

## Economic Survey of Construction Industry in Taiwan, 2005 Executive Summary

The population of the 2005 Economic Survey of Construction Industry in Taiwan included all R.O.C. Comprehensive Construction Companies, Specialty Construction Companies and Civil Engineering Contractors which registered with the supervisory organization and continued to do business at the end of 2005. The survey period covered from January 1, 2005 through December 31, 2005. The survey results are summarized as follows:

1. There were 12,682 construction companies at the end of 2005

Analyzing based on grade level, we found that the “Grade C Construction Companies” had more number of companies (46.3%) than any other grades, followed by “Civil Engineering Contractors” (31.1%), and then “Grade A Comprehensive Construction Companies” (12.5%). Only 0.4% were “Specialty Construction Companies” since the registration for them just began at the end of 2004.

Observing based on region, we found that more companies were located in the North Region (33.2%), followed by Central Region (31.5%) and South Region (29.4%).

By type of organization, majority of them were companies (68.0%) ; only 32.0% were individual proprietorships or partnerships.

By number of employees, majority (66.0%) of them were small firms with only 9 or under employees, followed by 10-19 employees (18.3%), and 20-49 employees (11.9%) ; and only 3.8% had 50 or over employees.

Analyzing based on the total revenue, there were 51.4% with annual revenue under NT\$10,000,000, followed by NT\$10,000,000~20,000,000 (18.4%) and NT\$20,000,000~ 50,000,000 (16.3%). Only 10 construction companies had annual revenue over and above NT\$3,000,000,000; however, they accounted for 14.2% of

the total revenue of the whole construction industry.

By total value of production, 49.9% had annual value of production lower than NT\$10,000,000, followed by NT\$10,000,000~20,000,000(18.6%) and NT\$20,000,000~ 50,000,000(16.3%). In other words, 85% of construction companies had annual value of production under NT\$50,000,000.

Analyzing based on the value of actual assets in operation, 39.5% had the value of actual assets in operation less than NT\$6,000,000, followed by NT\$6,000,000~ 10,000,000(12.8%), NT\$10,000,000~20,000,000(15.3%) and NT\$20,000,000~ 50,000,000 (14.4%). Therefore, 82% of construction companies had the value of actual assets in operation less than NT\$50,000,000. Noticeably, only 141 companies, accounted for 1.1%, had the value of actual assets in operation over and above NT\$1,000,000,000; however, together they owned more than half of the total resources of the industry.

2. The number of employees (including staff employees and laborers, but excluding those hired by subcontractors) in the construction industry was around 166,000 with 102,411 laborers at the end of 2005. The number of laborers (technical and manual laborers) was 1.7 times of the number of staff employees. In addition, most often, there were 15,689 dispatched laborers per month.
3. The 2005 annual expenditures on labor costs amounted to NT\$100,988,053,000 in the construction industry. The average 2005 annual expenditures on labor costs per specialty construction company was the highest, NT\$111,314,000. And the average 2005 annual expenditures on labor costs per company in the construction industry was NT\$7,963,000, no significant change from NT\$8,040,000 of year 2004.
4. The 2005 total revenue of the construction industry was NT\$500,920,200,000, which was more than that of the year 2004. Grade A Comprehensive Construction Companies had the highest total revenue among the different grades of construction companies, accounted for 56.8% of the total revenue. Among the total

revenue, NT\$486,513,226,000 was the business revenue, accounted for 97.1% of the total revenue.

5. The 2005 annual total expenditures of the construction industry were NT \$529,763,433,000, more than that of the year 2004. The business expenditures were NT \$512,695,023,000, accounted for 96.8% of the total expenditures. Grade A Comprehensive Construction Companies had the largest total expenditures among the different grades of construction companies, accounted for 59.0% of the total expenditures of the industry.
6. The net value of actual assets in operation in the construction industry at the end of 2005 was NT\$111,064,457,000, which was more than that of the year 2004. And the majority of the actual assets were liquid assets. Grade A Comprehensive Construction Companies had the net value of actual assets in operation of NT \$845,388,247,000, more than any other grade construction companies.
7. The 2005 annual total value of production was NT\$552,581,020,000, slightly increased from the year 2004 (NT\$529,227,100,000).
8. The total area of the land used by the construction industry at the end of 2005 was 1,144,522 square meters. The average area of the land used by each company was 90.2 square meters and average area of land used by each employee was 6.9 square meters.
9. The total floor area of the buildings used by the construction industry was 1,230,727 square meters at the end of 2005. The average floor area of buildings used by each company was 97.0 square meters and used by each employee was 7.4 square meters.
10. The 2005 annual total value of construction work was NT\$544,276,747,000, increased from year 2004. The Grade A Comprehensive Construction Companies accounted for 57% of it.
11. The total revenue of all construction work was NT\$528,185,353,000, and the

- revenue of public work construction accounted for the highest proportion of it.
12. The 2005 annual actual value of materials used by the construction industry was NT\$331,790,304,000, increased from the year 2004. 91.8% was procured by the construction companies themselves, 8.2% provided by customers or other construction companies. Average actual value of materials used by each company was NT\$26,162,000.
  13. The total stock and unused materials of the construction industry at the end of 2005 was NT\$450,064,132,000. The stock turnover rate for the construction industry in Taiwan-Fujian area was 108.1% which increased from the year 2004.
  14. The 2005 annual total amount of liabilities and net worth was NT\$167,774,925,000 with 76.7% liabilities and 23.3% net worth. The average amount of liabilities and net-worth per company was NT\$84,196,000.
  15. As for the 2005 annual financial structure of the construction industry, liquidity ratio was 116.8% ; the liability ratio was 76.7% ; the fixed assets adequacy ratio was 33.9% ; and the self-capital ratio was 25.5%.
  16. The 2005 annual net profit margin of the construction industry was 2.9%, increased from 2.8% of the year 2004. And the net profit margin of Civil Engineering Contractors was the highest (7.9%).
  17. The 2005 annual total asset turnover rate for the construction industry was 43.5% which was higher than that of the year 2004. And the total asset turnover rate decreased when the asset amount increased.
  18. The 2005 annual labor facility rate for the construction industry in Taiwan-Fujian area was NT\$ 6,685,000 which was more than that of the year 2004. The labor facility rate of Grade A Comprehensive Construction Companies was NT\$14,784,000 which was much more than other grades of construction companies.
  19. The 2005 annual labor productivity for the construction industry in Taiwan-Fujian

area was NT\$3,326,000 which increased significantly over that of the year 2004. The Grade A Comprehensive Construction Companies and the specialty Construction Companies had the top labor productivity in the whole construction industry.

20. The 2005 annual total value of production on every dollar spent in labor cost for the construction industry in Taiwan- Fujian area was NT\$5.5, increased slightly from NT\$5.1 of the year 2004.
21. The 2005 annual self-owned assets accounted for 96.1% of the actual assets in operation in the construction industry, not much different from that of the year 2004.
22. The 2005 annual capital productivity for the construction industry in Taiwan- Fujian area was 49.8%, increased from 47.9% of the year 2004. The higher the construction company' s grades (Grade A is the highest grade), the lower the capital productivity.
23. The 2005 annual profit rate of actual assets in operation for the construction industry in Taiwan-Fujian area was 1.3%, increased from 1.2% of the year 2004. The Civil Engineering Contractors with 13.1% profit rate of actual assets in operation was the highest among all grades of construction companies.