EFFECTS OF THE DESIGN & BUILD MARKET ON THE ENGINEERING AND CONSULTING INDUSTRY

EIC Conference 2015

Jens-Peter Saul, President & CEO, Ramboll Group

RAMBØLL

AGENDA

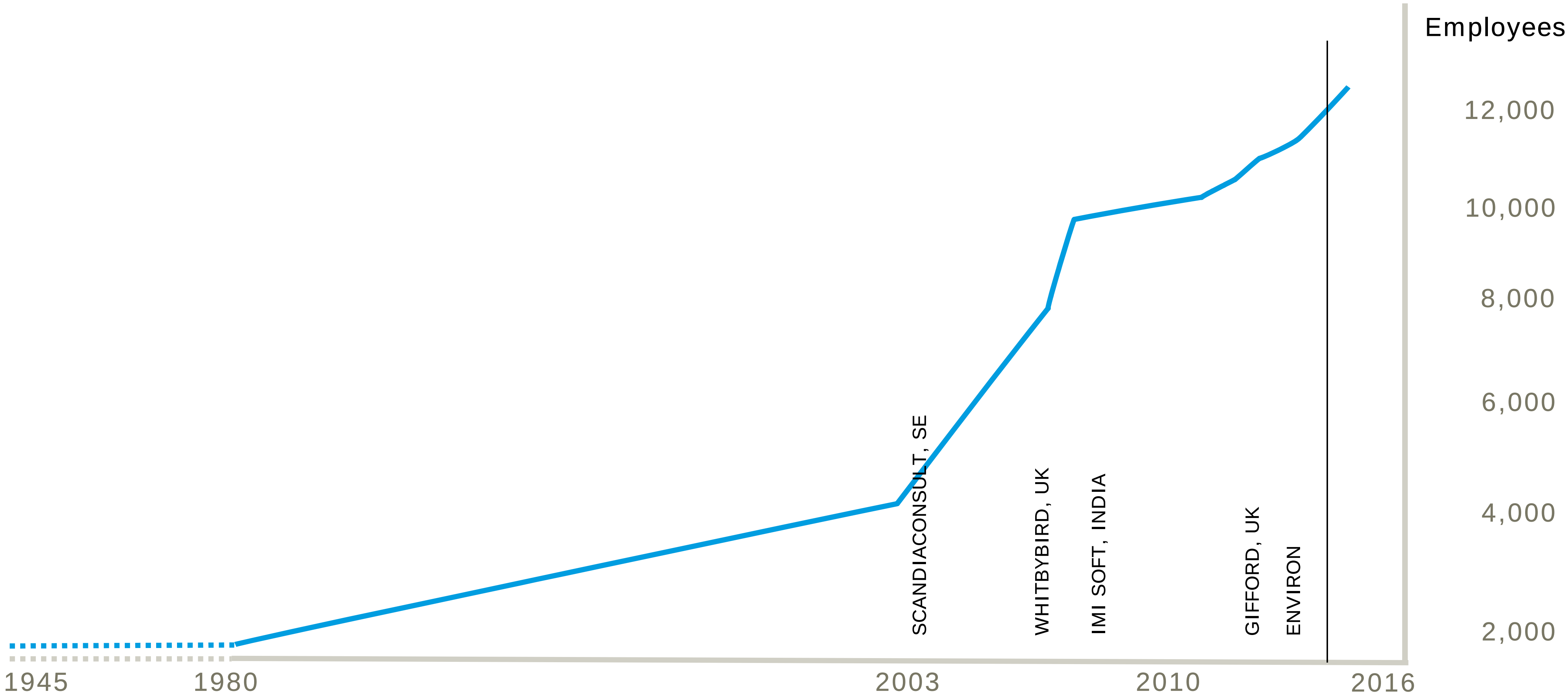
- **Introducing Ramboll**
- Trends in the Engineering and Consulting Industry
- Effect of Design and Build and opportunities for collaboration

RAMBOLL IN BRIEF

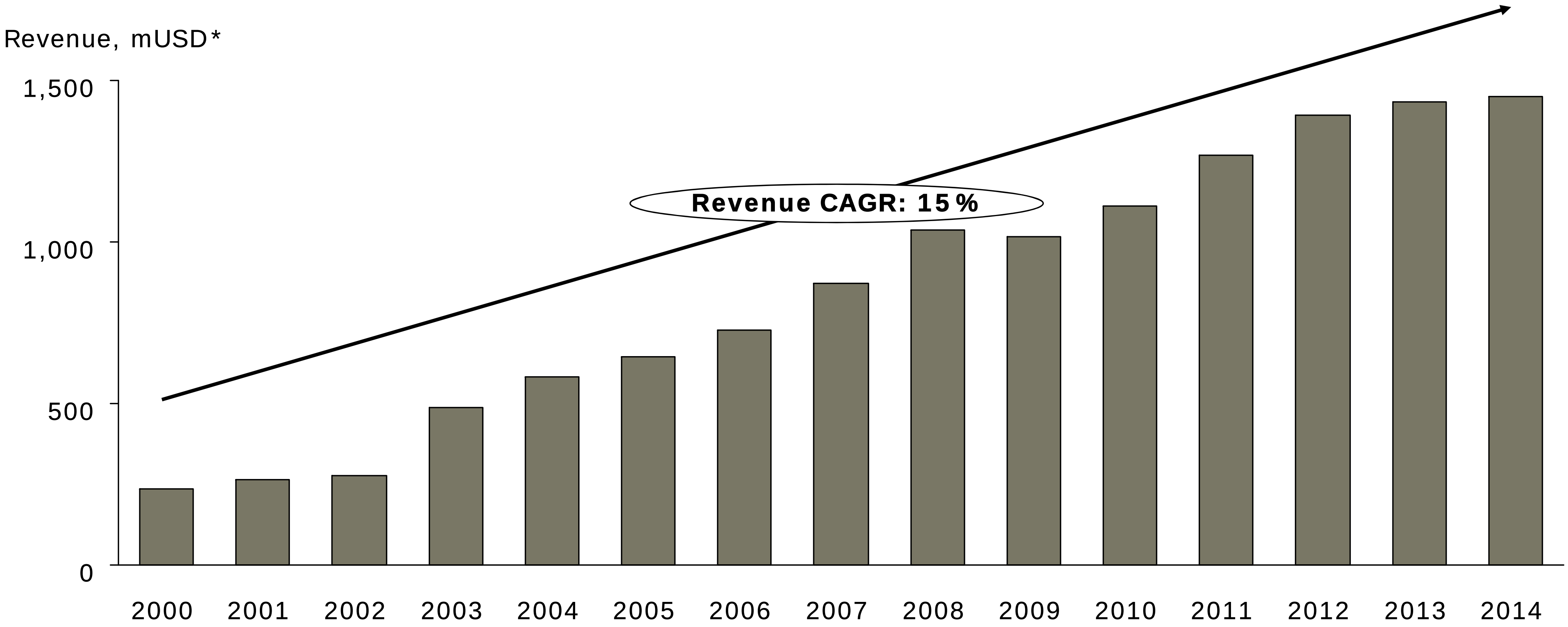
- Independent engineering and design consultancy and provider of management consultancy
- Founded 1945 in Denmark
- 12,300 experts
- Over 300 offices in 35 countries
- in the Nordics, North America, the UK, Continental Europe, Middle East and India, Asia, Australia, South America and Sub-Saharan Africa
- EUR 1.35 billion revenue (2014)
- Owned by Ramboll Foundation

- Services across the markets:
  - Buildings
  - Transport
  - Environment
  - Energy
  - Oil & Gas
  - Management Consulting

COMPANY MILESTONES

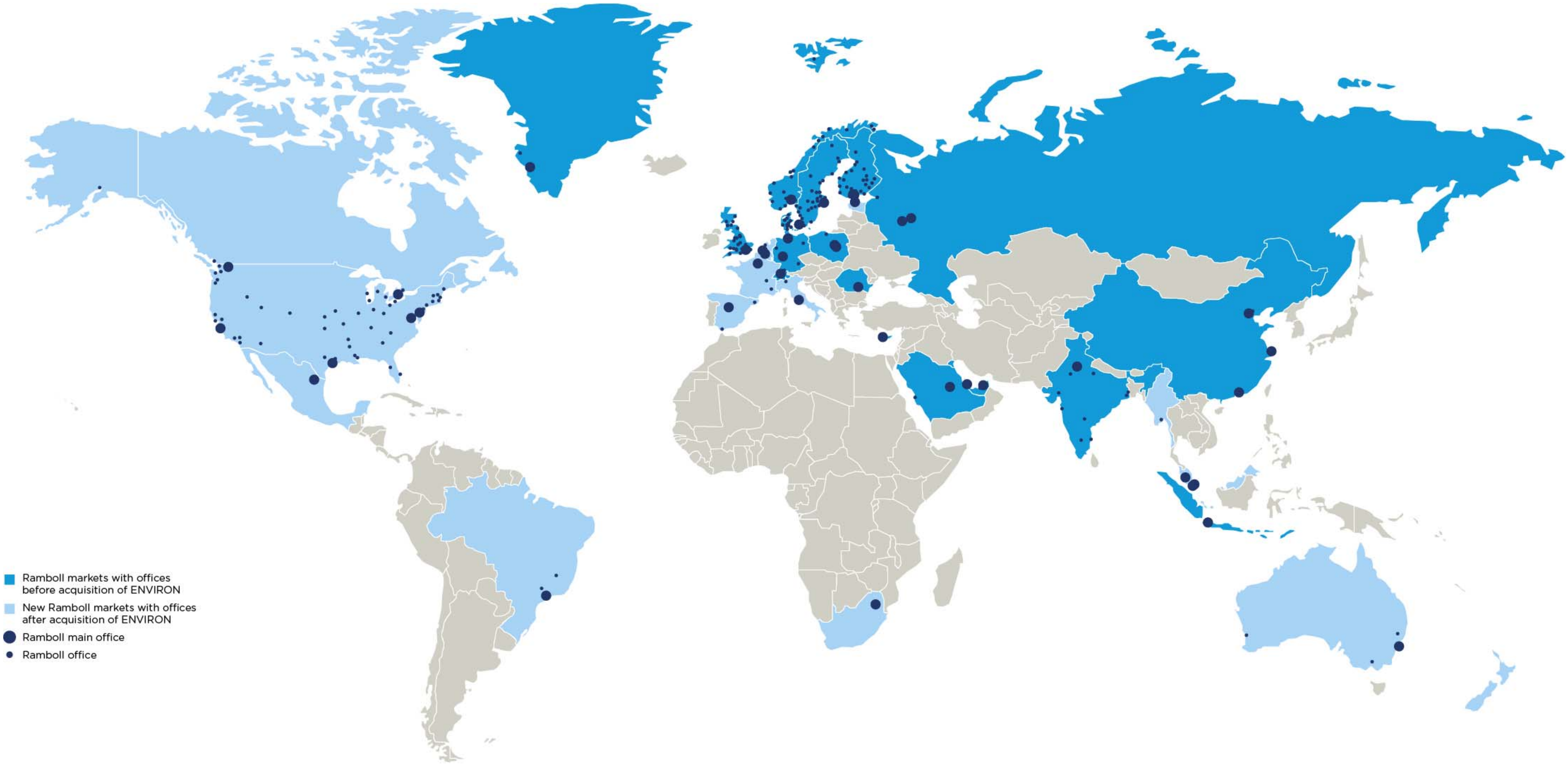


REVENUE GROWTH 2000-2013



**DKK/USD exchange rate: 5.43*

GEOGRAPHICAL FOOTPRINT 2015



WORLD CLASS PROJECTS

Fehmarn Link, Denmark

Forth Crossing, Scotland

Harpa Concert Hall, Iceland

Pulkovo Airport, Russia

Al Shaheen, Qatar

Ferrari World, Dubai

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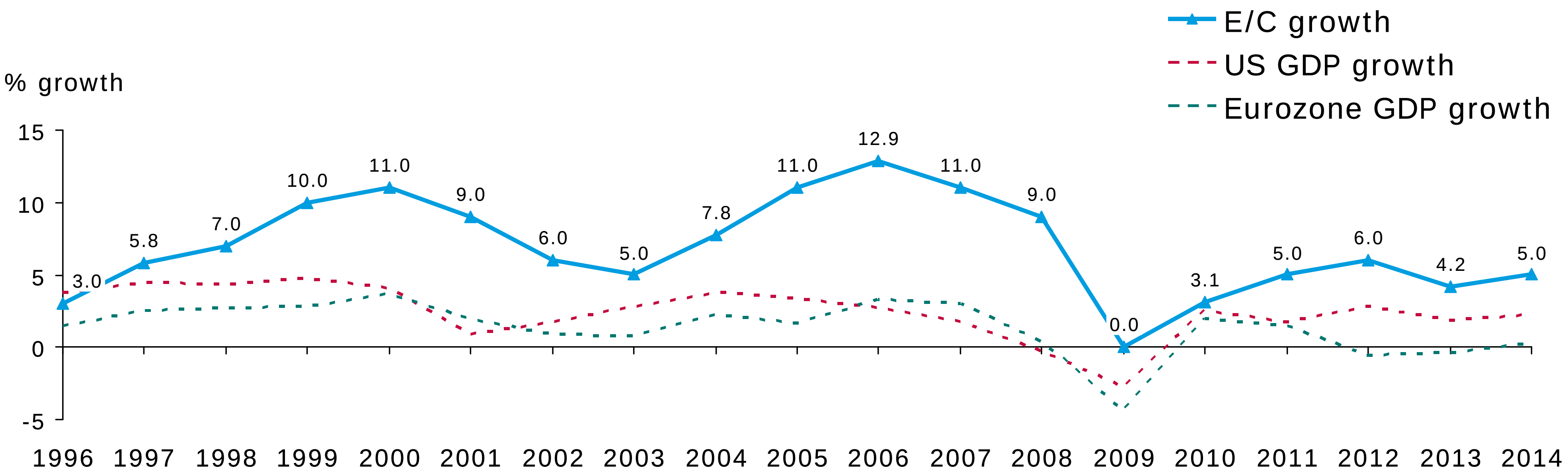
CONSULTING MARKET CONTINUES TO OUTPERFORM GENERAL GDP GROWTH



Sources: IMF World Economic Outlook database ,EFCG peer group.

DRAMATIC CHANGES IN INDUSTRY STRUCTURE...

TOP 50 GLOBAL DESIGN FIRMS IN 2003

AECOM TECHNOLOGY CORP.	AKER KVAERNER ASA	FRAMATOME ANP INC.	PACIFIC CONSULTANTS INTERNATIONAL GROUP	MUSTANG ENGINEERING LP
SNC-LAVALIN INTERNATIONAL INC.	ABB LUMMUS GLOBAL.	BLACK & VEATCH	THE LOUIS BERGER GROUP INC.	SARGENT & LUNDY LLC
BECHTEL	FUGRO NV	MOTT MACDONALD	WSP GROUP PLC.	DAR AL-HANDASAH CONSULTANTS (SHAIR & PTNRS.)
FLUOR CORP.	AMEC, PLC	ARUP	HDR	CDI ENGINEERING GROUP
JACOBS	TETRA TECH INC.	THE SHAW GROUP INC.	MACTEC INC.	CARTER & BURGESS INC.
URS	PARSONS BRINCKERHOFF INC.	KELLOGG BROWN & ROOT (KBR).	JAAKKO POYRY GROUP	THE ERM GROUP
EARTH TECH	FOSTER WHEELER LTD.	EGIS	NIKKEN SEKKEI GROUP	COWI A/S
ATKINS	MWH, BROOMFIELD	CDM	DHV GROUP	CARL BRO A/S
CH2M HILL COS. LTD.	TECHNIP-COFLEXIP	WASHINGTON GROUP INTERNATIONAL INC.	PBS&J	HELLMUTH, OBATA + KASSABAUM
PARSONS	ARCADIS NV	HNTB CORP.	TRACTEBEL ENGINEERING	HALCROW GROUP LTD

Source: ENR

...IN JUST 10 YEARS

TOP 50 GLOBAL DESIGN FIRMS IN 2013/2014

AECOM TECHNOLOGY CORP.	*AKER KVAERNER ASA*	*FRAMATOME ANP INC.*	*PACIFIC CONSULTANTS INTERNATIONAL GROUP*	*MUSTANG ENGINEERING LP*
SNC-LAVALIN INTERNATIONAL INC	*ABB LUMMUS GLOBAL*	BLACK & VEATCH	*THE LOUIS BERGER GROUP INC.*	*SARGENT & LUNDY LLC*
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PARSONS	ARCADIS NV	*HNTB CORP.*	TRACTEBEL ENGINEERING	*HALCROW GROUP LTD*

50% Sold, Bankrupt, Disappeared

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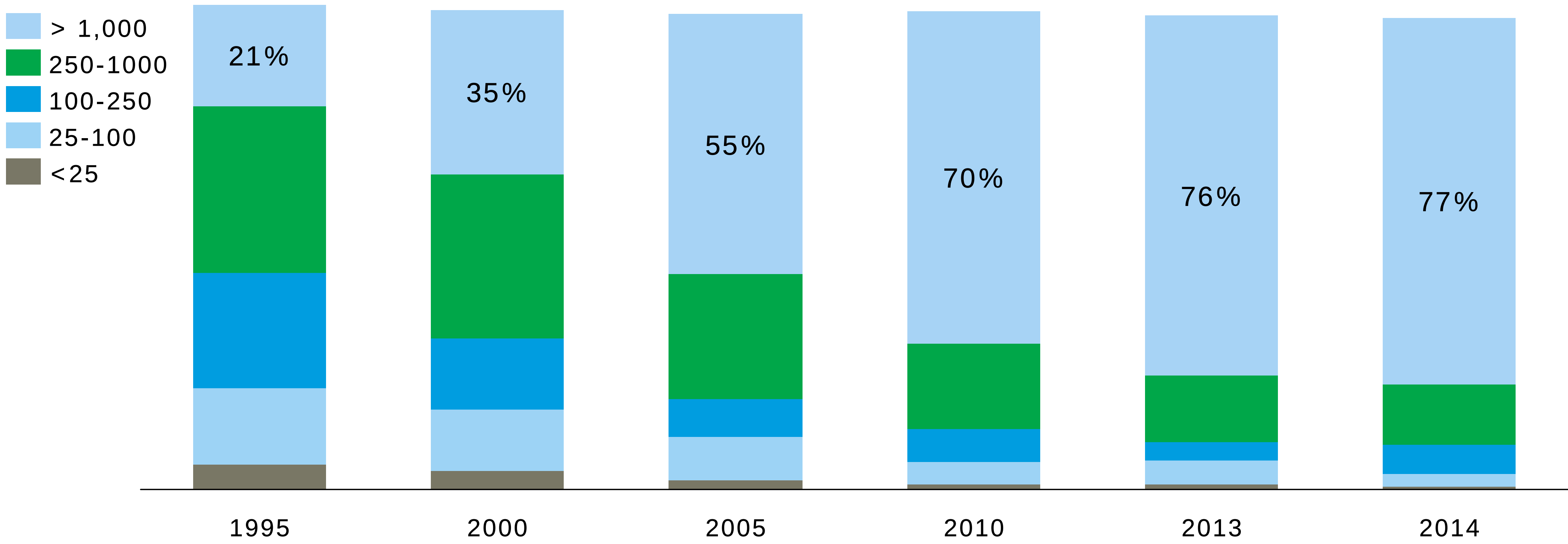
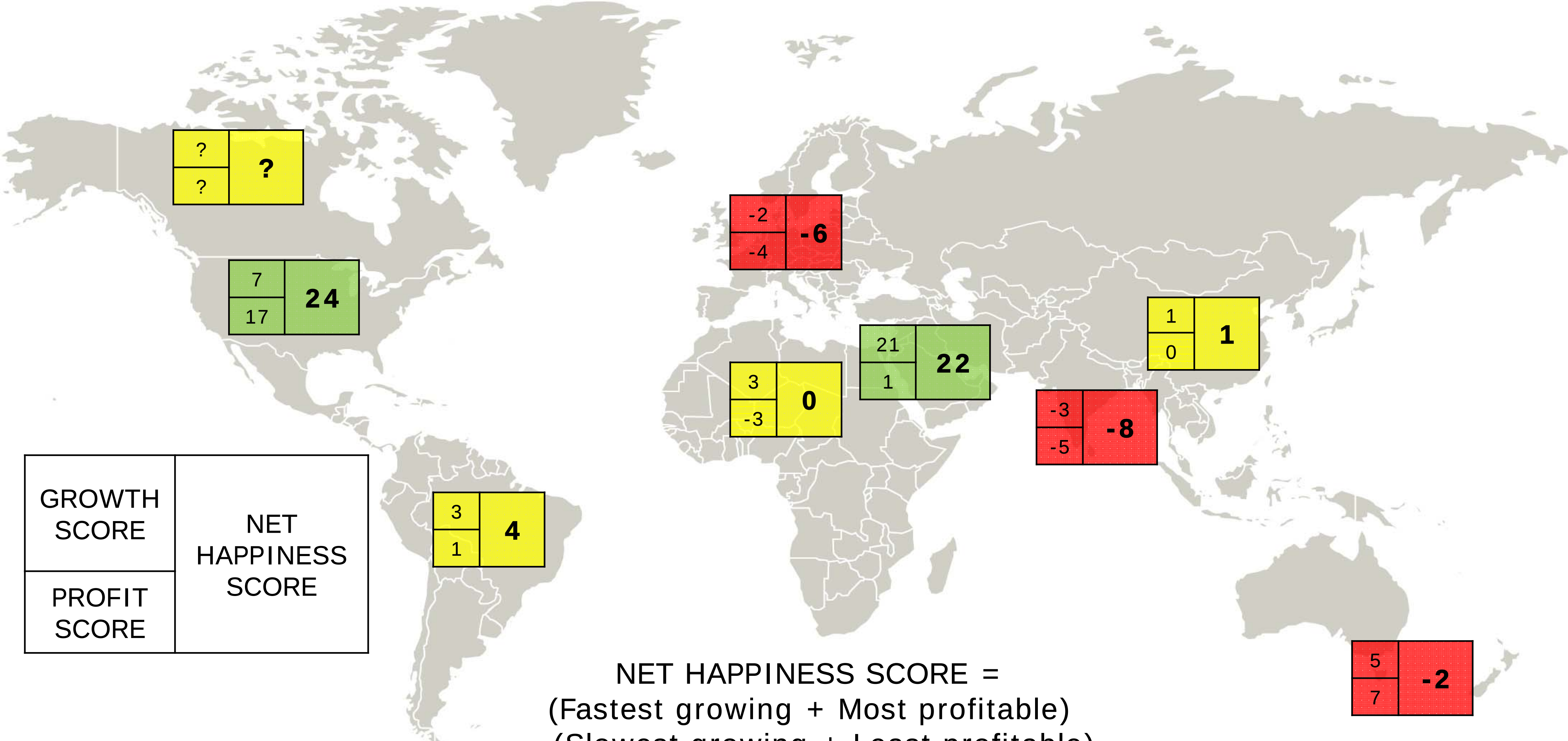
Source: ENR

...DUE TO CONSOLIDATION

% of market revenue from firms in each size category.
Size in USD Millions

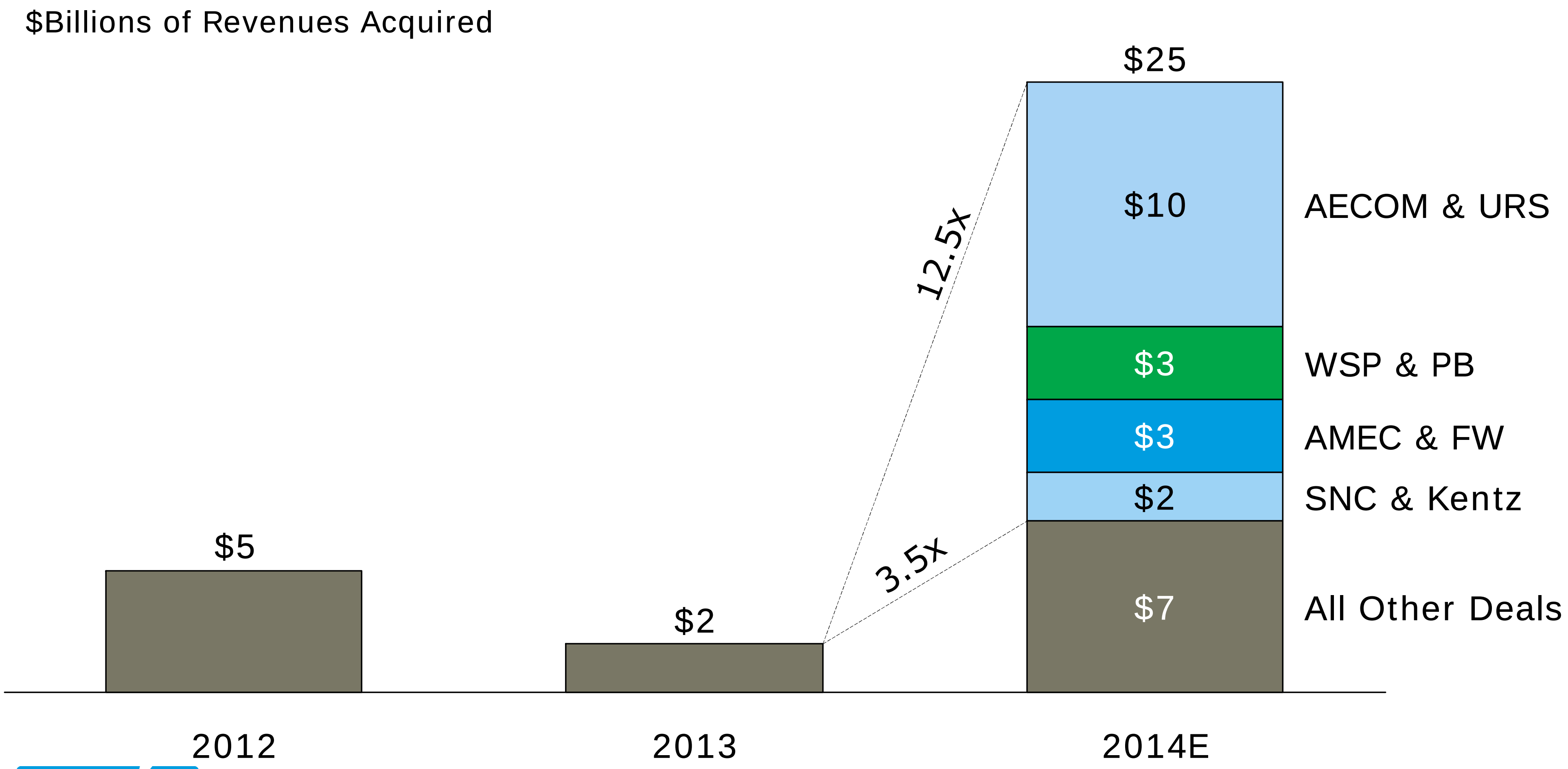


E/C FIRMS REGIONAL ATTRACTIVENESS
"HAPPINESS FACTOR"



Source: EFCG survey 2014

2014 M&A ACTIVITY ACCELERATES BY FACTOR 12



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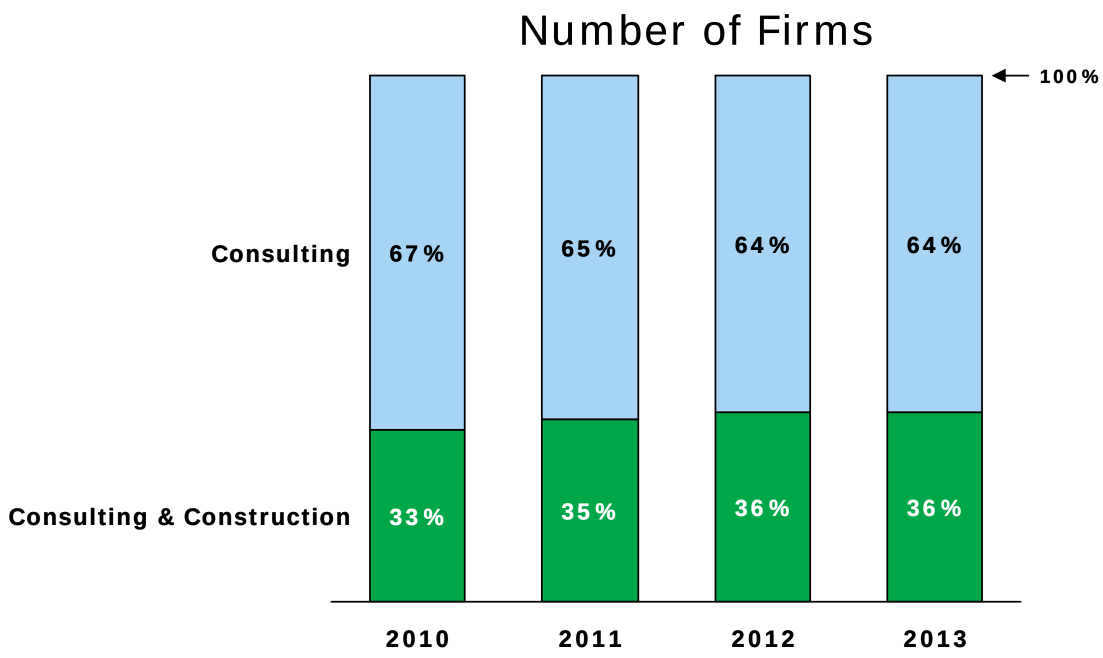
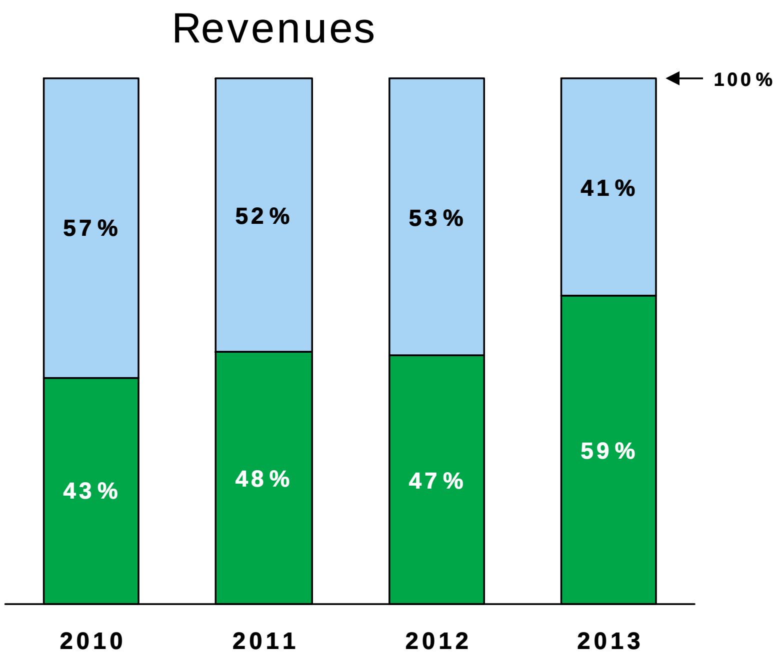
NO CLEAR TREND TOWARDS VERTICALIZATION

SPLIT BETWEEN 'CONSULTING' AND 'CONSULTING & CONSTRUCTION' OF THE TOP 150 GLOBAL DESIGN COMPANIES.





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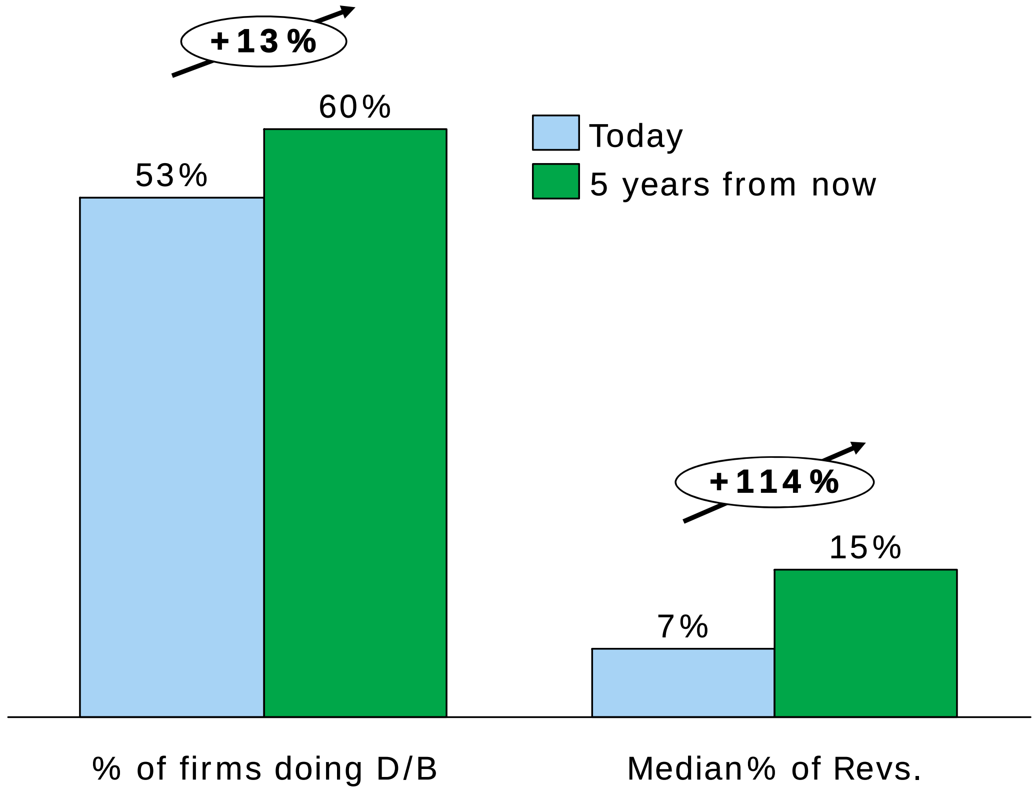
BUT DESIGN BUILD IS EXPECTED TO INCREASE IN THE FUTURE

- Projects get larger, more complex and risky.
- D/B expected to increase significantly
- D/B means different things to different Firms
- No clear Verticalisation trend in the past (Except Oil & Gas), however
- MEGA E&C firms need D/B and EPC to continue growth and thus move into construction space.
- Smaller E/C Firms do not have the financial strength for D/B and EPC.
- For most: D/B through partnerships



Source: EFCG survey 2014

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D/B FROM RAMBOLL PERSPECTIVE

- Increasingly Large and complex projects require top-notch Engineering and execution competence.
- Nobody is good at everything, especially not everywhere:

  We are good at engineering and consultancy, you in construction.
- We enjoy working as a client advisor and as part of a D&B-team
- Good Partnering is for us the better solution than verticalisation!
- Except for very selected projects in Oil&Gas , Ramboll does not plan to verticalise.

We see the increased D/B market as a chance for more Partnerhsips with competent cunstruction companies.

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THANK YOU