

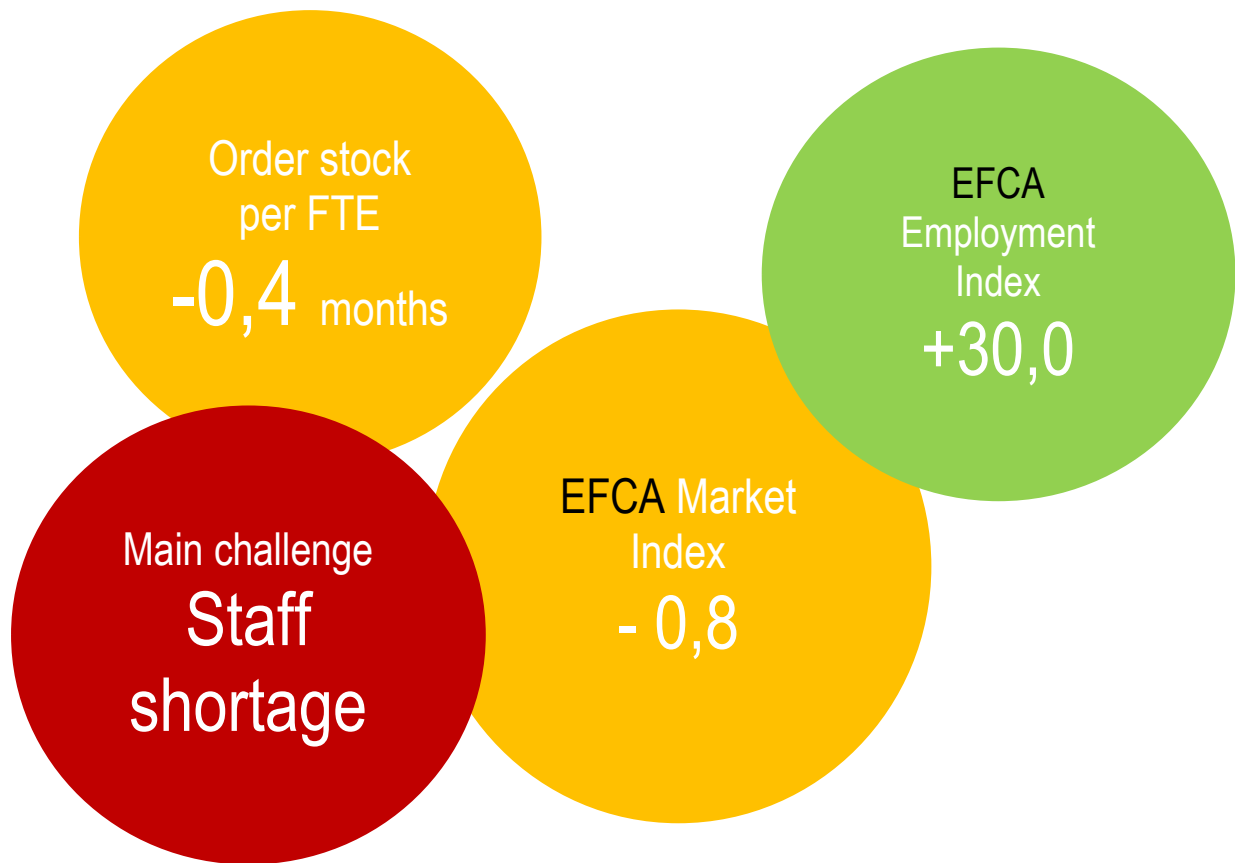


The State of the European Consulting Engineering Sector

BAROMETER autumn 2024

efca

European Engineering Consultancies



Participating Associations, in this survey

■ Austria, ACA	■ Finland, SKOL	■ Italy, OICE	■ Portugal, APPC	■ Sweden, FSIC
■ Belgium, ORI	■ France, Syntec / Cinov*	■ Latvia, LIKA	■ Romania, ARIC	■ Switzerland, suisse.ing
■ Bulgaria, BACEA	■ Germany, VBI	■ Luxemburg, OAI	■ Russia, NACEC **	■ Netherlands, Koninklijke NLIingenieurs
■ Czech Republic, CACE	■ Greece, Hellasco	■ Macedonia, ACEMA	■ Serbia, ACES	■ Türkiye, ATCEA
■ Denmark, FRI	■ Hungary, AHCEA	■ Norway, RIF	■ Slovenia, NACES	■ Ukraine, ICEG
■ Estonia, EAACEC	■ Ireland, ACEI	■ Poland, SIDIR	■ Spain, TECNIBERIA	■ United Kingdom, ACE ***

* France is represented by both Syntec-Ingénierie and Cinov. Their replies are aggregated and presented as one.

** Russia's EFCA observer membership is currently suspended.

*** United Kingdom (ACE) is a cooperating association.

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The Economic Environment Committee has produced this report and analysis based on best available information on the current state of business in the autumn of 2024, collected through a survey by the member associations of EFCA for their respective countries. For European averages, national figures have been weighted by full time employees on the market of each country according to Eurostat figures. For the latest Eurostat figures see the appendix.

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CONTENTS

Executive summary	3
Market development	4
Employment	5
Order stock	6
Turnover	7
Profitability	8
Challenges	9
Country Overview	10
Appendix	12

Executive summary

A strong market is levelling out

Order books are strong. Profitability is up. Shortage of staff is a key challenge.

The majority of European consultancies report good market conditions and a positive outlook for the next six months. They do not see significant new overall growth but expect the current strong markets conditions to continue.

The main challenges for the consultancy and engineering industry in Europe are shortage of staff and bureaucracy (red tape). Low fees, labour costs and political uncertainty are other challenges for the industry.

The EFCA Market Index shows the overall development of the European markets. This autumn report shows a levelling out of the markets, with a decline of 0,8 points. 94 percent of the participating countries are currently reporting stable or increasing markets.

The industry is growing. The EFCA employment index increased by 30 points since spring 2024. But the index is forecast to decline, as the markets are levelling out.

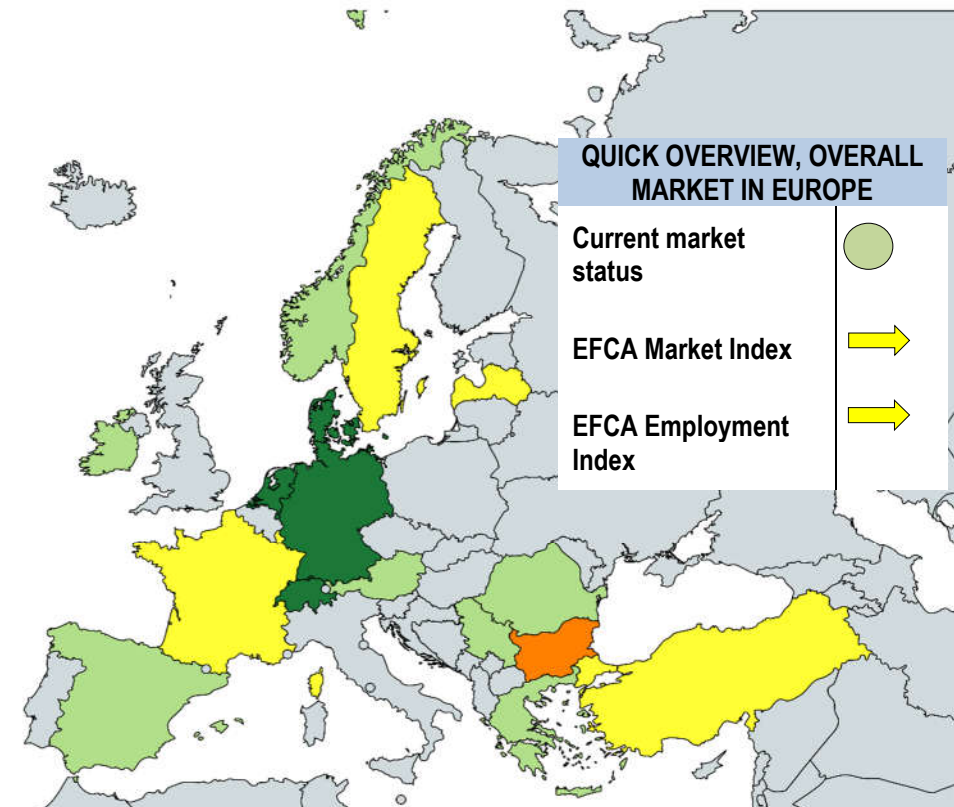
56 percent of participating countries in this survey are also expecting increased turnover in the coming 6-month period, and most others are expecting status quo. Resilience is a key driver for growth (energy, transportation, water, manufacturing and defence).

Profitability was at 7,5 percent on average in 2023. This is significantly higher than in 2022, and the second highest figure since EFCA began producing the EFCA Barometer. The expectation for 2024 is that profitability will remain unchanged or even improve further in a few select markets.

The survey was conducted in October-November 2024, 17 EFCA member associations have responded (61%).

Current state of European Markets. EFCA Survey Autumn 2024

- Market is very strong (lacking staff)
- Market is good (all staff is busy)
- Market is OK (most staff is busy)
- Market is quite weak
- Market is very weak

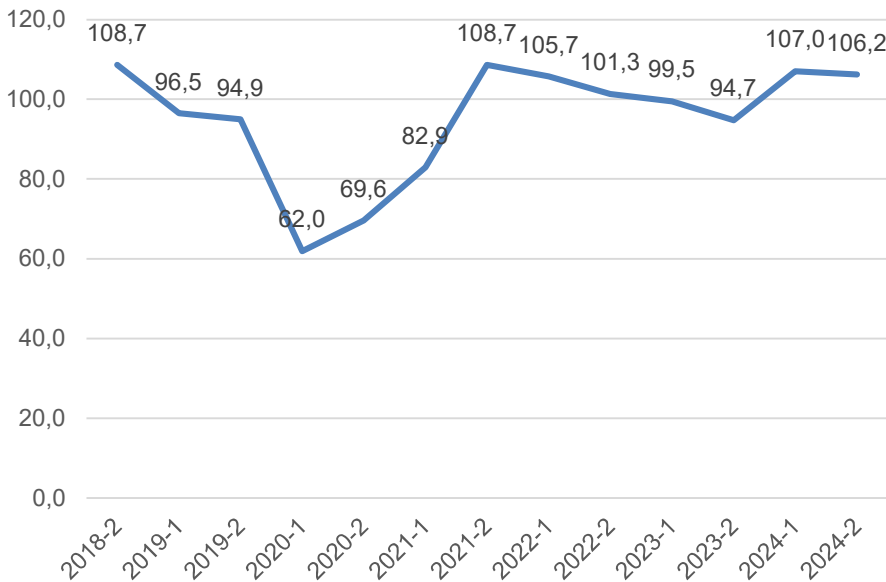


EFCA Economic Environment Committee, Autumn 2024

Market development

EFCA Market Index, spring 2018 – Autumn 2024

2018-1 = 100 (see appendix, definitions).

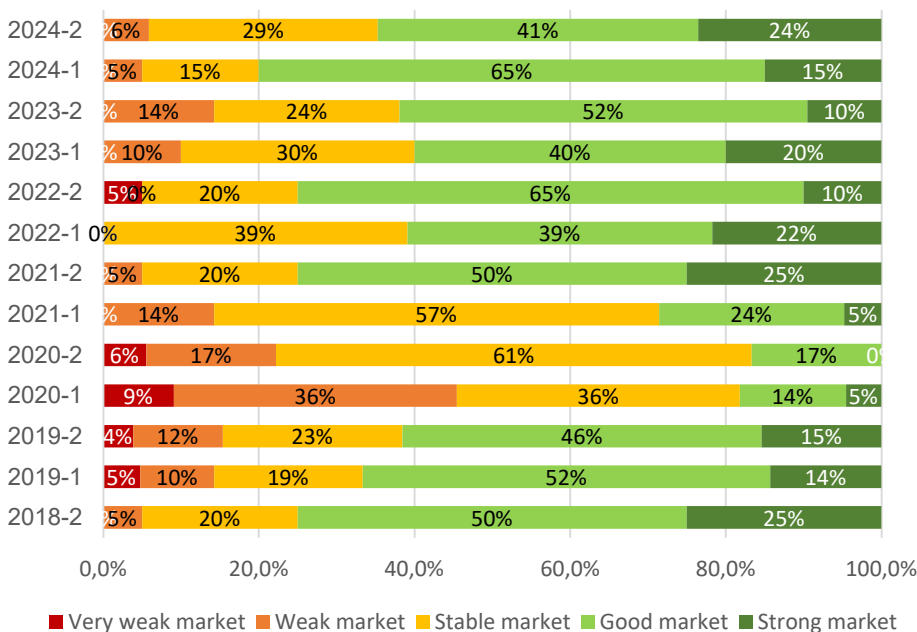


The EFCA Market Index shows the overall development of the European markets.

The markets had a distinct peak in 2021, coinciding with the end of the covid pandemic, and was followed by a steady but slow downwards trend– until now.

This report shows a slightly downward projection of the market, but the index level remains among the highest in the last six years.

Market development by category in percent



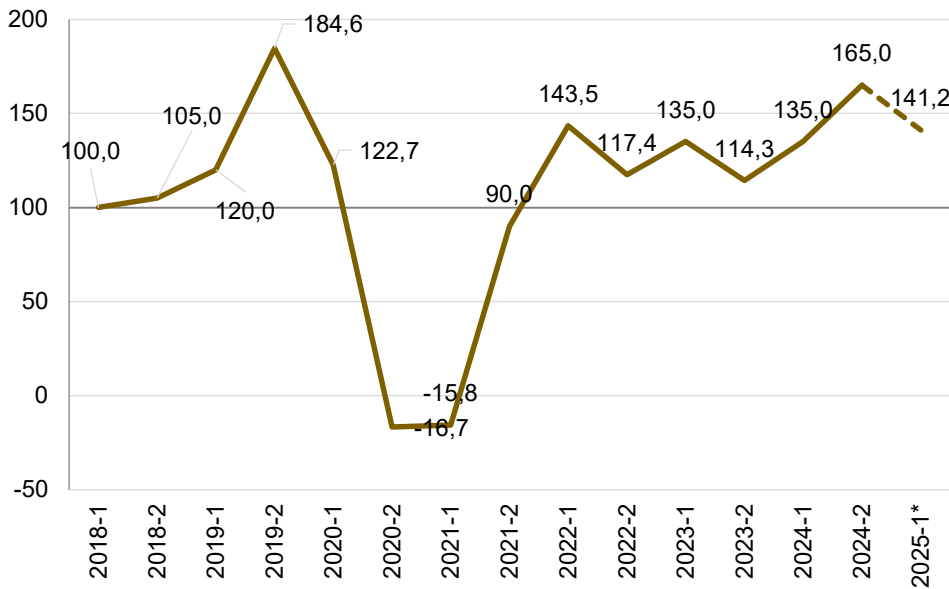
As shown in the previous graph, market development in the past six months has levelled out, at a positive level above 100 points.

94 percent of the participating countries are currently reporting stable or better markets. There is a significant increase, from 15 percent to 24 percent in the number of countries experiencing strong markets.

Employment

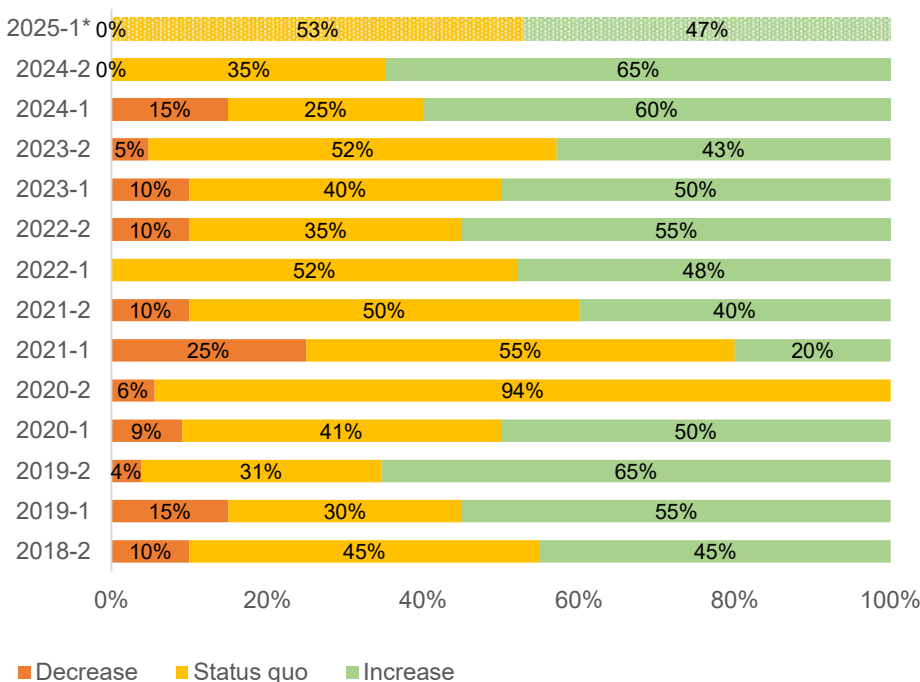
EFCA Employment Index, spring 2018 – Autumn 2024

2018-1 = 100 (see appendix, definitions).



The EFCA employment index is continuing the positive upturn from the previous reports. With an index of 165 it has reached a new peak, only seen higher in autumn 2019. The forecast for 2025 is that the index will fall to 141,2.

Staff development by category in percent (* = expected)



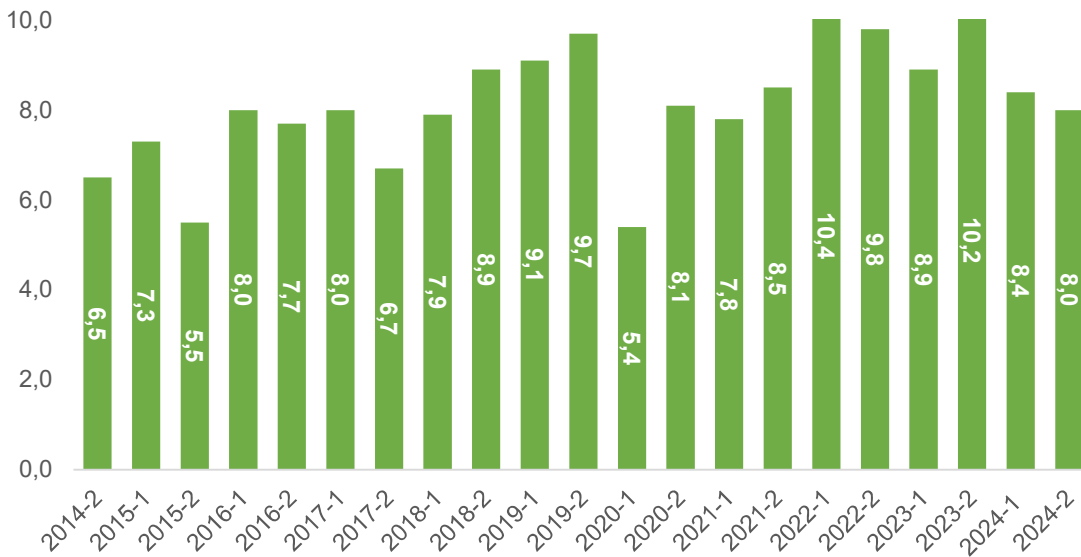
In the previous report, spring 2024, 15 percent of MA's were reporting reduced need for staff in the coming period, and 60 percent were reporting increased staff development.

For this report, staff development has been significantly more positive. 65 percent has seen an increase in staff. And expectations are that there will be a continued increase, 47 percent expect staff numbers to go up further in the next six months.

Order stock

Average order stock in months, European average 2014-2024

The figure for average order stock in months is weighted according to market size, based on Eurostat figures (see appendix)



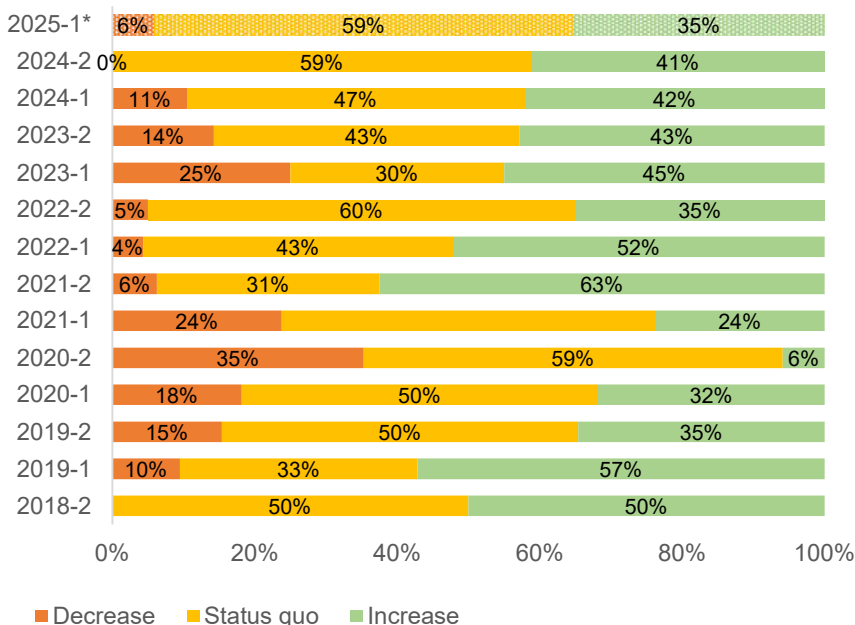
The order stock of European consultancies is at present still high at 8,0 months, even if there is a noticeable decline over the past year.

The current level of 8,0 months is a result of more uncertainty in the markets as well as an effect of growing staff numbers in the European consultancies at large. A consequence of growing staff numbers is a relative reduction in the backlog of orders.

As it has been shown in previous graphs, there is a lot of positive momentum in the industry, and order stocks are expected to remain at the level around 8 months for the coming periods. This will be a new base level, below the immediate post-pandemic level, but above the pre-pandemic level.

The major drivers for market growth across Europe is infrastructure, energy systems and the green transition of the energy sector as well as a growing focus on security and defence. Resilience is the key to new growth.

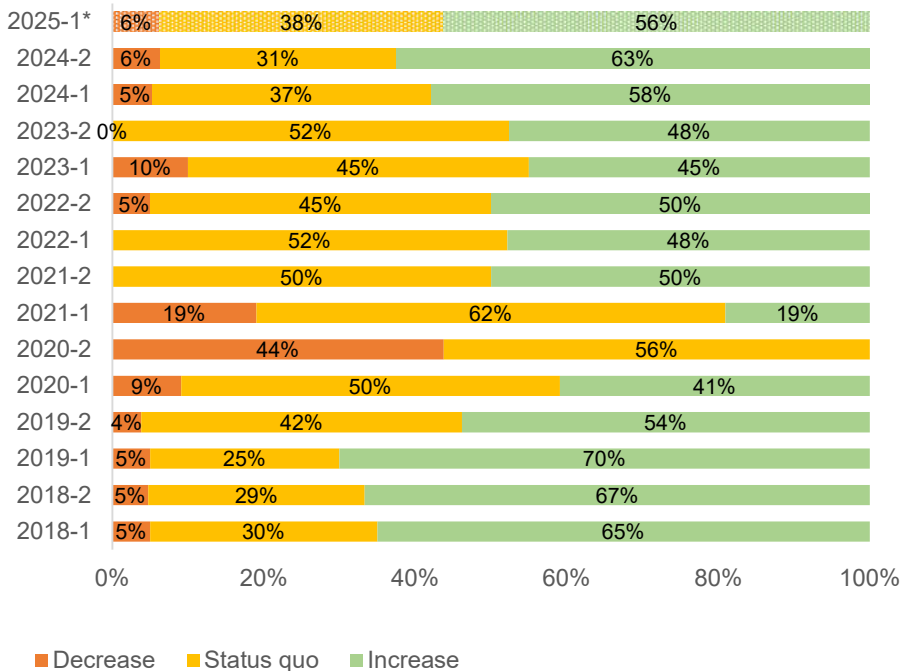
Order stock development by category in percent (* = expected)



The expected order stock development in the coming 6-month period can be described as neutral to positive, with most countries (59%) expecting “no significant change” in order stock. It should also be noted that only one country is expecting falling order stocks in the near future.

Turnover

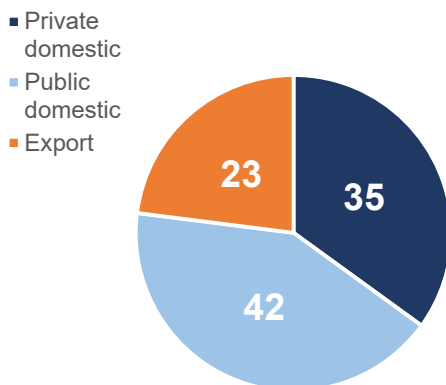
Turnover development by category in percent (* = expected)



The optimistic outlook for turnover development is still clearly present, since almost 60 percent of countries are expecting increased turnover in the coming 6-month period, and most others are expecting status quo.

With the exception of a short downturn during the pandemic in 2020-21, turnover in 90-100 percent of countries has remained stable or increasing since 2018.

Turnover by domestic (private/public) and export activity, European average, autumn 2024



Client* turnover distribution, top three participants, autumn 2024

Private domestic	Public domestic	Export
1 Netherlands (70%)	1 Romania (80%)	1 Serbia (94%)
2 Sweden (56%)	2 Latvia (65%)	2 Spain (70%)
3 Germany (45%)	3 Luxembourg (60%)	3 Turkey (60%)
3 Norway (45%)	3 Switzerland (60%)	
3 Luxembourg (45%)		

*Note: The client (of the consultant) is registered as a private entity (such as a private EPC contractor) even if the project owner / source of finance is a public entity.

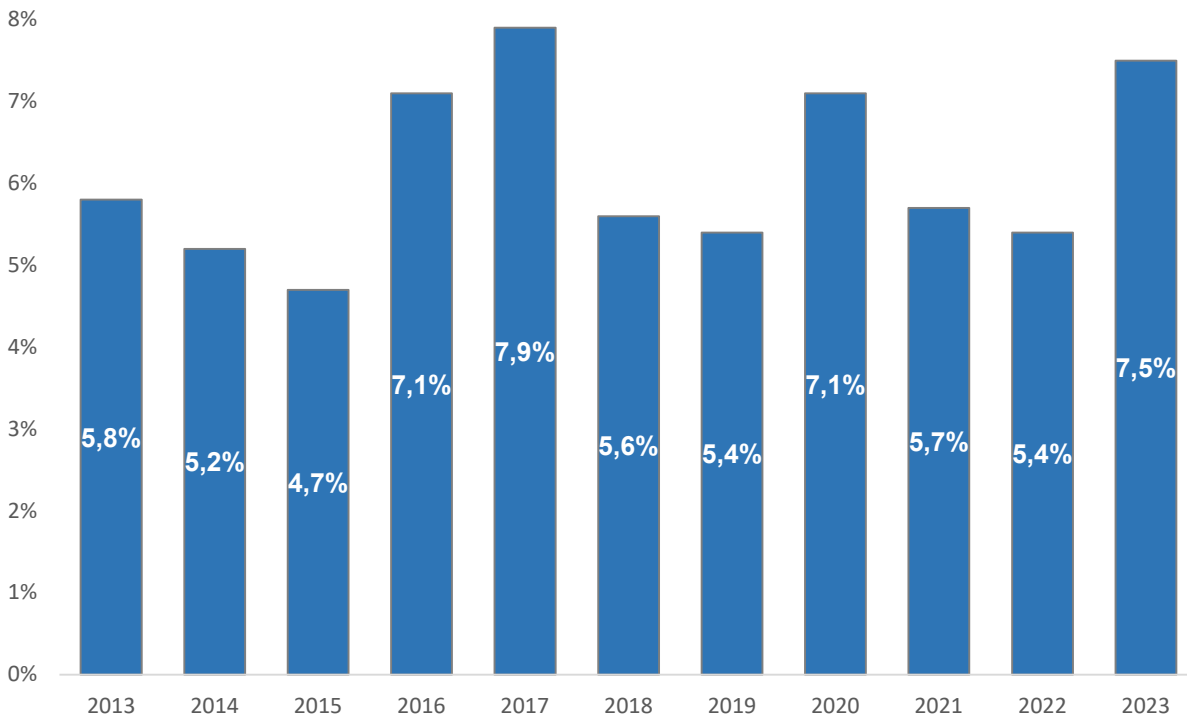
Turnover distribution remains at a fairly constant average distribution between domestic private, domestic public, and export markets – at about 40/40/20 percentages, as in previous periods. But there are significant differences between the European countries. Countries with the highest levels of export of engineering services are Serbia, Spain and Turkey, all at 60 percent exports or above, much higher than the rest. Private domestic clients remain dominant in most countries in northern and western Europe.

Profitability

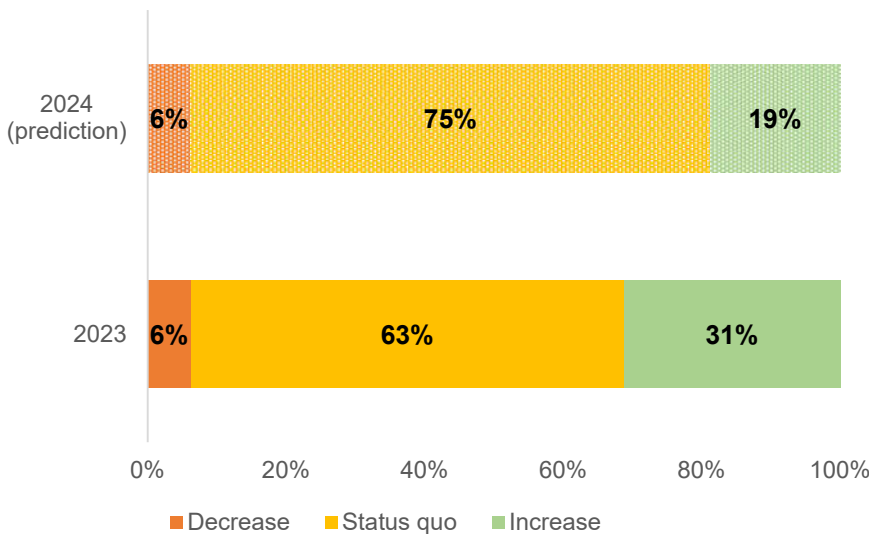
Profitability of European engineering firms has increased significantly from 5,4 percent in 2022 to 7,5 percent in 2023. The average level from 2013-2022 is 6,0 percent, which means that 2023 has seen a significant improvement, not only on previous years, but also compared to the long-term trend. The fact that order stock was high in 2022-2023 and shortage of staff was significant, can have driven up earnings and hourly fees, in spite of inflation and increasing labour costs.

Profit ratio (EBITDA). European average, 2013-2023

The figure for Profit ratio (EBITDA), is weighted according to market size, based on Eurostat figures (see appendix)



Profitability development by category in percent (* = expected)



Profitability for 2023 was growing in 31 percent of the countries. This is a major reason why the average profit ratio has increased.

The profitability for 2024, at an industry level, is predicted to grow in 19 percent of the countries, and remain approximately unchanged in most other countries, as compared to 2023.

For this reason, profitability, across Europe is expected to have increased in 2024.

Challenges

Staff shortage is still the top challenge for the European engineering consultancies – as it has been the case since 2021.

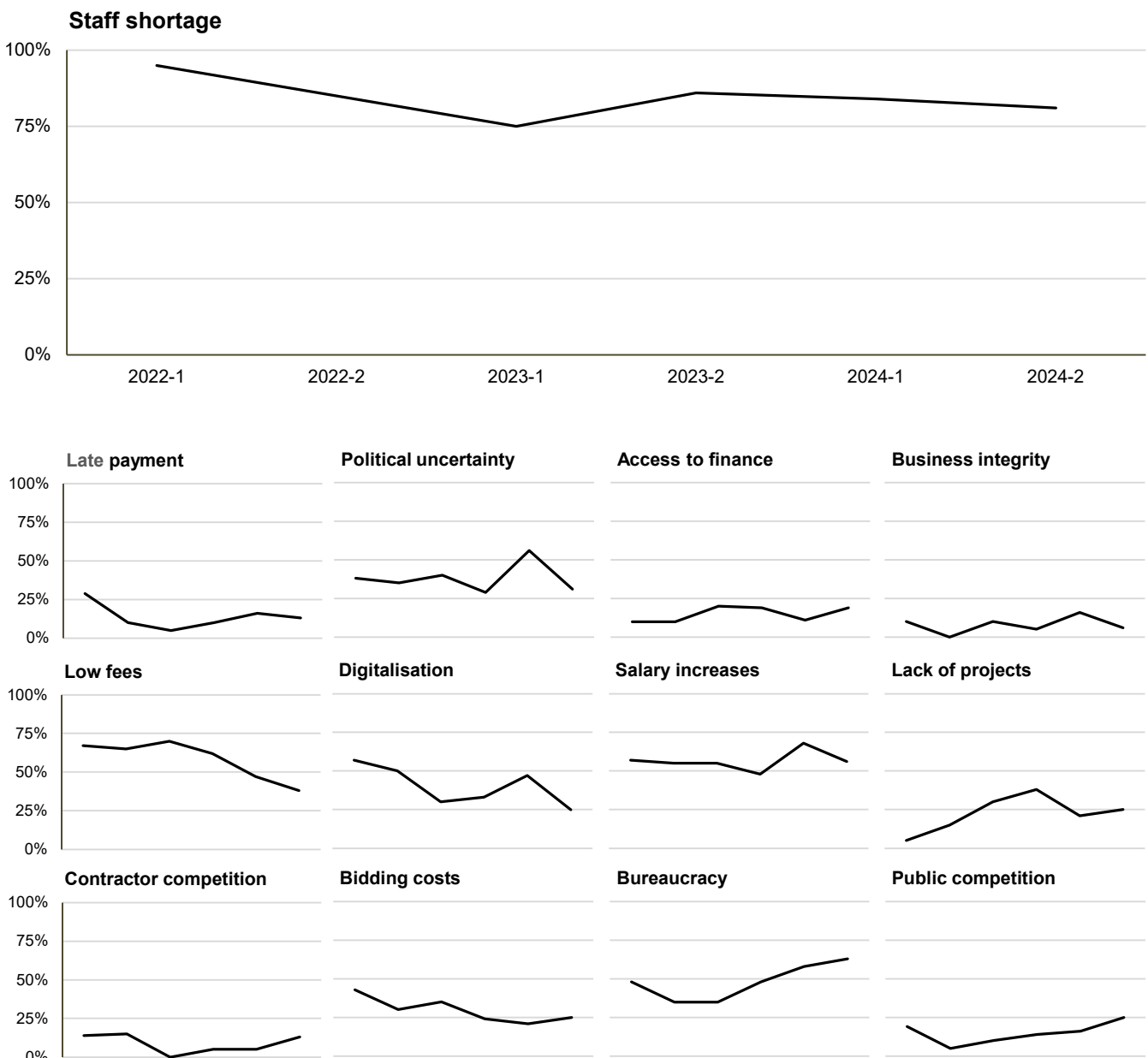
Bureaucracy (red tape) and low fees are both on the rise and may contend for the top challenges in the future if the trend continues.

Salary increases (labour costs) and political uncertainty are still significant challenges for the industry.

Top 5 challenges faced by European companies

Challenge	Rank	Change
Staff shortage	1	-
Bureaucracy (red tape)	2	+1
Salary Increase (labour costs)	3	-1
Low fees	4	+1
Political Uncertainty	5	-1

Main challenges faced by European companies over time, 2022-2024



Country Overview (Autumn 2024)

Austria, ACA			Belgium, ORI (spring 2024)			Bulgaria, BACEA					
Market	Good		Market	Good		Market	Weak				
Staff	→	→	Staff	↗	↗	Staff	→	↗			
Order stock	N/A	→	Order stock	22,0	↗	Order stock	5,0	→			
Turnover	↗	↗	Turnover		↗	Turnover		→			
Domestic/Public/Export	N/A	N/A	Domestic/Public/Export	40	55	5	Domestic/Public/Export	60	35	5	
Profit ratio (EBITDA)	5	→	Profit ratio (EBITDA)	9,1	↗	→	Profit ratio (EBITDA)	5	↘	→	
Czech Republic, CACE			Denmark, FRI			Estonia, EAACEC (spring 2024)					
Market			Market	Strong		Market	Weak				
Staff			Staff	↗		Staff	↘				
Order stock			Order stock	6,5	↗	Order stock	2,5	↘			
Turnover			Turnover	↗		Turnover	↘				
Domestic/Public/Export			Domestic/Public/Export	40	42	18	Domestic/Public/Export	30	65	5	
Profit ratio (EBITDA)			Profit ratio (EBITDA)	8	→	→	Profit ratio (EBITDA)	5,4	↗		
Finland, SKOL (spring 2024)			France, Syntec / Cinov*			Germany, VBI					
Market	OK		Market	OK		Market	Strong				
Staff	→	↗	Staff	↗		Staff	→	→			
Order stock	5,0	↘	Order stock	16,0	→	Order stock	10	→			
Turnover	→		Turnover	→		Turnover	→				
Domestic/Public/Export	33	43	24	Domestic/Public/Export	25	35	40	Domestic/Public/Export	45	54	1
Profit ratio (EBITDA)	10,2	↗		Profit ratio (EBITDA)	8,0	→		Profit ratio (EBITDA)	N/A	→	
Greece, Hellasco			Hungary, AHCEA			Ireland, ACEI					
Market	Good		Market			Market	Good				
Staff	→	→	Staff			Staff	↗				
Order stock	4,5	↗	Order stock			Order stock	10,0	→			
Turnover	↗		Turnover			Turnover	↗				
Domestic/Public/Export	40	45	15	Domestic/Public/Export		Domestic/Public/Export	42	49	9		
Profit ratio (EBITDA)	10,0	→	↗	Profit ratio (EBITDA)			Profit ratio (EBITDA)	7,0	→		
Italy, OICE (spring 2024)			Latvia, LIKA			Luxemburg, OAI					
Market	Good		Market	OK		Market	OK				
Staff	↗	↗	Staff	↗		Staff	↗				
Order stock	↗		Order stock	6	→	Order stock	10,0	→			
Turnover	↗		Turnover	→		Turnover	→				
Domestic/Public/Export	20	43	37	Domestic/Public/Export	30	65	5	Domestic/Public/Export	45	60	5
Profit ratio (EBITDA)	↗		↗	Profit ratio (EBITDA)	10	→		Profit ratio (EBITDA)	6,0	→	
Macedonia, ACEMA			Norway, RIF			Poland, SIDIR					
Market			Market	Good		Market					
Staff			Staff	↗		Staff	↗				
Order stock			Order stock	9,0	→	Order stock					
Turnover			Turnover	↗		Turnover					
Domestic/Public/Export			Domestic/Public/Export	45	50	5	Domestic/Public/Export				
Profit ratio (EBITDA)			Profit ratio (EBITDA)	6,9	→	→	Profit ratio (EBITDA)				

Portugal, APPC (spring 2024)				Romania, ARIC				Russia, NACEC **			
Market	Good			Market	Good			Market			
Staff	↗	↗		Staff	↗	↗		Staff			
Order stock	N/A	↗	↗	Order stock	6,0	↗	↗	Order stock			
Turnover		↗	↗	Turnover		↗	↗	Turnover			
Domestic/Public/Export	N/A	N/A	N/A	Domestic/Public/Export	20	80	0	Domestic/Public/Export			
Profit ratio (EBITDA)	N/A			Profit ratio (EBITDA)	18,0	→		Profit ratio (EBITDA)			
Serbia, ACES				Slovenia, NACES				Spain, TECNIBERIA			
Market	Good			Market				Market	Good		
Staff	→	→		Staff				Staff	↗	↗	
Order stock	5	→	→	Order stock				Order stock	N/A	↗	↗
Turnover		↘	→	Turnover				Turnover	↗	↗	
Domestic/Public/Export	5	1	94	Domestic/Public/Export				Domestic/Public/Export	10	20	70
Profit ratio (EBITDA)	0	↘		Profit ratio (EBITDA)				Profit ratio (EBITDA)	N/A	↗	
Sweden, FSIC				Switzerland, suisse.ing				The Netherlands, NLingenieurs			
Market	Ok			Market	Strong			Market	Strong		
Staff	↗	↗		Staff	↗	↗		Staff	↗	↗	
Order stock	5	↗	↗	Order stock	1	↗	↗	Order stock	7	↗	↗
Turnover		↗	↗	Turnover		↗	↗	Turnover	↗	↗	
Domestic/Public/Export	56	39	5	Domestic/Public/Export	30	60	10	Domestic/Public/Export	70	30	0
Profit ratio (EBITDA)	4,8	↗		Profit ratio (EBITDA)	1	→		Profit ratio (EBITDA)	8,7	→	
Türkiye, ATCEA				Ukraine, ICEG				United Kingdom, ACE ***			
Market	Ok			Market				Market			
Staff	→	→		Staff				Staff			
Order stock	N/A	→	→	Order stock				Order stock			
Turnover		→	→	Turnover				Turnover			
Domestic/Public/Export	10	30	60	Domestic/Public/Export				Domestic/Public/Export			
Profit ratio (EBITDA)	N/A	→		Profit ratio (EBITDA)				Profit ratio (EBITDA)			

* France is represented by both Syntec-Ingénierie and Cinov. Their replies are aggregated and presented as one.

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Overview Guide

Each collum represents a different set of data.

Market: Represents the current state of the market

Staff: Arrow 1 represents the development for the past six months and arrow 2 represents the expectations for the next six months.

Order stock: Column 1 represents the current order stock measured in months, arrow 1 represents the development for the past six months and arrow 2 represents the expectations for the next six months.

Turnover: Arrow 1 represents the development for the past six months and arrow 2 represents the expectations for the next six months

Domestic/Public/Export: These columns represent the percentage of turnover split in domestic private / domestic public and Export.

Profit ratio: Most recent profit (EBITDA) arrow 1 represents the development for the past six months and arrow 2 represents the expectations for the next six months

Appendix

The appendix carries information from the European Commission, which is of interest for the consulting engineering industry, when reviewing market trends as well as the Eurostat figures that are used for calculating European averages in the EFCA Barometer.

Autumn 2024 Economic Forecast

The EU economy returned to growth in early 2024 after prolonged stagnation, expanding at a subdued but steady pace. GDP growth is projected at 0,9 percent for the EU and 0,8 percent for the euro area in 2024, slightly below spring projections for the EU. Growth is expected to pick up to 1,5 percent and 1,3 percent in 2025 and to 1,8 percent and 1,6 percent in 2026, driven by recovering investment and stronger consumption.

Inflation has been declining since late 2022. In 2024, EU headline inflation is forecast to drop from 6,4 percent in 2023 to 2,6 percent, with further declines to 2,0 percent by 2026. The euro area shows a similar trend, with inflation falling from 5,4 percent in 2023 to 2,4 percent in 2024, easing to 1,9 percent in 2026. Energy inflation's impact is diminishing, while non-energy goods and services inflation continues to moderate.

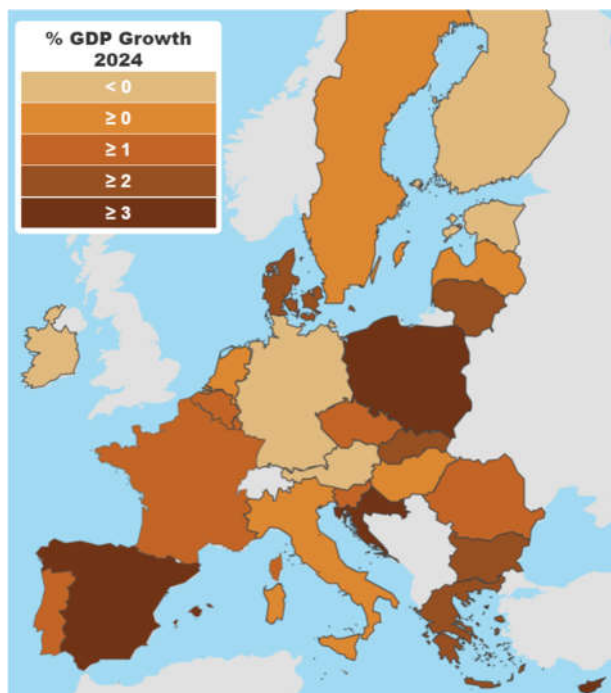
Household income grew in 2024, supported by job creation and real wage recovery, although savings increased due to economic uncertainty. The household saving rate reached 14,8 percent, exceeding expectations. Investment, however, contracted with more than 2,5 percent, partly due to intellectual property-related transactions and widespread uncertainty. Despite weak investment, exports grew modestly by 0,5 percent in the first half of 2024, with imports lagging behind and contributing positively to GDP.

Oil prices fluctuated due to geopolitical tensions but are projected to decline over the forecast period. Gas and electricity prices are expected to remain elevated through 2025 before easing in 2026. The disinflation process is solid, with energy inflation making negligible contributions to headline inflation in the forecast period.

The European Central Bank reduced policy rates in October, with further cuts anticipated, stabilizing rates around 2 percent by 2025. Long-term rates are expected to stay slightly above 2 percent, reflecting easing inflation expectations. Bank lending shows signs of revival, with easing credit standards for housing loans, although enterprise lending remains tight.

The EU labour market performed well in 2024, adding 750.000 jobs and reaching a record-low unemployment rate of 5,9 percent. Employment growth is slowing, and productivity remains subdued due to weak innovation. Wage growth is set to remain above inflation, enabling households to regain real income by 2025.

Investment is expected to rebound strongly in 2025 and 2026, supported by public funding and improving financial conditions. Global trade is also recovering, with services trade expanding steadily. Risks to the outlook include geopolitical tensions, natural disasters, and rising protectionism. Fiscal consolidation is ongoing, with deficits gradually declining and government debt increasing slightly by 2026 due to higher interest rates and lower nominal growth.



The continued rise in the EFCA market index appears to reflect the improved outlook for GDP growth and indicates that the consulting engineering industry, although still affected by low private investment in the construction sector, is finding compensation in other market segments. It may also indicate a faster-than-expected recovery in investment.

The Autumn 2024 Economic Forecast is part of the Economic Forecast publication cycle of the European Commission. It provides a specific forecast for each of the EU Member States as well as for candidate and some non-EU countries. The next forecast will be the Spring 2025 Economic Forecast, scheduled to be published in February 2025.

Source: https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en

Eurostat figures

For calculations of European averages, the figures for each country are weighted by the FTE-numbers provided by Eurostat. The Eurostat figures may not always correspond exactly with the actual numbers of employees in each country, since they are based on NACE industry codes that can sometime inflate or deflate the size of the market depending on how accurately companies are coded. But they give an idea of the comparative size of each national market, and they are consistent.

Employees in FTE (Full Time Equivalent units)

Employees in full time equivalent units	2017
Austria	40.146
Belgium	31.110
Bulgaria	14.182
Croatia	21.196
Czech Republic	51.497
Denmark	41.008
Estonia	5.745
Finland	38.753
France	308.495
Germany (until 1990 former territory of the FRG)	565.113
Greece	15.377
Hungary	34.674
Ireland	25.348
Italy	63.158
Latvia	7.904
Lithuania	10.785
Luxembourg	6.412
Netherlands	96.500
North Macedonia	5.642
Norway	40.566
Poland	67.759
Portugal	32.267
Romania	63.230
Russia *	400.000
Serbia *	25.000
Slovakia	17.277
Slovenia *	9.000
Spain	175.888
Sweden	97.937
Switzerland	93.302
Türkiye *	50.000
Ukraine *	50.000
United Kingdom	442.472

* Figures are not available from Eurostat and have therefore been estimated.

Definitions

EFCA: European Federation of engineering Consultancy Associations – the sole association for the engineering consultancy industry in Europe

EFCA Index: The indexes (EFCA Market Index and EFCA Employment Index) introduced to the survey in spring 2020, take the initial measurements (baseline: spring 2018) and transform them to 100 index points. Measurements from consecutive surveys are then transformed accordingly, in order to present the change in index points and/or percentage points compared to the baseline. For the autumn 2024 Barometer report, the reported changes are the changes in index points.

ECB: European Central Bank

FTE: Full time equivalent. Number of staff/employees is defined as FTE, where the total number of hours worked by the staff in a company is divided by the equivalent of a full year's workload. *Example:* four half-time employees are counted as two employees according to the FTE-definition.

Order stock: The total work/assignments that the firm has agreed to do in the future.

Order stock in months: Order stock defined by what it represents in time for the firm. How much time, how many months, does the workload of the current order stock represent for the whole firm? *Example calculation:* The order stock is €1 million. The firm has 20 employees. The average yearly (12 months) turnover/employee is €100.000. The current order stock/employee is: €1 million/20 = €50.000/employee.

Order stock defined in months is: $€50.000/€100.000 = 0.5 * 12 \text{ (months)} = 6 \text{ months}$

Profit ratio/margin: Turnover divided by profit, measured as EBITDA (earnings before interest, taxes, depreciation, and amortization)

RRF: The European Recovery and Resilience Fund

Turnover: Total revenues/sales

General information: The data for the report is based on a survey of companies and organizations that are members of EFCA. The respondents' answers (companies and organizations) have been added up "by country". Unless otherwise noted, the charts in the report show the state of business in the EFCA countries. It should be noted that these data are not weighted based on the size of each country's engineering sector.



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