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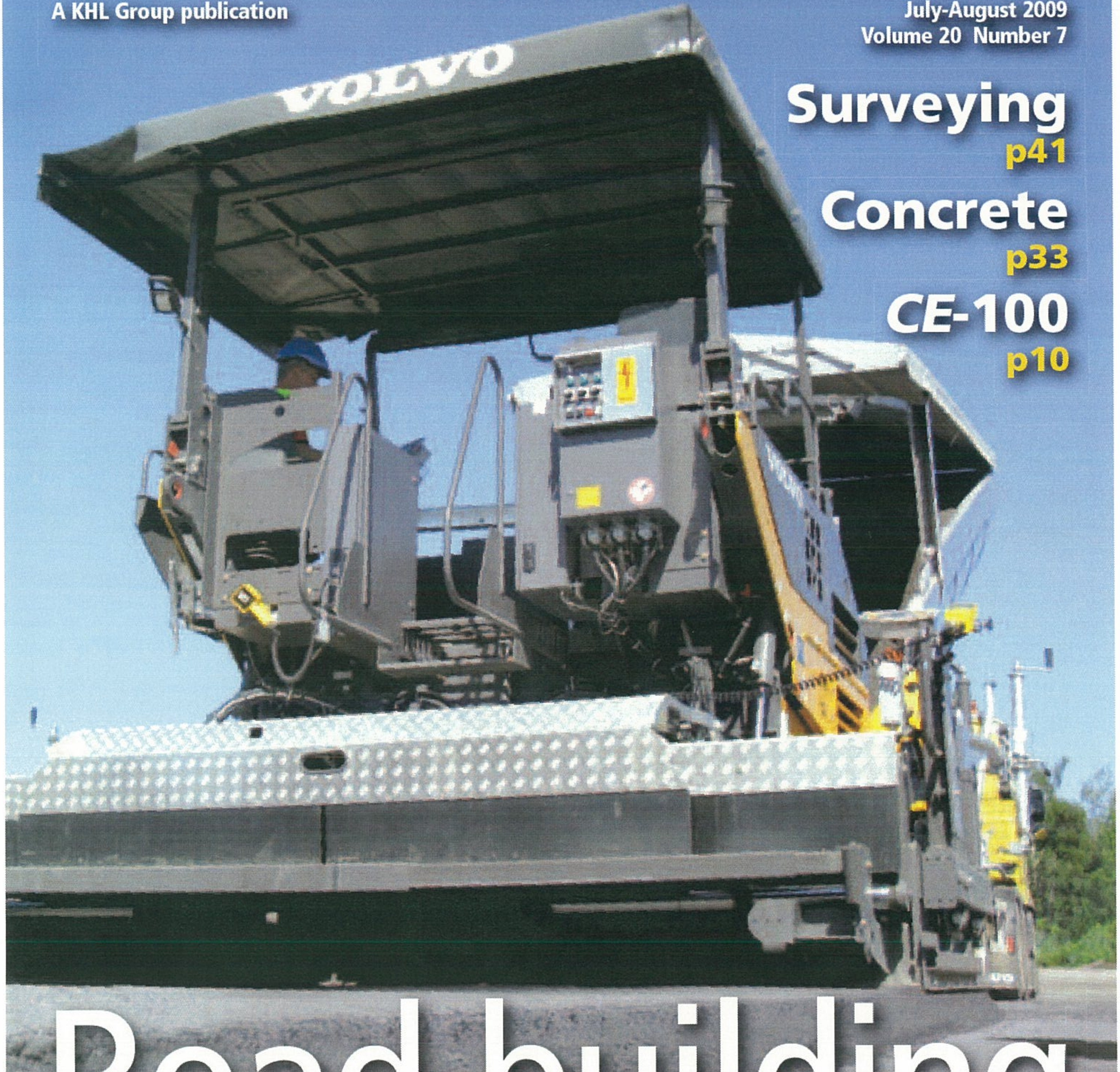


Europe's top

There may have been little change at the top of the *CE*-100 ranking this year, but financial analysis of Europe's top 100 contractors suggests there is trouble brewing for 2010's league table.

ONCE AGAIN THE TOP TWO companies in the *CE*-100 ranking of Europe's biggest contractors are familiar names. Vinci and Bouygues remain unmoved, and in fact there has been very little change to the top ten since last year's ranking was published.

The most notable development is Acciona's move into this elite group, which has pushed Saipem out. Acciona's rise is largely due to its acquisition of utility company Endesa's renewable energy business in a complex deal that saw it team-up with Italian power company Enel. The long-running saga of this acquisition was only brought to a close in February, so there could be implications for next year's rankings as the Endesa business is fully consolidated.

Further down the table there are moves into the top 20 for Carillion and VolkerWessels, with Carillion's move thanks to a string of acquisitions in the UK over the last few years.

Barratt Developments is a surprise with a two-place rise to no. 21, given the difficult conditions in the UK housing market. Looking at its peer group – companies like Taylor Wimpey (-5 places to no. 22), Persimmon (-23 places to no. 47), Bellway (-14 places to no. 63) and Redrow (-19 to no. 94) – this gain is very much against the trend.

SPANISH GROWTH

But if the troubled UK residential market is hurting the country's house builders, the difficulties in Spain are not reflected among its contractors in this year's rankings. Of the 11 Spanish contractors listed, six moved up the league table this year, with only four fallers and one company staying put. Indeed, it is telling that four Spanish contractors are now represented in the top ten of the *CE*-100 – more than any other country.

Spain's contractors also enjoy above average profits, with this group achieving a mean operating margin of 8.69% in 2008, compared to the average of 5,97% for the *CE*-100 as a whole.

Another impressive group was Germany's contractors. There are six listed in this year's table – Ed Züblin remains unchanged at no. 35, but the remainder have climbed the rankings since the 2008 edition. This includes one-place climbs for giants like Hochtief and Bilfinger Berger as well as more substantial climbs for medium-sized private companies like Max Boegl and Goldbeckbau.

CLIMBERS

There were also generally good performances for Dutch and Italian contractors last year, with improvements for the likes of VolkerWessels, Impregilo, Ballast Nedam, Strukton Group and Trevi to name a few. In addition, the major dredging specialists – two of which are Dutch – also enjoyed good gains, with Boskalis Westminster and Van Oord moving up a few places, along with a more substantial gain for Belgium's DEME.

But if there are gainers, there also have to be fallers, and this year it was the UK contractors that saw their standings fall. Although large groups like Balfour Beatty and Carillion did well, there were big falls for the house building specialists along with others like Kier, Interserve, Miller and Bowmer & Kirkland. Both Danish contractors in the *CE*-100 also lost ground on last year's positions.

THE *CE*-100 LEAGUE TABLE

	Sales (€ million)	Company	Country	2008 Rank	Change
1	34458	Vinci	France	1	-
2	25210	Bouygues' Construction Divisions	France	2	-
3	19103	Hochtief	Germany	4	1
4	16010	ACS	Spain	3	-1
5	14519	Skanska	Sweden	6	1
6	14126	Ferrovial	Spain	5	-1
7	14016	FCC	Spain	7	-
8	13226	Eiffage	France	8	-
9	12665	Acciona	Spain	12	3
10	12228	Strabag SE	Austria	9	-1
11	11895	Balfour Beatty	UK	11	-
12	10742	Bilfinger Berger	Germany	13	1
13	10094	Saipem	Italy	10	-3
14	8835	Bam Group	Netherlands	14	-
15	7481	Technip	France	15	-
16	7092	Aker Solutions	Norway	16	-
17	6528	Carillion	UK	21	4
18	5981	NCC Group	Sweden	18	-
19	5393	VolkerWessels	Netherlands	22	3
20	5379	Sacyr Vallehermoso	Spain	19	-1
21	4457	Barratt Developments	UK	23	2
22	4348	Taylor Wimpey	UK	17	-5
23	4163	Laing O'Rourke	UK	20	-3
24	4009	Obrascon Huarte Lain	Spain	25	1
25	3958	Enka Insaat	Turkey	29	4
26	3940	YIT Corporation	Finland	27	1
27	3750	Spie	France	30	3
28	3631	Heijmans	Netherlands	26	-2
29	3552	Peab	Sweden	31	2
30	3506	Alpine Bau	Austria	37	7
31	3317	Isolux Corsan	Spain	39	8
32	3195	Morgan Sindall	UK	32	-
33	3000	Cegelec	France	34	1
34	2958	Impregilo Group	Italy	36	2
35	2950	Ed Züblin	Germany	35	-
36	2925	Kier Group	UK	33	-3
37	2683	Nexity	France	41	4
38	2657	Porr Group	Austria	44	6
39	2482	Lemminkäinen	Finland	45	6
40	2479	Tecnicas Reunidas	Spain	47	7
41	2463	Maire Tecnimont	Italy	48	7
42	2404	TBI Holdings BV	Netherlands	42	-
43	2385	Babcock International	UK	43	-
44	2361	Veidekke	Norway	40	-4
45	2297	Galliford Try	UK	46	1
46	2257	Interserve	UK	38	-8
47	2201	Persimmon	UK	24	-23
48	2094	Boskalis Westminster	Netherlands	50	2
49	1913	Ellaktor	Greece	89	40
50	1896	Van Oord ACZ	Netherlands	53	3
51	1883	Jan De Nul	Belgium	51	-
52	1869	Mota-Engil	Portugal	58	6
53	1810	Sisk Group*	Ireland	55	2
54	1795	Besix*	Belgium	56	2

contractors

THE *CE*-100 LEAGUE TABLE

55	1728	**Compagnie D'Entreprises CFE SA**	Belgium	59	4
56	1685	**Grupo San Jose***	Spain	57	1
57	1527	**Bauer**	Germany	80	23
58	1509	**DEME**	Belgium	73	15
59	1500	**Keller Group**	UK	63	4
60	1498	**MT Hojgaard**	Denmark	54	-6
61	1467	**Astaldi**	Italy	72	11
62	1466	**Implenia**	Switzerland	62	-
63	1441	**Bellway**	UK	49	-14
64	1426	**Ballast Nedam**	Netherlands	74	10
65	1403	**Comsa**	Spain	77	12
66	1377	**Teixeira Duarte**	Portugal	84	18
67	1367	**ISG**	UK	81	14
68	1312	**Miller Group**	UK	52	-16
69	1300	**Max Boegl**	Germany	86	17
70	1281	**Fayat Group**	France	-	NEW
71	1273	**JM**	Sweden	69	-2
72	1268	**ROK**	UK	67	-5
73	1265	**Wates Group**	UK	65	-8
74	1249	**Strukton Groep**	Netherlands	79	5
75	1249	**Costain Group**	UK	82	7
76	1244	**Swietelsky**	Austria	71	-5
77	1243	**Berkeley Group**	UK	70	-7
78	1224	**Polimex - Mostostal Siedlce**	Poland	88	10
79	1203	**Petrofac**	UK	28	-51
80	1200	**Sade***	France	95	15
81	1165	**Kaufman & Broad**	France	68	-13
82	1162	**Arcadis**	Netherlands	85	3
83	1148	**Aldesa**	Spain	78	-5
84	1132	**Dura Vermeer**	Netherlands	83	-1
85	1121	**Bowmer & Kirkland**	UK	76	-9
86	1086	**LSR**	Russia	-	NEW
87	1069	**Trevi SpA**	Italy	90	3
88	1040	**Goldbeckbau**	Germany	98	10
89	991	**J&P Avax**	Greece	-	NEW
90	926	**Metrostav AS***	Czech Republic	96	6
91	913	**Budimex SA**	Poland	94	3
92	869	**E Pihl & Son AS**	Denmark	91	-1
93	840	**Ferfina***	Italy	93	-
94	815	**Redrow**	UK	75	-19
95	787	**Bloor Holdings**	UK	-	NEW
96	778	**Techint Engineering & Construction***	Italy	60	-36
97	775	**Joannou & Paraskevaides (J&P)***	Cyprus	99	2
98	773	**Pizzarotti***	Italy	100	2
99	749	**Stroytransgaz**	Russia	-	NEW
100	747	**Van Wijnen**	Netherlands	92	-8

* - Estimate

METHODOLOGY: The *CE*-100 is based on sales revenues in 2008 – either full- or financial years. It is compiled from a range of sources including audited annual accounts, companies' own statements of revenues and information from reputable third parties such as Dun & Bradstreet. In some cases *CE* has estimated company revenues.

Financial analysis

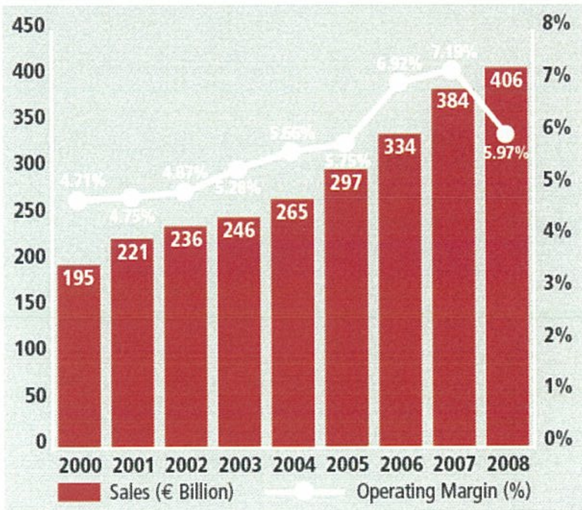
REVENUES FOR THE *CE*-100 ROSE +5,7% LAST YEAR TO € 406 billion. It was a smaller percentage gain than has been common in previous years, when +10% or more has been the order of the day.

Combined with a dip in profitability to an operating margin of 5,97%, this clearly indicates a turning point in the cycle. Next year is likely to see a fall in revenues for the first time this decade, accompanied by another drop in profitability.

This could also see job cuts in the industry. In 2008 the average headcount for a European contractor was 22164 employees, up +10% from the 2007 figure of 20062. However, with construction output clearly declining in Europe, it seems inevitable that revenues, profit and employment are set to fall too.

It is interesting to reflect why there is a lag between contractors' revenues and construction output. As Euroconstruct figures show, there was a drop in construction last year, but revenues for the region's 100 larges contractors continued to rise.

The most likely explanation for this is that large contractors have big order books and tend to be involved in the type of scheme that takes years to complete.



The fall in UK companies' standings in the league table means their share of total revenues has dropped. They claimed a 15,2% slice of the total this year, compared to 17,2% last year. This placed it third behind Spain's 18,7% share and the 23,0% slice claimed by France's contractors.

Next came Germany with a 9,0% share, the Netherlands with 7,4% and Sweden with 6,2%. Despite having one of the 'Big five' European construction markets, Italian contractors only claimed a 5,0% share of the *CE*-100's revenues, placing them seventh as a national grouping.

The order of these standings has not changed from last year, but the fall in the share claimed by UK contractors has seen the German share increase. **ce**