Benchmarking Indicators

July – December 2025

Bi-Annual Economic and Capacity Survey

Medium to Micro Firms (QSE, EME)

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Summary: December 2025

The benchmarking report for Qualifying Small Enterprises (QSEs) and Exempt Micro Enterprises (EMEs) (July–December 2025) reflects a more volatile but gradually improving operating environment compared to larger firms.

Profitability has strengthened meaningfully, with average profit margins rising to just below 20% by the end of 2025, supported by improved EBITDA performance. However, the wide dispersion between minimum and maximum values highlights significant variability and vulnerability among smaller firms, with some still experiencing losses or unstable income streams.

From an operational perspective, the data suggests improving efficiency but uneven workload conditions. Work-in-progress (WIP) days have declined notably to around the mid-40-day range, indicating faster project execution and improved cash flow cycles. Capacity utilisation remains relatively firm in the mid-80% range, suggesting that smaller firms are reasonably well occupied, although not as stretched as larger firms. Pipeline work, however, remains inconsistent, having improved mid-year but softening again towards year-end, pointing to continued uncertainty in securing future work and a less stable forward order book.

Cost recovery and competitive dynamics remain key pressures. The break-even ratio has improved and remains below or around 1 on average, indicating that many firms are operating close to or just above cost recovery levels, but with limited financial resilience. Increased time spent on marketing, averaging above 20% of total hours, signals intensified competition and the need for smaller firms to actively chase work. While return on staff employed has recovered from mid-year lows, it remains volatile, reflecting fluctuating utilisation of human capital and sensitivity to project flow.

Overall, the QSE and EME segment shows clearer signs of recovery momentum than larger firms in terms of profitability and efficiency gains, but this comes with significantly higher volatility, weaker pipeline certainty, and greater exposure to market competition and project delays. The sector remains fragile, with performance highly dependent on consistent work inflows and improved procurement conditions.

Benchmarking Indicators

Medium to Micro Firms (QSE, EME)		Dec-23	Jun-24	Dec-24	Jun-25	Dec-25
Profit Margin %	Min	-55.0	-7.0	0.1	-15.2	0,0
	Max	71.0	53.0	71.0	71.4	60,0
	Average	**10.5**	**15.1**	**15.8**	**16.1**	**19,5**
	Stdev	20.8	17.2	17.5	18.2	17,8
	Response Rate	98%	100%	96%	97%	93%
ROWC %	Min	n.a	n.a	n.a	n.a	n.a
	Max	n.a	n.a	n.a	n.a	n.a
	Average	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
	Stdev	n.a	n.a	n.a	n.a	n.a
	Response Rate	n.a	n.a	n.a	n.a	n.a
Break Even Ratio	Min	0.1	0.1	0.1	0.1	0,1
	Max	1.6	22.8	2.3	2.5	2,6
	Average	**0.7**	**2.2**	**1.0**	**1.1**	**0,7**
	Stdev	0.4	5.2	0.6	0.7	0,7
	Response Rate	57%	60%	46%	67%	50%
ROCE %	Min	-23.9	-23.0	-330.0	-6.0	1,0
	Max	80.0	611.0	446.0	167.6	84,0
	Average	**16.8**	**57.1**	**19.7**	**34.5**	**24,5**
	Stdev	19.8	140.9	145.7	40.9	24,1
	Response Rate	69%	63%	67%	57%	46%
EBITDA	Min	-51.0	-5.4	-28.0	1.4	3,0
	Max	80.0	72.0	80.0	51.7	65,0
	Average	**11.4**	**26.0**	**15.0**	**19.6**	**29,4**
	Stdev	25.2	23.4	30.4	18.2	24,0
	Response Rate	59.5%	43.3%	50.0%	43.3%	35,7%

Note: As of June 2024, survey indicators refer to Qualifying Small Enterprises (QSM) and Exempt Micro Enterprises (EME) according to BBBEE classifications, rather than a classification by the number of employees.

Benchmarking Indicators

Medium to Micro Firms (QSE, EME)		Dec-23	Jun-24	Dec-24	Jun-25	Dec-25
WIP (Days)	Min	-90.0	1.2	6.2	6.8	5,0
	Max	306.9	1345.0	247.9	258.2	120,0
	Average	**58.3**	**126.9**	**70.1**	**63.1**	**44,4**
	Stdev	74.1	293.5	72.5	72.3	37,8
	Response Rate	60%	70%	63%	60%	54%
Hours spent on marketing % of total hours worked	Min	0.2	0.0	0.1	5.0	0,0
	Max	65.0	70.0	65.0	70.0	75,0
	Average	**18.7**	**18.4**	**18.3**	**24.7**	**21,0**
	Stdev	18.3	19.1	20.1	21.8	22,3
	Response Rate	76%	83%	91%	77%	86%
Pipeline work (%)	Min	12.0	0.0	0.0	0.8	0,0
	Max	138.9	164.0	115.0	200.0	133,0
	Average	**68.1**	**63.3**	**59.0**	**82.4**	**66,1**
	Stdev	42.7	38.2	37.3	57.2	40,6
	Response Rate	69.0%	73.3%	77.3%	70.0%	57,1%
Capacity Utilisation	Min	25.0	0.0	0.3	25.0	0,3
	Max	110.0	120.0	110.0	120.0	1,1
	Average	**85.0**	**78.0**	**87.9**	**80.1**	**84,3**
	Stdev	24.6	34.5	0.2	25.2	0,3
	Response Rate	90%	100%	88%	87%	96%
Return on Staff Employed %	Min	-65%	0%	1%	-15%	0%
	Max	131%	242%	229%	56%	176%
	Average	**21%**	**24%**	**43%**	**20%**	**32%**
	Stdev	40%	74%	59%	18%	44%
	Response Rate	79%	83%	83%	73%	74%

Note: As of June 2024, survey indicators refer to Qualifying Small Enterprises (QSM) and Exempt Micro Enterprises (EME) according to BBBEE classifications, rather than a classification by the number of employees.

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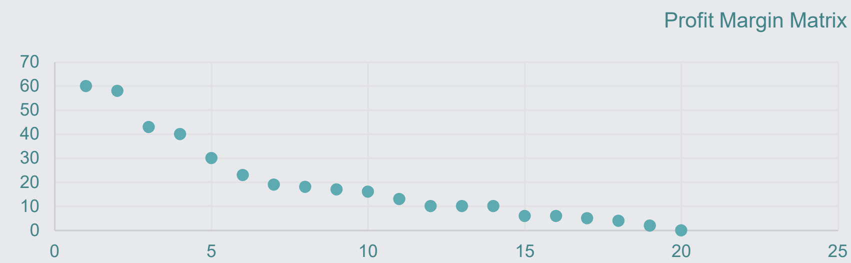
Table	Chart	Response Matrix Current Survey

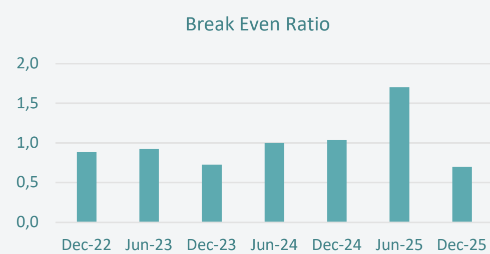
PROFIT MARGIN

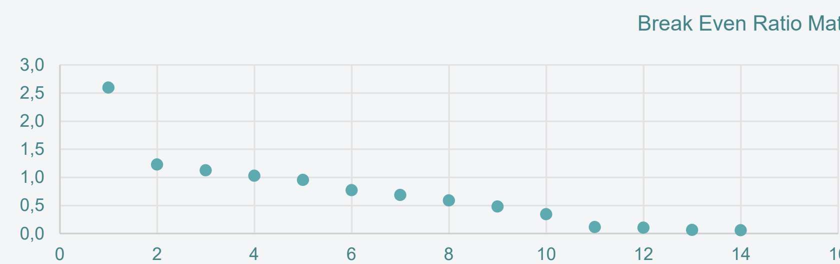
	Dec-24	Jun-25	Dec-25
Min	0.1	-15.2	0,0
Max	71.0	71.4	60,0
Average	**15.8**	**16.1**	**19,5**
Stdev	17.5	18.2	17,8
Response Rate	96%	97%	93%



BREAK EVEN RATIO

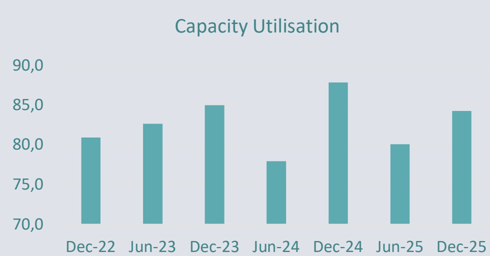
	Dec-24	Jun-25	Dec-25
Min	0.1	0.1	0,1
Max	2.3	2.3	2,6
Average	**1.0**	**1.0**	**0,7**
Stdev	0.6	0.6	0,7
Response Rate	46%	46%	50%





CAPACITY UTILISATION

	Dec-24	Jun-25	Dec-25
Min	0.3	25.0	0,3
Max	1.1	120.0	1,1
Average	**87.9**	**80.1**	**84,3**
Stdev	0.2	25.2	0,3
Response Rate	88%	87%	96%



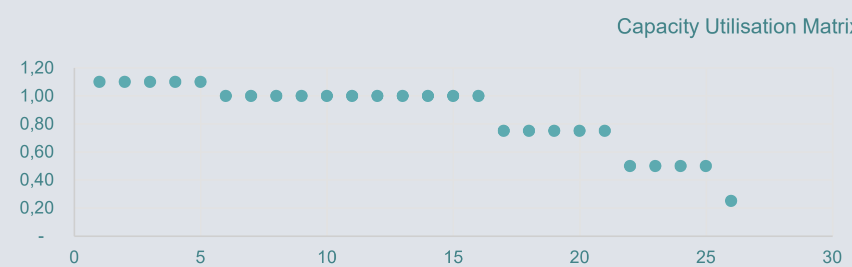


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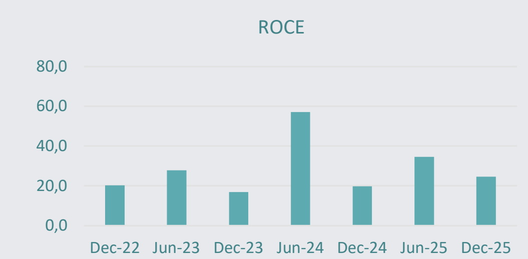
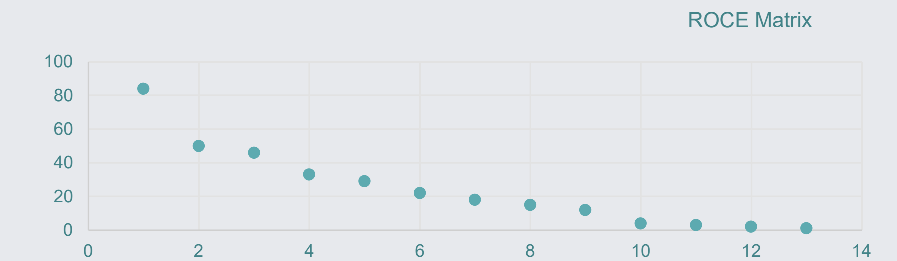
Table	Chart	Response Matrix Current Survey

ROCE (%)

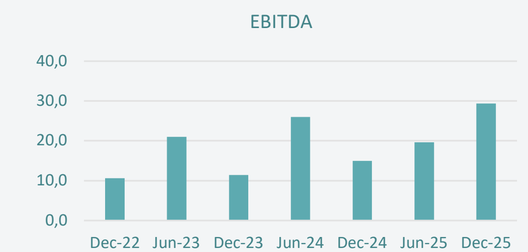
	Dec-24	Jun-25	Dec-25
Min	-330.0	-6.0	1,0
Max	446.0	167.6	84,0
Average	**19.7**	**34.5**	**24,5**
Stdev	145.7	40.9	24,1
Response Rate	67%	57%	46%

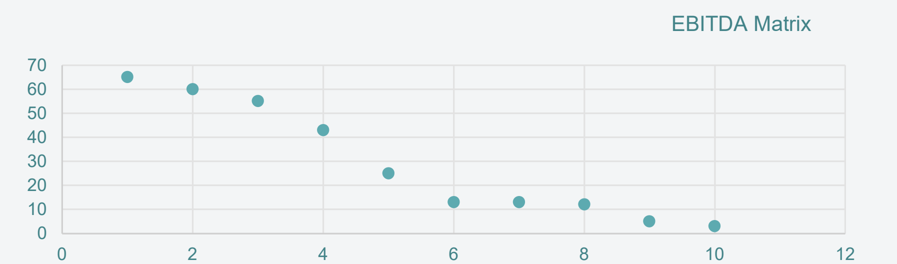




EBITDA

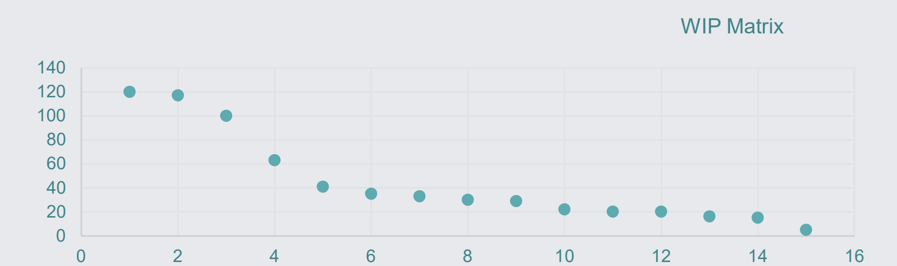
	Dec-24	Jun-25	Dec-25
Min	-28.0	1.4	3,0
Max	80.0	51.7	65,0
Average	**15.0**	**19.6**	**29,4**
Stdev	30.4	18.2	24,0
Response Rate	50.0%	43.3%	35,7%





WORK IN PROGRESS (DAYS)

	Dec-24	Jun-25	Dec-25
Min	6.2	6.8	5,0
Max	247.9	258.2	120,0
Average	**70.1**	**63.1**	**44,4**
Stdev	72.5	72.3	37,8
Response Rate	63%	60%	54%

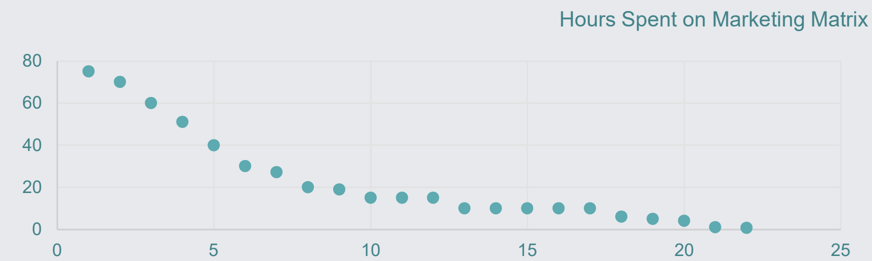


Benchmarking Indicators

Table	Chart	Response Matrix Current Survey

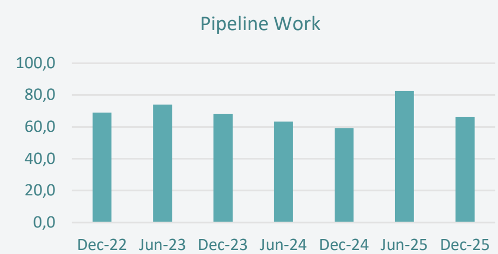
HOURS SPENT ON MARKETING (% of total hours worked)

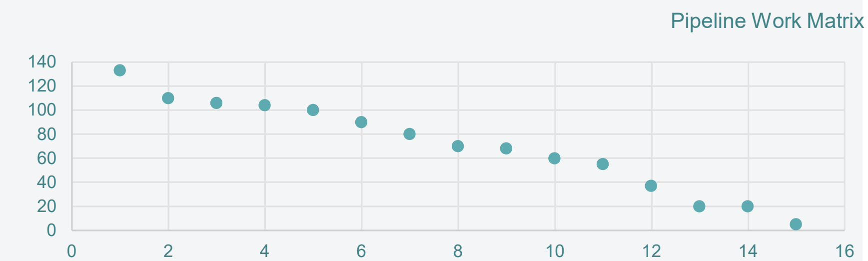
	Dec-24	Jun-25	Dec-25
Min	0.1	5.0	0,0
Max	65.0	70.0	75,0
Average	**18.3**	**24.7**	**21,0**
Stdev	20.1	21.8	22,3
Response Rate	91%	77%	86%



PIPELINE WORK (%)

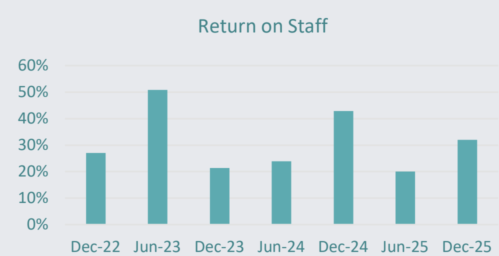
	Dec-24	Jun-25	Dec-25
Min	0.0	0.8	0,0
Max	115.0	200.0	133,0
Average	**59.0**	**82.4**	**66,1**
Stdev	37.3	57.2	40,6
Response Rate	77.3%	70.0%	57,1%

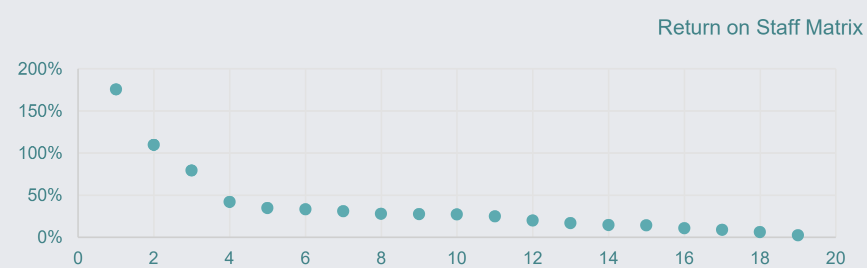




RETURN ON STAFF (%)

	Dec-24	Jun-25	Dec-25
Min	1%	-15%	0%
Max	229%	56%	176%
Average	**43%**	**20%**	**32%**
Stdev	59%	18%	44%
Response Rate	83%	73%	74%





Explanatory Notes

- Including firms that have an annual turnover not exceeding R25 million.
- Profit Margin: Total income less direct and indirect costs
- Direct Costs: Total client project salary cost plus external project expenses
- Indirect Costs: All productive employment costs, outsourcing costs, group overhead chargers etc, but excluding finance charges
- WIP: Work in progress in days, calculated as “WIP as at date of reporting / (Direct + Indirect costs) x reporting days”
- ROWC: Return on Working Capital. Annual profit after interest and tax as percentage of net working capital (assets less liabilities)
- ROCE: Return on capital employed (Capital = Assets and Liabilities)
- EBITA: Earnings before deduction of interest, tax, and amortisation expenses. Measurement of efficiency and profitability
- Marketing: Hours spent on marketing including bidding and preparation of proposals as percentage of total hours worked
- Pipeline work: Fee value of secured appointments at the end of the reporting period vs the start of the reporting period, expressed as a percentage
- Capacity utilisation of existing technical staff.
- Return on staff employed: Profit as percentage of total salary and wage bill as an indicator of return of staff employed. Salary and wage bill is the largest expense for an engineering firm.
- Break Even Ratio : Gross income / Breakeven Revenue
    - (Breakeven Revenue = (Operating expenses/GP%)

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