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EFCA Sector Review 2021 – Press release

First-ever EFCA Sector Review 2021 and top 125 engineering services firms operating in Europe

The 2021 edition is including two rankings and an article on the engineering consulting industry's developments. The review highlights not only the engineering consulting services sector's evolving role and capabilities but also its thoughtful and strategic response to rapid developments in essentially all areas of activity.

Engineering services for construction ensure that the construction value chain designs, delivers and maintains the vital and critical infrastructure needed for modern economies while embedding Sustainable Development Goals and climate change mitigation and adaptation.

The role of EFCA member firms in achieving the sustainability needed for the built environment's constructed assets is becoming increasingly more important. The federation has therefore launched an annual survey and review to understand better and emphasise not only the sector's evolving role and capabilities but also its thoughtful and strategic response to rapid developments in essentially all areas of activity.

A global reach

Highlighting the strength and depth of Europe's engineering services sector, eight of the top 10 engineering services firms headquartered in Europe are also among the top 20 firms ranked by global turnover.

The top 125 firms' global presence generated a global turnover of €78.3 billion in 2020, with more than one-half (54%) of 580000 staff members based outside Europe operating on average in nine countries globally.

The engineering services turnover per staff member (€115000) for the top 125 firms is significantly less than the global turnover per staff member (€135000) suggesting that engineering services in Europe attract lower fees on average than the same services originating elsewhere.

Services for infrastructure dominate

Buildings accounted for 23% of the top 125 firm's global turnover, with the remainder (77%) serving a broadly defined infrastructure sector comprising service infrastructure (34%), environment (21%), energy (9%), industry and oil & gas (8%), and other (5%).

The focus on infrastructure was reflected by the turnover in Europe in 2020 for engineering services for construction. Nearly one-third (28%) of the top 125 firms' €24.9 billion engineering services turnover in Europe was for infrastructure as opposed to buildings.

Mixed signals from market developments

Global turnover decreased in 2020 relative to 2019 for over one-half of the top 125 firms. However, the average change was in fact an increase of 1.6%. This increase may have its origins in the pent-up demand that accompanied a sharp increase in the investment in construction in Europe in the fourth quarter of 2020.

Strategic diversification

Significant business developments are to be expected given both the global trends that are strong structural drivers and the experience gained during the pandemic concerning the importance of geographically and sectoral diversified core markets.

From the diversification perspective, the imperative to focus on high-value engineering services for construction has prompted groups to exit or limit own-account, at-risk, fixed-price contracting. This trend is being compensated by others divesting oil and gas and environmental services to increase renewable energy contracting.

For the core market perspective, given reportedly high growth rates in most market sectors, core activities continue to dominate in several sectors, including railway technology in service infrastructure, the switch to low-carbon sources in oil and gas, and inland and coastal water infrastructure in the environment sector.

Digitalisation

The digitalisation of engineering services for construction is definitely accelerating in all areas of activity. Developments, both business restructuring and acquisitions, target new service offerings, a more centralised approach to Building Information Modelling and digital-based activity in general, and the integration of advanced analytics and data-driven, service-oriented solutions.

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The survey

The EFCA Sector Review focuses on groups of companies and companies with or without subsidiaries that have as their primary business the supply in Europe of engineering services for construction.

The future

As the EFCA Sector Review for 2021 concludes, understanding whether or not the last two years' merger, acquisition and divestiture activity is exceptional and heralds a sharp recovery requires a more detailed analysis.

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EDITOR'S NOTE

The EFCA Sector Review - as well as an executive summary - is available on the website: www.efcanet.org.
EFCA has member associations in 29 countries and is the sole European federation representing the business interests of professional engineering consultancy and related services, a sector that employs around one million staff in Europe.
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