EFCG

2025 CEO Conference

Session 1: EFCG AEC Industry Overview

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Today's Presenter: Rebecca Zofnass

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Managing Partner
Strategy & Corporate Finance

EFCG

Experience

2018-Present
Managing Partner
Strategy & Corporate Finance Lead
Environmental Financial Consulting Group (EFCG)

2009-2018
Senior Manager
Bain & Company

Education

M.B.A.
Harvard Business School
A.B., Psychology, with Honors
Harvard University

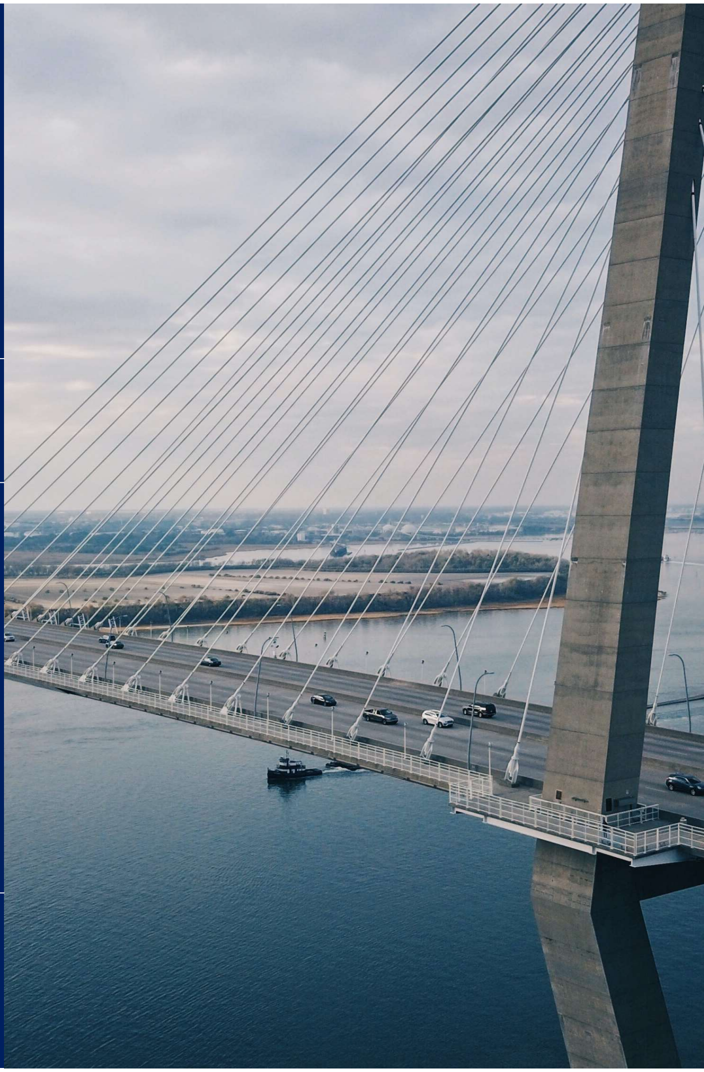
Agenda

01 **Welcome & Overview**

02 Update on Key Industry Metrics

03 Looking Ahead: Industry Trends
- Technology Strategy
- Generative & Agentic AI
- Future Talent Challenges & Needs
- Emerging Strategies & Business Models
- Evolution of ESG
- Mergers & Acquisitions

04 Key Takeaways



Industry Overview and What's on the Horizon

- Industry financials are holding steady – internal growth is sitting at 10%, while profit has stabilized around 14% EBIBT / 11% EBITDA
- There are demand shifts in pockets of the industry (e.g. within environmental and power), but the fundamentals across the board remain strong
- However, technology is the great differentiator. As the pace of change increases, technology strategy is going to drive the most differences in firm outcomes over the next 5 years
    - Specifically, how firms are aligning their tech strategy to business models / strategy
- Technology investment and strategy is intertwined with risk appetite – for risk averse firms, this may require becoming even more deliberate with where you are placing technology bets
- Talent remains the constraint to growth, unless you decouple revenue and headcount. The next horizon is business model evolution, as firms seek to move up the value chain to capture higher pricing, generate recurring revenues, and acquire niche capabilities

CEO Perspectives on Priorities and Concerns

Key Priorities

- Driving Growth
- Technology and AI Integration
- Talent Acquisition and Retention
- Increasing Margins
- Succession Planning & Ownership Transitions
- Identifying M&A Opportunities
- Expansion Into Growing Markets and Geographies
- Leadership Development

Key Concerns

- Talent Retention
- Economic Uncertainty and Interest Rates
- Current Political Environment
- Tariffs Impacting Costs
- Uncertain Outlook on Federal/State Funding
- Maintaining Technological Competitiveness
- Pricing Pressure and Inability to Pass Through Costs
- Employee Engagement and Burnout

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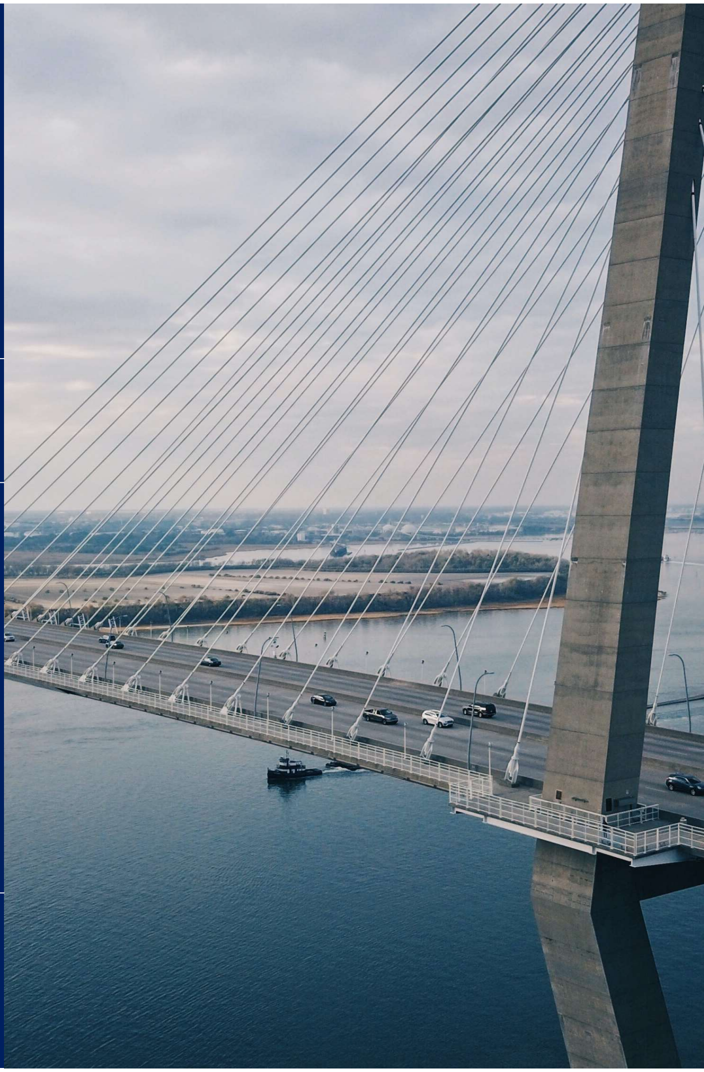
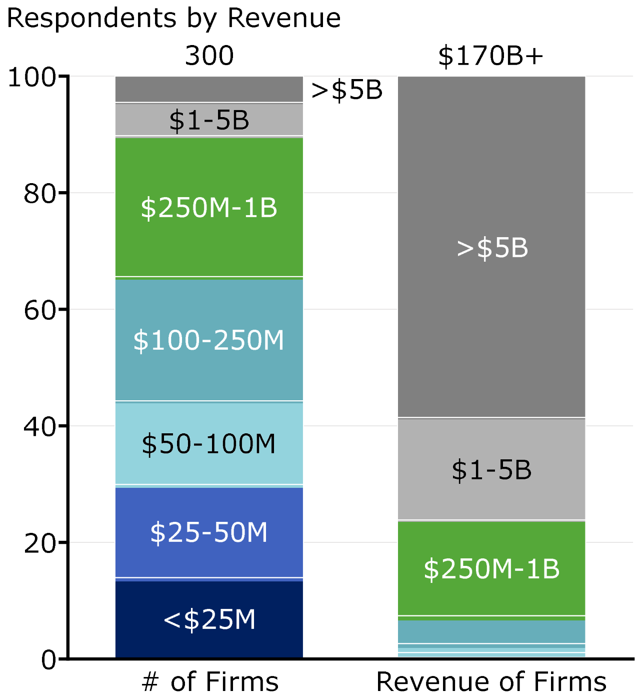
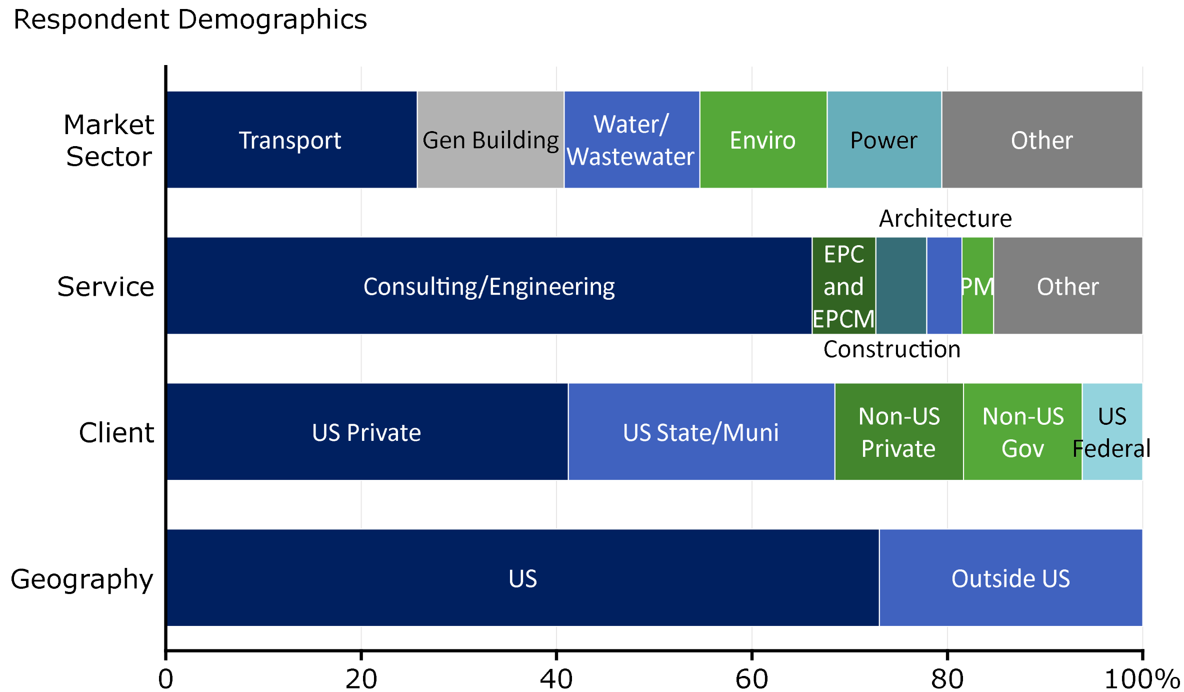


2025 EFCG CEO Survey Demographics

This year's CEO Survey participants were widely distributed across revenue buckets and comprised over $170B in revenues. Firms are primarily US-based, E/C focused, and Employee-Owned, working in Transportation, General Building, Water, Environmental, and Power end-markets.





Source: 2025 EFCG CEO Survey

Current Internal Growth Estimates

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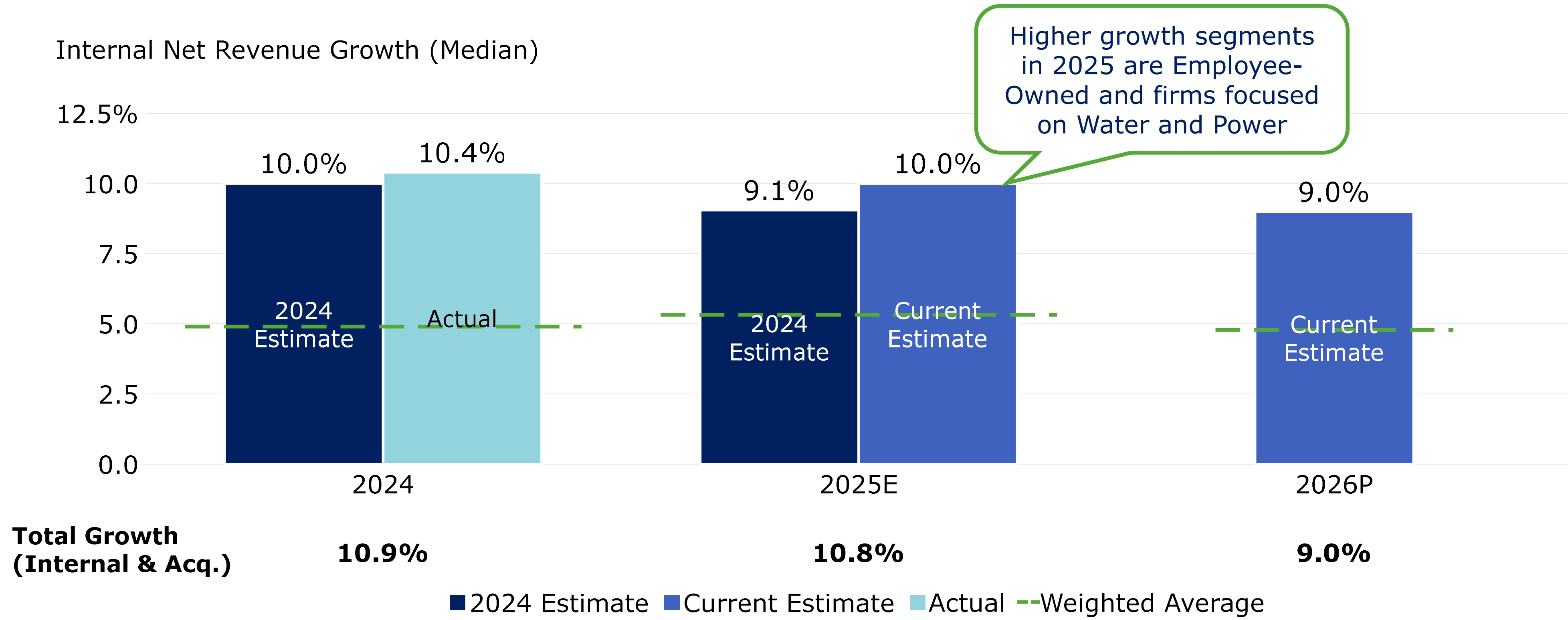
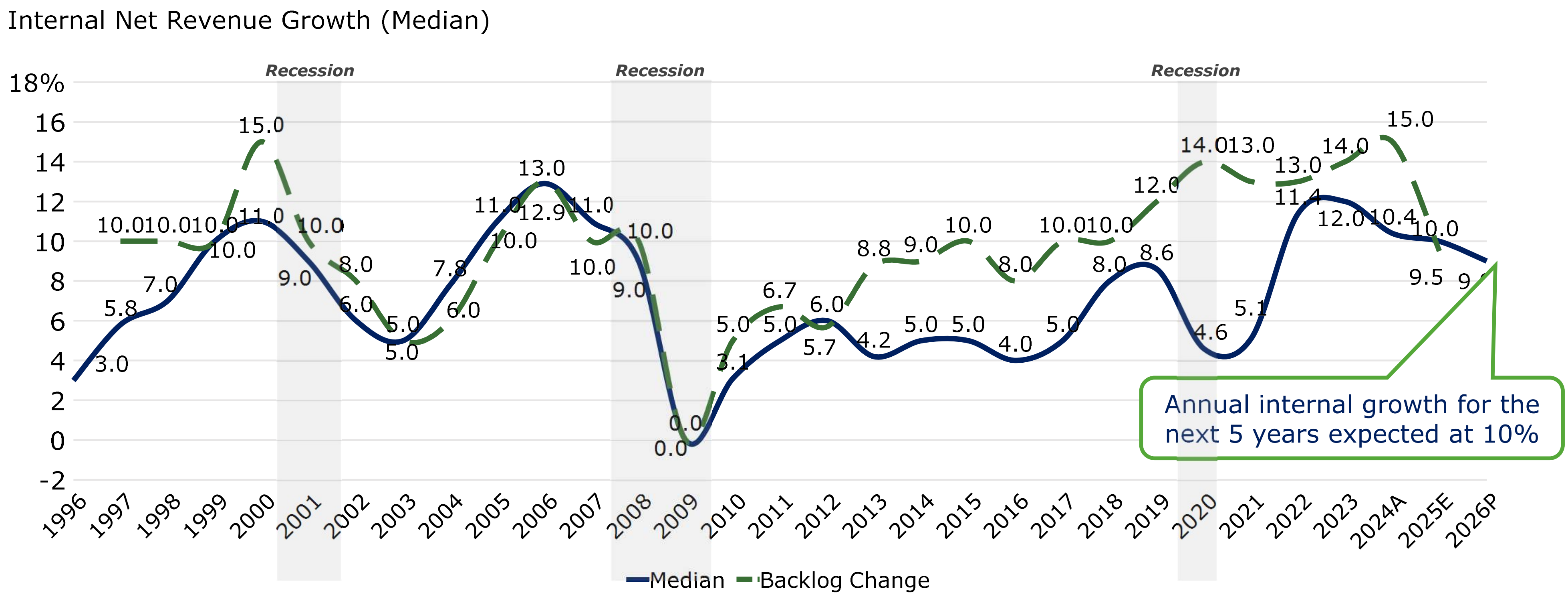
2025 estimates have increased since last year and now are expected to remain similar to 2024 levels, while 2026 projections are expected to decline slightly to 9.0%.



Source: 2025 EFCG CEO Survey; 2025 EFCG CFO Survey

Historical Internal Growth Trends vs Backlog Change

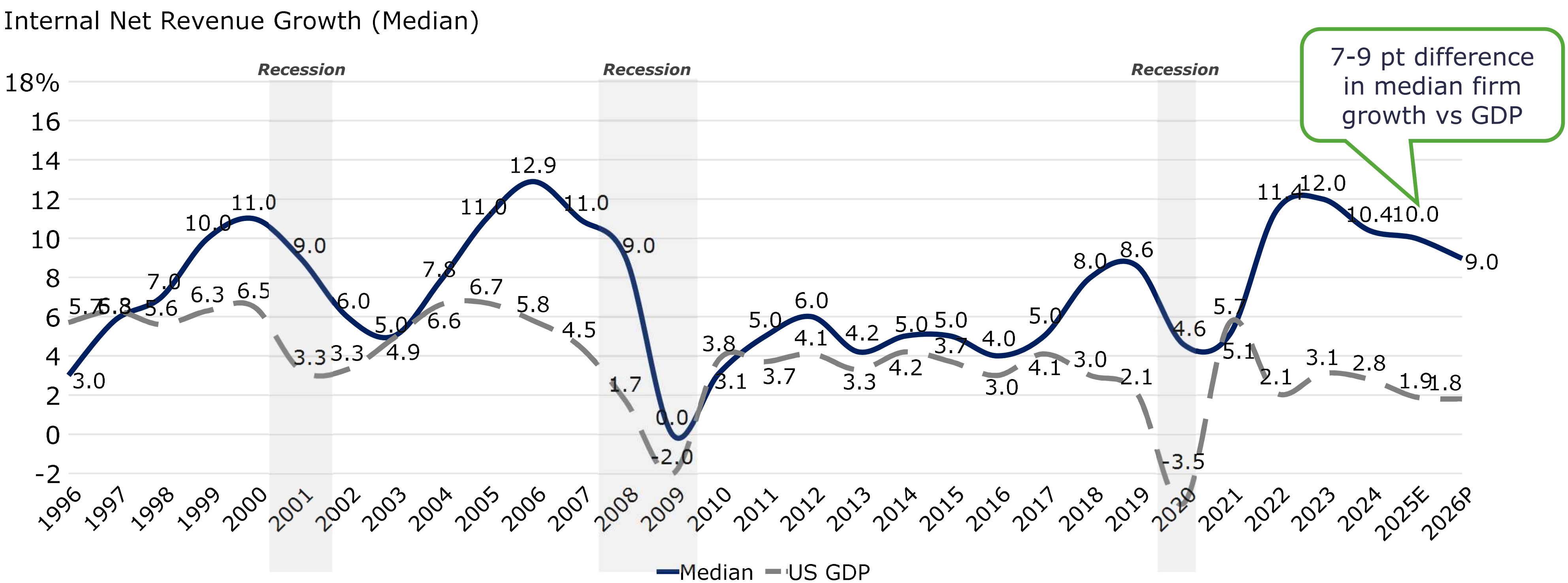
Until 2012, backlog growth tracked closely with firms' internal growth, but then diverged for the next decade with higher backlog growth than internal growth. Current estimates for 2025 have backlog growth and revenue growth aligned again, suggesting firms have worked through the "surplus."



Source: 1996-2025 EFCG CEO Survey

Historical Internal Growth Trends vs US GDP

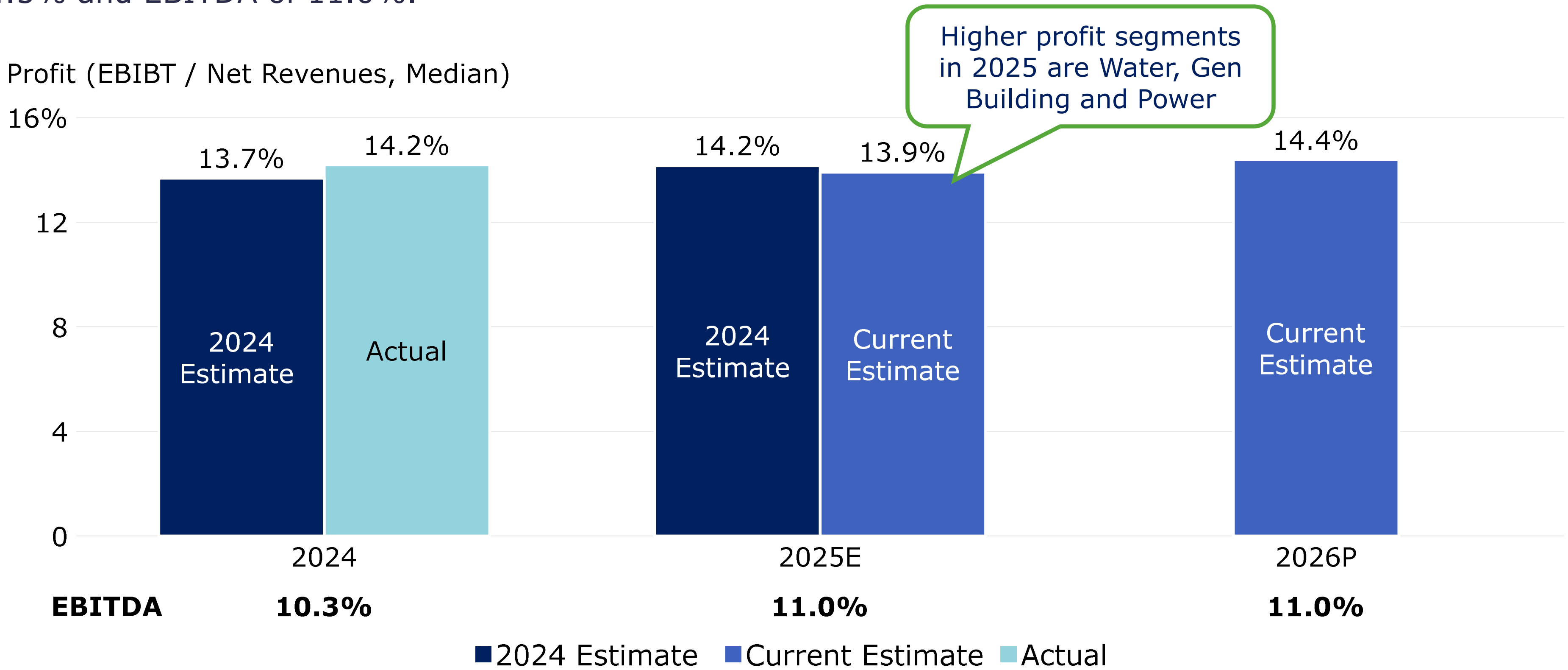
Our industry continues to outperform the US GDP. 2022-2026P represent one of the largest gaps between industry growth and US GDP that we've seen.



Source: 1996-2025 EFCG CEO Survey

Current Profitability Estimates

Current profit estimates indicate consistent profitability this year and next, with an expected EBIBT of ~14-14.5% and EBITDA of 11.0%.

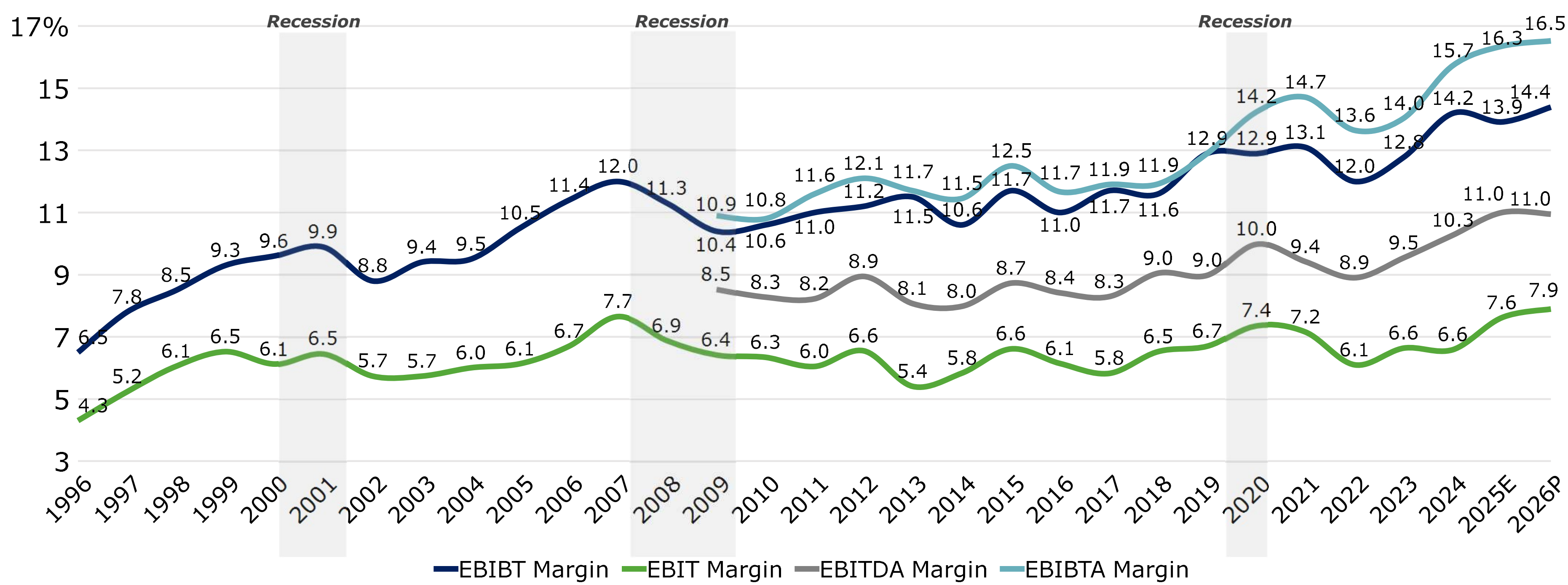


Source: 2025 EFCG CEO Survey; 2025 EFCG CFO Survey

Historical Profitability Trends

All key profitability metrics (EBIBT, EBIT, EBITDA, EBIBTA) have seen a recovery from the 2022 "post-pandemic dip," and now are projected to stay relatively even. Have we reached a plateau… or a ceiling?

Profit Margin (% of Net Revenues, Median)

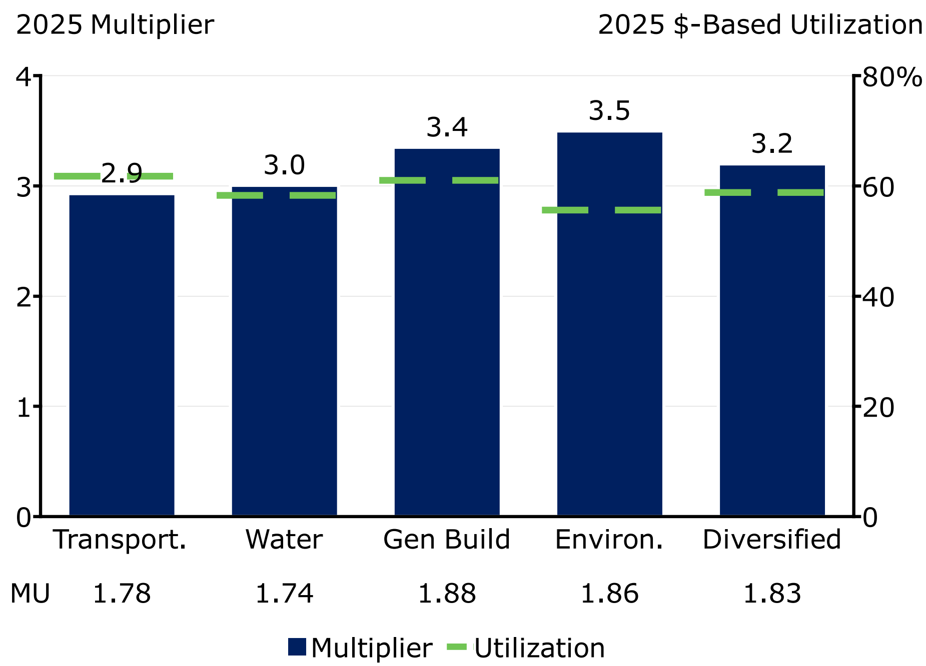


Source: 1996-2025 EFCG CEO Survey; 2025 CFO Survey

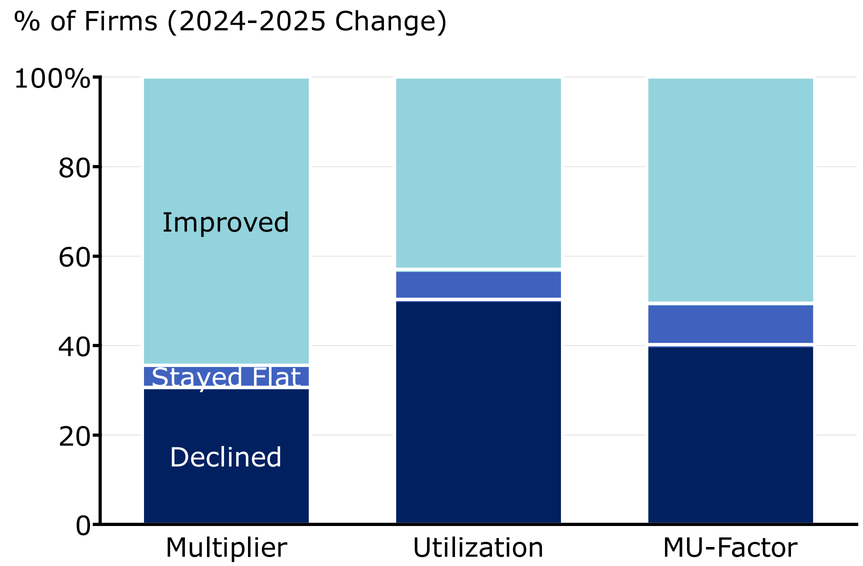
Multiplier x Utilization = MU Factor (Revenue per Payroll Dollar)

60% of firms saw an improvement in multiplier, and 50% of firms improved MU Factor. However, another 40% of firms had a decrease YoY in MU suggesting challenges persist in moving the needle.

M x U Continue to Differ by Market



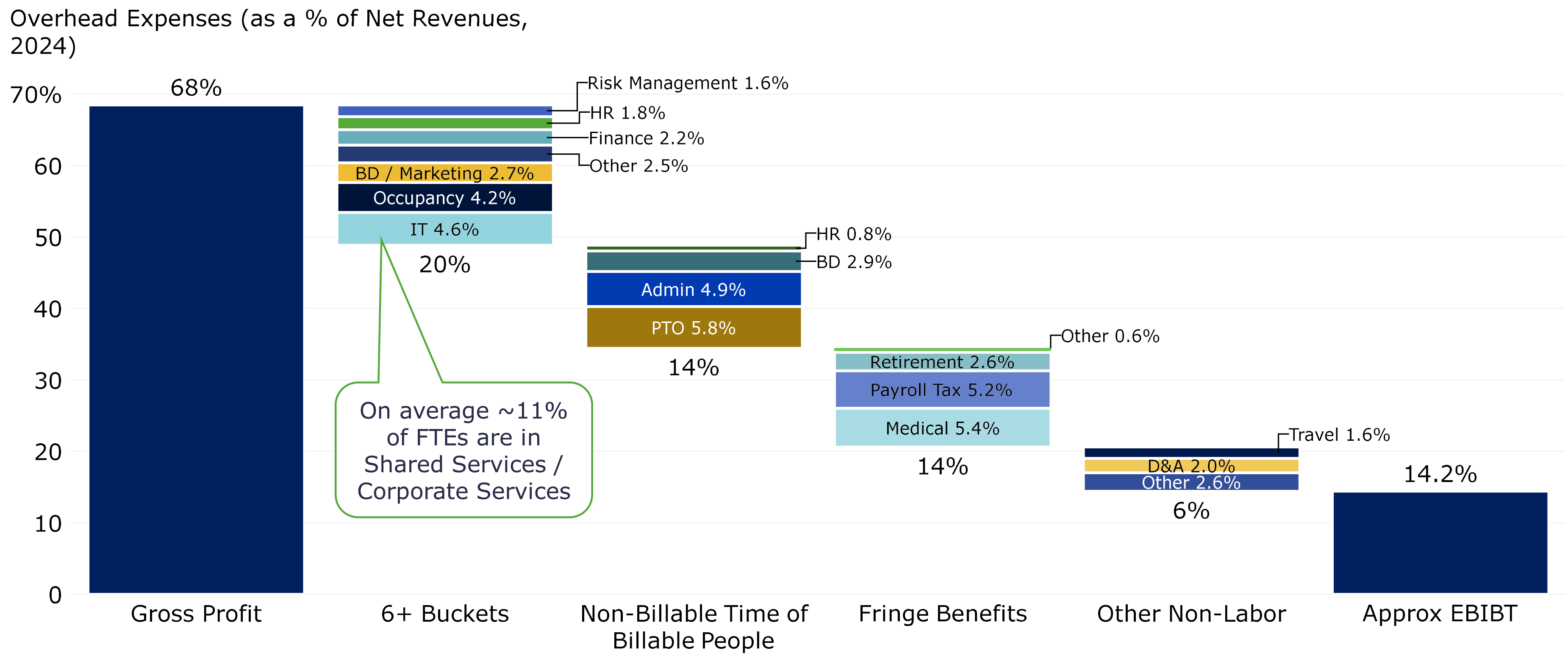
Divergence in MU Growth Between Firms



Source: 2025 EFCG CEO Survey

Driving Value From Overhead Costs

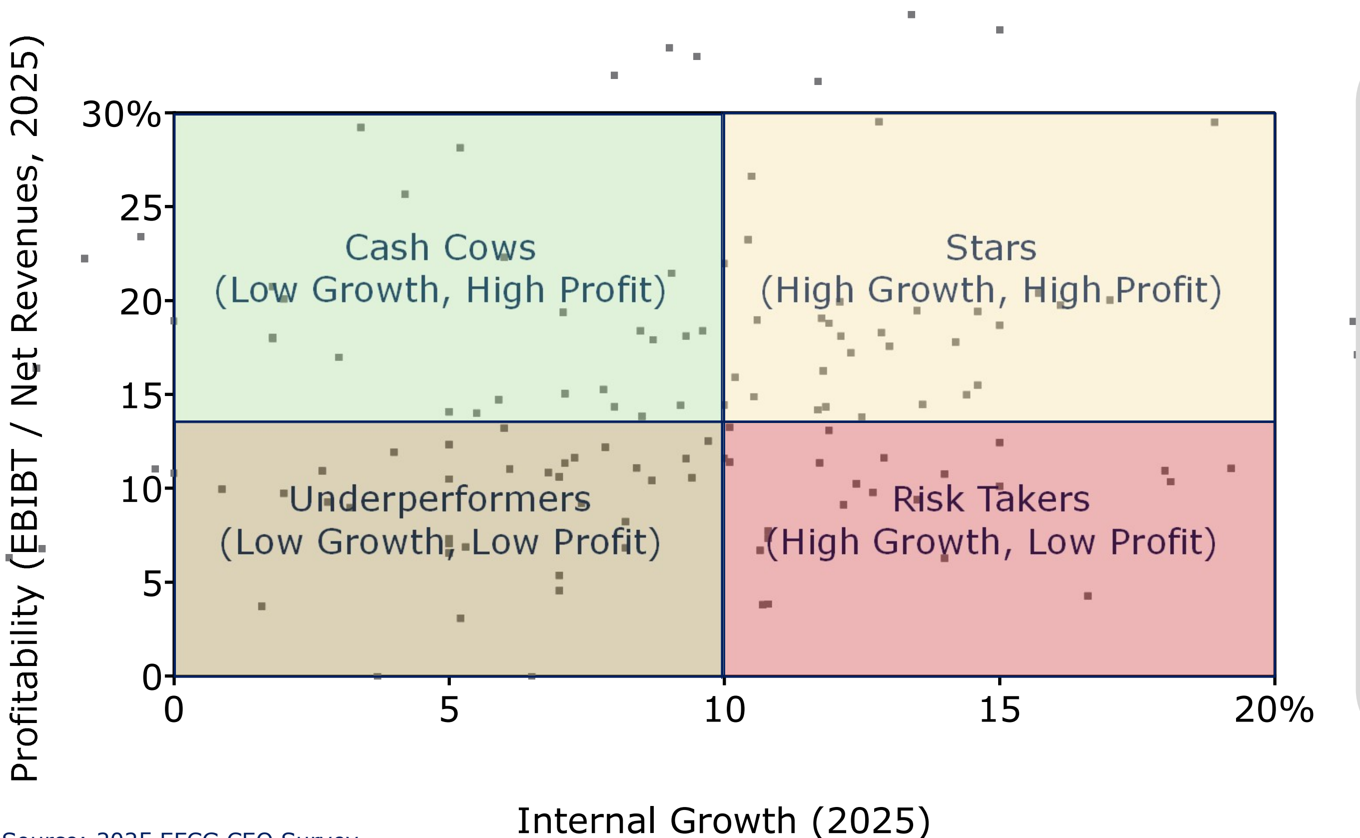
6+ Buckets (core shared services) and non-billable time of billable people continue to drive overhead costs (and are where we see the greatest differences between firms).



Source: 2025 EFCG CEO Survey

Growth vs Profit – How Do They Relate?

Growth and Profit are not mutually exclusive – many firms are able to successfully manage high growth and high profit. Is the goal to always be a "star"?



What are the common characteristics of high performers?

Higher Multiplier

Higher Utilization

Lower Turnover

Higher Fee Capture Rate

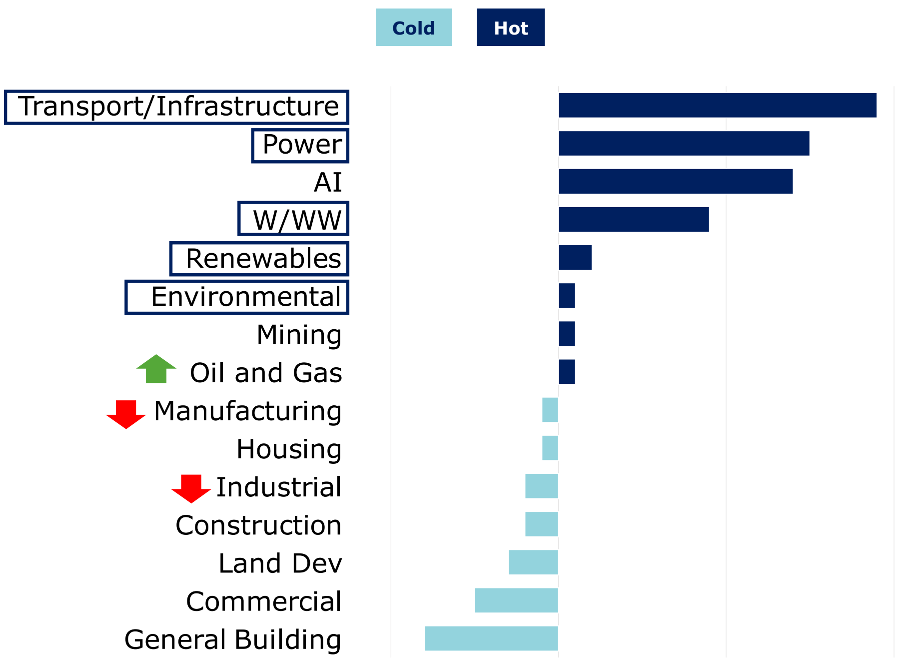
Source: 2025 EFCG CEO Survey

EFCG Annual Hot / Cold Analysis

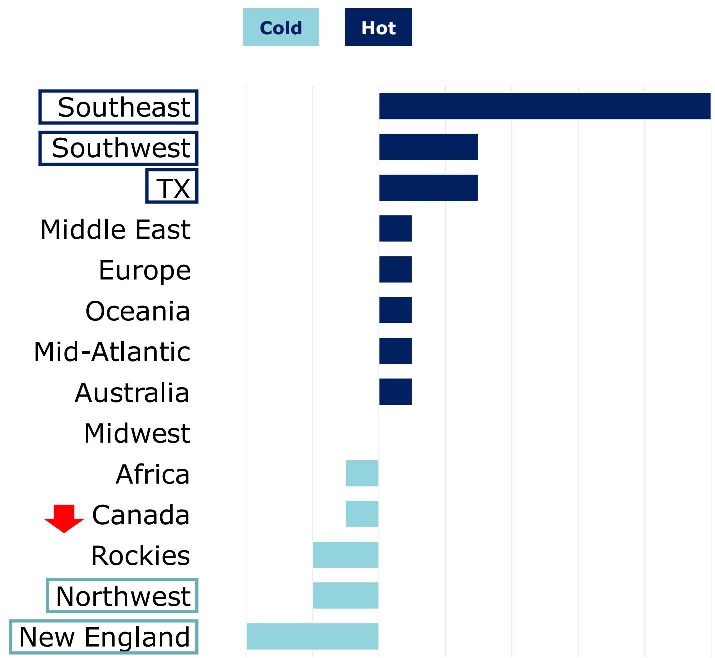
Markets: Transportation, Power, and AI are hottest; Building and Commercial are expected coldest.

Geographies: Southeast, Southwest, and TX are hottest; New England and Northwest are expected coldest.

Markets



Geographies



Source: 2025 EFCG CEO Survey

Multiple Hot Years

Multiple Cold Years

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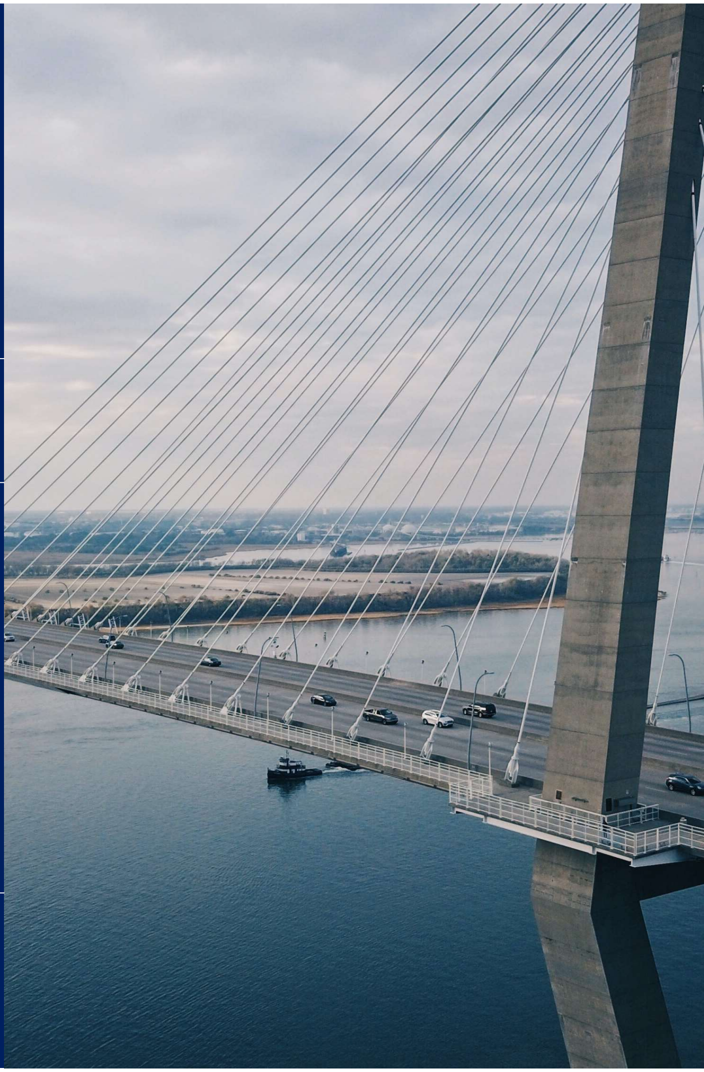
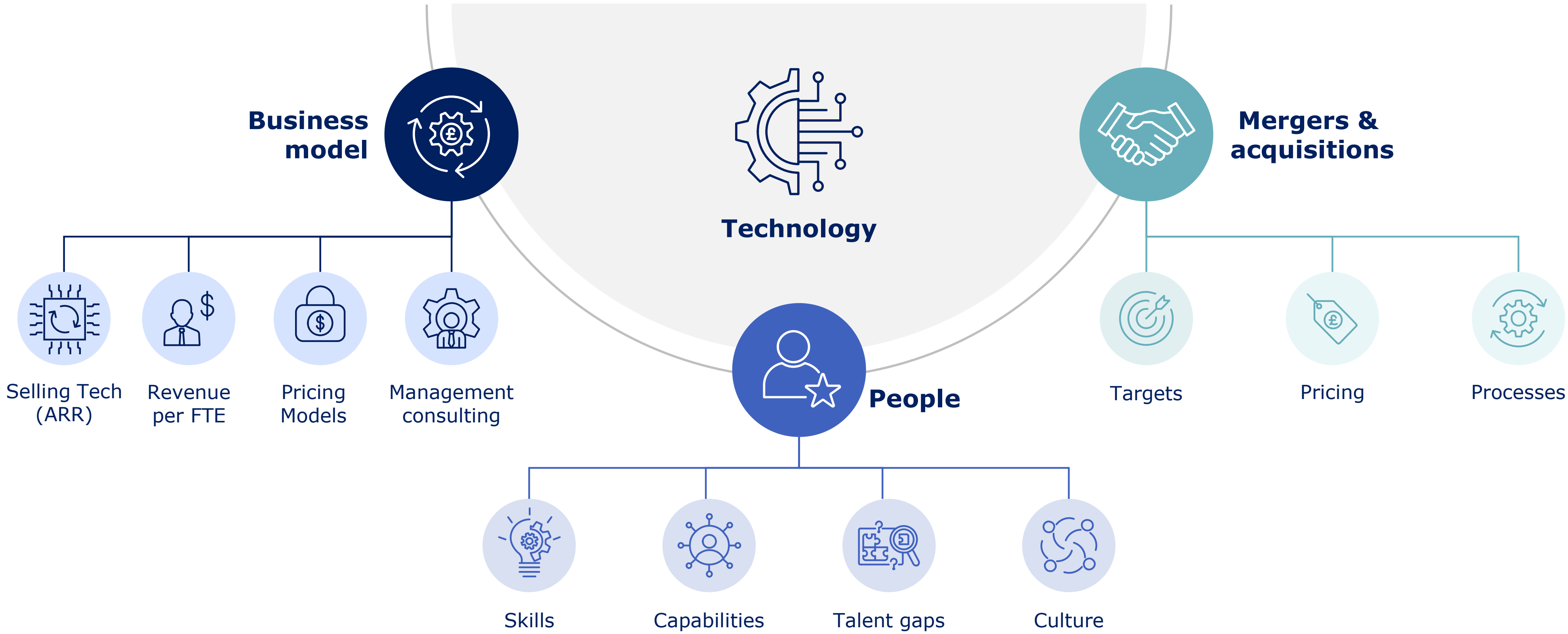


Technology Strategy

Technology Strategy Underpins All of a Firm's Decisions

Rapidly changing technology, especially AI innovation, is the most meaningful driver of change across all aspects of business both within our industry and the broader economy.



EFCG Technology Framework 2.0

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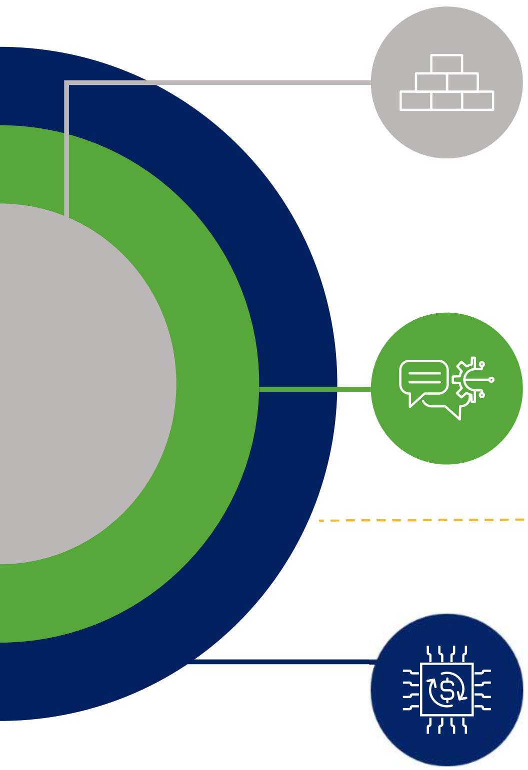


Foundational

Tech to make a firm more efficient or effective internally (improve margins)

Tech-enabled Consulting

Tech to improve the value proposition to clients (win more work, command higher pricing)

Designing & selling technology

Recurring Revenue

Technology to build revenue streams beyond billable hours

Lower costs

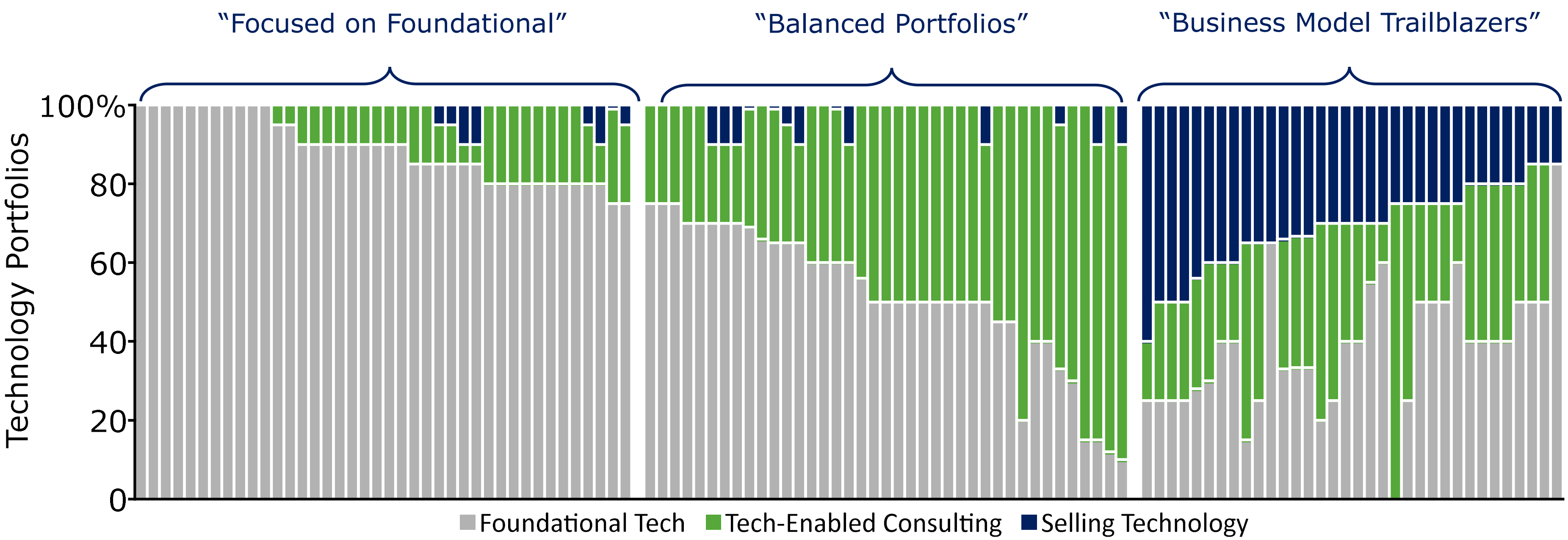
Higher revenues

Example technologies

Automation of Repetitive Tasks *Example:* Agentic AI drafting routine project documentation (reports, proposals, QA checklists, meeting notes using transcription)	**Knowledge Capture & Retrieval** *Example:* AI-powered project knowledge base that instantly retrieves design precedents, past calculations, and regulatory references
Internal Process Automation *Example:* AI integrated RPA (Robotic Process Automation) for invoicing, compliance reporting, and timesheet validation	**Quality Assurance / Error Detection** *Example:* AI tools that review engineering drawings for: code compliance, meeting internal and external standards, or detecting clashes in BIM models
Augmented Expertise *Example:* AI-assisted design that allows the firm to explore more design options faster (e.g., generative or parametric design for infrastructure layouts)	**Client Co-Creation Tools** *Example:* AI-driven scenario simulators where clients can test design trade-offs live (cost, sustainability, performance)
Hyper-Responsive Service *Example:* Provide clients 24/7 project updates, design clarifications, technical Q&A, and syndicated content	**Deeper Insights from Data** *Example:* Machine learning to predict asset performance or lifecycle costs based on design choices
Software-as-a-Service (SaaS) Products *Example:* Proprietary tool for infrastructure lifecycle monitoring, offered to clients on subscription	**Data-as-a-Service (DaaS)** *Example:* Aggregating anonymized project data (cost, measured performance, sustainability) and licensing use to asset owners, stakeholders or businesses
AI Advisory / Licensing *Example:* License of image-based AI to detect and classify façade/structural defects trained on decades of tagged imagery from inspections	**Ongoing Monitoring & Maintenance** *Example:* Post-project asset performance monitoring for bridges, utilities, or facilities

Technology Portfolios Differ Based on Strategy

We are beginning to see three different segments of AEC firms as it relates to technology spend, with "Business Model Trailblazers" investing in selling technology.



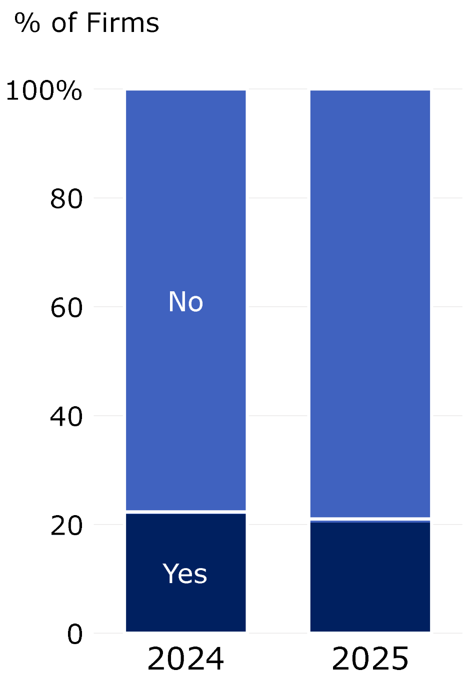
	"Focused on Foundational"	"Balanced Portfolios"	"Business Model Trailblazers"
Innovation Spend (Median, % of Net Revs)	0.4%	0.5%	0.7%
Profit (Median, EBIBTDA / Net Revs)	18.3%	16.7%	17.3%

Source: 2025 EFCG CEO Survey

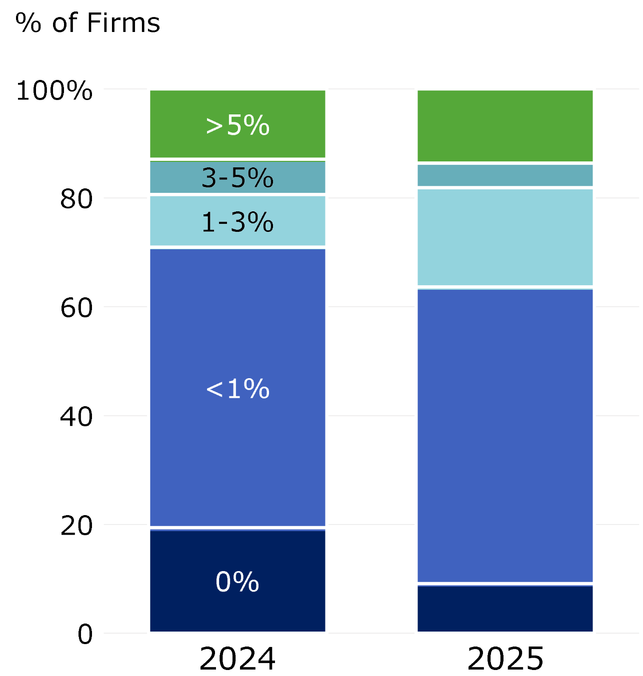
Firms Selling SaaS Are Getting Better At It

Similar numbers of firms are actively selling SaaS, but those who do are improving returns. Compared to last year, these firms have improved profit, likely putting SaaS margins above traditional design work.

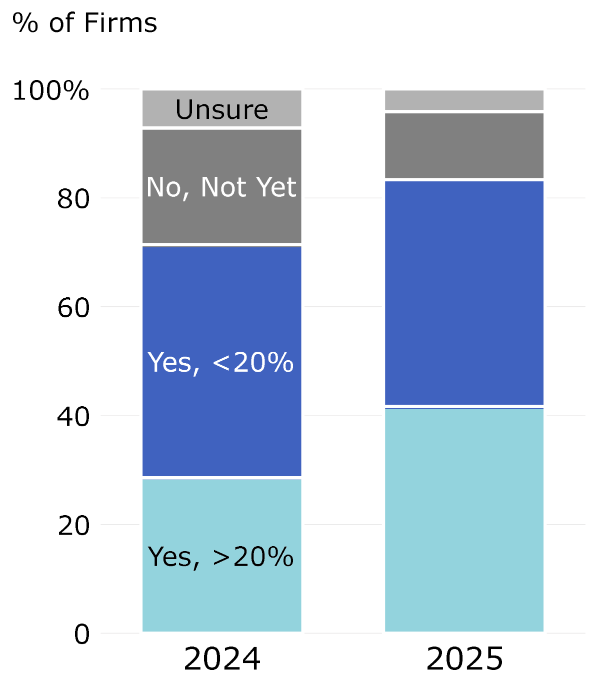
~20% of firms sell SaaS



Average ARR has increased…



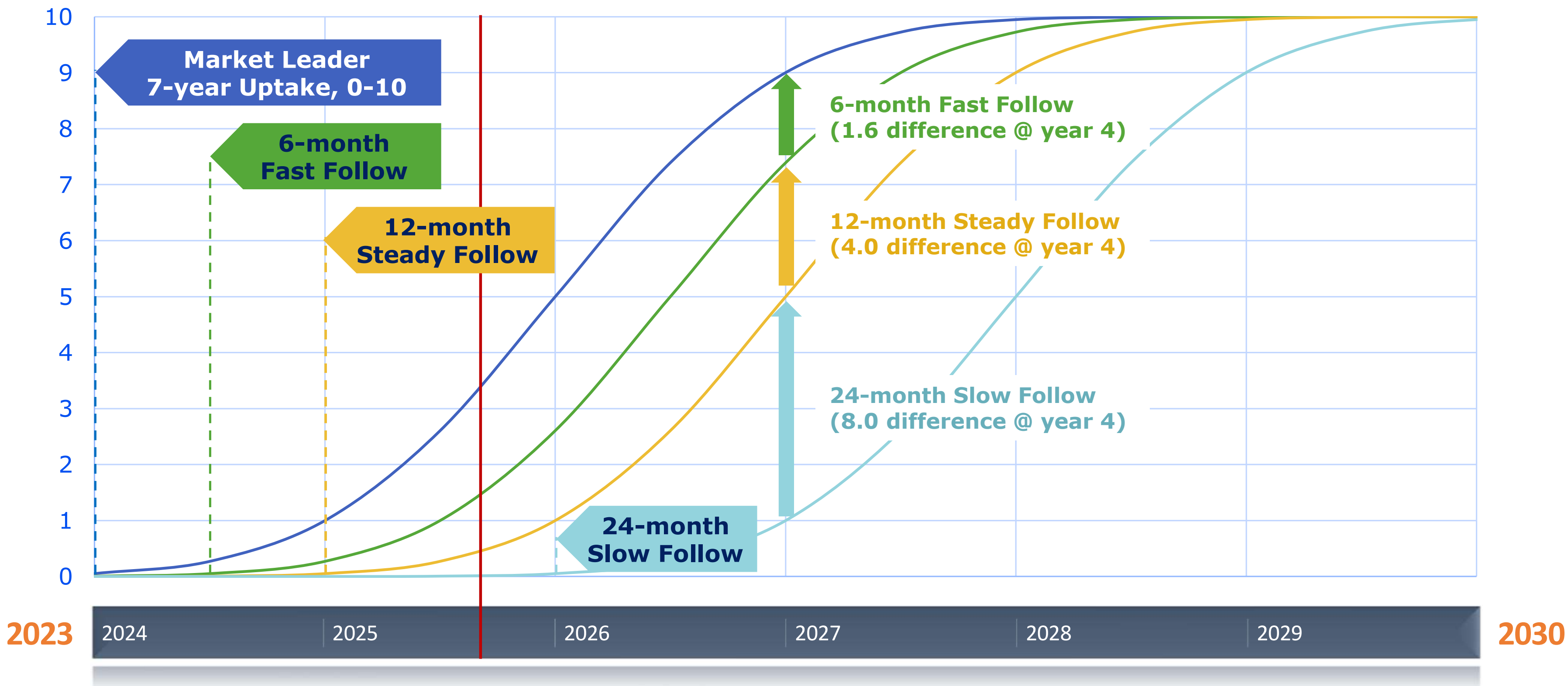
… As Have Profit / Margins



Source: 2024 EFCG CEO Survey; 2025 EFCG CEO Survey

Generative and Agentic AI

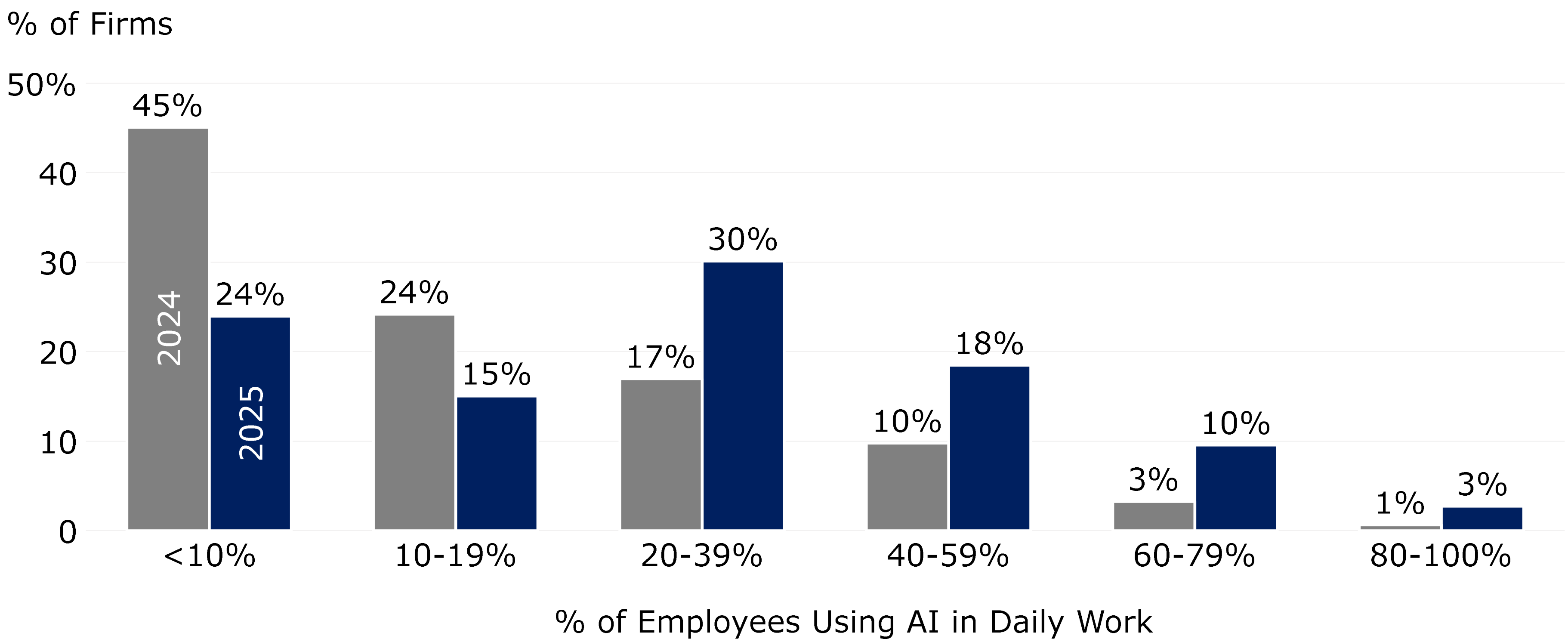
Generative AI Adoption Has Crossed into the Mainstream



The inflection point for Generative AI is behind us as the tools are increasingly embedded into employees' daily workflows.

Employee Usage of AI Has Increased Meaningfully

In fall 2024, on average 15% of employees used AI in daily work; today, that figure has jumped to 30%.

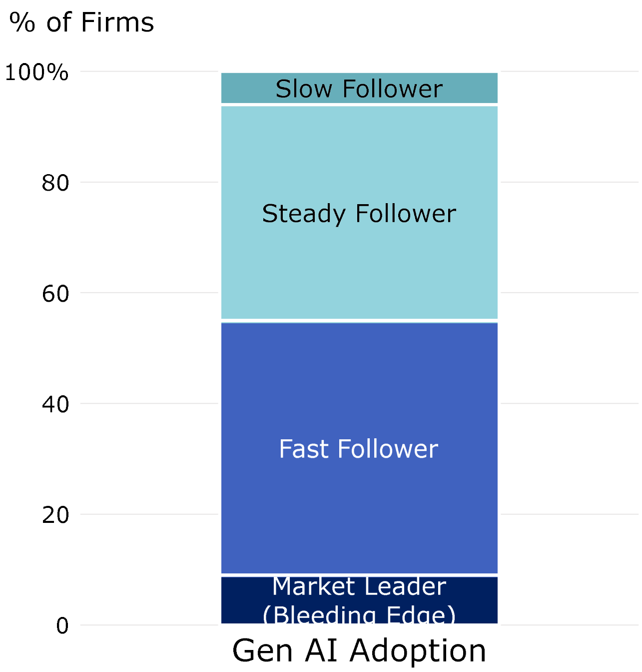


Source: 2024 EFCG CEO Survey; 2025 EFCG CEO Survey

Market Leaders are Reaping Benefits on AI Adoption

Aspirations may diverge from reality for firms who are not actively investing and driving employee adoption.

Where Do Firms Aspire to Be?



What Does It Look Like?

Market Leader: AI as Core Operating Capability

- >50% of staff are frequent / daily active users
- 5-7 firmwide AI products
- >80% of proposals and >50% design reviews include AI step with traceable sources / citations
- >50% of R&D investment in AI

Fast Follower: AI as Aggressive Area of Growth

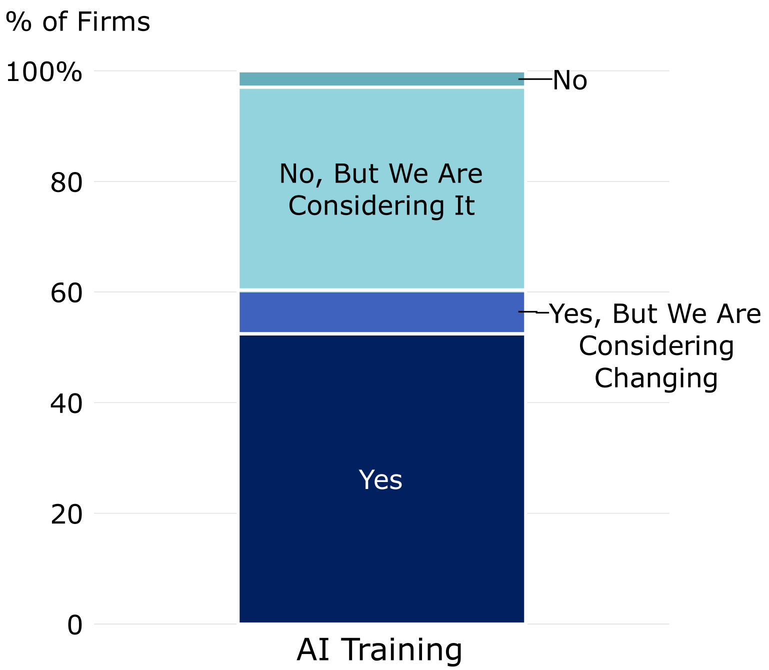
- >30% of staff are frequent / daily active users
- 3 live products are in use by >30% of staff
- >50% of proposals and >25% design reviews touch an AI step

Source: 2025 EFCG CEO Survey Database

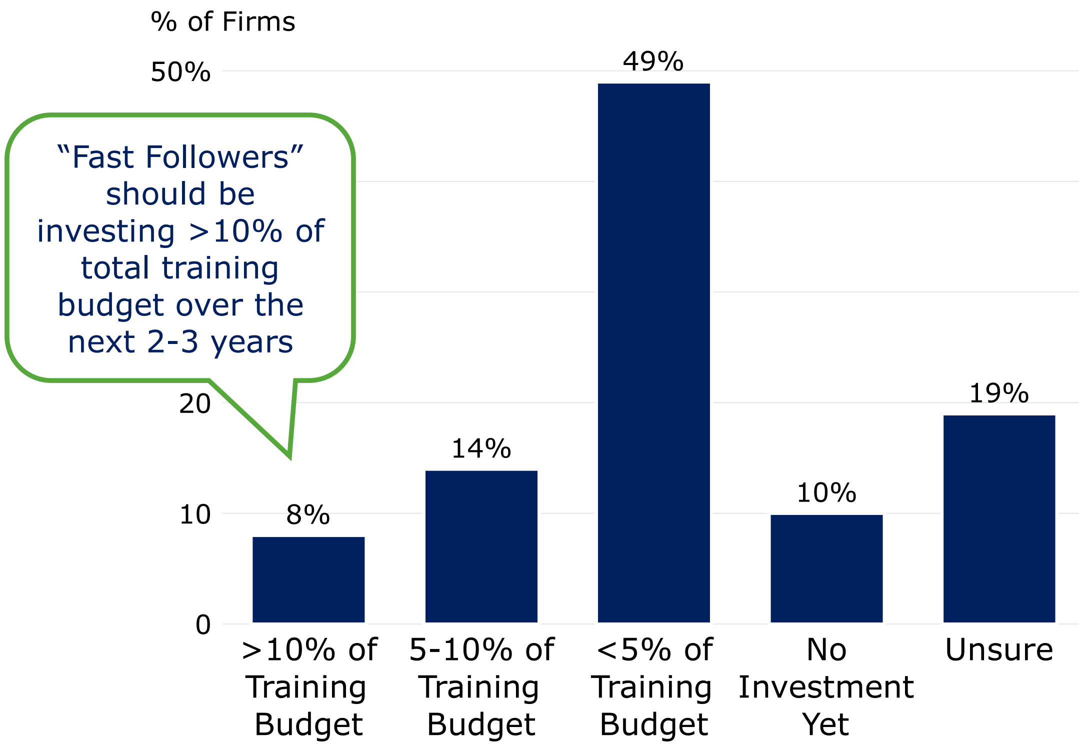
AI Training Will Be Critical to Widespread Adoption

AI training is common among AEC firms; however nearly half dedicate less than 5% of training budgets to it.

Offering GenAI Training



Investment in GenAI Training



Source: 2025 EFCG CEO Survey Database

Live Polling Question

Are you getting a return on your AI pilots?

To vote, click on the "Main Session Live Polling" button in the EFCG Conference Portal. You can also use the code on the next slide.

All responses are anonymous!

Live Polling Question

EFCG

How is your firm using Agentic AI?

To vote, click on the "Main Session Live Polling" button in the EFCG Conference Portal. You can also use the code on the next slide.

All responses are anonymous!

Future Talent Challenges & Needs

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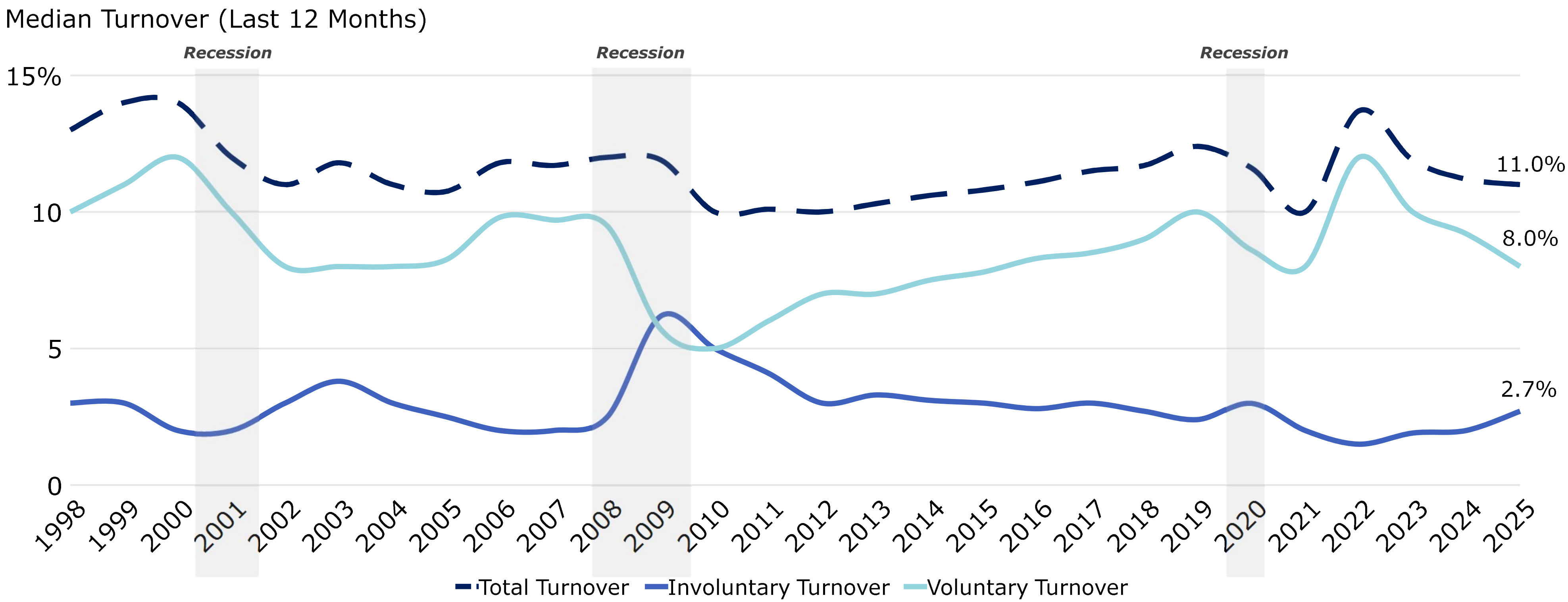
Turnover Has Moderated, But Still Above 10%

Voluntary Turnover continues to decrease, but still higher than most of 2010's, while Involuntary Turnover saw a slight increase.



Source: 1998-2025 EFCG CEO Survey; note: turnover numbers are median (not average) and exclude hourly workers

Do We Have Enough People to Deliver on Growth?

EFCG

CIVIL ENGINEERING IN THE US

A Talent Shortage Remains…

+ 20K Number of new engineering degrees awarded each year

– 20K Number of engineers retiring or leaving the industry each year

– 30K Number of new engineering jobs required for organic growth each year

-30K **Civil engineer shortage each year**

…But AI Can Help Fill Some of the Gap

20% Share of the talent gap executives believe can be addressed with technology over the next 5 years*

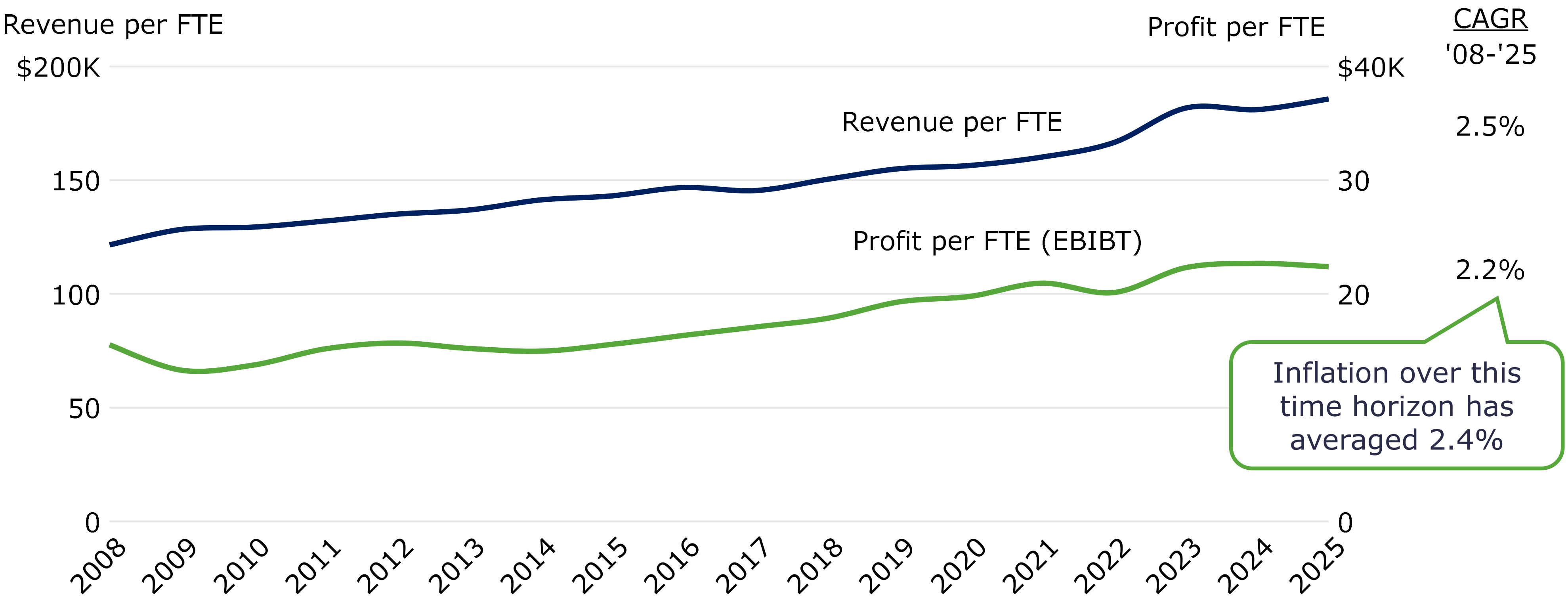
70% Share of jobs estimated to be automatable by AI

Critical question becomes: do firms have the **right** talent with the right skills to grow and adopt AI?

Source: Bureau of Labor Statistics, Data USA, McKinsey analysis: The Economic Potential of Generative AI, EFCG analysis; *CFO Conference live poll results in which 2/3 of respondents selected '10% - 25%' range

Headcount Continues to Drive Revenue and Profit

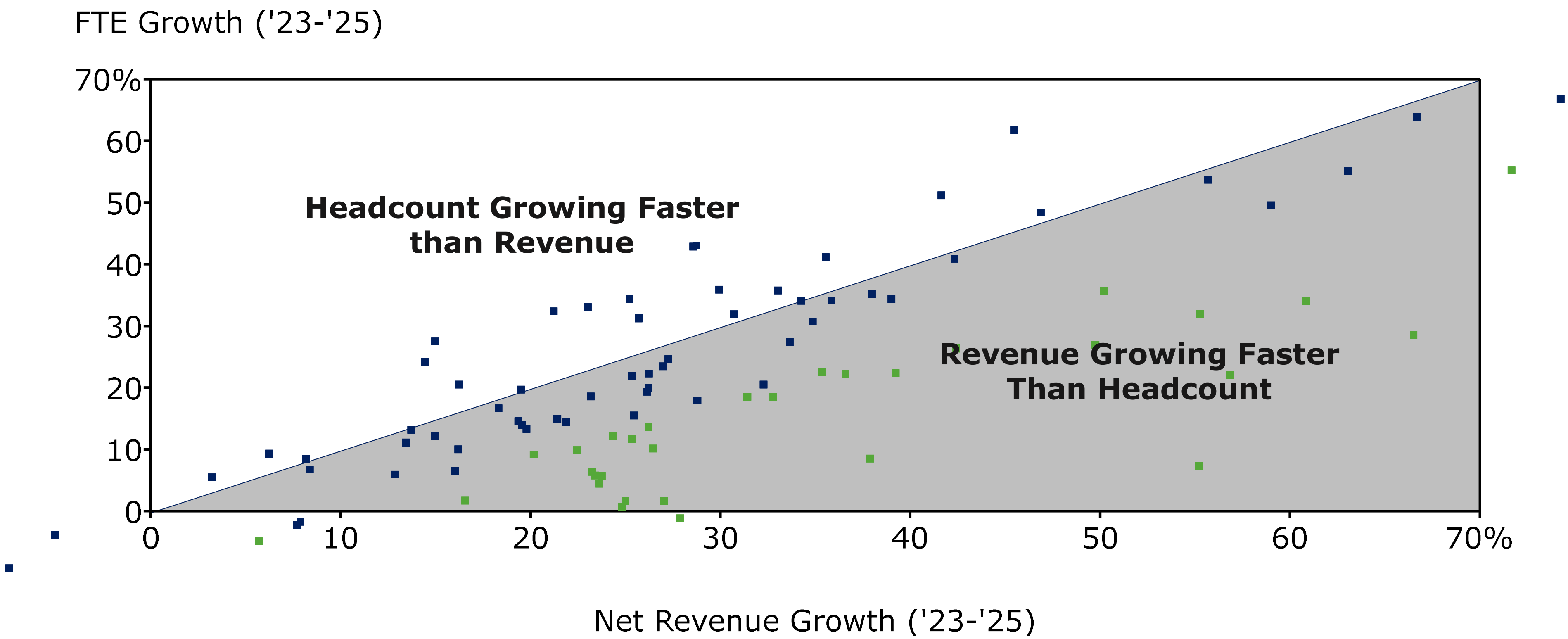
Revenue and profit per FTE are just keeping pace with inflation. Are all the investments in efficiency & technology not driving productivity gains? Or does our industry have a **pricing** problem?



Source: 1998-2025 EFCG CEO Survey

However, Some Firms Starting to Disconnect Growth From FTEs

With talent constraints expected to continue, firms significantly gaining productivity (or decoupling growth from headcount) will likely emerge as leaders.



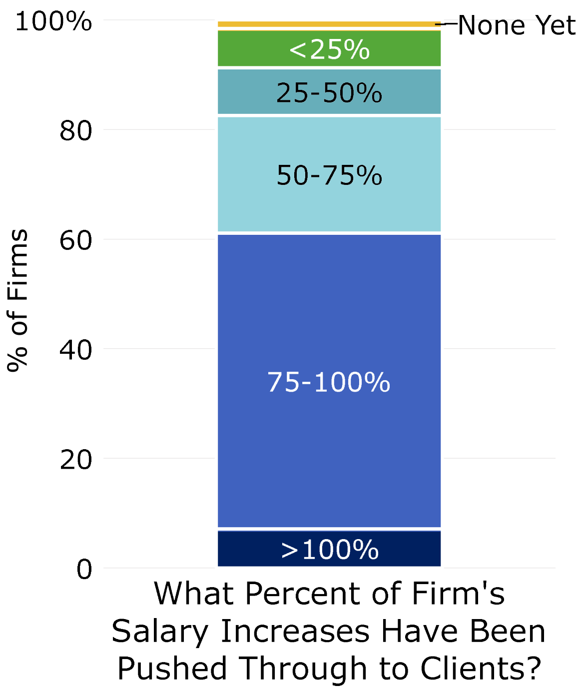
Source: 2025 EFCG CEO Survey Database

Emerging Strategies & Business Models

Pricing Remains a Challenge, So Firms Becoming More Selective

Most firms report some level of success with increasing pricing with clients, however about 40% of firms have been unable to fully push salary increases to clients.

Salary Increases Pushed to Clients



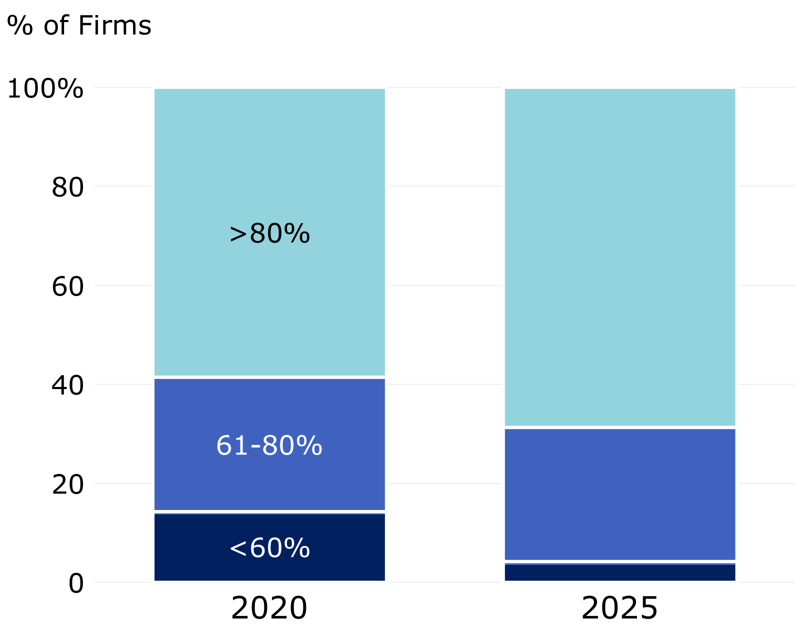
Client Selectivity

Source: 2025 EFCG CEO Survey

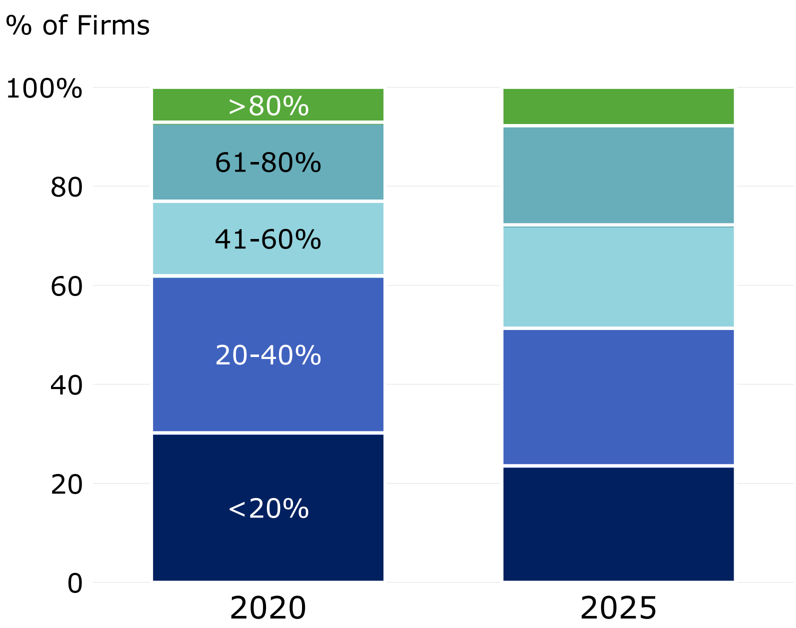
Firms Deepening Relationships With Clients

Over the last 5 years, we have seen an increase both in repeat work with clients, and in the percent of work that is being sole sourced. Do these stronger relationships correspond to pricing increases (or at least cost efficiencies)?

Repeat Work



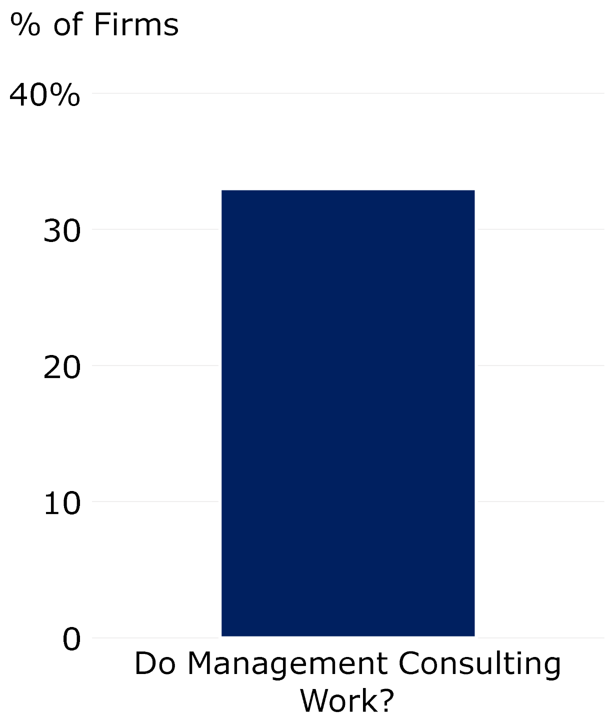
Sole Sourced Work

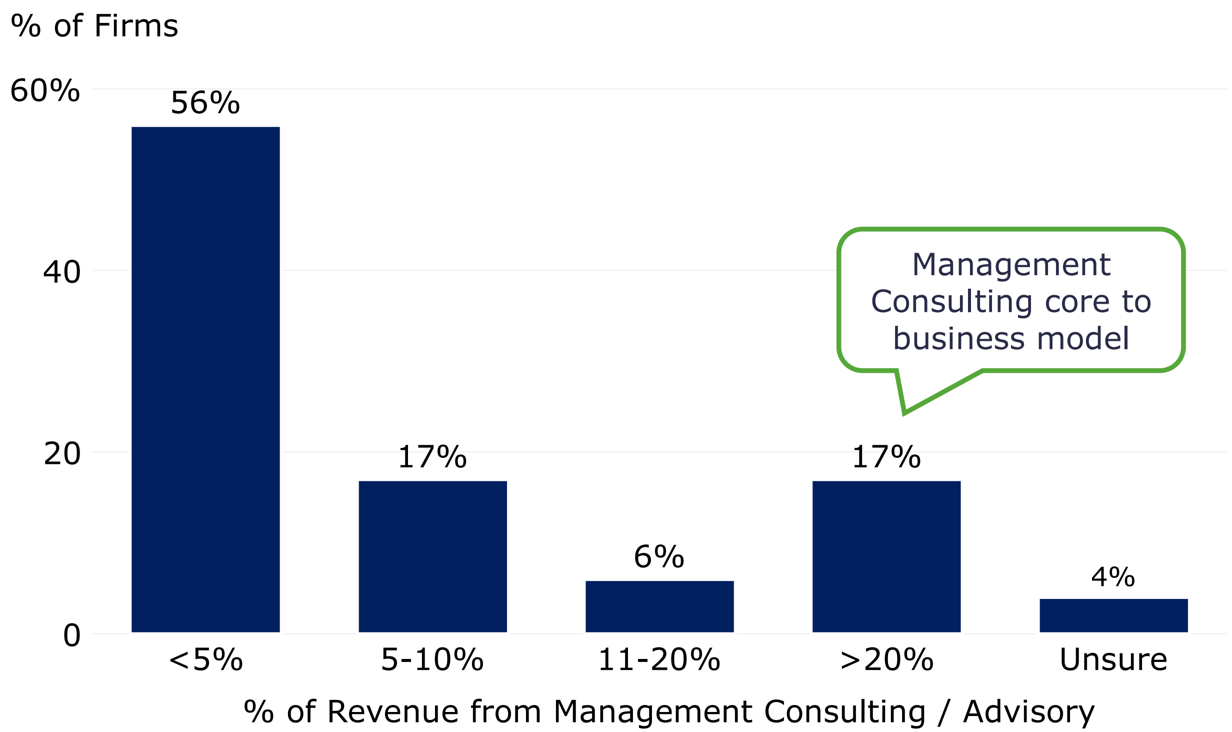


Source: 2020 EFCG CEO Survey; 2025 EFCG CEO Survey

One-Third of AEC Firms Offer Management Consulting

Consulting is becoming a common growth strategy, although most firms are generating less than 5% of revenue from Advisory Services. Many of these firms are still defining what it looks like or means for their business and their clients.



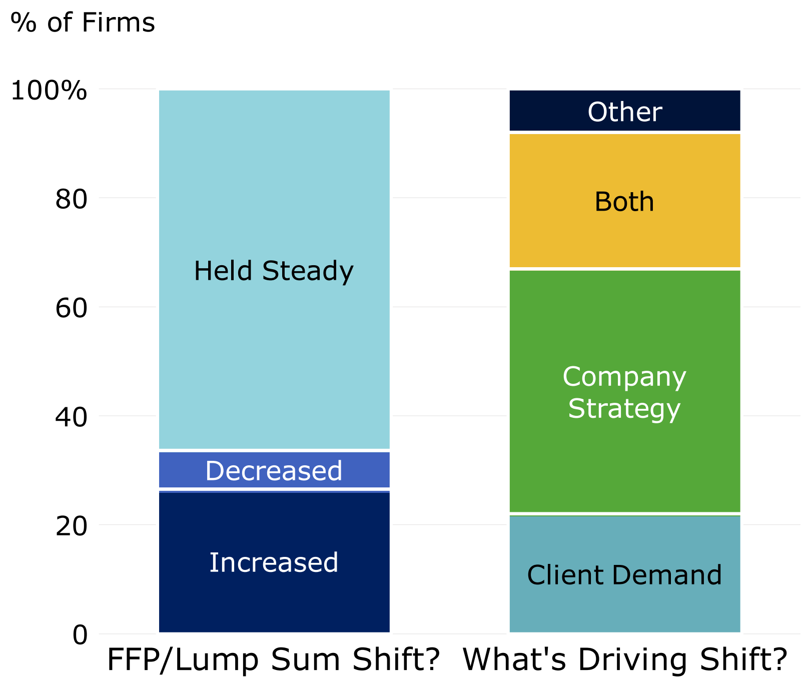


Source: 2025 EFCG CFO Survey

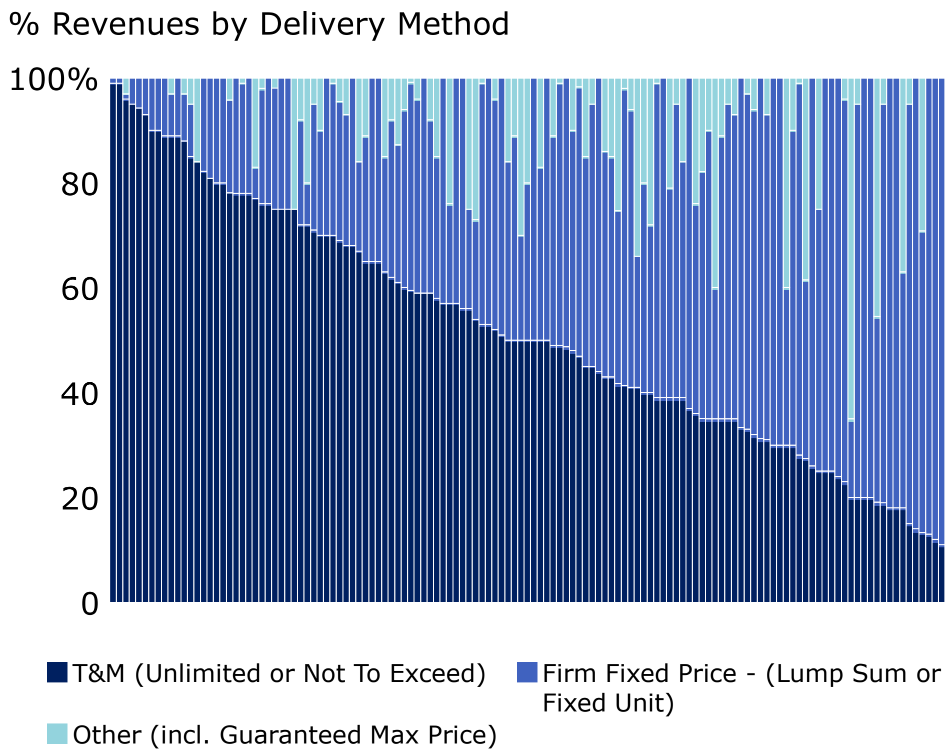
Delivery Methods Are Evolving

Continued shift toward fixed price models could enhance profitability as technology drives delivery efficiency.

Firms Shifting Towards FFP / Lump Sum



Yet Firms Still Need to Balance Models



Source: 2025 EFCG CEO Survey Database

Live Polling Question

We increasingly hear "We are not an engineering firm, we are a ______ firm"

What type of firm are you?

To vote, click on the "Main Session Live Polling" button in the EFCG Conference Portal. You can also use the code on the next slide.

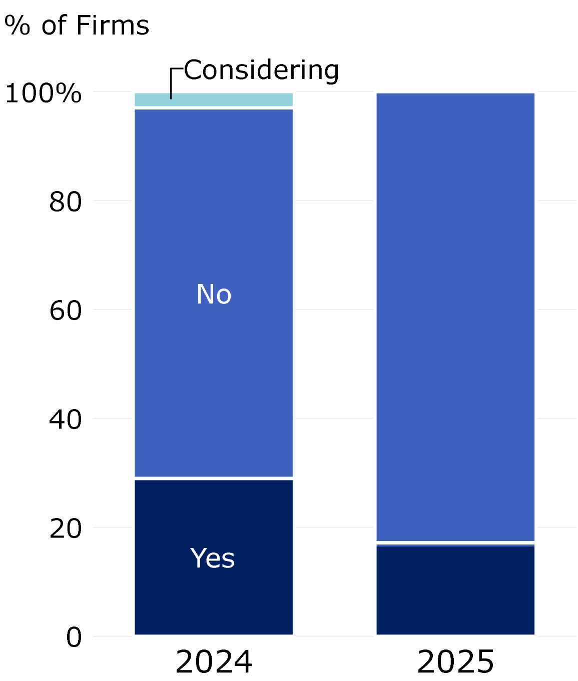
All responses are anonymous!

Evolution of ESG

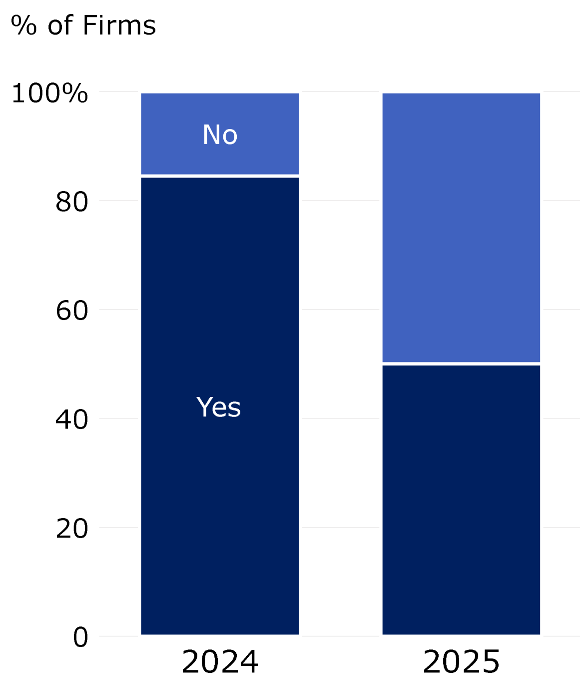
Externally Facing DEI is in Decline

Firms have walked back DEI leads and public mentions, but internal programs have held steady.

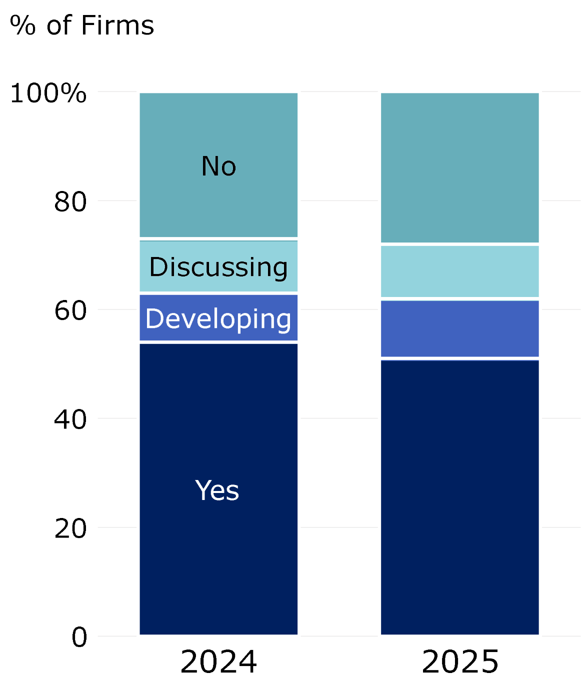
Lead with Diversity / Equity in Title



Diversity / Equity Mentioned on Website



Workforce Inclusivity Program

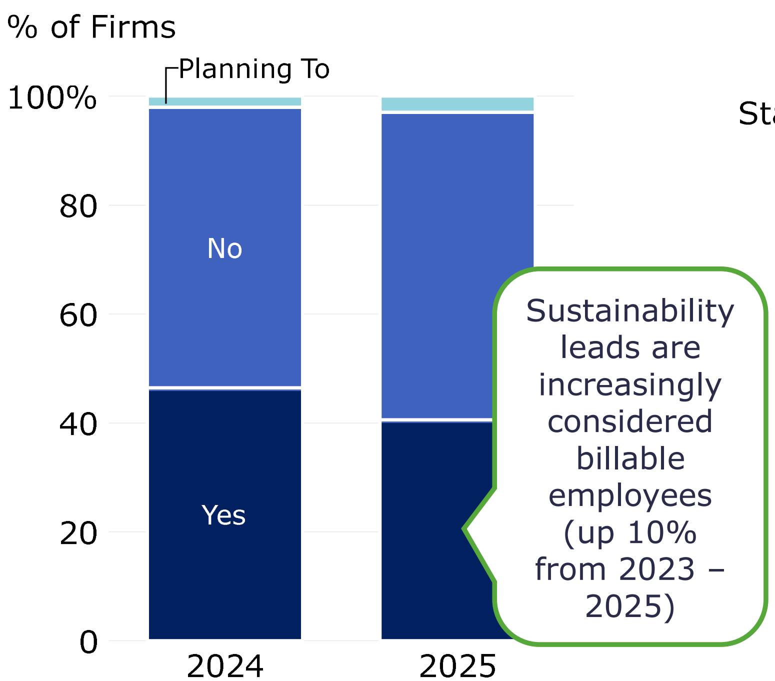


Source: 2025 EFCG CEO Survey Database

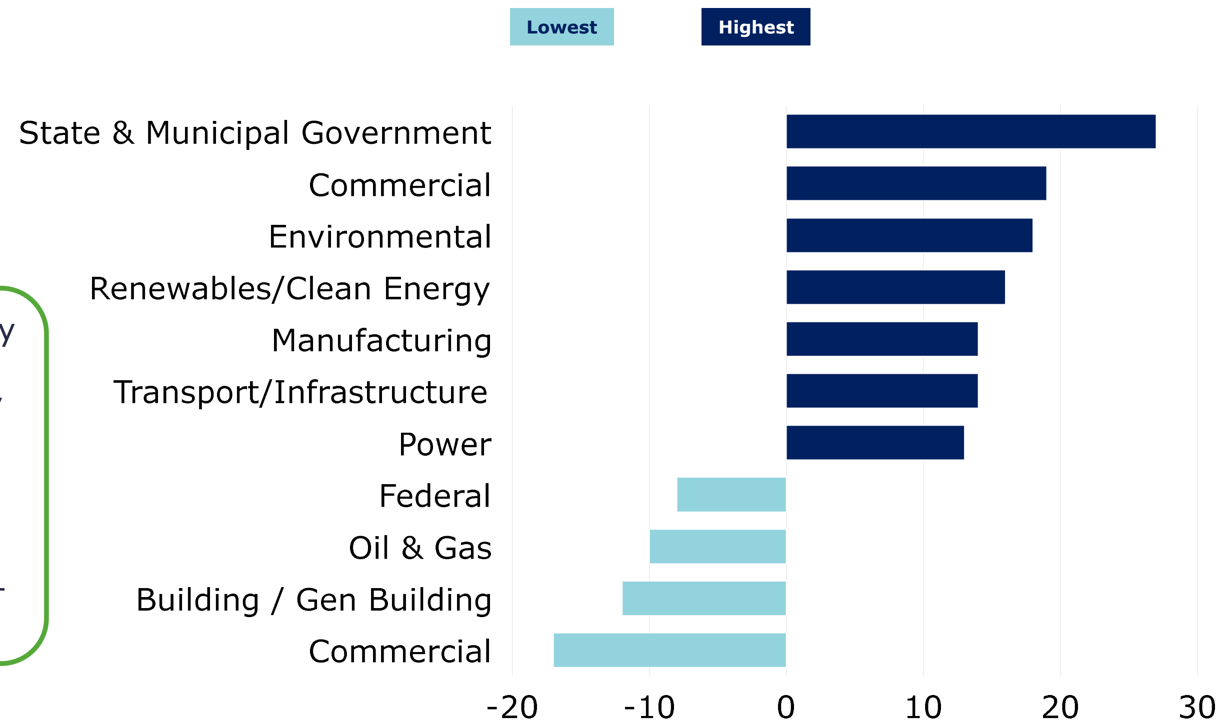
Sustainability Has Held Strong

Sustainability leads have held steady and are becoming increasingly billable.

Corporate Sustainability Lead



Highest & Lowest Demand for Sustainability-Related Services

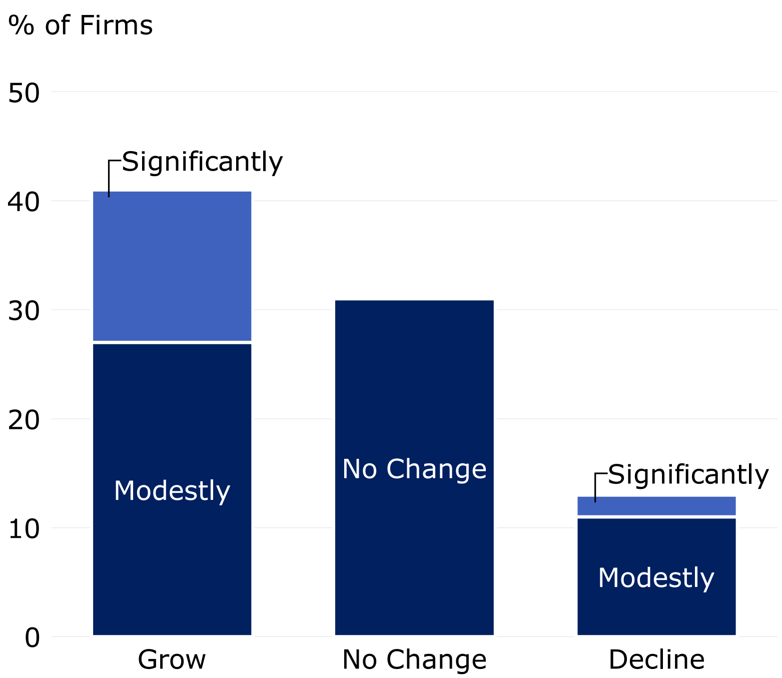


Source: 2025 EFCG CEO Survey Database

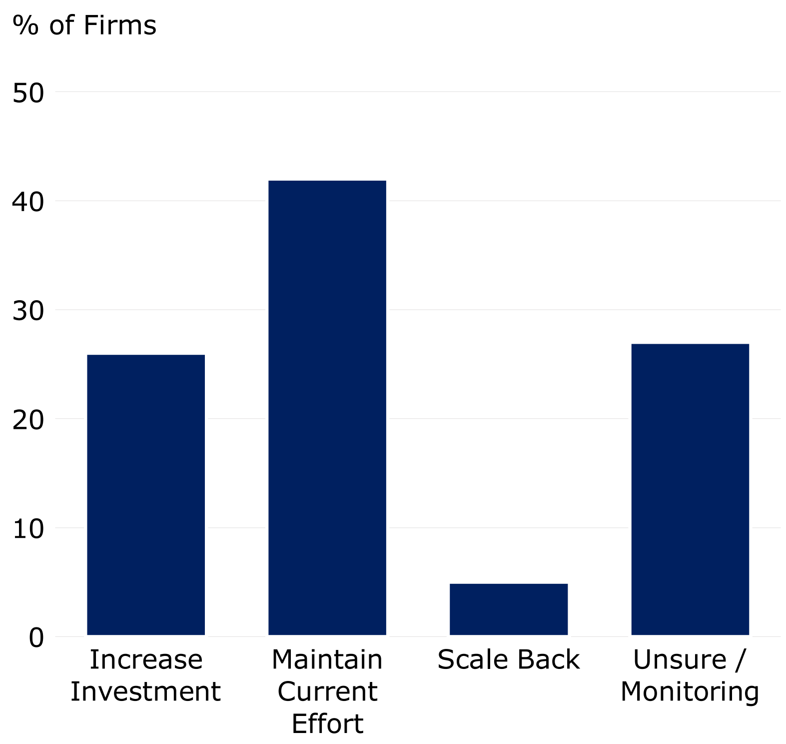
What Do Firms Think About the Evolving Sustainability Market?

Demand expectations and investment hold strong despite US federal policy headwinds.

Expectations for Client Demand



Firm Response to Evolving Market



Source: 2025 EFCG CEO Survey Database

Sustainability Priorities: United States vs Global

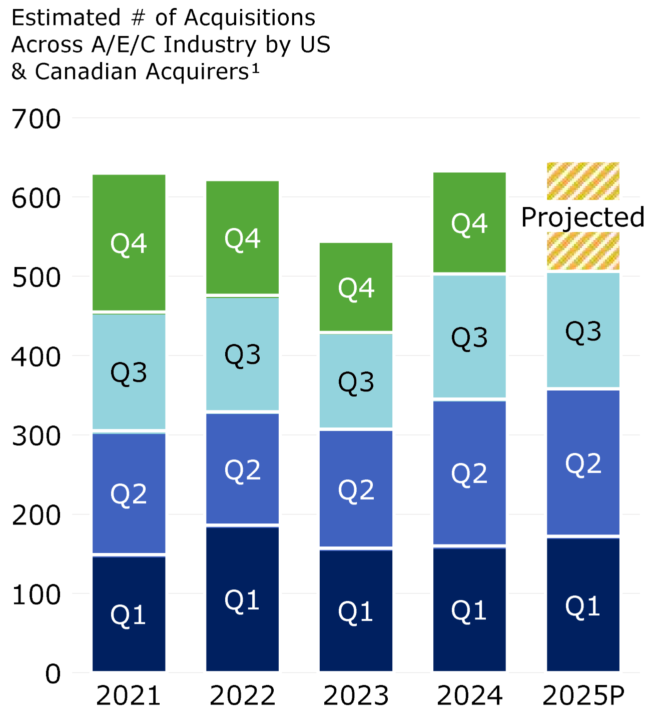
US federal policy is reshaping priorities, while certain states — and Europe/Canada — push forward with stricter sustainability rules.

	United States	European Union and Canada
1 **Climate Goals**	✓ Federal retreat (exit Paris, endangerment finding) ✓ State-led action (CA, NY, WA, MA) ✓ Clean fossil energy w/ carbon capture & storage	✓ Binding national targets ✓ Emissions trading system ✓ Carbon adjustment border tax
2 **Energy Policy**	✓ Federal focus on fossil/nuclear dispatchable energy ✓ Energy dominance (production & exports) ✓ Grid resiliency & reliability	✓ Increased emphasis on renewables & storage ✓ Energy security ✓ Grid resiliency, connectivity & modernization
3 **Permitting**	✓ Streamlined for fossil fuels & advanced nuclear ✓ Weaker EPA authority ✓ Additional hurdles for wind	✓ Accelerated for renewables ✓ Stringent environmental reviews ✓ Nature Positive framework
4 **Reporting**	✓ Scaling back federal rules (e.g., SEC) ✓ State-level (e.g., California) regulation ✓ Corporate client demands	✓ Mandatory EU ESG disclosure (CSRD, CSDDD) ✓ Canada moving toward similar requirements ✓ Corporate client demands

Mergers & Acquisitions

M&A Market Overview

Recent M&A Transactions



Key Trends

- >50% of firms expect to make an acquisition this year.
- The top M&A end markets YTD are architecture, environmental, and surveying & mapping.
- Florida, California, and Texas remain key regions for M&A activity.
- PE platform investments and PE-backed deals accounted for 52% of total deals in YTD 2025.
    - 21% of platform investments were minority stakes.
- AEC deal activity remains strong despite recent macro volatility.
    - Holding steady, driven by infrastructure funding, reshoring, data centers, the energy transition, and sustained sponsor interest.
    - Activity for the remainder of the year is expected to pick up following the recent Fed rate cut announcement.
- Technology-enabled firms, particularly AI/ML-focused, earn premium valuations.

Source: PitchBook; 2025 EFCG CEO Survey; EFCG M&A Database; EFCG Analysis

1. As of September 19th ,2025

“Frequent Acquirers” Continue to Shape Our Industry

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Most Acquisitive Firms by Deal Count (2022 – YTD 2025)

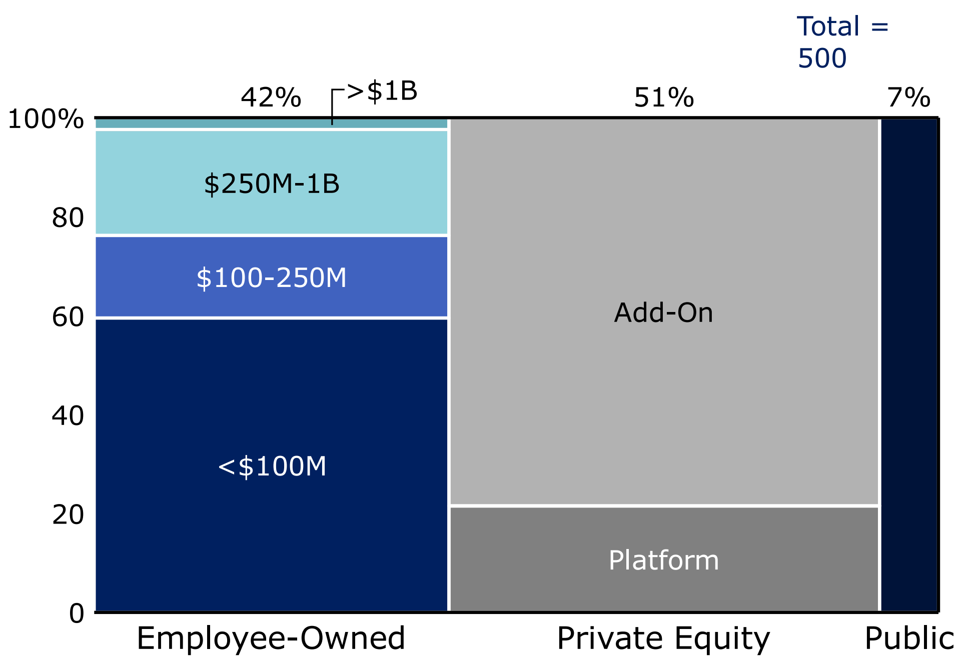
Trilon	*PE-Backed*	**Deals Closed: 38**
Bowman	*Public*	**Deals Closed: 31**
Salas O’Brien	*Employee-Owned*	**Deals Closed: 28**
NV5	*Public*	**Deals Closed: 26**
egis	*PE-Backed*	**Deals Closed: 26**
verdantas	*PE-Backed*	**Deals Closed: 26**
IMEG — The FUTURE. Built Smarter.	*Employee-Owned*	**Deals Closed: 26**
LJA	*Employee-Owned*	**Deals Closed: 24**
WSP	*Public*	**Deals Closed: 18**
ATWELL	*Employee-Owned*	**Deals Closed: 17**
MONTROSE ENVIRONMENTAL	*Public*	**Deals Closed: 16**
UNIVERSAL ENGINEERING SCIENCES	*PE-Backed*	**Deals Closed: 16**
SAM	*PE-Backed*	**Deals Closed: 15**
RMA COMPANIES — Building Confidence from the Ground Up	*PE-Backed*	**Deals Closed: 15**
ARDURRA	*PE-Backed*	**Deals Closed: 15**

Source: EFCG Analysis; PitchBook
Note: Structure represents majority ownership type

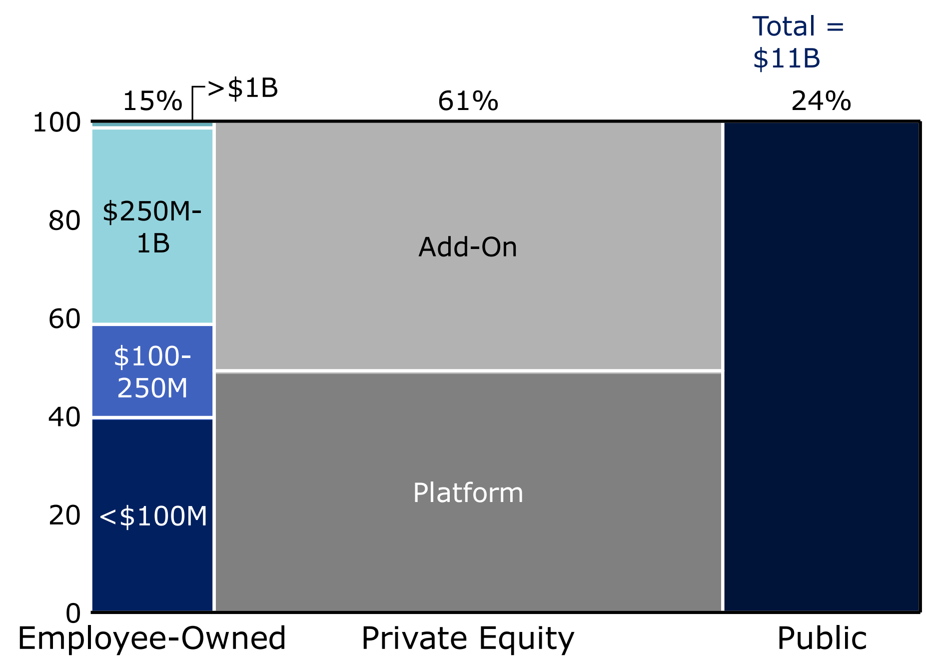
Acquisition Activity Differs By Firm Structure

50% of acquisitions (and 60% of $ volume) have involved private capital; employee-owned firms make a significant portion of acquisitions, but they tend to be smaller.

of Acquisitions in 2025 (YTD) by Acquirer



$ of Acquisitions in 2025 (YTD) by Acquirer

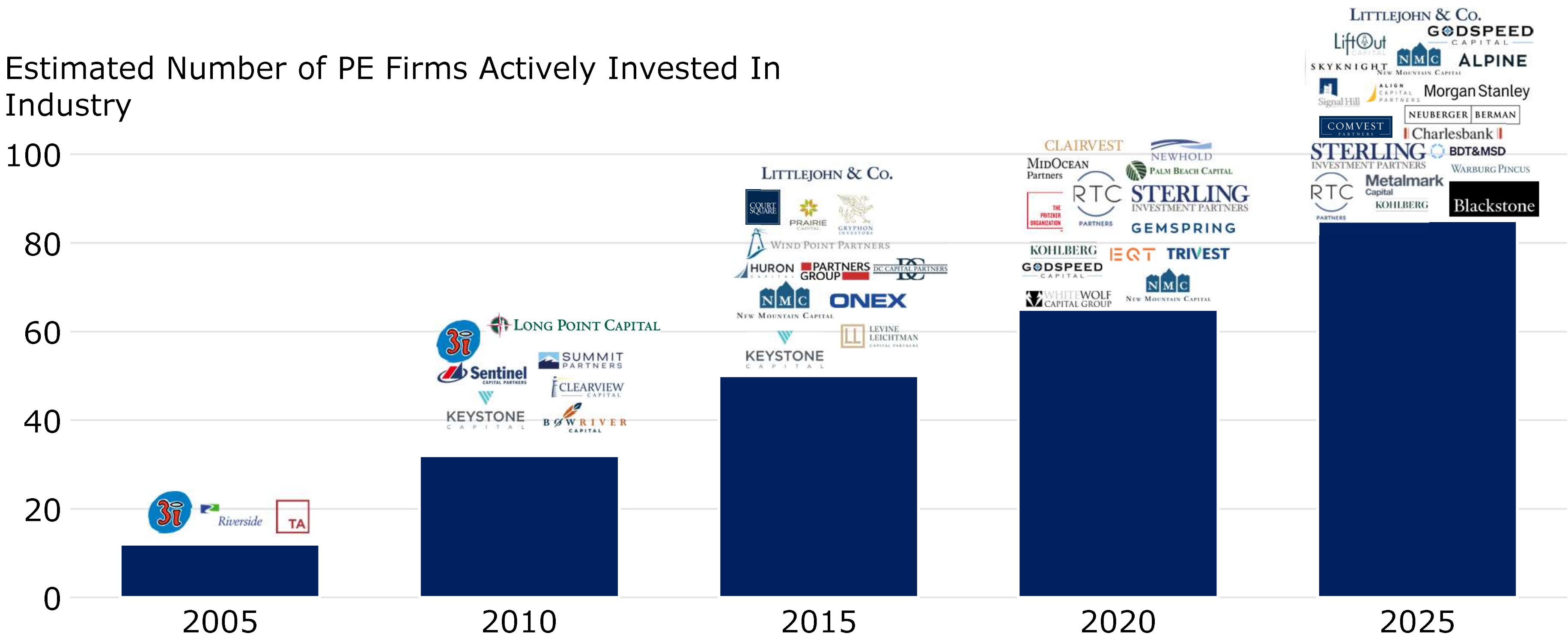


Source: EFCG M&A Database

Private Equity Investment Has Been Significantly Increasing

The first PE investments in our industry were in the early 2000's – today 16% of firms >$30M are backed by private capital .

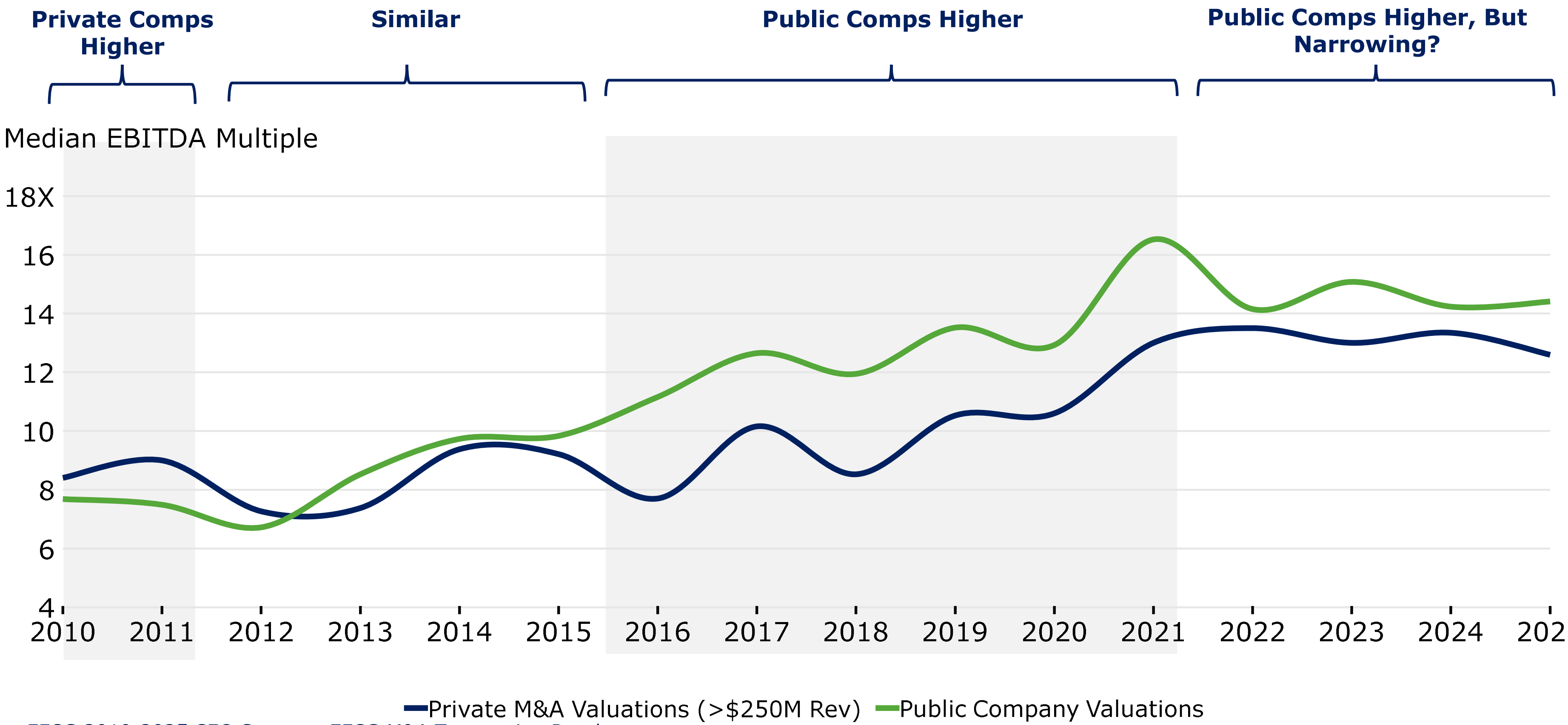
Estimated Number of PE Firms Actively Invested In Industry



Source: EFCG M&A Database

Narrowing Gap Between Private and Public Market Valuations

Since 2021, we've seen similar valuations of large public and private firms, a shift in market dynamics from 2016-2021.



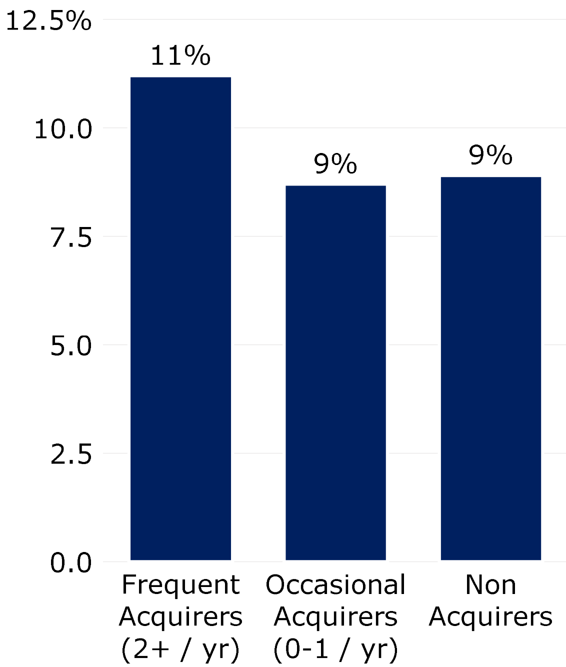
Source: EFCG 2010-2025 CEO Surveys, EFCG M&A Transaction Database

Acquirers Need to Consider Integration Strategy

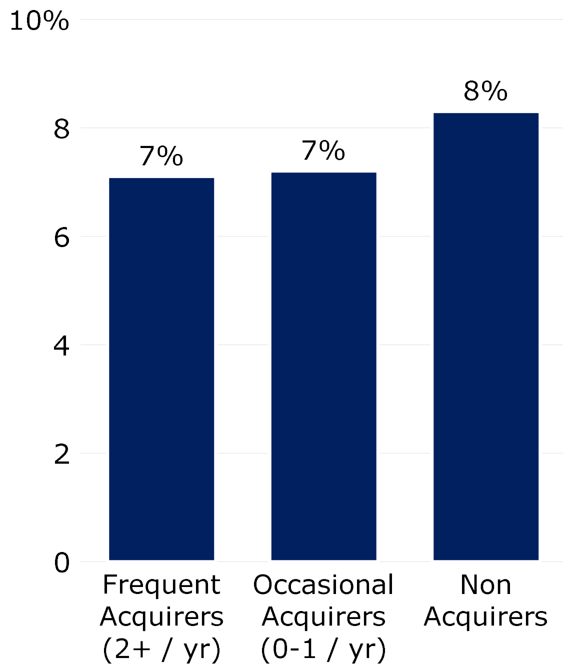
EFCG

Frequent Acquirers Have Advantage in Profit, Not Growth

EBITDA Margin, Two Years Out



Organic Revenue Growth, Two Years Out



Acquisitive firms do capture cost synergies – cross-selling continues to be a challenge

Frequent Acquirers are more successful than Occasional Acquirers

If you are an Occasional Acquirer, prioritize integration and change management

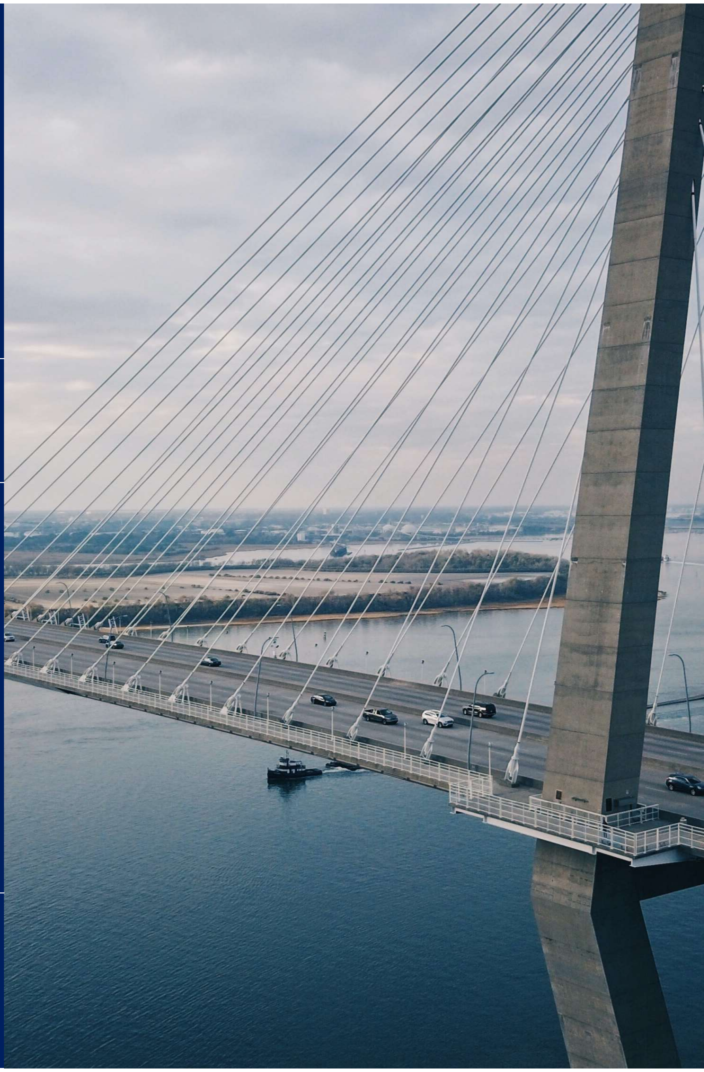
Agenda

01 Welcome & Overview

02 Update on Key Industry Metrics

03 Looking Ahead: Industry Trends
- Technology Strategy
- Generative & Agentic AI
- Future Talent Challenges & Needs
- Emerging Strategies & Business Models
- Evolution of ESG
- Mergers & Acquisitions

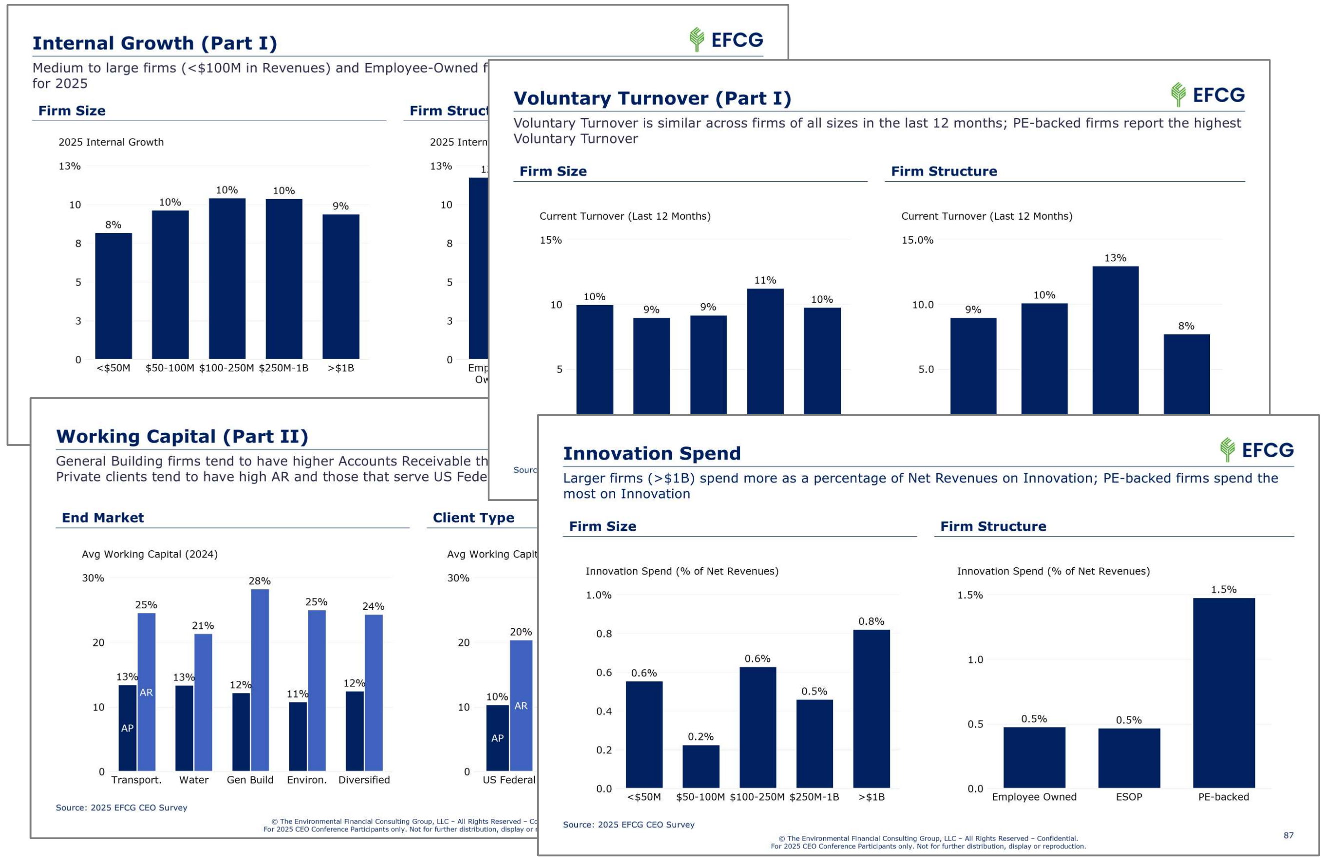
04 **Key Takeaways**



EFCG 2025 Data Pack

For 2025 EFCG CEO Conference Attendees, we are also providing a **2025 Data Pack**

This data pack reports **key metrics by firm size, structure, market and clients**



Looking For Even More Benchmarks?

EFCG's Peer Benchmarking Analysis ("PBA") provides firm-specific benchmarking across 150+ financial and operational metrics

See the sign-up form in your packet for more details

Exhibit 4a

PRODUCTIVITY ANALYSIS

"MU Factor" and Time-Based Utilization

Type of analysis

Companies part of Primary (Size) peer group

Metric measured

	"MU Factor" Analysis					Time-Based Utilization Rate			
	Net Revenue Multiplier (M)	x	$-Based Utilization Rate (U)	=	"MU-Factor" Net Revenues Per Payroll Dollar (M x U)	All Professional Employees	"Billability" Highest-Paid 5% of Employees	Next Highest-Paid 10% of Employees	Net Revenues / FTE ($K)
1	4.00		94.0%		3.74	85%	51%	70%	263
2	3.98		71.0%		2.19	82%	49%	65%	241
3	3.92		69.8%		2.01	81%	43%	60%	193
4	3.65		68.1%		1.99	73%	42%	59%	192
5	3.56		67.4%		1.97	72%	40%	56%	192
6	3.24		62.0%		1.90	70%	40%	54%	188
7	3.2[illegible]		60.7%		1.87	70%	40%	54%	176
8	3.12		60.1%		1.85	70%	34%	53%	173
9	3.12		58.8%		1.81	69%	33%	53%	172
10	2.99		58.8%		1.81	69%	31%	53%	171
11	2.98		58.5%		1.78	68%	31%	50%	171
12	2.97		58.1%		1.73	67%	30%	45%	169
13	2.92		57.9%		1.72	65%	29%	42%	160
14	2.88		57.8%		1.70	61%	25%	38%	157
15	2.82		57.0%		1.70	60%	22%	37%	156
16	2.75		55.8%		1.66	60%	21%	35%	154
17	2.69		55.2%		1.63	59%	21%	35%	132
18	2.68				1.61	59%	19%	32%	129
19	2.44				1.39	58%	16%	30%	107
20	1.81				1.29	58%	11%	29%	103
21	1.80				1.21	57%	6%	28%	101
Medians									
Size	2.98		58.5%		1.78	68%	31%	50%	
Water / Wastewater	3.12		58.1%		1.87	69%	38%	59%	

Your company's metrics in comparison to peers*

Primary and Alternative peer group metric medians

*Each column ranks the peer firms' metrics in order from highest to lowest. A company, therefore, does not occupy only one row, so it is not possible to deduce which set of metrics corresponds to that of a peer firm.

Key Takeaways

The fundamentals of our industry remain solid

- Demand looks resilient into next year, and the industry continues to outgrow the broader economy.
- Client relationships are deepening (more repeat/sole-source), which may support pricing—if discipline holds.

Revenue is beginning to decouple from headcount – for some

- Revenue and profit per FTE have mostly tracked inflation, but early movers are bending that curve through sharper price realization, fixed price delivery, and early AI “co-pilot” workflows.
- The next boost of growth and margin could come less from hiring and more from how work is won, scoped, and executed.

New business models are emerging

- More firms are successfully productizing knowledge, including advisory, data, and software. This will likely change the landscape of what our industry does (and how it delivers value).

Ask Us Questions

Rebecca Zofnass

rzofnass@efcg.com

https://calendly.com/rzofnass

Share Your Feedback

We value your input!

Please take a moment to fill out the pink feedback form with your thoughts on this session.

Email efcg@efcg.com

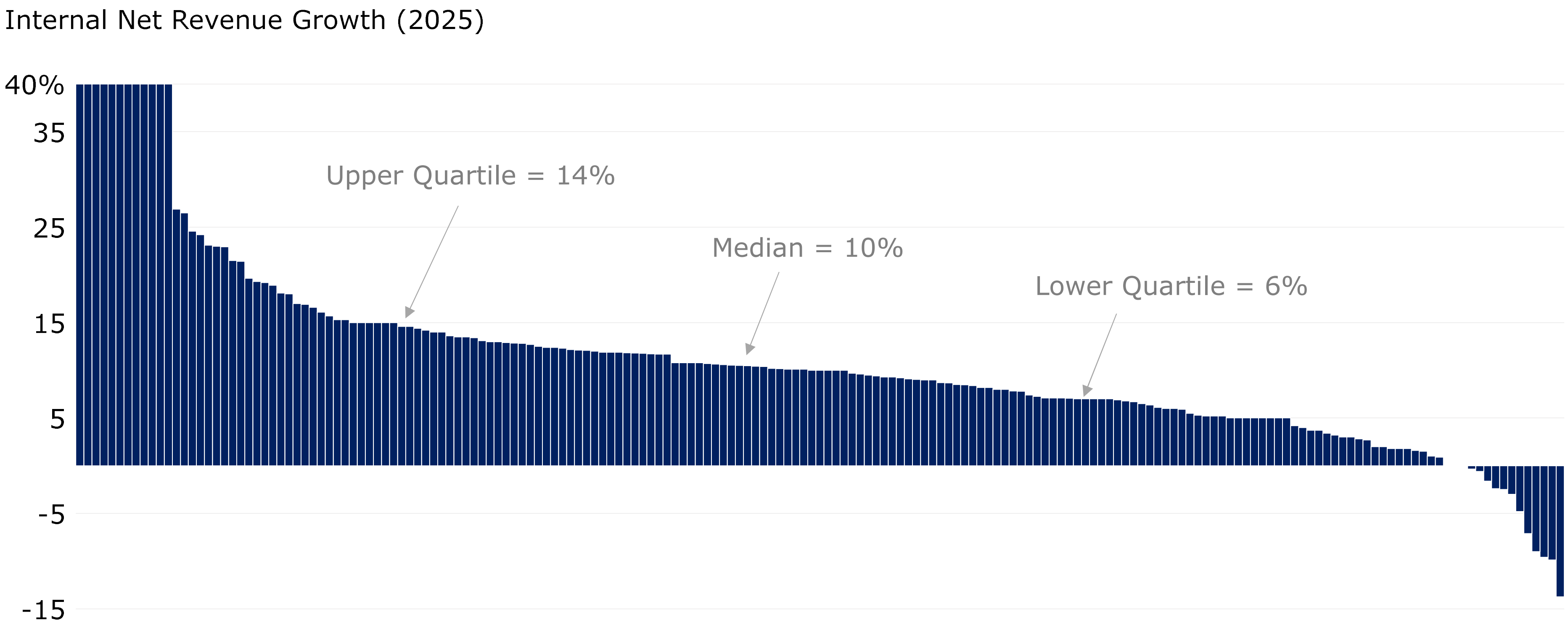
Visit www.EFCG.com

Connect with Us

Appendix

Internal Growth Distribution

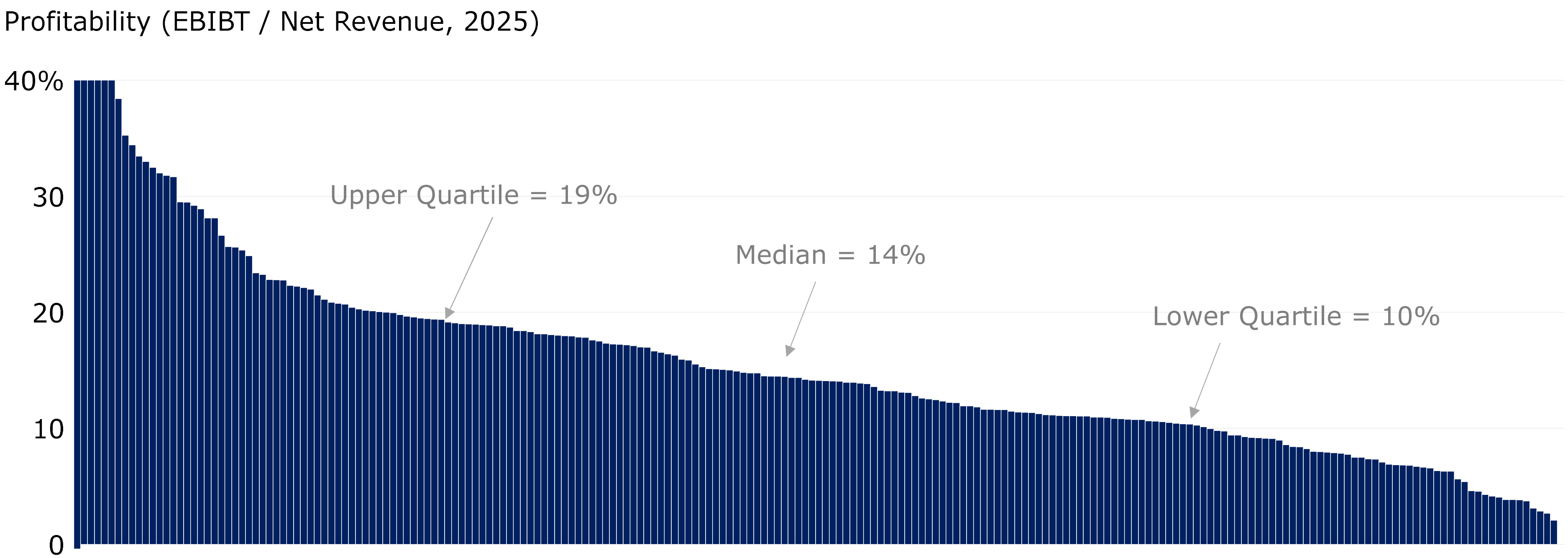
Individual firm growth in 2025 varied significantly (from -14% to 40%+).



Source: 2025 EFCG CEO Survey

Profitability Distribution

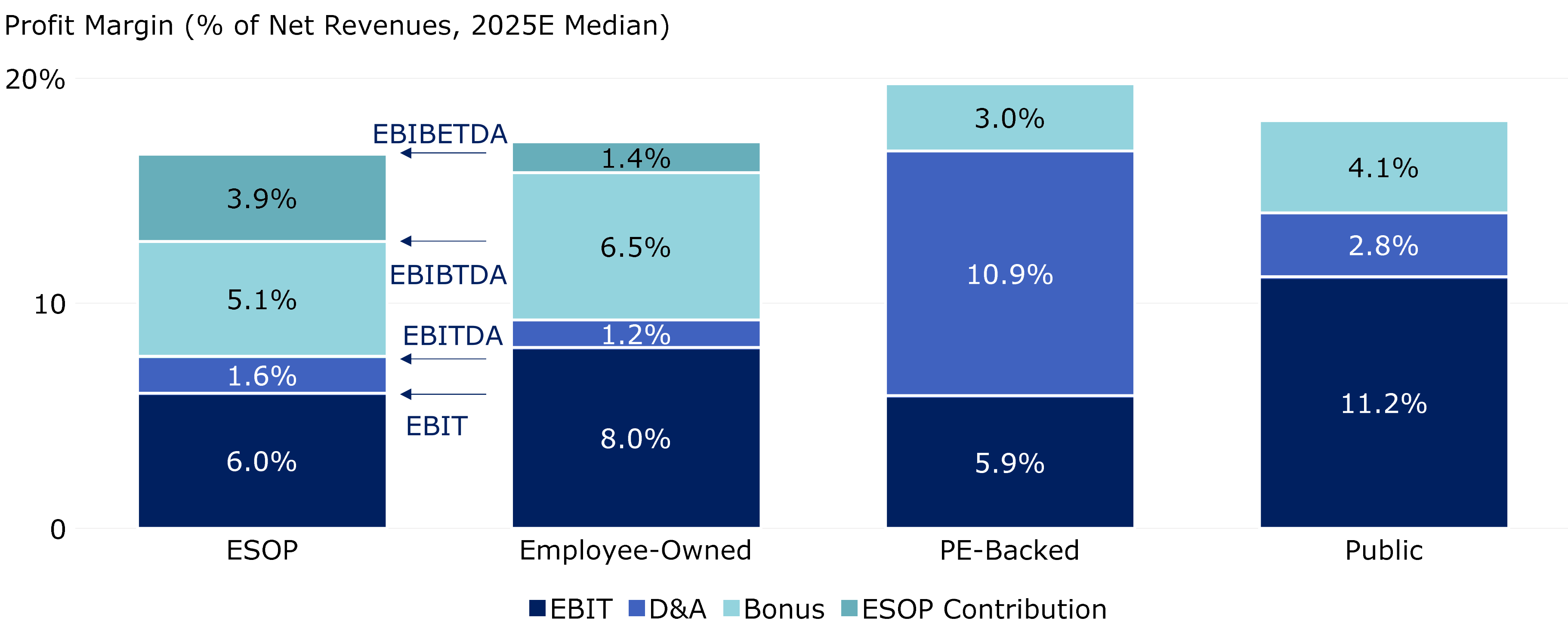
Individual firm profitability ranged from 0% profit margins to over 40% in 2025.



Source: 2025 EFCG CEO Survey

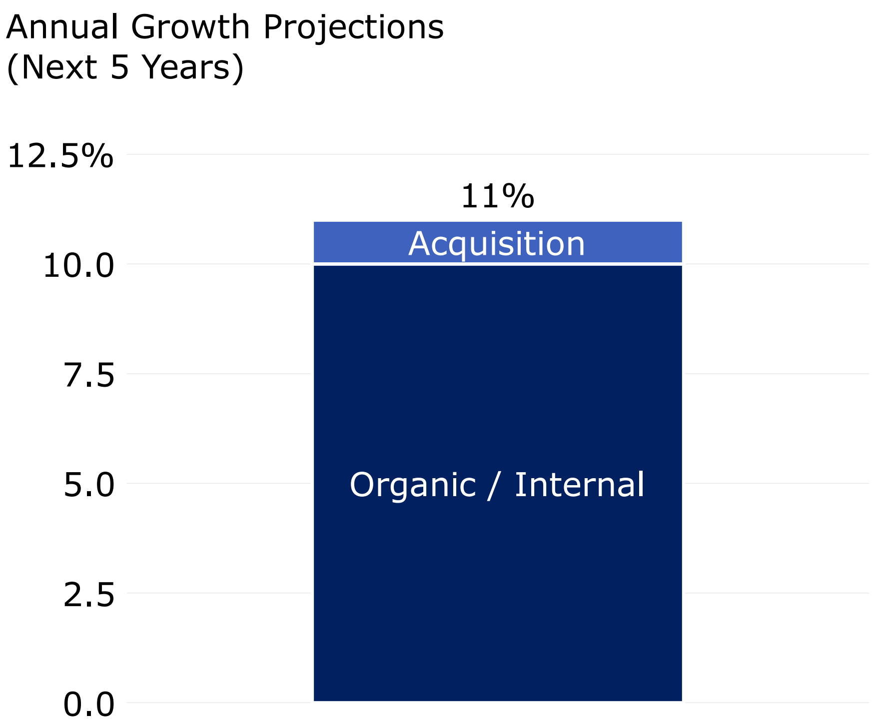
Why Do We Look at Profit So Many Ways?

Ownership structure impacts different profit components. PE-backed firms tend to have higher D&A, while Employee-Owned and ESOPs have higher bonus pay-outs and ESOP contributions. Firm structure & strategy should inform which metric your firm uses for benchmarking!



Source: 2025 EFCG CEO Survey

Firms Project 11% Annual Growth Over the Next Five Years



Is this an assumption of acceleration over the next 5 years versus today?

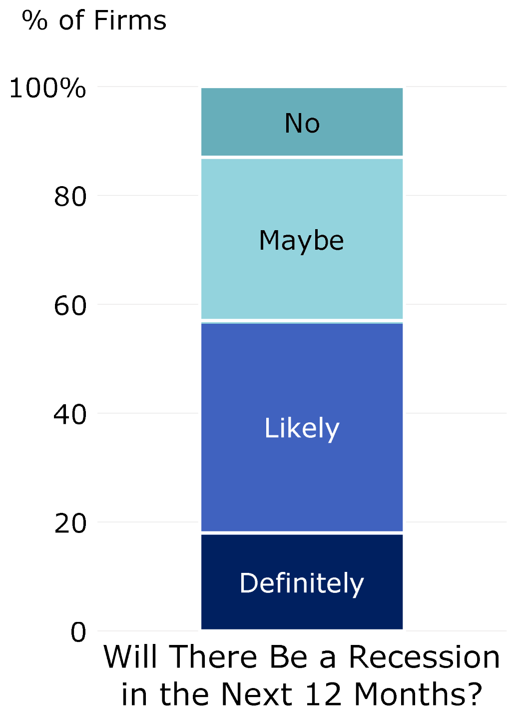
Or is it just over-optimism?

Source: 2025 EFCG CEO Survey

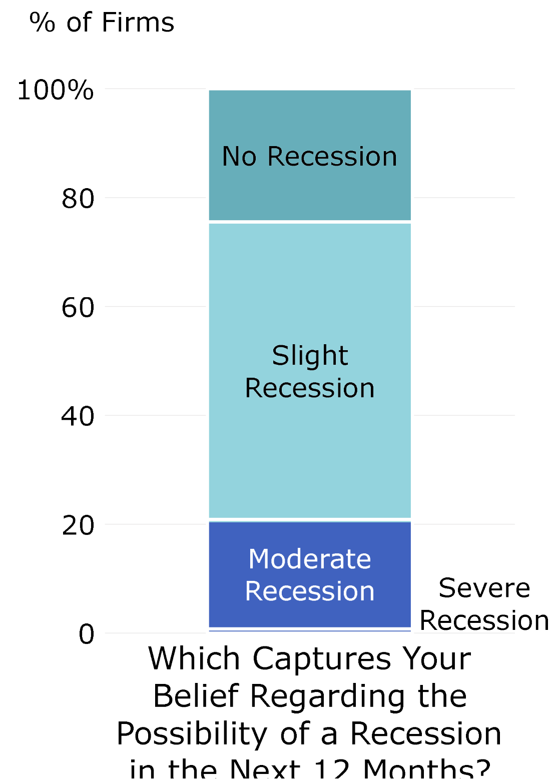
Recession Expectations

The majority of CFOs and CEOs think there will be at least some form of a recession, with about 50% of CEOs reporting that they are somewhat concerned about its impact on their firms.

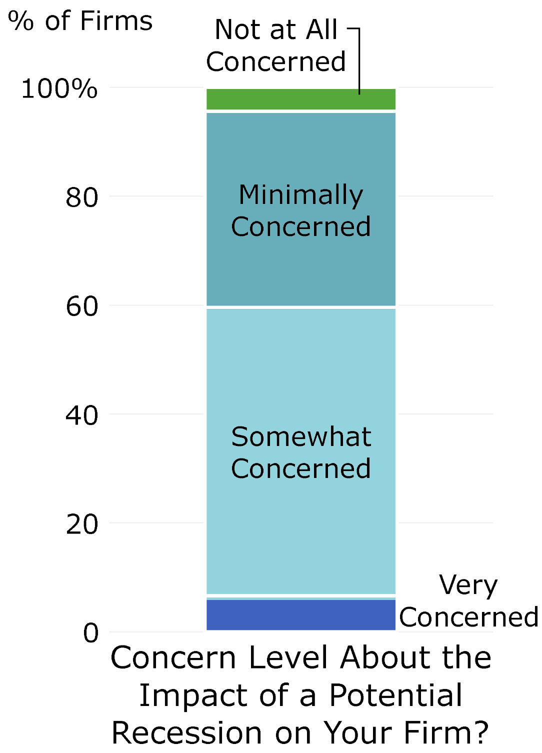
CFO Prediction (April 2025)



CEO Expectations (Sept 2025)



CEO Concerns (Sept 2025)

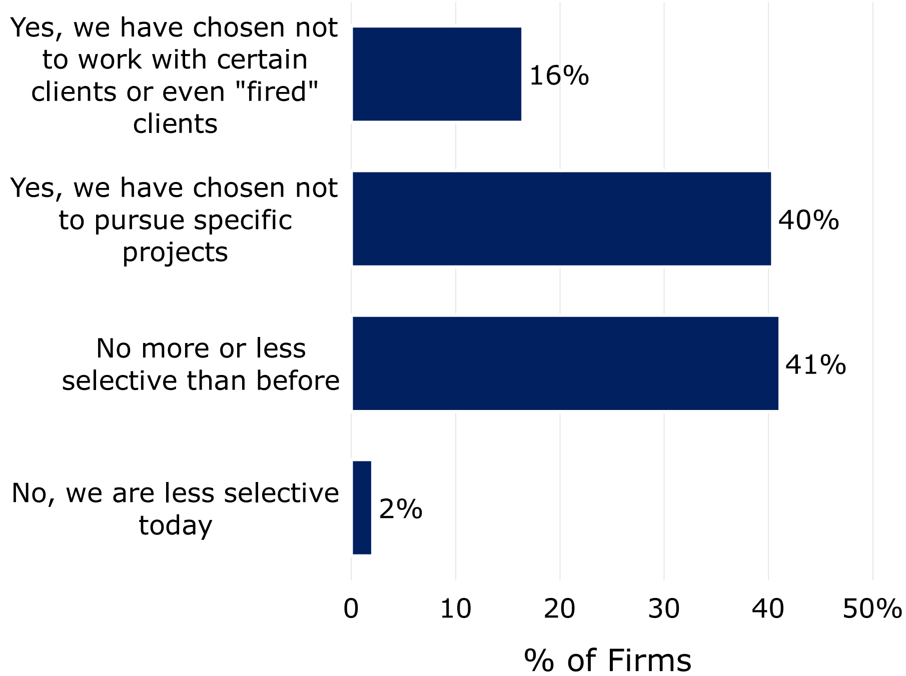


Source: 2025 EFCG CEO Survey; 2025 EFCG CFO Conference

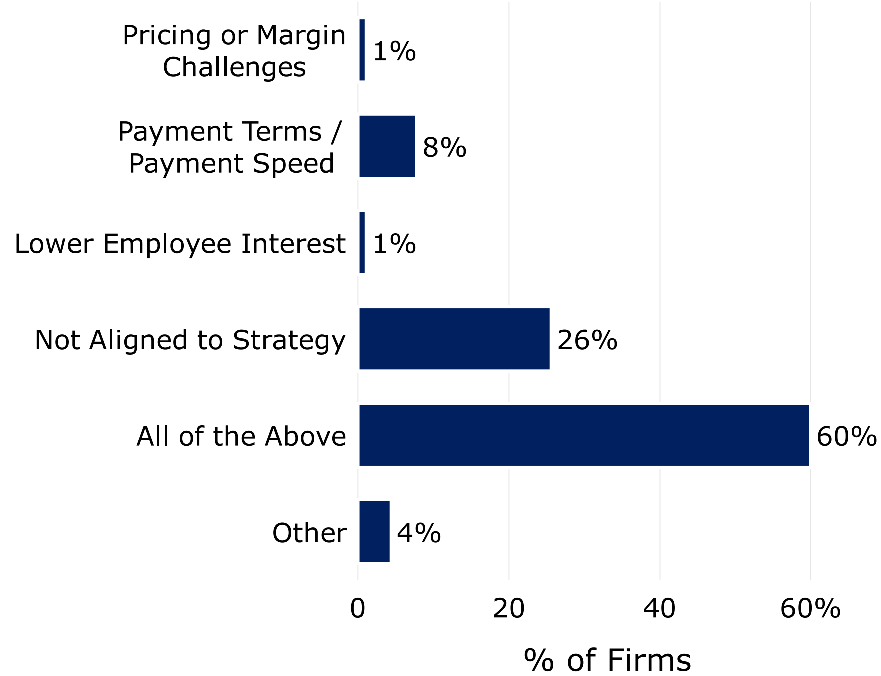
Client & Project Selectivity

Compared to last year, selectivity stabilized with 41% remaining no more or less selective and fewer firms choosing not to work with specific clients.

Changes in Selectivity



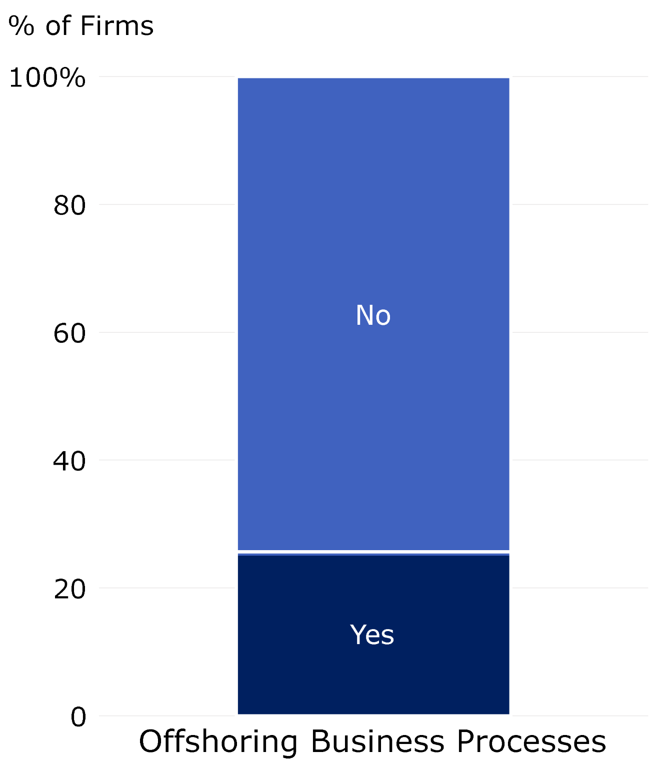
How Are Firms Deciding Which Clients/Projects to Be More Selective With?



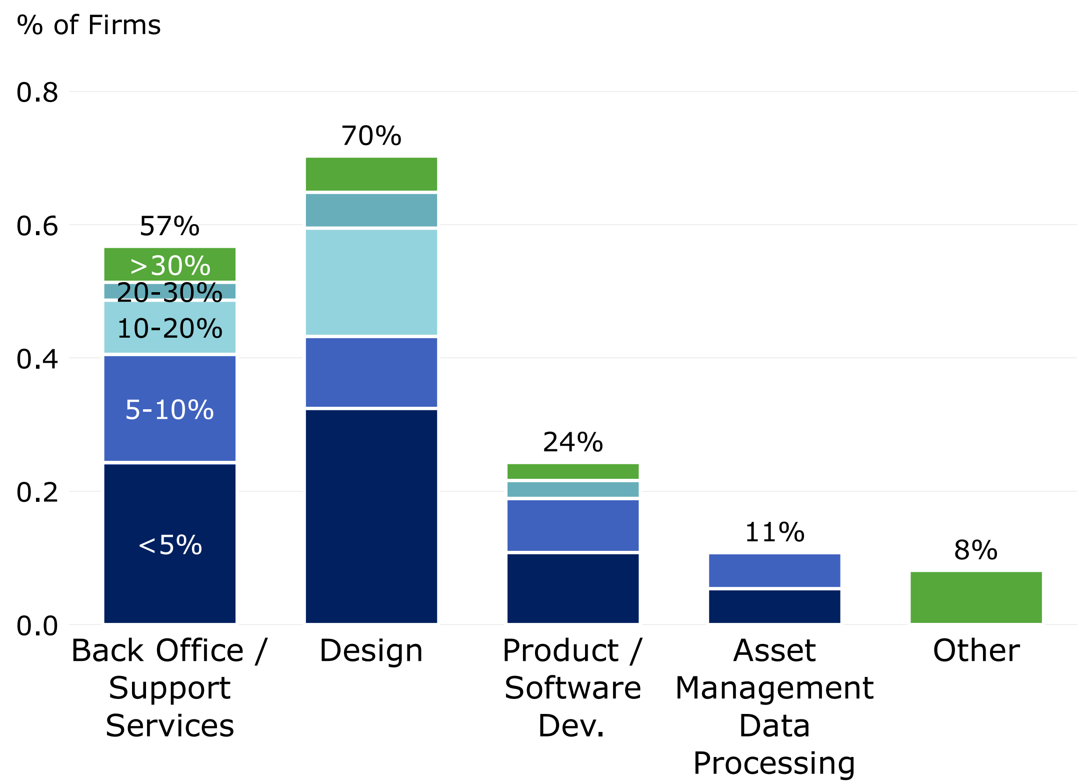
Source: 2025 EFCG CEO Survey

Offshoring

Offshore Any Business Processes?



Of the Firms Who Reported Yes, What % of FTEs Are Offshored by Business Process?



Source: 2025 EFCG CEO Survey

Client Concentration Has Decreased Over Last 7 Years

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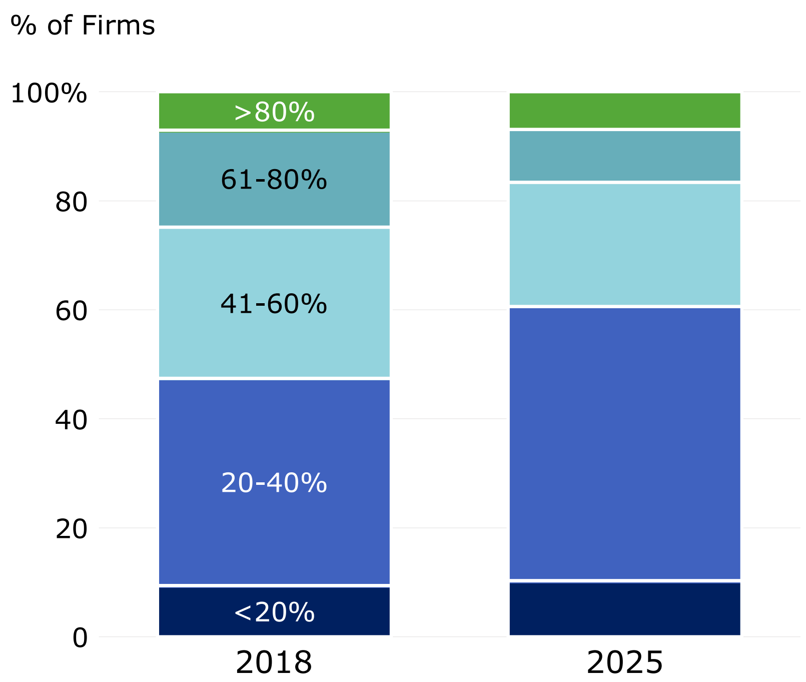
Revenue Concentration (Top 10 Clients)



Higher revenue concentration is correlated with…

- Faster growth (+1.5 pp)
- Higher margins (+2-4 pp)
- Greater % of Firm Fixed Price work

But also…

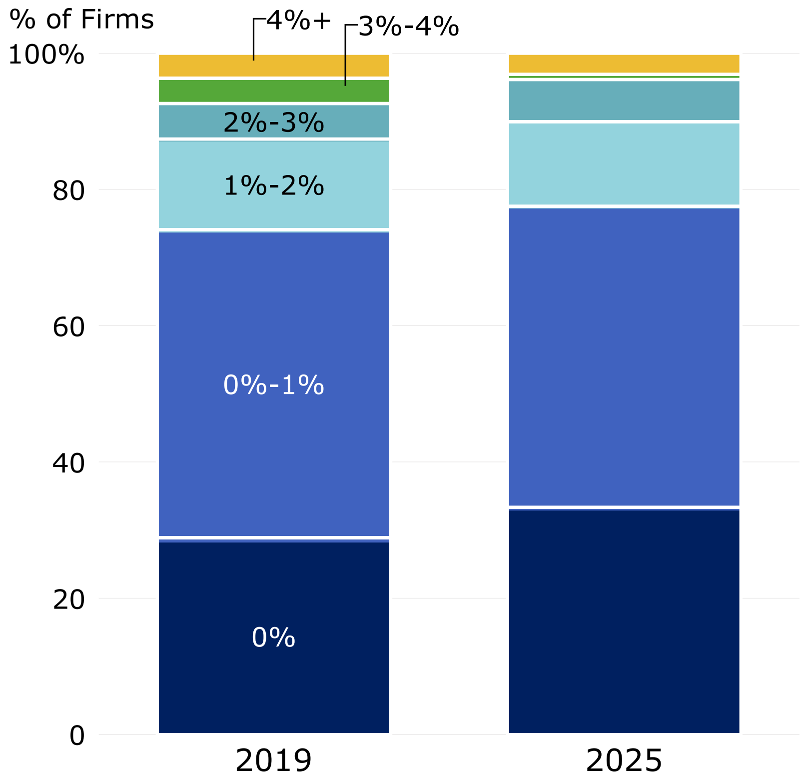
- Higher AR
- Greater volatility
- Greater risk in a downturn

Source: 2018 EFCG CEO Survey; 2025 EFCG CEO Survey

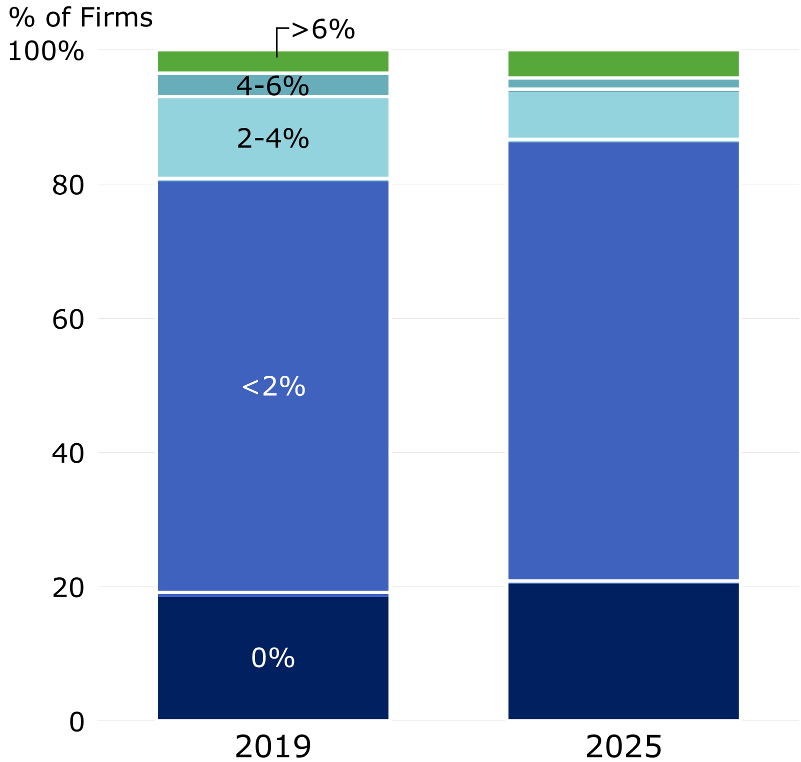
Resources Dedicated to Innovation

There has not been a significant increase in the percentage of FTEs or percentage of Net Revenues dedicated to Innovation from 2019 to 2025.

Innovation FTEs (% of Total FTEs)



Innovation Spend (% of Net Revenues)

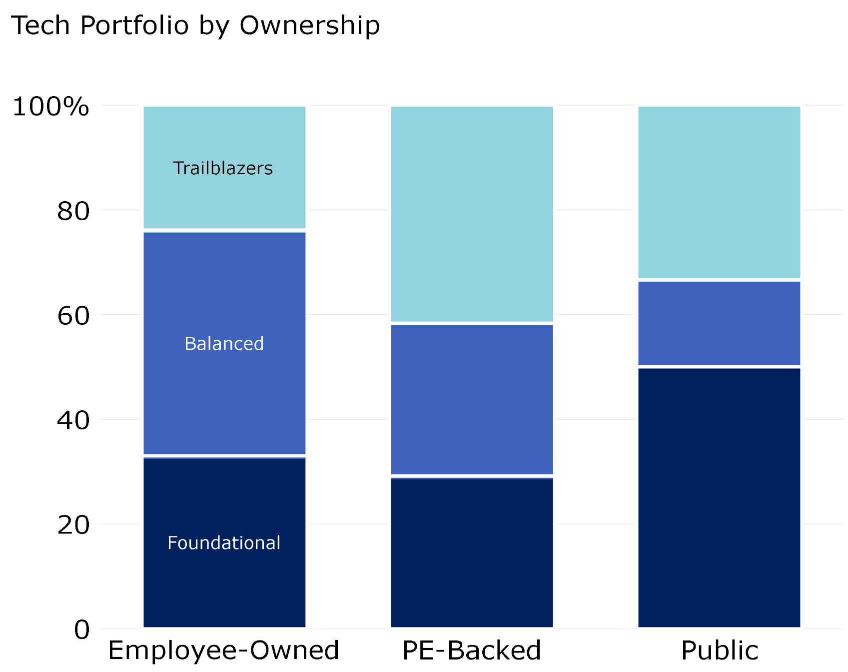


Source: 2019 EFCG CEO Survey; 2025 EFCG CEO Survey

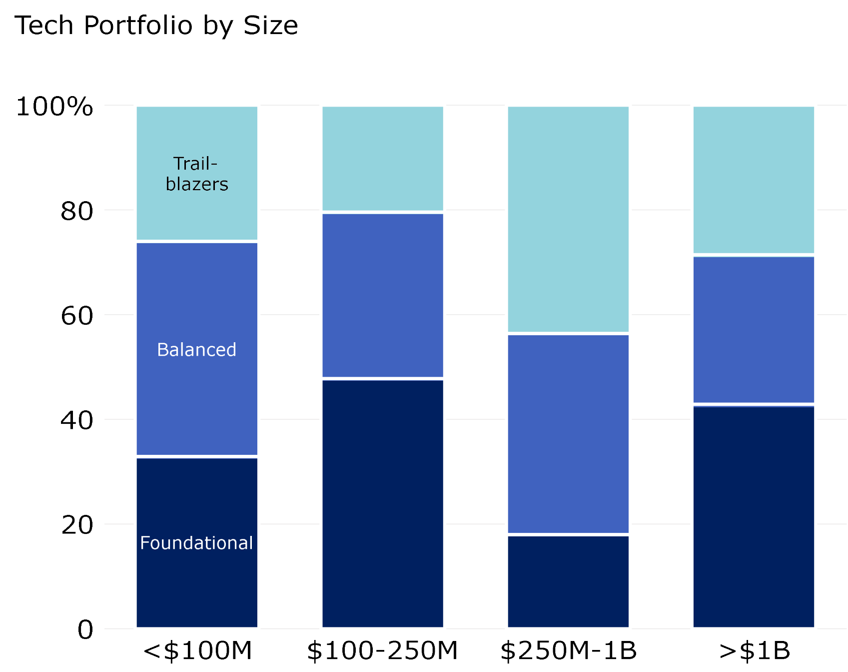
Tech Segmentation – Who Are Trailblazers?

PE firms and firms $250M-1B in revenues are more likely to be Trailblazers; Employee-Owned firms are more likely to be Balanced.

Ownership Type



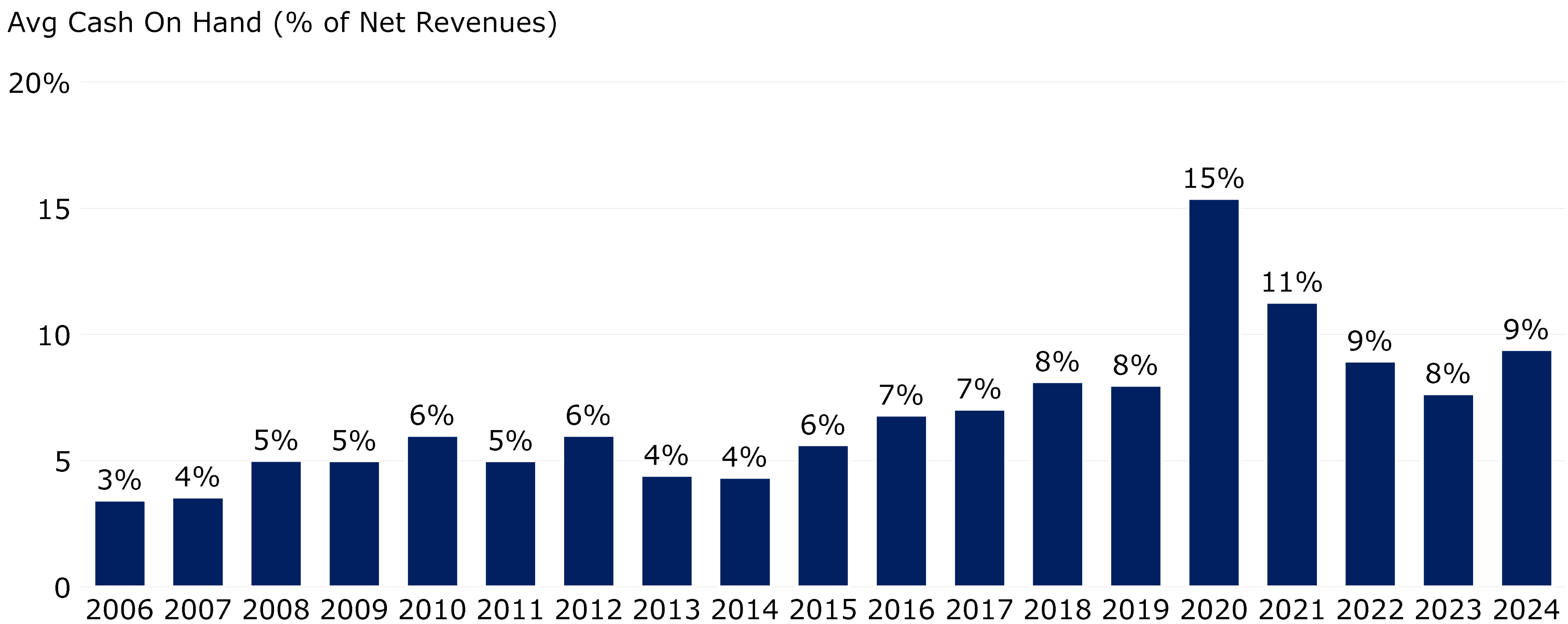
Firm Size



Source: 2025 EFCG CEO Survey

Average Cash Position Increases for the First Time Since 2020

Firms built up a significant cash reserve during 2020 (including the result of PPP loans), and for the first time since then average cash on hand has increased. Are firms reacting to the fears around a potential recession?



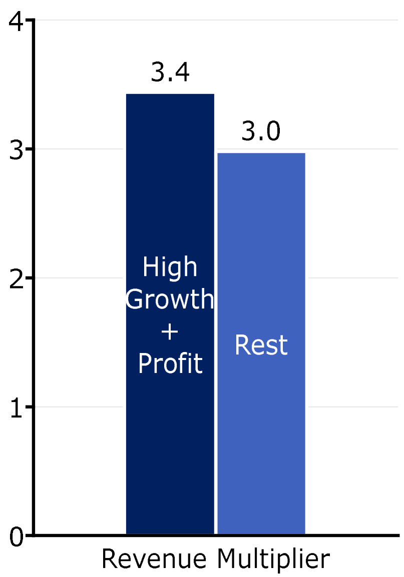
Source: 2007-2025 EFCG CEO Surveys

There Are Some Similarities of Firms with High Profit and Growth

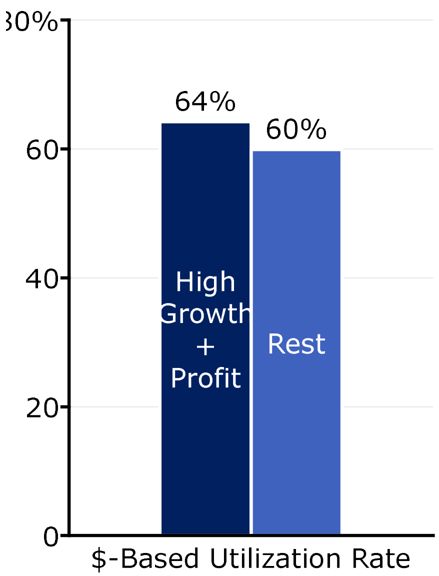
EFCG

But most of what differentiates a high performer comes down to how the firm is run and led!

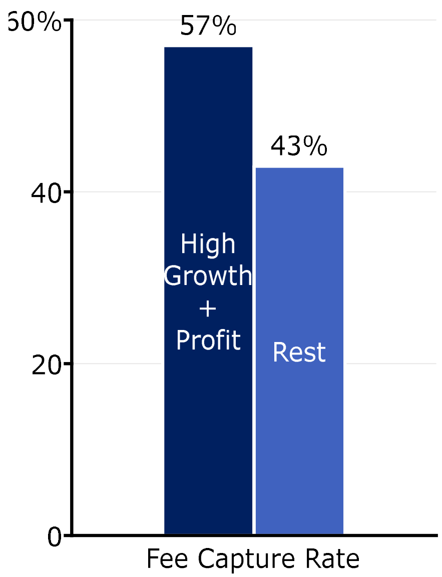
Revenue Multiplier



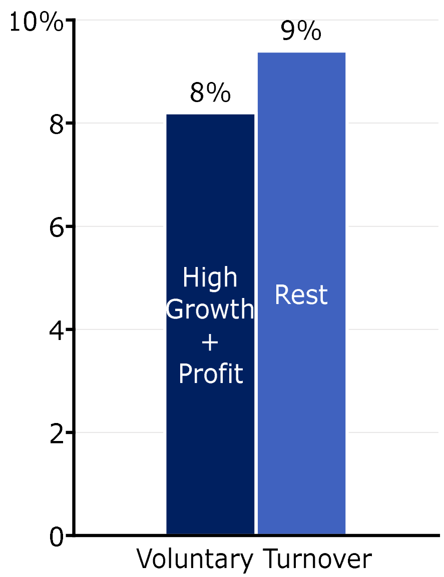
Utilization



Fee Capture Rate



Voluntary Turnover



Source: 2025 EFCG CEO Survey

CEO Compensation

Larger firms naturally tend to pay their CEOs more than CEOs of smaller firms. The below information represents medians gathered from the 2025 CEO Surveys.

Company Size	Salary	Cash Bonus	LTC	Other Bonuses	Total
<$50M	$268K	$50K	-	-	$380K
$50M-$100M	$280K	$133K	-	$12K	$491K
$100M-$250M	$380K	$300K	-	-	$886K
$250M-$1B	$475K	$478K	-	-	$1032K
>$1B	$700K	$1612K	$1200K	-	$3660K

Source: 2025 EFCG CEO Survey
Note: Total is median of the total compensation; median of total will not fully align to the sum of the median individual components

2025 EFCG Data Pack

Agenda Slide

01 Growth

02 Profit

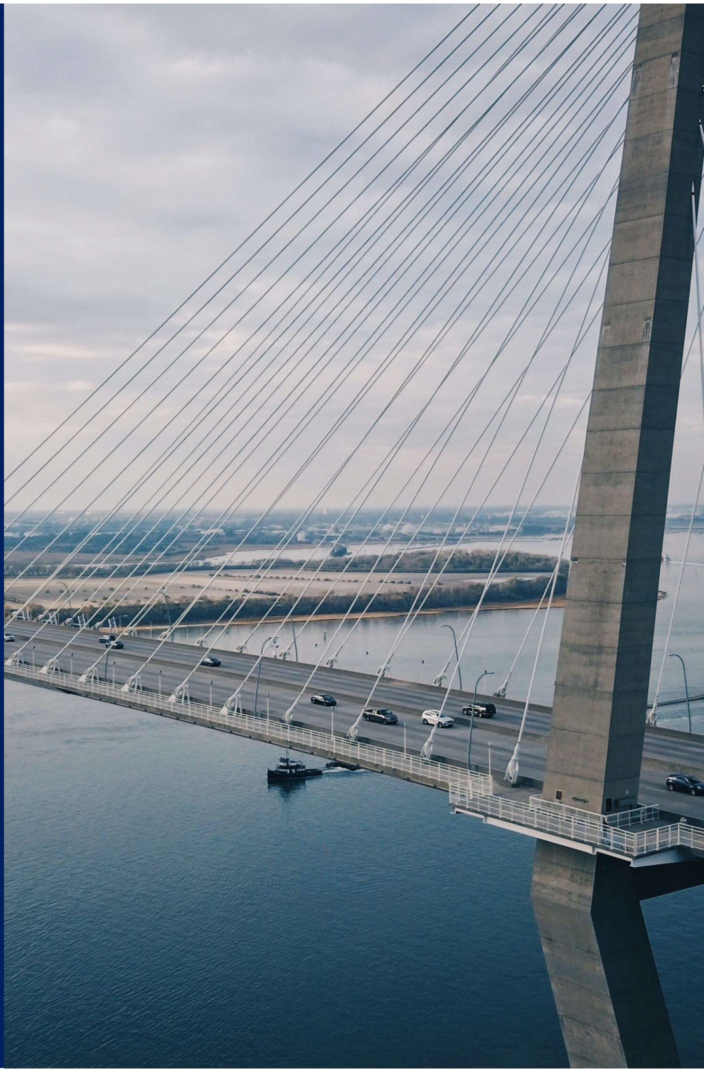
03 Multiplier x Utilization

04 Turnover

05 Working Capital

06 Debt

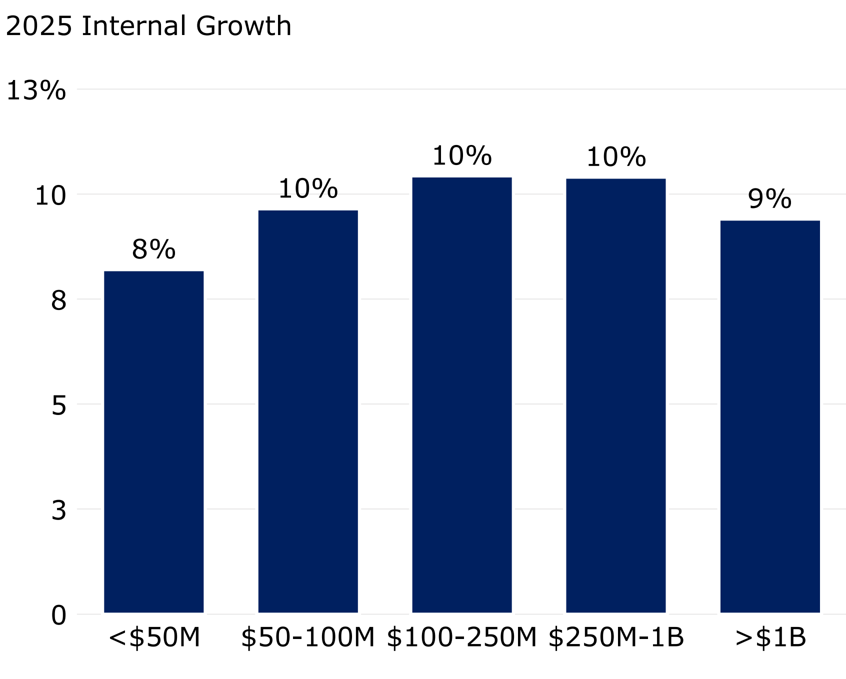
07 Innovation Spend



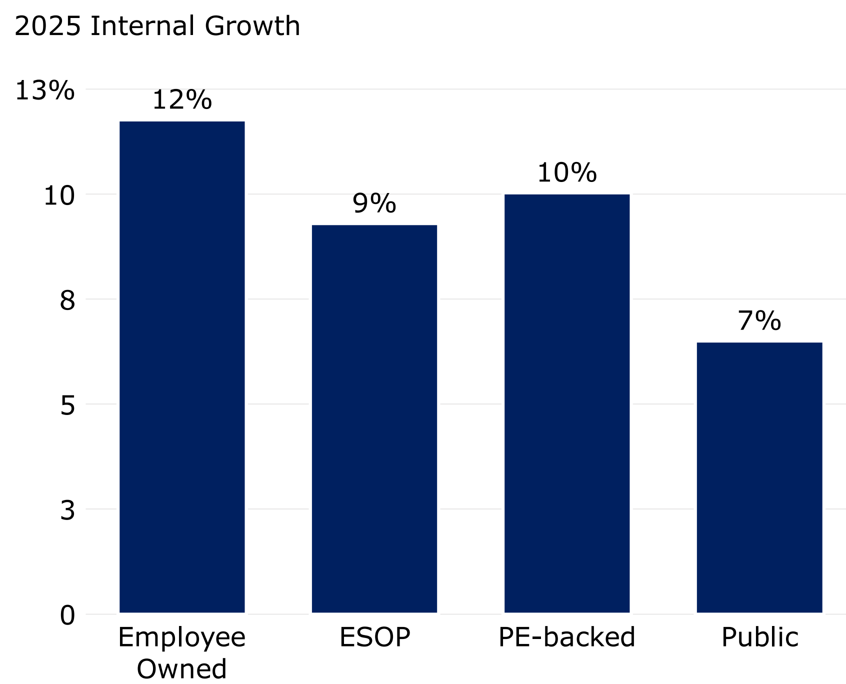
Internal Growth (Part I)

Medium to large firms (<$100M in Revenues) and Employee-Owned firms report higher internal growth rates for 2025

Firm Size



Firm Structure

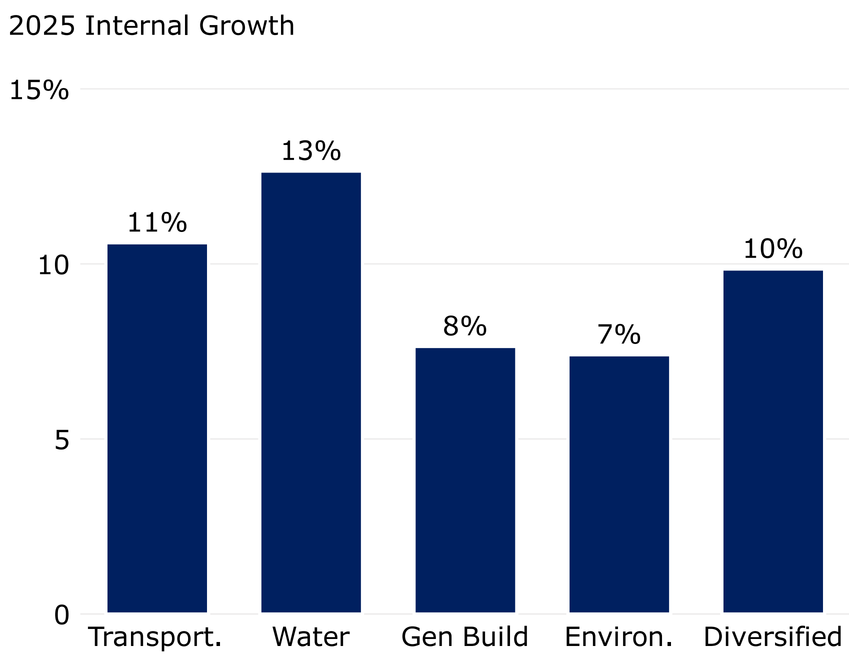


Source: 2025 EFCG CEO Survey

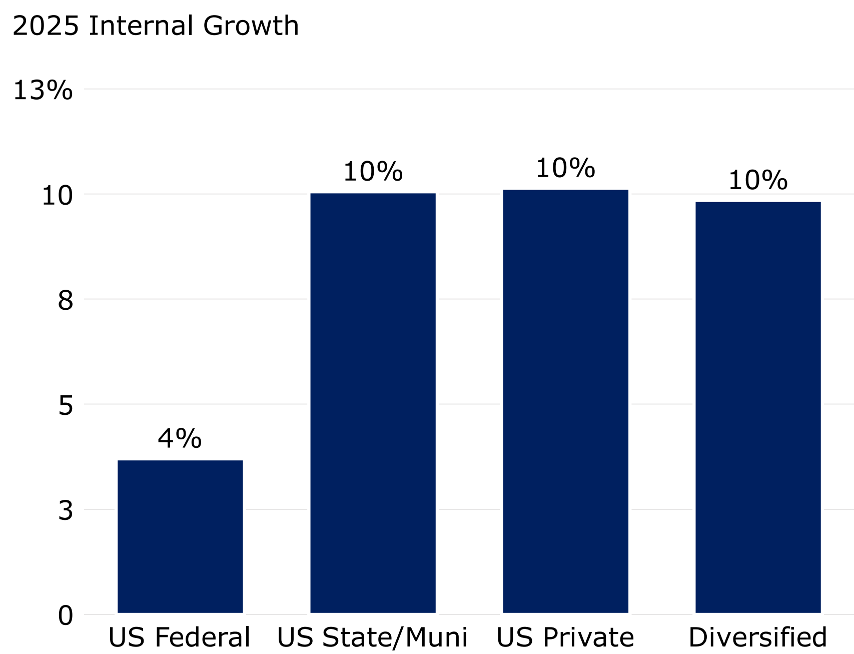
Internal Growth (Part II)

Transportation firms and firms across client types report higher internal growth rates for 2025; firms focused on US Federal clients report the lowest growth rates

End Market



Client Type

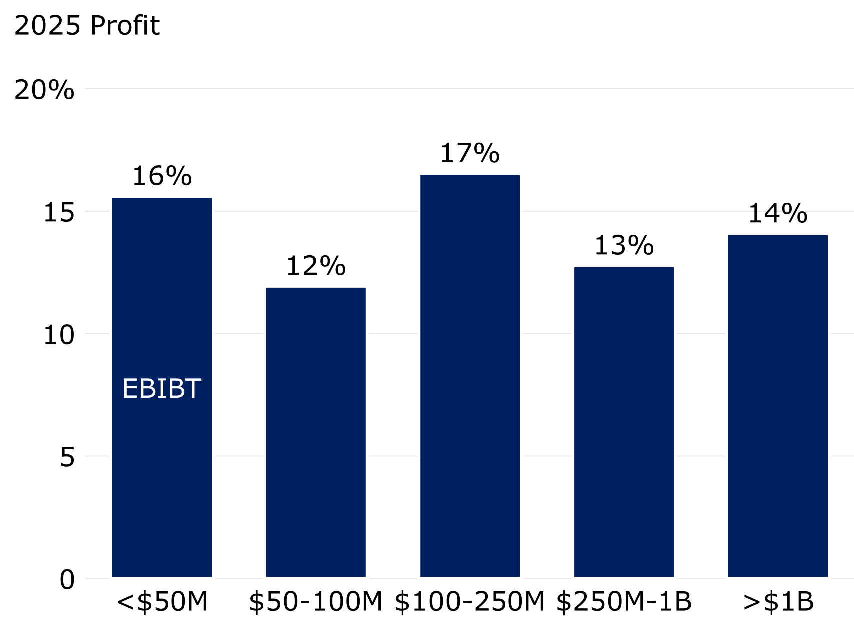


Source: 2025 EFCG CEO Survey

Profit (Part I)

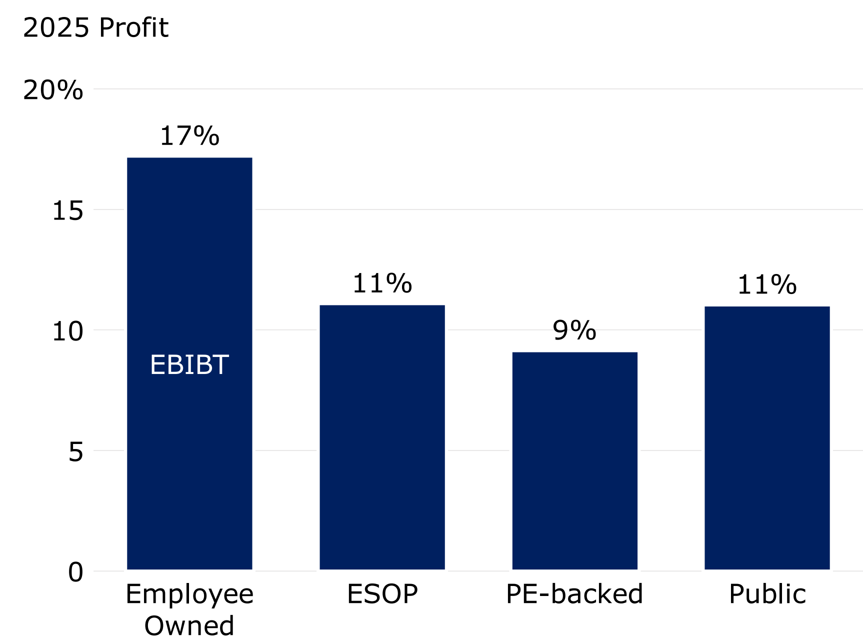
Firms sized $100-$250M report higher 2025 EBIBT, as do Employee-Owned firms; PE-backed firms report highest EBITDA for 2025

Firm Size



EBITDA	<$50M	$50-100M	$100-250M	$250M-1B	>$1B
EBITDA	13%	8%	10%	12%	11%

Firm Structure



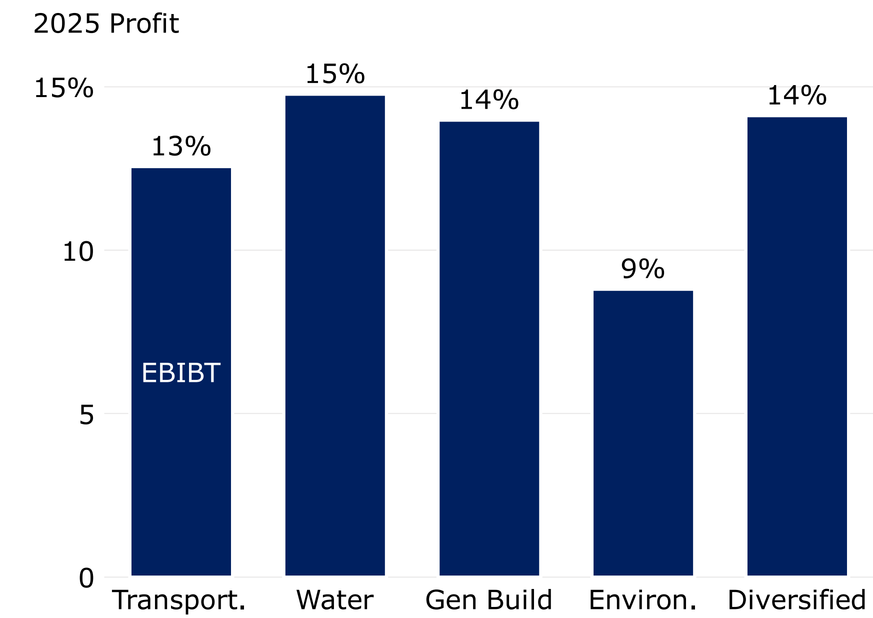
EBITDA	Employee Owned	ESOP	PE-backed	Public
EBITDA	10%	9%	20%	14%

Source: 2025 EFCG CEO Survey

Profit (Part II)

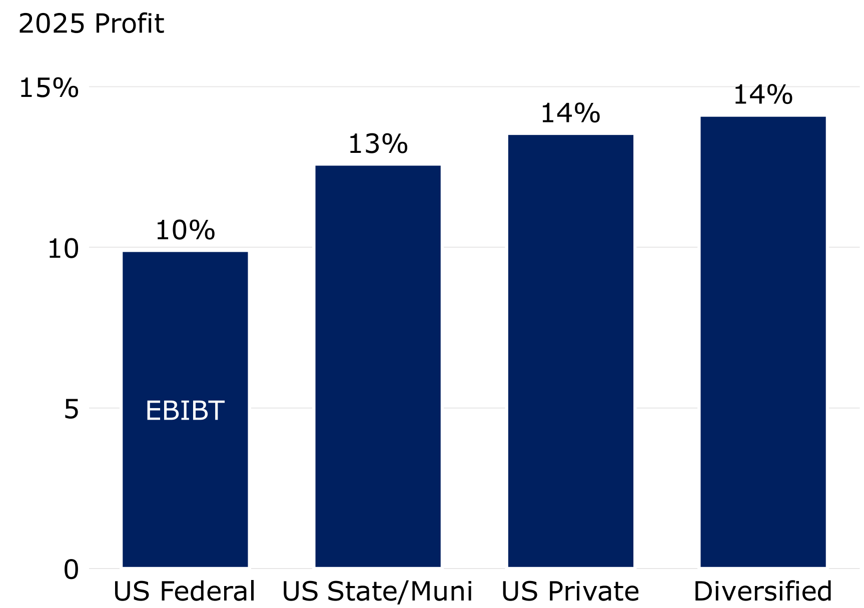
Water firms and firms focused on US Private and diversified clients report higher EBIBT in 2025

End Market



EBITDA	12%	8%	9%	10%	11%

Client Type



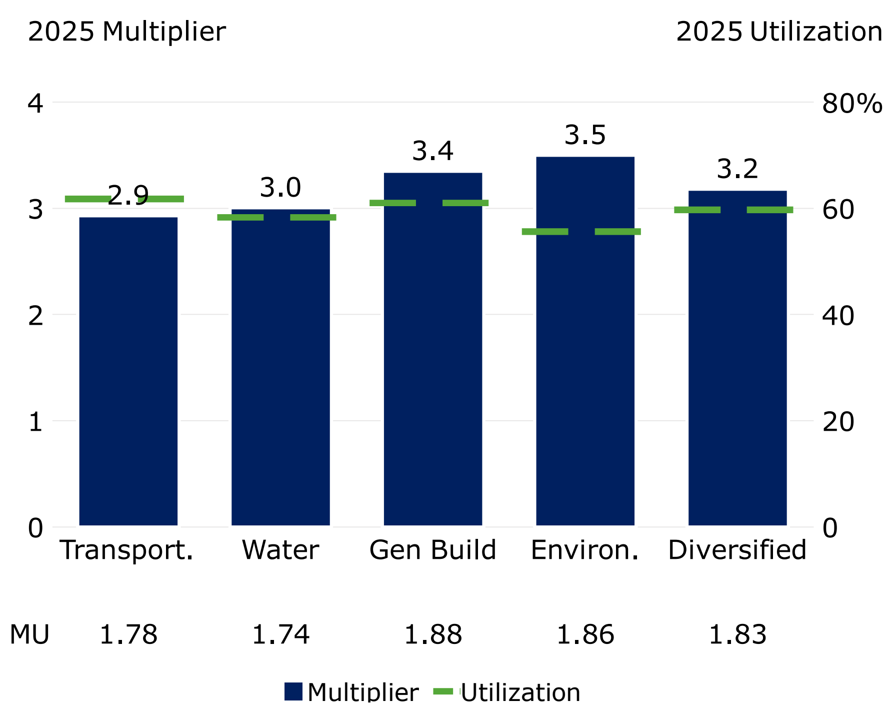
EBITDA	7%	10%	10%	11%

Source: 2025 EFCG CEO Survey

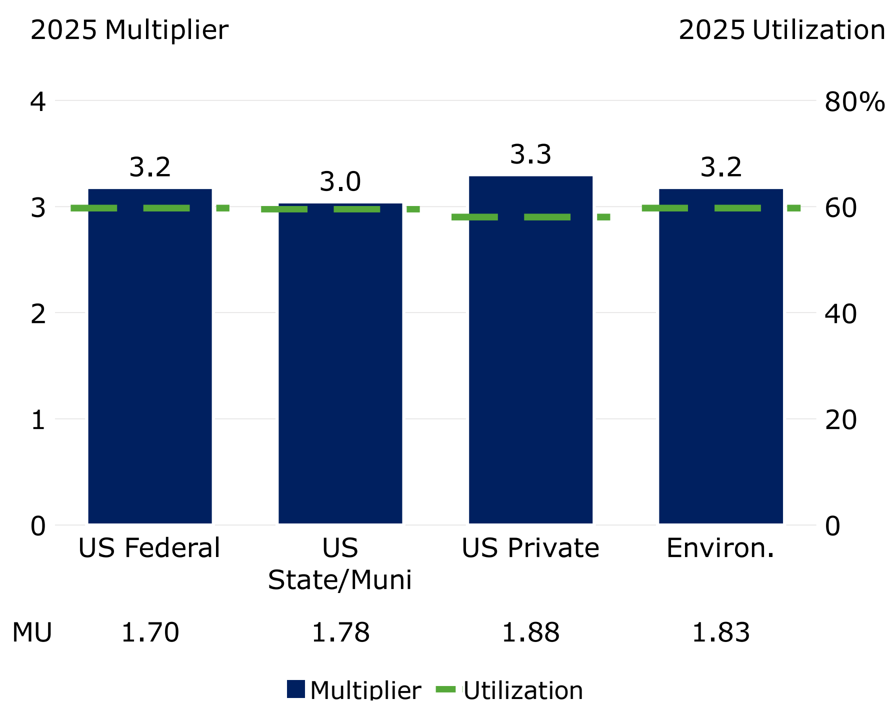
Multiplier x Utilization

Environmental firms, General Building firms and firms focused on US Private clients report higher Multipliers; while Transportation firms report higher Utilization

End Market



Clients

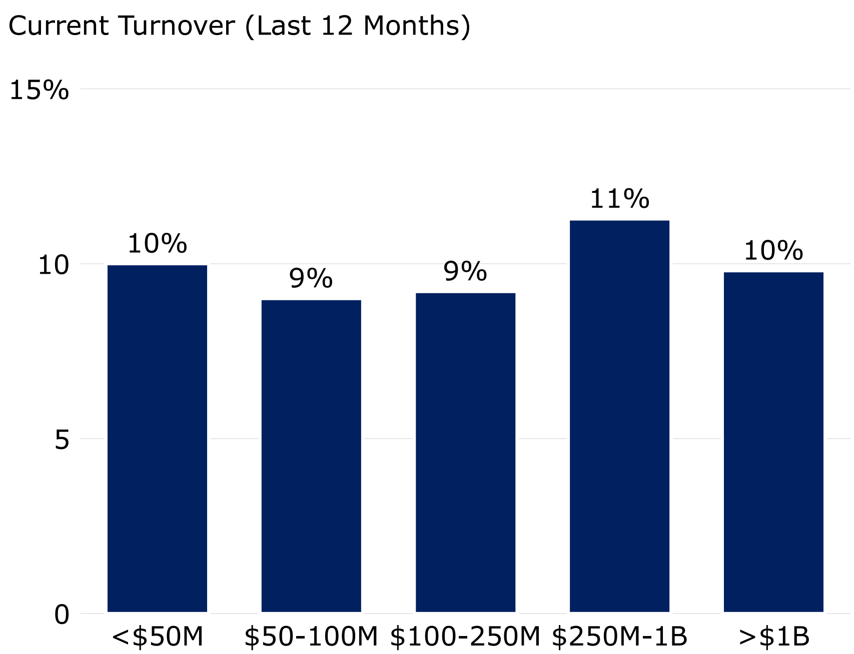


Source: 2025 EFCG CEO Survey

Voluntary Turnover (Part I)

Voluntary Turnover is similar across firms of all sizes in the last 12 months; PE-backed firms report the highest Voluntary Turnover

Firm Size



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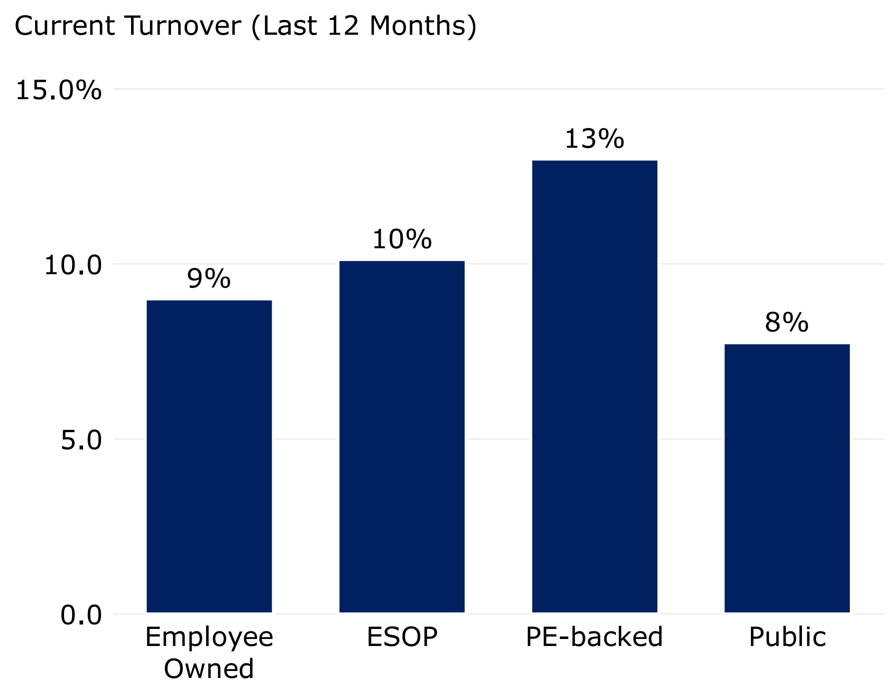
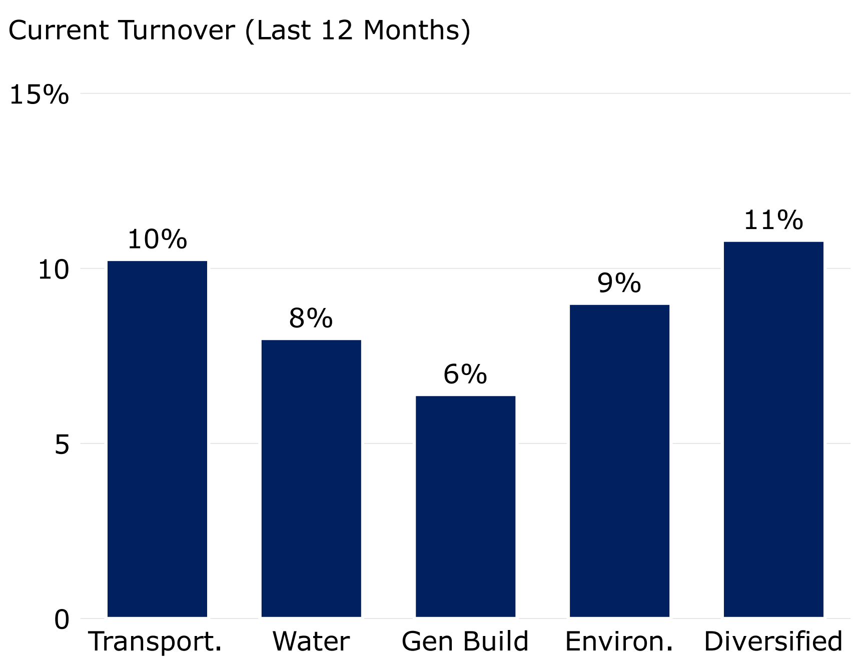


Source: 2025 EFCG CEO Survey

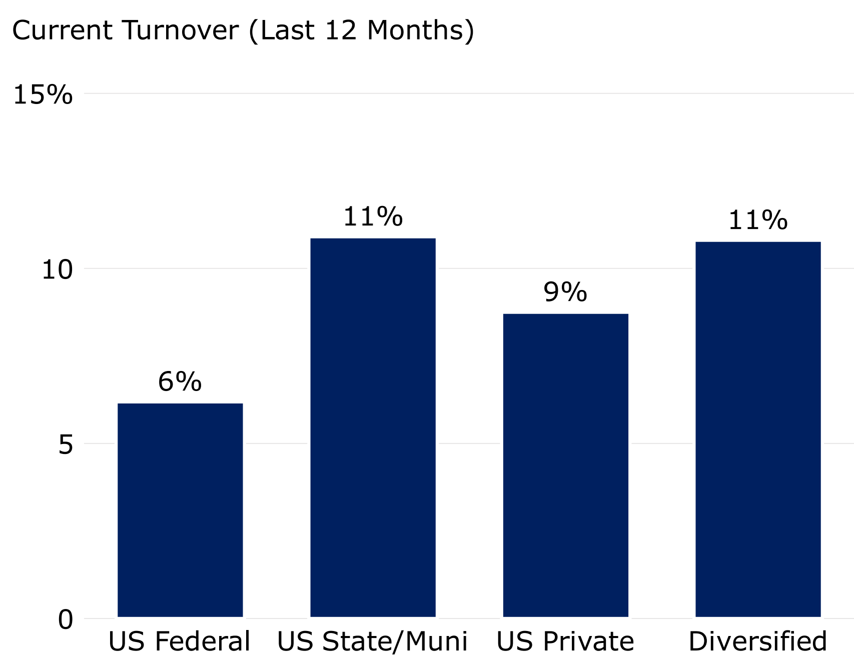
Voluntary Turnover (Part II)

Firms focused on Water/Wastewater, General Building and US Federal clients report the lowest Voluntary Turnover

End Market



Client Type

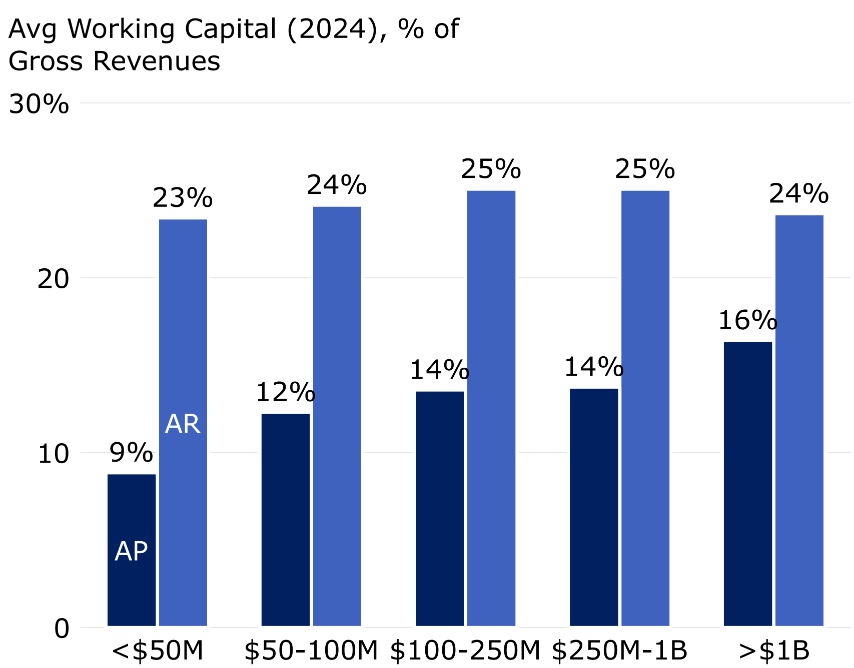


Source: 2025 EFCG CEO Survey

Working Capital (Part I)

Medium to large sized firms and publicly-traded firms tend to have higher Accounts Receivable and Payable; small firms tend to have lower

Firm Size



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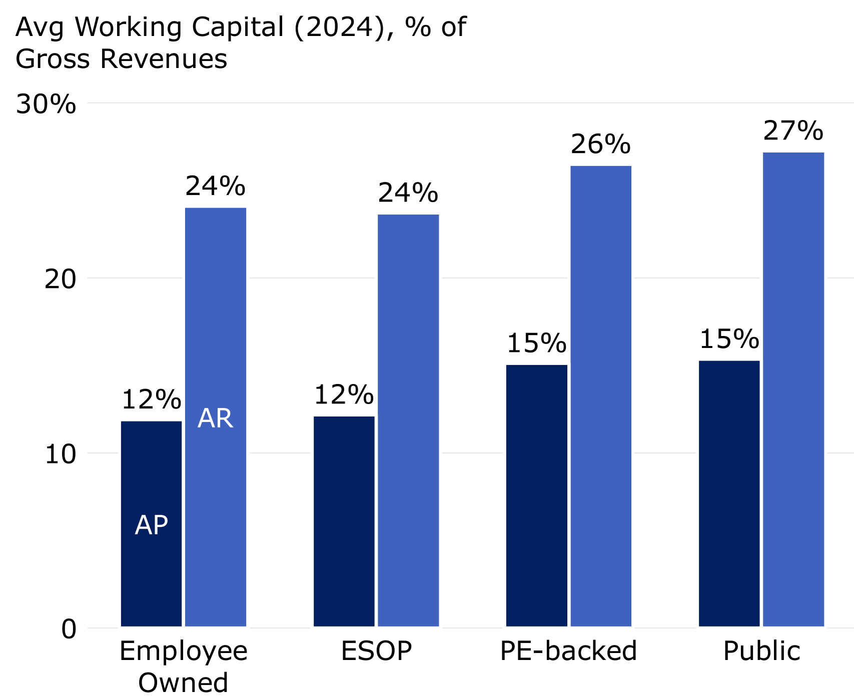
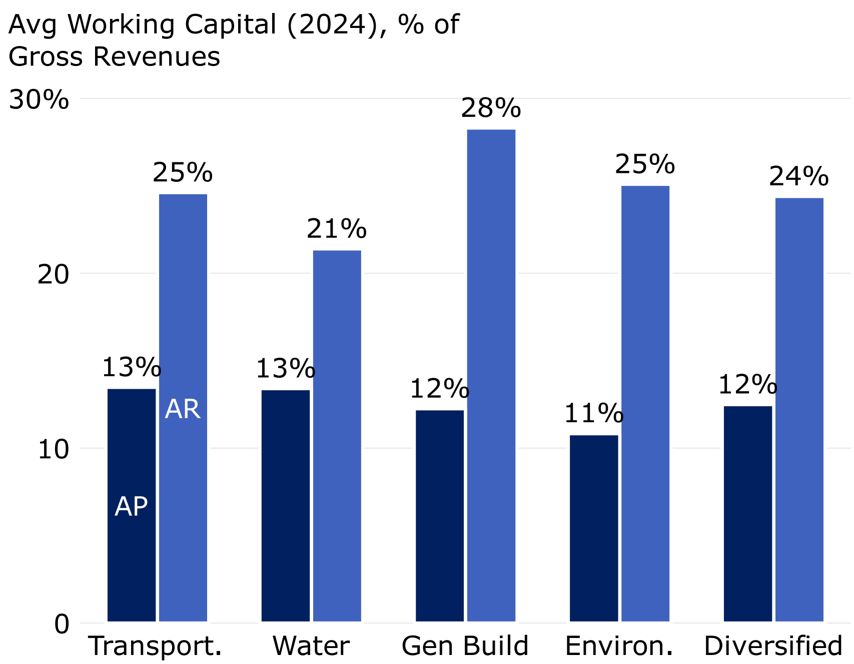


Source: 2025 EFCG CEO Survey
Note: AR includes WIP

Working Capital (Part II)

General Building firms tend to have higher Accounts Receivable than other end markets; firms that serve US Private clients tend to have high AR and those that serve US Federal clients have low AP

End Market



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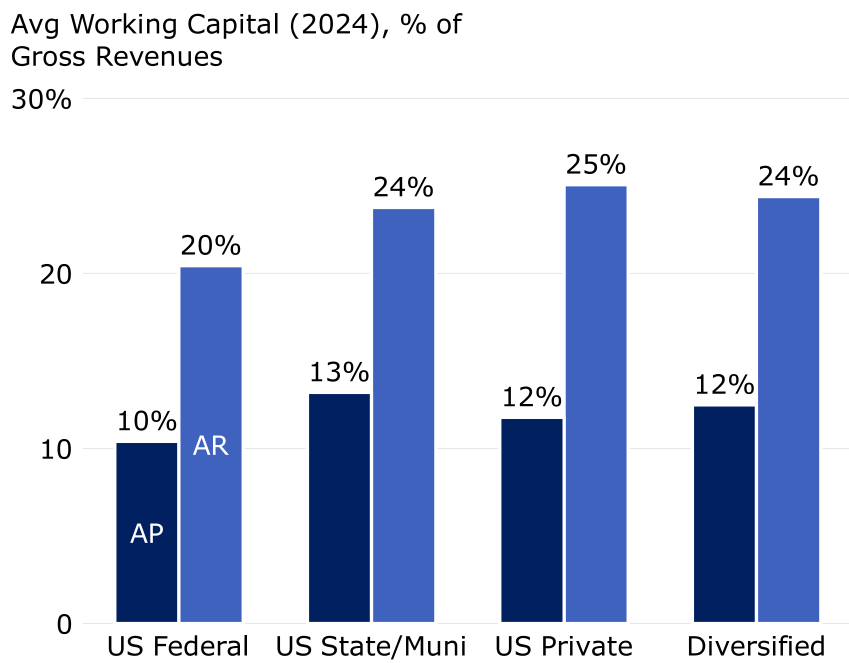
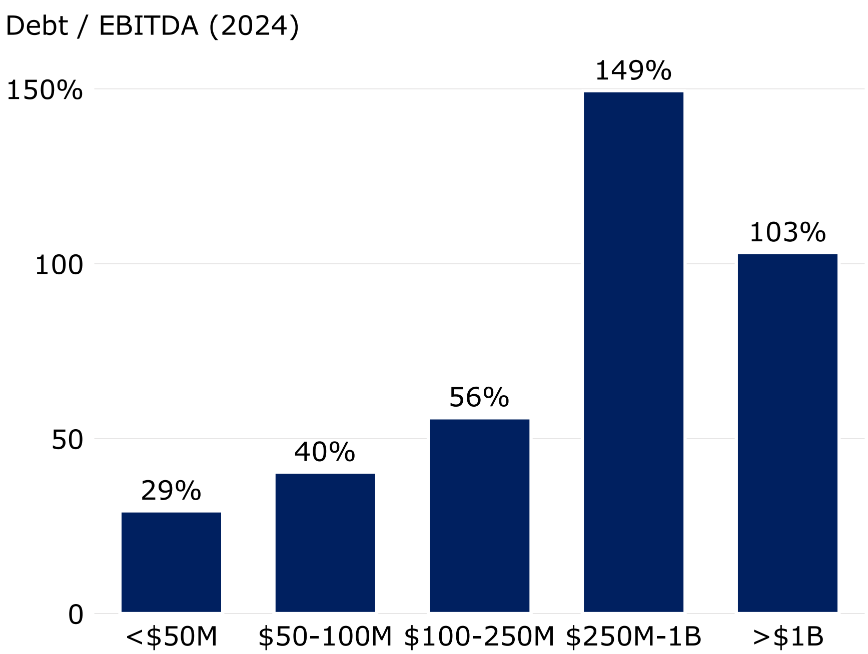


Source: 2025 EFCG CEO Survey

Debt / EBITDA

Large firms tend to take on more debt (based on Debt / EBITDA) as do PE-backed and publicly-traded firms

Firm Size



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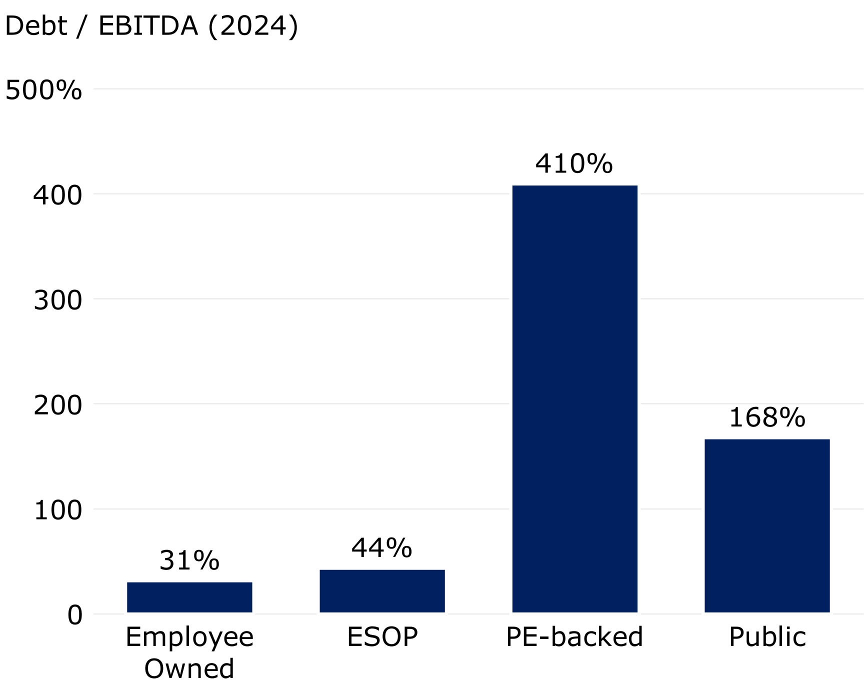
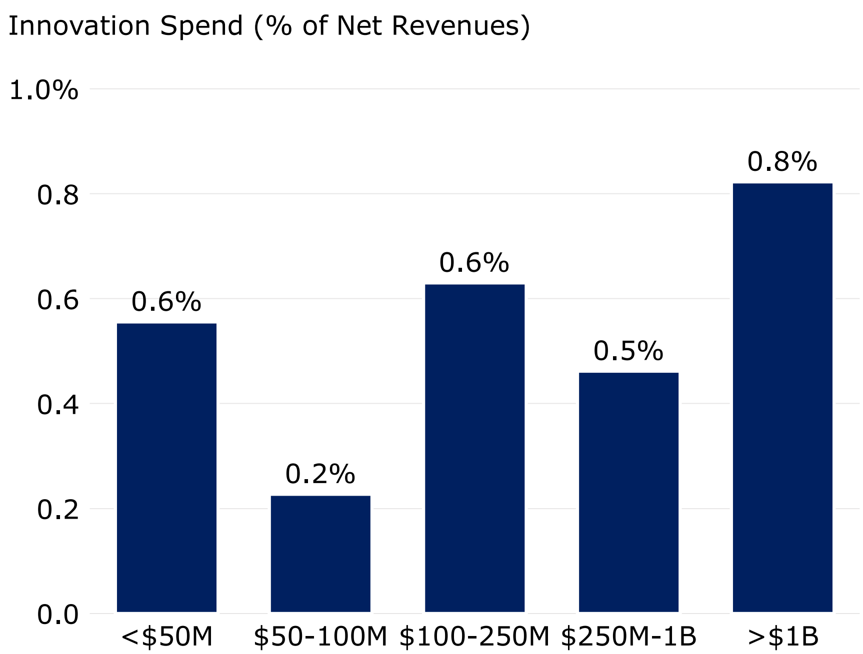


Source: 2025 EFCG CEO Survey

Innovation Spend

Larger firms (>$1B) spend more as a percentage of Net Revenues on Innovation; PE-backed firms spend the most on Innovation

Firm Size



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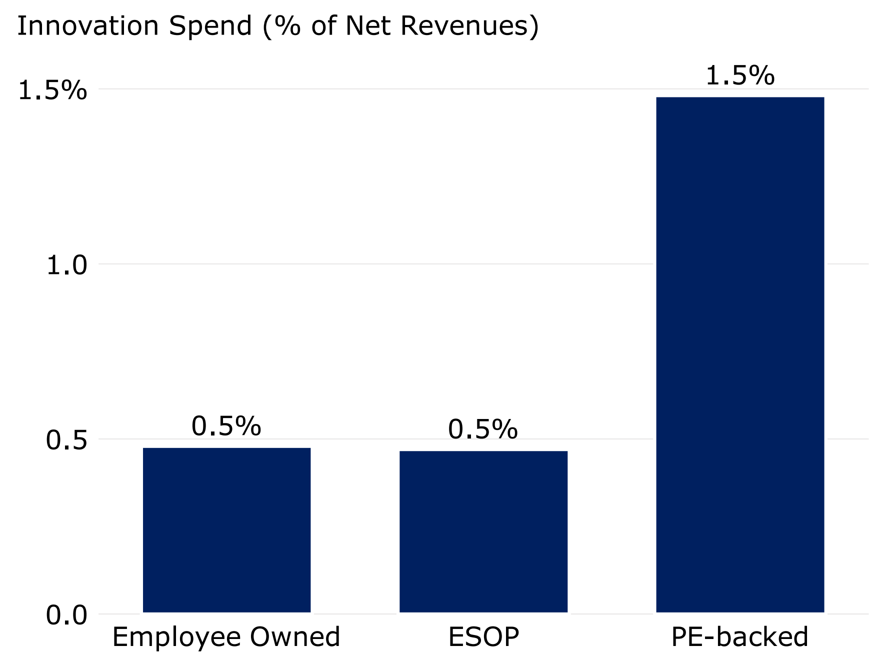

Source: 2025 EFCG CEO Survey