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GPoC 2017
Global Powers of Construction
Executive Summary

Introduction

Global Powers of Construction analyses the current economic situation of the construction industry worldwide and examines the strategies and performance of the most representative **listed** global construction groups in 2017.

The report analyses the main financial indicators of the major players within the industry: market position and performance in terms of **revenue, market capitalisation, internationalisation, diversification,**

profitability, indebtedness and other financial ratios are examined throughout this publication.

We have also included a section on **company profiles**, which focuses on the **Top 30 listed global construction companies** in terms of revenue. For the selected companies, we present key data on ownership structure, main activities and divisions, international presence, goals and strategic objectives and selected financial data from the groups' 2017 financial statements.



Ranking of listed global construction companies

Chinese companies dominate the Top 100 ranking in terms of revenue, with the three largest Chinese groups representing around 30% of the GPoC's total sales.

Other Asian players, mainly from Japan and South Korea, and companies from the US, the UK, France and Spain, have a significant presence in the industry ranking.

Country	Number of companies	Sales 2017 (€ M)
CHINA	10	440,510
JAPAN	14	149,968
FRANCE	3	88,415
USA	11	84,967
SOUTH KOREA	7	70,159
SPAIN	7	67,154
UNITED KINGDOM	12	48,662
SWEDEN	4	29,019
AUSTRIA	2	17,802
THE NETHERLANDS	4	16,190



Top GPoC - ranking by sales

Rank 2017	Company	Country	Sales 2017 (€M)
1	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD. (CSCEC)	CHINA	138,171
2	CHINA RAILWAY GROUP LTD. (CREC)	CHINA	90,283
3	CHINA RAILWAY CONSTRUCTION CORP. LTD. (CRCC)	CHINA	89,262
4	CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED (CCCC)	CHINA	60,305
5	VINCI	FRANCE	40,248
6	ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (ACS)	SPAIN	34,898
7	BOUYGUES	FRANCE	32,904
8	METALLURGICAL CORPORATION OF CHINA LTD (MCC)	CHINA	31,983
9	DAIWA HOUSE INDUSTRY CO.	JAPAN	29,575
10	SAMSUNG C&T CORP.	SOUTH KOREA	22,933
11	SHANGHAI CONSTRUCTION GROUP (SCG)	CHINA	18,624
12	FLUOR CORP.	USA	17,280
13	SEKISUI HOUSE	JAPAN	16,929
14	AECOM	USA	16,470
15	SKANSKA AB	SWEDEN	16,387
16	OBAYASHI CORP.	JAPAN	15,766
17	KAJIMA CORP.	JAPAN	15,338
18	EIFFAGE SA	FRANCE	15,263
19	LARSEN & TOUBRO LTD. (L&T)	INDIA	14,950
20	DOOSAN	SOUTH KOREA	13,774
21	STRABAG	AUSTRIA	13,509
22	HYUNDAI ENGINEERING & CONSTRUCTION CO. LTD. (HDEC)	SOUTH KOREA	13,227
23	SHIMIZU CORP.	JAPAN	13,196
24	DR HORTON	USA	12,749
25	DAITO TRUST CONSTRUCTION	JAPAN	12,604
26	TAISEI CORP.	JAPAN	12,521
27	FERROVIAL	SPAIN	12,208
28	LENLEASE	AUSTRALIA	11,519
29	LENNAR CORP.	USA	11,296
30	BALFOUR BEATTY	UNITED KINGDOM	9,427

Rank	Company	COUNTRY	International sales (€ M)	% of international sales
1	ACS	SPAIN	30,471	87%
2	VINCI	FRANCE	16,568	41%
3	CCCC	CHINA	13,891	23%
4	SKANSKA	SWEDEN	12,222	75%
5	BOUYGUES	FRANCE	11,915	36%
6	STRABAG	AUSTRIA	11,303	84%
7	CSCEC	CHINA	11,142	8%
8	FERROVIAL	SPAIN	9,371	77%
9	FLUOR	USA	8,365	48%
10	DOOSAN	KOREA	7,766	56%

Aggregate sales of the Top 100 GPoC rose by 6% in 2017. China State Construction Engineering, with over EUR 138 billion in total revenue, leads the ranking in 2017.

Two other Chinese companies, China Railway Group and China Railway Construction, complete the Top 3. The predominant presence of Chinese companies in the sales ranking is mainly due to the size of the Chinese market, as international sales of Asian companies as a percentage of sales is lower than other GPoC.

In this regard, the International sales ranking is led by the Spanish ACS and the French Vinci, with other 4 European companies in the Top 10.

Top 30 GPoC ranking by market capitalisation

Rank	Company	Country	Market Capitalisation 2017 (€M)
1	VINCI	FRANCE	50,336
2	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD. (CSCEC)	CHINA	34,593
3	LARSEN & TOUBRO LTD. (L&T)	INDIA	21,176
4	DAIWA HOUSE INDUSTRY	JAPAN	17,811
5	SAMSUNG C&T CORP.	SOUTH KOREA	16,051
6	BOUYGUES	FRANCE	15,857
7	CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED (CCCC)	CHINA	15,293
8	CHINA RAILWAY GROUP LTD. (CREC)	CHINA	14,059
9	FERROVIAL	SPAIN	13,858
10	CHINA RAILWAY CONSTRUCTION CORP. LTD. (CRCC)	CHINA	13,100
11	DR HORTON, USA	USA	12,686
12	LENNAR CORP.	USA	12,669
13	CHINA FORTUNE LAND DEVELOPMENT	CHINA	11,858
14	ACTIVIDADES DE CONSTRUCCION Y SERVICIOS SA (ACS)	SPAIN	10,142
15	SEKISUI HOUSE	JAPAN	10,128
16	DAITO TRUST CONSTRUCTION	JAPAN	9,766
17	PERSIMMON PLC	UNITED KINGDOM	9,512
18	EIFFAGE SA	FRANCE	8,781
19	PULTEGROUP	USA	7,931
20	TAISEI CORP.	JAPAN	7,801
21	TAYLOR WIMPEY PLC	UNITED KINGDOM	7,605
22	FULLSHARE HOLDING LIMITED	CHINA	7,562
23	SKANSKA AB	SWEDEN	7,066
24	FLUOR CORP.	USA	6,665
25	SNC-LAVALIN INC.	CANADA	6,648
26	SHIMIZU CORP.	JAPAN	6,576
27	LENDLEASE	AUSTRALIA	6,488
28	BARRATT DEVELOPMENTS PLC	UNITED KINGDOM	6,473
29	KAJIMA CORP.	JAPAN	6,329
30	OBAYASHI CORP.	JAPAN	6,276
TOTAL			381,096

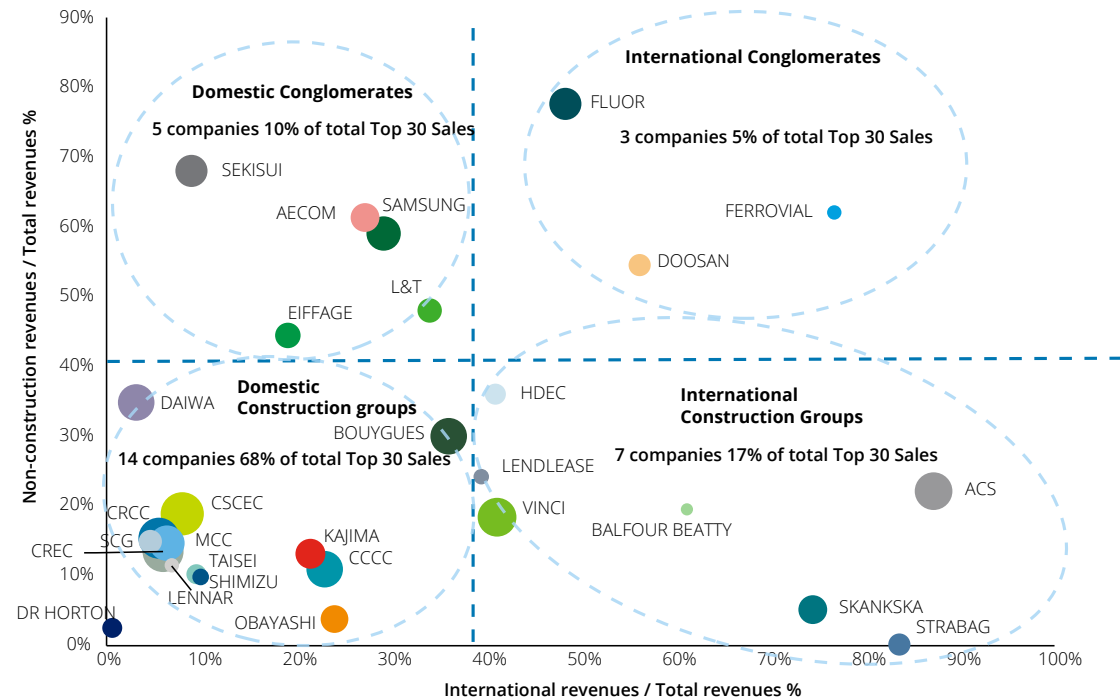
Total market capitalisation of the Top 30 GPoC amounted to EUR 381,096 million, slightly higher than in 2016 and 50% above 2007 levels (the beginning of the financial crisis) Vinci, ranked 5th in terms of revenues, reported the highest market value in 2017.



Top 30 GPoC strategies

The internationalisation of construction activities and portfolio diversification have been two of the most significant strategies of the largest construction groups in recent years. In 2017, 23% of total sales were obtained beyond domestic borders and 23% were obtained from non-construction activities. Both diversification and internationalisation are higher among the European groups (24% and 55%) than among other GPoC from Asia and the US.

Some USD 69.4 trillion of infrastructure investment will be required in the period from 2017 to 2035, representing approximately 4.1% of the period GDP. Over 60% of global infrastructure investment will be made in emerging economies, particularly in Asia, while the US and Canada will account for approximately 20%.



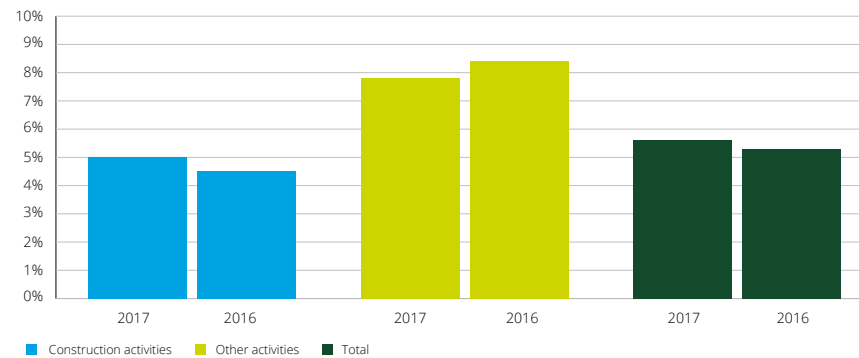
Daito Trust Construction has not been included in the analysis since the Company does not disclose revenues obtained abroad. Accordingly it is impossible to classify the company within any of the categories defined above.

Source: Deloitte analysis

Financial ratios

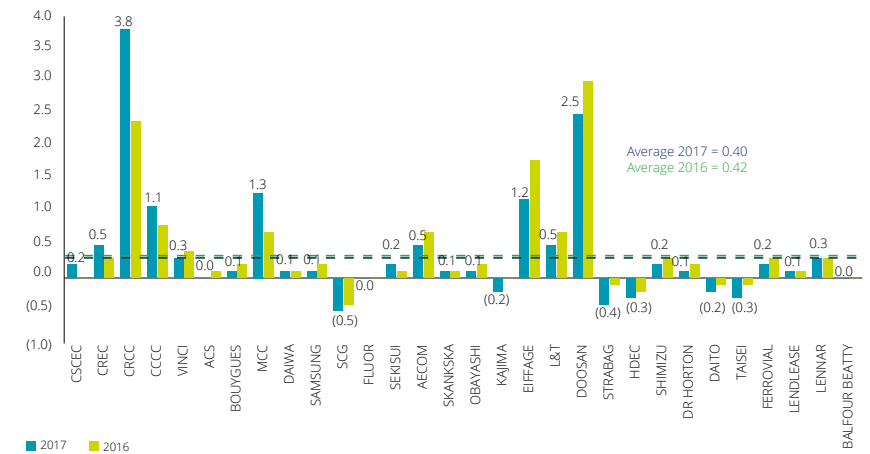
EBIT Margin

Competitive dynamics have maintained industry margins at low levels in 2017. EBIT from construction activities rose to 5.0% of sales. By geographical area, Asian, US and European companies achieved construction operating profitability of 5.0%, 4.7% and 3.8%, respectively.



Net indebtedness

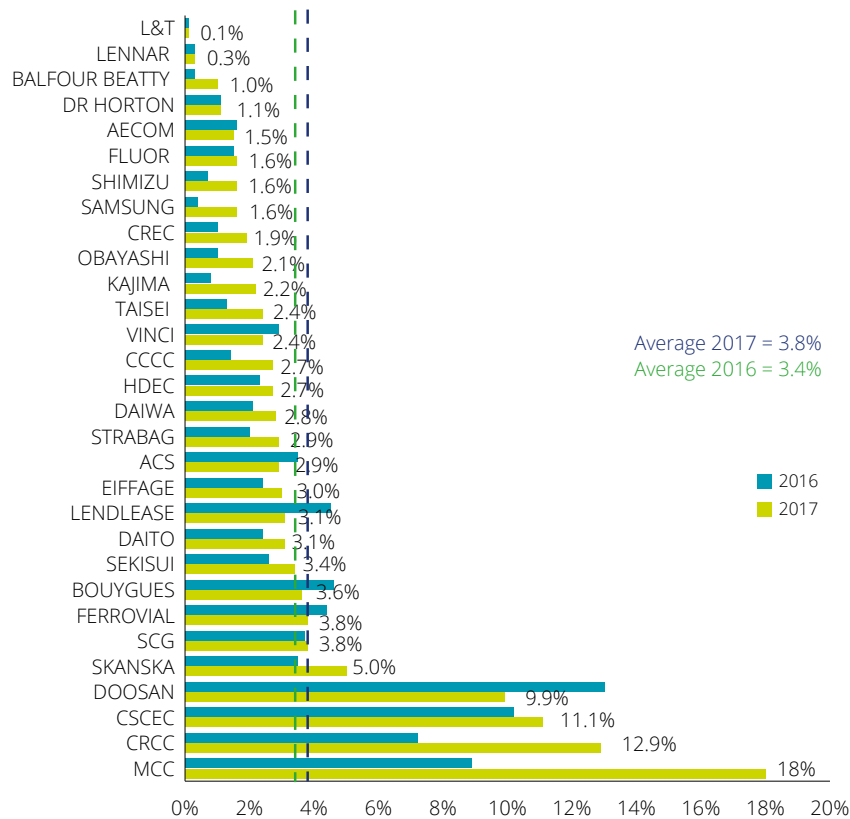
Aggregate net debt to equity ratios continued to decrease in 2017 (6pp reduction compared with 2016). Debt levels of less diversified GPoC remain low, most diversified GPoC show higher indebtedness ratios. Average net debt/market cap decreased also from x0.42 to x0.40 times.



Dividend yield

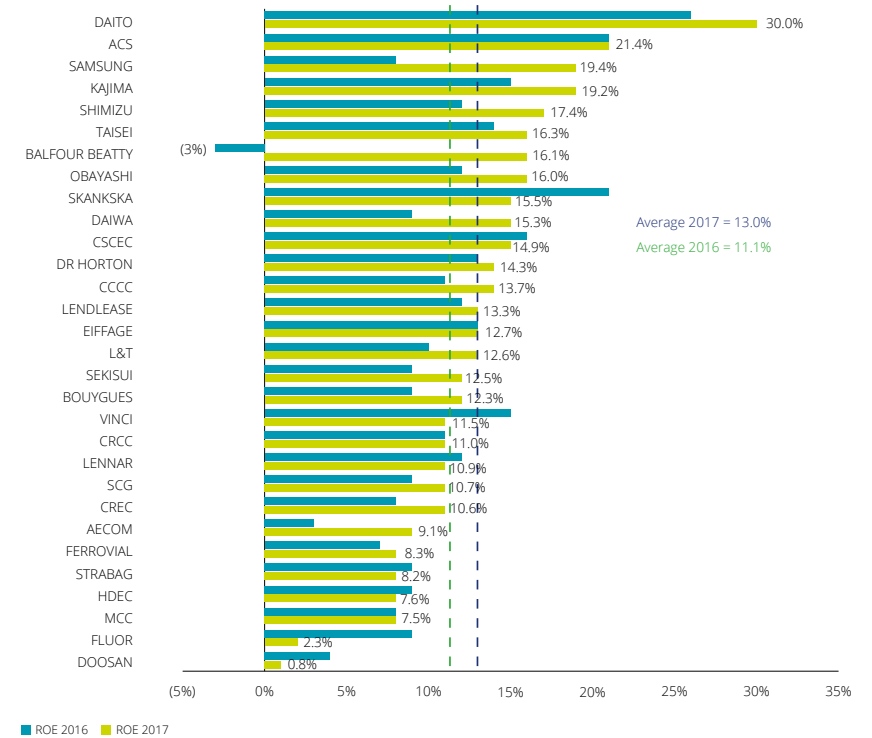
The average dividend yield rose to 3.8% in 2017.

Five groups recorded ratios above 5% while two companies reported dividend yields below 1%.



Return on Equity (ROE)

Despite low EBIT margins, the reduced operating leverage of pure construction activities, with a relatively low investment in fixed assets and working capital – if properly managed- give rise to high ROE ratios (13.0% in 2017 and 11.1% in 2016).



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