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MarketLine Industry Profile

Global Construction & Engineering

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EXECUTIVE SUMMARY

Market value

The global construction & engineering industry grew by 8.4% in 2012 to reach a value of \$3,309.8 billion.

Market value forecast

In 2017, the global construction & engineering industry is forecast to have a value of \$4,522.4 billion, an increase of 36.6% since 2012.

Category segmentation

Civil engineering is the largest segment of the global construction & engineering industry, accounting for 58.4% of the industry's total value.

Geography segmentation

Asia-Pacific accounts for 47.4% of the global construction & engineering industry value.

Market rivalry

The construction and engineering industry is characterized by large incumbents operating alongside smaller companies. Rivalry is eased somewhat by companies diversifying operations into other sectors.

TABLE OF CONTENTS

Executive Summary.....	2
Market value	2
Market value forecast.....	2
Category segmentation.....	2
Geography segmentation.....	2
Market rivalry	2
Market Overview	6
Market definition.....	6
Market analysis	6
Market Data.....	7
Market value	7
Market Segmentation	8
Category segmentation.....	8
Geography segmentation.....	9
Market Outlook	10
Market value forecast.....	10
Five Forces Analysis	11
Summary.....	11
Buyer power.....	12
Supplier power	13
New entrants	14
Threat of substitutes.....	15
Degree of rivalry.....	16
Leading Companies.....	17
Bechtel Corporation.....	17
China Railway Construction Corporation Limited.....	19
Odebrecht S.A.	22
VINCI SA.....	24
Appendix.....	28
Methodology.....	28
Industry associations.....	29
Related MarketLine research.....	29

LIST OF TABLES

Table 1: Global construction & engineering industry value: \$ billion, 2008–12	7
Table 2: Global construction & engineering industry category segmentation: \$ billion, 2012	8
Table 3: Global construction & engineering industry geography segmentation: \$ billion, 2012	9
Table 4: Global construction & engineering industry value forecast: \$ billion, 2012–17	10
Table 5: Bechtel Corporation: key facts	17
Table 6: China Railway Construction Corporation Limited: key facts	19
Table 7: China Railway Construction Corporation Limited: key financials (\$)	19
Table 8: China Railway Construction Corporation Limited: key financials (CNY)	20
Table 9: China Railway Construction Corporation Limited: key financial ratios	20
Table 10: Odebrecht S.A.: key facts	22
Table 11: VINCI SA: key facts	24
Table 12: VINCI SA: key financials (\$)	25
Table 13: VINCI SA: key financials (€)	25
Table 14: VINCI SA: key financial ratios	26

LIST OF FIGURES

Figure 1: Global construction & engineering industry value: \$ billion, 2008–12.....	7
Figure 2: Global construction & engineering industry category segmentation: % share, by value, 2012	8
Figure 3: Global construction & engineering industry geography segmentation: % share, by value, 2012.....	9
Figure 4: Global construction & engineering industry value forecast: \$ billion, 2012–17.....	10
Figure 5: Forces driving competition in the global construction & engineering industry, 2012	11
Figure 6: Drivers of buyer power in the global construction & engineering industry, 2012	12
Figure 7: Drivers of supplier power in the global construction & engineering industry, 2012	13
Figure 8: Factors influencing the likelihood of new entrants in the global construction & engineering industry, 2012 ..	14
Figure 9: Factors influencing the threat of substitutes in the global construction & engineering industry, 2012	15
Figure 10: Drivers of degree of rivalry in the global construction & engineering industry, 2012	16
Figure 11: China Railway Construction Corporation Limited: revenues & profitability	20
Figure 12: China Railway Construction Corporation Limited: assets & liabilities	21
Figure 13: VINCI SA: revenues & profitability	26
Figure 14: VINCI SA: assets & liabilities	27

MARKET OVERVIEW

Market definition

The construction and engineering industry is composed of civil engineering companies and large-scale contractors, but excludes companies involved in home-building. The market value is calculated as the value of the construction of non-residential buildings and non-buildings construction (civil engineering). All currency conversions have been calculated using constant average 2012 annual rate.

For the purposes of this report, the global market consists of North America, South America, Western Europe, Eastern Europe, MEA, and Asia-Pacific.

North America consists of Canada, Mexico, and the United States.

South America comprises Argentina, Brazil, Chile, Colombia, and Venezuela.

Western Europe comprises Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

Eastern Europe comprises the Czech Republic, Hungary, Poland, Romania, Russia, and Ukraine.

Asia-Pacific comprises Australia, China, India, Indonesia, Japan, New Zealand, Singapore, South Korea, Taiwan, and Thailand.

Middle East-Africa (MEA) comprises Egypt, Israel, Nigeria, Saudi Arabia, South Africa, and United Arab Emirates.

Market analysis

The global construction & engineering industry grew modestly over the historical period; however forecasts suggest this is likely to accelerate to strong growth during 2012-2017.

The global construction & engineering industry had total revenues of \$3,309.8bn in 2012, representing a compound annual growth rate (CAGR) of 2.2% between 2008 and 2012. In comparison, the European industry declined with a compound annual rate of change (CARC) of -3.8%, and the Asia-Pacific industry increased with a CAGR of 10%, over the same period, to reach respective values of \$662.0bn and \$1,568.2bn in 2012.

The civil engineering segment was the industry's most lucrative in 2012, with total revenues of \$1,934.0bn, equivalent to 58.4% of the industry's overall value. The non-residential building segment contributed revenues of \$1,375.8bn in 2012, equating to 41.6% of the industry's aggregate value.

The performance of the industry is forecast to accelerate, with an anticipated CAGR of 6.4% for the five-year period 2012 - 2017, which is expected to drive the industry to a value of \$4,522.4bn by the end of 2017. Comparatively, the European industries will decline with a CARC of -1.5%, and the Asia-Pacific industry will increase with a CAGR of 10.3%, over the same period, to reach respective values of \$614.0bn and \$2,556.7bn in 2017.

MARKET DATA

Market value

The global construction & engineering industry grew by 8.4% in 2012 to reach a value of \$3,309.8 billion.

The compound annual growth rate of the industry in the period 2008–12 was 2.2%.

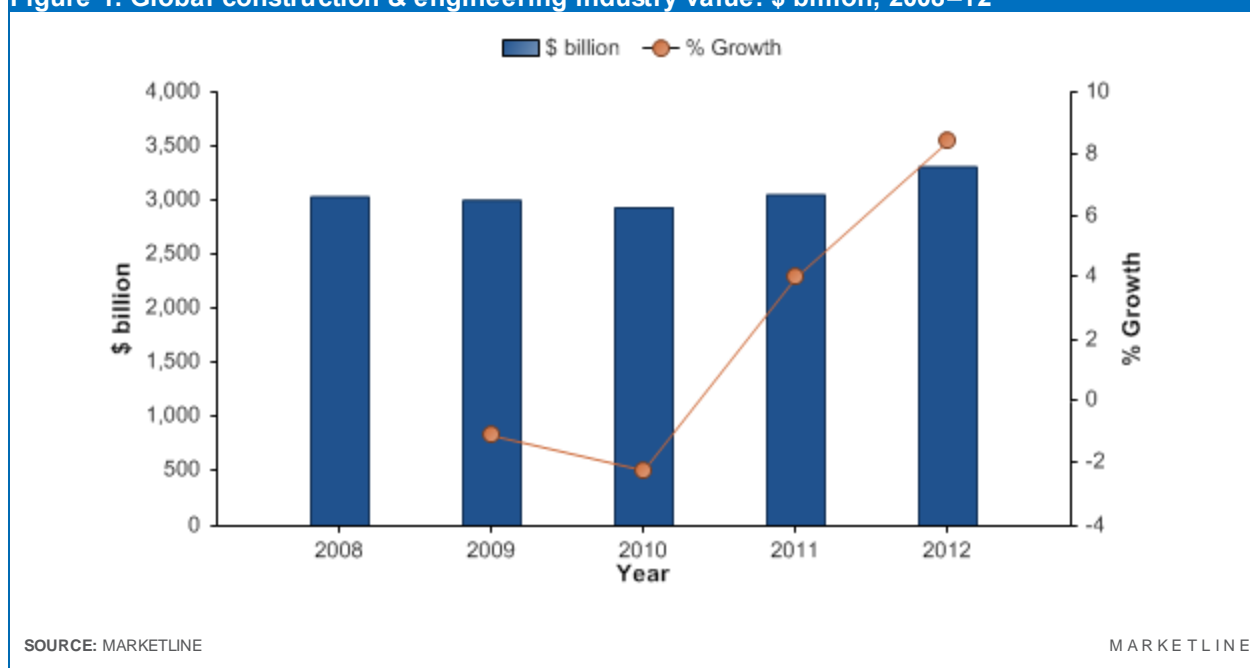
Table 1: Global construction & engineering industry value: \$ billion, 2008–12

Year	\$ billion	€ billion	% Growth
2008	3,034.3	2,360.2	
2009	3,001.4	2,334.6	(1.1%)
2010	2,935.3	2,283.2	(2.2%)
2011	3,053.3	2,375.0	4.0%
2012	3,309.8	2,574.5	8.4%
CAGR: 2008–12			2.2%

SOURCE: MARKETLINE

MARKETLINE

Figure 1: Global construction & engineering industry value: \$ billion, 2008–12



MARKET SEGMENTATION

Category segmentation

Civil engineering is the largest segment of the global construction & engineering industry, accounting for 58.4% of the industry's total value.

The Non-residential building segment accounts for the remaining 41.6% of the industry.

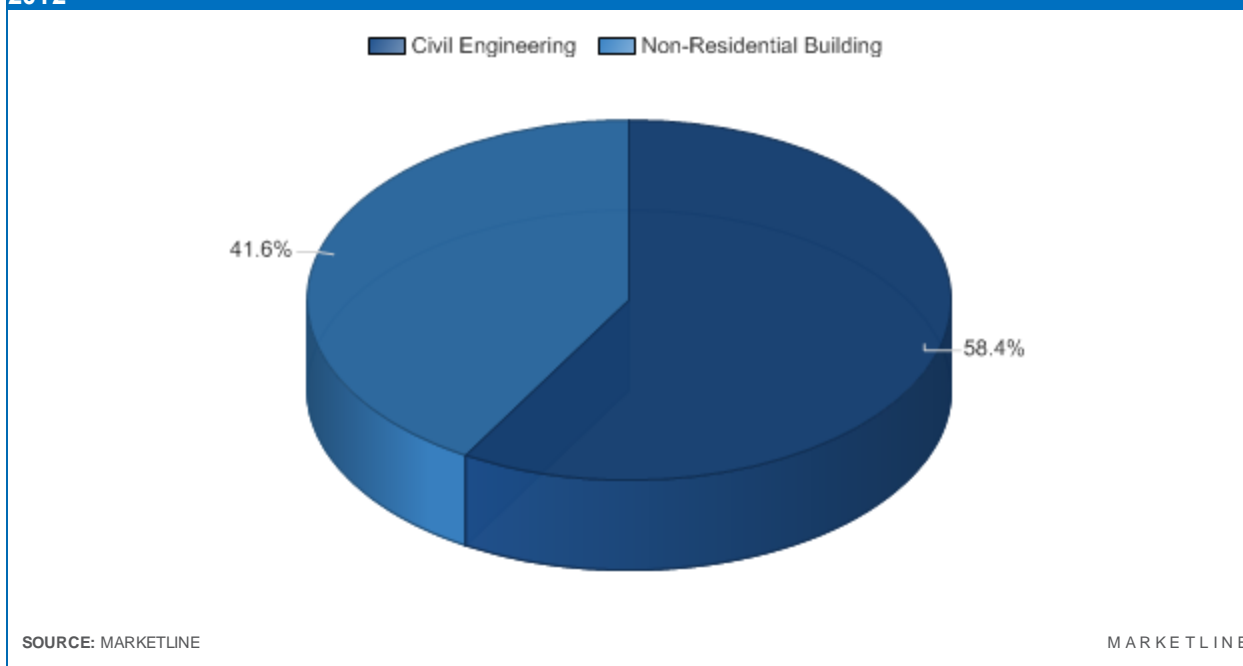
Table 2: Global construction & engineering industry category segmentation: \$ billion, 2012

Category	2012	%
Civil Engineering	1,934.0	58.4%
Non-Residential Building	1,375.8	41.6%
Total	3,309.8	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 2: Global construction & engineering industry category segmentation: % share, by value, 2012



SOURCE: MARKETLINE

MARKETLINE

Geography segmentation

Asia-Pacific accounts for 47.4% of the global construction & engineering industry value.

Americas accounts for a further 24.3% of the global industry.

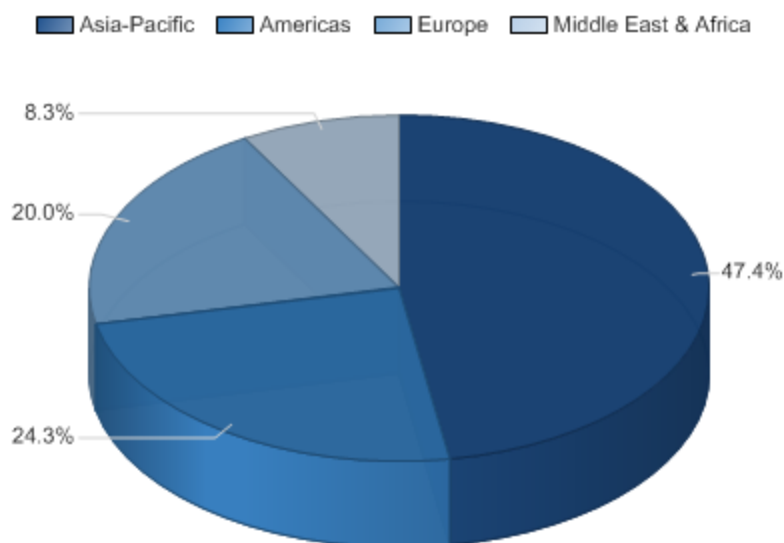
Table 3: Global construction & engineering industry geography segmentation: \$ billion, 2012

Geography	2012	%
Asia-Pacific	1,568.2	47.4
Americas	804.0	24.3
Europe	662.0	20.0
Middle East & Africa	275.5	8.3
Total	3,309.7	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 3: Global construction & engineering industry geography segmentation: % share, by value, 2012



SOURCE: MARKETLINE

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MARKET OUTLOOK

Market value forecast

In 2017, the global construction & engineering industry is forecast to have a value of \$4,522.4 billion, an increase of 36.6% since 2012.

The compound annual growth rate of the industry in the period 2012–17 is predicted to be 6.4%.

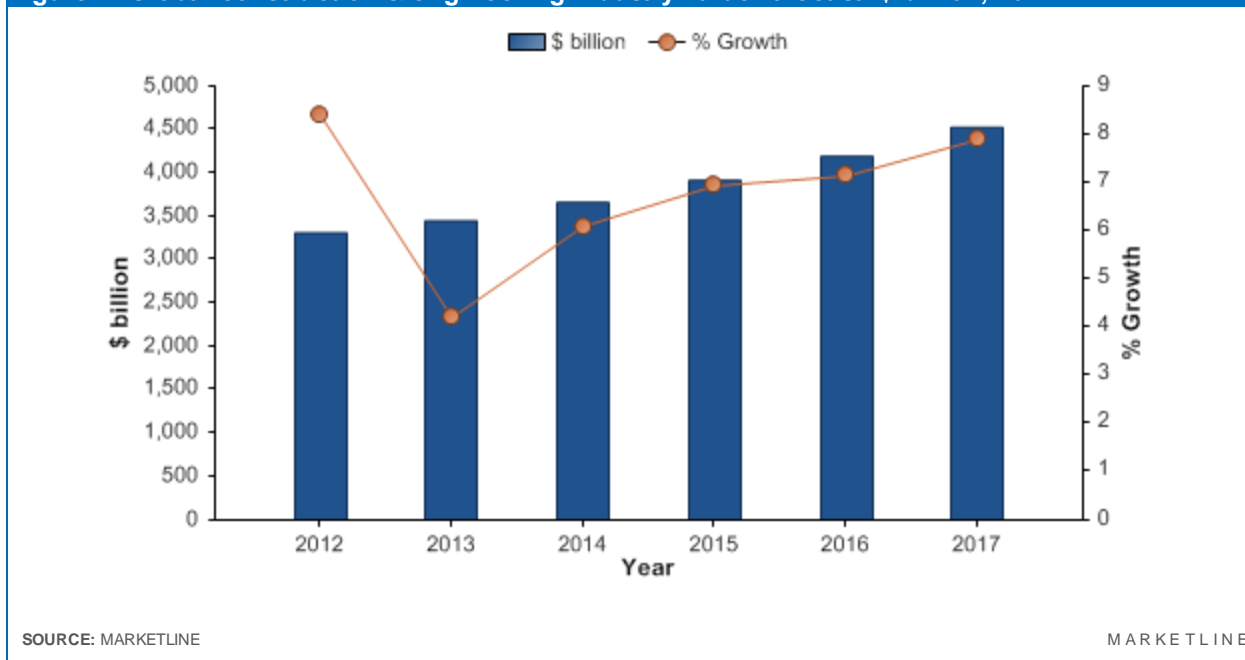
Table 4: Global construction & engineering industry value forecast: \$ billion, 2012–17

Year	\$ billion	€ billion	% Growth
2012	3,309.8	2,574.5	8.4%
2013	3,448.8	2,682.6	4.2%
2014	3,658.9	2,846.1	6.1%
2015	3,912.6	3,043.4	6.9%
2016	4,191.7	3,260.5	7.1%
2017	4,522.4	3,517.7	7.9%
CAGR: 2012–17			6.4%

SOURCE: MARKETLINE

MARKETLINE

Figure 4: Global construction & engineering industry value forecast: \$ billion, 2012–17



SOURCE: MARKETLINE

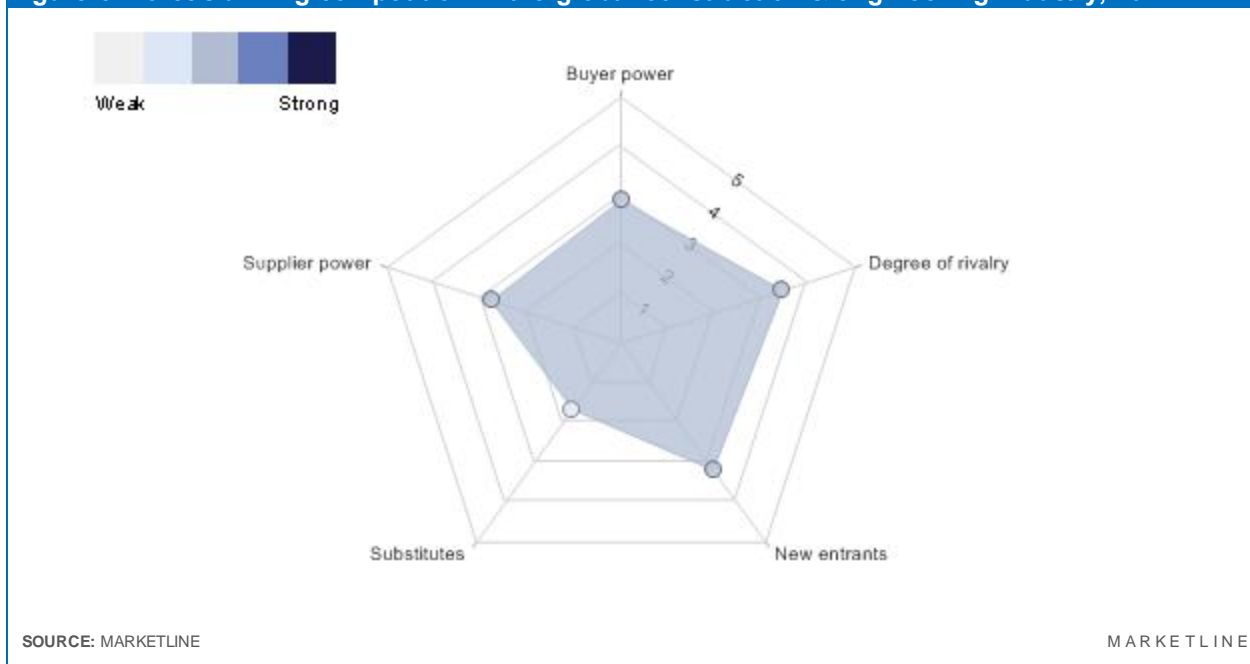
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FIVE FORCES ANALYSIS

The construction & engineering market will be analyzed taking construction & engineering companies as players. The key buyers will be taken as contractors, and raw material producers as the key suppliers.

Summary

Figure 5: Forces driving competition in the global construction & engineering industry, 2012

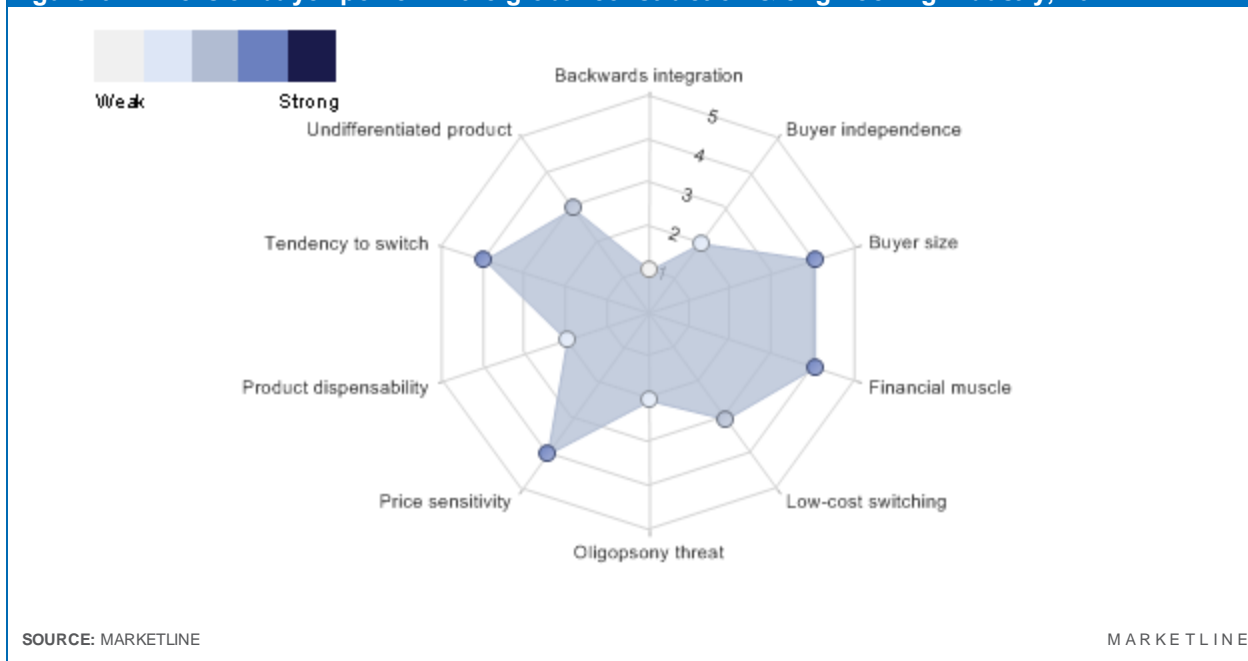


The construction and engineering industry is characterized by large incumbents operating alongside smaller companies. Rivalry is eased somewhat by companies diversifying operations into other sectors.

There are a small numbers of buyers in this industry, and typically large in size. Similarly suppliers have a great deal of power over market players as their raw materials are essential for players' businesses. However suppliers have also suffered the effects of the global economic crisis, seeing the prices of many raw materials rise. There are few, if any, substitutes available in this industry.

Buyer power

Figure 6: Drivers of buyer power in the global construction & engineering industry, 2012



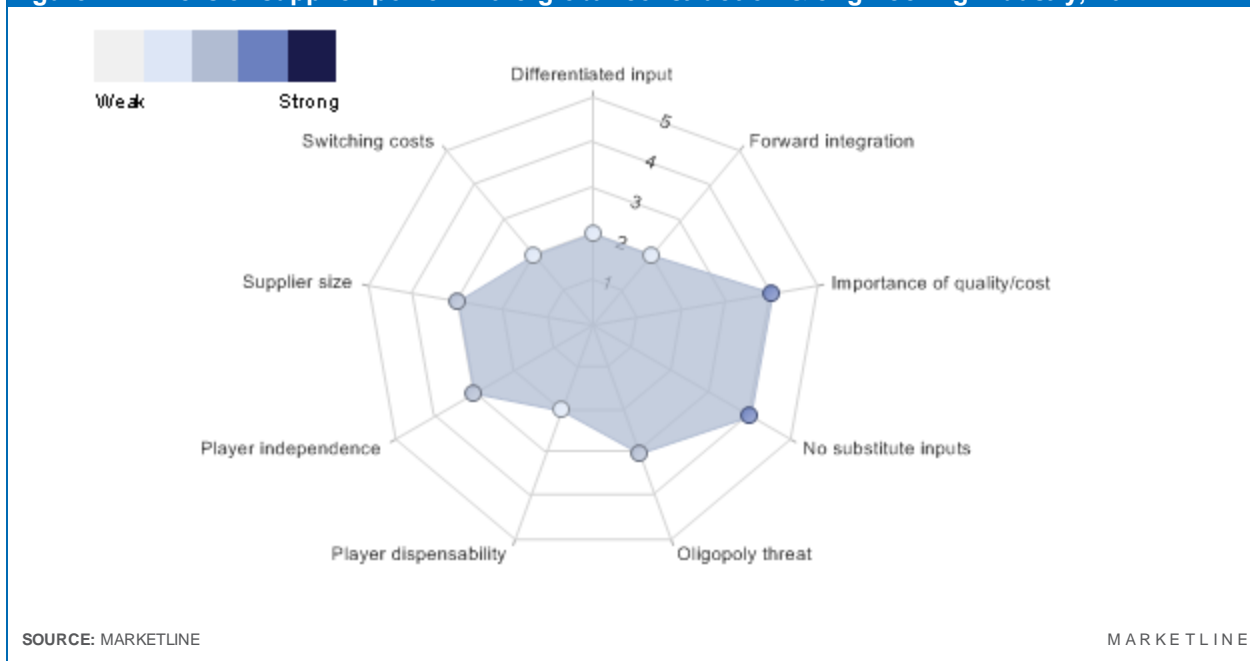
Buyers in this industry tend to be large and few in number. Typically the main buyers are government agencies or large private-sector customers, usually corporate rather than individuals. Generally, in this industry, customers invite market players to tender for contracts which are on the customers' terms. This means the buyer is in a more powerful position as they specifically define the parameters of the project. However, in some circumstances, market players can influence customer requests.

The global recession and its aftermath affected this industry quite strongly on a country by country basis, with the market experiencing contraction in 2009 and 2010. However certain regions, like Asia-Pacific, have contributed to a strong and robust global revival in 2012. Many governments are investing in infrastructure systems with the hope of pushing more money into the construction and engineering industry. For example, in March 2012 the Japan International Cooperation Agency (JICA) signed loan agreements with the government of Vietnam, worth up to a total of JPY136.4bn (approximately \$1.7bn), to fund eight projects including infrastructure construction in Ho Chi Minh City. Furthermore the March 2011 Fukushima earthquake and tsunami has resulted in the Japanese government pledging JPY6 trillion (approximately \$75.3bn) towards compensation and reconstruction efforts.

Buyers are influenced by economic factors such as the long term maintenance and proposed efficiency of the project, meaning that contracts are not always won on price. Unlike private-sector buyers there is little brand loyalty, with personal taste making a negligible impact upon decision making. Strong price sensitivity imposed by typical tendering processes, serve to strengthen buyer power somewhat. On the other hand, buyers are often unable and unlikely to integrate backwards into project management themselves. Furthermore, the buyer will have incurred before inviting contractors to submit tenders, for example in raising funds, consulting with stakeholders and defining requirements. Thus the project is likely to be of significant importance to the buyer. Buyer power in this sense is reduced. Overall, buyer power in the global industry is assessed as moderate.

Supplier power

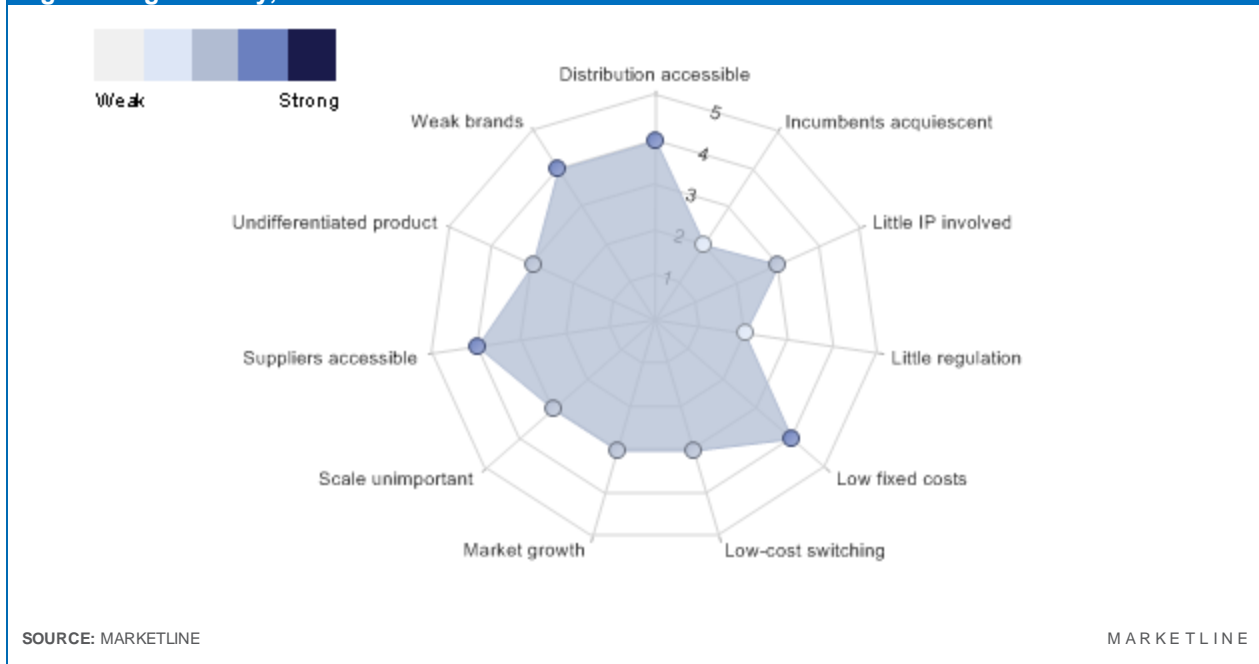
Figure 7: Drivers of supplier power in the global construction & engineering industry, 2012



There are two forms of supplier to this industry. Firstly the distributors of materials and components, and secondly sub-contractors who provide specialized services needed for the completion of projects, for example bricklaying or electrical installations. The manufacture of building materials is highly consolidated with players such as Holcim and Cemex dominating most markets. The fact that these materials are essential for market players moderately augments supplier power. However, these materials are largely undifferentiated, meaning suppliers will have to compete heavily on price to assure contracts. Furthermore, the surge in commodities demand from developing markets has seen rises in the price of raw materials, intensifying competition amongst suppliers. There are typically larger numbers of sub-contractors with the necessary skills to complete projects, which puts them in a weaker position. Supplier power in this industry is assessed as moderate overall.

New entrants

Figure 8: Factors influencing the likelihood of new entrants in the global construction & engineering industry, 2012

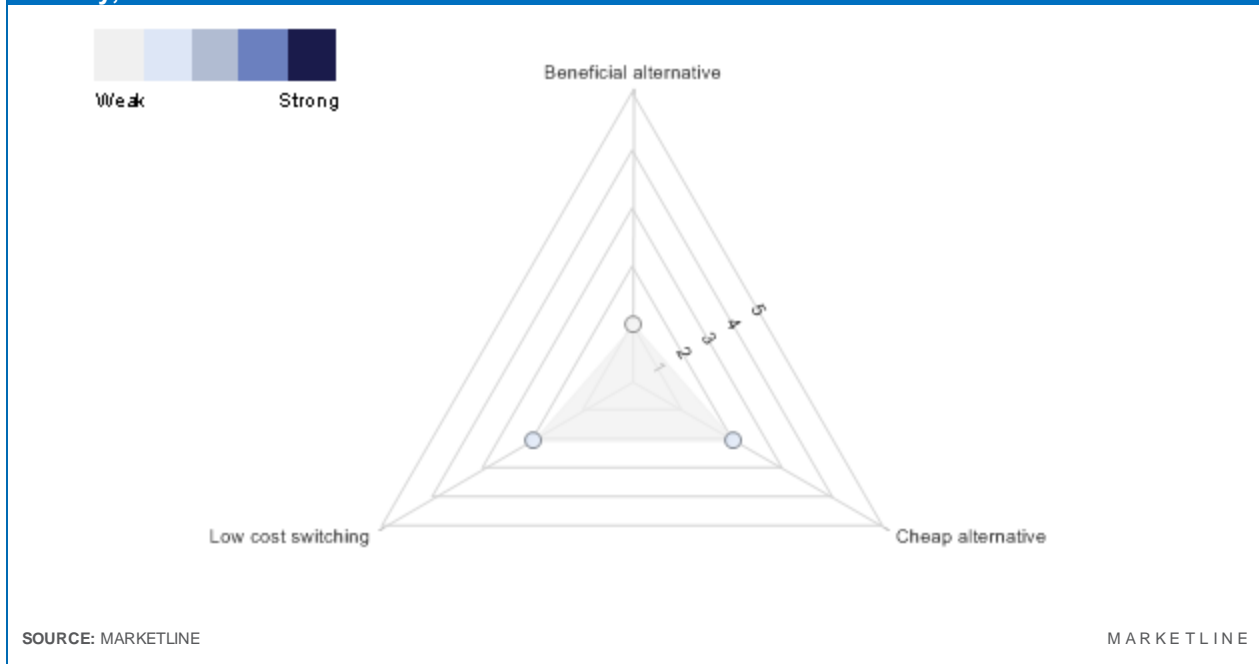


The construction and engineering industry has seen global variations in growth, which in turn impacts on the number of new entrants to this industry. Strong growth witnessed in some regions such as China and Brazil proves enticing to new entrants. However, weak industry growth, or decline, seen in areas such as Italy and Spain ultimately mean the prospect of new entrants is significantly lower. On a general level, Europe is seeing stagnation in its construction and engineering industries as much as the developing world is experiencing growth.

The level of regulation is usually highly complex and serves as a significant entry barrier, while foreign players may also be restricted in domestic markets. Contracts for public works are typically awarded to companies who have a good reputation, a further barrier to entry for new players who must compete with well-established firms. However, new entrants do not necessarily require large capital to enter the industry as small sub-contractors are often used for their specific expertise. Also, new companies can rent equipment and hire temporary workers rather than incur fixed costs inherent with buying capital items and retaining a large permanent workforce, reducing barriers further. Construction projects vary in size, meaning that a company can establish itself by competing for smaller projects thus building a reputation for itself. Quality, price and performance are more important than branding as many contracts will stipulate that work must be performed to an independently-inspected standard before payment. Overall, there is a moderate threat of new entrants.

Threat of substitutes

Figure 9: Factors influencing the threat of substitutes in the global construction & engineering industry, 2012



There is little threat of substitutes in this industry. It is unlikely that buyers will find an alternative expenditure for their funds which would meet their needs. Market players are also very likely to be involved at all stages, even if buyers are only renovating an existing structure rather than investing in a new structure.

In some regions, homebuilding provides an alternative with prefabricated homes becoming increasingly popular. Such contracts are usually won by home building contractors rather than construction contractors. Although prefabricated non-residential structures are available, these will usually still require a construction company to assemble them, rendering their impact on the industry negligible.

The constant depreciation of infrastructure means that construction and engineering will always be in demand, with no viable substitute.

The threat of substitutes in this industry is therefore very weak.

Degree of rivalry

Figure 10: Drivers of degree of rivalry in the global construction & engineering industry, 2012



The global construction and engineering industry is largely fragmented. The industry is characterized by the presence of some large incumbents such as the China Railway Construction Corporation Limited and Odebrecht SA, but small scale companies also operate alongside these players.

Many governments are pushing money into the construction and engineering industry by developing new infrastructure plans, alleviating the industry's rivalry.

Most industry players have diversified operations, meaning they are less reliant on revenues from one sector. A large company could, for example, build both transport infrastructure and power stations, which require very different specialist knowledge. However, diversification beyond construction and engineering is unlikely. The industry is of great importance to players which increases rivalry further, and is exasperated by relatively high exit costs for those companies who own heavy machinery rather than hiring it.

The key competencies involved in operating within this sector, such as an understanding of building regulations, means that contractors can essentially move from non-residential construction to homebuilding if need be.

The degree of rivalry within a country is affected strongly by the rate of growth witnessed over recent years. Where strong growth is seen such as in Brazil, rivalry is reduced as there are increased revenues available for competitors. However in regions where the industry has fallen into decline, rivalry is intensified as players are forced to compete for less industry revenue.

Overall, rivalry is assessed as strong.

LEADING COMPANIES

Bechtel Corporation

Table 5: Bechtel Corporation: key facts

Head office:	50 Beale St., San Francisco, California, 94105, USA
Telephone:	1 415 768 1234
Fax:	1 415 768 9038
Website:	www.bechtel.com
SOURCE: COMPANY WEBSITE	
MARKETLINE	

Bechtel Corporation (Bechtel) provides engineering, procurement, and construction services to civil infrastructure, communications, transportation, mining and metals, oil and gas, chemicals, power, and government industries. Bechtel operates in the America, Asia Pacific, Europe, Africa, and Middle East regions.

The group operates through six business units: civil infrastructure; communications; mining and metals; oil, gas and chemicals; power; and US government services.

Bechtel develops, manages, and constructs civil infrastructure ranging from airports, rail and highway systems to ports and harbors, regional development programs, from office buildings to theme parks and resorts.

The group provides end to end deployment services for communications infrastructure. It deploys both wireline and wireless communications networks for various customers globally. In addition, Bechtel deploys long-haul fiber networks, metropolitan fiber rings, fiber-to-the-home networks, and data centers. Its turnkey service offering commences with network planning and encompasses site acquisition/rights-of-way, engineering, permitting, construction, equipment installation, and network testing and optimization.

Bechtel undertakes mining and metals projects and has conducted more than 1,000 studies across six continents, enabling customers to produce metal from aluminum to uranium. The group provides services in the fields of mineral exploration and geology, hydrometallurgical processing, mine planning, pyro metallurgical processing, materials handling, metal forming, mineral processing, pollution control, electrometallurgy and environmental permitting. Its major market segments include ferrous and nonferrous metals, focusing on copper, gold, aluminum and alumina, iron ore and steel, nickel, and titanium; industrial minerals, focusing on cement, glass, and gypsum; and metals forming and finishing, emphasizing aluminum and steel.

The group's oil, gas and chemicals business unit is engaged in the construction of chemical, petrochemical, and liquefied natural gas (LNG) plants. The company builds refining and chemical projects, including grassroots refineries and refinery expansions and modernizations; gas processing plants; oil and gas field developments; pipelines; and industrial facilities. Bechtel has built over 375 refining and chemical projects. It provides industry-specific services for site development, process design, project management, and engineering, procurement, construction, and start-up for clients in a wide-range of industries including: refining, chemical, microelectronics, general manufacturing, automotive, food and beverage, consumer products, fine and specialty chemicals, pharmaceuticals and biotech.

Bechtel designs and constructs power plants including fossil and nuclear-fueled power plants; and renewable and alternative sources such as IGCC, solar, biomass and waste-to-energy, and the use of advanced technologies for emissions retrofits and carbon capture. Bechtel is also involved in the modernization of existing nuclear plants to prolong their life cycles, and building of next generation of nuclear facilities.

The group through, Bechtel National, provides services to departments and agencies of the US government including: environmental cleanup and restoration at former nuclear weapon production sites; designing, constructing, and operating complex, facilities to safely treat radioactive waste or eliminate obsolete chemical weapons; engineering, construction and logistics services in support of defense and homeland security; operating premier national laboratories, and to foster scientific research; managing and operating laboratories and providing design and procurement management services to support the US Navy nuclear submarine and aircraft carrier fleets; and providing engineering and construction management services to help combat bioterrorism and support the demilitarization of biological weapons facilities in US ally countries.

Bechtel's signature projects include: Alma Aluminum Smelter, Athens Metro, Bay Area Rapid Transit System, Boston Central Artery/Tunnel, Browns Ferry Restart, Channel Tunnel, CSPC Nanhai Petrochemical Complex, Fjardaal Aluminum Smelter, High Speed 1, Hong Kong International Airport, Hoover Dam, Hurricane Katrina Relief, Iraq Infrastructure Reconstruction Program, James Bay Hydro Complex, Jamnagar Refinery, Kuwait Reconstruction, Sohar Aluminum Smelter, Tacoma Narrows Bridge, and West Coast Route Modernization.

Key Metrics

As a private entity, Bechtel is not legally obliged to release its financial information. However, the group recorded revenues of \$32.9 billion in the fiscal year 2012, an increase of 17.9% compared to 2011.

China Railway Construction Corporation Limited

Table 6: China Railway Construction Corporation Limited: key facts

Head office:	No 40 Fuxing Road, Haidian District, Beijing, CHN
Telephone:	86 10 5188 8114
Fax:	86 10 6821 7382
Website:	www.crcc.cn
Financial year-end:	December
Ticker:	601186, 1186
Stock exchange:	Shanghai, Hong Kong

SOURCE: COMPANY WEBSITE

MARKETLINE

China Railway Construction Corporation is engaged in the construction and development of infrastructure properties related to railway, highway, metropolitan railway, water conservancy and hydropower facility, airport, port, industrial and civil construction and municipal projects. The company also offers project survey, project design and project consultancy services; and logistics services. China Railway Construction Corporation is also involved in the development of real estate. The company primarily operates in China, where it is headquartered in Beijing.

Key Metrics

The company recorded revenues of \$76,734m in the fiscal year ending December 2012, an increase of 5.9% compared to fiscal 2011. Its net income was \$1,343m in fiscal 2012, compared to a net income of \$1,244m in the preceding year.

Table 7: China Railway Construction Corporation Limited: key financials (\$)

\$ million	2008	2009	2010	2011	2012
Revenues	35,829.4	54,657.5	74,491.2	72,464.4	76,733.8
Net income (loss)	577.3	1,045.6	672.8	1,244.4	1,343.4
Total assets	34,872.5	44,836.5	55,495.5	67,016.7	76,155.2
Total liabilities	27,219.8	36,268.3	46,269.4	56,604.4	64,753.5

SOURCE: COMPANY FILINGS

MARKETLINE

Table 8: China Railway Construction Corporation Limited: key financials (CNY)

CNY million	2008	2009	2010	2011	2012
Revenues	226,140.7	344,976.2	470,158.8	457,366.1	484,313.0
Net income (loss)	3,643.8	6,599.1	4,246.2	7,854.3	8,479.0
Total assets	220,101.5	282,990.3	350,265.2	422,982.8	480,661.0
Total liabilities	171,800.3	228,911.0	292,033.8	357,264.1	408,698.0

SOURCE: COMPANY FILINGS

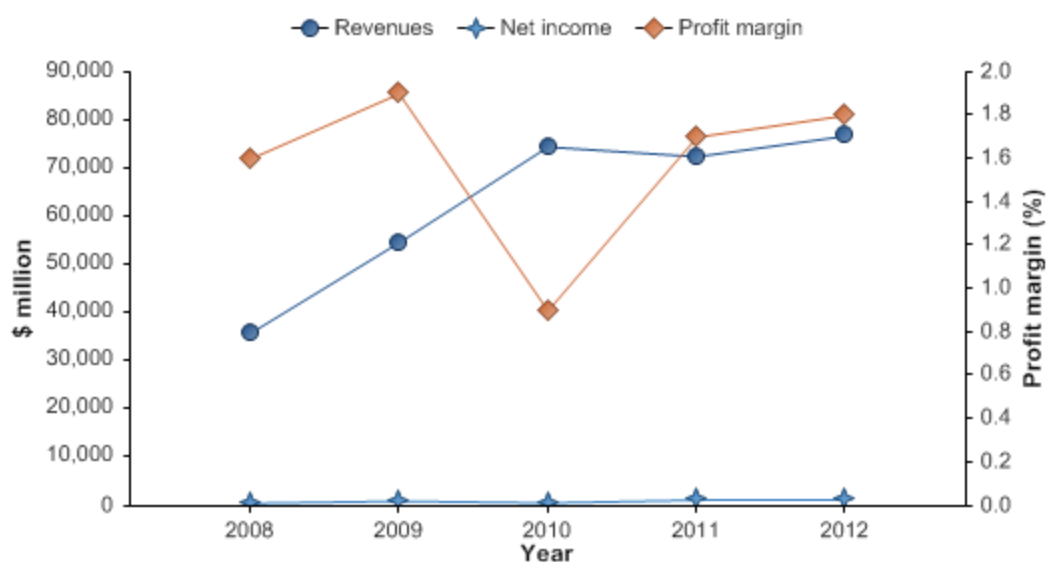
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Table 9: China Railway Construction Corporation Limited: key financial ratios

Ratio	2008	2009	2010	2011	2012
Profit margin	1.6%	1.9%	0.9%	1.7%	1.8%
Revenue growth	31.5%	52.5%	36.3%	(2.7%)	5.9%
Asset growth	40.3%	28.6%	23.8%	20.8%	13.6%
Liabilities growth	13.3%	33.2%	27.6%	22.3%	14.4%
Debt/asset ratio	78.1%	80.9%	83.4%	84.5%	85.0%
Return on assets	1.9%	2.6%	1.3%	2.0%	1.9%

SOURCE: COMPANY FILINGS

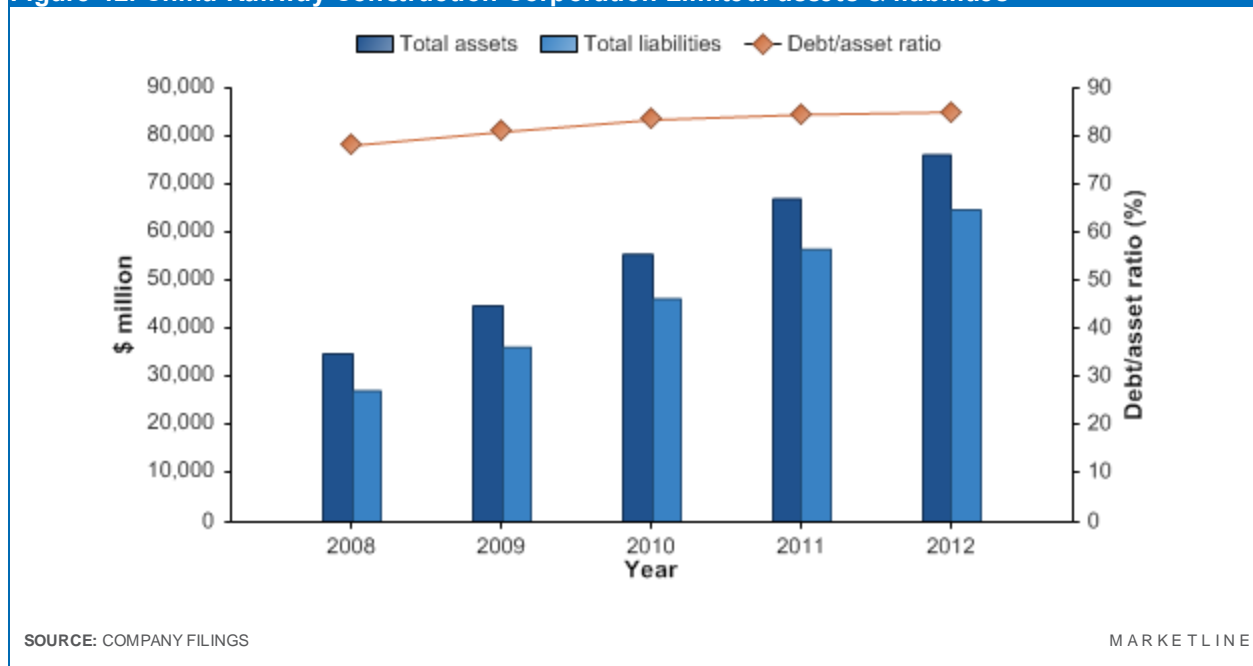
MARKETLINE

Figure 11: China Railway Construction Corporation Limited: revenues & profitability

SOURCE: COMPANY FILINGS

MARKETLINE

Figure 12: China Railway Construction Corporation Limited: assets & liabilities



Odebrecht S.A.

Table 10: Odebrecht S.A.: key facts

Head office:	Av. Luiz Viana 2841, Edifício Odebrecht, Paralela Salvador 41730 900, Bahia, BRA
Telephone:	55 71 2105 1111
Fax:	55 71 2105 1112
Website:	www.odebrecht.com.br
Financial year-end:	December
Ticker:	ODBE
Stock exchange:	Sao Paulo
<p>SOURCE: COMPANY WEBSITE</p> <p>MARKETLINE</p>	

Odebrecht is a Brazilian business conglomerate. It is engaged in engineering, construction, chemicals and petrochemicals businesses. The company, through its various subsidiaries, has its presence in Brazil, other parts of Latin America, Caribbean region, North America, Europe, Asia, Middle East and Africa.

Odebrecht operates through nine business divisions: chemicals and petrochemicals; engineering and construction; real estate developments; ethanol and sugar; holdings and investments; transport and logistics; environmental engineering; oil and gas; and other.

Odebrecht operates in the chemicals and petrochemicals division through its lead company, Braskem. Braskem produces thermoplastic resins with a focus on polyethylene, polypropylene and poly vinyl chloride (PVC) and supplies raw materials to the supply chains of virtually all sectors of the industry. Braskem has 35 industrial units, including 28 in Brazil, five in the US, and two in Germany.

The company operates in the engineering and construction division in Brazil through its lead company, Odebrecht Infraestrutura which provides engineering and construction services for infrastructure projects in Brazil covering a range of sectors such as transportation and logistics, mining, sanitation (water and sewer), sports arenas, irrigation, and public and private urban facilities.

Odebrecht also provides engineering and construction services through its subsidiary, Odebrecht International, which builds transport, sanitation (water and sewer), energy and mining infrastructure facilities in North America, Europe, the Middle East and Africa. Odebrecht offers engineering and construction services in Latin American countries and Angola through Odebrecht America Latina e Angola, and in Venezuela through Odebrecht Venezuela. Odebrecht also provides its engineering and construction services through Odebrecht Energia, which builds and manages projects in the energy sector.

Odebrecht Engenharia Industrial is also Odebrecht's subsidiary operating in the engineering and construction industry. The subsidiary offers integrated services, including engineering, procurement, construction, electromechanical assembly, pre-operation, maintenance and management of major industrial projects in several basic sectors, such as oil and gas, chemicals and petrochemicals, mining, steel, pulp and paper, thermal power, fertilizers and bioenergy in Brazil and other countries.

Odebrecht Realizações Imobiliárias (OR), a company in Odebrecht's real estate developments division, is engaged in the development of residential, corporate, commercial, and tourism real estate ventures. Under the Bairro Novo brand, OR develops planned low-income neighborhoods throughout Brazil.

ETH Bioenergia is engaged in the production of sugar, ethanol, and power generation from sugarcane.

Odebrecht's holdings and investments division operates through its lead company, Odebrecht Participacoes e Investimentos (OPI). OPI is responsible for Odebrecht's holdings and investments in the infrastructure services sector in Latin America and the US, and new businesses in Brazil. It obtains funding for its investments through project financing based on public-private partnership (PPP) projects and concessions.

Odebrecht operates in the transport and logistics division through its lead company, Odebrecht TransPort (OTP). It operates in the highway, urban transport, logistics infrastructure (port and conduit), and airport sectors.

Foz do Brasil operates under Odebrecht's environmental engineering division. It is an investor and operator of projects in the areas of urban sanitation, industrial operations and industrial waste and wastewater treatment. In the sanitation area, the company works through concessions from city governments and state sanitation companies. In the industrial area, it serves clients in the oil, mining, steel and petrochemicals sectors through its subsidiary, Lumina Solucoes Ambientais.

Odebrecht operates in the oil and gas division through its lead company, Odebrecht Óleo e Gas (OOG), which provides integrated solutions to the Brazilian and international upstream oil industry ranging from engineering design to offshore project management.

Other businesses of Odebrecht include activities of Odebrecht Defesa e Tecnologia for defense and technology, Estaleiro Enseada do Paraguacu, Odebrecht Administradora e Corretora, Odebrecht Previdencia (Odeprev), and Fundacao Odebrecht.

Odebrecht Defesa e Tecnologia designs, implements, consolidates and manages major ventures in the area of defense, security, and safety and technology. It is also engaged in structuring and designing project financing, absorbing and developing technologies and producing equipment and systems in Brazil and other countries.

Odebrecht is a partner in Estaleiro Enseada do Paraguacu (EEP), a shipyard under construction since 2012. The shipyard is expected to commence operations in 2014 with a focus on building and assembling offshore units such as platforms, specialized ships and drill rigs.

Odebrecht Administradora e Corretora de Seguros protects Odebrecht's tangible and intangible assets through identification, mitigation, and professional management of risks, creation of integrated solutions for projects and businesses, and administration of members' life and health insurance policies. Odeprev Odebrecht Previdencia (Odeprev), the company's private pension fund, operates the Odeprev Monthly Income Plan in Brazil for Odebrecht group members and is accessible to Brazilians working in other countries. Fundacao Odebrecht is a private, non-profit organization maintained by Odebrecht. The organization focuses on creating job opportunities for rural youth in 11 municipalities in Southern Bahia Lowlands, Brazil.

Key Metrics

Only two years of financial data are available, in 2011 Odebrecht recorded revenues of \$37,855m compared to approximately \$32,325m in 2010. Net income in 2011 reached \$24m while 2010 saw a net income of \$1.7m.

VINCI SA

Table 11: VINCI SA: key facts

Head office:	1 Cours Ferdinand de Lesseps, 92851 Rueil Malmaison Cedex, FRA
Telephone:	33 1 47 16 35 00
Fax:	33 1 47 51 91 02
Website:	www.vinci.com
Financial year-end:	December
Ticker:	DG
Stock exchange:	Euronext

SOURCE: COMPANY WEBSITE

MARKETLINE

VINCI, a diversified engineering group, operates in the concessions and services, energy, roads, construction and property development sectors. The group became one of the leading integrated concession-construction companies in the world after taking over Autoroutes du Sud de la France, Europe's second largest motorway operator. VINCI has operations in over 100 countries around the world.

The group operates through two business segments: contracting and concessions.

The contracting segment operates across several divisions through the Energy business line, Eurovia and VINCI Construction.

VINCI's Energy business line was formed by combining VINCI Energies with Cegelec in 2010. It delivers a wide array of value-added design, implementation, maintenance, operation and facilities management services to customers across infrastructure, industry, service sector and telecommunications. The Energy business line offers these services through its European network of 1,500 companies in 38 countries across the world.

Eurovia has presence in the transport and urban development infrastructure. It primarily operates in Europe, North America and Chile. Eurovia caters to transport and urban development infrastructure, industrial production and maintenance and services. It operates a network of 430 quarries producing an annual 100 million tonnes of aggregate (Eurovia's share is 80 million tonnes), 45 binder plants, 400 hot mix plants, 150 recycling facilities and 10 factories producing road equipment (signage, pre-fabricated concrete and anti-noise barriers, etc.).

VINCI Construction offers building, civil engineering, hydraulic engineering and contracting-related services. It encompasses a well-established network of 440 profit centers in France. Internationally it operates through VINCI Construction UK in the UK; CFE in Benelux; Warbud, Pumstav-FCC and SMP in Poland and the Czech Republic; and Sogea-Satom in Africa, as well as 30 local subsidiaries in France's overseas territories and dependencies. The segment also operates specialized civil engineering subsidiaries serving global markets, including Soletanche Freyssinet (deep foundations and ground technologies, civilian nuclear engineering); Entrepose Contracting (oil and gas infrastructure); and DEME, 50%-owned by CFE (dredging, marine engineering, site remediation). It also operates a division for the management and execution of complex projects, operating through VINCI Construction Grands Projets, VINCI Construction Terrassement and Dodin Campenon Bernard

VINCI's concessions have a network stretching 4,385 kilometers, representing more than half of France's motorway network under concession. VINCI Concessions is developing and operating a unique portfolio of transport infrastructure and public facility concessions in about 20 countries.

VINCI Autoroutes, a subsidiary of VINCI, is one of the leading motorway operators in the Europe. Four concession companies are united under the VINCI Autoroutes banner in France: ASF, which includes 2,639 kilometers of motorways in operation and 75 kilometers under construction, covering the southern half of France; Cofiroute, which includes a 1,100 kilometers network serving the west of France and the A86 Duplex tunnel in the Greater Paris area; Escota, with a network of 459 kilometers located in Provence-Alpes-Cote d'Azur region of southern France; and Arcour, a concessionaire for the new A19 between Artenay and Courtenay (101 kilometers), southern Greater Paris bypass motorway, operated by Cofiroute.

VINCI Concessions is both a developer of new concessions and an operator of a unique concessions portfolio. VINCI Concessions' expertise in design, financing, construction, operations and maintenance makes it the preferred partner of public authorities in France and abroad for development of transport infrastructure and public facilities. It has presence in motorway and road infrastructure, rail infrastructure, stadiums, airports and parking segments.

Key Metrics

The company recorded revenues of \$50,609m in the fiscal year ending December 2012, an increase of 4.0% compared to fiscal 2011. Its net income was \$2,463m in fiscal 2012, compared to a net income of \$2,447m in the preceding year.

Table 12: VINCI SA: key financials (\$)

\$ million	2008	2009	2010	2011	2012
Revenues	43,603.5	40,066.2	43,696.7	48,642.1	50,608.8
Net income (loss)	2,045.1	2,051.0	2,282.2	2,447.2	2,463.1
Total assets	66,557.7	65,511.8	72,496.1	77,844.6	79,149.7
Total liabilities	54,958.6	52,060.6	55,758.2	60,347.7	61,068.7
Employees	164,057	154,461	179,527	180,000	192,701
SOURCE: COMPANY FILINGS				MARKETLINE	

Table 13: VINCI SA: key financials (€)

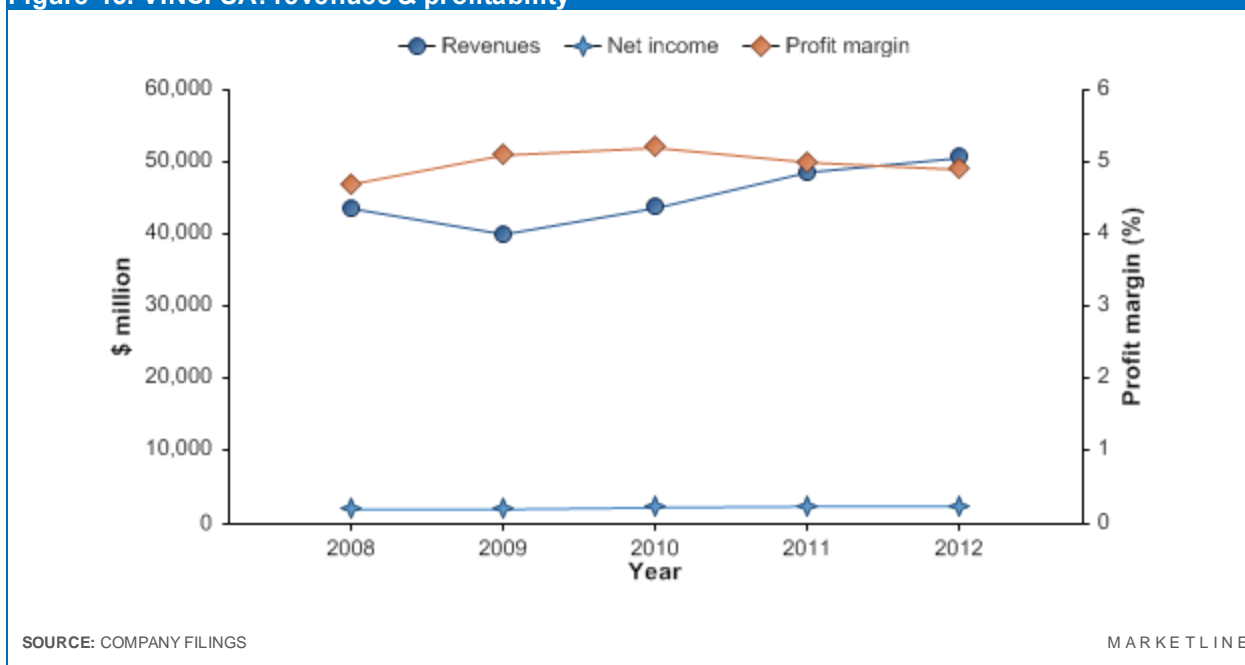
€ million	2008	2009	2010	2011	2012
Revenues	33,930.3	31,177.7	34,002.8	37,851.1	39,381.5
Net income (loss)	1,591.4	1,596.0	1,775.9	1,904.3	1,916.7
Total assets	51,792.2	50,978.3	56,413.2	60,575.2	61,590.7
Total liabilities	42,766.3	40,511.2	43,388.5	46,959.9	47,520.9
SOURCE: COMPANY FILINGS				MARKETLINE	

Table 14: VINCI SA: key financial ratios

Ratio	2008	2009	2010	2011	2012
Profit margin	4.7%	5.1%	5.2%	5.0%	4.9%
Revenue growth	9.9%	(8.1%)	9.1%	11.3%	4.0%
Asset growth	4.0%	(1.6%)	10.7%	7.4%	1.7%
Liabilities growth	2.6%	(5.3%)	7.1%	8.2%	1.2%
Debt/asset ratio	82.6%	79.5%	76.9%	77.5%	77.2%
Return on assets	3.1%	3.1%	3.3%	3.3%	3.1%
Revenue per employee	\$265,783	\$259,394	\$243,399	\$270,234	\$262,629
Profit per employee	\$12,466	\$13,278	\$12,712	\$13,596	\$12,782

SOURCE: COMPANY FILINGS

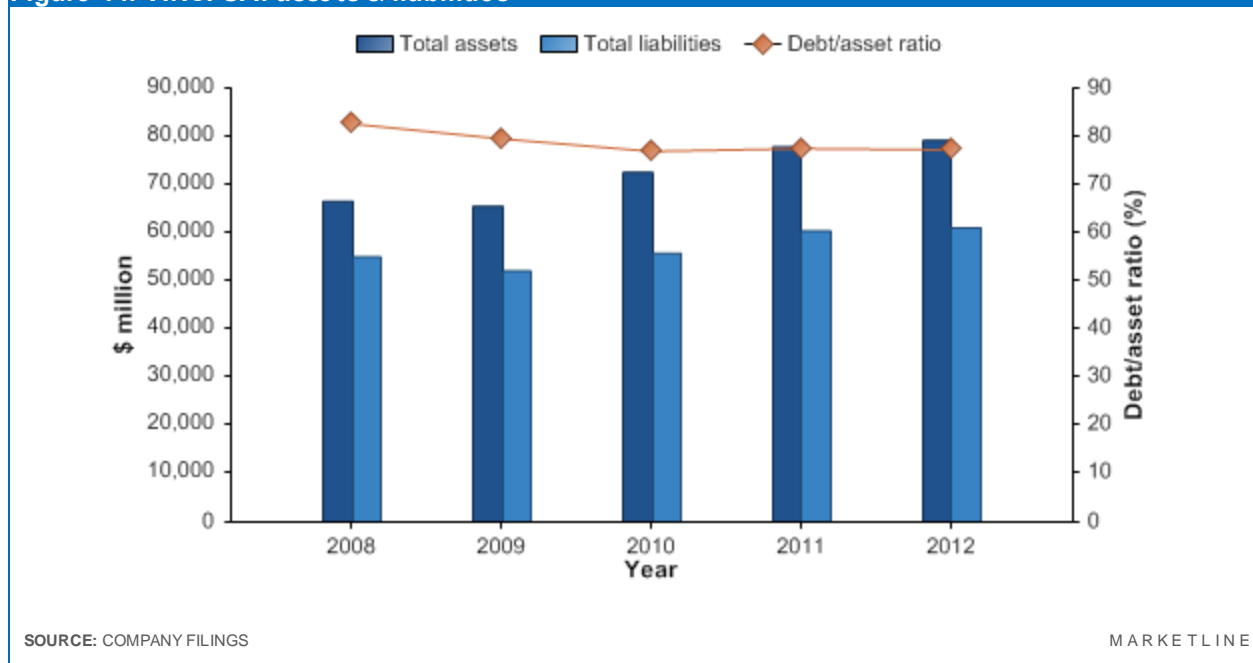
MARKETLINE

Figure 13: VINCI SA: revenues & profitability

SOURCE: COMPANY FILINGS

MARKETLINE

Figure 14: VINCI SA: assets & liabilities



APPENDIX

Methodology

MarketLine Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, MarketLine's in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

MarketLine aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – MarketLine has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date

Industry associations

FIEC - European Construction Industry Federation

Avenue Louise 225, B- 1050 Brussels, BEL

Tel.: 32 2 514 55 35

Fax: 32 2 511 02 76

www.fiec.org

Federacion Interamericana de la Industria de la Construcción

Secretaría General FIIC, Av. Periférico Sur 4839, C.P. 14010 Tlalpan, MEX

Tel.: 52 55 5424 74 57

Fax: 52 55 5606 27 86

www.cmic.org/FIIC

IFAWPCA, International Federation of Asia and Western Pacific Contractors' Association

3rd Floor Padilla Building, Emerald Avenue, Ortigas Center, Pasig City, Metro Manila, PHL

Tel.: 632 631 2782

Fax: 632 631 2773

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