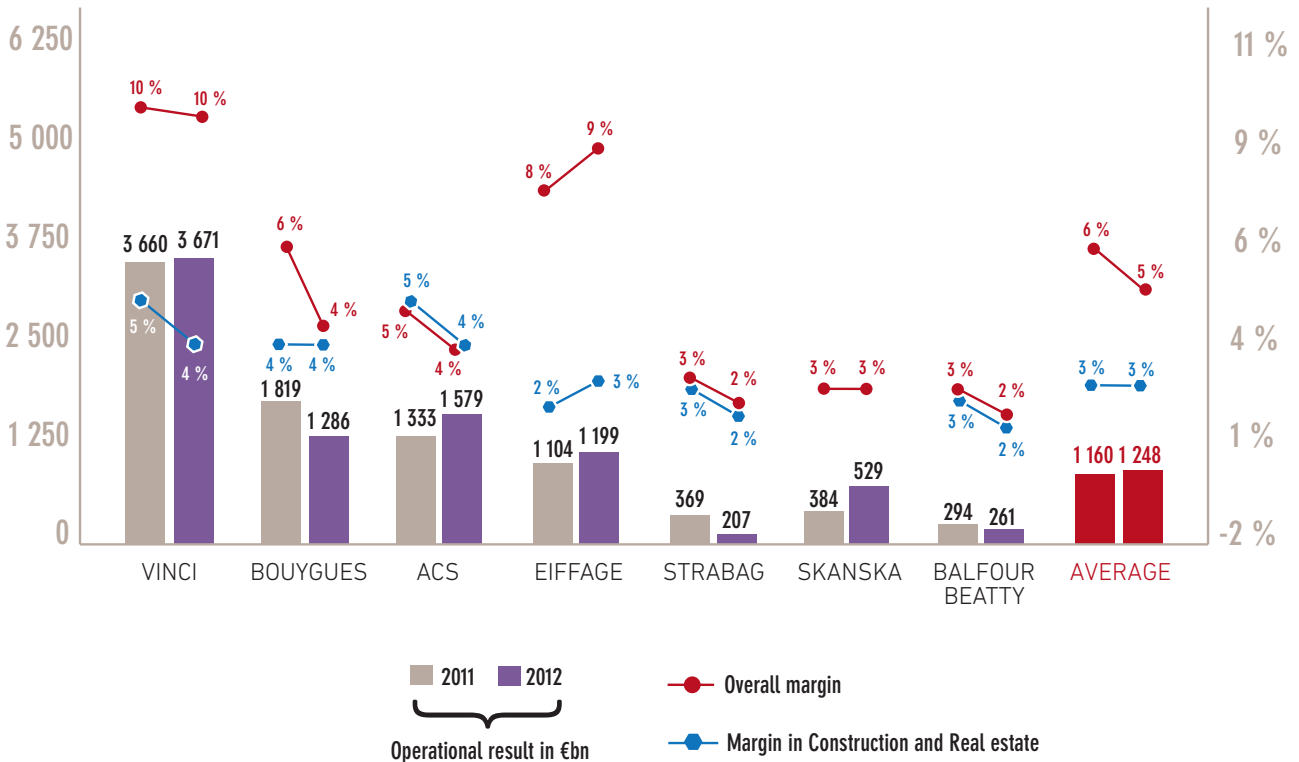
- ↑ Above 2.5%
- = Between -2.5% and +2.5%
- ↓ Below -2.5%

Growth was principally driven by the core business of the leading groups, construction (including public works) and real estate:



1.2.2 MARGINS HOLD UP IN CONSTRUCTION

Change in operating margins between 2011 and 2012



2012 STUDY

The average operating margin on construction in leading construction and engineering groups declined by 0.9 points between 2007 and 2011, reaching 3.4% in 2011.

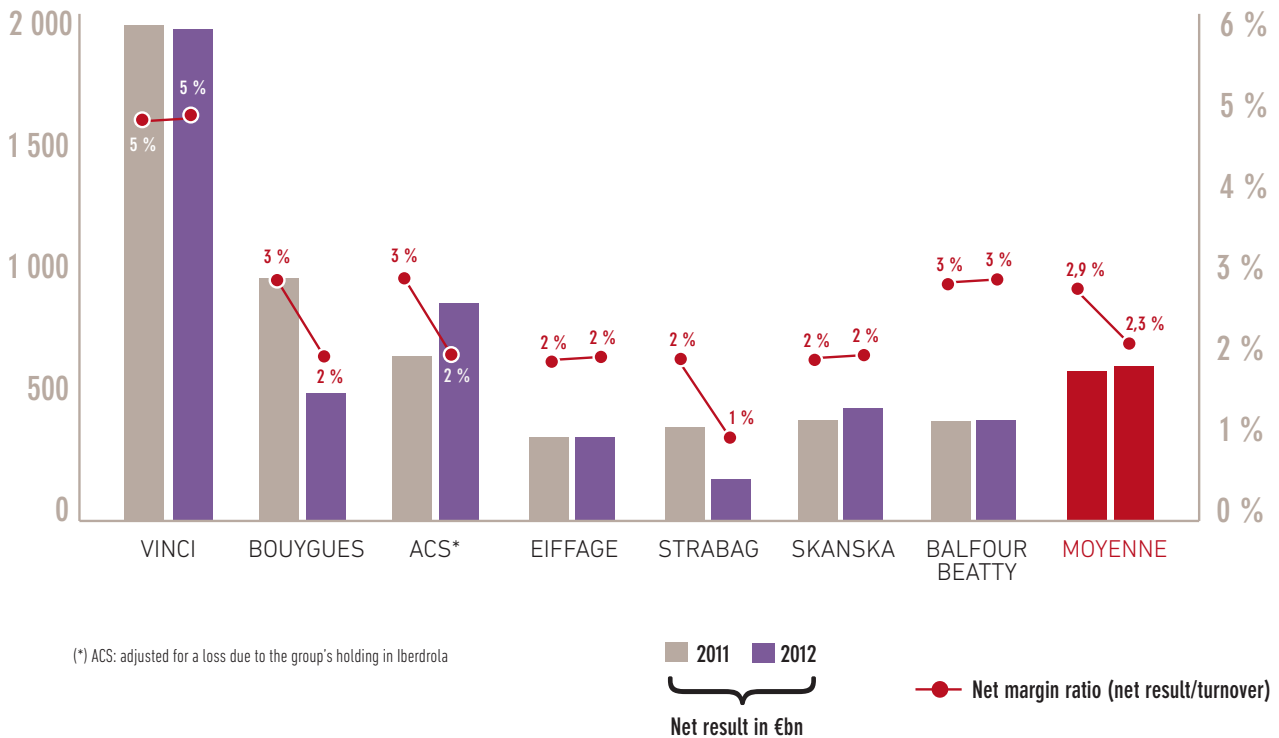
The operating margin for construction has remained almost unchanged at around 3.2% (3.4% in 2011), though differences exist between groups.

The overall operating margin in our sample is down one point to 4.8%, mainly due to reduced profitability in other sectors (including a 9% downturn in the telecoms sector).

“ In 2012, the ACS Group registered excellent operating results, since our activities continue to produce a solid profitability and an important international diversification. ”

Florentino Pérez, chairman of ACS
Speech to the annual general meeting of shareholders, 10 May, 2013

Slight decline in the net average margin (-0.6 point)



2012 STUDY

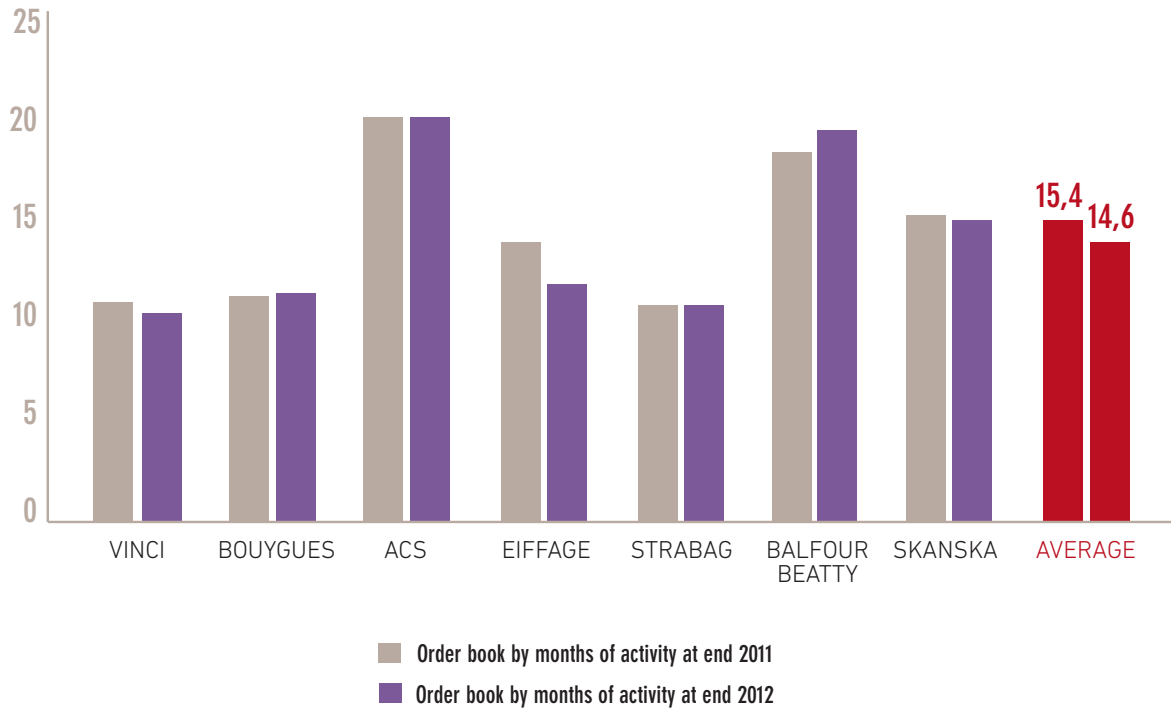
The average net margin in leading construction and engineering groups shrank by 0.7 points between 2007 and 2011, reaching 3.0% in 2011.

The net average margin has fallen by 0.6 points while the average operating margin has declined by one point. The impact of extraordinary financial items is not individually significant, excluding adjustment to ACS.

1.2.3 A RESILIENT ORDER BOOK

With activity thriving in 2012, **the average order book over the 2012 financial period was down slightly to 14.6 months at the end of 2012** (-0.8 months by comparison with 2011). It remains at historically high levels for leading construction and engineering companies, which is remarkable given the current macroeconomic background.

Changes in order book by months of activity



2012 STUDY

The average order book of leading groups rose from 14 to 15.4 months' activity between 2007 and 2011.

This near-stability of the order book (by months of activity) masks a range of results which differ from one group to another: Eiffage (-12%), Skanska (-15%), Balfour Beatty (+12%).

The 12% reduction in the Eiffage order book can be explained by a selective approach to order acceptance which **prioritised margins** over volumes but also by very intensive PPP business in 2012 contrasting with an **absence of significant new PPP contracts in 2013**.

The Skanska order book fell by 15% but only by 3% at constant exchange rates. 49% of these orders are from North and Latin America; they remain high and represent 14 months of activity.

The Balfour Beatty order book rose by 12% but only by 3% at constant exchange rates.

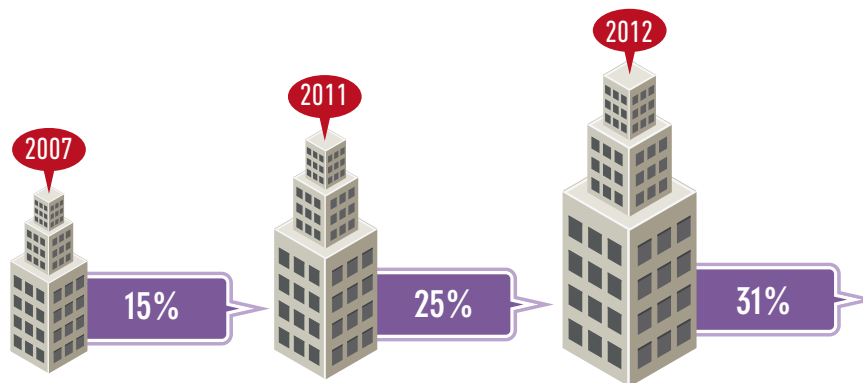
“ The 2% growth in our order book during the year, to €31.3 billion at year-end, is grounds for confidence. It also gives us the visibility we need to take timely but essential measures in those markets hardest hit by business conditions, which are likely to remain weak in 2013. ”

Xavier Huillard, CEO of Vinci, 2012 Annual Report

2. KEYS FACTORS IN THE SUCCESS OF LEADERS DURING THE CRISIS

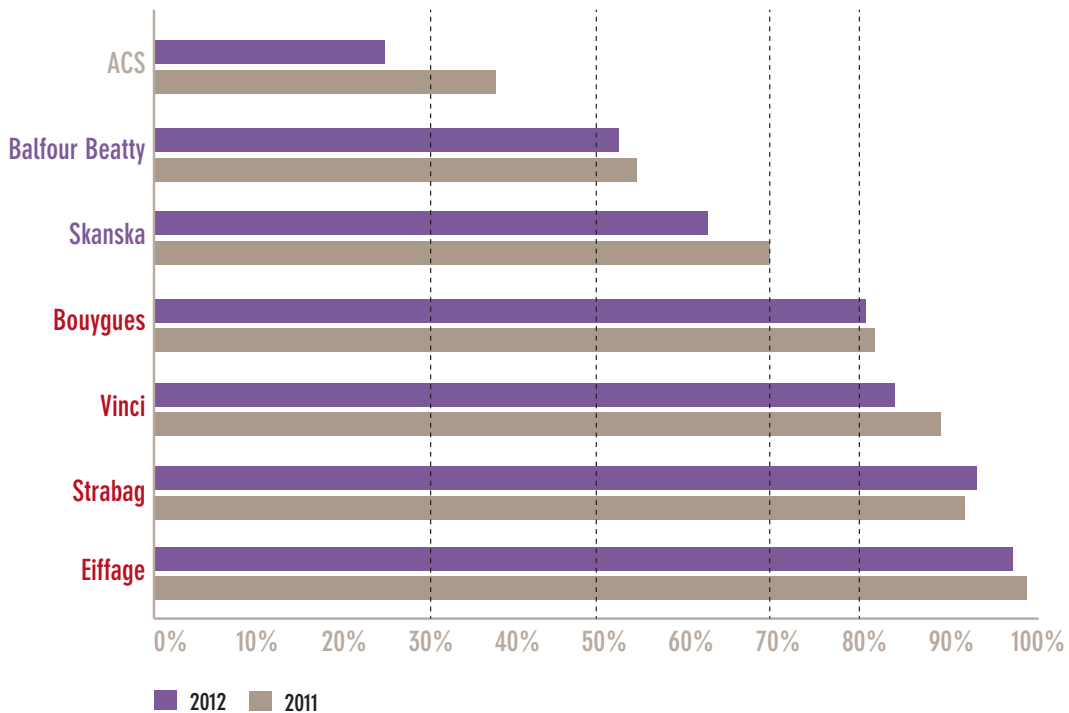
2.1. Increasing internationalisation outside Europe - a driver for growth

A sharp rise in the percentage of business outside Europe



The average percentage of business conducted outside Europe jumped by 6 points between 2011 and 2012, rising from 25% to 31%. Over the period of 2007-2011, the rise was 10 points. ACS is the most striking example: in order to reduce its dependency on a troubled internal market, in 2011 ACS acquired the Hochtief group which had a significant international presence. In this way its business outside Europe soared by 57 points between 2007 and 2012.

Change in the proportion of activity outside Europe between 2011 and 2012



The growth posted in 2012 by the sector leaders can be explained by the increasingly international focus observed for all companies in our sample. Companies can be further divided into three categories:

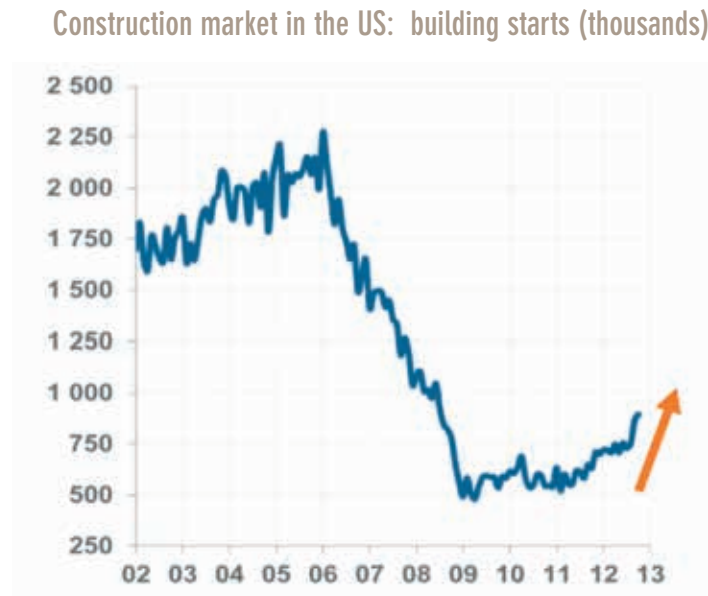
Percentage of turnover achieved in Europe

<30%	between 50% and 70%	>80%
<ul style="list-style-type: none"> • ACS: the percentage of activities conducted in Europe stands at 29.6%, down 16 points in 2012 as a result of: <ul style="list-style-type: none"> - the acquisition of Hochtief (a German group conducting 84% of its business in America and Asia Pacific in 2010); and the general decline in construction activities in Spain (ACS turnover fell by 24% in its national territory in 2012 while construction fell in the country by 11% in the same year). 	<ul style="list-style-type: none"> • Skanska et Balfour Beatty whose European business represents between 50% and 70% of total turnover. Skanska significantly boosted its international presence in 2012 thanks to new complex civil construction projects in the US. 	<ul style="list-style-type: none"> • Eiffage, Strabag, Vinci and Bouygues: These four groups generated more than 80% of turnover in Europe. Eiffage, in particular, stands out, conducting almost 100% of its business in Europe, and 85% in France.

“ Outside the European Union, we have stepped up our international expansion with further moves into new growth markets, acquiring two companies in India (one in road works and the other in automated systems for industry), while the acquisition of Carmacks in Canada has extended Eurovia’s presence in the province of Alberta. ”

Xavier Huillard, CEO of Vinci,
2012 Annual Report

The sector leaders are increasingly turning to construction markets with greater growth potential outside Europe, such as the Americas. The United States, in particular, has drawn attention, with the proportion of activities conducted in America by ACS and Vinci rising by five and two points respectively in a market which has recovered its dynamism since the end of 2011.



Source: Xerfi special issue (no 179-180) – Prévisions France-Europe-Monde 2013-2014, January 2013

“ We have strong assets in construction: we can offer our customers comprehensive, high value-added solutions. Our speciality activities help to drive growth and we have strong international operations, with flagship projects in many different areas, from transport infrastructure to business districts and residential developments. ”

Martin Bouygues, CEO Bouygues
2012 Registration Document

2.2. Technical expertise and a strong capacity for innovation in the execution of increasingly complex contracts

Thanks to their experience, the leading European construction and engineering groups have acquired undeniable **technical expertise** giving them **international prestige**. Construction markets are also evolving towards **increasingly global and complex contracts**.

The leading European companies are best positioned to address these increasingly large and technically more demanding projects, since:

- These large groups have extensive **technical resources**;
- They are continually developing a **strong capacity** for innovation in responding to the challenges and technical and financial improvements of the projects they undertake;
- They have **benefits of scale**, enabling them to **take the financial and technical risks** involved in such projects, and to deploy the necessary resources within tight timeframes.

The leading construction and engineering groups illustrate the strength of the sector by offering global solutions with high added value, meeting their clients' needs throughout the project chain: upstream (property development, design, etc.) and at later stages (long-term project and user services).

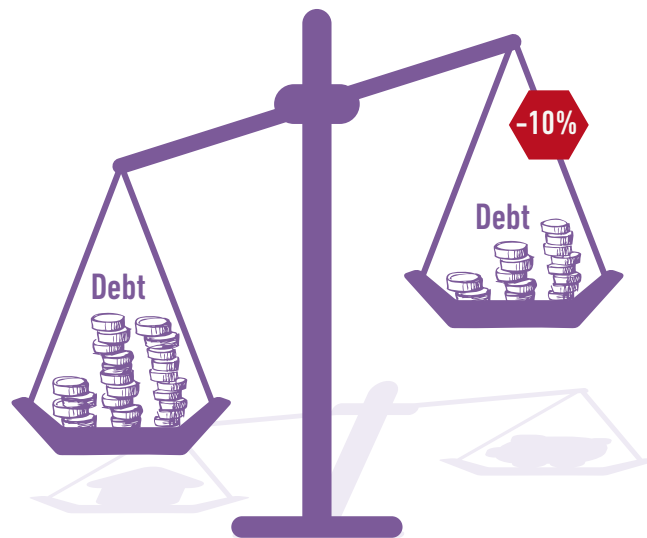
“The Group’s future growth, in all our business areas, will be built on our great capacity for innovation.”

Martin Bouygues, CEO Bouygues
2012 Registration Document

An increasing capacity for innovation is evident among all these leading organisations, particularly in the building sector, with the assembly of new products offering integrated services to clients (environmental and digital services in particular), but also in the development of new methods of design, construction techniques or exclusive products and processes.

2.3. Debt under control

Average net debt fell by 10% in 2012



“The reduction of Group debt by 4,382 million euros in 2012 was accomplished largely with funds proceeding from the sales of assets and from those generated by operations.”

Florentino Pérez, chairman of ACS
Speech to the annual general meeting of shareholders, 10 May 2013

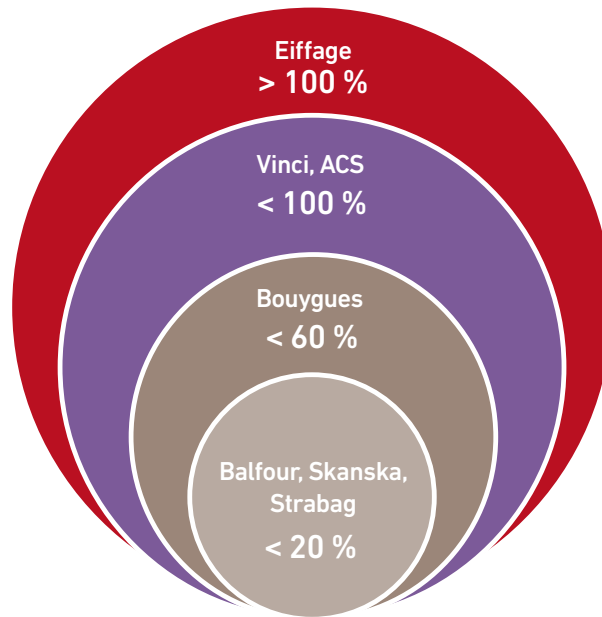
Construction has an inbuilt negative working capital requirement because contracts often benefit from initial advances and staged payments reflect the progress of the work.

This is why two of the seven groups studied have very low debt levels (Skanska and Strabag) and Balfour Beatty is in a positive net cash position.

However, investment strategies have led some entities to amend their financial structures and these now have significant debt (ACS, Bouygues, Eiffage, Vinci).

The 10% fall in net average debt is mainly explained by the reduction in the ACS debt of €4.4 (or -47%), mainly as a result of the sale of its holding in the company Iberdrola.

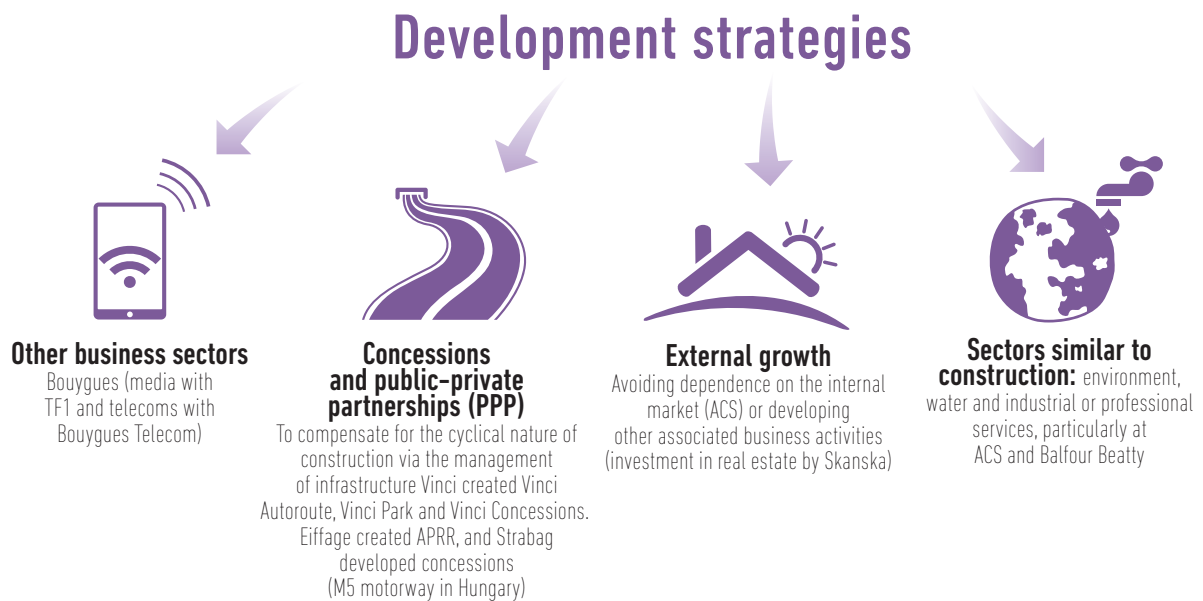
Gearing(*) of groups in 2012



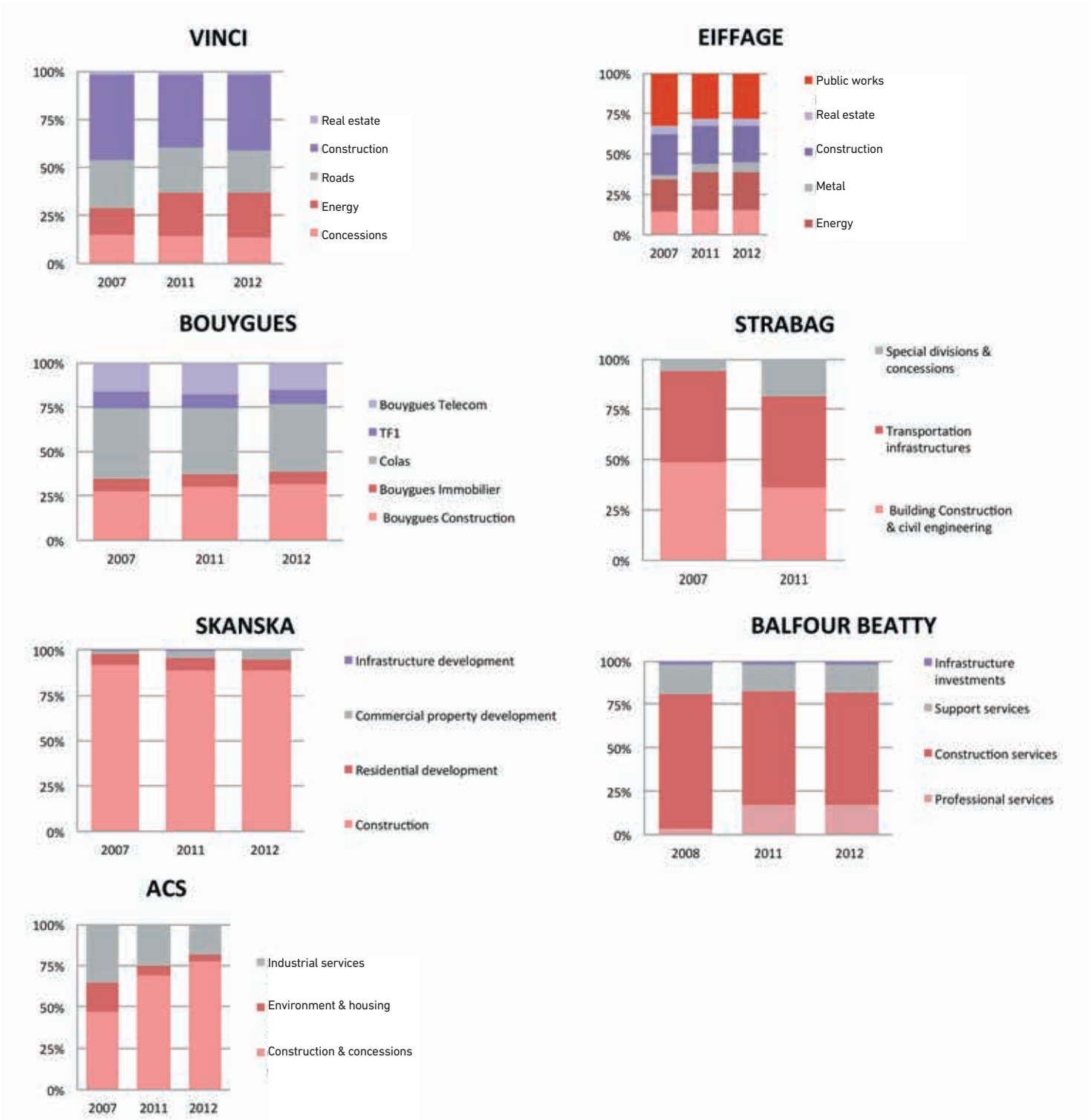
(*) Gearing: ratio of net debt to total equity

2.4. Dynamic diversification strategies

The current performance of leading construction and engineering groups is closely connected to strategies implemented before the crisis and the degree of diversification of their businesses. Leaders in the sector have opted for **diverse development strategies**:



A stable activity structure in our sample in 2012



- The activity portfolios of companies in our sample have maintained the same structure since 2011, with two distinct profiles:
- The **major French players** (Bouygues, Vinci and Eiffage) have diversified significantly outside their construction activities: 20% of the activities of Bouygues are in media and telecoms, while 14% of activities at Vinci and 15% at Eiffage are in infrastructure management.
- **The other European leaders** are less diversified and continue to **specialise in construction**. ACS's profile is unusual, with a significant rise in the proportion of construction in its activities in the 2012 financial year, as a result of the full integration in that year of Hochtief, engaged solely in construction.

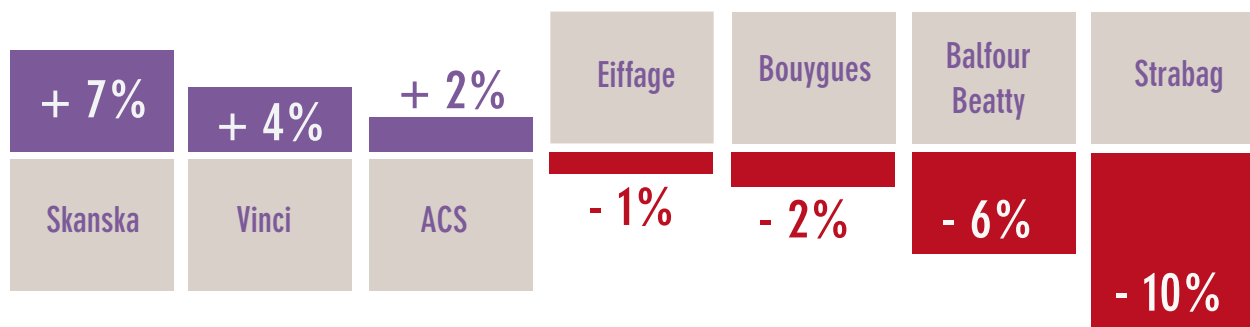
Trends in the business activities of construction and engineering leaders are already emerging for 2013, mirroring the strategies of ACS, Vinci or Eiffage:

- **Hochtief**, a subsidiary of ACS, finalised the transfer of its energy and building services division to the French group SPIE. The group is pursuing a strategy of **refocusing on its core business, construction and public works**. The company has also sold its holding in Sydney airport.
- In September 2013, **Vinci** finalised acquisition of the Portuguese airport operator ANA for €3 billion. In June 2013, Vinci also increased its capital holding in Aéroports de Paris by an additional 4.7%. Finally, in September 2013, Vinci asked consultancy firms to look into the sale of its car park concession subsidiary in order to **concentrate on construction, or to acquire other concessions**.
- Eiffage is now focusing on **international growth**, particularly in Africa where it has begun construction and extension of a motorway in Dakar through a PPP. It is also targeting some European markets for expansion, as through acquisition of the Belgian company Smulders which is active in the offshore wind market.

3. STRONG PROSPECTS DESPITE A SLIGHT DECLINE IN THE FIRST HALF OF 2013

3.1. Generally stable turnover despite severe weather

Average change in turnover in 1st half of 2013:
-0.9% compared with 1st half 2012



For companies in our sample, turnover fell slightly by 0.9% in the first half of 2013 by comparison with the first half of 2012. This change can mainly be ascribed to the **very severe weather which hit Europe in the first quarter of 2013**.

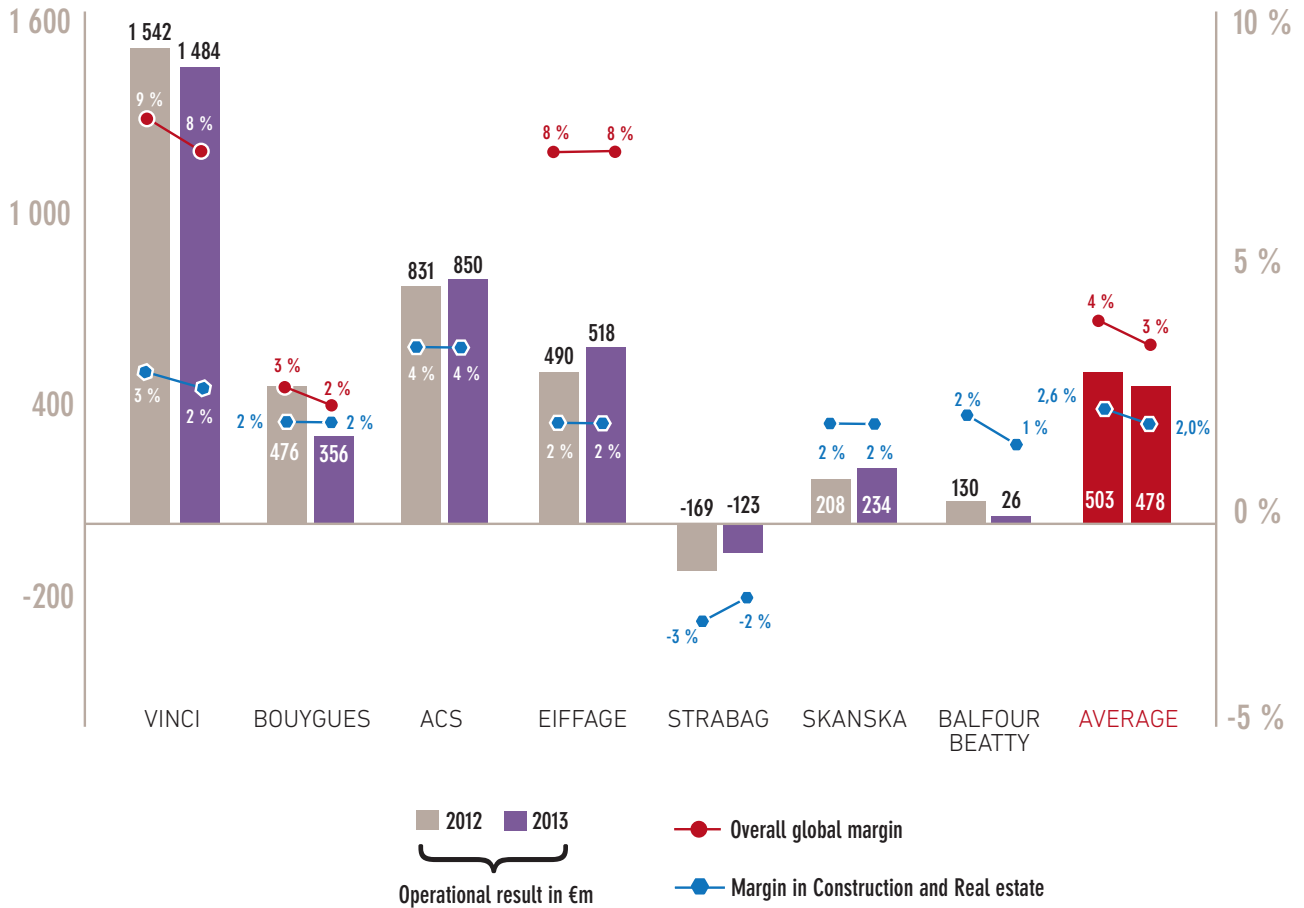
This small change should be viewed in light of the forecast for a -2.6% drop in construction activities in Europe during 2013 (Source: FIEC), suggesting that the leading construction and engineering groups continued to do comparatively well in 2013. Some confirmed their turnover objectives for the year-end during the publication of their half-yearly results (+1.2% for Eiffage, "a slight rise" for Vinci and +1% for the construction division at Bouygues).

Strabag is the exception to this trend, with a sharp fall in its business in the first half of 2013 (-10% compared to the first half of 2012), mainly due to the completion of major projects in Eastern Europe and the decline in the construction market in Poland (forecast at -4% between 2012 and 2013).

The 6% reduction recorded at Balfour Beatty mainly reflects an exchange rate effect. The group has otherwise followed the same trend as other major European construction players in 2013 (-3% at constant exchange rates).

3.2. Operating margins slightly down in construction but...

Change in operating margins between the 1st half of 2013 and the 1st half of 2012



“The lower operational result was mainly due to very unfavourable weather conditions in the first half, especially in mainland France and North America.”

Construction and engineering entities generally reported a decline in their operating margin in the first half of the year compared with the second for reasons due to severe weather, explaining six-monthly margin rates one point lower than annual rates.

Source: Bouygues Half-year Review
June 2013

The slight 0.6 point reduction in operating margin in the first half of 2013 compared to the first half of 2012 is also explained by:

- **The 1.7 point fall in the margin ratio at Balfour Beatty**, was heavily impacted by the decline in construction in the United Kingdom (-9% according to the FIEC). The group also attributed this change to the numerous operational difficulties caused by a restructuring plan. However, the group confirmed its intention to increase its operating margin by the end of 2013.
- **The 0.9 point reduction in the operating margin in the Vinci construction division**, which was spread across all the group's construction activities. However, the group insists that even if the operating margin continues to fall, the scale of the reduction will be more limited in the second half of 2013.

3.3. ...Order books reach record levels

Order books as of 30 June 2013

**An average of
16 months'
work on the books**



	Months' activity	Change since end 2012
ACS	22	7%
Balfour Beatty	20	0%
Strabag	16	34%
<hr style="border-top: 1px dashed red;"/>		
Skanska	15	10%
Eiffage	14	11%
Bouygues	14	11%
Vinci	12	4%
<hr style="border-top: 1px dashed red;"/>		
Average	16	11%



As of 30 June 2013, the average order book of leading European construction and engineering groups reached a record level **record of 16 months, a rise of +1.4 months since 31 December 2012**. With this average rise of 11% the level is now higher than before the crisis in 2007, thus proving the healthy condition of these leading groups.

“ In a still-challenging economic environment, especially in Europe, order books continued to run at a high level [...] the result of a strong and selective presence on international markets and recognised know-how in complex projects. ”

Source: Bouygues Half-year Review
June 2013

For all the organisations examined, these order books represent more than a year's work. The rise, recorded in every group, is mainly due to **new large-scale international orders**. Note that the very large change recorded at Strabag was also affected by the 10% reduction in its activities in the first half of 2013.

CONCLUSION



“ We are targeting Africa and the Middle East, two regions with close ties to France. These markets offer considerable growth potential, as they are relatively lacking in infrastructure, despite the presence of plentiful raw materials. Eiffage intends to establish itself in these countries, either on its own or with partners. In addition to providing expertise in the area of buildings, large-span engineering structures and electrical works, we will be able to manage turnkey projects and develop concessions, as we are already doing in Senegal, for example, by financing and finishing the work for the new motorway between Dakar and Diamniadio. ”

Pierre Berger, CEO of Eiffage
2012 Annual Report

The sound performance of leading European construction and engineering groups against a troubled European market background seems mainly due to their ability to **expand into international growth areas**, their capacity for innovation and their **mastery of complex projects** due to globally recognised technical expertise. The **failure of smaller-scale organisations** and the gradual concentration of the sector, also probably contributed to this performance.

Since 2012, some of these leaders have been able to take advantage of the return of American construction sector growth at a time when the sector was contracting again in Europe.

For 2013, the FIEC predicts that the construction sector in Europe is likely to shrink by a further 2.6% before recovering slightly in 2014.

While the European forecast is likely to remain gloomy in the short-term, an Oxford Economics study published in June 2013 is more optimistic for long-term prospects. The study announced a new golden age for the construction and public works sector, predicting growth of around 70% of production by 2025, with **new El Dorados** for this sector, such as the **Asian tigers** (led by Indonesia) and **some African countries** (principally Nigeria).

There is also expected growth in developed areas, with urban renovation and sustainable building and transport projects (for example, the greater Paris initiative).

In order to exploit these developments and continue to pursue growth, leading European organisations will have to cope with **competition from Asian construction and engineering groups**, some of which, like the China State Construction Engineering Corporation, have reached significant size, with turnover of €66 billion in 2012.

However, unlike industries shaped by their historical location (production facilities, labour costs), the construction sector is **less affected by domestic constraints**. Enterprises in the construction and public works sector can use subcontractors, recruit staff locally and more easily access foreign staff, adapting these methods to each major project.

In an increasingly competitive market, these key factors, combined with the capacity for innovation, should help the leading European construction and engineering groups maintain their leading position in the global markets.

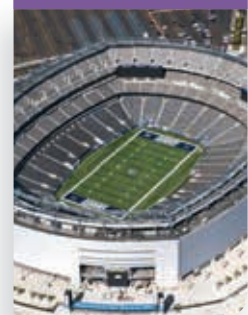


FUTURE PROJECTS

7 major international projects



1 SKANSKA
METLIFE STADIUM IN NEW YORK (UNITED STATES)



Source: <http://www.group.skanska.com>



2 VINCI
LGV SUD EUROPE ATLANTIQUE, TOURS TO BORDEAUX



© Pascal Le Doare



3 EIFFAGE
DAKAR-DIAMNIADIO
MOTORWAY, SENEGAL



Source: <http://www.eiffage.com>



4 STRABAG
DAM IN OMAN



Source: <http://www.constructionweekonline.com>



5 ACS
MAFRAQ HOSPITAL
IN ABU DHABI



Source: <http://www.blgroup.com>



6 BOUYGUES CONSTRUCTION
THE HONG KONG-ZHUHAI-
MACAU BRIDGE



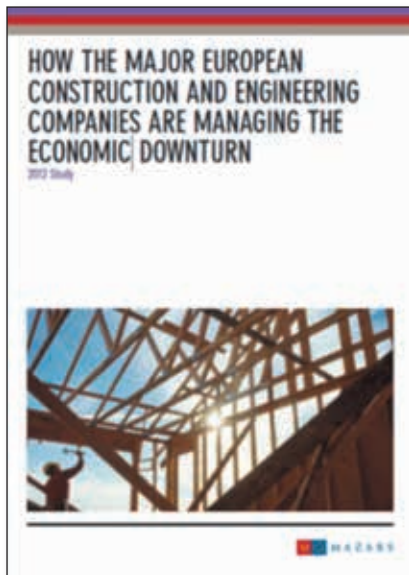
Source: <http://www.pilebukinternational.com>



7 BALFOUR BEATTY
DESALINATION PLANT IN
VICTORIA (AUSTRALIA)



Source: <http://www.balfourbeatty.com>



Find the electronic version of the 2012 study on our website by scanning this QR code.





The content of the present document is for information purposes only.
Mazars is in no way responsible for the information or its use.
Property of Mazars - All rights reserved January 2014

Mazars is present on all 5 continents.

CONTACTS

Mazars

France

Olivier Thireau

Head of construction and Engineering Division

Tel: +33 1 49 97 63 82

E-mail: olivier.thireau@mazars.fr

Austria

Peter Ernst

Tel: +43 1 3671667 12

E-mail: peter.ernst@mazars.at

Belgium

Anton Nuttens

Tel: +32 3 230 31 55

E-mail: anton.nuttens@mazars.be

Czech Republic

Milan Prokopius

Tel: +420 224 835 730

E-mail: milan.prokopius@mazars.cz

Germany

Carsten Schläwe

Tel: +49 211 8399 200

E-mail: carsten.schlaewe@mazars.de

Hungary

Philippe Michalak

Tel: +36 1 885 0201

E-mail: philippe.michalak@mazars.hu

Italy

Simone del Bianco

Tel: +39 02 58 20 10

E-mail: simone.delbianco@mazars.it

Luxembourg

Pierre Friderich

Tel: +352 27 114-301

E-mail: pierre.friderich@mazars.lu

Poland

Michel Kiviatkowski

Tel: +48 22 345 52 00

E-mail: m.kiviatkowski@mazars.pl

Romania

Jean-Pierre Vigroux

Tél. : +40 31 229 2600

E-mail: jean-pierre.vigroux@mazars.ro

Slovakia

Mickael Compagnon

Tel: +421 2 59 20 4700

E-mail: mickael.compagnon@mazars.sk

Spain

José Luis Bueno

Tel: +34 915 624 030

E-mail: jose Luis.bueno@mazars.es

Switzerland

Jean-Philippe Keil

Tel: +41 44 384 84 30

E-mail: jean-philippe.keil@mazars.ch

The Netherlands

Leander Kuster

Tel: +31 88 2772200

E-mail: leander.kuster@mazars.nl

Ukraine

Grégoire Dattée

Tel: +38 044 390 71 07

E-mail: gregoire.dattee@mazars.ua

United Kingdom

Bob Green

Tel: +44 20 7063 4492

E-mail: bob.green@mazars.co.uk