

ACEC Engineering Business Index

EBC Composite Score

65.9

4th Quarter 2017

Data collection and analysis by FMI Corporation

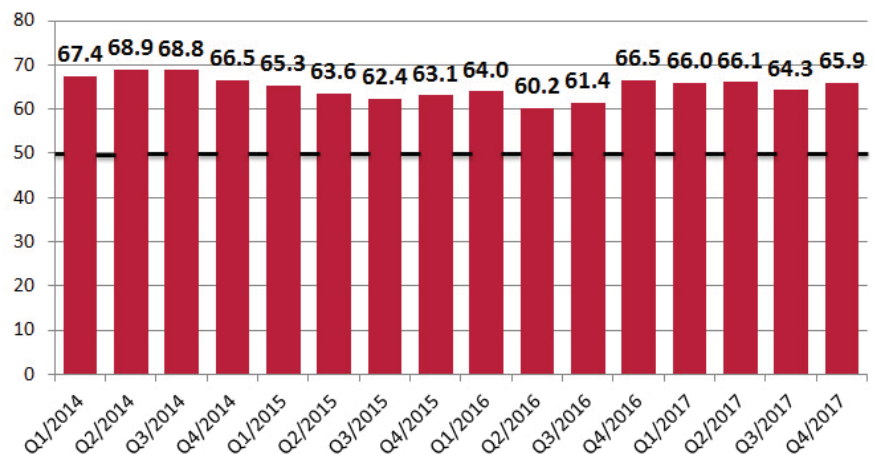
Engineering CEOs Upbeat About Market Going Forward

Engineering CEOs are confident that the economy is on the right path and that the engineering market will continue to improve over the coming year, according to the latest ACEC Engineering Business Index (EBI) survey.

“Due to the passage of the tax plan, I expect to see a major economic uptick,” said a respondent.

The 4th Quarter 2017 (Q4/17) EBI score rose to 65.9, up 1.6 from the 64.3 score in the Q3/17 survey. Any score above 50 signals that the market is growing. (See box below to learn more about the EBI methodology.) The survey of 425 engineering firm leaders was conducted December 5-22.

EBI Trendline



Better Times Ahead

As bullish as they are about today's market, survey respondents are even more optimistic about the market 12 months from now (up 2.7 points to 69.1). Over the next year, firm leaders have high expectations for their backlog (up 4.3 to 69.5). And looking deeper into the future, they are confident about rising profitability (up 2.6 to 68.5).

“We are going into 2018 with a record backlog and strong prospects for growth,” said a respondent.

Resurgent Private Markets

Contrary to the last quarter survey, in which CEOs expected most private markets to slow, 4Q/17 respondents anticipate growth in all six private markets over the next year.

Leading the way is the Industrial/Manufacturing sector, which rose 4.6 points to a robust 70.7.

About the EBI The ACEC Engineering Business Index (EBI) is a leading indicator of America's economic health based on the business performance and projections of engineering firms that develop the nation's transportation, water, energy and industrial infrastructure. The EBI is a diffusion index derived from quarterly surveys of engineering industry leaders on their firm's business, market and financial performance. The EBI index mean is 50, with scores above 50 indicating business expansion, and scores below 50 indicating contraction. The EBI is produced by the American Council of Engineering Companies (ACEC) in conjunction with FMI Corporation.

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“We provide design services for water, wastewater, air pollution control and regulatory permitting for food and agricultural products producers and these industries are booming with new plants and plant expansions going on across the U.S.,” said a respondent. “Having a hard time finding additional staff to handle all the additional work.”

Other strong private market sectors include Buildings (up 4.3 to 69.7), Energy and Power (up 3.9 to 68.6), Health Care (up 3.4 to 60.9), and Land Development (up 2.8 to 66.7). Even the Education sector, which has lagged for several quarters was up 1.7 to 56.6.

Public Market “Remains Tight”

In the public sector, results were mixed. Transportation suffered the biggest drop, falling 5.0 points to 65.5.

“Our primary market is the public transportation sector, but with federal and local taxes being stagnant and tied to 1990s values, this sector is doomed to be unsustainable,” said a respondent.

The Water and Wastewater market also fell, dropping 3.5 points to 66.1.

The other four public sector markets rose: Education, up 5.5 to 57.7; Health Care, up 4.8 to 57.6; Environmental, up 3.9 to 55.4; and Buildings, up 0.3 to 59.4.

“The government/public sector market remains very tight,” said a respondent.

Component Results Q4 2017	Better	Same	Worse	Q4 2017 Results	Q3 2017 Results
Current business climate vs. 12 months ago	61.7%	27.1%	11.3%	75.2	72.9
Current business climate vs. 6 months ago	34.1%	56.4%	9.5%	62.3	64.3
Current business climate vs. 12 months from now	44.8%	48.4%	6.7%	69.1	66.4
Profitability expectations for next 6 months	48.8%	44.6%	6.6%	71.1	70.5
Profitability expectations for next 12 months	53.0%	40.0%	7.1%	72.9	72.7
Profitability expectations for 3 years from now	48.0%	41.1%	11.0%	68.5	65.9
	Larger	Same	Smaller		
Backlog vs. 12 months ago	54.7%	25.9%	19.3%	67.7	68.9
Backlog vs. 6 months ago	38.8%	45.9%	15.4%	61.7	63.4
Backlog expectations for 12 months from now	48.9%	41.1%	9.9%	69.5	65.2
Twelve-month expectations for PUBLIC markets	Better	No Change	Worse		
Transportation	44.8%	41.3%	13.9%	65.5	70.5
Water and Wastewater	39.3%	53.6%	7.1%	66.6	69.6
Environmental (Other than water/wastewater)	20.7%	69.3%	10.0%	55.4	51.5
Health Care	26.9%	61.4%	11.7%	57.6	52.8
Education	25.6%	64.3%	10.2%	57.7	52.2
Buildings	28.6%	61.6%	9.8%	59.4	59.1
Twelve-month expectations for PRIVATE markets	Better	No Change	Worse		
Energy and Power	40.8%	46.9%	6.8%	68.6	64.7
Land Development	38.8%	55.8%	5.4%	66.7	63.9
Buildings	46.3%	46.9%	6.8%	69.7	65.4
Health Care	31.6%	58.6%	9.8%	60.9	57.5
Industrial/Manufacturing	45.2%	51.0%	3.8%	70.7	66.1
Education	22.9%	67.4%	9.7%	56.6	54.9
Overall EBI				65.9	64.3